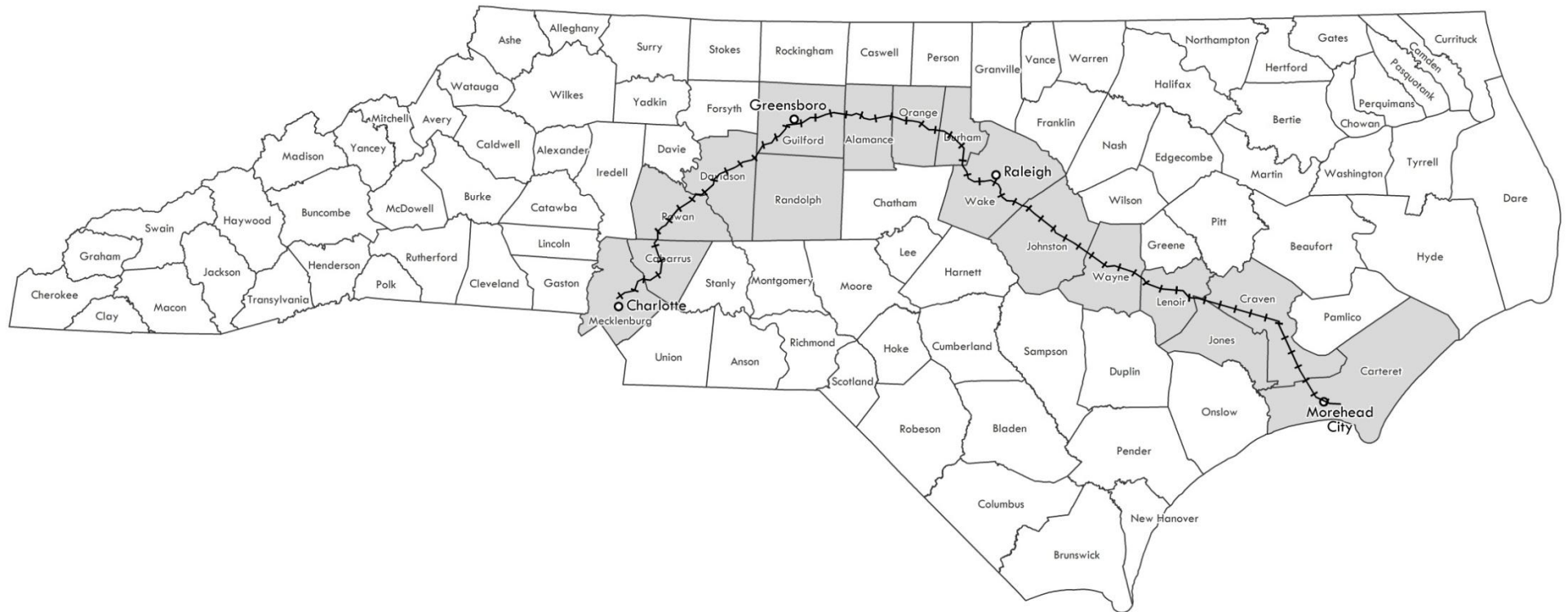


The North Carolina Railroad Company Corridor



Source: Program Evaluation Division based on information from the North Carolina Railroad Company.

Statutory Reporting Requirements for North Carolina Railroad Company Are Minimal as Compared to Federal Reporting Requirements for Publicly Traded Corporations

Reporting Requirements	Form 10-K Requirements	G.S. § 124-3 Requirements
Business. Description of company's business, subsidiaries, and markets in which it operates.	✓	
Risk. Information about risks that apply to the company.	✓	
Properties. Information about the company's materially important physical properties.	✓	✓
Legal Proceedings. Information about significant pending lawsuits or other legal proceedings, other than ordinary litigation.	✓	✓
Management's Discussion and Analysis of Financial Condition and Results of Operation. The company's perspective on the business results of the past financial year.	✓	
Quantitative and Qualitative Disclosures about Market Risk. Information about the company's exposure to market risk, such as interest rate risk or commodity price risk.	✓	
Financial Statements and Supplementary Data. The company's audited financial statements.	✓	✓
Changes in and Disagreements with Accountants on Accounting and Financial Disclosure. If there has been a change in accountants, the company must discuss any disagreements it had with those accountants.	✓	
Controls and Procedures. Information about the company's disclosure controls and its internal control over financial reporting.	✓	
Directors, Executive Officers, and Corporate Governance. Information about the background and experience of the company's directors and executive officers, the company's code of ethics, and certain qualifications for directors.	✓	
Executive Compensation. Disclosure about the company's compensation policies and how much compensation was paid to the top executive officers of the company in the past year.	✓	
Certain Relationships and Related Transactions and Director Independence. Information about relationships and transactions between the company and its directors, officers, and their family members.	✓	
Principal Accountant Fees and Services. Disclosure of the fees paid to an accounting firm during the year.	✓	

Note: G.S. stands for North Carolina General Statutes. North Carolina Railroad Company is required to provide a summary of all leases, sales, or acquisitions of real property to which the company has been a party since the last report.

Source: Program Evaluation Division based on N.C. Gen. Stat. §124-3(a) and U.S. Securities and Exchange Commission 10-K requirements.

Legal and Financial Implications for Transferring the North Carolina Railroad Company to State Government

Legal and Financial Implications	Maintain Corporation	Quasi-Public Railroad Agency	Railroad Authority under DOT
General Assembly revokes charter		✓	✓
Dissolution of NCRR		✓	✓
General Assembly establishes state railroad entity		✓	✓
Repeal/change Chapter 124 of General Statutes		✓	✓
Restrict railroad corridor property to railroad-related purposes	✓	✓	✓
State liability			✓
NCRR employees become state employees		✓	✓
State and local governments lose tax revenue		✓	✓

Note: DOT stands for the North Carolina Department of Transportation.

Source: Program Evaluation Division based on document review, interviews with North Carolina Railroad Company and Department of Transportation, and N.C. Gen. Stat. Chapter 124.

North Carolina Railroad Company Could Sell Fourteen Non-Corridor Properties

Property Description	County (City)	Property Has Tenant (Yes/No)	Year Acquired	Total Tax Value	Annual Income
1 Waterfront and Riparian Rights	Carteret (Morehead City)	Yes	1902	\$ 1,011,884	\$ 32,721
2 Bridges Street Lot	Carteret (Morehead City)	Yes	1903	1,148,121	27,700
3 Station and Former Industrial Property	Carteret (Morehead City)	Yes	1902	1,047,956	27,243
4 Hillsborough Former Depot	Orange (Hillsborough)	Yes	1850s	278,040	4,244
5 Wye Property	Carteret (Morehead City)	Yes	1887	994,500	3,000
6 4th Street Lot	Carteret (Morehead City)	Yes	1903	249,420	2,700
7 Wye Property Extension	Carteret (Morehead City)	Yes	1887	278,472	700
8 Burke Street Lot	Alamance (Gibsonville)	No	2005	38,793	0
9 Clarks Lot	Craven (Clarks)	No	1911	8,000	0
10 Morrisville Former Depot	Wake (Morrisville)	No	1850s	3,006	0
11 N. Craven Street	Craven (New Bern)	No	1899	915,390	0
12 Newport Lot	Carteret (Morehead City)	No	1903	50,440	0
13 Tiffany and Bright Streets	Lenoir (Kinston)	No	1901	31,025	0
14 Waynesboro Lot	Wayne (Goldsboro)	No	1850s	1,130	0
				\$ 6,056,177	\$ 98,308

Source: Program Evaluation Division based on North Carolina Railroad Company property lists.