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ANNUAL REPORT 1977 CLASS 1

PENNSYLVANIA CO.

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CLASS I RAILROADS

APPROVED BY GAO
B-180230 (R0470)
Expires 12-31-80

annual report

INTERSTATE
COMMERCE COMMISSION
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ADMINISTRATIVE SERVICES
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Correct name and address if different than shown.	RC010040 PENNSYLCOER 1 Q 1 310040 PENNSYLVANIA CO 1616 NORTH FORT MYER ARLINGTON VA 22209 Full name and address of reporting carrier. (Use mailing label on original, copy in full on duplicate.)

to the Interstate Commerce Commission

FOR THE YEAR ENDED DECEMBER 31, 1977

ANNUAL REPORT

OF

PENNSYLVANIA COMPANY

TO THE

INTERSTATE COMMERCE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 1977

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

(Name) Frank A. Ferro (Title) Controller

(Telephone number) (703) 841-1990

(Area code) (Telephone number)

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

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

TABLE OF CONTENTS

TABLE OF CONTENTS

100. SCHEDULES OMITTED BY RESPONDENT

1. The respondent, at it's option, may omit pages from this report provided there is nothing to report or the schedules are not applicable.
2. Show below the pages excluded and indicate the schedule number and title in the space provided below.
3. If no schedules were omitted indicate "NONE".

Page	Schedule No.	Title
23A	202	Compensating Balances and Short-Term Borrowing Arrangements
23B	203	Special Deposits
24/25	204	Sinking, Capital Insurance, and Other Reserve Funds
26	202A	Working Capital Information
44	211C	Depreciation Base and Rates - Road and Equipment Leased to Others
45	211D	Depreciation Reserve - Road and Equipment Owned and Used
45A	211E	Accrued Liability - Leased Property
46	211F	Depreciation Reserve - Road and Equipment Leased to Others
47/48	211G	Amortization of Defense Projects - Road and Equipment Owned and Leased from Others
49	211I	Unit Cost of Equipment Installed during the Year
50	211N-1	Investment in Railway Property Used in Transportation Service
51	211N-2	Investment in Railway Property Used in Transportation Service, cont.
51A	212A	Rental Expense of Lessee
51B	212B	Minimum Rental Commitments
51C	212C	Lessee Disclosure
51D	212D	Lease Commitments
51E	212E	Income Impact - Lessee
52/53	214	Miscellaneous Physical Property
60	219	Equipment Covered by Equipment Obligations
61	220	Interest on Income Bonds
71	234	Guaranties and Suretyships
72	235	Proprietary Companies
73	310	Railway Operating Revenues
74/81	320	Railway Operating Expenses
82/83	322	Road Property - Depreciation
	324	Retirements - Road
84/85	326	Shop and Power Plant Machinery - Depreciation
	328	Retirements - Equipment
	330	Equipment - Depreciation
86/87	350	Railway Tax Accruals
88	371	Income from Lease of Road and Equipment
	371A	Abstract of Terms and Conditions of Lease
	372	Miscellaneous Rent Income
89	375	Separately Operated Properties - Profit or Loss
90	376	Hire of Freight Cars
91	377	Locomotive Rentals
	378	Passenger - Train Car Rentals
92	383	Rent for Leased Roads and Equipment
93	384	Miscellaneous Rent
97	411	Mileage Operated at Close of Year

TABLE OF CONTENTS

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Page	Schedule No.	Title
98	411A	Mileage Owned but not Operated by Respondent at Close of Year
99	412	Miles of Road at Close of Year - By States and Territories (Single Track)
100	413	Tracks Operated at Close of Year
101	414	Changes during the Year
103	415	Miles of Tracks at Close of Year-By States & Territories
104/ 109	417	Inventory and Equipment
110/ 111	421	Highway Motor Vehicle Operations
112	422	Highway Motor-Vehicle Enterprises in which the Respondent had a Direct or Indirect Financial Interest during the Year
113/ 114	510	Grade Crossings
115	511	Grade Separations
116	513	Ties Laid in Replacement
117	514	Ties Laid in Additional Tracts and in New Lines and Extensions
118	515	Rails Laid in Replacement
119	516	Rails Laid in Additional Tracts and in New Lines and Extensions
	517	Gauge of Track and Weight of Rail
120	531	Statistics of Rail-Line Operations
121	532	Switching and Terminal Traffic and Car Statistics
125	565	Other Transactions between Respondent and Companies or Persons Affiliated with Respondent
126	566A	Transactions between Noncarrier Subsidiaries of Respondent and other Affiliated Companies or Persons for Services Received or Provided
127	566B	Other Transactions between Noncarrier Subsidiaries of Respondent and other Affiliated Companies or Persons
128	571	Consumption of Fuel by Motive-Power Units
129	581	Contracts, Agreements, etc.
130	585	Competitive Bidding - Clayton Antitrust Act
131/ 132/3	600	Renumerations from National Railroad Passenger Corporation

101. IDENTITY OF RESPONDENT

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

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

2. If incorporated under a special charter, give date of passage of the act; if under a general law, give date of filing certificate of organization; if a reorganization has been effected, give date of reorganization. If a receivership or other trust, give also date when such receivership or other possession began. If a partnership, give date of formation and also names in full of present partners.

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

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

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

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

2. Date of incorporation: December 15, 1958

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

State of Delaware

4. If the respondent was formed as the result of a consolidation or merger during the year, name all constituent and all merged companies

Not applicable.

5. If respondent was reorganized during the year, give name of original corporation and state the occasion for the reorganization

Not applicable.

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

No

7. Class of switching and terminal company
(See section No. 7 on inside of front cover)

Not applicable.

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

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

Enter below in the appropriate schedule, No. 104A through 104D, the names of all companies, corporate and noncorporate, which are affiliated with the respondent and submit the information requested in each schedule. Control for the purpose of these schedules shall be construed to include sole or jointly held control, whether maintained or exercised through or by reason of the method of or circumstances surrounding organization or operation, through or by common directors, officers, or stockholders a voting trust or trusts, a holding or investment company or companies, or through or by any other direct or indirect means; and to include the power to exercise control. For the purposes of these schedules, forms of control shall include the following (among others):

1. Right through ownership of securities, an agreement of some character or through some other source to name the majority of the board of directors, managers, or trustees of the controlled company.
2. Right to foreclose a first lien upon all or a major part in value of the tangible property of the controlled company.
3. Right to secure control in consequence of advances made for construction of the operating property of the controlled company.

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

104 A. COMPANIES CONTROLLED BY RESPONDENT

1. Enter in column (a) the names of all companies which are controlled solely or jointly by the respondent. If the respondent obtained control over a company during the year, indicate by footnote the date and manner in which control was established such as exchange of stock, exchange of assets for stock, cash purchase, etc.
2. In column (b) indicate the principal business activity of each company listed in column (a) such as transportation, manufacturing, investments, etc.
3. In column (c) indicate the form of control exercised over companies listed in column (a).
4. In column (d) indicate the extent of the control of the respondent in the controlled company. If control cannot be expressed by percentage of voting stock ownership, explain in detail by footnote.
5. In column (e) enter names of other companies, if any, that jointly control the companies listed in column (a).

Line No.	Name of Company Controlled (a)	Principal Business Activity (b)	Form of Control (c)	Extent of Control (d)	If Jointly Controlled Name Other Parties to the Agreement (e)
1	Arvida Corporation	Real Estate	stock ownership	100.00%	
2	Buckeye Pipe Line Co.	Transportation	stock ownership	100.00%	
3	Clearfield Bituminous Coal Corp.	Real Estate	stock ownership	100.00%	
4	Great Southwest Corp.	Real Estate	stock ownership	93.80%	
5	Penn Towers, Inc.	Apartment Rental	stock ownership	100.00%	
6	Detroit, Toledo & Ironton RR Co.	Transportation	stock ownership	100.00%	
7	Connecting Railway Co.	Transportation	stock ownership	73.81%	Penn Central Trans. Co.
8	Penn Arlington, Inc.	Real Estate	stock ownership	100.00%	
9	Pennrec, Co.	Recreation	stock ownership	100.00%	
10	Penn Houston, Inc.	Real Estate	stock ownership	100.00%	
11	Penn Land	Real Estate	stock ownership	100.00%	
12	Edgington Oil Co., Inc.	Petroleum Products	stock ownership	80.00%	
13	Car Leasing Cos.	Transportation	stock ownership	60.00%	Penn Central Trans. Co.
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Railroad Annual Report R-1

104B. COMPANIES INDIRECTLY CONTROLLED BY RESPONDENT

1. Enter in column (a) the names of all companies which are controlled through intermediary companies. If control was obtained during the year, indicate by footnote the date and manner in which control was established such as exchange of stock, exchange of assets for stock, cash purchase, etc.
2. In column (b) indicate the principal business activity of the companies listed in column (a) such as transportation, manufacturing, investments, etc.
3. In column (c) indicate the form of control exercised over companies listed in column (a).
4. In column (d) indicate the extent of the control over companies listed in column (a). If control cannot be expressed by percentage of voting stock ownership, explain in detail by footnote.
5. In column (e) enter the names of intermediate companies through which control is exercised over companies listed in column (a).

Line No.	Name of company controlled (a)	Principal business activity (b)	Form of control (c)	Extent of control (d)	Name of intermediary through which control exists (e)
	Arvida Realty Sales of Ga.	Real Estate Sales	stock ownership	100.00%	Arvida Corporation
	Arvida of Georgia, Inc.	Real Estate	stock ownership	100.00%	Arvida Corporation
1	Arvida Investment co.	Investments	stock ownership	100.00%	Arvida Corporation
2	Arvida Management Co.	Real Estate Management	stock ownership	100.00%	Arvida Corporation
3	Arvida Mortgage Co.	Mortgage Banking	stock ownership	100.00%	Arvida Corporation
4	Arvida Realty Sales Co.	Real Estate Sales	stock ownership	100.00%	Arvida Corporation
5	Frank B. Morgan & Co.	Insurance	stock ownership	100.00%	Arvida Corporation
6	Sawgrass Properties, Inc.(A)	Real Estate	stock ownership	100.00%	Arvida Corporation
7	Buckeye Tank Terminals, Inc.	Transportation	stock ownership	100.00%	Buckeye Pipe Line Co.
8	New Jet Lines, Inc. (B)	Transportation	stock ownership	100.00%	Buckeye Pipe Line Co.
9	Ohio Oil Gathering Corp.	Transportation	stock ownership	100.00%	Buckeye Pipe Line Co.
10	Ohio Oil Gathering Corp. II	Transportation	stock ownership	100.00%	Buckeye Pipe Line Co.
11	Ohio Oil Gathering Corp. III	Transportation	stock ownership	100.00%	Buckeye Pipe Line Co.
12	Hercules Oil Co./San Diego	Transportation	stock ownership	100.00%	Edgington Oil Corporation
13	Sahuaro Petroleum & Asphalt Co.	Asphalt Prod. & Dist.	stock ownership	100.00%	Edgington Oil Corporation
14	Coto de Caza Development Corp.	Real Estate	stock ownership	100.00%	Great Southwest Corp.
15	Club de Caza	Resort Operations	stock ownership	100.00%	Great Southwest Corp.
16	The Greenhouse, Inc.	Resort Operations	stock ownership	100.00%	Great Southwest Corp.
17	GSC Development Corp.(Texas)				
18	and Subsidiaries	Real Estate	stock ownership	100.00%	Great Southwest Corp.
19	GSC/Six Flags Productions (C)	Recreation	stock ownership	100.00%	Great Southwest Corp.
20	GSC Overseas Financial Corp., N.V.	Finance	stock ownership	100.00%	Great Southwest Corp.
21	I.C. Deal Companies	Real Estate	stock ownership	100.00%	Great Southwest Corp.
22	Leadership Mortgage Inv. Co.	Real Estate	stock ownership	100.00%	Great Southwest Corp.
23	Six Flags, Inc. & Subsidiaries	Recreation	stock ownership	100.00%	Great Southwest Corp.
24	Penn Land (Ohio) Inc.	Real Estate	stock ownership	100.00%	Penn Land, Inc.
25	Great Adventure, Inc. (D)	Recreation	stock ownership	100.00%	Pennrec, Co.
26	Penn Orlando, Inc.	Recreation	stock ownership	100.00%	Pennrec, Co.
27	Ann Arbor RR Co., Debtor	Transportation	stock ownership	100.00%	Detroit,Toledo,&Ironton RR Co.
28	DTI Enterprises, Inc.	Transportation	stock ownership	100.00%	Detroit,Toledo,&Ironton RR Co.
29	Little Miami, RR Co.	Transportation	stock ownership	79%	Connecting Rwy. Co.
30	Pittsburgh,Youngstown,Ashtabula Rwy.Co.	Transportation	stock ownership	79%	Connecting Rwy. Co.
31	Akron, Union Passenger Depot Co.	Transportation	stock ownership	50%	Connecting Rwy. Co.

Road Initials: PA CO Year 1977

104C. COMPANIES UNDER COMMON CONTROL WITH RESPONDENT

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

Line No.	Name of company controlled (a)	Principal business activity (b)	Forms of Control (c)	Extent of control (d)	Name of controlling company or individual (e)
1	ALL SUBSIDIARIES OF PENN CENTRAL NOT INCLUDED IN SCHEDULE 104A or 104B				
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104C. COMPANIES UNDER COMMON CONTROL WITH RESPONDENT

1. Enter in column (a) the names of all companies which are controlled by the same interest that control the respondent.
2. In column (b) indicate the principal business activity of the companies listed in column (a) such as transportation, manufacturing, investments, etc.
3. In column (c) indicate the form of control exercised over companies listed in column (a).
4. In column (d) indicate the extent of the control over companies listed in column (a). If control cannot be expressed by percentage of voting stock ownership, explain in detail by footnote.
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Line No.	Name of company controlled (a)	Principal business activity (b)	Forms of Control (c)	Extent of control (d)	Name of controlling company or individual (e)
1	ALL SUBSIDIARIES OF PENN CENTRAL NOT INCLUDED IN SCHEDULE 104A or 104B				
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NOTES AND REMARKS

NOTE: Reference Schedule 104B

(a) Arvida Corporation acquired Sawgrass Properties, Inc. for cash and assumption of certain liabilities in 1977.

(b) Pennsylvania Company acquired New Jet Lines, Inc. for cash and debt during 1977. Pennco subsequently contributed its equity in New Jet Lines, Inc. to Buckeye Pipe Line Co. as a capital contribution.

(c) Great Southwest Corporation acquired GSC/Six Flags Productions for cash in 1977.

(d) Pennrec, Co. acquired Great Adventure, Inc. for cash and debt during 1977. (see Note 2, Page 15)

109. VOTING POWERS AND ELECTIONS

1. State the par value of each share of stock: Common. $ 25 per share; first preferred. $ 100. per share; second preferred. $ n/a per share; debenture stock. $ n/a per share.

2. State whether or not each share of stock has the right to one vote; if not, give full particulars in a footnote Yes. See Note P.9

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

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

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

6. Give the date of the latest closing of the stock book prior to the actual filing of this report, and state the purpose of such closing. Common Stock never closed. Preferred stock book closed December 30, 1977 (a)

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

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

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

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

Line No.	Name of security holder (a)	Address of security holder (b)	Number of votes to which security holder was entitled (c)	NUMBER OF VOTES, CLASSIFIED WITH RESPECT TO SECURITIES ON WHICH BASED — Stocks — Common (d)	Preferred — Second (e)	Preferred — First (f)
1	Penn Central					
2	Transportation Co.	Philadelphia	4,985,000	4,985,000	0	0
3	(a) Preferred Stockbook closed for dividend record date.					
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Note: Schedule 109, Voting Powers and Elections, continued on page 9

109. VOTING POWERS AND ELECTIONS—(Continued From Page 8)

10. State the total number of votes cast at the latest general meeting for the election of directors of the respondent. 4,985,000 votes cast.

11. Give the date of such meeting. April 23, 1970

12. Give the place of such meeting. Wilmington, Delaware

NOTES AND REMARKS

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

(i) matters adversely affecting the preferences, rights or powers of the Preferred Stock,

(ii) the creation of any class of stock ranking on a parity with the Preferred Stock, and,

(iii) the voluntary dissolution of the Corporation,

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

200. COMPARATIVE GENERAL BALANCE SHEET—ASSETS

For instructions covering this schedule, see the text pertaining to General Balance Sheet Accounts in the Uniform System of Accounts for Railroad Companies. The entries in this balance sheet should be consistent with those in the supporting schedules on the pages indicated. The entries in column (c) should be restated to conform with the accounting requirements followed in column (b). The entries in the short column (a2) should be deducted from those in column (a1) in order to obtain corresponding entries for column (b). All contra entries hereunder should be indicated in parenthesis.

Line No.	Account or item (a) (Dollars in thousands)	(a1) Total book assets at close of year	(a2) Respondent's own issues included in (a1)	Balance at close of year (b)	Balance at beginning of year (c)
				$	$
	CURRENT ASSETS				
1	(701) Cash			1,119	1,083
2	(702) Temporary cash investments (p. 23)			49,682	32,368
3	(703) Special deposits (p. 23)				
4	(704) Loans and notes receivable (p. 23)			372	1,221
5	(705) Traffic, car service and other balances-Dr.				
6	(706) Net balance receivable from agents and conductors				
7	(707) Miscellaneous accounts receivable				
8	(708) Interest and dividends receivable			306	66
9	(709) Accrued accounts receivable (p. 23)				
10	(710) Working fund advances			2	2
11	(711) Prepayments (p. 23)			101	84
12	(712) Material and supplies				
13	(713) Other current assets (p. 23)				
14	(714) Deferred income tax charges (p. 87)				
15	Total current assets			51,582	34,824
	SPECIAL FUNDS				
16	(715) Sinking funds (pp. 24 and 25)				
17	(716) Capital and other reserve funds (pp. 24 and 25)				
18	(717) Insurance and other funds (pp. 24 and 25)				
19	Total special funds				
	INVESTMENTS				
20	(721) Investments in affiliated companies (pp. 28-31)			532,213	516,313
21	Undistributed earnings from certain investments in account 721 (pp. 35A and 35B)			(78,474)	(129,613)
22	(722) Other investments (pp. 32-35)			7,915	34,661
23	(723) Reserve for adjustment of investment in securities—Credit (p. 27, Instruction 9) (p. 27 a-b)			(148,476)	(160,479)
24	(724) Allowance for net unrealized loss on noncurrent marketable equity securities—Cr.				
25	Total investments (accounts 721, 722, 723, and 724)			313,178	260,882
	PROPERTIES				
26	(731) Road and equipment property: Road				
27	Equipment				
28	General expenditures				
29	Other elements of investment				
30	Construction work in progress				
31	Total (pp. 38-41)				
32	(732) Improvements on leased property: Road				
33	Equipment				
34	General expenditures			262	258
35	Total (pp. 38-41)			262	258
36	Total transportation property (accounts 731 and 732)			262	258
37	(733) Accrued depreciation—Improvements on leased property (p. 45 B)			53	31
38	(735) Accrued depreciation—Road and equipment (pp. 45 and 46)				
39	(736) Amortization of defense projects—Road and Equipment (p. 47)				
40	Recorded depreciation and amortization (accounts 733, 735 and 736)			53	31
41	Total transportation property less recorded depreciation and amortization			209	227
42	(737) Miscellaneous physical property (pp. 52 and 53)				
43	(738) Accrued depreciation - Miscellaneous physical property (pp. 52 and 53)				
44	Miscellaneous physical property less recorded depreciation (account 737 less 738)				
45	Total properties less recorded depreciation and amortization			209	227

COMPARATIVE GENERAL BALANCE SHEET—ASSETS—Continued on page 11

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

200.—COMPARATIVE GENERAL BALANCE SHEET—ASSETS—Continued

Line No.	Account or item (a) (Dollars in thousands)	Balance at close of year (b)	Balance at beginning of year (c)
	OTHER ASSETS AND DEFERRED CHARGES		
46	(742) Unamortized Discount on Long-term Debt	77	98
47	(743) Other deferred charges (p. 54)		291
48	(744) Accumulated deferred income tax charges (p. 87)		
49	Total other assets and deferred charges		389
50	TOTAL ASSETS	365,046	296,322

200. COMPARATIVE GENERAL BALANCE SHEET-EXPLANATORY NOTES

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

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

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

(b) Estimated accumulated savings in Federal income taxes resulting from computing book depreciation under Commission rules and computing tax depreciation using the items listed below $ none

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

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

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

(c)(i) Estimated accumulated net income tax reduction utilized since December 31, 1961, because of the investment tax credit authorized in the Revenue Act of 1962, as amended $ none

(ii) If carrier elected, as provided in the Revenue Act of 1971, to account for the investment tax credit under the deferral method, indicate the total deferred investment tax credit in account 786, Accumulated deferred income tax credits, at beginning of year $ none

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

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

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

(iii) Show the amount of investment tax credit carryover at year end $ none

(d) Estimated accumulated net reduction in Federal income taxes because of accelerated amortization of certain rolling stock since December 31, 1969, under provisions of Section 184 of the Internal Revenue Code $ none

(e) Estimated accumulated net reduction in Federal income taxes because of amortization of certain rights-of-way investments since December 31, 1969, under the provisions of Section 185 of the Internal Revenue Code $ none

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

Description of obligation	Year accrued	Account No.	Amount
			$ none

Continued on following page

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

For instructions covering this schedule, see the text pertaining to General Balance Sheet Accounts in the Uniform System of Accounts for Railroad Companies. The entries in this balance sheet should be consistent with those in the supporting schedules on the pages indicated. The entries in column (c) should be restated to conform with the accounting requirements followed in column (b). The entries in short column (a1) should reflect total book liability at close of year. The entries in the short column (a2) should be deducted from those in column (a1) in order to obtain corresponding entries for column (b). All contra entries hereunder should be indicated in parenthesis.

Line No.	Account or item (a) (Dollars in thousands)			Balance at close of year (b)	Balance at beginning of year (c)
	CURRENT LIABILITIES			$	$
51	(751) Loans and notes payable (p. 63)				
52	(752) Traffic, car service and other balances-Cr.				
53	(753) Audited accounts and wages payable			213	67
54	(754) Miscellaneous accounts payable			10	-
55	(755) Interest matured unpaid			-	3
56	(756) Dividends matured unpaid				
57	(757) Unmatured interest accrued			927	238
58	(758) Unmatured dividends declared			184	200
59	(759) Accrued accounts payable (p. 63)			3,976	655
60	(760) Federal income taxes accrued (p. 64)				
61	(761) Other taxes accrued (p. 64)			5	6
62	(762) Deferred income tax credits (p. 87)				
63	(763) Other current liabilities (p. 63)				
64	Total current liabilities (exclusive of long-term debt due within one year)			5,325	1,169
	LONG-TERM DEBT DUE WITHIN ONE YEAR	(a1) Total issued	(a2) Held by or for respondent		
65	(764) Equipment obligations and other debt (pp. 56-59)			5,000	4,000
	LONG-TERM DEBT DUE AFTER ONE YEAR	(a1) Total issued	(a2) Held by or for respondent		
66	(765) Funded debt unmatured (pp. 56-59)			60,300	59,330
67	(766) Equipment obligations (pp 56-59)				
68	(766.5) Capitalized lease obligations				
69	(767) Receivers' and Trustees' securities (pp. 56-59)				
70	(768) Debt in default (pp. 56-59)				
71	(769) Amounts payable to affiliated companies (p. 62)				
72	(770.1) Unamortized discount on long-term debt				
73	(770.2) Unamortized premium on long-term debt				
74	Total long-term debt due after one year			60,300	59,330
	RESERVES				
75	(771) Pension and welfare reserves (p. 65)				
76	(774) Casualty and other reserves (p. 65)				
77	Total reserves				
	OTHER LIABILITIES AND DEFERRED CREDITS				
78	(781) Interest in default (p. 58)				
79	(782) Other liabilities (p. 65)			600	8,100
80	(784) Other deferred credits (p. 65)				
81	(785) Accrued liability—Leased property (p. 45A)				
82	(786) Accumulated deferred income tax credits (p. 87)				
83	Total other liabilities and deferred credits			600	8,100
	SHAREHOLDERS' EQUITY	(a1) Total issued	(a2) Nominally issued securities		
	Capital stock (Par or stated value)				
84	(791) Capital stock issued: Common stock (p. 67)			124,625	124,625
85	Preferred stock (p. 67)			15,886	17,323
86	Total			140,511	141,948
87	(792) Stock liability for conversion (p. 68)				
88	(793) Discount on capital stock				
89	Total capital stock			140,511	141,948
	Capital surplus				
90	(794) Premiums and assessments on capital stock (p. 69)				
91	(795) Paid-in surplus (p. 69)			18,288	17,992
92	(796) Other capital surplus (p. 69)				
93	Total capital surplus			18,288	17,992

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

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

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

Line No.	Account or item (a) (Dollars in thousands)	Balance at close of year (b)	Balance at beginning of year (c)
	Retained income	$	$
94	(797) Retained income—Appropriated (p. 69)		
95	(798) Retained income—Unappropriated (p. 20)	135,022	63,783
96	(798.1) Net unrealized loss on noncurrent marketable equity securities		
97	Total retained income	135,022	63,783
	Treasury Stock		
98	(798.5) Less: Treasury stock	293,821	223,723
99	Total shareholders' equity	365,046	296,322
100	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		

200. COMPARATIVE GENERAL BALANCE SHEET-EXPLANATORY NOTES—Continued

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

4. Estimated amount of future earnings which can be realized before paying Federal income taxes because of unused and available net operating loss carryover on January 1 of the year following that for which the report is made See Notes to Financial Statements, Page 15 $ n/a

5. (a) Explain the procedure in accounting for pension funds and recording in the accounts the current and past service pension costs, indicating whether or not consistent with the prior year: Pennsylvania Co. maintained no pension plan at 12/31/77

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

(c) Total pension costs for year:

Normal costs $

Amortization of past service costs $

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

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

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

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

Date of trust agreement or latest amendment

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

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

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

Yes ______ No ______

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

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

6. 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

7. State separately amounts of deferred maintenance and delayed capital improvements as reported to the Commission in Ex Parte No. 305 as of close of year.

Deferred maintenance $ n/a

Delayed capital improvements $ n/a

EXPLANATORY NOTES ARE CONTINUED ON PAGE 14

COMPARATIVE GENERAL BALANCE SHEET-EXPLANATORY NOTES—Concluded

8. Marketable Equity Securities - to be completed by companies with $10.0 million or more in gross operating revenues.

Pennsylvania Company has no operating revenues.

(a) Changes in Valuation Accounts

none

		Cost	Market	Dr. (Cr) to Income	Dr. (Cr) to Stockholders Equity
		$	$	$	
(Current Yr.)	Current Portfolio				XXXXX
as of / /	Noncurrent Portfolio			XXXXX	$
(Previous Yr.)	Current Portfolio			XXXXX	XXXXX
as of / /	Noncurrent Portfolio			XXXXX	XXXXX

(b) At / / , gross unrealized gains and losses pertaining to marketable equity securities were as follows:

	Gains	Losses
Current	$	$
Noncurrent		

(c) 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 of the current year unless specified as previous year.

NOTES AND REMARKS

NOTES AND REMARKS

Note 1 - Summary of Accounting Policies

-- Investments

Pennsylvania Company (the "Company") carries its investments in its majority owned non-rail companies at its equity in the underlying net assets of these companies. The Company's marketable equity securities and temporary investments are carried at the lower of their cost (or quasi-reorganization value, if appropriate) or market.

-- Quasi-Reorganization

As of December 31, 1971 the Company effected a quasi-reorganization. This is an accounting procedure whereby companies can achieve a "fresh start" for accounting purposes. The procedure involves a revaluation of a company's assets and liabilities, and the elimination of retained earnings by a transfer from (or to) capital surplus. Any material gains or losses arising subsequently, which are not clearly attributable to post 1971 events or circumstances, including any gains or losses which may arise as a consequence of the reorganization of Penn Central Transportation Company ("Transportation Company") (see Note 3), will not be reported in the income statement, but will be reported as adjustments to capital surplus.

At December 31, 1977 and 1976, the remaining assets, the disposition of which may involve future charges to capital surplus, are principally the investments in and advances to railroad companies described in Note 4(h)ii and iii. Management cautions that the carrying values of these assets should not be construed as necessarily representative of realizable values.

-- Income Taxes

The operations of the Company and its subsidiaries, owned 80% or more by the Company alone or in conjunction with the Transportation Company or its subsidiaries, are included in consolidated federal income tax returns filed by Penn Central Company (see Note 5).

The Company and its subsidiaries account for certain income and expense items for financial reporting purposes in time periods different from those for tax purposes. Deferred federal and state income taxes are recorded to reflect these differences when deemed appropriate in view of the net operating loss carryforward of the Penn Central group.

Note 2 - Significant Acquisitions

On November 17, 1977 Great Adventure, Inc., a newly formed subsidiary of Pennrec Co. ("Pennrec"), a wholly owned subsidiary of the Company, purchased 100% of the common stock of the companies which owned and operated a theme and animal safari park in Jackson, New Jersey. In December, 1977 these companies were merged into Great Adventure which now owns the assets of the park. The total cost of the acquisition including expenses, and discounted value of debt incurred, was approximately $55 million. This acquisition has been accounted for as a purchase and the cost has been allocated to the assets acquired based on independent appraisal of the primary assets. The operating season of the park runs from May through October, and the results of operations for the period since acquisition were insignificant.

NOTES AND REMARKS

Effective September 24, 1976, the Company acquired an 80% interest in Edgington. The $12 million equity investment of the Company, the $3 million investment of the 20% equity owners and the $40 million of debt financing comprised the total capitalization of this company. Approximately $50 million was used to acquire the assets and business of its predecessor, EDG, Inc. (formerly Edgington Oil Company). The purchase price, including costs of acquisition (approximately $1 million), was allocated to the assets acquired based upon an independent appraisal of the primary assets. The acquisition has been accounted for as a purchase and, accordingly the financial statements include the operating results of Edgington since the date of acquisition.

In June, 1976, the Company acquired the remaining 41% of the outstanding common stock of Arvida for an aggregate cost, including expenses, of approximately $30.5 million. The Company's proportionate equity in the book value of Arvida's net assets acquired exceeded the acquisition cost by approximately $6.2 million. This excess was allocated to Arvida's assets and liabilities on a pro rata basis using their relative fair values. The financial statements include 59% of Arvida's income to June, 1976 and 100% thereafter.

On an unaudited pro forma basis, the Company's 1976 results of operations would have been $49.7 million if the acquisition of Edgington and Arvida had taken place effective January 1, 1976. Appropriate adjustments have been made in the above pro forma data to give effect to, among other things, additional interest costs, changes in depreciation and amortization of the valuation discount relating to Arvida's mortgages receivable and long-term debt and elimination of the provision for federal income taxes. Pro forma information for the Great Adventure acquisition is not included above because management believes that the historical results of the park are not representative of results that would have been achieved had the acquisition occurred on January 1, 1977.

Note 3 - Penn Central Transportation Company Reorganization

The Transportation Company, the Company's parent, entered into reorganization proceedings in June, 1970 under Section 77 of the Federal Bankruptcy Act.

On March 17, 1978 the United States District Court for the Eastern District of Pennsylvania (the "Reorganization Court") approved a Plan of Reorganization (the "Plan") for the Transportation Company. The Plan is now subject to a favorable vote by the Transportation Company's creditors and shareholder and to final confirmation by the Reorganization Court which may, under certain circumstances, confirm the Plan even if the required two thirds of each class of creditors or the shareholder does not vote in favor of it.

The Plan, among other things, provides for the continued existence of the Company as a wholly owned subsidiary of the Reorganized Company and restricts the Company, with certain exceptions, from paying dividends on its common stock in excess of 50 percent of its net income so long as certain senior securities of the Reorganized Company are outstanding.

The Plan provides that the Company will declare a dividend to the Reorganized Company of certain stock holdings, including its common stock interest in The Connecting Railway Company ("Connecting") and Philadelphia, Baltimore and Washington Railroad Company ("PB&W") (see Note 4). In addition, all claims held by the Company and its subsidiaries against the Transportation Company and its bankrupt leased-line subsidiaries are to be cancelled. Those claims, which total approximately $124 million in principal amount, are reflected in the Company's financial statements at a carrying value of approximately $4 million.

NOTES AND REMARKS

Prior to the bankruptcy, the Transportation Company pledged the Company's common stock to a group of 53 banks to secure a $300 million loan made by the banks to the Transportation Company. In response to a petition in 1970 by the 53 banks, the Reorganization Court ordered that the Transportation Company may not cause the Company to pay dividends on its common stock, or cause advances or transfers of property from the Company to the Transportation Company.

In 1973, these banks filed a petition with the Reorganization Court requesting authorization to sell the Company's common stock to satisfy their claims. Previously, petitions had been filed challenging the validity of the banks' pledge. The Reorganization Court has not yet acted on either of these matters. If the Plan of Reorganization is consummated, the Company's common stock will be released from the pledge and the petitions challenging the validity of the pledge will be dismissed.

Note 4 - Investments

(a) Arvida Corporation

During 1976 the Company increased its ownership of Arvida to 100% (see Note 2). Arvida has a loan agreement which requires, among other things, maintenance of a minimum net worth and specified compensating balances and restricts the amount of cash dividends.

(b) Buckeye Pipe Line Company

Certain of Buckeye's long-term debt agreements contain provisions which, among other things, require maintenance of specified working capital and restrict its right to mortgage or pledge property, purchase its stock and assume or incur future indebtedness. In connection with Buckeye's issuance of preferred stock in 1976, its Articles of Incorporation were amended to restrict the amount of future common stock cash dividends. This amendment, which is Buckeye's most restrictive limitation on common stock cash dividends, limits such dividends to net income adjusted for, among other things, gains on property dispositions. All of the common stock of Buckeye is pledged to secure the Company's 8 1/4% collateral trust bonds, the 1976 Credit Agreement, and the November 1977 Credit Agreement.

(c) Clearfield Bituminous Coal Corporation

Clearfield's legal counsel has advised it that no liability exists under the tax allocation agreement for the years 1969 through 1972 and a portion of 1973 because of certain bad debt deductions allowable to Clearfield with respect to amounts advanced to the Transportation Company. Nevertheless, Clearfield has accrued tax expense under its tax allocation agreement without benefit of such deductions for the years 1969 through 1973. If the opinion of Clearfield's legal counsel is ultimately determined to be correct, approximately $1.3 million would be restored to retained earnings (see Note 5).

(d) Great Southwest Corporation

The GSC debt agreements contain convenants which require GSC to maintain specific working capital and other financial ratios, restrict GSC's ability to incur additional debt (except under certain circumstances) and limit the payment of dividends. Substantially all of GSC's assets are pledged to secure its indebtedness.

Approximately 6% of GSC's common stock is held by minority interests. The

NOTES AND REMARKS

holders of GSC's subordinated notes have warrants to purchase 340,490 shares of common stock at $3.00 per share which expire on October 31, 1984. If any part of the $51.7 million owned these lenders at December 31, 1977 remains unpaid at January 1, 1981, additional warrants for 113,500 shares of common stock must be issued and the expiration date of all the warrants will be extended until December 31, 1989. In the event the common stock purchase warrants issued to these note holders at December 31, 1977 are exercised, the minority interest percentage ownership of GSC common stock would increase to 13%.

(e) Edgington Oil Company, Inc.

Edgington Oil Company, Inc. is subject to the Entitlements Program of the Department of Energy (formerly Federal Energy Administration). Under the program, Edgington is required to purchase entitlements and has allocated such costs to the crude oil to which the entitlements apply (see Note 8).

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

As discussed in Note 2, the Company owns 80% of the voting capital stock of Edgington. Edgington's voting capital stock consists of 800 shares of preferred stock held by the Company and 200 shares of common stock held by minority interests. The voting rights of both stock issues are equal and there is no limitation on dividends payable to preferred stockholders. During the period October 1979 to September 1982, the Company has the option to buy, and the minority shareholders have the option to sell to the Company, all, but not less than all, of the outstanding shares of common stock. The option price is, in general, equal to 20% of Edgington's shareholder's equity (plus a premium if the option is exercised by the Company prior to August 30, 1982).

(f) Pennrec Co.

Pennrec, through two wholly owned subsidiaries, owns the Stars Hall of Fame Wax Museum in Orlando, Florida and Great Adventure, a theme and animal safari park in Jackson, New Jersey. Both facilities are operated under a management services contract agreement with a subsidiary of Great Southwest Corporation. The Great Adventure Park was acquired in November, 1977 (see Note 2).

In conjunction with the purchase of the Great Adventure Park, a subsidiary incurred $72 million of debt under a 6% mortgage note. The note contains provisions which among other things, require maintenance of specified working capital and certain financial ratios and restrict the subsidiary's right to mortgage or pledge property, purchase its stock and assume or incur future indebtedness. In addition to the scheduled principal payments, the agreement provides for mandatory prepayments, if specified cash flows and certain other conditions are achieved. The note is secured by the capital stock of Great Adventure and substantially all of the assets of the park.

(g) Other Majority owned Subsidiaries

The Company owns three real estate companies for the purpose of holding and selling real estate in Texas, California, Michigan, and Ohio. The acreage these companies hold was acquired from certain other subsidiaries of the Company at

NOTES AND REMARKS

various times from 1974 through 1976. During 1977 approximately 93 acres were sold for an aggregate sales price of $363,000, resulting in a gain of approximately $140,000, and one company had $22,000 additional revenue from other sources.

(h) Other Investments

	December 31, 1977	December 31, 1976
	(in thousands of dollars)	
Norfolk and Western Railway Company common stock (i)	$ 9,163	$20,254
Railroad companies (leased lines and other rail investments) (ii)	22,781	22,781
Railroad companies (operating) (iii)	22,097	22,160
Other nonrail	-	3,652
	$54,041	$68,847

(i) At December 31, 1977 the Company owned 365,312 shares of Norfolk and Western Railway Company common stock (having a market value of $9.8 million) substantially all of which were held in escrow for exchange into the Company's 4-5/8% cumulative preferred stock. Pursuant to an order of the Interstate Commerce Commission (ICC), the Company is required to divest itself of its Norfolk and Western Railway Company common stock by October 15, 1979. The ICC is currently considering the Company's petition that this order be rescinded.

(ii) Railroad companies (leased lines and other rail investments) included the following:

	December 31, 1977	December 31, 1976
	(in thousands of dollars)	
The Connecting Railway Company (74% of capital stock) (*)	$ 4,679	$ 4,679
The Philadelphia, Baltimore & Washington Railroad Company (35% of capital stock), advance and mortgage bonds (*)	13,241	13,241
West Jersey and Seashore Railroad Company (28% of capital stock)	1,600	1,600
Penn Central Transportation Company notes, advances and mortgage bonds	1,916	1,916
American Contract Company advance	-	-
Lehigh Valley Railroad Company and subsidiaries, various mortgage bonds	345	345
The Pullman Company (16% of capital stock)	-	-
Car leasing companies (60% of common stock)	1,000	1,000
	$22,781	$22,781

(*) Both Connecting and the PB&W are in reorganization under Section 77 of the Federal Bankruptcy Act. If the Plan of Reorganization described in Note 3 is effected, the Company's stock holdings in both these companies will be dividended to the Reorganized Company and its claims against PB&W will be canceled. The Transportation Company owns the remaining interest in these two companies, and prior to April 1, 1976, all of their assets were leased to the Transportation Company. On April 1, 1976, a substantial portion of the rail properties of the

NOTES AND REMARKS

Connecting and PB&W were conveyed to ConRail and other transferees in return for various ConRail securities, U.S. guaranteed certificates of value, and cash. The amount and form of the compensation to be received for those properties are the subject of litigation, and it is, therefore, not possible to determine the effects on the Company's investments in Connecting and PB&W if the Plan is not consummated.

(iii) Included in railroad companies (operating) were the following:

	December 31, 1977	December 31, 1976
	(in thousands of dollars)	
Detroit, Toledo & Ironton Railroad Company (100% of capital stock) and advances (*)	$19,397	$19,460
Toledo, Peoria & Western Railroad Company (50% of capital stock)	2,700	2,700
	$22,097	$22,160

(*) On August 15, 1977, the Company executed an agreement to sell the stock of the DT&I (excluding certain non-operating assets) for approximately $24 million (subject to certain adjustments). Consummation of the sale is subject to a number of conditions, including receipt of all necessary regulatory approvals including that of the ICC. As of December 31, 1977 a number of interested parties had raised objections to the sale, which the ICC is presently considering. Therefore, no accounting recognition has been given to the transaction.

Note 4 - Long-Term Debt

At December 31, 1977 and 1976, long-term debt was as follows:

	December 31, 1977	December 31, 1976
	(in thousands of dollars)	
1976 Credit Agreement	$26,500	$29,500
1976 (October) Credit Agreement	-	2,000
1977 Revolving Credit/Term Loan Agreement	10,000	-
5-1/4% collateral trust bonds due 1985	-	2,730
8-1/4% collateral trust bonds due 1989	28,800	29,100
	65,300	63,330
Less current portion	(5,000)	(4,000)
	$60,300	$59,330

The 1976 Credit Agreement provides for quarterly principal payments of $1,500,000 through September 30, 1981, with the remaining balance due December 31, 1981. At December 31 1977 the Company had paid two (1976-four) such installments in advance of their due dates. Interest accrues at the rate of 120% of the prime rate and is payable quarterly. The loan is secured by a second lien on the common stock of Buckeye Pipe Line Company.

NOTES AND REMARKS

The Company entered into a $10,000,000 Revolving Credit and Term Loan Agreement in November 1977. Under the terms of this agreement the Company is obligated to pay a commitment fee of 1/2 of 1% per annum on the unused funds. Borrowings under the agreement bear interest at 120% of the prime rate plus 1/4 of 1% to September 30, 1980 and 1/2 of 1% thereafter. Amounts outstanding under the Revolving Credit Agreement at September 30, 1980 convert to a four year term loan payable in sixteen quarterly installments.

Note 5 - Income Taxes

In connection with the consolidated federal income tax returns filed by Penn Central Company (the parent company of the Transportation Company), the Company and its subsidiaries have been informed that no federal income taxes will be payable for the years 1977 and 1976. Penn Central has advised the Company that the consolidated group had taxable income in 1977 which will be offset by utilization of available net operating loss carryforwards. If the Company should withdraw from the Penn Central group, the net operating loss carryforwards (as well as other tax attributes of the Penn Central group) would not be available in computing the federal tax liability of the Company and its subsidiaries.

Clearfield and GSC have tax allocation agreements with the Transportation Company which generally provide for payment to the Transportation Company of amounts in lieu of taxes. The agreements generally follow the provisions of the Internal Revenue Code. In addition, under the agreements, GSC and Clearfield may make an election to receive a credit in an amount equal to any federal income tax liabilities of other members of the Penn Central Company affiliated group that are reduced or eliminated due to losses incurred by them or their subsidiaries.

In July, 1975 the Internal Revenue Service notified the Penn Central Company of proposed consolidated income tax deficiencies for the taxable years 1954 through 1964 of approximately $28 million (a reduction from a prior proposed deficiency of $50 million which had covered the period 1954 to 1961). The Company and certain of its majority-owned subsidiaries are severally liable for such deficiency and the interest thereon. There have been several offers and counter offers to effect a final settlement between Penn Central and the Internal Revenue Service; however, no final determination has been made. Therefore, no accrual has been made in the consolidated financial statements for additional taxes, or interest thereon, with respect to the years 1954 through 1964.

Note 6 - Capital Stock

-- Preferred stock

At the option of the holder, each share of preferred stock issued by the Company is exchangeable for 2.2989 (with adjustment for dilution) shares of Norfolk and Western Railway Company common stock. As a result of exchanges, the Company had available, at December 31, 1977 sufficient shares of such preferred stock to satisfy the Company's annual sinking fund requirement through 1988. In addition, the preferred stock is redeemable at the option of the Company at any time at par plus unpaid dividends and a premium of $6.00 per share to July 1, 1978 which decreases to $5.00 per share in 1979.

NOTES AND REMARKS

-- Common Stock

The Transportation Company owns 100% of the Company's common stock. Pursuant to a court order, the Transportation Company may not cause the Company to pay any dividends on common stock, or cause advances or transfers of property from the Company to the Transportation Company. See Note 3 for a discussion of the Plan of Reorganization as filed with the Reorganization Court.

Note 7 - Executive Management Agreement

Effective June 1, 1973, the Company entered into an Executive Management Agreement ("EMA") with Victor Palmieri and Company Incorporated (VPCO) pursuant to which the Company will obtain executive management services, including the services of Victor Palmieri as Chief Executive Officer, for the five-year term of the agreement. VPCO receives a monthly fee for providing these services and in addition will be entitled to receive an amount equal to 5% of the growth in appraised value of the Company's nonrail assets as defined (less liabilities and preferred stock) during the period of this agreement.

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

The increase in value of the net assets is to be determined by measuring the termination value against a base amount of $154 million (which was established by relying principally on asset valuations determined by Lehman Brothers Kuhn Loeb, Incorporated (formerly Kuhn, Loeb and Company). If such termination value is greater, VPCO shall be paid by the Company an amount equal to five percent of such increase in value or property.

On September 30, 1977 the management agreement was amended so that the amount that can be paid out under the incentive compensation provisions of the agreement cannot exceed $21 million. Under the terms of the amendment $10.7 million was paid to VPCO which amount is not repayable.

The Board of Directors has continued its policy of considering whether it is appropriate to accrue a liability with respect to the EMA under the guidelines of the Financial Accounting Standards Board Statement No. 5 and Interpretation 14 thereof. In that regard, the Board (without participation of those members who would share in the incentive fee created by the management agreement) has concluded that it is prudent to accrue $5.5 million in the 1977 financial statements and $7.5 million in the 1976 financial statements. That conclusion is a matter of judgment and necessarily does not rest upon the valuation process specified in the EMA since the agreement provides that the process will occur only at the termination of the agreement. The amount which would be determined by that process is not known, and it, along with events and circumstances arising after

NOTES AND REMARKS

December 31, 1977, and prior to the termination of the EMA, may require either upward or downward adjustments to the accrual. Such adjustments may be significant and in any event, will be recorded in the year in which they arise.

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

Note 8 - Litigation and Contingent Liabilities

The Company is a defendant in numerous lawsuits, instituted since the Transportation Company entered into reorganization proceedings, which are based on alleged misrepresentations and omissions in financial or other published information occuring prior to those proceedings. In addition, the Company is the defendant in an action brought by the Trustee of a bankrupt leased line railroad company in connection with the nonpayment by the Transportation Company from and after June 1, 1970, of amounts allegedly due under a lease, which lease had been assigned to the Transportation Company by the Company in 1917. Except for two actions in the former category in which GSC is also a defendant, these cases are expected to be dismissed when and if the Plan of Reorganization for the Transportation Company is consummated. Unless such Plan is consummated, the Company is unable to predict the likely outcome of these cases or to determine the effect, if any, of such outcome on the financial condition of the Company; consequently, no provision has been made in the accompanying financial statements.

Based upon information developed to date, and in part upon advice of counsel, the Company believes that neither of the two actions referred to in the preceding paragraph, as not being dismissed upon consummation of the Plan of Reorganization, will have a material adverse effect on the Company's financial position.

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

The Company is guarantor of $3.9 million of obligations of Penn Towers, Inc. of which $0.6 million has been provided for and included in other non-current liabilities. Management believes that the amount of payments under the guarantee, if any, to be made by the Company will not result in a material charge to net income.

Edgington is subject to the entitlements program of the DOE. Under the program, Edgington is required to purchase "entitlements" from refiners whose crude oil cost is higher than the national average, thereby equalizing the crude oil cost of all refiners. The obligations of Edgington to purchase entitlements have been reduced as a result of Federal Energy Administration and DOE administrative relief for the period October 1, 1976 through March 31, 1978.

NOTES AND REMARKS

The following table shows Edgington's gross entitlement purchases, exception relief granted, and net entitlements purchased:

	Year ended December 31, 1977	Period ended December 31, 1976
	(in thousands of dollars)	
Gross entitlement purchases	$33,579	$6,853
Exception relief granted	24,453	3,867
Net entitlements purchased	$ 9,126	$2,986

Under the current program, it is anticipated that Edgington will continue to be required to purchase entitlements at the prices and the amounts established by the DOE. Exception relief from entitlement purchase obligations will continue to be available through administrative application. The current criteria for relief is, as before, to permit the refiner to earn the lesser of its historic profit margin or historic return on invested capital. The exception relief granted Edgington for 1977 could be subject to adjustment by the DOE.

Approximately 12% of Edgington's sales for 1977 and the period September 25, 1976 through December 31, 1976 are subject to the Renegotiation Act of 1951. Edgington believes the profits are not excessive and no refund will be required.

300. INCOME ACCOUNT FOR THE YEAR

1. Give the Income Account of the respondent for the year in accordance with the rules prescribed in the Uniform System of Accounts for Railroad Companies.
2. In column (d) show against the appropriate account the amount of income that is offset by deductions in other income accounts of respondent *so far as they relate to companies the operations of which are covered by this operating report*, the amount of such deductions or dispositions to be also shown against appropriate accounts. For example, road (A) operates road (B) under lease for a rental of $1,000,000, but road (A) owns 50 percent of the stock of road (B) on which it receives $250,000 in dividends. The entries in column (d) should be: Account No. 513, "Dividend income," $250,000; Account No. 542, "Rent for leased roads and equipment," $250,000. Again, if road (C) has issued its own securities to acquire a part or all of the securities of road (D), a separately operated carrier, no entries should be made in column (d) by road (C) even though dividends or interest be received on such securities held by road (C). But if road (D) is a

Line No.	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Offsetting debits and credits for current year (d)
	ORDINARY ITEMS	$	$	$
	OPERATING INCOME			
	Railway Operating Income			
1	(501) Railway operating revenues (p. 73)			
2	(531) Railway operating expenses (p. 74)			
3	Net revenue from railway operations			
4	(532) Railway tax accruals (p. 86)			
5	(533) Provision for deferred taxes (p. 87)			
6	Railway operating income			
	Rent Income			
7	(503) Hire of freight cars and highway revenue equipment—Credit balance (p. 90)			
8	(504) Rent from locomotives (p. 91)			
9	(505) Rent from passenger-train cars (p. 91)			
10	(506) Rent from floating equipment			
11	(507) Rent from work equipment			
12	(508) Joint facility rent income			
13	Total rent income			
	Rents Payable			
14	(536) Hire of freight cars and highway revenue equipment—Debit balance (p. 90)			
15	(537) Rent for locomotives (p. 91)			
16	(538) Rent for passenger-train cars (p. 91)			
17	(539) Rent for floating equipment			
18	(540) Rent for work equipment			
19	(541) Joint facility rents			
20	Total rents payable			
21	Net rents (lines 13, 20)			
22	Net railway operating income (lines 6, 21)			
	Other Income			
23	(502) Revenues from miscellaneous operations (p. 53)			
24	(509) Income from lease of road and equipment (p. 88)			
25	(510) Miscellaneous rent income (p. 88)			
26	(511) Income from nonoperating property (p. 53)			
27	(512) Separately operated properties—Profit (p. 89)			
28	(513) Dividend income (from investments under cost only)	933	3,898	
29	(514) Interest income	1,768	2,423	
30	(516) Income from sinking and other reserve funds			
31	(517) Release of premiums on funded debt			
32	(518) Contributions from other companies			
33	(519) Miscellaneous income (p. 94)	4,072	6,395	
34	Dividend income (from investments under equity only) — 1976 $21,731; (a1) 1977 $ 29,049	x x x x	x x x x	x x x x
35	Undistributed earnings (losses) — 1976 25,203; 1977 51,139	x x x x	x x x x	x x x x
36	Equity in earnings (losses) of affiliated companies (lines 34, 35)	80,188	46,934	x x x x
37	Total other income	86,961	59,650	
38	Total income (lines 22, 37)	86,961	59,650	
	Miscellaneous Deductions From Income			
39	(534) Expenses of miscellaneous operations (p. 53)			
40	(535) Taxes on miscellaneous operating property (p. 53)			
41	(543) Miscellaneous rents (p. 93)			
42	(544) Miscellaneous tax accruals (p. 53)	17	33	
43	(545) Separately operated properties—Loss (p. 89)			

300. INCOME ACCOUNT FOR THE YEAR—Concluded

Line No.	Item (a)	Amount for current year (b)	Amount for preceding year (c)	Offsetting debits and credits for current year (d)
44	(549) Maintenance of investment organization	$ 10,113	$ 11,213	$
45	(550) Income transferred to other companies	-	-	
46	(551) Miscellaneous income charges (p. 94)	-	1,722	
47	Total miscellaneous deductions	10,130	12,968	
48	Income available for fixed charges (lines 38, 47)	76,831	46,682	
	Fixed Charges			
49	(542) Rent for leased roads and equipment (p. 92)			
	(546) Interest on funded debt:			
50	(a) Fixed interest not in default	4,837	4,622	
51	(b) Interest in default	-	-	
52	(547) Interest on unfunded debt	-	3,274	
53	(548) Amortization of discount on funded debt	8	75	
54	Total fixed charges	4,845	7,971	
55	Income after fixed charges (lines 48, 54)	71,986	38,711	
	Other Deductions			
	(546) Interest on funded debt:			
56	(c) Contingent interest			
	UNUSUAL OR INFREQUENT ITEMS			
57	(555) Unusual or infrequent items-Net-(Debit) credit*			
58	Income (loss) from continuing operations (lines 55-57)	71,986	38,711	
	DISCONTINUED OPERATIONS			
59	(560) Income (loss) from operations of discontinued segments*			
60	(562) Gain (loss) on disposal of discontinued segments*			
61	Total income (loss) from discontinued operations (lines 59, 60)			
62	Income (loss) before extraordinary items (lines 58, 61)	71,986	38,711	
	EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES			
63	(570) Extraordinary items-Net-(Debit) credit (p. 94)			
64	(590) Income taxes on extraordinary items-Debit (credit) (p. 94)			
65	(591) Provision for deferred taxes-Extraordinary items (p. 87)			
66	Total extraordinary items (lines 63-65)			
67	(592) Cumulative effect of changes in accounting principles*			
68	Total extraordinary items and accounting changes-(Debit) credit-(lines 66, 67)			
69	Net income (loss) transferred to Retained Income-Unappropriated (lines 62, 68)	71,986	38,711	

* Less applicable income taxes of: none

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

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

305. RETAINED INCOME - UNAPPROPRIATED

1. Show hereunder the items of the Retained Income Accounts of the respondent for the year, classified in accordance with the Uniform System of Accounts for Railroad Companies.
2. All contra entries hereunder should be indicated in parentheses.
3. Indicate under "Remarks" the amount of assigned Federal income tax consequences, accounts 606 and 616.
4. Segregate in column (c) all amounts applicable to the equity in undistributed earnings (losses) of affiliated companies based on the equity method of accounting.
5. Line 3 (line 7 if debit balance), column (c), should agree with line 35, column (b), schedule 300. The total of columns (b) and (c), lines 3 and 7, should agree with line 69, column (b), schedule 300.
6. Include in column (b) only amounts applicable to retained income *exclusive* of any amounts included in column (c). *(Dollars in Thousands)*

Line No.	Item (a)	Retained income-Unappropriated (b)	Equity in undistributed earnings (losses) of affiliated companies (c)
1	Balances at beginning of year From January 1, 1972	$ 63,783	$ 16,947
2	(601.5) Prior period adjustments to beginning retained income		
	CREDITS		
3	(602) Credit balance transferred from income	20,847	51,139
4	(606) Other credits to retained income		
5	(622) Appropriations released		
6	Total	20,847	51,139
	DEBITS		
7	(612) Debit balance transferred from income		
8	(616) Other debits to retained income		
9	(620) Appropriations for sinking and other reserve funds		
10	(621) Appropriations for other purposes		
11	(623) Dividends (p. 20)	747	
12	Total	747	-
13	Net increase (decrease) during year (Line 6 minus line 12)	20,100	51,139
14	Balances at close of year (Lines 1, 2 and 13)	83,883	68,086
15	Balance from line 14(c)	135,022	x x x x x
16	Total unappropriated retained income and equity in undistributed earnings (losses) of affiliated companies at end of year From January 1, 1972	135,022	x x x x x
	Remarks		
	Amount of assigned Federal income tax consequences:		
17	Account 606	none	x x x x x
18	Account 616	none	x x x x x

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

308. DIVIDEND APPROPRIATIONS

1. Give particulars of each dividend declared. For par value or nonpar stock, show in column (*d*) the respective total par value or total number of shares on which dividend was declared and the corresponding rate percent or per share in column (*b*) or (*c*). If any such dividend was payable in anything other than cash, explain the matter fully in a footnote.
2. If an obligation of any character has been incurred for the purpose of procuring funds for the payment of any dividend or for the purpose of replenishing the treasury of the respondent after payment of any dividend, give full particulars in a footnote. If any class of stock received a return not reportable in this schedule, state the particulars of the case in a footnote.
3. The sum of the dividends stated in column (e) should equal the amount shown in schedule No. 305.
4. Report dollars in thousands.

Line No.	Name of security on which dividend was declared (a)	Rate percent (par value stock) or rate per share (nonpar stock) Regular (b)	Extra (c)	Total par value of stock or total number of shares of nonpar stock on which dividend was declared (d)	Dividends (account 623) (e)	DATES Declared (f)	Payable (g)
1	Pennsylvania Co. 4 5/8 Cumulative	1.15625		$ 167,525	$ 194	3/17/77	4/15/77
2	Preferred	1.15625		160,246	185	6/15/77	7/15/77
3		1.15625		159,676	184	9/15/77	10/15/77
4		1.15625		158,859	184	11/10/77	1/15/78
5							
6							
7							
8							
9							
10							
11							
12							
13				Total	747		

309.-STATEMENT OF CHANGES IN FINANCIAL POSITION

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

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

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

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

Items listed in this schedule are not inclusive of all possible sources and applications of working capital. Other sources and applications should be included in the appropriate section of the schedule.

Line No.	Reference: Schedule (a)	Reference: Line (b)	Reference: Column (c)	Description (d) (Dollars in thousands)	Amount (e)
				SOURCES OF WORKING CAPITAL	$
				Working capital provided by operations:	
1	300	62	(b)	Net income (loss) before extraordinary items	71,986
				Add expenses not requiring outlay of working capital, (subtract) credits not generating working capital:	
2	324	17	(b)	Retirement of nondepreciable property	(4,072)
3	396	-	-	Loss (gain) on sale or disposal of tangible property	31
4	NOTE A	-	-	Add depreciation and amortization expenses	-
5	300	5	(b)	Net increase (decrease) in deferred income taxes	
6	300	35	(a)	Net decrease (increase) in parent's share of subsidiary's undistributed income for the year	(51,139)
7	200	74,77	(b) - (c)	Net increase (decrease) in noncurrent portion of estimated liabilities	
				Other (specify):	
8				Deferred corporate development costs	157
9				Write off of unamortized debt discount	12
10				Other, net	11
11				Accrual under Executive Management Agreement excluding $2.3 million in	
12				1977 in current liabilities	[illegible],200
13					
14					
15					
16					
17					
18				Total working capital from operations before extraordinary items	20,186

309.-STATEMENT OF CHANGES IN FINANCIAL POSITION—Continued

Line No.	Reference: Schedule (a)	Reference: Line (b)	Reference: Column (c)	Description (d)	Amount (e)
					$
				Working capital provided by operations (Continued):	
19	300	68	(b)	Extraordinary items and accounting changes	
				Add expenses not requiring outlay of working capital; (subtract) credits not generating working capital:	
20	300	63	(b)	Loss (gain) on extraordinary items	
21	300	65	(b)	Net increase (decrease) in deferred income taxes	
22	300	67	(b)	Cumulative effect of changes in accounting principles	
				Other (specify):	
23					
24					
25					
26					
27					
28				Total working capital from extraordinary items and accounting changes	
29				Total working capital from operations (lines 18 and 28)	20,186
				Working capital from sources other than operating:	
30	-	-	-	Proceeds from issuance of long-term liabilities	10,000
31	-	-	-	Proceeds from sale/disposition of carrier operating property	
32	-	-	-	Proceeds from sale/disposition of other tangible property	18,878
33	205	99	(l)	Proceeds from sale/repayment of investments advances	8,582
	206	99	(k)		
34	204	41	(f)	Net decrease in sinking and other special funds	
35	229	15	(e) + (f) -(i)	Proceeds from issue of capital stock	
				Other (specify):	
36				Decrease in other assets	134
37					
38					
39					
40					
41				Total working capital from sources other than operating	
42				Total sources of working capital (lines 29 and 41)	57,780

See APPLICATION OF WORKING CAPITAL on following page

309.-STATEMENT OF CHANGES IN FINANCIAL POSITION—Concluded

Line No.	Reference: Schedule (a)	Reference: Line (b)	Reference: Column (c)	Description (d)	Amount (e)
				APPLICATION OF WORKING CAPITAL	$
43	-	-	-	Amount paid to acquire/retire long-term liabilities	9,030
44	305	10	(b)	Cash dividends	747
45	211	52	(e)	Purchase price of carrier operating property	
46	-	-	-	Purchase price of other tangible property	
47	205	99	(j)	Purchase price of long-term investments and advances	24,545
	206	99	(i)		
48	204	41	(e)	Net increase in sinking or other special funds	
49	229	15	(j)	Purchase price of acquiring treasury stock	
	-	-	-	Other (specify): Payment under the Executive Management Agreement	10,700
50				Other shareholder's equity transactions	1,141
51				Other, net	15
52					
53					
54					
55				Total application of working capital	46,178
56				Net increase (decrease) in working capital (line 42 less line 5 , show computations in Schedule 309S)	11,602

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

Schedule	*Line*	*Column*
322	26	(b)
326	3	(b)
330	9	(b)
214	22	(j)
200	72	(b) - (c)
200	73	(b) - (c)

309S.-CHANGES IN WORKING CAPITAL

Compute the net changes in each element of working capital.

Line No.	References: Schedule (a)	References: Line (b)	References: Column (c)	Description (d)	Balance, close of year (e)	Balance, beginning of year (f)	Net increase (decrease) (g)
1	200	1,2	(b)	Cash and temporary investments	$ 50,801	$ 33,451	$ 17,350
2	200	4	(b)	Net receivables	678	1,287	(609)
3	200	11	(b)	Prepayments	101	84	17
4	200	12	(b)	Materials and supplies			
5	-	-	-	Other current assets not included above	2	2	-
6	200	51	(b)	Notes payable and matured obligations	-	-	
7	200	59	(b)	Accounts payable	3,976	655	(3,321)
8	200	65	(b)	Current equipment obligations and other debt	5,000	4,000	(1,000)
9	-	-	-	Other current liabilities not included above	1,349	514	(835)
10				Net increase (decrease) in working capital (= line 56, Schedule 309)	41,257	29,655	11,602

201. ITEMS IN SELECTED CURRENT ASSET ACCOUNTS

Give brief description for each item or class of items of like description in accounts Nos. 702, "Temporary cash investments"; 704, "Loans and notes receiveable"; 709, "Accrued accounts receivable"; 711, "Prepayments"; and 713, "Other current assets," at the close of the year. Show description of the temporary cash investments, the names of depositaries for the special desposits, the character of loans and notes, with name of debtor (or class of debtors), dates of issue and maturity, and appropriate description for each class of accrued accounts receivable and for the other current assets. Show the three largest items in each account regardless of the dollar amount, and all other items (or the aggregate of a class of items of like description, amounting to less than $250,000 many be combined into a single entry designated "Other items, each less than $250,000". The entries for each account shall be listed and the account number and the total for each account shall be shown corresponding to the amounts in schedule 200. In case the character of any item is not fully disclosed by the entries in the columns hereunder, make a full explanation in a footnote.

Line No.	Account No. (a)	Item (b) (Dollars in Thousands)		Amount (c)
1	702	TEMPORARY CASH INVESTMENTS		$
2		Federal Home Loan Bank Discount Notes Due	1/18/78	1,393
3		Federal Home Loan Bank Discount Notes Due	1/20/78	6,566
4		Federal Home Loan Bank Discount Notes Due	2/01/78	24,853
5		U.S. Treasury Bills Due	3/02/78	168
6		U.S. Treasury Bills Due	4/20/78	1,353
7		U.S. Treasury Bills Due	6/01/78	389
8		U.S. Treasury Notes Due	10/31/78	990
9		U.S. Treasury Notes Due	11/30/78	3,960
10		U.S. Treasury Notes Due	6/30/79	985
11		U.S. Treasury Notes Due	7/31/79	990
12		U.S. Treasury Notes Due	8/31/79	990
13		U.S. Treasury Notes Due	11/15/79	985
14		U.S. Treasury Notes Due	11/15/80	995
15		U.S. Treasury Notes Due	11/15/81	985
16		U.S. Treasury Notes Due	2/15/82	955
17		U.S. Treasury Notes Due	8/15/84	2,955
18		Union First of Washington Repurchase Agreement		170
19				$49,682
20				
21	704	LOANS AND NOTES RECEIVABLE		
22		Amounts due from affiliates		342
23		Other items each less than $250,000		30
24				$ 372
25				
26	711	PREPAYMENTS		
27		Other items each less than $250,000		$ 101
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				

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

Account 723 - Reserve for Adjustment of Investments

Name of Issuing Company and Description of Security Held	Balance at Beginning of Year	Adjustment of the Quasi-Reorganization Values Established at 12/31/71	Sales or Exchanges During the Year	Balance at Close of Year	Account 721 or 722 Investments at Close of Year 1977	Total Investments at Close of Year 1977
Account 721:						
Arvida Corporation - common stock	$ -	$ -	$ -	$ -	$102,754**	$10[illegible],754
Buckeye Pipe Line Company - common stock	-	-	-	-	98,336**	98,336
Clearfield Bituminious Coal Corporation - common stock	-	-	-	-	4,186**	4,186
Great Southwest Corporation:						
Common stock	-	-	-	-	-	-
7% preferred stock - Series B	-	-	-	-	(2,825)**	(2,825)
7.6% preferred stock - Series C	-	-	-	-	-	-
3% preferred stock - Series F	-	-	-	-	-	-
The Pullman Company - common stock	3,312	-	-	3,312	3,312	-
Penn Towers, Inc. - common stock	-	-	-	-	-	-
Detroit, Toledo & Ironton RR Co. - common stock	-	-	-	-	17,909**	17,909
The Connecting Railway Co. - capital stock	-	-	-	-	4,679**	4,679
Toledo, Peoria & Western RR Co. - common stock	2,875	-	-	2,875	5,575	2,700
The Philadelphia, Baltimore & Washington RR Co. - common stock	24,746	-	-	24,746	37,223	12,477
West Jersey & Seashore RR Co. - common stock	1,778	-	-	1,778	3,378	1,600
Pennarec Co. - common stock	-	-	-	-	18,990**	18,990
Penn Arlington - common stock	-	-	-	-	454**	454
Penn Houston, Inc. - common stock	-	-	-	-	177**	177
Penn Land, Inc. - common stock	-	-	-	-	3,037**	3,037
Edgington Oil Co., Inc. - preferred stock	-	-	-	-	34,028**	34,028
Car Leasing Companies - common stock	-	-	-	-	1,000	1,000
Pennsylvania Railroad Company:						
General Mortgage Bonds - Series F - 3-1/8%	1,943	-	-	1,943	2,263	320
General Mortgage Bonds - Series G - 3%	599	-	-	599	722	123
General Mortgage Bonds - Series H - 4-1/4%	7,193	-	-	7,193	8,666	1,473
Pittsburgh, Cincinnati, Chicago & St. Louis RR Company-						
General Mortgage Bond - Series D - 5%	2,385	-	-	2,385	3,149	764
Lehigh Valley Railroad Company:						
General Consol. Mtg. - Series A 4%	377	-	-	377	414	37
General Consol. Mtg. - Series B 4-1/2%	73	-	-	73	83	10
General Consol. Mtg. - Series C 5%	37	-	-	37	41	4
Lehigh Valley Railway Company:						
Consol. Mtg. - 4-1/2%	19	-	-	19	22	3
1st Mtg. - 4-1/2%	789	-	-	789	958	169
Lehigh & Lake Erie RR Co. - 1st Mtg. - 4-1/2%	48	-	-	48	52	4
Lehigh Valley Terminal Ry. Co. - 1st Mtg. - 5%	186	-	-	186	230	44
Lehigh Valley Harbor Terminal Ry. Co. - 1st Mtg. -5%	302	-	-	302	376	74
Penn Central Transportation Company - note	49,000	-	-	49,000	49,000	-
Philadelphia, Baltimore & Washington RR Co. - advance	33,174	-	-	33,174	33,174	-
Detroit, Toledo & Ironton RR Co. - advance	583	-	-	583	1,750	1,167
Detroit, Toledo & Ironton RR Co. - advance	-	-	-	-	321	321
American Contract Company - advance	20,305	-	-	20,305	20,305	-
	149,724	-	-	149,724	453,739	304,015
Norfolk & Western Railway Company - common stock	(2,759)	-	1,511	(1,248)	7,915	9,163
Madison Square Garden Corporation - common stock	13,273	-	(13,273)	-	-	-
Transport Pool Corporation - note	241	-	(241)	-	-	-
Total account 722	10,755	-	(12,003)	(1,248)	7,915	9,163
Grand total - all investments	$160,479	$ -	$(12,003)	$148,476	$461,654	$313,178

**Includes undistributed earnings or losses.

GENERAL INSTRUCTIONS CONCERNING RETURNS IN SCHEDULES 205 AND 206

1. Schedules 205 and 206 should give particulars of stocks, bonds, other secured obligations, unsecured notes, and investment advances of affiliated and nonaffiliated companies held by respondent at close of year specifically as investments including obligations of the United States, of a State or local government, or of an individual, so held; investments made, disposed of, or written down during the year; and dividends and interest credited to income. They should exclude securities issued or assumed by respondent. For definition of affiliated companies, see the rules governing account No. 721, "Investments in affiliated companies," in the Uniform System of Accounts for Railroad Companies.

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

3. List the investments in the following order and show a total for each group and each class of investments by accounts in numerical order:

(A) Stocks:

(1) Carriers—active.

(2) Carriers—inactive.

(3) Noncarriers—active.

(4) Noncarriers—inactive.

(B) Bonds (including U. S. Government Bonds):

(C) Other secured obligations:

(D) Unsecured notes:

(E) Investment advances:

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

5. The kinds of industry represented by respondent's investments in the securities of other companies should be shown by symbol opposite the names of the issuing corporations, the symbols and industrial classifications to be as follows:

Symbol	*Kind of industry*
I	Agriculture, forestry, and fisheries.
II	Mining.
III	Construction.
IV	Manufacturing.
V	Wholesale and retail trade.
VI	Finance, insurance, and real estate.
VII	Transportation, communications, and other public utilities.
VIII	Services.
IX	Government.
X	All other.

6. By carriers, as the term is here used, is meant companies owning or operating railroads, facilities auxiliary thereto such as bridges, ferries, union depots, and other terminal facilities, sleeping cars, parlor cars, dining cars, freight cars, express service and facilities, electric railways, highway motor vehicles, steamboats and other marine transportation equipment, pipe lines (other than those for transportation of water), and other instrumentalities devoted to the transportation of persons or property for hire. Telegraph and telephone companies are not meant to be included.

7. Noncarrier companies should, for the purposes of these schedules, include telephone companies, telegraph companies, mining companies, manufacturing companies, hotel companies, etc. Purely "holding companies" are to be classed as noncarrier companies, even though the securities held by such companies are largely or entirely those issued or assumed by carriers.

8. By an active corporation is meant one which maintains an organization for operating property or administering its financial affairs. An inactive corporation is one which has been practically absorbed in a controlling corporation, and which neither operates property nor administers its financial affairs; if it maintains an organization it does so only for the purpose of complying with legal requirements and maintaining title to property or franchises.

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

10. **Show dollars in thousands.**

NOTES AND REMARKS

205. INVESTMENTS IN AFFILIATED COMPANIES

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

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

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

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

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

Line No.	Account No. (a)	Class No. (b)	Kind of industry (c)	Name of issuing company and description of security held; also lien reference if any (d)	Extent of control (e)	Investments at close of year — Book value of amount held at close of year — Pledged (f)	Unpledged (g)
					%	$	$
1	721	A-3	VI	Arvida Corporation	100.00		52,806
2		A-1	VII	Buckeye Pipe Line Company (X-1)	100.00	103,016	-
3		A-3	X	Clearfield Bituminous Coal Corp.	100.00		14,530
4		A-1	VII	Connecting Railway Company	73.81		15,856
5		A-1	VII	Detroit, Toledo & Ironton Railroad Co.	100.00		25,882
6		A-3	VI	Great Southwest Corp. - Common	93.80		106,723
7		A-3	VI	GSC - Preferred 'A' 6%	100.00		-0-
8		A-3	VI	GSC - Preferred 'B'	100.00		106
9		A-3	VI	GSC - Preferred 'C'	100.00		109
10		A-3	VI	GSC - Preferred 'F'	100.00		3,738
11		A-3	X	Penn Towers, Inc.	100.00		-0-
12		A-1	VII	Philadelphia, Baltimore, Wash. RR	34.80		37,223
13		A-1	VII	Pullman Company	16.00		3,312
14		A-1	VII	Toledo, Peoria & Western RR	50.00		5,575
15		A-1	VII	West Jersey & Seashore RR Co.	28.38		3,378
16		A-3	VI	Pennrec, Company	100.00		19,750
17		A-3	VI	Penn Arlington, Inc.	100.00		1,855
18		A-3	VI	Penn Houston, Inc.	100.00		753
19		A-3	VI	Penn Land, Inc.	100.00		3,075
20		A-3	X	Edgington Oil Corporation	80.00		12,000
21		A-1	VII	Car Leasing Companies	60.00		1,000
22				Total 721-A		103,016	307,671
23							
24	721	B-1	VII	Lehigh & Lake Erie RR 1st Mtg.	3/1/94		52
25		B-1	VII	Lehigh Valley Rwy. Co. 1st Mtg.	10/1/79		230
26		B-1	VII	L.V. Harbor Terminal Rwy. 1st Mtg.	2/4/84		376
27		B-1	VII	L.V. Rwy. Co. 1st Mtg.	7/1/74		958
28		B-1	VII	L.V. Rwy. Co. Consol. Mtg.	4/1/89		22
29		B-1	VII	L.V. Rwy. Co. Gen. Con. Mtg. 'A'	5/1/03		414
30		B-1	VII	L.V. Rwy. Co. Gen. Con. Mtg. 'B'	5/1/03		83
31		B-1	VII	L.V. Rwy. Co. Gen. Con. Mtg. 'C'	5/1/03		41
32		B-1	VII	Pennsylvania RR Gen. Mtg. 'F'	1/1/85		2,263
33		B-1	VII	Pennsylvania RR Gen. Mtg. 'G'	5/1/85		722
34		B-1	VII	Pennsylvania RR Gen. Mtg. 'H'	4/1/86		8,666
35		B-1	VII	Pittsburgh, Cincinnati, Cleveland &			
36				St. Louis RR Co. Gen. Mtg. 'C'	8/1/75		3,149
37				Total 721-B			16,976
38						-	
39							
40				Page Total		103,016	324,647
41							
42							
43				Continued on Pages 30-31			
44							
45							
46							

205. INVESTMENTS IN AFFILIATED COMPANIES—Continued

6. If any of the companies included in this schedule are controlled by respondent, the percent of control should be given in column (e). In case any company listed is controlled other than through actual ownership of securities, give particulars in a footnote. In cases of joint control, give names of other parties and particulars of control.

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

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

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

INVESTMENTS AT CLOSE OF YEAR — Book Value of Amount Held at Close of Year		Book value of investments made during year	INVESTMENTS DISPOSED OF OR WRITTEN DOWN DURING YEAR		DIVIDENDS OR INTEREST DURING YEAR		Line No.
In sinking, insurance, and other funds (h)	Total book value (i)	(j)	Book value (k)	Selling price (l)	Rate (m)	Amount credited to income (n)	
$	$ 52,806	$	$	$	%	$	1
	103,016	2,723				25,000	2
	14,530					3,200	3
	15,856						4
	25,882						5
	106,723						6
	-0-						7
	106						8
	109						9
	3,738					300	10
	-0-						11
	37,223						12
	3,312						13
	5,575					90	14
	3,378						15
	19,750	19,000					16
	1,855		220	220			17
	753						18
	3,075						19
	12,000						20
	1,000						21
	410,687	21,723	220	220		28,590	22
							23
	52						24
	230						25
	376						26
	958						27
	22						28
	414						29
	83						30
	41						31
	2,263						32
	722						33
	8,666						34
							35
	3,149						36
	16,976	-	-	-		-	37
							38
							39
	427,663	21,723	220	220		28,590	40
							41
							42
							43
							44
							45
							46

205. INVESTMENTS IN AFFILIATED COMPANIES—Continued

Line No.	Account No. (a)	Class No. (b)	Kind of industry (c)	Name of issuing company and description of security held; also lien reference, if any (d)	Extent of control (e)	Investments at Close of Year — Book Value of Amount Held at Close of Year — Pledged (f)	Unpledged (g)
					%	$	$
47	721			Balance Forward		103,016	324,647
48							
49							
50	721	D-1	VII	Penn Central Transportation Co.	11/30/94		49,000
51				Total 721-D		-	49,000
52							
53	721	E-3	VI	American Contract Co.			20,305
54		E-1	VII	Detroit, Toledo & Ironton RR Co.			1,750
55		E-1	VII	Detroit, Toledo & Ironton RR Co.	3/1/81		321
56		E-3	VI	Pennrec, Company			0
57		E-1	VII	Philadelphia, Baltimore, Wash. RR Co.			33,174
58				Total 721-E		-	55,550
59							
60				Grand Total Account 721		103,016	429,197

205. INVESTMENTS IN AFFILIATED COMPANIES—Concluded

INVESTMENTS AT CLOSE OF YEAR — Book Value of Amount Held at Close of Year: In sinking, insurance, and other funds (h)	Total book value (i)	Book value of investments made during year (j)	INVESTMENTS DISPOSED OF OR WRITTEN DOWN DURING YEAR: Book value (k)	Selling price (l)	DIVIDENDS OR INTEREST DURING YEAR: Rate (m)	Amount credited to income (n)	Line No.
$	$ 427,663	$ 21,723	$ 220	$ 220	%	$ 28,590	47
							48
	49,000						49
	49,000	-	-	-		-	50
							51
	20,305						52
	1,750						53
	321		63	63	130% Prime	31	54
	0		5,540	5,540	Prime	305	55
	33,174						56
	55,550	-	5,603	5,603		336	57
							58
	532,213 (Y)	21,723	5,823	5,823		28,926	59
							60
							61
							62
	(Y) Does not include reserve for impairment in value (AC.723)						63
	See Pages 27A-27B						64
							65
							66
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							70
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							99

206. OTHER INVESTMENTS

1. Give particulars of investments in stocks, bonds, other secured obligations, unsecured notes, and investment advances of others than affiliated companies, included in accounts Nos. 715, "Sinking funds"; 716, "Capital and other reserve funds"; 722, "Other investments"; and 717, "Insurance and other funds." Investments included in accounts Nos. 715, 716 and 717 held by trustees in lieu of cash deposits required under the governing instrument are not to be reported.

2. Entries in this schedule should be made in accordance with the definitions and general instructions given on page 27, classifying the investments by means of letters, figures, and symbols in columns (a), (b), and (c). Investment in U. S. Treasury obligations may be reported as one item.

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

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

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

Account No. (a)	Class No. (b)	Kind of industry (c)	Name of issuing company or government and description of security held; also lien reference, if any (d)	Investments at Close of Year — Book Value of Amount Held at Close of Year — Pledged (e)	Unpledged (f)
				$	$
722	A-1	VII	Norfolk & Western Rwy. Co. - Common (X-2)	7,915	-
	A-3	X	Madison Square Garden - Common		-
			Total 722-A	7,915	-
722	D-1	VII	Transport Pool Corp. - Note		-
			Total 722-D		-
			Grand Total Account 722	7,915	-
			Lien Reference AC 721 & 722		
			(X-1) All of the Common Stock of Buckeye Pipe Line Company is encumbered by three liens:		
			(1) First lien secure the 8 1/4% collateral trust bonds due 6/01/89. Midlantic National Bank, Trustee, agreement dated 6/01/69.		
			(2) Second lien to secure the April 1976 Credit Agreement, agreement dated 7/8/76.		
			(3) Third lien to secure the 1977 Revolving Credit and Term Loan Agreement, agreement dated 11/10/77		
			(X-2) 365, 312 Shares held in escrow for conversion of Pennsylvania Company preferred stock.		

206. OTHER INVESTMENTS—Continued

tion mature serially, the date in column (d) may be reported as "Serially 19 ____ to 19 ____." In making entries in this column, abbreviations in common use in standard financial publications may be used where necessary on account of limited space.

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

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

(Dollars in Thousands)

Investments at close of year: Book value of amount held at close of year — In sinking, insurance, and other funds (g)	Investments at close of year: Book value of amount held at close of year — Total book value (h)	Book value of investments made during year (i)	Investments disposed of or written down during year — Book value (j)	Investments disposed of or written down during year — Selling price (k)	Dividends or interest during year — Rate (l)	Dividends or interest during year — Amount credited to income (m)	Line No.
$	$ 7,915	$	$ 9,580(A)	$ 14,922	%	$ 843	1
	-		16,197	2,924		—	2
	7,915		25,777	17,846		843	3
							4
	-		969	969	Prime	66	5
	-		969	969		66	6
							7
							8
	7,915(Y)		26,746	18,815		909	9

(Y) Does not include reserve (AC.723). See pages 27A-27B

(A) On 33,008 shares used for exchange for Pennsylvania Co. 4-5/8% Cumulative preferred stock and open market sales of 409,150 shares of Norfolk & Western Common Stock.

207. INVESTMENTS IN COMMON STOCKS OF AFFILIATED COMPANIES
Undistributed Earnings From Certain Investments in Affiliated Companies

1. Report below the details of all investments in common stocks included in Account 721, Investments in Affiliated Companies, which qualify for the equity method under instruction 6-2 in the Uniform System of Accounts for Railroad Companies.

2. Enter in column (c) the amount necessary to retroactively adjust those investments qualifying for the equity method of accounting in accordance with instruction 6-2 (b)(11) of the Uniform System of Accounts for Railroad Companies.

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

4. Enter in column (e) the amortization for the year of the excess of cost over equity in net assets (equity over cost) at date of acquisition. See instruction 6-2 (b)(4).

5. The total of column (g) must agree with column (b), line 21, schedule 200.

6. For definitions of "carrier" and "noncarrier," see general instructions 6 and 7 on page 27.

(DOLLARS IN THOUSANDS)

Line No.	Name of issuing company and description of security held. (a)	Balance at beginning of year (b)	Adjustment for investments qualifying for equity method (c)	Equity in undistributed earnings (losses) during year (d)	Amortization during year (e)	Adjustment for investments disposed of or written down during year (f)	Balance at Close of year (g)
	Carriers: (List specifics for each company)						
1	Buckeye Pipe Line Company	$ (5,856)	$	$ 1,176	$	$	$ (4,680)
2	Detroit, Toledo & Ironton Railroad Co.	(7,973)		-			(7,973)
3	Connecting Railway Company	(11,177)		-			(11,177)
4							
5							
6							
7							
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9							
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207. INVESTMENTS IN COMMON STOCKS OF AFFILIATED COMPANIES (Continued)

Undistributed Earnings From Certain Investments in Affiliated Companies

Line No.	Name of issuing company and description of security held (a)	Balance at beginning of year (b)	Adjustment for investments qualifying for equity method (c)	Equity in undistributed earnings (losses) during year (d)	Amortization during year (e)	Adjustment for investments disposed of or written down during year (f)	Balance at close of year (g)
	Carriers: (List specifics for each company).	$	$	$	$	$	$
29							
30							
31							
32							
33							
34							
35							
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54							
55							
56							
57							
58							
59	Total	(25,006)		1,176			(23,830)
60	Noncarriers: (Show totals only for each column)	(104,607)		49,862	101		(54,644)
61	Total (lines 59 and 60)	(129,613)		51,038	101		(78,474)

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

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

Line No.	Class No. (a)	Name of issuing company and security or other intangible thing in which investment is made (b)	Total book value of investments at close of year (c)	Book value of investments made during year (d)
			$	$
1	A-1	Ft. Wayne & Jackson R.R.-Common	1	
2		Ft. Wayne & Jackson R.R.-Preferred	41	
3		Mahoning Coal Company RR	90	
4		Everglades Pipeline Company	175	
5		Total A	307	
6				
7				
8	B-1	Boston & Albany RR Improvement 4-1/4	0	
9		Carthage & Adirondack RR Co. 1st Mtg.	8	
10		CCC & St. Louis RR Co.-(CM & W Div) 4%	5	
11		CCC & St. Louis RR Co. (Gen. Mtg.) 4%	11	
12		CCC & St. Louis RR Co. (St. Louis Div)4%	25	
13		CCC & St. Louis RR Co. (R & I Mtg) 4-1/2%	13	
14		Mohawk & Malone RR Cons. Mtg. 3-1/2%	23	
15		N.Y.C. Coll. Trust 5-3/4%	3	
16		N.Y.C. Coll. Trust 6%	267	
17		N.Y. & Harlem RR 4% Ser A	16	
18		N.Y. & Harlem RR 4% Ser B	545	
19		N.Y. & Harlem RR 3-1/2% Gold	325	
20		St. Lawrence & Adirondack RR-2nd Mtg.	1	
21		Total B-1	1,242	
22				
23	B-3	U.S. Treasury Obligations, Commercial		
24		Paper and other temporary cash invest-	29,293	
25		ments Total B	30,535	
26				
27	C-3	Chem. Bank NY Trust Co. CSA 6-1/4%	231	
28		Total C	231	
29	D-3	Trailer Train Co.	279	
30		Total D	279	
31				
32				
33	E-1	Penn Central Transportation Co.	0	
34		Other Investments	817	
35		Total E	817	
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46				
47				
48				
49				

20[illegible]. SECURITIES, ADVANCES, AND OTHER INTANGIBLES OWNED OR CONTROLLED THROUGH NONREPORTING CARRIER AND NONCARRIER SUBSIDIARIES—Continued

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

3. Investments in U.S. Treasury obligations may be combined in a single item.

4. Column (a), Class No., should show classifications as provided in instructions 3 and 4, page 87.

(Dollars in thousands)

Investments disposed of or written down during year: Book value (e)	Investments disposed of or written down during year: Selling price (f)	Names of subsidiaries in connection with things owned or controlled through them (g)	Line No.
$	$	Clearfield Bituminous Coal Corp.	1
		Clearfield Bituminous Coal Corp.	2
		Clearfield Bituminous Coal Corp.	3
		Buckeye Pipe Line Company	4
			5
			6
			7
		Clearfield Bituminous Coal Corp.	8
		" " " "	9
		" " " "	10
		" " " "	11
		" " " "	12
		" " " "	13
		" " " "	14
		" " " "	15
		" " " "	16
		" " " "	17
		" " " "	18
		" " " "	19
			20
			21
			22
		Various Subsidiaries of Pennsylvania Co.	23
			24
			25
			26
25	25	Clearfield Bituminous Coal Corp.	27
			28
			29
		Clearfield Bituminous Coal Corp.	30
			31
			32
		Clearfield Bituminous Coal Corp.	33
		Great Southwest Corporation	34
			35
			36
			37
			38
			39
			40
			41
			42
			43
			44
			45
			46
			47
			48
			49

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

Line No.	Account (Dollars in thousands) (a)	Balance at beginning of year (b)	Expenditures during the year for original road and equipment, and road extensions (c)	Expenditures during the year for purchase of existing lines, reorganizations, etc (d)
1	(1) Engineering	$	$	$
2	(2) Land for transportation purposes			
3	(2 1/2) Other right-of-way expenditures			
4	(3) Grading			
5	(5) Tunnels and subways			
6	(6) Bridges, trestles, and culverts			
7	(7) Elevated structures			
8	(8) Ties			
9	(9) Rails			
10	(10) Other track material			
11	(11) Ballast			
12	(12) Track laying and surfacing			
13	(13) Fences, snowsheds, and signs			
14	(16) Station and office buildings See Note Page 40	258		
15	(17) Roadway buildings			
16	(18) Water stations			
17	(19) Fuel stations			
18	(20) Shops and enginehouses			
19	(21) Grain elevators			
20	(22) Storage warehouses			
21	(23) Wharves and docks			
22	(24) Coal and ore wharves			
23	(25) TOFC/COFC terminals			
24	(26) Communication systems			
25	(27) Signals and interlockers			
26	(29) Power plants			
27	(31) Power-transmission systems			
28	(35) Miscellaneous structures			
29	(37) Roadway machines			
30	(38) Roadway small tools			
31	(39) Public improvements—Construction			
32	(43) Other expenditures—Road			
33	(44) Shop machinery			
34	(45) Power-plant machinery			
35	Other (specify and explain)			
36	Total expenditures for road			
37	(52) Locomotives			
38	(53) Freight-train cars			
39	(54) Passenger-train cars			
40	(55) Highway revenue equipment			
41	(56) Floating equipment			
42	(57) Work equipment			
43	(58) Miscellaneous equipment			
44	Total expenditures for equipment			
45	(71) Organization expenses			
46	(76) Interest during construction			
47	(77) Other expenditures—General			
48	Total general expenditures			
49	Total			
50	(80) Other elements of investment (p. 33)			
51	(90) Construction work in progress			
52	Grand Total	258		

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

EXPENDITURES FOR ADDITIONS AND BETTERMENTS DURING THE YEAR		CREDITS FOR PROPERTY RETIRED DURING THE YEAR		Net changes during the year	Balance at close of year	Line No
Made on owned property (e)	Made on leased property (f)	Owned property (g)	Leased property (h)	(i)	(j)	
$	$	$	$	$	$	1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
	4			4	262	14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
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						38
						39
						40
						41
						42
						43
						44
						45
						46
						47
						48
						49
						50
						51
	4			4	262	52

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

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

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

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

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

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

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

7. Both the debit and credit involved in each transfer, adjustment, or clearance, between road and equipment accounts, should be included in the column in which the item was initially included; also the transfer of prior years' debits or credits from investment in road and equipment to operating expenses or other accounts, or vice versa, should be included in the column applicable to current items of like nature. Each such transfer, adjustment, or clearance should be fully explained when in excess of $100,000.

8. If during the year an individual charge of $100,000 or more was made to account No. 2, "Land for transportation purposes," state in a footnote the cost, location, area, and other details which will identify the property.

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

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

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

12. Show dollars in thousands.

NOTES AND REMARKS

Amounts in Account 16, Schedule 211, are fixed assets and leasehold improvements relative to the establishment of corporate offices at 1616 North Fort Myer Drive, Arlington, Virginia 22209.

211A. OTHER ELEMENTS OF INVESTMENT

1. Give particulars and explanation of all entries in account No. 80, "Other elements of investment," during the year.
2. In column (*b*) show the account number to which the entries in column (*c*) were credited and the account number to which the entries in column (*d*) were charged. If more than one contra account is involved in an item, the amount applicable to each account and total for the item should be shown.

(Dollars in thousands)

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

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

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

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

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

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

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

Line No.	Account (a) (Dollars in thousands)	OWNED AND USED — Depreciation Base — At beginning of year (b)	OWNED AND USED — Depreciation Base — At close of year (c)	OWNED AND USED — Annual composite rate (percent) (d)	LEASED FROM OTHERS — Depreciation base — At beginning of year (e)	LEASED FROM OTHERS — Depreciation base — At close of year (f)	LEASED FROM OTHERS — Annual composite rate (percent) (g)
		$	$	%	$	$	%
	ROAD						
1	(1) Engineering						
2	(2-1/2) Other right-of-way expenditures						
3	(3) Grading						
4	(5) Tunnels and subways						
5	(6) Bridges, trestles, and culverts						
6	(7) Elevated structures						
7	(13) Fences, snowsheds, and signs						
8	(16) Station and office buildings						
9	(17) Roadway buildings						
10	(18) Water stations						
11	(19) Fuel stations						
12	(20) Shops and enginehouses						
13	(21) Grain elevators						
14	(22) Storage warehouses						
15	(23) Wharves and docks						
16	(24) Coal and ore wharves						
17	(25) TOFC/COFC terminals						
18	(26) Communications systems						
19	(27) Signals and interlockers						
20	(29) Power plants						
21	(31) Power transmission systems						
22	(35) Miscellaneous structures						
23	(37) Roadway machines						
24	(39) Public improvements—Construction						
25	(44) Shop machinery						
26	(45) Power plant machinery						
27	All other road accounts				232	236	10%
28	Amortization (other than defense projects)						
29	Total road				232	236	10%
	EQUIPMENT						
30	(52) Locomotives						
31	(53) Freight-train cars						
32	(54) Passenger-train cars						
33	(55) Highway revenue equipment						
34	(56) Floating equipment						
35	(57) Work equipment						
36	(58) Miscellaneous equipment						
37	Total equipment						
38	GRAND TOTAL			XX XX	232	236	XX XX

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

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

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

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

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

Line No.	(Dollars in thousands) Account (a)	Depreciation base At beginning of year (b)	Depreciation base At close of year (c)	Annual composite rate (percent) (d)
		$	$	%
	ROAD			
1	(1) Engineering			
2	(2-1/2) Other right-of-way expenditures			
3	(3) Grading			
4	(5) Tunnels and subways			
5	(6) Bridges, trestles, and culverts			
6	(7) Elevated structures			
7	(13) Fences, snowsheds, and signs			
8	(16) Station and office buildings			
9	(17) Roadway buildings			
10	(18) Water stations			
11	(19) Fuel stations			
12	(20) Shops and enginehouses			
13	(21) Grain elevators			
14	(22) Storage warehouses			
15	(23) Wharves and docks			
16	(24) Coal and ore wharves			
17	(25) TOFC/COFC terminals			
18	(26) Communications systems			
19	(27) Signals and interlockers			
20	(29) Power plants			
21	(31) Power transmission systems			
22	(35) Miscellaneous structures			
23	(37) Roadway machines			
24	(39) Public improvements—Construction			
25	(44) Shop machinery			
26	(45) Power plant machinery			
27	All other road accounts	232	236	10%
28	Amortization (other than defense projects)			
29	Total road	232	236	10%
	EQUIPMENT			
30	(52) Locomotives			
31	(53) Freight-train cars			
32	(54) Passenger-train cars			
33	(55) Highway revenue equipment			
34	(56) Floating equipment			
35	(57) Work equipment			
36	(58) Miscellaneous equipment			
37	Total equipment			
38	GRAND TOTAL	232	236	XXXX

211E-1 ACCRUED DEPRECIATION RESERVE—IMPROVEMENTS TO ROAD AND EQUIPMENT LEASED FROM OTHERS

1. Give full particulars called for hereunder with respect to credits and debits to account 733, "Accrued Depreciation; Improvements on Leased Property" during the year relating to improvements made to road and equipment property leased from others, the depreciation charges for which are includible in operating expenses of the respondent. This schedule should only include entries for depreciation of road and equipment property includible in account 732, Improvements on Leased Property.

2. If any entries are made for column (d) "Other credits or column (f) "Other debits" state the facts occasioning such entries. A debit balance in column (b) or (g) for any primary account should be shown in parenthesis or designated "Dr."

3. Any inconsistency between the credits to the reserve as shown in column (c) and the charges to operating expenses should be fully explained.

4. Show in column (e) the debits to the reserve arising from retirements.

(Dollars in thousands)

Line No.	Account (a)	Balance at beginning of year (b)	CREDITS TO RESERVE During the Year: Charges to operating expenses (c)	CREDITS TO RESERVE During the Year: Other credits (d)	DEBITS TO RESERVE During the year: Retirements (e)	DEBITS TO RESERVE During the year: Other debits (f)	Balance at close of year (g)
		$	$	$	$	$	$
	ROAD						
1	(1) Engineering						
2	(2-1/2) Other right-of-way expenditures						
3	(3) Grading						
4	(5) Tunnels and subways						
5	(6) Bridges, trestles, and culverts						
6	(7) Elevated structures						
7	(13) Fences, snow sheds, and signs						
8	(16) Station and office buildings	31	22	-	-	-	53
9	(17) Roadway buildings						
10	(18) Water stations						
11	(19) Fuel stations						
12	(20) Shops and enginehouses						
13	(21) Grain elevators						
14	(22) Storage warehouses						
15	(23) Wharves and docks						
16	(24) Coal and ore wharves						
17	(25) TOFC/COFC terminals						
18	(26) Communication systems						
19	(27) Signals and interlockers						
20	(29) Power plants						
21	(31) Power-transmission systems						
22	(35) Miscellaneous structures						
23	(37) Roadway machines						
24	(39) Public improvements—Construction						
25	(44) Shop Machinery*						
26	(45) Power-plant machinery*						
27	All other road accounts						
28	Total road	31	22	-	-	-	53
	EQUIPMENT						
29	(52) Locomotives						
30	(53) Freight-train cars						
31	(54) Passenger-train cars						
32	(55) Highway revenue equipment						
33	(56) Floating equipment						
34	(57) Work equipment						
35	(58) Miscellaneous equipment						
36	Total equipment						
37	**GRAND TOTAL**	31	22	-	-	-	53

*Chargeable to account 305.

216. OTHER ASSETS AND DEFERRED CHARGES

Give description and particulars for each item or class of items of like description in accounts Nos. 741, "Other assets," and 743, "Other deferred charges," at the close of the year. Show debtor (or class of debtors) for deferred assets and appropriate description for items or class of items of deferred charges. Show the three largest items regardless of the dollar amount and all other items (or the aggregate of a class of items of like description) amounting to $250,000 or more. Each item or class of items of like description amounting to less than $250,000 may be combined into a single entry designated "Other items, each less than $250,000". The entries for each account shall be listed and the account number and the total for each account shall be shown corresponding to the amounts in Schedule 200. In case the character of any item is not fully disclosed by the entries in the columns hereunder, make a full explanation in a footnote.

(Dollars in thousands)

Line No.	Account No. (a)	Item (b)	Amount (c)
1	741	None	$
2			
3	743	None	
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
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45			

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

Line No.	Name and character of obligation (a)	Nominal date of issue (b)	Date of maturity (c)	Interest provisions: Rate percent per annum (current year) (d)	Interest provisions: Dates due (e)	Does obligation provide for— (Answer "Yes" or "No"): Conversion (f)	Call prior to maturity other than for sinking fund (g)	Sinking fund (h)	Is other property (real or personal or leasehold) subject to lien of the obligation? (Answer "Yes" or "No"): First lien (i)	Junior to first lien (j)	Approximate number of miles of line directly subject to—: First lien (k)	Junior to first lien (l)
1	2A Collateral Trust	6/1/60	6/1/85	5.25%	6/21 &	no	yes	yes	yes	no	none	none
2	Bonds				12/1							
4	2A Collateral Trust	6/1/69	6/1/89	8.25%	6/1 &	no	yes	yes	yes	no	none	none
5					12/1							
7	5 Revolving Credit	11/17/77	9/30/84	120%	3/31,	no	yes	no	no	yes	none	none
8	and Term Loan			of prime	6/30							
9			plus	1/4% to	9/30,							
10				1/2%	12/31							
12	5 Credit	7/8/76	12/31/81	120%	3/31,	no	yes	no	no	yes	none	none
13	Agreement (1976)			of prime	6/30							
14				rate	9/30,							
15					12/31							
17	5 Credit Agreement	10/22/76	open	120%	3/31,	no	yes	no	no	no	none	none
18	(1976-October)			of prime	6/30							
19			plus	1/4% to	9/30,							
20				1/2%	12/31							
51							Grand Total		x x x	x x x	x x x	x x x

Road Initials PA CO Year 1977

218. FUNDED DEBT AND OTHER OBLIGATIONS—Continued

Total amount nominally and actually issued (m)	AMOUNT NOMINALLY ISSUED AND— Held in special funds or in treasury or pledged (Identify pledged securities by symbol "P"; matured by symbol "M") (n)	Canceled (o)	Total amount actually issued (p)	AMOUNT REACQUIRED AND— Canceled through sinking fund or otherwise canceled (Identify canceled through sinking fund by symbol "S") (q)	Held in special funds or in treasury or pledged (Identify pledged securities by symbol "P"; matured by symbol "M") (r)	TOTAL AMOUNT ACTUALLY OUTSTANDING Unmatured (accounts 765, 766, and 767) (s)	Unmatured (account 764) (t)	Matured and no provision made for payment (account 768) (u)	Line No.
$	$	$	$	$	$	$	$	$	
35,000	-	-	35,000	22,790S					1
				12,210					2
35,000	-	-	35,000	6,000S		26,800	2,000		3
				200					4
									5
10,000	-	-	10,000	-		10,000			6
									7
									8
									9
									10
37,000	-	-	37,000	10,500		23,500	3,000		11
									12
									13
									14
									15
10,000	-	-	10,000	10,000		-	-		16
									17
									18
									19
									20
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									43
									44
									45
									46
									47
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									49
									50
127,000			127,000	61,700		60,300	5,000		51

218. FUNDED DEBT AND OTHER OBLIGATIONS—Continued

Line No.	Name and character of obligation (List on same lines and in same order as on page 56) (a)	Amount of interest accrued during year: Charged to income (v)	Amount of interest accrued during year: Charged to investment accounts (w)	Amount of interest paid during year (x)	Total amount of interest in default (y)
1	2A Collateral Trust Bonds	$ 60	$ -	$ 72	$ -
2					
3					
4	2A Collateral Trust Bonds	2,387	-	2,389	-
5					
6					
7	5 Revolving Credit/Term Loan	118	-	-	-
8	Agreement				
9					
10					
11	5 Credit Agreement (1976)	2,240	-	1,625	-
12					
13					
14	5 Credit Agreement (1976-October)	32	-	52	
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49					
50					
51	Grand Total	4,837	-	4,138	-

218. FUNDED DEBT AND OTHER OBLIGATIONS—Concluded

SECURITIES ISSUED OR ASSUMED DURING YEAR				SECURITIES REACQUIRED DURING YEAR		Line No.
				AMOUNT REACQUIRED		
Purpose of the issue and authority (z)	Par value (aa)	Net proceeds received for issue (cash or its equivalent) (bb)	Expense of issuing securities (cc)	Par value (dd)	Purchase price (ee)	
	$	$	$	$ 2,730	$ 2,803	1
						2
						3
				300	297	4
						5
						6
				-		7
						8
						9
				3,000	3,000	10
						11
						12
				2,000	2,000	13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
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						38
						39
						40
						41
						42
						43
						44
						45
						46
						47
						48
						49
						50
Grand Total				8,030	8,100	51

310040

ANNUAL REPORT 1977 CLASS 1

PENNSYLVANIA CO.

223. ITEMS IN SELECTED CURRENT LIABILITY ACCOUNTS

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

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

Report dollars in thousands.

Line No.	Account No. (a)	Item (b)	Amount (c)
			$
1	759	ACCRUED ACCOUNTS PAYABLE	
2			
3		*Estimated liability under Executive Management Agreement	2,300
4		Other items, each less than $100,000	1,676
5			3,976
6			
7			
8			
9			
10		*See Note 7, Page 15	
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224. FEDERAL INCOME AND OTHER TAXES ACCRUED

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

Line No.	Kind of tax (a)	Previous years (b)	Current year (c)	Balance at close of year (d)
1	Federal income taxes Total (account 760)	$ None	$ None	$ None
2	Railway property State and local taxes (532)			
3	Old-age retirement (532)			
4	Unemployment insurance (532)			
5	Miscellaneous operating property (535)			
6	Miscellaneous tax accruals (544)	6	17	5
7	All other taxes			
8	Total (account 761)	6	17	5

NOTES AND REMARKS

225. ITEMS IN SELECTED RESERVE AND OTHER LIABILITY ACCOUNTS

Give description and particulars for each item or class of items of like description in accounts Nos. 771, "Pension and welfare reserves" 774, "Casualty and other reserves"; 782, "Other liabilities"; and 784 "Other deferred credits," at the close of the year. Show creditor (or class of creditors) for deferred liabilities, and appropriate description of each class of operating reserve and for items of deferred credits. Show the three largest items regardless of the dollar amount and all other items (or the aggregate of a class of items of like description) amounting to $250,000 or more. Each item or class of items of like description amounting to less than $250,000 may be combined into a single entry designated "Other items, each less than $250,000." The entries for each account shall be listed and the account number and the total for each account shall be shown corresponding to the amounts in Schedule 200. In case the character of any item is not fully disclosed by the entires in the columns hereunder, make a full explanation in a footnote. *(Dollars in thousands)*

Line No.	Account No. (a)	Item (b)	Amount (c)
1	782	Other liabilities	$
2			
3		Liability for guaranteed debt at Penn Towers, Inc.	
4		(see Note 8, page 15)	600
5			
6			
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NOTES AND REMARKS

228. CAPITAL STOCK

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

In the second section list particulars of the various issues on the same lines and in the same order as in the first section.

Identify the entries in columns (*m*) to (*s*), inclusive in a manner which will indicate whether par value or the number of shares is shown.

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

For the purposes of this report, capital stock and other securities are considered to be *nominally issued* when certificates are signed and sealed and placed with the proper officer for sale and delivery or are pledged or otherwise placed in some special fund of the respondent. They are considered to be *actually issued* when sold to a bona fide purchaser for a valuable consideration, and such purchaser holds them free from control by the respondent. All securities actually issued and not reacquired by or for the respondent are considered to be *actually outstanding*. If reacquired by or for the respondent under such circumstances as require them to be considered as held alive, and not canceled or retired, they are considered to be *nominally outstanding*.

Column (*d*) refers to the initial preference dividend payable before any common dividend; columns (*k*) and (*l*) to participations in excess of initial preference dividend; at a specified percentage or amount (nonpar stock) (column(*k*)) or a percentage or proportion of the profits (column (*l*)).

(Dollars in thousands)

Line No.	Class of stock (a)	Date issue was authorized (b)	Par value per share (if nonpar, so state) (c)	PREFERRED STOCK: Dividend rate specified in contract (d)	Total amount of accumulated dividends (e)	Cumulative: To extent earned ("Yes" or "No") (f)	Cumulative: Fixed $ rate or percent specified by contract (g)	Noncumulative ("Yes" or "No") (h)	Other Provisions of Contract: Convertible ("Yes" or "No") (i)	Callable or redeemable ("Yes" or "No") (j)	Participating Dividends: Fixed amount or percent (Specify) (k)	Participating Dividends: Fixed ratio with common (Specify) (l)
1	Common	7/24/64	$ 25.00	x x x x x	$ x x x x x x	x x x x x	x x x x x x	x x x x x	x x x x x	x x x x x x	x x x x x x	x x x x x x
2				x x x x x	x x x x x x	x x x x x	x x x x x x	x x x x x	x x x x x	x x x x x x	x x x x x x	x x x x x x
3				x x x x x	x x x x x x	x x x x x	x x x x x x	x x x x x	x x x x x	x x x x x x	x x x x x x	x x x x x x
4				x x x x x	x x x x x x	x x x x x	x x x x x x	x x x x x	x x x x x	x x x x x x	x x x x x x	x x x x x x
5	Preferred	7/24/64	100.00	4 5/8%	none	no	4 5/8%	no	yes	yes	none	none
6												
7												
8	Debenture											
9	Receipts outstanding for installments paid*											
10	TOTAL	x x x x	x x x x	x x x x x		x x x x x	x x x x x x	x x x x x	x x x x x	x x x x x x	x x x x x x	x x x x x x

Line No.	PAR VALUE OF PAR-VALUE STOCK OR NUMBER OF SHARES OF NONPAR STOCK: Authorized (m)	Authenticated (n)	Nominally Issued and: Held in special funds or in treasury or pledged (Identify pledged securities by symbol "P") (o)	Nominally Issued and: Canceled (p)	Actually issued (q)	Reacquired and: Canceled (r)	Reacquired and: Held in special funds or in treasury or pledged (Identify pledged securities by symbol "P") (s)	STOCK ACTUALLY OUTSTANDING AT CLOSE OF YEAR: Number of shares (t)	Par value of par-value stock (u)	Book value of stock without par value (v)
1	$140,000	$124,625	none	none	124,625	-	-	4,485,000	$ 124,625	$ -
2	73,000	70,590	none	none	70,590		54,704	158,859	15,886	-
3										
4										
5										
6										
7										
8										
9										
10	xx xx xx	xx xx xx	xx xx xx	xx xx xx	xx xx xx	xx xx xx	xx xx xx			

*State the class of capital stock covered by the receipts

229. CAPITAL STOCK CHANGES DURING THE YEAR

Give full particulars of stocks actually or nominally issued (either original issues or reissues) and of stocks reacquired or canceled during the year.

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

In column (c) state whether issued for construction of new properties, for additions and betterments, for purchase of railroad or other property, for conversion, for acquisition of securities, for reorganization, or for other corporate purposes. If an issue of securities was authorized for more than one purpose, state amount applicable to each purpose. Also give the number and date of the authorization by the public authority under whose control such issue was made, naming such authority. In column (e) include as cash all money, checks, drafts, bills of exchange and other commercial paper payable at par on demand. For nominally issued stock, show returns in columns (a), (b), (c), and (d) only. For each class of stock actually issued, the sum of the entries in columns (e), (f), and (h), plus discounts or less premiums in column (g), should equal the total par value or the book value represented by the total number of shares reported in column (d).

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

(Dollars in thousands)

Line No.	Class of stock (a)	STOCKS ISSUED DURING YEAR: Date of issue (b)	Purpose of the issue and authority (c)	Par value (for nonpar stock show the number of shares) (d)	Net proceeds received for issue (cash or its equivalent) (e)
1				$	$
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15			Total		

Line No.	STOCKS ISSUED DURING YEAR—Concluded: Cash value of other property acquired or services received as consideration for issue (f)	Net total discounts (in black) or premiums (in red). Excludes entries in column (h) (g)	Expense of issuing capital stock (h)	STOCKS REACQUIRED DURING YEAR: Par value (For nonpar stock show the number of shares) (i)	Purchase price (j)	Remarks (k)
1	$	$	$	$ 1,438	$ 829	14,377 shares Pa.Co.
2						4 5/8% Cummulative
3						Preferred stock
4						par value $100
5						exchanged for
6						33,008 shares
7						Norfolk and Western
8						Rwy. Co. Common
9						pursuant to
10						agreement of
11						merger dated
12						2/26/64
13						
14						
15						

230. STOCK LIABILITY FOR CONVERSION OF SECURITIES OF OTHER COMPANIES

If at the close of the year respondent was subject to any liability to issue its own capital stock in exchange for outstanding securities of constituent of other companies, give full particulars thereof hereunder, including names of parties to contracts and abstracts of terms of contracts whereunder such liability exists.

231. CAPITAL SURPLUS

Give an analysis in the form called for below of capital surplus accounts. In column (a) give a brief description of the item added or deducted and in column (b) insert the contra account number to which the amount stated in column (c), (d) or (e) was charged or credited. *(Dollars in thousands)*

Line No.	Item (a)	Contra account number (b)	ACCOUNT NO. 794. Premiums and Assessments on Capital Stock (c)	795. Paid-In Surplus (d)	796. Other Capital Surplus (e)
1	Balance at beginning of year	x x x	$ None	$ 17,992	$ None
	Additions during the year (describe):				
2	Excess of par value of preferred stock				
3	tendered for conversion over market value				
4	of Norfolk and Western Common stock issued therefore			366	
5	Quasi-reorganization adjustments			3	
6	Total additions during the year	x x x			
	Deductions during the year (describe):				
7	Quasi-reorganization adjustments, other			73	
8					
9					
10	Total deductions	x x x		73	
11	Balance at close of year	x x x		18,288	

232. RETAINED INCOME—APPROPRIATED

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

Line No.	Class of appropriation (a)	Credits during year (b)	Debits during year (c)	Balance at close of year (d)
		$	$	$
1	Additions to property through retained income			
2	Funded debt retired through retained income			
3	Sinking fund reserves			
4	Incentive per diem funds			
5	Miscellaneous fund reserves			
6	Retained income—Appropriated not specifically invested			
	Other appropriations (specify):			
7				
8				
9				
10				
11				
12				
13				
14				
15				
16	TOTAL			

233. CONTINGENT ASSETS AND LIABILITIES

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

Examples of contingent liabilities are items which may become obligations as a result of pending or threatened litigation, assessments or possible assessments of additional taxes and agreements or obligations to repurchase securities or property.

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

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

(Dollars in thousands)

Line No.	Item (a)	Amount (b)
1	None	$
2		
3		
4		
5		
6		
7		
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9		
10		
11		
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396. ITEMS IN SELECTED INCOME AND RETAINED INCOME ACCOUNTS FOR THE YEAR

Give a brief description for all items, regardless of amount, included during the year in accounts 570, "Extraordinary items"; 590, "Income taxes on extraordinary items"; 606, "Other credits to retained income"; 616, "Other debits to retained income"; 620, "Appropriations for sinking and other reserve funds"; 621, "Appropriations for other purposes"; and 622, "Appropriations released." Give a brief description of the three largest items regardless of the dollar amount and all other items amounting to $250,000 or more included during the year in accounts 519, "Miscellaneous income", and 551, "Miscellaneous income charges." Items less than $250,000 may be combined into a single entry designated "Other items, each less than $250,000." The entries for each account shall be listed and the total of each account shall be shown corresponding to the amounts in Schedules 300 and 305, as appropriate. In case the character of any item is not fully disclosed by the entries in the columns hereunder, make a full explanation in a footnote. *(Dollars in thousands)*

Line No.	Account No. (a)	Item (b)	Debits (c)	Credits (d)
			$	$
1	519	MISCELLANEOUS INCOME CREDITS		
2		Gain on 409,150 shares of Norfolk & Western		
3		Railway Co. common stock sold during the year		3,588
4		Gain resulting from adjustment of the		
5		carrying value of the Transport Pool Co. Note		
6		based on payments received during the year		241
7		Excess of Market Value over carrying value of		
8		Norfolk & Western Railway Co. common stock		
9		exchanged for Pennsylvania Co. 4 5/8% cumulative		
10		preferred stock		243
11				4,072
12				
13	551	MISCELLANEOUS INCOME CHARGES		
14		None		
15				
16				
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MEMORANDA RELATING TO SELECTED INCOME AND RETAINED INCOME ACCOUNTS

562. COMPENSATION OF OFFICERS, DIRECTORS, ETC.

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

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

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

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

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

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

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

Line No.	Name of person (a)	Position or Title (b)	Salary per annum as of close of year (see instructions) (c) (1)	Other compensation during the year (d) (1)
	Victor H. Palmieri	Chairman, Chief Exec. Officer	$ 150 (2)	$
	Frank E. Loy	President	125 (2)	
	George P. Keeley	Senior Vice President	125 (2)	
	Charles R. Lee	V.P. Finance & Sec.	90 (2)	
	Herbert S. Winokur	V.P. Corporate Dev.	70	37
	P.H. Grantham	Treasurer	50	13
	F.A. Ferro	Controller	53 (3)	11
	E.M. Miller	Dir. Bus. Analysis & Planning	47	9

Notes:

(1) The above table does not include the following:

(a) Amounts expended by the Company and its subsidiaries for two Company-leased automobiles made available to officers and other employees, certain officers private club dues, automobile allowances provided for two officers of the Company, the value of the use by Company officers and employees of a suite leased by the Company in New York City, and the value of Directors' use of the facilities of the Boca Raton Hotel in Boca Raton, Florida. These expenditures are believed to constitute ordinary and incidental business expenses which are paid or reimbursed by the Company in the interest of attracting and retaining qualified personnel, facilitating job performance and minimizing work-related expenditures incurred by such performance. The Company believes that for 1977 the aggregate value of all the items described in this paragraph did not exceed $20,000. The Company does not consider such amount to be excessive or unusual.

(b) Payments to Arthur Grotz, Vice President, Rail Operations for consulting services, see schedule 563.

(c) Moving expense reimbursements of $59 made in 1977.

(2) These salaries were paid by Victor Palmieri and Company Incorporated (VPCO) under the terms of contracts between the Company and VPCO. The Company reimburses VPCO for such salaries. See Note 7, page 15 for further information.

(3) Increased from $45 on October 1, 1977.

563. PAYMENTS FOR SERVICES RENDERED BY OTHER THAN EMPLOYEES AND AFFILIATES

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

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

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

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

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

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

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

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

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

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

7. If more convenient, this schedule may be filled out for a group of roads considered as one system and shown only in the report of the principal road in the system, with references thereto in the reports of the other roads. *When the respondent is reporting on a system basis, audit fees must be reported separately for each individual railroad included in the system.*

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

(Dollars in thousands)

Line No.	Name of recipient (a)	Description of service (b)	Amount of payment (c)
1	O'Melveny & Myers	Legal	$ 565
2	Pierson, Semmes, Crolius,		
3	& Finley	Legal	198
4	Bedford Advisors	Consulting	51
5	Scudder, Stevens & Clark	Financial	58
6	Arthur Grotz	Consulting	61
7	Reebie Associates	Consulting	58
8	Price Waterhouse & Co.	Accounting 125 Tax 20 Other 65	210
9	Arthur D. Little, Inc.	Consulting	159
10	Barber Oil Company	Consulting	110
11	Morgan, Lewis & Bockius	Legal	69
12	Kidder, Peabody	Financial	80
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564. TRANSACTIONS BETWEEN RESPONDENT AND COMPANIES OR PERSONS AFFILIATED WITH RESPONDENT FOR SERVICES RECEIVED OR PROVIDED

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

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

(a) Lawful tariff charges for transportation services.

(b) Payments to or from other railroads for interline services and interchange of equipment.

(c) Payments to or from other railroads for services which may reasonably be regarded as ordinarily connected with routine operation, maintenance, or construction of a railroad, but any special or unusual transactions should be reported.

(d) Agreements relating to joint pension plans with affiliated companies should be reported in explanatory notes section of Schedule 200 (p. 13)

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

Attach a balance sheet and income statement for each affiliate with which respondent had reportable transactions during the year. These statements should be prepared on the same accounting year basis and in conformity with the balance sheet and income statement in annual report form A, and should be noted to indicate method of depreciating property, if any, furnished to the respondent. Balance sheet and income statement are not required for affiliated carriers filing annual reports with the Commission.

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

(a) If respondent directly controls affiliate insert the word "direct".

(b) If respondent controls through another company insert the word "indirect".

(c) If respondent is under common control with affiliate insert the word "common".

(d) If respondent is controlled directly or indirectly by the company listed in column (a) insert the word "controlled".

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

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

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

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

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

(Dollars in thousands)

Line No.	Name of Company or Individual and percent of gross income from respondent carrier (a)	%	Form of Affiliation (b)	Character of Service (c)	Basis of Charge (d)	Contract Date (e)	Contract Term (f)	Total Charges for Year (P)(S)	Total Charges for Year (g)
1	Victor Palmieri & Co.	none	Officer	Management Services	Direct Cost	6/72	5 yrs	P	$ 547
2	Victor Palmieri & Co.	none	Officer	Incentive Payments	*	6/72	5 yrs	P	5,500
3	Buckeye Pipe Line Co.	none	Direct	Corporate Dev. Costs	Direct Cost	-	-	P	768
4	Buckeye Pipe Line Co.	none	Direct	Executive Allocation	% of Salaries	10/74	-	S	138
5	O'Melveny & Myers	none	Director	Legal Services	Rate Schedule	-	-	P	565
6	Arthur D. Little	none	Director	Consulting Services	Rate Schedule	-	-	P	159
7	Other Subsidiaries	none	Direct	Salary Allocation	Rate Schedule	-	-	S	18
8	Scudder, Stevens & Clark	none	Director	Financial Consulting	Rate Schedule	-	-	P	58
9									
10	*See Note 7, Page 15								
11									
12									
13									
14									
15									
16									
17									
18									

600. REMUNERATIONS FROM NATIONAL RAILROAD PASSENGER CORPORATION - Concluded

Line No.	Name of Account (a)	Amount (b)
	Miscellaneous	$
93	441 Dining and Buffet Service	
94	447 Operating Joint Miscellaneous Facilities - Dr.	
95	448 Operating Joint Miscellaneous Facilities - Cr.	
96	449 Employees Health and Welfare Benefits	
97	Total	
	General	
98	451 Salaries and Expenses of General Officers	
99	452 Salaries and Expenses of Clerks and Attendants	
100	453 General Office Supplies and Expenses	
101	454 Law Expenses	
102	456 Employees Health and Welfare Benefits	
103	457 Pensions	
104	458 Stationery and Printing	
105	460 Other Expenses	
106	461 General Joint Facilities - Dr.	
107	462 General Joint Facilities - Cr.	
108	Total	
	RENTS	
109	504 Rent from Locomotives	
110	505 Rent from Passenger-train Cars	
111	507 Rent from Work Equipment	
112	508 Joint Facility Rent Income	
113	537 Rent for Locomotives	
114	538 Rent for Passenger-train Cars	
115	541 Joint Facility Rents	
116	Total Rents	
117	532 Railway Tax Accruals	
118	Total Remunerations	

NOTES AND REMARKS

VERIFICATION

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

OATH

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

State of Virginia
County of Arlington } ss:

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

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

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

Jan. 1, 1977, to and including Dec. 31, 1977

Frank A. Ferro
(Signature of affiant)

Subscribed and sworn to before me, a Notary Public, in and for the State and county above named, this 30 day of March, 1978

My commission expires 4/11/80

[Use an L.S. impression seal]

Nancy L. DeGroat
(Signature of officer authorized to administer oaths)

SUPPLEMENTAL OATH

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

State of Virginia
County of Arlington } ss:

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

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

that he has carefully examined the foregoing report; that he believes that all statements of fact contained in the said report are true, and that the said report is a correct and complete statement of the business and affairs of the above-named respondent and the operations of its property during the period of time from and including Jan. 1, 1977 to and including Dec. 31, 1977.

Frank E. Loy
(Signature of affiant)

Subscribed and sworn to before me, a Notary Public, in and for the state and county above named, this 30 day of March, 1978

My commission expires 4/11/80

[Use an L.S. impression seal]

Nancy L. DeGroat
(Signature of officer authorized to administer oaths)

MEMORANDA
(FOR USE OF COMMISSION ONLY)

CORRESPONDENCE

Office Addressed		Date of Letter or Telegram			Subject	Answer Needed	Answer			
							Date of Letter			File Number of Letter or Telegram
Name	Title	Month	Day	Year	Page		Month	Day	Year	

CORRECTIONS

Date of Correction			Page	Authority					Commission File number	Clerk making Correction
				Letter or Telegram of—			Officer sending letter or telegram			
Month	Day	Year		Month	Day	Year	Name	Title		Name

EXPLANATORY REMARKS

INDEX

INDEX—Continued

INDEX—Concluded

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