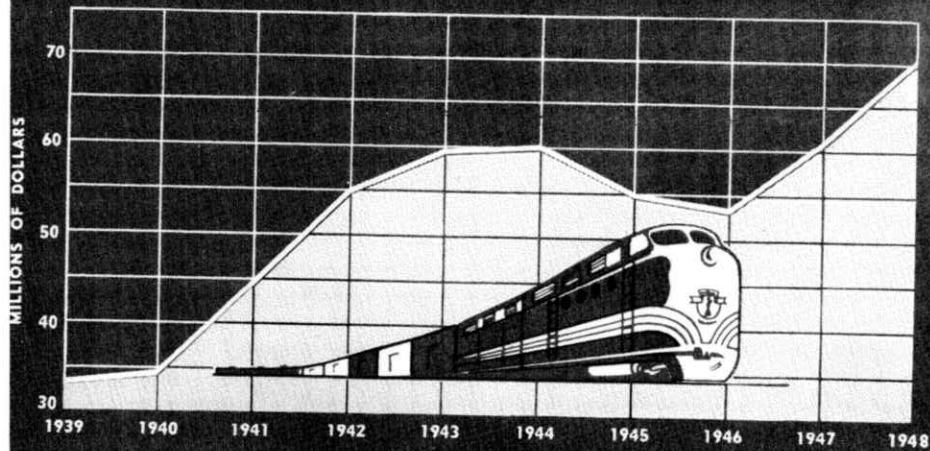


BY THE RUDE BRIDGE THAT
ARCHED THE FLOOD
THEIR FLAG TO APRIL'S
BREEZE UNFURLED,
HERE ONCE THE EMRATTLED
FARMERS STOOD,
AND FIRED THE SHOT HEARD
ROUND THE WORLD



116th
Annual Report

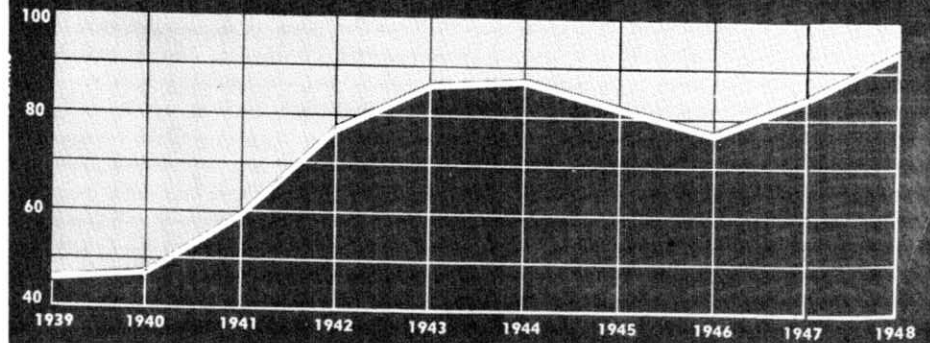
FREIGHT REVENUE 1939 — 1948



PASSENGER REVENUE 1939 — 1948



TOTAL OPERATING REVENUE 1939 — 1948



To the Owners of

THE BOSTON AND MAINE RAILROAD

In the following pages you will find a summary of your company's operations and activities during the year 1948, with statements of the financial results thereof.

Your management will be happy to furnish information concerning any items that may be of special interest.

BOARD OF DIRECTORS

PHILIP R. ALLEN * <i>Walpole, Mass.</i>	JAMES GARFIELD <i>Cambridge, Mass.</i>
ROGER AMORY <i>Boston, Mass.</i>	ALDUS C. HIGGINS † <i>Worcester, Mass.</i>
LOUIS M. ATHERTON * <i>Swampscott, Mass.</i>	EDGAR C. HIRST <i>Concord, N. H.</i>
RICHARD L. BOWDITCH <i>Cambridge, Mass.</i>	HARVEY P. HOOD <i>Brookline, Mass.</i>
HUGH J. CHISHOLM * <i>Portland, Me.</i>	ERNEST M. HOPKINS <i>Hanover, N. H.</i>
T. JEFFERSON COOLIDGE <i>Brookline, Mass.</i>	AUGUSTUS P. LORING, JR. <i>Beverly, Mass.</i>
FAIRMAN R. DICK <i>New York, N. Y.</i>	JOHN R. McLANE * <i>Manchester, N. H.</i>
BERNARD W. DOYLE <i>Leominster, Mass.</i>	ROY L. PATRICK * <i>Burlington, Vt.</i>
HARRY H. DUDLEY <i>Concord, N. H.</i>	PHILLIPS M. PAYSON <i>Portland, Me.</i>
FREDERIC C. DUMAINE, JR. * <i>Weston, Mass.</i>	WILLIAM B. SKELTON <i>Lewiston, Me.</i>
EDWARD S. FRENCH * <i>Springfield, Vt.</i>	

* Member Executive Committee † Died September 11, 1948

OFFICERS

<i>President and Chairman of Executive Committee</i>	E. S. FRENCH
<i>Assistant to President</i>	R. M. EDGAR
<i>Vice President — Finance and Accounting</i>	W. S. TROWBRIDGE
<i>Comptroller</i>	G. F. GLACY
<i>Treasurer</i>	E. J. GALLAGHER
<i>Vice President — Operations</i>	J. W. SMITH
<i>General Manager</i>	F. W. ROURKE
<i>Vice President — Purchases and Stores</i>	A. W. MUNSTER
<i>Purchasing Agent</i>	H. M. RAINIE
<i>Vice President — Traffic</i>	J. W. RIMMER
<i>Freight Traffic Manager</i>	P. J. MULLANEY
<i>Passenger Traffic Manager</i>	C. F. PALMER
<i>Chief Engineer</i>	T. G. SUGHRUE
<i>Assistant Chief Engineer</i>	C. S. ROBINSON
<i>General Counsel</i>	R. J. FLETCHER
<i>General Attorney</i>	J. B. SAWYER
<i>General Attorney</i>	R. JACKSON
<i>Clerk of Corporation</i>	WM. J. BURNS

TRANSFER AGENTS

<i>For all classes of stock</i>	<i>For common stock</i>
OLD COLONY TRUST COMPANY, 45 MILK STREET, BOSTON, MASS.	GUARANTY TRUST COMPANY, 140 BROADWAY, NEW YORK CITY

CONDENSED INCOME ACCOUNT FOR 1948

	INCOME			
	1948	Increase or Decrease from 1947	Per Cent	
Operating Revenues	\$94,165,928 12	\$9,888,788 47	11.73	
Operating Expenses	73,742,349 22	7,257,728 76	10.92	
Net Revenue from Operations	\$20,423,578 90	\$2,631,059 71	14.79	
Railway Tax Accruals	7,737,357 11	d 534,241 40	6.46	
Railway Operating Income	\$12,686,221 79	\$3,165,301 11	33.25	
Equipment and Joint Facility Rents — Net Dr.	4,415,463 09	825,059 98	22.98	
Net Railway Operating Income	\$ 8,270,758 70	\$2,340,241 13	39.46	
Other Income	968,492 97	148,407 81	18.10	
Total Income	\$ 9,239,251 67	\$2,488,648 94	36.87	

DEDUCTIONS

Rental Payments — Fixed	\$ 686,385 53	d \$ 12,028 46	1.72
Interest on Debt — Fixed	2,710,178 34	d 23,734 56	.87
Interest on Unfunded Debt	28,073 20	7,837 97	38.73
Other Deductions	134,583 58	32,774 46	32.19
Total Deductions	\$ 3,559,220 65	\$ 4,849 41	.14
Income After Fixed Charges	\$ 5,680,031 02	\$2,483,799 53	77.71

d Indicates decrease.

Income after Fixed Charges (Available Net Income)

has been allocated in accordance with Mortgage Indentures to the following purposes:

Sinking Fund for Redemption of Series RR Bonds . . .	\$ 679,102 00
Interest on Income Bonds Series A:	
Accrued for period, Jan. 1 to Dec. 31, 1948 at 4½%	1,175,647 38
Sinking Fund for Redemption of Series A Bonds	482,870 00
Total Mortgage Allocations	\$ 2,337,619 38
Net Income transferred to Profit and Loss	3,342,411 64
\$ 5,680,031 02	

SIMPLIFIED BALANCE SHEET DEC. 31, 1948

WHAT WE HAVE INVESTED

In Roadway Property and Equipment.....	\$253,643,406 75
Less: Depreciation and Amortization Accrued..	31,921,985 59
	<hr/>
Roadway Property and Equipment less Recorded Depreciation and Amortization.....	\$221,721,421 16
In Miscellaneous Physical Property.....	400,417 82
In Stock, Bonds, and Notes of Other Companies...	6,903,132 73
In Material and Supplies....	5,633,695 41
	<hr/>
	\$234,658,667 12

OTHER ASSETS WE OWN

Cash.....	\$ 8,358,820 71
Special Deposits.....	2,291,765 75
Temporary Investments in Government Securities..	8,000,000 00
Amounts due from Agents and Conductors.....	1,788,774 05
Outstanding from Government, Individuals, and Companies.....	3,779,358 04
All Other Assets.....	4,594,482 59
	<hr/>
Total.....	\$263,471,868 26

See also condensed balance sheet, pages 26-27

WHAT WE OWE

Mortgage Bonds.....	\$ 85,925,200 00
Equipment Obligations.....	10,813,892 69
Traffic and Car Service Balances, Audited Accounts and Wages Payable.....	8,550,381 80
Interest Accrued.....	2,538,497 32
Accrued Tax Liability.....	4,038,028 78
All Other Liabilities.....	3,173,435 98
	<hr/>
	\$115,039,436 57

CAPITAL AND SURPLUS

Capital Stock and Premium..	\$108,574,340 14
Surplus.....	39,858,091 55
	<hr/>
	148,432,431 69
	<hr/>
Total.....	\$263,471,868 26

CAPITAL STOCK

The number of shares of Capital Stock of all classes outstanding December 31, 1948, including fully-paid negotiable receipts for subscriptions to Prior Preference Stock, was unchanged at 1,046,113 shares, of a par value of \$104,611,300.

STATUS OF CAPITAL STOCK REORGANIZATION

A plan for the modification of your company's capital stock structure, the result of long and careful study by a Committee of your Board of Directors, and considered by the Board to be eminently fair and equitable to each of the various classes of stock, was filed with the Interstate Commerce Commission late in August. However, the plan met with so much opposition from certain stockholder groups that the Directors felt it to be in the best interest of all stockholders to ask the Commission to cancel the hearing which was to have been held in Boston on November 3, 1948. Subsequently conferences were held in Boston and New York, with representatives of all classes of stock participating, in an endeavor to reconcile the conflicting opinions in a plan which would be acceptable to the Board of Directors as being equally fair and equitable to all classes of stock. On December 28, 1948, the Board of Directors approved a new plan, application for which was filed with the Commission on January 21, 1949. A copy of the new plan, as well as the Commission's Order setting March 28, 1949, as the date for the hearing to be held in Boston, has been mailed to stockholders.

The plan sets forth a new capitalization consisting of 275,296.80 shares of new 5% preferred stock and 549,134.98 shares of new common stock. The preferred dividends will be cumulative to the extent earned and each share will be convertible to 1 $\frac{3}{4}$ shares of common.

Such a simplification of the capital stock structure of the Railroad not only will be beneficial to all stockholders, but is essential if the credit and standing of the Railroad are to have a firm foundation. All suggestions and recommendations made by stockholders have been carefully weighed and considered, and the Directors feel that the revised plan should meet with the approval of the holders of all classes of stock.

CHANGES IN LONG-TERM DEBT

Long-Term Debt, outstanding in hands of Public on December 31, 1948, amounted to \$96,739,092.69, (see note) a decrease of \$2,846,737.09 since December 31, 1947.

DECREASE IN LONG-TERM DEBT

Funded Debt reacquired:			
Series RR 1st Mtge. 4% Bonds due 7/1/60	\$1,010,700.00		
Series A Income Mtge. 4½% Bonds due 7/1/70	1,109,500.00		
Decrease Funded Debt in hands of Public		\$2,120,200.00	
Decrease in Equipment Obligations account installment payments during the year	\$3,013,135.09		
Increase in amount of Equipment Obligations account new equipment received during the year.	2,286,598.00	726,537.09	
Net Decrease in Long-Term Debt in Hands of Public			\$2,846,737.09

NOTE.— Long-Term Debt of \$96,739,092.69 is outstanding after deducting \$4,094,700.00 Bonds owned by the Railroad, of which \$661,000.00 is pledged with Old Colony Trust Company, Trustee, in lieu of Mortgaged Property Sold.

The chart opposite illustrates by percentage ratios based on December 31, 1940, increases and decreases by years in investment in "Road and Equipment Property" and in "Funded Debt and Equipment Obligations." During the period of 8 years, net investment in "Road and Equipment Property" increased \$7,590,457 (from \$246,125,406 to \$253,715,863) and "Funded Debt and Equipment Obligations, in Hands of the Public" decreased \$31,140,565 (from \$127,879,658 to \$96,739,093). Funded Debt decreased \$35,823,500 and Equipment Obligations increased \$4,682,935.

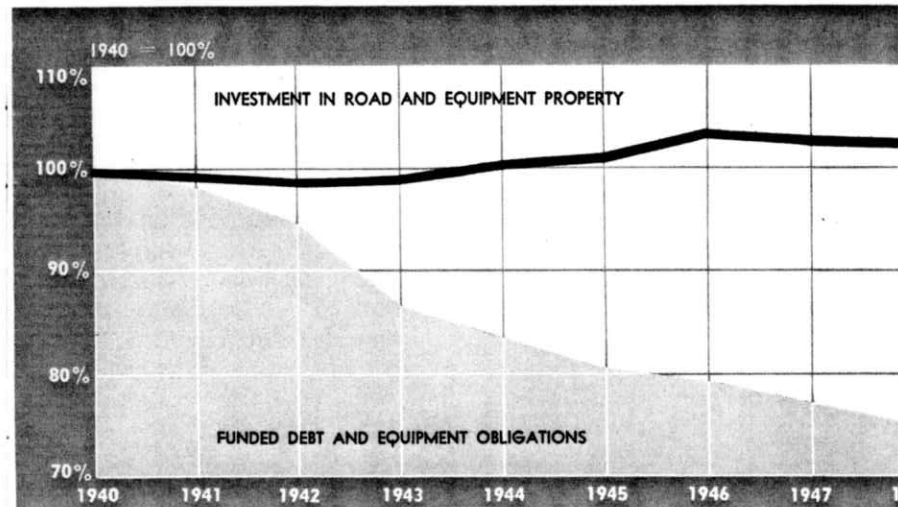


TAXES

Taxes paid by your company in 1948 as compared with 1947 were as follows:

	1948	1947
State and Municipal Taxes	\$2,951,151.44	\$2,555,714.77
Federal Taxes:		
Railroad Retirement (Employees' Pensions)	2,647,682.64	2,505,225.05
Railroad Unemployment Insurance	225,633.57	1,306,920.37
Income Taxes	1,884,385.58	1,875,577.70
Other Taxes (Excise Taxes, etc.)	39,528.88	37,160.62
	\$7,748,382.11	\$8,280,598.51
Taxes per share of Stock	\$7.40	\$7.92

The Railroad Unemployment Insurance Act, which provides unemployment and sickness benefits for qualified railroad employees, was amended by the 80th Congress, effective January 1, 1948, by substituting a graduated scale of taxes, determined by the balance remaining in the Unemployment Insurance Reserve Fund at the end of September in each year, in place of the flat 3% tax heretofore paid by railroads on the wages of each employee up to \$300 per month. In 1948 this tax was at the rate of ½ of 1%, with a consequent saving to your



company of more than \$1,081,000 as compared with 1947, but to a substantial degree this saving was offset by increased state and local taxes, due both to higher tax rates and higher assessed valuations.

Federal payroll taxes imposed on the railroads under the Railroad Retirement Act were somewhat greater than in 1947, due to the higher wage levels prevailing in 1948. As compared with industries subject to the Social Security Act, including forms of transportation competitive with railroads, the burden of payroll taxes imposed on railroads is great. Under the Social Security Act employers other than railroads pay for employees' retirement benefits only 1% on the first \$250 of monthly wages of each employee, whereas the similar tax assessed against railroads is now 6% of the first \$300 of monthly wages, and in 1952 will be 6.25%. In 1948 your company's payroll tax alone consumed 3.05% of gross earnings.

Exclusive of its own taxes, your company, at its own expense and acting as an agency of the Federal Government, collected from other sources in excise and transportation taxes, and monies withheld from its own employees for retirement and income taxes, a total of \$11,-383,744.20.

RETURN ON INVESTMENT

While the volume of freight traffic in 1948, as pointed out elsewhere in this Report, was approximately the same as for the two previous years, representing peak levels for peacetime traffic, revenue was greater due to higher rates. However, wage increases and higher costs of materials substantially offset the higher rates, with the result that "Return on Investment" was but 3.3%, or 1% higher than in the previous year, as shown below:

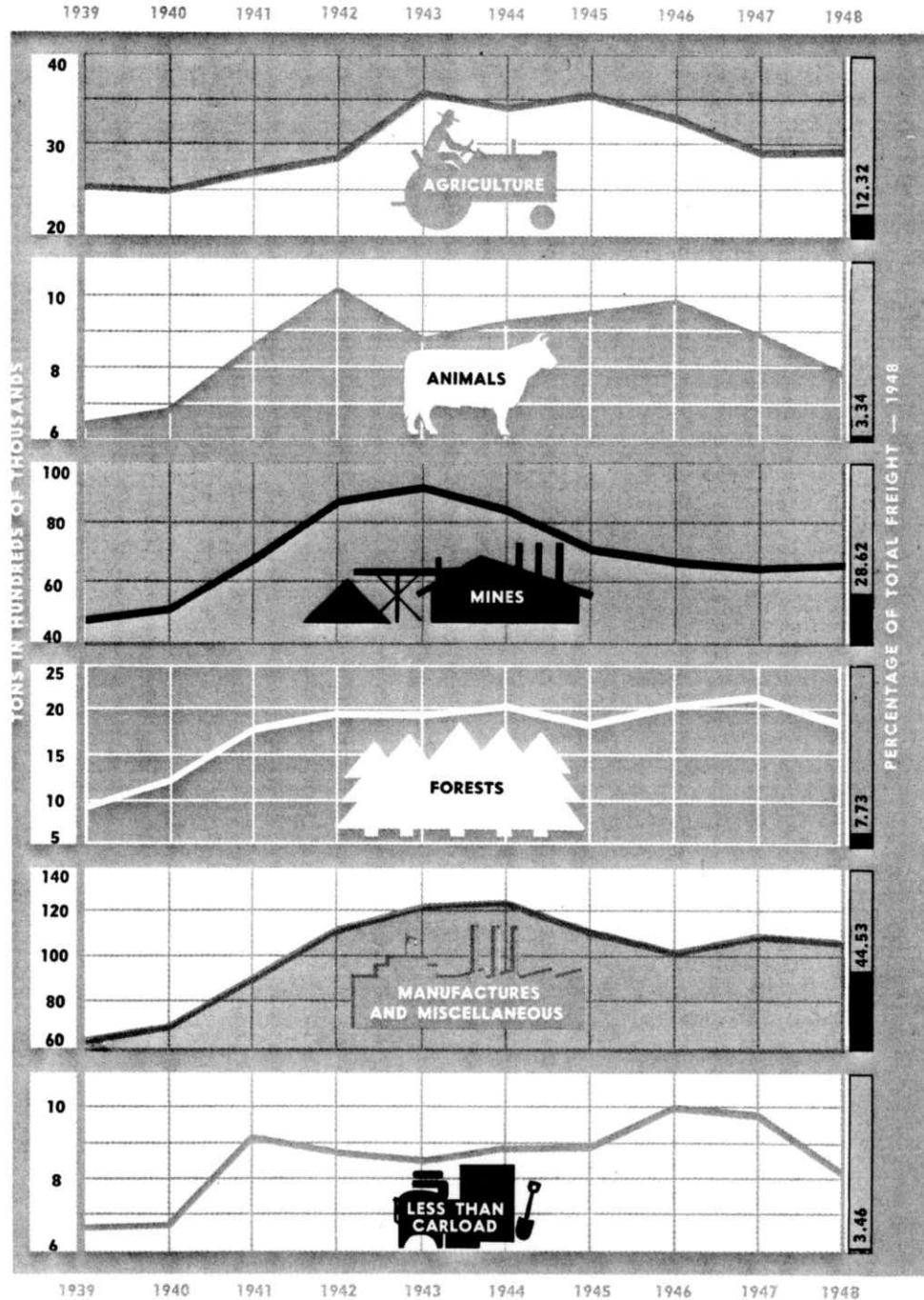
	1948	1947	% Change to 1948	1939	% Change to 1948
Gross Revenues	\$ 94,165,928	\$ 84,277,140	11 7	\$ 46,341,082	103 2
Operating Expenses	73,742,349	66,484,621	10 9	33,133,913	122 6
Net Revenue	\$ 20,423,579	\$ 17,792,519	14 8	\$ 13,207,169	54 6
Railway Tax Accruals	\$ 7,737,357	\$ 8,271,599	d 6 5	\$ 3,519,723	119 8
Equipment Rents	3,998,851	3,295,411	21 3	2,548,171	56 9
Joint Facility Rents	416,612	294,992	41 2	184,133	126 3
Deduction from Net Revenue	\$ 12,152,820	\$ 11,862,002	2 5	\$ 6,252,027	94 4
Net Railway Operating Income (A)	\$ 8,270,759	\$ 5,930,517	39 5	\$ 6,955,142	18 9
Investment in Transportation Property including Cash and Material and Supplies, less Recorded Depreciation and Amortization (System) (B)	\$254,333,614	\$255,874,131	d 0 6	\$253,336,974	0 4
Rate of Return (See Note)	3 3%	2 3%		2 7%	

NOTE: The Rate of Return is the percentage of A to B. d Decrease

It seems not generally understood that "Return on Investment" is by no means all "Net Profit". It is merely the ratio that "Net Railway Operating Income" bears to "Investment in Transportation Property" as determined under Interstate Commerce Commission accounting practice. "Net Railway Operating Income" is what remains from Gross Revenues after deducting Operating Expenses, Taxes, Equipment Rents and Joint Facility Rents, but BEFORE deducting Fixed and Contingent Charges, including interest on the company's bonds and other indebtedness.

In other public utility industries more or less regulated by governmental authorities a 6% Return on Investment is considered reasonable. If railroads are to continue to modernize and improve their plant adequately to meet the needs of the communities they serve, and if they are to restore their credit with the investing public by paying an adequate return to the owners of the properties, they must be permitted to earn a rate of Return on Investment equal to that enjoyed by other utilities.

HOW OUR FREIGHT TRAFFIC HAS MOVED 1939-1948



ANNUAL REPORT FOR THE YEAR 1948



FREIGHT TRAFFIC

Freight revenue for the year was \$70,836,876.37, or 15.6% above 1947 and again the highest in this company's history. Revenue Ton Miles, the measure of volume, were 3,657,372,669, or 0.9% below 1947. Average revenue per ton per mile was \$0.01937, or 16.6% above 1947.

The increase in freight revenue was due to the increase in the rate level. In addition to two 10% increases in the form of emergency charges which became effective October 13, 1947, and January 5, 1948, the Interstate Commerce Commission and the State Commissions in our territory, in a further interim decision in Ex Parte 166, provided rates 30% higher than the level in effect January 1, 1947, with exceptions and maxima on certain commodities. This adjustment was calculated to produce a general rate level in the Northeast 24.3% higher than on January 1, 1947 and became effective May 6, 1948. On August 21, 1948, a further general adjustment was made as the result of the permanent order in Ex Parte 166. While this adjustment resulted in certain increases, there were also reductions, and overall the August 21st adjustment made no appreciable further change in the rate level in this territory. The Class I railroads of the United States have since petitioned for a general increase in freight rates of 13% with certain exceptions, and this petition is still before the regulatory bodies. However, on January 11, 1949, the carriers were permitted to make an interim increase in the form of an emergency charge, which, in general, increased freight rates 6% in the Northeast and between the Northeast and the South, and 5% between the Northeast and the West.

The unusual severity of the winter in this area, with heavy snows followed by severe cold, was extremely crippling to transportation of all kinds during the first two months of the year. However, Boston and Maine lines were kept open and your company was able to handle on reasonable schedules all freight offered. This resulted in a heavy flow of tonnage and much favorable comment from customers.

No pronounced change in the character of traffic handled took place during the year. There was an increase of about 15% in the important item of all-rail coal. Some short-haul traffic was diverted from the rails to other forms of transportation, largely highway. These factors contributed to an increase in average haul from 154.4 miles in 1947 to 158.7 miles in 1948.

This increase in average haul is a trend which began with the advent of the motor truck. The following table, showing the ton miles of revenue freight, average haul and average rate per ton per mile at four-year intervals from 1928 to 1948, illustrates this and indicates the comparative freight traffic volume and freight rate level:

	Ton Miles of Revenue Freight (1,000)	Average Haul (Miles)	Average Rate Per Ton Per Mile (Cents)
1928	2,893,844	124	1.74
1932	1,812,074	139	1.64
1936	2,257,602	145	1.47
1940	2,382,236	146	1.45
1944	4,678,148	173	1.29
1948	3,657,373	159	1.94

It will be observed that during these two decades average haul increased from 124 miles to 159 miles, or 28%. The 1944 high of 173 miles was due to the peak load of war-time traffic, a large part of which moved over maximum hauls from the western gateways to points along the New England Coast. It is interesting to note that traffic volume is far in excess of the corresponding figure immediately preceding the second world war. Ton miles in 1948 were 54% higher than in 1940 and 26% higher than in 1928. During the last twenty years there has been a material increase in the amount of traffic handled by motor truck in this territory, both that moving in for-hire vehicles and in vehicles owned by either shippers or receivers of freight. In spite of this and the fact that there has been a decline of 15% in miles of road operated since 1928 this company is providing 26% more freight transportation for the area it serves, giving indisputable evidence of the growth of industry in Northern New England and the ability of this area to support that growth.



PASSENGER TRAFFIC

Passenger revenue for the year was \$14,863,672.28, a decline of 2.4% from 1947 as compared with a decline of 9.1% in 1947 from that of 1946. The number of passengers declined 10.0% from 26,318,719 in 1947 to 23,674,066 in 1948, and passenger miles, the real index of volume, declined 13.9%. Revenue showing was better than passenger volume due to the general increase in basic fares made on July 19, 1948 when coach fares were increased from 2.5¢ per mile to 3¢ per mile and first-class fares (in parlor and sleeping cars) from 3.5¢ to 4¢ per mile.

As a result of the bituminous coal strike it became necessary to make some curtailment in passenger service from March 21 to April 13. This was the fourth time in the last three years that coal and rail strikes have caused reductions in passenger service, and in every case we have found that some permanent loss has resulted through passengers turning to other means of transportation.

No major changes were made in train schedules during the year. Further reductions were made in Saturday commuting service because of the increasing prevalence of the five-day working week. Summer travel in general was somewhat lighter than in the previous year. A number of special trains were operated, such as Snow Trains and Sport Specials, and these were well patronized.

In an effort to encourage Sunday travel, experiments are being tried with reduced round-trip fares between Boston and a number of stations on the lines. Evening excursion fares were restored to and from Boston, and one-day round-trip fares introduced between Boston and points in eastern Massachusetts to help the competitive situation in that area.

Your company participated actively in the Chicago Railroad Fair, which proved an outstanding success and was continued beyond the date originally intended. A Boston and Maine stainless steel coach with uniformed attendant was on display and received favorable comment.

MILK TRAFFIC

Revenue from hauling milk and cream was \$1,409,114.80, an increase of 11.9% over 1947. This increase was due to a higher basis of rates, as the volume handled declined 2.9% from 1947 due to reduced consumption. There was a marked decline in the movement of Western milk and cream as the production in this area was almost enough to cover its requirements.

EXPRESS TRAFFIC

Revenue from express traffic was \$1,177,819.80, an increase of 8.2% over 1947. This was due to an increase in the Railway Express Agency's net revenue resulting from higher rates. There was a further decline in the volume of small package business but this trend may be reversed by an increase in Parcel Post rates effective January 1, 1949.

PER DIEM DEVELOPMENTS IN 1948

It was explained in the Annual Report for 1947 that the per diem rate (for rental of foreign freight cars) is of great importance to your company. During 1948 this rate remained unchanged at \$1.50. The proceedings before the Interstate Commerce Commission, to have a reasonable rate fixed by that body, have progressed through final hearing, the examiner's proposed report (recommending that the \$1.50 rate be found reasonable), and oral argument, to a final submission of the question, in December 1948, to the full Commission for decision. Up to the time of printing this report such decision had not been announced.

GOVERNMENT REPARATION SUITS

In the Annual Report for 1947 it was noted that the United States Department of Justice had filed with the Interstate Commerce Commission a number of complaints seeking reparation, in large amounts, for allegedly high rates charged by the railroads during the recent war. A small number of additional complaints along the same lines were filed in 1948. None of these cases has yet come to trial. Five of them were set for hearing in September of 1948 but they were indefinitely postponed on representation of the War Department that national security would be endangered if certain facts essential to proving the Government's case were made public. All of the suits are thus still hanging over the railroads. It is apparent that if they should be decided by the Interstate Commerce Commission in the Government's favor, either a great many roads would be thrown into bankruptcy or it would be necessary to increase the present rates very sharply to provide the money to pay the judgments. A substantial number of shippers and shipper organizations have intervened in the proceedings, in all cases on the side of the railroads, and it is evident that the claims have little, if any, support in public opinion outside the Department of Justice. Nevertheless, the threat is extremely serious.

ACQUISITIONS AND ABANDONMENTS

The reorganization of the St. Johnsbury and Lake Champlain Railroad, completed in 1946, left your company owning all of the reorganized road's outstanding capital stock and bonds. The St. Johnsbury's line consisted of two segments in Vermont, one from Lunenburg to St. Johnsbury, leased to the Canadian Pacific Railway and sub-leased to and operated by the Maine Central Railroad, and the other from St. Johnsbury to Swanton, operated by the St. Johnsbury Company. This latter section no longer connected with any of the lines of your company and its ownership served no useful purpose to the operation of the Boston and Maine System. Accordingly, during 1948 the St. Johnsbury, with the approval of your company, successfully negotiated and completed the sale of this section, the price received being 80% in cash and 20% in first mortgage notes. The purchaser, the St. Johnsbury and Lamoille County Railroad, a newly organized company owned locally by Northern Vermont interests, will operate the line as an independent short line railroad.

During the year detailed studies showed that large annual losses were being incurred in operating passenger service on the so-called Saugus Branch. This service consists of commuter trains serving Saugus and parts of Malden and Lynn, all in the Boston Terminal area. Accordingly a petition was filed with the Massachusetts Department of Public Utilities for permission to cease operating all passenger trains on this Branch. The proceeding has been the subject of a hearing and has been submitted for decision to the Department, but at the time of printing this report such decision had not been announced.

OPERATING RESULTS

During the early months of 1948 freight train efficiency was handicapped by a series of heavy snowfalls accompanied by low temperatures. Volume of freight traffic for the entire year as measured by Gross Ton Miles was at about the same level for the 2 previous years, representing peak levels for peacetime periods.

Gross Ton Miles per Train Hour reached 35,105 or 2.1% greater than for 1947. The improvement follows the increased use of Diesel locomotives in freight train service. For the 3 years 1946, 1947 and 1948 the proportion of Gross Ton Miles handled by this class of power was 70.8%, 81.3% and 85.8% respectively.

The proportion of passenger train miles (excluding motor cars) operated by Diesel power in 1948 reached 40.5% as compared with 35.1% in 1947. The peak of freight traffic occurring in the winter months and the peak of passenger traffic occurring in the summer months permits the use of freight Diesels in passenger service as the situation warrants.

Diesel fuel consumption for the past 3 years has been consistent at 1.5 gallons per 1000 Gross Ton Miles in freight service and 0.27 gallons per Train Car Mile in passenger service.

Deliveries of additional Diesel power units in 1949 will provide further efficiency, particularly through the use in local freight, yard switching and short passenger runs. Additional economies will result from discontinuing and retiring a considerable number of steam facilities no longer required.

The freight car situation materially improved in 1948 as compared with the critical shortages that existed during 1947. Every effort is being exerted to hold foreign car-days on the line to a minimum, such cars as are not needed for immediate reloading being returned in the direction of home road to minimize payment for freight car rental, now \$1.50 per day, the highest it has ever been.

CHANGES IN EQUIPMENT

Steam locomotive ownership at the end of 1948 was 300. During the year 33 were retired.

Diesel power owned and on order is as follows:

	Owned Jan. 1, 1948	Added in 1948	On Order for 1949 Delivery
Road Passenger — 2000 H.P.	16	4	2
Road Freight — 3000 H.P.		2	
Road Freight — 2700 H.P.	27		
Road Freight — 1500 H.P.		5	12
Road Freight — 1350 H.P.	15		
Switcher — 1000 H.P.	14		6
Switcher — 660 H.P.	4	2	5
Switcher — 600 H.P.	17		1
Switcher — 380 H.P.	9	1	
	102	14	26

Revenue freight car ownership at the end of 1948 was 5834. During the year 290 cars were retired because of age and condition, 6 were sold, and 24 were converted to non-revenue service.

The application of A.B. Brakes ordered by the Interstate Commerce Commission to be completed before January 1, 1949, has been extended to January 1, 1950. On December 31, 1948, 95.9% of our interchange cars had been so equipped.

Ownership of passenger train cars (exclusive of sleeping cars) on December 31, 1948, was 1178. During the year, 44 cars were withdrawn from service, 26 of which were scrapped and 18 converted for use in non-revenue service. In addition, there were acquired from the Pullman Company, and leased back to that company under a Uniform Operating Agreement, 22 heavy-weight sleeping cars to be operated by Pullman on your company's lines.

Ownership of non-revenue equipment on December 31, 1948 was 903 cars, 38 having been scrapped during the year and 1 sold. One new Jordan Spreader was purchased.



WAGE INCREASES

On June 20, 1947, the Brotherhood of Locomotive Engineers and the Brotherhood of Locomotive Firemen and Enginemen served on all Class 1 Carriers demands for far-reaching changes in working agreements, and the Carriers, in turn, served appropriate counter proposals. All steps prescribed by law were employed without a settlement being reached. The labor organizations declined to accept the recommendations of a Presidential Emergency Board, and finally called a strike for 6:00 A.M. on May 11, 1948. To prevent a nation-wide rail tie-up, President Truman issued an executive order whereby operation of the railroads was taken over by the Secretary of the Army who, through the Attorney General of the United States, secured an injunction from the United States District Court and the threatened strike was averted. The President of the United States then undertook to mediate the dispute and an agreement was finally reached on August 11, 1948, as a result of which certain requests of both management and organizations were agreed upon.

In the same negotiations the demand of the labor organizations that basic rates of pay be increased 30%, with a minimum increase of \$3.00 per day, was settled by an agreement to increase the rates of pay by \$1.24 per basic day, retroactive to November 1, 1947, this being the same increase offered to and accepted by the Trainmen and Conductors in November 1947.

On June 30, 1948, the Trainmen and Conductors made new demands for a 25% increase in basic rates of pay, with a minimum increase of \$2.50 per basic day to be effective August 1, 1948. This dispute was settled by mutual agreement on October 4, 1948, by which the Trainmen and Conductors received an increase of 80¢ per basic day, effective October 16, 1948. On November 12, 1948, the same increase was granted to Enginemen and Firemen, retroactive to October 16, 1948.

On April 10, 1948, the non-operating employees, those not engaged in the direct operation of trains, served demands for drastic changes in working agreements, including a 40-hour week, Monday through

Friday, with 48 hours pay for 40 hours work, with pay at the rate of time and one-half for service on Saturdays, and at the rate of double time for service on Sundays and holidays, plus a general increase of 25¢ an hour after hourly rates had been adjusted to maintain the 48-hour earnings for the 40-hour week. The railroads made counter proposals for changes in working rules. During negotiations the railroads offered a general increase of 10¢ an hour in settlement of all demands made by the employees, which was rejected. Negotiations proceeded through the various steps prescribed by the Railway Labor Act. When mediation failed, arbitration was proposed as required by the Railway Labor Act but the labor organizations refused to arbitrate. President Truman created an Emergency Board which held hearings for approximately 30 days and returned its report on December 17, 1948, recommending for these employees

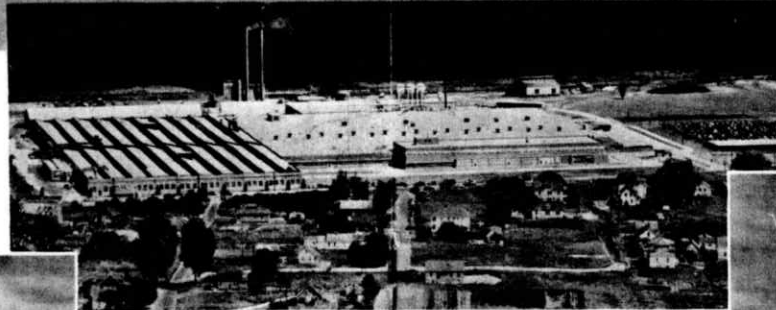
- (a) that basic rates of pay be increased 7¢ per hour, retroactive to October 1, 1948;
 - (b) a 40-hour week to be effective September 1, 1949, which would consist of any 5 consecutive days with time and one-half for the 6th and 7th days;
 - (c) effective September 1, 1949, an increase of 20% in the hourly rate so that the weekly pay for the 40 hours worked would not be less than the amount previously received for 48 hours worked.
- The recommendation also included adjustment in certain rules requested by the carriers in order to make the 40-hour week workable.

The recommendations of the Presidential Emergency Board have not been accepted by either side as this report goes to press.

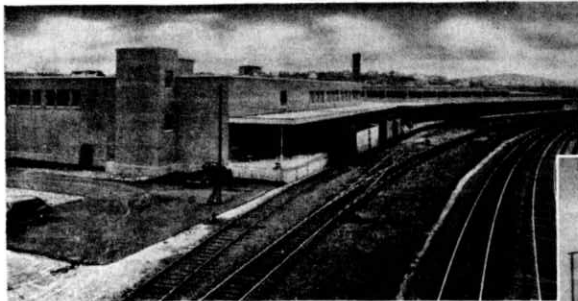
The railroads have also been served with a demand by train and engine service organizations that vacations with pay, which are now seven days a year, shall be increased according to length of service. Train service employees are asking for a maximum of 30 days vacation for 20 years or more service, and the enginemen a maximum of 30 days vacation after 30 years service; also further demands of the Brotherhood of Locomotive Firemen and Enginemen call for the elimination of certain differential rates and the assignment of an extra fireman on all Diesel locomotives operating in road service.

These demands are still in process of negotiation.

SOME NEW INDUSTRIAL CONSTRUCTION IN 1948 ON THE LINES OF THE BOSTON AND MAINE

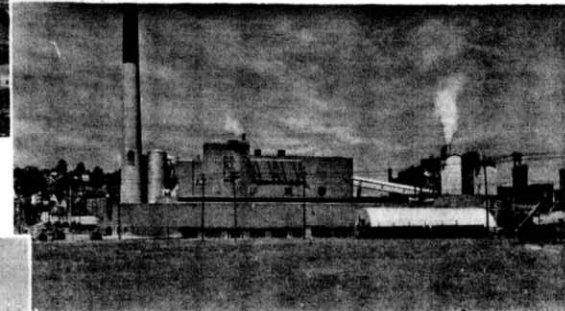


A. G. Spalding & Bros. Inc.
Chicopee, Mass. Sporting goods

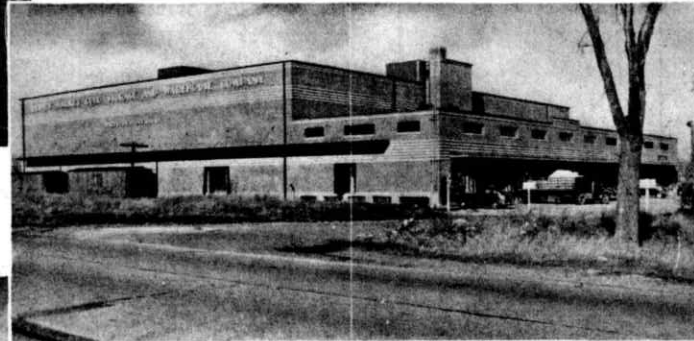


Brockelman Brothers, Inc.
Worcester, Mass. Grocery and meat distributors

General Electric Company
Medford, Mass. Apparatus service shop



Brown Company
Berlin, New Hampshire
Manufacturers of paper, pulp, and paper products



Quincy Market Cold Storage and Warehouse Company
Watertown, Ass. Cold storage warehouse



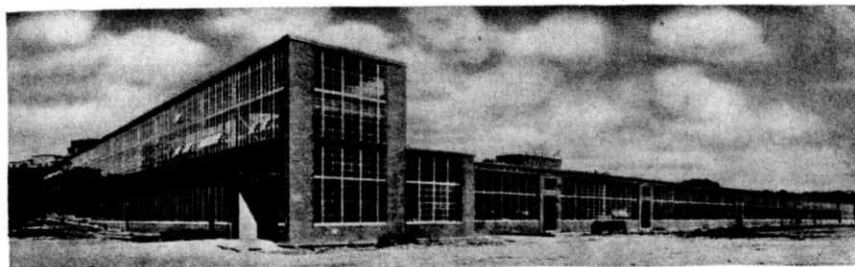
First National Stores Inc.
Portland, Me. Food distribution warehouse



Norton Company
Worcester, Mass.
Manufacturers of abrasives

INDUSTRIAL DEVELOPMENT

Intensive development work was carried on throughout Boston and Maine territory by the Industrial Department during 1948. Construction of new plants and expansion of existing plants by industries located on the company's lines amounted to 1,300,000 square feet of floor space, representing an investment of over \$35,000,000 for plant and equipment. A very encouraging amount of new construction is planned or is already under way for 1949. Sales of railroad-owned land for industrial purposes totaled over 3,500,000 square feet. Twenty-four new private sidetracks involving 14,456 feet of track were constructed.



ADDITIONS AND IMPROVEMENTS TO PROPERTY

About 2400 tons of new 115 lb. rail were laid in main lines on the Fitchburg and Portland Divisions and about 74.2 track-miles of existing stone ballast on those Divisions were resurfaced. Also 1299 track-miles of main lines and important branches were inspected for hidden rail defects by means of a rail detector car. Additional portable oil-burning switch heaters to the number of 1832 were installed at various locations to keep switches clear of snow and ice.

Many improvements were made in track and overhead bridges, including 6 rebuilt, 3 altered and 1 widened. State authorities constructed 4 new steel and concrete highway bridges in New Hampshire, 2 of which resulted in the elimination of grade crossings, while at other locations 5 grade crossings were closed.

The program of installing modern crossing protection continued during the year, automatic flashers, flashers and half gates or flashers and bells being installed at 24 crossings, while at 36 crossings protection was otherwise improved. In the Boston Hump Yards 8 modern type car retarders replaced 12 of an older type. Many other improvements in signals, lighting, etc., were made throughout the system, plus the usual number of miscellaneous improvements in freight, passenger and yard facilities, shops, enginehouses, etc. too numerous to mention in detail.

Approximately 44,900 cu. yds. of filling material were placed in Boston Terminal areas, 300 tons of riprap for embankment protection were installed in the vicinity of Lisbon, N. H., and retaining walls were constructed at Ayer and Zoar, Mass.

The policy of retiring unneeded facilities to save maintenance and taxes and to realize the salvage of useful material was continued, and 335 major work equipment units were purchased.

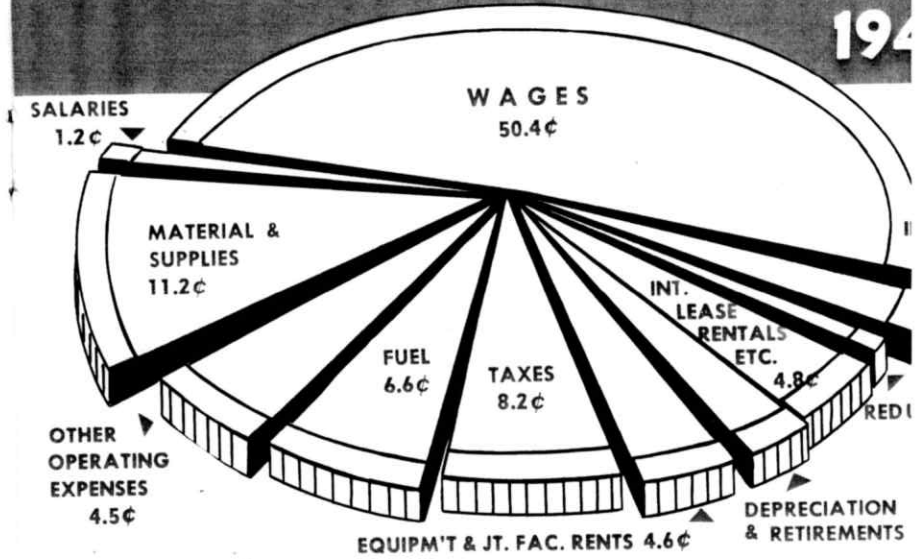
DISTRIBUTION OF THE INCOME DOLLAR

Total Payroll — All Services . . . \$50,675,573

Ave. No. of Employees 14,007
Ave. Earnings per Employee \$3,537.53

Ave. No. of Officials 188
Ave. Earnings of Officials \$5,900.00

194

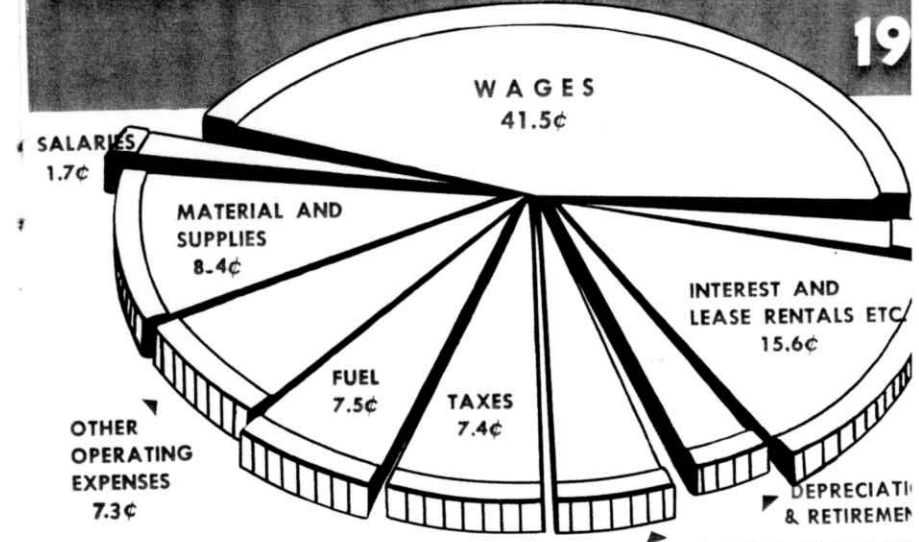


Total Payroll — All Services . . . \$21,394,122

Ave. No. of Employees 11,569
Ave. Earnings per Employee \$1,780.28

Ave. No. of Officials 157
Ave. Earnings per Official \$5,900.00

19



MATERIALS AND SUPPLIES

With the reduced demand for locomotive bituminous coal as a result of your company's purchases of Diesel power it was possible to obtain the amount of fair quality coal needed to meet requirements and to maintain an adequate supply throughout the year.

Locomotive coal purchased was 443,000 net tons at an average cost f.o.b. line of road of \$7.76 per net ton as against 494,000 net tons and an average line of road price of \$6.63 per net ton in 1947.

During the first 6 months of the year Diesel fuel oil was critically short, but this situation gradually changed and in the last quarter of the year the supply was ample for requirements.

Purchases of Diesel fuel oil totaled 20,925,535 gallons at an average price of 10.12¢ per gallon as compared with 19,533,348 gallons purchased at an average price of 7.57¢ per gallon in 1947.

The average weighted increase in the price of all materials and supplies (excluding locomotive coal and Diesel fuel oil) as of December 31, 1948 was 14.8% above the December 31, 1947 level and 94.7% above the June 1, 1941 level.

The total cost of all materials and supplies purchased during the year, including fuel oil and locomotive coal, but excluding equipment purchases, was \$15,566,327, as compared with \$13,831,457 in 1947.

HOOSAC AND MYSTIC DOCKS PROPERTIES

Mention was made in the 1947 Report of the sale to the Commonwealth of Massachusetts, acting through the Port of Boston Authority, of your company's Hoosac Docks property in the Charlestown District of Boston, as part of a general program by the Commonwealth for the improvement of Boston's waterfront facilities. In 1948, in furtherance of that program, negotiations were concluded for the sale to the Commonwealth of the Hoosac Grain Elevator, as well as a portion of your company's Mystic Docks property, also located in Charlestown, consisting of Houses 46, 47, 48, 49, 50, and the Mystic Grain Elevator and Grain Galleries.

Construction by the Commonwealth of modern pier and elevator facilities at Hoosac Docks is now under way, and upon completion will be leased by your company, at which time it is the intention of the Commonwealth to begin construction of new facilities at Mystic Docks, which will likewise be leased by your company when completed.

Mr. Aldus C. Higgins, of Worcester, Massachusetts, a member of your Board of Directors since November 8, 1927, died on September 11, 1948. Respected and admired for his high personal integrity, his understanding sympathy and his generous contributions toward the welfare of his own and other communities, his sound advice was often sought and freely given, and his absence from the deliberations of the Board will be keenly felt.

It is again a pleasure to report that your company has enjoyed the continuing cooperation of its customers, officers and employees in its efforts to provide a modern efficient transportation service and a fair return to its stockholders.

For the Board of Directors



President

Boston, Massachusetts,
March 12, 1949

BOSTON & MAINE RAILROAD
HISTORICAL SOCIETY
ARCHIVES

Assets

Condensed General Balance Sheet

Liabilities

	Dec. 31, 1948	Dec. 31, 1947
ROAD AND EQUIPMENT		
Investment in Road	\$184,329,586 50	\$186,030,616 82
Investment in Equipment	61,429,617 14	60,944,943 89
<i>Total</i>	\$245,759,203 64	\$246,975,560 71
Improvements on Leased Property	13,474,684 88	13,381,496 85
Acquisition Adjustment	c 5,518,025 98	c 5,525,883 04
Donations and Grants	c 72,455 79	c 72,923 61
<i>Total Investment in Transportation Property</i>	\$253,643,406 75	\$254,758,250 91
Accrued Depreciation — Road and Equipment	c 21,285,444 84	c 22,405,134 11
Accrued Amortization of Defense Projects — Road and Equipment	c 10,636,540 75	c 10,678,904 93
<i>Investment in Transportation Property less Recorded Depreciation and Amortization</i>	\$221,721,421 16	\$221,674,211 87
Sinking Funds	1,217 12	3,255 25
Capital and Other Reserve Funds	814,409 37	1,341,568 88
Miscellaneous Physical Property	400,417 82	414,651 76
Investments in Affiliated Companies	6,885,631 73	7,574,754 20
Other Investments	17,501 00	18,208 37
<i>Total Investments</i>	\$229,840,598 20	\$231,026,650 33
CURRENT ASSETS		
Cash	\$ 7,567,397 30	\$ 9,254,860 99
Cash in Transit — Agents' Remittances	791,423 41	944,709 30
Temporary Cash Investments	8,015,000 00	6,015,000 00
Special Deposits	2,291,765 75	1,343,963 60
Loans and Bills Receivable	23,526 97	92,655 00
Net Balance Receivable from Agents and Conductors	1,788,774 05	2,078,872 17
Miscellaneous Accounts Receivable	3,585,439 30	2,977,999 82
Material and Supplies	5,633,695 41	5,266,174 99
Interest and Dividends Receivable	170,391 77	84,093 89
Accrued Accounts Receivable	1,003,681 18	677,610 15
Other Current Assets	93,017 55	180,355 59
<i>Total Current Assets</i>	\$ 30,964,112 69	\$ 28,916,295 50
DEFERRED ASSETS		
Working Fund Advances	\$ 17,253 09	\$ 16,943 09
Insurance and Other Funds	1,791,977 12	1,670,366 08
Other Deferred Assets	288,056 96	391,760 03
<i>Total Deferred Assets</i>	\$ 2,097,287 17	\$ 2,079,069 20
UNADJUSTED DEBITS		
Prepayments	\$ 170,523 62	\$ 187,954 50
Discount on Funded Debt	409,841 33	446,687 51
Other Unadjusted Debits	650,505 25	820,176 98
Securities Issued or Assumed — Unpledged	3,697,700 00	5,201,200 00
<i>Total Unadjusted Debits</i>	\$ 4,928,570 20	\$ 6,656,018 99
<i>Grand Total</i>	\$267,830,568 26	\$268,678,034 02

c Indicates Credit Balance.

	Dec. 31, 1948	Dec. 31, 1947
CAPITAL STOCK		
Common Stock — 395,051 shares	\$ 39,505,100 00	\$ 39,505,100 00
Preferred Stock — 31,498 shares	3,149,800 00	3,149,800 00
First Preferred Stock — 388,179 shares	38,817,900 00	38,817,900 00
Prior Preference Stock (Includes Negotiable Receipts)	23,138,500 00	23,138,500 00
<i>Total Capital Stock</i>	(b) \$104,611,300 00	\$104,611,300 00
Premiums on Capital Stock	4,227,040 14	4,227,040 14
<i>Total Capital Stock and Premiums</i>	\$108,838,340 14	\$108,838,340 14
Stock Liability for Conversion	\$ 1,200 00	\$ 1,200 00
LONG-TERM DEBT		
Funded Debt Unmatured	(c) \$ 90,019,900 00	\$ 93,642,400 00
Equipment Trust Certificates	—	348,000 00
Lease and Purchase Agreements — Equipment	10,813,892 69	11,192,429 78
<i>Total Long-Term Debt</i>	\$100,833,792 69	\$105,182,829 78
CURRENT LIABILITIES		
Traffic and Car Service Balances — Net Payable	\$ 3,560,295 65	\$ 4,868,388 07
Audited Accounts and Wages Payable	3,221,559 62	3,663,239 32
Miscellaneous Accounts Payable	1,768,526 53	2,392,624 76
Interest Matured Unpaid	1,280,750 33	1,308,595 38
Dividends Matured Unpaid	15,831 70	13,503 62
Unmatured Interest Accrued	1,257,746 99	1,305,168 83
Accrued Accounts Payable	1,647,622 60	766,654 00
Taxes Accrued	4,038,028 78	4,105,782 29
Other Current Liabilities	51,341 29	41,803 20
<i>Total Current Liabilities</i>	\$ 16,841,703 49	\$ 18,465,759 47
DEFERRED LIABILITIES		
New York State E.G.C. Projects	\$ 332,786 23	\$ 341,359 94
Other Deferred Liabilities	91,770 97	89,064 59
<i>Total Deferred Liabilities</i>	\$ 424,557 20	\$ 430,424 53
UNADJUSTED CREDITS		
Insurance Reserves	\$ 50,000 00	\$ 50,000 00
Accrued Depreciation — Leased Property	347,348 29	241,978 03
Other Unadjusted Credits	635,534 90	652,689 47
<i>Total Unadjusted Credits</i>	\$ 1,032,883 19	\$ 944,667 50
SURPLUS		
Additions to Property through Income and Surplus	\$ 14,822,146 85	\$ 14,822,146 85
Funded Debt Retired through Income and Surplus	19,182,100 44	16,603,961 37
Sinking Fund Reserves	1,554 32	56,621 04
Miscellaneous Fund Reserves	1,061,089 31	988,296 77
Appropriated Surplus — Purchase of Leased Line Bonds	357,000 00	357,000 00
<i>Total Appropriated Surplus</i>	\$ 35,423,890 92	\$ 32,828,026 03
Unearned Surplus	598,088 04	598,088 04
Earned Surplus (a)	3,836,112 59	1,388,698 53
<i>Total Surplus</i>	\$ 39,858,091 55	\$ 34,814,812 60
<i>Grand Total</i>	\$267,830,568 26	\$268,678,034 02

(a) Includes Surplus Earned by Lessor Companies before Consolidation.

(b) Includes \$ 264,000.00 held by or for Company.

(c) Includes \$4,094,700.00 held by or for Company.

Income Account

Income Account (Continued)

	Year ended Dec. 31, 1948	Increase or Decrease	Per Cent
TRANSPORTATION REVENUE			
Freight	\$70,836,876 37	\$9,577,275 43	15.63
Passenger	14,863,672 28	d 361,960 49	2.38
Baggage	18,349 53	d 320 05	1.71
Parlor and Chair Car	53,111 94	4,632 85	9.56
Mail	2,015,078 18	328,047 58	19.45
Express	1,177,819 80	88,766 14	8.15
Other Passenger-Train	306,190 89	d 17,750 81	5.48
Milk	1,409,114 80	150,028 76	11.92
Switching	829,583 55	110,220 32	15.32
<i>Total Transportation Revenue</i>	\$91,509,797 34	\$9,878,939 73	12.10
INCIDENTAL REVENUE			
Dining and Buffet	\$ 243,670 61	d\$ 15,297 67	5.91
Station and Train Privileges	162,416 29	d 1,375 39	.84
Parcel Room	27,840 15	d 5,300 05	15.99
Storage — Freight	76,546 56	18,902 97	32.79
Storage — Baggage	5,544 03	d 139 99	2.46
Demurrage	446,230 11	27,641 42	6.60
Telegraph and Telephone	32,994 43	d 3,782 74	10.29
Grain Elevators	38,273 40	18,769 95	96.24
Power	71,921 23	d 284 90	.39
Rents of Buildings and Other Property	1,070,654 71	d 2,411 49	.22
Miscellaneous	280,530 28	d 50,775 70	15.33
<i>Total Incidental Revenue</i>	\$ 2,456,621 80	d\$ 14,053 59	.57
Joint Facility — Cr.	\$ 206,020 83	\$ 23,747 90	13.03
Joint Facility — Dr.	6,511 85	d 154 43	2.32
<i>Total Joint Facility Operating Revenue</i>	\$ 199,508 98	\$ 23,902 33	13.61
<i>Total Operating Revenues</i>	\$94,165,928 12	\$9,888,788 47	11.73
OPERATING EXPENSES			
Maintenance of Way and Structures	\$15,605,031 98	\$1,983,159 99	14.56
Maintenance of Equipment	14,248,581 80	1,308,535 66	10.11
Traffic	1,261,457 85	49,138 83	4.05
Transportation	38,965,356 07	3,781,477 62	10.75
Miscellaneous Operations	339,429 09	d 25,789 16	7.06
General	3,322,492 43	161,205 82	5.10
<i>Total Operating Expenses</i>	\$73,742,349 22	\$7,257,728 76	10.92
<i>Operating Ratio</i>	(78.31%)	d (.58%)	
<i>Net Operating Revenue</i>	\$20,423,578 90	\$2,631,059 71	14.79

d Indicates decrease.

	Year ended Dec. 31, 1948	Increase or Decrease	Per Cent
TAX ACCRUALS	\$ 7,737,357 11	d \$ 534,241 40	6.46
<i>Operating Income</i>	\$12,686,221 79	\$3,165,301 11	33.25
Rent from Locomotives	\$ 33,429 58	\$ 1,992 80	6.34
Rent from Passenger-Train Cars	543,684 12	d 17,966 01	3.20
Rent from Work Equipment	15,290 06	8,061 63	111.53
Joint Facility Rent Income	352,175 37	d 1,227 45	.35
<i>Total Rent Income</i>	\$ 944,579 13	d \$ 9,139 03	.96
Hire of Freight Cars — Debit Balance	\$ 3,850,662 36	\$ 605,968 52	18.68
Rent for Locomotives	1,799 66	27 64	1.56
Rent for Passenger-Train Cars	737,429 32	92,773 05	14.39
Rent for Work Equipment	1,363 22	d 3,241 29	70.39
Joint Facility Rents	768,787 66	120,393 03	18.57
<i>Total Rents Payable</i>	\$ 5,360,042 22	\$ 815,920 95	17.96
<i>Net Rents Payable</i>	\$ 4,415,463 09	\$ 825,059 98	22.98
<i>Net Railway Operating Income</i>	\$ 8,270,758 70	\$2,340,241 13	39.46
OTHER INCOME			
Income from Lease of Road and Equipment	\$ 2,000 00	d \$ 2,446 91	55.02
Miscellaneous Rent Income	460,802 62	160,329 68	53.36
Miscellaneous Nonoperating Physical Property	11,893 22	d 4,859 70	29.01
Dividend Income	8,353 00	d 5,435 50	39.42
Income from Funded Securities	269,759 29	d 41,915 63	13.45
Income from Unfunded Securities and Accounts	89,890 46	24,036 84	36.50
Income from Sinking and Other Reserve Funds	77,501 00	30,162 65	63.72
Miscellaneous Income	48,293 38	d 11,463 62	19.18
<i>Total Other Income</i>	\$ 968,492 97	\$ 148,407 81	18.10
<i>Total Income</i>	\$ 9,239,251 67	\$2,488,648 94	36.87

Income Account (Concluded)

	Year ended Dec. 31, 1948	Increase or Decrease	Per Cent
MISCELLANEOUS DEDUCTIONS FROM INCOME			
Miscellaneous Rents	\$ 8,436 45	d \$ 1,107 22	11.60
Miscellaneous Tax Accruals	11,025 00	2,025 00	22.50
Miscellaneous Income Charges	18,428 46	812 08	4.61
Income Applied to Sinking and Other Reserve Funds	76,126 00	30,244 62	65.92
<i>Total Miscellaneous Deductions</i>	<i>\$ 114,015 91</i>	<i>\$ 31,974 48</i>	<i>38.97</i>
<i>Income Available for Fixed Charges</i>	<i>\$9,125,235 76</i>	<i>\$2,456,674 46</i>	<i>36.84</i>
FIXED CHARGES			
Rent for Leased Roads	\$ 677,949 08	d \$ 10,921 24	1.59
Interest on Funded Debt—Fixed Interest	2,710,178 34	d 23,734 56	.87
Interest on Unfunded Debt	28,073 20	7,837 97	38.73
Amortization of Discount on Funded Debt	29,004 12	d 307 24	1.05
<i>Total Fixed Charges</i>	<i>\$3,445,204 74</i>	<i>d \$ 27,125 07</i>	<i>.78</i>
<i>Income after Fixed Charges (Available Net Income)</i>	<i>\$5,680,031 02</i>	<i>\$2,483,799 53</i>	<i>77.71</i>
CONTINGENT CHARGES			
Sinking Fund—Series RR Bonds	\$ 679,102 00	—	
Interest on Funded Debt—Contingent Interest	1,175,647 38	d \$ 39,532 64	
Sinking Fund—Series A Bonds	482,870 00	429,504 21	
<i>Total Contingent Charges</i>	<i>\$2,337,619 38</i>	<i>\$ 389,971 57</i>	
<i>Net Income after Fixed Charges and Other Deductions, transferred to Profit and Loss</i>	<i>\$3,342,411 64</i>	<i>\$2,093,827 96</i>	

d Indicates decrease.

Earned Surplus—December 31, 1948

Item	Debit	Credit
Balance, December 31, 1947 (Credit)		(a) \$1,388,698 53
Credit Balance from Income Account for year 1948		3,342,411 64
Adjustment to Par of Boston and Maine Railroad Bonds purchased during 1948		716,124 38
Profit on Retired Miscellaneous Property Sold		58,456 69
Adjustment of Investment in Capital Stock of St. Johnsbury & Lake Champlain Railroad as per requirement of Interstate Commerce Commission	\$ 303,706 27	
Appropriation to Sinking Fund Series "A" Income Bonds for years:		
1945	\$482,870 00	
1946	448,726 14	
1947	429,504 21	1,361,100 35
Miscellaneous Debits—Net	4,772 03	
Credit Balance, December 31, 1948	(a) 3,836,112 59	
	\$5,505,691 24	\$5,505,691 24

(a) Includes Surplus Earned by Lessor Companies before Consolidation.

Miles of Road Operated, December 31, 1948

	STEAM ROADS		
	Owned	Leased	Total
Main Lines	827 68	187 20	1,014 88
Branch Lines	655 11	4 74	659 85
Trackage Rights	—	82 23	82 23
<i>Total Road Operated</i>	<i>1,482 79</i>	<i>274 17</i>	<i>1,756 96</i>
Second Track	463 99	a 114 18	578 17
Third Track	6 72	b 7 69	14 41
Other Tracks	896 29	111 42	1,007 71
<i>Total Track Operated</i>	<i>2,849 79</i>	<i>507 46</i>	<i>3,357 25</i>

a Includes trackage rights 14.48 miles.
b Includes trackage rights .99 mile.

Operating Expenses

Operating Expenses (Continued)

	Year ended Dec. 31, 1948	Increase or Decrease
MAINTENANCE OF WAY AND STRUCTURES		
Superintendence	\$ 859,590 85	\$ 48,226 05
Roadway Maintenance	1,113,214 72	d 43,257 28
Tunnels and Subways	39,328 48	d 2,543 41
Bridges, Trestles and Culverts	361,831 45	99,158 84
Ties	571,258 44	6,560 35
Rails	61,804 21	72,669 52
Other Track Material	313,046 23	11,241 24
Ballast	126,805 59	d 25,961 62
Track Laying and Surfacing	3,627,528 32	217,175 85
Fences, Snowsheds and Signs	103,074 51	28,347 86
Station and Office Buildings	708,290 86	117,947 97
Roadway Buildings	56,756 15	d 1,438 11
Water Stations	61,169 12	4,434 11
Fuel Stations	65,495 14	26,110 24
Shops and Enginehouses	517,508 13	22,002 95
Grain Elevators	12,426 38	d 14,747 83
Storage Warehouses	4,993 09	2,991 62
Wharves and Docks	39,924 54	17,120 84
Coal and Ore Wharves	40,208 85	62,383 57
Telegraph and Telephone Lines	88,169 15	11,514 25
Signals and Interlockers	1,120,559 15	183,421 41
Power Plants	6,669 47	1,041 61
Power-Transmission Systems	54,513 97	4,726 24
Miscellaneous Structures	131 79	d 476 76
Road Property — Depreciation	1,654,421 96	19,565 00
Retirements — Road	274,448 27	d 67,336 16
Roadway Machines	181,323 41	11,710 60
Dismantling Retired Road Property	47,277 07	d 68,802 49
Small Tools and Supplies	232,014 97	22,533 67
Removing Snow, Ice and Sand	2,297,132 20	1,087,345 38
Public Improvements — Maintenance	272,765 23	14,427 98
Injuries to Persons	80,425 67	d 35,634 79
Insurance	27,265 59	d 896 93
Stationery and Printing	14,158 69	2,494 15
Other Expenses	28,105 71	18,187 32
Maintaining Joint Tracks, Yards and Other Facilities — Dr.	617,705 48	142,515 15
Maintaining Joint Tracks, Yards and Other Facilities — Cr.	76,310 86	11,598 40
<i>Total Maintenance of Way and Structures</i>	\$15,605,031 98	\$1,983,159 99
<i>Ratio to Total Operating Revenues</i>	(16.57%)	(.41%)

d Indicates decrease.

	Year ended Dec. 31, 1948	Increase or Decrease
MAINTENANCE OF EQUIPMENT		
Superintendence	\$ 642,448 51	\$ 43,868 87
Shop Machinery	328,107 05	12,575 95
Power-Plant Machinery	80,776 20	17,572 57
Shop and Power-Plant Machinery — Depreciation	101,448 00	4,212 00
Dismantling Retired Shop and Power- Plant Machinery	2,313 07	2,266 53
Steam Locomotives — Repairs	3,777,876 31	130,676 16
Other Locomotives — Repairs	1,863,409 91	9,308 49
Freight-Train Cars — Repairs	2,349,490 13	491,155 72
Passenger-Train Cars — Repairs	2,754,912 50	592,628 48
Work Equipment — Repairs	381,416 38	72,313 54
Miscellaneous Equipment — Repairs	18,473 70	1,418 70
Dismantling Retired Equipment	43,038 27	d 13,625 32
Retirements — Equipment	650 00	d 650 00
Equipment — Depreciation	1,586,122 71	3,118 76
Equipment — Amortization of De- fense Projects	25,712 88	—
Injuries to Persons	77,309 13	d 21,947 77
Insurance	59,413 64	6,731 41
Stationery and Printing	11,266 71	d 613 72
Other Expenses	24,108 33	d 54,313 26
Joint Maintenance of Equipment Expenses — Dr.	128,203 18	10,755 65
Joint Maintenance of Equipment Expenses — Cr.	6,614 81	d 1,082 90
<i>Total Maintenance of Equipment</i>	\$14,248,581 80	\$1,308,535 66
<i>Ratio to Total Operating Revenues</i>	(15.13%)	d (.23%)
TRAFFIC		
Superintendence	\$ 485,308 87	\$ 42,570 64
Outside Agencies	409,521 62	18,515 68
Advertising	237,333 54	d 22,716 52
Traffic Associations	56,660 85	7,642 81
Industrial and Immigration Bureaus	18,836 28	672 11
Insurance	50 01	31 53
Stationery and Printing	53,746 68	2,422 58
<i>Total Traffic</i>	\$ 1,261,457 85	\$ 49,138 83
<i>Ratio to Total Operating Revenues</i>	(1.34%)	d (.10%)

d Indicates decrease.

Operating Expenses (Continued)

Operating Expenses (Concluded)

	Year ended Dec. 31, 1948	Increase or Decrease
TRANSPORTATION		
Superintendence	\$ 902,251 31	\$ 75,985 66
Dispatching Trains	326,083 75	14,324 54
Station Employees	6,256,407 96	108,747 85
Weighing, Inspection and Demurrage Bureaus	33,924 16	1,814 13
Station Supplies and Expenses	589,715 57	73,777 43
Yardmasters and Yard Clerks	1,209,458 60	183,436 62
Yard Conductors and Brakemen	2,304,445 19	245,849 51
Yard Switch and Signal Tenders	373,877 38	61,298 60
Yard Enginemen	675,048 54	129,500 08
Yard Motormen	682,450 46	43,919 91
Yard Switching Fuel	662,696 21	117,577 49
Water for Yard Locomotives	13,519 67	d 282 76
Lubricants for Yard Locomotives	25,115 35	3,319 63
Other Supplies for Yard Locomotives	20,685 88	6,161 37
Enginehouse Expenses — Yard	287,911 55	d 274 42
Yard Supplies and Expenses	89,002 37	9,911 40
Operating Joint Yards and Terminals — Dr.	2,521,331 97	344,980 35
Operating Joint Yards and Terminals — Cr.	403,655 20	16,720 12
Train Enginemen	2,217,826 15	215,869 22
Train Motormen	1,442,345 53	265,455 66
Train Fuel	4,785,063 14	666,371 45
Water for Train Locomotives	126,798 96	3,037 29
Lubricants for Train Locomotives	217,133 92	9,557 49
Other Supplies for Train Locomotives	128,699 28	21,516 63
Enginehouse Expenses — Train	1,832,804 88	252,353 55
Trainmen	5,121,456 62	559,645 13
Train Supplies and Expenses	2,360,063 86	310,413 41
Signal and Interlocker Operation	645,365 61	71,051 19
Crossing Protection	1,526,626 11	120,518 92
Drawbridge Operation	53,077 49	9,245 64
Telegraph and Telephone Operation	54,921 18	3,521 81
Stationery and Printing	184,842 51	3,536 61
Other Expenses	34,331 95	d 15,267 17
Operating Joint Tracks and Facilities — Dr.	37,833 56	2,132 70
Operating Joint Tracks and Facilities — Cr.	57,599 91	d 6,177 56
Insurance	16,039 30	2,423 91
Clearing Wrecks	103,540 30	28,045 63
Damage to Property	15,014 24	d 8,018 62
Damage to Live Stock on Right of Way	7,721 61	5,889 98
Loss and Damage — Freight	1,060,958 77	d 3,665 19
Loss and Damage — Baggage	4,173 20	d 1,000 86
Injuries to Persons	476,047 09	d 150,661 59
Total Transportation	\$38,965,356 07	\$3,781,477 62
Ratio to Total Operating Revenues	(41.38%)	d (.37%)

	Year ended Dec. 31, 1948	Increase or Decrease
MISCELLANEOUS OPERATIONS		
Dining and Buffet Service	\$ 312,231 96	d \$ 22,933 33
Grain Elevators	27,180 33	d 2,855 37
Other Miscellaneous Operations	16 80	d 46
Total Miscellaneous Operations	\$ 339,429 09	d \$ 25,789 16
Ratio to Total Operating Revenues	(.36%)	d (.07%)
GENERAL		
Salaries and Expenses of General Officers	\$ 203,971 18	d \$ 421 44
Salaries and Expenses of Clerks and Attendants	2,211,299 58	86,707 02
General Office Supplies and Expenses	162,437 11	2,959 50
Law Expenses	164,535 39	d 9,894 91
Insurance	800 36	39 73
Pensions and Gratuities	323,277 74	61,297 80
Stationery and Printing	65,144 84	1,115 44
Valuation Expenses	37,590 38	1,445 26
Other Expenses	132,416 04	20,573 86
General Joint Facilities — Dr.	21,019 81	d 2,616 44
Total General	\$ 3,322,492 43	\$ 161,205 82
Ratio to Total Operating Revenues	(3.53%)	d (.22%)
Total Operating Expenses	\$73,742,349 22	\$7,257,728 76
Ratio to Total Operating Revenues	(78.31%)	d (.58%)

d Indicates decrease.

Capital Stock and Long-Term Debt Outstanding

CAPITAL STOCK	Amount Outstanding	Dividend Rate
Prior Preference	\$ 23,136,100 00	7 %
Prior Preference Negotiable Receipts	2,400 00	7 %
First Preferred Class A	18,860,000 00	5 %
" " " B	7,648,800 00	8 %
" " " C	7,917,100 00	7 %
" " " D	4,327,000 00	10 %
" " " E	65,000 00	4 1/2 %
Preferred	3,149,800 00	6 %
Common	39,505,100 00	
	\$104,611,300 00	

LONG-TERM DEBT	Amount Outstanding
Bonds secured by Mortgage dated December 1, 1919, supplemented as of July 1, 1940	\$ 25,000 00
Series II	1,237,000 00
" RR	57,660,400 00
" JJ	902,000 00
" AC	3,065,000 00
Income Mortgage " A	27,130,500 00
<i>Total Mortgage Bonds</i>	\$ 90,019,900 00
Lease and Purchase Agreements — Equipment	10,813,892 69
<i>Grand Total Long-Term Debt</i>	\$100,833,792 69

Capital Stock and Funded Debt Outstanding

CAPITAL STOCK	Amount Outstanding	Dividend Rate (Paid as rental)	Owned, Deposited with Trustee, or Held in Treasury or Insurance Fund
Stony Brook	\$ 300,000 00	7 %	\$ 37,200 00
Northern	3,068,400 00	6 %	915,100 00
Vermont and Massachusetts	3,193,000 00	6 %	387,900 00
Vermont Valley	1,000,000 00	—	1,000,000 00
Sullivan County ^a	500,000 00	—	
<i>Total Capital Stock</i>	\$8,061,400 00		\$2,340,200 00

^a All owned by Vermont Valley Railroad.

December 31, 1948 — Owned Road

Cumulative Dividends Unpaid Since †Jan. 1, 1932 — *Oct. 1, 1931	Amount in Hands Of Public	Owned, Deposited with Trustee, or Held in Treasury**
†\$119 00 per share \$27,297,410 00	\$ 22,939,000 00	\$ 197,100 00
†\$119 00 " " 2,856 00	2,400 00	
*\$ 86 25 " " 16,244,411 25	18,834,100 00	25,900 00
*\$138 00 " " 10,555,344 00	7,648,800 00	
*\$120 75 " " 9,553,136 25	7,911,500 00	5,600 00
*\$172 50 " " 7,458,727 50	4,323,900 00	3,100 00
*\$ 77 625 " " 50,456 25	65,000 00	
Non-cumulative	3,149,800 00	
	39,472,800 00	32,300 00
	\$104,347,300 00	\$ 264,000 00

Date of Maturity	Rate	Amount	Owned, Deposited with Trustee, or Held in Treasury**
July 1, 1950	3 %	\$ 10,000 00	b \$ 15,000 00
May 1, 1955	5 %	1,237,000 00	
July 1, 1960	4 %	55,836,700 00	1,823,700 00
April 1, 1961	4 3/4 %	897,000 00	b 5,000 00
September 1, 1967	5 %	2,424,000 00	b 641,000 00
July 1, 1970	4 1/2 %	25,520,500 00	1,610,000 00
Various	Various	\$ 85,925,200 00	\$4,094,700 00
		10,813,892 69	
		\$ 96,739,092 69	\$4,094,700 00

** No interest.

^a Includes 12 shares held for conversion of Concord & Montreal Railroad Stock.

^b Deposited with and held by Trustee in Lieu of Mortgaged Property Sold, to release would require cash payment at par.

December 31, 1948 — Leased Roads

FUNDED DEBT	Bonds Outstanding	Date of Maturity	Rate	Owned, Deposited with Trustee
First Mortgage	\$322,000 00	Oct. 1, 1955	4 %	
First Mortgage	357,000 00	April 1, 1944	6 %	* \$357,000 00
<i>Total Funded Debt</i>	\$679,000 00			\$357,000 00

* These bonds have matured and are held as an overdue obligation of the Sullivan County Railroad.

Additions and Betterments (Operating Property) — December 31, 1948

Operating Statistics

TITLE ACCOUNT	Gross Expenditures	Property Retired	Net Capital Changes
ROAD			
1 Engineering	\$ 60,707 83	\$ 131,321 60	\$ 70,613 77
2 Land for Transportation Purposes	20,861 10	369,987 81	390,848 91
3 Grading	25,337 65	2,180 20	23,157 45
6 Bridges, Trestles and Culverts	110,606 35	15,285 00	95,321 35
8 Ties	12,957 66	19,274 97	6,317 31
9 Rails	211,366 96	224,917 29	13,550 33
10 Other Track Material	344,574 11	199,722 83	144,851 28
11 Ballast	181 16	5,696 21	5,515 05
12 Track Laying and Surfacing	41,528 28	15,957 27	25,571 01
13 Fences, Snowsheds and Signs	918 90	226,959 55	226,040 65
16 Station and Office Buildings	203,514 88	865,892 13	662,377 25
17 Roadway Buildings	6,194 33	77,351 20	71,156 87
18 Water Stations	6,583 02	5,512 00	1,071 02
19 Fuel Stations	86,406 93	32,707 04	53,699 89
20 Shops and Enginehouses	276,063 28	73,474 28	202,589 00
21 Grain Elevators	—	910,146 44	910,146 44
23 Wharves and Docks	—	338,934 74	338,934 74
24 Coal and Ore Wharves	—	83,314 42	83,314 42
26 Telegraph and Telephone Lines	20,722 34	1,654 14	19,068 20
27 Signals and Interlockers	671,876 58	239,127 31	432,749 27
29 Power Plants	28,620 05	1,609 84	27,010 21
31 Power-Transmission Systems	17,218 03	60,426 74	43,208 71
35 Miscellaneous Structures	1,014 53	—	1,014 53
37 Roadway Machines	130,664 71	67,707 60	62,957 11
38 Roadway Small Tools	15,629 21	—	15,629 21
39 Public Improvements — Construction	11,694 36	4,922 04	6,772 32
44 Shop Machinery	73,797 74	41,997 38	31,800 36
45 Power-Plant Machinery	379,159 14	51,590 12	327,569 02
Total Road	\$2,716,476 93	\$4,067,670 15	\$1,351,193 22
EQUIPMENT			
51 Steam Locomotives	\$ 14,550 88	\$1,002,797 02	\$ 988,248 14
52 Other Locomotives	2,578,164 00	60,000 00	2,518,164 00
53 Freight-Train Cars	40,557 28	797,145 21	756,587 93
54 Passenger-Train Cars	230,214 43	419,606 07	189,391 64
57 Work Equipment	11,333 01	99,199 38	87,866 37
58 Miscellaneous Equipment	3,966 26	15,364 93	11,398 67
Total Equipment	\$2,878,785 86	\$2,394,112 61	\$ 484,673 25
GENERAL EXPENDITURES			
72 General Officers and Clerks	\$ 235 40	\$ 16,098 70	\$ 15,863 30
73 Law	130 00	9,547 00	9,417 00
74 Stationery and Printing	275 00	1,073 00	1,348 00
75 Taxes	70 00	5,551 00	5,481 00
76 Interest during Construction	100 38	220,974 39	221,074 77
77 Other Expenditures — General	58 00	3,523 00	3,465 00
Total General Expenditures	\$ 118 02	\$ 256,767 09	\$ 256,649 07
Totals	\$5,595,330 81	*\$6,718,549 85	\$1,123,169 04

* DISPOSITION OF CREDITS

Account No.			
701 — Road and Equipment Property — Equipment Converted — (Adjustment)			\$ 101,946 01
702½ — Accrued Depreciation — Road and Equipment — Owned Road			4,281,247 94
702½ — Accrued Amortization Defense Projects — Equipment			68,077 06
708 — Cash — (Land, Buildings, Equipment, Rail and Track Fastenings Sold)			1,767,633 57
716 — Material and Supplies — (Usable Material)			111,907 35
779 — Accrued Depreciation — Leased Property			74,888 74
531 — Operating Expenses			480,256 31
621 — Profit and Loss — Miscellaneous Debits			37,384 89
Total Amount credited to Investment in Road and Equipment			\$6,718,549 85

	Year Ended Dec. 31, 1948	Increase or Decrease
AVERAGE MILES OF ROAD OPERATED		
Freight Service	1,745 68	2.79
Passenger Service	1,405 08	3.13
Total	1,757 03	3.61
TRAIN MILEAGE		
Freight service (with locomotives)	3,768,934	71,041
Passenger service (with locomotives)	6,672,588	95,193
Passenger service (without locomotives)	275,597	48,813
Work service	163,397	29,834
Total train miles	10,880,516	147,255
* LOCOMOTIVE MILEAGE		
Freight service	4,097,715	21,746
Passenger service	6,908,232	101,710
Train switching	296,130	12,246
Yard switching	2,570,538	3,198
Work service	249,803	29,608
Total locomotive miles	14,122,418	162,112
CAR MILEAGE		
Freight-Train Car Miles:		
Loaded	138,529,283	4,955,318
Empty	59,880,172	4,984,480
Caboose	3,853,842	58,033
Total freight-train car miles	202,263,297	28,871
Passenger-Train Car Miles:		
Passenger coaches	20,142,445	1,069,068
Sleeping and parlor cars	3,473,739	303,613
Club, lounge, dining and observation cars	282,888	24,174
Business cars	8,426	3,697
Mail, express, and baggage cars, and combination cars other than passenger	15,911,575	85,249
Combination passenger cars (mail, express, or baggage with passenger)	4,495,142	90,439
Total passenger-train car miles	44,314,215	1,576,240
Total transportation service car miles	246,577,512	1,605,111
AVERAGES		
Operating revenues per mile of road	\$53,593.81	\$5,726.48
Operating expenses per mile of road	41,969.89	4,208.27
Net railway operating income per mile of road	4,707.24	1,338.85
Operating revenues per train mile	\$ 8.79	\$ 1.01
Operating expenses per train mile	6.88	.74
Net railway operating income per train mile	.77	.22
Total freight cars per revenue train mile	52.64	.98
Loaded freight cars per revenue train mile	36.76	.61
Empty freight cars per revenue train mile	15.89	1.59
Total passenger cars per train mile	6.38	.18

* Includes 6,881,668 Diesel locomotive miles. Italics indicate decrease.

Traffic Statistics

	Year Ended Dec. 31, 1948	Increase or Decrease
FREIGHT		
Freight Revenue	\$ 70,836,876	\$ 9,577,275
Tons of revenue freight carried	23,045,490	847,168
Tons of company freight carried	1,457,056	11,284
<i>Total tons of freight carried</i>	24,502,546	858,452
Tons of revenue freight carried one mile	3,657,372,669	31,607,720
Tons of company freight carried one mile	118,040,180	7,167,573
<i>Total tons of freight carried one mile</i>	3,775,412,849	38,775,293
PASSENGER		
Passenger Revenue:		
Monthly commutation ticket passengers	\$ 1,254,225.73	\$146,206.21
All other commutation ticket passengers	1,747,113.94	223,776.82
Single fare ticket passengers (not including interline)	7,355,134.63	362,701.34
Interline ticket passengers	4,507,197.98	369,242.18
<i>Total passenger revenue</i>	\$14,863,672.28	\$361,960.49
Number of Passengers Carried:		
Monthly commutation ticket passengers	4,414,809	443,641
All other commutation ticket passengers	8,147,233	260,973
Single fare ticket passengers (not including interline)	9,418,473	1,529,599
Interline ticket passengers	1,693,551	410,440
<i>Total number of passengers carried</i>	23,674,066	2,644,653
Number of Passengers carried one mile:		
Monthly commutation ticket passengers	105,812,147	12,639,306
All other commutation ticket passengers	82,083,318	1,759,067
Single fare ticket passengers (not including interline)	283,202,629	53,808,907
Interline ticket passengers	158,274,669	33,358,563
<i>Total number of passengers carried one mile</i>	629,372,763	101,565,843
Number of passengers to and from Boston, including monthly ticket passengers	22,016,291	1,178,976
AVERAGES		
Freight:		
Miles hauled — revenue freight	158.70	4.30
Tons of revenue freight per train mile	970.40	9.72
Tons of revenue freight per loaded car mile	26.40	.69
Revenue per ton of freight	\$ 3.07378	\$.50983
Revenue per ton per mile (cents)	1.937	.276
Revenue per revenue train mile	\$ 18.795	\$ 2.842
Freight revenue per loaded car mile (cents)	51.135	8.441
Passenger:		
Average distance carried per passenger (miles)	26.58	1.19
Number of passengers per train mile	90.58	13.92
Number of passengers per car mile	22.39	2.33
Revenue per passenger (cents)	62.78	4.93
Revenue per passenger mile, monthly commutation ticket passengers (cents)	1.185	.250
Revenue per passenger mile, other commutation ticket passengers (cents)	2.128	.311
Revenue per passenger mile, single fare not including interline (cents)	2.597	.307
Revenue per passenger mile, interline passengers (cents)	2.848	.303
Revenue per passenger mile, all passengers (cents)	2.362	.279
Passenger revenue per passenger car mile (cents)	52.874	1.392
Total passenger service train revenue per train mile	\$ 2.856	\$.046

Italics indicate decrease