

CONTENTS

Officers and Directors 2

Review of 1960 3

Rents 3

Tax Accruals 4

Operating Results 4

Passenger Business 6

Freight Business 7

Piggyback 8

Employee Relations 11

Industrial Development 12

Plant Improvements 15

Miscellaneous Developments 19

Freight Car Service 21

The Mystic Terminal Company 21

Boston & Maine Transportation Co. 22

Personnel Changes 22

Long-Term Debt Changes 22

First Mortgage Bonds

 Modification Plan 23

5% Guaranteed Notes 23

Conclusion 23

Financial Statements 24

128th ANNUAL REPORT 1960

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, Marblehead, Mass.
MAYNARD W. BULLIS, Boston, Mass.
ANTHONY R. CATALDO, Lexington, Mass.
BURTON M. CROSS, Augusta, Me.
A. E. HAROLD FAIR, Chestnut Hill, Mass.
ALONZO R. GILE, Franklin, N. H.
GEORGE F. GLACY, Brookline, Mass.
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.
*EVERETT W. SMITH, Wellesley, Mass.
*LEE P. STACK, Hingham, Mass.
*LEWIS H. WEINSTEIN, Newton, Mass.

*Members of the Finance Committee
*Chairman of Finance Committee

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
HERBERT F. FLOYD, Comptroller
THOROLD S. CURTIS, Treasurer
PAUL C. DUNN, Chief Mechanical Officer
THOMAS K. DYER, Chief Engineer

TRANSFER AGENTS

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

REVIEW OF 1960

Operating revenues amounted to \$67,644,511, or 6 per cent less than the \$71,994,862 realized in 1959. Operating expenses were \$53,581,988, or 8.5 per cent less than the 1959 expenses of \$58,565,915.

Net railway operating income increased to \$1,715,115 from \$1,219,035 reported a year earlier. After non-operating income, \$1,734,724 remained available for fixed charges compared with \$1,458,925 in 1959. After fixed and contingent charges, the net deficit was \$3,847,209 compared with a net deficit of \$3,765,352 in 1959.

RENTS

Rents payable in 1960 totalled \$6,662,196 compared with \$6,330,618 reported a year earlier. Hire of freight cars amounted to \$6,233,679 as against \$5,895,894 during 1959. Joint facility rents were \$474,043 during 1960, compared with \$505,489 in 1959.

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 reason 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 study required all railroads to submit data concerning freight car ownership costs for the year 1960 and such data is being compiled and furnished to the Commission as completed. No Commission decision is expected before 1962.

Meanwhile, the Association of American Railroads approved an increase in the Per Diem rate from \$2.75 to \$2.88, which became effective December 1, 1959. The 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.

Throughout the latter part of 1959 and early 1960, approximately 50 railroads filed actions in New York federal court against the Company, claiming that the Company is contractually obligated to settle per diem accounts with them at the rates fixed collectively by the car-owning railroads, despite the Company's having withdrawn from the industry's 1950 "Bulwinkle Act" per diem price-fixing agreement in 1953, and having notified all roads that it would no longer settle per diem on the basis of the collectively fixed car rental, which is considered to be unreasonably high. Plaintiffs have moved for summary judgment on these claims. These actions and this motion are being vigorously contested, and the Company has filed counterclaims and made cross-motions. Decisions on the various motions are now pending. Further petitions for relief before the Interstate Commerce Commission are being considered for filing shortly.

TAX ACCRUALS

Railway tax accruals aggregated \$5,685,212 in 1960, as compared with \$5,879,294 in 1959.

Federal income taxes in 1960 amounted to \$194,714 and consisted entirely of taxes on leased lines rentals.

Payroll taxes for employee retirement, unemployment and sickness benefits amounted to \$2,738,234 in 1960, compared with \$2,820,519 in 1959, a net decrease of \$82,285. The decrease resulted despite rate increases which were effective for all of 1960 and only seven months of 1959.

State and municipal taxes decreased only \$139,857. Substantial reductions in assessed valuations were off-set by increases in tax rates.

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

	1960	1959
State and Municipal Taxes	\$2,730,139	\$2,869,996
Federal Payroll Taxes	2,738,234	2,820,519
Federal Income Taxes	194,714	173,829
Other Taxes	22,125	14,950
Total	\$5,685,212	\$5,879,294

OPERATING RESULTS

Gross and net ton miles for the year 1960 showed a slight improvement (less than one percent) compared with 1959, while operating efficiency, as measured by the factors of average gross tons per train and gross ton miles per train hour, declined slightly.

Average freight train speed remained unchanged as it has for the past three years.

Average net tons per loaded car was second to the record figure established at the peak of our war effort in 1943 and resulted from an increase in bituminous coal shipments.

Utilization of freight diesel units, as expressed by miles per diesel-unit day, increased 18.2% over 1959. Freight car utilization, car miles and net ton miles per car day showed slight improvement.

PASSENGER BUSINESS

Total passenger revenue declined from \$7,088,480 in 1959 to \$5,872,616 in 1960, a decrease of 17.1%. Revenue from commutation passengers amounted to \$2,388,376, a decrease of 2.1% from 1959; and revenue from all other passengers amounted to \$3,484,240, a reduction of 25%.

Total passengers carried declined 12.8% from 1959 to 1960. Commuter passengers declined 5.5% compared to a decline of 26.5% in all other revenue passengers.

Massachusetts intrastate coach fares, including commutation, were increased 5¢ per ride effective August 8, 1960 to offset some of the increased payroll costs.

Passenger service was expanded experimentally by the addition of 50 new trains in the spring in an effort to attract more riders and obtain better utilization of our Budd rail diesel equipment. Adjustments were subsequently made where results were short of expectations.

Although the passenger deficit has been reduced from \$15,159,263 in 1954 to *\$4,970,781 in 1960 the management is continuing to make studies in a determined effort to completely eliminate it.

The following tables reflect the reductions which have been made in the passenger deficit and in passenger train miles operated since 1954:

Passenger Deficit

	<i>Amount</i>	<i>Reduction Below 1954</i>	<i>%</i>
1954	\$15,159,263	\$ —	
1958	9,635,997	5,523,266	36.4
1959	7,387,693	7,771,570	51.3
*1960	4,970,781	10,188,482	67.2

Passenger Train Miles

	<i>Total</i>	<i>Reduction Below 1954</i>	<i>%</i>
1954	6,055,976	—	
1958	4,391,400	1,664,576	27.5
1959	3,478,332	2,577,644	42.6
1960	3,236,534	2,819,442	46.6

* 11 months actual and December estimated

FREIGHT BUSINESS

Freight revenue in 1960 amounted to \$56,575,966, which was 3.4% lower than in 1959. This decline was the result of lower revenue per unit as the volume (ton miles) handled was almost identical with the previous year. The decrease in revenue per ton mile from 2.237¢ in 1959 to 2.158¢ in 1960 was largely the result of rate reductions made to obtain new business or to prevent loss of traffic to other means of transportation.

The year 1960 did not live up to advance predictions either in New England or elsewhere in the country and the business situation, as well as our traffic volume, worsened as the year progressed. However, the New England paper industry, which is the largest contributor to our traffic, maintained its volume until late in the fall when it, too, reflected the general decline in the business level. Another feature which hurt our traffic toward the end of the year was the extremely light movement of potatoes from Maine, directly attributable to unusually large crops in such eastern areas as Long Island, which affected the New York and other North Atlantic markets.

Our revenue has also been adversely affected by the importation of such commodities as cement, iron and steel articles and salt, which has reduced the volume handled from domestic sources and made it necessary for the railroads to reduce their rates to keep the traffic. During the fall the one remaining steamship line giving scheduled service between Boston and Pacific Coast Ports discontinued its sailings to and from Boston. Although some of the New England traffic has been diverted to the Port of New York, this is resulting in additional all-rail business between our territory and the West Coast. The amount of traffic generated for this railroad by this steamship operation to and from Boston was relatively small.

The trucking of cement continued in spite of reductions in rail rates and other inducements to use rail service. The pricing policy of the domestic cement industry is a handicap to our efforts. Another serious situation is in the movement of newsprint paper, a large proportion of which requires delivery at press rooms not served by rail sidings. This has compelled the railroads to provide delivery by truck from the rail head which reduces the carriers' revenue. In this as in other instances it has been the policy of this railroad to preserve volume at reduced revenue where necessary rather than lose both the volume and the revenue.

The movement of bituminous coal increased sharply when the new power plant at Mt. Tom, Mass. went into operation in March and again in September when the plant at Bow, N. H. started its production of power. In both cases, however, it was necessary to reduce the coal rates because of either direct or indirect competition with fuel oil, the importation of which is encouraged very strongly by most New England interests.

A minor general increase in freight rates and charges became effective nationwide on October 24 under Ex Parte 223. The Interstate Commerce Commission and the State Commissions in our territory permitted most of the proposed increases to go into effect but the I.C.C. is holding hearings in connection with some of them. The increase in revenue from this source will be approximately \$300,000 a year, if the increases now operative are allowed to continue.

During the fall the Interstate Commerce Commission rendered its decision in the so-called Port Parity case and ordered the carriers to maintain the existing relationships. This, of course, is unsatisfactory to the Boston and New York interests who have appealed the decision to the courts. The Boston and Maine has taken an aggressive part in the whole proceeding and will continue to do so.

The Examiners' proposed report has been issued in the Trans-Continental Divisions Case. It is favorable to the eastern carriers but it is not as helpful to the New England railroads as we believe it should be. Exceptions are being filed, and we feel that the chances are good that when the Commission's order is issued it will be more favorable. However, the case has already been before the Commission for four years and it cannot be expected that we will reap any benefits from this in the immediate future.

PIGGYBACK

Piggyback continued to expand rapidly with an increase of 78% over 1959. Plan I traffic, where the railroads handle the trailers of common carrier truckmen, and Plan II traffic, where the railroads give complete service from door to door, showed some increases, but the outstanding gain was in the handling of Plan III business where trailers owned or leased by shippers are handled by the railroads simply from ramp to ramp. The Plan III traffic increased by 169% and at year's end amounted to about 60% of our piggyback handled.



Aerial View Showing Boston Terminal Development

- | | |
|---|---|
| 1 Boston Sand and Gravel Company plant under construction in Former Yard #1 | 8 Newly constructed meat, milk and automobile handling facilities |
| 2 Railroad Freight House in Yard #20, leased to Hearst Corporation | 9 New piggyback yard |
| 3 Location of Northern Terminals expansion | 10 Clark Lurton Co. new plant location |
| 4 Price Bros. Co. wholesale liquor distributors warehouse location | 11 Keith Fulton & Sons terminal facilities |
| 5 Food Center Wholesale Grocers, Inc. food distributor plant | 12 Penick & Ford Ltd. new plant location |
| 6 Location for Allied Plywood Corp. warehouse | 13 Location of Railroad Freight Forwarders |
| 7 H. P. Hood & Sons expansion | 14 New Shawmut Glass Co. location |
| | 15 Federal Liquors Ltd. new rectifying plant and warehouse location |
| | 16 Railroad public delivery facilities |
| 17 Reva Enterprises Sports Center | |

This is particularly gratifying since through Plan III the railroads catch the business moving in less than full trailer lots which cannot be handled under Plan II and which constitutes the largest percentage of the traffic available for movement by truck or rail from the many diversified industries in New England.

Our piggyback coverage has been further extended by the establishment of Plan II rates between our territory and points in the Southeast and points in Canada and extension in the Plan III terminal points. We have expanded our facilities by the addition of ramps at Fitchburg, Mass., Springfield, Mass. and Manchester, N. H.

The Plan III case, in which the Interstate Commerce Commission is making a general investigation, is still awaiting decision. Although the Examiner hearing the case issued a proposed report adverse to the rail carriers, we are confident that his views will not prevail, and that the arrangement will be sustained in principle by the Commission. It is to be expected that some modifications may have to be made, but these might be helpful rather than harmful in our handling of this traffic.

The conventional "circus-train" method of loading and unloading piggyback trailers now being used is a bottleneck in our piggyback operations at our East Cambridge, Mass., facility where most of our trailers are handled. This necessitates loading or unloading all trailers in a string over a ramp at one end and makes it impossible to unload trailers except in the order in which they are received. To overcome this we will place in service during the spring of 1961 two mobile gantry cranes which will pick the trailers from the cars and load trailers on the cars at any point in a string, substantially speeding up the time required under the present method. These units will include scales, permitting the trailers to be weighed during the loading or unloading process.

The Boston and Maine is the first New England railroad to adopt this improved method.

EMPLOYEE RELATIONS

The year 1960 witnessed settlement on a national basis of substantially all wage and rules proposals of the labor organizations representing employees of the Company served in November 1959.

The lead case was an arbitration award covering locomotive engineers. The decision increased wages 2% on July 1, 1960, and 2% on March 1, 1961, with no further changes in rates to be effective prior to November 1, 1961. The award eliminated cost-of-living adjustments and included in base rates 17¢ an hour in accumulative increases. Agreements on the same pattern were subsequently signed with the other operating brotherhoods.

The case covering non-operating employees proceeded to an Emergency Board appointed by the President. The recommendations generally followed the pattern of the engineers' award, adjusted to fit the rules demands of non-operating organizations. The final settlement provided an increase of 5¢ an hour effective July 1, 1960, improvements effective March 1, 1961, in hospital, medical, surgical and group life insurance at Company expense in lieu of a second wage increase, a moratorium on rates of pay until November 1, 1961, and adjustments in national holiday and vacation rules. This agreement was the pattern for contracts with organizations representing supervisory and technical employees.

In 1960 a public commission appointed to investigate the New York full crew laws issued a report concluding that the burden of unneeded manpower imposed bore no relation to safety and that the legislation should be repealed, with provision that the Public Service Commission could, in individual cases, prescribe requirements consistent with modern operating practices. Governor Rockefeller has announced his support of these conclusions and has recommended an implementing legislative program.

On November 2, 1959, the nation's railroads served notices on the operating brotherhoods to modernize work rules which presently hamper efficient operations, the most important being a proposal to eliminate the use of firemen on locomotives other than steam used in freight and yard service. The Brotherhoods served counter-proposals on September 7, 1960.

Following extended negotiations, in the latter stages under the auspices of former Secretary of Labor Mitchell, an agreement was signed on October 17, 1960, to submit the proposals to a commission established by President Eisenhower comprised of five public members, five for the carriers, and five for the brotherhoods. Hearings began in Washington on February 6, 1961, and the program contemplates a report and recommendations for settlement at the end of 1961.

INDUSTRIAL DEVELOPMENT

The construction of new plant facilities and plant expansions held at a fair level most of the year despite the fact that optimistic economic forecasts for 1960 did not fully materialize.

New plant and warehouse facilities, including expansions, are expected to produce more than 13,000 additional cars of freight per year.

The year 1960 was highlighted, from an industrial standpoint, by:

Completion of the American Sugar Refining Company's new Domino Sugar Refinery in the Charlestown district of Boston. Located on the Mystic River, near Bunker Hill, this plant, served by Boston and Maine sidetracks, is the first sugar refinery built in the United States since World War II. This new refinery takes the place of the former refinery located on the New Haven Railroad in South Boston. Because of its modern facilities and increased capacity it is now supplying and will continue to supply much of the Eastern part of the country.

The sale of about 11½ acres of industrial land in Boston and Cambridge, Mass., to the Boston Sand and Gravel Company. The Boston Sand and Gravel Company has started construction of what is expected to be the most modern cement processing plant in the East. This will restore to the Railroad a substantial volume of cement traffic which was lost to the Railroad because this Company was not located on sidetrack.

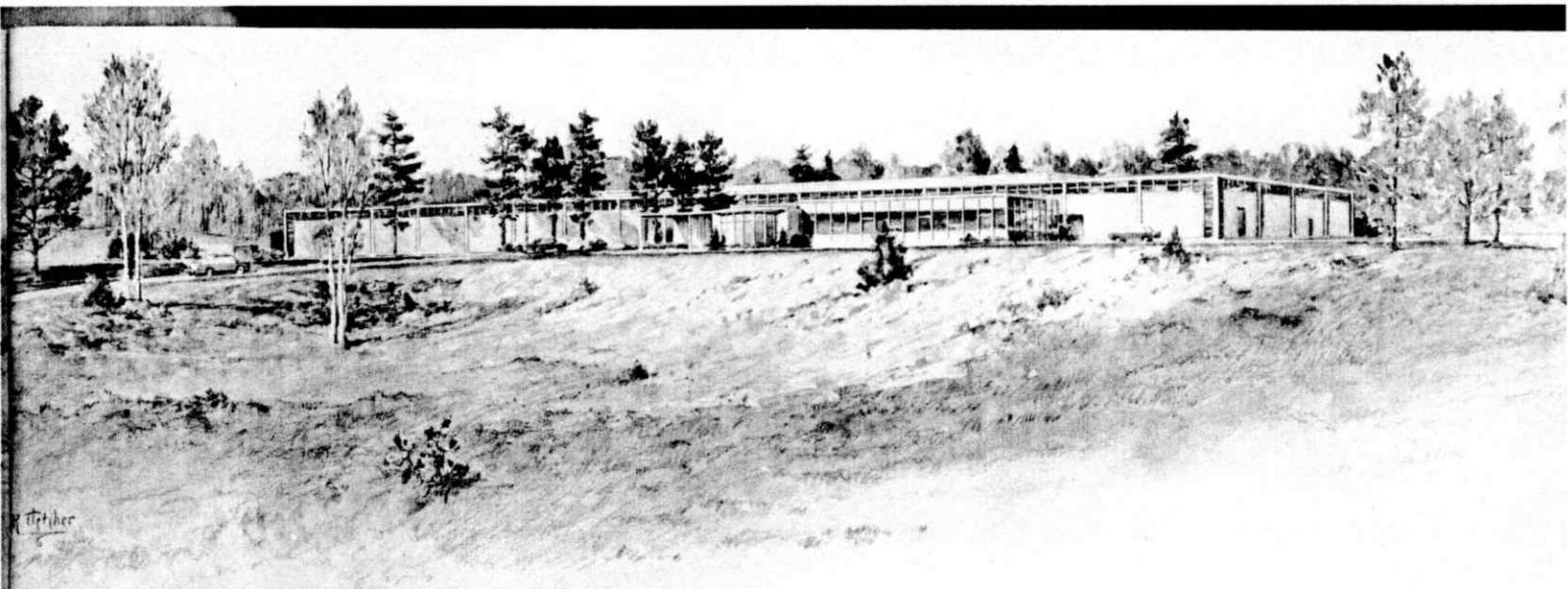
The sale and development of approximately 60 acres of land owned by the Railroad in Boston, Somerville and Cambridge for use by new industrial plants and warehouses with rail facilities. Total investments to be made by the industries involved are estimated at \$6,500,000.

The sale by the Railroad of 87 acres of land in Madbury, N. H., containing a substantial deposit of fill material which will be used in construction of a section of new Highway #93 in Medford, Mass. This transaction should create a substantial volume of rail traffic during the next two years.

Five new industrial parks were established during the year in Boston and Maine territory. An additional park, involving 166 acres of land located on rail and deep water in Everett-Chelsea, Mass., will be developed in 1961.

Several major plant construction projects are scheduled to start in the coming spring in Boston and Maine territory and there are indications that construction activity will improve during the second half of 1961.

The development of new plant facilities for the electronics industry and for research purposes in the areas West and North of Boston continued to expand. Activities in these fields represent an increasingly important part of the economy of the region.



Fitchburg Paper Company's new Decatone plant being constructed at Westminster, Mass., to manufacture gift and wrapping papers and laminated plastic products

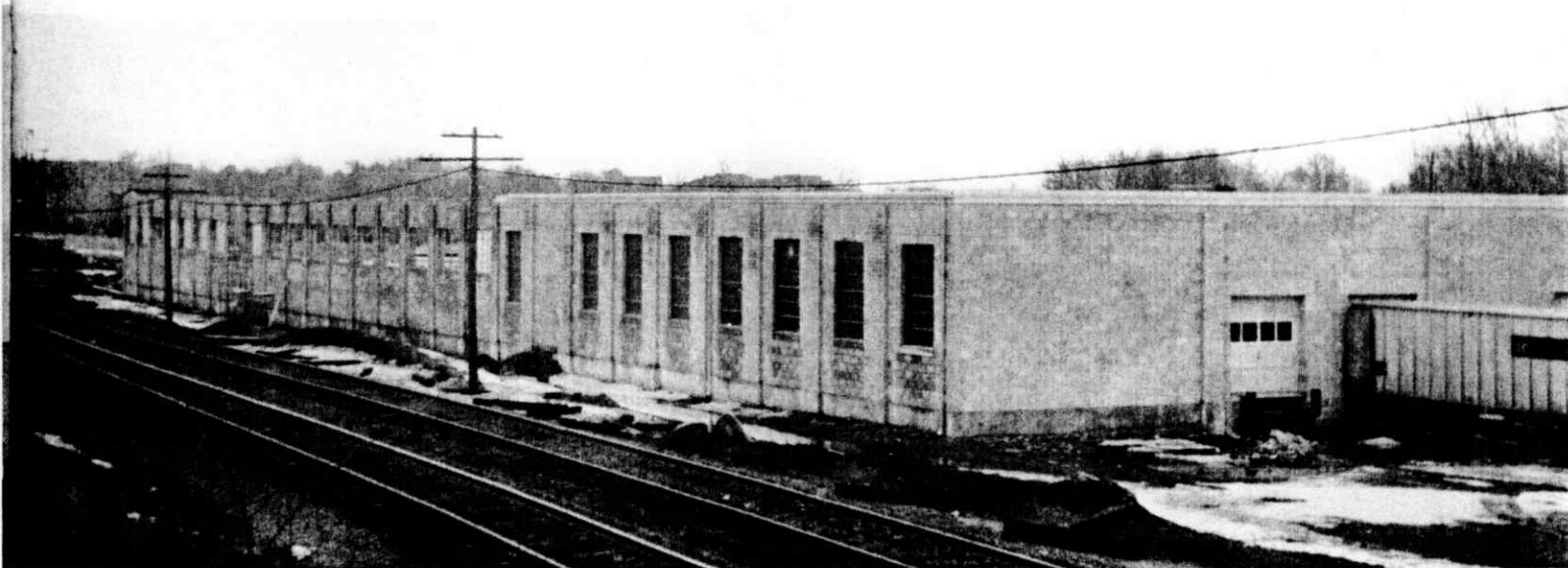
PLANT IMPROVEMENTS

Stone ballast was applied to 51.6 miles of main line track in 1960, as compared with 43 miles done in the previous year. In addition, 60.6 single track miles of stone-ballasted main track were re-surfaced. These ballasting and resurfacing projects required the use of 178,383 tons of stone.

New and relay rail laid during the year totaled 5,480 tons, while 26,000 new cross ties were installed.

Over 69 single track miles of track were physically retired from service and, under the Railroad's program of single tracking, one track of former double track line was removed or cut out of service as follows: 9.4 miles between Greenfield and Shelburne Falls, Mass.; 6.9 miles from Eagle Bridge to Johnsonville, N. Y.; 0.8 miles through Dover, N. H., station; and 18.7 miles between Rollinsford, N. H., and Kennebunk, Me.

Cleghorn Folding Box Co. (subsidiary of Prince Macaroni Co.) new 75,000 square foot plant under construction in Lowell, Mass., for manufacturing corrugated boxes



Five additional hot box detectors were installed during the year, making a total of 14 now in service. The new detectors were located at Ayer and Zoar, Mass., Wells Beach, Me., and two at Danbury, N. H.

Remote control gas switch heaters, to keep important main line switches clear of snow and ice, were installed at seven locations: West Deerfield, Shelburne Falls, Williamstown and Lowell Junction, Mass., Dover, N. H., and Kennebunk and North Berwick, Me.

Twenty-one public highway crossings were eliminated and automatic highway crossing devices were installed at 14 public crossings.

Elimination of manual protection at public crossings in 1960 made an annual saving of \$287,000 to the Company. Similar projects approved in 1960 and now under way will accomplish further annual savings of \$275,000. Additional annual savings of \$154,000 can be achieved if favorable decisions are obtained on petitions filed in 1960 and now pending.

Our vitally important program to eliminate private grade crossings made substantial progress during the year, 127 crossings being closed. This makes a total of 868 such crossings disposed of since inception of this program four years ago.

A program started in 1959, to install reflectorized highway crossing signs, as now required by a Massachusetts law, at all crossings not protected by automatic gates or lights, was completed in 1960. A total of 673 sets of such signs has been installed.

Signal and communication improvements in 1960 included installation of two modern car retarders at Mechanicville, N. Y., modernizing of communications at Tower C, East Somerville, Mass., installation of wayside radio stations at Fitchburg and Lowell, Mass., and installation of modern teletype repeaters for railroad teletype circuits between Boston-Greenfield, Mass., and Mechanicville, N. Y.

Installation of a Centralized Traffic Control system between Greenfield, Mass., and Johnsonville, N. Y., was started late in 1960 and is expected to be in full operation in 1962.

Yard facility improvements during the year included construction of a new automobile unloading platform in Boston; a new freight house in Yard 20, Boston; completion of piggyback facilities at Manchester, N. H., Fitchburg and Springfield, Mass.; and installation of additional tracks in Yard 8, Somerville, for freight car cleaning purposes.

A total of 64 new units of major work equipment and roadway machines was purchased during the year, in addition to miscellaneous small machines and tools, all designed to provide increased productivity.

The previously reported purchase of 20 new steel cabooses and lease of 40 flat cars for piggyback use has been completed. In addition, 19 covered hopper cars have been leased.

Forty-eight Hi-rail cars, similar to that pictured here, are now in service on the Railroad. These modern vehicles, adaptable to use either on rail or highways, are assigned to section crews for track inspection and general transportation of crews



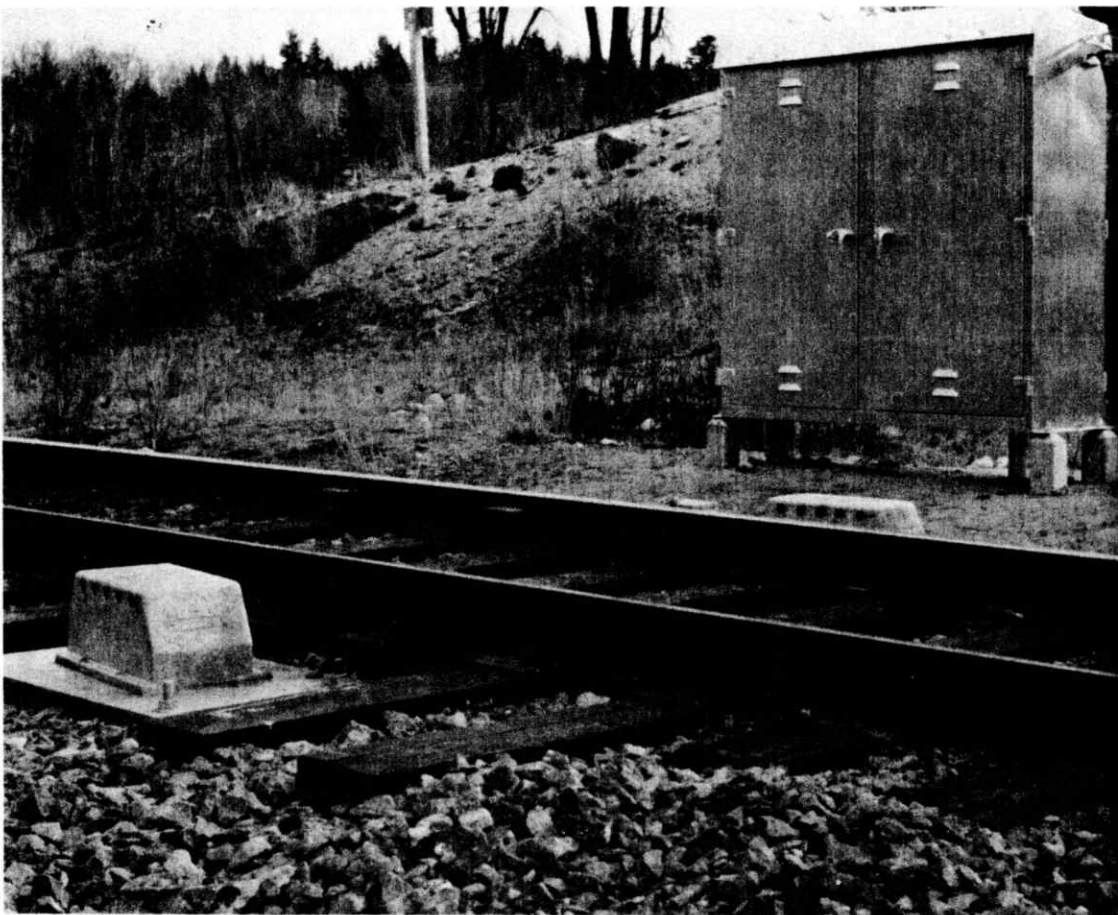
MISCELLANEOUS DEVELOPMENTS

In recent years one of our principal transfer points for the distribution of LCL freight has been at A House in Cambridge, which also has served as a local freight house for Metropolitan Boston. Developments in the East Cambridge area indicated the desirability of relocating LCL transfer operations outside of Cambridge, and East Deerfield, Mass., was selected. Construction of a new transfer station at that point was completed late in the year and actual operations commenced in January, 1961. This move will enable us to give an improved service to shippers and receivers of small lot freight, reduce the costs of handling LCL freight, and make a reduction in per diem expense.

The program of consolidating freight and ticket agencies accomplished annual savings of \$291,373 in 1960. Proposals in the hands of State regulatory commissions at year-end would make additional annual savings of \$60,692 and successful completion of the remaining program already in progress would result in further annual savings of \$106,300.

A new concept in accounting, known as Responsibility Accounting, was introduced on the Railroad in 1960. The purpose of the system is to provide cost figures by areas which will aid the officers responsible for controlling and budgeting expenses.

As the Railroad is required to report costs under the Accounting Classification prescribed by the Interstate Commerce Commission, reporting costs by responsibility areas requires a dual system of accounting. However, the additional work of recording costs by responsibility areas has been simplified by modern electronic procedures.



Latest type of hot box detector in use on the Boston and Maine, capable of gauging the temperature of journal boxes on trains moving in either direction. This one, located at Canaan, N. H., is one of 14 now in service



President McGinnis (left center), presses button to place in operation new Univac Solid-State 90 computer. Flanking Mr. McGinnis, left to right, are: G. F. Glacy, vice president-Accounting & Finance; D. A. Benson, vice president-Operations; A. J. Connell, director of Methods & Research; P. J. Mullaney, vice president-Traffic; and N. J. Holland, general counsel. At extreme left, a representative of Remington Rand Co.

This method of accounting for payroll expense has provided the Management with a valuable tool for the control of payroll costs. Planning is now in progress to extend responsibility accounting during the early part of 1961 to include all items of expense, revenue and income.

A new Univac Solid-State 90 Computer system, the first of its type in the railroad industry, was leased and installed in December, and will have an important role in broadening the Responsibility Accounting program.

FREIGHT CAR SERVICE

Important steps were taken in 1960 to enable the Railroad to better meet the needs of our shippers, to effect improved freight car utilization, and reduce per diem expense.

A 70-car capacity track for car cleaning was installed in Yard 8, Somerville. This facilitates our efforts to supply suitable cars to meet shippers' requirements, not only in Metropolitan Boston but at other locations on the Railroad, and to supply high-grade empty box cars to shippers of paper and paper products in Northern New England.

The installation of a mechanized car reporting system was started late in the year. The partial operation already experienced indicates that, upon completion early in 1961, we will achieve very real improvement in controlling freight car movements.

Essentially the system provides advance information about cars in freight trains and information about cars located in yards and at other locations on the Railroad. In addition to enabling us to furnish detailed information much more quickly to shippers and receivers we will be able to more efficiently control the movement of loaded and empty cars and the return of off-line empty cars to connecting lines.

THE MYSTIC TERMINAL COMPANY

The Mystic Terminal Company, a subsidiary of the Railroad, leases piers and grain elevators from the Commonwealth of Massachusetts. In 1960 the Company handled a total of 277 general cargo ships in foreign service at Hoosac and Mystic Piers as compared with 209 in 1959.

The ships berthed at The Mystic Terminal Company Piers in 1960 loaded and unloaded 258,724 net tons of general cargo and 2,238,684 bushels of export grain, as compared with 247,342 net tons of general cargo and 1,842,997 bushels of export grain in 1959.

The movement of grain, while it shows an increase over 1959, was disappointing. The primary reason for not handling more grain through the facility is the higher inland freight rates to Boston as compared with the inland rates to Baltimore, Philadelphia and Norfolk. This rates matter, known as the Port Differential Case, has been before the Interstate Commerce Commission for almost five years. Recently an adverse decision was rendered which has been appealed to the Federal Courts. The Boston and Maine is actively participating in this case.

Negotiations are underway with the Commonwealth looking toward a decrease in fixed rental charges and, if successful, should improve the operation in 1961.

**BOSTON & MAINE
TRANSPORTATION COMPANY**

This wholly owned trucking subsidiary continued to expand its participation in piggyback operations to the mutual advantage of the Railroad and the Company. New equipment was placed in service and the fleet is now in better condition than anytime in the last four years. Improvement was made to the terminal and garage by extending the loading and unloading platform. This will provide back-up space for nine more vehicles and will materially reduce handling costs by precluding any second handling of freight. Two-way radios for 12 units operating in and around Boston were purchased and should be in operation early in 1961.

PERSONNEL CHANGES

Pursuant to the Bonds Modification Plan, Messrs. Neal J. Holland, General Counsel of the Railroad; Robert G. Bleakney, Jr., General Attorney of the Railroad; and Eugene J. Ratto, General Attorney of the Railroad, were elected to serve on the Board of Directors at the Annual Meeting of Stockholders of April 13, 1960. They were elected to serve on a temporary basis, as disclosed in both the proxy statement and the Bonds Modification Plan, pending approval of the Bonds Modification Plan. Following approval of the Bonds Modification Plan, Messrs. Holland, Bleakney and Ratto resigned at the Board of Directors Meeting on June 15, 1960, and Messrs. Everett Ware Smith of Wellesley, Mass., Lee Prather Stack of Hingham, Mass., and Lewis H. Weinstein of Newton, Mass. were elected in their stead.

At the Board of Directors Meeting of August 10, 1960, John A. Volpe of Winchester, Mass. resigned as a Director in anticipation of his becoming a candidate for Governor of the Commonwealth of Massachusetts, and Maynard W. Bullis of Boston, Mass. was elected on that date to fill out his term.

LONG-TERM DEBT CHANGES

Balance at beginning of year	\$105,359,814
Increases:	
Notes rewritten (short-term to long-term)	2,660,000
Notes issued	2,600,000
Equipment and Road-Property obligations account of new acquisitions	559,803
Series SS, 6% Bonds issued (Bond Exchange Plan)	47,974,200
Total increases	<u>53,794,003</u>
Decreases:	
Equipment and Road-Property obligations discharged	4,991,431
Principal payments made on Notes and Collateral Trust Indenture	260,000
Long-term notes replaced	2,600,000
Series RR, 4% Bonds exchanged (Bond Exchange Plan)	47,077,300
Series JJ, 4 $\frac{1}{2}$ % Bonds exchanged (Bond Exchange Plan)	897,000
Total decreases	<u>55,833,731</u>
Net change during the year (decrease)	<u>2,039,728</u>
Balance at end of year	<u><u>\$103,320,086</u></u>

FIRST MORTGAGE BONDS MODIFICATION PLAN

The 1959 Annual Report to the Stockholders advised that on September 23, 1959, application for approval of the Railroad's First Mortgage Bonds Modification Plan had been filed with the Interstate Commerce Commission. A favorable decision from the Interstate Commerce Commission was received on February 25, 1960, approving the application 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 4 $\frac{3}{4}$ % Bonds due April 1, 1961, for \$49,885,800 new First Mortgage Bonds Series SS 6% due Aug. 1, 1961-65.

The approved Plan was submitted to the bondholders for their formal assents and more than 79% of such assents were obtained, making the Plan binding on holders of all bonds involved in the plan. On July 1, 1960, the Plan was consummated and the new Series SS 6% Bonds due 1961-1965 were issued in exchange for the old bonds.

5% GUARANTEED NOTES

The guaranteed loan of \$3,000,000 received on June 25, 1959, under the provisions of Part V of the Interstate Commerce Act, as amended (Public Law 85-265, approved on August 15, 1958) was one-half of the loan of \$6,000,000 requested in our application of March 5, 1959 as modified.

In the report and order of May 18, 1959, the Commission stated that because of the uncertainties surrounding the proposed handling of the maturity of our Series RR 4% Bonds in 1960, the maximum loan that could be guaranteed at that time consistent with the findings was \$3,000,000.

On January 17, 1961, the Commission approved the Railroad's application of November 17, 1960, as supplemented, Finance Docket No. 21365, for guarantee of another loan of \$3,000,000 under the provisions of Part V of the Interstate Commerce Act. On January 31, 1961, a loan was received under these provisions, and \$3,000,000 aggregate principal amount of Boston and Maine Railroad 5% Guaranteed Notes due serially to January 1, 1976, were issued privately with the Bankers Trust Company of New York as Trustee. The Collateral Trust Indenture dated January 1, 1961, provides for partial prepayments beginning on July 1, 1966, and on the first day of each and every January and July subsequent thereto in the principal amount of \$150,000.

CONCLUSION

We extend our sincere gratitude to our employees for their continued cooperation during the past year.



Chairman of the Board



President

BOSTON AND MAINE RAILROAD

ASSETS

	<i>December 31</i>	
	<u>1960</u>	<u>1959</u>
CURRENT ASSETS:		
Cash	\$ 2,400,717	\$ 1,441,071
U. S. Government bonds, at cost (value based on market quotations—\$1,090,000 in 1960, \$4,137,500 in 1959) (Note 2)	1,084,375	4,551,250
Special deposits	122,032	1,088,251
Accounts receivable	5,956,279	6,561,358
Inventories of materials and supplies, at cost	3,949,032	3,944,124
Prepayments and other current assets	268,125	248,319
TOTAL CURRENT ASSETS	<u>\$ 13,780,560</u>	<u>\$ 17,834,373</u>
 PROPERTIES (Note 3):		
Roadway and structures (including improvements to leased properties—\$11,785,478 at December 31, 1960, \$11,843,121 at December 31, 1959)	\$184,085,492	\$189,725,048
Equipment	75,018,968	77,404,560
	<u>\$259,104,460</u>	<u>\$267,129,608</u>
 Less:		
Depreciation of roadway and structures	(9,647,554)	(12,800,933)
Depreciation of equipment	(18,833,453)	(15,487,031)
Donations and grants	(197,050)	(192,872)
	<u>\$230,426,403</u>	<u>\$238,648,772</u>
 Miscellaneous physical properties, less depreciation—\$461,016 at December 31, 1960, \$431,723 at December 31, 1959		
	2,665,646	2,135,925
	<u>\$233,092,049</u>	<u>\$240,784,697</u>
 INVESTMENTS AND OTHER ASSETS:		
Investments in leased lines (Page 27)	\$ 3,107,837	\$ 2,991,802
Investments in and advances to subsidiaries and other affiliated companies (Page 27)	3,763,761	4,000,762
Other investments (Note 2)	3,337,200	347,299
Deposits with trustees for first mortgage bonds and equipment obligations:		
Cash	285,323	235,067
Notes and accounts receivable	274,434	883,457
Other assets and deferred charges	3,100,472	1,871,729
	<u>\$ 13,869,027</u>	<u>\$ 10,330,116</u>
	<u>\$260,741,636</u>	<u>\$268,949,186</u>

BALANCE SHEET

LIABILITIES AND CAPITAL

	<i>December 31</i>	
	<u>1960</u>	<u>1959</u>
CURRENT LIABILITIES:		
Notes payable to banks	\$ —	\$2,710,000
Accounts payable	10,272,059	9,249,329
Accrued vacation pay	1,679,127	1,719,347
Accrued interest	1,833,469	1,379,287
State and local taxes	3,219,938	2,362,626
Estimated current portion of injury and damage claims	1,422,276	1,489,914
TOTAL CURRENT LIABILITIES (excluding long-term debt due within one year)	\$ 18,426,869	\$ 18,910,503
LONG-TERM DEBT DUE WITHIN ONE YEAR (Page 28):		
First mortgage bonds	\$ 959,400	\$ —
Equipment and other obligations	5,044,625	4,990,391
	<u>\$ 6,004,025</u>	<u>\$ 4,990,391</u>
LONG-TERM DEBT (Page 28):		
First mortgage bonds	\$ 49,438,800	\$ 50,398,300
Income mortgage bonds	18,826,500	18,826,500
Equipment and other obligations	29,050,761	31,144,623
	<u>\$ 97,316,061</u>	<u>\$100,369,423</u>
OTHER LIABILITIES AND DEFERRED CREDITS:		
Provision for disputed per diem charges (Note 5)	\$ 6,551,661	\$ 5,486,342
Provision for injury and damage claims	1,029,769	1,076,543
Accrued depreciation—leased property	1,870,497	1,733,324
Unearned interest accrued on income mortgage bonds	2,259,180	1,506,120
Other	2,990,324	1,378,863
	<u>\$ 14,701,431</u>	<u>\$ 11,181,192</u>
CAPITAL AND RETAINED INCOME:		
Capital stock (Note 6):		
5% Preferred stock, \$100 par value:		
Authorized—262,176 shares in 1960		
Issued (excluding 5,266 shares held in treasury)—		
256,910 shares in 1960	\$ 25,691,000	\$ 26,644,000
Common stock, no par value:		
Authorized—1,078,852 shares		
Issued (excluding 1919 shares held in treasury)—560,636.5		
shares in 1960)	56,063,650	54,587,800
	<u>\$ 81,754,650</u>	<u>\$ 81,231,800</u>
Additional capital (Note 7)	27,021,348	27,573,239
Retained income (Page 26) (Note 8)	15,517,252	24,692,638
	<u>\$124,293,250</u>	<u>\$133,497,677</u>
Contingent obligations and commitments (Note 9)	<u>\$260,741,636</u>	<u>\$268,949,186</u>

**BOSTON AND MAINE RAILROAD
STATEMENT OF INCOME**

	<i>Year Ended December 31</i>	
	<u>1960</u>	<u>1959</u>
OPERATING REVENUES:		
Freight	\$ 56,575,966	\$ 58,555,840
Passenger	5,872,616	7,088,480
Other	5,195,929	6,350,542
	<u>\$ 67,644,511</u>	<u>\$ 71,994,862</u>
OPERATING EXPENSES:		
Transportation	\$ 29,577,916	\$ 32,533,980
Maintenance of way and structures	7,734,455	9,242,135
Maintenance of equipment	10,254,102	10,417,037
Traffic, general and miscellaneous expenses	6,015,515	6,372,763
	<u>\$ 53,581,988</u>	<u>\$ 58,565,915</u>
NET REVENUE FROM RAILWAY OPERATIONS	<u>\$ 14,062,523</u>	<u>\$ 13,428,947</u>
OTHER OPERATING CHARGES:		
Payroll, property and state excise taxes, etc.	\$ 5,685,212	\$ 5,879,294
Net rents for equipment and joint facilities	6,662,196	6,330,618
	<u>\$ 12,347,408</u>	<u>\$ 12,209,912</u>
NET OPERATING INCOME	<u>\$ 1,715,115</u>	<u>\$ 1,219,035</u>
NONOPERATING INCOME—NET	19,609	239,890
NET INCOME BEFORE FIXED CHARGES AND CONTINGENT INTEREST	<u>\$ 1,734,724</u>	<u>\$ 1,458,925</u>
FIXED CHARGES:		
Rent for leased lines, etc.	\$ 474,930	\$ 474,930
Fixed interest:		
First mortgage bonds	2,523,278	2,046,900
Equipment trust certificates	699,123	761,752
Conditional sale contracts	757,305	899,749
Other	314,581	249,438
Amortization of long-term debt discount and expense	59,656	38,448
	<u>\$ 4,828,873</u>	<u>\$ 4,471,217</u>
NET LOSS BEFORE CONTINGENT INTEREST	(\$ 3,094,149)	(\$ 3,012,292)
CONTINGENT INTEREST	753,060	753,060
NET LOSS	<u>(\$ 3,847,209)</u>	<u>(\$ 3,765,352)</u>

STATEMENT OF RETAINED INCOME

BALANCE AT BEGINNING OF YEAR	\$ 24,692,638	\$ 41,959,990
ADDITIONS (DEDUCTIONS) FOR THE YEAR:		
Net loss	(3,847,209)	(3,765,352)
Adjustment of accumulated depreciation of roadway, structures and equipment resulting from abnormal retirements.....	(3,062,441)	(11,078,541)
Net gain (loss) on disposal of land	(82,314)	952,617
Losses on retirement of track	(2,285,937)	(1,894,071)
Adjustment of prior years' provisions for injury and damage claims	(25,000)	(1,293,692)
Excess of par value over cost of income mortgage bonds of the Railroad reacquired	—	56,526
Other	127,515	(244,839)
	<u>\$ 15,517,252</u>	<u>\$ 24,692,638</u>
BALANCE AT END OF YEAR		

**BOSTON AND MAINE RAILROAD
STATEMENT OF INVESTMENTS IN LEASED LINES
DECEMBER 31, 1960**

	<i>No. of shares owned</i>	<i>% owned</i>	<i>Cost</i>	<i>Approximate value based on current market quotations</i>
Northern Railroad	16,206	52.8	\$1,791,295	\$1,167,000
Stony Brook Railroad	966	32.2	89,686	63,000
Vermont & Massachusetts Railroad	10,312	32.3	1,226,856	722,000
			<u>\$3,107,837</u>	<u>\$1,952,000</u>

The shares in leased line companies have been acquired over the period from 1937 to 1960. Shares included above of an aggregate cost of \$2,835,720 were pledged at December 31, 1960 to secure guaranteed notes due June 1, 1974 (Page 28). The remaining shares of the leased lines' stock were pledged on January 1, 1961 to secure guaranteed notes due January 1, 1976. Annual rentals of the leased lines, under long-term leases, amount to approximately \$405,000 plus federal and state taxes of the leased line companies which currently aggregate about \$250,000 per year. Dividends received from the leased line companies amounted to \$159,000 in 1960 and \$147,000 in 1959.

**STATEMENT OF INVESTMENTS IN AND ADVANCES TO SUBSIDIARIES
AND OTHER AFFILIATED COMPANIES
DECEMBER 31, 1960**

	<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 (a)	\$100,038	\$1,028,987	\$1,129,025	\$ 675,000
North Station Industrial Building, Inc. (a)				
(b)	1,002	632,722	633,724	1,456,000
North Station Hotel Building, Inc. (c)	100	192,885	192,985	356,000
The Mystic Terminal Company	5,000	134,189	139,189	140,000
Springfield Terminal Railway Company (a)	186,030	10,757	196,787	370,000
Charlestown Waterfront Facilities, Inc.	300,000	40,420	340,420	325,000
Pine Tree Corporation	50,000	—	50,000	40,000
Connecticut River Valley Company, Inc.	165,000	—	165,000	170,000
B & M Railroad Radio Co., Inc.	1,000	—	1,000	1,000
	<u>\$808,170</u>	<u>\$2,039,960</u>	<u>\$2,848,130</u>	<u>\$3,533,000</u>
OTHER AFFILIATED COMPANIES:				
Railway Express Agency, Inc. (a)	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>\$1,058,742</u>	<u>\$2,705,019</u>	<u>\$3,763,761</u>	

(a) The capital stocks of Boston & Maine Transportation Company and Springfield Terminal Railway Company were pledged on January 1, 1961 to secure guaranteed notes due January 1, 1976. Also notes of Boston & Maine Transportation Company (\$300,000), North Station Industrial Building, Inc. (\$518,444) and Railway Express Agency, Inc. (\$665,058) were pledged on that date to secure the guaranteed notes.

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

(c) 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, 1960**

	<i>Portion Due</i>	
	<i>Within one year (a)</i>	<i>After one year (a)</i>
FIRST MORTGAGE BONDS (b):		
Series SS, 6%, due serially to August 1, 1965	\$ 959,400	\$47,014,800
Series AC, 5%, due September 1, 1967	—	2,424,000
	\$ 959,400	\$49,438,800
INCOME MORTGAGE BONDS, SERIES A, 4½% (4% cumulative), due July 1, 1970 (c)	\$ —	\$18,826,500
EQUIPMENT AND OTHER OBLIGATIONS:		
5% Guaranteed Notes due June 1, 1974, secured by \$1,905,000 principal amount of Series SS bonds and capital stock of leased lines carried at \$2,835,720	\$ 200,000(d)	\$ 2,500,000
Equipment Trust Certificates, Series I, 4½% to 6% due March 1, 1971, secured by equipment of an aggregate original cost of \$23,623,200	1,234,000(d)	12,340,000
Conditional sale contracts maturing at various dates from January, 1961 to October, 1969, secured by equipment of an aggregate original cost of \$39,836,583	3,610,625(e)	11,610,761
5% Collateral Note payable to bank, due September 30, 1963, secured by U. S. Government bonds carried at cost of \$3,015,313 (Note 2)	—	2,600,000
	\$5,044,625	\$29,050,761
	\$6,004,025	\$97,316,061

(a) Amounts outstanding are exclusive of bonds owned by the Railroad—\$1,905,000 of Series SS bonds pledged against the 5% guaranteed notes due June 1, 1974, \$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 two series. The Series SS bonds mature serially in annual principal amounts of \$959,400 on August 1 of the years 1961 through 1964 and the remainder on August 1, 1965. The Series SS bonds due August 1, 1965 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

\$459,000 in cash or Series SS 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) 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 \$483,000 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.

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

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

BOSTON AND MAINE RAILROAD NOTES TO FINANCIAL STATEMENTS

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 27. The excess of losses over profits from the operation of the subsidiaries, amounting to approximately \$270,000 in 1960 (based on preliminary estimates) and \$258,000 in 1959, is not reflected in the accompanying statement of income.

Note 2—Pledge of Certain Assets

U. S. Government bonds, included in "other investments" in the accompanying balance sheet, carried at cost of \$3,015,313 (approximate market \$3,075,625) were pledged as at December 31, 1960 to secure \$2,600,000 of notes payable to a bank. Other assets pledged include the mortgaged properties (referred to on Page 28), a portion of the capital stocks of leased lines (Page 27), the capital stocks of certain subsidiaries (Page 27), 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 28. On January 1, 1961 additional U. S. Government bonds, capital stocks and notes receivable from subsidiaries and capital stocks of leased lines were pledged to secure \$3,000,000 of new 5% guaranteed notes due January 1, 1976. Further information regarding the new guaranteed notes is set forth on Page 23.

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 \$4,585,000 in 1960 and \$5,029,000 in 1959.

Note 4—Federal Income Taxes

As of December 31, 1960 the Railroad had loss carry-overs for federal income tax purposes aggregating approximately \$36,000,000 of which about \$1,200,000 would be available to apply against income through the year 1962, \$7,500,000 through 1963, \$15,800,000 through 1964 and an estimated \$11,500,000 through 1965.

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 \$6,551,661 as of December 31, 1960. The excess of amounts accrued and charged to income over payments amounted to \$1,065,319 in 1960 and \$887,083 in 1959. Further information concerning this dispute is set forth on Page 3.

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 1 $\frac{1}{2}$ shares of common stock for each share of preferred stock. During 1960, 9,530 shares of preferred stock were converted into 16,677.5 shares of 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, 1960. 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, 1960.

At the beginning of the year there were outstanding options granted to certain employees to purchase a total of 49,230 shares of common stock of the Railroad at prices ranging from \$9 per share to \$16 per share or an aggregate of \$537,000. Options were then exercisable for 23,248 shares. During 1960 an option was granted for 5,000 shares at \$10 per share. No options were exercised during the year.

At December 31, 1960 options to purchase 54,230 shares at an aggregate amount of \$587,000 were outstanding, of which options for 33,095 shares at an aggregate of \$352,000 were then exercisable. In January 1961, additional options for 10,000 shares were granted at \$6 per share. The options granted in 1960 and 1961 are subject to the approval of the Interstate Commerce Commission. Under the present stock option plan further options for 770 shares could be granted at the fair market value at the time of the grant. Such options generally become exercisable in instalments over a five year period and remain exercisable until ten years after the date of the grant.

Note 7—Additional Capital

The additional capital account decreased by \$551,891 during 1960. This decrease comprised a charge to additional capital of \$714,750 in connection with the conversion of 9,530 shares of preferred stock into common stock and a credit of \$162,859, representing the excess of stated value over cost of 1,919 shares of common stock transferred to the Railroad during the year as a result of the termination of certain trusts established in prior years for the benefit of employees.

Note 8—Restrictions on Dividends and Additional Borrowings

The indentures securing the first mortgage bonds, the income mortgage bonds and the 5% guaranteed notes contain various restrictive provisions under which, at December 31, 1960, the Railroad could not pay dividends on or make purchases of any class of its capital stock. The indenture securing the first mortgage bonds also contains restrictions on additional borrowings.

Note 9—Contingent Obligations and Commitments

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, 1960:

The Railroad rents 2,739 freight cars under long-term leases which expire at various dates to 1970. Current annual rentals under the various leases amount to approximately \$1,100,000. Certain of these leases provide options to renew for substantially lower rentals after the initial terms.

Together with other participating railroads, the Railroad has guaranteed repayment of equipment obligations of Trailer Train Company.

Under certain conditions the Railroad is required to make additional payments under a service interruption insurance policy carried jointly with other railroads. Payments during 1960 amounting to approximately \$125,000 are included in the accompanying statement of income.

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. Provision for liabilities thereunder included in the financial statements is believed to be adequate.

The Railroad has a retirement income plan for substantially all monthly salaried employees. Income for 1960 has been charged with \$104,000 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, 1960 the unfunded past service credits amounted to approximately \$1,200,000.

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, 1960 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 which produce a relatively small portion of the Railroad's present revenues. 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, 1960 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 basis consistent with that of the preceding year.

PRICE WATERHOUSE & Co.

Boston, Massachusetts
March 10, 1961

Boston and Maine Railroad

1960
FINANCIAL AND
STATISTICAL STATEMENTS

HAROLD JUDKINS

RUTLAND MA
01543

Twelve-month period ended December 31, 1960

compared with similar period of 1959

BOSTON & MAINE RAILROAD
HISTORICAL SOCIETY
ARCHIVES

M 3118 BM .960 80.047

1960 FINANCIAL AND STATISTICAL STATEMENTS

TABLE OF CONTENTS

	PAGE
Income Account	1
Operating Revenues in Detail	2
Revenue Statistics	2
Operating Expenses in Detail	3-6
Mileage of Track	6
Train Mileage, Operating Statistics and Averages	7
Condensed General Balance Sheet	8-9
Equipment and Road Property Obligations	10
Road and Equipment Changes	11

INCOME ACCOUNT

ITEM		TWELVE-MONTH PERIOD ENDED DECEMBER 31		
		1960	1959	Increase or Decrease
501	RAILWAY OPERATING REVENUES	\$67,644,511	\$71,994,863	\$4,350,352
531	RAILWAY OPERATING EXPENSES	53,581,988	58,565,915	4,983,927
	OPERATING RATIO	79.21%	81.35%	2.14%
	NET OPERATING REVENUES	\$14,062,523	\$13,428,948	\$ 633,575
532	Railway Tax Accruals:			
	Unemployment Insurance	\$ 999,109	\$ 987,055	\$ 12,054
	Railroad Retirement	1,739,125	1,833,464	94,339
	Federal Income	194,714	173,829	20,885
	Property and Other	2,752,264	2,884,947	132,683
	Total Railway Tax Accruals	\$ 5,685,212	\$ 5,879,295	\$ 194,083
	RAILWAY OPERATING INCOME	\$ 8,377,311	\$ 7,549,653	\$ 827,658
	Rents Payable:			
	Equipment Rents:			
	Hire of Freight Cars:			
	Debit Per Diem	\$ 6,867,118	\$ 6,759,265	\$ 107,853
	Credit Per Diem:			
	From Owned Cars	\$ 2,407,254	\$ 2,168,147	\$ 239,107
	From Leased Cars	1,403,646	1,582,153	178,507
	Total Credit Per Diem	\$ 3,810,900	\$ 3,750,300	\$ 60,600
	Net Debit Per Diem	\$ 3,056,218	\$ 3,008,965	\$ 47,253
	Lease Rental (Net)	982,148	1,234,452	252,304
	Mileage Cars	1,563,256	1,428,694	134,562
	Hire of Highway Trailers	622,145	204,947	417,198
	Special Equipment Devices	9,912	18,836	8,924
	Miscellaneous Equipment Rents	45,527	70,765	25,238
	Total Equipment Rents Payable	\$ 6,188,152	\$ 5,825,129	\$ 363,023
	Joint Facility Rents — Net:			
	Portland Terminal Company	557,945	529,798	28,147
	Other	83,902	24,309	59,593
	Total Rents Payable	\$ 6,662,195	\$ 6,330,618	\$ 331,577
	NET RAILWAY OPERATING INCOME	\$ 1,715,116	\$ 1,219,035	\$ 496,081
	Other Income:			
510	Miscellaneous Rent Income	267,241	320,126	52,885
511	Income from Non-Operating Property	45,606	47,606	2,000
513	Dividend Income	20,774	15,618	5,156
514	Interest Income	202,145	200,688	1,457
516	Income from Sinking & Other Reserve Funds	163,739	148,998	14,741
519	Miscellaneous Income	70,373	399,715	329,342
	Total Other Income	\$ 769,878	\$ 1,132,751	\$ 362,873
	TOTAL INCOME	\$ 2,484,994	\$ 2,351,786	\$ 133,208
	Miscellaneous Deductions:			
543	Miscellaneous Rents	\$ 375,933	\$ 393,263	\$ 17,330
544	Miscellaneous Tax Accruals	98,744	93,494	5,250
551	Miscellaneous Income Charges	275,592	501,676	226,084
	Total Miscellaneous Deductions	\$ 750,269	\$ 988,433	\$ 238,164
	INCOME AVAILABLE FOR FIXED CHARGES	\$ 1,734,725	\$ 1,363,353	\$ 371,372
	Fixed Charges:			
*542	Rent for Leased Roads and Equipment	\$ 474,930	\$ 474,930	\$ —
546	Interest on Bonds	2,523,278	2,046,899	476,379
	Interest on Equipment Trust	699,123	761,752	62,629
	Interest on Conditional Sales	757,305	899,749	142,444
	Other Interest on Funded Debt	238,987	194,296	44,691
547	Interest on Unfunded Debt	75,595	55,141	20,454
548	Amortization of Discount on Funded Debt	59,656	38,448	21,208
	Total Fixed Charges	\$ 4,828,874	\$ 4,471,215	\$ 357,659
	INCOME AFTER FIXED CHARGES	\$ 3,094,149	\$ 3,107,862	\$ 13,713
546	Contingent Interest	753,060	657,490	95,570
	NET INCOME	\$ 3,847,209	\$ 3,765,352	\$ 81,857
	Ratio of Pay Roll to Revenues	52.04%	53.27%	1.23%
*542	Rent for Leased Roads	\$ 474,930	\$ 474,930	\$ —
516	Dividends on Leased Lines Stock (Accrued)	159,019	147,248	11,771
	Net Rental for Leased Roads	\$ 315,911	\$ 327,682	\$ 11,771

OPERATING REVENUES

REVENUES		12-MONTH PERIOD ENDED DECEMBER 31					
		1960			1959		
		Total	Freight	Passenger	Total	Freight	Passenger
101	Freight	\$56,575,966	\$56,575,966	\$ —	\$58,555,840	\$58,555,840	\$ —
102	Passenger	5,872,616	1,876	5,870,740	7,088,480	2,321	7,086,159
103	Excess Baggage	2,085	—	2,085	5,800	—	5,800
106	Mail	389,622	—	389,622	1,467,932	—	1,467,932
107	Express	388,834	—	388,834	601,480	—	601,480
108	Other Passenger Train	30,059	—	30,059	64,232	—	64,232
109	Milk	1,012,712	—	1,012,712	1,031,944	—	1,031,944
110	Switching	710,549	709,107	1,442	572,676	570,216	2,460
	Total Transportation Revenue	\$64,982,443	\$57,286,949	\$7,695,494	\$69,388,384	\$59,128,377	\$10,260,007
133	Station and Train Privileges	\$ 91,302	\$ —	\$ 91,302	\$ 130,594	\$ —	\$ 130,594
134	Parcel Room	678	—	678	1,005	—	1,005
135	Storage — Freight	50,358	50,358	—	35,489	35,489	—
136	Storage — Baggage	697	—	697	923	—	923
137	Demurrage	565,500	565,500	—	607,900	607,900	—
138	Communication	—	—	—	19	—	19
139	Grain Elevator	141,996	141,996	—	33,486	33,486	—
141	Power	170,275	55,543	114,732	139,047	39,395	99,652
142	Rent of Buildings and Other Property	829,396	332,900	496,496	971,978	400,943	571,035
143	Miscellaneous	500,450	448,144	52,306	319,132	263,530	55,602
	Total Incidental Operating Revenue	\$ 2,350,652	\$ 1,594,441	\$ 756,211	\$ 2,239,573	\$ 1,380,743	\$ 858,830
151	Joint Facility — Credit	\$ 316,122	\$ 310,963	\$ 5,159	\$ 371,526	\$ 328,648	\$ 42,878
152	Joint Facility — Debit	4,706	2,201	2,505	4,620	2,024	2,596
	Total Joint Facility Operating Revenue	\$ 311,416	\$ 308,762	\$ 2,654	\$ 366,906	\$ 326,624	\$ 40,282
	TOTAL RAILWAY OPERATING REVENUE	\$67,644,511	\$59,190,152	\$8,454,359	\$71,994,863	\$60,835,744	\$11,159,119

REVENUE STATISTICS

	12-MONTH PERIOD ENDED DECEMBER 31		
	1960	1959	Increase or Decrease
	Miles Operated — Total Transp. Serv.	1,556	1,567
Miles Operated — Freight Service	1,549	1,556	7
Miles Operated — Passenger Service	814	960	146
Gross Revenues per Mile of Road	\$43,474	\$45,944	\$2,470
Expenses per Mile of Road	34,436	37,374	2,938
Net Revenues per Mile of Road	9,038	8,570	468
Pass. Rev. per Mile of Road (Pass. Serv.)	7,215	7,384	169
Frnt. Rev. per Mile of Road (Frnt. Serv.)	36,524	37,632	1,108
Passenger Revenue per Passenger Train Mile*	2.37	2.93	.56
Freight Revenue per Freight Train Mile	21.93	22.95	1.02

	12-MONTH PERIOD ENDED DECEMBER 31		
	1960	1959	Increase or Decrease
	FREIGHT:		
Number of Tons of Freight Carried	15,095,649	15,360,830	265,181
Tons Carried One Mile	2,621,220,430	2,617,673,723	3,546,707
Average Distance Each Ton Carried — Miles	173.6	170.4	3.2
Average Amount Received for Each Ton	\$3.75	\$3.81	\$0.06
Average Amount Received for Each Ton per Mile	2.158¢	2.237¢	.079¢
PASSENGER:			
Number of Revenue Passengers Carried	6,598,603	7,563,517	964,914
Number of Revenue Passengers Carried One Mile	156,237,409	189,202,096	32,964,687
Average Distance Each Passenger Carried	23.7	25.0	1.3
Average Amount Received from Each Passenger	\$0.89	\$0.94	\$0.05
Average Amount Received from Passenger per Mile	3.76¢	3.75¢	0.01¢

*Includes Mail, Express and Milk Revenues.

OPERATING EXPENSES

ITEM	12-MONTH PERIOD ENDED DECEMBER 31		
	1960	1959	Increase or Decrease
MAINTENANCE OF WAY AND STRUCTURES:			
201 Superintendence	\$ 700,335	\$ 889,087	\$ 188,752
Track Material:			
212-A Ties — Cross	\$ 6,007	\$ 113,045	\$ 107,038
212-B Ties — Switch and Bridge	21,151	20,988	163
214 Rails	35,487	35,535	71,022
216 Other Track Material	223,999	164,935	59,064
218 Ballast	5,867	28,061	22,194
Total	\$ 292,511	\$ 291,494	\$ 1,017
Roadway and Track:			
202 Roadway Maintenance	\$ 397,307	\$ 461,723	\$ 64,416
220 Track Laying and Surfacing	1,158,360	1,505,098	346,738
221 Fences, Snowsheds and Signs	31,188	41,518	10,330
269 Roadway Machines	165,707	176,193	10,486
271 Small Tools and Supplies	149,888	146,976	2,912
272 Removing Snow, Ice and Sand	487,886	444,085	43,801
Total	\$2,390,336	\$2,775,593	\$ 385,257
Bridges and Structures:			
206 Tunnels and Subways	\$ 11,042	\$ 14,055	\$ 3,013
208 Bridges, Trestles and Culverts	182,397	243,879	61,482
227 Station and Office Buildings	265,637	510,226	244,589
229 Roadway Buildings	46,076	55,699	9,623
231 Water Stations	1,304	780	524
233 Fuel Stations	8,301	11,439	3,138
235-A Shops	88,520	129,901	41,381
235-B Enginehouses	133,189	156,746	23,557
237 Grain Elevators	10,269	6,603	3,666
241 Wharves and Docks	400	557	157
253 Power Plants	5,249	1,314	3,935
257 Power — Transmission Systems	40,939	40,823	116
Total	\$ 793,323	\$1,172,022	\$ 378,699
247 Communication Systems	\$ 106,763	\$ 165,094	\$ 58,331
249 Signals and Interlockers	\$ 461,384	\$ 672,531	\$ 211,147
Miscellaneous:			
270 Dismantling Retired Property	\$ 106,619	\$ 140,721	\$ 34,102
273 Public Improvements — Maintenance	152,031	242,207	90,176
274 Injuries to Persons	100,594	130,416	29,822
275 Insurance	119,208	106,097	13,111
276 Stationery and Printing	9,698	12,382	2,684
277 Health and Welfare	142,390	177,821	35,431
277 Other Expenses	36,229	34,390	1,839
Total	\$ 666,769	\$ 844,034	\$ 177,265
Joint Facilities:			
278 Tracks, Yards, etc. — Debit:			
Portland Terminal Company	\$ 416,829	\$ 451,038	\$ 34,209
All Other	205,748	230,554	24,806
Total Debit	\$ 622,577	\$ 681,592	\$ 59,015
279 Tracks, Yards, etc. — Credit:			
Portland Terminal Company	\$ 309	\$ 241	\$ 68
All Other	90,545	96,257	5,712
Total Credit	\$ 90,854	\$ 96,498	\$ 5,644
Total Net Debit	\$ 531,723	\$ 585,094	\$ 53,371
TOTAL EXPENDED	\$5,943,144	\$7,394,949	\$1,451,805
Depreciation, Retirements, Etc.:			
266 Depreciation	\$1,661,805	\$1,698,359	\$ 36,554
267 Retirements	129,506	148,827	19,321
Total	\$1,791,311	\$1,847,186	\$ 55,875
TOTAL MAINTENANCE OF WAY AND STRUCTURES	\$7,734,455	\$9,242,135	\$1,507,680
Ratio	11.43%	12.84%	1.41%

OPERATING EXPENSES

ITEM	12-MONTH PERIOD ENDED DECEMBER 31		
	1960	1959	Increase or Decrease
MAINTENANCE OF EQUIPMENT:			
301 Superintendence	\$ 523,977	\$ 552,963	\$ 28,986
302 Shop Machinery	94,588	118,144	23,556
304 Power Plant Machinery	52,828	66,436	13,608
306 Dism. Ret. Shop & Pow.-Plt. Mach.	514	6,831	6,317
311 Diesel Locomotives — Repairs	2,440,992	2,173,327	267,665
314 Freight-Train Cars — Repairs	2,223,212	1,917,459	305,753
317 Passenger-Train Cars — Repairs	52,669	290,025	237,356
317-M Rail Passenger Motor Cars — Repairs	1,146,349	1,197,081	50,732
326 Work Equipment — Repairs	88,638	75,952	12,686
328 Miscellaneous Equipment — Repairs	121,479	47,635	73,844
329 Dismantling Retired Equipment	4,990	430	4,560
332 Injuries to Persons	107,204	133,380	26,176
333 Insurance	228,322	241,256	12,934
334 Stationery and Printing	6,995	8,170	1,175
335 Health and Welfare	148,344	163,252	14,908
335 Other Expenses	44,797	98,889	54,092
Total	\$ 7,285,898	\$ 7,091,230	\$ 194,668
Joint Facilities:			
336 Equipment Expenses — Debit:			
Portland Terminal Company	\$ 134,887	\$ 122,302	\$ 12,585
All Other	12,023	12,992	969
Total Debit	\$ 146,910	\$ 135,294	\$ 11,616
337 Equipment Expenses — Credit:			
Portland Terminal Company	\$ —	\$ —	\$ —
All Other	10,128	9,384	744
Total Credit	10,128	9,384	744
Total Net Debit	\$ 136,782	\$ 125,910	\$ 10,872
TOTAL EXPENDED	\$ 7,422,680	\$ 7,217,140	\$ 205,540
Depreciation and Retirements:			
305 Shop & Pow-Plant Mach. — Depreciation	\$ 57,595	\$ 65,600	\$ 8,005
330 Retirements	59,929	130,438	70,509
331 Equipment — Depreciation	2,833,756	3,264,735	430,979
Total	\$ 2,831,422	\$ 3,199,897	\$ 368,475
TOTAL MAINT. OF EQUIPMENT	\$ 10,254,102	\$ 10,417,037	\$ 162,935
Ratio	15.16%	14.47%	.69%
TRAFFIC:			
351 Superintendence	\$ 680,017	\$ 695,889	\$ 15,872
352 Outside Agencies	721,163	668,555	52,608
353 Advertising	111,175	78,999	32,176
354 Traffic Associations	77,452	83,072	5,620
356 Industrial Dev. Dept.	180,995	150,758	30,237
357 Insurance	292	320	28
358 Stationery and Printing	74,707	70,617	4,090
359 Health and Welfare	32,838	32,513	325
359 Other Expenses	18,659	37,961	19,302
TOTAL TRAFFIC	\$ 1,897,298	\$ 1,818,684	\$ 78,614
Detail: Passenger Department	\$ 176,644	\$ 232,012	\$ 55,368
Freight Department	1,488,162	1,365,440	122,722
Industrial Development Department	180,995	150,758	30,237
Unassigned	51,497	70,474	18,977
Ratio	2.80%	2.53%	.27%
TRANSPORTATION:			
Supervision:			
371 Superintendence	\$ 1,379,217	\$ 1,301,804	\$ 77,413
372 Dispatching Trains	400,007	404,793	4,786
Total	\$ 1,779,224	\$ 1,706,597	\$ 72,627
Station Service:			
373-A Agents, Clerks and Attendants	\$ 1,897,654	\$ 2,408,824	\$ 511,170
373-B Labor at Stations	815,220	972,644	157,424
374 Weighing, Insp. and Demurrage	30,582	25,134	5,448
376 Supplies and Expenses	444,743	460,012	15,269
Total	\$ 3,188,199	\$ 3,866,614	\$ 678,415
Yard Train Service:			
377 Yardmasters and Clerks	\$ 1,350,451	\$ 1,341,580	\$ 8,871
378 Conductors and Brakemen	2,838,661	2,869,733	31,072
379 Switch and Signal Tenders	132,455	183,264	50,809
380 Enginemen	1,593,571	1,606,250	12,679
382 Switching Fuel	182,158	209,456	27,298

OPERATING EXPENSES

ITEM	12-MONTH PERIOD ENDED DECEMBER 31		
	1960	1959	Increase or Decrease
TRANSPORTATION (Continued)			
385 Water for Locomotives	\$ 352	\$ 411	\$ 59
386 Lubricants for Locomotives	15,806	18,433	2,627
387 Other Supplies for Locomotives	10,796	11,930	1,134
388 Enginehouse Expenses	159,166	175,277	16,111
389 Supplies and Expenses	142,323	131,773	10,550
Total	\$ 6,425,739	\$ 6,548,107	\$ 122,368
Passenger Train Service:			
392 Enginemen	\$ 1,225,409	\$ 1,415,479	\$ 190,070
394 Fuel	414,238	599,119	184,881
397 Water for Locomotives	1,627	1,980	353
398 Lubricants for Locomotives	9,301	17,655	8,354
399 Other Supplies for Locomotives	2,884	7,057	4,173
400 Enginehouse Expenses	107,607	167,003	59,396
401 Trainmen	1,666,082	1,938,291	272,209
402 Supplies and Expenses	1,036,586	1,345,005	308,419
403 Operating Sleeping Cars	124,368	139,746	15,378
Total	\$ 4,588,102	\$ 5,631,335	\$1,043,233
Freight Train Service:			
392 Enginemen	\$ 1,862,794	\$ 1,789,198	\$ 73,596
394 Fuel	1,339,665	1,358,992	19,227
397 Water for Locomotives	944	1,468	524
398 Lubricants for Locomotives	98,512	86,238	12,274
399 Other Supplies for Locomotives	50,677	48,949	1,728
400 Enginehouse Expenses	894,702	826,637	68,065
401 Trainmen	2,620,800	2,551,243	69,557
402 Supplies and Expenses	618,673	948,935	330,262
Total	\$ 7,486,767	\$ 7,611,660	\$ 124,893
Total Train Service	\$12,074,869	\$13,242,995	\$1,168,126
Miscellaneous:			
404 Signal and Interlocker	\$ 968,481	\$ 969,300	\$ 819
405 Crossing Protection	1,097,274	1,350,509	253,235
406 Drawbridge	93,414	79,870	13,544
407 Communication System	97,333	86,112	11,221
410 Stationery and Printing	137,836	141,008	3,172
411 Health and Welfare	193,066	225,644	32,578
411 Other Expenses	79,216	217,046	137,830
414 Insurance	155,474	197,924	42,450
Total	\$ 2,822,094	\$ 3,267,413	\$ 445,319
Casualties:			
415 Clearing Wrecks	\$ 105,170	\$ 92,452	\$ 12,718
416 Damage to Property	128,150	35,872	92,278
417 Damage to Livestock	61	14	47
418 Loss and Damage — Freight	764,564	860,700	96,136
419 Loss and Damage — Baggage	3,012	1,036	4,048
420 Injuries to Persons	434,598	570,439	135,841
Total	\$ 1,435,555	\$ 1,558,441	\$ 122,886
Joint Facilities:			
390 Yards and Terminals — Debit			
Portland Terminal Company	\$ 1,405,126	\$ 1,501,353	\$ 96,227
All Other	866,742	1,256,364	389,622
Total Debit	\$ 2,271,868	\$ 2,757,717	\$ 485,849
391 Yards and Terminals — Credit:			
Portland Terminal Company	\$ —	\$ —	\$ —
All Other	418,914	412,109	6,805
Total Credit	\$ 418,914	\$ 412,109	\$ 6,805
412 Tracks and Facilities — Debit:			
Portland Terminal Company	\$ 9,999	\$ 10,000	\$ 1
All Other	40,989	40,623	366
Total Debit	\$ 50,988	\$ 50,623	\$ 365
413 Tracks and Facilities — Credit:			
Portland Terminal Company	\$ —	\$ —	\$ —
All Other	51,706	52,418	712
Total Credit	\$ 51,706	\$ 52,418	\$ 712
Total Net Debit — Joint Facilities	\$ 1,852,236	\$ 2,343,813	\$ 491,577
TOTAL TRANSPORTATION	\$29,577,916	\$32,533,980	\$2,956,064
Ratio	43.73%	45.19%	1.46%

OPERATING EXPENSES

ITEM	12-MONTH PERIOD ENDED DECEMBER 31		Increase or Decrease
	1960	1959	
MISCELLANEOUS & GENERAL:			
443 Grain Elevators.....	\$81,613	\$17,353	\$64,260
451 Salaries & Expenses of Officers.....	521,343	618,516	97,173
452 Salaries & Expenses of Clerks.....	1,833,467	2,066,551	233,084
453 Office Supplies and Expenses.....	415,634	401,422	14,212
454 Law Expenses.....	627,290	745,419	118,129
455 Insurance.....	1,191	1,273	82
457 Pensions and Gratuities.....	169,989	200,703	30,714
458 Stationery and Printing.....	78,705	105,807	27,102
459 Valuation Expense.....	15,962	40,628	24,666
460 Health and Welfare.....	72,751	89,824	17,073
460 Other Expenses.....	222,265	187,964	34,301
Total.....	4,040,210	4,475,460	435,250
Joint Facilities:			
461 General — Debit:			
Portland Terminal Company.....	76,856	77,231	375
All Other.....	1,667	1,834	167
Total Debit.....	78,523	79,065	542
462 General — Credit:			
Portland Terminal Company.....	—	—	—
All Other.....	516	446	70
Total Credit.....	516	446	70
Total Net Debit.....	78,007	78,619	612
TOTAL MISCELLANEOUS & GENERAL.....	4,118,217	4,554,079	435,862
Ratio.....	6.09%	6.32%	.23%
GRAND TOTAL RY. OPER. EXPENSES.....	\$53,581,988	\$58,565,915	\$4,983,927
Operating Ratio.....	79.21%	81.35%	2.14%

MILEAGE OF TRACK—DECEMBER 31, 1960

State	1st Track	2nd Track	3rd Track	Yards and Sidings	Total Track
TRACK OWNED					
Massachusetts.....	535.72	269.92	4.57	448.39	1,258.60
New Hampshire.....	588.13	70.16	—	165.68	823.97
Maine.....	42.74	39.89	—	13.21	95.84
New York.....	95.20	19.35	1.50	67.30	183.35
Vermont.....	78.86	15.72	—	13.92	108.50
Total Owned — Operated.....	1,340.65	415.04	6.07	708.50	2,470.26
TRACK LEASED					
Massachusetts.....	71.24	59.42	1.18	63.60	195.44
New Hampshire.....	69.08	—	—	14.94	84.02
Vermont.....	0.94	—	—	10.93	11.87
Total Leased — Operated.....	141.26	59.42	1.18	89.47	291.33
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.....	626.76	329.58	5.75	511.99	1,474.08
New Hampshire.....	682.10	70.16	—	180.62	932.88
Maine.....	46.27	43.42	—	13.21	102.90
New York.....	97.23	28.72	2.49	67.30	195.74
Vermont.....	103.51	15.72	—	24.85	144.08
Grand Total.....	1,555.87	487.60	8.24	797.97	2,849.68
Comparison with 1959					
Change, percent.....	.06	1.96	14.43	2.97	1.26
Change, miles.....	.98	9.74	1.39	24.39	36.50

TRAIN MILEAGE

	12-MONTH PERIOD ENDED DECEMBER 31		
	1960	1959	Increase or Decrease
Freight Train Miles.....	2,580,328	2,551,566	28,762
Passenger Train Miles:			
Diesel Trains.....	404,899	848,279	443,380
Budd Trains.....	2,806,574	2,590,776	215,798
Talgo Train.....	25,061	39,277	14,216
Total Passenger Train Miles	3,236,534	3,478,332	241,798
Work Train Miles.....	39,788	38,708	1,080
TOTAL TRAIN MILES	5,856,650	6,068,606	211,956

OPERATING STATISTICS AND AVERAGES

FREIGHT TRAIN SERVICE:			
Gross Ton Miles (000) Cars and Contents.....	6,600,275	6,598,934	1,341
Net Ton Miles (000).....	2,646,364	2,646,177	187
Train Hours.....	164,255	162,656	1,599
Loaded Cars per Train.....	34.9	36.7	1.8
Empty Cars per Train.....	23.6	23.0	0.6
Total Cars per Train.....	58.5	59.7	1.2
Gross Tons per Train.....	2,563	2,592	29
Net Tons per Train.....	1,027	1,039	12
Net Tons per Loaded Car.....	29.4	28.3	1.1
Per Cent Loaded of Total Car Miles.....	59.7	61.4	1.7
Train Miles per Train Hour.....	15.7	15.7	—
Gross Ton Miles per Train Hour.....	40,183	40,570	387
FUEL CONSUMPTION STATISTICS:			
		GALLONS	
Freight Service:			
Fuel Oil per 1000 G. T. M.....	1.86	1.78	0.8
Passenger Service:			
Budd Cars — Fuel Oil per Car Mile.....	0.64	0.60	0.4
Yard Service:			
Fuel Oil per Switching Locomotive Hour.....	7.18	7.47	29
Miles per Locomotive Day:			
Serviceable Road Freight Locomotives.....	107.9	106.4	1.5
Miles per Budd Car Day:			
Serviceable Budd Cars.....	121.6	132.7	11.1
Car Miles per Freight Car Day:			
Serviceable Freight Cars.....	44.4	44.1	0.3

DECEMBER 31, 1960

DECEMBER 31, 1959

EQUIPMENT	DECEMBER 31, 1960				DECEMBER 31, 1959			
	Total *	Serviceable	Unserviceable	% Unserviceable	Total *	Serviceable	Unserviceable	% Unserviceable
Diesel Units — Passenger Type.....	5	5	—	—	10	7	3	30.0
Diesel Units — Freight Type.....	67	62	5	7.5	71	66	5	7.0
Diesel Units — Multiple Purpose Type.....	59	53	6	10.2	63	47	16	25.4
Diesel Units — Switch Type.....	104	97	7	6.7	106	93	13	12.3
Budd Cars.....	108	105	3	2.8	108	108	—	—
Milk Cars.....	35	35	—	—	39	39	—	—
Talگو Cars (15 Units).....	5	5	—	—	5	5	—	—
Freight Car Equipment Statistics:								
Freight Cars Owned and Leased.....	5,200	5,078	122	2.3	5,491	5,223	268	4.9
B&M Owned and Leased on Line End of Year.....	2,344	2,222	122	5.2	2,344	2,076	268	11.4
Foreign Cars on Line End of Year.....	6,941	6,882	59	0.9	7,944	7,902	42	0.5
% Freight Cars on Line of Freight Cars Owned.....	178.6	—	—	—	187.4	—	—	—
% Home Cars of Total Freight Cars on Line.....	25.2	—	—	—	22.8	—	—	—

* Excludes Units and Cars Authorized to be Retired.

ASSETS

CURRENT ASSETS:			
701	Cash.....	\$	2,776,919
702	Temporary Cash Investments (U.S. Govt. Securities \$1,215,000 Par Value, Unpledged).....		1,099,375
703	Special Deposits:		
	Interest Matured Unpaid.....		109,284
	Dividends Matured Unpaid.....		2,529
	Unsettled Per Diem Charges.....		26,032
	Miscellaneous Items.....		24,563
704	Loans and Notes Receivable.....		40,500
706	Net Balance Receivable from Agents and Conductors.....		2,348,715
707	Miscellaneous Accounts Receivable.....		2,872,636
708	Interest and Dividends Receivable.....		52,405
709	Accrued Accounts Receivable.....		1,804,281
710	Working Fund Advances.....		198,739
711	Prepayments.....		185,518
712	Material and Supplies.....		3,949,031
713	Other Current Assets.....		79,719
	Total		\$ 15,570,246
SPECIAL FUNDS:			
715	Sinking Funds.....	\$	4,117
716	Capital and Other Reserve Funds:		
	Deposits with Trustee in Lieu of Mortgage Property Sold.....		559,757
717	Insurance and Other Funds:		
	Investment in Stock of Leased Lines — Pledged (Market Value \$1,738,711).....		2,835,720
	Investment in Stock of Leased Lines — Unpledged (Market Value \$239,973).....		272,117
	Cash.....		63,271
	Miscellaneous.....		152,642
	Total		\$ 3,887,624
INVESTMENTS:			
721	Investments in Affiliated Companies.....	\$	3,477,245
722	Other Investments.....		3,337,200(A)
	Total		\$ 6,814,445
PROPERTIES:			
731	Road.....	\$171,701,220	
	Equipment.....	75,688,157	
	General Expenditures.....	598,793	
732	Improvements on Leased Property.....	11,116,290	
734	Donations and Grants.....	197,049	
	Total	\$258,907,411	
735-A	Accrued Depreciation — Road.....	\$	9,647,554
735-B	Accrued Depreciation — Equipment.....		17,229,903
736-B	Accrued Amortization of Defense Projects — Equipment.....		1,603,550
	Total	\$ 28,481,007	
	Transportation Property Less Depreciation and Amortization		\$230,426,404
737	Miscellaneous Physical Property.....	\$	3,126,662
738	Accrued Depreciation — Miscellaneous Physical Property.....		461,016
	Miscellaneous Physical Property Less Depreciation		\$ 2,665,646
OTHER ASSETS AND DEFERRED CHARGES:			
741	Other Assets.....	\$	2,049,436
742	Unamortized Discount on Long-Term Debt.....		510,182
743	Other Deferred Charges.....		796,750
	Total		\$ 3,356,368
	TOTAL — ASSETS		\$262,720,733

(A) Includes U.S. Government Securities, \$3,300,000 Par Value pledged to secure \$2,600,000 long-term bank loan.

DECEMBER 31, 1960

LIABILITIES AND CAPITAL

CURRENT LIABILITIES:

752	Traffic and Car Service Balances	\$ 4,078,964	
753	Audited Accounts and Wages Payable	4,831,042	
754	Miscellaneous Accounts Payable	1,227,802	
755	Interest Matured Unpaid	109,314	
756	Dividends Matured Unpaid	2,529	
757	Unmatured Interest Accrued	1,724,155	
759	Accrued Accounts Payable	4,769,016	
760	Federal Income Taxes Accrued	194,590	
761	Other Taxes Accrued	3,269,445	
763	Other Current Liabilities	297,103	
	Total		\$ 20,443,960

LONG-TERM DEBT DUE WITHIN ONE YEAR:

764	Equipment Trust Series 1	\$ 1,234,000	
	Conditional Sales	3,610,625	
	1st Mtge. Series SS 6% Bonds due August 1, 1961	959,400	
	Collateral Trust	200,000	
	Miscellaneous	73,118	
	Total		\$ 6,077,143

LONG-TERM DEBT:

With Fixed Interest:			
765	1st Mtge. Series SS 6% Bonds due Serially to August 1, 1964	\$ 2,878,200	
	1st Mtge. Series SS 6% Bonds due August 1, 1965	44,136,600	
	1st Mtge. Series AC 5% Bonds due September 1, 1967	2,424,000	
	Collateral Note	2,600,000(A)	
	Collateral Trust 5%, due Serially to June 1, 1974	2,500,000	
	Conditional Sales — Road, due Serially to December 1, 1965	397,036	
	Conditional Sales — Equipment, due Serially to September 17, 1965	20,152	
766	Equipment Trust Series 1, due Serially to March 1, 1971	12,340,000	
	Conditional Sales — Equipment, due Serially to October 6, 1969	11,193,573	
	Total	\$78,489,561	
With Contingent Interest:			
765	2nd Mtge. Series A 4½% Income Bonds due July 1, 1970	\$18,826,500	
	Total		\$ 97,316,061(B)

RESERVES:

771	Pension and Welfare	\$ 97,074	
774	Casualty and Other	1,029,769	
	Total		\$ 1,126,843

OTHER LIABILITIES AND DEFERRED CREDITS:

782	Other Liabilities	\$ 9,111,141	
784	Other Deferred Credits	2,481,838	
785	Accrued Depreciation — Leased Property	1,870,497	
	Total		\$ 13,463,476

CAPITAL:

Stock:			
791	Outstanding:		
	Common — Issued (562,555.5 shares, No Par)	\$56,255,550	
	Treasury Holdings (1,919 shares)	191,900	\$56,063,650
	Preferred — Issued (262,176 shares, \$100 Par)	\$26,217,600	
	Treasury Holdings (5,266 shares)	526,600	25,691,000
	Total	\$81,754,650(B)	
795	Paid-in Surplus	27,019,091	
796	Other Capital Surplus	2,257	
797	Retained Income — Appropriated	2,311,787	
798	Retained Income — Unappropriated	13,205,465	
	Total Capital		\$124,293,250
	TOTAL LIABILITIES AND CAPITAL		\$262,720,733

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

EQUIPMENT AND ROAD PROPERTY OBLIGATIONS

DECEMBER 31, 1960

Description	Interest Rate	Amount Outstanding 12-31-60	Principal Payable During 1961	Final Maturity	Equipment and Road Property Covered	
<i>Equipment Obligations</i>						
Equipment Trust Certificates						
1956 #1	4½%	\$ 8,382,000	\$ 762,000	1971	34 Rai Diesel Passenger Cars and 1574 Box Cars, 326 Hopper Cars and 100 Flat Cars	
	6%	5,192,000	472,000			
Conditional Sale Contracts — Equipment Dated						
6- 1-54	3¼%	225,000	225,000	1961	46 Diesel Electric Road Switching Locomotives 4 Diesel Electric Road Passenger Locomotives 4 Diesel Electric Road Freight Locomotives 64 Diesel Switching Locomotives 3 Rail Diesel Passenger Cars	
6- 1-54	3½%	3,037,500	787,500	1964		
10- 1-54	3¼%	1,077,500	862,000	1962	10 Diesel Electric Road Switching Locomotives 55 Rail Diesel Passenger Cars	
10- 1-54	3¾%	2,586,000	A	1965		
11- 1-54	4%	348,740	39,856	1969	4 Railway Sleeping Cars	
10-16-56	5.90%	5,960,804	899,064	1968	50 Diesel Electric Road Switching Locomotives	
3- 1-57	5¼%	251,784	41,964	1967	3 Rail Diesel Passenger Cars	
12- 1-57	6%	143,071	74,646	1962	2 Diesel Passenger Locomotives (For Talgo Train)	
12- 1-57	6%	246,259	123,129	1963	5 Standard ACF-3 Talgo Coach Cars	
2- 1-58	5%	415,995	184,887	1963	5 Rail Diesel Passenger Cars	
5-10-58	6%	3,085	3,085	1961	1 12½ Ton Truck Crane	
7-10-58	—	5,410	5,410	1961	2 Speed Swing Loaders	
5-18-60	—	2,373	2,373	1961	1 Speed Swing Loader 2 Portable Air Compressors 8 Speed Swing Loaders	
8- 1-60	6%	249,598	110,633	1963	1 Tool Spot Tamper 1 Multiple Tamper 1 Speed Tamper 5 14-Ton Platform Trailers	
Total Equipment Obligations		\$28,127,119	\$4,593,547			
<i>Road Property Obligations</i>						
Conditional Sale Contracts — Road Property Dated						
1-25-57	4½%	\$ 153,816	\$ 76,908	1963	Central Traffic Control System, Salem to Newburyport, Massachusetts and Lowell to Ayer, Massachusetts	
1-25-57	4½%	268,658	123,996	1963	Central Traffic Control System, Concord to Westboro, New Hampshire	
11-10-59	5¼%	220,267	44,800	1965	Central Traffic Control System, Dover, New Hampshire	
10-17-60	—	25,526	5,374	1965	4 Lift Trucks	
Total Equipment and Road Property Obligations		\$28,795,386	\$4,844,625			
Payments Maturing in Years Ending December 31						
1961		\$4,844,625	1965	\$2,475,481	1969	\$1,263,892
1962		4,862,891	1966	2,214,884	1970	1,234,000
1963		4,274,423	1967	1,840,276	1971	1,234,000
1964		3,277,058	1968	1,273,856	Total	\$28,795,386

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

ROAD AND EQUIPMENT CHANGES

ITEM	Balance at Beginning of Year, 1960	Credits			Net Additions & Betterments, Jan. 1-Dec. 31, 1960	Current Balance, Dec. 31, 1960
		Additions & Betterments, Jan. 1-Dec. 31, 1960	Property Retired, Jan. 1-Dec. 31, 1960	Other Credits, Jan. 1-Dec. 31, 1960		
ROAD (Accounts 731 and 732):						
1 Engineering	\$ 6,562,630	\$ 162,161	\$ 296,621	\$ —	\$ 134,460	\$ 6,428,170
2 Land for Transportation Purposes	16,585,402	72,792	868,042	—	940,834	15,644,568
2½ Other Right-of-Way Expenditures	30,551	—	—	—	—	30,551
3 Grading	34,672,010	40,206	123,802	2,382	85,978	34,586,032
5 Tunnels and Subways	4,080,964	18,012	—	—	18,012	4,098,976
6 Bridges, Trestles and Culverts	26,900,894	168,087	113,595	1,206	53,286	26,954,180
8 Ties	6,176,153	19,273	358,012	—	338,739	5,837,414
9 Rails	13,164,268	223,904	839,743	—	615,839	12,548,429
10 Other Track Material	11,116,527	176,829	847,743	—	670,914	10,445,613
11 Ballast	8,442,433	358,625	421,782	—	63,157	8,379,276
12 Track Laying and Surfacing	7,713,160	143,821	431,217	—	287,396	7,425,764
13 Fences, Snowsheds and Signs	1,339,236	30,266	8,139	—	22,127	1,361,363
16 Station and Office Buildings	12,430,763	732,351	2,280,489	118,085	1,430,053	11,000,710
17 Roadway Buildings	308,125	106	55,490	—	55,384	252,741
18 Water Stations	99,325	480	2,208	—	2,688	96,637
19 Fuel Stations	620,599	627	4,857	—	4,230	616,369
20 Shops and Enginehouses	8,619,243	95,958	797,356	481	701,879	7,917,364
21 Grain Elevators	1,699	—	—	—	—	1,699
23 Wharves and Docks	236,118	—	—	—	—	236,118
26 Communication Systems	858,704	21,419	5,150	—	16,269	874,973
27 Signals and Interlockers	15,988,024	900,508	771,721	—	134,787	16,122,811
29 Power Plants	346,381	—	6,864	—	6,864	339,517
31 Power Transmission Systems	1,179,815	15,114	53,094	—	37,980	1,141,835
35 Miscellaneous Structures	78,575	—	—	—	—	78,575
37 Roadway Machines	1,774,456	203,522	132,301	—	71,221	1,845,677
38 Roadway Small Tools	280,590	33,116	5,347	—	27,769	308,359
39 Public Improvements—						
Construction	6,989,718	74,964	353,042	187,942	466,020	6,523,698
44 Shop Machinery	1,563,266	80,258	201,088	—	120,830	1,442,436
45 Power Plant Machinery	860,396	21,126	20,482	—	644	861,040
TOTAL	\$189,020,025	\$ 3,452,981	\$ 8,998,185	\$ 73,926	\$ 5,619,130	\$183,400,895
EQUIPMENT:						
52 Diesel Electric Locomotives	\$ 33,506,382	\$ 16,938	\$ 1,476,268	\$ —	\$ 1,459,330	\$ 32,047,052
53 Freight Cars	22,100,609	302,704	1,326,729	—	1,024,025	21,076,584
54 Passenger Cars:						
Talco	779,776	—	—	—	—	779,776
Milk	839,105	—	24,250	—	24,250	814,855
Pullman	778,027	—	19,832	—	19,832	758,195
Budd	18,050,383	41,664	—	—	41,664	18,092,047
57 Work	1,735,076	40,788	138,207	25,750	123,169	1,611,907
58 Miscellaneous	284,391	233,876	10,526	—	223,350	507,741
Equipment Obligations to Leased Lines	669,189	—	—	—	—	669,189
TOTAL	\$ 77,404,560	\$ 635,970	\$ 2,995,812	\$ 25,750	\$ 2,385,592	\$ 75,018,968
GENERAL:						
TOTAL	\$ 705,023	\$ —	\$ 20,426	\$ —	\$ 20,426	\$ 684,597
GRAND TOTAL	\$267,129,608	\$ 4,088,951	\$12,014,423	\$ 99,676	\$ 8,025,148	\$259,104,460