

RC 529620

TRANSKENTUCKY TRANSPORTATION RAILROAD, INC.

TRANSKENTUCKY TRANSPORTATION RAILROAD, INC. 1979 1

RC 529620

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JUN 27 1980

U.S. Railway
Approved by OAG
7-730190533
Expires 12-31-81

annual report

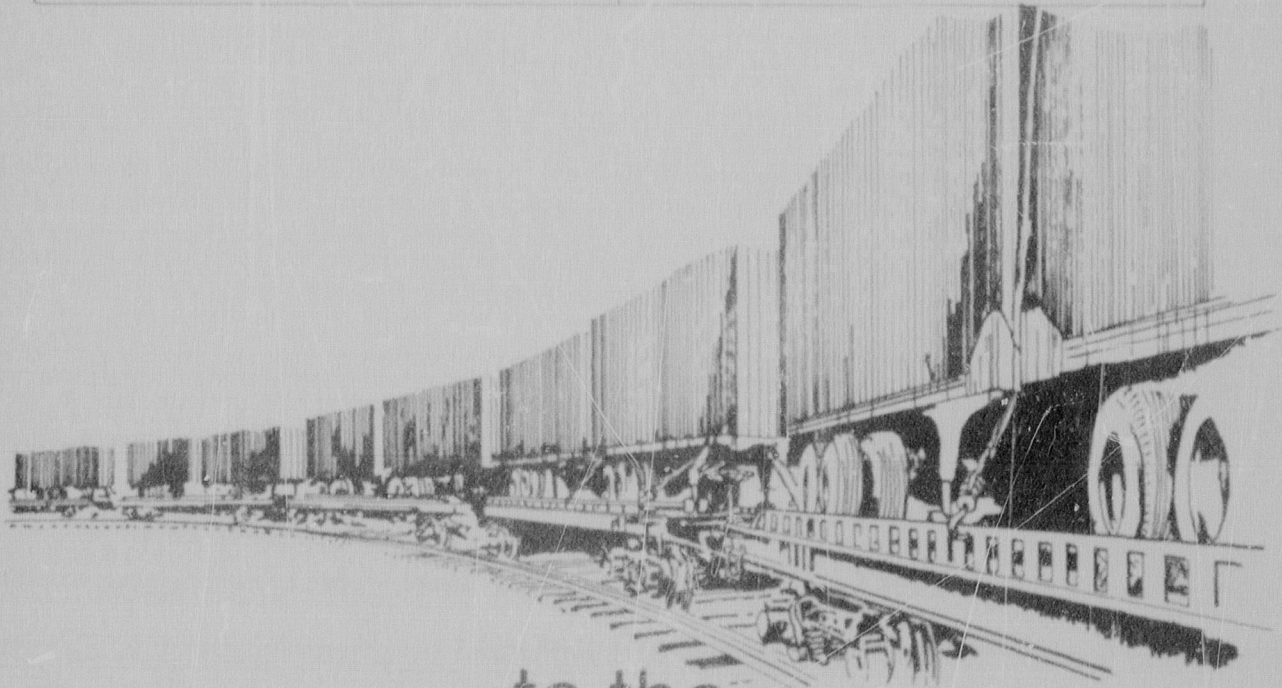
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INTERSTATE
COMMERCE COMMISSION
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JUN 26 1980

8
ADMINISTRATIVE SERVICES
MAIL UNIT

	<p>TRANSKENTUCKY TRANSPORTATION RAILROAD, INC. 201 West Vine Street Lexington, Kentucky 40507</p>
<p><small>Correct name and address if different than shown</small></p>	<p><small>Put name and address of reporting carrier on mailing label on original copy or full on duplicate</small></p>



to the
Interstate Commerce Commission
 for the year ended December 31, 1979

NOTICE

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

Switching and terminal companies are further classified as:

Class 1. Exclusively switching. This class of companies includes all those performing switching service only, whether for joint account or for revenue.

Class 2. Exclusively terminal. This class of companies includes all companies furnishing terminal trackage or terminal facilities only. Such as union passenger or freight stations, stockyards, etc., for which a charge is made, whether operated for joint account or for revenue. In case a bridge or ferry is part of the facilities operated by a terminal company, it should be included under this heading.

Class 3. Both switching and terminal. Companies which perform both a switching and a terminal service. This class of companies includes all companies whose operations cover both switching and terminal service, as defined above.

Class 4. Bridge and ferry. This class of companies is confined to those whose operations are limited to bridges and ferries exclusively.

Class 5. Mixed. Companies performing primarily a switching or a terminal service, but which also conduct a regular freight or passenger traffic. The revenues of this class of companies include, in addition to switching or terminal revenues, those derived from local passenger service, local freight service, participation in through movement of freight or passenger traffic, other transportation operations, and operations other than transportation.

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101. IDENTITY OF RESPONDENT

1. Give the exact name by which the respondent was known in law at the close of the year
Transkentucky Transportation Railroad, Inc.
2. State whether or not the respondent made an annual report to the Interstate Commerce Commission for the preceding year, or for any part of it. If so, in what name was such report made? **No report was required or made.**

If any change was made in the name of the respondent during the year, state all such changes and the dates on which they were made
On October 24, 1979, Transkentucky Transportation Railroad Co., Inc., was changed to the present name.

3. Give the location (including street and number) of the main business office of the respondent at the close of the year
201 West Vine Street, Lexington, Kentucky 40507
5. Give the titles, names, and office addresses of all general officers of the respondent at the close of the year. If there are receivers who are recognized as in the controlling management of the road, give also their names and titles, and the location of their offices.

Line No.	Title of general officer (a)	Name and office address of person holding office at close of year (b)
1	President	William F. Hughes, 201 W. Vine, Lexington, KY 40507
2	Vice president	Chester F. Powell, 201 W. Vine, Lexington, KY 40507
3	Secretary	William G. Ferguson, 2292 E. Main, Columbus, OH 43209
4	Treasurer	William G. Ferguson, 2292 E. Main, Columbus, OH 43209
5	Controller or auditor	Donald R. Land, 201 W. Vine, Lexington, KY 40507
6	Attorney or general counsel	James H. Hawk, 2292 E. Main, Columbus, OH 43209
7	General manager	William F. Hughes
8	General superintendent	Chester F. Powell
9	XXXXXXXXXXXX Mktg. Mgr. & TPO.....	Spencer N. Wendelin, 201 W. Vine, Lexington, KY 40507
10	General passenger agent	None
11	General land agent	None
12	Chief engineer	G. Richard Sproles, 139 Sherrin Ave, Louisville, KY
13	Chairman of the Board	William G. Ferguson

6. Give the names and office addresses of the several directors of the respondent at the close of the year, and the dates of expiration of their respective terms.

Line No.	Name of director (a)	Office address (b)	Term expires (c)
14	William G. Ferguson	2292 East Main, Columbus, OH 43209	April, 1980
15	William F. Hughes	201 W. Vine, Lexington, KY 40507	April, 1980
16			
17			
18			
19			
20			
21			
22			
23			

7. Give the date of incorporation of the respondent **8-8-77** 8. State the character of motive power used **Electromotive Diesel**
9. Class of switching and terminal company **S-5**

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

Incorporated in the Commonwealth of Kentucky

11. State whether or not any corporation or association or group of corporations had, at the close of the year, the right to name the major part of the board of directors, managers, or trustees of the respondent, and if so, give the names of all such corporations and state whether such right was derived through (a) title to capital stock or other securities issued or assumed by the respondent, (b) claims for advances of funds made for the construction of the road and equipment of the respondent, or (c) express agreement or some other source. **Under the Bylaws of the company, any shareholder owning 10% or more of the voting stock may name a Director for each 10% owned.**

12. Give hereunder a history of the respondent from its inception to date, showing all consolidations, mergers, reorganizations, etc., and if a consolidated or merging corporation give like particulars for all constituent and subconstituent corporations. Describe also the course of construction of the road of the respondent, and its financing. **See attached Exhibit A for a complete answer.**

*Use the initial word the when (and only when) it is a part of the name, and distinguish between the words railroad and railway and between company and corporation.

107. STOCKHOLDERS

Give the names of the 30 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent (if within 1 year prior to the actual filing of this report), had the highest voting powers in the respondent, showing for each his address, the number of votes which he would have had a right to cast on that date had a meeting then been in order, and the classification of the number of votes to which he was entitled, with respect to securities held by him, such securities being classified as common stock, second preferred stock, first preferred stock, and other securities, stating in a footnote the names of such other securities (if any). If any such holder held in trust, give (in a footnote) the particulars of the trust. In the case of voting trust agreements give, as supplemental information in schedule No. 70s, the names and addresses of the 30 largest holders of the voting trust certificates and the amount of their individual holdings. If the stock book was not closed or the list of stockholders compiled within such year, show such 30 security holders as of the close of the year.

Line No.	Name of security holder (a)	Address of security holder (b)	NUMBER OF VOTES, CLASSIFIED WITH RESPECT TO SECURITIES ON WHICH BASED				
			Number of votes to which security holder was entitled				
			Stocks		Preferred		Other securities with voting power
			Common	Second	First		
			(c)	(d)	(e)	(f)	(g)
1	William G. Ferguson	2292 E. Main St.	10	10	-0-	-0-	-0-
2		Columbus, OH 43209					
3	William F. Hughes	201 W. Vine St.	10	10	-0-	-0-	-0-
4		Lexington, KY 40507					
5							
6							
7							
8							
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Footnotes and Remarks

STOCKHOLDERS REPORTS

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

- Check appropriate box:
- Two copies are attached to this report.
 - Two copies will be submitted

(date)

No annual report to stockholders is prepared.

107. STOCKHOLDERS

Give the names of the 30 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent (if within 1 year prior to the actual filing of this report) had the highest voting powers in the respondent, showing for each his address, the number of votes which he would have had a right to cast on that date had a meeting then been in order, and the classification of the number of votes to which he was entitled, with respect to securities held by him, such securities being classified as common stock, second preferred stock, first preferred stock, and other securities, stating in a footnote the names of such other securities (if any). If any such holder held in trust, give (in a footnote) the particulars of the trust. In the case of voting trust agreements give, as supplemental information in schedule No. 705, the names and addresses of the 30 largest holders of the voting trust certificates and the amount of their individual holdings. If the stock book was not closed or the list of stockholders compiled within such year, show such 30 security holders as of the close of the year.

Line No.	Name of security holder	Address of security holder	NUMBER OF VOTES, CLASSIFIED WITH RESPECT TO SECURITIES ON WHICH BASED				
			Number of votes to which security holder was entitled	Stocks		Other securities with voting power	
				Common	Preferred	Second	First
(a)	(b)	(c)	(d)	(e)	(f)	(g)	
1	William G. Ferguson	2292 E. Main St.	10	10	-0-	-0-	-0-
2		Columbus, OH 43209					
3	William F. Hughes	201 W. Vine St.	10	10	-0-	-0-	-0-
4		Lexington, KY 40507					
5							
6							
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Check appropriate box:

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(date)

No annual report to stockholders is prepared.

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION - ASSETS

1. Accumulated deferred income tax charges related to current assets should be included in item 6, prepayments, while those related to non-current assets should be included in item 13, Other Deferred Debits.
2. Item 10, Special Funds and Other Investments and Advances, should be shown *net* of allowances and adjustments.
3. Amounts reported on line 12, Other Assets, should be shown net of depreciation and amortization.

Line No.	Item (a)	Respondent Only	
		Balance at Close of Year (b)	Balance at Beginning of Year (c)
	CURRENT ASSETS	\$	\$ N/A
1	Cash	29,386	
2	Temporary Cash Investments	-0-	
3	Special Deposits	-0-	
4	Accounts Receivable	56,278	
5	Less: Allowance for Uncollectible Accounts	-0-	
6	Prepayments (and working funds)	20,485	
7	Materials and Supplies	-0-	
8	Other Current Assets	-0-	
9	Total Current Assets	<u>106,149</u>	
	OTHER ASSETS		
10	Special Funds and Other Investments and Advances	-0-	
11	Other Assets	152,969	
12	Other Deferred Debits	-0-	
13	Total Other Assets	<u>152,969</u>	
	ROAD AND EQUIPMENT		
14	Road and Equipment Property	1,173,794	
15	Accumulated Depreciation and Amortization	8,742	
16	Net Road and Equipment	1,165,052	
17	Total Assets	<u>1,424,170</u>	
	CURRENT LIABILITIES		
18	Loans and Notes Payable	493,057	
19	Accounts Payable	541,016	
20	Interest and Dividends Payable	6,799	
21	Taxes Accrued	-0-	
22	Other Current Liabilities	78,692	
23	Equipment Obligations and Other Long-term Debt Due Within One Year	4,573	
24	Total Current Liabilities	<u>1,124,138</u>	
	NON CURRENT LIABILITIES		
25	Funded Debt Unmatured	-0-	
26	Equipment Obligations	194,925	
27	Capitalized Lease Obligations	11,486	
28	Accumulated Deferred Income Tax Credits	-0-	
29	Other Long-term Liabilities and Deferred Credits	-0-	
30	Total Non current Liabilities	<u>206,411</u>	

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION - LIABILITIES AND SHAREHOLDERS' EQUITY--Continued

Line No	Item (a)	Respondent Only	
		Balance at Close of Year (b)	Balance at Beginning of Year (c)
SHAREHOLDERS' EQUITY			\$
	Capital Stock:		
31	Common	26,446	N/A
32	Preferred Deposit for Common Stock	375,000	
33	Discount on Capital Stock	-0-	
34	Additional Capital	-0-	
	Retained Earnings:		
35	Appropriated	-0-	
36	Unappropriated	(307,824)	
37	Net Unrealized Loss on Noncurrent Marketable Equity Securities	-0-	
38	Less: Treasury Stock	-0-	
39	Net Shareholders' Equity	-0-	
40	Total Liabilities and Shareholders' Equity	1,424,170	

200. COMPARATIVE STATEMENT OF FINANCIAL POSITION - EXPLANATORY NOTES

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

1. Amount (estimated, if necessary) of net income or retained income which has to be provided for capital expenditures, and for sinking and other funds pursuant to provisions of reorganization plans, mortgages, deeds of trust, or other contracts --- \$ ---

2. Estimated amount of future earnings which can be realized before paying Federal income taxes because of unused and available net operating loss carryover on January 1 of the year following that for which the report is made \$ 341,000

3. (a) Explain the procedure in accounting for pension funds and recording in the accounts the current and past service pension costs, indicating whether or not consistent with the prior year. N/A There are no pension plans.

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

(c) Is any part of pension plan funded? Specify Yes ___ No ___

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

(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 the agreement N/A

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

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

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

4. State whether a segregated political fund has been established as provided by the Federal Election Campaign Act of 1971 (18 U.S.C. 610). YES ___ NO ___ X

210. RESULTS OF OPERATIONS

INSTRUCTIONS

1. Disclose the requested information for the respondent pertaining to the results of operations for the year.
2. List dividends from investments accounted for under the cost method on the appropriate line, under subsection "Other Income." List dividends accounted for under the equity method on the appropriate line under the "Income from Affiliated Companies" subsection of this schedule.
3. All contra entries hereunder should be indicated in parenthesis.

210. RESULTS OF OPERATIONS

Line No.	Item (a)	Amount for Current Year (b)
ORDINARY ITEMS		
OPERATING INCOME		
Railway Operating Income		
1	Freight	10,138
2	Passenger	-0-
3	Other	218
4	Railway Operating Revenues	10,356 -0-
5	Railway Operating Expenses	44,075
6	*Net Revenue from Railway Operations	(33,719)
OTHER INCOME		
7	Dividend income	-0-
8	Interest income	-0-
9	Other income; Other	433
Income from affiliated companies:		
10	Dividends	-0-
11	Equity in undistributed earnings (losses)	-0-
12	Total other income (Lines 7-11)	-0-
13	Total income (Lines 6, 12)	(33,286)
OTHER DEDUCTIONS		
14	Miscellaneous deductions from income	-0-
15	Fixed charges	15,696
16	Income after miscellaneous deductions and fixed charges	(48,982)
UNUSUAL OR INFREQUENT ITEMS		
17	Unusual or infrequent items (debit) credit	-0-
18	Income (loss) from continuing operations (before income taxes) (Line 16 less Line 17)	(48,982)
PROVISIONS FOR INCOME TAXES		
Income taxes on ordinary income:		
19	Federal income taxes	-0-
20	State income taxes	-0-
21	Other income taxes	-0-
22	Provisions for deferring income taxes	-0-
23	Income before extraordinary items (Line 18 less Lines 19-22)	-0-
EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES		
24	Extraordinary items (net)	-0-
25	Income taxes on extraordinary items	-0-
26	Provisions for deferred taxes - Extraordinary items	-0-
27	Total extraordinary items (Lines 24-26)	-0-
28	Cumulative effect of changes in accounting principles	-0-
29	(Less applicable income taxes of \$)	-0-
30	Net income	-0-

210. RESULTS OF OPERATIONS -Continued

Line No.	Item (a)	Amount for Current Year (b)
RECONCILIATION OF NET RAILWAY OPERATING INCOME (NROI)		
31	Net revenues from railway operations	
32	Income taxes on ordinary income	(33,719)
33	Provisions for deferred income taxes	-0-
34	Income from Lease of Road and Equipment	-0-
35	Rent for leased Roads and Equipment	-0-
36	Net Railway Operating Income	-0-
37	Revenue freight - Ton-miles	(33,719)
		95,054

APPENDIX A

SCHEDULE 210A. SUPPLEMENTAL INFORMATION FOR SWITCHING AND TERMINAL COMPANIES

Category	Joint Facility N/A	
	Debit	Credit
Way and Structures		
Equipment		
Road		
Yard		
Other Transportation		

- 2. Depreciation Expense - way and structures - running
- Depreciation Expense - way and structures - switching
- Depreciation Expense - way and structures - others
- All other way and structures operating expenses
- Total Way and Structures Operating Expenses
- Depreciation Expense - locomotives
- Depreciation Expense - freight cars
- Depreciation Expense - other equipment

3. *Number of locomotive-miles in yard switching service: Freight Passenger

*Number of locomotive-miles in yard switching service should be computed in accordance with OS-A report note F.



LOUISVILLE & NASHVILLE RAILROAD COMPANY

April 3, 1980

908 W. BROADWAY • LOUISVILLE, KENTUCKY 40203
P. O. BOX 32290 • LOUISVILLE, KENTUCKY 40232
OFFICE OF ASSISTANT VICE PRESIDENT ENGINEERING

Mr. William P. Hughes
President & General Manager
TTI Systems
Kincaid Tower
Lexington, KY 40507

Dear Mr. Hughes:

At your request, we have furnished you the original Valuation Maps and Bridge Drawings for the Paris to Maysville Branch, which you recently purchased from the Louisville and Nashville Railroad Company.

There are other records and documents which will be sent to you as soon as the line is processed for retirement from our records as required by the Interstate Commerce Commission. These documents are the original ICC Records covering the branch and are necessary to making the essential journal entries. As you probably are aware, the journal entries must be approved, accepted, by the Commission before the abandonment is officially final.

We now estimate that the process can be completed by August 1, 1980.

Respectfully yours,

R. H. Campbell
R. H. Campbell
Engineer-Cost Control

RHC:mkw

330. ROAD AND EQUIPMENT PROPERTY

1. Give particulars of changes during the year in Road and Equipment property, and Improvements on leased property.
2. Gross charges during the year should include disbursements made for the specific purpose of purchasing, constructing, and equipping new lines, extensions of old lines, and for additions and betterments. Both the debit and credit involved in each transfer, adjustment, or clearance between road and equipment accounts, should be included in columns (c) and (d), as may be appropriate, depending on the nature of the item. Adjustments in excess of \$100,000 should be explained.
3. Report on line 32 amounts not includable in the primary road accounts.

Line No.	ITEM (a)	Balance at beginning of year (b)	Gross charges during year (c)	Credits for property retired during year (d)	Balance at close of year (e)	Accrued depreciation at close of year (f)
1	(1) Engineering					
2	(2) Land for transportation purposes		20,869		20,869	
3	(3) Other right-of-way expenditures					
4	(4) Grading					
5	(5) Tunnels and subways					
6	(6) Bridges, trestles, and culverts		38,808		38,808	270
7	(7) Elevated structures					
8	(8) Ties		219,000		219,000	
9	(9) Rails		65,640		65,640	
10	(10) Other track material		113,652		113,652	789
11	(11) Ballast					
12	(12) Track laying and surfacing					
13	(13) Fences, snowsheds, and signs					
14	(16) Station and office buildings		8,316		8,316	58
15	(17) Roadway buildings					
16	(18) Water stations					
17	(19) Fuel stations					
18	(20) Shops and enginehouses					
19	(22) Storage warehouses					
20	(23) Wharves and docks					
21	(24) Coal and ore wharves					
22	(25) TOFC/COFC terminals					
23	(26) Communication systems					
24	(27) Signals and interlockers					
25	(29) Power plants					
26	(31) Power-transmission systems					
27	(35) Miscellaneous structures					
28	(37) Roadway machines		12,008		12,008	
29	(39) Public improvements - Construction					
30	(44) Shop machinery					
31	(45) Power-plant machinery					
32	Other (specify and explain) Acquisition of R.R.		509,355		509,355	3,637
33	Total Expenditures for Road		987,648		987,648	4,754
34	(52) Locomotives		124,931		124,931	1,280
35	(53) Freight-train cars					
36	(54) Passenger-train cars					
37	(55) Highway revenue equipment					
38	(56) Floating equipment					
39	(57) Work equipment		38,480		38,480	458
40	(58) Miscellaneous equipment		22,734		22,734	2,250
41	Total Expenditures for Equipment		186,145		186,145	3,988

Taken from 12-31-79 financials prepared by Deloitte, Haskins & Sells. The breakdown is estimated and will be adjusted when final information is received from the Louisville & Nashville Railroad Company. (See attached letter marked Exhibit C.)

330. ROAD AND EQUIPMENT PROPERTY—Continued

Line No	ITEM (a)	Balance at beginning of year (b)	Gross charges during year (c)	Credits for property retired during year (d)	Balance at close of year (e)	Accrued depreciation at close of year (f)
42 (76)	Interest during construction					
43 (77)	Other expenditures - General					
44	Total General Expenditures					
45	Total					
46 (80)	Other elements of investments					
47 (90)	Construction work in progress					
48	Grand Total		1,173,793		1,173,793	8,742

EXHIBIT B

705. IMPORTANT CHANGES DURING THE YEAR

1. All portions of road put in operation or abandoned giving (a) termini, (b) length of road, (c) dates of beginning operations or of abandonment.

- (a) Paris, Kentucky - south terminus
Maysville, Kentucky - northern terminus
- (b) 49.6 miles
- (c) September 6, 1979

2. All other important physical changes, including herein all new track built.

The line was purchased from the Louisville and Nashville Railroad (L&N) on October 10, 1979, after having been leased from the L&N since September 6, 1979.

A major landslide which had blocked the track at milepost 133.7 in December, 1978, was cleared in November, 1979.

Actual railroad operations consisting of receiving and delivering freight were commenced on October 1, 1979.

Track maintenance was begun September 4, 1979, and was continued throughout the balance of 1979. In 1979, 2,000 new ties were installed and major ditching was undertaken to begin rehabilitating the drainage system to protect the right of way from recurrent washouts previously experienced.

3. All leaseholds acquired or surrendered, giving (a) dates, (b) length of terms, (c) names of parties, (d) rents, and (e) other terms and conditions.

L&N Operating Lease of the Paris, Kentucky-Maysville, Kentucky Railroad Line:

- (a) September 6, 1979 - October 10, 1979
- (b) Lease commenced on abandonment of the line by the L&N and terminated on purchase of the line by Respondent.
- (c) Louisville and Nashville Railroad - Lessor
Transkentucky Transportation Railroad, Inc. - Lessee
- (d) \$7500/month
- (e) Net Lease

Lease of Two Locomotives:

- (a) September 6, 1979
- (b) The locomotives were leased through the end of April, 1980
- (c) Louisville and Nashville Railroad Co. - Lessor
Transkentucky Transportation Railroad, Inc. - Lessee
- (d) \$1650/month/unit
- (e) Net Lease

Paris Yard Lease:

- (a) June 8, 1979, to begin September 6, 1979
- (b) 5 years, option to renew for four terms of 5 years each

- (c) Louisville and Nashville Railroad Co. - Lessor
Transkentucky Transportation Railroad, Inc. - Lessee
- (d) \$13,120.13 per quarter
- (e) Net Lease with option to purchase

Equipment Leases:

1979 Chevrolet C70:

- (a) October 19, 1979
- (b) 36 months
- (c) National Car Rental - Lessor
Transkentucky Transportation Railroad, Inc. - Lessee
- (d) \$687.34/month
- (e) Net Lease

Truck Crane:

- (a) November 26, 1979
- (b) 3 months commencing on or about November 28, 1979;
renewable monthly thereafter
- (c) Stanley H. Smith & Co., Inc. - Lessor
Transkentucky Transportation Railroad, Inc. - Lessee
- (d) \$2000/month
- (e) Net Lease

Locomotive Crane:

- (a) November 26, 1979
- (b) 3 months commencing on or about January 29, 1980,
renewable monthly thereafter

(c) Stanley H. Smith & Co., Inc. - Lessor

Transkentucky Transportation Railroad, Inc. - Lessee

(d) \$9450/month

(e) Net Lease

4. All agreements for trackage rights.

None

5. All consolidations, mergers and reorganizations.

None

6. All stocks issued, giving (a) purpose for which issued, (b) names of stocks, (c) amounts issued, and describing (d) the actual consideration realized, giving (e) amounts and (f) values; give similar information concerning all stock retired, if any.

On October 24, 1979, the Board and the shareholders of the Respondent adopted changes in the capital structure of Respondent which increased the authorized capital shares from 1000 common shares to 5000 common shares, 750 No Par Value Preferred Shares and 750 Par Value Preferred Shares. On December 20, 1979, the Board of Directors authorized the elimination of the No Par Value Preferred Shares previously authorized.

None of the above mentioned authorized shares were issued in 1979, and there was no change in the issued and outstanding shares of stock in Respondent during 1979.

7. All funded debt issued giving (a) purposes for which issued, (b) names of securities, and (c) amounts issued, and describing (d) the actual consideration realized, giving (e) amounts and (f) values; also give particulars concerning any funded debt paid or otherwise retired, stating (a) date acquired, (b) date retired or cancelled, (c) par value of amount retired.

Funded Debt Issue	a. Purpose	b. Names of Securities	c. Amounts Issued	d. Consideration Realized		Paid or Retired
				e. Amount	f. Value	
Crocker Nat'l Bank Prom. Notes	Equip. Finance	13.875% Notes Due 1985	194,925	194,925	194,925	-0-

8. All other important financial changes.

The Respondent purchased the line of railroad from the L&N on October 10, 1979, for a consideration of \$353,943.00 in cash and two promissory notes, one in the amount of \$159,028.50 and the other in the amount of \$159,028.50 due respectively on April 10, 1980, and on October 10, 1980.

Respondent was engaged in obtaining subscriptions for its equity during 1979. It obtained the following amounts for the stated consideration from the parties listed below although no stock was issued to the

subscribers in 1979:

<u>Name</u>	<u>Date</u>	<u>Amount</u>
Pitcarin, Inc.	October, 1979	\$375,000

In addition, W. G. Ferguson, one of the shareholders and principal officers of the Respondent loaned the Respondent \$36,051.98 during 1979. This amount is carried on the books of the Respondent as an account payable and the parties expect that this amount will be repaid to Mr. Ferguson from the proceeds of further financing.

During the second half of Respondent's 1979 fiscal year ended December 31, 1979, which was the only period during which Respondent conducted railroad operations, payables of the Respondent increased from none to \$494,056. During 1979 but prior to the date of September 6, 1979, when Respondent formally initiated its railroad operations, Respondent generated \$162,121.87 in development expenses.

9. All changes in and all additions to franchise rights, describing fully (a) the actual consideration given therefore, and stating (b) the parties from whom acquired: if no consideration was given, state that fact.

Respondent intervened in an abandonment proceeding in which the L&N had sought to abandon the Paris, Kentucky, to Maysville, Kentucky, line of railroad; and on August 16, 1979, Service Order 1389 issued by the Interstate Commerce Commission became effective and empowered the Respondent to commence railroad operations on the rail line between

Paris, Kentucky, and Maysville, Kentucky. This Service Order became effective immediately following the abandonment of service over the line by the L&N authorized by the Interstate Commerce Commission at the end of the day August 15, 1979. When the lease of the line by Respondent from the L&N commenced on September 6, 1979, Respondent came into possession of the line and began operations on it. The operating authority represented by Service Order 1389 may not constitute "enfranchisement" in a technical sense.

The rights to operate the line of railroad as aforesaid were not obtained for any consideration, however, Respondent incurred legal and consulting expenses in connection therewith.

10. In case the Respondent has not yet begun operation and no construction has been carried on during the year, state fully the reasons therefore:

Not Applicable

11. All additional matters of fact (not elsewhere provided for) which the Respondent may desire to include in its report.

None

705. IMPORTANT CHANGES DURING THE YEAR

Hereunder state the following matters, numbering the statements in accordance with the inquiries, and if no changes of the character below indicated occurred during the year, state that fact. Changes in mileage should be stated to the nearest hundredth of a mile. If any changes reportable in this schedule occurred under authority granted by the Commission in certificates of convenience and necessity, issued under paragraphs (18) to (22) of section 4 of the Interstate Commerce Act or otherwise, specific reference to such authority should in each case be made by docket number or otherwise, as may be appropriate.

1. All portions of road put in operation or abandoned, giving (a) termini, (b) length of road, and (c) dates of beginning operations or of abandonment.
2. All other important physical changes, including herein all new tracks built.
3. All leaseholds acquired or surrendered, giving (a) dates, (b) length of terms, (c) names of parties, (d) rents, and (e) other conditions.
4. All agreements for trackage rights acquired or surrendered, giving (a) dates, (b) length of terms, (c) names of parties, (d) rents, and (e) other conditions.
5. All consolidations, mergers, and reorganizations effected, giving particulars.
6. All stocks issued, giving (a) purposes for which issued, (b) names of stocks, and (c) amounts issued, and describing (d) the actual consideration realized, giving (e) amounts and (f) values, give similar information concerning all stocks retired (if any).
7. All funded debt issued, giving (a) purposes for which issued, (b) names of securities and (c) amounts issued, and describing (d) the actual consideration realized, giving (e) amounts and (f) values, also give particulars concerning any funded debt paid or otherwise retired, stating (a) date acquired, (b) date retired or canceled, (c) par value of amount retired.
8. All other important financial changes.
9. All changes in and all additions to franchise rights, describing fully (a) the actual consideration given therefor, and stating (b) the parties from whom acquired, if no consideration was given, state that fact.
10. In case the respondent has not yet begun operation, and no construction has been carried on during the year, state fully the reasons therefor.
11. All additional matters of fact (not elsewhere provided for) which the respondent may desire to include in its report.

See attached Exhibit B for a complete answer.

If returns under items 1 and 2 include any first main track owned by respondent representing new construction or permanent abandonment give the following particulars:

Miles of road constructed

Miles of road abandoned

The item "Miles of road constructed" is intended to show the mileage of first main track laid to extend respondent's road, and should not include tracks relocated and tracks laid to shorten the distance between two points, without serving any new territory.

710. INVENTORY OF EQUIPMENT

INSTRUCTIONS

1. Give particulars of each of the various classes of equipment which respondent owned or leased during the year.
2. In column (c) give the number of units of equipment purchased, built in company shops, or otherwise acquired. Units leased to others for a period of one year or more are reportable in column (i); units temporarily out of respondent's service and rented to others for less than one year are to be included in column (e); units rented from others for a period less than one year should not be included in column (f). Units installed during the year and subsequently leased to others for a year or more should be shown as added in column (c), as retired in column (d), and included in column (i).
3. For reporting purposes, a "locomotive unit" is a self-propelled vehicle generating or converting energy into motion, and designed solely for moving other equipment. An "A" unit is the least number of wheel bases with superstructure designed for use singly or as a lead locomotive unit in combination with other locomotive units. A "B" unit is similar to an "A" unit, but not equipped for use singly or as a lead locomotive unit. A "B" unit may be equipped with hostler controls for independent operating at terminals.
4. A "self-propelled car" is a rail motor car propelled by electric motors receiving power from third rail or overhead, or internal combustion engines located on the car itself. Trailers equipped for use only in trains of cars that are self-propelled are to be included as self-propelled equipment.
5. A "Diesel" unit includes all units propelled by diesel internal combustion engines, irrespective of final drive, and whether power may at times be supplied from external conductor. Units other than diesel-electric, e.g., diesel-hydraulic, should be identified in a footnote giving the number and a brief description. An "Electric" unit includes all units which receive electric power from an overhead contact wire or third rail, and use the power to drive one or more electric motors that propel the vehicle. An "Other self-powered unit" includes all units other than diesel or electric, e.g., steam, gas turbine. Show the type of unit, service and number, as appropriate, in a brief description sufficient for positive identification. An "Auxiliary unit" includes all units used in conjunction with locomotives but which draw their power from the "mother" unit, e.g., boosters, slugs, etc.
6. Column (h) should show aggregate capacity for all units reported in column (g), as follows: For locomotive units, report the manufacturers' rated horsepower (the maximum continuous power output from the diesel engine or engines delivered to the main generator or generators for tractive purposes); or tractive effort of steam locomotive units; for freight-train cars report the nominal capacity (in tons of 2,000 lbs.) as provided for in Rule 86 of the AAR Code of Rules Governing Cars in Interchange. Convert the capacity of tank cars to capacity in tons of the commodity which the car is intended to carry customarily.

UNITS OWNED, INCLUDED IN INVESTMENT ACCOUNT, AND LEASED FROM OTHERS

Line No.	Item (a)	Units in service of respondent at beginning of year (b)	Units installed during year (c)	Number retired during year (d)	Units at close of year				
					Owned and used (e)	Leased from others (f)	Total in service of respondent (e+f) (g)	Aggregate capacity of units reported in col. (g) (h)	Leased to others (i)
LOCOMOTIVE UNITS									
1	Diesel-Freight _____ A units							(h.p.)	
2	Diesel-Freight _____ B units								
3	Diesel-Passenger _____ A units								
4	Diesel-Passenger _____ B units								
5	Diesel-Multiple purpose _____ A units		3		1	2	3		5
6	Diesel-Multiple purpose _____ B units								
7	Diesel-Switching _____ A units								
8	Diesel-Switching _____ B units								
9	Total (lines 1-8)		3		1	2	3	XXXXXX	9
10	Electric Locomotives								
11	Other self-powered units								
12	Total (lines 9, 10 and 11)		3		1	2	3	XXXXXX	12
13	Auxiliary units								
14	Total Locomotive Units (lines 12 and 13)		3		1	2	3	XXXXXX	14

UNITS OWNED, INCLUDED IN INVESTMENT ACCOUNT, AND LEASED FROM OTHERS—Cont.

Line No.	Item (a)	Units in service of respondent at beginning of year (b)	Units installed during year (c)	Number retired during year (d)	Units at close of year				
					Owned and used (e)	Leased from others (f)	Total in service of respondent (e+f) (g)	Aggregate capacity of units reported in col. (g) (h)	Leased to others (i)
FREIGHT TRAINCARS								Tons	
15	Plain Box Cars - 40' (B100-129)								
16	Plain Box Cars - 50' (B200-229, B300-329)								
17	Equipped Box Cars (All Code A)								
18	Plain Gondola Cars (G092-392; G401-492)								
19	Equipped Gondola Cars (All Codes C and E)								
20	Covered Hopper Cars (L 151-154; 251-254; 351-354; 451-454; 551-554; 651-654; 751-754)								
21	Open Top Hopper Cars - General Service (All Code H)								
22	Open Top Hopper Cars - Special Service (All Codes J and K)								
23	Refrigerator Cars - Non Mechanical (R 100, 191, 102, 103, 105, 106, 107, 108, 109, 113, 114, 115, 116; R 200, 201, 202, 203, 205, 206, 207, 208, 209, 213, 214, 215, 216)								
24	Refrigerator Cars - Mechanical (R 104, 110, 112, 117, 118; R 204, 210, 211, 212, 217, 218)								
25	Flat Cars - TOFC/COFC (F 071-078 F 871-978)								
26	Flat Cars - Multi-level (All Code V)								
27	Flat Cars - General Service (F 101-109, F 201-209)								
28	Flat Cars - Other (F 11-189; 211-289; 301-389; 401-540)								
29	Tank Cars - Under 22,000 Gallons (T-0, T-1, T-2, T-3, T-4, T-5)								
30	Tank Cars - 22,000 Gallons and over (T-6, T-7, T-8, T-9)								
31	All Other Freight Cars (F 191-199, 291-299, 391-399; L 006-048; L 070, L 080 L 090 - All "L" with second numeric 6; L 161-L 764)								
32	Total (lines 15-31)								
33	Caboose (All N)							XXXXXX	
34	Total (lines 32-33)							XXXXXX	

NONE

720. TRACKS

- (1) Show, by State, total mileage of tracks owned and operated by respondent: Kentucky, 49.6 miles
- (2) Show, by State, mileage of tracks owned but not operated by respondent: First main track, None
 second and additional main tracks, None, industrial tracks, _____
 track and sidings, _____; total, all tracks, _____ (t)
- (3) Road is completed from (Line Haul Railways only): Paris, Ky. to Maysville, Ky. Total distance, 49.6 miles.
- (4) Road located at (Switching and Terminal Companies only): N/A
- (5) Gauge of track: 4 ft 8½ in.
- (6) Weight of rail: 80 & 90 lb. per yard.
- (7) Kind and number per mile of crossties: Mixed hardwood 2,880
- (8) State number of miles electrified: First main track, none; second and additional main tracks _____
 passing tracks, cross-overs, and turn-outs, _____; way switching tracks, _____ yard switching tracks, _____
- (9) Ties applied in replacement during year: Number of crossties, 2,000; average cost per tie, \$ 38.00; number of feet (B.M.) of switch and bridge ties, N/A; average cost per M feet (B.M.), \$ _____
- (10) Rail applied in replacement during year: Tons (2,000 pounds), None; Weight per year, _____; average cost per ton, \$ _____

*Insert names of places.

(t)Mileage should be stated to the nearest whole mile.

VERIFICATION

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

OATH

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

State of **Kentucky**

County of **Fayette**

Donald R. Land

makes oath and says that he is

Vice President and Comptroller

(Insert here the name of the affiant)

(Insert here the official title of the affiant)

of **Transkentucky Transportation Railroad, 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 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 **September 6 1979** to and including **December 31 1979**

D.R. Land

(Signature of affiant)

Subscribed and sworn to before me, a **Notary Public**

in and for the State and

county above named, this

24th day of *June* 19 *80*

My commission expires *October 29, 1983*

Melissa S. Stroup

(Signature of officer authorized to administer oaths)

SUPPLEMENTAL OATH

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

State of **Kentucky**

County of **Fayette**

William F. Hughes

makes oath and says that he is

President and General Manager

(Insert here the name of the affiant)

(Insert here the official title of the affiant)

of **Transkentucky Transportation Railroad, Inc.**

(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 operation of its property during

the period of time from and including **September 6 1979** to and including **December 31 1979**

William F. Hughes

(Signature of affiant)

Subscribed and sworn to before me, a **Notary Public**

in and for the State and

county above named, this

24th day of *June* 19 *80*

My commission expires *October 29, 1983*

Melissa S. Stroup

(Signature of officer authorized to administer oaths)