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DERECO

1983

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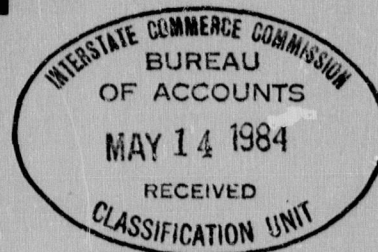
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APPROVED BY OMB  
3120-0029  
EXPIRES 3-31-84

# annual report



DERECO, INC.  
Norfolk, Virginia

ICC - P.O. 2040

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## Interstate Commerce Commission

FOR THE YEAR ENDED DECEMBER 31, 1983



# ANNUAL REPORT

OF

DERECO, INC.

TO THE

## INTERSTATE COMMERCE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 1983

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

(Name) Jean Jones (Title) Vice President-Accounting

(Telephone number) (804) 629-2770

(Office address) P. O. Box 3609, Norfolk, VA 23514  
(Area code) (Telephone number)  
(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 correction.

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

Docket No. 36988

Title: Alternative Methods of Accounting for Railroad Track Structures

Decision Date 1/26/83

Listing of schedules that have been changed from the preceding year and description of the changes.

Schedule 205	Restatement of the Results of Operations Under Depreciation Accounting
Schedule 205A	Restatement of Retained Earnings Under Depreciation Accounting
Schedule 205B	Restatement of Road and Equipment and Accumulated Depreciation and Amortization Accounts
Schedule 205C	Summary of Track Operating Expense
Schedule 416	Supporting Schedule, Track
Schedule 416A	Supporting Schedule, Track
Schedule 240	Deleted line number 2 and renumbered
Schedule 330	Combine Accounts 9 & 10 eliminate lines 1, 12, 43 and 44 and renumbered
Schedule 330A	Combine Accounts 9 & 10 eliminate lines 1, 12, 43 and 44 and renumbered
Schedule 332	Added 3 lines Accounts 8, 9 and 11 eliminated line 1 and instructions No. 4 and renumbered
Schedule 335	Added 3 lines Accounts 8, 9 and 11 eliminated line 1 and renumbered
Schedule 339	Added 3 lines Accounts 8, 9 and 11 and Amortization of equipment eliminated line 1 and renumbered
Schedule 340	Added 3 lines Accounts 8, 9 and 11 and Amortization of equipment eliminated line 1 and Instruction No. 3 and renumbered
Schedule 342	Added 3 lines Accounts 8, 9 and 11 eliminated line 1 and renumbered
Schedule 350	Added 3 lines Accounts 8, 9 and 11 eliminated line 1 and Instruction No. 4 and renumbered
Schedule 351	Added 3 lines accounts 8, 9 and 11 eliminated line 1 and renumbered
Schedule 352B	Combined Accounts 9 and 10 eliminated lines 1, 12, 44 and 45 and renumbered
Schedule 410	Combine lines 16 and 17, 20 and 21 and renumbered
Schedule 412	Combine accounts 9 and 10 eliminated lines 1, 12, and 32 and part of Instructions 2 and 3 and column c
Schedule 415	Deleted column f. Data should be included on Schedule 410 lines, 218, 237 and 322

The following schedules were deleted by NOTICE ON July 25, 1983 F.R. vol. 48, no. 143/33773

Schedule	Transfers From Government Authorities
Schedule 363	Operating Leases
Schedule 364	Lessee Disclosures
Schedule 419	Remunerations From National Railroad Passenger Corporation
Schedule 715	Highway Motor Vehicle Operations
Schedule 716	Highway Motor Vehicle Enterprises in Which the Respondent Had a Director or Indirect Financial Interest During the Year
Schedule 727	Ten-Year Summary of Track Maintenance
Schedule 800	Contracts, Agreements, etc.
Schedule 850	Competitive Bidding — Clayton Antitrust Act
Other changes	
Schedule 221	Deleted and added to Schedule 220
Schedule 414	Editorial correction for Instruction 2
Schedule 510	Eliminated columns K and L

Schedules 720, 721, 723, 726, 728

Track categories F & AB have been moved below the total line. Track categories A thru E should include all track including potential abandonments and mileage over which passenger trains operate. As a check, the total track miles shown in Schedule 720 col(b) should be equal to Schedule 700, total of track classes 1, 2, 3, and 4.



### SPECIAL NOTICE

Docket No. 38559 Railroad Classification Index, served January 20, 1983, modified the reporting requirements for class, II, III and all Switching and terminal companies. These carriers will notify the Commission only if the calculation results in a different revenue level than its current classification.

The dark border on the schedules represents data that are captured for processing by the Commission.

### 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) 30

(2) Best estimate of the number of staff hours required to comply with the Uniform System of Accounts (USOA). In making this estimate include only 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 include only 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)

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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
9	205	Restatement of Results of Operation)
	205A	Restatement of Retained Earnings ) Under Depreciation Accts.
	205B	Restatement of R&E, & Accum. Deprec.)
10-11	205C	Summary of Track Operating Expense
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39	351	Accumulated Depreciation-R.&E. Leased to Others
40	352A	Investment in Railroad Property Used in Transportation Service (by Company)
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42-43	361	Capitalized Capital Leases
44-50	410	Railway Operating Expenses
52	412	Way and Structures
53	414	Rents for Interchanged Freight Train Cars & Other Freight Carrying Equipment
54-57	415	Supporting Schedule - Equipment
58	416	Supporting Schedule - Track
59	416A	Supporting Schedule - Track
60	416	Specialized Service Subschedule - Transportation
63	460	Items in Selected Income & Retained Earnings Accounts for the Year
64	500	Contingent Assets and Liabilities
65	501	Guaranties and Suretyships
66	502	Compensating Balances & Short-Term Borrowing Arrangements
67-70	510	Debt Holdings
73-74	700	Mileage Operated at Close of Year
75	701	Mileage Owned but not Operated by Respondent at Close of Year
76	702	Miles of Road at Close of Year - By States and Territories
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92	726	Summary of Track Replacements
92-93	728	Deferred Capital Improvements
94	750	Consumption of Fuel by Motive-Power Units
95-100	755	Railroad Operating Statistics

**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 of 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

1. State the par value of each share of stock: Common, \$ 5 per share; ~~Class A~~ preferred, \$ 20 per share; ~~Class B~~ preferred, \$ 20 per share; debenture stock, \$ --- per share.

See note, page 4

2. State whether or not each share of stock has the right to one vote; if not, give full particulars in a footnote.

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. 5,811,280 votes, as of December 31, 1983

(Date)

8. State the total number of stockholders of record, as of the date shown in answer to inquiry No. 7. 443 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			Line No.
				Stocks			
				Common	PREFERRED		
	(a)	(b)	(c)	(d)	Class A (e)	Class B (f)	
1	Norfolk & Western Rwy. Co.	Roanoke, Va.	5,808,204	5,808,204			
2	Merrill Lynch, Pierce, Fenner & Smith	New York, NY	204		2	202	2
3	Leon Nadrowski	Brooklyn, NY	128			128	3
4	Payne, Webber, Jackson & Curtis	New York, NY	104		2	102	4
5	Marie Rio	Thornwood, NY	102			102	5
6	Spingarn Heine & Co.	New York, NY	100			100	6
7	Raymond Charles Srnick	Cleveland, OH	100			100	7
8	Maxie Mates	Oceanside, NY	77		3	74	8
9	Sidney Raphan & Frieda Raphan	Flushing, NY	76			76	9
10	Regina R. Mitchell	Salt Lake City, UT	71			71	10
11	Murray Plotkin	Elmhurst, NY	64			64	11
12	Mary Talty	Buffalo, NY	64			64	12
13	H. Ralph Redak	Denver, CO	52			52	13
14	Lloyd Ellis & Malvina Ellis	Ithaca, NY	51			51	14
15	Shearson American Express, Inc.	New York, NY	51			51	15
16	Nay & Co.	Los Angeles, CA	50			50	16
17	Vincent Licare	Florissant, MO	39			39	17
18	Walter Heffmann	Hartsdale, NY	34			34	18
19	George H. Arnold	Lebanon, PA	32			32	19
20	Zaidee D. Magnus	New York, NY	32			32	20
21	Isabelle B. Margolis & William G. Margolis	Chicago, IL	32			32	21
22	David Rosenberg	Brooklyn, NY	32			32	22
23	Goldie Seydel	New York, NY	32			32	23
24	Isidore Stein & Caroline Stein	Jamaica, NY	32			32	24
25	Renee Petitgerard	Valencia, CA	31			31	25
26	Martin Lien & Sina Lien	Unknown	29			29	26
27	Marian Ropp	Columbus, OH	29			29	27
28	A. G. Edwards & Sons, Inc.	St. Louis, MO	28			28	28
29	Stones Express Inc. of N.J.	New York, NY	28			28	29
30	Smith, Barney, Harris, Upham & CO. Inc.	New York, NY	27			27	30

## 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. 5,808,785  
votes cast.
11. Give the date of such meeting. May 11, 1983
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**  
(Dollars in Thousands)

Line No.	Cross Check	Account	Title (a)	Balance at close of year (b)	Balance at beginning of year (c)	Line No.
<b>Current Assets</b>						
1		701	Cash	34	2	1
2		702	Temporary Cash Investments	200	180	2
3		703	Special Deposits			3
			Accounts Receivable			
4		704	- Loan and Notes			4
5		705	- Interline and Other Balances			5
6		706	- Customers			6
7		707	- Other			7
8		709, 708	- Accrued Accounts Receivables			8
9		708.5	- Receivables from Affiliated Companies	1	1	9
10		709.5	- Less: Allowance for Uncollectible Accounts			10
11		710, 711, 714	Working Funds Prepayments Deferred Income Tax Debits			11
12		712	Materials and Supplies			12
13		713	Other Current Assets			13
14			<b>TOTAL CURRENT ASSETS</b>	<b>235</b>	<b>183</b>	<b>14</b>
<b>Other Assets</b>						
15		715, 716, 717	Special Funds			15
16		721, 721.5	Investments and Advances Affiliated Companies (Schedule 310)	14,510	13,941	16
17		722, 723	Other Investments and Advances	1,253	1,253	17
18		724	Allowances for Net Unrealized Loss on Noncurrent Marketable Equity Securities-Cr.			18
19		737, 738	Property Used in Other than Carrier Operation (less Depreciation)			19
20		739, 741	Other Assets	553	554	20
21		743	Other Deferred Debits			21
22		744	Accumulated Deferred Income Tax Debits			22
23			<b>TOTAL OTHER ASSETS</b>	<b>16,316</b>	<b>15,748</b>	<b>23</b>
<b>Road and Equipment</b>						
24		731, 732	Road (Schedules 330 and 330A)			24
25	*		Equipment			25
26			Unallocated Items			26
27			Accumulated Depreciation and Amortization (Schedules 335, 340, 342, 351)			27
28			Net Road and Equipment			28
29	*		<b>TOTAL ASSETS</b>	<b>16,551</b>	<b>15,931</b>	<b>29</b>

**NOTES AND REMARKS**

Certain balances at the beginning of year have been restated to conform to the depreciation method of accounting for track structure adopted, effective January 1, 1983.

**200. COMPARATIVE STATEMENT OF FINANCIAL POSITION - LIABILITIES AND SHAREHOLDERS' EQUITY**  
(Dollars in Thousands)

Line No.	Cross Check	Account	Title (a)	Balance at close of year (b)	Balance at begin- ning of year (c)	Line No.
<b>Current Liabilities</b>						
30		751	Loans and Notes Payable			30
31		752	Accounts Payable; Interline and Other Balances			31
32		753	Audited Accounts and Wages			31
33		754	Other Accounts Payable			33
34		755, 756	Interest and Dividends Payable			34
35		757	Payables to Affiliated Companies			35
36		759	Accrued Accounts Payable	18	12	36
37		760, 761, 761.5, 762	Taxes Accrued	4	(20)	37
38		763	Other Current Liabilities			38
39		764	Equipment Obligations and Other Long-Term Debt due Within One Year			39
40			<b>TOTAL CURRENT LIABILITIES</b>	<b>22</b>	<b>(8)</b>	<b>40</b>
<b>Non-Current Liabilities</b>						
41		765, 767	Funded Debt Unmatured			41
42		766	Equipment Obligations			42
43		766.5	Capitalized Lease Obligations			43
44		768	Debt in Default			44
45		769	Accounts payable; Affiliated Companies			45
46		770.1, 770.2	Unamortized Debt Premium			46
47		781	Interest in Default			47
48		783	Deferred Revenues-Transfers from Government Authorities			48
49		786	Accumulated Deferred Income Tax Credits			49
50		771, 772, 774, 775, 782, 784	Other Long-Term Liabilities and Deferred Credits	759	768	50
51			<b>TOTAL NONCURRENT LIABILITIES</b>	<b>759</b>	<b>768</b>	<b>51</b>
<b>Shareholders' Equity</b>						
52		791, 792	Capital Stock: (Schedule 230)			52
53			Common Stock	29,041	29,041	53
54			Preferred Stock	102	104	54
55			Discount on Capital Stock			55
56		794, 795	Additional Capital (Schedule 230)	68,168	68,165	56
<b>Retained Earnings:</b>						
57		797	Appropriated			57
58		798	Unappropriated (Schedule 220)	(81,541)	(82,139)	58
59		798.1	Net Unrealized Loss on Noncurrent Marketable Equity Securities			59
60		798.5	Less Treasury Stock			60
61			Net Stockholders Equity	15,770	15,171	61
62	*		<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>16,551</b>	<b>15,931</b>	<b>62</b>

**NOTES AND REMARKS**

Certain balances at the beginning of year have been restated to conform to the depreciation method of accounting for track structure adopted, effective January 1, 1983.



## 200. COMPARATIVE STATEMENT OF FINANCIAL POSITION - EXPLANATORY NOTES

(Dollars in Thousands)

The notes listed below are provided to disclose supplementary information on matters which have an important effect on the financial condition of the carrier. The carrier shall give the particulars called for herein and where there is nothing to report, insert the word "none"; and in addition thereto shall enter in separate notes with suitable particulars other matters involving material amounts of the character commonly disclosed in financial statements under generally accepted accounting and reporting principles, except as shown in other schedules. This includes statements explaining (1) service interruption insurance policies and indicating the amount of indemnity to which respondent will be entitled for work stoppage losses and the maximum amount of additional premium respondent may be obligated to pay in the event such losses are sustained by other railroads; (2) particulars concerning obligations for stock purchase options granted to officers and employees; and (3) what entries have been made for net income or retained income restricted under provisions of mortgages and other arrangements.

1. Amount (estimated, if necessary) of net income or retained income which has to be provided for capital expenditures, and for sinking and other funds pursuant to provisions of reorganization plans, mortgages, deeds of trust, or other contracts \$ \_\_\_\_\_

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) Explain the procedure in accounting for pension funds and recording in the accounts the current and past service pension costs, indicating whether or not consistent with the prior year \_\_\_\_\_

(b) State amount, if any, representing the excess of the actuarially computed value of vested benefits over the total of the pension fund \$ \_\_\_\_\_

(c) Is any part of pension plan funded? Specify. Yes \_\_\_\_\_ No \_\_\_\_\_

(i) If funding is by insurance, give name of insuring company \_\_\_\_\_

If funding is by trust agreement, list trustee(s) \_\_\_\_\_

Date of trust agreement or latest amendment \_\_\_\_\_

If respondent is affiliated in any way with the trustee(s), explain affiliation: \_\_\_\_\_

(d) List affiliated companies which are included in the pension plan funding agreement and describe basis for allocating charges under the agreement \_\_\_\_\_

(e) (i) Is any part of the pension plan fund invested in stock or other securities of the respondent or any of its affiliates? Specify.

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, give number of the shares for each class of stock or other security: \_\_\_\_\_

(ii) Are voting rights attached to any securities held by the pension plan? Specify. Yes \_\_\_\_\_ No \_\_\_\_\_ If yes, who determines how stock is voted? \_\_\_\_\_

4. State whether a segregated political fund has been established as provided by the Federal Election Campaign Act of 1971 (18 U.S.C. 610).  
Yes \_\_\_\_\_ No \_\_\_\_\_

5. (a) The amount of employers contribution to employee stock ownership plans for the current year was \$ \_\_\_\_\_

(b) The amount of investment tax credit used to reduce current income tax expense resulting from contributions to qualified employee stock ownership plans for the current year was \$ None

6. In reference to Docket No. 37465 specify the total amount of business entertainment expenditures charged to the non-operating expense account.  
\$ \_\_\_\_\_

Continued on following page

**200. COMPARATIVE STATEMENT OF FINANCIAL POSITION - EXPLANATORY NOTES — Concluded****(a) Changes in Valuation Accounts**

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

(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**



## 205C. SUMMARY OF TRACK OPERATING EXPENSE — CONCLUDED

(Dollars in Thousands)

State the summary of track operating expenses on respondent's road for the year, classifying them in accordance with the Uniform System of Accounts for Railroad Companies.

Line No.	Cross Check	Name of Railway Operating Expense Account (a)	Freight					Line No.
			Salaries and wages (b)	Material, tools, supplies, fuels, and lubricants (c)	Purchased services (d)	General (e)	Total freight expense (f)	
31		Depreciation Running (136)						31
32		1979						32
33		1980						33
34		1981						34
35		1982						35
36		Depreciation Switching (137)						36
37		1979						37
38		1980						38
39		1981						39
40		1982						40
41		Depreciation Other (138)						41
42		1979						42
43		1980						43
44		1981						44
45		1982						45

**210. RESULTS OF OPERATIONS**

(Dollars in Thousands)

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.

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. 513 under the "Income from Affiliated Companies" subsection of this schedule.

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

**5. Cross-checks****Schedule 210**

Line 15, column (b)  
Line 49 plus 50 plus 51, column (b)  
Line 52, column (b)

**Schedule 210**

= Line 64, column (b)  
= Line 65, column (b)  
= Line 66, column (b)

**Schedule 410**

Line 14, column (b)  
Line 14, column (d)  
Line 14, column (e)

= Line 620, column (h)  
= Line 620, column (f)  
= Line 620, column (g)

Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Freight-related revenue & expenses (d)	Passenger-related revenue & expenses (e)	Line No.
		<b>ORDINARY ITEMS</b>					
		<b>OPERATING INCOME</b>					
		<b>Railway Operating Income</b>					
1		(101) Freight					1
2		(102) Passenger					2
3		(103) Passenger-Related					3
4		(104) Switching					4
5		(105) Water Transfers					5
6		(106) Demurrage					6
7		(110) Incidental					7
8		(121) Joint Facility-Credit					8
9		(122) Joint Facility-Debit					9
10		(501) Railway operating revenues (Exclusive of transfers from Government Authorities-lines 1-9)					10
11		(502) Railway operating revenues-Transfers from Government Authorities for current operations					11
12		(503) Railway operating revenues-Amortization of deferred transfers from Government Authorities					12
13		<b>TOTAL RAILWAY OPERATING REVENUES (lines 10-12)</b>					13
14	*	(531) Railway operating expenses	14	47			14
15	*	Net revenue from railway operations	(14)	(47)			15
		<b>OTHER INCOME</b>					
16		(506) Revenue from property used in other than carrier operations					16
17		(510) Miscellaneous rent income					17
18		(512) Separately operated properties-Profit					18
19		(513) Dividend Income (cost method)	26	27			19
20		(514) Interest Income	16	23			20
21		(516) Income from sinking and other funds					21
22		(517) Release of premiums on funded debt					22
23		(518) Contributions from other companies					23
24		(519) Miscellaneous income	-	1,431			24
		Income from affiliated companies					
25		(513) Dividends (equity method)					25
26		Equity in undistributed earnings (losses)	576	701			26
27		<b>TOTAL OTHER INCOME (lines 16-26)</b>	618	2,182			27
28		<b>TOTAL INCOME (lines 15, 27)</b>	604	2,135			27
		<b>MISCELLANEOUS DEDUCTIONS FROM INCOME</b>					
29		(534) Expenses of property used in other than carrier operations					29
30		(535) Taxes on property used in other than carrier operations					30
31		(543) Miscellaneous rent expense					31
32		(544) Miscellaneous taxes					32
33		(545) Separately operated properties-Loss					33
34		(549) Maintenance of investment organization					34
35		(550) Income transferred to other companies					35
36		(551) Miscellaneous income charges	6	101			36
37		(553) Uncollectible accounts					37
38		<b>TOTAL MISCELLANEOUS DEDUCTIONS (lines 29-37)</b>	6	101			38
39		<b>Income available for fixed charges Lines 28, 38)</b>	598	2,034			39



210. RESULTS OF OPERATIONS-Continued					
(Dollars in Thousands)					
Line No.	Cross Check	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Line No.
		<b>FIXED CHARGES</b>			
		(546) Interest on funded debt:			
40		(a) Fixed interest not in default			40
41		(b) Interest in default			41
42		(547) Interest on unfunded debt			42
43		(548) Amortization of discount on funded debt			43
44		<b>TOTAL FIXED CHARGES (lines 40-43)</b>			44
45		Income after fixed charges (lines 39, 44)	598	2,034	45
		<b>OTHER DEDUCTIONS</b>			
		(546) Interest on funded debt:			
46		(c) Contingent interest			46
		<b>UNUSUAL OR INFREQUENT ITEMS</b>			
47		(555) Unusual or infrequent items (debit) credit			47
48		Income (Loss) from continuing operations (before income taxes)	598	2,034	48
		<b>PROVISIONS FOR INCOME TAXES</b>			
		(556) Income taxes on ordinary income:			
49	*	Federal income taxes			49
50	*	State income taxes			50
51	*	Other income taxes			51
52	*	(557) Provision for deferred taxes			52
53		<b>TOTAL PROVISIONS FOR INCOME TAXES (lines 49-52)</b>			53
54	*	Income from continuing operations	598	2,034	54
		<b>DISCONTINUED OPERATIONS</b>			
55		(560) Income or loss from operations of discontinued segments (less applicable income taxes of \$ )			55
56		(562) Gain or loss on disposal of discontinued segments (less applicable income taxes of \$ )			56
57		Income before extraordinary items			56
		<b>EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES</b>			
58		(570) Extraordinary items (Net)			58
59		(590) Income taxes on extraordinary items			59
60		(591) Provision for deferred taxes-Extraordinary items			60
61		<b>TOTAL EXTRAORDINARY ITEMS (lines 58-60)</b>			61
62		(592) Cumulative effect of changes in accounting principles (less applicable income taxes of \$ )			62
63		Net income (Loss)	598	2,034	63
		Reconciliation of net railway operating income (NROI)			
64	*	Net revenues from railway operations	(14)	(47)	64
65		(556) Income taxes on ordinary income ( - )			65
66	*	(557) Provision for deferred income taxes ( - )			66
67		Income from lease of road and equipment ( + )			67
68		Rent for leased roads and equipment ( + )			68
69		Net railway operating income (loss)	(14)	(47)	69

Prior year figures have been restated to conform to the depreciation method of accounting for track structure adopted, effective January 1, 1983.

## NOTES AND REMARKS FOR SCHEDULES 210 and 220



**Consolidated Balance Sheets**

Norfolk Southern Corporation and Subsidiaries  
As of December 31, 1983 and 1982

		1983	1982*
		(In thousands of dollars)	
<b>Assets</b>			
<b>Current assets:</b>	Cash	\$ 2,092	\$ 11,364
	Short-term investments at cost which approximates market	1,036,706	772,983
	Accounts receivable net of allowance for doubtful accounts of \$12.9 million and \$12.0 million	504,120	466,303
	Materials and supplies at average cost	64,626	76,278
	Other current assets	46,804	38,507
	Total current assets	1,654,348	1,365,435
<b>Other assets:</b>	Investments	198,997	190,495
	Properties less accumulated depreciation	6,198,638	6,180,052
	Other assets	119,901	118,059
	<b>Total assets</b>	<b>\$8,171,884</b>	<b>\$7,854,041</b>
<b>Liabilities and Stockholders' Equity</b>			
<b>Current liabilities:</b>	Current maturities of long-term debt	\$ 114,429	\$ 127,916
	Accounts payable	414,251	422,086
	Income and other taxes	125,205	73,985
	Other current liabilities	133,471	101,055
	Total current liabilities	787,356	725,042
<b>Other liabilities:</b>	Long-term debt	961,858	1,108,565
	Other liabilities	165,631	151,697
	Minority interests	93,972	93,835
	Deferred income taxes	1,988,817	1,786,820
	<b>Total liabilities</b>	<b>3,997,634</b>	<b>3,865,959</b>
<b>Stockholders' equity:</b>	Common stock \$1.00 per share par value 150,000,000 shares authorized; 65,351,330 shares and 65,355,090 shares issued	65,351	65,355
	Additional paid-in capital	578,787	578,946
	Retained income	3,550,915	3,370,593
	Less cost of stock in treasury 2,424,428 shares and 2,563,277 shares	(20,803)	(26,812)
	<b>Total stockholders' equity</b>	<b>4,174,250</b>	<b>3,988,082</b>
	<b>Total liabilities and stockholders' equity</b>	<b>\$8,171,884</b>	<b>\$7,854,041</b>
*Restated			

The company reporting to the Interstate Commerce Commission in this report is a part of the Norfolk Southern Corporation and Subsidiaries. Financial reporting to shareholders and the general public is made on a consolidated basis and the above balance sheet is included in this report in order to put the financial data of the reporting company into proper perspective relative to the Norfolk Southern Corporation and Subsidiaries.

# Consolidated Statements of income

Norfolk Southern Corporation and Subsidiaries  
Years ended December 31, 1983, 1982 and 1981

		1983	1982*	1981*
		(In thousands of dollars except earnings per common share)		
Railway operating revenues:	Freight	\$3,044,168	\$3,247,100	\$3,485,350
	Other	103,879	111,896	106,974
	Total railway operating revenues	3,148,047	3,358,996	3,592,324
Railway operating expenses:	Way and structures	488,382	485,233	452,558
	Equipment	603,307	626,649	629,560
	Transportation	1,180,486	1,261,085	1,306,884
	General and administrative	328,193	326,758	295,452
	Total railway operating expenses	2,600,368	2,699,725	2,684,454
Net revenue from railway operations		543,680	659,271	907,870
Other income — net:	Interest	90,348	122,411	108,177
	Income of nonrailroad affiliates before income taxes	38,658	46,518	32,329
	Other — net	10,443	32,748	25,667
	Total other income — net	139,449	201,677	166,173
Interest expense:	Interest expense	79,610	90,157	99,024
	Income before income taxes	603,538	770,791	975,019
Income taxes:	Provision for income taxes			
	Current	44,537	76,842	111,545
	Deferred	202,536	232,192	294,258
	Total income taxes	247,073	309,034	405,803
Net income		\$ 356,465	\$ 461,757	\$ 569,216
Earnings per common share:		\$ 5.67	\$ 7.37	\$ 9.20

\*Restated

The company reporting to the Interstate Commerce Commission in this report is a part of the Norfolk Southern Corporation and Subsidiaries. Financial reporting to shareholders and the general public is made on a consolidated basis and the above income statement is included in this report in order to put the financial data of the reporting company into proper perspective relative to the Norfolk Southern Corporation and Subsidiaries.



**220. RETAINED EARNINGS**

(Dollars in Thousands)

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).

Line No.	Cross Check	Item (a)	Retained earnings - Unappropriated (b)	Equity in undistributed earnings (losses) of affiliated companies (c)	Line No.
1		Balances of beginning of year	(94,897)	\$ 12,758	1
2		(601.5) Prior period adjustments to beginning retained earnings			2
		<b>CREDITS</b>			
3	*	(602) Credit balance transferred from income	22	576	3
4		(603) Appropriations released			4
5		(606) Other credits to retained earnings equity in undistributed earnings (losses of affiliated companies)			5
6		<b>TOTAL</b>	22	576	6
		<b>DEBITS</b>			
7	*	(612) Debit balance transferred from income			7
8		(616) Other debits to retained earnings equity in undistributed earnings (losses of affiliated companies)			8
9		(620) Appropriations for sinking and other funds			9
10		(621) Appropriations for other purposes			10
11		(623) Dividends: Common stock			11
12		Preferred stock			12
13		<b>TOTAL</b>			13
14		Net increase (decrease) during year (Line 6 minus line 13)	22	576	14
15		Balances at close of year (Lines 1, 2 and 14)	(94,875)	13,334	15
16		Balances from line 15(c)		N/A	16
17		Total unappropriated retained earnings and equity in undistributed earnings (losses) of affiliated companies at end of year	(81,541)	N/A	17
18		(797) Total appropriated retained earnings:			18
19		Credits during year \$ _____			19
20		Debits during year \$ _____			20
21		Balance at Close of Year \$ _____			21
		<b>REMARKS</b>			
22		Amount of assigned Federal income tax consequences: Account 606		N/A	22
23		Account 616		N/A	23

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

### 230. CAPITAL STOCK

#### PART I. CAPITAL STOCK (Dollars in Thousands)

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.

Line No.	Class of Stock (a)	Par Value (b)	Number of Shares				Book Value at End of Year		Line No.
			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		1
2									2
3									3
4	Preferred Class "A"	\$20.00	255,000	47,116		284	6		4
5	Class "B"	20.00	710,000	601,777		4,794	96		5
6									6
7									7
8									8
9									9
10	TOTAL		7,465,000	6,457,097		5,813,282	\$29,143		10

#### PART II. SUMMARY OF CAPITAL STOCK CHANGES DURING YEAR (Dollars in Thousands)

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) require 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.

Line No.	Items (a)	Preferred Stock		Common Stock		Treasury Stock		Additional Capital \$ (h)	Line No.
		Number of Shares (b)	Amount \$ (c)	Number of Shares (d)	Amount \$ (e)	Number of Shares (f)	Amount \$ (g)		
11	Balance at beginning of year								11
12	Capital Stock Sold <sup>1</sup>								12
13	Capital Stock Reacquired		See	Notes					13
14	Capital Stock Canceled		Pages 26A and 26B						14
15	Stock Dividends								15
16	Balance at close of year								16

<sup>1</sup>By footnote on page 17 state the purpose of the issue and authority.



### 240. STATEMENT OF CHANGES IN FINANCIAL POSITION

(Dollars in Thousands)

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 of 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.

#### 1 Cross-checks

Schedule 240

Schedule 210

Line 1, column B — Line 54, column B

Line No.	Cross Check	Description (a)	Current year (b)	Prior year (c)	Line No.
		<b>SOURCES OF WORKING CAPITAL</b>			
		Working capital provided by operations:			
1	*	Income (loss) from continuing operations	598	2,034	1
		Add expenses not requiring outlay of working capital: (subtract) credits not generating working capital:			
2		Loss (gain) on sale or disposal of tangible property		(1,331)	2
3		Depreciation and amortization expenses			3
4		Net increase (decrease) in deferred income taxes			4
5		Net decrease (increase) in parent's share of subsidiary's undistributed income for the year	(576)	(701)	5
6		Net increase (decrease) in noncurrent portion of estimated liabilities			6
7		Other (specify):			7
8					8
9					9
10					10
11					11
12		<b>TOTAL WORKING CAPITAL FROM CONTINUING OPERATIONS</b>			12
		Add funds generated by reason of discontinued operations, extraordinary items, and changes in accounting principles			
13					13
14		<b>TOTAL WORKING CAPITAL FROM OPERATIONS</b>	22	2	14
		Working capital from sources other than operating:			
15		Proceeds from issuance of long-term liabilities			15
16		Proceeds from sale/disposition of carrier operating property			16
17		Proceeds from sale/disposition of other tangible property			17
18		Proceeds from sale/repayment of investments advances			18
19		Net decrease in sinking and other special funds			19
20		Proceeds from issue of capital stock			20
21		Other (specify):			21
22					22
23					23
24					24
25					25
26		<b>TOTAL WORKING CAPITAL FROM SOURCES OTHER THAN OPERATING</b>			26
27		<b>TOTAL SOURCES OF WORKING CAPITAL</b>	22	2	27

Prior year figures have been restated to conform to the depreciation method of accounting for track structure adopted, effective January 1, 1983.

**240. STATEMENT OF CHANGES IN FINANCIAL POSITION-Concluded**  
(Dollars in Thousands)

Line No.	Cross Check	Description (a)	Current year (b)	Prior year (c)	Line No.
		<b>APPLICATION OF WORKING CAPITAL</b>			
28		Amount paid to acquire/retire long-term liabilities			28
29		Cash dividends declared			29
30		Purchase price of carrier operating property			30
31		Purchase price of other tangible property			31
32		Purchase price of long-term investment and advances			32
33		Net increase in sinking or other special funds			33
34		Purchase price of acquiring treasury stock			34
35		Other (specify):			35
36					36
37					37
38					38
39					39
40					40
41					41
42					42
43					43
44		<b>TOTAL APPLICATION OF WORKING CAPITAL</b>	-	-	44
45		Net increase (decrease) in working capital	22	2	45

**NOTES AND REMARKS**



**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)	Line No.
1	Cash and temporary investments	234	182	52	1
2	Net receivables	1	1	-	2
3	Prepayments				3
4	Materials and supplies				4
5	Other current assets not included above				5
6	Notes payable and matured obligations				6
7	Accounts payable	16	12	6	7
8	Current equipment obligations and other debt				8
9	Other current liabilities not included above	4	(20)	24	9
10	Net increase (decrease) in working capital	213	191	22	10

**NOTES AND REMARKS**

**245. WORKING CAPITAL**  
(Dollars in Thousands)

1. This schedule should include only data pertaining to railway transportation services.  
2. Carry out calculation of lines 8, 9, 10, 20, 21, and 22 to two decimal places.

Line No.	Item (a)	Source	Amount (b)	Line No.
	<b>CURRENT OPERATING ASSETS</b>			
1	Interline and Other Balances (705)	Schedule 200, line 5, column b		1
2	Customers (706)	Schedule 200, line 6, column b		2
3	Other (707)	Note A		3
4	<b>TOTAL CURRENT OPERATING ASSETS</b>	Line 1 + 2 + 3		4
	<b>OPERATING REVENUE</b>			
5	Railway Operating Revenue	Schedule 210, line 13, column b		5
6	Rent Income	Note B		6
7	<b>TOTAL OPERATING REVENUES</b>	Lines 5 + 6		7
8	Average Daily Operating Revenues	Line 7 ÷ 360 days		8
9	Days of Operating Revenue in Current Operating Assets	Line 4 ÷ line 8		9
10	Revenue Delay Days Plus Buffer	Line 9 + 15 days		10
	<b>CURRENT OPERATING LIABILITIES</b>			
11	Interline and Other Balances (752)	Schedule 200, line 31, column b		11
12	Audited Accounts and Wages Payable (753)	Note A		12
13	Accounts Payable—Other (754)	Note A		13
14	Other Taxes Accrued (761.5)	Note A		14
15	<b>TOTAL CURRENT OPERATING LIABILITIES</b>	Sum of lines 11 to 14		15
	<b>OPERATING EXPENSES</b>			
16	Railway Operating Expenses	Schedule 210, line 14, column b		16
17	Depreciation	Schedule 410, lines 136, 137, 138, 213, 232, 317, column h		17
18	Cash Related Operating Expenses	line 16 + line 6 - line 17		18
19	Average Daily Expenditures	line 18 ÷ 360 days		19
20	Days of Operating Expenses in Current Operating Liabilities	line 15 ÷ line 19		20
21	Days of Working Capital Required	line 10 - line 20 (Note C)		21
22	Cash Working Capital Required	line 22 × line 19		22
23	Cash and Temporary Cash Balance	Schedule 200, line 1 + line 2, column b		23
24	Cash Working Capital Allowed	Lesser line 22 and line 23		24
	<b>MATERIALS AND SUPPLIES</b>			
25	Total Material and Supplies (712)	Note A		25
26	Scrap and Obsolete Material included in Acct. 712	Note A		26
27	Materials and Supplies held for Common Carrier Purposes	Line 25 - line 26		27
28	<b>TOTAL WORKING CAPITAL</b>	Line 24 + line 27		28

Notes: (A) Use common carrier portion only. Common carrier refers to railway transportation service.

(B) Rent Income is the sum of Schedule 410, column h, lines 121, 122, 123, 127, 128, 129, 133, 134, 135, 208, 210, 212, 227, 231, 312, 314, and 316. Rent income is added to railway operating revenues to produce total revenues. Rent income is also added to total operating expenses to exclude the rent revenue items from operating expense.

(C) If result is negative, use zero.



## 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.

## 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 18, 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

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	Line No.
	(a)	(b)	(c)	(d)	(e)	
1	721			Investments in Affiliated Companies		1
2		A-1	VII	Delaware & Hudson Railway Co.	100	2
3		A-1	VII	Norfolk Southern Corporation		3
4				(Contra Account 784)		4
5		A-1	VII	NW Equipment Corporation	100	5
6						6
7						7
8						8
9						9
10						10
11				See Notes Pages 26A and 26B		11
12						12
13						13
14						14
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37						37
38						38
39						39
40						40



**310. INVESTMENTS AND ADVANCES AFFILIATED COMPANIES—Continued**  
(Dollars in Thousands)

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 shown in 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 footnotes.

Line No.	Investments and advances				Disposed of: profit (loss)	Adjustments Account 721.5	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								1
2	42,263			42,263		41,763		2
3								3
4	214		7	207			26	4
5	469			469				5
6	42,946		7	42,939		41,763		6
7								7
8								8
9								9
10								10
11								11
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**310. INVESTMENTS AND ADVANCES AFFILIATED COMPANIES-Continued**  
(Dollars in Thousands)

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	Line No.
(a)	(b)	(c)	(d)	(e)		
1						1
2						2
3						3
4						4
5						5
6						6
7						7
8						8
9						9
10						10
11						11
12						12
13						13
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31						31
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38						38
39						39
40						40



**310. INVESTMENTS AND ADVANCES AFFILIATED COMPANIES—Concluded**  
(Dollars in Thousands)

Line No.	Investments and advances				Disposed of: profit (loss)	Adjustments Account 721.5	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								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8
9								9
10								10
11								11
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**310A. INVESTMENTS IN COMMON STOCKS OF AFFILIATED COMPANIES**  
(Dollars in Thousands)

**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.

Line No.	Name of issuing company and description of security held (a)	Balance at beginning of year (b)	Adjustment for investments equity method (c)	Equity in undistributed earnings (losses) during year (d)	Amortization during year (e)	Adjustment for investments disposed of or written down during year (f)	Balance at close of year (g)	Line No.
	<b>Carriers: (List specifics for each company)</b>							
1								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8
9								9
10								10
11								11
12								12
13		- 0 -					- 0 -	13
	<b>Noncarrier (List specifics for each company)</b>							
14	NW Equipment Corporation	12,758		576			13,334	14
15								15
16								16
17								17
18								18
19								19
20								20
21								21
22								22
23								23
24								24
25								25
26								26
27	<b>Total carriers and non-carriers</b>	12,758		576			13,334	27

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## NOTES AND REMARKS

NOTE RELATING TO SCHEDULES 210, 310

The Interstate Commerce Commission in a Supplemental Report and Order dated June 9, 1967, in Finance Docket No. 21570, 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.

Dereco sold its D&H stock to Guilford Transportation Industries, Inc. on January 4, 1984 for \$500,000, and donated its EL stock to the University of Virginia Colgate Darden Graduate Business School Sponsors on January 4, 1982.

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. 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 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.

## NOTES AND REMARKS (Concluded)

NOTE RELATING TO SCHEDULES 230, 310

All of Dereco's common stock is owned by MW, and there was no change in the number of shares outstanding during 1983. 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 Additional Capital are as follows: (dollars in thousands)

	<u>Preferred Stock</u>		<u>Additional Capital</u>
	<u>Class A</u>	<u>Class B</u>	
Balance December 31, 1982	\$ 6	\$ 98	\$68,165
Preferred Stock surrendered in exchange for NS Common":			
Class A, 20 shares	\$ -	\$ -	\$ -
Class B, 106 shares	\$ -	\$ (2)	\$ -
Balance December 31, 1983	\$ 6	\$ 96	\$68,165

On March 28, 1984, Dereco's Board of Directors adopted resolutions providing for the redemption of all Preferred Stock Class A, Series 1 and Preferred Stock Class B, Series 1 (collectively, the "Preferred Stock"). Redemption of the Preferred Stock is authorized by Dereco's Certificate of Incorporation, Article FOURTH, Section A, Paragraph 3. The redemption date has been fixed as May 23, 1984.

\*Prior to June 1, 1982, MW Common Stock



**410. RAILWAY OPERATING EXPENSES - Concluded**  
(Dollars in Thousands)

Line No.	Cross Check	Name of railway operating expense account (a)	Freight					Passenger (g)	Total (h)	Line No.
			Salaries and wages (b)	Material, tools, supplies, fuels, and lubricants (c)	Purchased services (d)	General (e)	Total freight expense (f)			
		<b>ADMINISTRATIVE SUPPORT OPERATIONS</b>								
518		Administration								518
519		Employees Performing Clerical and Accounting Functions								519
520		Communication Systems Operation								520
521		Loss and Damage Claims Processing								521
522		Fringe Benefits	N/A	N/A	N/A					522
523		Casualties and Insurance	N/A	N/A	N/A					523
524		Joint Facility - Debit	N/A	N/A		N/A				524
525		Joint Facility - [Credit]	N/A	N/A	( )	N/A	( )	( )	( )	525
526		Other								526
527		<b>TOTAL ADMINISTRATIVE SUPPORT OPERATIONS</b>								527
528		<b>TOTAL TRANSPORTATION</b>								528
		<b>GENERAL AND ADMINISTRATIVE</b>								
601		Officers - General Administration								601
602		Accounting, Auditing and Finance	19			(12)			7	602
603		Management Services and Data Processing								603
604		Marketing								604
605		Sales								605
606		Industrial Development						N/A		606
607		Personnel and Labor Relations								607
608		Legal and Secretarial								608
609		Public Relations and Advertising								609
610		Research and Development								610
611		Fringe Benefits	N/A	N/A	N/A					611
612		Casualties and Insurance	N/A	N/A	N/A					612
613		Writedown of Uncollectible Accounts	N/A	N/A	N/A					613
614		Property Taxes	N/A	N/A	N/A					614
615		Other Taxes Except on Corporate Income or Payrolls	N/A	N/A	N/A	7			7	615
616		Joint Facility - Debit	N/A	N/A		N/A				616
617		Joint Facility - [Credit]	N/A	N/A	( )	N/A	( )	( )	( )	617
618		Other								618
619		<b>TOTAL GENERAL AND ADMINISTRATIVE</b>	19			(5)			14	619
620	*	<b>TOTAL CARRIER OPERATING EXPENSES</b>	19			(5)			14	620

## 412. WAY AND STRUCTURES

(Dollars in Thousands)

1. Report freight expenses only.
2. The total depreciation expense reported in column (b), line 31, should balance to the sum of the depreciation expense reported in schedule 410, column (f) lines, 136, 137, and 138.
3. Report in column (c) the lease/rentals for the various property categories of Way and Structures. The total net lease/rentals reported in column (c), line 31 should balance the net amount reported in schedule 410, column (f), lines 118 through 123, plus lines 130 through 135.  
If an entire road or segment of track is leased and if the actual breakdown of lease/rentals by property categories is not known, apportion the lease/rentals based on the percentage of the categories' depreciation bases to the depreciation bases for all categories of depreciable leased property. Use Schedule 350 of this report for obtaining the depreciation bases of the categories of leased property.
4. Amortization adjustment of each road property type which is included in column (b) shall be repeated in column (d) as a debit or credit to the appropriate line item; the net adjustment on line 31 shall equal the adjustment reported on line 29 of schedule 335.
5. Report on line 30 all other lease rentals not apportioned to any category listed on lines 1-30.
6. Line 11, Account 16, should not include computer and data processing equipment reported on line 37 of Schedule 415.

Line No.	Cross Check	Property account	Category (a)	Depreciation (b)	Lease/Rentals (net) (c)	Amortization adjustment during year (d)	Line No.
1		2	Land for transportation purposes	N/A			1
2		3	Grading				2
3		4	Other right-of-way expenditures				3
4		5	Tunnels and subways				4
5		6	Bridges, trestles and culverts				5
6		7	Elevated structures				6
7		8	Ties				7
8		9	Rail and other track material				8
9		11	Ballast				9
10		13	Fences, snowsheds and signs				10
11		16	Station and office buildings				11
12		17	Roadway buildings				12
13		18	Water stations				13
14		19	Fuel stations				14
15		20	Shops and enginehouses				15
16		22	Storage warehouses				16
17		23	Wharves and docks				17
18		24	Coal and ore wharves				18
19		25	TOFC/COFC terminals				19
20		26	Communications systems				20
21		27	Signals and interlockers				21
22		29	Power plants				22
23		31	Power transmission systems				23
24		35	Miscellaneous structures				24
25		37	Roadway machines				25
26		39	Public improvements; construction				26
27		45	Power plant machines				27
28		76	Interest during construction		N/A		28
29		80	Other elements of investment		N/A		29
30		—	Other lease/rentals				30
31	*	—	TOTAL				31



### 450. ANALYSIS OF TAXES

(Dollars in Thousands)

#### A. Railway Taxes

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

#### 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 (Specify), 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 (Specify).

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.

Line No.	Particulars (a)	Beginning of year balance (b)	Net credits (charges) for current year (c)	Adjustments (d)	End of year balance (e)	Line No.
1	Accelerated depreciation, Sec. 167 I.R.C.: Guideline lives pursuant to Rev. Proc. 62-21.					1
2	Accelerated amortization of facilities, Sec. 168 I.R.C.					2
3	Accelerated amortization of rolling stock, Sec. 184 I.R.C.					3
4	Amortization of rights of way, Sec. 185 I.R.C.					4
5	Other (Specify)					5
6						6
7						7
8						8
9						9
10						10
11						11
12						12
13						13
14						14
15						15
16						16
17						17
18	Investment tax credit*					18
19	TOTALS	None	None	None	None	19

**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 \_\_\_\_\_ \$ N/A
- (2) Deduct amount of current year's credit applied to reduction of tax liability but deferred for accounting purposes \_\_\_\_\_ \$ N/A
- (3) Balance of current year's credit used to reduce current year's tax accrual \_\_\_\_\_ \$ N/A
- (4) Add amount of prior year's deferred credits being amortized to reduce current year's tax accrual \_\_\_\_\_ \$ N/A
- (5) Total decrease in current year's tax accrual resulting from use of investment tax credits \_\_\_\_\_ \$ N/A
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



INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULE 512

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 are 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 tariff charges for transportation services
- (b) Payments to or from other carriers for interline 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 detail 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 during 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 (e).

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 apparent, 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 (000's) (d)	Amount due from or to related parties (e)	Line No.
1	NW Equipment Corporation		Indirect	Lease of Freight Train	190	16	1
2				Cars			2
3							3
4							4
5							5
6							6
7							7
8							8
9							9
10							10
11							11
12							12
13							13
14							14
15							15
16							16
17							17
18							18
19							19
20							20
21							21
22							22
23							23
24							24
25							25

Road Initials: Dereco, Inc. Year 19\_83



## 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 Norfolk  
County of Norfolk

Jean Jones makes oath and says that he is Vice President-Accounting  
(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, 19<sup>83</sup>, to and including December 31, 19<sup>83</sup>  
Jean Jones  
(Signature of affiant)

Subscribed and sworn to before me, a Notary Public in and for the State and city Norfolk above named, this 8th day of May, 19<sup>84</sup>

My commission expires May 29, 1984

Use an  
L.S.  
impression seal

John A. Mastenbergh, Jr.  
(Signature of officer authorized to administer oaths)

## SUPPLEMENTAL OATH

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

State of Virginia  
City Norfolk  
County of Norfolk

Robert B. Claytor makes oath and says that he is Chairman & Chief Executive Officer  
(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 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

January 1, 19<sup>83</sup>, to and including December 31, 19<sup>83</sup>  
Robert B. Claytor  
(Signature of affiant)

Subscribed and sworn to before me, a Notary Public in and for the State and city Norfolk above named, this 8th day of May, 19<sup>84</sup>

My commission expires May 29, 1984

Use an  
L.S.  
impression seal

John A. Mastenbergh, Jr.  
(Signature of officer authorized to administer oaths)





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