

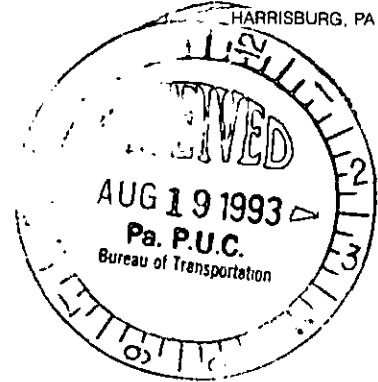
THE LAW FIRM OF

MALATESTA HAWKE & McKEON

JOSEPH J. MALATESTA, JR.  
WILLIAM T. HAWKE  
KEVIN J. McKEON  
LOUISE A. KNIGHT  
THOMAS J. SNISCAK  
THOMAS P. BROGAN  
TERRANCE J. FITZPATRICK  
LILLIAN SMITH HARRIS  
JANET L. MILLER  
SUSAN J. SMITH

HARRISBURG ENERGY CENTER  
100 NORTH TENTH STREET  
HARRISBURG, PENNSYLVANIA 17101  
(717) 236-1300  
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MAILING ADDRESS:  
P.O. BOX 1778  
HARRISBURG, PA 17105



August 19, 1993

Richard H. White  
Technical Review Section  
Bureau of Transportation  
Pennsylvania Public Utility Commission  
P. O. Box 3265  
Harrisburg, PA 17105-3265

RE: Application of Empire Wrecking Co. of Reading, Pa.;  
Docket No. A-00108448, F. 1, Am-A

Dear Mr. White:

I am in receipt of your letter dated July 23, 1993 requesting verified statements with regard to the above-referenced contract carrier application. In your letter to me, you indicated that the filing of a verified statement of applicant and the shipper's support statement were due in your office on or before August 23, 1993. Subsequent to that letter, I called to notify you that a thirty (30) day extension might be necessary because of the summer vacation schedules of the people involved in accumulating the information necessary to complete and file the verified statements.

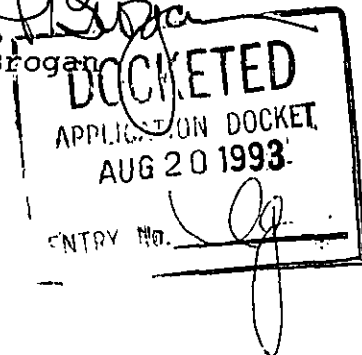
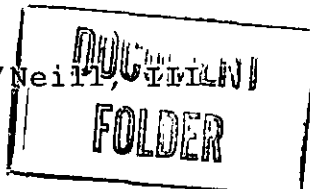
The purpose of this letter is to request that thirty (30) day extension, or until Wednesday, September 22, 1993, to file the verified statements in the above-referenced matter.

I appreciate your consideration of this matter. Of course, should you have any questions with regard to this request, please feel free to give me a call.

Very truly yours,

*Thomas P. Brogan*  
Thomas P. Brogan

TPB/bmd  
cc: Harry J. O'Neill





R.D. 9, Box 9324, Reading, PA 19605-9644

READING (215) 376-6367 PHILADELPHIA (215) 337-8687
HARRISBURG (717) 232-6431 ALLENTOWN (215) 433-4134
FAX (215) 373-3859

September 2, 1993

VERIFIED STATEMENT IN SUPPORT OF THE APPLICATION

1 - Legal name and domicile:

Dickinson Crane & Concrete Pump Services
R.D. #9, Box 9324
Reading, PA 19605-9644

Physical address:

Van Reed Rd.
Bern Township
Reading, PA
Berks County

Operations: Crane and concrete pump rental service

2 - Identity of person making statement: Donald I. Dickinson, President

3 - Volume & frequency of intended use: 200 to 300 truckloads a year,
transporting crane parts.

4 - Origins & destinations vary depending on the location of the job site.

5 - Service needs are currently provided by Dickinson.

6 - Unfortunately, there are times when Dickinson cannot keep up with the
demand and it becomes necessary to seek outside help. Also, on occasion,
emergency jobs arise, requiring Dickinson to seek outside help. Empire
can provide us with immediate service with tractors, flatbeds, and lowboys.

7 - At this time there is no other pertinent information.

8 - Signature of person making statement:

Handwritten signature of Donald I. Dickinson

DONALD I. DICKINSON
PRESIDENT

DOCUMENT
FOLDER

APPENDIX NO. 2

DOCKETED
APPLICATION DOCKET
SEP 22 1993
ENTRY No. [Signature]

PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
Harrisburg, PA 17105-3265

Public Meeting held October 15, 1992

Commissioners Present:

David W. Rolka, Chairman  
Joseph Rhodes, Jr., Vice-Chairman  
Wendell F. Holland, Commissioner

Application of Delaware Valley Contractors, Inc., a corporation of the Commonwealth of Pennsylvania, for the transfer of all of the operating rights of Nothstein Bros., Inc., a corporation of the State of Delaware, under the certificate issued at A-00085368, F. 1 and F. 2, subject to the same limitations and conditions.

A-00110333

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Thomas P. Brogan for the applicant.

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O R D E R

BY THE COMMISSION:

This matter comes before the Commission on an application filed July 2, 1992. Public notice of the application was given in the Pennsylvania Bulletin of August 15, 1992. The unopposed application is certified to the Commission for its decision without oral hearing.

Delaware Valley Contractors, Inc., seeks to initiate common carrier service in Pennsylvania by acquiring all of the operating rights of Nothstein Bros., Inc. Delaware Valley Contractors, Inc., is a Pennsylvania corporation domiciled at Reading, Berks County. It currently operates as an excavator and contractor and has experience in the safe operation of over the road motor vehicle equipment. It has a fleet of vehicles suitable to provide transportation under the rights to transfer. It maintains a fleet of 60 radio dispatched trucks including single-axle, 10-wheelers, tri-axle and tractor trailers. In the operation of the excavating and contracting business, a comprehensive safety program is in place.

All of the stock of Delaware Valley Contractors, Inc., is owned by O'Neill Financial, Inc. The officers of the applicant are Harry J.

O'Neill, III, its president, Todd M. O'Neill, its vice president and secretary and Wayne S. Frost, its treasurer. The applicant's financial capacity is evidenced by submission of a consolidated balance sheet dated October 31, 1991 reporting total assets of \$6,800,755 with total liabilities of \$4,021,900.

The total consideration for the rights is \$150,000. No tangible assets are involved. The sales agreement requires the consideration to be paid as follows: the total purchase price of \$150,000 has been placed in escrow with the amount to be released at closing which is to occur within 15 days of issuance of the order approving the transfer application.

We are modifying the first right to transfer to the applicant to update that authorities language to current useage and avoid any possible confusion regarding the phrase "as usually transported in dump trucks".

The first right to transfer authorizes the transportation of cement blocks and building construction materials, such as are usually transported in dump trucks, (emphasis added) between points not to exceed a distance of twenty-five (25) miles from point of origin to point of destination in the counties of Lehigh, Northampton, Berks and Schuylkill.

A review of the record in the 1935 renewal of the certificate of public convenience issued to Ray Nothstein, original authority holder, who subsequently transferred the authority to the partnership trading as Nothstein and Sons, which subsequently transferred the authority to Nothstein Bros.,<sup>X</sup> Inc., reveals that Ray Nothstein operated a single 1934 International dump truck. This single truck was used for the transportation of cement block and building construction materials. It is apparent the original intent of this initial authority was transportation using a dump truck. The use of the phrase, "as usually transported in dump trucks", adds an element of ambiguity to this authority which can be eliminated by deleting "as usually transported". This change is justified by the record and is in conformance with the original intention of the right. The language, "such as are usually transported in dump trucks", will be modified so that the right will now simply read in dump trucks.

A review of the record before us indicates that the applicant possesses the requisite experience, equipment and financial capacity to provide the proposed service.

The authority to be transferred has been operated by the transferor, therefore, it is presumed that there is a continuing public need, which may be overcome only by evidence to the contrary. In re: Byerly, 440 Pa. 521 (1970); Hostetter v. Pa. P.U.C., 160 Super. Ct. 94 (1947). Since the record is void of any such evidence, this presumption of continuing public need applies in this transfer proceeding.

We find:

1. The applicant is fit, willing and able to provide the service proposed.

2. Transfer of the authority is in the public interest and is necessary for the continued accommodation and convenience of the public; THEREFORE,

IT IS ORDERED: That the transfer application be and is hereby approved and that a certificate be issued granting the following rights:

1. To transport, as a Class D carrier, cement blocks and building construction materials, in dump trucks, between points not to exceed a distance of twenty-five (25) miles from point of origin to point of destination in the counties of Lehigh, Northampton, Berks and Schuylkill.
2. To transport, as a Class D carrier, potatoes for Isadore Asabell from farms in Lehigh, Northampton, Berks, Bucks and Montgomery Counties to markets in the city of Philadelphia, provided that no right, power or privilege is granted to transport property on return trips from Philadelphia.
3. To transport, as a Class D carrier, lawfully mines and lawfully prepared coal from stripping operations, slush banks and culm banks in the county of Schuylkill to points in the said county excluding transportation to coal yards or dealers, provided no haul shall exceed a distance of twenty-five (25) miles from point of origin to point of destination.
4. To transport, as a Class D carrier, ground, sand, stone, slag, cinders, cement blocks, black top, gravel and spar, in bulk (not in containers) in dump trucks, between points in the counties of Schuylkill, Montgomery, Bucks, Berks, Carbon, Monroe, Lehigh, Northampton and Lebanon.
5. To transport, as a Class D carrier, sand and stone, in dump trucks and dump trailers, from the village of Little Gap, Carbon County, to points within an airline distance of one hundred sixty-five (165) miles of the limits of the township of Upper Macungie, Lehigh County.

6. To transport, as a Class D carrier, slag, in dump trucks and dump trailers, from the boroughs of Birdsboro, Berks County, and Glendon, Northampton County, and the village of Hokendauqua, Lehigh County, to points within an airline distance of one hundred sixty-five (165) miles of the limits of the township of Upper Macungie, Lehigh County.
7. To transport, as a Class D carrier, stone, in dump trucks and dump trailers, from points in the county of Lancaster to points in the counties of Lebanon, Lancaster, York, Berks, Chester and Delaware.
8. To transport, as a Class D carrier, stone, in dump trucks and dump trailers, from points in the county of Lebanon to points in the counties of Lancaster, York, Chester and Delaware.
9. To transport, as a Class D carrier, slag in dump trucks and dump trailers, from points in Pennsylvania to the plant of the Celotex Corporation in the village of Harding, Luzerne County.
10. To transport, as a Class D carrier, slag, stone, clinker, cinders and ash from points in the counties of Lehigh and Northampton to points within an airline distance of one hundred sixty-five (165) miles of the limits of the township of Upper Macungie, Lehigh County, and from points within an airline distance of one hundred sixty-five (165) miles of the limits of the township of Upper Macungie, Lehigh County, to points in the counties of Lehigh and Northampton;

Rights 9 and 10 subject to the following conditions:

That no right, power or privilege is granted to transport commodities in bulk in tank vehicles or in hopper-type vehicles.

That no right, power or privilege is granted to transport slag from the counties of Lebanon and Dauphin, except to the plant of the Celotex Corporation, in the village of Harding, Luzerne County, and except as presently authorized.

That no right, power or privilege is granted to transport slag to the borough of Steelton, Dauphin County, and the city of Lebanon and the township of Mill Creek, Lebanon County,

except from the plant of the Bethlehem Steel Company in the city of Bethlehem, Northampton and Lehigh Counties, and except as presently authorized.

11. To transport, as a Class D carrier, stone, in dump trucks and dump trailers, from points in Pennsylvania (excluding the counties of Montgomery, Adams, Clinton, Lycoming, Montour and York) to the plant of the Celotex Corporation in the village of Harding, Exeter Township, Luzerne County.
12. To transport, as a Class D carrier, stone, in dump trucks and dump trailers, from the plants of Eastern Industries, Inc., located in the township of Maxatawny and the township of Oley, Berks County, to points in the township of Upper Macungie, Lehigh County, and within an airline distance of one hundred sixty-five (165) statute miles of the limits of the said township, and the return of refused or rejected shipments;

Right 12 subject to the following condition:

That no right, power or privilege is granted to render service to points in the counties of Delaware, Chester and Philadelphia.

13. To transport, as a Class D carrier, sand and stone, in dump trucks and dump trailers, from the plant of Berks Silica Sand Company in the township of Alsace, Berks County, to points in the township of Upper Macungie, Lehigh County, and within an airline distance of one hundred sixty-five (165) statute miles of the limits of the said township, and the return of refused and rejected shipments;

Right 13 subject to the following condition:

That no right, power or privilege is granted to render service to points in the counties of Delaware, Chester, Philadelphia, Bucks and Montgomery, except as presently authorized.

14. To transport, as a Class D carrier, silica flour from the plant of the Berks Silica Sand Company in the township of Alsace, Berks County, to points in the township of Upper

Macungie, Lehigh County, and within an air-line distance of one hundred sixty-five (165) statute miles of the limits of the said township, and the return of refused and rejected shipments to the point of origin.

15. To transport, as a Class D carrier, coal, in dump trucks and dump trailers, between the plants of Coplay Cement Manufacturing Company in the counties of Lehigh and Northampton.
16. To transport, as a Class D carrier, property, for Rhodes Coal Co., between points in Pennsylvania;

Right 16 subject to the following conditions:

That no right, power or privilege is granted to transport coal between points in the counties of Cambria, Indiana, Somerset and Westmoreland.

That no right, power or privilege is granted to transport petroleum products, in bulk in tank vehicles.

17. To transport, as a Class D carrier, sand and crushed stone, in bulk in dump trucks (not in containers), for Martin Limestone, Inc., from its facilities located in Earl Township, Lancaster County, to the facilities of United States Steel Corporation located in Bucks County.
18. To transport, as a Class D carrier, sand and crushed stone, in dump trucks (not containers), for Valley Forge Stone, from its facilities in the township of Honeybrook, Chester County, to the facilities of United States Steel Corporation, in the county of Bucks, Lehigh Valley Block in the county of Lehigh, and points in the counties of Chester, Delaware and Lancaster.

subject to the following general conditions:

1. That the approval hereby given is not to be understood as committing the Commission, in any proceedings that may be brought before it for any purpose, to fix a valuation on the property and rights to be acquired by applicant from the present certificate holder equal to the consideration to be paid therefor, or equal to any value that may be placed thereon by

applicant, or to approve or prescribe rates sufficient to yield a return thereon.

2. That applicant shall not record in its utility accounts any amount representing the rights herein granted in excess of the actual cost of such rights to the original holder thereof.
3. That the applicant charge to Account 1550, Other Intangible Property, \$150,000, being the amount of the consideration payable by it for the rights and going concern value attributable thereto; less any amount recorded under condition 2 above; and subject to further adjustment due to any normal interim transactions to the date of actual transfer.
4. That the accounts of the transferee shall reflect the same book values as the records of the transferor at the effective date of the transfer, any previously recorded appreciation having been deleted therefrom; provided that the applicant shall not record in its utility accounts any amounts representing the rights herein granted in excess of the actual cost of such rights to the original holder thereof.
5. That the operating authority granted herein, or now held or subsequently granted to the applicant to the extent that it is duplicative shall not be construed as conferring more than one operating right.
6. That the certificate holder shall not transfer, sell or in any way convey any of its outstanding capital stock to any individual, partnership, corporation or any entity, without the prior filing of an application and approval thereof by the Commission under 66 PA C.S.A. §1102(a)(3).

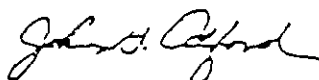
IT IS FURTHER ORDERED: That the applicant shall not engage in any transportation granted herein until it has complied with the requirements of the Pennsylvania Public Utility Code and the rules and regulations of this Commission relative to the filing and acceptance of evidence of insurance and a tariff establishing just and reasonable rates.

IT IS FURTHER ORDERED: That upon compliance with the requirements above set forth, a certificate issue evidencing the Commission's approval of the right to operate as above-determined.

IT IS FURTHER ORDERED: That in the event said applicant has not, on or before sixty (60) days from the date of the service of this order, complied with the requirements hereinbefore set forth, the application shall be dismissed without further proceedings.

IT IS FURTHER ORDERED: That upon compliance with this order, the rights granted the transferor, Nothstein Bros., Inc., a corporation of the State of Delaware, at A-00085368, F. 1 and F. 2 be cancelled and the record be marked closed.

BY THE COMMISSION,



John G. Alford  
Secretary

(SEAL)

ORDER ADOPTED: October 15, 1992

ORDER ENTERED: OCT 22 1992

PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
Harrisburg, PA 17105-3265

Public Meeting held October 15, 1992

Commissioners Present:

David W. Roika, Chairman  
Joseph Rhodes, Jr., Vice-Chairman  
Wendell F. Holland, Commissioner

Application of Delaware Valley Contractors, Inc., a corporation of the Commonwealth of Pennsylvania, for the transfer of all of the operating rights of Nochstein Bros., Inc., a corporation of the State of Delaware, under the certificate issued at A-00085368, F. 1 and F. 2, subject to the same limitations and conditions.

A-00110333

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Thomas P. Brogan for the applicant.

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O R D E R

BY THE COMMISSION:

This matter comes before the Commission on an application filed July 2, 1992. Public notice of the application was given in the Pennsylvania Bulletin of August 15, 1992. The unopposed application is certified to the Commission for its decision without oral hearing.

Delaware Valley Contractors, Inc., seeks to initiate common carrier service in Pennsylvania by acquiring all of the operating rights of Nochstein Bros., Inc. Delaware Valley Contractors, Inc., is a Pennsylvania corporation domiciled at Reading, Berks County. It currently operates as an excavator and contractor and has experience in the safe operation of over the road motor vehicle equipment. It has a fleet of vehicles suitable to provide transportation under the rights to transfer. It maintains a fleet of 60 radio dispatched trucks including single-axle, 10-wheelers, tri-axle and tractor trailers. In the operation of the excavating and contracting business, a comprehensive safety program is in place.

All of the stock of Delaware Valley Contractors, Inc., is owned by O'Neill Financial, Inc. The officers of the applicant are Harry J.

O'Neill, III, its president, Todd M. O'Neill, its vice president and secretary and Wayne S. Frost, its treasurer. The applicant's financial capacity is evidenced by submission of a consolidated balance sheet dated October 31, 1991 reporting total assets of \$6,800,755 with total liabilities of \$4,021,900.

The total consideration for the rights is \$150,000. No tangible assets are involved. The sales agreement requires the consideration to be paid as follows: the total purchase price of \$150,000 has been placed in escrow with the amount to be released at closing which is to occur within 15 days of issuance of the order approving the transfer application.

We are modifying the first right to transfer to the applicant to update that authorities language to current useage and avoid any possible confusion regarding the phrase "as usually transported in dump trucks".

The first right to transfer authorizes the transportation of cement blocks and building construction materials, such as are usually transported in dump trucks, (emphasis added) between points not to exceed a distance of twenty-five (25) miles from point of origin to point of destination in the counties of Lehigh, Northampton, Berks and Schuylkill.

A review of the record in the 1935 renewal of the certificate of public convenience issued to Ray Nochstein, original authority holder, who subsequently transferred the authority to the partnership trading as Nochstein and Sons, which subsequently transferred the authority to Nochstein Bros., Inc., reveals that Ray Nochstein operated a single 1934 International dump truck. This single truck was used for the transportation of cement block and building construction materials. It is apparent the original intent of this initial authority was transportation using a dump truck. The use of the phrase, "as usually transported in dump trucks", adds an element of ambiguity to this authority which can be eliminated by deleting "as usually transported". This change is justified by the record and is in conformance with the original intention of the right. The language, "such as are usually transported in dump trucks", will be modified so that the right will now simply read in dump trucks.

A review of the record before us indicates that the applicant possesses the requisite experience, equipment and financial capacity to provide the proposed service.

The authority to be transferred has been operated by the transferor, therefore, it is presumed that there is a continuing public need, which may be overcome only by evidence to the contrary. In re: Everly, 440 Pa. 521 (1970); Hosstetter v. Pa. P.U.C., 160 Super. Ct. 94 (1947). Since the record is void of any such evidence, this presumption of continuing public need applies in this transfer proceeding.

We find:

1. The applicant is fit, willing and able to provide the service proposed.

2. Transfer of the authority is in the public interest and is necessary for the continued accommodation and convenience of the public; THEREFORE,

IT IS ORDERED: That the transfer application be and is hereby approved and that a certificate be issued granting the following rights:

1. To transport, as a Class D carrier, cement blocks and building construction materials, in dump trucks, between points not to exceed a distance of twenty-five (25) miles from point of origin to point of destination in the counties of Lehigh, Northampton, Berks and Schuylkill.
2. To transport, as a Class D carrier, potatoes for Isadore Asabell from farms in Lehigh, Northampton, Berks, Bucks and Montgomery Counties to markets in the city of Philadelphia, provided that no right, power or privilege is granted to transport property on return trips from Philadelphia.
3. To transport, as a Class D carrier, lawfully mines and lawfully prepared coal from stripping operations, slush banks and cum banks in the county of Schuylkill to points in the said county excluding transportation to coal yards or dealers, provided no haul shall exceed a distance of twenty-five (25) miles from point of origin to point of destination.
4. To transport, as a Class D carrier, ground, sand, stone, slag, cinders, cement blocks, black top, gravel and spar, in bulk (not in containers) in dump trucks, between points in the counties of Schuylkill, Montgomery, Bucks, Berks, Carbon, Monroe, Lehigh, Northampton and Lebanon.
5. To transport, as a Class D carrier, sand and stone, in dump trucks and dump trailers, from the village of Little Gap, Carbon County, to points within an airline distance of one hundred sixty-five (165) miles of the limits of the township of Upper Macungie, Lehigh County.

6. To transport, as a Class D carrier, slag, in dump trucks and dump trailers, from the boroughs of Birdsboro, Berks County, and Glendon, Northampton County, and the village of Hokendauqua, Lehigh County, to points within an airline distance of one hundred sixty-five (165) miles of the limits of the township of Upper Macungie, Lehigh County.
7. To transport, as a Class D carrier, stone, in dump trucks and dump trailers, from points in the county of Lancaster to points in the counties of Lebanon, Lancaster, York, Berks, Chester and Delaware.
8. To transport, as a Class D carrier, stone, in dump trucks and dump trailers, from points in the county of Lebanon to points in the counties of Lancaster, York, Chester and Delaware.
9. To transport, as a Class D carrier, slag in dump trucks and dump trailers, from points in Pennsylvania to the plant of the Celocex Corporation in the village of Harding, Luzerne County.
10. To transport, as a Class D carrier, slag, stone, clinker, cinders and ash from points in the counties of Lehigh and Northampton to points within an airline distance of one hundred sixty-five (165) miles of the limits of the township of Upper Macungie, Lehigh County, and from points within an airline distance of one hundred sixty-five (165) miles of the limits of the township of Upper Macungie, Lehigh County, to points in the counties of Lehigh and Northampton;

Rights 9 and 10 subject to the following conditions:

That no right, power or privilege is granted to transport commodities in bulk in tank vehicles or in hopper-type vehicles.

That no right, power or privilege is granted to transport slag from the counties of Lebanon and Dauphin, except to the plant of the Celocex Corporation, in the village of Harding, Luzerne County, and except as presently authorized.

That no right, power or privilege is granted to transport slag to the borough of Steelton, Dauphin County, and the city of Lebanon and the township of Mill Creek, Lebanon County,

except from the plant of the Bethlehem Steel Company in the city of Bethlehem, Northampton and Lehigh Counties, and except as presently authorized.

11. To transport, as a Class D carrier, stone, in dump trucks and dump trailers, from points in Pennsylvania (excluding the counties of Montgomery, Adams, Clinton, Lycoming, Muncour and York) to the plant of the Calocex Corporation in the village of Harding, Exeter Township, Luzerne County.
12. To transport, as a Class D carrier, stone, in dump trucks and dump trailers, from the plants of Eastern Industries, Inc., located in the township of Maxatawny and the township of Oley, Berks County, to points in the township of Upper Macungie, Lehigh County, and within an airline distance of one hundred sixty-five (165) statute miles of the limits of the said township, and the return of refused or rejected shipments;

Right 12 subject to the following condition:

That no right, power or privilege is granted to render service to points in the counties of Delaware, Chester and Philadelphia.

13. To transport, as a Class D carrier, sand and stone, in dump trucks and dump trailers, from the plant of Berks Silica Sand Company in the township of Alsace, Berks County, to points in the township of Upper Macungie, Lehigh County, and within an airline distance of one hundred sixty-five (165) statute miles of the limits of the said township; and the return of refused and rejected shipments;

Right 13 subject to the following condition:

That no right, power or privilege is granted to render service to points in the counties of Delaware, Chester, Philadelphia, Bucks and Montgomery, except as presently authorized.

14. To transport, as a Class D carrier, silica flour from the plant of the Berks Silica Sand Company in the township of Alsace, Berks County, to points in the township of Upper

Macungie, Lehigh County, and within an air-line distance of one hundred sixty-five (165) statute miles of the limits of the said township, and the return of refused and rejected shipments to the point of origin.

15. To transport, as a Class D carrier, coal, in dump trucks and dump trailers, between the plants of Coplay Cement Manufacturing Company in the counties of Lehigh and Northampton.
16. To transport, as a Class D carrier, property, for Rhodes Coal Co., between points in Pennsylvania;

Right 16 subject to the following conditions:

That no right, power or privilege is granted to transport coal between points in the counties of Cambria, Indiana, Somerset and Westmoreland.

That no right, power or privilege is granted to transport petroleum products, in bulk in tank vehicles.

17. To transport, as a Class D carrier, sand and crushed stone, in bulk in dump trucks (not in containers), for Martin Limestone, Inc., from its facilities located in Earl Township, Lancaster County, to the facilities of United States Steel Corporation located in Bucks County.
18. To transport, as a Class D carrier, sand and crushed stone, in dump trucks (not containers), for Valley Forge Stone, from its facilities in the township of Honeybrook, Chester County, to the facilities of United States Steel Corporation, in the county of Bucks, Lehigh Valley Block in the county of Lehigh, and points in the counties of Chester, Delaware and Lancaster.

subject to the following general conditions:

1. That the approval hereby given is not to be understood as committing the Commission, in any proceedings that may be brought before it for any purpose, to fix a valuation on the property and rights to be acquired by applicant from the present certificate holder equal to the consideration to be paid therefor, or equal to any value that may be placed thereon by

applicant, or to approve or prescribe rates sufficient to yield a return thereon.

2. That applicant shall not record in its utility accounts any amount representing the rights herein granted in excess of the actual cost of such rights to the original holder thereof.
3. That the applicant charge to Account 1550, Other Intangible Property, \$150,000, being the amount of the consideration payable by it for the rights and going concern value attributable thereto; less any amount recorded under condition 2 above; and subject to further adjustment due to any normal interim transactions to the date of actual transfer.
4. That the accounts of the transferee shall reflect the same book values as the records of the transferor at the effective date of the transfer, any previously recorded appreciation having been deleted therefrom; provided that the applicant shall not record in its utility accounts any amounts representing the rights herein granted in excess of the actual cost of such rights to the original holder thereof.
5. That the operating authority granted herein, or now held or subsequently granted to the applicant to the extent that it is duplicative shall not be construed as conferring more than one operating right.
6. That the certificate holder shall not transfer, sell or in any way convey any of its outstanding capital stock to any individual, partnership, corporation or any entity, without the prior filing of an application and approval thereof by the Commission under 66 PA C.S.A. §1102(a)(3).

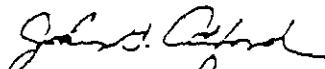
**IT IS FURTHER ORDERED:** That the applicant shall not engage in any transportation granted herein until it has complied with the requirements of the Pennsylvania Public Utility Code and the rules and regulations of this Commission relative to the filing and acceptance of evidence of insurance and a tariff establishing just and reasonable rates.

IT IS FURTHER ORDERED: That upon compliance with the requirements above set forth, a certificate issue evidencing the Commission's approval of the right to operate as above-determined.

IT IS FURTHER ORDERED: That in the event said applicant has not, on or before sixty (60) days from the date of the service of this order, complied with the requirements hereinbefore set forth, the application shall be dismissed without further proceedings.

IT IS FURTHER ORDERED: That upon compliance with this order, the rights granted the transferor, Nothstein Bros., Inc., a corporation of the State of Delaware, ac A-00085368, F. 1 and F. 2 be cancelled and the record be marked closed.

BY THE COMMISSION,



John G. Alford  
Secretary

(SEAL)

ORDER ADOPTED: October 15, 1992

ORDER ENTERED: OCT 22 1992



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P. O. BOX 3265, HARRISBURG, Pa. 17120

October 30, 1991

IN REPLY PLEASE  
REFER TO OUR FILE

A. 00108448

KENNETH E. SANDS, JR ESQUIRE  
528 ELM STREET  
READING PA 19601

Application of EMPIRE WRECKING COMPANY OF READING PENNSYLVANIA

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To Whom It May Concern:

The records of the Commission show that the applicant has complied with the necessary tariff and insurance requirements.

Enclosed is the Contract Carrier Permit evidencing the Commission's approval of the right to operate.

Kindly attach the enclosures to the compliance order previously issued and mailed to your.

Very truly yours,

Jerry Rich, Secretary

EMJ  
Enclosure  
Certified Mail

EMPIRE WRECKING COMPANY OF  
READING PENNSYLVANIA  
1420 CLARION STREET  
READING PA 19601

APPENDIX NO. 2

RECEIVED NOV - 6 1991

PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
Harrisburg, PA 17120

Application of Empire Wrecking  
Company of Reading, Pennsylvania

A-00108448

O R D E R

In accordance with the provisions of Act 294 of 1978 (66 Pa. C.S. §332(h)), the decision of Administrative Law Judge George M. Kashi dated March 28, 1990, has become final without further Commission action; THEREFORE,

IT IS ORDERED:

1. That the application be and is hereby granted to the extent that a need for contract carriage has been evidenced and that a permit be issued granting the following right:

To transport, as a contract carrier, property which because of its size or weight, requires the use of special equipment:

- (a) For the account of Simon Eastern Corporation between points in the counties of Berks, Bucks, Chester, Lancaster, Lebanon, Lehigh, Montgomery and Schuylkill; and
- (b) For the account of Giles and Ransom, Inc. from its facilities at City of Allentown, Township of Bensalem and Borough of Fleetwood to points in the counties of Berks, Chester, Delaware, Lehigh, Montgomery, Northampton, and Philadelphia.

2. That upon compliance with the requirements of the Pennsylvania Public Utility Code and the rules and regulations of the Commission relating to the filing of evidence of insurance and the filing of a schedule of minimum rates and charges in accordance with 66 Pa. C.S.A. §2506, a permit issue evidencing the Commission's approval of the right to operate as above determined.

3. That the issuance of the permit is subject to the Applicant filing an acceptable contract with the Commission in accordance with 66 Pa. C.S.A. §2506 and 52 Pa. Code §31.45.

4. That in the event Applicant has not, on or before 60 days from the date of the service of this order, complied with the requirements set forth above, the application shall be dismissed without further proceedings.

5. That the authority granted herein, to the extent that it duplicates authority now held by or subsequently granted to the Applicant, shall not be construed as conferring more than one operating right.

BY THE COMMISSION,

A handwritten signature in cursive script, appearing to read "Jerry Rich", written over a large, stylized circular mark.

Jerry Rich  
Secretary

(SEAL)

ORDER ENTERED: MAY 24 1990

PENNSYLVANIA  
PUBLIC UTILITY COMMISSION

IN THE MATTER OF THE APPLICATION OF: A. 00108448, Folder 1


EMPIRE WRECKING COMPANY OF READING PENNSYLVANIA

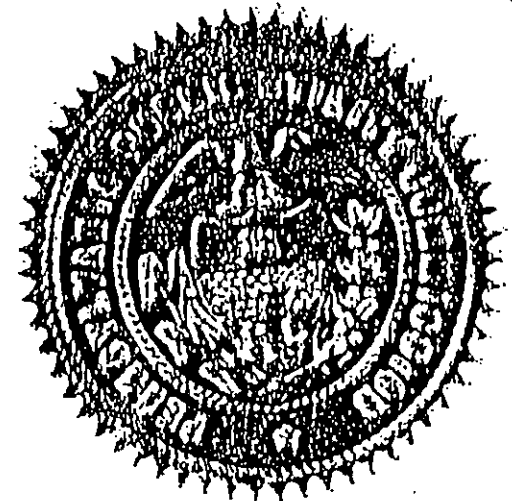
The Pennsylvania Public Utility Commission hereby certifies that after an investigation had on the above entitled application, it has, by its order made and entered, a copy of which is attached hereto and made part hereof, found and determines that the granting of said

**CONTRACT CARRIER PERMIT**

will be consistent with the public interest and the policy declared in Section 2501 of the Public Utility Law, and this permit is issued evidencing its approval of the said application as set forth in said order.

*In Testimony Whereof*, the PENNSYLVANIA PUBLIC UTILITY COMMISSION has caused these presents to be signed and sealed, and duly attested by its Secretary at its office in the city of Harrisburg this 30th day of OCTOBER, 19 91.

  
Secretary



EMPIRE WRECKING COMPANY

OF READING, PA

SAFETY PROGRAM

APPENDIX NO. 3

## TABLE OF CONTENTS

- I. Letter from Management
- II. Objectives
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  - D. Driving Test
- VI. Orientation
  - A. Department of Transportation Physical
  - B. Department of Transportation Test
  - C. Driver Abstract
- VII. Driver Training Program
  - A. Selection Criteria

To: ALL EMPLOYEES  
From: EMPIRE WRECKING COMPANY OF READING, PA  
Subject: SAFETY

Our people set us apart from the rest of the competition in our industry. It is our people that are the greatest asset we possess. Therefore, it is of vital importance that we all take a look at how our safety habits affect the outcome of the way we perform our jobs. It is our goal at Empire Wrecking to provide the safest environment we can and have the best safety record of the industry. This goal can only be met with the help and cooperation of everyone. We are going to take on a new look at Empire. One that promotes safety and encourages the participation of everyone in getting a trip completed.

To start such a program it is important that a good safety team be initiated from the top and have the full attention and support from upper management. So this is our personal promise to you to do our part to insure that we all have the safest working environment possible.

Harry J. O'Neill  
President

Jim Greenberg  
Fleet Safety Manager

## II. Objective

- A. To encourage and promote a safety consciousness among all employees
- B. To reduce vehicle accidents that are the fault of Empire drivers.
- C. To reduce vehicle accidents that are the fault of other drivers.
- D. To eliminate accidents that are the fault of equipment.
- E. To eliminate injuries to Empire employees and passengers.
- F. To reduce damage to Empire vehicles and equipment.
- G. To reduce damage to other vehicles and equipment.
- H. To control insurance costs by lowering potential liability.
- I. To lower workmen compensation premiums by accomplishing objectives 1-7.
- J. To enhance Empire's reputation for safety.
- K. To provide a system for hiring, promoting, and retaining safety conscious and safety practicing employees.
- I. To provide a method to continually increase driving skills and safety awareness.

## III. Definition of Safety

Safety is not a job or task which can be assigned to any one person. The process begins with a commitment from top management and filters down throughout the company. Top management's attitude and approach towards accident prevention is naturally reflected in the attitude of the supervisors and invariably to the subordinates.

A safety program is often defined as a method by management to share and assign responsibility for accident prevention and to insure performance under that responsibility.

#### IV. Summary of Safety Program

There are five major areas that the fleet safety manager must address when designing the vehicles safety program.

- A. Maintenance and choosing vehicles.
- B. Driver selection
- C. Driver training
- D. Supervision
- E. Safety incentives
- F. Fleet safety records

#### V. Vehicle Maintenance

Inspection will be done by the shop supervisor and operations manager. Inspection will be done in a timely manner and at random. Responsibility will be with the last driver assigned to each vehicle.

##### A. Inspection

- 1. Odometer reading
- 2. Cleanliness check
  - a. Interior
  - b. Exterior
- 3. Fluid levels
  - a. Engine oil
  - b. Washer fluid
  - c. Hydraulic fluids
- 4. Lights
  - a. Headlights and brights
  - b. Turn signals
  - c. License plate
  - d. Tail lights
  - e. Brake lights
  - f. Backing lights
  - g. Dashboard lights
  - h. Marker lights
- 5. Safety Kits
  - a. Reflector kit
  - b. First aid kits
  - c. Registration
  - d. Insurance card
  - e. Accident package
  - f. Fire extinguisher

V. Vehicle Maintenance (continued)

6. Miscellaneous
  - a. Horn
  - b. Mirrors
  - c. Steering
  - d. Wind shield wipers
  - e. Windshield washers
  - f. Heater and defroster
  - g. Air conditioner
  - h. Spare tire and jack
  - i. Tire pressure and condition
7. General running conditions and comments
8. Signed and dated by the inspector

B. Preventative maintenance

The following items are currently used in the scheduled maintenance program

1. Listing of all scheduled maintenance
2. Listing of all warranty limits
3. Listing of a time and site schedule
4. Red flag system to prompt maintenance
5. Communication to base supervisor to inform him of scheduled maintenance
6. Control checks to insure that maintenance is being completed in a timely manner.

V. Driver Selection

The next area to address is driver selection. This section will specify what must be done in order to accomplish Empires objective of providing a system for hiring, promoting, and retaining safety conscious and safety practicing employees.

A. Required Attributes

Proper hiring is where the system begins and if done properly solves most problems and prevents so many others. There are many capable drivers who possess the skills and attributes to become safe and conscientious drivers. Listed below are the skills and attributes we look for when hiring a new driver:

1. Reliability
2. Promptness
3. Safety Awareness
4. Possessing safety skills and knowledge

In order to obtain drivers with the fore mentioned skills, attributes and abilities, Empire uses the following tools in the driver selection process;

1. The application form
2. Investigation of applicant
3. The employment interview
4. Written test
5. Driving test
6. Physical examination

Listed as appendix C is an example of Empires application for employment. Attached to the application is a note which informs the applicant that a physical is required which involves drug testing, as required by the Department of Transportation. If applicable in the hiring state, the application also informs the individual that he will need to acquire a CDL License. The application also contains the following which is important for the supervisor to make a good choice in selecting drivers:

1. Applicants names, date of birth, and social security number
2. Previous address for a period of three years.
3. In case of emergency information
4. Position expectation
5. Empire past employment history if applicable
6. Educational background
7. General information, ever bonded, ever convicted of a felony
8. Physical limitations.
9. Date of last D.O.T. physical
10. Employment record for the past 7 years
11. Driver qualifications. includes license information
12. Driving experience, details, certifications, awards
13. Accident review for past three years
14. Traffic convictions and forfeitures for the past three years
15. A signed statement from the applicant stating that all this information is true

An application is useless unless the examiner uses the information on the application correctly in order to hire the best possible applicants. Listed below are mandatory reasons for the examiner to immediately disqualify the applicant:

1. Applicant has unsatisfactory driving record
  - a. More than 1 moving violation
  - b. An at fault accident within the past 12 months
2. Applicant possess an invalid or expired drivers license
3. Applicant has stated that he has been convicted of driving while intoxicated or using illegal drugs
4. Applicant indicates a conviction for reckless driving
5. Failure to pass Empires traffic and knowledge test
6. No CDL license

Refer to appendix D for an example of the application review checklist.

Once the application has been reviewed and the applicant is still under consideration, the examiner should verify the past employment with his/her past employer. Often times the previous employer will be reluctant to divulge any information. The most important question and a question which will usually be answered is: Would you be willing to rehire the applicant if given the chance? If the answer is no, and there are other negative factors the applicant should not be brought in for an interview.

If the applicant passes the initial screening, an interview will be conducted. This is a very important aspect because at this time much more personal information can be obtained. Listed below are the appropriate actions the supervisor should take to any yes answerers tot he following pre-employment interview questions:

1. Have you ever been employed by Empire before? Contact home office.
2. Are there any times when you are unavailable to work? Determine if their is a problem.
3. Have you ever drawn workmens compensation or a pension benefit? Obtain details and contact Home Office.
4. Have you ever been fired forma job? Obtain details

Pre-employment interview questions (continued)

5. Have you ever had any type of mental illness?  
Contact home office.
6. Have you ever been arrested for D.U.I.?  
Automatic rejection.
7. Has drinking interfered with your work?  
Automatic rejection.
8. Have you ever had your drivers license suspended or  
revoked?  
Obtain details.
9. Have you ever been convicted of an offense other than a  
traffic violation.
10. Have you ever been injured on the job?  
Obtain details.
11. Do you have a phone? No.  
Automatic rejection.
12. Do you own a car? No.  
Weigh in hiring decision.
13. How far do yo live from this Empire Yard?  
Weigh in hiring decision.
14. Are all the above answers true and correct?

See appendix E for the pre-employment interview form.

In addition to the questions listed above, Empire feels that such can be learned from a series of open ended questions which the supervisor may pick from at his discretion.

1. What have you done that you are proud of?
2. What aspects of your last job did you like best?
3. What did you do at your last job?
4. Why did you leave your last job?
5. Would you tell me about the ups and downs of your health  
in the past few years?
6. If you could of made one suggestion to management, what  
would it have been?
7. What else would you like to know about this job?

If after the interview is conducted, and the examiner still wishes to hire the applicant, a driving test is conducted by the base supervisor.  
(See appendix B)

#### VI. Orientation

If the applicant passes all the aforementioned tests he or she is informed at the conclusion of the test that they are hired for a probationary period. The probationary period lasts for 90 days. At this point the orientation period begins. The orientation consists of:

1. A physical is scheduled which is designed to test one's physical health and for the presence of drugs. All people who fail the physical are dismissed and if applicable referred to a drug rehabilitation clinic.
2. Newly hired drivers are given an Empire revised test designed to increase ones knowledge of the rules and regulations regarding safety procedures, as set forth by the Department of Transportation. See appendix H for the questions.  
See appendix I for the answers.
3. All questions and answers for the aforementioned test are reviewed by the supervisor, and the newly hired person, to maximize comprehension and retention of knowledge.
4. A driver abstract is ordered from the applicable state, in order to insure accurate driving history information. Any abstract which contains driving information that has been previously listed as cause for dismissal or beyond the Empire aforementioned limits is cause for immediate dismissal.
5. The driver is verbally informed of this safety incentive program and encouraged to participate.

With the aforementioned in mind, Empire has decided upon the following delegation of duties:

#### PRESIDENT

- A. Is responsible to review all accident statistics compiled by the Fleet Safety Manager.
- B. Works together with the Fleet Safety Manager whenever an insurance claim exists.
- C. Instills the appropriate attitude and stresses the importance of the safety program to all members of the company

### Fleet Safety Manager

- A. Oversees entire safety program.
- B. Reports directly responsible to review all accident statistics
- C. Primary concern is accident and injury prevention
- D. Involved in all aspects of the transportation service to insure safety is a primary concern in all management decisions.
- E. Creator and observer of safety training procedures and education.
- F. Never Drives an unsafe vehicle.

### Maintenance Director

- A. Insures that all vehicles are repaired properly and in a timely manner.
- B. Insures that All preventative maintenance is completed in a timely manner.
- C. Inspects truck and trailers on random basis to insure that vehicles are being inspected by drivers
- D. Reports safety information to Fleet Safety Officer
- E. Relays information to driver from safety officer & safety officer.
- F. Informs supervisor and driver of new safety issues and requirements
- G. Report potential accident and injury occurrence
- H. Conducts the safety incentive program in conjunction with the Fleet Safety Manager.

### Dispatcher

- A. Reports potential accident and injury occurrence.
- B. Informs and explains safety issues and requirements to drivers.
- C. Obtains required repair information from drivers and supervisors.
- D. Informs drivers of pertinent weather conditions.
- E. Monitors drivers behavior to insure safe behavior.

## Drivers

- A. Completes all pre-trip inspections.
- B. Relays all needed repair ID to supervisor and or dispatcher.
- C. Completes all accident reports completely and accurately.
- D. Drives in a safe manner and is safety conscious.
- E. Insists all passengers abide by all safety requirements.

The next area that needs to be addressed is a means to determine if the safety education is actually being followed and used on the road. Listed below are some methods for monitoring the drivers actions on the road.

- 1. Fleet safety supervisor making surprise inspections and taking trips with the drivers when directed by the safety manager.
- 2. Placing signs on the rear of each van with our toll free number so that any concerned individual may relay comments.  
relay comments.
- 3. The monitoring methods as described in the incentive program.
- 4. A thorough accident investigation.

After a means for monitoring a drivers safety performance has been implemented, a policy for disciplinary and termination actions must be initiated. Listed below is Empire's stop/loss program:

- 1. First nonpreventable accident
  - a. Reprimand and explanation of the importance of defensive driving by the safety manager.
  - b. No awards will be given.
- 2. Second nonpreventable accident
  - a. Reprimand and explanation of the importance of defensive driving from the safety manager.
  - b. Possible suspension
  - c. Possible termination
- 3. First preventable accident
  - a. Reprimand and explanation of the importance of defensive driving by the fleet safety manager
  - b. Automatic three day suspension
  - c. Possible termination
- 4. Second preventable accident
  - a. Mandatory termination

5. Not reporting an accident
  - a. Mandatory termination
6. Driving while intoxicated (in any vehicle)
  - a. Mandatory termination
7. First moving violation
  - a. Reprimand and explanation of the importance of defensive driving by the fleet safety manager
8. Second moving violation within three years
  - a. Reprimand and explanation of the importance of defensive driving by the fleet safety manager.
9. Second moving violation within one year
  - a. Reprimand and explanation of the importance of defensive driving by the fleet safety manager.
  - b. Mandatory suspension.
  - c. Possible termination.
10. Three moving violations within a three year period
  - a. Mandatory termination
11. Reckless driving conviction
  - a. Mandatory termination

Any combination of the above that may lead the fleet safety manager to believe that a driver may be unsafe will be grounds for dismissal.

PRE-EMPLOYMENT INTERVIEW FORM

Applicant \_\_\_\_\_

Date \_\_\_\_\_

Position \_\_\_\_\_

Interviewer \_\_\_\_\_

1. Have you ever been employed by Empire Wrecking before?
2. Are there any times when you are unavailable to work?
3. Have you ever been fired from a job?
4. Have you ever has any type of mental illness?
5. Have you ever been arrested for D.U.I.?
6. Has drinking interfered with your work?
7. Have you ever has your drivers license suspended or revoked?
8. Have you drawn a pension or workmens compensation?
9. Have you ever been convicted of an offense other than a traffic violation?
10. Do you have a phone?
11. Do you own a car?
12. Have you ever been injured on the job?
13. How far do you live from this \_\_\_\_\_ yard?
14. Are all the above answers true and correct?

Applicants Signature \_\_\_\_\_

OPTIONAL PRE EMPLOYMENT OPEN ENDED QUESTIONS

Applicants Name \_\_\_\_\_

Date \_\_\_\_\_

1. What have you done that you are proud of?
2. What aspects of your last job did you like best?
3. What did you do at your last job?
4. Why did you leave your last job?
5. Would you tell me about the ups and downs of your health the past few years?
6. If you could of made one suggestion ot management, what would it of been?
7. What also would you like to know about this job?

---

O'NEILL FINANCIAL, INC.  
CONSOLIDATED FINANCIAL REPORT  
(Reviewed)

OCTOBER 31, 1992

Beard  
& Company  
INC.  
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors  
O'Neill Financial, Inc.  
Reading, Pennsylvania

We have reviewed the accompanying consolidated balance sheets of O'Neill Financial, Inc. and subsidiaries as of October 31, 1992 and 1991, and the related consolidated statements of income, retained earnings and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All of the information included in those financial statements is the representation of the management of O'Neill Financial, Inc.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in conformity with generally accepted accounting principles.

*Beard & Company Inc*

Reading, Pennsylvania  
March 4, 1993

CONSOLIDATED BALANCE SHEETS  
 October 31, 1992 and 1991  
 See Accountant's Report

| ASSETS                                      | 1992                | 1991                |
|---|---------------------|---------------------|
| <b>CURRENT ASSETS</b>                       |                     |                     |
| Cash  | \$ 106,396          | \$ 138,890          |
| Accounts receivable:                        |                     |                     |
| Trade and contract, including retention     |                     |                     |
| 1992 \$ 12,480; 1991 \$ 266,403             | 2,533,563           | 2,226,702           |
| Affiliates                                  | 132,976             | 102,256             |
| Other                                       | 21,530              | 3,125               |
| Costs and estimated earnings in excess of   |                     |                     |
| billings on uncompleted contracts           | 593,146             | 174,881             |
| Real estate development in progress         | 1,561,416           | 691,200             |
| Prepaid income taxes                        | 236,150             | 47,800              |
|   | <u>5,185,177</u>    | <u>3,384,860</u>    |
| <b>INVESTMENTS</b>                          |                     |                     |
| Property held for lease, less accumulated   |                     |                     |
| depreciation 1992 \$ 29,755; 1991 \$ 18,448 | 760,399             | 284,740             |
| Partnerships and joint ventures             | 381,542             | 545,400             |
| Land held for resale, at cost               | 564,464             | 505,900             |
| Leveraged leases                            | 38,406              | 49,700              |
|   | <u>1,744,811</u>    | <u>1,385,740</u>    |
| <b>PROPERTY AND EQUIPMENT</b>               |                     |                     |
| Land and land improvements                  | 150,000             | 345,500             |
| Buildings                                   | 130,000             | 130,000             |
| Machinery and equipment                     | 5,387,323           | 5,244,000           |
|   | <u>5,667,323</u>    | <u>5,719,500</u>    |
| Less accumulated depreciation               | 4,406,464           | 3,784,500           |
|   | <u>1,260,859</u>    | <u>1,934,000</u>    |
| <b>DEFERRED INCOME TAXES</b>                |                     |                     |
|   | 66,666              | 66,666              |
| <b>OTHER ASSETS</b>                         |                     |                     |
|   | 23,645              | 28,000              |
|   | <u>\$ 8,281,158</u> | <u>\$ 6,800,000</u> |
|   | <u>=====</u>        | <u>=====</u>        |

See Notes to Consolidated Financial Statements.

| LIABILITIES AND SHAREHOLDERS' EQUITY   | <u>1992</u>         | <u>1991</u>         |
|--|---------------------|---------------------|
| CURRENT LIABILITIES  |                     |                     |
| Notes payable  | \$ 875,000          | \$ -                |
| Current maturities of long-term debt   | 708,832             | 609,406             |
| Accounts payable:  |                     |                     |
| Trade  | 1,871,004           | 938,226             |
| Affiliates   | 112,996             | 138,710             |
| Billings in excess of costs and estimated earnings on uncompleted contracts  | 71,446              | 353,293             |
| Accrued expenses   | 58,912              | 309,687             |
| Income taxes payable   | 27,894              | -                   |
|  | <u>3,726,084</u>    | <u>2,349,322</u>    |
| LONG-TERM DEBT, less current portion   | <u>2,248,059</u>    | <u>1,603,141</u>    |
| DEFERRED INCOME TAXES ARISING FROM LEVERAGED LEASES  | <u>41,227</u>       | <u>66,437</u>       |
| SHAREHOLDERS' EQUITY   |                     |                     |
| Capital stock:   |                     | 21                  |
| Preferred, 14% noncumulative, voting, \$ 100 par value; authorized 250,000 shares; issued and outstanding 3,301 shares | 330,100             | 330,100             |
| Class A common, voting, \$ 10 par value; authorized 500,000 shares; issued and outstanding 5,501 shares                | 55,010              | 55,010              |
| Class B common, nonvoting, \$ 10 par value; authorized 250,000 shares; issued 16,501 shares                            | 165,010             | 165,010             |
| Additional paid-in capital   | 1,000               | 1,000               |
| Retained earnings  | <u>1,929,409</u>    | <u>2,445,476</u>    |
|  | <u>2,480,529</u>    | <u>2,996,596</u>    |
| Less cost of 3,617 shares of Class B common stock acquired for the treasury  | <u>214,741</u>      | <u>214,741</u>      |
|  | <u>2,265,788</u>    | <u>2,781,855</u>    |
|  | <u>\$ 8,281,158</u> | <u>\$ 6,800,755</u> |
|  | =====               | =====               |

CONSOLIDATED STATEMENTS OF INCOME  
Years Ended October 31, 1992 and 1991  
See Accountant's Report

|  | <u>1992</u>         | <u>1991</u>       |
|--|---------------------|-------------------|
| Revenues earned  | \$ 15,724,855       | \$ 14,960,944     |
| Cost of earned revenues  | <u>13,990,501</u>   | <u>12,977,997</u> |
| Gross profit   | 1,734,354           | 1,982,947         |
| Other operating revenues, rental income, net of<br>expenses including depreciation 1992 \$ 11,307;<br>1991 \$ 12,339 | <u>105,319</u>      | <u>24,490</u>     |
|  | 1,839,673           | 2,007,437         |
| Operating expenses   | <u>2,158,221</u>    | <u>1,338,900</u>  |
| Operating income (loss)  | <u>(318,548)</u>    | <u>668,537</u>    |
| Nonoperating income (expense):   |                     |                   |
| Interest expense   | (249,898)           | (216,373)         |
| Gain on sale of assets   | 9,248               | 205,228           |
| Equity in income (losses) of partnerships and<br>joint ventures  | 113,990             | (97,763)          |
| Other expense  | <u>(11,728)</u>     | <u>(37,243)</u>   |
|  | <u>(138,388)</u>    | <u>(146,151)</u>  |
| Income (loss) before income taxes  | (456,936)           | 522,386           |
| Provision for income taxes   | <u>34,373</u>       | <u>182,690</u>    |
| Net income (loss)  | <u>\$ (491,309)</u> | <u>\$ 339,696</u> |

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS  
 Years Ended October 31, 1992 and 1991  
 See Accountant's Report

|                    | <u>1992</u>           | <u>1991</u>           |
|--------------------|-----------------------|-----------------------|
| Balance, beginning | \$ 2,445,476          | \$ 2,130,537          |
| Net income (loss)  | (491,309)             | 339,696               |
| Dividends          | <u>(24,758)</u>       | <u>(24,757)</u>       |
| Balance, ending    | \$ 1,929,409<br>===== | \$ 2,445,476<br>===== |

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS  
Years Ended October 31, 1992 and 1991  
See Accountant's Report

|  | <u>1992</u>        | <u>1991</u>      |
|--|--------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                    |                  |
| Net income (loss)  | \$ (491,309)       | \$ 339,696       |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: |                    |                  |
| Depreciation   | 694,120            | 866,984          |
| Equity in (income) losses of partnerships and joint ventures                                       | (113,990)          | 97,763           |
| Gain on sale of assets   | (9,248)            | (205,228)        |
| Deferred income taxes  | (25,210)           | (85,502)         |
| Change in assets and liabilities:  |                    |                  |
| (Increase) decrease in:  |                    |                  |
| Accounts receivable  | (355,986)          | 309,202          |
| Costs and estimated earnings in excess of billings on uncompleted contracts                        | (418,263)          | (57,379)         |
| Real estate development in progress  | (1,013,506)        | (517,952)        |
| Prepaid income taxes   | 60,092             | (67,945)         |
| Other assets   | 5,030              | (7,060)          |
| Increase (decrease) in:  |                    |                  |
| Accounts payable   | 907,064            | (27,939)         |
| Billings in excess of costs and estimated earnings on uncompleted contracts                        | (281,847)          | 167,432          |
| Accrued expenses   | (250,775)          | 79,066           |
| Income taxes payable   | (220,543)          | 56,035           |
| Net cash provided by (used in) operating activities  | <u>(1,514,371)</u> | <u>947,173</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                    |                  |
| Proceeds from sale of assets   | 39,248             | 351,362          |
| Purchase of property held for lease  | -                  | (89,000)         |
| Rentals received from leveraged leases   | 11,573             | 22,590           |
| Purchase of land held for resale   | (39,882)           | (250,554)        |
| Distributions received from (capital contributions to), partnerships and joint ventures            | 81,160             | (246,599)        |
| Purchase of property and equipment   | <u>(204,608)</u>   | <u>(768,944)</u> |
| Net cash used in investing activities  | <u>(112,709)</u>   | <u>(981,145)</u> |

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)  
Years Ended October 31, 1992 and 1991  
See Accountant's Report

|   | <u>1992</u>         | <u>1991</u>         |
|---|---------------------|---------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES              |                     |                     |
| Net borrowings on revolving credit agreements     | \$ 875,000          | \$ -                |
| Proceeds from long-term borrowings                | 1,788,853           | 1,456,883           |
| Principal payments on long-term borrowings        | (1,044,509)         | (1,329,945)         |
| Cash dividends paid                               | (24,758)            | (24,757)            |
|   | <u>1,594,586</u>    | <u>102,181</u>      |
| Net cash provided by financing activities         | 1,594,586           | 102,181             |
| Increase (decrease) in cash                       | (32,494)            | 68,209              |
| Cash:   |                     |                     |
| Beginning   | <u>138,890</u>      | <u>70,681</u>       |
| Ending  | \$ 106,396<br>===== | \$ 138,890<br>===== |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION |                     |                     |
| Cash payments for:                                |                     |                     |
| Interest  | \$ 249,898<br>===== | \$ 216,373<br>===== |
| Income taxes                                      | \$ 221,980<br>===== | \$ 278,669<br>===== |

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(See Accountant's Report)

## Note 1. Nature Of Business And Significant Accounting Policies

## Nature of business:

O'Neill Financial, Inc. provides executive and management services to its subsidiaries. Empire Wrecking Co. of Reading, PA operates in the construction industry which includes real estate development (primarily excavation, demolition and salvage), sale of building materials and as a general contractor. Empire Builders and Contractors, Inc. is also in the construction industry, primarily home building and renovations. Empire Equipment Leasing Co. rents and maintains heavy equipment used by the other subsidiaries. Empire Realty, Inc. invests primarily in real estate for rent to third parties or holds land for future development. Empire Wrecking of Delaware Co., Inc. derives income from the use of the "Empire Wrecking Co." name through the collection of royalties. Elk Transportation, Inc. is a contract carrier of various materials, including construction waste and hazardous materials.

The Companies operate primarily in eastern Pennsylvania, except for Elk Transportation, Inc. which services the entire United States. Financial instruments which potentially subject the Companies to a concentration of credit risk consist primarily of trade or contract accounts receivable.

## Principles of consolidation:

The consolidated financial statements include the accounts of O'Neill Financial, Inc. (the Company) and its wholly-owned subsidiaries, Empire Wrecking Co. of Reading, PA, Empire Realty, Inc., Empire Equipment Leasing, Inc., Empire Builders and Contractors, Inc., Elk Transportation, Inc. and Empire Wrecking of Delaware Co., Inc. All significant intercompany accounts and transactions have been eliminated in consolidation.

The Company also owns 100% of the outstanding common stock of Berks Transfer, Inc. and Empire Building Products, Inc., which are currently inactive.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(See Accountant's Report)

## Note 1. Nature Of Business And Significant Accounting Policies (Continued)

## Accounting basis for recording income:

Income from construction contracts is recorded on the percentage of completion method. Under this method, income on contracts is recorded on the basis of the Company's estimates of the percentage of completion of individual contracts, commencing when progress reaches a point where experience is sufficient to estimate final results with reasonable accuracy. That portion of the total price is accrued which is allocable, on the basis of the Company's estimates of the percentage of completion, to contract expenditures incurred and work performed. As some of these contracts extend over one or more years, revisions in cost and profit estimates during the course of the work are reflected in the accounting period in which the facts which require the revision become known. At the time a loss on a contract becomes known, the entire amount of the estimated ultimate loss is accrued.

Home sales are included in revenues when title is transferred<sup>22</sup> to the buyer, using the full accrual method.

## Property and equipment:

Property and equipment is carried at cost. Depreciation is computed generally on an accelerated basis over the following estimated useful lives of the respective classes of property:

|                         | <u>Years</u> |
|-------------------------|--------------|
| Buildings               | 15 - 31-1/2  |
| Machinery and equipment | 3-10         |

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(See Accountant's Report)

Note 1. Nature Of Business And Significant Accounting Policies (Continued)

Income tax matters:

The Company files its federal income tax return on a consolidated basis with its subsidiaries. The members of the consolidated group have elected to allocate federal income taxes among the members of the group by the separate company method, under which the parent company makes payments to any member of the group for the income tax reductions resulting from the member's inclusion in the consolidated return, or the member makes payments to the parent company for its allocated share of the consolidated income tax liability.

Real estate development in progress:

Real estate development in progress includes all direct costs of land development and have construction incurred during the construction period, which is not in excess of net realizable value.

Note 2. Costs And Estimated Earnings On Contracts

|   | <u>1992</u>      | <u>1991</u>      |
|---|------------------|------------------|
| Costs incurred on uncompleted contracts | \$ 2,725,302     | \$ 1,567,000     |
| Estimated earnings                      | 387,461          | 244,490          |
|   | <u>3,112,763</u> | <u>1,811,490</u> |
| Less billings to date                   | <u>2,591,063</u> | <u>1,989,900</u> |
|   | \$ 521,700       | \$ (178,410)     |
|   | =====            | =====            |

Included in the accompanying balance sheets under the following captions are:

|   | <u>1992</u>     | <u>1991</u>      |
|---|-----------------|------------------|
| Costs and estimated earnings in excess of billings on uncompleted contracts | \$ 593,146      | \$ 174,883       |
| Billings in excess of costs and estimated earnings on uncompleted contracts | <u>(71,446)</u> | <u>(353,293)</u> |
|   | \$ 521,700      | \$ (178,410)     |
|   | =====           | =====            |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(See Accountant's Report)

## Note 3. Notes Payable

The Company has an unsecured line of credit of \$ 1,000,000 with Meridian Bank. The line requires monthly interest payments on the outstanding balance at the Bank's prime rate plus .25%. As of October 31, 1992, there was \$ 675,000 outstanding against the line of credit. This line will expire April 30, 1993.

The Company also has two \$ 500,000 unsecured lines of credit with Meridian Bank. One line requires monthly interest payments at the Bank's prime rate plus .5% and the other line is at the Bank's prime rate. As of October 31, 1992, there were no borrowings against these lines of credit. The lines will also expire at February 28, 1993 and April 30, 1993 respectively.

The Company also has an unsecured working capital line of credit of \$ 300,000 with First National Bank of Leesport. The line requires monthly interest payments on the outstanding balance at the Bank's prime rate. As of October 31, 1992, \$ 200,000 was outstanding against the line of credit.

The Company has a \$ 373,000 letter of credit with Great Valley Savings Bank. The letter of credit requires monthly interest payments on the unpaid principal at the Bank's prime rate plus 1%. The letter of credit is collateralized by a mortgage on certain real estate and will expire February 1, 1994.

## Note 4. Long-Term Debt

Long-term debt consisted of the following at October 31, 1992 and 1991:

|   | <u>1992</u> | <u>1991</u> |
|---|-------------|-------------|
| Note payable to Meridian Bank in monthly installments of \$ 13,889 plus interest at 9.85%; through May 1994.  | \$ 277,778  | \$ 444,444  |
| Revolving equipment loan payable to Meridian Bank in monthly installments aggregating \$ 13,921, plus interest at the Bank's prime rate plus .25%, through August 1993. | 97,053      | 264,104     |
| Note payable to Meridian Bank in monthly installments of \$ 8,333, plus interest at 10.25%, through December 1992.  | 16,667      | 116,667     |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(See Accountant's Report)

## Note 4. Long-Term Debt (Continued)

|   | <u>1992</u> | <u>1991</u> |
|---|-------------|-------------|
| Note payable (\$ 450,000 available) to Great Valley Savings Bank, interest payable monthly at the Bank's prime rate plus 1%, principal due February 1994, collateralized by certain real estate.  | \$ 288,853  | \$ -        |
| Note payable to Caterpillar Financial Services in monthly installments of \$ 3,311, including interest at 6%, through April 1993, collateralized by certain equipment.  | 18,434      | 55,809      |
| Note payable to Hamilton Bank in monthly installments of \$ 2,974, including interest at 10%, through June 1992 and monthly installments of \$ 2,351, plus interest at the Bank's prime rate plus .75%, through June 1997, collateralized by certain equipment and real estate. | 130,666     | 153,264     |
| Note payable to Hamilton Bank in monthly installments of \$ 1,672, including interest at 10.65%, through October 1995, at which time the remaining balance is due, collateralized by certain real estate.   | 141,078     | 145,602     |
| Note payable to First National Bank of Leesport in monthly installments of \$ 1,015, including interest at 10.75%, through September 1994, at which time the remaining balance is due, collateralized by certain real estate.   | 92,696      | 94,790      |
| Note payable to Meridian Bank in monthly installments of \$ 13,889, commencing May 1993 through May 1996, interest is payable at the Bank's prime rate plus .25%.   | 393,666     | -           |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(See Accountant's Report)

## Note 4. Long-Term Debt (Continued)

|  | <u>1992</u>         | <u>1991</u>         |
|--|---------------------|---------------------|
| Note payable to Meridian Bank in monthly installments of \$ 41,667 commencing June 1993 through May 1996, interest is payable monthly at the Bank's prime rate.                              | \$ 1,500,000        | \$ 500,000          |
| Note payable (\$ 500,000 available) to Meridian Bank in 36 equal monthly installments commencing June 1992 through May 1995, interest is payable monthly at the Bank's prime rate plus .25%. | -                   | 380,822             |
| Note payable to John Deere, paid July 1992.  | -                   | 57,045              |
|  | <u>2,956,891</u>    | <u>2,212,547</u>    |
| Less current maturities  | <u>708,832</u>      | <u>609,406</u>      |
|  | <u>\$ 2,248,059</u> | <u>\$ 1,603,141</u> |
|  | =====               | =====               |

The aggregate amounts of principal maturities of long-term debt as of October 31, 1992 are as follows:

|                          |                     |
|--------------------------|---------------------|
| Years ending October 31: |                     |
| 1993                     | \$ 708,832          |
| 1994                     | 1,191,112           |
| 1995                     | 718,259             |
| 1996                     | 319,879             |
| Thereafter               | <u>18,809</u>       |
|                          | <u>\$ 2,956,891</u> |
|                          | =====               |

All notes payable to Meridian Bank are cross-collateralized by a first lien on all equipment and the assignment of a \$ 1,000,000 insurance policy on the life of a shareholder.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(See Accountant's Report)

## Note 5. Income Taxes

Income tax expense as shown in the statements of income includes the following:

|                   | <u>1992</u>      | <u>1991</u>       |
|-------------------|------------------|-------------------|
| Federal:          |                  |                   |
| Currently payable | \$ -             | \$ 231,928        |
| Deferred          | -                | (52,360)          |
|                   | <u>-</u>         | <u>179,568</u>    |
| State:            |                  |                   |
| Currently payable | 34,373           | 17,428            |
| Deferred          | -                | (14,306)          |
|                   | <u>34,373</u>    | <u>3,122</u>      |
|                   | <u>\$ 34,373</u> | <u>\$ 182,690</u> |
|                   | =====            | =====             |

For the year ended October 31, 1992, the Company had a net operating loss approximating \$ 465,000, and has elected to carryforward this loss to reduce future federal taxable income. The net operating loss carryforward will expire at October 31, 2007.

## Note 6. Investments In Partnerships And Joint Ventures

The Company has several interests in partnerships and corporations (in varying percentages from 25% to 66-2/3%). These entities primarily exist for the purpose of investing in residential or commercial real estate. The partnership agreements expire at various dates through December 31, 1995. During 1992, the Company terminated a partnership and received a distribution approximating \$ 117,000 which was recognized as income for the year ended October 31, 1992.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(See Accountant's Report)

## Note 7. Property Held For Lease

The Company leases residential housing under operating lease agreements with terms ranging from one to five years and are due to expire at various dates through October 31, 1993. Rental income included in the income statements approximated \$ 99,000 and \$ 60,590 for the years ended October 31, 1992 and 1991 respectively. The cost of the residential property held under operating leases aggregated \$ 760,399 and \$ 303,197 and accumulated depreciation aggregated \$ 29,755 and \$ 18,448 as of October 31, 1992 and 1991 respectively.

## Note 8. Investment In Leveraged Leases

The Company is the lessor in a leveraged lease agreement, under which various equipment, having estimated economic lives of five to seven years, is being leased for similar terms to unaffiliated corporations or institutions. At the beginning of the lease term, the Company's equity investment represented approximately 18% of the equipment purchase cost; the remaining 82% was furnished by third-party financing in the form of long-term debt that provides for no recourse against the Company. The debt is collateralized by first liens on the related equipment under each respective lease agreement. Under all these lease agreements, the equipment is returned to the investment manager at the end of the lease term. The residual values at that time on such equipment are estimated at 18% of the original equipment cost. The total estimated residual value at October 31, 1992 approximated \$ 47,000.

The investment manager which is servicing the leases is paid an annual management fee and will be paid 15% of the proceeds from remarketing (i.e., sale or re-leasing) the leased equipment. The remaining proceeds will be paid to the Company as the estimated residual value or as additional profits from the lease investment.

For federal income tax purposes, the Company has the benefit of tax deductions for accelerated depreciation on the leased assets and for interest on the long-term debt associated with the leases. During the early years of the leases, the tax deductions exceed the lease rental income, and such excess deductions are available to be applied against the Company's other income. In later years, rental income will exceed the deductions and income taxes will be payable. Deferred income taxes have been provided to reflect this reversal.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(See Accountant's Report)

## Note 8. Investment In Leveraged Leases (Continued)

As of October 31, 1992 and 1991, the Company's net investment in leveraged leases is comprised of the following:

|  | <u>1992</u>     | <u>1991</u>     |
|--|-----------------|-----------------|
| Rental receivable (net of principal and interest on the non-recourse debt), including estimated residual value | \$ 38,406       | \$ 49,779       |
| Less deferred income taxes arising from leveraged leases   | <u>(41,227)</u> | <u>(66,437)</u> |
| Net investment in leveraged leases   | \$ (2,821)      | \$(16,658)      |
|  | =====           | =====           |

## Note 9. Subsequent Event

On November 1, 1992, the Company acquired 5,209 shares of Class B common stock (non-voting) and 2,409 shares of preferred stock (voting) from a shareholder. In exchange, the shareholder acquired 100% ownership of Empire Realty, Inc., a wholly-owned subsidiary of O'Neill Financial, Inc. The transaction was classified a tax-free exchange and no gain or loss will be recognized by O'Neill or the shareholder.

Based on the above transaction, a proforma consolidated balance sheet and income statement, excluding Empire Realty, Inc., as of and for the year ended October 31, 1992, is as follows:

|  |                   |
|--|-------------------|
| Current assets                         | \$ 5,614,482      |
| Investments                            | 904,149           |
| Property and equipment, net            | 1,260,859         |
| Deferred income taxes and other assets | <u>76,439</u>     |
|  | \$ 7,855,929      |
|  | =====             |
| Current liabilities                    | \$ 3,675,967      |
| Long-term debt                         | 2,054,249         |
| Other liabilities                      | 41,227            |
| Shareholders' equity                   | <u>2,084,486</u>  |
|  | \$ 7,855,929      |
|  | =====             |
| Revenue earned                         | \$ 15,724,855     |
| Cost of earned revenue                 | <u>13,990,501</u> |
| Gross profit                           | 1,734,354         |
| Other operating revenues               | <u>32,395</u>     |
|  | 1,767,249         |
| Operating expenses                     | <u>2,148,030</u>  |
| Operating loss                         | (380,781)         |
| Non-operating expenses                 | 216,887           |
| Provision for income taxes             | <u>17,134</u>     |
| Net loss                               | \$ (614,802)      |
|  | =====             |

INDEPENDENT ACCOUNTANT'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors  
O'Neill Financial, Inc.  
Reading, Pennsylvania

Our reviews were made for the purpose of expressing limited assurance that there are no material modifications that should be made to the basic consolidated financial statements in order for them to be in conformity with generally accepted accounting principles. The consolidating and other supplementary information which follows is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual companies and is not a required part of the basic consolidated financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic consolidated financial statements and we did not become aware of any material modifications that should be made to such information.

*Beard & Company, Inc.*

Reading, Pennsylvania  
March 4, 1993

BALANCE SHEETS, BY COMPANY

October 31, 1992

See Accountant's Report

| ASSETS   | <u>Consolidated</u> | <u>Eliminations<br/>And<br/>Adjustments</u> |
|--|---------------------|---|
| <b>CURRENT ASSETS</b>  |                     |   |
| Cash   | \$ 106,396          | \$ -  |
| Accounts receivable:   |                     |   |
| Trade and contract, including retention  | 2,533,563           | -   |
| Intercompany   | -                   | (5,264,198)                                 |
| Affiliates   | 132,976             | -   |
| Other  | 21,530              | -   |
| Costs and estimated earnings in excess of<br>billings on uncompleted contracts | 593,146             | -   |
| Real estate development in progress  | 1,561,416           | -   |
| Prepaid income taxes   | 236,150             | -   |
| Total current assets   | <u>5,185,177</u>    | <u>(5,264,198)</u>                          |
| <b>INVESTMENTS</b>   |                     |   |
| Subsidiaries   | -                   | (676,421)                                   |
| Property held for lease, net   | 760,399             | -   |
| Partnerships and joint ventures  | 381,542             | -   |
| Land held for resale   | 564,464             | -   |
| Leveraged leases   | 38,406              | -   |
|  | <u>1,744,811</u>    | <u>(676,421)</u>                            |
| <b>PROPERTY AND EQUIPMENT</b>  |                     |   |
| Land and land improvements   | 150,000             | -   |
| Buildings  | 130,000             | -   |
| Machinery and equipment  | 5,387,323           | -   |
|  | <u>5,667,323</u>    | <u>-</u>                                    |
| Less accumulated depreciation  | 4,406,464           | -   |
|  | <u>1,260,859</u>    | <u>-</u>                                    |
| <b>DEFERRED INCOME TAXES</b>   |                     |   |
|  | <u>66,666</u>       | <u>-</u>                                    |
| <b>OTHER ASSETS</b>  |                     |   |
|  | <u>23,645</u>       | <u>-</u>                                    |
|  | <u>\$ 8,281,158</u> | <u>\$(5,940,61)</u>                         |
|  | =====               | =====                                       |

| <u>Empire Builders &amp; Contractors, Inc.</u> | <u>Empire Equipment Leasing, Inc.</u> | <u>Elk Transportation, Inc.</u> | <u>Empire Realty, Inc.</u> | <u>Empire Wrecking Co. Of Reading, PA</u> | <u>Empire Wrecking Of Delaware Co., Inc.</u> | <u>O'Neill Financial, Inc.</u> |
|--|---------------------------------------|---------------------------------|----------------------------|---|--|--------------------------------|
| \$ 50,647                                      | \$ 33                                 | \$ 3,702                        | \$ 2,603                   | \$ 45,849                                 | \$ 3,557                                     | 5                              |
| 510,041  | -                                     | 236,001                         | -                          | 1,787,521                                 | -  | -                              |
| -  | 336,511                               | -                               | -                          | 1,508,171                                 | 398,100                                      | 3,021,416                      |
| -  | -                                     | -                               | -                          | 132,976                                   | -  | -                              |
| -  | -                                     | 3,445                           | -                          | 1,085                                     | -  | 17,000                         |
| -  | -                                     | -                               | -                          | 593,146                                   | -  | -                              |
| 1,199,182                                      | -                                     | -                               | -                          | 362,234                                   | -  | -                              |
| -  | 420                                   | 300                             | -                          | 230,677                                   | -  | 4,753                          |
| <u>1,759,870</u>                               | <u>336,964</u>                        | <u>243,448</u>                  | <u>2,603</u>               | <u>4,661,659</u>                          | <u>401,657</u>                               | <u>3,043,174</u>               |
| -  | -                                     | -                               | -                          | -   | -  | 676,421                        |
| -  | -                                     | -                               | 760,399                    | -   | -  | -                              |
| -  | -                                     | -                               | -                          | 252,266                                   | -  | 129,276                        |
| -  | -                                     | -                               | 80,263                     | 449,201                                   | -  | 35,000                         |
| -  | -                                     | -                               | -                          | 38,406                                    | -  | -                              |
| -  | -                                     | -                               | 840,662                    | 739,873                                   | -  | 840,697                        |
| -  | -                                     | -                               | -                          | 150,000                                   | -  | -                              |
| -  | -                                     | -                               | -                          | 130,000                                   | -  | -                              |
| 7,865  | 1,607,321                             | 539,898                         | -                          | 3,232,239                                 | -  | -                              |
| 7,865  | 1,607,321                             | 539,898                         | -                          | 3,512,239                                 | -  | -                              |
| 2,261  | 1,081,485                             | 323,337                         | -                          | 2,999,381                                 | -  | -                              |
| <u>5,604</u>                                   | <u>525,836</u>                        | <u>216,561</u>                  | <u>-</u>                   | <u>512,858</u>                            | <u>-</u>                                     | <u>-</u>                       |
| -  | -                                     | -                               | 13,872                     | 41,095                                    | -  | 11,699                         |
| -  | -                                     | -                               | -                          | 23,645                                    | -  | -                              |
| <u>\$ 1,765,474</u>                            | <u>\$ 862,800</u>                     | <u>\$ 460,009</u>               | <u>\$ 857,137</u>          | <u>\$ 5,979,130</u>                       | <u>\$ 401,657</u>                            | <u>\$ 3,895,570</u>            |

## BALANCE SHEETS, BY COMPANY (CONTINUED)

October 31, 1992

See Accountant's Report

| LIABILITIES AND SHAREHOLDERS' EQUITY   | <u>Consolidated</u> | <u>Eliminations<br/>And<br/>Adjustments</u> |
|--|---------------------|---|
| <b>CURRENT LIABILITIES</b>   |                     |   |
| Notes payable  | \$ 875,000          | \$ -  |
| Current maturities of long-term debt   | 708,832             | -   |
| Accounts payable:  |                     |   |
| Trade  | 1,871,004           | -   |
| Intercompany   | -                   | (5,264,198)                                 |
| Affiliates   | 112,996             | -   |
| Billings in excess of costs and estimated<br>earnings on uncompleted contracts | 71,446              | -   |
| Accrued expenses   | 58,912              | -   |
| Income taxes payable   | 27,894              | -   |
|  | <u>3,726,084</u>    | <u>(5,264,198)</u>                          |
| <b>LONG-TERM DEBT, less current portion</b>                                    | <u>2,248,059</u>    | <u>-</u>                                    |
| <b>DEFERRED INCOME TAXES ARISING FROM LEVERAGED LEASES</b>                     | <u>41,227</u>       | <u>-</u>                                    |
| <b>SHAREHOLDERS' EQUITY</b>  |                     |   |
| Capital stock:   |                     |   |
| Preferred stock  | 330,100             | -   |
| Class A common stock   | 55,010              | (51,000)                                    |
| Class B common stock   | 165,010             | -   |
| Additional paid-in capital   | 1,000               | (131,301)                                   |
| Retained earnings  | 1,929,409           | (494,120)                                   |
|  | <u>2,480,529</u>    | <u>(676,421)</u>                            |
| Less cost of 3,617 shares of Class B common<br>stock acquired for the treasury | 214,741             | -   |
|  | <u>2,265,788</u>    | <u>(676,421)</u>                            |
|  | <u>\$ 8,281,158</u> | <u>\$(5,940,619)</u>                        |
|  | =====               | =====                                       |

| Empire Builders & Contractors, Inc. | Empire Equipment Leasing, Inc. | Elk Transportation, Inc. | Empire Realty, Inc. | Empire Wrecking Co. Of Reading, PA | Empire Wrecking Of Delaware Co., Inc. | O'Neill Financial, Inc. |
|-------------------------------------|--------------------------------|--------------------------|---------------------|------------------------------------|---------------------------------------|-------------------------|
| \$ -                                | \$ -                           | \$ -                     | \$ -                | \$ 875,000                         | \$ -                                  | \$ -                    |
| -                                   | 298,820                        | -                        | 29,552              | 172,127                            | -                                     | 208,333                 |
| 669,104                             | -                              | 66,549                   | -                   | 1,135,351                          | -                                     | -                       |
| 835,984                             | 336,000                        | 604,381                  | 431,908             | 1,980,629                          | 85,560                                | 989,736                 |
| -                                   | -                              | -                        | -                   | 112,996                            | -                                     | -                       |
| -                                   | -                              | -                        | -                   | 71,446                             | -                                     | -                       |
| 6,450                               | -                              | -                        | 5,546               | 43,832                             | -                                     | 3,084                   |
| 12,875                              | -                              | -                        | 15,019              | -                                  | -                                     | -                       |
| <u>1,524,413</u>                    | <u>634,820</u>                 | <u>670,930</u>           | <u>482,025</u>      | <u>4,391,381</u>                   | <u>85,560</u>                         | <u>1,201,153</u>        |
| -                                   | 227,000                        | -                        | 193,810             | 535,582                            | -                                     | 1,291,667               |
| -                                   | -                              | -                        | -                   | 41,227                             | -                                     | -                       |
| -                                   | -                              | -                        | -                   | -                                  | -                                     | 330,100                 |
| 1,000                               | 1,000                          | 1,000                    | 1,000               | 46,000                             | 1,000                                 | 55,010                  |
| -                                   | -                              | -                        | -                   | -                                  | -                                     | 165,010                 |
| -                                   | -                              | -                        | 121,301             | 10,000                             | -                                     | 1,000                   |
| 240,061                             | (20)                           | (211,921)                | 59,001              | 954,940                            | 315,097                               | 1,066,371               |
| <u>241,061</u>                      | <u>980</u>                     | <u>(210,921)</u>         | <u>181,302</u>      | <u>1,010,940</u>                   | <u>316,097</u>                        | <u>1,617,491</u>        |
| -                                   | -                              | -                        | -                   | -                                  | -                                     | 214,741                 |
| <u>241,061</u>                      | <u>980</u>                     | <u>(210,921)</u>         | <u>181,302</u>      | <u>1,010,940</u>                   | <u>316,097</u>                        | <u>1,402,750</u>        |
| \$ 1,765,474                        | \$ 862,800                     | \$ 460,009               | \$ 857,137          | \$ 5,979,130                       | \$ 401,657                            | \$ 3,895,570            |
| =====                               | =====                          | =====                    | =====               | =====                              | =====                                 | =====                   |

STATEMENTS OF INCOME, BY COMPANY  
October 31, 1992  
See Accountant's Report

|   | <u>Consolidated</u> | <u>Eliminations<br/>And<br/>Adjustments</u> |
|---|---------------------|---|
| Revenues earned   | \$ 15,724,855       | \$ (430,312)                                |
| Cost of earned revenues   | <u>13,990,501</u>   | <u>(858,884)</u>                            |
| Gross profit  | 1,734,354           | 428,572                                     |
| Other operating revenues, rental<br>income, net of expenses     | <u>105,319</u>      | <u>(437,072)</u>                            |
|   | 1,839,673           | (8,500)                                     |
| Operating expenses  | <u>2,158,221</u>    | <u>(8,500)</u>                              |
| Operating income (loss)   | <u>(318,548)</u>    | <u>-</u>                                    |
| Nonoperating income (expense):                                  |                     |   |
| Interest expense  | (249,898)           | -   |
| Royalty income (expense)  | -                   | -   |
| Dividend income   | -                   | (295,000)                                   |
| Gain on sale of assets  | 9,248               | -   |
| Equity in income (losses) of partnerships<br>and joint ventures | 113,990             | -   |
| Other income (expense)  | <u>(11,728)</u>     | <u>-</u>                                    |
|   | <u>(138,388)</u>    | <u>(295,000)</u>                            |
| Income (loss) before income taxes (credits)                     | (456,936)           | (295,000)                                   |
| Provision for income taxes (credits)                            | <u>34,373</u>       | <u>-</u>                                    |
| Net income (loss)   | <u>\$ (491,309)</u> | <u>\$ (295,000)</u>                         |
|   | =====               | =====                                       |

| Empire<br>Builders<br>& Contrac-<br>tors, Inc. | Empire<br>Equipment<br>Leasing,<br>Inc. | Elk<br>Transporta-<br>tion, Inc. | Empire<br>Realty,<br>Inc. | Empire<br>Wrecking<br>Co. Of<br>Reading, PA | Empire<br>Wrecking<br>Of<br>Delaware<br>Co., Inc. | O'Neill<br>Financial,<br>Inc. |
|--|---|----------------------------------|---------------------------|---|---|-------------------------------|
| \$ 5,815,444                                   | \$ -                                    | \$ 554,095                       | \$ -                      | \$ 9,785,628                                | \$ -  | \$ -                          |
| 5,552,326                                      | -                                       | 489,139                          | -                         | 8,807,920                                   | -   | -                             |
| 263,118  | -                                       | 64,956                           | -                         | 977,708                                     | -   | -                             |
| -  | 428,572                                 | -                                | 72,424                    | 41,395                                      | -   | -                             |
| 263,118  | 428,572                                 | 64,956                           | 72,424                    | 1,019,103                                   | -   | -                             |
| 116,732  | 357,152                                 | 276,877                          | 10,191                    | 1,390,181                                   | 2,394   | 13,194                        |
| 146,386  | 71,420                                  | (211,921)                        | 62,233                    | (371,078)                                   | (2,394)   | (13,194)                      |
| -  | (50,191)                                | -                                | (39,115)                  | (160,592)                                   | -   | -                             |
| -  | -                                       | -                                | -                         | (330,673)                                   | 330,673   | -                             |
| -  | -                                       | -                                | -                         | -   | -   | 295,000                       |
| -  | -                                       | -                                | -                         | 9,248                                       | -   | -                             |
| -  | -                                       | -                                | 117,521                   | 67,260                                      | -   | (70,791)                      |
| 23,047   | (22,000)                                | -                                | 93                        | 197,579                                     | -   | (210,447)                     |
| 23,047   | (72,191)                                | -                                | 78,499                    | (217,178)                                   | 330,673   | 13,762                        |
| 169,433  | (771)                                   | (211,921)                        | 140,732                   | (588,256)                                   | 328,279   | 568                           |
| 20,755   | -                                       | -                                | 17,239                    | (3,691)                                     | -   | 70                            |
| \$ 148,678                                     | \$ (771)                                | \$ (211,921)                     | \$ 123,493                | \$ (584,565)                                | \$ 328,279  | \$ 498                        |

STATEMENTS OF RETAINED EARNINGS, BY COMPANY  
 Year Ended October 31, 1992  
 See Accountant's Report

|                    | <u>Consolidated</u>         | <u>Eliminations<br/>And<br/>Adjustments</u> |
|--------------------|-----------------------------|---|
| Balance, beginning | \$ 2,445,476                | \$ (494,120)                                |
| Net income (loss)  | (491,309)                   | (295,000)                                   |
| Dividends          | (24,758)                    | 295,000                                     |
|                    | <u>                    </u> | <u>                    </u>                 |
| Balance, ending    | \$ 1,929,409                | \$ (494,120)                                |
|                    | =====                       | =====                                       |

| Empire<br>Builders<br>& Contrac-<br>tors, Inc. | Empire<br>Equipment<br>Leasing,<br>Inc. | Elk<br>Transporta-<br>tion, Inc. | Empire<br>Realty,<br>Inc. | Empire<br>Wrecking<br>Co. Of<br>Reading, PA | Empire<br>Wrecking<br>Of<br>Delaware<br>Co., Inc. | O'Neill<br>Financial,<br>Inc. |
|--|---|----------------------------------|---------------------------|---|---|-------------------------------|
| \$ 91,383                                      | \$ 751                                  | \$ -                             | \$ (64,492)               | \$ 1,539,505                                | \$ 281,818  | \$ 1,090,631                  |
| 148,678  | (771)                                   | (211,921)                        | 123,493                   | (584,565)                                   | 328,279   | 498                           |
| -  | -                                       | -                                | -                         | -   | (295,000)   | (24,758)                      |
| <u>\$ 240,061</u>                              | <u>\$ (20)</u>                          | <u>\$ (211,921)</u>              | <u>\$ 59,001</u>          | <u>\$ 954,940</u>                           | <u>\$ 315,097</u>                                 | <u>\$ 1,066,371</u>           |
| =====  | =====                                   | =====                            | =====                     | =====                                       | =====   | =====                         |

STATEMENTS OF CASH FLOWS, BY COMPANY  
Year Ended October 31, 1992  
See Accountant's Report

|  | <u>Consolidated</u> | <u>Eliminations<br/>And<br/>Adjustments</u> |
|--|---------------------|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                     |   |
| Net income (loss)  | \$ (491,309)        | \$ (295,000)                                |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:   |                     |   |
| Depreciation   | 694,120             | -   |
| Equity in (income) losses of partnerships and joint ventures   | (113,990)           | -   |
| Gain on sale of assets   | (9,248)             | -   |
| Deferred income taxes  | (25,210)            | -   |
| Change in assets and liabilities:  |                     |   |
| (Increase) decrease in:  |                     |   |
| Accounts receivable  | (355,986)           | -   |
| Costs and estimated earnings in excess of billings on uncompleted contracts                          | (418,263)           | -   |
| Real estate development in progress  | (1,013,506)         | -   |
| Prepaid income taxes   | 60,092              | -   |
| Other assets   | 5,030               | -   |
| Increase (decrease) in:  |                     |   |
| Accounts payable   | 907,064             | -   |
| Billings in excess of costs and estimated earnings on uncompleted contracts                          | (281,847)           | -   |
| Accrued expenses   | (250,775)           | -   |
| Income taxes payable   | (220,543)           | -   |
| Intercompany payable/receivable  | -                   | -   |
|  | <hr/>               | <hr/>                                       |
| Net cash provided by (used in) operating activities  | (1,514,371)         | (295,000)                                   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                     |   |
| Proceeds from sale of assets   | 39,248              | -   |
| Rentals received from leveraged leases   | 11,373              | -   |
| Purchase of land held for resale   | (39,882)            | -   |
| Distributions received from (capital contributions to) subsidiaries, partnerships and joint ventures | 81,160              | 1,000                                       |
| Purchase of property and equipment   | (204,608)           | -   |
|  | <hr/>               | <hr/>                                       |
| Net cash provided by (used in) investing activities  | (112,709)           | 1,000                                       |

| <u>Empire Builders &amp; Contractors, Inc.</u> | <u>Empire Equipment Leasing, Inc.</u> | <u>Elk Transportation, Inc.</u> | <u>Empire Realty, Inc.</u> | <u>Empire Wrecking Co. Of Reading, PA</u> | <u>Empire Wrecking Of Delaware Co., Inc.</u> | <u>O'Neill Financial, Inc.</u> |
|--|---------------------------------------|---------------------------------|----------------------------|---|--|--------------------------------|
| \$ 148,678                                     | \$ (771)                              | \$ (211,921)                    | \$ 123,493                 | \$ (584,565)                              | \$ 328,279                                   | \$ 498                         |
| 1,597  | 357,110                               | 110,191                         | 11,307                     | 213,915                                   | -  | -                              |
| -  | -                                     | -                               | (117,521)                  | (67,260)                                  | -  | 70,791                         |
| -  | -                                     | -                               | -                          | (9,248)                                   | -  | -                              |
| -  | -                                     | -                               | -                          | (25,210)                                  | -  | -                              |
| (353,946)                                      | -                                     | (239,446)                       | -                          | 253,306                                   | -  | (15,900)                       |
| -  | -                                     | -                               | -                          | (418,263)                                 | -  | -                              |
| (653,242)                                      | -                                     | -                               | -                          | (360,264)                                 | -  | -                              |
| -  | (420)                                 | (300)                           | -                          | 65,565                                    | -  | (4,753)                        |
| -  | -                                     | -                               | -                          | 5,030                                     | -  | -                              |
| 351,528  | -                                     | 66,549                          | -                          | 489,988                                   | -  | (1,001)                        |
| (44,702)                                       | -                                     | -                               | -                          | (237,145)                                 | -  | -                              |
| (31,653)                                       | (35)                                  | -                               | 2,885                      | (208,316)                                 | -  | (13,656)                       |
| (37,084)                                       | (133)                                 | -                               | 2,135                      | (39,569)                                  | (144,842)                                    | (1,050)                        |
| 668,586  | (37,867)                              | 384,245                         | (102,573)                  | (11,318)                                  | 109,169                                      | (1,010,242)                    |
| <u>49,762</u>                                  | <u>317,884</u>                        | <u>109,318</u>                  | <u>(80,274)</u>            | <u>(933,354)</u>                          | <u>292,606</u>                               | <u>(975,313)</u>               |
| -  | -                                     | -                               | -                          | 39,248                                    | -  | -                              |
| -  | -                                     | -                               | -                          | 11,373                                    | -  | -                              |
| -  | -                                     | -                               | (10,263)                   | (29,619)                                  | -  | -                              |
| -  | -                                     | -                               | 117,521                    | (36,361)                                  | -  | (1,000)                        |
| (3,220)  | -                                     | (106,616)                       | -                          | (94,772)                                  | -  | -                              |
| <u>(3,220)</u>                                 | <u>-</u>                              | <u>(106,616)</u>                | <u>107,253</u>             | <u>(110,131)</u>                          | <u>-</u>                                     | <u>(1,000)</u>                 |

STATEMENTS OF CASH FLOWS, BY COMPANY (CONTINUED)  
 Year Ended October 31, 1992  
 See Accountant's Report

|  | <u>Consolidated</u> | <u>Eliminations<br/>And<br/>Adjustments</u> |
|--|---------------------|---|
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                  |                     |   |
| Net borrowings on revolving credit agreements                | \$ 875,000          | \$ -  |
| Proceeds from long-term borrowings                           | 1,788,853           | -   |
| Principal payments on long-term borrowings                   | (1,044,509)         | -   |
| Cash dividends paid  | (24,758)            | 295,000                                     |
| Proceeds from sale of common stock                           | -                   | (1,000)                                     |
|  | <hr/>               | <hr/>                                       |
| Net cash provided by (used in) financing activities          | 1,594,586           | 294,000                                     |
|  | <hr/>               | <hr/>                                       |
| Increase (decrease) in cash                                  | (32,494)            | -   |
| <br>Cash:  |                     |   |
| Beginning  | 138,890             | -   |
|  | <hr/>               | <hr/>                                       |
| Ending   | \$ 106,396          | \$ -  |
|  | <hr/> <hr/>         | <hr/> <hr/>                                 |
| <br><b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b> |                     |   |
| Cash payments for:   |                     |   |
| Interest   | \$ 249,898          | \$ -  |
|  | <hr/> <hr/>         | <hr/> <hr/>                                 |
| Income taxes   | \$ 221,980          | \$ -  |
|  | <hr/> <hr/>         | <hr/> <hr/>                                 |

| Empire Builders & Contractors, Inc. | Empire Equipment Leasing, Inc. | Elk Transportation, Inc. | Empire Realty, Inc. | Empire Wrecking Co. Of Reading, PA | Empire Wrecking Of Delaware Co., Inc. | O'Neill Financial, Inc. |
|-------------------------------------|--------------------------------|--------------------------|---------------------|------------------------------------|---------------------------------------|-------------------------|
| \$ -                                | \$ -                           | \$ -                     | \$ -                | \$ 875,000                         | \$ -                                  | \$ -                    |
| -                                   | 500,000                        | -                        | -                   | 288,853                            | -                                     | 1,000,000               |
| -                                   | (848,628)                      | -                        | (24,691)            | (171,190)                          | -                                     | -                       |
| -                                   | -                              | -                        | -                   | -                                  | (295,000)                             | (24,758)                |
| -                                   | -                              | 1,000                    | -                   | -                                  | -                                     | -                       |
| -                                   | (348,628)                      | 1,000                    | (24,691)            | 992,663                            | (295,000)                             | 975,242                 |
| 46,542                              | (30,744)                       | 3,702                    | 2,293               | (50,822)                           | (2,394)                               | (1,071)                 |
| 4,105                               | 30,777                         | -                        | 310                 | 96,671                             | 5,951                                 | 1,076                   |
| \$ 50,647                           | \$ 33                          | \$ 3,702                 | \$ 2,603            | \$ 45,849                          | \$ 3,557                              | \$ 5                    |
| \$ -                                | \$ 50,191                      | \$ -                     | \$ 39,115           | \$ 160,592                         | \$ -                                  | \$ -                    |
| \$ 19,880                           | \$ 420                         | \$ 300                   | \$ 2,038            | \$ 194,522                         | \$ -                                  | \$ 4,820                |

CONTRACTS IN PROCESS  
October 31, 1992  
See Accountant's Report

| Job # | Total Contract      |                        | From Inception To October 31, 1992 |                      |                     |                      |
|-------|---------------------|------------------------|------------------------------------|----------------------|---------------------|----------------------|
|       | Revenue             | Estimated Gross Profit | Revenue Earned                     | Total Costs Incurred | Costs Of Revenue    | Gross Profit         |
| 104   | \$ 271,200          | \$ 42,338              | \$ 241,575                         | \$ 203,862           | \$ 203,862          | \$ 37,713            |
| 153   | 945,518             | (2,833)                | 945,518                            | 948,351              | 948,351             | (2,833)              |
| 213   | 600,000             | 90,000                 | 204,119                            | 173,500              | 173,500             | 30,619               |
| 234   | 253,818             | 62,200                 | 241,861                            | 182,590              | 182,590             | 59,271               |
| 243   | 204,011             | 27,137                 | 203,890                            | 176,769              | 176,769             | 27,121               |
| 246   | 40,640              | 7,184                  | 40,640                             | 33,456               | 33,456              | 7,184                |
| 319   | 118,800             | 2,709                  | 118,800                            | 116,091              | 116,091             | 2,709                |
| 339   | 189,000             | (45,452)               | 178,574                            | 221,519              | 221,519             | (42,945)             |
| 345   | 50,141              | 11,738                 | 44,470                             | 34,059               | 34,059              | 10,411               |
| 352   | 196,000             | 39,465                 | 142,065                            | 113,460              | 113,460             | 28,605               |
| 367   | 351,091             | 108,465                | 282,621                            | 195,308              | 195,308             | 87,313               |
| 371   | 53,331              | 14,404                 | 38,392                             | 28,023               | 28,023              | 10,369               |
| 375   | 16,711              | 4,507                  | 8,676                              | 6,336                | 6,336               | x <sup>2</sup> 2,340 |
| 381   | 77,000              | 22,000                 | 41,886                             | 29,919               | 29,919              | 11,967               |
| 383   | 10,636              | 1,131                  | 10,636                             | 9,505                | 9,505               | 1,131                |
| 388   | 90,044              | 50,664                 | 41,224                             | 18,029               | 18,029              | 23,195               |
| 389   | 27,587              | 14,404                 | 18,608                             | 8,892                | 8,892               | 9,716                |
| 395   | 99,806              | 27,449                 | 82,226                             | 59,612               | 59,612              | 22,614               |
| 396   | 82,282              | 16,282                 | 47,634                             | 38,208               | 38,208              | 9,426                |
| 398   | 110,858             | 32,684                 | 96,099                             | 67,767               | 67,767              | 28,332               |
| 399   | 22,337              | (248)                  | 20,093                             | 20,316               | 20,316              | (223)                |
| 408   | 78,312              | 29,157                 | 59,506                             | 37,351               | 37,351              | 22,155               |
| 423   | 25,715              | 8,951                  | 3,650                              | 2,379                | 2,379               | 1,271                |
|       | <u>\$ 3,914,838</u> | <u>\$ 564,336</u>      | <u>\$ 3,112,763</u>                | <u>\$ 2,725,302</u>  | <u>\$ 2,725,302</u> | <u>\$ 387,461</u>    |
|       | =====               | =====                  | =====                              | =====                | =====               | =====                |

|                     | At October 31, 1992 |  | Year Ended October 31, 1992                        |                     |                   |
|---------------------|---------------------|--|--|---------------------|-------------------|
|                     | Billed To Date      | Costs And Estimated Earnings In Excess Of Billings | Billings In Excess Of Costs And Estimated Earnings | Revenue Earned      | Costs Of Revenue  |
| \$ 207,060          | \$ 34,515           | \$ -   | \$ 241,575   | \$ 203,862          | \$ 37,713         |
| 926,647             | 18,871              | -  | 239,789  | 355,539             | (115,750)         |
| 173,500             | 30,619              | -  | 169,598  | 145,883             | 23,715            |
| 245,382             | -                   | 3,521  | 241,861  | 182,590             | 59,271            |
| 209,692             | -                   | 5,802  | 203,890  | 176,769             | 27,121            |
| 42,710              | -                   | 2,070  | 40,640   | 33,456              | 7,184             |
| -                   | 118,800             | -  | 118,800  | 116,091             | 2,709             |
| -                   | 178,574             | -  | 178,574  | 221,519             | (42,945)          |
| 50,141              | -                   | 5,671  | 44,470   | 34,059              | 10,411            |
| 70,000              | 72,065              | -  | 142,065  | 113,460             | 28,605            |
| 308,802             | -                   | 26,181   | 282,621  | 195,308             | 87,313            |
| 51,708              | -                   | 13,316   | 38,392   | 28,023              | 10,369            |
| -                   | 8,676               | -  | 8,676  | 6,336               | 2,340             |
| 43,540              | -                   | 1,654  | 41,886   | 29,919              | 11,967            |
| 3,526               | 7,110               | -  | 10,636   | 9,505               | 1,131             |
| 19,745              | 21,479              | -  | 41,224   | 18,029              | 23,195            |
| 10,945              | 7,663               | -  | 18,608   | 8,892               | 9,716             |
| 57,056              | 25,170              | -  | 82,226   | 59,612              | 22,614            |
| 41,186              | 6,448               | -  | 47,634   | 38,208              | 9,426             |
| 108,338             | -                   | 12,239   | 96,099   | 67,767              | 28,332            |
| 21,085              | -                   | 992  | 20,093   | 20,316              | (223)             |
| -                   | 59,506              | -  | 59,506   | 37,351              | 22,155            |
| -                   | 3,650               | -  | 3,650  | 2,379               | 1,271             |
| <u>\$ 2,591,063</u> | <u>\$ 593,146</u>   | <u>\$ 71,446</u>                                   | <u>\$ 2,372,513</u>                                | <u>\$ 2,104,873</u> | <u>\$ 267,640</u> |
| =====               | =====               | =====  | =====  | =====               | =====             |



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P. O. BOX 3265, HARRISBURG, Pa. 17120

October 30, 1991

IN REPLY PLEASE  
REFER TO OUR FILE

A. 00108448

KENNETH E. SANDS, JR ESQUIRE  
528 ELM STREET  
READING PA 19601

Application of EMPIRE WRECKING COMPANY OF READING PENNSYLVANIA

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To Whom It May Concern:

The records of the Commission show that the applicant has complied with the necessary tariff and insurance requirements.

Enclosed is the Contract Carrier Permit evidencing the Commission's approval of the right to operate.

Kindly attach the enclosures to the compliance order previously issued and mailed to your.

Very truly yours,

Jerry Rich, Secretary

EMD  
Enclosure  
Certified Mail

EMPIRE WRECKING COMPANY OF  
READING PENNSYLVANIA  
1420 CLARION STREET  
READING PA 19601

APPENDIX NO. 4

RECEIVED NOV - 6 1991

PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
Harrisburg, PA 17120

Application of Empire Wrecking  
Company of Reading, Pennsylvania

A-00108448

O R D E R

In accordance with the provisions of Act 294 of 1978 (66 Pa. C.S. §332(h)), the decision of Administrative Law Judge George M. Kashi dated March 28, 1990, has become final without further Commission action; THEREFORE,

IT IS ORDERED:

1. That the application be and is hereby granted to the extent that a need for contract carriage has been evidenced and that a permit be issued granting the following right:

To transport, as a contract carrier, property which because of its size or weight, requires the use of special equipment:

(a) For the account of Simon Eastern Corporation between points in the counties of Berks, Bucks, Chester, Lancaster, Lebanon, Lehigh, Montgomery and Schuylkill; and

(b) For the account of Giles and Ransom, Inc. from its facilities at City of Allentown, Township of Bensalem and Borough of Fleetwood to points in the counties of Berks, Chester, Delaware, Lehigh, Montgomery, Northampton, and Philadelphia.

2. That upon compliance with the requirements of the Pennsylvania Public Utility Code and the rules and regulations of the Commission relating to the filing of evidence of insurance and the filing of a schedule of minimum rates and charges in accordance with 66 Pa. C.S.A. §2506, a permit issue evidencing the Commission's approval of the right to operate as above determined.

3. That the issuance of the permit is subject to the Applicant filing an acceptable contract with the Commission in accordance with 66 Pa. C.S.A. §2506 and 52 Pa. Code §31.45.

4. That in the event Applicant has not, on or before 60 days from the date of the service of this order, complied with the requirements set forth above, the application shall be dismissed without further proceedings.

5. That the authority granted herein, to the extent that it duplicates authority now held by or subsequently granted to the Applicant, shall not be construed as conferring more than one operating right.

BY THE COMMISSION,

A handwritten signature in cursive script, appearing to read "Jerry Rich", is written over a large, stylized circular mark that resembles a signature or a stamp.

Jerry Rich  
Secretary

(SEAL)

ORDER ENTERED: MAY 24 1990

PENNSYLVANIA  
PUBLIC UTILITY COMMISSION

IN THE MATTER OF THE APPLICATION OF: A. 00108448, Folder 1


EMPIRE WRECKING COMPANY OF READING PENNSYLVANIA

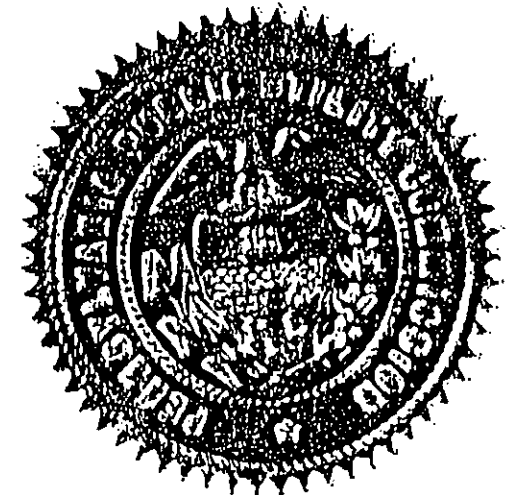
The Pennsylvania Public Utility Commission hereby certifies that after an investigation had on the above entitled application, it has, by its order made and entered, a copy of which is attached hereto and made part hereof, found and determines that the granting of said

**CONTRACT CARRIER PERMIT**

will be consistent with the public interest and the policy declared in Section 2501 of the Public Utility Law, and this permit is issued evidencing its approval of the said application as set forth in said order.

*In Testimony Whereof*, the PENNSYLVANIA PUBLIC UTILITY COMMISSION has caused these presents to be signed and sealed, and duly attested by its Secretary at its office in the city of Harrisburg this 30th day of OCTOBER, 19 91.

  
Secretary



EMPIRE WRECKING COMPANY

OF READING, PA

SAFETY PROGRAM

APPENDIX NO. 5

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To: ALL EMPLOYEES  
From: EMPIRE WRECKING COMPANY OF READING, PA  
Subject: SAFETY

Our people set us apart from the rest of the competition in our industry. It is our people that are the greatest asset we possess. Therefore, it is of vital importance that we all take a look at how our safety habits affect the outcome of the way we perform our jobs. It is our goal at Empire Wrecking to provide the safest environment we can and have the best safety record of the industry. This goal can only be met with the help and cooperation of everyone. We are going to take on a new look at Empire. One that promotes safety and encourages the participation of everyone in getting a trip completed.

To start such a program it is important that a good safety team be initiated from the top and have the full attention and support from upper management. So this is our personal promise to you to do our part to insure that we all have the safest working environment possible.

Harry J. O'Neill  
President

Jim Greenberg  
Fleet Safety Manager

## II. Objective

- A. To encourage and promote a safety consciousness among all employees
- B. To reduce vehicle accidents that are the fault of Empire drivers.
- C. To reduce vehicle accidents that are the fault of other drivers.
- D. To eliminate accidents that are the fault of equipment.
- E. To eliminate injuries to Empire employees and passengers.
- F. To reduce damage to Empire vehicles and equipment.
- G. To reduce damage to other vehicles and equipment.
- H. To control insurance costs by lowering potential liability.
- I. To lower workmen compensation premiums by accomplishing objectives 1-7.
- J. To enhance Empire's reputation for safety.
- K. To provide a system for hiring, promoting, and retaining safety conscious and safety practicing employees.
- I. To provide a method to continually increase driving skills and safety awareness.

## III. Definition of Safety

Safety is not a job or task which can be assigned to any one person. The process begins with a commitment from top management and filters down throughout the company. Top management's attitude and approach towards accident prevention is naturally reflected in the attitude of the supervisors and invariably to the subordinates.

A safety program is often defined as a method by management to share and assign responsibility for accident prevention and to insure performance under that responsibility.

#### IV. Summary of Safety Program

There are five major areas that the fleet safety manager must address when designing the vehicles safety program.

- A. Maintenance and choosing vehicles.
- B. Driver selection
- C. Driver training
- D. Supervision
- E. Safety incentives
- F. Fleet safety records

#### V. Vehicle Maintenance

Inspection will be done by the shop supervisor and operations manager. Inspection will be done in a timely manner and at random. Responsibility will be with the last driver assigned to each vehicle.

##### A. Inspection

- 1. Odometer reading
- 2. Cleanliness check
  - a. Interior
  - b. Exterior
- 3. Fluid levels
  - a. Engine oil
  - b. Washer fluid
  - c. Hydraulic fluids
- 4. Lights
  - a. Headlights and brights
  - b. Turn signals
  - c. License plate
  - d. Tail lights
  - e. Brake lights
  - f. Backing lights
  - g. Dashboard lights
  - h. Marker lights
- 5. Safety Kits
  - a. Reflector kit
  - b. First aid kits
  - c. Registration
  - d. Insurance card
  - e. Accident package
  - f. Fire extinguisher

V. Vehicle Maintenance (continued)

6. Miscellaneous
  - a. Horn
  - b. Mirrors
  - c. Steering
  - d. Wind shield wipers
  - e. Windshield washers
  - f. Heater and defroster
  - g. Air conditioner
  - h. Spare tire and jack
  - i. Tire pressure and condition
7. General running conditions and comments
8. Signed and dated by the inspector

B. Preventative maintenance

The following items are currently used in the scheduled maintenance program

1. Listing of all scheduled maintenance
2. Listing of all warranty limits
3. Listing of a time and site schedule
4. Red flag system to prompt maintenance
5. Communication to base supervisor to inform him of scheduled maintenance
6. Control checks to insure that maintenance is being completed in a timely manner.

V. Driver Selection

The next area to address is driver selection. This section will specify what must be done in order to accomplish Empire's objective of providing a system for hiring, promoting, and retaining safety conscious and safety practicing employees.

A. Required Attributes

Proper hiring is where the system begins and if done properly solves most problems and prevents so many others. There are many capable drivers who possess the skills and attributes to become safe and conscientious drivers. Listed below are the skills and attributes we look for when hiring a new driver:

1. Reliability
2. Promptness
3. Safety Awareness
4. Possessing safety skills and knowledge

In order to obtain drivers with the fore mentioned skills, attributes and abilities, Empire uses the following tools in the driver selection process;

1. The application form
2. Investigation of applicant
3. The employment interview
4. Written test
5. Driving test
6. Physical examination

Listed as appendix C is an example of Empires application for employment. Attached to the application is a note which informs the applicant that a physical is required which involves drug testing, as required by the Department of Transportation. If applicable in the hiring state, the application also informs the individual that he will need to acquire a CDL License. The application also contains the following which is important for the supervisor to make a good choice in selecting drivers:

1. Applicants names, date of birth, and social security number
2. Previous address for a period of three years.
3. In case of emergency information
4. Position expectation
5. Empire past employment history if applicable
6. Educational background
7. General information, ever bonded, ever convicted of a felony
8. Physical limitations.
9. Date of last D.O.T. physical
10. Employment record for the past 7 years
11. Driver qualifications. includes license information
12. Driving experience, details, certifications, awards
13. Accident review for past three years
14. Traffic convictions and forfeitures for the past three years
15. A signed statement from the applicant stating that all this information is true

An application is useless unless the examiner uses the information on the application correctly in order to hire the best possible applicants. Listed below are mandatory reasons for the examiner to immediately disqualify the applicant:

1. Applicant has unsatisfactory driving record
  - a. More than 1 moving violation
  - b. An at fault accident within the past 12 months
2. Applicant possess an invalid or expired drivers license
3. Applicant has stated that he has been convicted of driving while intoxicated or using illegal drugs
4. Applicant indicates a conviction for reckless driving
5. Failure to pass Empires traffic and knowledge test
6. No CDL license

Refer to appendix D for an example of the application review checklist.

Once the application has been reviewed and the applicant is still under consideration, the examiner should verify the past employment with his/her past employer. Often times the previous employer will be reluctant to divulge any information. The most important question and a question which will usually be answered is: Would you be willing to rehire the applicant if given the chance? If the answer is no, and there are other negative factors the applicant should not be brought in for an interview.

If the applicant passes the initial screening, an interview will be conducted. This is a very important aspect because at this time much more personal information can be obtained. Listed below are the appropriate actions the supervisor should take to any yes answerers tot he following pre-employment interview questions:

1. Have you ever been employed by Empire before? Contact home office.
2. Are there any times when you are unavailable to work? Determine if their is a problem.
3. Have you ever drawn workmens compensation or a pension benefit? Obtain details and contact Home Office.
4. Have you ever been fired forma job? Obtain details

Pre-employment interview questions (continued)

5. Have you ever had any type of mental illness?  
Contact home office.
6. Have you ever been arrested for D.U.I.?  
Automatic rejection.
7. Has drinking interfered with your work?  
Automatic rejection.
8. Have you ever had your drivers license suspended or  
revoked?  
Obtain details.
9. Have you ever been convicted of an offense other than a  
traffic violation.
10. Have you ever been injured on the job?  
Obtain details.
11. Do you have a phone? No.  
Automatic rejection.
12. Do you own a car? No.  
Weigh in hiring decision.
13. How far do yo live from this Empire Yard?  
Weigh in hiring decision.
14. Are all the above answers true and correct?

See appendix E for the pre-employment interview form.

In addition to the questions listed above, Empire feels that such can be learned from a series of open ended questions which the supervisor may pick from at his discretion.

1. What have you done that you are proud of?
2. What aspects of your last job did you like best?
3. What did you do at your last job?
4. Why did you leave your last job?
5. Would you tell me about the ups and downs of your health  
in the past few years?
6. If you could of made one suggestion to management, what  
would it have been?
7. What else would you like to know about this job?

If after the interview is conducted, and the examiner still wishes to hire the applicant, a driving test is conducted by the base supervisor.  
(See appendix B)

## VI. Orientation

If the applicant passes all the aforementioned tests he or she is informed at the conclusion of the test that they are hired for a probationary period. The probationary period lasts for 90 days. At this point the orientation period begins. The orientation consists of:

1. A physical is scheduled which is designed to test one's physical health and for the presence of drugs. All people who fail the physical are dismissed and if applicable referred to a drug rehabilitation clinic.
2. Newly hired drivers are given an Empire revised test designed to increase ones knowledge of the rules and regulations regarding safety procedures, as set forth by the Department of Transportation. See appendix H for the questions.  
See appendix I for the answers.
3. All questions and answers for the aforementioned test are reviewed by the supervisor, and the newly hired person, to maximize comprehension and retention of knowledge.
4. A driver abstract is ordered form the applicable state, in order to insure accurate driving history information. Any abstract which contains driving information that has been previously listed as cause for dismissal or beyond the Empire aforementioned limits is cause for immediate dismissal.
5. The driver is verbally informed of this safety incentive program and encouraged to participate.

With the aforementioned in mind, Empire has decided upon the following delegation of duties:

### PRESIDENT

- A. Is responsible to review all accident statistics compiled by the Fleet Safety Manager.
- B. Works together with the Fleet Safety Manager whenever an insurance claim exists.
- C. Instills the appropriate attitude and stresses the importance of the safety program to all members of the company

### Fleet Safety Manager

- A. Oversees entire safety program.
- B. Reports directly responsible to review all accident statistics
- C. Primary concern is accident and injury prevention
- D. Involved in all aspects of the transportation service to insure safety is a primary concern in all management decisions.
- E. Creator and observer of safety training procedures and education.
- F. Never Drives an unsafe vehicle.

### Maintenance Director

- A. Insures that all vehicles are repaired properly and in a timely manner.
- B. Insures that All preventative maintenance is completed in a timely manner.
- C. Inspects truck and trailers on random basis to insure that vehicles are being inspected by drivers
- D. Reports safety information to Fleet Safety Officer
- E. Relays information to driver from safety officer & safety officer.
- F. Informs supervisor and driver of new safety issues and requirements
- G. Report potential accident and injury occurrence
- H. Conducts the safety incentive program in conjunction with the Fleet Safety Manager.

### Dispatcher

- A. Reports potential accident and injury occurrence.
- B. Informs and explains safety issues and requirements to drivers.
- C. Obtains required repair information from drivers and supervisors.
- D. Informs drivers of pertinent weather conditions.
- E. Monitors drivers behavior to insure safe behavior.

## Drivers

- A. Completes all pre-trip inspections.
- B. Relays all needed repair ID to supervisor and or dispatcher.
- C. Completes all accident reports completely and accurately.
- D. Drives in a safe manner and is safety conscious.
- E. Insists all passengers abide by all safety requirements.

The next area that needs to be addressed is a means to determine if the safety education is actually being followed and used on the road. Listed below are some methods for monitoring the drivers actions on the road.

- 1. Fleet safety supervisor making surprise inspections and taking trips with the drivers when directed by the safety manager.
- 2. Placing signs on the rear of each van with our toll free number so that any concerned individual may relay comments.  
relay comments.
- 3. The monitoring methods as described in the incentive program. KZ
- 4. A thorough accident investigation.

After a means for monitoring a drivers safety performance has been implemented, a policy for disciplinary and termination actions must be initiated. Listed below is Empire's stop/loss program:

- 1. First nonpreventable accident
  - a. Reprimand and explanation of the importance of defensive driving by the safety manner.
  - b. No awards will be given.
- 2. Second nonpreventable accident
  - a. Reprimand and explanation of the importance of defensive driving from the safety manager.
  - b. Possible suspension
  - c. Possible termination
- 3. First preventable accident
  - a. Reprimand and explanation of the importance of defensive driving by the fleet safety manager
  - b. Automatic three day suspension
  - c. Possible termination
- 4. Second preventable accident
  - a. Mandatory termination

5. Not reporting an accident
  - a. Mandatory termination
6. Driving while intoxicated (in any vehicle)
  - a. Mandatory termination
7. First moving violation
  - a. Reprimand and explanation of the importance of defensive driving by the fleet safety manager
8. Second moving violation within three years
  - a. Reprimand and explanation of the importance of defensive driving by the fleet safety manager.
9. Second moving violation within one year
  - a. Reprimand and explanation of the importance of defensive driving by the fleet safety manager.
  - b. Mandatory suspension.
  - c. Possible termination.
10. Three moving violations within a three year period
  - a. Mandatory termination
11. Reckless driving conviction
  - a. Mandatory termination

Any combination of the above that may lead the fleet safety manager to believe that a driver may be unsafe will be grounds for dismissal.

PRE-EMPLOYMENT INTERVIEW FORM

Applicant \_\_\_\_\_

Date \_\_\_\_\_

Position \_\_\_\_\_

Interviewer \_\_\_\_\_

1. Have you ever been employed by Empire Wrecking before?
2. Are there any times when you are unavailable to work?
3. Have you ever been fired from a job? \*
4. Have you ever has any type of mental illness?
5. Have you ever been arrested for D.U.I.? \*
6. Has drinking interfered with your work?
7. Have you ever has your drivers license suspended or revoked?
8. Have you drawn a pension or workmens compensation?
9. Have you ever been convicted of an offense other than a traffic violation?
10. Do you have a phone?
11. Do you own a car?
12. Have you ever been injured on the job?
13. How far do you live from this \_\_\_\_\_ yard?
14. Are all the above answers true and correct?

Applicants Signature \_\_\_\_\_

OPTIONAL PRE EMPLOYMENT OPEN ENDED QUESTIONS

Applicants Name\_\_\_\_\_

Date\_\_\_\_\_

1. What have you done that you are proud of?
2. What aspects of your last job did you like best?
3. What did you do at your last job?
4. Why did you leave your last job?
5. Would you tell me about the ups and downs of your health the past few years?
6. If you could of made one suggestion ot management, what would it of been?
7. What also would you like to know about this job?

**FILE**

**CONTINUED**