

**CONRAIL**


March 10, 1980

Mr. Robert G. Kipp  
Vice President & General Manager  
Raritan River Rail Road Co.  
170 John Street  
South Amboy, N. J. 08879

Dear Bob:

I have reviewed the copy of Raritan River's Annual Report to Stockholders for year 1979 and find everything in good order, except that B. D. Wellmon has resigned as Treasurer of the Company and this position is still open.

Very truly yours,

  
A. M. Baldwin  
Assistant Controller-  
Subsidiary Controllers

Six Penn Center Plaza-Rm. 712  
Philadelphia, Pa. 19104

Ref. No. 80-53

RARITAN RIVER RAIL ROAD COMPANY

1979

REPORT TO THE STOCKHOLDERS

FEBRUARY 1980

RARITAN RIVER RAIL ROAD COMPANY

DIRECTORS

A. M. Baldwin	Philadelphia, PA
R. W. Orr	Philadelphia, PA
D. A. Swanson	Philadelphia, PA

OFFICERS

D. A. Swanson	President	Philadelphia, PA
R. G. Kipp	Vice Pres. & Gen. Mgr.	South Amboy, NJ
D. R. Powell	Secretary	Philadelphia, PA
B. D. Wellmon	Treasurer	Philadelphia, PA

REGISTERED OFFICE

170 John Street

South Amboy, NJ 08879

To the Stockholders:

The Board of Directors submits herewith the ninety-second annual report of the Company, showing results of operation and various statistical data for the year 1979, together with comparative income statement for the year and balance sheet as of December 31, 1979, compared with December 31, 1978.

D. A. Swanson

President

RARITAN RIVER RAIL ROAD COMPANY

INCOME STATEMENT

YEAR ENDING DECEMBER 31, 1979

	<u>1979</u>	<u>1978</u>	<u>Inc. or Dec.</u>	<u>%</u>
OPERATING REVENUES:				
Freight	\$ 1,728,207	\$ 1,295,127	I-\$ 433,080	33.4
Switching	40,142	32,819	I- 7,323	22.3
Demurrage	196,346	174,597	I- 21,749	12.5
Trucking	-	-	-	-
Other	<u>3,976</u>	<u>10,358</u>	D- 6,382	<u>61.6</u>
TOTAL OPERATING REVENUES	\$ 1,968,671	\$ 1,512,901	I-\$ 455,770	30.1
OPERATING COSTS:				
Roadway & Structure	403,510	285,600	I- 117,910	41.3
Depreciation-Roadway	8,006	8,006	-	-
Equipment	229,396	142,264	I- 87,132	61.2
Depreciation-Equipment	4,152	4,152	-	-
Transportation	964,407	844,220	I- 120,187	14.2
General, Administrative & Other	<u>198,758</u>	<u>185,874</u>	I- 12,884	<u>6.9</u>
TOTAL OPERATING COSTS	\$ 1,808,229	\$ 1,470,116	I-\$ 338,113	23.0
NET RAILWAY OPERATING INCOME (LOSS)	160,442	42,785	I- 117,657	275.0
OTHER INCOME NET OF MISCELLANEOUS DEDUCTIONS:				
Misc. Rent Income	52,048	45,165	I- 6,883	15.2
Interest Income	32,127	19,575	I- 12,552	64.1
Other Income	952	-	I- 952	-
Misc. Income Charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER INCOME NET OF MISCELLANEOUS DEDUCTIONS	\$ 85,127	\$ 64,740	I-\$ 20,387	31.5
INCOME (LOSS) BEFORE INTEREST ON DEBT	245,569	107,525	I- 138,044	128.4
TOTAL INTEREST ON DEBT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL NET INCOME (LOSS) BEFORE F.I.T.	\$ 245,569	\$ 107,525	I-\$ 138,044	128.4
INCOME TAX:				
Current, Federal	99,089	43,723	I- 55,366	126.6
Deferred, Federal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL TAXES	99,089	43,723	I- 55,366	126.6
NET INCOME (LOSS)	\$ 146,480	\$ 63,802	I-\$ 82,678	129.6

RARITAN RIVER RAIL ROAD COMPANY

ASSETS

	<u>1979</u>	<u>1978</u>		<u>Inc. or Dec.</u>
<b>CURRENT:</b>				
Cash	\$ 680,380	\$ 223,010	I-\$	457,370
Temporary Cash Investments	200,000	200,000		-
Special Deposits	3,145	3,720	D-	575
Accounts Receivable				
Other Accounts and Notes				
Receivable	363,544	331,299	I-	32,245
Materials and Supplies	205,623	70,301	I-	135,322
Other Current Assets	61,630	51,463	I-	10,167
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TOTAL CURRENT ASSETS	\$ 1,514,322	\$ 879,793	I-\$	634,529
<b>PROPERTIES:</b>				
Roadway, Buildings and				
Land	\$ 1,561,000	\$ 1,586,820	D-	25,820
Equipment	699,805	699,805		-
Other Property	75,157	75,675	D-	518
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SUB-TOTAL	\$ 2,335,962	\$ 2,362,300	D-\$	26,338
Less Accumulated				
Depreciation	\$ 1,009,164	\$ 1,001,176	I-\$	7,988
Net Properties	\$ 1,326,798	\$ 1,361,124	D-\$	34,326
<b>OTHER ASSETS:</b>				
Intangibles, Misc.,				
Other Assets	\$ 39,057	\$ 34,727	I-\$	4,330
TOTAL OTHER ASSETS	\$ 39,057	\$ 34,727	I-\$	4,330
TOTAL ASSETS	\$ 2,880,177	\$ 2,275,644	I-\$	604,533

RARITAN RIVER RAIL ROAD COMPANY

LIABILITIES

	<u>1979</u>	<u>1978</u>	<u>Inc. or Dec.</u>
CURRENT:			
Accounts and Wages Payable	\$ 643,575	\$ 265,979	I-\$ 377,596
Accrued Liabilities	184,461	154,825	I- 29,636
Federal Income Tax Accruals	99,089	43,723	I- 55,366
Other Taxes Accrued	<u>22,004</u>	<u>21,193</u>	I- 811
 TOTAL CURRENT LIABILITIES	 \$ 949,129	 \$ 485,720	 I-\$ 463,409
 Other Non-current Liabilities	 <u>28,070</u>	 <u>33,426</u>	 D- 5,356
 TOTAL LIABILITIES	 \$ 977,199	 \$ 519,146	 I-\$ 458,053

SHAREHOLDERS' EQUITY

CAPITAL STOCK:

Preferred (100,000 shares, \$10 stated value)	\$ 1,000,000	\$ 1,000,000	-
Less: Held in Treasury (920 shares)	<u>9,200</u>	<u>9,200</u>	<u>-</u>
Preferred Stock Outstanding	\$ 990,800	\$ 990,800	-
 Common (25,000 shares, \$1 stated value)	 <u>25,000</u>	 <u>25,000</u>	 <u>-</u>
 TOTAL CAPITAL STOCK	 \$ 1,015,800	 \$ 1,015,800	 -

Retained Earnings:

Balance at beginning of period	740,698	676,896	I- 63,802
From income for the period	146,480	63,802	I- 82,678
Less dividends paid	<u>-</u>	<u>-</u>	<u>-</u>
 RETAINED EARNINGS AT END OF PERIOD	 \$ 887,178	 \$ 740,698	 I-\$ 146,480
 TOTAL SHAREHOLDERS' EQUITY	 \$ 1,902,978	 \$ 1,756,498	 I-\$ 146,480
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	 \$ 2,880,177	 \$ 2,275,644	 I-\$ 604,533

RARITAN RIVER RAIL ROAD COMPANY

STATEMENT OF RETAINED INCOME - UNAPPROPRIATED

	<u>1979</u>	<u>1978</u>	<u>Inc. or Dec.</u>
Balance, January 1	\$ 740,698	\$ 676,896	I-\$ 63,802
Add:			
Net Income for the Year	<u>146,480</u>	<u>63,802</u>	I- <u>82,678</u>
	\$ 887,178	\$ 740,698	I-\$ 146,480
Deduct:			
Dividends Paid	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31	\$ 887,178	\$ 740,698	I-\$ 146,480

COMPARATIVE STATEMENT - MISCELLANEOUS ITEMS

	<u>1979</u>	<u>1978</u>	<u>Inc. or Dec.</u>
Net Income per Share	\$ 5.86	\$ 2.55	I-\$ 3.31
Operating Ratio	79.6%	86.3%	D- 6.7%
Revenue per Ton	\$ 2.70	\$ 2.79	D-\$ 0.09
per Ton Mile	38.25¢	35.62¢	I- 2.63¢
Revenue Cars Handled	10,108	9,084	I- 1,024

MILEAGE

Main Stem	12.63	12.63	-
Branch Lines	<u>4.60</u>	<u>4.60</u>	<u>-</u>
Total Main Stem	17.23	17.23	-

OTHER TRACKS

Second Main Tracks	1.00	1.00	-
Spurs and Sidings	<u>14.01</u>	<u>14.01</u>	<u>-</u>
Total All Tracks	32.24	32.24	-

EQUIPMENT

Locomotives			
Diesel Electric	6	6	-
Freight Cars	103	106	D- 3
Work Equipment	3	3	-

RARITAN RIVER RAIL ROAD COMPANY

CONDENSED STATEMENT OF FREIGHT TRAFFIC - NET TONS

	<u>1979</u>	<u>1978</u>		<u>Inc. or Dec.</u> <u>Tons</u>	<u>%</u>
Products of Agriculture	760	599	I-	161	26.8
Ores and Concentrates	201,066	171,115	I-	29,951	17.5
Clay, Sand and Gravel	4,728	3,200	I-	1,528	47.8
Bakery Goods	81,380	71,691	I-	9,689	13.5
Lumber	3,174	4,193	D-	1,019	24.3
Woodpulp	62,956	61,808	I-	1,148	1.9
Newsprint	12,999	17,110	D-	4,111	24.0
Paper Tissue	25,345	23,289	I-	2,056	8.8
Sanitary Pads	7,941	6,918	I-	1,023	14.8
Gases	19,457	20,358	D-	901	4.4
Titanium Dioxide	20,944	15,367	I-	5,577	36.3
Alcohol	1,190	772	I-	418	54.1
Acids, N.O.S.	1,298	1,597	D-	299	18.7
Sulphuric Acid	34,780	23,834	I-	10,946	45.9
Synthetic Plastic	58,328	18,326	I-	40,002	218.3
Paint and Lacquer	3,442	1,672	I-	1,770	105.9
Nitrocellulose	3,638	4,411	D-	773	17.5
Gasoline and Oils	314	316	D-	2	0.6
Cement and Lime	964	345	I-	619	179.4
Brick and Tile	3,102	2,503	I-	599	23.9
Steel	15,862	24,278	D-	8,416	34.7
Toys and Games	35	1,557	D-	1,522	97.8
Scrap or Waste Material	8,259	1,288	I-	6,971	541.2
Containers, Empty	3,295	2,786	I-	509	18.3
All Other Carloads	<u>65,101</u>	<u>58,427</u>	I-	<u>6,674</u>	<u>11.4</u>
TOTAL TRAFFIC	640,358	537,760	I-	102,598	19.1