

American Telephone & Telegraph Co.

REPORT OF THE BOARD OF DIRECTORS

TO THE STOCKHOLDERS

FOR THE YEAR

1930



New York
195 BROADWAY
1931

American
Telephone & Telegraph Co.

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

1910



New York
108 BROADWAY

1910

American Telephone and Telegraph Company

January 1, 1931



OFFICERS

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WALTER S. GIFFORD

Vice Presidents

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E. F. CARTER

E. S. WILSON

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A. W. PAGE

ROBERT W. CURRAN

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A. A. MARSTERS

Treasurer

H. BLAIR-SMITH

Comptroller

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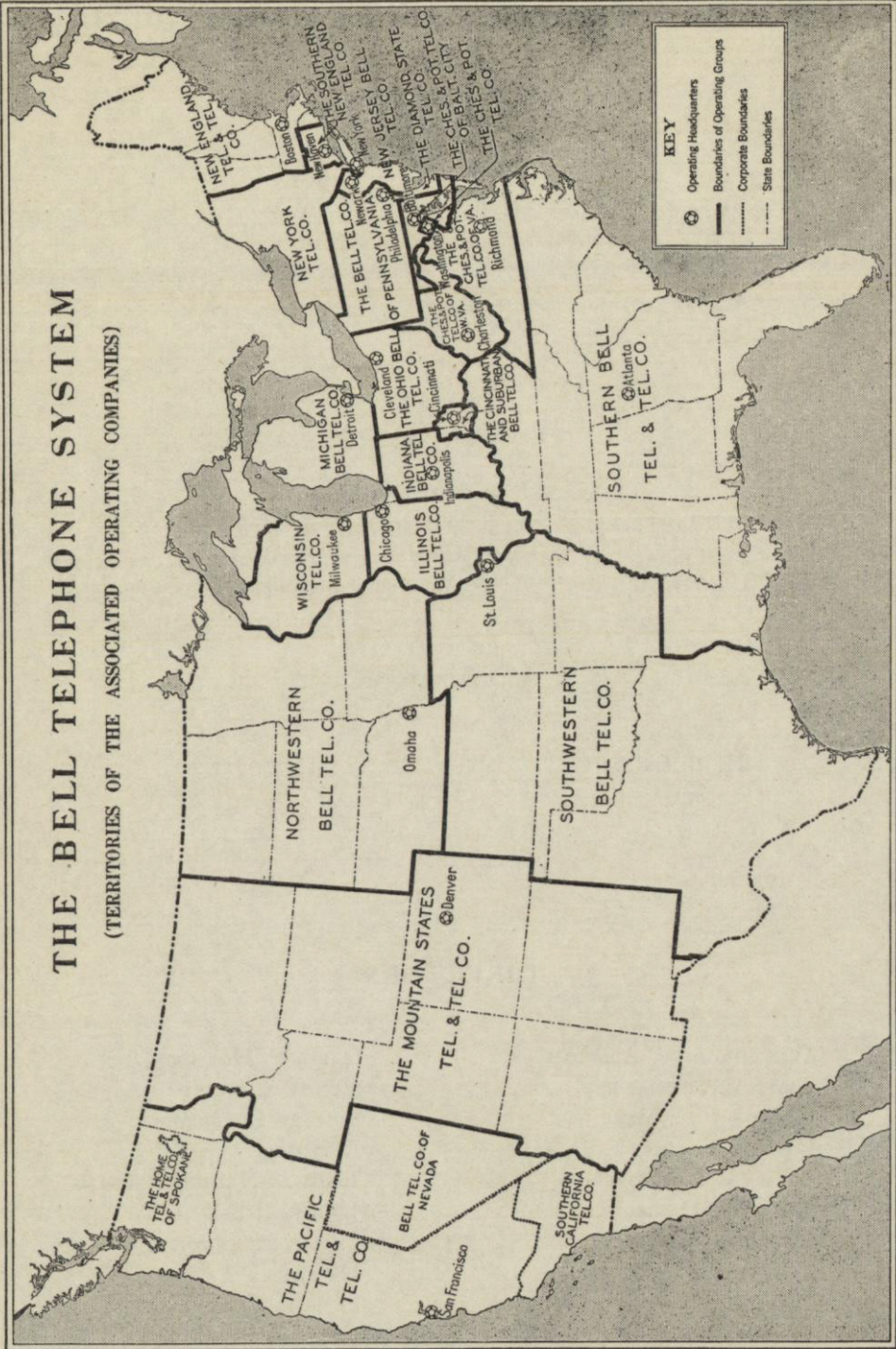
MYRON C. TAYLOR

EUGENE V. R. THAYER

DANIEL WILLARD

THE BELL TELEPHONE SYSTEM

(TERRITORIES OF THE ASSOCIATED OPERATING COMPANIES)



Report of the Directors
of
American Telephone and Telegraph Company

New York, March 5, 1931.

TO THE STOCKHOLDERS:

The depression which affected business in general during 1930 inevitably affected the telephone business, but not in a way or to an extent to disturb the fundamental objectives of the Bell System. It has been able to continue to improve and extend telephone service.

There was a net gain in the number of telephones installed of 122,500 which compares with 821,400 in 1929. The total number of local telephone conversations was two per cent and the total number of toll and long-distance conversations was one per cent above 1929.

Average investment in plant and other assets of the System increased 14.5 per cent. Total assets at the end of the year amounted to \$5,000,195,000.

Total operating revenues of the System exceeded those of 1929 by \$33,000,000 or three per cent. The property has been fully maintained and full depreciation charged. Current maintenance and depreciation charges were \$29,000,000 more than in 1929. Total operating expenses, including these charges and taxes, increased \$43,000,000. The net earnings were \$267,874,000, which is \$8,800,000 less than in 1929 and at the rate of 5.8 per cent on the cost of plant and other assets.

The number of stockholders of the American Telephone and Telegraph Company at the end of 1930 was 567,694, an increase of 97,893 for the year.

During the year 2,579,407 shares of stock of this Company were offered to stockholders of record May 23rd and 2,061,897

shares were issued in exchange for convertible bonds. This resulted in an average number of shares outstanding of 15,856,696 as compared with 13,113,746 in 1929. The earnings of the Company per average share outstanding were \$10.44 compared with \$12.67 in 1929.

Confident of the continued economic growth of the country and the even more rapid growth of the telephone business, more than \$15,000,000—which is somewhat in excess of any previous year—was spent for development and research for future improvements, and expenditures for additions, betterments and replacements amounted to \$585,000,000, substantially the same as in 1929 which had the largest construction program for any year in the history of the System.

In order to operate the business with the maximum efficiency and economy in the long run, these programs looking in part to the future were undertaken and the resulting expenses incurred in a time of depressed business.

The management of the Bell System has been guided during 1930, and will continue to be guided, by the policy stated in 1927:

“The fact that the ownership is so widespread and diffused imposes an unusual obligation on the management to see to it that the savings of these hundreds of thousands of people are secure and remain so. The fact that the responsibility for such a large part of the entire telephone service of the country rests solely upon this Company and its Associated Companies also imposes on the management an unusual obligation to the public to see to it that the service shall at all times be adequate, dependable and satisfactory to the user. Obviously, the only sound policy that will meet these obligations is to continue to furnish the best possible telephone service at the lowest cost consistent with financial safety. This policy is bound to succeed in the long run and there is no justification for acting otherwise than for the long run.”

The construction program of 1930 was planned to take care of the growth of the business, and to carry forward betterments and replacements, such as the change from manual to dial operation, and the change from open wire to cable lines. These were normal. Added to this, in 1930 the System con-

structed plant beyond that necessary for immediate use to provide a greater margin than had existed since the war. Experience with rapid expansion in boom times has indicated the wisdom and economy of putting in a margin of plant in slack times.

Three hundred new buildings and major additions ranging from small one-story structures to modern large combination administration and equipment buildings involving expenditures of \$60,000,000 were completed during the year. Modern in conception these buildings reflect in their substantial character and careful planning something of the System's stability and its regard for the comfort and convenience of its customers and its employees. They also contribute toward the achievement of the ideals of the communities in which they are located.

Some 5,000 miles of additional toll cable were put in use, or one-fourth of the cable mileage in service at the beginning of the year. Seventy-five per cent of the cities of 50,000 or more inhabitants are now connected with the toll cable network.

It was hoped that putting margins into the plant in 1930 would provide continuous work for the construction forces which had been taken on to meet the rapid growth of 1928 and 1929. This was in large measure accomplished for 1930, but as it became apparent that the period of depression would continue into 1931 it became necessary gradually to readjust the forces to a construction program of approximately \$450,000,000 in 1931 as against one of \$585,000,000 in 1930. In places where it was necessary, work has been distributed so far as practical to provide employment for the maximum number of employees.

In the traffic department there has been some reduction in time worked to keep as many employed as possible, but practically no lay-offs except among those hired for temporary periods.

For the forces as a whole there have been no reductions in wage rates, and the amount paid for wages in 1930 was the largest sum in the history of the business. While the number of employees leaving for all causes in 1930 was less than for any one of the previous five years, the employment of new people was so much less than usual that the net result was a reduction in number of employees from 364,045 at the begin-

ning of the year to 324,343 at the end of the year. Including the Western Electric Company and the Bell Telephone Laboratories, there were 394,460 employees on December 31, 1930.

RATES

Effective on January 1, 1930, reductions were made in long-distance rates resulting in a saving to telephone users of approximately \$5,000,000 annually.

At the beginning of 1930 rates in San Francisco, which had not been adjusted since before the war, were raised and at the same time rates in Los Angeles were reduced; in New York State the rates which had been in the courts in one form or another for ten years were increased. Neither of these cases for increased rates arose from conditions of the last five years. They had their origin in the violent depreciation in the value of the dollar immediately after the war.

The full economies of mass production cannot be had in telephone service, and as the number of telephones in towns and cities grows, it would cost more to give each subscriber access to a constantly increasing number of telephones in his exchange area, if the technical development of the art did not balance these increased costs. There appears to be no reason in sight why the continued new economies brought about by development in the telephone art should not offset this general tendency toward higher costs which otherwise would accompany extension of the service.

SERVICE IMPROVEMENTS AND EXTENSIONS

In the last five years the per cent of Bell System toll wires in cables has risen from 58 to 77 per cent. This transition from open wire is continuing and means not only greater security against interruption by storms but better transmission.

The year 1930 set a new record in accuracy and speed of telephone service, partly due to the larger margins of plant but in large measure to improved operation.

The rapidity with which long-distance calls were completed continued to increase during the year. The per cent of calls handled without the person making the call hanging up the telephone was 82 in 1930 as compared with 70 per cent in the previous year. There have also been improvements in the

standards of transmission. These transmission improvements, being gradual, do not catch the public attention but they greatly increase the ease and comfort of telephoning, and decrease the amount of repetition in telephone conversation.

During 1930 more than 800,000 telephones have been changed from manual to dial operation. The operators released were employed on other work and practically none were laid off except those hired on a temporary basis in anticipation of the change, the majority of whom did not want permanent work.

The Bell System began the systematic introduction of the dial service as a means of guaranteeing, during all hours of the day and night, holidays and Sundays, the highest standard of service at the least cost to the telephone users. The dial switchboard cannot be operated entirely automatically. It uses many operators for special purposes, and requires more trained men than a manual office. It is interesting to note that when the conversion to dial began in the Bell System in 1921 there were 128,000 operators, and in 1930 with about one-third of the telephones dial there were 155,000 operators.

About one-half of the telephones installed in 1929 were put in under the appointment plan, by which the subscriber sets the day on which he wishes the telephone to be installed. During 1930 more than 83 per cent of the telephones were put in under this plan and 96 per cent of the appointments were met.

As the result of improved methods and improved administration and training, the telephone plant is increasingly free from trouble. In 1930 there was trouble on a subscriber's line on the average only once in every 22 months as compared with once in every 20 months in 1929. Also 90 per cent of the troubles are corrected on the day reported, as compared with 87 per cent in 1929.

The net gain of 122,500 telephones in spite of general business conditions was in part due to the creation of special sales forces and the fact that over almost all of the System the general body of employees were trained to act as sales representatives while attending to their other duties. In many districts nearly every employee sold one or more of the many forms of telephone service.

Amongst other facilities introduced during the year were a new design of hand-set improved in both appearance and operation, a small dial intercommunicating system for residences and smaller business establishments, and arrangements by which a number of people connected at different private exchanges can hold conferences at which all conferees can participate and hear everything that is said.

Since January 1, 1930, service from the United States has been opened to some 1,350,000 additional telephones in eastern and southern Europe, to more than 450,000 telephones in Australia, and to about 400,000 telephones in South America and Mexico. Work was started on a short-wave radio transmitting telephone station at Dixon, and a receiving station at Point Reyes, California, designed to talk with Hawaii and with ships at sea, and later, if arrangements can be made, with the Philippines, Alaska, Japan and China. Work is also under way on radio telephone channels to Bermuda and Brazil which will be completed during 1931.

In January, 1927, the United States had telephone connection only with Canada, Cuba and the Mexican border. To-day practically any telephone in the United States can be connected with any one of 32,200,000 out of 35,300,000 telephones in the world.

The only countries with more than 100,000 telephones (there are 1,780,000 in New York City) to which the Bell System is not now connected, are

Japan	940,000	telephones
Russia	370,000	"
Brazil.	170,000	"
New Zealand	165,000	"
China.	155,000	"
Union of South Africa . . .	110,000	"

While development of the art now makes connections with all the rest of the world's telephones possible, differences in time present handicaps to developing a telephone service with the Far East. The daylight hours of nine to six in Hongkong and San Francisco overlap one hour. When it is 9 A.M. in Hongkong, it is 5 P.M. in San Francisco. The business day in

Tokyo and New York does not overlap at all, nor in Chicago and Calcutta.

Telephone calls across the Atlantic in the four years since such service was started have increased six-fold. In addition to the original long-wave radio telephone channel there are now three short-wave channels. The experimental lengths of the proposed transatlantic telephone cable which have been built and tested confirm the work of the Bell Telephone Laboratories, where the new alloys and insulation necessary for such a cable were developed and where the design of the cable was made.

DEVELOPMENT AND RESEARCH

In the last few years the research and development work in radio telephony has resulted in opening service to many places which hitherto could not be reached.

The continued work on long-distance transmission both in cables and on open wire lines has made important improvements. The toll cables designed in 1930 had higher transmission standards than any previous ones, and a new method of insulation of exchange cables worked out during the year will result in further economy in manufacture. Carrier current transmission, a system by which several telephone conversations or telegraph messages are carried simultaneously on a pair of wires, has been much improved for both open wire and cable circuits.

Present-day radio broadcast service uses interconnecting telephone networks. The circuits in these networks have to be specially designed, constructed, maintained and operated in order to give good results over the wide range of frequencies used in broadcasting. Research in the past year has made great progress in designing new cable circuits which can handle the broadcasting as well as do the specially cared-for open wire lines, and at the same time provide additional insurance against storm damage.

The increasing complexity of telephone switching, especially in metropolitan areas, necessitates a continuous improvement in switchboards. A new toll office in New York City is an interesting example of the constant development in this field. During the transition from manual to dial it must

handle calls originating and terminating in three different types of offices, manual, panel and step-by-step, the last two being dial offices. Calls coming from manual offices are received by an operator who merely dials them, the remaining operation being automatic. Calls from dial offices are automatic. But whether the calls are dialed in the office or from the outside, the machinery must separate those that are to terminate in the different types of offices. To the panel and step-by-step offices it sends impulses that operate their respective machinery. To manual offices it sends impulses that display the desired numbers to the operators or translate themselves into the spoken word and tell the operators the numbers wanted.

These complex mechanisms are each capable of handling about two hundred calls an hour. Their correct operation is so important that to each is attached additional equipment that tests the operations as they occur and in case of failure disconnects the entire mechanism from the line and substitutes another similar mechanism that is in working order. Incidentally, while doing this, the defective mechanism records, for the advice of the maintenance man whom it summons, what is wrong and so hastens its prompt repair. It also prints a record of the various circuits which were associated with it at the time of its failure and the particular call on which the trouble occurred. This operation of self-diagnosis, although important because of the complexity of the circuits and equipment, occurs very rarely because of the infrequency of failure.

The development of special telephone and teletypewriter equipment and circuits has made it possible to provide elaborate networks for rapid intercommunication among widely scattered units of large organizations. Notable among such installations have been those to meet the needs of police organizations covering state-wide areas.

The Bell Telephone Laboratories has developed a switchboard to use with teletypewriters. Teletypewriter users joined to such a switchboard may be connected to any other teletypewriter user. In other words, this makes possible an interconnecting system for the typewritten word such as the telephone system is for the spoken word. It will, when available, provide teletypewriter users connected to

it with a fast, economical and accurate intercommunicating service.

Scientific progress in television was marked by a demonstration of simultaneous two-way television and speech over wires. It was impressive in showing what it is possible to do in the present state of the art in eliminating distance in sight and sound. The equipment, however, remains necessarily complicated and expensive, requiring expert attention and large units of apparatus. The commercial possibilities of television are still uncertain.

WESTERN ELECTRIC COMPANY, INCORPORATED

The sales of the Western Electric Company in 1930 were \$361,000,000 as compared with \$411,000,000 in 1929.

During the year the company spent \$30,000,000 in extensions to the Hawthorne, Kearny and Point Breeze manufacturing plants. The most important of these was at Kearny where an adjoining property of 89 acres with buildings having a floor area of 900,000 square feet was purchased. Manufacturing and warehousing operations which have been housed in leased quarters in scattered locations throughout Jersey City, Kearny and Newark are being consolidated in these buildings. The additions made to the Point Breeze plant at Baltimore provide facilities for the manufacture of new wire products and of other materials for which an increase in demand is expected.

The Teletype Corporation was purchased. This company, which is operated as a subsidiary of the Western Electric Company, manufactures machines for sending and receiving typewritten messages by wire. Until recently, when the name teletypewriter was chosen, these machines were known variously as telephone typewriters, telegraph typewriters or printer telegraphs. These teletypewriters are used extensively upon the wires of the Bell System.

Electrical Research Products Inc., a wholly-owned subsidiary of the Western Electric Company, continues to hold its position of leadership in the manufacture of recording and reproducing apparatus for the talking motion picture industry. It has installed Western Electric reproducing systems in 5,000 theatres in the United States, and in 2,600 theatres

in foreign countries, and through its service organization maintains these equipments at a high standard of operating efficiency.

FINANCIAL

In January 1930 the American Telephone and Telegraph Company sold \$150,000,000 Thirty-Five Year 5% Gold Debentures dated February 1, 1930.

On April 16 the Company offered its stockholders of record May 23, one share at par for each six shares of stock held. The subscriptions to this offer provided \$241,895,832 for the Company's treasury during 1930, and will provide an additional amount of approximately \$16,000,000 during 1931.

The conversion privilege of the Ten-Year Convertible Gold Debenture Bonds dated July 1, 1929 became effective on January 1, 1930. From January 1 to May 23, 1930, the bonds at face value could be exchanged for stock at \$180 a share, and thereafter until December 31, 1930, at \$166.88 per share. By the end of the year \$206,189,700 of face value of bonds had been converted into stock by about 130,000 bondholders, yielding the Company cash premiums of \$164,855,341. Only \$12,923,000 face value of these bonds remained unconverted at the close of the year. During 1931 the conversion price, subject to adjustment as stated in the indenture, is \$175.46 per share.

On September 30, 1930 the American Telephone and Telegraph Company bought the Teletype Corporation by exchanging 150,000 shares of its own stock for the 150,000 shares of Teletype Corporation stock. The shares of Teletype Corporation stock have been sold to the Western Electric Company.

The Company has called for redemption on March 1, 1931 at face value, all outstanding 4½% Convertible Gold Bonds dated March 1, 1913 and due March 1, 1933. At the end of the year \$1,870,800 of these bonds were outstanding.

During the year 313,020 shares of this Company's stock were issued under the Employees' Stock Plan to Bell System employees upon completion of installment payments extending over a period of about three and one-half years. At the end of 1930 payments were being made under this Plan on about 1,640,000 shares. In furtherance of the Company's

policy to encourage thrift, the Plan has been amended to permit employees to apply dividends from shares owned that were acquired under employee stock plans toward the installment purchase of additional shares of stock under the Plan. To help those who might have unusual personal obligations arising out of the general business situation, employees purchasing stock under the Plan were notified on December 1, 1930 that they could suspend their installment payments for a definite period of six months. Of the 320,000 employees purchasing stock, about 5,000 have availed themselves of this privilege.

During the last ten years the capital obligations of the Bell System in the hands of the public have about trebled. They were \$1,107,417,000 on December 31, 1920 and \$3,271,619,000 on December 31, 1930. During that period the bonds and other debt decreased from 54 to 34 per cent of total capital obligations, while the number of stockholders increased more than 300 per cent.

The number of stockholders of this Company at the end of 1930 was 567,694. The average number of shares held by a stockholder is 32, with no single individual holding as much as one per cent of the total capital stock. Of the total number of stockholders more than 100,000 are Bell System employees with an average holding of about ten shares each.

It is the aim of the Bell System to maintain its employee forces on as even a basis as possible, for that is equally advantageous to the employees and to the efficiency of the organization. It is likewise the aim of the Bell System to offer employment on a basis that will enable its employees to meet the vicissitudes of life with the maximum assurance possible. The Bell System pays sickness, accident and death benefits, and pensions. The employees do not contribute to these payments, which amounted to \$7,803,000 in 1930.

At the same time, to aid employees in providing for themselves a higher degree of economic security, all of the companies of the System have thrift plans to encourage employees to save. These plans include the opportunity to buy stock of the American Telephone and Telegraph Company by deductions from salary, an arrangement for depositing salary deductions in savings banks and an arrangement

for using salary deductions for the payment of life insurance premiums. The use of any of the plans is left entirely to the discretion of the employee and more than 80 per cent of all employees participate in one or more.

Under these plans in the year 1930 the employees of the Bell System, including the Western Electric Company and the Bell Telephone Laboratories, saved about \$70,000,000, or ten per cent of the payrolls. (In 1929 the amount saved was about eight per cent of the payrolls.) The money thus saved can be kept or be spent for meeting the emergencies of hard times, the education of children, the building of a home, supplementing pension payments after retirement, or for any other purpose which the employee may consider best serves his or her need.

Although not appearing on the balance sheet, the greatest asset of the Bell System is the skill, energy and character of the hundreds of thousands of men and women who make up its organization, who have during the past year rendered a more efficient service than ever before.

For the Directors,

WALTER S. GIFFORD,
President.

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 the Fund were two gold medals, one with \$500 cash, seven silver medals with \$250 cash each and forty-six bronze medals, all with accompanying citations.

GOLD MEDAL AWARDS

GERALD TAYLOR MAHAFFEY

*District Traffic Superintendent, Cleveland, Ohio
The Ohio Bell Telephone Company*

For conspicuous courage in saving human life, resourcefulness, initiative and devotion to duty in re-establishing and maintaining telephone service in the face of great personal danger at a time of public disaster.

GLADYS I. GIBSON

(Posthumous Award)

Private Branch Exchange Operator, Cleveland, Ohio

For supreme courage, loyalty and devotion to duty at a time of public disaster.

SILVER MEDAL AWARDS

JAMES JOSEPH ROONAN

*District Installation Foreman, Cleveland, Ohio
The Ohio Bell Telephone Company*

BENJAMIN GEORGE SPAETH

*District Plant Superintendent, Cleveland, Ohio
The Ohio Bell Telephone Company*

WALTON ANDREW TURNER, JR.

(Posthumous Award)

*District Outside Maintenance Foreman, Cleveland, Ohio
The Ohio Bell Telephone Company*

VIVIAN HARPER

*Operator, Elba, Alabama
Elba Telephone Company*

EPHRAIM WALTER DECKER

*Repairman, Rosebank, New York
New York Telephone Company*

IOLA DELETT GIBBONS

*Night Chief Operator, Woodbridge, New Jersey
New Jersey Bell Telephone Company*

MYRTLE DOROTHY DULL

*Agency Chief Operator, Elmdale, Kansas
Southwestern Bell Telephone Company*

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

Balance Sheet, December 31, 1930

<i>INVESTMENTS:</i>	ASSETS	
Stocks of Associated Companies Investment, at cost, in stocks of associated telephone companies. Increase for the year \$188,735,318. See page 17.		\$1,778,062,693.71
Stocks of Other Companies Investment, at cost, in stocks of affiliated and subsidiary companies other than Associated Companies. Increase for the year \$30,533,935. See page 17.		168,692,888.28
Bonds and Notes of, and Advances to, Associated Companies Temporary financing of Associated Companies for the extension of their telephone properties, including also \$755,000 investment in bonds of these companies. Increase for the year \$14,845,007.		320,628,939.64
Notes of, and Advances to, Other Companies Loans and advances to affiliated and subsidiary companies, other than Associated Companies. Increase for the year \$18,496,500. See page 17.		50,995,500.00
<i>PLANT AND EQUIPMENT:</i>		
Long Lines Plant and Equipment Cost of long-distance plant and equipment mainly for providing interconnection between and through territories of Associated Companies. Increase for the year \$85,777,834.		435,311,016.49
General Equipment Cost of office furniture and equipment other than that included in Long Lines Plant and Equipment.		1,557,021.42
<i>CURRENT ASSETS:</i>		
Accounts Receivable Current receivables, including dividends, interest, tolls and other items.		18,820,368.60
Temporary Investments Funds temporarily invested in municipal, state and United States Government short-term obligations and special bank deposits in anticipation of financial requirements.		351,803,743.03
Cash Cash and deposits in banks available for current requirements.		37,054,020.11
Total Assets		<hr style="border: none; border-top: 1px solid black; margin-bottom: 2px;"/> \$3,162,926,191.28 <hr style="border: none; border-top: 3px double black; margin-top: 2px;"/>

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

Balance Sheet, December 31, 1930, Continued

LIABILITIES

CAPITAL STOCK:

Stock Issued and Outstanding \$1,795,651,200.00
 Total par value of shares outstanding. Increase for the year
 \$473,311,400. See page 18.

Installments 111,463,036.18
 Installments paid on stock subscribed for but not yet issued.
 Increase for the year \$39,307,424. See page 18.

Premiums 259,131,602.75
 Amount received in excess of par value of capital stock. Increase
 for the year \$189,796,181. See page 18.

LONG-TERM DEBT:

Bonds and Debentures 462,615,700.00
 Face value of debt obligations in the form of bonds and debentures.
 Decrease for the year \$58,830,000. See page 18.

Notes 11,545,213.59
 Notes sold to Trustee of Pension Fund.

CURRENT LIABILITIES:

Dividend Payable January 15, 1931 40,401,814.50
 Dividend declared for last quarter of 1930.

Accounts Payable 23,910,052.98
 Current accounts for supplies, services, etc.

Interest and Taxes Accrued, Not Due 13,027,007.85
 Interest and taxes payable after close of year.

SURPLUS AND RESERVES:

Reserve for Depreciation 58,146,649.09
 Provision for the ultimate retirement of plant and equipment
 used up in furnishing telephone service. Increase for the year
 \$8,158,689.

Reserve for Contingencies 64,664,444.18
 No change during the year.

Surplus 322,369,470.16
 Increase for the year, \$21,322,356, comprising:
 Net Income carried to Surplus \$26,306,634
 Sundry Deductions (net), principally tax on
 new capital issues and discount and expense on
 bonds issued less premium on bonds retired 4,984,278

Total Liabilities \$3,162,926,191.28

C. A. HEISS, Comptroller.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

Statement of Earnings and Expenses for the Year Ending December 31, 1930

EARNINGS

Dividends	\$148,178,885.75
Dividends on stocks owned. As a whole these dividends were earned with a margin of about \$10,000,000.	
Interest	28,026,861.17
Interest on notes and advances, on bonds owned, on temporary investments and bank deposits, and on other accounts.	
Telephone Operating Revenues	114,560,865.75
Revenues from operation of the long-distance lines and payments from the Associated Companies for services furnished them under the license contracts.	
Miscellaneous Revenues	1,248,258.40
Total	\$292,014,871.07

EXPENSES

Expenses incurred in conducting the business, including depreciation and taxes.	94,034,385.13
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NET EARNINGS	\$197,980,485.94
Deduct Interest	32,435,778.78
Interest on bonds, debentures and other indebtedness.	
NET INCOME	\$165,544,707.16
Deduct Dividends	139,238,073.39
Dividends at the rate of \$9.00 per share per annum on capital stock.	
Balance for Surplus	\$ 26,306,633.77

Average number of shares of capital stock outstanding during year	15,856,696
Net earnings per share available for dividends (after interest charges)	\$10.44

C. A. HEISS, Comptroller.

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

February 6, 1931.

We have audited the accounts of

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

for the year ended December 31, 1930. We have reviewed reports for that year rendered to the company by the associated and controlled companies and find that the American Telephone and Telegraph Company's proportion of the aggregate net income of the associated and directly and indirectly controlled companies as shown by such reports exceeded the dividends of \$148,178,885 this company received on stocks owned by about \$10,000,000. We have not, however, audited the accounts of associated and controlled companies.

We certify that, in our opinion, the accompanying balance sheet (on pages 14 and 15) and the above statement of earnings and expenses (subject to the explanation in the preceding paragraph) set forth correctly the financial position of American Telephone and Telegraph Company as at December 31, 1930 and the results of its operations for the year 1930.

LYBRAND, ROSS BROS. & MONTGOMERY.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

Stocks of Associated and Other Companies

December 31, 1930

	Par Value of Holdings	Per Cent of Total Outstanding
Stocks of Associated Companies—Common:		
New England Telephone and Telegraph Company	\$ 85,853,600	64.45
Southern New England Telephone Company	13,337,400	33.34
New York Telephone Company	312,050,000	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	4,000,000	100.00
Chesapeake and Potomac Telephone Company	15,000,000	100.00
Chesapeake and Potomac Telephone Co. of Balt. City	30,000,000	100.00
Chesapeake and Potomac Telephone Co. of Virginia	18,000,000	100.00
Chesapeake and Potomac Telephone Co. of West Virginia	16,200,000	100.00
Southern Bell Telephone and Telegraph Company	124,998,700	99.99
Ohio Bell Telephone Company	99,999,100	99.99
Cincinnati and Suburban Bell Telephone Company	8,169,150	29.72
Michigan Bell Telephone Company	109,988,607	99.99
Indiana Bell Telephone Company	29,999,100	99.99
Wisconsin Telephone Company	28,000,000	100.00
Illinois Bell Telephone Company	148,727,100	99.15
Northwestern Bell Telephone Company	65,000,000	100.00
Southwestern Bell Telephone Company	154,998,900	99.99
Mountain States Telephone and Telegraph Company	34,987,500	72.82
Pacific Telephone and Telegraph Company	150,589,900	83.43
Stocks of Associated Companies—Preferred:		
Ohio Bell Telephone Company	(a) 15,865,900	56.21
Pacific Telephone and Telegraph Company	64,042,700	78.10
Stocks of Other Companies—Common:		
Bell Telephone Laboratories, Inc.	50,000	(b) 50.00
Bell Telephone Securities Company	1,000,000	100.00
Bell Telephone Company of Canada	18,749,800	25.13
Cuban American Telephone and Telegraph Company	270,000	50.00
Western Electric Company, Inc. (no par value)	(c) 5,900,493	98.34
195 Broadway Corporation	5,500,000	100.00
Eastern Telephone and Telegraph Company (Canada)	500,000	100.00
Transpacific Communication Company, Ltd.	25,000	100.00
Stocks of Other Companies—Preferred:		
Cuban American Telephone and Telegraph Company	371,000	50.00

(a) Called for redemption January 1, 1931.

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

(c) 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.

Notes of, and Advances to, Other Companies

December 31, 1930

Western Electric Company, Inc.	\$30,000,000	
Bell Telephone Securities Company	4,250,000	
195 Broadway Corporation	12,350,000	
Bell Telephone Laboratories, Inc.	3,150,000	
Cuban American Telephone and Telegraph Co.	90,500	
Eastern Telephone and Telegraph Company (Canada)	1,055,000	
Transpacific Communication Company, Ltd.	100,000	
Total	\$50,995,500	

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

Changes in Capital Stock and Capital Stock Premiums During 1930

	Capital Stock Par Value	Premiums
Balance December 31, 1929	\$1,322,339,800.00	\$ 69,335,421.63
Issued for cash in accordance with the terms of the offer of April 16, 1930 to stockholders of record May 23, 1930	218,667,100.00	.....
Issued in conversion of 4½% Convertible Bonds, 1939	206,189,700.00	164,855,341.12
Issued to employees of the Bell System upon completion of installment payments under Employees' Stock Plan	31,302,000.00	8,864,540.00
Issued in exchange for common stock of Teletype Corporation.	15,000,000.00	15,000,000.00
Sale of unsubscribed stock remaining in treasury from previous offers to stockholders	2,152,600.00	1,076,300.00
Balance December 31, 1930	<u>\$1,795,651,200.00</u>	<u>\$259,131,602.75</u>
Increase during year	<u>\$ 473,311,400.00</u>	<u>\$189,796,181.12</u>

Changes in Capital Stock Installments During 1930

	Amount
Capital Stock Installments December 31, 1929:	
From employees under Employees' Stock Plan	\$ 72,155,611.96
Capital Stock Installments December 31, 1930:	
From employees under Employees' Stock Plan	\$ 88,234,303.81
From stockholders under terms of offer of April 16, 1930	23,228,732.37
Total	<u>\$111,463,036.18</u>
Increase during year	<u>\$ 39,307,424.22</u>

Changes in Bonds and Debentures Outstanding During 1930

	Face Value Dec. 31, 1930	Increases*
5% Collateral Trust Bonds, 1946	\$ 67,896,000.00	(a) \$ 1,506,000.00
5% Collateral Trust Bonds, 1932 (Western T. & T. Co.)	9,488,500.00	(b) 480,500.00
5½% Debenture Bonds, 1943	96,909,700.00	(a) 146,000.00
5% Debentures, 1960	120,938,700.00	(a) 639,700.00
5% Debentures, 1965	150,000,000.00	150,000,000.00
4% Convertible Bonds, 1936 (c)	2,589,000.00	.....
4½% Convertible Bonds, 1933 (c) (d)	1,870,800.00	(b) 28,600.00
4½% Convertible Bonds, 1939	12,923,000.00	(e) 206,029,200.00
Total	<u>\$462,615,700.00</u>	<u>\$58,830,000.00</u>

(a) Reacquired for sinking fund.

(b) Reacquired and retired.

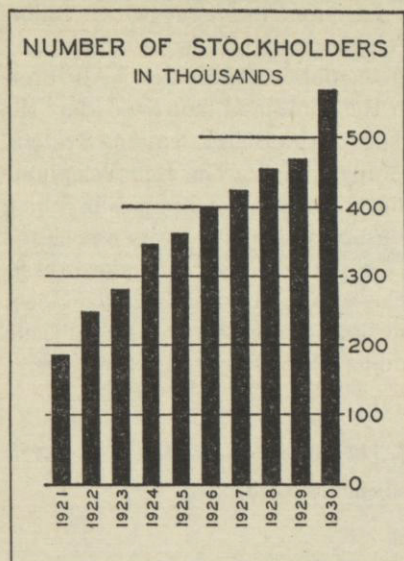
(c) Conversion privilege expired.

(d) Called for redemption on March 1, 1931.

(e) Converted into stock, \$206,189,700; unsubscribed bonds sold, \$160,500; net decrease, \$206,029,200.

* Decreases in italics.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY



The chart at the left shows the growth in the number of stockholders since 1921. The increase during 1930 was 97,893, the largest increase for any year in the history of the Company. The number of stockholders of record on December 31, 1930 was 567,694.

The average holding per stockholder is 32 shares. No single stockholder owns as much as 1% of the total shares outstanding. There are 211,384 stockholders who hold five shares or less each; 319,627 who hold ten shares or less each; and 536,386 who hold less than 100 shares each.

Stockholders are located in every state of the Union and in 70 foreign countries and United States possessions.

More than 100,000 Bell System employees are stockholders, having acquired stock through small installment payments under Employees' Stock Plans. The average holding per employee stockholder is 10 shares.

The table below gives the net earnings per share of American Telephone and Telegraph Company stock available for dividends and the dividends paid per share each year for the past twenty years. The Company and its predecessor have paid regular quarterly dividends to stockholders at the rate of at least \$7.50 per share each year during the past 49 years.

NET EARNINGS PER SHARE AVAILABLE FOR DIVIDENDS

	Net Earnings per Share	Dividends Paid		Net Earnings per Share	Dividends Paid
1911	\$10.01	\$8.00	1921	\$11.10	\$8.75
1912	9.86	8.00	1922	11.14	9.00
1913	9.59	8.00	1923	11.35	9.00
1914	9.38	8.00	1924	11.31	9.00
1915	9.52	8.00	1925	11.79	9.00
1916	9.77	8.00	1926	11.95	9.00
1917	9.48	8.00	1927	11.76*	9.00
1918	9.97	8.00	1928	12.11	9.00
1919	10.05	8.00	1929	12.67	9.00
1920	11.72	8.00	1930	10.44	9.00

* Does not include special dividend from Western Electric Company, Inc.

BELL SYSTEM FINANCIAL STATEMENTS

The Bell System Balance Sheet and Income Statement which follow combine the accounts of the American Telephone and Telegraph Company and its twenty-four associated operating telephone companies. All inter-company duplications are excluded from the combined figures so that the statements represent the business as a whole of the Bell Telephone System. 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 included, but the investments in these companies appear 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, 1930

(Inter-Company Duplications Excluded)

ASSETS

Telephone Plant	\$4,043,421,739
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 for the year \$372,322,050.	
General Equipment, Tools and Supplies	102,727,264
Materials and supplies, office furniture and fixtures, automobiles, tools, etc. Decrease for the year \$8,147,124.	
Investments	283,752,088
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 for the year \$50,823,493.	
Accounts Receivable	151,178,536
Current accounts receivable from telephone subscribers, and amounts receivable from connecting companies and others.	
Temporary Investments	354,774,712
Funds temporarily invested and held available for conversion into cash as needed.	
Cash	64,341,462
Cash and deposits in banks available for current requirements.	
Total Assets	\$5,000,195,801

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, 1930, Continued
 (Inter-Company Duplications Excluded)

LIABILITIES

Capital Stock (Including Installments)	\$2,155,052,726
Par value of capital stock outstanding in hands of public, including also installment payments on stock not yet issued. Increase for the year \$543,190,474.	
Common Stock	
American Telephone and Telegraph Co. \$1,795,651,200	
Associated Companies	137,590,943
Common Stock Installments	
American Telephone and Telegraph Co.	111,463,036
Preferred Stock	
Associated Companies	110,347,547
Premiums on Capital Stock	258,715,776
Net amount received in excess of par value of capital stock outstanding in hands of public.	
Long-Term Debt	1,115,592,223
Face value of funded obligations outstanding in hands of public. Decrease for the year \$32,947,461.	
Mortgage Bonds	
Associated Companies	\$559,364,397
Collateral Trust Bonds	
American Telephone and Telegraph Co.	77,384,500
Associated Companies	414,330
Debenture Bonds	
American Telephone and Telegraph Co.	371,814,700
Associated Companies	10,000,000
Convertible Bonds	
American Telephone and Telegraph Co.	12,923,000
Notes	
American Telephone and Telegraph Co.	11,545,214
Associated Companies	72,146,082
Bills Payable	975,000
Short-term obligations payable within one year.	
Accounts Payable	73,280,770
Current bills for supplies, services, etc.	
Accrued Liabilities Not Due	130,913,631
Interest, taxes, rents, etc., payable after close of year.	
Reserves for Depreciation of Plant and Equipment	740,005,875
Provision for the ultimate retirement of plant and equipment used up in furnishing telephone service. Increase for the year \$40,971,201.	
Reserves for Contingencies	83,217,572
Increase for the year \$1,589,423.	
Surplus	442,442,228
Total Liabilities	<u>\$5,000,195,801</u>

BELL SYSTEM FINANCIAL STATEMENTS

Bell System Income Statement For Year Ending December 31, 1930

(Inter-Company Duplications Excluded)

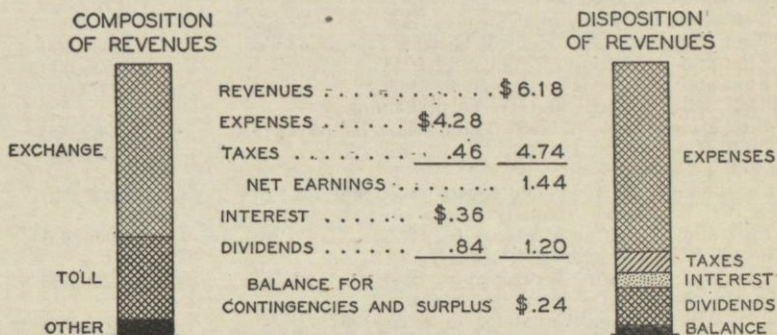
Exchange Revenues	\$ 728,709,193
Revenues from local exchange service.	
Toll Revenues	348,541,203
Revenues from long-distance and local toll service.	
Miscellaneous Revenues	26,689,409
Revenues derived from directory advertising and miscellaneous sources.	
Total Operating Revenues	\$1,103,939,805
Current Maintenance	\$ 191,056,987
Cost of inspection, repairs and rearrangements required to keep the telephone plant and equipment in good operating condition, representing 5.1 per cent of the cost of the average plant in service during the year.	
Depreciation Expense	182,400,230
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 1930 represented 5 per cent of the cost of the average depreciable plant in service.	
Traffic Expenses	225,291,129
Expenses incurred in the handling of telephone calls; principally operators' wages.	
Commercial Expenses	106,347,376
Expenses incurred in business relations with subscribers, keeping subscribers' accounts, rendering bills for service, making collections, directories, advertising, pay station commissions, etc.	
General and Miscellaneous Expenses	67,653,358
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.	
Total Operating Expenses	\$ 772,749,080
Net Operating Revenues	\$ 331,190,725
Uncollectible Revenues	\$ 9,056,624
Revenues earned which, based on experience, cannot be collected.	
Taxes	86,291,070
Federal, state and local taxes applicable to the year's operations.	
Operating Income (Carried forward)	\$ 235,843,031

BELL SYSTEM FINANCIAL STATEMENTS

Bell System Income Statement, Continued

Operating Income (Brought forward)	\$235,843,031
Non-Operating Revenues—Net	47,626,208
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 investments, minor rent revenues and other miscellaneous non-operating income.	
Total Gross Income	\$283,469,239
Rents and Miscellaneous Deductions	\$ 15,594,814
Mainly rentals paid for the use of buildings, poles, conduits and other facilities.	
Net Earnings	\$267,874,425
Interest Deductions	\$ 66,228,520
Interest charges on funded and other debt obligations, including amortization of debt discount.	
Net Income	\$201,645,905
Dividends	\$156,625,142
To holders of preferred stock of Associated Companies \$ 7,318,469	
To holders of common stock of Associated Companies 10,068,600	
American Telephone and Telegraph Co. 139,238,073	
Balance	\$ 45,020,763

AVERAGE MONTHLY REVENUES AND EXPENSES PER TELEPHONE IN BELL SYSTEM FOR YEAR ENDING DECEMBER 31, 1930



BELL SYSTEM STATISTICS

Security Issues Outstanding December 31, 1930

(Inter-Company Holdings Excluded)

	Par Value	Increase* During Year
Common Stock (American Telephone and Telegraph Company) (a)	\$1,907,114,236	\$512,618,824
Common Stock (Associated Companies):		
New England Telephone and Telegraph Company	\$ 47,349,300	\$ 5,200,200
Southern New England Telephone Company	26,662,600	3,332,800
Cincinnati and Suburban Bell Telephone Company	19,319,250	3,861,100
Mountain States Telephone and Telegraph Company	13,062,200	2,591,900
Pacific Telephone and Telegraph Company	29,910,100	15,955,800
Illinois Bell Telephone Company	1,272,900	109,050
Other Associated Companies	14,593	2,300
Total Common Stock, Associated Companies	<u>\$ 137,590,943</u>	<u>\$ 31,048,550</u>
Preferred Stock (Associated Companies):		
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% (b)	12,359,747	\$ 476,900
Wisconsin Telephone Company 7%	4,947,000	.....
Northwestern Bell Telephone Company 6½%	4,798,000	.....
Southwestern Bell Telephone Company 7%	21,785,500	.....
Pacific Telephone and Telegraph Company 6%	17,957,300	.....
Total Preferred Stock, Associated Companies	<u>\$110,347,547</u>	<u>\$ 476,900</u>
Bonds and Notes (American Telephone and Telegraph Company) (c):		
Collateral Trust 5s, 1932 (Western Tel. & Tel. Co.)	Face Value \$ 9,488,500	\$ 480,500
Collateral Trust 5s, 1946	67,896,000	1,506,000
Debenture 5s, 1960	120,908,700	639,700
Debenture 5s, 1965	149,965,000	149,965,000
Debenture 5½s, 1943	96,481,200	193,500
Convertible 4s, 1936 (d)	2,589,000	.....
Convertible 4½s, 1933 (d) (e)	1,870,800	28,600
Convertible 4½s, 1939	12,923,000	206,029,200
Notes (sold to Trustee of Pension Fund)	11,545,214	1,672,611
Total Bonds and Notes, American Tel. and Tel. Co.	<u>\$473,667,414</u>	<u>\$ 57,239,889</u>
Bonds and Notes (Associated Companies) (c):		
New England Telephone and Telegraph Company:		
Debenture 5s, 1932 (f)	\$ 10,000,000	.....
First Mortgage Series A 5s, 1952	35,000,000	.....
First Mortgage Series B 4½s, 1961	40,000,000	.....
Southern New England Telephone Company:		
Debenture 5s, 1970	10,000,000	\$ 10,000,000
New York Telephone Company:		
First and General Mortgage 4½s, 1939	61,070,180	2,415
Refunding Mortgage Series A 6s, 1941	49,659,000	.....
Debenture 6s, 1949 (f)	19,707,300	589,400
Bell Telephone Company of Pennsylvania:		
First Mtg. 5s, 1943 (Central District Telephone Co.)	9,093,500	29,000
First and Refunding Mortgage 5s, 1948	35,000,000	.....
First and Refunding Mortgage 5s, 1960	50,000,000	.....
Southern Bell Telephone and Telegraph Company:		
First & Gen. Mtg. 5s, 1937 (Cumberland Tel. & Tel. Co.)	14,969,000	.....
First Mortgage 5s, 1941	47,536,500	.....
Ohio Bell Telephone Company:		
Consolidated 5s, 1944 (Ohio State Telephone Co.)	4,947,000	115,000
Illinois Bell Telephone Company:		
First and Refunding Mortgage 5s, 1956	48,976,200	.....
Southwestern Bell Telephone Company:		
First and Refunding Mortgage 5s, 1954	49,238,600	.....
Pacific Telephone and Telegraph Company:		
First Mortgage and Collateral Trust 5s, 1937	27,971,000	532,000
First & Ref. Mtg. 5s, 1947 (Southern California Tel. Co.)	5,780,000	86,000
Refunding Mortgage 5s, 1952	24,044,000	.....
Minor Bond Issues (21 in number)	22,258,230	1,889,100
Notes (principally notes sold to Trustee of Pension Funds)	72,146,082	14,373,610
Real Estate Mortgages	4,528,217	621,297
Total Bonds and Notes, Associated Companies	<u>\$641,924,809</u>	<u>\$ 24,292,428</u>

(a) Includes installments.

(b) Called for redemption January 1, 1931.

(c) Includes issues assumed or guaranteed.

(d) Conversion privilege expired.

(e) Called for redemption March 1, 1931.

(f) 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 1930 for Bell System telephone companies were as follows:

Pensions	\$1,548,144
Sickness disability benefits	4,566,801
Accident disability benefits	948,652
Death benefits	739,844
Total Payments under Plan	\$7,803,441

On December 31, 1930, there were 2,554 employees on the pension rolls, receiving service or disability pensions. The average pension paid was \$63 per month.

Thrift Plans Available to Bell System Employees

Employees' Stock Plans

Employees who have been in service for six months may purchase stock of the American Telephone and Telegraph Company and pay therefor by monthly deductions from salary, and by the application of dividends from shares acquired under stock purchase plans. The number of shares which an employee may purchase is determined by the amount of salary received and the number of shares owned which have been acquired under stock purchase plans. The minimum period within which an employee may complete his payments and acquire his stock is 35 months. This privilege 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 Plans at the end of 1930 was as follows:

Number of employees purchasing stock	320,000
Per cent of purchasers to total number eligible	83
Number of shares on which payments are being made	1,648,000
Price per share since August 31, 1929	\$150

Employees' Savings Plans

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 Plans were inaugurated, fifteen companies including the Western Electric Company, Inc., and the Bell Telephone Laboratories, Inc., have provided such facilities for their employees. Participation in these Plans at the end of 1930 was as follows:

Number of employees for whom deposits were being made	77,615
Amount of monthly deposits	\$1,127,125

Payroll Deduction Plans for Life Insurance

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 these Plans for their employees. Participation in the Plans at the end of 1930 was as follows:

Number of employees purchasing insurance	58,407
Amount of monthly premium deductions	\$314,415
Amount of insurance in effect	\$125,000,000

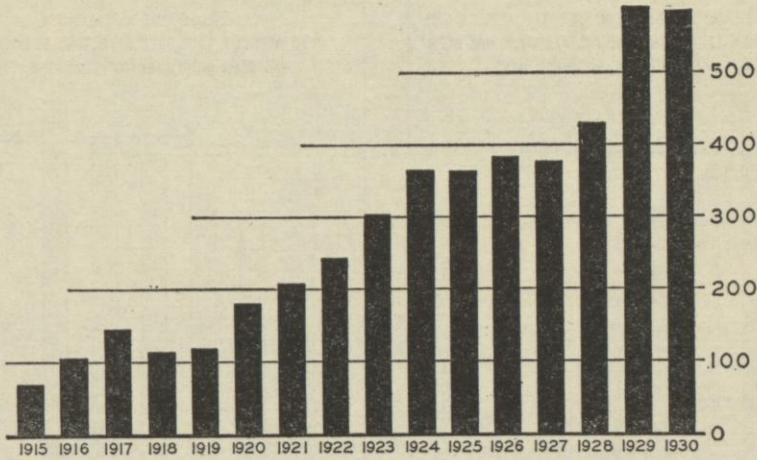
In addition eighteen Bell System telephone companies make monthly deductions from payroll aggregating \$12,379 for 1,749 employees, veterans of the World War, who are paying for approximately \$6,250,000 of United States Government insurance.

BELL SYSTEM STATISTICS

	Dec. 31, 1910	Dec. 31, 1915	Dec. 31, 1920	Dec. 31, 1925	Dec. 31, 1930	Increase* during 1930
Number of Telephones:						
Bell Companies:						
Telephones (Manual Service).....	3,933,056	5,968,110	8,176,884	10,538,935	10,705,118	694,794
Telephones (Dial Service).....	0	0	157,095	1,496,289	4,976,941	962,788
Total Bell Companies.....	3,933,056	5,968,110	8,333,979	12,035,224	15,682,059	268,054§
Bell Connecting Companies and Lines φ.	1,950,000	3,204,000	4,268,000	4,885,000	4,416,000	267,000
Total.....	5,883,056	9,172,110	12,601,979	16,720,224	20,098,059	1,054
Number of Connecting Companies.....	7,396	8,735	9,231	9,227	7,163	622
Number of Connecting Rural Lines.....	10,449	19,579	26,032	28,861	29,281	815
Number of Central Offices.....	4,933	5,300	5,702	6,017	6,585	189
Miles of Pole Lines.....	282,877	330,602	358,091	386,064	422,489	7,062
Miles of Exchange Wire:						
Wire in Underground Cable.....	5,631,000	9,947,000	14,384,000	28,426,000	44,456,000	3,121,000
Wire in Aerial Cable.....	2,800,000	4,503,000	5,586,000	9,462,000	16,209,000	1,201,000
Open Wire.....	1,247,000	1,602,000	1,634,000	1,953,000	2,202,000	34,000
Total Exchange Wire.....	9,678,000	16,052,000	21,604,000	39,841,000	62,867,000	4,356,000
Miles of Toll Wire:						
Wire in Underground Cable.....	386,000	626,000	1,364,000	2,057,000	5,769,000	1,538,000
Wire in Aerial Cable.....	70,000	99,000	299,000	1,210,000	4,576,000	671,000
Open Wire.....	1,508,000	1,729,000	2,110,000	2,366,000	3,036,000	164,000
Total Toll Wire.....	1,964,000	2,454,000	3,773,000	5,633,000	13,381,000	2,373,000
Total Miles of Wire.....	11,642,000	18,506,000	25,377,000	45,474,000	76,248,000	6,729,000
Average Daily Telephone Conversations:†						
Exchange Conversations.....	21,681,000	25,184,000	31,836,000	46,702,000	62,365,000	1,331,000¶
Toll Conversations.....	603,000	819,000	1,327,000	2,098,000	2,933,000	206,000¶
Total Conversations.....	22,284,000	26,003,000	33,163,000	48,800,000	65,298,000	1,125,000
Number of Employees‡.....	120,311	156,294	231,316	293,095	324,343‡	39,702
Number of A. T. & T. Co. Stockholders.....	40,381	65,512	139,448	362,179	567,694	97,893

* Decreases shown in italics.
 § Includes 145,508 telephones comprising net increase resulting from mergers, purchases, sales, etc.
 φ Partly Estimated.
 ¶ A change in classification as between "exchange" and "toll" increased average daily exchange conversations by about 244,000 and reduced toll conversations correspondingly.
 ‡ The employees of the Western Electric Company, Inc., and the Bell Telephone Laboratories, Inc., numbering approximately 70,000 on December 31, 1930, are not included.

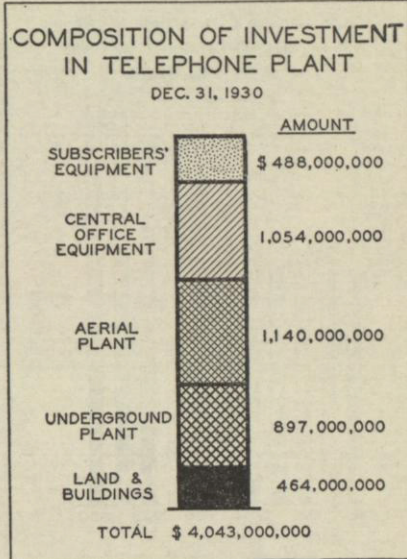
BELL SYSTEM STATISTICS

GROSS PLANT CONSTRUCTION
IN MILLIONS OF DOLLARS

During 1930, gross plant construction, i.e., expenditures for additions, betterments, and replacements to Bell System telephone plant, amounted to \$585,000,000, or an average expenditure of \$1,950,000 per working day. The net increase for the year in Bell System plant investment was \$372,322,050.

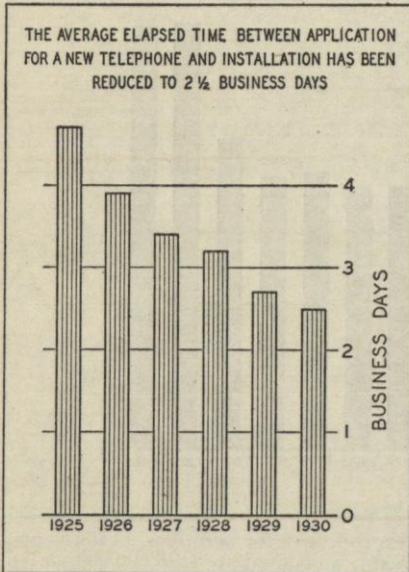
The table below shows total plant investment and the yearly increase in such investment from 1915 to date. The chart shows the investment at the end of 1930 in the principal classes of plant comprising the telephone properties of the Bell System.

PLANT INVESTMENT		
YEAR	TOTAL AT END OF YEAR	INCREASE OVER PREVIOUS YEAR
1915	\$ 880,068,520	\$ 32,863,717
1916	946,293,248	66,224,728
1917	1,064,892,710	118,599,462
1918	1,142,498,152	77,605,442
1919	1,215,944,184	73,446,032
1920	1,363,826,327	147,882,143
1921	1,543,865,545	180,039,218
1922	1,729,219,520	185,353,975
1923	1,978,947,543	249,728,023
1924	2,266,923,466	287,975,923
1925	2,524,905,590	257,982,124
1926	2,783,023,059	258,117,469
1927	3,013,985,120	230,962,061
1928	3,275,686,848	261,701,728
1929	3,671,099,689	395,412,841
1930	4,043,421,739	372,322,050

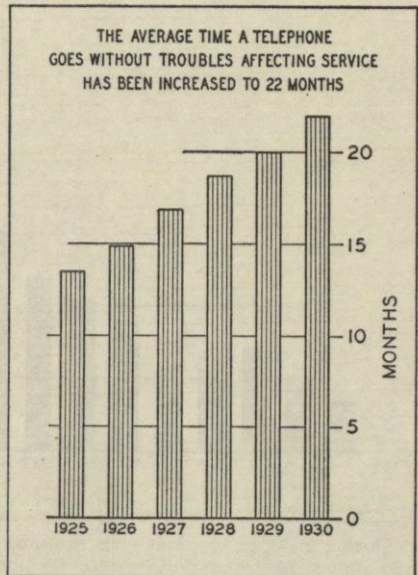


BELL SYSTEM STATISTICS

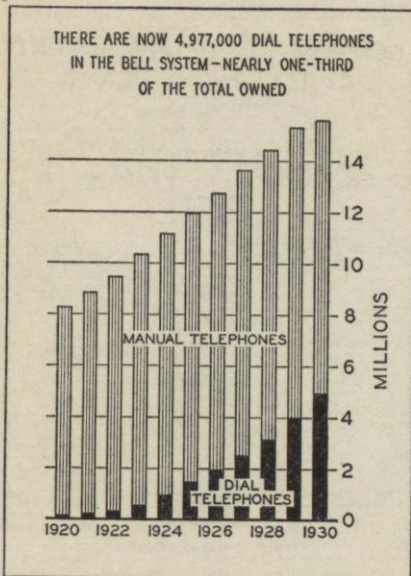
THE AVERAGE ELAPSED TIME BETWEEN APPLICATION FOR A NEW TELEPHONE AND INSTALLATION HAS BEEN REDUCED TO 2 1/2 BUSINESS DAYS



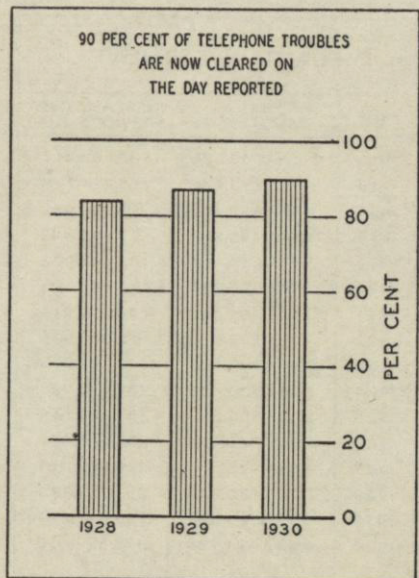
THE AVERAGE TIME A TELEPHONE GOES WITHOUT TROUBLES AFFECTING SERVICE HAS BEEN INCREASED TO 22 MONTHS



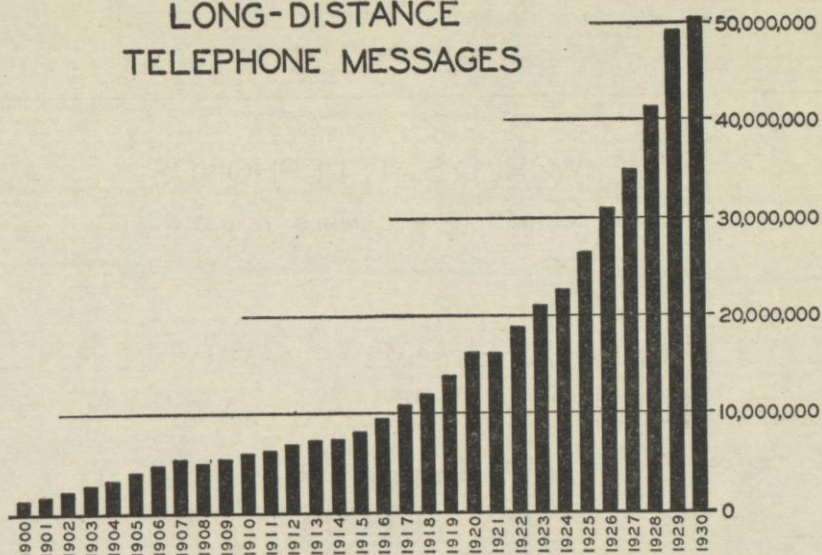
THERE ARE NOW 4,977,000 DIAL TELEPHONES IN THE BELL SYSTEM—NEARLY ONE-THIRD OF THE TOTAL OWNED



90 PER CENT OF TELEPHONE TROUBLES ARE NOW CLEARED ON THE DAY REPORTED



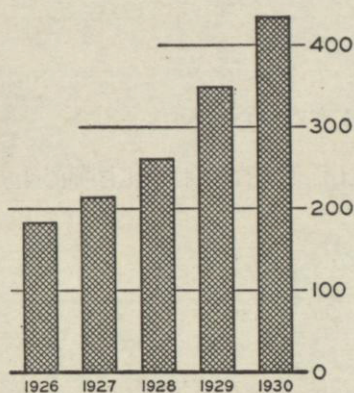
LONG-DISTANCE TELEPHONE MESSAGES



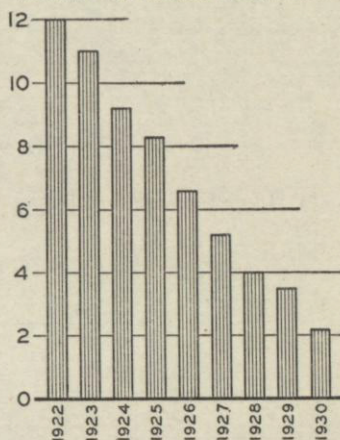
The chart above shows the growth since 1900 in the number of telephone messages transmitted over the long-distance lines of the American Telephone and Telegraph Company, i.e., the lines which interconnect the territories of the associated operating companies of the Bell System.

The total investment in long-distance plant and equipment at the end of each year since 1926, is shown below. The progress made since 1922 in reducing the average number of minutes required to establish a long-distance connection is also indicated.

LONG-DISTANCE PLANT AND EQUIPMENT IN MILLIONS OF DOLLARS



LONG-DISTANCE SERVICE AVERAGE NUMBER OF MINUTES REQUIRED TO ESTABLISH A CONNECTION

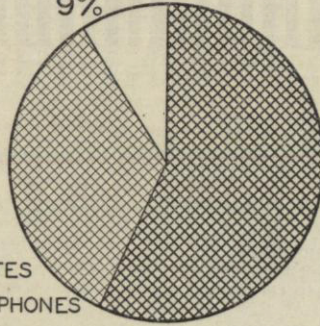


THE WORLD'S TELEPHONES

35,300,000 ON DECEMBER 31, 1930

OUTSIDE UNITED STATES
NOT CONNECTED WITH
TELEPHONES IN UNITED STATES

9%



TELEPHONES
IN UNITED STATES
57%

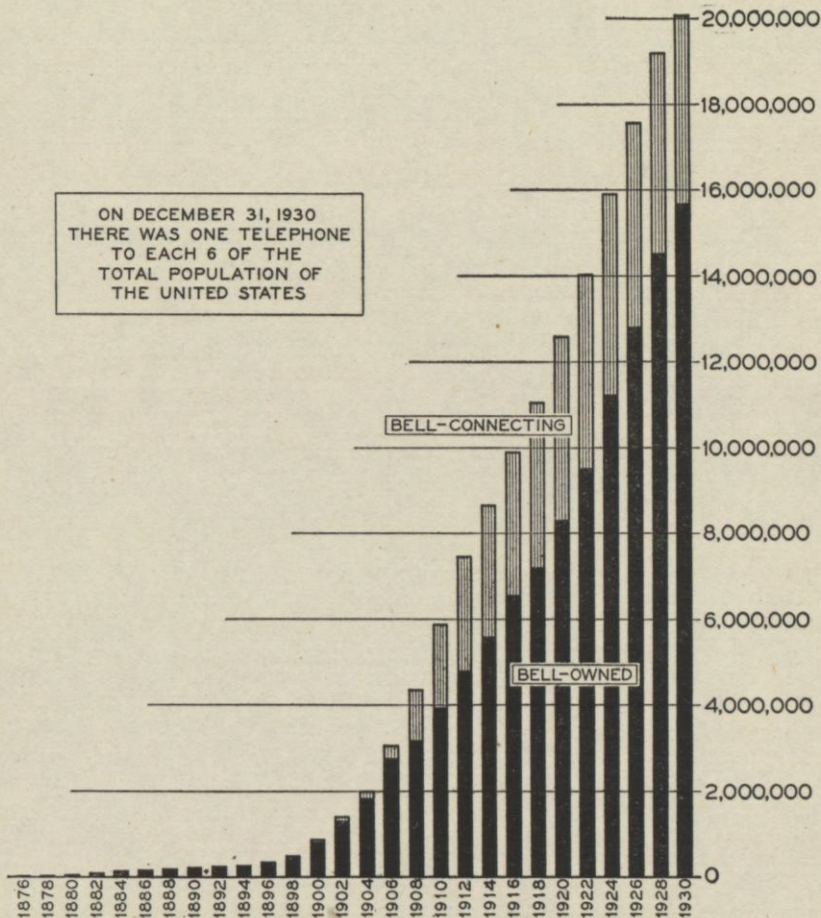
OUTSIDE UNITED STATES
CONNECTED WITH TELEPHONES
IN UNITED STATES

34%

91% OF THE WORLD'S TELEPHONES
CAN BE REACHED FROM ANY BELL SYSTEM TELEPHONE

NUMBER OF TELEPHONES IN THE BELL SYSTEM

ON DECEMBER 31, 1930
THERE WAS ONE TELEPHONE
TO EACH 6 OF THE
TOTAL POPULATION OF
THE UNITED STATES



NUMBER OF TELEPHONES IN THE BELL SYSTEM

