

RC-310017

GRAND TRUNK

1983

RC 310017

**ANNUAL REPORT**

MAY 8 1984

OF

ICC - P. O. 2040

GRAND TRUNK CORPORATION

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) T. P. Walker (Title) Manager Corporate Accounting

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(Street and number, city, State, and ZIP code)



## SPECIAL NOTICE

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

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

Docket 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 225	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 30, 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) \_\_\_\_\_

(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 the Results of Operations Under Depreciation Accounting
9	205A	Restatement of Retained Earnings Under Depreciation Accounting
9	205B	Restatement of Road and Equipment and Accumulated Depreciation and Amortization Accounts
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60	417	Specialized Service Subschedule - Transportation
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74	700	Mileage Operated at Close of Year
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89	722	Ties Laid in Additional Tracks and in New Lines and Extensions
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91	724	Rails Laid in Additional Tracks and in New Lines and Extensions.
91	725	Weight of Rail
92	726	Summary of Track Maintenance
92	728	Deferred Maintenance - Tracks
94	750	Consumption of Fuel by Motive-Power Units
97	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 change 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 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 5-31-84  
(date)
- ☐ No annual report to stockholders is prepared

## C. VOTING POWERS AND ELECTIONS

1. State the par value of each share of stock: Common, \$ NPV 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 Yes

3. Are voting rights proportional to holdings? Yes If not, state in a footnote the relation between holdings and corresponding voting rights.

4. Are voting rights attached to any securities other than stock? No If so, name in a footnote each security, other than stock to which voting rights are attached (as of the close of the year), and state in detail the relation between holdings and corresponding voting rights, stating whether voting rights are actual or contingent, and if contingent, showing the contingency.

5. Has any class or issue of securities any special privileges in the election of directors, trustees, or managers, or in the determination of corporate action by any method? No If so, describe fully in a footnote each such class or issue and give a succinct statement showing clearly the character and extent of such privileges.

6. Give the date of the latest closing of the stock book prior to the actual filing of this report, and state the purpose of such closing Not Closed

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. 208 votes, as of June 14, 1983 (Date)

8. State the total number of stockholders of record, as of the date shown in answer to inquiry No. 7. 1 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 holder, 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		
					Second	First	
	(a)	(b)	(c)	(d)	(e)	(f)	
1	Canadian National	Montreal, Quebec	208	208	None	None	1
2	Railway Company						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



**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. 208  
votes cast.
11. Give the date of such meeting. June 14, 1983
12. Give the place of such meeting. Detroit, Michigan

**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.
<b>Current Assets</b>						
1		701	Cash	1	3	1
2		702	Temporary Cash Investments			2
3		703	Special Deposits			3
4		704	Accounts Receivable			4
5		705	- Loan and Notes			5
6		706	- Interline and Other Balances			6
7		707	- Customers			7
8		709, 708	- Other			8
9		708.5	- Accrued Accounts Receivables			9
10		709.5	Receivables from Affiliated Companies	26,707	20,161	10
11		710, 711, 714	- Less: Allowance for Uncollectible Accounts			11
12		712	Working Funds Prepayments Deferred Income Tax Debits			12
13		713	Materials and Supplies			13
14			Other Current Assets			14
			<b>TOTAL CURRENT ASSETS</b>	<b>26,708</b>	<b>20,164</b>	
<b>Other Assets</b>						
15		715, 716, 717	Special Funds			15
16		721, 721.5	Investments and Advances Affiliated Companies (Schedule 310)	299,145	316,600	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			20
21		743	Other Deferred Debits			21
22		744	Accumulated Deferred Income Tax Debits			22
23			<b>TOTAL OTHER ASSETS</b>	<b>299,145</b>	<b>316,600</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>325,853</b>	<b>326,764</b>	<b>29</b>

**NOTES AND REMARKS**

Grand Trunk Corporation's investments in affiliated companies are accounted for on equity method. The companies are listed on Schedule 310, page 22.



**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 beginning 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	9,283	3,064	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			<b>TOTAL CURRENT LIABILITIES</b>	<b>9,283</b>	<b>3,064</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			50
51			<b>TOTAL NONCURRENT LIABILITIES</b>			<b>51</b>
<b>Shareholders' Equity</b>						
52		791, 792	Capital Stock: (Schedule 230)			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
57		797	Retained Earnings: Appropriated			57
58		798	Unappropriated (Schedule 220)	66,055	83,185	58
59		798.1	Net Unrealized Loss on Noncurrent Marketable Equity Securities			59
60		798.5	Less Treasury Stock			60
61			Net Stockholders Equity	316,570	333,700	61
62	*		<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>325,853</b>	<b>336,764</b>	<b>62</b>

**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 N/A

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

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

(i) If funding is by insurance, give name of insuring company N/A

If funding is by trust agreement, list trustee(s) N/A

Date of trust agreement or latest amendment N/A

If respondent is affiliated in any way with the trustee(s), explain affiliation: N/A

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

(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 \_\_\_\_\_ N/A

If yes, give number of the shares for each class of stock or other security: N/A

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

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 \_\_\_\_\_ N/A

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. \$ None

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 O	N E	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	\$ <u>None</u>	\$ <u>None</u>
Noncurrent	<u>None</u>	<u>None</u>

(c) A net unrealized gain (loss) of \$ None 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: 12/31/83 (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

N O N E



## 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)	-0-	-0-			10
11		(502) Railway operating revenues-Transfers from Government Authorities for current operations	-0-	-0-			11
12		(503) Railway operating revenues-Amortization of deferred transfers from Government Authorities	-0-	-0-			12
13		<b>TOTAL RAILWAY OPERATING REVENUES (lines 10-12)</b>	-0-	-0-			13
14	*	(531) Railway operating expenses	-0-	-0-			14
15	*	Net revenue from railway operations	-0-	-0-			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)					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) Contributions from other companies					23
24		(519) Miscellaneous income					24
25		Income from affiliated companies (513) Dividends (equity method)	2,836	394			25
26		Equity in undistributed earnings (losses)	(19,897)	(10,528)			26
27		<b>TOTAL OTHER INCOME (lines 16-26)</b>	(17,061)	(10,134)			27
28		<b>TOTAL INCOME (lines 15, 27)</b>	(17,061)	(10,134)			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	69	23			36
37		(553) Uncollectible accounts					37
38		<b>TOTAL MISCELLANEOUS DEDUCTIONS (lines 29-37)</b>	69	23			38
39		<b>Income available for fixed charges (Lines 28, 38)</b>	(17,130)	(10,157)			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)	(17,130)	(10,157)	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)	-		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	(17,130)	(10,157)	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)	(17,130)	(10,157)	63
		Reconciliation of net railway operating income (NROI)			
64		Net revenues from railway operations	N/A	N/A	64
65		(556) Income taxes on ordinary income ( - )	N/A	N/A	65
66	*	(557) Provision for deferred income taxes ( - )	N/A	N/A	66
67		Income from lease of road and equipment ( + )	N/A	N/A	67
68		Rent for leased roads and equipment ( + )	N/A	N/A	68
69		Net railway operating income (loss)	N/A	N/A	69



## 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 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	19,869	\$ 63,316	1
2		(601.5) Prior period adjustments to beginning retained earnings			2
		<b>CREDITS</b>			
3	*	(602) Credit balance transferred from income	2,767		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>	2,767		6
		<b>DEBITS</b>			
7	*	(612) Debit balance transferred from income		(19,897)	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 <sup>1</sup>			12
13		<b>TOTAL</b>		(19,897)	13
14		Net increase (decrease) during year (Line 6 minus line 13)		(19,897)	14
15		Balances at close of year (Lines 1, 2 and 14)	22,636	43,419	15
16		Balances from line 15(c)	43,419	N/A	16
17		Total unappropriated retained earnings and equity in undistributed earnings (losses) of affiliated companies at end of year	66,055	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	None	N/A	22
23		Account 616	None	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	N. P. V.	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								11
12	Capital Stock Sold <sup>1</sup>								12
13	Capital Stock Reacquired								13
14	Capital Stock Canceled				N O N E				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	(17,130)	(10,157)	1
2		Add expenses not requiring outlay of working capital: (subtract) credits not generating working capital:			2
		Loss (gain) on sale or disposal of tangible property			
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	19,897	10,528	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>	<b>2,767</b>	<b>371</b>	<b>12</b>
13		Add funds generated by reason of discontinued operations, extraordinary items, and changes in accounting principles			13
14		<b>TOTAL WORKING CAPITAL FROM OPERATIONS</b>	<b>2,767</b>	<b>371</b>	<b>14</b>
		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>			<b>26</b>
27		<b>TOTAL SOURCES OF WORKING CAPITAL</b>	<b>2,767</b>	<b>371</b>	<b>27</b>



**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		Increase in investments to affiliated companies	2,442		36
37					37
38					38
39					39
40					40
41					41
42					42
43					43
44		<b>TOTAL APPLICATION OF WORKING CAPITAL</b>	<b>2,442</b>	<b>-0-</b>	<b>44</b>
45		Net increase (decrease) in working capital	325	371	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	1	3	(2)	1
2	Net receivables				2
3	Prepayments				3
4	Materials and supplies				4
5	Other current assets not included above	26,707	20,161	6,546	5
6	Notes payable and matured obligations				6
7	Accounts payable				7
8	Current equipment obligations and other debt				8
9	Other current liabilities not included above	9,283	3,064	6,219	9
10	Net increase (decrease) in working capital	17,425	17,100	325	10

**NOTES AND REMARKS**

N O N E



**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.

N O T  
A P P L I C A B L E

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 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	A-1	VII	Grand Trunk Western Railroad Company	100%	1
2	721	A-1	VII	Duluth, Winnipeg and Pacific Railway Company	100%	2
3	721	A-1	VII	Central Vermont Railway, Inc.	100%	3
4	721	A-4	VIII	Domestic Three Leasing Corporation	100%	4
5	721	A-3	VIII	Grand Trunk Radio Communications, Inc.	100%	5
6	721	A-4	VI	Grand Trunk Land Development Corporation	100%	6
7				Total		7
8						8
9						9
10						10
11						11
12						12
13						13
14						14
15						15
16						16
17						17
18						18
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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	Additions	Deductions (if other than sale, explain)	Closing balance				
	(f)	(g)	(h)	(i)	(j)	(k)		
1	217,744	2,442		220,186				1
2	8,837			8,837				2
3	29,202			29,202				3
4	-			-				4
5	1			1		-		5
6	-			-				6
7	255,784	2,442		258,225				7
8								8
9								9
10								10
11								11
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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
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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	Line No.
	Opening balance	Additions	Deductions (if other than sale, explain)	Closing balance				
	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
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
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16								16
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19								19
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24								24
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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 Company	20,909		(19,460)			1,449	1
2	Duluth, Winnipeg & Pacific Railway Company	29,110		3,118			32,228	2
3	Central Vermont Railway, Inc.	10,797		(3,555)			7,242	3
4								4
5								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

**460. ITEMS IN SELECTED INCOME AND RETAINED EARNINGS ACCOUNTS FOR THE YEAR**  
(Dollars in Thousands)

Give a brief description for all items, regardless of amount, included during the year in Accounts 555, Unusual or Infrequent Items; 560, Income or Loss From Operations of Discontinued Segments; 562, Gain or Loss on Disposal of Discontinued Segments; 570, Extraordinary Items; 590, Income Taxes on Extraordinary Items; 592, Cumulative Effect of Changes in Accounting Principles; 603, Appropriations Released; 606, Other Credits to Retained Earnings; 616, Other Debits to Retained Earnings; 620, Appropriations for Sinking and Other Funds; 621, Appropriations for Other Purposes. If appropriations released reflect appropriations provided during the year, each account should not be reported.

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

Line No.	Account No. (a)	Item (b)	Debits (c)	Credits (d)	Line No.
1					1
2					2
3					3
4					4
5					5
6					6
7					7
8					8
9		N O N E			9
10					10
11					11
12					12
13					13
14					14
15					15
16					16
17					17
18					18
19					19
20					20
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27					27
28					28
29					29
30					30

**MEMORANDA RELATING TO SELECTED INCOME AND RETAINED EARNINGS ACCOUNTS**



**500. CONTINGENT ASSETS AND LIABILITIES**  
(Dollars in Thousands)

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

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

Examples of contingent liabilities are items which may become obligations as a result of pending or threatened litigation, assessments or possible assessments of additional taxes and agreements or obligations to repurchase securities or property.

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

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

Line No.	Item (a)	Amount (b)	Line No.
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
41			41
42			42
43			43
44			44
45			45
46			46
47			47

## 501. GUARANTIES AND SURETYSHIPS

(Dollars in Thousands)

1. If the respondent was under obligation as guarantor or surety for the performance by any other corporation or other association of any agreement or obligation, show the particulars of each contract of guaranty or suretyship in effect at the close of the year or entered into and expired during the year. This inquiry does not cover the case of ordinary commercial paper maturing on demand or not later than 2 years after the date of issue. Items of less than \$50,000 may be shown as one total.

Line No.	Names of all parties principally and primarily liable (a)	Description (b)	Amount of contingent liability (c)	Sole or joint contingent liability (d)	Line No.
1	Grand Trunk Western	Conditional Sales Agreement for	\$ 4,406		1
2	Railroad Company	equipment 9-15-1977			2
3					3
4		Conditional Sales Agreement for	3,570		4
5		equipment 2-01-1978			5
6					6
7		Conditional Sales Agreement for	625		7
8		equipment 5-01-1978			8
9					9
10		Conditional Sales Agreement for	5,353		10
11		equipment 7-20-1978			11
12					12
13		Conditional Sales Agreement for	372		13
14		equipment 10-01-1978			14
15					15
16		Conditional Sales Agreement for	13,127	(1) Joint	16
17		equipment 12-01-1978			17
18					18
19		Conditional Sales Agreement for	291		19
20		equipment 7-25-1979			20
21					21
22		Conditional Sales Agreement for	10,187	(1) Joint	22
23		equipment 2-01-1980			23
24					24
25		Conditional Sales Agreement for	6,880		25
26		equipment 10-01-1981			26
27					27
28		Conditional Sales Agreement for	2,497	(1) Joint	28
29		equipment 4-02-1982			29
30					30
31	(1) Grand Trunk Corporation guarantees jointly with	Duluth, Winnipeg & Pacific			31
32	Railway Company interest and principal payment.				32
33					33
34					34
35					35
36					36
37					37
38					38

2. If any corporation or other association was under obligation as guarantor or surety for the performance by the respondent of any agreement or obligation, show the particulars called for hereunder for each such contract of guaranty or suretyship in effect at the close of the year or entered into and expired during the year.

This inquiry does not cover the case of ordinary commercial paper maturing on demand or not later than 2 years after date of issue, nor does it include ordinary surety bonds or undertakings on appeals in court proceedings.

Line No.	Finance Docket number, title, maturity date and concise description of agreement or obligation (a)	Names of all guarantors and sureties (b)	Amount contingent liability of guarantors (c)	Sole or joint contingent liability (d)	Line No.
1					1
2					2
3		NONE			3
4					4
5					5
6					6
7					7
8					8
9					9



**502. COMPENSATING BALANCES AND SHORT-TERM BORROWING ARRANGEMENTS**  
(Dollars in Thousands)

Using the following notes as a guideline, show the requirements compensating balances and short-term borrowing arrangements. Footnote disclosure is required even though the arrangement is not reduced to writing.

1. Disclose compensating balances not legally restricted, lines of credit used and unused, average interest rate of short-term borrowings outstanding at balance sheet date, maximum amount of outstanding borrowings during the period and the weighted average rate of those borrowings.
2. Time deposits and certificates of deposit constituting compensating balances not legally restricted should be disclosed.
3. Compensating balance arrangements need only be disclosed for the latest fiscal year.
4. Compensating balances included in Account 703, Special Deposits, and in Account 717, Other Funds, should also be separately disclosed below.
5. Compensating balance arrangements are sufficiently material to require disclosure in footnotes when the aggregate of written and oral agreement balances amount to 15 percent or more of liquid assets (current cash balances, restricted and unrestricted plus marketable securities).
6. When a carrier is not in compliance with a compensating balance requirement, that fact should be disclosed along with stated and possible sanctions whenever such possible sanctions may be immediate (not vague or unpredictable) and material.

N O N E

## 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 (d)	Amount due from or to related parties (e)	Line No.
1							1
2							2
3							3
4							4
5							5
6			N O N E				6
7							7
8							8
9							9
10							10
11							11
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23							23
24							24
25							25

## 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)

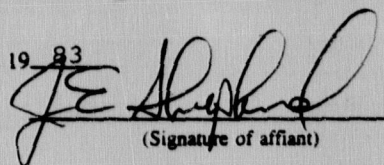
State of Michigan

County of Wayne

J. E. Shepherd makes oath and says that he is Treasurer  
(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)

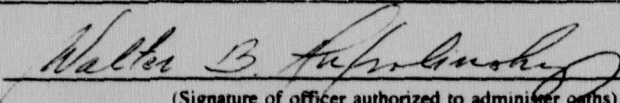
that it is his duty to have supervision over the books of accounts of the respondent and to control the manner in which such books are kept; that he knows that such books have been kept in good faith during the period covered by this report; that he knows that the entries contained in this report relating 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, 19 83, to and including December 31, 19 83  
  
(Signature of affiant)

Subscribed and sworn to before me, a Notary Public in and for the State and  
county above named, this 30th day of April, 19 84

My commission expires January 13, 1988

Use an  
L.S.  
impression seal

  
(Signature of officer authorized to administer oaths)

## SUPPLEMENTAL OATH

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

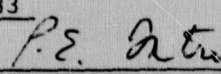
State of Michigan

County of Wayne

P. E. Tatro makes oath and says that he is Senior 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)

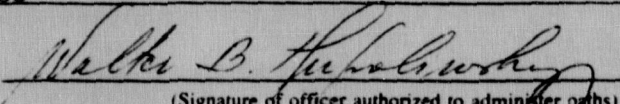
that he has carefully examined the foregoing report; that he believes that all statements of fact contained in the said report are true, and that the said report is a correct and complete statement of the business and affairs of the above-named respondent and the operations of its property during the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

January 1, 19 83, to and including December 31, 19 83  
  
(Signature of affiant)

Subscribed and sworn to before me, a Notary Public in and for the State and  
county above named, this 30th day of April, 19 84

My commission expires January 13, 1988

Use an  
L.S.  
impression seal

  
(Signature of officer authorized to administer oaths)





