

310040

ANNUAL REPORT 1976 CLASS 2

1 of 2

PENNSYLVANIA CO.

310040

R-1

INTERSTATE
COMMERCE COMMISSION
RECEIVED
CLASS I RAILROADS

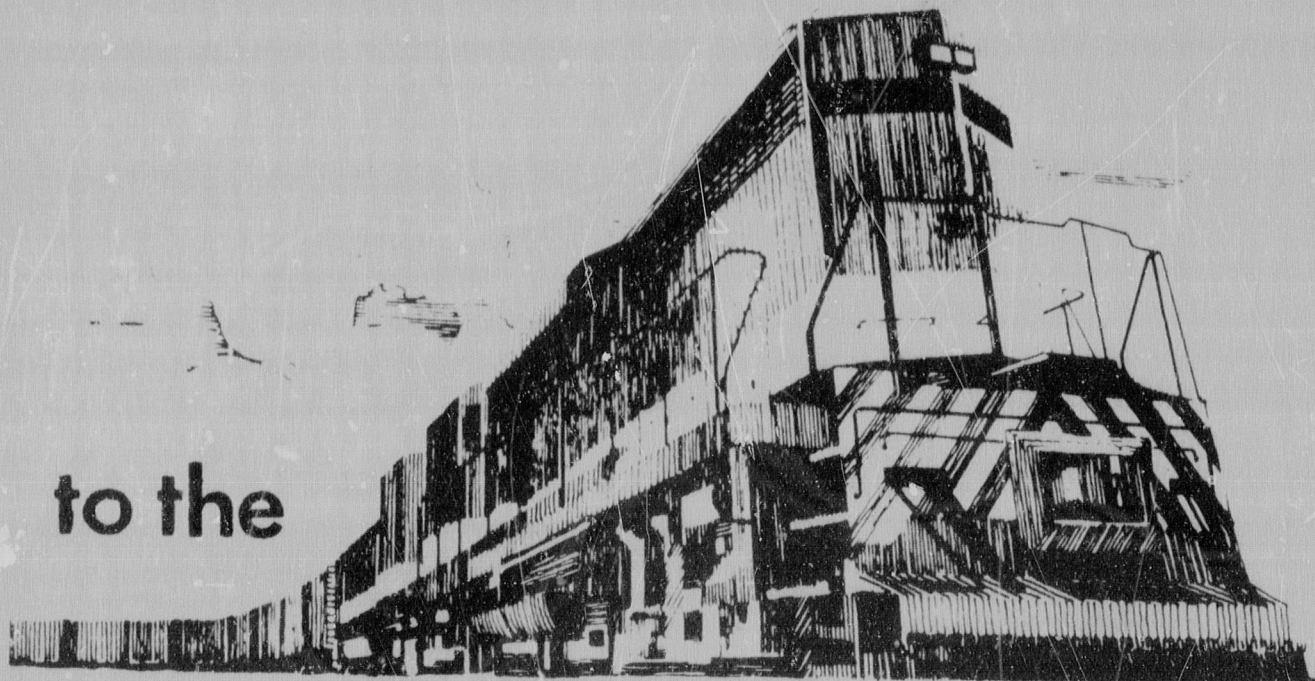
APR 29 1977

ADMINISTRATIVE SERVICES
MAIL UNIT

annual report

	<p>125010040PENNSYLCOER 1 310040 PENNSYLVANIA CO 1616 NORTH FORT MYER DRIVE ARLINGTON, VIRGINIA 22209</p> <p>R-1</p>
<p>Correct name and address if different than shown.</p>	<p>Full name and address of reporting carrier. (Use mailing label on original, copy in full on duplicate.)</p>

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. One copy should be retained in respondent's files. Attention is specially directed to the following provisions of Part I of the Interstate Commerce Act:

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, * * *

The respondent is further required to send to the Bureau of Accounts immediately upon preparation, two copies of its latest annual report to stockholders. See schedule 108, page 6.

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.

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

7. Railroad corporations, mainly distinguished as operating companies and lessor companies, are for the purpose of report to the Interstate Commerce Commission divided into classes. An operating company is one whose officers direct the business of transportation and whose books contain operating as well as financial accounts;

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 \$10,000,000, or more. For this class, Annual Report Form R-1 is provided.

Class II companies are those having annual operating revenues below \$10,000,000. 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 railroads, 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.

Switching and terminal companies are further classified as:

Class S1. Exclusively switching. This class of companies includes all those performing switching service only, whether for joint account or for revenue.

Class S2. Exclusively terminal. This class of companies includes all companies furnishing terminal trackage or terminal facilities only, such as union passenger or freight stations, stockyards, etc., for which a charge is made, whether operated for joint account or for revenue. In case a bridge or ferry is a part of the facilities operated by a terminal company, it should be included under this heading.

Class S3. Both switching and terminal. Companies which perform both a switching and a terminal service. This class of companies includes all companies whose operations cover both switching and terminal service, as defined above.

Class S4. Bridge and ferry. This class of companies is confined to those whose operations are limited to bridges and ferries exclusively.

Class S5. Mixed. Companies performing primarily a switching or a terminal service, but which also conduct a regular freight or passenger traffic. The revenues of this class of companies include, in addition to switching or terminal revenues, those derived from local passenger service, local freight service, participation in through movement of freight or passenger traffic, other transportation operations, and operations other than transportation.

8. 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 the 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 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.

9. All companies using this Form should complete all schedules, with the following exceptions, which should severally be completed by the companies to which they are applicable:

Schedules restricted to Switching and Terminal Companies:		Schedules restricted to other than Switching and Terminal Companies	
Schedule	414	Schedule	411
"	415	"	412
"	532		

ANNUAL REPORT

OF

PENNSYLVANIA COMPANY

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) Frank A. Ferro (Title) Controller

(Telephone number) (703) 841-1990

(Area code)

(Telephone number)

(Office address) 1616 North Fort Myer Drive, Arlington, Virginia 22209

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

SPECIAL NOTICE

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

Page 11: Schedule 200. Comparative General Balance Sheet - Explanatory Notes

Provision has been made for reporting investment tax credit carryover at year end.

Page 12: Schedule 200. Comparative General Balance Sheet - Liabilities and Shareholders' Equity

Reference to account 772, Insurance reserves, has been deleted.

Page 13: Schedule 200. Comparative General Balance Sheet - Explanatory Notes

Provision has been made for (1) reporting certain pension costs; (2) amounts of deferred maintenance and delayed capital improvements reported to the Commission in Ex Parte No. 305 as of December 31, 1976; and, (3) a statement as to whether a segregated political fund has been established.

Page 18: 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 20: Schedule 305. Retained Income - Unappropriated

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

Page 21: Schedule 309. Statement of Changes in Financial Position

Schedule was revised to present a more comprehensive statement and incorporate requirements of Accounting Principles Board Opinions Nos. 3 and 19.

Page 21C: Schedule 309S. Changes in Working Capital

This is a new schedule to provide an analysis of working capital.

Page 23A: Schedule 202. Compensating Balances and Short-Term Borrowing Arrangements

Instructions revised to provide reporting of compensating balances constituting support for long-term borrowing arrangements reported in account 717, Insurance and Other Funds.

Page 23B: Schedule 203. Special Deposits

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

Page 42: Schedule 211B. Depreciation Base and Rates-Road and Equipment Owned and Used and Leased From Others

Data related to improvements on road and equipment owned and used and leased from others is transferred to Schedule 211B-1.

Page 42A: Schedule 211B-1. Depreciation Base and Rates - Improvements to Road and Equipment Leased From Others

This is a new schedule provided for reporting depreciation base and rates on improvements to road and equipment leased from others.

SPECIAL NOTICE - CONTINUED

Page 45: Schedule 211E. Accrued Liability - Leased Property

Schedule has been retitled to reflect nature of reported data. Account 733, Accrued Depreciation; Improvements on Leased Property, has been transferred to new Schedule 211E-1.

Page 45A: Schedule 211E-1. Depreciation Reserve - Improvements To Road and Equipment Leased From Others

This is a new schedule provided for reporting accrued depreciation on improvements to road and equipment leased from others.

Page 51A: Schedule 212A. Rental Expense of Lessee

51B: Schedule 212B. Minimum Rental Commitments

51C: Schedule 212C. Lessee Disclosure

51D: Schedule 212D. Lease Commitments - Present Value

51E: Schedule 212E. Income Impact - Lessee

These are new schedules providing for reporting of noncapitalized lease commitments by lessees, to be reported only by carriers with operating revenues of \$10 million or more.

Page 63: Schedule 223. Items in Selected Current Liability Accounts

Instructions are revised to provide for reporting all items of \$250,000; or, if the carrier has no items of \$250,000 or more, show the three largest individual items of \$100,000.

Page 65: Schedule 225. Items in Selected Reserve and Other Liability Accounts

Instructions are revised to delete reference to account 772.

Page 71: Schedule 234. Guaranties and Suretyships

Instructions requiring details of contracts of guaranty or suretyship have been modified to a "description" of the contracts.

Page 87: Schedule 350C. Railway Tax Accruals - Analysis of Federal Income Taxes

Instructions are revised to delete reference to prior period items.

Footnote reporting has been provided to show distribution of tax expense and investment tax credit data.

Page 94: Schedule 396. Items in Selected Income and Retained Income Accounts For the Year

Instructions revised to delete reference to prior period items.

Page 99: Schedule 412. Miles of Road at Close of Year - By States and Territories (Single Track)

Page 100: Schedule 413. Tracks Operated at Close of Year (For S&T Companies Only)

Page 101: Schedule 414. Changes During the Year

Instructions revised to require reporting of whole miles of track rather than fractional miles.

Page 106: Schedule 417. Inventory of Equipment

"Grand total, all classes of cars" has been deleted.

Page 119: Schedule 516. Rails Laid in Additional Tracks and in New Lines and Extensions

Provision has been made for reporting track-miles of welded rail installed.

Page 122: Schedule 562. Compensation of Officers, Directors, Etc.

Instructions for reporting "other compensation" have been revised to more clearly define the nature of data required in column (d).

Page 128: Schedule 561C. Compensation Applicable to Prior Years

Schedule transferred from Annual Report Form R-1 to Monthly Report of Employees, Service and Compensation Forms A and B.

Page 130: Schedule 585. Competitive Bidding - Clayton Antitrust Act

This is former Schedule 10000 furnished to carriers separately from the Form R-1 in 1975 with advice that it would become an integral part of Form R-1 in 1976.

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SCHEDULE NO.	PAGE	SCHEDULE NO.	PAGE
Consumption Of Fuel By Motive-Power Units	571 128	Remunerations From National Railroad Passenger Corporation	600 131
Contracts, Agreements, Etc.	581 129	Verification, Oath, And Supplemental Oath	134
Competitive Bidding - Clayton Anti-Trust Act.....	585 130	Index	136

100. SCHEDULES OMITTED BY RESPONDENT

1. The respondent, at it's option, may omit pages from this report provided there is nothing to report or the schedules are not applicable.
2. Show below the pages excluded and indicate the schedule number

and title in the space provided below.

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

Page	Schedule No.	Title
23b	203	Special Deposits
24/25	204	Sinking, Capital Insurance, and Other Reserve Funds
43	211C	Depreciation Base and Rates - Road and Equipment Leased to Others
44	211D	Depreciation Reserve - Road and Equipment Owned and Used
45	211E	Accrued Liability - Leased Property
46	211F	Depreciation Reserve - Road and Equipment Leased to Others
47	211G	Amortization of Defense Projects - Road and Equipment Owned and Leased from Others
48	--	Notes and Remarks
49	211I	Unit Cost of Equipment Installed during the Year
50	211N-1	Investment in Railway Property Used in Transportation Service
51	211N-2	Investment in Railway Property Used in Transportation Service, cont.
61	220	Interest on Income Bonds
62	222	Amounts Payable to Affiliated Companies
71	234	Guaranties and Suretyships
72	235	Proprietary Companies
73	310	Railway Operating Revenues
74/81	320	Railway Operating Expenses
82/83	322	Road Property - Depreciation
	324	Retirements - Road
84/85	326	Shop and Power Plant Machinery - Depreciation
	328	Retirements - Equipment
	330	Equipment - Depreciation
86/87	350	Railway Tax Accruals
88	371	Income from Lease of Road and Equipment
	371A	Abstract of Terms and Conditions of Lease
	372	Miscellaneous Rent Income
89	375	Separately Operated Properties - Profit or Loss
90	376	Hire of Freight Cars
91	377	Locomotive Rentals
	378	Passenger - Train Car Rentals
92	383	Rent for Leased Roads and Equipment
97	411	Mileage Operated at Close of Year
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(continued)

CORRECTION

**The preceding document has been re-
photographed to assure legibility and its
image appears immediately hereafter.**



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102	--	Notes and Remarks

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103	415	Miles of Tracks at Close of Year-By States & Territories
104/ 109	417	Inventory and Equipment
110/ 111	412	Highway Motor Vehicle Operations
112	422	Highway Motor-Vehicle Enterprises in which the Respondent Had a Direct or Indirect Financial Interest During the Year
113/ 114	510	Grade Crossings
115	511	Grade Separations
116	513	Ties Laid in Replacement
117	514	Ties Laid in Additional Tracts and in New Lines and Extensions
118	515	Rails Laid in Replacement
119	516	Rails Laid in Additional Tracts and in New Lines and Extensions
	517	Gauge of Track and Weight of Rail
120	531	Statistics of Rail-Line Operations
125	565	Other Transactions between Respondent and Companies or Persons Affiliated with Respondent
126	566A	Transactions between Noncarrier Subsidiaries of Respondent and Other Affiliated Companies or Persons for Services Received or Provided
127	566B	Other Transactions Between Noncarrier Subsidiaries of Respondent and Other Affiliated Companies or Persons
128	571	Consumption of Fuel by Motive-Power Units
129	581	Contracts, Agreements, etc.
130	585	Competitive Bidding - Clayton Antitrust Act
131/ 132	600	Remunerations from National Railroad Passenger Corporation

101. IDENTITY OF RESPONDENT

Answers to the questions asked should be made in full, without reference to data returned on the corresponding page of previous reports. In case any changes of the nature referred to under inquiry 4 or 5 on this page have taken place during the year covered by this report, they should be explained in detail on page 101.

1. Give in full the exact name of the respondent. Use the words "The" and "Company" only when they are parts of the corporate name. Be careful to distinguish between *railroad* and *railway*. The corporate name should be given uniformly throughout the report, notably on the cover, on the title page, and in the "Verification" (p. 134). If the report is made by receivers, trustees, a committee of bondholders, or individuals otherwise in possession of the property, state names and facts with precision.

2. If incorporated under a special charter, give date of passage of the act; if under a general law, give date of filing certificate of organization; if a reorganization has been effected, give date of reorganization. If a receivership or other trust, give also date when such receivership or

other possession began. If a partnership, give date of formation and also names in full of present partners.

3. Give specific reference to laws of each State or Territory under which organized, citing chapter and section. Include all grants of corporate powers by the United States, or by Canada or other foreign country; also, all amendments to charter.

4. Give specific reference to special or general laws under which each consolidation or merger or combination of other form was effected, citing chapter and section. Specify Government, State, or Territory under the laws of which each company consolidated or merged or otherwise combined into the present company was organized; give reference to the charters of each and to all amendments of them.

5. State the occasion for the reorganization, whether by reason of foreclosure of mortgage or otherwise, according to the fact. Give date of organization of original corporation and refer to laws under which organized.

1. Exact name of common carrier making this report Pennsylvania Company

2. Date of incorporation December 15, 1958

3. Under laws of what Government, State, or Territory organized? If more than one, name all. Give specific reference to each charter or statute and all amendments thereof, effected during the year. If previously effected, show the year(s) of the report(s) setting forth details. If in bankruptcy, give court of jurisdiction and dates of beginning of receivership or trusteeship and of appointment of receivers or trustees

State of Delaware

4. If the respondent was formed as the result of a consolidation or merger during the year, name all constituent and all merged companies Not applicable.

5. If respondent was reorganized during the year, give name of original corporation and state the occasion for the reorganization Not applicable.

6. State whether or not the respondent during the year conducted any part of its business under a name or names other than that shown in response to inquiry No. 1, above; if so, give full particulars No.

7. Class of switching and terminal company Not applicable.
[See section No. 7 on inside of front cover]

102. DIRECTORS

1. Give particulars of the various directors and officers of the respondent at the close of the year.
2. State in column (e) of schedule No. 102 and column (d) of schedule No. 103, the number of voting shares of the respondent, other than directors' qualifying shares, that were beneficially owned, directly or indirectly, by each director or principal general officer at the close of the year. This includes shares owned of record, shares owned through holding companies, trusts or other mediums, and shares owned but held in the names of brokers or other nominees. Insert the word "None" where applicable.
3. In schedule No. 103 give the title, name, and address of the principal general officers having system jurisdiction by departments, as follows: Executive, Legal, Fiscal and Accounting, Purchasing, Operating, and Traffic. If there are receivers, trustees, or committees, who are recognized as in the controlling management of the road or of some department of it, give also their names and titles, and the location of their offices, separately grouped and identified.
4. If the duties of an officer extend to more than one department, or if his duties are not in accordance with the customary acceptance of his given title, state briefly the facts in a footnote.

Line No.	Name of director (a)	Office address (b)	Date of beginning of term (c)	Date of expiration of term (d)	Number of voting shares actually or beneficially owned (e)
1	M. C. Crum	Harvard University	9/26/74	*	None
2		Boston, Mass. 02163			
3	A. M. Frank	Citizens S&L Assn.	3/16/72	*	None
4		San Francisco, Ca. 94102			
5	G. P. Keeley	Buckeye Pipe Line Co.	10/24/73	*	None
6		Radnor, Pa. 19087			
7	F. E. Loy	1616 N. Fort Myer Dr.	1/10/74	*	None
8		Arlington, Va. 22209			
9	J. F. Magee	A. D. Little, Inc.	3/16/72	*	None
10		Cambridge, Mass. 02140			
11	D. B. Miller	600 S. Spring St.	3/28/74	**	None
12		Los Angeles, Ca. 90014			
13	V. H. Palmieri	1616 N. Fort Myer Dr.	10/22/70	*	None
14		Arlington, Va. 22209			
15	G. K. Whitney	200 Berkeley St.	10/22/70	*	None
16		Boston, Mass. 02116			
17	R. C. Wiese	Scudder, Stevens & Clark	3/16/72	*	None
18		Boston, Mass. 02109			
19					
20					
21	** Resigned in 1977				
22	* Next annual meeting of	the stockholders or until a successor is duly elected and qualified.			
23	Give the names and titles of all officers of the Board of Directors in control of the respondent at the close of the year:				
24	Chairman of board: Victor H. Palmieri	Secretary (or clerk) of board: C. R. Lee			
	Frank E. Loy, Pres.; George P. Keeley, Senior V. P.				
25	Name the members of the executive committee of the Board of Directors of the respondent at the close of the year (naming first the chairman), and state briefly the powers and duties of that committee:				
26	None.				
27					

10.- PRINCIPAL GENERAL OFFICERS OF CORPORATION, RECEIVER, OR TRUSTEE

Line No.	Title of general officer (a)	Department or departments over which jurisdiction is exercised (b)	Name of person holding office at close of year (c)	Number of voting shares actually or beneficially owned (d)	Office address (e)
1	Chairman and Chief Executive Officer	Executive	Victor H. Palmieri	None	1616 N. Fort Myer Dr. Arlington, Va. 22209
2	President	Executive & Administrative	Frank E. Loy	None	1616 N. Fort Myer Dr. Arlington, Va. 22209
3	Senior Vice Pres.	Executive	George P. Keeley	None	1616 N. Fort Myer Dr. Arlington, Va. 22209
4					
5					
6	V.P.-Finance and Secretary	Financial	Charles R. Lee	None	1616 N. Fort Myer Dr. Arlington, Va. 22209
7					
8	V.P.-Energy Planning and Development	Corporate Development	Herbert S. Winokor, Jr.	None	1616 N. Fort Myer Dr. Arlington, Va. 22209
9					
10	V.P.-Rail Operations	Rail Operations	W. Arthur Grotz	None	1616 N. Fort Myer Dr. Arlington, Va. 22209
11					
12	Controller	Accounting	Frank A. Ferro	None	1616 N. Fort Myer Dr. Arlington, Va. 22209
13					
14	Treasurer	Financial	Philip H. Grantham	None	1616 N. Fort Myer Dr. Arlington, Va. 22209
15					
16	Director-Business Analysis & Planning	Financial & Planning	Ernest M. Miller, Jr.	None	1616 N. Fort Myer Dr. Arlington, Va. 22209
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104. RELATIONSHIP OF RESPONDENT WITH AFFILIATED COMPANIES

Enter below in the appropriate schedule, No. 104A through 104D, the names of all companies, corporate and noncorporate, which are affiliated with the respondent and submit the information requested in each schedule. Control for the purpose of these schedules shall be construed to include sole or jointly held control, whether maintained or exercised through or by reason of the method of or circumstances surrounding organization or operation, through or by common directors, officers, or stockholders a voting trust or trusts, a holding or investment company or compa-

nies, or through or by any other direct or indirect means; and to include the power to exercise control. For the purposes of these schedules, forms of control shall include the following (among others):

1. Right through ownership of securities, an agreement of some character or through some other source to name the majority of the board of directors, managers, or trustees of the controlled company.
2. Right to foreclose a first lien upon all or a major part in

value of the tangible property of the controlled company.

3. Right to secure control in consequence of advances made for construction of the operating property of the controlled company.

Right to control only in a specific respect the action of the controlled company or a lessee interest in the property of a company is not to be classed as a form of control over the lessor company.

104 A. COMPANIES CONTROLLED BY RESPONDENT

1. Enter in column (a) the names of all companies which are controlled solely or jointly by the respondent. If the respondent obtained control over a company during the year, indicate by footnote the date and manner in which control was established such as exchange of stock, exchange of assets for stock, cash purchase,

- etc.
2. In column (b) indicate the principal business activity of each company listed in column (a) such as transportation, manufacturing, investments, etc.
3. In column (c) indicate the form of control exercised over companies listed in column (a).
4. In column (d) indicate the extent of the control of the respondent in the controlled company. If control cannot be expressed by percentage of voting stock ownership, explain in detail by footnote.
5. In column (e) enter names of other companies, if any, that jointly control the companies listed in column (a).

Line No.	Name of Company Controlled (a)	Principal Business Activity (b)	Form of Control (c)	Extent of Control (d)	If Jointly Controlled Name Other Parties to the Agreement (e)
1	Arvida Corporation	Real Estate	stock ownership	100.00%	
2	Buckeye Pipe Line Co.	Transportation	stock ownership	100.00%	
3	Clearfield Bituminous Coal Corp.	Real Estate	stock ownership	100.00%	
4	Great Southwest Corp.	Real Estate	stock ownership	93.80%	
5	Penn Towers, Inc.	Apartment Rental	stock ownership	100.00%	
6	Detroit, Toledo & Ironton RR Co.	Transportation	stock ownership	100.00%	
7	Connecting Railway Co.	Transportation	stock ownership	73.81%	
8	Penn Arlington, Inc.	Real Estate	stock ownership	100.00%	
9	Pennrec, Co.	Investments	stock ownership	100.00%	
10	Penn Houston, Inc.	Real Estate	stock ownership	100.00%	
11	Penn Land	Real Estate	stock ownership	100.00%	
12	Edgington Oil Co., Inc.	Refiner of Petroleum Prod.	stock ownership	80.00%	
13	Car Leasing Co.	Transportation	stock ownership	60.00%	
14					
15					
16	(a) Pennsylvania Company purchased for cash 40.66% of stock of				Arvida Corporation June, 1976.
17	(b) Pennsylvania Company purchased for cash 100% of stock of				Penn Land in February, 1976.
18	(c) Pennsylvania Company purchased for cash 80% of stock of				Edgington Oil Co., Inc. Sept. 24, 1976.
19	(d) Pennsylvania Company purchased for cash 60% of stock of				Car Leasing Co. Feb. 27, 1976.

104A. COMPANIES CONTROLLED BY RESPONDENT—Continued

Line No.	Name of Company Controlled (a)	Principal Business Activity (b)	Form of Control (c)	Extent of Control (d)	If Jointly Controlled Name Other Parties to the Agreement (e)
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104B. COMPANIES INDIRECTLY CONTROLLED BY RESPONDENT

1. Enter in column (a) the names of all companies which are controlled through intermediary companies. If control was obtained during the year, indicate by footnote the date and manner in which control was established such as exchange of stock, exchange of assets for stock, cash purchase, etc.

2. In column (b) indicate the principal business activity of the companies listed in column (a) such as transportation, manufacturing, investments, etc.

3. In column (c) indicate the form of control exercised over companies listed in column (a).

4. In column (d) indicate the extent of the control over companies listed in column (a). If control cannot be expressed by percentage of voting stock ownership, explain in detail by footnote.

5. In column (e) enter the names of intermediate companies through which control is exercised over companies listed in column (a).

Line No.	Name of company controlled (a)	Principal business activity (b)	Form of control (c)	Extent of control (d)	Name of intermediary through which control exists (e)
1	Buckeye Tank Terminals, Inc.	Transportation	stock ownership	100.00%	Buckeye Pipe Line Company
2	Arvida Realty Sales, Inc.	Real Estate	stock ownership	100.00%	Arvida Corporation
3	Frank B. Morgan & Co.	Insurance	stock ownership	100.00%	Arvida Corporation
4	Arvida Investment Co.	Investments	stock ownership	100.00%	Arvida Corporation
5	Arvida Mortgage Co.	Real Estate	stock ownership	100.00%	Arvida Corporation
6	51st Street Realty Corp.	Leasing Agency	stock ownership	100.00%	Clearfield Bituminous Coal Corp.
7	Coto de Caza Dev. Corp.	Real Estate	stock ownership	93.80%	Great Southwest Corp.
8	Six Flags, Inc. and Subs.	Amusement Parks	stock ownership	93.80%	Great Southwest Corp.
9	Great Southwest Overseas				
10	Financial Corp. N.V.	Finance	stock ownership	93.80%	Great Southwest Corp.
11	The Greenhouse, Inc.	Health Spa	stock ownership	93.80%	Great Southwest Corp.
12	Leadership Mortgage Invest-				
13	ment Co. and Subs.	Real Estate	stock ownership	93.80%	Great Southwest Corp.
14	I. C. Deals Companies, Inc.	Apartment Rentals	stock ownership	93.80%	Great Southwest Corp.
15	GSC Dev. Corp. (Texas) and Subs.				
16	Ann Arbor RR Co., Debtor	Real Estate Development	stock ownership	93.80%	Great Southwest Corp.
17	PT&I Enterprises, Inc.	Transportation	stock ownership	99.94%	Detroit, Toledo & Ironton RR Co.
18	Little Miami R.R. Co.	Transportation	stock ownership	99.94%	Detroit, Toledo & Ironton RR Co.
19	Ptsbg., Youngstown & Ash. Ry. Co.	Transportation	stock ownership	58.31%	Connecting Railway Co.
20	Penn Orlando Company	Transportation	stock ownership	58.68%	Connecting Railway Co.
21	Arvida Management Co.	Wax Museum	stock ownership	100.00%	Pennrec Co.
22	Arvida of Georgia, Inc.	Management	stock ownership	100.00%	Arvida Corporation
23	Ohio Oil Gathering Corp.	Real Estate	stock ownership	100.00%	Arvida Corporation
24	EDOCO Companies *	Transportation	stock ownership	100.00%	Buckeye Pipe Line Co.
25	Hercules Oil Company*	Research	stock ownership	40.00%	Edgington Oil Co., Inc.
26	Sahuarro Petroleum and As-	Transportation	stock ownership	80.00%	Edgington Oil Co., Inc.
27	phalt Company*				
28	Ohio Oil Gathering Group II*	Processing and Distributing	stock ownership	80.00%	Edgington Oil Co., Inc.
29	Ohio Oil Gathering Group III*	Transportation	stock ownership	100.00%	Buckeye Pipe Line Company
30	Ohio Oil Gathering Group III*	Transportation	stock ownership	100.00%	Buckeye Pipe Line Company
31	Penn Land, Ohio*	Real Estate	stock ownership	100.00%	Penn Land, Inc.

* see notes, page 7.

104C. COMPANIES UNDER COMMON CONTROL WITH RESPONDENT

1. Enter in column (a) the names of all companies which are controlled by the same interest that control the respondent.
2. In column (b) indicate the principal business activity of the companies listed in column (a) such as transportation, manufacturing, investments, etc.
3. In column (c) indicate the form of control exercised over companies listed in column (a).
4. In column (d) indicate the extent of the control over companies listed in column (a). If control cannot be expressed by percentage of voting stock ownership, explain in detail by footnote.
5. In column (e) enter the names of companies controlling those listed in column (a).

Line No.	Name of company controlled (a)	Principal business activity (b)	Forms of Control (c)	Extent of control (d)	Name of controlling company or individual (e)
1	ALL SUBSIDIARIES OF PENN CENTRAL TRANSPORTATION COMPANY		NOT INCLUDED IN SCHEDULE 104A OR 104B		
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104 D. COMPANIES CONTROLLING RESPONDENT

1. Enter in column (a) the names of all companies controlling the respondent. Commence with the company which is most remote followed by the company immediately controlled by it. If control over the respondent is controlled by an intermediary through which respondent is controlled has changed during the year, indicate by footnote the date

and manner in which control was established such as exchange of stock, exchange of assets for stock, cash purchase, etc.

2. In column (b) indicate the principal business activity of the companies listed in column (a) such as transportation, manufacturing, investments, etc.

3. In column (c) indicate the form of control exercised by the company immediately controlled by it.
4. In column (d) indicate the extent of control. If control cannot be expressed by percentage of voting stock ownership, explain in detail by footnote.

Line No.	Name of Controlling Company or Individual (a)	Principal Business Activity (b)	Form of Control (c)	Extent of Control (d)
1	Penn Central Transportation Co.*	Transportation	stock ownership	100%
2				
3				
4	* On June 21, 1970, Penn Central Transportation Company went into reorganization under Section 77 of the Federal Bankruptcy Act. The Trustees are, John W. MacArthur, Robert W. Blanchette, and Richard C. Bond.			
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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 April 30, 1977 (date)

☐ No annual report to stockholders is prepared.

NOTES AND REMARKS

NOTE: Reference Schedule 104D.

Pennsylvania Company purchased for cash, 80% of stock of Edgington Oil Company, Inc. on September 24, 1976, therefore, it acquired indirect control of:

EDOCO Companies
Hercules Oil Company
Sahuaro Petroleum and Asphalt Company

Buckeye Pipe Line Company purchased for cash, 100% of stock of Ohio Oil Gathering Group II in January, 1976.

Buckeye Pipe Line Company purchased for cash 100% of stock of Ohio Oil Gathering Group III, in April, 1976.

Penn Land, Inc. purchased 100% of stock of Penn Land, Ohio for cash, February, 1976.

109. VOTING POWERS AND ELECTIONS

1. State the par value of each share of stock: Common, \$ 25 per share; first preferred, \$ 100 per share; second preferred, \$ N/A per share; debenture stock, \$ N/A per share.

2. State whether or not each share of stock has the right to one vote; if not, give full particulars in a footnote Yes, see note (p. 9)

3. Are voting rights proportional to holdings? note (p. 9) If not, state in a footnote the relation between holdings and corresponding voting rights.

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

5. Has any class or issue of securities any special privileges in the election of directors, trustees, or managers, or in the determination of corporate action by any method? note (p. 9) If so, describe fully in a footnote each such class or issue and give a succinct statement showing clearly the character and extent of such privileges.

6. Give the date of the latest closing of the stock book prior to the actual filing of this report, and state the purpose of such closing Common Stock never closed - Preferred Stock December 31, 1976 (a)

7. State the total voting power of all security holders of the respondent at the date of such closing, if within one year of the date of such filing; if not, state as of the close of the year. 4,985,000 votes, as of 31 December 1976

8. State the total number of stockholders of record, as of the date shown in answer to inquiry No. 7, one stockholders.

9. Give the names of the thirty security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent (if within 1 year prior to the actual filing of this report), had the highest voting powers in the respondent, showing for each his address, the number of votes which he would have had a right to cast on that date had a meeting then been in order, and the classification of the number of votes to which he was entitled, with respect to securities held by him, such securities being classified as common stock, second preferred stock, first preferred stock, and other securities, stating in a footnote the names of such other securities (if any). If any such holder held in trust, give (in a footnote) the particulars of the trust. In the case of voting trust agreements give, as supplemental information on page 13, the names and addresses of the thirty largest holders of the voting trust certificates and the amount of their individual holdings. If the stock book was not closed or the list of stockholders compiled within such year, show such thirty security holders as of the close of the year.

List under Footnotes, page 9, Other Securities with Voting Power.

Line No.	Name of security holder	Address of security holder	Number of votes to which security holder was entitled	NUMBER OF VOTES, CLASSIFIED WITH RESPECT TO SECURITIES ON WHICH BASED		
				Stocks		
				Common	PREFERRED	
	(a)	(b)	(c)	(d)	Second (e)	First (f)
1	Penn Central Trans. Co.	Philadelphia, Pa.	4,985,000	4,985,000	-0-	-0-
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109. VOTING POWERS AND ELECTIONS—(Continued From Page 8)

10. State the total number of votes cast at the latest general meeting for the election of directors of the respondent. 4,985,000
votes cast.
11. Give the date of such meeting. April 23, 1970
12. Give the place of such meeting. Wilmington, Delaware

NOTES AND REMARKS

Note: Reference Section 109, questions 2, 3 and 5,
Holders of Preferred Stock have the right to elect two directors
when six quarterly dividends are in default and also (a) have the
right to vote as a class on:

- (i) matters adversely affecting the preferences, rights or
powers of the Preferred Stock,
- (ii) the creation of any class of stock ranking on a parity
with the Preferred Stock, and,
- (iii) the voluntary dissolution of the Corporation,

and (b) have the right to vote with all other outstanding shares on
any proposed increase in the authorized amount of Preferred Stock.
See I.C.C. Finance Docket No. 23019.

200. COMPARATIVE GENERAL BALANCE SHEET—ASSETS

For instructions covering this schedule, see the text pertaining to General Balance Sheet Accounts in the Uniform System of Accounts for Railroad Companies. The entries in this balance sheet should be consistent with those in the supporting schedules on the pages indicated. The entries in column (c) should be restated to conform with the accounting requirements followed in

column (b). The entries in the short column (a2) should be deducted from those in column (a1) in order to obtain corresponding entries for column (b). All contra entries hereunder should be indicated in parenthesis.

Line No.	Account or item (a)	(Dollars in thousands)	Balance at close of year (b)	Balance at beginning of year (c)
			\$	\$ * Restated
	CURRENT ASSETS			
1	(701) Cash		1,083	269
2	(702) Temporary cash investments (p. 23)		32,368	39,952
3	(703) Special deposits (p. 23)		--	17
4	(704) Loans and notes receivable (p. 23)		1,221	313
5	(705) Traffic, car service and other balances-Dr.			
6	(706) Net balance receivable from agents and conductors			
7	(707) Miscellaneous accounts receivable			
8	(708) Interest and dividends receivable		66	5,642
9	(709) Accrued accounts receivable (p. 23)			
10	(710) Working fund advances		2	1
11	(711) Prepayments (p. 23)		84	90
12	(712) Material and supplies			
13	(713) Other current assets (p. 23)			
14	(714) Deferred income tax charges (p. 87)			
15	Total current assets		34,824	46,284
	SPECIAL FUNDS			
		(a1) Total book assets at close of year	(a2) Respondent's own issues included in (a1)	
16	(715) Sinking funds (pp. 24 and 25)			
17	(716) Capital and other reserve funds (pp. 24 and 25)			
18	(717) Insurance and other funds (pp. 24 and 25)			
19	Total special funds			
	INVESTMENTS			
20	(721) Investments in affiliated companies (pp. 28-31)		516,313	469,424
21	Undistributed earnings from certain investments in account 721 (pp. 35A and 35B)		(129,613)	(154,642)
22	(722) Other investments (pp. 32-35)		34,661	89,102
23	(723) Reserve for adjustment of investment in securities—Credit (p. 27, Instruction 9) (p. 27a-b)		(160,479)	(150,959)
24	Reserve for net unrealized loss on marketable equity sec.		--	(14,146)
	Total investments (accounts 721, 722 and 723)		260,882	238,779
25	(731) Road and equipment property: Road			
26	Equipment			
27	General expenditures			
28	Other elements of investment			
29	Construction work in progress			
30	Total (pp. 38-41)			
31	(732) Improvements on leased property: Road			
32	Equipment		258	221
33	General expenditures			
34	Total (pp. 38-41)		258	221
35	Total transportation property (accounts 731 and 732)		258	221
36	(733) Accrued depreciation—Improvements on leased property (p. 45)		31	10
37	(735) Accrued depreciation—Road and equipment (pp. 44 and 46)			
38	(736) Amortization of defense projects—Road and Equipment (p. 47)		31	10
39	Recorded depreciation and amortization (accounts 733, 735 and 736)			
40	Total transportation property less recorded depreciation and amortization (line 35 less line 39)		227	211
41	(737) Miscellaneous physical property (pp. 52 and 53)			
42	(738) Accrued depreciation - Miscellaneous physical property (pp. 52 and 53)			
43	Miscellaneous physical property less recorded depreciation (account 737 less 738)			
44	Total properties less recorded depreciation and amortization (line 40 plus line 43)		227	211

COMPARATIVE GENERAL BALANCE SHEET—ASSETS—Continued on page 11

NOTE.—See page 12 for explanatory notes, which are an integral part of the Comparative General Balance Sheet.
For compensating balances not legally restricted, see Schedule 202.

* Restated, see note 1, p. 15.

200.—COMPARATIVE GENERAL BALANCE SHEET—ASSETS—Continued

Line No.	Account or item (a)	(Dollars in thousands)	Balance at close of year (b)	Balance at begin- ning of year (c)
			\$	\$
	OTHER ASSETS AND DEFERRED CHARGES			
45	(741) Other assets (p. 54)			
46	(742) Unamortized discount on long-term debt		98	527
47	(743) Other deferred charges (p. 54)		291	--
48	(744) Accumulated deferred income tax charges (p. 87)			
49	Total other assets and deferred charges		389	527
50	TOTAL ASSETS		296,322	285,801

200. COMPARATIVE GENERAL BALANCE SHEET-EXPLANATORY NOTES

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

1. Show hereunder the estimated accumulated tax reductions realized during current and prior years under Section 168 (formerly Section 124-A) and under Section 167 of the Internal Revenue Code because of accelerated amortization of emergency facilities and accelerated depreciation of other facilities and also depreciation deductions resulting from the use of the new guideline lives, since December 31, 1961, pursuant to Revenue Procedure 62-21 in excess of recorded depreciation. The amount to be shown in each case is the net accumulated reductions in taxes realized less subsequent increases in taxes due to expired or lower allowances for amortization or depreciation as a consequence of accelerated allowances in earlier years. Also, show the estimated accumulated net income tax reduction realized since December 31, 1961, because of the investment tax credit authorized in the Revenue Act of 1962. In the event provision has been made in the accounts through appropriations of surplus or otherwise for the contingency of increase in future tax payments, the amounts thereof and the accounting performed should be shown.

(a) Estimated accumulated net reduction in Federal income taxes since December 31, 1949, because of accelerated amortization of emergency facilities in excess of recorded depreciation under Section 168 (formerly Section 124-A) of the Internal Revenue Code — \$ none

(b) Estimated accumulated savings in Federal income taxes resulting from computing book depreciation under Commission rules and computing tax depreciation using the items listed below — \$ _____

— Accelerated depreciation since December 31, 1953, under Section 167 of the Internal Revenue Code.

— Guideline lives since December 31, 1961, pursuant to Revenue Procedure 62-21.

— Guideline lives under Class Life System (Asset Depreciation Range) since December 31, 1970, as provided in the Revenue Act of 1971.

(c)(i) Estimated accumulated net income tax reduction utilized since December 31, 1961, because of the investment tax credit authorized in the Revenue Act of 1962, as amended — \$ _____

(ii) If carrier elected, as provided in the Revenue Act of 1971, to account for the investment tax credit under the deferral method, indicate the total deferred investment tax credit in account 786, Accumulated deferred income tax credits, at beginning of year — \$ _____

Add investment tax credits applied to reduction of current year's tax liability but deferred for accounting purposes — \$ _____

Deduct deferred portion of prior year's investment tax credit used to reduce current year's tax accrual — \$ (_____) _____

Other adjustments (indicate nature such as recapture on early disposition) — \$ _____

(iii) Show the amount of investment tax credit carryover at year end — \$ _____

(d) 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 — \$ _____

(e) Estimated accumulated net reduction in Federal income taxes because of amortization of certain rights-of-way investments since December 31, 1969, under the provisions of Section 185 of the Internal Revenue Code — \$ _____

2. Amount of accrued contingent interest on funded debt recorded in the balance sheet:

Description of obligation	Year accrued	Account No.	Amount
			\$

Continued on following page

200. COMPARATIVE GENERAL BALANCE SHEET—LIABILITIES AND SHAREHOLDERS' EQUITY

For instructions covering this schedule, see the text pertaining to General Balance Sheet Accounts in the Uniform System of Accounts for Railroad Companies. The entries in this balance sheet should be consistent with those in the supporting schedules on the pages indicated. The entries in column (c) should be restated to conform with the accounting requirements followed in

column (b). The entries in short column (a1) should reflect total book liability at close of year. The entries in the short column (a2) should be deducted from those in column (a1) in order to obtain corresponding entries for column (b). All contra entries hereunder should be indicated in parenthesis.

Line No.	Account or item (a)	(Dollars in thousands)	Balance at close of year (b)	Balance at beginning of year (c)
CURRENT LIABILITIES				
51	(751) Loans and notes payable (p. 63)		\$ ---	\$ 45,200
52	(752) Traffic, car service and other balances—Cr.		---	---
53	(753) Audited accounts and wages payable		67	199
54	(754) Miscellaneous accounts payable		---	---
55	(755) Interest matured unpaid		3	15
56	(756) Dividends matured unpaid		---	---
57	(757) Unmatured interest accrued		238	421
58	(758) Unmatured dividends declared		200	215
59	(759) Accrued accounts payable (p. 63)		655	365
60	(760) Federal income taxes accrued (p. 64)		---	---
61	(761) Other taxes accrued (p. 64)		6	24
62	(762) Deferred income tax credits (p. 27)		---	---
63	(763) Other current liabilities (p. 63)		---	---
64	Total current liabilities (exclusive of long-term debt due within one year)		1,169	46,439
LONG-TERM DEBT DUE WITHIN ONE YEAR				
65	(764) Equipment obligations and other debt (pp. 56-59)	(a1) Total issued (a2) Held by or for respondent	4,000	2,000
LONG-TERM DEBT DUE AFTER ONE YEAR				
66	(765) Funded debt unmatured	(a1) Total issued (a2) Held by or for respondent	59,330	61,623
67	(766) Equipment obligations		---	---
68	(767) Receivers' and Trustees' securities (pp. 56-59)		---	---
69	(768) Debt in default		---	---
70	(769) Amounts payable to affiliated companies (p. 62)		---	---
71	Total long-term debt due after one year		59,330	61,623
RESERVES				
72	(771) Pension and welfare reserves (p. 65)		---	---
73	(774) Casualty and other reserves (p. 65)		---	---
74	Total reserves		---	---
OTHER LIABILITIES AND DEFERRED CREDITS				
75	(781) Interest in default (p. 58)		---	---
76	(782) Other liabilities (p. 65)		8,100	870
77	(783) Unamortized premium on long-term debt		---	---
78	(784) Other deferred credits (p. 65)		---	---
79	(785) Accrued liability—Leased property (p. 45)		---	---
80	(786) Accumulated deferred income tax credits (p. 27)		---	---
81	Total other liabilities and deferred credits		8,100	870
SHAREHOLDERS' EQUITY				
Capital stock (Par or stated value)				
82	(791) Capital stock issued: Common stock (p. 67)	(a1) Total issued (a2) Nominally issued securities	124,625	124,625
83	Preferred stock (p. 67)		17,323	18,585
84	Total		141,948	143,210
85	(792) Stock liability for conversion (p. 68)		---	---
86	(793) Discount on capital stock		---	---
87	Total capital stock		141,948	143,210
Capital surplus				
88	(794) Premiums and assessments on capital stock (p. 69)		---	---
89	(795) Paid-in surplus (p. 69)		17,992	19,912
90	(796) Other capital surplus (p. 69)		---	---
91	Total capital surplus		17,992	19,912

**COMPARATIVE GENERAL BALANCE SHEET—LIABILITIES AND SHAREHOLDERS' EQUITY—
CONTINUED ON PAGE 13.**

Note.—See page 11 for explanatory notes, which are an integral part of the Comparative General Balance Sheet.

200. COMPARATIVE GENERAL BALANCE SHEET—LIABILITIES AND SHAREHOLDERS' EQUITY—Continued

Line No.	Account or item (a)	(Dollars in thousands)	Balance at close of year (b)	Balance at beginning of year (c)
	Retained income		\$	\$
92	(797) Retained income—Appropriated (p. 69)			
93	(798) Retained income—Unappropriated (p. 20) from January, 1972		63,783	25,893
94	Total retained income		63,783	25,893
	Net unrealized loss on marketable equity securities		--	(14,146)
	Treasury Stock			
95	(798.5) Less: Treasury stock			--
96	Total shareholders' equity		223,723	174,869
97	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		296,322	285,801

200. COMPARATIVE GENERAL BALANCE SHEET-EXPLANATORY NOTES—Continued

3. As a result of dispute concerning the recent increase in per diem rates for use of freight cars interchanged, settlement of disputed amounts has been deferred awaiting final disposition of the matter. The amounts in dispute for which settlement has been deferred are as follows:

Item	Amount in dispute	As recorded on books		Amount not recorded
		Account Nos.		
		Debit	Credit	
Per diem receivable	\$			\$
Per diem payable				
Net amount	\$ none	X X X X X X X X	X X X X X X X X	\$ none

4. Amount (estimated, if necessary) of net income or retained income which has to be provided for capital expenditures, and for sinking and other funds pursuant to provisions of reorganization plans, mortgages, deeds of trust, or other contracts \$ none

5. Estimated amount of future earnings which can be realized before paying Federal income taxes because of unused and available net operating loss carryover on January 1 of the year following that for which the report is made see note 8, p. 15L \$ N/A

6. (a) Explain the procedure in accounting for pension funds and recording in the accounts the current and past service pension costs, indicating whether or not consistent with the prior year: Pennsylvania Company maintained no pension plan at 12/31/76

(b) Show amount of past service pension costs determined by actuaries at year end—\$

(c) Total pension costs for year:

Normal costs \$

Amortization of past service costs \$

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

(e) Is any part of pension plan funded? Specify. Yes No

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

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

Date of trust agreement or latest amendment

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

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

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

Yes No

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

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

EXPLANATORY NOTES ARE CONTINUED ON PAGE 14

200. COMPARATIVE GENERAL BALANCE SHEET—LIABILITIES AND SHAREHOLDERS' EQUITY—Concluded**200. COMPARATIVE GENERAL BALANCE SHEET-EXPLANATORY NOTES—Concluded**

7. 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 X

8. State separately amounts of deferred maintenance and delayed capital improvements as reported to the Commission in Ex Parte No. 305 as of December 31, 1976:

Deferred maintenance	\$	N/A
Delayed capital improvements	\$	N/A

NOTES AND REMARKSGeneral Note

The Company has made a change in the basis of its financial statement presentation, as further described in Note 1, page 15. To effect this change, the Company has adjusted the opening balance of retained earnings and capital surplus. Commission approval of these entries has been requested, but such approval was pending at the filing date of April 30, 1977.

NOTES AND REMARKS

PENNSYLVANIA COMPANYNOTES TO FINANCIAL STATEMENTSNOTE 1 - CHANGE IN BASIS OF FINANCIAL STATEMENT PRESENTATION:

Since the date of a quasi-reorganization as of December 31, 1971, Pennsylvania Company's (the "Company") financial statements have been presented on a parent company-only basis with investments in majority-owned nonrail companies (with the exception of Great Southwest Corporation ("GSC")) carried at the Company's equity in the underlying net assets of these companies. The Company's investment in GSC prior to 1976 was carried at \$10,000,000, the amount of the Company's cash investment in the February 10, 1975 recapitalization of GSC (more fully described in Note 6(d)). In recognition of GSC's demonstrated viability and prospects, management deemed it appropriate to retroactively include GSC in the financial statements. The retroactive inclusion of GSC in the financial statements had the effect of decreasing retained earnings as of December 31, 1975 as follows:

Retained earnings (from January 1, 1972) at December 31, 1975 as previously reported	\$53,937,000
Less-GSC's accumulated deficit since January 1, 1972	(27,102,000)
-effect of intercompany eliminations	<u>(942,000)</u>
Retained earnings at December 31, 1975, as restated	<u>\$25,893,000</u>

Capital surplus was reduced by \$16,020,000 as of December 31, 1975 by inclusion of GSC. Inclusion of GSC and required eliminations in the financial statements increased net income by \$13,672,000 in 1976 and \$7,709,000 in 1975.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES:Investments:

The Company carries its investments in its majority-owned nonrail companies at its equity in the underlying net assets of these companies. Other investments are generally carried at fair market value at December 31, 1971, based on quoted market prices or as determined by independent appraisers in connection with the quasi-reorganization which is further described in Note 5.

Quasi-Reorganization;

As described in Note 5, the Board of Directors, with the consent of the Company's common shareholder, adopted a quasi-reorganization as of December 31, 1971. Accordingly, any material gains and losses with regard to assets revalued in connection with the quasi-reorganization, which are not clearly attributable to events occurring or circumstances arising subsequent to December 31, 1971, will not be reported in the income statement but rather as adjustments to capital surplus including such gains or losses which may arise as a consequence of the reorganization of, or related to the reorganization proceedings of Penn Central Transportation Company ("Transportation Company").

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NOTE 3 - ACQUISITION OF EDGINGTON OIL COMPANY, INC.
AND MINORITY INTEREST IN ARVIDA CORPORATION:

Effective September 24, 1976, the Company acquired an 80% interest in Edgington Oil Company, Inc. The \$12,000,000 equity investment of the Company and the \$3,000,000 investment of the 20% equity owners, together with \$40,000,000 of debt financing and direct expenses of \$1,000,000 comprised the total capitalization of this new company. Approximately \$50,000,000 was used to acquire the assets and business of its predecessor, EDG, Inc. (formerly Edgington Oil Company). The purchase price, including costs of acquisition, was allocated to the assets acquired based upon an independent appraisal of the primary assets. The acquisition has been accounted for by the purchase method and, accordingly, the financial statements include the operating results of Edgington for the period September 25 through December 31, 1976.

In June 1976, the Company acquired the remaining 41% of the outstanding common stock of Arvida Corporation for an aggregate cost, including expenses, of approximately \$30,500,000. The Company's proportionate equity in the book value of Arvida's net assets acquired exceeded the acquisition cost by approximately \$6,215,000. This excess was allocated to Arvida's assets and liabilities on a pro rata basis using their relative fair values in accordance with the provisions of Accounting Principles Board Opinion No. 16. The financial statements include 59% of Arvida's results of operations to June 1976 and 100% thereafter.

On an unaudited pro forma basis, the Company's results of operations would have been \$46,685,000 in 1976 and \$33,187,000 in 1975 had the acquisition of Edgington and the acquisition of Arvida's minority interest taken place effective January 1, 1975. Appropriate adjustments have been made in the above pro forma data to give effect to, among other things, additional interest costs, changes in depreciation and amortization of a valuation discounts relating to Arvida's mortgages receivable and long-term debt and elimination of the provision for federal income taxes.

NOTE 4 - PENN CENTRAL TRANSPORTATION COMPANY REORGANIZATION:

The Transportation Company, the Company's parent, entered into reorganization proceedings in June 1970 under Section 77 of the Federal Bankruptcy Act. These proceedings have had a significant effect on the financial position and operations of the Company and its subsidiaries, relating to the availability of credit and other matters.

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In 1969, all of the Company's common stock was pledged by the Transportation Company to a group of 53 banks to secure a \$300 million loan made by the banks to the Transportation Company. Certain common stockholders of Penn Central Company, which owns all of the common stock of the Transportation Company, and others filed petitions in 1972 challenging the validity of this pledge. These petitions were heard by the United States District Court for the Eastern District of Pennsylvania ("Reorganization Court") in 1973, but no decision has been issued as yet.

In October 1973, Citibank, as agent for the 53 banks, filed a petition with the Reorganization Court requesting authorization to sell the Company's common stock to satisfy the banks' claims. Subsequently, the Trustees filed a motion to dismiss this petition without prejudice to the court's reconsideration after a decision on the petition challenging the validity of the banks' pledge. The Reorganization Court has not yet acted upon the banks' petition or the Trustees' motion.

In response to a petition in 1970 by the 53 banks, the Reorganization Court ordered that the Transportation Company as a shareholder may not cause the Company to pay any dividends on common stock, or cause advances or transfers of property from the Company to the Transportation Company.

In January 1974, the Regional Rail Reorganization Act became effective. In that act Congress mandated the development of a plan for restructuring the bankrupt northeast and midwest railroads, including the Company's parent. This plan, as approved in 1975, provided for conveyance of most of the rail properties of the Transportation Company and of several companies in which the Company has investments, primarily to newly formed Consolidated Rail Corporation (ConRail). This conveyance took place on April 1, 1976 (see Note 6(h)(3)).

On December 17, 1976, a plan for the reorganization of the Transportation Company ("Plan") was submitted by the Trustees to the Reorganization Court. Consummation of the Plan is subject to approval by the Reorganization Court, a favorable vote by the Transportation Company's creditors and shareholders, and to final confirmation by the Reorganization Court. (The Reorganization Court may, under certain circumstances, confirm the Plan even if the requisite number of creditors and shareholders does not vote in favor of it.)

If the Plan were adopted in the form submitted to the Reorganization Court by the Trustees, the Transportation Company would continue in existence and function as a reorganized company ("Reorganized Company"). The Plan also provides for the continued existence of the Company and its nonrail subsidiaries as an ongoing business, with the Company as a wholly-owned subsidiary of the Reorganized Company. Further, the Plan contemplates no change in the Company's 100% ownership of the Detroit, Toledo & Ironton Railroad Company.

In satisfaction of various classes of claims, the Plan provides for the issuance by the Reorganized Company of a variety of securities. Also, Trustees' Certificates due 1986, issued by the Trustees in the amount of \$50 million during the reorganization proceedings, will continue as obligations of the Reorganized Company. The Plan provides that as long as any Trustees' Certificates due 1986, or a particular series of Reorganized Company notes are outstanding, the Reorganized Company will not permit the Company to pay cash dividends on its common stock in

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excess of 50% of the Company's consolidated net income. Excluded from the computation, however, are any dividends of the Company used to pay interest or principal on the Trustees' Certificates or to make the required \$20 million annual payments on that series of Reorganized Company notes from 1978 through 1981.

The Plan also provides that the Company would declare a dividend to the Reorganized Company of its stock holdings in The Connecting Railway Company, constituting 74% of the capital stock of that company and the Philadelphia, Baltimore and Washington Railroad Company ("PB&W"), constituting 35% of the capital stock of that company.

Proofs of claim against the Transportation Company have been filed by the Company and certain of its subsidiaries. The Plan contemplates that all claims against the Transportation Company held by its subsidiaries, including those held by the Company and the Company's subsidiaries which total approximately \$4 million carrying value (approximately \$124 million in principal amount), are to be cancelled.

Similarly, the Plan provides for the mutual cancellation of all claims that the Transportation Company or its subsidiaries (including the Company) and certain leased lines hold against one another. The claims to be cancelled would include claims by leased lines owned directly or through subsidiaries by the Company against the Transportation Company in respect of rent under their leases with the Transportation Company, claims by either party in respect of advance accounts, taxes, operating profits or losses and any other debts between the leased lines and the Transportation Company or its subsidiaries.

NOTE 5 - QUASI-REORGANIZATION:

The changes in nature and composition of a substantial portion of the Company's operations resulting from the reorganization proceedings of the Transportation Company led to significant reductions in the carrying values of certain of the Company's investments in 1970 and 1971. In addition, certain adjustments (primarily restatements and accounting changes of majority-owned nonrail companies) further reduced the Company's assets and retained earnings at December 31, 1971, the aggregate effect of which would have resulted in a deficit in the retained earnings account. However, in view of these circumstances, the Board of Directors, with the consent of the Company's common shareholder, adopted a quasi-reorganization as of December 31, 1971. This is an accounting procedure whereby companies can achieve a "fresh start" for accounting purposes. The procedure involves a revaluation of a company's assets and liabilities, including increases as well as decreases and the elimination of retained earnings by a transfer from (or to) capital surplus. The balance remaining after the net write-down from revaluation of assets in connection with the quasi-reorganization was transferred to capital surplus.

Management cautions that the values reflected for these investments and advances should not be construed as necessarily representative of realizable values either at December 31, 1971, or at the present time, or of ultimate values upon the sale or other disposition of those assets, including any realization on the railroad companies.

Quasi-reorganization adjustments to capital surplus during 1976 and 1975 were as follows:

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Adjustments to
capital surplus
Increase (Decrease)
1976 1975

(in thousands of dollars)

Excess of principal over purchase price amount of, primarily, the 5½% bonds acquired	\$ 335	\$ 171
Premium incurred on the acquisition of the 9% debentures and the write-off of the unamortized original issue costs	(2,572)	-
Gain on sale of Montour Railroad Company (a)	-	2,185
Adjustments relating to the sale of the Cambria and Indiana Railroad (b)	-	(42)
Liquidating dividend received from The Pullman Company (Note 6(h)(3))	-	1,774
	<u>(\$2,237)</u>	<u>\$4,088</u>

(a) In 1975 the Company sold its 50% interest in the Montour Railroad Company to the owner of the other 50% interest, an affiliated company of the Transportation Company. The credit to capital surplus represents the excess of the sales price over the quasi-reorganization carrying value.

(b) Also during 1975, the 40% common stock investment of a subsidiary of the Company in the Cambria and Indiana Railroad was sold. The charge to capital surplus represents the excess of the quasi-reorganization carrying value over the sales price.

NOTE 6 - INVESTMENTS:(a) Arvida Corporation:

During 1976 the Company increased its ownership of Arvida to 100%. See Note 3. Arvida has a loan agreement which requires, among other things, maintenance of a minimum amount of net worth and specified compensating balances and restricts the amount of cash dividends.

(b) Buckeye Pipe Line Company:

Certain of Buckeye's long-term debt agreements contain provisions which, among other things, require maintenance of specified working capital and restrict its right to mortgage or pledge property, purchase its stock and assume or incur future indebtedness. In connection with Buckeye's issuance of preferred stock in 1976, its Articles of Incorporation were amended to restrict the amount of future common stock cash dividends. This amendment, which is Buckeye's most restrictive

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limitation on common stock cash dividends, limits such dividends to net income adjusted for, among other things, gains on property dispositions. All of the common stock of Buckeye is pledged to secure the Company's 8 $\frac{1}{4}$ % collateral trust bonds and the 1976 credit agreement (Note 7).

(c) Clearfield Bituminous Coal Corporation

Clearfield's legal counsel has advised it that no liability exists for the years 1969 through 1972 and a portion of 1973 under the tax allocation agreement because of certain bad debt deductions allowable to Clearfield with respect to amounts advanced to the Transportation Company. Included in Clearfield's income tax liability at December 31, 1976, is an amount of approximately \$1,300,000 which had been provided in the years 1969 through 1973 for this contingency. If its legal counsel's opinion is ultimately determined to be correct, this amount would be restored to retained earnings.

(d) Great Southwest Corporation:

The Company's financial statements have been retroactively re-stated to include the results of operations of GSC. See Note 1.

In February 1975, GSC consummated a refinancing agreement with its principal lenders amending an agreement dated as of February 1972. Transactions effected by, or which were conditions to, the consummation of the refinancing agreement provided for \$20,000,000 of equity and restructured approximately \$115,000,000 of debt outstanding at December 31, 1974 by extending maturity dates, reducing interest rates and cancelling certain debt.

The agreement contains covenants which require GSC to maintain specific working capital and other financial ratios, restrict GSC's ability to incur additional debt (except under certain circumstances) and limits the payment of dividends.

As part of the refinancing, the Company made an additional \$10,000,000 cash equity investment in GSC and surrendered for cancellation (a) a \$10,000,000 convertible subordinated promissory note of GSC (written off to capital surplus in 1973), (b) a warrant to purchase 103,768 shares of GSC's common stock at \$44.00 per share, and (c) 1,103,049 shares of GSC's voting preferred stock and \$1,603,000 of dividends in arrears. In connection therewith, the Company was issued 500,000 shares of new Series F 3% voting preferred stock and 3,000,000 shares of GSC's common stock. (All share and per share references have been restated to reflect a one-for-twenty reverse stock split by GSC in May 1976.) In addition, the previously outstanding warrants to purchase 225,000 shares of GSC's common stock at an exercise price of \$35.00 per share held by subordinated noteholders were exchanged for 340,490 new warrants exercisable at \$3.00 per share expiring on October 31, 1984. Also, if any part of the debt owed these lenders remains unpaid at January 1, 1981, one-third more new warrants will be issuable and the expiration date on both the previously issued and then issued new warrants will be December 31, 1989.

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(e) Edgington Oil Company, Inc.;

The Company's new subsidiary, Edgington Oil Company, Inc. (Note 3) is subject to the Federal Energy Administration Entitlements Program. Under the program, Edgington is required to purchase entitlements and has allocated such costs to the crude oil to which the entitlements apply (see Note 11c).

The terms of a Revolving Credit Term Loan Agreement between Edgington and three commercial banks requires, among other things, maintenance of specified working capital and consolidated tangible net worth, restricts Edgington's right to mortgage or pledge property and incur funded indebtedness (except under certain circumstances) and restricts the payment of cash dividends until certain requirements are met.

(f) Other Majority-Owned Nonrail Companies:

PENNREC, CO.:

Pennrec, Co., through its wholly-owned subsidiary, Penn Orlando, Co., financed the development of the Stars Hall of Fame (wax museum) in Orlando, Florida which was officially opened in May, 1975. The museum was developed and is being operated under a management services agreement with Six Flags, Inc., which is a wholly-owned subsidiary of Great Southwest Corporation.

The aggregate fixed asset cost of the museum was approximately \$5,340,000. In addition, approximately \$730,000 of preoperating expenses relating principally to the training of personnel and marketing expenses were deferred and are being amortized over a five-year period. The museum had revenues of approximately \$3,132,000 in 1976 and a net loss of approximately \$33,000 which includes depreciation and preoperating expense amortization of \$452,000.

PENN ARLINGTON, INC.:

Penn Arlington, Inc. is a company with real estate holdings in the Great Southwest Industrial District, Dallas-Fort Worth, Texas. This acreage was part of the original 65 acres purchased in 1974 from the company's subsidiary, Great Southwest Corporation. During 1976, approximately 11 acres were sold in three separate transactions for an aggregate sales price of \$444,000 which resulted in a gain of approximately \$300,000.

PENN HOUSTON, INC.:

Penn Houston, Inc. is a company with real estate holdings in California. This property was transferred to Penn Houston by the company in 1975 following foreclosure on various secured notes which had been purchased by the company in 1974 from its subsidiary, Great Southwest Corporation. The company's 1976 operations were insignificant.

PENN LAND, INC.:

Penn Land, Inc. is a company with real estate holdings in Ohio and Michigan. This land was purchased from the company's wholly-owned subsidiary, Detroit, Toledo and Ironton Railroad Company in 1976 with the price based on independent

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appraisal. During 1976 approximately 17 acres were sold for an aggregate sales price of approximately \$17,000 which approximated book value.

(g) Norfolk and Western Railway Company Common Stock:

At December 31, 1976, the Company owned 807,468 shares of Norfolk and Western common stock (after giving effect to a 3 for 1 stock split in 1976), 81,615 shares of which were not pledged or held in escrow for exchange. As ordered by the Interstate Commerce Commission, the Company is required to divest itself of its holdings of Norfolk and Western common stock by October 15, 1979.

The following shares of Norfolk and Western common stock were pledged or held in escrow at December 31, 1976:

<u>Obligation</u>	<u>Shares pledged or in escrow for exchange</u>
5-1/4% collateral trust bonds	327,600
4-5/8% cumulative preferred stock	398,253
	<u>725,853</u>

In conjunction with the quasi-reorganization, the Company's investment in Norfolk and Western common stock was valued to equal the closing price at the end of 1971. The closing prices on the New York Stock Exchange at the end of 1971, 1975 and 1976 for the Norfolk and Western shares, adjusted for the 3 for 1 stock split in 1976, were \$25.03, \$21.29 and \$31.63, respectively. The reserve for net unrealized loss applicable to the Norfolk and Western common stock and Wabash Railroad Company preferred stock at December 31, 1975 aggregated \$10,916,000. The Wabash preferred was sold during 1976 (see Note 6(i)) and at December 31, 1976 the market price of the Norfolk and Western common was in excess of its cost; thereby eliminating the reserve for net unrealized loss against these securities as of December 31, 1976.

(h) Other Investments:

Other investments at the end of 1976 and 1975 were comprised of the following:

	<u>December 31,</u>	
	<u>1976</u>	<u>1975</u>
	(in thousands of dollars)	
(1) Other nonrail	\$ 3,652	\$ 5,452
(2) Railroad companies (operating)	22,160	21,776
(3) Railroad companies (leased lines and other rail investments)	<u>22,781</u>	<u>21,781</u>
	<u>\$48,593</u>	<u>\$49,009</u>

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	December 31,	
	1976	1975
	(in thousands of dollars)	
(1) Other nonrail:		
Madison Square Garden Corporation (6% of common stock)	\$2,924	\$4,400
Reserve for net unrealized loss	-	(3,230)
Distribution International Corp. preferred stock	-	3,130
Transport Pool Corporation, subordinated promissory note	728	1,152
Penn Towers, Inc. (100% of common stock and notes)	-	-
	<u>\$3,652</u>	<u>\$5,452</u>

In March, 1977, Gulf & Western Industries, Inc. announced a tender offer for all of the outstanding common shares of Madison Square Garden Corporation ("MSG") at \$10 per share. As of December 31, 1976, the Company held 292,422 common shares of MSG (adjusted for a one for five reverse split in 1973) carried at the quasi-reorganization appraised value of \$15 per share, or an aggregate carrying value of \$4,400,000. The Company believes the tender offer price is indicative of some degree of permanent impairment existing as of December 31, 1976 in the carrying value of its investment in MSG. Accordingly, the Company wrote the carrying value down by a charge to 1976 income of \$1,476,000 representing the difference between the quasi-reorganization carrying value and the tender offer price (Note 6(i)). The reserve for net unrealized loss at December 31, 1975 represented the difference between the quasi-reorganization value and market value (\$4 per share) at that date.

In February 1976, the Company sold its remaining investment in the Series A preferred stock of Distribution International Corp. back to that company. The gain on the transaction is reflected in income in 1976 (see Note 6(i)).

The Company's investment in the common stock of Penn Towers, which is carried at zero, is considered to be temporary and, therefore, is not classified as a majority-owned non-rail company. The Company is guarantor of \$3,900,000 of Penn Towers, Inc. obligations. These obligations mature on December 31, 1978 and were provided for in prior years. Of the amount guaranteed, \$600,000 is included in other non-current liabilities and represents the difference between the amount guaranteed and advances made by the Company of \$3,300,000. The future overall profitability of Penn Towers as presently capitalized is uncertain. However, based on a recent independent appraisal and current levels of operating income, management believes that the amount of guarantee payments, if any, to be made by the Company will not result in a material charge to net income.

	December 31,	
	1976	1975
	(in thousands of dollars)	
(2) Railroad companies (operating):		
Detroit, Toledo & Ironton Railroad Company (100% of capital stock) and advances	\$19,460	\$19,076
Toledo, Peoria & Western Railroad Company (50% of capital stock)	<u>2,700</u>	<u>2,700</u>
	<u>\$22,160</u>	<u>\$21,776</u>

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In February 1976, the Company participated in refinancing certain debt obligations of Detroit, Toledo & Ironton Railroad Company ("DT&I"). In a series of related transactions, the Company advanced money to DT&I, purchased its 60% equity interests in four car leasing companies and purchased certain real estate from DT&I. The Company's participation in the refinancing aggregated approximately \$4,600,000. The agreements relating to these transactions include provisions which allow DT&I a continuing economic interest in these assets under certain circumstances.

	December 31,	
	1976	1975
	(in thousands of dollars)	
(3) Railroad companies (leased lines and other rail investments):		
The Connecting Railway Company (74% of capital stock)	\$ 4,679	\$ 4,679
The Philadelphia, Baltimore and Washington Railroad Company (35% of capital stock), advance and mortgage bonds	13,241	13,241
West Jersey and Seashore Railroad Company (28% of capital stock)	1,600	1,600
Penn Central Transportation Company notes, advances and mortgage bonds	1,916	1,916
American Contract Company advance	-	-
Lehigh Valley Railroad Company and subsidiaries, various mortgage bonds	345	345
The Pullman Company (16% of capital stock)	-	-
Car leasing companies (60% of common stock)	1,000	-
	<u>\$22,781</u>	<u>\$21,781</u>

The Company owns a 74% interest in The Connecting Railway Company ("the Connecting") and a 35% interest in The Philadelphia, Baltimore and Washington Railroad Company ("PB&W"), the balance of each of which is owned by, and all of the assets of each which were, prior to April 1, 1976, leased to the Transportation Company. No rentals have been paid under these leases since the Transportation Company filed its reorganization petition. Both of these leased lines are in reorganization under Section 77 of the Federal Bankruptcy Act.

As described in Note 4, the Plan of Reorganization proposed by the Trustees of the Transportation Company provides that the Company's stock holdings in the Connecting and PB&W will be transferred to the Reorganized Company as a dividend. The Plan also contemplates that certain obligations of PB&W and other rail companies in reorganization (including the Transportation Company) that are held by the Company and by its wholly-owned subsidiary Clearfield Bituminous Coal Corporation will be cancelled.

Even if the proposed Plan is not consummated, the Reorganization Court might permit the Trustees of the Transportation Company to disaffirm certain leases, including leases of the Connecting, PB&W and railroads in which those leased lines

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have an investment. In addition, certain of the leased lines, including the Connecting and PB&W, have asserted in court proceedings that the Transportation Company's leasehold interest in the leases terminated in 1973. It is not possible to determine the effect, if any, disaffirmation or termination of such leases would have on the carrying value of the Company's investment in such leased lines.

Pursuant to the Regional Rail Reorganization Act of 1973, on April 1, 1976, the Transportation Company, the Connecting and PB&W (as well as other railroads in which the Company and certain of its subsidiaries have an investment) conveyed certain rail properties to ConRail and to other transferees, including various states and profitable railroads. Of the properties retained by the transferors, some are being operated by ConRail or other railroads pursuant to subsidy arrangements, while the remainder are eligible to be sold or liquidated. As compensation for the properties conveyed, the transferors will receive various ConRail securities, certificates of value to be redeemed before 1988 by the U.S. Government, and/or cash. The amount and form of the compensation to be received depend upon the outcome of judicial proceedings now pending before the three-judge Special Court established pursuant to the Act and, accordingly, cannot presently be ascertained.

During 1975, The Pullman Company, as a result of a favorable ruling on an appeal of a 1973 court decision, paid a liquidating dividend of \$1,774,000 (\$15 per share) to the Company which was credited to capital surplus (see Note 5). The Company's carrying value for this investment had previously been written off as a quasi-reorganization adjustment in 1973.

The four car leasing companies, which were purchased in connection with the DT&I refinancing discussed above under Note 6(h)(2), were formed as financing vehicles for purchasing railroad rolling stock and their sole activity is to lease such rolling stock to ConRail, which on April 1, 1976 assumed the leases from the Transportation Company. The DT&I has the right until May 1, 1980 to repurchase the stock of the car leasing companies from the Company and the right of first refusal with respect to any third party offer to purchase the stock from the Company. The equity interests purchased by the Company in two of the car leasing companies holding approximately 80% of the rolling stock at December 31, 1976 are subject to substantial dilution upon the exercise of third party options to purchase stock from those companies. These options are generally exercisable in 1979 and 1980.

(i) Sales, exchanges and provision for investments:

During 1976 and 1975 sales, exchanges and provision for investments resulted in a net gain of \$4,673,000 and \$128,000, respectively, comprised of the following:

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	Gain (loss) For the year ended December 31,	
	1976	1975
	(in thousands of dollars)	
Norfolk and Western Railway Company common stock sold during the year	\$3,102	\$(466)
Excess of market value over carrying value of Norfolk and Western common stock exchanged for:		
9% debentures	2,400	-
Preferred stock	48	(77)
Sale of Norfolk and Western convertible subordinated debentures	35	-
Redemption of Distribution International, Corp. preferred stock	670	531
Provision for loss on Madison Square Garden Corporation (Note 6(h)(1))	(1,476)	-
Sale of Wabash Railroad Company preferred stock	(246)	-
Other	140	140
	<u>\$4,673</u>	<u>\$ 128</u>

NOTE 7 - LONG-TERM DEBT:

At December 31, 1976 and 1975, long-term debt was as follows:

	December 31,	
	1976	1975
	(in thousands of dollars)	
1976 Credit Agreement	\$29,500	\$ -
1976 (October) Credit Agreement	2,000	-
5-1/4% collateral trust bonds due 1985 (Note 6(g))	2,730	12,182
8-1/4% collateral trust bonds due 1989	29,100	29,100
9% sinking fund debentures due 1994		22,341
	63,330	63,623
Less-Payable within one year	(4,000)	(2,000)
	<u>\$59,330</u>	<u>\$61,623</u>

On July 8, 1976, the Company completed a settlement relating to three lawsuits arising out of a March 1970 Credit Agreement pursuant to which the Company borrowed \$50,000,000 from ten banks ("lending banks"). As of the date of settlement, the outstanding principal balance under the 1970 Credit Agreement had been reduced to \$45,200,000. The reduction of the principal amount to the balance of \$45,200,000 resulted from the lenders offsetting funds of the Company on deposit with them

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(the 1975 balance was included in current liabilities). As part of the settlement, the three lawsuits were dismissed prior to the end of 1976. In addition, the Company extinguished its obligation under the 1970 Credit Agreement by payment of \$45,200,000, of which \$8,200,000 was provided from Company funds and \$37,000,000 was provided to the Company by the lending banks pursuant to a Credit Agreement effective July 8, 1976. The 1976 Credit Agreement provides for quarterly principal payments of \$1,500,000 payable from December 31, 1976 through September 30, 1981, with the remaining balance due December 31, 1981. Five quarterly payments, with accrued interest, were paid in advance of their due dates during 1976. Interest accrues at the rate of 120% of the prime rate and is payable quarterly, commencing September 30, 1976. The loan is secured by a second lien on the common stock of Buckeye Pipe Line Company (Note 6(b)).

The Company is required by the Indenture for the 8-1/4% collateral trust bonds to make a \$2,000,000 sinking fund payment on December 1, 1977 and each year thereafter until 1988. Reacquired bonds may be used at par to meet this obligation. Prior to December 31, 1976 the Company had repurchased \$5,900,000 of this debt and had used \$4,000,000 of this amount to satisfy the sinking fund requirements through 1976; however, no election has been made as to the 1977 sinking fund payment. The common stock of Buckeye Pipe Line Company is pledged to secure the 8-1/4% bonds.

On November 10, 1976 the Company called for redemption on December 10, 1976, all outstanding 9% sinking fund debentures due 1994. The redemption price was 110% of the face amount of the debentures plus accrued interest. Each debenture was exchangeable for 36.6 shares of Norfolk and Western common stock (after giving effect to a 3 for 1 N&W stock split in 1976). Of the \$22,167,000 of debentures outstanding on the call date, \$8,972,000 of debentures were redeemed for cash and \$13,195,000 of debentures were exchanged for Norfolk and Western common stock.

In connection with the call of the 9% sinking fund debentures, the Company entered into the 1976 (October) Credit Agreement to provide a maximum of \$15,000,000 of interim financing for debentures redeemed. Advances under the agreement bear interest equal to 120% of the prime rate plus 1/4% (or plus 1/2% subsequent to November 1, 1977). The balance outstanding of \$2,000,000 at December 31, 1976 was paid in March 1977.

NOTE 8 - INCOME TAXES:

The operations of the Company and its subsidiaries owned 80% or more by the Company alone or in conjunction with the Transportation Company or its subsidiaries are included in consolidated federal income tax returns filed by Penn Central Company. Penn Central has informed the Company and its subsidiaries that, as a result of available consolidated net operating losses, no federal income taxes will be payable for the years 1976 and 1975. If the Company should withdraw from the Penn Central group, the net operating loss carryforwards (as well as other tax attributes of the Transportation Company) would not be available in computing the federal tax liability of the Company and its subsidiaries.

Clearfield and GSC have tax allocation agreements with the Transportation Company which generally provide for payment to the Transportation Company of amounts equal to 95% of the federal taxes which would be payable if these subsidiaries filed separate tax returns. These tax allocation agreements provide for, among other things, carryforward of net operating losses, capital losses and investment

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tax credits in essentially the same manner as provided under the Internal Revenue Code. In addition, under the agreements GSC and Clearfield may make an election to receive a credit in an amount equal to any federal income tax liabilities of other members of the Penn Central Company affiliated group that are reduced or eliminated due to losses incurred by them or their subsidiaries (see Note 6(c)).

In 1975, the Internal Revenue Service notified the Penn Central Company of proposed consolidated income tax deficiencies for the taxable years 1954 through 1964 of approximately \$28,000,000 (a reduction from a prior proposed deficiency of \$50,000,000 which had covered the period 1954 to 1961). The Company and certain of its majority-owned subsidiaries are severally liable for any such deficiency and the interest thereon. No accrual has been made in the financial statements for additional taxes, or interest thereon, with respect to the years 1954 through 1964.

In October 1975, through counsel, the Transportation Company submitted to the Internal Revenue Service its offer of final settlement and disposition of the consolidated federal income tax liability of the consolidated group for the years 1954 through 1969. To date, the Internal Revenue Service has not formally accepted or rejected that offer, but in May 1976 it filed a proof of claim in the Reorganization Court to protect its rights. In August 1976, the Transportation Company filed with the Internal Revenue Service a written protest to the adjustments giving rise to the proposed deficiencies. The Transportation Company has been advised that its protest is under review by the Internal Revenue Service and the Department of Justice.

NOTE 9 - CAPITAL STOCK:Preferred Stock:

At the option of the holder, the preferred stock issued by the Company is exchangeable for shares of Norfolk and Western Railway Company common stock. The current exchange ratio is 2.2989 shares of Norfolk and Western (adjusted for a 3 for 1 stock split in 1976) for each share of preferred stock (with adjustment for dilution). As a result of exchanges, the Company had acquired, at December 31, 1976, 532,662 shares of such preferred stock. These shares may be used to satisfy, through 1991, the Company's requirement to retire 35,295 of these shares annually. In addition, the preferred stock is redeemable at the option of the Company at any time at par plus unpaid dividends and a premium of \$6.50 per share to July 1, 1977, which decreases in equal annual amounts to \$5.00 per share in 1979.

During 1976, 12,618 (10,341 in 1975) shares of preferred stock were exchanged for 28,934 (23,721 in 1975) shares of Norfolk and Western common stock (adjusted for a 3 for 1 stock split in 1976). A gain of \$48,000 (\$77,000 loss in 1975) was recognized through this exchange, which gain represents the aggregate amount by which the market value of the Norfolk and Western common stock exceeded the carrying value at the time of exchange. Additionally, the aggregate difference, \$490,000 (\$516,000 in 1975), between the par value of the preferred shares tendered and the market value of Norfolk and Western common shares given in exchange was credited to capital surplus.

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Common Stock:

As discussed in Note 4, 100% of the Company's common stock is held by the Transportation Company. Pursuant to a court order, the Transportation Company may not cause the Company to pay any dividends on common stock, or cause advances or transfers of property from the Company to the Transportation Company. See Note 4 for a discussion of the Plan of Reorganization as filed with the Reorganization Court by the Trustees on December 17, 1976.

NOTE 10 - EXECUTIVE MANAGEMENT AGREEMENT:

Effective June 1, 1973, the Company entered into an Executive Management Agreement ("management agreement") with Victor Palmieri and Company Incorporated pursuant to which the Company will obtain executive management services, including the services of Victor Palmieri as Chief Executive Officer, for the five-year term of the agreement, subject to earlier termination under certain conditions. Victor Palmieri and Company Incorporated receives a monthly fee for providing these services and in addition will be entitled to receive an amount up to 5% of the growth in appraised value of the Company's nonrail assets (less liabilities and preferred stock) during the period of this agreement. In general, for purposes of the management agreement and this note, "nonrail assets" include all of the Company's securities, and exclude the Detroit, Toledo & Ironton Railroad Company, the Toledo, Peoria, and Western Railway and other investments in the Transportation Company or its railroad affiliates.

The concept of the management agreement is to provide an incentive participation based on increased value of such nonrail assets over the term of the agreement. Specifically, the agreement provides that on its termination, the value of the Company's net nonrail assets shall be determined by majority vote in arbitration proceedings by a panel of three persons, one of whom shall be selected by each of the parties to the agreement and the third by the first two. These arbiters are to agree to the best method or methods of determining fair value of the assets, using techniques which take into account the diversity of the business and investments of the Company and the possibility that such assets should be valued individually and by different methods rather than in the aggregate by a single method. The agreement further provides that valuation methods should be selected after consideration of the possibility that either a going-concern value or an underlying asset value might be appropriate.

The increase in value of the net assets is to be determined by measuring the termination value against a base amount of \$154 million (which was established by relying principally on asset valuations previously determined by Kuhn, Loeb and Co.). If such termination value is greater, Victor Palmieri and Company Incorporated shall be paid by the Company a percentage of such increase in value, commencing at one percent if the agreement had terminated in 1973 and increasing at a rate of one percent per year to five percent in 1977. If any rail assets are converted into money or property, such money or property shall become nonrail assets for the purposes of this agreement and the base amount shall be adjusted to include the value of such money or property at the date of conversion.

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The Company's independent public accountants have advised it that accounting for an accrual of a liability in connection with the management agreement is governed by Financial Accounting Standards Board Statement No. 5 and Interpretation 14 thereof. These statements require accrual of a liability if (i) it is probable that a liability has been incurred and (ii) the amount or range of the liability can be reasonably estimated. If no single amount can be reasonably estimated but an amount within the range appears to be the best estimate, the best estimate is accrued. Absent a best estimate, the Statement and the Interpretation require accrual of the minimum amount within the range.

In connection with the presentation made in the accompanying financial statements, the Board of Directors of the Company has continued its policy of considering, in light of applicable accounting conventions, whether it is appropriate to accrue a liability with respect to the management agreement. Based upon the facts and circumstances relevant to these financial statements, the Board (without participation of those members who would prospectively share in the incentive fee created by the management agreement) has concluded that it is prudent to accrue \$7,500,000 in the 1976 financial statements. That conclusion is a matter of judgment and necessarily does not rest upon the valuation process specified in the management agreement since the agreement provides that the process will occur only at the termination of the agreement. The amount which would be determined by that process is not known, and it, along with events and circumstances arising after December 31, 1976, and prior to the termination of the management agreement, which is specified to be June 1, 1978, may require either upward or downward adjustments to the accrual. Such adjustments may be significant and, in any event, will be accrued in the year in which they arise.

The Company and Victor Palmieri and Company Incorporated have entered into an agreement which precludes either party to the management agreement from using the Board's determination reported in these statements as evidence or in any other way in the valuation conducted pursuant to that management agreement.

NOTE 11 - LITIGATION, CONTINGENT LIABILITIES AND COMMITMENTS:

(a) Pennsylvania Company:

The Company is or has been a defendant in numerous lawsuits instituted since the Transportation Company entered into reorganization proceedings. All of the suits are based on events which occurred prior to those proceedings. In certain of these suits Penn Central Company, the Transportation Company, other affiliated companies and certain majority-owned companies are also defendants. The suits can be categorized as follows:

(i) Actions filed in or transferred to the Federal Court for the Eastern District of Pennsylvania (and one action in each of the Pennsylvania and New York state courts) which are part of or aligned with a multitude of suits referred to as the Penn Central Securities Cases, in many of which the Company is not a party. These actions had been dismissed by the end of 1976 and settlement of them was completed in early 1977.

(ii) An action against the Company, the Transportation Company and others based on alleged misrepresentations and omissions in financial or other published information.

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(iii) An action against the Company by the Trustee of The Pittsburgh, Youngstown & Ashtabula Railway Company in connection with the nonpayment by the Transportation Company from and after June 1, 1970, of amounts allegedly due under the lease of the properties of the PY&A, which lease was assigned to the Transportation Company by the Company in 1917. It is the Company's intention, based upon advice of counsel, to defend this suit aggressively.

Investigations into a number of transactions and activities of Penn Central Company, its affiliates, its former officers and directors and others, some of which relate to the Company and certain of its majority-owned companies, have been conducted by certain government agencies, including the Securities and Exchange Commission and the Trustee of the Transportation Company.

The Company is not able to predict whether additional claims will be made against it based on actions by its former management or by the former management of its majority-owned companies or to predict the likely ultimate outcome of the pending litigation, or to determine the effect, if any, of such outcome on the financial condition of the Company. Consequently, no provision has been made therefore in the accompanying financial statements.

Pursuant to agreements entered into in 1959, the Company is obligated to make advances to certain railroad-related subsidiaries in order to provide these subsidiaries with funds for specified purposes. No advances have been required to date. Because advances are called for only under particular circumstances and for specific purposes, the Company is unable to estimate whether any such advances will be required and, if so, in what amounts.

(b) Buckeye Pipe Line Company ("Buckeye"):

In September 1974, Buckeye Tank Terminals, Inc. ("Terminals"), a wholly-owned subsidiary of Buckeye, initiated steps to terminate various leases and operating agreements because lessee had not met certain express conditions of the leases. In October of 1974, lessee filed a complaint seeking injunctive relief against Terminals. The parties have entered into a stipulation which establishes the basis for the continuation of service pending final decision. Trial of the case began January 3, 1977. An adverse decision in this action would prevent realization of increased revenues to Buckeye from alternative use of the leased facilities. However, such a decision would probably resolve, in a manner favorable to Terminals and Buckeye, a number of the uncertain questions of State and Federal regulatory law raised by the leases and operating agreements. If it were determined in this or any other proceeding that the leases and operating agreements were not in compliance with law, penalties could be assessed against Terminals and Buckeye and third parties believing themselves to have been injured thereby could seek damages. Buckeye does not consider the likelihood high that any proceedings arising from such claims would result individually or in the aggregate in a material adverse effect on Buckeye's financial condition.

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(c) Edgington Oil Company, Inc. ("Edgington"):

Edgington is subject to the Federal Energy Administration's regulations, and, in particular, to the Old Oil Entitlements Program which requires crude oil refiners, such as Edgington, whose cost of crude oil refinery feedstock is lower than the national average, to purchase "entitlements" from refiners whose crude oil cost is higher than the national average, thereby equalizing the crude oil cost of all refiners. The obligations of Edgington and its predecessor, EDG, Inc., to purchase entitlements have been reduced, beginning in 1975, as a result of FEA administrative relief. The most recent relief, based on projected operating results from October 1, 1976 through March 1, 1977, reduced Edgington's entitlements purchase obligation by \$1,240,000 per month for the period December 1976 through May 1977. For the period from the date of acquisition (September 24, 1976) by the company through December 31, 1976, Edgington had gross entitlement purchase obligations of \$6,900,000, exception relief granted of \$3,900,000, and net entitlements purchased of \$3,000,000. The approximate charge to operations for entitlement purchases during this period was \$2,300,000. This relief, like all of the relief which Edgington and its predecessors, EDG, Inc., have received from the program is based upon projected operating results and is subsequently subject to adjustment upon FEA's review of actual operating results. EDG, Inc. is responsible for excessive relief received, if any, prior to September 25, 1976. Any downward adjustment made by the FEA would generally require Edgington to purchase additional entitlements during the twelve-month period subsequent to the date of the FEA order. The amount of adjustment, if any, for the period ended December 31, 1976 cannot presently be determined.

Approximately \$5,000,000 of Edgington's sales for the period ended December 31, 1976, are subject to the Renegotiation Act of 1951 under which refunds for excess profits could be required. Management of Edgington believes, however, that its profits are not excessive and no refunds will be required.

(d) Great Southwest Corporation ("GSC"):

As noted in subparagraph (a)(i), several actions are part of or aligned with a multitude of suits referred to as the Penn Central Securities Cases. GSC was a defendant, and a derivative plaintiff, in many of these actions. These were dismissed by the end of 1976, and settlement of them was completed in early 1977. With respect to GSC, these actions included both claims against GSC and claims brought derivatively on its behalf. Also, GSC is named as a defendant in the action noted in subparagraph (a)(ii).

During 1973, GSC became aware that a real estate project previously sold by a subsidiary of GSC was experiencing financial difficulties. As a consequence of those difficulties, GSC and certain of its subsidiaries have been named as defendants in actions, and may have demands made against them with respect to certain contingent claims and obligations relating to this project. During 1976, several claims against GSC relating to this project were settled.

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In September 1974, GSC sold Richardson Homes Corporation ("Richardson"), its mobile home subsidiary. Subsequent to such sale, bankruptcy proceedings involving Richardson were commenced. In December 1975, an action was brought by the trustee in bankruptcy for Richardson against GSC, one of its subsidiaries and seven former directors of Richardson (six of whom are current officers or directors of GSC). The action alleges, among other things: (a) that Richardson was the alter ego of GSC and, therefore, GSC is liable for all of the debts and obligations of Richardson; (b) that a dividend from Richardson in February 1974 in the form of the cancellation of a receivable from Richardson's parent was a fraudulent conveyance; (c) that the directors of Richardson improperly authorized this dividend; and (d) that the Richardson directors abandoned Richardson and failed to safeguard its assets.

There presently is not sufficient information to identify the magnitude of the exposure, if any, of GSC with respect to the remaining claims relating to the above described real estate project or the Richardson Homes Corporation lawsuit and, accordingly, no provisions have been made for these matters in the accompanying financial statements.

GSC and its subsidiaries are defendants in certain other lawsuits as to which provisions have been made for estimated losses and expenses in the accompanying consolidated financial statements. Based in part upon advice of counsel, GSC believes such provision to be adequate.

GSC leases certain of its facilities and equipment under various agreements which expire from time to time through 1994. Annual commitments applicable to long-term leases (net of sublease income which is not material) at December 31, 1976 are as follows:

1977	\$ 2,400,000
1978	2,400,000
1979	2,400,000
1980	2,500,000
1981	2,300,000
1982-1986	11,100,000
1987-1991	11,000,000
1992-1994	6,600,000

Included in the above data is a facility lease GSC entered into during 1975 for an amusement park. The initial term of the lease is for 20 years at an annual rental of approximately \$2,100,000 with an option to renew for an additional 10 years and requires that, among other things, GSC make minimum annual capital improvements of approximately \$800,000 during the initial term of the lease. In addition, GSC, pursuant to certain agreements relating to its other amusement parks, is required to make annual capital improvements in the aggregate of approximately \$2,600,000.

Net rental expense on all GSC leases was \$2,200,000 in 1976 and \$2,160,000 in 1975.

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(e) Clearfield Bituminous Coal Corporation ("Clearfield"):

Claims of former employees of Clearfield and their dependents are pending against Clearfield for black lung benefits under Title IV of the Federal Coal Mine Health and Safety Act of 1969, as amended. As of December 31, 1976, 24 such claims for black lung benefits were pending and as of March 1, 1977, the number of such claims had increased to 25. Full hearings have been held on only two of the outstanding claims and in both cases Clearfield prevailed before the Hearing Examiner who found that under the statute and applicable regulations Clearfield does not fall within the definition of "responsible operator" and was not therefore liable. Both cases have been appealed to the Benefits Review Board of the Labor Department. Clearfield is protesting such claims but it is not able to estimate the total number of claims which may eventually be filed, or to estimate its potential ultimate liability, if any, should its defenses against such claims not be successful. Accordingly, no provision for such claims has been made in the accompanying financial statements.

Road Initials: Pa. Co. Year: 1976

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300. INCOME ACCOUNT FOR THE YEAR

1. Give the Income Account of the respondent for the year in accordance with the rules prescribed in the Uniform System of Accounts for Railroad Companies.

2. In column (d) show against the appropriate account the amount of income that is offset by deductions in other income accounts of respondent so far as they relate to companies the operations of which are covered by this operating report, the amount of such deductions or dispositions to be also shown against appropriate accounts. For example, road (A) operates road (B) under

lease for a rental of \$1,000,000, but road (A) owns 50 percent of the stock of road (B) on which it receives \$250,000 in dividends. The entries in column (d) should be: Account No. 513, "Dividend income," \$250,000; Account No. 542, "Rent for leased roads and equipment," \$250,000. Again, if road (C) has issued its own securities to acquire a part or all of the securities of road (D), a separately operated carrier, no entries should be made in column (d) by road (C) even though dividends or interest be received on such securities held by road (C). But if road (D) is a

Line No.	Item (a)	Amount for current year (b)	Amount for preceding year (c) *	Offsetting debits and credits for current year (d)
	ORDINARY ITEMS	\$	\$	restated
	OPERATING INCOME			
	Railway Operating Income			
1	(501) Railway operating revenues (p. 73)			
2	(531) Railway operating expenses (p. 74)			
3	Net revenue from railway operations			
4	(532) Railway tax accruals (p. 86)			
5	(533) Provision for deferred taxes (p. 87)			
6	Railway operating income			
	Rent Income			
7	(503) Hire of freight cars and highway revenue equipment—			
	Credit balance (p. 90)			
8	(504) Rent from locomotives (p. 91)			
9	(505) Rent from passenger-train cars (p. 91)			
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 equipment—			
	Debit balance (p. 90)			
15	(537) Rent for locomotives (p. 91)			
16	(538) Rent for passenger-train cars (p. 91)			
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)			
24	(509) Income from lease of road and equipment (p. 88)			
25	(510) Miscellaneous rent income (p. 88)			
26	(511) Income from nonoperating property (p. 53)			
27	(512) Separately operated properties—Profit (p. 89)			
28	(513) Dividend income (from investments under cost only)	3,898	5,556	
29	(514) Interest income	2,423	2,114	
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 (p. 94)	6,395	671	
34	Dividend income (from investments under equity only)	1975 ADJ. 28,847	1976 21,731	x x x x
35	Undistributed earnings (losses)	1,534	25,203	x x x x
36	Equity in earnings (losses) of affiliated companies (lines 34, 35)	46,934	30,381	x x x x
37	Total other income	59,650	38,722	
38	Total income (lines 22, 37)	59,650	38,722	
	Miscellaneous Deductions From Income			
39	(534) Expenses of miscellaneous operations (p. 53)			
40	(535) Taxes on miscellaneous operating property (p. 53)			
41	(543) Miscellaneous rents (p. 93)			
42	(544) Miscellaneous tax accruals (p. 53)	33	46	
43	(545) Separately operated properties—Loss (p. 89)			

300. INCOME ACCOUNT FOR THE YEAR—Continued

"proprietary" company for which no separate operating report is rendered, appropriate entries in column (d) should be made by road (C). If a leased road is assigned to another company for operation, the rent paid should be offset by the rent received. The examples indicated should not be taken to exclude others of a similar nature.

3. Returns for the year reported on lines 1 to 22, inclusive, should be analyzed in columns (e) to (k) in accordance with the Commission's rules governing the separation of operating expenses between freight and passenger service; railroads.

4. Any unusual accruals involving substantial amounts included in column (b) on lines 7 to 54,

inclusive, should be fully explained in a footnote.

5. All contra entries hereunder should be indicated in parenthesis.
(Dollars in thousands)

6. 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.

RAIL-LINE, INCLUDING WATER TRANSFERS

Related solely to freight service (e)	Apportioned to freight service (f)	Total freight service (g)	Related solely to passenger and allied services (h)	Apportioned to passenger and allied services (i)	Total passenger service (j)	Other items not related to either freight or to passenger and allied services (k)	Line No.
\$	\$	\$	\$	\$	\$	\$	
							1
X X X X X	X X X X X		X X X X X	X X X X X			2
							3
							4
X X X X X	X X X X X		X X X X X	X X X X X			5
							6
							7
							8
							9
							10
							11
X X X X X	X X X X X		X X X X X	X X X X X			12
							13
							14
							15
							16
							17
							18
							19
X X X X X	X X X X X		X X X X X	X X X X X			20
X X X X X	X X X X X		X X X X X	X X X X X			21
X X X X X	X X X X X		X X X X X	X X X X X			22

If this report is made for a system, list hereunder the names of all companies included in the system returns:

300. INCOME ACCOUNT FOR THE YEAR—Concluded

Line No.	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Offsetting debits and credits for current year (d)
44	(549) Maintenance of investment organization	\$ 11,213	\$ 2,725	\$
45	(550) Income transferred to other companies	--	--	
46	(551) Miscellaneous income charges (p. 94)	1,722	543	
47	Total miscellaneous deductions	12,968	3,314	
48	Income available for fixed charges (lines 38, 47)	46,682	35,408	
Fixed Charges				
49	(542) Rent for leased roads and equipment (p. 92)			
	(546) Interest on funded debt:			
50	(a) Fixed interest not in default	4,622	5,229	
51	(b) Interest in default	--	--	
52	(547) Interest on unfunded debt	3,274	4,000	
53	(548) Amortization of discount on funded debt	75	71	
54	Total fixed charges	7,971	9,300	
55	Income after fixed charges (lines 48, 54)	38,711	26,108	
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)			
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. 94)			
64	(590) Income taxes on extraordinary items-Debit (credit) (p. 94)			
65	(591) Provision for deferred taxes-Extraordinary items (p. 87)			
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)	38,711	26,108	

* Less applicable income taxes of:

555 Unusual or infrequent items-Net-(Debit) credit	\$
560 Income (loss) from operations of discontinued segments	
565 Gain (loss) on disposal of discontinued segments	
592 Cumulative effect of changes in accounting principles	

NOTE-See page 19 for explanatory notes which are an integral part of the Income Account for the Year.

* Restated, see Note 1, p. 15

INCOME ACCOUNT FOR THE YEAR—EXPLANATORY NOTES

The space below is provided for the purpose of disclosing additional information concerning items of income for the current year. Each carrier shall give the particulars of items herein. Enter in separate notes with suitable explanation, amounts included in income accounts in connection with any unusual and material accrual or changeover in accounting practice, and other matters of the character commonly disclosed in financial statements under generally accepted accounting and reporting principles. Minor items which have no consequential effect on net income for the

year need not be reported. If carrier has nothing to report, insert the word "None". The tax consequences of use of accelerated depreciation and tax guideline service lives, the investment tax credit, as well as other unusual and significant tax items and matters, are to be disclosed in Schedule 350, under Section C pertaining to analysis of Federal income taxes. The explanation of items included in accounts 570, "Extraordinary items"; and 590, "Income taxes on extraordinary items" are to be disclosed in Schedule 396, page 94.

305. RETAINED INCOME - UNAPPROPRIATED

1. Show hereunder the items of the Retained Income Accounts of the respondent for the year, classified in accordance with the Uniform System of Accounts for Railroad Companies.

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

3. Indicate under "Remarks" the amount of assigned Federal income tax consequences, accounts 606 and 616.

4. Segregate in column (c) all amounts applicable to the equity in un-

distributed earnings (losses) of affiliated companies based on the equity method of accounting.

5. Line 3 (line 7 if debit balance), column (c), should agree with line 35, column (b), schedule 300. The total of columns (b) and (c), lines 3 and 7, should agree with line 63, column (b), schedule 300.

6. Include in column (b) only amounts applicable to retained income exclusive of any amounts included in column (c). (Dollars in Thousands)

Line No.	Item (a)	Retained income- Unappropriated (b)	Equity in undistributed earnings (losses) of affiliated companies (c)
1	Balances at beginning of year From January 1, 1972	\$ 34,149	\$ 19,788
2	(601.5) Prior period adjustments to beginning retained income (Note 1, p. 15)		(28,044)
	CREDITS		
3	(602) Credit balance transferred from income	13,508	25,203
4	(606) Other credits to retained income		
5	(622) Appropriations released		
6	Total	13,508	25,203
	DEBITS		
7	(612) Debit balance transferred from income		
8	(616) Other debits to retained income		
9	(620) Appropriations for sinking and other reserve funds		
10	(621) Appropriations for other purposes		
11	(623) Dividends (p. 20)	821	
12	Total	821	
13	Net increase (decrease) during year (Line 5 minus line 11)	12,687	(2,841)
14	Balances at close of year (Lines 1 and 13)	46,836	16,947
15	Balance from line 14(c)	16,947	x x x x x
16	Total unappropriated retained income and equity in undistributed earnings (losses) of affiliated companies at end of year	63,783	x x x x x
	Remarks		
	Amount of assigned Federal income tax consequences:		
17	Account 606	---	x x x x x
18	Account 616	---	x x x x x

Note: See p. 94, schedule 396, for analysis for Retained Income Accounts.

308. DIVIDEND APPROPRIATIONS

1. Give particulars of each dividend declared. For par value or nonpar stock, show in column (d) 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 (b) or (c). If any such dividend was payable in anything other than cash, explain the matter fully in a footnote.

2. If an 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 of the respondent after payment of any dividend, give full particulars in a footnote. If any class of stock received a return not reportable in this schedule, state the particulars of the case in a footnote.

3. The sum of the dividends stated in column (e) should equal the amount shown in schedule No. 305.

4. Report dollars in thousands.

Line No.	Name of security on which dividend was declared (a)	Rate percent (par value stock) or rate per share (nonpar stock)		Total par value of stock or total number of shares of nonpar stock on which dividend was declared (d)	Dividends (account 623) (e)	DATES	
		Regular (b)	Extra (c)			Declared (f)	Payable (g)
1	Pennsylvania Co. 4 5/8 Cumulative	1.15625	---	\$ 180,107	\$ 208	3/18/76	4/15/76
2	Preferred Stock	1.15625	---	178,754	207	6/7/76	7/15/76
3	Preferred Stock	1.15625	---	177,449	205	9/17/76	10/15/76
4	Preferred Stock	1.15625	---	173,236	201	11/18/76	1/15/77
5							
6							
7							
8							
9							
10							
11							
12							
13				Total	821		

309. STATEMENT OF CHANGES IN FINANCIAL POSITION

Give the information as requested concerning the source and application of funds during the year. Funds for the purpose of this schedule shall include all assets or financial resources even though a transaction may not directly affect cash or working capital. For example, the purchase of property in exchange for shares of stock or bonds would be an application of funds for investment in property provided by the issue of securities. Sources and uses of funds should be individually disclosed. For example, outlays for fixed assets should not be reported net of retirements.

Use reference columns (a), (b) and (c) as a guide in presenting and computing the requested information as follows:

Column
(a) Schedules in this report where disclosure may be found.
(b) Applicable line number in reference schedule.
(c) Applicable column(s) in reference schedule.

Reference
When two or more line numbers of columns appear in reference columns, add or subtract the amounts as indicated. For example, the notation "(a)" - "(b)" in reference column (c) means to subtract the amount in column (b) from the amount in column (a).

Line No.	Reference			Description (d)	Amount (e)
	Schedule (a)	Line (b)	Column (c)		
				SOURCES OF WORKING CAPITAL	
1	300	62	(b)	Working capital provided by operations:	
				Net income (loss) before extraordinary items	38,711
2	324	17	(b)	Add expenses not requiring outlay of working capital; (subtract) credits not generating working capital:	
3	396	-	-	Retirement of nondepreciable property	
4	NOTE A	-	-	Loss (gain) on sale or disposal of tangible property	(4,673)
5	300	5	(b)	Add depreciation and amortization expenses	97
6	300	35	(a)	Net increase (decrease) in deferred income taxes	
7	200	71.74	(b) - (c)	Net decrease (increase) in parent's share of subsidiary's undistributed income for the year	(25,203)
				Net increase (decrease) in noncurrent portion of estimated liabilities	
				Other (specify):	
8				Provision for Executive Management Agreement	7,500
9					
10					
11					
12					
13					
14					
15					
16					
17					
18				Total working capital from operations before extraordinary items	16,432

309. STATEMENT OF CHANGES IN FINANCIAL POSITION--Continued

Line No.	Reference			Description (d)	Amount (c)
	Schedule (a)	Line (b)	Column (c)		
19	300	68	(b)	Working capital provided by operations (Continued): Extraordinary items and accounting changes	\$ 16,432
20	300	63	(b)	Add expenses not requiring outlay of working capital; (subtract) credits not generating working capital:	
21	300	65	(b)	Loss (gain) on extraordinary items	
22	300	67	(b)	Net increase (decrease) in deferred income taxes	
				Cumulative effect of changes in accounting principles	
				Other (specify):	
23					
24					
25					
26					
27					
28				Total working capital from extraordinary items and accounting changes	
29				Total working capital from operations (lines 18 and 28)	
30				Working capital from sources other than operating:	37,000
31				Proceeds from issuance of long-term liabilities	
32				Proceeds from sale/disposition of carrier operating property	
33				Proceeds from sale/disposition of other tangible property	
	205	99	(l)	Proceeds from sale/repayment of investments advances	68,650
	206	99	(k)		
34	204	41	(f)	Net decrease in sinking and other special funds	
35	229	15	(e) + (f)	Proceeds from issue of capital stock	
			(-i)	Other (specify):	
36					
37					
38					
39					
40					
41				Total working capital from sources other than operating	105,650
42				Total sources of working capital (lines 29 and 41)	122,082

See APPLICATION OF WORKING CAPITAL on following page

309-STATEMENT OF CHANGES IN FINANCIAL POSITION—Concluded

309.-STATEMENT OF CHANGES IN FINANCIAL POSITION--Concluded				
Line No.	Reference			Amount (e)
	Schedule (a)	Line (b)	Column (c)	
				\$
				APPLICATION OF WORKING CAPITAL
43	-	-	-	Amount paid to acquire/retire long-term liabilities
44	305	10	(b)	Cash dividends
45	211	52	(e)	Purchase price of carrier operating property
46	-	-	-	Purchase price of other tangible property
47	205	99	(j)	Purchase price of long-term investments and advances
	206	99	(i)	
48	204	41	(e)	Net increase in sinking or other special funds
49	229	15	(j)	Purchase price of acquiring treasury stock
				Other (specify):
50				Other Net
51				3,427
52				
53				
54				
55				
56				
				Total application of working capital
				90,272
				Net increase (decrease) in working capital (line 42 less line 55) (show computations in Schedule 309S)
				31,810

NOTE A: Furnish the actual amount of depreciation and amortization expenses taken during the year. The following can be used as references:

Schedule	Line	Column
322	26	(b)
326	3	(e)
330	9	(b)
214	22	(j)
200	46	(b) - (c)
200	78	(b) - (c)

309S.-CHANGES IN WORKING CAPITAL

Compute the net changes in each element of working capital

Line No.	References			Description (d)	Balance, close of year (e)	Balance, beginning of year (f)	Net increase (decrease) (g)
	Schedule (a)	Line (b)	Column (c)				
1	200	1,2	(b)	Cash and temporary investments	\$ 33,451	\$ 40,238	\$ (6,787)
2	200	4	(b)	Net receivables	1,287	5,955	(4,668)
3	200	11	(b)	Prepayments	84	90	(6)
4	200	12	(b)	Materials and supplies			
5	-	-	-	Other current assets not included above	2	1	1
6	200	51	(b)	Notes payable and matured obligations	--	45,200	45,200
7	200	59	(b)	Accounts payable	655	365	(290)
8	200	65	(b)	Current equipment obligations and other debt	4,000	2,000	(2,000)
9	-	-	-	Other current liabilities not included above	514	874	360
10	-	-	-	Net increase (decrease) in working capital (line 56, Schedule 309)	29,655	(2,155)	31,810

NOTES AND REMARKS

201. ITEMS IN SELECTED CURRENT ASSET ACCOUNTS

Give brief description for each item or class of items of like description in accounts Nos. 702, "Temporary cash investments"; 704, "Loans and notes receivable"; 709, "Accrued accounts receivable"; 711, "Prepayments"; and 713, "Other current assets," at the close of the year. Show description of the temporary cash investments, the names of depositaries for the special deposits, the character of loans and notes, with name of debtor (or class of debtors), dates of issue and maturity, and appropriate description for each class of accrued accounts receivable and for the other current

assets. Show the three largest items in each account regardless of the dollar amount, and all other items (or the aggregate of a class of items of like description, amounting to less than \$250,000 many be combined into a single entry designated "Other items, each less than \$250,000". The entries for each account shall be listed and the account number and the total for each account shall be shown corresponding to the amounts in schedule 200. In case the character of any item is not fully disclosed by the entries in the columns hereunder, make a full explanation in a footnote.

Line No.	Account No. (a)	Item (b)	(Dollars in Thousands)	Amount (c)
				\$
1	702	Temporary Cash Investments		
2		Federal Home Loan Bks. due 1/24/77		1,992
3		Federal Home Loan Bks due 1/31/77		4,975
4		Farm Credit Bks. Disc. Notes 1/24/77		3,485
5		Farm Credit Bks. Disc. Notes 2/14/77		1,986
6		Farm Credit Bks. Disc. Notes 2/14/77		4,966
7		Farm Credit Bks. Disc. Notes 3/15/77		990
8		U. S. Treasury Bills due 6/2/77		4,898
9		U. S. Treasury Bills due 2/3/77		229
10		U. S. Treasury Bills due 2/24/77		358
11		U. S. Treasury Bills due 2/10/77		1,461
12		U. S. Treasury Notes due 11/30/78		4,028
13		U. S. Treasury Notes due 11/15/78		2,001
14		U. S. Treasury Notes due 10/31/78		999
15				32,368
16				
17	704	Loans and Notes Receivable		
18		Due from Edgington		941
19		Other Items each less than \$250,000		280
20				1,221
21				
22	711	Prepayments		
23		Other Items each less than \$250,000		84
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				

Schedule 202.-COMPENSATING BALANCES AND SHORT-TERM BORROWING ARRANGEMENTS

Using the following notes as a guideline, show the requirements of compensating balances and short-term borrowing arrangements if operating revenues are \$10 million or more. Footnote disclosure is required even though the arrangement is not reduced to writing.

1. Disclose compensating balances not legally restricted, lines of credit used and unused, average interest rate of short-term borrowings outstanding at balance sheet date, maximum amount of outstanding borrowings during the period and the weighted average rate of those borrowings.
2. Time deposits and certificates of deposit constituting compensating balances not legally restricted should be disclosed.
3. Compensating balance arrangements need only be disclosed for the latest fiscal year.
4. Compensating balances under an agreement which legally restricts the use of such funds, and which constitute support for short-term borrowing arrangements, should be included in Schedule 203, account 703, Special deposits.
5. Compensating balances under an agreement which legally restricts the use of such funds and which constitute support for long-term borrowing arrangements and are reported in account 717, Insurance and other funds, should also be separately disclosed below.
6. Compensating balance arrangements are sufficiently material to require disclosure in footnotes when the aggregate of written and oral agreement balances amount to 15 percent or more of liquid assets (current cash balances, restricted and unrestricted plus marketable securities).
7. When a carrier is not in compliance with a compensating balance requirement, that fact should be disclosed along with stated and possible sanctions whenever such possible sanctions may be immediate (not vague or unpredictable) and material.

NONE

GENERAL INSTRUCTIONS CONCERNING RETURNS IN SCHEDULES 205 AND 206

1. Schedules 205 and 206 should give particulars of stocks, bonds, other secured obligations, unsecured notes, and investment advances of affiliated and nonaffiliated companies held by respondent at close of year specifically as investments including obligations of the United States, 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 respondent. 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 value 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. 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.
VII	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.

9. Any balance in account 723, Reserve for adjustment of investment in securities - Credit, shall be disclosed by footnote to the securities against which such reserves were established.

10. Show dollars in thousands.

NOTES AND REMARKS

Schedule of Investments
Reflecting Reserve for Adjustment of Investments
(in thousands of dollars)

Account 723 - Reserve for Adjustment of Investments

Name of Issuing Company and Description of Security Held	Balance at Beginning of Year	Adjustment of the Quasi- Reorganization Values Established at 12/31/71	Sales or Exchanges During the Year	Balance at Close of Year	Account 721 or 722 Investments at Close of Year 1976	Total Investments at Close of Year 1976
Account 721:						
Arvida Corporation - common stock	\$ -	\$ -	\$ -	\$ -	\$ 67,548**	\$ 87,568
Buckeye Pipe Line Company - common stock	-	-	-	-	94,437**	94,437
Clearfield Bituminous Coal Corporation - common stock	-	-	-	-	5,163**	5,163
Great Southwest Corporation:						
Common stock	-	-	-	-	-	-
7 1/2% preferred stock - Series B	-	-	-	-	(20,156)**	(20,156)
7 1/2% preferred stock - Series C	-	-	-	-	-	-
3% preferred stock - Series F	-	-	-	-	-	-
The Pullman Company - common stock	3,312	-	-	3,312	3,312	-
Penn Towers, Inc. - common stock	-	-	-	-	-	-
Detroit, Toledo & Ironton RR Co. - common stock	-	-	-	-	17,909**	17,909
The Connecting Railway Co. - capital stock	-	-	-	-	4,679**	4,679
Toledo, Peoria & Western RR Co. - common stock	2,875	-	-	2,875	5,575	2,700
The Philadelphia, Baltimore & Washington RR Co. - common stock	24,746	-	-	24,746	37,223	12,477
West Jersey & Seashore RR Co. - common stock	1,778	-	-	1,778	3,378	1,600
Pennrec Co. - common stock	-	-	-	-	286**	286
Penn Arlington - common stock	-	-	-	-	527**	527
Penn Houston, Inc. - common stock	-	-	-	-	190**	190
Penn Land, Inc. - common stock	-	-	-	-	3,058**	3,058
Edgington Oil Co., Inc. - preferred stock	-	-	-	-	15,442**	15,442
War Leasing Companies - common stock	-	-	-	-	1,000	1,000
Pennsylvania Railroad Company:						
General Mortgage Bonds - Series F - 3-1/8%	1,943	-	-	1,943	2,263	320
General Mortgage Bonds - Series G - 3%	599	-	-	599	722	123
General Mortgage Bonds - Series H - 4-1/4%	7,193	-	-	7,193	8,666	1,473
Pittsburgh, Cincinnati, Chicago & St. Louis RR Company -						
General Mortgage Bond - Series D - 5%	2,385	-	-	2,385	3,149	764
Lehigh Valley Railroad Company:						
General Consol. Mtg. - Series A 1%	377	-	-	377	414	37
General Consol. Mtg. - Series B 4-1/2%	73	-	-	73	83	10
General Consol. Mtg. - Series C 5%	37	-	-	37	41	4
Lehigh Valley Railway Company:						
Consol. Mtg. - 4-1/2%	19	-	-	19	22	3
1st Mtg. - 4-1/2%	789	-	-	789	958	169
Lehigh & Lake Erie RR Co. - 1st Mtg. - 4-1/2%	48	-	-	48	52	4
Lehigh Valley Terminal Ry. Co. - 1st Mtg. - 5%	186	-	-	186	230	44
Lehigh Valley Harbor Terminal Ry. Co. - 1st Mtg. - 5%	302	-	-	302	376	74
Penn Central Transportation Company - note	49,000	-	-	49,000	49,000	-
Pennrec Co. advance	-	-	-	-	5,540	5,540
Philadelphia, Baltimore & Washington RR Co. - advance	33,174	-	-	33,174	33,174	-
Detroit, Toledo & Ironton RR Co. - advance	583	-	-	583	1,750	1,167
Detroit, Toledo & Ironton RR Co. - advance	-	-	-	-	384	384
American Contract Company - advance	20,305	-	-	20,305	20,305	-
	149,724	-	-	149,724	386,700	236,976

Account 722:

Norfolk & Western Railway Company:
 common stock
 Madison Square Garden Corporation - common stock
 Strick, Inc.:
 Preferred stock - Series A
 Warrants to purchase Class A stock
 Wabash Railroad Company - preferred stock
 Norfolk & Western Railway Company 15 year 4-5/8% debentures due:
 June 1, 1985
 Transport Pool Corporation - note

Total account 722

Grand total - all investments

(9,586)	-	6,827	(2,759)	17,495	20,254
11,797	-	1,476	13,273	16,197	2,924
1,186	-	(186)	-	-	-
290	-	(290)	-	-	-
(409)	-	409	-	-	-
(2,424)	-	2,424	-	-	-
381	-	(140)	241	969	728
1,235	-	9,520	10,755	34,661	23,906
3150,959	\$ -	\$9,520	\$160,479	\$421,361	\$260,882

** Includes undistributed earnings or losses.

205. INVESTMENTS IN AFFILIATED COMPANIES

1. Give particulars of investments in stocks, bonds, other secured obligations, unsecured notes, and investment advances of companies affiliated with respondent, included in accounts Nos. 715, "Sinking funds"; 716, "Capital and other reserve funds"; 721, "Investments in affiliated companies"; and 717, "Insurance and other funds."

2. Entries in this schedule should be made in accordance with the definitions and general instructions given on page 27, classifying the investments by means of letters, figures, and symbols in columns (a), (b), and (c).

3. Indicate by means of an arbitrary mark in column (d) the obligation in support of which any security is pledged, mortgaged, or otherwise

encumbered, giving names and other important particulars of such obligations in footnotes.

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

5. Entries in column (d) should show date of maturity of bonds and other evidences of indebtedness. In case obligations of the same designation mature serially, the date in column (d) may be reported as "Serially 19 ____ to 19 ____." In making entries in this column, abbreviations in common use in standard financial publications may be used where necessary on account of limited space.

Line No.	Account No.	Class No.	Kind of industry	Name of issuing company and description of security held; also lien reference if any	Extent of control	INVESTMENTS AT CLOSE OF YEAR	
						Book Value of Amount Held at Close of Year	
						Pledged	Unpledged
(a)	(b)	(c)	(d)	(e)	(f)	(g)	
				% \$		\$	
1	721	A-3	VI	Arvida Corporation-Common	100.00	-	52,806
2		A-1	VII	Buckeye Pipe Line Company (X-1)	100.00	100,293	
3		A-3	X	Clearfield Bituminous Coal Corp.	100.00	-	14,530
4		A-1	VII	Connecting Railway Co.	73.81	-	15,856
5		A-1	VII	Detroit, Toledo & Ironton RR Co.	100.00	-	25,882
6		A-3	VI	Great Southwest Corp.-Common	94.00	-	106,723
7		A-3	VI	GSC - Preferred 'B' 7%	100.00	-	106
8		A-3	VI	GSC - Preferred 'C' 7.6%	100.00	-	109
9		A-3	VI	GSC - Preferred 'F' 3%	100.00	-	3,738
10		A-3	VI	GSC - Preferred 'A' 6%	100.00	-	-0-
11		A-3	X	Penn Towers, Inc.	100.00	-	-0-
12		A-1	VII	Philadelphia, Balto., and Wash. R.R.	34.80	-	37,223
13		A-1	VII	Pullman Company		-	3,312
14		A-1	VII	Toledo, Peoria & Western R.R. Co.	50.00	-	5,575
15		A-1	VII	W. Jersey and Seashore R.R. Co.-Common	28.38	-	3,378
16		A-3	VI	Pennrec Co.	100.00	-	750
17		A-3	VI	Penn Arlington, Inc.	100.00	-	2,075
18		A-3	VI	Penn Houston, Inc.	100.00	-	753
19		A-3	VI	Penn Land, Inc.	100.00	-	3,075
20		A-3	X	Edgington Oil Co., Inc.	80.00	-	12,000
21		A-1	VII	Car Leasing Companies	60.00	-	1,000
22				Total 721-A		100,293	288,891
23							
24	721	B-1	VII	Lehigh & Lake Erie RR 1st Mtg.	3/1/94	-	52
25		B-1	VII	L.V. Term. Ry. Co. 1st Mtg.	10/1/79	-	230
26		B-1	VII	L.V. Harbor Term. Ry. Co. 1st Mtg.	2/1/84	-	376
27		B-1	VII	Lehigh Valley Ry. Co. 1st Mtg.	7/1/74	-	958
28		B-1	VII	L.V. Ry. Co. Consol. Mtg.	4/1/89	-	22
29		B-1	VII	Lehigh Valley Ry. Co. Gen. Con. Mtg.	A5/1/03	-	414
30		B-1	VII	Lehigh Valley Ry. Co. Gen. Con. Mtg.	B5/1/03	-	83
31		B-1	VII	Lehigh Valley Ry. Co. Gen. Con. Mtg.	C5/1/03	-	41
32		B-1	VII	Penn. R.R. Co. Gen. Mtg. "F"	1/1/85	-	2,263
33		B-1	VII	Penn. R.R. Co. Gen. Mtg. "G"	5/1/85	-	722
34		B-1	VII	Penn. R.R. Co. Gen. Mtg. "H"	4/1/86	-	8,666
35		B-1	VII	Pitt., Cinc., Cleve. & St. Louis R.R.		-	
36				Co. Gen. Mtg. "O"	8/1/75	-	3,149
37				Total 721-B		-	16,976
38							
39				Page Total		100,293	305,867
40							
41				Continued			
42							
43							
44							
45							
46							

205. INVESTMENTS IN AFFILIATED COMPANIES—Continued

6. 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.

7. If any advances reported 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 (j) to (h) inclusive. If the cost of any investment made during the year differs from the book value report-

ed 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.

9. This schedule should not include securities issued or assumed by respondent. (Dollars in Thousands)

INVESTMENTS AT CLOSE OF YEAR		Book value of investments made during year (j)	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)		Book value (k)	Selling price (l)	Rate (m)	Amount credited to income (n)	
\$	\$ 52,806	\$ 30,430	\$	\$	%	\$	
	100,293	-			N/A	19,500	1
	14,530	-			N/A	800	2
	15,856	-				-	3
	25,882	-				-	4
	106,723	-				-	5
	106	-				-	6
	109	-				-	7
	3,738	-				515	8
	-	-				-	9
	-	-				-	10
	37,223	-				-	11
	3,312	-				-	12
	5,575	-				180	13
	3,378	-				99	14
	750	-				-	15
	2,075	-				369	16
	753	-				-	17
	3,075	3,075				-	18
	12,000	12,000				-	19
	1,000	1,000				-	20
						-	21
	389,184	46,505				21,463	22
							23
							24
	52	-					25
	230	-					26
	376	-					27
	958	-					28
	22	-					29
	414	-					30
	83	-					31
	41	-					32
	2,263	-					33
	722	-					34
	8,666	-					35
		-					36
	3,149	-					37
	16,976	-					38
							39
	406,160	46,505				21,463	40
							41
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205. INVESTMENTS IN AFFILIATED COMPANIES—Continued

Line No.	Account No.	Class No.	Kind of industry	Name of issuing company and description of security held; also lien reference, if any	Extent of control	INVESTMENTS AT CLOSE OF YEAR	
						Book Value of Amount Held at Close of Year	
						Pledged	Unpledged
(a)	(b)	(c)	(d)	(e)	(f)	(g)	
721	Bal	Fwd.		%	\$ 100,293	\$ 305,867	
47							
48	721	D-1	VII	Penn Central Trans. Co.-Note	11/30/94		49,000
49				Total 721-D			49,000
50	721	E-3	VI	American Contract Co.			20,305
51		E-1	VII	Detroit, Toledo & Ironton RR Co.			1,750
52		E-1	VII	Detroit, Toledo & Ironton RR Co.	3/1/81		384
53		E-3	VI	Pennrec Co.			5,540
54		E-1	VII	Phila., Balt., & Wash. RR Co.			33,174
55				Total 721-E			61,153
56							
57				Grand Total 721		100,293	416,020
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205. INVESTMENTS IN AFFILIATED COMPANIES—Concluded

205. INVESTMENTS IN AFFILIATED COMPANIES—Concluded							
INVESTMENTS AT CLOSE OF YEAR		Book value of investments made during year (j)	INVESTMENTS DISPOSED OF OR WRITTEN DOWN DURING YEAR		DIVIDENDS OR INTEREST DURING YEAR		Line No.
Book Value of Amount Held at Close of Year			Book value (k)	Selling price (l)	Rate (m)	Amount credited to income (n)	
In sinking, insurance, and other funds (h)	Total book value (i)						
\$	\$ 406,160	\$ 46,505	\$	\$	%	\$ 21,463	
	49,000						47
	49,000						48
	20,305						49
	1,750						50
	384	400	16		130%prime	27	51
	5,540				prime	547	52
	33,174						53
	61,153	400	16			574	54
							55
	516,313(Y)	46,905	16			22,037	56
							57
							58
							59
	(Y) Does not include reserve for impairment in value (723) See P.27-A-B.						60
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(Y) Does not include reserve for impairment in value (723) See P.27-A-B.

206. OTHER INVESTMENTS

1. Give particulars of investments in stocks, bonds, other secured obligations, unsecured notes, and investment advances of others 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 accounts Nos. 715, 716 and 717 held by trustees in lieu of cash deposits required under the governing instrument are not to be reported.

2. Entries in this schedule should be made in accordance with the definitions and general instructions given on page 27, classifying the investments by means of letters, figures, and symbols in columns (a), (b), and

(c). Investment in U. S. Treasury obligations may be reported as one item.

3. Indicate by means of an arbitrary mark in column (d) the obligation in support of which any security is pledged, mortgaged, or otherwise encumbered, giving names and other important particulars of such obligations in footnotes.

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

5. Entries in column (d) should show date of maturity of bonds and other evidences of indebtedness. In case obligations of the same designa-

Line No.	Account No.	Class No.	Kind of industry	Name of issuing company or government and description of security held; also lien reference, if any	INVESTMENTS AT CLOSE OF YEAR	
					Book Value of Amount Held at Close of Year	
					Pledged	Unpledged
	(a)	(b)	(c)	(d)	(e)	(f)
1	722	A-1	VII	Norfolk & Western RR Co.- Common (X-2)	\$ 15,727	\$ 1,768
2		A-3	X	Madison Square Garden Corp. - Common	-	16,197
3		A-1	VII	Strick, Inc. - Warrants & Stock	-	-
4		A-1	VII	Wabash Railroad Co. - Preferred Stock	-	-
5				Total 722-A	15,727	17,965
6	722	B-1	VII	Norfolk & Western RR Co.-Debentures 6/1/85	-	-
7				Total 722-B	-	-
8	722	D-1	VII	Transport Pool Corp., Note	-	969
9				Total 722-D	-	969
10				Grand Total 722	15,727	18,934
11						
12						
13						
14						
15						PRINCIPAL
16				LIEN REFERENCE 721 & 722		OUTSTANDING
17		X-1		Under Pennsylvania Company 5-1/4%		
18				Collateral Trust Bonds 6/1/89		
19				Midlantic Natl. Bank Trustee, Agmt. dtd. 6/1/69		(29,100)
20				2nd Lien		
21				Secures April Credit Agreement effective 7/8/76		(29,500)
22						
23		X-2		327,600 Shares Under		
24				Pennsylvania Company 5-1/4		
25				Collateral Trust Bonds 6/1/85		
26				First Pennsylvania Bank & Trust		
27				Company Trustee		
28				Agmt. dated 6/1/60		(2,730)
29						
30				398,253 shares escrowed for		
31				conversion of Pennsylvania Company		
32				preferred stock		(17,323)
33						
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206. OTHER INVESTMENTS—Continued

Line No.	Account No.	Class No.	Kind of industry	Name of issuing company or government and description of security held; also lien reference, if any	INVESTMENTS AT CLOSE OF YEAR	
					Book Value of Amount at Close of Year	
					Pledged	Unpledged
	(a)	(b)	(c)	(d)	(e)	(f)
47					\$	\$
48						
49						
50						
51						
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PENNSYLVANIA CO.

206. OTHER INVESTMENTS--Concluded

INVESTMENTS AT CLOSE OF YEAR		Book value of investments made during year (i)	INVESTMENTS DISPOSED OF OR WRITTEN DOWN DURING YEAR		DIVIDENDS OR INTEREST DURING YEAR		Line No.
Book Value of Amount Held at Close of Year			Book value (j)	Selling price (k)	Rate (l)	Amount credited to income (m)	
In sinking, insurance, and other funds (g)	Total book value (h)						
\$	\$	\$	\$	\$	%	\$	
							47
							48
							49
							50
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207. 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 instruction 6-2 (b)(4).
 5. The total of column (g) must agree with column (b), line 21, schedule 200.

6. For definitions of "carrier" and "noncarrier," see general instructions 6 and 7 on page 27.
 (DOLLARS IN THOUSANDS)

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	Buckeye Pipe Line Company	\$ (8,974)	\$ -	\$ 3,118	\$	\$	\$ (5,856)
2	Detroit, Toledo & Ironton Railroad Co.	(7,973)	-	-			(7,973)
3	Connecting Railway Company	(11,177)	-	-			(11,177)
4							
5							
6							
7							
8							
9							
10							
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12							
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207. INVESTMENTS IN COMMON STOCKS OF AFFILIATED COMPANIES (Continued)

Undistributed Earnings From Certain Investments in Affiliated Companies

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).						
29		\$	\$	\$	\$	\$	\$
30							
31							
32							
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57							
58							
59	Total	(23,124)	-	3,118	-	-	(25,006)
60	Noncarriers: (Show totals only for each column)	(126,518)	-	21,850	61	-	(104,607)
61	Total (lines 59 and 60)	(154,642)	-	24,968	61	-	(129,613)

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

1. Give particulars of investments represented by securities and advances (including securities issued or assumed by respondent), and of other intangible property, indirectly owned or controlled by respondent 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.	Name of issuing company and security or other intangible thing in which investment is made	Total book value of investments at close of year	Book value of investments made during year
	(a)	(b)	(c)	(d)
1	A-1	Ft. Wayne & Jackson R.R.-Common	\$ 1	\$
2		Ft. Wayne & Jackson R.R.-Preferred	41	
3		Mahoning Coal Company RR	90	
4		Total A-1	132	
5				
6				
7	A-3	Arvida Management Co.	5	
8		Arvida Investment Co.	50	
9		Arvida of Georgia, Inc.	5	
10		Arvida Mortgage Co.	50	
11		Arvida Realty Sales, Inc.	5	
12		Frank B. Morgan Co.	72	
13		51st Street Realty Corp.	-	
14		EDOCO Companies	698	698
15		Total A-3	885	698
16				
17				
18	B-1	Boston & Albany RR Improvement 4-1/4	160	
19		Carthage & Adirondack RR Co. 1st Mtg.	43	
20		CCC & St. Louis RR Co.- (CM & W Div) 4%	19	
21		CCC & St. Louis RR Co. (Gen. Mtg.) 4%	40	
22		CCC & St. Louis RR Co. (St. Louis Div) 4%	82	
23		CCC & St. Louis RR Co. (R & I Mtg) 4-1/2%	45	
24		Mohawk & Malone RR Cons. Mtg. 3-1/2%	159	
25		N.Y.C. Coll. Trust 5-3/4%	11	
26		N.Y.C. Coll. Trust 6%	620	
27		N.Y. & Harlem RR 4% Ser A	36	
28		N.Y. & Harlem RR 4% Ser B	1,212	
29		N.Y. & Harlem RR 3-1/2% Gold	678	
30		St. Lawrence & Adirondack RR-2nd Mtg.	3	
31		Total B-1	3,108	-
32				
33	B-3	U.S. Treasury Obligations	10	-
34		Total B	3,118	-
35				
36				
37	C-3	Various Mtgs. & Notes Rec. R.E. Sales	25,978	8,034
38		Chem. Bank NY Trust Co. CSA 6-1/4%	256	-
39		Arvida Mortgage Co. - (MTGS)	2,222	-
40		Arvida of Georgia, Inc. (MTGS)	374	533
41		Total C-3	28,830	8,567
42				
43				
44	D-3	Notes R.E. Sales	108	
45		Short Term Securities (US Treasury Bills)	4,049	19,472
46		Trailer Train Co.	279	-
47		Short Term Securities (US Treasury Bills)	2,013	2,013
48		Short Term Securities (Commercial Paper)	14,580	14,580
49		Total D-3	21,029	36,065

209. SECURITIES, ADVANCES, AND OTHER INTANGIBLES OWNED OR CONTROLLED THROUGH NONREPORTING CARRIER AND NONCARRIER SUBSIDIARIES—Continued

2. This schedule should include all securities, open account advances, and other intangible property owned or controlled by nonreporting companies shown in schedules 104A, 104B, and 205, as well as those owned or controlled by any other organization or individual whose action respondent is able to determine.

3. Investments in U.S. Treasury obligations may be combined in a single item.
4. Column (a), Class No., should show classifications as provided in instructions 3 and 4, page 27.

(Dollars in thousands)

INVESTMENTS DISPOSED OF OR WRITTEN DOWN DURING YEAR		Names of subsidiaries in connection with things owned or controlled through them (g)	Line No.
Book value (e)	Selling price (f)		
\$	\$	Clearfield Bituminous Coal Corp.	1
		Clearfield Bituminous Coal Corp.	2
		Clearfield Bituminous Coal Corp.	3
			4
			5
			6
		Arvida Corporation	7
		Arvida Corporation	8
		Arvida Corporation	9
		Arvida Corporation	10
		Arvida Corporation	11
		Arvida Corporation	12
3		Clearfield Bituminous Coal Corp.	13
		Edgington Oil Co., Inc.	14
3			15
			16
			17
		Clearfield Bituminous Coal Corp.	18
		Clearfield Bituminous Coal Corp.	19
		Clearfield Bituminous Coal Corp.	20
		Clearfield Bituminous Coal Corp.	21
		Clearfield Bituminous Coal Corp.	22
		Clearfield Bituminous Coal Corp.	23
		Clearfield Bituminous Coal Corp.	24
		Clearfield Bituminous Coal Corp.	25
		Clearfield Bituminous Coal Corp.	26
		Clearfield Bituminous Coal Corp.	27
		Clearfield Bituminous Coal Corp.	28
		Clearfield Bituminous Coal Corp.	29
			30
			31
		Clearfield Bituminous Coal Corp.	32
			33
			34
			35
12,038		Arvida Corporation	36
26		Clearfield Bituminous Coal Corp.	37
543		Arvida Corporation	38
422		Arvida Corporation	39
13,029			40
			41
			42
		Arvida Corporation	43
18,066		Clearfield Bituminous Coal Corp.	44
		Clearfield Bituminous Coal Corp.	45
		Great Southwest Corporation	46
		Great Southwest Corporation	47
18,066			48
			49

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

1. Give particulars of investments represented by securities and advances (including securities issued or assumed by respondent), and of other intangible property, indirectly owned or controlled by respondent 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.	Name of issuing company and security or other intangible thing in which investment is made	Total book value of investments at close of year	Book value of investments made during year
(a)	(b)		(c)	(d)
1	E-1	Penn Central Transportation Co.	\$ 5,129	\$ -
2				
3	E-3	Arvida Investments Co.	700	-
4		Arvida Realty Sales, Inc.	515	
5		Frank R. Morgan & Co.	395	
6		Arvida Management Co.	5	
7		Penn Orlando Co.	5,530	
8				
9		Total E-3	7,145	
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209. SECURITIES, ADVANCES, AND OTHER INTANGIBLES OWNED OR CONTROLLED THROUGH NONREPORTING CARRIER AND NONCARRIER SUBSIDIARIES—Continued

2. This schedule should include all securities, open account advances, and other intangible property owned or controlled by nonreporting companies shown in schedules 104A, 104B, and 205, as well as those owned or controlled by any other organization or individual whose action respondent is able to determine.

3. Investments in U.S. Treasury obligations may be combined in a single item.
4. Column (a), Class No., should show classifications as provided in instructions 3 and 4, page 87.

(Dollars in thousands)

INVESTMENTS DISPOSED OF OR WRITTEN DOWN DURING YEAR		Names of subsidiaries in connection with things owned or controlled through them (g)	Line No.
Book value (e)	Selling price (f)		
\$ -	\$ -	Clearfield Bituminous Coal Corp.	1
			2
		Arvida Corporation	3
		Arvida Corporation	4
		Arvida Corporation	5
		Arvida Corporation	6
		Pennrec Co.	7
			8
			9
			10
			11
			12
			13
			14
			15
			16
			17
			18
			19
			20
			21
			22
			23
			24
			25
			26
			27
			28
			29
			30
			31
			32
			33
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			41
			42
			43
			44
			45
			46
			47
			48
			49

211. ROAD AND EQUIPMENT PROPERTY (See Instructions page 40)

Line No.	Account (a)	(Dollars in thousands)	Balance at beginning of year (b)	Expenditures during the year for original road and equipment, and road extensions (c)	Expenditures during the year for purchase of existing lines, reorganizations, etc. (d)
1	(1) Engineering _____		\$	\$	\$
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 and explain) <u>see note pg. 40</u>		221		
36	Total expenditures for road _____		221		
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 expenditures for equipment _____				
45	(71) Organization expenses _____				
46	(76) Interest during construction _____				
47	(77) Other expenditures—General _____				
48	Total general expenditures _____				
49	Total _____				
50	(80) Other elements of investment (p. 33) _____				
51	(90) Construction work in progress _____				
52	Grand Total _____		221		

211. ROAD AND EQUIPMENT PROPERTY (See Instructions page 40)

EXPENDITURES FOR ADDITIONS AND BETTERMENTS DURING THE YEAR		CREDITS FOR PROPERTY RETIRED DURING THE YEAR		Net changes during the year	Balance at close of year	Line No.
Made on owned property (e)	Made on leased property (f)	Owned property (g)	Leased property (h)	(i)	(j)	
\$	\$	\$	\$	\$	\$	1
						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
						27
						28
						29
						30
						31
						32
						33
	37				258	34
	37				258	35
						36
						37
						38
						39
						40
						41
						42
						43
						44
						45
						46
						47
						48
						49
						50
	37				258	51
						52

INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULE 211 ON PAGES 38 and 39

1. Give particulars of balances at the beginning and close of the year and of all changes during the year in account No. 731, "Road and Equipment Property," and account No. 732, "Improvements on Leased Property," classified by primary accounts in accordance with the Uniform System of Accounts for Railroad Companies. The balances, by primary accounts, should, insofar as known, be stated in column (b) and all changes made during the year should be analyzed in columns (c) to (h), inclusive. Column (j) is the aggregate of columns (b) to (h), inclusive. Grand totals of columns (b) and (j) should equal the sum of accounts 731 and 732 for the respective periods; if not, full explanation should be made in a footnote.

2. In column (c) are to be shown disbursements made for the specific purpose of purchasing, constructing, and equipping new lines, and for the extension of old lines, as provided for in Instruction 2-1, "Items to be charged," of the Uniform System of Accounts for Railroad Companies, for such items.

3. In column (d) is to be shown the cost of a railway or portion thereof, acquired as an operating entity or system by purchase, merger, consolidation, reorganization, receivership sale or transfer, or otherwise.

4. In columns (c) and (f), should be included all entries covering expenditures for additions and betterments, as defined, whether replacing other property or not.

5. In column (f) show particulars for improvements made on property held under lease or other form of long-term contract and not charged to the owning company.

6. In columns (g) and (h) should be entered all credits representing property sold, abandoned, or otherwise retired.

7. Both the debit and credit involved in each transfer, adjustment, or clearance, between road and equipment accounts, should be included in the column in which the item was initially included; also the transfer of

prior years' debits or credits from investment in road and equipment to operating expenses or other accounts, or vice versa, should be included in the column applicable to current items of like nature. Each such transfer, adjustment, or clearance should be fully explained when in excess of \$100,000.

8. 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.

9. Report on line 35 amounts not includible in the primary road accounts. The items reported should be briefly identified and explained under "Notes and Remarks," below. 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.

10. If during the year a segment of transportation property was acquired, state in a footnote the name of the vendor, 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.

11. If an amount of less than \$1,500 is used as the minimum debit or credit for additions and betterments to property investment accounts as provided for in Instruction 2-2, of the Uniform System of Accounts for Railroad Companies, state in a footnote the amount used.

12. Show dollars in thousands.

NOTES AND REMARKS

Amounts on line 35, schedule 211, are fixed assets and leasehold improvements relative to the establishment of corporate office at 1616 N. Fort Myer Drive, Arlington, Virginia (1975).

211A. OTHER ELEMENTS OF INVESTMENT

1. Give particulars and explanation of all entries in account No. 80, "Other elements of investment," during the year.

2. In column (b) show the account number to which the entries in column (c) were credited and the account number to which the entries in

column (d) were charged. If more than one contra account is involved in an item, the amount applicable to each account and total for the item should be shown.

(Dollars in thousands)

Line No.	Item (a)	Contra account number (b)	Charges during the year (c)	Credits during the year (d)
	NONE		\$	\$
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
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26				
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29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46				
47				
48				
49				
50				
51				
	TOTALS	x x x		
	NET CHANGES	x x x		

211B. DEPRECIATION BASE AND RATES—ROAD AND EQUIPMENT OWNED AND USED AND LEASED FROM OTHERS

1. Show in columns (b) and (e), for each primary account, the depreciation base used in computing the depreciation charges for the month of January and in columns (c) and (f) show the depreciation base used in computing the depreciation charges for the month of December; in columns (d) and (g) show the composite rates used in computing the depreciation charges for the month of December, and on lines 29 and 37 of these columns show the composite percentage for all road and equipment accounts, respectively, ascertained by applying the primary account composite rates to the depreciation base used in computing the charges for December and dividing the total so computed by the total depreciation base for the same month. The depreciation base should not include the cost of equipment, used but not owned, when the rents therefor are included in the rent for equipment accounts Nos. 536 to 540, inclusive. It should include the cost of equipment owned and leased to others when the rents therefrom are included in the rent for equipment accounts Nos. 503 to 507, inclusive. The composite rates used should be those prescribed or otherwise authorized by the Commission, except that where the use of component rates has been authorized, the composite rates to

be shown for the respective primary accounts should be recomputed from the December charges developed by the use of the authorized rates. If any changes in rates were effective during the year, give full particulars in a footnote.

2. All leased properties may be combined and one composite rate computed for each primary account, or a separate schedule may be included for each such property.

3. Show in columns (e), (f), and (g), data applicable to property, used but not owned, when the rent therefor is included in account 542.

4. If the depreciation base for accounts 1, 2-1/2, 3, 5, and 39 includes nondepreciable property, a statement to that effect should be made in a footnote.

5. If depreciation accruals have been discontinued for any account, the depreciation base should be reported, nevertheless, in support of depreciation reserves. Authority for the discontinuance of accruals should be shown in a footnote indicating the account(s) effected.

Line No.	(Dollars in thousands) Account (a)	OWNED AND USED			LEASED FROM OTHERS		
		Depreciation Base		Annual composite rate (percent) (d)	Depreciation base		Annual composite rate (percent) (g)
		At beginning of year (b)	At close of year (c)		At beginning of year (e)	At close of year (f)	
	ROAD	\$	\$	%	\$	\$	%
1	(1) Engineering						
2	(2-1/2) Other right-of-way expenditures						
3	(3) Grading						
4	(5) Tunnels and subways						
5	(6) Bridges, trestles, and culverts						
6	(7) Elevated structures						
7	(13) Fences, snowsheds, and signs						
8	(16) Station and office buildings						
9	(17) Roadway buildings						
10	(18) Water stations						
11	(19) Fuel stations						
12	(20) Shops and enginehouses						
13	(21) Grain elevators						
14	(22) Storage warehouses						
15	(23) Wharves and docks						
16	(24) Coal and ore wharves						
17	(25) TOFC/COFC terminals						
18	(26) Communications systems						
19	(27) Signals and interlockers						
20	(29) Power plants						
21	(31) Power transmission systems						
22	(35) Miscellaneous structures						
23	(37) Roadway machines						
24	(39) Public improvements—Construction						
25	(44) Shop machinery						
26	(45) Power plant machinery						
27	All other road accounts				200	232	10%
28	Amortization (other than defense projects)						
29	Total road				200	232	10%
	EQUIPMENT						
30	(52) Locomotives						
31	(53) Freight-train cars						
32	(54) Passenger-train cars						
33	(55) Highway revenue equipment						
34	(56) Floating equipment						
35	(57) Work equipment						
36	(58) Miscellaneous equipment						
37	Total equipment						
38	GRAND TOTAL			XX XX	200	232	XX XX

211B-1 DEPRECIATION BASE AND RATES—IMPROVEMENTS TO ROAD AND EQUIPMENT LEASED FROM OTHERS

1. Show in column (b) for each primary account, the depreciation base used in computing the depreciation charges for the month of January and in column (c) show the depreciation base used in computing the depreciation charges for the month of December; in column (d) show the composite rates used in computing the depreciation charges for the month of December, and on lines 28 and 36 of these columns show the composite percentage for all road and equipment accounts, respectively, ascertained by applying the primary account composite rates to the depreciation base used in computing the charges for December and dividing the total so computed by the total depreciation base for the same month. This schedule should include only improvements to leased property charged to account 732, Improvements to Leased Property. The composite rates used should be those prescribed or otherwise authorized by the Commission, except that where the use of component rates has been authorized, the

composite rates to be shown for the respective primary accounts should be recomputed from the December charges developed by the use of the authorized rates. If any changes in rates were effective during the year, give full particulars in a footnote.

2. All improvements to leased properties may be combined and one composite rate computed for each primary account or a separate schedule may be included for each such property.

3. If the depreciation base for accounts 1, 2-1/2, 3, 5, and 39 includes nondepreciable property, a statement to that effect should be made in a footnote.

4. If depreciation accruals have been discontinued for any account, the depreciation base should be reported, nevertheless, in support of depreciation reserves. Authority for the discontinuance of accruals should be shown in a footnote indicating the account(s) affected.

Line No.	(Dollars in thousands) Account (a)	Depreciation base		Annual composite rate (percent) (d)
		At beginning of year (b)	At close of year (c)	
		\$	\$	%
	ROAD			
1	(1) Engineering			
2	(2-1/2) Other right-of-way expenditures			
3	(3) Grading			
4	(5) Tunnels and subways			
5	(6) Bridges, trestles, and culverts			
6	(7) Elevated structures			
7	(13) Fences, snowsheds, and signs			
8	(16) Station and office buildings			
9	(17) Roadway buildings			
10	(18) Water stations			
11	(19) Fuel stations			
12	(20) Shops and enginehouses			
13	(21) Grain elevators			
14	(22) Storage warehouses			
15	(23) Wharves and docks			
16	(24) Coal and ore wharves			
17	(25) TOFC/COFC terminals			
18	(26) Communications systems			
19	(27) Signals and interlockers			
20	(29) Power plants			
21	(31) Power transmission systems			
22	(35) Miscellaneous structures			
23	(37) Roadway machines			
24	(39) Public improvements—Construction			
25	(44) Shop machinery			
26	(45) Power plant machinery	200	232	10%
27	All other road accounts	200	232	10%
28	Amortization (other than defense projects)			
29	Total road			
	EQUIPMENT			
30	(52) Locomotives			
31	(53) Freight-train cars			
32	(54) Passenger-train cars			
33	(55) Highway revenue equipment			
34	(56) Floating equipment			
35	(57) Work equipment			
36	(58) Miscellaneous equipment			
37	Total equipment			
38	GRAND TOTAL	200	232	XXXX

Road Initials

Pa. Co.

Year

1976

51F

NOTES AND REMARKS

214. MISCELLANEOUS PHYSICAL PROPERTY

1. Give particulars of all investments of the respondent in physical property includible in account No. 737, "Miscellaneous physical property," together with the revenue, income, expenses, taxes, and depreciation data on such property, as requested.

2. Show in column (a) a description and location of the physical property, and, if operated, the kind of business in which engaged, 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. Each item of property investment amounting to \$1,000,000 or more should be separately stated and each item whose net profit or net loss for the year (as per column (i), regardless of amount of investment) is \$50,000 or more should also be separately stated. All other

items may be combined in a single entry designated "All other items."

3. If any of the individual items of property shown in column (a) were acquired in consideration of stocks, or of bonds or other evidence of debt, or in exchange for other property, enter in column (e) only the amount at which carried in respondent's books and in a footnote give a full description of the consideration actually paid. Also if the actual money cost to respondent is different from that shown in column (e), give particulars in a footnote.

4. If any property investment includible in this schedule, amounting to \$250,000 or more, was disposed of during the year, give particulars in a footnote.

Line No.	Item (Kind and location of property, and nature of business, if any) (a)	A. INVESTMENT (ACCOUNT 737)			Balance at close of year (See ins. 3) (e)
		Year of acquisition (b)	Charges during the year (c)	Credits during the year (d)	
1	NONE		\$	\$	\$
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22	Total	x x x x			

NOTES AND REMARKS

214. MISCELLANEOUS PHYSICAL PROPERTY—Continued

5. In section B include in column (f) the gross amount of revenue or income included in accounts 502 and 511, in column (g) the gross amount of expenses (including depreciation) charged to accounts 511 and 534, in column (h) the amount of taxes charged to accounts 535 and 544 for the year, and in column (i) the net profit or loss of columns (f) minus (g) and (h).

6. Any differences between the total of column (h) and the totals of accounts 535 and 544, and differences between the total of column (i) and the net total of accounts 502, 511, 534, 535, and 544, of such accounts in Schedule 300, "Income Account for the Year," should be explained in a footnote.

7. In section C give an analysis of account 738, "Accrued depreciation—Miscellaneous physical property," for each item shown in column (a). Show in column (n) the percentage or composite rate used by the respondent for computing the amount of depreciation credited to the account during the year. Any adjustments of importance included in columns (j) and (k) should be fully explained in a footnote.

8. The word "item" as herein used means a unit or composite of an investment in or operation of property such as a powerplant, a mine, an amusement park, etc., together with ancillary property or operations.
(Dollars in thousands)

B. REVENUES, INCOME, EXPENSES AND TAXES CREDITED AND DEBITED TO ACCOUNTS 502, 511, 534, 535 AND 544 DURING THE YEAR				C. DEPRECIATION RESERVE (ACCOUNT 738)					
Revenues or income (f)	Expenses (g)	Taxes (h)	Net profit for year after taxes (L. loss) (i)	Credits during the year (j)	Debits during the year (k)	Balance at close of year (l)	Base (m)	Rates (n)	Line No.
\$	\$	\$	\$	\$	\$	\$	\$	%	1
									2
									3
									4
									5
									6
									7
									8
									9
									10
									11
									12
									13
									14
									15
									16
									17
									18
									19
									20
									21
								XXXXX	22

NOTES AND REMARKS

216. OTHER ASSETS AND DEFERRED CHARGES

Give description and particulars for each item or class of items of like description in accounts Nos. 741, "Other assets," and 743, "Other deferred charges," at the close of the year. Show debtor (or class of debtors) for deferred assets and appropriate description for items or class of items of deferred charges. Show the three largest items regardless of the dollar amount and all other items (or the aggregate of a class of items of like description) amounting to \$250,000 or more. Each item or class of items of like description amounting to less than \$250,000 may be com-

bined into a single entry designated "Other items, each less than \$250,000". The entries for each account shall be listed and the account number and the total for each account shall be shown corresponding to the amounts in Schedule 200. In case the character of any item is not fully disclosed by the entries in the columns hereunder, make a full explanation in a footnote.

(Dollars in thousands)

Line No.	Account No. (a)	Item (b)	Amount (c)
			\$
1	741	NONE	
2			
3	793	NONE	
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
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38			
39			
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41			
42			
43			
44			
45			

INSTRUCTIONS CONCERNING RETURNS TO BE MADE IN SCHEDULE 218 ON PAGES 56, 57, 58 AND 59

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. List entries under captions of account numbers and titles, and insert total for each account.

In column (a) show the symbol and name, and account number of each bond or other obligation according to the following designations in the numerical order given, and give a total for each such numerical alphabetical and each numerical group and for each account:

(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:

- (a) Equipment securities (Corporation).
- (b) Equipment securities (Receivers' and Trustees').
- (c) Conditional or deferred payment contracts.

(5) MISCELLANEOUS OBLIGATIONS.

(6) RECEIVERS' AND TRUSTEES' SECURITIES (Other than equipment obligations).

(7) SHORT-TERM NOTES IN DEFAULT.

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 obligations 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 (m) enter the amount of debt both nominally and actually issued up to the date of the report and not the amount authorized. In the event debt is assumed, column (m) should include the amount of debt issued by the original debtor.

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 228.

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.

The grand totals of columns (n) and (r), when combined, should equal the sum of the amounts stated in short column (a₂) for accounts Nos. 764, 765, 766, 767, and 768 in schedule 200, "Comparative General Balance Sheet—Liabilities and Shareholders' Equity."

On page 59 give particulars of changes during the year in funded debt and other obligations. 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 or assumed, 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 applicable 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 on pages 58 and 59 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."

Show dollars in thousands.

NOTES AND REMARKS

218. FUNDED DEBT AND OTHER OBLIGATIONS (Dollars in thousands)

Line No.	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")	APPROXIMATE NUMBER OF MILES OF LINE DIRECTLY SUBJECT TO—		
				Rate percent per annum (current year)	Dates due	Con- version	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)	(k)	(l)	
1	2A Collateral											
2	Trust Serial											
3	Bonds	6/1/60	6/1/85	5.25%	6/1 & 12/1	No	Yes	Yes	Yes	No	None	
4												
5	2A Collateral Trust											
6	Bonds	6/1/69	6/1/89	8.25%	6/1 & 12/1	No	Yes	Yes	Yes	No	None	
7												
8	3A Sinking Fund											
9	Debentures	12/1/69	12/1/94	9.00%	6/1 & 12/1	Yes	Yes	Yes	Yes	No	None	
10												
11												
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47												
48												
49												
50												
51	Grand Total								x x x	x x x	x x x	x x x

218. FUNDED DEBT AND OTHER OBLIGATIONS—Continued

Total amount nominally and actually issued	AMOUNT NOMINALLY ISSUED AND—		Total amount actually issued	AMOUNT REACQUIRED AND—		TOTAL AMOUNT ACTUALLY OUTSTANDING			Line No.
	Held in special funds or in treas- ury or pledged (Identify pledged securities by symbol "P"; matured by symbol "M")	Canceled		Canceled through sinking fund or otherwise canceled (Identify canceled through sinking fund by symbol "S")	Held in special funds or in treas- ury or pledged (Identify pledged securities by symbol "P"; matured by symbol "M")	Unmatured (accounts 765, 766, and 767)	Unmatured (account 764)	Matured and no provision made for payment (account 768)	
(n')	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	
\$	\$	\$	\$	\$	\$	\$	\$	\$	1
35,000	-	-	35,000	22,790S 9,480		2,730			2
35,000	-	-	35,000	4,000S 1,900		27,100	2,000		3
50,000	-	-	50,000	50,000		-			4
									5
									6
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120,000	-	-	120,000	88,170		29,830	2,000		50
									51

218. FUNDED DEBT AND OTHER OBLIGATIONS—Continued

Line No.	Name and character of obligation (List on same lines and in same order as on page 56)	AMOUNT OF INTEREST ACCRUED DURING YEAR		Amount of interest paid during year	Total amount of interest in default
		Charged to income	Charged to investment accounts		
	(a)	(v)	(w)	(x)	(y)
1	2A Collateral Trust Bonds	\$ 370	\$ -	\$ 411	\$
2					
3	2A Collateral Trust Bonds	2,401	-	2,401	
4					
5	3A Sinking Fund Debentures	1,851	-	2,018	
6					
7					
8					
9					
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49					
50					
51	Grand Total	4,622	-	4,830	

218. FUNDED DEBT AND OTHER OBLIGATIONS—Concluded

SECURITIES ISSUED OR ASSUMED DURING YEAR				SECURITIES REACQUIRED DURING YEAR		Line No.
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)	AMOUNT REACQUIRED		
				Par value (dd)	Purchase price (ee)	
	\$	\$	\$	\$ 9,452	\$ 9,117	1
						2
						3
						4
				22,341	24,913	5
						6
						7
						8
						9
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Grand Total				31,793	34,030	50
						51

219. EQUIPMENT COVERED BY EQUIPMENT OBLIGATIONS

Give the particulars called for regarding the equipment obligations included in schedule 218, "Funded Debt and Other Obligations" (accounts Nos. 764, "Equipment obligations and other debt due within 1 year" and 766, "Equipment obligations") at the close of the year. In column (a) show the name by which the equipment obligation is designated and in column (b) show the classes of equipment and the number of units cov-

ered by the obligation. In column (c) show the contract price to the original debtor; in column (d) show the cash paid on acceptance of equipment by the original debtor; do not report the price paid on a subsequent sale and assumption of balance of debt.

(Dollars in thousands)

Line No.	Designation of equipment obligation (List names in the same order as in schedule 218)	Description of equipment covered	Contract price of equipment acquired	Cash paid on acceptance of equipment
	(a)	(b)	(c)	(d)
1		NONE	\$	\$
2				
3				
4				
5				
6				
7				
8				
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223. ITEMS IN SELECTED CURRENT LIABILITY ACCOUNTS

Give description and particulars for each item or class of items of like description in accounts Nos. 751, "Loans and notes payable"; 759, "Accrued accounts payable"; and 763, "Other current liabilities," at the close of the year. Show character of loans and notes, with name of creditor (or class of creditors), dates of issue and maturity, and appropriate description for each class of accrued accounts payable and for the other current liabilities. Show (1) all items (or the aggregate of a class of items of like description) amounting to \$250,000, or more; however, if the carrier has no items amounting to \$250,000, or more, show the three largest individual items of \$100,000, or more.

Show (2) each other item or class of items of like description amounting to less than \$250,000, or \$100,000, as applicable, combined into a single entry designated "other items, each less than \$250,000, or \$100,000, as applicable." The entries for each account shall be listed and the account number and the total for each account shall be shown corresponding to the amounts in Schedule 200. In case the character of any item is not fully disclosed by the entries in the columns hereunder, make a full explanation in a footnote.

Report dollars in thousands.

Line No.	Account No. (a)	Item (b)	Amount (c)
1	759	Accrued Accounts Payable	\$
2		Other items, each less than \$250,000	655
3			
4	763	Other Current Liabilities	
5		None	-
6			
7	751	Loans and Notes Payable	
8		None	-
9			
10			
11			
12			
13			
14			
15			
16			
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224. FEDERAL INCOME AND OTHER TAXES ACCRUED

Give the particulars called for with respect to the balances at close of year in accounts Nos. 760, "Federal income taxes accrued" and 761.

"Other taxes accrued."
(Dollars in thousands)

Line No.	Kind of tax (a)	Previous years (b)	Current year (c)	Balance at close of year (d)
		\$	\$	\$
1	Federal income taxes _____ Total (account 760) _____			
2	Railway property State and local taxes (532) _____			
3	Old-age retirement (532) _____			
4	Unemployment insurance (532) _____			
5	Miscellaneous operating property (535) _____	24	6	6
6	Miscellaneous tax accruals (544) _____			
7	All other taxes _____	24	6	6
8	Total (account 761) _____			

NOTES AND REMARKS

225. ITEMS IN SELECTED RESERVE AND OTHER LIABILITY ACCOUNTS

Give description and particulars for each item or class of items of like description in accounts Nos. 771, "Pension and welfare reserves" 774, "Casualty and other reserves"; 782, "Other liabilities"; and 784 "Other deferred credits," at the close of the year. Show creditor (or class of creditors) for deferred liabilities, and appropriate description of each class of operating reserve and for items of deferred credits. Show the three largest items regardless of the dollar amount and all other items (or the aggregate of a class of items of like description)

amounting to \$250,000 or more. Each item or class of items of like description amounting to less than \$250,000 may be combined into a single entry designated "Other items, each less than \$250,000." The entries for each account shall be listed and the account number and the total for each account shall be shown corresponding to the amounts in Schedule 200. In case the character of any item is not fully disclosed by the entries in the columns hereunder, make a full explanation in a footnote. (Dollars in thousands)

Line No.	Account No. (a)	Item (b)	Amount (c)
	782	Other Liabilities	\$
1		Liability for guaranteed debt of	
2		Penn Towers, Inc. (see note 6, page 15 H)	600
3		Accrual under Executive Management Agreement	
4		(see note 10, page 15N)	7,500
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NOTES AND REMARKS

229. 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.

In the second section of the schedule show the particulars of the several issues on the same lines and in the same order as in the first section.

In column (c) 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. If an issue of securities was authorized for more than one purpose, state amount applicable to each purpose. Also give the number and date of the authorization by the public authority

under whose control such issue 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 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 total par value or the book value represented by the total number of shares reported in column (d).

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

Line No.	Class of stock (a)	STOCKS ISSUED DURING YEAR				Net proceeds received for issue (cash or its equivalent) (e)
		Date of issue (b)	Purpose of the issue and authority (c)	Par value (for nonpar stock show the number of shares) (d)		
1	None			\$		\$
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
Total						

STOCKS ISSUED DURING YEAR—Concluded				STOCKS REACQUIRED DURING YEAR		Remarks (k)
Line No.	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 (For nonpar stock show the number of shares) (i)	Purchase price (j)	
1	\$	None	\$	\$ 1,262	\$ (A) 726	12,618 shares Pa.
2						Co. 4-5/8 cumulative
3						Preferred Stock
4						par value \$100
5						exchanged for
6						28,934 shares
7						Norfolk & Western
8						RR Co. Common
9						pursuant to
10						agreement of
11						merger dated
12						2/26/64
13		(A) Cost of	\$25.08333	per share of	N&W common	
14		(after 3 for 1 stock split of N&W in 1976)				
15		issued therefore.				

230. STOCK LIABILITY FOR CONVERSION OF SECURITIES OF OTHER COMPANIES

If at the close of the year respondent was subject to any liability to issue its own capital stock in exchange for outstanding securities of constituent of other companies, give full particulars thereof hereunder, includ-

ing names of parties to contracts and abstracts of terms of contracts whereunder such liability exists.

231. CAPITAL SURPLUS

Give an analysis in the form called for below of capital surplus accounts. In column (a) give a brief description of the item added or deducted and in column (b) insert the contra account number to which the

amount stated in column (c), (d) or (e) was charged or credited. (Dollars in thousands)

Line No.	Item (a)	Contra account number (b)	ACCOUNT NO.		
			794. Premiums and Assessments on Capital Stock (c)	795. Paid-In Surplus (d)	796. Other Capital Surplus (e)
1	Balance at beginning of year	x x x	\$ None	\$ 35,932	\$ None
2	Additions during the year (describe):				
3	Excess of par value of preferred stock tendered for conversion over market value of Norfolk & Western common stock issued therefore			490	
4					
5					
6	Total additions during the year	x x x		490	
7	Deductions during the year (describe):				
8	Quasi-reorganization adjustments			2,237	
9	Other, including preferred stock issued (subsidiary)			173	
10	Inclusion of G.S.C. (note 1, p. 15)			16,020	
11	Total deductions	x x x		18,430	
12	Balance at close of year	x x x		17,992	

232. RETAINED INCOME—APPROPRIATED

Give an analysis in the form called for below of account No. 797, "Retained income—Appropriated." (Dollars in thousands)

Line No.	Class of appropriation (a)	Credits during year (b)	Debits during year (c)	Balance at close of year (d)
1	Additions to property through retained income	\$	\$	\$ None
2	Funded debt retired through retained income			
3	Sinking fund reserves			
4	Incentive per diem funds			
5	Miscellaneous fund reserves			
6	Retained income—Appropriated not specifically invested			
7	Other appropriations (specify):			
8				
9				
10				
11				
12				
13				
14				
15				
16	TOTAL			

233. CONTINGENT ASSETS AND LIABILITIES

1. Give particulars with respect to contingent assets and liabilities at the close of the year, in accordance with Instruction 6—6 in the Uniform System of Accounts for Railroad Companies, that are not reflected in the accounts of the respondent. Show the three largest items regardless of the dollar amount and all other items amounting to \$250,000, or more. If an actual monetary amount is not known and an estimate of the amount of any item involved is not feasible, disclosure should be made describing the contingency and explaining why an estimate is not determinable.

Examples of contingent liabilities are items which may become obliga-

tions as a result of pending or threatened litigation, assessments or possible assessments of additional taxes and agreements or obligations to repurchase securities or property.

2. Information concerning the guaranties and suretyships are to be shown in other schedules provided for those items and not in this schedule.

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

(Dollars in thousands)

Line No.	Item (a)	Amount (b)
1		\$
2		
3		
4		
5		
6		
7		
8		
9		
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11		
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13		
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384. MISCELLANEOUS RENTS

Give particulars of all properties the rents on which were charged by the respondent during the year to Income, under the heading "Miscellaneous rents," showing for each item the total charge therefor to Income. Show the three largest items regardless of the dollar amount and all other

items amounting to \$250,000 or more. Each item less than \$250,000 may be combined into a single entry designated "Other items, each less than \$250,000." (*Dollars in thousands*)

Line No.	Description of Property		Name of lessor (c)	Amount charged to Income (d)
	Name (a)	Location (b)		
1				\$
2				
3				
4				
5				
6				
7				
8				
9				
10			Total	

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

Give a brief description for all items, regardless of amount, included during the year in accounts 570, "Extraordinary items"; 590, "Income taxes on extraordinary items"; 606, "Other credits to retained income"; 616, "Other debits to retained income"; 620, "Appropriations for sinking and other reserve funds"; 621, "Appropriations for other purposes"; and 622, "Appropriations released." Give a brief description of the three largest items regardless of the dollar amount and all other items amounting to

\$250,000 or more included during the year in accounts 519, "Miscellaneous income", and 551, "Miscellaneous income charges." Items less than \$250,000 may be combined into a single entry designated "Other items, each less than \$250,000." The entries for each account shall be listed and the total of each account shall be shown corresponding to the amounts in Schedules 300 and 305, as appropriate. In case the character of any item is not fully disclosed by the entries in the columns hereunder, make a full explanation in a footnote. (Dollars in thousands)

Line No.	Account No. (a)	Item (b)	Debits (c)	Credits (d)
	519	MISCELLANEOUS INCOME CREDITS	\$	\$
1		Gain on 1,485,010 shares of Norfolk & Western		
2		common stock sold during the year		3,102
3		Excess of market value over carrying value of		
4		Norfolk & Western common stock exchanged for:		
5		9% Debentures		2,400
6		Preferred Stock		48
7		Gain on sale of Norfolk & Western convertible		
8		debentures		35
9		Gain on redemption of Distribution International		
10		Corp. preferred stock		670
11		Gain resulting from proportionate adjustment of		
12		carrying value of Transport Pool Corp. note		
13		based on payments received during the year		140
14				<u>6,395</u>
15				
16	551	MISCELLANEOUS INCOME CHANGES		
17		Provision for loss on Madison Square Garden Corp.		
18		common stock	1,476	
19		Loss on sale of 22,836 shares of Wabash Railroad		
20		Company preferred stock	246	
21			<u>1,722</u>	
22				
23				
24				
25				
26				
27				
28				
29				
30				

MEMORANDA RELATING TO SELECTED INCOME AND RETAINED INCOME ACCOUNTS

NOTES AND REMARKS

INSTRUCTIONS CONCERNING RETURNS IN SCHEDULE 411

State particulars of all tracks operated by the respondent at the close of the year, according to the following classification:

- (1) Line owned by respondent;
- (2) Line owned by proprietary companies;
- (3) Line operated under lease for a specified sum, lessor being (A) an affiliated corporation, or (B) independent or not affiliated with respondent;
- (4) Line operated under contract or agreement for contingent rent, owner being (A) an affiliated corporation, or (B) independent or not affiliated with respondent;
- (5) Line operated under trackage rights.

Give subtotals for each of the several numbered classes, in the order listed above, as well as the total for all classes.

Lengths of track should be reported 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.

In column (a) insert the figure (and letter, if any) indicating its class in accordance with the preceding classification.

In column (b) give the various proportions of each class owned or leased by respondent, listing each proportion once in any grouping. Canadian mileage should be segregated and identified on separate lines in the various groupings. For each listing, in column (d) give its entire length (the distances between termini of single or first main track), and in the following columns the lengths of second main track; all other main tracks; passing tracks, cross-overs and turn-outs; way switching tracks; and yard switching tracks. These 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 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.

The returns in columns (h) and (i) should include tracks serving industries, such as mines, mills, smelters, factories, etc., not classifiable under "branch lines" as defined below. Tracks belonging to an industry for which no rent is payable should not be included.

Tracks leading to and in gravel and sand pits and quarries, the cost of which is chargeable to a clearing account and which are used in getting out material for the respondent's use, should not be included.

Class (1) includes all lines operated by the respondent at the close of the year to which it has title in perpetuity.

In classifying the line between *main* and *branch* (column (c)), use the distinction usually followed by respondent. Branch lines are distinguished from industrial tracks or yard tracks and sidings in that branch lines serve one or more stations beyond the point of junction with the main line or another branch line and to or from which stations train service, or its equivalent, is performed.

Class (2) includes each line full title to which is in an inactive proprietary corporation of the respondent (i.e., one all of whose outstanding stocks or obligations are held by or for the respondent, and which is operated by the respondent or an affiliated system corporation 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 rest 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 forth in a footnote. 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.

Class (3) includes all tracks operated under a lease or formal conveyance of less than the grantor's interest in the property, with a specific and unconditional rent reserved. The fact that the lessor does or does not maintain an independent organization for financial purposes is immaterial in this connection.

Class (4) is the same as class (3) except that the rent reserved is conditional upon earnings or other fact.

Class (5) includes all tracks operated and maintained by others but over which the respondent has the right to operate some or all of its trains. In the road of this class the respondent has no proprietary rights but only the rights of a licensee. Include in this class, also, all main tracks, industrial tracks and sidings owned by noncarrier companies and individuals when the respondent operates over them but does not have exclusive possession of them.

Road held by the respondent as *joint or common owner* or a *joint lessee* or under any *joint arrangement* should be shown in its appropriate class and the entry of length should be of the entire length of the portion jointly held. The class symbol should have the letter (J) attached.

Road operated by the respondent as agent for another carrier should not be included in this schedule.

INSTRUCTIONS CONCERNING SCHEDULE 531 ON PAGE 120

1. Give the various statistical items called for concerning the rail-line operations of respondent's road during the year. Train-miles, car-miles and other particulars are to be reported in accordance with the classification of train-miles and car-miles prescribed in the Uniform System of Accounts for Railroad Companies (Mileage Accounts 800 to 805 and 820 to 825). Locomotive unit-miles should include all miles made by each locomotive unit.

2. Time-mileage freight cars, as used herein, refers to freight cars other than cabooses owned or held under lease arrangement by U.S. class I line-haul railroads, whose interline rental is settled on a per diem and line-haul basis under "Code of Car Hire Rules," or would be so settled if used by another railroad.

3. Item No. 1 includes miles of road operated under trackage rights.

4. All statistics should be reported in whole numbers unless otherwise indicated in thousands. For gross ton-miles compute from conductors' or dispatchers' train reports weight in tons (2,000 pounds). Line 27 includes weight of all locomotive units moved one mile in transportation trains. Ton-miles of motorcars should be excluded. Lines 28 and 29 represent tons behind locomotive units (cars and contents, company-service equipment and cabooses) moved one mile in transportation trains. Include ton-miles of exclusive work service equipment and motorcars moving in

transportation trains. Use 150 pounds as the average weight per passenger and four tons as the average weight of contents of each head-end car.

5. Line No. 35 should represent the ton-miles of revenue freight in water transfer service on the Great Lakes involving a rail-line haul, the revenue from which is includible in account No. 101, "Freight." Ton-miles of revenue freight in water transfer service which was moved on the basis of lawful local tariff rates, the revenue from which is creditable to account No. 113, "Water transfers," should be excluded. Line 36, Total ton-miles—Revenue freight, should correspond to the ton-miles reported on Form OS-B, Item 2.

6. For net ton-miles, Line 40, compute from conductors' train reports. This item represents the number of tons of revenue and non-revenue freight moved one mile in transportation trains. Include a reasonable proportion of the weight of exclusive work equipment moved one mile. Include net ton-miles in motorcar trains. Exclude LCL shipments handled in mixed baggage-express cars.

7. The mileage of company service equipment, designed exclusively for work service and moved in transportation trains, should be classed as loaded freight car-miles.

8. Highway vehicle operations should not be included in Schedule 531 but particulars thereof given in a footnote below.

532. SWITCHING AND TERMINAL TRAFFIC AND CAR STATISTICS

(For switching and terminal companies only)

1. Give particulars of cars handled during the year. For descriptions of kinds of services included in switching operations, and in terminal operations, reference is made to the "Notice" on the inside of the front cover of this form. With respect to the term "cars handled" it should be observed that, when applied to switching operations, the movement of a car from the point at which a switching company receives it, whether loaded or empty, to the point where it is loaded or unloaded or delivered to another connecting line is to be counted as one car handled. The return of a car, whether loaded or empty, from the point where it is loaded or un-

loaded, to the point of delivery is to be counted as one car handled. No incidental movement is to be considered, unless such incidental movement involves the receipt of additional revenue. When applied to terminal operations, such as union station, bridge, ferry, or other joint facility terminal operations, the term "cars handled" includes all cars for which facilities are furnished.

2. The number of locomotive-miles in yard switching service should be computed in accordance with account No. 816, "Yard Switching Locomotive-miles."

Line No.	Item (a)	Switching operations (b)	Terminal operations (c)	Total (d)
Freight Traffic				
1	Number of cars handled earning revenue—Loaded			
2	Number of cars handled earning revenue—Empty			
3	Number of cars handled at cost for tenant companies—Loaded			
4	Number of cars handled at cost for tenant companies—Empty			
5	Number of cars handled not earning revenue—Loaded			
6	Number of cars handled not earning revenue—Empty			
7	Total number of cars handled			
Passenger Traffic				
8	Number of cars handled earning revenue—Loaded			
9	Number of cars handled earning revenue—Empty			
10	Number of cars handled at cost for tenant companies—Loaded			
11	Number of cars handled at cost for tenant companies—Empty			
12	Number of cars handled not earning revenue—Loaded			
13	Number of cars handled not earning revenue—Empty			
14	Total number of cars handled			
15	Total number of cars handled in revenue service (lines 7 and 14)			
16	Total number of cars handled in work service			
17	Number of locomotive-miles in yard switching service: Freight, _____; passenger, _____			

NOTES AND REMARKS

562. COMPENSATION OF OFFICERS, DIRECTORS, ETC.

1. In columns (a) and (b) enter the name and position of each of the five persons named in Schedules 102 and 103 of this report to whom the respondent paid the largest amount during the year as compensation for current or past service over and above necessary expenses incurred in discharge of duties. In addition, list all other officers, directors, pensioners or employees, if any, to whom the respondent paid \$40,000 or more in total compensation during the year.

2. The salary per annum to be entered in column (c) is the annual rate at which an employee is paid rather than the amount actually paid for a part of a year. If the salary of an individual was increased or decreased during the year, show salary before each change as well as at close of year.

3. If an officer, director, etc., receives compensation from one or more of the affiliated companies listed in Schedule 104, reference to this fact should be made if the aggregate compensation from all companies amounts to \$40,000 or more. The detail as to division of the compensation should be reported in schedule 564.

4. Report in column (d) the total amount of compensation other than annual salary paid to each listed employee during the year. This includes forms of nonmonetary compensation given which directly benefits each employee. Examples:

Fair value of property given, such as exclusive use of an automobile;
Amounts paid for membership of the employee in nonbusiness associations, private clubs, etc.;
Commissions, bonuses, shares in profits;
Contingent compensation plans;
Monies paid or accrued for any pension, retirement, savings, retirement annuities, deferred compensation, or similar plan;
Premiums on life insurance where the respondent is not the beneficiary. Do not report premiums on group life insurance for benefits less than \$50,000.

Give the details of any plan not previously reported, the basis of determining the ultimate benefits payable, and the payments or provisions made during the year.

5. Also include in column (d) all remuneration paid, directly or indirectly, in the form of securities, options, warrants, rights or other property. Furnish particulars concerning any options, warrants, or rights issued or granted during the year including prices, expiration dates and other information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by each officer, director, etc. (Dollars in thousands)

Line No.	Name of person (a)	Position or Title (b)	Salary per annum as of close of year (see instructions) (c)	Other compensation during the year (d)
1	P. H. Grantham	Treasurer	\$ 44	\$ -
2	F. A. Ferro	Controller	45	-
3	E. M. Miller	Director Business		
4		Analysis & Planning	42	7*
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16	Note: Services of the Chairman of the Board, the President and Chief Operating Officer, the Senior Vice President, and the Vice President - Finance and Secretary are provided to respondent pursuant to an agreement with Victor H. Palmieri and Company. See Note 10 - Executive Management Agreement on Page 15 N. Payments by respondent to Victor H. Palmieri and Company are reported on Schedule 564.			
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18				
19				
20				
21				
22				
23				
24				
25				
26	* Bonus paid in 1976.			
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563. PAYMENTS FOR SERVICES RENDERED BY OTHER THAN EMPLOYEES AND AFFILIATES

1. In the form below give information concerning payments, fees, retainers, commissions, gifts, contributions, assessments, bonuses, pensions, subscriptions, allowance for expenses, or any form of payments amounting in the aggregate to \$50,000 or more during the year to any corporation, institution, association, firm, partnership, committee, or any person, except:

(a) Payments to employees of the respondent shall be reported in Schedule 562.

(b) Payments for service rendered by affiliates shall be reported in Schedule 564.

(c) Payments for accounting and audit fees must be reported in full regardless of the \$50,000 limitation. These fees must not be included with management fees paid to parent companies.

2. The aggregate of payments to be reported in column (c) shall include amounts paid and/or accrued during the year which are applicable to the year.

3. When contributions under \$50,000 are made in common with other carriers under a joint arrangement in payment for the performance of services or as a donation, each such contribution shall be reported, irrespective of the amount thereof, if the total amount paid by all contributors for the performance of the particular service is equal to the sum of \$100,000 or more.

4. Payments to the independent public accountant reporting on the respondent's annual report shall be subdivided to show separately the amount paid for auditing and the total amount paid for other types of management services such as, but not limited to, compensation plans, pension plans, forecasts and budgets, and tax advice. All carriers, whether payments aggregate more or less than \$50,000, shall answer the following question.

Did the independent accountant reporting on the respondent's annual report provide any management services other than auditing? Specify. Yes ☒ No ☐

5. To be included are, among others, payments, directly or indirectly, for legal, medical, engineering, advertising, valuation, accounting, statistical, financial, educational, entertainment, charitable, advisory, defensive, detective, developmental, research, appraisal, registration, purchasing, architectural, and hospital services; payments for expert testimony and for handling wage disputes; and payments for services of banks, bankers, trust companies, insurance companies, brokers, trustees, promoters, solicitors, consultants, actuaries, investigators, inspectors, and efficiency engineers. Payments to the various railroad associations, commissions, committees, bureaus, boards, and other organizations maintained jointly by railroads shall also be included. The enumeration of these kinds of payments should not be understood as excluding other payments for services not excluded below.

6. To be excluded are: Rent of buildings or other property, taxes payable to the Federal, State, or local Governments, payments for heat, light, power, telegraph, and telephone services, and payments to other carriers on the basis of lawful tariff charges or for the interchange of equipment between carriers, as well as other 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, but any special and unusual payments for services should be reported. Payments of \$50,000 or more to organizations maintained jointly by railroads with other railroads are not to be excluded even if their services are regarded as routine.

7. 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 in the system, with references thereto in the reports of the other roads. When the respondent is reporting on a system basis, audit fees must be reported separately for each individual railroad included in the system.

8. If any doubt exists in the mind of the reporting officer as to the reportability of any type of payment, request should be made for a ruling before filing this report.

(Dollars in thousands)

Line No.	Name of recipient (a)	Description of service (b)	Amount of payment (c)
1	O'Melveny & Myers	Legal	\$ 776
2	Sharon Pierson, Semmes,		
3	Crolius & Finley	Legal	132
4	Bedford Advisors	Consulting	87
5	Wolf, Popper, Ross, Wolf &		
6	Jones	Legal	207
7	Price Waterhouse & Co.	Auditing 110 Other 80	190
8	Morgan, Lewis, & Bockius	Legal	137
9	Coopers & Lybrand	Accounting Service - Other	76
10	Parkman & Clancy	Consulting	150
11			
12			
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564. TRANSACTIONS BETWEEN RESPONDENT AND COMPANIES OR PERSONS AFFILIATED WITH RESPONDENT FOR SERVICES RECEIVED OR PROVIDED

1. Furnish the information called for below concerning each contract, agreement or arrangement (written or unwritten) in effect at any time during the year between the respondent and the affiliated companies listed in Schedule 104, or persons affiliated with the respondent including officers, directors, stockholders, owners, partners or their wives and other close relatives, or their agents. Examples of transactions are, but not restricted to, management, legal, accounting, purchasing or other type of service including the furnishing of materials, supplies, purchase of equipment, leasing of structures, land and equipment, and agreements relating to allocation of officers salaries and other common costs between affiliated companies.

To be excluded are payments for the following types of services:

- Lawful tariff charges for transportation services.
- Payments to or from other railroads for interline services and interchange of equipment.
- Payments to or from other railroads for services which may reasonably be regarded as ordinarily connected with routine operation, maintenance, or construction of a railroad, but any special or unusual transactions should be reported.
- Agreements relating to joint pension plans with affiliated companies should be reported in explanatory notes section of Schedule 200 (p. 13)

2. In column (a) enter the name of the affiliated company, person, or agent with which respondent received or provided services aggregating \$30,000 or more for the year. If an affiliated company provides services to more than one affiliate, and the aggregate compensation amounts to \$30,000 or more for the year, list all the affiliates included in the agreement and describe the allocation of charges in column (d). If the respondent provides services to more than one affiliate, and the aggregate compensation amounts to \$30,000 or more for the year, reference to this fact should be made and the detail as to the allocation of charges should be stated. For those affiliates providing services to the respondent, also enter in column (a) the percent of affiliate's gross income derived from transactions with respondent.

Attach a balance sheet and income statement for each affiliate with which respondent had reportable transactions during the year. These statements should be prepared on the same accounting

year basis and in conformity with the balance sheet and income statement in annual report form A, and should be noted to indicate method of depreciating property, if any, furnished to the respondent. Balance sheet and income statement are not required for affiliated carriers filing annual reports with the Commission.

3. In column (b) indicate form of affiliation or control between the respondent and the company or person identified in column (a) as follows:

- If respondent directly controls affiliate insert the word "direct".
- If respondent controls through another company insert the word "indirect".
- If respondent is under common control with affiliate insert the word "common".
- If respondent is controlled directly or indirectly by the company listed in column (a) insert the word "controlled".

(e) If control is exercised by other means such as a management contract or other arrangement of whatever kind insert the word "other" and footnote to describe such arrangements.

4. In column (c) fully describe the character of service involved such as management fees, lease of building, purchase of material, etc. When the affiliate listed in column (a) provides more than one type of service in column (c), list each type of service separately and show total for the affiliate. When services are both provided and received between the respondent and an affiliate they should be listed separately and the amounts shown separately in column (g).

5. In column (d) fully describe the basis for computing charges under each contract, agreement, etc.

6. In columns (e) and (f) indicate the date and term of each contract or arrangement. If oral contract, indicate with symbol "O".

7. In column (g) report the total amount received, paid, or accrued during the year which is applicable to the year, for each type of service listed in column (c). Indicate purchase items with the symbol "P" and sales items with the symbol "S". Do not report net figures when services are both provided and received between the respondent and an affiliate.

(Dollars in thousands)

Line No.	Name of Company or Individual and percent of gross income from respondent carrier (a)	%	Form of Affiliation (b)	Character of Service (c)	Basis of Charge (d)	Contract		Total Charges for Year	
						Date (e)	Term (f)	(P)(S)	(g)
1	Victor Palmieri & Co.	None	Officer	Management Services	Direct Cost	6/72	5 yrs	P	\$ 547
2	Buckeye Pipe Line Co.	None	Direct	Executive Allocation	% of Salaries	10/74	-	S	120
3	Buckeye Pipe Line Co.	None	Direct	Corp. Development Costs	Direct Cost	-	-	P	1,198
4	Victor Palmieri & Co.	None	Officer	Management Services - Incentive Accruals	*	6/72	5 yrs	P	7,500
5									
6									
7									
8									
9									
10									
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15									
16									
17									
18									

* For information regarding the provision made by the Company during 1976 with respect to the EMA between the Company and VP Co., see note 10, page 15N

600. REMUNERATIONS FROM NATIONAL RAILROAD PASSENGER CORPORATION - Concluded

Line No.	Name of Account (a)	Amount (b)
	Miscellaneous	\$ NONE
93	441 Dining and Buffet Service _____	
94	447 Operating Joint Miscellaneous Facilities - Dr. _____	
95	448 Operating Joint Miscellaneous Facilities - Cr. _____	
96	449 Employees Health and Welfare Benefits _____	
97	Total _____	
	General	
98	451 Salaries and Expenses of General Officers _____	
99	452 Salaries and Expenses of Clerks and Attendants _____	
100	453 General Office Supplies and Expenses _____	
101	454 Law Expenses _____	
102	456 Employees Health and Welfare Benefits _____	
103	457 Pensions _____	
104	458 Stationery and Printing _____	
105	460 Other Expenses _____	
106	461 General Joint Facilities - Dr. _____	
107	462 General Joint Facilities - Cr. _____	
108	Total _____	
	RENTS	
109	504 Rent from Locomotives _____	
110	505 Rent from Passenger-train Cars _____	
111	507 Rent from Work Equipment _____	
112	508 Joint Facility Rent Income _____	
113	537 Rent for Locomotives _____	
114	538 Rent for Passenger-train Cars _____	
115	541 Joint Facility Rents _____	
116	Total Rents _____	
117	532 Railway Tax Accruals _____	
118	Total Remunerations _____	

NOTES AND REMARKS

VERIFICATION

The foregoing report must be verified by the oath of the officer having control of the accounting of the respondent. It should be verified, also, by the oath of the president or other chief officer of the respondent, unless the respondent states on the last preceding page of this report that such chief officer has no control over the accounting of the respondent. 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 respondent)

State of Virginia }
County of Arlington } ss:

Frank A. Ferro makes oath and says that he is Corporate Controller
(Insert here the name of the affiant) (Insert here the official title of the affiant)

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

that it is his duty to have supervision over the books of account of the respondent 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 respondent during the period of time from and including

January 1, 1976 to and including December 31, 1976

Subscribed and sworn to before me, a Notary Public, in and for the State and county above named,
this 29th day of April, 19 77
My commission expires April 11, 1980

Frank A. Ferro
(Signature of affiant)

[Use an
L.S.
impression seal]

Harvey L. de Groot
(Signature of officer authorized to administer oaths)

SUPPLEMENTAL OATH

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

State of Virginia }
County of Arlington } ss:

Frank E. Loy makes oath and says that he is President
(Insert here the name of the affiant) (Insert here the official title of the affiant)

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

that he has carefully examined the foregoing report; that he believes that all statements of fact contained in the said report are true, and that the said report is a correct and complete statement of the business and affairs of the above-named respondent and the operations of its property during the period of time from and including Jan. 1, 1976 to and including Dec 31, 1976.

Frank E. Loy
(Signature of affiant)

Subscribed and sworn to before me, a Notary Public, in and for the state and county above named,
this 29th day of April, 19 77
My commission expires April 11, 1980

Harvey L. de Groot
(Signature of officer authorized to administer oaths)

[Use an
L.S.
impression seal]

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