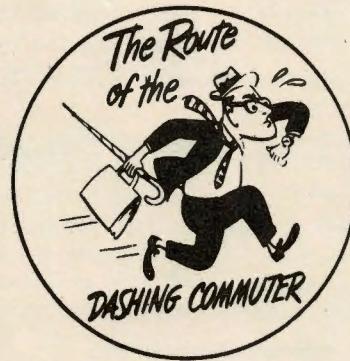


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1961

EIGHTIETH ANNUAL REPORT



THE LONG ISLAND RAIL ROAD  
COMPANY

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## DIRECTORS

DAVID C. BEVAN	
<i>Vice President—Finance, The Pennsylvania Railroad Company</i>	Philadelphia
FRED CARPI	
<i>Vice President—Sales, The Pennsylvania Railroad Company</i>	Philadelphia
GEORGE CUSHMAN	
<i>Treasurer and General Manager, Long Island Produce &amp; Fertilizer Co.</i>	Riverhead
ERROL W. DOEBLER	
<i>Chairman of the Board, Long Island Lighting Co.</i>	Mineola
WALTER S. FRANKLIN	
<i>Former President, The Long Island Rail Road Company</i>	Philadelphia
THOMAS M. GOODFELLOW	
<i>President and General Manager, The Long Island Rail Road Company</i>	Jamaica
ALLEN J. GREENOUGH	
<i>President, The Pennsylvania Railroad Company</i>	Philadelphia
CARLETON S. HARLOFF	
<i>President, Phelps Dodge Refining Corporation</i>	New York
JAMES P. NEWELL	
<i>Vice President—Operations, The Pennsylvania Railroad Company</i>	Philadelphia
CARLETON H. PALMER	
<i>Retired</i>	New York
GEORGE E. ROOSEVELT	
<i>Partner, Roosevelt and Son</i>	New York
ARTHUR T. ROTH	
<i>Chairman of the Board, Franklin National Bank</i>	Franklin Square
ARTHUR C. SCHIER	
<i>Vice President—Traffic, General Foods Corporation — Retired</i>	Manhasset
JACK I. STRAUS	
<i>Chairman of the Board, R. H. Macy &amp; Company, Inc.</i>	New York
TRACY S. VOORHEES	
<i>Lawyer</i>	Brooklyn

## OFFICERS

PRESIDENT AND GENERAL MANAGER	THOMAS M. GOODFELLOW
*VICE PRESIDENT - PASSENGER	HENRY A. WEISS
*VICE PRESIDENT - CHIEF ENGINEER	FRANK AIKMAN, JR.
*VICE PRESIDENT - PUBLIC RELATIONS	JAMES A. SCHULTZ
GENERAL COUNSEL	OTTO M. BUERGER
CHIEF MECHANICAL OFFICER	PHILIP H. HATCH
SECRETARY AND TREASURER	JOSEPH N. KANZLER
COMPTROLLER	RUSSELL I. KISTLER
SUPERINTENDENT OF TRANSPORTATION	RUSSELL D. SPORE
MANAGER OF PROPERTY AND PURCHASES	CHARLES H. STOUTENBURGH
*GENERAL MANAGER - FREIGHT	MILTON C. MARQUET
MANAGER OF PERSONNEL	THOMAS F. KUSTES
MANAGER OF RESEARCH	ROBERT A. PATTERSON
AUDITOR OF DISBURSEMENTS	JOSEPH T. CUNNINGHAM

\*Effective January 1, 1962

1961

## EIGHTIETH ANNUAL REPORT

### THE LONG ISLAND RAIL ROAD COMPANY

JAMAICA, N.Y., MARCH 8, 1962

Early-year prospects of a sizable deficit in 1961 were erased by additional financial assistance from the State and local communities and by a gradual improvement in our passenger business. As a result, we ended the year with a net income of \$587,165.

This was a distinct improvement over the deficit of \$1,140,148 in 1960, when both passenger and freight revenues dropped sharply as a result of the opening of a new sector of the Long Island Expressway soon after the end of two strikes. But the results still fell \$1.5 million short of the net income we should have had to cover the 1961 portion of our \$65 million rehabilitation program. Furthermore, there would have been a sizable deficit had we been required to pay interest on our funded debt, amounting to \$2,092,100 a year, which has been waived by the Pennsylvania Railroad during the 12-year redevelopment plan.

Biggest factor in changing the deficit outlook was passage by the Legislature last March of two bills to provide additional assistance for the State's commuter railroads. One of these bills further reduced our real estate taxes, saving us \$933,000 during the last six months of the year. This law is expected to produce full-year savings of \$1,938,000 in 1962.

The other bill — a piece of permissive legislation that makes it possible for Nassau and Suffolk counties and the City of New York to assume the costs of operating passenger stations in their areas — so far has fallen far short of generating the \$1.1 million a year savings the Legislature had envisioned. Nassau County agreed to go along with the program and reimbursed us \$228,345 for our station expenses during the last half of the year. But at year's end, neither Suffolk nor the City had agreed to follow suit.

There was a slow but satisfactory recovery in our passenger business. By the end of the year, we had pulled almost back to our pre-strike passenger volume, and indications were that even this loss would be erased early in 1962.

Passengers carried during the year totaled 69,102,133, compared with 64,378,591 in 1960 and 73,934,636 in 1959. This enabled us to maintain our long-held position as the Nation's busiest passenger railroad by a margin of more than 23 million riders.

Meanwhile, largely as a result of fare increases in December, 1959, and September, 1960, passenger revenue climbed to \$58,124,509 during the year, compared with \$51,233,956 in 1960 and \$54,331,710 in 1959.

Our commuter bar operations were stepped up sharply. By the end of the year, there were 13 bar cars in service. They produced revenues of \$240,000 for the year. Our program of group travel and weekend tours also continued to grow. An estimated 83,000 passengers were handled in 1,543 such moves, producing revenue of \$106,853, compared with \$81,805 the year before.

Unlike our passenger business, freight failed to make the comeback we had hoped for. Freight revenue for the year dropped to \$9,958,624, compared with \$10,422,055 in 1960 and \$12,525,910 in 1959. Twenty new sidings were placed in service during the year for new or expanding industries, and it is hoped they will help offset this declining trend.

A program was started at our Morris Park shops to upgrade many of our cars. The shops also spruced up 25 parlor cars we had purchased at scrap prices for use in our new Route of the Weekend Chief service to eastern Long Island summer resorts.

The finishing touches were put on automation in our Purchasing and Stores operations, making it possible for machines to order the thousand-and-one things we need to run a railroad. Meanwhile, our real estate people shifted into high gear in their program to sell or lease air rights over the right of way. This program is expected to gain momentum from a property trade with the PRR in the Sunnyside Yard area that now gives us ownership of all the land we use there.

Despite what the U.S. Weather Bureau described as the worst winter in its history, we were able to chalk up an on-time record of 97.6 per cent during the year — a slight improvement over 1960 and by far the best performance of any railroad serving the New York area.

Our railroad family became even closer knit as the purchasing, freight claims and additional accounting functions were transferred here from Philadelphia. Employees averaged 6,436 during the year. Their salaries and wages totaled \$42,684,418. Once again, payrolls and payroll taxes were by far our largest item of expenditure.

Despite all our problems, the people of Long Island continued to give us an overwhelming vote of confidence that we were trying hard — and succeeding rather well — in giving them the best possible suburban transportation service.

In a move to broaden and strengthen our management team, the Board of Directors in December elected Henry A. Weiss, vice president - passenger; Frank Aikman, Jr., vice president - chief engineer; James A. Schultz, vice president - public relations, and Milton C. Marquet, general manager - freight.

BY ORDER OF THE BOARD

*Thomas M. Goodfellow*

THOMAS M. GOODFELLOW, PRESIDENT

## INCOME STATEMENT OF THE LONG ISLAND RAIL ROAD COMPANY

YEAR ENDED DECEMBER 31, 1961 COMPARED WITH 1960

		1961	1960	INCREASE OR DECREASE
RAILWAY OPERATING REVENUES	Freight .....	\$ 9,958,623.77	\$10,422,054.85	D\$ 463,431.08
	Passenger .....	58,124,509.58	51,233,955.68	I 6,890,553.90
	Mail .....	268,023.62	231,359.53	I 36,664.09
	Express .....	Dr. 74,820.14	552,265.20	D 627,085.34
	All other .....	1,649,139.58	1,565,276.35	I 83,863.23
	<b>Total</b> .....	<b>69,925,476.41</b>	<b>64,004,911.61</b>	<b>I 5,920,564.80</b>
RAILWAY OPERATING EXPENSES	Maintenance of way and structures .....	9,188,819.17	9,071,843.94	I 116,975.23
	Maintenance of equipment .....	13,671,796.48	12,475,002.00	I 1,196,794.48
	Traffic .....	495,798.58	534,393.09	D 38,594.51
	Transportation .....	36,425,998.94	33,912,684.73	I 2,513,314.21
	General .....	2,783,218.50	2,539,774.42	I 243,444.08
	<b>Total</b> .....	<b>62,565,631.67</b>	<b>58,533,698.18</b>	<b>I 4,031,933.49</b>
NET REVENUE FROM RAILWAY OPERATIONS .....		<b>7,359,844.74</b>	<b>5,471,213.43</b>	<b>I 1,888,631.31</b>
TAX ACCRUALS	Railway taxes .....	1,258,401.61	1,684,393.48	D 425,991.87
	Unemployment insurance taxes .....	1,138,394.50	1,113,633.64	I 24,760.86
	Railroad retirement taxes .....	2,047,088.89	2,004,293.94	I 42,794.95
	<b>Total</b> .....	<b>4,443,885.00</b>	<b>4,802,321.06</b>	<b>D 358,436.06</b>
RAILWAY OPERATING INCOME .....		<b>2,915,959.74</b>	<b>668,892.37</b>	<b>I 2,247,067.37</b>
HIRE OF EQUIPMENT—DEBIT BALANCE .....		<b>2,109,812.93</b>	<b>2,266,386.82</b>	<b>D 156,573.89</b>
JOINT FACILITY RENTS—DEBIT BALANCE .....		Cr. 189,320.95	124,174.76	D 313,495.71
		<b>1,920,491.98</b>	<b>2,390,561.58</b>	<b>D 470,069.60</b>
NET RAILWAY OPERATING INCOME .....		<b>995,467.76</b>	<b>Def 1,721,669.21</b>	<b>I 2,717,136.97</b>
NON- OPERATING INCOME	Rent income .....	383,350.89	379,855.23	I 3,495.66
	Interest income .....	56,777.93	33,907.32	I 22,870.61
	Other income credits .....	131,206.89	1,386,475.40	D 1,255,268.51
	<b>Total</b> .....	<b>571,335.71</b>	<b>1,800,237.95</b>	<b>D 1,228,902.24</b>
INCOME AVAILABLE FOR FIXED AND OTHER CHARGES .....		<b>1,566,803.47</b>	<b>78,568.74</b>	<b>I 1,488,234.73</b>
DEDUCTIONS FROM GROSS INCOME	Rent for leased roads .....	210,000.00	210,000.00	.....
	Other rentals .....	58,047.11	75,797.59	D 17,750.48
	Tax accruals on other physical property .....	38,025.85	82,984.40	D 44,958.55
	Interest on funded debt .....	528,399.53	657,420.85	D 129,021.32
	Interest on unfunded debt .....	82,713.22	89,663.83	D 6,950.61
	Other income charges .....	62,452.27	102,850.21	D 40,397.94
	<b>Total</b> .....	<b>979,637.98</b>	<b>1,218,716.88</b>	<b>D 239,078.90</b>
NET INCOME* .....		<b>587,165.49</b>	<b>Def 1,140,148.14</b>	<b>I 1,727,313.63</b>

## STATEMENT OF RETAINED INCOME

	1961	1960	INCREASE OR DECREASE
DEBIT BALANCE, JANUARY 1 .....	\$17,597,822.75	\$17,852,935.95	D\$ 255,113.20
ADD: Loss for the year 1960 .....	.....	1,140,148.14	D 1,140,148.14
Miscellaneous debits .....	219,303.22	19,586.84	I 199,716.38
	<b>17,817,125.97</b>	<b>19,012,670.93</b>	<b>D 1,195,544.96</b>
DEDUCT: Profit for the year 1961 .....	587,165.49	.....	I 587,165.49
Miscellaneous credits .....	512,292.97	1,414,848.18	D 902,555.21
	<b>1,099,458.46</b>	<b>1,414,848.18</b>	<b>D 315,389.72</b>
DEBIT BALANCE, DECEMBER 31 .....	<b>16,717,667.51</b>	<b>17,597,822.75</b>	<b>D 880,155.24</b>

\*Net income, year 1961, under the Redevelopment Statute .. \$ 587,165  
Interest on Funded Debt waived by the Pennsylvania RR Co. .. 2,092,100

Deficit .. \$1,504,935

# BALANCE SHEET OF THE LONG ISLAND RAIL ROAD COMPANY

## ASSETS

	DECEMBER 31, 1961	DECEMBER 31, 1960	INCREASE OR DECREASE
<b>CURRENT ASSETS:</b>			
Cash .....	\$ 1,349,294.54	\$ 2,253,349.66	D \$ 904,055.12
Temporary cash investments .....	1,081,120.63	1,118,840.31	D 37,719.68
Net balance receivable from agents and conductors .....	1,274,847.22	1,599,689.20	D 324,841.98
Accounts and interest receivable .....	2,357,363.45	1,705,657.80	I 651,705.65
Materials and Supplies .....	1,703,027.19	1,731,345.04	D 28,317.85
<b>Total Current Assets</b> .....	<b>7,765,653.03</b>	<b>8,408,882.01</b>	<b>D 643,228.98</b>
<b>INSURANCE AND OTHER FUNDS</b> .....	<b>321,580.73</b>	<b>328,994.07</b>	<b>D 7,413.34</b>
<b>TRANSPORTATION PROPERTY</b> .....	<b>184,598,545.75</b>	<b>184,964,041.94</b>	<b>D 365,496.19</b>
Less: Accrued depreciation and amortization of defense projects .....	56,233,859.25	54,383,685.02	I 1,850,174.23
<b>Net Transportation Property</b> .....	<b>128,364,686.50</b>	<b>130,580,356.92</b>	<b>D 2,215,670.42</b>
<b>OTHER PHYSICAL PROPERTY</b> .....	<b>642,348.75</b>	<b>647,749.34</b>	<b>D 5,400.59</b>
<b>Net Properties</b> .....	<b>129,007,035.25</b>	<b>131,228,106.26</b>	<b>D 2,221,071.01</b>
<b>OTHER ASSETS INCLUDING ITEMS IN PROCESS OF ADJUSTMENT</b> .....	<b>1,599,941.30</b>	<b>1,492,163.01</b>	<b>I 107,778.29</b>
<b>Total Assets</b> .....	<b>138,694,210.31</b>	<b>141,458,145.35</b>	<b>D 2,763,935.04</b>

## LIABILITIES

	DECEMBER 31, 1961	DECEMBER 31, 1960	INCREASE OR DECREASE
<b>CURRENT LIABILITIES:</b>			
Traffic and car-service balances .....	\$ 3,554,590.34	\$ 4,074,320.16	D \$ 519,729.82
Accounts and interest payable .....	7,597,973.74	7,329,785.46	I 272,188.28
Tax liability .....	439,138.36	380,657.03	I 58,481.33
Other current liabilities .....	48,493.19	58,146.64	D 9,653.45
<b>*Total Current Liabilities</b> .....	<b>11,640,195.63</b>	<b>11,838,909.29</b>	<b>D 198,713.66</b>
<b>LONG TERM DEBT:</b>			
General mortgage 4% bonds Series "D" due August 12, 2004	39,930,000.00	39,930,000.00	.....
General mortgage 5% serial bonds Series "A" due Jan. 1, 1963-66 .....	1,665,000.00	2,082,000.00	D 417,000.00
General mortgage 5% serial bonds Series "B" due Jan. 1, 1963-66 .....	780,000.00	974,000.00	D 194,000.00
General mortgage 5% serial bonds Series "C" due August 12, 1968-79 .....	6,298,000.00	6,298,000.00	.....
Equipment trust certificate .....	1,264,000.00	1,896,000.00	D 632,000.00
Equipment-Conditional sales agreements .....	8,240,929.01	10,546,284.34	D 2,305,355.33
Interest certificate .....	9,507,482.00	9,507,482.00	.....
3% Note due August 12, 1968-79 .....	6,000,000.00	6,000,000.00	.....
Advances from State of New York-Grade crossing eliminations .....	3,428,434.42	3,688,172.86	D 259,738.44
<b>Total Long-Term Debt</b> .....	<b>77,113,845.43</b>	<b>80,921,939.20</b>	<b>D 3,808,093.77</b>
<b>OTHER LIABILITIES INCLUDING ITEMS IN PROCESS OF ADJUSTMENT</b> .....	<b>2,024,562.19</b>	<b>1,731,180.31</b>	<b>I 293,381.88</b>
<b>SHAREHOLDERS' EQUITY:</b>			
Capital stock issued (1,099,827 shares par value \$50. per share) (including \$35.50 scrip) .....	54,991,385.50	54,991,385.50	.....
Capital surplus .....	9,641,889.07	9,572,553.80	I 69,335.27
Retained income—Unappropriated—Debit balance .....	16,717,667.51	17,597,822.75	D 880,155.24
<b>Total Shareholders' Equity</b> .....	<b>47,915,607.06</b>	<b>46,966,116.55</b>	<b>I 949,490.51</b>
<b>Total Liabilities and Shareholders' Equity</b> .....	<b>138,694,210.31</b>	<b>141,458,145.35</b>	<b>D 2,763,935.04</b>

\*Exclusive of equipment obligations maturing within one year

2,757,495.33 2,937,355.33

## THE LONG ISLAND RAIL ROAD COMPANY

## PASSENGER TRAFFIC STATISTICS

	1961	1960	INCREASE OR DECREASE
Average mileage operated (passenger service) .....	323.61	323.61	
Passenger revenue .....	\$58,124,510	\$51,233,956	I \$6,890,554
Passenger train revenue .....	\$58,802,212	\$52,266,872	I \$6,535,340
Passenger train revenue per train mile .....	\$9.54	\$9.10	I \$0.44
Number of passengers carried one mile.....	1,612,392,103	1,476,538,546	I 135,853,557
Revenue per passenger (cents) .....	84.1	79.6	I 4.5
Revenue per passenger mile (cents).....	3.605	3.470	I 0.135
Number of passengers carried.....	69,102,133	64,378,591	I 4,723,542
Miles each passenger was carried .....	23.3	22.9	I 0.4
Revenue passenger train miles .....	6,161,960	5,744,757	I 417,203
Per cent. of total operating revenues .....	83.1	80.0	I 3.1

## FREIGHT TRAFFIC STATISTICS

	1961	1960	INCREASE OR DECREASE
Average mileage operated (freight service) .....	337.93	337.93	
Freight revenue .....	\$9,958,624	\$10,422,055	D \$463,431
Number of tons carried (revenue freight).....	3,659,506	3,814,733	D 155,227
Revenue per ton .....	\$ 2.72	\$2.73	D \$ 0.01
Number of tons carried one mile (revenue freight).....	72,327,392	77,046,264	D 4,718,872
Revenue per ton mile (cents).....	13.769	13.527	I 0.242
Revenue freight train mileage (excludes light train miles) .....	238,445	227,680	I 10,765
Miles each revenue ton was carried.....	19.8	20.2	D 0.4
Per cent. of total operating revenues .....	14.2	16.3	D 2.1

MILES OF TRACKS AND SIDINGS IN USE  
DECEMBER 31, 1961

	FIRST TRACK	SECOND TRACK	THIRD TRACK	FOURTH TRACK	COMPANY SIDINGS	TOTAL
Main Line and Branches .....	*193.11	* 73.78	13.53	13.22	†142.91	\$436.55
Montauk Branch .....	115.05	47.89	5.24	4.07	93.44	265.69
North Side Branch.....	14.06	10.01	.....	.....	7.88	31.95
Bay Ridge Branch.....	11.93	11.87	6.03	.....	27.96	57.79
Atlantic Avenue Branch.....	9.53	9.49	.....	.....	4.25	23.27
<b>Total .....</b>	<b>343.68</b>	<b>153.04</b>	<b>24.80</b>	<b>17.29</b>	<b>276.44</b>	<b>815.25</b>
<b>Decrease .....</b>	.....	.....	.....	.....	1.83	1.83

\* Includes 4.08 miles used under trackage rights.

† Includes 10.20 miles used under trackage rights.

‡ Includes 18.36 miles used under trackage rights.

## EQUIPMENT OF THE LONG ISLAND RAIL ROAD COMPANY

KIND OF EQUIPMENT	AVAILABLE FOR SERVICE		CAPACITY OF EQUIPMENT AVAILABLE FOR SERVICE		BOOK VALUE	
	DEC. 31, 1961	COMPARISON WITH 1960	DEC. 31, 1961	COMPARISON WITH 1960	DEC. 31, 1961	COMPARISON WITH 1960
		INCREASE OR DECREASE		INCREASE OR DECREASE		INCREASE OR DECREASE
			Tractive Power—Pounds			
Locomotives .....	77	.....	4,414,657	.....	\$10,444,288	I \$ 17,986
			Passengers			
Passenger Car Equipment .....	1,228	D 15	110,407	D 2,474	63,141,066	D 588,068
Freight Car Equipment—Cabin Cars.....	25	D 1	.....	.....	199,035	I 55,422
Miscellaneous Work Equipment.....	64	D 7	.....	.....	364,527	D 20,291
Floating Equipment .....	10	D 1	.....	.....	1,284,883	D 190,442
Total valuation of equipment .....	.....	.....	.....	.....	75,433,799	D 725,393

## EQUIPMENT OBLIGATIONS

DATED	INT. RATE	ORIGINAL COST OF EQUIPMENT	AMOUNT OUTSTANDING DEC. 31, 1961	DATE OF FINAL MATURITY	EQUIPMENT COVERED
May 1, 1948	{ 2 5/8% } 2 3/4%	\$12,020,697	\$ 538,000 } 726,000 }	May 1, 1963	Passenger Cars ... 60 Locomotives ..... 43
September 23, 1952	{ 3 1/2% } 3 3/4%	2,516,776	..... } 352,084 }	{ Matured and Paid Sept. 1, 1963 }	Passenger Cars ... 20
March 15, 1955	3 1/2%	356,110	93,345	Mar. 15, 1965	Passenger Cars ... 2
May 9, 1955	3 1/2%	13,868,101	3,631,230	Dec. 15, 1965	Passenger Cars ... 125
September 1, 1955	{ 3% } 3.6%	1,698,179	..... } 777,540 }	{ Matured and Paid Sept. 15, 1970 }	Locomotives ..... 10
November 1, 1955	3 1/2%	10,064,938	3,386,730	Mar. 15, 1966	Passenger Cars ... 95
Total .....		40,524,801	9,504,929	.....	Passenger Cars ... 302 Locomotives ..... 53

