731201

ANNUAL REPORT 1976 R-4 RAILROAD LESSOR

KANSAS CITY STOCKYARDS CO. OF MAINE

731201
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R-4
RAILROAD LESSOR

APPROVED BY GAO
B-180230 (R0255)
EXPIRES 12-31-78

annual report

INTERSTATE
COMMERCE COMMISSION
RECEIVED
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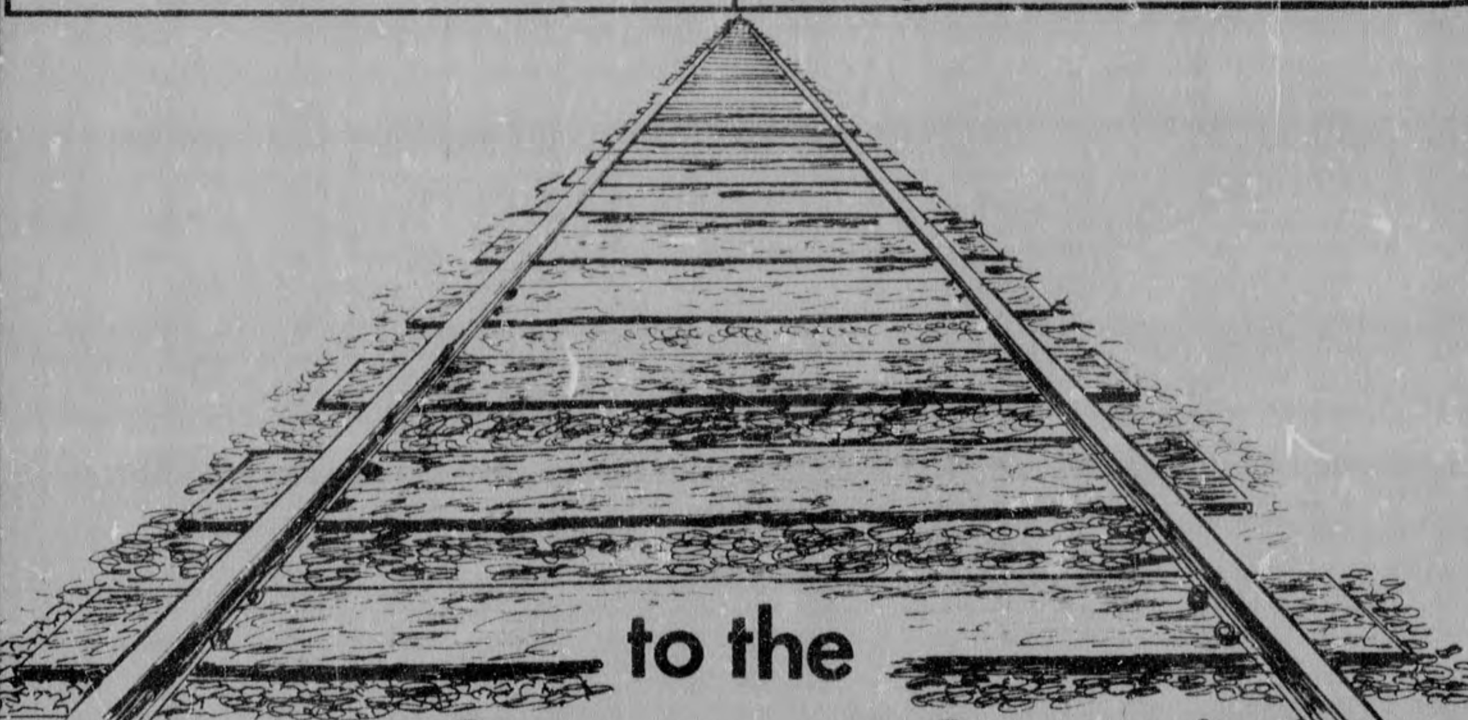
Correct name and address if different than shown.	Full name and address of reporting carrier. (Use mailing label on original, copy in full on duplicate.)
	RC504501 KANSAS CITY 2 0 2 731201 KANSAS CITY STOCK YARDS CO. OF MAINE 1600 GENESEE ST. KANSAS CITY MO 64102



to the Interstate Commerce Commission

FOR THE YEAR ENDED DECEMBER 31, 1976

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. Attention is specially directed to the following provisions of Part I of the Interstate Commerce Act:

SEC. 20. (1) The Commission is hereby authorized to require annual, periodical, or special reports from carriers, lessors, * * * (as defined in this section), to prescribe the manner and form in which such reports shall be made, and to require from such carriers, lessors, * * * specific and full, true, and correct answers to all questions upon which the Commission may deem information to be necessary, classifying such carriers, lessors,* * * as it may deem proper for any of these purposes. Such annual reports shall give an account of the affairs of the carrier, lessor, * * * in such form and detail as may be prescribed by the Commission

(2) Said annual reports shall contain all the required information for the period of twelve months ending on the 31st day of December in each year, unless the Commission shall specify a different date, and shall be made out under oath and filed with the Commission at its office in Washington within three months after the close of the year for which report is made, unless additional time be granted in any case by the Commission. * * *

(7) (b). Any person who shall knowingly and willfully make, cause to be made, or participate in the making of, any false entry in any annual or other report required under this section to be filed, * * * or shall knowingly or willfully file with the Commission any false report or other document shall be deemed guilty of a misdemeanor and shall be subject, upon conviction in any court of the United States of competent jurisdiction to a fine of not more than five thousand dollars or imprisonment for not more than two years, or both such fine and imprisonment: * * *

(7) (c). Any carrier, or lessor, * * * or any officer, agent, employee, or representative thereof, who shall fail to make and file an annual or other report with the Commission within the time fixed by the Commission, or to make specific and full, true, and correct answer to any question within thirty days from the time it is lawfully required by the Commission so to do, shall forfeit to the United States the sum of one hundred dollars for each and every day it shall continue to be in default with respect thereto. * * *

(8) As used in 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, * * *.

Each 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 108, page 1.

2. The instructions in this form should be carefully observed, and *each question should be answered fully and accurately*, whether it has been answered in a previous annual report or not. Except in cases where they are specifically authorized, cancellations, arbitrary check marks, and the like should not be used either as partial or as entire answers to inquiries. If any inquiry, based on a preceding inquiry in the present report form, is, because of the answer rendered to such preceding inquiry, inapplicable to the person or corporation in whose behalf the report is made, such notation as "Not applicable; see page ____, schedule (or line) number ________" should be used in answer thereto, giving *precise reference to the portion of the report showing the facts which make the inquiry inapplicable*. Where the word "none" truly and completely states the fact, it should be given as the answer to any particular inquiry or any particular portion of an inquiry. Where dates are called for, the month and day should be stated as well as the year. Customary abbreviations may be used in stating dates.

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

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

5. All entries should be made in a permanent black ink. Those of a contrary character should be indicated in parenthesis. Items of an unusual character should be indicated by appropriate symbol and footnote.

6. Money items, except averages, throughout the annual report form should be shown in Whole 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.

7. Each respondent should make its annual report to this Commission in triplicate, retaining one copy in its files for reference in case correspondence with regard to such report becomes necessary. For this reason three copies of the form are supplied.

8. Railroad corporations, mainly distinguished as operating companies and lessor companies, are for the purpose of report to the Interstate Commerce Commission divided into classes. An *operating company* is one whose officers direct the business of transportation and whose books contain operating as well as financial accounts; and a *lessor company*, the property of which being leased to and operated by another company, is one that maintains a separate legal existence and keeps financial but not operating accounts. (In making reports, lessor companies use Annual Report Form R-4).

Operating companies (including switching and terminal) 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 $5,000,000 or more. (For this class, Annual Report Form R-1 is provided.)

Class II companies are those having annual operating revenues below $5,000,000. (For this class, Annual Report Form R-2 is provided.)

In applying this classification to any switching or terminal company which is operated as a joint facility of owning or tenant railways, the sum of the annual railway operating revenues, the joint facility rent income, and the returns to joint facility credit accounts in operating expenses, shall be used in determining its class.

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

Commission means *the Interstate Commerce Commission*. **Respondent** means *each person or corporation in whose behalf the report is made*. **The 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 the 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 THE INDEX SEE THE INSIDE OF BACK COVER

See also "Instructions regarding the use of this report form" on page 1

ANNUAL REPORT

OF

KANSAS CITY STOCK YARDS CO. OF MAINE

(FULL NAME OF THE RESPONDENT)

TO THE

INTERSTATE COMMERCE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 1976

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

(Name) John E. Connors (Title) Secretary & Treasurer

(Telephone number) 816 (Area code) 842-6800 (Telephone number)

(Office address) 1600 Genesee Street, Kansas City, Missouri 64102
(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 typograpical corrections.

Page 12: Schedule 200. General Balance Sheet—Notes

Provision has been made for (1) reporting investment tax credit carryover at year end; (2) reporting certain pension cost; (3) a statement as to whether a segregated political fund has been established.

Page 16: Schedule 300. Income Account For The Year

Reporting of prior period items has been transferred to Schedule 305. Retained Income—Unappropriated.
Provision has been made for reporting net effect of unusual or infrequent items, gains or losses from disposal of a segment of business and operating results of a discontinued business segment, and the cumulative effect of changes in accounting principles.

Page 17A: Schedule 305. Retained Income—Unappropriated

Provision has been made for reporting prior period adjustments to beginning retained income.

Page 17D: Schedule 203. Special Deposits

Provision has been made for reporting compensating balances legally restricted on behalf of respondent and on behalf of others.

Page 66: Schedule 595. Competitive Bidding—Clayton Antitrust Act

This is former Schedule 10000 furnished to carriers separately from the Form R-4 in 1975 with advice that it would become an integral part of Form R-4 in 1976.

Table of Contents

INSTRUCTIONS REGARDING THE USE OF THIS REPORT FORM

This annual report is arranged in columnar form so that it may include returns for a single lessor company, or for several lessor companies whose properties are leased to the same operating railway, provided that the books of account are under the general supervision of the same accounting officer.

Separate returns are required to be shown for each lessor, the name of the reporting company to be entered in the box heading or in the column on the left of the several schedules, as may be applicable.

If the report is made for a single company, the exact corporate name should appear on the cover, title page, page 2, and in the oath and supplemental oath.

A report made for a number of lessor companies may show an appropriate designation, such as "Lessors of the ________ ________ Railroad Company" on the cover and title page, but the oath and supplemental oath must be completed for each corporation, except as provided therein.

Reports filed under the designation "Lessors of the ________ ________ Railroad Company" should contain hereunder the names of the lessor companies that are included in this report, and the names of those that file separately.

Names of lessor companies included in this report	Name of lessor companies that file separate reports
Kansas City Stock Yards Co. of Me.	

108. STOCKHOLDERS REPORTS

1. 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.

In completing the various schedules in this report form, list the information concerning the lessor companies in the order in which their names appear on the balance sheet. Such additional pages as may be necessary will be furnished by the Commission on request.

101. IDENTITY OF LESSOR COMPANIES INCLUDED IN THIS REPORT

Give hereunder the exact corporate name and other particulars called for concerning each lessor company included in this report. The corporate name should be given in full, exactly as it appears in the articles of incorporation, using the words "The" and "Compnay" only when they are parts of the corporate name. Be careful to distinguish between *railroad* and *railway*.

If receivers, trustee, or a committee of bondholders are in possession of the property of any of the lessor companies, state their names and the court of jurisdiction in column (a) and give the date when such receivership, trusteeship, or other possession began, in addition to the date of incorporation, in column (b).

If a consolidation or merger was effected during the year, particulars should be given in Schedule 591, "Changes during the year."

Line No.	Exact name of lessor company (a)	INCORPORATION: Date of incorporation (b)	Name of State or Territory in which company was incorporated (c)	CORPORATE CONTROL OVER RESPONDENT: Name of controlling corporation (d)	Extent of control (percent) (e)	Total number of stockholders (f)	Total voting power of all security holders at close of year (g)
1	Kansas City Stock Yards	12-24-12	Maine	None		210	48,777
2	Company of Maine						
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109. STOCKHOLDERS AND VOTING POWERS

1. Give the names of the five security holders who had the highest voting powers in each lessor company included in this report. This information should be given as of the close of the year, or, if not available, at the date of the latest compilation of a list of stock-holders. If any holder held in trust, give particulars of the trust in a footnote. In the case of voting trust agreements give, as supplemental information on page 12 the names and addresses of the 30 largest holders of the voting trust certificates and the amount of their individual holdings.

Line No.	Name of lessor company (a)	Name of stockholder (b)	Voting power (c)	Name of stockholder (d)	Voting power (e)	Name of stockholder (f)	Voting power (g)	Name of stockholder (h)	Voting power (i)	Name of stockholder (j)	Voting power (k)
1	Kansas City Stock										
2	Yards Co. of Me.										
3											
4		Blanche Morris	7080								
5		Ellis D. Bever	5864								
6		Henry & Co.	3140								
7		Finat & Co.	2307								
8		Vicki Bever Cox	2000								
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2. Give particulars called for regarding each lessor company included in this report, entering the initials of the lessor companies in the column headings.

	INITIALS OF RESPONDENT COMPANIES			
	K.C.S.Y. CO. OF ME.			
State total number of votes cast at latest general meeting for election of directors of respondent	42,766			
Give the date of such meeting	4-20-76			
Give the place of such meeting	Portland, Maine			

112. DIRECTORS

Give particulars of the various directors of respondents at the close of the year.

Line No.	Item			
1	Name of director	Ellis D. Bever		
2	Office address	Wichita, Kansas		
3	Date of beginning of term	4-20-76		
4	Date of expiration of term	4-19-77		
5	Name of director	Bill House		
6	Office address	Cedar Vale, Kansas		
7	Date of beginning of term	4-20-76		
8	Date of expiration of term	4-19-77		
9	Name of director	E.M. Bakwin		
10	Office address	Chicago, Illinois		
11	Date of beginning of term	4-20-76		
12	Date of expiration of term	4-19-77		
13	Name of director	L.S. Burk		
14	Office address	Chicago, Illinois		
15	Date of beginning of term	4-20-76		
16	Date of expiration of term	4-19-77		
17	Name of director	Harry Darby		
18	Office address	Kansas City, Kansas		
19	Date of beginning of term	4-20-76		
20	Date of expiration of term	4-19-77		
21	Name of director	Jay B. Dillingham		
22	Office address	Kansas City, Missouri		
23	Date of beginning of term	4-20-76		
24	Date of expiration of term	4-19-77		
25	Name of director	Charles B. Jennings		
26	Office address	Kansas City, Missouri		
27	Date of beginning of term	4-20-76		
28	Date of expiration of term	4-19-77		
29	Name of director	G.M. O'Neal		
30	Office address	Leawood, Kansas		
31	Date of beginning of term	4-20-76		
32	Date of expiration of term	4-19-77		
33	Name of director	H.R. Sutherland		
34	Office address	Kansas City, Missouri		
35	Date of beginning of term	4-20-76		
36	Date of expiration of term	4-19-77		
37	Name of director	Lawrence E. Smith III		
38	Office address	Kansas City, Missouri		
39	Date of beginning of term	4-20-76		
40	Date of expiration of term	4-19-77		
41	Name of director	R. Crosby Kemper		
42	Office address	Kansas City, Missouri		
43	Date of beginning of term	4-20-76		
44	Date of expiration of term	4-19-77		
45	Name of director			
46	Office address			
47	Date of beginning of term			
48	Date of expiration of term			
49	Name of director			
50	Office address			
51	Date of beginning of term			
52	Date of expiration of term			
53	Name of director			
54	Office address			
55	Date of beginning of term			
56	Date of expiration of term			

112. DIRECTORS—Concluded

Enter the names of the lessor companies in the column headings.

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113. PRINCIPAL GENERAL OFFICERS OF CORPORATION, RECEIVER, OR TRUSTEE

Give particulars of the various general officers of respondents at the close of the year. Enter the names of the lessor companies in the column headings.

Line No.	Item	Kansas City Stock Yards Co. of Me.		
1	Name of general officer	Charles B. Jennings		
2	Title of general officer	President		
3	Office address	Kansas City, Missouri		
4	Name of general officer	John E. Connors		
5	Title of general officer	Secretary & Treasurer		
6	Office address	Kansas City, Missouri		
7	Name of general officer	Norman M. Houghton		
8	Title of general officer	Ass't Sec. & Ass't Treas.		
9	Office address	Kansas City, Missouri		
10	Name of general officer			
11	Title of general officer			
12	Office address			
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55	Name of general officer			
56	Title of general officer			
57	Office address			

113. PRINCIPAL GENERAL OFFICERS OF CORPORATION, RECEIVER, OR TRUSTEE—*Concluded*

If there are receivers, trustees, or committees, who are recognized as in the controlling management of the road, give also their names and titles, and the location of their offices.

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200. GENERAL BALANCE SHEET—ASSET SIDE

Show hereunder the asset side of the balance sheet at close of year of each lessor company included in this report, entering the names of the lessor companies in the column headings. For instructions covering this schedule, see the text pertaining to General Balance Sheet Accounts in

Line No.	Account (a)	(b)	(c)	(d)	(e)
	CURRENT ASSETS				
1	(701) Cash	$539,063	$	$	$
2	(702) Temporary cash investments				
3	(703) Special deposits				
4	(704) Loans and notes receivable	14,403			
5	(705) Traffic, car-service and other balances—Debit				
6	(706) Net balance receivable from agents and conductors				
7	(707) Miscellaneous accounts receivable	157,566			
8	(708) Interest and dividends receivable	28,152			
9	(709) Accrued accounts receivable				
10	(710) Working fund advances				
11	(711) Prepayments	36,212			
12	(712) Material and supplies	167,318			
13	(713) Other current assets				
14	(714) Deferred income tax charges (p. 55)				
15	Total current assets	942,714			
	SPECIAL FUNDS				
16	(715) Sinking funds				
17	(716) Capital and other reserve funds				
18	(717) Insurance and other funds				
19	Total special funds				
	INVESTMENTS				
20	(721) Investments in affiliated companies (pp. 24 to 27)	2,100			
21	Undistributed earnings from certain investments in account 721 (27A and 27B)				
22	(722) Other investments (pp. 28 and 29)	1,754,721			
23	(723) Reserve for adjustment of investment in securities—Credit				
24	Total investments (accounts 721, 722 and 723)	1,756,821			
	PROPERTIES				
	(731) Road and equipment property (pp. 18 and 19):				
25	Road	593,578			
26	Equipment				
27	General expenditures				
28	Other elements of investment				
29	Construction work in progress				
30	Total road and equipment property	593,578			
	(732) Improvements on leased property (pp. 18 and 19):				
31	Road				
32	Equipment				
33	General expenditures				
34	Total improvements on leased property				
35	Total transportation property (accounts 731 and 732)	593,578			
36	(733) Accrued depreciation—Improvements on leased property				
37	(735) Accrued depreciation—Road and Equipment	268,981			
38	(736) Amortization of defense projects—Road and Equipment				
39	Recorded depreciation and amortization (accts 733, 735 and 736)	268,981			
40	Total transportation property less recorded depreciation and amortization (line 35 less line 39)	324,597			
41	(737) Miscellaneous physical property	10,463,996			
42	(738) Accrued depreciation—Miscellaneous physical property	5,637,705			
43	Miscellaneous physical property less recorded depreciation	4,826,291			
44	Total properties less recorded depreciation and amortization (line 40 plus line 43)	5,150,888			
	OTHER ASSETS AND DEFERRED CHARGES				
45	(741) Other assets				
46	(742) Unamortized discount on long-term debt				
47	(743) Other deferred charges				
48	(744) Accumulated deferred income tax charges (p. 55)				
49	Total other assets and deferred charges				
50	TOTAL ASSETS	7,850,423			

NOTE: See page 12 for explanatory notes, which are an integral part of the General Balance Sheet.

GENERAL BALANCE SHEET—ASSET SIDE—CONTINUED ON PAGES 9A and 9B.

200. GENERAL BALANCE SHEET—ASSET SIDE—Continued

the Uniform System of Accounts for Railroad Companies. The entries in this schedule should be consistent with those in the supporting schedules on the pages indicated. All contra entries hereunder should be indicated in parenthesis.

(f)	(g)	(h)	(i)	(j)	(k)	Line No.
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200. GENERAL BALANCE SHEET—ASSET SIDE (Concluded)

Line No.	Account (a)	(b)	(c)	(d)	(e)
		$	$	$	$
	ITEMS EXCLUDED ABOVE The above returns exclude respondent's holdings of its own issues of securities as follows:				
51	(715) Sinking funds				
52	(716) Capital and other reserve funds				
53	(703) Special deposits				
54	(717) Insurance and other funds				

REMARKS

200. GENERAL BALANCE SHEET—ASSET SIDE (Concluded)

(f)	(g)	(h)	(i)	(j)	(k)	Line No.
$	$	$	$	$	$	
						51
						52
						53
						54

REMARKS

200. GENERAL BALANCE SHEET—LIABILITY SIDE

Show hereunder the liability side of the balance sheet at close of year of each lessor company included in this report, entering the names of the lessor companies in the column headings. For instructions covering this schedule, see the text pertaining to General Balance Sheet Accounts, in the Uniform Systems of Accounts for Railroad Companies. The entries in this schedule should be consistent with those in the supporting schedules on the pages indicated. All contra entries hereunder should be indicated in parenthesis.

Line No.	Account (a)	(b)	(c)	(d)	(e)
	CURRENT LIABILITIES				
55	(751) Loans and notes payable	$1,016,085	$	$	$
56	(752) Traffic, car-service and other balances—Credit				
57	(753) Audited accounts and wages payable	12,177			
58	(754) Miscellaneous accounts payable	211,106			
59	(755) Interest matured unpaid				
60	(756) Dividends matured unpaid				
61	(757) Unmatured interest accured				
62	(758) Unmatured dividends declared				
63	(759) Accrued accounts payable				
64	(760) Federal income taxes accured	989			
65	(761) Other taxes accrued	67,638			
66	(762) Deferred income tax credits (p. 55)				
67	(763) Other current liabilities	378,880			
68	Total current liabilities (exclusive of long-term debt due within one year)	1,686,875			
	LONG-TERM DEBT DUE WITHIN ONE YEAR				
69	(764) Equipment obligations and other debt (pp. 38, 39, 40, and 41)				
	LONG-TERM DEBT DUE AFTER ONE YEAR				
70	(765) Funded debt unmatured				
71	(766) Equipment obligations (pp. 38, 39, 40 and 41)				
72	(767) Receivers' and Trustees' securities (pp. 38, 39, 40 and 41)				
73	(768) Debt in default (pp. 38, 39, 40 and 41)				
74	(769) Amounts payable to affiliated companies (pp. 42 and 43)				
75	Total long-term debt due after one year				
	RESERVES				
76	(771) Pension and welfare reserves				
77	(772) Insurance reserves	25,000			
78	(774) Casualty and other reserves				
79	Total reserves	25,000			
	OTHER LIABILITIES AND DEFERRED CREDITS				
80	(781) Interest in default (p. 40)				
81	(782) Other liabilities				
82	(783) Unamortized premium on long-term debt				
83	(784) Other deferred credits				
84	(785) Accrued liability—Leased property				
85	(786) Accumulated deferred income tax credits (p. 55)				
86	Total other liabilities and deferred credits				
	SHAREHOLDERS EQUITY				
	Capital stock (Par or stated value)				
	(791) Capital stock issued:				
87	Common stock (pp. 32 and 33)	4,877,700			
88	Preferred stock (pp. 32 and 33)				
89	Total capital stock issued	4,877,700			
90	(792) Stock liability for conversion (pp. 34 and 35)				
91	(793) Discount on capital stock				
92	Total capital stock	4,877,700			
	Capital Surplus				
93	(794) Premiums and assesments on capital stock				
94	(795) Paid-in surplus				
95	(796) Other capital surplus				
96	Total capital surplus				
	Retained Income				
97	(797) Retained income—Appropriated				
98	(798) Retained income—Unappropriated (pp. 17A and 17B)	1,260,848			
99	Total retained income	1,260,848			
	TREASURY STOCK				
100	(798.5) Less: Treasury stock				
101	Total shareholders' equity	6,138,548			
102	**TOTAL LIABILITIES AND SHAREHOLDERS EQUITY**	7,850,423			

200. GENERAL BALANCE SHEET—LIABILITY SIDE—Continued

On page 22, give an abstract of the provisions of the lease bearing on respondent's liability to reimburse the lessee for improvements made on the leased railroad property. If the leasehold contract contains no such provisions, state that fact.

(f)	(g)	(h)	(i)	(j)	(k)	Line No.
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200. GENERAL BALANCE SHEET—LIABILITY SIDE—Continued

Line No.	Account (a)	(b)	(c)	(d)	(e)
	The above returns exclude respondent's holdings of its own issues as follows:	$	$	$	$
101	(765) Funded debt unmatured				
102	(767) Receivers' and trustees' securities				
103	(768) Debt in default				
104	(791) Capital stock				
	SUPPLEMENTARY ITEMS				
	Amount of interest matured unpaid in default for as long as 90 days:				
105	Amount of interest				
106	Amount of principal involved				
107	Investment carried in account No. 732, "Improvements on leased property," on the books of the lessee with respect to respondent's property				

Note: Provision has not been made for Federal income taxes which may be payable in future years as a result of deductions during the period December 31, 1949, to close of the year of this report for accelerated amortization in excess of recorded depreciation. The amounts by which Federal income taxes have been reduced during the indicated period aggregated $______

Estimated accumulated net reduction in Federal income taxes because of accelerated amortization of certain rolling stock since December 31, 1969, under provisions of Section 184 of the Internal Revenue Code $______

Estimated accumulated net reduction in Federal income taxes because of amortization of certain rights-of-way investment since December 31, 1969, under the provisions of Section 185 of the Internal Revenue Code $______

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 $______

Show the amount of investment tax credit carryover at year end $______

Show amount of past service pension costs determined by actuarians at year end $______

Total pension costs for year:

Normal costs $______

Amortization of past service costs $______

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____

NOTES AND REMARKS

200. GENERAL BALANCE SHEET—LIABILITY SIDE—Concluded

(f)	(g)	(h)	(i)	(j)	(k)	Line No.
$	$	$	$	$	$	
						101
						102
						103
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						105
						106
						107

300. INCOME ACCOUNT FOR THE YEAR

1. Show hereunder the Income Account of each lessor company included in this report, entering the names of the lessor companies in the column headings. For instructions covering this schedule, see the text pertaining to Income Accounts in the Uniform System of Accounts for Railroad Companies.

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

3. Any unusual accruals involving substantial amounts included on lines 6 to 53, inclusive, should be fully explained in a footnote.

Line No.	Item (a)	Schedule No.	(b)	(c)	(d)	(e)
			$	$	$	$
	ORDINARY ITEMS					
	RAILWAY OPERATING INCOME					
1	(501) Railway operating revenues					
2	(531) Railway operating expenses					
3	Net revenue from railway operations					
4	(532) Railway tax accruals (p. 54)	350				
5	(533) Provision for deferred taxes (p. 55)					
6	Railway operating income					
	RENT INCOME					
7	(503) Hire of freight cars and highway revenue fright equipment-credit balance					
8	(504) Rent from locomotives					
9	(505) Rent from passenger-train cars					
10	(506) Rent from floating equipment					
11	(507) Rent from work equipment					
12	(508) Joint facility rent income					
13	Total rent income					
	RENTS PAYABLE					
14	(536) Hire of freight cars and highway revenue freight equipment-debit balance					
15	(537) Rent for locomotives					
16	(538) Rent for passenger-train cars					
17	(539) Rent for floating equipment					
18	(540) Rent for work equipment					
19	(541) Joint facility rents					
20	Total rents payable					
21	Net rents (lines 13,20)					
22	Net railway operating income (lines, 6, 21)					
	OTHER INCOME					
23	(502) Revenues from miscellaneous operations (p. 53)		2,613,796			
24	(509) Income from lease of road and equipment (p. 56)	371	10,283			
25	(510) Miscellaneous rent income					
26	(511) Income from nonoperating property					
27	(512) Separately operated properties—profit					
28	(513) Dividend income (from investments under cost only)					
29	(514) Interest income					
30	(516) Income from sinking and other reserve funds					
31	(517) Release of premiums on funded debt					
32	(518) Contributions from other companies					
33	(519) Miscellaneous income					
34	Dividend income (from investments under equity only)					
35	Undistributed earnings (losses)					
36	Equity in earnings (losses) of affiliated companies (lines 34, 35)					
37	Total other income		2,624,079			
38	Total income (lines 22, 37)		2,624,079			
	MISCELLANEOUS DEDUCTIONS FROM INCOME					
39	(534) Expenses of miscellaneous operations (p. 53)		1,859,261			
40	(535) Taxes on miscellaneous operating property (p. 53)		466,255			
41	(543) Miscellaneous rents					
42	(544) Miscellaneous tax accruals					
43	(545) Separately operated properties—loss					
44	(549) Maintenance of investment organization					
45	(550) Income transferred to other companies					
46	(551) Miscellaneous income charges					
47	Total miscellaneous deductions		2,325,516			
48	Income available for fixed charges (lines 38, 47)		298,563			

300. INCOME ACCOUNT FOR THE YEAR—Continued

4. Line 28 includes only dividends from investments accounted for under the cost method. Line 34 includes only dividends accounted for under the equity method. Line 35 includes the undistributed earnings from investments accounted for under the equity method. Line 36 represents the earnings (losses) of investee companies accounted for under the equity method. Lines 34 and 35 should be included only once in the total on line 37.

(f)	(g)	(h)	(i)	(j)	(k)	Line No.
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300. INCOME ACCOUNT FOR THE YEAR—Continued

Line No.	Item (a)	Schedule No.	(b)	(c)	(d)	(e)
			$	$	$	$
	FIXED CHARGES					
49	(542) Rent for leased roads and equipment (pp. 58 and 59)	383				
	(546) Interest on funded debt:					
50	(a) Fixed interest not in default					
51	(b) Interest in default					
52	(547) Interest on unfunded debt					
53	(548) Amortization of discount on funded debt					
54	Total fixed charges					
55	Income after fixed charges (lines 48, 54)		298,563			
	OTHER DEDUCTIONS					
	(546) Interest on funded debt:					
56	(c) Contingent interest					
57	(555) Unusual or infrequent items-Net-(Debit) credit*					
58	Income (loss) from continuing operations (lines 55-57)		298,563			
	DISCONTINUED OPERATIONS					
59	(560) Income (loss) from operations of discontinued segments*					
60	(562) Gain (loss) on disposal of discontinued segments*					
61	Total income (loss from discontinued operations (lines 59, 60)					
62	Income (loss) before extraordinary items (lines 58, 61)					
	EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES					
63	(570) Extraordinary items-Net-(Debit) credit (p. 58)					
64	(590) Income taxes on extraordinary items-Debit (credit) (p. 58)					
65	(591) Provision for deferred taxes - Extraordinary items					
66	Total extraordinary items (lines 63-65)					
67	(592) Cumulative effect of changes in accounting principles*					
68	Total extraordinary items and accounting changes-(Debit) credit-(lines 66,67)					
69	Net income (loss) transferred to Retained Income-Unappropriated (lines 62,68)		298,563			
	* Less applicable income taxes of:		$	$	$	$
	555 Unusual or infrequent items-Net (Debit) credit					
	560 Income (loss) from operations of discontinued segments					
	562 Gain (loss) on disposal of discontinued segments					
	592 Cumulative effect of changes in accounting principles					

INCOME ACCOUNT FOR THE YEAR - EXPLANATORY NOTES

Deductions because of accelerated amortization of emergency facilities in excess of recorded depreciation resulted in reduction of Federal income taxes for the year of this report in the amount of $________.

(1) Indicate method elected by carrier, as provided in the Revenue Act of 1971, to account for the investment tax credit.

Flow-through ______ Deferral ______

(2) If flow-through method was elected, indicate net decrease (or increase) in tax accrual because of investment tax credit $______

(3) If deferral method was elected, indicate amount of investment tax credit utilized as a reduction of tax liability for current year $______

Deduct amount of current year's investment tax credit applied to reduction of tax liability but deferred for accounting purposes $ (______)

Balance of current year's investment tax credit used to reduce current year's tax accrual $______

Add amount of prior years' deferred investment tax credits being amortized and used to reduce current year's tax accrual $______

Total decrease in current year's tax accrual resulting from use of investment tax credits $______

Show the amount of investment tax credit carryover at year end $______

NOTES AND REMARKS

305. RETAINED INCOME—UNAPPROPRIATED—Concluded

4. Segregate in column (2) 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 (2), should agree with line 36, schedule 300. The total of columns (1) and (2), lines 3 and 7, should agree with line 63, schedule 300.

6. Include in column (1) only amounts applicable to Retained Income *exclusive* of any amounts included in column (2).

(d)		(e)		(f)		(g)		Line No.
(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	
								1
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	x x x x x		x x x x x		x x x x x		x x x x x	15
	x x x x x		x x x x x		x x x x x		x x x x x	16
	x x x x x		x x x x x		x x x x x		x x x x x	17
	x x x x x		x x x x x		x x x x x		x x x x x	18

NOTES AND REMARKS

NOTES AND REMARKS

300. INCOME ACCOUNT FOR THE YEAR—Concluded

(f)	(g)	(h)	(i)	(j)	(k)	Line No.
$	$	$	$	$	$	
						49
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NOTES AND REMARKS

305. RETAINED INCOME- UNAPPROPRIATED

1. Show hereunder the Retained Income of each lessor company included in this report, entering the names of the lessor companies in the column headings. For instructions covering this schedule, see text pertaining to Retained Income Accounts in the Uniform System of Accounts for Railroad Companies.
2. All contra entries hereunder should be indicated in parentheses.
3. Indicate under "Remarks" the amount of assigned Federal income tax consequences, accounts 606 and 616.

Line No.	Item (a)		(b) (1)	(b) (2)	(c) (1)	(c) (2)
1	Unappropriate retained income (1) and equity in undistributed earnings (losses) of affiliated companies (2) at beginning of year*		$ 3,551,111	$	$	$
2	(601.5) Prior period adjustments to beginning retained income					
	CREDITS					
3	(602) Credit balance transferred from income (pp. 16 and 17)	300	298,563			
4	(606) Other credits to retained income (p. 58)	396	432			
5	(622) Appropriations released					
6	Total		298,995			
	DEBITS					
7	(612) Debit balance transferred from income (pp. 16 and 17)	300				
8	(616) Other debits to retained income (p. 58)	396	2,194,965			
9	(620) Appropriation for sinking and other reserve funds					
10	(621) Appropriations for other purposes					
11	(623) Dividends (pp. 52 and 53)	308	394,293			
12	Total		2,589,258			
13	Net increase (decrease) during year*		(2,290,263)			
14	Unappropriated retained income (1) and equity in undistributed earnings (losses) of affiliated companies (2) at end of year*		1,260,848			
15	Balance from line 13(2)*			x x x x x		x x x x x
16	Total unappropriated retained income and equity in undistributed earnings (losses) of affiliated companies at end of year*		1,260,848	x x x x x		x x x x x
	Remarks					
	Amount of assigned Federal income tax consequences:					
17	Account 606			x x x x x		x x x x x
18	Account 616			x x x x x		x x x x x

*Amount in parentheses indicates debit balance.

NOTES AND REMARKS

Schedule 203.—SPECIAL DEPOSITS

For other than compensating balances, state separately each item of $10,000 or more reflected in account 703, Special deposits, at the close of the year. Items of less than $10,000 may be combined in a single entry and described as "Minor items less than $10,000". For compensating balances, state separately the total amounts held on behalf of respondent and held on behalf of others.

Line No.	Purpose of deposit (a)	Balance at close of year (b)
	Interest special deposits:	$
1		
2		
3		
4		
5		
6	Total	
	Dividend special deposits:	
7		
8		
9		
10		
11		
12	Total	
	Miscellaneous special deposits:	
13		
14		
15		
16		
17		
18	Total	
	Compensating balances legally restricted:	
19	Held on behalf of respondent	
20	Held on behalf of others	
21	Total	

211. ROAD AND EQUIPMENT PROPERTY

1. Give particulars of changes during the year in accounts 731, "Road and equipment property," and 732, "Improvements on leased property," classified in accordance with the Uniform System of Accounts for Railroad Companies. Enter the names of the lessor companies in the column headings.
2. Gross charges during the year should include disbursements made for the specific purpose of purchasing, constructing, and equipping new lines, extensions of old lines, and for additions and betterments. This column should also include both the debits and credits involved in each transfer, adjustment, or clearance between road and equipment accounts and all adjustments applicable to expenditures for new lines and extensions and additions and betterments. Adjustments in excess of $100,000 should be explained. Net charges is the difference between gross charges and credits for property retired. All changes made during the year should be analyzed by primary accounts.
3. If during the year an individual charge of $100,000 or more was made to account No. 2, **"Land for transportation purposes," state in a footnote the cost, location, area, and other details which will identify the property.**

Line No.	Account (a)	Gross charges during year (b)	Net charges during year (c)	Gross charges during year (d)	Net charges during year (e)	Gross charges during year (f)	Net charges during year (g)
		$	$	$	$	$	$
1	(1) Engineering	None					
2	(2) Land for transportation purposes						
3	(2 1/2) Other right-of-way expenditures						
4	(3) Grading						
5	(5) Tunnels and subways						
6	(6) Bridges, trestles, and culverts						
7	(7) Elevated structures						
8	(8) Ties						
9	(9) Rails						
10	(10) Other track material						
11	(11) Ballast						
12	(12) Track laying and surfacing						
13	(13) Fences, snowsheds, and signs						
14	(16) Station and office buildings						
15	(17) Roadway buildings						
16	(18) Water stations						
17	(19) Fuel stations						
18	(20) Shops and enginehouses						
19	(21) Grain elevators						
20	(22) Storage warehouses						
21	(23) Wharves and docks						
22	(24) Coal and ore wharves						
23	(25) TOFC/COFC terminals						
24	(26) Communication systems						
25	(27) Signals and interlockers						
26	(29) Power plants						
27	(31) Power-transmission systems						
28	(35) Miscellaneous structures						
29	(37) Roadway machines						
30	(38) Roadway small tools						
31	(39) Public improvements—Construction						
32	(43) Other expenditures - Road						
33	(44) Shop machinery						
34	(45) Power-plant machinery						
35	Other (Specify & explain)						
36	Total expenditures for road						
37	(52) Locomotives						
38	(53) Freight-train cars						
39	(54) Passenger-train cars						
40	(55) Highway revenue equipment						
41	(56) Floating equipment						
42	(57) Work equipment						
43	(58) Miscellaneous equipment						
44	Total expenditure for equipment						
45	(71) Organization expenses						
46	(76) Interest during construction						
47	(77) Other expenditures—General						
48	Total general expenditures						
49	Total						
50	(90) Construction work in progress						
51	Grand total[1]						

[1] Do not include in road and equipment accounts, including Account No. 80, "Other elements of investments," adjustments which were made pursuant to the Commission's order, dated April 17, 1963.

211. ROAD AND EQUIPMENT PROPERTY—Continued

4. If during the year property was acquired from some other company, state in a footnote the name of the company, the mileage acquired, and the date of acquisition, giving termini and the cost of the property to the respondent. Also furnish a statement of the amount included in each primary account representing such property acquired, referring to the column or columns in which the entries appear.

5. Notes referring to entries in this schedule should be shown on page 22.

6. Report on line 35 amounts not includable in the primary road accounts. The items reported should be briefly identified and explained in a footnote on page 22. Amounts should be reported on this line only under special circumstances, usually after permission is obtained from the Commission for exceptions to prescribed accounting. Reference to such authority should be made when explaining the amounts reported. Respondents must not make arbitrary changes to the printed stub or column headings without specific authority from the Commission.

Gross charges during year (h)	Net charges during year (i)	Gross charges during year (j)	Net charges during year (k)	Gross charges during year (l)	Net charges during year (m)	Gross charges during year (n)	Net charges during year (o)	Line No.
$	$	$	$	$	$	$	$	1
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212. PROPRIETARY COMPANIES

Give particulars called for regarding each inactive proprietary corporation of the lessor companies included in this report (i.e., one *all* of whose outstanding stocks or obligations are held by or for the respondent without any accounting to the said proprietary corporation). It may also include such line when the actual title to all of the outstanding stocks or obligations rests in a corporation controlled by or controlling the respondent; *but in the case of any such inclusion, the facts of the relation to the respondent of the corporation holding the securities should be fully set*

Line No.	Item (a)	(b)	(c)	(d)	(e)
1	Mileage owned: Road				
2	Second and additional main tracks				
3	Passing tracks, cross-overs, and turn-outs				
4	Way switching tracks				
5	Yard switching tracks				
6	Road and equipment property: Road	$	$	$	$
7	Equipment				
8	General expenditures				
9	Other property accounts*				
10	Total (account 731)				
11	Improvements on leased property: Road				
12	Equipment				
13	General expenditures				
14	Total (account 732)				
15	Depreciation and amortization (accounts 735, 736, and 785)				
16	Funded debt unmatured (account 765)				
17	Long-term debt in default (account 768)				
18	Amounts payable to affiliated companies (account 769)				
19	Capital stock (account 791)				

*Includes Account Nos. 80, "Other elements of investment," and 90, "Construction work in progress."

None

212. PROPRIETARY COMPANIES—Concluded

forth in a footnote. The separation of accounts 731 and 732 into "Road," "Equipment," and "General expenditures" should be estimated, if not actually shown on respondent's books. Assign to "General Expenditures" only such amounts as are not included in "Road" or "Equipment." Enter brief designation of the several proprietary companies at the heads of their respective columns and state in footnotes the names of the lessor companies that control them.

(f)	(g)	(h)	(i)	(j)	(k)	Line No.
						1
						2
						3
						4
						5
$	$	$	$	$	$	6
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NOTES AND REMARKS REGARDING RETURNS IN SCHEDULE NO. 211 ON PAGES 18 AND 19

None

ABSTRACT OF THE PROVISIONS OF THE LEASE BEARING ON RESPONDENT'S LIABILITY TO REIMBURSE THE LESSEE FOR IMPROVEMENTS MADE ON THE LEASED RAILROAD PROPERTY

(See instructions on page 11)

None

GENERAL INSTRUCTIONS CONCERNING RETURNS IN SCHEDULES 217 AND 218

1. Schedules 217 and 218 should give particulars of stocks, bonds, other secured obligations, unsecured notes, and investment advances of affiliated companies and other investments held by the lessor companies included in this report at the close of the year specifically as investments, including the obligations of a State or local government, or of an individual, so held; investments made, disposed of, or written down during the year; and dividends and interest credited to income. They should exclude securities issued or assumed by respondents. For definition of affiliated companies, see the rules governing account No. 721, "Investments in affiliated companies," in the Uniform System of Accounts for Railroad Companies.

2. These investments should be subdivided to show the book value pledged, unpledged, and held in fund accounts. Under "pledged" include the book vale of securities recorded in accounts Nos. 721, "Investments in affiliated companies," and 722, "Other investments," which are deposited with some pledgee or other trustee, or held subject to the lien of a chattel mortgage, or subject to any other restriction or condition which makes them unavailable for general corporate purposes. "Unpledged" should include all securities held by or for the respondent free from any lien or restriction, recorded in the accounts mentioned above. Under "In sinking, insurance, and other funds" include the book value of securities recorded in accounts Nos. 715, "Sinking funds"; 716, "Capital and other reserve funds"; and 717, "Insurance and other funds."

3. For each lessor company, 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:

4. The subclassification of classes (B), (C), (D), and (E) should be the same as that provided for class (A).

5. 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.
VIII.	Transportation, communications, and other public utilities.
VIII.	Services.
IX.	Government.
X.	All other.

6. By carriers, as the term is here used, 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.

7. Noncarrier companies should, for the purposes 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.

8. 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.

217. INVESTMENTS IN AFFILIATED COMPANIES

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 and other reserve funds", 721, "Investments in affiliated companies", and 717, "Insurance and other funds."

Enter the name of a reporting lessor company in the body of the schedule and give, thereunder, particulars of its investments in affiliated companies before listing those of a second lessor. These names should be listed in the order in which they appear on the balance sheet.

Entries in this schedule should be made in accordance with the definitions and general instructions given on page 23, classifying the investments by means of letters, figres, and symbols in columns (a), (b), and (c).

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.

Give totals for each class and for each subclass, and a grand total for each account.

Entries in columns *(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*

Line No.	Account No. (a)	Class No. (b)	Kind of industry (c)	Name of issuing company and description of security held, also lien reference, if any (d)	Extent of control (e)	INVESTMENTS AT CLOSE OF YEAR — BOOK VALUE OF AMOUNT HELD AT CLOSE OF YEAR: Pledged (f)	Unpledged (g)
					%	$	$
1	721	A1	VII	The Kansas City Connecting Railroad Company	100		1,600.00
2	721	A3	X	The Golden Ox Credit Corp.	100	-	500.00
3							
4							
5							
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217. INVESTMENTS IN AFFILIATED COMPANIES—Continued

reported as "Serially 19__ to 19__." "In making entries in this column, abbreviations in common use in standard financial publications may be used where necessary on account of limited space.

If any of the companies included in this schedule are controlled by respondent, the percent of control should be given 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.

If any advances reported are pledged, give particulars in a footnote.

Particulars of investments made, disposed of, or written down during the year should be given in columns *(j)*, *(k)*, and *(l)*. If the cost of any investment made during the year differs from the book value reported in column *(j)*, explain the matter in a footnote. By "cost" is meant the consideration given minus accrued interest or dividends included therein. If the consideration given or received for such investments was other than cash, describe the transaction in a footnote. Identify all entries in column *(k)* which represent a reduction in the book value of securities by symbol and give full explanation in a footnote in each case.

This schedule should not include securities issued or assumed by respondent.

INVESTMENTS AT CLOSE OF YEAR — BOOK VALUE OF AMOUNT HELD AT CLOSE OF YEAR		Book value of investments made during year	INVESTMENTS DISPOSED OF OR WRITTEN DOWN DURING YEAR		DIVIDENDS OR INTEREST DURING YEAR		Line No.
In sinking, insurance, and other funds (h)	Total book value (i)	(j)	Book value (k)	Selling price (l)	Rate (m)	Amount credited to income (n)	
$	$	$	$	$	%	$	1
	1,600.00						2
	500.00						3
							4
							5
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217. INVESTMENTS IN AFFILIATED COMPANIES—Continued

Line No.	Account No. (a)	Class No. (b)	Kind of industry (c)	Name of issuing company and description of security held, also lien reference, if any (d)	Extent of control (e)	INVESTMENTS AT CLOSE OF YEAR — BOOK VALUE OF AMOUNT HELD AT CLOSE OF YEAR — Pledged (f)	INVESTMENTS AT CLOSE OF YEAR — BOOK VALUE OF AMOUNT HELD AT CLOSE OF YEAR — Unpledged (g)
					%	$	$
51							
52							
53							
54							
55							
56							
57							
58							
59							
60							
61							
62							
63							
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99							
100							
101							
102							
103							
104							
105					Total		2,100.00

217. INVESTMENTS IN AFFILIATED COMPANIES—Concluded

INVESTMENTS AT CLOSE OF YEAR — BOOK VALUE OF AMOUNT HELD AT CLOSE OF YEAR		Book value of investments made during year	INVESTMENTS DISPOSED OF OR WRITTEN DOWN DURING YEAR		DIVIDENDS OR INTEREST DURING YEAR		Line No.
In sinking, insurance, and other funds (h)	Total book value (i)	(j)	Book value (k)	Selling price (l)	Rate (m)	Amount credited to income (n)	
$	$	$	$	$	%	$	
							51
							52
							53
							54
							55
							56
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							103
							104
	2,100.00				x x		105

217A INVESTMENTS IN COMMON STOCKS OF AFFILIATED COMPANIES

Undistributed Earnings From Certain Investments in Affiliated Companies

1. Report below the details of all investments in common stocks included in Account 721. Investments in Affiliated Companies, which qualify for the equity method under instruction 6-2 in the Uniform System of Accounts for Railroad Companies.
2. Enter in column (c) the amount necessary to retroactively adjust those investments qualifying for the equity method of accounting in accordance with instruction 6-2 (b) (11) of the Uniform System of Accounts for Railroad Companies.
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. See instructions 6-2 (b) (4).
5. The total of column (g) must agree with line 21, schedule 200.
6. For definitions of "carrier" and "noncarrier", see general instructions 6 and 7 on page 23.

Line No.	Name of issuing company and description of security held (a)	Balance at beginning of year (b)	Adjustment for investments qualifying for 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)
	Carriers: (List specifics for each company)	$	$	$	$	$	$
1							
2							
3							
4							
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217A INVESTMENTS IN COMMON STOCKS OF AFFILIATED COMPANIES-Concluded

Undistributed Earnings From Certain Investments in Affiliated Companies

Line No.	Names of issuing company and description of security held (a)	Balance at beginning of year (b)	Adjustment for investments qualifying for 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)
	Carriers: (List specifics for each company)	$	$	$	$	$	$
14							
15							
16							
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36							
37							
38							
39							
40	Total						
41	Noncarriers: (Show totals only for each column)						
42	Total (lines 40 and 41)						

218. OTHER INVESTMENTS

1. Give particulars of investments in stocks, bonds, other secured obligations, unsecured notes, and investment advances of all corporations other than affiliated companies, included in accounts Nos. 715, "Sinking funds"; 716, "Capital and other reserve funds"; 722, "Other investments"; and 717, "Insurance and other funds." Investments included in account Nos. 715, 716, and 717 held by trustees in lieu of cash deposits required under the governing instrument are to be excluded from this schedule.

2. Enter the name of a reporting lessor company in the body of the schedule and give, thereunder, particulars of its other investments before listing those of a second lessor. These names should be listed in the order in which they appear on the balance sheet.

3. Entries in this schedule should be made in accordance with the definitions and general instructions given on page 23, classifying the investments by means of letters, figures, and symbols in columns (a), (b), and (c). Investments in U.S. Treasury bills and notes may be reported as one item.

4. 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.

5. Give totals for each class and for each subclass; and a grand total for each account.

Line No.	Account No. (a)	Class No. (b)	Kind of industry (c)	Name of issuing company or government and description of security held, also lien reference, if any (d)	Investments at close of year — Book value of amount held at close of year — Pledged (e)	Unpledged (f)
					$	$
1	722	B	IX	Federal Home Loan Bank Notes		502,432
2	722	B	IX	MunicipalBonds		453,340
3	722	B	IX	U.S. Treasury Notes		798,949
4						
5						
6						
7						
8						
9						
10						
11						
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44						
45						
46						
47						
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50				Total		1,754,721

218. OTHER INVESTMENTS—Concluded

6. 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___." In making entries in this column, abbreviations in common use in standard financial publications may be used where necessary on account of limited space.

7. If any advances are pledged, give particulars in a footnote.

8. Particulars of investments made, disposed of, or written down during the year should be given in columns (i) to (k), inclusive. If the cost of any investment made during the year differs from the book value reported in column (i), explain the matter in a footnote. By "cost" is meant the consideration given minus accrued interest or dividends included therein. If the consideration given or received for such investments was other than cash, describe the transaction in a footnote. Identify all entries in column (j) which represent a reduction in the book value of securities by symbol and give full explanation in a footnote in each case.

Investments at close of year — Book value of amount held at close of year: In sinking, insurance, and other funds (g)	Total book value (h)	Book value of investments made during year (i)	Investments disposed of or written down during year: Book value (j)	Selling price (k)	Dividends or interest during year: Rate (l)	Amount credited to income (m)	Line No.
$	$	$	$	$	%	$	
	502,432						1
	453,340						2
	798,949						3
							4
							5
							6
							7
							8
							9
							10
							11
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	1,754,721				x x		50

221. SECURITIES, ADVANCES, AND OTHER INTANGIBLES OWNED OR CONTROLLED THROUGH NONREPORTING CARRIER OR NONCARRIER SUBSIDIARIES

Give particulars of investments represented by securities and advances (including securities issued or assumed by the respondent), and of other intangible property, indirectly owned or controlled by the lessor companies included in this report through any subsidiary which does not report to the Commission under the provisions of Part I of the Interstate Commerce Act, without regard to any question of whether the company issuing the securities, or the obligor, is controlled by the subsidiary.

Line No.	Class No. (a)	Name of lessor company (b)	Name of nonreporting carrier or noncarrier subsidiary that owns the securities, advances, or other intangible property (c)	Name of issuing company and security or other intangible thing in which investment is made (d)
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221. SECURITIES, ADVANCES, AND OTHER INTANGIBLES OWNED OR CONTROLLED THROUGH NONREPORTING CARRIER OR NONCARRIER SUBSIDIARIES—Concluded

This schedule should include all securities, open account advances, and other intangible property owned or controlled through nonreporting carrier and noncarrier subsidiaries, as well as those of other organizations or individuals whose actions respondent is able to determine. Investments in U.S. Treasury obligations may be combined in a single item.

Total book value of investments at close of the year (e)	Book value of investments made during the year (f)	INVESTMENTS DISPOSED OF OR WRITTEN DOWN DURING YEAR		Remarks (i)	Line No.
		Book value (g)	Selling price (h)		
$	$	$	$		
					1
					2
					3
					4
					5
					6
					7
					8
					9
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251. CAPITAL STOCK

Give particulars of the various issues of capital stock which were in existence at the close of the year.

Show separate returns for each lessor company included in this report, classifying the stocks as follows:

Common.
Preferred.
Debenture.
Receipts outstanding.

State, in a footnote, the class of stock covered by the receipts.

In case any "Preferred" or "Debenture" stock is outstanding, the rate of dividend requirements should be shown in column *(b)*, and it should be stated whether the dividends are cumulative or noncumulative. If the designation of any class of stock shown in column *(b)* is not sufficiently descriptive to indicate clearly its dividend rights and equity in the assets of the respondent, a complete statement of the facts should be given.

In stating the date of an authorization, the date of the latest assent or ratification necessary to its validity should be shown; e.g., in case an authorization is required to be ratified by stockholders after action by the board of directors, but is not required to be approved by any State or other governmental board or officer, give the date of approval by stockholders; if the assent of a State railroad commission or other public board or officer is necessary, give the date of such assent, or it subsequent to such assent notice has to be filed with a secretary of state or other public officer and a tax or other fee has to be paid as a *condition precedent* to the validity of the issue, give the date of such payment. In case some *condition precedent* has to be complied with after the approv-

Line No.	Name of lessor company (a)	WITH PAR VALUE: Class of stock (b)	Par value per share (c)	Date issue was authorized (d)	Par value of amount authorized (e)	Total par value outstanding at close of year (f)	Total par value nominally issued and nominally outstanding at close of year: In treasury (g)	Pledged as collateral (h)	In sinking or other funds (i)
1	KCSY Co. of Me.	Common	$ 100	1/27/26	$ 7500000	$ 4877700	$	$	$
2									
3									
4									
5									
6									
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251. CAPITAL STOCK—Concluded

al and ratification of the stockholders has been obtained, state, in a footnote, the particulars of such condition and of the respondent's compliance therewith. It should be noted that section 20a of the Interstate Commerce Act makes it unlawful for a carrier to issue or assume any securities, unless and until, and then only to the extent that, the Commission by order authorizes such issue or assumption.

Entries in columns *(f)* and *(n)* should include stock nominally issued, nominally outstanding, and actually outstanding. 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 for a valuable consideration, and such purchaser 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 under such circumstances as require them to be considered as held alive, and not canceled or retired, they are considered to be *nominally outstanding*.

Total par value actually outstanding (j)	Without Par Value — Class of stock (k)	Date issue was authorized (l)	Number of shares authorized (m)	Number of shares outstanding at close of year (n)	Number of shares nominally issued and nominally outstanding at close of year — In treasury (o)	Pledged as collateral (p)	In sinking or other funds (q)	Cash value of consideration received for stocks actually outstanding (r)	Line No.
$ 4,877,700								$	1
									2
									3
									4
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253. CAPITAL STOCK CHANGES DURING THE YEAR

Give full particulars of stocks actually or nominally issued (either original issues or reissues) and of stocks reacquired or canceled during the year. Enter the name of a reporting lessor company in the body of the schedule and give, thereunder, particulars of its capital stock changes during the year before listing those of a second lessor. These names should be listed in the order in which they appear on the balance sheet. In column (c) state whether issued for construction of new properties, for additions and betterments, for purchase of railway or other property, for conversion, for acquisition of securities, for reorganization, or for other corporate purposes. Also give the number and date of the authorization by the public authority under whose control such issue

Line No.	Class of stock (a)	STOCKS ISSUED DURING YEAR: Date of issue (b)	Purpose of the issue and authority (c)	Par value* (d)	Net proceeds received for issue (cash or its equivalent) (e)
				$	$
1	Preferred				
2					
3					
4					
5	Preferred				
6					
7					
8					
9	Common				
10					
11					
12					
13					
14	Common				
15					
16					
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26					
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33					
34					
35					
36					
37					
38					
39			Total		

*For nonpar stock, show the number of shares.

254. STOCK LIABILITY FOR CONVERSION OF SECURITIES OF OTHER COMPANIES

If at the close of the year the lessor companies included in this report were subject to any liability to issue their own capital stock in exchange for outstanding securities of constituent or other companies, give full particulars thereof here under, including names of parties to contracts and

253. CAPITAL STOCK CHANGES DURING THE YEAR—Concluded

was made, naming such authority. In column (e) include as cash all money, checks, drafts, bills of exchange, and other commercial paper payable at par on demand. For nominally issued stock, show returns in columns (a), (b), (c), and (d) only. For each class of par stock actually issued the sum of the entries in columns (e), (f), and (h), plus discounts or less premiums in column (g), should equal the entry in column (d).

Particulars concerning the reacquirement of stock that was actually outstanding should be given in columns (a), (i), and (j).

STOCKS ISSUED DURING YEAR—Continued			STOCKS REACQUIRED DURING YEAR			
			AMOUNT REACQUIRED			
Cash value of other property acquired or services received as consideration for issue (f)	Net total discounts (in black) or premiums (in red). Excludes entries in column (h) (g)	Expense of issuing capital stock (h)	Par value* (i)	Purchase price (j)	Remarks (k)	Line No.
$	$	$	$	$		
			1200	1200	12 Shares reacquired	1
					and cancelled due to	2
					liquidation plan	3
						4
			15,800	15,800	158 Shares Treasury	5
					Stock cancelled due to	6
					liquidation plan	7
						8
			1200	768	12 Shares reacquired	9
					and cancelled due to	10
					liquidation plan	11
						12
						13
			121,100	65,052	1211 Shares Treasury	14
					Stock cancelled due	15
					to liquidation plan	16
						17
						18
						19
						20
						21
						22
						23
						24
						25
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						38
			139,300	82,820		39

*For nonpar stock, show the number of shares.

254. STOCK LIABILITY FOR CONVERSION OF SECURITIES OF OTHER COMPANIES—Concluded

abstracts of terms of contracts whereunder such liability exists.

None

NOTES AND REMARKS

INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULE 261 ON PAGES 38, 39, 40, AND 41

Give particulars of the various issues of securities in accounts Nos. 765, "Funded debt unmatured," 768, "Debt in default," 767, "Receivers' and Trustees' securities," 766, "Equipment obligations," and 764 "Equipment obligations and other debt due within 1 year," at the close of the year, together with interest accrued and interest paid during the year and total amount of matured interest in default. Include receipts outstanding for funded debt with their respective issues.

In column *(a)* enter the name of a reporting lessor company and give, thereunder, the name of each of its bonds or other obligations before listing those of a second lessor. The names of the lessors should be listed in the order in which they appear on the balance sheet. Classify the funded debt and securities of each lessor by accounts and according to the following designations in the numerical order given:

(1) Mortgage bonds:
- *(a)* With fixed interest.
- *(b)* With contingent interest.

(2) Collateral trust bonds:
- *(a)* With fixed interest.
- *(b)* With contingent interest.

(3) Unsecured bonds (Debentures):
- *(a)* With fixed interest.
- *(b)* With contingent interest.

(4) Equipment obligations (Corporation):
- *(a)* Equipment securities.
- *(b)* Conditional or deferred payment contracts.

(5) Miscellaneous obligations.

(6) Receivers' and trustees' securities:
- *(a)* Equipment obligations.
- *(b)* Other than equipment obligations.

(7) Short-term notes in default.

Give totals for each group and subgroup of bonds or other obligations. Columns *(f)*, *(g)*, *(h)*, *(i)*, and *(j)* are intended further to classify the obligations of the company and are to be answered "Yes" or "No."

If an issue is a serial issue, the last date of maturity should be shown in column *(c)* preceded by the letter "S." If the payments required in the contracts for equipment obligations are unequal in amount (except for the last payment) or are to be made at irregular intervals, show a symbol against the entry made in column *(c)* opposite the name of such obligation and give particulars in a footnote.

If the issue is an income bond, the entry in column *(d)* should be the annual maximum rate of interest specified by the indenture. In column *(k)* show the approximate number of miles of road on which the mortgage is a direct first lien and in column *(l)* the approximate number of miles of road on which the mortgage is a direct junior lien. Do not consider any road or other property indirectly subject to either a first or junior lien through the pledge of collateral, leaseholds, or other contractual rights in making the returns required in columns *(i)*, *(j)*, *(k)*, and *(l)*.

In column *(n)* enter the amount of bonds both nominally and actually issued up to the date of the report and not the amount authorized.

Matured obligations amounting to less than $50,000 which have not been presented for payment may be combined into a single entry designated "Minor items of matured obligations, each less than $50,000," and the total of such items shown in a footnote.

No entries shall be made in this schedule with respect to issues of matured obligations nominally issued or nominally outstanding when no parts of such issues are actually outstanding.

For definitions of "nominally issued," "nominally outstanding," "actually issued," and "actually outstanding," see Schedule 251.

Entries in columns *(v)* and *(w)* should include interest accrued on funded debt reacquired, matured during the year, even though no portion of the issue is outstanding at the close of the year.

In column *(y)* enter the total in account No. 781, "Interest in default," at the close of the year.

On page 41, give particulars of changes during the year in funded debt and other obligations, following the same order in which they appear in the prior pages of this schedule.

In column *(z)* state whether issued for construction of new properties, for additions and betterments, for purchase of railroad or other property for conversion, for acquisition of securities, for reorganization, or for other corporate purposes. Also give the number and date of authorization by the public authority under whose control such issue was made, naming such authority. For nominally issued securities, show returns in columns *(z)* and *(aa)* only.

For each class of securities actually issued, the sum of the entries in columns *(bb)* and *(cc)*, plus discounts or less premiums, such discounts or premiums to be shown in a footnote applicble to each issue, should equal the entry in column *(aa)*. For definition of expense, reportable in column (cc), see Definition 10 in the Uniform System of Accounts for Railroad Companies.

Particulars concerning the reacquirement of securities that were actually outstanding should be reported in columns *(a)*, *(dd)*, and *(ee)*.

Include those securities that have been called for payment during the year for which liability has been transferred to account No. 763, "Other current liabilities."

NOTES AND REMARKS

261. FUNDED DEBT AND OTHER OBLIGATIONS

Line No.	Name of lessor company and name and character of obligation	Nominal date of issue	Date of maturity	INTEREST PROVISIONS		DOES OBLIGATION PROVIDE FOR— (Answer "Yes" or "No")			IS OTHER PROPERTY (REAL OR PERSONAL OR LEASEHOLD) SUBJECT TO LIEN OF THE OBLIGATION? (ANSWER "YES or NO"	
				Rate percent per annum (current year)	Date due	Conversion	Call prior to maturity, other than for sinking fund	Sinking fund	First lien	Junior to first lien
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
1										
2										
3										
4										
5										
6										
7										
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12										
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42										
43										
44										
45										
46										
47										
48										
49										
50										
51										
52										
53										
54								Grand Total		

261. FUNDED DEBT AND OTHER OBLIGATIONS—Continued

APPROXIMATE NUMBER OF MILES OF LINE DIRECTLY SUBJECT TO—			AMOUNT NOMINALLY ISSUED AND—			AMOUNT REACQUIRED AND—		TOTAL AMOUNT ACTUALLY OUTSTANDING			
First lien (k)	Junior to first lien (l)	Total amount nominally and actually issued (m)	Held in special funds or in treasury or pledged (Identify pledged securities by symbol "P"; matured by symbol "M") (n)	Canceled (o)	Total amount actually issued (p)	Canceled through sinking fund or otherwise canceled (Identify canceled through sinking fund by symbol "s") (q)	Held in special funds or in treasury or pledged (Identify pledged securities by symbol "P"; matured by symbol "M") (r)	Unmatured (accounts 765, 766, and 767) (s)	Unmatured (account 764) (t)	Matured and no provision made for payment (account 768) (u)	Line No.
		$	$	$	$	$	$	$	$	$	1
											2
											3
											4
											5
											6
											7
											8
											9
											10
											11
											12
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											54

261. FUNDED DEBT AND OTHER OBLIGATIONS—Continued

Line No.	Name of lessor company and name and character of obligation (List on same lines and in same order as on page 38) (a)	Amount of interest accrued during year: Charged to income (v)	Amount of interest accrued during year: Charged to investment accounts (w)	Amount of interest paid during year (x)	Total amount of interest in default (y)
		$	$	$	$
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
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48					
49					
50					
51					
52					
53					
54	Grand Total				

261. FUNDED DEBT AND OTHER OBLIGATIONS—Concluded

SECURITIES ISSUED DURING YEAR				SECURITIES REACQUIRED DURING YEAR — AMOUNT REACQUIRED		
Purpose of the issue and authority (z)	Par value (aa)	Net proceeds received for issue (cash or its equivalent) (bb)	Expense of issuing securities (cc)	Par value (dd)	Purchase price (ee)	Line No.
	$	$	$	$	$	1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
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						44
						45
						46
						47
						48
						49
						50
						51
						52
						53
Grand Total						54

266. INTEREST ON INCOME BONDS

1. Give particulars concerning interest payable, accrued, paid, and accumulated and unpaid on the securities having contingent interest provisions classified as (1) Mortgage Bonds, (2) Collateral Trust Bonds, and (3) Unsecured Bonds (Debentures), in schedule 261, "Funded Debt and Other Obligations."

2. In columns *(a)*, *(b)*, and *(c)* state the name, amount, and nominal rate of interest shown in columns *(a)*, *(v)*, and *(d)*, respectively, in schedule 261, for each security of the kind indicated. List the names of such securities in the same order as in schedule 261.

3. In column *(d)* show the amount of interest payable for the year at the nominal rate, if earned, on all of the bonds outstanding at the close of the year plus those retired during the year.

Line No.	Name of issue (from schedule 261) (a)	Amount actually outstanding (from schedule 261) (b)	Nominal rate of interest (from schedule 261) (c)	AMOUNT OF INTEREST: Maximum amount payable, if earned (d)	Amount actually payable under contingent interest provisions, charged to income for the year (e)
		$		$	$
1	None				
2					
3					
4					
5					
6					
7					
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268. AMOUNTS PAYABLE TO AFFILIATED COMPANIES

Give full particulars of amounts included in balance sheet account No. 769, "Amounts payable to affiliated companies," by each lessor company included in this report. Notes and open accounts should be stated separately.

Line No.	Name of debtor company (a)	Name of creditor company (b)
1	None	
2		
3		
4		
5		
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266. INTEREST ON INCOME BONDS—Concluded

4. In column (e) show the amount of interest charged to the income account for the year.
5. In column (f) show the difference between columns (d) and (e).
6. In columns (h), (i), and (j) show the amounts of interest actually paid during the year, segregated in columns (h) and (i) between payments applicable to the current year's accruals, and those applicable to past accruals.
7. In column (l) show the sum of unearned interest accumulated under the provisions of the security plus earned interest unpaid at the close of the year.

AMOUNT OF INTEREST—Continued

DIFFERENCE BETWEEN MAXIMUM PAYABLE IF EARNED AND AMOUNT ACTUALLY PAYABLE		TOTAL PAID WITHIN YEAR			Period for, or percentage of, for which cumulative, if any	Total accumulated unearned interest plus earned interest unpaid at the close of the year	Line No.
Current year (f)	All years to date (g)	On account of current year (h)	On account of prior years (i)	Total (j)	(k)	(l)	
$	$	$	$	$		$	
							1
							2
							3
							4
							5
							6
							7
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268. AMOUNTS PAYABLE TO AFFILIATED COMPANIES—Concluded

Entries in columns (g), (h), and (i) should include interest accruals and interest payments on debt retired during the year, even though no portion of the debt remained outstanding at the close of the year.

BALANCE AT CLOSE OF YEAR			Rate of interest	INTEREST ACCRUED DURING YEAR		Interest paid during year	Line No.
Notes (c)	Open accounts (d)	Total (e)	(f)	Charged to income (g)	Charged to construction or other investment account (h)	(i)	
$	$	$	%	$	$	$	
							1
							2
							3
							4
							5
							6
							7
							8
							9
							10
							11
							12
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							14
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282. DEPRECIATION BASE—EQUIPMENT OWNED

Show the ledger value of all equipment owned by each lessor company included in this report. The totals of columns (c) and (j) should correspond with the carrier's investment in equipment as carried in the accounts, as of the beginning and close of the year, respectively. If the depreciation base is other than the ledger value a full explanation should be given, together with a statement by primary accounts reconciling the difference between the figures used as the depreciation base and those carried in the ledger as investment in equipment.

Line No.	Name of lessor company (a)	Account (b)	Balance at beginning of year (c)	DEBITS DURING THE YEAR: Additions and betterments (d)	DEBITS DURING THE YEAR: Other debits (e)	DEBITS DURING THE YEAR: Total debits (f)	CREDITS DURING THE YEAR: Property retired (g)	CREDITS DURING THE YEAR: Other credits (h)	CREDITS DURING THE YEAR: Total credits (i)	Balance at close of year (j)
1	KCSY CO. OF ME.	(52) Locomotives	$	$	$	$	$	$	$	$
2		(53) Freight-train cars								
3		(54) Passenger-train cars								
4		(55) Highway revenue equipment								
5		(56) Floating equipment								
6		(57) Work equipment	None							
7		(58) Miscellaneous equipment								
8		Total	None							
9		(52) Locomotives								
10		(53) Freight-train cars								
11		(54) Passenger-train cars								
12		(55) Highway revenue equipment								
13		(56) Floating equipment								
14		(57) Work equipment								
15		(58) Miscellaneous equipment								
16		Total								
17		(52) Locomotives								
18		(53) Freight-train cars								
19		(54) Passenger-train cars								
20		(55) Highway revenue equipment								
21		(56) Floating equipment								
22		(57) Work equipment								
23		(58) Miscellaneous equipment								
24		Total								
25		(52) Locomotives								
26		(53) Freight-train cars								
27		(54) Passenger-train cars								
28		(55) Highway revenue equipment								
29		(56) Floating equipment								
30		(57) Work equipment								
31		(58) Miscellaneous equipment								
32		Total								
33		(52) Locomotives								
34		(53) Freight-train cars								
35		(54) Passenger-train cars								
36		(55) Highway revenue equipment								
37		(56) Floating equipment								
38		(57) Work equipment								
39		(58) Miscellaneous equipment								
40		Total								

Line		Item								
41		(52) Locomotives								
42		(53) Freight-train cars								
43		(54) Passenger-train cars								
44		(55) Highway revenue equipment								
45		(56) Floating equipment								
46		(57) Work equipment								
47		(58) Miscellaneous equipment								
48		Total								
49		(52) Locomotives								
50		(53) Freight-train cars								
51		(54) Passenger-train cars								
52		(55) Highway revenue equipment								
53		(56) Floating equipment								
54		(57) Work equipment								
55		(58) Miscellaneous equipment								
56		Total								
57		(52) Locomotives								
58		(53) Freight-train cars								
59		(54) Passenger-train cars								
60		(55) Highway revenue equipment								
61		(56) Floating equipment								
62		(57) Work equipment								
63		(58) Miscellaneous equipment								
64		Total								
65		(52) Locomotives								
66		(53) Freight-train cars								
67		(54) Passenger-train cars								
68		(55) Highway revenue equipment								
69		(56) Floating equipment								
70		(57) Work equipment								
71		(58) Miscellaneous equipment								
72		Total								
73		(52) Locomotives								
74		(53) Freight-train cars								
75		(54) Passenger-train cars								
76		(55) Highway revenue equipment								
77		(56) Floating equipment								
78		(57) Work equipment								
79		(58) Miscellaneous equipment								
80		Total								

285. ACCRUED DEPRECIATION—ROAD AND EQUIPMENT

Give the particulars called for hereunder of the credits and debits made to account 735, "Accrued depreciation—Road and Equipment," during the year which relate to equipment by each lessor company included in this report. A debit balance in column (c) and (j) for any primary account should be preceded by the abbreviation "Dr."

Line No.	Name of lessor company (a)	Account (b)	Balance at beginning of year (c)	CREDITS TO RESERVE DURING THE YEAR: Charges to others (d)	CREDITS TO RESERVE DURING THE YEAR: Other credits (e)	CREDITS TO RESERVE DURING THE YEAR: Total credits (f)	DEBITS TO RESERVE DURING THE YEAR: Charges for Retirement (g)	DEBITS TO RESERVE DURING THE YEAR: Other debits (h)	DEBITS TO RESERVE DURING THE YEAR: Total debits (i)	Balance at close of year (j)
1	KCSY CO. OF ME	(52) Locomotives	$	$	$	$	$	$	$	$
2		(53) Freight-train cars								
3		(54) Passenger-train cars								
4		(55) Highway revenue equipment								
5		(56) Floating equipment								
6		(57) Work equipment	None							
7		(58) Miscellaneous equipment								
8		Total	None							
9		(52) Locomotives								
10		(53) Freight-train cars								
11		(54) Passenger-train cars								
12		(55) Highway revenue equipment								
13		(56) Floating equipment								
14		(57) Work equipment								
15		(58) Miscellaneous equipment								
16		Total								
17		(52) Locomotives								
18		(53) Freight-train cars								
19		(54) Passenger-train cars								
20		(55) Highway revenue equipment								
21		(56) Floating equipment								
22		(57) Work equipment								
23		(58) Miscellaneous equipment								
24		Total								
25		(52) Locomotives								
26		(53) Freight-train cars								
27		(54) Passenger-train cars								
28		(55) Highway revenue equipment								
29		(56) Floating equipment								
30		(57) Work equipment								
31		(58) Miscellaneous equipment								
32		Total								
33		(52) Locomotives								
34		(53) Freight-train cars								
35		(54) Passenger-train cars								
36		(55) Highway revenue equipment								
37		(56) Floating equipment								
38		(57) Work equipment								
39		(58) Miscellaneous equipment								
40		Total								

41		(52) Locomotives								
42		(53) Freight-train cars								
43		(54) Passenger-train cars								
44		(55) Highway revenue equipment								
45		(56) Floating equipment								
46		(57) Work equipment								
47		(58) Miscellaneous equipment								
48		Total								
49		(52) Locomotives								
50		(53) Freight-train cars								
51		(54) Passenger-train cars								
52		(55) Highway Revenue Equipment								
53		(56) Floating equipment								
54		(57) Work equipment								
55		(58) Miscellaneous equipment								
56		Total								
57		(52) Locomotives								
58		(53) Freight-train cars								
59		(54) Passenger-train cars								
60		(55) Highway revenue equipment								
61		(56) Floating equipment								
62		(57) Work equipment								
63		(58) Miscellaneous equipment								
64		Total								
65		(52) Locomotives								
66		(53) Freight-train cars								
67		(54) Passenger-train cars								
68		(55) Highway revenue equipment								
69		(56) Floating equipment								
70		(57) Work equipment								
71		(58) Miscellaneous equipment								
72		Total								
73		(52) Locomotives								
74		(53) Freight-train cars								
75		(54) Passenger-train cars								
76		(55) Highway revenue equipment								
77		(56) Floating equipment								
78		(57) Work equipment								
79		(58) Miscellaneous equipment								
80		Total								

286. DEPRECIATION RESERVE—ROAD AND MISCELLANEOUS PHYSICAL PROPERTY

Give a classified statement, for each lessor company included in this report, of the credits to the reserve accounts for depreciation of road and miscellaneous physical property during the year, and the charges to the reserve accounts during the year because of property retired; also the balances in the accounts at the beginning and at the close of the year.

Line No.	Item (a)	(b)	(c)	(d)	(e)
	Credits	$	$	$	$
1	Balances at beginning of year: Accrued depreciation-Road	268,433			
2	Accrued depreciation-Miscellaneous physical property	5,523,078			
	Road property (specify):				
3	Railroad & Buildings	548			
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
	Miscellaneous physical property (specify):				
21	Buildings, pens, viaducts	190,048			
22					
23					
24					
25	TOTAL CREDITS	5,982,107			
	Debits				
	Road property (specify):				
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
	Miscellaneous physical property (specify):				
44	Depreciation sustained on	75,421			
45	property retired				
46					
47					
48					
49	TOTAL DEBITS	75,421			
50	Balances at close of year: Accrued depreciation-Road	268,981			
51	Accrued depreciation-Miscellaneous physical property	5,637,705			

286. DEPRECIATION RESERVE—ROAD AND MISCELLANEOUS PHYSICAL PROPERTY—Concluded

Enter the names of the lessor companies in the column headings. All debits or credits to the reserve respecting amortization, if a general amortization program has been authorized, should be included.

(f)	(g)	(h)	(i)	(j)	(k)	Line No.
$	$	$	$	$	$	1
						2
						3
						4
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						6
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						51

287. DEPRECIATION RATES—ROAD AND MISCELLANEOUS PHYSICAL PROPERTY

Give a statement of the percentages used by each lessor company for computing the amounts accrued for depreciation during the year on various classes of road and miscellaneous physical property, together with the estimated life of the property upon which such percentages are based.

Line No.	Name of lessor company (a)	Class of property on which depreciation was accrued (b)	Estimated life (in years) (c)	Annual rate of depreciation (d)	Name of lessor company (e)	Class of property on which depreciation was accrued (f)	Estimated life (in years) (g)	Annual rate of depreciation (h)
1	KCSY CO. OF	Road		%				%
2	ME.							
3		Public Improvements	67	1.50				
4		Division & Dock Walls	35	2.86				
5		Sewer Lines	25	4.00				
6								
7		Misc Physical Property						
8		Buildings	15-40	7.50-2.50				
9		Yard Structures	30	3.33				
10		Equipment	10	10.00				
11		Horses & Wagons	10-20	10.00-5.00				
12		Automobiles	3	33.33				
13		Scales	15	6.66				
14		Furniture & Fixtures	14	7.50				
15		Tractors & Trailers	10	10.00				
16		Harness & Saddles	10	10.00				
17								
18								
19								
20								
21								
22								
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40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84

308. DIVIDENDS DECLARED

Give particulars of each dividend declared by each lessor company included in this report. For par value or nonpar stock, show in column (e) the respective total par value or total number of shares on which dividend was declared and the corresponding rate percent or per share in column (c) and (d). If any such dividend was payable in anything other than cash; or, if any obligation of any character has been incurred for the purpose of procuring funds for the payment of any dividend or for the purpose of replenishing the treasury after such payment; or, if any class of stock received a return not reportable in this schedule, explain the matter fully in the remarks column. For nonpar stock, show the number of shares in column (c) and the rate per share in column (c) or (d). The dividends in column (f) should be totaled for each company. The sum of the dividends stated in column (f) should equal the amount shown in schedule No. 305.

Line No.	Name of lessor company (a)	Name of security on which dividend was declared (b)	Rate percent (par value stock) or rate per share (nonpar stock) Regular (c)	Extra (d)	Total par value of stock or total number of shares of nonpar stock on which dividend was declared (e)	Dividends (Account 623) (f)	Date Declared (g)	Date Payable (h)	Remarks (i)
1	Kansas City Stock Yards Co. of Me.	Common	.50	6.00	4878900	317,128.50		2-1-76	
2			.50		4877700	24,388.50		5-1-76	
3			.50		4877700	24,388.50		8-1-76	
4		a. 4878300	2 .50		4877700	24,388.50	390,294	11-1-76	
5		5% Preferred	1.25		74,100	926.25		2-1-76	
6			1.25		74,100	926.25		5-1-76	
7			1.25		73,600	920.00		11-1-76	
8			.42		72,900	306.18		12-1-76	
9	5.43	a. 73660	1.25		73,600	920.00	3,999	8-1-76	
10		4,951,960				394,293			
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
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61									

340. MISCELLANEOUS PHYSICAL PROPERTIES OPERATED DURING THE YEAR

Give particulars of each class of miscellaneous physical property or plant operated by *each lessor company* included in this report during the year. If any of the operations listed in this schedule were discontinued before the close of the year, explain the matter in a footnote. Group the properties under the heads of the classes of operations to which they are devoted.

In column *(a)* give the designation used in the respondent's records and the name of the town or city and State in which the property or plant is located, stating whether the respondent's title is that of ownership or whether the property is held under lease or other incomplete title. All peculiarities of title should be explained in a footnote.

The totals of columns *(b)*, *(c)*, and *(d)* should agree with the totals of accounts Nos. 502, "Revenue from miscellaneous operations," 534, "Expenses of miscellaneous operation," and 535, "Taxes on miscellaneous operating property," in respondent's Income Account for the Year. If not, differences should be explained in a footnote.

Line No.	Designation and location of property or plant, character of business, and title under which held (a)	Total revenue during the year (b)	Total expenses during the year (c)	Total taxes applicable to the year (d)
1	Kansas City Stock Yards Company of Maine, Kansas City, Missouri	$ 2,613,796	$ 1,859,261	$ 466,255
2	& Kansas City, Kansas			
3				
4				
5	Public Stock Yards-Ownership			
6				
7				
8				
9				
10	Total	2,613,796	1,859,261	466,255

350. RAILWAY TAX ACCRUALS

1. Give particulars called for of the "Other than U. S. Government taxes" and "U. S. Government taxes" accrued and charged to account No. 532, "Railway tax accruals," during the year.
2. Enter in the column headings the names of the lessor companies which accrued the taxes.
3. In section A show for each State the taxes accrued which were levied by the State Governments (or Governments other than the United States).
4. In section B give an analysis by kind of U. S. Government taxes.
5. Substantial adjustments included in the amounts reported should be explained in a footnote.

Line No.	Name of State and kind of tax (a)	Amount	Amount	Amount	Amount	Amount
	A. Other Than U. S. Government Taxes (Enter names of States)	$	$	$	$	$
1	None					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26	Total—Other than U. S. Government taxes					
	B. U. S. Government Taxes					
27	Income taxes					
28	Old-age retirement					
29	Unemployment insurance					
30	All other United States taxes					
31	Total—U. S. Government taxes					
32	GRAND TOTAL—Railway Tax Accruals (account 532)					

350. RAILWAY TAX ACCRUALS-Continued

C. Analysis of Federal Income Taxes

1. In column (a) are listed the particulars which most often cause a differential between taxable income and pretax accounting income. Other particulars which cause such a differential should be listed under the caption "Other", including State and other taxes deferred if computed separately. Minor items each less than $100,000 may be combined in a single entry under "Other".
2. Indicate in column (b) the beginning of the year total of accounts 714, 744, 762 and 786 applicable to each particular item in column (a).
3. Indicate in column (c) the net change in accounts 714, 744, 762 and 786 for the net tax effect of timing differences originating and reversing in the current accounting period.
4. Indicate in column (d) any adjustments, as appropriate, including adjustments to eliminate or reinstate deferred tax effects (credits or debits) due to applying or recognizing a loss carry-forward or a loss carry-back.
5. The total of line 10 in columns (c) and (d) should agree with the total of the contra charges (credits) to account 533, Provision for deferred taxes, and account 591, Provision for deferred taxes - extraordinary and prior period items, for the current year.
6. Indicate in column (e) the cumulative total of columns (b), (c), and (d). The total of column (e) must agree with the total of accounts 714, 744, 762 and 786.

Name of Lessor

Line No.	Particulars (a)	Beginning of Year Balance (b)	Net Credits (Charges) for Current Year (c)	Adjustments (d)	End of Year Balance (e)
1	Accelerated depreciation, Sec. 167 I.R.C.: Guideline lives pursuant to Rev. Proc 62-21				
2	Accelerated amortization of facilities Sec. 168 I.R.C.				
3	Accelerated amortization of rolling Stock, Sec. 184 I.R.C.				
4	Amortization of rights of way, Sec. 185 I.R.C.				
5	Other (Specify)				
6					
7					
8					
9	Investment tax credit				
10	TOTALS				

Name of Lessor

Line No.	Particulars (a)	Beginning of Year Balance (b)	Net Credits (Charges) for Current Year (c)	Adjustments (d)	End of Year Balance (e)
1	Accelerated depreciation, Sec. 167 I.R.C.: Guideline lives pursuant to Rev. Proc. 62-21				
2	Accelerated amortization of facilities Sec. 168 I.R.C.				
3	Accelerated amortization of rolling Stock, Sec. 184 I.R.C.				
4	Amortization of rights of way, Sec. 185 I.R.C.				
5	Other (Specify)				
6					
7					
8					
9	Investment tax credit				
10	TOTALS				

350. RAILWAY TAX ACCRUALS-Continued

Name of Lessor

Line No.	Particulars (a)	Beginning of Year Balance (b)	Net Credits (Charges) for Current Year (c)	Adjustments (d)	End of Year Balance (e)
1	Accelerated depreciation, Sec. 167 I.R.C.: Guideline lives pursuant to Rev. Proc. 62-21				
2	Accelerated amortization of facilities Sec. 168 I.R.C.				
3	Accelerated amortization of rolling Stocks, Sec. 184 I.R.C.				
4	Amortization of rights of way, Sec. 185 I.R.C.				
5	Other (Specify)				
6					
7					
8					
9	Investment tax credit				
10	TOTALS				

Name of Lessor

Line No.	Particulars (a)	Beginning of Year Balance (b)	Net Credits (Charges) for Current Year (c)	Adjustments (d)	End of Year Balance (e)
1	Accelerated depreciation, Sec. 167 I.R.C.: Guideline lives pursuant to Rev. Proc 62-21				
2	Accelerated amortization of facilities Sec. 168 I.R.C.				
3	Accelerated amortization of rolling Stock, Sec. 184 I.R.C.				
4	Amortization of rights of way, Sec. 185 I.R.C.				
5	Other (Specify)				
6					
7					
8					
9	Investment tax credit				
10	TOTALS				

Name of Lessor

Line No.	Particulars (a)	Beginning of Year Balance (b)	Net Credits (Charges) for Current Year (c)	Adjustments (d)	End of Year Balance (e)
1	Accelerated depreciation, Sec. 167 I.R.C.: Guideline lives pursuant to Rev. Proc 62-21				
2	Accelerated amortization of facilities Sec. 168 I.R.C.				
3	Accelerated amortization of rolling Stock, Sec. 184 I.R.C.				
4	Amortization of rights of way, Sec. 185 I.R.C.				
5	Other (Specify)				
6					
7					
8					
9	Investment tax credit				
10	TOTALS				

NOTES AND REMARKS

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KANSAS CITY STOCKYARDS CO. OF MAINE

371. INCOME FROM LEASE OF ROAD AND EQUIPMENT

1. Give particulars called for with respect to road and equipment leased to others during the year, the rent of which is includible in account No. 509, "Income from lease of road and equipment."

2. If the respondent leased to others during all or any part of the year any road and equipment upon which no rent receivable accrued, give particulars in a footnote.

Line No.	DESCRIPTION OF ROAD: Name of lessor company (a)	Termini (b)	Length (c)	Name of present leaseholder (d)	RENT ACCRUED DURING YEAR: Total (e)	Depreciation (f)	All other (Account 509) (g)
1	Kansas City Stock Yards Co. of Maine	Yards & Siding	1.222	Kansas City Connecting Railroad Company	$ 10,831	$ 548	$ 10,283
2							
3							
4							
5							
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37							

371A. ABSTRACT OF TERMS AND CONDITIONS OF LEASES

Give brief abstracts of the terms and conditions of the leases under which the above stated rents are derived, showing particularly (1) the name of lessor, (2) the name of lessee, (3) the date of the grant, (4) the chain of title (in case of assignment or subletting) and dates of transfer connecting the original parties with the present parties, (5) the basis on which the amount of the annual rent is determined, and (6) the date when the lease will terminate, or, if the date of termination has not yet been fixed, the provisions governing the termination of the lease. Also give reference to the Commission's authority for the lease, if any. If none, state the reasons therefor.

Copies of leases may be filed in lieu of abstracts above called for. References to copies filed in prior years should be specific.

NOTE.—Only changes during the year are required.—Indicate the year in which reference was made to the original lease, and also the years in which any changes in lease were mentioned.

No Change

383. RENTS FOR LEASED ROADS AND EQUIPMENT

1. Give particulars called for with respect to roads and equipment leased from others during the year, the rent for which is includible in account No. 542, "Rent for leased roads and equipment."

2. Rents payable which are not classifiable under one of the three heads provided should be explained in a footnote.

3. Taxes paid or payable by the respondent as a part of the stipulated rent should be included in column (f) and specifically stated under "Remarks."

4. This account includes amounts payable accrued as rent for roads, tracks, or bridges (including equipment or other railroad property cov-

Line No.	Name of leaseholder (a)	Name of lessor company (b)	Total rent accrued during year (c)
1	None		$
2			
3			
4			
5			
6			
7			
8			
9			
10			

383A. ABSTRACT OF LEASEHOLD CONTRACTS

Give brief abstracts of the terms and conditions of the leases under which the above-named properties are held, showing particularly (1) the name of lessee, (2) the name of lessor, (3) the date of the lease, (4) the chain of title and dates of transfer connecting the original parties with the present parties in case of assignment or subletting, (5) the basis on which the amount of the annual rent is determined, and (6) the date when the lease is to terminate, or, if such date has not yet been determined, the provisions governing its determination. Also give reference to the Com-

NOTE.—Only changes during the year are required.

396. SELECTED ITEMS IN INCOME AND RETAINED INCOME ACCOUNTS FOR THE YEAR

Give a detailed analysis regardless of the amounts of all items included in accounts 570, "Extraordinary items"; and 590 "Federal income taxes on extraordinary items; 606, "Other credits to retained income" and 616, "Other debits to retained income."

Line No.	Name of lessor company (a)	Account No. (b)	Item (c)	Debits (d)	Credits (e)
1	KCSY Co. of Me	606	Common Stock Reacquired	$	$ 432
2					
3	KCSY Co. of Me	616	Liquidating Distribution	2,194,965	
4					
5					
6					
7					
8					
9					
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25					
26					
27					

383. RENTS FOR LEASED ROADS AND EQUIPMENT—Concluded

ered by the contract), and for specific equipment held under lease for 1 year or more, the property being owned by other companies, and held under lease or other agreement by the terms of which *exclusive* use and *control for operating purposes* are secured.

5. If the reporting companies held under lease, during all or any part of the year, road on which no rent payable accrued, or if any portion of the charge shown hereunder is for construction on a line in which the leasehold interest will soon expire, give full particulars in the "Remarks" column.

Classification of rent: Guaranteed interest on bonds (d)	Guaranteed dividends on stocks (e)	Cash (f)	Remarks (g)	Line No.
$	$	$		1
				2
				3
				4
				5
				6
				7
				8
				9
				10

383A. ABSTRACT OF LEASEHOLD CONTRACTS—Concluded

mission's authority for the lease, if any. If none, state the reasons therefor.

In lieu of the abstracts here called for, copies of lease agreements may be filed. Reference to copies filed in prior years should be given in connection with any changes in terms and conditions of the leasehold contracts.

396. SELECTED ITEMS IN INCOME AND RETAINED INCOME ACCOUNTS FOR THE YEAR—Concluded

Each item recorded in accounts 606 and 616 amounting to $10,000 or more should be stated; items less than $10,000 may be combined in a single entry, designated "Minor items, each less than $10,000."

Line No.	Name of lessor company (a)	Account No. (b)	Item (c)	Debit (d)	Credits (e)
31				$	$
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49					
50					
51					
52					
53					
54					
55					
56					
57					

411. TRACKS OWNED AT CLOSE OF YEAR

(For lessors to other than switching and terminal companies)

Give particulars of the mileage owned by each lessor company included in this report. If a comapny of this class controls any mileage by lease, and, in turn, subleases such mileage to another company, give particulars in a footnote. In giving "Miles of road", column (c), state the actual single-track distance between termini.

The classes of tracks are defined as follows:

Running tracks.—Running tracks, passing tracks, cross-overs, etc., including turn-outs from those tracks to clearance points.

Way switching tracks.—Station, team, industry, and other switching tracks for which no separate switching service is maintained.

Yard switching tracks.—Yards where separate switching services are maintained, including classification, house, team, industry, and other tracks switched by yard locomotives.

In the lower table, classify the mileage of road owned at close of year by States and Territories. The figures should apply to single-track mileage only. Enter names of States or Territories in the column headings. Lengths should be stated to the nearest WHOLE mile adjusted to accord with footings, i.e.: counting one-half mile and over as a whole mile and disregarding any fraction less than one-half mile.

Line No.	Name of road (a)	Termini between which road named extends (b)	RUNNING TRACKS, PASSING TRACKS, CROSS-OVERS, ETC. Miles of road (c)	Miles of second main track (d)	Miles of all other main tracks (e)	Miles of passing tracks, cross-overs, etc. (f)	Miles of way switching tracks (g)	Miles of yard switching tracks (h)	Total (i)
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
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18									
19									
20									
21									
22									
23									
24									

MILES OF ROAD OWNED AT CLOSE OF YEAR—BY STATES AND TERRITORIES—(Single Track)

Line No.	Name of road	(Enter names of States or Territories in the column headings)										Total
25												
26												
27												
28												
29												
30												
31												

Line No.													
32													
33													
34													
35													
36													
37													
38													
39													
40													
41													
42													
43													
44													
45													

411A. TRACKS OWNED AT CLOSE OF YEAR
(For lessors to switching and terminal companies)

Give particulars of the mileage owned by lessors to switching and terminal companies. If a company of this class controls any mileage by lease, and, in turn, subleases such mileage to another company, give particulars in a footnote.

In the lower table, classify the mileage of tracks owned at close of year by States and Territories. Enter names of States or Territories in the column headings. Lengths should be stated to the nearest WHOLE mile adjusted to accord with footings, i.e.: counting one-half mile and over as a whole mile and disregarding any fraction less than one-half mile.

Line No.	Name of road (a)	Location (b)	Mileage of tracks owned (c)	Name of lessee (d)
1	Kansas City Stock Yards Co. of Me	Kansas	1.222	Kansas City Connecting
2				Railroad Company
3				
4				
5				
6				
7				
8				
9				
10				

MILES OF TRACKS OWNED AT CLOSE OF YEAR—BY STATES AND TERRITORIES

(Enter names of States or Territories in the column headings)

Line No.	Name of road	Kansas											Total
11		1.222											1.222
12													
13													
14													
15													
16													
17													
18													
19													

561. EMPLOYEES AND COMPENSATION

1. Give the average number of employees in the service of the lessor companies included in this report and the total compensation paid to them. General officers who served without compensation or were carried on the pay rolls of another company, and pensioners rendering no service, are not to be included.
2. Averages called for in columns (b), (c), and (d) should be the average of 12 middle-of-month counts.
3. **This schedule does not include old-age retirement, and unemployment insurance taxes. See schedule 350 for such taxes.**

Line No.	Name of lessor company (a)	AVERAGE NUMBER OF EMPLOYEES IN SERVICE: Executives, general officers, and staff assistants (b)	Other employees (c)	Total employees (d)	TOTAL COMPENSATION DURING YEAR: Executives, general officers, and staff assistants (e)	Other employees (f)	Total compensation (g)
1	Kansas Stock Yards Company of Maine				$ 85,796	$ 1,008,682	$ 1,094,478
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							

562. COMPENSATION OF OFFICERS, DIRECTORS, ETC.

Give the name, position, salary, and other compensation, such as bonus, commission, gift, reward, or fee, of each officer, director, pensioner, or employee to whom the lessor companies included in this report paid $40,000 or more during the year as compensation for current or past services over and above necessary expenses incurred in discharge of their duties.

If more convenient, this schedule may be filled out for a group of roads considered as one system and shown only in the report of the principal road of the system with a reference thereto in this report.

Any large "Other compensation" should be explained.

Line No.	Name of lessor company (a)	Name of person (b)	Title (c)	Salary per annum as of close of year (d)	Other compensation during the year (e)	Remarks (f)
1	Kansas City Stock Yards	Charles B.	President	$ 52,479	$ 400	
2	Co. of Me.	Jennings				
3						
4						
5						
6						
7						
8						
9						
10						

563. PAYMENTS FOR SERVICES RENDERED BY OTHER THAN EMPLOYEES

Give particulars concerning payments, fees, retainers, commissions, gifts, contributions, assessments, bonuses, pensions, subscriptions, allowances for expenses, or any form of payments amounting in the aggregate to $10,000 or more during the year to any corporation, institution, association, firm, partnership, committee, or any person (other than one of respondents' employees covered in schedule 562 in this annual report) for services or as a donation.

Payments for services which both as to their nature and amount may reasonably be regarded as ordinarily connected with the routine operation, maintenance, or construction of a railroad should be excluded, but any special or unusual payments for services should be reported.

If more convenient, this schedule may be filled out for a group of roads considered as one system and shown only in the report of the principal road of the system with a reference thereto in this report.

Line No.	Name of lessor company (a)	Name of recipient (b)	Nature of service (c)	Amount of payment (d)	Remarks (e)
1	KCSY CO. OF ME	Brenner, Lockwood & O'Neal	Legal Services	$ 25,124	
2					
3		Hurdman &			
4		Cranstoun & Co.	Audit Services	14,950	
5					
6					
7					
8					
9					
10					

581. CONTRACTS, AGREEMENTS, ETC.

Hereunder give a concise statement of each important contract, agreement, arrangement, etc., with other companies or persons, together with important revisions, modifications, terminations, and other changes thereof, which became effective during the year, and concerned in any way the transportation of persons or things at other than tariff rates, or the purchase of equipment under conditional sales plans without the issuance of securities by respondent, making such statements in the following order:

1. Express companies.
2. Mail.
3. Sleeping, parlor, and dining car companies.
4. Freight or transportation companies or lines.
5. Other railway companies.
6. Steamboat or steamship companies.
7. Telegraph companies.
8. Telephone companies.
9. Equipment purchased under conditional sales contracts.
10. Other contracts.

Under item 9, give particulars of conditional sales agreements, lease or rental contracts, and other similar instruments, entered into by respondent for the purchase of equipment, which provide for payment in installments and do not involve the issuance of securities by respondent. State the names of the parties to the contracts or agreements, the number of units of each class of equipment covered, and the terms and conditions of payment.

Information concerning contracts of minor importance may be omitted. A contract of minor importance is defined as one involving receipts or payments of less than $10,000 per year, and which by its terms is otherwise unimportant.

In lieu of giving abstracts, copies of contracts may be filled. Every copy of a contract furnished in connection with the foregoing requirement should be listed hereunder.

The basis for computing receipts and payments should be fully stated in the case of each such contract, agreement, or arrangement.

Compliance with the requirements of this schedule does not relieve the respondent of the duty placed upon common carriers by section 6 (5); Part I, of the Interstate Commerce Act, which reads as follows:

> "Every common carrier subject to this part shall also file with said Commission copies of all contracts, agreements, or arrangements with other common carriers in relation to any traffic affected by the provisions of this part to which it may be a party. Provided, however, that the Commission, by regulations, may provide for exceptions from the requirements of this paragraph in the case of any class or classes of contracts, agreements, or arrangements, the filing of which, in its opinion, is not necessary in the public interest."

None

591. CHANGES DURING THE YEAR

Hereunder state the matters called for. Make the statements explicit and precise, and number them in accordance with the inquiries; each inquiry should be fully answered, and if the word "none" truly states the fact it may be used in answering any particular inquiry. Changes in mileage should be reported by classes and stated to the nearest hundredth of a mile.

1. All increases and decreases in mileage, classifying the changes in the tables below as follows:
   (Class 1) Line owned by respondent.
   (Class 2) Line owned by proprietary companies.
2. For changes in miles of road, give dates of beginning or abandonment of operation. If any changes reportable in this schedule occurred under authority granted by the Commission in certificates of convenience and necessity, issued under paragraphs (18) to (22) of section 1 of the Interstate Commerce Act or otherwise, specific reference to such authority should in each case be made by docket number or otherwise as may be appropriate.
3. All consolidations, mergers, and reorganizations effected, giving particulars.
   This statement should show the mileage, equipment, and cash value of property of each company as well as the consideration received by each company party to the action. State the dates on which consolidated, etc., and whether the prior companies have been dissolved. Copies of the articles of consolidation, merger, or reorganization should be filed with this report.
4. Adjustments in the book value of securities owned, and reasons therefor.
5. Other financial changes of more than $50,000, not elsewhere provided for, giving full particulars.

INCREASES IN MILEAGE

Line No.	Class (a)	Name of lessor company (b)	Main (M) or branch (B) line (c)	RUNNING TRACKS, PASSING TRACKS, CROSS-OVERS, ETC. Miles of road (d)	Miles of second main track (e)	Miles of all other main tracks (f)	Miles of passing tracks, cross-overs, and turn-outs (g)	Miles of way switching tracks (h)	Miles of yard switching tracks (i)	Total (j)
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14		Total Increase								

DECREASES IN MILEAGE

Line No.	Class (a)	Name of lessor company (b)	Main (M) or branch (B) line (c)	Miles of road (d)	Miles of second main track (e)	Miles of all other main tracks (f)	Miles of passing tracks, cross-overs, and turn-outs (g)	Miles of way switching tracks (h)	Miles of yard switching tracks (i)	Total (j)
15										
16										
17										
18										
19										
20										
21										
22										
23										
24										
25										
26										
27										
28										
29		Total Decrease								

If returns under Inquiry No. 1 on page 64 include any first main track owned by respondent or its proprietary companies representing new construction or permanent abandonment give the following particulars:

Line No.	OWNED BY RESPONDENT: Name of lessor company (a)	MILES OF ROAD: Constructed (b)	MILES OF ROAD: Abandoned (c)	OWNED BY PROPRIETARY COMPANIES: Name of proprietary company (d)	MILES OF ROAD: Constructed (e)	MILES OF ROAD: Abandoned (f)
30						
31						
32	None					
33						
34						
35						
36						
37						
38						
39						
40						

The item "miles of road constructed" is intended to show the mileage of first main track laid to extend respondent's road, and should not include tracks relocated and tracks laid to shorten the distance between two points, without serving any new territory. By "road abandoned" is meant permanently abandoned, the cost of which has been or is to be written out of the investment accounts.

Schedule 595.—COMPETITIVE BIDDING — CLAYTON ANTITRUST ACT

Section 10 of the Clayton Antitrust Act (15 U.S.C. 20) states that "no common carrier engaged in commerce shall have any dealings in securities, supplies or other articles of commerce, or shall make or have any contracts for construction or maintenance of any kind, to the amount of more than $50,000, in the aggregate, in any one year, with another corporation, firm, partnership or association when the said common carrier shall have upon its board of directors or as its president, manager or as its purchasing or selling officer, or agent in the particular transaction, any person who is at the same time a director, manager, or purchasing or selling officer of, or who has any substantial interest in, such other corporation, firm, partnership or association, unless and except such purchases shall be made from, or such dealings shall be made with, the bidder whose bid is the most favorable to such common carrier, to be ascertained by competitive bidding under regulations to be prescribed by rule or otherwise by the Interstate Commerce Commission." The specification for competitive bids is found in the Code of Federal Regulations, Part 1010-Competitive Bids through Part 1010.7 - Carriers Subject to the Interstate Commerce Act.

In column (g), identify the company awarded the bid by including company name and address, name and title of respondent officers, directors, selling officer, purchasing officer and/or general manager that has an affiliation with the seller.

Line No.	Nature of bid (a)	Date Published (b)	Contract number (c)	No. of bidders (d)	Method of awarding bid (e)	Date filed with the Commission (f)	Company awarded bid (g)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
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16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							

NOTES AND REMARKS

VERIFICATION

The foregoing report must be verified by the oath of the officer having control of the accounting of the respondents. It should be verified, also, by the oath of the president or other chief officer of the respondents, unless the respondents state on the last preceding page of this report that such chief officer has no control over the accounting of the respondents. The oath required may be taken before any person authorized to administer an oath by the laws of the State in which the same is taken.

OATH

(To be made by the officer having control of the accounting of the respondents)

State of Missouri
County of Jackson } ss:

John E. Connors (Insert here the name of the affiant) makes oath and says that he is Secretary & Treasurer (Insert here the official title of the affiant)

of Kansas City Stock Yards Company of Maine (Insert here the exact legal titles or names of the respondents)

That it is his duty to have supervision over the books of account of the respondents and to control the manner in which such books are kept; that he knows that such books have, during the period covered by the foregoing report, been kept in good faith in accordance with the accounting and other orders of the Interstate Commerce Commission, effective during the said period; that he has carefully examined the said report and to the best of his knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, been accurately taken from the said books of account and are in exact accordance therewith; that he believes that all other 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 respondents during the period of time from and, including

January 1, 1976, to and including December 31, 1976

John E Connors
(Signature of affiant)

Subscribed and sworn to before me, a Notary Public, in and for the State and county above named, this 24th day of March, 1977

NORMAN M. HOUGHTON

My commission expires My Commission Expires Nov. 18, 1979

[Use an L. S. impression seal]

Norman M. Houghton
(Signature of officer authorized to administer oaths)

VERIFICATION—Concluded

SUPPLEMENTAL OATH

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

State of Missouri
County of Jackson } ss.

Charles B. Jennings (Insert here the name of the affiant) Makes oath and says that he is President (Insert here the official title of the affiant)

of Kansas City Stock Yards Company of Maine (Insert here the exact legal titles or names of the respondents)

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 respondents during the period of time from and including

January 1, 19 76, to and including December 31, 19 76

(Signature of affiant)

Subscribed and sworn to before me, a Notary Public, in and for the State and

county above named, this 24 TH day of March, 19 77

My commission expires NORMAN M. HOUGHTON My Commission Expires Nov. 18, 1979

Use an L. S. impression seal

(Signature of officer authorized to administer oaths)

CORRESPONDENCE

OFFICER ADDRESSED		DATE OF LETTER OR TELEGRAM			SUBJECT					Answer needed	ANSWER			
											DATE OF— LETTER			File number of letter or telegram
Name	Title	Month	Day	Year	Page						Month	Day	Year	

CORRECTIONS

DATE OF CORRECTION			Page					AUTHORITY						CLERK MAKING CORRECTION
								LETTER OR TELEGRAM OF—			OFFICER SENDING LETTER OR TELEGRAM		COMMISSION FILE NO.	
Month	Day	Year						Month	Day	Year	Name	Title		Name

☆ U.S. GOVERNMENT PRINTING OFFICE: 1977-224-326

Corporation **1976** Annual Report

Bendix

Contents

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Section Two

Section Three

Foreword

Bendix, a worldwide manufacturing company serving the automotive, aerospace-electronics, shelter and industrial-energy markets, is:

Growth oriented Revenues have risen from $1.68 billion in 1970 to $2.97 billion in 1976.

Increasingly profitable Earnings have grown at a compound annual rate of 21.7 percent since 1970, reaching an all-time high of $104.7 million, or $4.74 per share, in 1976.

A technological leader From brake and starter innovations in the early days of the auto industry to today's advancements in automotive electronics, aircraft flight controls and space exploration instrumentation.

Financially strong Debt as a percent of total capitalization is down to 30 percent, the lowest level in the Seventies. Cash and marketable securities totalled $80.9 million at the end of the fiscal year.

Soundly managed Selected in 1976 as one of the five best managed corporations in the U.S. by the corporate management monthly, Dun's Review. Reprints of the article about Bendix from Dun's December, 1976 edition can be obtained by writing to: Director, Investor Relations, The Bendix Corporation, Executive Offices, Bendix Center, Southfield, Michigan 48076.

And just as important, as part of an overall corporate philosophy known as People and Profits, Bendix is a company concerned with the needs of its customers, the trust of its stockholders and the aspirations of employees, as well as its obligations to serve the larger goals and requirements of a rapidly changing world society.

This is Bendix—a company on the move.

Financial Profile

The Bendix Corporation and Consolidated Subsidiaries For the Years Ended September 30

	1976	1975	Percent Change
Net sales, royalties, and other operating income (in millions)	$2,965.5	$2,607.6	13.7%
Net income (in millions)	104.7	79.8	31.2
Earnings per share	4.74	3.66	29.5
Cash dividends per share	1.66	1.39	19.4
Percent return on stockholders' equity	13.8	10.9	26.6

Results of Operations By Lines of Business

	Revenues		Income Before Taxes	
	1976	1975	1976	1975
		(in millions)		
Automotive	$1,596.7	$1,333.0	$153.6	$117.2
Aerospace-Electronics	724.5	715.2	53.4	48.6
Shelter	408.4	330.4	12.2	5.3
Industrial-Energy	242.5	246.7	28.8	34.8
Sundry operations and intercompany eliminations	(6.6)	(17.7)	(16.5)	(12.5)
Interest expense			(39.2)	(42.8)
Total	2,965.5	2,607.6	192.3	150.6
Unusual items				(16.0)
Total	$2,965.5	$2,607.6	$192.3	$134.6

See page 40 for Five Year Results of Operations by Lines of Business and note thereto.

To Our Shareholders

W. Michael Blumenthal
Chairman and
Chief Executive Officer

Fiscal 1976 was by every measure and by a comfortable margin the best in Bendix history. Revenues for the year ended September 30 reached a total of $2.97 billion, compared with $2.61 billion in 1975, an increase of 14 percent. More importantly, in 1976 our growth in earnings again substantially outstripped our growth in volume, with net income of $104.7 million, an increase of 31 percent over last year's net of $79.8 million.

Earnings per share rose to $4.74 compared to last year's $3.66 per share, as adjusted for the four-for-three Common Stock split which was effected, together with a dividend increase and a special stock distribution, earlier in the year.

These are encouraging numbers. Coming after a record 1975, indeed, after six consecutive years of improved earnings—they demonstrate the strength and flexibility which we derive in good times and bad from our diversification into four major groups, each of which is itself diversified to provide offsets against the business cycle.

Kierkegaard, the Danish theologian, once pointed out that "life must be lived forward, but it can only be understood backwards." The results I have summarized above assume their full significance only when we see them in relation to our past.

Bendix has always been and remains committed to quality products, technological leadership and manufacturing expertise, but its earnings record in the Fifties and the Sixties was, frankly, spotty; and the basic reason for this was that we were excessively dependent on government work—more than 60 percent of our volume at one time—and on the cyclical ups and downs of the industries we served. We determined, in planning for the Seventies, that there would be no more downs; that Bendix would commit itself actively and effectively to steady and profitable growth.

A New Bendix

Such a commitment implied that we would make basic and sometimes painful changes in our organization and in our working methods. In effect, it meant that we would build a new Bendix. And this is what we have done.

Our government business is now less than 19 percent of our volume. Since 1970, our earnings per share have increased at a compound rate of 21.7 percent per annum, while our revenues grew at a compound annual rate of 9.9 percent, from $1.68 billion to $2.97 billion, and our return on shareholders' equity more than doubled, from 5.8 percent in 1970 to 13.8 percent in 1976. Book value during this period went from $23.81 to $34.66 a share, and our dividend rate now stands 67 percent higher than in 1970. And this, as I think you will agree when you have read this annual report, is only a beginning. Bendix is clearly moving up.

Results of this quality do not just happen—not over an extended period of years. They are made to happen. We have had our share, perhaps more than our share, of good fortune. And we have also made our share of mistakes. But what you do with your luck and what you learn from your mistakes depends in the end on the competence and character of your people. It's as simple as that.

People and Profits

This in essence is what we mean by People and Profits—a phrase we have used in Bendix to express our management philosophy in summary form. On reflection, however, there is more than a mere truism in the notion of People and Profits.

What we are talking about is an attitude and a spirit, but it is also an observable and measurable way of doing what we have to do. The basic responsibility of a manager, at whatever level, begins with the selection of the managers around him. If a manager is wise and truly devoted to the interests of the business, he or she will select people for their competence and character, not for their pliability or subservience, and will make such demands on them that they will have to surround themselves with people of similar quality in order to succeed in their work. Procedures will be established to ensure that the best available people are found, retained, developed and properly assigned; and quality management will thus tend to propagate itself and become, as our forest products people like to say of their growing trees in California, "a renewable resource."

This is not to say that I am satisfied we have yet accomplished everything that we can and should in this area. One's reach is and should be greater than one's grasp. But one thing is certain: no aspect of our management system has engaged us more deeply and none has received more of our time and energy than this crucial question of identifying and developing our people in order to make sure that they will be adequate—and more than adequate—to the tasks they assume.

A Moral Dimension

Since these are business tasks, we measure their performance in business terms. We speak of gross margins, discounted cash flow and return on investment. But we know there is another dimension to People and Profits—a moral dimension. We rarely talk or even think about it, but when we do, our banal old slogan begins, like a crystal under a microscope, to look considerably more complex than it did to the naked eye. It takes good people, we said, to create a healthy business. But only a healthy business can provide the environment in which people will live and grow.

Which comes first—the profit or the people?

Here is a case where, as often happens in our technological research, posing the question is more to the point than finding the answer. Health, safety, training, job satisfaction, fairness—these are programs and values to which Bendix is committed, however difficult it may be to cost some of them out. This is not to say that costs are irrelevant. They never are. But the question reminds us that the market economy, like democracy itself, is based on a moral perception: that people are more than a means to an end.

Which brings me, finally, to another fateful question—one which concerns the authority or legitimacy of our business leadership in this country and throughout the Western World.

Business Embattled

The prestige of business continues, we are told, to be at an all-time low. And business people tend to react to this fact with a deep sense of injustice. They contrast the way their businesses are run with the disorder and messiness of politics. They point out that government in many instances is directly responsible for the ills—inflation, unemployment, shortages—which are laid at business' door. And, of course, there is a great deal of truth in what they say. Yet nothing could be more self-defeating for business people than to take comfort in the fact that politics and government have also dropped to a low point in public esteem.

During much of our fiscal year, the American people were going through the quadrennial ritual of electing a President. Bendix people were active on both sides of that contest, and properly so; and it would be inappropriate for me to comment on the outcome here. But I do think it fair to say that we were often dismayed by the level on which issues of prime importance to the economy and to our operations were discussed. In the face of so much media clutter and confusion, in the absence of analysis and rational debate, there is a temptation to turn away from the political process and say: "A plague on both your houses."

Community Pressures

But this is clearly a temptation we cannot afford. For one thing, it is no longer possible, if it ever was, to conceive of business operating in a theoretical vacuum, as somehow distinct from the environment of laws and regulations and community pressures which is our real world. We are involved in public affairs whether we choose to be or not. And for another thing, we cannot escape the fact that it is our own authority and our own legitimacy which have been placed in question—not merely in socialist-leaning Europe and in revolutionary Africa but in our country as well. People no longer merely gripe about scandals, bribes, inflation, pollution, unemployment. They seem to be saying: Who's in charge here? Why? By what right?

"The Consent of the Governed"

Well, we are in charge—there is no getting away from that. We cannot safely proceed on the assumption that this is all someone else's fault, or that it will all go away in good time. Perhaps it will, but the prudent way would be not to count on it. No doubt, as some have suggested, we have to learn how to explain ourselves more effectively, but the fundamental fact is that people are coming increasingly to feel that businesses, like governments, "derive their just powers from the consent of the governed"—which means, quite simply, that we must so conduct our affairs that we obtain that consent.

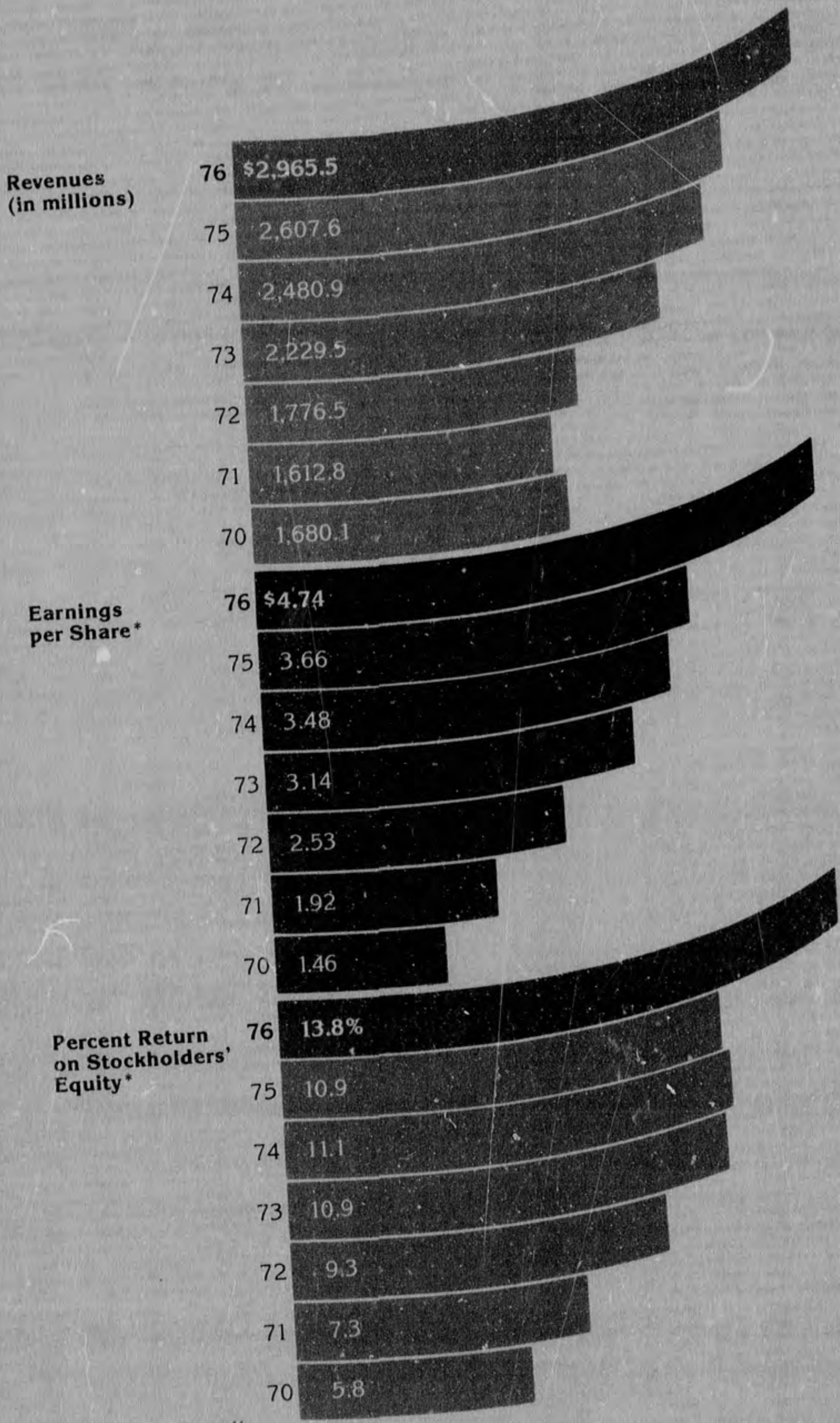
That will take a lot of doing, but I am convinced that it can be done. At Bendix, in any event, it is being done. Our people have responded magnificently to the notion of People and Profits. They have brought their full measure of enthusiasm and talent to the tasks we have undertaken together. And this is why our annual report, which we are dedicating this year to the employees of Bendix, bears witness to something more than our financial success.

WMBlumenthal

W. M. Blumenthal

December, 1976

Bendix in the Seventies



*See note (*) on page 41.

Financial Review

Revenues and Earnings

Revenues for 1976, consisting of $2.95 billion in sales, and royalties and other operating income of $18.5 million, totalled $2.97 billion. This is an increase of 14 percent over 1975 revenues of $2.61 billion. The $2.95 billion in sales for 1976 compares with 1975 sales of $2.59 billion. The $18.5 million of royalties and other operating income for 1976 compares with $17.9 million for 1975.

Net income rose to $104.7 million in 1976 from $79.8 million in 1975, an increase of 31 percent. Earnings per share in 1976 were $4.74 compared to $3.66 per share in 1975, as adjusted for the four-for-three Common Stock split.

Since 1970, revenues have increased from $1.68 billion to the $3 billion level. Earnings per share of $4.74 for 1976 reflect a compound annual growth rate of 21.7 percent from fiscal 1970.

Dividends

Cash dividends on Common Stock were increased during 1976 for the third consecutive year bringing the annual dividend rate to $1.72 per share at the end of the year. This compares with $1.50 per share at the end of 1975.

The dividend was increased again in the first quarter of fiscal 1977. Beginning with the dividend payable in December, the annual rate is $2.00 per share. With this latest increase, the current dividend rate is 67 percent higher than that in effect for 1970.

Total cash dividends paid on Common Stock during 1976 were $32.7 million compared with $22.7 million in 1975. Also, during 1976 quarterly dividends totalling $3.5 million were paid on the Corporation's Series A $3 Cumulative Convertible Preferred Stock compared with $8.2 million in 1975.

In addition to the quarterly cash dividend payments, in 1976 the Corporation distributed as a dividend to its common stockholders all of the common stock of Facet Enterprises, Inc. to complete the divestiture of Facet as required by the November 1974 Order of the Federal Trade Commission.

Stockholders' Investment

Return on stockholders' equity increased from 10.9 percent for 1975 to 13.8 percent for 1976. The return on stockholders' equity for 1970 was 5.8 percent.

In April 1976 the Corporation effected a four-for-three Common Stock split through the issuance of one additional share for each three shares held on March 18, 1976. The Common Stock market quotation prices and quarterly dividends shown in the table accompanying this section are restated to reflect the split as are all other per share amounts presented in this annual report.

At the end of 1976 there were 35,982 common stockholders, virtually unchanged from 1975. In addition, some 14,296 employees were enrolled in the Bendix Salaried Employees' Savings and Stock Ownership Plan. The Plan held 3,119,563 shares of Bendix Common Stock at the close of fiscal 1976, representing about 15 percent of the outstanding shares.

Holders of the Corporation's Series A $3 Cumulative Convertible Preferred Stock numbered 2,198 at the end of 1976, a decrease of 2,699 from September 30, 1975, due mainly to the conversion during 1976 of 2,076,620 shares of Preferred Stock into Common Stock.

The quarterly market price range for Bendix Common Stock and Series A $3 Cumulative Convertible Preferred Stock, as reported in The Wall Street Journal, and quarterly dividends paid on each class of stock are shown in the table below for fiscal 1976 and 1975.

Quarter Ended	Common			Preferred		
	High	Low	Divid.	High	Low	Divid.
9/30/76	43¼	37¾	43¢	86⅝	77½	75¢
6/30/76	45¾	40⅝	43¢	92	84	75¢
3/31/76	46¼	33	42¾¢	92	66	75¢
12/31/75	34⅛	30	37½¢	67⅜	60¼	75¢
9/30/75	33⅜	27	37½¢	66⅜	54¾	75¢
6/30/75	29⅜	21¾	33¾¢	58	44	75¢
3/31/75	25⅞	16¼	33¾¢	51	36	75¢
12/31/74	18½	15	33¾¢	39	31½	75¢

Financial Position

Bendix continued to maintain its strong financial position throughout fiscal 1976. This reflects the Corporation's ongoing program of careful asset management. As a result, the Corporation continues to be well positioned to select those opportunities promising the greatest return on the resources invested.

The Corporation's debt ratio continued to improve. At year end 1976 debt was 30 percent of total capitalization compared to 33 percent on September 30, 1975. Consolidated debt at year end of $333.5 million represents a decrease of $42.8 million, or 11 percent since September 30, 1975.

Internally generated funds continued to provide a large portion of the Corporation's cash requirements. As a result, no commercial paper borrowings were made in 1976, and total short-term debt was reduced from $90.5 million outstanding at the close of 1975 to $61.0 million at the end of fiscal 1976.

Bank borrowings of subsidiaries consist mainly of overdraft facilities and borrowings from banks outside the U.S.

As part of its short-term debt structure, Bendix has domestic bank lines which amounted to $100 million at September 30, 1976, including a $50 million bank credit agreement negotiated in October 1975.

Total Debt

	1976		1975	
	(in millions, except percentages)			
U.S. and Canadian Operations				
Current	$ 3.9	1%	$ 7.8	2%
Long-Term				
6⅝% Sinking Fund Debentures Due 1992	106.2	32	112.4	30
9¼% Notes Due 1981	75.0	22	75.0	20
7% Promissory Notes Due 1977	30.0	9	30.0	8
Other	18.5	6	20.4	5
Total	233.6	70	245.6	65
Operations Outside the U.S. and Canada				
Current	57.2	17	82.8	22
Long-Term				
8% Guaranteed Debentures Due 1979	6.5	2	8.0	2
Other	37.1	11	41.0	11
Total	100.8	30	131.8	35
Less—Unamortized debt discount	.9		1.1	
Total	$333.5	100%	$376.3	100%

Capital Expenditures

Capital spending for land, buildings, and equipment for 1976 continued to outpace depreciation expense as it has throughout the Seventies. Consolidated expenditures were $88.3 million this year while depreciation amounted to $51.7 million. The comparable 1975 amounts were $64.6 million and $47.4 million, respectively.

Financial Review

Management's Analysis of Consolidated Statement of Income

Fiscal 1976 Compared to 1975

Net sales increased $357.3 million primarily due to significantly greater sales of the automotive and shelter businesses. The increase in net income of $24.9 million resulted principally from substantially higher profits of the automotive business and also significantly improved profits of the shelter business and improved profits of the aerospace-electronics business. Net income was adversely affected by lower profits of the industrial-energy business. (For more detailed discussions of the comparative performances of each business, see "Analysis" under "Automotive", "Aerospace-Electronics", "Shelter" and "Industrial-Energy" on pages 13, 17, 21 and 25, respectively.) Income before taxes increased also due to the absence of the unusual items which reduced 1975 income before taxes by $16.0 million.

Other Items. Miscellaneous income--Net decreased $.3 million due to the write-off of goodwill resulting from the disposition of minor European recreational vehicle operations and higher foreign exchange losses in 1976, although interest income was higher than in 1975. The increase in cost of sales of $256.3 million reflects higher sales volume and higher material and labor costs. Selling and administrative expenses were $61.6 million higher primarily due to expenses associated with the increased sales and higher levels of salaries, payroll taxes and pension expense. U.S. and foreign income taxes increased $33.9 million primarily because of the substantial increase in profits and the higher effective tax rate in 1976 due to the absence of tax benefits which resulted from the unusual items in 1975.

Fiscal 1975 Compared to 1974

The increase in net sales of $125.3 million is attributable primarily to significantly greater sales of the aerospace-electronics and automotive businesses and also to increased sales of the industrial-energy business. The increase in net income of $4.0 million resulted principally from significantly improved profits of the aerospace-electronics and industrial-energy businesses. Net income was adversely affected by significantly lower profits of shelter operations and decreased profits of the automotive business. (For more detailed discussions of the comparative performances of each business, see "Analysis" on pages 13, 17, 21 and 25.) Income before taxes for 1975 was reduced by $16.0 million due to the net gains and losses from the sale and termination of operations of certain foreign affiliates and a real estate transaction. However, the impact of these transactions on net income was not significant after considering related tax benefits which were the primary cause for the decrease of $17.3 million in U.S. and foreign income taxes. (See "Unusual Items", pg. 36.)

Automotive

Profile In the automotive field, Bendix is the world's leading independent supplier of components and systems for automobiles, trucks, tractors, and heavy industrial vehicles.

Bendix products consist primarily of a wide variety of brakes and linings, hydraulic systems, power steering assemblies, wheel and master cylinders, valves, air pumps, electronic fuel injection systems, automatic temperature controls, spark plugs, replaceable oil, air and fuel filters, electrical equipment, engine fans and windshield wipers. Bendix components are used on almost every automobile built in the Western World, either as a product manufactured by Bendix or by one of its licensees. Principal automotive operations are located in the U.S., Canada, Britain, France, Germany, Spain, Italy, Brazil, Mexico, Argentina, Venezuela, Japan and Australia, with distribution and marketing facilities in many other countries. Operations are coordinated by geographic areas.

Bendix automotive components are sold both to manufacturers of original equipment and through distribution channels for replacement purposes. In North America, products are marketed under the Bendix, Fram and Autolite names. Overseas sales are under these and other trade names. Recreational vehicles manufactured by Bendix Home Systems in the U.S., Canada and France are sold wholesale to independent retail dealers.

Market conditions for worldwide Bendix automotive operations varied considerably during the past three fiscal years. The company attributes its successful automotive operations to selective diversification with greater emphasis on foreign and aftermarket sales; technological leadership, especially in the development of products to meet increasingly rigorous fuel economy, anti-pollution and safety standards, and the ability of management to move quickly in response to changing market conditions.

Revenues from automotive business operations accounted for $1,596.7 million, an increase of 19.8 percent in fiscal 1976, compared with $1,333.0 million in fiscal 1975, while profits rose to $153.6 million, an increase of 31.1 percent from $117.2 million in fiscal 1975. Automotive operations outside the U.S. and Canada accounted for 48 percent of total automotive revenues. Original equipment sales accounted for 62 percent and replacement sales accounted for 38 percent of automotive component sales.

Analysis Automotive revenues and profits were up substantially from fiscal 1975 to 1976. These increases were principally due to much stronger sales of automotive components for new cars, with the recovery of the automotive industry in the U.S. and overseas, as well as for the worldwide market for replacement parts. Improved profitability of the recreational vehicle operations resulted in a reversal of last year's loss.

Bendix automotive revenues increased for fiscal 1975 over 1974, principally as the result of higher sales in the aftermarket and in certain foreign countries. During 1975, automotive profits were lower than for 1974 due principally to lower unit sales to original equipment car and truck manufacturers in the U.S. and some foreign countries, rising material and labor costs—not fully offset by price increases and productivity gains—and foreign currency exchange losses. Automotive profits in 1975 were favorably affected by the reduction of operating losses of certain foreign operations terminated during the year and improved sales of automotive products abroad.

Outlook Bendix is expanding in both the domestic and international markets, centering on increasing the company's role as a major supplier of original and aftermarket equipment for passenger cars, trucks and heavy vehicles, with interchangeable sources of supply from operations in the U.S. and abroad.

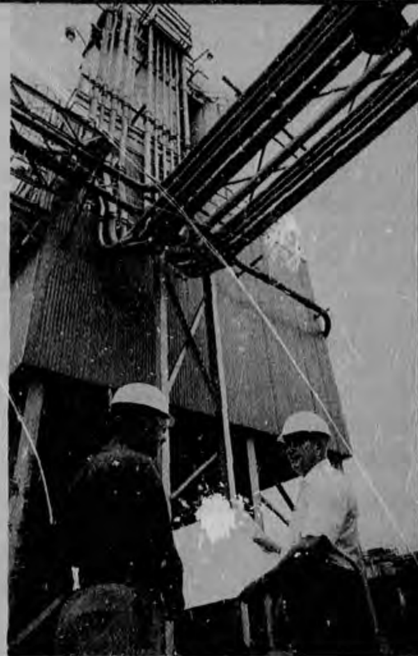
Through research and many years of international experience, Bendix is well positioned to assist domestic manufacturers in the development of smaller, more fuel efficient vehicles through the use of electronic devices and lighter weight materials in braking and steering systems and other components. Bendix research is also striving to make cars safer with a new generation of disc brakes, new braking materials and new, safer and more precise power steering systems. In France, Bendix developed a device which dynamically distributes the brake force between a vehicle's front and rear wheels. It is now widely used in Europe.

Many fuel economy and safety devices are being increasingly engineered into U.S. and foreign cars. Bendix is seeking broader market penetration with a variety of new and improved products in fuel management; automatic transmission gear shifting; brake, ignition and spark timing devices, and sensors and actuators.

Bendix is assisting auto manufacturers in efforts to standardize many automotive components, making them interchangeable between different automobiles. Another step in this direction is the Ford Fiesta, now manufactured in Germany and Spain. Original equipment parts are being supplied from Bendix facilities in France and Spain. With worldwide marketing capabilities, Bendix is increasingly able to supply more automotive components from multiple sources to auto manufacturers around the world.

Looking ahead, Bendix is endeavoring to increase its share of the business not only in the North American market, but also in the 25-30 million car industry abroad.

Another area being emphasized is the truck and heavy vehicle industry. With plants located in a number of foreign countries, Bendix is positioned to supply interchangeably both U.S. and foreign manufacturers in their domestic markets as well as their subsidiaries throughout the world.



Worldwide auto market The automotive industry has established itself as an international marketplace for new products and technology. And as the world's leading independent supplier of automotive components, Bendix is taking full advantage of its international experience in marketing, manufacturing and engineering. A case in point is the new Ford front-wheel-drive car, Fiesta, initially being produced in two European plants. Bendix subsidiaries in France and Spain are providing drum and disc brakes and power brake boosters for the new vehicle. The Fiesta will enter the U.S. market in 1977. Bendix has been involved in the project right from the start, beginning with discussions at Ford World Headquarters in Dearborn, Michigan.

More on the international scene One of Bendix do Brasil's newest customers is Detroit Diesel Allison do Brasil, a General Motors' subsidiary, to which Bendix will supply vacuum pumps and compressors for diesel engines. While this may appear to be a fairly routine business arrangement between two Brazilian companies, it serves as another good example of the close coordination among the worldwide automotive operations of Bendix and also portends an accelerating trend in the automotive markets served by the company. At least four Bendix units in North and South America worked together to obtain the new diesel business in Brazil for parts the company also provides to GM in North America. In another international development, a new heavy-truck power steering gear has been developed by the Bendix subsidiary in Spain, Bendiberica, a long-time manufacturer of brakes and heavy-duty power steering equipment. Engineered for use in Spain and Western Europe, the new gear holds promise for much wider acceptance, possibly on a worldwide basis.

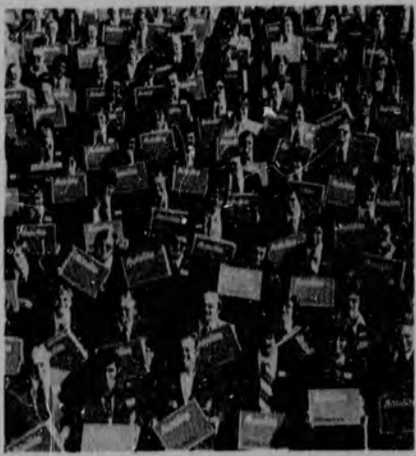
Doing good while doing well In the highly competitive automotive aftermarket, where the company is represented by the well-established brand names of Bendix, Fram and Autolite, effective marketing is critical. The Fram subsidiary has long been a leader in this field. Fram knows how to promote products and a good cause at the same time. As a sponsor of ABC TV's popular "Superstars" sports series, which is tuned in by a good many aftermarket customers, Fram has been contributing an annual award in the name of the winner to a nonprofit sports organization. Since 1974, the recipient has been the Special Olympics for Mentally Retarded Children, a project of the Joseph P. Kennedy, Jr. Foundation. In 1976, Fram contributed \$5,000 to the Special Olympics on behalf of the winner of the mens' competition, Kyle Rote, Jr., and an equal amount in the name of the womens' winner, Anne Henning. Making the presentation of the Fram Trophy to Anne Henning and Kyle Rote, Jr. is Fram vice president Pete Innis. In recognition of its support of the program, Fram was honored as the "Outstanding National Organization" by athletes, sportswriters and sportscasters for the Special Olympics.

Good neighbor policy As a matter of policy, the corporation considers community interests in all important business decisions. This "golden rule" also applies to Bendix plant activities across the country. For example, in Troy, New York, headquarters of the Friction Materials Division, a major environmental improvement program was completed in 1976 at a cost of \$3 million last year alone. These improvements are related to our concern for safe working conditions and new government standards for the control of asbestos dust in the workplace and in the outside environment. Shown inspecting the installation are (from left) Jim Armstrong, corporate director of safety and health, and Dave Stone, the division's director of plant engineering and manufacturing. In a different program at the division's plant in Cleveland, Tennessee, the Governor named the Bendix unit "Employer of the Year" for outstanding achievement in the employment and advancement of handicapped people. More than 24 percent of the plant's 300-plus employees are handicapped.

Fanning innovation To those outside the trucking industry, the introduction of a new fan clutch may be something less than a conversation starter. But cost-conscious truckers view the matter quite differently. Extensive testing at the Bendix Heavy Vehicle Systems Group (HVSG) in Elyria, Ohio, revealed that a truck's cooling fan may be required only five percent of the time. HVSG responded with a new fan clutch in fiscal 1976. It automatically turns on and off in response to a thermostat, driving the fan only when needed to cool the engine. Tests show the device pays handsome dividends for truckers. Fuel consumption can be reduced eight to twelve percent, available engine power is increased and, of growing importance, engine noise level is reduced. Ivan Johnson, John Hall and Gilbert Pataky handled engineering design and development. James Nawrot planned and coordinated production and Elmer Oswald did the tooling. Jim McClelland (right), Bendix sales engineer, inspects the new fan clutch with Tom Robertson of White Motor.


Bendix

Technological evolution Improved products can be just as important as new products in gaining or increasing market penetration. Introduced in 1974, the Bendix Hydro-Boost uses hydraulic pressure from a vehicle's power steering pump as a power brake booster rather than engine vacuum, which had been the case since power brakes were developed more than 50 years ago. Thanks to a steady stream of design improvements at the Automotive Control Systems Group, South Bend, Indiana, Hydro-Boost is as new today as when it was introduced. At least seven new patents have been issued on this product which enjoys growing customer acceptance. Design developments have also made the Bendix Mastervac, introduced in 1959, one of the company's most successful automotive products. The Mastervac is a vacuum-powered booster used to provide force assist for applying hydraulic brakes. A total of 27 patents have been issued on Mastervac over the years.



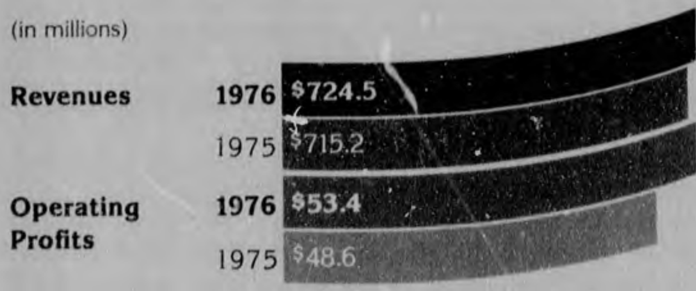
Plugged in Fram made big news in the automotive aftermarket in 1976 when its sales force began selling Autolite spark plugs. In addition to greater marketing effectiveness and convenience for wholesale customers, the change enhances the sales potential for Autolite plugs through the Fram distribution network. Nearly 30 percent of the passenger cars and light trucks built in the U.S. in the past 10 years had Autolite spark plugs as original equipment and recommended replacements.

Quality control: a worldwide priority Throughout the automotive world, quality control in the manufacturing of components is becoming more stringent. In Angers, France, at what may be the world's largest brake plant, the DBA subsidiary of Bendix implemented a new program in 1976 to ensure the shipment of only top quality brakes. The program is an important one and good management is the key. At the Angers plant, responsibility for quality control belongs to Christiane Rosiaux (right), an electronics engineer with a Master of Science degree, who has been on temporary assignment there to help start the new program. As part of her overall duties, she has made it a point to follow important trends in worldwide quality control techniques and requirements. She is in very good company in this regard. Her corporate supervisor, Michel Vigier, serves as an official representative of France in cooperative efforts among European car manufacturers to develop a common point of view on quality control methods and reliability matters.

Canadian caravan The modern, motorized "covered wagon" has all the comforts of home, but today's recreational vehicle owner is no less venturesome than earlier travelers. Witness the activities of Canada's first and largest association of recreational vehicle owners, the Bendix Caravan Club. In observance of the U.S. Bicentennial, the club held its 1976 International Rally in New Hampshire, one of the original 13 U.S. colonies. The gathering attracted more than 1,000 Bendix recreational vehicle buffs from Canada and a number of guests from Europe. In all, the club numbers 3,000 family memberships in 24 chapters. Catering to their wanderlust are club director Jack Gilbert (second from right) and his assistant, Dick Heaton, who also provide members with vital information on vehicle maintenance and safety.

The electronic age Bendix has been working for a good many years to help usher-in the age of automotive electronics. In 1976, several leading business publications agreed that day is just around the corner. And Bendix has had a good share of the headlines. As part of the company's broadening involvement in automotive electronics, of which electronic fuel injection is one major area, Bendix engineers are drawing on the latest microprocessor technology in the interdivisional development of onboard computers to regulate fuel flow, ignition timing and exhaust gas recirculation. Rapid progress in this program has been possible through the use of advanced semiconductor circuit design capabilities of the Aerospace-Electronics Group and through the interdivisional transfer of personnel with key skills to the Electronics & Engine Control Systems Group, among whom are Didier deVulpillieres, who moved to his current assignment from the DBA subsidiary in France; Tom Trexler, who transferred from Aerospace Systems Division; and Tom Hartford, who helped initiate the project at Bendix Research Laboratories before transferring to his present assignment. The electronic control units emerging from these programs will help auto manufacturers achieve new standards for fuel economy and lower emissions in the 1980's and beyond. In another step forward, the company announced plans to establish the first electronic fuel injector plant in North America. At a cost of approximately $8 million for new equipment, the company is outfitting an existing manufacturing facility in Newport News, Virginia.

Aerospace-Electronics



Profile A pioneer in the field of aviation for more than half a century, Bendix has expanded into a variety of high-technology aerospace-electronics operations involving the design, development, production, marketing and technical support of products and systems primarily related to general, commercial and military aviation and space exploration.

The principal products supplied by Bendix to the aviation industry include electric power generating, converting and control systems; wheels, brakes and landing gear; fuel controls; electro-mechanical and hydraulic components; engine and flight instruments and controls; inertial guidance systems; high altitude breathing equipment; landing systems; communications, navigation and identification equipment; ground and airborne radar systems; connectors, cables, ignition components, and test and checkout equipment. Bendix products on individual airplanes may range in value up to $350,000, depending on the type of aircraft.

Bendix is also deeply involved in space technology. Principal products and services include systems for extraterrestrial exploration, space communications, guidance and control of space vehicles; test and checkout equipment; field engineering, and management and operational support services for NASA's launch facility at the Kennedy Space Center and its network of space tracking stations throughout the world.

Bendix also manufactures missile systems and subsystems; equipment for use in the detection and monitoring of pollutants and the identification of Earth resources; medical and health equipment; oceanics products, such as submarine sonar systems, underwater position-fixing, ranging and telemetry equipment; devices for testing and analytical functions in industrial and laboratory applications, and meteorological instruments.

Bendix operates a plant in Kansas City, Missouri, for the U.S. Energy Research and Development Administration (ERDA), where electronic, mechanical and electro-mechanical devices are manufactured. Bendix also operates ERDA's uranium exploration and evaluation facility in Colorado. Bendix receives annual fees for managing these operations and programs.

Revenues from aerospace-electronics business operations accounted for $724.5 million, an increase of 1.3 percent in fiscal 1976, compared with $715.2 million in fiscal 1975, while profits rose to $53.4 million, an increase of 9.9 percent from $48.6 million in fiscal 1975. The aerospace-electronics business is affected by the level of expenditures for defense and space programs and the scheduled production of commercial and general aviation aircraft. Aviation, both civil and military, accounts for about 70 percent of the aerospace-electronics business, missiles and space for about 20 percent and "other" for about 10 percent.

Analysis Profits of the aerospace-electronics operations improved from fiscal 1975 to 1976 on slightly higher revenues. This profit improvement is mainly attributable to a significant turnaround in the profitability of one division.

Revenues and profits of the aerospace-electronics business were substantially greater in fiscal 1975 than 1974, primarily because of significantly increased domestic and export sales of Bendix aviation products.

Outlook Continuing modernization of the world's military and commercial aircraft will create a larger demand for traditional Bendix aircraft products—braking, communications, navigation, weather radar and automatic flight control systems.

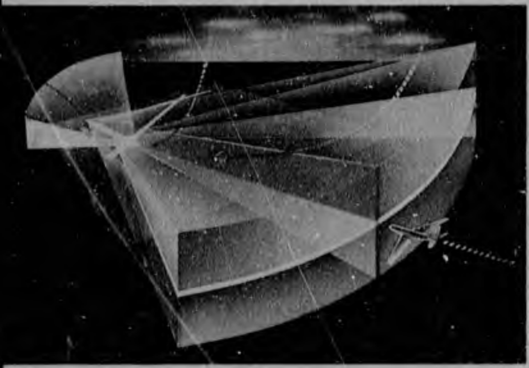
Important new products include the Bendix-developed Omega airborne navigation system and the microwave landing system. The airborne Omega system derives its information from eight ground stations around the world. It provides extremely accurate navigation information anywhere on Earth. The microwave landing system will significantly improve landing safety and efficiency of air traffic under restricted visibility.

Bendix fuel control systems have been selected for use on the new F-16 and F-18 jet fighters, which will reach production during the next three or four years. The BX 2000 airborne digital communications, navigation and identification system, introduced in 1976, is widely regarded as one of the most technologically advanced product lines introduced to the general aviation market in the last 20 years because of its added features, reduced size and cost, and its adaptability to a wide range of aircraft. Ancillary uses of this new technology are being considered and are expected to become a significant source of income for Bendix aerospace-electronics operations in the years ahead. Because of its facilities and expertise in sonar and significant contributions to the advancement of this technology, the company will also continue to meet expanded NATO needs for submarine detection devices.

Because of the cyclical, and in many respects uncertain nature of the aerospace-electronics business, the Bendix approach is not primarily volume oriented. Rather, the company is concentrating on improving profitability and return on investment. In recent years, the objective to exceed 10 percent return on investment has been achieved. Bendix hopes to do even better in the years ahead. Accordingly, aerospace-electronics sales are focused increasingly on profitability of contracts with reasonable technical risks. If higher technical risks are involved, the policy is to bid only if contingencies and costs are adequately covered. With insistence on profitability, Bendix is also reducing its investment base and improving contract terms.

Because of profit oriented policies, this business does not have a rapid growth outlook, but it is a solid one in which Bendix intends to increase profits and return on investment.

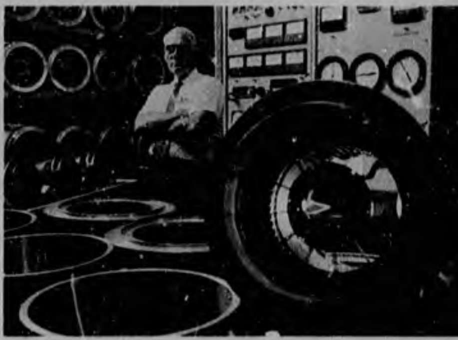
World's next landing system Microwave landing system prototypes, developed separately by the Bendix Communications Division and another company for the Federal Aviation Administration (FAA), are designed to make restricted-visibility air traffic operations at the nation's 1,000 airports safer while improving airport efficiency. With a microwave landing system, pilots would have a choice of various airport approach courses, even curved ones. Airports would not only be able to handle more traffic in peak periods but, by varying the approach courses, noise levels over local communities could be reduced. The present instrument landing system is becoming capacity-limited since it requires pilots to follow a single approach path in which each aircraft must be separated by six miles. Bendix completed its Phase III development contract by successfully demonstrating a model of the system at the FAA's National Aviation Facilities Experimental Center in September, 1976. A Phase IV contract will be awarded to a single firm to build a limited number of production models.



Omega: latest word in navigation systems The enthusiasm at Flight Systems Division in Teterboro, New Jersey, appears to be well placed. Over the next five years, the total market for Omega airborne navigation receiver-computer systems is estimated conservatively at $200 million. Omega is a worldwide navigation system which can be used by aircraft, ships and off-highway vehicles. Signals transmitted by eight ground stations create a global radio signal pattern that can be received anywhere and processed by a computer to determine instantly—within one mile accuracy—the position of the receiving vehicle. The stations are located in Norway, Liberia, Hawaii, Japan, Argentina, La Reunion Island (Indian Ocean), Trinidad, and North Dakota. The Bendix Omega receiver-computer system is probably the most extensively evaluated product in the history of Flight Systems Division.

Sonar improvements Technological improvements by the Electrodynamics Division, Sylmar, California, are helping the U.S. Navy to improve its submarine detection capability using towed array sonar—an acoustic sensing system towed behind a ship or submarine. The basic sonar consists of a linear array of hydrophones installed in a flexible hose up to a mile in length. After two years of development, Electrodynamics reduced the size and weight of the system so now it also can be used by helicopters. Credit goes to an engineering team headed by Dr. Robert Stoltz, who specialized in finding lighter weight materials; Bob Cole, who supervised the development of a new telemetry system, and Jim Pell, who developed the high-performance, miniaturized transmitters used in the array.

Potter's wheel When Boeing wanted to improve the generator system on its 747 superjets, they turned to one of the leading designers in the electrical generating field—Fred Potter, chief design engineer at the Electric & Fluid Power Division, Eatontown, New Jersey. To overcome excessive bearing vibration, Potter proposed a unique spoke design to support the generator bearing. It permits the bearing support to move back and forth, but not up and down. Finding innovative solutions to difficult engineering problems is nothing new to Fred Potter. He holds 25 generator patents, one for each year of service with Bendix. And it's not surprising that a spoked wheel concept came to mind as a possible solution. A motoring enthusiast, he owns several vintage cars and three motorcycles.



Advanced avionics system sets industry standard Bendix extended its leadership in the field of avionics with the unveiling of the BX 2000 airborne communications, navigation and identification system to the general aviation market in September, 1976. Engineers at the Avionics Division, Fort Lauderdale, Florida, consider it one of the most advanced product lines introduced to the avionics market in the past 20 years. Because of its smaller size, competitive price and high performance, the BX 2000 is applicable to a broad segment of the market—from small single engine trainers to multi-engine business aircraft. Drawing heavily on the new technology of micro-electronics—computers-on-a-chip—Bendix engineers are able to provide the private pilot with operational features and equipment reliability equivalent to those found in the cockpits of modern airliners. The concept was first outlined to divisional management by Gene Foxworthy, manager of technical marketing. With Joe Sawicki, engineering project manager, and a host of talented engineers, the ideas were turned into a system that is now unrivaled in the industry.

Satellite stability credit to Bendix engineers A more precise understanding of the Earth's rotation and crustal movements may eventually enable scientists to predict one of nature's most violent and destructive convulsions—earthquakes. Serious earthquakes, as measured on the Richter scale, were on the increase in

1976. In fact, it was the world's worst year for quakes since 1970. To help scientists learn more about the phenomenon of the Earth's crustal movements and related data—using and demonstrating the laser satellite tracking techniques—the Laser Geodynamic Satellite was launched from California on May 4, 1976. The satellite, shown here in an Aerospace Systems Division laboratory, will have an estimated useful life of 50 years, according to NASA. The satellite's unusual orbital stability is a credit to Bendix engineers at the Aerospace Systems Division, which served as the systems integration contractor.

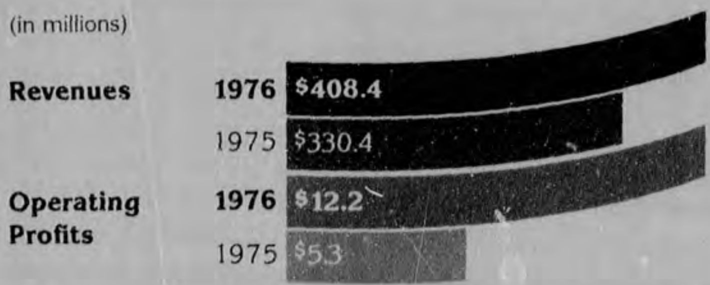
New aircraft brake Airlines call it CBL—cost per brake landing. The military calls it cost effectiveness. Either term signifies the concern for the cost of bringing aircraft, from high-performance military fighters to 800,000-pound jumbo jets, to safe, efficient stops. Recognizing these needs, engineers at the Aircraft Brake & Strut Division, South Bend, Indiana, began developing a new class of brakes in 1969. The result is the carbon disc brake, introduced in 1976. It utilizes a carbon composite material rather than steel as a heat sink and a unique carbon disc construction. The new brake offers cost effective performance with up to 40 percent weight savings over conventional brakes, thereby reducing in-flight fuel consumption. Carbon brakes show no loss of braking when hot and contribute to increased passenger comfort with smoother, quieter operation. The project involved a team of engineers headed by Dr. Norris Hooton, manager of friction materials engineering, and John Bender, manager of wheel, brake and strut engineering.

Airborne explorers Mention uranium exploration and many people conjure up the image of a bearded prospector in the mountains. In the 1950's, the state-of-the-art for uranium seekers had progressed to single engine planes that used Geiger counters to detect the Earth's hidden treasure. Given the growing urgency to find and develop more uranium resources, much more had to be done. Working with the U.S. Energy Research and Development Administration, engineers at Bendix Field Engineering Corporation have developed a detailed technical specification which defines the requirements for aerial radiometric surveying. As a result, airborne systems have been updated and a helicopter system is currently providing access to areas that previously could not be reached by fixed-wing aricraft because of rugged terrain. Four Bendix geoscientists were involved in defining the requirements for airborne radiometric surveying—geophysicist Wayne Farley, geologist-geophysicist Dr. James Nienaber, geophysicist Ralph Falconer, and division director Steven Mitchell, also a geologist.

Bendix improves replacement parts service for airlines
When Linwood Williams steps out of his front door in the morning, he may be on his way to Kansas City, Los Angeles, Bogota, Rome, Paris or other faraway places to meet with Bendix' airline customers. In fact, he spends about 50 percent of his time traveling, covering approximately 75,000 miles annually. Williams is director of aerospace support at Bendix and chairman of the company's Aerospace Support Board. Its formation in 1976 represents a significant step forward in assuring airline customers worldwide that Bendix replacements parts will be available when and where needed. The new system and Williams' effective work have already improved on-time deliveries by more complete implementation of the Air Transport Association's (ATA) guidelines for uniform order administration and related matters. Six airlines are already linked to Bendix computers. The obvious advantages of the system should encourage other air carriers to implement the ATA program.

From Ann Arbor to Mars First the Moon and now Mars. Bendix instruments are there. On the recent expeditions to Mars, a journey of some 400 million miles, each of the landers, Viking I and II, carried three scientific instruments developed and produced by the Aerospace Systems Division in Ann Arbor, Michigan. The instruments relayed precise data back to Earth about the Martian environment. The mass spectrometers provided information on the composition of the Martian atmosphere, the photochemistry of Mars, the interaction between Mars and the solar wind and the evolution of Mars. The retarding potential analyzers measured ion and electron energy spectra during the landers' descent. Highly sensitive seismometers are helping to define the internal structure and composition of Mars. The sophisticated instruments were designed and built under the direction of Hwei-Kai Hsi, project director; Donald Bianco, manager of engineering, and Robert J. Sheufelt, manager of manufacturing.

Shelter



Profile The Bendix shelter business comprises building materials and mobile homes.

The building materials business is conducted through a wholly-owned subsidiary, American Forest Products Corporation (AFPC), headquartered in San Francisco, California. AFPC is primarily engaged in the manufacture and distribution of building materials and other forest products for the construction, home remodeling, industrial, agricultural and related markets.

Principal products include lumber, plywood, particleboard, millwork, mouldings, unassembled furniture, wood and aluminum ladders, prefabricated redwood fencing, specialty wood products, wooden containers, and aluminum siding and accessories.

Building materials produced at company mills and purchased from others are distributed directly and through AFPC's network of wholesale centers to other wholesalers, retailers and industrial accounts. Wooden and corrugated fibre containers, produced by AFPC and others, are distributed to growers of agricultural products, industrial users and container distributors.

A substantial portion of the products sold by AFPC is used in new residential construction. As a result, its sales and profits are affected by trends in residential construction as well as prices for lumber, plywood and related products, and the availability of timber.

AFPC's diversification strategy in recent years has been to increase sales of building materials for home remodeling and industrial uses, such as the manufacture of furniture, cabinets and toys. In addition, AFPC has extended its production capacity and distribution facilities into the southeastern United States.

Bendix manufactures and sells broad lines of mobile homes in the United States and Canada through two wholly-owned subsidiaries—Bendix Home Systems, Inc., based in Atlanta, Georgia, and Bendix Home Systems, Ltd., based in London, Ontario, Canada. At the end of fiscal 1976, Bendix terminated its mobile home operations in Britain. Mobile homes manufactured by Bendix are sold on a wholesale basis to independent retail dealers who resell such products to consumers.

Revenues from the shelter business accounted for $408.4 million, an increase of 23.6 percent in fiscal 1976, compared with $330.4 million in fiscal 1975, while profits rose to $12.2 million, an increase of 130.2 percent from $5.3 million in 1975.

Analysis Revenues from shelter operations increased significantly from fiscal 1975 to 1976, due to improved sales of both forest products and mobile homes. Profits were substantially higher principally due to greater volumes of and higher prices for building materials, and also to improved mobile home sales in the United States.

In fiscal 1975 as compared with 1974, revenues and profits of both the building materials and mobile home operations were down substantially due to the severe decline in the construction, housing and mobile home markets. As a result, building materials operations were unprofitable for the first six months of fiscal 1975 and mobile home operations were unprofitable for the year. The shelter business was profitable for the last six months of fiscal 1975 and for the whole year, principally due to improved sales of and higher prices for building materials, particularly in the fourth quarter.

Outlook In the shelter market, Bendix is making various improvements in both building materials and mobile home operations.

AFPC owns approximately 165,000 acres of timberland, supplying some 27 percent of its annual production of around 320 million board feet. The balance of AFPC's needs comes from contracts with other private forest landowners, the U.S. Forest Service and other governmental agencies. The location of its California sawmills puts AFPC in a favorable competitive position for bidding on government timber sales.

During fiscal 1976, AFPC purchased three sawmills in Alabama, Georgia, and Tennessee, bringing to 10 the number of sawmills owned by the company.

In the lumber markets, Bendix seeks to be a high quality producer, cutting a higher percentage of better grades of lumber than is traditionally associated with general construction. In building materials marketing, AFPC is increasingly seeking to take advantage of the home remodeling market.

Going into fiscal 1977, both the building materials and mobile home businesses were showing significant improvements in line with the greater availability of mortgage money.

Various published estimates indicate U.S. shelter needs of at least 2,000,000 single family dwelling units per year between now and 1982. Over 60 percent of this expected shelter demand should come from household formations, with the remainder due to replacement of deteriorated or damaged housing.

Mobile homes account for some 85 percent of all homes below $25,000. Bendix, with twelve mobile home plants in the U.S. and six in Canada, expects to play a key role in this market in the years ahead.

The company is striving for higher quality mobile homes by providing better construction, greater fire resistance, and improved insulation.

The U.S. is gradually emerging from the recent economic slump which caused a severe decline in the housing, construction and mobile home markets. The outlook today is much improved.

Sawmill capacity boosted 25% American Forest Products Corporation (AFPC), the Bendix subsidiary with headquarters in San Francisco, expanded its operations into the southern United States during 1976 with the acquisition of three sawmills. The units, located in Vredenburgh, Alabama; Lumpkin, Georgia, and Oak Ridge, Tennessee, bring to 10 the number of primary wood conversion centers operated by American Forest Products and they add approximately 64 million board feet of lumber to AFPC's growing capacity. The expansion also broadens American Forest Products' basic lumber product line to include southern pine and Appalachian hardwoods, in addition to the customary western species of firs, pines and cedars. The photo gives a view of logs entering the sawmill at Vredenburgh, Alabama.

The precision particleboard The high quality of AFPC's particleboard is a major factor in the Bendix subsidiary's leadership position in this highly competitive market. Exceptional stability, close manufacturing tolerances, superior raw material and continuous quality control combine to create a state-of-the-art product. Ampine, "The Precision Particleboard," is a preferred product for uses such as laminating, quality furniture and cabinets, grain printing and commercial fixtures. AFPC recently expanded its capacity to convert commodity sizes to specialized products ready for use in shelving, stepping, toy parts and a variety of customer specified sizes.

Do-it-yourself furniture What started out as an after-hours effort by Jim Fechner and some of his associates has turned into a growing $6.5 million business for Bendix. Fechner is the general manager of the Stockton Division of American Forest Products. A few years back, starting with various furniture parts, he decided to find out whether it was practical for the Stockton Division to enter what was then a practically unknown market for unassembled pine furniture. This experimenting resulted in a component packaging and assembly system which has gained nationwide market acceptance. In only four years since its inception, sales of AFPC's ready-to-assemble furniture have grown from $300,000 to the 1976 figure. An important parallel benefit is that the furniture program has a beneficial effect on other manufacturing operations within the Stockton Division. It permits increased effectiveness in the utilization of production resources in this major AFPC manufacturing facility.

Monongahela issue An issue that caused considerable concern to American Forest Products and the entire industry in the past year has been resolved with new legislation. It began in August, 1975, with a decision by the U.S. Fourth Circuit Court of Appeals. Known as the Monongahela decision, because it concerned the West Virginia forest by that name, the decision upheld an 1897 law governing national forest timber harvesting, which permitted harvesting only "dead, mature, diseased and individually marked trees." In the opinion of AFPC's North Fork, California, sawmill manager Jack Dozier, nationwide application of the decision would have reduced the supply of national forest timber available for the public benefit by as much as 50 percent — or approximately 15 percent of the nation's annual needs. This would have had an adverse effect on AFPC's seven California sawmills, including the one Dozier manages. To the public, it would have meant a lessened lumber supply and, no doubt, higher costs for housing, other construction, and all wood and paper products. Fortunately, after Congressional action, the Monongahela decision was superseded by the National Forest Management Act of 1976. The 1976 law takes into consideration the importance of applying forest management expertise gained in the last 80 years. It should help ensure that public needs for products from this renewable resource will continue to be met now and for future generations.

In style The Tudor style of architecture and decoration gained prominence in the early 16th century by emphasizing privacy and comfort in the design and layout of individual rooms. In the same spirit, Bendix Home Systems, Ltd., headquartered in London, Ontario, Canada, has introduced an all-new model for 1977—the Tudor 200. It features 1,440 square feet of living space, including individual living and family rooms, a separate dining room, a highly functional kitchen nook and three bedrooms. And in keeping with Tudor tradition, the exterior of the new model features an attractive blend of wood and stucco siding. Dealer reaction to the new unit has been excellent, which is very encouraging news because one of every five housing starts in Canada is a mobile home, with the larger units gaining in popularity. In both the United States and Canada, Bendix Home Systems is well ahead of the market trend to larger manufactured homes.

Brighter export prospects for mobile homes Bendix Home Systems, working closely with the corporation's International Marketing Operations in New York, continued to increase its export activities in 1976 and also directed its efforts during the year toward identifying future opportunities. At present, exported mobile homes are used primarily to accommodate workers at large construction, mining and petroleum projects. The future also holds promise for mobile home use for schools, motels and even entire communities. Because of their design and quality construction, Bendix mobile homes are suitable for various types of overseas installations. The home shown above, being loaded aboard a ship in Tampa, Florida, was one of 70 bound for Venezuela.

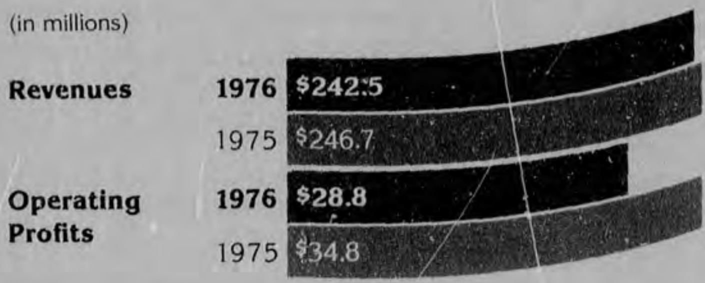
Tree farms It is a well established fact that people and nature working together can grow substantially more and better quality timber than nature alone. AFPC foresters are constantly at work planting, replanting and applying modern forestry techniques to ensure the highest possible yields from AFPC's 165,000 acres of prime Sierra Nevada timberland, which supplies approximately one-third of AFPC's California sawmill needs. AFPC forester Anne Delaney is shown here measuring a tree planted after a devastating forest fire in 1950. AFPC's director of timber resources, Sam Bryan, planted this pine tree as a three-inch seedling in 1953—some years before Anne was born. Today, the tree is of merchantable size, measuring 18 inches in diameter and standing nearly 50 feet high. American Forest Products plants thousands of trees annually to help in nature's processes.

New painting process During 1976, Modern Materials Corporation, a subsidiary of American Forest Products, introduced a new aluminum siding painting process that offers numerous benefits. Rather than using the conventional solvent-based paints, Modern switched to a water-reducible coating. Laboratory tests of the new coating show that it provides improved weatherability for siding and other aluminum products on which it is now being used at Modern. In addition, the change also provides environmental improvements at the manufacturing plant in Detroit. To make matters even better, the new process requires less natural gas during the drying process and therefore saves energy. With these and other improvements, Modern continues to expand its product line and the scope of its marketing activities.

Entrepreneur American Forest Products Corporation's network of wholesale building materials distribution centers now totals 17, spread across eight states from California to Florida to Vermont. Although some are quite large, a typical distribution center employs 20 to 25 people, working under a manager who has complete profit center responsibility. Each distribution center is structured to meet the needs of the regional marketplace it serves. As a result, the duties of local managers encompass all the elements of running a fairly sizeable business. Like others, the center in Albuquerque, New Mexico, had a very good year in fiscal 1976, far exceeding its annual financial plan. Its manager, Harvey Collier, who moved to New Mexico during the year, is quick to point out that he inherited a good operation with good people. And that fits perfectly with his management philosophy that "people make the difference in any successful enterprise." Needless to say, Harvey Collier and his colleagues in New Mexico are optimistic about their prospects for 1977, as is the entire Building Materials Distribution Division of AFPC.

Outlook for containers Sales of containers produced by AFPC's American Box Division were strong again in fiscal 1976, despite adverse weather conditions which affected crops in much of the area served by the Bendix unit in California and the Southwest. A recent addition to its diverse container product line is a unique prestige packaging program AFPC has developed for the California wine industry—customized point-of-purchase wooden containers having both eye appeal and utilitarian advantages. The new container line was initiated by Bill Stine who, for many years, has headed the division's sales of the familiar returnable soft drink transport cases. Trends to non-wooden cases caused Stine to seek out other market opportunities. In the process, he proposed to premium wine producers a seasonal gift packaging program which has become a year-round business. AFPC provides customized packaging to more than a dozen vintners in at least twice that many variations. Further divisional sales improvement is expected from its ability to meet the increasing demand for corrugated shipping containers for fresh fruit and vegetables, as well as the ongoing needs of growers and shippers for traditional wooden and wood/paper containers.

Industrial-Energy



Profile Bendix manufactures automated capital equipment and perishable tools for the metalworking industry. Principal products in this area include high-performance grinding machines, cutting tools, abrasive products, precision gaging devices, automatic transfer machines, numerical control systems and accessories for machine tools, and a variety of instruments and machines which are used either alone or in combination for the automatic machining, assembly and inspection of various products.

In energy-related activities, Bendix operations provide mooring and winching equipment for offshore oil drilling and pipe laying; material handling equipment and hoists for the logging and construction industries, and piping systems for the refining, petrochemical, power generating and paper and food processing industries. Bendix also provides geophysical services, such as seismic surveys for oil and gas exploration, and core drilling for mineral exploration.

Revenues from industrial-energy business operations accounted for $242.5 million, a decrease of 1.7 percent in fiscal 1976, compared with $246.7 million in fiscal 1975, while profits were $28.8 million, a decrease of 17.2 percent from $34.8 million in fiscal 1975.

Analysis Revenues and profits of the industrial-energy line of business were down for fiscal 1976 as compared with 1975, due to lower revenues and profits from operations serving the metalworking industry, which resulted from substantially reduced shipments of automated capital equipment in 1976. Although revenues of energy operations increased in 1976, profits remained at the 1975 level.

Revenues of the industrial-energy business were higher, and profits were significantly higher in fiscal 1975 than 1974, due to the substantially increased sales by the energy-related operations. These results were achieved in spite of a decline in sales and profits of operations which manufacture automated production equipment and perishable tools for the metalworking industry.

Outlook After a depressed fiscal 1976, and a projected slow 1977, resulting from the highly cyclical nature of the machine tool segment of the business, the outlook for automated machine tools for the remainder of the Seventies is much brighter. The company is now seeing a significant increase in new orders for delivery in 1978 and beyond. Such long lead time is characteristic of the machine tool industry.

These orders result from the upswing in business among major customers—the manufacturers of automotive, off-road, construction, farm, aircraft, coal mining and oil drilling equipment and engines of all types. Included are orders for large automated machine tools for the automotive industry, which is gearing up to produce smaller and lighter cars.

A number of significant innovations by Bendix engineers have expanded the variety and usefulness of certain product lines, including computerized automated metalcutting equipment, assembly machines, production gaging and inspection equipment, and various components.

Orders for perishable tools for the metalworking industry are expected to increase in 1977 and 1978. Demand for perishable tools is directly related to the pace of industrial activity.

The energy-related operations involve activities of three wholly-owned subsidiaries—Skagit Corporation of Sedro Woolley, Washington; Texas Pipe Bending Company of Houston, Texas, and United Geophysical Corporation, headquartered in Pasadena, California.

The slackening of the worldwide quest for new offshore sources of energy, and a surplus of drilling rigs for offshore exploration, have slowed Skagit's production of mooring and winching systems for offshore drilling rigs.

After greatly increasing its output in the last five years, Texas Pipe Bending should continue to operate at the present peak rate in 1977. Starting in 1978, the company plans to expand its facilities as a result of increased demand for fabricated pipe for new refining, petrochemical and power plants.

Construction of some of these plants is being delayed by environmental disputes about the location of new power generating facilities, and tax and energy policies regarding offshore exploration and production of oil and natural gas in the U.S. and certain foreign countries. Major oil and gas exploration companies and utilities have indicated that they will continue to curtail their activities until these disputes are resolved.

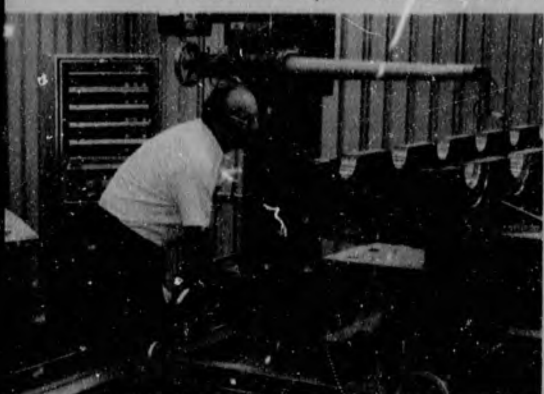
For fiscal 1976, United Geophysical Corporation (UGC), which serves the oil, natural gas and mineral industries, received more geophysical exploration business in the continental U.S.

Working for foreign oil companies and major multinational oil companies, UGC also stepped-up activity in Africa. The pace of exploration in Latin America fell off slightly from the record 1975 level. UGC also has increased its involvement in the worldwide mineral exploration field with emphasis on coal, uranium and copper.

The energy segment faces considerable uncertainty in the near-term. However, the long-term outlook for these operations remains excellent. There are increasing indications that energy exploration outside the U.S. will be intensified in the years ahead and demand for Bendix services will increase in both Western and Eastern Europe. In addition, it is estimated that there are several hundred new power plants, both conventional and nuclear, on the drawing boards in the U.S. alone. These plants are urgently needed to meet the country's energy requirements in the next decade. Because several years lead time is needed to complete these facilities, it is expected that decisions to start construction will not be delayed too much longer.

Skagit equipment helps set record It may never be mentioned in the Guinness Book of World Records, but it was, nonetheless, a very significant accomplishment in the rush for oil in the North Sea. The feat involved a derrick/lay barge owned by a French company and outfitted with a full complement of mooring components supplied by Skagit. On its first pipe laying job out of the shipyard the barge set a record by laying, in less than 24 hours, 151 joints of pipe, measuring 80 feet in length and 32 inches in diameter, on the floor of the North Sea for a total distance of 12,377 feet. A sister ship with a duplicate set of Skagit mooring equipment is being built in West Germany. To make sure its mooring equipment performs as specified, Skagit sends out field service representatives to make on-the-spot inspections around the globe. One of these representatives, Larry Rasmussen, (right) spent a good deal of time on the record-setting French barge in the North Sea between Norway and Scotland.

Protecting the Space Shuttle To ensure dimensional integrity of the insulating tiles on the U.S. Space Shuttle orbiter, scheduled for launch in March of 1979, each of nearly 34,000 tiles covering critical exterior surfaces on the Shuttle is being measured for thickness and profile on a Bendix DCC (direct computer controlled) Cordax measuring machine. The DCC Cordax is a product of the Automation & Measurement Division in Dayton, Ohio, a pioneer in the field of precision gaging instruments. Protecting the Shuttle during re-entry into the Earth's atmosphere is, of course, no less a challenge than with earlier space vehicles. Temperatures as high as 2,300 degrees Fahrenheit will be encountered on the Shuttle's underside, leading edges of the tail section and other areas as it zooms back into the Earth's atmosphere at speeds of 16,000 to 17,000 miles per hour. In addition to the involvement of Automation & Measurement Division, which is part of the Industrial-Energy Group, several divisions in the Aerospace-Electronics Group also have key assignments in the Space Shuttle project.



Mass precision It goes without saying that modern machines have multiplied productive efforts to move dirt, dig coal, build roads and harvest crops. For example, up to 100 or more acres of crops per day can be harvested in a single operation by one machine, and large off-road haulers can carry up to 170 tons of dirt at a speed of 30 miles per hour. In manufacturing these overland behemoths, the locations and sizes of holes and other geometrical shapes are no less important than in the assembly of a precision watch. An increasing number of manufacturers of agricultural equipment, off-road vehicles and mining machinery, to cite only a few examples, are turning to the Automation & Measurement Division's Portage machines to ensure that large components are machined according to specification. These units are used to layout machining lines on castings and parts as well as for final inspection operations. In one customer installation pictured here (lower left), a Portage horizontal arm three-axis measuring machine inspects crawler tractor undercarriage components to very close tolerances, even though the parts measure up to 127 inches square, 56 inches high and weigh as much as four tons. Inspection time on a large gear case was cut to 90 minutes from the previously required time of 12 to 16 hours. The machine features a digital readout of one tenth of a thousandth of an inch, a rotary bearing table and a computer for automatic data processing of mathematical computations and numerically controlled tape generation.

Computerized pacesetter "We're out front again." That's how Jerry Price, marketing director at Industrial Controls Division, sizes up the prospects for the DynaPath System 5 CNC (computer numerical control) unit which controls the operations of machine tools. In the past year, the number of machine tool builders who have specified System 5 for the machines they build has increased nearly four times. And within the next few years, the proportion of numerically controlled tools shipped industry-wide with CNC's will very likely increase from the current rate of less than 10 percent to approximately 80 percent, the way Price sees it. In fact, Industrial Controls Division's shipments are already at that level. The Bendix CNC unit uses advanced electronic technology. It has fewer components, takes up less space and is more powerful than earlier numerical control systems. The System 5 unit pictured above operates an aircraft fuel control machining center at the Energy Controls Division in South Bend, Indiana. Fast initial machine start-up, reduced prove-out time and simplified maintenance have all helped to increase machine uptime and productivity.

New swing yarder debuts Skagit Corporation, the Bendix subsidiary headquartered in Sedro Woolley, Washington, caused a stir in the logging industry in 1976 with the introduction of its new Model SY-747 swing yarder. A yarder is a machine designed to transport a log, with the least amount of damage to the forest environment, from where it is felled to a landing site where it can be loaded onto a truck for transport to the mill. To make sure the new swing yarder performs as promised, the folks at Skagit put it into the field for extensive testing under actual logging conditions. The SY-747 features air-cooled caliper disc brakes, Skagit internal expanding clutches and a main drum capacity of 1,600 feet of one-inch cable. In addition, it has a large, sound-insulated control cab, a 360-degree hydraulic swing and a 50-foot working boom height. In addition to serving the logging industry, Skagit also supplies heavy equipment to the construction, marine and offshore oil industries.

Looking ahead to 2076 While companies try to project the state of business five to ten years ahead, more than 100 children recently predicted the state of America in the year 2076. It was all part of a Bicentennial Essay Contest for the children of Bendix employees in the U.S. Eight-year-old Melissa Floyd (above), daughter of Texas Pipe Bending Company drafting specialist Karen Floyd, won a $500 savings bond for first place in the elementary school category. Other first place winners were Philip Roberts, 17, son of James Roberts, Automotive Control Systems Group, South Bend, Indiana, and Meg Roos, 14, daughter of Gary Roos, Electric & Fluid Power Division, Utica, New York. In all, essay awards were presented to fifteen young prognosticators.

Making doubly sure As a leading manufacturer of piping systems for the petrochemical, power generating and related industries, Texas Pipe Bending, a Bendix subsidiary in Houston, Texas, is continuously updating its quality control programs. Improvements were made in 1976 in the subsidiary's X-ray inspection system for weldments used in nuclear generating plants. Capabilities include flaw detections as small as one to two percent of the wall thickness under examination. Working to these exacting standards requires a combination of proven inspection systems, modern equipment and skilled people. Texas Pipe can claim all three. The average experience of the technicians in its industrial radiography operation is 15 years. Personnel certification requires qualification under the most stringent testing procedures, which include both government safety regulations and the company's high standards. To ensure that only top quality products leave the plant, the specialists in this area at Texas Pipe expose and evaluate some 16,000 X-ray films in a typical month.

The search goes on
The worldwide search for new sources of energy is as much the story of individual men and women as it is one of geopolitics. The activities of the men and women at United Geophysical Corporation (UGC) make the point. The Bendix subsidiary, headquartered at Pasadena, California, had more than 750 specialists working on four continents in 1976. Their seismic exploration services help the oil industry map subsurface geologic structures for the production of gas and oil. Last year, UGC explorers traveled approximately 2,500,000 miles by commercial aircraft, not to mention the various other airborne conveyances they used and the miles they toted up in trucks and other vehicles in and around field stations and supply camps. Fortunately, many newcomers are being attracted to this interesting and challenging field. One of them is Debra Newman (above), a recent graduate of the University of Washington with a bachelor's degree in geology. She is employed by UGC as an associate seismologist on a field team presently working in northern Michigan. Her next stop? It may be on assignment in the Bolivian jungle or in the Australian Outback as the urgent search for more energy continues around the globe.

The Bendix Corporation and Consolidated Subsidiaries

Consolidated Statement of Income For the Years Ended September 30

	1976	1975	1974	1973	1972
		(in millions, except share amounts)			
Income					
Net sales	$2,947.0	$2,589.7	$2,464.4	$2,212.2	$1,763.1
Royalties and other operating income	18.5	17.9	16.5	17.3	13.4
Equity in earnings of nonconsolidated companies	1.6	3.2	3.5	4.1	1.2
Miscellaneous income—Net	.5	.8	3.4	3.9	3.4
Total	2,967.6	2,611.6	2,487.8	2,237.5	1,781.1
Deductions					
Cost of sales	2,353.9	2,097.6	1,998.8	1,816.6	1,419.5
Selling and administrative expenses	382.2	320.6	296.3	259.3	221.4
Interest expense	39.2	42.8	45.0	30.1	23.4
Unusual items		16.0			
Minority interests	5.4	6.5	6.3	5.6	4.3
U.S. and foreign income taxes	82.2	48.3	65.6	56.6	53.3
Total	2,862.9	2,531.8	2,412.0	2,168.2	1,721.9
Income Before Extraordinary Items	104.7	79.8	75.8	69.3	59.2
Extraordinary Items—Net of Income Taxes and Other Effects on Income				(.6)	(2.8)
Net Income	$ 104.7	$ 79.8	$ 75.8	$ 68.7	$ 56.4
Average Number of Common and Common Equivalent Shares Outstanding (in thousands)	22,097	21,772	21,748	22,064	22,151
Earnings Per Share					
Income before special nonrecurring credit and extraordinary items	$4.74	$3.66	$3.48	$3.14	$2.53
Special nonrecurring credit*					.14
Income before extraordinary items	4.74	3.66	3.48	3.14	2.67
Extraordinary items, net of income taxes and other effects on income				(.03)	(.12)
Net income	$4.74	$3.66	$3.48	$3.11	$2.55
Cash Dividends Per Share	$1.66	$1.39	$1.31	$1.20	$1.20

*During fiscal 1972, the Corporation received a price adjustment of $7.6 million on a multi-year contract, which benefitted 1972 earnings by $3.2 million, or $.14 per share.

See Notes to Consolidated Financial Statements which constitute an integral part of this statement.

The Bendix Corporation and Consolidated Subsidiaries

Consolidated Balance Sheet September 30

	1976	1975
	(in millions)	
Assets		
Current Assets		
Cash and marketable securities	$ 80.9	$ 71.2
Trade receivables (less allowance for doubtful receivables)	371.5	392.7
Inventories and contracts in progress (less progress payments)	597.3	537.9
Prepaid expenses	28.5	17.9
Total Current Assets	1,078.2	1,019.7
Investments in Nonconsolidated Companies	22.1	28.5
Land, Buildings, and Equipment—Net	427.4	389.2
Timber and Timberlands (less depletion)	32.5	33.8
Goodwill and Other Intangibles (less amortization)	82.8	87.4
Miscellaneous Assets	10.6	9.0
Total	$1,653.6	$1,567.6
Liabilities and Stockholders' Equity		
Current Liabilities		
Notes payable	$ 61.0	$ 90.5
Accounts and drafts payable	257.2	221.6
U.S. and foreign income taxes	38.6	27.5
Other accrued liabilities	207.5	166.2
Total Current Liabilities	564.3	505.8
Long-Term Debt	272.5	285.8
Deferred Income Taxes	27.4	19.4
Minority Interests	29.4	25.0
Stockholders' Equity		
Preferred Stock, no par (authorized, 7,000,000 shares, issuable in series)—Series A $3 Cumulative Convertible (authorized, 3,000,000 shares of $7.50 stated value each; issued, 560,385 and 2,634,543 shares, respectively; liquidation preference, $32.3 million)	4.2	19.8
Common Stock, (authorized, 25,000,000 shares of $5 par value each; issued, 21,595,968 and 13,048,393 shares, respectively)	107.9	65.2
Additional capital	38.6	59.5
Retained earnings	629.4	608.1
Total	780.1	752.6
Less—Cost of treasury stock (22,769 shares of Preferred Stock; 597,736 and 624,600 shares of Common Stock, respectively)	20.1	21.0
Stockholders' Equity—Net	760.0	731.6
Total	$1,653.6	$1,567.6

See Notes to Consolidated Financial Statements which constitute an integral part of this statement.

The Bendix Corporation and Consolidated Subsidiaries

Consolidated Statement of Changes in Financial Position For the Years Ended September 30

	1976	1975
	(in millions)	
Source (Use) of Funds		
Net income	$104.7	$ 79.8
Add (Deduct) items not affecting funds:		
Depreciation, depletion, and amortization of tangible assets	54.4	49.3
Unusual items		16.0
Minority interests	5.4	6.5
Deferred income taxes	8.7	(7.4)
Equity in earnings of nonconsolidated companies	(1.6)	(3.2)
Other	3.5	4.0
Total	175.1	145.0
Working capital items†	7.0	9.6
Additions to land, buildings, and equipment	(88.3)	(64.6)
Disposals of fixed assets	3.7	7.6
Miscellaneous	.1	.4
Total Before Financing and Investment Activity	97.6	98.0
Financing and Investment Activity		
Increases in long-term debt	30.8	85.8
Decreases in long-term debt	(44.1)	(35.0)
Decreases in notes payable	(29.5)	(91.0)
Cash dividends	(36.2)	(30.9)
Stock options exercised	5.8	1.1
Funds provided from dispositions	27.8	9.3
Acquisitions of businesses, less funds provided	(42.5)	(.9)
Purchase of additional interest in a consolidated subsidiary		(11.4)
Total	(87.9)	(73.0)
Net Increase in Cash and Marketable Securities	$ 9.7	$ 25.0
Analysis of Working Capital Items†		
Trade receivables	$ 16.9	$(29.9)
Inventories and contracts in progress	(71.4)	26.5
Prepaid expenses	(11.7)	(1.0)
Accounts and drafts payable	37.9	8.1
U.S. and foreign income taxes	(1 5)	(11.2)
Other accrued liabilities	36.8	17.1
Total	$ 7.0	$ 9.6

See Notes to Consolidated Financial Statements which constitute an integral part of this statement.

The Bendix Corporation and Consolidated Subsidiaries

Summary of Significant Accounting Policies

Consolidated financial statements and related matters The consolidated financial statements comprise those of the Corporation and all of its subsidiaries, except for its insurance and finance subsidiaries. Equity in earnings of the nonconsolidated insurance and finance subsidiaries and of other companies (where the Corporation's equity investments enable the use of significant influence over operating and financial policies) is included in consolidated income currently. The financial statements of subsidiaries outside the U.S. and Canada generally are included in the consolidated financial statements on the basis of fiscal years ending on August 31.

Financial statements of foreign companies included in the consolidated financial statements are translated into U.S. dollar equivalents based upon free market rates of exchange; current assets and liabilities and long-term debt are translated at rates in effect at the end of the respective periods. Other assets (including related accumulated depreciation and amortization) and other liabilities generally are translated at historical rates; income and expense items (other than depreciation and amortization) are translated at the average rates of exchange prevailing during the respective periods. Gains and losses resulting from translation of the financial statements of foreign companies and forward exchange contracts have been credited or charged to income during the respective periods and are not material in relation to the consolidated financial statements.

For fiscal 1977, the Corporation will conform its practice of translating foreign currency financial statements to the provisions of Financial Accounting Standards Board Statement No. 8. The principal change is that inventories will be translated at exchange rates existing when they are acquired rather than at rates existing at the end of a period. The change in translation practice would not materially affect the Corporation's consolidated financial statements and, accordingly, they will not be restated.

Reclassification of depreciation, depletion, and amortization has been made to conform with the presentation adopted in 1976.

Inventories and contracts in progress Inventories are stated at the lower of cost (substantially first-in, first-out, or average) or market (replacement cost or net realizable value). Inventories related to fixed-price contracts are stated at the accumulated cost of material, labor, and manufacturing overhead, less costs proportionate to amounts billed, but not in excess of amounts estimated to be recoverable.

Title to certain assets included in inventories and contracts in progress is vested in the U.S. Government under the contractual arrangements by which progress payments were received from the government.

Long-term contracts Certain amounts applicable to long-term contracts are included in trade receivables and inventories and contracts in progress. In some instances, inventoried costs are based on the estimated average cost of all units expected to be produced under a long-term contract. The estimated average cost is determined by applying the learning curve concept, which anticipates a predictable decrease in costs as production becomes more efficient through repetition. The learning curve concept is only applied in situations where firm contractual agreements exist. The amounts related to long-term contracts included in trade receivables and inventories and contracts in progress are not material in relation to the consolidated financial statements.

Land, buildings, and equipment Land, buildings, and equipment are stated at cost. Depreciation is provided generally on a straight-line basis over the estimated service lives of the respective classes of property. Because of the numerous classifications of property and equipment, it is impracticable to enumerate depreciation rates. Fully depreciated assets still in service are not included in the property accounts. Amortization of leasehold improvements is based upon the terms of the respective leases.

Maintenance, repairs, and renewals, including replacement of minor items of physical properties, are charged to income; major additions to physical properties are capitalized.

For physical properties not fully depreciated, the cost of the assets retired or sold is credited to the asset accounts and the related accumulated depreciation is charged to the accumulated depreciation accounts. The gain or loss from sale or retirement of property is taken into income.

Timber and timberlands Timber and timberlands are stated at cost, less depletion which is credited directly to the asset accounts. Depletion of timber is provided on footages removed at rates based on estimated recoverable timber in each tract.

Goodwill and other intangibles Goodwill arising prior to November 1970 represents the excess of cost over the amount ascribed to the net assets of going businesses purchased and is not amortized; goodwill and other intangibles arising from acquisitions entered into after October 1970 are amortized on a straight-line basis over periods up to forty years.

Purchased patents are stated at cost, less amortization, and are amortized over their estimated economic lives. The cost of internally developed patents is charged to income as incurred.

U.S. and foreign income taxes U.S. income taxes have been provided on the undistributed earnings of subsidiaries outside the U.S., except to the extent such earnings are considered permanently invested in the subsidiary operations. Utilization of available foreign income tax credits under current U.S. income tax regulations would substantially reduce any additional U.S. income taxes payable in the event of remission of these undistributed earnings.

Investment credit is deferred and amortized over the estimated useful lives of the assets to which it applies.

Pension plans The Corporation and certain of its subsidiaries have pension plans for eligible employees. The Corporation's policy generally is to fund pension costs accrued and to amortize prior service costs over a period of 30 years.

Government contracts and subcontracts Profits on contracts are taken into income in proportion to billings made in accordance with the terms of the contracts, most of which are subject to renegotiation under the Renegotiation Act of 1951. Proceedings for the purpose of establishing the amounts of refundable profits have not been completed for fiscal 1971 and subsequent years; however, in the opinion of officials of the Corporation, any amount refundable under such proceedings would not be material in relation to the consolidated financial statements.

Acquisitions and Dispositions

During 1976, a wholly-owned domestic subsidiary of the Corporation increased its ownership interest in Jurid Werke, G.m.b.H. (Jurid), from 49% to 100% for $9.9 million. In addition, certain of the assets and the business of one company were purchased for $3.2 million and the net assets and business of another were acquired for 26,864 Common Stock treasury shares in a transaction accounted for as a pooling of interests. The operations of the above companies were not material in relation to the consolidated results.

During 1975, a wholly-owned domestic subsidiary of the Corporation increased its majority ownership interest in Societe Anonyme DBA (DBA) from 50.3% to 92.3%. This additional interest was purchased through acquisition of newly issued DBA shares for $11.1 million and of outstanding DBA shares for $11.4 million. The portion of the recorded cost of the net assets of DBA represented by the shares acquired exceeded the acquisition cost therefor by $28.3 million. Of this amount, $23.3 million was allocated to fixed assets and is being amortized over a ten year period, and $5.0 million was applied to reduce the recorded amount of certain non-current assets, including goodwill. In addition, during 1975, the net assets and business of another company were acquired for $1.0 million.

The increase in net assets, exclusive of debt assumed, resulting from the acquisition of businesses for 1976 (including Jurid) and 1975 are summarized below:

	1976	1975
	(in millions)	
Trade receivables	**$13.2**	$ .1
Inventories and contracts in progress	**25.6**	.3
Prepaid expenses	**.6**	
Accounts and drafts payable	**(7.2)**	(.7)
U.S. and foreign income taxes	**(1.4)**	
Other accrued liabilities	**(12.8)**	
Investments in nonconsolidated companies	**(8.2)**	
Land, buildings, and equipment	**28.0**	1.0
Goodwill and other intangibles	**5.1**	.2
Miscellaneous net assets	**(.4)**	
Total	**$42.5**	$ .9
Cash and marketable securities provided	**$ 1.0**	$ .1

During the three years ended September 30, 1974, the Corporation and its consolidated subsidiaries purchased the net assets and businesses of several companies, which are summarized below:

Company	Date of Acquisition	Cash Payment
		(in millions)
Autolite spark plug plant and trademark	November 1973	$27.1
Mobile home and recreational vehicle operations	December 1972	70.7
Other companies	Various	10.3

The operations of the above companies acquired in transactions accounted for by the purchase accounting principle are included in the consolidated financial statements from the dates of purchase. Further, the excess of cost over underlying net assets reported in the financial statements of these companies has been allocated to goodwill and other intangibles.

The Corporation has disposed of certain minor operations which did not have a material effect on consolidated results and has completed the divestiture of Facet Enterprises, Inc. The (increase) decrease in net assets, exclusive of cash, marketable securities, and debt, resulting from these dispositions for 1976 and 1975 is as follows:

	1976	1975
	(in millions)	
Trade receivables	$17.5	$ (.8)
Inventories and contracts in progress	37.6	10.3
Prepaid expenses	1.7	.3
Accounts and drafts payable	(9.5)	(4.7)
U.S. and foreign income taxes	(.5)	.1
Other accrued liabilities	(8.3)	3.2
Investments in nonconsolidated companies		3.8
Land, buildings, and equipment	20.9	7.8
Goodwill and other intangibles	6.9	.9
Miscellaneous assets	(1.2)	.1

Divestiture

On April 1, 1976, the Corporation distributed as a dividend to its common stockholders all of the common stock of Facet Enterprises, Inc. (Facet), a consolidated subsidiary formed in 1975 pursuant to a November 1974 Order of the Federal Trade Commission.

A summary of the net assets of Facet at March 31, 1976 represented by the distributed shares is set forth below:

	(in millions)
Current assets	$49.0
Land, buildings, and equipment—Net	14.2
Other assets	3.3
Total	66.5
Liabilities	19.0
Net assets	$47.5

Facet's net sales and income before U.S. and foreign income taxes for the six months ended March 31, 1976 represented 1.7% and 0.6%, respectively, of the corresponding consolidated fiscal 1976 amounts.

Earnings Per Share

Earnings per share have been computed based upon the weighted average number of common and common equivalent shares outstanding. The Corporation's Series A $3 Cumulative Convertible Preferred Stock and options on Common Stock are classified as common stock equivalents and are therefore included in the weighted average number of common and common equivalent shares outstanding. Common and common equivalent shares outstanding have been adjusted for all periods presented to reflect the four-for-three common stock split effected during April 1976.

Foreign Operations

A summary of the net assets of companies outside the U.S. and Canada included in the consolidated financial statements as of September 30 is set forth below. The summary also sets forth the revenues and net income from such companies, export sales of U.S. and Canadian manufactured products, and licensing revenues derived from sources outside the U.S. and Canada.

	1976 (in millions)					1975
	Europe	Latin America	Australia	Other	Total	
Current assets	$267.4	$31.5	$11.2	$ 2.8	$312.9	$269.4
Other assets	139.9	22.2	7.5	.6	170.2	140.1
Total	407.3	53.7	18.7	3.4	483.1	409.5
Liabilities	282.3	26.9	7.0	5.4	321.6	276.7
Minority interests	26.7		2.5	.2	29.4	25.0
Total	309.0	26.9	9.5	5.6	351.0	301.7
Net Assets	$ 98.3	$26.8	$ 9.2	$(2.2)	$132.1	$107.8

	1976	1975
Revenues		
Net sales of subsidiaries outside the U.S. and Canada	$779.6	$623.9
Export sales	161.2	132.8
Royalties and other operating income	16.4	16.0
Total	957.2	772.7
Less—Intercompany eliminations	6.6	8.9
Remainder	$950.6	$763.8
Net Income		
Income from companies outside the U.S. and Canada	$ 17.2	$ 3.6*
Equity income	.7	2.0
Export sales	14.5	11.7
Royalties and other operating income	6.5	6.7
Total	38.9	24.0
Less—Administrative expense and intercompany eliminations	1.6	2.1
Remainder	$ 37.3	$ 21.9

*For 1975, includes unusual items which reduced income from companies outside the U.S. and Canada by $2.1 million.

Details to Consolidated Statement of Income

	1976	1975
	(in millions)	
Interest Expense		
On debentures (including amortization of debt discount and expense)	$ 6.8	$ 7.4
On other long-term debt	18.6	15.3
Other	13.8	20.1
Total	$ 39.2	$ 42.8

	1976	1975
	(in millions)	
Expenses Included in Other Categories		
Depreciation and amortization of land and leasehold improvements, buildings, and equipment	$ 52.5	$ 48.0
Depletion of timber and timberlands	1.9	1.3
Amortization of goodwill and other intangibles	2.9	2.6
Maintenance and repairs	81.9	73.1
Taxes, other than U.S. and foreign income taxes:		
Social Security	95.9	76.7
State income and franchise	14.7	12.6
Real and personal property	16.2	13.4
Miscellaneous	11.0	9.2
Rents	25.8	24.6
Royalties	3.5	1.5
Advertising	24.9	14.9
Research and development	100.5	83.9

Details to Consolidated Balance Sheet

	September 30 1976	1975
	(in millions)	
Cash and Marketable Securities		
Cash	$ 5.7	$ 20.0
Marketable securities (at cost, which approximates market)	75.2	51.2
Total	$ 80.9	$ 71.2
Trade Receivables		
Trade receivables	$380.0	$399.5
Less—Allowance for doubtful receivables	8.5	6.8
Trade Receivables—Net	$371.5	$392.7
Inventories and Contracts in Progress		
Inventories	$685.1	$607.8
Contracts in progress	18.2	22.2
Total	703.3	630.0
Less—Progress payments	106.0	92.1
Remainder	$597.3	$537.9
Goodwill and Other Intangibles		
Goodwill and other intangibles	$ 88.2	$ 90.4
Patents	2.1	3.5
Total	90.3	93.9
Less—Accumulated amortization	7.5	6.5
Remainder	$ 82.8	$ 87.4

	September 30 1976	1975
	(in millions)	
Land, Buildings, and Equipment		
Land and improvements	$ 38.7	$ 36.5
Buildings	209.7	203.1
Machinery and equipment	421.8	381.8
Construction in progress	37.5	28.1
Total	707.7	649.5
Less—Accumulated depreciation and amortization	280.3	260.3
Land, Buildings, and Equipment—Net	$427.4	$389.2
Notes Payable		
Banks (weighted average interest rate at September 30, 1976, 15.22%; 1975, 10.11%)	$ 27.0	$ 77.0
Other, including current portion of long-term debt	34.0	13.5
Total	$ 61.0	$ 90.5
Other Accrued Liabilities		
Salaries and wages	$ 68.0	$ 56.5
Pensions	41.9	27.5
Interest	8.4	8.5
General taxes	35.0	31.2
Sundry	54.2	42.5
Total	$207.5	$166.2
Long-Term Debt (exclusive of current maturities)		
Debt of The Bendix Corporation:		
6⅝% Sinking Fund Debentures Due 1992 (after deducting $5,945,000 in treasury at September 30, 1976 and $6,303,000 in treasury at September 30, 1975)	$106.2	$112.4
9¼% Notes Due 1981	75.0	75.0
7% Promissory Notes Due 1977	30.0	30.0
Other	4.3	4.6
Debt of U.S. and Canadian subsidiaries		
8% Guaranteed Debentures Due 1979	6.5	8.0
Banks	.3	
Other	13.9	15.9
Debt of other consolidated subsidiaries		
Banks	36.8	40.0
Other	.3	.9
Total	273.3	286.8
Less—Unamortized debt discount	.8	1.0
Remainder	$272.5	$285.8

Notes Payable and Long-Term Debt

The average aggregate short-term bank borrowings during fiscal 1976 were $70.4 million, and short-term bank borrowings and commercial paper outstanding during 1975 were $116.0 million; these borrowings carried an approximate weighted average interest rate of 11.35% and 11.31%, respectively. The maximum amounts of such borrowings outstanding at any month end were $83.6 million and $130.4 million for the years ended September 30, 1976 and 1975, respectively.

Credit arrangements for the Corporation and its consolidated subsidiaries at September 30, 1976 include lines of credit totalling $112.8 million, and a bank credit agreement. Under terms of the bank credit agreement, as amended, the Corporation may borrow up to $50 million for periods of not more than ninety days until October 2, 1978, and on that date, the Corporation may borrow up to $50 million for a five-year term, a portion of which is repayable over the term of the borrowing. Borrowings obtained on or before September 30, 1977 will bear interest at the prime rate, and borrowings obtained thereafter will bear interest at fractions of a percent over the prime rate. Bank borrowings of subsidiaries primarily consist of overdraft facilities and borrowings with banks outside the U.S. Under all of these credit arrangements, $132.9 million was unused at September 30, 1976. Commitment fees associated with unused lines of credit were not material for the two years ended September 30, 1976.

The Corporation and its consolidated subsidiaries maintain average collected balances at certain banks where credit arrangements exist. These average balances amounted to approximately $16.4 million and $18.8 million for the years ended September 30, 1976 and 1975, respectively. The balances are utilized in support of the credit arrangements, in compensation for other bank services, and for normal operating requirements. There are no minimum balance requirements or restrictions on the use of cash balances.

Under the sinking fund provision of the indenture for the 6⅝% Sinking Fund Debentures Due 1992, cash payments of $6,250,000 are required each December 1 or, in lieu thereof, the Corporation may deliver reacquired Debentures to the sinking fund agent. The Corporation reacquired $5,892,000 and $6,303,000 of its Debentures during fiscal 1976 and 1975, respectively, to meet sinking fund requirements through December 1, 1976. The Debentures are callable, under certain conditions, at the option of the Corporation, at prices ranging from 103⅝% at September 30, 1976 to 100% at December 1, 1987 and thereafter.

Under the indenture for the 9¼% Notes Due 1981, the Notes mature October 1, 1981 and may not be redeemed prior to April 1, 1980. On and after April 1, 1980, the Notes may be redeemed at the option of the Corporation, in whole or in part at 100%.

Among the various restrictions contained in the debt instruments are covenants relating to creation of funded debt (as defined in the various agreements); the most restrictive of these provides that senior funded indebtedness may not exceed 40%, and funded indebtedness may not exceed 50%, of consolidated funded indebtedness and stockholders' equity. Also under the terms of the bank credit agreement, the Corporation has agreed not to permit consolidated net current assets, exclusive of loans under the agreement, to decline below $350 million.

As of September 30, 1976, the aggregate annual maturities of principal amount of long-term debt for each of the five fiscal years subsequent to September 30, 1976 were as follows: 1977, $31.9 million (included in current liabilities); 1978, $46.2 million; 1979, $18.8 million; 1980, $12.9 million; 1981, $12.2 million.

U.S. and Foreign Income Taxes

U.S. and foreign income taxes and deferred investment credit included in deferred income taxes is summarized below:

	1976	1975
	(in millions)	
Provision		
Current		
U.S.	$40.1	$35.5
Foreign	33.4	20.2
Deferred		
U.S.	1.7	(11.3)
Foreign	4.0	2.4
Deferred investment credit	3.0	1.5
Total	$82.2	$48.3
Deferred Investment Credit		
Balance at beginning of the year	$ 7.4	$ 5.9
Investment credit		
Earned	4.4	2.7
Amortized	(1.4)	(1.2)
Total	3.0	1.5
Facet divestiture	(.2)	
Balance at End of the Year	$10.2	$ 7.4

Principal elements that give rise to timing differences between financial and taxable income and the tax effects of such timing differences for the years ended September 30, 1976 and 1975 are set forth below:

	1976	1975
	(in millions)	
Tax Effects of Timing Differences		
Tax in excess of book depreciation	**$ 4.0**	$ 3.1
Provision for		
Deferred compensation	**(3.9)**	(2.1)
Price redetermination	**(.8)**	.5
Other costs and expenses	**(2.1)**	(1.0)
Loss operations		1.6
Termination of operations of foreign affiliates	**11.5**	(13.5)
Other—Net	**(3.0)**	2.5
Total Deferred Tax Provision	**$ 5.7**	$ (8.9)

Total income tax provisions for 1976 and 1975 differed from the total tax expense as computed by applying the statutory U.S. federal ordinary income tax rate to income before income taxes. The reasons for the differences are as follows:

	1976	1975
Statutory U.S. tax rate	**48.0%**	48.0%
Increase (Decrease) due to		
Income taxed at capital gain rate	**(.9)**	(1.5)
Equity in earnings of nonconsolidated companies	**(.4)**	(1.1)
Effect of income and tax rates on earnings of consolidated subsidiaries outside the U.S.	**(1.5)**	1.0
Sale and termination of operations of foreign affiliates and a real estate transaction		(6.6)
Other—Net	**(2.4)**	(3.9)
Effective tax rate	**42.8%**	35.9%

Employee Pensions

Pension expense, which includes amortization of prior service costs, was $55.5 million and $41.6 million for 1976 and 1975, respectively. As of the latest date of determination, the actuarially computed value of vested benefits for certain of these plans exceeded total assets of the pension funds and balance sheet accruals by approximately $192.6 million.

Management Incentive Plans

During fiscal 1976, $5.4 million was awarded to participants in the Corporation's Incentive Compensation Plan from amounts credited to the Fund with respect to fiscal 1975 and prior years. Computations by the Corporation's independent certified public accountants indicate a maximum possible credit to the Fund of $8.6 million and $5.8 million for fiscal 1976 and 1975, respectively, all of which was provided in the accompanying Consolidated Statement of Income.

Under the Performance Incentive Plan adopted in 1974 and amended in 1976, performance units may be awarded each year to key employees of the Corporation and its subsidiaries. The value of each unit which has been awarded is based on the attainment of the three-year growth rate objective established for the Corporation under this Plan. The Corporation provided $2.3 million and $.6 million in the accompanying Consolidated Statement of Income for fiscal 1976 and 1975, respectively.

Unusual Items

Income before income taxes and minority interests for fiscal 1975 was reduced by $16.0 million as the result of the sale and termination of operations of certain foreign affiliates and a domestic real estate transaction. After tax benefits of $16.6 million and a charge of $1.0 million for minority interests, net income was decreased by $.4 million, or $.02 per share. Disposition of the assets of the terminated operations was substantially completed as of September 30, 1976.

Extraordinary Items

For fiscal 1973, an extraordinary charge of $.6 million, or $.03 per share, net of income taxes and other effects on income of $.1 million, resulted from a provision for a net loss on the sale of certain minor operating units and equity interests in foreign affiliates. For fiscal 1972, the net extraordinary charge of $2.8 million, or $.12 per share, net of income taxes and other effects on income of $2.0 million, resulted from provisions for estimated losses on disposition and discontinuance of certain minor plants and product lines and for the disposition and reduction in market quotation value of certain common stock investments.

Stockholders' Equity

Each share of the Series A $3 Cumulative Convertible Preferred Stock (Preferred Stock) is convertible into 2.05 shares of Common Stock, subject to adjustment in certain events. Effective March 19, 1976, the conversion rate was increased from 1.5 to 2.05 shares as a result of the four-for-three common stock split and the distribution to common stockholders of the shares of Facet Enterprises, Inc. The Preferred Stock is entitled to $60 per share in liquidation and is redeemable, at the Corporation's option, at $69 per share at September 30, 1976, decreasing by $1 per share annually from June 30, 1977, through 1985, and after June 30, 1985 at $60 per share.

At September 30, 1976, 2,469,619 shares of Common Stock were reserved for conversion of Preferred Stock and for the employee Stock Option Incentive Compensation, Performance Incentive, and Stock Ownership plans.

A summary of Stockholders' Equity for the years ended September 30, 1976 and 1975 is set forth below:

	Preferred Stock		Common Stock		Additional Capital	Retained Earnings
	Shares	Amount	Shares	Amount		
			(in millions, except number of shares)			
Balance, October 1, 1974	2,792,033	$21.0	12,768,746	$ 63.8	$58.5	$559.2
Net income						79.8
Cash dividends						
Preferred Stock						(8.2)
Common Stock						(22.7)
Conversion of Preferred Stock	(159,359)	(1.2)	239,033	1.2		
Common Stock sold under Stock Option Plan and related income tax benefits			40,614	.2	1.0	
Purchase Plan	1,869					
Balance, September 30, 1975	2,634,543	19.8	13,048,393	65.2	59.5	608.1
Net income						104.7
Cash dividends						
Preferred Stock						(3.5)
Common Stock						(32.7)
Distribution of Facet Enterprises, Inc. common stock						(47.5)
Four-for-three Common Stock split			5,027,521	25.1	(25.1)	
Conversion of Preferred Stock	(2,076,620)	(15.6)	3,322,585	16.7	(1.1)	
Common Stock sold under Stock Option Plan and related income tax benefits			197,469	.9	5.9	
Issuance of 26,864 treasury shares for an acquired business					(.6)	.3
Purchase Plan	2,462					
Balance, September 30, 1976	560,385	$ 4.2	21,595,968	$107.9	$38.6	$629.4

Stock Option Plan

Under the Stock Option Plan, as amended, certain employees have been granted options to purchase Common Stock at prices which represented 100% of the fair market value on the dates the options were granted, as adjusted for stock dividends and stock splits. Options which are qualified stock options (as defined in the Internal Revenue Code of 1954, as amended) and options which are not qualified stock options generally may be exercised over a period of five years and ten years, respectively, from the date of grant. No option may be exercised earlier than one year from the date on which the option is granted and generally options become exercisable in three equal annual installments beginning with the first anniversary of the date of grant.

Certain information with respect to the Plan is summarized on the next page:

	Number of Shares Under Option	Option Price		Fair Market Value	
		Per Share*	Total (in millions)	Per Share	Total (in millions)
October 1, 1974	631,321	$16.13 to 36.86	$16.0	$16.13 to 36.86*	$16.0
Granted	150,333	15.30 to 28.69			
Exercised	53,213	16.13 to 28.13	1.1	17.48 to 33.00†	1.5
Terminated or cancelled	60,065	16.13 to 36.86			
September 30, 1975	668,376	15.30 to 36.86	17.0	15.30 to 36.86*	17.0
Granted	195,947	31.80 to 44.78			
Exercised	233,704	15.30 to 36.86	5.9	31.22 to 45.33†	9.5
Terminated or cancelled	55,964	16.43 to 44.78			
September 30, 1976	574,655	15.30 to 44.78	17.7	15.30 to 44.78*	17.7
Shares exercisable at September 30:					
1975	370,501	16.43 to 36.86	10.2	30.66†	11.4
1976	241,547	15.30 to 36.86	6.7	42.00†	10.1
Shares became exercisable during:					
1975	132,248	16.43 to 36.86	3.4	15.61 to 29.90†	3.4
1976	140,427	15.30 to 36.86	3.3	30.89 to 44.72†	5.6

*At date of grant.
†At date exercisable or exercised.

The maximum number of shares for which additional options may be granted was 146,183 shares, 55,910 shares, and 449,260 shares at October 1, 1974, September 30, 1975, and September 30, 1976, respectively.

Commitments and Contingencies

There are various suits pending against the Corporation and its consolidated subsidiaries, some of which are for substantial amounts. It is the opinion of officials of the Corporation, on the basis of information furnished by counsel, that the ultimate liability, if any, resulting from such suits will not materially affect the consolidated financial position or results of operations of the Corporation and consolidated subsidiaries.

Certain subsidiaries outside the U.S. and Canada have agreements with local banks to sell their receivables with recourse. The agreements provide for repurchase of receivables from the bank in the event of a customer's default. Losses resulting from customers' defaults have not been significant and future losses are not expected to have a material adverse effect on the consolidated financial statements.

As is customary in the mobile home and recreational vehicle industry, Bendix Home Systems, Inc., a wholly-owned subsidiary of the Corporation, is a party to repurchase agreements with financing institutions which have provided floor-plan financing to its dealers. The agreements provide for repurchase of products from the financing institution for the balance due it in the event of repossessions upon a dealer's default. The risk of loss under the repurchase agreements is spread over numerous dealers and is further reduced by the resale value of the units repurchased. Losses experienced under these agreements have not been significant; further, officials of the Corporation do not expect future losses will have a material adverse effect on the consolidated financial statements.

Certain properties and equipment are leased under long-term noncancellable agreements for varying periods (generally from 1 to 30 years) and are renewable in many instances. The minimum annual lease commitments for such properties and equipment are not considered to be material in relation to the consolidated financial statements. Also, the present value of minimum lease commitments of noncapitalized financing leases (as defined by the SEC) and the impact on net income are not material.

In connection with the April 1, 1976 divestiture of Facet Enterprises, Inc. (Facet), the Corporation has guaranteed, with recourse to Facet, certain pension benefits and insurance premium payments. The guarantee is generally limited to present and former employees of the divested units who had vested pension rights as of April 1, 1976 and who are now covered under Facet's plans. As of the latest date of determination the actuarially computed present value of the guaranteed pension benefits in excess of total Facet fund assets at market is $41.4 million. Any payments by the Corporation under this guarantee with respect to pensions would be reduced to the extent payments may be made under the insurance provisions of the Employee Retirement Income Security Act of 1974. As of the latest date of determination, the actuarially determined present value of the guaranteed insurance premiums is approximately $9.9 million. Facet has agreed to reimburse the Corporation for any payments made and expenses incurred in connection with such guarantees.

Auditors' Opinion

HASKINS & SELLS
Certified Public Accountants
1200 Guardian Building
Detroit, Michigan 48226

To The Board of Directors and Stockholders of
The Bendix Corporation:

We have examined the consolidated balance sheet of The Bendix Corporation and consolidated subsidiaries as of September 30, 1976 and 1975 and the related consolidated statements of income and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the previously mentioned consolidated financial statements present fairly the financial position of The Bendix Corporation and consolidated subsidiaries at September 30, 1976 and 1975 and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Haskins & Sells

November 15, 1976

Quarterly Results of Operations For The Years Ended September 30

	1976			1975		
	Revenues	Income Before Taxes*	Earnings Per Share‡	Revenues	Income Before Taxes*	Earnings Per Share‡
	(in millions, except per share amounts)					
Quarter Ended:						
December 31	$ 685.0	$ 41.9	$1.06	$ 617.2	$ 35.2	$ .79
March 31	761.6	48.4	1.20	628.5	19.8	.86
June 30	802.6	55.0	1.33	696.4	39.9	1.00
September 30	716.3	47.0	1.15	665.5	39.7	1.01
Total	$2,965.5	$192.3	$4.74	$2,607.6	$134.6	$3.66

*Before U.S. and foreign income taxes and minority interests; also, for the quarter ended March 31, 1975, includes unusual items which reduced income before taxes by $16.0 million and reduced net income by $.4 million, or $.02 per share, after tax benefits and a charge for minority interests. (See page 36.)
‡Adjusted for the April 1976 four-for-three common stock split.

Five Year Results of Operations By Lines of Business

	1976	1975	1974	1973	1972**
			(in millions)		
Revenues					
Automotive	$1,596.7	$1,333.0	$1,254.8	$1,077.4	$ 839.2
Aerospace-Electronics	724.5	715.2	630.8	608.7	570.8
Shelter	408.4	330.4	383.1	377.0	214.7
Industrial-Energy	242.5	246.7	226.0	169.7	154.1
Sundry operations and intercompany eliminations	(6.6)	(17.7)	(13.8)	(3.3)	(9.9)
Total	$2,965.5	$2,607.6	$2,480.9	$2,229.5	$1,768.9
Income Before Taxes**					
Automotive	$ 153.6	$ 117.2	$ 123.8	$ 125.9	$ 97.7
Aerospace-Electronics	53.4	48.6	34.8	20.5	31.8
Shelter	12.2	5.3	18.1	20.7	13.3
Industrial-Energy	28.8	34.8	25.1	5.1	1.9
Sundry operations and intercompany eliminations	(16.5)	(12.5)	(9.1)	(10.6)	(10.6)
Interest expense	(39.2)	(42.8)	(45.0)	(30.1)	(23.4)
Total	192.3	150.6	147.7	131.5	110.7
Unusual items		(16.0)			
Total	$ 192.3	$ 134.6	$ 147.7	$ 131.5	$ 110.7

**Before U.S. and foreign income taxes and minority interests; also before a special nonrecurring price adjustment of $7.6 million on a multi-year contract, which benefitted 1972 earnings by $3.2 million, and before extraordinary losses (net of income taxes and other effects on income) of $.6 million in 1973, and $2.8 million in 1972. Unusual items for 1975 are described on page 36.

Financial Data

	1976	1975	1974	1973	1972	1971	1970
				(in millions)			
Net sales, royalties, and other operating income	**$2,965.5**	$2,607.6	$2,480.9	$2,229.5	$1,776.5	$1,612.8	$1,680.1
Income before special nonrecurring credit and extraordinary items*	**104.7**	79.8	75.8	69.3	56.0	42.1	32.3
Percent of net sales, royalties, and other operating income	**3.5**	3.1	3.1	3.1	3.2	2.6	1.9
Percent return on stockholders' equity*	**13.8**	10.9	11.1	10.9	9.3	7.3	5.8
Cash dividend							
Preferred	**3.5**	8.2	8.3	8.3	8.4	8.5	4.6
Common	**32.7**	22.7	21.2	19.7	19.7	19.5	20.7
Net working capital	**513.9**	513.9	422.2	426.6	397.6	381.1	427.8
Current ratio	**1.9**	2.0	1.7	1.9	2.1	2.0	2.3
Total assets	**1,653.6**	1,567.6	1,579.1	1,427.0	1,235.2	1,199.3	1,168.2
Stockholders' equity	**760.0**	731.6	681.5	635.6	604.3	574.2	555.8
Land, buildings, and equipment—Net	**427.4**	389.2	412.1	383.6	345.4	318.7	304.5

Per Common Share Data†

	1976	1975	1974	1973	1972	1971	1970
Income before special nonrecurring credit and extraordinary items*	**$ 4.74**	$ 3.66	$ 3.48	$ 3.14	$ 2.53	$ 1.92	$ 1.46
Cash dividends	**1.66**	1.39	1.31	1.20	1.20	1.20	1.20
Stockholders' equity at September 30‡	**34.66****	34.70	31.82	28.97	26.49	24.77	23.81

Statistical Data

	1976	1975	1974	1973	1972	1971	1970
Capital expenditures (in millions)	**$ 88.3**	$ 64.6	$ 72.7	$ 82.5	$ 78.8	$ 66.5	$ 55.0
Wages and salaries (in millions)	**887.9**	809.7	765.4	721.0	625.0	605.5	632.4
Number of stockholders (in thousands) at September 30							
Preferred	**2.2**	4.9	5.1	5.0	5.1	5.4	4.2
Common	**36.0**	35.9	36.7	35.5	35.9	37.8	39.4
Number of shares (in millions) outstanding at September 30							
Preferred	**.5**	2.6	2.8	2.8	2.8	2.8	2.8
Common	**21.0**	12.4	12.1	12.1	12.3	12.2	12.2
Number of employees (in thousands) at September 30††	**79.7**	74.1	82.1	82.3	74.7	73.4	79.3

*Before a special nonrecurring price adjustment during 1972, which benefitted 1972 earnings by $3.2 million, or $.14 per share, and before extraordinary losses (net of income taxes and other effects on income) of $.6 million, or $.02 per share, in 1973; $2.8 million, or $.12 per share, in 1972; and $5.0 million or $.23 per share, in 1970. For 1975, includes unusual items which are described on page 36.
†Adjusted to reflect the April 1976 four-for-three common stock split.
**In addition to cash dividends, stockholders' equity has been reduced by the distribution to stockholders of all of the common stock of Facet Enterprises, Inc.
‡After allowing for Series A $3 Cumulative Convertible Preferred Stock at liquidating value of $60 per share.
††Exclusive of employees at Kansas City Division.

Officers

Directors (standing, left to right)

R. W. Purcell
Consultant to Rockefeller
Family & Associates

H. B. Cunningham*
Honorary Chairman of the Board
of Directors—S. S. Kresge Company

G. R. Vila
Former Chairman of the Board
of Directors—Uniroyal, Inc.

P. F. Hartz
President—Fram Corporation

C. E. Heitman*
Former President—
Bendix International

I. K. MacGregor
Chairman—AMAX Inc.
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R. G. Folsom
President Emeritus—Rensselaer
Polytechnic Institute

W. L. Miron
Former Executive Vice President
(resigned December 1, 1976)

W. C. Purple
President—
Aerospace-Electronics Group

C. S. Harding Mott*
Chairman of the
Board of Trustees—
Charles Stewart Mott Foundation
(charitable foundation)

Directors (seated, left to right)

J. C. Fontaine*
Partner—
Hughes Hubbard & Reed
(attorneys)

W. M. Blumenthal*
Chairman and
Chief Executive Officer

J. S. Lafontant
Partner— Stradford, Lafontant,
Fisher & Malkin (attorneys)

C. F. Donnelly*
Executive Vice President

W. M. Agee*
President and
Chief Operating Officer

W. J. Cohen*
Dean of the School of Education
and Professor of Education
—University of Michigan

C. G. Eklund
President—
The Equitable Life Assurance
Society of the United States

*Member of the Executive and
Finance Committees

W. M. Blumenthal
Chairman and
Chief Executive Officer

W. M. Agee
President and
Chief Operating Officer

C. F. Donnelly
Executive Vice President

S. M. Cleveland
President—
Bendix International

D. P. Crane
President—Automotive Group

D. S. Jones
President—
Industrial-Energy Group

W. C. Purple
President—
Aerospace-Electronics Group

J. E. Bevins
Senior Vice President and
Group Executive

J. Jacobson
Senior Vice President

R. E. McGruther
Senior Vice President—
Corporate Staff

H. S. Barron
Vice President, Secretary and
General Counsel

F. J. Borheck
Vice President

H. R. Ford
Vice President—Worldwide
Automotive Marketing

N. M. Georgitsis
Vice President

J. T. Guyol
Vice President

P. F. Hartz
Vice President

H. Kaplan
Vice President—
Corporate and
Public Affairs

T. V. Malloy
Vice President

W. A. Moorhead
Vice President—
Corporate Organization
and Human Resources

J. L. O'Brien
Vice President

J. M. O'Hare
Vice President—
Industrial Relations

E. F. Peslar
Vice President—Manufacturing

D. A. Proechel
Vice President
and Group Executive

F. J. Svec
Vice President and Controller

J. W. Weil
Vice President
and Chief Technical Officer

K. L. Hastie
Treasurer

Agee Elected President and Chief Operating Officer William M. Agee was elected president and chief operating officer effective December 1, 1976.

Agee has served as an executive vice president with responsibilities for several major operating groups, chief financial officer and member of the board since joining Bendix in 1972. He previously served in various senior management positions with a major company in the forest products industry.

In his new position, all Bendix operating groups will report directly to Agee or through Charles F. Donnelly, executive vice president. This arrangement supplants the concept of the four-member Office of the Chief Executive which has achieved its stated aims since it was put into effect in 1972.

Born and raised in Idaho, the new Bendix president graduated from the University of Idaho in 1960 and earned a master's degree in business administration with distinction from Harvard University in 1963.

Annual Meeting The 1977 annual meeting of stockholders will be held at 2 p.m. on Thursday, February 24, 1977 at the Executive Offices of the Corporation. Friday, January 7, 1977, is the record date for determining the stockholders entitled to vote at this annual meeting.

10-K and Investor Relations Information A complimentary copy of the Corporation's annual report on Form 10-K filed with the Securities and Exchange Commission may be obtained by interested stockholders by writing to: Secretary, The Bendix Corporation, Executive Offices, Bendix Center, Southfield, Michigan 48076.

Stockholder inquiries concerning the company's activities should be addressed to: Director, Investor Relations, The Bendix Corporation, Executive Offices, Bendix Center, Southfield, Michigan 48076.

Bendix Common Stock is listed on the New York, Midwest, Pacific and London stock exchanges. Bendix Preferred Stock is listed on the New York Stock Exchange.

Auditors Haskins & Sells (Detroit).

Counsel Hughes Hubbard & Reed (New York).

Transfer Agents Bankers Trust Company (New York). Office of The Bendix Corporation (Southfield, Michigan).

Registrars National Bank of Detroit. Morgan Guaranty Trust Company of New York. Chase Manhattan Bank, N.A. (New York).

Trustees (6⅝% Debentures) Manufacturers Hanover Trust Company (New York). (9¼% Notes) Morgan Guaranty Trust Company of New York.

Dividend Reinvestment Plan Under the Automatic Dividend Reinvestment Service of Citibank (formerly First National City Bank), stockholders can elect to have dividends on Bendix Common Stock automatically reinvested in additional shares. In addition to their dividends, participants in the plan also have the option to invest additional cash (any amount between $10 and $1,000 per month) in more shares of Bendix Common Stock. Participation in the plan is entirely voluntary. If a stockholder elects to participate and then subsequently desires to discontinue participation, enrollment may be terminated any time prior to any dividend record date. At the end of the fiscal year, 8.4 percent of all common stockholders participated in the plan. For additional information, write: Citibank Dividend Reinvestment, P.O. Box 2670, Grand Central Station, N.Y., N.Y. 10017.

Who Owns Bendix? The Corporation has approximately 21,000,000 shares of Common Stock outstanding, owned by 35,982 stockholders, and some 500,000 shares of Preferred Stock, held by 2,198 owners. These shareholders are individuals, about equal numbers of men and women, and institutions—from religious and fraternal organizations to mutual funds and pension plans—which hold large blocks of stock on behalf of still more individuals, thousands of them. A total of 27 mutual funds hold 1,160,000 shares of Bendix Common Stock, again on behalf of individual investors. Likewise, pension plans set up by public and private employers own Bendix stock for the participants in their plans. And Bendix stock is also owned by some 20 insurance companies as equity for their policyholders and beneficiaries.

The Bendix Salaried Employees' Savings and Stock Ownership Plan, in which 14,296 salaried employees are enrolled, accounts for 3,119,563 shares of Common Stock, or 15 percent of the total number of outstanding shares of Common Stock.

Under the Plan, after a year of service, salaried employees may invest from 2 to 12 percent of their monthly base salary in U.S. Government securities, Bendix Common Stock or a combination of the two. The Corporation contributes an amount (up to 4 percent of a participating employee's salary) equal to 50 percent of individual contributions. This amount is invested in Bendix Common Stock for the employee's account.

In all, the majority of Bendix stockholders, who are located throughout the world, own relatively small amounts of Bendix shares. In fact, 50 percent of the people owning Common Stock have 100 shares or less and 90 percent own fewer than 500 shares. So, the answer to the question "Who owns Bendix?" is people—men and women in all walks of life.

This report highlights some of the individual and group contributions of Bendix employees to our excellent results in fiscal 1976. There are literally hundreds, if not thousands, of stories of this type to be told, if space would only permit. We are proud of the contributions of all our employees throughout the world. We have, of course, various ways of recognizing their contributions and rewarding them personally for their efforts. And we are constantly looking for new ways and new programs to provide incentives, to show our employees that we care about them, and to make it clear that the progress of the company depends ultimately on the individual contributions of Bendix men and women around the world. For example, at the end of fiscal 1976 we launched a new program of awards for innovative technical contributions directly related to the company's profitability. The first three awards, totaling $50,000, were presented recently to four people:

F. William Aldrich ($20,000) for helping develop new automotive brake materials;

John G. Martin, Jr. and the widow of the late William H. DuBois shared an award ($20,000) for work on advanced

Bendix

The Bendix Corporation
Executive Offices
Bendix Center
Southfield, Michigan 48076

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