

RC-310017

GRAND TRUNK CORP.

1987

RC 310017 Ø

R-1

annual report

APPROVED BY OMB
3120-0029
EXPIRES 3-31-90

Section of Accounting
and Reporting

APR 6 1988

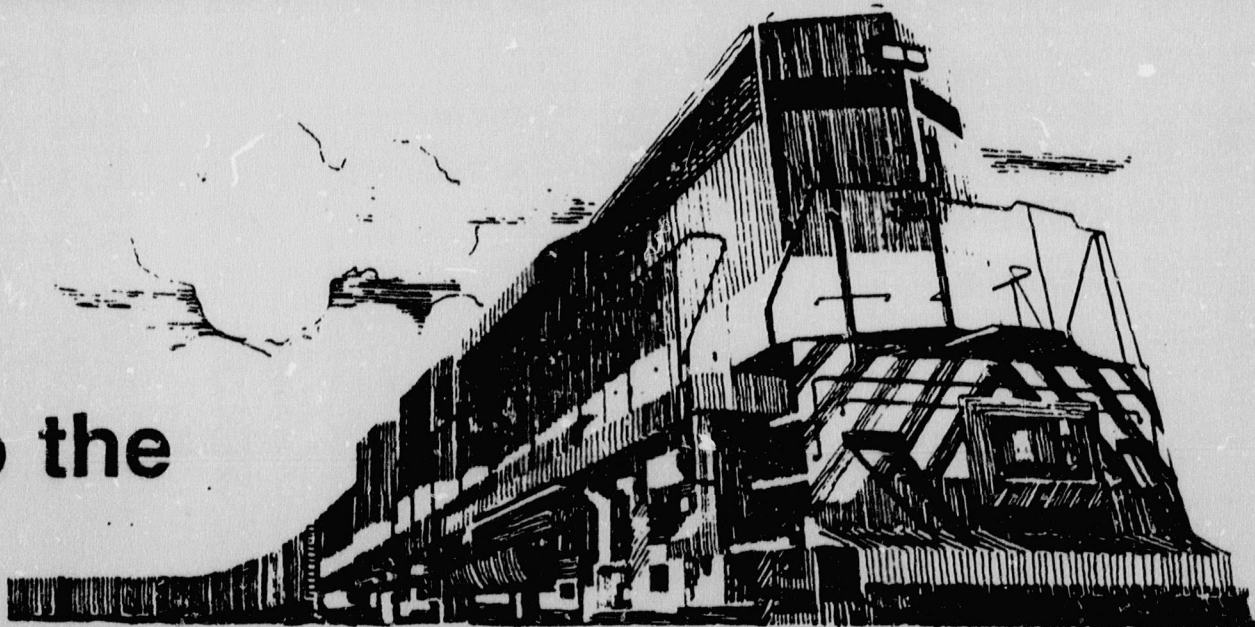
Bureau of Accounts Receivable

GRAND TRUNK CORPORATION
1333 BREWERY PARK BLVD.
DETROIT, MICHIGAN 48207-2699

Correct name and address if different than shown.

Full name and address of reporting carrier.
(Use mailing label on original, copy in full on duplicate.)

to the



Interstate Commerce Commission

FOR THE YEAR ENDED DECEMBER 31, 1987

Road Initials: GTC Year 19 87

ANNUAL REPORT

OF

GRAND TRUNK CORPORATION

TO THE

INTERSTATE COMMERCE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 1987

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

(Name) H. D. Nicholas (Title) Controller

(Telephone number) 313 237-4643

(Office address) 1333 ^(Area code)Brewery Park Blvd., ^(Telephone number)Detroit, MI 48207-2699
(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:

Changes were made to the following schedules.

Schedule 200	Lines 25-27 added account numbers and changed Item No. 7 to remove the disclosure requirement of \$100,000 or more. Also added 3 additional pages for notes.
Schedule 245	Corrected note B.
Schedule 330	Consolidated schedule 330A with Schedule 330, and retitled.
Schedule 412	Deleted Accounts 76 & 85 and updated the instructions.
Schedule 415	Change the heading for cols. g & h.
Schedule 416	Changed the heading for cols. c, f, I and L.
Schedule 416A	Deleted.
Schedule 450	Cross check to schedule 210 Line 47.
Schedule 510	Was a complete revision.
Schedule 700, 701, 702 and 705	Revised the instruction and deleted the breakout of Main or Branch Line mileage.
Schedule 720	General instruction was revised.
Schedule 728	Deleted.
Schedule 750	Deleted Electric Kilowat hours, other (steam, gas turbine, etc.) coal line. Fuel oil gallons, and Section B Rail Motor Cars.
Schedule 755	Deleted lines 90-97. Passenger car miles.

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 OM3 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 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) _____

TABLE OF CONTENTS

	SCHEDULE NO.	PAGE		SCHEDULE NO.	PAGE
Schedules Omitted by Respondent	A	1	Specialized Service Subschedule—Transportation	417	60
Identity of Respondent	B	2	Supporting Schedule—Capital Leases	418	61
Voting Powers and Elections	C	3	Analysis of Taxes	450	63
Comparative Statement of Financial Position	200	5	Items in Selected Income and Retained Earnings		
Results of Operations	210	16	Accounts for the Year	460	65
Retained Earnings—Unappropriated	220	19	Guaranties and Suretyships	501	66
Capital Stock	230	20	Compensating Balances and Short-Term Borrowing		
Statement of Changes in Financial Position	240	21	Arrangements	502	67
Working Capital Information	245	23	Separation of Debtholdings between Road Property and		
Investments and Advances Affiliated Companies	310	26	Equipment	510	69
Investments in Common Stocks of Affiliated Companies	310A	30	Transactions Between Respondent and Companies or		
Road Property and Equipment and Improvements to leased			Persons Affiliated With Respondent for Services		
Property and Equipment	330	32	Received or Provided	512	72
Depreciation Base and Rates—Road and Equipment			Mileage Operated at Close of Year	700	74
Owned and Used and Leased from Others	332	34	Mileage Owned but Not Operated by Respondent at		
Accumulated Depreciation—Road and Equipment			Close of Year	701	75
Owned and Used	335	35	Miles of Road at Close of Year—By States and		
Accrued Liability—Leased Property	339	36	Territories (Single Track) (For Other Than Switching and		
Depreciation Base and Rates—Improvements to Road			Terminal Companies)	702	76
and Equipment Leased from Others	340	37	Changes During the Year	705	77
Accumulated Depreciation—Improvements to Road and			Inventory of Equipment	710	80
Equipment Leased from Others	342	38	Unit Cost of Equipment Installed During the Year	710S	86
Depreciation Base and Rates—Road and Equipment			Track and Traffic Conditions	720	87
Leased to Others	350	40	Ties Laid in Replacement	721	88
Accumulated Depreciation—Road and Equipment			Ties Laid in Additional Tracks and in New Lines and		
Leased to Others	351	41	Extensions	722	89
Investment in Railroad Property Used in Transportation			Rails Laid in Replacement	723	90
Service (By Company)	352A	42	Rails Laid in Additional Tracks and in New Lines and		
Investment in Railway Property Used in Transportation			Extensions	724	91
Service (By Property Accounts)	352B	43	Weight of Rail	725	92
Railway Operating Expenses	410	45	Summary of Track Replacements	726	93
Way and Structures	412	52	Consumption of Fuel by Motive-Power Units	750	93
Rents for Interchanged Freight Train Cars and Other Freight			Railroad Operating Statistics	755	96
Carrying Equipment	414	53	Verification		100
Supporting Schedule—Equipment	415	56	Memoranda		101
Supporting Schedule—Road	416	58	Index		102

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

Page	Schedule No.	Title
31		Instructions Concerning Returns to be Made in Schedule 330
32-33	330	Road Property & Equipment & Improvements to Leased Property & Equip.
34	332	Depreciation & Rates-Road & Equip. Owned & Used & Leased from Others
35	335	Accumulated Depreciation-Road & Equipment Owned and Used
36	339	Accrued Liability-Leased Property
37	340	Depreciation Base & Rates-Improvements to Road & Equipment Leased from Others
38	342	Accumulated Depreciation-Improvements to Road & Equipment Leased from Others
39		Notes and Remarks for Schedule 342
40	350	Depreciation Base & Rates-Road & Equipment Leased to Others
41	351	Accumulated Depreciation-Road & Equipment Leased to Others
42	352A	Investment in RR Property Used in Transportation Service (by Company)
43	352B	Investment in Rwy. Property Used in Transportation Service (by Property Accounts)
44		Instructions Concerning Returns to be made in Schedule 410
45-51	410	Railway Operating Expenses
52	412	Way and Structures
53	414	Rents for Interchanged Freight Train Cars & Other Freight Carrying Equipment
54		Notes and Remarks
55		General Instructions Concerning Returns to be Made in Schedule 415
56-57	415	Supporting Schedule-Equipment
58	416	Supporting Schedule-Road
59		Notes and Remarks
60	417	Specialized Service Subschedule Transportation
61	418	Supporting Schedule-Capital Leases
62		Notes and Remarks
63-64	450	Analysis of Taxes
65	460	Items in Selected Income & Retained Earnings Accts. for the year
66	501	Guaranties and Suretyships
67	502	Compensating Balances and Short Term Borrowing Arrangements
68		Notes and Remarks
69	510	Separation of Debtholdings Between Road Property and Equipment
70		Notes and Remarks
71		Instructions Concerning Returns to be made in Schedule 512
72	512	Transactions Between Respondent and Companies or Persons Affiliated with Respondent for Services Received or Provided
73		Instructions Concerning Returns to be made in Schedule 700
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 & Territories (Single Track)
77	705	Changes During the Year
78		Notes and Remarks
79		Instructions Concerning Returns to be made in Schedule 710
80-85	710	Inventory of Equipment
86	710S	Unit Cost of Equipment Installed During the Year

Road Initials: GTC Year 19 87

1A

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
87	720	Track and Traffic Conditions
88	721	Ties Laid in Replacement
89	722	Ties Laid in Additional Tracks and in New Lines & Extensions
90	723	Rails Laid in Replacement
91	724	Rails Laid in Additional Tracks and in New Lines & Extensions
92	725	Weight of Rail
93	726	Summary of Track Replacements
94-95		Instructions Concerning Returns to be made in Schedule 755
96-99	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 organizations; if a reorganization has been effected, give date of reorganization. If a receivership or other trust, give also date which 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 Grand Trunk Corporation

2. Date of incorporation September 22, 1970

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 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, \$ NBV per share; first preferred, \$ none per share; second preferred, \$ none per share; debenture stock, \$ none 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 one vote per share
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: Not closed
7. State the total voting power of all security holders of the respondent as of 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. 208 votes, as of December 31, 1987 (Date)

8. State the total number of stockholders of record, as of the date shown in answer to inquiry No. 7. one 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, which 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.
				Common (d)	PREFERRED		
					Second (e)	First (f)	
1	Canadian	Montreal					1
2	National	Quebec					2
3	Railways	Canada	208	208	none	none	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
26							26
27							27
28							28
29							29
30							30

C. VOTING POWERS AND ELECTIONS - Continued

208

10. State the total number of votes cast at the latest general meeting for the election of directors of the respondent. _____
votes cast.

11. Give the date of such meeting. June 28, 1987

12. Give the place of such meeting. Jasper, Alberta, Canada

NOTES AND REMARKS

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.
Current Assets						
1		701	Cash	-	2	1
2		702	Temporary Cash Investments			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	1,424	40,397	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			TOTAL CURRENT ASSETS	1,424	40,399	14
Other Assets						
15		715, 716, 717	Special Funds			15
16		721, 721.5	Investments and Advances Affiliated Companies (Schedule 310 and 310A)	309,977	262,711	16
17		722, 723	Other Investments and Advances			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	6,000		20
21		743	Other Deferred Debits			21
22		744	Accumulated Deferred Income Tax Debits			22
23			TOTAL OTHER ASSETS	325,977	262,711	23
Road and Equipment						
24		731, 732	Road (Schedule 330)			24
25		731, 732	Equipment (Schedule 330)			25
26		731, 732	Unallocated Items			26
27		733, 735	Accumulated Depreciation and Amortization (Schedules 335, 342, 351)			27
28			Net Road and Equipment			28
29	*		TOTAL ASSETS	317,401	303,110	29

NOTES AND REMARKS

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.
Current Liabilities						
30		751	Loans and Notes Payable			30
31		752	Accounts Payable; Interline and Other Balances			31
32		753	Audited Accounts and Wages			32
33		754	Other Accounts Payable			33
34		755, 756	Interest and Dividends Payable			34
35		757	Payables to Affiliated Companies	8,718	7,164	35
36		759	Accrued Accounts Payable			36
37		760, 761, 761.5, 762	Taxes Accrued			37
38		763	Other Current Liabilities			38
39		764	Equipment Obligations and Other Long-Term Debt due Within One Year			39
40			TOTAL CURRENT LIABILITIES	8,718	7,164	40
Non-Current Liabilities						
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			50
51			TOTAL NONCURRENT LIABILITIES			51
Shareholders' Equity						
52		791, 792	Total Capital Stock: (Schedule 230) (L 53&54)			52
53			Common Stock	18,000	18,000	53
54			Preferred Stock			54
55			Discount on Capital Stock			55
56		794, 795	Additional Capital (Schedule 230)	232,515	232,515	56
Retained Earnings:						
57		797	Appropriated			57
58		798	Unappropriated (Schedule 220)	58,168	45,431	58
59		798.1	Net Unrealized Loss on Noncurrent Marketable Equity Securities			59
60		798.5	Less Treasury Stock			60
61			Net Stockholders Equity	308,683	295,946	61
62	*		TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	317,401	303,110	62

NOTES AND REMARKS

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 \$ none

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 \$ _____

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 _____
Not Applicable

(b) State amount, if any, representing the excess of the actuarially computed value of vested benefits over the total of the pension fund _____
Not Applicable

(c) Is any part of pension plan funded? Specify. Yes _____ No _____ Not applicable

(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 _____
Not Applicable

(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 _____ Not applicable

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? _____
Not applicable

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 _____ Not applicable

5. (a) The amount of employers contribution to employee stock ownership plans for the current year was \$ Not applicable

(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 \$ Not applicable

6. In reference to Docket No. 37465 specify the total amount of business entertainment expenditures charged to the non-operating expense account.
\$ _____ Not applicable

Continued on following page

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION - EXPLANATORY NOTES

7. 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 amounts of the respondent.

Disclose the nature and amount of contingency that is material.

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. Additional pages may be added if more space is needed. (Explain and/or reference to the following pages.)

Grand Trunk Corporation (GTC) has guaranteed approximately \$27 million of Grand Trunk Western Railroad Company's (GTW) conditional sales agreements. In addition, GTC has guaranteed GTW's bank term notes in the amount of \$6.3 million.

(a) Changes in Valuation Accounts

8. Marketable Equity Securities.

		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 O N E		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:

Not applicable

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 the 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.

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION—EXPLANATORY NOTES—Concluded

NOTES TO FINANCIAL STATEMENTS

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION—EXPLANATORY NOTES—Concluded**NOTES TO FINANCIAL STATEMENTS**

206. COMPARATIVE STATEMENT OF FINANCIAL POSITION—EXPLANATORY NOTES—Concluded

NOTES TO FINANCIAL STATEMENTS

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION--EXPLANATORY NOTES--Concluded**NOTES TO FINANCIAL STATEMENTS**

Road Initials: GTC Year 19 87

13

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION—EXPLANATORY NOTES—Concluded

NOTES TO FINANCIAL STATEMENTS

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION—EXPLANATORY NOTES—Concluded**NOTES TO FINANCIAL STATEMENTS**

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION—EXPLANATORY NOTES—Concluded

NOTES TO FINANCIAL STATEMENTS

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 18.

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 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 47 plus 48 plus 49, column (b)
Line 50, column (b)

Line 14, column (b)
Line 14, column (d)
Line 14, column (e)
Line 49, column (b)

Schedule 210

= Line 62, column (b)
= Line 63, column (b)
= Line 64, column (b)

Schedule 410

= 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.
		ORDINARY ITEMS OPERATING INCOME					
		Railway Operating Income					
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		TOTAL RAILWAY OPERATING REVENUES (lines 10-12)					13
14	*	(531) Railway operating expenses					14
15	*	Net revenue from railway operations					15
		OTHER INCOME					
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)					19
20		(514) Interest Income					20
21		(516) Income from sinking and other funds					21
22		(517) Release of premiums on funded debt					22
23		(518) Reimbursements received under contracts and agreements					23
24		(519) Miscellaneous income					24
25		Income from affiliated companies: 519 a. Dividends (equity method)	5,800	10,985			25
26		b. Equity in undistributed earnings (losses)	7,044	(22,812)			26
27		TOTAL OTHER INCOME (lines 16-26)	12,844	(11,827)			27
28		TOTAL INCOME (lines 15, 27)					27
		MISCELLANEOUS DEDUCTIONS FROM INCOME					
29		(534) Expenses of property used in other than carrier operations					29
30		(544) Miscellaneous taxes					30
31		(545) Separately operated properties-Loss					31
32		(549) Maintenance of investment organization					32
33		(550) Income Transferred under contracts and agreements					33
34		(551) Miscellaneous income charges	16	15			34
35		(553) Uncollectible accounts					35
36		TOTAL MISCELLANEOUS DEDUCTIONS (lines 29-35)	16	15			36
37		Income available for fixed charges (lines 28, 36)	12,828	(11,842)			37

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.
		FIXED CHARGES			
		(546) Interest on funded debt:			
38		(a) Fixed interest not in default	12,828	(11,842)	38
39		(b) Interest in default			39
40		(547) Interest on unfunded debt			40
41		(548) Amortization of discount on funded debt			41
42		TOTAL FIXED CHARGES (lines 38-41)			42
43		Income after fixed charges (lines 37, 42)			43
		OTHER DEDUCTIONS			
		(546) Interest on funded debt:			
44		(c) Contingent interest			44
		UNUSUAL OR INFREQUENT ITEMS			
45		(555) Unusual or infrequent items (debit) credit			45
46		Income (Loss) from continuing operations (before income taxes)	12,828	(11,842)	46
		PROVISIONS FOR INCOME TAXES			
		(556) Income taxes on ordinary income:			
47	*	(a) Federal income taxes	1,700		47
48	*	(b) State income taxes			48
49	*	(c) Other income taxes			49
50	*	(557) Provision for deferred taxes			50
51		TOTAL PROVISIONS FOR INCOME TAXES (lines 47-50)	1,700		51
52	*	Income from continuing operations (lines 46-51)	11,128	(11,842)	52
		DISCONTINUED OPERATIONS			
53		(560) Income or loss from operations of discontinued segments (less applicable income taxes of \$)			53
54		(562) Gain or loss on disposal of discontinued segments (less applicable income taxes of \$)			54
55		Income before extraordinary items (lines 51 + 53 + 54)			55
		EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES			
56		(570) Extraordinary items (Net)	1,609	(25,715)	56
57		(590) Income taxes on extraordinary items			57
58		(591) Provision for deferred taxes-Extraordinary items			58
59		TOTAL EXTRAORDINARY ITEMS (lines 56-58)	1,609	(25,715)	59
60		(592) Cumulative effect of changes in accounting principles (less applicable tax of \$)			60
61	*	Net income (Loss) (lines 55 + 59 + 60)	12,737	(37,557)	61
		Reconciliation of net railway operating income (NROI)			
62	*	Net revenues from railway operations	n/a	n/a	62
63	*	(556) Income taxes on ordinary income (-)	n/a	n/a	63
64	*	(557) Provision for deferred income taxes (-)	n/a	n/a	64
65		Income from lease of road and equipment (-)	n/a	n/a	65
66		Rent for leased roads and equipment (+)	n/a	n/a	66
67		Net railway operating income (loss)	n/a	n/a	67

NOTES AND REMARKS FOR SCHEDULES 210 and 220

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 61 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 at beginning of year	\$ 40,945	\$ 4,486	1
2		(601.5) Prior period adjustments to beginning retained earnings			2
		CREDITS			
3	*	(602) Credit balance transferred from income	5,692	7,045	3
4		(603) Appropriations released			4
5		(606) Other credits to retained earnings			5
6		TOTAL	5,692	7,045	6
		DEBITS			
7	*	(612) Debit balance transferred from income			7
8		(616) Other debits to retained earnings			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 ¹			12
13		TOTAL			13
14		Net increase (decrease) during year (Line 6 minus line 13)	5,692	7,045	14
15	*	Balances at close of year (Lines 1, 2 and 14)	46,637	11,531	15
16	*	Balances from line 15(c)	11,531	N/A	16
17		Total unappropriated retained earnings and equity in undistributed earnings (losses) of affiliated companies at end of year (798)	58,168	NA	17
18		(797) Total appropriated retained earnings:			18
19		Credits during year \$ <u>—</u>			19
20		Debits during year \$ <u>—</u>			20
21		Balance at Close of year \$ <u>—</u>			21
		Amount of assigned Federal income tax consequences:			
22		Account 606 \$ <u>—</u>			22
23		Account 616 \$ <u>—</u>			23

¹ 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	NPV	1,000	208		208	18,000		1
2									2
3									3
4	Preferred								4
5									5
6									6
7									7
8									8
9									9
10	TOTAL		1,000	208		208	18,000		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			208	18,000				11
12	Capital Stock Sold ¹								12
13	Capital Stock Reacquired								13
14	Capital Stock Canceled								14
15									15
16									16
17	Balance at close of year			208	18,000				17

¹By footnote on page 17 state the purpose of the issue and authority.

G.P.O. Jkt. 483-592

Railroad Annual Report R-1

Road Initials: GTC

Year 19 87

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.

Line No.	Cross Check	Description (a)	Current year (b)	Prior year (c)	Line No.
		SOURCES OF WORKING CAPITAL			
1	*	Working capital provided by operations: Income (loss) from continuing operations (sch 210 line 52)	11,128	(11,842)	1
2		Add expenses not requiring outlay of working capital: (subtract) credits not generating working capital:			2
3		Loss (gain) on sale or disposal of tangible property			3
4		Depreciation and amortization expenses			4
5		Net increase (decrease) in deferred income taxes			5
6		Net decrease (increase) in parent's share of subsidiary's undistributed income for the year	(7,044)	22,812	6
7		Net increase (decrease) in noncurrent portion of estimated liabilities			7
8		Other (specify):			8
9		Charges in lieu of income taxes	1,609		9
10					10
11					11
12		TOTAL WORKING CAPITAL FROM CONTINUING OPERATIONS	5,693	10,970	12
13		Add funds generated by reason of discontinued operations, extraordinary items, and changes in accounting principles			13
14		TOTAL WORKING CAPITAL FROM OPERATIONS	5,693	10,970	14
15		Working capital from sources other than operating:			15
16		Proceeds from issuance of long-term liabilities			16
17		Proceeds from sale/disposition of carrier operating property			17
18		Proceeds from sale/disposition of other tangible property			18
19		Proceeds from sale/repayment of investments and advances			19
20		Net decrease in sinking and other special funds			20
21		Proceeds from issue of capital stock			21
22		Other (specify):			22
23					23
24					24
25					25
26		TOTAL WORKING CAPITAL FROM SOURCES OTHER THAN OPERATING			26
27		TOTAL SOURCES OF WORKING CAPITAL	5,693	10,970	27

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.
		APPLICATION OF WORKING CAPITAL			
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	40,222		32
33		Net increase in sinking or other special funds			33
34		Purchase price of acquiring treasury stock			34
35		Other (specify):			35
36		Increase in non-current other assets	6,000		36
37					37
38					38
39					39
40					40
41					41
42					42
43					43
44		TOTAL APPLICATION OF WORKING CAPITAL	46,222	-	44
45		Net increase (decrease) in working capital	40,529	10,970	45

NOTES AND REMARKS

	<u>12/31/87</u>	<u>12/31/86</u>
Current Assets	1,424	40,399
Current Liabilities	8,718	7,164
Net Working Capital	<u>(7,294)</u>	<u>33,235</u>
	33,235	
Decrease in Working Capital	<u>(40,529)</u>	

245. WORKING CAPITAL
(Dollars in Thousands)

1. This schedule should include only data pertaining to railway transportation services.
2. Carry out calculation of lines 9, 10, 20, and 21, to the nearest whole number.

Not applicable

Line No.	Item (a)	Source No.	Amount (b)	Line
CURRENT OPERATING ASSETS				
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	TOTAL CURRENT OPERATING ASSETS	Line 1 + 2 + 3		4
OPERATING REVENUE				
5	Railway Operating Revenue	Schedule 210, line 13, column b		5
6	Rent Income	Note B		6
7	TOTAL OPERATING REVENUES	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	Lines 9 + 15 days		10
CURRENT OPERATING LIABILITIES				
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	TOTAL CURRENT OPERATING LIABILITIES	Sum of lines 11 to 14		15
OPERATING EXPENSES				
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 21 × 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
MATERIALS AND SUPPLIES				
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	TOTAL WORKING CAPITAL	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, 229, 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.

NOTES AND REMARKS

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	A-1	VII	Grand Trunk Western Railroad Company	100%	1
2	721	A-1	VII	Duluth, Winnipeg & Pacific Railway Company	100%	2
3	721	A-1	VII	Central Vermont Railway, Inc.	100%	3
4						4
5						5
6	721	A-3	VIII	Grand Trunk Radio Communications, Inc.	100%	6
7						7
8						8
9	721	A-4	VI	Grand Trunk Land Development Corporation	100%	9
10	721	A-4	VIII	Domestic Two Leasing Company	100%	10
11	721	A-4	VIII	Domestic Three Leasing Company	100%	11
12						12
13						13
14				Total		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						27
28						28
29						29
30						30
31						31
32						32
33						33
34						34
35						35
36						36
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	220,186	40,000		260,186				1
2	8,837			8,837				2
3	29,202			29,202				3
4								4
5								5
6	1			1				6
7								7
8								8
9								9
10							5,800	10
11								11
12								12
13								13
14	258,226			298,226				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								27
28								28
29								29
30								30
31								31
32								32
33								33
34								34
35								35
36								36
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	220,186	40,000		260,186				1
2	8,837			8,837				2
3	29,202			29,202				3
4								4
5								5
6	1			1				6
7								7
8								8
9								9
10							5,800	10
11								11
12								12
13								13
14	258,226			298,226				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								27
28								28
29								29
30								30
31								31
32								32
33								33
34								34
35								35
36								36
37								37
38								38
39								39
40								40

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
14						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						27
28						28
29						29
30						30
31						31
32						32
33						33
34						34
35						35
36						36
37						37
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
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
26								26
27								27
28								28
29								29
30								30
31								31
32								32
33								33
34								34
35								35
36								36
37								37
38								38
39								39
40								40

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.
	Carriers: (List specifics for each company)							
1	Grand Trunk Western Railroad Co.	(1,543)		3,438			1,895	1
2	Duluth, Winnipeg & Pacific	24,642		3,961			28,603	2
3	Central Vermont Railway, Inc.	(18,613)		(354)			(18,967)	3
4								4
5	Total	4,486		7,045			11,531	5
6								6
7								7
8								8
9								9
10								10
11								11
12								12
13								13
	Noncarrier (List specifics for each company)							
14								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								27

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 Michigan
 County of Wayne
H. D. Nicholas makes oath and says that he is Controller
 (Insert here name of the affiant) (Insert here the official title of the affiant)
 Of Grand Trunk Corporation
 (Insert here the exact legal title or name of the respondent)

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

January 1, 1987, to and including December 31, 1987

(Signature of affiant)

Subscribed and sworn to before me, a Notary Public in and for the State and
 county above named, this 31st day of March, 1988
 My commission expires October 15, 1989

Use an
 L.S.
 impression seal

J. A. BREWER
 (Signature of officer authorized to administer oaths)

SUPPLEMENTAL OATH

(By the president or other chief officer of the respondent)
J. A. BREWER
Notary Public, Wayne County, Mich.
My Commission Expires Oct. 15, 1989

State of Michigan
 County of Wayne
P. E. Tatro makes oath and says that he is Vice President-Finance
 (Insert here name of the affiant) (Insert here the official title of the affiant)
 Of Grand Trunk Corporation
 (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, 1987, to and including December 31, 1987

(Signature of affiant)

Subscribed and sworn to before me, a Notary Public in and for the State and
 county above named, this 31st day of March, 1988
 My commission expires October 15, 1989

Use an
 L.S.
 impression seal

J. A. BREWER
 (Signature of officer authorized to administer oaths)

755. RAILROAD OPERATING STATISTICS - Concluded

Line No.	Cross Check	Item description (a)	Freight train (b)	Passenger train (c)	Line No.
		6. Gross Ton-Miles (thousands) (K)	XXXXXX	XXXXXX	
98		6-01 Road Locomotives			98
		6-02 Freight Trains, Crs., Cnts., and Caboose	XXXXXX	XXXXXX	
99		6-020 Unit Trains		XXXXXX	99
100		6-021 Way Trains		XXXXXX	100
101		6-022 Through Trains		XXXXXX	101
102		6-03 Passenger-Trains, Crs., and Cnts.			102
103		6-04 Non-Revenue		XXXXXX	103
104		6-05 TOTAL (lines 98-103)			104
		7. Tons of Freight (thousands)	XXXXXX	XXXXXX	
105		7-01 Revenue		XXXXXX	105
106		7-02 Non-Revenue		XXXXXX	106
107		7-03 TOTAL (lines 105, 106)		XXXXXX	107
		8. Ton-Miles of Freight (thousands) (L)	XXXXXX	XXXXXX	
108		8-01 Revenue-Road Service		XXXXXX	108
109		8-02 Revenue-Lake Transfer Service		XXXXXX	109
110		8-03 TOTAL (lines 108, 109)		XXXXXX	110
111		8-04 Non-Revenue-Road Service		XXXXXX	111
112		8-05 Non-Revenue-Lake Transfer Service		XXXXXX	112
113		8-06 TOTAL (lines 111, 112)		XXXXXX	113
114		8-07 TOTAL-REVENUE AND NON-REVENUE (lines 110, 113)		XXXXXX	114
		9. Train Hours (M)	XXXXXX	XXXXXX	
115		9-01 Road Service		XXXXXX	115
116		9-02 Train Switching		XXXXXX	116
117		10. TOTAL YARD-SWITCHING HOURS (N)		XXXXXX	117
		11. Train-Miles Work Trains (O)	XXXXXX	XXXXXX	
118		11-01 Locomotives		XXXXXX	118
119		11-02 Motorcars		XXXXXX	119
		12. Number of Loaded Freight Cars (P)	XXXXXX	XXXXXX	
120		12-01 Unit Trains		XXXXXX	120
121		12-02 Way Trains		XXXXXX	121
122		12-03 Through Trains		XXXXXX	122
123		13. TOFC/COFC-No. of Rev. Trailers and Containers Loaded and Unloaded (Q)		XXXXXX	123
124		14. Multi-Level Cars-No. of Motor Vehicles Loaded and Unloaded (Q)		XXXXXX	124
125		15. TOFC/COFC-No. of Rev. Trailers Picked Up and Delivered (R)		XXXXXX	125
		16. Revenue Tons-Marine Terminal (S)	XXXXXX	XXXXXX	
126		16-01 Marine Terminals-Coal		XXXXXX	126
127		16-02 Marine Terminals-Ore		XXXXXX	127
128		16-03 Marine Terminals-Other		XXXXXX	128
129		16-04 TOTAL (lines 126-128)		XXXXXX	129
		17. Number of Foreign Per Diem Cars on Line (T)	XXXXXX	XXXXXX	
130		17-01 Serviceable		XXXXXX	130
131		17-02 Unserviceable		XXXXXX	131
132		17-03 Surplus		XXXXXX	132
133		17-04 TOTAL (lines 130-132)		XXXXXX	133

INDEX

	Page No.		Page No.
Accumulated depreciation		Leases	61
Road and equipment leased		Locomotive equipment	80
From others	38	Electric and other	80
Improvements to	38	Consumption of fuel diesel	93
To others	41	Locomotive unit miles	96
Owned and used	35	Mileage-Average of road operated	87
Accruals-Railway tax	63	Changes during the year	77
Analysis of taxes	63	Of main tracks	74-75
Application of funds-Source	21	Of new tracks in which rails were laid	90
Balance sheet	5-9	Of new tracks in which ties were laid	89
Capital stock	20	Of road constructed and abandoned	77
Car, locomotive, and floating equipment-Classification	80-85	operated at close of year	75
Changes in financial position	21-22	By States and territories	77
Company service equipment	81	Owned and not operated at close of year	77
Compensating balances and short-term borrowing		Miscellaneous items in retained income accounts for the	
arrangements	67	year	65
Consumption of fuel by motive-power units	93	Motorcar car miles	96
Contingent assets and liabilities	8	Motor rail cars owned or leased	81
Crossties (see Ties)		Net income	17
Debt holdings	69	Oath	100
Depreciation base and rates		Operating expenses (see Expenses)	
Road and equipment leased		Revenues (see Revenue)	
From others	34	Statistics (See Statistics)	
Improvements to	32-33	Ordinary income	16
To others	40	Private line cars loaded	97
Owned and used	34	Private line cars empty	97
Electric locomotive equipment at close of year	68	Rails	
Equipment-classified	80-85	Laid in replacement	90
Company service	81	Charges to operating expenses	45
Floating	84-85	Additional tracks, new lines, and extensions	91
Freight-train cars	82-83	Miles of new track in which rails were laid	90
Highway revenue equipment	84-85	Weight of	91
Passenger-train cars	80-81	Railway-Operating expenses	45-53
Inventory	80-85	Railway-Operating revenues	16
Owned-Not in service of respondent	80	Results of Operations	16-17
Equipment-Leased, depreciation base and rate		Retained income unappropriated	19
From others	34	Miscellaneous items in accounts for year	65
Improvements to	37	Revenues	
Reserve	38	Freight	16
To others	40	Passenger	16
Reserve	41	Road and equipment-Investment in	32-33
Equipment-Owned, depreciation base rates	34	Improvements to leased property	32-33
Reserve	35	Reserve	38
Expenses-railway operating	45-53	Leased to others-Depreciation base and rates	40
Extraordinary items	17	Reserve	41
Federal income taxes	63	Owned-Depreciation base and rates	34
Financial position-Changes in	21-22	Reserve	35
Floating equipment	84-85	Used-Depreciation base and rates	34
Freight cars loaded	96	Reserve	35
Freight-train cars	82-83	Road-Mileage operated at close of year	74
Freight car-miles	96	By States and Territories	76
Fuel consumed diesel	93	Road-Owned and not operated at close of year	75
Cost	93	Securities (see Investments)	
Funded debt (see Debt holdings)		Short-term borrowing arrangements-Compensating	
Guaranties and suretyships	66	balances and	67
Identity of respondent	2	Sinking funds	7
Items in selected income and retained earnings accounts	65	Source and application of working capital	21-22
Investments in common stocks of affiliated companies	30	Specialized service subschedule	60
Investments and advances of affiliated companies	26-29	Statement of changes in financial position	21-22
Railway property used in transportation service	42-43	Stock outstanding	20
Road and equipment	32-33	Changes during year	20
Changes during year	32-33	Number of security holders	3
Leased property-improvements made during the			
year	32-33		

INDEX - Continued

	Page No.		Page No.
Total voting power	3-4	Miles of, at close of year	76
Value per share	3	Track and traffic conditions	87
Voting rights	3	Train hours, yard switching	99
Supporting schedule - Road	56-57	Train miles	96
Suretyships - Guaranties and	66	Tons of freight	99
Ties laid in replacement	88	Ton-miles of freight	99
Ties - Additional tracks, new lines, and extensions	89	TOFC/COFC number of revenue trailers and containers loaded and unloaded	99
Tracks operated at close of year	74	Voting powers and elections	3
		Weight of rail	92

