

1906

ANNUAL REPORT

OF

THE DIRECTORS

OF

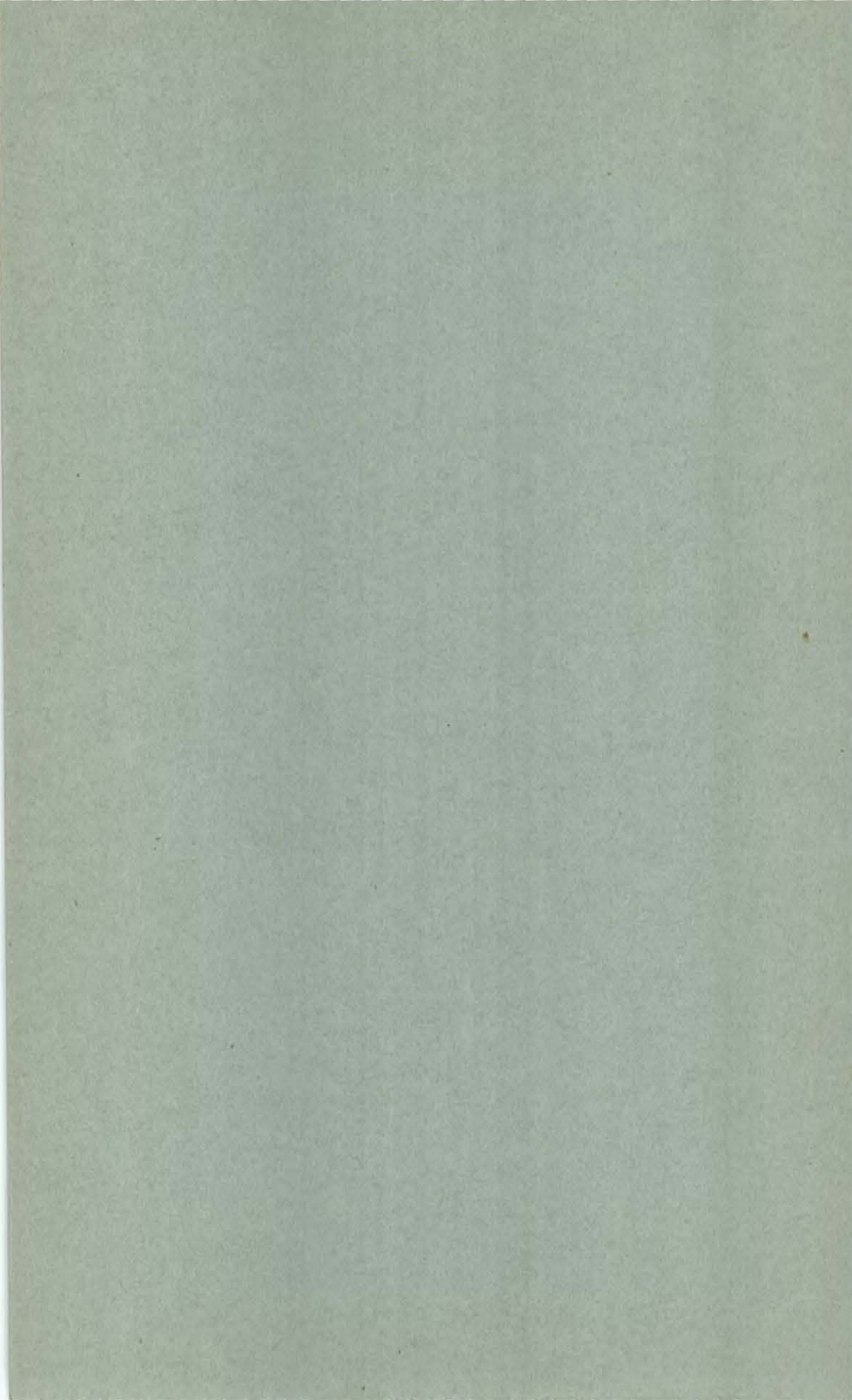
AMERICAN TELEPHONE & TELEGRAPH COMPANY

TO THE STOCKHOLDERS

FOR THE

YEAR ENDING DECEMBER 31, 1906.

PRESS OF
ALFRED MUDGE & SON,
BOSTON.
1907.



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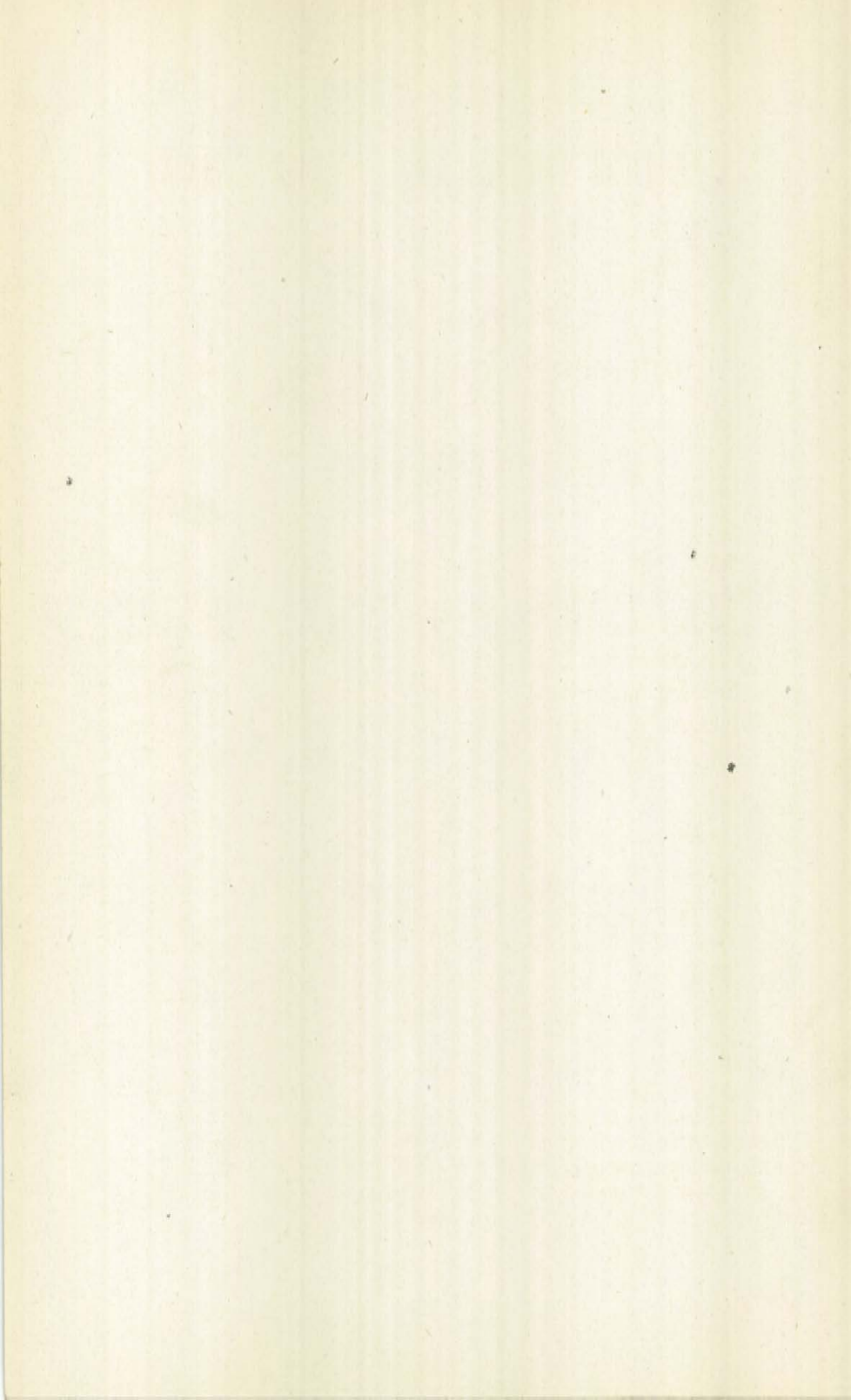
AMERICAN TELEPHONE & TELEGRAPH COMPANY

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FOR THE

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ALFRED MUDGE & SON,
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American Telephone & Telegraph Company

OFFICERS FOR THE YEAR 1906.

FREDERICK P. FISH,	<i>President.</i>
EDWARD J. HALL,	. . . . .	<i>Vice-President.</i>
THOMAS SHERWIN,	. . . . .	<i>Vice-President.</i>
CHARLES P. WARE,	. . . . .	<i>Vice-President.</i>
WILLIAM R. DRIVER,	. . . . .	<i>Treasurer.</i>
CHARLES EUSTIS HUBBARD,	. . . . .	<i>Secretary.</i>

DIRECTORS

CHARLES W. AMORY.	HENRY S. HOWE.
THOMAS B. BAILEY.	CHARLES EUSTIS HUBBARD.
GEORGE F. BAKER.	CHARLES E. PERKINS.
FRANCIS BLAKE.	WILLIAM LOWELL PUTNAM.
CHARLES P. BOWDITCH.	THOMAS SANDERS.
ALEXANDER COCHRANE.	NATHANIEL THAYER.
T. JEFFERSON COOLIDGE, JR.	THEODORE N. VAIL.
W. MURRAY CRANE.	JOHN I. WATERBURY.
FREDERICK P. FISH.	MOSES WILLIAMS.

REPORT OF THE DIRECTORS
OF
AMERICAN TELEPHONE AND TELEGRAPH COMPANY.

NEW YORK, March 26, 1907.

TO THE STOCKHOLDERS:

The results of the business for the year 1906, as shown by the Treasurer's statement appended, were as follows:—

Gross Revenue	\$24,526,097.82
Expenses, including interest and taxes .	11,555,161.06
Net Revenue	12,970,936.76
*Dividends paid	10,195,233.50
Carried to Reserve	1,773,736.62
Carried to Surplus	1,001,966.64

The following were the corresponding figures for the year 1905:—

Gross Revenue	\$21,712,831.29
Expenses, including interest and taxes .	8,678,792.90
Net Revenue	13,034,038.39
*Dividends paid	9,866,355.00
Carried to Reserve	1,743,295.16
Carried to Surplus	1,424,388.23

The net output of telephones during the year 1906 was 1,409,578, making the total number in the hands of the operating companies 7,107,836.

* The increase of dividends in 1906 was due to the fact that the last two dividends declared in that year were each two per cent., while the corresponding dividends in 1905 were respectively one and one-half and two and one-quarter per cent.

The number of exchange stations at the end of the year operated by the companies which constitute our system in the United States was 2,727,289, an increase of 485,922. In addition to this number, there were 297,220 exchange and toll stations operated by so-called sub-licensees, namely, independent companies or associations under sub-license or connection contracts and making use of our telephones. Adding also our telephones employed for private-line purposes, our companies had a total of 3,068,833 stations as against 2,528,715 stations at the close of the previous year.

The total mileage of wire in use for exchange and toll service was 7,468,905 miles, of which 1,688,987 were added during the year. These figures do not include the mileage of wire operated by sub-licensees.

Including the traffic over the long distance lines, but excluding sub-licensees, the daily average of toll connections was about 462,000, and of exchange connections about 16,478,000, as against corresponding figures in 1905 of 368,000 and 13,543,000; the total daily average for 1906 reaching 16,940,000, or at the rate of about 5,455,000,000 per year, being 64 telephone calls for each man, woman and child in the United States.

The amount added to construction and real estate by all the companies, excluding sub-licensees, constituting our system in the United States during the year 1906, was:—

For Exchanges	.	.	.	.	.	\$59,971,094
For Toll Lines	.	.	.	.	.	13,585,659
For Land and Buildings	.	.	.	.	.	5,810,196
						<hr/>
						\$79,366,949

The amount added in 1900 was \$31,619,100; in 1901, \$31,005,400; in 1902, \$37,336,500; in 1903, \$35,368,700; in 1904, \$33,436,700; and in 1905, \$50,780,906; making the grand total of expenditure upon these properties during the seven years \$298,914,255.

During the year 1906, the amount expended for maintenance and reconstruction, independent of construction, by all the Bell telephone companies in the United States was \$32,814,568. This amount came from the earnings of the properties, and was charged into the expenses of the year. As a result of these expenditures for maintenance and reconstruction, the plant of our companies is in a better condition than ever before. That plant could not at the present time be reproduced for a less sum than \$70,000,000 in excess of its cost. The scrap value of the lead and copper in the lines and cables alone is not less, at present prices, than \$80,000,000. Every year the plant becomes more permanent in character and of longer life. There is no reason to doubt that at the present time it is substantially of a type which need not be replaced until it is worn out.

The amount contributed by the American Telephone and Telegraph Company in 1906 by way of investment in its own long-distance plant (\$5,642,000), in telephones (\$1,737,000), in real estate (\$330,000), and in the purchase of stock and bonds and in loans to its operating companies (\$53,432,000), was in all \$61,141,000, an addition of almost twenty-six per cent. to its entire investment up to January 1, 1906.

This greatly increased investment was made with the view of lifting the entire business to a distinctly higher plane specifically and as compared with its

competitors. Your Directors believe that the expenditure was wise and that, because of it, the position and business of the Bell companies were never so secure as at the present time. The controlling importance of our companies in the telephone field is even more marked than before, and there is hardly a district of any extent throughout the country in which their business is not supported by a satisfactory plant, a good organization and good service.

While even in these important phases of the business the situation requires constant watching and there still remains much to be done, particularly in some places, the improvement, generally speaking, has been marked and constant.

In the expenditures for construction during the past year, the Bell companies have proceeded more positively than ever before upon a definite theory which is believed to be that required to meet the conditions of the business as now known. They have built for the future as far as was consistent with sound economy. They have laid the foundations for the development that is sure to come and have not limited their construction to the business actually in sight.

In the earlier stages when, as in 1896, there was a gain of only 43,549 stations, or, as in 1900, a gain of only 167,934, it was impossible to realize how rapidly the demand for telephones would increase. It seemed consistent with sound policy to assume a rate of growth not greatly in excess of that then prevailing. If this policy were to be continued, it would be a matter of great difficulty to adjust the plant conditions to the demands of a vastly increased business, and the diffi-

culty would be greater every year. If buildings were erected and central office equipment installed only for the business practically then in sight, it would not be long before those buildings and central office equipments would be inadequate. It is inherent in the nature of the business that when telephone buildings and central office equipment become inadequate, they can be enlarged, in many cases, only at an expense altogether out of proportion to the increased facilities gained by such an enlargement. In fact, it has not unfrequently happened that, because of the unexpected demands for service, it has been found necessary to abandon a building and central office equipment and start again from the beginning, with a new building and new apparatus, as the most economical way of meeting the situation.

The same is true, even to a greater extent, of the line construction, which connects the exchange with the subscribers' stations.

The improvement in cables, made within the past few years, has revolutionized the art of telephone line construction. Not only is it now possible to place in underground ducts, cables containing four hundred or even six hundred circuits, but a pole line the carrying capacity of which would have been exhausted by forty pairs of open wires, can carry six hundred pairs of wires in the form of cables. The old-fashioned exchange pole line rarely carried more than twenty pairs of open wires. When an open wire aerial line has reached the low limit of its carrying capacity, it must be taken down and a larger line built unless there is an opportunity for a new line, which frequently is not the case. In either event, there

is a great waste as compared with a type of construction in which, by the use of cables, a given pole line may have a capacity many times as great. Sound economy has many times in the past year required the scrapping of all the wires on a pole line, cable being substituted for them, as the only way of securing the enlargement of facilities that was required, and not unfrequently it has been necessary to reconstruct the whole line as the cheapest way of securing the opportunity for growth that was required.

In so far as cable construction is concerned, it is not only of great advantage, as a matter of economy and as affording opportunities for growth that are not possible with open wires, but by the use of cables the chances of interruption of service are lessened, and the expense of maintenance is very greatly reduced.

If the very great development of the business could have been foreseen and the engineers and manufacturers had, at an early date, solved the cable problem so that cables of large capacity could have been originally installed instead of open wire, in the places where a large number of circuits would ultimately be required, much money would have been saved.

Now that it is certain that the business will develop on lines of reasonable profit to an extent much greater than even the most enthusiastic telephone man ventured to expect a few years ago, and cables for exchange distribution are made which are in all respects satisfactory vehicles of transmission, it would be the height of folly not to anticipate the certain extension of the business by providing facilities for future growth, when they can be most economically installed.

There will always be a substantial amount of open wire construction where few circuits are likely to be required, but the substitution of cable for open wires as the demands upon the plant increase is a sound practice even though it involves an investment based upon the certain requirements of the future rather than upon what is immediately necessary.

The great extent to which the telephone business was sure to develop became apparent about the year 1901, when the number of new subscribers increased nearly 220,000, as compared with about 167,000, the largest increase in any prior year. The increase was 257,336 in 1902; 247,184 in 1903; 274,466 in 1904; and 441,734 in 1905.

These large increases in the number of subscribers, which were attended by an equally large increase in the demand for toll service, practically exhausted the plant of the Bell companies and involved rebuilding that plant to a large extent. The year 1906 has seen additions to construction which not only enabled the companies to take care of the 2,241,367 subscribers connected with the system on the first of January, 1906, and the nearly 500,000 added during the year 1906, but which resulted in plant conditions, based on scientific study, which will enable the growth of future years to be taken care of with an economy and efficiency due to the application of the most approved methods of work. Constant additions will have to be made to the plant, but they will largely be on predetermined lines, utilizing, extending and rounding out the systematic plant conditions that now exist.

The effort has been made to design buildings and pro-

vide central office equipment that will not be exhausted in a short time. Careful engineering studies have been made of nearly all the large cities in the country, open wires have been displaced to a large extent, and underground construction and aerial and underground cables have been installed that were not merely adequate for the growth then in sight, but for a substantially larger growth. The lines upon which increases of plant should be made have been laid out in advance, so as to fit into the work now done.

The same general engineering plan has characterized the work of our companies in their toll-line equipment. It has been necessary to erect from time to time lines of poles which carried a single circuit, or only a small number of circuits, no larger number being required to do the business between the points connected by the pole line. Every circuit added to such a pole line reduces the cost of the installation per circuit mile, and it is a satisfaction to know that the number of miles of wire per mile of pole line has increased from 5.6 January 1, 1900, to 9.4 January 1, 1907. For the year 1906, the increase in miles of pole lines was 9,334, while the increase in miles of wire was 195.937, the ratio being more than twenty to one.

Another, and by no means the least important, advantage of systematic engineering such as now characterizes our work, lies in the fact that, by reason of it, we shall be much better able to meet promptly and satisfactorily the demands of the public for good service.

It does not seem extravagant to say that, as the result of the work of the past few years, the companies

have started on a new line of development, in so far as plant and business are concerned, which is of the utmost importance and sure to result in better service and more economical operation, and thereby in distinctly better returns on the investment than would otherwise have been the case.

As an indication of the extent to which the companies have built for the future, attention is called to the fact that at the present time not less than \$25,000,000 are invested in circuits in cable that are not yet in use, but all of which will soon be in service, and that pole and conduit facilities are now installed which will take care of a very large number of cables over and above those that now exist.

Large expenditures will be required in the future, as in the past, to enable our companies to do the business that is forced upon them by the increasing demand for telephone service. It is the opinion of your Directors that the plant was never in better condition to meet the demand upon our companies, and that the additions to it which are surely necessary will not only result in a proper return, but will create an adequate revenue from a substantial portion of the plant that now exists which in the nature of the case has not yet been utilized.

The extensive building for the future and the very high cost of labor and material during the past year have somewhat increased the cost per station added to the Bell system over the corresponding costs of 1905. The cost per mile of toll wire did not increase.

There is no reason to question the validity of the statement made in the last Annual Report that the

reduction in the cost of construction per unit, which has been so significant during the past few years, will continue to characterize the business as it develops.

As has been the case for many years, there are certain portions of the country in which the return from the business is not satisfactory. These are for the most part localities in which our companies had not been able to cover the field rapidly enough to supply the demand for telephone service, and were, therefore, particularly exposed to competition.

As stated in prior reports, the unintelligent views of our competitors as to what rates for service are possible have created conditions in the portions of the country to which reference is now made, under which neither they nor the Bell companies are getting proper returns for the service rendered. These conditions are sure to correct themselves in time, particularly as almost everywhere, except in some of the comparatively few places in which new promotion schemes are being exploited, our competitors have discovered their mistake and are as anxious to raise their rates as they formerly were to do business at a loss. We have now developed our plant, business and organization in most of these localities to such an extent as to have the situation in hand, and have now only to proceed on sound lines to establish such relations with the public as will enable us to secure a fair return for the service rendered. There are definite indications that the public in these localities appreciates the situation to a greater extent than ever before, and that it will ultimately co-operate to secure the adequate telephone service which it needs, by encouraging our companies to make the readjustment of rates that is

necessary to enable us to give that service under fair conditions.

In by far the greater part of the country, rates are established and maintained with the approbation of the public, which permit the reasonable return required by the Bell companies to enable them to meet the demands of those who use the telephone.

Considering the difficulties in telephone rate making, and the fact that even now there has not been sufficient experience with the constantly changing phases of the business to make it possible to establish rigid theories fitting all conditions, it is a satisfaction to find that the complaints made as to the rates of the Bell companies are comparatively few in number, and are generally based upon some special feature of the system employed in a particular locality, and not upon the scheme of rates as a whole.

The so-called Independent telephone companies which are in competition with the Bell companies throughout the United States have, as far as can be learned, except in a few localities, made no relative gain. It is a matter of common notoriety that many of them recognize that their situation is unstable. Comparatively few new Independent plants have been established in competition with the Bell during the past two years. A number of franchises for competing companies have been granted in various cities, but during the year 1906, and up to the present time in the year 1907, substantially no work has been done under any of the franchises in the more important places. The investors from whom Independent telephone promoters have secured money in the past, are

apparently less inclined than formerly to make the advances required to install telephone exchanges under the very unfavorable conditions, among others the excessive cost of material and labor and the high rates for money, which now prevail. The known financial situation of some of the larger Independent enterprises undoubtedly also operates to check such investment.

In spite of the fact that during the past year a large portion of the time and energy of the executive officers of the Bell companies have been absorbed in construction work and in the extension of the plant and business, the character of the service throughout the country has undoubtedly improved. Effort is everywhere made to keep the service at a proper standard and to improve it. The time and thought of hundreds of engineers and traffic men is devoted, not only to applying the present methods of giving service as efficiently as possible, but to finding out, by careful and intelligent study, methods of operation and of handling the business that will lead constantly to better and more efficient service. Substantial progress has been made in this direction; and while the service in this country is conceded to be the best in the world, there is every reason to believe that it can and will be improved as the result of the comprehensive and intelligent efforts that are being made to that end.

There was during the year 1906 at least the usual amount of destruction of plant by sleet storms, wash-outs and fire. The San Francisco catastrophe undoubtedly inflicted upon the plant of the Pacific States Company, which operates on the Pacific Coast, a greater injury than any telephone plant ever suffered before.

If it had not been for this disaster, the Pacific States Company would have gained not less than thirty thousand subscribers more than it did in fact gain. The telephone plant in San Francisco has been rebuilt, and the service restored to a surprising extent.

As stated in the last Annual Report, convertible four per cent. bonds of the company, to the amount of \$100,000,000, were sold in February, 1906. By the terms of the contract, bonds to the amount of \$30,000,000 were taken and paid for during that year. Construction work proceeded so rapidly throughout the country that, during the year, it became necessary for the company to obtain money on short-time notes to secure the funds required, in anticipation of the payments on the bonds. On the first of January, 1907, its short-time obligations amounted to about \$21,000,000. It also became evident that if the great commercial development throughout the country which was taxing the resources of practically every public service company, and the telephone companies almost more than any other, was to continue, the proceeds from the bonds would not be sufficient to meet the necessary expenditures of the company to the end of the year 1907, as had been expected.

In January, 1907, therefore, the company sold three-year five per cent. notes to the amount of \$25,000,000. These notes were readily placed at a price that was reasonable in view of the abnormal financial conditions that have characterized the past year. From the proceeds of the securities sold, the floating indebtedness of the company will be paid when due, and on May 1, 1907, the \$20,000,000 three-year five per cent. notes of the company, due that day, will be paid.

The gross revenue for the year 1906 of all the Bell companies in the United States, taken as a whole and excluding duplications, was over \$114,000,000. In spite of the abnormal financial conditions, which involved unusual interest charges, the very great investment in construction, much of which did not become revenue producing during the year, and the high cost of labor and material, the net returns from the business as a whole were not reduced, although there was not the increase which would have been made if the conditions had been more nearly normal. All things considered, the financial results were satisfactory. Your Directors believe that for the year 1907 the financial results of the business of your companies will be substantially better than in the year 1906.

The gross revenue of the companies above given does not include the Bell Company of Canada, nor does it take into account the revenue of the Western Electric Company. The business of that company for the year 1906 was the largest in its history.

Appended hereto, as usual, are a series of comparative statistics showing certain phases of the development of the business of the company and its associated companies; a statement of the ledger balances of the Company as of December 31, 1906; also a comparative statement of the earnings and expenses for the years 1905 and 1906 and copies of the reports of the Committee on Treasurer's Accounts of May 23, September 22, and November 28, 1906, and March 8, 1907.

On the back of the cover of this report is a diagram illustrating graphically the growth in telephone stations

connected with the Bell system throughout the United States, from the beginning to the thirty-first day of December, 1906.

For the Directors,

FREDERICK P. FISH,

President.

INSTRUMENTS IN THE HANDS OF BELL LICENSEES,
UNDER RENTAL.

THE FIGURES IN LOWER LINE SHOW INCREASE FROM YEAR TO YEAR.

Dec. 20, 1897.	Dec. 20, 1898.	Dec. 20, 1899.	Dec. 20, 1900.	Dec. 20, 1901.
919,121	1,124,846	1,580,101	1,952,412	2,525,606
146,494	205,725	455,255	372,311	573,194

Dec. 20, 1902.	Dec. 31, 1903.	Dec. 31, 1904.	Dec. 31, 1905.	Dec. 31, 1906.
3,150,320	3,779,517	4,480,564	5,698,258	7,107,836
624,714	629,197	701,047	1,217,694	1,409,578

TOLL LINES IN THE UNITED STATES OF THIS COMPANY AND THE COMPANIES ASSOCIATED WITH IT.

	Jan. 1, 1898.	Jan. 1, 1899.	Jan. 1, 1900.	Jan. 1, 1901.	Jan. 1, 1902.	Jan. 1, 1903.	Jan. 1, 1904.	Jan. 1, 1905.	Jan. 1, 1906.	Jan. 1, 1907.	In- crease.
Miles of Pole Lines	67,791	75,718	89,292	101,087	110,459	122,409	130,178	136,547	145,535	154,869	9,334
Miles of Wire....	324,883	385,911	501,832	607,599	716,265	837,912	975,702	1,121,228	1,265,236	1,461,173	195,937

TOLL CONNECTIONS.

The average daily number of toll connections is	461,519
Or a total per year of about	148,609,000

EXCHANGES OF THE BELL COMPANIES IN THE UNITED STATES.

	Jan. 1, 1898.	Jan. 1, 1899.	Jan. 1, 1900.	Jan. 1, 1901.	Jan. 1, 1902.	Jan. 1, 1903.	Jan. 1, 1904.	Jan. 1, 1905.	Jan. 1, 1906.	Jan. 1, 1907.	Increase.
Exchanges .	1,025	1,126	1,239	1,348	1,411	1,514	1,609	4,080	4,532	4,889	357
Branch Offices	987	1,008	1,187	1,427	1,594	1,861	2,131				
Miles of wire on poles and buildings .	341,091	411,832	524,123	644,730	841,140	1,109,017	1,358,140	1,654,379	2,159,567	2,754,571	595,004
Miles of wire underground	282,634	358,184	489,250	705,269	883,679	1,328,685	1,618,691	1,888,760	2,345,742	3,241,471	895,729
Miles of wire submarine .	2,675	2,973	3,404	4,203	4,200	6,048	6,358	6,671	9,373	11,690	2,317
Total miles of wire . . .	626,400	772,989	1,016,777	1,354,202	1,729,019	2,443,750	2,983,189	3,549,810	4,514,682	6,007,732	1,493,050

EXCHANGES OF THE BELL COMPANIES—Continued.

	Jan. 1, 1898.	Jan. 1, 1899.	Jan. 1, 1900.	Jan. 1, 1901.	Jan. 1, 1902.	Jan. 1, 1903.	Jan. 1, 1904.	Jan. 1, 1905.	Jan. 1, 1906.	Jan. 1, 1907.	In- crease.
Total Circuits .	295,904	338,293	422,620	508,262	592,467	742,654	798,901	930,251	1,135,449	1,384,175	248,726
Total Employees	16,682	19,668	25,741	32,837	40,864	50,350	53,795	59,451	74,718	90,324	15,606
Total Stations .	384,230	465,180	632,946	800,880	1,020,647	1,277,983	1,525,167	1,799,633	2,241,367	2,727,289	485,922

EXCHANGE CONNECTIONS.

The estimated number of exchange connections daily in the United States, made up from actual count in most of the exchanges, is 16,478,058

Or a total per year of about 5,305,900,000

The number of daily calls per station varies in different exchanges, the average throughout the United States being about 6.

LEDGER BALANCES, DEC. 31, 1906.

DEBTORS.

Construction, Equipment and	
Supplies	\$40,336,776 14
Telephones	10,244,817 39
Real Estate	2,908,098 46
Stocks and Bonds	182,357,238 15
Patent Account	261,384 35
Machinery, Tools and Supplies,	42,299 10
Cash and Deposits	3,018,024 43
Notes and Accounts Receivable,	67,521,977 14
American Bell Telephone Co.,	22,110,400 00
Old Colony Trust Co., Trustee,	25,000,000 00

CREDITORS.

Capital Stock	\$158,661,800 00
Surplus	8,027,454 52
Convertible Bonds	30,000,000 00
Collateral Trust Bonds	53,000,000 00
“ (Collateral)	25,000,000 00
Five Per Cent. Notes due May	
1, 1907	20,000,000 00
Reserves	9,108,138 81
Notes and Accounts Payable .	31,358,411 58
Contingent	18,645,210 25
	<hr/>
	\$353,801,015 16
	<hr/>
	\$353,801,015 16
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WM. R. DRIVER, *Treasurer.*

Comparative Statement of Earnings and Expenses.

EARNINGS.

	1905.	1906.
Dividends	\$8,897,879 95	\$10,281,487 60
Rental of Instruments	3,896,151 27	4,518,990 66
Telephone Traffic	6,529,556 82	7,522,082 31
Real Estate	82,384 46	67,296 29
Interest	2,306,858 79	2,186,290 96
	<u>\$21,712,831 29</u>	<u>\$24,526,097 82</u>

EXPENSES.

Expenses of Administration	\$1,313,586 32	\$1,629,802 85
Interest and Taxes	3,578,681 86	5,288,413 95
Telephone Traffic	3,786,524 72	4,686,944 26
	<u>\$8,678,792 90</u>	<u>\$11,555,161 06</u>
Net Revenue	\$18,034,038 39	\$12,970,936 76
Dividends Paid	9,866,355 00	10,195,233 50
Balance	<u>\$3,167,683 39</u>	<u>\$2,775,703 26</u>
Carried to Reserves	\$1,743,295 16	\$1,773,736 62
Carried to Surplus	1,424,388 23	1,001,966 64
	<u>\$3,167,683 39</u>	<u>\$2,775,703 26</u>

WM. R. DRIVER, *Treasurer.*

BOSTON, MASSACHUSETTS, 23 MAY, 1906.

FREDERICK P. FISH, Esquire,

President American Telephone and Telegraph Company,

Dear Sir:—Herewith I enclose the report of Mr. Henry A. Piper, an expert accountant employed by me to examine the accounts of our Treasurer for the three months ending March 31, 1906.

Respectfully yours,

FRANCIS BLAKE,

Committee on Treasurer's Accounts.

BOSTON, May 22, 1906.

FRANCIS BLAKE, Esq.,

Dear Sir:—I have examined the accounts of the Treasurer of the American Telephone and Telegraph Company in Boston and New York, for the three months ending March 31, 1906, and have to report as follows:

I have determined the cash in hand and in the banks and trust companies, and find the amount, after allowing for outstanding checks, to agree with the balance of cash on that date.

I have seen approved and receipted vouchers for all disbursements, and have verified the record of cash receipts.

I have seen that all notes and stock certificates owned by the company are in hand and correctly entered upon the books.

I have found all Cash book and Journal entries duly posted to the Ledger, and the footings correct, and have proved the Balance Sheet.

I hereby certify that in all my investigations, as above recited, I have found everything correct.

Yours very truly,

HENRY A. PIPER.

BOSTON, MASSACHUSETTS, 22 September, 1906.

FREDERICK P. FISH, Esquire,

President American Telephone and Telegraph Company,

Dear Sir : — Herewith I enclose the report of Mr. Henry A. Piper, an expert accountant employed by me to examine the accounts of our Treasurer for the three months ending June 30, 1906.

Respectfully yours,

FRANCIS BLAKE,

Committee on Treasurer's Accounts.

BOSTON, September 22, 1906.

FRANCIS BLAKE, Esq.,

Dear Sir : — I have examined the accounts of the Treasurer of the American Telephone and Telegraph Company in Boston and New York, for the three months ending June 30, 1906, and have to report as follows :

I have determined the cash in hand and in the banks and trust companies, and find the amount, after allowing for outstanding checks, to agree with the balance of cash on that date.

I have seen approved and receipted vouchers for all disbursements, and have verified the record of cash receipts.

I have seen that all notes and stock certificates owned by the company are in hand and correctly entered upon the books.

I have found all Cash book and Journal entries duly posted to the Ledger, and the footings correct, and have proved the Balance Sheet.

I hereby certify that in all my investigations, as above recited, I have found everything correct.

Yours very truly,

HENRY A. PIPER.

BOSTON, MASSACHUSETTS, 28 November, 1906.

FREDERICK P. FISH, Esquire,

President American Telephone and Telegraph Company,

Dear Sir : — Herewith I enclose the report of Mr. Henry A. Piper, an expert accountant employed by me to examine the accounts of our Treasurer for the three months ending September 30, 1906.

Respectfully yours,

FRANCIS BLAKE,

Committee on Treasurer's Accounts.

BOSTON, November 27, 1906.

FRANCIS BLAKE, Esq.,

Dear Sir : — I have examined the accounts of the Treasurer of the American Telephone and Telegraph Company in Boston and New York, for the three months ending September 30, 1906, and have to report as follows :

I have determined the cash in hand and in the banks and trust companies, and find the amount, after allowing for outstanding checks, to agree with the balance of cash on that date.

I have seen approved and receipted vouchers for all disbursements, and have verified the record of cash receipts.

I have seen that all notes and stock certificates owned by the company are in hand and correctly entered upon the books.

I have found all Cash book and Journal entries duly posted to the Ledger, and the footings correct, and have proved the Balance Sheet.

I hereby certify that in all my investigations, as above recited, I have found everything correct.

Yours very truly,

HENRY A. PIPER.

BOSTON, MASSACHUSETTS, 8 March, 1907.

FREDERICK P. FISH, Esquire,

President American Telephone and Telegraph Company,

Dear Sir: — Herewith I enclose the report of Mr. Henry A. Piper, an expert accountant employed by me to examine the accounts of our Treasurer for the three months ending December 31, 1906.

Respectfully yours,

FRANCIS BLAKE,

Committee on Treasurer's Accounts.

BOSTON, March 8, 1907.

FRANCIS BLAKE, Esq.,

Dear Sir: — I have examined the accounts of the Treasurer of the American Telephone and Telegraph Company in Boston and New York, for the three months ending December 31, 1906, and have to report as follows:

I have determined the cash in hand and in the banks and trust companies, and find the amount, after allowing for outstanding checks, to agree with the balance of cash on that date.

I have seen approved and receipted vouchers for all disbursements, and have verified the record of cash receipts.

I have seen that all notes and stock certificates owned by the company are in hand and correctly entered upon the books.

I have found all Cash book and Journal entries duly posted to the Ledger, and the footings correct, and have proved the Balance Sheet.

I hereby certify that in all my investigations, as above recited, I have found everything correct.

Yours very truly,

HENRY A. PIPER.

DIAGRAM
 SHOWING THE GROWTH IN
SUBSCRIBERS' STATIONS
 CONNECTED TO THE SYSTEM
 OF THE
BELL TELEPHONE
COMPANIES
 FROM
JAN. 1, 1876. JAN. 1, 1907.

On January 1, 1907, there was one Bell Telephone
 Subscriber to each 28 of the Total Population of
 the United States.

