

01850 REPUBLIC FREIGHT SYSTEMS, INC. 1978

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INTERSTATE
COMMERCE COMMISSION
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ADMINISTRATIVE SERVICES
MAIL UNIT

REPUBLIC FREIGHT SYSTEM, INC.

ANNUAL REPORT

TO THE

INTERSTATE COMMERCE COMMISSION

DECEMBER 31, 1978

01850

Freight Forwarders
(Class A)Annual Report Form
F-1

1978

Due: March 31, 1979

Approved by GAO
B-180230 (R0254)
Expires 10-31-791. CORRECT NAME AND ADDRESS IF DIFFERENT THAN
SHOWN. (See instructions)NAME AND ADDRESS OF REPORTING CARRIER (Attach
label from front cover on original, copy in full on
duplicate)FF000148 REPUBLIFREI A O A 1850
RFSF REPUBLIC FREIGHT SYSTEM, INC.
10990 ROE AVE.
SHAWNEE MISSION KS 662072. State whether respondent is an individual owner, partnership, corporation, association, etc.: Corporation

3. If a partnership, state the names and addresses of each partner including silent or limited, and their interests:

Name	Address	Proportion of Interest
Not Applicable		

4. If a corporation, association or other similar form of enterprise, give:

(a) Dates and States of incorporation or organization: December 22, 1939; New York

(b) Directors' names, addresses, and expiration dates of terms of office:

Name	Address	Term Expires
	See Attached Schedule	

(c) The names and titles of principal general officers:

Name	Title
	See Attached Schedule

5. Give the voting power, elections, and stockholders, as follows:

A. Total voting securities outstanding:

(1) Common	<u>10,000</u>	shares	<u>10,000</u>	votes
(2) 1st Preferred		shares		votes
(3) 2nd Preferred		shares		votes
(4) Other securities		shares		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. State for each class of stock the total number of stockholders of record at the latest date of closing of stock book or compilation of list of stockholders prior to date of submitting this report:

(1) Common 1 (2) 1st Preferred _____ (3) 2nd Preferred _____
 (4) Other _____ (5) Date of closing stock book Not Applicable

D. Give names of the ten 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. If any such holder held securities in trust, give (in a footnote) the particulars of the trust. If the stock book was not closed or the list of stockholders compiled within such year, show such ten security holders as of the close of the year.

Name of security holder (a)	Address (b)	Number of votes, to which entitled (c)	Number of votes, classified			
			Common (d)	1st Preferred (e)	2nd Preferred (f)	Other securities (g)
Yellow Freight System, Inc.	P. O. Box 7270 10990 Roe Avenue Shawnee Mission, Ks. 66207	10,000	10,000			

7. The respondent is required to send to the Bureau of Accounts, immediately upon preparation two copies of its latest annual report to stockholders.

Check appropriate box:

☐ Two copies are attached to this report.

☐ Two copies will be submitted _____
 (date)

☒ No annual report to stockholders is prepared.

8. If the respondent was formed as a result of consolidations or mergers during the year, name all constituent companies, and give specific references to charters or general laws governing each organization, date and authority for each consolidation and each merger received from a regulatory body, and date of consummation.

Not Applicable

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

Not Applicable

10. If the respondent was subject to a receivership during the year, state:

A. Date of receivership Not Applicable

B. Court of jurisdiction under which operations were conducted _____

C. Date when possession under it was required _____

D. Name of receiver, receivers, or trustee _____

A SCHEDULE MADE PART OF PAGE 1, 4(b) and 4(c)
 REPUBLIC FREIGHT SYSTEM, INC.
 DECEMBER 31, 1978

4(b) Directors

<u>NAME</u>	<u>ADDRESS</u>	<u>TERM EXPIRES</u>
G. E. Powell, Jr.	1940 W. 57th, Kansas City, Missouri	Annually
D. L. McMorris	8609 Mohawk, Leeswood, Kansas	Annually
L. C. Brandt	9061 Birch Street, Prairie Village, Ks.	Annually

4(c) Officers

<u>NAME</u>	<u>TITLE</u>
G. E. Powell, Jr.	Chairman of the Board
D. L. McMorris	President
L. C. Brandt	Executive Vice President
S. P. Murphy	Senior Vice President & Secretary
D. D. Padgett	Senior Vice President-Properties
R. A. Stewart, Jr.	Senior Vice President-Finance
R. H. Bens	Vice President-Traffic
A. J. Kvasnicka	Vice President-Accounting
P. A. Spangler	Treasurer
J. M. Records	Assistant Secretary
P. B. Green	Assistant Secretary

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

Not Applicable

- A. Date of trusteeship _____
 B. Authority for trusteeship _____
 C. Name of trustee _____
 D. Name of beneficiary or beneficiaries _____
 E. Purpose of trust _____

12. Give a list of companies under common control with respondent:

Yellow Forwarding Company
 Yellow Redevelopment Corporation
 Yellow Properties, Inc.
 Adley Canada, Ltd.
 Overland Energy, Inc.

13. Furnish a complete list of all companies controlled by the respondent, either directly or indirectly, at the close of the year. List under each directly controlled company the companies controlled by it and under each company any others of more remote control. Each step of control should be appropriately indented from the left margin. After each company state the percentage, if any, of the voting power represented by securities owned by the immediately controlling company:

Not Applicable

14. Give a complete list showing companies controlling the respondent, as of the close of the year. Commence with the company which is the most remote and list under each such company the company immediately controlled by it. Each step of control should be appropriately indented from the left margin. After each company state the percentage, if any, of the voting power represented by securities owned by the immediately controlling company. When any company listed is immediately controlled by or through two or more companies jointly, list all such companies and list the controlled company under each of them, indicating its status by appropriate cross references:

Yellow Freight System, Inc. 100%

15. States in which traffic is originated and/or terminated: (check appropriate boxes)

Alabama	<input checked="" type="checkbox"/>	Georgia	<input checked="" type="checkbox"/>	Maryland	<input checked="" type="checkbox"/>	New Jersey	<input checked="" type="checkbox"/>	South Carolina	<input checked="" type="checkbox"/>
Alaska	<input checked="" type="checkbox"/>	Hawaii	<input checked="" type="checkbox"/>	Massachusetts	<input checked="" type="checkbox"/>	New Mexico	<input checked="" type="checkbox"/>	South Dakota	<input checked="" type="checkbox"/>
Arizona	<input checked="" type="checkbox"/>	Idaho	<input checked="" type="checkbox"/>	Michigan	<input checked="" type="checkbox"/>	New York	<input checked="" type="checkbox"/>	Tennessee	<input checked="" type="checkbox"/>
Arkansas	<input checked="" type="checkbox"/>	Illinois	<input checked="" type="checkbox"/>	Minnesota	<input checked="" type="checkbox"/>	North Carolina	<input checked="" type="checkbox"/>	Texas	<input checked="" type="checkbox"/>
California	<input checked="" type="checkbox"/>	Indiana	<input checked="" type="checkbox"/>	Mississippi	<input checked="" type="checkbox"/>	North Dakota	<input checked="" type="checkbox"/>	Utah	<input checked="" type="checkbox"/>
Colorado	<input checked="" type="checkbox"/>	Iowa	<input checked="" type="checkbox"/>	Missouri	<input checked="" type="checkbox"/>	Ohio	<input checked="" type="checkbox"/>	Vermont	<input checked="" type="checkbox"/>
Connecticut	<input checked="" type="checkbox"/>	Kansas	<input checked="" type="checkbox"/>	Montana	<input checked="" type="checkbox"/>	Oklahoma	<input checked="" type="checkbox"/>	Virginia	<input checked="" type="checkbox"/>
Delaware	<input checked="" type="checkbox"/>	Kentucky	<input checked="" type="checkbox"/>	Nebraska	<input checked="" type="checkbox"/>	Oregon	<input checked="" type="checkbox"/>	Washington	<input checked="" type="checkbox"/>
District of Columbia	<input checked="" type="checkbox"/>	Louisiana	<input checked="" type="checkbox"/>	Nevada	<input checked="" type="checkbox"/>	Pennsylvania	<input checked="" type="checkbox"/>	West Virginia	<input checked="" type="checkbox"/>
Florida	<input checked="" type="checkbox"/>	Maine	<input checked="" type="checkbox"/>	New Hampshire	<input checked="" type="checkbox"/>	Rhode Island	<input checked="" type="checkbox"/>	Wisconsin	<input checked="" type="checkbox"/>
								Wyoming	<input checked="" type="checkbox"/>

16. COMPARATIVE BALANCE SHEET STATEMENT - ASSET SIDE			
Give the following financial data at the beginning of the year and at the close of the year (omit cents).			
Line No.	Balance at beginning of year (a)	Item (b)	Balance at close of year (c)
		I. CURRENT ASSETS	
1	333,876	(100) Cash	528,390
2	-	(101) Special cash deposits (Sec. 18)	-
3	-	(102) Temporary cash investments	-
4	XXXXXX	1. Pledged \$ - 2. Unpledged \$ -	XXXXXX
5	1,660	(103) Working advances	4,702
6	XXXXXX	(104) Notes receivable	XXXXXX
7	XXXXXX	(105) Accounts receivable	XXXXXX
8	2,438,294	(106) Less: Reserve for doubtful accounts	2,953,443
9	-	(107) Accrued accounts receivable	-
10	28,060	(108) Materials and supplies	26,480
11	-	(109) Other current assets	-
12	-	(110) Deferred income tax charges (Sec. 19)	-
13	2,801,890	Total current assets	3,513,015
		II. SPECIAL FUNDS AND DEPOSITS	
14	XXXXXX	(120) Sinking and other funds	XXXXXX
15	-	Less: Nominally outstanding	-
16	XXXXXX	(121) Special deposits	XXXXXX
17	63,994	Less: Nominally outstanding	61,595
18	63,994	Total special funds	61,595
		III. INVESTMENT SECURITIES AND ADVANCES	
19	4,516,005	(130) Investments in affiliated companies (Sec. 20)	8,647,772
20	XXXXXX	1. Pledged \$ - 2. Unpledged \$ 8,647,772	XXXXXX
21	-	Undistributed earnings from certain investments in affiliated companies (Sec. 21)	-
22	-	(131) Other investments (Sec. 20)	-
23	XXXXXX	1. Pledged \$ - 2. Unpledged \$ -	XXXXXX
24	-	(132) Less: Reserve for adjustment of investments in securities	-
25	-	(133) Allowance for net unrealized loss on noncurrent marketable equity securities	-
26	4,516,005	Total investment securities and advances	8,647,772
		IV. TANGIBLE PROPERTY	
27	XXXXXX	(140) Transportation property (Sec. 22-A)	8,052,806
28	3,465,496	(149) Less: Depreciation and amortization reserve	XXXXXX
29	XXXXXX	Transportation property (Sec. 22-B)	1,835,986
30	1,104,808	(160) Nontransportation property (Sec. 23)	889,354
31	4,570,304	(161) Less: Depreciation reserve	XXXXXX
		Nontransportation property (Sec. 23)	344,320
		Total tangible property	6,761,854
		V. INTANGIBLE PROPERTY	
32	-	(165) Organization	-
33	5,000,000	(166) Other intangible property	5,000,000
34	5,000,000	Total intangible property	5,000,000
		VI. DEFERRED DEBITS AND PREPAID EXPENSES	
35	112,490	(170) Prepayments	86,803
36	46,752	(172) Other deferred debits	127,138
37	-	(173) Accumulated deferred income tax charges (Sec. 19)	-
38	159,242	Total deferred debits and prepaid expenses	213,941
		VII. REACQUIRED AND NOMINALLY ISSUED SECURITIES	
39	XXXXXX	(190) Reacquired and nominally issued long-term debt	XXXXXX
40	XXXXXX	Reacquired: 1. Pledged	XXXXXX
41	XXXXXX	2. Unpledged	XXXXXX
42	XXXXXX	Nominally issued: 1. Pledged	XXXXXX
43	XXXXXX	2. Unpledged	XXXXXX
44	XXXXXX	(191) Nominally issued capital stock	XXXXXX
45	17,111,435	1. Pledged \$ - 2. Unpledged \$ -	-
46	-	TOTAL ASSETS	24,198,177
47	None	Contingent assets (not included above)	None

For compensating balances not legally restricted, see Sec. 17.

COMPARATIVE BALANCE SHEET STATEMENT—LIABILITY SIDE

Line No.	Balance at beginning of year (a)	Item (b)	Balance at close of year (c)
	\$	VIII. CURRENT LIABILITIES	\$
48	—	(200) Notes payable	—
49	526,052	(201) Accounts payable	687,162
50	1,756	(202) Accrued interest	1,756
51	—	(203) Dividends payable	—
52	505,156	(204) Accrued taxes	2,163,316
53	1,884,979	(205) Accrued accounts payable	2,361,277
54	219,150	(208) Deferred income tax credits (Sec. 19)	288,646
55	—	(209) Other current liabilities	—
56	3,137,093	Total current liabilities	5,502,157
		IX. LONG-TERM DEBT	
		(b1) Less—Nominally outstanding (b2) Less—Nominally issued	
57	212,819	(210) Funded debt (Sec. 29) \$ — \$ —	212,819
58	—	(210.5) Capitalized leased obligations	—
59	—	(211) Receivers' and trustees' securities (Sec. 29)	—
60	—	(212) Amounts payable to affiliated companies (Sec. 30)	—
61	—	(213) Long-term debt in default (Sec. 29)	—
62	—	(218) Discount on long-term debt	—
63	—	(219) Premium on long-term debt	—
64	212,819	Total long-term debt	212,819
		X. RESERVES	
65	22,564	(220) Insurance reserves	57,631
66	—	(221) Provident reserves	—
67	246,230	(222) Other reserves	402,629
68	268,794	Total reserves	460,260
		XI. DEFERRED CREDITS	
69	26,033	(231) Other deferred credits	31,974
70	257,849	(232) Accumulated deferred income tax credits (Sec. 19)	550,966
71	283,882	Total deferred credits	582,900
		XII. CAPITAL AND SURPLUS	
72	100	(240) Capital stock (Sec. 31)	100
73	1,978,161	(241) Premiums and assessments on capital stock	1,978,161
74	1,978,261	Total (Lines 72 and 73)	1,978,261
75	—	Less—Nominally issued capital stock	—
76	—	(242) Discount, commission and expense on capital stock	—
77	—	Total (Lines 75 and 76)	—
78	1,978,261	Total (Lines 74 and 77)	1,978,261
79	—	(243) Proprietorial capital	—
80	—	(250) Unearned surplus	—
81	XXXXXXX	1. Paid in \$ — 2. Other \$ —	XXXXXXX
82	—	(260) Earned surplus—Appropriated	—
83	11,230,586	(270) Earned surplus—Unappropriated (Deficit in paren.) (Sec. 32)	15,461,780
84	XXXXXXX	1. Distributed \$ — 2. Undistributed \$ —	XXXXXXX
85	—	(279) Net unrealized loss on noncurrent marketable equity securities	—
86	—	(280) Less: Treasury stock	—
87	XXXXXXX	1. Pledged \$ — 2. Unpledged \$ —	XXXXXXX
88	13,208,847	Total capital and surplus	17,440,041
89	17,111,435	TOTAL LIABILITIES	24,198,177
90	None	Contingent liabilities (not included above)	None

COMPARATIVE BALANCE SHEET STATEMENT—EXPLANATORY NOTES

Estimated accumulated net Federal income tax reduction realized since December 31, 1949, under section 168 (formerly section 124-A) of the Internal Revenue Code because of accelerated amortization of emergency facilities in excess of recorded depreciation \$ None

Estimated accumulated savings in Federal income taxes resulting from computing book depreciation under Commission rules and computing tax depreciation using the items listed below \$ 291,525

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.

(1) 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 \$ 314,321

(2) 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 at beginning of year \$ 153,477

Add investment tax credits applied to reduction of current year's tax liability but deferred for accounting purposes \$ 127,552

Deduct deferred portion of prior year's investment tax credit used to reduce current year's tax accrual \$ (21,152)

Other adjustments (indicate nature such as recapture on early disposition) Adjust 1977 I.T.C. to actual \$ (436)

Total deferred investment tax credit at close of year \$ 259,441

Investment tax credit carryover at year end \$ None

Cost of pension plan:

Past service costs determined by actuaries at year end (12/31/78; latest actuarial valuation) \$ 260,250

Total pension costs for year:

Normal costs \$ 80,500

Amortization of past service costs \$ 26,250

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 \$ None

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

Marketable Equity Securities—to be completed by companies with \$10.0 million or more in gross operating revenues: None

1. Changes in Valuation Accounts

		Cost	Market	Dr. (Cr) to Income	Dr. (Cr) to Stockholders Equity
Current year	Current Portfolio	\$	\$	\$	x x x x
as of / /	Noncurrent Portfolio			x x x x	\$
Previous year	Current Portfolio			x x x x	x x x x
as of / /	Noncurrent Portfolio			x x x x	x x x x

2. At / / , gross unrealized gains and losses pertaining to marketable equity securities were as follows:

	Gains	Losses
Current	\$	\$
Noncurrent		

3. A net unrealized gain (loss) of \$ on the sale of marketable equity securities was included in net income for (year). The cost of securities sold was based on the (method) cost of all the shares of each security held at time of sale.

Significant net realized and net unrealized gains and losses arising after date of the financial statements but prior to their filing, applicable to marketable equity securities owned at balance sheet date shall be disclosed below:

NOTE: / / - date - Balance sheet date date of the current year unless specified as previous year.

17.—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 section 18, account 101, Special cash 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 121, Special deposits, 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

18.—SPECIAL CASH DEPOSITS

For other than compensating balances, state separately each item of \$10,000 or more reflected in account 101. Special cash deposits, at the close of the year. Items of less than \$10,000 may be combined in a single entry and described as "Minor items less than \$10,000". For compensating balances, state separately the total amounts held on behalf of respondent and held on behalf of others.

Line No.	Purpose of deposit (a)	Balance at close of year (b)
	Interest special deposits	\$
1	None	
2		
3		
4		
5		
6	Total	
	Dividend special deposits	
7	None	
8		
9		
10		
11		
12	Total	
	Miscellaneous special deposits	
13	None	
14		
15		
16		
17		
18	Total	
	Compensating balances legally restricted:	
19	Held on behalf of respondent	None
20	Held on behalf of others	
21	Total	

Indicate in column (c) the net change in accounts 110, 173, 208 and 232 for the net tax effect of timing difference originating and reverting in the current accounting period.

Indicate in column (d) any adjustment as appropriate, including adjustments to eliminate or reinstate deferred tax effect (credits or debits) due to applying or recognizing a loss carryforward or a loss carryback.

Indicate in column (e) the cumulative total of columns (b), (c) and (d). The total of column (e) must agree with the balances in accounts 110, 173, 208 and 232 in Section 16.

2) Report below the details of all investments in common stocks included in account 130. Investments in affiliated companies, which qualify for the equity method under instruction 28 in the Uniform System of Accounts for Freight Forwarders.

Enter in column (c) the amount necessary to retroactively adjust those investments qualifying for the equity method of accounting in accordance with instruction 28(b) (1) of the Uniform System of Accounts.

Enter in column (d) the share of undistributed earnings (i.e., less dividends) or losses.

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 28(b)(4).

The total of column (g) must agree with column (b), line 21, Section 16.

UNDISTRIBUTED EARNINGS FROM CERTAIN INVESTMENTS IN AFFILIATED COMPANIES

Line No.	(a) Name of issuing company and description of security held	(b) Balance at beginning of year	(c) Adjustment for investments qualifying for equity method	(d) Equity in undistributed earnings (losses) during year	(e) Amortization during year	(f) Adjustment for investments disposed of or written down during year	(g) Balance at close of year
	Carriers (List specifics for each company)	\$	\$	\$	\$	\$	\$
1	None						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18	Total						
19	Noncarriers (Show totals only for each column)						
20	Total lines 18 and 19						

22. Give details as called for of investment in transportation property, and reserve for depreciation and amortization for balances as stated for accounts (140) and (149) in section 16.

A. INVESTMENT

Property accounts	Balance at beginning of year	Charges	Credits	Adjustments Dr. - Debit Cr. - Credit	Balance at close of year
	\$	\$	\$	\$	\$
141. Furniture and office equipment	613,372	44,409	7,630	-	650,351
142. Motor and other highway vehicles	2,074,308	809,701	56,717	-	2,827,292
143. Land and public improvements	636,540	221,064	-	446,420 Dr	1,304,024
144. Terminal and platform equipment	249,829	96,175	-	-	346,004
145. Other property account charges	1,282,998	1,316,574	6,020	331,583 Dr	2,925,135
Total	4,857,047	2,487,923	70,167	778,003 Dr	8,052,806

B. DEPRECIATION AND AMORTIZATION RESERVE

Property accounts	Balance at beginning of year	Charges	Credits	Adjustments Dr. - Debit Cr. - Credit	Balance at close of year
	\$	\$	\$	\$	\$
141. Furniture and office equipment	440,142	7,430	37,105	7 Dr	469,810
142. Motor and other highway vehicles	689,266	51,621	319,366	-	957,011
143. Land and public improvements (depreciable property)	-	-	-	-	-
144. Terminal and platform equipment	167,281	-	20,631	79 Dr	187,833
145. Other property account charges (depreciable property)	94,862	3,822	125,919	4,373 Cr	221,332
Total	1,391,551	62,873	503,021	4,287 Cr	1,835,986

23. Give details of investment in nontransportation property, and depreciation reserve for balances at close of the year, as stated for accounts (160) and (161) in section 16.

Description of property	Book cost of property	Depreciation reserve
	\$	\$
Leasehold Improvements	332,211	241,887
Land	313,634	-
Structures	243,509	102,433
Total	889,354	344,320

24.—RENTAL EXPENSE OF LESSEE

Complete this schedule only if (a) carrier operating revenues are \$10 million or more and (b) if gross rental expense in the most recent fiscal year exceeds one percent of operating revenue.

Otherwise, show total rental expense (reduced by rentals from subleases) entering into the determination of results of operations for each period for which an income statement is presented. Rental payments under short-term leases for a month or less which are not expected to be renewed need not be included. Contingent rentals, such as those based on usage or sales, shall be reported separately from the basic or minimum rentals.

Line No.	Type of lease (a)	Current year (b)	Prior year (c)
	<i>Financing leases</i>		
1	Minimum rentals		
2	Contingent rentals		
3	Sublease rentals	None	None
4	Total financing leases		
	<i>Other leases</i>		
5	Minimum rentals	1,730,377	1,617,364
6	Contingent rentals	103,133	135,726
7	Sublease rentals	1,627,244	1,481,638
8	Total other leases	1,627,244	1,481,638
9	Total rental expense of lessee		

NOTE: As used in sections 24 through 28, a "financing lease" is defined as a lease which, during the noncancellable lease period, either (a) covers 75% or more of the economic life of the property or (b) has terms which assure the lessor a full recovery of the fair market value (which would normally be represented by his investment) of the property at the inception of the lease plus a reasonable return on the use of the assets invested subject only to limited risk in the realization of the residual interest in the property and the credit risks generally associated with secured loans.

25.—MINIMUM RENTAL COMMITMENTS

Complete this schedule only if (a) carrier operating revenues are \$10 million or more and (b) gross rental expense in the most recent fiscal year exceeds one percent of operating revenue.

Show the minimum rental commitments under all noncancellable leases, as of the date of the latest balance sheet presented, in the aggregate (with disclosure of the amounts applicable to noncapitalized financing leases) for (a) each of the five succeeding fiscal years; (b) each of the next three five-year periods; and, (c) the remainder as a single amount. The amounts so determined should be reduced by rentals to be received from existing noncancellable subleases (with disclosure of the amounts of such rentals). For purposes of this rule, a noncancellable lease is defined as one that has an initial or remaining term of more than one year and is noncancellable, or is cancellable only upon the occurrence of some remote contingency or upon the payment of a substantial penalty.

Line No.	Year ended (a)	A			B	
		Financing leases (b)	Other Leases (c)	Total (d)	Sublease rentals*	
					Financing leases (e)	Other leases (f)
1	Next year	\$	78,203	\$ 78,203	\$	93,307
2	In 2 years		20,070	20,070		80,400
3	In 3 years		20,070	20,070		80,400
4	In 4 years		32,903	32,903		13,400
5	In 5 years		35,470	35,470		—
6	In 6 to 10 years		109,365	109,365		—
7	In 11 to 15 years		—	—		—
8	In 16 to 20 years		—	—		—
9	Subsequent	None	296,081	296,081	None	267,507

* The rental commitments reported in Part A of this schedule have been reduced by these amounts.

26.—LESSEE DISCLOSURE

Complete this schedule only if carrier operating revenues are \$10 million or more.

Relate in general terms: (a) the basis for calculating rental payments if dependent upon factors other than the lapse of time; (b) existence and terms of renewal or purchase options, escalation clauses, etc.; (c) the nature and amount of related guarantees made or obligations assumed; (d) restrictions on paying dividends, incurring additional debt, further leasing, etc.; and, (e) any other information necessary to assess the effect of lease commitments upon the financial position, results of operations, and changes in financial position of the lessee.

Line
No.

(a)

1

2

3

4

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None

(b)

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16

Certain leases contain renewal options ranging from one to five years in length.

(c)

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None

(d)

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32

None

(e)

33

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39

40

None

27.—LEASE COMMITMENTS—PRESENT VALUE

Complete this schedule only if (a) carrier operating revenues are \$10 million or more and (b) if the present value of the minimum lease commitments are more than five percent of the sum of the long-term debt, stockholders' equity and the present value of the minimum lease commitments, or if the impact on net income (as computed in section 28, Income impact—Lessee) is three percent or more of the average net income for the most recent three years.

Show all noncapitalized financing leases, the present value of the minimum lease commitments in the aggregate and by major categories of properties. Present values shall be computed by discounting net lease payments (after subtracting, if practicable, estimated, or actual amounts, if any, applicable to taxes, insurance, maintenance and other operating expenses) at the interest rate implicit in the terms of each lease at the time of entering into the lease.

Show either the weighted average interest rate (based on present value) and range of rates or specific interest rates for all lease commitments.

Line No.	Asset category (a)	Present value		Range		Weighted average	
		Current year (b)	Prior year (c)	Current year (d)	Prior year (e)	Current year (f)	Prior year (g)
		\$	\$				
1	Structures						
2	Revenue equipment						
3	Shop and garage equipment						
4	Service cars and equipment						
5	Noncarrier operating property						
	Other (Specify)						
6							
7							
8							
9							
10	Total						

Not Applicable

28.—INCOME IMPACT—LESSEE

Complete this schedule only if carrier operating revenues are \$10 million or more.

If the impact on net income is less than three percent of the average net income for the most recent three years, a statement to that effect will suffice to complete this schedule. Otherwise, show the impact on net income for each period for which an income statement is presented if all noncapitalized financing leases were capitalized, related assets were amortized on a straight-line basis and interest cost was accrued on the basis of the outstanding lease liability. The amounts of amortization and interest cost shall be separately identified.

In calculating average net income, loss-years should be excluded. If losses were incurred in each of the most recent three years, the average loss shall be used for purposes of this test.

Line No.	Item (a)	Current year (b)	Prior year (c)
1	Amortization of lease rights	\$	\$
2	Interest		
3	Rent expense		
4	Income tax expense		
5	Impact (reduction) on net income		

Not Applicable

32. Show items of Earned surplus—Unappropriated for the year, classified in accordance with the Uniform System of Accounts for Freight Forwarders. All contra entries hereunder should be indicated in parentheses. Include in column (b) only amounts applicable to earned surplus exclusive of any amounts included in column (c). Segregate in column (c) all amounts applicable to the equity in undistributed earnings (losses) of affiliated companies based on the equity method of accounting. See account (270) in section 16.

Line No.	Item (a)	Retained earnings accounts (b)	Equity in undistributed earnings of affiliated companies (c)
1	(270) Earned surplus (or deficit) at beginning of year	\$ 11,230,586	xxx
2	(300) Equity in undistributed earnings (losses) of affiliated companies at beginning of year	xxx	-
3	(300) Income balance (Sec. 33)	4,231,194	-
4	(301) Miscellaneous credits	-	-
5	(302) Prior period adjustments to beginning earned surplus account	-	-
6	(310) Miscellaneous debits	-	-
7	(311) Miscellaneous reservations of earned surplus	-	xxx
8	(312) Dividend appropriations of earned surplus	-	xxx
9	(270) Earned surplus (or deficit) at close of year	15,461,780	xxx
10	Equity in undistributed earnings (losses) of affiliated companies at end of year	xxx	-
11	Balance from line 10(c)	-	xxx
12	Total unappropriated earned surplus and equity in undistributed earnings (losses) of affiliated companies at end of year (lines 9 and 11)	15,461,780	xxx

Net of assigned income taxes: account 301 \$ N/A (explain)
 account 310 N/A (explain)

33.—INCOME STATEMENT FOR THE YEAR

Give the following income account for the year (omit cents):

Line No.	Item (a)	Amount (b)
ORDINARY ITEMS		
FORWARDER OPERATING INCOME		\$
1	(400) Operating revenues (Sec. 34)	27,492,416
2	(410) Operating expenses (Sec. 35)	18,073,218
3	*Net revenue from forwarder operations (line 1, line 2)	9,419,198
4	(411) Transportation tax accruals (Sec. 36)	179,164
5	*Net revenue, less taxes, from forwarder operations (line 3, line 4)	9,240,034
OTHER INCOME		9,016
6	(401) Dividend (other than from affiliates) and interest income	-
7	(402) Release of premium on long-term debt	-
8	(403) Miscellaneous income	-
9	Income from affiliated companies	-
10	Dividends	-
11	Equity in undistributed earnings (losses)	9,016
12	Total other income	9,016
13	*Total income (line 5, line 11)	9,249,050
MISCELLANEOUS DEDUCTIONS FROM INCOME		21,427
14	(412) Provision for uncollectible accounts	-
15	(413) Miscellaneous tax accruals	93,603
16	(414) Miscellaneous income charges	115,030
17	Total income deductions	21,427
18	*Income from continuing operations before fixed charges (Lines 12, 16)	9,124,607
FIXED CHARGES		6,860
19	(420) Interest on long-term debt	2,553
20	(421) Other interest deductions	-
21	(422) Amortization of discount on long-term debt	9,413
22	Total fixed charges	6,860
23	(423) Unusual or infrequent items	9,124,607
24	*Income from continuing operations before income taxes (lines 17, 21, 22)	9,124,607
PROVISION FOR INCOME TAXES		4,530,800
25	(431) Income taxes on income from continuing operations (Sec. 36)	362,613
26	(432) Provision for deferred taxes	4,231,194
27	Income (loss) from continuing operations (lines 23-25)	-
DISCONTINUED OPERATIONS		-
28	(433) Income (loss) from operations of discontinued segments**	-
29	(434) Gain (loss) on disposal of discontinued segments**	-
30	Total income (loss) from discontinued operations (lines 27, 28)	-
31	*Income before extraordinary items (lines 26, 29)	4,231,194
EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES		-
32	(435) Extraordinary items-Net Credit (Debit) (p. 20)	-
33	(450) Income taxes on extraordinary and prior period items-Debit (Credit) (p. 20)	-
34	(451) Provision for deferred taxes-Extraordinary and prior period items	-
35	Total extraordinary items	-
36	(452) Cumulative effect of changes in accounting principles**	-
37	Total extraordinary items and accounting changes (lines 34, 35)	-
38	*Net income transferred to earned surplus (lines 30, 36)	4,231,194
*If a loss or debit, show the amount in parentheses.		-
*Less applicable income taxes of:		-
(433) Income (loss) from operations of discontinued segments		-
(434) Gain (loss) on disposal of discontinued segments		-
(452) Cumulative effect of changes in accounting principles		-

33.—INCOME STATEMENT - EXPLANATORY NOTES

1. (a) Indicate method elected by carrier, as provided in the Revenue Act of 1971, to account for the investment tax credit:
 Flow-through..... Deferral..... 5.....
- (b) If flow-through method was elected, indicate net decrease (or increase) in tax accrual because of investment tax credit..... \$ Not Applicable
- (c) If deferral method was elected, indicate amount of investment tax credit utilized as reduction of tax liability for current year..... \$ 138,418
- Deduct amount of current year's investment tax credit applied to reduction of tax liability but deferred for accounting purposes..... (\$ 127,552)
- Balance of current year's investment tax credit used to reduce current year's tax accrual..... \$ 10,866
- Add amount of prior years' deferred investment tax credits being amortized and used to reduce current year's tax accrual..... \$ 21,152
- Total decrease in current year's tax accrual resulting from use of investment tax credits..... \$ 32,018
2. An explanation of all items included in accounts 435, "Extraordinary items," and 450, "Income taxes on extraordinary items" should be made in the space below. (See instruction 540.0-4, Uniform System of Accounts for Freight Forwarders.)

34.—OPERATING REVENUES

Show the forwarder operating revenues of the respondent for the year, classified by accounts as follows (omit cents):

Line No.	Account (a)	Amount (b)
	I. TRANSPORTATION REVENUE	\$
1	501. Forwarder revenue.....	84,811,579
	II. TRANSPORTATION PURCHASED—DR.	
2	511. Railroad transportation.....	13,442,167
3	512. Motor transportation.....	39,628,785
4	513. Water transportation.....	385,489
5	514. Pick-up, delivery, and transfer service.....	3,983,093
6	515. Other transportation purchased*.....	387
7	Total transportation purchased.....	57,439,521
8	Revenue from transportation (line 1 minus line 7).....	27,372,058
	III. INCIDENTAL REVENUE	
9	521. Storage—Freight.....	—
10	522. Rent revenue.....	—
11	523. Miscellaneous.....	120,358
12	Total incidental revenues.....	120,358
13	Total operating revenues (line 8 plus line 12).....	27,492,416

*Report separately hereunder, by type of transport (air, express, forwarder, or any other type), the amounts included in Account 515, "Other transportation purchased":

Other Transportation Purchased:

Air Transportation \$387

35.—OPERATING EXPENSES

Show the forwarder operating expenses of the respondent for the year, classified by accounts as follows (omit cents):

Line No.	Account (a)	Amount (b)
1	601 General office salaries	\$ 321,083
2	602 Traffic department salaries	975,811
3	603 Law department salaries	-
4	604 Station salaries and wages*	4,532,640
5	605 Loading and unloading by others	5,411,306
6	606 Operating rents	1,506,307
7	607 Traveling and other personal expense	390,708
8	608 Communications	328,759
9	609 Postage	65,219
10	610 Stationery and office supplies	130,399
11	611 Tariffs	43,690
12	612 Loss and damage—Freight	1,221,019
13	613 Advertising	2,555
14	614 Heat, light, and water	64,510
15	615 Maintenance	283,260
16	616 Depreciation and amortization	503,021
17	617 Insurance	230,196
18	618 Payroll taxes (Sec. 36)	438,939
19	619 Commissions and brokerage	100,445
20	620 Vehicle operation (Sec. 36)	155,768
21	621 Law expenses	10,325
22	622 Depreciation adjustment	2,103
23	630 Other expenses	1,355,155
24	Total operating expenses	18,073,218

*Includes debits totaling \$1,257,543 for the pay of employees engaged in handling freight over platforms.

36.—TAXES

Give particulars called for with respect to taxes and licenses accrued to accounts (411) and (431) in Section 33, and accounts (618) and (620) in Section 35.

Line No.	Kind of tax (a)	(411) Transportation tax accruals (b)	(431) Income taxes on income from continuing operations (c)	(618) Payroll taxes (d)	(620) Vehicle operation (e)	Total (f)
1	Social security taxes	\$	\$	\$ 438,939	\$	\$ 438,939
2	Real estate and personal property taxes	33,816				33,816
3	Gasoline, other fuel and oil taxes	19,751			155,768	175,519
4	Vehicle licenses and registration fees	85,687				85,687
5	Corporation taxes	4,538				4,538
6	Capital stock taxes					
7	Federal excise taxes					
8	Federal excess profits taxes		4,133,711			4,133,711
9	Federal income taxes		397,089			397,089
10	State income taxes					
11	Other taxes (describe)					
12	(a) Sales	35,372				35,372
13	(b)					
14	(c)					
15	(d)					
16	(e)					
17	Total	179,164	4,530,800	438,939	155,768	5,304,671

37. Give particulars as called for with respect to motor vehicles owned outright and held under purchase obligations at the close of the year:

Line No.	Vehicle		Book value included in account (140) of sec. 16	Accrued depreciation included in account (149) of sec. 16
	Make, kind and capacity (a)	Number of (b)		
1	City Trucks	26	\$ 248,067	\$ 145,787
2	City Trailers	146	748,913	264,569
3	City Tractors	89	1,799,389	527,389
4	Service Equipment	3	30,923	19,266
5				
6				
7				
8	Total	264	2,827,292	957,011

38. Give the particulars as called for concerning the respondent's employees and their compensation for the year. The data on number of employees shall be based on the number of employees on the payroll at close of pay period containing the 12th day of the months specified. If operations were interrupted during such period due to strikes, fires, floods, etc., the data should be reported for the nearest representative payroll period. Enter the total number of employees in each class on the payrolls covered by this report who worked full or part time or received pay for any part of the period reported.

Line No.	Class	Number of employees on payroll at close of the pay period containing the 12th day of				Total compensation during year
		February	May	August	November	
	General office employees:					(1) 321,083
1	Officers					-
2	Clerks and attendants					-
3	Total					321,083
	Traffic department employees:					(1) 88,596
4	Officers	-	-	-	-	-
5	Managers	22	22	20	17	424,974
6	Solicitors	22	23	22	22	462,241
7	Clerks and attendants	-	-	-	-	-
8	Total	44	45	42	39	975,811
	Law department employees:					
9	Officers					
10	Solicitors					
11	Attorneys					
12	Clerks and attendants					
13	Total					(1) 77,427
	Station and warehouse employees:					
14	Superintendents	26	26	27	23	414,584
15	Foremen	1	1	1	1	19,708
16	Clerks and attendants	53	61	54	56	897,353
17	Laborers	144	165	183	145	3,123,568
18	Total	224	253	265	225	4,532,640
	All other employees (specify):					
19						
20						
21						
22						
23	Total					
24	Grand total	268	298	307	264	5,829,534

Length of payroll period: (Check one) ☒ one week; ☐ two weeks; ☐ other (specify):

(1) Wage allocations from affiliated companies.

39. Give the various statistical items called for concerning the forwarders' operations of the respondent during the year. State tons of 2,000 pounds.

Line No.	Item (a)	Number (b)
1	Tons of freight received from shippers	385,613
2	Number of shipments received from shippers	674,632

40.—COMPENSATION OF OFFICERS, DIRECTORS, ETC.

Give the name, position, salary, and other compensation, such as bonus, commission, gift, reward, or fee, of each of the five persons named in Section 5, item (b) and (c) of this report to whom the respondent paid the largest amount during the year covered by this report as compensation for current or past service over and above necessary expenses incurred in discharge of duties and in addition, all other officers, directors, pensioners or employees, if any, to whom the respondent similarly paid \$40,000 or more. If more convenient, this schedule may be filled out for a group of companies considered as one system and shown only in the report of the principal company in the system, with references thereto in the reports of the other companies. Any large "Other compensation" should be explained in a footnote. If an officer, director, etc., receives compensation from another transportation company (whether a subsidiary or not), reference to this fact should be made if his aggregate compensation amounts to \$40,000 or more, and the details as to division of the salary should be stated. By salary column (c) is meant the annual rate at which an employee is paid, rather than the amount actually paid. If salary of an individual was changed during the year, show salary before each change as well as at close of year.

Line No.	Name of person (a)	Title (b)	Salary per annum as of close of year (see instructions) (c)	Other compensation during the year (d)
1			\$	\$
2	Note: Officers and Directors listed in 4(b) and (c) of page 1 are active in Yellow Freight System, Inc., and do not draw any compensation.			
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41.—COMPETITIVE BIDDING — CLAYTON ANTITRUST ACT

Section 10 of the Clayton Antitrust Act (15 U.S.C. 20) states that "no common carrier engaged in commerce shall have any dealings in securities, supplies or other articles of commerce, or shall make or have any contracts for construction or maintenance of any kind, to the amount of more than \$50,000, in the aggregate, in any one year, with another corporation, firm, partnership or association when the said common carrier shall have upon its board of directors or as its president, manager or as its purchasing or selling officer, or agent in the particular transaction, any person who is at the same time a director, manager, or purchasing or selling officer of, or who has any substantial interest in, such other corporation, firm, partnership or association, unless and except such purchases shall be made from, or such

dealings shall be made with, the bidder whose bid is the most favorable to such common carrier, to be ascertained by competitive bidding under regulations to be prescribed by rule or otherwise by the Interstate Commerce Commission." The specification for competitive bids is found in the Code of Federal Regulations, Part 1010-Competitive Bids through Part 1010.7.

Carriers Subject to the Interstate Commerce Act.

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

Line No.	Nature of bid (a)	Date Published (b)	Contract number (c)	No. of bidders (d)	Method of awarding bid (e)	Date filed with the Commission (f)	Company awarded bid (g)
1	None						
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Schedule 42.—SUMMARY OF FREIGHT LOSS AND DAMAGE CLAIMS

This schedule was adopted by the Commission in No. 35345 (Sub-No. 2) July 1, 1977

Approved by GAO Effective 12-23-77

Exclude from this schedule the revenues and claims incurred in connection with freight forwarder services and shipments which have a prior or subsequent movement by air. Line 1 should show all freight forwarder revenue in Account 501. Line 2 should show the number of claims paid during the year for robbery, theft and pilferage, and other shortage as defined below:

Robbery - Failure to deliver all or part of a shipment as the result of stealing, including hijacking, with the use of force or threat of force against a person or persons. Claims for physical damage to freight in the same or other shipments resulting from robbery should be reported under Robbery.

Theft and Pilferage - Failure to deliver all or part of a shipment as the result of known stealing, or under circumstances indicating the probable cause was stealing, without use of force or threat of force against a person or persons, when it is known the freight was in the carrier's custody.

Claims for physical damage to freight in the same or other shipments resulting directly from theft or pilferage should be reported under Theft and Pilferage.

Other Shortage - Failure to deliver all or part of a shipment for unknown reasons. This includes the unexplained disappearance of all or part of a shipment for reasons other than robbery or theft and pilferage as defined above.

Line 3 should show the number of all other claims paid in full or in part during the year not reported on line 2.

Line 4 should include the net dollar amount of claims paid during the year. This includes claims paid in full or paid in part, less amounts recovered from underlying carriers, salvage, insurance, and claim refund cancellations.

Line 5 should show the ratio in percentage form (two decimal places).

Line	Item	
1	Freight revenue (Account 501) _____	\$ 84,811,579
2	Number of theft related claims paid _____	207
3	Number of other claims paid _____	6,702
4	Net dollars paid (See instructions) _____	\$ 994,809
5	Claims expense/revenue ratio (line 4 ÷ 1) _____	1.17 %

NOTES AND REMARKS

Name, title, telephone number and address of the person to be contacted concerning this report:

NAME Allan J. Kvasnicka TITLE Vice President-Accounting
TELEPHONE NUMBER 913 383-3000
(Area code) (Telephone number)
OFFICE ADDRESS P. O. Box 7266, 10990 Ree Avenue, Shawnee Mission, Kansas 66207
(Street and number) (City, State, and ZIP Code)

OATH

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

STATE OF Kansas)

COUNTY OF Johnson)

Allan J. Kvasnicka makes oath and says that he is

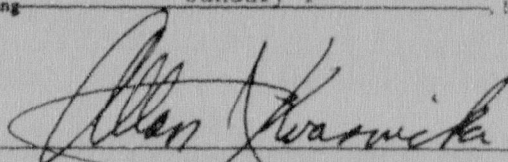
Vice President-Accounting

(Insert here the official title of the affiant)

of Republic Freight System, Inc.

(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 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 reports is a correct and complete statement of the business and affairs of the above-named respondent during the period of the time from and including January 1, 1978, to and including December 31, 1978.

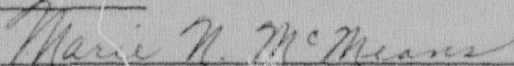


(Signature of affiant)

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

this 16th day of April, 1979

September 1, 1981.



(Signature of officer authorized to administer oaths)

