
Langford


Langford


The Langford

Joseph Galloway


N744A


Langford


ORLANDO HE
AIRWAYS.
ORLANDO.


Langford

Room #402 $13.50

NO. 045045

FROM FOLIO

TO FOLIO

Mr.. C. T. Whitehead
2440 Va. Ave.,
Wash. D. C.
O.T.P. 2-15-71

DATE	REFERENCE	CHARGES	CREDITS	BALANCE	PICK-UP
FEB 15 71	ROOM 402	C 13.50			
FEB 15 71	TAX 402	C .54		* 14.04 *	14.04
FEB 16 71	PAID 402		14.04	* .00	

PAID
FEB 20 1971
LANGFORD HOTEL

PAY LAST AMOUNT IN THIS COLUMN

Room #402 $13.50

CODE EXPLANATION
D—TIPS
E—NEWSPAPERS
F—BEAUTY SHOP
G—FLORIST
H—EXPRESS CHGS.
J—POSTAGE
K—TAXI FARE
L—CAR RENTAL
M—PUBLIC ROOM RENTAL

GUEST'S SIGNATURE

FIRM

STREET

CITY STATE

THE Langford HOTEL
WINTER PARK, FLORIDA
MIDWAY 4-3400

Reservations made through National Airlines (Mrs. Smith) 549-7633

Southern Airlines 628-9032

Delta 296-7000

* Reservations made

Residence (305) 644-5161

Monday, February 15

* 9:10 a.m.	Lv. Washington National Flt. 471	
11:02 a.m.	Arr. Orlando, Florida	
	Mr. Joseph Galloway will meet you	
12:00 noon	Lunch with the Winter Park Telephone Co. Winter Park, Florida	(305) 644-5101
	Briefing on the financing of independent telephone companies ~~(at press conference)~~	
	Discussion of toll separations with the Bell System	
	Reservations ~~at the Langford~~ Hotel	

(305) 644-3400 Dinner Monday night

Bruce Buck

Tuesday, February 16

	View city and plant	
	Employee motivation briefing	
	Lunch	
3:00 p.m.	Board meeting	
* 5:40 p.m.	Lv. Orlando - Eastern Flt. 592	
7:01 p.m.	Arr. Atlanta	(Change of planes in Atlanta)
8:25 p.m.	Lv. Atlanta - Eastern Flt. 615	
9:20 p.m.	Arr. Houston, Texas	

(posterity (other line is busy) 644-1101)

D'Agostino

OR

7:35 p.m.	Lv. Orlando National Flt. 415	(2 stops (Tampa, New Orleans)
10:16 pm.	Arr. Houston, Texas	(NO CHANGE OF PLANES)

Mr. Herb Victor (President of National Association of Television Program Executives, Inc.) will meet you

Reservations at the Astro World Hotel

Wednesday, February 17

12:30 p.m. Luncheon speech
National Association of Television Program Executives, Inc.
Astro Club (713) Ri. 8-3221
Astro World Hotel
Houston, Texas

* 6:30 p.m. Lv. Houston, Texas Delta 916 (nonstop--dinner flight)
9:55 p.m. Arr. Friendship

Mrs. Smith

Monday, February 15

National Airlines - Miss Huggins
549-7633

9:10 a.m. Lv. Washington National Flt. 471
11:02 a.m. Arr. Orlando, Florida
Mr. Joe Galloway will meet you.
12:00 ? Lunch with the Winter Park Telephone Co. people (305) 644-5101
Winter Park, Florida

Briefing on the financing of independent telephone companies
Discussion of toll separations with the Bell System

Reservation at the Langford Hotel

Tuesday, February 16

View city and plant
~~Briefing~~ Employee motivation briefing
Lunch

3:00 - 5:00 Board meeting

7:35 p.m. Lv. Orlando - National Flt. 415
10:16 p.m. Arr. Houston, Texas
Mr. Herb Victor (President of Nat. Assoc. of Television Program Executives, Inc.) will meet you

Wednesday, February 17

12:30 p.m. -- 2:00 p.m. ~~Lunch at the~~ Luncheon Speech "Astro Club" in the ~~Astrodome Hotel~~ Astroworld Hotel (713) Ri. 8-3221
Houston, Texas
~~Speech~~
~~Herb Victor, President (presiding)~~
National Association of Television Program Executives, Inc.

4:50 p.m. Lv. Houston, Texas Delta Airlines Delta 296-7000
10:00 Arr. Dulles

6:30 p.m. Lv. Houston, Texas Delta 916 (nonstop)(dinner flight)
9:55 p.m. Arr. Friendship

6:45 p.m. Lv. Houston Eastern Flt. 554 (nonstop
10: 28 p.m. Arr. Dulles

Friday 2/12/71

11:45 These are the differences in fares for your trip next week. Do you want to work on your speeches during your flights; if so, do you want to go first class part or all of the way? Betty said OTP would pay for 1st class.

Coach		First Class	Difference
Wash. to Orlando -	$62	$80	$18
Orlando to Houston	63	81	18
Houston to Wash.	85	111	26 - TW
	$210	$ 272	$62

Itinerary for
Clay T. Whitehead
February 15-17, 1971

Monday, February 15

9:10 a.m.	Lv. Washington	National Flt. 471
11:02 a.m.	Arr. Orlando, Florida	

Brance Buck (public relations man for Winter Park Telephone Co.) will meet you at the airport. (305) 644-5101

Lunch - Joseph Galloway, Chairman of the Board

Briefing on the financing of independent telephone companies

Discussion of toll separations with the Bell System

Dinner

Reservations at the Langford Hotel (305) 644-3400

Tuesday, February 16

View city and plant

Employee motivation briefing

Lunch

3:00p.m. Board meeting

4:30 p.m. Lv. todrive to Orlando

5:40 p.m.	Lv. Orlando	Eastern Flt. 592
7:01 p.m.	Arr. Atlanta	
8:25 p.m.	Lv. Atlanta	Eastern Flt. 615
9:20 p.m.	Arr. Houston, Texas	

Someone from the National Association of Television Program Executives will pick you up at the airport and drive you to the Astro World Hotel (713) Ri. 8-3221

(You have reservations at the Astro World)

Tuesday, February 16 (continued)

10:15 p.m. Cocktails - press briefing
Astro World Hotel

Wednesday, February 17

See attached program

12:30 p.m. Keynote address
National Association of Television Program Executives, Inc.
Astro World Hotel
Houston, Texas

Herb Victor, President

6:30 p.m. Lv. Houston Delta 916 (nonstop - dinner flight)
9:55 p.m. Arr. Friendship

Coyt will pick you up.

2/15

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF TELECOMMUNICATIONS POLICY
WASHINGTON, D.C. 20504

January 28, 1971

OFFICE OF THE DIRECTOR

MEMORANDUM FOR MR. WHITEHEAD

SUBJECT: Florida Trip

I have discussed your possible visit to Winter Park (near Orlando), Florida, with Mr. Galloway. We talked about your coming down the weekend of February 13-14. I indicated you might like to spend a day or a day and a half in Miami. He said that's a bad idea unless you have a "chick" there. He said "come to Orlando" and drink up the sunshine and other imbibables.

If you go to Miami, you can fly from Miami to Orlando on Sunday evening, February 14, at 4:05 p.m., arriving at 5:00; or leave Miami at 4:30 p.m., arriving Orlando at 5:56. Both flights are on Southern Airlines. Alternatively, you could fly from Miami to Orlando at 7:40 a.m., Monday, arriving at 8:23 a.m.; or 11:30 a.m. from Miami, arriving Orlando at 12:18.

If you go to Orlando Monday morning, you will unavoidably be subjected to a Winter Park Telephone Company staff meeting which Mr. Galloway says you will find far more interesting than you would think! Monday afternoon you are scheduled for a briefing and discussion on financial planning, capital management, and other money aspects of an independent telephone company. This afternoon discussion would include consideration of Galloway's company's toll separations problems with Bell.

Tuesday morning Mr. Galloway wants to show you some interesting "local sites" and the principal physical plant installations. Following lunch on Tuesday, he wants to present to you Winter Park Telephone Company's employee motivation program and techniques which he says you will find fascinating. Tuesday at 3:00 p.m. you will attend a Winter Park Telephone Company Board Meeting - - ! You will leave Winter Park (whew!!) at 4:30 to drive to the Orlando Airport for a 5:40 flight to Houston on Southern Airlines (if the pilot is sober). You will arrive Houston at 9:18 p.m., having stopped once in Atlanta - - Atlanta? (Damn pilot wasn't sober!!!)

If you wish to go directly to Winter Park, and in any event for Monday night, February 15, Mr. Galloway strongly recommends the Langford Hotel.

I told him I would give you the details of the proposed visit and be in touch with him after receiving your (ugh!) reactions.

Steve

Stephen E. Doyle

STANDARD FORM 1012
7 GAO 5300
1012-109

TRAVEL VOUCHER

DEPARTMENT, BUREAU, OR ESTABLISHMENT Exec. Office of the President
Office of Telecommunications Policy

VOUCHER NO.

PAYEE'S NAME
Clay T. Whitehead

SCHEDULE NO.

MAILING ADDRESS
2440 Virginia Avenue, N. W.
Washington, D. C. 20037

PAID BY

OFFICIAL DUTY STATION
Washington, D. C.

RESIDENCE
Washington, D. C.

FOR TRAVEL AND OTHER EXPENSES

FROM (DATE)	TO (DATE)
2/15/71	2/17/71

APPLICABLE TRAVEL AUTHORIZATION(S)

NO.	DATE
690	2/17/71

TRAVEL ADVANCE

Outstanding	$
Amount to be applied	
Balance to remain outstanding	$

CHECK NO.

CASH PAYMENT RECEIVED:
(DATE)
(SIGNATURE OF PAYEE)

TRANSPORTATION REQUESTS ISSUED

TRANSPORTATION REQUEST NUMBER	AGENT'S VALUATION OF TICKET	INITIALS OF CARRIER ISSUING TICKET	MODE, CLASS OF SERVICE, AND ACCOMMODATIONS *	DATE ISSUED	POINTS OF TRAVEL FROM–	POINTS OF TRAVEL TO–
B-1,284,722	$272	National	First	2/12/	Washington, D.C. Orlando, Florida Houston, Texas	Orlando, Florida Houston, Texas Washington, D.C.

** *Certified correct. Payment or credit has not been received.*

March 4, 1971
(Date)

(Signature of Payee)

AMOUNT CLAIMED	Dollars	Cts
	$42	75

APPROVED *(Supervisory and other approvals when required)*

DIFFERENCES:

NEXT PREVIOUS VOUCHER PAID UNDER SAME TRAVEL AUTHORITY

VOUCHER NO.	D.O. SYMBOL	DATE (MONTH–YEAR)

Total verified correct for charge to appropriation(s)

Certified correct and proper for payment:

Applied to travel advance (appropriation symbol)

(Date)

(Authorized Certifying Officer)

NET TO TRAVELER

ACCOUNTING CLASSIFICATION

* Abbreviations for Pullman accommodations: MR, master room; DR, drawing room; CP, compartment; BR, bedroom; DSR, duplex single room; RM, roomette; DRM, duplex roomette; SOS, single occupancy section; LB, lower berth; UB, upper berth; LB–UB, lower and upper berth; S, seat.

** FRAUDULENT CLAIM—Falsification of an item in an expense account works a forfeiture of the claim (28 U.S.C. 2514) and may result in a fine of not more than $10,000 or imprisonment for not more than 5 years or both (18 U.S.C. 287; *id.* 1001).

SCHEDULE OF EXPENSES AND AMOUNTS CLAIMED

PREVIOUS TEMPORARY DUTY *(Complete these blocks only if in travel status immediately prior to period covered by this voucher and if administratively required)*

DEPARTURE FROM OFFICIAL STATION (DATE)	(HOUR)	TEMPORARY DUTY STATION LAST DAY OF PRECEDING VOUCHER PERIOD (LOCATION)	(DATE OF ARRIVAL)

DATE 19 71	NATURE OF EXPENSE	AUTHORIZED MILEAGE RATE ____¢ SPEEDOMETER READINGS	NO. OF MILES	AMOUNT CLAIMED MILEAGE		SUBSISTENCE		OTHER	
2/15	Lv. National Airport on NA Flt. 471 at 9:10 a.m.								
	Arr. Orlando, Florida at 11:02 a.m. OB - Orlando								
2/16	Lv. Orlando on EA Flt. 592 at 5:40 p.m.								
	Arr. Atlanta, Florida at 7:01 p.m. Lv. Atlanta on EA Flt. 615								
	at 8:25 p.m. Arr. Houston, Texas at 9:20 p.m.								
	OB - Houston								
2/17	Lv. Houston on Delta Flt. 916* at 6:30 p.m.								
	Arr. Friendship Airport at 9:55 p.m.								
	*Difference between 1st and y class Houston To DCA							-$26	00
	Per Diem: 2 and 3/4 days at $25 per day					$68	75		
						$68	75	-$26	00

Grand total to face of voucher (Subtotals, to be carried forward if necessary) → $42.75

☆ U.S. GOVERNMENT PRINTING OFFICE : 1966 O—212-866

NATIONAL AIRLINES, INC.

PASSENGER TICKET AND BAGGAGE CHECK

SUBJECT TO CONDITIONS OF CONTRACT ON REVERSE

FLIGHT COUPON

AIRLINE CODE 010 | FORM 431 | SERIAL NUMBER 232896

DATE OF ISSUE 12 13 71

ISSUED IN EXCHANGE FOR

DATE AND PLACE OF ORIGINAL ISSUE

TRANSFERABLE

ORIGIN

DESTINATION

TICKET DESIGNATOR/FOUR CODE

Mr. C. T. Whitehead

FROM	TO	FARE BASIS	CARRIER	FLIGHT/CLASS	DATE	TIME	STATUS	ALLOW.
Washington	Orlando	F	NA	472	12	910		
Orlando	Atlanta	F	EA	872	12	540		
Atlanta	Houston	F	EA	1	12			
Houston	Baltimore	F	DL	918	12	6		

BAGGAGE CHECKED UNCHECKED

ROUTE CODE

FARE

CONJUNCTION TICKETS

FORM OF PAYMENT

GTR-B 1284722

ENDORSEMENTS

TOTAL 272.00

CPN. 1

TICKET NUMBER 010 431232896 3

Void after 19

BILL TO Office of Emergency Preparedness
Washington, D. C. 20504

B-1,284,722

The National Air Lines Company is requested to furnish first class air transportation at lowest rate from Washington, D. C. to Orlando, Fla., Houston, Texas, and return Nat. to Orlando; Eastern to Houston, Texas; Delta to Washington (Friendship)

for use of Clay A. Whitehead and 0 others with accommodations from to (LOWER BERTH, P.C. SEAT, ETC.) with authorization to transport not over lbs. of excess baggage from (IF ROUND TRIP SERVICE REQUIRED WRITE "AND RETURN")

I CERTIFY THAT I HAVE RECEIVED THE TRANSPORTATION SERVICE OR TICKETS REQUESTED EXCEPT AS STATED ON REVERSE SIDE.

TRAVELER'S SIGNATURE

TITLE Director, OTP

PLACE OF ISSUE Washington, D. C. 2/12/1971

I CERTIFY THAT THE TRANSPORTATION REQUESTED IS FOR OFFICIAL BUSINESS.

ISSUING OFFICER'S SIGNATURE

TITLE Administrative Officer

FISCAL DATA (APPROPRIATION, AUTHORIZATION, ETC.)

1110601
81/OTP/210

TRAVELER MUST ASCERTAIN COST OF TRANSPORTATION AND/OR ACCOMMODATIONS AND RECORD IN SPACES BELOW

TRANSPORTATION AMT	ACCOMMODATION AMT.	TOTAL
		272.00

TICKET AGENT WILL NOT ACCEPT THIS

DO NOT FOLD, SPINDLE OR MUTILATE

The United States of America
Transportation Request
MEMORANDUM CARD COPY

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF EMERGENCY PLANNING

AUTHORIZATION OF OFFICIAL TRAVEL

Submit original and 2 copies to Fiscal Section at least 3 working days in advance of proposed travel

This document becomes an authorization of official travel only when the certificate of authorization has been signed by the designated authorizing official. This travel is ordered on official business for the convenience of the Government.

1. Date of request: February 12, 1971

2. Name and address of traveler: Clay T. Whitehead, 2440 Virginia Avenue, N. W., Washington, D. C. 20037

3. Title: Director

4. Type of appointment: Presidential

5. Orgn. unit (*Division*): Office of Telecommunications Policy

6. Official station: Washington, D. C.

7. Purpose of travel: Attend meetings at Winter Park Telephone Co. in Fla.; speak to National Assoc. of Television Program Executives, Inc., in Houston, Texas

8. Period of travel: 2/15 - 2/17/71

9. Est. No. of days of travel status: 3

10. Per diem rate: $25

11. Office number of traveler: 749 - 1800 G

12. Mileage rate:

13. Phone number of traveler: 5800

14. Itinerary

From Washington, D. C., to Orlando, Florida; then to Houston, Texas, and return.

15. Travel to be performed as indicated

a. [X] Common carrier Including commercial airline

b. [ ] Government-owned vehicle

c. [ ] Other (*Specify*)

d. By privately-owned automobile:

(1) [ ] Reimbursable cost not to exceed common carrier cost *or*

(2) [ ] Administratively determined to be more advantageous to the Government—common carrier use impracticable (*if checked, explain under item 20, 'Remarks'.*)

16. Allotment number: 81/OTP/210

17. Appropriation symbol: 1110601

18. Travel authorization No.: 690

19. Estimated cost of travel

Transportation	$ 272
Per Diem	75
Other	20
Total	$ 367

20. Remarks

First class travel authorized from Wash., D.C. to Orlando, Fla., and from Orlando, Fla., to Houston, Texas.

21. Requested by

Signature

Title

AUDIT AND FISCAL BRANCH USE ONLY

22. Funds Obligated

FUNDS OBLIGATED

FEB 1 7 1971

Signature

Title

23. CERTIFICATE OF AUTHORIZATION

You are hereby authorized to travel at government expense, to be paid from available appropriations in accordance with the regulations of the Office of Emergency Planning and the Standardized Government Travel Regulations as amended, under conditions noted on this authorization.

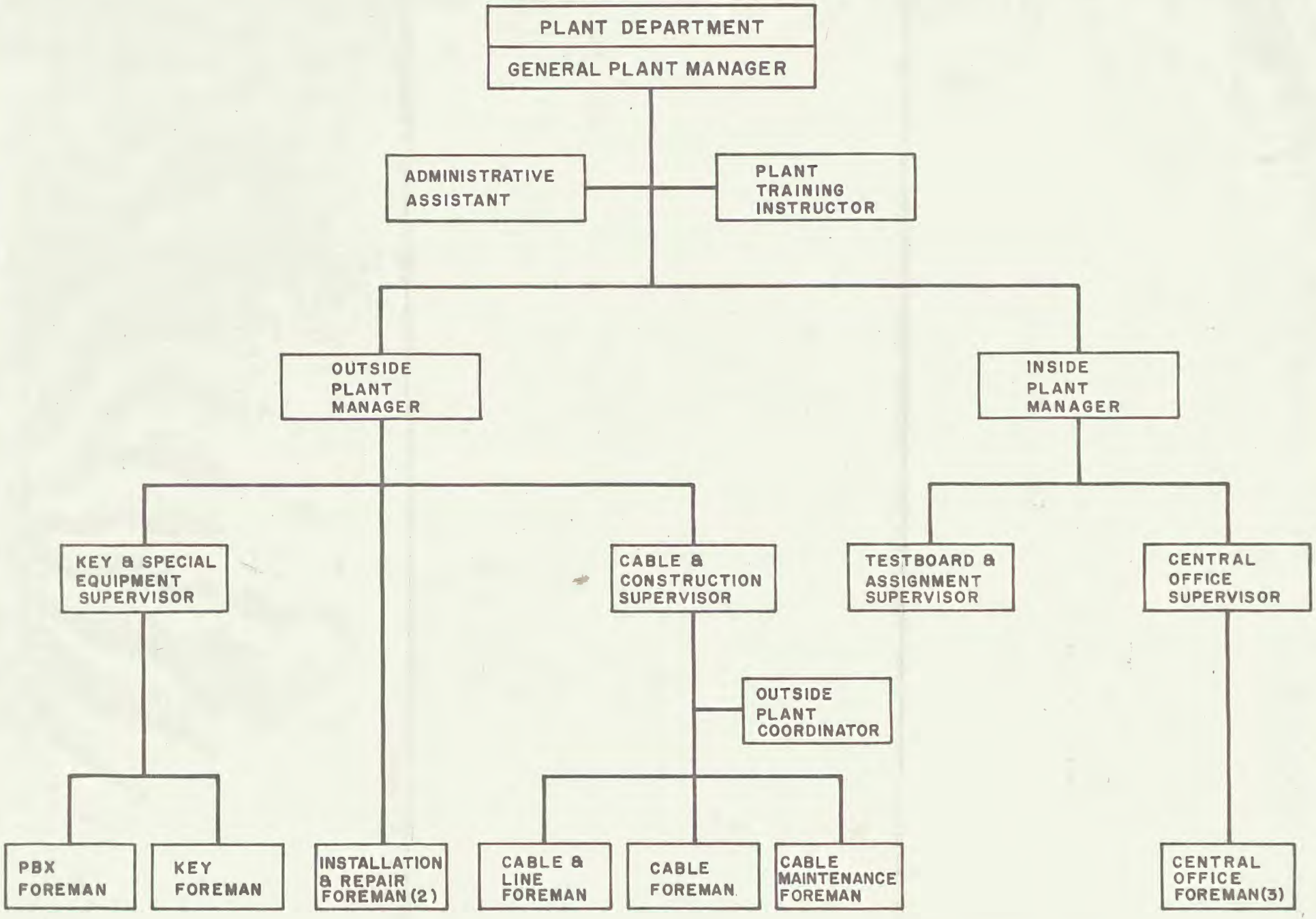
J. K. O'Connell

Signature

Title

IMPORTANT- Every voucher or message concerning this travel must refer to the travel authorization number.

Form OEP 9
April 1962



SEPTEMBER 1970

Prog will get less important

If cable, competition for more specialized audience

If not, response for diversity, impact, taste, . . .

2 MAR 1971

Mr. J. K. Galloway
Chairman of the Board
Winter Park Telephone Company
Post Office Box 3000
132 East New England Avenue
Winter Park, Florida 32789

Dear Joe:

I certainly did enjoy my brief visit in Winter Park. Not only was the weather very hospitable, but your very congenial air and pleasant company made the entire visit a relaxing, although rewarding, experience.

I think I came away from Winter Park with a much better feeling for, and understanding of, the independent telephone companies' position in the communications industry. Your staff did a superb job of conveying the functions they perform and problems they face. I hope you will give them all my thanks.

If you are going to be visiting Washington in the near future or at any time, I hope you will be in touch.

Sincerely,

Clay T. Whitehead

SEDoyle:jm 2/26/71

P.S. I particularly appreciated the honor of being named Honorary Lineman, and thank you for the pictures which have just arrived.

Florida trip

Friday 2/26/71

MEETING
2/26/71
[illegible] p.m.

11:15 Tom Howarth, Assistant to the Executive V. P. of USITA, is bringing over a package of materials from your Florida trip - as well as some photographs - and wanted to take two minutes of your time to give them to you.

783-5300

We have scheduled the meeting for 2:45 -- so, if you don't want to see him, we can let leave the package and tell him you're unavailable -- since you are leaving about that time to go to the White House.

February 12, 1971

CLAY T. WHITEHEAD, ITINERARY

Director, Office of Telecommunications Policy

February 15

11:02 a.m.	Arrives at McCoy Jetport. Transported to Langford Hotel.
12:00 noon	Arrives at Imperial House Restaurant for lunch in Fireside Room with staff members. In attendance from company: J. K. Galloway, R. P. Hulbert, F. R. McPherson, M. L. Barre, F. D. Hutsell, R. L. Burkhart, K. L. Lohman, R. S. Witherell, B. S. Buck, W. F. Freeman and B. A. Galloway.
1:45 p.m.	Leave Imperial House Restaurant for Engineering Building in Altamonte Springs.
2:00 p.m.	Begin briefing session in Engineering conference room.
2:00-2:05 p.m.	Brief introductory remarks by J. K. Galloway or R. P. Hulbert.
2:05-2:30 p.m.	Commercial Department -- F. D. Hutsell
2:30-2:55 p.m.	Engineering Department -- K. L. Lohman
2:55-3:05 p.m.	Break
3:05-3:30 p.m.	Plant Department -- R. L. Burkhart
3:45 p.m.	Depart Plant Department parking lot by helicopter for tour of company service area, Orlando Disney World and FTU.
5:15 p.m.	Arrive at engineering parking lot and depart by car for Langford Hotel.
6:20 p.m.	Leave Langford Hotel for Villa Nova
6:30 p.m.	Cocktails and dinner in Executive Dining Room at Villa Nova. Those in attendance will be: J. K. Galloway, R. P. Hulbert, F. R. McPherson, M. L. Barre, F. D. Hutsell, R. L. Burkhart, K. L. Lohman, R. S. Witherell, B. S. Buck, W. F. Freeman, B. A. Galloway and Tom Howarth, and K. F. Peloquin.

February 16

8:30 a.m.	Breakfast meeting at Langford Hotel, Galleon Room. In attendance: J. K. Galloway, R. P. Hulbert, K. F. Peloquin, F. R. McPherson, R. S. Witherell, B. Allen, B. S. Buck and W. F. Freeman.
9:10-9:30 a.m.	Traffic Department briefing -- Bob Allen
9:30-9:50 a.m.	General Services Department -- R. S. Witherell
10:00 a.m.	Depart to Executive offices
	General review of: Company financing and stockholder relations Relations with Bell System Regulatory climate -- Service standards Rate disparity Interconnection policies and plans By: J. K. Galloway, R. P. Hulbert, F. R. McPherson and K. F. Peloquin
12:00 noon	Press luncheon, Fireside Room at the Langford Hotel. (Invitation list determined by Brance Buck.)
2:00 p.m.	Depart Langford Hotel for executive offices for informal question and answer period with company officers.
3:00 p.m.	Board of Directors' meeting in Board Room.
4:30 p.m.	Depart the executive office for McCoy Jetport.

ENGINEERING DEPARTMENT BRIEFING

A. Departmental organization and function

B. Use of forecast in facility engineering

C. Outside plant engineering criteria

D. Central office engineering criteria

PLANT DEPARTMENT REPORT

I. Plant Department Organization

   A. Functions and responsibilities
   B. Work force
   C. Employee turnover
   D. Ratio of management employees to craft

II. Service Objectives

   A. Station installations
   B. Repair intervals

III. Maintenance Objectives

   A. Preventative maintenance

      1. Cable
      2. Station equipment
      3. Central office

IV. Plant Training

   A. Reason for implementing
   B. Accomplishments

THE WINTER PARK TELEPHONE COMPANY
GENERAL SERVICES DEPT.

BRIEFING FOR DR. CLAY THOMAS
WHITEHEAD
February 15, 1971 25 minutes

1. Company organization.

2. Services Department - Makeup and Functions

   A. Personnel.

   B. Purchasing, Printing and Mail.

   C. Building and Grounds, and Fleet.

   D. Warehousing.

   E. Insurance and Safety and Security.

3. Growth, accomplishments, objectives.

TRAFFIC DEPARTMENT RESPONSIBILITIES

* Traffic Engineering
* Dial Office Administration
* Cost Studies
* Public Service Commission Reports
* Planning

COMMERCIAL DEPARTMENT REPORT

I. The Area We Serve

A. The economy
B. Description of area

II. Forecasting

A. Growth in area
B. Forecast methods
C. Projections

III. The Service We Provide

A. Modern effective communications
B. Service objectives
C. Service measurements
D. Service results

Friday 2/12/71

SPEECHES
2/15-17/71

12:10 I have called Mrs. White (Secy. to Joseph Galloway) and confirmed that Mr. Whitehead would be arriving on Monday (2/15) at 11:02 a.m. in Orlando, Florida. Brance Buck (their public relations man) will meet the flight. (305) 644-5101

Mr. Galloway's direct line (305) 647-1000
Mr. Galloway's residence (305) 644-5161

They have a reservation for Mr. Whitehead at the Langford Hotel (305) 644-3400

They will arrange a dinner for him Monday evening but at this time they aren't sure of the place; however, suggest calling Mrs. Galloway at home if there is need to get in touch with Mr. Whitehead.

They will see to it that he is taken to the airport to catch Eastern Flt. 592 at 5:40 p.m. on Tuesday (2/16).

Someone from the National Association of Television Program Executives will pick you up at the airport in Houston. Your plane arrives at 9:20 p.m. It takes about 40 minut es to get to the Astro World Hotel. They arranging for a press group -- cocktails or whatever. Whoever picks you up will know where they will be having the affair.

(Arranged with Andy Duca and Bob Bernstein of Triangle Station In New York -- they're taking the editors down) (212) Plaza 9-7115

Talked with Betty Woodland, Secy.-Treasurer of National Association of Television Program Executives, Inc., to advise that Mr. Whitehead would be arriving at [illegible] 9:20 p.m. in Houston, Texas on Eastern Air Lines. And that he would be leaving Houston on Wednesday 2/17 at 6:30 p.m. on Delta 916. (717) 393-4321

They are reserving a room for him at the Astro World Hotel. (713) Ri. 8-3221

They expect to hold a press conference (with cocktails) around 10:15 p.m. when he gets to Houston.

Monday 2/8/71 MEETING
2/15/71

5:10 Checked with Steve about the trip to Winterpark. He advises that we should advise that Tom will be getting there about noon Monday. He doesn't want to attend the staff meeting on Monday.

After lunch on Monday, they would do a briefing of the financing of independent telephone companies, particularly their own, in the first part of the afternoon. Second part they would have a discussion of toll separations with the Bell System and the techniques they use and the problems entailed in separated and revenues (what part to Bell and what to local companies).

Flight from Orlando (Southern Air Lines) about 5:40 to Houston (via Atlanta--30 minute stopover). //

Tom can leave the same time as Galloway -- he has to attend a board meeting elsewhere.

Steve says we have talked to Admiral Mott, the Executive Director of USITA (here); they are sending a man down on behalf of USITA and he will take photographs. Since they will have coverageon industry, if Galloway is interested, he
---

Monday 2/8/71

MEETING
2/15/71

2:25 Mr. Galloway called to find out what your plans are for coming to Florida. Said the weather is 70-80 degrees but the water is only about 56. However, they have a very nice hotel in Winterpark -- Langford Hotel, which has a heated pool and it's beautiful. They will make reservations for you -- very nice accommodations.

They have a Monday 9 a.m. staff meeting they would like you to sit in on and tell their people a little about the job you have ,what you're doing aboutthe communications problems. (Off the cuff)

Then the Board of Directors meets the following day at 3 p.m. (Tuesday 2/16). The Langford Hotel is only a block or two from their office where the meeting will be held.

If you would like, they will set up a little press conference to get a little publicity for the Administration and for you. Possibly invite representatives of the newspapers in to have lunch and for a sort of round-table discussion on Monday.

Mr. Galloway has a board meeting at Jacksonville Tuesday afternoon -- so will have to skip out after the board meeting which begins at 3 o'clock. (Probably around 5 o'clock.

They would like to know what flight you will be coming in on so they can meet you at the airport.

Advised there is a nonstop flight that leaves National Sunday around 9:20 a.m. -- have a couple of Bloody Marys and breakfast on the way. Or come down Saturday afternoon for the weekend.

There is also a nonstop flight leaving daily at 6:25 p.m. -- arriving in Orlando at 8:06.

SPEECH
2/15/71

Thursday 2/4/71

4:10 Steve advises that Mr. Galloway's younger brother died of a heart attack.

Mr. Galloway is pretty deeply shaken -- his brother was 12 years his junior.

Mr. Whitehead wants to be reminded of this prior to going to Winter Park.

2 8 JAN 1971

MEMORANDUM FOR MR. WHITEHEAD

SUBJECT: Florida Trip

I have discussed your possible visit to Winter Park (near Orlando), Florida, with Mr. Galloway. We talked about your coming down the weekend of February 13-14. I indicated you might like to spend a day or a day and a half in Miami. He said that's a bad idea unless you have a "chick" there. He said "come to Orlando" and drink up the sunshine and other imbibes.

If you go to Miami, you can fly from Miami to Orlando on Sunday evening, February 14, at 4:05 p.m., arriving at 5:00; or leave Miami at 4:30 p.m., arriving Orlando at 5:56. Both flights are on Southern Airlines. Alternatively, you could fly from Miami to Orlando at 7:40 a.m., Monday, arriving at 8:23 a.m.; or 11:30 a.m. from Miami, arriving Orlando at 12:18.

If you go to Orlando Monday morning, you will unavoidably be subjected to a Winter Park Telephone Company staff meeting which Mr. Galloway says you will find far more interesting than you would think. Monday afternoon you are scheduled for a briefing and discussion on financial planning, capital management, and other money aspects of an independent telephone company. This afternoon discussion would include consideration of Galloway's company's toll separations problems with Bell.

Tuesday morning Mr. Galloway wants to show you some interesting "local sites" and the principal physical plant installations. Following lunch on Tuesday, he wants to present to you Winter Park Telephone Company's employee motivation program and techniques which he says you will find fascinating. Tuesday at 3:00 p.m. you will attend a Winter Park Telephone Company Board Meeting - - ! You will leave Winter Park (whew!!) at 4:30 to drive to the Orlando Airport for a 5:40 flight to Houston on Southern Airlines (if the pilot is sober). You will arrive Houston at 9:18 p.m., having stopped once in Atlanta - - Atlanta? (Damn pilot wasn't sober!!!)

If you wish to go directly to Winter Park, and in any event for Monday night, February 15, Mr. Galloway strongly recommends the Langford Hotel.

I told him I would give you the details of the proposed visit and be in touch with him after receiving your (ugh!) reactions.

Signed

Stephen E. Doyle

cc: Mr. Whitehead (2)
Mr. Doyle

SEDoyle/ec/28Jan71

January 14, 1971

Mr. J. K. Galloway
Chairman of the Board
The Winter Park Telephone Company
Post Office Box 3000
132 East New England Avenue
Winter Park, Florida 32789

Dear Mr. Galloway:

Per our conversation, I am enclosing the invitation to Mr. Whitehead to attend the launching of Apollo 14 on Sunday, January 31, 1971, which can be given to some other lucky person!

Sincerely,

Eva Daughtrey

Enclosure

cc: Mr. Stepe

APOLLO 14 MISSION PROFILE

Apollo 14, the sixth United States manned flight to the moon and the fourth with a moon-landing objective, is scheduled to lift off from Kennedy Space Center, Florida, at 3:23 p.m. EST, January 31, 1971.

Prime crewmen are Spacecraft Commander Alan B. Shepard, Command Module Pilot Stuart A. Roosa, and Lunar Module Pilot Edgar D. Mitchell. Shepard is a Navy Captain, Roosa a USAF Major and Mitchell a Navy Commander.

Apollo 14's objective is to explore the hilly uplands region 15 miles north of the rim of the Fra Mauro crater. The crew plans to bring back lunar materials which scientists believe were dredged up from deep inside the moon when a smaller moon or larger meteorite impacted into it four to five billion years ago. These materials could help unfold the early history of the moon, the earth and our solar system—a period that has been erased here on earth by erosion and other natural events.

Shepard and Mitchell will set up a series of experiments near the landing site for scientists to study the surface and internal structure of the moon, the lunar ionosphere and atmosphere, solar wind at the lunar surface and the lunar magnetic field.

During the two planned lunar surface excursions, Shepard and Mitchell will employ for the first time on the moon a two-wheeled cart to carry cameras, film magazines, lunar tools, containers, and lunar sample bags. The cart, officially called Modularized Equipment Transporter, will be delivered to the lunar surface attached to the outside of the lunar module descent stage.

In a continuing study of the deep lunar structure, the Saturn V rocket's third stage (S-IVB) and the lunar module's ascent stage will be intentionally impacted into the moon to create artificial seismic events. The S-IVB stage impact will take place before the landing and will be recorded by the passive seismometer left on the moon by the Apollo 12 astronauts in November 1969.

Splashdown is planned for 4:01 p.m. EST on February 9, in the mid-Pacific. The prime recovery ship will be the U.S.S. New Orleans.

The
National Aeronautics
and Space Administration
cordially invites
you to attend
the launching of
APOLLO 14
Sunday, January 31, 1971
at the
John F. Kennedy
Space Center,
Florida

R.S.V.P.

*(Enclosed card **must** be completed and returned no later than January 15, 1971)*

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HOTELS AND MOTELS

Because of the great demand for lodging accommodations in the Cape Kennedy area, we suggest that you make your reservations early.

For assistance, you may call the:
CAPE KENNEDY AREA CHAMBER OF COMMERCE
AC 305/632-1411
TITUSVILLE CHAMBER OF COMMERCE
AC 305/267-3036

TRANSPORTATION

Commercial limousine service is available at your own expense from the Orlando and Melbourne airports to Cocoa Beach. Rental cars are also available at both airports.

ARRANGEMENTS

Guests must provide their own transportation to and from the Cape Kennedy area, lodging and local transportation. NASA will furnish bus transportation for the pre-launch tour and on launch day from the Cocoa Beach Center to the launch viewing site and return.
ON LAUNCH DAY, GUESTS ARE ASKED TO BE AT THE GUEST CENTER AT LEAST AN HOUR AND A HALF BEFORE THE SCHEDULED LAUNCH TIME. THE LAST BUS WILL DEPART THE GUEST CENTER FOR THE LAUNCH VIEWING AREA NO LATER THAN 2 p.m.

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Official Business

Postage and Fees Paid
National Aeronautics and
Space Administration

National Aeronautics and
Space Administration
Attn: Public Events Division, Code FGA
Office of Public Affairs
Washington, D.C. 20546

PLEASE COMPLETE & PLACE IN MAIL

☐ I accept your launch invitation

☐ Sorry, I cannot accept

Name_____
(Last) (First) (M.I.)

Organization_____

Position_____

Street Address_____

City_____ State_____ ZIP_____

I plan to arrive_____ at_____
(Date) (Time)

via_____
(Transportation)

I desire to tour the Kennedy Space Center:

☐ 3 days before launch
☐ 2 days before launch
☐ 1 day before launch
☐ I do not desire to tour

Miami to Orlando -

7:40 - 8:23 SoA

Mon 11:30 - 12:18 SoA

4:05 ; 5:00 Sun pm SoA

4:30 : 5:56

Motivation Briefing

Tues 5:40 Orlando - Houston

9:18 via Atlanta.

Feb 15-16.

Langford Hotel

Mon Staff Meeting 9-10:30
10:30 - 11:30 Rev. of Financial Employee

Gen'l Financial Policy
Toll Separations Negotiations w/ Bell

Tues. View City & Plant
Lunch

Board Meeting 3:00 - 5:00.

Wednesday 12/23/70

MEETING
1/31/70

4:25 STEVE:

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I talked with Mr. Galloway, Chairman of the Board. He said that the group will meet on January 28th -- on January 29th they will meet at 9 a.m. and cover a part of the agenda -- then move to Disneyland East. Saturday (1/30) they will have a full day of agenda. Sunday they go to the Cape for the Apollo 14 shot. (I told him Mr. Whitehead didn't plan to attend that -- apparently the invitation which we received from NASA was at Mr. Galloway's request. Apparently he has tried to get an invitation for someone else and has been told there are no more, so if Mr. Whitehead doesn't plan to attend the January 31st affair, he will call and try to get that slot for the other guy.) (So suggests that we not just return it with a "no thanks" until he has had a chance to check.)

Mr. Galloway had suggested that they discussed Tom's going down there to see their layout and how their company operated. He feels that he wouldn't be able to give him a very good insight in just a day -- which is the length of time Tom intends to spend.

3rd Mon & Tues

Feb. 15-16

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provide time

He suggested your calling him on Tuesday (12/29) between 9:30 and 12:00. SO WOULD YOU PLEASE. (305) 644-5101 647-1000

I'm holding the invitation in my 1/31 folder on the right hand side of my desk.

Steve:

Could you call
Mr. Galloway on
Tuesday (12/29)
at 9:30 or after.
Will be in his office
until noon that day.

Tom

Can we discuss

Yes

Steve

Eve

11 DEC 1970

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Chairman of the Board
The Winter Park Telephone Company
Post Office Box 3000
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Winter Park, Florida 32789

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I will await word from you on the details as to time and place.

Sincerely,

Clay T. Whitehead

cc: Mr. Whitehead
Mr. Doyle

SEDoyle:jm 12/10/70

Office of Telecommunications Policy
Route Slip

30 OCT 1970

		To
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	George F. Mansur	
	William Plummer	
	Wilfrid Dean	
	Steve Doyle	✓
	Walt Hinchman	
	Charles Joyce	
	William Lyons	
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REMARKS

NEEDS REPLY

OK on the USITA part for a one-day trip. But don't buy to Apollo shot, when you've been one.

Draft reply - very cordial.

MODERN, EFFECTIVE COMMUNICATIONS FOR CENTRAL FLORIDA

The Winter Park Telephone Company POST OFFICE BOX 3000 ☐ 132 EAST NEW ENGLAND AVENUE
WINTER PARK, FLORIDA 32789
AREA CODE 305 644-5101

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Again let me thank you for your participation in our convention and let you know that your efforts were rewarding to me and my associates.

Respectfully,

Joe

J. K. Galloway

JKG:fl

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2/15/71

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Clay T. Whitehead

cc: Mr. Whitehead
Mr. Doyle

SEDoyle:jm 12/10/70

30 OCT 1970

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George F. Mansur	
William Plummer	
Wilfrid Dean	
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Walt Hinchman	
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REMARKS

NEEDS REPLY

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1/31/71 ?

1/31/71

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JKG:fl

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STOCKHOLDER INFORMATION

How USITA Tells The Independent Story

by J. K. Galloway
Chairman of the Board
The Winter Park Telephone Company

REPRINTED FROM
TELEPHONY
May 9, 1970

ABOUT THE AUTHOR

Mr. Galloway has been associated with The Winter Park Telephone Company for more than 42 years, 25 of which have been in various executive positions. As Chairman of the Board, he chairs the regular and special meetings of the Board of Directors, the Stockholders, and the Executive Committee.

Mr. Galloway was graduated from the Winter Park High School and attended the University of North Carolina, where he studied electrical engineering. He is a member of Lambda Chi Alpha Fraternity. He has completed substantial technical and management courses, and has written many papers and articles for trade publications such as Telephony and Public Utilities Fortnightly. He has frequently made presentations at various national and regional conferences.

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He has also been honored many times for his work in various activities. Some of these awards are: Commendation from Commandant 9th Naval District for service and accomplishments beyond the call of duty, 1945. Awards for meritorious public service from the Secretary of the Navy and Secretary of the Air Force, 1961. Resolution from the Florida Legislature for Exceptional Service, 1963. Governor of the State of Florida, 1965. Winter Park Chamber of Commerce, 1962. Designated "Boss of the Year" by the National Secretaries Association, Central Florida Chapter, 1964. In 1967, he participated in the National Security Forum at the Air War College, Maxwell Air Force Base, Alabama.

HOW USITA TELLS THE INDEPENDENT STORY

Association's public relations program aims at developing support for the industry's viewpoint and aspirations at all levels of influence

THE OBJECTIVE of the United States Independent Telephone Association's public relations program is to inform and win the support of all segments of society—including the business and financial communities, and regulatory bodies at all levels of government, and to assist Independent telephone companies in gaining local community support. This support is essential to the continued growth and prosperity of the Independent telephone industry.

The USITA public relations program has been hightly successful in these efforts, particularly considering the modest sums of money allocated for this purpose. The program has helped Independent companies, large and small. open up new sources of financing. It has provided regulatory staffs with informational material that has given them a continuing and broader understanding of the Independent telephone industry's goals. It has encouraged more and more young people to make their careers in the Independent industry. It has made Independent customers more aware of the job their companies are doing.

Because of USITA's public relations efforts, our "publics" are better informed and more favorably disposed toward the industry. In short, we're going to meet the challenges of the 1970's because of the years of work that already have gone into creating favorable public opinion.

Goals on target

USITA's board of directors had a specific set of objectives in mind when it approved an expanded budget for public relations in the early sixties. The goal of the association's public-relations program has been and still is, to stress:

- The dynamic growth and stability of the Independent industry.
- The importance of maintaining adequate earnings in the public interest.
- Career opportunities in the industry.
- The philosophy of private enterprise in a free economy.
- The continuing emphasis on expanded, high-quality service.

These messages are communicated to our various publics through an interlocking program of publicity, advertising, printed materials, speeches, and personal contacts.

At the heart of this program are the personal contacts continually being made by the president of the association, the members and staff of USITA, and by its public-relations counsel, Harshe-Rotman & Druck, Inc. These close re-

lationships with members of the legislative and financial communities, with the press, and with other opinion molders across the land have been most beneficial.

In the face of scattered service problems, the rise of organized "consumerism" and allied trends, USITA's messages are effectively reaching their targets.

Financial relations

One of the most successful aspects of our program is in the fields of financial relations. This year, for the third year in a row, USITA's president, and representatives of Independent companies listed on the New York Stock Exchange, were invited to appear before the influential New York Society of Security Analysts.

And again, the formal meeting was followed by a reception to give the more than 200 security analysts and press representatives who accepted invitations a chance to meet informally with Independent industry leaders.

Meetings such as these—coupled with intensive personal contact—have resulted in numerous market letters and news stories carrying favorable comment regarding Independent telephone stocks. Among positive market letters issued during 1969 were those by such firms as Clark, Dodge & Co.; Shields & Co.; Argus Research; Moody's Financial Report; and Eastman Dillon, Union Securities & Co.

To quote from the most recent annual report of William C. Mott, USITA's executive vice president: "In a time of increasing interest rates and generally declining stock values, analysts continue to recommend Independent telephone stocks."

Advertising

Complementing these efforts is an advertising program directed at the financial and governmental communities.

Last year, two advertisements—both of which ran as full pages in the *Wall Street Journal* and as double pages in TELEPHONY, *Telephone Engineer and Management*, and other telephone and utility trade magazines—were produced under this program. This year, five such advertisements are planned.

The first advertisement in 1969 was aimed primarily at regulators and was sponsored by James W. Karber, retired chairman of the Illinois Commerce Commission and 1968 president of the National Association of Regulatory Utility Commissioners. The ad urged regulators to "make certain tomorrow's needs are fulfilled as well as today's" in performing their function of ensuring the public the best service at the fairest price.

This advertisement won favorable comment from many quarters, including Senator Lee

Metcalf (D., Mont.), who had it placed in the record during committee hearings on his Consumers' Counsel bill.

Remarks of USITA's 1969 president, William S. Kingman, at the Association's 72nd annual meeting, served as the nucleus of the second national advertisement during 1969. The primary target audiences for this ad were newspaper editors and other opinion molders. The aim: to set the record straight about telephone service.

It dealt with the Independent industry's dedication to service and explained steps taken by the industry to make sure that Americans continue to receive the best telephone service in the world.

The first advertisement of 1970 featured another prominent advocate of enlightened regulation—Francis Pearson, a member of the Washington Utilities and Transportation Commission and 1970 president of the NARUC. In language directed at fellow regulators across the country, Mr. Pearson outlined the role of the regulator in dealing with today's changing telecommunication technology:

"A regulator must cope with an emerging technology even before its outlines are clearly in view. His job calls for sensitivity and response to new ideas, and new approaches to developments as they take shape on the technological horizon. His first obligation is to ensure the public of the best possible service at the fairest price. He must, at the same time, meet the demands of his state for new industry, new jobs, and a communications system that effectively will support increasingly complex economic activity . . ."

"Grassroots" efforts

In making the budgetary trade-off between public relations efforts directed toward our financial and regulatory publics and those efforts toward the telephone-patron public, an important fact must be remembered.

While the financial and regulatory publics are fairly well concentrated—or, to put this another way, reachable through a relatively small number of media—the *telephone-patron public*, scattered over the length and breadth of the land, is served by 1,850 Independent telephone companies and several times that many newspapers, broadcasting stations, and other media.

That a vast paid advertising program, or for that matter, an intensive program of personal contact on that scale, would be economically impossible for USITA was evident from the start. So several years ago an annual Public Relations-Public Affairs Seminar was organized for representatives of the Independent telephone companies serving this vast consumer public. In these seminars—which for the last two years have been organized by Dr. Robert W.

Miller, director of business-government relations at The American University Center for the Study of Private Enterprise—telephone company representatives learn effective techniques for telling the Independent story to their customers, to the local news media, and to their legislators and regulatory bodies.

Here in the very halls of government, enrollees participate with leading educators, university professors, representatives of industry, and top political figures in discussing key problems and their solutions. This year the seminar will be held Sept. 14 through 18 at the Twin Bridges Marriott. I hightly recommend this outstanding course to all telephone personnel.

Also, editorials, cartoon features, and publicity releases geared to grassroots interests are going out to local media in Independent territory. Last year, a radio-interview feature, "Station-to-Station," was added to this list of publicity tools.

Other activities

Recruitment is a major part of the public-relations program. A successful recruitment brochure developed in 1968 was augmented last year by an attractive career poster with a "take one" pocket to help companies distribute brochures at high schools and colleges. Requests for nearly 200 posters were filled after the first announcement, and companies ordered nearly 40,000 brochures. Free mats of a special recruitment advertisement were distributed for companies to run in their local newspapers.

In line with the ever-increasing accent on public affairs, USITA put out a flip chart to suggest how to structure a public affairs program at the company level. This was designed to assist the smaller companies in creating greater interest in the relevancy and importance of government. The light cartoon treatment proved popular with these smaller Independents as almost 400 of the charts were distributed.

Cooperation between USITA and the Bell System was stressed during the American Newspaper Publishers Association convention in Chicago last summer. More than 1,000 editors attended an audio-visual presentation describing facsimile and its applications to newspapers sponsored jointly by USITA and Bell. USITA also cooperated with AT&T in a second show, the convention of the National Newspaper Association in Atlantic City, aimed at smaller newspapers.

A bigger and more colorful "annual report," USITA's "American Growth Story," was published once again last summer and distributed to utility analysts and financial editors. Companies have ordered thousands of additional

copies for distribution to civic leaders and customers in their own communities.

Also published again last summer were the association's annual statistical volumes. These, too, were given wide distribution. Volume I is a 34-page volume which contains tabulations and graphs shown for five and ten-year periods.

The first section of this publication shows a comparative growth over a ten-year period for the total Independent Industry and Bell of their telephones, companies, exchanges, plants, revenues, and employes. The balance of the volume contains five-year charts of the reporting company figures (92 per cent of the industry) such as financing, balance sheets, profit and loss statements, taxes, plant, station and others. Volume II shows a two-year comparison of each company reporting, reflecting their stations, plant capitalization and a complete profit and loss statement.

Looking ahead

To meet its charge in USITA's overall Five-Year Plan, the Public Relations Committee is projecting a long-range program—contingency planning, if you will—to enable all our companies to meet the challenges of this changing environment of the seventies. We must *anticipate* rather than *react* to new changes, new problems, new opportunities in the economic, political, sociological, and technological environments as well as in the very physical environment in which we all live. We must be able to cope not only with newly emerging trends, but also with the escalation of trends that have been with us right along.

Above all, we must know our position, act effectively, and communicate to our publics what we're doing and why we're doing it. Looking ahead to the next five years, the Independent industry must anticipate, together with its ever-increasing rate of growth, an inflationary trend that may be only slightly abated by a cooling off in Vietnam—increased competition, including the new "regulated competition," both within the industry and without . . . increased emphasis on "consumerism" . . . a likely increase in regulatory pressures, particularly at the federal level . . . a continued fight for the raising of capital necessary for expansion . . . a problem in obtaining skilled employes that will affect both large and small companies . . . and a defining of our role in the fight against the spread of environmental contamination.

Then, and only then, will we be meeting the challenges of a changing environment in the next decade.

STOCKHOLDER INFORMATION

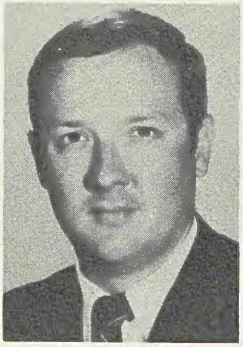
Why Industry Needs Help In The High Schools

by Alan D. Blincoe
Personnel Manager
The Winter Park Telephone Company

BEFORE THE LYMAN HIGH SCHOOL
COOPERATIVE BUSINESS EDUCATION
BANQUET
MID-FLORIDA COUNTRY CLUB
LONGWOOD, FLORIDA

MAY 12, 1970

ABOUT THE AUTHOR



Mr. Blincoe has been associated with The Winter Park Telephone Company since November 1967 as Employee Services Supervisor and Personnel Manager. In his present capacity, he is responsible for the formulation and execution of company-wide policies and procedures pertaining to the selection, training, promotion, compensation, welfare, recreation, communications, and termination of employees. He also provides top management with advice in labor relations matters and administers the company-wide Job Bid System and the grievance procedure.

Mr. Blincoe earned both his Bachelor's and Master's degrees in Business Administration at the University of Cincinnati and graduated in 1964. After graduation, he was commissioned into the United States Army Signal Corps where he served with distinction, being awarded the Army Commendation Medal upon completion of his tour by the Army Material Command.

Prior to his employment with The Winter Park Telephone Company, Mr. Blincoe was associated with the American Can Company in Orlando; Butler Aluminum Products Company in Tavares; and the Aqua Survey and Instrument Company in Cincinnati, Ohio, where he initiated and conducted the firm's national and international marketing program.

Mr. Blincoe is presently serving as the Vice President of the Central Florida Personnel Association; is a member of the American Society of Personnel Administration; Central Florida Industrial Management Club; and SAE Fraternity. He is a past Secretary of the Personnel Workshop of the Florida Telephone Association; and is active in the affairs of the Management Research Institute.

WHY INDUSTRY NEEDS HELP IN THE HIGH SCHOOLS

It has been often said that we have a sick society. Haven't we been hearing this continually the past few years, months, weeks, and, yes, even days. Now, I'm not here tonight to discuss the "society," or the world, or the "bomb"—but you know really, I usually do worry about these things. Around our house we have a saying that I'll worry about the BIG things such as the bomb, Asia, the riots, and my wife will worry about the small things like paying the mortgage, painting the house, mowing the yard, and raising the kids.

But there is a *part* of our society that *really is sick*—not what is going on in the streets today—that may well be too—but what is sick is our *entire public education system.* I say this because this system is predicated on the mistaken belief that every boy and girl should go to college and those who *don't* are doomed to inferiority. Certainly, this should not be the case—these people need not be "marked for life" as if we were operating in some type of caste system. But the young men and women of today are led to believe that if they are *academic* high school or college drop-outs, they cannot "make it" in our society.

We've all observed the ads on TV and in the various publications of the young mother and father bending over an infant in a cradle—with the message coming through loud and clear, "Insure your child's future—take out a college education policy." Now if there are any insurance people in the room tonight, please don't fuss at me too loudly. But it is totally unrealistic to expect that every infant born *will need* to have a college education. If each does, then there are a lot of infants in the cradle that are doomed to a life of frustration before they even get it started.

We have all heard the myth or slogan that "every boy and girl should have a college education." There are many today, and I feel the remarks do have merit, that feel this myth is largely responsible for the juvenile delinquency in the United States. It is largely responsible for the welfare program, for the high crime rate, for the hippies and yippies, the freak-outs and drop-outs. It too is largely responsible for the narcotics problem of youth today. It's about time that the great business corporations and enterprises, and, yes, the smaller ones too, stop saying about employment, "College graduates only need apply." This snobbery, intel-

lectual snobbery, is like all snobbery—it is grounded on wrong assumptions. It has begun to destroy the great universities and colleges in our country. Many victims of the "college everyone" myth are suffering from a most acute financial burden. Still worse, college populations are exploding by thousands and thousands of students who don't belong on campus and are raising cain because they really don't belong there.

Education at the high school level today is designed primarily for the college-bound student. As a result, it is failing the youth who is not suited, by lack of interest, educational achievement, or opportunity, for college. As a result of this totally unrealistic educational system, American industry is suffering from a lack of trained people to go into well-paying, responsible, satisfying jobs—jobs that do not require college training.

In the statistics published by the Florida State Department of Education entitled "Research Report 72 — Florida High School Graduates 1968," there were 4,064 high school graduates from Orange County high schools. The report showed that 50.91% of these graduates planned to enter college while 4.53% planned to enter technical trade or other schools. This meant that some 44.56% of the 1968 high school graduation population (and these were only the graduates—no mention was made of the number of drop-outs) were ill-prepared for other than unskilled occupations. This information was extracted from a report by Mr. Ray Love, Chairman of the General Advisory Committee on Vocational, Technical, and Adult Education, submitted to the Orange County Board of Education. Mr. Love continued in his report quoting the Pulitzer Prize winning educational editor of the North American Newspaper Alliance, Dr. Benjamin Fine, "Several million youngsters leave high school each year, either as drop-outs or graduates, without any trained skills or professional abilities. It is essential that our schools recognize the importance of sound vocational courses."

Mr. Love's report indicated that the total increase (on a state-wide basis) of students pursuing technical and vocational schools in 1968 over 1967 was .17% or less than 1/5 of 1%. The full impact of area vocational-technical schools authorized by the 1965 State Legislature has not yet made itself felt.

It is indeed discouraging to learn that many of the school systems, in view of these statistics, have seen fit to *reduce not increase* their committment to vocational-technical education.

As I understand it, the school systems operate on a unit basis. So many units are designated for the academic course curriculum and so many for vocational training. Since the school systems are currently being bombarded with ever increasing enrollments their needs for additional units are real. Therefore, in some areas, vocational units are being reduced and given to increasing the academic units, since there are just so many units to go around. This I contend is foolish—in that the schools are ignoring the needs of 80% of the students enrolled.

The education crisis in the State of Florida several years ago led to the creation of The Commission for Quality Education in Florida by the Governor, the Honorable Claude Kirk. At that time, the Governor charged the Commission to examine Florida education searchingly from top to bottom to find out how and why we had arrived at the then present condition, to determine the future needs and to formulate recommendations to make Florida first in education by the year 1975. The Governor recommended the commission give vocational and technical education the emphasis it deserved. He stated that primary and continuing training in vocational and technical subjects is essential, both to those who follow these careers with skills they will require and to provide the pool of skilled personnel which industry must have available before it will invest in Florida.

The individual who today lacks a skill that may be put to effective employment is not merely a drop-out from education; he is a drop-out from life and, as such, becomes not only a charge upon society, but a menace as well.

The aim of public education must be to equip our young people with the skills of every sort which they will need to become productive and useful members of the adult community. It is absolutely essential that graduates of the vocational-technical schools possess the degree of skill needed for employment. It is not enough to graduate students who are merely prepared to learn a skill through an on-the-job apprenticeship. They must achieve a level of training during the time they are attending our technical and vocational centers that will qualify them for a place on industry's payroll on the day they receive their diplomas.

My purpose in being with you tonight is not to dwell unduly upon the imperfections of our school systems. I know this is a time for you to be joyous in that you have completed a suc-

cessful year under your fine CBE program. You are here tonight with your employer, sharing with him this delightful occasion. But I would be remiss in my address to you if I did not point out the problems that employers face today—finding qualified applicants to carry on the work that must be accomplished if their respective organizations are going to survive in our complex and competitive society.

It appears that our economy will soon, if it has not already, begin to enter a period of readjustment. For those of you who will not remain with your same employer, your experiences in the next few months may be rewarding—or they may be disastrous. I do not want you to become disillusioned. For those of you who have prepared yourselves well, you will find many open doors when you go to seek employment. For those who haven't—you will spend many agonizing moments filling out applications, taking tests, and hours of interviews with prospective employers.

In my day to day endeavors, I have the opportunity to see and talk with a variety of people from all types of background. And, I can say this to you—it is doubtful that you will be able to obtain a good job unless you possess some type of saleable skill that an employer is in need of, or is willing to train you for if you possess the basic aptitudes.

My company is spending thousands upon thousands of dollars each year to train our employees to perform the necessary jobs in order to provide the high degree of service which is demanded of it today.

We recognized some time ago that we were unable to fulfill our needs by depending upon other sources for trained, skilled employees in the field of telephony. So, a program of training was initiated. And, of course, this is very expensive, as I mentioned before.

When you stop to consider that the money spent on training facilities, the additional personnel that are required (because the work must be carried on by others while many are in training), the higher cost of wages and fringe benefits—it is no wonder why we and companies like ourselves are wondering if there isn't a better solution to our problem. Our firm spends approximately 1½ million dollars a year in taxes—of all types. But a large portion of these go toward the various educational programs. So you see if we must pay for schools and education to such a large extent, why must we assume the additional burden of training applicants to become productive so that they

can assume their rightful place in society? We do it now because we *must* in order to meet our service standards and to provide quality communications to you, our customers. And we will continue to assume this additional burden until we are assured that some other method is available to us—we hope through expansion of the vocational and technical training within the high schools and other area schools.

To give you an idea of what one area employer predicts will be required to meet the challenges of the Disney project, please consider the following:

> During 1970, there will be a need for as many as 800 carpenters on the job (in 1969 there were about 250), as many as 425 electricians (in 1969 there were 65), ironworkers 360 (in 1969 there were 130), plumbers 200 (in 1969 there were 50), and on and on and on.

These figures are only estimates and will most likely be revised as the work progresses. However, this estimate should afford you some idea of the types and number of jobs that are available *now*—and they don't require a college degree. To give you an idea what these jobs pay—the carpenter is currently earning $9620 per year while a year and a half ago he was making $8400. The electrician is now making $11,850 while in 1968 he made $9450. The ironworker now earns $11,000 while just a short time ago he was earning $9600. And finally the plumber, who now earns $11,230 was making just less than $10,000 in October of 1968. This is good pay, as much or more than most people will earn just coming out of college. And you should be able to demand a salary such as indicated in about the same amount of time that it would take you to get your academic degree.

Industry needs help—it needs your help—it needs help from the high schools, if it is going to continue to provide the jobs necessary for us all to make a decent living. Think about it, mull it over in your mind, and when you get ready to go knocking on doors for employment go in with something to sell. You'll be glad that you prepared yourself—you'll be glad that you participated in CBE. Hopefully the schools can expand their vocational and technical programs in the future so that other students, like yourselves, will have an opportunity to take their rightful place in our society.

STOCKHOLDER INFORMATION

The Secret of Success in Running a Small Telephone Company

by J. K. Galloway

Chairman of the Board,
The Winter Park Telephone Co.

REPRINTED FROM
TELECOMMUNICATIONS SURVEY
December 9, 1968

ABOUT THE AUTHOR

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THE SECRET OF SUCCESS IN RUNNING A SMALL TELEPHONE COMPANY

This is a topic that cannot be readily defined. There are some who rather unrealistically define a "small telephone company" as one with less than 25,000 stations. The Small Business Administration defines a "small business" as one with less than 500 employes. It is with some degree of uncertainty that we acknowledge the "small" as being applicable to our company when our investment in telephone plant and property exceeds $26,000,000 and our gross annual revenue will exceed $6,500,000 this year. Perhaps inference is made to our historical growth when in 1946 we had some 2,000 stations and our investment and income that year were substantially less than they are now with almost 50,000 stations. (This is from internal growth only.) It may be that "small" is comparative and, in considering the size of telephone companies, many of the 1,800 independent companies including Winter Park are small when they are compared with the American Telephone & Telegraph Co., the General System and United Utilities.

In addition, "success" is relative. In reviewing the operations of our company since 1946, or over the past 22 years, there are a good many factors that have contributed to the modest success that we may have achieved. There are two time periods of significance: one, the period from 1946 to 1957 when we were privately owned or had no publicly owned common stock, and two, the years since 1957 when we have been a publicly owned corporation.

In the first era, we were plagued with a great demand for telephone service which our company was unable to meet because of shortages of equipment and supplies during and immediately following World War II. During that era, there were years when we had as high as 28% increase in stations with substantial increases in earnings. The great concern of the company was in maintaining adequate equity to support the sale of bonds. Depreciation expense, retained earnings, and funds derived from the sale of preferred stock were used to finance the substantial outside plant and central office additions that were required. The shortage of central office equipment, cable, telephone instruments, and trained personnel complicated management problems. These were overcome with patience, perserverance, an understanding public, and a regulatory commission that provided realistic, understanding and far-sighted regulation.

SECOND ERA

The second era, beginning in 1958, required a more realistic approach to the quality of service, the training of craft and management people, long-range planning and financing, stockholder relations, adequate earnings, and the delegation of authority and responsibility. These are not necessarily listed in the order of importance.

It is apparent to responsible telephone communications people that the quality of service is paramount. There are places in the U.S. where the service need not be nearly as good as it is in other areas. For example in "Sleepytown, U.S.A.", there is not the demand for the complex service facilities that there is in a suburb of Chicago, New York, or many cities in Florida. Where people have been accustomed to reliable, quality communications service, it can be expected that these people will insist on as good or better service wherever they may take up residence. It was, and still is, essential that we utilize communications advances by offering the latest available service facilities such as dial telephone service, direct distance dialing, and the many other automated features that reduce cost, improve reliability, and afford convenience to the public. It is generally accepted that communications services should be highly reliable with few, if any, interruptions in spite of adverse weather or other conditions. New technologies must be applied, such as quality transmission, pressurized cable, automation in testing to detect faults in advance of subscriber complaints, and effective, corrective and preventative maintenance. It was, and still is, foremost in the minds of all our company personnel that the quality of service is of paramount importance.

There has been no college or university in the U.S. that has offered a degree in telephone communications. It has been necessary for telephone communications people to select individuals with suitable aptitudes and provide training in the business in order to achieve the results that the public expects. This includes craft, technical and management people. The U.S. Independent Telephone Association has been helpful in this area with its management training program, engineering, and public relations training. Our company recognized years ago that is was our full responsibility to attract and train people to accept special responsibility in the telephone communications field. As a result we have offered, at no cost to our employes, specialized training related to their jobs and

their advancement. This training has produced many highly competent, well-qualified individuals whose efforts have contributed materially to our company position. It has been necessary, however, to endow these individuals with the desire to sacrifice personal time in order to take advantage of these educational opportunities.

ANTICIPATE REQUIREMENTS

It has been apparent for many years that a man could buy a lot and build a house in about 90 days, but we had to anticipate his telephone communications requirements 15 to 18 months in advance of his application for telephone service. This requires considerable exactness in long-range plans. For example, if we forecast inaccurately and install a 1,200 pair cable where a 200 pair cable should have been placed, there is no return on the unused facilities and no recovery of the added cost of the investment. The location of new central offices, the planning of central office additions, the design of telephone plant to provide for expansion, all relate to prudent and careful forecasting. Our company has extended considerable effort providing for future public need for communications services and as a result we have in almost every case satisfactorily fulfilled the public requirement. In so doing, it has been necessary to coordinate and integrate certain departmental functions with proper comparison of actual and anticipated results.

If an investor had acquired 100 shares of our common stock at the offering price of $13 per share in 1957, that investment today would be valued at a current market price of $16,000. Such appreciation insures good stockholder relations. There are few instances in the utility business where it is considered prudent to attract the short-term investor. Our objective has been to attract investors who are looking for a relatively small yield plus appreciation. This can only result from growth and good management. Initially, the problem of a first public offering of a common stock presents many difficult problems and management must attempt to develop solutions to these problems by learning what has gone on before from various sources available. Our company has utilized local, New York, and Chicago sources of information from bankers, brokers, institutional investors and security analysts. Although our company was not qualified to appear before the Society of Security Analysts, we have arranged private meetings with security analysts who have been of untold assistance in this area. Under the many recent rules of the Securities & Exchange

Commission, in all probability information that has been conveyed to security analysts and others who offer assistance to investors may be limited, and either our efforts in keeping our stockholders informed must be expanded or the information that we convey to security analysts must be considerably curtailed.

The stockholder has three reasons for investing in a utility: cash dividends, growth and security: He selects utilities, and particularly communications utilities, because he recognizes that they meet these requirements without the risk that frequently accompanies investments in more volatile businesses. In order to attract stockholders and maintain good relations, continued increases in earnings are essential. We in the independent telephone industry, and particularly our company, have been rewarded by public acceptance in recent years because of our record of growth and growth prospects plus, of course, the possibility of a stockholder windfall from acquisition. The interest that has been displayed by the public in independent telephone company stocks, and our company stock, has been rewarding. It is expected that even in the face of increased costs, increased income taxes, and changed operating conditions, stockholders will be rewarded for many years in the future from having invested in our company and in independent telephone companies. This, however, will only be true if management of these companies accepts its full responsibility in insuring that adequate earnings and prudent accounting practices reflect the earnings and security of investment that the sophisticated investor expects.

For example, there has been opportunity for change in accounting practices in recent years such as flow through vs. normalization of investment tax credit, the charging of certain items of expenses to capital and vice versa, and most currently the controversy regarding flow through vs. normalization of the benefits of accelerated depreciation. In some quarters these changes are know as accounting gymnastics or Chinese bookkeeping, but may be more kindly referred to as an expedient to improve earnings and cash flow without increasing charges to the customer.

Under our free enterprise system, the concept of communications service with appropriate regulation is to provide to the public adequate telephone service at a price which reflects the cost of providing that service. Regulatory bodies have authorized utilities to recover the investment necessary to provide such service through

depreciation charges. Historically, depreciation allowed by regulatory bodies has been on the straight line basis, but in recent years a rising tide of public, and in some cases regulatory opinion, has required utilities to take advantage of liberalized depreciation methods authorized by the Internal Revenue Code. Such action may in many instances obviate the necessity for rate increases; however, this practice can only be undertaken at the expense of the future.

The organization that has been developed by our company has resulted from extensive opportunities for training, the exercise of good management practices in the delegation of authority and responsibility to individuals with a keen sense of company loyalty and a dedication to providing a public service.

These are some of the factors that have contributed to the modest success our company has achieved in the eyes of the public we serve, and our stockholders. The uncertainties of 1968 have added considerably to the problems that we must solve. However, we have lots of company in the industry, if this is any consolation. Our people are well qualified to find solutions to the problems even though the uncertainties may continue into the future. We will continue to find feasible means of meeting the public need for service, and as long as we show substantial annual increases in stations, gross revenues will increase, and we will reflect proportionate increases in earnings.

see pages 17-18-19

Investor's Reader

APRIL 22, 1970

PROFITABLE TECHNOLOGY AT TRW

(see page 26)

Monsanto Scents

The bloom is on for fragrances and flavors. A growing list of products from perfume to floor wax to chocolate require olfactory and gustatory ingredients. Chemical giant Monsanto Company is one of the newest challengers in this market which is currently estimated at $350,000,000 and expected to soar to $850,000,000 by 1980. The market leaders are International Flavors & Fragrances, Universal Oil Products as well as privately owned Fritzche—Dodge & Olcott and two Swiss companies: Firmenich and Givaudan.

Monsanto has long purveyed a small line of artificial flavors such as vanillin. But in 1968 it moved into fragrances with acquisition of the assets and expertise of $5,000,000-sales George Lueders & Company. Natural fragrances like natural flavors tend to be rare and expensive (half a ton of violet petals makes just one pound of pure essence which costs $1,300 an ounce). So Monsanto has expanded its line with synthetic aromatic chemicals. So far the total flavor and fragrance business amounts to only $10,000,000, scarcely a sniff to Monsanto. However, Lee Miller, who heads the Monsanto unit, states: "The prospects are very good. We are one of the prime suppliers of other ingredients to the soap, household products and food industries so the synergistic potential is there. We're banking on our research prowess in the chemicals field to develop new synthetic flavors and fragrances and we're thoroughly committed to growth in this area."

Monsanto's chief areas are fibers (26%), plastics (23%), phosphates and detergents (9.4%). Saccharin, Monsanto's original product and target of recent cancer scare reports, accounts for only a fraction of a percent.

Slow demand and weak prices in artificial fibers have been recurrent problems for the industry. At Monsanto last year they contributed, despite sales up 4% to $1.9 billion, to a 5% profits drop to $109,000,000 or $3.08 a share (before a 20¢ special credit) vs $3.26 in 1968 and a record $3.86 in 1965. First quarter 1970 earnings were down 15%. The stock slid to a ten-year low of 30½ this February, has since recovered to 35.

INVESTOR'S READER

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BUSINESS AT WORK

Foreign Front

Jobless Rate Unknown

IN INDIA babies are born much faster than jobs. Only a few weeks ago 26,000 literate Indians applied for 150 low-paid government "positions." At last report the applicants had been winnowed to about 500 who must now undergo rigid oral and written tests.

Ceramics

Spode China Brand Receives a Big Assist From Parent Carborundum

A TWO HOUR'S train ride from London lies Stoke-on-Trent. The grey, industrialized city of about 273,000 is situated in the midst of gentle rolling countryside between Manchester and Birmingham. There last month Niagara Falls, NY-based Carborundum Company marked the bicentennial of a prestigious unit, the maker of Spode china.

Spode is not the only well-known potter in town. Actually, Stoke-on-Trent is a collection of six towns and the whole group is colloquially known as The Potteries. About three-fourths of Britain's china and earthenware is made there. This particular area in North Staffordshire originally developed into the hub of the pottery industry in the 18th Century because of its deposits of coal and clay. Today the clay comes from Cornwall, Devon and Dorset, the kilns are fired by electricity, gas or oil but Stoke remains home for not only Spode but also such other famous potters as Wedgwood, Doulton and Minton.

The Spode business traces its history to 1770 when Josiah Spode became master of his own pottery in Stoke. Spode's son Josiah II introduced the first English bone china around 1800. English bone china has of course become world famous. The translucent ware is 50% animal bone, usually cattle shin or knuckle.

After a visit to the Spode potbanks, as the factories are even nowadays called, the Prince of Wales in 1806 appointed Spode his potter. Later as King George IV he made Spode "Potter to His Majesty." Meantime William Copeland had become a partner with Spode in the London wholesale-retail business. His son William T Copeland took over the entire business in 1833 and the company eventually became known as WT Copeland & Sons Ltd.

In 1966 diversified abrasives maker Carborundum, which has important European interests, acquired Copeland. Spencer Copeland, 51, a great grandson of WT, who is deputy chairman of his family's company, refers to the relationship as Spode's "third partnership." Spencer and his cousin Robert Copeland, 46, a director, are still active in the company. The corporate aspects are largely handled by Carborundum men. George McKenzie, vice president in charge of Carborundum's European operations, is chairman of Copeland while William J Whatmore is managing director. George Barker is presi-

dent of Spode Inc, the US and Canadian distribution arm. He was formerly general sales manager of arch US competitor Lenox Inc.

About 60% of Spode sales come from North America. Spencer Copeland says Spode "in 1938 was No 1 in the US in fine earthenware and among the top four or five in bone china" but admits "in 1945 we let the US market slip away." Lenox, which makes its wares in Trenton, NJ, has become by a wide margin tops in the field, claims to have 55% of the US market in fine china. Among the English brands, both Wedgwood and Doulton are ahead of Spode in the US.

The maker of Spode was unprofitable when Carborundum acquired it but in the last two years Copeland has moved increasingly into the black. George Barker estimates the subsidiary contributed 4% of consolidated Carborundum sales last year which would mean a volume near $12,000,000. Spode's proportional contribution to Carborundum's record $14,720,000 ($4.03 a share) profits was probably smaller.

Making fine dinnerware still involves a massive amount of hand labor—from mixing the ingredients, forming the plates and cups, trimming rough edges and attaching handles to hand dipping in liquid glaze, decoration and gilding. There are painstaking inspections throughout.

Along with the Copelands, there are many third and fourth generation families at work producing Spode wares. The company has traditionally made specially decorated services for the aristocracy and royalty, governments, business houses. It is currently producing a 1,750-piece service for the government of Sudan, commissioned and paid for in advance by the government which was overthrown last year.

In three years through 1971 Carborundum will have spent $3,500,000 to expand Spode production. In the twelve months ended this March, capacity was increased by 70%; another 50% addition is to be completed by next March. Overall Spode production is slated to be enlarged 300% in 1969-74.

Spode is concentrating on the lucrative US market and "all our new patterns are being developed for the US." Spode has over 500 "active"

patterns in all and stocks 72 of them in North America. Five-piece place settings of Spode bone china retail in the US from $17-to-$325. Bone china is fully vitreous which means completely non-water absorptive; earthenware is semi-vitreous and water will stain it if the glaze is cracked. Fine stone china is also fully vitreous but opaque. Spode's stone china has a grey-bluish tint and is reminiscent of rare Chinese export porcelain. Spode salesmen say sales of this "Lowestoft" stone china are going extremely well. Spode's stone china sells from $19-to-$90 a place setting while its earthenware is tagged from $8-to-$26.

In January 1969 Carborundum began to use the distinguished Spode name for a line of crystal which is made for it in Belgium. The company augmented its fledgling crystal business this January with the acquisition of $2,500,000-sales Barthmann Cristall of Germany. George Barker says "we are short of gift items and are discussing acquisitions in several areas including silver." He adds: "We are strongly orienting our thoughts toward European acquisitions where we have the capital and management."

Carborundum derives about a third of its business from outside the US, a good portion from Europe. Besides abrasives, Carborundum makes pollution control equipment and resistant materials including refractories. President William H Wendell says acquisitions are based on "our insistence that everything we get into has some connection with what we are in." The Spode connection: "Ceramics technology—to anyone in ceramics, the only difference between superior grinding wheels and fine china is decoration" (IR, April 23, 1969).

Last month Carborundum took a direct step to expand its pollution control business when it and AB Svenska Flaktfabriken (SF) of Stockholm jointly announced an exchange of international licenses for the manufacture and sale of air pollution control systems. The agreement with SF, an investor-owned, $150,000,000-sales company, gives Carborundum domestic entry into electrostatic precipitators, wet scrubbers and multiple cyclones. This together with its own dry fabric dust collectors puts Carborundum in all four areas of air pollution control.

Copper and Coal Billionaire

Kennecott Copper Debut

THE ROSTER of billion dollar sales companies in the March 18 issue of INVESTOR'S READER overlooked one brand new billionaire — Kennecott Copper Corp which reported 1969 revenues of $1,092 million, 42% above the $769,000,000 of 1968. Profits were up 49% to $165,400,000 or $4.99 a share vs $3.35. Sales got a lift above the magic number from the acquisition of $260,000,000-sales Peabody Coal in March 1968. Though included in 1968 results for only nine months, Peabody still would have raised Kennecott above $1 billion that year except that the parent company itself suffered

severe revenue losses from the prolonged mining strike which finally ended in late March 1968.

There is still an off-chance Kennecott may lose its billionaire status since the Federal Trade Commission is contesting the acquisition of Peabody. But last month Kennecott won the first round when an FTC hearing examiner ruled in Kennecott's favor.

A Kennecott spokesman reveals Peabody contributed about 60¢ a share to 1969 profits. Thus without Peabody, earnings would barely have matched the previous record of $4.41 a share in 1956.

Peabody probably produces the biggest coal tonnage but Continental Oil's Consolidation Coal produces more in dollars since Peabody is largely in steam coal and Consolidation in higher-priced metallurgical. Kennecott is the world's No 1 copper producer, No 2 in both gold and molybdenum and a leading factor in silver.

Wall Street estimates Kennecott might earn $7 this year but the company is cautious: "Costs are going up some but less than the advance of prices. Our demand is still good in Europe and in Japan; even our domestic demand is still good." While Kennecott is dependent on a healthy overall economy, particularly in durable goods, there is a lag before any downturn is reflected in copper demand. Demand has been very strong of late for producer copper which sells about 20¢ a pound below the London Exchange and the dealer (copper scrap) price. Since producer copper supplies only about two-thirds of domestic requirements any slowdown is being felt only in the higher price market. The first of this month Phelps Dodge boosted its US wire bar price from 56¢ to 60¢ a pound, by far the highest US producer price ever. Kennecott followed suit with a raise to 60¼¢.

Chilean Question Mark

Kennecott's big El Teniente mine in Chile has been only 49% owned since the "Chileanization" of mine properties in 1967. So far, profits from Chile have not fallen because of the lower tax rate since the government is a partner. However, Latin American observers fear a leftist victory in September's presidential election in Chile could mean a complete takeover. Chilean profits are only about 10% of Kennecott net.

Such uncertainties drove Kennecott common down from an alltime high of 55½ last April to 37 in August but it had recovered to within half a point of the record by presstime. The quarterly dividend was raised a nickel to 65¢ in March, so the present price provides a 4.7% yield.

The National Headcount

At a Dollar a Head

THE TAKING of the census has never been a small task. In 1790 the first US census takers had to comb the countryside to find the 3,929,214 population. By 1880 it took seven years to compile the score on 50,000,000 Americans and, with the population growing rapidly, skeptics said the 1890 census talliers would still be at work long after the year for

the 1900 headcount arrived. But engineer Dr Herman Hollerith invented the punch card for use with the 1890 Census and 63,000,000 Americans were counted in one-third the time it had taken the 1880 compilers.

This year the census takers must wrestle with tabulations for an estimated 205,000,000 people. Yet the basic job will be done, the Census Bureau anticipates, "well in advance of the President's December deadline."

The swifter compilations are of course thanks to the data processing revolution—one which the Census Bureau has done much to bring into being. Six censuses after the punch card, census compilers put the first commercial electronic computer, a Sperry Rand Univac 1, to its first task —the 1950 count of 151,000,000.

Today the behemoth task is being handled by four third-generation Univac computers which, along with the basic people tally, are prepared to turn out libraries full of other information. Before being fed to the computer, the basic information from this year's mark-it-yourself census forms will be microfilmed by Eastman Kodak cameras and processed through conveyor systems and optical readers of special Government design.

As in everything else, today's census is faster and fancier but the public is paying more. In 1790 the full cost was $44,000 or a penny a head. By 1870 it was nearly 9¢ an American. Today the bill for gathering, processing and completing the more than 2,000 separate reports will come to $214,000,000 or just over $1 a head.

Aerospace Components

Specialty Fastener Maker Hi-Shear Comes to Amex

THE STOCK of aerospace fastener maker Hi-Shear Corp landed on the Amex the start of this month. The first "HSH" shares traded at 23¼. Previously the shares had made some dramatic over-the-counter flights, in part influenced by aerospace industry expectations. From a low of 9 in 1967 they soared to a record high of 70 in mid-1968, then plunged to 17 in mid-1969. Founder-president George Wing owns about one-quarter of the 868,000 shares.

Holds Planes Together

Hi-Shear fortunes are inextricably tied to aerospace business. The name came from an early product, a high-shear-strength (resistant to shearing stress) type of rivet for airplanes.

Today the company specializes in high-strength precision fasteners and toolings for all types of craft from the Grumman Gulfstream to Boeing's 747 to Apollo. Generally considered third in size in the industry behind Standard Pressed Steel and VSI Corp, Hi-Shear claims virtually every aerospace company in the Free World among its customers. Fasteners and toolings account for 95% of sales. HSH also does a small business in ordnance work, making separation devices for missiles and space vehicles.

Hi-Shear fared much better than most of the aerospace industry in the fiscal year ended this February. Pre-

liminary figures show sales up 4.2% to a record $27,000,000, net income ahead by 8% to a "pre-audit" $2.04 a share, comfortably higher than the $1.85 of the February 1969 year and just above the 1967/8 record of $2.02. Last week the enthused directors voted to double the quarterly dividend to 10¢.

In Manhattan's Pierre Hotel after the stock listing the top executives—chairman & president George Wing, 53, sales vp Guy Nash, 50, and financial director Howard Tomlinson, 46—gathered over afternoon coffee and discussed the results. Taking the lead, George Wing explained: "Our biggest gains were made in the final quarter in which we made close to 80¢ profit vs 44¢. We had started the year with a good $9,000,000 backlog of orders. But within a short time rapid customer acceptance of new products pushed it up to $13,500,000. As a result of the heavy demand and change in materials used, we were limping along in the first nine months trying to get our production problems worked out. We were successful in the last three months."

Pros and Cons

The executives are hesitant about predictions for fiscal 1970/71. As George Wing notes: "This is a fast reaction business and if it's not cyclical, it's very unpredictable. On the unfavorable side it's hard to tell what is going to happen with Government aerospace contracts. But while we used to depend on 75% Government business a few years ago, it's now down to about 50%."

On the favorable side, "this year

Wing (R) at the listing

we should be benefiting from major business in 747s, the DC-10 and L-1011. We expect to begin to participate in sales for the SST program and F-14 and F-15 supersonic fighter planes. All told our backlog is now $15,000,000. Also our profit margins should be good, now that our production problems are worked out. Among other things we don't have the costly overtime work we did last year."

Longer term the executives are extremely optimistic for commercial aerospace business worldwide. "Less than 10%" of volume is international now. George Wing notes: "We've done a reasonably good business in Europe but are pushing hard now with our new designs there."

At home the prospects are dandy. Sales vp Nash reasons: "The current US commercial airfleet is around

2,600 airplanes. The FAA estimates the number will grow to 3,800 by the end of the decade. But the demand for fasteners will grow much faster than that since there'll be many more fasteners per plane. Just for instance, the 707 jet has about 100,000 fasteners. By contrast there are 1,000,000 in a C-5A. A 50% increase in the number of airplanes multiplied by ten times the number of fasteners used would mean a 15-fold growth in the fastener industry in the decade. So there's plenty of room for growth for us."

Heavy dependence on fasteners is likely to continue as the main thrust at Torrance, Cal-based Hi-Shear. The president states: "We plan to grow mostly by internal means. We have looked but we won't make acquisitions for acquisition's sake. Basically there is plenty of room for improvement and expansion in the fastener business such as increasing our position in engine fasteners which account for only 3% or 4% of sales now." To keep up with the latest, Hi-Shear spends heavily on R&D or "engineering as we call it." The amount spent last year was $1,100,000. The president says "we will probably announce some new products this year."

Certainly some R&D inspiration will come from president Wing himself. Inventor of the company's original product and most of the subsequent fasteners, George Wing generally keeps a drawing pad handy, even beside his bed. And his office is "in our old plant where I can be near the engineering department."

Manufacturing

Former Houston SBIC Gets Manufacturing Mix And Marathon Name

AFTER COMPLETELY changing its business as well as its basic operating concept over the past three years, the formal switch of name to Marathon Manufacturing Company last December completed the metamorphosis of the firm which for nearly ten years had been known as Business Funds Inc. The company had been chartered in 1959 in Maryland as Mid Atlantic Small Business Investment Company by a local bank which thought it wanted an SBIC affiliate but changed its mind. A Houston-based group took over in 1961, chose the Business Funds title and moved the company to the oil city.

In Houston Business Funds began its SBIC life, made numerous investments in mostly small, young companies. After a while, losses exceeded gains in the portfolio. In 1967 the company was permitted to withdraw from its SBIC status but remained a registered investment company. While an SBIC enjoyed some special tax privileges for itself and its holders, it was not permitted to acquire a controlling interest in any company.

New Account

Then in September 1968, directors invited Wayne D Harbin, Houston administrative partner for accountants Arthur Young, to join their group and take over as president. A determined shift brought liquidation as fast as possible of the investments and acquisition of operating companies in

such diverse areas as Christmas trees, tank cars and batteries. Early in 1969 the SEC granted deregistration under the Investment Company Act and the corporation could pursue its goals as an ordinary operating company.

At Houston headquarters the other week, 44-year-old Wayne Harbin backgrounded: "I was motivated for two reasons to make the change of job. I had known for years a number of people who were active in this company and felt there were substantial assets that were not used to their fullest extent. I also felt the stock was depressed. It was selling around $6 while the book value was $11." Some of the outfits in which the company had sizable stakes went into bankruptcy; even so, "Business Funds had substantial assets but a poor earnings history."

In selecting the components for the new Marathon, president Harbin speaks firmly: "We don't buy companies where earnings are not good. We have retained operating management in every instance. In my mind good management comes hand-in-hand with good earnings. We have supplemented existing management, however, and had very profitable results."

Battery business represents the largest part of Marathon operations with close to a third of current volume. The opportunity to enter this business came when Clevite Corp and Gould Inc merged last year and the Justice Department required each to divest certain battery properties. Thus last July the erstwhile SBIC bought Sonotone Battery which makes nickel-cadmium batteries from

Harbin turns manufacturer

Clevite and Marathon Battery, a producer of magnesium and carbon-zinc dry cell batteries, from Gould.

Marathon Battery has 80% of the commercial and executive aircraft battery business. To start the engines on a 747 requires the ground-based boost of two nickel-cadmium batteries which cost about $1,000 apiece.

Next most important at Marathon is metal fabricating. Metallic Building of Houston makes prefabricated buildings for use as schools, offices, marinas. A new venture is a relocatable parking garage in Memphis which costs $1,300-to-$1,500 per space as compared to some $2,000-to-$2,500 for conventional parking structures. President Harbin describes: "It is like a large erector set."

Also in this fabricating division is

Richmond Tank Car of Houston which makes one out of every five US tank cars. It produced about 1,000 in 1969, currently has a year's backlog.

A century-old component of Marathon is George Franke Sons & Company. Founded in 1868, it is No 2 among the four US companies which make Christmas tree trimmings. Wayne Harbin cites a helpful new fad: "Californians are trimming trees in each room of their house to match the decor."

Fake Firs

For next Christmas, Marathon will also provide trees on which to hang the Franke ornaments. New Year's Eve it acquired Carey-McFall Company which makes 70 different artificial trees as well as venetian blinds. The fake fir for Yule is modern but maker Carey-McFall is four years older than Franke to become the senior Marathon segment. Wayne Harbin states: "There is a 15-to-20% annual growth in the artificial Christmas tree market. And the number of live trees planted in Canada is on the decline."

Marathon's new operating portfolio also includes Mineral Oil Refining, one of the four makers of white mineral oil. The oil is used as an ingredient in various drugs, embalming fluid and cosmetics. Another Marathon unit is Bond Warehouse of Detroit which mainly houses auto parts.

To run the whole organization, streamlined Marathon maintains a staff of only 18 in Houston, nine of them company officers. Wayne Harbin outlines: "They are mainly involved in co-ordinating corporate planning. They also act as troubleshooters for the individual manufacturing concerns."

In its investment company stage, Business Funds reported three years of deficits in 1966-68. Now Marathon says all divisions are operating profitably. Last year the company earned $3,120,000 or $1.54 a share, including 64¢ capital gain, on $45,800,000 sales. Because of the complete change of status and components, no comparisons with the previous years are possible. However, Wayne Harbin says in aggregate the various present components performed about 20% better in sales and profits than these same units had done in 1968.

By now the Marathon units are operating at a $85-to-90,000,000 annual volume rate and some Wall Streeters think the company could earn $1.50-to-$1.75 a share for 1970. Wayne Harbin states the long-haul goals: "We hope to integrate our present manufacturing operations eventually. We look for good growth. We came pretty close to our $100,000,000 annual-rate sales projection for our first year out. Our objective is $300,000,000 after five years."

With the change of status and management, the stock began to climb to a high of about 28 last Summer, five times the early 1968 level. Since then it has shared the market retreat, last week was quoted over-the-counter around 13. Officers and directors own 30% of the 2,100,000 shares, including a little less than 5% by Harbin. There are no dividend plans: "We are in a growth situation and do not expect to pay a cash dividend in the foreseeable future."

Wide Margins at Utah Construction & Mining

70-Year-Old Company Sheds Some Construction, Adds More Mining

TO THE *Fortune* 500 list, the name Utah Construction & Mining Company is a stranger. But while the company's fiscal 1968 gross revenues of $63,700,000 were far too small, the net income of $19,900,000 was higher than that of more than half the companies which did make the *Fortune* list. In fact, "Utah" would have ranked 235th in profits. And its profit margin of 31% exceeded that of any member of the "500" whose No 1 contender in that category was Texas Gulf Sulphur with 26.5%.

Utah president Edmund Wattis Littlefield remarks: "We're not excited by the idea of having the biggest gross revenues in the business. We have never found a way to pay our shareholders dividends with gross revenues."

Of its generally rising profits, Utah over the past decade has earmarked on average about one-third for payout to its stockholders who now number about 5,500. Including traditional year-end extras (last October's was a nickel), dividends tripled during the Sixties to a total of 56¢ in 1969. And this January the regular quarterly handout was lifted to 15¢ from 13¢.

This latest generosity follows substantial gains recorded in the year ended October 1969, the fifth in a row for record revenues and earnings. While revenues rose only 8% to $69,950,000, profits from operations jumped 25% to $24,900,000 or $1.93 a share vs $1.55. The 1969 figures are before a 14¢ a share extraordinary gain from sale of Utah's heavy construction business to Fluor Corp last April.

The 12,900,000 "UC" shares were listed a year ago on the Big Board where they opened at 38½. While they had skidded from 47½ at the start of 1969, the uptrend had been brisk from 14 in 1967. And by the second half of 1969, UC was bravely bucking the bear market. It rose to an alltime high of 54¼ this February; at presstime it was trading around 50.

Building Background

Heavy construction was the thing back in 1900 when EO Wattis (Ed Littlefield's grandfather) and his brother Will, sons of a Mormon farmer in Ogden, started the company as a builder of railroads. Utah Construction then branched into other heavy work like dam and bridge building in the Twenties. It left its native state to set up headquarters in San Francisco during the Forties. When Ed Littlefield joined the company in 1951 "we were still basically a heavy construction company but by that time there was the beginning of an interest in mining. When I came we had two small mines and were about to embark into a third."

Born in Ogden 56 years ago this month, Littlefield came to San Francisco to go to prep school. He went on to Stanford where he graduated in 1936 "with great distinction" and a Phi Beta Kappa key; he won an MBA

there two years later. After that "I was a little bit of a corporate tramp. I went to work for Socal until December 7, 1941 when I had an involuntary change of employer. I was in the Navy until June 1943 when I was transferred to the Petroleum Administration for War until December 1945."

After the war Littlefield joined the Golden State Company, then the largest dairy concern in California, which later merged into Foremost. His 1951 arrival at Utah was actually his second coming to the company. He had been a 14-year-old water boy climbing up a spillway to serve the construction workers. In his second stint, "I started at the bottom as financial vp and treasurer." He was made president ten years later.

Following the sale of the heavy construction business, Utah is primarily a miner with interests in land acquisition and development, dredging and shipping. "Mining is far & away the major source of our income. Basically all of our mines are large open pit or strip mines. We have not so far gotten into underground mines but I think the day is certainly coming when we will."

More Coking Coal

Utah mines iron ore, coking coal, steam coal and, more recently, uranium and copper. "The most important mineral in our picture has been iron ore but I would anticipate that within the next ten years coal will become more important to our profit picture than iron ore. The worldwide shortage of coking coal gives the possibility of rapid expansion and we have attractive reserves. Coking coal is primarily a raw material used by the steel and chemical industries. It is hard to find and it sells for about four times as much as steam coal. We started looking for coking coal around 1953 for what seemed like a good reason. We felt that another large integrated steel mill would be built on the West Coast" in addition to Kaiser's Fontana Mill.

Australia to Japan

The search for coking coal was unsuccessful in the West but Utah finally found large quantities in Australia. And while the second steel mill on the West Coast never materialized, the Japanese steel industry provides a ready and convenient market for the large deposits at three Australian mines in which Utah has a stake.

Unlike some other minerals, coal and iron ore are not subject to wide price swings; each mine produces a unique product in terms of quality and physical makeup which is usually sold at a negotiated price on a long-term contract. For instance the iron ore of the company's oldest mine at Cedar City, Utah is delivered to US Steel's mill near Provo, Utah. The ore produced at the one-third owned Mount Goldsworthy mine in Western Australia is sold to Japanese steel makers under long-term contracts.

Utah also owns 46% of Marcona Corp which mines iron in Peru and also operates ore carriers from both Peru and Australia to Japan. Utah recently turned down an unsolicited offer from Superior Oil to buy its interest in Marcona.

Coal from the reservation

In fiscal 1969, Utah's two Wyoming uranium mines, the Lucky Mc and Shirley Basin, failed to match the 1968 profits although pounds shipped were the same. Reason: the stretched-out contract with the AEC bases prices for the final two years on the cost of production.

Because it is one of the country's lowest cost producers, Utah really felt the profits pinch. "Where we had been receiving $8 a pound, our price dropped to about $5. You take that $3 right off the top. Approximately $3,000,000 in profit before taxes went out with the change in prices."

But when the AEC contract expires this year and as more commercial nuclear plants come into being, Utah should benefit. The company is expanding its facilities at Shirley Basin to double its present uranium production.

President Littlefield, whose company can fuel both nuclear and fossil power plants, takes a judicious stand: "I think the two types are going to go hand-in-hand. While nuclear may grow faster percentage-wise, I think both will grow substantially." Utah supplies Arizona Public Service plants with steam coal which it mines on the Navajo Indian Reservation near Farmington, New Mexico. The coal reserves and available water will permit eventual doubling of this operation at the time when demand arises.

Utah entered copper mining in 1957 when it acquired 25% of Pima Mining with an open pit mine 25 miles south of Tucson. The company also controls a copper molybdenum deposit on Vancouver Island, BC which should be in production in 1972. Here too Utah has contracted

Founder's grandson

to supply 90% of production to Japanese industry.

In 1969 "virtually all of our mining profit centers except uranium operated at new peaks." So did dredging but land development profits were below the 1965 high. Ed Littlefield remarks "dredging ties in to a minor degree with both mining and land development. We have used our dredges for port construction to serve mines in remote locations and also in reclamation which has built some land." One example: Bay Farm Island in Alameda County which will be developed for residential and commercial purposes.

But Ed Littlefield acknowledges "we have found it easier to take the land the way the Lord made it than spend money to make land. Basically our land program is trying to find land." Utah owns parcels in areas such as Monterey, Roseville, San Diego and Mountain Park (near Lake Arrowhead) in California as well as in Tucson and Phoenix. Utah has completely sold or optioned its acreage in the Moraga Valley, east of Oakland, as well as its El Segundo Industrial Park near the Los Angeles Airport. It is in process of converting its Fontana East apartment house in the Marina District of San Francisco into a co-op. Utah has participated in several retirement complexes, obtaining the land and the financing and handling the construction. The facilities are then sold or leased to non-profit corporations.

Utah participates in commercial construction through a partnership with Haas & Haynie. Now underway are three hotels and an apartment complex in Hawaii where the partnership is also building the facilities to handle 747s at the Honolulu Airport.

Ed Littlefield sums up his company: "I think the most important problem we have is taking the steps which will allow us to sustain the kind of growth and progress that we have had. It gets down to what we're going to do for an encore. We are heavily committed now to the largest expansion program in our history ($285,000,000). The funds are going out now but when the projects are in place, this will revert to a positive cash flow. I am concerned now about how we set about the task of putting that positive cash flow into the kind of profitable investment we have had in the past decade so that we continue to march forward in the future."

Illinois Control Maker

Powers Regulator in Skokie Is No 3 Maker of Environmental Controls

PRESIDENT Andrew Leek Pontius has little doubt fiscal 1969/70 was a fine year for Powers Regulator Company, the No 3 contender in environmental controls (from thermostats to sophisticated full-building systems). Since the year just ended last month, exact figures are not yet audited. But Andy Pontius "can't quarrel with" a Wall Street estimate of $3.40 a share. That would represent a nice gain over the $2,600,000 or $2.83 a share in the March 1969 year. Sales rose to an estimated $55,000,000-plus for a more moderate 8-to-9% gain.

The optimism at Skokie, Ill headquarters takes in the current fiscal year as well. Asked about a $3.80-to-$3.85 estimate for 1970/71, president Pontius says "we think it is reasonable." His confidence is bolstered by "almost a year's backlog which we have in our contracting. We could ride over a relatively short valley—say, six months—and not feel much impact. To date, we've seen very little reflection of any slowdown in our rate of bookings."

The past two years have seen a classic turnaround at Powers Regulator. After a nadir of $1.35 a share in 1965/66, earnings picked up a few pennies in the following year and then doubled in the next two. Outsiders give much credit to 62-year-old Pontius. A sociable, tall, bald and tweedy-looking gentleman, he came to the top operating spot at Powers in 1965 from an executive vice presidency at Illinois Tool Works. The chief executive remains Haraold Mueller, 67, who has been at Powers since 1926.

Andy Pontius and "a lot of other management people brought into the business about the same time" were hired to get the company moving, though Pontius downplays his own role. The Powers family gave its name to the company 79 years ago but has not taken an active role in the company's affairs since the mid-Fifties.

The recovery years, Pontius says, "are a culmination of many things done a few years ago. There is a lag before improvements show up." One reason things "were chaotic" in the mid-Sixties was a 1962 consent decree involving makers of environmental controls. He continues: "This was compounded by the entrance of new competition in pneumatic environmental controls — Robertshaw and Barber-Coleman." (Johnson Service and Honeywell are the long-time leaders.)

Tougher Controls

Powers was also troubled by a slew of internal problems. "Our management controls were very weak. With the profit centers scattered in 90 branches you need strong accounting controls. We appointed a new field sales manager who initiated extensive training programs and developed a system for evaluating performance and controlling contracts. Until 1965 we did not have a uniform estimating plan. Proper estimating can be crucial since our selling price must be

Records for the tubes

determined as long as three years before completion."

As the tighter controls showed up, so did a "competitive improvement. The whole environmental controls market has been growing faster than total construction work."

Environmental controls bring in about two-thirds of volume if maintenance contracts are counted. This category takes in simple temperature and humidity regulators as well as big automation centers. The latter may monitor up to 8,000 sensing points in a big complex of buildings, including lighting, smoke detection, etc. A total control system including an automation center can run to $1,000,000.

Powers concentrates on the health and educational markets; they account for over half of the environmental work with schools the biggest customer. Andy Pontius says: "One reason we're so strong in schools and hospitals is that we also offer them other hardware with our water control products and pneumatic tube systems."

The pneumatic tube operation is "our fastest growing one right now," up from 10% to almost 20% of Powers volume in the last three years. Powers got into this field through a small 1960 acquisition when "the whole industry wasn't much." An analysis four years ago led "us to decide we must provide reliability and service. Since the Powers-Grover Transitube division's Detroit facility was inadequate, we moved it to a new plant in Denver last year. One reason for the switch was everybody wants to live in Denver so it's easy to get qualified engineers there."

Paperwork is not the only commodity to ride the tubes today. "We design systems with special carriers to handle guinea pigs, medicines, blood samples in the hospital, blueprints and spare parts in the factory. The plant Boeing built for the 747 at Everett, Wash took a 20-mile tube system from us at a cost of over $1,000,000." Pontius believes the division will continue to grow, could chip in up to 25% of sales in time.

Water controls bring in close to 10% of volume. They regulate both hot & cold mix and total flow and are used in hospitals, school gyms, motels. "Most big institutions rely on this protection today." As with the pneumatic tube business, "we offer a custom engineered and installed system." He says the exact tempera-

ture controls are also needed in X-ray and color photography development.

The remaining volume comes from industrial controls used in processes where temperatures are critical. Powers also offers the 1968-introduced Spindltrol, an instrument which programs the speed of yarn-spinning frames for the textile industry.

Powers Regulator is a publicly owned company that never went public. Andy Pontius relates: "We've never had a stock offering but through various employes and founding family members a lot sifted out through osmosis. By now there are about 600,000 shares in public hands out of 941,000 total and we estimate 800 stockholders." The company's profit sharing plan, set up in 1949, owns 25% of the stock, officers and directors another 11%. The shares, which pay 20¢ quarterly dividends, traded over-the-counter around 50 last week, after a 54 high in November. They are up from 35 in Summer 1969.

Plenty of Wherewithal

The Powers balance sheet is most uncluttered: total assets of $33,500,000, working capital of $20,000,000, no debt or senior stock. The president indicates an interest in acquisitions. "There are more things we would like to make; we're particularly interested in companies that are capable of providing some of the electric components we build into automation centers." In short, "we would like to use all our resources including debt to expand when the opportunities are there."

Communications

Winter Park Telephone Offers Premium Service To Central Florida Residents

WHILE A LOT of people all over the country fume at inept telephone service, residents in Winter Park, Fla get pleasantly efficient treatment. A small independent called Winter Park Telephone Company is responsible for this happy situation which appears to improve every year.

During a recent visit with president Russell P Hulbert, he said: "We have always been on top of the service we offer to our customers. In fact we decided many years ago that we couldn't be the largest but we could offer the best service." So far the company has lived up to its projection. Last year the Florida Public Service Commission commended Winter Park for meeting all the standards set by the commission.

Many of these standards sound nostalgic to New Yorkers—a dial tone within 3 seconds, having a repair call answered in 24 hours and installation within three days. Chief executive Hulbert says the swift installation schedule "was tough to meet because of the heavy influx of new apartment buildings. However, with increased efficiency, we were able to stay within this requirement."

Russ Hulbert reasons: "We find it's really worth our while to take good care of our customers. The more satisfied they are, the more extensions they buy and the more long distance calls they make."

Winter Park customers use 65,000

telephones and Winter Park hopes by the end of this year to have 70,000, a long call from the ten magneto phones used in founding year 1910. Actually the company had its beginnings in a grocery store rather than at a switchboard. Braxton A Galloway and his son Carl ran a small grocery store in nearby Maitland.

Enterprising Carl

Tired of picking up orders at customers' homes by bike and making deliveries in a horse and buggy, young Carl decided to cut the trip in half by installing phones (without charge) in the homes of major customers so he could solicit grocery orders by telephone. He strung copper wire on trees and fence posts, borrowed a switchboard and hooked up the first ten phones. The people loved it and were more than willing to pay for expanded service.

By 1917 a central office was set up in Winter Park and the company, which had long since given up selling groceries, became a full-fledged telephone company. However, its real growth did not come until after War II when all phones were switched to direct dial in 1949. "At the time the area had begun to expand rapidly and it has gathered momentum ever since." Most of the area's growth has been residential but Russ Hulbert notes: "Business also has been growing very fast and we expect a lot of our business will come from new office buildings here," among them the just-ready headquarters of Florida Gas (see next page).

Founder Carl's three sons remain active in the business. JK (Joe) is chairman of the board; BA (Al) and Carl H Jr are vice presidents.

Winter Park subscribers enjoy the largest toll-free calling area in the State of Florida. The company plans to extend it even further this June. Right now it covers an area of about 500 square miles including the nearby city of Orlando and some other portions of Southern Bell territory.

Winter Park's own service area covers 650 square miles, having just been tripled by acquisition of Quincy Telephone of Quincy, 18 miles west of Tallahassee. But despite all the area (in northern Florida and the southernmost part of Georgia) Quincy only added 7,400 phones or barely 11% of the Winter Park total. In 1968 Winter Park won a contract to install and service the Naval Training Center at Orlando with a 1,500-line Centrex system which is now in operation.

The influx of people and industry to Central Florida has been dandy for Winter Park Telephone and the other fortunate companies in the area. While still small ($8,900,000 in revenues last year) the company has rung up consistently handsome earnings gains. For the seven years since 1962 the average profits growth rate has been 13%. In 1969 profits gained a hefty 31% to $1,457,000 or $1.24 a share vs 93¢ on a 24% revenue gain.

Higher operating costs penalized earnings a bit but a rate increase granted in August helped. The new rates provide for a 7.97% rate of return. Russ Hulbert confides: "We

felt we at least deserved the original 8% return we requested, especially after having been recognized for our superior service."

Soon after the rate increase, the quarterly dividend was upped 2¢ to 18¢, which at the current price of 36 provides a 2% yield. The Galloway family owns about 40% of the 1,037,000 shares which are near the 1967 alltime high of 38½.

Although the company counts on good continued growth from its own prosperous area, further acquisitions are not ruled out. So far management is cautious on this matter: "We are not on the acquisition trail but we are not turning our backs on any opportunities." To be considered, newcomers will have to "have good management and add good growth potential."

Utilities

Florida Gas Explores and Expands In the Southeast

DURING THE EARLY SPRING in Winter Park, just north of Orlando, the scent of orange blossoms hangs heavy in the warm air. Palm trees bend in the soft breeze and the Spanish moss swings lazily from the giant oak and cypress trees. This picturesque community of about 30,000 is the headquarters of Florida Gas Company. President and chief executive William Jackson Bowen describes his locale as "the crossroads of Florida."

Along with bulk deliveries to power companies and large industrial installations, Florida Gas (or FLG to Big Boarders) provides retail gas service in leading cities throughout the state:

Night work keeps Winter Park phones ringing

Miami, St Petersburg, Jacksonville as well as its Orlando-Winter Park base.

Jack Bowen sees particularly good growth in FLG's Central Florida home area. Headquarters are 50 miles due west from Cape Kennedy. And taking shape just southwest of Orlando is the recreation-vacation complex Walt Disney World (IR, May 21, 1969) with opening slated for October 1971.

Jack Bowen believes Disney World is "probably the most important thing that has happened to Florida in a long time. The first year they expect as many as 8,000,000 people to visit the project—and they won't just come and leave in a day, either. Since many luxurious hotels, golf courses, boating and fishing facilities are planned, people will no doubt stay for a while."

Florida Gas is in an excellent position not only to benefit from Florida's extra-fast growth in general but even more so from Disney World. As the project's natural gas supplier, "we will provide approximately half of the entire energy needs for this 27,400-acre complex." With a 13-mile, $500,000 pipeline extension, FLG is set to supply 771,000,000 cubic feet a year when the World opens and over a billion cubic feet by 1973.

Drilling for gas offshore

This includes gas for conventional residences, motels and hotels in the project but the major portion will be used to generate Disney World's electrical power through large natural gas turbines. The "total energy" system will capture waste engine heat to provide heat and hot water as well as chilled water for air conditioning. Florida Gas itself will use a gas-fueled total energy system when it moves next month into its new seven-story headquarters building overlooking a heavily wooded area interspersed with lakes.

But FLG's biggest customers for turning gas into electricity are Florida's two largest electric companies: Miami-based Florida Power & Light Company and Florida Power Corp of St Petersburg. The utility pair contributes about half of total gas volume. Eleven smaller electric companies also use FLG gas to generate much of their juice. Other Florida industries from citrus to paper processing are also important users of natural gas, accounting for some 30% of volume .The remaining FLG gas take flows from sales to investor-owned and municipal companies which distribute natural gas in over

100 communities plus FLG's own retail systems.

While markets are growing lustily, reserves are getting tighter. President Bowen says: "Right now we have a good long-term gas supply. But because we know there is a lot of undiscovered gas, we've embarked upon three programs for exploratory purposes. Also, we now buy all of our gas from others. However, we believe we can make a significant impact in our own area by providing some of our own gas—not all but enough so as to make a good contribution to our own needs."

Most of the company's gas comes from Louisiana and Texas. Just last month Florida Gas completed its fourth major pipeline expansion, an $18,000,000 project which adds about 136 miles of pipeline to its network in Florida. FLG started with a 2,725-mile pipeline delivering about 270,000,000 cubic feet of natural gas a day in 1959. Now it has nearly tripled its delivery capacity to almost 700,000,000 cubic feet a day over 4,000 miles of pipeline.

Plenty of Gas

Commenting on the basic supply, Jack Bowen says "there are at least 280 trillion cubic feet of proven reserves in the US including four trillion under our company's control. So there is in fact plenty of gas around but you have to drill to find it and you need money for that."

Gasmen say the main bugaboo discouraging more exploratory work is the low rates set by the FPC and other regulatory authorities. President Bowen feels "gas is still the greatest bargain in the US. We really have had very little increase in gas prices during this inflationary period. For the last ten years when the Consumers Price Index has risen 30%, Florida Gas has increased the rates of its distribution company customers by approximately 12%, including the present rate increase." Rates for the industry over the same period have been "virtually stable" according to the American Gas Association.

Seeks Rate Hike

In March Florida Gas filed a request for an 8.5% rate of return which would produce an additional $6,000,000 annual revenues. In 1969 the FPC approved a 7.25% rate of return based on April 1968 capital costs. Progress in increasing regulatory rates has been "slow at best."

However, Florida Gas also keeps open another growth avenue. "From the beginning we felt the regulated gas business had certain limitations so we always wanted to diversify into the more profitable unregulated areas."

The three major areas are land development, housing and gas exploration. Last year, through newly created Florida Land Company, FLG bought 4,500 acres in Orlando for a planned complete industrial, commercial and residential community.

Another recently formed subsidiary, Southern Community Development (or Southern Comfort as Jack Bowen likes to call it) seeks to launch low and moderate income multi-family housing projects.

President Bowen is particularly ex-

cited about Contemporary Building Systems which will make modular homes for low-cost housing. Formed in February, the new subsidiary plans a 100,000-square-foot plant in Orlando. The two-to-four bedroom houses are to come off the assembly line in two units, can be put up in a matter of hours. They will be fully equipped, and include gas-fired central heat, air conditioning, wall-to-wall carpeting and of course a modern gas range. A carport and patio can be added. The full price is $10-to-$11 a square foot. For a house around 1,050 square feet, the price would come to about $11,000 which is even below the cost of some mobile homes. President Bowen says: "This modular unit has the real feeling and look of a regular home. The siding and roof top is of the wood and shingle variety and other kinds probably will be available."

Plans call for selling these homes to large developments but the company has run into some snags with various town building codes. So far California is the only state to have a uniform code throughout the state but Floridians hope existing codes will be standardized in the near future.

Propane Price Swings

Two other non-regulated subsidiaries are Florida Hydrocarbons and Florida Computer Systems. The hydrocarbons plant near Gainesville removes the three heavier hydrocarbons—propane, butane and natural gasoline—from the piped gas and markets them throughout the area. Unfortunately, propane prices swing widely and in the last two years have been severely depressed — limiting FLG's overall earnings gains. The computer company was created in 1968 and offers specialized data processing services including payroll, utility billing and tax computation.

Active Gas Explorer

On the exploratory end of its diversification, Florida Gas has managed through joint ventures and partnerships to limit its own investment while benefiting from any finds. By the end of this year total cost of these exploration efforts "is expected to exceed $10,000,000, of which our investment will be about $1,250,000." It is active along the Gulf Coast and inland in Mississippi, Alabama, Georgia and Florida. Although no gas has been discovered in Florida, Jack Bowen believes it is there. "The great proliferation of sedimentary rocks in this area should make it very productive of natural gas."

Jack Bowen also sees two new sources for the natural gas of the future: "Importation of liquified natural gas and the gasification of coal. This second source has great potential because of the enormous reserves of coal in the US."

Meanwhile, Florida Gas has fared well with present supplies. Revenues in 1969 rose 12% to $87,000,000 and net income to $8,241,000 or $1.39 a share (plus 14¢ special credit) vs $1.29. Fully diluted earnings, before the credit, were $1.23 vs $1.18. Back in the first year of operation in 1959 revenues were $14,900,-

000 and produced a deficit of $4,-200,000.

Now there are 5,400,000 FLG common shares. They have held up fairly well in the bleak market. After dropping from 22¼ to 16¾ last year, they recovered to a new peak of 22⅜ early this year, now trade about 21.

Jack Bowen reports: "This year looks pretty good too. Most everything is looking up. Propane prices which have been depressed for the last two years are now turning around. This Winter has been a real good one with the temperatures hovering around 33 degrees for as long as I can remember. I guess we're the only people in Florida to like cold weather. Additional revenues from our modular units and the higher gas rates will also help, but there are so many imponderables at the moment that it is difficult to pinpoint what our profits will look like at the end of the year."

The attractive 48-year-old president has an engaging smile, an easy manner and thorough familiarity with the oil and gas business. A native of Waco, Texas, Jack Bowen still has just a hint of a soft drawl. A graduate of West Point (as are many other FLG executives) in 1945, he spent the next four years in the Army. He then returned to Texas and joined Delhi-Taylor Oil as a petroleum engineer.

"Delhi-Taylor was one of the first promoters of piping gas to Florida. After the pipeline was certified and the financing was accomplished in 1958, I left Delhi-Taylor and joined the newly-formed company fulltime." Two years later he became president.

A tall (6'2") man with broad shoulders, Jack Bowen plays what some of his associates call "an excellent game of amateur tennis." He also does "a little hunting and fishing in the area." However, his active schedule often doesn't permit very much recreation these days. About two or three times a month he is off to Houston in his Beech King Air for meetings with other oil and gas people; periodically he flies to New York for sessions with bankers and Wall Streeters. Winding up a three-day visit in Manhattan recently he said: "For a change I was able to take some time off to just enjoy New York. Usually there's not enough time for that."

Soft Drinks

Coca-Cola Bottling of NY To Distribute Dr Pepper In its Marketing Area

DR PEPPER, the nation's fifth biggest selling soft drink, soon will make its debut in the New York Metropolitan Area. Precise arrival date for the fruit-flavored soft drink is a shrouded secret but outsiders assume it will be on Metropolitan Area store shelves for the thirsty Summer season.

The company which will bring this beverage to the home of the Mets and the Yankees is Coca-Cola Bottling Company of New York, the biggest franchised bottler of Coke. The franchise agreement between Dallas-based Dr Pepper Company and fellow Big Boarder Coke of New York (symbol: KNY) was reached

last month. At his mid-Manhattan office overlooking the East River, KNY president & chief executive Charles Millard says "the Dr Pepper introduction will be a substantial effort. In our estimation it will be the biggest introductory campaign in the history of the soft drink business."

The 37-year-old president says the decision for this non-Coke drink was made because "Dr Pepper has staying power and an established track record." He adds: "We felt Dr Pepper would help offset the loss of any sales due to the cyclamate ban and it provides a good counterbalance against the possibility of any Governmental action regarding saccharin."

For Dr Pepper the agreement with KNY will bring its drink to a marketing area with 18,000,000 potential customers, virtually completing national distribution of the soda. All told, Dr Pepper funnels through 507 franchised bottling companies, including 103 Coke bottlers.

Coke Challenge

When Dr Pepper arrives on the New York scene chief executive Millard thinks it might "take away some Coke sales but there are ways to minimize the effect." One possibility would be to step up Coke advertising and promotion a while after Dr Pepper's debut. He points to the 1967-introduction of citrus-flavored Fresca: "At that time Coke lost less than 4% of its volume and it more than recouped the decline in the following year."

At present, Charles Millard reports "Coca-Cola keeps roaring along at record levels." Meantime, dietetic Fresca and Tab have made a better than expected recovery from the cyclamate ban last October. The president says "we thought Fresca would be down 50% from last year but it is approaching the year-ago level." Tab "has come back well but not as well as Fresca." The reformulated beverages, which account for 15-to-20% of the bottler's sales, both contain some saccharin.

Another Record Forecast

All told, president Millard expects "first quarter earnings to equal or exceed" the 41¢ a share of a year ago which included a 4¢ nonrecurring gain from the sale of property in Stamford, Conn. For the full year, the bottling chief thinks sales and profits will top last year's records—even if the Government acts against saccharin.

He lists the reasons for his optimism: "Dr Pepper is an important factor. Also, we can't draw the kind of weather we had last year. In 45 days from June 25 to August 15 [the big soft drink selling season] we had record rainfall in the Northeast. We also had a substantial depressing effect in the fourth quarter from cyclamates." New York Coke officials estimate the ban cut 14¢ a share out of profits in the final quarter when they fell from 49¢ to 44¢ a share.

Still, for the full twelve months the company was able to post a 10% sales gain to $81,400,000 and a 3% advance in earnings to $5,070,000 or $2.16 a share vs

$2.10 a year earlier. The 1969 figure excludes a special charge of 36¢ for destruction of the banned bottles and cans of Tab and Fresca.

The destroyed bottles were two-way containers which customers returned for deposit. The re-introduced versions both are sold in one-way, throwaway bottles so there should not be a huge inventory of re-usable bottles on hand if the Government outlaws saccharin. In any case, the FDA has indicated further laboratory tests are required before any regulatory action and says it plans to make an announcement on saccharin in late July.

The cyclamate ban had further bitter results for the 4,500 owners of New York Coke. At last month's annual meeting, chairman James Leftwich told the gathering: "Prior to the ban your directors had discussed at some length the advisability of increasing the dividend. This being in September it was entirely too early in the year to come to any definite conclusions. Naturally, the subject was dropped when the ban occurred." The rate remains 30¢ quarterly.

The 2,345,000 common shares touched an alltime high of 38½ last May before slipping into the high twenties after the cyclamate action. KNY now has rebounded to around 35. Nearly 41% of the stock is owned by the estate and foundation of the bottler's founder, Charles E Culpepper.

Last year KNY expanded geographically when it acquired $2,000,000-sales Coca-Cola Bottling of

New Yorkers can stock up soon

New Haven. Along with expanding the company's territory in western Connecticut, the new subsidiary "has taken up the production slack in the state and is now the production center for the area." As for future acquisitions, president Millard says: "We have nothing specific to report on geographic expansion but we have made preliminary contacts. Ideally we would like an acquisition to be contiguous but that is not always possible."

The bottler is also exploring possible diversification into non-soft drink consumer products. The president lists the criteria: "Included in our thinking are companies which would be compatible to or add to our strengths. They would have to have low-cost, high-turnover food or related items or a mass merchandise product which goes through similar distribution channels as our soft drinks."

TRW Stresses Growth Through Penetration

Multi-Markets Bring Prospects for Another Good Year

DYNAMIC chairman Horace A Shepard of $1.6 billion sales TRW Inc confidently states: "Growth each and every year is our fundamental objective here at TRW. We're not satisfied with just doing a little better every year, we want to outrun the competition. To do this we figure we need about a 10% increase in earnings each year and this has become our internal growth goal."

He continues: "Over the past decade we have acquired between 15 and 20 companies—with a total volume of around $600,000,000—but in the light of today's company-buying giants, that really isn't very many. The important point is, even without the purchases, we would have had substantial and continuous growth."

Automated stud welding

Most of the acquisitions were made to round out TRW capabilities which now cover space & defense systems; electronic systems; electronic components and equipment; vehicle components; aircraft products; industrial goods; international business. Purchases include United Carr which makes electronic components and fasteners; IRC in resistors; United Greenfield, a cutting tool manufacturer; Reda Pump which makes submergible electric motors as well as pumps for the petroleum industry; Gregory Industries (now Nelson Stud Welding), a producer of welded studs and stud welding equipment used in metal working.

"Diversification and penetration of markets" are Shep Shepard's success formula. He explains: "Because we are involved in so many areas, we are constantly faced with market cycles in at least one of our areas. However, we are small enough in each particular area so we can generally offset any downswings by seeking further penetration in a different phase of the same business. Usually when one area is falling off, another is on the way up."

For example, "components for cars and trucks comprise about 30% of our total volume. Right now, a portion of this business is down because of the cutback in car production. But there is another portion of this area that did and will continue to perform

well this year and that is the replacement segment. Last year sales for this area set a new record for the sixth consecutive year. Thus, we can still count on growth overall from the vehicle components division because of replacement growth, increasing international sales and the opportunity to penetrate further in certain areas."

TRW's aircraft business goes the same way: "While the number of commercial and military planes being built is slowing down and fewer engines are needed, the spare parts business was at a ten-year high last year. They may be building fewer planes but the ones flying last longer and need more parts."

Lunar Descent Engine

Government work at TRW brings in about 36% of sales including 25% devoted to defense projects. Significant achievements include TRW's Lunar Module Descent Engine which landed Apollo 11 and 12 on the Moon. Major spacecraft programs include the building of the Phase II craft for the Defense Satellite Communications system. The company also works on NASA-sponsored Pioneer satellites for Jupiter fly-by missions.

The 57-year-old chief reflects: "Here again we insured our protection by doing work on many smaller Government projects rather than one large one. If one project is cut back or scratched, we still have others to fall back on. Another plus—the work on satellite projects is being expanded each year and this type of work is very important to us." TRW is competing for the right to build NASA's Earth Resources Technology satellite and is doing research on a satellite system for air traffic control.

TRW's figures have borne out Shep Shepard's words. Back in 1961, when sales were barely over $400,000,000, management posted a billion-dollar goal for 1970. It was reached three years early and last year volume rose another 7% to $1.6 billion, the eighth consecutive record.

Profits have followed sales. Record 1969 wound up with net income up 9% to $78,200,000 or $2.36 a share ($2.31 fully diluted) vs $2.13 the previous year and 42¢ in 1961. Of the 1969 gain, 9¢ was attributed to an accounting change from accelerated to straight-line depreciation.

The 24,300,000 shares of TRW common, which pay 25¢ quarterly, currently sell around 35 on the Big Board. This is well below the 1968 alltime high of 59¾ but up from 20 four years ago. There are also five classes of convertible preferred which could increase the outstanding common shares by 42% but would dilute earnings by only about 2%.

Shep Shepard says all TRW divisions have good potential. One he gives special mention to is the software portion of the electronics business "where again we don't rely on one product, but many." In this area TRW did extensive mission planning

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COVER PICTURE: A crystal mounting operation in the production of a UHF communications transistor. TRW considers its technology in ultra-high frequency communications transistors among the most advanced in the industry.

and trajectory analysis for the Apollo program.

The company recently took an even bigger step into the market when it purchased the remaining interest in Credit Data Corp. Credit Data brought out a national computerized credit handling network early last year which is in operation and being expanded through new terminals. TRW is also trying to help the financial community by working on a financial software services project with JP Morgan. And together with IBM it is helping devise a new multiple credit card authorization system for use by a nationwide group of banks.

Mississippi-born Shepard, who received his aeronautical engineering degree at Auburn, also looks to international operations to boost TRW this year. This area, which brought in 17% of sales in 1969, is slated to get about 25% of 1970's $70,000,000 capital expenditure allotment. "Right now the international economies have better potential than here at home. We can also penetrate markets more fully over there."

Global Activity

TRW has 37 facilities in Europe. It also has some operations in Latin America where it finds "excellent profitability despite the devaluation problems. We would like to accelerate our growth in the Far East since many of our customers have taken to producing their products over there because it's cheaper. It would be very economical for us to supply them with our components made over there. We see an especially good market for vehicle components and electronic supplies, particularly since the Japanese government is beginning to open the door more freely to foreign participation."

When the chairman, who enjoys golf, shooting and sailing in his free time, looks at 1970, he sees a good year ahead. "I think the enforced monetary and fiscal restraints have really put the brakes on the economy. I don't think there is any need for people to translate this slowdown into a depression. I really can't say that TRW is a recession-proof company. I don't know any that really are. I do think because of our diversification we can be called recession resistant."

Record First Quarter

Keeping this in mind, "I think we should see better sales and earnings for the year." Preliminary figures show new records for the first quarter with sales up some 7% and profits about 5% over last year. Some Wall Street estimates for the year are for earnings to climb to around $2.40-to-$2.60 a share fully diluted.

The chairman sees no major obstacles in the path of growth over the next few years. "Our main problem around here is just the daily project of running the business and trying to make our 200 top group managers feel and operate as a part of the whole. It's our objective to make them realize their daily performance makes up the figures posted at the end of the year." He is not looking to enter any major new fields: "I feel we can still grow right in the areas we're in. For the future we'll concentrate on anticipating market and technical changes to keep up with the times."

Fashionable LNY

At right is Lane Bryant Inc's demonstration of how girls can look attractive in its special-size apparel. The famed specialist for the chubby, tall, short and of course enceinte damsels boasts the world's largest selection for the special-sized figure. The growing Lane Bryant retail chain (store No 100 will open some time this Summer) brings in half of corporate sales. Over 20% is added by a mail order operation, the sixth largest in the country. It also features clothes for special-sized gals and two years ago added the Lewis Bryant line for tall and stout men. President Raphael Malsin, a very active 70, says the male mail segment still runs at a loss but looks for a break-even by January 1972. The son of maternity dress developer Lena Bryant adds: "It seemed natural to go into this field; we figured that tall ladies had tall husbands."

LNY, as the special-size company is known in Big Board shorthand, gets its remaining sales from more standard retail operations. Its Pennsylvania-centered Town & Country discount department store chain now has 20 units. Its 20 Coward Shoe stores are found from Maryland to Massachusetts and 16 Newman-Benton women's specialty shops (regular-sized apparel) extend as far west as Iowa.

Despite disappointing business for some retailers, Lane Bryant had a record 1969. Sales for the year, which actually ended this January, were up 16% to $205,000,000. Profits, after two lackluster years, jumped 28% to $6,700,000 or $3.05 a share vs $2.39 the year before and the old high of $2.58 in 1967. Directors celebrated by voting a 2-for-1 split to take effect July 1. They also plan to hike the dividend—which is 30¢ quarterly on present shares—by 8.3%. LNY reached a high of 40½ last Fall. Last week it sold just under 40, up from 32 in early 1969. And president Malsin thinks positively: "Manufacturers tend to be conservative but I am bullish on sales. People are earning more money than ever to spend and we have a better selection than ever for them. We want to be more than just the only place the special-sized lady has to go."

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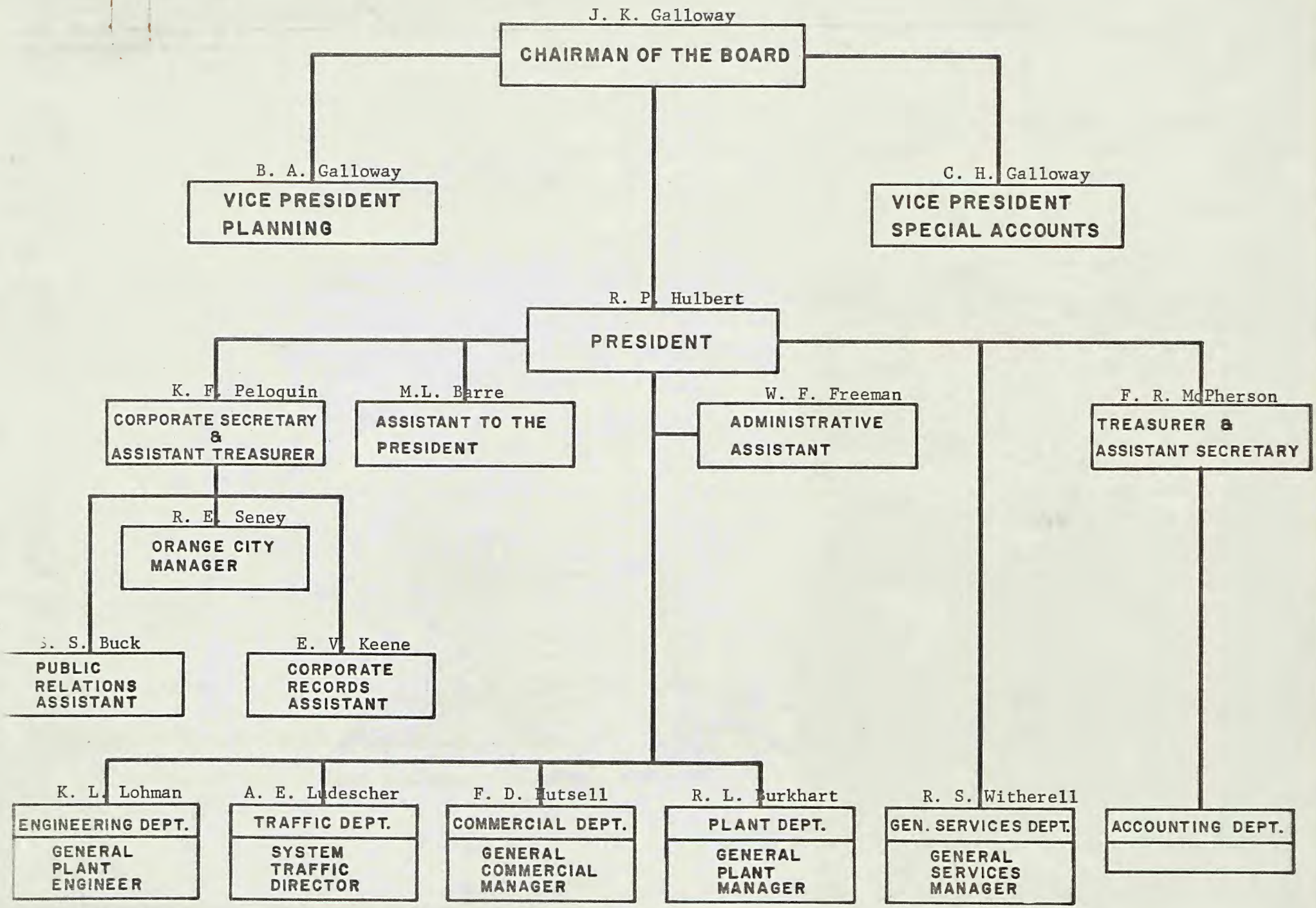
WFF

THE WINTER PARK TELEPHONE COMPANY ORGANIZATIONAL CHART



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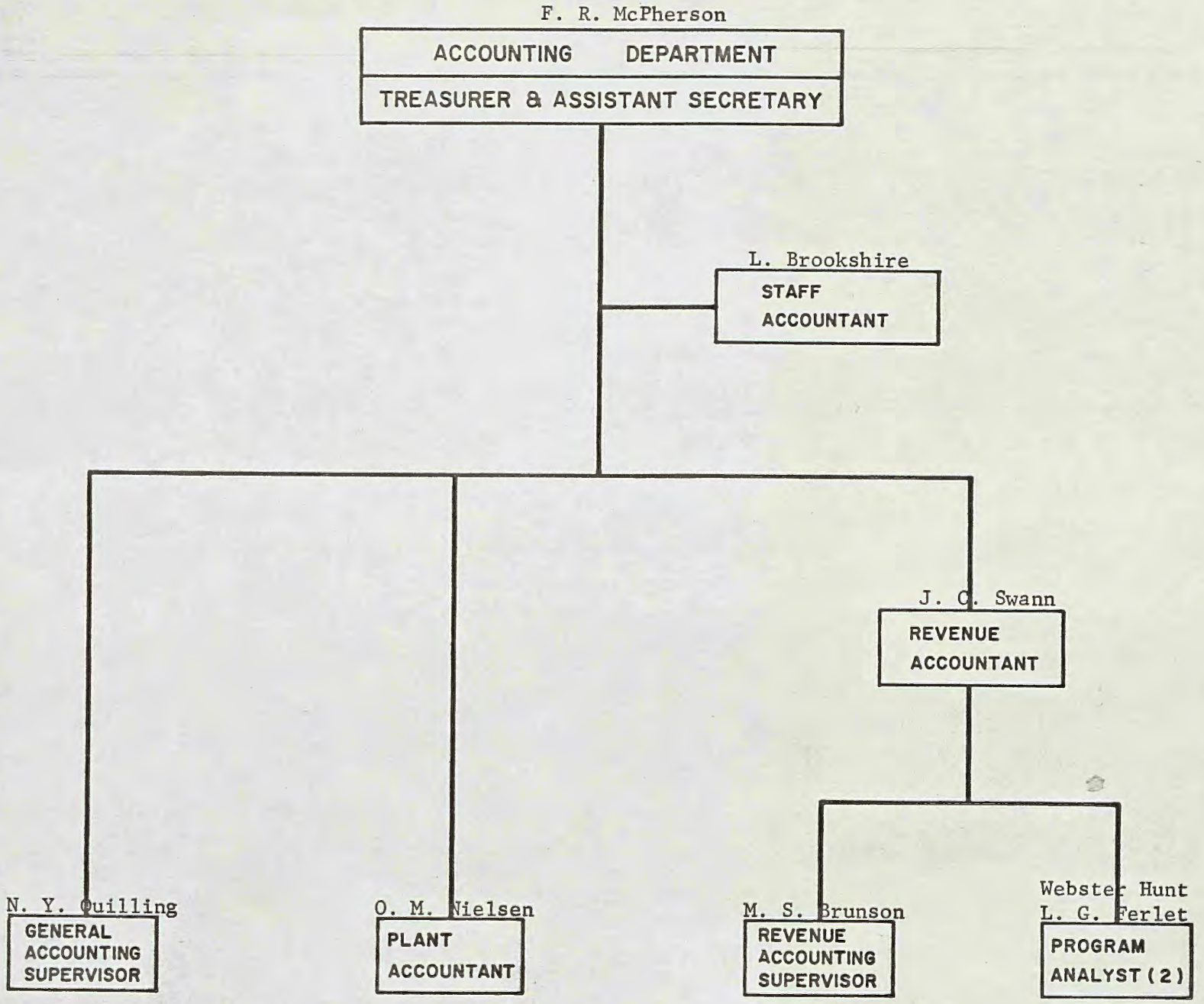

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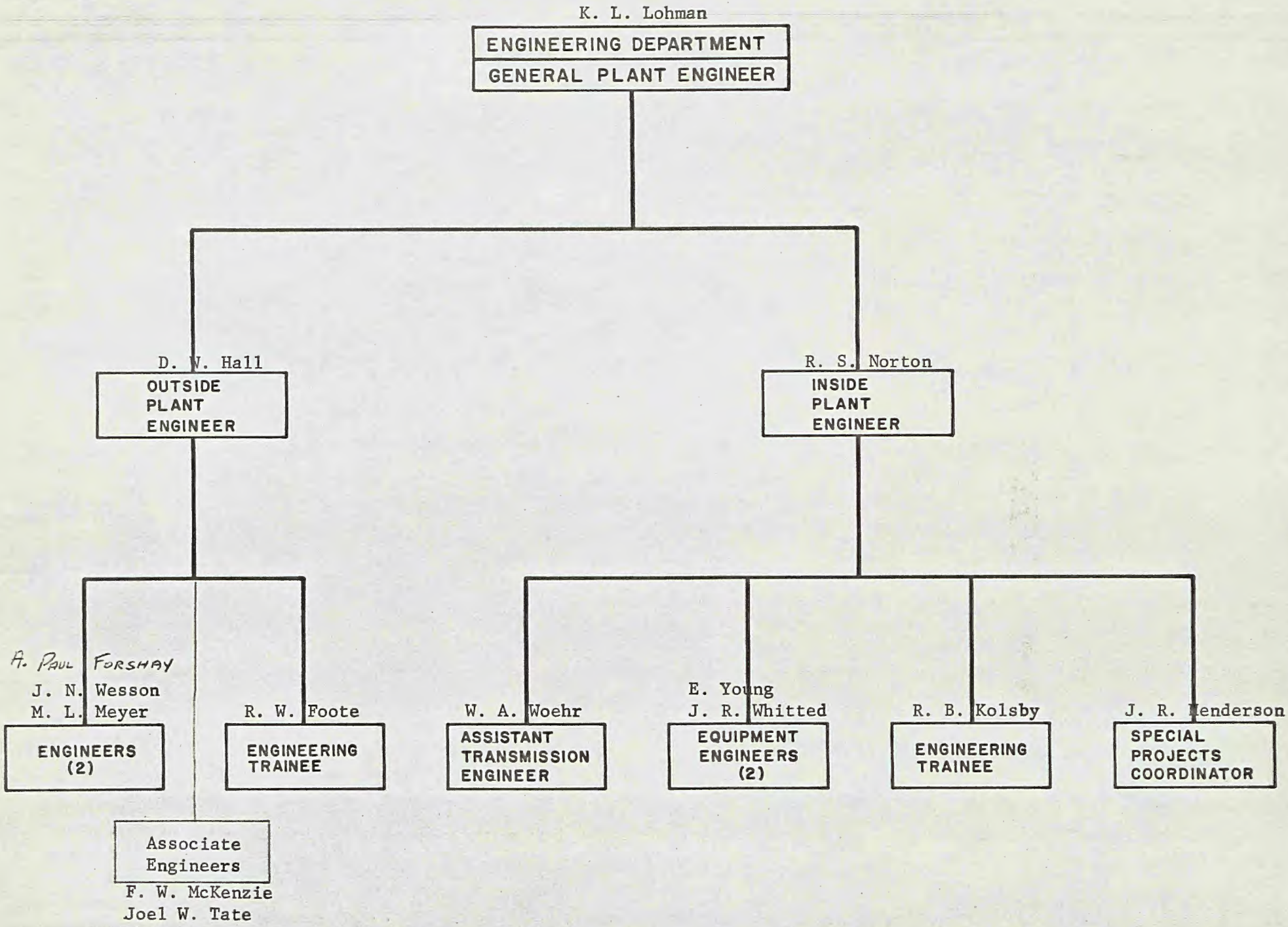

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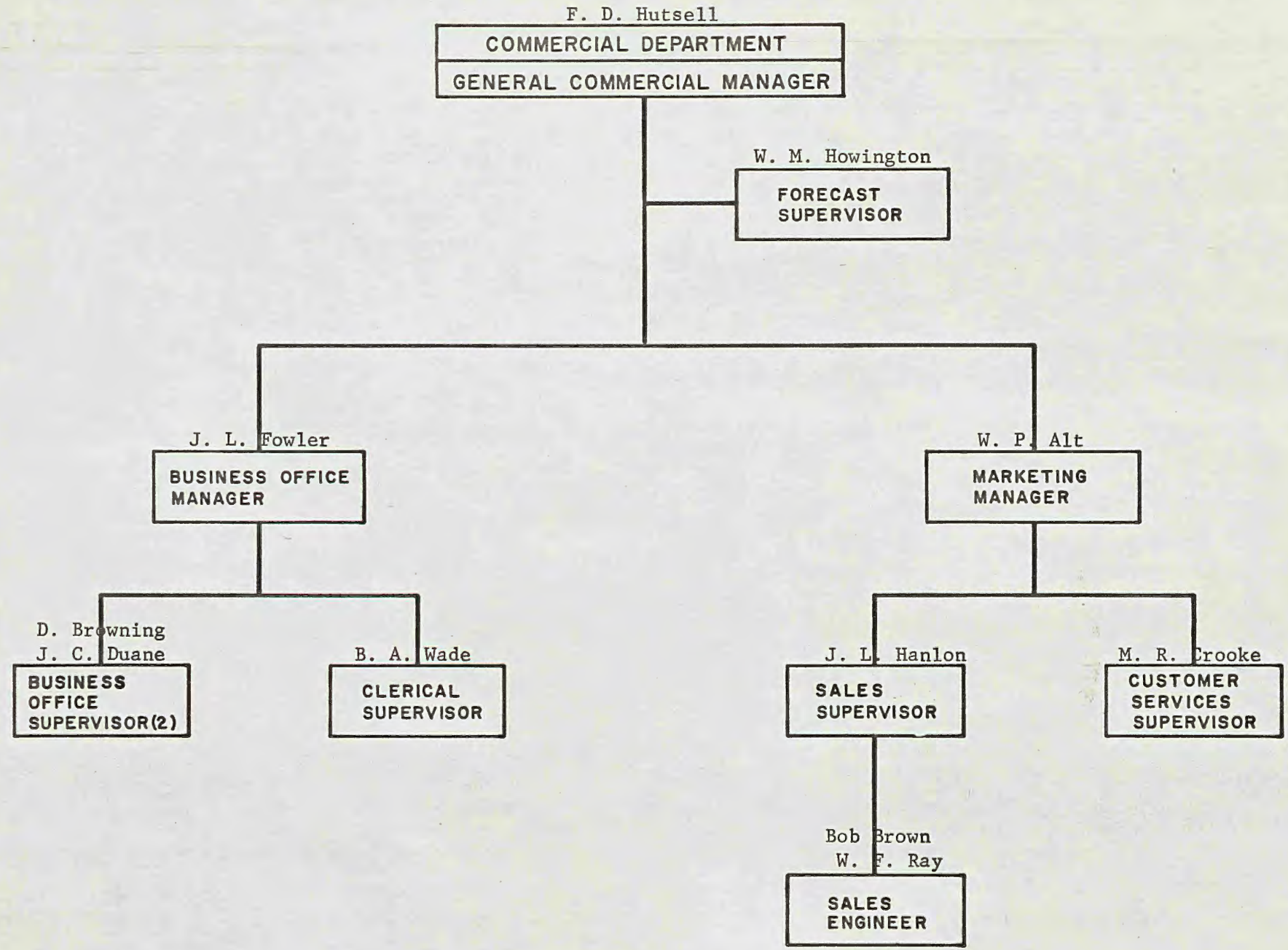

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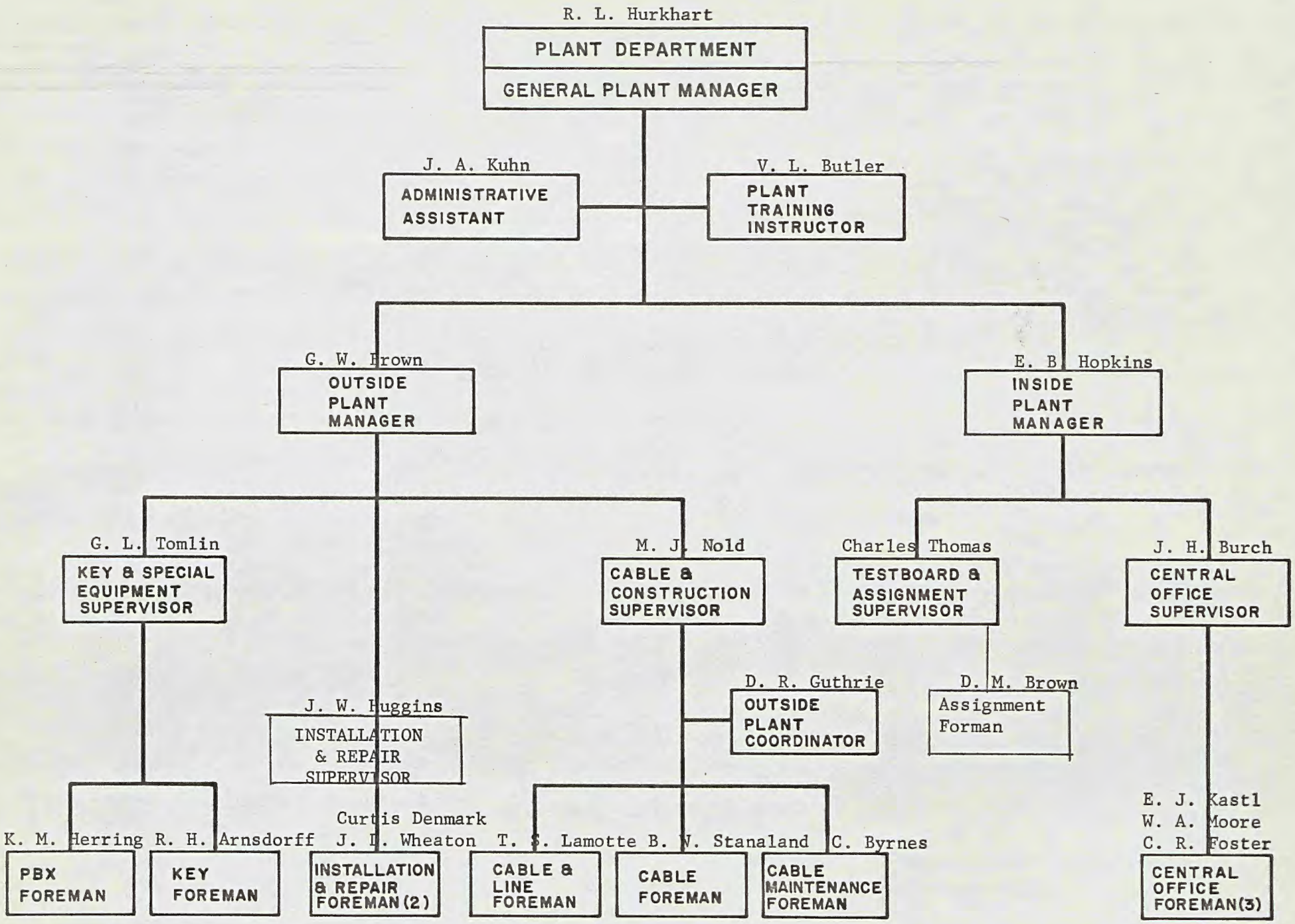

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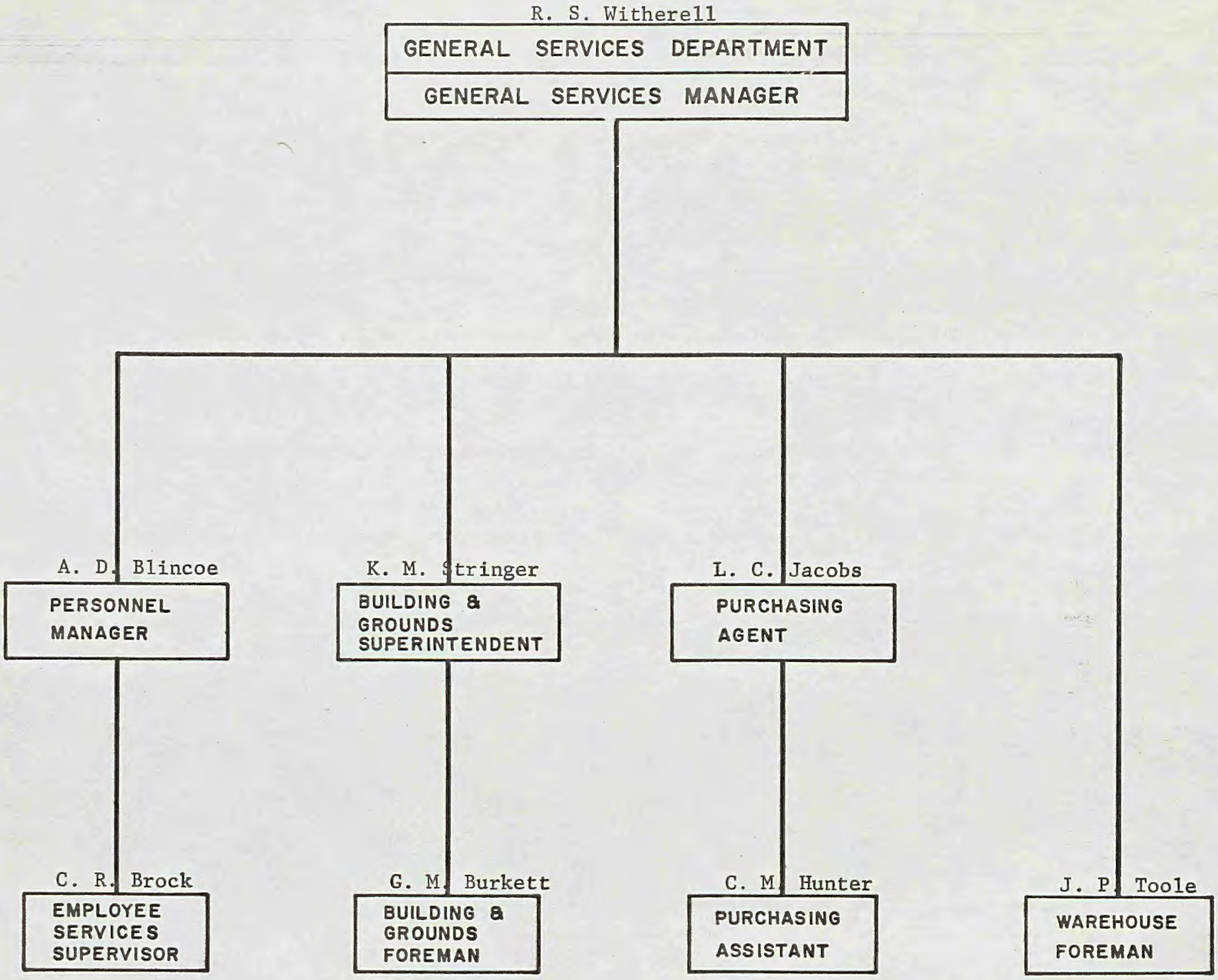

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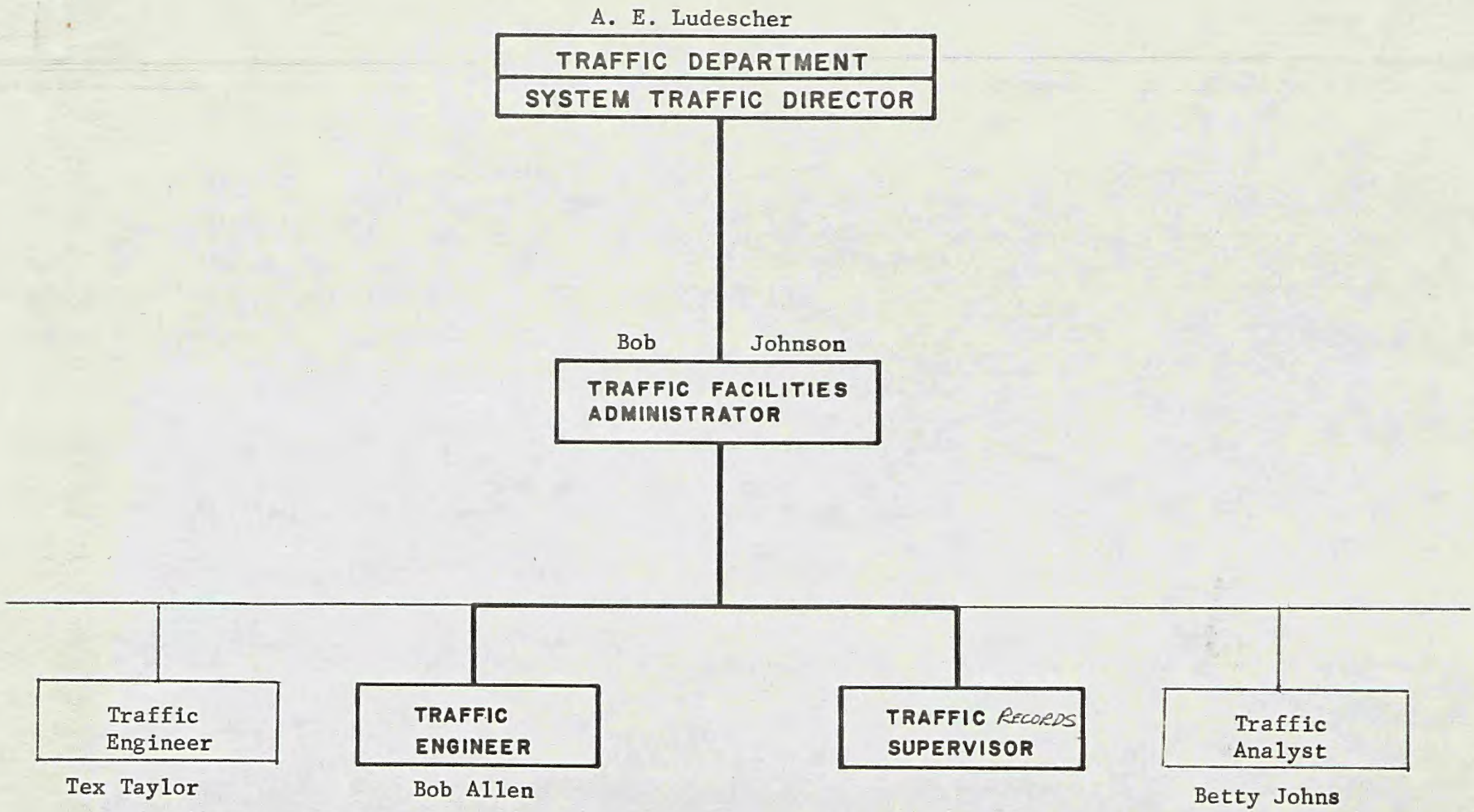


SEPTEMBER 1970

Open Line

INFORMATION OF INTEREST TO OUR STOCKHOLDERS

June 10, 1970

To our Stockholders:

We are pleased to report to you that, on June 10, 1970, we acquired the Central Florida Sound Company, Inc., of Orlando, Florida. This acquisition was accomplished through an exchange of 1500 shares of common stock of The Winter Park Telephone Company for all of the outstanding common stock of that firm.

Central Florida Sound has an excellent reputation in the field of intercommunicating, sound, alarm, time clock, and internal TV distribution systems. Working primarily on the basis of competitive bid contracts, the company has specialized in school intercommunicating systems in several central Florida counties. The company has been in operation eight years and total sales in 1969 were $110,000. We plan to retain the present management of this firm and to assist them in expanding within their present field of operations.

A recent Federal Communications Commission decision requires that telephone companies adopt tariffs permitting customer-owned equipment to be used in connection with telephone service. Such equipment includes station apparatus, key telephone and PBX-PABX (manual and automatic private branch exchanges) systems and related communications devices. The acquisition of Central Florida Sound will enable us to enter into this relatively new field of endeavor through expansion of their present operations to include the direct sale and maintenance of communications equipment.

The market for customer-owned communication systems is new and competitive, yet extremely promising since it is directly related to our experience in the field of telephony. We are confident that Central Florida Sound will contribute favorably to the future growth of The Winter Park Telephone Company.

For the Board of Directors,

J. K. Galloway
Chairman

The Winter Park Telephone Company
132 EAST NEW ENGLAND AVENUE ■ WINTER PARK, FLORIDA 32789

Open Line

INFORMATION OF INTEREST TO OUR STOCKHOLDERS

January 30, 1970

To our Stockholders:

It is a pleasure to advise you that on Thursday, January 29, 1970, we completed the acquisition of the Quincy Telephone Company, and that company is now a wholly-owned subsidiary of The Winter Park Telephone Company.

Under the terms of the initial acquisition agreement, stockholder approval would have been required. Subsequent negotiations, however, resulted in the exchange of 96,969 shares of The Winter Park Telephone Company common stock for all of the outstanding stock of Quincy Telephone Company. The issuance of common shares for acquisition purposes has previously been approved by The Winter Park Telephone Company stockholders and, therefore, no further approval is required.

As mentioned in our "Open Line" letter of October 29, 1969, this acquisition will triple the size of Winter Park Telephone's service area and add 7,381 telephones to our 57,770 stations in service at year end 1969.

Management of this wholly-owned subsidiary will continue under the capable leadership of its president, Mr. Mitchell N. Drew, who has served that company in various executive capacities for twenty-one years and as its president since 1958. The company at year end 1969 had fifty-three employees and maintains a well-rounded employee relations program.

We are confident that Quincy Telephone Company will contribute significantly to the future growth and earnings of The Winter Park Telephone Company.

Although subject to a final audit, it appears that consolidated 1969 earnings, including Quincy Telephone operations, will total $1.24. This represents a 33% increase over the adjusted earnings of $.93 per share for 1968.

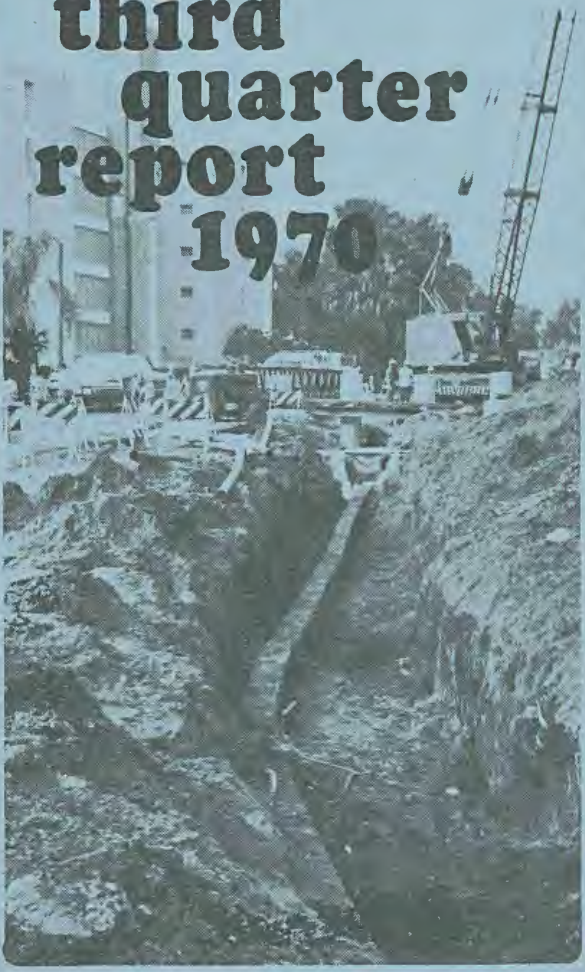
For the Board of Directors

J. K. Galloway, Chairman

The Winter Park Telephone Company

132 EAST NEW ENGLAND AVENUE ■ WINTER PARK, FLORIDA 32789

third quarter report 1970



WPT

The Winter Park Telephone Company

TO THE STOCKHOLDERS

Although total telephones in service and revenue continued to show substantial gains, increasingly higher costs and revised toll and extended area service settlements resulted in a slowing in the earnings gain during the third quarter of 1970.

For the nine months period ended September 30, 1970, total telephones gained continued to run substantially ahead of our forecast with an increase of 6,333 stations, 1,072 over our January, 1970, estimate. At September 30, 1970, telephones in service totalled 71,550, an increase of 8,528 or 13.5% during the preceding twelve months. For the first three quarters of 1970, revenue has risen to $7,015,900, an increase of $807,618 or 13% over the corresponding period in 1969.

Earnings for the first nine months of 1970 of $1,213,700, or $1.07 per share, while up appreciably from $1,017,800, or $.90 per share, for the first three quarters of 1969, did not meet our original expectations.

The Winter Park Telephone Company has both toll and extended area service contracts with Southern Bell Telephone & Telegraph Company. Under the terms of these contracts, settlement computations are made at various intervals and remittances made from one company to the other.

The Bell company recently asserted that for the years 1969 and 1970, The Winter Park Telephone Company owes substantial sums in excess of the settlements previously made. However, the Company's computation of the amount due which is reflected in the nine months income statement is substantially different from that claimed by the Bell company.

Company management and legal counsel believe that the Bell company's claims are unjustified and not in accordance with the terms of the existing contracts. Depending upon the results of further negotiations with the Bell company, earnings reported for the nine months ended September 30, 1970, may be reduced by as much as $350,000 or increased by as much as $200,000.

(CONTINUED NEXT PAGE)

THE WINTER PARK TELEPHONE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME

	9 MO. ENDED SEPT. 30, 1970	9 MO. ENDED SEPT. 30, 1969*	12 MO. ENDED SEPT. 30, 1970	12 MO. ENDED SEPT. 30, 1969*
TELEPHONE OPERATIONS				
Operating Revenues				
Local Service	$ 4,705,609	$ 3,914,343	$ 6,184,411	$ 5,146,266
Toll Service	1,888,883	1,886,658	2,589,187	2,446,755
Miscellaneous	468,137	453,620	661,327	627,576
Less Uncollectibles	(45,692)	(46,302)	(76,074)	(64,924)
	7,016,937	6,208,319	9,358,851	8,155,673
Operating Expenses				
Maintenance	1,020,300	786,793	1,318,460	1,028,904
Depreciation and Amortization	1,296,272	1,105,495	1,690,207	1,453,600
Traffic	220,726	190,592	287,928	250,892
Commercial	535,366	460,123	709,458	602,088
General Office	560,784	514,179	744,525	681,792
Other	277,845	243,679	373,297	324,596
Expense Charged Construction - cr	(168,111)	(138,095)	(224,976)	(182,521)
Taxes Other Than Federal Income	313,438	276,848	419,268	355,190
Federal Income Taxes	957,165	1,033,109	1,374,704	1,350,647
Provision For Deferred Income Tax	17,200	0	17,200	0
Investment Tax Credit Adjustment	3,317	45,077	7,487	75,400
	5,034,302	4,517,800	6,717,558	5,940,588
Net Operating Income	1,982,635	1,690,519	2,641,293	2,215,085
Miscellaneous Income - Net	157,228	4,992	162,290	4,064
Income Available For Interest Charges	2,139,863	1,695,511	2,803,583	2,219,149
Interest Charges	936,908	666,213	1,200,934	858,491
Net Income - Tele. Operations	1,202,955	1,029,298	1,602,649	1,360,658
CONSTRUCTION OPERATIONS				
Earned Revenue (Completed Contracts)	421,340	267,125	515,491	267,125
Costs, Operating Expenses, Etc.				
Direct Contract Costs	257,071	179,207	327,810	179,207
General and Administrative	63,802	38,413	80,368	38,413
Depreciation	15,648	5,762	18,524	5,762
Interest and Other Deductions	581	321	686	321
Federal Income Taxes	37,601	17,427	39,162	17,427
	374,703	241,130	466,550	241,130
Net Income-Const. Operations	46,637	25,995	48,941	25,995
Consolidated Net Income	1,249,592	1,055,293	1,651,590	1,386,653
Less Preferred Dividends	35,858	37,497	48,170	50,392
Consolidated Net Income Applicable to Common Stock	$ 1,213,734	$ 1,017,796	$ 1,603,420	$ 1,336,261
Earnings Per Average Common Share	$ 1.07	$ .90	$ 1.41	$ 1.18

*** Restated to include subsequent acquisitions**

TO THE STOCKHOLDERS
(CONTINUED)

Due to the uncertainty of the ultimate outcome of these negotiations with the Bell company, we must withdraw the previously reported projection of $1.55 per share for the year 1970.

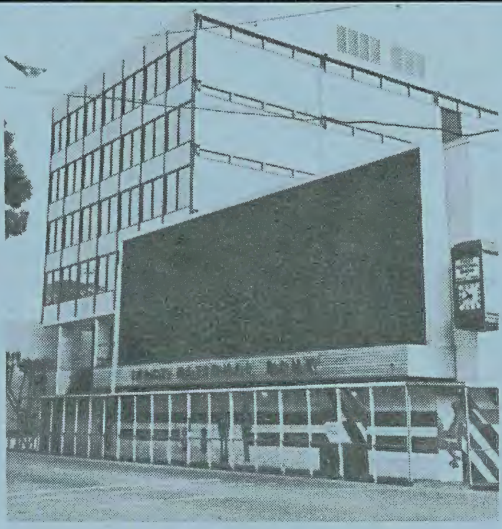
The Winter Park Telephone Company is changing its accounting method, effective January 1, 1970, by adopting the policy of capitalizing interest during construction. This policy, which is in accordance with a permissive order of the Florida Public Service Commission, places the Company on a comparable accounting basis with all other major telephone utilities in the State with respect to interest charged to construction. For the nine months ended September 30, 1970, this change produced additional net income of approximately $147,000.

It had been anticipated earlier in the year that the Company would find it necessary to sell first mortgage bonds and common stock in the latter part of 1970. However, as a result of an expanded line of bank credit at favorable interest rates, the Company has deferred additional capital financing until early 1971.

We are pleased to report that your Board of Directors has approved an increase in the common stock dividend rate, from $.18 to $.20 per share. The new rate will be paid on December 1, 1970, to stockholders of record November 15, 1970.

For the Board of Directors,

J. K. Galloway, Chairman



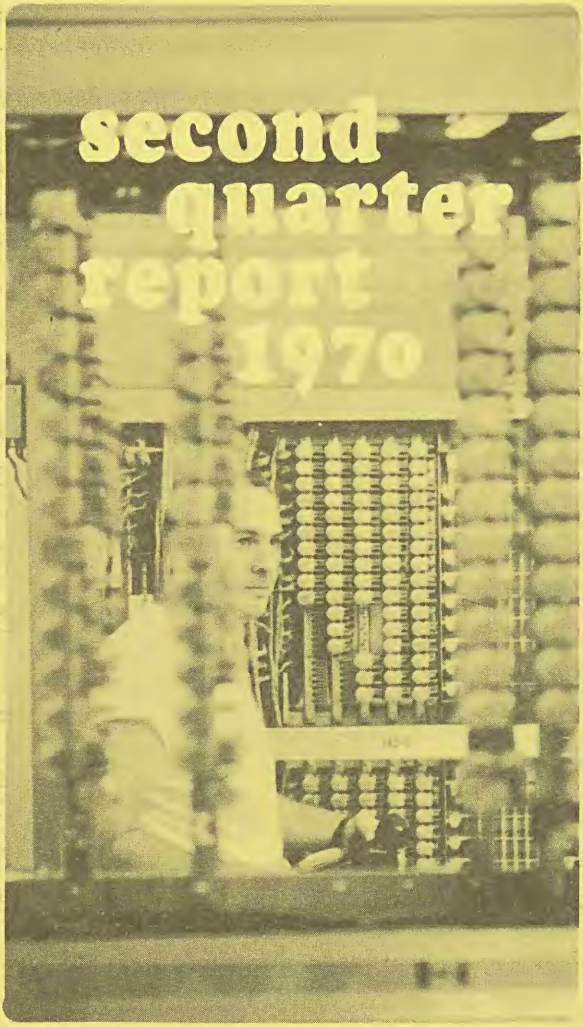
TWO VIEWS OF WINTER PARK . . .

Construction of a new six-story building by The First National Bank at Winter Park is typical of the growth in the Central Florida area. The old two-story building at the right will be razed and the second half of the six-story structure will be constructed in its place.

APARTMENT COMPLEXES INCREASING

This picture is typical of the increase in the construction of apartment complexes within The Winter Park Telephone Company's service area, and is one of the main contributors to the 13.5% station gain over the past year.

second quarter report 1970



WPT

The Winter Park Telephone Company

TO THE STOCKHOLDERS

During the first half of 1970, total telephones in service in the three operating territories of Winter Park, Quincy and Orange City increased by 3,993 stations. At June 30, 1970, total stations in service were 69,210, an all time record increase of 8,565 stations or 14.1% during the preceding twelve months.

Consolidated telephone operating revenues for the first half of 1970 totaled $4,951,000, an increase of $903,000 or 22.3% over the first six months of 1969.

During this same period, telephone operating expenses have risen to $3,469,000, up $532,000 or 18.1% over the first half of 1969.

Net income from telephone operations totaled $891,000 for the first six months of 1970 and construction operations contributed an additional $28,000 on total revenues of $292,000 bringing total net income for the first half to $919,000, up $216,000 or nearly 31% over the same 1969 period.

After the payment of preferred dividends, earnings per average common share outstanding totaled $.79 as compared to $.60 for the first half of 1969.

On June 28, 1970, The Winter Park Telephone Company, in conjunction with the Florida Telephone Corporation and Southern Bell, expanded its toll-free calling area to include eight additional communities in West Orange County. Winter Park Telephone subscribers now have access to every telephone in Orange and Seminole counties – over 230,000 telephones.

Overall operations of the Company continue most favorably and we are confident that we will achieve our previously reported earnings objective for 1970 of at least $1.55 per share.

For the Board of Directors,

J. K. Galloway, Chairman

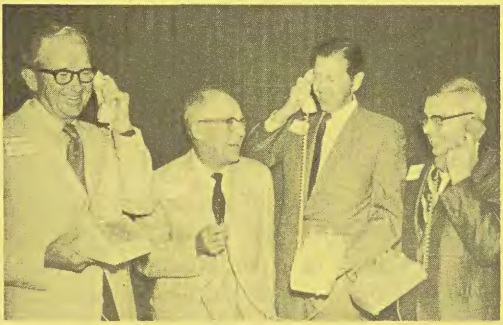
THE WINTER PARK TELEPHONE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME

	6 MO. ENDED JUNE 30, 1970	6 MO. ENDED JUNE 30, 1969*	12 MO. ENDED JUNE 30, 1970	12 MO. ENDED JUNE 30, 1969*
TELEPHONE OPERATIONS				
Operating Revenues				
Local Service	$ 3,102,365	$ 2,536,672	$ 5,958,838	$ 4,944,523
Toll Service	1,565,609	1,240,330	2,912,943	2,281,396
Miscellaneous	313,849	306,318	653,639	612,949
Less Uncollectibles	(31,208)	(35,827)	(72,064)	(62,263)
	4,950,615	4,047,493	9,453,356	7,776,605
Operating Expenses				
Maintenance	632,703	488,840	1,228,816	978,696
Depreciation and Amortization	848,164	728,278	1,619,316	1,422,444
Traffic	141,413	124,433	274,774	243,512
Commercial	354,143	297,649	690,711	571,158
General Office	369,651	337,355	730,217	660,093
Other	190,882	163,029	366,985	315,990
Expense Charged Construction - cr	(110,849)	(94,723)	(211,086)	(178,483)
Taxes Other Than Federal Income	207,759	181,347	409,090	339,263
Federal Income Taxes	826,952	689,085	1,587,853	1,270,470
Provision For Deferred Income Tax	10,745	--	10,745	--
Investment Tax Credit Adjustment	(2,269)	22,225	25,411	63,613
	3,469,294	2,937,518	6,732,832	5,686,756
Net Operating Income	1,481,321	1,109,975	2,720,524	2,089,849
Miscellaneous Income - Net	2,041	(2,732)	14,826	(2,845)
Income Available For Interest Charges	1,483,362	1,107,243	2,735,350	2,087,004
Interest Charges	592,185	428,284	1,094,141	813,169
Net Income - Tele. Operations	891,177	678,959	1,641,209	1,273,835
CONSTRUCTION OPERATIONS				
Earned Revenue (Completed Contracts)	291,577	145,266	507,587	145,266
Costs, Operating Expenses, Etc.				
Direct Contract Costs	189,154	81,688	357,412	81,688
General and Administrative	42,315	20,065	77,229	20,065
Depreciation	9,295	3,169	14,764	3,169
Interest and Other Deductions	184	197	414	197
Federal Income Taxes	22,347	15,697	25,638	15,697
	263,295	120,816	475,456	120,816
Net Income-Const. Operations	28,282	24,450	32,131	24,450
Consolidated Net Income	919,459	703,409	1,673,340	1,298,285
Less Preferred Dividends	24,048	25,119	48,738	50,925
Consolidated Net Income Applicable to Common Stock	$ 895,411	$ 678,290	$ 1,624,602	$ 1,247,360
Earnings Per Average Common Share	$ .79	$ .60	$ 1.43	$ 1.10

*** Restated to include subsequent acquisitions**

ORANGE CITY EXPANSION . . . . .

As part of a $75,000 expansion program, the installation of additional central office lines in the recently enlarged Orange City Central Office is currently underway. When the lines are turned up for service, they will be used to serve the Orange City area and a portion of Deltona.



Max Wettstein, President of Florida Telephone Corporation; William Mayo, Chairman of the Florida Public Service Commission; William Ketchum, Manager of Southern Bell; and J. K. Galloway, Chairman of the Board of The Winter Park Telephone Company, symbolize the free calling among the three companies at a luncheon commemorating the expansion of Extended Area Service.

Board of Directors Tour Naval Training Center – Pictured with Captain B. Brender, Commanding Officer, Recruit Training Command, are some of the members of the Board of Directors who recently toured the Naval facility.

The cover photo shows PBX Installer Dan Reid testing a $125,000 Centrex Exchange currently being installed in First National Bank at Winter Park.

Consolidated Statement of Income

MARCH 31, 1970

INCLUDING REPORTS ON THE ANNUAL STOCKHOLDERS MEETING

WPT

The Winter Park Telephone Company

MODERN, EFFECTIVE COMMUNICATIONS FOR CENTRAL FLORIDA

Consolidated Statement of Income

MARCH 31, 1970

INCLUDING REPORTS ON THE ANNUAL STOCKHOLDERS MEETING

WPT

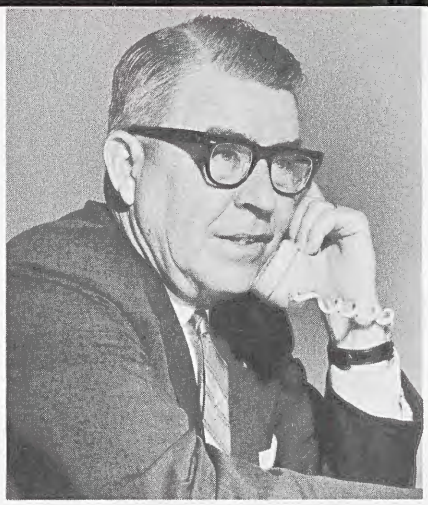
The Winter Park Telephone Company

MODERN, EFFECTIVE COMMUNICATIONS FOR CENTRAL FLORIDA

CONTENTS

The Winter Park Telephone Company
Post Office Box 3000
132 East New England Avenue
Winter Park, Florida 32789
Area Code 305 647-1122

TO THE STOCKHOLDERS



During the first three months, we increased our telephones in service by 2,581 giving us a consolidated total of 67,798 stations on March 31, 1970. This reflects our continuing growth and is in keeping with our projected forecast for the year 1970.

Consolidated net income increased a substantial 43% over the first quarter of 1969, from $321,000 to $457,000, and earnings per average common share were $.39 as compared to $.27 in the same 1969 period.

For the twelve months ended March 31, 1970, net income totalled $1,593,000, up from $1,168,000 in 1969, while earnings per average common share were $1.36 as compared to $.98 for the same period in 1969.

On March 8, 1970, we placed into service the new 1500-line Centrex system at the Orlando Naval Training Center. This system, which is housed in a new $72,000 building, represents a total investment of approximately a half million dollars and enables us to furnish the most modern communications services available today to this important government installation. Revenues from this source are expected to approximate $200,000 a year.

On March 16, 1970, we moved our Outside Plant, Garage, and Warehouse operations to the recently completed $440,000 facility in Altamonte Springs. With the completion of a new Engineering building by August of this year, our Engineering, Purchasing, and Buildings & Grounds personnel will also be operating from this central location.

The economy of Florida continues strong and we project continued substantial growth during the remainder of the year. Twelve-month earnings for 1970 are expected to be at least $1.55 per share as compared to the $1.24 earned in 1969.

For the Board of Directors

J. K. Galloway, Chairman


The Winter Park Telephone Company
U.S. TIME ZONES
EASTERN
MOUNTAIN

CONSOLIDATED STATEMENT OF INCOME
MARCH 31, 1970

TELEPHONE OPERATIONS

Operating Revenues
- Local Service . . . . . .
- Toll Service . . . . . .
- Miscellaneous . . . . . .
- Less Uncollectibles . . . . . .

Operating Expenses
- Maintenance . . . . . .
- Depreciation and Amortization . . . . . .
- Traffic, Commercial and Other . . . . . .
- Taxes — Other than Federal Income . . . . . .
- Federal Income Tax . . . . . .
- Provision for Deferred Income Tax . . . . . .
- Investment Tax Credit Adjustment . . . . . .

Net Operating Income . . . . . .

Miscellaneous Income (Deductions) . . . . . .

Income Available for Interest Charges . . . . . .

Interest Charges . . . . . .

Net Income from Telephone Operations . . . . . .

CONSTRUCTION OPERATIONS

Earned Revenue (Completed Contracts) . . . . . .

Costs, Operating Expenses, etc.
- Direct Contract Costs . . . . . .
- General and Administrative . . . . . .
- Depreciation . . . . . .
- Interest and Other Deductions . . . . . .
- Federal Income Taxes . . . . . .

Net Income from Construction Operations . . . . . .

Consolidated Net Income . . . . . .

Preferred Stock Dividends
- Winter Park Telephone Company . . . . . .

Consolidated Net Income Applicable to Common Stock . . . . . .

Earnings Per Average Common Share . . . . . .

3 MONTHS ENDED MARCH 31, 1970	3 MONTHS ENDED MARCH 31, 1969	12 MONTHS ENDED MARCH 31, 1970	12 MONTHS ENDED MARCH 31, 1969
$1,528,564	$1,251,101	**$5,670,608**	$4,799,363
738,080	575,822	**2,749,922**	2,142,328
160,416	156,238	**650,286**	586,518
(16,864)	(22,722)	**(70,825)**	(59,434)
2,410,196	1,960,439	**8,999,991**	7,468,775
293,442	235,848	**1,142,547**	968,336
416,951	354,303	**1,562,078**	1,406,020
464,878	406,498	**1,792,484**	1,582,660
102,390	88,614	**396,454**	328,102
407,728	332,199	**1,525,515**	1,174,775
1,900	—	**1,900**	—
(7,828)	11,183	**30,894**	57,628
1,679,461	1,428,645	**6,451,872**	5,517,521
730,735	531,794	**2,548,119**	1,951,254
(2,758)	(6,241)	**13,536**	(6,520)
727,977	525,553	**2,561,655**	1,944,734
285,946	202,843	**1,013,343**	774,565
442,031	322,710	**1,548,312**	1,170,169
126,909	17,567	**470,618**	17,567
80,017	12,722	**318,363**	12,722
16,048	5,423	**64,483**	5,423
3,685	773	**11,550**	773
416	400	**441**	400
11,888	—	**30,876**	—
112,054	19,318	**425,713**	19,318
14,855	(1,751)	**44,905**	(1,751)
456,886	320,959	**1,593,217**	1,168,418
12,158	12,644	**49,323**	51,507
$ 444,728	$ 308,315	**$1,543,894**	$1,116,911
$ .39	$ .27	**$ 1.36**	$ .98

ANNUAL MEETING SUMMARY

The Annual Stockholders' Meeting of The Winter Park Telephone Company was held on Tuesday, April 21, 1970, in the Treetop Room at the Langford Hotel in Winter Park.

Following the call to order by Chairman J. K. Galloway and the introduction of members of the Board of Directors and special guests, President R. P. Hulbert presented a visual and verbal report on Company operations for the period 1960 through 1969. Pertinent excerpts from his presentation are included as part of this first quarter report.

At the conclusion of the President's report, the Secretary reported that there were 555 shares represented in person at the meeting and 907,537 represented by proxy, for a total of 908,092, or 80%, of the total shares outstanding.

The only formal item of business was the election of Directors and Messrs. J. K. Galloway, G. T. Willey, K. F. Peloquin, C. N. Millican and M. N. Drew were re-elected to serve three-year terms of office.

Following the election of Directors, Mr. J. K. Galloway gave his annual message to stockholders, the complete text of which is also included in this report for your further information.

K. F. Peloquin
Secretary

EXCERPTS FROM REPORT TO STOCKHOLDERS BY PRESIDENT R. P. HULBERT

1970 Annual Stockholders' Meeting

"It is customary at this time during the meeting to review the events and activities of the past year. Since 1969 closed out a decade — a very important decade for our company — I will extend my review to cover highlights of the past ten years. Although our planning is always for the future, I think it is appropriate now and then to take a look at our accomplishments of the past.

"During the past ten years we have seen growth and change in our Winter Park service area that we could barely have forecast from the vantage point of the year 1960. Our population has increased 74% — from 55,000 to 96,000. Our total telephones in service increased from 19,000 to slightly over 65,000 in the past ten years. We saw a change in residential construction from single-family homes in large subdivisions to apartment developments that could hold 500 families. Because of the rapid growth in families, new shopping centers were built and new light industry and service businesses moved into our area.

"In 1962 we offered fully-automated Direct Distance Dialing

service to our subscribers, and by 1970 nearly 60% of all long-distance messages were dialed direct by subscribers. In 1966 we made available, on an optional basis, Tel-Tone pushbutton calling service. Today, 15% of all of our subscribers — both business and residence — have this modern service. We drastically increased the percentage of one-party residence lines in our service area from 12% in 1960 to 64% in 1970. The demand for individual lines continues to be strong and poses one of the most difficult service problems to keep on a current basis.

"To provide all of the services we did in the 1960's required a lot of people and a lot of money. We nearly doubled our employees, from 169 in 1960 to over 300 in 1970. Our investment in telephone plant, including plant under construction, increased five times from $5.5 million at the beginning of the decade to $32 million plus at the end of these ten years.

"While the number of stations involved is a good bit less, the growth of our Orange City company area has been very close percentage-wise to the growth of Winter Park. When we began the decade in 1960, there were 900 total stations at Orange City. In the ten years that followed, we have seen the Orange City company grow to 2,600 total telephones served from two modern crossbar central offices.

"A net growth in telephones in service of 120% was posted by the Quincy Telephone Company from 1960 to 1970 — from 3,700 telephones to 7,500 telephones. This growth was promoted by two factors: (1) additional business and residential units developing in the area, and (2) the economic ability of those residents living in the area to afford telephone service for the first time. During this period, these same factors created an unprecedented demand for upgrading of service to no more than two parties. The ratio of one- and two-party service to total main stations increased from 26% in 1960 to 52% at the end of 1969.

"In 1969 we organized the Winco Construction Corporation, headquartered at Altamonte Springs, Florida. This company performs a variety of utility construction work — for the telephone operating companies — and for outside firms. We have been very pleased with the first year's results of this venture outside the telephone operating field.

"From this quick look at the 1960's, you can see that we had a busy decade. Behind all the accomplishments we have touched on were many very dedicated employees. In fact, because of the efforts of all our personnel, I feel sure that in the year 1980, we will be able to look back at another decade of equal or greater accomplishments."

REPORT TO STOCKHOLDERS AT ANNUAL MEETING BY THE CHAIRMAN OF THE BOARD

APRIL 21, 1970

Last year one of our stockholders remarked that all he could see was broad smiles when he attended this meeting. The smiles of stockholders would indicate satisfaction with company earnings and company operations. The smiles of officers and directors would indicate that those individuals are pleased with company operating results; that is, earnings and quality of service. I hope that each year those who take the time to attend our stockholders' meeting will have reason to smile and see the smiles of others. I can assure you that as I look into the future there are many reasons why I feel this will continue to be the case.

You have heard our President, Russell Hulbert, report on our 1969 operations and outline for you some of the problems and their solutions, as well as company accomplishments during the last decade. This year as we begin the 1970's it is appropriate that I should give you my views on what we expect not only for the year 1970, but also an outline of some of the problems, and some of the solutions, we anticipate in the next ten years.

I hope that you will recognize that forecasting is not an exact science. We make extensive studies, incorporating local and national conditions, which have a bearing on company operations. These studies enable us to make reasonably accurate predictions for the next year or two, but our crystal ball gazing gets a bit hazy when we go beyond two years. You can recognize that there are unforeseeable economic changes that can and will occur that have significant bearing on the company, its operations and earnings. Even now, highly respected economists of national reputation are not in agreement as to whether the country today is in the throes of a recession or whether there is simply a slight adjustment in the level of business activity. On the other hand, we here in Central Florida — The Action Center — have many things going for us to offset some of the national trends which adversely affect business. On past occasions I have mentioned these activities and pointed out to you some of the effects we expect on our company. The Naval Training Center, Florida Tech, Disney World, and the fact that we are becoming a community of cliff dwellers by reason of the large number of apartment units that are either occupied, under construction, or in the planning stage. In short, we

are facing a period of substantial change. That change is primarily toward becoming a large metropolitan area rather than a number of relatively small municipalities. Some of you don't like this change. I understand that view, and many of us are going to find it disagreeable. There are others who accept these changes and the progress that goes with them and readily adapt themselves to the inevitable adjustments that are necessary. When Disney opens in 1971 and brings between 8 and 10 million visitors to Central Florida, there just won't be room enough for them all. These people, and those of us who live here, will undoubtedly be greatly inconvenienced. We probably will experience the biggest traffic jam that Florida has ever seen.

The telephone communications business is facing substantial changes, which will require adjustment and accommodation on our part. Some of these changes evolve from regulation at the national level by the Federal Communications Commission and policies set by President Nixon and his staff at the White House. They include a recent order from the FCC that telephone companies divest themselves of any community antenna telephone operations within the territory they serve; that telephone companies adopt tariffs permitting customer-owned equipment to be used in connection with telephone service, thus requiring the telephone company to provide communications service over facilities that it does not own or maintain; the Microwave Communications, Incorporated, (MCI) decision, which authorized that company to install microwave voice communications facilities between Chicago, St. Louis and intermediate points for large users of telecommunications service. This order is being appealed, with the outcome uncertain at this time. The Datran Company, a subsidiary of University Computing in Dallas, Texas, whose application has not yet been filed but is well on the way to being prepared for filing, petitions the FCC to authorize a $350 million data transmissions system throughout the United States.

The FCC recent toll rate reductions for interstate toll traffic could have an adverse effect on the earnings of Bell System companies as well as the independent companies, and Winter Park Telephone. At the very least, it will require spending substantial sums for additional facilities to meet the increased demand generated by lower rates. Further, the FCC, on insistence from the White House, is currently considering applications from a variety of carriers, including the Communications Satellite Corporation (COMSAT), for a domestic satellite communications system. This system will be in direct competition with the current toll network operated by The American Telephone and Tele-

graph Company in cooperation with independent telephone companies, and Winter Park Telephone.

It is apparent that the FCC, supported by the White House, is engaging in a policy of encouraging the development of competition in the field of telecommunications. It is also apparent that the industry is going through a period of rapid change, which is occasioned by the extensive growth and demand for service, technological advances, and the entrance of other types of businesses, some directly competitive with telephone companies, into the communications field.

You will note that I have discussed competition in data transmission and voice communication, where the competition will be the keenest. We will have some competition in the providing of local exchange service in terminal end services such as customer-owned facilities with which we will connect. We can and will cope with this as occasion requires.

In the area of regulation within the State of Florida, it is appropriate to point out that we are entering an era which will see the telecommunications companies in the state required by the Florida Public Service Commission to meet substantially higher standards of service to our customers. The Commission entered an order last year which set certain service standards to be met by each telephone company operating in this state. Similar orders have been issued by Wisconsin and California, and other states are looking with favor on this approach to improving customer service. This is not to say that we are not in favor of good service. We are. We believe there is no substitute for good telephone service. But we are concerned that in the rush to proclaim service standards the realities of cost have been overlooked.

There is no escaping the fact that good service costs more than poor service, and we must look to our regulatory bodies to maintain the balance between service standards and rates. The service standards required by the Florida Commission will mean substantially increased costs in maintenance and large investments in non-revenue producing telephone plant and facilities in order for the companies to be substantially on a ready-to-serve basis. In the face of high interest rates, which show little sign of substantial reduction in the next decade, this may be difficult to accomplish.

In your appraisal of the industry and Winter Park Telephone please remember that the rates for service to the subscriber are based on the cost of providing that service . . . not what the service is worth to the customer. That cost includes services that many subscribers do not need or want. For example, most subscribers are not concerned about the facilities neces-

sary to provide service for newcomers to the area, which cost is substantial and necessary for us to be on a ready-to-serve basis.

I am happy to report to you that the high standards of service that have been maintained by The Winter Park Telephone Company over the years were acknowledged by the Florida Commission when we were advised in our rate order of last June that we were meeting substantially all of the service standards prescribed.

It is apparent that the many new services that either are now available, or will be available soon, will have a marked effect on our business. A few of them are the video phone, data transmission, and the electronic central office, which will incorporate speed calling, call forwarding, three-way calling, call waiting, Tel-Tone and other services which will be available as a result of the use of integrated circuits.

As a practical matter, substantially all of the services I have mentioned are available today. However, the cost of providing them, in our judgment, is far and beyond the current means of the public to pay for them, or to pay rates that will provide a fair rate of return on the investment required to provide those services. For example, the crossbar central office equipment we use here in Winter Park is available to us on an in-plant, in-service basis for about $200 per line, whereas the electronic central office might be available at a price range of $800 to $1,000 per line.

As another example, the video phone can have a variety of uses; perhaps the greatest use would be in business. For I have considerable doubt that the housewife would have much interest in buying a dress, a pair of shoes, or groceries by video phone, even if it was in high quality color. We have the technological know-how today to provide Tel-Tone computer services so that a customer could check his bank account, determine his mortage interest payments or outstanding balance, or even verify the accounting of a department store where the charges might be in dispute. To me, the availability of these services is important; however, the practical aspect of customer usage to the extent that will offset the cost is remote. During the next decade I see little change in the basic telephone instrument in a residence. There may be a few added colors, there may be some additional wiring plans. Most, if not all, of the instruments will be Tel-Tone, and there is prospect that there will be available to those that need the additional service, a computer display arrangement that may have wide application in business.

In looking at the next ten years and at our operations in Winter Park, the key item is central office equipment, the switching center for all of our services. Substantially

all the central office equipment in Winter Park and Orange City is crossbar, which can be modified if occasion requires, to provide most of the services that I outlined earlier. Yes, the cost will be substantial, but it can be done and will be done as public demand for these services is evident. We regard ourselves as fortunate to be in a progressive position from an equipment standpoint. This equipment has been and is being modified to provide additional extended area service and customer toll dialing, with the prospect that we will have our own subscriber toll dialing facility, probably in 1973 or 74. As a practical matter, you as a subscriber will not know that this is handled other than it is handled today, except that you will be dialing direct your person-to-person, collect, and other type calls that now require operator assistance.

At this time it is well to point out that were it not for dial service there wouldn't be enough employable people in the United States to handle all of the calls that are made over the telephone systems networks in this country. The answer has been to let you, the subscriber, do more of the work so that we do not have to employ so many operators. This will be a continuing program.

We are going to have lots of problems in the next decade. Problems that we hope to solve effectively and realistically. Wages are going to increase substantially to compensate for increased production and offset inflation. We are going to have to find new ways and means to attract and train competent people to meet our requirements. We are going to have to have increased production, reflecting more efficient use of the people available. For example, we now have slightly more than 300 employees serving the 56,000 stations in the Winter Park service area. We will exceed 100,000 stations in the next five years. Increased production, more efficient management, will dictate that we will have as few as 300 more employees, taking into account the fact that half of this group would be long distance operators, a function we don't perform today. This will be accomplished through the use of computers, through more efficient handling of customer accounts, and with the customer performing his own work in making his calls.

Now for some predictions for 1970. We expect to show a net gain in stations which will, by the end of the year, give us a total of 73,000 stations for the Winter Park, Orange City and Quincy operations. We expect to do additional permanent financing during the third quarter of this year in order to repay bank loans. The exact method of financing and amount will depend on market conditions and other factors which we are unable to predict at this time.

Your company report shows that we have earned 93¢ for 1968 and $1.24 for 1969; we are forecasting, with possible dilution taken into account, earnings of at least $1.55 per share for 1970. This is based on actual earnings of 39¢ for the first quarter of 1970. This should produce some more smiles.

Our first quarter report to stockholders will carry the following: The Winter Park Telephone Company reports record consolidated first quarter net income of $457,000, up 43% over the first quarter 1969, on a revenue gain of 28% to $2,537,000.

Earnings per average common share rose to 39¢ from 27¢ during the same 1969 period.

For the twelve months ended March 31, 1970, net income totaled $1,593,000, up from $1,168,000 a year earlier, while earnings per average common share totaled $1.36 as compared to 98¢ for the same 1969 period. Prior period results have been restated to include the acquisition of Quincy Telephone Company.

I want you to know that you have, in the members of the Winter Park Telephone management team and employees, some very dedicated individuals who are highly qualified in every way, and extend themselves every day in finding solutions to the many problems that we face. They are deserving of your continued support. I am confident that these people are well qualified to cope with the competitive aspects of the business that we expect during the next decade.

Northern Electric's SA-1 common control crossbar system. It's a compact system which can be installed in permanent buildings or in portable units that can be set up anywhere. And left—unattended. Northern Electric built the SA-1 to serve the needs of people. In small towns. In growing towns. In towns that are on the move . . . from one job site to another.

The SA-1 gives small town subscribers the benefits of a big city crossbar switching operation. It offers up-to-date features like DIGITONE*, ANI, DDD, EAS, PBX Hunting, Reverting Call, Individual, Two and Multi-Party Service.

And that's just for starters. As a community grows, so does the SA-1. It can be expanded from as few as 40 lines, up to a maximum of 1000 lines, quickly and easily. The SA-1 is inexpensive to maintain. The maintenance index is only a fraction that of an equivalent Step-by-Step system. And thoroughly dependable. Over 650 SA-1 offices are already in service. Most important, it's compatible with existing systems throughout North America.

The SA-1 . . . the only common control crossbar system in its size. Because Northern Electric believes a good system should be able to stand alone.

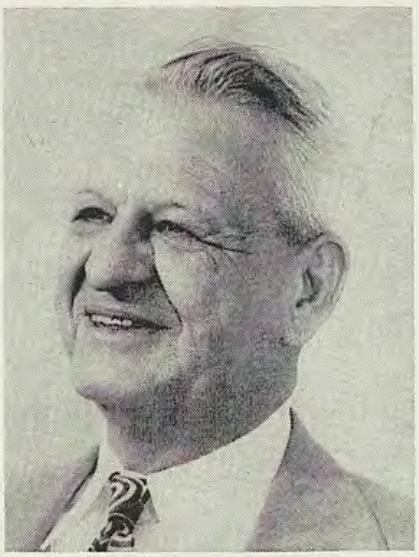
Let us tell you how compatible and competitive our systems really are. Write Andy Kyle, Switching Division, Northern Electric Company Limited, P.O. Box 6123, Montreal, Quebec, Canada. Or phone (514) 931-5711.

Northern Electric
Company Limited

*Registered trademark of Northern Electric Co.

Why Winter Park Tel is a phenomenon

Although it began as a grocer's service for customers, this telco's service and willingness to try something different have won plaudits of customers and commissioners



CARL H. GALLOWAY SR., founded Winter Park Telephone in 1910 in Maitland, Fla.

Ray Blain, Senior Technical Editor

SUPPOSE the communications industry were to emulate the entertainment world and award an annual Oscar for superior performance. The Winter Park Telephone Co. in Florida would no doubt possess a sizeable collection of these trophies.

While people throughout the country constantly complain about inferior telephone service, residents of Winter Park are happy with theirs, primarily as a result of the company's belief that it has nothing to sell except service. They decided years ago that although they could not be the largest, they could provide the best service—and have always lived up to this premise.

The Florida Public Service Commission, in its order of June 23, 1969, granting a rate increase, made the statement, "Few utilities render service that meets the standards maintained by Winter Park Telephone Company." It is extremely doubtful if any telephone company—anywhere— has ever received such praise from a regulatory commission.

Florida, perhaps the fastest growing state, is unique from many standpoints. It boasts many unusual attractions, e.g., Cypress Gardens, Walt Disney World, Busch Gardens, the world's most unusual drug store (Webb's), covering four city blocks in St. Petersburg and Winter Park Telephone Co. which could be considered the world's most unusual telephone company.

How it all began

Winter Park Telephone was founded in Maitland, Fla., in 1910 by a man who had no idea of starting a telephone company. Carl Galloway Sr. and his father were partners in a grocery store located in the Maitland area. One of the duties of Carl Sr. was to secure orders from the store's customers and make deliveries. To save time, he invested $60 in 10 telephones, a red ball signal magneto switchboard and wire. He strung wire on trees and fences and installed the phones free of charge (he was required to place them in the kitchens where they would not disturb the households). The lines were connected to the switchboard located in the rear of the store.

From the beginning, the scheme proved successful, and the initial users soon discovered they could communicate with each other as well as with the store. The word spread quickly, and requests for telephones started coming in. Within a year the number of subscribers had increased to 20 and in order to finance the purchase of additional equipment and hardware, the first charges were levied for service. The calling area was also expanded in 1911 when a toll line was installed providing a connection with Orlando Telephone Co.

During the following three

J. K. GALLOWAY has been chairman of the board of Winter Park Tel since 1967.

years (1912-1914) the company expanded in territory and number of subscribers. In January, 1914, there were 77 subscribers in the communities of Maitland and Winter Park. Expansion continued until it was no longer feasible to operate as a part of the general store. In 1915 the partnership of B. A. Galloway & Son was dissolved and Carl assumed all control and rights of the telephone business he had started five years previously.

The company continued to grow and in 1917 the central office was moved from Maitland to Winter Park. Growth continued to increase at a rate that required considerable additional capital to provide the necessary service. In order to raise this capital the firm formally incorporated in 1921 under the name of the Winter Park Telephone Co. (WPT). That same year marked another milestone in the development of the company when the first 3-year franchise was granted by the city of Winter Park.

The post-war era

In 1923, the company converted its 800 stations to common battery operation to take care of future expansion and improvement in service. There was little demand for an increase in telephone service from the mid-1920s until after World War II. At the end of the war in 1945, excessive demand for service created problems for the company. Applications for service were difficult to fill since manufacturers were still geared to production of war material, and there was considerable delay during the conversion to civilian production. The problem was solved, however, when the company obtained $100,000 worth of war surplus telephone cable and instruments. In one year, the number of subscribers increased from 1,938 to 2,400.

During the next three years (1947-1949), the company continued to expand and in 1949, its 4,009 stations were converted to dial operation. By this time the company passed the million dollar milestone with $1,038,701 in total assets.

Carl H. Galloway Sr., and his wife, Lena, who operated the switchboard in the early years, have since passed on. They left, however, a noble tradition and a proud heritage to their three sons, J. K. (Joe) Galloway B. A. (Al) Galloway, and C. H. (Carl) Galloway Jr., all of whom grew up with the system and have been active in the business since they were youngsters.

J. K. Galloway became president of the company in 1959 and chairman of the board in 1967. He has been a student of engineering problems in the telephone business, and thus has

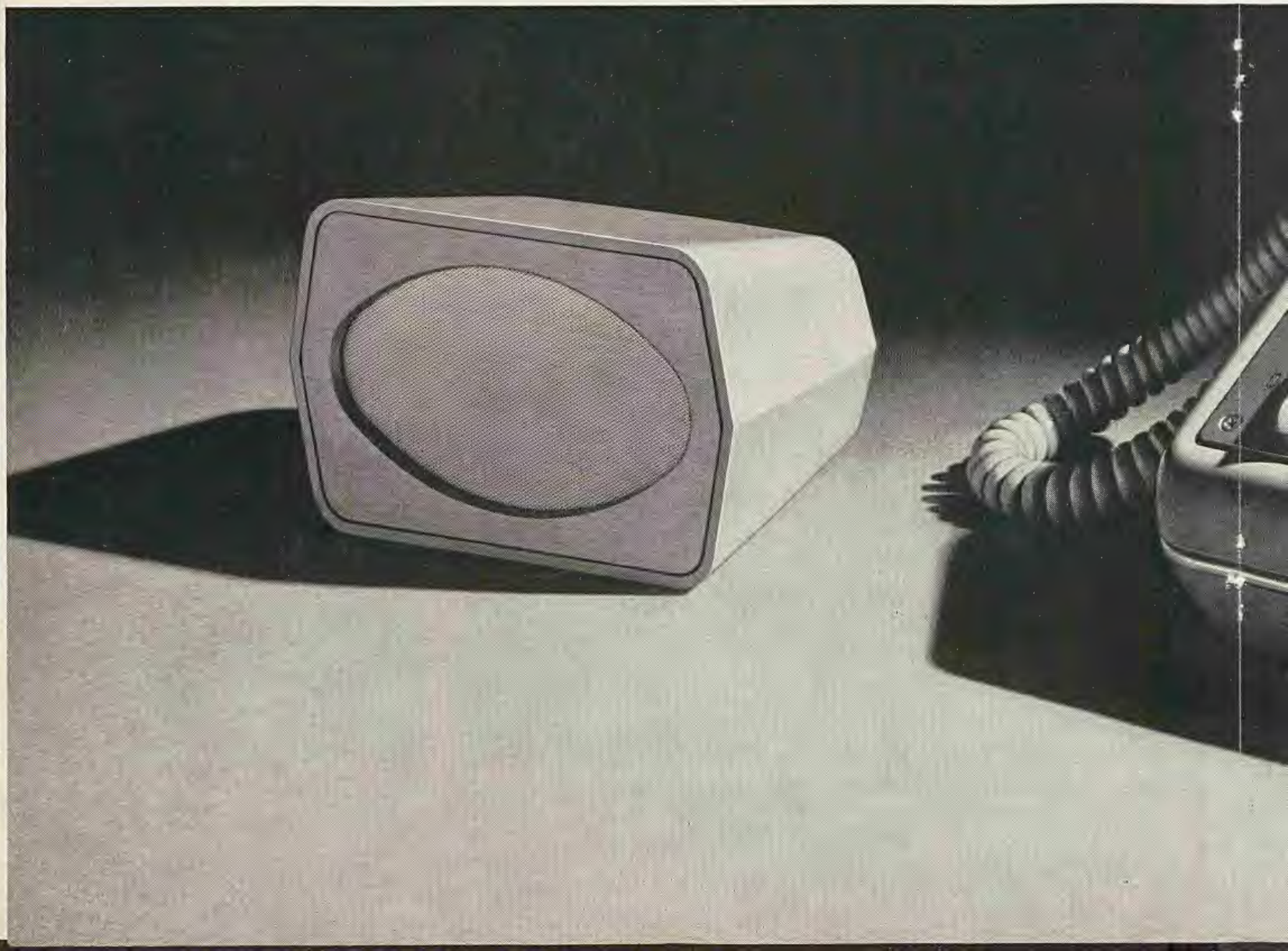
B. A. (Al) GALLOWAY is a Winter Park Tel vice president.

C. H. GALLOWAY JR. has followed family tradition and is a company vice president.

R. P. HULBERT, Winter Park Tel president, joined the company in 1943.

new Touch Calling Speakerphone

makes hands-free telephoning easier...a



Hands-free telephoning was a great idea. It made our Speakerphone popular with busy businessmen.

Now we've added Touch Calling. With it, Speakerphone becomes the handiest telephone ever. Which should make it an even more attractive source of new revenue for the telephone company.

Additional subscriber-pleasing features: There's no "clipping" of conversations because the microphone is muted when the speaker is operating, not cut off entirely. There's no clutter on the desk, either—the telephone itself and the speaker are the only equipment needed. A final clincher . . . we think you'll like our price.

To help you tell your business customers all about the Touch Calling AE Speakerphone, we have created a new circular . . . C-1176. Just let us know how many you need. We'll be glad to send them to you—absolutely free, of course. Automatic Electric, Northlake, Illinois 60164.

AUTOMATIC ELECTRIC
GENERAL TELEPHONE & ELECTRONICS

Circle No. 12 on Reader Service Card

...and more profitable

kept the Winter Park Company in the forefront of modern telephone companies. B. A. Galloway and C. H. Galloway Jr., are vice presidents.

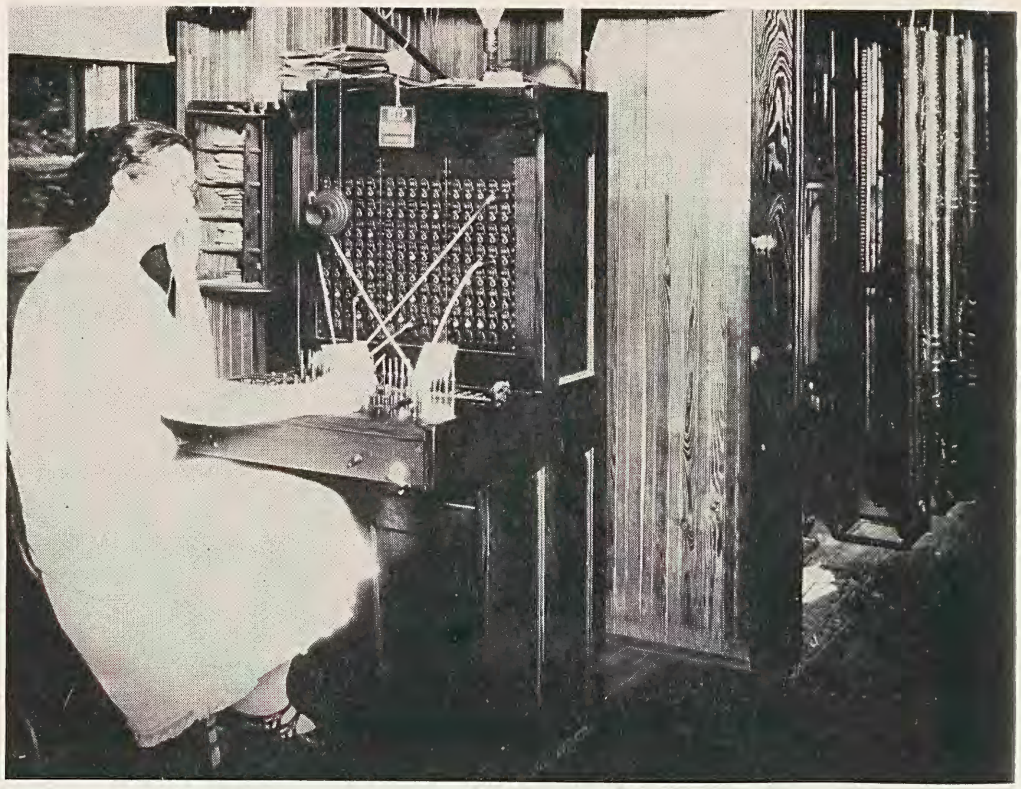
R. P. Hulbert, now president, joined the company in 1943. He became executive vice president in 1963 and president in 1967.

Growth of WPT has been tremendous over the years. Back in 1945 they had a total of 1,938 stations and assets of $401,949. Present assets are more than $32 million with 62,784 stations in service in the Winter Park area alone. During 1970 total telephones in service in the company's three operating areas increased by 8,418 stations. On Dec. 31, 1970, total stations in service were 73,635. This is an all-time record increase of 8,418 stations—or 12.9 per cent during the preceding 12 months.

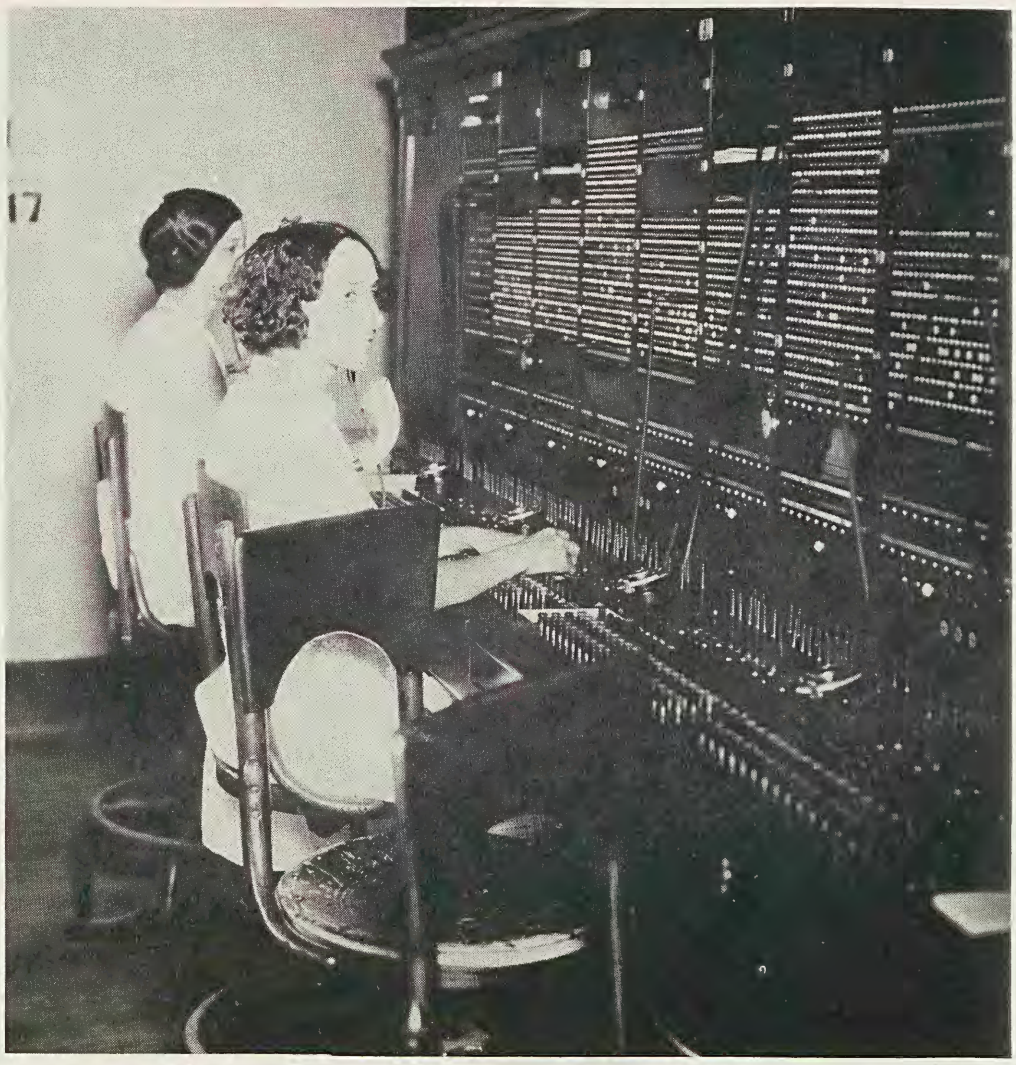
A major public relations feature used by the company is "The Official Always Be Careful Coloring Book" which was developed and distributed in cooperation with the Winter Park Police Department. This 32-page book, which gives helpful safety tips on emergency use of the telephone, how to cross streets, and how to deal with strangers, was distributed to some 4,500 school children in the company's service areas. As a result of local publicity concerning the book, articles appeared in several regional and national magazines and in one international publication. The coloring book was endorsed by the United States Independent Telephone Association. Requests for copies of the book have been received from utilities, individuals and law enforcement agencies in most of the 50 states, Japan, Australia and Central America. To date, more than 450,000 copies have been ordered and distributed throughout the country.

Branching out

Early in January, 1970, Winter Park Telephone Co. com-



THIS SWITCHBOARD was used in the days of local battery.



BY THE LATE 1940s Winter Park Tel's manual switchboards were gone.

pleted acquisition of Quincy Telephone Co., located 18 miles west of Tallahassee, Fla. This Independent company, now a wholly-owned subsidiary of WPT, has an operating area of 450 square miles, 50 of which are located in southern Georgia. The acquisition tripled the geographic size of the WPT service area. The Quincy company operates five exchanges with 7,801 stations.

During June, 1970, Winter Park Tel announced acquisition of the Central Florida Sound Co. of Orlando, Fla. This company has an excellent reputation in the field of intercommunications, sound, alarm, time clocks and closed circuit TV distribution systems, and has been in operation eight years.

A recent FCC decision required that telephone companies adopt tariffs permitting customer-owned equipment to be used in connection with telephone service. Such equipment includes station apparatus, key telephone and PBX-PABX systems and related communications devices. The acquisition of Central Sound will permit WPT to enter this relatively new field through expansion of its present operations to include direct sale and maintenance of communications equipment. The market for customer-owned communications systems is new and competitive, yet extremely promising since it is directly related to the WPT's experience in the field of telephony.

The Winco Construction Corp. is another wholly-owned subsidiary of WPT which operates as a separate entity. Winco was organized in February, 1969 and, during its first 11 months of existence, was very active in the local construction business. During 1969 Winco constructed 36 concrete manholes, buried 20,700 trench feet of multiple conduit and constructed a completely automatic sprinkler system for the golf course located at the U. S. Naval Training Center, Orlando, Fla. Over 375,000 feet of buried cable, ranging in size from 25 pairs to 3,232 pairs, was placed by Winco crews last year, and at Haines City, Fla., Winco lowered 1,994 feet of coaxial cable for AT&T, placed 1,735 feet of conduit and constructed two manholes.

Winco competes for business with the parent company by competitive bidding against other construction companies and occasionally loses contracts with the parent company to its competitors.

Outstanding employe programs

By providing a well-rounded employe relations program, the Winter Park Telephone maintains a high level of employe morale and is able to retain a competent work force. It also recognizes that employe recreational and social activities are important in maintaining good morale and has encouraged participation in such company-sponsored programs as the annual picnic, bowling, tennis, softball, Christmas luncheon, and the president's annual report dinner. A company camp is available throughout the year for use of employes and their families.

Education and training are programs which the company has always considered extremely necessary and desirable—both for the company and the employes. It has learned that proper training is ncessary to make good supervisors. It has also been determined that a college education is not necessarily a requirement to train people to become valuable employes. Some $5,400 was expended for off-premises training purposes in 1969, including academic training at nearby junior and senior colleges and universities as well as technical, vocational and group management courses. A total of 103 employes participated in the company-sponsored tuition payment plan during 1969. In addition to off-premises training, some 2,200 man-hours of classroom instruction in telephone plant operation were conducted, utilizing in-company training personnel and facilities. Employes also are encouraged to participate in local community activities such as Chamber of Commerce, Rotary, Sertoma and others.

This personnel policy pays dividends for Winter Park Telephone which maintains an annual labor turnover of only 1.1, or 1.2 per cent, much below the national average. The company presently has 330 employes in the Winter Park area and 175 at subsidiary companies.

A stock purchase plan was introduced in 1966 for all permanent employes. Anyone who has been an employe of the company continuously for at least 90 days prior to offering date is eligible to participate provided he is in active service of the company or on an approved leave of absence.

To purchase stock, the employe signs an agreement to purchase which is an authorization for payroll deductions in the amount determined by the company to be necessary to accumulate the funds required to purchase the number of shares subscribed for over a five-year period. The price of the stock is 100 per cent of the market price on the offering date.

The company inaugurated a deferred profit sharing plan on Jan. 1, 1955. The purpose of this plan is to provide future benefits to employes who have worked for the company during the majority of their productive years. Any employe who, on Jan. 1 of any year, has been continuously employed full-time for at least two years becomes a member of the plan.

The employe contributes nothing to the plan, and the company takes a percentage of the total compensation paid each employe and deposits this in the deferred profit sharing trust. The trust is

administered by top executives of the telephone company. When an employe retires, his funds are separated from the active trust, and he can either receive a cash settlement or a monthly check.

The Pioneer Club

In honor of the founder of Winter Park Telephone Co., Carl H. Galloway Sr., an Independent Telephone Pioneer Association Club which bears his name was established in Winter Park. The petition for charter of the "Carl Hill Galloway Pioneer Club" included the names of 55 employes of the company with a cumulative total of 1,167 years of service in the telephone industry. Appropriately, Carl H. Galloway Jr., the youngest son of the founder, has been elected first president of the club.

If it were ever necessary to prove that WPT is a good company to work for and that employes enjoy their jobs, certainly no better proof could be furnished than the record of M. L. Barre. Born in South Carolina in 1894 and after completing the requirements for a B.S. degree at Clemson College, he signed on with Southern Bell as a trainee. During World War I, he was an officer in the Signal Corps stationed in Paris and was mustered out in 1919.

Barre retired from Southern Bell in 1959 as assistant to the vice president and general manager of Florida with 42 years of continuous service. Upon retirement, the Barres planned to reside in Winter Park where he was immediately asked to join Winter Park Telephone Co. He accepted the position of assistant to the then president, Joe Galloway, and completed 11 years' service with the company in April, 1970.

Service features of WPT

The company now serves the largest toll-free calling area in central Florida. It involves over 250,000 stations in a 650-square mile area of two counties. This includes the communities of Sanford, Geneva, Oviedo, East Orange, Apopka, Montverde, Winter Garden, Windermere, Orlando and Winter Park. Because of the common interest of residents of Winter Park and Orlando, WPT provides flat rate, toll-free service to all stations of Southern Bell in its Orlando service area, and Orlando provides similar Winter Park service to its subscribers. The subscribers of both Winter Park and Orlando are all listed in separate sections of the directories of both companies. The yellow pages in both directories include firms in both areas.

In 1962 when WPT converted to Direct Distance Dialing (DDD), they also provided Automatic Number Identification (ANI). Tel-Tone pushbutton calling was added in 1966. Over 17 per cent of subscribers now have pushbutton calling. About 55 per cent of all toll calls are now dialed direct. The toll outlet is through Southern Bell in Orlando, and Bell operators handle all ticketed calls. They also handle information and intercept service. WPT's present plans contemplate provision of TSD by the mid-1970s after which it will handle all of its own toll service.

The company has 30,300 lines of equipment in service and is expected to increase to 54,000 lines by 1975. With the exception of 4,000 lines of motor switch equipment, this is all North Electric crossbar. The use of electronic switching equipment is being investigated for possible future use.

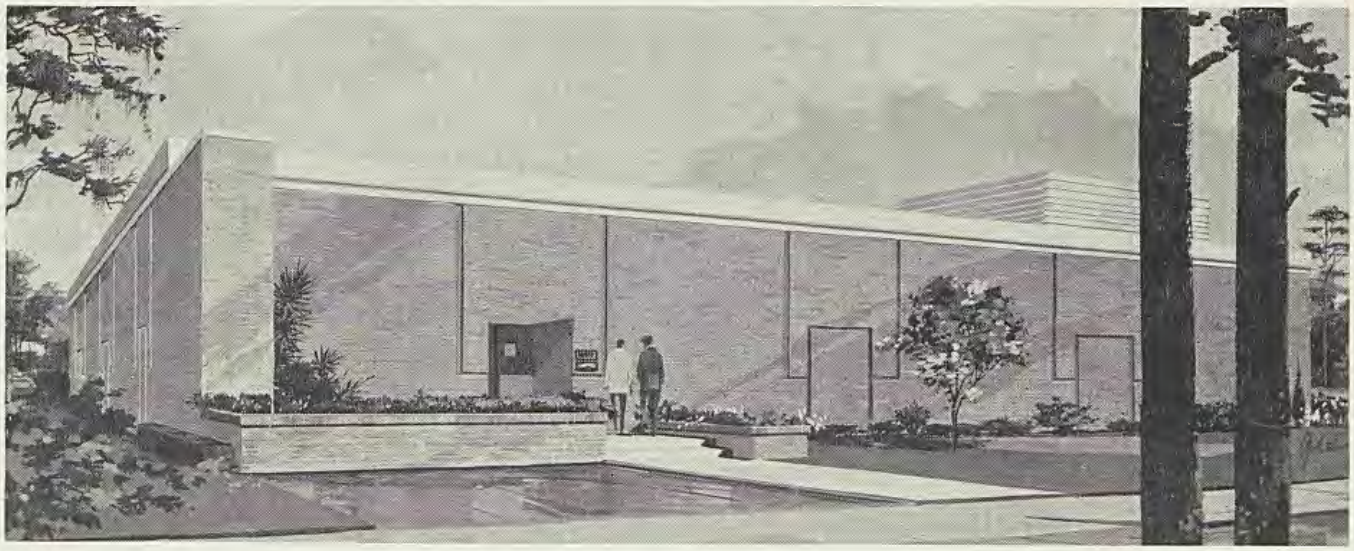
A total of 62,784 stations are in service which is estimated to increase to 97,000 by 1975. About 87 per cent of all residences in the operating area have telephones. The trend is toward individual line and about

M. L. BARRE (left) and J. K. Galloway celebrate Galloway's election to the Florida Telephone Association Hall of Fame.

67 per cent of all residential stations have R1 service. This is expected to increase to 91 per cent by 1975. Over 81 per cent of all residential stations are one and two-party. In 1949 the ratio of extensions to residential telephones was 9.5 per cent. This has now increased to 50.45 per cent.

During the past five years, a relatively high percentage of all cable and drop wire has been placed underground. Practically all new housing developments in their service area started during the past nine months require all utilities to place their facilities underground. Although the company currently has about 95 per cent of their drop services aerial, they are making good progress at converting them to underground facilities. Company management is convinced that this is a worth-while undertaking because the reduced maintenance costs more than offset the additional costs of burying the drop services.

The company is engaged in an extensive cable pressurization program. Approximately 40 per cent of the main and trunk cables are now under pressure. Complete pressurization, includ-



ARTIST'S drawing shows the new Goldenrod Exchange building.

THIS WINTER Park Dial exchange building was built in 1956.

ing all distribution cables, will require about two years. Prior to pressurization, several serious cases of cable trouble always could be expected after a severe storm. Now, practically all cable trouble experienced is caused by lightning or excavating machines and foreign workmen cutting cables during digging operations.

The pipe system concept of pressurization is being used to provide maximum cable protection. With this system a ½-inch plastic pipe with an aluminum liner is used to carry dry air from a compressor in each exchange out through the conduit system. At intervals of 3,000 feet along the conduit route, air is fed from the pipe and manifolded to each underground cable at a 10 lb. pressure.

With 95 per cent of cable plant underground, trouble is frequently caused by excavating contractors, workmen of other utilities, and even occasionally by innocent home owners digging a hole to transplant a palm. One serious case of trouble was caused recently by a trenching machine that cut three cables (a 1212 pair; a 1515 pair; and a 2424 pair). To restore service, splicers worked continuously for 57 hours at a cost to the company of more than $10,000 for labor and material.

WPT has been extremely successful in making five-year forecast studies and planning to handle future increased service requirements. Their policy is to have engineering completed prior to the time existing facilities are loaded to capacity. With this plan, when a cable reaches a 70 per cent fill, action is taken to reinforce it before it is filled to capacity. The same plan is used for central office switching equipment. The general rule followed when installing main feeder cables in a high growth area like Winter Park is to make use of the largest size that the conduit will accommodate.

Despite the difficulty in serving an area of intensive growth, WPT has done a remarkable job of meeting the public service commission's standards for completing new station installations within three days, clearing trouble within 24 hours and furnishing dial tone within three seconds. Actually, most station installations are completed within two days. In special cases, such as when school opens, a few in-

A LOT OF cable splicing is done when a company grows as quickly as Winter Park Tel.

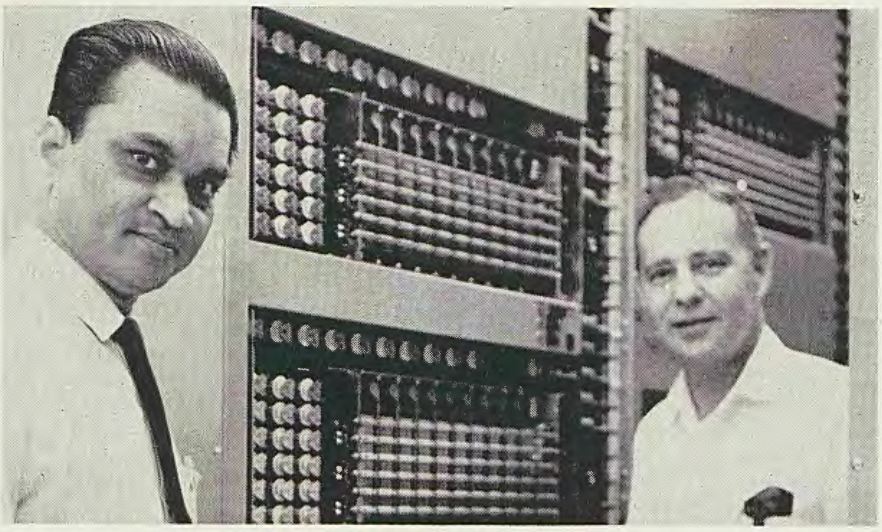
WHEN underground conduit is installed, WPT provides enough ducts to care for projected future requirements.

THIS SPECIAL type of concrete manhole has proved successful at Winter Park Tel.

stallations may require as much as four days.

Time, temperature and weather forecast information is sponsored by The First National Bank at Winter Park, and is available to all subscribers by dialing 646-3131. The service is proving extremely popular and calls are averaging over 20,000 per day at the present time.

The company operates a total of 125 motor vehicles and each travels an average of a thousand



V. N. WARHADKAR, India's director of telegraphs (left), gets personal attention from Winter Park Tel's J. H. Burch during a visit to the Florida company.

miles monthly. This includes van type installation and maintenance trucks, ¾ and 1-ton trucks for cable splicers and official sedans. Although most of the cable and wire is buried by contract forces, the company still maintains two line construction crews equipped with a line truck and Telsta for aerial wire and cable placement.

A total of 713 public pay stations are presently in use, many of which are equipped with push-button calling. They have suffered their share of vandalism from picking coin box locks to blasting with a high powered rifle.

The company has been awarded the primary responsibility of providing telephone service to the United States Naval Training Center located in its new home on the outskirts of Winter Park. At the naval installation some 38,500 recruits are to be processed annually within the next five years. To serve the needs of the Navy, WPT recently cut over a 1,500-line North Electric crossbar Centrex system. The system provides all modern features such as Direct Inward Dialing, DDD and ANI to some 750 telephones.

Recognition of the company's efficiency is evidenced by the number of foreign communicators who have visited it to receive special training, including people from Panama, Bahamas, India, Argentina and Puerto Rico.

It is a practice at WPT to handle each visitor on an individual basis permitting them to select areas of special interest.

There is every reason to predict that the growth and expansion of WPT and its subsidiaries will be even greater in the future than it has been in the past. Walt Disney World, scheduled to open its first phase in October, 1971, will occupy a 27,000-acre area, 15 miles southeast of Winter Park-Orlando. It is estimated that this attraction will have 11 million visitors in the first year of operation. The impact of this $300 million complex on the area will be tremendous. Both business and housing must be expanded to accommodate the influx of visitors and new residents to the area. Walt Disney World's people estimate that their attraction will create some 50,000 new jobs. The population for the two-county area is expected to quadruple to almost two million during the next decade.

Construction of 5,000 new garden apartment units has been approved for the Winter Park area. It is expected that this type of construction will increase to 15,000 units within the next few years. Some 17,000 home sites of the Deltona Development, near Orange City, are located in WPT's certificated area. When this development is completed, a new exchange will probably be required to serve the residents.

At the present time, only about 15 per cent of the company's main telephones serve business concerns in Winter Park, well below the general average. This condition is changing rapidly, however, as numerous new business concerns are moving into the area. The company's 1969 rate of growth was 12 per cent and in 1970 increased to 13.9 per cent. It is certain to have a sizeable increase in the future.

The following statement was made by president R. P. Hulbert at the 1970 annual stockholders' meeting:

"I want you to know that you have in the members of the Winter Park Telephone management team and employes some very dedicated individuals who are highly qualified in every way and extend themselves every day in finding solutions to the many problems that we face. They are deserving of your support. I am confident that these people are well qualified to cope with the competitive aspects of the business that we expect during the next decade."

This is definitely a happy telephone company. The dedicated officials and employes work as a team to provide good service. They have never forgotten the motto of their founder—"All we have to sell is service."

Telephone companies all have problems and WPT is no exception. They always recognize the problems, however, and are willing to try something different. This undoubtedly explains why they have so many subscribers who are pleased with their service. □

Superior's Type WT Filled Telephone Cable does the job!

Water-Bloc® inside keeps water outside. This non-hygroscopic, polyolefin compound is chemically and electrically compatible with all other materials in the cable. It stays soft and pliable and completely coats each conductor...totally filling the air space within the cable. Result: Water-Bloc won't let water enter or migrate...condensation can't form.

Protect your buried plant against water and moisture. Specify Superior Type WT Telephone Cables...they're filled with Water-Bloc!

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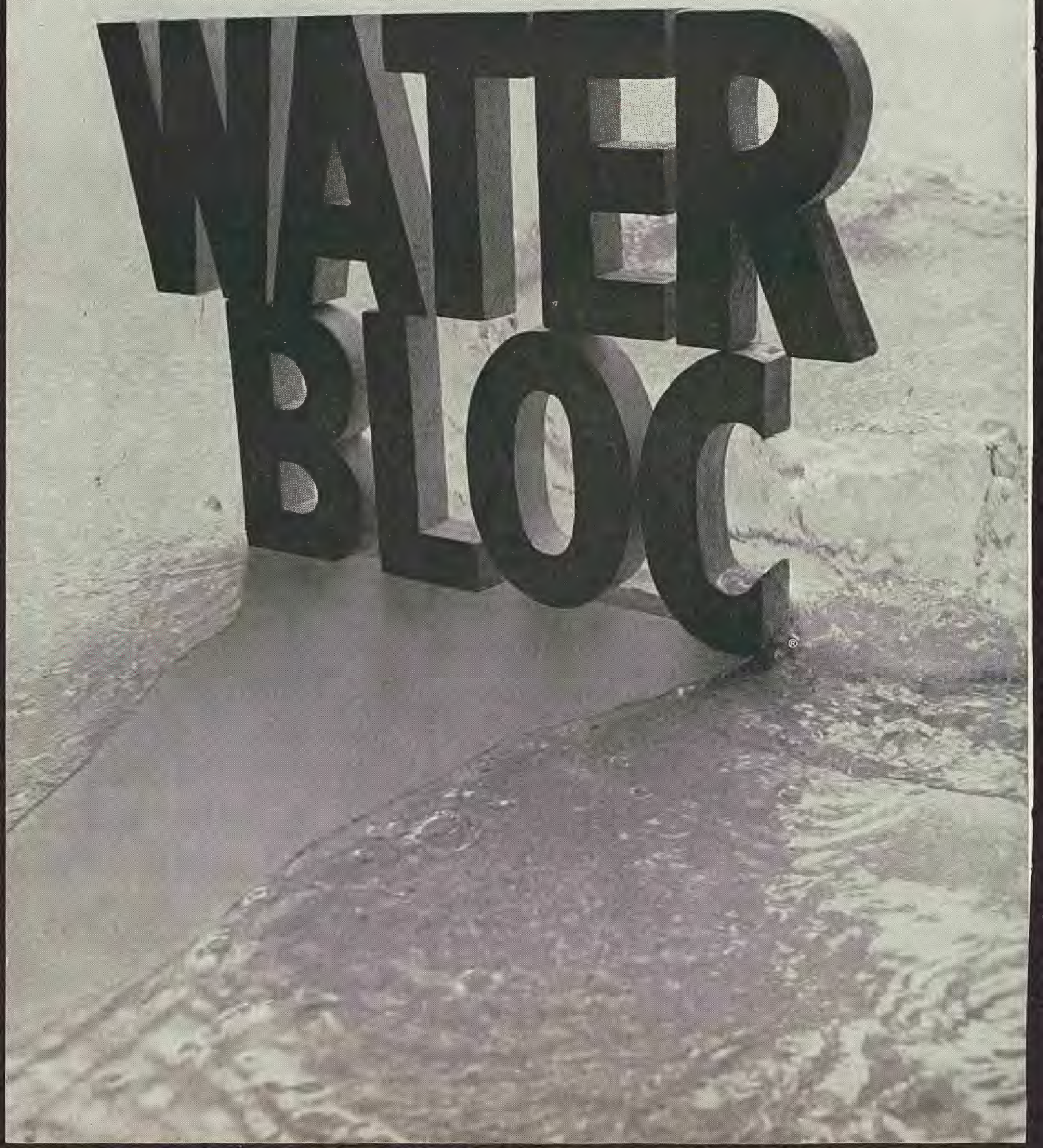


THE WINTER PARK TELEPHONE COMPANY

STAFF CONFERENCE MINUTES

A meeting of staff was held in the Board of Directors' Room, 132 East New England Avenue, on Monday, February 15, 1971, at 9 a.m.

The following were present:

President, Chairman
Chairman of the Board
Vice President, Planning
Assistant to the President
Corporate Secretary
Treasurer
Administrative Assistant
General Plant Manager
General Plant Engineer
General Commercial Manager
General Services Manager
Public Relations Assistant
Traffic Engineer

Mr. Thomas Howarth, Assistant to the Executive Vice President of the Unites States Independent Telephone Association, was a guest at the meeting.

Budget Requests

Plant	Labor Relations Forum, $100.00
	Conduit, manhole rings and covers, $12,923.88
Orange City	Conduit, manhole rings and covers, $2,095.43

Station Report

	Winter Park Feb 1-11
Estimate for Month	510
Actual Station Gain	274
Main Station Gain	155
Extension Station Gain	119
Total Stations in Service	63,416
Total Stations Installed	703

Development Report

During 1970, 1,504 single family houses were built in the Winter Park Telephone Company service area. This compares with 1,254 homes built in 1969. In addition, approximately 1,500 apartment units became available in 1970.

Employment in the Orlando Metropolitan Area gained 7,800 or 6% during 1970. This compares with 8,300 and 8% for 1969. Unemployment declined to 3.5% in December, but is still considerably above the 2.7% of a year ago.

Orange City Report

Company attorneys are in the process of redeeding the original piece of property at Deltona

Lakes and searching the abstract to assure a clear title to the new piece of property. All legal matters should be finalized this week.

On February 12, residential service was restricted to four-party in the Orange City "775" office. The restriction applies also to all regrades until the expected cutover date of the new Deltona Lakes Central Office on October 1, 1971. The restriction was deemed necessary because the two month delay in the start of construction of the new central office in Deltona Lakes may cause a shortage of lines in the Orange City office.

Traffic Report

The Traffic Engineer reported that a Bell representative and his assistant will visit our company for two days starting today to check our metering system, all line groups, all trunks, and come to an agreement on factors which are submitted to Accounting for use in computing future settlements. Equipment and lines in all central offices, including Orange City, will be checked starting at midnight tonight.

Services Report

During January, the 123 vehicles in the company fleet traveled 104,000 miles for an average of 851 miles per vehicle. During the same period last year, 109 vehicles traveled 84,000 miles.

There are 331 employees in the company at present compared to 301 a year ago. At present there are seven job vacancies in the company.

Plant Report

In the "83" area, the last line regrouping provided 50 additional lines. A new procedure has been instituted whereby priority is being given to out orders in order to regain central office lines more quickly. Plant forces are starting another regrouping today and it is expected that another 48 lines will be gained.

As reported in last week's Staff Minutes, troubles were heavy last week-end because of bad weather. A study of the types of troubles reported was conducted and it was found that preventative maintenance procedures resulted in relatively few cable outages while most troubles were the result of wet terminals and downed drop wires.

Winco Report

The General Plant Manager reported that Winco has been awarded a master contract from United Utilities to furnish construction service in the northern part of their service area comprising nine exchanges. Out of the $4 million budgeted by United for contract construction work, $300,000 will be spent in the northern area. The master contract covers any job under $20,000. All over that amount will be put out for bids.

Engineering Report

The General Plant Engineer reported receipt of a letter from North Electric stating their capability to do terminal balancing on central office equipment. This information will be relayed to the Bell Company by the Assistant to the President.

Company Visitor

The Chairman of the Board announced that Dr. Clay T. Whitehead, Director, Office of Telecommunications Policy for the White House, will visit our company for two days, starting today, in order to gain first-hand knowledge of the problems associated with providing telephone service. An itinerary was distributed showing the various times and places Dr. Whitehead will meet with department heads and company personnel.

Commercial Report

The General Commercial Manager reported on the following items discussed at the Florida Telephone Association Commercial-Marketing Workshop held in Winter Park last week.

1. The Southeastern Telephone Company in Tallahassee has issued an Executive Directive prohibiting "moonlighting" by employees on customer-owned equipment.

2. Concerned about the number of left-in instruments being stolen, the Bell Company has started an experimental plan whereby customers can collect $5 by returning their telephone instrument to the Bell office when their service is terminated.

3. It was reported that the new credit card numbering plan was discovered and reported in an underground newspaper.

4. The amendment to the Truth in Lending Law which limited credit card holder's liability to $50 extends to holders of telephone credit cards as well.

5. A Florida telephone company is considering handling requests for special installations on an overtime basis and billing the customer for the charges.

6. A two-year experiment in the Dayton, Ohio, directory which separates alphabetically residence and business numbers on the same page in the directory was discussed.

Adjournment

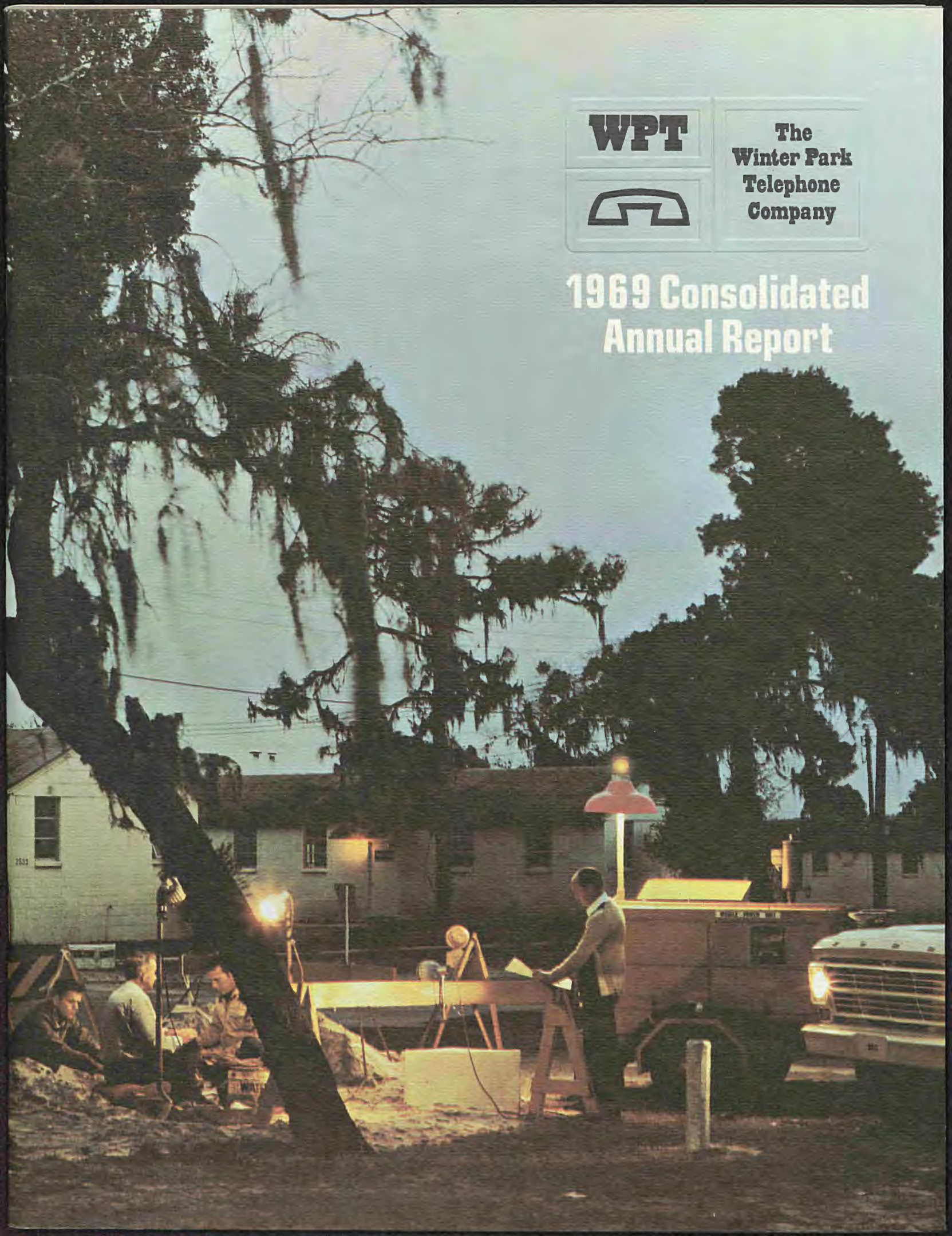
The meeting adjourned at 10:35 a.m.

WFF:pw

WPT

The Winter Park Telephone Company

1969 Consolidated Annual Report



The Winter Park Telephone Company

WPT

Front Cover: Working around the clock to supply telephone service to booming Central Florida is one of the efforts that makes Winter Park Telephone a leader in the Telecommunications Industry.

Abreast of today's increased environmental concern, the Company is eliminating poles and wires on virtually all permanent installations in favor of underground cable.

"Few utilities render service that meets the standards maintained by Winter Park Telephone Company"

From Florida Public Service Commission Order of June 23, 1969

CONTENTS

This report, including the financial statements and statistics contained herein, has been prepared for the general information of stockholders, security holders, and employees of The Winter Park Telephone Company and its subsidiaries, and is not intended for use in connection with any sale, offer for sale, or solicitation of an offer to buy any securities of the Company or its subsidiaries.

Management intends to solicit proxies for the Annual Meeting of Stockholders to be held at the Langford Hotel in Winter Park, Florida, on Tuesday, April 21, 1970. Formal notice of the meeting, together with the proxy statement and proxy, will be mailed to each stockholder within the time prescribed prior to the annual meeting.

The Winter Park Telephone Company
Post Office Box 3000
132 East New England Avenue
Winter Park, Florida 32789
Area Code 305 647-1122


IBM

Throughout its service and billing operations, Winter Park Telephone makes effective use of its computer system.

THE YEAR IN BRIEF

THE WINTER PARK TELEPHONE COMPANY AND SUBSIDIARIES

	1969	1968	Net Increase (Decrease)	Per Cent Increase (Decrease)
Telephones at Year End	**65,217**	58,447	6,770	11.6%
Property, Plant and Equipment	**$35,190,374**	$31,108,905	$ 4,081,469	13.1%
Total Revenue — Net	**$ 8,911,510**	$ 7,213,710	$ 1,697,800	23.5%
Total Expenses	**$ 7,454,220**	$ 6,101,997	$ 1,352,223	22.2%
Net Income	**$ 1,457,290**	$ 1,111,713	$ 345,577	31.1%
Common Shares Outstanding at Year End	**1,135,402**	1,134,403	999	—
Average Common Shares Outstanding	**1,134,869**	1,133,794	1,075	—
Earnings per Year End Share	**$ 1.24**	$ .93	$ .31	33.3%
Earnings per Average Share	**$ 1.24**	$ .93	$ .31	33.3%
Cash Dividends per Common Share	**$ .66**	$ .58	$ .08	13.8%
Number of Stockholders at Year End	**2,237**	2,274	(37)	(1.6%)
Number of Employees at Year End	**411**	321	90	28.0%

"POOLING OF INTERESTS"

On January 29, 1970, The Winter Park Telephone Company acquired all of the outstanding common stock of the Quincy Telephone Company through an exchange of 96,969 shares of Winter Park Common Stock for the outstanding shares of Quincy Common and Preferred Stock. As a result, Quincy Telephone Company became a wholly-owned subsidiary and its operations were combined with Winter Park's on a "pooling of interests" basis.

"Pooling of interests" is an accounting term which describes the combining of all the assets, liabilities, stock and surplus accounts of the companies involved in the consolidation.

The resulting combined balance sheet and operating statements reflect the financial condition of the combined businesses on the effective date of the consolidation and the results of operations of this combination. "Pooling of interests" accounting also requires that financial condition and operating results statements be combined for all prior years reported.

To meet the requirements of these accounting regulations, financial results for 1969, as well as previously reported figures for 1968 and prior years, have been restated in this 1969 report to reflect a "pooling of interests." In addition the ten-year statistical summary section of the report has also been restated to permit additional comparisons.

MESSAGE TO STOCKHOLDERS

The year 1969 witnessed the closing of a decade of extraordinary growth and accomplishment by The Winter Park Telephone Company and nothing could have concluded this period more appropriately than our 1969 consolidated year-end earnings of $1.24 per average common share outstanding, a 33% increase over the $ .93 adjusted earnings of 1968.

During the past ten years, we increased our telephone stations in service from 20,200 to 57,770 and we expanded our Winter Park Telephone Company toll-free calling area from 528 square miles with access to 98,000 telephones to 995 square miles with access to more than 260,000 telephones. The Orange City Telephone Company toll-free calling area consists of 270 square miles with access to 21,987 telephones.

During these ten years, we have made available to our subscribers: All Number Calling; Direct Distance Dialing; and Tel-Tone Pushbutton Phones. We have also created three completely new central offices and furnished them with the most modern telephone equipment available.

For our common stockholders (whose number has increased from 618 in 1960 to 2,142 in 1969), we were able to accomplish two "2-for-1" stock splits and two 20% stock dividends. We also were pleased to have increased the annual rate of dividends per common share from $ .21 in 1960 to $ .72 in 1969. In addition, 100 shares of common stock valued at $3,000 in 1960 had an appreciated value, at December 31, 1969, of $20,448.

In 1967, we completed arrangements whereby the Orange City Telephone Company became a wholly-owned subsidiary of Winter Park Telephone and, in December of 1969, we were finalizing arrangements for the acquisition of the Quincy Telephone Company which will also be a wholly-owned subsidiary of The Winter Park Telephone Company. In February of 1969, we organized the Winco Construction Corporation as another wholly-owned subsidiary and in only ten months of operations it has produced a modest contribution to consolidated earnings.

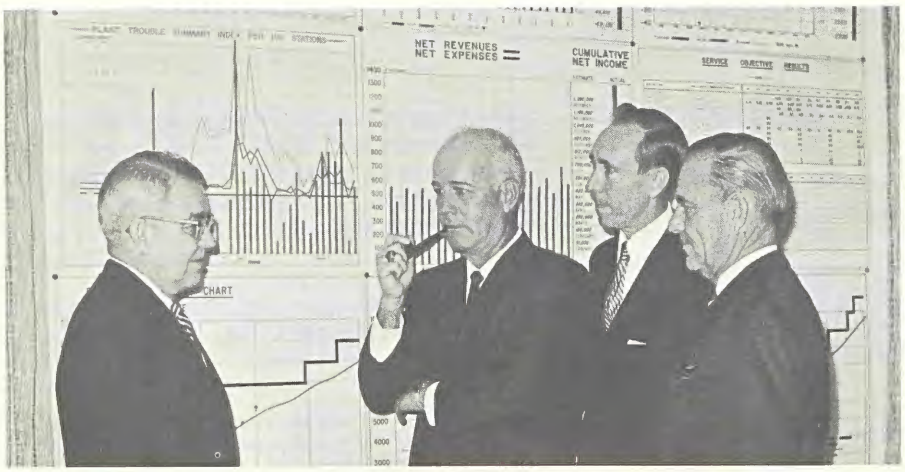
These are but a few of the achievements which have been accomplished by your Company during these past ten years of eventful change and growth. Let me hasten to add, however, that none of these could have been accomplished without the dedicated assistance and support of our employees, management, directors and our stockholders.

Your attention is respectfully invited to the results of operations for the year 1969 which are set forth in detail in the following pages of this report and to the ten-year statistical summary for further information as to Company growth over the past decade.

For the Board of Directors,

J. K. Galloway, Chairman

R. P. Hulbert, President



J. K. GALLOWAY
Chairman of the Board

CHARLES N. MILLICAN
President, Florida Technological University and Director

KENNETH F. PELOQUIN
Secretary, Assistant Treasurer and Director

BRAXTON A. GALLOWAY
Vice President and Director

WILLIAM J. TAYLOR, JR.
President, Taylor's Pharmacy, Inc. and Director

CHARLES E. RICE
President, First National Bank at Winter Park and Director

RUSSELL P. HULBERT
President and Director

HARRY M. VOORHIS
Attorney, Maguire, Voorhis & Wells and Director

FORREST R. McPHERSON
Treasurer, Assistant Secretary and Director

CARL H. GALLOWAY, JR.
Vice President and Director

M. L. BARRE
Assistant to the President

G. T. WILLEY
Management Consultant and Director

NAT M. TURNBULL
Attorney, Turnbull, Abner, Daniels and Cunningham and Director

DIRECTORS AND OFFICERS

OPERATIONS

Note: The comments and financial statistics contained in this operational section of the Annual Report reflect the "pooling of interests" of the Quincy Telephone Company unless otherwise noted.

Revenue

Consolidated operating revenue totaled $8,911,500 in 1969, an increase of 23.5% over 1968. Of this total $8,550,200 or 95.9% was derived from telephone operations and $361,300 or 4.1% from construction operations.

The increases in telephone operating revenue of some $1,336,500 or 18.5% over the comparable 1968 period were the result of: the record station gain of 6,770; a local exchange rate increase for The Winter Park Telephone Company placed in effect in August, 1969; and continued substantial increases in long distance service which produced increases of $568,600 or 28.2% in toll revenues and 568,255 or 22.0% in toll messages.

Winco Construction Corporation revenue for the year was most gratifying. The total of $361,300 was achieved in only slightly over ten months of operation from the company's inception on February 14, 1969. On a source basis $295,900 or 81.9% was derived from construction work performed for affiliated companies and $65,400 or 18.1% came from others. One operating goal for 1970 is to increase the percentage of construction revenue obtained from nonaffiliated customers.

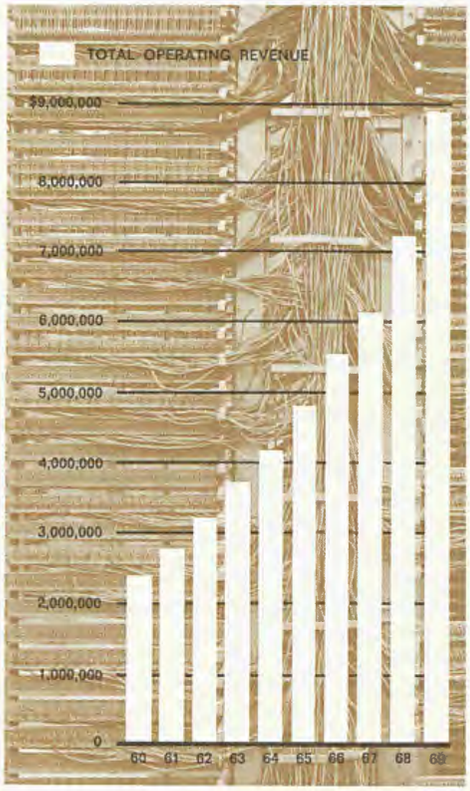
Expenses

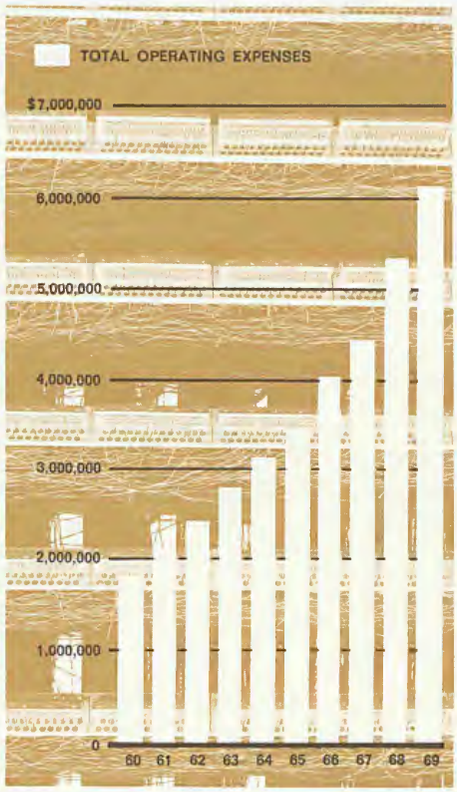
During 1969 the costs of doing business continued their relentless upward climb. Total operating expenses for the year reached $6,534,000, an increase of $1,184,000 or 22.1% over 1968. As in past years, the increases in expense were led by salaries and wages, up 29.1% for the year; federal income taxes, up 32.8%; and state and local taxes, up 20.2% over 1968.

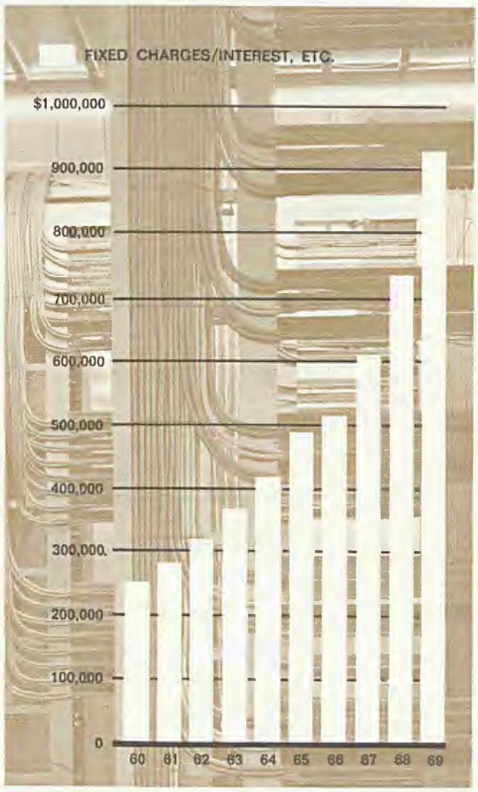
Despite the substantial rise in expenses, management feels that in view of today's economic conditions, this problem is being met as effectively as possible through increased training and automation programs designed to hold operating costs at minimum levels consistent with the providing of quality communication services.

Taxes

As previously mentioned, taxes of all kinds contributed significantly to the 1969 increase in operating expenses. Federal income taxes totaled $1,468,000, up $362,500 or 32.8% over 1968, while state and local taxes increased $64,400 or 20.2% to $382,700. This total company tax bill of $1,851,700 amounted to $1.63 per average share of common stock out-







standing as compared with net income per average share of $1.24.

The addition of $895,300 of federal excise taxes, $202,900 of municipal excise taxes and $255,500 of Florida state use taxes collected from telephone subscribers pushed the total tax bill for communications service in 1969 to $3,186,300, an average of $48.86 per telephone as compared with $44.21 per telephone in 1968.

Interest

All-time interest rate records were established almost daily during 1969, with the result that the cost of funds borrowed to meet ever-increasing service demands totaled $930,700 in 1969, an increase of $185,000 or 24.8% over 1968.

Net Income

Consolidated net income totaled $1,457,300 in 1969. On a source basis $1,429,000 was derived from telephone operations and $28,300 from construction operations. After the payment of $49,800 in preferred stock dividends, net income available for common stockholders totaled $1,407,500, an increase of $347,700 or 32.8% over 1968.

Earnings per average common share outstanding totaled $1.24 as compared with $.93 in 1968.

Dividends totaling $743,600 were paid during 1969. The remaining $663,900 was held for reinvestment in additional plant and equipment.

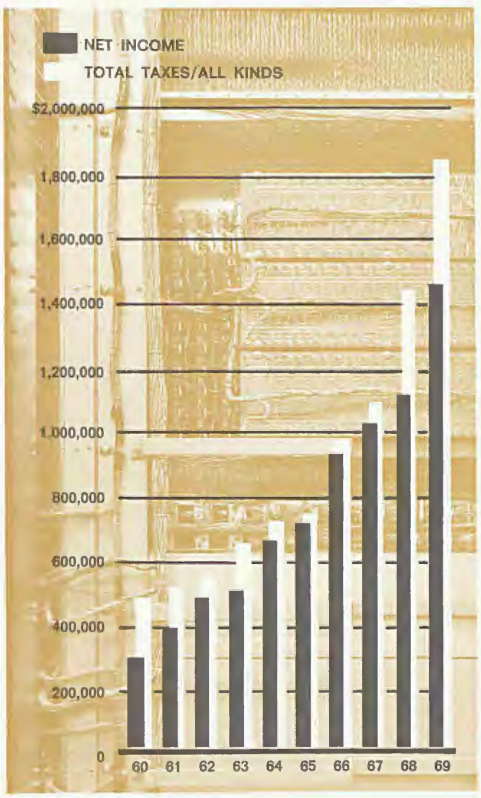
Construction and Finance

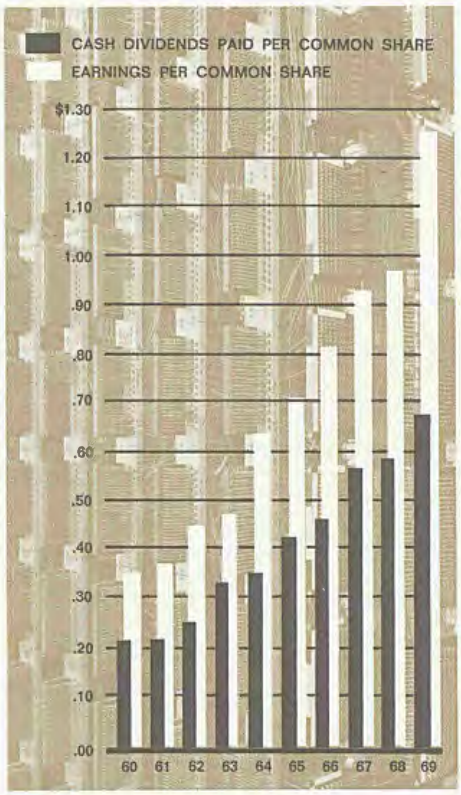
Expenditures for new and improved facilities totaled $4,433,000 in 1969. Included in this amount was $1,246,000 for central office equipment, $1,415,000 for subscriber stations and station supporting equipment, $1,412,000 for outside cable facilities and $360,000 for land, buildings and other miscellaneous equipment including approximately $75,000 investment in the assets of Winco Construction Corporation.

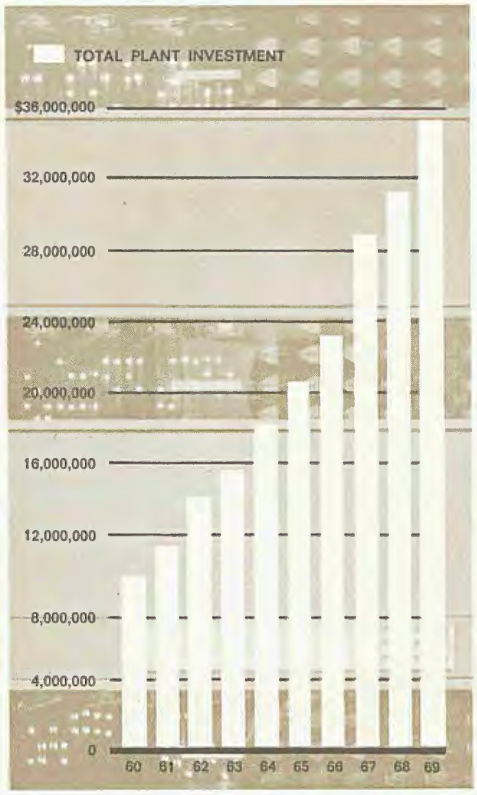
The total investment in telephone plant, including $2,611,600 of plant under construction, was $37,719,300 at year end, an increase of 13.5% over 1968. This total investment amounts to $578 per telephone in service as compared with $568 per telephone in 1968.

To finance these expenditures $1.5 million of short term bank borrowings was incurred. In July, 1969, $5 million of 7.95% Series J. Bonds was sold and the proceeds were applied to retire the short term bank loans. The balance of new funds was generated internally, mainly from retained earnings and depreciation accruals.

Maturity during 1970 of $1.5 million of bank loans coupled with estimated consolidated construction budgets in excess of $8.9 million will necessitate major financing during the coming year. The type, total amount, and exact timing of the financing is not finalized at this time.







J. W. Huggins, testboard and assignment supervisor, explains procedures for cordless operator positions at "Centrex" facility.

CONSOLIDATED STATEMENT OF INCOME

THE WINTER PARK TELEPHONE COMPANY AND SUBSIDIARIES

	Year Ended December 31, 1969	Year Ended December 31, 1968
TELEPHONE OPERATIONS		
Operating revenue		
Local service	$5,393,145	$4,686,050
Toll service	2,587,664	2,019,084
Miscellaneous	646,108	557,144
Less uncollectibles	(76,683)	(48,568)
	8,550,234	7,213,710
Operating expenses		
Maintenance	1,084,953	942,242
Depreciation and amortization — Note G	1,499,430	1,382,772
Traffic, commercial and other	1,734,104	1,541,011
Taxes — other than federal income taxes	382,678	318,236
Federal income taxes	1,449,986	1,106,435
Investment tax credit adjustment — Note G	49,905	59,331
	6,201,056	5,350,027
Net Operating Income	2,349,178	1,863,683
Miscellaneous income (deductions)	10,053	(6,382)
Income Available for Interest Charges	2,359,231	1,857,301
Interest charges	930,240	745,588
Net Income from Telephone Operations	1,428,991	1,111,713
CONSTRUCTION OPERATIONS		
Earned revenue (completed contracts)	361,276	—
Costs, operating expenses, etc.		
Direct contract costs	251,068	—
General and Administrative	53,858	—
Depreciation	8,638	—
Interest and other deductions	425	—
Federal income taxes	18,988	—
	332,977	—
Net Income from Construction Operations	28,299	—
Consolidated Net Income	1,457,290	1,111,713
Preferred stock dividends — Winter Park Telephone Company	49,809	51,971
Consolidated Net Income Applicable to Common Stock	$1,407,481	$1,059,742
Earnings Per Average Common Share	$ 1.24	$ .93

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEET

THE WINTER PARK TELEPHONE COMPANY AND SUBSIDIARIES

	December 31, 1969	December 31, 1968
ASSETS		
Plant and Equipment — at cost — Note B		
Telephone plant in service	$35,107,621	$31,108,905
Less allowances for depreciation	(7,545,662)	(6,318,885)
Telephone plant under construction	2,611,647	2,114,091
Construction-equipment, buildings and land	82,753	—
Less allowances for depreciation	(8,358)	—
	30,248,001	26,904,111
Investments and Other Assets		
Marketable securities — at cost		
3,750 shares Communications Satellite Corp. Common Stock (market value December 31, 1969 — $211,875; 1968 — $197,813)	75,000	75,000
Miscellaneous property — less allowance for depreciation	25,356	12,492
Other assets	81,366	66,129
	181,722	153,621
Current Assets		
Cash	1,692,814	1,400,743
Accounts receivable — Note C	1,046,879	834,875
Notes receivable — employees' stock purchases	42,065	43,337
Construction and maintenance materials — at average cost	471,141	230,848
	3,252,899	2,509,803
Deferred Charges		
Prepaid expenses and other	141,502	113,028
Unamortized loan and debt expense	135,364	70,468
	276,866	183,496
	$33,959,488	$29,751,031

See notes to consolidated financial statements.

	December 31, 1969	December 31, 1968
LIABILITIES		
Stockholders' Equity — Note D		
Common Stock — $2.50 par value:		
Authorized 3,000,000 shares, outstanding 1,135,402 shares — Note D	$ 2,838,505	$ 2,836,007
Cumulative preferred stock — $100.00 par value:		
Authorized 30,000 shares, callable at $104.00 a share:		
5% series, outstanding — 3,483 shares	348,300	363,300
5-½% series, outstanding — 5,724 shares	572,400	593,600
Additional paid-in capital	5,987,526	5,964,263
Installments paid on Common Stock	138,548	110,110
Retained earnings — Note E	2,508,998	1,845,994
Less capital stock expense not being amortized	(260,576)	(257,142)
	12,133,701	11,456,132
Long-term Debt — less portion classified as current		
Bonds, notes and mortgages — Note F	17,882,923	14,836,906
Current Liabilities		
Accounts payable	575,767	368,638
Contracts payable	951,312	1,610,468
Long-term debt — due currently	684,946	191,959
Federal income taxes	552,120	270,532
Taxes other than income	106,062	91,349
Accrued expenses and other liabilities	509,910	413,360
	3,380,117	2,946,306
Deferred Credits		
Deferred investment credit — Note G	560,751	510,846
Other deferred credits	1,996	841
	562,747	511,687
	$33,959,488	$29,751,031

CONSOLIDATED TEN-YEAR SUMMARY*
(UNAUDITED)

THE WINTER PARK TELEPHONE COMPANY AND SUBSIDIARIES

	1969	1968	1967
INCOME DATA			
Revenue	$ 8,911,510	$ 7,213,710	$ 6,148,716
Telephone	8,550,234	7,213,710	6,148,716
Construction	361,276	—	—
Depreciation and amortization	1,508,068	1,382,772	1,214,688
Interest charges	930,665	745,588	604,694
Federal income taxes	1,468,974	1,106,435	821,424
Investment tax credit adjustment	49,905	59,331	111,143
Consolidated net income	1,457,290	1,111,713	1,078,378
Telephone	1,428,991	1,111,713	1,078,378
Construction	28,299	—	—
Preferred dividends	49,809	51,971	53,854
Consolidated net income for common	$ 1,407,481	$ 1,059,742	$ 1,024,524
BALANCE SHEET DATA			
Plant and equipment in service	$35,190,374	$31,108,905	$28,571,140
Telephone	35,107,621	31,108,905	28,571,140
Construction	82,753	—	—
Depreciation reserve	7,554,020	6,318,885	5,365,354
Telephone	7,545,662	6,318,885	5,365,354
Construction	8,358	—	—
Telephone plant under construction	2,611,647	2,114,091	852,536
Capitalization	30,701,570	26,484,997	24,567,880
Bonds, mortgages and notes	18,567,869	15,028,865	13,583,595
Preferred stock	920,700	956,900	993,200
Common equity	$11,213,001	$10,499,232	$ 9,991,085
OPERATING DATA			
Telephones	65,217	58,447	52,375
Business	6,415	5,619	5,146
Residence	34,540	31,351	28,624
Percent 1 and 2 party	73.6	70.4	66.8
Extension telephones	24,262	21,477	18,605
Percent increase over preceding year	11.6	11.6	10.8
Net plant investment per telephone	$ 423	$ 424	$ 443
Capital expenditures — telephone	$ 4,357,992	$ 3,007,382	$ 5,270,714
Employees	411	321	291
Telephone	360	321	291
Construction	51	—	—
Payroll and employee benefits	$ 2,717,000	$ 2,256,000	$ 2,028,000
COMMON STOCK DATA**			
Stockholders	2,237	2,274	2,194
Shares outstanding — year end	1,135,402	1,134,403	1,133,242
Average shares outstanding	1,134,869	1,133,794	1,123,115
Earnings per average share	$ 1.24	$ .93	$ .91
Dividends paid	743,638	642,564	568,435
Dividends declared per share	.66	.58	.56
Book value per share	$ 9.88	$ 9.26	$ 8.82

*All data have been restated to include companies added through poolings of interest. Construction subsidiary was established in February, 1969. The opinion of the certified public accountants does not cover this ten-year summary.

**Adjusted where appropriate for stock splits and stock dividends.

1966	1965	1964	1963	1962	1961	1960
$ 5,510,066	$ 4,659,887	$ 4,232,263	$ 3,706,200	$ 3,256,371	$ 2,830,269	$ 2,346,467
5,510,066	4,659,887	4,232,263	3,706,200	3,256,371	2,830,269	2,346,467
—	—	—	—	—	—	—
1,078,404	939,060	823,403	722,237	624,656	532,721	412,312
519,543	493,002	426,914	377,768	321,825	285,793	264,459
721,697	534,154	522,587	431,003	411,811	404,270	327,573
83,165	72,375	57,401	64,244	64,409	—	—
948,754	726,341	648,027	485,854	474,145	399,872	328,959
948,754	726,341	648,027	485,854	474,145	399,872	328,959
—	—	—	—	—	—	—
55,503	57,992	59,218	61,245	63,154	64,963	67,329
$ 893,251	$ 668,349	$ 588,809	$ 424,609	$ 410,991	$ 334,909	$ 261,630
$23,602,230	$20,408,160	$17,835,814	$15,709,464	$14,083,701	$11,528,413	$10,075,602
23,602,230	20,408,160	17,835,814	15,709,464	14,083,701	11,528,413	10,075,602
—	—	—	—	—	—	—
4,463,414	3,671,849	2,999,735	2,419,554	2,009,283	1,645,621	1,336,813
4,463,414	3,671,849	2,999,735	2,419,554	2,009,283	1,645,621	1,336,813
—	—	—	—	—	—	—
2,477,544	1,861,013	1,219,699	946,917	648,789	697,802	336,747
22,195,606	19,177,524	17,243,944	14,578,918	13,423,719	11,560,094	9,591,531
11,733,615	12,704,715	11,295,340	9,138,620	8,311,803	6,761,688	6,342,198
1,022,900	1,064,700	1,101,900	1,136,100	1,175,900	1,205,400	1,239,000
$ 9,439,091	$ 5,408,109	$ 4,846,704	$ 4,304,198	$ 3,936,016	$ 3,593,006	$ 2,010,333
47,285	43,036	38,671	35,307	31,976	29,076	26,638
4,832	4,501	4,156	3,740	3,505	3,204	3,002
26,358	24,386	22,519	20,871	19,107	17,620	16,492
62.5	58.7	54.8	50.0	44.5	40.0	33.4
16,095	14,149	11,996	10,696	9,364	8,252	7,144
9.9	11.3	9.6	10.4	10.0	9.2	13.3
$ 405	$ 389	$ 386	$ 376	$ 378	$ 340	$ 329
$ 3,575,096	$ 2,876,697	$ 2,408,361	$ 2,103,766	$ 2,908,241	$ 1,698,619	$ 2,344,861
276	265	248	236	225	213	211
276	265	248	236	225	213	211
—	—	—	—	—	—	—
$ 1,814,000	$ 1,650,000	$ 1,510,000	$ 1,381,000	$ 1,236,000	$ 1,057,000	$ 893,000
2,187	1,514	1,250	1,103	1,016	852	716
1,116,745	967,697	911,650	891,434	862,546	824,053	606,895
1,059,003	951,834	897,654	884,390	843,830	742,326	590,068
$ .84	$ .70	$ .68	$ .48	$ .49	$ .45	$ .44
473,743	387,049	308,384	283,561	230,696	190,687	141,993
.46	.41	.33	.32	.25	.21	.21
$ 8.45	$ 5.59	$ 5.32	$ 4.83	$ 4.56	$ 4.36	$ 3.31

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

THE WINTER PARK TELEPHONE COMPANY AND SUBSIDIARIES

	Year Ended December 31, 1969	Year Ended December 31, 1968
Balance beginning of year 1968, previously reported	$1,845,994	$1,403,430
Add amounts arising from pooling of interest — Note A	—	26,226
Add net income for year	1,457,290	1,111,713
	3,303,284	2,541,369
Deduct		
Dividends (cash)		
Winter Park Telephone Company — Common Stock (1969 — $.66 a share; 1968 — $.58)	685,052	601,420
Winter Park Telephone Company — Preferred Stock	49,809	51,971
Quincy Telephone Company	58,586	41,144
Amortization — plant acquisition adjustment	839	840
	794,286	695,375
Balance at End of Year	$2,508,998	$1,845,994

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	Year Ended December 31, 1969	Year Ended December 31, 1968
SOURCE OF FUNDS:		
From operations:		
Consolidated net income	$1,457,290	$1,111,713
Add expenses not requiring cash outlay, principally depreciation	1,565,008	1,434,166
	3,022,298	2,545,879
Proceeds from sale of common stock	54,200	72,039
Proceeds from sale of bonds and increase in notes payable	5,432,921	1,547,462
Decrease in working capital	—	875,690
	$8,509,419	$5,041,070
APPLICATION OF FUNDS:		
Plant and equipment — net of salvage and retirements	$4,849,264	$4,061,904
Dividends paid to stockholders	793,447	694,535
Reduction of long-term debt	1,893,917	227,190
Retirement of preferred stock	36,200	36,300
Capital stock expense	3,434	4,845
Increase in working capital (exclusive of notes and bonds payable)	802,272	—
Increase in other assets	130,885	16,296
	$8,509,419	$5,041,070

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THE WINTER PARK TELEPHONE COMPANY AND SUBSIDIARIES

NOTE A — PRINCIPLES OF CONSOLIDATION AND ACQUISITION

The accounts of the Company and its three subsidiaries, Orange City Telephone Company, Incorporated, Winco Construction Corporation and Quincy Telephone Company have been consolidated as a "pooling of interest" in the accompanying financial statements.

On January 29, 1970, Quincy Telephone Company was acquired by exchange of 96,969 shares of Winter Park Telephone Company Common Stock for all of the outstanding stock of Quincy Telephone Company. The accounts of Quincy Telephone Company have been included in the accompanying financial statements retroactively as a "pooling of interests." Its net assets included in the consolidated financial statements amounted to $693,721 at December 31, 1969, and $675,049 at December 31, 1968. Net income amounted to $78,097 for 1969 and $73,853 for 1968.

Winco Construction Corporation was formed in February, 1969. The Company performs telephone plant construction and maintenance services for Winter Park Telephone Company and Orange City Telephone Company, Incorporated. Amounts billed for construction services, which include a return on investment, are included in consolidated telephone plant. In management's opinion, these prices compare favorably with prices at which the companies could obtain comparable services from any other source. All other inter-company accounts have been eliminated.

NOTE B — TELEPHONE PLANT AND EQUIPMENT

Telephone plant in-service comprises land, buildings, vehicles and telephone equipment. Allowances for depreciation and amortization have been calculated on the straight-line method. When plant is retired, its cost plus the cost of removal is charged to the allowance for depreciation and any salvage is credited thereto. The cost of repairs and maintenance of plant is charged to operating expenses.

NOTE C — ACCOUNTS RECEIVABLE

The Winter Park Telephone Company and its subsidiary, Orange City Telephone Company, Incorporated, follow a policy of charging off all accounts sixty days past due. Therefore, no allowance for uncollectibles has been provided. Quincy Telephone Company has provided an allowance considered adequate for accounts of doubtful collectibility.

NOTE D — CHANGES IN STOCKHOLDERS' EQUITY

During the year 1969 (1) Common Stock with a total par value of $2,497 was sold to employees under the terms of the stock option plans with $23,263, the excess of sale price over par value, being recorded as additional paid-in capital. (2) Installments paid on common stock under the employees' stock option plan increased by $28,438. (3) The Winter Park Telephone Company retired $15,000 par value, 5% preferred stock and $21,200 par value, 5-½% preferred stock. (4) Capital stock expense increased by stock issuance costs totaling $3,433.

NOTE E — RETAINED EARNINGS

At December 31, 1969, and 1968, $2,299,760 and $1,646,243, respectively, of consolidated retained earnings was available for the payment of dividends.

NOTE F — LONG-TERM DEBT

Long-term debt, exclusive of current maturities, at December 31, 1969, was as follows:

Winter Park Telephone Company:	
First mortgage bonds:	
Series "E" bonds — 4%, due January 1, 1975	$ 534,000
Series "F" bonds — 4⅞%, due May 1, 1983	1,780,000
Series "G" bonds — 5¼%, due April 1, 1991	2,375,000
Series "H" bonds — 4⅝%, due May 1, 1990	1,455,000
Series "I" bonds — 6½%, due November 1, 1996	2,450,000
Series "J" bonds — 7.95%, due July 1, 1999	
Note payable to bank — unsecured, 8½% — due June 30, 1970 — to be repaid by equity or debt financing	1,500,000
Subsidiaries:	
First mortgage notes to United States of America (Rural Electrification Administration) — 2%	2,182,581
Subordinated mortgage notes:	
7%	394,000
10¼%	207,342
Note payable to bank — demand — 8% to be repaid by long-term borrowing	55,000
Total	$17,882,923

Aggregate current maturities of long-term debt for the next five years are: 1971 — $224,946; 1972 — $242,446; 1973 — $254,946; 1974 — $254,946; 1975 — $723,946.

NOTE G — INVESTMENT TAX CREDIT ADJUSTMENT

The investment tax credit (1969 — $81,065; 1968 — $86,917) deducted in arriving at federal income taxes payable, less amortization of prior year credits, is included in the income statement as operating expense. The tax credit thus deferred, is being amortized over the estimated service life of the applicable telephone plant. A comparable amount, formerly classified as depreciation expense, has been restated for the year 1968. Such restatement did not effect net income.

NOTE H — PROFIT SHARING PLAN

Eligible employees of the Winter Park Telephone Company and Orange City Telephone Company, Incorporated participate in a profit sharing plan. The plan provides that the companies shall contribute to a trust fund each year the lesser of: (1) 10% of employees' earnings (2) the balance of net income

after deducting 10% of employees' earnings, federal income taxes and two times the preferred stock dividends paid during such year. In the event there is no balance remaining under (2) there is no contribution requirement. The Companies' contribution is allocated to expense and plant in proportion with the labor charge. Contributions to the plan totaled: 1969 — $157,412; 1968 — $137,427.

NOTE I — STOCK OPTION PLAN

The Winter Park Telephone Company has established a qualified stock option plan which permits eligible employees and officers of the Company and its subsidiaries to purchase Winter Park Telephone Company Common Stock. The offering price is 100% of market value on the date of grant. Installment payments on Common Stock, for which shares have not been issued, totaled $138,548 and $110,110 at December 31, 1969 and 1968, respectively.

Pursuant to this plan, at December 31, 1969 shares under option and shares sold are as follows:

Year of Grant	Shares Under Option	Option Price Per Share	Total	Shares Sold	Sale Price Per Share	Proceeds
1966	15,294	$25.83	$395,044	4,410	$27.76	$122,428
1967	2,400	33.75	81,000	280	43.25	12,110
1968	3,570	30.97	110,563	—	—	—
1969	8,552	30.20	258,270	—	—	—

Sales proceeds have been credited to common stock and additional paid-in capital.

NOTE J — COMMITMENTS

At December 31, 1969, the Companies had commitments for the purchase or construction of fixed assets aggregating approximately $500,000.

ERNST & ERNST
CERTIFIED PUBLIC ACCOUNTANTS
332 NORTH MAGNOLIA AVENUE
ORLANDO, FLORIDA 32801

Board of Directors
The Winter Park Telephone Company
Winter Park, Florida

We have examined the consolidated balance sheet of The Winter Park Telephone Company and subsidiaries as of December 31, 1969 and the related statements of consolidated income and retained earnings and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. A predecessor firm previously made a similar examination of the financial statements for the preceding year. We did not examine the financial statements of Quincy Telephone Company, a consolidated subsidiary, which statements were examined by other independent accountants whose reports thereon have been furnished to us. Net assets of Quincy Telephone Company at December 31, 1969 amounted to $693,721 and the net income for the year amounted to $78,097.

In our opinion, based upon our examination and the aforementioned reports of other independent accountants, the accompanying balance sheet and statements of income and retained earnings and source and application of funds present fairly the consolidated financial position of The Winter Park Telephone Company and subsidiaries at December 31, 1969, and the consolidated results of their operations and source and application of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Ernst & Ernst

Orlando, Florida
February 3, 1970

AREA GROWTH

The 11.6% growth in stations during 1969 was a result of a further increase in new business firms, the greatest amount of residential construction in a decade, increased educational facilities and the impact of continued Disney World development (not in the Company service area).

Plans were announced this year for a regional shopping center to be completed within two years in the northern portion of the Company service area. This "Cross-County Shopping Center" will include two major department stores, a twin theatre and over forty smaller stores connected by an air-conditioned mall.

A short distance east of the new shopping center, a 100-bed hospital and a 125-bed nursing home are scheduled to be built. Florida Sanitarium and Hospital has proposed this satellite hospital which, when opened in January 1972, will employ 200 people and operate on a budget of $2 million annually. Hallmark Medical Center will own and operate the nursing home which is presently under construction. The ultimate plans for the hospital indicate a capacity of 400 beds which will complement the existing Florida Sanitarium and Hospital in Orlando.

The Orlando Naval Training Center, for which the Company will provide service beginning in March, 1970, continues to expand and projects a dollar input to the Central Florida economy of over $51 million in 1970. The Center will process some 25,000 recruits during 1970. By 1975 the Navy anticipates 38,500 recruits annually, and a yearly dollar input of almost $65 million.

On March 8, 1970, at approximately 2 a.m., a 1,500-line centrex switchboard is scheduled to be placed in service at the Training Center. This system will serve approximately 3,000 telephones. The centrex system will be housed in a $72,000 modern brick structure owned by the telephone company and leased to the Navy. The centrex system will offer all the modern services available. Such services will include conference circuits, station transfer, bridged extensions and direct inward and outward dialing. Approximately six months were required to install this switching system at a cost of approximately one-half million dollars. It is expected that revenues from this source will exceed $100,000 a year.

Commercial building construction continues strong, with the recently-completed 14-story Hartford Insurance building in Orlando. The nineteen-story C.N.A. Insurance building, also in Orlando, is progressing according to schedule as is the construction of the new First National Bank and Florida Gas Company buildings in Winter Park.

While the two insurance buildings are not in the Company service area, Winter Park receives consider-

Winter Park's new First National Bank Building reflects the unprecedented residential and commercial growth in the Company service area.

able impact from this development in the form of residential demand.

The major growth impact in The Winter Park Telephone Company service area has been due to single family residential development and apartment construction.

Home sales continue strong even in the face of rising interest rates. Approximately nineteen new subdivisions or new sections of subdivisions were opened in 1969 with over 1,150 homesites.

In the Winter Park Telephone Company service area, there are over 3,800 apartment units, a 59% increase over 1968. More than 85% of these apartment units are occupied. There are another 1,900 units under construction and scheduled for completion in 1970.

With land prices and construction costs rising at a faster rate than the economy, many economists feel that mobile and/or modular homes will be important in achieving the national goal of home ownership for every family desiring it.

The Winter Park service area already has two large trailer parks under construction with a combined total of 1,000 lots. In addition, at least two local firms have announced intentions of designing and building modular homes.

Central Florida expanded its education facilities during 1969 and is becoming the hub of learning for the Sunshine State.

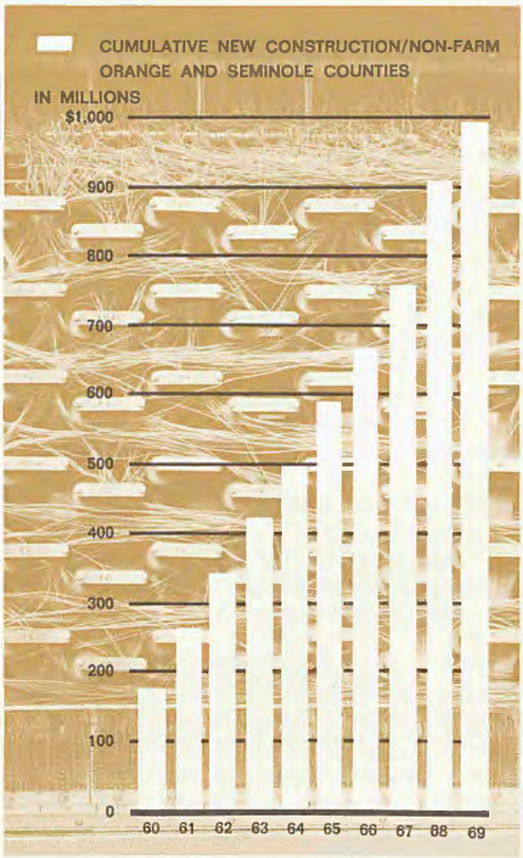
Rollins College, Winter Park's highly-respected Liberal Arts College, continued its planned growth with the opening of the $3.2 million Bush Science Center this year. Construction of a new women's dormitory also began with scheduled completion for 1970. There are over 1,100 full-time undergraduate students at Rollins with an additional 1,300 in the Continuing Studies Evening Program.

Florida Technological University, just east of the Winter Park service area, completed its first phase of construction which involved an expenditure of some $10 million. Phase Two, now started, includes a $1.5 million classroom building which opened in the Fall of 1969; a $3.4 million Science Technology Building and a $2.5 million Administration Building. The latter two are to be completed in 1970. FTU has over 3,500 students currently enrolled with a conservative projection of 25,000 students by 1980.

Seminole Junior College, just north of the Winter Park Telephone Company service area, will move into its new $3 million campus in September, 1970, with over 2,100 students. Valencia Junior College in southwest Orlando has received State approval for a $2.8 million expansion of its facilities.

The College of Orlando (formerly Orlando Junior College), located in Orlando, is preparing to become a full four-year private institution by 1971.

Walt Disney World, located 21 miles southwest of the Winter Park Telephone Company service area, continued its construction of what is expected to be the world's finest entertainment center. The Theme



Park is scheduled to open October 1, 1971, with a predicted first-year attendance of eight million people. Disney World has already begun to influence the area labor market. The labor force, particularly the construction segment, is presently at an all-time high.

Orange City Telephone Company is beginning to feel the effect of expansion at the huge Deltona Complex (a projected residential complex of 32,000 homes, about half of which will be located in the Orange City Telephone Company service area) with a record gain of 305 stations in 1969.

Several new trailer parks or park additions were opened in Orange City during the year. Current trends toward mobile home living has enhanced Orange City's growth potential, both from the standpoint of existing parks and land available for this development.

MARKETING

Our 1969 Marketing and Advertising Programs closed out the decade showing continued success and benefit to Company operations. More effective utilization of newspaper and radio advertising, bill inserts, truck posters, and individual employee sales efforts, with emphasis on specific products and services, enabled us to reach selected market areas and contributed significantly to overall Company sales results.

Eight banks of telephone stations provide service to recruits at Orlando Naval Training Center.


The Winter Park Telephone Company
U.S. TIME ZONES
PAYSTATIONS
phone
phone
PAYSTATIONS

In 1969, the ratio of residence extensions to residence main stations reached an all-time high of 47.1% reflecting continued success in the sale of extension telephones. Business sales exceeded, by approximately $150,000, the 1969 sales objective of $642,000.

Continued emphasis on paystation development, through constant evaluation of revenue results and relocation of paystations to improve performance, has resulted in increased revenues to the Company. A new permanent paystation center was established at the Naval Training Center during this year and presently has 48 paystations and 14 coinless stations in operation. Total paystations in service at year end totaled 634 as compared with 538 in 1968.

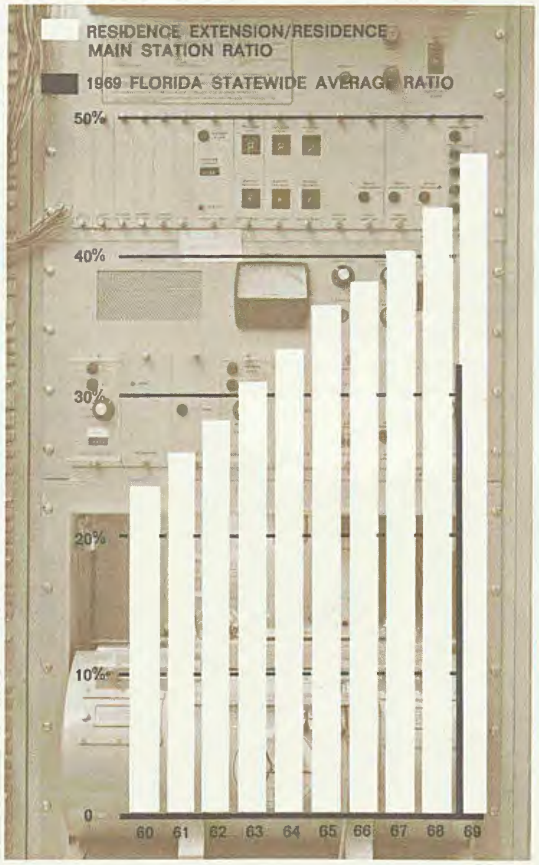
A new "Weather" feature was added to the Time and Temperature public service announcements furnished by The First National Bank at Winter Park. Through the cooperation of the United States Weather Bureau, the weather forecast is automatically programmed with the time and temperature announcement. This was the second such installation in Florida and the third in the nation.

During the year, many new products and services were evaluated by the Company's Product and Service Committee. The Tel-Tone (Pushbutton) Ericofon and the new Trendline (Dial-In Handset Telephone) were recommended and approved for offering to our subscribers early in 1970. Multiline Telephone System Packages were developed with each package incorporating a variety of different features to assure our customers' having custom service at reasonable rates. Residence Package Service is presently being considered as a possible service offering. This new package arrangement incorporates a different number of extension telephones and communication features in each package. Other new services being considered for future offering include: Tel-Tone (Pushbutton) Service for small PABX's; custom-designed intercom services; and new dataphone services.

The annual Company display at the Florida Industies Exposition continues to be a feature attraction for those visiting the Exposition. This program has proven to be a successful way to inform business customers of the various business and data communication services furnished by the Company.

SERVICE

Customer service was improved with the implementation of a three-digit number for the Company business office. Beginning December 7, 1969, subscribers could dial 811, the new Business Office code, and immediately reach a service representative for assistance in arranging new or additional service, billing rates, credit cards, or other telephone information. This innovation is a considerable improvement in service efficiency and convenience.



Service was further stressed with the establishment of a Customer Service Unit within the company. This unit is responsible for the Subscriber Assistance Program (new customer contacts), the PBX Instructional Program, and the School Instructional Program.

The Subscriber Assistance Program consists of follow-up calls to new customers, after service has been installed, to answer questions regarding their telephone service and to invite comments about the quality of the service. This program alone produced 6,093 new customer contacts in 1969, and has proved effective in improving customer relations.

Additional service assistance was provided through the PBX Instructional Program which is important and valuable to business subscribers. The program was developed several years ago to aid business subscribers and their employees in the efficient and proper use of their communications equipment.

The School Instructional Program was further expanded during the year. The distribution of safety coloring books to elementary schools was incorporated in the program. The School Instructional Program has proven to be beneficial and effective in teaching youngsters the proper use of telephone service and in developing good subscriber relations.

Although many of the customer service functions have been in effect for years, the expected result of the Customer Service Unit is better coordination in order to improve service to our subscribers.

Over the years, the Company has strived to provide quality service to its customers. This effort was

recently rewarded by a public statement made by the Florida Public Service Commission. The Commission, in Order No. 4699, which authorized an increase in The Winter Park Telephone Company local service rates August 1, 1969, stated: "Few utilities render service that meets the standards maintained by The Winter Park Telephone Company." This statement was based on performance as related to Commission service standards which went into effect January 1, 1969. These standards attempt to measure Company efficiency in connection with the installation and repair interval, operator service, telephone facility availability, calling rates and trunking capacity. To insure rapid response when our customers experience equipment trouble, many new test instruments and techniques were introduced into the Company's maintenance operation. Instruments to detect points at which intermittent cable flaws appear and ultrasonic leak detectors to locate leaks in cable pressurization are examples of new equipment in use at the switching centers.

Uncontrollable influences, such as weather and damage to telephone cables by construction forces, have an effect on quality of service. On one occasion, severe weather conditions caused more than seven hundred service interruptions in a two-day period. The largest man-made cable damage in the history of the Company occurred when an outside contractor cut a 1212-pair, a 1515-pair, and a 2424-pair cable while drilling under a state road. However, in spite of these uncontrollable influences, the per-station service standards were improved during 1969 as compared with 1968.

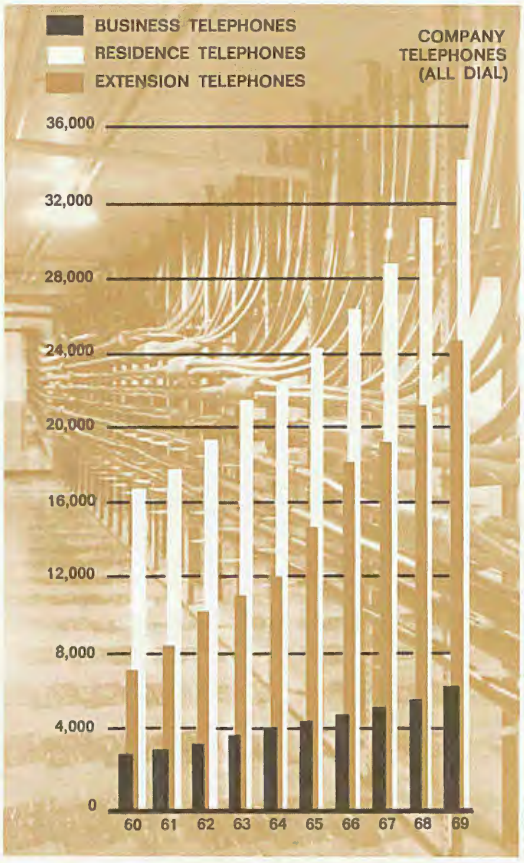
Emphasis on increasing efficiency enabled our personnel to process more than 42,000 service orders during the year. Even with the growth in demand for service, 96% of all requests for new service were provided on the date required or within three days from the date requested. A total of 18,703 telephones were installed during the year and 12,460 removed, for a net increase of 6,243 telephones. In order to meet the customer demand for service, an additional 4,270 lines of central office equipment and more than one million conductor feet of cable were installed.

EMPLOYEES

In 1969 the number of employees of the Winter Park and Orange City telephone companies increased to 308 from 263 in 1968. To maintain the necessary employee complement, some 1,293 interviews were conducted in 1969. Based upon results from subsequent interviews, testing and further screening, 96 employees were selected, hired and indoctrinated into the Company operations.

A total of 57 employees were promoted within the Company during the year. Seven hourly-rated em-

The expanded rotary file installation makes it possible for service representatives to handle subscriber requests more efficiently.



ployees were promoted to management positions, while five management personnel were advanced to higher-rated positions. Two management positions were filled from outside the Company in 1969.

By providing a well-rounded employee relations program, the Company attempts to maintain its high level of employee morale so as to retain competent personnel.

Basic to this program is the need to maintain a fair, yet competitive, level of wages. In 1969, the Company deemed it necessary and desirable to initiate two wage increases for hourly-rated personnel. The first increase, granted in April, amounted to approximately 4%. The second general increase, implemented in December, was approximately 3%. The total wage adjustment for the year amounted to approximately $100,000. In addition to these general wage increases, numerous individual appraisals were made during the year in accordance with the Company wage and employee evaluation program and appropriate adjustments were made where earned and deserved.

In keeping with the wage increases granted to hourly personnel, a general wage increase was put into effect for management personnel on November 1, 1969. This increase will total approximately $50,000 annually.

The Company recognizes that employee recreational and social activities are important in maintaining good morale and has encouraged employees to participate in such Company-sponsored programs as the annual Company picnic, bowling, tennis, softball, Christmas luncheon and President's annual report dinner. A Company camp is also available throughout the year for the use of employees and their families.

Education and training are programs which the Company has always considered extremely necessary and desirable, both for the Company and the employees. As a result some $5,400 were expended for off-premises training purposes in 1969. They included academic training at the nearby junior and senior colleges and universities as well as technical, vocational and group management courses. A total of 103 employees participated in the Company-sponsored tuition payment plan during 1969. In addition to off-premises training, some 2,200 man-hours of classroom instruction in telephone plant operations were conducted, utilizing in-Company training personnel and facilities.

The EXCEL employee suggestion system was inaugurated in 1968 and completed its first full year in 1969. As of December 31, some 82 suggestions had been received for the year. 33 were accepted and implemented. 19 of these were considered sufficiently beneficial to the Company to warrant cash awards to the responsible employee.

Other significant aspects of the Company employee relations program include group insurance, paid vacations and holidays, and a stock purchase program in which some 212 employees either own or hold options to purchase common stock. Of major importance is an Employee Deferred Profit Sharing Retirement Plan. This plan, which was implemented in 1955, requires no contribution by the employee. To date, the plan has been most successful and management considers it a key contributor to the Company's successful employee relations.

PUBLIC RELATIONS

Participation in the public and civic affairs of the communities it serves is one of the obligations of any corporate or private citizen. Recognizing this fact, The Winter Park Telephone Company has continued its activity in a variety of community programs such as Business-Education Day, various school programs, Company tours, community programs and has encouraged all employees to take an active part in community life. Management personnel typified involvement in this area by their activities on local, state and national civic and professional committees.

The Company's decision to petition the Florida Public Service Commission for higher rates over-

shadowed other public relations developments in 1969. Adopting a philosophy of "educational enlightenment," the Company informed its many publics about the rate case via bill inserts, direct mailouts, news releases, flip chart presentations, fact sheets, visitations to community and government leaders, speeches and an intensive employee information program. In all of these, the Company justified the need for increased revenues to provide adequate earnings and thereby insure reliability and availability of quality telephone service. This informational effort concluded with the approval of increased rates for the Company by the Florida Public Service Commission.

Another major public relations program in 1969 was "The Official Always Be Careful Coloring Book" which was developed and distributed in cooperation with the Winter Park Police Department. The 32-page book, which gives helpful safety tips on emergency use of the telephone, how to cross streets, and how to deal with strangers, was distributed to some 4,500 school children in the Company's service areas. As a result of local publicity about the book, articles appeared in several regional and national magazines and in one international magazine and the coloring book was endorsed by the United States Independent Telephone Association. Approximately 100 requests for copies of the book were received from utilities, individuals and law enforcement agencies in most of the 50 states, Japan, Australia and Central America. To date, over 188,000 copies have been ordered and have been or soon will be distributed throughout the country. The coloring book was also placed in competition with all other public relations programs in the state and was the unanimous choice of the Florida Public Relations Association for its top award - the Golden Image Award.

WINTER PARK TELEPHONE AND THE TELEPHONE INDUSTRY

The United States Independent Telephone Association was organized in 1897 to promote the general welfare of the individual firms and corporations engaged in providing independent telephone service in the United States and its territories as well as the manufacturers and suppliers of equipment and material needed to meet the ever-increasing service requirements.

The Winter Park Telephone Company continued to actively participate in the association in 1969. Mr. J. K. Galloway, Winter Park Telephone's Chairman of the Board, was elected Second Vice President of the association. As Second Vice President, Mr. Galloway also is Chairman of USITA's Public Relations Committee and Co-Chairman of the Public Affairs

Frank D. Hutsell, general commercial manager, describes commercial operations to M. S. Muthanna, manager of Bombay, India, Telephone Company, during U.N. sponsored study of Company facilities.

Personnel training program pays off in improved plant operations and employee advancement.

Police officials joined with Company President, R. P. Hulbert, in receiving the Golden Image Award.

M. L. Barre helped J. K. Galloway celebrate his election to the Florida Telephone Association Hall of Fame.

Committee. He also serves on the Association's Board of Directors as well as the Executive, Finance and Membership Committees.

Quincy Telephone Company President Mitchell N. Drew and Winter Park Telephone President Russell P. Hulbert are also active in USITA. Mr. Drew is currently a member of the USITA's Board of Directors, and Chairman of the Small Business Committee. Mr. Hulbert serves on the association's Communications Satellite Committee.

Management also participated in the Florida Telephone Association's activities and committees. In past years, J. K. Galloway, R. P. Hulbert, B. A. Galloway, M. L. Barre, and M. N. Drew have all served as president of the FTA, and other members of the Company have provided leadership in FTA seminars and workshop meetings.

With the election of J. K. Galloway to the Florida Telephone Association's Hall of Fame last year, the Company now has two men so honored. Mr. M. L. Barre, Assistant to the President, was elected into the Hall of Fame in 1964. In addition, the late Carl H. Galloway, Sr., was similarly honored in 1968. To be eligible for selection into this Hall of Fame, an individual must have been in the telephone business for at least 40 years; must have attained and served in an executive capacity with a member company of the Association; and must have made noteworthy contributions to the advancement of telephony in Florida and thus brought credit to the FTA.

SERVICE AREA

By authority of the Florida Public Service Commission the Company provides communications services to three operating areas totalling approximately 600 square miles in portions of four Florida counties. In addition, through the Quincy Telephone Company operating area, service is provided to a 50-square-mile area in the State of Georgia under authority of that state's regulatory body. Located within the Company's service areas are the cities of Winter Park, Longwood, Altamonte Springs, Maitland, Casselberry, Eatonville, Orange City, Lake Helen, Quincy, Greensboro and Gretna, Florida and Attapulgus, Georgia. The Company holds franchises from all of the incorporated areas it serves.

Quincy, Florida, home of the newly acquired Quincy Telephone Company.

Through expression of need by citizens and local groups, there now exists a 995-square-mile area within which the subscribers of the Winter Park Company may dial on a flat-rate, toll free basis. On June 28, 1970, this toll-free calling area will be substantially expanded through the addition of the Apopka, Winter Garden, Windermere and Montverde exchanges of the Florida Telephone Corporation, and will give Winter Park subscribers access to all telephones in Orange and Seminole Counties. This expanded calling area is the result of joint action by our Company, Southern Bell Telephone Company and the Florida Telephone Corporation.

The Quincy, Gretna and Greensboro exchanges in North Florida are interconnected in a flat-rate calling area, while Quincy and Gretna subscribers may also call Southern Bell Telephone Company's Havana exchange without toll charges. The Attapulgus, Georgia exchange shares toll-free calling with subscribers in the Bainbridge, Georgia exchange operated by Southern Bell. In addition, Quincy serves as a long distance operating center for Gretna, Greensboro and for Southern Bell's Havana exchange subscribers.

Growth in the State of Florida is reflected in population increases in the Company's service areas. In 1950 the three Company operating areas had a combined population of 39,000. By the end of 1969, the population had increased to an estimated 133,500.

Winco Construction Corporation was formed in February, 1969, and generated gross revenues in excess of $361,000 during its first eleven months of operation.

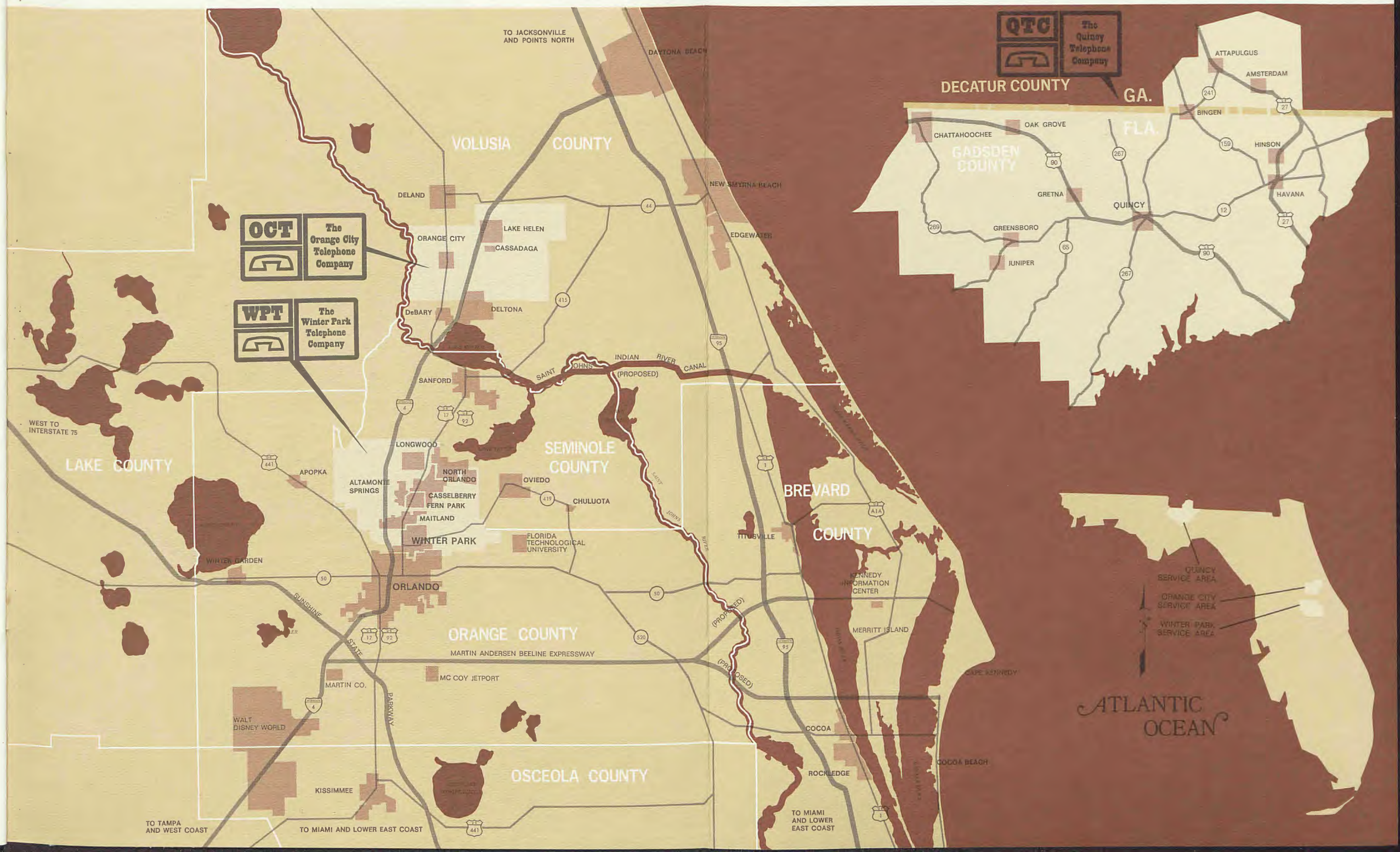
During that period of time, in addition to construction work performed for The Winter Park Telephone Company and the Orange City Telephone Company, Winco successfully negotiated a contract with the A. T. & T. Company for relocation of several miles of coaxial cable at Haines City, Florida, and installed a fully-automatic golf course irrigation system at the U.S. Naval Training Center, in Orlando, Florida. During the year, Winco completed two major conduit and manhole systems for The Winter Park Telephone Company and installed more than 60 miles of underground cable.

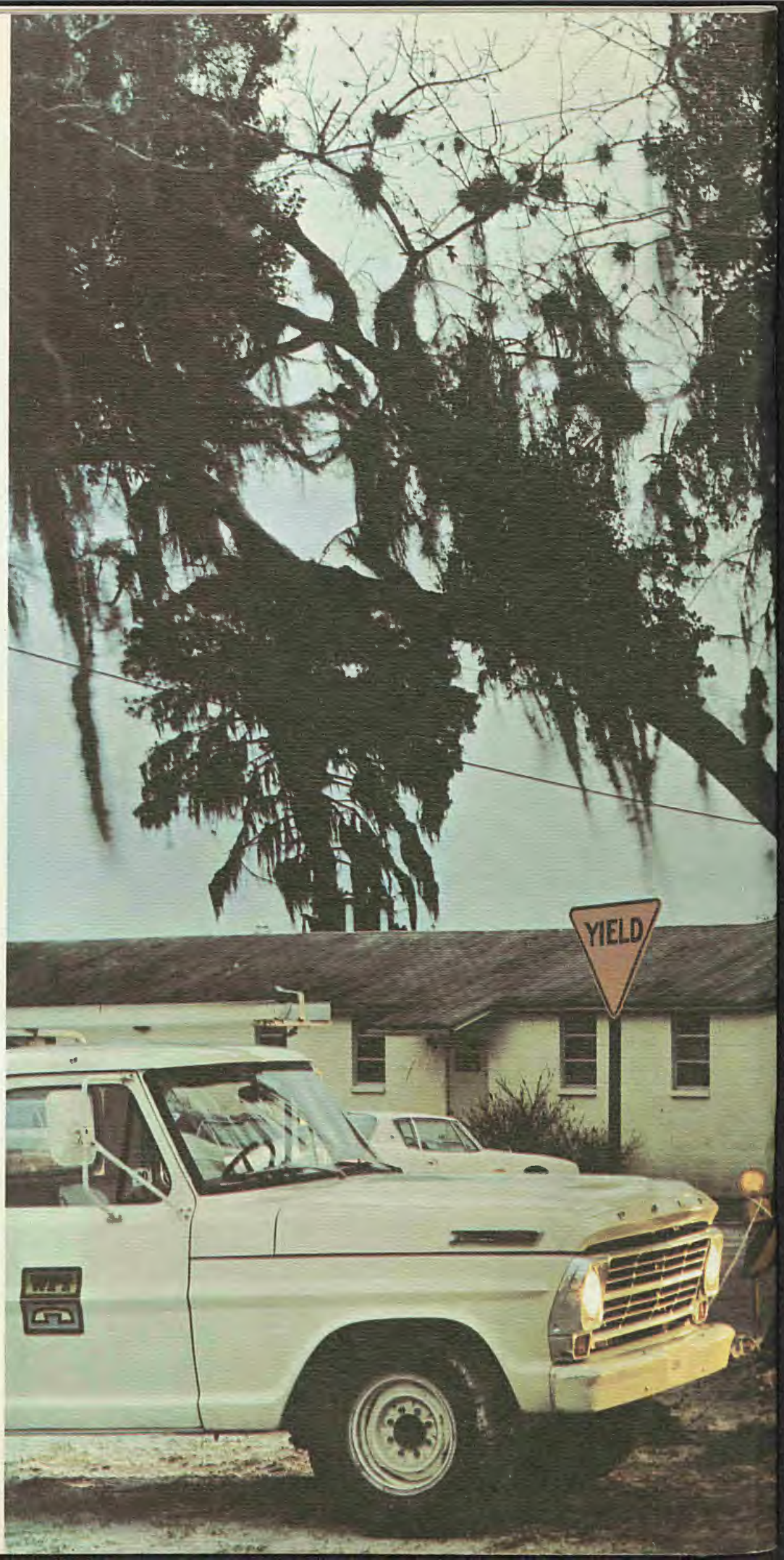
At year end 1969, Winco Construction Corporation owned and operated more than 50 pieces of construction equipment, valued at approximately $47,000, and employed 51 people. Land and buildings, valued at $30,000, serve as the base for Company operations.

Performance of this new subsidiary has been most satisfactory, and, in 1970, it is expected that Winco Construction Corporation will show a continued substantial increase in revenue.


PURE
MERIT
LOANS
267

The Company now serves a combined area of approximately 650 square miles. The rapidly increasing population of this service area is presently about 133,500.




YIELD