



Greyhound Lines of Canada Ltd.

1973 Annual Report

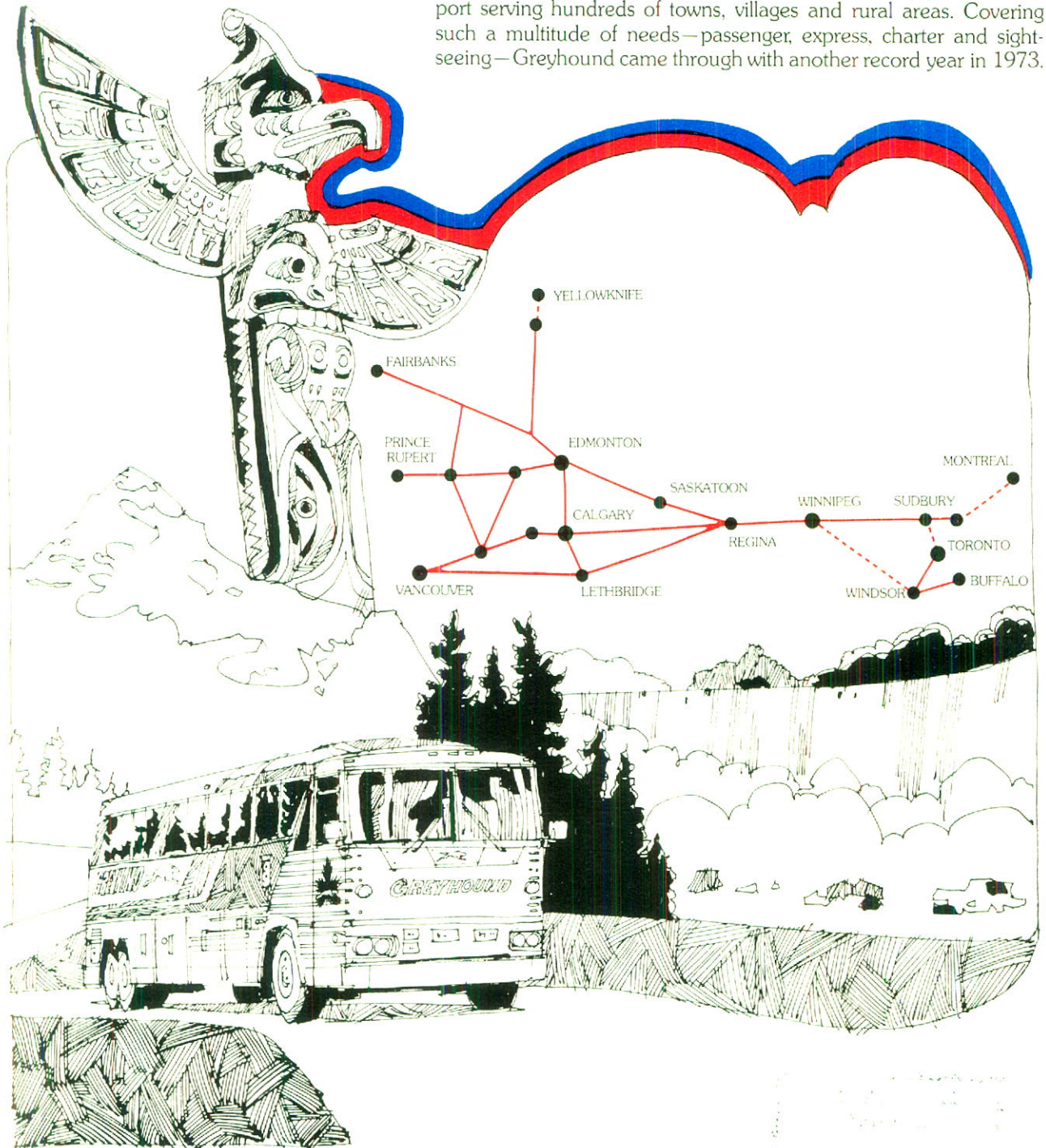


1973: Service, economy and convenience . . . always



More than ever, Greyhound is giving invaluable service to Canadians. With the conservation of energy first on most people's minds, transportation assumes paramount importance. And a study quoted in your President's report shows that buses get more passenger miles per gallon than any other form of intercity transportation.

The RCMP Centennial year brought the opportunity to serve the Mounties themselves. Greyhound remains the only public transport serving hundreds of towns, villages and rural areas. Covering such a multitude of needs—passenger, express, charter and sight-seeing—Greyhound came through with another record year in 1973.



FRONT COVER:

- Top row: MC-8 Crusader in Rogers Pass, B.C.
Powder snow skiing, Sunshine Village, Alberta
MC-8 Crusader on York University campus, Toronto, Ontario
- Lower row: Totem Pole Park, Vancouver, B.C.
RCMP and Young Canadians at Calgary Stampede

The President's Report to the Shareholders

In presenting this Annual Report for the year ended December 31, 1973, your Directors are pleased to announce that your Company's revenues and earnings in 1973 were the highest in its history. Consolidated gross revenues increased 8.51% from \$59,339,330 in 1972 to \$64,388,875 in 1973. Consolidated net income increased 1.03% from \$7,121,079 in 1972 to \$7,194,706 in 1973. These amounts include non-recurring gains on disposal of tangible property of \$614,900 in 1972 and \$121,483 in 1973.

Earnings per share for 1973 were \$1.54 including the non-recurring gains of \$.03 per share. This compares to \$1.52 per share in 1972 including the non-recurring gains of \$.13 per share. Dividends of \$.68 per share were paid during 1973 compared to \$.62 per share in 1972.

Intercity bus miles increased 5.77% to 38,342,121, passenger and charter revenue increased 14.73% to \$28,585,361 and express revenue increased 28.61% to \$8,105,845.

These record earnings were achieved in 1973 despite a strike of union employees which commenced on November 11, 1973, at the Winnipeg plants of Motor Coach Industries Limited and despite the fact that non-recurring gains in 1972 were \$614,900 and in 1973 were \$121,483.

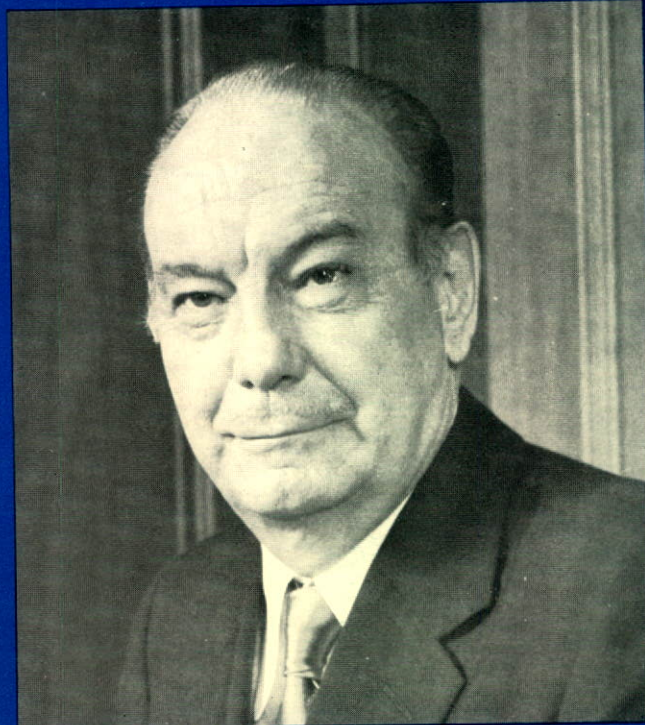
The strike at Motor Coach Industries Limited, Winnipeg, was settled the last week in February, and full production should be reached early in April.

The Company received its first delivery of the new MC-8 Crusader in late summer and has 30 of these buses on order from Motor Coach Industries Limited for delivery in 1974.

New terminal facilities arranged for the Company in Medicine Hat and Grande Prairie, Alberta, in the year under review are now in full operation. A more efficient express department which doubles the present capacity is under construction in Winnipeg. Modern garage service centers were opened during the year in Penticton, Edmonton, and Sudbury. Details of these new and expanded facilities are found later in this report.

Brewster Transport Company Limited, your tour subsidiary, showed increased revenues in practically all departments. Skifaris, the combined winter air and bus tours to the Canadian Rockies, increased over 100%. Brewster has placed orders for 16 new buses, 10 of which are for specialized operation in the ski areas of the Banff and Jasper National Parks.

Motor Coach Industries Limited, your manufacturing subsidiary, introduced its revolutionary new MC-8 Crusader line of buses, which immediately became the most popular in North America. Its plant expansion in Winnipeg was completed late in 1973 and is capable of producing in excess of 4 units per day.



On January 1, 1974, I became Chairman of the Board and Chief Executive Officer of Motor Coach Industries Limited and Mr. G. E. Mason was appointed its President and Chief Operating Officer.

Early in 1974, Motor Coach Industries Limited acquired Frank Fair Industries Ltd., a Winnipeg manufacturing company which supplies component parts for the manufacture of buses.

A study supported by the National Science Foundation has demonstrated that the bus is the most efficient method of intercity transportation on a passenger mile basis. Buses produce 85 passenger miles per gallon, while trains get 48 passenger miles per gallon, private automobiles 40 passenger miles per gallon and jet airplanes about 16 passenger miles per gallon.

With the addition of new modern buses, improved garage and terminal facilities, as well as enlarged manufacturing facilities, your Company is confident that it can handle the anticipated normal increase in travel as well as any increase in travel generated by the current energy crisis.

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 style with a large, sweeping initial "R".

MCI introduces the MC-8 Crusader

In terms of style, comfort and safety, bus travel has reached a new plateau with the new MC-8 Crusader. Rolling off the assembly line of Motor Coach Industries Limited at the rate of three per day, 200 were in service by the end of 1973.

The Crusader is a big, bold, contemporary bus with clean, uninterrupted lines. Fads and frills have been avoided. The anodized aluminum black window treatment underlines a look of great distinction and provides a sunglasses effect for passengers.

Inside: more legroom, more view, more cushioned comfort and a quieter ride. Sculptured lines, spirited colors and the soft glow of concealed lighting give total harmony.

Safety features are tailored to increase driver efficiency. Controls are in the most natural, reachable positions. The driver has separate, adjustable air-

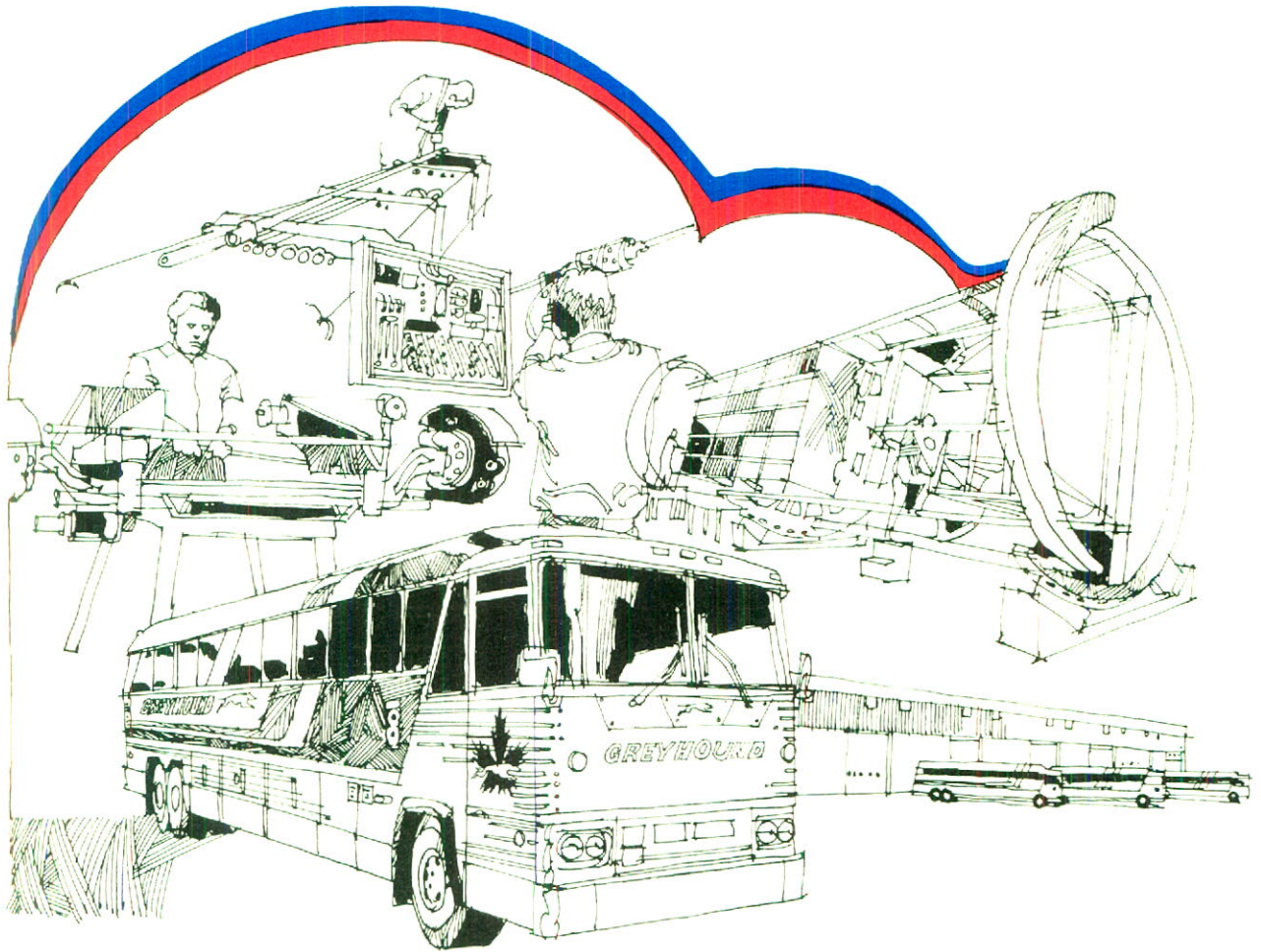
conditioning to maintain alertness. Audible warning signals and automatic transmission enable the driver to keep his eyes on the road, his hands on the wheel.

The overall result is a unique bus—"the Best Bus ever Built".

Facilities expanded

In addition to completing its million-dollar-plus Winnipeg expansion, MCI in 1973 negotiated the purchase of a facility for the manufacture of component parts. The resulting acquisition of Frank Fair Industries Ltd., early in 1974, was a major step in making MCI a totally-integrated operation.

MCI continued its success in the export market—including a repeat order from its newest overseas customer, Australia.



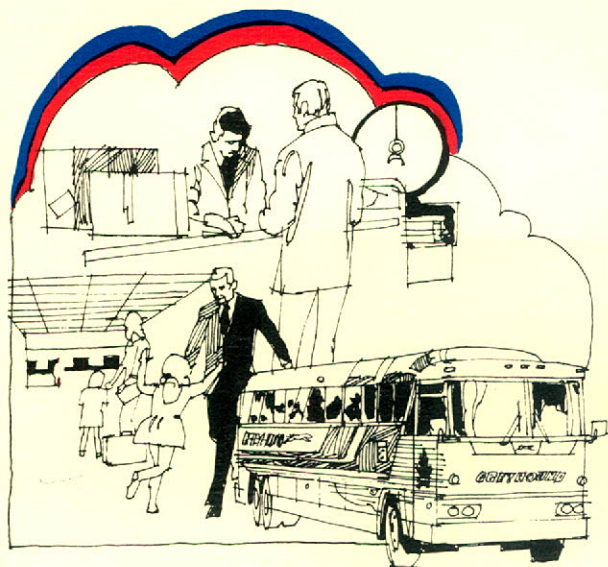
A record number of passengers "leave the driving to us"

Greyhound passenger and charter revenues continued to climb throughout 1973. The final total reached more than three and a half million dollars above 1972's record figure—an increase of 14.74%.

Your Company carried 5,448,478 passengers (an increase of 9.33%) and traveled 38,342,121 inter-city bus miles—5.77% more than in 1972. This resulted in a record total of 807,168,000 passenger miles.

Even the safety factor, already enviable in transportation circles, set a new record. The number of miles between collisions rose to 266,264 or 13.85% better than in the previous year. The figures are added proof of the care, skill and dependability of the Greyhound driver.

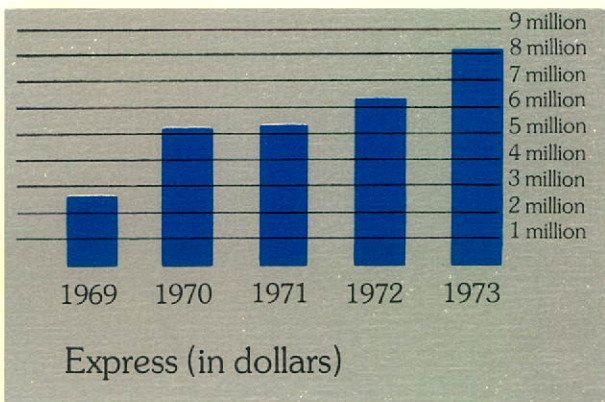
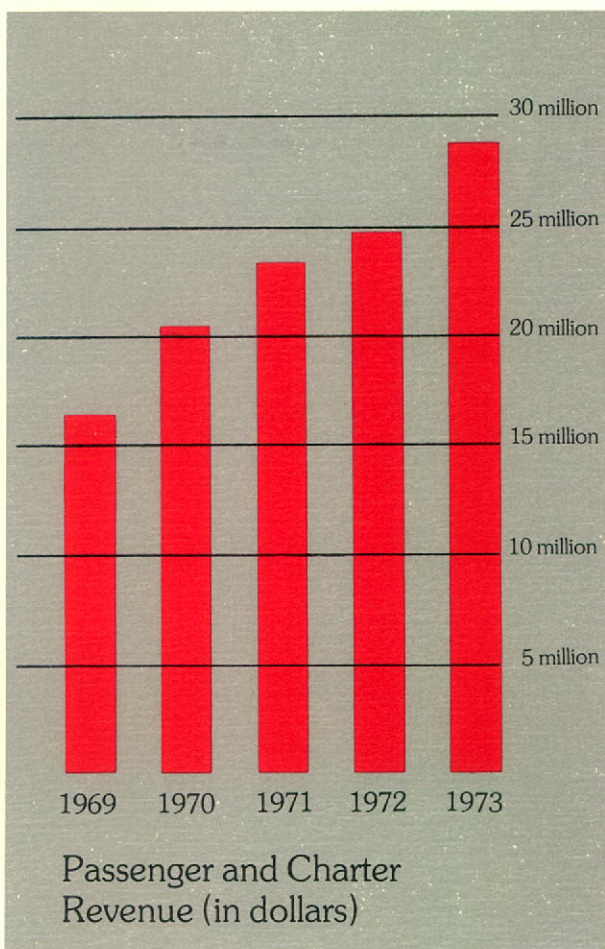
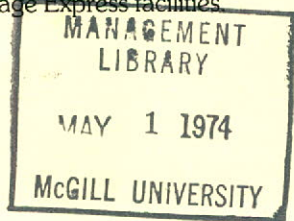
During the RCMP Centennial year, the Mounties' road show covered a prodigious number of miles—a great part of them by Greyhound charter. The RCMP band and Centennial displays personnel depended on Greyhound service to visit major cities and smaller centers from coast to coast.



A record year for packages, too

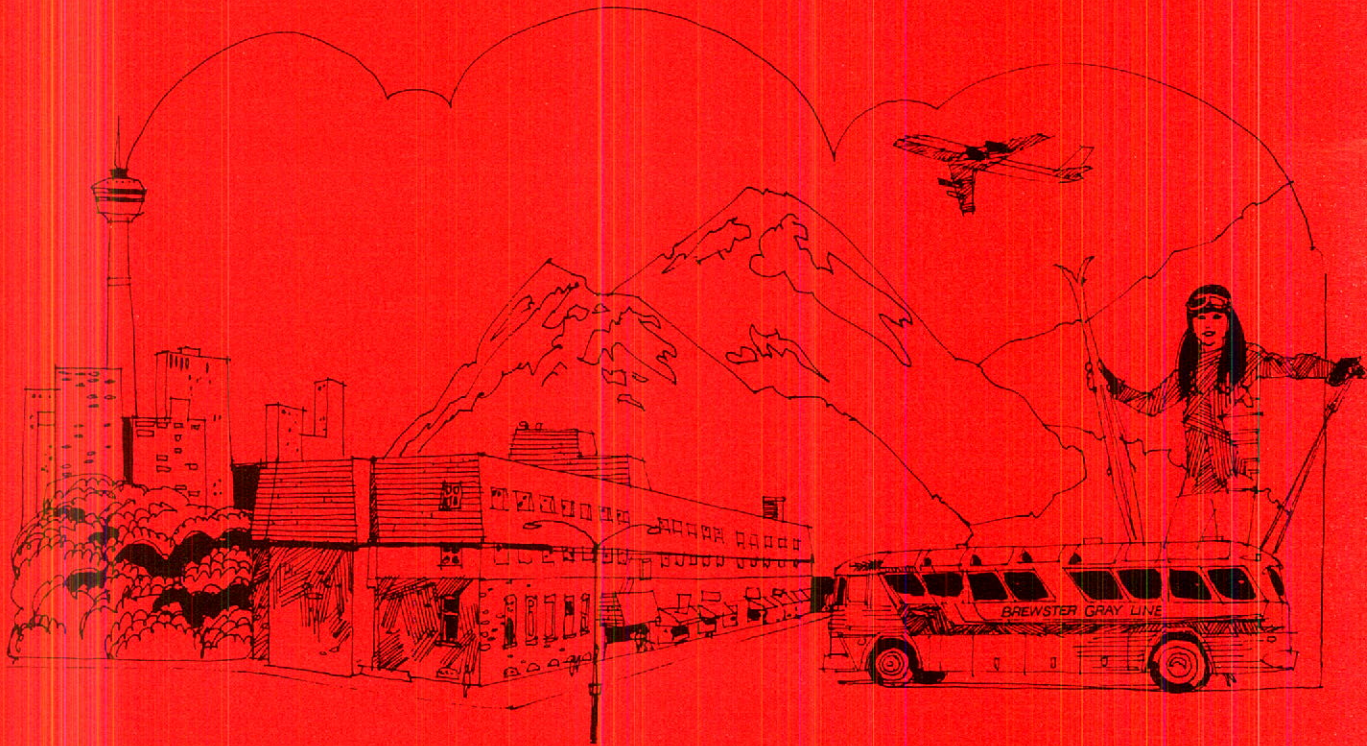
Due to the regularity and reliability of Greyhound's shipping services, Package Express continued to grow rapidly. Again, revenues beat the record set in the previous year (by an exceptional 28.61%) to reach \$8,105,845.

Your Company continues to improve and expand its Package Express facilities



1973: Service, economy and convenience . . . always





Brewster Transport . . . a tourist tradition

Somewhat against odds, Brewster Transport's 1973 operation served substantially more passengers than in 1972. In spite of the rail strike, which reduced the number of group tours arriving in the western parks, your Company's tour subsidiary showed overall increased revenues.

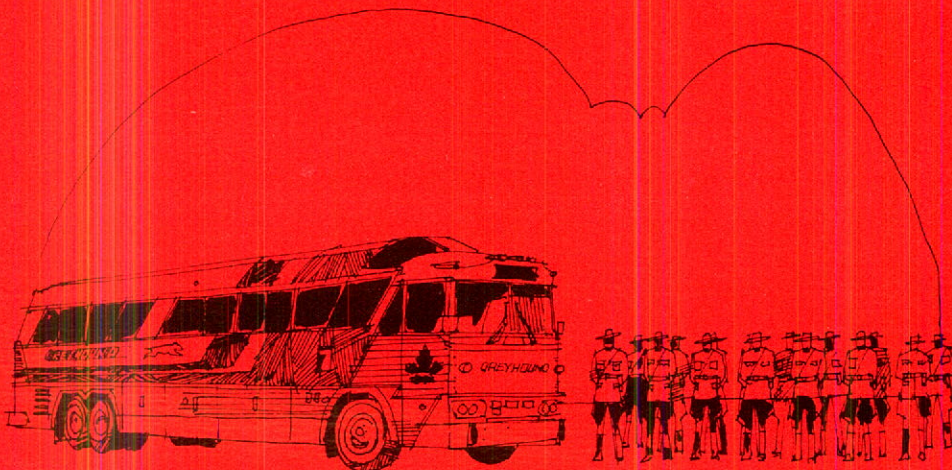
Brewster was host to skiers from many countries. A large contingent from Japan made good use of the company's ski service facilities. The initial number of Japanese bookings was not immediately realized, as many of the groups were unable to obtain the air space they'd arranged; and only 240 of the original 500 individuals arrived on schedule. However, many of the remainder managed later bookings.

Brewster continued to operate the popular Gray Line City Tours in Calgary and Edmonton.

The spectacular Columbia Icefields, always a favorite with tourists, drew many 1973 guests to Brewster's 40-passenger Snocruiser tours.

SKIFARI

Skifari Tours, a joint venture with Air Canada, served 6,500 passengers during the 1972-73 season—an increase of more than 100% over the previous season. Combining air transportation with a week-long western ski package, Skifari has all the ingredients for continuing popularity.



Royal Glacier Tours

1973 was the tenth anniversary year for Royal Glacier Tours. During it they proved again the great appeal of a deluxe tour portfolio offering superb transportation, accommodation options and many sightseeing extras. A new high in the number of tour guests was recorded—nearly 43% more than during the previous year.



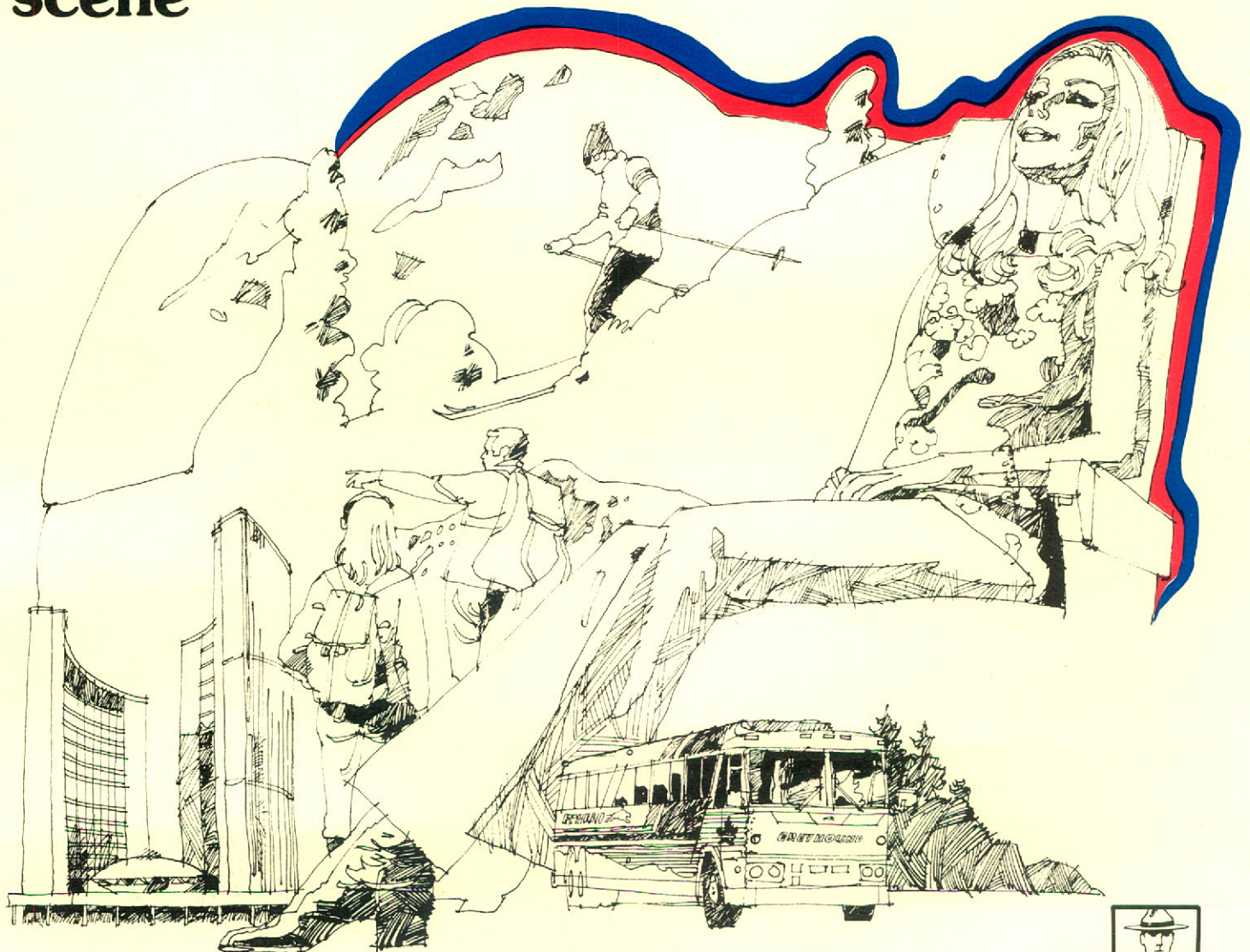
Inaugurated in the fall of 1972, this flexible travel bargain was slightly modified in 1973. Participants in the plan were given a choice of 30 days (\$149) or 60 days (\$199) of travel

freedom. With passengers allowed to choose their own routes, stop and go on again whenever they wish throughout Canada and south-of-the-border U.S.A., AMERIPASS continues deservedly popular.

There was, as always, a good demand for your Company's *Fall Foliage Tours*, which take passengers through the most colorful of the autumn scenery in Eastern Canada and across the border.

Once again, in 1973, the *Grand Ole Opry Tours* were fully-subscribed. These tours are limited by the number of Canadian long weekend holidays on which they must take place; otherwise, many more Grand Ole Opry Tours could undoubtedly be filled.

The tour scene



1973: Service, economy and convenience . . . always





GREYHOUND LINES OF CANADA LTD. AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AT DECEMBER**ASSETS**

	1973	1972
CURRENT ASSETS		
Cash	\$ 1,395,377	\$ 1,873,630
Marketable securities, at cost (approximates market)	3,794,760	2,261,000
Accounts and notes receivable	2,723,251	2,014,316
Income taxes refundable	—	54,168
Due from affiliated company	622,175	304,318
Inventories, at the lower of cost or net realizable value	7,824,018	6,513,385
Prepaid expenses	373,324	198,271
	16,732,905	13,219,088
OTHER ASSETS		
Notes receivable	1,229,865	832,610
PROPERTY AND EQUIPMENT, at cost		
Buses	18,724,922	17,074,629
Less depreciation	10,400,729	9,330,243
	8,324,193	7,744,386
Land	2,301,381	2,302,233
Buildings	11,394,751	10,407,440
Equipment	4,671,084	4,620,403
	18,367,216	17,330,076
Less depreciation	6,910,673	6,493,254
	11,456,543	10,836,822
	19,780,736	18,581,208
INTANGIBLES, at cost	3,903,344	3,920,260
	\$41,646,850	\$36,553,166

See notes to the consolidated financial statements.

NOTES TO THE 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. LONG-TERM DEBT

Although cash flow projections at the end of 1972 had indicated that the bank loan was not expected to be reduced in 1973, actual cash flow enabled the Company to repay substantially all of its bank loan as of December 31, 1973.

3. STOCK OPTIONS

Effective May 15, 1973, the Company adopted a new

ten-year incentive stock option plan for officers and key employees of the Company and its subsidiaries to replace the stock option plan which had been in effect since 1965. The new "1973 Plan" reserves 75,000 shares for future option grants, in addition to the remaining shares which are still reserved for future option grants, under the existing 1965 Plan. The option price shall not be less than 90% of the fair market value of the Company's shares on the date of grant.

During 1973 options were cancelled on 3,225 shares, leaving a maximum of 82,725 shares available for future option grants. During 1973 options were exercised for cash on 10,150 shares, leaving option grants outstanding at December 31, 1973 on 24,350 shares



31, 1973

LIABILITIES AND SHAREHOLDERS' EQUITY

	1973	1972
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 3,283,472	\$ 3,168,716
Salaries and wages	1,851,429	1,409,757
Due to affiliated company	210,425	206,862
Income taxes	1,352,264	—
	6,697,590	4,785,335
 LONG-TERM DEBT (Note 2)		
Bank loan, secured	121,000	1,321,000
 RESERVE FOR INJURIES AND DAMAGES		
	339,237	276,858
 DEFERRED INCOME TAXES		
	2,744,133	2,574,434
 SHAREHOLDERS' EQUITY		
Capital stock (Note 3)		
Authorized—9,600,000 common shares of no par value		
Issued—4,679,293 shares	8,198,432	8,065,914
Retained income	23,546,458	19,529,625
	31,744,890	27,595,539
	\$41,646,850	\$36,553,166

Signed on behalf of the Board
 R. L. Borden, Director
 C. J. Clark, Director

at an average option price per share of \$16.16.

4. REMUNERATION OF DIRECTORS AND OFFICERS

The aggregate remuneration paid during the year to the Company's directors and officers was as follows:

	Directors	Officers
Greyhound Lines of Canada Ltd.	\$ 11,900	\$333,925
Subsidiary	—	12,500
	\$ 11,900	\$346,425

The Company has ten directors and ten officers, of which two officers are also directors.

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	
	1973	1972
Manufacturing	\$22,390,648	\$23,236,947
Transportation	41,998,227	36,102,383
	\$64,388,875	\$59,339,330

GREYHOUND LINES OF CANADA LTD. AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1973

	1973	1972
Operating revenues (Note 5)	\$64,388,875	\$59,339,330
Operating expenses	48,605,030	45,000,696
Income from operations before the undernoted items	15,783,845	14,338,634
Income from investments	386,723	243,050
	16,170,568	14,581,684
DEDUCT		
Depreciation and amortization	2,146,669	2,033,777
Interest on long-term debt	231,676	186,728
	2,378,345	2,220,505
Income before income taxes and extraordinary gains	13,792,223	12,361,179
Income taxes	6,719,000	5,855,000
Income before extraordinary gains	7,073,223	6,506,179
Extraordinary gains on sale of property	121,483	614,900
NET INCOME	\$ 7,194,706	\$ 7,121,079
Net income per share based upon average number of shares outstanding		
Income before extraordinary gains	\$1.51	\$1.39
Extraordinary gains03	.13
NET INCOME	\$1.54	\$1.52

See notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF RETAINED INCOME FOR THE YEAR ENDED DECEMBER 31, 1973

	1973	1972
Balance beginning of year	\$19,529,625	\$15,300,790
Net income for the year	7,194,706	7,121,079
	26,724,331	22,421,869
Cash dividends paid \$0.68 per share (1972 - \$0.62 per share)	(3,177,873)	(2,892,244)
Balance end of year	\$23,546,458	\$19,529,625



CONSOLIDATED SOURCE AND USE OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1973

SOURCE OF FUNDS	1973	1972
From operations		
Net income	\$ 7,194,706	\$ 7,121,079
Depreciation and amortization	2,146,669	2,033,777
Deferred income taxes	169,699	18,841
Provision for injuries and damages	62,379	(40,648)
Extraordinary gains	(121,483)	(614,900)
Gain on disposal of tangible assets	(22,020)	—
Total from operations	<u>9,429,950</u>	<u>8,518,149</u>
Proceeds from sale of shares pursuant to stock option plan	132,518	138,600
Disposals of tangible property	236,852	1,045,629
Decrease in non-current notes receivable	—	130,860
	<u>9,799,320</u>	<u>9,833,238</u>
 USE OF FUNDS		
Acquisition of tangible property	3,422,630	3,090,408
Dividends paid	3,177,873	2,892,244
Decrease in long-term debt	1,200,000	1,682,924
Increase in non-current notes receivable	397,255	—
	<u>8,197,758</u>	<u>7,665,576</u>
Increase in working capital	<u>\$ 1,601,562</u>	<u>\$ 2,167,662</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, 1973, and the consolidated statements of income, retained income, and source and use of funds 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.

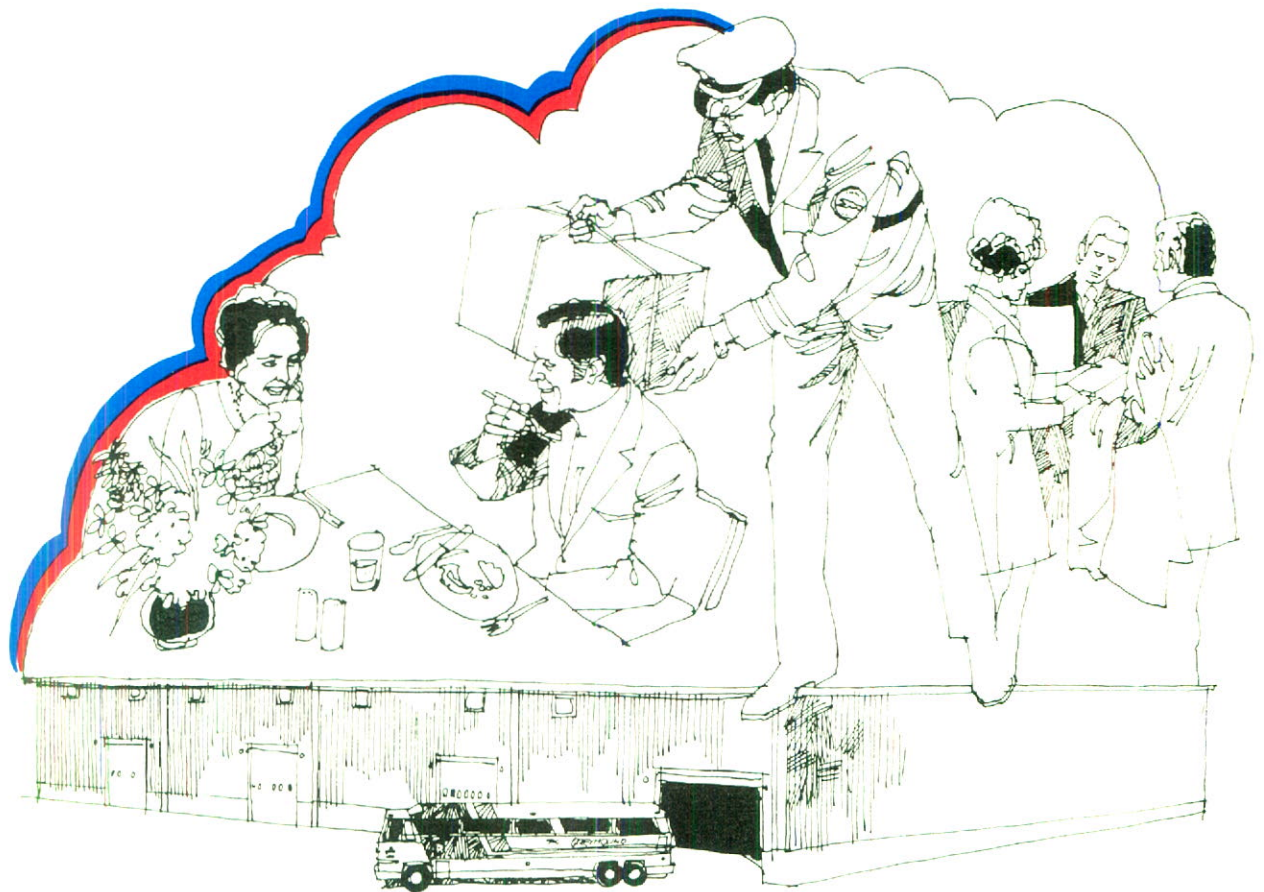
In our opinion, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1973, the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Alberta
February 12, 1974

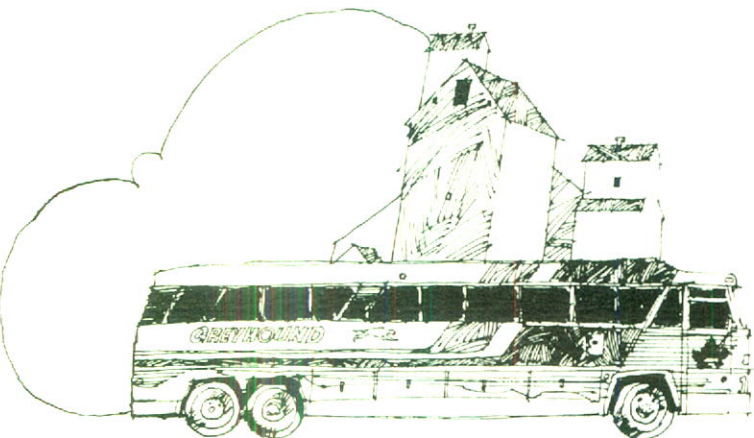
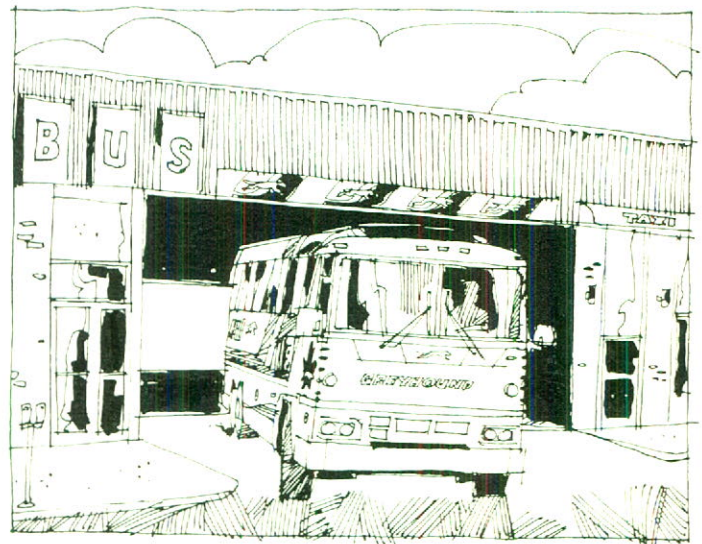
TOUCHE ROSS & CO.
Chartered Accountants.

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**Facilities
keep pace
with service
demand**



1973: Service, economy and convenience . . . always



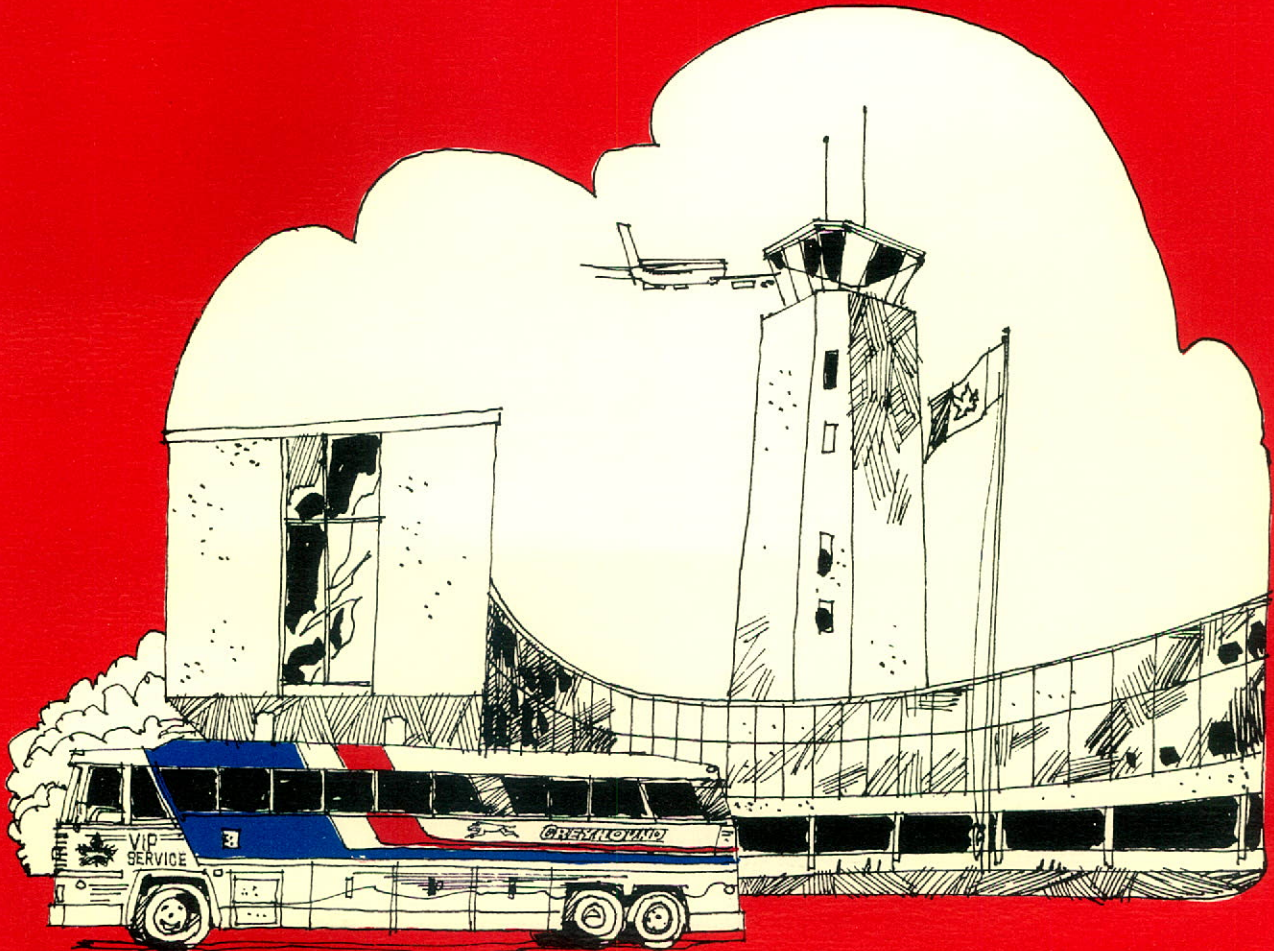
A new Medicine Hat terminal, planned and constructed during 1973 by owners Bert Mahura and Gary Haubrich, has now replaced the first terminal ever built in Canada by Greyhound. The public was invited to the Grand Opening of the new terminal on Saturday, January 26, 1974. Built for comfort and convenience, it features off-street customer parking for the Package Express depot, undercover bus loading and bus storage area.

Grande Prairie, distribution center for the Peace River area, generated more than enough traffic to warrant the new terminal completed there in 1973.

Your Company's program of upgrading and expansion included improvements to the Union Terminal in Winnipeg, plus new garages in Edmonton, Penticton and Sudbury.

New Winnipeg-Brandon VIP service

Detailed planning in 1973 culminated in the introduction, on January 2, 1974, of a six-month trial for Greyhound's newest VIP service. A result of your Company's policy to fill a public need when one is seen, the Brandon-Winnipeg route is already well-patronized and has received much favorable comment. Operating to and from the Winnipeg International Airport, the service provides Brandon commuters with a luxurious necessity.



Marketing the **great way** in Canada's RCMP Centennial year

This important Centennial year offered many extra travel-selling opportunities. Your Company's media advertising took full advantage of them. Potential customers were told when and where special events would take place. The highly-adaptable 1973 theme proved a "Great Way" to market Greyhound in newspapers, magazines, radio, television, sales literature and depot display signs. Internationally, Greyhound travel in Canada was advertised in USA travel-trade publications and in the Japanese edition of Reader's Digest.



Great way

to celebrate the harvest!

AmeriPASS

30 days just \$149.00 60 days just \$199.00

The newest concept in long distance travel. Now it's the most exciting feature of the busy season. Start a summer holiday with Greyhound's AmeriPASS. You'll have the comfort and convenience of the Greyhound bus with the added advantage of a special holiday rate. It's a great way to celebrate the harvest. The AmeriPASS is the perfect choice for those who want to travel in style and save money.

Go Greyhound
and leave the driving to us.

great way

to try on Canada!

Meet a Mountie!

Greyhound is a special way to see the RCMP Centennial. Meet a Mountie on a tour of the RCMP's home in the West. Enjoying an hour's ride in a Mountie's uniform, you'll see where and when!

1873 - 1973

Celebration Calendar	
June 18-20	OTTAWA \$88.00 0 trips daily
July 1-3	REGINA \$88.00 0 trips daily
July 5-14	CALGARY \$88.00 0 trips daily
July 15-18	EDMONTON \$88.00 0 trips daily

Catch the Sun!

BLANKTOWN	\$88.00	0 trips daily
BLANKTOWN	\$88.00	0 trips daily
BLANKTOWN	\$88.00	0 trips daily

Take a Tour!

21 day West Coast tour from TORONTO \$475.00

15 day Canadian Rockies tour from TORONTO \$387.50

Royal Glacier and Yellowstone Tours

Go Greyhound
and leave the driving to us.

New for you!

V.I.P.

SCENICRUISER SERVICE

to BRANDON \$6.50 one way

Extra luxury. Extra legroom. Extra convenience. Relax. Stretch out in a reclining arm chair. Adjust your personal reading lamp. If you have work to do, use one of the V.I.P. desks. The restroom, equipped with air-conditioned V.I.P. "Scenicruiser" - your office on the go.

Refreshments included. Hold yourself to liquid refreshments and snacks. All "on the bus".

Package express. Fast, non-stop express to Winnipeg. Same-day delivery for your parcels.

FAST, NON-STOP TWO-CITY SCHEDULE			
WINNIPEG TO BRANDON		Daily except Sat	Daily except Sunday
Winnipeg (leaves)	1:00pm	1:00pm	1:00pm
Brandon (arrives)	3:45pm	3:45pm	3:45pm
Brandon (leaves)	4:45pm	4:45pm	4:45pm
Winnipeg (arrives)	7:30pm	7:30pm	7:30pm
BRANDON TO WINNIPEG		Daily except Sat	Daily except Sunday
Brandon (leaves)	7:45am	7:45am	7:45am
Winnipeg (arrives)	10:30am	10:30am	10:30am
Winnipeg (leaves)	11:30am	11:30am	11:30am
Brandon (arrives)	2:15pm	2:15pm	2:15pm

NO RESERVATIONS NEEDED 2 trips daily Mon. to Fri. 1 trip daily Sat. and Sun.

SERVING WINNIPEG INTERNATIONAL AIRPORT
SAVE GAS — TIME — MONEY!

Go Greyhound V.I.P.

and leave the driving to us.

GREAT WAY

to a goodtime weekend!

IT'S A HOLIDAY WITH GREYHOUND

AUGUST LONG WEEKEND

4-5-6

BLANKTOWN	\$88.00	0 trips daily
BLANKTOWN	\$88.00	0 trips daily
BLANKTOWN	\$88.00	0 trips daily

Holiday Helper Information: 600-6000

Packages prefer Greyhound Express

Go Greyhound
and leave the driving to us.

GREAT WAY

to say "I'm home!"

BLANKTOWN	\$88.00	0 trips daily
BLANKTOWN	\$88.00	0 trips daily
BLANKTOWN	\$88.00	0 trips daily
BLANKTOWN	\$88.00	0 trips daily
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Go Greyhound
and leave the driving to us.

1973: Service, economy and convenience . . . always



GREYHOUND LINES OF CANADA LTD.

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

A Canadian company meeting a spectrum of transportation needs for the public, trade, commerce and government with
☐ Trans-Canada passenger service ☐ charter service ☐ tour service
☐ package express service ☐ 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. Kenigan	J. H. Taylor
J. A. Knight, C.A.	G. H. Trautman

OFFICERS

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

STOCK TRANSFER AGENT AND REGISTRAR

Montreal Trust Company
Montreal Toronto Winnipeg Calgary Vancouver





Greyhound Lines of Canada Ltd.