

RC-310017

GRAND TRUNK

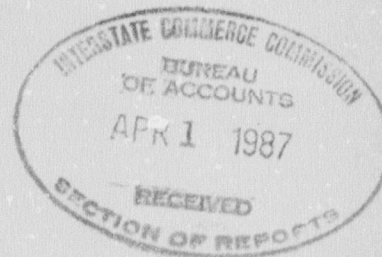
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R-1

# annual report

APPROVED BY OMB  
3120-0029  
EXPIRES 3-31-87

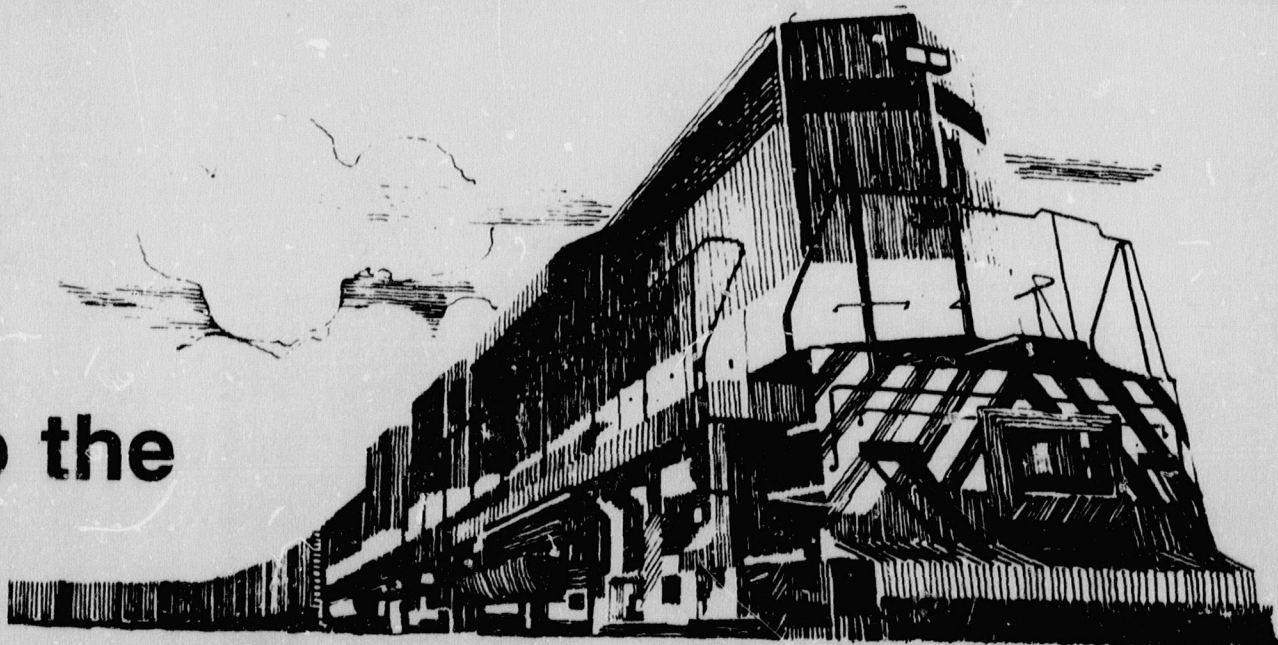


GRAND TRUNK CORPORATION  
131 West Lafayette Boulevard  
Detroit, Michigan 48226

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, 1986



# NOTICE

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

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

(a) The Interstate Commerce Commission may require—

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

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

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

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

(c) The Commission shall streamline and simplify, to the maximum extent practicable, the reporting requirements applicable under this subchapter to motor common carriers of property with respect to transportation provided under certificates to which the provisions of section 10922(b)(4)(E) of this title apply and to motor contract carriers of property with respect to transportation provided under permits to which the provisions of section 10923(b)(5) of this title apply. Pub. L. 95-473, Oct. 17, 1978, 92 Stat. 1427; Pub. L. 96-296, § 5(b), July 1, 1980, 94 Stat. 796.

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

The term "carrier" means a common carrier subject to this part, and includes a receiver or trustee of such carrier, and the term "lessor" means a person owning a railroad, a water line, or a pipe line, leased to and operated by a common carrier subject to this part, and includes a receiver or trustee of such lessor.\* \* \*

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

2. The instructions in this Form should be carefully observed, and each question should be answered fully and accurately, whether it has been answered in a previous annual report or not. Except in cases where they are specifically authorized, cancellations, arbitrary check marks, and the like should not be used either as partial or as entire answers to inquiries. If any inquiry, based on a preceding inquiry in the present report form is, because

of the answer rendered to such preceding inquiry, inapplicable to the person or corporation in whose behalf the report is made, such notation as "Not applicable; see page \_\_\_\_\_, schedule (or line) number \_\_\_\_\_" should be used in answer thereto, giving precise reference to the portion of the report showing the facts which make the inquiry inapplicable. Where the word "none" truly and completely states that fact, it should be given as the answer to any particular inquiry or any particular portion of an inquiry. Where dates are called for, the month and day should be stated as well as the year. Customary abbreviations may be used in stating dates.

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

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

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

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

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

Operating companies are broadly classified, with respect to their operating revenues, according to the following general definitions:

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

Class II companies are those having annual operating revenues less than \$50,000,000 but in excess of \$10,000,000.

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

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

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

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

For Index, See back of book

## SPECIAL NOTICE

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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:

Ex Parte No. 455

Title: Revision to the Uniform Systems of Accounts for Railroads

Decision Date

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

Schedule 210	Retitled Accounts 518 & 550 and deleted accounts 535 & 543 and renumbered line items.
Schedule 330	Added Account 59 computer systems and word processing equipment and renumbered.
Schedule 330A	Added Account 59 computer systems and word processing equipment and renumbered.
Schedule 332	Added Account 59 computer systems and word processing equipment and renumbered.
Schedule 335	Added Account 59 computer systems and word processing equipment and renumbered.
Schedule 339	Added Account 59 computer systems and word processing equipment and renumbered.
Schedule 340	Added Account 59 computer systems and word processing equipment and renumbered.
Schedule 342	Added Account 59 computer systems and word processing equipment and renumbered.
Schedule 350	Added Account 59 computer systems and word processing equipment and renumbered.
Schedule 351	Added Account 59 computer systems and word processing equipment and renumbered.
Schedule 352B	Added Account 59 computer systems and word processing equipment and renumbered.

Changes were made to the following schedules.

Schedule 200	Line 16 added Sch. 310A and added Item No. 8 Marketable Equity Securities.
Schedule 332	Changed Item No. 3, and added 1/1 over col. d, and 12/1 over col. c and Line 40 NA in cols. d and g.
Schedule 335	Changed Item No. 1.
Schedule 416B	Changed to Sch. 416A.
Schedule 416A	Changed to Sch. 418.
Schedule 710	Lines 59-67 updated Class of Equipment.
Schedule 710S	Changed Item No. 1.



### 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.

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### 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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# ANNUAL REPORT

OF

GRAND TRUNK CORPORATION

TO THE

## INTERSTATE COMMERCE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 1986

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) 131 West Lafayette Blvd. Detroit, Michigan 48226  
(Area code) (Telephone number)  
(Street and number, city, State, and ZIP code)

## 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
25		Instructions Concerning Returns to be made in Schedule 330 and 330A
26-27	330	Road and Equipment Property
28-29	330A	Improvements on Leased Property
30	332	Depreciation Base and Rates-Road and Equipment Owned and Used and Leased from Others
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34	342	Accumulated Depreciation-Improvements to Road and Equipment Leased From Others
35		Notes and Remarks for Schedule 342
36	350	Depreciation Base and Rates-Road and Equipment Leased to Others
37	351	Accumulated Depreciation-Road and Equipment Leased to Others
38	352A	Investment in Railroad Property Used in Transportation Service
39	352B	Investment in Railway Property Used in Transportation Service
41-47	410	Railway Operating Expenses
48	412	Way and Structures
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50		Notes and Remarks
52-53	415	Supporting Schedule-Equipment
54	416	Supporting Schedule-Road
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56	417	Specialized Service Subschedule-Transportation
57	418	Supporting Schedule-Capital Leases
59-60	450	Analysis of Taxes
61	460	Items in Selected Income & Retained Earnings Accounts for the Year
62	501	Guaranties and Suretyships
63	502	Compensating Balances and Short-Term Borrowing Arrangements
65	510	Instructions Concerning Returns in Schedule
66-68	510	Debt Holdings
70	512	Transactions Between Respondent and Companies or Persons Affiliated with Respondent for Services Received or Provided.
72	700	Mileage Operated at Close of Year
73	701	Mileage Owned But Not Operated by Respondent at Close of Year
74	702	Miles of Road at Close of Year-By States and Territories
75	705	Changes During the Year
78-83	710	Inventory of Equipment
84	710S	Unit Cost of Equipment Installed During the Year
85	720	Track and Traffic Conditions
86	721	Ties Laid in Replacement
87	722	Ties Laid in Additional Tracks and in New Lines and Extensions
88	723	Rails Laid in Replacement
89	724	Rails Laid in Additional Tracks and in New Lines and Extensions
90	725	Weight of Rail



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Page	Schedule No.	Title
91	726	Summary of Track Replacements
92	750	Consumption of Fuel by Motive-Power Units
95-98	755	Railroad Operating Statistics

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**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, \$ NPV per share; first preferred, \$ none per share; second preferred, \$ none per share; debenture stock, \$ none per share. **one vote 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.
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 \_\_\_\_\_ (Date)

8. State the total number of stockholders of record, as of the date shown in answer to inquiry No. 7. \_\_\_\_\_ 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)	
(a)	(b)	(c)	(d)	(e)	(f)		
1	Canadian	Montreal,				1	
2	National	Quebec,				2	
3	Railway Co.	Canada	208	208	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**

10. State the total number of votes cast at the latest general meeting for the election of directors of the respondent. 208  
votes cast. June 24, 1986
11. Give the date of such meeting. \_\_\_\_\_
12. Give the place of such meeting. Bolton Landing, New York

**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	2	2	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	40,397	40,861	10
11		710, 711, 714	- Less: Allowance for Uncollectible Accounts			11
12		712	Working Funds Prepayments			12
13		713	Deferred Income Tax Debits			13
14			Materials and Supplies			14
15			Other Current Assets			15
16			<b>TOTAL CURRENT ASSETS</b>	<b>40,399</b>	<b>40,863</b>	<b>16</b>
<b>Other Assets</b>						
17		715, 716, 717	Special Funds			17
18		721, 721.5	Investments and Advances Affiliated Companies (Schedule 310 and 310A)	262,712	311,239	18
19		722, 723	Other Investments and Advances			19
20		724	Allowances for Net Unrealized Loss on Noncurrent Marketable Equity Securities-Cr.			20
21		737, 738	Property Used in Other than Carrier Operation (less Depreciation)			21
22		739, 741	Other Assets			22
23		743	Other Deferred Debits			23
24		744	Accumulated Deferred Income Tax Debits			24
25			<b>TOTAL OTHER ASSETS</b>	<b>262,712</b>	<b>311,239</b>	<b>25</b>
<b>Road and Equipment</b>						
26		731, 732	Road (Schedules 330 and 330A)			26
27			Equipment			27
28			Unallocated Items			28
29			Accumulated Depreciation and Amortization (Schedules 335, 342, 351)			29
30			Net Road and Equipment			30
31			<b>TOTAL ASSETS</b>	<b>303,111</b>	<b>352,102</b>	<b>31</b>

**NOTES AND REMARKS**

Grand Trunk Corporation's investments in affiliated companies are accounted for on the 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			32
33		754	Other Accounts Payable			33
34		755, 756	Interest and Dividends Payable			34
35		757	Payables to Affiliated Companies	7,164	18,598	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>7,164</b>	<b>18,598</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	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
<b>Retained Earnings:</b>						
57		797	Appropriated			57
58		798	Unappropriated (Schedule 220)	45,432	82,989	58
59		798.1	Net Unrealized Loss on Noncurrent Marketable Equity Securities			59
60		798.5	Less Treasury Stock			60
61			Net Stockholders Equity	295,947	333,504	61
62	*		<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>303,111</b>	<b>352,102</b>	<b>62</b>

**NOTES AND REMARKS**



**206. 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 (see note below) \$ 93,627

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

(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 \$ N/A

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

**Note:** Unused operating loss carryovers exist as of January 1, 1987 in the amount of \$93,627. However, because of the alternative minimum tax provision of the Tax Reform Act of 1986, it is not possible to determine with certainty the amount of future earnings which can be realized before paying federal income tax.

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 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. Additional pages may be added if more space is needed.

Grand Trunk Corporation (GTC) has guaranteed approximately \$32 million of Grand Trunk Western Railroad Company's (GTW) conditional sales agreements. In addition, GTC has guaranteed GTW's bank term note in the amount of \$5.9 million.

## 8. Marketable Equity Securities.

None

## (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		none	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:

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 AND REMARKS**

**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 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)

**Schedule 210**

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

**Schedule 410**

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

= 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>					
		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		<b>TOTAL RAILWAY OPERATING REVENUES (lines 10-12)</b>					13
14	*	(531) Railway operating expenses					14
15	*	Net revenue from railway operations					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) Reimbursements received under contracts and agreements					23
24		(519) Miscellaneous income					24
25		Income from affiliated companies (519) a. Dividends (equity method)	10,985	10,000			25
26		b. Equity in undistributed earnings (losses)	(22,812)	2,098			26
27		<b>TOTAL OTHER INCOME (lines 16-26)</b>		12,098			27
28		<b>TOTAL INCOME (lines 15, 27)</b>	(11,827)	12,098			27
		<b>MISCELLANEOUS DEDUCTIONS FROM INCOME</b>					
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	15	(443)			34
35		(553) Uncollectible accounts					35
36		<b>TOTAL MISCELLANEOUS DEDUCTIONS (lines 29-35)</b>	15	(443)			36
37		<b>Income available for fixed charges (lines 28, 36)</b>	(11,842)	12,546			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.
		<b>FIXED CHARGES</b>			
		(546) Interest on funded debt:			
38		(a) Fixed interest not in default			38
39		(b) Interest in default			39
40		(547) Interest on unfunded debt			40
41		(548) Amortization of discount on funded debt			41
42		<b>TOTAL FIXED CHARGES (lines 38-41)</b>			42
43		Income after fixed charges (lines 37, 42)	(11,842)	12,545	43
		<b>OTHER DEDUCTIONS</b>			
		(546) Interest on funded debt:			
44		(c) Contingent interest			44
		<b>UNUSUAL OR INFREQUENT ITEMS</b>			
45		(555) Unusual or infrequent items (debit) credit			45
46		Income (Loss) from continuing operations (before income taxes)			46
		<b>PROVISIONS FOR INCOME TAXES</b>			
		(556) Income taxes on ordinary income:			
47	*	(a) Federal income taxes		758	47
48	*	(b) State income taxes			48
49	*	(c) Other income taxes			49
50	*	(557) Provision for deferred taxes			50
51		<b>TOTAL PROVISIONS FOR INCOME TAXES (lines 47-50)</b>			51
52	*	Income from continuing operations (lines 46-51)	(11,842)	11,787	52
		<b>DISCONTINUED OPERATIONS</b>			
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 52 + 53 + 54)			55
		<b>EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES</b>			
56		(570) Extraordinary items (Net)	25,715	(758)	56
57		(590) Income taxes on extraordinary items			57
58		(591) Provision for deferred taxes-Extraordinary items			58
59		<b>TOTAL EXTRAORDINARY ITEMS (lines 56-58)</b>	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)	(37,557)	12,545	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

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NOTES AND REMARKS FOR SCHEDULES 210 and 220

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In 1982, GTC and its parent, Canadian National Railway Company, adopted a plan for the sale of Central Vermont Railway, Inc. Discussions were held with several prospective buyers. The estimated impairment in value of GTC's investment in CV of \$32,005, including a provision for phase-out of costs of \$1,874 and net of the related tax benefit of \$3,870, was charged to expense in 1982.

GTC and CN abandoned their plan to dispose of CV in 1983. The impairment of GTC's investment in CV was considered permanent. Accordingly, GTC's investment in CV was not adjusted. The provision for phase-out costs was restored to income in 1983.

Results of operations are increased by approximately \$1,000 annually as a result of reduced depreciation on CV's written down asset base.

In 1986, management of GTC determined that the impairment of its investment in CVR and the related effect on operations should be reflected on its Form R-1 to the ICC. Accordingly, a charge to operations is reflected in Account 570, Extraordinary Items, Net, determined as follows:

Provision for impairment	\$32,005
Restoration of phase-out costs	(1,874)
Effect of reduced depreciation expense to 1985	<u>(4,416)</u>
	<u>\$25,715</u>



## 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	Retained earnings— Unappropriated	Equity in undistributed earnings (losses) of affiliated companies	Line No.
		(a)	(b)	(c)	
1		Balances at beginning of year	\$ 29,976	\$ 53,013	1
2		(601.5) Prior period adjustments to beginning retained earnings			2
		<b>CREDITS</b>			
3	*	(602) Credit balance transferred from income	10,970		3
4		(603) Appropriations released			4
5		(606) Other credits to retained earnings			5
6		<b>TOTAL</b>	10,970		6
		<b>DEBITS</b>			
7	*	(612) Debit balance transferred from income		48,527	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 <sup>1</sup>			12
13		<b>TOTAL</b>			13
14		Net increase (decrease) during year (Line 6 minus line 13)	10,970	(48,527)	14
15	*	Balances at close of year (Lines 1, 2 and 14)	40,946	4,486	15
16	*	Balances from line 15(c)	4,486	N/A	16
17	(798)	Total unappropriated retained earnings and equity in undistributed earnings (losses) of affiliated companies at end of year	45,432	NA	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>Amount of assigned Federal income tax consequences:</b>			
22		Account 606 \$ —			22
23		Account 616 \$ —			23

<sup>1</sup>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 <sup>1</sup>								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

<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.

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 (sch 210 line 52)	(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	22,812		6
7		Net increase (decrease) in noncurrent portion of estimated liabilities			7
8		Other (specify):			8
9					9
10					10
11					11
12		<b>TOTAL WORKING CAPITAL FROM CONTINUING OPERATIONS</b>	10,970		12
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>	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		<b>TOTAL WORKING CAPITAL FROM SOURCES OTHER THAN OPERATING</b>			26
27		<b>TOTAL SOURCES OF WORKING CAPITAL</b>	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.
		<b>APPLICATION OF WORKING CAPITAL</b>			
28		Amount paid to acquire/retire long-term liabilities			28
29		Cash dividends declared			29
30		Purchase price of carrier operating property			30
31		Purchase price of other tangible property			31
32		Purchase price of long-term investment and advances			32
33		Net increase in sinking or other special funds			33
34		Purchase price of acquiring treasury stock			34
35		Other (specify):			35
36					36
37					37
38					38
39					39
40					40
41					41
42					42
43					43
44		<b>TOTAL APPLICATION OF WORKING CAPITAL</b>	-		44
45		Net increase (decrease) in working capital	10,970		45

**NOTES AND REMARKS**



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

1. This schedule should include only data pertaining to railway transportation services.  
2. Carry out calculation of lines 10, 19, 20, and 21, to two decimal places.

Not Applicable

Line No.	Item (a)	Source No.	Amount (b)	Line
<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	Lines 9 + 15 days		10
<b>CURRENT OPERATING LIABILITIES</b>				
11	Interline and Other Balances (752)	Schedule 200, line 31, column b		11
12	Audited Accounts and Wages Payable (753)	Note A		12
13	Accounts Payable—Other (754)	Note A		13
14	Other Taxes Accrued (761.5)	Note A		14
15	<b>TOTAL CURRENT OPERATING LIABILITIES</b>	Sum of lines 11 to 14		15
<b>OPERATING EXPENSES</b>				
16	Railway Operating Expenses	Schedule 210, line 14, column b		16
17	Depreciation	Schedule 410, lines 136, 137, 138, 213, 232, 317, column h		17
18	Cash Related Operating Expenses	Line 16 + line 6 - line 17		18
19	Average Daily Expenditures	Line 18 ÷ 360 days		19
20	Days of Operating Expenses in Current Operating Liabilities	Line 15 ÷ line 19		20
21	Days of Working Capital Required	Line 10 - line 20 (Note C)		21
22	Cash Working Capital Required	Line 21 x 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 120, 121, 122, 126, 127, 128, 132, 133, 134, 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
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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			220,186				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								10
11								11
12								12
13								13
14	258,226			258,226				14
15								15
16								16
17								17
18								18
19								19
20								20
21								21
22								22
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30								30
31								31
32								32
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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
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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
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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	Balance at beginning of year	Adjustment for investments equity method	Equity in undistributed earnings (losses) during year	Amortization during year	Adjustment for investments disposed of or written down during year	Balance at close of year	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
	Carriers: (List specifics for each company)							
1	Grand Trunk Western Railroad Company	14,904		(16,447)			(1,543)	1
2	Duluth, Winnipeg & Pacific Railway	31,743		(7,101)			24,642	2
3	Central Vermont Railway, Inc.	6,366		736		(25,715)	(18,613)	3
4								4
5	Total	53,013		(22,812)		(25,715)	4,486	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 MichiganCounty of WayneH. D. Nicholas

(Insert here name of the affiant)

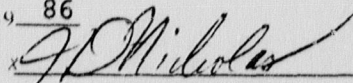
makes oath and says that he is Controller

(Insert here the official title of the affiant)

Of Grand Trunk Corporation

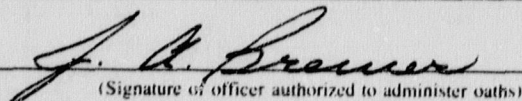
(Insert here the exact legal title or name of the respondent)

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 86, to and including December 31, 19 86  
(Signature of affiant)

Subscribed and sworn to before me, a Notary Public in and for the State and county above named, this 27th day of March, 19 87

My commission expires \_\_\_\_\_

Use an  
L.S.  
impression sealJ. A. BREWERNotary Public, Wayne County, Mich.  
My Commission Expires Oct. 15, 1989  
(Signature of officer authorized to administer oaths)

## SUPPLEMENTAL OATH

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

State of MichiganCounty of WayneP. E. Tatro

(Insert here name of the affiant)

makes oath and says that he is Vice President-Finance

(Insert here the official title of the affiant)

Of Grand Trunk Corporation

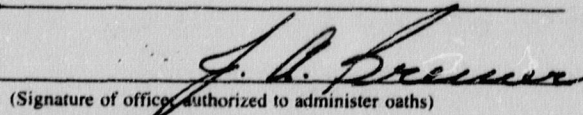
(Insert here the exact legal title or name of the respondent)

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 86, to and including December 31, 19 86  
(Signature of affiant)

Subscribed and sworn to before me, a Notary Public in and for the State and county above named, this 27th day of March, 19 87

My commission expires \_\_\_\_\_

Use an  
L.S.  
impression sealJ. A. BREWERNotary Public, Wayne County, Mich.  
My Commission Expires Oct. 15, 1989  
(Signature of officer authorized to administer oaths)

**MEMORANDA**  
**(FOR USE OF COMMISSION ONLY)**  
**CORRESPONDENCE**

[illegible]

## CORRECTIONS

[illegible]**EXPLANATORY REMARKS**



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