

# American Telephone & Telegraph Co.

REPORT OF THE BOARD OF DIRECTORS  
TO THE STOCKHOLDERS  
FOR THE YEAR

1929



New York  
195 BROADWAY  
1930

# American Telephone and Telegraph Company

JANUARY 1, 1930



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## OFFICERS

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WALTER S. GIFFORD

### *Vice Presidents*

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BANCROFT GHERARDI	E. S. WILSON	C. M. BRACELEN
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### *Comptroller*

C. A. HEISS

### *General Manager, Long Lines Department*

T. G. MILLER

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**Report of the Directors**  
**of**  
**American Telephone and Telegraph Company**

New York, March 3, 1930.

TO THE STOCKHOLDERS:

The year 1929 has been one of distinct progress throughout the Bell System in the improvement and extent of communication by telephone. About 900,000 telephones—the largest number in any year—were added. Approximately 1,600,000,000 more local telephone calls and 100,000,000 more toll and long-distance calls were handled than in the previous year. At the same time, the quality and speed of service were not only maintained but definitely improved.

To provide for growth and to improve service, \$588,000,000 was spent on construction of new telephone plant and \$45,000,000 on construction of new manufacturing facilities. These expenditures for additions, betterments and replacements were the largest in any one year and furnish a basis for still further progress. It is expected that the expenditures for construction in 1930 will be over \$700,000,000 as compared with the 1929 total of \$633,000,000.

The use of the telephone in the United States is so universal that it exceeds that of any other country in the world. With the development of the telephone art it became possible a few years ago for the telephone users in the United States to communicate with those in Europe and other parts of the world. Extensions of such international communication to additional countries were made during 1929 and a new service of telephone communication between shore and ships at sea was inaugurated.

At the end of the year there were more than 20,000,000 telephones interconnected in and with the Bell System in the

United States. Approximately 4,400,000 of these were telephones of independent connecting companies—about 7,700 different companies and 30,000 rural lines. Practically any one of these 20,000,000 telephones can be connected promptly; not only with any other telephone in the United States but with 9,000,000 telephones in Canada, Cuba, Mexico and Europe.

The rapid growth in the business during 1929 necessitated large additions to the forces, and the total number of employees at the end of the year, including those of the Western Electric Company, Incorporated, was 454,000 as compared with 395,000 December 31, 1928, an increase of 59,000—comprised of 39,000 men and 20,000 women. To provide for this growth and to take care of normal turnover, it was necessary to train more than 175,000 new employees.

#### - Service Improvements

During the past five years the average time required for completing a long-distance connection has been cut more than in half, the average speed of long-distance connection being reduced from 7.5 minutes to 2.4 minutes. The errors in local calls, which were only two in 100 calls, have been substantially reduced. The quality of transmission has been improved. The proportion of customers' orders currently subject to delay because of lack of facilities and equipment has been reduced from 10 per cent to 2 per cent. The average elapsed time between receipt of a customer's order and installation of service has been reduced from 4.7 days to 2.7 days. The system of installing telephones on definite dates set by the customer has been greatly extended and where it is in effect, in 96 per cent of the cases during the past year the customers' wishes were met.

Five years ago on an average there was trouble on a subscriber's line once in every 13 months as compared with trouble only once in every 20 months now. Today 87 per cent of the troubles are corrected on the day reported.

It was formerly necessary on practically all long-distance calls for the subscriber to hang up the telephone after putting in the call and to be recalled when the connection was ready. In 1925 operating methods were developed which made it possible to handle long-distance calls with speed approaching that

of local calls. In 1929 more than 70 per cent of the long-distance calls were handled while the calling subscriber remained at the telephone.

The mere publishing of telephone numbers is a large undertaking in itself. In 1929 there were 18,000,000 listings and 35,000,000 directories were issued. Steady improvement is being effected in the appearance, ease of reference and accuracy of telephone directories.

It is realized that service which is good on the average may not be satisfactory service to the individual who may at some time, for one reason or another, receive service much below the average. Every effort is therefore constantly being made not only to reduce the number of errors and imperfections in the service, but also to locate and remedy temporary abnormal conditions.

Each telephone call is a transaction by itself and each customer is an individual. Although the calls are numbered by the billions and the customers by the millions, it is the aim to treat the customer and his requirements on the basis of personal consideration in each instance. Service satisfactory in every respect to each user is the ultimate goal.

### Rates

The aim of the Bell System is not only to furnish the best possible telephone service, but to furnish this service at the lowest cost consistent with financial safety.

Beginning in the latter part of 1926 there has been a series of reductions in long-distance rates amounting to a saving of many millions of dollars a year to telephone users. A telephone call from New York to San Francisco, which a little over three years ago cost \$16.50, now costs \$9.00, and corresponding reductions for lesser distances have been made. For instance, a telephone call from New York to Chicago, which formerly cost \$4.65, now costs \$3.00.

Within a year two of these reductions in long-distance rates were made effective—February 1, 1929 and January 1, 1930—each of them resulting in a saving to the telephone users of approximately \$5,000,000 annually.

While the quality and extent of local service have improved it has, generally, been possible to carry on without increases in exchange rates. During 1929 such increases as were made in a

few places were substantially offset by decreases elsewhere. Early in 1930 exchange rates were increased in New York State. The New York Telephone Company's application for increased rates was initiated in 1920 and this increase, therefore, more properly is to be associated with the period when it was necessary to increase exchange rates in order to care for the post-war change in the value of the dollar.

To maintain exchange rates is, in effect, to reduce them. The result of the growth of the business is that the telephone user receives more valuable and extensive service for the same money. A ten per cent increase in the number of telephones in a local exchange area means that a subscriber may at the same price talk to any one of ten per cent more telephones. This factor of growth and the resulting complication affect the cost of giving local service in that the cost tends to increase as the extent of the service increases. It is only by constant advances of the telephone art and improvements in operating methods that continually increasing service in local areas can be furnished without increases in rates.

In part because long-distance calls are not subject in the same degree to this tendency of increasing costs, and largely because of developments in the art which have lessened the cost, it has been possible to make substantial reductions in long-distance rates. These reductions are more obvious in that they are measured in dollars. In the case of exchange rates changes favorable to the user are in fact taking place although they are not so obvious in that for the most part they are measured by improved, more extensive and more valuable service for the same money.

During 1929 certain local rates and charges have been reduced in many parts of the Bell System. Installation charges, moving charges, mileage charges, charges for directory listings, etc., have been reviewed and, where financial conditions permitted, have been reduced and simplified.

Earnings must be sufficient to assure the best possible telephone service at all times and to assure the continued financial integrity of the business. Earnings that are less than adequate must result in telephone service that is something less than the best possible. Earnings in excess of these requirements will be spent for the enlargement and improvement of the service

furnished or the rates charged for the service will be reduced. This is fundamental in the policy of the management.

### Service Extensions

Besides the 900,000 telephones added to the Bell System in 1929 in the continental United States, there was added by extension of the service access to 340,000 telephones in Italy, Ireland, Gibraltar, Luxemburg, Isle of Man and portions of Austria and Czechoslovakia. Including the telephones added in this country and those added in countries with which telephone communication is established, the telephone user in the United States could, at the end of the year, communicate with 1,670,000 more telephones than at the end of the previous year.

During the year two additional short-wave transatlantic radio telephone channels were put in operation. The transatlantic telephone service is now being furnished over one long-wave and three short-wave radio telephone channels. Work is going forward on the new transatlantic telephone cable which will supplement the present radio channels and add a connecting link that is not subject to the inherent uncertainties of radio. Early in 1930 it is expected to inaugurate telephone service by short-wave radio with the Argentine, and plans are under way for the establishment of a short-wave telephone station on the Pacific Coast for radio telephone communication with Hawaii and other points in the Pacific.

In December, ship-to-shore service was inaugurated to and from the steamship *Leviathan* and it is expected that in due course this service will be extended to other steamships.

Marked progress has been made during the year in the development of telephone communication with airplanes. A large number of trials and demonstrations have shown that satisfactory two-way telephony is possible between airplanes and any telephone connected in or with the Bell System. In several of the tests commercially satisfactory communication was maintained between an airplane here and telephone stations in Europe. This involved radio transmission from the airplane to the Bell telephone wire system in the United States, the transatlantic radio and the regular telephone wire system in Europe. The successful demonstrations of our development of two-way plane-to-ground telephony have caused

several of the larger air transport companies and several of the Government departments to request us to equip a considerable number of planes and ground stations with apparatus. This equipment of airplanes with telephones for navigational purposes will add greatly to the safety and efficiency of transportation by air. Ultimately it is expected that telephone service will be established between airplanes and any telephone anywhere that is connected with the Bell System.

While these somewhat spectacular extensions of telephone service are taking place, the telephone plant of the Bell System in the United States is being largely rebuilt in order that it may provide for growth and embody the latest developments of a rapidly improving art. Over one-half of the present telephone plant of the Bell System has been constructed during the last five years. Recent changes include the introduction of dial telephones, the hand-set telephone, the rapid extension of toll cables replacing open wire lines, and an accelerated program of placing toll wires underground.

Over 4,000,000 Bell-owned telephones, or 26 per cent, are now on a dial basis and it is expected that by 1934 the proportion will be close to 60 per cent. About 74 per cent of the toll wire mileage is now in cable as compared with 53 per cent five years ago.

In this extension and rebuilding the Bell System is not only utilizing the latest developments but is endeavoring to build its plant with due consideration for the increasing appreciation on the part of the public of attractiveness in appearance as well as utility.

In the administration buildings and in the many equipment buildings now being constructed to provide for growth and for the dial system, attractiveness of design is given consideration as well as utility, and the new buildings have contributed materially to the architectural beauty of the cities in which they are located.

The striking increase in the use of the telephone for long-distance calls, so noticeable in 1928, has continued during the past year, reflecting the public's response to the steadily increasing speed and quality of service and the reductions in charges for the service. While the use of long-distance has been increasing so rapidly, the telephone user, stimulated in part by the telephone companies' efforts, is equipping his office

and particularly his residence with more telephones, with a view to greater convenience and utility.

### **Development and Research**

During the year there has been a considerable increase in the size of the group engaged on research and development problems designed to produce new and improved equipment and systems for telephony and telegraphy. At the present time there are in the Department of Development and Research of the American Telephone and Telegraph Company, and in Bell Telephone Laboratories, Incorporated, more than 5,400 scientists, engineers and assistants engaged on this work.

The results of the work of this group during 1929 have emphasized again both the wisdom and the necessity of adequate expenditures for fundamental research and development if our policy of enlarged and improved service at minimum cost to the user is to be maintained.

The fundamental physical conditions which underlie efficient telephone and telegraph operation are such that large expansion either in volume of service given or in range of distance covered cannot be made economically—frequently cannot be made at all—merely by an enlarged use of existing instrumentalities.

For example, the commercial necessity for very long circuits in storm-proof cable and the need for a higher grade of transmission over such circuits, have required an entirely new adaptation of physical principles many of which are themselves new and therefore applicable only in the hands of those who are highly trained. Due to the fact that the telephone plant is a complex interconnected structure, all parts of which must function harmoniously on every connection if satisfactory results are to be assured, the introduction of new and improved facilities in one part of the plant frequently requires modification of existing plant which would otherwise be satisfactory.

During the past year, in addition to completing a large number of important developments connected with central office and outside plant equipment, noteworthy progress has been made in extending the range, improving the quality of transmission and cheapening the cost of the long-distance plant, particularly that part involved in the longer distances.

Initial designs of commercial two-way radio telephone equipment for use in airplane-to-ground and ship-to-shore service were completed and put in production. On the transatlantic telephone cable project the final development work, both on the cable itself and on the very intricate terminal apparatus required, has progressed and is rapidly nearing the point where final manufacturing specifications can be prepared.

Increase of the research and development activities has necessitated an enlargement of our laboratory facilities. New laboratories for work on radio problems and outside plant developments have been established. Land adjacent to the present laboratories in New York has been purchased and a large addition to these laboratories is under way.

### **Western Electric Company, Incorporated**

The requirements of the Bell System for equipment increased very substantially during 1929 over the previous year and greatly exceeded the capacity of the Western Electric Company's manufacturing plants. This situation was met by temporarily expanding facilities through the rental of outside quarters; and this expansion, combined with the rapid up-building of the force and the utilization of overtime and night work on a large scale, enabled the company to increase its production by 67 per cent over that of 1928. Total sales for the year amounted to \$411,000,000, the largest in the company's history, and during the year the number of employees increased from 56,324 to 84,848.

At the same time provision was made for the permanent expansion of Western Electric manufacturing facilities, involving large additions to the Hawthorne and Kearny plants, and the starting of a third plant at Point Breeze, Baltimore, Maryland, where a tract of 180 acres was purchased early in 1929. Construction was started in the spring on the Point Breeze Works to provide initially facilities for making cable, insulated wire, and telephone apparatus; and the first cable was produced on the last day of the year.

At the beginning of 1929 the company's Hawthorne and Kearny Works had a combined floor area of 5,160,000 square feet, and during the year the additions made at these plants, together with the new construction at Point Breeze, increased this area to 6,520,000 square feet. In 1930 this will be further

increased to 9,190,000 square feet. This expansion program, started early in 1929 and scheduled for completion about mid-year, 1931, involves an expenditure of \$110,000,000. When the three plants are fully developed to capacity they will be about equal in size, with an aggregate floor area of 15,000,000 square feet, and will employ on a normal operating basis 110,000 people.

Although the heavy demands of the Bell System for Western Electric products necessitated intense effort being applied to increasing production throughout the year, there was no slackening of effort to reduce costs, and prices were reduced to the extent of \$11,250,000 for the 1929 volume of output.

### **Electrical Research Products, Incorporated**

Reference was made in last year's report to the formation of Electrical Research Products, Incorporated, as a wholly-owned subsidiary of the Western Electric Company, for the purpose of making commercially available the developments and inventions of the Bell Telephone Laboratories applicable outside the telephone field.

The most noteworthy of these developments has been the talking motion picture, a new form of entertainment which has taken hold of the imagination of the American public and is now rapidly spreading throughout the world.

The Western Electric recording system is being used, under licenses granted by Electrical Research Products, by the majority of the motion picture producers; it is installed in about 70 studios and used for the production of about 90 per cent of the talking pictures being made today. Electrical Research Products has installed Western Electric reproducing apparatus in 3,300 theatres in the United States and in 1,100 theatres abroad. These installations are inspected and maintained by Electrical Research Products, in order that there may be continuity and reliability of operation.

In addition to talking motion pictures, Electrical Research Products is concerned with the commercial development of such contributions to the progress of electrical science as modern high-speed submarine telegraph cables and the recording and reproduction of sound for use in connection with phonographs. The business of Electrical Research Products is limited to making arrangements for the commercial use of these

developments by concerns operating in the fields in which they are applicable. The American Telephone and Telegraph Company neither directly nor indirectly, through Electrical Research Products or otherwise, owns any stock in any motion picture enterprise or any other commercial undertaking operating in these fields.

While the business of Electrical Research Products is of great importance in its own field, its earnings obviously cannot be a material factor in an enterprise of the size of the Bell System.

### Financial

In 1929 the Bell System revenues from local exchange service increased \$47,000,000, or 7.3 per cent over the previous year, and revenues from toll and long-distance service increased \$45,000,000, or 14.5 per cent. The increase in total operating revenues was \$95,000,000, or 9.8 per cent. Due in part to additional expenditures for better service, the total expenses increased 11 per cent and investment in plant and other assets increased 10.5 per cent. The total plant and other assets at the end of the year amounted to \$4,228,000,000. The net earnings for the year were at the rate of 6.8 per cent on the cost of plant and other assets.

On April 30, 1929, the American Telephone and Telegraph Company offered to its stockholders an issue of Ten-Year Convertible 4½% Gold Debenture Bonds dated July 1, 1929. Stockholders of record on May 10, 1929, were entitled to subscribe for \$100 principal amount of these convertible bonds for each six shares of stock then held. Subscriptions for \$218,007,200 were received out of a possible total subscription of \$219,112,700. The conversion privilege attaching to these bonds became effective on January 1, 1930; and thereafter, until December 31, 1937, bondholders, subject to the terms of the indenture under which the bonds are issued, may surrender their bonds in exchange for capital stock of the Company. During 1930, the conversion price, subject to adjustment as stated in the indenture, at which stock will be issued in exchange for bonds is \$180 per share; during the years 1931 and 1932 it is \$190 per share; and during the years 1933 to 1937, inclusive, \$200 per share. It is expected that these bonds will ultimately be exchanged for capital stock.

As of July 1, 1929, the Company retired an issue of \$78,000,000 of Collateral Trust 4% Bonds then due.

In January, 1930, the American Telephone and Telegraph Company sold an issue of \$150,000,000 Thirty-Five Year 5% Gold Debentures, dated February 1, 1930. This issue of debentures will provide in part the funds required by the Bell System for additions and betterments and other capital expenditures during 1930. After giving effect to this issue of debentures the Company's long-term debt as of February 1, 1930, was less than \$644,000,000, or only 31 per cent of its total capital liabilities, and but little more than 24 per cent of the book value of its total assets.

These issues followed an offer of stock to the stockholders of \$185,000,000 made in 1928 on which the final payment was received in April, 1929.

The number of stockholders of the Company increased from 454,596 at the end of 1928 to 469,801 at the end of 1929. The average number of shares held per stockholder is now 28. No single individual holds as much as one per cent of the total capital stock. Of the total number of stockholders about 90,000 are Bell System employees.

The gratifying progress in the extent of and improvement in telephone communication during the past year was made possible only by the cooperation of hundreds of thousands of men and women in a nation-wide organization where the work of each is accurately adjusted to the work of all.

Great credit is due to the individuals composing the Bell System, each of whom has contributed his or her part to the smoothly-running, effective organization necessary to provide a vital service for the people of this country.

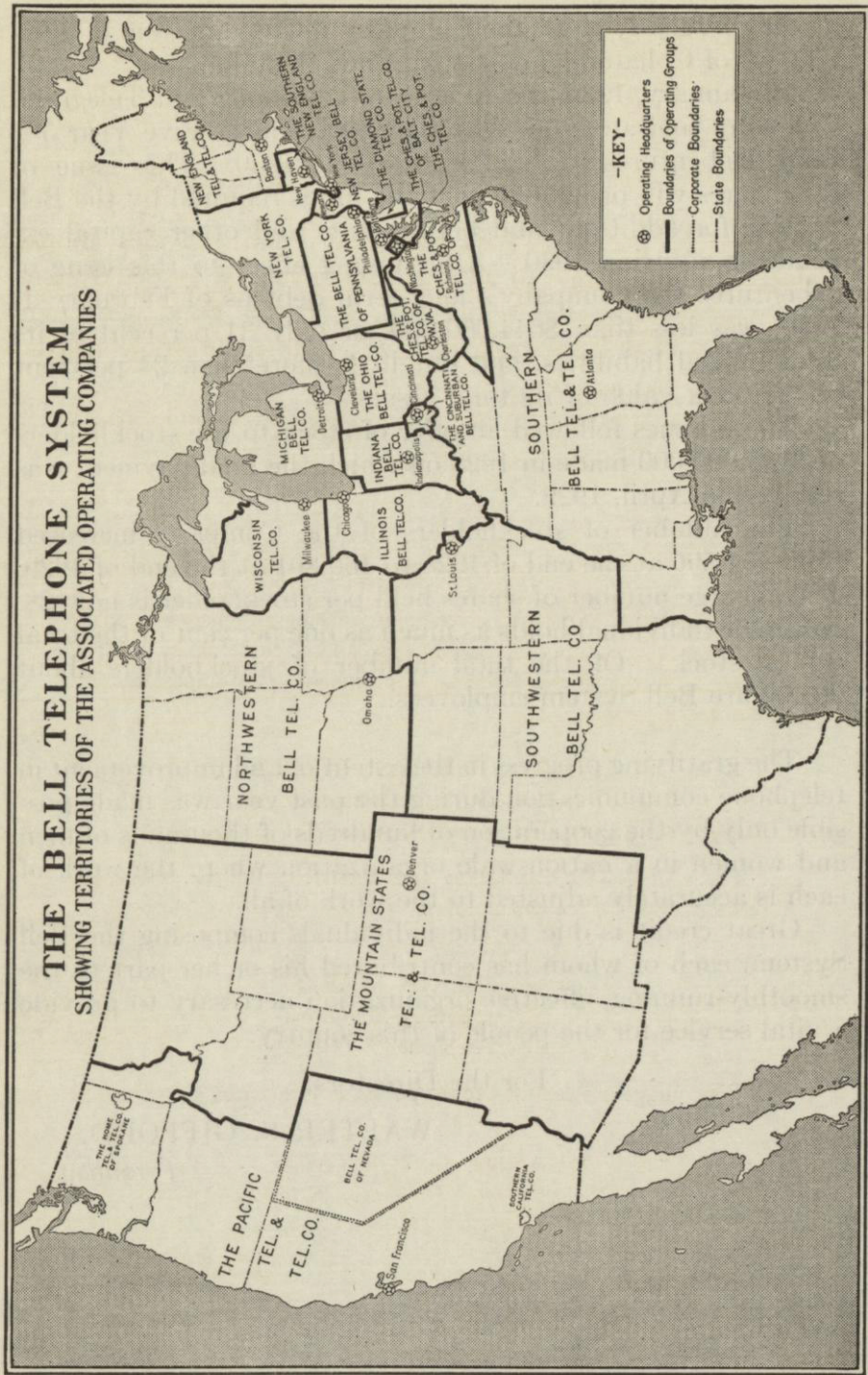
For the Directors,

WALTER S. GIFFORD,

*President.*

# THE BELL TELEPHONE SYSTEM

## SHOWING TERRITORIES OF THE ASSOCIATED OPERATING COMPANIES



## VAIL MEDAL AWARDS



The Theodore N. Vail Memorial Fund provides annual awards in recognition of unusual acts of service by Bell System employees. The awards this year from this Fund were four silver medals with \$250 cash each, and forty-eight bronze medals, citations accompanying all.

## SILVER MEDAL AWARDS

MABEL HITE

*Agent, Potter, Nebraska**Northwestern Bell Telephone Company*

For alertness and responsiveness in sensing an emergency under unusual circumstances and for initiative and resourcefulness resulting in the saving of life and the accomplishment of an important communication service.

OLIN ETHERIDGE PERDUE

*Line Measurer, Atlanta, Georgia**Long Lines Department, American Tel. & Tel. Co.*

For courage, resourcefulness and persistence in the rescue and resuscitation of a fellow employee.

ALTHEA P. MARKS

*Agent, Saticoy, California**The Pacific Telephone & Telegraph Co.*

For courage and devotion to the public service during an emergency.

ANNA C. YURECSKO

*Night Operator, Rockaway, New Jersey**New Jersey Bell Telephone Company*

For resourcefulness and intelligent action in an emergency.

# AMERICAN TELEPHONE AND TELEGRAPH COMPANY

## Balance Sheet, December 31, 1929

### ASSETS

#### INVESTMENTS:

<b>Stocks of Associated Companies</b> . . . . .	\$1,539,327,375.26
Investment, at cost, in stocks of associated telephone companies. See page 17. Increase during year \$90,431,818.	
<b>Stocks of Other Companies</b> . . . . .	138,158,952.98
Investment, at cost, in stocks of affiliated and subsidiary companies other than Associated Companies. See page 17. Increase during year \$46,495,262.	
<b>Bonds and Notes of, and Advances to, Associated Companies</b> . .	305,783,932.88
Temporary financing of Associated Companies for the extension of their telephone properties, including also \$1,388,000 investment in bonds of these companies. Increase during year \$115,573,060.	
<b>Notes of, and Advances to, Other Companies</b> . . . . .	32,499,000.00
Loans and advances to affiliated and subsidiary companies, comprising the Western Electric Co., Inc., \$16,499,000; Bell Telephone Securities Company, \$9,350,000; 205 Broadway Corporation, \$4,850,000, and Bell Telephone Laboratories, Inc., \$1,800,000. Increase during year \$23,949,000.	

#### PLANT AND EQUIPMENT:

<b>Long Lines Plant and Equipment</b> . . . . .	349,533,182.86
Cost of long-distance plant and equipment mainly for providing interconnection between and through territories of Associated Companies. Increase during year \$87,299,935.	
<b>General Equipment</b> . . . . .	1,399,036.86
Cost of office furniture and equipment other than that included in Long Lines Plant and Equipment.	

#### CURRENT ASSETS:

<b>Accounts Receivable</b> . . . . .	18,934,933.31
Current receivables, including dividends, interest, tolls and other items.	
<b>Temporary Cash Investments</b> . . . . .	20,591,188.85
Funds temporarily invested in municipal, state and United States Government short-term obligations in anticipation of financial requirements.	
<b>Cash</b> . . . . .	20,795,947.88
Cash and deposits in banks available for current requirements.	
<b>Total Assets</b> . . . . .	<u><u>\$2,477,023,550.88</u></u>

# AMERICAN TELEPHONE AND TELEGRAPH COMPANY

## Balance Sheet, December 31, 1929, Continued

<i>CAPITAL STOCK:</i>	<b>LIABILITIES</b>	
<b>Stock Issued and Outstanding</b> . . . . .		\$1,322,339,800.00
Total par value of shares outstanding. Increase during year \$32,648,400. See page 18.		
<b>Installments</b> . . . . .		72,155,611.96
Installments paid on stock subscribed for but not yet issued. See page 18.		
 <i>LONG-TERM DEBT:</i>		
<b>Bonds and Debentures</b> . . . . .		521,445,700.00
Face value of debt obligations in the form of bonds and debentures. Increase during year \$141,249,700. See page 18.		
<b>Notes</b> . . . . .		9,872,603.48
Notes sold to Trustee of Pension Fund.		
 <i>CURRENT LIABILITIES:</i>		
<b>Dividend Payable January 15, 1930</b> . . . . .		29,752,456.50
Dividend declared for last quarter of 1929.		
<b>Accounts Payable</b> . . . . .		19,048,670.68
Current accounts for supplies, services, etc.		
<b>Interest and Taxes Accrued, Not Due</b> . . . . .		17,373,768.32
Interest and taxes accrued but not due and payable until a later date.		
 <i>SURPLUS AND RESERVES:</i>		
<b>Reserves for Depreciation and Contingencies</b> . . . . .		114,652,403.79
Provision for the ultimate retirement of plant and equipment used up in furnishing telephone service, and provision for contingencies. Increase during year \$8,033,002.		
<b>Surplus (Including Capital Stock Premiums)</b> . . . . .		370,382,536.15
Accumulated surplus, including \$69,335,422 received in excess of par value for capital stock. Increase during year, \$52,977,-121, comprising:		
Net Income carried to Surplus . . . . .	\$49,810,987	
Miscellaneous Additions (net) . . . . .	3,166,134	
<b>Total Liabilities</b> . . . . .		\$2,477,023,550.88

C. A. HEISS, Comptroller.

# AMERICAN TELEPHONE AND TELEGRAPH COMPANY

## Statement of Earnings and Expenses for the Year Ending December 31, 1929

### EARNINGS

Dividends . . . . .	\$140,911,590.50
Dividends on stocks owned.	
Interest . . . . .	21,563,034.70
Interest on notes and advances, on bonds owned, and on temporary cash investments and bank deposits.	
Telephone Operating Revenues . . . . .	111,890,241.42
Revenues from operation of the long-distance lines and revenues from services furnished under contracts with the Associated Companies.	
Miscellaneous Revenues . . . . .	1,331,040.59
<b>Total</b> . . . . .	<b>\$275,695,907.21</b>
<b>EXPENSES</b> . . . . .	81,873,035.18
Expenses incurred in conducting the business, including depreciation and taxes.	
<b>NET EARNINGS</b> . . . . .	<b>\$193,822,872.03</b>
<b>Deduct Interest</b> . . . . .	27,633,114.31
Interest on bonds, debentures and other indebtedness.	
<b>NET INCOME</b> . . . . .	<b>\$166,189,757.72</b>
<b>Deduct Dividends</b> . . . . .	116,378,771.00
Dividends at the rate of \$9.00 per share per annum on capital stock.	
<b>Balance Net Income carried to Surplus</b> . . . . .	<b>\$49,810,986.72</b>
Average number of shares of capital stock outstanding during year	
Net earnings per share available for dividends (after interest charges) . . . . .	13,113,746 \$12.67

C. A. HEISS, Comptroller.

LYBRAND, ROSS BROS. & MONTGOMERY  
ACCOUNTANTS AND AUDITORS  
110 WILLIAM STREET  
NEW YORK

February 5, 1930.

We have audited the accounts of the

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

for the year ended December 31, 1929, and have reviewed reports for that year rendered to the company by the associated and directly controlled companies.

We certify that the balance sheet and income statement as published herewith are in accordance with the books, and, in our opinion, set forth correctly the financial position of the American Telephone and Telegraph Company as at December 31, 1929 and the results of its operations for the year 1929.

LYBRAND, ROSS BROS. & MONTGOMERY.

# AMERICAN TELEPHONE AND TELEGRAPH COMPANY

## Holdings of Stocks of Associated and Other Companies

December 31, 1929 (a)

Stocks of Associated Companies—Common:	Par Value of Holdings	Per Cent of Total Outstanding
New England Telephone and Telegraph Company . . . . .	\$ 68,589,300	61.94
Southern New England Telephone Company . . . . .	11,670,200	33.34
New York Telephone Company . . . . .	280,600,000	100.00
New Jersey Bell Telephone Company . . . . .	100,395,200	100.00
Bell Telephone Company of Pennsylvania . . . . .	90,000,000	100.00
Diamond State Telephone Company . . . . .	2,500,000	100.00
Chesapeake and Potomac Telephone Company . . . . .	13,000,000	100.00
Chesapeake and Potomac Telephone Co. of Balt. City . . . . .	26,824,300	100.00
Chesapeake and Potomac Telephone Co. of Virginia . . . . .	13,200,000	100.00
Chesapeake and Potomac Telephone Co. of West Virginia . . . . .	16,200,000	100.00
Southern Bell Telephone and Telegraph Company . . . . .	124,997,600	99.99
Ohio Bell Telephone Company . . . . .	99,998,900	99.99
Cincinnati and Suburban Bell Telephone Company . . . . .	6,535,300	29.71
Michigan Bell Telephone Company . . . . .	84,987,607	99.99
Indiana Bell Telephone Company . . . . .	29,999,100	99.99
Wisconsin Telephone Company . . . . .	28,000,000	100.00
Illinois Bell Telephone Company . . . . .	(b)109,018,000	99.11
Northwestern Bell Telephone Company . . . . .	65,000,000	100.00
Southwestern Bell Telephone Company . . . . .	154,998,900	99.99
Mountain States Telephone and Telegraph Company . . . . .	27,990,000	72.82
Pacific Telephone and Telegraph Company . . . . .	79,045,700	85.00
<b>Stocks of Associated Companies—Preferred:</b>		
Ohio Bell Telephone Company . . . . .	(c)15,389,000	54.52
Pacific Telephone and Telegraph Company . . . . .	64,042,700	78.10
<b>Stocks of Other Companies—Common:</b>		
Bell Telephone Laboratories, Inc. . . . .	50,000	(d)50.00
Bell Telephone Securities Company . . . . .	1,000,000	100.00
Bell Telephone Company of Canada . . . . .	18,749,800	30.56
Cuban American Telephone and Telegraph Company . . . . .	270,000	50.00
Western Electric Company, Inc. (no par value) . . . . .	(e)5,162,664	98.34
195 Broadway Corporation . . . . .	2,100,000	70.00
205 Broadway Corporation . . . . .	2,500,000	100.00
<b>Stocks of Other Companies—Preferred:</b>		
Cuban American Telephone and Telegraph Company . . . . .	371,000	50.00

(a) All stocks have voting rights unless otherwise indicated.

(b) Does not include installment payment amounting to \$19,851,650.

(c) Has no voting rights except in certain contingencies.

(d) Remaining 50% owned by Western Electric Company, Inc.

(e) Number of shares.

In addition to the above-mentioned Associated Companies there are three such companies all of whose stock is owned by The Pacific Telephone and Telegraph Company: the Bell Telephone Company of Nevada, the Home Telephone and Telegraph Company of Spokane and the Southern California Telephone Company.

# AMERICAN TELEPHONE AND TELEGRAPH COMPANY

## Changes in Capital Stock Outstanding During 1929

	Par Value
<b>Capital Stock outstanding December 31, 1928</b> . . . . .	\$1,289,691,400.00
Issued for cash in accordance with the terms of the offer of May 16, 1928, to stockholders of record June 1, 1928 . . . . .	20,709,200.00
Issued to employees of the Bell System upon completion of installment payments under Employees' Stock Plan . . . . .	11,939,200.00
<b>Capital Stock outstanding December 31, 1929</b> . . . . .	<u>\$1,322,339,800.00</u>
<b>Increase during year</b> . . . . .	<u>\$ 32,648,400.00</u>

## Changes in Capital Stock Installments During 1929

<b>Capital Stock Installments December 31, 1928:</b>	
From employees under Employees' Stock Plan . . . . .	\$ 45,493,808.75
From stockholders under terms of offer of May 16, 1928 . . . . .	12,376,254.24
<b>Total</b> . . . . .	<u>\$ 57,870,062.99</u>
<b>Capital Stock Installments December 31, 1929:</b>	
From employees under Employees' Stock Plan . . . . .	\$ 72,155,611.96
<b>Increase during year</b> . . . . .	<u>\$ 14,285,548.97</u>

## Changes in Bonds and Debentures Outstanding During 1929

	Face Value Dec. 31, 1929	Increases*
4% Collateral Trust Bonds, 1929 . . . . .	\$ . . . . .	(a) <i>\$74,850,000.00</i>
5% Collateral Trust Bonds, 1946 . . . . .	69,402,000.00	(b) <i>760,500.00</i>
5% Collateral Trust Bonds, 1932 (Western T. & T. Co.) . . . . .	9,969,000.00	. . . . .
5½% Debenture Bonds, 1943 . . . . .	97,055,700.00	(b) <i>884,000.00</i>
5% Debentures, 1960 . . . . .	121,578,400.00	(b) <i>1,208,000.00</i>
4% Convertible Bonds, 1936 (c) . . . . .	2,589,000.00	. . . . .
4½% Convertible Bonds, 1933 (c) . . . . .	1,899,400.00	. . . . .
4½% Convertible Bonds, 1939 . . . . .	218,952,200.00	218,952,200.00
<b>Total</b> . . . . .	<u>\$521,445,700.00</u>	<u>\$141,249,700.00</u>

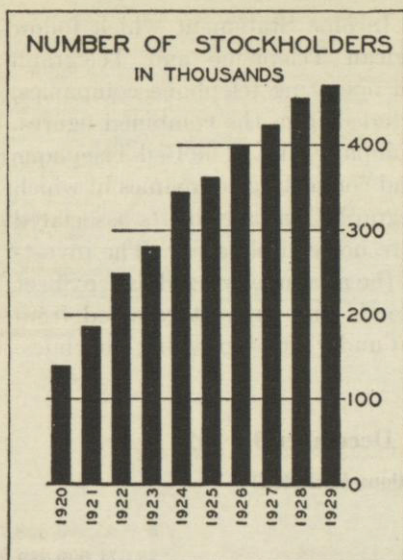
(a) Matured and retired.

(b) Retired through the operation of the sinking fund.

(c) Conversion privilege expired.

\* Decreases in italics.

## AMERICAN TELEPHONE AND TELEGRAPH COMPANY



The number of stockholders of record on December 31, 1929, was 469,801, an increase of 15,205 during the year.

The average holding per stockholder is 28 shares.

No single stockholder owns as much as 1% of the total shares outstanding. 176,925 stockholders hold five shares or less each; 268,512 hold ten shares or less each; and 446,049 hold less than 100 shares each.

Women stockholders outnumber men by approximately 84,000.

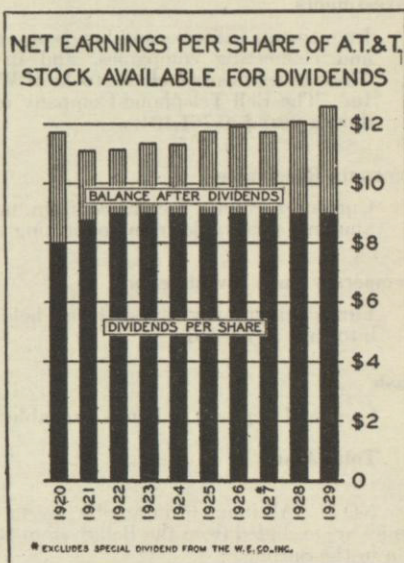
Stockholders are located in every state in the United States and in addition there are over 5,000 in Canada, the British Isles, France, Holland and other foreign countries.

Nearly 20% of the stockholders are employees of the Bell System, most of whom have acquired their holdings through small monthly payments under the Employees' Stock Plan. The average holding per employee stockholder is 9 shares.

On December 31, 1929, there were approximately 27,000 holders of common stock and 133,000 holders of preferred stock of the Associated Companies. Making allowance for duplication in these totals, it is estimated that there are more than 560,000 owners of stock of Bell System companies.

The accompanying chart shows net earnings per share available for dividends for each of the past ten years and dividends paid.

The Company and its predecessor have paid regular quarterly dividends to shareholders at the rate of at least \$7.50 per share per year during each of the past 48 years. For approximately 15 years ending with 1921, the rate was uniformly \$8 per share, and since then it has been \$9 per share.



## BELL SYSTEM FINANCIAL STATEMENTS

The Bell System Balance Sheet and Income Statement which follow consolidate the accounts of the American Telephone and Telegraph Company and its twenty-four associated operating telephone companies, all inter-company duplications being excluded from the combined figures. The accounts of the Western Electric Company, Inc., The Bell Telephone Company of Canada and of subsidiary and connecting companies in which either the American Telephone and Telegraph Company or its associated telephone companies have investments are not consolidated. The investments in these companies are included in the accompanying Balance Sheet under the item Investments, and dividends and interest received from them are included in the Income Statement under Non-Operating Revenues.

### Bell System Balance Sheet, December 31, 1929

(Inter-Company Duplications Excluded)

ASSETS		
<b>Telephone Plant</b>		\$3,671,099,689
	Plant and equipment used in furnishing telephone service; comprised of land and buildings, rights of way, poles, wire, cable, underground conduit, switchboards, telephones, etc. Increase during year \$395,412,841.	
<b>General Equipment, Tools and Supplies</b>		110,874,388
	Materials and supplies, office furniture and fixtures, automobiles, tools, etc. Increase during year \$22,999,765.	
<b>Investments</b>		232,928,595
	Investments in stocks and bonds of, and advances to, subsidiary and connecting companies, and in miscellaneous property. These investments include stocks of Western Electric Company, Inc., The Bell Telephone Company of Canada, etc. Increase during year \$50,761,104.	
<b>Accounts Receivable</b>		142,665,648
	Current accounts receivable from telephone subscribers, and amounts receivable from connecting companies and others.	
<b>Temporary Cash Investments</b>		22,086,502
	Funds temporarily invested and held available for conversion into cash as needed.	
<b>Cash</b>		48,775,266
	Cash and deposits in banks available for current requirements.	
<b>Total Assets</b>		\$4,228,430,088

NOTE: All items of intangible assets carried in the accounts of Bell System companies are excluded from the Bell System Balance Sheet through a corresponding reduction in the Surplus.

**BELL SYSTEM FINANCIAL STATEMENTS**  
**Bell System Balance Sheet, December 31, 1929, Continued**  
 (Inter-Company Duplications Excluded)

**LIABILITIES**

<b>Capital Stock (Including Installments)</b> . . . . .		\$1,611,862,252
Par value of capital stock outstanding in hands of public, including also installment payments on stock not yet issued. Increase during year \$47,218,134.		
Common Stock		
American Telephone and Telegraph Co.	\$1,322,339,800	
Associated Companies . . . . .	106,339,943	
Common Stock Installments		
American Telephone and Telegraph Co.	72,155,612	
Associated Companies . . . . .	202,450	
Preferred Stock		
Associated Companies . . . . .	110,824,447	
<b>Long-Term Debt</b> . . . . .		1,148,539,684
Face value of funded obligations outstanding in hands of public. Increase during year \$183,755,984.		
Mortgage Bonds		
Associated Companies . . . . .	\$559,445,579	
Collateral Trust Bonds		
American Telephone and Telegraph Co.	79,371,000	
Associated Companies . . . . .	414,330	
Debenture Bonds		
American Telephone and Telegraph Co.	222,711,500	
Convertible Bonds		
American Telephone and Telegraph Co.	218,952,200	
Notes		
American Telephone and Telegraph Co.	9,872,603	
Associated Companies . . . . .	57,772,472	
<b>Bills Payable</b> . . . . .		553,200
Short-term obligations payable within one year.		
<b>Accounts Payable</b> . . . . .		93,352,580
Current bills for supplies, services, etc.		
<b>Accrued Liabilities Not Due</b> . . . . .		117,594,722
Interest, taxes, rents, etc., accrued but not due and payable until a later date.		
<b>Reserves for Depreciation of Plant and Equipment</b> . . . . .		699,034,674
Provision for the ultimate retirement of plant and equipment used up in furnishing telephone service. Increase during year \$48,413,338.		
<b>Reserves for Contingencies</b> . . . . .		81,628,149
Provision for contingencies. Decrease during year \$11,687,860.		
<b>Surplus (Including Capital Stock Premiums)</b> . . . . .		475,864,827
Accumulated surplus, including amounts received in excess of par value for capital stock. Increase during year \$102,066,980.		
<b>Total Liabilities</b> . . . . .		\$4,228,430,088

## BELL SYSTEM FINANCIAL STATEMENTS

### Bell System Income Statement For Year Ending December 31, 1929

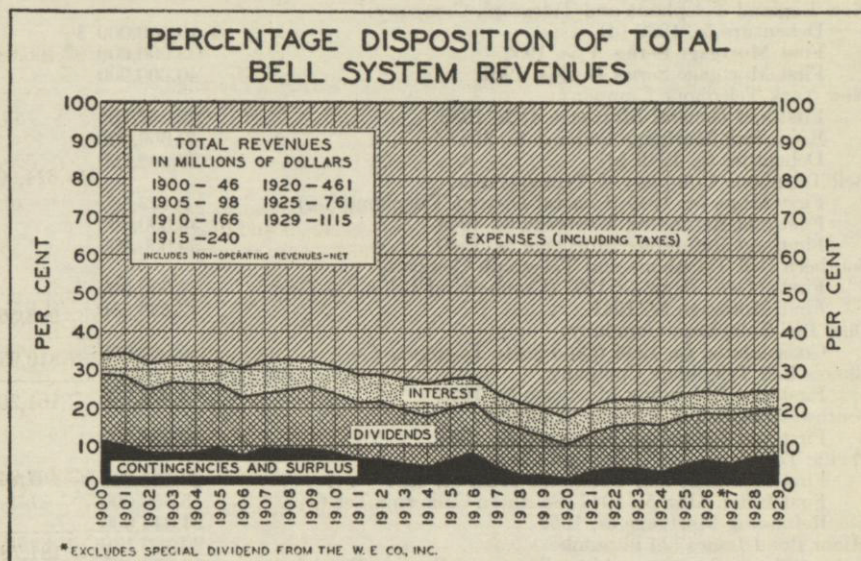
(Inter-Company Duplications Excluded)

<b>Exchange Revenues</b> . . . . .	\$691,358,926
Revenues from local exchange service.	
<b>Toll Revenues</b> . . . . .	354,285,899
Revenues from long-distance and local toll service.	
<b>Miscellaneous Revenues</b> . . . . .	25,149,674
Revenues derived from directory advertising and miscellaneous sources.	
<b>Total Operating Revenues</b> . . . . .	\$1,070,794,499
<b>Current Maintenance</b> . . . . .	\$179,698,948
Cost of inspection, repairs and rearrangements required to keep the telephone plant and equipment in good operating condition, representing 5.3 per cent of the cost of the average plant in service during the year.	
<b>Depreciation Expense</b> . . . . .	164,376,990
Provision to meet loss of investment when telephone property is retired from service, based on rates of depreciation for the different classes of property which spread this loss of investment uniformly over its service life. Depreciation expense during 1929 represented 5 per cent of the cost of the average depreciable plant in service.	
<b>Traffic Expenses</b> . . . . .	228,066,039
Expenses incurred in the handling of telephone calls; principally operators' wages.	
<b>Commercial Expenses</b> . . . . .	102,166,689
Expenses incurred in business relations with subscribers, keeping subscribers' accounts, rendering bills for service, making collections, directories, advertising, pay station commissions, etc.	
<b>General and Miscellaneous Expenses</b> . . . . .	58,674,901
Expenses of the Executive, Accounting, Financial and Legal Departments, insurance premiums, sickness, accident and death benefits, pensions and other items of general expense incurred in operating the properties.	
<b>Total Operating Expenses</b> . . . . .	\$732,983,567
<b>Net Operating Revenues</b> . . . . .	\$337,810,932
<b>Uncollectible Revenues</b> . . . . .	\$ 7,161,202
Revenues earned which, based on experience, cannot be collected.	
<b>Taxes</b> . . . . .	83,467,947
Federal, state and local taxes applicable to the year's operations.	
<b>Operating Income</b> (Carried forward) . . . . .	\$247,181,783

## BELL SYSTEM FINANCIAL STATEMENTS

### Bell System Income Statement, Continued

Operating Income (Brought forward) . . . . .	\$247,181,783
Non-Operating Revenues—Net . . . . .	43,965,939
<p>Dividends and interest received from investments in the Western Electric Company, Inc., The Bell Telephone Company of Canada, and in subsidiary and connecting companies; interest on bank balances and temporary cash investments, minor rent revenues and other miscellaneous non-operating income.</p>	
Total Gross Income . . . . .	\$291,147,722
Rents and Miscellaneous Deductions . . . . .	\$ 14,461,058
<p>Mainly rentals paid for the use of buildings, poles, conduits and other facilities.</p>	
Net Earnings . . . . .	\$276,686,664
Interest Deductions . . . . .	\$ 59,581,792
<p>Interest charges on funded and other debt obligations, including amortization of debt discount.</p>	
Net Income . . . . .	\$217,104,872
Dividends . . . . .	\$132,223,835
<p>To holders of preferred stock of Associated Companies . . . . . \$ 7,326,523</p>	
<p>To holders of common stock of Associated Companies . . . . . 8,518,541 American Telephone and Telegraph Co. . . . . 116,378,771</p>	
Balance . . . . .	\$ 84,881,037



## BELL SYSTEM STATISTICS

## Security Issues Outstanding December 31, 1929

(Inter-Company Holdings Excluded)

	Par Value	Increase* During Year
<b>Common Stock (American Telephone and Telegraph Company) (a)</b>	<b>\$1,394,495,412</b>	<b>\$46,933,949</b>
<b>Common Stock (Associated Companies) (a):</b>		
New England Telephone and Telegraph Company	\$ 42,149,100	\$ 77,400
Southern New England Telephone Company	23,329,800	.....
Cincinnati and Suburban Bell Telephone Company	15,458,150	250
Mountain States Telephone and Telegraph Company	10,470,300	20,600
Pacific Telephone and Telegraph Company	13,954,300	.....
Illinois Bell Telephone Company	1,163,850	180,750
Other Associated Companies	16,893	3,100
<b>Total Common Stock, Associated Companies</b>	<b>\$106,542,393</b>	<b>\$ 281,600</b>
<b>Preferred Stock (Associated Companies):</b>		
New York Telephone Company 6½%	\$ 25,000,000	.....
Bell Telephone Company of Pennsylvania 6½%	20,000,000	.....
Diamond State Telephone Company 6½%	500,000	.....
Chesapeake and Potomac Tel. Co. of Baltimore City 7%	3,000,000	.....
Ohio Bell Telephone Company 7%	12,836,647	.....
Wisconsin Telephone Company 7%	4,947,000	.....
Northwestern Bell Telephone Company 6½%	4,798,000	\$ 2,585
Southwestern Bell Telephone Company 7%	21,755,500	.....
Pacific Telephone and Telegraph Company 6%	17,957,300	.....
<b>Total Preferred Stock, Associated Companies</b>	<b>\$110,824,447</b>	<b>\$ 2,585</b>
<b>Bonds and Notes (American Telephone and Telegraph Company) (b):</b>	Face Value	
Collateral Trust 4s, 1929	\$	\$ 74,675,000
Collateral Trust 5s, 1932 (Western Tel. & Tel. Co.)	9,969,000	.....
Collateral Trust 5s, 1946	69,402,000	760,500
Debenture 5s, 1960	121,548,400	1,196,000
Debenture 5½s, 1943	96,674,700	961,000
Convertible 4s, 1936 (c)	2,589,000	.....
Convertible 4½s, 1933 (c)	1,899,400	.....
Convertible 4½s, 1939	218,952,200	218,952,200
Notes (sold to Trustee of Pension Fund)	9,872,603	1,462,691
<b>Total Bonds and Notes, American Tel. and Tel. Co.</b>	<b>\$530,907,303</b>	<b>\$142,822,391</b>
<b>Bonds and Notes (Associated Companies) (b):</b>		
<b>New England Telephone and Telegraph Company:</b>		
Debenture 5s, 1932 (d)	\$ 10,000,000	\$ 9,000
First Mortgage Series A 5s, 1952	35,000,000	.....
First Mortgage Series B 4½s, 1961	40,000,000	.....
<b>New York Telephone Company:</b>		
First and General Mortgage 4½s, 1939	61,067,765	753,575
Refunding Mortgage Series A 6s, 1941	49,659,000	.....
Debenture 6s, 1949 (d)	20,296,700	559,300
<b>Bell Telephone Company of Pennsylvania:</b>		
First Mtge. 5s, 1943 (Central District Telephone Co.)	9,122,500	46,000
First and Refunding Mortgage 5s, 1948	35,000,000	.....
First and Refunding Mortgage 5s, 1960	50,000,000	.....
<b>Southern Bell Telephone and Telegraph Company:</b>		
First & Gen. Mtge. 5s, 1937 (Cumberland Tel. & Tel. Co.)	14,969,000	.....
First Mortgage 5s, 1941	47,536,500	31,975,000
<b>Ohio Bell Telephone Company:</b>		
Consolidated 5s, 1944 (Ohio State Telephone Co.)	5,062,000	66,000
<b>Illinois Bell Telephone Company:</b>		
First and Refunding Mortgage 5s, 1956	48,976,200	.....
<b>Southwestern Bell Telephone Company:</b>		
First and Refunding Mortgage 5s, 1954	49,238,600	.....
<b>Pacific Telephone and Telegraph Company:</b>		
First Mortgage and Collateral Trust 5s, 1937	28,503,000	510,000
First & Ref. Mtg. 5s, 1947 (Southern California Tel. Co.)	5,866,000	159,000
Refunding Mortgage 5s, 1952	24,044,000	.....
<b>Minor Bond Issues (24 in number)</b>	<b>20,369,130</b>	<b>4,658,700</b>
Notes (principally notes sold to Trustee of Pension Funds)	57,772,472	12,778,154
Real Estate Mortgages	5,149,514	2,924,014
<b>Total Bonds and Notes, Associated Companies</b>	<b>\$617,632,381</b>	<b>\$ 40,933,593</b>

(a) Includes installments.

(c) Conversion privilege expired.

(b) Includes issues assumed or guaranteed.

(d) Now secured by mortgage.

\* Decreases in italics.

## BELL SYSTEM STATISTICS

### Employees' Benefit Plan

The Plan for Employees' Pensions, Disability Benefits and Death Benefits has been maintained by all Bell System companies since 1912. Payments thereunder during 1929 for Bell System telephone companies were as follows:

Pensions . . . . .	\$1,011,233
Sickness disability benefits . . . . .	4,771,028
Accident disability benefits . . . . .	984,774
Death benefits . . . . .	786,381

Total Payments under Plan . . . . . \$7,553,416

On December 31, 1929, there were 1,664 employees on the pension rolls, receiving service or disability pensions. The average pension paid was \$54 per month.

### Thrift Plans Available to Bell System Employees

#### Employees' Stock Plan

Under this Plan, effective since May 1, 1921, employees who have been in service for six months, may subscribe for stock of the American Telephone and Telegraph Company and pay therefor by monthly deductions from salary. The number of shares for which an employee may be subscribing is determined by the amount of salary received, the maximum subscription being limited to 50 shares per year. The minimum period within which an employee may complete his payments and acquire his stock is 35 months. The Plan is in effect in all Bell System companies and their subsidiaries, including the Western Electric Company, Inc., and the Bell Telephone Laboratories, Inc. Participation in the Plan at the end of 1929 by employees of these companies was as follows:

Number of employees subscribing for stock under Plan . . . . .	317,180
Per cent of subscribers to total number eligible under Plan . . . . .	85
Number of shares on which payments are being made . . . . .	1,624,000
Subscription price per share since August 31, 1929 . . . . .	\$150

#### Employees' Savings Plan

Under this Plan employees may arrange for regular deductions from salary in specified amounts, which are deposited for them in savings banks in personal accounts subject to their control. Since January, 1921, when the Plan was inaugurated, fourteen companies including the Western Electric Company, Inc., and the Bell Telephone Laboratories, Inc., have provided such facilities for their employees. Participation in the Plan at the end of 1929 by employees of these companies was as follows:

Number of employees for whom deposits were being made . . . . .	71,664
Amount of monthly deposits . . . . .	\$915,418

#### Payroll Deduction Plan for Life Insurance

Under this Plan employees may obtain from certain life insurance companies standard forms of life insurance policies and make monthly premium payments through deductions from salary which are forwarded to the insurance company. Since December, 1926, all Bell System companies, including the Western Electric Company, Inc., and the Bell Telephone Laboratories, Inc., have provided this Plan for their employees. Participation in the Plan at the end of 1929 by employees of these companies was as follows:

Number of employees purchasing insurance . . . . .	46,052
Amount of monthly premium deductions . . . . .	\$236,793
Amount of insurance in effect . . . . .	\$93,000,000

In addition eighteen Bell System telephone companies make monthly deductions from payroll aggregating \$11,762 for 1,710 employees, veterans of the World War, who are paying for approximately \$6,000,000 of United States Government insurance.

## BELL SYSTEM STATISTICS

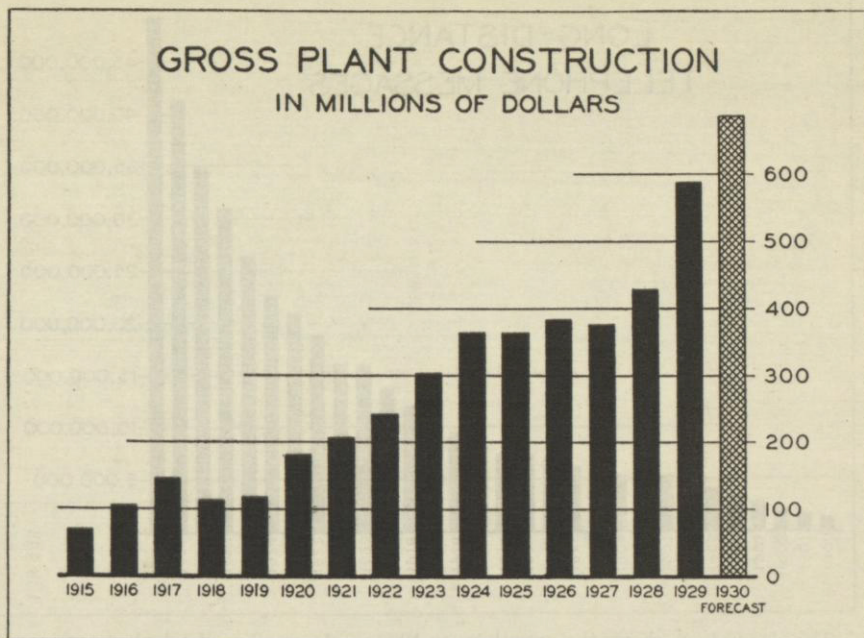
	Dec. 31, 1910	Dec. 31, 1915	Dec. 31, 1920	Dec. 31, 1925	Dec. 31, 1929	Increase* during 1929
<b>Number of Telephones:</b>						
Bell Companies:						
Telephones (Manual Service).....	3,933,056	5,968,110	8,176,884	10,538,935	11,399,852	22,220
Telephones (Dial Service).....	0	0	157,095	1,496,289	4,014,153	867,137
Total Bell Companies.....	3,933,056	5,968,110	8,333,979	12,035,224	15,414,005	889,357
Bell Connecting Companies and Lines.....	1,949,663	3,204,385	4,267,956	4,685,000	4,682,849	10,462
Total.....	5,882,719	9,172,495	12,601,935	16,720,224	20,096,854	899,819
<b>Number of Connecting Companies.....</b>	7,396	8,735	9,231	9,227	7,785	596
<b>Number of Connecting Rural Lines.....</b>	10,449	19,579	26,032	28,861	30,096	319
<b>Number of Central Offices.....</b>	4,933	5,300	5,702	6,017	6,396	172
<b>Miles of Pole Lines.....</b>	282,877	330,602	358,091	386,064	415,427	17,401
<b>Miles of Exchange Wire:</b>						
Wire in Underground Cable.....	5,630,851	9,947,359	14,384,135	28,425,392	41,335,201	3,492,047
Wire in Aerial Cable.....	2,800,000	4,593,124	5,586,531	9,462,213	15,007,975	1,504,818
Open Wire.....	1,247,367	1,601,579	1,633,802	1,953,235	2,167,935	98,554
Total Exchange Wire.....	9,678,218	16,052,062	21,604,468	39,840,840	58,511,111	5,095,419
<b>Miles of Toll Wire:</b>						
Wire in Underground Cable.....	386,088	625,792	1,363,398	2,057,196	4,231,108	993,558
Wire in Aerial Cable.....	70,000	98,804	299,385	1,209,332	3,905,118	957,885
Open Wire.....	1,507,906	1,728,887	2,110,153	2,366,172	2,872,088	279,819
Total Toll Wire.....	1,963,994	2,453,483	3,772,936	5,632,700	11,008,314	2,231,262
<b>Total Miles of Wire.....</b>	11,642,212	18,505,545	25,377,404	45,473,540	69,519,425	7,326,681
<b>Average Daily Telephone Conversations: †</b>						
Exchange Conversations.....	21,681,471	25,183,799	31,835,353	46,702,307	61,033,781	4,837,845
Toll Conversations.....	602,539	819,030	1,327,247	2,098,163	3,139,363	300,291
Total Conversations.....	22,284,010	26,002,829	33,162,600	48,800,470	64,173,144	5,138,136
<b>Number of Employees‡.....</b>	120,311	156,294	231,316	293,095	364,045 †	29,710
<b>Number of A. T. &amp; T. Co. Stockholders.....</b>	40,381	65,512	139,448	362,179	469,801	15,205

\* Decreases shown in italics.

† For year ending December 31.

‡ The employees of the Western Electric Company, Inc., and the Bell Telephone Laboratories, Inc., numbering approximately 90,500 on December 31, 1929, are not included.

## BELL SYSTEM STATISTICS



During 1929 plant construction, i.e., expenditures for additions, betterments, and replacements to the Bell System telephone plant, amounted to \$588,000,000, an increase of \$159,300,000 over the year 1928.

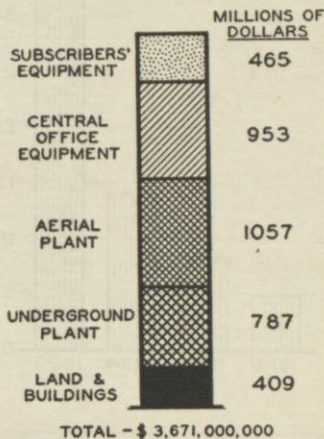
As indicated in the chart above, the forecast for the year 1930 is approximately \$700,000,000, an average expenditure of nearly \$2,000,000 a day.

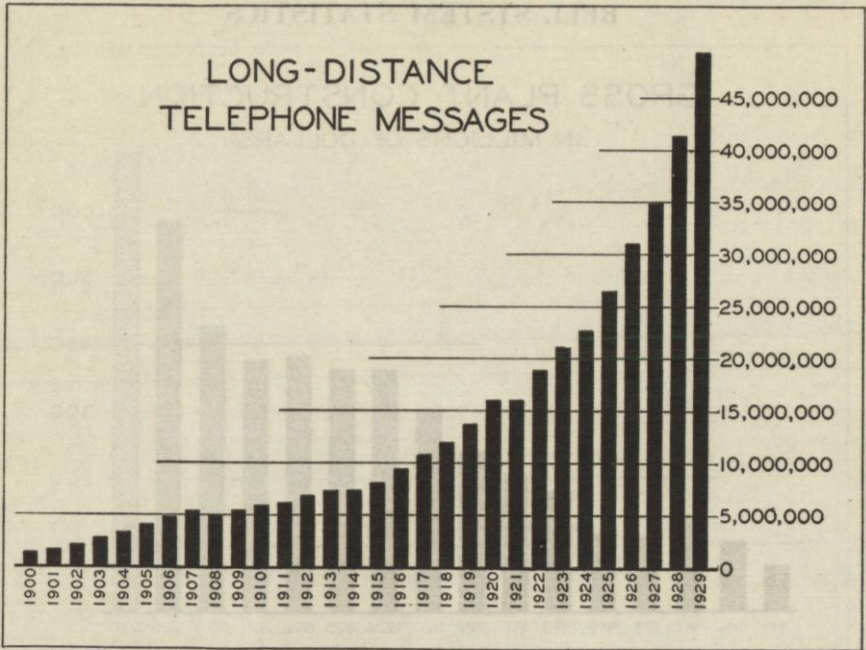
The table below shows investment in Bell System telephone plant and the investment per telephone for each year since 1915. The chart shows the investment at the end of 1929 in the principal classes of plant comprising the telephone properties of the Bell System.

PLANT INVESTMENT AT END OF YEAR		
YEAR	TOTAL	PER TELEPHONE
1915	\$ 880,068,520	148.67
1916	946,293,248	145.70
1917	1,064,892,710	152.60
1918	1,142,498,152	159.82
1919	1,215,944,184	158.18
1920	1,363,826,327	164.76
1921	1,543,865,545	174.32
1922	1,729,219,520	182.77
1923	1,978,947,543	191.16
1924	2,266,923,466	202.68
1925	2,524,905,590	210.86
1926	2,783,023,059	218.27
1927	3,013,985,120	220.82
1928	3,275,686,848	226.85
1929	3,671,099,689	239.69

COMPOSITION OF INVESTMENT  
IN TELEPHONE PLANT

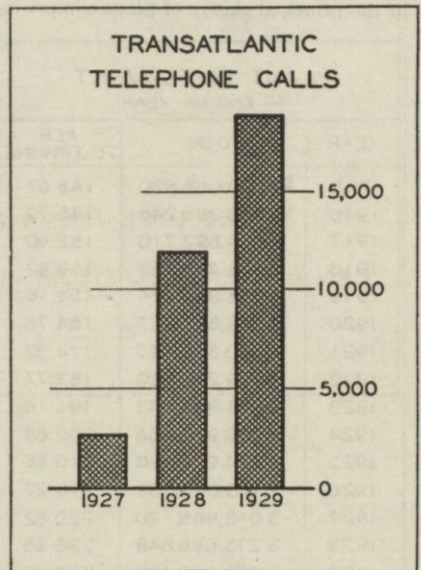
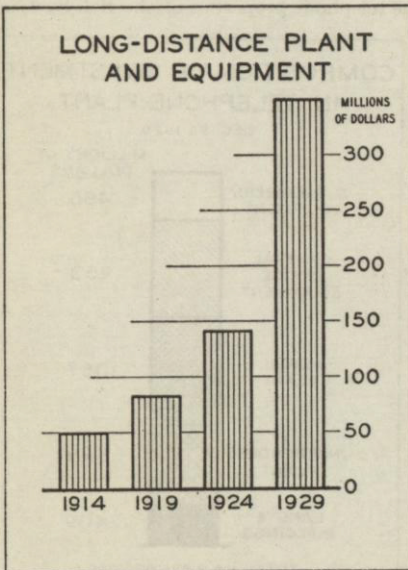
DEC. 31, 1929





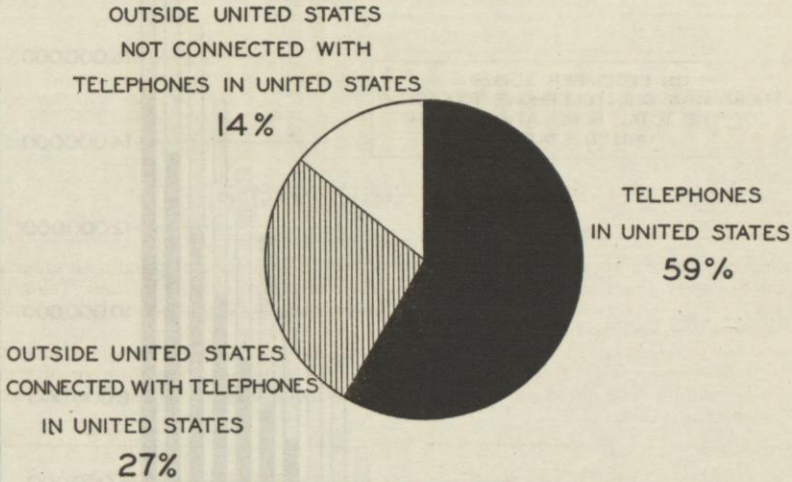
The chart above shows the growth since 1900 in the number of telephone messages transmitted over the long-distance lines of the American Telephone and Telegraph Company, i.e., the lines which interconnect the territories of the associated operating companies of the Bell System.

The total investment in long-distance plant and equipment at five-year intervals beginning December 31, 1914, is shown below. The growth in the number of transatlantic telephone calls since the first service to Europe was inaugurated in January, 1927, is also indicated.



## THE WORLD'S TELEPHONES

34,500,000 ON DECEMBER 31, 1929



86% OF THE WORLD'S TELEPHONES  
CAN BE REACHED FROM ANY BELL SYSTEM TELEPHONE

## NUMBER OF TELEPHONES IN THE BELL SYSTEM

ON DECEMBER 31, 1929  
THERE WAS ONE TELEPHONE TO EACH 6  
OF THE TOTAL POPULATION OF THE  
UNITED STATES

