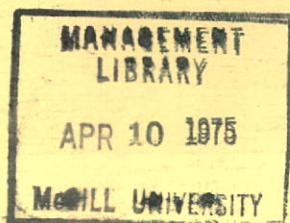




GREYHOUND LINES OF CANADA LTD.
1974 ANNUAL REPORT





1974: Service for all Seasons

In 1974, your Company increased its schedules, extended its tour plans, expanded its fleet and further upgraded its passenger, charter and package express service facilities. In doing so, Greyhound strengthened its competitive advantage east and west as a transportation company with "service for all seasons."



What a lift! Every winter, thousands of skiers head for the slopes via Brewster ski buses and Skifari Tours.



Greyhound greets the spring season in front of the beautiful Vancouver skyline.



Solar-ray tinted picture windows and air-conditioning make Greyhound a summer travel bargain.



Colorful Canadian autumn. See it all close up from the all-new MC-8 Supercruiser.

The President's Report to the Shareholders

On behalf of the Board of Directors, I submit with pleasure the Annual Report of Greyhound Lines of Canada Ltd. for the year ended December 31, 1974. Despite the strike at Motor Coach Industries Limited which halted production for the first three months of 1974, and taking into consideration the abnormally high passenger traffic and revenue resulting from the rail strike in the summer of 1973, your Company again experienced in 1974 the highest revenue and earnings in its history.

Consolidated gross revenues for 1974 were \$74,157,143—an increase of 15.17% over 1973 gross revenues of \$64,388,875. Consolidated net income for 1974 was \$7,355,486—an increase of 2.23% over 1973 net income of \$7,194,706. Earnings per share for 1974 were \$1.57, compared to \$1.54 in 1973 which included a non-recurring gain of \$.03 per share. Dividends of \$.74 per share were paid during 1974 compared to \$.68 per share in 1973.

Intercity bus miles increased by 4.56% to 40,091,905. Passenger and charter revenue increased by 12.84% to \$32,255,371 and express revenue increased by 18.02% to \$9,566,496.

Your manufacturing subsidiary, Motor Coach Industries Limited, embarked on a \$1.7 million plant expansion program which is well underway and should be completed in August, 1975. This expansion will enable Motor Coach to increase its ultimate capacity to 1,200 MC-8 and 150 MC-5B intercity buses a year. Its Winnipeg plants are presently geared to turn out 3½ buses per day as well as one knock down shell for export. Because of such favorable acceptance of the new Model MC-8, sufficient orders have been booked to take the entire production of these plants for 1975 and 1976. The production of this subsidiary has been hampered since major suppliers have not been able to deliver parts and materials. While some deliveries have been a year late, the situation is improving and it is hoped that deliveries soon will return to normal.

Brewster Transport had the best year in its history with all facets of operations showing improvement. Particular reference is made to tours and related service which are covered later in this report. With the addition of new buses and highest advance reservations ever experienced, Brewster Transport looks forward to another successful year.



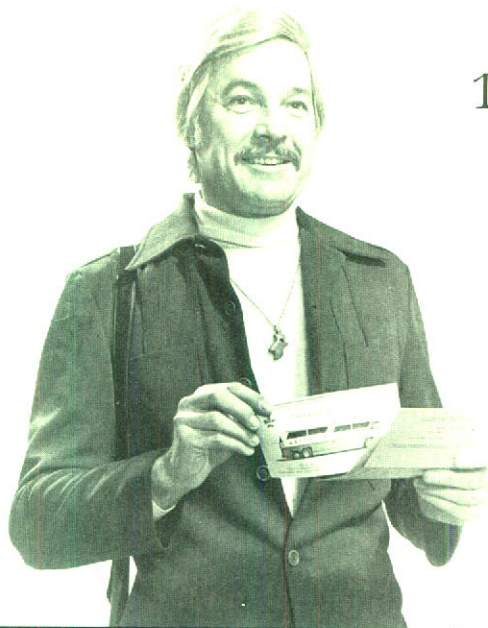
Greyhound Lines of Canada Ltd. took delivery of 20 new MC-8 Crusader buses in 1974 and has 35 more on order for 1975 of which 15 have been delivered. With the addition of these modern buses, improved garage and terminal facilities, as well as the enlarged plant facilities of Motor Coach, management again looks forward to the future with confidence.

We are grateful for the continued interest of our Canadian shareholders now numbering more than 4,000.

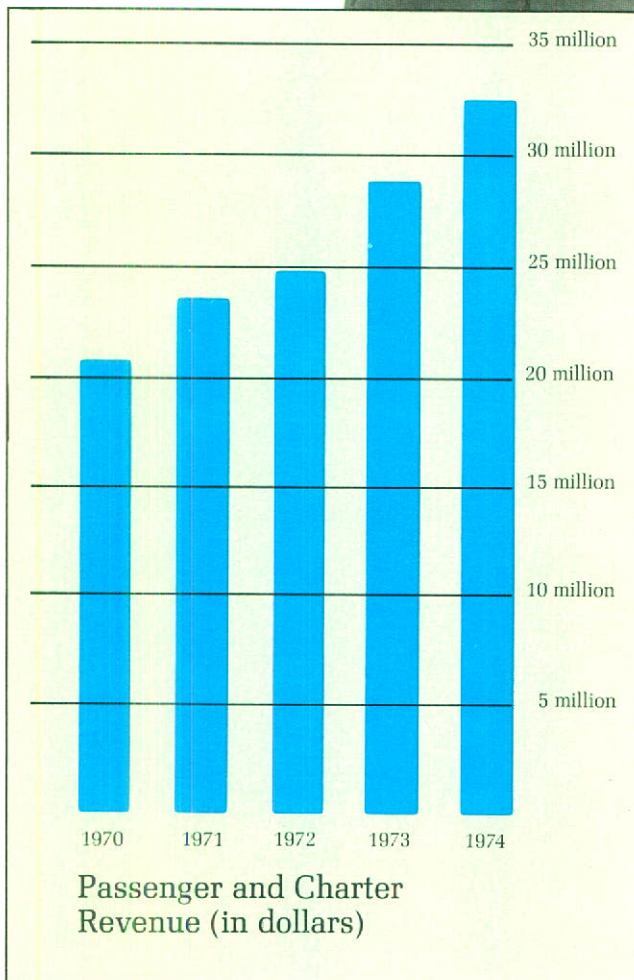
Respectfully submitted on behalf of the Board of Directors,

R. L. Borden,
President.

A handwritten signature in dark ink, appearing to read "R. L. Borden". The signature is written in a cursive, flowing style with a large initial "R".



1974: Service for all Seasons



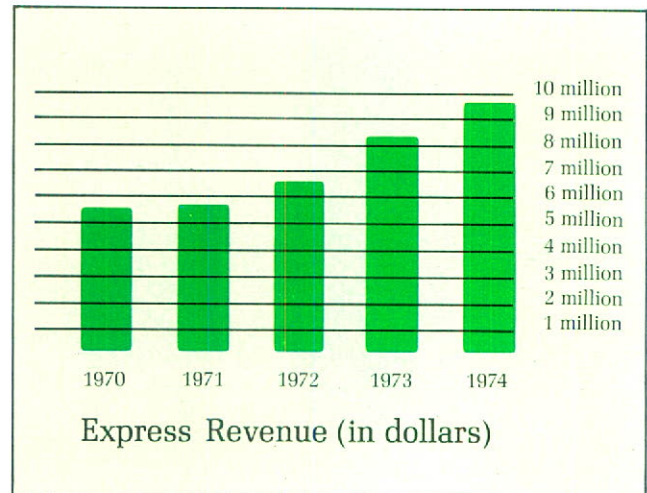
Intercity mileage tops the forty million mark

Greyhound traveled 40,091,905 intercity bus miles in 1974. Increased seasonal demands led to substantially increased intercity schedules, both across the Trans Canada Highway and on important regional routes. New records were set in the number of people traveling the Windsor-London-Toronto and Calgary-Edmonton runs.

Extra trips during the winter holidays and summer season accommodated the additional demands.

Passenger miles rose to 831,762,000, while passenger and charter revenues increased 12.8% for a total of \$32,255,371. The number of passengers carried was well over 5.5 million.

During the year your Company operated more than 80 charters to Expo 74 in Spokane. However, the movement of six hundred people between Calgary and Banff was the largest single charter in 1974.



Package express growth continues

Greyhound Package Express revenue again showed a substantial increase, rising by 18% to well over \$9.5 million.

Two new services were introduced to some areas of the Company's operation—a containerized express system, and a door-to-door pick-up and delivery service on a test basis.



Containerized express system.



Sightseeing bus at Banff's famous gondola lift.



40-passenger Snocruiser on Columbia Icefields.

Brewster's 65th year is "the best ever"

Brewster Transport celebrated its 65th anniversary by making 1974 its most successful year.

During the winter season, close to 17,000 North American and European skiers took advantage of such offerings as daily ski packages and Skifari Tours. Of these, 11,000 invaded the western ski resorts via the Air Canada Skifari service, which showed a growth of almost seventy per cent.



Popular Brewster ski buses feature specialized winter equipment.

Summer season visitors in large numbers enjoyed such Brewster attractions as Columbia Icefields Snocruiser Tours, sightseeing tours in buses equipped with "mountain view" rooftops, and accommodation at the Company's hotels and chalets. Brewster-operated Gray Line Sightseeing Tours enjoyed increased popularity.

To help meet its increasing all-season obligations, Brewster took delivery of 25 new buses and ordered an additional 12 for its 1975 operations.



Skifari combines air transportation via Air Canada DC1011 with Brewster Transport service.



Sub-assembly line at MCI's Fort Garry plant.



MCI buses approach the final stages of assembly.

MCI launches major expansion project to double production capacity

MCI is North America's largest manufacturer of intercity buses. Its innovative bus design and construction features—including the introduction of modern washrooms, advanced air conditioning systems, concealed lighting and large solar-ray tinted passenger windows—have helped to revolutionize the comfort and enjoyment of intercity bus travel.

Development of the first prototype turbine-powered intercity coach for U.S. tests was a project of MCI four years ago and the Research and Development division of your Company continues to be involved in the testing and evaluations.

1974: Service for all Seasons



New facilities will further streamline MCI production.



Skilled MCI employees utilize the most modern equipment available.

Research and Development also carried out an extensive redesign of a test coach interior, which combines a bright, eye-pleasing decor with comfort and convenience for both passengers and operators.

1974 marked the beginning of a \$1.7 million expansion program that will substantially increase the production capacity for MCI's two leading intercity buses—the 40-foot MC-8 Crusader and the 35-foot MC-5B Challenger.

Architects have completed plans and site work has begun. The extensive plant enlargements, site work, inter-plant moves and other changes will allow for a manufacturing capacity of 1,200 MC-8 and 150 MC-5B units a year.

The additional storage and manufacturing areas at the Fort Garry plant will mean a total of over 600,000 square feet in plant facilities at all MCI locations.

With more than 5,000 MCI coaches in service, provision has been made for a much larger spare parts manufacturing and distributing capacity.

At present, the entire 1975/76 production of the Winnipeg and Fort Garry MCI plants has been sold.

MCI customers include more than 200 intercity lines and chartered operators in the continental United States and Canada. The Company has also sold to markets in Hawaii, Mexico and Australia.

A sizeable order for "knock down" Crusader shells was recently obtained in the export market, and this order is being filled at the rate of one coach per day. Coaches shipped to Australia are in an assembled condition but ready for modification to right hand drive.

When additional plant capacity has been completed and production increased, it is the intention of the Company to launch an intensive marketing campaign on a worldwide basis, with particular emphasis on sales to the middle East, southeast Asia and Africa.

It is estimated that the MCI expansion will increase the Company's employee strength to approximately 1,490 Canadians, and will increase its annual payroll from \$8.5 million to well in excess of \$10.5 million.



GREYHOUND LINES OF CANADA LTD. AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AT

ASSETS	1974	1973
CURRENT ASSETS		
Cash and short term deposits	\$ 5,010,000	\$ 5,190,137
Accounts and notes receivable	3,242,935	2,723,251
Due from affiliated company	1,362,465	622,175
Inventories, at the lower of cost or net realizable value	12,669,353	7,824,018
Prepaid expenses	379,965	373,324
	22,664,718	16,732,905
OTHER ASSETS		
Notes receivable	995,232	1,229,865
PROPERTY AND EQUIPMENT, at cost		
Buses	19,762,234	18,724,922
Less depreciation	10,988,357	10,400,729
	8,773,877	8,324,193
Land	2,605,479	2,301,381
Buildings	12,316,314	11,394,751
Equipment	5,167,475	4,671,084
	20,089,268	18,367,216
Less depreciation	7,699,400	6,910,673
	12,389,868	11,456,543
	21,163,745	19,780,736
INTANGIBLES, at cost	3,938,269	3,903,344
	\$48,761,964	\$41,646,850

See notes to consolidated financial statements.

Notes to consolidated financial statements

1. PRINCIPLES OF CONSOLIDATION

All subsidiary companies are wholly-owned and their accounts are consolidated with those of the parent company in the consolidated financial statements.

2. STOCK OPTIONS

During 1974 options were granted to employees for 1,000 shares. Options on 1,875 shares were cancelled, leaving a maximum of 79,850 shares available for future option

grants. During 1974 options were exercised for cash on 5,725 shares, leaving option grants outstanding at December 31, 1974 on 17,750 shares at an average price of \$17.29 per share.

3. COMMITMENT

Motor Coach Industries Limited (a subsidiary) is committed to spend approximately \$1,000,000 to complete the expansion of its plant.

DECEMBER 31, 1974

LIABILITIES AND SHAREHOLDERS' EQUITY

	1974	1973
CURRENT LIABILITIES		
Bank indebtedness	\$ 236,527	\$ —
Bank loan, secured	701,000	121,000
Accounts payable and accrued expenses	5,213,716	3,283,472
Salaries and wages	2,271,452	1,851,429
Due to affiliated company	75,637	210,425
Income taxes	<u>1,188,349</u>	<u>1,352,264</u>
	9,686,681	6,818,590
RESERVE FOR INJURIES AND DAMAGES	348,519	339,237
DEFERRED INCOME TAXES	3,019,121	2,744,133
SHAREHOLDERS' EQUITY		
Capital stock (Note 2)		
Authorized:		
9,600,000 common shares of no par value		
Issued:		
4,685,018 shares	8,270,646	8,198,432
Retained income	<u>27,436,997</u>	<u>23,546,458</u>
	35,707,643	31,744,890
Signed on behalf of the Board		
R. L. Borden, Director		
C. J. Clark, Q.C., Director		
	<u>\$48,761,964</u>	<u>\$41,646,850</u>

4. REMUNERATION OF DIRECTORS AND OFFICERS

The company has ten directors and ten officers, of which two officers are also directors. The aggregate remuneration paid during the year to the company's directors, as directors, was \$12,800 and to officers was \$266,420.

5. OPERATING SEGMENTS

One of the consolidated subsidiaries derives its revenue

from manufacturing as opposed to transportation and related services. The breakdown of the consolidated gross revenues between the two business segments is as follows:

	Gross revenues	
	1974	1973
Manufacturing	\$25,570,458	\$22,390,648
Transportation	<u>48,586,685</u>	41,998,227
	<u>\$74,157,143</u>	<u>\$64,388,875</u>



GREYHOUND LINES OF CANADA LTD. AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS

Consolidated statement of income for the year ended December 31, 1974

	1974	1973
Operating revenues (Note 5)	<u>\$74,157,143</u>	\$64,388,875
Operating costs and expenses	<u>57,490,368</u>	<u>48,836,706</u>
Income from operations before the undernoted items	16,666,775	15,552,169
Income from investments	<u>532,690</u>	<u>386,723</u>
	<u>17,199,465</u>	15,938,892
Deduct		
Depreciation and amortization	<u>2,219,979</u>	<u>2,146,669</u>
Income before income taxes and extraordinary gains	<u>14,979,486</u>	13,792,223
Income taxes	<u>7,624,000</u>	<u>6,719,000</u>
Income before extraordinary gains	<u>7,355,486</u>	7,073,223
Extraordinary gains on sale of property	—	121,483
NET INCOME	<u>\$ 7,355,486</u>	<u>\$ 7,194,706</u>
Net income per share, based upon average number of shares outstanding		
Income before extraordinary gains	<u>\$1.57</u>	\$1.51
Extraordinary gains	—	<u>.03</u>
Net income	<u>\$1.57</u>	<u>\$1.54</u>
See notes to consolidated financial statements.		

Consolidated statement of retained income for the year ended December 31, 1974

	1974	1973
Balance beginning of year	<u>\$23,546,458</u>	\$19,529,625
Net income for the year	<u>7,355,486</u>	<u>7,194,706</u>
	<u>30,901,944</u>	26,724,331
Cash dividends paid \$0.74 per share (1973—\$0.68 per share)	<u>(3,464,947)</u>	<u>(3,177,873)</u>
Balance end of year	<u>\$27,436,997</u>	<u>\$23,546,458</u>

1974: Service for all Seasons



GREYHOUND LINES OF CANADA LTD. AND SUBSIDIARY COMPANIES

Consolidated changes in financial position for the year ended December 31, 1974

Source of Funds	1974	1973
From operations		
Net income	\$ 7,355,486	\$ 7,194,706
Depreciation and amortization	2,219,979	2,146,669
Deferred income taxes	274,988	169,699
Provision for injuries and damages	9,282	62,379
Extraordinary gains	—	(121,483)
Gain on disposal of tangible assets	(152,220)	(22,020)
Total from operations	<u>9,707,515</u>	<u>9,429,950</u>
Proceeds from sale of shares pursuant to stock option plan	72,214	132,518
Proceeds from disposal of tangible property	262,515	236,852
Decrease in non-current notes receivable	234,633	—
	<u>10,276,877</u>	<u>9,799,320</u>
 Use of Funds		
Acquisition of tangible property	3,696,366	3,422,630
Acquisition of goodwill	51,842	—
Dividends paid	3,464,947	3,177,873
Decrease in long-term debt	—	1,321,000
Increase in non-current notes receivable	—	397,255
	<u>7,213,155</u>	<u>8,318,758</u>
 Increase in working capital	<u>\$ 3,063,722</u>	<u>\$ 1,480,562</u>

Auditors' report

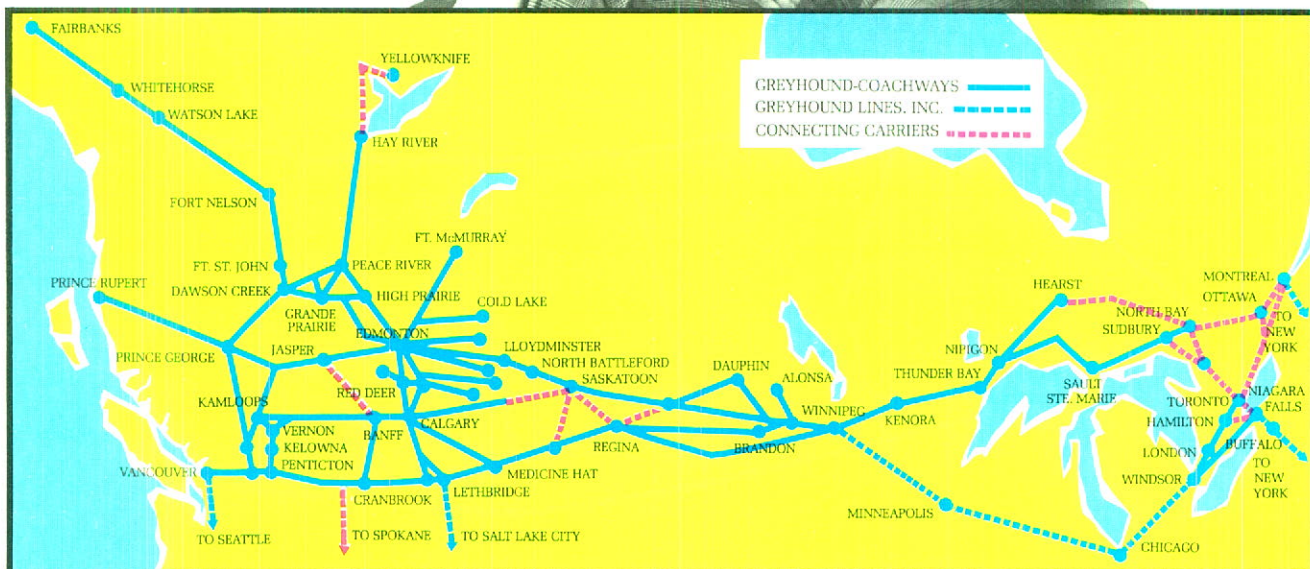
The Shareholders,
Greyhound Lines of Canada Ltd.

We have examined the consolidated balance sheet of Greyhound Lines of Canada Ltd. and its subsidiaries as at December 31, 1974 and the consolidated statements of income, retained income and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1974, the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Alberta
February 12, 1975

TOUCHE ROSS & CO.
Chartered Accountants



Your Company's authorized routes provide Canadians with convenient, all-season service between Canadian city centres, small towns and remote country "flag stops." For many of these smaller centres, Greyhound is the only regular passenger service.

New depot and garage facilities

Throughout 1974 your Company continued to expand and upgrade its service facilities.

The new Cranbrook bus complex introduced a unique concept in bus depot design. It combines passenger and express service facilities with the convenience of a 41-unit luxury motel and a 120-seat restaurant. Features include a covered loading area.

During the year plans were approved for a new \$1,000,000 bus depot in Prince George.

Planning began on a \$1,700,000 garage extension in Calgary. Improved package express facilities in Vernon and Kelowna were completed, and the upgrading of commission agent depots in many other areas were completed during the 1974 expansion program.



The new Cranbrook Bus Depot completed during 1974.



Architect's concept of the new Prince George Depot.

1974: Service for all Seasons



Greyhound's new MC-8 Crusader in front of the Toronto skyline.

Fleet expanded for increased volume

Greyhound took delivery of 20 new MC-8 Crusader buses in 1974 and has 35 more on order for 1975. Delivery has already been made on 15 of these new MC-8's. In keeping with travel comfort trends, your Company has allocated non-smoking areas in all equipment.

Tours for all seasons

As more Canadians enjoy increased leisure time, more travel dollars are being spent throughout the year. Greyhound caters to this all-season demand by scheduling "tours for all seasons."

Ameripass, the "highway freedom" ticket, continues to attract more and more passengers. Offering thirty and sixty days of almost unlimited travel in Canada and south

of the border, these unique tours saw exceptional growth in the year under review.

Grand Ole Opry Tours from Eastern Canada were again filled to capacity.

Good Time Tours of Western Canada were also a great success, showing tourists the things they wanted to see—close up.

Fall Foliage Tours, originating out of Toronto, proved to be very successful as they moved a record number of tourists through Northern Ontario.

Pacific Coast and the Canadian Rockies Tours were equally popular for those who wanted to visit the West.

Royal Glacier Tours showed a twenty-four per cent increase and played host to thousands of vacationers seeking the pleasures of the Canadian Rockies. For the first time, these deluxe tours were offered eight months of the year, from early April to mid-November. Response to the "extra season" tours was excellent, and Greyhound will continue to meet the increased demand.

More Super Service!

MORE REASONS WHY YOU SHOULD LEAVE THE CAR AT HOME AND GO WITH US ON THE GREYHOUND BUS.

Let Greyhound show you Canada close-up with super travel service.

Forget about traffic, weather, gasoline costs. There's mind-soothing economy travel.

Lowest Fare.

No reservations required. Greyhound will add buses to meet the demand of travellers.

Save money. Forget about highway wear and tear on your car. Greyhound offers an economical, "leaving way to travel".

All-weather service. You never need worry about bad weather or poor road conditions with Greyhound. Ride in comfort - anytime.

Frequent, direct service. Greyhound's frequent service gives you travel time freedom. Travel at your leisure, downtown to downtown.

Optional travel routes. Travel at your convenience - where you want with stop-over privileges included.

Lots of baggage space. Greyhound's Scenicrulers feature large baggage compartments and lots of hand luggage space on board.

Cabaret equipped. Scenicrulers into ambient comfort on a restroom-equipped Greyhound Scenicruiser and enjoy air conditioning and a panoramic view.

Tour and sight-seeing facilities available for summer travellers.

SUPER INFORMATION SERVICE 000-0000

Greyhound
the super travel value

SUPER SAVINGS!

Go home by bus with us.

You have a break coming up. And you're probably planning to go somewhere. Save yourself some money - forget about any hassle - and hop a Greyhound bus.

The service is super. And so is the comfort.

If the bus is full, an extra bus will be added.

Luggage space? Lots.

Get together with the folks at home.

Go by bus - with us.

Greyhound
the super travel value

Greyhound
GOODTIME
Tours!

See everything you want to see... close up! In friendly luxury. Greyhound's air-conditioned, rest-room-equipped Scenicrulers (and safety-proven drivers) can show you what enjoyment is all about.

EXPO '74 World's Fair in Spokane

Greyhound is the Official Motor Coach Carrier for Expo '74. So come with us and celebrate tomorrow's fresh new environment... discover 100 acres of enchantment and fun! Greyhound has a wide range of package tours to suit any budget of time or money. Reservations at the hotel of your choice are included. For your own convenience, be sure to book early!

For tour facts call your local Greyhound agent at

265-9111

Greyhound
the super travel value

Marketing program promotes all-season service

1974 marketing activity included an all-season consumer advertising campaign—primarily newspapers and radio, with television support in selected markets. In Alberta, a special campaign designed to tie in with the celebrations marking the arrival of the mounted police a century ago received warm comments. Advertising carried the Company's service messages to travel agents and clients.

Mrs. Brown comes to town — and she wants to. Because Greyhound serves Alberta better than any other people!

These were taken

That's how getting

Our paths of history cross a hundred times a day.

The North West Mounted Police rode to Alberta a hundred years ago. They had to make the same long and arduous trip that Greyhound makes today. The Greyhound path is the way for our passengers. Our Scenicrulers, our direct service, our frequent service, our hand luggage space, our air conditioning, our panoramic view, our frequent, direct service, our low fares, our no-reservations-required service, our all-weather service, our optional travel routes, our stop-over privileges, our baggage space, our cabaret equipped Scenicrulers, our scenic views, our sight-seeing facilities, our tour service, our friendly service, our super service.

GREYHOUND CANADA
Approved Licensee of Canada Ltd.

the super travel value!

12 trips a day to EDMONTON \$7.10 each way.

7 trips a day to Vancouver \$20.85 each way.
4 trips a day to Winnipeg \$26.55 each way.

- Save gas — time — money!
- All-weather service.
- Frequent, direct service.

Greyhound
Save time - Save money!

Your Travel Facts Phone 265-9111

1974: Service for all Seasons



Directors and Officers

GREYHOUND LINES OF CANADA LTD.

HEAD OFFICE

222 First Avenue S.W., Calgary, Alberta T2P 0A6

A Canadian company providing comprehensive four-season service to meet the transportation needs of Canadians east and west • Trans Canada and regional passenger services • Charters • National and local tours • Package express • Motor coach manufacturing.

DIRECTORS

R. C. Batastini	C. S. Munson
R. L. Borden	Hon. W. S. Owen, Q.C., LL.D.
C. J. Clark, Q.C.	R. F. Shaffer
J. L. Kerrigan	J. H. Taylor
J. A. Knight, C.A.	G. H. Trautman

OFFICERS

R. L. Borden	G. T. Christie
President	Assistant Secretary
F. E. Lake	F. L. Mogen
Treasurer	Vice President, Sales and Traffic
J. A. Knight, C.A.	H. B. de Wynter
Secretary	Vice President, Transportation and Labor Relations

STOCK TRANSFER AGENT AND REGISTRAR

Montreal Trust Company
Montreal Toronto Winnipeg Calgary Vancouver



GREYHOUND LINES OF CANADA LTD.