

CONTENTS

Officers and Directors	2
To Our Stockholders	3
Review of 1959	6
Rents	6
Tax Accruals	7
Operating Results	8
Passenger Business	8
Freight Business	10
Piggyback	11
Industrial Development	13
Employee Relations	16
Physical Plant	17
Property Improvements	20
The Mystic Terminal Company	21
Boston & Maine Transportation Co.	21
Research and Development	24
Miscellaneous Developments	24
Personnel Changes	24
Long-Term Debt Changes	25
First Mortgage Bonds Modification Plan	25
5% Guaranteed Notes Due June 1, 1974	26
Land Damages	26
Centralized Traffic Control	27
Portland Terminal Company	27
Employees	27
Conclusion	27
Financial Statements	28

127th ANNUAL REPORT 1959

for year ending December 31

BOSTON AND MAINE RAILROAD

BOARD OF DIRECTORS

OLIVER D. APPLETON, Mount Kisco, N. Y.
ANDREW J. BECK, Presque Isle, Me.
DANIEL A. BENSON, Weston, Mass.
ANTHONY R. CATALDO, Lexington, Mass.
BURTON M. CROSS, Augusta, Me.
JOHN S. DAWSON, Fairfield, Conn.
A. E. HAROLD FAIR, Chestnut Hill, Mass.
ALONZO R. GILE, Franklin, N. H.
GEORGE F. GLACY, Brookline, Mass.
JOHN C. GLIDDEN, Englewood, N. J.
W. EARLE GOSS, Franklin, N. H.
NATHAN GREVIOR, Franklin, N. H.
RODNEY A. GRIFFIN II, Franklin, N. H.
WILFRED N. HADLEY, Springfield, Vt.
EDWARD KROCK, North Brookfield, Mass.
PATRICK B. MCGINNIS, Staten Island, N. Y.
PATRICK J. MULLANEY, Winchester, Mass.
FRANCIS J. REARDON, Belmont, Mass.
MAURICE A. TRAVERSE, Brookline, Mass.
JOHN A. VOLPE, Winchester, Mass.
JAMES A. WALSH, Greenwich, Conn.

OFFICERS

OLIVER D. APPLETON, Chairman of the Board of Directors
PATRICK B. MCGINNIS, President
DANIEL A. BENSON, Vice President-Operations
GEORGE F. GLACY, Vice President-Accounting and Finance
PATRICK J. MULLANEY, Vice President-Traffic
RALPH W. PICKARD, Vice President-Personnel
E. FRANKLIN REED, Vice President-Industrial Development
MAYNARD W. BULLIS, Clerk of the Corporation
NEAL J. HOLLAND, General Counsel
THOROLD S. CURTIS, Treasurer
ERNEST K. BLOSS, Director, Research and Development
THOMAS K. DYER, Chief Engineer
A. B. VIRKLER LEGATE, Executive Assistant to the President

TRANSFER AGENTS

Old Colony Trust Company, 45 Milk Street, Boston
The Hanover Bank, 70 Broadway, New York

TO OUR STOCKHOLDERS:

During the first two months of 1959, the Boston and Maine Railroad was still feeling the effects of the economic recession of 1957-58, and our deficit at the end of February, 1959 stood at \$1,228,555.

The picture then brightened, and net income was produced for the months of March, April, May and June.

But, the strike in the steel industry in mid-summer and its devastating results were quickly felt.

In July, we experienced a deficit of \$608,193, and during each of the succeeding two months we reported a continuing deficit.

The steel strike was halted in the late fall and we reported modest net income for October and November.

In December of 1959, we reported a deficit figure, over 70% of which was attributable to non-recurring year-end adjustments.

The over-all picture as affects your company has several optimistic aspects.

Most important, the passenger deficit seems on its way to solution. The Boston and Maine Railroad's 1954 passenger deficit was more than \$15,000,000. The 1958 deficit was \$9,635,997. The 1959 deficit fell to an estimated \$7,500,000.

In addition to its attack on the passenger deficit, your company has taken vigorous steps to get rid of all unprofitable services, old equipment, land and passenger stations that are not needed, taxes that are discriminatory and expenses that are unnecessary or wasteful.

Your management has faced up to its largest financial problem—i.e., the maturity of \$49,885,800 of First Mortgage Bonds, due July 1, 1960 and April 1, 1961. The Railroad filed in September, 1959 with the Interstate Commerce Commission a plan of modification which would allow it to extend its maturity. Our large bondholders are agreeable to this plan.

The Interstate Commerce Commission approved the plan on February 25, 1960. During April and May of 1960 the plan will be submitted to the Series RR and Series JJ bondholders as one class for the required assents.

The management has maintained the roadbed and equipment, and there is very little deferred maintenance. It has entered the various piggyback plans with the greatest of enthusiasm. It has purchased the equipment necessary to modern railroad operation. It has reduced its operating expenses to an enviable degree.

The year 1960 should be a profitable one for the Boston and Maine Railroad.

Sincerely,

Patrick B. McGinnis

March 11, 1960
Boston, Mass.

REVIEW OF 1959

Our operating revenues amounted to \$71,994,862, or 7.25 per cent less than the \$77,435,364 realized in 1958. Operating expenses were \$58,565,915 in 1959, or 9.37 per cent less than the 1958 expenses of \$63,524,283.

Net railway operating income decreased to \$1,219,035 from \$1,914,238 reported a year earlier. After non-operating income, \$1,458,925 remained available for fixed charges compared with \$2,220,453 in 1958. After fixed and contingent charges, the net deficit was \$3,765,352 compared with a net deficit of \$3,242,207 in 1958.

RENTS

Rents payable in 1959 totalled \$6,330,618, compared with \$5,975,577 reported a year earlier. Hire of freight cars amounted to \$5,895,894 as against \$5,558,312 during 1958. Joint facility rents were \$505,489 during 1959, compared with \$501,549 in 1958.

In the previous annual report you were advised that the Supreme Court of the United States upheld a District Court decision which found that the reasonableness of the freight car Per Diem rates had not been established and that the Interstate Commerce Commission had erred in failing to set forth in detailed findings its reasons for rejecting a time-mileage plan proposed by the Boston and Maine as being more equitable than the plan approved by the Commission. The case was remanded by the Court to the Commission for further study. The Commission is presently requiring all railroads to submit data pertaining to freight car ownership costs. The study detail requested applies to the year 1960. No Commission decision is expected before 1962.

Meanwhile, the Association of American Railroads adopted an increase in the Per Diem rate from \$2.75 to \$2.88, which became effective December 1, 1959. Your railroad is not a party to the Per Diem provisions of the Car Service agreement and will continue to settle with the various railroads on the basis used since August 1, 1953.

In the early fall of 1959, a number of the creditor railroads brought suit in New York State against your railroad, as well as against other debit railroads, apparently for the purpose of tolling the statute of limitations. These defendant railroads have answered, and have filed cross-complaints alleging, among other things, anti-trust law violation.

TAX ACCRUALS

Railway tax accruals aggregated \$5,879,294 in 1959, compared with \$6,021,266 in 1958.

In 1959, Federal income taxes amounted to a net charge of \$173,829, and principally represented our tax on leased lines rentals. This compared with a net credit balance of \$36,431 reported a year earlier, such credit balance being due to an adjustment in 1958 of prior years' federal income taxes. No similar net credit resulted in 1959, but final settlement was accomplished in 1959 with the Internal Revenue Service covering our tax returns for the years 1942-1954, with resultant net cost to the railroad of \$134,280, made up of \$55,839 tax and \$78,441 interest. The revenue agent's report has been received covering tax returns for the years 1955-1957, and a favorable final settlement is contemplated in the next few months. The railroad no longer is faced with payments of income taxes applying to years prior to 1957.

Payroll taxes for employee retirement, unemployment and sickness benefits amounted to \$2,820,519 in 1959, compared with \$2,748,660 in 1958, a net increase of \$71,859.

On April 29, both the Senate and the House passed bills increasing Railroad Retirement and Unemployment benefits, effective June 1, 1959.

The increase in Retirement, financed jointly by both employees and the Railroad, was a flat 10%. The retirement tax rate was increased from 6½ to 6% per cent, and the individual employee maximum taxable income was increased from \$4,200 to \$4,800 annually. In spite of these increases, the retirement tax for 1959 decreased by \$118,447 from the 1958 retirement tax.

However, this saving was more than offset by an increase of \$190,306 over the 1958 unemployment and sickness benefit tax. Due to the action of Congress, unemployment benefits, financed solely by the Railroad, were boosted an average of 20%, effective January 1, 1959, the rate going from 2½ to 3%, and calling for an additional increase, effective June 1, 1959, to 3¾%, with a corresponding increase in individual employee taxable income from \$4,200 to \$4,800 annually.

The provision made for taxes is shown in the following table:

	1959	1958
State and Municipal Taxes	\$2,869,996	\$3,290,937
Federal Payroll Taxes	2,820,519	2,748,660
Federal Income Taxes	173,829	36,431 Cr.
Other Taxes	14,950	18,100
Total	<u>\$5,879,294</u>	<u>\$6,021,266</u>

This table illustrates that total taxes in 1959 were \$141,972 less than total taxes in 1958, in spite of the fact that taxes in general, especially payroll and ad valorem taxes, rose during that period.

The reduction is largely due to our efforts to follow the overall tax picture closely, and a specially-assigned group of employees, the Ad Valorem Tax Group, continues to study and recommend for disposal all surplus properties not necessary to industrial development or general railroad operation.

OPERATING RESULTS

Gross ton miles for the year 1959 decreased 0.7% compared with 1958, while net ton miles show an increase of 2.1%, owing to a 2.2% increase in the proportion of loaded cars to total cars handled and a 2.5% increase in the average carload.

Train miles operated in 1959 decreased in about the same ratio as that shown in gross ton miles, holding the average trainload to a figure practically identical to that of 1958.

As the train hour production figure (gross ton miles per train hour) is the product of trainloads and speed, it was also, for all practical purposes, the same as the 1958 figure, which was an all-time high record.

PASSENGER BUSINESS

Passenger revenue declined from \$8,683,199 in 1958 to \$7,088,480 in 1959, a decrease of 18.4%.

Revenue from commutation passengers amounted to \$2,440,365, a decrease of 13.6% from 1958; and revenue from all other passengers amounted to \$4,648,115, a reduction of 20.7% from 1958.

The decline in number of passengers carried from 1958 to 1959 was 14.4% in the case of commuters and 22.7% in all other revenue passengers.

Continuation of the downward trend, which has taken place since the end of World War II, made further reductions in train service necessary.

Although passenger revenue has shown a constant decline during the last five years, the loss of revenue has been dwarfed by the operating savings which have been achieved as indicated in the following table showing the passenger deficit since 1954:

<i>Passenger Deficit</i>		
	<i>Amount</i>	<i>Reduction Below 1954</i>
1954	\$15,159,263	\$ —
1958	9,635,997	5,523,266
1959	7,500,000 (est.)	7,659,263

FREIGHT BUSINESS

Freight revenue in 1959 amounted to \$58,555,840, a decline of 1.8% from 1958. The volume of freight handled, as measured in revenue ton miles, increased 2.3%, while revenue per ton mile declined from 2.33¢ in 1958 to 2.24¢ in 1959. The decline in revenue per ton mile, which accounts for the reduction in revenue despite an increase in volume, is attributable mainly to loss in traffic yielding higher-than-average revenue and reductions in rates to maintain volume in the face of competitive conditions.

The year 1959 was one of frustration for the eastern railroads, and the Boston and Maine was no exception. The first six months saw a slow but definite improvement in the general traffic picture, which became more pronounced in the late spring. The situation was entirely reversed in the last six months as the impact of the steel strike affected not only the movement of steel itself but many kinds of semi-finished and finished materials, the haulage of which generally yields attractive revenue to the railroads.

Another serious blow was the advent of the large-scale trucking of cement, which previously had moved almost entirely by rail into the territory served by this company. The importation of cement through various New England port cities has increased, which has reduced rail haulage and has had a disturbing effect upon the distribution from domestic mills. This company has been vigorous in combating the adverse effect of these developments through joining in reduced rates and other arrangements established to encourage the handling of cement by rail. The Boston and Maine does not originate any cement and must therefore work with other railroads in making adjustments affecting receivers in its territory.

Major reductions in the rates on export grain, newsprint and other papers, salt, sugar and various other commodities were made in 1959, or are in process of adjustment. These have been made necessary by a wide variety of developments, such as the St. Lawrence Seaway, competition between domestic and foreign producers, competition between New England producers, producers in other sections of the country and rail competition with public and private trucking.

During the fall, a report of an Interstate Commerce Commission examiner was issued in Investigation and Suspension Docket 6615, the so-called Port Parity case, in which the ports of Boston and New York are seeking a parity of rates with the Port of Baltimore on import and export traffic. The examiner recommends continuation of the present port differentials on the grounds that the Port of New York now handles a preponderance of the general cargo traffic in spite of the differential, and that New York and the New England ports must be considered as a group. Exceptions to this are being taken, and it is felt that there are many conclusions reached by the examiner in his report which are favorable to the position of the Port of Boston that it should be on a rate parity with Baltimore to and from the Middle West.

The Boston and Maine, together with the other carriers in the East, is attempting to secure a larger division of freight revenue on traffic moving inter-territorially between the East and the Pacific Coast-Rocky Mountain areas and also between the East and the South. These division cases are in various stages of advancement, and it is impossible at this time to foretell what the outcome will be or how much additional revenue the Boston and Maine can expect to obtain from these sources.

PIGGYBACK

There was a further expansion in the handling of piggyback traffic during the year. The Plan I volume of trailers of common carrier truckmen improved. The Plan II complete service from shipper's to receiver's door increased more than 50%. The principal gain, however, was in Plan III which, at the year's end, accounted for over 40% of the total piggyback traffic. Under Plan III, trailers either owned or leased by shippers are handled by the rail carriers from ramp to ramp only.

The increase in Plan III volume was accomplished in spite of the inability of the rail carriers to broaden the comparatively narrow areas into which this is now confined because of restrictions placed upon them by the Interstate Commerce Commission, which has the entire Plan III arrangement under investigation. If Plan III is sustained, the management is confident that, when extended to its full potential, it will be productive of a large amount of additional traffic for this railroad.

During the year there was a further extension of the territory covered by our piggyback arrangements, and negotiations are under way for additional coverage between New England and points in the South and Southwest, as well as Canada. The possibility of combining piggyback with air freight is also being studied.

A new piggyback facility was opened at Holyoke, Massachusetts, during the fall. This terminal has depressed tracks requiring no ramps and a track layout which eliminates the need of turning cars, which ordinarily involves both expense and loss of time. Its location provides ready access to the heavily-industrialized Connecticut River Valley. Further improvements have also been made in our piggyback yard at East Cambridge, Massachusetts, which serves the Boston metropolitan area. Increased storage area for trailers has been provided, as well as additional track and ramps, including one portable ramp, which eliminates the need of turning cars at Boston or enroute.

The handling of piggyback traffic between our ramps at Boston, Worcester and Holyoke and points west of the Boston and Maine has been speeded through the operation of special through trains to handle piggyback shipments, and the expedited service has already shown its value in attracting additional traffic. This is particularly important because of the ever-increasing demand for the handling of perishables in piggyback service.

Considerable quantities of fresh meat are already being handled, and there is indication that a large proportion of the meat entering the New England market will eventually move in this manner.



Aerial view of Boston, showing:

- 1. Northern Artery.*
- 2. Food Centre Wholesale Grocers, Inc. warehouse and distribution plant at Charlestown, Massachusetts.*
- 3. Twenty-one acre site, located in our Boston Terminal area, sold during 1959 to Joseph M. Linsey for industrial development purposes.*
- 4. Lechmere Square, Cambridge, Massachusetts.*
- 5. New facility of Boston Sand & Gravel Company, to be located in our Yard 1.*
- 6. Eastern Salt Company's new bulk storage and distribution facilities at Charlestown, Massachusetts.*
- 7. Mystic Wharf property under lease to Michael Schiavone & Sons Company.*
- 8. North Station.*
- 9. Site of new urban development project being constructed in Boston by the Prudential Life Insurance Company of America.*

Because of the growing importance of piggyback, a separate sales organization, with representatives in Boston and Holyoke, Mass., Chicago, Ill., and St. Louis, Mo., has been established. These men are specialists in the field of co-ordinated truck and rail service and augment the regular sales force of the Railroad, which was reorganized during the fall of 1959 to improve our sales effort in both our own territory and other parts of the country.

INDUSTRIAL DEVELOPMENT

A marked improvement was noted in industrial development activities in 1959, continuing the upturn which started in the last quarter of 1958.

Increased new traffic of over 15,000 cars per year is expected to result from new and expanded industrial activity in 1959.

Several hundred thousand square feet of new warehouse space and office facilities for some of the fast-growing food distributors in the northern New England area were constructed or started in 1959. These include such concerns as Food Centre Wholesale Grocers, Inc., I.G.A. Distributors such as Hannaford Brothers and Cressey-Dockham Company, United National Cooperative Grocers and other well-known food concerns.

A total of 21,497 feet of new trackage was installed during the year to serve the requirements of industry. Approximately 7,087,009 square feet of land were sold for industrial use.

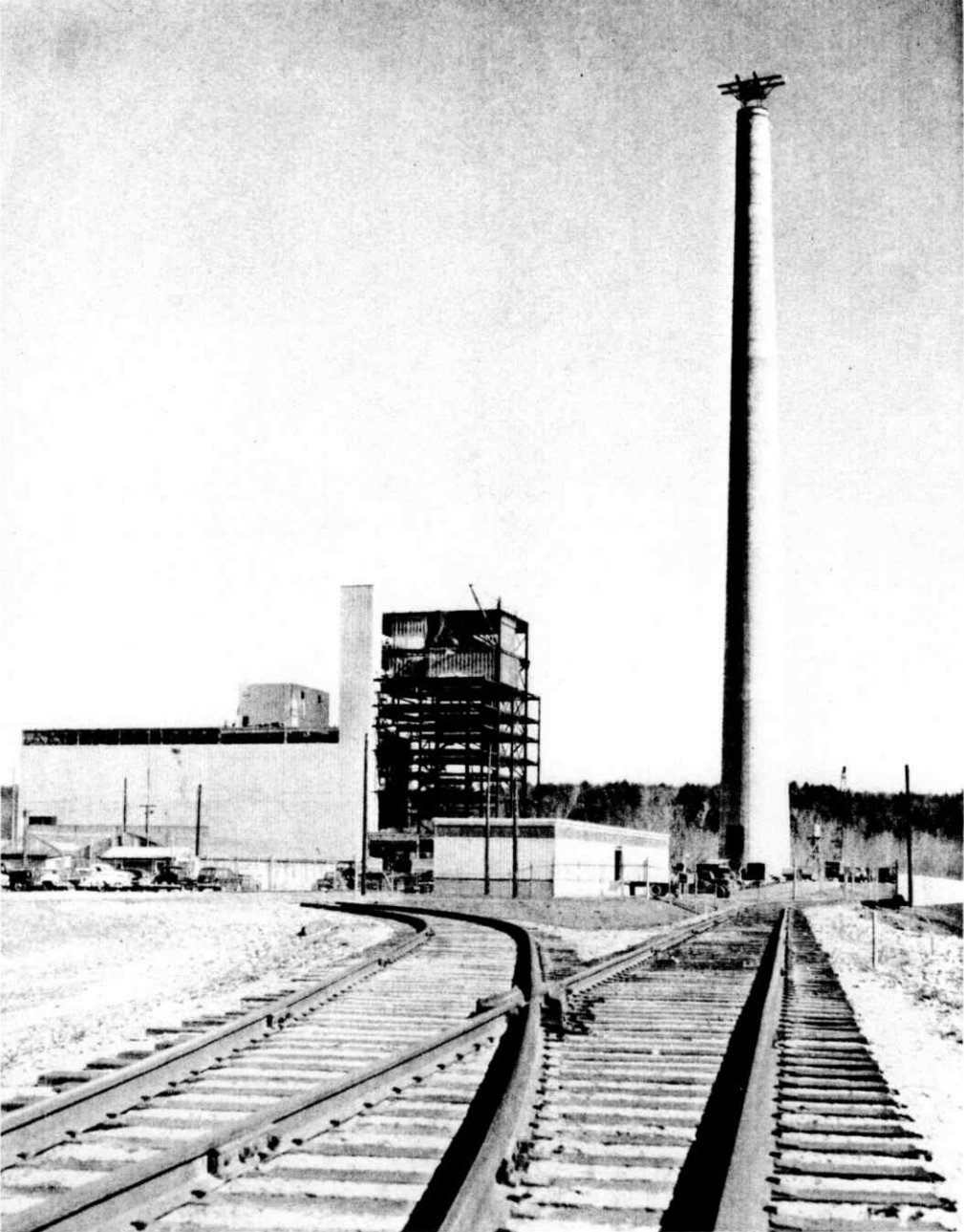
The growth of new industry along Route 128, the circumferential highway ringing Boston, continued throughout the year. One of the important developments in this area was the opening up of a large tract of over 50 acres of land in Woburn, Massachusetts, adjacent to the main line of the railroad and Route 128, on which three substantial industries will establish new plants and, in addition, will provide areas for further expansion and development.

The development of a new 70-acre industrial park at South Portland, Maine, has been started. The Boston and Maine has actively participated in this development. A new four-acre food distribution center terminal for Hannaford Brothers is now under construction in the area.

The unfolding of the program of new major highway systems will open up other new industrial sites adjacent to the railroad, with improved highway access, and should give added impetus to industrial development in Boston and Maine territory.

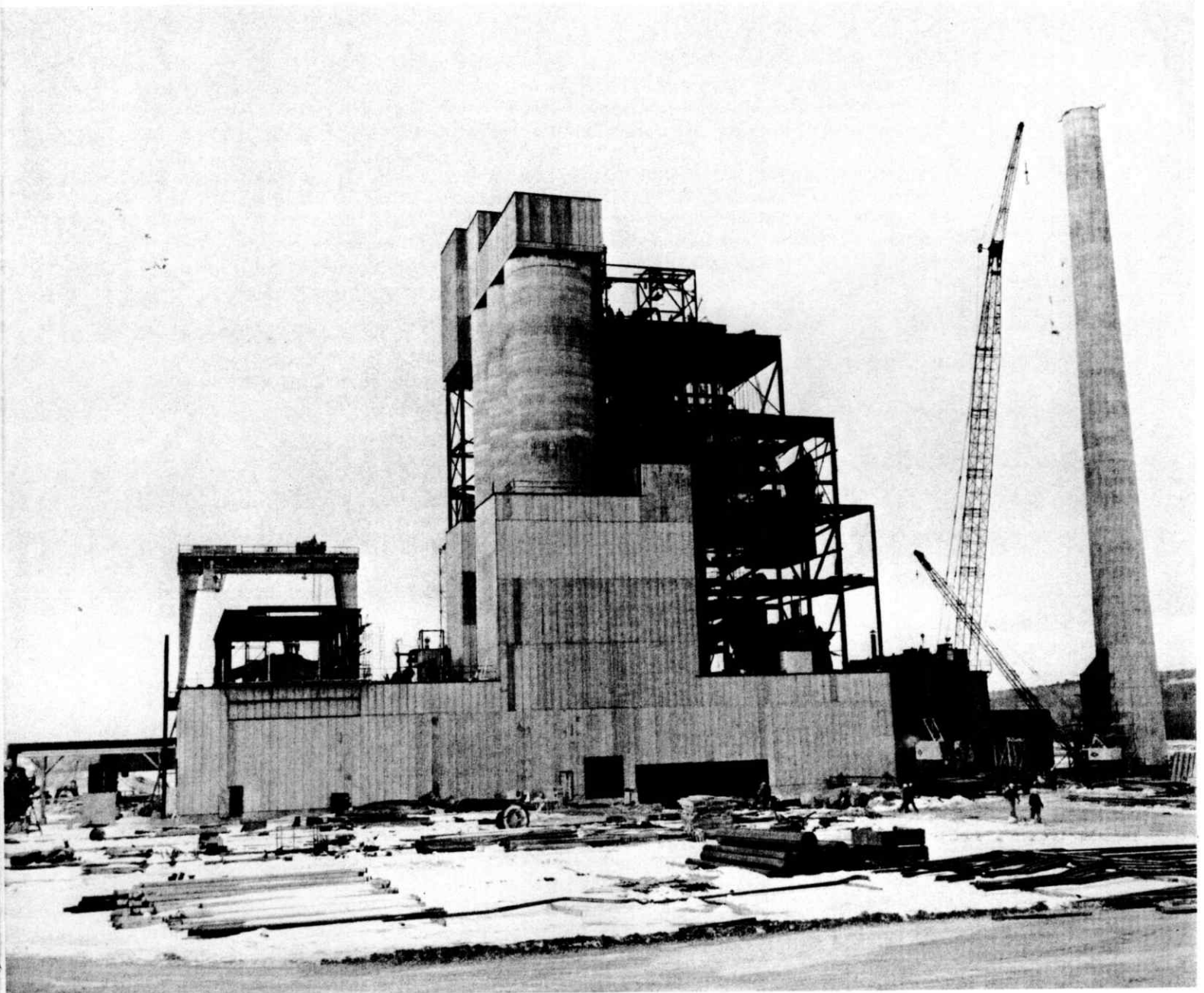
The program to reduce taxes and maintenance costs through the sale of surplus land and other properties was continued throughout the year, with further favorable results. An outstanding example of this was the sale of our passenger station and car repair shops in Concord, New Hampshire.

The Boston and Maine benefits from the property sale, the important savings in maintenance costs and taxes, and the new traffic from industries who will occupy the properties. The city of Concord will benefit from the development of a huge shopping and parking area on one property and various new industries on the other property, thus gaining new payrolls, additional taxable values from



Left:
Steam generating power plant being constructed at Mount Tom, Massachusetts by the Holyoke Water Power Company, due to go into operation during 1960.

Opposite:
Steam generating power plant being constructed at Bow, New Hampshire by the Public Service Company of New Hampshire, due to go into operation during 1960.



new construction, and the business stimulant and magnetism of a large, completely modern shopping center close to the heart of the city.

The 75-year-old passenger station, a huge rambling granite block and brick edifice with extensive train shed, rich in history but obsolete as a modern railroad depot, will be razed immediately, along with various adjacent buildings.

The purchasers of the station site built, and have assumed the cost of maintenance of, a modern, attractive passenger station for the railroad. A new freight house will also be constructed by the purchasers and turned over to the railroad.

The railroad's former car shops, together with a 50-acre tract of land, located a mile south of the passenger station, have been acquired by a development corporation.

Some of the shop buildings are equipped with crane facilities and are ideally suited for heavy industrial use, and the entire area is served by rail facilities adequate to meet the needs of any type of industrial activity.

Located nearby is another parcel, the former locomotive repair shop location, which has also been sold and which will be used for fabricating and warehousing of structural steel for New Hampshire industries.

These properties and the expected rapid development of the car repair shops area for industrial use give promise of good future business for the railroad, another example of turning obsolete and unused facilities to the advantage of both the railroad and the territory it serves.

EMPLOYEE RELATIONS

The three-year moratorium contained in contracts with the several labor organizations representing employees of the company expired November 1, 1959. The brotherhoods have served requests for increases in rates of pay averaging about thirty cents an hour.

Non-operating organizations also have filed notice for improved vacation and holiday rules, and for improvements in medical and hospital insurance. These cases are being handled by regional conference committees on a concerted basis for trunk line carriers.

The nation's railroads, on November 2, 1959, served notices on the operating brotherhoods to modernize work rules which presently hamper efficient operations in the following areas:

- (a) Rules governing the basis of pay, assignment (or runs) of all classes of operating employees, and combination of road and yard service.
- (b) Rules and agreements requiring the use of firemen (helpers) on other than steam power in freight and yard service, and
- (c) Rules, agreements and practices which require the use of a stipulated number of employees in road or yard crews or the use of engine, train or yard service employees on track motor cars or self-propelled roadway or shop equipment.

The carriers' rule proposals are also being handled by the regional conference committees under the provisions of the Railway Labor Act.

The provisions for escalation at six-month intervals, based upon changes in the cost-of-living index, resulted in an increase in wages of three cents an hour, effective November 1, 1959.

PHYSICAL PLANT

A. SHOPS

The railroad, through its agreement to develop the station-shops area for commercial and industrial development, was relieved of any obligation to continue car maintenance operations at Concord, New Hampshire. Work at the Concord Shops ceased on January 16, 1959 and was transferred to the Billerica, Massachusetts Shops.

This has been very beneficial to the railroad through the reduction in overhead expense and increased efficiency of car repair operations.

On March 31, 1959, it became possible to close the East Cambridge passenger car repair shop and transfer the work to the Yard 8 freight car repair shop, resulting in considerable savings and increased efficiency.

B. NEW EQUIPMENT

During 1959, thirty-eight modern, all-steel cabooses were purchased to replace cabooses built as long ago as 1891.

Orders have been placed for the purchase of and delivery by September, 1960, of twenty additional new steel cabooses. Arrangements also have been completed for the leasing of forty flat-cars for piggyback use.

C. IMPROVED SERVICES

A program for the installation of automatic refueling equipment on locomotives and Budd cars was substantially completed during 1959. The remaining small amount will be completed in the near future.

The use of this equipment makes possible a considerable saving, eliminates the waste of fuel oil by spillage, and reduces fire hazard from oil-soaked ground at our facilities.

D. CAR-ICING MACHINE

At Mechanicville, New York, the railroad has installed a new icing machine to serve refrigerator cars carrying perishable freight with a minimum of delay and expense.

Under the old system, it was necessary to switch such cars out of the train in the receiving yard, take them to the ice track facility and then switch them back to the classification yard.

With the new installation, all this is eliminated. An inbound train with cars requiring icing is stopped with the cars to be serviced alongside the icing machine. While the train is being inspected, the icing is completed.

The installation greatly expedites service to shippers and results in considerable savings in yard-operating expenses.

PROPERTY IMPROVEMENTS

During 1959, in spite of the fact that the company was still experiencing the ill effects of the economic recession during the early months of the year, as well as the devastating effects of the steel strike that began in mid-summer, your management determined that it was not in its best interests to interrupt the program of bettering its roadbed and, hence, 43 track miles of main line track were ballasted with new stone, as opposed to 34 miles the year before. In addition, there were 110.6 track miles of main line track re-surfaced, as compared with 129.5 miles the year before. This work of ballasting and re-surfacing involved the application of 133,015 tons of crushed stone, as compared to 113,880 tons used in 1958.

New and relay rail laid during 1959 totalled 2,957.1 tons, compared with 2,967.9 tons laid during the previous year.

A total of 34,740 new cross ties were installed in 1959, as opposed to 56,297 the year previous.

The Central Massachusetts Branch of the Railroad, running for 5.6 miles between Berlin and Clinton Junction, Massachusetts, and a 7.6 mile segment of the former Worcester-Hillsboro Branch, running between Heywood and Winchendon, Massachusetts, were both physically retired.

Thirteen public highway crossings were eliminated and two new ones were installed during the year.

Automatic highway crossing protection installations were installed at 17 different public highway crossings in 1959.

In addition, the management's campaign to eliminate manual protection at grade crossings has resulted in substantial wage savings.

Of vital importance was the elimination of 83 additional private crossings during the year, making a total of 741 that have been closed since the present management initiated this campaign nearly four years ago. The potential claims arising from accidents at these crossings are of such importance that it is imperative to continue our program of closing them.

Hot-box detectors, which are automatic devices used for the detection of hot-boxes in moving freight trains, were installed at eight locations, making a total of nine on the Railroad. Through the use of this equipment, several possible derailments may have been avoided.

Centralized traffic control was installed on the Fitchburg freight cut-off, between Hills Crossing and Somerville Junction, Massachusetts. Centralized traffic control and single-tracking between Greenfield, Massachusetts and Johnsonville, New York is in progress. Thus far, five miles of double track have been replaced by five miles of single track. Centralized traffic control and automatic gate protection were approved for installation at Dover, New Hampshire, during 1959 and will be completed in 1960.

Centralized traffic control to provide for single-tracking from Rollinsford, New Hampshire to North Berwick, Maine is in the

process of installation at the present time. This will make possible the removal of 17.6 single track miles of main track.

The main line freight radio system was expanded with the installation of seven base wayside stations licensed by the Federal Communications Commission. These are located in Boston and Mechanicville and in signal towers at Waltham, Ayer, Lawrence, Gardner and East Deerfield, Massachusetts. The radio stations at Lawrence, Ayer and East Deerfield provide also a means of contacting train crews in the event an indication is observed on the hot-box recorders installed in these towers.

Additional new work equipment and roadway machinery was purchased during the year, which should result in greatly-increased productivity.

In previous annual reports, mention was made of the continuing studies made by the Facility Study Project Group. During 1959, their findings resulted in the discontinuance or dualization of several agencies, producing estimated annual savings of \$170,000. Several other agencies have been studied and similar recommendations have been made, which are expected to result in an estimated additional \$130,000 in annual savings.

THE MYSTIC TERMINAL COMPANY

The 1958 annual report to the stockholders advised that a contract had been made with Boston Marine Terminal Corporation, covering the operation of pier and elevator facilities leased by the Railroad from the Commonwealth of Massachusetts.

Due in part to long delays arising from the suit brought by Bay State Stevedoring Company, and other conditions beyond the control of either the Railroad or Boston Marine Terminal Corporation, the contract did not become fully effective, and has now been cancelled.

The Mystic Terminal Company, a subsidiary of the Railroad, is now operating the property.

BOSTON & MAINE TRANSPORTATION COMPANY

This wholly-owned subsidiary is now relieved of all its former passenger operations, and is concentrating on trucking.

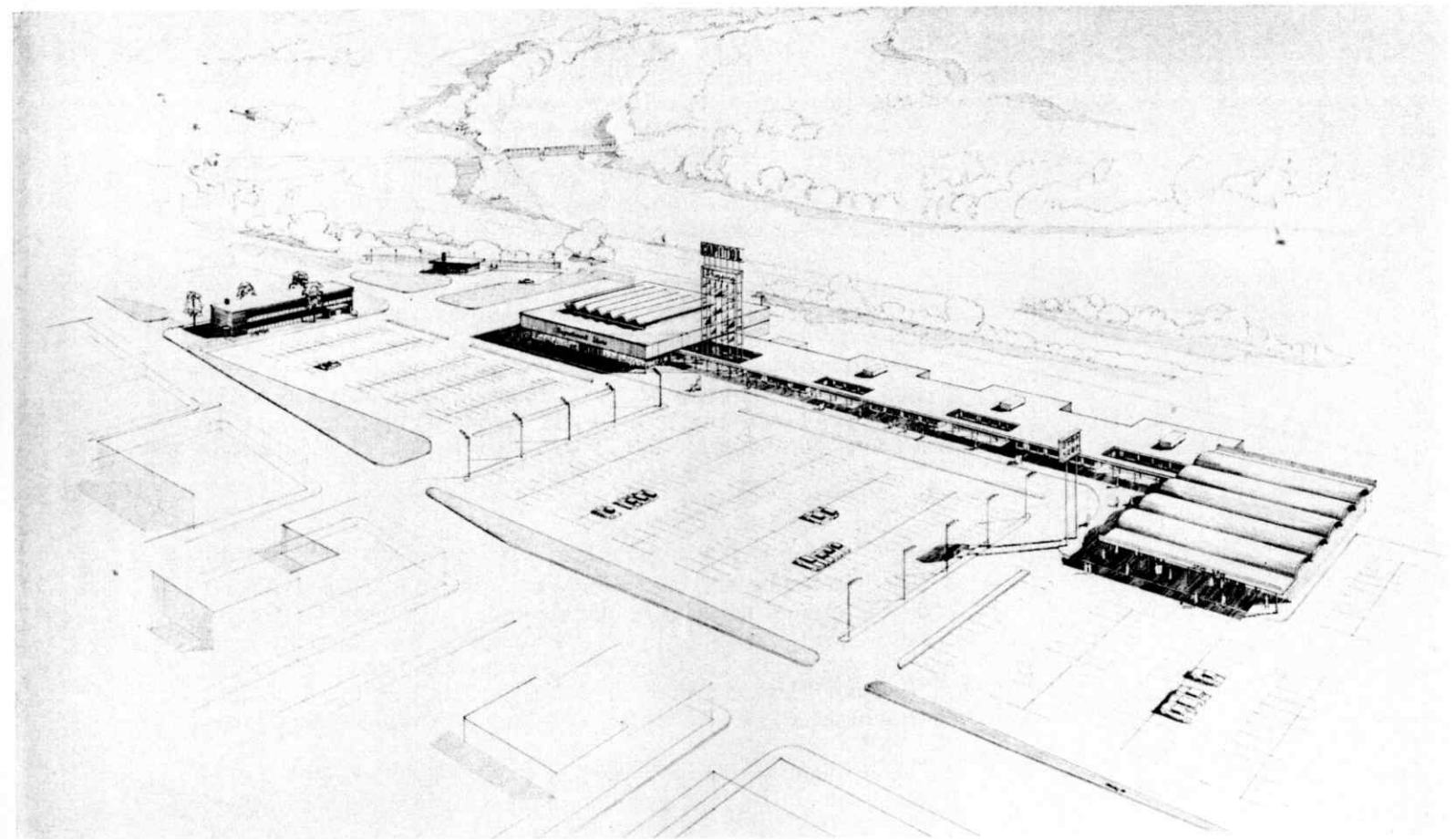
The company is expanding its participation in the piggyback operation of the Railroad, with mutual benefits. Meanwhile, the operations and personnel of the subsidiary are in the process of reorganization, and new equipment has been purchased, all of which should result in reduced expenses and increased efficiency.



Old passenger station at Concord, New Hampshire.



New passenger station at Concord, New Hampshire.



Proposed new Capitol Shopping Center, to be constructed on site of former car repair shops at Concord, New Hampshire, with ground-breaking ceremonies tentatively planned for March 15, 1960.

RESEARCH AND DEVELOPMENT

Your management, taking cognizance of the swiftly-growing electronics business in New England, the rapidly-developing program of utilizing and testing of missiles and rockets by the Federal Government and the huge participation by industry itself in technological developments, decided that the Boston and Maine organization warranted the addition of a department of research and development.

Accordingly, on April 1, 1959, such a department was established.

MISCELLANEOUS DEVELOPMENTS

1. Previous annual reports to our stockholders have mentioned the new steam-generating power plants being built at Mount Tom, Massachusetts by the Holyoke Water Power Company, and at Bow, New Hampshire by the Public Service Company of New Hampshire. These two plants will go into operation in 1960.

2. The scope of electronic-mechanical data-processing applications continues to advance in the major paperwork areas of freight, disbursements and car accounting. All payroll procedures have been mechanized, including those of our subsidiary companies.

A feasibility study with recommendation for the installation of a new-type Univac Solid State 90 computer has been completed, and has received Board approval. Rental of the new unit will result in the replacement of our two smaller Univacs, providing greater speed, flexibility and storage capacity.

The first phase for installation of a teletype car-reporting system has been accomplished with the installation of circuits and equipment on the Fitchburg Division. The system will provide the Central Data Processing Division with up-to-the minute information for processing into traffic reports for traffic, sales and service use.

PERSONNEL CHANGES

On January 28, 1959, Mr. Edward Krock, of North Brookfield, Massachusetts, became a member of the Board of Directors.

At the annual meeting of stockholders, held April 8, 1959, in Boston, the three senior vice presidents of the company were elected to the Board of Directors. They are Mr. Daniel A. Benson, of Weston, Massachusetts; Mr. George F. Glacy, of Brookline, Massachusetts; and Mr. Patrick J. Mullaney, of Winchester, Massachusetts.

Mr. William L. Phinney, of Goffstown, New Hampshire, who was elected to the Board of Directors at the annual meeting on April 13, 1955, did not run for reelection at the 1959 annual meeting.

On September 23, 1959, Mr. Maynard W. Bullis, of Boston, who was elected to the Board of Directors at the annual meeting on April 13, 1955, offered his resignation, and was succeeded by Mr. Anthony R. Cataldo, of Lexington, Massachusetts, who became a member of the Board, effective September 23, 1959.

On February 2, 1959, Mr. E. Franklin Reed, of Melrose, Massa-

chusetts, who had been serving as Manager-Industrial Development, was named Vice President-Industrial Development.

On April 1, 1959, Mr. Ernest K. Bloss, of Greenwood, Massachusetts, who had been General Mechanical Superintendent, was named Director of Research and Development.

On June 23, 1959, Mr. Neal J. Holland, of Boston, was named General Counsel. Mr. Holland had been serving as Acting General Counsel, and previously was General Attorney.

On November 1, 1959, Mr. Thomas K. Dyer, of Lexington, Massachusetts, was named Chief Engineer. Mr. Dyer had been serving as Engineer-Maintenance of Way.

Mr. Stanley G. Phillips, of Melrose, Massachusetts, retired as Vice President-Engineering, effective February 29, 1960, after 43 years of loyal and efficient service.

LONG-TERM DEBT CHANGES

Balance at beginning of year	\$110,945,309
Increases:	
Collateral Trust Indenture dated June 1, 1959 maturing serially to June 1, 1974.	3,000,000
Equipment and Road-Property obligations account of new acquisitions.	77,200
Total increases	<u>3,077,200</u>
Decreases:	
Series A, 4½% Bonds reacquired	105,000
Equipment and Road-Property obligations discharged	5,547,695
Principal payments made on Collateral Notes and Collateral Trust Indenture	300,000
Total decreases	<u>5,952,695</u>
Net decrease	2,875,495
Notes re-written during the year (long-term to short-term)	2,710,000
Net change during the year (decrease)	<u>5,585,495</u>
Balance at end of year	<u>\$105,359,814</u>

FIRST MORTGAGE BONDS MODIFICATION PLAN

On September 23, 1959, an application for approval of the Railroad's First Mortgage Bonds Modification Plan, proposing to exchange \$48,983,800 principal amount of Series RR 4% Bonds due July 1, 1960, and \$902,000 principal amount of Series JJ 4½% Bonds due April 1, 1961, for \$49,885,800 new First Mortgage Bonds Series SS 6% due 1961-1965, was filed with the Interstate Commerce Commission, Finance Docket No. 20836. It is proposed that the effective date of the Plan will be not later than July 1, 1960.

The new Series SS bonds will mature serially August 1, 1961 to August 1, 1965 in principal amounts equal to 2% in each of the years 1961 through 1964 of the aggregate principal amount initially issued and the balance of 92% thereof on August 1, 1965. A public hearing was held by the Commission on November 3 in Washington before Examiner Homer H. Kirby and orally argued before the full Commission on December 22, 1959.

A favorable Commission decision was issued on February 25, 1960, effective March 30, 1960. This decision granted the application as filed, approving the plan for submission to bondholders for their formal assents. The law requires 75 per cent assent of the bondholders affected. During the months of April and May the management will be engaged in soliciting the required assents.

**5% GUARANTEED NOTES
DUE JUNE 1, 1974**

Under the provisions of Part V of the Interstate Commerce Act, as amended (Public Law 85-625, approved August 15, 1958), application was made December 1, 1958, to the Interstate Commerce Commission for the guarantee of a loan of \$10,500,000. This application was modified under date of March 4, 1959, reducing the amount of the loan requested to \$6,000,000. The Commission eventually agreed to guarantee a loan to the Railroad of \$3,000,000, and on June 25, 1959, a loan of \$3,000,000 was received under these provisions, and \$3,000,000 aggregate principal amount of Boston and Maine Railroad 5% Guaranteed Notes, due serially to June 1, 1974, were issued privately, with the Bankers Trust Company of New York as Trustee. The Collateral Trust Indenture dated June 1, 1959, provides for partial prepayments on December 1, 1959, and on the first day of each and every June and December subsequent thereto, in the principal amount of \$100,000.

Boston and Maine Railroad Series RR 4% Bonds in the principal amount of \$1,906,500 due July 1, 1960, 14,152 shares of capital stock of Northern Railroad, 9,370 shares of capital stock of Vermont & Massachusetts Railroad and 629 shares of capital stock of Stony Brook Railroad Corporation owned by the Company were deposited with the Trustee as collateral. The Northern Railroad, the Vermont & Massachusetts Railroad and the Stony Brook Railroad are leased lines of the Boston and Maine Railroad.

LAND DAMAGES

The so-called Central Artery Case, involving damages to the Railroad by virtue of construction of the John F. Fitzgerald Expressway over and through the terminal property in the North Station area, has been in litigation for approximately nine years.

The case was settled with court approval in December, 1959, with a satisfactory payment to the Railroad and its subsidiary, covering consequential damages.

The settlement also included a release in full of the Commonwealth of Massachusetts' claim against the Railroad in excess of \$1,000,000 for moneys previously paid the Railroad for costs of relocation of facilities, etc., during the pendency of the litigation.

**CENTRALIZED TRAFFIC
CONTROL**

Conditional Sale Agreement dated as of November 10, 1959, has been executed with General Railway Signal Company for the purchase and installation of CTC system at Dover, New Hampshire. The aggregate estimated cost is \$280,000. The terms are 20% down on December 1, 1960, and the balance in 60 equal monthly installments through the Genesee Valley Union Trust Company of Rochester, New York.

**PORTLAND TERMINAL
COMPANY**

The Boston and Maine Railroad is a tenant of the Portland Terminal Company under an old contract, expiring June 5, 1961. Your management has endeavored to come to an understanding with the owners of the Terminal Company in order to reduce its share of the substantial expenses for the use of these facilities, but without success.

Notice, therefore, has been served to the effect that we do not plan to continue to use these facilities beyond the expiration date of the present contract.

EMPLOYEES

The directors and officers of the Company wish to thank its employees for their efforts in a year that presented great difficulties.

CONCLUSION:

The year 1959 was a trying one for American industry and the Railroads. The steel strike, coming soon after the economy had taken a turn for the better, was discouraging after the spring and early summer traffic volume indicated a good business year.

Most business forecasts call for a rapidly-growing economy for 1960. Your Railroad in 1960 should produce substantial profits.

Alvin D. Appleton

Chairman of the Board

Patrick B. McEnnis

President

BOSTON AND MAINE RAILROAD

ASSETS

CURRENT ASSETS:

Cash		\$ 1,441,071
U. S. Government bonds, at cost (value based on market quotations—\$4,137,500) (Note 2)		4,551,250
Special deposits		1,088,251
Accounts receivable		6,561,358
Inventories of materials and supplies, at cost		3,944,124
Prepayments and other current assets		248,319
TOTAL CURRENT ASSETS		<u>\$ 17,834,373</u>

PROPERTIES (Note 3):

Roadway and structures (including improvements to leased property—\$11,843,121)	\$189,725,048	
Equipment	77,404,560	
	<u>\$267,129,608</u>	
Less:		
Depreciation of roadway and structures	(12,800,933)	
Depreciation of equipment	(15,487,031)	
Donations and grants	(192,872)	
	<u>\$238,648,772</u>	
Miscellaneous physical properties, less depreciation of \$431,723..	2,135,925	240,784,697

INVESTMENTS AND OTHER ASSETS:

Investments in leased lines (Page 31)	\$ 2,991,802	
Investments in and advances to subsidiaries and other affiliated companies (Page 31)	4,000,762	
Other investments	347,299	
Deposits with trustees for first mortgage bonds and equipment obligations:		
Cash	235,067	
Notes and accounts receivable	883,457	
Other assets and deferred charges	1,871,729	10,330,116
		<u>\$268,949,186</u>

LIABILITIES AND CAPITAL

CURRENT LIABILITIES:

Notes payable to banks, secured (Note 2)		\$ 2,710,000
Accounts payable		9,249,329
Accrued vacation pay		1,719,347
Accrued interest		1,379,287
State and local taxes		2,362,626
Estimated current portion of injury and damage claims		1,489,914
TOTAL CURRENT LIABILITIES (excluding long-term debt due within one year)		<u>\$ 18,910,503</u>

LONG-TERM DEBT (page 32):

First mortgage bonds	\$ 50,398,300	
Income mortgage bonds	18,826,500	
Equipment and other obligations	<u>36,135,014</u>	105,359,814

OTHER LIABILITIES AND DEFERRED CREDITS:

Provision for disputed per diem charges (Note 5)	\$ 5,486,342	
Provision for injury and damage claims	1,076,543	
Accrued depreciation—leased property	1,733,324	
Unearned interest accrued on income mortgage bonds	1,506,120	
Other	<u>1,378,863</u>	11,181,192

CAPITAL AND RETAINED INCOME:

Capital stock (Note 6):

5% Preferred stock, \$100 par value:

Authorized—272,062 shares

Issued (excluding 5,266 shares held in treasury)—

266,440 shares

\$26,644,000

Common stock, no par value:

Authorized—1,078,852 shares

Issued — 545,878 shares

54,587,800

\$81,231,800

Additional capital (Note 7)

27,573,239

Retained income (page 30) (Note 8)

24,692,638

133,497,677

Contingent obligations and commitments, etc. (Note 9)

\$268,949,186

29

BOSTON AND MAINE RAILROAD

**STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 1959**

OPERATING REVENUES:		
Freight		\$58,555,840
Passenger		7,088,480
Other		6,350,542
		<u>\$71,994,862</u>
OPERATING EXPENSES:		
Transportation	\$32,533,980	
Maintenance of way and structures	9,242,135	
Maintenance of equipment	10,417,037	
Traffic, general and miscellaneous expenses	6,372,763	58,565,915
NET REVENUE FROM RAILWAY OPERATIONS		<u>\$13,428,947</u>
OTHER OPERATING CHARGES:		
Payroll, property and state excise taxes, etc.	\$ 5,879,294	
Net rents for equipment and joint facilities	6,330,618	12,209,912
NET OPERATING INCOME		<u>\$ 1,219,035</u>
NONOPERATING INCOME—NET		239,890
NET INCOME BEFORE FIXED CHARGES AND CONTINGENT INTEREST		<u>\$ 1,458,925</u>
FIXED CHARGES:		
Rent for leased lines, etc.	\$ 474,930	
Fixed interest:		
First mortgage bonds	2,046,900	
Equipment trust certificates	761,752	
Conditional sale contracts	899,749	
Other	249,438	
Amortization of long-term debt discount and expense	38,448	4,471,217
NET LOSS BEFORE CONTINGENT INTEREST		<u>\$(3,012,292)</u>
CONTINGENT INTEREST		753,060
NET LOSS		<u><u>\$(3,765,352)</u></u>

STATEMENT OF RETAINED INCOME

YEAR ENDED DECEMBER 31, 1959

BALANCE, DECEMBER 31, 1958	\$41,959,990
ADDITIONS (deductions) FOR THE YEAR:	
Net loss	(3,765,352)
Adjustment of accumulated depreciation of roadway, structures and equipment resulting from abnormal retirements	(11,078,541)
Net gains on disposal of land	952,617
Losses on retirement of track	(1,894,071)
Adjustment of prior years' provisions for injury and damage claims	(1,293,692)
Excess of par value over cost of income mortgage bonds of the Rail- road reacquired	56,526
Other deductions—net	(244,839)
BALANCE, DECEMBER 31, 1959	<u><u>\$24,692,638</u></u>

BOSTON AND MAINE RAILROAD
STATEMENT OF INVESTMENTS IN LEASED LINES
DECEMBER 31, 1959

	<i>No. of shares owned</i>	<i>% owned</i>	<i>Cost</i>	<i>Approximate value based on current market quotations</i>
Northern Railroad	14,963	48.8	\$1,690,921	\$1,347,000
Stony Brook Railroad	829	27.6	79,471	62,000
Vermont & Massachusetts Railroad	10,235	32.1	1,221,410	768,000
			<u>\$2,991,802</u>	<u>\$2,177,000</u>

The shares in leased line companies have been acquired over the period from 1937 to 1959. Shares included above of an aggregate cost of \$2,835,720 were pledged at December 31, 1959 to secure 5% guaranteed notes due June 1, 1974 (Page 32). Annual rentals of the leased lines, under long-term leases, amount to approximately \$405,000 plus federal income taxes of the leased line companies which currently aggregate about \$200,000 per year. Dividends received on the holdings of shares of the leased line companies amounted to \$147,000 in 1959.

**STATEMENT OF INVESTMENTS IN AND ADVANCES TO SUBSIDIARIES
AND OTHER AFFILIATED COMPANIES**
DECEMBER 31, 1959

	<i>Investments in capital stocks</i>	<i>Notes and advances</i>	<i>Total investments and advances</i>	<i>Net assets of subsidiaries</i>
WHOLLY-OWNED SUBSIDIARIES:				
Boston & Maine Transportation Company..	\$100,038	\$1,123,988	\$1,224,026	\$ 909,346
North Station Industrial Building, Inc. (a) ..	1,002	873,444	874,446	1,832,644
North Station Hotel Building, Inc. (b)	100	192,885	192,985	438,045
The Mystic Terminal Company	5,000	80,000	85,000	85,000
Springfield Terminal Railway Company ...	186,030		186,030	365,367
Charlestown Waterfront Facilities, Inc.	300,000	13,860	313,860	297,138
Pine Tree Corporation	50,000		50,000	43,129
Connecticut River Valley Company, Inc. ...	5,000	152,784	157,784	156,811
B & M Railroad Radio Co., Inc.	1,000		1,000	897
	<u>\$648,170</u>	<u>\$2,436,961</u>	<u>\$3,085,131</u>	<u>\$4,128,377</u>
OTHER AFFILIATED COMPANIES:				
Railway Express Agency, Inc.	2,300	665,058	667,358	
Pullman Company	190,772		190,772	
Trailer Train Company	50,000		50,000	
Troy Union Railroad Company (25% owned)	7,500	1	7,501	
	<u>\$898,742</u>	<u>\$3,102,020</u>	<u>\$4,000,762</u>	

(a) The capital stock of North Station Industrial Building, Inc. is held by the trustee under the first mortgage indenture in lieu of mortgaged property sold.

(b) The capital stock of North Station Hotel Building, Inc. is pledged to secure indebtedness of this subsidiary.

BOSTON AND MAINE RAILROAD STATEMENT OF LONG-TERM DEBT DECEMBER 31, 1959

	<i>Total outstanding (a)</i>	<i>Amount due within one year</i>
FIRST MORTGAGE BONDS (b):		
Series RR 4%, due July 1, 1960	\$ 47,077,300	(c)
Series JJ 4½%, due April 1, 1961	897,000	(c)
Series AC 5%, due September 1, 1967	2,424,000	—
	<u>\$ 50,398,300</u>	
INCOME MORTGAGE BONDS, Series A, 4½% (4% cumulative), due July 1, 1970 (d)	\$ 18,826,500	—
EQUIPMENT AND OTHER OBLIGATIONS:		
5% Guaranteed notes due June 1, 1974, secured under a collateral trust indenture by pledge of \$1,960,500 principal amount of Boston and Maine Railroad Series RR 4% first mortgage bonds and capital stock of three leased lines carried at \$2,835,720. These notes are guaranteed by the United States Government under the Interstate Commerce Act	\$ 2,900,000	\$ 200,000 (e)
Equipment Trust Certificates, Series I, 4½% to 6%, due March 1, 1971, secured by 34 Budd cars and 1,992 freight cars of an aggregate original cost of \$23,558,071 and by \$63,006 of cash held by the trustee in lieu of 8 freight cars destroyed and not replaced. .	14,805,000	1,234,000 (e)
Conditional sale contracts maturing at various dates from January, 1960 to October, 1969, secured by 180 locomotives, 70 Budd cars, 9 other passenger cars, 2 loaders, 1 crane and 2 central traffic control installations, of an aggregate original cost of \$40,661,307.	18,430,014	3,556,391 (f)
	<u>\$ 36,135,014</u>	<u>\$4,990,391</u>
	<u>\$105,359,814</u>	

(a) Amounts outstanding are exclusive of bonds owned by the Railroad—\$1,906,500 of Series RR bonds pledged against the 5% guaranteed notes (as above), \$5,000 of Series JJ and \$641,000 of Series AC bonds held by the first mortgage trustee, and \$436,000 of income mortgage bonds which are unpledged.

(b) The first mortgage bonds are secured by substantially all the road properties and equipment of the Railroad, its operating franchises, leases and agreements, and its investment in the capital stock of Troy Union Railroad Company, subject to the prior lien of equipment trust obligations and conditional sale contracts in the case of certain property and equipment as indicated in the statement above. Interest is payable semiannually at the indicated rates for the several series. The Series RR bonds are entitled to the benefit of a sinking fund provision under which the Railroad is required annually, on or before May 1, to deposit with the trustee \$679,102 in cash or Series RR bonds (at the lesser of their principal amount plus accrued interest, or their cost to the Railroad) if "available net income" (as defined in the indenture) is sufficient.

(c) With respect to the Series RR and JJ first mortgage bonds, a proposed refunding plan, approved by the Interstate Commerce Commission for submission to bondholders for assents, provides for the issuance of a new re-

funding 6% series of bonds, Series SS, of the same principal amount. The new series of bonds would mature in the amount of approximately \$1,000,000 each on August 1, 1961, 1962, 1963 and 1964 and the remainder on August 1, 1965. The proposed refunding plan further provides for an annual sinking fund payment equal to 1% of the amount of bonds which would mature on August 1, 1965, or approximately \$460,000 per annum, if "available net income" is sufficient.

(d) The income mortgage bonds are secured by a second mortgage on the same properties as those securing the first mortgage bonds. Interest is payable at the rate of 4½% per annum if "available net income" is sufficient, and, if not earned, is cumulative and payable not later than the maturity of the bonds at the rate of 4% per annum. The income mortgage bonds are entitled to the benefit of a sinking fund provision under which the Railroad is required annually, on or before September 1, to deposit with the trustee \$482,870 in cash or Series A bonds (at the lesser of their principal amount plus accrued interest, or their cost to the Railroad) if "available net income" is sufficient.

(e) The same amounts mature within each subsequent year to maturity.

(f) Maturities within succeeding years are in gradually declining amounts.

Note 1—Subsidiary Companies

The accompanying financial statements are those of the Boston and Maine Railroad without consolidation of the assets, liabilities and operating accounts of certain wholly-owned subsidiaries of the Railroad engaged in truck transportation, real estate, hotel and other types of operation. The investments in and advances to these subsidiaries are shown on Page 31. The excess of losses over profits from the operation of the subsidiaries in 1959, amounting to \$169,466, is not reflected in the accompanying statement of income.

Note 2—Pledge of Certain Assets

U. S. Government bonds carried at cost of \$3,647,500 (approximate market \$3,320,000) were pledged as at December 31, 1959 to secure \$2,710,000 of notes payable to banks. Other assets pledged include the mortgaged properties (referred to on Page 32), a portion of the capital stocks of leased lines (Page 31), the capital stocks of certain subsidiaries (Page 31), and cash and receivables shown on the balance sheet as deposits with trustees for first mortgage bonds and equipment obligations. Mortgage bonds of the Railroad owned by the Railroad and not included in the balance sheet either as assets or liabilities are pledged as indicated in footnote (a) on Page 32.

Note 3—Road and Equipment Properties

The amount shown in the balance sheet for roadway and structures represents the aggregate of acquisitions and additions (by merger, purchase, construction or otherwise), less retirements, recorded under the system of accounting prescribed by the Interstate Commerce Commission. In accordance with such accounting requirements the Railroad commenced providing for depreciation on these assets, other than property such as rail, ties, ballast and other track materials, as of January 1, 1943. The recorded cost, less salvage, of depreciable properties retired since January 1, 1943 has been charged to accrued depreciation accumulated since that date. Retirements,

less salvage, of properties considered nondepreciable (rail, ties, ballast, etc.) have been charged to current operating expense, except that, with the permission of the Interstate Commerce Commission, certain retirements of nondepreciable properties in recent years which were considered abnormal have been charged direct to retained income. Gains and losses on disposals of land have been credited or charged to retained income.

The amount shown in the balance sheet for equipment represents cost to the Railroad of equipment owned. Most of the equipment was acquired during the past ten years and has been subjected to a systematic policy of amortization of cost based on estimated useful life.

The accompanying statement of income includes charges for depreciation of road and equipment properties totaling \$5,028,694.

Note 4—Federal Income Taxes

As of December 31, 1959 the Railroad had loss carryovers for federal income tax purposes aggregating approximately \$17,000,000, of which about \$1,000,000 would be available to apply against income through the year 1962, \$8,600,000 through 1963 and \$7,400,000 through 1964.

Note 5—Provision for Disputed Per Diem Charges

The Boston and Maine Railroad is party to a dispute with other railroads over per diem rates for car rentals. For various reasons, including its situation as a so-called terminal line, the Railroad incurs more rentals than it earns. For several years payment has been made to other railroads at rates which are less than the rates adopted by the Association of American Railroads, although full provision has been made on the books at the adopted rates, all by charges against income. The excess of amounts thus provided for on the books amounted to \$5,486,342 as of December 31, 1959. The excess of amounts accrued and charged to income over payments during 1959 amounted to \$887,083. Further information regarding this dispute is set forth on Page 6.

Note 6—Capital Stock and Stock Options

The 5% Preferred Stock is redeemable at any time at \$100 per share plus accumulated unpaid dividends, and is convertible at the option of the holder into common stock at the rate of 1½ shares of common stock for each share of preferred stock. Conversion of all of the issued preferred stock would require 475,486 shares of the authorized and unissued common stock. Dividends on preferred stock, if not paid, are cumulative only if and to the extent (not exceeding 5% per annum) that earnings are available. On this basis there were no cumulative unpaid dividends at December 31, 1959. If earnings are sufficient, the Railroad is required to set aside annually one half of one per cent of the par value of the authorized preferred stock as a sinking fund for redemption of preferred stock, before dividends are paid on the common stock. The sinking fund obligation is cumulative only to the extent earned. There was no cumulative sinking fund obligation as at December 31, 1959.

In 1956 the stockholders of the Railroad approved an employee stock option plan under which options to purchase 50,000 shares of common stock of the Railroad could be granted at the fair market value at the time granted. Such options generally become exercisable in installments over a five year period and remain exercisable until ten years after the date of the grant. The following options, granted prior to 1959, were outstanding as of December 31, 1959:

<i>Option price</i>	<i>Shares optioned</i>	<i>Shares for which options were exercisable</i>
\$26%	25,000	15,000
16	11,775	4,710
9½	5,242	2,096
10%	<u>7,213</u>	<u>1,442</u>
	<u>49,230</u>	<u>23,248</u>

During 1959 the directors voted, subject to approval by the Interstate Commerce Commission, if necessary, to reduce the option price for the 25,000 shares from \$26 per share to \$9 per share, the then current market value. No options had been exercised to December 31, 1959.

Note 7—Additional Capital

The additional capital account increased by \$226,005 during 1959. The increase is represented almost entirely by the transfer from issued capital stock of the par value of 356.8 shares of preferred stock and the stated value of 1,730.51 shares of common stock (in each case \$100 per share) with respect to which the exchange privilege provided for under the 1950 Recapitalization Plan (effective May 21, 1953) expired during the year.

Note 8—Dividend Restrictions

The indentures securing the first mortgage bonds and the income mortgage bonds contain provisions for the application of available net income. Certain requirements of said provisions have not been met due to lack of available net income, and before the Railroad can pay any dividends on or purchase any of its capital stock of any class, it would have to meet the requirements of said provisions. In addition the Railroad has entered into an agreement with the Interstate Commerce Commission in connection with its Government guaranteed loan in the amount of \$2,900,000 which provides restrictions on the payment of dividends under certain conditions.

Note 9—Contingent Obligations and Commitments, Etc.

In addition to the matters referred to elsewhere in the financial statements and notes, the Railroad had the following contingent obligations and commitments at December 31, 1959:

The Railroad rents 2,677 freight cars under five to fifteen year leases. Current annual rentals under the various leases amount to approximately \$1,300,000. Certain of these leases provide for substantially lower rentals after an initial term of six years.

The Railroad is guarantor of \$159,000 principal amount of 3% first mortgage bonds issued by its wholly-owned subsidiary, North Station Industrial Building, Inc. This obligation was paid by the subsidiary in 1960.

Together with other participating railroads, the Railroad has guaranteed repayment of equipment obligations of Trailer Train Company, which at December 31, 1959 amounted to approximately \$28,120,589.

Under certain conditions the Railroad could be required

to make additional payments under a service interruption insurance policy carried jointly with other railroads.

Employment agreements covering periods of up to ten years have been entered into with certain officers. The current annual amount of compensation under these agreements is approximately \$175,000.

The Railroad is plaintiff or defendant in numerous lawsuits and subject to other claims in connection with personal injuries, property damages and other matters.

Adequate provision for liabilities thereunder is believed to be included in the financial statements.

The Railroad has a retirement income plan for substantially all monthly salaried employees. Income for 1959 has been charged with \$143,000 under the plan, an amount calculated to be sufficient to provide for normal cost plus interest on the unfunded past service credits. At December 31, 1959 the unfunded past service credits amounted to approximately \$1,900,000.

REPORT OF INDEPENDENT ACCOUNTANTS

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS
OF THE BOSTON AND MAINE RAILROAD

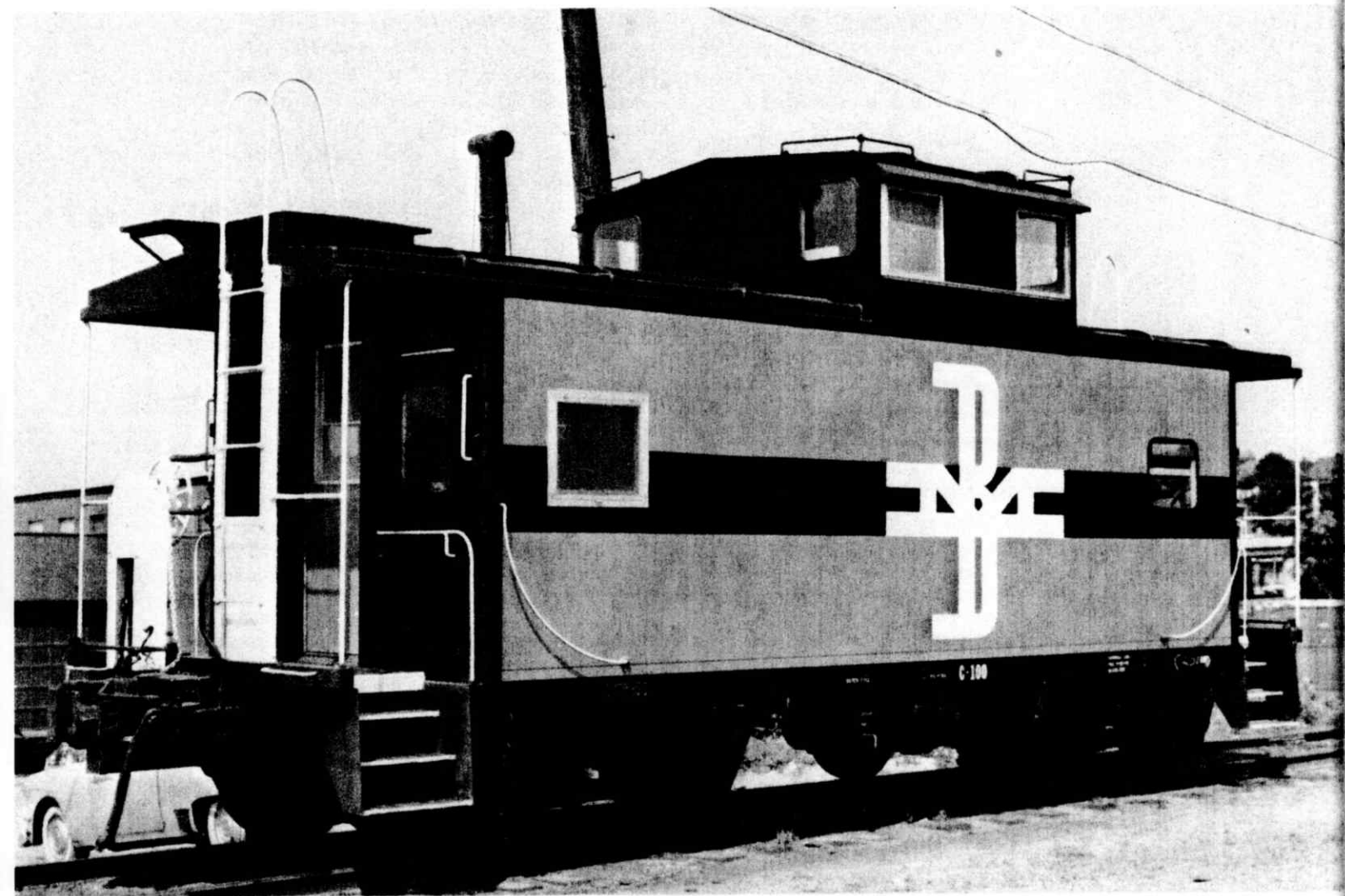
We have examined the balance sheet of the Boston and Maine Railroad as of December 31, 1959 and the statements of income and retained income for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The depreciation reserves for roadway and structures (accumulated only since January 1, 1943, as indicated in Note 3 of the notes to financial statements) are substantially less than amounts which would have resulted from a systematic amortization of the cost of the properties since their acquisition. It would be impracticable, however, to reconstruct these accounts on the latter basis, and no reasonable estimate of the amount of the deficiency is therefore possible. Furthermore, the roadway and structures accounts include substantial amounts for branch lines, estimated at between 25% and 40% of the total, which produce a relatively small portion of the Railroad's present revenues. This is a problem currently faced by other railroads. It is severe in the case of the Boston and Maine Railroad, which serves an area where railroad lines were built early and to a highly concentrated extent. There is no present general plan to abandon these branch lines, but, if a continuance of the trend toward obsolescence of this type of facility should warrant abandonment, such action would result in a substantial reduction in the amount at which roadway and structures are carried in the balance sheet and in the amount of the retained income account.

In our opinion, subject to the deficiency in accumulated depreciation reserves on roadway and structures mentioned in the preceding paragraph, the financial statements referred to above present fairly the financial position of the Boston and Maine Railroad at December 31, 1959 and the results of its operations for the year, in conformity with accounting principles and practices prescribed or authorized by the Interstate Commerce Commission applied on a consistent basis.

Boston, Massachusetts
March 3, 1960

PRICE WATERHOUSE & Co.



One of 38 modern,
all-steel cabooses
purchased in 1959.

Boston and Maine Railroad

1959
FINANCIAL AND
STATISTICAL STATEMENTS

Twelve-month period ended December 31, 1959

compared with similar period of 1958

HAROLD JUDKINS

RUTLAND MA
01543

BOSTON & MAINE RAILROAD
HISTORICAL SOCIETY
ARCHIVES

M 3118 BM 89.59 80.046

1959 FINANCIAL AND STATISTICAL STATEMENTS

TABLE OF CONTENTS

	PAGE
Income Account.....	1
Operating Revenues in Detail.....	2
Operating Expenses in Detail.....	2-5
Condensed General Balance Sheet.....	6,7
Road and Equipment Changes.....	8
Equipment and Road Property Obligations.....	9
Train, Locomotive and Car Mileage Statistics.....	10
Operating Statistics and Averages.....	10, 11
Revenue Statistics.....	11
Operating and Traffic Statistics.....	12, 13
Mileage of Track.....	13

INCOME ACCOUNT

ITEM	TWELVE-MONTH PERIOD ENDED DECEMBER 31		
	1959	1958	Increase or Decrease
501 RAILWAY OPERATING REVENUES	\$71,994,863	\$77,435,364	\$5,440,501
531 RAILWAY OPERATING EXPENSES	58,565,915	63,524,283	4,958,368
OPERATING RATIO	81.35%	82.04%	.69%
NET OPERATING REVENUES	\$13,428,948	\$13,911,081	\$ 482,133
532 Railway Tax Accruals:			
Unemployment Insurance	\$ 987,055	\$ 796,749	\$ 190,306
Railroad Retirement	1,833,464	1,951,911	118,447
Federal Income Tax	173,829	36,431	210,260
Other	2,884,947	3,309,037	424,090
Total Railway Tax Accruals	\$ 5,879,295	\$ 6,021,266	\$ 141,971
RAILWAY OPERATING INCOME	\$ 7,549,653	\$ 7,889,815	\$ 340,162
[Rents Payable:			
Equipment Rents:			
Hire of Freight Cars:			
Debit Per Diem	\$ 6,759,265	\$ 6,230,358	\$ 528,907
Credit Per Diem:			
From Owned Cars	\$ 2,168,147	\$ 2,084,300	\$ 83,847
From Leased Cars	1,582,153	1,353,789	228,364
Total Credit Per Diem	\$ 3,750,300	\$ 3,438,089	\$ 312,211
Net Debit Per Diem	\$ 3,008,965	\$ 2,792,269	\$ 216,696
Lease Rental	1,276,278	1,278,769	2,491
Mileage Cars	1,428,694	1,417,934	10,760
Other	22,990	28,295	5,305
Hire of Highway Trailers	204,947	97,635	107,312
Miscellaneous Equipment Rents	70,765	84,284	13,519
Total Equipment Rents Payable	\$ 5,825,129	\$ 5,474,028	\$ 351,101
Joint Facility Rents — Net:			
Portland Terminal Company	529,798	518,221	11,577
Other	24,309	16,872	7,637
Total Rents Payable	\$ 6,330,618	\$ 5,975,577	\$ 355,041
NET RAILWAY OPERATING INCOME	\$ 1,219,035	\$ 1,914,238	\$ 695,203
Other Income:			
510 Miscellaneous Rent Income	\$ 320,126	\$ 320,212	\$ 86
511 Income from Non-Operating Property	47,606	70,377	22,771
513 Dividend Income	15,618	36,092	20,474
514 Interest Income	200,688	168,558	32,130
516 Income from Sinking & Other Reserve Funds	148,998	138,489	10,509
519 Miscellaneous Income	399,715	44,149	355,566
Total Other Income	\$ 1,132,751	\$ 777,877	\$ 354,874
TOTAL INCOME	\$ 2,351,786	\$ 2,692,115	\$ 340,329
Miscellaneous Deductions:			
543 Miscellaneous Rents	\$ 393,263	\$ 394,733	\$ 1,470
544 Miscellaneous Tax Accruals	93,494	6,260	87,234
551 Miscellaneous Income Charges	501,676	70,669	431,007
Total Miscellaneous Deductions	\$ 988,433	\$ 471,662	\$ 516,771
INCOME AVAILABLE FOR FIXED CHARGES	\$ 1,363,353	\$ 2,220,453	\$ 857,100
Fixed Charges:			
542 Rent for Leased Roads and Equipment	\$ 474,930	\$ 474,930	—
546 Interest on Bonds	2,046,899	2,046,899	—
Interest on Equipment Trust	761,752	824,365	\$ 62,613
Interest on Conditional Sales	899,749	1,040,224	140,475
Other Interest on Funded Debt	194,296	144,839	49,457
547 Interest on Unfunded Debt	55,141	30,368	24,773
548 Amortization of Discount on Funded Debt	38,448	36,347	2,101
Total Fixed Charges	\$ 4,471,215	\$ 4,597,972	\$ 126,757
INCOME AFTER FIXED CHARGES	\$ 3,107,862	\$ 2,377,519	\$ 730,343
546C Contingent Interest	657,490	864,688	207,198
NET INCOME	\$ 3,765,352	\$ 3,242,207	\$ 523,145
Ratio of Pay Roll to Revenues	53.27%	55.65%	2.38%

OPERATING REVENUES

ITEM	TWELVE-MONTH PERIOD ENDED DECEMBER 31		Increase or Decrease	
	1959	1958		
TRANSPORTATION REVENUE:				
101	Freight.....	\$58,555,840	\$59,617,291	\$1,061,451
102	Passenger:			
	Local.....	2,769,446	3,435,976	666,530
	Commutation.....	2,440,365	2,824,199	383,834
	Interline.....	1,878,669	2,423,024	544,355
	Total.....	\$ 7,088,480	\$ 8,683,199	\$1,594,719
103	Baggage.....	\$ 5,800	\$ 7,555	\$ 1,755
106	Mail.....	1,467,932	3,598,114	2,130,182
107	Express.....	601,480	761,164	159,684
108	Other Passenger-Train.....	64,232	156,631	92,399
109	Milk.....	1,031,944	1,077,771	45,827
110	Switching.....	572,676	639,227	66,551
	Total Revenue from Transportation.....	\$69,388,384	\$74,540,952	\$5,152,568
INCIDENTAL AND JOINT FACILITY REVENUE:				
133	Station and Train Privileges.....	\$ 130,594	\$ 156,108	\$ 25,514
134	Parcel Room.....	1,005	1,654	649
135	Storage — Freight.....	35,489	51,685	16,196
136	Storage — Baggage.....	923	1,624	701
137	Demurrage.....	607,900	537,139	70,761
138	Communication.....	19	34	15
139	Grain Elevator.....	33,486	174,493	141,007
141	Power.....	139,047	125,417	13,630
142	Rents of Buildings and other Property.....	971,978	1,040,997	69,019
143	Miscellaneous.....	319,132	479,950	160,818
	Joint Facility Revenue:			
	Portland Terminal Company.....	186,879	164,119	22,760
	Other.....	180,027	161,192	18,835
	Net Credit.....	\$ 366,906	\$ 325,311	\$ 41,595
	Total.....	\$ 2,606,479	\$ 2,894,412	\$ 287,933
	TOTAL RAILWAY OPERATING REVENUES.....	\$71,994,863	\$77,435,364	\$5,440,501

OPERATING EXPENSES

ITEM	TWELVE-MONTH PERIOD ENDED DECEMBER 31		Increase or Decrease	
	1959	1958		
MAINTENANCE OF WAY AND STRUCTURES:				
201	Superintendence.....	\$ 889,087	\$ 1,017,398	\$ 128,311
	Track Material:			
212-A	Ties — Cross.....	\$ 113,045	\$ 181,066	\$ 68,021
212-B	Ties — Switch and Bridge.....	20,988	29,111	8,234
214	Rails.....	35,535	47,344	11,809
216	Other Track Material.....	164,935	344,263	179,328
218	Ballast.....	28,061	14,609	13,452
	Total.....	\$ 291,494	\$ 616,393	\$ 324,899
	Roadway and Track:			
202	Roadway Maintenance.....	\$ 461,723	\$ 528,366	\$ 66,643
220	Track Laying and Surfacing.....	1,505,098	1,796,530	291,432
221	Fences, Snowsheds and Signs.....	41,518	44,483	2,965
269	Roadway Machines.....	176,193	241,606	65,413
271	Small Tools and Supplies.....	146,976	147,564	588
272	Removing Snow, Ice and Sand.....	444,085	818,972	374,887
	Total.....	\$ 2,775,593	\$ 3,577,521	\$ 801,928
	Bridges and Structures:			
206	Tunnels and Subways.....	\$ 14,055	\$ 10,655	\$ 3,400
208	Bridges, Trestles and Culverts.....	243,879	285,060	41,181
227	Station and Office Buildings.....	510,226	572,188	61,962
229	Roadway Buildings.....	55,699	52,876	2,823
231	Water Stations.....	780	1,443	663
233	Fuel Stations.....	11,439	7,461	3,978
235	Shops and Enginehouses.....	286,647	287,251	604
237	Grain Elevators.....	6,603	15,431	8,828
241	Wharves and Docks.....	557	898	341
243	Coal and Ore Wharves.....	—	—	—
253	Power Plants.....	1,314	2,551	1,237
257	Power — Transmission Systems.....	40,823	46,894	6,071
	Total.....	\$ 1,172,022	\$ 1,282,708	\$ 110,686

OPERATING EXPENSES (Continued)

ITEM	TWELVE-MONTH PERIOD ENDED DECEMBER 31		
	1959	1958	Increase or Decrease
MAINTENANCE OF WAY AND STRUCTURES: (Continued)			
247	\$ 165,094	\$ 172,436	\$ 7,342
249	\$ 672,531	\$ 1,033,825	\$ 361,294
Miscellaneous:			
270	\$ 140,721	\$ 70,611	\$ 70,110
273	242,207	143,898	98,309
274	130,416	120,768	9,648
275	106,097	74,594	31,503
276	12,382	8,978	3,404
277	177,821	204,374	26,553
277	34,390	33,719	671
Total	\$ 844,034	\$ 656,942	\$ 187,092
Joint Facilities:			
278	Tracks, Yards, etc. — Dr.:		
	\$ 451,038	\$ 478,553	\$ 27,515
	Portland Terminal Company	230,554	197,761
	All Other	220,484	32,793
	Total Debit	\$ 681,592	\$ 5,278
279	Tracks, Yards, etc. — Cr.:		
	\$ 241	\$ 240	\$ 1
	Portland Terminal Company	96,257	104,448
	All Other	96,498	8,190
	Total Credit	\$ 192,795	\$ 8,190
	Total Net Debit	\$ 488,797	\$ 13,468
	TOTAL EXPENDED	\$ 8,928,849	\$1,533,900
Depreciation, Retirements, etc.:			
266	\$ 1,698,359	\$ 1,759,143	\$ 60,784
267	148,827	59,762	89,065
280	—	—	—
	Total	\$ 1,847,186	\$ 28,281
TOTAL MAINTENANCE OF WAY AND STRUCTURES	\$ 9,242,135	\$10,747,754	\$1,505,619
Ratio	12.84%	13.88%	1.04%
MAINTENANCE OF EQUIPMENT:			
301	\$ 552,963	\$ 600,954	\$ 47,991
302	118,144	111,999	6,145
304	66,436	66,633	197
306	6,831	424	6,407
311	2,173,327	1,772,352	400,975
314	1,917,459	1,894,945	22,514
317	290,025	664,519	374,494
317-M	1,197,081	1,158,426	38,655
326	75,952	105,409	29,457
328	47,635	13,259	34,376
329	430	2,146	1,716
332	133,380	127,899	5,481
333	241,256	212,127	29,129
334	8,170	9,111	941
335	163,252	178,082	14,830
335	98,889	10,598	88,291
Total	\$ 7,091,230	\$ 6,928,883	\$ 162,347
Joint Facilities:			
336	Equipment Expenses — Dr.:		
	\$ 122,302	\$ 135,729	\$ 13,427
	Portland Terminal Company	12,992	8,269
	All Other	109,310	4,723
	Total Debit	\$ 135,294	\$ 8,704
337	Equipment Expenses — Cr.:		
	—	—	—
	Portland Terminal Company	9,384	9,334
	All Other	9,384	50
	Total Credit	\$ 18,768	\$ 50
	Total Net Debit	\$ 116,526	\$ 8,754
	TOTAL EXPENDED	\$ 7,217,140	\$ 7,063,547
Depreciation and Retirements, etc.:			
305	\$ 65,600	\$ 81,951	\$ 16,351
330	130,438	36,754	93,684
331	3,264,735	3,472,735	208,000
338	—	—	—
Total	\$ 3,199,897	\$ 3,517,932	\$ 318,035
TOTAL MAINTENANCE OF EQUIPMENT	\$10,417,037	\$10,581,479	\$ 164,442
Ratio	14.47%	13.67%	80%

OPERATING EXPENSES (Continued)

ITEM	TWELVE-MONTH PERIOD ENDED DECEMBER 31		Increase or Decrease	
	1959	1958		
TRAFFIC:				
351	Superintendence	\$ 695,889	\$ 731,720	\$ 35,831
352	Outside Agencies	668,555	623,554	45,001
353	Advertising	78,999	95,948	16,949
354	Traffic Associations	83,072	61,661	21,411
356	Industrial Bureau	150,758	121,913	28,845
357	Insurance	320	359	39
358	Stationery and Printing	70,617	72,529	1,912
359	Health and Welfare	32,513	35,373	2,860
359	Other Expenses	37,961	47,871	9,910
TOTAL TRAFFIC		\$ 1,818,684	\$ 1,790,928	\$ 27,756
Detail: Passenger Department	\$ 232,012	\$ 307,467	\$ 75,455	
Freight Department	1,365,440	1,278,304	87,136	
Industrial Department	150,758	121,913	28,845	
Unassigned	70,474	83,244	12,770	
Ratio	2.53%	2.31%	22%	
TRANSPORTATION				
Supervision:				
371	Superintendence	\$ 1,301,804	\$ 1,360,809	\$ 59,005
372	Dispatching Trains	404,793	445,225	40,432
Total		\$ 1,706,597	\$ 1,806,034	\$ 99,437
Station Service:				
373	Employees	\$ 3,381,468	\$ 4,590,841	\$1,209,373
374	Weighing, Inspection and Demurrage Bureaus	25,134	28,502	3,368
376	Supplies and Expenses	460,012	540,204	80,192
Total		\$ 3,866,614	\$ 5,159,547	\$1,292,933
Yard Train Service:				
377	Yardmasters and Clerks	\$ 1,341,580	\$ 1,416,743	\$ 75,163
378	Conductors and Brakemen	2,869,733	2,959,771	90,038
379	Switch and Signal Tenders	183,264	276,135	92,871
380	Enginemen	1,606,250	1,605,354	896
382	Switching Fuel	209,456	197,615	11,841
385	Water for Locomotives	411	437	26
386	Lubricants for Locomotives	18,433	21,537	3,104
387	Other Supplies for Locomotives	11,930	11,362	568
388	Enginehouse Expenses	175,277	199,254	23,977
389	Supplies and Expenses	131,773	127,603	4,170
Total		\$ 6,548,107	\$ 6,815,811	\$ 267,704
Passenger Train Service:				
392	Enginemen	\$ 1,415,479	\$ 1,816,313	\$ 400,834
394	Fuel	599,119	852,956	253,837
397	Water for Locomotives	1,980	6,795	4,815
398	Lubricants for Locomotives	17,655	34,916	17,261
399	Other Supplies for Locomotives	7,057	15,558	8,501
400	Enginehouse Expenses	167,003	358,383	191,380
401	Trainmen	1,938,291	2,492,482	554,191
402	Supplies and Expenses	1,345,005	1,680,172	335,167
403	Operating Sleeping Cars	139,746	174,413	34,667
Total		\$ 5,631,335	\$ 7,431,988	\$1,800,653
Freight Train Service:				
392	Enginemen	\$ 1,789,198	\$ 1,739,374	\$ 49,824
394	Fuel	1,358,992	1,325,932	33,060
397	Water for Locomotives	1,468	1,244	224
398	Lubricants for Locomotives	86,238	94,328	8,090
399	Other Supplies for Locomotives	48,949	40,170	8,779
400	Enginehouse Expenses	826,637	787,273	39,364
401	Trainmen	2,551,243	2,520,927	30,316
402	Supplies and Expenses	948,935	836,052	112,883
Total		\$ 7,611,660	\$ 7,345,300	\$ 266,360
Total Train Service		\$13,242,995	\$14,777,288	\$1,534,293
Miscellaneous:				
404	Signal and Interlocker	\$ 969,300	\$ 843,732	\$ 125,568
405	Crossing Protection	1,350,509	1,510,999	160,490
406	Drawbridge	79,870	92,621	12,751
407	Communication System	86,112	61,409	24,703
410	Stationery and Printing	141,008	146,382	5,374
411	Health and Welfare	225,644	272,921	47,277
411	Other Expenses	217,046	107,023	110,023

OPERATING EXPENSES (Continued)

ITEM	TWELVE-MONTH PERIOD ENDED DECEMBER 31		Increase or Decrease
	1959	1958	
TRANSPORTATION (Continued)			
Miscellaneous: (Continued)			
414 Insurance.....	\$ 197,924	\$ 148,804	\$ 49,120
Total	\$ 3,267,413	\$ 3,183,891	\$ 83,522
Casualties:			
415 Clearing Wrecks.....	\$ 92,452	\$ 72,966	\$ 19,486
416 Damage to Property.....	35,872	38,131	2,259
417 Damage to Livestock.....	14	556	542
418 Loss and Damage — Freight.....	860,700	612,013	248,687
419 Loss and Damage — Baggage.....	1,036	10,081	11,117
420 Injuries to Persons.....	570,439	515,385	55,054
Total	\$ 1,558,441	\$ 1,249,132	\$ 309,309
Joint Facilities:			
390 Yards and Terminals — Dr.:			
Portland Terminal Company.....	\$ 1,501,353	\$ 1,573,674	\$ 72,321
All Other.....	1,256,364	1,487,263	230,899
Total Debit	\$ 2,757,717	\$ 3,060,937	\$ 303,220
391 Yards and Terminals — Cr.:			
Portland Terminal Company.....	—	—	—
All Other.....	\$ 412,109	\$ 485,848	\$ 73,739
Total Credit	\$ 412,109	\$ 485,848	\$ 73,739
412 Tracks and Facilities — Dr.:			
Portland Terminal Company.....	\$ 10,000	\$ 20,833	\$ 10,833
All Other.....	40,623	36,425	4,198
Total Debit	\$ 50,623	\$ 57,258	\$ 6,635
413 Tracks and Facilities — Cr.:			
Portland Terminal Company.....	—	—	—
All Other.....	\$ 52,418	\$ 55,132	\$ 2,714
Total Credit	\$ 52,418	\$ 55,132	\$ 2,714
Total Net Debit	\$ 2,343,813	\$ 2,577,215	\$ 233,402
TOTAL TRANSPORTATION	\$32,533,980	\$35,568,918	\$3,034,938
Ratio	45.19%	45.94%	75%
MISCELLANEOUS OPERATIONS:			
443 Grain Elevators.....	\$ 17,353	\$ 40,728	\$ 23,375
TOTAL MISCELLANEOUS	\$ 17,353	\$ 40,728	\$ 23,375
Ratio02%	.05%	.03%
GENERAL:			
451 Salaries and Expenses of Officers.....	\$ 618,516	\$ 568,196	\$ 50,320
452 Salaries and Expenses of Clerks.....	2,066,551	2,323,947	257,396
453 Office Supplies and Expenses.....	401,422	374,367	27,055
454 Law Expenses.....	745,419	678,617	66,802
455 Insurance.....	1,273	1,557	284
457 Pensions and Gratuities.....	200,703	237,147	36,444
458 Stationery and Printing.....	105,807	96,364	9,443
459 Valuation Expense.....	40,628	49,286	8,658
460 Health and Welfare.....	89,824	93,076	3,252
460 Other Expenses.....	187,964	299,859	111,895
Total	\$ 4,458,107	\$ 4,722,416	\$ 264,309
Joint Facilities:			
461 General — Dr.:			
Portland Terminal Company.....	\$ 77,231	\$ 69,272	\$ 7,959
All Other.....	1,834	3,268	1,434
Total Debit	\$ 79,065	\$ 72,540	\$ 6,525
462 General — Cr.:			
Portland Terminal Company.....	—	—	—
All Other.....	\$ 446	\$ 480	\$ 34
Total Credit	\$ 446	\$ 480	\$ 34
Total Net Debit	\$ 78,619	\$ 72,060	\$ 6,559
TOTAL GENERAL	\$ 4,536,726	\$ 4,794,476	\$ 257,750
Ratio	6.30%	6.19%	11%
GRAND TOTAL RAILWAY OPERATING EXPENSES	\$58,565,915	\$63,524,283	\$4,958,368
Operating Ratio	81.35%	82.04%	69%

ASSETS

CURRENT ASSETS:

701	Cash.....	\$ 1,467,453	
702	Temporary Cash Investments (Principal amount \$5,015,000) (A)....	4,566,250	
703	Special Deposits:		
	Interest Matured Unpaid.....	1,059,109	
	Dividends Matured Unpaid.....	11,116	
	Unsettled Per Diem Charges.....	136,032	
	Miscellaneous Items.....	26,620	
704	Loans and Notes Receivable.....	48,000	
706	Net Balance Receivable from Agents and Conductors.....	2,581,984	
707	Miscellaneous Accounts Receivable.....	2,946,002	
708	Interest and Dividends Receivable.....	35,447	
709	Accrued Accounts Receivable.....	1,878,169	
710	Working Fund Advances.....	242,187	
711	Prepayments.....	180,966	
712	Material and Supplies.....	3,944,124	
713	Other Current Assets.....	50,166	
	Total Current Assets.....		\$ 19,173,625

SPECIAL FUNDS:

715	Sinking Funds.....	\$ 4,117	
716	Capital and Other Reserve Funds:		
	Deposit with Trustee of Equipment Trust Certificates Series 1....	63,006	
	Deposits with Trustee in Lieu of Mortgaged Property Sold.....	1,055,518	
	Miscellaneous Items.....	15,017	
717	Insurance and Other Funds:		
	Investment in Stock of Leased Lines — Pledged (Market value \$1,920,610).....	2,835,720	
	Investment in Stock of Leased Lines — Unpledged (Market value \$147,783).....	156,082	
	Cash.....	6,773	
	Miscellaneous Items.....	227,587	
	Total Special Funds.....		\$ 4,363,820

INVESTMENTS:

721	Investments in Affiliated Companies.....	\$ 3,620,029	
722	Other Investments.....	347,299	
	Total Investments.....		\$ 3,967,328

PROPERTIES:

731	Road.....	\$177,262,708	
	Equipment.....	78,073,748	
	General Expenditures.....	619,220	
732	Improvements on Leased Property.....	11,173,932	
734	Donations and Grants.....	192,872	
	Total Road and Equipment.....	\$266,936,736	
735-A	Accrued Depreciation — Road.....	\$ 12,715,951	
735-B	Accrued Depreciation — Equipment.....	13,668,835	
736-A	Accrued Amortization of Defense Projects — Road.....	84,982	
736-B	Accrued Amortization of Defense Projects — Equipment.....	1,818,196	
	Total Recorded Depreciation and Amortization.....	\$ 28,287,964	
	Total Transportation Property Less Recorded Depreciation and Amortization.....		\$238,648,772
737	Miscellaneous Physical Property.....	\$ 2,567,648	
738	Accrued Depreciation — Miscellaneous Physical Property.....	431,723	
	Total Miscellaneous Physical Property Less Recorded Depre- ciation.....		\$ 2,135,925

OTHER ASSETS AND DEFERRED CHARGES:

741	Other Assets.....	\$ 827,073	
742	Unamortized Discount on Long-Term Debt.....	285,238	
743	Other Deferred Charges.....	696,147	
	Total Other Assets and Deferred Charges.....		\$ 1,808,458
	GRAND TOTAL — ASSETS.....		\$270,097,928

(A) Includes \$4,000,000 principal amount pledged.

— DECEMBER 31, 1959

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

751	Loans and Notes Payable (Secured, see Note A)	\$ 2,710,000
752	Traffic and Car Service Balances	3,461,443
753	Audited Accounts and Wages Payable	3,366,292
754	Miscellaneous Accounts Payable	1,216,501
755	Interest Matured Unpaid	1,059,149
756	Dividends Matured Unpaid	2,531
757	Unmatured Interest Accrued	320,138
759	Accrued Accounts Payable (See Note C)	5,002,339
760	Federal Income Taxes Accrued	200,605
761	Other Taxes Accrued	2,532,667
763	Other Current Liabilities	266,260

Total Current Liabilities (exclusive of long-term debt due within one year)

\$ 20,137,925

LONG-TERM DEBT DUE WITHIN ONE YEAR:

764	Equipment Trust Certificates Series 1	\$ 1,234,000
	Conditional Sale Agreements	3,564,111
	Collateral Trust Indenture	200,000

Total Long-Term Debt due within one year

\$ 4,998,111

LONG-TERM DEBT:

With Fixed Interest:

765	Series RR 4% Bonds due July 1, 1960	\$ 47,077,300
	Series JJ 4 $\frac{3}{4}$ % Bonds due April 1, 1961	897,000
	Series AC 5% Bonds due September 1, 1967	2,424,000
	Collateral Trust 5% Indenture due Serially to June 1, 1974	2,700,000
	Conditional Sale Agreements — Road due Serially to March 1, 1963	422,474
766	Equipment Trust Certificates Series 1 due Serially to March 1, 1971	13,571,000
	Conditional Sale Agreements — Equipment due Serially to October 6, 1969	14,451,149

Total

\$ 81,542,923

With Contingent Interest:

765	Series A 4 $\frac{1}{2}$ % Bonds due July 1, 1970	\$ 18,826,500
-----	---	---------------

Total Long-Term Debt (exclusive of long-term debt due within one year)

\$100,369,423(B)

RESERVES:

771	Pension and Welfare Reserves	\$ 182,665
772	Insurance Reserves	50,000
774	Casualty and Other Reserves	1,076,543

Total Reserves

\$ 1,309,208

OTHER LIABILITIES AND DEFERRED CREDITS:

782	Other Liabilities	\$ 7,315,513
784	Other Deferred Credits	736,747
785	Accrued Depreciation — Leased Property	1,733,324

Total Other Liabilities and Deferred Credits

\$ 9,785,584

SHAREHOLDERS' EQUITY:

Stock:

791	Outstanding:	
	Common (No Par) (545,878 shares)	\$ 54,587,800
	Preferred (\$100 Par) (266,440 shares)	26,644,000(B)

Total Stock

\$ 81,231,800

795	Paid-in Surplus	\$ 27,570,982
796	Other Capital Surplus	2,257
797	Retained Income — Appropriated	2,167,079
798	Retained Income — Unappropriated	22,525,559

Total Shareholders' Equity

\$133,497,677

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

\$270,097,928

(B) Excludes Treasury Holdings, Bonds deposited with Trustees and Bonds pledged.

(C) Includes Vacation Accrual of \$1,719,347 for estimated vacations to be paid during 1960 and \$1,489,914 representing estimated amount of Freight Claims and Personal Injury Claims expected to be paid during 1960.

ROAD AND EQUIPMENT CHANGES

ITEM	Balance at Beginning of Year, 1959	Additions & Betterments Jan. 1-Dec. 31, 1959	Credits			Current Balance Dec. 31, 1959
			Property Retired Jan. 1-Dec. 31, 1959	Other Credits Jan. 1-Dec. 31, 1959**	Net Additions & Betterments Jan. 1-Dec. 31, 1959	
ROAD (Accounts 731 and 732):						
1 Engineering	\$ 6,855,400	\$ 84,177	\$ 327,759	\$ 49,188	\$ 292,770	\$ 6,562,630
2 Land for Transportation Purposes	18,168,268	45,705	1,624,521	4,050	1,582,866	16,585,402
2½ Other Right-of-Way Expenditures	29,430	1,121	—	—	1,121	30,551
3 Grading	35,164,936	40,917	450,280	1,729	492,926	34,672,010
5 Tunnels and Subways	4,295,135	35,823	249,994	—	214,171	4,080,964
6 Bridges, Trestles and Culverts	27,223,533	66,659	342,763	46,535	322,639	26,900,894
8 Ties	6,356,311	27,230	207,388	—	180,158	6,176,153
9 Rails	13,462,014	174,117	471,863	—	297,746	13,164,268
10 Other Track Material	11,473,135	118,117	474,572	153	356,608	11,116,527
11 Ballast	8,318,199	294,078	169,513	331	124,234	8,442,433
12 Track Laying and Surfacing	7,896,095	68,917	251,734	118	182,935	7,713,160
13 Fences, Snowsheds and Signs	1,330,801	14,108	5,673	—	8,435	1,339,236
16 Station and Office Buildings	14,761,348	559,291	1,757,506	1,132,370	2,330,585	12,430,763
17 Roadway Buildings	323,483	39,650	55,008	—	15,358	308,125
18 Water Stations	114,282	1,199	16,156	—	14,957	99,325
19 Fuel Stations	624,739	15,527	19,667	—	4,140	620,599
20 Shops and Enginehouses	10,376,144	187,309	1,881,518	62,692	1,756,901	8,619,243
21 Grain Elevators	11,554	9,855	—	—	9,855	1,699
22 Storage Warehouses	149,118	—	—	149,118	149,118	—
23 Wharves and Docks	315,091	898	78,075	—	78,973	236,118
26 Communication Systems	808,329	72,641	22,166	100	50,375	858,704
27 Signals and Interlockers	15,724,687	677,108	400,111	13,660	263,337	15,988,024
29 Power Plants	516,852	10,707	159,764	—	170,471	346,381
31 Power Transmission Systems	1,295,582	11,071	126,838	—	115,767	1,179,815
35 Miscellaneous Structures	78,689	—	114	—	114	78,575
37 Roadway Machines	1,874,657	48,259	148,460	—	100,201	1,774,456
38 Roadway Small Tools	280,590	—	—	—	—	280,590
39 Public Improvements — Construction	6,951,673	95,647	57,164	438	38,045	6,989,718
44 Shop Machinery	1,927,062	55,386	419,182	—	363,796	1,563,266
45 Power Plant Machinery	1,350,120	14,704	504,428	—	489,724	860,396
TOTAL	\$198,057,257	\$ 2,645,467	\$10,222,217	\$ 1,460,482	\$ 9,037,232	\$189,020,025
EQUIPMENT:						
51 Steam Locomotives	\$ 219,731	—	—	—	—	\$ 219,731
52 Diesel Electric Locomotives	38,483,247	\$ 87,918	\$ 5,064,783	—	\$ 4,976,865	33,506,382
53 Freight Cars	22,418,380	533,819	1,164,145	—	630,326	21,788,054
54 Passenger Cars:						
Coaches and others	5,911,270	48	4,420,840	—	4,420,792	1,490,478
Baggage Express and Mail	2,082,955	698	2,083,653	—	2,082,955	—
Postal	72,790	—	72,790	—	72,790	—
Pullman	778,027	—	—	—	—	778,027
Budd Propelled and others	18,040,415	9,968	—	—	9,968	18,050,383
57 Work	2,186,044	38,326	497,794	—	459,468	1,726,576
58 Miscellaneous	189,725	101,558	6,892	—	94,666	284,391
TOTAL	\$ 89,943,122	\$ 772,335	\$13,310,897	—	\$12,538,562	\$ 77,404,560
GENERAL:						
TOTAL	\$ 811,553	—	\$ 33,493	\$ 73,037	\$ 106,530	\$ 705,023
GRAND TOTAL	\$288,811,932	\$ 3,417,802	\$23,566,607*	\$ 1,533,519*	\$21,682,324	\$267,129,608

*Includes Transfer from Operating Property Accounts to Miscellaneous Physical Property Account.

* DISPOSITION OF CREDITS

ACCOUNT NO.		
701	Cash (Land, Buildings, Equipment, Rail & Track Fastenings Sold)	\$ 3,430,938
712	Materials and Supplies (Usable Material)	299,043
731	Road & Equipment Property (Equipment Converted)	39,799
734	Donations and Grants	67,275
735	Accrued Depreciation — Road & Equipment — Owned Property	10,779,067
736B	Accrued Amortization Defense Projects	506,250
737	Miscellaneous Physical Property	1,482,471
785	Accrued Depreciation — Leased Property	279,889
531	Operating Expenses	59,317
603	Profit from Sale of Property	908,559
613	Loss on Retirement of Property	1,921,937
616	Other Debits to Retained Income (Adjustment of Reserves for Deficiencies)	7,142,699
		\$25,100,126

EQUIPMENT AND ROAD PROPERTY OBLIGATIONS
DECEMBER 31, 1959

Description	Interest Rate	Amount Outstanding 12-31-59	Principal Payable During 1960	Final Maturity	Equipment and Road Property Covered
<i>Equipment Obligations</i>					
Equipment Trust Certificates					
1956 #1	4½%	\$ 9,141,000	\$ 759,000	1971	34 Rail Diesel Passenger Cars and 1574 Box Cars, 326 Hopper Cars and 100 Flat Cars
	6%	5,664,000	472,000		
Conditional Sale Contracts — Equipment Dated					
12- 1-53	3¾%	23,106	23,106	1960	2 Rail Diesel Passenger Cars
6- 1-54	3⅛%	1,312,500	1,050,000	1961	46 Diesel Electric Road Switching Locomotives
6- 1-54	3½%	3,150,000	A	1964	4 Diesel Electric Road Passenger Locomotives 4 Diesel Electric Road Freight Locomotives 64 Diesel Switching Locomotives 3 Rail Diesel Passenger Cars
10- 1-54	3¼%	1,939,500	862,000	1962	10 Diesel Electric Road Switching Locomot
10- 1-54	3¾%	2,586,000	B	1965	55 Rail Diesel Passenger Cars
11- 1-54	4%	388,596	39,856	1969	4 Railway Sleeping Cars
12- 1-55	3¾%	32,985	32,985	1960	2 Rail Diesel Passenger Cars
10-16-56	5.90%	6,859,868	899,064	1968	50 Diesel Electric Road Switching Locomotives
3- 1-57	5¼%	293,748	41,964	1967	3 Rail Diesel Passenger Cars
12- 1-57	6%	217,717	74,646	1962	2 Diesel Passenger Locomotives (For Talgo Train)
12- 1-57	6%	369,388	123,129	1963	5 Standard ACF-3 Talgo Coach Cars
2- 1-58	5%	600,882	184,887	1963	5 Rail Diesel Passenger Cars
5-10-58	6%	10,705	7,620	1961	1 12½ Ton Truck Crane
7-10-58	—	21,641	16,230	1961	2 Speed Swing Loaders
3- 3-59	—	7,720	7,720	1960	4 Speed Swing Loaders
Total Equipment Obligations		\$32,619,356	\$4,594,207		
<i>Road Property Obligations</i>					
Conditional Sale Contracts — Road Property Dated					
1-25-57	4½%	\$ 230,724	\$ 76,908	1963	Central Traffic Control System, Salem to Newburyport, Massachusetts and Lowell to Ayer, Massachusetts
1-25-57	4½%	392,654	123,996	1963	Central Traffic Control System, Concord to Westboro, New Hampshire
Total Equipment and Road Property Obligations		\$33,242,734	\$4,795,111		

Payments Maturing in Years Ending December 31

1960.....	\$4,795,111	1964.....	\$3,339,384	1968.....	\$1,273,856
1961.....	4,718,945	1965.....	2,430,384	1969.....	1,263,892
1962.....	4,704,229	1966.....	2,214,884	1970.....	1,234,000
1963.....	4,193,772	1967.....	1,840,277	1971.....	1,234,000
				Total.....	\$33,242,734

(A) First Principal Payment due 7/1/61
(B) First Principal Payment due 7/1/62

BOSTON & MAINE RAILROAD
MEMORIAL SOCIETY
ARCHIVES

TRAIN, LOCOMOTIVE AND CAR MILEAGE

ITEM	TWELVE-MONTH PERIOD ENDED DECEMBER 31		Increase or Decrease
	1959	1958	
TRAIN MILEAGE:			
Freight Train Miles.....	2,551,566	2,568,397	16,831
Passenger Train Miles:			
Diesel Trains.....	848,279	1,737,489	889,210
Budd Trains.....	2,590,776	2,613,314	22,538
Talgo Train.....	39,277	40,597	1,320
Total Passenger Train Miles	3,478,332	4,391,400	913,068
Work Train Miles.....	38,708	66,531	27,823
TOTAL TRAIN MILES	6,068,606	7,026,328	957,722
LOCOMOTIVE MILEAGE:			
Freight Locomotive Miles:			
Principal.....	2,551,566	2,568,397	16,831
Helper.....	4,588	5,854	1,266
Light.....	44,742	49,059	4,317
Total	2,600,896	2,623,310	22,414
Passenger Locomotive Miles:			
Principal.....	887,556	1,778,086	890,530
Light.....	15,019	39,054	24,035
Total	902,575	1,817,140	914,565
Freight Train Switching Locomotive Miles.....	312,470	300,428	12,042
Yard Switching Locomotive Miles:			
Freight.....	1,516,998	1,500,288	16,710
Passenger.....	96,732	211,578	114,846
Total	1,613,730	1,711,866	98,136
Work Service Locomotive Miles.....	55,750	92,455	36,705
Total Locomotive Miles	5,485,421	6,545,199	1,059,778
Total Budd Car Miles	5,133,326	6,209,591	1,076,265
CAR MILEAGE:			
Freight Train Car Miles:			
Loaded Freight.....	93,353,529	93,786,951	433,422
Empty Freight.....	58,577,890	62,175,205	3,597,315
Total	151,931,419	155,962,156	4,030,737
Passenger Equipment.....	1,123,553	1,367,509	243,956
Caboose.....	2,574,409	2,577,024	2,615
Passenger Train Car Miles:			
Passenger Conventional.....	1,784,422	3,646,141	1,861,719
Sleeping and Parlor.....	1,191,311	1,619,806	428,495
Head End.....	4,594,329	7,816,975	3,222,646
Total in Conventional Trains	7,570,062	13,082,922	5,512,860
Budd Trains.....	5,133,326	6,209,591	1,076,265
Total in All Passenger Trains	12,703,388	19,292,513	6,589,125
Work Service Car Miles.....	155,212	238,307	83,095
TOTAL CAR MILES	168,487,981	179,437,509	10,949,528

OPERATING STATISTICS AND AVERAGES

FREIGHT TRAIN SERVICE:			
Gross Ton Miles (000) Cars and Contents.....	6,598,934	6,643,534	44,600
Net Ton Miles (000).....	2,646,177	2,592,348	53,829
Train Hours.....	162,656	163,333	677
Loaded Cars per Train.....	36.7	36.6	0.1
Empty Cars per Train.....	23.0	24.3	1.3
Total Cars per Train.....	59.7	60.9	1.2
Gross Tons per Train.....	2,586	2,593	7
Net Tons per Train.....	1,039	1,012	27
Net Tons per Loaded Car.....	28.3	27.6	.7
Per Cent Loaded of Total Car Miles.....	61.4	60.1	1.3
Train Miles per Train Hour.....	15.7	15.7	—
Gross Ton Miles per Train Hour.....	40,570	40,675	105
PASSENGER TRAIN SERVICE:			
Average Cars — Conventional Trains:			
Coaches.....	2.01	2.05	.04
Sleeping and Parlor Cars.....	1.34	0.91	.43
Other Cars.....	5.18	4.33	.85
Total Cars	8.53	7.29	1.24
Average Cars — Budd Car Trains.....	1.98	2.38	.40
Average — All Trains.....	3.65	4.37	.72
Train Miles per Train Hour.....	33.0	33.1	0.1

OPERATING STATISTICS AND AVERAGES (Continued)

ITEM	TWELVE-MONTH PERIOD ENDING DECEMBER 31		Increase or Decrease
	1959	1958	
YARD SERVICE:			
Diesel-Electric Locomotive Hours — Freight	252,833	250,048	2,785
Diesel-Electric Locomotive Hours — Passenger	16,122	35,263	19,141
Total Yard Switching Locomotive Hours	268,955	285,311	16,356
Average Hours per Serviceable Locomotive Day	15.7	11.8	3.9
Average Hours for all Locomotives per Day	11.3	9.7	1.6
FUEL CONSUMPTION STATISTICS:			
Freight Service:			
Gallons Fuel Oil per 1000 G.T.M.	1.78	1.80	.02
Passenger Service:			
Diesels — Gallons Fuel Oil per Car Mile	0.35	0.38	0.03
Budd Cars — Gallons Fuel Oil per Car Mile	0.60	0.57	0.03
Yard Service:			
Gallons Fuel Oil per Switching Locomotive Hour	7.47	6.94	.53
Miles per Locomotive Day:			
Serviceable Road Freight Locomotives	106.4	125.2	18.8
All Road Freight Locomotives	75.3	91.0	15.7
Serviceable Road Passenger Locomotives	112.4	127.7	15.3
All Road Passenger Locomotives	82.4	99.6	17.2
Miles per Budd Carr Day:			
Serviceable Budd Cars	133.9	159.0	25.1
All Budd Cars	132.7	156.1	23.4
Car Miles per Freight Car Day:			
Serviceable Freight Cars	44.1	44.2	0.1
All Freight Cars	42.8	42.8	—
% Freight Cars on Line of Freight Cars Owned	171.5	163.4	8.1
% Home Cars of Total Freight Cars on Line	22.1	29.2	7.1

REVENUE STATISTICS

FREIGHT:			
Number of Tons of Freight Carried	14,070,482	13,746,389	324,093
Tons Carried One Mile	2,405,716,223	2,350,717,868	54,998,355
Average Distance Each Ton Carried — Miles	171.0	171.0	—
Average Amount Received for Each Ton	\$3.83	\$3.96	.13
Average Amount Received for Each Ton per Mile	2.237	2.313	.076
PASSENGER:			
Number of Revenue Passengers Carried:			
Commutation	4,550,440	5,300,773	750,333
All Other	2,420,383	3,069,330	648,947
Total	6,970,823	8,370,103	1,399,280
Number of Revenue Passengers Carried One Mile:			
Commutation	72,804,811	83,749,425	10,944,614
All Other	102,182,204	138,804,811	36,622,607
Total	174,987,015	222,554,236	47,567,221
Average Distance Each Passenger Carried:			
Commutation	16.0	15.8	0.2
All Other	42.2	45.2	3.0
Total	25.1	26.6	1.5
Average Amount Received from Each Passenger:			
Commutation	\$ 0.49	\$ 0.49	—
All Other	\$ 1.78	\$ 1.75	.03
Total	\$ 0.94	\$ 0.95	.01
Average Amount Received from Passenger per Mile:			
Commutation	3.08¢	3.09¢	.01
All Other	4.23¢	3.87¢	.36
Total	3.75¢	3.58¢	.17

OPERATING AND TRAFFIC STATISTICS

	TWELVE-MONTH PERIOD ENDED DECEMBER 31		
	1959	1958	Increase or Decrease
FREIGHT SERVICE			
Total Freight Revenue	\$ 58,555,840	\$ 59,617,291	\$1,061,451
Per Cent of Total Gross Revenues	81.33	76.99	4.34
Tons of Revenue Freight	15,360,830	15,016,648	344,182
Tons of Non-Revenue Freight	605,409	623,336	17,927
Total Tons — Revenue and Non-Revenue	\$ 15,966,239	\$ 15,639,984	\$ 326,255
Tons One Mile — Revenue	\$2,617,673,723	\$2,557,854,305	\$59,819,418
Tons One Mile — Non-Revenue	28,503,642	34,494,539	5,990,897
Tons One Mile — Revenue and Non-Revenue	\$2,646,177,365	\$2,592,348,844	\$53,828,521
AVERAGES			
Miles of Road Operated	1,556	1,559	3
Revenue per Mile of Road	\$ 37,632	\$ 39,241	\$ 1,609
Ton Miles per Mile of Road-Revenue	1,682,310	1,640,702	41,608
Ton Miles per Mile of Road — Total	1,700,628	1,662,828	37,800
Revenue per Ton	\$ 3.31	\$ 3.97	\$ 0.66
Revenue per Ton Mile	2.237¢	2.331¢	0.094¢
Miles per Ton — Revenue	170.41	170.33	0.08
Miles per Ton — Total	165.74	165.75	0.01
Tons per Train — Revenue	1,025.91	995.90	30.01
Tons per Train — Total	1,037.08	1,009.33	27.75
Tons per Car — Revenue	28.04	27.27	0.77
Tons per Car — Total	28.35	27.64	0.71
Cars per Train — Loaded	36.59	36.52	0.07
Cars per Train — Empty	22.96	24.21	1.25
Cars per Train — Total (including Caboose, etc.)	60.55	62.26	1.71
Revenue per Train Mile	\$ 22.95	\$ 23.21	0.26
PASSENGER SERVICE			
Passenger Revenue	\$ 7,088,480	\$ 8,683,199	\$ 1,594,719
Percent of Total Gross Revenue	9.84	11.21	1.37
Passenger Service Train Revenue	\$ 10,259,868	\$ 14,284,434	\$ 4,024,566
Revenue Passengers Carried:			
Interline	466,383	674,474	208,091
Local	2,144,221	2,704,134	559,913
Commutation	4,952,913	5,787,726	834,813
Total Revenue Passengers Carried	7,563,517	9,166,334	1,602,817
Revenue Passengers Carried One Mile	189,202,096	242,360,639	53,158,543

OPERATING AND TRAFFIC STATISTICS (Continued)

	TWELVE-MONTH PERIOD ENDED DECEMBER 31		Increase or Decrease
	1959	1958	
AVERAGES			
Miles of Road Operated.....	960	1,012	52
Passengers per Mile of Road Operated.....	197,086	239,487	42,401
Distance Each Passenger Traveled.....	25.02	26.44	1.42
Passengers per Train.....	54.39	55.19	0.80
Passengers per Car.....	25.37	22.73	2.64
Cars per Train.....	3.66	4.39	0.73
Revenue per Passenger.....	\$ 0.94	\$ 0.95	\$ 0.01
Revenue per Passenger Mile.....	3.75¢	3.58¢	0.17¢
Train Revenue per Mile of Road.....	\$10,687	\$14,115	\$3,428
Train Revenue per Train Mile.....	\$ 2.95	\$ 3.25	\$ 0.30
TOTAL ALL TRAFFIC			
Operating Revenues per Revenue Train Mile.....	\$ 11.94	\$ 11.13	\$ 0.81
Operating Expense per Revenue Train Mile.....	\$ 9.71	\$ 9.13	\$ 0.58
Net Operating Revenue per Revenue Train Mile.....	\$ 2.23	\$ 2.00	\$ 0.23

MILEAGE OF TRACK—DECEMBER 31, 1959

State	1st Track	2nd Track	3rd Track	Yards and Sidings	Total Track
TRACK OWNED					
Massachusetts.....	536.36	279.76	5.96	460.48	1,282.56
New Hampshire.....	588.24	70.06	—	174.57	832.87
Maine.....	42.74	39.89	—	13.21	95.84
New York.....	95.20	19.35	1.50	67.71	183.76
Vermont.....	78.86	15.72	—	13.92	108.50
Total Owned — Operated.....	1,341.40	424.78	7.46	729.89	2,503.53
TRACK LEASED					
Massachusetts.....	71.24	59.42	1.18	65.99	197.83
New Hampshire.....	69.31	—	—	15.55	84.86
Vermont.....	0.94	—	—	10.93	11.87
Total Leased — Operated.....	141.49	59.42	1.18	92.47	294.56
OPERATED UNDER TRACKAGE RIGHTS					
Massachusetts.....	19.80	0.24	—	—	20.04
New Hampshire.....	24.89	—	—	—	24.89
Maine.....	3.53	3.53	—	—	7.06
New York.....	2.03	9.37	0.99	—	12.39
Vermont.....	23.71	—	—	—	23.71
Total Trackage Rights.....	73.96	13.14	0.99	—	88.09
TOTAL OPERATED					
Massachusetts.....	627.40	339.42	7.14	526.47	1,500.43
New Hampshire.....	682.44	70.06	—	190.12	942.62
Maine.....	46.27	43.42	—	13.21	102.90
New York.....	97.23	28.72	2.49	67.71	196.15
Vermont.....	103.51	15.72	—	24.85	144.08
Grand Total.....	1,556.85	497.34	9.63	822.36	2,886.18
Comparison with 1958:					
Change, percent.....	0.85	1.41	—	1.83	1.12
Change, miles.....	13.36	7.11	—	15.35	35.82