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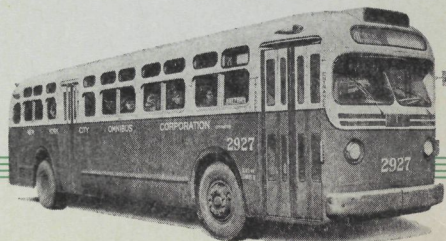
MARVYN SCUDDER FINANCIAL LIBRARY
SCHOOL OF BUSINESS
COLUMBIA UNIVERSITY

NEW YORK CITY OMNIBUS CORPORATION

Annual Report

*For the Year Ended
December 31,*

1949



New York City Omnibus Corporation

DIRECTORS

OTIS A. GLAZEBROOK, JR.

JOHN D. HERTZ

JOHN D. HERTZ, JR.

DAVID H. KNOTT

JOHN E. MCCARTHY

JOHN A. RITCHIE*

CHARLES G. STACHELBERG

BENJAMIN WEINTRAUB

FREDERIC T. WOOD

WILLIS D. WOOD

BOYKIN C. WRIGHT

EXECUTIVE AND FINANCE COMMITTEE

JOHN D. HERTZ, *Chairman*

OTIS A. GLAZEBROOK, JR.

JOHN E. MCCARTHY

JOHN A. RITCHIE*

FREDERIC T. WOOD

OFFICERS

GENERAL OFFICES, 605 WEST 132ND STREET, NEW YORK 27, N. Y.

JOHN A. RITCHIE*	Chairman of the Board
FREDERIC T. WOOD	Vice-Chairman of the Board
JOHN E. MCCARTHY	President
JOSEPH T. MCCARTHY	Vice-President in Charge of Transportation
EDMUND C. COLLINS	Vice-President and Secretary
JOHN A. MORELAND	Vice-President in Charge of Maintenance
STEPHEN C. DUGGAN	Vice-President and Comptroller
T. GEORGE WALKER	Treasurer and Assistant Secretary
WILLIAM F. GAVIN	Assistant Treasurer
HARRY E. SUTTON	Auditor
WILLIAM T. GRANFIELD	General Attorney

General Counsel

SHEARMAN & STERLING & WRIGHT

New York, New York

STOCK TRANSFER AGENT

The Commercial National Bank and
Trust Company of New York

STOCK REGISTRAR

Manufacturers Trust Company

ANNUAL MEETING

The annual meeting of stockholders will be held on Monday, May 8, 1950. Notice of the meeting, request for proxies, proxy statement and form of proxy will be mailed to stockholders about April 10, 1950.

All communications with respect to changes in address, transfers and dividend payments should be addressed to The Commercial National Bank and Trust Company of New York, 46 Wall Street, New York 15, N. Y.

* Died March 16, 1950.



JOHN A. RITCHIE
1879 - 1950

New York City Omnibus Corporation

Office of the President

605 West 132nd Street

New York 27, N. Y.

March 30, 1950

TO THE STOCKHOLDERS:

The Consolidated Balance Sheet of this Corporation and of its subsidiaries (Madison Avenue Coach Company, Inc. and Eighth Avenue Coach Corporation) at December 31, 1949 and statements of the Corporation's Consolidated Income and Surplus for the year ended December 31, 1949, as certified by Messrs. Arthur Andersen & Co., are appended hereto on pages 10, 11, 12 and 13.

The results of the year's Operations may be summarized as follows:

Gross Revenues from Operation, including \$88,517.73 Interest on Securities Owned, etc.....	\$19,002,175.50
Which Gross Revenues were disposed of as follows:	
Goods and Services Purchased from others, etc.	\$ 3,215,076.11
Motor Coaches, Buildings, Shop Tools and other Equipment wearing out (Depreciation and Obsolescence)	1,026,209.75
For Injury and Damage Claims.....	1,306,769.60
Taxes (Federal, State and Municipal)	2,530,404.59
Total.....	\$ 8,078,460.05
Balance remaining before Wages.....	\$10,923,715.45
Wages	10,513,876.42
Net Income before Federal Tax Refund and provision for Amortization of Recapture Contract	\$ 409,839.03
Estimated Refund of prior years' Federal Income Taxes resulting from the carry-back of 1948 loss.....	64,549.10
Net Income before provision for Amortization of Recapture Contract	\$ 474,388.13
Provision for such Amortization.....	330,304.52
NET INCOME AFTER PROVISION FOR AMORTIZATION.....	\$ 144,083.61

OUR EFFORTS TO OBTAIN A HIGHER FARE

Since 1948, the Company has been engaged vigorously and unrelentingly in efforts to increase its fare.

In September, 1948, the Company obtained authorization to increase the then five cent fare to an interim fare of six cents; and in December, 1948, procured permission to increase such six cent fare to an interim fare of seven cents.

In a letter dated March 1, 1950, you were advised as to the basic facts with reference to the controversy and litigation which grew out of the decision of the Public Service Commission to the effect that the seven cent interim fare was inadequate and that the Company ought to be permitted to charge an eight cent interim fare.

The eight cent interim fare was not put into effect because the Board of Estimate of the City of New York refused to grant its consent. The City took the legal position that the consent of its Board of Estimate was necessary before there could be any increase in the fare and further, that the City would have the right to cancel the franchise of the Company — which runs until 1958 — if a fare increase, although authorized by the Public Service Commission, should be put into effect without the City's consent. The Company strongly disagreed with that legal position of the City.

Finally, the City agreed with your Company to submit to the Appellate Division of the New York Supreme Court, the question of whether such increase in fare could be put into effect without the consent of the City and without risk of forfeiture of the franchise. That question involved the basic issue of whether the Public Service Commission or the Board of Estimate has the authority to fix the fare to be charged.

Opposing arguments were heard by the Appellate Division on March 17, 1950.

Early in March of 1950, the Mayor of the City of New York made strong representations to the Governor and to the Legislature of the State of New York, urging that the responsibility for fixing fares of bus companies operating over the streets of the City should be that of the City and not of the Public Service Commission. On March 22, 1950 a bill (introduced at the request of the City) was passed which provided that the Public Service Commission hereafter should have no jurisdiction over the rates of fare to be charged by private bus companies operating in the City of New York pursuant to franchises granted by the City. In the light of this legislation, your Management will continue its efforts to obtain fare relief for your Company — by application to the City for its consent or by litigation or by any other available means.

STREAMLINING THE BUS FLEET

During 1949 a total of 210 new, streamlined 44-passenger buses, powered by Diesel engines and featuring such aids to passenger comfort as automatic transmission, indirect lighting and improved heating and ventilating systems, were placed in service. These modern buses replaced a like number of 36 and 40 passenger buses with gasoline engines which were acquired in 1936. Acquisition of these new buses will, it is believed, result in the retention of present passengers and the attraction of new patrons to our service.

EXTENSION OF ROUTES

Two mammoth housing developments, Peter Cooper Village and Stuyvesant Town, have risen in Manhattan, east of First Avenue between 14th and 23rd Streets. Each is, in effect, a city within a city, housing many thousands of families. To keep pace with these developments and to accommodate the residents of these communities, your Company has extended its service on the 23rd Street Crosstown line into this area.

ARBITRATION AWARD COVERING UNSETTLED ISSUES OF 1948

At the beginning of 1949 there still remained, from the preceding year, several unsettled demands of the Transport Workers Union for a new labor contract effective February 1, 1948.

The Labor Contract had expired on January 31, 1948. In May, 1948, the employees were granted a wage increase of twenty-four cents an hour to be effective as of May 1, 1948. There remained to be settled, however, the questions of what increase, if any, should be granted for the period February 1, 1948 to

April 30, 1948, what was to be the expiration date of the new labor contract and what disposition was to be made of the other demands of the Union.

On May 31, 1949, Arbitrator Edward Weinfeld, appointed by the Mayor of the City of New York, rendered an award which disposed of the foregoing questions. He granted a wage increase of ten cents per hour for the period from February 1, 1948 to April 30, 1948, denied all other demands of the Union and provided that the term of the new labor contract was to be from February 1, 1948 to June 30, 1949. The Arbitrator's award made necessary the payment, by the Company, of retroactive wage increases in the amount of \$162,000, all of which had been accrued in the expenses during 1948 to provide for this contingency.

The Arbitrator ordered the inclusion of the following clause in the labor contract:

"During the term of this agreement the operating employees shall not participate in any stoppage or interruption or interference in the normal operations of the Company nor in any strike against the Company, nor in any sympathetic or general strike whether within or outside the property of the Company; nor shall the Company lock out such employees for any reason during the term hereof."

THE STRIKE—JULY 14-21, 1949

Seeking to avert the spasmodic interruptions of service to the public rendered by the private bus lines, including those of your Company, resulting from labor grievances and opposing interpretations of labor contracts, the Mayor of the City of New York appointed, on May 26, 1949, an Impartial Chairman to whom would be referred for final settlement disputes between the companies and union officials. The companies and the Union agreed that the salary and office expenses of the Impartial Chairman, Mr. Theodore W. Kheel, would be jointly assumed.

Less than two months later, in complete disregard of the agreement to submit grievances to the Impartial Chairman and in disregard of the No-Strike Pledge, a strike began on July 14, 1949. It was at first unauthorized, but soon was joined and led by top union officials. It resulted from union resistance to a reduction in personnel necessitating the lay-off of four men.

The strike spread rapidly from the various garages to the Company's bus routes until all lines were paralyzed. In addition, the routes of the Fifth Avenue Coach Company, in no way involved, also were shut down completely by the Union. The Union made no attempt, prior to the strike, to bring its alleged grievance before the Impartial Chairman.

The strike, which inconvenienced millions of bus riders, continued to July 21st, when the Union agreed to return to work.

As a result of the strike, the Impartial Chairman demanded and received, as a condition of his retention of the post, the strengthening of settlement procedure so that grievances could be adjusted before their explosion into an outright strike.

ARBITRATION OF CURRENT LABOR CONTRACT

The Labor Contract between the Company and the Union, that had been the subject of the award on May 31, 1949 of Arbitrator Weinfeld, expired on June 30, 1949.

The demands of the Union for further concessions with respect to the new labor contract that was to commence on July 1, 1949 were submitted for decision to Arbitrator Sidney Sugerman who had been appointed by Mayor O'Dwyer.

On November 21, 1949, Mr. Sugerman rendered a preliminary award. This provided for a wage increase of five cents per hour, retroactive to July 1, 1949; a pension plan to be effective January 1, 1950; an increase in vacation allowance commencing in 1950; and a contract period to extend from July 1, 1949 to December 31, 1950.

The estimated annual cost of the Arbitrator's award during the year 1950 is \$605,000.00. Expenses for the year 1949 shown in this annual report include the five cent hourly wage increase for the period July 1 to December 31, 1949, amounting to approximately \$162,500.00.

TREND OF WAGES

The following information shows the hourly rates of Bus Operators and the average annual wages of all employees.

Effective Date	Period Covered	Top Rate Paid to Bus Operators	Average Annual Wages All Employees	
			Year	Amount
January 3, 1937.....	7 months.....	74¢	1937	\$1,784.21
July 22, 1937.....	17 months.....	82¢	1938	1,866.71
January 1, 1939.....	26 months.....	90¢	1939	2,067.51
March 1, 1941.....	14 months.....	94¢	1940	2,039.16
May 1, 1942.....	24 months.....	\$1.00	1941	2,182.49**
May 1, 1944.....	12 months.....	\$1.00*	1942	2,453.89
May 1, 1945.....	10 months.....	\$1.04*	1943	2,597.99
March 1, 1946.....	7 months.....	\$1.20	1944	2,992.70
October 1, 1946.....	16 months.....	\$1.26	1945	3,171.81
February 1, 1948.....	3 months.....	\$1.36	1946	3,514.68
May 1, 1948.....	14 months.....	\$1.50	1947	3,631.61
July 1, 1949.....	18 months.....	\$1.55	1948	4,083.48
			1949	4,248.30***

* Commencing May 1, 1944, the basic rates of wages of bus operators were augmented by an adaptation of the so-called Vinson Bonus Formula.

** 1941 figures represent 50½ weeks because of strike March 10 to 21.

*** 1949 figures represent 51 weeks because of strike July 14 to 21.

The following statement shows the average weekly and annual wages of employees of the Company for 1949 and 1948:

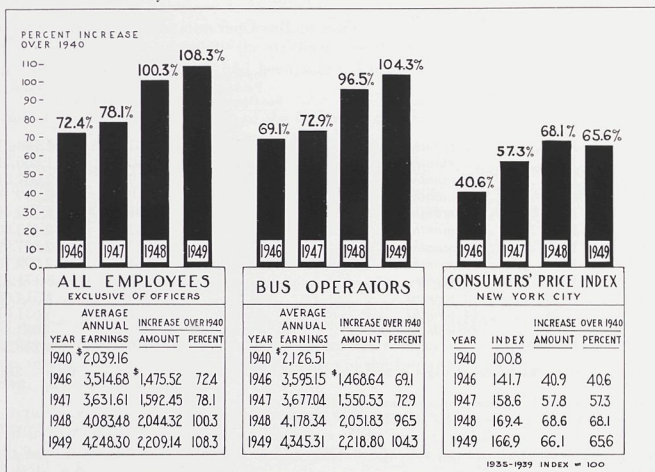
AVERAGE WEEKLY AND ANNUAL WAGES OF EMPLOYEES BY CLASSIFICATIONS FOR THE YEARS ENDED DECEMBER 31, 1949 AND 1948

Classifications	Average Wages			
	Per Week		Per Annum	
	1949*	1948	1949*	1948
Bus Operators (Chauffeurs).....	\$85.20	\$80.35	\$4,345.31	\$4,178.34
GARAGE EMPLOYEES:				
Mechanics	84.14	82.31	4,291.41	4,280.14
Mechanics' Helpers	75.28	71.33	3,839.36	3,709.31
Electricians	85.87	84.24	4,379.46	4,380.27
Battery Repair Mechanics.....	89.28	85.95	4,553.20	4,469.32
Truckmen	77.24	72.37	3,939.07	3,763.46
Register Inspectors	64.24	58.07	3,276.11	3,019.50
Placers	76.68	71.21	3,910.67	3,703.12
Gassers	66.38	59.90	3,385.53	3,114.84
Greasers	61.74	62.85	3,148.81	3,268.13
Oilers	66.97	61.88	3,415.22	3,217.86
Washers and Cleaners.....	63.53	58.21	3,239.92	3,027.00
Floor Cleaners	63.73	59.47	3,250.44	3,092.22
Average Wage of all employees—skilled and unskilled—exclusive of Officers	\$83.30	\$78.53	\$4,248.30	\$4,083.48

* 1949 figures represent 51 weeks because of strike July 14 to 21.

WAGE INCREASES EXCEED RISE IN COST OF LIVING

The chart below shows in terms of percentages for the years 1946, 1947, 1948 and 1949 compared with the year 1940, the increase in average annual earnings of all Employees of this Company, exclusive of officers; the increase in average annual earnings of Bus Operators; and the increase in the Consumers' Price Index for New York City.



TAXES

The taxes of the New York City Omnibus Corporation and of its subsidiaries absorbed a substantial part of the total revenue of the system and are a heavy burden upon the operation.

The total amount of taxes assignable to operating revenues, including franchise payments, applicable to the year ended December 31, 1949, was \$2,530,404.59, which is equal to 13.4% of the total operating revenue of the companies, and 11.77¢ per bus mile operated.

The various taxes for the year 1949 are shown below:

New York City:

Real Estate	\$ 108,627.75	
Franchise Payments	932,513.09	
Utilities	190,503.23	
Sales and Compensating Use	21,985.29	\$1,253,629.36

New York State:

Franchise	\$ 11,070.60	
Gross Earnings	95,101.32	
Vehicle Licenses	10,876.62	
Gasoline and Fuel Oil	303,524.76	
Utilities	378,560.58	
Unemployment	139,536.84	938,670.72

Federal:

Income	\$ 162,382.85	
Gasoline	44,998.67	
Old Age Pension	23,961.78	
Unemployment	80,915.54	
Miscellaneous	25,845.67	338,104.51

TOTAL ALL TAXES..... \$2,530,404.59

PORTION OF DIVIDENDS NOT TAXABLE

The Company heretofore has advised stockholders what portions of the dividends paid should be regarded tentatively as taxable and what portions as non-taxable. During the year 1949, the Bureau of Internal Revenue has examined the tax returns for the years 1940 to and including 1943, and, on the basis of that examination, the allocations for those years have been recomputed, as shown below. The following table sets forth the taxable and non-taxable portion of the dividends paid in each year as originally reported and as now recomputed:

Year	As Originally Reported		As Now Recomputed*	
	Taxable as a Dividend	Regarded as a Return of Capital	Taxable as a Dividend	Regarded as a Return of Capital
1940	73.12%	26.88%	100.00%	— %
1941	26.85	73.15	81.421	18.579
1942	86.00	14.00	100.00	—
1943	72.618	27.382	100.00	—
1944	78.1879185	21.8120815	100.00	—
1945	77.4944	22.5056	79.716	20.284
1946	100.00	—	100.00	—
1947	100.00	—	100.00	—

* These recomputations are identical with those shown in the 1948 report with the exception of the figures for year 1941.

It is suggested that these recomputed percentages be considered tentative, pending final approval by the Bureau of the examining officers' recommendations for the years 1940 to 1943, inclusive, and pending audit of the tax returns for the subsequent years.

TRAFFIC

The passenger revenues of the New York City Omnibus Corporation and subsidiaries for the year 1949 and for each year of operation prior thereto commencing with the year 1937 are as follows:

Year 1949 — \$18,835,038.62	
Year 1948 — \$16,586,634.45	Year 1942 — \$13,683,274.65
Year 1947 — 15,979,822.35	Year 1941 — 12,279,871.62
Year 1946 — 15,892,286.89	Year 1940 — 12,867,743.23
Year 1945 — 14,300,950.92	Year 1939 — 12,724,671.12
Year 1944 — 14,167,442.38	Year 1938 — 11,913,149.51
Year 1943 — 13,379,193.38	Year 1937 — 11,501,410.89

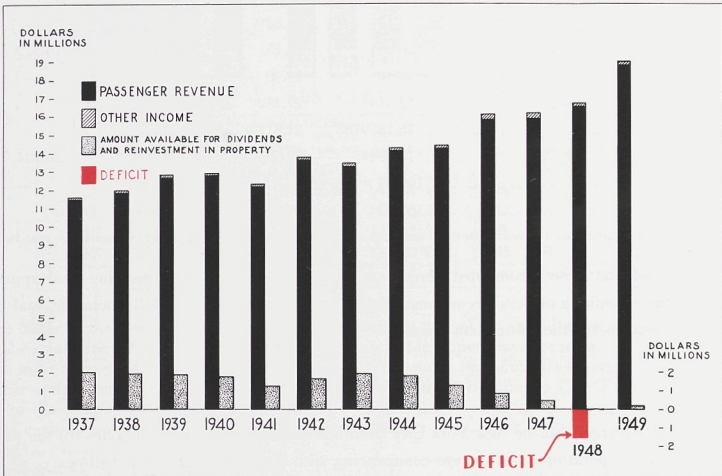
REVIEW OF OPERATIONS

During 1949, the first full year of operation under the seven-cent fare, your Company's passenger revenue was \$18,835,039, an increase of \$2,248,405 over 1948.

For the year 1949, labor costs increased \$852,680, and taxes to the City and State, due to additional passenger revenue, were \$184,757 greater than in 1948.

Thus, the increase in passenger revenue, and operating economies effected during the year, resulted in a profit, in 1949, of \$144,083, compared to a loss of \$1,517,901 in 1948.

The chart below shows for each year, from 1937 to 1949, the relationship of Passenger Revenue and Other Income to the amount available for Dividends and Reinvestment in the Property.



The main concern of your Company at the present time is to obtain increased revenues.

It is not possible to say, now, whether or when the City of New York will consent to a higher fare.

But it is our intention, in your behalf, to press unremittingly our efforts to obtain a fare which will yield an adequate and fair return on your investment.

AN APPRECIATION

To all those in the employ of this Company who, during the past year in the performance of the duties assigned to them, have sought to render a service attractive and convenient to our many patrons, the Management desires to express its sincere appreciation.

* * * * *

DEATH OF MR. JOHN A. RITCHIE

With great sorrow there is recorded in this Annual Report the death, on March 16, 1950, of Mr. John A. Ritchie, Chairman of the Board of this Company for the last fourteen years.

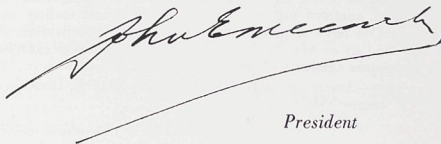
For more than thirty years, Mr. Ritchie had been actively identified with motor bus transportation, and was a pioneer in urging that the bus, because of its greater flexibility and economy of operation, should supersede the street car.

He took a leading part in the negotiations which brought about the surrender of the street car franchises of the New York Railways Corporation, and the acquisition of franchises for bus operation by the New York City Omnibus Corporation, the Madison Avenue Coach Company, Inc., and the Eighth Avenue Coach Corporation.

For many years, Mr. Ritchie had been Chairman of the Board of The Omnibus Corporation, the Fifth Avenue Coach Company, and the Chicago Motor Coach Company.

* * * * *

By order of the Board of Directors.



President

New York City Omnibus

CONSOLIDATED BALANCE SHEETS

ASSETS

	December 31	
	1949	1948
CURRENT ASSETS:		
Cash	\$ 1,362,071	\$ 710,742
United States Government and municipal securities, at cost.....	336,533	448,017
Receivables	19,153	346,260
Prepayments, etc.	78,911	127,586
	<u>\$ 1,796,668</u>	<u>\$ 1,632,605</u>
SPECIAL DEPOSITS:		
Principally municipal securities, at cost (market price \$1,195,291 and \$1,023,131, respectively)	\$ 1,061,262	\$ 923,371
Cash	155,262	238,343
	<u>\$ 1,216,524</u>	<u>\$ 1,161,714</u>
INVESTMENTS:		
Other physical property (including \$300,000 of land, stated at value accepted by the Transit Commission of the State of New York)	\$ 303,300	\$ 300,670
Affiliated company (for the purchase of materials and supplies), at cost.....	772,500	737,500
	<u>\$ 1,075,800</u>	<u>\$ 1,038,170</u>
PROPERTY, EQUIPMENT AND INTANGIBLES:		
Tangible property —		
Land and buildings, stated at value accepted by the Transit Commission of the State of New York, plus subsequent additions at cost, less retirements.....	\$ 4,367,191	\$ 4,202,860
Equipment at cost—		
Motor coaches (including \$8,043,530 and \$3,969,787, respectively, subject to equipment purchase obligations)	15,495,789	13,867,110
Service equipment, etc.....	804,654	715,184
Intangibles in process of amortization.....	285,362	283,296
	<u>\$20,952,996</u>	<u>\$19,068,450</u>
PENSIONS (Being charged to future operations — Note 2)	<u>\$ 374,105</u>	<u>\$ 321,521</u>
AMOUNT TO BE AMORTIZED ON BASIS OF RECAPTURE CONTRACT IN MONTHLY INSTALLMENTS, commencing on January 29, 1935 and ending on December 26, 1958, stated on basis of amount which, less prior amortization, is provided to be paid by the City of New York in the event it shall elect to exercise right granted by the Recapture Contract (Note 1)	\$ 7,500,000	\$ 7,500,000
Less—Amortization from January 29, 1935 to December 31, 1949 and 1948, respectively	4,043,736	3,713,431
	<u>\$ 3,456,264</u>	<u>\$ 3,786,569</u>
	<u>\$28,872,357</u>	<u>\$27,009,029</u>

(The accompanying notes on page 13 are an integral part of the financial statements)

Corporation and Subsidiary Companies

DECEMBER 31, 1949 AND 1948

LIABILITIES

	December 31	
	1949	1948
CURRENT LIABILITIES:		
Equipment purchase obligations due within one year.....	\$ 1,089,950	\$ 521,482
Accounts payable (including accrued items).....	1,097,436	1,070,332
Accrued Federal income taxes (subject to review by U. S. Treasury Department)	844,485	660,305
Accrued general taxes.....	237,315	288,226
	<u>\$ 3,269,186</u>	<u>\$ 2,540,345</u>
EQUIPMENT PURCHASE OBLIGATIONS, 2% — 4½%, secured by motor coaches (see contra)	\$ 5,244,202	\$ 2,529,647
Less—Installments due within one year included under current liabilities.....	1,089,950	521,482
	<u>\$ 4,154,252</u>	<u>\$ 2,008,165</u>
RESERVES:		
Property, equipment and intangibles —		
Depreciation of motor coaches.....	\$ 6,975,986	\$ 8,474,202
Depreciation of other property and equipment.....	991,113	913,251
Amortization of intangibles.....	174,434	157,705
	<u>\$ 8,141,533</u>	<u>\$ 9,545,161</u>
Injuries and damages and workmen's compensation.....	2,333,604	2,140,042
Pensions (see contra).....	374,105	321,521
Other	14,995	12,696
	<u>\$10,864,237</u>	<u>\$12,019,420</u>
CAPITAL STOCK AND SURPLUS:		
Capital stock —		
Authorized 700,000 shares, without par value — outstanding 496,487 shares...	\$ 3,349,142	\$ 3,349,142
Capital surplus, arising principally from certain rights and benefits contributed by New York Railways Corporation per agreement of transfer dated December 24, 1936.....	4,710,761	4,397,752
Earned surplus (deficit)	(777,265)	(921,348)
	<u>\$ 7,282,638</u>	<u>\$ 6,825,546</u>
CREDIT IN RESPECT OF AMOUNT TO BE AMORTIZED ON BASIS OF RECAPTURE CONTRACT:		
Balance per contra	\$ 3,456,264	\$ 3,786,569
Less—Amount transferred to capital surplus, equivalent to remaining amount to be amortized by Madison Avenue Coach Company, Inc.....	154,220	171,516
	<u>\$ 3,302,044</u>	<u>\$ 3,615,053</u>
	<u>\$28,872,357</u>	<u>\$27,009,029</u>

(The accompanying notes on page 13 are an integral part of the financial statements)

AUDITORS' CERTIFICATE

To the Board of Directors,

NEW YORK CITY OMNIBUS CORPORATION:

We have examined the consolidated balance sheet of New York City Omnibus Corporation (a New York corporation) and subsidiary companies as of December 31, 1949 and the related statements of consolidated income and surplus 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 consolidated balance sheet and statements of consolidated income and surplus present fairly the financial position of New York City Omnibus Corporation and subsidiary companies as of December 31, 1949 and the results of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

New York, N. Y.,
February 16, 1950.

ARTHUR ANDERSEN & CO.

New York City Omnibus Corporation and Subsidiary Companies

STATEMENT OF CONSOLIDATED INCOME FOR THE YEARS ENDED DECEMBER 31, 1949 AND 1948

	1949	1948
OPERATING REVENUES:		
Coach lines	\$18,835,039	\$16,586,634
Advertising and miscellaneous	78,619	107,808
TOTAL OPERATING REVENUES.....	<u>\$18,913,658</u>	<u>\$16,694,442</u>
OPERATING EXPENSES:		
Maintenance and garage expenses.....	\$ 3,863,724	\$ 3,795,744
Depreciation	1,026,210	725,123
Traffic and transportation	8,408,770	7,883,576
General	2,611,027	3,160,367
TOTAL OPERATING EXPENSES.....	<u>\$15,909,731</u>	<u>\$15,564,810</u>
NET OPERATING REVENUES.....	<u>\$ 3,003,927</u>	<u>\$ 1,129,632</u>
TAXES:		
General (including motor fuel taxes)	\$ 2,368,022	\$ 2,266,977
Federal income	162,383	—
TOTAL TAXES.....	<u>\$ 2,530,405</u>	<u>\$ 2,266,977</u>
NET INCOME from operations.....	<u>\$ 473,522</u>	<u>\$ 1,137,345</u>
OTHER INCOME (Interest, etc.)	88,518	65,907
GROSS INCOME	<u>\$ 562,040</u>	<u>\$ 1,071,438</u>
INTEREST AND OTHER DEDUCTIONS:		
Interest —		
On deficiencies in Federal income taxes (including provision for prior years)	\$ —	\$ 165,531
On equipment purchase obligations	136,905	58,851
Other deductions	15,296	11,398
TOTAL INTEREST AND OTHER DEDUCTIONS.....	<u>\$ 152,201</u>	<u>\$ 235,780</u>
NET INCOME before refund of Federal income taxes and provision for amortization	<u>\$ 409,839</u>	<u>\$ 1,307,218</u>
Estimated refund of prior years' Federal income taxes resulting from the carry-back of 1948 loss.....	64,549	110,000
NET INCOME before provision for "amount to be amortized on basis of Recapture Contract" (Note 1)	<u>\$ 474,388</u>	<u>\$ 1,197,218</u>
Provision for such amortization (Reduction in 1949 Federal income tax arising therefrom — \$124,250)	330,305	320,683
NET INCOME after provision for such amortization.....	<u>\$ 144,083</u>	<u>\$ 1,517,901</u>

(The accompanying notes on page 13 are an integral part of the financial statements)

New York City Omnibus Corporation and Subsidiary Companies

STATEMENT OF CONSOLIDATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1949

	Capital Surplus	Earned Surplus
BALANCE December 31, 1948.....	\$ 4,397,752	\$ 921,348
NET INCOME for year ended December 31, 1949.....	—	144.083
ADD — Transfer from “credit in respect of amount to be amortized on basis of Recap- ture Contract” of amount equal to amortization by the Corporation for the year ended December 31, 1949	313,009	—
BALANCE December 31, 1949.....	<u>\$ 4,710,761</u>	<u>\$ 777,265</u>

(The accompanying notes are an integral part of the financial statements)

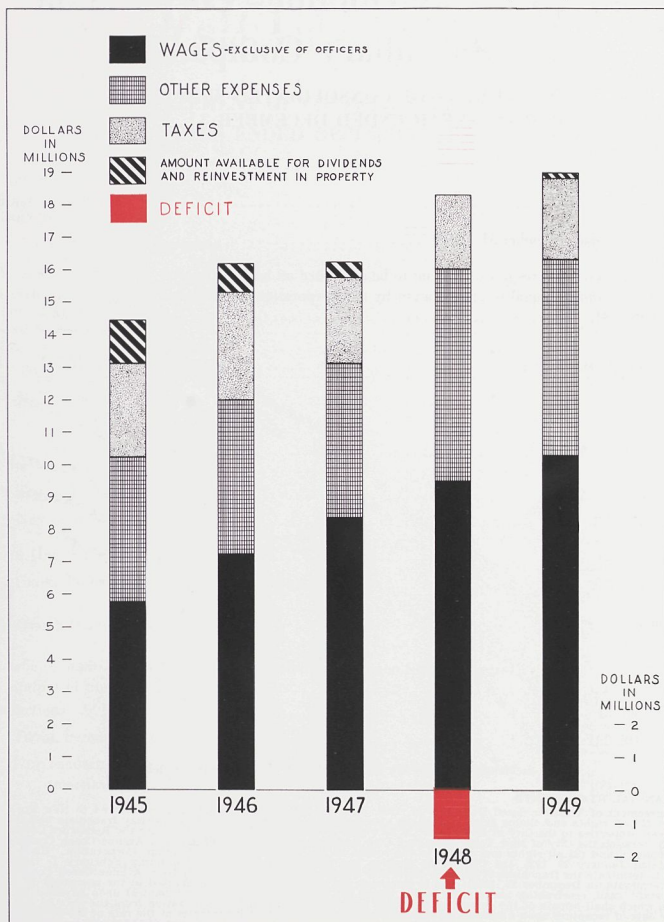
NOTES TO FINANCIAL STATEMENTS:

(1) Under the Agreement of Transfer dated December 24, 1936, New York Railways Corporation transferred to New York City Omnibus Corporation (1) all rights and claims arising from the abandonment of the perpetual street railway franchises and the conveyance of street railway properties to the City of New York, (2) all rights and claims to any benefits under the Recapture Contract dated January 29, 1935, between the City of New York, New York City Omnibus Corporation and Madison Avenue Coach Company, Inc. (a subsidiary company), and (3) all rights and claims to the routes of the New York City Omnibus Corporation. Under the Recapture Contract, dated January 29, 1935, the City at its election has the irrevocable right, beginning February 1, 1945 and each year thereafter, to terminate the franchises of the New York City Omnibus Corporation and Madison Avenue Coach Company, Inc. (which otherwise terminate on December 26, 1958), and to purchase the property and equipment used in the operation of the routes (other than real estate, cash, receivables, and similar items, which are to be retained by the companies) upon payment by the City of (1) the balance which shall remain of the amount of \$7,500,000 after being reduced by amortization from the date of the Recapture Contract to the date of recapture upon a cumulative sinking fund basis calculated with interest at the rate of 3% per annum, compounded annually, so that at the end of the twenty-five year term of the bus franchises said amount of \$7,500,000 would have been completely amortized, and (2) the value at the date of recapture (to be determined in the manner set forth in the Recapture Contract) of the property and equipment so to be purchased.

The franchise of Eighth Avenue Coach Corporation, another subsidiary company, covers a period to October 16, 1955, subject to prior termination in the event the City of New York exercises its right to purchase the property and equipment of New York City Omnibus Corporation and Madison Avenue Coach Company, Inc.

(2) Pensions of New York City Omnibus Corporation to December 31, 1949 were in accordance with an Arbitration Award dated June 18, 1947, and were limited to those employees who became eligible during the period from July 1, 1947 to January 31, 1948. In accordance with an Arbitration Award dated November 21, 1949, a pension plan for all union employees becomes effective January 1, 1950. It is the intention of the companies to continue the policy of charging pensions to expense upon payment.

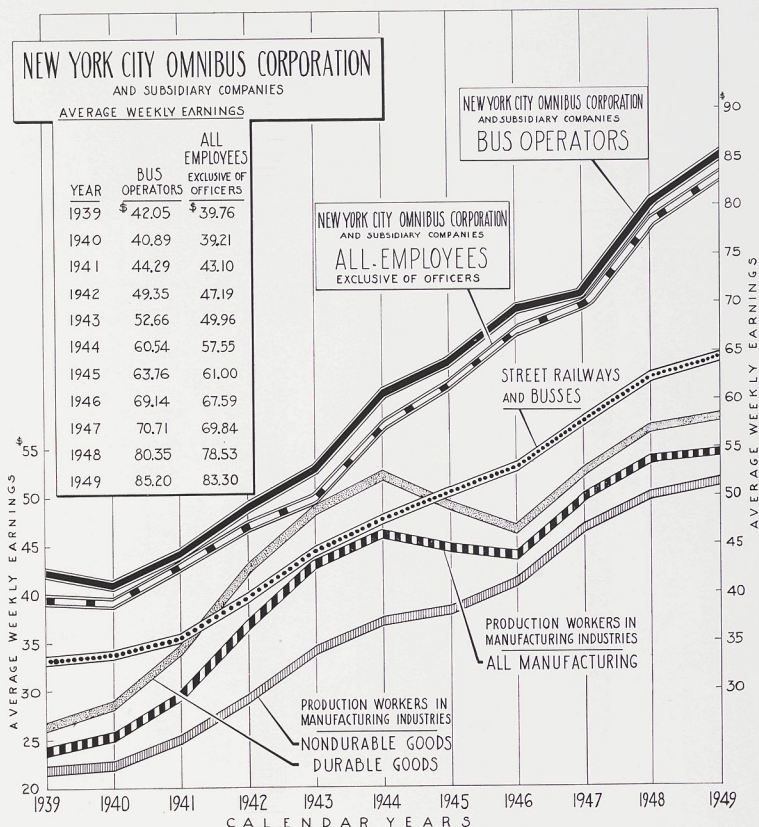
New York City Omnibus Corporation and Subsidiary Companies



The above chart shows the relative amounts in millions of dollars for Wages (exclusive of officers), for Other Expenses, and for Taxes for the calendar years 1945, 1946, 1947, 1948 and 1949.

For the first three years and for 1949 are also shown the Amounts Available for Dividends and for Reinvestment in the Property. For the year 1948 there was nothing left for Dividends and for Reinvestment in the Property. In that year the earnings fell short of meeting operating costs by more than a million five hundred thousand dollars.

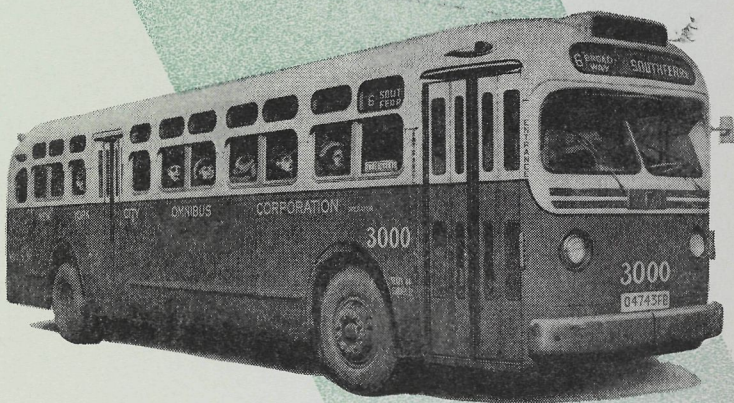
AVERAGE WEEKLY EARNINGS



Graphs for Production Workers in Manufacturing Industries (All Manufacturing, Non-durable Goods, Durable Goods), and for Street Railways and Buses, are charted from figures prepared by United States Department of Labor—Bureau of Labor Statistics. The figures for 1949 are preliminary.

NEW YORK CITY O M N I B U S CORPORATION

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Annual Report

For the Year Ended
December 31,

1950

New York City Omnibus Corporation

DIRECTORS

OTIS A. GLAZEBROOK, JR.	CHARLES G. STACHELBERG
JOHN D. HERTZ	T. GEORGE WALKER
JOHN D. HERTZ, JR.	BENJAMIN WEINTRAUB
DAVID H. KNOTT	FREDERIC T. WOOD
JOHN E. MCCARTHY	WILLIS D. WOOD

BOYKIN C. WRIGHT

EXECUTIVE AND FINANCE COMMITTEE

JOHN D. HERTZ, *Chairman*

OTIS A. GLAZEBROOK, JR.	BENJAMIN WEINTRAUB
JOHN E. MCCARTHY	FREDERIC T. WOOD

OFFICERS

GENERAL OFFICES, 605 WEST 132ND STREET, NEW YORK 27, N. Y.

BENJAMIN WEINTRAUB	<i>Chairman of the Board</i>
FREDERIC T. WOOD	<i>Vice-Chairman of the Board</i>
JOHN E. MCCARTHY	<i>President</i>
JOSEPH T. MCCARTHY	<i>Vice-President in Charge of Transportation</i>
EDMUND C. COLLINS	<i>Vice-President and Secretary</i>
JOHN A. MORELAND	<i>Vice-President in Charge of Maintenance</i>
STEPHEN C. DUGGAN	<i>Vice-President and Comptroller</i>
T. GEORGE WALKER	<i>Treasurer and Assistant Secretary</i>
WILLIAM F. GAVIN	<i>Assistant Treasurer</i>
HARRY E. SUTTON	<i>Auditor</i>
WILLIAM T. GRANFIELD	<i>General Attorney</i>

General Counsel

SHEARMAN & STERLING & WRIGHT
New York, New York

STOCK TRANSFER AGENT

The Commercial National Bank and
Trust Company of New York

STOCK REGISTRAR

Manufacturers Trust Company

ANNUAL MEETING

The annual meeting of stockholders will be held on Monday, May 14, 1951. Notice of the meeting, request for proxies, proxy statement and form of proxy will be mailed to stockholders about April 16, 1951.

All communications with respect to changes in address, transfers and dividend payments should be addressed to The Commercial National Bank and Trust Company of New York, 46 Wall Street, New York 15, N. Y.

New York City Omnibus Corporation

Office of the President
605 West 132nd Street
New York 27, N. Y.

March 29, 1951

TO THE STOCKHOLDERS:

The Consolidated Balance Sheet of this Corporation and of its subsidiaries (Madison Avenue Coach Company, Inc. and Eighth Avenue Coach Corporation) at December 31, 1950 and statements of the Corporation's Consolidated Income and Surplus for the year ended December 31, 1950, as certified by Messrs. Arthur Andersen & Co., are appended hereto on pages 8, 9, 10 and 11.

The results of the year's Operations may be summarized as follows:

Gross Revenues from Operation, including \$46,885 Interest on Securities Owned, etc.....	<u>\$19,475,153</u>	<u>100.00%</u>
Which Gross Revenues were disposed of as follows:		
Goods and Services Purchased from others, etc.....	\$ 3,115,587	16.00%
Motor Coaches, Buildings, etc. wearing out (Depreciation and Obsolescence).....	1,384,762	7.11
For Injury and Damage Claims.....	1,319,010	6.77
Taxes (Federal, State and Municipal).....	<u>2,629,351</u>	<u>13.50</u>
Total.....	<u>\$ 8,448,710</u>	<u>43.38%</u>
Balance remaining before Wages.....	\$11,026,443	56.62%
Wages.....	<u>10,660,408</u>	<u>54.74</u>
NET INCOME.....	<u>\$ 366,035</u>	<u>1.88%</u>

THE TEN CENT INTERIM FARE

In March 1950, there was enacted a law of the State of New York removing the jurisdiction of the Public Service Commission of this State over rates of fare established under a franchise contract between the City of New York and a privately operated bus company. Since then jurisdiction over such fares of private bus companies in New York City has been exercised by the Board of Estimate of the City of New York.

On March 29, 1950, this Corporation petitioned the Board of Estimate of New York City for permission to put into effect, at once, an interim fare of eight cents pending determination by that Board of a fare that would make possible a reasonable and adequate return.

On June 27, 1950, this Corporation wrote to the Mayor and to the Board of Estimate, calling attention to the substantial increase in operating expenses of the Corporation and to the great decline in operating revenues. Request was made that the Board consent to the putting into effect on July 1, 1950 of a ten cent interim fare.

The Board of Estimate, on June 29, 1950, consented to making effective, on July 1, 1950, an eight cent interim fare.

The eight cent interim fare was put into effect July 1, 1950 but it proved wholly insufficient and inadequate.

On August 14, 1950, this Corporation again petitioned the Board of Estimate, reviewed the facts involved, and pointed out that the situation justified the prompt establishment of a ten cent interim fare.

That petition again requested permission immediately (or in any event, not later than September 1, 1950) to put into effect a ten cent interim fare, to be charged while the Board of Estimate was continuing its study as to what should be the permanent fare. But the Board of Estimate took no action at that time.

Under date of December 5, 1950, this Corporation wrote to the Mayor and to the Board of Estimate, emphasizing the unsatisfactory operating results for the nine months ended September 30, 1950 and stating that because of rapidly increasing costs and expenses the situation would be even worse as of December 31, 1950.

The letter requested authority promptly to put into effect an interim fare of ten cents to be charged while the Board was determining what the permanent fare should be.

The letter also advised that the labor contracts of this Corporation, and of its subsidiaries with the Transport Workers Union would expire on December 31, 1950 and that the Union had presented demands for an increase in wages and other concessions.

On December 11, 1950, Mayor Impellitteri appointed Messrs. Carl J. Austrian, Edward F. McGrady, Patrick J. McGrath and Victor S. Riesenfeld as an Advisory Committee to "ascertain the financial operating experiences of the several applicants in the past year, their present financial condition, their prospective condition in the light of labor demands in connection with the expiring labor contracts, and other pertinent factors relating to operational costs and the need for improved service to the public."

The Committee held public hearings and submitted its report on December 23, 1950. It recommended that New York City Omnibus Corporation, Madison Avenue Coach Company, Inc., and Eighth Avenue Coach Corporation should be permitted to increase their rates of fare from eight cents to ten cents, commencing January 1, 1951.

On December 29, 1950, the Board of Estimate granted permission to the New York City Omnibus Corporation and its subsidiaries to charge an interim fare of ten cents commencing January 1, 1951, with the express provision that the ten cent interim fare period should not extend beyond June 30, 1951. Negotiations are now being carried on between the Corporation and the representatives of the City as to what the permanent fare shall be and what amendments shall be made in the basic franchise contracts, and it is expected these negotiations will be concluded before June 30, 1951.

NEW CONTRACT WITH THE TRANSPORT WORKERS UNION

The contract of the New York City Omnibus Corporation and of its subsidiaries with the Transport Workers Union expired on December 31, 1950.

On November 22, 1950, the Union submitted its demands for increased wages and other concessions to be included in a new contract.

There were various conferences between representatives of the Companies and of the Union, at which the Management emphasized that it could not undertake to assume any additional operating costs unless the Board of Estimate authorized a higher fare.

At that time there were also similar controversies between various other private bus companies and the respective unions representing the employees, whose labor contracts, for the most part, would expire on December 31, 1950.

On December 28, 1950, the Director of City Labor Relations met with the representatives of New York City Omnibus Corporation and the Union in an endeavor to reach an agreement. This Corporation finally agreed that if the Board of Estimate authorized the ten cent fare that was recommended by the Mayor's Committee on December 23, 1950 it would grant a wage increase of twelve and one half cents an hour for the period of the new labor contract which is to run for two years from January 1, 1951. The contract as finally agreed upon also provides for a cost of living adjustment at January 1, 1952. The adjustment, if any, shall be effective only for the period January 1, 1952, to December 31, 1952.

It is estimated that the pay increase of twelve and one half cents an hour will cost for the first year of the contract an additional sum of \$825,000.

EXTENSION OF 14TH STREET LINE

The City of New York granted to the New York City Omnibus Corporation authority to extend the operation of the 14th Street Crosstown Line from 14th Street and Avenue D, along Avenue D and Columbia Street to Stanton Street, returning via Stanton Street, Cannon Street, East Houston Street and Avenue D to 14th Street and thence westward on 14th Street. This operation commenced December 9, 1950 and affords convenient transportation facilities to the persons living in the Jacob Riis and Lillian Wald housing developments.

NEW EQUIPMENT

In 1950 there were added to the operating fleet 75 new Transit Type buses equipped with Diesel engines and other modern devices. Those buses each have seats for 44 passengers and replace 103 older gasoline buses, most of which had seats for 40 passengers and which have been fully depreciated.

Of the buses owned as of January 1, 1951, 773 have Diesel engines and 185 have gasoline engines.

TREND OF WAGES

The following information shows the hourly rates of Bus Operators and the average annual wages of all employees.

Effective Date	Period Covered	Top Rate Paid to Bus Operators	Average Annual Wages All Employees	
			Year	Amount
January 3, 1937.....	7 months.....	74¢	1937	\$1,784.21
July 22, 1937.....	17 months.....	82¢	1938	1,866.71
January 1, 1939.....	26 months.....	90¢	1939	2,067.51
March 1, 1941.....	14 months.....	94¢	1940	2,039.16
May 1, 1942.....	24 months.....	\$1.00	1941	2,182.49**
May 1, 1944.....	12 months.....	\$1.00*	1942	2,453.89
May 1, 1945.....	10 months.....	\$1.04*	1943	2,597.99
March 1, 1946.....	7 months.....	\$1.20	1944	2,992.70
October 1, 1946.....	16 months.....	\$1.26	1945	3,171.81
February 1, 1948.....	3 months.....	\$1.36	1946	3,514.68
May 1, 1948.....	14 months.....	\$1.50	1947	3,631.61
July 1, 1949.....	18 months.....	\$1.55	1948	4,083.48
January 1, 1951.....	24 months†.....	\$1.675	1949	4,248.30***
			1950	4,434.50

* Commencing May 1, 1944, the basic rates of wages of bus operators were augmented by an adaptation of the so-called Vinson Bonus Formula.

** 1941 figures represent 50½ weeks because of strike March 10 to 21.

*** 1949 figures represent 51 weeks because of strike July 14 to 21.

† Contract provides for an adjustment at January 1, 1952 to reflect certain designated changes, if any, in the cost of living.

The following statement shows the average weekly and annual wages of employees of the Company for 1950 and 1949:

**AVERAGE WEEKLY AND ANNUAL WAGES OF EMPLOYEES BY CLASSIFICATIONS
FOR THE YEARS ENDED DECEMBER 31, 1950 AND 1949**

Classifications	Per Week		Average Wages	
	1950	1949*	Per Annum	1949*
Bus Operators (Chauffeurs)	\$87.85	\$85.20	\$4,568.15	\$4,345.31
GARAGE EMPLOYEES:				
Mechanics	84.35	84.14	4,386.26	4,291.41
Mechanics' Helpers	76.24	75.28	3,964.52	3,839.36
Electricians	87.81	85.87	4,566.10	4,379.46
Battery Repair Mechanics	87.15	89.28	4,532.04	4,553.20
Truckmen	79.74	77.24	4,146.67	3,939.07
Register Inspectors	64.45	64.24	3,351.41	3,276.11
Placers	78.32	76.68	4,072.69	3,910.67
Gassers	69.45	66.38	3,611.45	3,385.53
Greasers	63.63	61.74	3,308.56	3,148.81
Oilers	69.73	66.97	3,625.77	3,415.22
Washers and Cleaners	64.75	63.53	3,366.93	3,239.92
Floor Cleaners	64.56	63.73	3,357.06	3,250.44
Average Wage of all employees—skilled and unskilled—exclusive of Officers . .	\$85.28	\$83.30	\$4,434.50	\$4,248.30

* 1949 figures represent 51 weeks because of strike July 14 to 21.

TAXES

The taxes of the New York City Omnibus Corporation and of its subsidiaries absorbed a substantial part of the total revenue of the system and are a heavy burden upon the operation.

The total amount of taxes assignable to operating revenues, including franchise payments, applicable to the year ended December 31, 1950, was \$2,629,350.20, which is equal to 13.5% of the total operating revenue of the companies, and 12.1¢ per bus mile operated.

The various taxes for the year 1950 are shown below:

New York City:

Real Estate	\$ 112,812.76	
Franchise Payments	968,357.83	
Utilities	197,694.16	
Sales and Compensating Use	20,726.73	\$1,299,591.48

New York State:

Franchise	\$ 11,214.68	
Gross Earnings	97,812.60	
Vehicle Licenses	10,689.37	
Gasoline and Fuel Oil	285,808.80	
Utilities	389,349.82	
Unemployment	209,344.54	1,004,219.81

Federal:

Income	\$ 137,294.97	
Gasoline	27,257.36	
Old Age Pension	116,296.30	
Unemployment	23,256.15	
Miscellaneous	21,434.13	325,538.91
TOTAL ALL TAXES		\$2,629,350.20

PORTION OF DIVIDENDS NOT TAXABLE

The Company heretofore has advised stockholders what portions of the dividends paid during the period from 1940 to 1947, inclusive, should be regarded tentatively as taxable and what portions as non-taxable. There have been no developments since the issuance of the annual report for 1949 to change the allocations between taxable and non-taxable dividends for this period, as then reported. Should there be any changes in these allocations upon final audit of the tax returns for the respective years, stockholders will be advised.

TRAFFIC

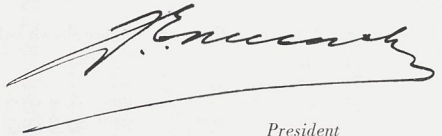
The number of passengers carried by New York City Omnibus Corporation and its subsidiaries for the calendar years 1941 to 1950, inclusive, is as follows:

1941.....	261,243,558	1946.....	334,542,881
1942.....	291,547,062	1947.....	337,411,812
1943.....	285,226,587	1948.....	331,787,023
1944.....	301,403,151	1949.....	293,288,105
1945.....	302,278,437	1950.....	284,375,607

AN APPRECIATION

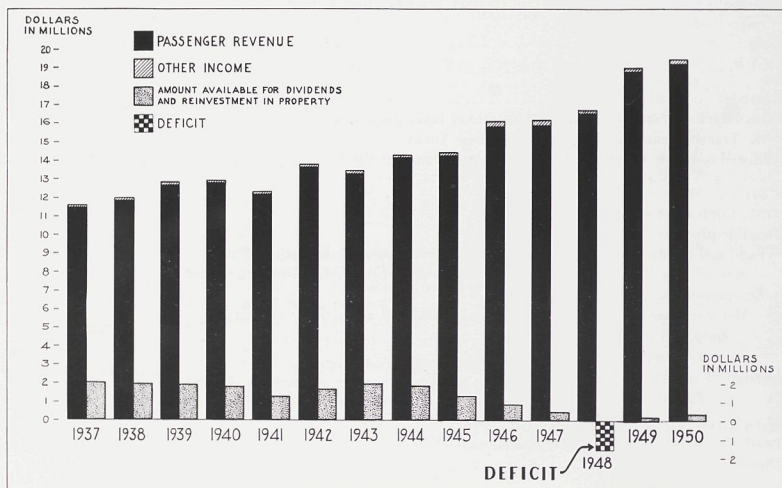
Again the Management desires to express its appreciation to all members of our staff who, on the buses, in the garages, in the shops and in the offices, have cooperated in our efforts to promote the interests of our patrons.

By order of the Board of Directors.

A large, stylized handwritten signature in dark ink, likely belonging to the President of the company, is written over a horizontal line.

President

THE CHART BELOW SHOWS FOR EACH YEAR, FROM 1937 TO 1950, THE RELATIONSHIP OF PASSENGER REVENUE AND OTHER INCOME TO THE AMOUNT AVAILABLE FOR DIVIDENDS AND REINVESTMENT IN THE PROPERTY.



New York City Omnibus

CONSOLIDATED BALANCE SHEETS

ASSETS

	December 31	
	1950	1949
CURRENT ASSETS:		
Cash	\$ 1,195,360	\$ 1,362,071
United States Government and municipal securities, at cost	640,825	336,533
Receivables	32,058	19,153
Prepayments, etc.	60,434	78,911
	<u>\$ 1,928,677</u>	<u>\$ 1,796,668</u>
SPECIAL DEPOSITS:		
Principally municipal securities, at cost (market price \$1,218,124 and \$1,195,291, respectively)	\$ 1,031,913	\$ 1,061,262
Cash	271,045	155,262
	<u>\$ 1,302,958</u>	<u>\$ 1,216,524</u>
INVESTMENTS:		
Other physical property (including \$300,000 of land, stated at value accepted by the Transit Commission of the State of New York)	\$ 304,700	\$ 303,300
Affiliated company (for the purchase of materials and supplies), at cost	562,500	772,500
	<u>\$ 867,200</u>	<u>\$ 1,075,800</u>
PROPERTY, EQUIPMENT AND INTANGIBLES:		
Tangible property—		
Land and buildings, stated at value accepted by the Transit Commission of the State of New York, plus subsequent additions at cost, less retirements	\$ 4,394,242	\$ 4,367,191
Equipment at cost—		
Motor coaches (including \$9,485,016 and \$8,043,530, respectively, subject to equipment purchase obligations)	15,620,344	15,495,789
Service equipment, etc.	823,677	804,654
Intangibles in process of amortization	285,779	285,362
	<u>\$21,124,042</u>	<u>\$20,952,996</u>
DEFERRED CHARGES:		
Pensions (to be charged to future operations)—Note 2.	\$ 423,210	\$ 374,105
Other	52,819	—
	<u>\$ 476,029</u>	<u>\$ 374,105</u>
UNAMORTIZED BALANCE OF AMOUNT ASSIGNED TO RIGHTS AND CLAIMS UNDER "RECAPTURE CONTRACT," in process of amortization over period ending December 26, 1953 (Adjusted as of January 1, 1950.—Note 1)	\$ 1,300,114	\$ 3,456,264
	<u><u>\$26,999,020</u></u>	<u><u>\$28,872,357</u></u>

(The accompanying notes on page 11 are an integral part of the financial statements)

Corporation and Subsidiaries

DECEMBER 31, 1950 AND 1949

LIABILITIES

	December 31	
	1950	1949
CURRENT LIABILITIES:		
Equipment purchase obligations due within one year.....	\$ 1,256,442	\$ 1,089,950
Accounts payable (including accrued items).....	1,106,167	1,097,436
Accrued Federal income taxes (subject to review by U. S. Treasury Department)	400,098	844,485
Accrued general taxes.....	236,214	237,315
	<u>\$ 2,998,921</u>	<u>\$ 3,269,186</u>
EQUIPMENT PURCHASE OBLIGATIONS, 2%-4¾%, secured by motor coaches (see contra)	\$ 5,404,767	\$ 5,244,202
Less—Installments due within one year included under current liabilities.....	1,256,442	1,089,950
	<u>\$ 4,148,325</u>	<u>\$ 4,154,252</u>
RESERVES:		
Property, equipment and intangibles —		
Depreciation of motor coaches.....	\$ 6,810,894	\$ 6,975,986
Depreciation of other property and equipment.....	1,076,988	991,113
Amortization of intangibles.....	187,186	174,434
	<u>\$ 8,075,068</u>	<u>\$ 8,141,533</u>
Injuries and damages and workmen's compensation.....	2,394,276	2,333,604
Pensions (see contra).....	423,210	374,105
Other.....	17,294	14,995
	<u>\$10,909,848</u>	<u>\$10,864,237</u>
CAPITAL STOCK AND SURPLUS:		
Capital stock —		
Authorized 700,000 shares, without par value, outstanding 496,487 shares....	\$ 3,349,142	\$ 3,349,142
Capital surplus, arising principally from certain rights and benefits contributed by New York Railways Corporation per agreement of transfer dated December 24, 1936, less dividends charged hereto (Note 4).....	4,077,318	4,710,761
Earned surplus (deficit) (Note 4).....	352,277	(777,265)
	<u>\$ 7,778,737</u>	<u>\$ 7,282,638</u>
CREDIT IN RESPECT OF AMOUNT OF RIGHTS AND CLAIMS UNDER "RECAPTURE CONTRACT" TO BE AMORTIZED, per contra.....	\$ 1,300,114	\$ 3,456,264
Less—Amount heretofore transferred to capital surplus (Note 1).....	136,925	154,220
	<u>\$ 1,163,189</u>	<u>\$ 3,302,044</u>
	<u>\$26,999,020</u>	<u>\$28,872,357</u>

(The accompanying notes on page 11 are an integral part of the financial statements)

AUDITORS' CERTIFICATE

To the Board of Directors,

NEW YORK CITY OMNIBUS CORPORATION:

We have examined the consolidated balance sheet of New York City Omnibus Corporation (a New York corporation) and subsidiaries as of December 31, 1950, and the related statements of consolidated income and surplus 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 consolidated balance sheet and statements of consolidated income and surplus present fairly the financial position of New York City Omnibus Corporation and subsidiaries as of December 31, 1950, and the results of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles which, except for the change in the basis of amortization of amounts assigned to rights and claims as mentioned in Note 1 to the financial statements, and in which we concur, were applied on a basis consistent with that of the preceding year.

ARTHUR ANDERSEN & CO.

New York, N. Y.,
February 27, 1951.

New York City Omnibus Corporation and Subsidiaries

STATEMENT OF CONSOLIDATED INCOME FOR THE YEARS ENDED DECEMBER 31, 1950 AND 1949

	1950	1949
OPERATING REVENUES:		
Coach lines	\$19,344,035	\$18,835,039
Advertising and miscellaneous	84,233	78,619
TOTAL OPERATING REVENUES	<u>\$19,428,268</u>	<u>\$18,913,658</u>
OPERATING EXPENSES:		
Maintenance and garage expenses	\$ 3,749,076	\$ 3,863,724
Depreciation and amortization (Note 1)	1,384,762	1,161,183
Traffic and transportation	8,512,747	8,408,770
General	2,618,100	2,611,027
TOTAL OPERATING EXPENSES	<u>\$16,264,685</u>	<u>\$16,044,704</u>
NET OPERATING REVENUES	<u>\$ 3,163,583</u>	<u>\$ 2,868,954</u>
TAXES:		
General (including motor fuel taxes)	\$ 2,492,056	\$ 2,368,022
Provision for Federal income taxes (no excess profits tax payable)	137,295	162,383
TOTAL TAXES	<u>\$ 2,629,351</u>	<u>\$ 2,530,405</u>
NET INCOME FROM OPERATIONS	\$ 534,232	\$ 338,549
OTHER INCOME (Interest, etc.)	46,885	88,518
GROSS INCOME	<u>\$ 581,117</u>	<u>\$ 427,067</u>
OTHER DEDUCTIONS:		
Interest on equipment purchase obligations	\$ 184,525	\$ 136,905
Provision for amortization on basis of "Recapture Contract" (Note 1)	—	195,332
Refund of prior years' Federal income taxes resulting from carry-back of 1948 loss	—	(64,549)
Miscellaneous	30,557	15,296
TOTAL OTHER DEDUCTIONS	<u>\$ 215,082</u>	<u>\$ 282,984</u>
NET INCOME	<u><u>\$ 366,035</u></u>	<u><u>\$ 144,083</u></u>

() Denotes red figure.

(The accompanying notes on page 11 are an integral part of the financial statements)

New York City Omnibus Corporation and Subsidiaries

STATEMENT OF CONSOLIDATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1950

	Capital Surplus	Earned Surplus
BALANCE (deficit) December 31, 1949.....	\$ 4,710,761	\$ (777,265)
NET INCOME for year ended December 31, 1950.....	—	366,035
DIRECT SURPLUS (charges) CREDITS:		
Transfer from "credit in respect of amount assigned to rights and claims under Recapture Contract" of amount equal to amortization by the Corporation for the year ended December 31, 1950.....	130,064	—
Transfer to capital surplus portion of dividends paid out of capital and heretofore charged to earned surplus (Note 4).....	(763,507)	763,507
BALANCE December 31, 1950.....	<u>\$ 4,077,318</u>	<u>\$ 352,277</u>

(The accompanying notes are an integral part of the financial statements)

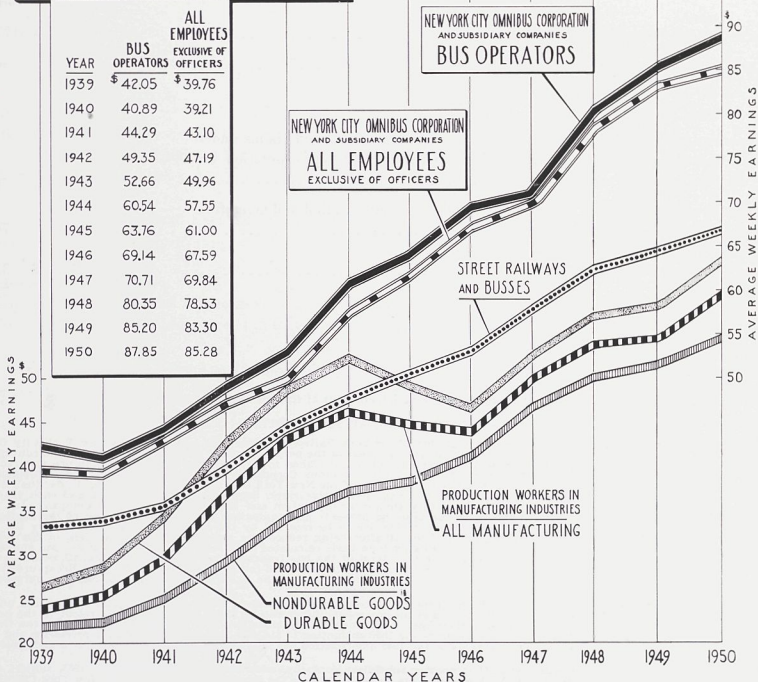
NOTES TO FINANCIAL STATEMENTS

- (1) Under the Agreement of Transfer dated December 24, 1936, New York Railways Corporation transferred to New York City Omnibus Corporation (1) all rights and claims arising from the abandonment of the perpetual street railway franchises and the conveyance of street railway properties to the City of New York, (2) all rights and claims to any benefits under the Recapture Contract dated January 29, 1935, between the City of New York, New York City Omnibus Corporation and Madison Avenue Coach Company, Inc. (a subsidiary company), and (3) all rights and claims to the routes of the New York City Omnibus Corporation. Under the Recapture Contract, dated January 29, 1935, the City at its election has the irrevocable right, beginning February 1, 1945, and each year thereafter, to terminate the franchises of the New York City Omnibus Corporation and Madison Avenue Coach Company, Inc. (which otherwise terminate on December 26, 1958), and to purchase the property and equipment used in the operation of the routes (other than real estate, cash, receivables, and similar items, which are to be retained by the companies) upon payment by the City of (1) the balance which shall remain of the amount of \$7,500,000 after being reduced by amortization from the date of the Recapture Contract to the date of recapture upon a cumulative sinking fund basis calculated with interest at the rate of 3% per annum, compounded annually, so that at the end of the twenty-five year term of the bus franchises said amount of \$7,500,000 would have been completely amortized, and (2) the value at the date of recapture (to be determined in the manner set forth in the Recapture Contract) of the property and equipment so to be purchased. The unamortized balance of the \$7,500,000 at January 29, 1951, for purpose of the Recapture Contract amounts to \$3,087,631.
- As of January 1, 1950, the Corporation reduced the unamortized balance of the amount assigned to its rights and claims under the Recapture Contract (\$3,302,044 at December 31, 1949), and the corresponding credit, to \$1,293,253 which is equivalent to the estimated future tax credits from January 1, 1950, arising therefrom, and which will be amortized over the remaining period of the franchise. The amortization by the Corporation and its subsidiary for 1950 amounting to \$147,360 has been included in depreciation and amortization expense. For comparative purposes, \$134,973 of the 1949 amortization has been reclassified under depreciation and amortization expense.
- The franchise of Eighth Avenue Coach Corporation, another subsidiary company, covers a period to October 16, 1955, subject to prior termination in the event the City of New York exercises its right to purchase the property and equipment of New York City Omnibus Corporation and Madison Avenue Coach Company, Inc.
- (2) Pensions of the companies to December 31, 1949, were in accordance with an Arbitration Award dated June 18, 1947, and were limited to those employees who became eligible during the period from July 1, 1947, to January 31, 1948. In accordance with an Arbitration Award dated November 21, 1949, a pension plan for all union employees became effective January 1, 1950, and was included in the new union contract which expires December 31, 1952. It is the policy of the companies to charge the pension payments to expense as paid. The estimated net liability for pensions applicable to employees who became eligible and retired to December 31, 1950, under the above mentioned awards, has been reflected in the accompanying balance sheets under reserves by contra charge to deferred charges.
- (3) Plans are now being made to mechanize certain accounting procedures of the companies. In connection therewith, the Corporation entered into an agreement with the union which provides, among other things, for separation pay in certain instances based on length of service, upon termination of employment. It is not possible at this time to estimate the amount of separation pay liability which may be involved.
- (4) As a result of certain tax litigation, \$763,507 of the total dividends (all of which dividends were charged to earned surplus) paid by the Corporation for the years 1937, 1938, 1939, 1941 and 1945 has been determined by the Corporation to have been a return of capital and the stockholders have been notified to that effect. Accordingly, \$763,507 of the amount of dividends paid has been transferred from earned surplus and charged to capital surplus by the action of the Board of Directors.

AVERAGE WEEKLY EARNINGS

NEW YORK CITY OMNIBUS CORPORATION AND SUBSIDIARY COMPANIES

AVERAGE WEEKLY EARNINGS



Graphs for Production Workers in Manufacturing Industries (All Manufacturing, Non-durable Goods, Durable Goods), and for Street Railways and Buses, are charted from figures prepared by United States Department of Labor—Bureau of Labor Statistics. The figures for 1950 are preliminary.

Annual Report

For the Year Ended December 31,

1952



NEW YORK CITY OMNIBUS CORPORATION



New York City Omnibus Corporation

DIRECTORS

OTIS A. GLAZEBROOK, JR.	CHARLES G. STACHELBERG
JOHN D. HERTZ	T. GEORGE WALKER
JOHN D. HERTZ, JR.	BENJAMIN WEINTRAUB
DAVID H. KNOTT	FREDERIC T. WOOD
JOHN E. MCCARTHY	WILLIS D. WOOD

BOYKIN C. WRIGHT

EXECUTIVE AND FINANCE COMMITTEE

OTIS A. GLAZEBROOK, JR., <i>Chairman</i>	
JOHN E. MCCARTHY	BENJAMIN WEINTRAUB
	FREDERIC T. WOOD

OFFICERS

GENERAL OFFICES, 605 WEST 132ND STREET, NEW YORK 27, N. Y.

BENJAMIN WEINTRAUB	<i>Chairman of the Board</i>
FREDERIC T. WOOD	<i>Vice-Chairman of the Board</i>
JOHN E. MCCARTHY	<i>President</i>
JOSEPH T. MCCARTHY	<i>Vice-President in Charge of Transportation</i>
EDMUND C. COLLINS	<i>Vice-President and Secretary</i>
JOHN A. MORELAND	<i>Vice-President in Charge of Maintenance</i>
STEPHEN C. DUGGAN	<i>Vice-President and Comptroller</i>
T. GEORGE WALKER	<i>Treasurer and Assistant Secretary</i>
WILLIAM F. GAVIN	<i>Assistant Treasurer</i>
HARRY E. SUTTON	<i>Auditor</i>
WILLIAM T. GRANFIELD	<i>General Attorney</i>

General Counsel

SHEARMAN & STERLING & WRIGHT
New York, New York

STOCK TRANSFER AGENT
Bankers Trust Company

STOCK REGISTRAR
Manufacturers Trust Company

ANNUAL MEETING

The annual meeting of stockholders will be held on Monday, May 11, 1953. Notice of the meeting, request for proxies, proxy statement and form of proxy will be mailed to stockholders about April 15, 1953.

All communications with respect to changes in address, transfers and dividend payments should be addressed to Bankers Trust Company, 46 Wall Street, New York 15, N. Y.

New York City Omnibus Corporation

Office of the President
605 West 132nd Street
New York 27, N. Y.

April 14, 1953

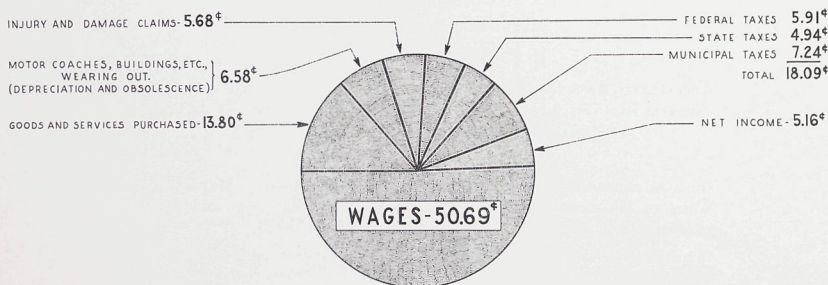
TO THE STOCKHOLDERS:

The Balance Sheet of this Corporation at December 31, 1952 and statements of the Corporation's Income and Surplus for the year ended December 31, 1952, as certified by Messrs. Arthur Andersen & Co., are appended hereto on pages 8, 9, 10 and 11.

The results of the year's Operations may be summarized as follows:

Gross Revenues from Operation, including \$98,720 Interest on Securities Owned, etc.	<u>\$24,260,514</u>
Which Gross Revenues were disposed of as follows:	
Goods and Services Purchased from others, etc.	\$ 3,347,041
Motor Coaches, Buildings, etc., wearing out (Depreciation and Obsolescence)	1,597,291
For Injury and Damage Claims.	1,379,093
Taxes (Federal, State and Municipal)	<u>4,387,859</u>
Total	<u>\$10,711,289</u>
Balance remaining before Wages	\$13,549,225
Wages	<u>12,298,437</u>
NET INCOME	<u>\$ 1,250,788</u>

DISTRIBUTION OF 1952 GROSS REVENUE DOLLAR



THE TEN CENT INTERIM FARE

In the Annual Report of this Corporation for the year ended December 31, 1951, the information was given that authorization had been granted by the Board of Estimate of New York City for the continuance of the ten-cent interim fare period to June 30, 1952.

The Board of Estimate on June 30, 1952, by resolution, further extended the ten-cent interim fare period to March 31, 1953 and required that this Corporation shall pay monthly to the city compensation at the rate fixed in the basic franchise contracts plus an additional amount equal to a further $1\frac{1}{4}\%$ of its gross receipts. On March 26, 1953, the Board again extended the ten-cent interim fare period to April 30, 1953.

On February 18, 1953 we filed with the Board of Estimate a petition supplemental to the petitions for relief previously filed with that Board. We informed the Board that the strike had brought about a reduction in the number of passengers carried, that our revenues had declined substantially and that we anticipated an increase in the cost of our operations. We asked the Board to suspend, and keep suspended, until after the Board of Arbitration renders its award, all franchise payments to be made by us subsequent to January 30, 1953, on which date operation of our service was resumed following the strike. We pointed out that at the time the Board of Arbitration renders its award, the Board of Estimate would know the facts as to our increased costs and as to our riding experience and would then be in a position to determine what reductions in franchise payments should be made as of January 30, 1953.

NEGOTIATIONS FOR THE PROPOSED ACQUISITION OF THE FIVE OMNIBUS LINES OPERATED BY THE CITY OF NEW YORK IN THE BOROUGH OF MANHATTAN

A petition, dated May 6, 1952, was submitted to the Board of Estimate for a grant to this Corporation of a franchise to operate buses on the streets and avenues in the Borough of Manhattan traversed by the five routes operated by the City of New York as follows:

CROSSTOWN LINES

Madison Street and Chambers Street
49th Street and 50th Street
65th Street

LONGITUDINAL LINES

York Avenue
First and Second Avenues

A communication dated May 16, 1952, addressed to the Board of Estimate, and filed with the Comptroller of the City of New York on May 19th, contained the bid of this Corporation for the purchase of the above lines.

There followed conferences with the city authorities and hearings before the Board of Estimate. After several months it became apparent that the plans could not then be consummated. The Transport Workers Union had demanded that the employees of the city who would be taken over by this Corporation at the time of the actual acquisition of the five bus lines must be given pension credits for the time they were covered in the City Retirement Fund. The City took the position that it could not grant such credits and the negotiations were terminated.

THE PRESENT DEMAND FOR A 40-HOUR WEEK AND FOR INCREASES IN HOURLY RATES OF WAGES

In our last Annual Report, the developments in our negotiations with the Transport Workers Union during the year 1951 regarding the renewal of our contract with that organization were set forth up to and including January 1952. The contract expired on December 31, 1952.

Our last contract with the Transport Workers Union, in effect from January 1, 1951, until December 31, 1952, called for a wage rate of \$1.675 an hour plus a cost of living adjustment effective January 1, 1952, (which amounted to 6¢ per hour) with overtime after 44 hours.

Conferences were held during the months of November and December, 1952 in connection with the new labor contract effective January 1, 1953 and particularly as to the demands of the Transport Workers Union for a 40-hour week without loss of take-home pay. The entire matter was taken up with the Board of Estimate of the City of New York and various meetings were held by the Board, the Union and the Company but no conclusions were reached.

Commencing January 1, 1953 a strike was declared on our lines and on the lines of certain other street surface transportation companies in New York City.

On January 13, we proposed to the Board of Estimate that we would submit to arbitration the determination of what should constitute a 40-hour week provided that we should not bear any costs for the same which would reduce our net income below the standard of a fair return as established by Public Service Commission procedure. Responding on January 14, the Board of Estimate said that our offer was too conditional to be acceptable. But the Board added that arbitration was to be hoped for within this framework: "there should be a basic 40-hour week; that the basic 10-cent fare be preserved; that the City is ready to co-operate by modifying the financial arrangements between the companies and the City to effect a reasonable disposition of this matter."

The Mayor, on January 19, issued a statement at City Hall saying that arbitration to determine what might constitute the 40-hour week could be carried out by a panel of three, one member selected by the union, one by the companies and a third by the other two.

On January 29, 1953, the Union and the Company agreed to the following language in the Arbitration Stipulation:

"This agreement is being entered into in reliance upon the representation and assurances of the Board of Estimate that adequate and timely modification in the financial arrangements between the city and the companies will be made to make it possible to carry out the foregoing, and the arbitrators shall make appropriate provision with respect thereto."

In the other clauses we recognized the objective of the 40-hour week without loss in take-home pay, and the Union recognized the necessity of the preservation of profitable operation by the Companies. It was further provided that awards will not be retroactive, but in lieu of this, a bonus of cents per hour (to be determined by the Board of Arbitration) shall be paid from the date on which work was resumed.

We believe that this language affords all the protection to the Company which it was feasible to obtain under the circumstances.

We resumed operation of our service on January 30 after suspension since January 1, 1953. The arbitration is now in progress.

The arbitration panel is headed by former Congressman Walter A. Lynch, who was a candidate for Governor of the State of New York in 1950. The labor member is Mr. Michael Mann, New York regional director, CIO. The companies' representative is Mr. John Curtin, transit engineer.

EQUIPMENT

In 1952 we transformed 30 of our gasoline buses into Diesel buses. During the same year there were retired 13 older gasoline buses, fully depreciated, most of which had seats for 40 passengers.

As of January 1, 1953 there were available for service a total of 906 Diesel buses and 18 gasoline buses.

TREND OF WAGES

The following information shows the top hourly rates paid to Bus Operators.

<u>Effective Date</u>	<u>Period Covered</u>	<u>Hourly Rates</u>
January 3, 1937.....	7 months.....	74¢
July 22, 1937.....	17 months.....	82¢
January 1, 1939.....	26 months.....	90¢
March 1, 1941.....	14 months.....	94¢
May 1, 1942.....	24 months.....	\$1.00
May 1, 1944.....	12 months.....	\$1.00 ⁽¹⁾
May 1, 1945.....	10 months.....	\$1.04 ⁽¹⁾
March 1, 1946.....	7 months.....	\$1.20
October 1, 1946.....	16 months.....	\$1.26
February 1, 1948.....	3 months.....	\$1.36
May 1, 1948.....	14 months.....	\$1.50
July 1, 1949.....	18 months.....	\$1.55
January 1, 1951.....	24 months.....	\$1.675 ⁽²⁾

(1) Commencing May 1, 1944, the basic rates of wages of bus operators were augmented by an adaptation of the so-called Vinson Bonus Formula.

(2) Under the terms of the escalator clause of the contract the employees received a cost of living adjustment amounting to six cents per hour on January 1, 1952.

TAXES

The taxes paid by the New York City Omnibus Corporation absorbed a substantial part of the total revenue of the system and are a heavy burden upon the operation.

The total amount of taxes assignable to operating revenues, including franchise payments, applicable to the year ended December 31, 1952, was \$4,387,859.27, which is equal to slightly over 18% of the total operating revenue of the Corporation, and 19.87 cents per bus mile operated.

The various taxes for the year 1952 are shown below:

New York City:

Real Estate	\$ 123,864.09	
Franchise Payments	1,352,053.04	
Utilities	243,798.83	
Sales and Compensating Use.....	<u>37,128.71</u>	\$1,756,844.67

New York State:

Franchise	\$ 31,030.44	
Gross Earnings	121,048.58	
Vehicle Licenses	10,191.50	
Gasoline and Fuel Oil.....	396,264.50	
Utilities	483,235.88	
Unemployment	<u>155,058.41</u>	1,196,829.31

Federal:

Income and Excess Profits.....	\$1,114,873.65	
Gasoline and Fuel Oil.....	130,940.22	
Old Age Pension.....	139,693.38	
Unemployment	24,816.69	
Miscellaneous	<u>23,861.35</u>	1,434,185.29
TOTAL ALL TAXES.....		<u>\$4,387,859.27</u>

TRAFFIC

The number of passengers carried by New York City Omnibus Corporation for the calendar years 1943 to 1952, inclusive, is as follows:

1943.....	285,226,587	1948.....	331,787,023
1944.....	301,403,151	1949.....	293,288,105
1945.....	302,278,437	1950.....	284,375,607
1946.....	334,542,881	1951.....	268,466,986
1947.....	337,411,812	1952.....	272,405,140

FARES

The following interim rates of fare became effective upon the lines of this Company on the respective dates shown:

6 cent interim fare—	September 22, 1948
7 cent interim fare—	December 12, 1948
8 cent interim fare—	July 1, 1950
10 cent interim fare—	January 1, 1951

New York City Omnibus Corporation had a net income for 1952 of \$1,250,788.

Net income for 1953 will depend greatly upon the outcome of the labor arbitration now in progress as well as upon possible forthcoming legislation relative to New York municipal fares.

Governor Dewey of the State of New York, on March 10, 1953, recommended to the Legislature "the immediate establishment of a genuinely independent transit authority, empowered to operate the city-owned rapid transit and bus lines on a businesslike basis."

The Governor also said: "Equally clearly, the City ought to get out of the bus business." . . . The Governor continued with an obvious reference to our abortive attempt to purchase the City Bus Lines: "It is regrettable that only recently a sale of many of these bus lines to private enterprise for operation on a ten-cent fare was frustrated at the last minute. The authority should dispose of the bus lines at the earliest possible moment."

Governor Dewey's recommendation as to a Transit Authority bill was adopted by the New York State Legislature on March 21, 1953, and the legislation was signed by the Governor on March 26th. It is required that this Transit Authority shall reach an agreement with the city by May 1st and take over responsibility for the city-owned transit lines by July 1, 1953 under a mandate to operate at fares sufficient to meet all operating expenses (the city estimates an operating loss of \$45 to \$50 million for the next fiscal year at a 10-cent fare).

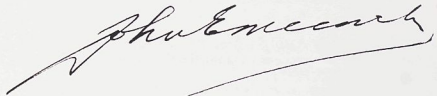
The legislation provides that if the City of New York does not meet these conditions, additional taxing powers authorized by the new legislation (which the City needs to balance its budget) will be lost to the City.

If a municipal fare increase takes effect July, 1953, we believe that some increase in fares for the privately owned companies is highly probable, possibly with conditions and restrictions as to the payment of taxes or the percentage of the gross revenue to be paid.

AN APPRECIATION

To all members of our staff who have cooperated in our endeavor to afford our patrons a convenient and satisfactory service, the management expresses its thanks and appreciation.

By order of the Board of Directors.



President

New York City

BALANCE SHEETS

ASSETS

	December 31	
	1952	1951
CURRENT ASSETS:		
Cash	\$ 932,140	\$ 1,045,085
United States Government and municipal securities, at cost.....	1,715,231	1,955,271
Receivables	74,411	42,077
Prepayments and other assets.....	179,578	88,160
	<u>\$ 2,901,360</u>	<u>\$ 3,130,593</u>
SPECIAL DEPOSITS FOR FRANCHISE, INJURIES AND DAMAGES AND WORKMEN'S COMPENSATION REQUIREMENTS:		
Municipal securities, at cost, less reserve for amortization of premium (market \$1,334,171 and \$1,222,600, respectively).....	\$ 1,287,397	\$ 1,098,075
Cash	—	224,225
	<u>\$ 1,287,397</u>	<u>\$ 1,322,300</u>
INVESTMENTS:		
Other physical property (including \$300,000 of land, stated at value accepted by the Transit Commission of the State of New York).....	\$ 300,000	\$ 302,500
Motor Coach Supply Corporation, affiliate (for the purchase of materials and supplies), at cost.....	562,500	562,500
	<u>\$ 862,500</u>	<u>\$ 865,000</u>
PROPERTY, EQUIPMENT AND INTANGIBLES:		
Tangible property—		
Land and buildings, stated at value accepted by the Transit Commission of the State of New York, plus subsequent additions at cost, less retirements.....	\$ 4,772,783	\$ 4,654,478
Equipment at cost—		
Motor coaches (including \$10,550,301 and \$10,977,132, respectively, sub- ject to equipment purchase obligations).....	15,774,149	16,054,729
Service equipment, etc.....	844,485	815,304
Intangibles in process of amortization.....	79,962	80,687
	<u>\$21,471,379</u>	<u>\$21,605,198</u>
DEFERRED CHARGES:		
Pensions (to be charged to future operations) — (Note 2).....	\$ 538,587	\$ 447,292
Capital stock expense, etc.....	15,215	15,206
	<u>\$ 553,802</u>	<u>\$ 462,498</u>
UNAMORTIZED BALANCE OF AMOUNT ASSIGNED TO RIGHTS AND CLAIMS UNDER "RECAP- TURE CONTRACT," in process of amortization over period ending December 26, 1958 (Note 1).....	<u>\$ 946,888</u>	<u>\$ 1,125,657</u>
	<u>\$28,023,326</u>	<u>\$28,511,246</u>

(The accompanying notes on page 11 are an integral part of the financial statements.)

Omnibus Corporation

DECEMBER 31, 1952 AND 1951

LIABILITIES

	December 31	
	1952	1951
CURRENT LIABILITIES:		
Equipment purchase obligations due within one year (secured by motor coaches)	\$ 1,354,646	\$ 1,453,468
Accounts payable (including accrued items)	1,333,333	1,417,933
Accrued Federal taxes on income (subject to review by U. S. Treasury Department)	1,264,213	1,597,826
Accrued general taxes	316,361	299,721
	<u>\$ 4,268,553</u>	<u>\$ 4,768,948</u>
EQUIPMENT PURCHASE OBLIGATIONS, 2% to 4%, secured by motor coaches:	\$ 3,858,447	\$ 5,311,915
Less—Installments due within one year included under current liabilities	1,354,646	1,453,468
	<u>\$ 2,503,801</u>	<u>\$ 3,858,447</u>
RESERVES:		
Property, equipment and intangibles—		
Depreciation of motor coaches	\$ 7,607,778	\$ 6,585,053
Depreciation of other property and equipment	1,505,210	1,412,483
Amortization of intangibles	59,164	55,698
	<u>\$ 9,172,152</u>	<u>\$ 8,053,234</u>
Injuries and damages and workmen's compensation	2,049,703	2,469,585
Pensions (chargeable to future operations)—Note 2	538,587	447,292
	<u>\$11,760,442</u>	<u>\$10,970,111</u>
CAPITAL STOCK AND SURPLUS:		
Capital stock—		
Authorized 700,000 shares, without par value, outstanding 496,487 shares	\$ 3,349,142	\$ 3,349,142
Capital surplus, arising principally from certain rights and benefits contributed by New York Railways Corporation per agreement of transfer dated December 24, 1936, less dividends charged hereto	4,275,454	4,113,980
Earned surplus	1,021,379	444,590
	<u>\$ 8,645,975</u>	<u>\$ 7,907,712</u>
CREDIT IN RESPECT OF AMOUNT OF RIGHTS AND CLAIMS UNDER "RECAPTURE CONTRACT" TO BE AMORTIZED, per contra (Note 1)	\$ 946,888	\$ 1,125,657
Less—Amount heretofore transferred to capital surplus	102,333	119,629
	<u>\$ 844,555</u>	<u>\$ 1,006,028</u>
	<u>\$28,023,326</u>	<u>\$28,511,246</u>

(The accompanying notes on page 11 are an integral part of the financial statements)

AUDITORS' CERTIFICATE

To the Board of Directors,

NEW YORK CITY OMNIBUS CORPORATION:

We have examined the balance sheet of New York City Omnibus Corporation (a New York corporation) as of December 31, 1952, and the related statements of income and surplus 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 income and surplus present fairly the financial position of New York City Omnibus Corporation as of December 31, 1952, and the results of its operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

New York, N. Y.,
March 10, 1953.

ARTHUR ANDERSEN & CO.

New York City Omnibus Corporation

STATEMENT OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 1952 AND 1951

(Including operations of subsidiaries merged in 1951)

	1952	1951
OPERATING REVENUES:		
Coach lines	\$24,087,904	\$23,781,687
Advertising and miscellaneous	73,890	77,117
TOTAL OPERATING REVENUES	<u>\$24,161,794</u>	<u>\$23,858,804</u>
OPERATING EXPENSES:		
Maintenance and garage expenses	\$ 4,361,042	\$ 4,077,042
Depreciation and amortization	1,597,291	1,519,936
Traffic and transportation	9,575,431	9,242,109
General	2,926,642	3,130,974
TOTAL OPERATING EXPENSES	<u>\$18,460,406</u>	<u>\$17,970,061</u>
NET OPERATING REVENUES	<u>\$ 5,701,388</u>	<u>\$ 5,888,743</u>
TAXES:		
General (including motor fuel taxes)	\$ 3,272,986	\$ 2,998,019
Provision for Federal taxes on income (Note 3)	1,114,873	1,333,259
TOTAL TAXES	<u>\$ 4,387,859</u>	<u>\$ 4,331,278</u>
NET INCOME FROM OPERATIONS	<u>\$ 1,313,529</u>	<u>\$ 1,557,465</u>
OTHER INCOME (Interest, etc.)	98,720	70,193
GROSS INCOME	<u>\$ 1,412,249</u>	<u>\$ 1,627,658</u>
OTHER DEDUCTIONS:		
Interest on equipment purchase obligations	\$ 175,690	\$ 203,807
Miscellaneous (net)	(14,229)	11,234
TOTAL OTHER DEDUCTIONS	<u>\$ 161,461</u>	<u>\$ 215,041</u>
NET INCOME	<u><u>\$ 1,250,788</u></u>	<u><u>\$ 1,412,617</u></u>

() Denotes red figure.

(The accompanying notes on page 11 are an integral part of the financial statements)

New York City Omnibus Corporation

STATEMENT OF SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1952

	Capital Surplus	Earned Surplus
BALANCE, December 31, 1951.....	\$ 4,113,980	\$ 444,590
ADD:		
Net income for year ended December 31, 1952.....	—	1,250,788
Transfer from "credit in respect of amount assigned to rights and claims under Recapture Contract" in connection with amount amortized during the year....	161,474	—
Reversal of special catastrophe reserve provided prior to 1941 under workmen's compensation regulations, no longer required because such risks are now covered by insurance.....	—	150,000
Reduction in Federal taxes on income arising from increase in the tax valuation of the Fourth and Madison Avenue franchise for prior years.....	—	168,975
	<u>\$ 4,275,454</u>	<u>\$ 2,014,353</u>
DEDUCT—Dividends paid on capital stock (\$2 per share).....	—	992,974
BALANCE, December 31, 1952.....	<u>\$ 4,275,454</u>	<u>\$ 1,021,379</u>

NOTES TO FINANCIAL STATEMENTS

- (1) Under the Recapture Contract, dated January 29, 1935, between the City of New York, New York City Omnibus Corporation and Madison Avenue Coach Company, Inc. (former merged subsidiary), the City at its election has the irrevocable right to terminate the franchises by payment of the unamortized balance of \$7,500,000, which at January 29, 1953, amounted to \$2,374,548, plus the value of motor coaches and equipment as determined under the Contract. As of January 1, 1950, the unamortized portion of the Recapture Contract represented by New York City Omnibus Corporation's franchises and the corresponding credit were reduced to an amount equivalent to the estimated future tax credits arising therefrom and this amount is being amortized each year during the remaining period of such franchises which terminate December 26, 1958.
- (2) Pensions to December 31, 1949, were in accordance with an Arbitration Award dated June 18, 1947, and were limited to those employees who became eligible during the period from July 1, 1947, to January 31, 1948. In accordance with an Arbitration Award dated November 21, 1949, a pension plan for all union employees became effective January 1, 1950, and was included in the union contract which expired December 31, 1952. Negotiations for a new contract are now in progress. It is the policy of the Company to charge the pension payments to expense as paid. The estimated net liability for pensions applicable to employees who became eligible and retired to December 31, 1952, under the above mentioned awards has been reflected in the accompanying balance sheet under reserves by contra charge to deferred charges.
- (3) If it were not for the benefit of an unused excess profits credit carry-forward from 1950, the provision for Federal taxes on income for 1951 would have been \$160,000 greater and net income would have been \$160,000 less. In accordance with income tax regulations, the Company's provision for Federal taxes on income reflects deductions for injuries and damages and workmen's compensation claims in the year of settlement or payment, and excludes the provisions for such claims.
- (4) The Company has petitioned the Board of Estimate of the City of New York for permission to increase its present interim fare of 10 cents to 15 cents or grant other necessary relief, pending determination by the Board of Estimate of the Company's permanent fare. The Company resisted the union's demands for a 40 hour work week with no loss in take-home pay and an increase of 25 cents per hour over and above the hourly rate made necessary by reduction in hours, as well as other concessions. A strike was called by the union on January 1, 1953, and continued through January 29, 1953, during which period all coach operations were discontinued. On the latter date the Company and union agreed to arbitration and arbitration proceedings are now in progress.

