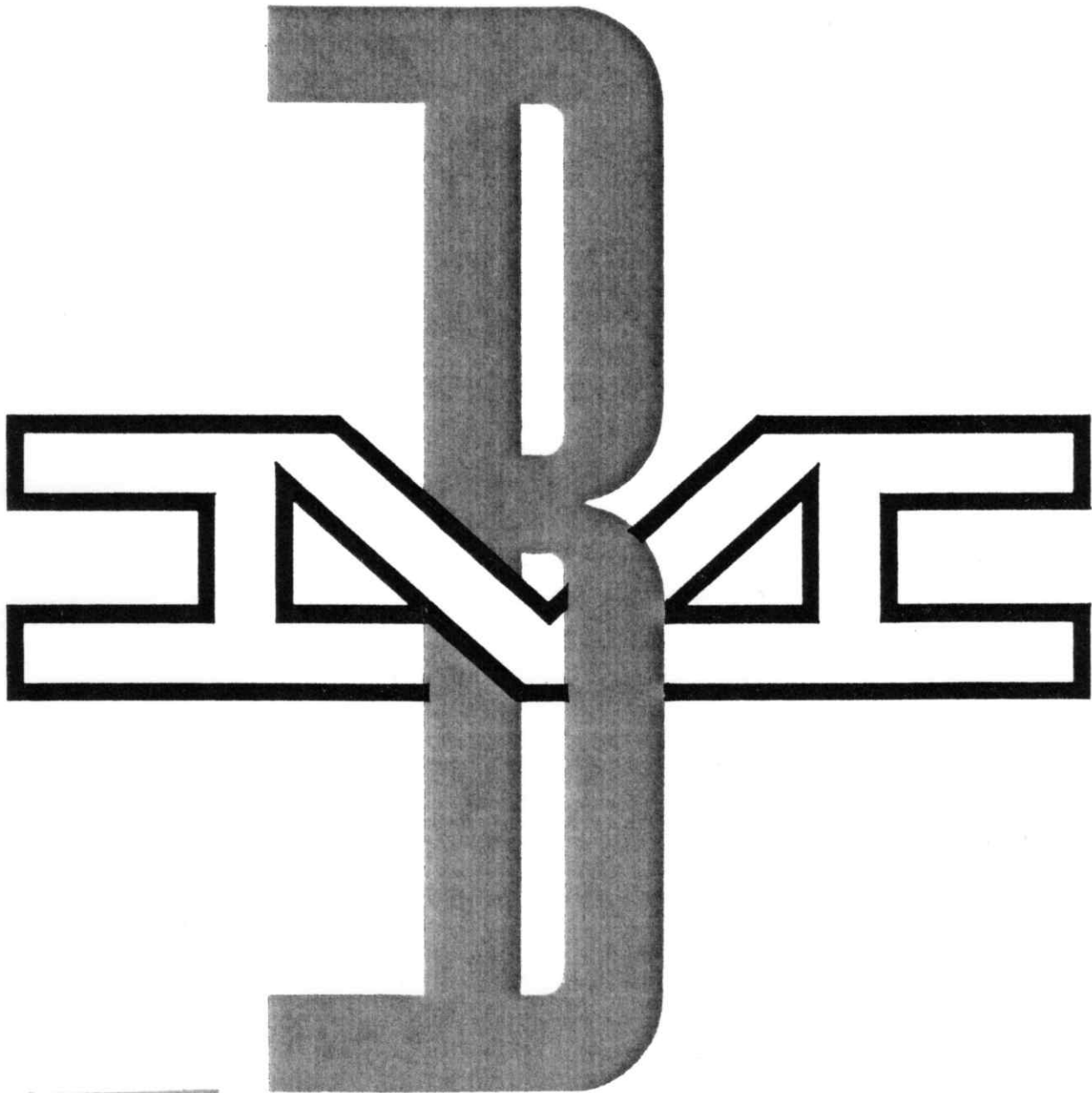


BOSTON AND MAINE RAILROAD



HAROLD JUDKINS

RUTLAND MA
01543

131st ANNUAL REPORT 1963

.M3118 BM 79.324

BOSTON & MAINE RAILROAD
HISTORICAL SOCIETY
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PATRICK J. MULLANEY, Vice President-Traffic
WILFRED H. HOLLAND, Vice President-Operations
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HERBERT F. FLOYD, Comptroller
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MAYNARD W. BULLIS, Clerk of the Corporation
PAUL C. DUNN, Chief Mechanical Officer
WHITCOMB HAYNES, General Manager
CHARLES F. YARDLEY, General Manager-Piggyback

TRANSFER AGENTS

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

As of March 1, 1964

TO OUR STOCKHOLDERS



President Benson

A fractional reduction of the Railroad's net loss from the prior year resulted in 1963 despite declines in freight revenue, a continuing passenger deficit, and higher operating expenses occasioned by the Boston and Maine's participation in the year long mass transportation demonstration program.

The Boston and Maine has not had a net operating loss in more than 35 years, a record that remained intact in 1963. Net losses have resulted from four main factors: net debits in rental of equipment from other lines, fixed charges, property taxes, and a continuing net deficit in passenger operations.

Net costs of equipment rentals were reduced by more than \$400,000 during the year, continuing the inroads in this deficit area. The Railroad's position on car rental rates will be pressed forward in hearings scheduled by the Interstate Commerce Commission in March and June, 1964. Efforts have been undertaken in a number of other directions to achieve further reduction of net rental costs.

More than \$5,600,000 of long term debt was paid off during the year, and fixed charges were reduced by more than \$200,000.

Joint Federal-State grants of more than \$2,000,000 during the year reduced the net deficit from passenger operations. Nevertheless, the effect of the passenger service deficit on net revenues continued to be a major problem for the Railroad. The Boston and Maine's 1963 net passenger deficit absorbed more than 15% of the Railroad's net revenue from all operations and 44% of net income from freight operations.

While the mass transportation demonstration program attracted more riders to the Boston and Maine, it proved that the costs of the two main commuter incentives—high frequency service and low fares—are beyond the means of a privately operated transportation system in New England. A conclusion stated publicly by the Mass Transportation Commission should prove helpful to the Railroad in its petition for discontinuance of passenger operations. In a progress report on the program, the Commission declared that railroads in Massachusetts, including the Boston and Maine, "are far more important to the continued economic vitality of the Commonwealth because of their freight services than because of their commuter passenger services."

Record breaking winter conditions in the first two months of 1963 imposed heavy strains on the Railroad's efforts to hold the line on expenses. Nevertheless, rigid attention to cost and productivity factors resulted in an operating ratio of 78.55 for the year. For the fifth successive year, this was the lowest operating ratio scored by any railroad in New England.

The agreement reached during the year for disposition of the Railroad's North Station properties at a price of more than \$1,000,000 above independently appraised valuation was an important forward step in the program of realizing needed cash from the sale of property that is not essential to the Railroad's operations.

Keen public interest was focused on discussions begun during the year by five Eastern railroads, including the Boston and Maine, on the feasibility of a New England rail system. With the assent of the Boston and Maine and the New Haven, the Pennsylvania and New York Central Railroads requested a two-month extension for filing of briefs in their merger proposal before the Interstate Commerce Commission. The two railroads indicated that they

wished more time to study the financial feasibility of a New England railroad.

Transportation policies espoused by the late President John F. Kennedy were re-affirmed by President Lyndon B. Johnson. A bill that would eliminate some of the competitive advantages enjoyed by water carriers over the railroads was voted out by the House Committee on Interstate and Foreign Commerce under the chairmanship of Representative Oren Harris of Arkansas. Barge interests moved promptly to mobilize vigorous opposition to enactment of this needed legislation.

As a businessman or a taxpayer—and above all as an investor in the railroad industry—your support of our efforts to achieve a healthy competitive posture in the nation's transportation network is greatly needed and earnestly solicited.

Daniel A Benson

President

REVIEW OF 1963

OPERATING RESULTS

Operating revenues of \$63,598,651 in 1963 were fractionally less than the \$64,040,384 realized in 1962, while operating expenses of \$49,958,911 during the year were slightly higher than the 1962 expenses of \$49,540,758.

Net railway operating income declined 2.3% to \$2,787,483 from \$2,853,407 reported a year earlier. After other non-operating income and expense, \$2,644,761 remained available for fixed charges, compared with \$2,835,374 in 1962. The net loss after fixed and contingent charges was \$2,871,714 compared with a net loss of \$2,890,153 in 1962.

The operating ratio of 78.55% for 1963 marked the fifth consecutive year in which the Boston and Maine's ratio of expenses to revenues was the lowest among all New England railroads.

FREIGHT BUSINESS

Freight revenue in 1963 was \$52,170,144 as compared with \$54,928,337 in 1962, a decrease of 5%. Volume as expressed in revenue net ton miles declined 6.9%, but average revenue per ton mile increased from 1.964¢ in 1962 to 2.005¢ in 1963.

Factors in 1963 that accounted for these changes were:

Trainload movements of fill for construction of Interstate Route 93 in Medford, Massachusetts, came to an end in the summer of 1963. Begun in the spring of 1961, this movement had accounted for more than one half of the total volume of local freight on the Boston and Maine throughout 1961 and 1962. This was handled at a low rate per car. Hence, its termination resulted in an increase in the average revenue per ton mile for all freight handled.

Coal movements declined because of conversions to oil of a number of industries.

During the year three large bulk cement terminals began operation in the Boston area, receiving by water and distributing by truck.

Rail movement of bulk salt encountered severe competition from salt received at New England ports despite the Railroad's effort to prevent this through reduced rates from domestic producing points.

Steel and newsprint paper continued to move into New England from foreign sources, displacing production on this continent.

Recurring strike threats by labor during the summer months resulted in the diversion of traffic from the Railroad.

Developments during the year that bear importantly on the Railroad's future prospects were these:

The competitive position of coal was improved at one of the Railroad's principal public utility receivers, which began receiving coal in trainload lots last summer at a reduced trainload rate. Another large utility and an important industry served by the Railroad are about to experiment with trainload movement which will reduce their delivered fuel cost.

Operators of paper and pulp mills in northern New England have announced expansion programs totaling more than \$100,000,000. The two largest investments involve companies doing a continent-wide business. This should benefit the Boston and Maine whose largest source of revenue is the New England paper industry.

The Boston area is the scene of large-scale public and private construction programs. Contracts already awarded involve investments of more than \$550,000,000, and additional heavy expenditures are anticipated. A number of major projects are within the immediate area of the Railroad's Boston facilities. The Railroad is participating in large movements of building materials and expects to further increase its participation in these programs.

PIGGYBACK

The growth trend of piggyback volume and revenue continued in 1963. The 26,860 revenue trailer loads handled in 1963 represented a 9.3% rise over the 24,580 loads handled in the previous year. Gross piggyback revenue, which approximated \$2,500,000 in 1963, roughly 4.5% of total gross freight revenue, is expected to reach nearly \$3,000,000 in 1964.

The Boston and Maine, with certain other railroads, expects to inaugurate a Plan V less-than-trailer-load, as well as a trailer-load, service by mid-1964. Plan V involves haul by motor common carrier, then rail, then haul by motor common carrier in through service, with the Railroad earning a division of the through rate. This is inter-modal rail-highway transportation, directly competitive with the combination long and short-haul motor common carriers for the high per-trailer freight-revenue traffic. The Boston and Maine believes that its entry into piggyback Plan V will add a superior service, particularly for small-lot high-revenue shipments, over that provided by the motor common carriers alone.

In 1963, the Railroad increased its fleet of highway trailers for piggyback use by 200 units, at the same time reducing the net total costs of lease and ownership of all its piggyback equipment by \$48,000 annually.

Through renegotiation of piggyback equipment leases late in 1963, the Railroad expects to achieve further reductions in net piggyback equipment costs by approximately \$350,000 annually in 1964.

PASSENGER BUSINESS

Passenger revenue in 1963 amounted to \$5,007,997 as compared with \$4,617,061 in 1962, an increase of 8.5%. Total revenue passengers carried increased 30.1% from 5,472,620 in 1962 to 7,118,585 in 1963.

As compared with a 1962 passenger service deficit of \$3,788,987, the Railroad ended a one-year participation in the mass transportation demonstration program with a deficit of \$2,159,313 despite receipt in 1963 of \$2,021,032 from a joint Federal-State grant.

The Railroad's contract with the Mass Transportation Commission provided for total payments of \$2,200,000 over a 12-month period in compensation for costs of increased service and reductions in one-way and commutation fares in the Boston suburban area. By agreement with the Mass Transportation Commission, multiple ride commutation fares were restored in August, 1963, to levels in effect in the pre-experimental year of 1962. At the same time, incentive fares for off-peak hours were established.

Although passenger volume increased during the demonstration program, revenue results made it plain that the Railroad had no choice but to move towards elimination of its large and continuing passenger service deficit.

On December 8, 1963, the Railroad announced that upon termination of its contract with the Mass Transportation Commission, a petition for complete discontinuance of passenger service in and out of Boston would be filed with the Massachusetts Department of Public Utilities.

The Railroad was requested to extend the demonstration project for a 10-week period ending March 21, 1964. A new contract was signed, providing for payment to the Railroad of \$300,000. The Railroad agreed to operate its passenger service at approximately the levels of the experimental year of 1963. Commutation fares remained unchanged. The new contract with the Mass Transportation Commission did not affect the right of the Railroad to proceed with its petition for discontinuance, which was filed on January 6, 1964. It is expected to be heard on April 9, 1964.

On March 22, 1964, the Railroad's passenger service will revert to the pre-experimental levels of 1962.

EQUIPMENT RENTALS

Continued efficiency in car handling and a decrease in long-term equipment lease costs resulted in annual reduction in net rents for equipment and joint facilities for the second consecutive year.

Net costs for 1963 were \$6,177,872, a decrease of \$427,662 from the 1962 figure.

IMPROVEMENTS

Capital expenditures for road property and equipment in 1963 were \$3,640,313.

Equipment

The Railroad invested \$1,011,800 in new piggyback trailers.

An investment of \$145,000 in electronically controlled automated tie tampers yielded a productivity increase of 30% in tie resurfacing operations and is producing annual savings of \$45,000 to the Railroad. Tie ax and tie inserter equipment costing \$55,000 will yield annual savings of \$81,000.

Communications and Signals

Radio coverage was extended to 90% of all through freight trains and 50% of all local freight trains. The use of radio has made possible two-way communication between engines and cabooses on trains, and between engines and towers.

More than 40 yard diesel engines are now radio equipped. Use of radio in yard service, particularly under adverse weather or emergency conditions, is now benefiting shippers by saving time in makeup of trains, brake tests and other terminal work.

All maintenance of way mobile equipment and all cars assigned to supervision are now radio equipped.

CONSOLIDATIONS AND RETIREMENTS

Economies resulting in additional annual savings of \$279,346 were achieved in 1963 through elimination of manual protection at public crossings and through retirement and consolidation of freight and ticket agencies no longer in public demand. At the end of the year, operating expenses and taxes in these two areas were running at an annual saving of \$8,851,619 as compared with costs in 1956, when the Railroad initiated a long range program of consolidations, retirements and acceleration of public crossing protection projects.

A petition to abandon the Troy Union Railroad was approved by the Interstate Commerce Commission. Tracks of the Troy Union Railroad have been removed and the right of way sold to the city of Troy.

INDUSTRIAL DEVELOPMENT

New and expanded manufacturing, warehousing and storage facilities totalling 850,000 square feet located on the Railroad during the year are expected to produce more than 8,000 cars of freight annually.

The first 150,000 square feet of a large plant for Colonial Press, Clinton, Mass., is nearing completion. This structure is on land sold by the Railroad. It is served by a 1,400-ft. sidetrack and should produce substantial traffic.

Tampax, Inc. is now in operation in its new 100,000-foot manufacturing and office building at Claremont Junction, N. H. This building is served by extensive sidetrack facilities and will be expanded to 300,000 feet on a newly acquired site.

Total trackage installed for industrial use in 1963 was 7,300 lineal feet.

A new industrial park in Gardner, Mass., will be served by the Boston and Maine. A plant with 30,000 feet of floor space is under construction. A second industry has acquired a seven-and-one-half acre site for plant construction.

A 300-acre industrial area in South Deerfield, Mass., is now under development.

In New Hampshire there are now fifteen industrial parks, the majority of which are served by rail facilities.

CORPORATE DEVELOPMENTS

North Station Properties

In July, 1963, the Railroad's Board of Directors approved an agreement with Linnell & Cox, Inc. for the sale of the North Station properties which, for several years, had failed to yield an adequate return on investment.

These properties were independently appraised at \$7,130,000. The price negotiated is \$8,142,000.

Sale of the Madison Hotel was consummated in July, 1963, for \$2,000,000. The North Station office building was sold in December, 1963, for \$2,600,000. The purchasers have an option on the remaining North Station properties running to October, 1964.

The transaction generated needed cash for the Railroad. At the same time, the Railroad's subsidiaries were relieved of annual real estate taxes of \$172,155 on the Madison Hotel and \$211,200 on the office building.

Merger Studies

About a year ago on the suggestion of the Boston and Maine, seven New England Senators urged the White House to approve a New England merger study. Instructions to this effect were directed to the Commerce Department by the late President John F. Kennedy. The firm of Arthur D. Little was retained by the Government on a study still in progress.

On October 29, 1963, the long-standing B&M proposal for a study to determine the feasibility of a New England railroad system received its greatest forward impetus to date when five eastern lines announced jointly they would undertake such a study. Participating in the program, which is continuing into 1964, are the Boston and Maine, the New Haven, the New York Central, The Pennsylvania, and the Norfolk and Western.

Per Diem Case

A study by the cost finding section of the Interstate Commerce Commission was completed during the year, with conclusions that lent support to the position of the Boston and Maine in this long standing litigation. The Railroad believes that its objections to the formula used by large car owning railroads in arriving at car rental rates have been fully supported by the results of the Commission's study. The Commission held extensive hearings in July and August of 1963, and further hearings on the results of the study are set for March and June of 1964.

Meanwhile, the Railroad is continuing its established scale of freight car rental payments.

Port Parity Case

The United States Supreme Court affirmed the decision of the trial court in the long contested port parity case. Rates on import-export rail freight via the ports of Boston and New York are now on an equal footing with those in effect at the ports of Philadelphia, Baltimore, and Norfolk. The Supreme Court ruling has spurred efforts by Massachusetts business, industry and government to attract increased export-import traffic to Boston's ocean gateway.

LONG-TERM DEBT CHANGES

Balance at beginning of year	\$95,459,414
Increase:	
Collateral Trust Note dated July 30, 1963 due July 1, 1966	1,000,000
Equipment and road property obligations for new acquisitions	<u>1,166,203</u>
Total increase	<u>2,166,203</u>
Decrease:	
Equipment and road property obligations paid	4,281,943
Principal payments made on Collateral Trust Notes	366,667
Series SS, 6% Bonds paid off and retired (annual serial maturity)	<u>959,484</u>
Total decrease	<u>5,608,094</u>
Net change during the year (decrease)	<u>3,441,891</u>
Balance at end of the year	<u>\$92,017,523</u>

GUARANTEED NOTE

Application was filed with the Interstate Commerce Commission for guaranty of a loan from The First Pennsylvania Banking and Trust Company of Philadelphia of \$1,000,000 with interest at 4 $\frac{3}{4}$ % per annum under the provisions of Part V of the Interstate Commerce Act, as amended. An order approving the loan and guaranty was issued by the Commission on July 24, 1963. Closing of the loan and issuance of the note was on July 30, 1963. The note is due in full on July 1, 1966, and requires no prepayment of principal.

The note requires payment of interest on the principal balance on the first days of January, April, July, and October in each year until the note is paid at maturity. At the option of the Railroad, after June 30, 1964, the note may be prepaid in whole or in part without premium.

TAXES

Railway taxes aggregated \$4,674,385 in 1963, as compared with \$5,040,685 in 1962, a reduction of \$366,300.

Federal income taxes in 1963 amounted to \$167,770 and consisted of taxes on leased line rentals. A favorable Federal District Court decision was received during the latter part of 1963, awarding a federal income tax refund for the year 1946 to the Northern Railroad, a leased line. The tax and interest totalling about \$200,000 will be payable to the Boston and Maine Railroad under the terms of the lease. The government has appealed this decision.

Payroll taxes for employee retirement, unemployment and sickness benefits amounted to \$2,393,738 in 1963, compared with \$2,491,598 in 1962, a net decrease of \$97,860, although the taxable amount per employee increased from \$400 to \$450 a month, effective November 1, 1963.

The provision is shown in the following table:

	<u>1963</u>	<u>1962</u>
State and Municipal	\$2,093,372	\$2,407,070
Federal Payroll	2,393,738	2,491,598
Federal Income	167,770	123,953
Other	<u>19,505</u>	<u>18,064</u>
Total	\$4,674,385	\$5,040,685

SYSTEMS AND RESEARCH

Increased productivity of Univac computer operation was attained during 1963 through work absorption and new programs and procedures affecting nearly all departments.

New procedures included a mechanized control system for determining vacation eligibility and daily personnel record keeping for Engineering Department employees. An effective per diem summary card system was installed for the Car Service office, expediting the checking of records of foreign cars on line.

An improved Univac computer was installed in December to replace four remaining tabulating machines. All reports from the Central Data Processing Division will now be prepared electronically. The resultant savings will be applied toward absorbing greatly-increased work volume caused by industry adoption of new and complex reporting formulas for car rental and freight commodity data, both effective January 1, 1964.

EMPLOYEE RELATIONS

On November 26, 1963, an Arbitration Board appointed by the late President Kennedy pursuant to Public Law 88-108 rendered its award in the national work rules case involving the elimination of locomotive firemen in freight and yard service and the size of train crews. The award will permit the elimination of firemen with less than two years service and those firemen whose earnings in the past two years do not indicate they are regular full-time railroad employees. Other firemen with between two and ten years service may be eliminated through the offer of other comparable employment and by the offer for five years of certain protective conditions.

The crew consist issue was referred back to the individual railroads to settle locally and through arbitration if necessary. The three remaining issues (wage rates, interdivisional runs, and road and yard service) are the continuing subject of negotiations.

The various non-operating organizations served demands under the Railway Labor Act in 1963 for hourly wage increases, stabilization of employment, increased holiday and vacation pay, and improved health and welfare benefits. No settlement has yet been made on any of these demands. The Brotherhood of Locomotive Engineers and the Brotherhood of Locomotive Firemen and Enginemen filed demands in November and December of 1963 requesting sizable wage increases, supplemental pension plans, health and welfare benefits, life insurance, and other fringe benefits. An agreement was negotiated nationally in December with the Brotherhood of Railroad Trainmen settling their demands for wage increases and for health, welfare and life insurance benefits. The annual cost to the railroad will be \$270,000 if present levels of employment continue.

The Boston and Maine Railroad is grateful to all employees for their continued cooperation throughout the past year.



President

BOSTON AND MAINE RAILROAD

ASSETS

	<i>December 31</i>	
	<u>1963</u>	<u>1962</u>
CURRENT ASSETS:		
Cash	\$ 2,243,575	\$ 2,913,742
U. S. Government treasury bills, at cost (approximate market)	795,886	-
Special deposits	137,957	178,589
Accounts receivable	4,802,616	4,441,435
Inventories of materials and supplies, at cost	2,814,103	2,812,544
Prepayments and other current assets	488,648	289,476
TOTAL CURRENT ASSETS	<u>\$ 11,282,785</u>	<u>\$ 10,635,786</u>
 PROPERTIES (NOTE 2):		
Roadway and structures, including improvements to leased properties—\$11,137,241 in 1963, \$11,761,897 in 1962	\$179,940,565	\$178,043,656
Equipment	73,575,940	73,181,335
	<u>\$253,516,505</u>	<u>\$251,224,991</u>
 LESS:		
Depreciation of roadway and structures	(7,754,166)	(6,901,161)
Depreciation of equipment	(23,777,897)	(21,956,397)
	<u>\$221,984,442</u>	<u>\$222,367,433</u>
 Miscellaneous physical properties, less depreciation—\$275,122 in 1963, \$269,824 in 1962		
	2,460,766	2,344,243
	<u>\$224,445,208</u>	<u>\$224,711,676</u>
 INVESTMENTS AND OTHER ASSETS:		
Investments in leased lines (Page 15)	\$ 3,514,841	\$ 3,460,993
Investments in and advances to subsidiaries and other affiliated companies (Page 15 and Note 1)	3,392,631	3,845,934
Other investments (Page 16)	1,478,832	1,310,645
Deposits with trustees for first mortgage bonds and equipment obligations	104,057	162,710
Other assets and deferred charges	2,409,246	2,476,984
	<u>\$ 10,899,607</u>	<u>\$ 11,257,266</u>
	<u>\$246,627,600</u>	<u>\$246,604,728</u>

BALANCE SHEET

LIABILITIES AND CAPITAL

December 31

	<u>1963</u>	<u>1962</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 10,194,193	\$ 9,751,884
Accrued vacation pay	1,538,935	1,493,470
Accrued interest	1,498,795	1,586,924
State and local taxes	3,953,419	2,803,178
Estimated current portion of injury and damage claims	1,288,798	1,494,785
TOTAL CURRENT LIABILITIES (excluding long-term debt due within one year)	\$ 18,474,140	\$ 17,130,241
LONG-TERM DEBT DUE WITHIN ONE YEAR (Page 16):		
First mortgage bonds	\$ 959,484	\$ 959,484
Equipment and other obligations	3,706,102	4,563,052
	<u>\$ 4,665,586</u>	<u>\$ 5,522,536</u>
LONG-TERM DEBT (Page 16):		
First mortgage bonds	\$ 46,560,264	\$ 47,519,748
Income mortgage bonds	18,826,500	18,826,500
Equipment and other obligations	21,965,173	23,590,630
	<u>\$ 87,351,937</u>	<u>\$ 89,936,878</u>
OTHER LIABILITIES AND DEFERRED CREDITS:		
Provision for disputed per diem charges (Note 4)	\$ 9,661,880	\$ 8,744,232
Provision for injury and damage claims	859,961	804,383
Accrued depreciation on leased property and other liabilities to leased lines	3,835,122	2,082,016
Unearned interest accrued on income mortgage bonds	4,518,360	3,765,300
Other	1,210,056	751,599
	<u>\$ 20,085,379</u>	<u>\$ 16,147,530</u>
CAPITAL AND RETAINED INCOME:		
Capital stock (Note 5):		
5% Preferred stock, \$100 par value:		
Authorized—244,459 shares in 1963, 246,067 in 1962		
Issued (excluding 5,266 shares held in treasury)— 239,193 shares in 1963, 240,801 in 1962	\$ 23,919,300	\$ 24,080,100
Common stock, no par value:		
Authorized—1,093,852 shares		
Issued (excluding 4,249 shares held in treasury)—589,311 shares in 1963, 586,497 in 1962	58,931,125	58,649,725
	<u>\$ 82,850,425</u>	<u>\$ 82,729,825</u>
Additional capital (Note 5)	25,889,994	26,010,594
Retained income (Page 14 and Note 6)	7,310,139	9,127,124
	<u>\$116,050,558</u>	<u>\$117,867,543</u>
Contingent obligations and commitments (Note 7)	<u>\$246,627,600</u>	<u>\$246,604,728</u>

**BOSTON AND MAINE RAILROAD
STATEMENT OF INCOME**

	<i>Year ended December 31</i>	
	1963	1962
OPERATING REVENUES:		
Freight	\$ 52,170,144	\$ 54,928,337
Passenger	5,007,997	4,617,061
Other (including passenger subsidy of \$2,021,032 in 1963—Page 5)	6,420,510	4,494,986
	\$ 63,598,651	\$ 64,040,384
OPERATING EXPENSES:		
Transportation	\$ 29,417,300	\$ 28,772,887
Maintenance of way and structures	6,881,534	6,865,402
Maintenance of equipment	9,207,058	9,160,100
Traffic, general and miscellaneous expenses	4,453,019	4,742,369
	\$ 49,958,911	\$ 49,540,758
NET REVENUE FROM RAILWAY OPERATIONS	\$ 13,639,740	\$ 14,499,626
OTHER OPERATING CHARGES:		
Payroll, property and state excise taxes, etc.	\$ 4,674,385	\$ 5,040,685
Net rents for equipment and joint facilities	6,177,872	6,605,534
	\$ 10,852,257	\$ 11,646,219
NET OPERATING INCOME	\$ 2,787,483	\$ 2,853,407
NONOPERATING EXPENSE—NET	142,722	18,033
NET INCOME BEFORE FIXED CHARGES AND CONTINGENT INTEREST	\$ 2,644,761	\$ 2,835,374
FIXED CHARGES:		
Rent for leased lines, etc.	\$ 453,938	\$ 476,852
Interest:		
First mortgage bonds	2,855,140	2,914,302
Equipment trust certificates	511,315	573,925
Conditional sale contracts	439,890	544,472
Other	410,174	366,572
Amortization of long-term debt discount and expense	92,958	96,344
	\$ 4,763,415	\$ 4,972,467
NET LOSS BEFORE CONTINGENT INTEREST	\$ 2,118,654	\$ 2,137,093
CONTINGENT INTEREST	753,060	753,060
NET LOSS	\$ 2,871,714	\$ 2,890,153

STATEMENT OF RETAINED INCOME

BALANCE AT BEGINNING OF YEAR	\$ 9,127,124	\$ 12,560,861
ADDITIONS (DEDUCTIONS) FOR THE YEAR:		
Net loss	(2,871,714)	(2,890,153)
Net gain on disposal of land	258,266	433,201
Track retirements	(364,054)	(966,378)
Dividend from North Station Industrial Building, Inc. (Note 1) ..	1,160,517	—
Other	—	(10,407)
BALANCE AT END OF YEAR	\$ 7,310,139	\$ 9,127,124

**BOSTON AND MAINE RAILROAD
STATEMENT OF INVESTMENTS IN LEASED LINES
DECEMBER 31, 1963**

	<i>No. of shares owned</i>	<i>% owned</i>	<i>Cost</i>	<i>Approximate value based on current market quotations</i>
Northern Railroad	19,727	64.3	\$2,045,519	\$1,578,000
Stony Brook Railroad	1,807	60.2	149,445	117,000
Vermont & Massachusetts Railroad	11,647	36.5	1,319,877	932,000
			<u>\$3,514,841</u>	<u>\$2,627,000</u>

The shares in leased line companies have been acquired over the period from 1937 to 1963. At December 31, 1963 all of the shares were pledged to secure long-term debt. Annual rentals of the leased lines, under long-term leases, amount to approximately \$405,000 plus certain federal and state taxes of the leased line companies which currently aggregate about \$220,000 per year. Dividends received from the leased line companies amounted to \$195,000 in 1963 and \$185,000 in 1962.

**STATEMENT OF INVESTMENTS IN AND ADVANCES TO
SUBSIDIARIES AND OTHER AFFILIATED COMPANIES
DECEMBER 31, 1963**

	<i>Investments in capital stocks</i>	<i>Notes and advances</i>	<i>Total investments and advances</i>	<i>Approximate net assets of subsidiaries (unaudited)</i>
WHOLLY-OWNED SUBSIDIARIES:				
*Boston & Maine Transportation Company	\$100,038	\$1,223,979	\$1,324,017	\$ 655,000
*North Station Industrial Building, Inc. . .	1	—	1	1,011,000
*North Station Hotel Building, Inc.	100	338,291	338,391	41,000
The Mystic Terminal Company	5,000	80,000	85,000	85,000
*Springfield Terminal Railway Company ...	186,030	—	186,030	383,000
Charlestown Waterfront Facilities, Inc.	300,000	43,030	343,030	313,000
Pine Tree Corporation	50,000	—	50,000	27,000
Connecticut River Valley Company, Inc. . .	165,000	—	165,000	170,000
B & M Railroad Radio Co., Inc.	1,000	—	1,000	—
	<u>\$807,169</u>	<u>\$1,685,300</u>	<u>\$2,492,469</u>	<u>\$2,685,000</u>
OTHER AFFILIATED COMPANIES:				
*Railway Express Agency, Inc.	2,300	665,058	667,358	
Pullman Company	175,304	—	175,304	
*Trailer Train Company	50,000	—	50,000	
*Troy Union Railroad Company (25% owned)	7,500	—	7,500	
	<u>\$1,042,273</u>	<u>\$2,350,358</u>	<u>\$3,392,631</u>	

*The capital stocks of these companies, the note and advances due from Boston & Maine Transportation Company (\$1,223,979) and note of Railway Express Agency, Inc. (\$665,058) are pledged to secure long-term debt.

**BOSTON AND MAINE RAILROAD
STATEMENT OF LONG-TERM DEBT
DECEMBER 31, 1963**

	<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	\$959,484	\$44,136,264
Series AC, 5%, due September 1, 1967	—	2,424,000
	\$959,484	\$46,560,264
INCOME MORTGAGE BONDS, SERIES A, 4½% (4% cumulative), due July 1970 (c)		
	—	\$18,826,500
EQUIPMENT AND OTHER OBLIGATIONS:		
Equipment Trust Certificates, Series I, 4½% to 6% due March 1971, secured by equipment of an aggregate original cost of \$23,534,000	\$1,234,000 (d)	\$ 8,638,000
Guaranteed Notes 4¼% to 5% due 1965 to 1977 secured by \$1,790,700 principal amount of Series SS bonds, capital stock of leased lines, capital stock and notes of subsidiary and affiliated companies (Page 15) and "other investments" carried at cost of \$1,122,310	366,667	7,441,667 (e)
Conditional sale contracts maturing at various dates from January 1964 to October 1971, secured by equipment of an aggregate original cost of \$38,920,000	2,105,435	5,885,506 (e)
	\$3,706,102	\$21,965,173
	\$4,665,586	\$87,351,937

(a) Amounts outstanding are exclusive of bonds owned by the Railroad—\$1,790,700 of Series SS bonds pledged against guaranteed notes, \$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 in principal amounts of \$959,484 on August 1, 1964 and the remaining \$44,136,264 on August 1, 1965.

(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. There has been no sinking fund obligation since 1958.

(d) The same amount matures within each subsequent year to maturity.

(e) Payable at varying amounts each year to maturity.

BOSTON AND MAINE RAILROAD NOTES TO FINANCIAL STATEMENTS

Note 1—Subsidiary Companies

The accounts of wholly-owned subsidiaries of the Railroad engaged in truck transportation, real estate and other types of operation are not consolidated in the accompanying financial statements. The investments in and advances to these subsidiaries are shown on Page 15. Two subsidiaries, North Station Industrial Building, Inc. and North Station Hotel Building, Inc. sold substantially all of their operating assets during 1963. Neither the resulting gain of approximately \$1,400,000 nor the excess of profits over losses from the operation of all wholly-owned subsidiaries, amounting to \$2,000 in 1963, based on preliminary estimates (\$50,000 net loss in 1962), are reflected in the accompanying statement of income. A dividend of \$1,160,517 received in 1963 from North Station Industrial Building, Inc. is shown in the accompanying statement of retained income. No other dividends were received by the Railroad from its wholly-owned subsidiaries in 1963 or in 1962.

Note 2—Properties

The amounts shown in the balance sheet for properties represent 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 roadway and structures (other than properties such as rail, ties, ballast and other track materials) on January 1, 1943. The cost of equipment has been subjected to a systematic policy of depreciation since it was acquired. The recorded cost, less salvage, of all depreciable properties retired is charged to the depreciation reserves.

With respect to rails, ties, ballast and other track materials, included in the roadway accounts in the amount of approximately \$40,800,000 at December 31, 1963, the Railroad follows the prescribed practice of "replacement" accounting. For many years this accounting practice has been considered an acceptable alternative in the railroad industry to the more widespread practice of depreciation accounting. Under this practice replacements in kind are charged to maintenance expense and only improvements and additions are capitalized. The amounts capitalized are not depreciated. Retirements of such properties, less salvage, are also charged to maintenance expense, except that in recent years certain retirements which were considered abnormal have been charged direct to retained income. Gains and losses on disposals of land are credited or charged to retained income.

The accompanying statement of income includes charges for depreciation totaling \$4,428,000 in 1963 and \$4,457,000 in 1962.

Note 3—Federal Income Taxes

As of December 31, 1963, the Railroad had loss carryovers for federal income tax purposes aggregating approximately \$46,000,000 which would be available to apply against income in varying amounts through the year 1970.

Note 4—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 \$9,661,880 as of December 31, 1963. The excess of amounts accrued and charged to income over payments amounted to \$917,648 in 1963 and \$989,019 in 1962.

Note 5—Capital Stock, Stock Options and Additional Capital

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 $\frac{3}{4}$ shares of common stock for each share of preferred stock. The \$120,600 decrease in additional capital in 1963 occurred in connection with the conversion of 1,608 shares of preferred stock into 2,814 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, 1963. 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. There was no cumulative sinking fund obligation as at December 31, 1963.

At December 31, 1963 there were outstanding options granted to certain employees to purchase 30,833 shares of common stock of the Railroad at prices ranging from \$6 to \$16 per share or an aggregate of \$317,000. Options were then exercisable for 23,568 shares at an aggregate of \$265,000. No options were granted or exercised during the year. Under the present stock option plan, further options for 34,167 shares could be granted to key supervisory personnel at the fair market value at the time of the grant. Options generally become exercisable in instal-

ments over a five year period and remain exercisable until ten years after the date of the grant.

Note 6—Restrictions on Dividends and Additional Borrowings

The indentures securing the first mortgage bonds, the income mortgage bonds and the guaranteed notes contain various restrictive provisions under which, at December 31, 1963, 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 7—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, 1963:

The Railroad rents approximately 2,500 freight cars under long-term leases which expire at various dates to 1970. Current annual rentals under the various leases amount to approximately \$524,000. 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.

The Railroad is plaintiff or defendant in numerous lawsuits which, in the opinion of company officials and counsel, will not have a material effect on its financial position. Three pending proceedings are derivative stockholders' suits arising out of actions pending against one present and two former officers of the Railroad. Recovery, if any, in these actions would inure to the benefit of the Railroad.

OPINION 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, 1963 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, structures and equipment, accumulated under accounting practices prescribed by the Interstate Commerce Commission as briefly explained in Note 2 of the notes to financial statements, are substantially less than reserves which would have resulted from a systematic method of depreciating the cost of all such properties from the time they were acquired. This deficiency has been augmented by the fact that the reserves which have been provided have been substantially reduced or, for certain classes of assets, eliminated entirely by charges for retirements which have been unusually large in recent years. The roadway and structures accounts still include substantial amounts for branch lines which produce a relatively small portion of the total revenues. Also, as mentioned on page 6, the Railroad has filed a petition with the Massachusetts Department of Public Utilities for discontinuance of all passenger service. As a result, significant losses on sales or further retirements of structures and equipment may be anticipated. At December 31, 1963, the property accounts included a net depreciated cost of more than \$18,000,000 for structures and equipment used exclusively in passenger service. We have concluded that neither the current depreciation rates for property for which depreciation is being provided nor the "replacement" accounting method for rails, ties, etc. described in Note 2, provide adequately for retirement losses or obsolescence of the magnitude experienced by this railroad. We have also concluded that it would be impracticable at this time to determine the amount of provisions that would be adequate and reasonable for these purposes.

In our opinion, except for the inadequacy of provisions for depreciation and obsolescence discussed in the preceding paragraph, the financial statements referred to above present fairly the financial position of the Boston and Maine Railroad at December 31, 1963 and the results of its operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PRICE WATERHOUSE & CO.

Boston, Massachusetts
March 13, 1964

Boston and Maine Railroad

1963

**FINANCIAL AND
STATISTICAL STATEMENTS**

*Twelve-month period ended December 31, 1963
compared with similar period of 1962*

HAROLD JUDKINS

RUTLAND MA
01543

BOSTON & MAINE RAILROAD
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1963 FINANCIAL AND STATISTICAL STATEMENTS

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INCOME ACCOUNT

		12-MONTH PERIOD ENDED DECEMBER 31		
ITEM	1963	1962	Increase or Decrease	
501 RAILWAY OPERATING REVENUES.....	\$63,598,651	\$64,040,384	\$441,733	
531 RAILWAY OPERATING EXPENSES.....	49,958,911	49,540,758	418,153	
OPERATING RATIO.....	78.55%	77.36%	1.19%	
COMPENSATION EXPENSE RATIO — % of Revenues..	49.38%	49.83%	.45%	
NET OPERATING REVENUES.....	13,639,740	14,499,626	859,886	
Railway Tax Accruals:				
Unemployment Insurance.....	860,951	892,013	31,062	
Railroad Retirement.....	1,532,788	1,599,585	66,797	
Federal Income.....	167,770	123,953	43,817	
Property and Other:				
Massachusetts.....	1,701,410	1,854,958	153,548	
Maine.....	42,304	42,473	169	
New Hampshire.....	235,158	236,221	1,063	
New York.....	148,426	353,053	204,627	
Vermont.....	49,373	50,749	1,376	
Other.....	19,505	18,133	1,372	
Total.....	2,196,176	2,555,587	359,411	
Less — Rebilled Others.....	83,300	130,453	47,153	
*Property and Other — Net.....	2,112,876	2,425,134	312,258	
Total Railway Tax Accruals — Net.....	4,674,385	5,040,685	366,300	
RAILWAY OPERATING INCOME.....	8,965,355	9,458,941	493,586	
Rents Payable:				
For Freight Cars:				
Per Diem Payable.....	6,420,649	6,402,580	18,069	
Per Diem Receivable.....	3,453,193	3,472,887	19,694	
Net Per Diem Payable.....	2,967,456	2,929,693	37,763	
Leased Cars.....	708,704	972,576	263,872	
Mileage Cars.....	1,438,227	1,422,651	15,576	
Total — Freight Cars.....	5,114,387	5,324,920	210,533	
For Trailers:				
Payable.....	1,222,735	1,331,332	108,597	
Receivable.....	834,880	776,139	58,741	
Net Payable — Trailers.....	387,855	555,193	167,338	
Other Equipment.....	181,968	218,166	36,198	
Total Equipment Rent — Net Payable.....	5,684,210	6,098,279	414,069	
Equipment Rent Ratio — % of Revenues.....	8.94%	9.52%	.58%	
For Joint Facilities:				
Portland Terminal.....	580,305	583,406	3,101	
Other.....	86,643	76,151	10,492	
Net Payable — Joint Facility.....	493,662	507,255	13,593	
Total Rents Payable.....	6,177,872	6,605,534	427,662	
NET RAILWAY OPERATING INCOME.....	2,787,483	2,853,407	65,924	
Other Income.....	573,657	590,468	16,811	
TOTAL INCOME.....	3,361,140	3,443,875	82,735	
Miscellaneous Deductions.....				
INCOME AVAILABLE FOR FIXED CHARGES.....	716,379	608,501	107,878	
INCOME AVAILABLE FOR FIXED CHARGES.....	2,644,761	2,835,374	190,613	
Fixed Charges:				
†542 Rent for Leased Roads and Equipment.....	453,938	476,852	22,914	
546 Interest on Bonds.....	2,855,140	2,914,302	59,162	
Interest on Equipment Trust.....	511,315	573,925	62,610	
Interest on Conditional Sales.....	439,890	544,472	104,582	
Other Interest on Funded Debt.....	402,938	359,520	43,418	
547 Interest on Unfunded Debt.....	7,236	7,052	184	
548 Amortization of Discount on Funded Debt.....	92,958	96,344	3,386	
Total Fixed Charges.....	4,763,415	4,972,467	209,052	
INCOME AFTER FIXED CHARGES.....	2,118,654	2,187,093	18,439	
546 Contingent Interest.....	753,060	753,060	—	
NET INCOME.....	2,871,714	2,890,153	18,439	
*Property and Other Taxes — Net.....				
Less: Rent Income — Net:				
From Buildings and Other Property (142).....	601,504	573,393	28,111	
Miscellaneous (510).....	198,969	259,247	60,278	
From Non-Operating Property (511).....	9,336	6,123	15,459	
Total.....	809,809	826,517	16,708	
Net Property and Other Taxes Less Rent Income.....	1,303,067	1,598,617	295,550	
†542 Rent for Leased Roads.....	453,938	476,852	22,914	
516 Dividends on Leased Lines Stock (Accrued).....	198,846	185,185	13,661	
Net Rent for Leased Roads.....	\$ 255,092	\$ 291,667	\$ 36,575	

OPERATING REVENUES

REVENUES	12-MONTH PERIOD ENDED DECEMBER 31					
	1963			1962		
	Total	Freight Service	Passenger Service	Total	Freight Service	Passenger Service
Transportation Revenue:						
101 Freight	\$52,170,145	\$52,170,145	\$ —	\$54,928,337	\$54,928,337	\$ —
102 Passenger	5,007,997	724	5,007,273	4,617,061	671	4,616,390
103 Excess Baggage	1,703	—	1,703	2,101	—	2,101
106 Mail	329,156	—	329,156	378,650	—	378,650
107 Express	91,313	—	91,313	157,556	—	157,556
108 Other Passenger Train	2,031,505	—	2,031,505	10,343	—	10,343
109 Milk	764,879	—	764,879	811,984	—	811,984
110 Switching	672,816	672,816	—	730,718	728,967	1,751
Total	\$61,069,514	\$52,843,685	\$8,225,829	\$61,636,750	\$55,657,975	\$5,978,775
Incidental Revenue:						
133 Station and Train Privileges	\$ 42,662	\$ —	\$ 42,662	\$ 48,336	\$ —	\$ 48,336
135 Storage — Freight	56,504	56,504	—	74,368	74,368	—
137 Demurrage	805,684	805,684	—	686,047	686,047	—
139 Grain Elevator	93,977	93,977	—	86,544	86,544	—
141 Power	168,603	48,529	120,074	151,512	47,048	104,464
142 Rent of Buildings and Other Property	601,504	213,003	388,501	573,393	200,575	372,818
143 Miscellaneous	521,342	478,971	42,371	530,921	494,657	36,264
Total	\$ 2,290,276	\$ 1,696,668	\$ 593,608	\$ 2,151,121	\$ 1,589,239	\$ 561,882
151 Joint Facility — Cr.	\$ 242,100	\$ 234,606	\$ 7,494	\$ 255,284	\$ 248,283	\$ 7,001
152 Joint Facility — Dr.	3,239	1,466	1,773	2,771	1,217	1,554
Total	\$ 238,861	\$ 233,140	\$ 5,721	\$ 252,513	\$ 247,066	\$ 5,447
TOTAL OPERATING REVENUE	\$63,598,651	\$54,773,493	\$8,825,158	\$64,040,384	\$57,494,280	\$6,546,104

MILEAGE OF TRACK—DECEMBER 31, 1963

State	1st Track	2nd Track	3rd Track	Yards and Sidings	Total Track
TRACK OWNED					
Massachusetts	513.07	230.99	2.65	426.98	1,173.69
New Hampshire	587.66	67.56	—	149.77	804.99
Maine	42.74	16.92	—	11.67	71.33
New York	93.76	16.18	1.50	65.00	176.44
Vermont	78.86	15.69	—	11.94	106.49
Total Owned — Operated	1,316.09	347.34	4.15	665.36	2,332.94
TRACK LEASED					
Massachusetts	71.20	52.40	—	59.28	182.88
New Hampshire	69.08	—	—	14.83	83.91
Vermont	.90	—	—	10.54	11.44
Total Leased — Operated	141.18	52.40	—	84.65	278.23
OPERATED UNDER TRACKAGE RIGHTS					
Massachusetts	19.80	.24	—	—	20.04
New Hampshire	24.89	—	—	—	24.89
Maine	3.53	3.53	—	—	7.06
New York	—	7.90	.99	—	8.89
Vermont	23.71	—	—	—	23.71
Total Trackage Rights	71.93	11.67	.99	—	84.59
TOTAL OPERATED					
Massachusetts	604.07	283.63	2.65	486.26	1,376.61
New Hampshire	681.63	67.56	—	164.60	913.79
Maine	46.27	20.45	—	11.67	78.39
New York	93.76	24.08	2.49	65.00	185.33
Vermont	103.47	15.69	—	22.48	141.64
Grand Total	1,529.20	411.41	5.14	750.01	2,695.76
Comparison with 1962:					
Change, percent	.13	.57	—	.29	.24
Change, miles	2.05	2.37	—	2.19	6.61

OPERATING EXPENSES

12-MONTH PERIOD ENDED
DECEMBER 31

ITEM	1963	1962	Increase or Decrease
MAINTENANCE OF WAY AND STRUCTURES:			
201 Superintendence.....	\$ 556,610	\$ 620,954	\$ 64,344
202 Roadway Maintenance.....	233,091	312,425	79,334
206 Tunnels and Subways.....	13,068	16,570	3,502
208 Bridges, Trestles and Culverts.....	150,930	147,209	3,721
212-A Ties — Cross.....	24,673	1,743	26,416
212-B Ties — Switch and Bridge.....	48,454	5,725	42,729
214 Rails.....	113,062	105,290	7,772
216 Other Track Material.....	264,932	234,359	30,573
218 Ballast.....	7,500	5,624	1,876
220 Track Laying and Surfacing.....	591,056	648,918	57,862
221 Fences, Snowsheds and Signs.....	23,586	23,792	206
227 Station and Office Buildings.....	157,389	188,909	31,520
229 Roadway Buildings.....	21,746	24,248	2,502
231 Water Stations.....	8	79	71
233 Fuel Stations.....	4,079	5,180	1,101
235 Shops and Enginehouses.....	156,002	153,776	2,226
237 Grain Elevators.....	9,112	6,115	2,997
247 Communication Systems.....	125,296	93,090	32,206
249 Signals and Interlockers.....	534,298	538,994	4,696
253 Power Plants.....	10,927	851	10,076
257 Power — Transmission Systems.....	26,268	31,781	5,513
269 Roadway Machines.....	231,752	155,498	76,254
270 Dismantling Retired Property.....	71,060	39,388	31,672
271 Small Tools and Supplies.....	220,008	190,176	29,832
272 Removing Snow, Ice and Sand.....	348,822	294,547	54,275
273 Public Improvements — Maintenance.....	188,506	148,182	40,324
274 Injuries to Persons.....	144,736	119,215	25,521
275 Insurance.....	19,894	63,763	83,657
276 Stationery and Printing.....	22,032	16,296	5,736
277 Health and Welfare.....	53,621	154,983	101,362
282 Other Expenses.....	310,642	321,278	10,636
Total of Above Accounts.....	\$4,643,372	\$4,665,472	\$ 22,100
Joint Facilities:			
278 Tracks, Yards, etc. — Dr.:			
Portland Terminal Company.....	\$ 324,430	\$ 345,882	\$ 21,452
All Other.....	166,017	169,075	3,058
Total Debit.....	\$ 490,447	\$ 514,957	\$ 24,510
279 Tracks, Yards, etc. — Cr.:			
Portland Terminal Company.....	\$ 3,892	\$ 240	\$ 3,652
All Other.....	47,872	44,671	3,201
Total Credit.....	\$ 51,764	\$ 44,911	\$ 6,853
Total Net Debit.....	\$ 438,683	\$ 470,046	\$ 31,363
TOTAL EXPENDED.....	\$5,082,055	\$5,135,518	\$ 53,463
Depreciation, Retirements, Etc.:			
266 Road Property.....	\$1,614,569	\$1,587,391	\$ 27,178
267 Retirements.....	184,910	142,493	42,417
280 Equalization — Ties, Rails, etc.....	—	—	—
Total.....	\$1,799,479	\$1,729,884	\$ 69,595
TOTAL MAINTENANCE OF WAY AND STRUCTURES.....	\$6,881,534	\$6,865,402	\$ 16,132
Ratio.....	10.82%	10.72%	.10%

OPERATING EXPENSES

ITEM	12-MONTH PERIOD ENDED DECEMBER 31		Increase or Decrease	
	1963	1962		
MAINTENANCE OF EQUIPMENT:				
301	Superintendence.....	\$ 406,994	\$ 399,596	\$ 7,398
302	Shop Machinery.....	86,246	90,293	4,047
304	Power Plant Machinery.....	42,667	37,299	5,368
306	Dis. Ret. Shop & Pow.-Plt. Mach.....	—	—	—
311	Diesel Locomotives — Repairs.....	2,179,253	2,260,258	81,005
314	Freight-Train Cars — Repairs.....	1,808,281	1,693,597	114,684
317	Passenger-Train Cars — Repairs.....	1,130,984	1,037,363	93,621
326	Work Equipment — Repairs.....	64,405	59,329	5,076
328	Miscellaneous Equipment — Repairs.....	111,204	181,078	69,874
329	Dismantling Retired Equipment.....	8	5,782	5,774
332	Injuries to Persons.....	144,736	119,396	25,340
333	Insurance.....	171,768	183,467	11,699
334	Stationery and Printing.....	9,461	8,941	520
335	Health and Welfare.....	138,023	139,361	1,338
339	Other Expenses.....	20,348	23,299	2,951
	Total.....	\$6,314,378	\$6,239,059	\$ 75,319
Joint Facilities:				
336	Equipment Expenses — Dr.:			
	Portland Terminal Company.....	\$ 110,792	\$ 103,194	\$ 7,598
	All Other.....	14,293	14,115	178
	Total Debit.....	\$ 125,085	\$ 117,309	\$ 7,776
337	Equipment Expenses — Cr.....	\$ 9,265	\$ 10,892	\$ 1,627
	Total Net Debit.....	\$ 115,820	\$ 106,417	\$ 9,403
	TOTAL EXPENDED.....	\$6,430,198	\$6,345,476	\$ 84,722
Depreciation & Retirements, etc.:				
305	Shop & Pow.-Plant Mach.....	\$ 56,135	\$ 56,400	\$ 265
330	Retirements.....	9,206	15,737	6,531
331	Equipment.....	2,729,932	2,773,961	44,029
338	Equalization — Destroyed Cars.....	—	—	—
	Total.....	\$2,776,861	\$2,814,624	\$ 37,763
	TOTAL MAINT. OF EQUIPMENT.....	\$9,207,059	\$9,160,100	\$ 46,959
	Ratio.....	14.48%	14.30%	.18%
TRAFFIC:				
351	Superintendence.....	\$ 524,018	\$ 537,915	\$ 13,897
352	Outside Agencies.....	530,490	663,995	133,505
353	Advertising.....	28,203	28,646	443
354	Traffic Associations.....	55,330	72,831	17,501
356	Industrial Bureau.....	118,422	138,182	19,760
357	Insurance.....	328	390	62
358	Stationery and Printing.....	68,005	54,337	13,668
359	Health and Welfare.....	24,882	33,710	8,828
360	Other Expenses.....	6,680	10,047	3,367
	TOTAL TRAFFIC.....	\$1,356,358	\$1,540,053	\$ 183,695
	Detail: Passenger Department.....	\$ 27,138	\$ 25,981	\$ 1,157
	Freight Department.....	1,179,236	1,332,133	152,897
	Industrial Department.....	118,422	138,182	19,760
	Unassigned.....	31,562	43,757	12,195
	Ratio.....	2.13%	2.40%	.27%
TRANSPORTATION:				
Supervision:				
371	Superintendence.....	\$1,689,680	\$1,650,047	\$ 39,633
372	Dispatching Trains.....	316,002	309,372	6,630
	Total.....	\$2,005,682	\$1,959,419	\$ 46,263
Station Service:				
373-A	Agents, Clerks and Attendants.....	\$1,509,848	\$1,563,518	\$ 53,670
373-B	Labor at Stations.....	456,165	469,760	13,595
374	Weighing, Insp. & Demurrage Bureaus.....	22,178	23,180	1,002
376	Supplies and Expenses.....	406,256	454,001	47,745
	Total.....	\$2,394,447	\$2,510,459	\$ 116,012
Yard Train Service:				
377	Yardmasters and Clerks.....	\$1,472,217	\$1,432,556	\$ 39,661
378	Conductors and Brakemen.....	2,833,218	2,881,371	48,153
379	Switch and Signal Tenders.....	183,983	174,749	9,234
380	Enginemen.....	1,565,724	1,619,722	53,998
382	Switching Fuel.....	176,103	169,973	6,130

OPERATING EXPENSES

ITEM	12-MONTH PERIOD ENDED DECEMBER 31			
	1963	1962	Increase or Decrease	
TRANSPORTATION (Continued)				
385	Water for Locomotives	\$ 185	\$ 174	\$ 11
386	Lubricants for Locomotives	22,263	16,051	6,212
387	Other Supplies for Locomotives	6,824	7,403	579
388	Enginehouse Expenses	153,245	148,995	4,250
389	Supplies and Expenses	277,088	190,234	86,854
	Total	\$ 6,690,850	\$ 6,641,228	\$ 49,622
Passenger Train Service:				
392	Enginemen	\$ 1,220,201	\$ 974,173	\$ 246,028
394	Fuel	357,213	314,719	42,494
397	Water for Locomotives	266	586	120
398	Lubricants for Locomotives	10,433	9,166	1,267
399	Other Supplies for Locomotives	1,936	4,502	2,566
400	Enginehouse Expenses	45,587	76,710	31,123
401	Trainmen	1,624,228	1,429,464	194,764
402	Supplies and Expenses	945,052	919,397	25,655
403	Operating Sleeping Cars	40,030	32,296	7,734
	Total	\$ 4,244,414	\$ 3,760,041	\$ 484,373
Freight Train Service:				
392	Enginemen	\$ 1,918,771	\$ 1,965,012	\$ 46,241
394	Fuel	1,362,667	1,389,791	27,124
397	Water for Locomotives	624	228	396
398	Lubricants for Locomotives	118,898	91,442	27,456
399	Other Supplies for Locomotives	40,234	35,504	4,730
400	Enginehouse Expenses	810,130	828,133	18,003
401	Trainmen	2,661,584	2,713,366	51,782
402	Supplies and Expenses	1,089,728	1,029,451	60,277
	Total	\$ 8,002,636	\$ 8,052,927	\$ 50,291
	Total Train Service	\$12,247,050	\$11,812,968	\$ 434,082
Miscellaneous:				
404	Signal and Interlocker	\$ 715,577	\$ 770,019	\$ 54,442
405	Crossing Protection	533,535	663,615	130,080
406	Drawbridge	108,118	108,386	268
407	Communication System	99,159	85,579	13,580
409	Health and Welfare	406,081	408,616	2,535
410	Stationery and Printing	152,793	122,749	30,044
411	Other Expenses	218,954	129,569	89,385
414	Insurance	257,444	253,391	4,053
	Total	\$ 2,491,661	\$ 2,541,924	\$ 50,263
Casualties:				
415	Clearing Wrecks	\$ 191,492	\$ 100,786	\$ 90,706
416	Damage to Property	30,134	18,055	12,079
417	Damage to Livestock	—	—	—
418	Loss and Damage — Freight	984,657	987,964	3,307
419	Loss and Damage — Baggage	1,806	11,348	9,542
420	Injuries to Persons	661,830	520,509	141,321
	Total	\$ 1,869,919	\$ 1,638,662	\$ 231,257
Joint Facilities:				
390	Yards and Terminals — Debit:			
	Portland Terminal Company	\$ 1,293,921	\$ 1,236,379	\$ 57,542
	All Other	810,442	850,158	39,716
	Total Debit	\$ 2,104,363	\$ 2,086,537	\$ 17,826
391	Yards and Terminals — Credit:	\$ 391,096	\$ 418,134	\$ 27,038
412	Tracks and Facilities — Debit:			
	Portland Terminal Company	\$ 10,000	\$ 10,000	\$ —
	All Other	31,426	34,684	3,258
	Total Debit	\$ 41,426	\$ 44,684	\$ 3,258
413	Tracks and Facilities — Credit:	\$ 37,003	\$ 44,860	\$ 7,857
	Total Net Debit	\$ 1,717,690	\$ 1,668,227	\$ 49,463
	TOTAL TRANSPORTATION	\$29,417,299	\$28,772,887	\$ 644,412
	Ratio	46.25%	44.93%	1.32%

OPERATING EXPENSES

ITEM	12-MONTH PERIOD ENDED DECEMBER 31		Increase or Decrease
	1963	1962	
MISCELLANEOUS AND GENERAL:			
443 Grain Elevators	\$ 58,572	\$ 31,219	\$ 27,353
449 Health and Welfare	1,250	668	582
451 Salaries & Expenses of Officers	351,358	429,323	77,965
452 Salaries & Expenses of Clerks	1,349,634	1,322,697	26,937
453 Office Supplies and Expenses	258,635	297,502	38,867
454 Law Expenses	415,068	476,445	61,377
455 Insurance	3,844	3,170	674
456 Health and Welfare	78,611	82,817	4,206
457 Pensions and Gratuities	275,601	269,594	6,007
458 Stationery and Printing	76,683	84,387	7,704
460 Other Expenses	150,127	133,766	16,361
Total	\$ 3,019,383	\$ 3,131,588	\$ 112,205
Joint Facilities:			
461 General — Debit:			
Portland Terminal Company	\$ 73,428	\$ 69,640	\$ 3,7
All Other	4,340	1,608	2,732
Total Debit	\$ 77,768	\$ 71,248	\$ 6,520
462 General — Credit	\$ 490	\$ 520	\$ 30
Total Net Debit	\$ 77,278	\$ 70,728	\$ 6,550
TOTAL MISCELLANEOUS AND GENERAL	\$ 3,096,661	\$ 3,202,316	\$ 105,655
Ratio	4.87%	5.01%	.14%
GRAND TOTAL RY. OPER. EXPENSES	\$49,958,911	\$49,540,758	\$ 418,153
Operating Ratio	78.55%	77.36%	1.19%

TRAIN MILEAGE

12-MONTH PERIOD ENDED
DECEMBER 31

	1963	1962	Increase or Decrease
Freight Train Miles.....	2,502,296	2,577,536	75,240
Passenger Train Miles:			
Diesel Trains.....	213,778	322,120	108,342
Budd Trains.....	3,079,900	2,145,814	934,086
Talgo Train.....	33,339	18,744	14,595
Total Passenger Train Miles	3,327,017	2,486,678	840,339
Work Train Miles.....	32,502	26,575	5,927
TOTAL TRAIN MILES	5,861,815	5,090,789	771,026

OPERATING STATISTICS

FREIGHT TRAIN SERVICE:

Gross Ton Miles (000) Cars and Contents.....	6,332,533	6,676,890	344,357
Net Ton Miles (000).....	2,617,642	2,813,868	196,226
Train Hours.....	159,949	159,936	13
Loaded Cars per Train.....	32.9	33.9	1.0
Empty Cars per Train.....	23.3	23.3	—
Total Cars per Train.....	56.2	57.2	1.0
Gross Tons per Train.....	2,540	2,600	60
Net Tons per Train.....	1,050	1,096	46
Net Tons per Loaded Car.....	31.9	32.3	0.4
Per Cent Loaded of Total Car Miles.....	58.5	59.2	0.7
Train Miles per Train Hour.....	15.6	16.1	0.5
Gross Ton Miles per Train Hour.....	39,591	41,747	2,156

FUEL CONSUMPTION

	GALLONS		
Freight Service:			
Fuel Oil per 1000 G. T. M.....	1.86	1.83	.03
Passenger Service:			
Budd Cars — Fuel Oil per Car Mile.....	0.56	0.63	.07
Yard Service:			
Fuel Oil per Switching Locomotive Hour.....	7.06	6.57	.49

Miles per Locomotive Day:

Serviceable Road Freight Locomotives.....	110.4	113.0	2.6
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Miles per Budd Car Day:

Serviceable Budd Cars.....	127.3	105.8	21.5
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Car Miles per Freight Car Day:

Serviceable Freight Cars.....	43.8	45.2	1.4
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REVENUE AND OTHER STATISTICS

Miles Operated — Total Transportation Service.....	1531	1541	10
Miles Operated — Freight Service.....	1525	1535	10
Miles Operated — Passenger Service.....	608	614	6
Gross Revenues per Mile of Road.....	\$41,541	\$41,558	\$ 17
Expenses per Mile of Road.....	32,632	32,148	484
Net Revenues per Mile of Road.....	8,909	9,409	500
Passenger Revenue per Mile of Road (Passenger Service).....	8,237	7,520	717
Freight Revenue per Mile of Road (Freight Service).....	34,210	35,784	1574
Passenger Revenue per Passenger Train Mile*.....	1.86	2.40	0.54
Freight Revenue per Freight Train Mile.....	20.85	21.31	0.46

FREIGHT:

Number of Tons of Freight Carried.....	15,295,138	16,511,000	1,215,862
Tons Carried One Mile.....	2,602,246,043	2,796,537,273	194,291,230
Average Distance Each Ton Carried — Miles.....	170.1	169.4	0.7
Average Amount Received for Each Ton.....	\$3.41	\$3.32	\$ 0.09
Average Amount Received for Each Ton per Mile.....	2.005¢	1.960¢	0.045¢

PASSENGER:

Number of Revenue Passengers Carried.....	7,118,535	5,472,620	1,645,965
Number of Revenue Passengers Carried One Mile.....	140,243,668	127,803,343	12,440,325
Average Distance Each Passenger Carried — Miles.....	19.7	23.4	3.7
Average Amount Received from Each Passenger.....	\$0.70	\$0.84	\$ 0.14
Average Amount Received from Passenger per Mile.....	3.57¢	3.61¢	0.04¢

* Includes Mail, Express and Milk Revenues.

Mileage, fuel consumption, revenue and other statistics relating to passenger service include effect of the Mass Transportation Commission passenger demonstration program.

ASSETS

CURRENT ASSETS:

701	Cash	\$ 2,237,953	
702	Temporary Cash Investments	712,585	
703	Special Deposits:		
	Interest Matured Unpaid	134,049	
	Dividends Matured Unpaid	2,454	
	Miscellaneous	1,454	
704	Loans and Notes Receivable	123,000	
706	Net Balance Receivable from Agents and Conductors	2,101,790	
707	Miscellaneous Accounts Receivable	2,082,879	
708	Interest and Dividends Receivable	17,824	
709	Accrued Accounts Receivable	1,276,403	
710	Working Fund Advances	218,957	
711	Prepayments	356,397	
712	Material and Supplies	2,814,103	
713	Other Current Assets	51,263	
	Total		\$ 12,131,111

SPECIAL FUNDS:

715	Sinking Funds	4,117	
716	Capital and Other Reserve Funds:		
	Deposit with Trustee of Equipment Trust Certificate Series 1	52,856	
	Deposits with Trustee in Lieu of Mortgaged Property Sold	51,200	
	Miscellaneous	85,292	
717	Insurance and Other Funds:		
	Investment in Stock of Leased Lines — Pledged (Market value \$2,659,728)	3,514,840	
	Cash	79,640	
	Miscellaneous	238,022	
	Total		4,025,967

INVESTMENTS:

721	Investments in Affiliated Companies — \$1,301,126 Pledged	2,918,475	
722	Other Investments — \$633,404 Pledged	1,478,832	
	Total		4,397,307

PROPERTIES:

731	Road	157,761,262	
	Equipment	73,575,939	
	General Expenditures	11,042,062	
732	Improvements on Leased Property	11,137,242	
	Total	253,516,505	
735-A	Accrued Depreciation — Road	7,754,166	
735-B	Accrued Depreciation — Equipment	22,317,668	
736-B	Accrued Amortization of Defense Projects — Equipment	1,460,228	
	Total	31,532,062	
	Transportation Property Less Depreciation and Amortization		221,984,443
737	Miscellaneous Physical Property	2,735,888	
738	Accrued Depreciation — Miscellaneous Physical Property	275,122	
	Miscellaneous Physical Property Less Depreciation		2,460,766

OTHER ASSETS AND DEFERRED CHARGES:

741	Other Assets	2,373,498	
742	Unamortized Discount on Long-Term Debt	342,350	
743	Other Deferred Charges	710,620	
	Total		3,426,468
	TOTAL — ASSETS		\$248,426,062

DECEMBER 31, 1963

LIABILITIES AND CAPITAL

CURRENT LIABILITIES:

752	Traffic and Car Service Balances	\$ 2,689,805	
753	Audited Accounts and Wages Payable	5,469,424	
754	Miscellaneous Accounts Payable	780,594	
755	Interest Matured Unpaid	134,079	
756	Dividends Matured Unpaid	2,454	
757	Unmatured Interest Accrued	1,364,717	
759	Accrued Accounts Payable	4,817,868	
760	Federal Income Taxes Accrued	183,909	
761	Other Taxes Accrued	4,019,593	
763	Other Current Liabilities	584,718	
	Total		\$ 20,047,161

DEBT DUE WITHIN ONE YEAR:

764	Equipment Trust Series 1	1,234,000	
	Conditional Sales	2,105,435	
	1st Mtge. Series SS 6% Bonds due August 1, 1964	959,484	
	Collateral Trust and Notes	366,667	
	Total		4,665,586

LONG-TERM DEBT:

With Fixed Interest:			
765	1st Mtge. Series SS 6% Bonds due August 1, 1965	44,136,264	
	1st Mtge. Series AC 5% Bonds due September 1, 1967	2,424,000	
	Collateral Trust 5%, due Serially to June 1, 1974	1,900,000	
	Collateral Trust 5%, due Serially to January 1, 1976	3,000,000	
	Collateral Note 4 $\frac{1}{8}$ %, due Serially to July 1, 1965	675,000	
	Collateral Note 5%, due Serially to October 15, 1977	866,667	
	Collateral Note 4 $\frac{3}{4}$ %, due July 1966	1,000,000	
	Conditional Sales — Road, due Serially to April 1, 1967	317,457	
766	Equipment Trust Series 1, due Serially to March 1, 1971	8,638,000	
	Conditional Sales — Equipment, due Serially to October 1, 1969	5,568,049	
	Total	68,525,437	
With Contingent Interest:			
765	2nd Mtge. Series A 4 $\frac{1}{2}$ % Income Bonds due July 1, 1970	18,826,500	
Non-Interest Bearing:			
769	Amounts Payable to Affiliated Companies	790,123	
	Total		88,142,060(A)

RESERVES:

771	Pension and Welfare	108,394	
774	Casualty and Other	859,961	
	Total		968,355

OTHER LIABILITIES AND DEFERRED CREDITS:

782	Other Liabilities	15,807,813	
784	Other Deferred Credits	547,621	
785	Accrued Depreciation — Leased Property	2,196,908	
	Total		18,552,342

CAPITAL:

Stock:			
791	Outstanding:		
	Common, No Par — Issued (Excludes 4,249 shares in Treasury)	58,931,125	
	Preferred, \$100 Par — Issued (Excludes 5,266 shares in Treasury)	23,919,300	
	Total	82,850,425	
795	Paid-in Surplus	25,889,993	
797	Retained Income — Appropriated	2,835,160	
798	Retained Income — Unappropriated	4,474,980	
	Total Capital		116,050,558

TOTAL LIABILITIES AND CAPITAL		\$248,426,062
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(A) Excludes Treasury Holdings, Bonds deposited with Trustee and Bonds pledged.

EQUIPMENT AND ROAD PROPERTY OBLIGATIONS
DECEMBER 31, 1963

Description	Interest Rate	Amount Outstanding 12-31-63	Principal Payable During 1964	Final Maturity	Equipment and Road Property Covered
<i>Equipment Obligations</i>					
Equipment Trust Certificates					
1956 #1	4½% 6%	\$ 6,096,000 3,776,000	\$ 762,000 472,000	1971	34 Rail Diesel Passenger and 1574 Box Cars, 326 Hopper Cars and 100 Flat Cars.
Conditional Sale Contracts — Equipment Dated					
6- 1-54	3½%	90,000	90,000	1964	42 Diesel Electric Road Switching Locomotives. 4 Diesel Electric Road Freight Locomotives. 64 Diesel Switching Locomotives. 3 Rail Diesel Passenger Cars
10- 1-54	3¾%	1,077,500	862,000	1965	10 Diesel Electric Road Switching Locomotives. 55 Rail Diesel Passenger Cars. 4 Railway Sleeping Cars.
11- 1-54	4%	229,172	39,856	1969	50 Diesel Electric Road Switching Locomotives.
10-16-56	5.91%	4,087,754	449,532	1969	3 Rail Diesel Passenger Cars.
3- 1-57	5¼%	125,892	41,964	1967	2 Speed Swing Loaders.
4- 1-61	6%	4,763	4,763	1964	6 Diesel Electric Road Switching Locomotives.
9-29-61	5½%	622,868	80,370	1971	65 Hopper Cars.
12- 1-61	6%	30,406	30,406	1964	50 Steel Highway Van Trailers.
4-17-62	6%	211,667	63,500	1967	4 Snow Blowers.
10-16-62	6%	18,000	18,000	1964	50 Highway Van Trailers.
7- 8-63	6½%	231,871	50,590	1968	50 Highway Van Trailers.
7-25-63	6½%	236,087	50,590	1968	50 Highway Van Trailers.
8- 8-63	6½%	240,303	50,590	1968	50 Highway Van Trailers.
8-26-63	6½%	244,518	50,590	1968	50 Highway Van Trailers.
Total Equipment Obligations		\$17,322,801	\$3,116,751		
<i>Road Property Obligations</i>					
Conditional Sale Contracts — Road Property Dated					
11-10-59	5¼%	\$ 85,867	\$ 44,800	1965	Centralized Traffic Control System, Dover, N. H.
10-17-60	—	9,404	5,374	1965	4 Industrial Lift Trucks
10-14-60	—	13,147	6,860	1965	4 Industrial Lift Trucks with Forks.
3-16-61	6%	1,473	1,473	1964	1 Jack-Spot Tamper.
5-31-61	6%	21,958	15,500	1965	1 Mobile Gantry Crane.
6-20-61	6%	29,513	19,675	1965	1 Mobile Gantry Crane
8- 1-61	5¼%	239,412	75,200	1967	Centralized Traffic Control System, Greenfield, Mass. — Johnsonville, N. Y.
8-24-62	6%	11,500	11,500	1964	Land (acquired), Lowell, Mass.
2-18-63	5%	24,167	—	1965	Purchase of Lowell, Mass. Station.
7- 3-63	7½%	103,700	42,303	1966	Automation of 3 McWilliams Tampers.
Total Equipment and Road Property Obligations		\$17,862,942	\$3,339,436		
Payments Maturing in Years Ending December 31					
1964		\$3,339,436	1967		\$ 1,314,370
1965		2,839,314	1968		1,294,278
1966		2,652,214	1969		1,536,072
				Total	\$17,862,942

ROAD AND EQUIPMENT CHANGES

ITEM	Balance at Beginnings of Year, 1963	Net Additions & Betterments or Retirements, Jan. 1-Dec. 31,	Current Balance, Dec. 31, 1963
ROAD (Accounts 731 and 732):			
1 Engineering	\$ 6,520,228	\$ 8,770	\$ 6,528,998
2 Land for Transportation Purposes	12,738,674	3,096,250	9,642,424
2½ Other Right-of-Way Expenditures	30,850	4,741	26,109
3 Grading	34,405,214	31,705	34,373,509
5 Tunnels and Subways	4,182,606	12,874	4,195,480
6 Bridges, Trestles and Culverts	26,828,980	494,010	26,334,970
8 Ties	5,676,487	201,956	5,878,443
9 Rails	12,172,779	1,785,335	10,387,444
10 Other Track Material	10,130,582	1,349,212	8,781,370
11 Ballast	8,413,225	315,628	8,097,597
12 Track Laying and Surfacing	7,444,774	210,269	7,655,043
13 Fences, Snowsheds and Signs	1,355,468	50,079	1,405,547
16 Station and Office Buildings	8,719,680	960,631	9,680,311
17 Roadway Buildings	208,785	26,228	235,013
18 Water Stations	87,863	20,673	108,536
19 Fuel Stations	609,610	30,038	639,648
20 Shops and Enginehouses	7,482,160	222,361	7,259,799
21 Grain Elevators	1,699	1,095	2,794
23 Wharves and Docks	140,091	77,509	62,582
26 Communication Systems	821,943	32,021	789,922
27 Signals and Interlockers	16,444,278	319,063	16,125,215
29 Power Plants	344,511	14,360	358,871
31 Power Transmission Systems	1,192,217	84,532	1,276,749
35 Miscellaneous Structures	78,575	9,814	68,761
37 Roadway Machines	1,896,059	748,341	2,644,400
38 Roadway Small Tools	313,415	109,385	204,030
39 Public Improvements — Construction	6,833,402	296,106	7,129,508
44 Shop Machinery	1,451,386	29,835	1,481,221
45 Power Plant Machinery	849,119	16,547	865,666
TOTAL	\$177,374,660	\$5,134,700	\$172,239,960
EQUIPMENT:			
52 Diesel Electric Locomotives	30,639,207	482,878	30,156,329
53 Freight Cars	20,352,210	104,606	20,247,604
54 Passenger Cars			
Talgo	779,776	155,954	623,822
Milk	815,393	—	815,393
Pullman	758,195	—	758,195
Budd	18,238,009	—	18,238,009
57 Work	1,306,134	6,035	1,300,099
58 Miscellaneous	961,600	474,889	1,436,489
Equipment Obligations to Leased Lines	669,189	669,189	—
TOTAL	\$ 73,181,335	\$ 394,605	\$ 73,575,940
GENERAL:	668,996	8,271,332	8,940,328
OTHER ELEMENTS OF INVESTMENT	—	1,239,723	1,239,723
GRAND TOTAL	\$251,224,991	\$2,291,514	\$253,516,505