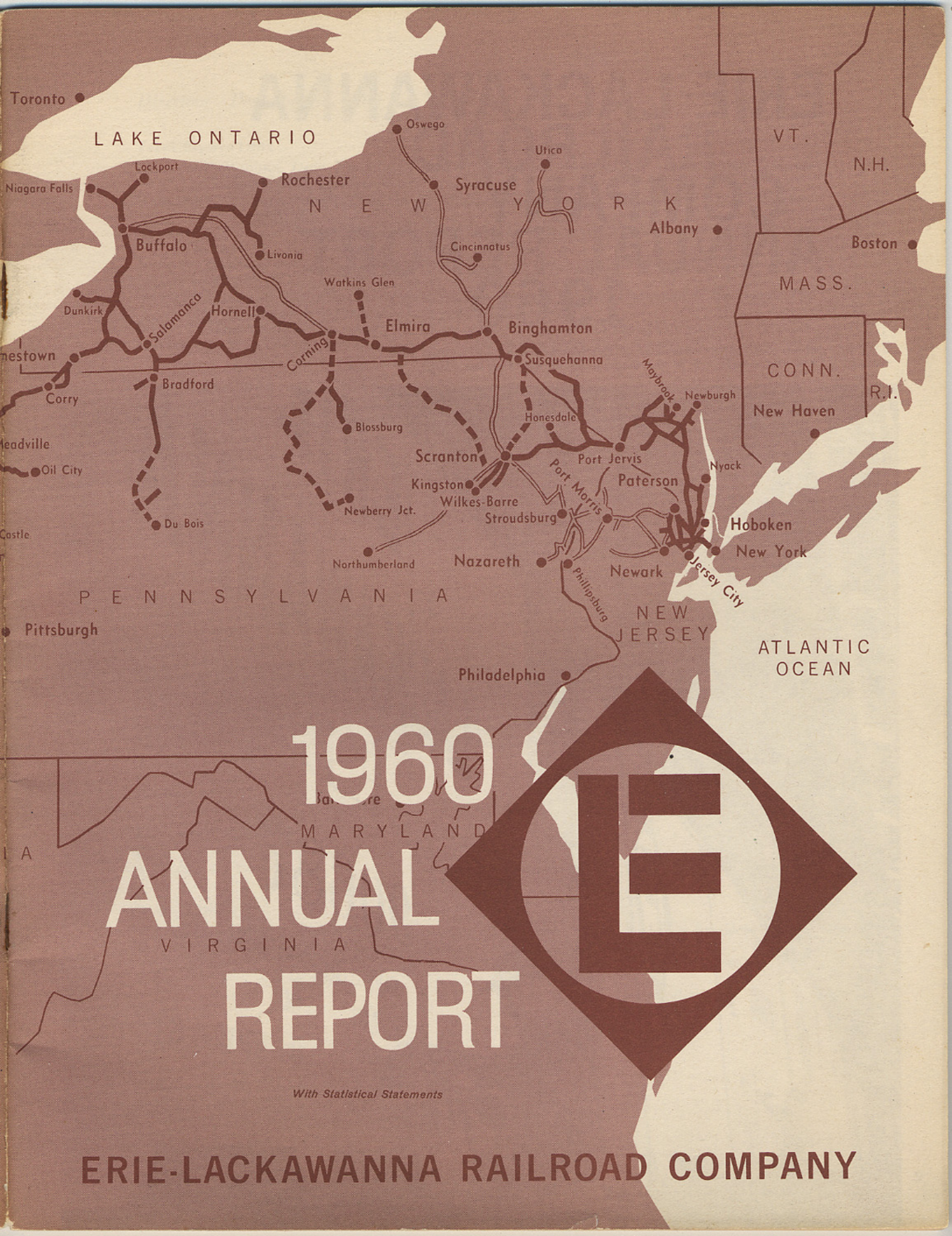
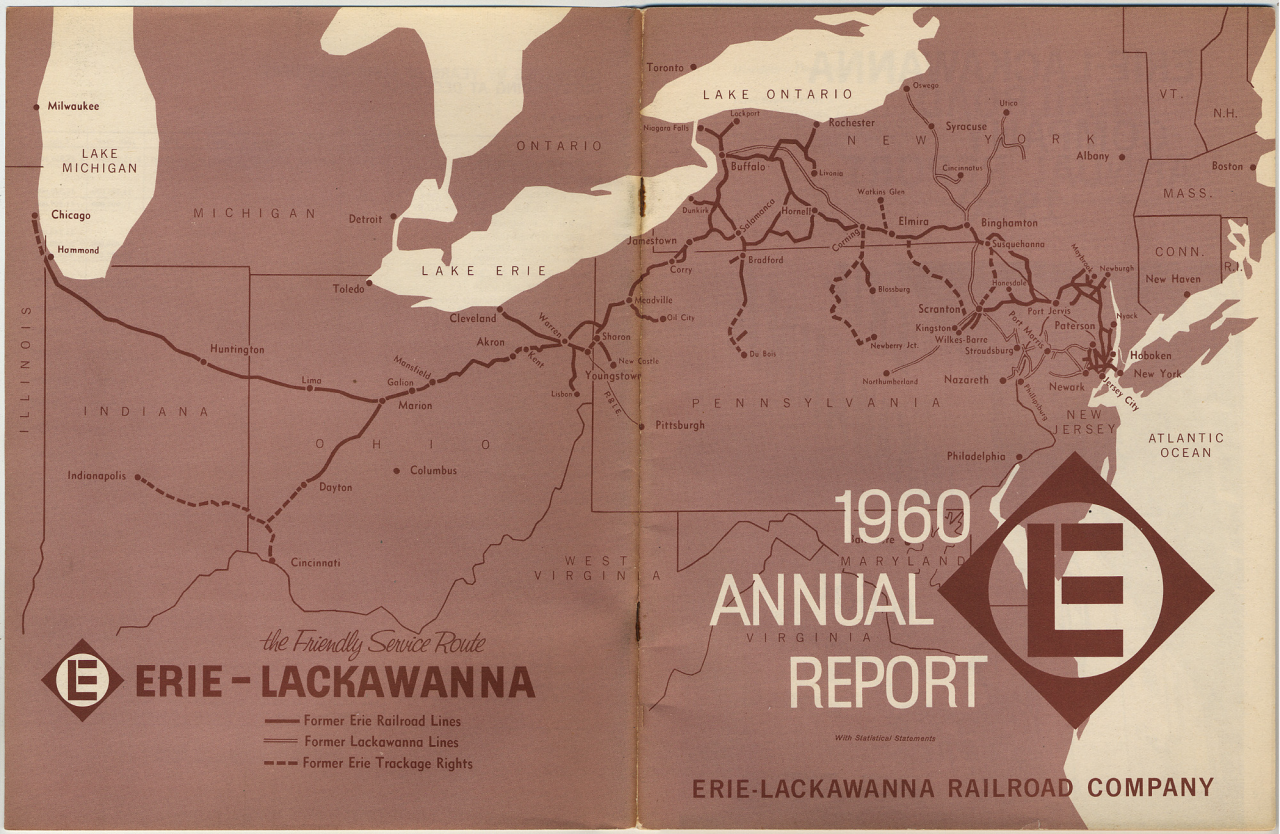


1960 ANNUAL REPORT

With Statistical Statements

ERIE-LACKAWANNA RAILROAD COMPANY



the Friendly Service Route

ERIE – LACKAWANNA

Former Erie Railroad Lines
Former Lackawanna Lines
Former Erie Trackage Rights

1960 ANNUAL REPORT

With Statistical Statements

ERIE-LACKAWANNA RAILROAD COMPANY

ERIE-LACKAWANNA RAILROAD COMPANY ANNUAL REPORT 1960

Box cars get the distinctive new look of Erie-Lackawanna light gray with maroon letters and trademark in the modern Meadville, Pa., car shop.



Directors—December 31, 1960

Term Expires 1961—

EDWARD P. BROOKS, *Dean Emeritus, School of Industrial Management, Massachusetts Institute of Technology, Cambridge, Mass.*
HARLAND C. FORBES, *Chairman of the Board, Consolidated Edison Company of New York, Inc., New York, N. Y.*
ROBERT G. FULLER, *Senior Vice President, The First National City Bank of New York, New York, N. Y.*
JOHN A. HADDEN*, *Attorney-at-Law, Member firm of Arter, Hadden, Wykoff & Van Duzer, Cleveland, O.*
W. PAUL STILLMAN, *Chairman and President, National State Bank; Chairman of the Board, The Mutual Benefit Life Insurance Company, Newark, N. J.*
HARRY W. VON WILLER, *Chairman of the Board, Erie-Lackawanna Railroad Company, Cleveland, O.*
RAYMOND J. WEAN, *President, The Wean Engineering Company, Inc., Warren, O.*

Term Expires 1962—

DANIEL C. BORDEN, *Business Counsellor, Pelham Manor, N. Y.*
LESTER R. EDWARDS*, *Vice President, Owens-Illinois Glass Company, Forest Products Division, Toledo, O.*
LEWIS G. HARRIMAN, *Chairman of the Board, Manufacturers and Traders Trust Co., Buffalo, N. Y.*
PAUL W. JOHNSTON, *Chairman of the Executive Committee, Erie-Lackawanna Railroad Company, Cleveland, O.*
MILTON G. MCINNES, *President, Erie-Lackawanna Railroad Company, Cleveland, O.*
ALBERT F. METZ, *Executive Consultant, The Okonite Company, Passaic, N. J.*
WILLIAM H. MOORE, *Chairman of the Board, Bankers Trust Company, New York, N. Y.*

Term Expires 1963—

JOSEPH M. BELL, JR., *President, New York State Electric & Gas Corporation, Binghamton, N. Y.*
CHARLES H. DIEFENDORF, *Chairman of the Executive Committee, The Marine Trust Company of Western New York, Buffalo, N. Y.*
HARRY C. HAGERTY*, *Vice Chairman of the Board and Director, Metropolitan Life Insurance Company, New York, N. Y.*
ARTHUR A. HOUGHTON, JR., *President, Steuben Glass; Director, Corning Glass Works, New York, N. Y.*
PERRY M. SHOEMAKER, *Vice Chairman of the Board, Erie-Lackawanna Railroad Company, Cleveland, O.*
HENRY S. STURGIS, *Financial Consultant, Scottsdale, Arizona*
JOHN K. THOMPSON, *Chairman of the Executive Committee, The Union Commerce Bank, Cleveland, O.*
ROBERT E. WOODRUFF, *President (Retired), Erie-Lackawanna Railroad Company, Delray Beach, Fla.*

**Elected by holders of Preferred Stock.*

Executive Committee

PAUL W. JOHNSTON, *Chairman*
HARLAND C. FORBES
ROBERT G. FULLER
JOHN A. HADDEN
HARRY C. HAGERTY
JOHN K. THOMPSON

General Officers

MILTON G. MCINNES, *President*
PERRY M. SHOEMAKER, *Vice Chairman of the Board*
GARRET C. WHITE, *Vice President — Operations*
DAVID R. THOMPSON, *Vice President — Marketing*
HARRY C. SCHMIDT, *Vice President — Sales*
M. CAYLEY SMITH, JR., *Vice President and General Counsel*
GEORGE W. OAKLEY, *Vice President — Accounting*
EUGENE S. ROOT, *Comptroller*
ROBERT H. HANN, *Secretary*
JASPER VAN HOOK, *Treasurer*

General Offices

Midland Building, *Cleveland 15, Ohio*
140 Cedar Street, *New York 6, N. Y.*
327 South La Salle Building, *Chicago 4, Ill.*

THE PRESIDENT'S LETTER



M. G. McInnes

February 21, 1961

To Fellow Shareowners:

The most significant development for the shareowners last year was the culmination of the merger between the Erie Railroad and The Delaware, Lackawanna and Western Railroad. In magnitude and scope, it ranks as one of the largest corporate combinations in railroad history. It is a major step forward in building for the future, as it opens the doorway to progress. Many opportunities will become available to improve both the efficiency of operation and the quality of service so as to combat the intensified competition from other carriers.

The pressures from these internal and external forces were particularly pronounced during the past year, which produced extremely disappointing financial results even though rigid cost controls were exercised by both railroads prior to the merger and since the merger became effective.

While the two companies were officially merged on October 17, 1960, we were, in effect, merged in name only as a Federal Court injunction instigated by labor unions prevented the consolidation of forces and facilities of the two railroads. This action was brought in an effort to secure additional protective benefits for employees whose jobs would be affected by the merger, beyond the already liberal provisions specified by the Interstate Commerce Commission in its order approving the merger. As a result, there have been practically no opportunities for making savings from the merger up to the present time.

Following a decision in December by the Federal District Court upholding the order of the I.C.C., the unions carried the case to the United States Supreme Court. On January 23 of this year, the Supreme Court denied the unions' application for an injunction but decided to review the legal merits of the case. However, on February 20, the Supreme Court reversed its previous decision and reinstated the injunction. At the same time, it scheduled the case for hearing on March 27.

This action on the part of the Supreme Court has again postponed our long-planned rearrangement of operations which would have enabled us to begin realizing the economies and efficiencies the merger is capable of producing. Nevertheless, we are hopeful that at this time next year, we will be able to report substantial progress on the merger. We are confident that in future years, the savings from the merger will be even greater.

Economists and business leaders are being cautiously optimistic about the prospects for business in 1961. However, all seem to agree that the present recession will be of short duration and that there should be a gradual pickup in the second half of the year. A higher level of industrial production, especially in the heavy goods industries will, of course, benefit the Erie-Lackawanna Railroad. We are presently thinking in terms of a modest increase in gross revenues for 1961.

To reap the maximum benefits from the merger, capital funds will be required to make yard and terminal improvements. In addition, plant and equipment repairs, which had to be deferred because of the depressed business levels of the past few years, will be a major drain on 1961 revenues. Payments of contingent interest on the company's debt obligations have not been made in order to conserve cash, which will require payment when earnings conditions permit. Dividends obviously cannot be resumed until the financial condition of the company has been strengthened and earnings adequate to support their payment are available

Great challenges lie ahead not only so far as our own railroad is concerned but within the industry itself and on the labor and political front as well.

Several railroads in the East have been making overtures toward merging with each other which, in some cases, would result in almost complete encirclement of the territory we serve. We are carefully watching these developments to determine what action we should take toward intervening or attempting to negotiate for participation in any of these mergers that may prove beneficial to protect the interests of our shareowners.

In the labor field, we are increasingly hopeful that progress will be made toward the elimination of "featherbedding" and other labor practices required by law and outmoded work rules that result in wasted manpower. A highly-qualified Presidential Commission was recently appointed by the previous Administration to study and make recommendations on this complex problem. The study is expected to take about a year. The work of this Commission should have the whole-

hearted support of every serious-minded citizen as the outcome of their efforts can have far-reaching effects on the entire American economy.

In the legislative field, there is still an urgent need for greater regulatory freedom for the railroads, as well as relief from excessive taxation. Government policies should be revised to permit railroads to compete on a more equitable basis with other forms of transportation, most of whom are subsidized and promoted in one way or another by the various federal, state and local governments. Several encouraging reports have been issued recently pointing up this need. We urge our shareowners to do whatever they can to stimulate constructive action on the part of the new Administration and the Congress.

In this report, we have tried to anticipate the questions that would be uppermost in your minds and to bring to your attention the problems that are of most concern to you. We will, of course, be happy to answer any inquiries you may have. As always, your interest and encouragement are warmly appreciated and your suggestions are most welcome. The directors and officers join me in expressing our thanks for your understanding and support.

Report Approved by the Board of Directors:

H W Von Willer

Chairman

Sincerely,

W G McGinnes

President

"THE YEAR IN BRIEF"

All figures in this Report include those of The Delaware, Lackawanna and Western Railroad Company prior to the Merger on October 17, 1960, except as otherwise indicated.

	1960	1959	1958
Operating revenues	$220,419,579	$226,132,173	$229,024,976
Operating expenses	$194,230,072	$194,050,373	$195,999,711
Ratio of expenses to revenues	88.12%	85.81%	85.58%
Taxes	$23,108,669	$22,320,174	$20,990,197
Taxes per share of common stock	$4.92	$4.75	$4.46
Income available for fixed charges	$(7,170,969)	$3,034,311	$5,655,502
Fixed charges	$9,013,530	$9,242,628	$9,446,898
Contingent interest	$3,811,115	$3,811,453	$3,811,802
Net income (Loss)	$(19,995,614)	$(10,019,770)	$(7,603,198)
Dividends per share of preferred stock	—	$3.75	$5.00
Number of shareowners	23,144	24,161	25,313
Average number of employees	21,068	21,787	23,002
Miles of railroad operated	3,077	3,078	3,113

( ) Denotes red figure.

THE YEAR'S BUSINESS

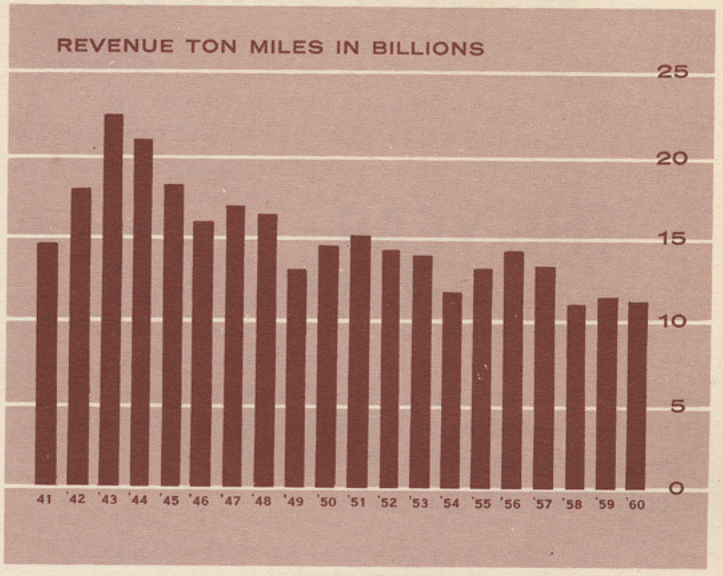
Railroad freight traffic volume in 1960 was disappointing and fell far short of earlier predictions. The high expectations for greater industrial production which ushered in the decade of the 60's failed to materialize. The tempo of the nation's economy turned sluggish shortly after the first of the year, and it soon became apparent that the economy lacked the vigor previously expected of it. Instead of a climb, there was a slide.

As our railroad serves the highly industrialized area of the East and is particularly dependent on the production of steel and other heavy-goods industries for its sources of traffic, this change was almost immediately reflected in our carloadings. The promising upward trend in freight traffic which followed the resumption of steel production when the 116-day steel strike ended in the latter part of 1959, began showing signs of hesitation in the early months of the year, then drifted sideways and finally turned downward as the year progressed. Carloadings in the fourth quarter of 1960 were down by a wide margin from those of the previous year when traffic was bolstered by the post-strike conditions in the steel industry. Freight shipments were also adversely affected in December, 1960, because of heavy snow storms and freezing temperatures, which interrupted production in many industries.

The traffic pattern experienced by the Erie-Lackawanna Railroad in 1960 closely followed that of other eastern railroads. Rail revenues were generally no better than the depressed years of 1959 and 1958. Last year, steel tonnages were affected by reduced inventory positions taken by the users of steel, the importation of foreign steel, some of which came by way of the St. Lawrence Seaway, the swing toward compact cars in the automobile industry, and, in the Mahoning Valley area, which we serve, by reduced pipe fabrication due to depressed conditions in the oil fields and the curtailment of pipe line construction.

We ended the year with freight revenues for the merged company 4% below the combined figures for both railroads in 1959. The amount received for transporting freight in 1960 was $180,743,614, compared with $188,235,712 in the previous year, a decrease of $7,492,098. Of this amount, merchandise revenue produced $163,966,133, or $5,770,485 under 1959, a decrease of 3.4%; coal and coke revenue totaled $16,777,481, a decrease of $1,721,613, or 9.3%.

Our most pressing need is to find ways and means of increasing revenues. As a result of the merger we now have an enlarged marketing and sales force with a wealth of traffic experience and ability. The new organization is more sales-minded than ever. Through their unified efforts, we can expect more complete sales coverage and concentrated effort which should bring more sales dollars into the company's treasury. Territorial assignments for salesmen have been reviewed and expanded in areas of prospective traffic potential. Two new sales agencies have been opened — one in Denver, Colo., and another in Tulsa, Okla. The Erie-Lackawanna sales agencies, excluding on-line passenger sales offices, are now 47 in number throughout the United States, with two more in Canada, at Toronto, Ontario, and Edmonton, Alberta. Coupled with this expansion is a program of sales training, educational trips over the property, traffic evaluation studies, marketing information and other sales techniques.



Not being overlooked in the drive for increased revenue is the importance of a fast, dependable and competitive service that will attract new business and sustain a continued flow of all traffic. Some changes in train schedules have already been made to improve service; others are being studied and will be put into effect when integration of train and yard crews can be

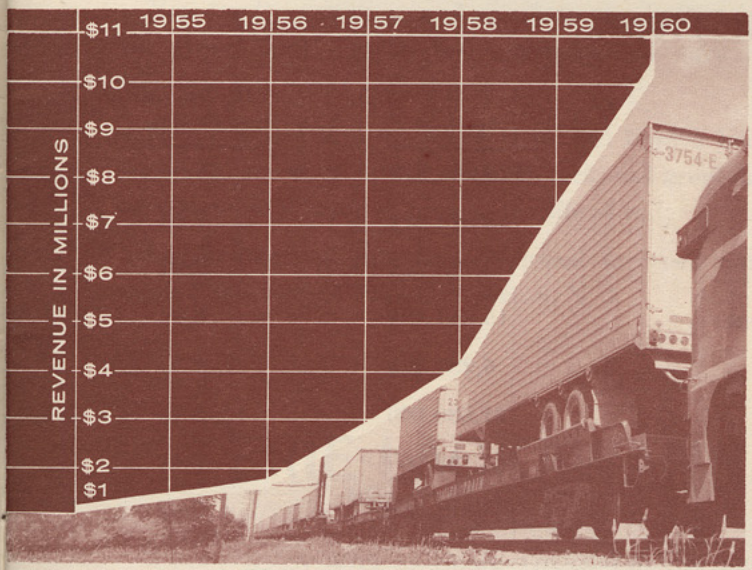
arranged in accordance with our merger plans.

Even though the railroad industry has made every effort to hold rates as low and competitive as possible, rising operating costs compelled it to seek a modest increase in freight rates. Effective October 24, 1960, the I.C.C. granted an increase of approximately 1.7%. It is estimated this will produce approximately $2,900,000 in additional revenue for the Erie-Lackawanna Railroad in 1961.

Realizing that revenue requirements of the railroad cannot be satisfactorily met merely by a succession of general freight rate increases, the industry is relying more and more on rate research and analysis of customers' needs to determine where adjustments may be desirable to retain or develop additional profitable traffic.

Shippers are constantly seeking ways to make savings

PIGGY-BACK GROWTH



in their transportation costs. As a result, there has been a steady shift toward private trucking. Railroad marketing research and objective pricing policies have been and are continuing to be developed to halt this trend and recover tonnage that has been lost to the rails.

To participate to an even greater extent in the carriage of products requiring a particular type of car, we have added to our fleet of specialized cars. The effectiveness of this policy is particularly noticeable in the steady and spectacular growth of piggyback traffic. This has been one of the outstanding bright spots of the year. In the relatively short period of six years since this service was inaugurated by our railroad, the revenues from this source now exceed $10 million annually. Almost all of this traffic is new business which we would not otherwise have handled. The latest development on our railroad occurred in December, when we began long-haul movements of automobiles on highway rigs loaded on railroad flat cars between Chicago and New York and New England. This business is expected to grow within the next few months.

New and improved terminal facilities for handling piggyback trailers are now under construction in Jersey City and Chicago which will aid materially in increasing the efficiency and sales potentials of this new traffic. These physical improvements, together with the concentrated sales efforts of the merged organization, are expected to stimulate the growth pattern in this segment of our business.

Another bright spot in the revenue picture during 1960 was the increase in passenger travel which brought about a reversal in the downward trend of passenger revenues on our railroad. This can be attributed largely to the aggressiveness of our passenger sales representatives in promoting special tours and organized group movements. There was also a slight increase in passenger fares which became effective on varying dates after August, 1960.

Passenger revenues for the year amounted to $16,074,872. This compares with $15,622,068 for both railroads last year, an increase of $452,804, or 2.9%.

Revenues received from "head-end" work such as mail and express totaled $10,750,044. This was an increase of $593,812, or 5.8%, accounted for in part by an 8% increase in mail pay effective September 1, 1960. A major mail handling facility to serve metropolitan New York and New Jersey is under construction by the Post Office Department at Kearny, N. J. This facility will be served exclusively by Erie-Lackawanna and is expected to add substantially to our mail handling opportunities by early 1962.

Miscellaneous revenues totalled $12,851,049, representing an increase of $732,888, or 6%, due principally to commuter service contracts entered into with the State of New Jersey, effective August 29, 1960.

Other income received, such as rent, interest, dividends and from other sources, was $3,674,814, compared with $4,347,380, or 15.5% less than the previous year.

DISTRIBUTION OF INCOME PER DOLLAR FOR 1960

INCOME

Operating revenues	$220,419,579
Other income less miscellaneous deductions from income	2,771,843
Total income	$223,191,422

DISTRIBUTION

	Amount	*Per Dollar of Income*
Wages	$126,264,359	56.6¢
Material and supplies	16,022,982	7.2¢
Fuel	8,725,725	3.9¢
Depreciation and retirements of roadway and equipment	15,255,595	6.8¢
Loss and damage, and injuries to persons	6,280,805	2.8¢
All other operating expenses	21,680,606	9.7¢
Taxes	23,108,669	10.4¢
Rental of equipment and joint facilities	13,023,650	5.8¢
Fixed interest on funded debt and equipment obligations, rentals for leased roads, etc., (fixed charges)	9,013,530	4.0¢
Contingent interest on funded debt	3,811,115	1.7¢
Remainder available for Sinking Funds, dividends on Preferred and Common Stocks, further improvements to property, retirement of debt, and other corporate purposes	(19,995,614)	(8.9¢)
Total distribution	$223,191,422	100.0¢

( ) Denotes red figure.

PROPERTY IMPROVEMENTS

Because of the business slump, many improvements had to be postponed for lack of funds. The only projects undertaken were those that would produce a high rate of return in reduced operating costs, or would increase revenues or improve service or safety. A total of $5,092,955 was invested for additions and betterments in 1960. Admittedly, this is well below the amount that should be spent to keep pace with technological advancements to produce maximum efficiency. Nevertheless, through careful planning the capital improvement and other funds that were available in 1960 were directed toward such major priority items as:

Purchase of 100 flat cars, 85-feet long, for piggyback service.

Installation of damage-free loading devices in 34 box cars and modification of existing equipment in 157 additional cars.

New track connections and signals to physically join the former Erie and DL &W main lines at various locations coincident with the merger.

New rail laid in 10 miles of main and branch line track; ballast work on 219 miles of track; rail grinding on 690 miles of track to prolong the life of rail.

Construction of piggyback terminal facilities was started at Chicago, Ill., and Croxton, N. J.

Installation of electronic "hot box" detector on the Buffalo Division to eliminate possible derailments.

Replacement of obsolete radio equipment on 75 diesel locomotives and 14 land base stations.

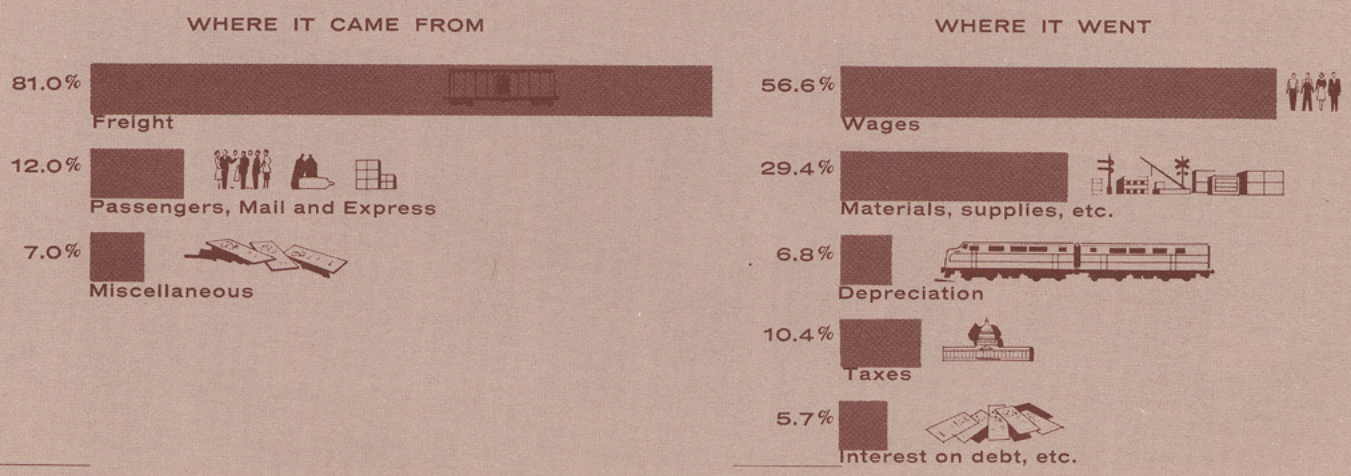
Installation of ship-to-shore radio-telephone on all ferryboats operating on the Hudson River.

Grade crossing elimination projects at various locations.

A more extensive program is contemplated for 1961 to carry out the merger plans. For instance, it is planned to build a second main track and install improved signalling on the Buffalo Division; expand the Hornell, N. Y., eastbound freight yard; construct a modern electronic freight yard at Buffalo; improve the freight yard at Croxton, N. J.; install additional long distance telephone and teletype communication lines, and many other miscellaneous projects to secure the benefits of a merged operation.

A program of freight car repairs has already begun. In January 1961, Meadville Shop was reopened to begin reconditioning 725 box cars with funds obtained through a bank loan. If business conditions improve, it may be possible to extend this program.

ERIE-LACKAWANNA INCOME



OPERATIONS AND MAINTENANCE

Operating costs continued to rise in 1960 but your management was able to hold expenses at about the same level as last year. Payroll costs, which include wages, retirement taxes, unemployment insurance taxes and health and welfare benefits now average $6,863 per employee annually. Employees' wages alone consume 56.6¢ out of every dollar received by the company. These rising labor costs together with such unproductive labor laws as the "Excess" Crew Laws in New York, Ohio and Indiana, and other make-work practices, leave no alternative other than to utilize more mechanized equipment and reduce the number of jobs wherever possible.

In view of the low level of business, it was necessary to reduce forces in all departments, and as jobs became vacant due to retirements, deaths or other causes, they were not filled unless absolutely necessary. As a result, the total average work force in 1960 was 21,068 employees compared with 21,787 in 1959 and 23,002 in 1958. The reduction of 719 employees last year alone represents a saving of approximately $4,900,000 in payroll costs to the merged company.

"Economy" was the watch-word throughout the year. Only such maintenance work was done as was necessary consistent with good service and safety. The deferred maintenance that was created over the last few years as a result of this process will have to be restored as quickly as business conditions permit.

Unfortunately, because of the injunction brought by labor unions in opposition to the merger, we were prevented from combining forces and operating functions during 1960. This action blocked almost all possibilities for making savings or improving efficiency through the merger; in fact, in many instances, additional expenses had to be incurred because of the duplicate or extra operations that were required to perform the service.

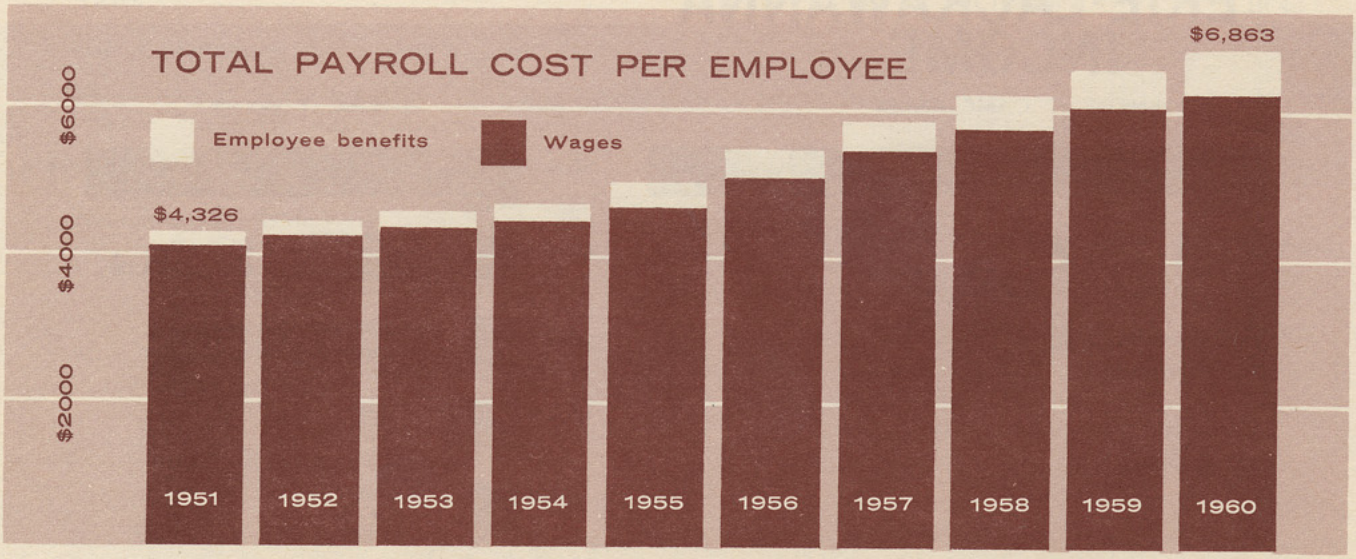
Total operating expenses in 1960 were $194,230,072. This compared very favorably with the $194,050,373 spent in 1959 and reflects the efforts of the management to keep costs at a minimum. In this connection, it should be noted that wage increases and higher payroll taxes added approximately $2,600,000 to expenses in 1960.

The cost of maintaining the track, roadway, bridges and other structures was $23,560,352. This was a decrease of $40,802 below 1959.

The cost of maintaining cars and locomotives required $38,677,968, or $482,117 more than the previous year.

Traffic Department activities including merchandising, sales, service and rates consumed $6,685,072 compared with $6,759,298 a year ago.

Transportation expenses which include all station, yard and train operating costs amounted to $111,436,027, a decrease of $600,557 compared with 1959.



Out of every dollar of operating revenue received, the expenditures for the various classes of operating expenses, taxes, equipment and joint facility rents were as follows:

	1960	1959	1958
Maintenance of way and structures	10.7¢	10.4¢	11.1¢
Maintenance of equipment	17.5¢	16.9¢	16.0¢
Traffic (Sales)	3.0¢	3.0¢	2.9¢
Transportation	50.6¢	49.5¢	49.8¢
General and miscellaneous	6.3¢	6.0¢	5.8¢
Total (operating ratio)	88.1¢	85.8¢	85.6¢
Taxes	10.5¢	9.9¢	9.2¢
Equipment and joint facility rents	5.9¢	4.4¢	4.7¢
Total operating expenses, taxes, and equipment and joint facility rents	104.5¢	100.1¢	99.5¢

Performance factors are indicated in the following tabulation. This shows the volume of business handled and operating statistics for the past three years:

	1960	1959	1958
Freight moved (tons)	43,868,876	45,536,751	44,243,789
Ton-miles (thousands)	11,365,581	11,404,482	11,058,559
Total freight revenue	$180,743,614	$188,235,712	$190,030,343
Average distance moved (miles)	259.08	250.45	249.95
Average revenue per ton-mile	1.590¢	1.651¢	1.718¢
Gross tons per train	3,272	3,295	3,330
Net tons per loaded car	26.3	25.9	25.3
Miles per car per day	47.4	46.9	45.1
Net ton-miles per car day	819	802	749
Gross ton-miles per train hour	66,248	65,212	64,199

Recent source of new revenue in Erie-Lackawanna's efforts to recapture traffic is the transportation of automobiles on highway trailers in piggy-back service.



LABOR NEGOTIATIONS

The three-year moratorium provisions of the 1956 wage contracts expired on November 1, 1959. The various labor organizations thereupon filed demands for increased wages and fringe benefits. After prolonged negotiations between committees representing practically all railroads and the representatives of labor organizations, as well as through the efforts of the National Mediation Board and Arbitration Boards, settlements were finally reached during the course of the year with most of the unions.

Briefly, the agreements with the labor unions representing non-operating employees provided for the cancellation of the cost-of-living escalator provisions of the prior agreements with accrued increases included in base rates of pay, a 5¢ per hour increase in wages effective July 1, 1960, more liberal vacation allowances effective September 1, 1960, additional health and welfare benefits and a $4,000 life insurance policy in lieu of a further wage increase requested to become effective March 1, 1961.

Agreements were also made with the operating unions which provided for similar disposition of the cost-of-living provisions as in the case of the non-operating groups, a 2% wage increase effective July 1, 1960, in addition to a further 2% increase to become effective March 1, 1961.

During 1960 agreements were signed by New York harbor railroads with labor unions providing for the progressive abolishment of firemen-oiler positions on diesel tugboats effective January 1, 1961. The railroads contended that with the changeover from steam-powered to diesel-powered tugs there no longer was any need for a fireman-oiler in the engineroom. The issue resulted in a six-day strike in June 1959 and was litigated in the courts, including the United States Supreme Court. The labor agreements of abolishment sustained the railroads' stand that these positions are not required for the efficient operation of diesel-powered tugs, but in order to lessen the economic impact upon the individuals involved, the agreements provide for separation allowances in accordance with a formula which is based upon an individual's years of seniority as a fireman-oiler.

The need to correct wasteful "featherbedding" practices in the railroad industry is becoming widely recognized. The cost for work not done or not needed has grown to such enormous proportions that it is jeopardizing the welfare of the industry as well as the employees themselves.

For this reason, the railroads submitted proposals to the operating unions last year for changes in these unproductive work rules. The unions countered with proposals of their own. After lengthy discussions, it was agreed that a Commission be appointed to consist of representatives of railroads, labor organizations and neutral public members. Such a Commission was created by President Eisenhower on November 1, 1960, to consist of 15 members. The Commission began its work on February 6, 1961, and a report of its findings and recommendations is to be filed on or before December 1, 1961, with an expiration period not to exceed 90 days if both parties agree. The recommendations of the Commission are not binding on either party, however, they should carry great weight in arriving at a satisfactory solution.

Over a year ago, the Public Service Commission of New York made a study of the "Excess" Crew Law of that State which requires the employment of more crew members than the railroads consider necessary for the safe and efficient operation of trains. It has been the law of New York State since 1913 and is strictly "make work" legislation which the unions have defended on the basis of safety. The Commission found no reasonable relationship between such laws and the safety of railroad operations. They recommended repeal. No action was taken by the New York State Legislature last year, but we are hopeful that this unnecessary burden can be removed from the railroads in the current session. Shareowners living in New York State can be helpful by calling this matter to the attention of their legislative representatives.

In seeking revisions in all of these antiquated work rules, the railroads are advocating the principle of "A fair day's work for a fair day's pay." These artificial costs are a serious deterrent to railroad progress and stability.

UNION OPPOSITION TO E-L MERGER

The Railway Labor Executives Association, on behalf of 20 rail unions, became a party in opposition to the merger following the filing of our joint application with the I.C.C. on July 1, 1959. After the hearings closed, R.L.E.A. requested the I.C.C. to apply a different interpretation of the law than had previously prevailed. Basically, the unions were seeking more restrictive employee protective provisions than those traditionally prescribed by the I.C.C. over the past 20 years. The unions contended that the Interstate Commerce Act called for a virtual "employment freeze" for a minimum of four years, rather than compensation in lieu of employment.

In its report approving the merger, the Commission ruled against the unions' position and said, "Conditions calculated to preserve unneeded jobs would unduly restrict the applicants in the establishment of most economical operations, would be wasteful, and would be in conflict with the objectives of the National Transportation Policy."

The Commission's order approving the merger became effective October 17, 1960. Two weeks before that date, the Brotherhood of Maintenance of Way Employes, with the R.L.E.A. as intervenors, filed suit in Federal court in Detroit against the United States of America and the Interstate Commerce Commission challenging the order of the Commission and requesting that the merger be postponed until the legal questions dealing with employee protection could be settled.

The case was heard on October 12. The court ruled on October 14 that it would not delay the effective date of the merger, but also ordered that no jobs could be abolished or transferred pending entry of a further order. The date of November 15 was set for further hearings on the unions' arguments before a three-judge statutory court.

In December, the three-judge Federal court rejected the unions' contention and said, "A requirement that carriers retain employees following mergers would sterilize provisions of the (Transportation) Act, which is designed to promote economy partially through the reduction of personnel. It seems to us that if Congress had intended such a result, it could have, and would have, said so in unequivocal language."

Early in January 1961, the R.L.E.A. filed a Notice of Appeal to the United States Supreme Court. On January 23, 1961, the Supreme Court agreed to hear the union appeal, but by a 6 to 3 decision refused to restrain the company from putting its merger plan into operation. However, the Supreme Court on February 20 reversed its previous decision, reinstated the restraining order, and announced it would review the case on March 27.

UNPROFITABLE COMMUTER SERVICE

The heavy losses incurred in operating commuter service have been discussed in previous Annual Reports. During 1960, legislation became effective in New Jersey — the heavy commutation area — which authorized the State to contract with railroads to provide continuation of rail passenger service and also appropriated funds for that purpose.

Pursuant to such legislation, the former Erie Railroad Company and the former Delaware, Lackawanna and Western Railroad Company signed contracts with the State to continue to operate certain "essential" commutation and suburban service during the ten-month period ending June 30, 1961. The contracts provided for the payment of approximately $2,000,000 over the period of the contracts.

These contracts in no way constituted subsidies. The railroads are simply providing an essential public service under contract with the State and are being paid for it, although the payments unfortunately do not fully eliminate the commutation deficit. In effect, the commuters are being subsidized as the fares they pay do not cover the cost of providing the service.

There remains much to be done on a governmental level to eliminate the losses sustained in the operation of commuter service. Your management hopes that further progress can be made in this regard.

INDUSTRIAL DEVELOPMENT

No railroad can be content with merely handling traffic already existing on its lines. New sources of revenue must constantly be sought. Your company endeavors to meet these needs through its Industrial Development Department.

Because of business uncertainties last year, many industries postponed plans for expanding or relocating their operations. New plant construction throughout the nation was below previous years. Nevertheless, activities along our railroad were fairly brisk. We are able to report a potential revenue of $5,250,000 from the 86 industries that established new plants and the 33 industries that expanded their facilities on our line last year. Among them are many nationally-famous concerns both large and small.

As a result of the merger, more industrial sites will become available for our expanded industrial staff to offer to prospects seeking new locations. They are ready to assist companies in working out plant location problems and can readily supply information as to natural and human resources, zoning, utilities, taxes and other data pertaining to the various communities through which we operate. We anticipate that inquiries for new plant sites in 1961 will produce an active and rewarding revenue-producing year.

FINANCIAL CHANGES

Pursuant to the provisions of the Commission's Order approving the merger of The Delaware, Lackawanna and Western Railroad Company into Erie Railroad Company, the Company was authorized to issue not exceeding 4,701,384-15/32 shares of Erie-Lackawanna common stock and scrip certificates representing fractional interests in such stock. This issuance was to provide for the conversion of 2,450,090 outstanding and 118⅜ reserved for issuance shares of common stock of Erie on a 1-¼-for-1 basis, and 1,638,624 shares of common stock of Lackawanna on a share-for-share basis. Authority was also granted to issue not exceeding 49,200 shares of common stock to be sold at $21.3125 each to satisfy existing options granted under the Lackawanna's restricted stock option plan.

Certificates of Erie preferred stock, series A and B, continued to be valid certificates for the same number of shares of preferred stock of the merged Company.

The Company was also authorized to assume obligation and liability in respect of outstanding mortgage and other funded obligations of Lackawanna which (as of October 16, 1960) aggregated $113,007,570.

The long-term debt of the combined companies decreased $6,568,471 during the year, which is explained by the retirement of $7,999,421 of equipment obligations and other debt of the unified companies and the issuance of $1,430,950 principal amount of equipment obligations, as follows:

Debt Reacquired or Retired:	
Payments of installments on maturing equipment obligations	$7,655,421
Purchases for sinking fund purposes—Ohio Division First Mortgage 3¼% Bonds	194,000
First Consolidated Mortgage 3¼% Bonds, Series E	150,000
Total reacquired or retired	7,999,421
Debt Issued:	
Conditional Sale Agreement dated December 15, 1960, payable in thirty equal semi-annual installments ending December 15, 1975, bearing interest at 5¼% per annum on the first ten installments and 5¾% per annum on the remaining twenty installments	1,430,950
Net decrease	$6,568,471

At the close of the year, your Company owned 54,109 shares of the capital stock of U. S. Truck Lines, Inc. of Delaware, which stock was sold on January 26, 1961.

On January 13, 1961, your Company issued 4½% promissory notes in the amount of $2,000,000 to Pennsylvania Coal Company and $250,000 to Northwestern Mining and Exchange Company, wholly-owned subsidiary companies, to cover loans received from those companies.

Your Company has secured a loan to cover repairs to 725 box cars, which is secured by Conditional Sale Agreement dated as of February 1, 1961, in the estimated amount of $1,600,000.

New General Foods Distribution Plant at Clifton, N. J., completed in 1960, provides a substantial, continuing source of new traffic for the Erie-Lackawanna.



RESULTS OF OPERATION

	Year 1960			
	Erie-Lackawanna (a)	D.L. & W. (b)	Total	Year 1959 (c)
Operating Revenues:				
Freight	$140,062,832	$40,680,782	$180,743,614	$188,235,712
Passenger	8,885,472	7,189,400	16,074,872	15,622,068
Other	16,149,369	7,451,724	23,601,093	22,274,393
Total operating revenues	165,097,673	55,321,906	220,419,579	226,132,173
Operating Expenses:				
Maintenance of way and structures	18,521,486	5,038,866	23,560,352	23,601,154
Maintenance of equipment	28,926,388	9,751,580	38,677,968	38,195,851
Traffic	4,821,434	1,863,638	6,685,072	6,759,298
Transportation	82,093,043	29,342,984	111,436,027	112,036,584
Miscellaneous operations	646,784	369,789	1,016,573	948,727
General	9,505,329	3,348,751	12,854,080	12,508,759
Total operating expenses	144,514,464	49,715,608	194,230,072	194,050,373
Net revenue	20,583,209	5,606,298	26,189,507	32,081,800
Railway tax accruals	16,603,308	6,505,361	23,108,669	22,320,174
Operating income	3,979,901	(899,063)	3,080,838	9,761,626
Equipment and joint facility rents — Net	(10,874,863)	(2,148,787)	(13,023,650)	(10,019,711)
Net railway operating income	(6,894,962)	(3,047,850)	(9,942,812)	(258,085)
Other income less miscellaneous deductions	1,581,919	1,189,924	2,771,843	3,292,396
Income available for fixed charges	(5,313,043)	(1,857,926)	(7,170,969)	3,034,311
Fixed charges	5,658,475	3,355,055	9,013,530	9,242,628
Income after fixed charges	(10,971,518)	(5,212,981)	(16,184,499)	(6,208,317)
Other deductions — Contingent interest	3,441,535	369,580	3,811,115	3,811,453
Net income (Loss)	($14,413,053)	($5,582,561)	($19,995,614)	($10,019,770)

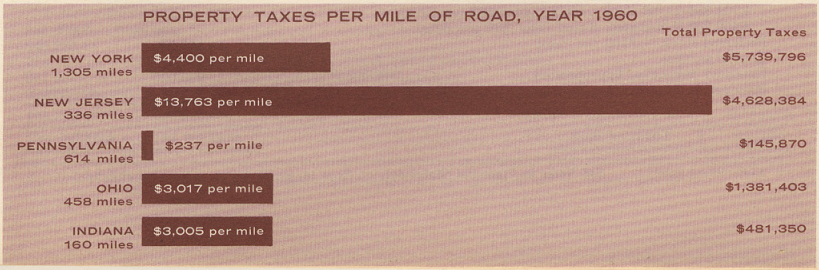
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(a) Excludes The Delaware, Lackawanna and Western R.R. Co. figures prior to merger.

(b) Covers period January 1 to October 16, 1960, inclusive.

(c) Includes combined operations of Erie R.R. Co. and The Delaware, Lackawanna and Western R.R. Co.

See Notes to Financial Statements on Page 18, which are an integral part hereof.



BALANCE SHEET

ASSETS	December 31, 1960	1959 (Erie RR balances only)
Current Assets:		
Cash and temporary cash investments	$ 15,665,967	$ 12,818,943
Accounts receivable	16,825,244	11,685,821
Material and supplies	12,984,544	7,374,024
Other current assets	514,112	213,128
Total current assets	45,989,867	32,091,916
Special Funds and Investments:		
Special funds	459,781	95,023
Affiliated companies	23,424,890	17,122,479
Other companies	2,875,281	1,923,462
Total special funds and investments	26,759,952	19,140,964
Properties:		
Transportation property	849,952,877	506,235,643
Accrued depreciation and amortization	(243,283,828)	(147,741,629)
Miscellaneous property	12,189,254	2,927,654
Net properties	618,858,303	361,421,668
Other Assets and Deferred Charges	6,279,262	5,413,115
TOTAL	$697,887,384	$418,067,663
LIABILITIES AND SHAREOWNERS' EQUITY		
Current Liabilities:		
Accounts and wages payable	$ 21,962,157	$ 13,403,933
Interest	6,637,921	5,266,679
Taxes accrued	6,004,000	5,150,979
Total current liabilities	34,604,078	23,821,591
Long-Term Debt Due Within One Year (See page 35):		
Equipment obligations	7,367,990	4,379,630
Other debt	245,000	245,000
Total long-term debt due within one year	7,612,990	4,624,630
Long-Term Debt (See page 35):		
Funded debt unmatured	273,380,200	181,250,950
Equipment obligations	35,547,418	21,312,556
Total long-term debt	308,927,618	202,563,506
Other Liabilities:		
Casualty and other reserves	10,378,263	6,748,590
Accrued unpaid contingent interest	4,277,500	—
Other liabilities and deferred credits	7,507,366	5,210,655
Total other liabilities	22,163,129	11,959,245
Shareowners' Equity:		
Common stock — No par:		
4,701,384-15/32 shares, stated value $32 per share	150,444,303	—
2,450,208-3/8 shares, stated value $40 per share	—	98,008,335
Preferred stock — $100 par value	12,533,000	12,533,000
Capital surplus	31,433,494	21,517
Retained income — Appropriated	245,000	1,932,150
Retained income — Unappropriated	129,923,772	62,603,689
Total shareowners' equity	324,579,569	175,098,691
TOTAL	$697,887,384	$418,067,663

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See Notes to Financial Statements on Page 18, which are an integral part hereof.

RETAINED INCOME FOR THE YEAR ENDED DECEMBER 31, 1960

	Unappropriated	*Appropriated for Capital Expenditures and Sinking Fund Reserves*
Credit balance at beginning of year:		
Erie Railroad Company	$ 62,603,689	$ 1,932,150
The Delaware, Lackawanna and Western Railroad Company	86,968,085	500
	149,571,774	1,932,650
CREDITS:		
Release of amounts appropriated applicable to period prior to 1960, mortgage requirements having been met —		
Capital Expenditures Fund Reserve (Note I)	1,687,150	(1,687,150)
Sinking Funds	245,500	(245,500)
Transfer of balance in the account "Pension and welfare reserves" (The Delaware, Lackawanna and Western Railroad Company)	4,457,254	—
Miscellaneous credits	49,127	—
Total Credits	6,439,031	(1,932,650)
DEBITS:		
Net loss for the year 1960 —		
Erie-Lackawanna Railroad Company (excluding The Delaware, Lackawanna and Western Railroad Company figures prior to merger)	14,413,053	—
The Delaware, Lackawanna and Western Railroad Company (period January 1 to October 16, 1960, inclusive)	5,582,561	—
Total net loss for the year 1960	19,995,614	—
Appropriation for sinking funds	245,000	(245,000)
Liability for vacations earned in 1960 payable in 1961 for Lackawanna employees (The Delaware, Lackawanna and Western Railroad Company)	2,300,000	—
Loss on sale or retirement of property (The Delaware, Lackawanna and Western Railroad Company)	851,777	—
Write-off of unamortized amounts covering cost of changes in connection with coordination of Erie and Lackawanna facilities at Hoboken Passenger Terminal Area and between Binghamton and Gibson, N. Y.	1,417,745	—
Liability for New York State county and city taxes on former Delaware, Lackawanna and Western Railroad Company property	401,465	—
Write-down of assets carried on books of The Delaware, Lackawanna and Western Railroad Company prior to merger	607,524	—
Miscellaneous debits	267,908	—
Total debits	26,087,033	(245,000)
Credit balance at end of year	$129,923,772	$ 245,000

( ) Denotes red figure

See Notes to Financial Statements on Page 18, which are an integral part hereof.

NOTES TO FINANCIAL STATEMENTS

A. Merger

On October 17, 1960, pursuant to Certificate and Order of the Interstate Commerce Commission dated September 13, 1960, The Delaware, Lackawanna and Western Railroad Company was merged into Erie Railroad Company, the name of which was changed to Erie-Lackawanna Railroad Company. The merger has been treated as a pooling of interests, with the assets, liabilities, capital surplus and retained income of the two companies being combined. The accounting for this transaction was approved by the Interstate Commerce Commission on December 6, 1960. All statements include the financial and operating results of the two companies unless otherwise indicated.

B. Depreciation and Amortization

Charges for depreciation and retirements of roadway and equipment included in the accompanying statement of Results of Operation amounted to $15,255,595 in 1960 and $15,386,657 in 1959.

At December 31, 1960, the estimated net accumulated tax reductions because of accelerated amortization and accelerated depreciation since 1950 were $21,842,000 and $425,500, respectively.

C. Contingent Interest

Under the computation of "Available Net Income," as defined in the mortgage indentures securing certain of the Company's funded debt issues, the contingent interest charged to income, amounting to $3,811,115 in the year 1960 and $3,811,433 in the year 1959, was not earned and was not paid. There will be no further accumulation of unearned interest under certain of the mortgages inasmuch as such unearned and unpaid interest amounts to the aggregate accumulation provided for in the mortgage indentures. The annual accruals of interest under these issues aggregated $466,047.

D. Unfunded Past Service Pension Costs

The unfunded past service pension costs applicable to the Company's supplemental retirement plans are estimated to be $13,600,000 as of the most recent actuarial studies.

E. Preferred Dividends

No dividends on Preferred Stock were paid during the year 1960. As of December 31, 1960, the accumulated unpaid preferred dividends amounted to $6.25 per share, or a total of $783,312.

F. Service Interruption Policy

The Company carries a service interruption policy under which it is entitled to indemnity for certain work stoppage losses. In the event such losses are sustained by other railroads holding similar policies, the Company is obligated to pay additional premiums.

G. Stock Option Plan

The Company was authorized by the Interstate Commerce Commission to assume obligation with respect to options under the Restricted Stock Option Plan of the former The Delaware, Lackawanna and Western Railroad Company and to issue up to 49,200 shares of Common Stock to be sold at $21.3125 each to satisfy such options. No options were granted or exercised during the year 1960.

H. Capital Surplus

Pursuant to the merger on October 17, 1960, Erie-Lackawanna Railroad Company issued 1,638,624 shares of its Common Stock for a like number of shares of Common Stock of The Delaware, Lackawanna and Western Railroad Company. The reduction in recorded value of these shares of The Delaware, Lackawanna and Western Railroad Company stock at $50 par value to the same number of shares of Erie-Lackawanna Railroad Company stock at $32 stated value amounting to $29,495,232, was credited to "Capital Surplus," as approved by the Interstate Commerce Commission.

I. Capital Expenditures Fund Reserve

The Capital Expenditures Fund Reserve appropriations heretofore made, as provided in the mortgage indentures of Erie Railroad Company and The Delaware, Lackawanna and Western Railroad Company, were discontinued as a result of the Supplemental Indentures to these mortgages incident to the merger.

J. Guarantor

This Company is liable as a guarantor of the following securities:

Principal and interest, jointly and severally, with Lehigh Valley Railroad Company, of The Buffalo Creek Railroad Company —	
First Mortgage 3% Series B Bonds	$2,418,000
Conditional Sale Agreements	$5,850,612
Obligation and liability, with four other Railroad Companies as lessee jointly and severally, with respect to Chicago and Western Indiana Railroad Company First Collateral Trust Mortgage 4¾% Sinking Fund Bonds, Series A, due May 1, 1982	$51,311,000

ACCOUNTANTS' OPINION

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

1717 EAST NINTH STREET
CLEVELAND 14

To the Board of Directors and Shareowners
of Erie-Lackawanna Railroad Company:

We have examined the balance sheet of Erie-Lackawanna Railroad Company as of December 31, 1960 and the related statements of results of operation and of 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.

In our opinion, the accompanying balance sheet and statements of results of operation and of retained income present fairly the financial position of the Company at December 31, 1960 and the results of its operations for the year then ended, in conformity with principles of accounting prescribed or authorized by the Interstate Commerce Commission applied on a basis consistent with that of the preceding year.

February 16, 1961

HASKINS & SELLS

Schedule 1 **Income Statement**

Includes The Delaware, Lackawanna and Western Railroad Company figures prior to merger

	1960	1959	Increase (Decrease) Amount	Increase (Decrease) Per Cent
RAILWAY OPERATING REVENUES:				
Merchandise	$163,966,133	$169,736,618	$(5,770,485)	(3.40)
Coal and coke	16,777,481	18,499,094	(1,721,613)	(9.31)
Passenger	16,074,872	15,622,068	452,804	2.90
Mail	7,484,764	6,755,940	728,824	10.79
Express	3,265,280	3,400,292	(135,012)	(3.97)
Miscellaneous	12,851,049	12,118,161	732,888	6.05
TOTAL RAILWAY OPERATING REVENUES	220,419,579	226,132,173	(5,712,594)	(2.53)
RAILWAY OPERATING EXPENSES:				
Maintenance of way and structures (a)	23,560,352	23,601,154	(40,802)	(.17)
Maintenance of equipment (b)	38,677,968	38,195,851	482,117	1.26
Traffic	6,685,072	6,759,298	(74,226)	(1.10)
Transportation	111,436,027	112,036,584	(600,557)	(.54)
Miscellaneous operations	1,016,573	948,727	67,846	7.15
General	12,854,080	12,508,759	345,321	2.76
TOTAL RAILWAY OPERATING EXPENSES	194,230,072	194,050,373	179,699	.09
Net revenue from railway operations	26,189,507	32,081,800	(5,892,293)	(18.37)
Railway tax accruals:				
Property and miscellaneous taxes	12,519,560	12,517,414	2,146	.02
Payroll taxes	10,589,109	9,927,645	661,464	6.66
Federal income taxes	.....	(124,885)	124,885	.....
TOTAL RAILWAY TAX ACCRUALS	23,108,669	22,320,174	788,495	3.53
Railway operating income	3,080,838	9,761,626	(6,680,788)	(68.44)
Equipment rents—Net	(12,149,817)	(9,810,064)	(2,339,753)	(23.85)
Joint facility rents—Net	(873,833)	(209,647)	(664,186)	(100.00+)
NET RAILWAY OPERATING INCOME	(9,942,812)	(258,085)	(9,684,727)	(100.00+)
OTHER INCOME:				
Income from lease of road and equipment	11,160	11,860	(700)	(5.90)
Miscellaneous rent income	860,963	890,508	(29,545)	(3.32)
Income from nonoperating property	652,166	616,102	36,064	5.85
Separately operated properties—Profit	554,338	724,177	(169,839)	(23.45)
Dividend income	138,037	622,593	(484,556)	(77.83)
Interest income	727,349	806,169	(78,820)	(9.78)
Income from sinking and other reserve funds	8,724	7,190	1,534	21.34
Release of premiums on funded debt	3,060	3,100	(40)	(1.29)
Miscellaneous income	719,017	665,681	53,336	8.01
TOTAL OTHER INCOME	3,674,814	4,347,380	(672,566)	(15.47)
Total income	(6,267,998)	4,089,295	(10,357,293)	.....
MISCELLANEOUS DEDUCTIONS FROM INCOME:				
Miscellaneous rents	146,085	203,548	(57,463)	(28.23)
Miscellaneous tax accruals	511,830	527,849	(16,019)	(3.03)
Separately operated properties—Loss	2,651	.....	2,651	.....
Miscellaneous income charges	242,405	323,587	(81,182)	(25.09)
TOTAL MISCELLANEOUS DEDUCTIONS	902,971	1,054,984	(152,013)	(14.41)
Income available for fixed charges	(7,170,969)	3,034,311	(10,205,280)	.....
FIXED CHARGES:				
Rent for leased roads and equipment	150,610	151,861	(1,251)	(.82)
Interest on funded debt—Fixed interest	8,679,959	8,890,662	(210,703)	(2.37)
Interest on unfunded debt	138,846	150,504	(11,658)	(7.75)
Amortization of discount on funded debt	44,115	49,601	(5,486)	(11.06)
TOTAL FIXED CHARGES	9,013,530	9,242,628	(229,098)	(2.48)
Income after fixed charges	(16,184,499)	(6,208,317)	(9,976,182)	(100.00+)
OTHER DEDUCTIONS:				
Interest on funded debt—Contingent interest	3,811,115	3,811,453	(338)	(.01)
Net income (Loss)	($19,995,614)	($10,019,770)	($9,975,844)	(99.56)

( )—Denotes red figure

See Notes to Financial Statements on page 18, which are an integral part hereof.

		1960	1959
(a)	Includes:		
	Depreciation on fixed property	$ 4,470,462	$ 4,412,435
	Retirements of nondepreciable property	99,720	214,361
	TOTAL	4,570,182	4,626,796
(b)	Includes:		
	Depreciation on fixed property	266,784	266,843
	Depreciation on equipment	10,567,879	10,679,439
	Retirements of equipment	(149,250)	(186,421)
	TOTAL	$10,685,413	$10,759,861

Assets

Balances at December 31, 1959, are

	December 31, 1960	December 31, 1959	Increase (Decrease)
CURRENT ASSETS:			
Cash	$ 7,402,504	$ 6,971,836	$ 430,668
Temporary cash investments	8,050,826	5,530,018	2,520,808
Special deposits	212,637	317,089	(104,452)
Loans and notes receivable	21,800	.....	21,800
Net balance receivable from agents and conductors	6,369,650	4,194,184	2,175,466
Miscellaneous accounts receivable	6,168,246	4,530,792	1,637,454
Interest and dividends receivable	92,630	39,943	52,687
Accrued accounts receivable	4,194,718	2,920,902	1,273,816
Working fund advances	212,980	74,638	138,342
Prepayments	205,620	82,823	122,797
Material and supplies	12,984,544	7,374,024	5,610,520
Other current assets	73,712	55,667	18,045
TOTAL CURRENT ASSETS	45,989,867	32,091,916	13,897,951
SPECIAL FUNDS:			
Sinking funds	1,578	1,098	480
Capital and other reserve funds	155,488	64,207	91,281
Insurance and other funds	302,715	29,718	272,997
TOTAL SPECIAL FUNDS	459,781	95,023	364,758
INVESTMENTS:			
Investments in affiliated companies:			
Stocks	8,019,204	7,707,068	312,136
Bonds	1,344,769	587,095	757,674
Unsecured notes	1,838,961	665,058	1,173,903
Investment advances	12,221,956	8,163,258	4,058,698
TOTAL INVESTMENTS IN AFFILIATED COMPANIES	23,424,890	17,122,479	6,302,411
Other investments:			
Stocks	2,000,052	1,038,519	961,533
Bonds	3,711	.....	3,711
Other secured obligations	152,496	81,553	70,943
Unsecured notes	719,022	803,390	(84,368)
TOTAL OTHER INVESTMENTS	2,875,281	1,923,462	951,819
TOTAL INVESTMENTS	26,300,171	19,045,941	7,254,230
PROPERTIES:			
Road and equipment property	857,925,407	513,472,248	344,453,159
Improvements on leased property	399,641	381,919	17,722
Donations and grants—Cr.	(8,372,171)	(7,618,524)	(753,647)
TOTAL TRANSPORTATION PROPERTY	849,952,877	506,235,643	343,717,234
Accrued depreciation—Road and Equipment	(224,644,680)	(133,892,122)	(90,752,558)
Amortization of defense projects—Road and Equipment	(18,639,148)	(13,849,507)	(4,789,641)
RECORDED DEPRECIATION AND AMORTIZATION	(243,283,828)	(147,741,629)	(95,542,199)
TOTAL TRANSPORTATION PROPERTY LESS RECORDED DEPRECIATION AND AMORTIZATION	606,669,049	358,494,014	248,175,035
Miscellaneous physical property	12,189,254	2,927,654	9,261,600
TOTAL PROPERTIES LESS RECORDED DEPRECIATION AND AMORTIZATION	618,858,303	361,421,668	257,436,635
OTHER ASSETS AND DEFERRED CHARGES:			
Other assets	2,878,680	1,783,903	1,094,777
Unamortized discount on long-term debt	668,987	712,809	(43,822)
Other deferred charges	2,731,595	2,916,403	(184,808)
TOTAL OTHER ASSETS AND DEFERRED CHARGES	6,279,262	5,413,115	866,147
TOTAL ASSETS	$697,887,384	$418,067,663	$279,819,721

( )—Denotes red figure

See Notes to Financial Statements on page 18, which are an integral part hereof.

Balance Sheet

Liabilities and Shareholders' Equity

for Erie Railroad Company only

	Total Issued	Held by or for Company	December 31, 1960	December 31, 1959	Increase (Decrease)
CURRENT LIABILITIES:					
Traffic and car-service balances — Cr.			$ 1,244,224	$ 675,658	$ 568,566
Audited accounts and wages payable			5,466,907	2,636,402	2,830,505
Miscellaneous accounts payable			2,915,557	2,155,865	759,692
Interest matured unpaid			1,555,290	1,303,132	252,158
Dividends matured unpaid			29,947	25,804	4,143
Unmatured interest accrued			5,082,631	3,963,547	1,119,084
Accrued accounts payable			10,522,035	6,633,628	3,888,407
Federal income taxes accrued			1,205,388	1,205,390	(2)
Other taxes accrued			4,798,612	3,945,589	853,023
Other current liabilities			1,783,487	1,276,576	506,911
TOTAL CURRENT LIABILITIES (EXCLUSIVE OF LONG-TERM DEBT DUE WITHIN ONE YEAR)			34,604,078	23,821,591	10,782,487
LONG-TERM DEBT DUE WITHIN ONE YEAR:					
Equipment obligations			7,367,990	4,379,630	2,988,360
Other debt			245,000	245,000	.....
TOTAL LONG-TERM DEBT DUE WITHIN ONE YEAR			7,612,990	4,624,630	2,988,360
LONG-TERM DEBT DUE AFTER ONE YEAR:					
Funded debt unmatured (Schedule 5):					
Mortgage bonds	$221,244,625	$33,118,475	188,126,150	109,869,000	78,257,150
Collateral trust bonds	9,619,550	51,700	9,567,850	.....	9,567,850
Income bonds	50,505,025	1,395,025	49,110,000	44,805,750	4,304,250
Miscellaneous obligations	26,943,100	366,900	26,576,200	26,576,200	.....
TOTAL FUNDED DEBT UNMATURED			273,380,200	181,250,950	92,129,250
Equipment obligations (Schedule 5)			35,547,418	21,312,556	14,234,862
TOTAL LONG-TERM DEBT DUE AFTER ONE YEAR			308,927,618	202,563,506	106,364,112
RESERVES:					
Casualty and other reserves			10,378,263	6,748,590	3,629,673
OTHER LIABILITIES AND DEFERRED CREDITS:					
Other liabilities			9,846,467	4,057,298	5,789,169
Unamortized premium on long-term debt			32,457	35,974	(3,517)
Other deferred credits			1,563,776	797,816	765,960
Accrued depreciation — Leased property			342,166	319,567	22,599
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS			11,784,866	5,210,655	6,574,211
SHAREHOLDERS' EQUITY:	Total Issued	Held by or for Company			
CAPITAL STOCK:	(Number of shares)				
Capital stock issued:					
(a) Common — No Par:					
Stated value $32 per share—					
Certificates of Beneficial Interest	718.75	.....	23,000	24,600	(1,600)
Common	4,749,717.75	49,200	150,416,568	97,979,000	52,437,568
(b) Preferred — Par value $100 share:					
Series A — 5%	125,120.00	.....	12,512,000	12,512,000	.....
Series B — 5%	210.00	.....	21,000	21,000	.....
Stock liability for conversion:					
Common ($32 per share)	147.96875		4,735	4,735	.....
TOTAL CAPITAL STOCK			162,977,303	110,541,335	52,435,968
CAPITAL SURPLUS (Schedule 3):					
Paid-in surplus			31,307,357	.....	31,307,357
Other capital surplus			126,137	21,517	104,620
TOTAL CAPITAL SURPLUS			31,433,494	21,517	31,411,977
RETAINED INCOME:					
Retained income — Appropriated (Schedule 3)			245,000	1,932,150	(1,687,150)
Retained income — Unappropriated (Schedule 3)			129,923,772	62,603,689	67,320,083
TOTAL RETAINED INCOME			130,168,772	64,535,839	65,632,933
TOTAL SHAREHOLDERS' EQUITY			324,579,569	175,098,691	149,480,878
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			$697,887,384	$418,067,663	$279,819,721

Schedule 3

Capital Surplus and Retained Income

Includes The Delaware, Lackawanna and Western Railroad Company figures prior to merger

CAPITAL SURPLUS:		
Balance at beginning of year —		
Erie Railroad Company		$ 21,517
The Delaware, Lackawanna and Western Railroad Company		1,912,460
		1,933,977
Additions during the year —		
Donated property retired		4,285
Reduction in recorded value of Common Stock of The Delaware, Lackawanna and Western Railroad Company, as adjusted		31,307,357
Total additions		31,311,642
Deductions during the year —		
Elimination of amounts included in the accounts "Premiums and assessments on capital stock" and "Paid-in surplus" on books of The Delaware, Lackawanna and Western Railroad Company applicable to Common Stock of that company		1,812,125
Balance at close of year		$ 31,433,494
RETAINED INCOME — APPROPRIATED:		
Balance at beginning of year —		
Erie Railroad Company		$ 1,932,150
The Delaware, Lackawanna and Western Railroad Company		500
		1,932,650
Credits during the year —		
Appropriations for sinking funds:		
Erie R. R. Co. First Consolidated Mortgage Bonds, Series E	$ 65,000	
Erie R. R. Co. Ohio Division First Mortgage Bonds	180,000	245,000
Debits during the year —		
Release of amounts appropriated applicable to period prior to 1960, mortgage requirements having been met:		
Capital Expenditures Fund Reserve (Note I)		1,687,150
Sinking Funds		245,500
Total debits		1,932,650
Balance at close of year		$ 245,000
RETAINED INCOME — UNAPPROPRIATED:		
Balance at beginning of year —		
Erie Railroad Company		$ 62,603,689
The Delaware, Lackawanna and Western Railroad Company		86,968,085
		149,571,774
Credits during the year —		
Release of amounts appropriated applicable to period prior to 1960, mortgage requirements having been met:		
Capital Expenditures Fund Reserve (Note I)	$1,687,150	
Sinking Funds	245,500	1,932,650
Transfer of balance in the account "Pension and welfare reserves" (on books of The Delaware, Lackawanna and Western Railroad Company)		4,457,254
Miscellaneous credits		49,127
Total credits		6,439,031
Debits during the year —		
Debit balance transferred from income:		
Erie-Lackawanna Railroad Company (excluding The Delaware, Lackawanna and Western Railroad Company figures prior to merger)		14,413,053
The Delaware, Lackawanna and Western Railroad Company (for the period January 1 to October 16, 1960, inclusive)		5,582,561
Total net loss for the year 1960		19,995,614
Appropriations for sinking funds		245,000
Liability for vacations earned in 1960 payable in 1961 for Lackawanna employees (on books of The Delaware, Lackawanna and Western Railroad Company)		2,300,000
Loss on sale or retirement of property (on books of The Delaware, Lackawanna and Western Railroad Company)		851,777
Write-off of unamortized amounts covering cost of changes in connection with coordination of Erie and Lackawanna facilities at Hoboken Passenger Terminal Area and between Binghamton and Gibson, N. Y.		1,417,745
Liability for New York State county and city taxes on former The Delaware, Lackawanna and Western Railroad Company property		401,465
Write-down in book value of Harlem Transfer Company capital stock to par value of such stock		287,500
Write-down of other assets carried on books of The Delaware, Lackawanna and Western Railroad Company prior to merger		320,024
Miscellaneous debits		267,908
Total debits		26,087,033
Balance at end of year		$129,923,772
Total Capital Surplus and Retained Income		$161,602,266

See Notes to Financial Statements on page 18, which are an integral part hereof.

Additions and Betterments to, and Retirements of, Road and Equipment during Year

Schedule 4

Includes The Delaware, Lackawanna and Western Railroad Company figures prior to merger

	Additions and Betterments	Retirements	Net
ROAD:			
Engineering	($307,070)	$ 64,277	($371,347)
Land for transportation purposes	64,461	64,533	(72)
Other right-of-way expenditures	40	942	(902)
Grading	214,330	74,894	139,436
Bridges, trestles, and culverts	486,141	601,440	(115,299)
Ties	88,802	91,266	(2,464)
Rails	156,721	172,123	(15,402)
Other track material	285,905	201,459	84,446
Ballast	49,682	69,990	(20,308)
Track laying and surfacing	153,486	80,846	72,640
Fences, snowsheds, and signs	2,279	2,125	154
Station and office buildings	271,455	216,911	54,544
Roadway buildings	10,866	5,682	5,184
Water stations	3,366	.....	3,366
Fuel stations	4,390	10,712	(6,322)
Shops and enginehouses	43,293	95,567	(52,274)
Wharves and docks	400,140	40,585	359,555
Communication systems	44,673	6,563	38,110
Signals and interlockers	710,331	466,319	244,012
Power plants	11,747	689	11,058
Power-transmission systems	(127)	4,274	(4,401)
Miscellaneous structures	8,324	.....	8,324
Roadway machines	26,078	15,520	10,558
Public improvements — Construction	11,527	(8,818)	20,345
Revenues and operating expenses during construction	1,106	.....	1,106
Other expenditures — Road	.....	681	(681)
Shop machinery	18,857	13,461	5,396
Power plant machinery	21,906	3,664	18,242
TOTAL OWNED PROPERTY	2,782,709	2,295,705	487,004
Leased property	24,613	6,891	17,722
TOTAL ROAD (See Note)	2,807,322	2,302,596	504,726
EQUIPMENT:			
Other locomotives	124,605	74,784	49,821
Freight-train cars	2,057,740	7,150,832	(5,093,092)
Passenger-train cars	25,222	791,429	(766,207)
Floating equipment	11,167	484,958	(473,791)
Work equipment	21,789	105,759	(83,970)
Miscellaneous equipment	278,826	152,760	126,066
TOTAL EQUIPMENT (See Note)	2,519,349	8,760,522	(6,241,173)
GENERAL EXPENDITURES:			
Owned property	.....	116,608	(116,608)
TOTAL ROAD, EQUIPMENT AND GENERAL EXPENDITURES	$5,326,671	$11,179,726	($5,853,055)

( )—Denotes red figure

NOTE: Includes expenditures for new equipment and facilities as follows:

Construction of steel bulkhead along Cuyahoga River, Cleveland, O.	$ 395,524
Freight-train cars — 100 85-foot flat cars	1,460,348
Equipping cars with "DF" devices, racks and loaders	345,399

Schedule 5

FUNDED DEBT AND EQUIPMENT OBLIGATIONS

Name of Obligation	Date of Maturity	Principal amounts as of December 31, 1960				Interest Accrued and Charged to Income for Year 1960*						Total
						Fixed Interest			Contingent Interest			
		Total	Pledged	Held by or for Co.	Outstanding with Public	Rate	Due	Amount	Rate	Due	Amount	
MORTGAGE BONDS												
Erie Railroad Company Ohio Division												
First Mortgage Bonds	Sept. 1, 1971	$ 14,570,000	$	$ 50,000	$ 14,520,000	3¼%	Mar. and Sept.	$ 473,958			$	$ 473,958
Chicago and Erie Railroad Company												
First Mortgage Bonds	May 1, 1982	11,997,000			11,997,000	5	May and Nov.	599,850				599,850
Erie Railroad Company First Consolidated Mortgage Bonds:												
Series E	Oct. 1, 1964	11,821,000		75,000	11,746,000	3¼	Apr. and Oct.	384,911				384,911
Series F	Jan. 1, 1990	32,842,000		12,000	32,830,000	3⅛	Jan. and July	1,025,937				1,025,937
Series G	Jan. 1, 2000	38,677,000			38,677,000	3⅛	Jan. and July	1,208,656				1,208,656
Series I	Jan. 1, 1995	4,217,500		4,217,500		4	Jan. and July					
The Morris and Essex Railroad Company:												
First Refunding Mortgage Bonds	Dec. 1, 2000	32,670,000		30,000	32,640,000	3½	June and Dec.	1,142,401				1,142,401
Construction Mortgage Bonds:												
Series A	Nov. 1, 1975	6,517,000	6,517,000			5	May and Nov.					
Series B	Nov. 1, 1975	9,772,000	9,772,000			4½	May and Nov.					
Series C	Nov. 1, 1975	10,000,000	10,000,000			4½	May and Nov.					
The Delaware, Lackawanna and Western Railroad Company Pennsylvania Division:												
First Mortgage Bonds, Series A	May 1, 1980	3,974,000			3,974,000	4¾	May and Nov.	188,765				188,765
Refunding Mortgage and Collateral Trust Bonds:												
Series A	May 1, 1985	2,329,300		26,600	2,302,700	5	May and Nov.	115,135				115,135
Series B	May 1, 1985	2,808,000		190,000	2,618,000	4½	May and Nov.	117,809				117,809
The New York, Lackawanna and Western Railroad Company First and Refunding Mortgage Bonds:												
Series A	May 1, 1973	12,622,000		559,000	12,063,000	4	May and Nov.	482,520				482,520
Series B	May 1, 1973	9,019,000		308,000	8,711,000	4½	May and Nov.	391,995				391,995
Series C	May 1, 1973	5,216,300		150,500	5,065,800	5	May and Nov.	253,290				253,290
Lackawanna of New Jersey Division First Mortgage Bonds:												
Series A	May 1, 1993	6,593,175		327,875	6,265,300	4	May and Nov.	250,612				250,612
Warren Railroad Company First and Refunding Mortgage Bonds	Aug. 1, 2000	977,000			977,000	3½	Feb. and Aug.	34,195				34,195
Warren Division Mortgage Bonds	May 1, 1992	1,166,300		191,000	975,300	4	May and Nov.	39,012	2%	May	19,505	58,517
Oswego and Syracuse Division Mortgage Bonds	May 1, 1993	975,050		154,000	821,050	4	May and Nov.	32,842	2	May	16,421	49,263
Utica, Chenango and Susquehanna Valley Division Mortgage Bonds	May 1, 1992	2,726,000		538,000	2,188,000	3	May and Nov.	65,640	2	May	43,760	109,400
Total Mortgage Bonds		221,489,625	26,289,000	6,829,475	188,371,150			6,807,528			79,686	6,887,214
COLLATERAL TRUST BONDS												
Morris and Essex Division Collateral Trust Bonds	May 1, 2042	9,619,550		51,700	9,567,850	4	May and Nov.	382,715	2	May	191,358	574,073
INCOME BONDS												
Erie Railroad Company General Mortgage Income Bonds:												
Series A	Jan. 1, 2015	46,191,750		1,386,000	44,805,750				4½	Apr.	2,016,259	2,016,259

The Delaware, Lackawanna and Western Railroad Company												
Income Mortgage Bonds	May	1, 1993	2,284,700		1,400	2,283,300				5	May	114,165	114,165
Lackawanna of New Jersey Division First Mortgage Bonds:												
Series B	May	1, 1993	2,028,575		7,625	2,020,950				4	May	80,837	80,837
Total Income Bonds			50,505,025		1,395,025	49,110,000						2,211,261	2,211,261
MISCELLANEOUS OBLIGATIONS													
Erie Railroad Company Income Debentures	Jan.	1, 2020	26,943,100		366,900	26,576,200				5	Apr. and Oct.	1,328,810	1,328,810
Total Funded Debt			308,557,300	26,289,000	8,643,100	273,625,200			7,190,243			3,811,115	11,001,358
EQUIPMENT OBLIGATIONS													
Erie Railroad Equipment Trusts:													
Series of 1950	July	15, 1965	2,700,000			2,700,000	2⅜	Jan. and July	67,829				67,829
Series of 1951	Jan.	15, 1961	270,000			270,000	2⅜	Jan. and July	10,119				10,119
Series of 1952	Dec.	1, 1961	540,000			540,000	3	June and Dec.	27,000				27,000
Series of 1952 — Second	Apr.	15, 1962	270,000			270,000	2⅜	Apr. and Oct.	9,634				9,634
Series of 1952 — Third	Sept.	15, 1962	576,000			576,000	2⅛	Mar. and Sept.	20,332				20,332
Series of 1954	Jan.	15, 1969	3,240,000			3,240,000	3	Jan. and July	97,620				97,620
Series of 1955	July	15, 1970	2,180,000			2,180,000	3	Jan. and July	68,924				68,924
Series of 1956	June	15, 1971	4,565,000			4,565,000	3⅝	June and Dec.	172,333				172,333
Series of 1957	Jan.	1, 1972	2,244,000			2,244,000	4¼	Jan. and July	95,370				95,370
Series of 1957 — Second	July	15, 1972	2,340,000			2,340,000	4¾	Jan. and July	116,141				116,141
Delaware, Lackawanna and Western Railroad Equipment Trusts:													
Series H	Mar.	15, 1964	882,000			882,000	2½	Mar. and Sept.	24,937				24,937
Series I	Apr.	1, 1964	840,000			840,000	2½	Apr. and Oct.	22,313				22,313
Series J	Apr.	1, 1965	665,000			665,000	2⅜	Apr. and Oct.	16,585				16,585
Series K	Mar.	1, 1967	1,386,000			1,386,000	3	Mar. and Sept.	42,570				42,570
Series L	Jan.	15, 1968	3,456,000			3,456,000	3⅛	Jan. and July	108,563				108,563
Series M	Aug.	15, 1969	3,420,000			3,420,000	2¾	Feb. and Aug.	97,968				97,968
Series N	May	15, 1971	3,027,000			3,027,000	3¾	May and Nov.	110,972				110,972
Series N	May	15, 1971	2,223,000			2,223,000	3⅞	May and Nov.	100,876				100,876
Erie Railroad Conditional Sale Agreements:													
Dated Jan. 1, 1953	June	1, 1963	281,250			281,250	3.375	Quarterly	11,549				11,549
Dated Jan. 3, 1955	Mar.	1, 1960					3	Quarterly	137				137
Dated Jan. 2, 1956	Jan.	1, 1961	18,800			18,800	3.375	Quarterly	1,586				1,586
Dated Dec. 1, 1956	Dec.	1, 1961	112,000			112,000	4	Quarterly	6,907				6,907
Dated Feb. 1, 1958	Feb.	1, 1963	157,500			157,500	5	Quarterly	9,479				9,479
Dated Apr. 1, 1959	Apr.	1, 1964	1,818,006			1,818,006	4.5	Quarterly	90,576				90,576
Delaware, Lackawanna and Western Railroad Conditional Sale Agreements:													
Dated Mar. 1, 1951	June	1, 1966	1,386,231			1,386,231	3	Quarterly	45,805				45,805
Dated Apr. 15, 1951	Mar.	1, 1966	316,447			316,447	3	Quarterly	10,473				10,473
Dated July 1, 1951	Oct.	1, 1966	1,096,209			1,096,209	3	Quarterly	35,001				35,001
Dated Nov. 15, 1952	Nov.	1, 1962	144,000			144,000	3⅜	Quarterly	5,973				5,973
Dated Feb. 1, 1956	June	1, 1961	28,928			28,928	3½	Quarterly	2,109				2,109
Dated Dec. 15, 1956	Apr.	15, 1962	649,350			649,350	3½	Quarterly	29,041				29,041
Dated May 15, 1957	Feb.	15, 1967	150,401			150,401	4¼	Feb. and Aug.	11,337				11,337
Dated May 15, 1957	Feb.	15, 1967	501,336			501,336	4½	Feb. and Aug.	19,213				19,213
Erie-Lackawanna Railroad Conditional Sale Agreements:													
Dated Dec. 15, 1960	Nov.	15, 1975	1,430,950			1,430,950	5¼	May and Nov.	444				444
Total Equipment Obligations			42,915,408			42,915,408			1,489,716				1,489,716
Grand Total			$351,472,708	$26,289,000	$8,643,100	$316,540,608			$8,679,959			$3,811,115	$12,491,074

*Includes The Delaware, Lackawanna and Western Railroad Company figures prior to merger.

Schedule 5

FUNDED DEBT AND EQUIPMENT OBLIGATIONS

Name of Obligation	Date of Maturity	Principal amounts as of December 31, 1960				Interest Accrued and Charged to Income for Year 1960*						
						Fixed Interest			Contingent Interest			
		Total	Pledged	Held by or for Co.	Outstanding with Public	Rate	Due	Amount	Rate	Due	Amount	Total
MORTGAGE BONDS												
Erie Railroad Company Ohio Division First Mortgage Bonds	Sept. 1, 1971	$ 14,570,000	$	$ 50,000	$ 14,520,000	3¼%	Mar. and Sept.	$ 473,958			$	$ 473,958
Chicago and Erie Railroad Company First Mortgage Bonds	May 1, 1982	11,997,000			11,997,000	5	May and Nov.	599,850				599,850
Erie Railroad Company First Consolidated Mortgage Bonds:												
Series E	Oct. 1, 1964	11,821,000		75,000	11,746,000	3½	Apr. and Oct.	384,911				384,911
Series F	Jan. 1, 1990	32,842,000		12,000	32,830,000	3½	Jan. and July	1,025,937				1,025,937
Series G	Jan. 1, 2000	38,677,000			38,677,000	3½	Jan. and July	1,208,656				1,208,656
Series I	Jan. 1, 1995	4,217,500		4,217,500		4	Jan. and July					
The Morris and Essex Railroad Company: First Refunding Mortgage Bonds	Dec. 1, 2000	32,670,000		30,000	32,640,000	3½	June and Dec.	1,142,401				1,142,401
Construction Mortgage Bonds:												
Series A	Nov. 1, 1975	6,517,000	6,517,000			5	May and Nov.					
Series B	Nov. 1, 1975	9,772,000	9,772,000			4½	May and Nov.					
Series C	Nov. 1, 1975	10,000,000	10,000,000			4½	May and Nov.					
The Delaware, Lackawanna and Western Railroad Company Pennsylvania Division: First Mortgage Bonds, Series A	May 1, 1980	3,974,000			3,974,000	4¾	May and Nov.	188,765				188,765
Refunding Mortgage and Collateral Trust Bonds:												
Series A	May 1, 1985	2,329,300		26,600	2,302,700	5	May and Nov.	115,135				115,135
Series B	May 1, 1985	2,808,000		190,000	2,618,000	4½	May and Nov.	117,809				117,809
The New York, Lackawanna and Western Railroad Company First and Refunding Mortgage Bonds:												
Series A	May 1, 1973	12,622,000		559,000	12,063,000	4	May and Nov.	482,520				482,520
Series B	May 1, 1973	9,019,000		508,000	8,711,000	4½	May and Nov.	391,955				391,955
Series C	May 1, 1973	5,216,300		150,500	5,065,800	5	May and Nov.	253,290				253,290
Lackawanna of New Jersey Division First Mortgage Bonds:												
Series A	May 1, 1993	6,593,175		327,875	6,265,300	4	May and Nov.	250,612				250,612
Warren Railroad Company First and Refunding Mortgage Bonds	Aug. 1, 2000	977,000			977,000	3½	Feb. and Aug.	34,195				34,195
Warren Division Mortgage Bonds	May 1, 1992	1,166,300		191,000	975,300	4	May and Nov.	39,012	2%	May	19,505	58,517
Oswego and Syracuse Division Mortgage Bonds	May 1, 1993	975,050		154,000	821,050	4	May and Nov.	32,842	2	May	16,421	49,263
Utica, Chenango and Susquehanna Valley Division Mortgage Bonds	May 1, 1992	2,726,000		538,000	2,188,000	3	May and Nov.	65,640	2	May	43,760	109,400
Total Mortgage Bonds		221,489,625	26,289,000	6,829,475	188,371,150			6,807,528			79,686	6,887,214
COLLATERAL TRUST BONDS												
Morris and Essex Division Collateral Trust Bonds	May 1, 2042	9,619,550		51,700	9,567,850	4	May and Nov.	382,715	2	May	191,358	574,073
INCOME BONDS												
Erie Railroad Company General Mortgage Income Bonds:												
Series A	Jan. 1, 2015	46,191,750		1,386,000	44,805,750				4½	Apr.	2,016,259	2,016,259
The Delaware, Lackawanna and Western Railroad Company Income Mortgage Bonds	May 1, 1993	2,284,700		1,400	2,283,300				5	May	114,165	114,165
Lackawanna of New Jersey Division First Mortgage Bonds:												
Series B	May 1, 1993	2,028,575		7,625	2,020,950				4	May	80,837	80,837
Total Income Bonds		50,505,025		1,395,025	49,110,000						2,211,261	2,211,261
MISCELLANEOUS OBLIGATIONS												
Erie Railroad Company Income Debentures	Jan. 1, 2020	26,943,100		366,900	26,576,200				5	Apr. and Oct.	1,328,810	1,328,810
Total Funded Debt		308,557,300	26,289,000	8,643,100	273,625,200			7,190,243			3,811,115	11,001,358
EQUIPMENT OBLIGATIONS												
Erie Railroad Equipment Trusts:												
Series of 1950	July 15, 1965	2,700,000			2,700,000	2½	Jan. and July	67,829				67,829
Series of 1951	Jan. 15, 1961	270,000			270,000	2½	Jan. and July	10,119				10,119
Series of 1952	Dec. 1, 1961	540,000			540,000	3	June and Dec.	27,000				27,000
Series of 1952 — Second	Apr. 15, 1962	270,000			270,000	2½	Apr. and Oct.	9,634				9,634
Series of 1952 — Third	Sept. 15, 1962	576,000			576,000	2½	Mar. and Sept.	20,332				20,332
Series of 1954	Jan. 15, 1969	3,240,000			3,240,000	3	Jan. and July	97,620				97,620
Series of 1955	July 15, 1970	2,180,000			2,180,000	3	Jan. and July	68,924				68,924
Series of 1956	June 15, 1971	4,565,000			4,565,000	3½	June and Dec.	172,333				172,333
Series of 1957	Jan. 1, 1972	2,244,000			2,244,000	4¼	Jan. and July	95,370				95,370
Series of 1957 — Second	July 15, 1972	2,340,000			2,340,000	4¾	Jan. and July	116,141				116,141
Delaware, Lackawanna and Western Railroad Equipment Trusts:												
Series H	Mar. 15, 1964	882,000			882,000	2½	Mar. and Sept.	24,937				24,937
Series I	Apr. 1, 1964	840,000			840,000	2½	Apr. and Oct.	22,313				22,313
Series J	Apr. 1, 1965	665,000			665,000	2½	Apr. and Oct.	16,585				16,585
Series K	Mar. 1, 1967	1,386,000			1,386,000	3	Mar. and Sept.	42,570				42,570
Series L	Jan. 15, 1968	3,456,000			3,456,000	3½	Jan. and July	108,563				108,563
Series M	Aug. 15, 1969	3,420,000			3,420,000	2½	Feb. and Aug.	97,968				97,968
Series N	May 15, 1971	3,027,000			3,027,000	3¾	May and Nov.	110,972				110,972
Series N	May 15, 1971	2,223,000			2,223,000	3¾	May and Nov.	100,876				100,876
Erie Railroad Conditional Sale Agreements:												
Dated Jan. 1, 1953	June 1, 1963	281,250			281,250	3.375	Quarterly	11,549				11,549
Dated Jan. 3, 1953	Mar. 1, 1960					3	Quarterly	137				137
Dated Jan. 2, 1956	Jan. 1, 1961	18,800			18,800	3.375	Quarterly	1,586				1,586
Dated Dec. 1, 1956	Dec. 1, 1961	112,000			112,000	4	Quarterly	6,907				6,907
Dated Feb. 1, 1958	Feb. 1, 1963	157,500			157,500	4	Quarterly	9,479				9,479
Dated Apr. 1, 1959	Apr. 1, 1964	1,818,006			1,818,006	4.5	Quarterly	90,576				90,576
Delaware, Lackawanna and Western Railroad Conditional Sale Agreements:												
Dated Mar. 1, 1951	June 1, 1966	1,386,231			1,386,231	3	Quarterly	45,805				45,805
Dated Apr. 15, 1951	Mar. 1, 1966	316,447			316,447	3	Quarterly	10,473				10,473
Dated July 1, 1951	Oct. 1, 1966	1,096,209			1,096,209	3	Quarterly	35,001				35,001
Dated Nov. 15, 1952	Nov. 1, 1962	144,000			144,000	3½	Quarterly	5,973				5,973
Dated Feb. 1, 1956	June 1, 1961	28,928			28,928	3½	Quarterly	2,109				2,109
Dated Dec. 15, 1956	Apr. 15, 1962	649,350			649,350	5	Quarterly	29,041				29,041
Dated May 15, 1957	Feb. 15, 1967	150,401			150,401	4¼	Feb. and Aug.	11,337				11,337
Dated May 15, 1957	Feb. 15, 1967	501,336			501,336	4½	Feb. and Aug.	19,213				19,213
Erie-Lackawanna Railroad Conditional Sale Agreements:												
Dated Dec. 15, 1960	Nov. 15, 1975	1,430,950			1,430,950	5¼	May and Nov.	444				444
Total Equipment Obligations		42,915,408			42,915,408			1,489,716				1,489,716
Grand Total		$351,472,708	$26,289,000	$8,643,100	$316,540,608			$8,679,959			$3,811,115	$12,491,074

*Includes The Delaware, Lackawanna and Western Railroad Company figures prior to merger.

Schedule 6 **Condensed**

Includes The Delaware, Lackawanna and Western

Year	Operating Revenues	Operating Expenses	Ratio of Expenses to Revenues	Taxes	Equipment and Joint Facility Rents — Net Debit	Net Railway Operating Income
1941	$167,956,782	$115,480,880	68.76%	$16,336,856	$ 5,081,666	$31,057,380
1942	205,898,557	133,107,102	64.65%	31,540,415	5,229,392	36,021,648
1943	239,273,618	160,136,834	66.93%	39,774,798	8,373,015	30,988,971
1944	235,750,043	166,048,865	70.43%	38,616,351	8,340,383	22,744,444
1945	211,737,273	179,537,599	84.79%	7,637,560	8,290,916	16,271,198
1946	197,317,722	168,126,861	85.21%	9,214,385	7,616,672	12,359,804
1947	233,255,812	183,774,577	78.79%	22,059,407	7,571,293	19,850,535
1948	266,525,134	198,908,120	74.63%	29,495,744	6,533,643	31,587,627
1949	229,586,415	186,554,438	81.26%	20,243,937	5,054,149	17,733,891
1950	248,534,032	185,605,384	74.68%	28,996,915	5,410,723	28,521,010
1951	268,478,483	206,862,179	77.05%	27,740,321	5,622,428	28,253,555
1952	269,633,764	206,591,255	76.62%	28,869,579	4,927,283	29,245,647
1953	271,154,892	205,916,231	75.94%	27,696,862	8,368,115	29,173,684
1954	230,701,120	189,294,080	82.05%	12,666,359	8,982,855	19,757,826
1955	244,138,809	198,832,372	81.44%	18,181,223	9,428,885	17,696,329
1956	264,686,068	211,332,426	79.84%	19,562,720	10,313,483	23,477,439
1957	259,065,045	214,536,696	82.81%	20,240,052	10,021,799	14,266,498
1958	229,024,976	195,999,711	85.58%	20,990,197	10,835,575	1,199,493
1959	226,132,173	194,050,373	85.81%	22,320,174	10,019,711	(258,085)
1960	220,419,579	194,230,072	88.12%	23,108,669	13,023,650	(9,942,812)

NOTE:

The above figures include operations of the Trustees of the property of Erie Railroad Company and Chicago and Erie Railroad Company January 1 to December 21, 1941; and Erie Railroad Company, as reorganized, from December 22 to 31, 1941. The properties of Chicago and Erie Railroad Company were acquired by Erie Railroad Company (successor

Income Account

Railroad Company figures prior to merger

Other Income — Net	Income Available for Fixed Charges	Fixed Charges	Contingent Interest	Net Income	Year
$2,022,185	$33,079,565	$15,083,633	$2,368,909	$15,627,023	1941
1,528,027	37,549,675	14,202,236	2,269,033	21,078,406	1942
1,564,343	32,553,314	13,499,200	2,296,052	16,758,062	1943
2,418,780	25,163,224	13,160,886	2,282,951	9,719,387	1944
1,591,645	17,862,843	12,121,705	2,379,186	3,361,952	1945
4,950,601	17,310,405	10,105,585	2,775,590	4,429,230	1946
2,719,825	22,570,360	10,121,158	2,738,614	9,710,588	1947
1,674,956	33,262,583	10,006,716	2,704,284	20,551,583	1948
3,168,273	20,902,164	10,019,971	2,703,749	8,178,444	1949
1,620,630	30,141,640	10,139,719	2,703,679	17,298,242	1950
4,452,941	32,706,496	10,153,132	2,693,663	19,859,701	1951
3,540,115	32,785,762	10,274,875	2,685,605	19,825,282	1952
2,755,496	31,929,180	10,107,920	2,587,778	19,233,482	1953
2,760,561	22,518,387	9,862,722	2,475,642	10,180,023	1954
2,616,939	20,313,268	9,611,552	3,794,890	6,906,826	1955
2,909,669	26,387,108	9,330,241	3,804,838	13,252,029	1956
3,195,921	17,462,419	9,623,339	3,808,866	4,030,214	1957
4,456,009	5,655,502	9,446,898	3,811,802	(7,603,198)	1958
3,292,396	3,034,311	9,242,628	3,811,453	(10,019,770)	1959
2,771,843	(7,170,969)	9,013,530	3,811,115	(19,995,614)	1960

in reorganization; on December 22, 1941, Fixed Charges and Contingent Interest for the year 1941 are on the basis as provided in the Plan of Reorganization which was effective January 1, 1940.

Includes The Delaware, Lackawanna and Western

	1960	1959	Increase (Decrease)
MAINTENANCE OF WAY AND STRUCTURES:			
Superintendence	$ 2,147,192	$ 2,181,151	($33,959)
Roadway maintenance	1,065,679	1,126,697	(61,018)
Tunnels and subways	86,541	176,884	(90,343)
Bridges, trestles, and culverts	899,075	639,769	259,306
Ties	379,674	607,238	(227,564)
Rails	469,966	271,272	198,694
Other track material	684,727	848,069	(163,342)
Ballast	120,034	160,116	(40,082)
Track laying and surfacing	5,299,552	5,473,933	(174,381)
Fences, snowsheds, and signs	92,982	87,257	5,725
Station and office buildings	943,043	953,837	(10,794)
Roadway buildings	58,768	59,238	(470)
Water stations	16,836	20,557	(3,721)
Fuel stations	19,852	18,620	1,232
Shops and enginehouses	422,486	377,203	45,283
Wharves and docks	194,898	174,274	20,624
Dredging	19,813	30,542	(10,729)
Coal and ore wharves	153,542	161,709	(8,167)
Communication systems	508,351	528,541	(20,190)
Signals and interlockers	1,569,315	1,643,727	(74,412)
Power plants	10,213	14,723	(4,510)
Power-transmission systems	146,190	160,071	(13,881)
Miscellaneous structures	5,346	11,471	(6,125)
Road property—Depreciation	4,470,462	4,412,435	58,027
Retirements—Road	99,720	214,361	(114,641)
Roadway machines	569,940	602,611	(32,671)
Dismantling retired road property	94,791	227,730	(132,939)
Small tools and supplies	614,223	599,170	15,053
Removing snow, ice, and sand	1,175,584	742,088	433,496
Public improvements—Maintenance	207,056	217,586	(10,530)
Injuries to persons	281,795	204,985	76,810
Insurance	157,304	152,183	5,121
Stationery and printing	19,398	19,087	311
Other expenses	308,238	337,664	(29,426)
Maintaining joint tracks, yards, and other facilities—Dr	1,152,218	781,740	370,478
Maintaining joint tracks, yards, and other facilities—Cr	(913,606)	(644,291)	(269,315)
Right-of-way expenses	9,154	6,906	2,248
TOTAL MAINTENANCE OF WAY AND STRUCTURES	23,560,352	23,601,154	(40,802)
MAINTENANCE OF EQUIPMENT:			
Superintendence	$ 1,498,893	$ 1,586,485	($87,592)
Shop machinery	365,172	335,133	30,039
Power-plant machinery	152,435	167,856	(15,421)
Dismantling retired shop and power-plant machinery	.....	15	(15)
Other locomotives—Repairs	10,722,404	10,311,457	410,947
Freight-train cars—Repairs	9,480,823	9,572,696	(91,873)
Passenger-train cars—Repairs	3,203,534	3,033,019	170,515
Floating equipment—Repairs	838,381	816,394	21,987
Work equipment—Repairs	295,147	310,847	(15,700)
Miscellaneous equipment—Repairs	501,617	468,360	33,257
Dismantling retired equipment	67,886	41,686	26,200
Retirements—Equipment	(149,250)	(186,421)	37,171
Injuries to persons	220,133	193,781	26,352
Insurance	136,407	140,934	(4,527)
Stationery and printing	21,732	23,113	(1,381)
FORWARD	27,355,314	26,815,355	539,959

( )—Denotes red figure

Operating Expenses

Railroad Company figures prior to merger

	1960	1959	Increase (Decrease)
MAINTENANCE OF EQUIPMENT—*Concluded:*			
BROUGHT FORWARD	$ 27,355,314	$ 26,815,355	$ 539,959
Other expenses	446,859	518,899	(72,040)
Joint maintenance of equipment expenses—Dr	230,902	208,236	22,666
Joint maintenance of equipment expenses—Cr	(189,770)	(292,921)	103,151
TOTAL (EXC. DEPRECIATION)	27,843,305	27,249,569	593,736
EQUIPMENT—DEPRECIATION:			
(a) Other locomotives	$ 4,499,659	$ 4,510,514	($10,855)
(b) Freight-train cars	3,821,482	3,901,545	(80,063)
(c) Passenger-train cars	993,328	1,017,520	(24,192)
(d) Floating equipment	661,350	675,215	(13,865)
(e) Work equipment	194,421	198,117	(3,696)
(f) Miscellaneous equipment	397,639	376,528	21,111
Shop and power-plant machinery—Depreciation	266,784	266,843	(59)
TOTAL DEPRECIATION	10,834,663	10,946,282	(111,619)
TOTAL MAINTENANCE OF EQUIPMENT	38,677,968	38,195,851	482,117
TRAFFIC:			
Superintendence	$ 2,690,495	$ 2,698,376	($7,881)
Outside agencies	2,984,074	2,985,423	(1,349)
Advertising	212,782	283,543	(70,761)
Traffic associations	306,881	280,586	26,295
Industrial and immigration bureaus	128,998	130,914	(1,916)
Insurance	337	539	(202)
Stationery and printing	315,369	330,967	(15,598)
Other expenses	46,136	48,950	(2,814)
TOTAL TRAFFIC	6,685,072	6,759,298	(74,226)
TRANSPORTATION:			
Superintendence	$ 3,103,362	$ 3,191,520	($88,158)
Dispatching trains	950,703	951,418	(715)
Agents, clerks, and attendants	7,479,915	7,684,872	(204,957)
Labor at stations	11,208,084	11,700,936	(492,852)
Weighing, inspection, and demurrage bureaus	331,639	324,221	7,418
Coal and ore wharves	898,261	1,080,394	(182,133)
Station supplies and expenses—Rents	486,913	504,053	(17,140)
Station supplies and expenses—Other	1,652,201	1,724,557	(72,356)
Yardmasters and yard clerks	5,065,815	4,978,104	87,711
Yard conductors and brakemen	11,729,643	11,408,464	321,179
Yard switch and signal tenders	802,327	783,413	18,914
Yard enginemen	7,018,690	6,846,925	171,765
Yard switching fuel	786,836	856,384	(69,548)
Water for yard locomotives	7,978	8,725	(747)
Lubricants for yard locomotives	84,330	85,742	(1,412)
Other supplies for yard locomotives	22,852	22,849	3
Enginehouse expenses—Yard	582,812	583,829	(1,017)
Yard supplies and expenses	295,270	310,133	(14,863)
Operating joint yards and terminals—Dr	2,598,302	2,540,468	57,834
Operating joint yards and terminals—Cr	(2,099,925)	(2,091,531)	(8,394)
Train enginemen	9,106,077	9,047,241	58,836
Train fuel	7,804,467	8,297,761	(493,294)
Train power produced	67,587	66,547	1,040
Train power purchased	547,423	568,879	(21,456)
Water for train locomotives	71,753	74,784	(3,031)
FORWARD	70,603,315	71,550,688	(947,373)

( )—Denotes red figure

Classification of Operating Expenses — Concluded

	1960	1959	Increase (Decrease)
TRANSPORTATION—*Concluded:*			
BROUGHT FORWARD	$ 70,603,315	$ 71,550,688	($947,373)
Lubricants for train locomotives	607,582	624,133	(16,551)
Other supplies for train locomotives	189,831	204,340	(14,509)
Enginehouse expenses—Train	2,423,937	2,437,853	(13,916)
Trainmen	13,332,726	13,268,934	63,792
Cleaning cars	1,303,642	1,205,768	97,874
Lubricating cars	1,541,520	1,362,052	179,468
Other train supplies and expenses	2,164,551	2,128,708	35,843
Operating sleeping cars	515,041	522,833	(7,792)
Signal and interlocker operation	3,134,899	3,093,128	41,771
Crossing protection	1,236,930	1,261,481	(24,551)
Drawbridge operation	261,027	272,175	(11,148)
Communication system operation	712,410	717,640	(5,230)
Operating floating equipment	6,006,218	5,884,466	121,752
Stationery and printing	345,249	393,695	(48,446)
Other expenses	830,546	870,725	(40,179)
Operating joint tracks and facilities—Dr	686,940	540,444	146,496
Operating joint tracks and facilities—Cr	(737,625)	(712,403)	(25,222)
Insurance	169,966	144,926	25,040
Clearing wrecks	328,445	409,926	(81,481)
Damage to property	43,275	132,884	(89,609)
Damage to live stock on right-of-way	3,981	2,780	1,201
Loss and damage—Freight	3,811,272	3,936,051	(124,779)
Loss and damage—Baggage	2,627	1,435	1,192
Injuries to persons	1,917,722	1,781,922	135,800
TOTAL TRANSPORTATION	111,436,027	112,036,584	(600,557)
MISCELLANEOUS OPERATIONS:			
Dining and buffet service	$ 927,253	$ 880,190	$ 47,063
Producing power sold	89,320	68,537	20,783
TOTAL MISCELLANEOUS OPERATIONS	1,016,573	948,727	67.846
GENERAL:			
Salaries and expenses of general officers	$ 1,214,572	$ 1,221,217	($6,645)
Salaries and expenses of clerks and attendants	7,083,509	7,270,752	(187,243)
General office supplies and expenses	964,629	1,006,990	(42,361)
Law expenses	857,687	803,509	54,178
Insurance	316,478	9,709	306,769
Pensions and gratuities	1,197,965	981,892	216,073
Stationery and printing	283,768	258,945	24,823
Valuation expenses	33,494	32,287	1,207
Other expenses	778,051	829,291	(51,240)
General joint facilities—Dr	152,742	122,243	30,499
General joint facilities—Cr	(28,815)	(28,076)	(739)
TOTAL GENERAL	12,854,080	12,508,759	345,321
SUMMARY:			
Maintenance of way and structures	$ 23,560,352	$ 23,601,154	($40,802)
Maintenance of equipment	38,677,968	38,195,851	482,117
Traffic	6,685,072	6,759,298	(74,226)
Transportation	111,436,027	112,036,584	(600,557)
Miscellaneous	1,016,573	948,727	67,846
General	12,854,080	12,508,759	345,321
TOTAL OPERATING EXPENSES	$194,230,072	$194,050,373	$ 179,699

( )—Denotes red figure

Schedule 8 Condensed Classification of Revenue Freight Carried

Includes The Delaware, Lackawanna and Western Railroad Company figures prior to merger

Commodity	1960 Tons*	1960 Per Cent	1960 Gross Revenue	1960 Per Cent	1959 Tons*	1959 Per Cent	1959 Gross Revenue	1959 Per Cent
PRODUCTS OF AGRICULTURE:								
Grain and grain products	2,354,090	5.37	$ 9,703,942	5.11	2,188,563	4.85	$ 9,012,850	4.56
Fruits, fresh	334,212	.76	2,969,200	1.56	392,220	.87	3,475,633	1.76
Vegetables, fresh	276,595	.63	1,512,885	.80	274,211	.61	1,596,301	.81
All other	889,186	2.03	4,166,099	2.19	912,896	2.03	4,315,010	2.19
TOTAL	3,854,083	8.79	18,352,126	9.66	3,767,890	8.36	18,399,794	9.32
ANIMALS AND PRODUCTS:								
Meats and packing house products	633,101	1.45	7,302,364	3.85	628,802	1.40	7,472,463	3.79
All other	492,529	1.12	4,105,164	2.16	515,753	1.14	4,308,871	2.18
TOTAL	1,125,630	2.57	11,407,528	6.01	1,144,555	2.54	11,781,334	5.97
PRODUCTS OF MINES:								
Anthracite coal	2,278,024	5.19	4,794,372	2.53	2,858,427	6.34	5,889,388	2.98
Bituminous coal	6,864,593	15.65	10,220,089	5.38	7,762,214	17.22	11,757,335	5.96
Coke	1,322,475	3.01	2,465,920	1.30	862,582	1.91	1,652,066	.84
Iron ore	3,011,751	6.87	3,633,408	1.91	2,166,542	4.80	2,387,961	1.21
Sand, gravel, and stone	2,790,505	6.36	2,855,325	1.51	2,969,781	6.59	2,858,496	1.45
Salt	855,014	1.95	2,357,059	1.24	852,931	1.89	2,299,244	1.16
All other	944,469	2.15	2,532,357	1.33	954,416	2.12	2,699,920	1.37
TOTAL	18,066,831	41.18	28,858,530	15.20	18,426,893	40.87	29,544,410	14.97
PRODUCTS OF FORESTS:								
Lumber, shingles, and lath	966,061	2.20	4,324,625	2.28	1,012,123	2.25	4,533,701	2.30
All other	420,874	.96	1,977,110	1.04	425,289	.94	1,993,052	1.01
TOTAL	1,386,935	3.16	6,301,735	3.32	1,437,412	3.19	6,526,753	3.31
MANUFACTURES AND MISCELLANEOUS:								
Petroleum products	540,478	1.23	2,915,550	1.54	579,765	1.29	3,145,479	1.59
Chemicals, acids, and sodium products	1,381,874	3.15	7,417,287	3.91	1,417,351	3.14	7,926,577	4.02
Iron and steel	3,431,058	7.82	16,302,336	8.59	3,386,075	7.51	16,552,723	8.38
Machinery and machines, and parts	357,595	.81	4,659,499	2.45	346,019	.77	4,513,125	2.29
Automotive vehicles and parts	1,101,826	2.51	12,281,641	6.47	1,087,975	2.41	12,458,467	6.31
Paper and paper articles	1,386,135	3.16	7,028,962	3.70	1,380,072	3.06	7,011,368	3.55
Electrical equipment	113,932	.26	1,529,205	.81	127,943	.28	1,798,936	.91
Food products	802,716	1.83	5,254,026	2.77	740,933	1.64	5,141,386	2.60
Feed, animal and poultry	938,198	2.14	3,396,099	1.79	1,025,803	2.28	3,621,040	1.83
Containers, metal, wooden, etc.	283,326	.65	2,702,943	1.42	319,701	.71	3,209,402	1.63
All other	8,181,679	18.65	44,490,132	23.43	8,924,566	19.79	46,345,408	23.48
TOTAL	18,518,817	42.21	107,977,680	56.88	19,336,203	42.88	111,723,911	56.59
FORWARDER TRAFFIC	722,935	1.65	11,840,825	6.24	749,607	1.66	13,407,315	6.79
GRAND TOTAL, CARLOAD TRAFFIC	43,675,231	99.56	184,738,424	97.31	44,862,560	99.50	191,383,517	96.95
ALL L.C.L. FREIGHT	193,645	.44	5,102,367	2.69	226,776	.50	6,027,561	3.05
GRAND TOTAL, CARLOAD AND L.C.L. TRAFFIC	43,868,876	100.00	$189,840,791	100.00	45,089,336	100.00	$197,411,078	100.00

Gross revenue as used in this table is without adjustment for absorptions or corrections.

*Duplicated Erie and Lackawanna interchange tonnage eliminated.

Schedule 9

Mileage Statistics

Includes The Delaware, Lackawanna and Western Railroad Company figures prior to merger

	1960	1959	Increase (Decrease) Amount	Increase (Decrease) Per Cent
TRAIN-MILES				
Freight	8,972,940	8,923,595	49,345	.55
Passenger	4,916,570	5,076,304	(159,734)	(3.15)
Passenger Motor Cars	1,464,376	1,535,351	(70,975)	(4.62)
TOTAL REVENUE TRAIN-MILES	15,353,886	15,535,250	(181,364)	(1.17)
Work	177,411	156,068	21,343	13.68
TOTAL TRAIN-MILES	15,531,297	15,691,318	(160,021)	(1.02)
LOCOMOTIVE-MILES				
Freight	8,975,875	8,925,532	50,343	.56
Freight helper	110,600	88,237	22,363	25.34
Freight light	280,228	291,901	(11,673)	(4.00)
TOTAL FREIGHT	9,366,703	9,305,670	61,033	.66
Passenger	4,916,570	5,076,304	(159,734)	(3.15)
Passenger helper	2,080	1,191	889	74.64
Passenger light	92,362	106,001	(13,639)	(12.87)
TOTAL PASSENGER	5,011,012	5,183,496	(172,484)	(3.33)
Switching	7,927,938	7,955,863	(27,925)	(.35)
Work	177,411	189,170	(11,759)	(6.22)
TOTAL LOCOMOTIVE-MILES	22,483,064	22,634,199	(151,135)	(.67)
DIESEL UNIT MILES				
Freight	29,162,249	28,533,665	628,584	2.20
Passenger	8,921,514	9,107,297	(185,783)	(2.04)
Switching	8,384,520	8,441,689	(57,169)	(.68)
TOTAL DIESEL UNIT MILES	46,468,283	46,082,651	385,632	.84
CAR-MILES				
FREIGHT CAR-MILES:				
Loaded	436,881,102	444,640,653	(7,759,551)	(1.75)
Empty	228,786,331	229,526,047	(739,716)	(.32)
Caboose	9,527,823	9,540,364	(12,541)	(.13)
TOTAL FREIGHT CAR-MILES	675,195,256	683,707,064	(8,511,808)	(1.24)
PASSENGER CAR-MILES:				
Coaches	22,781,893	23,071,827	(289,934)	(1.26)
Sleeping and parlor	4,192,997	4,352,202	(159,205)	(3.66)
Dining	2,389,045	2,516,905	(127,860)	(5.08)
Baggage, mail, express, and milk	22,473,844	22,268,789	205,055	.92
Business	185,992	206,409	(20,417)	(9.89)
Crew cars	35,600	4,069	31,531	100.00+
TOTAL PASSENGER CAR-MILES	52,059,371	52,420,201	(360,830)	(.69)
TOTAL REVENUE SERVICE CAR-MILES	727,254,627	736,127,265	(8,872,638)	(1.21)
Non-Revenue Service Car-Miles	375,241	331,920	43,321	13.05
TOTAL CAR-MILES	727,629,868	736,459,185	(8,829,317)	(1.20)

Schedule 10 — Traffic and Operating Statistics

Includes The Delaware, Lackawanna and Western Railroad Company figures prior to merger

	1960	1959	Increase (Decrease) Amount	Increase (Decrease) Per Cent
Miles of road operated	3,076.56	3,077.81	(1.25)	(.04)
FREIGHT TRAFFIC				
Tons carried*:				
Merchandise	33,403,784	33,606,095	(202,311)	(.60)
Coal and coke	10,465,092	11,483,223	(1,018,131)	(8.87)
Total revenue freight	43,868,876	45,089,318	(1,220,442)	(2.71)
Total nonrevenue freight	980,645	1,009,055	(28,410)	(2.82)
Total all freight	44,849,521	46,098,373	(1,248,852)	(2.71)
Tons carried one mile:				
Total revenue freight	11,365,581,305	11,404,481,588	(38,900,283)	(.34)
Total nonrevenue freight	124,373,260	120,265,422	4,107,838	3.42
Total all freight	11,489,954,565	11,524,747,010	(34,792,445)	(.30)
Tons carried one mile per mile of road:				
Total revenue freight	3,694,250	3,705,388	(11,138)	(.30)
Total nonrevenue freight	40,426	39,075	1,351	3.46
Total all freight	3,734,676	3,744,463	(9,787)	(.26)
Average distance hauled per revenue ton	259.081	252.931	6.150	2.43
Total freight revenue	$180,743,614	$188,235,712	($7,492,098)	(3.98)
Average revenue per ton per mile (cents)	1.590	1.651	(.061)	(3.69)
Freight revenue per train-mile	$ 20.143	$ 21.094	($.951)	(4.51)
Average number of revenue tons of freight:				
In each train	1,266.65	1,278.01	(11.36)	(.89)
In each loaded car	26.02	25.65	.37	1.44
Average number of tons of freight (including Company's material):				
In each train	1,280.51	1,291.49	(10.98)	(.85)
In each loaded car	26.30	25.92	.38	1.47
Average number of freight cars in each train:				
Loaded	48.69	49.83	(1.14)	(2.29)
Empty	26.56	26.79	(.23)	(.86)
All cars	75.25	76.62	(1.37)	(1.79)
Percentage of loaded cars in each train	64.70	65.04	(.34)	(.52)
PASSENGER TRAFFIC				
Passengers carried*	17,174,208	17,813,240	(639,032)	(3.59)
Passengers carried one mile	491,904,770	499,535,475	(7,630,705)	(1.53)
Average distance per passenger	28.642	28.043	.599	2.14
Total passenger revenue	$ 16,074,872	$ 15,622,068	$ 452,804	2.90
Average fare per passenger per mile (cents)	3.268	3.127	.141	4.51
Total passenger-train revenue	$ 27,423,374	$ 26,364,268	$ 1,059,106	4.02
Passenger-train revenue per train-mile	$ 4.298	$ 3.988	$ .310	7.77
Average number of passengers:				
In each train	77.09	75.55	1.54	2.04
In each car	16.75	16.68	.07	.42
Average number of cars in each train:				
Passenger cars	4.60	4.53	.07	1.55
Baggage, mail, express, and milk cars	3.56	3.40	.16	4.71
All cars	8.16	7.93	.23	2.90
REVENUES AND EXPENSES				
Total operating revenue	$220,419,579	$226,132,173	($5,712,594)	(2.53)
Per mile of road	71,645	73,472	(1,827)	(2.49)
Per train-mile	14.356	14.556	(.200)	(1.37)
Total operating expenses	194,230,072	194,050,373	179,699	.09
Per mile of road	63,132	63,048	84	.13
Per train-mile	12.650	12.491	.159	1.27
Net revenue from operation	26,189,507	32,081,800	(5,892,293)	(18.37)
Per mile of road	8,513	10,424	(1,911)	(18.33)
Per train-mile	1.706	2.065	(.359)	(17.38)

*Duplicated Erie and Lackawanna interchange tonnage and revenue passengers eliminated.

Schedule 11 — Inventory of Equipment

Includes equipment of The Delaware, Lackawanna and Western Railroad Company prior to merger

Description	*Owned Dec. 31, 1959	Added by Construction or Purchase	Condemned, Destroyed, or Sold	Transferred or Rebuilt		*Owned Dec. 31, 1960
				Additions	Deductions	
LOCOMOTIVES:						
Diesel-electric—Freight	229	.....	.....	.....	.....	229
Diesel-electric—Passenger	39	.....	.....	.....	.....	39
Diesel-electric—Freight or passenger	60	.....	.....	.....	.....	60
Diesel-electric—Switching	221	.....	1	.....	.....	220
TOTAL	549	.....	1	.....	.....	(A) 548
FREIGHT-TRAIN CARS:						
Box	17,698	.....	1,103	14	39	16,570
Gondola and hopper	12,587	.....	1,588	43	5	11,037
Flat	1,014	100	.....	.....	.....	1,114
Stock	19	.....	19	25	.....	25
Refrigerator	10	.....	3	5	.....	12
Caboose	375	.....	7	.....	.....	368
TOTAL	31,703	100	2,720	87	44	(B) 29,126
Capacity (Tons)	1,674,098	7,000	138,332	3,897	1,957	1,544,706
PASSENGER-TRAIN CARS:						
Coaches	402	.....	12	1	.....	391
Combination coach cars	21	.....	.....	.....	.....	21
Dining-Parlor	10	.....	.....	.....	.....	10
Sleeping cars	31	.....	1	.....	.....	30
Dining cars	14	.....	.....	.....	.....	14
Baggage-Mail cars	29	.....	4	.....	.....	25
Baggage-Express cars	262	.....	1	3	.....	264
Motor cars—Electric and Trailers	281	.....	11	.....	.....	270
Milk cars	107	.....	6	.....	.....	101
Rider cars	1	.....	.....	.....	1	...
TOTAL	1,158	.....	35	4	1	1,126
MARINE EQUIPMENT:						
Ferryboats	7	.....	1	.....	.....	6
Diesel tugboats	18	.....	.....	.....	.....	18
Covered barges	155	.....	6	.....	.....	149
Open barges	107	.....	7	.....	.....	100
Car floats	44	.....	3	.....	.....	41
Steam hoists	2	.....	.....	.....	.....	2
TOTAL	333	.....	17	.....	.....	(C) 316
IN COMPANY'S SERVICE:						
Official	8	.....	.....	.....	.....	8
Camp	152	.....	7	.....	.....	145
Air dump	118	.....	.....	.....	.....	118
Material and supplies	242	.....	18	4	.....	228
Tool, derrick—steam hoist	214	.....	6	3	.....	211
Other company service equipment	308	.....	49	3	.....	262
TOTAL	1,042	.....	80	10	.....	972

*Includes equipment under Trust Agreements and Conditional Sale Agreements.

(A) Does not include 1 Diesel-electric switching locomotive owned and operated by Harlem Transfer Company, a wholly-owned subsidiary.

(B) Does not include cars leased from others, as follows:

Box	50
Gondola and hopper	71
Flat	35
Refrigerator	20
TOTAL	176

(C) Ferryboats are owned by Hoboken Ferry Company, a wholly-owned subsidiary, but operated by the Railroad Company. Does not include 1 tugboat and 2 barges owned and operated by Harlem Transfer Company.

Schedule 12 — Track Mileage

	Miles of First Main Track	Miles of Additional Main Track	Miles of Yard Tracks and Sidings	Total All Tracks
Owned	2,855.10	1,419.65	2,229.32	6,504.07
Leased:				
Controlled through ownership of majority of capital stock	18.03	.....	23.21	41.24
Not controlled	.....	.....	.13	.13
Operated under contract for contingent rent	10.31	1.47	8.44	20.22
Trackage rights granted by other companies	193.12	201.10	172.41	566.63
Total miles of road operated	3,076.56	1,622.22	2,433.51	7,132.29
Restricted trackage rights—not included in statistics	112.13	2.24	18.23	132.60
Owned but not operated—leased to others	.....	.....	1.31	1.31
GRAND TOTAL	3,188.69	1,624.46	2,453.05	7,266.20

MATURITIES BY YEARS OF LONG-TERM DEBT OUTSTANDING AT DECEMBER 31, 1960

Schedule 13

	1961	1962	1963	1964	1965	1966-2042	Total
EQUIPMENT OBLIGATIONS	$7,367,990	$6,091,812	$5,316,612	$ 4,857,147	$4,261,431	$ 15,020,416	$ 42,915,408
MORTGAGE BONDS:							
Erie R.R. Co. Ohio Division First 3¼% due 9/1/71	(A)					14,520,000	14,520,000
Chicago & Erie R.R. Co. First 5% due 5/1/82						11,997,000	11,997,000
Erie R.R. Co. First Consolidated —							
Series E 3½% due 10/1/64	(A)			11,746,000			11,746,000
Series F 3½% due 1/1/90						32,830,000	32,830,000
Series G 3⅛% due 1/1/2000						38,677,000	38,677,000
Morris & Essex R.R. Co. First Refunding 3½% due 12/1/2000						32,640,000	32,640,000
D.L. & W.R.R. Co. Pennsylvania Division —							
First, Series A, 4¾% due 5/1/80						3,974,000	3,974,000
Refunding & Collateral Trust, Series A, 5% due 5/1/85						2,302,700	2,302,700
Refunding & Collateral Trust, Series B, 4½% due 5/1/85						2,618,000	2,618,000
New York, Lackawanna & Western Ry. Co. —							
First & Refunding, Series A, 4% due 5/1/73						12,063,000	12,063,000
First & Refunding, Series B, 4½% due 5/1/73						8,711,000	8,711,000
First & Refunding, Series C, 5% due 5/1/73						5,065,800	5,065,800
Lackawanna of New Jersey Division First, Series A, 4% due 5/1/93						6,265,300	6,265,300
Warren R.R. Co. First & Refunding 3½% due 8/1/2000						977,000	977,000
Warren Division 4% due 5/1/92 (Contingent interest 2%)						975,300	975,300
Oswego & Syracuse Division 4% due 5/1/93 (Contingent interest 2%)						821,050	821,050
Utica, Chenango & Susquehanna Valley Division 3% due 5/1/92 (Contingent interest 2%)						2,188,000	2,188,000
COLLATERAL TRUST BONDS:							
Morris & Essex Division 4% due 5/1/2042 (Contingent interest 2%)						9,567,850	9,567,850
INCOME BONDS:							
Erie R.R. Co. General Mortgage, Series A, 4½% due 1/1/2015						44,805,750	44,805,750
D.L. & W.R.R. Co. 5% due 5/1/93						2,283,300	2,283,300
Lackawanna of New Jersey Division First, Series B, 4% due 5/1/93						2,020,950	2,020,950
MISCELLANEOUS OBLIGATIONS:							
Erie R.R. Co. Income Debentures 5% due 1/1/2020						26,576,200	26,576,200
Total	$7,367,990	$6,091,812	$5,316,612	$16,603,147	$4,261,431	$276,899,616	$316,540,608

(A) Sinking fund tenders due in 1961:

Ohio Division First Mortgage	$180,000
First Consolidated Mortgage, Series E	65,000