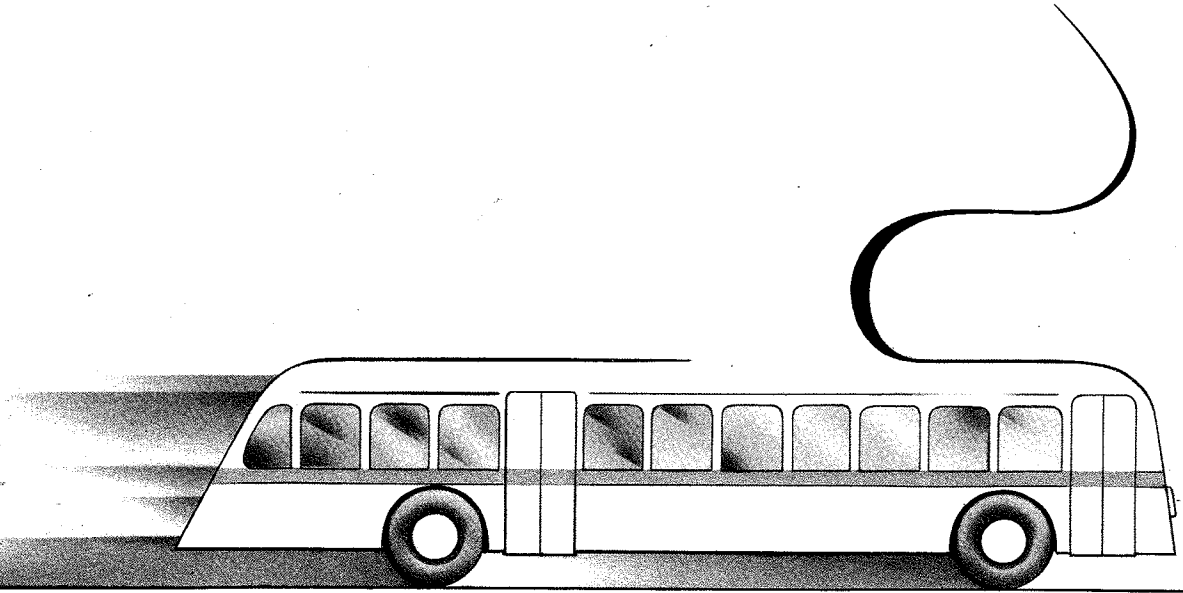


Annual

REPORT

LOS ANGELES

TRANSIT LINES





"WINGED TRANSIT"

has been chosen as Management's operational text for 1948. It symbolizes the dynamics of motion as it applies to the faster, safer, more comfortable movement of mass transportation.

"Winged Transit" may be defined as the coordination of those phases of transit service which results in rider satisfaction and revenue building.

Preceded by two years of system wide modernization and intensive research, the Company is now ready to make an aggressive bid for increased public patronage. All efforts will be concentrated in the successful attainment of this major objective during the coming year.

It is with considerable satisfaction that I am able to report that the year 1947 marked the conclusion of a system wide program of basic mechanical and operational modernization. This long range plan was initiated in 1945 and was designed to extend over a three-year period.

It is appropriate that Mr. W. Ralph Fitzgerald, first President of Los Angeles Transit Lines, receive special recognition for his wise and loyal service during the crucial period. Mr. Fitzgerald resigned in November, 1947, to assume broader executive responsibilities with the National City Lines, Inc., Chicago, Illinois.

It is my purpose in this Report to stress those events which had a major bearing on the Company's operations during 1947.

Of special significance were adjustments made in the Company's fiscal structure. Favorable bank credits were negotiated which enabled the Company to refinance certain Conditional Sales Contracts and take advantage of longer terms provided under the new Credit Agreement. A portion of the new moneys was used to purchase new and needed equipment leaving the additional credit balance to be used for future purchases of additional equipment. I am certain that these adjustments have materially strengthened the Company's financial position.

Particularly gratifying was the successful negotiation of a new yearly Labor Contract to supersede the Agreement which expired on May 31, 1947. Negotiations began on May 1, 1947, and ended on June 7, 1947, with full accord being reached on all issues affecting wages, hours and working conditions. To complete such a complex Contract, in approximately five weeks, reflects the spirit of harmony and mutual understanding which prevailed between Company and Union Representatives during the discussions and further confirmed the American principle of collective bargaining to be fair and effective. Under the new Contract, working hours were reduced to a 40-hour week and an average increase of 12 to 15 cents per hour was awarded. It was estimated at that time that terms of the new Contract would add approximately \$1,300,000 to the Company's annual labor costs.

Due to sharply rising operating costs in all "Expense" classifications, particularly labor and equipment, the Company found it necessary to apply to the California Public Utilities Commission for an over-all fare increase on June 18, 1947. The Company requested an increase in base fare to 10 cents with tokens at 4 for 35 cents; the discontinuance of weekly passes; an adjustment in the rate for school tickets and an increase in outer-zone fares. Following many lengthy hearings and numerous rate studies by the Commission, a series of fare increases was officially granted on January 19, 1948, to become effective January 30, 1948.

While the Commission failed to authorize all fare increases requested in the application, it granted raises in outer-zone fares, an adjustment of school ticket rates, and the elimination of all weekly passes except the one applying to the inner zone. Rate of inner-zone passes was increased from \$1.25 to \$1.50. Added annual revenues resulting from this fare increase should total an estimated \$1,000,000.

On August 3, a major transformation, which had been long in planning and preparation, took place on the transit lines of the city. Together with this improvement step, which affected seven major lines as to rerouting, a new type of vehicle was introduced to the patrons...the trackless trolley.

This step was taken to conform with the City's program of traffic readjustment whereby one-way traffic was established on streets through the business districts. Also in accord with the City's program, the Company made

other equipment and service betterments, which included the addition, during the year, of approximately 170 motor coaches.

The straightening of many transit routes to eliminate time consuming turning points in congested areas accomplished much toward immediate relief of traffic congestion. This straightening process eliminated 9000 daily turning operations within the central area of the city, which resulted in the saving of 4800 daily riding hours for our patrons.

Continuous thorough studies are being made of customer riding habits as a part of our all out drive to increase passenger revenues. This continuous research in serving as the background for coordination of this Company's service with the routes which will become available as the proposed freeways are completed and for maximum utilization of those freeways in providing more rapid transportation to present and potential passengers.

During 1947, the Los Angeles Transit Lines contributed greatly to easing the City's immediate traffic problems. However, changing conditions continue to generate new complications.

Continued population growth, new residential communities, the decentralization of business and industry and a steady influx of new automobiles are responsible factors.

Although some of the freeways are in early stages of construction, many civic and business groups are attempting to find a long range solution to the problem. There is talk of subways, an elevated system, fringe parking lots and new link highways between freeways. Representatives of the Company continually cooperate with all official and responsible Transit Committees, furnishing expert counsel, in all such planning.

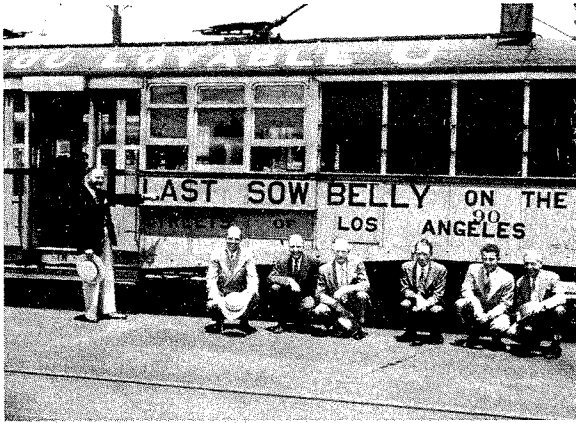
The Company's outlook is bright. Problems of organization are behind us. Our equipment and engineers are ready to serve the public with greater speed, safety and comfort. Research indicates that through better service and intelligent promotion new masses of people can be induced to ride with us. That is why we are about to concentrate on building greater passenger patronage.

I am confident that we are ready.


President
Los Angeles Transit Lines

PERATION

TRANSFORMATION



Old "Number 90" pauses for final portrait before leaving lines.



Customers favor rubber-tired transit.



Warners Stars, Janis Paige and Penny Edwards, autograph number 90 just before her swansong trip.

During the year, one of the worst traffic bottlenecks in the Los Angeles downtown business district was greatly relieved. This was accomplished after a comprehensive study, by the Traffic and Transportation Committee of the Los Angeles Chamber of Commerce, which recommended that 5th and 6th Streets become one way arteries. The Company favored the recommendations and initiated a special wide scale rerouting program affecting seven major lines entering the district. Service on the one way streets now consists of motor coaches and trackless trolleys.

On August 3, 1947, the new downtown route system was installed with appropriate ceremonies. Motion picture celebrities joined with civic and Company officials in dramatizing the passing of the old street-car equipment and the introduction of rubber tired vehicles.

Trackless trolley operators were given several months training before being assigned to the new type equipment. This was done over a specially

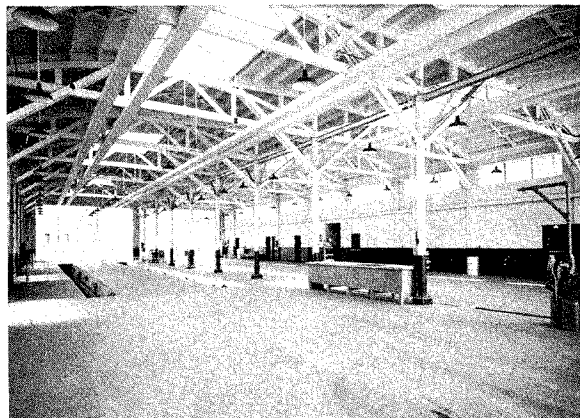
designed loop, built at South Park Shops, which duplicated all the conditions to be encountered under actual service runs.

A new trackless trolley Division was built for repairs and maintenance. It is strategically located at a point approximately in the center of the trackless trolley routes thereby saving deadhead mileage as well as man hours and vehicle miles.

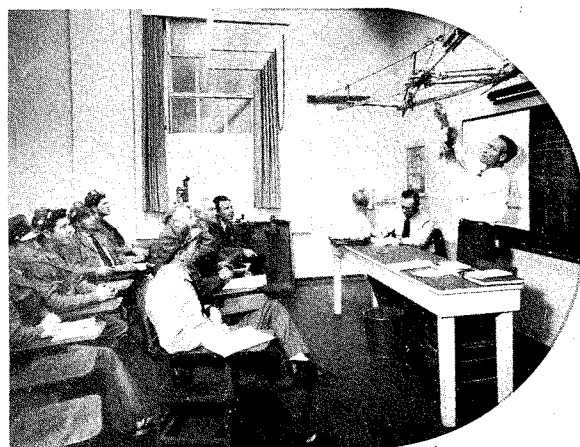
One of the features of the Division is the same system of "assembly line methods" which has been installed in all Company shops. This means that equipment follows a forward movement through inspection and repair pits to washer, yard and out on the line.

"Push Button Control" is still another innovation designed to save time. As a vehicle enters the Division, it passes a "control tower" where a switchman directs every trackless trolley to its proper position by pressing a button which flashes a light signal to the operator. The operator merely follows the lights to where the switchman designates his vehicle should stop.

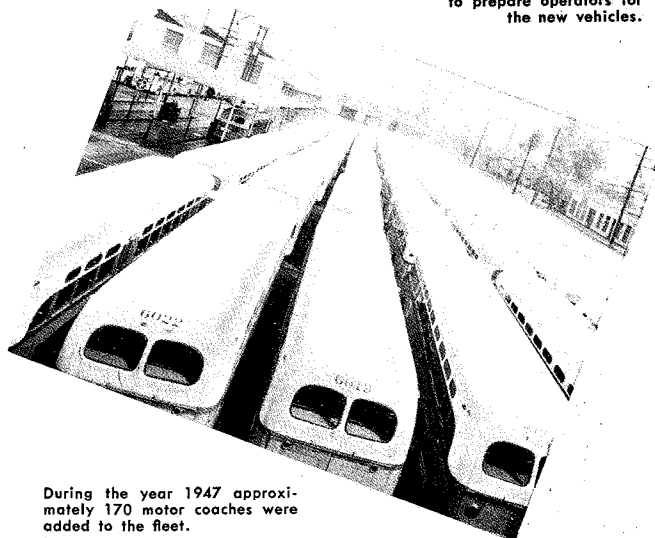
While trackless trolleys represent only a small fraction of the system's total equipment, their installation is positive evidence of the Company's willingness to cooperate with both the public and community interests in solving special and peculiar traffic problems.



For Trackless Trolley maintenance this home base has all modern features.



Specialized training was necessary to prepare operators for the new vehicles.



During the year 1947 approximately 170 motor coaches were added to the fleet.

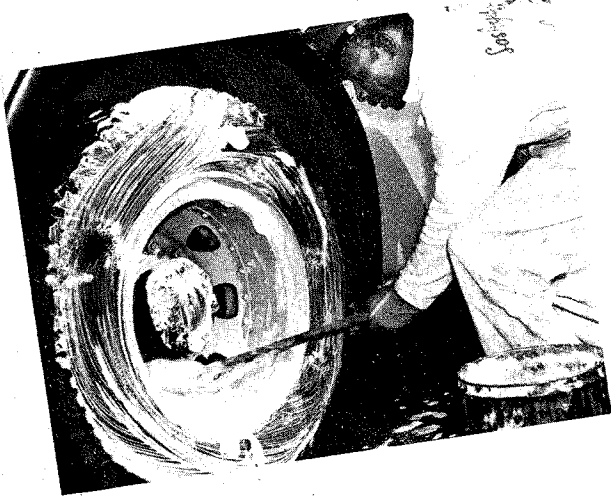
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HOUSEKEEPING

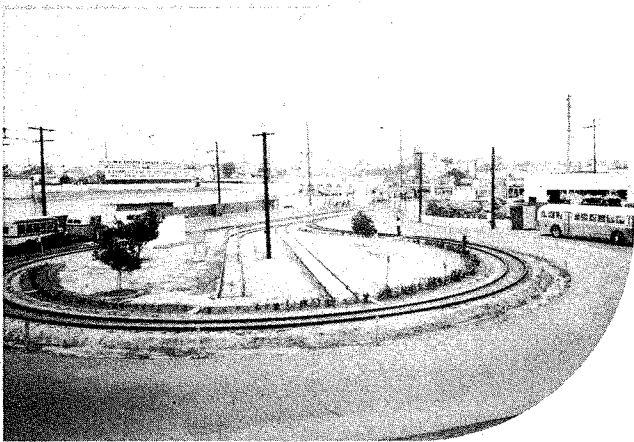
A program to promote cleanliness and neatness throughout the system produced many tangible and profitable results. Department heads were constantly reminded that a clean work shop or an orderly storeroom not only resulted in greater efficiency but actually improved working conditions for all employees.

The uninterrupted campaign to promote cleanliness throughout all properties has the practical effect of prolonging the life span and operating efficiency of equipment since dirt causes a great number of mechanical failures. All motors are steam cleaned before inspections or overhaul work, each coach is cleaned inside and out after each days work, yards are neat and clean, and pits and garages are free of grease.

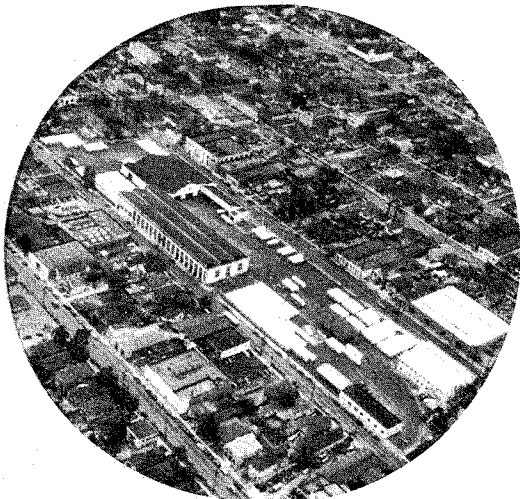
Special attention to the cleanliness theme was given in those departments which have close relations with the public. As a result, there was a marked improvement in the spic and span appearance of all vehicles. It is the sincere opinion of management that cleanliness of equipment has attracted many new riders since many letters have been received from patrons who appreciate this phase of transit service.



Good housekeeping even includes washing hub caps.



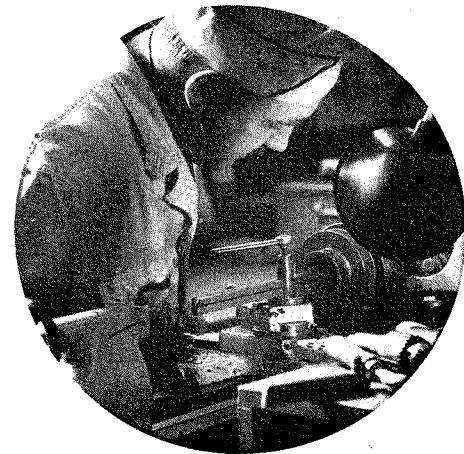
Landscaped terminal loops combine beauty with utility.



Air photo dramatizes neatness of Division Two.

APPLIED

EFFICIENCY



One of the year's most important steps taken in the interest of operating efficiency was the condensation of the Way and Structures headquarters from an area comprising 44 acres to its present 2 1/4 acres. This was accomplished through the installation of special equipment which requires only a fraction of former working space. Moreover, despite the great shrinkage in operating area, the new yard arrangement has a production output which exceeds the former. Much employee time is also saved since distances between working areas at the new yards are considerably less.

Mechanical features of the Way and Structures include a giant crane, mounted on rubber tires, which can speed to any point where new rails are being installed without being confined to travel over streetcar routes. The crane truck can move off the right-of-way when a streetcar wishes to pass. Formerly, passenger traffic on rail lines was often held up by a rail crane and series of flat cars.

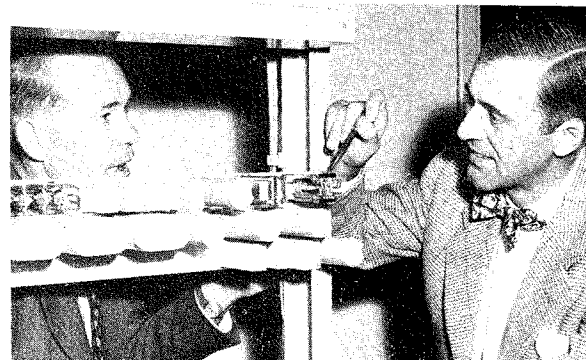
Another highlight in applied efficiency is demonstrated by the newly installed "Conference Telephone Hookup System." It is now possible for executives, supervisors or superintendents to attend a meeting without leaving their desks. At a signal, they pick up their phone receiver and the open circuit permits each to hear instructions or voice opinions. This new device will result in important savings in executive time.



Rubber mounted crane replaces rails without blocking streetcar traffic.



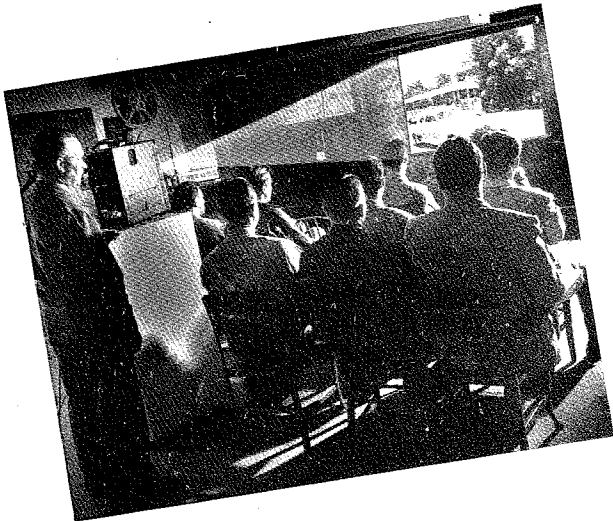
New Way and Structures yard now occupies 2 1/4 acres instead of 44.



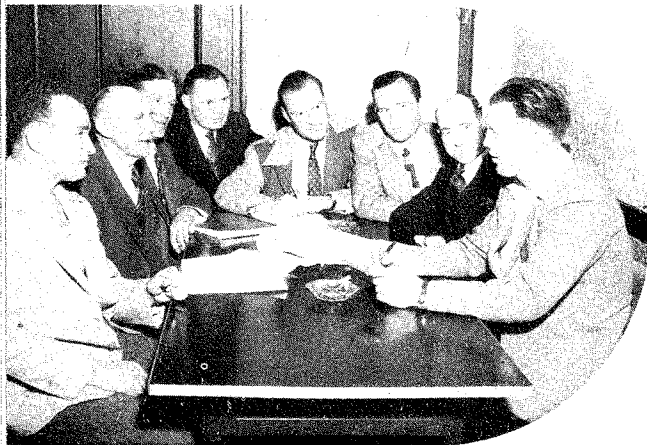
Special telephone circuit permits system wide conference hook-up.

SAFETY

A SCIENCE



Trainees receive visual instruction on safety.



One of many Safety Committees engages in round table discussion.



Operator receives merchandise award for Safety Record.

The Company's Safety Program was intensified during 1947. A special drive was conducted to reduce "blind" or unreported accidents—accidents which, because of their apparent insignificance, cause an operator to neglect filling out the required Accident Report form. Unreported accidents frequently prove costly to a company since witnesses are not available when claims are entered.

The following represent 1947 reduction figures:

Ratio of "unreported" accidents to "total reduced" 3.2%.

Total traffic accidents reduced 5.5%.

Fatal Accidents reduced 14%.

Occupational accidents reduced 2%.

Days lost due to occupational accidents reduced 6%.

Los Angeles is exposed to a higher traffic accident potential than almost any city in the world. During an 11-hour traffic count, 625,000 motor vehicles entered the downtown business district. This compares with a normal flow of 64,000 vehicles entering a similar area in Detroit during a 16-hour period. Twice as many vehicles enter the Los Angeles downtown area as enter the Loop district of Chicago.

OOD

FELLOWSHIP

Management has always believed in the value of encouraging social and recreational activities among employee groups. Evidence that the Company did not lessen its interest during 1947 is shown by the following Company sponsored clubs and events:

Sponsored 1947 Winter Bowling League with forty 5-man teams.

Entry of teams in the American Bowling Congress held in Los Angeles, March 1947.

Company sponsored turkey shoot for bowlers at Thanksgiving.

Los Angeles Transit Lines American Legion Post No. 541.

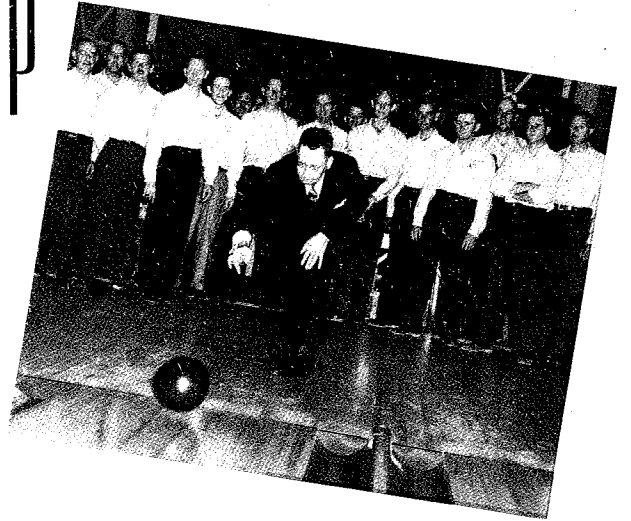
Los Angeles Transit Lines Veterans Club.

Los Angeles Transit Lines Women's Club with monthly meetings.

Retired Men's Club for former employees.

Greater recognition of employee seniority was inaugurated by the establishment of a Master Seniority List. Seniority is now system wide and gives operators annual choice of their work runs.

The Company now awards Badge No. 1 to the man at the top of the seniority list.



Company executive starts L.A.T.L. teams in ABC Tournament.



Women's Club celebrates birthday party.



Newly elected Officers of L.A.T.L. American Legion Post No. 541.

BUILDING

GOODWILL

Both the Company's Public Relations and Advertising showed directional changes in 1947. Public Relations included greater cooperation with organized community groups including the following:

Los Angeles Chamber of Commerce, Junior Chamber of Commerce and Women's Division of Los Angeles Chamber of Commerce.

American Red Cross. Community Chest.

Downtown Business Men's Association.

Police Department. Tuberculosis Association.

Parent Teachers Association. American Legion.

Los Angeles Advertising Clubs.

Los Angeles County Sheriff's Relief Association.

Company representatives aided each of the above organizations in their individual public and community welfare campaigns. Safety programs predominated while others were shows, rodeos, fireworks displays, and many other events which resulted in direct benefits to the system through increased bus and streetcar patronage.

The award of a watch by Company employees to a traffic officer gained wide and favorable publicity since the idea originated with employees themselves.



Transit Lines official awards theme badge to Miss Safety Pin-up before 80,000 people at Coliseum.



Company executive addresses West's largest Advertising Club.



Publication Editor receives Community Chest award from Robert L. Smith, Chairman, and distinguished newspaper executive.



Employees present watch to traffic officer.

ELLING OUR SERVICE

Company advertising maintained a consistent informational theme. Improvements were announced as they became a part of operations. In line with plans to more aggressively sell the advantages of transit travel, a special campaign was released to promote rides on the Number 4 line. This particular line was rerouted and rescheduled to provide a new major route from the southeast section to the Hollywood district. On August 3 checks showed that the public was not acquainted with this new major crosstown line, since the anticipated increase in passenger load did not result. A special publicity and advertising campaign directed the public's attention to the advantages of the new line with the consequence that patronage steadily increased as shown by Chart below.

It is planned to use this same technique in the future and a campaign to acquaint people, district by district, of the best and fastest methods of traveling about town is now in process.

VACATION AT HOME

Here's a Transitory Vacation that you can take any time. Start from your home and ride the "Owl" to the PLAZA, that beautiful circular park where the "Owl" was founded in 1911. Then walk across the street to the

OLD MISSION CHURCH, oldest landmark in the city. Built about 1781. You'll see a world of architecture and an old-fashioned mission.

OLVERA STREET - One of the most famous streets in the city. It's the heart of the old town. You can see the old buildings and the old people. It's a wonderful place to visit.

CHINA CITY - One of the most beautiful parks in the city. It's a wonderful place to visit. You can see the old buildings and the old people. It's a wonderful place to visit.

NEW CHINATOWN - One of the most beautiful parks in the city. It's a wonderful place to visit. You can see the old buildings and the old people. It's a wonderful place to visit.

LOS ANGELES TRANSIT LINES

AVOID PEAK HOUR TRAFFIC. RIDE FOR PLEASURE BETWEEN 10 AND 4 OR AFTER 6

OWL SERVICE

LOS ANGELES

PICNIC THE CAREFREE WAY!

If you're always taking your picnic right back home in the heart of the city, why not take advantage of the 192

A picnic in a park is a carefree thing - and it can be a fun-free picnic, too, because now at Los Angeles Transit Lines, we've got you covered for the Los Angeles Transit Lines.

Bring sandwiches and company (or a cold one) to the picnic, and we'll take care of the rest. We'll have a picnic basket with you home and night at your favorite park.

LOS ANGELES TRANSIT LINES

AVOID PEAK HOUR TRAFFIC. RIDE FOR PLEASURE

When the late Evening Fun is done travel home on the "OWLS!"

LOS ANGELES TRANSIT LINES

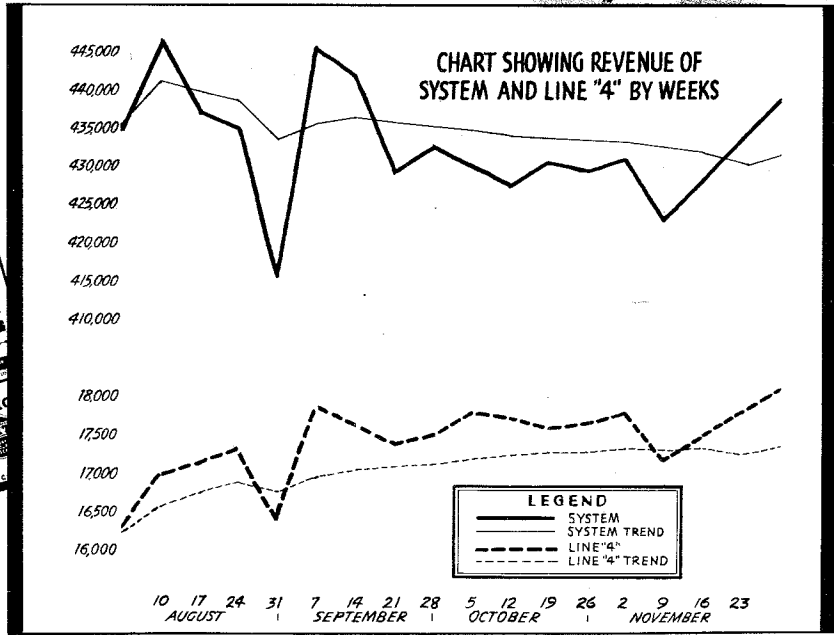
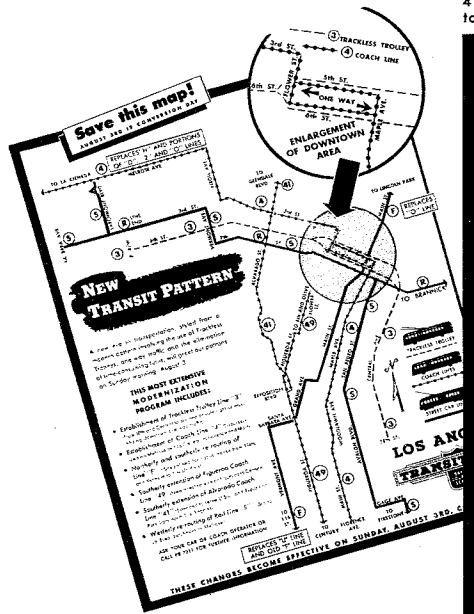
The "OWL" cars and coaches furnish service after midnight on the following lines:
STREETCARS 8, 1, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100

LOS ANGELES TRANSIT LINES

NOW! FASTER CROSTOWN SERVICE via the new coach line NO. 4

LOS ANGELES TRANSIT LINES

Chart shows upward passenger trend of No. 4 Line after advertising promotion, compared to downward trend of entire system.



COMPARATIVE INCOME AND STATISTICS

	1947	1946
INCOME:		
Operating Revenue	\$25,554,023.28	\$22,488,678.03
Other Income	56,223.68	59,352.69
Total	\$25,610,246.96	\$22,548,030.72
EXPENSES:		
Salaries and Wages	\$13,931,478.66	\$11,470,990.26
OTHER EXPENSES (excluding labor):		
Maintenance—Plant and Equipment	1,581,284.96	1,102,010.38
Power, Fuel and Lubricants	1,136,419.77	992,918.27
Transportation	387,788.90	268,666.69
General Administration	559,302.17	578,207.88
Insurance, including Injuries and Damages	2,375,857.47	2,323,214.29
Depreciation	1,963,637.76	2,297,561.18
Taxes and Licenses	2,306,379.88	2,085,670.34
Interest and Carrying Charges	410,728.64	425,744.36
Total Expense	\$24,652,878.21	\$21,544,983.65
NET INCOME:		
	\$ 957,368.75	\$ 1,003,047.07
Earnings per share on 1,095,440 shares of common stock outstanding	\$0.87	\$0.92

OPERATING STATISTICS:

	1947	1946
STREET RAILWAY OPERATIONS:		
Revenue Car Miles	24,060,972	24,098,688
Passenger Revenue	\$15,668,942	\$15,297,245
Revenue per Car Mile	65.12c	63.48c
Operating Expenses per Car Mile	61.94c	57.75c
Miles of Track operated at end of year	258	302
TROLLEY COACH OPERATIONS:		
Revenue Trolley Coach Miles	721,982	None
Passenger Revenue	\$ 659,144	
Revenue per Trolley Coach Mile	91.30c	
Operating Expenses per Trolley Coach Mile	58.15c	
Miles of Trolley Coach Routes operated at end of year	9	
Note: During this period Trolley Coaches were operated on only one relatively short route through heavy riding territory.		
MOTOR COACH OPERATIONS:		
Revenue Coach Miles	18,759,282	15,257,187
Passenger Revenue	\$ 8,904,340	\$ 6,859,841
Revenue per Coach Mile	47.47c	44.96c
Operating Expenses per Coach Mile	44.32c	42.87c
Miles of Coach Routes operated at end of year	268	263

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

TELEPHONE TRINITY 7691

TOUCHE, NIVEN, BAILEY & SMART

CERTIFIED PUBLIC ACCOUNTANTS

607 SOUTH HILL STREET
LOS ANGELES 14, CAL.

NEW YORK
CHICAGO
ST. LOUIS
MINNEAPOLIS
DETROIT
CLEVELAND
PITTSBURGH
DAYTON
LOS ANGELES
SEATTLE

FOREIGN CORRESPONDENTS
CANADA
CUBA
ENGLAND
FRANCE

February 24, 1948

BOARD OF DIRECTORS, LOS ANGELES TRANSIT LINES:

We have examined the balance sheet of Los Angeles Transit Lines as of December 31, 1947, and the statements of income and surplus for the year then ended, and the statements of income and surplus control and the accounting procedures of the system of internal making a detailed audit of the transactions, have examined or tested accounting records of the Company and, without methods and to the extent we deemed appropriate, have examined or tested made in accordance with generally accepted auditing standards and included all procedures which we considered necessary in the circumstances.

The Company's accounts are classified in accordance with the regulations of the Public Utilities Commission of the State of California. In our opinion, the accompanying balance sheet and related statements of income and surplus present fairly the position of Los Angeles Transit Lines at December 31, 1947, and the results of its operations for the year, in conformity with generally accepted accounting principles which, except for the change in respect of depreciation, stated in Note A to Financial Statements, which we consider proper, have been applied on a basis consistent with that of the preceding year.

Touche, Niven, Bailey & Smart
Certified Public Accountants.

LOS ANGELES TRANSIT LINES

(A CALIFORNIA CORPORATION)

BALANCE SHEET DECEMBER 31, 1947

CURRENT ASSETS:

Cash	\$1,098,794.36
Accounts receivable, arising in the ordinary course of business	148,514.19
Materials and supplies, at cost	1,024,909.37
Interest receivable	26,368.59
Prepaid expenses:	
Taxes and insurance	153,924.72
Other	18,412.77
	\$ 2,470,924.00

TANGIBLE PROPERTY (Note A):

	Cost	Depreciation	Net
Motor and trolley coaches	\$11,981,148.08	\$ 4,132,234.75	\$7,848,913.33
Street railway cars	9,732,479.54	6,757,689.07	2,974,790.47
Rail lines, power system, and miscellaneous equipment	16,644,993.11	11,843,385.16	4,801,607.95
Buildings	3,499,825.53	1,089,839.99	2,409,985.54
Land, right-of-way and grading	6,469,361.72	—	6,469,361.72
Interest during construction and miscellaneous overhead	1,775,394.91	—	1,775,394.91
	\$50,103,202.89	\$23,823,148.97	26,280,053.92

INTANGIBLE PROPERTY, consisting of franchises, at cost, less amortization of \$1,273.69

3,179.85

OTHER ASSETS:

Deposit with Trustee of First Mortgage Bonds (Note B)	\$ 586,731.30
United States Treasury Bonds, 2½%, due 1967/72, at cost, on deposit as collateral for franchise bond	418,139.90
Investment in and advance to Transit Casualty Company, at cost (Note B)	390,000.00
Deposit as collateral for indemnity bonds	50,000.00
Miscellaneous physical property, less depreciation of \$2,604.36	56,483.17
	1,501,354.37

\$30,255,512.14

Reference is made to accompanying explanatory notes.

LOS ANGELES TRANSIT LINES

(A CALIFORNIA CORPORATION)

BALANCE SHEET DECEMBER 31, 1947

CURRENT LIABILITIES, exclusive of portion of term obligations due within one year (see below):

Accounts payable, arising in the ordinary course of business	\$ 680,360.53
Accrued salaries and wages	572,174.49
Accrued taxes and other current liabilities	324,838.81
Payroll deductions for income and social security taxes withheld	87,409.05
Accrued interest on term obligations	73,135.01
Unearned revenue	204,157.93
Federal taxes on income (Note C):	
Current year, less tax anticipation notes of \$280,000.00	304,000.00
Prior years	75,000.00

\$ 2,321,075.82

EQUIPMENT AND OTHER TERM OBLIGATIONS:

	<u>Due within one year</u>	<u>Due after one year</u>
Notes payable to banks, secured by liens on motor and trolley coaches, interest at 2 $\frac{3}{8}$ %, payable monthly; \$664,639.56 due in each year 1948 through 1952, \$627,161.81 in 1953, \$478,148.16 in 1954, and \$262,331.76 in 1955	\$ 664,639.56	\$ 4,026,199.97
Notes payable to banks (unsecured), maturing \$315,000.00 semi-annually to March, 1950, interest at 3%	630,000.00	945,000.00
First Mortgage 3 $\frac{7}{8}$ % Serial Bonds maturing semi-annually at \$315,000.00 commencing September 1, 1950 and \$365,000.00 commencing September 1, 1955 to maturity in 1958	—	5,350,000.00
	<u>\$1,294,639.56</u>	<u>\$10,321,199.97</u>

11,615,839.53

80,183.89

120,448.68

PREMIUM ON TERM OBLIGATIONS

RESERVE FOR INJURIES AND DAMAGES

CAPITAL STOCK AND SURPLUS:

Capital stock:

 Authorized, 1,100,000 shares of the par value of \$10.00 each

 Issued and outstanding, 1,095,440 shares

Surplus, per accompanying statement (Note D):

 Earned surplus

 Capital surplus

\$10,954,400.00

4,446,107.34

717,456.88

16,117,964.22

\$30,255,512.14

Reference is made to accompanying explanatory notes.

LOS ANGELES TRANSIT LINES

EARNED SURPLUS

Balance, January 1, 1947		\$3,731,628.77
Reduction of reserve for federal taxes on income of prior years (Note C)		<u>338,586.75</u>
		\$4,070,215.52
Deduct:		
Payment to the City of Los Angeles on liability for repaving street railway lines	\$54,446.66	
Less credit in lieu of federal taxes on income—equivalent to tax reduction resulting from deductibility in current year of charge made directly to surplus (see statement of income)	<u>20,689.73</u>	
		<u>33,756.93</u>
		\$4,036,458.59
Net income for year 1947, per accompanying statement		<u>957,368.75</u>
		\$4,993,827.34
Dividends on common shares at 50c, in cash		<u>547,720.00</u>
		\$4,446,107.34
Balance, December 31, 1947 (Note D), to balance sheet		<u>\$4,446,107.34</u>

CAPITAL SURPLUS

(Arising from donations in aid of construction)

Balance, January 1, 1947	\$ 662,416.20
Donations received during year	<u>55,040.68</u>
Balance, December 31, 1947, to balance sheet	<u>\$ 717,456.88</u>

Reference is made to accompanying explanatory notes.

LOS ANGELES TRANSIT LINES

OPERATING REVENUE:

Passenger revenue:

Street railways

\$15,668,942.34

Coach operations

9,563,484.16

\$25,232,426.50

Charter, advertising, and miscellaneous revenue

321,596.78

\$25,554,023.28

OPERATING EXPENSES:

Maintenance track

\$ 782,401.66

Maintenance equipment

4,145,443.24

Transportation

11,062,122.46

Station expense

28,614.51

Traffic promotion

60,027.22

Insurance and pensions

2,384,936.25

General and administrative

1,278,710.72

Depreciation (Note A)

1,963,637.76

Taxes and licenses

1,701,690.15

Operating rents

229,875.87

23,637,459.84

NET OPERATING INCOME

\$ 1,916,563.44

OTHER INCOME:

Interest on securities

\$ 33,627.21

Premium on term obligations retired during year

12,459.18

Miscellaneous

10,137.29

56,223.68

\$ 1,972,787.12

OTHER DEDUCTIONS:

Interest charges

\$ 401,397.52

Trustee's and transfer agent's fees

9,331.12

410,728.64

INCOME, before federal taxes on income

\$ 1,562,058.48

PROVISION FOR FEDERAL TAXES ON INCOME:

Current year

\$ 584,000.00

Charge in lieu of federal taxes on income—equivalent to tax reduction resulting from deductibility in current year of charge made directly to surplus (see statement of surplus)

20,689.73

604,689.73

NET INCOME, to Statement of Surplus

\$ 957,368.75

Reference is made to accompanying explanatory notes.

E. ROY FITZGERALD
Chairman of Board
Los Angeles Transit Lines
President
National City Lines, Inc.

ED FITZGERALD
Vice President
and Treasurer
National City Lines, Inc.

FOSTER G. BEAMSLEY
Vice President
National City Lines, Inc.

T. ALLAN BOX, JR.
Investment Banker

BRUCE H. GRIGSBY
Vice President
Security First
National Bank of
Los Angeles

CONE T. BASS
Vice President
Los Angeles Transit Lines

S. M. HASKINS
Senior Partner
Gibson, Dunn & Crutcher

MAYNARD McFIE
Investments
Industrial Real Estate

T. J. MANNING
President
Los Angeles Transit Lines

T. J. MANNING
President

CONE T. BASS
Vice President

J. C. YARBROUGH
Vice President and
Comptroller

JOSEPH G. GORMAN
Vice President and
Secretary-Treasurer

F. P. SNYDER
Assistant Secretary

REGISTRAR
Security First National
Bank of Los Angeles
Sixth and Spring Streets
Los Angeles

TRANSFER AGENT
Bank of America National
Trust and Savings Association
Seventh and Spring Streets
Los Angeles

The annual meeting of shareholders will be held on May 11, 1948, at 10:00 a.m. at the Los Angeles Transit Lines Building, Room 1026, 1060 South Broadway, Los Angeles 15, California.

