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ANNUAL REPORT 1977 CLASS 1 of 1
REA EXPRESS, INC. (BANKRUPT)

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INTERSTATE
COMMERCIAL COMMISSION
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ADMINISTRATIVE SERVICES
MAIL UNIT

ANNUAL REPORT

OF

REA EXPRESS, INC. (BANKRUPT)

TO THE

INTERSTATE COMMERCE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 1977

ANNUAL REPORT

OF

REA EXPRESS, INC. (Bankrupt)

TO THE

INTERSTATE COMMERCE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 1977

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

(Name) A. E. Larsen (Title) Controller

(Office address) 141 East 44th Street, New York, N. Y. 10017
(Street, and number, city, State, and ZIP Code)

SCHEDULE 10—ORGANIZATION—Continued

7. Voting power, elections and stockholders:

A. Total voting securities outstanding:

	2,416,268	shares	2,416,268	votes
(1) Common	0	shares	0	votes
(2) Preferred	0	shares	0	votes
(3) Other securities	0	shares	0	votes

B. Does any class of securities carry any special privileges in any elections or in the control of corporate action? NO If so, describe each such class or issue, showing the character and extent of such privileges.C. Date of the latest closing of the stock book, or listing of stockholders, if within 1 year prior to the actual filing of this report
If book is not closed or list prepared within year indicated, check here ☒ and answer item 7-D as of the last day of the reporting period.

D. State for each class of stock the total number of stockholders of record, corresponding to the answer to item 7-C.

(1) Common	3
(2) Preferred	
(3) Other	

8. Give names of the ten security holders of the respondent who, at the date corresponding to the answer to item 7-C, 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. If any such holder held securities in trust, give (in a footnote) the particulars of the trust.

Line No.	Name of security holders (a)	1977 Address (b)	Number of votes to which security holder was entitled (c)	Number of Votes, Classified		
				Common (d)	Preferred (e)	Other Securities (f)
1	REA Holding Corporation	150 East 42nd St. New York, N.Y. 10017	2,395,508	All		
2						
3						
4	Florida East Coast	1 Malaga Street	12,456	All		
5	Railway Company	St. Augustine, Fla. 32084				
6						
7						
8	Chicago Great Western	400 West Madison St.	8,304	All		
9	Railway Company	Chicago, Ill. 60607				
10						

9. If respondent was formed by consolidation or merger during year, furnish following for each transaction: Name of carriers, name of authorizing regulatory body, identification number for such authorization, and date consummated:

List names of carriers acquired during year, and furnish name of authorizing regulatory body, identification number for such authorization, and date consummated:

If operations of any of above carriers are included in this report, furnish names and periods of operations covered:

10. If respondent was reorganized during year, give name of original corporation, and laws under which it was organized, or name of original owner or partners, reason for reorganization, and date of reorganization:

11. If respondent was subject to a receivership during the year, state—

- A. Date of receivership _____
 B. Court of jurisdiction under which operations were conducted _____
 C. Date when possession under it was acquired _____
 D. Name of receiver, receivers, or trustee _____

12. If any individual, individuals, association, or corporation held control, as trustee, other than receivership, over the respondent at the close of the year, state—

- A. Date of trusteeship November 6, 1975
 B. Authority for trusteeship Bankruptcy, U.S. District Court SDNY
 C. Name of trustee C. Orvis Sowerwine
 D. Name of beneficiary or beneficiaries Creditors of REA Express, Inc.
 E. Purpose of trust Liquidation of the Bankrupt Estate

SCHEDULES 13-A THROUGH 13-D-RELATIONSHIP OF RESPONDENT WITH AFFILIATED COMPANIES

Enter below in the appropriate schedule, No. 13-A through 13-D, 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 availing trust or trusts, a holding or investment company or companies, 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 lesser company.

SCHEDULE 13-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					
2					
3	REXCO, Inc.		Direct	100% of Stock Owned by Respondent	
4					
5					
6					
7					
8					
9	Railway Express Agency, Incorporated of Virginia		Direct	100% of Stock Owned by Respondent	
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					

SCHEDULE 13-B.-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 2 3 4 5 6 7 8 9 10	(A) Rexco Supply Corporation Fast Service Shipping Terminals Inc. (A) Adjudicated Bankrupt 11/6/75,	Distributor of Automotive parts and Supplies Freight Consolidator Bankruptcy No. 75B254	Indirect Indirect	100% 100%	REXCO, Inc. owns 100% of the stock of Rexco Supply Corp. REXCO, Inc. Owns 100% of the Stock of Fast Service Shipping Terminals.

SCHEDULE 13-C.-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 name of companies controlling those 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 Controlling Company or Individual (e)
1 2 3 4 5 6 7 8 9 10	(B) The Express Company, Inc. Rexair Freight, Inc. (B) Adjudicated Bankrupt 11/6/75,	International Air Freight Forwarder Domestic Air Freight Forwarder Bankruptcy No. 75B252	Direct 100% Ownership of all stock Direct 100% Ownership of all stock	100% 100%	REA Holding Corporation REA Holding Corporation

SCHEDULE 13-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 or control over 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	REA Holding Corporation		Direct -	99.14% of voting stock ownership
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13	Note: REA Holding Corporation adjudicated bankrupt 11/6/75. Bankruptcy No. 75 B 251		99.14% ownership of all outstanding stock of respondent	
14				
15				
16				
17				
18				
19				
20				

SCHEDULE 15.-STOCKHOLDERS REPORTS

1. The respondent is required to send to the Bureau of Accounts, immediately upon preparation, two copies of its latest annual report to stockholders.
- Check appropriate box:

- ☐ Two copies are attached to this report.
- ☐ Two copies will be submitted _____ (date)
- ☒ No annual report to stockholders is required.

ICC Auth. No.

Year 1977

Schedule 100.-COMPARATIVE STATEMENT OF FINANCIAL POSITION-ASSETS

For instructions covering this schedule, see the text pertaining to Balance Sheet Accounts in the Uniform System of Accounts for Express Companies. The entries in this balance sheet should be consistent with those in the supporting schedules indicated.

Line No.	Schedule No.	Title (a)	Balance at close of year (b)	Balance at beginning of year (c)
		Current Assets		
1	(111)	Cash*	\$ 817,751	\$ 2,450,728
2	(112)	Temporary Investments	7,348,880	5,051,167
3	(113)	Notes Receivable	24,821	26,025
4	(114)	Accounts Receivable	3,152,016	4,207,189
		Less: Allowance for Uncollectible		
5		Receivables(Account 115)	1,999,188	2,169,382
6		Net Receivables	1,152,828	2,037,807
7		Material and Supplies(Account 116)	-	-
8	(117)	Prepayments	814	4,334
9	(118)	Affiliate Receivables	-	-
10	(119)	Other Current Assets	1,438,245	1,859,519
11	(119-5)	Deferred Income Tax Charges**	-	-
12		Total Current Assets	10,783,339	11,429,580
		Tangible Property		
13	(121)	Operating Property	2,879,201	6,007,425
14	(122)	Less: Accumulated Depreciation on		
14		Operating Property	791,263	2,458,301
15		Net Operating Property	2,087,938	4,549,124
16	(123)	Nonoperating Property	-	-
17	(124)	Less: Accumulated Depreciation on		
17		Nonoperating Property	-	-
18		Net Nonoperating Property	-	-
19		Total Tangible Property	2,087,938	4,549,124
		Investment Securities and Advances		
20	(131)	Affiliate Investments	-	-
21	(131A)	Undistributed Earnings from certain		
21		investments in affiliated companies	-	-
22	(132)	Other Investments	361,566	361,566
		Total Investments and Advances	361,566	361,566
		Other Assets		
24	(141)	Intangible Property	-	-
25	(142)	Less: Accumulated Amortisation on		
25		Intangible Property	-	-
26		Net Intangible Property	-	-
27	(143)	Deferred Charges and Affiliate Receivables	1,584,237	1,726,616
28	(144)	Special Funds	-	-
		Accumulated Deferred Income Tax Charges		
29		(Account 145)**	-	-
30		Total Other Assets	1,584,237	1,726,616
31		Total Assets	14,817,080	18,066,886

* For compensating balances not legally restricted, see Schedule 110.

** The totals of accounts 119-5, 145, 219-5 and 243 must correspond to the total of Federal income and other taxes deferred reported in Schedule 119-5.

Schedule 100.-COMPARATIVE STATEMENT OF FINANCIAL POSITION-LIABILITIES AND EQUITY

Line No.	Schedule No.	Title (a)	Balance at close of year (b)	Balance at beginning of year (c)
Current Liabilities				
41	(211)	Current Long-Term Debt	\$ -	\$ -
42		Dividends Declared(Account 212)	-	-
43	(213)	Notes Payable	-	-
44	(214)	Accounts Payable	-	110,743
45	(215)	Income Taxes Accrued	-	-
46	(216)	Other Taxes Accrued and Withheld	10,771	28,351
47	(217)	Accrued Expenses	29,490	303,650
48	(218)	Affiliate Payables	-	-
49	(219)	Other Current Liabilities	47,730	48,274
50		Deferred Income Tax Credits(Account 219-5)**	-	-
51		Total Current Liabilities	87,991	491,018
Long-Term Obligations				
52	(220)	Equipment Obligations(Account 221)	-	-
53	(220)	Bonds(Account 222)	-	-
54	(220)	Other Long-Term Obligations(Account 223)	-	-
55		Total Long-Term Obligations	-	-
Advances Payable				
56	(231)	Affiliate Advances Payable	151,041	295,442
57	(232)	Other Advances Payable	-	-
58		Total Advances Payable	151,041	295,442
Other Liabilities				
59	(241)	Accumulated Provision For Self-Insurance	-	-
60	(242)	Deferred Credits	82,369	214,890
61		Accumulated Deferred Income Tax Credits (243)**	-	-
62		Total Other Liabilities	82,369	214,890
		Deferred Liabilities-Prior to Chapter XI	(A)67,747,728	58,109,601
		Deferred Liabilities-Chapter XI Period	(A)19,857,863	19,945,091
Shareholders' Equity				
63	(251)	Preferred Stock	-	-
64	(252)	Common Stock	2,530,450	2,530,450
65		Capital Stock Subscribed(Account 253)	-	-
66	(254)	Capital Surplus	-	-
67	(102A)	Retained Income-Appropriated	(75,526,180)	(73,405,424)
68	(102B)	Retained Income-Unappropriated	(114,132)	(114,132)
69		Less: Treasury stock (Account 256)	(73,109,712)	(70,989,155)
70		Total Shareholders' Equity	14,817,089	18,066,886
71		Total Liabilities and Equity		

Note: (A) Schedule Page 7B.

Rail Notes in Dispute and Accrued Interest Applicable Thereto

On September 30, 1971, REA Express, Inc. filed a suit in U. S. District Court for the Southern District of New York, contending, among other things, that notes held by various Railroads issued in 1959, amounting to \$27,206,376 are null and void. Such notes had a maturity date of December 31, 1973, and \$24,744,217 of the total was subordinated to all other Long-Term Debt. Interest on such notes has not been paid to the Railroads since April 1, 1971. The Board of Directors, on December 21, 1971, directed that such notes be removed as Long-Term Debt of the Company. Furthermore, it was directed that no provision be made for interest on such notes.

In 1975, the I.C.C. concluded that the notes had been validly approved by the Commission. After a petition for reconsideration was denied by a three Judge District Court, also sitting by special designation as a Second Circuit court of Appeals, affirmed the Commission on November 18, 1976.

The U.S. Supreme Court on June 13, 1977 refused to hear an appeal and affirmed prior decisions that the debt was legally incurred and valid.

The amount of the notes, \$27,206,376, has been restored as Long-Term Debt which arose prior to Chapter XI. The total is included in "Other Advances Payable" of \$27,911,457.

At February 18, 1975, when REA began operations as a Debtor in Possession, retained earnings (deficit) and current liabilities excluded \$5,287,427 of such interest.

Deferred Liabilities - December 31, 1977

Deferred Liabilities - Prior to Chapter XI (February 18, 1975)

<u>Account No.</u>	<u>Title of Account</u>	<u>Amount</u>
214	Accounts Payable	\$14,424,243
216	Other Taxes Accrued and Withheld	5,154,888
217	Accrued Expenses	14,049,605
218	Affiliate Payables	1,292,883
219	Other Current Liabilities	61,994
231	Affiliate Advances Payable	840,000
232	Other Advances Payable (See Note Page 7A)	27,911,457
241	Accumulated Provision for Self-Insurance	10,309
242	Deferred Credits	<u>4,002,349</u>
Total Deferred Liabilities-Prior to Chapter XI (2/18/75) (Page 7)		<u>\$67,747,728</u>

Deferred Liabilities - Chapter XI Period (February 18, 1975 -
November 6, 1975)

<u>Account No.</u>	<u>Title of Account</u>	<u>Amount</u>
211	Current Long - Term Debt	\$ 333,529
213	Notes Payable	45,807
214	Accounts Payable	9,284,993
216	Other Taxes Accrued and Withheld	4,169,007
217	Accrued Expenses	4,706,544
218	Affiliate Payables	410,751
219	Other Current Liabilities	65,039
220	Equipment Obligations	706,261
241	Accumulated Provision for Self-Insurance	6,593
242	Deferred Credits (2/18/75-11/6-75) (Page 7)	<u>129,339</u>
Total Deferred Liabilities - Chapter XI Period		<u>\$19,857,863</u>

Schedule 101.-RESULTS OF OPERATIONS

Report total operating revenues from schedule 300 on line 1 of column (b) and total operating expenses from schedule 500 on line 2 of column (b). Compute the ratios required on lines 27 and 28. Line 5 includes only dividends from investments accounted for under the cost method. Line 7 includes only dividends accounted for under the equity method. Line 8 includes the undistributed earnings(losses) from investments accounted for under the equity method. Line 9 represents the earnings(losses) of investee companies accounted for under the equity method.

Line No.	Schedule No.	Item (a)	Total (b)
ORDINARY ITEMS			
Carrier Operating Income			
			\$ -
1	(300)	Operating Revenues	1,519,993
2	(500)	Operating Expenses	(1,519,993)
3		Net Carrier Operating Income	
Other Income			
			9,650
4	(610)	Noncarrier Income	580,675
	(620)	Interest and	-
5	(630)	Dividends(from investments under cost)	-
6	(640)	Other Income	59,938
7		Dividend Income(from investments under equity)	\$ XXXXXXXXXX
8		Equity in Undistributed Earnings(losses)	XXXXXXXXXX
9		Equity in Earnings(losses of affiliated companies-lines 7 + 8)	-
10		Total Other Income	660,263
11		Total Income	(859,730)
Other Deductions From Income			
			12,187
12	(710)	Interest Expense	-
13	(720)	Debt Expense and Credit	1,248,839
14	(730)	Other Expenses	-
15		Total Other Deductions	1,261,026
16		Ordinary Income before Income Taxes	(2,120,756)
17	(810)	Income Taxes on Ordinary Income	\$ XXXXXXXXXX
18		Provision For Deferred Taxes(Account 820)	XXXXXXXXXX
19		Total Income Tax Deductions(lines 17 + 18)	-
20		Ordinary Income	(2,120,756)
EXTRAORDINARY AND PRIOR PERIOD ITEMS			
21		Extraordinary Items(net)(Account 910)	
22		Prior Period Items(net)(Account 920)	
23		Income Taxes on Extraordinary and Prior Period Items (Account 930)	
24		Provision For Deferred Taxes-Extraordinary and Prior Period Items (Account 940)	
25		Total Extraordinary and Prior Period Items	-
26		Net Income (or loss)	(2,120,756)
27		Operating Ratio(line 2 ÷ 1)(one decimal)	%
28		Ordinary income before income taxes ratio(line 16 ÷ line 1)(one decimal)	%

Schedule 102.-STATEMENT OF RETAINED INCOME

A.-APPROPRIATED

Line No.	Account No.	Description (a)	Balance at close of year (b)
1	(255-01)		\$
2			
3			
4			
5			
6			Total

B.-UNAPPROPRIATED

Line No.	Account No.	Description (a)	
		CREDITS	
1	(255-02)	Unappropriated Retained Income(or deficit) at beginning of year	
2		Equity in undistributed earnings(losses of affiliated companies at beginning of year	
3	(255-03)	Current Net Income	
4	(255-04)	Other Credits(detail):	
5		Amount of assigned income tax consequences	
6			
7			
8			
9			
		DEBITS	
10	(255-05)	Current Net Loss	
11	(255-06)	Dividend Appropriations:	
12		Preferred, \$ _____, _____ quarters to	
13		Preferred, \$ _____, _____ quarters to	
14		Common, \$ _____ per share	
15	(255-07)	Other Appropriations(detail):	
16			
17			
18			
19	(255-08)	Other Debits(detail):	
20		Amount of assigned income tax consequences	
21			
22			
23			
24			
25			
26	(255-02)	Unappropriated Retained Income(or deficit) at close of year	
27		Equity in undistributed earnings(losses) of affiliated companies at end of year	
28			
29		Total unappropriated retained income and equity in undistributed earnings	

Schedule 102.-STATEMENT OF RETAINED INCOME-CONTINUED

B.-UNAPPROPRIATED

1. Show hereunder the items of the Retained Income Account of the respondent for the year, classified in accordance with the Uniform System of Accounts for Express Companies.
2. All contra entries hereunder should be indicated in parentheses.
3. Segregate in column (c) all amounts applicable to the equity in undistributed earnings(losses) of affiliated companies based on the equity method of accounting.
4. Line 3 (line 10, if debit balance), column (c) should agree with line 9, column (b), schedule 101. The total of columns (b) and (c), lines 3 and 10, should agree with line 26, column (b), schedule 101.
5. Include in column (b) only amounts applicable to Retained Income exclusive of any amounts included in column (b), schedule 101.

			Retained Income Accounts (b)	Equity in Undistributed Earnings of Affiliated Companies (c)	Line No.
			\$ (73,405,424)	\$ XXXXXXXXXXXXXXXX	1
			XXXXXXXXXXXXXXXXXX		2
					3
					4
					5
					6
					7
					8
Total Credits			(73,405,424)		9
			2,120,756		10
	Cash	Stock	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	11
	\$	\$	XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	12
			XXXXXXXXXXXXXXXXXX	XXXXXXXXXXXXXXXXXX	13
Total				XXXXXXXXXXXXXXXXXX	14
				XXXXXXXXXXXXXXXXXX	15
				XXXXXXXXXXXXXXXXXX	16
				XXXXXXXXXXXXXXXXXX	17
Total(255-07)			-0-	XXXXXXXXXXXXXXXXXX	18
					19
					20
					21
					22
Total(255-08)			-0-		23
Total Debits			2,120,756		24
Net Increase(decrease)during year			(2,120,756)		25
			(75,526,180)	XXXXXXXXXXXXXXXXXX	26
			XXXXXXXXXXXXXXXXXX		27
Balance from line 27(c)			-0-	XXXXXXXXXXXXXXXXXX	28
losses) of affiliated companies					
at end of year(lines 26 and 28)			(75,526,180)	XXXXXXXXXXXXXXXXXX	29

SCHEDULE 104.—NOTES TO FINANCIAL STATEMENTS

The notes listed below are provided for the purpose of disclosing supplementary financial information which is an important aspect of carrier operations. This information is not disclosed in the financial statements or schedules.

1. Depreciation Accounting:

The Internal Revenue Code (IRC) prescribes depreciation accounting that differs from the depreciation accounting prescribed by the Commission. Although the carrier may follow the Commission rules for accounting purposes, he may calculate his Federal Income Tax using IRC depreciation accounting.

If the carrier uses IRC depreciation accounting in either (a) or (b) below, show the dollar amount of any charges to account 900, Federal Income Tax Expense, that represents the difference between the IRS and Commission depreciation accounting. The dollar amount in each case should be a net figure. If there is a net increase, this should be indicated by parentheses.

(a) Show net increase or decrease in charges to account 900 caused by the difference between Accelerated Amortization of Emergency Facilities prescribed by the IRC (Section 168, formerly 124-A) and straight line depreciation prescribed by the Commission:

Current Year \$ None
Accumulated since December 31, 1949 \$ None

(b) Show net increase or decrease in charges to account 900 caused by the difference between the following IRC guidelines and the Commission guidelines:

- Accelerated depreciation under section 167 of the IRC (December 31, 1953)
- Guideline lives pursuant to Revenue Procedure 62-21 (December 31, 1961)
- Guideline lives under the Class Life System (Asset Depreciation Range) as provided in the Revenue Act of 1971 (December 31, 1970).

Current Year \$ None
Accumulated since the applicable date listed above \$ None

2. Investment Tax Credit:

(a) Complete the section that applies to the accounting method you used for the Investment Tax Credit (Deferral or Flow Through) in the current year for tax accounting purposes.

Deferral Method	Deferred	Applied To Tax Accrual
	\$ 1,397,589	
Beginning balance in Deferred Investment Tax Credit.....		XXXXXXXX
Investment Tax Credit from current year operations reported to the Internal Revenue Service.....	XXXXXXXX	\$
Amount of current year's (above) Investment Tax Credit deferred for accounting purposes.....		()
Prior years Deferred Investment Tax Credit applied to reduce current year tax accrual.....		
Other (specify, i.e., recapture) Expiration FYE 6/30/66	596,932	
Ending Balance in Deferred Investment Tax Credit.....	800,657	XXXXXXXX
Total Investment Tax Credit applied to current year tax accrual.....	XXXXXXXX	

Flow-Through Method

Show net increase (or decrease) in tax accrual because of the Investment Tax Credit.....

(b) Show estimated accumulated reduction in Federal Income Tax Expense since December 31, 1961, because of the Investment Tax Credit authorized by the Revenue Act of 1962, as amended, and the Revenue Act of 1971 -0-

SCHEDULE 104.—NOTES TO FINANCIAL STATEMENTS—Continued

3. Pension Costs: See Footnote*

(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 _____

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

(c) 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 _____

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

(e)(i) Is any part of the pension plan fund invested in stock or other securities of the respondent or any of its affiliates? Specify. Yes _____ No _____

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? _____

4. How did you elect to be taxed under the Internal Revenue Code:

☐ Sole Proprietorship or Partnership?

☒ Corporation?

5. Amount of Net Operating Loss Carryover remaining after filing a Federal Income Tax return for the current year. Computed for fiscal year ended June 30, 1977 \$ 42,552,667

6. Explain any stock purchase options granted to officers and employees

None

7. Explain any entires for net income or retained income restricted under provisions of mortgages and other arrangements

None

*The U.S. District Court for the Southern District of New York issued a court order terminating the Supplemental Retirement Plan on November 6, 1975. The Pension Benefit Guaranty Corp. was subsequently appointed Trustee of the Plan.

Schedule 111.-CASH

17

State separately each item of \$10,000 or more reflected on the books at close of the year. Items of less than \$10,000 may be combined in a single entry and described as "Minor items each less than \$10,000".

Line No.	Account No.	Purpose of deposit (a)	Balance at close of year (b)
	(00 to		
1	81) Cash and Working Funds	Total	305,347-
2	91) Special Deposits of Interest:		
3			
4			
5	(92) Special Deposits of Dividends:	Total	-0-
6			
7			
8			
9	(93) Miscellaneous Special Deposits:	Total	-0-
10	Compensating balances legally restricted:		
11			
12			
13	Other:	Total	-0-
	Schedule Page 17-A		
15			
16			
17		Total	512,404
18	(94) Cash in Transit	Total	-0-
19		Grand Total	817,751

Schedule 112.-TEMPORARY INVESTMENTS

State separately each item of \$10,000 or more reflected on the books at the close of the year. Items of less than \$10,000 may be combined in a single entry and described as "Minor items each less than \$10,000".

Line No.	Account No.	Name of company or individual (a)	Description of security held (b)	Balance at Close of Year		
				Pledged (c)	Unpledge (d)	Total (e)
1		Irving Trust Company	C/D 6.25% 1/ 5/78	\$	\$ 1,430,000	\$ 1,430,000
2			C/D 6.25% 1/ 5/78		1,600,000	1,600,000
3			C/D 6.25% 1/ 5/78	948,880		948,880
4			C/D 6.35% 1/16/78		1,700,000	1,700,000
5			C/D 6.40% 1/25/78		1,660,000	1,660,000
6						
7		U.S. Government	U.S. Treasury Bond 4% 2/18/80		10,000	10,000
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NOTES AND REMARKS

Account No.	Purpose of Deposit (a)	Balance at Close of Year (b)
	Schedule 111 Cash	
(93)	Miscellaneous Special Deposits:	
	Protective Insurance Co.	\$ 124,173
	Blue Cross - Blue Shield	103,437
	Irving Trust Co.	100,000
	Commercial Union Insurance Company (Performance Bonds)	96,755
	Peerless Insurance Co. (Customs Bonds)	35,000
	Collateral Held by N.Y.C. Sheriff's Office (Litigation)	32,337
	New York Telephone Company	10,000
	Minor items each less than \$10,000	10,702
	Total - Page 17, Line 17	\$ <u>512,404</u>

Schedule 113.-NOTES RECEIVABLE

18

State separately each item of \$10,000 or more reflected on the books at the close of the year. Items of less than \$10,000 may be combined in a single entry and described as "Minor items each less than \$10,000"

Line No.	Account No.	Name of debtor (a)	State whether secured or unsecured (b)	Date of issue (c)	Date of maturity (d)	Rate of interest (e)	Balance at close of year (f)
		(01) Customers:					\$
1		Sanford J. Hellner, Inc.	unsecured	6/4/75	1/23/77*	9%	15,932
2							
3							
4							
5							
6							
7		*Settlement 3/30/79					15,932
8		Total	XXXXXXXXXXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXX		
		(02) Employees:					
9		Minor items each less than \$10,000	unsecured	Various			1,639
10							
11							
12							
13							
14							
15		Total	XXXXXXXXXXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXX		1,639
16		(03) Others:					
17		Minor items each less than \$10,000	unsecured	Various			7,250
18							
19							
20							
21							
22							
23		Total	XXXXXXXXXXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXX		7,250
24		Grand Total	XXXXXXXXXXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXX		24,821
25							

Schedule 114.-ACCOUNTS RECEIVABLE

Show the requested information concerning accounts receivable reflected on the books at the close of the year.

Line No.	Account No.	Subaccount (a)	Balance at close of year (b)
		Customers and Interline:	612,250
1		(01 and 10) Customers	-
2		(02, 11 and 17) Interline	-
3		Total	612,250
		Agents, Employees and Others:	-
4		(03, 12 and 18) Agents	-
5		(04) Employees	-
6		(05 to 09 and 20) Others	2,510,088
7			
8		(114-19) Advances to employees	1,580
9		(114-21) Employee travel advances	28,099
10			
11			
12			
13			
14			
15		Total	2,539,765
16		Grand Total	3,152,016
17			

Schedule 117.-PREPAYMENTS

Show the requested information for each of the subdivisions of this account.

Line No.	Account No.	Items (a)	Balance at close of year (b)
			\$
1	(01)	Taxes and Licenses	-
2	(02)	Insurance	-
3	(03)	Interest	-
4	(04)	Rents	814
5	(05)	Miscellaneous	-
7			
8		Total	814

Schedule 118.-AFFILIATE RECEIVABLES

State separately each item of \$10,000 or more reflected on the books at the close of the year. Items of less than \$10,000 may be combined in a single entry and described as "Minor items each less than \$10,000"

Line No.	Account No.	Name of debtor (a)	Date of issue (b)	Date of maturity (c)	Rate of interest (percent) (d)	Balance at close of year (e)
						\$
1	(01)	Loans Receivable:				
2						
3						
4						
5						
6						
7						
8						Total -0-
9	(02)	Accounts Receivable:				
10		See Schedule 143, Page 32				
11						
12						
13						
14						
15						Total -0-
16	(03 and 04)	Interest and Dividends Receivable:				
17						
18						
19						
20						
21						
22						
23						Total -0-
24						Grand Total -0-
25						

Schedule 121.-OPERATING PROPERTY

Account No.	Description of property (Subcontract) (a)	Balance at beginning of year (b)	Additions and betterments during year (c)	Book cost of property retired (Schedule 121-A) (d)	Adjustments During Year		Balance at close of year (g)
					Contra Account No. (e)	Amount (f)	
(01)	Land and Landrights	757,208		580,099			177,109
(02)	Structures on Land Owned	2,068,348		1,613,221			455,127
(03)	Revenue Equipment	-					-
(04)	Service Cars and Equipment	-					-
(05)	Shop and Garage Equipment	-		6,000			7,779
(06)	Furniture & Office Equipment	13,779					-
(07)	Miscellaneous Equipment	-					-
(08)	Leasehold Improvements	-					-
(09)	Unfinished Construction	-		928,904			2,239,186
(10)	Structures on Land Not Owned	3,168,090					-
(11)	Unfin. Constr. Land Not Owned	-					-
(12)	Unfin. Constr. Leasehd. Improv.	-					-
	Total	6,007,425		3,128,224			2,879,201

Schedule 121-A.-OPERATING PROPERTY RETIRED DURING YEAR

Account No.	Description of property (Subcontract) (a)	Book cost of property retired (b)	Depreciation accrued (c)	Amortization accrued (d)	Insurance recovered (e)	Salvage, trade-in, or other amount received, less cost of removal (f)	Gain or loss on disposition (Account 26)		Other items Dr. or Cr.	
							Debit LOSS(g)	Credit Gain(h)	Account No. (i)	Amount (j)
(01)	Land and Landrights	580,099	XXXXXXX		XXXXXX		XXXXXX	XXXXXX		
(02)	Structures on Owned	1,613,221	444,802				640,268			
(03)	Revenue Equipment									
(04)	Service Cars & Equip.									
(05)	Shop & Garage Equip.							6,697		
(06)	Furniture & Office	6,000	5,492							
(07)	Miscellaneous Equip.									
(08)	Leasehold Improvement						562,160			
(10)	Structures on Unowned	928,904	216,744							
	Total	3,128,224	667,038				1,202,428	6,697		

Schedule 122.-ACCUMULATED DEPRECIATION ON OPERATING PROPERTY

Account No.	Description of property (a)	Balance at beginning of year (b)	CREDITS	DEBITS	OTHER ITEMS, Dr. or Cr.		Balance at close of year (g)
			Charges to depreciation expense (c)	Depreciation accrued on property owned (Sch. 121/A) (d)	Contra Account No. (e)	Amount (f)	
	(02) Structures on Land Owned	\$ 534,481		\$ 444,802		\$	89,679
	(03) Revenue Equipment	-					-
	(04) Service Cars and Equipment	-					-
	(05) Shop and Garage Equipment	-					-
	(06) Furniture and Office Equipment	12,040		5,492			6,548
	(07) Miscellaneous Equipment	-					-
	(08) Leasehold Improvements	911,780		216,744			695,036
	(09) Structures on Land Not Owned						
	Total	1,458,301		667,038			791,263

25

Account No.	Description (a)	Balance at close of year (b)
(01) Resale Property:		\$ -
NONE		
	Total	-0-
(02) Salvage Property:		
NONE		
	Total	=0=
(03) Miscellaneous:		
Cash deposits with Commercial Union Insurance Company for		
potential claims arising from traffic dated prior to 2/18/75		1,294,995
subsequent to 2/18/75		143,250
	Total	1,438,245
	Grand Total	1,438,245

[illegible]

Line No.	Description (a)	Balance at beginning of year (b)	Additions during Year (c)	Retirements during year (d)	OTHER ITEMS, Dr. or Cr.		Balance at close of year (g)
					Contra Account No. (e)	Amount (f)	
1	NONE	\$ -	\$	\$		\$	\$ -

Schedule 132.-OTHER INVESTMENTS

Give the details of the securities and other obligations held by respondent during the year. Classify the investments by indicating the appropriate symbol (as shown on opposite page) in column (b).

Line No.	Name of company	Class symbol	Par, stated, or face value* of stocks or bonds	Balance at beginning of year	CHANGES MADE	
					Investments made Book cost	Investments Book cost
	(a)	(b)	(c)	(d)	(e)	(f)
1	Terminal Property Notes	D	\$	\$ 305,564	\$	\$
2	Terminal Property Notes	D		52,002		
3	Pinnacle Club	E	1,000	4,000		
4						
5						
6						
7						
8						
9						
10						
11						
12	Total			361,566		

*For nonpar stock, without stated value, show the number of shares.

Schedule 144.-SPECIAL FUNDS

Show the requested information for each item of \$10,000 or more recorded in account 144, Special Funds, during the year. Items of less than \$10,000 may be combined in a single entry and described as "Minor items each less than \$10,000".

Line No.	Name and purpose of fund	Description of security	Par, stated, or face value* of stocks or bonds	Balance at beginning of year
	(a)	(b)	(c)	(d)
1	Collateral held by NYC	Order of Attachment -	\$	\$
2	Sheriff's office (Litigation)	Lien on REA Property		32,337
3	Peerless Insurance Co. -			
4	Ins. to reimburse US Customs			
5	for claims against company	Customs Bonds		35,000
6	Cash deposits with Commercial			
7	Union Insurance Co. for potential claims arising from traffic			
9	Dated prior 2/18/75			1,648,725
10	Subsequent to 2/18/75			210,794
11	Minor items each less than \$10,000			6,926
13				
14				
15				
16	Total			1,933,782

*For nonpar stock, without stated value, show the number of shares.

Schedule 132.-OTHER INVESTMENTS-CONTINUED

(A) Common Stocks. (B) Preferred Stocks. (C) Bonds. (D) Notes (E) Other Investments
(F) Advances

DURING YEAR disposed of Selling Price	ADJUSTMENTS		BALANCE AT CLOSE OF YEAR			Rate of interest or dividends (m)	Income earned during year (n)	Line No.
	Contra Account No.	Amount	Pledged	Unpledged	Total Book Cost (l)			
(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	
\$		\$	\$	\$ 305,564	305,564	6.8%	\$ *	1
				52,002	52,002	6.8%	*	2
				4,000	4,000			3
								4
								5
								6
								7
								8
								9
								10
								11
				361,566	361,566		-	12

*Interest not accrued subsequent to 6/30/76. Source of income was
REA rents and premises were vacated prior to 6/30/76.

Schedule 144.-SPECIAL FUNDS-CONTINUED

CHANGES DURING YEAR			BALANCE IN FUND CLOSE OF YEAR			Rate of interest or dividends (k)	Income earned during year (l)	Line No.
Additions Book cost	Withdrawals Book cost	Selling Price	Securities	Cash	Total Book Cost (j)			
(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
	\$	\$	\$	\$	\$		\$	1
(A)	32,337				-			2
								3
								4
(A)	35,000				-			5
								6
								7
(B)	1,642,725				-			8
(B)	210,794				-			9
								10
(A)	6,926				-			11
								12
								13
								14
								15
	1,933,782				-			16

(A) Transferred to Account 111-93 "Miscellaneous Special Deposits," Page 17A.

(B) Transferred to Account 119-03 "Miscellaneous Other Current Assets," Page 25.

Schedule 141.-INTANGIBLE PROPERTY

Show the requested information for each of the accounts.

Line No.	Acct. No.	Description of changes during year (a)	Balance at beginning of year (b)	Additions during year (c)	Retirements during year (d)	Adjustments during year (e)	Balance at close of year (f)
1	(01) Organization		-0-				-0-
2	(02) Franchises		-0-	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
3			XXXXXXXXXX				-0-
4	(03) Patents		-0-				XXXXXXXXXX
5			XXXXXXXXXX				-0-
6	(04) Other		-0-				-0-
7	Total		-0-				-0-

Schedule 142.-ACCUMULATED AMORTIZATION ON INTANGIBLE PROPERTY

Line No.	Acct. No.	Description (a)	Balance at beginning of year (b)	Additions during year (c)	Retirements during year (d)	DEBITEDS, DR. OR CR. (e)	Amount (f)	Balance at close of year (g)
1	(01) Organization		-0-					-0-
2	(02) Franchises		-0-					-0-
3	(03) Patents		-0-					-0-
4	(04) Other		-0-					-0-
	Total					XXXX		-0-

Schedule 143.-DEFERRED CHARGES & AFFILIATE RECEIVABLES

Show the requested information separately for each issue of long-term or equipment obligations recorded in account 143-01, Debt Discount. State separately each item of \$10,000 or more recorded in accounts 143-02 to 143-05 at the close of the year. Items of less than \$10,000 may be combined in a single entry described "Minor items each less than \$10,000".

Line No.	Description (a)	Principal amount of debt to which related (b)	Original amount of discount and expense (c)	AMORTIZATION PERIOD		Balance in account at beginning of year (f)	Charges to account during year (g)	Credits to account during year (h)	Balance at close of year (i)
				From— (d)	To— (e)				
1	143-01 Debt Discount:	\$	\$	Year	Year	\$	\$	\$	\$
2									
3									
4	To			XXXXXXXXXX	XXXXXXXXXX				-0-
5	143-03 Capital Description of stock								
6	Stock Discount								
7									
8									
9	Total								-0-
10	143-04 Capital								
11	Stock Commissions								
12									
13	143-02 Other Deferred Debits:								
14	Charges due from IATA carriers					42,116			42,116
15	Affiliate Receivables (118)					1,678,175	271,710	414,089	1,535,796
16	Minor items each less than \$10,000					6,325			6,325
17									
18	Total					1,726,616	271,710	414,089	1,584,237
19	Grand Total					1,726,616	271,710	414,089	1,584,237

Schedule 214.-ACCOUNTS PAYABLE

Show the requested information concerning accounts payable reflected on the books at the close of the year. 34

line	Subaccount	Close of Year
0.	(a)	Balance (b)
1	(01) Vendors:	-
2	(02) Interlines:	-
3	(03) Employees:	-
4	(04) Unremitted Paid Beyond:	-
5	(05) Others:	-
6	(06) Accrued Interlines:	-
7	(07) Garnishments:	-
8	TOTAL	-0-

Schedule 218.-AFFILIATE PAYABLES

State separately each item of \$10,000 or more reflected on the books at the close of the year. Items of less than \$10,000 may be combined in a single entry and described as "Minor items each less than \$10,000".

line	Name of creditor	Date of issue	Date of maturity	Rate of interest (percent)	Balance at close of year
0.	(a)	(b)	(c)	(d)	(e)
1	(01) Loans Payable:				
2	NONE				
3					
4					
5					
6					
7					
8					
9					
10					
11	(02) Accounts Payable:			Total	-0-
12	See Schedule 231, Page 38				
13					
14					
15					
16					
17					
18					
19					
20					
21	(03) Interest Payable:			Total	-0-
22	NONE				
23					
24					
25					
26					
27					
28					
29	(04) Dividends Payable:			Total	-0-
30	NONE				
31					
32					
33					
34					
35					
36					
37				TOTAL	-0-
				GRAND TOTAL	-0-

Schedule 215.-INCOME TAXES ACCRUED

35

Line No.	Description (a)	Balance at close of year (b)
1	(01) Federal:	\$ -0-
2	(02) State:	-0-
3	(03) Local (describe):	-0-
4		
5		
6		
7	TOTAL	-0-

Schedule 216.-OTHER TAXES ACCRUED AND WITHHELD

Line No.	Description (a)	Balance at close of year (b)
1	(01) Real Estate:	\$ -0-
2	(02) Personal Property:	-0-
3	(03) and (04) Railroad Retirement and Unemployment:	6,990
4	(06 to (08) Federal, State and City Withholdings:	3,781
5	(05) and (10) Other (describe):	-0-
6		
7		
8		
10	TOTAL	10,771

Schedule 217.-ACCRUED EXPENSES

Line No.	Description (a)	Balance at close of year (b)
1	(01) Wages Payable:	\$ 10,483
2	(02) Interest:	-0-
3	(03) Rents:	-0-
4	(04) Insurance:	1,058
5	(08) to (11) Vacations:	-0-
6	(07)(12) and (13) Other (describe):	20,383
7	(12) Group Insurance withholdings	(2,434)
8	(23) Line Haul	
9	Total	29,490

Schedule 219.-OTHER CURRENT LIABILITIES

State separately each item of \$10,000 or more reflected on the books at the close of the year. Items of less than \$10,000 may be combined in a single entry and described as "Minor items each less than \$10,000".

Line No.	Description (a)	Balance at close of year (b)
1	(02) Savings Bond Deductions	\$ 118
2	(03) Unremitted C.O.D.'s	42,849
3	(05) Union Dues Deductions	4,763
4		
5		
6		
7		
8	Total	47,730

Schedule 231.-AFFILIATE ADVANCES PAYABLE

State separately each item of \$10,000 or more reflected on the books at the close of the year. Items of less than \$10,000 may be combined in a single entry and described as "Minor items each less than \$10,000".

Line No.	Account No.	Name of creditor (a)	Date of issue (b)	Date of maturity (c)	Rate of interest (per cent) (d)	Balance at close of year (e)
	(01)	Notes Payable:				
1		NCNE				-0-
2						
3						
4						
5						
6						
7	(02)	Accounts Payable:				
8		REA Express (Rexco Div)-Offset in Affiliate Receivable (Page 32)				8,549
9		The Express Company, Inc.				34,240
10		Rexco Supply Corporation				58,028
11		Fast Service Shipping Terminals Inc.				50,224
12						
13						
14	(03)	Interest Payable:				
15		NONE				-0-
16						
17						
18						
19						
20						
21						
						Total 151,041

Schedule 232.-OTHER ADVANCES PAYABLE

State separately each item of \$10,000 or more reflected on the books at the close of the year. Items of less than \$10,000 may be combined in a single entry and described as "Minor items each less than \$10,000".

Line No.	Name of creditor (a)	Date of issue (b)	Date of maturity (c)	Rate of interest (percent) (d)	Due within 1 year (account) (e) 211	Due after 1 year (account) (f) 212
	(01)	Other Notes Payable:				
1		NONE				-0-
2						
3						
4						
5						
6						
7	(02)	Other Accounts Payable:				
8		NONE				-0-
9						
10						
11						
12						
13						
14	(03)	Other Interest Payable:				
15		NONE				-0-
16						
17						
18						
19						
20						
21						
					Total -0-	-0-

Schedule 241.-ACCUMULATED PROVISION FOR SELF-INSURANCE

Show the requested information for each of the subdivisions of this account.

Line No.	Account No.	Description of property (a)	Character of risk (b)	Rate used (c)	Amount (d)
1	(01)	General Insurance;			\$
2					
3					
4					
5					
6					
7			Total	xxxxxxx	-0-
8	(02)	Public Liability;			
9					
10					
11					
12					
13					
14			Total	xxxxxxx	-0-
15	(03)	Workmen's Compensation;			
16					
17					
18					
19					
20			Total	xxxxxxx	-0-
21	(04)	Surface Cargo Loss and	Surface	Air Cargo	Total
22	(05)	Air Cargo Loss	\$	\$	\$
23		Balance at beginning of year	45,697	-0-	45,697
24		Credits during the year:			
25		(a)Through accruals charged to secondary account 12, Insurance	-	-	-
26		(b)Through reimbursement received from other carriers, insurance companies and salvage recovered	-	-	-
27		(c)Other credits	-	-	-
28		Total Credits	-	-	-
29		Debits during the year:			
30		(a)Amounts payable to shippers, other carriers and insurance companies in settlement of claims	28,795	-	28,795
31		(b)Other Debits	-	-	-
32		Total Debits	28,795	-	28,795
33		Balance at end of year	16,902	-0-	16,902
34	(06)	Other:			-0-
35		For balance sheet presentation above			
36		balances included in Deferred Liabilities, Page 7B: 2/18/75			
37		Cargo claims reserve for traffic prior to 2/18/75 (Chapter XI)			(10,309)
38		Cargo claims reserve for traffic subsequent to 2/18/75			(5,593)
39		Total			(16,902)
40		Grand Total (lines 7,14,20,29 and 36)	xxxxxxx	xxxxxxx	-0-

Schedule 241.-SUPPLEMENTAL INFORMATION

Line No.	Description (a)	Amount (b)
	Detail of Account 12, Insurance (cargo loss and damage):	\$
38	(a) Insurance premiums-Net of refund	-0-
39	(b) Accruals for claims (see line 22)	-0-
40	(c) Claims charged directly to secondary account 12	-0-
41	(d) Other (describe)	-0-
42		
43		
44	Total	-0-
45	Total amount representing unsettled claims on the last day of the reporting period *	\$3,132,258

Explain basis for determining the amount accrued:

*Represents total approved Loss and Damage claims unpaid at close of period and included in Accounts Payable (Account 21.4), Deferred Liabilities, Page 7B in the following amounts:

Prior to Chapter XI (2/18/75)	\$1,973,202
Chapter XI Period (2/18/75 - 11/6/75)	<u>1,159,056</u>
	<u>\$3,132,258</u>

Schedule 242.-DEFERRED CREDITS

On lines 1 through 11, show the requested information separately for each issue of long-term or equipment obligations recorded in account 242, Deferred Credits, for unamortized premium on debt.

On lines 12 through 28, state each item of \$10,000 or more reflected in account 242, for other deferred credits at the close of the year. Items of less than \$10,000 may be combined in a single entry and described as "Minor items each less than \$10,000".

	Description (a)	Principal amount of debt to which related (b)	Original amount of premium (c)	AMORTIZATION PERIOD		Balance at beginning of year (f)	Credits to account during year (g)	Charges to account during year (h)	Balance at close of year (i)
				From-- (year) (d)	To-- (year) (e)				
1	Unamortized premium on debt:	\$	\$			\$	\$	\$	\$
2	NONE								
3									
4									
5									
6									
7									
8									
9									
10									
11	Total	-0-	-0-	x x x	x x x	-0-			-0-
12	Other deferred credits:								
13	Accruals for Penn Central Rents								47,134
14	Accrued Exp. - Cost of handling Loss & Damage Surface Cargo Claims								35,000
15	Minor item less than \$10,000								235
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
							Total		82,369
							Grand Total		82,369

Schedule 252.-COMMON STOCK

If the designation of any class of stock shown in column (a) is not sufficiently descriptive to state clearly its dividend rights and equity in the assets of the respondent, a complete statement of the facts should be given.

For "Common" stock, state in column (a) whether par or nonpar, and if nonpar indicate either with or without stated value.

Give particulars of the various issues of capital stock of the respondent, distinguishing separate issues of any general class, if different in any respect.

In case any "Preferred" or "Debenture" stock is outstanding, the rate of dividend requirements should be shown in column (a) and it should be stated whether the dividends are cumulative or noncumulative.

Title and description of issue	Number of shares authorized by charter or bylaws	Par or stated value of each share of stock issued*	Amount in capital stock accounts at close of year	CAPITAL STOCK REPAID AT CLOSE OF YEAR				Actually Nominally Issued Stock AT CLOSE OF YEAR		Capital Stock Actually Outstanding At Close Of Year			
				Held By Carriers						In sinking or other funds		Other outstanding stock	
				Pledged	Unpledged								
(a)	(b)	(c)	(d)	Number of shares (e)	Amount (f)	Number of shares (g)	Amount (h)	Number of shares (i)	Amount (j)	Number of shares (k)	Amount (l)	Number of shares (m)	Amount (n)
Common Stock - Par	2,576,000	\$ 1.00	\$ 2,530,450			114,182	\$ 114,182	2530450	2530450				
										Total outstanding stock			
										As of December 31, 1977			
										was 2,416,268			
										Total Issued (Outstanding			
										and Treasury Shares)			
										As of December 31, 1977			
										was 2,530,450			
TOTAL			\$ 2,530,450	X X X		X X X X	\$ 114,182	X X X X		X X X X		X X X X	

* If a value is given without stated value, show the number of shares.

REA EXPRESS, INC.
SCHEDULE 500 - OPERATING EXPENSES
YEAR 1977

<u>Acct. No.</u>	<u>Account Title</u>	<u>Amount</u>
560	Finance & Administration:	
-01	Payroll	\$ 433,592
-02	Employee Welfare	26,803
-04	Taxes & Licenses	192,301
-05	Utilities	3,941
-06	Supplies	5,794
-07	Services Purchased	166,621
-08	Unclassified	20,475
-09	Traveling	2,108
-10	Communications	15,050
-12	Insurance	22,207
-14	Professional Services	545,187
-17	Equipment Rentals	13,860
-20	Real Property Rentals	72,054
	Total	\$1,519,993

Schedule 504. OPERATING TAXES AND LICENSES - Year 1977

The taxes charged to secondary account 04 shall be segregated to show the amount paid to the Federal Government and the amount paid each State. Amounts paid to counties, municipalities, or other political subdivisions shall be included in the amount for the State in which situated. Line 54, column (g) should agree with schedule 500, line 56, column (f).

Line No.	Taxing authority (a)	Highway Use Tax (b)	Vehicle License & Register Fee (c)	Real Estate Personal Property (d)	Retirement & Unemployment (e)	Other Taxes (f)	Total (g)
1	Federal.....			71,840		71,840
2	Alabama.....					5	5
3	Alaska.....					100	100
4	Arizona.....					30	30
5	Arkansas.....			66		11	77
6	California.....			24,801		222	25,023
7	Colorado.....			2,456		100	2,556
8	Connecticut.....			26,861		150	27,011
9	Delaware.....					250	250
10	Dist. of Columbia.....					50	50
11	Florida.....					33	33
12	Georgia.....					5	5
13	Hawaii.....					10	10
14	Idaho.....					335	335
15	Illinois.....					313	313
16	Indiana.....			420		15	435
17	Iowa.....					5	5
18	Kansas.....			1,002			1,002
19	Kentucky.....	10		568		5	583
20	Louisiana.....					40	40
21	Maine.....					30	30
22	Maryland.....	10				368	378
23	Massachusetts.....			8,227		228	8,455
24	Michigan.....			466		312	778
25	Minnesota.....			12		247	259
26	Mississippi.....			100		35	135
27	Missouri.....						
28	Montana.....					88	88
29	Nebraska.....						
30	Nevada.....					20	20
31	New Hampshire.....					150	150
32	New Jersey.....					15	15
33	New Mexico.....					21	21
34	New York.....	(197)		7,535		14,767	22,105
35	North Carolina.....					10	10
36	North Dakota.....					27	27
37	Ohio.....			1,332			1,332
38	Oklahoma.....					53	53
39	Oregon.....	110				213	323
40	Pennsylvania.....			22,055		9,729	31,784
41	Rhode Island.....					25	25
42	South Carolina.....					51	51
43	South Dakota.....					39	39
44	Tennessee.....	2,326				2,616	4,942
45	Texas.....					242	242
46	Utah.....					30	30
47	Vermont.....						
48	Virginia.....	2,253		1,944			4,197
49	Washington.....					55	55
50	West Virginia.....					33	33
51	Wisconsin.....					40	40
52	Wyoming.....						
53				(13,019)			(13,019)
54	TOTAL.....	4,512	-	84,826	71,840	31,123	192,301

*Adjustment of Accruals for Prior Periods.

Schedule 526.-GAIN OR LOSS ON SALE OF ASSETS

Show the requested information for items included in secondary account 26.

Line No.	Description of items (a)	Amount (b)
1	NONE	\$
2		
3		
4		
5		
6		
7		
	Net Debit or Credit	-0-

Schedule 610.-NONCARRIER INCOME-NET

Show the requested information concerning items included in the account during the year.

Line No.	Description of Operation (a)	Account 611 Total Revenue (b)	Account 612 Total Expenses (c)	Net Amount During Year (d)
1	(611-00) Rental Income	9,650	-0-	9,650
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15	Total	9,650	-0-	9,650

Schedule 620.-INTEREST INCOME

Schedule 630.-DIVIDEND INCOME

Show the sources of interest and dividend income recorded during the current year.

Line No.	Source (a)	Account 620 Interest (b)	Account 630 Dividend (c)	Total (d)
1	(621 and 631) Investments: A/C 621-01	\$	\$	\$
2	Certificates of Deposits	334,755		334,755
3	U.S. Treasury Bonds	821		821
4	Special Escrow Deposits	240,000		240,000
5	Total	575,576		575,576
6	(623) Miscellaneous Interest Income:			
7	Interest on funds deposited for potential			
8	loss on drafts	3,555		3,555
9	Interest on security deposits, sale of two			
10	properties in Michigan and miscellaneous			
11	smaller items	1,544		1,544
12	Total	5,099		5,099
13	Grand Total	580,675		580,675

Schedule 640.-OTHER INCOME

State separately each item included in the account during the year.

Line No.	Description of Item (a)	Amount (b)
1	(641-01) Miscellaneous Income	
2	Litigation settlement \$150,000 less legal & sundry expenses of	\$
3	Forfeiture of deposit on sale of real property \$100,000	50,000
4	Prior period insurance refund	9,000
5	Miscellaneous	5,669
6		5,269
7		
8		
9		
10		
	Total	69,938

Schedule 710.-INTEREST EXPENSE

Schedule 720.-DEBT EXPENSE AND CREDIT

Show the debt classification of interest expense recorded during the year.

Line No.	Description of each class of debt applicable. (a)	Amount (b)
1	(710-03) Interest Expense-Back taxes on real property sales	\$
2	(711-02) Bonds	12,187
3	(711-03) Equipment Obligations	-
4	(711-04) Other Long-term Obligations	-
5	(711-05) Current Obligations	-
6	(712) Affiliate Interest Expense	-
7	(721) Debt Discount Expense	-
8	(722) Debt Premium-CREDIT	-
9		-
	Total	12,187

Schedule 730.-OTHER EXPENSES

State separately each item reflected in the books at the close of the year.

Line No.	Description (a)	Amount (b)
1	(01) Contract Guarantees	\$
2		-
3	(02) Loss Reimbursements	-
4		-
5	(03) Nonoperating Bad Debts	-
6		-
7	(04) Intangible Write-Offs	-
8		-
9	(05) Nonoperating Donations	-
10		-
11		-
12	(06) Fines and Penalties	-
13		-
14	(07) Excess Life Insurance Premiums	-
15		-
16	(08) Sundry Expenses	-
17		-
18	(19) Commissions and Expenses re Real Property Sales	53,108
19		
20	(26) Gain or Loss on Sales of Assets	1,195,731
21		
22	(09) Salvage Value of Revenue Equipment	
23		
24		
	Total	1,248,839

Schedule 902. - EMPLOYEES, SERVICE AND COMPENSATION.

Particulars of the numbers of employees, of the services rendered by them, and of the compensation paid for such services should be compiled in accordance with the following instructions:

COLUMN 1-"Reporting divisions" refers to the divisions of employees shown in the Classification of Express Employees adopted by the Interstate Commerce Commission.

COLUMN 2-Number of employees actually at work, on leave with pay, or not working account of assigned day of rest, as of the 15th of the month of report, or as of the next preceding full day if the 15th falls on a Saturday, Sunday or holiday.

Line No.	D. V. No.	REPORTING DIVISION (1)	NUMBER OF EMPLOYEES AT MIDDLE OF MONTH (2)	NUMBER OF EMPLOYEE MONTHS (COMPUTED) (3)
		I. EXECUTIVES, OFFICIALS, AND STAFF ASSISTANTS		
1	1	Executive and general officers.....	3	3
2	2	Staff officials, division officers, and assistants.....	14	14
3	(901)	TOTAL (EXECUTIVES, OFFICIALS, AND STAFF ASSISTANTS).....	17	17
		II. PROFESSIONAL, CLERICAL, AND GENERAL		
4	3	Professional and subprofessional assistants.....		
5	4	Chief clerks (A).....		
6	5	Chief clerks (B), head clerks, and clerical specialists.....	3	3
7	6	Clerks.....	5	5
8	7	Nonlisting, adding, and calculating-machine operators.....		
9	8	Stenographers and typists.....	4	4
10	9	Office attendants.....		
11	10	Division supervisors.....		
12	11	Agents--office, depot, and terminal.....		
13	12	Foremen--vehicle, depot, and platform.....		
14	13	Warehouse and platform clerks.....		
15	14	Warehouse and platform laborers.....		
16	15-A	Vehicle employees: Agency service.....		
17	15-B	Vehicle employees: Over the road truck service.....		
18	16	Police.....		
19	17	Claim agents and claim adjusters.....		
20	(902)	TOTAL (PROFESSIONAL, CLERICAL, AND GENERAL).....	12	12
		III. TRAIN TRANSPORTATION		
21	18	Train messengers.....		
22	19	Train helpers and guards.....		
23	(903)	TOTAL (TRAIN TRANSPORTATION).....		
		IV. MAINTENANCE AND STORES		
24	20	Foremen.....		
25	21	Mechanists.....		
26	22	Other craftsmen.....		
27	23	Apprentices and helpers--all trades.....		
28	24	Garage employees.....		
29	25	Laborers, unclassified.....		
30	(904)	TOTAL (MAINTENANCE AND STORES).....		
31	(905)	GRAND TOTAL, ALL EMPLOYEES.....	29	29

Schedule 902. - EMPLOYEES, SERVICE, AND COMPENSATION

COLUMN 3-Total hours of straight time divided by 8 times the number of calendar days (less Saturdays, Sundays and holidays) in the month. This gives the number of persons required to accomplish the work done under straight time if each person worked 8 hours a day except Saturdays, Sundays and holidays.

COLUMN 4-There should be stated for each of the Reporting Divisions, the total number of hours paid for at straight time rates by the employees whose service is includible in the particular Division.

COLUMN 5-Overtime hours of all employees. COLUMN 6-Enter the total of columns 4 and 5. COLUMN 7-Enter the compensation for the time shown in column 4. COLUMN 8-Enter the compensation for the time shown in column 5.

COLUMN 9-Enter the total of columns 7 and 8.

SERVICE HOURS			COMPENSATION (WHOLE DOLLARS)			Line No.
TOTAL STRAIGHT-TIME HOURS (4)	OVERTIME HOURS (5)	TOTAL TIME PAID FOR (6)	TOTAL COMPENSATION FOR STRAIGHT TIME (7)	COMPENSATION FOR OVERTIME (8)	TOTAL COMPENSATION (9)	
6,888		6,888	143,396		143,396	1
28,027		28,027	296,563		296,563	2
34,915		34,915	439,959		439,959	3
280		280	2,102		2,102	4
4,768		4,768	31,957		31,957	5
9,588		9,588	45,188		45,188	6
						7
8,832		8,832	54,023		54,023	8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
23,468		23,468	133,270		133,270	20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
58,383		58,383	573,229		573,229	31

Schedule 902B.-PAYMENTS FOR SERVICES NOT RENDERED BY EMPLOYEES

Give information concerning payments, fees, retainers, commissions, gifts, contributions, assessments, bonuses, pensions, subscriptions, allowances for expenses, or any form of payments amounting in the aggregate to \$40,000 or more during the year to any corporation, institution, association, firm, partnership, committee, or any person (other than one of the respondent's employees covered in preceding schedule) for services or as a donation. In the case of contributions of under \$40,000 which 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, irrespectively 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 \$40,000 or more.

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, brokers, insurance companies, trustees, promoters, soliditors, consultants, actuaries, investigators, inspectors, and efficiency engineers. The enumeration of these kinds of payments should not be understood as excluding other payments for services not excluded below.

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 service, and payments to other carriers on the basis of lawful tariff charges, as well as other payments for services which both as to their nature and amount may be 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.

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.

Line No.	Name of recipient (a)	Nature of service (b)	Amount of payment (c)
1	Marcus & Angel P.C.	Legal	\$227,500
2	Whitman & Ransom	Legal	227,500
3	Wolf, Block, Schorr & Solis-	Legal	85,000
4	Cohen		
5	C. Orvis Sowerwine	REA Express, Trustee in	50,000
6		Bankruptcy	
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25		Total	\$590,000

Schedule 910. - CONTRACT AGREEMENTS, ETC.

Here give a concise statement of all important contracts, agreements, arrangements, etc., with other companies or persons, together with revisions, modifications, terminations, and other changes thereof, concerning the transportation of express matter or the conduct of express business, which became effective or were renewed during the year covered by this report. Give the statement in the following order:

1. Railroad companies.
2. Electric transportation companies or lines.
3. Carriers by water.
4. Motor carriers.
5. Other express companies.
6. United States Government.
7. Other contracts.

Information concerning contracts of minor importance may be omitted. A contract of minor importance is defined as one involving receipts or payments of less than \$25,000 per year, and which, by its terms, is otherwise unimportant.

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

"Every common carrier subject to this part shall also file with said Commission copies of all contracts, agreements, or arrangements with other common carriers in relation to any traffic affected by the provisions of this part to which it may be a party."

No. 1 - None

No. 2 - None

No. 3 - None

No. 4 - None

No. 5 - None

No. 6 - None

No. 7 - None

VERIFICATION

To verify the foregoing report, both the Oath and the Supplemental Oath must be executed by one of the respective parties designated below. Alteration of the Verification, in any manner, is not permitted.

OATH

(To be made only by the sole proprietor, partner, or officer, as may be applicable to the respondent)

STATE OF New York

COUNTY OF New York

A. E. Larsen

(Insert here the name of the affiant)

Controller

(Insert here the title of the affiant)

makes oath and says that he

of REA Express Inc. (Bankrupt)

(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 the 1st day of January, 1977, to and including the 31st day of December, 1977.

A. E. Larsen
(Signature of affiant)

Notary Public

Subscribed and sworn to before me, a _____, in and for the State and county above named, this 28th day of June, 1979.

My commission expires March 30, 1980

(Signature of officer authorized to administer oaths)

HENRY FULLE
NOTARY PUBLIC, State of New York
Qualified in Putnam County

Commission Expires March 30, 1980

USE AN L. S.
IMPRESSION
SEAL.

SUPPLEMENTAL OATH

(To be made only by the sole proprietor, partner, president, or other chief officer, as may be applicable to the respondent)

STATE OF _____

COUNTY OF _____

(Insert here the name of the affiant)

makes oath and says that he is

(Insert here the official title of the affiant)

of _____

(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 the _____ day of _____, 19____, to and including the

day of _____, 19____

(Signature of affiant)

Subscribed and sworn to before me, a _____, in and for the State and county above named, this _____ day of _____, 19____.

My commission expires _____

USE AN L. S.
IMPRESSION
SEAL.

(Signature of officer authorized to administer oaths)

INDEX OF PAGES SUBMITTED

	<u>Page</u>
Accounts Receivable	18
Accrued Expenses	35
Affiliate Receivables	32
Assets - Other Current	25
Balance Sheet (Comparative Statement of Financial Position)	
Assets	6
Liabilities and Equity	7
Deferred Liabilities (Prior to 2/18/75 and Chapter XI Period)	7B
Footnote - Rail Notes	7A
Cash	17
Contracts, Agreements, etc.	66
Companies Controlled by Respondent	3
Companies Indirectly Controlled by Respondent	4
Companies Controlling Respondent	5
Deferred Charges	32
Deferred Credits	41
Deposits - Miscellaneous Special	17A
Depreciation - Accumulated on Operating Property	24
Employees, Service and Compensation	56, 57
Expense	
Interest	54
Other	54
Financial Statement Notes	13, 14, 15
Funds - Special	30, 31
Gain or Loss on Sales of Assets; Commissions re Sale of Assets	54

INDEX OF PAGES SUBMITTED

	<u>Page</u>
Income (Non-Operating)	
Interest	53
Non-carrier	53
Other	54
Income Statement (Results of Operations)	8
Insurance - Accumulated Provision for Self-Insurance	39,40
Intangible Property	32
Investments	
Other	30
Temporary	17
Liabilities	
Contingent	15
Other Current	35
Non-Operating Property	25
Notes Receivable	18
Operating Expenses	46-51
Operating Property	20
Organization Data	1,2
Payables	
Accounts	34
Affiliate	38
Payments for Services not Rendered by Employees	59
Prepayments	19
Retained Income Statement	10,11
Stock - Common	42
Taxes Any Licenses - Operating	52
Taxes - Other Accrued and Withheld	35
Verification and Oath	67

INDEX OF PAGES NOT SUBMITTED

	<u>Page</u>
Notes and Remarks	9, 21, 27
Statement of Changes in Financial Position	12
Guaranties and Suretyships	16
Revenue Equipment Owned and Leased	22, 23
Federal Income and Other Taxes Deferred	26
Affiliate Investments	28, 29
Notes Payable	33
Long Term Debt	36, 37
Capital Stock Issued During the Year	43
Capital Surplus	44
Operating Revenues	45
Income Taxes on Ordinary Income	55
Compensation of Officers, Directors, etc.	58
Operating Statistics	60
Transactions Between Respondent and Other Companies or Persons	61-65

NOTE - The page numbers used in reports for 1974 and subsequent years have been retained in 1977 for easy reference.

Those pages not applicable in 1977 are listed above for completeness.