


Proxy.

Know all Men by these Presents, THAT
 I, Henry L. Higginson, Stockholder in the
 National Bell Telephone Company, do hereby constitute
 and appoint, irrevocably, *L. W. Devonshire*
 with power of substitution, Attorney and Agent, for me and in my
 name, place and stead, to vote as my proxy at the next Annual or Special
 Meeting of the Stockholders of said Company, and at any adjournment or ad-
 journments thereof, for the election of Directors, and upon any and all matters
 that may come before the said meeting or meetings, according to the number of votes
 I should be entitled to vote if then personally present.

In Witness Whereof, I have hereunto set my hand and seal
 this twenty-seventh day of March one thousand eight
 hundred and eighty.

In presence of

J. W. Thomas

H. L. Higginson 

Copies of Proxy Forms and Votes Used in
 Annual Meetings of Stockholders of
 American Telephone and Telegraph Company
 and Its Predecessors, at Intervals
 from 1880 to 1935

SUBJECT

American Telephone and Telegraph Company,

No. 15 DEY STREET.

NEW YORK, March 12, 1901.

Enclosed please find notice of the Annual Meeting of the Stockholders of this Company.

It is important that your stock be represented at this meeting, in order that the presence of a quorum may be ensured.

A blank form of proxy is enclosed, which, if you cannot be present in person, you are requested to sign and send to some one in your confidence for use, or to William R. Driver, 125 Milk Street, Boston, if that be more convenient. If sent to Mr. Driver, the proper United States Internal Revenue stamp will be affixed and duly cancelled by him.

A stamped envelope is enclosed for use, if you choose to send the proxy here.

CHARLES EUSTIS HUBBARD, Secretary.

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KNOW ALL MEN BY THESE PRESENTS, That I, the undersigned
Stockholder in the AMERICAN TELEPHONE AND TELEGRAPH COMPANY, do hereby
appoint true and lawful
Attorney, with power of substitution, for me and in my name to vote at
the Annual Meeting of the stockholders in said Company, to be held in
New York, March 26, 1901, or at any adjournment thereof, with all the
powers I should possess if personally present.

March.....1901.

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, stockholder in the
American Telephone and Telegraph Company, does hereby constitute and appoint Alexander
Cochrane, Nathaniel Thayer, John I. Waterbury and William R. Driver, attorneys of the
undersigned, with power of substitution to each, for and in the name of the undersigned
to vote upon all stock of the undersigned in the American Telephone and Telegraph
Company at the special meeting of the stockholders of said Company to be held on Thursday,
the twenty-first day of December, 1905, for the purpose of acting upon the question of
authorizing the issue of convertible bonds, and at any adjournment of said meeting, with all
the powers the undersigned would possess if personally present. A majority of such of
said attorneys as shall be present and shall act at the meeting (or if only one shall be present
and act, then that one) shall have and may exercise all of the powers of all of said attorneys
hereunder.

DECEMBER 1905.

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American Telephone and Telegraph Company.

No. 15 DEY STREET.

New York, N.Y., March 12, 1910.

Enclosed please find notices of the Annual and also of a Special Meeting of the Stockholders of this Company.

It is important that your stock be represented at these meetings, in order that the presence of a quorum may be ensured.

Enclosed herewith will be found a form of proxy running to Henry S. Howe, Moses Williams, John I. Waterbury and William R. Driver, which, if you cannot be present in person, you are requested to sign and forward to William R. Driver, Treasurer, 125 Milk Street, Boston, Massachusetts.

CHARLES KUSTIS HUBBARD,
Secretary.

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, stockholder in the American Telephone and Telegraph Company, does hereby constitute and appoint Henry S. Howe, Moses Williams, John I. Waterbury and William R. Driver, attorneys with power of substitution to each, for and in the name of the undersigned to vote upon all stock of the undersigned in the American Telephone and Telegraph Company at the annual and special meetings of the stockholders of said Company to be held on Tuesday, the twenty-ninth day of March, 1910, and at any adjournment of said meetings, with all the powers the undersigned would possess if personally present. A majority of such of said attorneys as shall be present and shall act at each meeting (or if only one shall be present and act, then that one) shall have and may exercise all of the powers of all of said attorneys hereunder.

MARCH

1910.

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AMERICAN TELEPHONE AND TELEGRAPH COMPANY
No. 15 Dey Street

NEW YORK, N.Y., February 25, 1915.

TO THE STOCKHOLDERS:

Notice is hereby given that a Special Meeting of the Stockholders of the American Telephone and Telegraph Company will be held at the principal office of the Company, No. 15 Dey Street, Borough of Manhattan, City of New York, N.Y., on Monday, the twenty-ninth day of March, 1915, at 11.00 o'clock in the forenoon, to consider and act upon the question of decreasing the number of Directors of the Company.

THEODORE N. VAIL, *President.*
ARTHUR A. MARSTERS, *Secretary.*

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AMERICAN TELEPHONE AND TELEGRAPH COMPANY
No. 15 Dey Street

NEW YORK, N.Y., February 25, 1915

TO THE STOCKHOLDERS:

Notice is hereby given that the Annual Meeting of the Stockholders of the American Telephone and Telegraph Company will be held at the principal office of the Company, No. 15 Dey Street, Borough of Manhattan, City of New York, N.Y., on Tuesday the thirtieth day of March, 1915, at 12 o'clock noon, for the following purposes:—

1. To elect Directors and Inspectors of Election for the ensuing year.
2. To transact such other business as may properly come before the Stockholders.

The transfer books of the Company will be closed at the close of business on March 18th and reopened at 10.00 A.M., on March 31st, 1915.

ARTHUR A. MARSTERS, *Secretary.*

It is important that your stock be represented at the meetings of which you are notified above, in order that the presence of a quorum may be ensured.

Enclosed herewith will be found a form of proxy running to Henry S. Howe, Moses Williams, John I. Waterbury and George D. Milne, which, if you cannot be present in person, you are requested to sign and forward to Arthur A. Marsters, Secretary, 15 Dey Street, New York, N.Y. A blank space is left in the proxy for other attorneys if desired instead of the above named.

Upon receipt of your proxy the internal revenue stamp required by the Act of Congress approved October 22d, 1914 will be affixed and cancelled.

ARTHUR A. MARSTERS, *Secretary.*

AMERICAN TELEPHONE AND TELEGRAPH COMPANY
No. 15 Dey Street, New York, N.Y.

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, stockholder in the American Telephone and Telegraph Company, does hereby constitute and appoint Henry S. Howe, Moses Williams, John I. Waterbury and George D. Milne, attorneys, with power of substitution to each, for and in the name of the undersigned, and with all the powers the undersigned would possess if personally present, to vote upon all stock of the undersigned in the American Telephone and Telegraph Company at the special meeting of the stockholders of said Company to be held on Monday, the twenty-ninth day of March, 1915, and at the annual meeting of the stockholders of said Company to be held on Tuesday, the thirtieth day of March, 1915, and at any adjournment of either of said meetings. A majority of such of said attorneys as shall be present and shall act at either of said meetings (or if only one shall be present and act, then that one) shall have and may exercise at such meeting all of the powers of all of said attorneys hereunder.

MARCH....., 1915.

**NOTICE OF ANNUAL MEETING
AMERICAN TELEPHONE AND TELEGRAPH COMPANY
No. 195 Broadway,**

New York, N. Y., March 10, 1920.

To THE STOCKHOLDERS:

Notice is hereby given that the Annual Meeting of the Stockholders of the American Telephone and Telegraph Company will be held at the principal office of the Company, No. 195 Broadway, Borough of Manhattan, City of New York, N. Y., on Tuesday, the thirtieth day of March, 1920, at 12 o'clock noon, for the following purposes:

1. To elect Directors and Inspectors of Election for the ensuing year.
2. To consider and act upon a vote approving the acts of the Directors, Executive Committee and Officers as shown by their records, since the last annual meeting of the Stockholders, and the transactions of the Company referred to in the annual report of the Directors to the Stockholders for the year 1919.
3. To transact such other business as may properly come before the Stockholders.

The transfer books of the Company will be closed at the close of business on March 19th, 1920, and reopened at 10.00 A. M., on March 31st, 1920.

ARTHUR A. MARSTERS, *Secretary.*

**NOTICE OF SPECIAL MEETING
AMERICAN TELEPHONE AND TELEGRAPH COMPANY
No. 195 Broadway,**

New York, N. Y., March 10, 1920.

To THE STOCKHOLDERS:

Notice is hereby given that a Special Meeting of the Stockholders of the American Telephone and Telegraph Company will be held at the principal office of the Company, No. 195 Broadway, Borough of Manhattan, City of New York, N. Y., on Tuesday, the thirtieth day of March, 1920, at 10.30 o'clock in the forenoon, to consider and act upon the question of increasing the capital stock of the Company from Five Hundred Million Dollars (\$500,000,000), consisting of five million (5,000,000) shares of the par value of One Hundred Dollars (\$100) each, to Seven Hundred and Fifty Million Dollars (\$750,000,000), to consist of seven million, five hundred thousand (7,500,000) shares of the par value of One Hundred Dollars (\$100) each.

H. B. THAYER, *President.*
ARTHUR A. MARSTERS, *Secretary.*

It is important that your stock be represented at the meetings of which you are notified above, in order that the presence of a quorum may be ensured.

Attached below will be found a form of proxy running to Charles Francis Adams, Henry S. Howe, John I. Waterbury and George D. Milne, which, if you cannot be present in person, you are requested to sign and forward to Arthur A. Marsters, Secretary, 195 Broadway, New York, N. Y. A blank space is left in the proxy for other attorneys if desired instead of the above named.

ARTHUR A. MARSTERS, *Secretary.*

**AMERICAN TELEPHONE AND TELEGRAPH COMPANY
No. 195 Broadway, New York, N. Y.**

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KNOW ALL MEN BY THESE PRESENTS, that the undersigned, stockholder in the American Telephone and Telegraph Company, does hereby constitute and appoint Charles Francis Adams, Henry S. Howe, John I. Waterbury and George D. Milne,

attorneys, with power of substitution to each, for and in the name of the undersigned, and with all the powers the undersigned would possess if personally present, to vote upon all stock of the undersigned in the American Telephone and Telegraph Company at the annual meeting of the stockholders of said Company to be held on Tuesday, the thirtieth day of March, 1920, and also at the special meeting of said stockholders to be held on said day, and at any adjournment of either of said meetings. A majority of such of said attorneys as shall be present and shall act at either of said meetings (or if only one shall be present and act, then that one) shall have and may exercise all of the powers of all of said attorneys hereunder.

March _____, 1920.

Upon receipt of your proxy the internal revenue stamp required by law will be affixed and cancelled.

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NOTICE OF ANNUAL MEETING AMERICAN TELEPHONE AND TELEGRAPH COMPANY

To THE STOCKHOLDERS:

New York, N. Y., March 9, 1925.

Notice is hereby given that the Annual Meeting of the Stockholders of the American Telephone and Telegraph Company will be held at the principal office of the Company, No. 195 Broadway, Borough of Manhattan, City of New York, N. Y., on Tuesday, the thirty-first day of March, 1925, at 12 o'clock noon, in the Assembly Room, 3rd floor, for the following purposes:

1. To elect Directors and Inspectors of Election for the ensuing year.
 2. To consider and act upon proposed amendments of the By-Laws.
 3. To consider and act upon the question of increasing the capital stock of the Company from One Billion Dollars (\$1,000,000,000), consisting of ten million (10,000,000) shares of the par value of One Hundred Dollars (\$100) each, to One Billion Five Hundred Million Dollars (\$1,500,000,000), to consist of fifteen million (15,000,000) shares of the par value of One Hundred Dollars (\$100) each.
 4. To consider and act upon a vote approving the acts of the Directors, Executive Committee and Officers as shown by their records, since the last annual meeting of the Stockholders, and the transactions of the Company referred to in the annual report of the Directors to the Stockholders for the year 1924.
 5. To transact such other business as may properly come before the Stockholders.
- The stock-transfer books of the Company will be closed at the close of business on March 17, 1925, and reopened at 10:00 A.M., on April 1, 1925.

ARTHUR A. MARSTERS, *Secretary*.

It is important that your stock be represented at the meeting of which you are notified above, in order that the presence of a quorum may be ensured. Attached below will be found a form of proxy which, if you cannot be present in person, you are requested to sign and forward to Arthur A. Marsters, Secretary, 195 Broadway, New York, N. Y. A blank space is left in the proxy for other attorneys if desired instead of those named.

ARTHUR A. MARSTERS, *Secretary*.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, stockholder in the American Telephone and Telegraph Company, does hereby constitute and appoint Charles Francis Adams, Walter S. Gifford, Henry S. Howe, H. B. Thayer and John I. Waterbury,..... attorneys, with power of substitution to each, for and in the name of the undersigned, and with all the powers the undersigned would possess if personally present, to vote upon all stock of the undersigned in the American Telephone and Telegraph Company at the annual meeting of the stockholders of said Company to be held on Tuesday, the thirty-first day of March, 1925, and at any adjournment of said meeting. A majority of such of said attorneys as shall be present and shall act at said meeting (or if only one shall be present and act, then that one) shall have and may exercise all of the powers of all of said attorneys hereunder.

March....., 1925.

.....
(Sign above, exactly as stock is registered)

Executors, administrators, trustees,
etc., will so indicate when signing.

Upon receipt of your proxy the internal revenue stamp required by law will be affixed and cancelled.

**NOTICE OF ANNUAL MEETING
AMERICAN TELEPHONE AND TELEGRAPH COMPANY**

TO THE STOCKHOLDERS:

NEW YORK, N. Y., March 5, 1930.

Notice is hereby given that the Annual Meeting of the Stockholders of the American Telephone and Telegraph Company will be held at the principal office of the Company, No. 195 Broadway, Borough of Manhattan, City of New York, N. Y., on Tuesday, the twenty-fifth day of March, 1930, at 12 o'clock noon, for the following purposes:

1. To elect Directors and Inspectors of Election for the ensuing year.
2. To transact such other business as may properly come before the Stockholders.

Stockholders of record on the stock-transfer books of the Company at the close of business on March 14, 1930, will be entitled to vote at the meeting of which notice is hereby given.

ARTHUR A. MARSTERS, Secretary.

It is important that your stock be represented at the meeting of which you are notified above, in order that the presence of a quorum may be ensured.

Attached below will be found a form of proxy which, if you cannot be present in person, you are requested to sign and forward to Arthur A. Marsters, Secretary, 195 Broadway, New York, N. Y. A blank space is left in the proxy for other attorneys if desired instead of those named.

ARTHUR A. MARSTERS, Secretary.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY No. 249-186

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, stockholder in the American Telephone and Telegraph Company, does hereby constitute and appoint James S. Alexander, Walter S. Gifford, Henry S. Howe,

Philip Stockton and Daniel Willard, attorneys, with power of substitution to each, for and in the name of the undersigned, and with all the powers the undersigned would possess if personally present, to vote upon all stock of the undersigned in the American Telephone and Telegraph Company at the annual meeting of the stockholders of said Company to be held on Tuesday, the twenty-fifth day of March, 1930, and at any adjournment of said meeting. A majority of such of said attorneys as shall be present and shall act at said meeting (or if only one shall be present and act, then that one) shall have and may exercise all of the powers of all of said attorneys hereunder.

March 1930.

.....
(Signature should agree with name on stock certificate)

Executors, administrators, trustees, etc., should so indicate when signing.

**NOTICE OF ANNUAL MEETING
AMERICAN TELEPHONE AND TELEGRAPH COMPANY**

NEW YORK, N. Y., March 14, 1935.

TO THE STOCKHOLDERS:

Notice is hereby given that the annual meeting of the stockholders of the American Telephone and Telegraph Company will be held at the principal office of the company, No. 195 Broadway, Borough of Manhattan, City of New York, N. Y., on Wednesday, the seventeenth day of April, 1935, at 11:30 o'clock a. m., for the following purposes:

1. To elect directors and inspectors of election for the ensuing year.
2. To transact such other business as may properly come before the stockholders.

Stockholders of record on the stock-transfer books of the company at the close of business on March 15, 1935, will be entitled to vote at the meeting of which notice is hereby given.

ROBERT H. STRAHAN, *Secretary.*

It is important that your stock be represented at the meeting of which you are notified above, in order that the presence of a quorum may be ensured.

Enclosed will be found a form of proxy which, if you cannot be present in person, you are requested to sign and forward to Robert H. Strahan, Secretary, 195 Broadway, New York, N. Y.

A blank space is left in the proxy for other attorneys if desired instead of those named.

ROBERT H. STRAHAN, *Secretary.*

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, stockholder in the American Telephone and Telegraph Company, does hereby constitute and appoint David F. Houston, George P. Gardner, Walter S. Gifford, Philip Stockton and Daniel Willard,.....

.....
attorneys, with power of substitution to each, for and in the name of the undersigned, and with all the powers the undersigned would possess if personally present, to vote upon all stock of the undersigned in the American Telephone and Telegraph Company at the annual meeting of the stockholders of said company to be held on Wednesday, the seventeenth day of April, 1935, and at any adjournment of said meeting. A majority of such of said attorneys as shall be present and shall act at said meeting (or if only one shall be present and act, then that one) shall have and may exercise all of the powers of all of said attorneys hereunder.

1935.

(Signature should agree with name on stock certificate)

Executors, administrators, trustees, etc., should so indicate when signing.

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American Bell Telephone
Co.
of F. P. Fish,
President,

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Ballot

FOR DIRECTORS.

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

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Box 65
for 10116.
W. A. Dorn
Henry S. Howe

Ballot

FOR DIRECTORS.

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

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Note on Sturgis Resolution

No

Henry J. Howe,
Wm. R. Giff

Process for
Lundry parties
on file -

741644 Shaw

Appendix 4

Memorandum of Agreement and Declaration of Trust,
May 15, 1900, re American Bell Telephone Company Stock

MEMORANDUM of an agreement and declaration of trust made this fifteenth day of May, 1900, by and between John E. Hudson, Charles W. Amory and Alexander Cochrane, all of Boston in the Commonwealth of Massachusetts and Henry S. Howe, of Brookline in said Commonwealth (hereinafter called the Trustees) of the first part, and the American Telephone and Telegraph Company, a corporation created under the laws of the State of New York (hereinafter called the Telephone Company) of the second part,

-: WITNESSETH :-

WHEREAS the stockholders of The American Bell Telephone Company have authorized their Directors to distribute to each stockholder of it, said The American Bell Telephone Company, two shares of the capital stock of the Telephone Company for each one share of the stock of said The American Bell Telephone Company held by him upon surrender and transfer of his stock in said The American Bell Telephone Company to or in trust for the benefit of the Telephone Company, and

WHEREAS in accordance with this vote the Directors of said The American Bell Telephone Company have requested the stockholders of said Company to transfer their stock in said Company to the Trustees,

NOW THEREFORE, we, the said John E. Hudson, Charles W. Amory, Alexander Cochrane and Henry S. Howe, in consideration of the premises, do hereby covenant with the Telephone Company and declare that we will hold all shares transferred to us as Trustees as aforesaid for the uses and purposes following, that is to say:-

1. To exercise the voting power of said shares to promote the best interests of the Telephone Company.
2. To collect any and all dividends, if any, that may be declared and paid on said shares: to pay thereout any necessary expenses of this trust, if any, and forthwith to pay the balance thereof to the Telephone Company.
3. To sell, assign or transfer said shares to such persons, in such amounts, at such times and in such manner as the Telephone Company, by the vote of its Directors or stockholders may at any time, and from time to time, direct: and in case of sale of said shares, or any of them, forthwith to pay the net proceeds of such sale to the Telephone Company.
4. In the management of this trust to follow such directions and rules as said Company or its Board of Directors may from time to time make and give.
5. In case of the death, resignation or inability to act of any Trustee hereunder, and as often as the same shall occur, a new Trustee shall be appointed in the place of the one so dying, resigning or being unable to act, by vote of the Board of Directors of the Telephone Company and thereupon such instruments of transfer shall be made and executed as the counsel of the Telephone Company may advise to be necessary or proper to vest the title to all shares so held in trust in such new Trustee jointly with the surviving or other Trustees.

A certified copy of the vote of the Directors of the Telephone Company, reciting such death, resignation or inability to act and

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appointing such new Trustee shall be conclusive evidence of the fact so recited therein and of such appointment.

IN WITNESS WHEREOF, on the day and year first above written, said John E. Hudson, Charles W. Amory, Alexander Cochrane and Henry S. Howe have hereunto set their names and seals and said Telephone Company has caused its corporate seal to be hereto affixed and these presents to be signed in its name and behalf by John E. Hudson, its President.

C. W. Amory

Alexander Cochrane

Henry S. Howe

John E. Hudson

American Telephone and Telegraph Company

By
John E. Hudson

President

-C-W-Amory-

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ADAMS, C. F., MARCH 26, 1912 - MARCH 26, 1929
 RE-ELECTED FEBRUARY 15, 1911
 ALDRICH, W. W., AUGUST 20, 1910 -
 ALEXANDER, J. S., MAY 18, 1920 - DIED JULY 16, 1932
 SUCCEEDED BY C. F. ADAMS
 AMERY, C. W., SEPTEMBER 23, 1897 - MAY 20, 1913
 BAILEY, T. B., MAY 9, 1900 - APRIL 17, 1901
 SUCCEEDED BY F. P. FISH
 RE-ELECTED MARCH 29, 1904 - SEPTEMBER 21, 1904
 SUCCEEDED BY W. L. PUTNAM
 RE-ELECTED MARCH 27, 1906 - DECEMBER 7, 1909
 SUCCEEDED BY H. P. DAVISON
 RE-ELECTED APRIL 12, 1910 - MARCH 26, 1912
 RE-ELECTED MARCH 25, 1913 - MARCH 30, 1915
 SUCCEEDED BY S. A. WELLS
 SUCCEEDED BY S. A. WELLS
 BAKER, G. F., SR., MARCH 25, 1902 - DIED MAY 2, 1931
 BAKER, G. F., JR., APRIL 17, 1923 -
 BAKER, C. R., MARCH 31, 1914 - MARCH 30, 1915
 BELL, E. W., MARCH 14, 1893 - DECEMBER 28, 1893
 SUCCEEDED BY W. H. FORBES
 RE-ELECTED MAY 9, 1900 - JULY 1, 1901
 SUCCEEDED BY N. TRAYER
 BELL, J. F., SEPTEMBER 19, 1934 -
 BETHELL, U. S., DECEMBER 17, 1912 - AUGUST 19, 1919
 BLAKE, F., MAY 9, 1900 - DIED JANUARY 19, 1913
 BONDITCH, C. P., NOVEMBER 30, 1885 - DECEMBER 24, 1896
 SUCCEEDED BY H. S. HOWE
 RE-ELECTED DECEMBER 12, 1900 - MARCH 20, 1907
 SUCCEEDED BY S. L. SCHOMMERER
 BRADLEY, G. L., MAY 9, 1900 - DIED MARCH 26, 1906
 SUCCEEDED BY T. B. BAILEY
 BRIDGEMAN, H. N., MARCH 31, 1908 - MARCH 30, 1909
 SUCCEEDED BY R. ELLIS
 RE-ELECTED APRIL 12, 1910 - DECEMBER 17, 1912
 SUCCEEDED BY U. H. BETHELL
 RE-ELECTED MARCH 25, 1913 - MARCH 30, 1915
 RE-ELECTED MARCH 30, 1920 - FEBRUARY 15, 1921
 SUCCEEDED BY E. F. GREENE
 CARROLL, J. H., MAY 9, 1900 - MARCH 18, 1903
 SUCCEEDED BY T. J. COOLIDGE, JR.
 CHUTE, C. F., JR., OCTOBER 21, 1924 - DIED NOVEMBER 30, 1927
 SUCCEEDED BY E. E. LOOMIS
 CLAPP, C., MARCH 9, 1886 - MAY 24, 1888
 SUCCEEDED BY J. P. DAVIS
 COCHRANE, A., JANUARY 6, 1893 - DIED APRIL 10, 1919
 SUCCEEDED BY W. C. FORBES
 COOLIDGE, T. J., JR., MAY 9, 1900 - MARCH 18, 1903
 RE-ELECTED MARCH 18, 1903 - DIED APRIL 14, 1912
 COOPER, C. P., JULY 20, 1927 -
 CRANE, W. W., MARCH 18, 1903 - DIED OCTOBER 2, 1920
 DAVIS, J. P., AUGUST 14, 1889 - SEPTEMBER 19, 1887
 SUCCEEDED BY H. STOCKTON
 RE-ELECTED MAY 24, 1888 - MARCH 12, 1895
 RE-ELECTED MARCH 8, 1898 - MAY 9, 1900
 DAVIS, J. W., FEBRUARY 20, 1929 -
 DAVISON, H. P., DECEMBER 7, 1909 - JANUARY 20, 1914
 DEVONSHIRE, R. W., MAY 8, 1890 - MAY 7, 1892
 DODD, A. S., AUGUST 18, 1885 - SEPTEMBER 2, 1885
 SUCCEEDED BY W. H. FORBES
 DOOLITTLE, T. B., AUGUST 14, 1885 - NOVEMBER 30, 1885
 SUCCEEDED BY C. P. BONDITCH
 DUFFIELD, E. D., OCTOBER 18, 1933 -
 EBLESTON, S., MARCH 12, 1895 - MAY 9, 1900
 ELLIS, R., MARCH 30, 1909 - MARCH 16, 1915
 FISH, F. P., APRIL 17, 1901 - APRIL 30, 1907
 FORBES, J. W., MAY 9, 1900 - DIED FEBRUARY 19, 1904
 SUCCEEDED BY T. B. BAILEY
 FORBES, W. C., DECEMBER 17, 1919 - AUGUST 20, 1930
 RE-ELECTED FEBRUARY 17, 1930 -
 FORBES, W. H., SEPTEMBER 2, 1885 - JANUARY 6, 1893
 SUCCEEDED BY A. COCHRANE
 RE-ELECTED DECEMBER 28, 1893 - SEPTEMBER 23, 1897
 SUCCEEDED BY C. W. ARMY
 GARDNER, G. P., MARCH 26, 1912 -
 GASTON, W. A., MARCH 25, 1919 - DIED JULY 17, 1927
 SUCCEEDED BY C. P. COOPER
 GIFFORD, S. S., FEBRUARY 14, 1922 -
 GREEN, G. L., MARCH 31, 1908 - DECEMBER 7, 1909
 SUCCEEDED BY J. J. MITCHELL
 RE-ELECTED APRIL 12, 1910 - SEPTEMBER 20, 1910
 SUCCEEDED BY H. W. HARRIS
 RE-ELECTED MARCH 30, 1920 - MARCH 29, 1921
 GREEN, J. W., MARCH 29, 1921 - JANUARY 15, 1924
 SUCCEEDED BY D. F. HORTON
 GREEN, E. F., FEBRUARY 15, 1921 - MARCH 26, 1929
 HALL, E. J., JR., AUGUST 14, 1885 - MAY 9, 1900
 HALL, E. J., SR., MAY 7, 1892 - MARCH 14, 1893
 SUCCEEDED BY E. W. BELL
 HARRIS, H. W., SEPTEMBER 20, 1910 - MARCH 31, 1914
 HIGGINS, H. L., APRIL 12, 1910 - DIED NOVEMBER 14, 1919
 HOLCOMB, A. E., MARCH 31, 1914 - MARCH 30, 1915
 HOLDER, H., DECEMBER 17, 1930 -
 HOLTON, D. F., JANUARY 15, 1924 -
 HOWE, H. S., DECEMBER 24, 1896 - DIED MARCH 2, 1931
 SUCCEEDED BY A. W. PAGE
 HUBBARD, C. E., MAY 9, 1900 - DIED AUGUST 24, 1928
 SUCCEEDED BY J. W. DAVIS
 HURON, J. E., MARCH 9, 1906 - DIED OCTOBER 1, 1900
 SUCCEEDED BY C. P. BONDITCH
 JAMESON, J., MAY 7, 1932 - MARCH 8, 1898 - DIED NOV 24, 1897
 SUCCEEDED BY J. P. DAVIS
 KINGSBURY, H. C., JUNE 18, 1919 - DIED JANUARY 24, 1920
 LAHRIDGE, C. L., MARCH 29, 1921 - FEBRUARY 14, 1922
 SUCCEEDED BY W. S. GIFFORD
 RE-ELECTED MARCH 27, 1923 - APRIL 17, 1923
 SUCCEEDED BY G. F. BAKER, JR.
 LEDYARD, L. C., JANUARY 17, 1911 - APRIL 23, 1920
 LOOMIS, E. E., JANUARY 18, 1920 -
 LYMAN, A., MAY 18, 1920 - DIED APRIL 9, 1933
 SUCCEEDED BY E. D. DUFFIELD
 McCLURE, W. B., MARCH 30, 1920 - MARCH 30, 1926
 SUCCEEDED BY D. BILLARD
 MERRY, E. P., MARCH 12, 1898 - MAY 9, 1900
 MILNE, G. D., MARCH 26, 1918 - MARCH 25, 1919
 SUCCEEDED BY W. A. GASTON
 MITCHELL, J. J., DECEMBER 7, 1909 - MARCH 30, 1915
 HORTON, C. D., OCTOBER 19, 1921 - DIED MARCH 6, 1923
 SUCCEEDED BY C. L. LAHRIDGE
 OLNEY, R., MARCH 26, 1912 - DIED APRIL 8, 1917
 SUCCEEDED BY G. D. MILNE
 PAGE, A. W., MARCH 31, 1931 -
 PARKER, D. B., MAY 7, 1932 - MARCH 12, 1895
 PEARSON, W. C., MARCH 30, 1920 - OCTOBER 18, 1921
 SUCCEEDED BY C. D. HORTON
 PERKINS, G. E., MAY 9, 1900 - MAY 14, 1907
 PERKINS, F. N., MARCH 26, 1929 -
 PIERCE, G. W., APRIL 12, 1910 - JANUARY 17, 1911
 SUCCEEDED BY L. C. LEDYARD
 PUTNAM, W. L., SEPTEMBER 21, 1904 - DIED JULY 26, 1924
 SUCCEEDED BY C. F. CHUTE, JR.
 ROBERTS, D. J., MARCH 26, 1909 - MAY 21, 1930
 SANDERS, I., MAY 9, 1900 - DIED AUGUST 7, 1911
 SARGENT, W. D., MAY 7, 1892 - MAY 9, 1900
 SCHOMMERER, S. L., MARCH 26, 1907 - MARCH 31, 1914
 SMITH, J., JR., AUGUST 17, 1920 - FEBRUARY 17, 1932
 SUCCEEDED BY W. C. FORBES
 STOCKTON, H., SEPTEMBER 19, 1887 - MAY 8, 1890
 SUCCEEDED BY R. W. DEVONSHIRE
 STOCKTON, P., JANUARY 20, 1914 -
 TAYLOR, H. C., MARCH 26, 1929 -
 THAYER, E. V. R., APRIL 12, 1910 - JULY 18, 1934
 SUCCEEDED BY J. F. BELL
 THAYER, H. B., JANUARY 20, 1914 - MARCH 30, 1915
 RE-ELECTED JUNE 18, 1919 - AUGUST 17, 1928
 SUCCEEDED BY J. SMITH, JR.
 THAYER, H., JULY 1, 1901 - APRIL 12, 1910
 SUCCEEDED BY E. V. R. THAYER
 VAIL, T. N., AUGUST 14, 1885 - MAY 7, 1892
 RE-ELECTED MARCH 25, 1902 - DIED APRIL 16, 1920
 WARNER, F. E., APRIL 12, 1910 - MARCH 26, 1912
 WATERBURY, J. I., MARCH 25, 1902 - DIED MARCH 4, 1929
 WELLS, S. A., JUNE 10, 1931 -
 WILLARD, D., MARCH 30, 1926 -
 WILLIAMS, W., MAY 9, 1900 - DIED AUGUST 21, 1919
 WINSOR, R., APRIL 12, 1910 - MARCH 16, 1915

BOARD OF DIRECTORS

Original	Directors	
FEBRUARY 24, 1886	5	
MARCH 31, 1892	6	
MAY 9, 1900	16	
MARCH 26, 1902	18	
MARCH 30, 1910	25	
MARCH 26, 1912	17	
MARCH 27, 1919	19	

EXECUTIVE COMMITTEE

Appendix 6

Copies of Correspondence re Proxies for
Special Stockholders' Meeting, December, 1905,
To Approve Convertible Bond Issue

Ch 1.7
PERSONAL.

December 15, 1905.

W. L. Putnam, Esq.,
60 State Street,
Boston.

My dear Mr. Putnam:

I trust that we are to have the support of the Lowell stock at the special stockholders' meeting in New York. I write this because I observe that the proxy has not yet come in.

The proxies generally are coming in, and the more I think the matter over, and the more I hear of the views of those whose opinion is of value, the more thoroughly satisfied I am that the Directors should have the power for which they ask.

Very truly yours,
F. P. Fish,
President.

December 15, 1905.

George Barclay Moffat, Esq.,
5 Nassau Street,
New York City.

My dear Mr. Moffat:

I regret extremely that I was unable to see you in New York this week, as I intended. I had so much to do that was unexpected that I did not have the opportunity to communicate with you.

I sincerely hope that we are to have your support in getting, at our meeting next Thursday, the power to issue convertible bonds.

The matter has received most careful consideration, and we are all satisfied that if this additional authority is given to the Directors it will be to the advantage of the stockholders and the Company.

G 178

I am not able at this moment to put my hand on the letter from you which I received a few days ago, and I should thank you very much if you would write me again upon receipt of this, telling me exactly what is your attitude and giving me the opportunity of writing you at greater length if you are not entirely satisfied to advise those with whom you come in contact to act affirmatively with reference to the proposition that will come before the meeting.

Very truly yours,
F. P. Fish,
President.

Gov. Crane is trying to see you this afternoon or tomorrow morning to talk the matter over with you.

December 15, 1905.

Marsden J. Perry, Esq.,
Providence, R. I.

My dear Mr. Perry:

I trust that you are in favor of giving the Directors of the Company the power to issue convertible bonds, and that you will either be present at the meeting or send us your proxy.

If you have any doubt as to the advisability of having the Directors in a position where they can negotiate for the issue of convertible bonds, I shall be glad if you will do me the favor to give me a chance to talk the matter over with you.

Mr. Francis A. Cranston, of Providence, who sent in his proxy, has withdrawn it. I should be very sorry if this meant that he disapproved of the plan.

Perhaps you will take the trouble to call me on the telephone at your convenience.

The proxies are coming in well, and, as far as I can judge, those whose opinion I most value believe with me that the Directors should have the power to negotiate for the issue of convertible bonds if conditions are favorable to that sort of security.

Very truly yours,
F. P. Fish,
President.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY
No. 15 Dey Street
New York, N. Y.

December 16, 1905.

6 179
Mr. Joseph S. Fay, Jr.,
31 State Street, Room 406,
Boston, Mass.

Dear Sir:-

For the purpose of the special meeting of stockholders called for Thursday, December 21st, it is necessary that two-thirds of the capital stock should act.

Your proxy has not been received.

If the proposition meets your approval, and if you do not expect to be present at the meeting, will you kindly execute and return the accompanying proxy?

As the time is short, I shall be glad if you can find it convenient to give this your early attention. 5440 shrs.

Respectfully yours,
F. P. Fish,
President.

Dear Sir:

I do not approve of the proposed issue because in the Resolution of the Directors they fail to state that the bonds shall first be offered to the stockholders. I consider this very important so shall not send proxies.

Yours truly,
J. S. Fay, Jr.

Mr. Fish:

Mr. Driver telephoned from New York just now (11:55 A.M.) to say that Marsden J. Perry had not sent in his proxy (3,750 shares), and that Francis A. Cranston, Providence, had withdrawn his (1,200 shares). As this last seems to indicate a change of mind you may want to take notice of it.

December 15, 1905.

G. D. M. (G. D. Milne)

Office of Seth Low
30 East 64th Street
New York

December 18th, 1905.

Dear Sir:

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I have received a second copy of the circular of your Company, dated November 29th, 1905, and a second request for my proxy, to be used at the meeting of the Company to be held on the 21st inst. I am not sending my proxy, for the reason that I do not believe in the plan proposed.

Yours, very truly,
Seth Low

F. B. Fish, Esq., [sic]
President of the American Telephone & Telegraph Co.,
15 Dey Street, New York City.

MARSDEN J. PERRY
Union Trust Company Building,
Providence, R. I.

December 16, 1905.

Dear Mr. Fish:-

I most heartily endorse your plan for the issue of convertible bonds, and supposed I had executed and sent my proxy long ago, but on my return from New York I find your letter, and the only inference is that I have neglected my "plain duty". I, unfortunately, have no influence with Mr. Cranston, or I would volunteer to see him and attempt to secure his proxy, but there are, you know, some men to whom success, even in a moderate degree is an offence.

Faithfully yours,
Marsden J. Perry

One enclosure.

Appendix 7

Copies of Correspondence re Mackay Companies'
Demand for Representation on the Board of Directors
of American Telephone and Telegraph Company, 1906-1907,
and Correspondence re Sale of Mackay's Investments in
American Telephone and Telegraph Company Stock, 1909-1910

G. 31

March 27th, 1905

Dear Mr. Coolidge:-

Both Mr. Cook and myself have given a great deal of thought to the work which has been done and which should now be done, in connection with The Mackay Companies, and I think it will throw light upon the situation to state the facts as I understand them.

Originally, as you know, we started to get all the stock of the Commercial Cable Company, and for the time being we postponed our efforts towards obtaining control of the American Telephone and Telegraph Company. The task of acquiring the Commercial Cable Company stock naturally fell to Mr. Cook and myself. None of us believed that we would be able to gather in all of the Commercial Cable Company stock for a long time to come, but by indefatigable work we succeeded, and the result speaks for itself. That part of the work of the organization that Mr. Cook and myself started to accomplish, has now been completed.

To come now to that part of the work which you and Mr. Waterbury undertook to accomplish, namely, the getting in of the Bell Telephone stock, the first thing to be considered was the formulation of a plan which would be fair to all parties and which would bring about the result. You and Mr. Waterbury did not suggest any plan that seemed workable, and finally Mr. Cook and I devised the plan of issuing 15 Mackay preferred shares for 8 Bell Telephone shares. That plan was submitted to all four of the trustees, and approved. I recommended, as you are aware, that exchange to my mother for her holdings of Bell Telephone stock, and I also accepted it in behalf of my holdings. She and I turned in, week before last, over \$800,000. of Bell Telephone stock on that basis.

That immediately raises the question as to what you and your father and Mr. Waterbury are willing to do in regard to your holdings of Bell Telephone stock. It certainly seems to me that if you and he approved the plan and voted for it, and were quite willing that my mother and I should turn in our Bell Telephone shares on that basis, you should also turn in yours on the same basis, especially as the getting in of the Bell Telephone stock was yours and Mr. Waterbury's part of the purpose of The Mackay Companies. I accordingly would like to know how you stand in regard to the matter. Are you and your father and Mr. Waterbury willing to do the same as I and my mother did, namely, turn in your Bell Telephone stock for Mackay preferred on the same basis mentioned above?

After you and your father and Mr. Waterbury have turned in your holdings, we can then start in to persuade other Bell Telephone stockholders to do the same, and I think that I can be of assistance in that direction.

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I have within the past few days talked this matter over with Mr. Waterbury. Accordingly I am also writing you on the same subject, as I feel very keenly in regard to the whole situation, and I am strongly of the opinion that, as the great body of Commercial Cable stockholders expected that something would be accomplished in the way of The Mackay Companies acquiring stock in the American Telephone and Telegraph Company, and as you know, many of them turned in their holdings on that expectation, we should proceed at once without further delay towards bending all our energies in bringing about the second part of the original scheme.

Very truly yours,
Clarence H. Mackay

T. Jefferson Coolidge, Jr.,
Boston, Mass.

OLD COLONY TRUST COMPANY
P. O. Box 363

Boston, March 30, 1905.

Clarence H. Mackay, Esq.,
253 Broadway, New York, N. Y.

Dear Mr. Mackay:

Your letter of March 27th I have read with great care, and note that your understanding of the situation seems to me, if you will pardon me for saying so, confused by the rapid progress of events, in which the original purpose of the creation of The Mackay Companies is overlooked.

The form of organization of the Companies was suggested by me to you, Mr. Cook, Mr. Waterbury, and, I think, Mr. Ward, at one of our early meetings, and after careful consideration we decided to form The Mackay Companies, for the protection of your interests and the interests of the other stockholders of the Commercial Cable Company against possible loss of control by purchase of a bare majority by the Gould, or Rockefeller, or any adverse interest. This was repeatedly and clearly laid down by you and our friends at our meetings, and was the reason why the form of Massachusetts trust suggested by me was favorably received and adopted, after discussion as to its scope and bearings with the gentlemen named above, and by us with Mr. Olney.

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A collateral consideration to the holding together of the control of The Commercial Cable Company was that it would permit, and probably facilitate, opportunities of entering into closer relationship with the American Telephone & Telegraph Company. What form this closer relationship might take was never decided, nor even seriously considered, but the theory upon which we progressed was that we should show the advantage of cooperation and the joint use of poles and offices to the Telephone Company, and by joint use demonstrate that large savings would be made to both companies, naturally resulting in increased value of The Commercial Cable shares, and the result of such working together along these lines would be a more intimate and correspondingly valuable relationship. It was suggested that the relationship might become so close that some form of amalgamation might eventually become possible, and in that case that you might become a factor of importance in the larger field.

Mr. Waterbury and I, in the full belief that it is desirable for The Commercial Cable Company and the Telephone Company to work more closely together, have discussed the matter many times, and, as you have been frequently advised, always with the favorable appreciation of the Telephone people, who, however, properly declined to take affirmative action, appreciating the inadvisability of antagonizing the Western Union interests. There has, however, been a substantial advance on the lines of relationship indicated, both in the West and South, through the joint use of pole lines and otherwise, to our advantage, and everything has been satisfactory.

No one appreciates more than I do the efforts on the part of yourself and Mr. Cook in acquiring the Commercial Cable Company stock within the time in which it was done.

I cannot quite agree with you that Mr. Waterbury and I did not present a plan with respect to acquiring an interest in the Telephone Company. Such a plan was presented by Mr. Waterbury, at considerable length in detail, and with the reasons why it was believed that the plan presented was the best that could be made and would afford most satisfactory results in the speediest manner. You will recall quite a long discussion upon it at Mr. Waterbury's house, and that Mr. Cook and yourself - he very emphatically - opposed the plan, which involved taking an interest in a syndicate which was to acquire stocks and bonds in financing the Telephone Company, and that I argued at considerable length the advantages which would follow should we act favorably upon the plan proposed, and the very slight risk, if any, that would be run by The Mackay Companies in authorizing us to proceed to carry it into effect. You and Mr. Cook opposed it, and the matter was dropped. The first step in financing has since been carried out successfully and without the Mackay Companies participating in it.

I was surprised some time ago when Mr. Cook raised the question seriously of an exchange of Mackay Companies shares for American Telephone & Telegraph shares, as it showed that he did not appreciate that the Telephone stockholders had not been previously prepared to consider any such proposition. I did not see any object in controverting the suggestion at the time it was made, as it was merely a suggestion.

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When Mr. Cook suggested an exchange of your mother's shares as a means of getting an interest in the Telephone Company, and you stated that your mother would be satisfied with the fixed income of the Mackay preferred shares, I very gladly voted to authorize the exchange on behalf of The Mackay Companies up to 10,000 shares of Telephone stock. I thought then that it was desirable for The Mackay Companies to get in ten thousand shares of stock in this way, if they could be obtained, and therefore voted for it, but without expressing my opinion as to the feasibility or desirability of getting in any large amount of stock on these terms. You suggest that I "approved the plan and voted for it". I do not understand that any formal plan was before the trustees. The question before them was whether it was for the interests of The Mackay Companies to exchange on the basis of fifteen Mackay preferred for eight shares of Telephone a limited amount of stock. This I voted for and approved, but I did not seriously consider anything beyond this actual vote. We might pick up from time to time a certain amount of Telephone stock on these lines, but as for making any campaign, it is in my judgment entirely unfeasible at this time. From the point of view of The Mackay Companies, if it were possible to exchange any very large amount of preferred stock for Telephone stock which it is not in my opinion at this time we should have to carefully consider the effect on our Companies of even a temporary reduction in the Telephone dividend. On a small purchase I felt that this could be disregarded.

At the risk of repeating, perhaps, what I have already said above, I must say that as the plan presented to you and Mr. Cook by Mr. Waterbury and myself at Mr. Waterbury's house was not accepted, and we failed to acquire an interest in the Telephone Company under circumstances which would have made us a real factor in the general situation, I am decidedly of the opinion that we cannot now approach the subject and present it in a way which will be favorably received and which can succeed. In other words, in view of existing conditions it seems to me that it is not now feasible to take any steps looking towards securing a substantial financial interest in the Telephone Company or looking towards closer financial relationship, but I think we should follow the original plans outlined, and try, through the business management of our company, (The Commercial Cable Co.) to secure continually a closer and closer working arrangement.

Yours very truly,
T. Jefferson Coolidge, Jr.

April 3rd, 1905.

Dear Mr. Coolidge:-

I have yours of the 30th, and the tone of your letter as well as the statements contained therein are, frankly speaking, nothing short of amazing to me.

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Let me at once begin by stating that my mind has not been confused in any way by any events that have transpired since my first meeting with you, and the subsequent formation of The Mackay Companies, and that I have a very clear understanding of everything that has taken place; and further, as you have mentioned Mr. Ward's name in connection with our first meetings, when he was present together with Mr. Waterbury and Mr. Cook, I find that he has identically the same understanding of the situation as I have.

In order that I may refresh your memory, let me begin by stating the different events that have occurred. Mr. Waterbury, at his own solicitation, when my father was alive, had several interviews with him with a view of bringing together the Commercial Cable Company and the American Telephone and Telegraph Company. That was before I knew anything that was going on and before you entered the situation. After my father's death, and on my return to New York, I met Mr. Waterbury through Mr. Ward, and the matter was again broached. He suggested that he would like you to join, and discuss the general situation. I told him I would be very pleased to meet you any time, and one day, you may remember, Mr. Waterbury, yourself and Mr. Ward lunched with me down-town, in the Postal Telegraph Building. The question of bringing these properties together was discussed in an informal way. Both you and Mr. Waterbury were very strongly of the opinion that this should take place and that some plan should be devised. At the very outset both Mr. Ward and I stated that it would be almost impossible to outline a general form of contract between the two companies, and the most feasible way of attaining the end was by obtaining control of the American Telephone & Telegraph Company. You may remember my obtaining for you and Mr. Waterbury a mass of figures showing how savings could be made. Both of you concurred, after seeing these statements, as to the desirability of bringing both these properties together; and while no definite plan could then be formulated as to how and when the control of the American Telephone and Telegraph Company could be obtained, the idea was firmly fixed in all our minds that the control of that company was the essential feature of the success of our plans. Permit me to state that the fundamental basis of The Mackay Companies, with its broad powers, was for bringing your and Mr. Waterbury's influence to bear on the American Telephone & Telegraph Company situation; otherwise, I would never have considered its inception for one moment. I could very easily and with very little trouble have placed my companies in trustees' hands, composed entirely of my own people. You and Mr. Waterbury were practically strangers to me at that time, and it was you who came to me.

The control of the Commercial Cable Company was only a part of the scheme, and your statement that this was the basis of the plan formulated under the name of The Mackay Companies I cannot agree with. The plan of The Mackay Companies following certain laws of the State of Massachusetts was suggested by Mr. Cook, who I remember distinctly telling you that we ought to take the plan that had been followed by the Massachusetts Electric Companies, and you may recollect sending both Mr. Cook and myself copies of their organization. When this form was finally decided upon, Mr. Olney and Mr. Cook, after several meetings, drew up the deed of trust under which we are at present operating. The main object was the giving of broad powers to the Trustees so that they might acquire not only Commercial Cable stock, but also as much as possible of the \$130,000,000

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Bell stock without losing control of our own organization. As further proof of the intent to acquire Bell stock you will remember we at once prepared a Trust Agreement to secure bonds to be issued to buy Bell stock. The first draft of that document was sent to you January 7, 1904, and recited on its face that Bell stock and Commercial Cable Company stock were deposited under it as security. You will recollect that you at that time wrote several letters to Mr. Cook making changes and elaborating that Agreement. This Agreement was prepared in four languages and was intended for use on a large scale.

There has been no substantial advance in the way of joint use of pole lines, etc., with the American Telephone and Telegraph Company. On the contrary, we have to pay more than the usual price for the line to Salt Lake City, and in other parts of the country, we have not as yet been able to make any progress worth mentioning.

I note your statement that you and Mr. Waterbury presented a plan for the Mackay Companies becoming interested in the American Telephone and Telegraph Company. That plan, as Mr. Cook and I understand it, was that The Mackay Companies should underwrite \$37,500,000. of the bonds and stock of the latter company, chiefly bonds. You and Mr. Waterbury were in favor of The Mackay Companies underwriting that amount, but no provision was made or suggested for taking up the bonds, if the underwriters had to respond. If the Mackay Companies had underwritten \$37,500,000. of these American Telephone and Telegraph Company bonds, and the bonds had not been sold by the bankers, and The Mackay Companies had been called upon to respond, it would have meant the ruin of The Mackay Companies, because we certainly could not have raised such an enormous amount of money. I do not think you could find any conservative shareholder in The Mackay Companies who would be in favor of such an underwriting. Moreover the plan had no particular advantage to The Mackay Companies, because of the \$150,000,000. of stock and bonds only about \$25,000,000. was to be stock, and one-fourth of that would have been \$6,250,000, which certainly would not go far towards giving us the control of the \$155,000,000. of capital stock of the American Telephone and Telegraph Company, as such capital stock would then have been.

At the meeting of the trustees on February 28th, the suggestion was made that we sell Mackay preferred and buy Bell shares. You and Mr. Waterbury opposed it. Then I presented the plan as stated in my former letter, of exchanging 15 Mackay preferred for 8 Bell shares. I note your statement that you did not seriously consider anything beyond acquiring the 10,000 Bell shares. You certainly are wrong in that, because you will recollect that I stated that I hoped to obtain a large amount of Bell on the same terms, and in discussing the plan you suggested that we issue part preferred and part common, as to quote your own words, you "considered the latter might be more marketable than the preferred." The objection Mr. Cook and I made to that was that it so increased our outstanding common shares as to render difficult and improbable any increase in the dividend on the common shares, and you admitted that that was true. As to the suggestion that we should carefully consider the fact of a possible reduction in the dividend on the Bell stock, you will recollect that you mentioned that also at the meeting, and Mr. Cook suggested that we could afford to take chances on that, and that he had confidence in the future of the Bell stock, and that you

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acquiesced in that view. I think I represent over five-sixths of the preferred and common shares of The Mackay Companies, and it seems to me that if those five-sixths are willing to take the chances on a reduction of the Bell dividend your people can afford to do so. Finally, the fact that several weeks ago, you agreed to obtain for me a list of the shareholders in the American Telephone and Telegraph Company holding 100 shares or more, shows that we all have expected to acquire Bell stock; and in further proof, you will remember when we were all present, Mr. Waterbury told us that he had had a talk with Mr. Baker with a view to acquiring Mr. Baker's Bell stock.

I note your conclusion that inasmuch as your plan for The Mackay Companies underwriting \$37,500,000. of bonds and stock was not accepted, you do not think we can now approach the subject and present it to the Bell shareholders in any way in which it can succeed. This certainly is true, if you and your father and Mr. Waterbury refuse to turn in your own stock. You cannot expect the other Bell stockholders to do what you refuse to do. Your suggestion that we confine our arrangements to securing a closer working arrangement with the American Telephone and Telegraph Company would accomplish nothing, judging from the experience of the past year; because, as stated above, we get nothing out of the Bell Company except what we pay for at a high price. In other words, your conclusion practically is that The Mackay Companies stop operations, excepting the routine of receiving dividends on its holdings of stock in other companies and paying dividends on its shares. I cannot acquiesce in any such policy.

This brings us back to the original question as to whether you and your father and Mr. Waterbury are willing or decline to turn in your Bell shares on the same basis on which my mother and I turned in ours. If you decline to do so, it seems to me that, in view of the disinclination on the part of the Trustees to even make an effort to acquire Bell stock, the shareholders in The Mackay Companies should be asked to elect a new board of Trustees.

I should be obliged for an answer at your earliest convenience.

Yours very truly,
Clarence H. Mackay

T. Jefferson Coolidge, Jr.

OLD COLONY TRUST COMPANY
Ames Building

April 11, 1905

Dear Clarence

I have discussed Mackay Co. affairs with Mr. Waterbury and in consideration of my poor health he has advised me to resign as a trustee.

I agree with him and therefore am writing you that you may know of my intention to resign at an early day.

With best wishes to you & to Mr. Cook & full confidence in the success of the Mackay Companies.

Yours sincerely,
T. Jefferson Coolidge, Jr.

April 12th, 1905.

Dear Jeffy:-

I had a long interview with Mr. Waterbury the evening before last, and I was about to write you when your letter arrived in the morning's mail. I am very sorry to learn that you have decided to resign as a Trustee of The Mackay Companies, but frankly speaking it is very much better for you to do so and lay up for awhile and give yourself a chance to come around. A man cannot be expected to do good work if he is under the weather.

A little rest and care, I am convinced, is all that you need, and that we shall soon see you back in the saddle again. I appreciate your good wishes for the future and welfare of The Mackay Companies and let me assure you that your interests will be safe guarded.

Sincerely yours,
Clarence H. Mackay

Wall Street, corner Nassau
New York

June 20th, 1905

My dear Mr. Mackay:

Now that the agreement of December 19th, 1903 has been satisfactorily modified, and the control has passed to the shareholders of the Mackay Companies, I deem it proper for me to tender my resignation as Trustee which I herewith enclose.

In so doing I beg to assure you that I am in no wise withdrawing the interest I feel, and shall always have, in the purposes and

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success of the Mackay Companies. I have no firmer conviction than of the sound basis on which it was formulated, and no doubt as to its future under the conservative methods on which it was established and which under your management and the efficient Officers of the Cable Company I am sure will prevail.

I may add that my decision has been reached after much deliberation, and most careful consideration of such differences, regarding methods and not purposes, as have arisen, concerning which my own knowledge and experience of affairs has led me to conclusions different from my associates. I therefore feel that I should not continue as Trustee when I might not be in full accord with the wishes of others.

I had intended to present my resignation in person, but the unusual pressure of attending to details and arrangements for an early sailing tomorrow will prevent me from doing so.

With sincerest wishes for your welfare and continued success, believe me,

Yours faithfully,
John I. Waterbury

Clarence H. Mackay, Esq.
Pt. The Mackay Companies

June 20, 1905.

My dear Mr. Waterbury:-

I beg to acknowledge your letter of this date, which I have just received, enclosing your resignation as Trustee and officer of The Mackay Companies, with the request that same shall take effect July 11th, 1905.

I appreciate your good wishes for the future welfare of The Mackay Companies, and in return let me assure you that your interests, as well as those that you represent, will be watched over and zealously safeguarded.

Regretting that I have not been able to say good-bye in person, before you sail, believe me, my dear Mr. Waterbury,

Faithfully yours,
Clarence H. Mackay

John I. Waterbury, Esq.,
Manhattan Trust Company.

OLD COLONY TRUST COMPANY
P. O. Box 363

Boston, July 3, 1905.

5 170
Clarence H. Mackay, Esq.,
253 Broadway, New York, N. Y.

Dear Clarence:

I have delayed handing in my resignation as a director of the Commercial Cable Company as I thought it better not to make my dropping out any more abrupt than possible. I am sailing for Europe, however, on the 11th of July, and as you are probably considering names for the trustees of the Mackay Companies and would like vacancies on the Commercial Cable Company board at the same time I hand you herewith my resignation as a director of the Commercial Cable Company. You have my best wishes, both for yourself and your companies. Kindly accept my resignation at the first opportunity.

Yours sincerely,
T. Jefferson Coolidge, Jr.

(Enclosure.)

July 6th, 1905

Dear Jeffy:-

I have yours of July 3rd, enclosing your resignation as Director of the Commercial Cable Company, and according to your request it will be placed before the Board at its next meeting.

I regret that you seem to think that I would wish to have your place filled on the Cable Board. Nothing was further from my mind. However, I suppose you know your own mind best, and your request will be complied with.

Hoping that your trip abroad will be beneficial in every respect,

Very truly yours,
Clarence H. Mackay

T. Jefferson Coolidge, Jr.,
Old Colony Trust Company,
Ames Building,
Boston, Mass.

OLD COLONY TRUST COMPANY
P. O. Box 363

Boston, July 7, 1905.

G 191
Clarence H. Mackay, Esq.,
253 Broadway, New York, N. Y.

Dear Clarence:

I am very much obliged to you for your kind letter, but as I have resigned as trustee of The Mackay Companies I am not likely to give a proper amount of attention to the management of the Commercial Cable Company, and therefore thought it best to resign as director.

I should have returned, at the same time that I handed in my resignation, the frank which was given me as a director. I enclose it now.

With best wishes to Mrs. Mackay and yourself, I am,

Yours sincerely,
T. Jefferson Coolidge, Jr.

(Enclosure.)

OLD COLONY TRUST COMPANY
P. O. Box 363

Boston, January 2, 1906.

F. P. Fish, Esq.,
American Telephone & Telegraph Company,
125 Milk Street, Boston, Mass.

Dear Mr. Fish:

You have probably been informed that some 14,000 shares of American Telephone & Telegraph Company stock were transferred to Mr. Clarence H. Mackay last week. This is in accordance with the previous information that Mr. Mackay or the Mackay Companies was buying additional stock. Apparently this has nothing to do with stock owned by Mrs. Mackay or Mr. Vail, so that the Mackay interests must now have over 20,000 shares if this is correct.

Yours sincerely,
T. Jefferson Coolidge, Jr.

253 Broadway
New York

March 1st, 1906.

6 192
F. P. Fish, Esq.,
President, American Telephone & Telegraph Company,
Boston, Mass.

Dear Mr. Fish:-

As you are aware, Mr. Vail for several years has represented our holdings of stock in the American Telephone & Telegraph Company, but owing to his absence, he has not been able to take much interest in the company, and I understand that he is quite willing to retire whenever desired. In view of the large amount of stock which I own and represent, I would suggest, if agreeable to you, that Mr. George M. Cumming, President of the United States Mortgage & Trust Company, who was formerly a Vice-President in your company, should be substituted for Mr. Vail at the coming annual meeting of your stockholders. I have been a director in the United States Mortgage & Trust Company for some time past, and have become well acquainted with Mr. Cumming. I have the highest opinion of his ability, as well as integrity, and I think that he not only would be a fit representative of my people's interests, but would also be an additional source of strength to the Telephone Company itself.

Faithfully yours,
Clarence H. Mackay.

March 2, 1906.

Clarence H. Mackay, Esq.,
President, Postal Telegraph-Cable Co.,
253 Broadway, New York City.

My dear Mr. Mackay

Your letter of March 1 comes to hand today.

There are some reasons why it is more difficult than you can imagine to comply with your request at the present time. I will, however, consider the matter and talk it over with my people. You will undoubtedly hear from me again on the subject.

Always wishing to do what we can to meet your views, and with warm regards, I remain,

Very truly yours,
F. P. Fish,
President.

253 Broadway
New York

March 3rd, 1906.

My dear Mr. Fish:-

I appreciate your favor of yesterday and your personal inclination to comply with my request that Mr. Cumming be substituted for Mr. Vail to represent us as a director in your Company. I think you will agree with me that this request is very reasonable, for the following reasons:

This is not asking for a new Trustee, but is merely to substitute for Mr. Vail (who is no longer in position to actively represent us,) the President of a prominent New York Trust Company, whose personal and financial standing is the highest, and who was formerly Vice-President of your Company, and whose relations with you, I understand, are cordial.

The Mackay Companies, which Mr. Cumming would represent, is among the very largest of your stockholders.

By the large acquisition of Telephone stock by The Mackay Companies during the past six months, the market value of the stock has been maintained at about 140. This aided in two ways: first, to sell your \$100,000,000. of bonds at a fair price, and, second, to maintain the figure at which the bonds are convertible into your stock at 140, instead of a less figure, as it probably would have been if your stock had dropped to 130, as at one time it did. The value to your company of The Mackay Companies acquiring your stock was clearly recognized in recent statements issued in regard to your issue of bonds, prominence being given to the fact that The Mackay Companies, and I personally, and others, had recently purchased 25,000 shares of your stock.

It seems to me that such things as the above should be recognized, and that a request that Mr. Cumming be substituted in the place of Mr. Vail to represent us, is a reasonable one.

Yours very truly,
Clarence H. Mackay

F. P. Fish, Esq.,
President, American Tel. & Tel. Co.,
Boston, Mass.

March 5, 1906.

PERSONAL.

Clarence H. Mackay, Esq.,
President, Postal Telegraph-Cable Co.,
253 Broadway, New York City.

My dear Mr. Mackay:

As I wrote you, I shall have to give very careful consideration to your suggestion, and doubt if it is possible to act upon it at the

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annual meeting, much as we should like to meet your views wherever we can. The fact is that up to within the last six months none of our people had any idea that Mr. Vail represented your interests on our Board. He was selected by my associates on the Executive Committee, with my own hearty cooperation, on the assumption that he himself was a large stockholder in the Company, and because of his old and intimate relations with the affairs of the Bell organization.

Under these circumstances, it does not seem as if he ought to be dropped from the Board, at least until his return to the United States, when the matter can be taken up with him face to face.

I have not consulted with any of my people as yet, for I have been away and have had no opportunity to do so. I write you upon the subject, however, that if you have anything further to say in addition to your full and complete letter of March 3, you may write me in time to have the matter before me on Wednesday morning of this week.

Very truly yours,
F. P. Fish,
President.

253 Broadway
New York

March 6th, 1906.

My dear Mr. Fish:-

Until I read your letter of yesterday, I was unaware that Mr. Vail was abroad.

I, of course, expected to obtain from Mr. Vail his approval of the change in the directory, before any such change should be made, but I wished at first to obtain your approval. Mr. Vail, as you know, was made a director in your company about eight years ago, and that was long before you or I occupied our present respective positions. I am surprised that you should not have known that Mr. Vail represented our interests, because certainly, since my father's death in July, 1902, I have often heard it mentioned. Inasmuch as you prefer to take the matter up with him personally, it will be entirely satisfactory to me to await his return, especially as your board of directors have power to accept a resignation and substitute a new director to fill the vacancy. If Mr. Vail should not return for a considerable length of time, it might be well for either you or myself to communicate with him in regard to the subject.

Yours very truly,
Clarence H. Mackay.

F. P. Fish, Esq.,
President, American Tel. & Tel. Co.
Boston, Mass.

March 7, 1906.

PERSONAL.

Clarence H. Mackay, Esq.,
President, Postal Telegraph-Cable Co.,
253 Broadway, New York.

My dear Mr. Mackay:

I thank you for your note of March 6, which comes to hand this morning, and am very glad that the matter can remain open for discussion after Mr. Vail's return.

You are in error in believing that Mr. Vail became a Director in our Company about eight years ago. He was first elected on March 25, 1902, and I was perfectly familiar with the conditions under which he was selected.

Very truly yours,
F. P. Fish
President.

April 14, 06
62, London Wall, London, E. C.

Dear Mr. Fish:

I am in receipt of some copies of letters which have passed between yourself and Mr. Mackey. He thinks I do not represent his interests and wants another person in my place on the Board. I have always considered myself as a representative of all the shareholders. I do not understand that Mr. Mackey has any interests in the policy of the company - not common to all shareholders. If he has then certainly I do not represent them. As to my absence, had I considered for one moment that my usefulness to the Co., little as it may be, was only attendance at the Board meetings, I should have retired long ago. As to the individual interest in certain of the shares standing in my name, that is a personal matter between Mr. Mackey and myself or the Mackey estate which I will not go into. Of one thing however you may feel quite sure and that is that I am the absolute owner of a very respectable number of shares, quite enough to qualify me as Director - and far greater than the average holding in the Co.

In view of what has taken place, I will try, briefly, to explain that which has been the subject of some comment, my position as to the telegraph business and the acquisition of the Postal System. From the very beginning of the "Telephone" business, so far as I have had to do with the policy of the Co., it was directed toward the ultimate absorption of the "Telegraph" business - I do not remember that I was alone in this, and as I believe and understand, this policy still exists.

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I think Mr. Cochrane will recall a remark made by me - when the Western Union agreement was signed - to the effect, that if we were in the position I hoped we would be at the termination of the contract, that we should ask the W. U. for half of its capital stock for the privilege of continuing in business as one of our subordinate companies. Since that time the "Postal" has come prominently into the field. There is, however, a marked difference in the position and the business of the two companies.

The purpose of the Western Union is a domestic telegraph business with an international cable business incidental to it.

The purpose of the "Postal" is the collection and distribution of an international cable business - with a domestic telegraph business incidental to it.

Any fight over the domestic telegraph business would result in disaster to the net earnings of the "Western Union" while it is doubtful if it would be particularly noticeable in the makeup of the balance sheet of the Mackey "Cos."

The best time and the best way for the Telephone Co. to enter into the telegraph field once determined - it would have its own way.

From the nature of the business - the Executive Administration of the telegraph business should be distinct from that of the telephone business, although the physical properties might be the same.

To build up an efficient administration takes time and costs money - At the same expense there are many reasons why it would be better policy to buy - particularly if you were getting something that could not be easily reached in any other way - I do not claim to be stating anything new - nor anything in any way differing from the views of many if not all of the principal telephone managers.

For the above reasons I have thought that when the time was decided upon to start in the telegraph field, and if conditions were the same, that it would be good policy to acquire the Postal system, if it could be got as I believed it could at a cost which was fully represented by useful property, utilizing the organization to carry on the telegraph business, and also use it to handle the opposition telephone business.

This done further steps to be determined very largely by the attitude taken by the W. U.

It seems to me that now the financial position of the Company is settled and secure and the market for its securities is widening, that the time will soon come when this question will come to the front - whether the above plan is now the best or whether it could be carried out on the lines laid down may be a question. Happily it is not the only course open. The conditions at the time must largely determine the course. It may perhaps needless to say that the interests of the Co. must surely be the determining factor.

I am very sorry to have taken up so much of your time - but I wished my position to be fully understood.

Will you kindly show this letter to Mr. Cochrane & to Senator Crane.

Very sincerely
Theo. N. Vail

April 23, 1906.

PERSONAL

Hon. W. Murray Crane,
United States Senate,
Washington, D. C.

My dear Senator Crane:

I enclose a copy of a letter from Mr. Vail about which I should like to talk with you when I next have the pleasure of seeing you.

Very truly yours,
F. P. Fish
President.

Enclosure.

April 23, 1906.

PERSONAL.

Henry S. Howe, Esq.,
89 Franklin Street,
Boston.

My dear Mr. Howe:

I enclose a copy of a letter from Mr. Vail which will interest you. Please return the copy to me, as I have other uses for it.

Very truly yours,
F. P. Fish
President.

Enclosure.

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The foregoing letter was also sent to C. W. Amory, Esq., Ames Building, Boston, with the following personal note: "I am very sorry to hear that you are ill and hope for good news of your condition in a short time."

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Washington, D. C.,
April 26, 1906.

Mr. F. P. Fish,
15 Day Street,
New York, N. Y.

Dear Mr. Fish:-

Referring to your letter of the 23rd instant, with copy of letter received by you from Mr. Vail, I shall be glad to talk with you about this when I see you. I presume and hope that you have no intention of having Mr. Vail retire from the Board.

Sincerely yours,
W. M. Crane

253 BROADWAY
NEW YORK

July 5th, 1906

My dear Mr. Fish:-

Regarding our conversation of last Friday, I find by referring to your letter of March 7th that Mr. Vail was elected to your board on March 25th, 1902, which was prior to my father's death in the same year.

Very truly yours,
Clarence H. Mackay

F. P. Fish, Esq.,
President, American Tel. & Tel. Co.,
Boston, Mass.

Excerpts from letter dated October 10, 1906, from Wm. H. Baker, Vice President and General Manager of The Mackay Companies, to the Finance Committee of The Mackay Companies:

"In reply to your request for my opinion as to what effect a combination of the Western Union Telegraph Company and the American Telephone and Telegraph Company would have upon the telegraph business, I have to say,

"The combined influences of the Western Union Company and the American Telephone Company would be very great and would undoubtedly be hurtful to the Postal Company's interest.

* * *

* * *

* * *

"The foregoing is an opinion of what advantages of such a combination would accrue to the Bell Telephone and Western Union.

"Such a combination could be used to cause The Mackay Companies to lose money on both its landlines and cables, and thereby force the Mackay Companies to its own terms.

* * *

* * *

* * *

"There are many reasons why a combination between the Bell Telephone and Postal lines would be a greater advantage and more desirable to the telephone company.

"If an arrangement can be brought about by which the telephone company would take the Postal lines on a long term lease and a contract with the Commercial Cable Company for the collection and delivery of cablegrams, it would be to the great advantage of all concerned.

"I consider such a combination the salvation of the Postal property and the removal of a possible drag upon The Mackay Companies.

"I estimate that \$2,000,000 is the maximum net earnings we can expect under the most favorable conditions on our present plant at present rates. *

"I strongly recommend that efforts be directed towards obtaining from the telephone company a guarantee of \$2,000,000 per annum and a fair proportion of any excess net earnings over \$2,000,000 from the operation of the Postal Plant.

"Such an arrangement, if made, would place the Western Union Company at the mercy of the combination and would place the combination in position where it could, if desired, dictate terms and obtain the control of the Western Union property at a low price."

** The rates have been increased since this was written."

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THE MACKAY COMPANIES
(Boston, Massachusetts)
253 Broadway
New York

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cb
Clarence H. Mackay,
President

Dec. 24th, 1906

My dear Mr. Fish:-

We would like to have a list of the stockholders of your Company, with their addresses, in order to send to them a copy of the regular annual report of The Mackay Companies, which will be issued February 15th. Inasmuch as The Mackay Companies is by far the largest stockholder in your Company, we think it desirable that your stockholders should know who we are, and our condition, and we think it to the advantage of both institutions that this should be done.

I trust there will be no objection to this, especially as we understand that you will necessarily prepare such a list next month. We are quite willing to pay any expense connected with the preparation of the same.

Very truly yours,
Clarence H. Mackay

F. P. Fish, Esq.,
President, American Tel. & Tel. Co.

December 28, 1906.

PERSONAL.

Clarence H. Mackay, Esq.,
THE MACKAY COMPANIES,
253 Broadway, New York.

My dear Mr. Mackay:

I will see that you have a list of the stockholders of our Company, as requested in your letter of December 24.

Allow me to say that it seems to me unwise, under the present condition of public sentiment, to advertise the fact that one large corporation is interested to a substantial extent in the stock of another. I sincerely hope that you will refrain from emphasizing the fact of your holdings in the stock of our Company, in the interest of both of our companies.

Do you not agree with me that this course is wise?

Very truly yours,
F. P. Fish
President.

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December 31st, 1906

My dear Mr. Fish:-

I am pleased to receive your favor of the 28th inst. stating that you will see that I have a list of your stockholders as requested. I hardly think you will object to the very brief way in which our annual report will refer to your Company. Last February in our report we stated that we were one of the largest stockholders in your Company, and the effect was very good indeed. I think the public will welcome a closer alliance of the telegraph with the telephone. In Europe they are operated together for public convenience. Moreover, it is necessary for us to explain to our stockholders in a general way the purposes for which our outstanding preferred shares have been largely increased during the past year.

If agreeable to you, will you kindly request your Treasurer to insert in the list of stockholders the holdings of those who own one thousand shares or over?

Yours very truly,
Clarence H. Mackay

F. P. Fish, Esq.

THE MACKAY COMPANIES,
(Boston, Massachusetts)
253 Broadway,
New York.

February 1st, 1907.

Frederick P. Fish, Esq.,
President, American Telephone and Telegraph Co.,
Boston, Mass.

My dear Mr. Fish:-

The Trustees of The Mackay Companies have requested me to write you and call your attention to the fact that The Mackay Companies

owns over 70,000 shares of stock in your company and is by far the largest stockholder, its holdings being over four times those of your next largest stockholder. In view of this great interest which The Mackay Companies now has in your company, the Trustees feel that we should have three representatives on your Board, and they have designated Mr. Dumont Clarke, Mr. Pliny Fisk and myself as their choice for such positions.

As you, of course, are aware, not one of your eighteen Directors, excepting Senator Crane, owns over 2,000 shares of your stock in his own right; at least that is what your books show, and we submit that it is proper that a stockholder who owns over 70,000 shares should be given representation on your Board. We would also call your attention to the fact that while your company controls the New York Telephone Company, yet the Western Union Telegraph Company which owns only 20% of the stock of the New York Telephone Company, has five out of the thirteen directors of that company. We submit that The Mackay Companies with its large holdings of stock in your company should have representation. We consider that we are entitled to it and expect that it will be granted.

Yours very truly,
Clarence H. Mackay
President.

Feb 10 (1907)

Dear Mr Fish

The Mackay Co's have nerve.

Their interests are opposed to ours and of course at this time cannot secure representation.

I see no reason for more than acknowledging receipt of letter at this time but later on it may be well to record the fact of divergence of interests & actual injury to the shareholders as a whole from any representation of Mackay Cos.

Yours sincerely
T. Jefferson Coolidge Jr.

Clarence H. Mackay, Esq., President,
The Mackay Companies,
253 Broadway, New York.

February 13, 1907.

My dear Mr. Mackay:

I have just returned from the west and am only now able to answer your letter of February 1.

6 20,
I have not consulted with any of my Executive Committee or my Directors on the subject of your letter, but take the liberty of expressing at once my own personal views on the subject therein referred to.

Speaking personally, I should be glad to consult with your Company or with any of our large stockholders on the subject of Directors. We have a clear common interest in desiring the best available men for the position, and we cannot get too much help in selecting them. I feel, however, that each and all of the Directors should represent each and all of the stockholders, and that it is unwise to have any stock interest specifically represented on the Board.

If you will allow me to go a little farther, it seems to me that at the present time it would be a very great mistake for one large corporation to have a definite and specific representation on the Board of another large corporation. This probably would be true under any conditions, but is, in my opinion, of special weight in a case like the one we are now considering, where the two companies are to some extent competitors, and where your Company is interested in such a large number of other companies, including some of our most aggressive competitors.

I shall bring the matter before our Executive Committee and shall of course be governed by their views.

I should personally be glad to consult with you with reference to the make-up of the Board, although, as I now look on it, not on the theory that your Company, as a stockholder, is entitled to specific representation.

Allow me to add that I should regard it as an honor to have the three gentlemen whom you name on our Board of Directors, in so far as their character, standing and personality are concerned.

I shall later write you again on the subject.

Very truly yours,
F. P. Fish
President.

THE MACKAY COMPANIES,
(Boston, Massachusetts)
253 BROADWAY,
NEW YORK.

Clarence H. Mackay,
President.

February 19th, 1907.

Frederick P. Fish, Esq.
President, American Telephone and Telegraph Co.,
Boston, Mass.

My dear Mr. Fish:

I am surprised to receive your letter of the 13th instant, because it is a new theory to me that, inasmuch as a director should

represent all stockholders, a large stockholder should not, by reason of his large holdings, be entitled to name one or more directors. I gather that such is your reasoning, but it seems to me that that would mean that it would be better if the directors owned no stock whatsoever, which, of course, is contrary to the theory on which corporations, as well as co-partnerships, are organized.

In reply to your mention that we are interested in some of your most aggressive competitors, I would say that we own stock in six so-called independent telephone companies, our largest holding being in the Michigan State Telephone Company (and even that company is considered your ally), and our holding in that company is worth less than thirty thousand dollars, while our holdings in your company are worth nearly ten millions of dollars.

We repeat that we are entitled to representation on your board and shall not be content until we get it. We own more stock than all your directors combined.

We have men on our staff who were experts on poles and wires before the telephone was invented. We conduct our affairs without extravagance or waste, and we know where our money is coming from before we spend it. We believe our influence in these respects would do your company no harm.

There is another thing more important vastly than the above. We think you will agree with us that you will want several hundred millions of dollars fresh money during the next ten years in your business. How are you going to get it? There are various ways in which we can help you very substantially, and we have every reason for helping you, but how can we help you when you slam the door in our faces as you seem inclined to do?

Yours very truly,
Clarence H. Mackay
President.

Wall Street
Corner
Nassau
New York

February 21, 1907.

My dear Mr. Fish:-

I am in receipt of your favour of the 20th, advising that Mr. Drum is in town, and have written him as you suggested.

I also have your favour referring to the subject of Directors, and will bear your suggestion in mind.

I have also received your letter enclosing copy of letter to you. The letter is an amusing screed, and the suggestion one which I think should be firmly dealt with in the interest of our own company.

I trust you are very well. Kindly let me know when you are to be in New York again, and very greatly oblige,

Yours faithfully,
John I. Waterbury

F. P. Fish, Esq.

UNITED STATES SENATE
WASHINGTON

Feb. 21, 1907.

Mr. F. P. Fish,
President, 125 Milk St.,
Boston.

Dear Mr. Fish:-

Your letter of the 20th instant is received enclosing copy of one which you received from President Mackay. If you have not already replied to the same I wonder if it would not be better to simply write Mr. Mackay that you would refer the matter to the directors and that you would advise him definitely later on. This course might serve to prevent an unpleasant and disagreeable correspondence.

Sincerely yours,
W. M. Crane

February 25, 1907.

Clarence H. Mackay, Esq., President,
The Mackay Companies,
253 Broadway, New York.

My dear Mr. Mackay:

Your letters of February 1 and February 19 have been submitted to members of our Board of Directors for consideration, and they will

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give the matter careful thought and authorize me to communicate with you in a few days.

Very truly yours,
F. P. Fish
President.

March 6, 1907.

John I. Waterbury, Esq.,
20 Wall Street,
New York City.

My dear Mr. Waterbury:

At its meeting this morning, the Executive Committee resolved informally to ask Mr. Nathaniel Thayer, yourself and myself to consider the question of Directors. Mr. Thayer will be glad to help in the matter and plans to call on you at eleven-thirty Friday morning.

I shall be in Albany tomorrow. My address will be Ten Eyck Hotel. I do not want to be in New York Friday unless it is necessary, but if you will telegraph me at the Ten Eyck Hotel that you think I should come to New York tomorrow night, I will do so.

The general feeling of the Executive Committee was that it would be better not to have bankers selected but first class commercial men of high standing, if we can get them; also that preference should be given to those who are active in New York rather than in Boston.

Very truly yours,
F. P. Fish
President.

Dalton, Mass., March 9, 1907.

Mr. F. P. Fish, President,
Boston.

Dear Mr. Fish:-

Referring to our talk on the telephone to-day, I regret that I cannot attend the meeting Monday afternoon called for the purpose of

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considering the advisability of inviting Messrs. Pliny Fiske, Schoon-
maker and McLean to become members of the A.T. & T. Co. board. I know
of the first named gentleman by reputation, but the other two I have
never heard of, and I trust that the directors will make very careful
inquiry before extending an invitation to them. The directors ought,
in selecting new associates, if possible invite such men as either have
a thorough knowledge of the business, or that are at present or likely
to become heavily interested in the Company. Possibly some one may have
assurance that such may be the case with the gentlemen named. Personally
I would like to know more about them, and will make careful inquiry at
first opportunity.

I would like very much to have Mr. Cutler of New York become
a member of the board, provided that he would be willing to serve, as
his knowledge of the telephone business and reputation in New York would
be of much value to the Company.

Sincerely yours,
W. M. Crane

March 11, 1907

Hon. W. Murray Crane,
Holland House,
New York City.

My dear Senator Crane:

All the Directors who are accessible met at my office this
afternoon and considered the question of the vacancies on our Board. Mr.
Thayer and myself reported that Mr. Schoonmaker and Mr. McLean had been
named as desirable men and that it seemed, on the whole, wise to offer a
position on the Board to one of the gentlemen suggested by Mr. Mackay in
his letters, which you have seen. It was the general opinion of those
present that of the men suggested by Mr. Mackay, Mr. Dumont Clarke was
the best qualified, all things considered.

Your suggestion that Mr. Cutler should go on the Board was
cordially received by all of us.

The Directors present finally united in suggesting that you,
Mr. Thayer, Mr. Waterbury and myself take the responsibility of selecting
the gentlemen who shall be asked to become Directors.

There seemed to all of us some objections, not personal in
character, to Mr. Pliny Fisk, the chief objection being that he is so
active in Wall Street. It seemed to us as if a bank president of the
type of Mr. Clarke would, on the whole, add more strength to the Board.

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I suggest that you see Mr. Waterbury tomorrow and talk the matter over with him. I sincerely hope that you will let nothing interfere with your being in Boston on Wednesday, when we shall have a large number of important meetings in the afternoon. Wednesday forenoon Mr. Thayer will be very glad to talk matters over with you.

From a telephone conversation with Mr. Waterbury, I judge that he is inclined to think that just at this time it might be better to take a strong man not associated with our Company rather than Mr. Cutler. The more the subject was discussed this afternoon, the more all present seemed to agree that Mr. Cutler would be as likely to strengthen the Board as anyone who could be suggested. Among other things, it was suggested with great force that if he were on the Board, other New York men might be attracted to it and that such New York men as were on the Board would, through him, be in a position to get at the telephone business, in whole or in part, much more easily and completely than if there were no Director in New York thoroughly acquainted with telephone affairs.

As the easiest way of getting at the result, I think that I shall send to Mr. Waterbury a copy of this letter which I am writing to you.

Very truly yours,
F. P. Fish
President

March 22, 1907.

Dear Mr. Mackay:

It is the opinion of those whom I am obliged to consult that it is not wise to elect upon our board too large a representation of another and to some extent a competing corporation. In this view I am obliged to agree. It seems particularly inexpedient to elect the President of that Company one of our Directors, much as we should regard it as an honor to have him on our board if the conditions of public sentiment were different.

We very much regret that Mr. Dumont Clarke was not inclined to accept our invitation to allow us to elect him as one of our Directors.

Sincerely yours,
Frederick P. Fish.

Clarence H. Mackay, Esq.

July 14, 1908.

John I. Waterbury, Esq.,
20 Wall Street,
New York City.

My dear Mr. Waterbury:

There are a great many statistics and reasons why it would be advantageous to this company to acquire the Western Union Telegraph Company which I think would be rather unwise just at present to put on paper.

As far as the question between acquiring the Western Union and the Postal is concerned, while originally I was very strongly in favor of acquiring the Postal, it was at the time the Postal was capitalized at its true value and could have been acquired at that capitalization. The principal thing that the telephone company wants in acquiring a telegraph company is the organization. If it were not for the difficulty and expense of building up an organization which would extend over the whole country and which is necessarily distinct in certain lines from the telephone company, then the telephone company could probably equip itself for telegraphing as cheaply by building lines as by purchasing. In doing that, however, it would still leave formidable competitors in the field, which it is much better to remove.

It is practically impossible under present conditions to build up a rival telegraph company. The Postal Company may be considered as a telegraph adjunct to a cable company, created and supported for the purpose of delivering and collecting its cable messages, incidentally doing a telegraph business. Whether it is profitable or not under the conditions that exist is not a momentous question, as the profits on the cable business of the Postal Company are fully equal to taking care of both the cable and telegraph.

The Western Union, on the other hand, is more purely a telegraph company with a cable adjunct and under the conditions I doubt whether the Western Union derives any profits whatever from their cable business. The reason, therefore, for acquiring the Western Union, to begin with, rather than the Postal, is that we can get a system which will be immediately of more benefit to the telephone company than the Postal, and probably at less cost to the telephone company. Had the telegraph business of the country been undisturbed, it would have shown relatively as great, if not greater growth, than the business of any other public service corporation, and would have had sufficient increase in net profits to have taken care of all the increased capitalization created by all the companies. As it is, while the growth of the gross revenue has been considerable, the net revenue has actually decreased.

When the telephone business was in its developmental state and during the protracted negotiations between the Bell and the Western Union, it was proposed and for a time seriously considered by a large number of those in the Bell interests to divide the telephone business - the Bell taking the exchange business and limit it to a 15-mile radius, the Western Union to take the extra-territorial business as it was then called -

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that is, all business from points within to points without the 15 mile radius, and all business between the different exchanges. This would embrace all of what is now known as the toll and long distance business. While this business was as yet undeveloped, both as to practicability or public demand, yet I had conceived a system embracing all subscribers and all exchanges forming a harmonious, universal and interdependent system controlled by one interest and one policy. I therefore opposed giving the Western Union this toll line business and finally won over to my side all of the dissenting elements of the Bell interests. Had the Western Union taken the toll line business, it would have been the controlling factor of the toll line business, and instead of a vanishing net revenue would have continued its expansion and held its relative position in the business field, providing it had managed its business with foresight, and by contract and other legitimate methods, kept control of the toll business. The development of the toll and long distance telephone business has destroyed completely as to net revenue and largely as to gross revenue, the short distance telegraph business, and it has cut very largely into the middle long distance business, taking all that class of business which can afford the cost. With long distance business, cost is largely a secondary consideration - embracing as it does some of the elements and advantages of the "telegraph" in its message and answer, the "mail" or "letter" without limit as to scope and extent, and of "travel" as to its quality of personal interview. The result has been the loss to the telegraph company of the greater part of its most profitable business.

An analysis of the business of the Western Union will show that in the past twenty years, which covers the development of the toll line telephone business, the net profits, after deducting the telephone revenue, have decreased very largely. During this same period, the Western Union has expended in construction many millions of dollars, about half of which has been taken from the so-called net revenue, and half provided by new capital.

I think you will agree with me that any expenditure for construction purposes which does not produce an increase of net revenue should not be capitalized, particularly if in the net revenue existed little or no margin after the payment of charges and dividends.

Under existing conditions, the Western Union can take care of necessary but unprofitable construction, and probably earn for dividends estimated on a safe basis, from a million and a half to two million dollars a year, not including its telephone revenue. During periods of great business activity, this would probably be increased temporarily.

Another cause of trouble in the future with the telegraph company is their competition for rights of way on railroads and privileges in hotels and public places. In the past twenty years, the relative expense of these items alone have fully doubled. Telegraph men who thoroughly understand the situation estimate that from two millions to five millions a year could be saved in these last two items alone. A large saving could also be made in the joint management of the plant department - that is, maintenance and construction - in the right of way department. The time is coming when it will be necessary for the telegraph company to absolutely own their right of way the same as railroads through the country between all the larger towns.

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It has been suggested that the Western Union would ultimately have to be reorganized. I do not think that this, under any conditions which may arise in the near future anyway, is likely to come about, as under the existing conditions the Western Union could always earn enough to maintain itself and pay its fixed charges. A destructive competition by reducing the prices of messages between the larger towns would probably wipe out net earnings from the business, but no competition that exists or is possible except the telephone competition, can reach over 40%, and probably not over 30% of the total business of the Western Union, for while it is a fact that 80% of the telegraph business of the country originates or ends in a few of the larger cities, yet not in my opinion, to exceed 30% of it is between those large cities. This fact was the cause of all the failures in the past of telegraph promoters, who depended upon the business alone and not upon other reasons.

The telephone company reaching about twice as many points in the United States as the telegraph company by their wires, of course would not have this trouble to contend with.

The success of Mr. Gould and the Postal Telegraph Company was entirely due to other reasons.

The reason why this matter should be taken up immediately is that if the Western Union were controlled by the telephone company, all its lines could be utilized to a greater or less extent for toll lines and long distance telephone business. The telephone company will be obliged to spend a great many millions of dollars, fully as many as the telegraph company will cost, to provide toll line facilities which could be largely avoided if it had the use of the Western Union facilities, or the control rather - as the mere use without the absolute control - would be of no account.

If the acquisition is delayed and this expenditure is made, then there would be an unnecessary duplication of plant which it would take years to utilize.

The only objection that I can see to the immediate acquisition is that it might affect the distribution and absorption of the convertible bonds among and by the investment public, and thus affect the future credit of the telephone company. There never will be a time, however, when the telephone company from its standpoint alone will be as independent of the money market as it is today. The only question to be considered is whether the one balances the other; that is a matter that the financial people can better determine for themselves.

So far as business is concerned, all is showing well.

Five months of operating companies show -

Gross revenue,	\$48,814,700	increase	\$ 3,009,300
Operating Expense,	36,038,400	"	1,974,700
Net,	12,776,300	"	1,034,600
Misc. Earnings,	2,057,600	"	185,600
Total Net,	14,833,900	"	1,220,200

In the operating increased expenditure, \$1,367,800 was due to appropriation for maintenance partly unexpended, and \$213,800 to taxes.

The A.T. & T. Co. will show for the six months:

	1907	1908
Earnings,	\$ 9,736,659	\$ 11,792,527
Expenses,	1,032,570	1,073,770
Net,	8,704,089	10,718,757
Net Traffic,	1,832,114	1,995,865
Total net,	10,536,203	12,714,622
Interest,	3,439,792	3,871,676
Balance,	7,096,411	8,842,946

The construction account of the associated companies is for the first five months largely inside the estimate and the allotments.

The cutting off of undesirable business - by enforced collections and more rigid supervision has made room for a better class of subscribers, giving an increase in revenue.

The toll line business is less in many cases than last year but that fluctuates with business conditions, except that the normal growth as a rule takes care of any reduction from other causes.

The revenue of the A.T. & T. Co. has not been brought about by any increase in dividends as they are in all cases at the same rate as last year. The rate of interest was increased last year and this has had a small effect on the increase; otherwise, it is a legitimate and not forced increase.

Very sincerely yours,
Theo. N. Vail
President.

(Personal)

Nov. 24th, 1909.

Clarence H. Mackay, Esq.,
President, Postal Telegraph-Cable Co.,
253 Broadway, New York.

Dear Mr. Mackay :-

Yours of the 23d instant received.

The matter will receive immediate attention, and when I return to New York will take up the matter again. Meantime, if you would have

gotten together all the matters of which you spoke to me, we will take them up and try and dispose of them.

Sincerely yours,
Theo. N. Vail
President.

Nov. 27th, 1909

My dear Mr. Vail:-

In view of the still prevailing belief of the public that our holdings of stock in your company really means that we are in the combination, and also for other reasons which you appreciate, and especially the recent decision in the Standard Oil case, our Board of Trustees, at their meeting held this week, unanimously came to the conclusion that we should sell our American Tel. & Tel. Co. stock.

In doing this we of course will proceed quietly and slowly, and if there are any special precautions you may wish us to adopt, to avoid injuring your market, we shall be glad to co-operate with you to that end.

I am going south to-morrow, and shall be gone most of next week, and in the meantime if you care to take this matter up with Mr. Dumont Clarke, President American Exchange National Bank, 128 Broadway, one of our Trustees, he will be glad to confer with you, or, if you prefer, I will take it up with you upon my return, if you so desire.

Yours sincerely,
Clarence H. Mackay

Theodore N. Vail, Esq.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY
15 Dey Street

New York Nov. 30th, 1909.

Personal

Clarence H. Mackay, Esq.,
President, Postal Telegraph-Cable Co.,
253 Broadway, New York.

My dear Mr. Mackay:-

Your letter of November 27th was forwarded to me in the country, and I have just returned and hasten to answer.

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We regret very much that you feel compelled to take this action, but understand your reasons therefor. Any step looking to the protection of your own interests would of course be also to our own favor - therefore I have no suggestions to make. I would, however, like to see you before you make your plans and dispose of the matter, as I think it possible it may result to our mutual advantage.

Sincerely yours,
Theo N. Vail
President.

Dec. 22d, 1909.

Clarence H. Mackay, Esq.,
253 Broadway, New York.

My dear Mr. Mackay:-

If agreeable to you, I will be glad to meet you at the Hotel Gotham (55th St. & Fifth Ave.) to-day at 4.30 o'clock.

Sincerely yours,
Theo N. Vail

Dec. 23rd, 1909

My dear Mr. Vail:-

According to our conversation of last evening, I took up the question of the selling of our telephone holdings with my associates this morning, and they take the same view as previously held, namely, that in view of the fixed charge against us of 4% on our preferred shares, we are not justified in selling at less than the figure mentioned; namely, 143 plus the current dividend. As a matter of fact, we believe that if we cared to withdraw entirely for the present, we would have no trouble to sell this stock at 150 or better during the course of the coming year. However, we have no inclination to do that, for the present at least.

As to the other matters, I have had a talk with Mr. Nally, and he will take them up in detail with Mr. Hall at once. Will you kindly so inform Mr. Hall?

With the compliments of the season,

Yours very sincerely,
Clarence H. Mackay

Theodore N. Vail, Esq.

THE MACKAY COMPANIES,
(Boston, Massachusetts)
253 BROADWAY,
NEW YORK.

Clarence H. Mackay,
President.

February 18th, 1910.

Theodore N. Vail, Esq.,
President, American Telephone and Telegraph Co.,
New York.

My dear Mr. Vail:-

Confirming our talk over the telephone this morning The Mackay Companies and The Commercial Cable Company give you the option for ten days from date to purchase the 82,906 shares of American Telephone and Telegraph Company's stock which they own in the aggregate, at the price of one hundred and fortythree dollars (\$143) per share, plus a proportion of the present accruing dividend thereon, figuring it from January 1st to the date of payment, each month being taken by itself.

Yours very truly,
Clarence H. Mackay.
President.

THE MACKAY COMPANIES,
(Boston, Massachusetts)
253 BROADWAY,
NEW YORK.

Clarence H. Mackay,
President.

February 19th, 1910.

Theodore N. Vail, Esq.,
President, American Telephone and Telegraph Company,
New York.

My dear Mr. Vail:-

In reply to your favor of yesterday inquiring as to the terms of payment in case you exercise your option, I think there will be no difficulty about it. With a substantial payment down, the balance might remain on the usual time collateral notes. The rate of interest would correspond to the dividend you would be receiving, which figures out a trifle over 5-1/2% on the purchase price - the same basis as the option. When you get that far along, if you will indicate to me your wishes, I think I can arrange it to your satisfaction, inasmuch as we have no present use for the money.

Yours very truly,
Clarence H. Mackay.
President.

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Appendix 8

Copies of Correspondence Relating
to Acquisition of Stock by Baker, Waterbury
and Associates, March, 1902

PERSONAL.

March 7, 1902.

Francis L. Hine, Esq.,
Vice-President, First National Bank,
2 Wall Street, New York.

My dear Mr. Hine:

I am now in a position to assent definitely to the proposition which I discussed the other day with Mr. Baker and yourself.

We will sell to Mr. Baker and his associates 15,000 shares of the stock of the American Telephone and Telegraph Company, at 153 1/2, with the understanding that Mr. Baker is to have the option to take 25,000 additional shares of the stock within a few days after his return from the south, and at the same price, if he desires to do so. If he concludes that he would like to have 35,000 additional shares, rather than 25,000, I have no doubt that we shall be able to meet his views on that point.

It is our expectation to elect Mr. Baker and Mr. Waterbury to the Board of Directors of the American Telephone and Telegraph Company at the annual meeting, which will be held on March 25, 1902.

I need not repeat that we understand that it is the purchaser's intention that this stock is to be held as an investment, although, of course, no binding agreement to that effect is to be expected.

I think that I have now stated our entire understanding, and should be glad to have you confirm my statement and indicate to me when you would like to have the certificates for the 15,000 shares delivered, and the names in which these shares are to be placed.

Very truly yours,
F. P. Fish,
President.

FIRST NATIONAL BANK
NEW YORK

March 8, 1902.

F. P. Fish, Esq. Prest.
Am. Tel. & Telegraph Co.
Boston, Mass.

Dear Mr. Fish,

Replying to your favor of the 7th instant, I beg to hereby confirm the agreement entered into by you with Geo. F. Baker, Esq., namely, that he and his associates shall accept upon presentation by you at the First National Bank of New York, 15,000. shares of the stock of the American Telephone and Telegraph Company at 153 $\frac{1}{2}$, and that they shall have the privilege of accepting 25,000 at [sic] 35,000 shares additional at the same price within a few days after Mr. Baker's return from the South. Also that Mr. Baker and Mr. Waterbury shall be elected as members of the Board of Directors of the American Telephone and Telegraph Company at their meeting to be held on March 25, 1902.

As indicated over the telephone, we should be glad to have a certificate of

100 shs in name of Geo. F. Baker,
100 " " " " John I. Waterbury,
14,800 " " " " W. J. Nevius.

(300 shares of the latter to be in six certificates of 50 shares each).

Yours, very truly,
F. L. Hine, V. P.

FIRST NATIONAL BANK
NEW YORK

March 25th, 1902.

F. P. Fish, Esq. Prest.
Am. Telephone & Telegraph Co.
Boston, Mass.

Dear Sir,

Referring to your letter of March 7th, I hereby accept for myself and associates the option to purchase 35,000 shares of your stock at 153 $\frac{1}{2}$, the same to take effect this date. The arrangement for the

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delivery of the certificates and payment of dividends as arranged by you with Mr. Waterbury will be entirely satisfactory.

Yours, truly,
Geo. F. Baker

March 25, 1902.

Dictated by telephone from New York.

Alexander Cochrane, Esq.,
55 Kilby Street,
Boston.

My dear Mr. Cochrane:

Mr. Waterbury tells me that the New Yorkers are prepared to take the additional thirty-five thousand shares of stock, and want it delivered immediately, and I am trying to arrange with Mr. Driver to have the matter done in my absence if possible.

Mr. Waterbury wants to make the payment by giving us credit in the Manhattan Trust Company, where he wants us to open an account. Of course I have no authority to authorize the opening of an account at the Manhattan Trust Company, but it seems to me that we must do it under the circumstances of this case. I told Mr. Waterbury that we could not leave all the money in the Manhattan Trust Company for a great length of time. He will pay the regular rate of interest.

If Mr. Driver is able to make the transfers in my absence, will you authorize him to take the payment as Mr. Waterbury suggests, and to open an account at the Manhattan Trust Company?

Very truly yours,
F. P. Fish,
President.

March 25, 1902.

Dictated from New York.

Wm. R. Driver, Esq.,
Treasurer.

My dear Mr. Driver:

The New York people will take the 35,000 shares of stock. They are very anxious to get it immediately. Is there any way in which it can

be given to them in my absence? Telegraph me at Cleveland tomorrow morning on this point.

The difficulty, I suppose, will be that no one besides myself can endorse the certificates in the name of the American Bell Company. They will of course want New York certificates of the American Telephone and Telegraph Company, and Mr. Hall could sign those certificates. Telegraph me fully at Cleveland.

If there is no other way of expediting the matter, you might send the necessary certificates to Cleveland, and I will endorse them and send them back to Boston.

Mr. Waterbury tells me that the new certificates might just as well be made out in the same name as the bulk of the other certificates, which I think was W. J. Nevius, although I do not remember the initials.

Mr. Waterbury also wants to pay the money by giving us credit at the Manhattan Trust Company at New York, where he wants us to open an account. I have no authority to authorize this, and if the matter goes through in my absence you will have to see Mr. Cochrane and Mr. Howe about it.

The Manhattan Company will of course allow the regular rate of interest.

Very truly yours,
F. P. Fish,
President.

Boston, Mass.

TELEGRAM

Mar 26(190:

F. P. Fish,
Colonial Hotel,
Cleveland o

Both your communications received and considered, We have decided to open an account at the Manhattan Trust Company, As you wish, adding the suggestion which you incorporated in your second communication. What we were opposed to was not the opening of an account in the manhattan trust Company, but opening one there and also one at the first National Bank, as we did not consider that the Gentlemen were entitled to ask for two accounts. We, however, yield to your wishes, and have instructed Colonel Driver accordingly.

Alexander Cochrane,
Henry S. Howe

March 26, 1902.

Alexander Cochrane, Esq.,
55 Kilby Street,
Boston.

My dear Mr. Cochrane:

As I have already telegraphed you, there is no committal to an account with the Manhattan Trust Company. At the same time, I think it very desirable that we should leave an account there for a time at least. Mr. Waterbury has a great deal to do with the New York deal and seems to think that his Trust Company should be recognized to some extent. It would be perfectly proper for Mr. Driver to tell him that we cannot agree to keep the account there permanently, as we are not sure that we ought to have it in New York, but that we will open an account there for a time at any rate. He can also say that we shall need the greater part of this money in Boston, so that the account will not be a very large one. I think, however, that it is well to gratify him as far as we can in this way.

Mr. Waterbury is very much interested in our affairs and I am sure that it is wise for us to keep him in as healthy a frame of mind as possible.

I am writing a duplicate of this to Mr. Howe and trust that you and he will agree that Mr. Driver may leave an account at the Manhattan Trust Company. Please instruct Mr. Driver.

Very truly yours,
F. P. Fish,
President.

Dictated by Mr. Fish from Cleveland

March 29, 1902.

John I. Waterbury, Esq.,
President, Manhattan Trust Co.,
Wall & Nassau Streets, New York City.

My dear Mr. Waterbury:

I understand that Mr. Driver has made with you the arrangements necessary to deliver the stock (35,000 shares) on Monday.

As he will tell you, it does not seem to us at the present time certain that we should be justified in maintaining indefinitely accounts in New York. It is quite agreeable to us, however, that we should open an account with the Manhattan Trust Company; and while that account may not remain of great size, judged by the standard of New York corporation accounts, we trust that it will be satisfactory to you so long as it continues.

As Mr. Driver will tell you, the transfer to Boston of so much of the money as the Manhattan Trust Company will place to our credit in the first instance will be made so as to conform as far as possible to your convenience.

Very truly yours,
F. P. Fish,
President.

MANHATTAN TRUST COMPANY
Wall Street, corner Nassau.
New York

March 31, 1902.

F. P. Fish, Esq., President,
American Telephone & Telegraph Co.,
Boston, Mass.

My Dear Mr. Fish:-

I beg to acknowledge with thanks receipt of your kind favor of the 29th inst. I understand fully with respect to the account of this Company, and the matter shall have our due attention.

Yours very truly,
John I. Waterbury.

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Appendix 9

Copies of Correspondence re American Telephone
and Telegraph Company Financing, 1906.

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Excerpt from letter dated April 8, 1904, from H. L. Higginson to F. P. Fish:

"I was with Jim Storow in New York yesterday and came back last night, in case there should be anything for me to do here about this bond business.

"Of course, we agreed with your views entirely that you need a new market, and we think this can be accomplished by dealing with Speyer. We know as well as anybody can that the Telephone securities are as good as can be, but they have not interested the public yet, outside of New England, very much, and the company has not got the standing which it deserves and which it will have by and by. The New Yorkers are always shy of new things from this part of the country. We think Speyer can help to distribute the securities elsewhere."

44, State Street,
Boston.

February 15, 1905.

Frederick P. Fish, Esq.,
President, American Telephone & Telegraph Co.
125, Milk Street, Boston, Mass.

Dear Sir:

As we think we have made it apparent to your Company ever since our firm and Messrs. Speyer & Co. provided for the last capital requirements, we are anxious to be afforded an opportunity to show on what terms we can provide the fresh capital desired by the Company for the coming year. We do not ask or suggest that we should be given the slightest preference over any other banking firms. The Company is in sound financial condition, and we submit that there is no reason, based on the condition of the Company in the present market situation, why the company should not provide for its wants on the best terms available, and we think it a fair statement to say that the Company cannot determine what these are if it permits a single firm only to lay before it a plan to provide for its financial requirements.

The New England market has been of inestimable benefit to the Company in steadily absorbing the larger portion of its securities. In the main, the New England investor is not a speculator or purchaser of

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securities on a scale which leads to substantial liquidation in times of stock market stress, and if the confidence of the New England investor is retained by a continuation of conservative methods of finance and management it should not be overlooked that in absorbing and holding power he will continue for many years to be the most valuable client which the Company possesses.

At the same time we think all well wishers of the Company realize that if it can also interest a substantial number of investors in its securities in New York in England in Holland and Germany, its position will be greatly strengthened, and we and our friends, Messrs. Speyer & Co., have given this matter much consideration. Holland, for example, seems to us to be a place where a very valuable and tenacious clientele can be built up for the Company, but we are inclined to think that in view of the lack of knowledge in Holland of the Company and its resources, it is not very probable that the Dutch will be disposed to purchase the present outstanding securities of the Company on a substantial scale. The bonds, at present prices, now yield only slightly above 4%, and the danger is that the Dutch investor may be more attracted by the bonds of other large corporations better known to him, and yielding the same rate of interest, such, for example, as last week's sale of \$75,000,000 Southern Pacific 4s (sold at 97) a large number of which we have reason to know were sold in Holland.

It is also true that foreign investors might not be strongly attracted by the stock at the present time; for there are securities of other companies better known to them, which are likely to have the preference in their minds.

It seems to us, however, that a convertible bond, as we have taken occasion to say several times during the last year could be made to attract foreign investors, and so gradually interest them in the Company. Such a bond could be made convertible say on the basis of par for the bonds and 150 for the stock. We are aware that under the New York Statutes bonds issued under the present mortgage could only be made convertible for the next six years, but if it seemed desirable to extend this period, we have consulted counsel and believe we could suggest a method by which the two to twelve year period provided for by the statute could be secured.

We have also given a great deal of time and thought to the question of how a preference stock would be received in the several foreign markets. We are certain that a five per cent. preference stock would meet with favor, and could be sold readily in all markets at par. This stock could be made callable at 110 if the Company desired, so that as time goes on, and the Company gets to a four per cent. basis for its preferred stock this five per cent. stock could be called in and quite a saving made for the common stock.

We also think a 4 1/2% preference stock made exchangeable into common stock on the basis of 150 for the common stock could be sold at a price which would be very satisfactory indeed to the Company. Under the conditions obtaining in foreign markets at the present moment this latter plan, in our judgment, is probably the wisest course for the Company to pursue. The stock could be listed on the principal European markets, and we think it would prove decidedly attractive. Its convertible feature will cause every one to keep their eye on the common stock, and brokers

and their clients will begin to acquaint themselves with the strength and standing of the Telephone Company. If the stock ever should be converted into common on the basis of 150, this new capital would only have cost five per cent., and will not be represented by an interest bearing obligation, but will share fully whatever risks there may be in the telephone business, and in addition it will have purchased for the Company a standing in all the foreign markets, and, moreover, by such an exchange the way will very likely be cleared for the issue of more preferred stock for future capital requirements, and perhaps on a basis still better for the Company. Meanwhile the money thus obtained from the sale of the 4 1/2% preference stock, upon which the Company should earn probably seven or eight per cent., will cause an increasing surplus for the common stock, and ought to enhance its value. It is also true that this increase of capital, without any increase in the interest bearing obligations of the Company, will be a great assurance for the future of the Company, for its indebtedness will be far below that of any other correspondingly large corporation in the country. If there should happen to be a shake up in the market in connection with the next presidential election when there will be the uncertainty of a new Republican candidate and the democratic party very likely led by its radical elements, the position of the Company will be absolutely impregnable.

In this connection, we may add that we should be glad to provide not only for the requirements for the year 1905, but to go further if desired, and take care of the \$20,000,000 five per cent. Notes coming due May 1907.

May we say for ourselves, [sic] that as a New England [sic] firm, we have always taken a great pride in the Company. We have dealt extensively in its securities for many years; we have, with our friends, Messrs. Speyer & Co., provided for its last financial requirements, and inasmuch as there has been no day since the issue of the last securities when we have not made it clear that we were ready and anxious to be considered by the Company when taking up its future capital requirements, we should feel it keenly if we should be kept in our present position of being told that an offer of capital from us could not be considered, and the opportunity should be reserved exclusively for another.

We think we can rightly say that the record of this last year and preceding years shows that Messrs. Speyer & Co. and ourselves are as well fitted as any firm to serve the Company by purchasing and thoroughly distributing a large block of new securities.

Very truly yours,
Lee Higginson Co.

UNITED STATES SENATE,
WASHINGTON

PRIVATE

Feb. 15, 1905.

Dear Mr. Fish:-

I am beginning to think that we ought to raise the necessary money by the sale of four per cent collateral bonds without the

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conversion clause. We surely can find some one who will buy them at a reasonable price. The other proposition is intricate and uncertain, and might lead to a great deal of trouble. I write you about it now, thinking that you might want to intimate to the people in New York that some of your people do not look with favor on their plan, but of course do as you think best about this.

If you wish to talk with me on the telephone you can call me up at the Senate any time after 11 o'clock tomorrow or Friday, and at the Arlington Hotel previous to that or in the evening.

Very sincerely yours,
W. M. CRANE

Mr. F. P. Fish,
15 Dey Street,
New York, N.Y.

February 15, 1905.

Messrs. J. P. Morgan & Co.,
Broad and Wall Streets,
New York City.

Dear Sirs:

We find so many practical and technical difficulties in the scheme suggested in our conference last Friday, that it will be some time before we shall be in a position to take the matter up on its merits. Absolutely no time will be lost in making such investigations as are necessary to a proper consideration of the plan.

I shall hope to call on Mr. Steele some time Friday, to talk with him a few minutes about some of the legal difficulties.

Very truly yours,
F. P. Fish,
President.

Excerpt from "Proposed Plan of Financing, Report of Messrs. Leverett, Sherwin & Driver, February 16, 1905":

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

BOSTON, February 16th, 1905.

PLAN OF FINANCING PROPOSED BY MR. WATERBURY AND ASSOCIATES

Frederick P. Fish, Esq.,

Dear Sir:-

In order that there may be no question as to the exact points which are discussed in this letter we will briefly summarize the plan under consideration.

A syndicate to buy --

- (a) \$15,000,000 of our bonds expiring in ten years instead of 1929.
- (b) \$35,000,000 four per cent bonds analogous to our present bonds convertible into stock at \$130 at any time, say, after three years and before eight years, and to run, say, twenty to twenty-five years.
- (c) \$50,000,000 of the same type of convertible bonds, if we have the power to offer them, with an option on the part of the syndicate to take \$50,000,000 more of the same kind.

The \$100,000,000 which the syndicate are bound to take are to be paid in installments on fixed dates, the series of installments of the first \$50,000,000 being completed in August 1906 and of the installments of the second \$50,000,000 in December 1907, with the right to anticipate at any time payment of any part or all of the first \$50,000,000 and at any time after August 1906 payment of any part or all of the second \$50,000,000. If payments are anticipated, the syndicate, at our request, will hold the money until we want it and allow 3% interest.

Omitting the price to be paid for the bonds, this is the whole of the plan.

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CONCLUSIONS.

Our conclusions are, that

- (1) It would be undesirable, from a business point of view, to issue convertible bonds.

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- (2) In order to issue convertible bonds above \$35,000,000, consent of two-thirds of the stockholders would be required, and this would be difficult to obtain.
 - (3) It is much more desirable to issue bonds under the present indenture of trust, for the present needs of the company, up to, say, a total of \$100,000,000. If more than \$100,000,000 of bonds are to be issued, it might be well to consider whether it is not advisable to make an issue of bonds under another indenture of trust which would fall due at some other date, as the amount falling due in 1929 would otherwise be excessive and probably burdensome for the company to finance at one time.
 - (4) Short time bonds (that is to say, payable in ten years) cannot be issued under the present indenture.
 - (5) We doubt the expediency of financing the company for so long a period of time as the proposed plan contemplates, especially as it would have the effect of tying up our assets and of rendering more difficult the use of them in the financing, consolidation, and development of our sub-companies.
 - (6) In preference to the plan under consideration, we should recommend the issue this year of a limited amount of stock and bonds, say, one in ten of stock to present stockholders and \$15,000,000 in bonds to be sold to bankers. Of course it would be preferable to finance for a year or two more if a satisfactory arrangement can be made through a syndicate. A plan for marketing abroad stock or stock and bonds would be very desirable.

To our minds there is another risk in the proposed plan which should be had in mind. If a bankers syndicate should be formed, under the proposed plan, who should pool their bonds or place them in trust, the trust so formed, by exercising the option given for the conversion of bonds, would have the power to acquire so near an absolute controlling interest in this company as practically to control the whole assets of the company, which they could use for any schemes of financing that they saw fit. In short, having nearly one-half of the entire issued capital stock of the company, they could consolidate this company with other companies, or make any other arrangement in regard to its future financing that they saw fit. This is a great and extremely valuable option and is equivalent, until the bonds are distributed or sold to the public, to a surrender of the powers of management by the present officers and stockholders to a body of bankers who may work to the disadvantage of the present stockholders in the promotion of other schemes of consolidation.

We cannot see in the present condition of the company any urgency which calls for a method of financing so drastic as this plan.

Respectfully,
GEO. V. LEVERETT
THOMAS SHERWIN
WM. R. DRIVER

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The foregoing plan assumes that the convertible bonds to be issued thereunder will not be offered to our stockholders. We understand that it is now proposed to modify this plan by making an offer of these bonds to our stockholders. This would remove one of the serious legal objections to the plan. It would not, however, give authority to the directors to offer the Fifty Millions, on which it is proposed to give the syndicate an option, that is to say, the third Fifty Millions of the plan, because there is not sufficient stock at the disposal of the directors to make such a contract. All of the other objections to the plan as stated in the foregoing opinion still subsist. In addition, if say, One Hundred Millions were to be offered to our stockholders at one time the question of the good faith of the offer would be at once raised, inasmuch as it couldn't be fairly expected that our stockholders would be in a position to take so large a block at once.

Respectfully
GEO. V. LEVERETT
THOMAS SHERWIN
WM. R. DRIVER

February 20, 1905

Messrs. J. P. Morgan & Company,
Broad and Wall Streets,
New York City.

Dear Sirs:

The enclosed memorandum is to be placed in the hands of a number of banking houses which have expressed a desire to consider any future issue of securities that we might make. I take the liberty of placing a copy in the hands of your firm and should be glad if you found it agreeable to make a tender for the securities offered.

Very truly yours,
F. P. Fish,
President.

(Enclosure)

February 20, 1905.

John I. Waterbury, Esq.,
Manhattan Trust Company,
Wall & Nassau Streets, New York City.

My dear Mr. Waterbury:

Knowing the deep interest you have in securing an arrangement by which our financial matters may be adjusted for a long time, I regret

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to say that the Executive Committee has determined that it is not wise for us to consider at present the comprehensive scheme of financing submitted to us by Messrs. J. P. Morgan & Company and Messrs. Kidder, Peabody & Company at our recent interview. I have so notified those two firms.

There are certain practical and legal difficulties in the way of dealing with the matter on broad lines at the present time which may ultimately be eliminated but which now seem to us controlling.

We are submitting to a number of banking houses which have expressed an interest in our securities a memorandum copy of which I enclose.

Very truly yours,
F. P. Fish,
President.

(Enclosure)

February 20, 1905.

Messrs. J. P. Morgan & Co.,
Broad and Wall Streets,
New York City.

Dear Sirs:

Our Executive Committee has given careful consideration to the proposition which you and your associates made to us a week ago last Saturday for the purchase from our Company of certain securities to be issued by it.

The Committee has decided that at the present time it is not expedient for the Company to enter into such a comprehensive scheme of financing as that suggested, on the lines proposed.

Thanking you for the pains you have taken in this matter, I remain,

Very truly yours,
F. P. Fish,
President.

February 20, 1905.

George F. Baker, Esq.,
First National Bank,
4 Wall Street, New York City.

My dear Mr. Baker:

After most careful consideration our Executive Committee has determined that we can not take up at present negotiations on the lines suggested by Messrs. J. P. Morgan & Company and Messrs. Kidder, Peabody & Company at our recent interview. There are practical and legal difficulties in the way which seem to us, for a time at least, to be controlling.

I enclose a copy of a memorandum that we are submitting to a number of banking houses which have intimated a desire to consider any issue of securities that we might make about this time.

I shall hope to see you in New York at an early date.

Very truly yours,
F. P. Fish,
President.

(Enclosure)

August 14, 1905.

Dear Mr. Winsor:

In view of my understanding with my Executive Committee that the entire financial question should go over until fall, I am not sure that I am at liberty to go so far into the facts and figures with you as you would like, as per your suggestion at the Exchange Club today. At any rate, I shall have to bring the question before my Committee.

You will remember that I said, after my return from California, that I saw no reason why you and I should not talk over your general plan or thought on the subject (provided we could do so without prejudice or any danger of incurring the slightest obligation) for such preliminary consideration would make the work, in the fall, if we take it up, more easy. Dealing with the "facts and figures" as you suggest would go far towards instituting negotiations and a possible approach to a committal. This, of course, must be avoided.

If you feel that you can not tell me the general nature of your plan, without going into the figures, it seems to me most probable that everything will have to go over till fall, as I doubt if my Committee would support me in taking action now, which might be inconsistent with

our conclusion to do nothing at present. I should have said all this to you this noon but my mind did not work quickly enough.

Sincerely yours,
F. P. Fish.

Robert Winsor, Esq.

New York, November 21st, 1905

Dear Mr. Fish:-

If you will pardon a running comment which occurs to Mr. Baker and myself after reading over the proposed circular to the stockholders, you will, I think, have a better notion as to how we are impressed in our efforts to judge of the draft from the point of view of the stockholder, who, after all, is the person we desire to reach.

The statement as to the business and operations of the Company might, we think, be followed by the further statement that the companies are gaining in those portions of the country in which they have, continuously prospered etc. etc., omitting any reference to conditions which are generally known to exist.

This followed by a description of the company's investments and advances, and by the statement that in order to meet the continual increasing demands for a comprehensive and national service such as only this company can give, requires constant development of facilities and further outlay.

A statement of the present amount of the issued capital upon which dividends are paid, and a short table which will show at a glance the outstanding bonds and debenture notes of all kinds, including The American Bell Telephone Company's bonds.

The increased requirements of the company have heretofore been met by issues of stock or of debentures, or by the issue of debenture notes.

The development of the company has now reached a stage when the Directors believe that the interests of the stockholders will be best conserved by authorizing another form of security that will enable the company to negotiate advantageously for additional moneys that are required to meet the enormously increasing business of the company, so that it may be prepared to meet market conditions as they occur, and provide for financing the Company for an extended period should it be found practicable to do so.

The Directors believe that in addition to the right to secure money by the further issue of stock and of its four per cent. collateral bonds, they should be authorized to negotiate for the issue and sale of convertible bonds as the money for the necessary development of the business could probably be obtained at a better rate than if the Company

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was confined to the forms of financing to which it has heretofore been limited.

While the present financial condition of the Company is sufficient for all its purposes until well into 1906, the Directors nevertheless are of the opinion that action should be taken upon the recommendation in order that the stockholders may derive every advantage in securing money for the future purposes of the Company.

I trust we have met your request as desired, and that if we can be of further service you will not hesitate to command us.

Yours faithfully,
John I. Waterbury.

F. P. Fish, Esq., Pres't.
American Tel. & Tel. Co.
Boston, Mass.
(Enclosure.)

January 27, 1906.

William Salomon, Esq.,
Messrs. William Salomon & Co.,
25 Broad Street, New York.

My dear Mr. Salomon:

I was out of town when your telegram was received.

Nothing has been done as yet, but the conditions are such that I must be very careful in all cases not to give any encouragement to any parties in the matter referred to.

I very much appreciate your continued interest in our financial affairs, and it would give me great pleasure to be in a position to utilize your very efficient organization and capacity; but there are innumerable considerations that must be taken into account, and it is entirely impossible for me to say what can or can not be done.

Thanking you for your telegram, I remain,

Very truly yours,
F. P. Fish,
President.

WILLIAM SALOMON & CO.
BANKERS
25 Broad Street New York

Jan. 29, 1906.

Mr. F. P. Fish, President,
American Telephone & Telegraph Co.,
Boston.

Dear Sir:

I beg to confirm telegrams exchanged between us and receipt this morning of your kind letter of January 27th, for which accept my best thanks.

I shall be much obliged if you will let me know whether you are going to be in New York within the next few days, so that I might have an interview with you; or if you are not going to be here, whether you would permit me to send one of my partners to Boston to have a talk with you in respect to the matter referred to.

I understand from your telegram and letter that the matter is still open, and I would like to learn whether it may be possible to allow me to make for myself, associated with a satisfactory group, a competitive offer. Your policy has always been that of allowing competitive tenders to be made and I do not understand from your letter that it is your intention to follow a different policy in this instance.

I am

Yours truly,
W. Salomon

January 30, 1906.

William Salomon, Esq.,
Messrs. William Salomon & Co.,
25 Broad Street, New York.

My dear Mr. Salomon:

Your letter of January 29 comes to hand this morning.

I shall be in New York early next week - probably Tuesday - and should of course be glad to see you, or any representative of yours at any time.

As you assume, the matter is still open, but I am not at present in a position to state whether or not we shall be in a position to allow competitive tenders, as has been the case heretofore.

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In former years I should have given the same answer up to the time when our policy was determined for the particular case, for I am satisfied that each time you must deal with the existing situation on its merits.

While, therefore, I should be very glad to talk the matter over with your representative, I should feel bound to refrain from committing myself in the slightest degree to any policy, until the time comes for action, when I shall be forced to adopt and adhere to some definite position.

I greatly appreciate your willingness to participate in our financial arrangements, and it would give me great pleasure to deal with your firm if matters took such a turn as to make it possible so to do. You undoubtedly recognize the complexities of my position, and I trust that you understand that all that I am saying is said in the most friendly spirit, but in view of the necessities of our business situation.

Very truly yours,
F. P. Fish,
President.

February 14, 1906.

J. B. Speed, Esq.,
331 West Main Street,
Louisville, Kentucky.

My dear Mr. Speed:

I receive your letter this morning, after, I suppose, you have learned from the newspapers that we have sold \$100,000,000 of our bonds to the Bankers. It was, I think, a good sale.

Only yesterday I told Kidder, Peabody & Company that I wanted them to do the very best they could for you. What that will be I have no idea, but they will write you themselves. The matter was one of such enormous magnitude, and so important, that I had to deal with it on broad lines. There is absolutely no preference to anyone in the transaction; the Bankers take all the bonds.

Regretting that I could not discriminate in your favor, and with warm regards, I remain,

Very truly yours,
F. P. Fish,
President.

This was dictated before your telegram, to which I have replied, was received.

F. P. Fish.

TELEGRAM

February 14, 1906.

James B. Speed,
331 West Main Street,
Louisville, Kentucky.

Letter received. You have undoubtedly seen in the newspapers what we have done. In confidence, underwriting price will be ninety-four and a half. While I control nothing, shall be glad to put up suggestion for any amount you may want.

F. P. Fish

Charge Am. Bell Tel. Co.

February 16, 1906.

Chas. Eustis Hubbard, Esq.,
C/o Messrs. Munroe & Co.,
7 Rue Scribe, Paris, France.

My dear Mr. Hubbard:

As you probably know, we have sold \$100,000,000 four per cent convertible bonds to J. P. Morgan & Co., Kuhn, Loeb & Co., Kidder, Peabody & Co. and Baring Brothers & Co. Limited, convertible at 140 between three and twelve years. We are satisfied with the trade.

Wishing you a pleasant spring, I remain,

Very truly yours,
F. P. Fish,
President.

Excerpt from American Telephone and Telegraph Company 1905 Annual Report to Stockholders:

"At a special meeting of the stockholders held December 21, 1905, authority was given to issue convertible bonds of the Company to the amount in the aggregate of \$150,000,000.

By the terms of a contract dated February 8, 1906, convertible bonds to the amount of \$100,000,000 were sold to Messrs. J. P. Morgan & Company, Kuhn, Loeb & Company, Kidder, Peabody & Company and Baring

Brothers & Company, Limited. The terms of the sale were favorable to the Company, and your Directors believe that the transaction was of distinct advantage to the Company and to each individual shareholder.

"It is expected that the funds provided by this sale will supply the money required for the development of the business until well into the year 1908, including the payment of \$20,000,000 of notes of the company due May 1, 1907."

Excerpt from American Telephone and Telegraph Company 1906 Annual Report to Stockholders:

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

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

Appendix 10

Copies of Contracts, Etc., Relating to the Issue of Convertible
Bonds in 1906, and Revision of Plan, 1907,
and Sale of the Bonds

THIS AGREEMENT, made this 8th day of February, 1906, between the American Telephone and Telegraph Company, a corporation of the State of New York (hereinafter called the Company), party of the first part, and J. P. Morgan & Company, Kuhn, Loeb & Company, Kidder, Peabody & Company and Baring Brothers & Company, Limited, (hereinafter called the Bankers), of the second part,

WITNESSETH:

The Company is about to make an issue of bonds amounting to one hundred and fifty million dollars, dated March 1, 1906, payable to bearer, or if registered to the registered holder at the office or agency of the Company in New York, New York, or Boston, Massachusetts, in gold coin of the United States of America, of the present standard of weight and fineness, on the first day of March, 1936, with interest at the rate of four per centum per annum payable at either or the offices or agencies aforesaid in like gold coin, semi-annually on the first days of March and September in each year, to the holders of the coupons thereto annexed, on presentation and surrender thereof; which bonds are to be convertible at the option of the holder into common stock of the Company at any time after three years and within twelve years from the date thereof at the rate of one share of stock for \$140 of the principal of such bonds under suitable conditions. The bonds are to contain a provision that in case the Company shall at any time before the expiration of the period of convertibility issue, sell or permit to be sold, any stock in addition to the present stock outstanding in the hands of the public (amounting to \$131,551,400) except in exchange for convertible bonds, the rate of conversion thereafter shall be determined by adding to the sum representing the value of said \$131,551,400 of stock at \$140. per share, the sums actually received in cash for all such additional stock issued or sold, not including stock issued for convertible bonds, and dividing the aggregate of such sums by the said 1,315,514 shares of present outstanding common stock, increased by the number of shares of such additional stock issued or sold, exclusive of the stock issued for convertible bonds. Both principal and interest of said bonds shall be payable without deduction for any tax or taxes which may be imposed by the laws of the United States of America, or of any State, county or municipality therein, and which the Company may be required to pay or deduct therefrom.

They are to contain a further provision that they may be redeemable by the Company at any time after eight years from the date thereof at 105 per cent and accrued interest, on giving notice of such intention to redeem by publication thereof for twelve weeks in two newspapers of the City of New York and the City of Boston, Massachusetts, and also in London, and, if requested by the Bankers, in two Continental centres. They shall be redeemable in whole, or from time to time in part, and if in part the bonds to be redeemed shall be drawn by lot in the usual manner.

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Whenever such right to redeem shall be exercised the holder of the bonds to be redeemed shall have the privilege of converting the same in accordance with the terms of the bonds at any time (not later than March 1, 1918) up to thirty days before the day of redemption.

The bonds are to contain a provision for the registration of the principal thereof, in New York City and Boston, Massachusetts, and for the certification thereof, by some Trust Company; and a provision relieving the officers, directors and stockholders of the Company from any liability of any kind with respect thereto.

It is therefore agreed by and between the parties hereto as follows:

FIRST. The Company agrees to sell to the Bankers, and the Bankers agree to purchase from the Company, One hundred million dollars of such issue at the price of 95 and accrued interest; less a commission of 2 1/2 per cent on the par value of said bonds, said bonds to be taken and paid for as follows:

Bonds of the par value of \$10,000,000 on each of the following dates: April 15th, 1906, July 15th, 1906, October 15th, 1906, January 15th, 1907; bonds of the par value of \$30,000,000 on April 15th, 1907; and bonds of the par value of \$10,000,000 on the following dates: July 15th, 1907, October 15th, 1907, January 15th, 1908.

The Bankers are to have the right to demand the delivery of said \$100,000,000 of bonds in any sums prior to the date of dates so specified, on paying therefor the purchase price.

If the engraving and printing of said bonds shall not have been completed before the day of delivery, receipts shall be issued therefor as a temporary substitute.

SECOND. In consideration of said agreement of purchase, the Bankers shall have the option to purchase the balance of said issue, amounting to \$50,000,000, until October 1st, 1908, at 98 1/2 and accrued interest, less a commission of 2 1/2 per cent upon the par value of the bonds, but in the event of the exercise of such option prior to January 2nd, 1908, the said bonds shall not be delivered until that day.

THIRD. The Company shall not issue any unsecured bonds or notes in addition to said issue of convertible bonds (except obligations payable in less than one year and to an aggregate amount not exceeding \$10,000,000), unless there be paid into the treasury of the Company additional money from the sale of stock, in which case the Company may issue additional unsecured bonds or notes to an amount equal to the money so paid into the treasury of the Company. This provision shall be included in the bonds if the Bankers so elect.

FOURTH. If the Company shall hereafter execute any mortgage on its property and franchise, or any new collateral trust indenture covering collateral now owned by the Company or acquired with the proceeds of said bonds, it shall provide for the security of the convertible bonds

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herein provided for on equal terms with any other obligations secured thereby; but this shall not prevent the issue of collateral trust four per cent bonds, under the present indenture securing them, to the amount now permitted thereby in view of the amount of collateral already deposited.

FIFTH. If at any time ninety-five per cent of said bonds shall have been redeemed or converted, the restrictions of the two preceding paragraphs of this agreement shall cease to be operative.

SIXTH. The liability hereunder of each of said four firms of bankers shall be limited to one-third of the aggregate obligation of the Bankers.

SEVENTH. The said bonds and the trust indenture, as to their form and legality, shall be subject to the approval of the counsel of the respective parties.

Dated, February 8th, 1906.

AMERICAN TELEPHONE & TELEGRAPH COMPANY,

By:- F. P. Fish,
President.

J. P. Morgan & Co.
Kuhn, Loeb & Co.
Kidder, Peabody & Co.
Baring Brothers & Co., Ltd.

by Kidder, Peabody & Co.

New York, Feb. 13, 1906.

The American Telephone & Telegraph Company

Dear Sirs:

Referring to your favor of even date herewith, we accept the modification therein proposed of our contract of February 8th, 1906, so that Paragraph Third of said contract shall read as follows:

"During the term of said bonds the Company shall not have outstanding at any time unsecured bonds or notes in excess of \$150,000,000 (except obligations payable in less than one year and to an aggregate amount not exceeding \$10,000,000), unless there be paid into the treasury of the Company additional money from the sale of stock, in which case the Company may issue additional unsecured bonds or notes to an amount equal to the money so paid into the treasury of the Company."

This provision shall be included in the bonds if the Bankers
so elect.

Yours truly,
Kidder Peabody & Co.
Baring Brothers & Co. Ltd.
by Kidder Peabody & Co.
J. P. Morgan & Co.
Kuhn, Loeb & Co.

February 13, 1906.

Messrs. J. P. MORGAN & COMPANY,
KUHN, LOEB & COMPANY,
KIDDER, PEABODY & COMPANY,
BARING BROTHERS & COMPANY, LIMITED.

Gentlemen:-

Referring to the agreement dated February 8, 1906, between this
Company and yourselves, touching the issue by this Company of Thirty-Year
Convertible Four Per Cent Gold Bonds, dated March 1, 1906, and amounting
to \$150,000,000, I understand that you have agreed that article Third of
said agreement shall be modified to read as follows:

"THIRD. During the term of said bonds the Company shall
not have outstanding at any one time unsecured bonds or notes
in excess of \$150,000,000 (except obligations payable in less
than one year and to an aggregate amount not exceeding
\$10,000,000), unless there be paid into the treasury of the
Company additional money from the sale of stock, in which case
the Company may issue additional unsecured bonds or notes to
an amount equal to the money so paid into the treasury of the
Company. This provision shall be included in the bonds, if
the Bankers so elect."

Will you kindly write me a letter confirming your agreement.

Very truly yours,
F. P. Fish
President

THIS AGREEMENT made this eighth day of January, 1907 between
the American Telephone and Telegraph Company, a corporation of the state
of New York, (hereinafter called the Company), of the first part, and

J. P. Morgan & Company, Kuhn, Loeb & Company, Kidder, Peabody & Company, and Baring Brothers & Company, Limited, (hereinafter called the Bankers), of the second part,

WITNESSETH:

Referring to the agreement between the parties hereto dated February 8, 1906, as modified by letters dated February 13, 1906, in which the Bankers agree to purchase \$100,000,000 convertible four per cent bonds of the Company dated March 1, 1906, out of a total issue of \$150,000,000, and under which they have the option to purchase the balance of said issue amounting to \$50,000,000, the parties hereto agree as follows:

1. The Bankers agree that a substantial amount of the convertible bonds purchased by them under the agreement of February 8, 1906 shall within sixty days, be offered for public subscription and be distributed.
2. Said agreement of February 8, 1906, as modified, is further modified by reducing the option price for said balance of said issue of convertible bonds, amounting to \$50,000,000, from 98 1/2 per cent, less 2 1/2 per cent commission, to 90 per cent, less 2 1/2 per cent commission, upon the par value of the bonds.
3. Three and a half million dollars shall be allowed to the Syndicate which has purchased the One hundred million dollars convertible bonds from the Bankers as a reduction in the price to be paid for said bonds by the Syndicate. Of the foregoing amount Five hundred thousand dollars will be furnished by the Bankers and Three million dollars by the Company, to be paid to the Bankers pro rata as payments are made by the Bankers for these bonds. The pro rata amount due in respect of bonds already paid for by the Bankers under said agreement of February 8, 1906 shall be deducted from the payment due from the Bankers on January 15, 1907.

American Telephone & Telegraph Co.
by F. P. Fish, President.
J. P. Morgan & Co.
Kuhn Loeb & Co.
Kidder, Peabody & Co.
Baring Bros. & Co. Ltd.

by Kidder, Peabody & Co.
Attys.

THIS AGREEMENT made this eighth day of January, 1907, between the American Telephone and Telegraph Company, a corporation of the state of New York, (hereinafter called the Company), of the first part, and J. P. Morgan & Company, Kuhn, Loeb & Company, Kidder, Peabody & Company, and Baring Brothers & Company, Limited, (hereinafter called the Bankers), of the second part,

WITNESSETH:

Referring to a proposed issue by the Company of \$25,000,000 five per cent notes to be dated January 1, 1907, maturing on the average in three years, and redeemable at the option of the Company at 102 and accrued interest, the parties hereto agree as follows:

The Bankers will purchase forthwith at 93 per cent and accrued interest, less a commission of 2 per cent upon the par value, said \$25,000,000 of five per cent notes and will take the same as follows: \$5,000,000 of notes forthwith and the remaining notes in lots not exceeding \$5,000,000 each as called for by the Company after ten days notice, but the Bankers reserve the right to take the whole or any part of the remainder at any time.

Said notes shall be made payable in gold and at such dates not exceeding five years and not less than one year from January 1, 1907 as the Bankers may request, provided however that the average date of maturity of all of said notes shall be three years from that date.

American Telephone & Telegraph Company
By F. P. Fish, President.

J. P. Morgan Co.
Kuhn, Loeb & Co.
Kidder, Peabody & Co.
Baring Bros. & Co. Ltd.

by Kidder, Peabody & Co.
Atty's.

MEMORANDUM made this eighth day of January, 1907, between the American Telephone and Telegraph Company, (hereinafter called the Company), of the first part, and J. P. Morgan & Company, Kuhn, Loeb & Company, Kidder, Peabody & Company, and Baring Brothers & Company, Limited, (hereinafter called the Bankers), of the second part, to accompany an agreement of this date between the Company and the Bankers modifying the agreement between the parties hereto dated February 8, 1906.

As payments become due from the Bankers for the balance of the One hundred million dollars convertible bonds which have been purchased by them, the Company will at the request of the Bankers issue to the Bankers for said payments and in lieu of an amount of such bonds not exceeding \$25,000,000, face value, notes of the Company to an amount equal to 89 1/2 per cent of such face value of the said bonds, payable at such dates as the Bankers may request but not more than one year from their date; upon maturity of such notes the Bankers shall take and pay for the convertible bonds in lieu of which said notes may have been temporarily issued.

The net price to be paid by the Bankers for said notes shall be such a price that the actual cost to the Company of the money received,

taking into account the respective rates of interest of the notes and bonds and the time that will elapse before their maturity, shall be the same as if the taking of the convertible bonds had not been postponed.

The above was read at a meeting of the Directors of the American Tel. & Tel. Co. held January 10, 1907.

See vote of even date.

Chas. Eustis Hubbard
Secretary

Memorandum to accompany agreement of
January , 1907
between
American Telephone and Telegraph Company and the Bankers.

It is the opinion of the Directors of the Company that, if feasible, a substantial amount of the stock of the Company should be offered to the stockholders, at par, during 1907.

Payment on not exceeding \$25,000,000 of the \$100,000,000 convertible bonds already purchased by the Bankers may be postponed for not over one year, but in substitution therefor notes of the Company, for the period of postponement, are to be taken and paid for by the Bankers without additional expense to the Company.

Excerpt from minutes of American Telephone and Telegraph Company stockholders' meeting of March 26, 1907:

"The following resolution was offered by Mr. Sturgis as proxy for J. S. Fay Jr., and seconded by him as proxy for Ada S. Ball

"Resolved That

"Whereas in the annual report, dated March 27, 1906, it was stated that in pursuance of the vote passed at the special meeting of stockholders held December 21, 1905, the directors had sold to J. P. Morgan & Co., and others \$100,000,000. of convertible bonds of the \$150,000,000. authorized, upon terms favorable to the Company and of distinct advantage to the Company and to each individual stockholder and that it was expected that the funds provided by this sale would supply the money required for the development of the business until well

G 24

into the year 1908, including the payment of \$20,000,000. of notes of the Company, due May 1, 1907 and

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"Whereas it is stated in the annual report dated today and issued to stockholders on the 23rd instant; that in January, 1907 the company sold \$25,000,000. three year 5% notes at a price stated to be reasonable in view of the abnormal financial conditions that have characterized the past year, the proceeds to be used to pay the floating indebtedness of the company which according to the report amounted to \$21,000,000. and on May 1, 1907 the \$20,000,000. notes due that day, which were, according to the first report to have been paid out of the proceeds of the convertible bonds, and

"Whereas, the Board of Directors sold the said \$25,000,000. of notes to the same Bankers as the convertible bonds and at the same time reduced the price which the Bankers had agreed to pay for the convertible bonds, the reduction being applicable to the instalments already paid and reduced the option price upon the remaining \$50,000,000. of bonds at the same time selling the notes to the Bankers at a price in itself far below the price at which they were afterwards sold to the public

"Therefore this meeting censures the action of the Board of Directors in these matters and protests against the same as not favorable to the Company or of distinct advantage to the Company but on the contrary unfavorable to the Company and showing poor financial judgment.

"A stock vote was taken upon the question of the adoption of the above resolution and the Tellers reported that Six thousand three hundred and sixty (6,360) votes were cast in favor thereof and Seven hundred and fifty thousand one hundred and eighty-six (750,186) against.

"The President thereupon declared the resolution not carried."

Original

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AMERICAN TELEPHONE & TELEGRAPH COMPANY

Convertible Four Per Cent
Gold Bonds

Syndicate Agreement

February 15, 1906.

J. P. MORGAN & CO.

KUHN, LOEB & CO.

New York.

KIDDER, PEABODY & CO.

BARING BROTHERS & COMPANY (Limited)

Boston.

London.

FEB 23 1906

Agreement, made the fifteenth day of February, 1906, by and between J. P. MORGAN & COMPANY, KUHN, LOEB & COMPANY, KIDDER, PEARBODY & COMPANY and BARING BROTHERS & COMPANY, Limited (hereinafter collectively called the "Bankers"), parties of the first part, and THE SUBSCRIBERS HERETO (hereinafter called, severally, "Subscribers," and, collectively, the "Syndicate"), parties of the second part:

Whereas, The American Telephone & Telegraph Company (hereinafter called the "Company") has made with the Bankers an agreement, whereby, among other things, the Company is to sell, and the Bankers are to purchase, upon the terms in said agreement provided, one hundred million dollars (\$100,000,000) face value of Convertible Four Per Cent. Gold Bonds of the Company of the issue described in the statement of the Company, dated February 12, 1906, of which a copy is annexed hereto; and

Whereas, the Subscribers desire to form a syndicate to purchase said bonds from the Bankers at 94½ per cent. of their face value together with accrued interest, said bonds to be paid for on the following dates, with the right to anticipate any of the payments, viz.:

\$10,000,000	bonds on	April	5,	1906,
\$10,000,000	"	"	July	5,
\$10,000,000	"	"	October	5,
\$10,000,000	"	"	January	5,
\$30,000,000	"	"	April	5,
\$10,000,000	"	"	July	5,
\$10,000,000	"	"	October	5,
\$10,000,000	"	"	January	5,

Now, therefore, in consideration of the premises and of their mutual promises, the parties hereto agree and the Subscribers severally agree, each with the others and with the Bankers, as follows:

I. Each Subscriber shall indicate in his subscription hereto the total amount face value of convertible bonds for the purchase of which he is or shall be bound on account of the maximum Syndicate obligation to purchase \$100,000,000 face value of convertible bonds at 94½ per cent. of their face value and accrued interest; and, to the extent of the purchase price of the bonds so indicated in his subscription, each Subscriber will make to the Bankers cash payment for the purposes herein indicated, when and as called for by the Bankers, without reference to the receipt or the possession by the Bankers or by the Subscribers of any of the said convertible bonds. The several Subscribers shall be called upon to make payments of cash, in respect of their several subscriptions, only ratably according to the several amounts thereof, but to the full extent of his own undertaking each Subscriber shall be so responsible regardless of performance or non-performance by any other Subscriber. In the same proportion each Subscriber shall be entitled to share in the benefits, and shall bear any loss, resulting to the Syndicate under this agreement, except as otherwise herein provided. Nothing in this agreement contained shall constitute the parties hereto partners, or shall render any of the Subscribers liable to

contribute more than the amount of his subscription. Originals hereof shall be signed by the Bankers and retained by them, but counterparts may be signed by the Subscribers, and all shall be taken and deemed one original instrument.

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II. In the same manner as other Subscribers, the Bankers may severally become Subscribers hereto; and, as such Subscribers, they shall be liable for all subscriptions by them made, and in all respects entitled to the same rights and benefits as any other Subscriber. The Bankers may severally purchase or be interested in the purchase of any of the convertible bonds herein mentioned, and may deal with the Syndicate in the same manner as other persons. Any Subscriber hereto may, on his own account, make any agreement with any other Subscriber or with any other person, syndicate or corporation. This agreement shall bind and benefit ratably, not only the parties hereto, but their respective successors, survivors, assigns, executors and administrators. All rights and powers of J. P. Morgan & Co., of Kuhn, Loeb & Co. and of Kidder, Peabody & Co. hereunder shall vest in the copartnership firms now bearing those names, respectively, and in the successors thereof as from time to time constituted, without further act or assignment. Any of said Bankers may delegate any of their powers and authority under this agreement to any of the other Bankers. Nothing herein contained shall be construed as creating any trust or obligation whatsoever in favor of any person or corporation other than the Subscribers, nor any obligation in favor of the Subscribers except as herein expressly provided. The term "convertible bonds" whensoever herein used shall be deemed to include receipts or certificates issued for payments on account of the purchase price of such bonds.

III. Each Subscriber in his subscription hereto shall give an address, to which notices, calls or other communications may be sent; and any notice, call or other communication addressed to any Subscriber at the address so given, and either left at such address or mailed, shall be deemed actually given to such Subscriber, and shall be sufficient for all the purposes hereof. If any Subscriber shall fail so to furnish his address to the Bankers, he shall not be entitled to any notice of calls, or any other notice hereunder, and he shall be deemed to assent to any action of the Bankers. The Bankers may issue to the several Subscribers receipts in respect of payments made hereunder, of such tenor and form as they may deem suitable. Such receipts, and all rights and obligations hereunder of the respective Subscribers may be made transferable in such manner and on such terms and conditions as the Bankers may prescribe; but no transfer hereunder shall be valid unless assented to in writing by the Bankers, and, unless otherwise expressly provided in such assent, the transferor shall continue liable for the payment of the unpaid part of the transferred subscription until the same shall be fully paid.

IV. The Bankers, in their discretion, may release any Subscriber. In case any Subscriber shall fail to perform any of his undertakings hereunder, or shall be released by the Bankers, other Subscribers may be received to take the share

of the Subscriber so failing to perform his undertakings or so released. In case of the failure of any Subscriber or his transferee to perform any of his undertakings hereunder as and when called for by them, the Bankers, on behalf of themselves and of the Syndicate shall have, and at their sole and exclusive option may exercise, the right to exclude such Subscriber or his transferee from all interest in or under the Syndicate; and, in their discretion, without any proceedings either at law or in equity, in such manner and on such terms as they shall deem expedient, they may, for the benefit of the Syndicate, dispose of such participation hereunder or of any interest or right of such Subscriber or of his transferee hereunder, and thereupon all interest and right of such defaulting Subscriber or his transferee hereunder shall cease and determine. At any public sale hereunder of any interest or right of any Subscriber or his transferee, the Bankers, or any party hereto, may purchase the same for their or his own benefit, without accountability; but notwithstanding any sale, whether public or private, the defaulting Subscriber shall be responsible to the Bankers for the benefit of the Syndicate for all damages resulting from any such failure on his part, not exceeding the amount unpaid on his subscription hereto with lawful interest.

V. The Bankers shall have full power, in their discretion, from time to time, to make with the Company any additional agreements, relating to the purchase and sale of the convertible bonds herein mentioned, as, in the exercise of their unlimited discretion, they may deem expedient, and also, from time to time, to modify and perform said agreement with the Company and any other agreements they may make with the Company hereunder, as they may deem expedient. The Bankers shall be under no responsibility in respect of the form or validity of the convertible bonds or of any receipts or certificates, nor for the delivery of bonds by the Company in exchange for any receipts or certificates which may be issued for payments on account of the purchase of bonds, nor for the performance of any agreement contained in any such receipts or certificates.

VI. The Bankers shall have authority, from time to time and at any time, to incur such expenses as they may deem proper in carrying out, or in endeavoring to carry out, this agreement, or in connection with the preparation, execution or examination of the securities which may be the subject of this agreement, or in doing any act or thing which they may deem to be in the interest of the Syndicate, and all such expenses shall constitute and shall be a prior charge in their favor upon any and all moneys and bonds, by them received or held hereunder. Any and all moneys by them received hereunder shall be held by them as Bankers in general account. They shall also have power and authority finally to fix and to pay all compensations of depositaries, brokers, agents and counsel, or others; and in the expense account may be included brokers' commissions to the Bankers or any of them on sales or purchases of bonds at the rates usually paid.

VII. The Bankers shall have full power, as in the exercise of their unrestricted discretion they shall deem to be for the best interests of the Syndicate, from time to

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time, during the life of the Syndicate, in such manner, upon such terms and for such prices as they shall deem expedient, to sell and dispose of any and all bonds that may be subject to this agreement. In case of any such sale the proceeds thereof shall become and be subject to this agreement; and, as managed, used and finally distributed by the Bankers under the provisions of this agreement, the same shall be accepted by the Syndicate in full and final discharge of any and all obligation and liability of the Bankers hereunder. During the life of the Syndicate the Bankers, in such manner, at such prices, on such terms and in such amounts as they may deem expedient, shall have power, for account of the Syndicate, to make purchases of the convertible bonds or receipts or certificates representing bonds or rights which may be accorded to stockholders to subscribe for bonds, and they may resell any such bonds, receipts, certificates or rights which they may have purchased; and, in their discretion, they may make any further undertakings of any kind with any persons concerning any such bonds, receipts, certificates or rights. They may apply towards any such purchases any sums realized from any sales of convertible bonds of the Company under any provision of this agreement; and they may make advances, or may procure loans, and may secure the same to such amounts and in such manner as from time to time they may deem expedient for any of the purposes of this agreement.

VIII. The Syndicate shall continue until July 1, 1907, unless sooner terminated by the Bankers, and it may be extended thereafter from time to time by the Bankers, in their discretion, but not beyond July 1, 1908. No Subscriber shall be entitled to receive any of the convertible bonds or the proceeds thereof, which may be subject to this agreement, until the termination of the Syndicate. In the meantime in their discretion, the Bankers may retain all or any of such convertible bonds or may deliver to any Subscriber his proportionate part thereof. In the latter case such Subscriber shall hold the same subject to sale by the Bankers, and shall return the same upon the call of the Bankers at any time before the termination of the Syndicate. No Subscriber shall, prior to the termination of the Syndicate, sell or contract for the sale of any of the convertible bonds subject hereto. Nothing herein shall be construed to prevent any Subscriber or any of the Bankers from dealing in any manner with bonds not subject to the provisions of this agreement. The Bankers shall be the only and final judges as to whether at any time it is to the interest of the Syndicate to proceed further under this agreement; and, whenever they may deem expedient, they may abandon the objects contemplated by this agreement and all further proceedings hereunder. In such event all cash and convertible bonds by them received and then held for account of the Syndicate, and the proceeds of such bonds, shall remain charged with the payment of all expenses and liabilities by them incurred hereunder, and shall be applied, *first*, to the payment of any and all expenses incurred by the Bankers under any provision of this agreement, and, *secondly*, to the repayment to the Subscribers, ratably, of all amounts of such convertible bonds or cash held by the Bankers subject to this agreement (so far as the same may be

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sufficient for that purpose). After the complete performance of the entire obligation of the Syndicate hereunder, but not before the date set from time to time for the termination of the Syndicate as above provided, unless otherwise determined by the Bankers in the exercise of their unrestricted discretion, and upon surrender of the certificates and receipts issued hereunder by the Bankers, which surrender by any Subscriber shall constitute a final release and satisfaction of all his claims hereunder, the Syndicate shall be entitled to receive the profits of the purchase, use, sale and disposition of the convertible bonds which shall be or become subject to this agreement. The Bankers shall make no charge for their services hereunder, but shall be entitled to retain for themselves, without accountability to the Subscribers, the difference between the aggregate net price at which the Bankers under their said contract are to acquire said bonds from the Company and the aggregate price at which, under this agreement, the Syndicate is to receive bonds or the proceeds of bonds; the Bankers being entitled to retain also any other benefits accruing to them under their said contract with the Company.

IX. The Bankers shall be the sole managers of the Syndicate, and in behalf of the Syndicate they may make any and all arrangements, including the purchase or sale of any of the securities of the Company, and may perform any and all acts, even though not herein provided for, which in their opinion shall be or become necessary or expedient in order to carry out the purposes of this agreement, or to promote or to protect what they shall deem to be the best interests of the Syndicate. The enumeration of specific powers elsewhere in this agreement shall not be construed as in any way abridging the general powers by this article conferred upon or reserved to the Bankers. The Bankers shall not be liable under any of the provisions of this agreement nor for any matter connected therewith, except for good faith in performing the obligations by them herein expressly assumed; and no obligation not herein expressly assumed by them shall be deemed to be implied. In consideration of the irrevocable rights in them vested hereunder, and the promises of the several Subscribers, and upon the terms and conditions herein contained, the Bankers have become parties to, and in good faith will endeavor to consummate the purposes of, this agreement.

In witness whereof, the Bankers, parties of the first part hereto, have subscribed originals hereof, and the parties of the second part have subscribed said originals or counterparts thereof, as of the day and year first above written.

NAME.	ADDRESS.	SUBSCRIPTION IN FACE VALUE OF BONDS.
<i>A. W. Raymond</i>	<i>100 Broadway</i>	
<i>Kiddie Peasey Co.</i>	<i>Baring Brothers & Co.</i>	
	<i>by Kiddie Peasey Co.</i>	

May 29, 1908.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY
CONVERTIBLE FOUR PER CENT. GOLD
BONDS SYNDICATE

Dear Sirs:

In accordance with the powers conferred on the Bankers by Article Eighth of the Syndicate Agreement, it has been decided to terminate the above Syndicate on June 1st.

The Syndicate obligations having been fulfilled, there is no further liability on the part of participants, and we beg to notify you that the bonds you have heretofore held subject to the control of the Syndicate Managers are now free.

The final account shows a small debit balance, which the Managers have decided to assume.

Yours very truly,

J. P. MORGAN & CO.,
New York.

BARING BROTHERS & CO., Ltd.,
London.

KUHN, LOEB & CO.,
New York.

KIDDER, PEABODY & CO.,
Boston.

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EXCERPTS FROM "THE WALL STREET JOURNAL"

July 19, 1906

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On sale of but three bonds, American Telephone & Telegraph 4s declined Monday 2-7/8 points to 90-3/8. This was coincident with the third call on the convertible syndicate which came as a reminder that seven more calls are to be expected in regular sequence. The sharp decline in the old bonds at this time is to be attributed merely to lack of buying power in the market.

July 23, 1906

The third and last call for 1906 upon the American Tel. & Tel. Co. \$100,000,000 4% convertible bond syndicate will be made early in October. The taking up of this third block of bonds will give the syndicate a total of \$30,000,000 bonds.

There is no present intention of offering the Telephone bonds, and it is safe to assert that no offering will be made until the general tone of the bond market has shown a marked improvement.

The total number of calls on the syndicate is nine, one call being for a greater amount than 10%, sufficient to make the difference between 90% and the price which the syndicate paid for its securities.

Boston - The American Tel. & Tel. has borrowed about \$5,000,000 for three, four, five, and six months. The financial demands upon the company for telephone expansion are very heavy, and must be complied with as far as necessary.

The next call for 10% upon the telephone underwriters does not mature until Oct. 15, and the company in putting out its notes at this time is practically anticipating that call.

October 25, 1906

The dividend rate of the American Telephone & Telegraph Co. stock was increased recently from 7½% to 8% per annum, and yet the price of the stock is only 137½ now as compared with the high of the year of 144-5/8. There is room for inquiry as to the decline in the price of this security especially in view of the increase of the dividend rate.

In the first place, it may be noted that the increase in the dividend rate at this time must have been made mainly to help the market for the \$100,000,000 of new convertible bonds. The earnings were satisfactory, but the bonds were

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awaiting a market, and as the increase in the dividend rate presumably made them more attractive to the investors by increasing the importance of the convertible feature, it is only reasonable to assume that this matter had something to do with the decision to increase the dividend.

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The question immediately suggests itself, however, Has the move accomplished its purpose? As far as the price of the stock in the market is concerned it may be said that the effect has not been great because the stock is actually selling several points lower than it was last January. Any beneficial effect on the price by the dividend increase must be measured by the advance from 130, the low of the year registered on July 18, to the present price, 137½. The stock is still 2½ points below the price at which the bonds may be converted, so that at present conversion would not be profitable.

* * * * *

It is clear to those familiar with the telephone situation that the \$100,000,000 of bonds sold by the company in the early part of the year must soon be distributed. They have been in the hands of the bankers now for more than six months, and meantime the period for which the financing made provision is getting shorter and shorter. In the natural course of events, it will only be about two years before more financing will be necessary.

January 17, 1907

Boston - The avidity with which the investment public recently absorbed \$25,000,000 of American Telephone short term notes speaks well for the credit of the company. This means much for the success of the flotation of the convertible bonds when the bankers decide to offer them. At the proper time they will be offered at a figure which will insure their successful absorption beyond peradventure.

January 31, 1907

The announcement is made that subscription lists for \$40,000,000 American Telephone & Telegraph Company's convertible 4 per cent. bonds will be opened on February 5 at the offices of J. P. Morgan & Co., and Kuhn, Loeb & Co. of New York, and Kidder, Peabody & Co. of Boston. A simultaneous issue of bonds will be made by Baring Bros. & Co., and J. S. Morgan & Co. in London, and Hope & Co. in Amsterdam.

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(Excerpt from the "Commercial and Financial Chronicle" of
March 30, 1907)

4529
(1) On Thursday, Kidder Peabody & Co. will take up from the subscribers and pay them 91 and interest for the amount of bonds thus far sold for syndicate account. The next payment, 30%, on account of the syndicate will be payable at the office of Kidder, Peabody & Co. April 15. (2) Underwriters of the 4% convertible bonds are today in receipt of checks from the syndicate managers taking up one-tenth of the entire amount of bonds allotted to them. This means that the amount of convertible bonds recently sold was probably slightly in excess of \$10,000,000.

(Continuing "Wall Street Journal" quotations)

June 1, 1907

Boston - * * * President Vail feels that a closer similarity between the amount of stock and bonds issued than now exists should prevail and any new issue of bonds would, of course, simply tend to emphasize the preponderance in favor of the aggregate amount of bonds issued.

Added to this is the fact that the convertible bonds are still very largely in the underwriters' hands, only about 10% of the entire \$100,000,000 having as yet been taken by investors.

Under these circumstances it will probably be easier for the company to finance its requirements by making an attractive appeal to its large and constantly growing constituency of stockholders.

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At 92½ for the bonds the stock would have to recover but four or five points, to 121 to 122, to make the speculative feature of the convertible bonds immediately attractive, under the reduced conversion price.

It has been said that one reason for the proposed issuance of stock at this time was that the syndicate which purchased the convertible bonds had not been willing to live up to its contract even at the reduction in price which was made last January and that the new money was required to supply the deficiency in payments on account of the bonds. * * *

December 18, 1907

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Boston - There have been more or less persistent rumors for the last two weeks that some of the American Telephone syndicate convertible bonds were being quietly marketed. General market conditions and the offering of several good sized lots have tended to lend color to this report.

It is understood that none of the bonds held by the syndicate have been or will be sold except by general participation. The bonds have been pooled in such a way that no syndicate member even were he so disposed could safely offer any portion of his holdings.

There has undoubtedly been trading in the bonds which were sold to investors in the early part of the year, about \$10,000,000 having been disposed of at that time. It is also possible that there has been some selling by syndicate members who paid for their bonds in full in the first few installments and who have had the right at all times to sell their holdings as these bonds were not included in the pool agreement.

April 4, 1908

Boston - About eight months ago the American Telephone Co. made the important statement that it would require no new financing until the first of January, 1909. If general conditions make it desirable, the American Telephone Co. can get along comfortably until January 1, 1910, without the issuance of additional securities.

This announcement should be pleasing to investors who have been wondering how the underwriters of American Telephone convertible bonds proposed to distribute their unsold balance of \$90,000,000 bonds to investors soon enough before the beginning of next year to enable the company to put out additional security by that time.

The situation in regard to the convertible bonds is far less urgent than popularly supposed. Between \$20,000,000 and \$25,000,000 of the bonds are held by English and continental bankers who are not worrying about the marketing of the bonds.

There appears to be developing a real investment demand for American Telephone securities in England. Last year English bankers took over 30,000 shares of new stock * * *

June 2, 1906

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Boston - The American Telephone & Telegraph Co. \$100,000,000
4% 30-year convertible bond syndicate has been dissolved,
thus anticipating by one month the date when the syndicate
agreement formally expires.

According to the terms of the syndicate agreement the
syndicate was to expire on July 1, 1907, with the privilege
of renewal for one year thereafter, but under no conditions
could the syndicate's life be extended beyond July 1 next.
Notice extending the syndicate to July 1, 1906, was sent to
the underwriters on June 17, 1907.

It is doubtful if in the recent history of American
finance an important bond syndicate has ever been dissolved
with so large a proportion of its bonds undistributed to the
public. Of the entire \$100,000,000 bonds but a trifle over
\$10,000,000 have been placed among investors. The remaining
\$90,000,000 are still in the hands either of the primary or
junior underwriters, and the embargo against the sale of
these bonds is now removed by the breaking up of the syndicate.

Were the entire \$90,000,000 undistributed bonds hanging
over the American bond market the situation might easily be
one of apprehension. Fortunately, however, so many of the
bonds are held by English and continental bankers that a
conservative estimate places the total amount of bonds held
by bankers in the United States at not exceeding \$50,000,000.

In the original allotment foreign underwriters were
assigned through Baring Brothers, \$25,000,000 of the bonds.
In the past four or five months foreign bankers and investors,
attracted in part by the excellent showing of earnings made
by the Telephone Co., have been buying up syndicate participa-
tions at prices fractionally under the board prices for the
bonds. It is estimated that fully \$15,000,000 of the bonds
have been absorbed through this buying. Adding together the
three items of the \$25,000,000 originally allotted to foreign
investors, the \$10,000,000 sold to the public in January,
1907, and the \$15,000,000 purchased in the last few months
gives a total of about \$50,000,000 bonds which may be con-
sidered as having been permanently removed from the bond
market in the United States.

The breaking up of the syndicate at this time is in
fact an expression of confidence in the fundamental strength
of the bond market and the continuance of easy money condi-
tions. It is assumed that underwriters who have carried their
bonds for the past two years and a half will not be in a hurry
to sacrifice them at the present level of prices when by wait-
ing a few months better results might be obtained.

April 5, 1937.

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J. P. Morgan & Company,
23 Wall Street,
New York, New York.

Attention: Mr. A. M. Anderson.

Gentlemen:

It is our understanding that the \$100,000,000 of 30-Year Convertible 4% Gold Bonds of American Telephone and Telegraph Company which your company, Kidder, Peabody & Company, Kuhn, Loeb & Company, and Baring Brothers of London underwrote in February, 1906, were pooled in 1907 with an agreement that some of the participants would sell these bonds to the public during the period of a year. Could you please provide us with a copy of the pooling agreement among the syndicate members?

We should also like to have a statement from you as to whether these bonds were sold to the public after July 1, 1908, with a schedule of the dates and amounts of sales. Or, if they were not sold, could you inform us whether they were retained by the underwriting bankers and converted into stock; if so, please give us the dates and amounts of such conversion.

If you have the information pertaining to the other three bankers participating in this issue readily available, please supply the information for them also; otherwise, you may confine this request to the bonds under your control.

It is understood that Mr. Watts of the Bond Department of your firm wished to have a statement of the Commission's authorization. For this purpose we are mailing you a copy of Public Resolution No. 8, 74th Congress, First Session.

If you desire a conference on this matter it may be arranged if you call Dr. N. R. Danielian, at Exchange 3-9800, extension 2237.

Very truly yours,

John B. Reynolds,
Acting Secretary.

Attachment
NRD:yf:F

~~Corn Wall~~

Wm J. ...

Rec'd 4/24/37
M.A.

J. P. MORGAN & CO.
Wall St. corner Broad
New York

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New York, April 19, 1937

John B. Reynolds, Esq., Acting Secretary,
Federal Communications Commission,
Washington, D. C.

Dear Sir:

American Telephone & Telegraph Company
Convertible 4% Gold Bonds

1937 APR 23 AM 8:50
COMMUNICATIONS
SECTION

In reply to your letter of April 5th, our records indicate that on February 15, 1906, J. P. Morgan & Co., Kuhn, Loeb & Co., Kidder, Peabody & Co. and Baring Bros. & Co., Ltd. signed a syndicate agreement in relation to the purchase from the American Telephone & Telegraph Company of \$100,000,000. of the above bonds. The agreement authorized the sale by the bankers, acting as managers, of the bonds taken by the syndicate rather than by the syndicate members individually. It may be that this is the agreement about which you are inquiring. We can find no record of any other agreement dealing with the subject mentioned by you. We therefore enclose a copy of the said agreement.

As to the dates upon which sales of bonds were made, our books indicate that deliveries of such bonds were made beginning immediately with the various dates of purchases from the Company by the syndicate.

These bonds were taken up from the Company and paid

John B. Reynolds, Esq., Acting Secretary,
Federal Communications Commission.

April 19, 1937

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for by the syndicate on the dates set forth in list attached hereto marked Schedule A. Of the total of \$100,000,000. bonds, some \$40,000,000. appear to have been immediately sold to others than participants in the syndicate. The remaining \$60,000,000. bonds were carried by participants and later returned to the syndicate managers in accordance with the figures set forth on Schedule C. The deliveries of bonds both to syndicate participants and to purchasers, as shown on Schedule B, in the total amount of \$160,191,000. principal amount of bonds, represented not only the bonds purchased from the Company and delivered to purchasers, but the bonds delivered to participants and subsequently redelivered to the syndicate managers when sold by the syndicate.

We have no information at this date as to the persons to whom such deliveries were made from time to time. The record shows that no bonds were converted into stock by the syndicate. We have no information as to whether any bonds taken up by the participants were converted into stock. So far as J. P. Morgan & Co. as participants are concerned, we enclose herewith Schedule D which shows the several dates upon which we received and delivered an aggregate of \$16,030,000. principal amount of bonds.

Yours very truly,

J.P. Morgan & Co.

Enclosures

Room 1600, 195 Broadway
New York, N. Y.

May 19, 1937

G-26C
Mr. L. A. Keyes
J. P. Morgan & Company
Wall Street corner Broad
New York, New York

My dear Mr. Keyes:

This is in reference to the letter of Mr. John B. Reynolds, Acting Secretary, Federal Communications Commission, dated April 5, 1937, the letter of J. P. Morgan & Company in reply thereto dated April 19, 1937, and our conference of May 6.

The problems which were left for future discussion at the conference were as follows:

- (1) Definite proof of the sale, and the dates of sale, of all or any part of the \$100,000,000 of convertible 4% gold bonds of American Telephone and Telegraph Company acquired by the bankers during 1906-1908.
- (2) The date of expiration of the syndicate agreement dated February 15, 1906, a copy of which you had supplied us with your letter of April 19, 1937.
- (3) The conditions or agreements under which the additional \$50,000,000 of convertible bonds that were an optional part of the same bond issue were obtained and distributed.

You requested that I supply you with the news items in the financial press of 1906 and 1907 which stated, contrary to your explanation given in your letter of April 19, that the bankers could not sell any substantial part of the convertible bonds, which were, as a result, pooled under conditions that precluded any syndicate member from selling its share independently. I am enclosing on separate sheets excerpts from the "Wall Street Journal" of 1906 to 1908. You also requested that I make available to you the exact dates on which the additional \$50,000,000 of those convertible bonds were taken by the bankers. This information is also supplied to you in another attachment.

Mr. L. A. Keyes

-2-

May 19, 1937

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In your letter of April 19 you stated that \$40,000,000 of the original issue of \$100,000,000 of these convertible bonds "appear to have been immediately sold to others than participants in the syndicate." In our conference you stated that you deduced this fact from the difference between the face value of bonds available and the \$60,000,000 that was returned to the syndicate managers in accordance with your Schedule C. In view of the prevailing knowledge in Wall Street during that time as expressed in the financial press, I am not quite sure that this deduction is valid.

The operation of the syndicate which you explained to me does not quite explain certain discrepancies that exist between Schedules A, B, and C, accompanying your letter of April 19. For instance, from April 17, 1906 to October 12 1906, the managers of the syndicate acquired \$30,000,000 face value of bonds from the American Company and delivered \$30,000,000. From then until February 8, 1907, the managers acquired an additional \$10,000,000 of bonds (on January 15, 1907), whereas during that same period they delivered \$12,949,000 of bonds. As there were no bonds returned by the participants until February 11, 1907, I cannot explain the difference between available bonds and bonds delivered, on the basis of the operations of the syndicate that you explained to me. This discrepancy prevails in the later periods also, even considering bonds returned by subscribers. Could you explain how this might happen?

I have, since our discussion, found the date on which the syndicate agreement of February 15, 1906 was terminated. You may, therefore, disregard the second question in the second paragraph of this letter. I still should like to have information on the other points in the light of the information I am attaching hereto, as well as the discrepancy that I have just pointed out.

An early reply will be greatly appreciated.

Very truly yours,

M. R. Danielian
Financial and Utility Expert
Telephone Investigation

NRD:mh

Room 1600, 195 Broadway
New York, N. Y.

May 29, 1937

Mr. L. A. Keyes
J. P. Morgan & Company
Wall Street corner Broad
New York, New York

My dear Mr. Keyes:

In confirmation of our telephone conversation yesterday, I understand you to agree with me that the sense of the financial news during 1907 and 1908, as supplied to you with my letter of May 19, was to the effect that the \$100,000,000 convertible 4% gold bond syndicate was able to sell only about \$10,000,000 of the total and that the syndicate dissolved in June, 1908 with substantially the major part of the bonds undistributed. This modifies your previous statement in your letter of April 19, that of the total of \$100,000,000 bonds some \$40,000,000 appeared to have been immediately sold to others than participants in the syndicate. I am proceeding upon this assumption.

Very truly yours,

N. R. Danielian
Financial and Utility Expert
Telephone Investigation

NRD:mh

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Appendix 11

Copies of Correspondence, Etc.,
Relating to the Reorganization of American
Telephone and Telegraph Company, 1907

January 15, 1907.

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Hon. W. Murray Crane,
United States Senate,
Washington, D. C.

My dear Senator Crane:

I enclose a copy of a letter received from Mr. Waterbury, which I think is entitled to serious consideration.

Very truly yours,
F. P. Fish,
President.

(Enclosure)

The above letter also sent to:

Charles W. Amory, Esq., Ames Building, Boston.
Alexander Cochrane, Esq., 55 Kilby Street, Boston.
Henry S. Howe, Esq., 89 Franklin Street, Boston.

UNITED STATES SENATE,
Washington

Jan. 16, 1907

Mr. F. P. Fish,
President, 125 Milk St.,
Boston.

Dear Mr. Fish:-

Your letter of the 15th instant is received with enclosed copy of one from Mr. Waterbury which I have read with interest. I agree with him that it would be well to have such a committee appointed and I further think that Mr. Baker and Mr. Coolidge would be excellent selections for two members of such committee. Mr. Vail should in my opinion be made a member of that Committee also, and I hope that he will be chosen. I presume that you will call this matter to the attention of the Executive Committee today so that prompt action can be taken.

Sincerely yours,
W. M. Crane.

UNITED STATES SENATE
Washington

January 21, 1907

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Mr. F. P. Fish,
125 Milk Street,
Boston, Mass.

Dear Mr. Fish:-

I shall appreciate it very much if the Committee will, at its meeting Wednesday, take favorable action on the letter that you received from Mr. Waterbury, recommending the appointment of a Committee on Organization, etc., and I suggest that that committee be composed of Messrs. Coolidge, Baker, Waterbury and Vail, I am sure that they could make suggestions that would be of value to the Committee and of assistance to you. Many of the larger and stronger companies should be consolidated with the smaller and weaker Companies. For instance New York and companies up state; and the same changes should be made in other parts of the country. This Committee could devise some way for the bringing about of the proper consolidation and do work that the President really does not have time to do. Their report of course would be made to the executive Committee and before any action was taken would have to be satisfactory to that Committee. Other suggestions that they might make would also be helpful and I earnestly hope that some action will be taken.

Sincerely yours,
W. M. Crane.

A. T. & T. Co.,
Executive Committee,
January 23, 1907.

---OOO---

RESOLVED: that Messrs. Crane, Baker, Coolidge, Vail and Waterbury be requested to serve as a special committee to consider the organization of the Company and its relation to the associated Companies and to report to the Executive Committee with recommendations, said special committee to have authority to employ experts.

PERSONAL

January 24, 1907.

T. Jefferson Coolidge, Jr., Esq.,
Ames Building, Boston.

Dear Sir:

At the meeting of the Executive Committee held yesterday, the following resolution was passed:

"RESOLVED: That Messrs. Crane, Baker, Coolidge, Vail and Waterbury be requested to serve as a special committee to consider the organization of the Company and its relation to the associated companies and to report to the Executive Committee with recommendations, said special committee to have authority to employ experts."

I sincerely hope that you will be willing to serve on the committee.

Very truly yours,
F. P. Fish,
President.

The above letter also sent to:

John I. Waterbury, Esq., c/o Manhattan Trust Company,
20 Wall Street, New York.

Theodore N. Vail, Esq., Lyndonville, Vermont.

George F. Baker, Esq., c/o First National Bank,
2 Wall Street, New York City.

Hon. W. Murray Crane, United States Senate, Washington, D. C.

THE HOUSE
Speedwell Farms
Lyndon, Vermont

My Dear Mr. Fish

Jany 25, 07.

I shall be pleased to serve on the Committee if I can in any way serve the Company or assist you--I suppose notification will be sent of the first meeting--stating time & place.

Very sincerely,
Theo. N. Vail.

C O P Y

UNITED STATES SENATE,
Washington.

January 30, 1907.

Mr. F. P. Fish,
125 Milk Street,
Boston, Mass.

Dear Mr. Fish:-

I presume that you have been informed that the recently appointed Committee will meet in New York Friday afternoon and Saturday. I cannot be present Friday but hope to attend the meeting Saturday. When in New York yesterday I had a short talk with Mr. Waterbury but was unable to see Mr. Baker.

Sincerely yours,
W. M. Crane.

Wall Street
Corner
Nassau
New York

April 2nd, 1907.

F. P. Fish, Esq., President,
American Tel. & Tel. Co.,
Boston, Mass.

Dear Sir:-

Referring to the outline organization submitted by the undersigned, and acknowledging your favour of the 29th ult., presenting important suggestions with respect thereto, the Committee desires to say that they have given the subject further consideration and are of the opinion that the subject should be dealt with by the Executive Committee directly.

That Committee is in close contact with the affairs and administration of the Company, with opportunities for observation, and prompt consideration of all matters affecting the organization which may not be enjoyed by the special committee.

To facilitate consideration of the subject by the Executive Committee, and enable it to meet the increased labour imposed, the undersigned recommend that the said Committee be increased in number not to exceed seven including the President, and, as the subject, as so clearly set forth in your letter, demands consideration in every particular and from every

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point of view, the Committee may appoint a Chairman in order that the organization may be formulated without interfering with the regular business of the Company.

Inasmuch as the By Laws will have to be amended to permit such increase of number the undersigned recommend, pending an amendment to the By Laws, that the Board appoint one or more Associate Members of the Executive Committee to attend its meetings and assist in determining a plan of organization and in the consideration of any other matters concerning the interests of the Company, and to unite with the Executive Committee in reporting to the Board.

Yours very truly,
Geo. F. Baker
John I. Waterbury
W. M. Crane
Theo. N. Vail
T. Jefferson Coolidge, Jr.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

BOSTON, Apr. 23, 1907.

To the Board of Directors of the American Bell Telephone Co.

Gentlemen:

I hereby tender my resignation as President of your Company and request that the same be accepted not later than May 1, 1907.

Very Respectfully Yours,
Frederick P. Fish.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

BOSTON, Apr. 23, 1907.

To the Board of Directors of the American Bell Telephone Co.

Gentlemen:

I hereby tender my resignation as a member of your Board and request that the same be accepted not later than May 1, 1907.

Very Respectfully yours,
Frederick P. Fish.

Appendix 12

Copies of Correspondence re Selection of
Trustee for Convertible Bonds, 1906

5 268
Kuhn, Loeb & Co.

WILLIAM AND PINE STREETS

NEW YORK, Feb. 17th, 1906.

Dear Mr. Fish:

When the negotiations for your Convertible Bond issue were progressing, I said to Mr. Winsor that we hoped the Old Colony Trust Company would be made Trustee of the Indenture, under which the bonds were to be issued. Mr. Winsor replied that this, no doubt, was the understanding, and though I have little doubt that this intention exists, as I am going away within a few days, I thought it but proper that I should express to you personally our earnest hope that the Old Colony Trust Company will be determined upon.

It is proper to say that Mr. Coolidge and Mr. Abbott first brought to our notice the negotiation in which we have had the advantage to join, and that, because of this, aside of our friendship for these gentlemen, we are much desirous of seeing this done.

I expect to start on my contemplated journey to Japan next Thursday, and I hope by the time I return, in the early summer, considerable progress will have been made in advancing the further stages of the convertible bond negotiation. In my opinion, you have been most fortunate in the selection of the time to bring the negotiation, as far as your company is concerned, to a close, for I think, you would not even now find another opportunity, as good, as the one which you have so intelligently embraced. The further success of this business must now depend upon the showing the American Telephone & Telegraph Company will be able to make hereafter, but as to this, we have every faith in its management.

Hoping that I shall have the advantage of further meeting you upon my return, I am, with kind assurances,

Yours faithfully,
Jacob H. Schiff

S. P. Fish, Esq., President, [sic]
AMERICAN TELEPHONE & TELEGRAPH COMPANY,
Boston, Mass.

February 20, 1906.

Robert Winsor, Esq.,
Messrs. Kidder, Peabody & Co.,
115 Devonshire Street, Boston.

My dear Mr. Winsor:

I enclose a letter from Mr. Schiff, which please return. From this letter it appears that he is strongly in favor of the Old Colony Trust Company, which, as you know would be distinctly satisfactory to us.

Mr. Steele intimated to me over the telephone last week that he thought we should have a New York Trust Company, and said that the Standard Company, suggested by Mr. Nathaniel Thayer, would meet with his approval.

I sincerely hope that the bankers will be unanimous in favor of the Old Colony Trust Company. It seems to me that we should do the work with a Boston company, and the Old Colony is the company which naturally would be selected.

Very truly yours,
F. P. Fish
President.

Enclosure.

February 20, 1906.

Jacob H. Schiff, Esq.,
Messrs. Kuhn, Loeb & Co.,
William & Pine Sts., New York

My dear Mr. Schiff:

I thank you for your letter of February 17, which comes to hand today.

It would be entirely satisfactory to us to have the Old Colony Trust Company selected as the Trust Company with which to deal in connection with the convertible bonds. It is almost essential that we should have a Boston Trust Company, and of course the Old Colony is the one which we should naturally select. I am very glad that you express yourself so cordially in favor of that Company.

I appreciate the burden that is on us to so conduct the affairs of the Company as to justify the confidence which your firm and the other bankers have placed upon us, and can only assure you that every effort will be made to show that your confidence has not been misplaced. I firmly believe that matters will work out to the satisfaction of us all.

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I desire again to express to you my appreciation of the frank and cordial fashion in which the negotiations were conducted by you and your associates. To me the matter was one, of course, of unique importance, and my work was made much easier by the obvious spirit of fairness with which the bankers approached the situation.

I sincerely hope that you will have a delightful journey, and that you will return in the best possible health.

With warm regards, I remain,

Very truly yours,
F. P. Fish
President.

Boston, Mass., March 6, 1906.

J. W. Castles, Esq., President,
Guaranty Trust Co. of New York,
25 Nassau St., New York, N. Y.

My dear Mr. Castles:-

I have just written you in reference to the Staten Island matter, but I thought it better to put what I had to say about Mr. Fish in a separate letter.

As I wrote you immediately after my return from New York, I found it had been arranged that the Old Colony Trust Company were to be Trustees for the new Telephone mortgage. I think possibly if we had gotten into the game earlier something might have been done, as there would certainly have been advantages in having the trusteeship with one of the largest Trust Companies in New York. Possibly it might have been arranged for a joint trusteeship, but it is too late now to take that matter up.

I had a talk with Mr. Fish about the Guaranty Trust Company and the various matters which you and I discussed. He was very much interested and would be glad to meet you when it is convenient. If you wish I can make an appointment for him to meet you some time, or you can write him directly and refer to my conversation with him about you and your Company. He has very strict notions about the duties and responsibilities of an officer of a large corporation, and he feels that he would not be inclined to take any interest in a Trust Company, or other institution of that sort, which might possibly have business relations with the Telephone Company. He is, and always has been, most punctilious in matters of this sort; in fact has for many years maintained an attitude quite the opposite from some of our New York friends. I think it quite probable, if you were to know him, that you could, when occasion arose, establish most satisfactory business relations with

the parent Telephone Company, and besides that I should suppose that the sub companies with their vast interests in different sections of the United States would find it desirable to be closely allied with some large financial institution in New York.

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I have talked with him about our plan of establishing Trust Companies in different cities, and I think if it seems wise he would be glad to cooperate with us as far as possible, but probably not by making any personal investments in the undertaking. I have been so busy that I have not had time to give the matter much thought since I saw you, but hope to take it up some time later.

I do not know exactly what final decision has been made by the Investigating Committee or the Courts in reference to the holding of stock of Trust Companies by Life Insurance Companies. If they are not permitted to hold the large interests which they now have, and you do decide to make up a syndicate for the purchase of stock of the Guaranty Trust Company, I hope you will let us know about it so that if possible we may take some interest in the matter ourselves.

With many regards, I am,

Yours very truly,
C. A. Stone
(Stone & Webster)

J. P. MORGAN & CO.
Wall St. Corner Broad
New York

NEW YORK, March 19th, 1906.

F. P. Fish, Esq., President
American Telephone & Telegraph Company,
Boston, Mass.

Dear Mr. Fish:-

In looking over the proposed indenture to secure the issue of convertible bonds I notice that the Trustee named is the Old Colony Trust Company which is also Trustee under the previous mortgage of the Company securing collateral trust bonds. I write to suggest that in view of the requirements of the Stock Exchange here in New York I hope you will ascertain from them beforehand whether the fact that the same trustee which represents different sets of creditors will be an objection to listing the bonds. I do not think the objection applies except where different liens are created on the same property by different mortgages, but I have always found it much easier to have it understood beforehand with the Stock Exchange that there is no objection to the proposed trustee, than if you wait until the bonds are actually issued.

I cannot help expressing my regret that you see fit to use a Boston trust company as trustee for this issue of bonds. One of the

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principal things to be accomplished, as I understood it, was to broaden the market for the Company's securities and to remove the impression very generally prevailing that it was merely a local Company in New England and not a company whose operations extended all over the country. I cannot avoid the feeling that it would help the issue of the bonds and the Company generally if being a New York corporation it should avail of a New York trust company, thus indicating that its operations were not confined entirely to New England.

Very truly yours,
Charles Steele

March 20, 1906.

Charles Steele, Esq.,
Messrs. J. P. Morgan & Company,
Broad & Wall Streets, New York.

My dear Mr. Steele:

Your letter of March 19 comes to hand this morning.

I thank you for your suggestion that we should consult the Stock Exchange in New York, that we may be sure that there is to be no objection to the Old Colony Trust Company as Trustee.

I will endeavor to attend to this matter immediately.

I am extremely sorry that you are not cordially in favor of the Old Colony Trust Company as Trustee, and I supposed that this matter was definitely settled, with your full concurrence.

Personally, I have felt from the beginning that it would be enormously more convenient for us to have a Trust Company in Boston act as Trustee; not only during the process of the issue of the bonds, but at all stages of their existence; and that if we were to have a Trust Company in Boston, there could be no question that the Old Colony Trust Company was the one which, from its standing, prestige, affiliations in various parts of the world and familiarity with telephone conditions, was that best fitted to serve.

From the beginning, however, I have recognized the fact that the matter was one in which the Bankers were intimately interested, and if it had been their view that there should be a New York Trust Company in the interest of the bonds and of our Company I should undoubtedly have yielded my own inclinations in favor of their conclusion. I had no reason to suppose, however, that such was the case.

After you telephoned to me suggesting the Standard Trust Company, I spoke to Mr. Winsor on the subject when next I saw him, and found

that he was distinctly in favor of the Old Colony Trust Company.

Incidentally, I also spoke to Mr. Thayer, who seemed to be of the opinion that there should be a Boston Trust Company.

On the seventeenth day of February, Mr. Schiff personally wrote me a letter, of which I enclose all that portion that relates to the selection of a Trustee.

In view of Mr. Schiff's letter and of Mr. Winsor's views, I assumed that all the Bankers had definitely agreed that the Old Colony Trust Company should serve, and was confirmed in that assumption by the fact that no objection was made to the appearance of the name of the Old Colony Trust Company in the proof of the Indenture.

I very much regret if you do not agree with Mr. Schiff and Mr. Winsor as to the advisability of this selection.

Very truly yours,
F. P. Fish,
President.

My own views were quite definitely stated in a letter I wrote Mr. Winsor Feb. 20, a copy of which I also enclose.

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Appendix 13

Copies of Certain Correspondence of T. N. Vail with Bankers
re Finances, Selection of Directors, Etc., 1907-1910

May 8th, 1907.

Theodore N. Vail, Esq., President,
American Telephone & Telegraph Co.,
125 Milk St., Boston, Mass.

Dear Sir:

Our interest in the success and prosperity of your Company induces us to repeat to you what we have already said, verbally, to your predecessor, Mr. Fish.

We consider it of vital consequence to the financial welfare of the Company that no expenditures should be entered upon in the near future, except such as are absolutely necessary, no matter what the prospective profits on other expenditures may be,- the credit of the Company being of paramount importance.

Very truly yours,
J. P. Morgan & Co.
Kuhn, Loeb & Co.
Kidder, Peabody & Co.

16 May, 1907.

Manhattan Trust Company,
20 Wall Street,
New York, N. Y.

Gentlemen:-

By virtue of the authority given me by vote of the Board of Directors of the American Telephone and Telegraph Company, I hereby appoint you as the New York agent for the registration of the stock of said Company, such appointment to date June 1, 1907, and your services as such agent to begin on that day.

And I enclose a certified copy of the vote above mentioned.

Yours very truly,
Theo. N. Vail
President.

16 May, 1907

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Guaranty Trust Company of New York,
30 Nassau Street,
New York, N. Y.

Gentlemen:-

By virtue of a vote of the Board of Directors of the American Telephone and Telegraph Company, passed May 14, 1907, I beg to notify you that I have appointed the Manhattan Trust Company as the New York agent for the registration of the stock of the American Telephone and Telegraph Company, such appointment to take effect June 1, 1907, your duties in that regard ceasing on May 31st.

Thanking you for your past services, which have been in every way satisfactory, and with the hope that the relations have been as agreeable to you as they have been to this Company, I am

Yours very truly,
Theo. N. Vail
President.

GUARANTY TRUST COMPANY OF NEW YORK
28 Nassau Street New York

May 21, 1907.

Mr. Theodore N. Vail, President,
American Telephone and Telegraph Company,
Boston, Mass.

Dear Sir:

We have your letter of the 16th of May, saying that your Board of Directors had changed the registration of your stock from this Company to another in this city.

As you also state that our services have been satisfactory in every way, would you be good enough to tell us why this change was made? We at all times have done everything we could to cement friendly relations, and as it so seldom that changes of this kind have been made from us, naturally, we would like to find out the reason for it, if consistent for you to say.

Yours truly,
J. W. Castles
President.

May 29, 1907.

J. W. Castles, Esq., President,
Guaranty Trust Company of New York,
28 Nassau Street, New York.

My dear Sir:

Replying to yours of May 21, I can only say that conditions sometimes arise in the business world which result in change, even with the most pleasant and cordial relations, without in the least possibly way implying or indicating anything that is disparaging or unfriendly.

Very truly yours,
Theo. N. Vail
President.

February 4, 1908.

Hon. W. Murray Crane, Washington, D. C.
Henry S. Howe, Boston, Mass.
John I. Waterbury, Esq., New York City.

Gentlemen:-

It seems to me that we must, if any charge is to be made, consider soon the names of some possible additions to our directory. Personally, I think that it would be an exceedingly good plan if Mr. Winsor or some other of the leading members of the firm of Kidder, Peabody & Co., Mr. Henry L. Higginson, of Lee, Higginson & Co., Mr. N. W. Harris of the firm of N. W. Harris & Co.-Brokers, and possibly Mr. J. P. Morgan, Jr., or Mr. Steele, of the firm of J. P. Morgan & Co.,-could be induced to join.

There have been suggested to me by various shareholders the names of A. Iselin, Jr., of New York, J. J. Mitchell of Chicago, John Claflin of New York, Cornelius Vanderbilt, of New York - all of whom are well known. Other names suggested have been T. de Coppet, of de Coppet and Doremus, Brokers, large dealers in odd lots; A. M. White of Moffat and White, W. L. Roosevelt,-an uncle of Theodore Roosevelt and connected with the Chemical Bank; Henry W. deForrest, trustee of Mrs. Sage's property.

I merely submit the latter names as I have been requested to by others.

Very sincerely yours,
Theo N Vail
President.

January 20, 1909.

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Hon. W. Murray Crane,
1915 Massachusetts Ave.,
Washington, D. C.

Dear Senator:

I was talking last night with Mr. Howe in regard to the coming election, and the filling of the vacancy in the Directory. I think if we could get a good Chicago man, a good Philadelphia man, and some good New York man outside of the present group, that it would be a good plan. Mr. Herbert Terrell seems to me to be as good a man as we could get from New York and I think he would be willing to serve. If we could get Mitchell of Chicago, it would be a good thing, and my second choice would be Smith who is one of the Directors of the Chicago Telephone Company. I think, however, that Mitchell or a man like him, would probably be of more benefit to the Company. In Philadelphia, I am not so well posted, and do not know the groups of people sufficiently to suggest. Have you any idea or suggestions to make in respect to that?

I am very much in hopes that you will come over Tuesday as I have a very important matter that I would like to talk over with you and before I talk very generally.

Very sincerely yours,
Theo N. Vail
President

March 19, 1909.

My dear Mr. Ellis:-

I am writing this, after a conversation with Mr. Vail, President of the American Telephone & Telegraph Company.

The Meetings of the Directors of that Company are held in Boston, on the third Tuesday in each month. The New York Directors are in the habit of coming to these Meetings at least three or four times a year.

There is no demand upon the Directors for the reading of papers, either before or after these Meetings. The Statistics, of course, are sent, at regular intervals, to each Director.

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We all of us sincerely hope that you can see your way to signifying your willingness to giving this concern the value of your judgment and of your name. It is of national importance that the character of this Directorship should be of the highest possible grade, and, from the other point of view, I believe that the connection would be not only a profitable, but a creditable one to yourself.

Very truly yours,
Robert Winsor.

Rudolph Ellis, Esq., Personal,
325 Chestnut Street,
Philadelphia, Pa.

KIDDER, PEABODY & CO.
115 Devonshire St. 56 Wall Street
P.O.Box 7 P.O.Box 214
B O S T O N N E W Y O R K

BOSTON

SPECIAL DELIVERY.

March 20, 1909.

My dear Mr. Vail:--

I am very much pleased that Mr. Rudolph Ellis has accepted the position as Director on the Telephone Company.

I had hardly stopped my talk with you, today, when I received the information, direct.

I enclose herewith copy of the letter which I sent him yesterday afternoon.

Very sincerely yours,
Robert Winsor

P.S. My information about Mr. Terrell is that he is a man of ability, and of wealth, but that he is not well known and that his name among the Board of Directors would not have meaning to the general public.

Theodore N. Vail, Esq.
Enclosure

Nov. 19th, 1909.

Geo. F. Baker, Esq.,
2 Wall Street,
New York, N. Y.

My dear Mr. Baker:-

Referring to your conversation with Senator Crane, I wish to say that it would relieve us of some embarrassment and produce unanimous action on the part of our Board if I should recommend the election of one of the members of Mr. Morgan's firm at the December meeting, and the remaining one at the annual meeting in March.

There are but two vacancies on the Board, and no increase can be made except by the shareholders.

A long time ago with the consent of our Board I asked Mr. J. J. Mitchell of Chicago to join our Directorate, and he some time since signified his willingness to serve, and our Board think that he should be elected to fill the other vacancy.

I would appreciate it if you would consult with Mr. Morgan and advise me if this course meets with his approval, and if it does, I will see that it is carried out.

Sincerely yours,
Theo N. Vail

April 19, 1910.

Mr. H. P. Davison,
c/o J. P. Morgan & Company,
Cor. Wall & Broad Sts., N. Y.

My dear Mr. Davison,-

I was in hopes that you would have arrived before my departure, but I understand you are not expected for a week or so yet. Everything seems to be going smoothly and apparently with less friction. In regard to the directorship, I acted as you suggested. I did not propose Mr. Morgan's name, but instead put in dummy Director to await his pleasure, all of which I trust will be satisfactory. Whenever, in the opinion of Mr. Morgan, Jr., it will be wise for him to take the position of Director, we should be very glad to appoint him.

I trust you have had a pleasant trip and have come back with renewed health and vigor.

I hope to return about the middle of June.

Yours sincerely,
Theo. N. Vail

Appendix 14

Data re Acquisition of Western Union Stock

THE NATIONAL SHAWMUT BANK

Capital and Surplus \$8,000,000

William A. Gaston, President

Boston, Mass.

April 27, 1909.

Theodore N. Vail, Esq., President,
American Telephone & Telegraph Company,
15 Dey Street
New York, N. Y.

Dear Sir:

I enclose at the request of Mr. Robert Winsor, a letter to the National Bank of Commerce, requesting that Bank to transfer from our funds with them tomorrow morning after clearing, \$7,500,000, to the credit of Messrs. Kidder, Peabody & Company. The funds necessary to transfer we are charging against the American Telephone & Telegraph Company, understanding that a voucher will be given us tomorrow morning by the Assistant Treasurer of your Company, as stated by Mr. Winsor over the telephone.

Yours very truly,

William A. Gaston

President.

Boston, Mass., June 24th, 1909.

Mr. T. L. Chadbourne, Jr.,
30 Pine Street,
New York.

Dear Sir:

In consideration of the efforts heretofore made and hereafter to be made by you to acquire for me Western Union Telegraph Company capital stock, I agree to purchase through or from you, shares of said Company up to but not exceeding in the aggregate one hundred thousand (100,000), and to pay you for the same Seventy-five Dollars (\$75) per share, plus Five Dollars (\$5) per share commission. All stock which you acquire you will deliver to me in accordance with the terms of this letter.

1825
I agree to take such stock from you from time to time as you purchase the same, the stock to be tendered by you and taken by me at the office of Kidder, Peabody & Co., in New York City, in blocks of not less than ten thousand (10,000) shares at a time, unless I instruct you from time to time to make smaller deliveries. You, however, will always report to me the net price paid by you upon each purchase made by you within twenty-four hours after making same.

It is understood that I shall retain one-half of the difference between the net cost to you of all stock you may acquire and Eighty Dollars (\$80) per share, paying you the balance. Your net cost above to include commissions paid by you, but you are to pay no commission above the regular New York Stock Exchange rate.

The above and foregoing offer to purchase stock from you will remain open for three months from the date hereof, and your favorable reply will constitute a contract between us subject to written modifications only.

Very truly yours,

Endorsement

Referring to the above proposition accepted by Mr. Chadbourne today I agree to take all of said stock (not exceeding 100 000 shares) you may offer to me at \$75 00/100 per share plus \$5 00/100 common

THEO N VAIL
for the Am Tel & Tel Co

June 24,

Carbon copy of letter of Robert Winsor (for Kidder, Peabody & Co.) to T. L. Chadbourne, Jr. and Mr. Vail's endorsement.

June 24th, 1909.

Mr. Robert Winsor,
Boston, Mass.

Dear Sir:

Replying to your proposition of June 24th, 1909, respecting purchase of Western Union Telegraph Company Capital Stock, up to but not exceeding one hundred thousand (100,000) shares, the same is accepted by me.

Very truly yours,

Carbon copy of letter from T. L. Chadbourne, Jr. to Robert Winsor (for Kidder Peabody & Co) accepting proposition as stated in his letter of June 24, 1909 herewith.

Room 1600, 195 Broadway
New York, N. Y.

March 23, 1937

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Mr. W. Shelmerdine
American Telephone and Telegraph Company
195 Broadway
New York, N. Y.

Dear Mr. Shelmerdine:

This is with reference to the acquisition of Western Union stock in 1909, which we discussed the other day.

The transaction which is in question is reported on pages 1291 and 1292 of Volume V of F. C. C. Accounting Department report on American Telephone and Telegraph Company security investments. It is there stated that the American Company advanced something over \$22,000,000 to Kidder, Peabody & Company and Robert Winsor, between April and June, 1909, in exchange for a note covering these advances from Diamond State Company, which was then a subsidiary of the American Company. There seems to be no definite information as to what was received by the Diamond State or the American Company in exchange for the substantial payment to Kidder, Peabody and Robert Winsor. The presumption is that this payment was made in exchange for a substantial minority interest in Western Union Telegraph Company stock, which the Diamond State later in 1909 sold to another affiliate organization, Atlantic and Pacific Telephone and Telegraph Company.

I had asked for definitive information as to what the advance to Kidder, Peabody & Company and Robert Winsor was for. If it was the Western Union stock which later Diamond State sold to Atlantic and Pacific Telephone and Telegraph Company, then the point was raised, from whom and at what prices the Kidder, Peabody interests bought the Western Union shares in question.

You have indicated that it has been impossible for you to find information on the subject. Although the transaction is about 28 years old, the amount involved is so large and the particular stake of such great importance in the history of communications, that it is difficult to believe you are willing to let the matter go unexplained.

If you are not able to find the necessary explanation of this transaction in any information in your possession, would it not be almost as convenient for you to inquire from Kidder, Peabody about the consideration that they paid to Diamond State in return for the advance of over \$22,000,000 by the American Company to Kidder, Peabody and Robert Winsor?

Very truly yours,

N. R. Danielian
Financial and Utility Expert
Telephone Investigation

AMERICAN TELEPHONE AND TELEGRAPH COMPANY
195 Broadway New York

EXchange 3-9800

March 29, 1937.

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Mr. N. R. Danielian, Financial and Utility Expert,
Telephone Investigation,
Federal Communications Commission,
New York, N. Y.

Dear Mr. Danielian:

Referring to your letter of March 23, 1937 relative to acquisition of Western Union stock in 1909: In response to various requests made last year, we made available to the investigators of the Commission all the records and documents referring to this matter which we were able to locate. Although your letter states that "There seems to be no definite information as to what was received by the Diamond State or the American Company in exchange for the substantial payment to Kidder, Peabody and Robert Winsor," we feel that the records already made available to the Commission's investigators indicate what the Diamond State and the American Company received as a result of the transaction in question. You will appreciate that we should not make assumptions in these transactions which are now 28 years in the past, in the absence of definite facts, and that we cannot go beyond what is indicated by the records. We know of nothing additional in our files which will answer the several points you now raise regarding these transactions.

With reference to your suggestion that we write to Kidder, Peabody & Co., as discussed with you recently, we still feel that a more satisfactory approach would be for you to write to them directly. They may be reached at 17 Wall Street, New York, N. Y. However, if you want us to make the contact, we shall be willing to transmit your request to them for their consideration if you will furnish us with a typed list of the specific questions to which you desire an answer from them.

Yours truly,

W. Shelmerdine
by H. L. Wlodeck

Room 1600, 195 Broadway
New York, N.Y.

March 30, 1937

6-281
Mr. W. Shelmerdine
American Telephone and Telegraph Company
195 Broadway
New York, New York

Dear Mr. Shelmerdine:

In your letter of March 29, 1937, you state with respect to the advance of over \$22,000,000 by American Telephone and Telegraph Company to Kidder, Peabody and Robert Winsor in 1909, that "we feel that the records already made available to the Commission's investigators indicate what the Diamond State and the American Company received as a result of the transaction in question."

As the records made available to Commission staff do not clearly indicate the consideration received for this advance to Kidder, Peabody, are you prepared to state definitely that Diamond State Company and American Telephone and Telegraph Company received in exchange for this sum, stock of Western Union Telegraph Company? If so, will you kindly indicate how many shares of stock were so acquired.

Very truly yours,

N. R. Danielian
Financial and Utility Expert
Telephone Investigation

AMERICAN TELEPHONE AND TELEGRAPH COMPANY
195 Broadway New York

EXchange 3-9800

April 14, 1937.

Mr. N. R. Danielian, Financial and Utility Expert,
Telephone Investigation,
Federal Communications Commission,
New York, N. Y.

Dear Sir:

Referring to your letter of March 30 relative to acquisition of Western Union stock, the data summarized in the attached statement have been obtained from the records of the several companies involved in this transaction, which records have previously been made available to members of the Investigating Group of the Commission.

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The records do not contain the definite statement that Western Union stock was received for the money in question, but they appear to justify a conclusion that the American Company in the end acquired Western Union stock for the amount of approximately \$22,000,000 advanced to Kidder, Peabody and Company and Robert Winsor, such shares being part of the total acquisition by the American Company from Atlantic and Pacific Company of 295,572 shares at \$85 per share for a total amount of \$25,123,620, which evidently included acquisitions in addition to those related to the advances in question. We shall be glad to make these records available for your inspection if you so desire.

As a result of further exhaustive search in the last few days among some old papers in the files sent here from Boston, we have found a few additional papers having a bearing on this transaction. Included is a letter dated April 27, 1909 from the President of The National Shawmut Bank to Mr. Vail relative to a transfer of \$7,500,000 to the credit of Kidder, Peabody and Company. Another is a carbon copy of a letter dated June 24, 1909 from Robert Winsor of Kidder, Peabody and Company to T. L. Chadbourne, Jr., agreeing to purchase shares of Western Union stock not exceeding 100,000 shares, to which Mr. Vail added an endorsement agreeing on the part of the American Company to take the stock so acquired at a price of \$75 a share plus \$5 commission.

Assuming that you would want to review these papers, we are forwarding them herewith. The usual form of receipt covering them is also enclosed for your signature.

Yours truly,

W. Shelmerdine

Enclosure.

DATA FROM VARIOUS RECORDS RE
ACQUISITION OF WESTERN UNION STOCK

On April 28, 1909 the American Company vouchered and paid to Kidder, Peabody & Co. \$21,660,902, the voucher reading "amount advanced on account of loan to Diamond State Company to be accounted for."

On April 29, 1909 \$1,406,084 was repaid by Kidder, Peabody & Co. leaving a balance of \$20,254,818.

On April 29, 1909 the American Company vouchered and paid to Robert Winsor of the firm of Kidder, Peabody & Co. \$1,945,378, the voucher reading "advance on account of loan to Diamond State Company to be accounted for."

On April 30, 1909 a journal entry was made on the books of the American Company charging Diamond State Company with \$22,200,196 for "Demand note of Diamond State Co. dated May 1, 1909 with interest at 5%

per annum given in settlement of cash advanced during April, 1909" and crediting Kidder, Peabody and Co. with \$20,254,818 and Robert Winsor with \$1,945,378.

On June 1, 1909 the American Company paid to Diamond State Company \$41,092.68 and returned to the Diamond State Company that company's note for \$22,200,196 in return for which the American Company received a demand note of the Diamond State Company dated May 1, 1909 for \$22,241,288.68.

A report of the Diamond State Company headed "Stocks and Bonds Owned June 30, 1909" shows an item of \$22,241,288.68 under "Purchase of Securities as per vote of Executive Committee." Neither the books of the Diamond State Company nor the votes of that company's Board of Directors or Executive Committee have been located and we do not find any other Diamond State Company report or record which gives additional information in respect of these transactions.

On November 16, 1909 the Executive Committee of the American Company approved a loan of \$22,625,000 made November 15, 1909 to the Atlantic and Pacific Telephone and Telegraph Company evidenced by 4% demand notes of that company and the cash book of the American Company shows the following entries relating to this transaction:

On the credit side:		
Atlantic and Pacific Tel. and Tel. Co. - Loan . .		<u>\$22,625,000.00</u>
On the debit side:		
Diamond State Co. - Notes		\$20,150,000.00*
" " " - Interest		109,631.25
" " " - C.D. & P. Notes		800,000.00
" " " - Interest		<u>5,880.00</u>
		21,065,511.25
Two checks drawn on the National Shawmut Bank:		
One for	\$ 59,488.75	
One for	<u>1,500,000.00</u>	<u>1,559,488.75</u>
		<u>\$22,625,000.00</u>

* This amount represented the balance of Diamond State notes held by A.T. and T. at this date.

Kidder, Peabody & Co. in a letter dated November 15, 1909 acknowledged receipt of the check for \$1,500,000. The amount of \$59,488.75 was entered as a receipt on the Atlantic and Pacific cash book.

The Atlantic and Pacific Company by journal entry charged the total amount, \$22,625,000, to the Diamond State Company and credited the Diamond State Company from the cash book with the \$59,488.75 received from the American Company. By further journal entries acquisitions of Western Union Company stock were recorded by the Atlantic and Pacific Company as follows:

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<u>Date Purchased</u>	<u>Consideration</u>	<u>Number of Shares</u>	<u>Price per Share</u>	<u>Amount</u>
Nov. 15, 1909	Account of Diamond State Co. credited	266,068	\$85	\$22,615,780
Nov. 23, 1909	4% Demand Notes to A.T.&T.Co. \$2,300,000. Cash to Robert Winsor \$136,525	28,665	85	2,436,525
Dec. 15, 1909	4% Demand Notes to A.T.&T. Co.	839	85	71,315
Total (three entries) . . .		<u>295,572</u>		<u>\$25,123,620</u>

A transcript of the account with the Diamond State Company in the ledger of the Atlantic and Pacific Company follows:

DIAMOND STATE COMPANY

<u>1909</u>		<u>1909</u>	
Nov.15	Bills pay. (A.T.&T.Co.) Jul.1	\$22,625,000.00	Nov.15 W.U. Stock Jul.1 \$22,615,780
Nov.16	Cash	3 50,268.75	Nov.15 Cash from A.T.&T.Co. 2 59,488.
Dec.15	Securities Bal Jul.1	300.00	Dec.15 Cash 2 300.
		\$22,675,568.75	\$22,675,568.

On December 20, 1910 the records show that the American Company purchased from the Atlantic and Pacific Company the 295,572 shares of Western Union stock at its cost to Atlantic and Pacific Company, \$85 per share, (\$25,123,620) cancelling notes of the Atlantic and Pacific Company in like amount.

Appendix 15

Data Relating to the Advance of \$20,000,000 to the
British Government through J. P. Morgan & Company,
and the Issue of \$18,000,000 of 30-Year
Collateral Trust Bonds, 1916-1917.

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Sept. 29th, 1915.

N. T. Guernsey, Esq.,
General Counsel.

My dear Mr. Guernsey:-

This Company has been requested to participate in the proposed loan to Great Britain and France, which is now being placed in this country, on the grounds that this loan is necessary to the continuance of the present industrial conditions created by the state of affairs in Europe.

It is urged that our interest in this situation should warrant our serious consideration, and if no objection is found, to a possible participation.

Please consider this seriously from a legal standpoint whether or not we are warranted should we desire to participate in this loan.

Sincerely yours,
Theo. N. Vail.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY
15 Dey Street

NEW YORK October 1, 1915.

Theodore N. Vail, Esq.,
President.

My dear Mr. Vail:-

I have before me your note of the 29th ultimo, with reference to the participation of this company in the proposed loan to Great Britain and France, and have carefully considered the question from the legal point of view.

6829

Under its charter, this company has not the right to engage in the business of loaning money. As incidental to its general powers, it, however, has the right from time to time to temporarily invest such surplus funds as it may have on hand. Under this incidental power the company, if it had an idle surplus, might invest in the securities to be issued in furtherance of this loan. The question becomes then one of fact, viz., has the company idle surplus funds for which it is in good faith seeking a temporary investment, and is this such an investment as the company would seek [seek] for such funds?

The assumption that a failure of the loan would affect business conditions here and therefore indirectly affect our business goes hardly to the question whether the company has the power to make investments of this character, but rather, (granting the existence of this power as I have stated it) to the question whether the company should make this particular investment. It may properly be a factor in the determination of that question, just as would be the rate of interest, the term of the loan, the fact that the bonds are to be listed, and other like matters.

Yours sincerely,
N. T. Guernsey.

October 1st, 1915.

Henry S. Howe, Esq.,
89 Franklin Street,
Boston, Massachusetts.

My dear Mr. Howe:

The question of our Company participating in the loan to England and France has been before the Executive Committee and will again be called to their attention at the next meeting.

I asked our General Counsel to prepare an opinion on the matter, and beg to enclose herewith copy of the same for your consideration.

Sincerely yours,
Theodore N. Vail,
President.

Above letter sent to the following:

Ledyard, Lewis Cass
Waterbury, John I.
Baker, Geo. F.
Adams, Charles Francis
Crane, W. Murray

23 Wall Street
New York.

August 21, 1916.

Dear Mr. Vail:

Aside from being very gratifying to us, it also would be very helpful to the general cause if you could see your way clear to buy say \$5,000,000 of the new British Two Year Loan. You know it will net a shade better than 5½% and is as good and refined as gold. Any financing in connection with this will be looked after with pleasure.

Sincerely yours,
H. P. Davison

T. N. Vail, Esq.,
15 Dey Street,
New York City.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY,
195 Broadway

Mr. Milne

New York, Aug. 22, 1916

Our present estimates indicate that without any extraordinary expenditures we shall have cash at Dec. 31, 1916 of \$15,000,000 to \$18,000,000 of which about \$9,000,000 will be immediately required in January for interest and dividend. Any extraordinary expenditures as for British 2 yr loan or for extensions to 195 Broadway or for Chicago Tunnel property will have to be specially financed and in any case we shall have to finance by next January or February for ordinary requirements.

DuBois

August 23, 1916

H. P. Davison, Esq.,
c/o Messrs. J. P. Morgan and Company,
23 Wall Street, New York, N.Y.

Dear Mr. Davison:

I am sending you a copy of a memorandum from Mr. DuBois, in reference to yours of August 21st.

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I will take up the matter at our next Executive Committee meeting or so soon as I can personally confer with some of the members.

Very sincerely,
Theo. N. Vail,
President.

Sept. 11, 1916

Mr. Vail & Mr. Bethell say to file -
matter is past before any meeting is held

AAM

Enclosure

J. P. MORGAN & CO.
Wall St. corner Broad
New York

New York, Nov. 2, 1916.

Theodore N. Vail, Esq., President,
American Telephone & Telegraph Co.,
15 Dey Street, New York.

My dear Mr. Vail:-

Before Mr. Davison left today to be absent until Monday, I understand he had some conversation with you about the possible purchase by the Telephone Company of \$5,000,000 of the British Government Three and Five Year 5½% Notes, but that no decision on the matter could be reached until next week.

Inasmuch as we are closing the books on Saturday morning, we are subscribing for \$5,000,000 of the bonds, divided equally between the two maturities and will hold these until your meeting next week, when if you wish to make a purchase on the basis of the issue prices we shall be glad to turn the notes over to you. If you decide not to take any action in the matter it will be quite satisfactory to us to keep them for our own account.

Yours very truly,
T. W. Lamont.

Nov. 4th, 1916.

T. W. Lamont, Esq.,
Cor. Wall & Broad Street,
New York City.

My dear Mr. Lamont:-

Yours of November 2d has been received. I told Mr. Davison that it was doubtful if we were in a position to tie up that amount of cash for any period.

Much to my regret, further consideration makes it impossible for me to recommend the matter to our Committee.

Sincerely yours,
Theo. N. Vail
President.

November 23, 1916.

Messrs. J. P. Morgan & Co.,
23 Wall Street,
New York, N.Y.

Gentlemen:

In anticipation of its needs for funds for some time to come, the American Telephone & Telegraph Company would like to have you and your associates make us an offer for about \$80,000,000. 30-year Collateral Trust 5% Bonds, to be callable at 105 and accrued interest on any interest date and to have provision for an annual sinking fund of 1% of the maximum amount of bonds at any time issued to be used in the acquisition of bonds up to or at the callable price.

The collateral originally deposited would be stock of our subsidiary, licensee and connecting companies, which have been continuously dividend paying over a long period and will consist of:

New England Tel. & Tel. Co. stock	(240)
New York Telephone Co. "	(850)
Southern Bell Tel. & Tel. Co. "	(215)
Southwestern Bell Tel. System "	(350)
Pacific Tel. & Tel. Co. "	(230)
	<u>(1885)</u>

to be pledged and maintained at 133-1/3% value for each 100% par of bonds and in the proportion that the number in brackets opposite each company's

G-292

name bears to the total of the numbers (1885). By mutual consent, these proportions might be varied and other stocks substituted. The valuation would be determined by agreement between you and ourselves, failing which, by arbitration.

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The trust deed would be drawn in favor of some New York Trust Company to be mutually satisfactory and would follow substantially the lines of the old 4% collateral indenture of 1899, without the limitations as to mortgages by subsidiary companies, and without the stipulation of the deposit of proportionate shares of securities of sub companies. The details of the indenture would be such as would be mutually satisfactory.

The aggregate amount of bonds of the American Telephone & Telegraph Company outstanding at any time shall not exceed the par value of the then outstanding capital stock of the Company.

We should be glad to have you make us a proposal to purchase the above bonds for delivery on or shortly after December 1st, at such time as might be mutually satisfactory.

Sincerely yours,
Theo. N. Vail,
President.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY
Treasury Department

In response to request of March 16, 1937, of N. R. Danielian of the Federal Communications Commission as to the date on which the A. T. & T. Co. received the proceeds from the sale of the Thirty Year 5% Collateral Trust Bonds of 1946, and also as to the bank balances on the day prior and on the day of the receipt of the money from the sale of the 30 Yr. 5s of 1946, in the banks on which the checks were drawn by A. T. & T. Co. for the Company's participation to the extent of \$20,000,000 in a loan* to the British Government on December 14, 1916, the following data are provided:

1. A total of \$75,733,333.33, which included interest for 12 days at 5%, was received by A. T. & T. Co. from J. P. Morgan & Co. on December 13, 1916, from the sale of the Company's 30 Yr. 5% Bonds of 1946, \$49,226,666.67 of which was credited to the Company's account with J. P. Morgan & Co. and the rest, \$26,506,666.66 was credited to the Company's account with National Shawmut Bank of Boston.

2. A. T. & T. Co. bank balances in banks on which the checks were drawn for the Company's participation in loan to British Government were as follows:

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<u>Bank</u>	<u>Balance at close of business on 12/12/16</u>	<u>Balance at close of business on 12/13/16</u>
J. P. Morgan & Co.	\$1,296,200.57	\$22,014,817.21
Bankers Trust Co.	1,696,895.26	5,373,031.92
1st Nat. Bk. of N.Y.	1,312,186.48	5,012,186.48
Nat. Bank of Commerce	1,503,666.79	5,303,666.79
Columbia Trust Co.	1,014,964.20	3,014,964.20
Guaranty Trust Co.	1,458,142.67	4,958,142.67
National City Bank	1,024,030.05	4,624,030.05

*Repayment of this obligation which was a demand loan was made February 5, 1917.

March 22, 1937.

Duplicate Voucher

December 14th, 1916.

Voucher No. 12 95

AMERICAN TELEPHONE AND TELEGRAPH COMPANY.

P. To J. P. Morgan and Company,
Wall Street, New York.

For participation of this Company in a special 6% demand loan to the British Government, as arranged with you by

President Vail - - - - - 20 000 000 00 116 20 000 000 00

Loan to be made on December 14, 1916.

This rate changed to 5% in Jan 1917 - See Voucher Clerks File #190

- X. Entered Notes - (Rubber Stamp)
- Receivable Book
- F.J.S.Tunison - (In Longhand)

Ex. Com. 190 (Copy to Mr. Moll 3-19-37)

Twenty Million -----

20,000,000.00

December 14, 1916.

Messrs. J. P. Morgan & Co.,
Wall & Broad Sts.,
New York, N.Y.

Dear Sirs:-

I enclose herewith cheques as noted below amounting to \$20,000,000. in payment of the participation of this Company of \$20,000,000. in your six per cent. demand loan to the British Government, as arranged with you by President Vail.

Kindly send to me your acknowledgment of this payment, and oblige

Yours very truly,
G. D. M.(G. D. Milne)
Treasurer.

Enclosures

J. P. Morgan & Co.	\$3,000,000.
Bankers Trust Co.	3,000,000.
First Nat'l Bank, N.Y.	3,000,000.
Nat'l Bk. of Commerce, N.Y.	3,000,000.
Columbia Trust Co.	2,000,000.
Guaranty Trust Co.	3,000,000.
National City Bank	<u>3,000,000.</u>
	\$20,000,000.

December 20, 1916

I hereby certify that the following is a true and correct copy of a resolution adopted by the Executive Committee of the American Telephone and Telegraph Company at a meeting held December 20, 1916:

RESOLVED: that the action of the president in taking in behalf of the Company, on December 14, 1916, a participation of \$20,000,000 in a special 6 per cent. demand loan to the British Government secured by the deposit with J. P. Morgan and Company, as trustees, of American securities having an estimated value equal to the face amount of the loan, and in addition, of the obligations of foreign governments having an estimated value of 33-1/3 per cent. of said amount, be ratified and approved.

A. A. Marsters
Secretary.

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J. P. MORGAN & CO.
Wall St. corner Broad.
New York

New York, December 30th, 1916.

American Telephone & Telegraph Co.,
New York City.

Dear Sirs:

We enclose herewith our check to your order for \$60,000., being interest at the rate of 6% per annum to January 1st, 1917, on your participation of \$20,000,000. in a special demand loan to the British Government.

Kindly acknowledge receipt.

Yours very truly,

J. P. Morgan & Co.

Enclosure

January 2, 1917.

Messrs. J. P. Morgan & Co.,
Wall St. cor. Broad,
New York, N.Y.

Gentlemen:-

I have your favor of the 30th ult. enclosing cheque to the order of this Company for \$60,000. covering interest at the rate of 6% per annum to January 1, 1917 on our participation of \$20,000,000. in a special demand loan to the British Government.

Yours very truly,
G. D. M. (G. D. Milne)
Treasurer.

January 24, 1917.

Mr. U. N. Bethell, Senior Vice President.

Dear Sir:-

We are advised by Messrs. J. P. Morgan and Company that the rate of interest on our participation on December 14, 1916 to the extent

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5

of \$20,000,000. in the loan to the British Government has been reduced from 6% to 5% per annum effective January 9, 1917.

The resolution of the Executive Committee of December 20, 1916 approves the rate of 6%.

This is submitted for appropriate action by the Executive Committee.

Yours truly,
C. G. DuBois,
Comptroller.

G 29;

J. P. MORGAN & CO.
Wall St. corner Broad
New York

NEW YORK, February 5th, 1917.

STRICTLY CONFIDENTIAL.

American Telephone & Telegraph Company,
New York City.

Dear Sirs:

We credit your account today \$20,101,666.67, being repayment of your participation of \$20,000,000. in a special demand loan to the British Government with interest at 6% per annum to January 9th, 1917, and thereafter at 5% per annum.

Yours very truly,
J. P. Morgan & Co.

	Int.	
8 ds at 6%		26.666.67
27 ds 5%		75.000
		<u>101.666.67</u>

Appendix 16

Data Relative to the Resignation of U. N. Bethell, 1919

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

Directors' Meeting, June 18, 1919

RESOLVED: that Mr. U. N. Bethell be and is hereby given leave of absence for one year, with pay, and that during such period the powers and authority heretofore possessed by him as Vice President be suspended.

EX. COM. Jul 2 1919

AGREEMENT BETWEEN U. N. Bethell and A. T. & T. Co.,
June 20th, 1919.

U. N. Bethell agrees:-

- (1) To render such services to the Bell System within the State of New Jersey as may be reasonably required by the A. T. & T. Board of Directors or its Chairman, between July 1, 1919, and June 30, 1920.
- (2) To resign any office or position that he may hold in any Bell company when so requested by the A. T. & T. Board of Directors or its Chairman, and waive all claim for compensation for services rendered after July 1, 1919, in connection with any such office or position.
- (3) To transfer and deliver to A. T. & T. upon signing of this contract, the following securities:
 - 1 Share Cleveland Telephone Co.
 - 10 Shares Central Union Telephone Co.
 - 150 Shares Chicago Telephone Company.
 - 150 Shares (Preferred) Michigan State Tel. Co.
 - 37 Shares Mountain States Telephone Co.
 - 100 Shares New England Tel. & Tel. Co.
 - 200 Shares (Preferred) Western Electric Co.
 - 648
- (4) Relinquish and surrender all claims that he now has or may hereafter have against or upon any company in the Bell System under or because of the plan for disability benefits and pensions of such company.

In consideration of the foregoing, and in payment of traveling and incidental expenses incurred or to be incurred by U. N. Bethell on the company's account, to June 30, 1919, A. T. & T. Company agrees to pay to

U. N. Bethell salaries in full as heretofore fixed by the various companies in the Bell system to June 30th, 1919.

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(2) To pay to U. N. Bethell, at the First National Bank in Montclair, N. J., without any deduction for taxes imposed by the State of New York, the sum of \$155,600.00 payable as follows: Upon signing this contract, \$65600; July 1st, 1919, \$7500; August 1st, 1919, \$7500; September 1st, 1919, \$7500; October 1st, 1919, \$7500; November 1st, 1919, \$7500; January 1st, 1920, \$15000; February 1st, 1920, \$7500; March 1st, 1920, \$7500; April 1st, 1920, \$7500; May 1st, 1920, \$7500; June 1st, 1920, \$7500-.

(3) To buy from an insurance company or companies, acceptable to U. N. B., and deliver to him on or before July 1st, 1919, a policy or policies in his favor and behalf, providing for the payment to U. N. B., or his assigns, an annuity or annuities, aggregating \$30,000.00 per year payable in equal monthly installments at the end of each month after July 1st, 1920, during the life of U. N. B.

(4) To defend U. N. B. at its expense in actions brought by C. H. Venner, now pending, and in any action or proceeding that may be brought against U. N. B., by any one else, except the Company itself, because of any action of U. N. B. as director or officer of any Bell Company, or when acting in any other capacity by the authority of the Board of Directors of the A. T. & T. Company.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

Executive Committee Meeting, July 2, 1919

RESOLVED: that the officers be authorized to purchase, for \$64,800, the following shares of capital stock:-

The Cleveland Telephone Company,	1 share;
Central Union Telephone Company,	10 shares;
Chicago Telephone Company,	150 "
Michigan State Telephone Co., preferred,	150 "
The Mountain States Tel. & Tel. Co.,	37 "
New England Tel. & Tel. Co.,	100 "
Western Electric Co., Inc., preferred,	200 "

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

Executive Committee Meeting, July 2, 1919

RESOLVED: that the Company will, at its own expense, defend any actions now pending or hereafter brought against Mr. Union N. Bethell growing out of or based upon any action by him as director or officer of this Company, or of any other company constituting a part of the Bell System, or upon anything done by him in any other capacity by authority of the Board of Directors of the American Telephone and Telegraph Company (except any such action brought by this Company or any such other company), and that it will indemnify and save the said Union N. Bethell harmless as against all such actions.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

Executive Committee Meeting, July 2, 1919

RESOLVED: that the full pay granted to Vice President Bethell by resolution of the Board of Directors dated June 18, 1919, during his leave of absence, shall be construed to include, in addition to his salary as Vice President of this Company, the salaries paid to him by associated and subsidiary companies of the Bell System at the rates in effect on said date, upon the discontinuance of such salaries by said companies, and that the payments to be made to Mr. Bethell by virtue hereof and of said resolution shall include his salaries for the full month of June, 1920.

Duplicate Voucher

July 3rd 1919.

Voucher No. 7 6

AMERICAN TELEPHONE AND TELEGRAPH COMPANY.

158-01

To U. N. Bethell,
New York.

For purchase of following shares
of capital stock:

Cleveland Telephone Co.	1	shr.		
Central Union Tel. Co.	10	"		
Chicago Telephone Co.	150	"		
Mich. State Tel. Co. - Pref.	150	"		
Mtn. States Tel. & Tel. Co.	37	"		
New England Tel. & Tel. Co.	100	"		
Western Elec. Co. Inc.-Pref.	200	"	64,800 00	106 64,800 00

X. ON WEEKLY LIST

"7/5/19"

Ex. Com. 313
"D. L. F."

"ENTERED
STOCK BOOK"
"E. Ronan"

Sixty four thousand eight hundred
64,800.00

"ER"

Appendix 17

Data Relative to Reorganization of Management, 1919 and 1925

Oct. 21st, 1918.

Hon. Newton D. Baker,
Secretary of War,
Washington, D. C.

My dear Sir:

Some two years ago, at your request, we gave Mr. Walter S. Gifford a leave of absence from his duties here in order that he might serve for a time as Director of the Council of National Defence.

The changes in our organization made necessary by war service of many of our people and the carrying out of our obligations under our agreement with the Post Office Department with respect to Federal control of the telephone service make it necessary that we strengthen our force along lines in which Mr. Gifford is particularly qualified by his past experience with us to take an important part.

If it is possible for him to be spared from his present work for the Government, I would respectfully request that he be released so that he can return to us at as early a date as your convenience will permit.

Sincerely yours,
THEO. N. VAIL,
President

Excerpt from letter to stockholders of American Telephone and Telegraph Company, dated July 15, 1919:

"In respect to your new organization, your Chairman will continue to exercise all the general functions which he has been exercising in the past, and be relieved of some of the details of operation, which could not be done as President.

"Mr. Bethell, who has been so prominently identified with the Company in the past and has been Chairman of the Operating Board, wishes to take a rest, and so declined a place in the new organization.

"Mr. Thayer, who has been identified with the Bell interests nearly forty years in the manufacturing and in the operating, has been made President of your Company. In the manufacturing in every department

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of the Western Electric Company up to the Presidency, he has had intimate connection with the actual operations of the system. He has had a more intimate acquaintance with the personnel of the system and the problems to be solved than almost any other man connected with the Company. He was brought into the American Telephone and Telegraph Company's organization as Vice-President some few years since, and gave special attention to the operating organizations and the operating economies of the various associated companies, parts of the system, and then resigned to give his undivided attention to some special problems of the Western Electric Company. A year ago he again became a Vice-President of this Company. He will retain connection with that company as Chairman of the Board.

"Mr. Kingsbury, who has been made First Vice-President, and Mr. Guernsey, who has been made Vice-President in charge of the Legal Department, are well known to all of you.

"Mr. Gifford, who has long been connected with the Company as Statistician and in the Accounting Department, has been made Vice-President in charge of Accounts and Finance. He entered the National Service during the war and was made Director of the Council of National Defense. After his return to your service he was made Comptroller in the place formerly held by Mr. DuBois, who has gone to the active management of the Western Electric Company.

"Mr. Carty, who did such useful work in connection with the Signal Service during the war, will, as Vice-President, retain general supervision of the development and research work.

"In all the changes there was but that proper recognition of service to your Company that prevails throughout the organization, and furnishes the incentive necessary to the best possible efforts to carry out the policy of the system - the greatest possible development of the most useful service of utility in all our National activities.

Theo. N. Vail
Chairman."

December 19, 1924.

MR. HENRY S. HOWE,
89 Franklin Street,
Boston, Massachusetts.

My dear Mr. Howe:

With reference to the problem before the Committee which was appointed at the Tuesday meeting, I think it may be worth while to tell you in some detail what I have had in mind, which led me to suggest the present consideration of the subject and the appointment of a Committee.

Considering it first as an organization problem. This business of ours is in a class by itself. I will not rehearse figures with which the Committee is entirely familiar, but will emphasize one or two things.

Among the 180 odd corporations which the Company directly and indirectly controls are, of course, large and small operating companies. There is a manufacturing company with sales, I think, equalling or exceeding any other electrical manufacturing company in 1924. There are foreign manufacturing companies employing about 15,000 people and producing merchandise this year to the value of about \$40,000,000. There are other kinds of business, including realty corporations and even a small railroad. It is a very large and somewhat complicated business. The whole nation is interested in the efficiency of its operation as well as about 350,000 stockholders and as many employees. The business has history and policies and character and morale which would be jeopardized if you ever again had to go outside of the organization for a President. We have, I believe, a very efficient and effective organization with all of the elements of self-continuation. Since the election of Mr. Jewett on Tuesday, I can say that in our headquarters' organization there is either a younger or an older man technically qualified and experienced, who could carry on, at least temporarily, the work of any department if that department's chief were removed.

That is true as to the position of chief responsibility, assuming that either Mr. Gifford or I could carry the load without the other. However, it seems reasonable to me that, before I lose the ability to carry the load, to avoid a situation where our dependence would be solely upon him, Mr. Gifford should be put in a position to be thinking about and finally establishing in position, someone to take over the responsibility in the event of anything happening to him.

You will see that I am greatly impressed with the responsibilities of the position and the desirability of providing for a succession from within the organization.

Then there is the question of finances and public relations. Because Mr. Vail had arranged for the election of a President when he was supposed to be well and vigorous, there was hardly a ripple of anxiety about the administration of the business when he died. It seems to me that we should try to avoid anything like a change in administration. It should be a continuous administration and the transfer of authority and responsibility should be made at the right time and in the right way as well as to the right man. I have always believed that for the benefit of this business, the change should be gradual - that the President should become Chairman of the Board at the summit of his powers and then as he becomes less necessary to the business, should gradually fade from the picture while his successor is as gradually filling it.

Finally, there is the personal side of the subject and that is the side which prompted me particularly to ask special study of it by a Committee. There is no more important question can come before the Directors than the administration and it seems to me that it demands impersonal consideration. I am personally interested and being personally interested, it seems proper that I should avoid making an official recommendation, but should put the Directors in the way of coming to an independent conclusion. Mr. Gifford and I will be glad to be questioned. I have asked Mr. Houston to answer any questions without reserve.

I would suggest the consideration of the following questions but, of course, without the suggestion of limiting the Committee to them:

Is the plan of a gradual change desirable?

Should we take some action soon?

If so, when should we change the By-laws so as to provide for a Chairman of the Board?

When should we elect him?

Should there be any division of authority and responsibility and if so, what should it be?

What, if any, readjustment of salaries should be made?

I am sending a copy of this letter to Messrs. Adams and Alexander.

Yours very truly,
(H. B. Thayer)

December 29, 1924.

MR. HENRY S. HOWE,
89 Franklin Street,
Boston, Massachusetts.

Dear Mr. Howe:

I have arranged for the dinner at the University Club for Tuesday evening, January 6th and have spoken to Mr. Alexander about it and find that he is free for that evening. I assume that you have similarly arranged with Mr. Adams about it. I will put the time for the dinner at 7:15 P.M. so that you would not have to hurry from your train. Mr. Alexander has since told me that he has heard from you and that that hour is satisfactory.

I think it can be arranged very easily so that you will have an opportunity to talk with Mr. Gifford and Mr. Houston by themselves. If Mr. Gifford is to take a larger part of the responsibility, it seems to me that his views as to how things should be set up should be given a good deal of weight and I am sure that he would be embarrassed in discussing such a subject in my presence and that is why I suggested and why I think it is really important that you should have some discussion of the matter with him.

As I mentioned in the meeting, Mr. Houston, besides being a Director of the Company, is, although not directly a part of the American Telephone and Telegraph Company's organization, in such close connection with it that he has an opportunity to see the workings of the machine and would be able to consider the whole subject quite impersonally, so, looking forward to seeing you and Mr. Adams at dinner Tuesday evening, January 6th at the University Club at 7:15 P.M. and counting on your passing my invitation to dinner along to Mr. Adams, I am

Yours very truly,
(H. B. Thayer)

June 11, 1923.

Mr. George F. Baker,
2 Wall Street,
New York City.

My dear Mr. Baker:

I enclose a suggestion for a letter which will indicate the general character of what I had in mind.

I shall be very grateful for whatever you may be able to give us and I am sure that it will be of very great help to Mr. Houston.

Yours very truly,
H. B. Thayer

(Enclosure)

Dear Mr. Houston:

Mr. Thayer tells me that you are going abroad with a view to making European bankers better acquainted with the soundness of the American Telephone and Telegraph Company's stock and securities and the securities of its Associated Companies and he suggested that I give you a letter.

If you need an introduction to any of my banker friends abroad, perhaps this letter will serve.

I have been a Director and member of the Executive Committee of the Telephone Company for over twenty years. I have been very much interested in its policies and operations and that interest, together with a considerable financial interest and my duties as Director, had led me to study it with more than ordinary care. Its policies have been sound and have been justified by results. Its organization seem self-perpetuating. Men have come and gone but the steady progress of the company has not been impeded. It has been a great gratification to me to see the Company established as it is, firmly in the Goodwill of the Public and its stock and securities among the premier investments.

You can quote me as saying that I have confidence in the Company's future so far as one may foresee the future to be excellent. By reason of the conservative financial and business policies which have always been followed by the management, the financial structure of the Bell System is exceptionally strong, and its earnings are satisfactory, and I know of no reason why they should not continue to be so. The management seems to be self-perpetuating. Men have come and gone but the steady progress of the company has not been impeded.

I hope you will feel at liberty to use this letter in any way you may see fit.

With best wishes for a pleasant and satisfactory trip, I am

Very sincerely yours,

D. F. Houston, Esq.
President, Bell Telephone Securities Company,
195 Broadway, New York, N.Y.

Appendix 18

Data Relating to the Method of Selecting Directors

Memorandum prepared by American Telephone and Telegraph Company for Federal Communications Commission:

Statement showing (1) the names of certain individuals who were officers or employees of the American Telephone and Telegraph Company during the period they served on its Board of Directors and (2) the positions held by these individuals during certain periods specified by Dr. Danielian.

<u>Name of Officer or Employee</u>	<u>Period</u>	<u>Position</u>
T. B. Bailey	1906-1915	Supply Clerk
G. R. Bangs	1914-1915	Special Agent - Executive Department
E. W. Bell	1900-1901	Clerk - Tax Department
H. H. Brigham	1908-1915	Counsel's Clerk - Legal Department 1-1-08 - 5-1-10 Clerk - Legal Department 5-1-10 - 1-1-11 Special Agent - Legal Department 1-1-11 - 12-31-15
Geo. L. Green	1908-1910	Chief Clerk - Records Department 1-1-08 - 5-1-10 Chief Clerk - Accounting Department 5-1-10 - 12-31-10
James W. Green	1921-1924	Supv. of Accounts - 1-1-21 - 3-1-22 Auditor - 3-1-22 - 12-31-24
Alfred E. Holcomb	1914-1915	Assistant Secretary
Charles E. Hubbard	1900-1928	Secretary 5-11-00 - 3-26-12 Clerk - Executive Department 3-26-12 - 12-31-13 10-1-17 - 8-24-28 (Pensioner 1-1-14 - 9-30-17)
C. L. Langridge	1921-1924	Clerk - Financial Department
G. D. Milne	1918-1919	Treasurer
G. W. Pierce	1910-1911	Chief Clerk and Draftsman - Legal "P" Department
Frank E. Warner	1910-1912	Special Agent - Accounting Department 1-1-10 - 12-1-12 Accountant 12-1-12 - 12-31-12

Memorandum prepared by American Telephone and Telegraph Company for
Federal Communications Commission:

STATEMENT REGARDING CERTAIN FORMER DIRECTORS
OF THE AMERICAN TELEPHONE AND TELEGRAPH COMPANY

<u>Name</u>	<u>Biographical Information</u>	<u>Source</u>
Francis Blake	Inventor of the Blake Transmitter	W. C. Langdon, Historical Librarian
C. P. Bowditch	Vice President of American Bell Telephone Company - 9/14/83-12/1/86	Minute Books
G. L. Bradley	Mining Engineer	National Cyclopaedia of Biography
J. H. Cahill	Period 1900-1903 - Secretary, Director and, starting 5/8/02, Second Vice President of the New York Telephone Company	P. R. Persons, Assistant Secretary, New York Telephone Company
J. M. Forbes	Merchant	R. H. Strahan, Secretary
Charles E. Perkins	President of C. B. & Q. R.R. Co. up to about 1901	Who's Who in America
Thomas Sanders	Stockfarming and mining (the original backer of the telephone)	W. C. Langdon, Historical Librarian

March 11, 1907

Hon. W. Murray Crane,
Holland House,
New York City.

My dear Senator Crane:

All the Directors who are accessible met at my office this afternoon and considered the question of the vacancies on our Board. Mr. Thayer and myself reported that Mr. Schoonmaker and Mr. McLean had been named as desirable men and that it seemed, on the whole, wise to offer a position on the Board to one of the gentlemen suggested by Mr. Mackay in his letters, which you have seen. It was the general opinion of those present that of the men suggested by Mr. Mackay, Mr. Dumont Clarke was the best qualified, all things considered.

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Your suggestion that Mr. Cutler should go on the Board was cordially received by all of us.

The Directors present finally united in suggesting that you, Mr. Thayer, Mr. Waterbury and myself take the responsibility of selecting the gentlemen who shall be asked to become Directors.

There seemed to all of us some objections, not personal in character, to Mr. Pliny Fisk, the chief objection being that he is so active in Wall Street. It seemed to us as if a bank president of the type of Mr. Clarke would, on the whole, add more strength to the Board.

I suggest that you see Mr. Waterbury tomorrow and talk the matter over with him. I sincerely hope that you will let nothing interfere with your being in Boston on Wednesday, when we shall have a large number of important meetings in the afternoon. Wednesday forenoon Mr. Thayer will be very glad to talk matters over with you.

From a telephone conversation with Mr. Waterbury, I judge that he is inclined to think that just at this time it might be better to take a strong man not associated with our Company rather than Mr. Cutler. The more the subject was discussed this afternoon, the more all present seemed to agree that Mr. Cutler would be as likely to strengthen the Board as anyone who could be suggested. Among other things, it was suggested with great force that if he were on the Board, other New York men might be attracted to it and that such New York men as were on the Board would, through him, be in a position to get at the telephone business, in whole or in part, much more easily and completely than if there were no Director in New York thoroughly acquainted with telephone affairs.

As the easiest way of getting at the result, I think that I shall send to Mr. Waterbury a copy of this letter which I am writing to you.

Very truly yours,
F. P. Fish
President

April 3, 1907.

John I. Waterbury, Esq.,
20 Wall Street,
New York City.

My dear Mr. Waterbury:

Confirming my conversation by telephone, I suggest that we consider immediately the advisability of electing Mr. Hall a Director. In my opinion, he should not be elected unless Mr. Cutler accepts. Mr. Cutler will let me know sometime this week whether he will or will not go on the Board.

We must not forget that if both Mr. Hall and Mr. Cutler go on the Board, there will be no vacancies left.

I think it would be wise if we could get a couple of copies of the By-laws of the Steel Company and possibly of some of the big railway companies and let Mr. Vail and myself see how the work is distributed in some of the larger corporations.

Very truly yours,
F. P. Fish
President.

February 5, 1908.

Hon. W. Murray Crane, Washington, D. C.:
Henry S. Howe, Esq., Boston, Mass.:
John I. Waterbury, Esq., New York City

Gentlemen:-

I have had submitted to me the following names as possible directors of this Company:

Frank K. Sturgis, of Messrs. Strong, Sturgis & Co.:
Francis Lynde Stetson, the noted lawyer:
C. A. Coffin:
A. D. Julliard, the leading dry goods merchant:
Samuel Fairchild; and
Francis Leggett.

Very truly yours,
Theo. N. Vail
President

55 Kilby Street.

Boston, Mass., April 7th, 1910.

Dear Mr. Vail,

Your favor of March 30th came duly to hand.

I have ascertained that Mr. Nathaniel Thayer has sent his resignation as a Director to you and I think it was sent to your country place - Lyndonville. His nephew, Mr. Eugene V. R. Thayer, said he posted the

letter himself. If you have not received it, you can act upon it as though you had. This will leave the vacancy which you and I and the other gentlemen that you saw agreed to be filled by the nomination of his nephew. His name is as above.

Yours very truly,
Alexander Cochrane

Mr. Theodore N. Vail, President,
American Telephone & Telegraph Co.,
#125 Milk St., Boston.

(Sent to Lyndonville, Vt.)

Boston September 8, 1910.

Theodore N. Vail, Esq., President,
American Telephone and Telegraph Company,
15 Dey Street, New York.

My dear Mr. Vail:-

Re resignation of director -

You have doubtless received resignations of two,- Pierce (Boston), Green (New York).

We were getting close to the line of keeping a majority of Massachusetts men on the Board, and in looking about for the resignation of a New York man I found that both Green and Brigham were away on vacation, and were not expected to return in season for my purpose; and I did not like to run the risk of following either of them through his office. Therefore, I secured Pierce's resignation here. Coming to Boston yesterday for a couple of days, and cleaning things up a little, I found that Green had returned earlier than was expected and so I have secured his resignation also; and this is the one I shall treat in the votes both of the Committee and of the Board.

This is only to explain why you received two resignations instead of one.

Yours very truly,
Winfield S. Hutchinson

Excerpt from letter dated July 14, 1911 from T.N.Vail to W. Crane:

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"I also have yours in regard to the Executive Committee, but that matter had been arranged a couple of weeks before by the appointment of Mr. Moses Williams and Mr. Cochrane. While I think it might be an exceedingly good plan to invite your nominee to take a place on the Board, yet I think just at this time we needed something more representative of the old Bell interests.

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"I hope to see you in a short time and have a good talk with you about business generally."

March 13th, 1912

Charles F. Adams, Esq.,
Treasurer, Harvard University.

My dear Sir:-

I am authorized by the Executive Committee to place your name upon the list of those to be voted for as Directors of the American Telephone & Telegraph Company for the ensuing year.

The meeting of the Company will take place on Tuesday, March 26th.

It is my understanding that this action will be agreeable to you.

There will be a meeting of the Directors immediately after the annual election.

Sincerely yours,
T. N. Vail
President.

March 22d, 1912

Frank E. Warner, Esq.,
Boston, Mass.

My dear Mr. Warner:-

We are desirous of electing permanent Directors to the Board of the American Tel. & Tel. Co. at its annual meeting on Tuesday next, and will therefore substitute a permanent Director for the temporary Directorship which you now hold.

Thanking you for your kind services in the past, I am

Sincerely yours,
T. N. Vail
President.

40 Central Street

Boston, Mass., May 23rd, 1913.

Dear Mr. Vail,

As I said to you before, I have no special friend to nominate as Director of the American T. & T. Co. I think it is a great deal better to continue the policy which has obtained from the beginning - not having too many men, however good, from one particular set of banking or any other one interest.

I have suggested, with the above in view, Mr. Philip Dexter and I do not in the least object to Mr. Philip Stockton. I may add that a name proposed to me by one of our Directors is Henry Cabot. He is one of that well known family and, I believe, is a strong and desirable man.

I am running across the water for three weeks with one of my family and expect to be back for the June meeting.

With best wishes, I am,

Yours sincerely,
Alex. Cochrane

Mr. Theodore N. Vail, President,
American Telephone & Telegraph Co.,
#15 Dey St., New York City.

40 Central Street

Boston, Mass., Dec. 29, 1913.

Dear Mr. Vail:-

You intimated, I think, that before you went away you thought something ought to be done about filling the vacancies on the Board of Directors of the American Telephone and Telegraph Co.

I, therefore, suggest a few names of men that I think are desirable.

W. Cameron Forbes,
Philip Dexter,
Philip Stockton,
Morris Gray.

Any one of these names would in my opinion bring strength to the Board.

Yours sincerely,
Alexander Cochrane

P. S. Mr. Howe spoke to me about Mr. Forbes and said he approved of him and had written you saying so.

Mr. Theodore N. Vail, President,
American Telephone & Telegraph Co.,
#15 Dey St., New York.

Office of
FREDERICK AYER
1004 Oliver Building

Boston, Mass. Jan. 15, 1916.

Theodore N. Vail, Esq.,
125 Milk St.,
Boston, Mass.

My dear Mr. Vail,-

I am enclosing you herewith copy of a letter that I am today writing to Mr. Bethell relative to the representation on the Board of Directors of my family's large block of stock. I am of course, as you know, still a Director in the New England Telephone Company; but, so far as I know, there is no reason why I should not also be a Director in the American Company, and certainly the very large block of stock that I represent entitles me to consideration in this regard when any vacancy exists in the Board. I shall be very much obliged if you will kindly give this matter your consideration, and I am,

Yours very truly,
Charles F. Ayer

Personal.

Jan. 15, 1916.

Union N. Bethell, Esq.,
15 Dey St.,
New York, N. Y.

My dear Mr. Bethell,-

You will remember our conversation in regard to a directorship of the American Telephone Company to represent my family interest in the stock. I find on looking over our records that there is standing in the names of my father, my wife and myself a total of 23,336 shares; besides which my father and I own 1233 shares not standing in our names, making in all 24,569 shares and there is some small ownership belonging to my brother and sisters.

We consider it important that this large block of stock be represented on the Board of Directors, and as the period for the Annual Meeting is approaching I am writing to recall this matter to your mind and to ask you to confer with Mr. Vail, to whom I am sending a copy of this letter, in regard to it at your convenience. I believe at the time we spoke of it before you told me that you thought this was the largest block of the Company's stock in any one ownership; and, whether or no this is still the case, it is certainly sufficiently large to be entitled to adequate representation on the Board.

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I shall much appreciate your giving this matter your attention, and I am,

Very truly yours,
Charles F. Ayer

January 19, 1916

Charles F. Ayer, Esq.,
1004 Oliver Building,
Boston, Mass.

Dear Mr. Ayer:

I have your letter enclosing a copy of letter to Mr. Bethell, and have also talked with Mr. Bethell in respect to it. It will give me great pleasure to put your name before the Directors who will have the discussion in view when any opportunity presents itself.

You know we reduced the Board in number last year, and that all the present members will expect to be re-elected at the next annual meeting.

There is a question which requires serious consideration in any addition of new members to the Board, and that is, should we not try to get some representative men from the West, Southwest and South in the Board?

Very truly yours,
Theo. N. Vail
President

Office of

FREDERICK AYER
1004 Oliver Building

Boston, Mass. Mar. 4, 1916

Theodore N. Vail, Esq., Pres.,
American Tel. & Tel. Co.,
15 Dey St.,
New York, N. Y.

Dear Mr. Vail,-

The notices of the approaching Annual Meeting bring to my mind again the question of possible directorship in the American Company for

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G
me. Of course I appreciate fully the advisability of adding to your Board representative men from other parts of the country, and should not want to stand in the way of such action for a moment. I do, however, feel that when the time comes to elect any new representative from this section my family's very large interest is entitled to representation; and as I do not know what possible vacancies may have come up for consideration since your letter, I am writing this to bring the matter once more to your mind in order that if by any chance you have in mind electing to the Board any new representative from this section, my name may receive consideration.

Very truly yours,
Charles F. Ayer

March 6th, 1916.

Charles F. Ayer, Esq.,
1004 Oliver Building,
Boston, Mass.

My dear Mr. Ayer:-

I have yours of March 4th. Your name is fully under consideration for a Directorship, and will be considered whenever a vacancy occurs which we ought to fill from New England. I regret exceedingly that you are not on the Board now, but as I wrote you before, it will be to the interest of the Company that we fill the first vacancy that occurs with someone from the far West.

Sincerely yours,
Theo. N. Vail
President.

Excerpt from letter dated March 17, 1920 from H. B. Thayer to T. N. Vail:

"Senator Crane told me yesterday that he had communicated with Mr. McClench of Springfield as you suggested and that Mr. McClench would be very glad to go on our Board, which raises the question whether he should not be elected at the Stockholders' Meeting? If you think well of it, shouldn't I drop a note to each one of the Directors and tell them that it seemed to you desirable that we should have a representative from western Massachusetts and that Mr. McClench has been approached on the subject and is willing to serve and that it is proposed to elect him at the Annual Meeting and then to write a letter to Mr. McClench for you

expressing gratification at his going on the Board and saying that his name will be proposed at the Annual Meeting?

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"In this connection, it occurred to me that Mr. J. S. Alexander might be a good man on our Board. I think that he would be a very good adviser on any financial matters. Mr. Baker undoubtedly knows him very well and could give you an opinion."

NEW YORK, March 24, 1920.(MR)

MEMORANDUM for Mr. H. B. Thayer,
President.

I suggest for a director Mr. William C. Pearson. He is one of the old employees in my department, is a stockholder, and I think otherwise meets your requirements.

Yours very truly,
(N. T. Guernsey)
Vice Pres. & Gen. Counsel.

October 6, 1920.

HENRY S. HOWE, Esquire,
69 Franklin Street,
Boston, Massachusetts.

Dear Mr. Howe:

I am, as I told you at our last meeting, starting on an inspection trip of our Southwestern territory to-night, expecting to get back in time for our meeting in Boston on the 19th but shall probably not attend any Executive Committee meeting between now and then.

I would not expect to take any action at our meeting on the 19th, but I thought that I would like to get the benefit of your thoughts on the filling of facancies on our Board of Directors. Before the Senator's death there were two.

I have thought of Mr. Charles F. Choate of Boston as a possible candidate. You probably know him and know all about him. I have never met him but have heard him spoken of as the kind of man that we would like to have on our Board.

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Another man that I thought possibly would be helpful to us on account of his very wide acquaintance is Harry A. Wheeler of Chicago, who is a banker, but is especially known on account of having really promoted the organization of the National Chamber of Commerce and of having served as its first President.

I would like to get a Director from Connecticut. The only name that I have been able to think of, and I don't know whether he could be induced to serve, is ex-President Taft. If you thought well of it, I should be tempted to try and see whether he would do it.

The Senator's death has suggested the question in my mind, whether we would not find his son Winthrop a desirable member of the Board? He will represent a good deal in that section of Massachusetts and from what I have seen of him he seems to be a man of ability and soundness.

Will you kindly be turning these suggestions over in your mind?

You will remember that at the Executive Committee meeting I told you that I thought that sometime or other trouble would break out between the Morgan firm and Mr. Winsor. I think that that is rather imminent and that probably the Morgans will put it up pretty strongly to Mr. Winsor that they cannot take the position that they have in the syndicate without having the final say as to the price to be offered us.

The sharp advance in the Pennsylvania bonds - I believe they are quoted to-day at about 99 - convinces me that they were offered to the public at too low a price. Four points advance from the offering price in a week is not too much, but it is too quick.

This is simply for your information.

Yours very truly,
H. B. Thayer
President

February 11, 1921.

HENRY S. HOWE, Esquire,
89 Franklin Street,
Boston, Massachusetts.

Dear Mr. Howe:

If Mr. Edwin Farnham Greene responds favorably to your overtures, he could be elected a member of the Board at any time after qualification.

I cannot find that there is any stock standing in his name. It will only take one share to qualify him.

Yours very truly,
H. B. Thayer
President

March 9, 1923.

Dear Mr. Baker:

I was greatly shocked to hear of Mr. Norton's death.

At the Annual Meeting we shall, I assume, fill the place temporarily but I would like to talk with you after your return North before it is filled permanently. There is, of course, no hurry.

Yours very truly,
H. B. THAYER.

March 27, 1923.

MR. GEORGE F. BAKER, Jr.,
2 Wall Street,
New York City.

Dear Mr. Baker:

On my return from your office, I found that the transfer books were closed. I believe that they are now open, after our Annual Meeting, and if you will have a share or two put in your name so as to qualify you, you will be elected at the April meeting.

Yours very truly,
H. B. THAYER

2 WALL STREET
New York

April 18, 1923.

Dear Mr. Thayer:

I appreciate your personal note advising me of my election as a director in your Company. I consider it a distinction and a privilege to be a director in such a company as the American Telephone & Telegraph Company and I am looking forward keenly to the association I am going to have with the Company and with you.

Yours faithfully,
Geo. F. Baker, Jr.

H. B. Thayer, Esq.,
125 Milk Street,
Boston, Mass.

Memorandum received from American Telephone and Telegraph Company on November 27, 1935 in answer to certain questions asked by Federal Communications Commission members:

Q 1. Who selects the proxy committee?

A. For the annual meeting of stockholders of the American Telephone and Telegraph Company, held on April 17, 1935, the Board of Directors by resolution adopted at a regular meeting held on February 20, 1935, directed the Secretary to mail to each stockholder of record at the close of business on Friday, March 15, 1935, a form of proxy which named Messrs. Houston, Gardner, Gifford, Stockton and Willard as the proxy committee.

The rules regarding the solicitation of proxies, consents and authorizations in respect of securities listed on a national securities exchange adopted by the Federal Securities and Exchange Commission on September 24, 1935 provide (Rule LA3 (a) (1)) that "if the solicitation is initiated by the directors of the issuer * * *(the following information shall be presented)" * * a statement whether the proxy is being solicited by or on behalf of the management of the issuer". In order to comply with this provision of the rules the Board of Directors will hereafter approve the form of proxy and select the proxy committee.

In 1934, and in each year prior thereto within the recollection of the present officers of the company, selection of the proxy committee for annual or special meetings of the Company has been discussed informally at regular meetings of the Executive Committee. It has been the custom to select such proxy committee from the membership of the Executive Committee, the only exceptions going back to 1919, being that Mr. George D.

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Milne, Treasurer of the Company to March 29, 1921 and after that date retired, but who was not then a director or member of the Executive Committee, served on the proxy committee at all meetings from 1919 to 1924 inclusive and Mr. Houston, a director but not then a member of the Executive Committee, served on the proxy committee for the special meeting of stockholders held in 1929. Members of the proxy committee have been requested to serve as such in each successive year, vacancies occurring by resignation or death being filled by the selection of other members of the Executive Committee. The usual practice has been for the President of the Company, at a regular meeting of the Executive Committee, to request members present who had served in the previous year to act as members of the proxy committee for the next ensuing annual meeting, and in the event of a vacancy occurring in such membership, to request another member of the Executive Committee to serve. If a member of the previous year's proxy committee was not available so that a verbal request could be made, the President extended the invitation to serve in writing. Copies of an exchange of telegrams between Mr. Gifford and Mr. Willard, dated February 5 and 6, 1931, relating to service of the latter on the proxy committee for the annual meeting of that year are hereto attached.

Selection of the proxy committee and willingness of the members to serve thereon, was reported informally by the President to the Board of Directors at the regular meeting in each year when the Board by resolution pursuant to the By-Laws of the Company (Article I, Section 2) fixed the record date for voting at the annual meeting.

Q 2. Who selects the directors on whom the proxy committee votes?

A. Directors of this company are elected annually by the stockholders pursuant to Section 55 of the Stock Corporation Law of New York and Article IV, Section 1 of the By-Laws. It has been the customary practice in this company for directors to continue to serve, subject to their annual election by the stockholders, until their death or resignation. Under the provisions of Article IV, Section 2, of the By-Laws, vacancies in the Board may be filled by the remaining directors the person elected to fill any such vacancy serving until the next annual meeting. When such vacancy occurs the individual members of the Board of Directors consider the availability of possible candidates who may be suggested by one or more of them, such names are informally discussed at regular meetings of the Board, and when a person has been informally agreed upon to fill such vacancy, a formal nomination is made at a regular Board meeting; and the person nominated is elected by the members of the Board present at the meeting.

In advance of the annual meeting of stockholders, none of the members of the Board of Directors in office having expressed unwillingness to continue to serve, a ballot is prepared in printer's proof form by the Secretary listing the members of the Board of Directors then in office, which is submitted to the President of the Company for approval. When approved, the ballot is printed for distribution to the stockholders present in person at the annual meeting who desire to vote the same. A ballot in this form is signed by the members of the proxy committee present at the annual meeting, and also separate ballots are signed by individual members of the proxy committee when such individuals are designated by stockholders as proxy holders, the names of other members of the committee having been stricken out by the stockholder.

If a vacancy should exist in the membership of the existing Board of Directors which had not been filled by the remaining directors prior to the annual meeting, the Board of Directors or the proxy committee would instruct the Secretary to fill in the name of some person to fill such vacancy.

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Q 3. Why are certain individuals designated as directors and members of the proxy committee? (What considerations enter into their selection?)

A. Referring to the designation of members of the proxy committee, the answer to Question 1 above applies. As stated therein, members of the proxy committee are with only the exceptions noted, selected from the membership of the Executive Committee and serve as such in successive years. The members of the Executive Committee are thoroughly familiar with the general affairs of the company and are known to the stockholders through service on the Board of Directors. A consideration which enters into their selection is the fact that when such persons accept membership on the proxy committee, it is expected that they will be present as such at the annual meeting.

Referring to the considerations which enter into the selection of directors, such considerations rest entirely upon the judgment of the Board of Directors which as above stated fills vacancies in its membership. The character and reputation of those persons who have served as members of the Board of Directors of this Company during the fifty years of its existence are sufficient evidence that in all cases due and careful selection has been exercised.

I have asked Mr. Page, Vice President in charge of the Information Department as to whether there had been any discussion in any publications, pamphlet or memorandum as to what considerations enter into the selection of directors and members of the proxy committee. He advised me that he had no knowledge of any such discussion in any publication, pamphlet or memorandum, other than a statement which was issued to the press as to the resignation of a director in July, 1934. A copy of this statement is hereto attached. Mention has been made in the Bell System Quarterly (April, 1929) and the Headquarters Bulletin (September, 1928 and March, 1929) of the business connections and qualifications of certain directors after their election. Copies of these publications are also attached.

I have also asked Mr. Gifford if he had notes, memoranda or correspondence bearing on the considerations which enter into the selection of directors and members of the proxy committee. He replied that he had no knowledge of such.

R. H. Strahan
Secretary

TELEGRAM

February 4, 1931.

DANIEL WILLARD, Belle vue Biltmore, Belair, Florida.

You were one of those named on the proxy for the Annual Meeting last year. Is it agreeable to you to serve again this year? The meeting is on March 31.

WALTER S. GIFFORD.

TELEGRAM

1931 Feb 5 AM 11 33

WALTER S GIFFORD

PRESIDENT AMERICAN TELEPHONE & TELEGRAPH CO NEW YORK NY YOUR MESSAGE RECEIVED MUCH HONORED BY YOUR REQUEST FOR ME SERVE ON PROXY COMMITTEE WHICH WILL OF COURSE BE GLAD TO DO

DANIEL WILLARD.

Memorandum given by R. H. Strahan, Secretary of American Telephone and Telegraph Company to Federal Communications Commission staff on January 18, 1937, answering certain questions re annual meetings, selection of directors, etc.:

(A) On or about November 26, 1935 I prepared for Mr. N. R. Danielian of the Investigation Staff of the Federal Communications Commission a memorandum giving my replies to certain questions which he had propounded to me. In reply to his Question 2 I made the following statement therein: "It has been the customary practice in this company for directors to continue to serve, subject to their annual election by the stockholders, until their death or resignation." On January 5, 1937 I was requested by Mr. Samuel Becker, Special Counsel to the Federal Communications Commission to state in writing the bases for the statement above quoted, which bases are as follows:

(1) An investigation of the records of the American Telephone and Telegraph Company in my custody as its Secretary, made in connection with the preparation in the fall of 1934, of a tabulated statement giving the names of the directors of this company since its incorporation and the length of service of each director.

(2) Personal knowledge as to the service of the several directors, derived by me as Secretary of the Company since July 1, 1933, and as an employee of the Company since March 1, 1921.

(3) My recollection of a discussion had with the President of the company about the time the above quoted statement was prepared.

I have also been requested by Mr. Becker to furnish him with a statement of any exceptions to the above-mentioned practice, excluding therefrom, however, terms of service on the Board of Directors of persons shown on the records as officers or employees of the company. Upon further investigation, I find that the service of the following named persons as directors of the company was terminated in each case by failure to reelect them at an annual meeting of the stockholders and in each such case, so far as I can ascertain, service was not terminated by death or resignation:

<u>Name of Director</u>	<u>Date of First Election</u>	<u>Termination of Service</u>
*Charles F. Adams	March 26, 1912	March 26, 1929
Edwin F. Greene	Feb. 15, 1921	March 26, 1929
Edward J. Hall, Sr.	May 7, 1892	March 14, 1893
Norman W. Harris	Sept. 20, 1910	March 31, 1914
William W. McClench	March 30, 1920	March 30, 1926
John J. Mitchell	Dec. 7, 1909	March 30, 1915
S. L. Schoonmaker	March 26, 1907	March 31, 1914
#Howard Stockton	Sept. 19, 1887	May 8, 1890
%Theodore N. Vail	Aug. 14, 1885	May 7, 1892

* Again elected at a later date.

Had served as President of the American Bell Telephone Company to April 1, 1889.

% Had served as President of the American Telephone and Telegraph Company to September 19, 1887. Again elected a Director at a later date.

(B) I also quote the following from the statement given to Mr. Danielian: "In advance of the annual meeting of stockholders, none of the members of the Board of Directors in office having expressed unwillingness to continue to serve, a ballot is prepared in printer's proof form by the Secretary listing the members of the Board of Directors then in office, which is submitted to the President of the company for approval. When approved, the ballot is printed for distribution to the stockholders present in person at the annual meeting who desire to vote the same."

I have been requested by Mr. Becker to advise him (1) as to the approximate date in advance of the annual meeting when I ask the President if he knows of any proposed change in the personnel of the Board of Directors to be voted for at such meeting and (2) as to the date when the ballot is printed, i.e., how far in advance of the annual meeting is the copy of the ballot given to the printer.

As to (1) above, I have kept no written record of any such inquiry as above referred to, but it is my best recollection that my customary practice would be to make the inquiry immediately prior to the time when the copy of the ballot is prepared for delivery to the printer and the order given for printer's proof of same. The Board of Directors at a meeting on February 19, 1936 directed the Secretary to mail the form of proxy for voting at the last annual meeting, which form is set forth in the minutes of the meeting and which stated the names of Proxy Committee. The minutes of such meeting also contain the following statement:

"It being the understanding of the Board that the said proxy holders will vote the stock represented by such proxies for the reelection of the Board of Directors and Inspectors of election then in office."

As to (2) above, the records of the Publishers Printing Company (which have printed the ballots since I have been Secretary of the company) show that the order for the ballot to be used at the last annual meeting of the stockholders of the company (April 15, 1936) was given to its representative on April 6, 1936. My recollection is that the copy of the ballot was given to the printer on that day. I am also advised by Publishers Printing Company that it submitted the first proof of the ballot to me on April 7, 1936 and also submitted a revised proof on April 10, 1936, and that final delivery of the printed ballots was made to the Secretary's office on April 14, 1936, the day before the annual meeting. I am also advised by the printer that on March 28, 1935 it received the order for the ballot to be used at the annual meeting to be held on April 17, 1935. A first proof and also a revised proof were submitted by the printer on March 28, 1935. Final approval was received by it on April 11, 1935 and the final delivery of the printed ballots was made on April 12, 1935.

The records show that on April 2, 1934 the printer received the order for the ballot to be used at the annual meeting to be held on April 18, 1934. A first proof was delivered on April 3, 1934 and a revised proof on April 4, 1934. Final approval was received on April 9, 1934 and final delivery of the printed ballots was made to the Secretary's office on April 10, 1934.

The above covers all annual meetings since I have been Secretary of the company.

R. H. Strahan

January 11, 1937.

NOTICE OF ANNUAL MEETING
AMERICAN TELEPHONE AND TELEGRAPH COMPANY

New York, N. Y., March 12, 1936.

To The Stockholders:

Notice is hereby given that the annual meeting of the stockholders of the American Telephone and Telegraph Company will be held at the principal office of the company, No. 195 Broadway, Borough of Manhattan, City of New York, N. Y., on Wednesday, the fifteenth day of April, 1936, at 11:30 o'clock a.m., to elect directors and inspectors of election for the ensuing year.

Stockholders of record on the stock-transfer books of the company at the close of business on March 14, 1936, will be entitled to vote at the meeting of which notice is hereby given.

By Order of THE BOARD OF DIRECTORS

ROBERT H. STRAHAN, Secretary.

It is important that your stock be represented at the meeting in order that the presence of a quorum may be ensured. Enclosed is a form of proxy, which if you cannot be present in person you are requested to sign and forward to the undersigned. This proxy is solicited by the Board of Directors. The matters to be acted upon are above stated, and it is intended that the proxy holders whose names are printed therein will vote the same for the re-election of Directors and Inspectors of Election then in office.

ROBERT H. STRAHAN, Secretary.

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Appendix 19

Copies of American Telephone and Telegraph
Company Studies Bearing Upon Control

AMERICAN TELEPHONE AND TELEGRAPH COMPANY
Treasury Department

PARTICIPATION OF A. T. & T. STOCKHOLDERS IN 1934 ANNUAL MEETING

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Despite the amount of newspaper comment upon recent stockholder meetings of large companies which might have been expected to increase interest, the annual meeting of the A. T. & T. Co. held April 18, 1934, was participated in by fewer stockholders (332,316) than any A. T. & T. meeting since 1930. For the first time in the twenty-three years during which such data have been compiled, less than half of the holders of A. T. & T. stock exercised their voting rights. Of these only 85 voted their stock in person. The publicly held shares voted (10,618,016) were slightly less than those voted last year and represented but 33.9% of the outstanding stock, the smallest proportion for any A. T. & T. meeting. (Chart No. 1.)

Except for 1931, when a special effort was made to obtain proxies to authorize extension of the charter, the average shares voted this year were higher than at any meeting since 1920, having increased 2.1 shares over 1933 as compared with an increase of only .9 shares in the average holdings of all stockholders. It will be noted that the spread between the curves on Chart No. 2 is the greatest since 1916, indicating a decline this year in the number of small holders voting.

It would have taken the 31,000 largest holders acting in concert to have voted a majority of the outstanding stock and at least 4,500 to have controlled a majority of the shares actually voted at the meeting. (Chart No. 3.)

The number of holders of 1,000 shares and over and the total shares held by this group were somewhat greater than a year ago, but the shares held by the 20 largest holders were 11% under 1933. (Chart No. 4.) An indication of the relatively small potential control which lies in the hands of any individual stockholder or any small group of holders, the largest stockholder held only 0.68% of the outstanding stock while the 20 largest holders held but 4% and all of the holders of 1,000 or more shares together less than 18%. Even with an uncontested meeting, the 20 largest holders held only 14% of a majority of the stock actually voted while the entire group of holders of 1,000 or more shares held only about 61% of a majority. (Charts Nos. 5 and 6.)

Based on the average holdings of the remaining stockholders, the 20 largest holders would have required the proxies of about 173,000 holders in order to have controlled the 1934 meeting while, on a corresponding basis, the 1,000 holders of 1,000 or more shares would have required the proxies of some 91,000 additional holders. (Chart No. 7.) However, had the 1934 meeting involved a contest for proxies and had every share been voted, the 20 largest holders would have required support from about 325,000 stockholders to have controlled the meeting, while the group of holders of 1,000 shares or more, had they acted in unison, would have required the votes of 238,000 additional holders (both figures calculated on basis of average holdings of remaining stockholders).

May 3, 1934.

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PER CENT OF PUBLICLY HELD SHARES VOTED AND PER CENT OF STOCKHOLDERS VOTING AT ANNUAL MEETINGS

AMERICAN TEL. & TEL. CO.

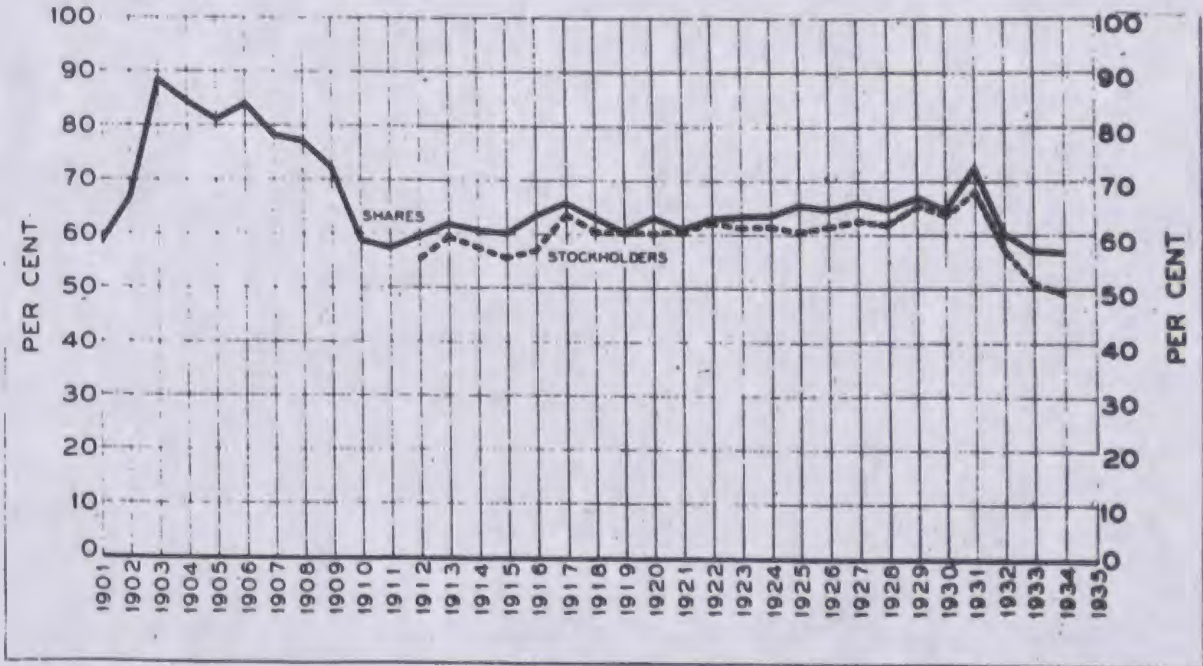
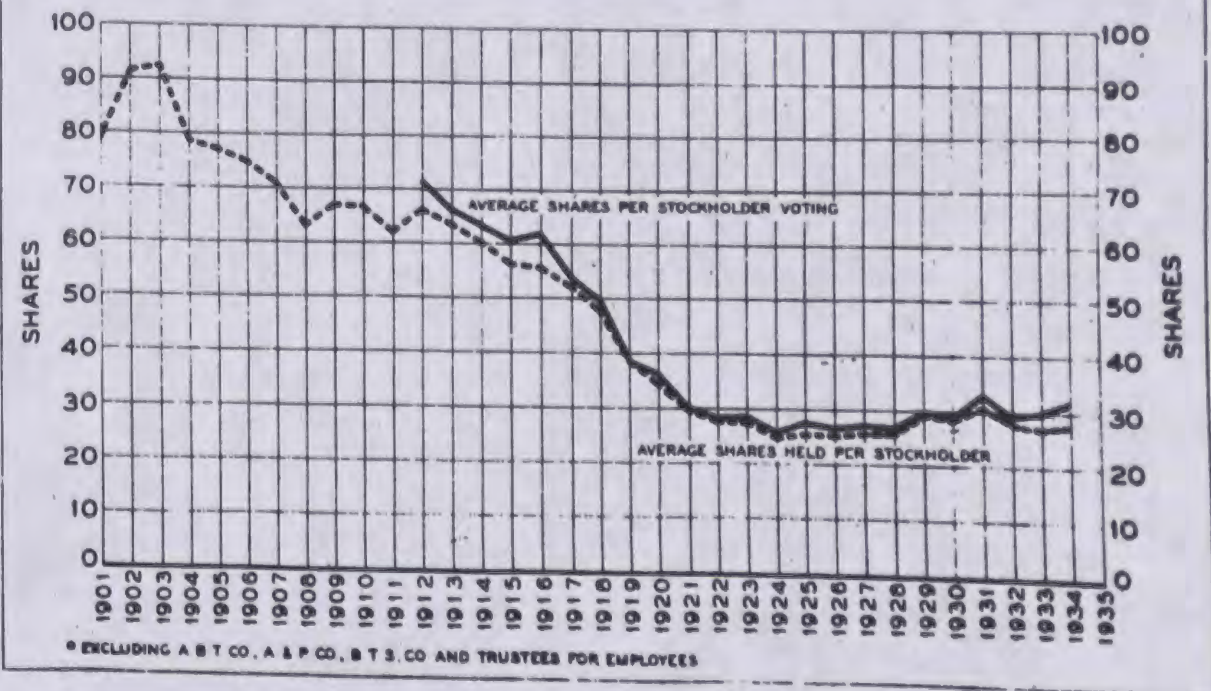


Chart No. 2.

AVERAGE SHARES PER STOCKHOLDER VOTING AND AVERAGE SHARES HELD PER STOCKHOLDER*

AMERICAN TEL. & TEL. CO.



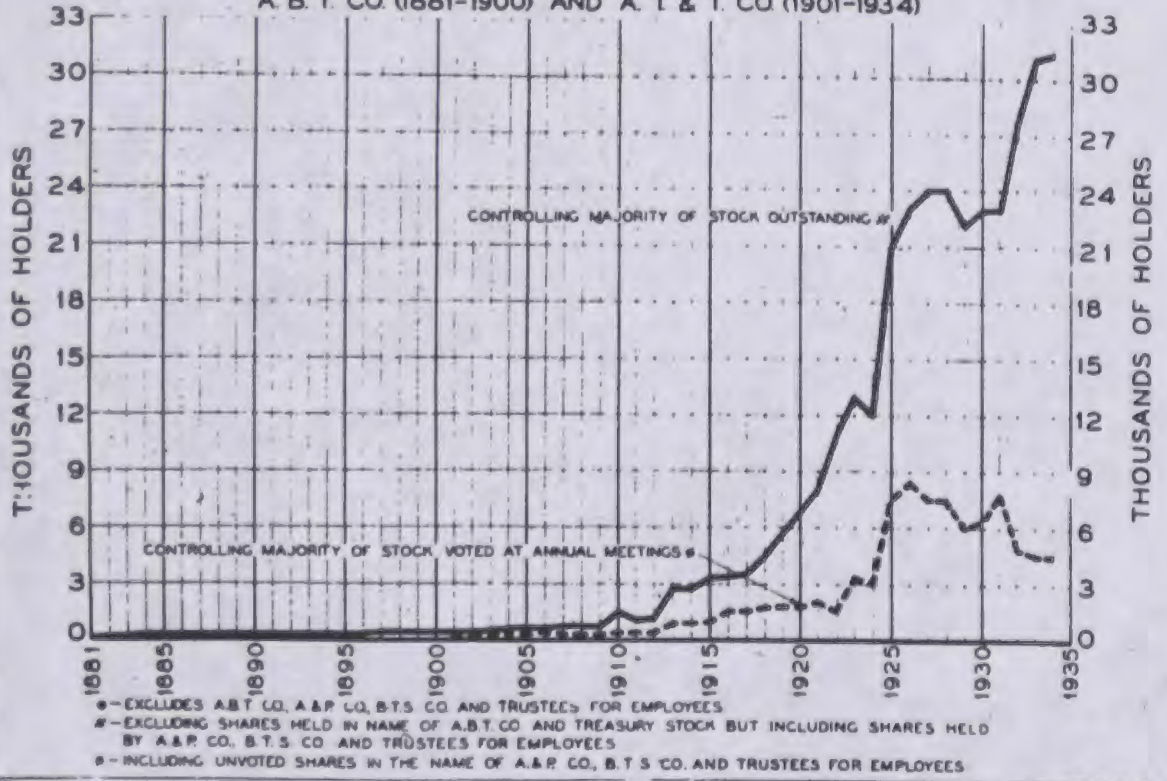
* EXCLUDING A B T CO., A & P CO., B T S. CO AND TRUSTEES FOR EMPLOYEES

5-327

Chart No. 3.

**ESTIMATED MINIMUM NUMBER OF STOCKHOLDERS
REQUIRED FOR VOTING CONTROL***

A. B. T. CO. (1881-1900) AND A. T. & T. CO. (1901-1934)

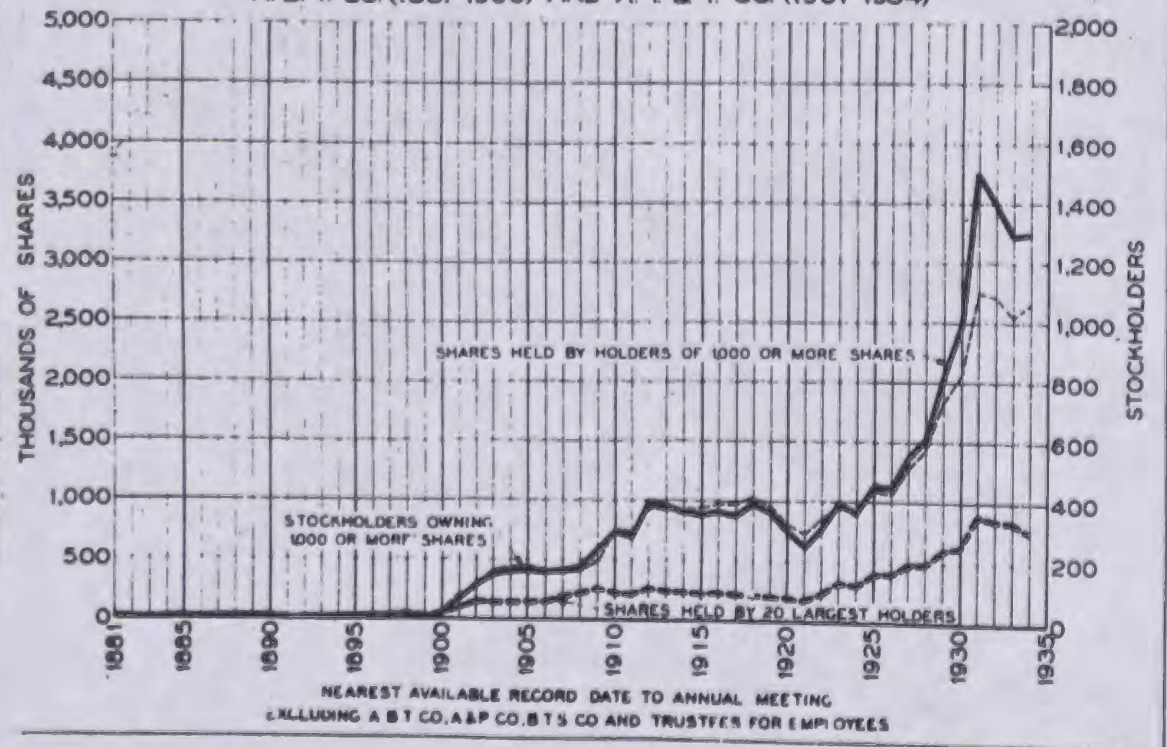


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Chart No. 4.

**SHARES HELD BY LARGE HOLDERS AND
NUMBER OF HOLDERS OF 1,000 OR MORE SHARES**

A. B. T. CO. (1881-1900) AND A. T. & T. CO. (1901-1934)



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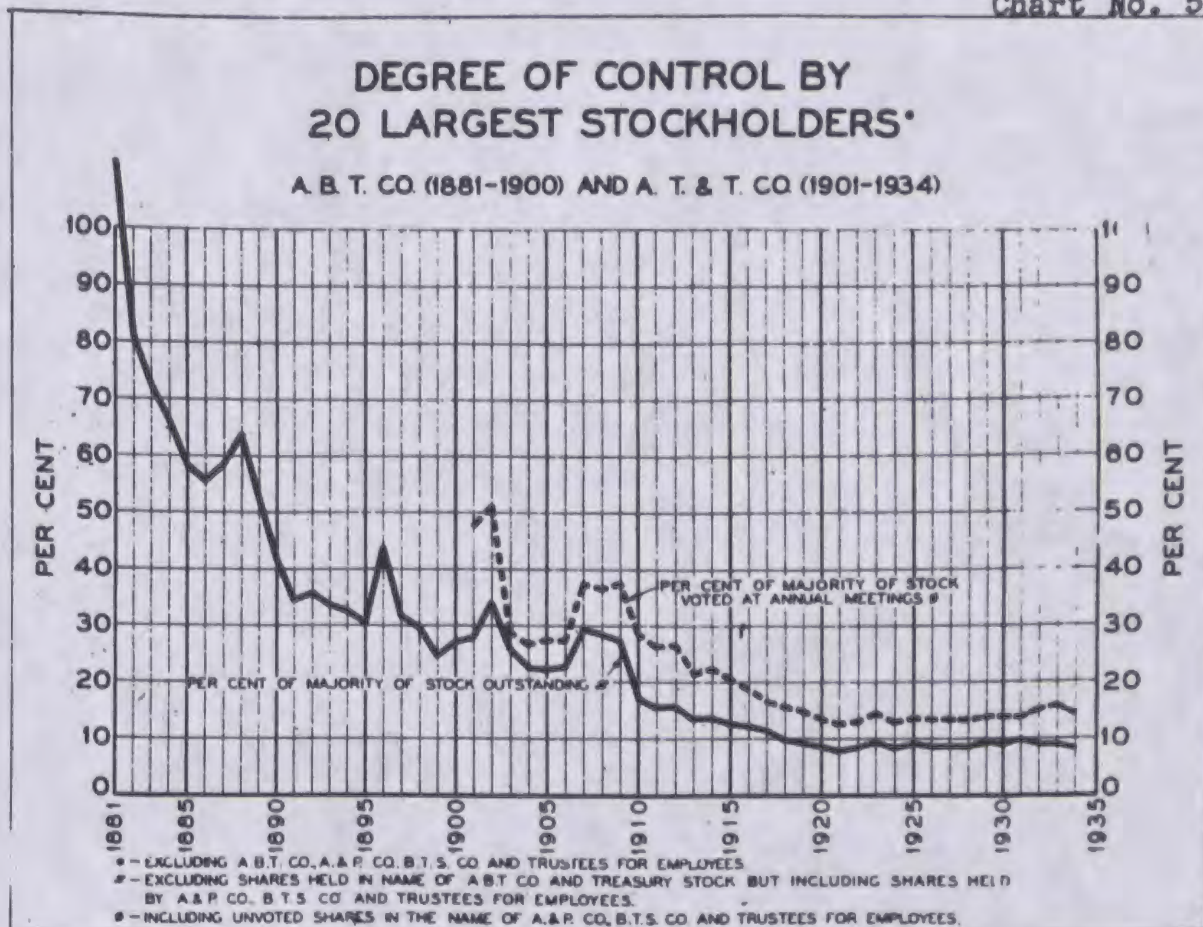
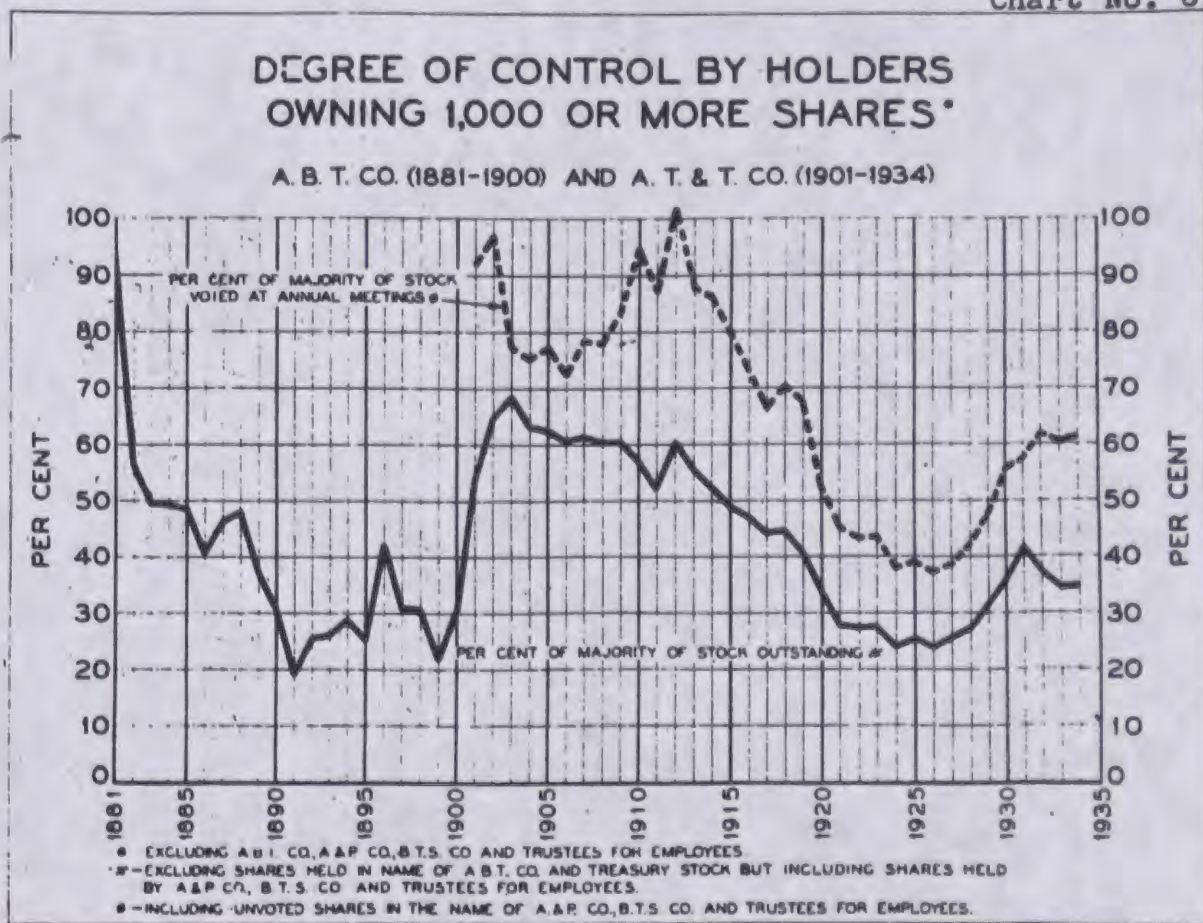


Chart No. 6.



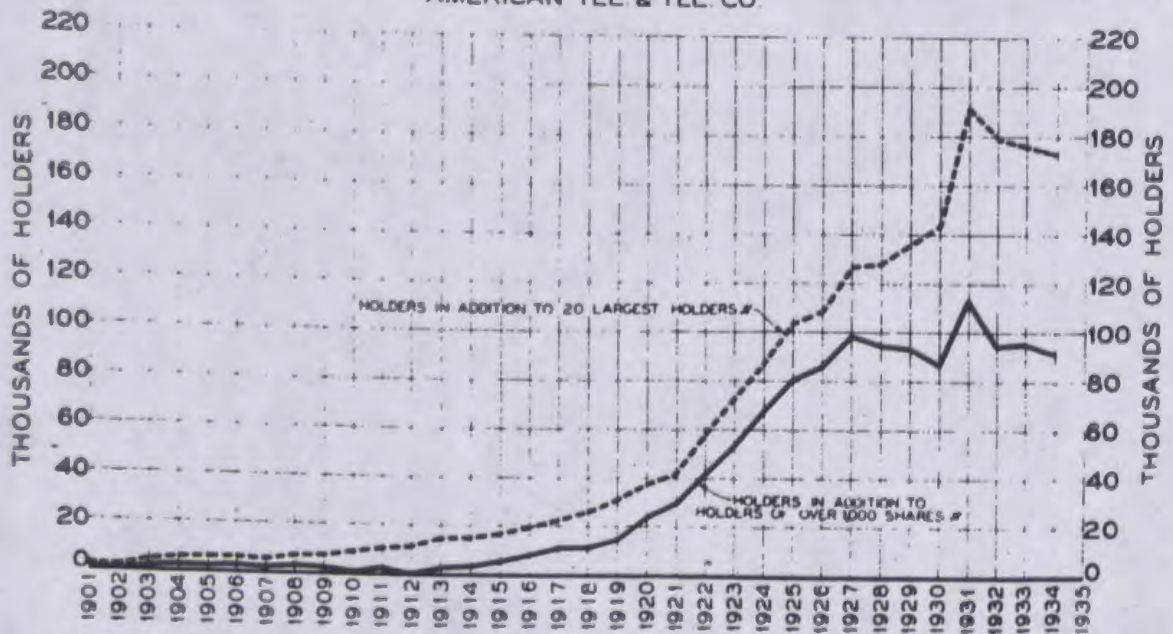
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Chart No. 7.

**HOLDERS IN ADDITION TO LARGE STOCKHOLDERS
NECESSARY TO CONTROL ANNUAL MEETINGS**

(BASED UPON RESIDUAL AVERAGE HOLDINGS*)

AMERICAN TEL. & TEL. CO.



*--ASSUMING UNVOTED SHARES OF THE A & P CO, B T S CO AND TRUSTEES FOR EMPLOYEES WERE VOTED. SHARES HELD IN THESE NAMES AND IN THE NAME OF THE A B T CO EXCLUDED IN COMPUTING AVERAGE RESIDUAL HOLDINGS
#--EXCLUDING A B T CO, A & P CO B T S CO AND TRUSTEES FOR EMPLOYEES

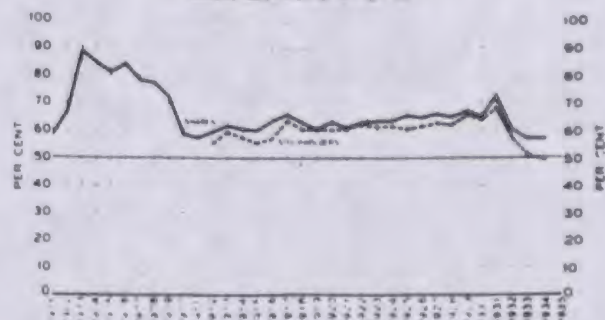
AMERICAN TELEPHONE AND TELEGRAPH COMPANY
Treasury Department

ANALYSIS OF STOCKHOLDER PARTICIPATION IN 1934 ANNUAL MEETING

Votes cast by A. T. & T. stockholders, in person or by proxy, at the 1934 annual meeting have been analyzed in order to determine the extent to which the various groups of holders are likely to vote without a special appeal from the Company. To avoid any possible discrimination against stockholders who resided abroad, the study includes some proxies which were received after the meeting.

Although, for the first time in the 23 years during which such data have been compiled, less than half of the holders of A. T. & T. stock exercised their voting rights, votes representing 57% of the total outstanding stock were cast at the meeting by more than 332,000 stockholders. In line with the general composition of the stock list, individual stockholders (men, women and joint accounts) constituted all but 3 1/2% of the voters and accounted for 80% of the shares voted. It seems not unlikely that recent changes in the form of the proxies have tended to reduce the number of stockholders, especially the smaller holders, participating in annual meetings.

PROPORTION OF PUBLICLY HELD SHARES VOTED AND PROPORTION OF STOCKHOLDERS VOTING
ANNUAL MEETINGS OF A. T. & T. CO.



During the entire period for which data are available, the larger stockholders have participated in annual meetings to a greater extent than the smaller holders.

AVERAGE SHARES VOTED COMPARED WITH AVERAGE SHARES HELD
ANNUAL MEETINGS OF A. T. & T. CO.

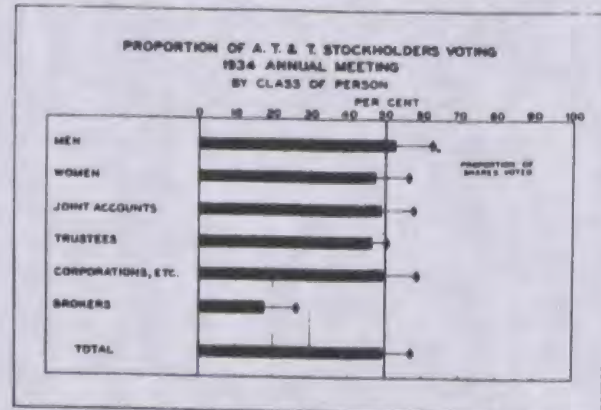


This tendency (indicated on the chart by the fact that the average number of shares held by stockholders voting has exceeded average shareholdings of all stockholders) was especially pronounced in the case of the 1934 meeting. Moreover, it held true for all classes of persons (men, women, etc.) and for holders in every state of the Union. The difference between the average shares voted and the average shares held on the record date for the 1934 meeting amounted to 4 1/2 shares, the largest spread since 1916 and

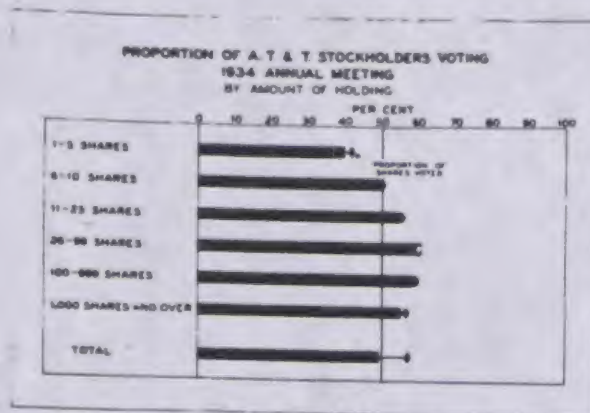
on a percentage basis the largest on record. There is reason to believe that further declines in stockholder representation will increase the relative influence of larger holders at annual meetings.

votes held by voters would be even higher

Despite the greater interest in voting on the part of larger holders, the response of brokers was conspicuously low, only one-fourth of the shares registered in their names having been voted, as was also the case in each of the two preceding years. Trustees also voted to a lesser extent than did actual owners. In no group except that of men did a majority of the holders vote or were more than 50% of the shares voted. Although women actually held more shares on the record date than were held by men, thus possessing a greater potential influence on the meeting, men voted more shares than did women.



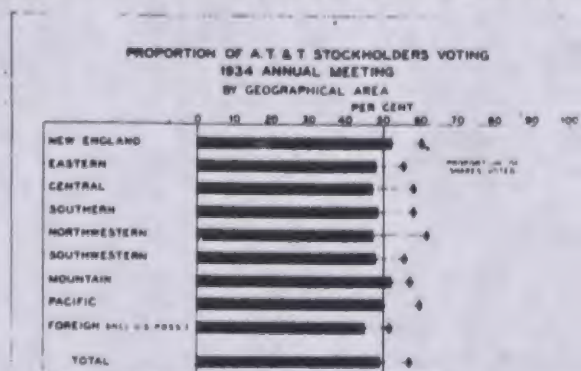
The data also enable a comparison to be made of the participation of the various shareholding groups in the meeting. The adjacent chart reveals the interesting fact that stockholders owning from 25 to 99 shares were better represented at the meeting as regards both the proportion of holders voting and the proportion of shares voted than any other group. Furthermore, there was a gradual building up in these percentages from the smallest group to these medium holders, with only a moderate falling-off in the largest holders. The decline in the highest group was probably due in large measure to the relatively low response of brokers, fiduciaries and nominees. Representation ranged from more than 60% among the medium class holders to less than 40% among the small holders.



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Comparatively little difference was found in the proportions of proxies received from and shares voted by stockholders residing in widely separated sections of the United States. As shown on the chart at the right, at least 47% of the stockholders in each of the eight areas in the United States voted at least 55% of the shares held in those areas. The response from foreign countries was lower. Stockholders in New England, where the telephone industry was originally financed, were represented at the meeting to a slightly greater extent than were those who resided elsewhere.



The map shows the portions of the United States in which stockholder participation in the 1934 meeting was above the average for the country at large (black areas) and the portions of the country which were below average (white areas). It will be observed that all of the states in the New England and Eastern areas were above average with the exception of New York and New Jersey which contain relatively large numbers of employee stockholders who doubtless reacted much as other small holders in failing to return proxies. In fact, in all but four of the states which were below average in stockholder participation, employees formed a higher percentage of the total holders than in the country as a whole. All of the states in the Southern area except Florida were below average while a majority of the states in the western half of the country were above. Comparison by states of the proportion of stockholders voting with the estimated distribution of stockholders according to residence in urban and rural communities reveals an apparent tendency on the part of holders in smaller communities to return proxies to a greater extent than do holders located in the larger centers.



More than half of the stockholders in Canada were represented at the meeting, but these holders, excluding the Sun Life Assurance Company, voted only 45% of their shares. Representation of stockholders residing in the British Isles and France approximated the United States average but ratios of shares voted were below that for the United States. ~~No shares were voted by stockholders in Holland although five of the largest holders of A. T. & T. stock were located in that country.~~ why?

} total holders, not those who
voted at meeting

December 28, 1934.

PROPORTION OF A. T. & T. STOCKHOLDERS VOTING AND PROPORTION
OF SHARES VOTED AT 1934 ANNUAL MEETING

(Black figures indicate percentages or averages above those
for Total; red figures indicate percentages or averages
below those for Total)

G 334

	Representation at Meeting		Average Shares Voted Compared With Average Shares Held		
	Per Cent of Stockholders Voting (a)	Per Cent of Shares Voted (b)	Average Shares Voted (c)	Average Shares Held (d)	Arithmetical Difference (c - d)
By Class of Person					
Men	52.4%	62.6%	33.4	28.0	5.4
Women	47.1	56.3	23.1	19.3	3.8
Joint Accounts	48.7	57.6	20.8	17.6	3.2
Trustees	46.1	50.2	80.3	73.6	6.7
Corporations, etc.	49.2	58.3	396.6	334.3	62.3
Brokers	17.7	26.4	2068.6	1387.0	681.6
Total	49.0	57.3%	32.1	27.5	4.6
By Amount of Holding					
1- 5 Shares	39.6%	41.7%	3.0	2.9	.1
6- 10 "	49.5	50.0	8.3	8.2	.1
11- 25 "	55.1	55.4	17.3	17.2	.1
26- 99 "	60.7	60.0	46.2	46.8	-.6
100-999 "	59.3	59.4	195.6	195.4	.2
1,000 Shares and Over	55.2	56.7	3141.2	3055.6	85.4
Total	49.0	57.3	32.1	27.5	4.6
By Geographical Area					
New England	52.2%	60.1%	39.1	33.9	5.2
Eastern	48.1	55.2	36.0	31.3	4.7
Central	47.2	56.1	21.7	17.6	4.1
Southern	48.4	58.0	25.0	20.9	4.1
Northwestern	47.3	61.6	19.6	15.0	4.6
Southwestern	47.7	55.7	20.4	17.5	2.9
Mountain	52.0	57.2	19.8	18.0	1.8
Pacific	49.9	59.8	25.5	21.3	4.2
Total U. S.	49.1%	57.4%	31.7	27.1	4.6
Remainder of World	44.9	51.6	72.1	62.7	9.4
Total	49.0%	57.3%	32.1	27.5	4.6

T 1, 2, 3 to be met Minimum of stock holders required
for control
Estimated number of stock holders necessary to control
Annual Meeting in addition to (Bardou average preferred
holdings)

G 335

	no. of shares to control of corp. if stock outstanding	no. required to control corp. if shares outst.	holders in addition to those owning 10% of the stock	holders in addition to the 10 largest
1900 (A.B.-Co)	400			
01	400	108	252	1405
02	400	110	142	1894
03	500	230	1783	4277
04	625	265	2445	5625
05	675	220	2470	5620
06	675	300	2877	6029
07	775	250	2423	5309
08	775	240	2923	6274
09	775	225	2399	7446
1910	1500	325	828	9174
11	1100	950	2331	10441
12	1150	275	0	11605
13	2750	850	2905	14527
14	2750	900	3286	14552
15	3300	900	5271	16629
16	3400	1500	7954	19377
17	3600	1500	11098	22493
18	4500	1700	11187	25285
19	5700	1750	12473	31024
20	6500	1750	23796	37577
21	8000	2200	29407	41883
22	11300	1500	41915	57816
23	13000	3450	53282	73132
24	14000	3200	67928	87438
25	14000	7500	80194	103636
26	23000	8500	85706	108277
27	24000	7500	98560	126740
28	24000	7500	94224	127953
29	22000	6000	93578	135803
30	22000	6300	86500	143700
31	22000	7000	112000	192100
32	27700	4800	92000	179400
33	31000	4500	95000	176000
34	31300	4500	91000	173000

(Discontinued after 1934)

(Continued
on separate
sheet. See
1935 meeting
report)

See notes as to interpretation of statistics
Data sheets for separate years will be found in next meeting report
For required working paper see page 10
For estimated minimum see page 1435

T-8.
Shares held by Large Holders & Number of
Lockers & no owned shares. (in 100's)

G 3 3 6

Record date for Annual Meeting	No. owning 1000 or 7500	Shares held by Stockholders in 100's	Shares held by personal holders.
1900	25	40100	35023
1	82	167649	86541
2	108	284624	149766
3	166	375312	140420
4	176	402793	143398
5	150	411610	146367
6	125	398580	149555
7	125	403465	192479
8	163	458268	216209
9	198	577056	258720
1910	304	720102	221663
11	276	698561	209846
12	277	981522	258000
13	371	958757	232231
14	368	924223	234393
15	373	877086	224765
16	389	906730	233631
17	391	877425	221421
18	416	978161	216884
19	385	906407	202039
1920	327	749738	123021
21	293	617419	173635
22	322	769601	231640
23	385	980423	325176
24	367	902206	306229
25	439	1136816	392226
26	425	1113926	420219
27	514	1376114	478755
28	578	1523955	472015
29	735	2052864	600687
1930	829	2495887	627716
31	1099	3754231	820292
32	1081	3484490	852518
33	1017	3222251	846689
34	1062	3245282	753953

(Discontinued after 1934 as
Annual Meeting chart)

Note: U.S. & P. Co. DTSC - Directed for compliance
for original working papers see job 200

T-10. Degree of control by holders owning 1,000 or more shares
 T-11. Degree of control by 10 largest holders
 Holders of 1,000 or more shares 10 largest holders

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	% of majority Stock Outstanding	% of majority Stock Voted	% of majority Stock Outstanding	% of majority Stock Voted
1900	310		270	
01	540	919	278	475
02	648	990	322	510
03	684	974	256	289
04	632	752	226	262
05	626	772	222	274
06	606	724	222	272
07	614	785	292	374
08	602	780	282	367
09	604	837	272	375
1910	571	948	171	284
11	521	869	156	261
12	605	1017	159	267
13	557	879	135	214
14	525	861	136	223
15	490	798	125	202
16	471	729	121	188
17	443	662	112	167
18	448	703	99	156
19	410	675	91	150
1920	339	526	87	135
21	279	452	78	127
22	274	433	83	130
23	276	436	92	145
24	241	379	82	129
25	255	370	90	137
26	241	371	87	134
27	256	384	88	134
28	274	423	89	137
29	318	477	93	139
1930	359	554	90	139
31	417	574	99	137
32	373	619	91	152
33	345	605	91	159
34	348	611	81	142

(Discontinued after 1934)

For request working papers see job no.

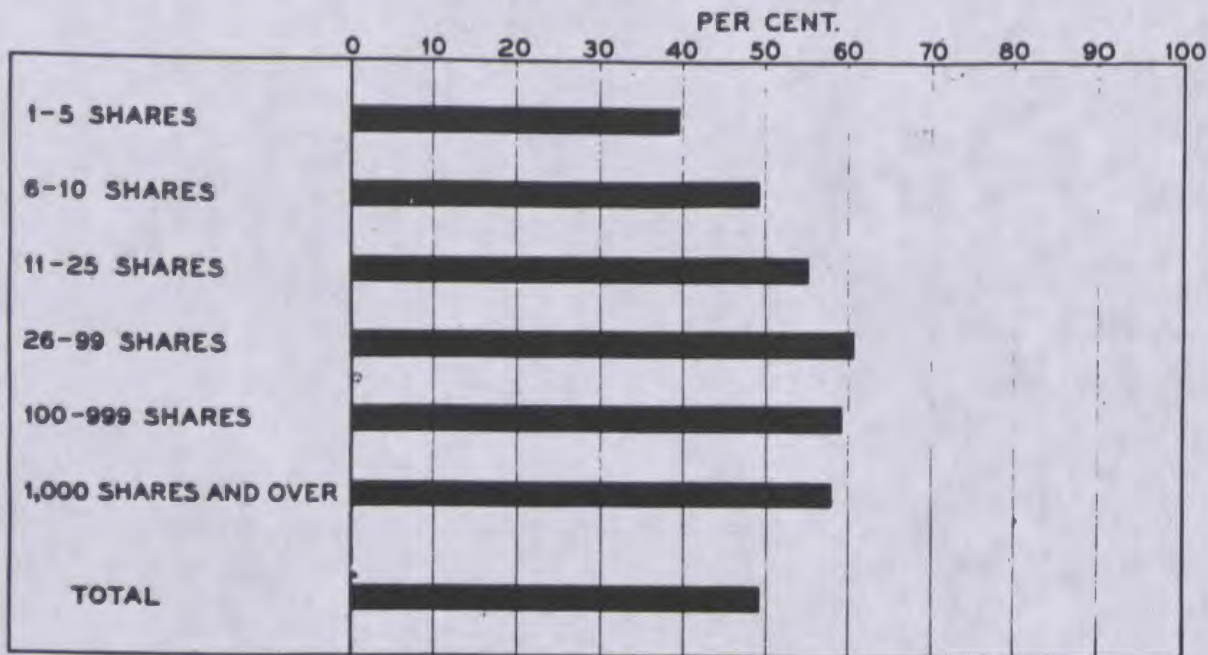
AMERICAN TELEPHONE AND TELEGRAPH COMPANY
Treasury Department

ANALYSIS OF PROXIES RECEIVED FROM A. T. & T. STOCKHOLDERS
FOR 1934 ANNUAL MEETING

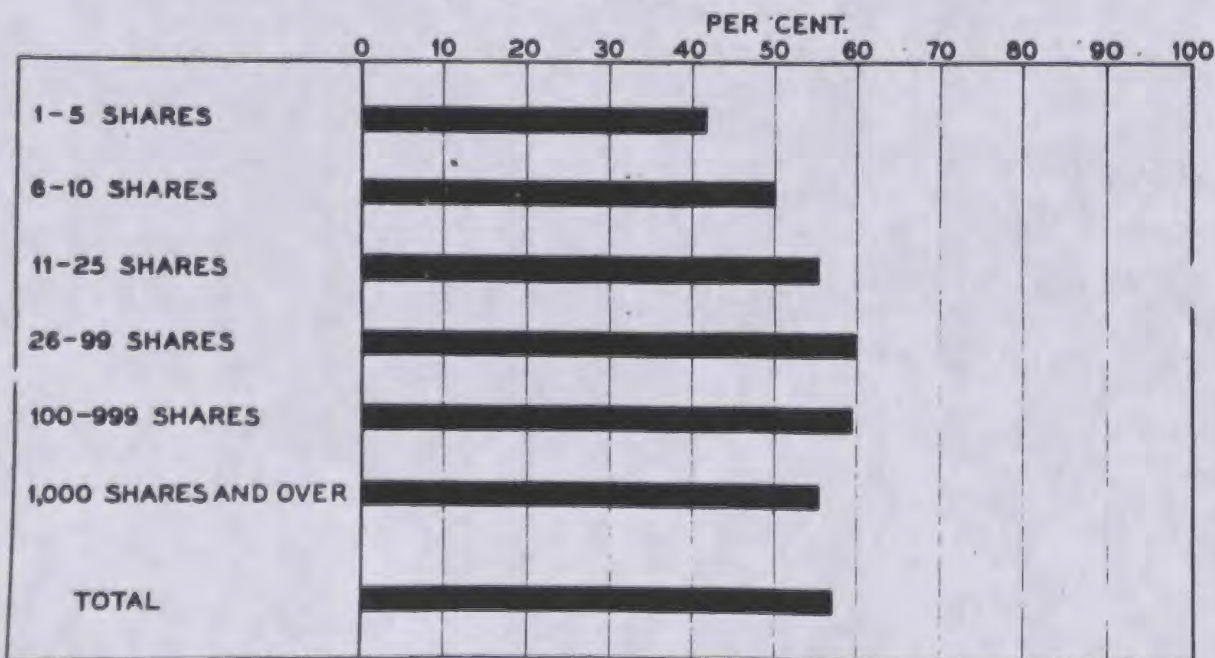
Prepared By
General Statistical Section
October 11, 1934.

Chart No.

PROPORTION OF A. T. & T. STOCKHOLDERS VOTING AT
1934 ANNUAL MEETING
BY SIZE OF HOLDINGS



PROPORTION OF A. T. & T. STOCK VOTED AT
1934 ANNUAL MEETING
BY SIZE OF HOLDINGS

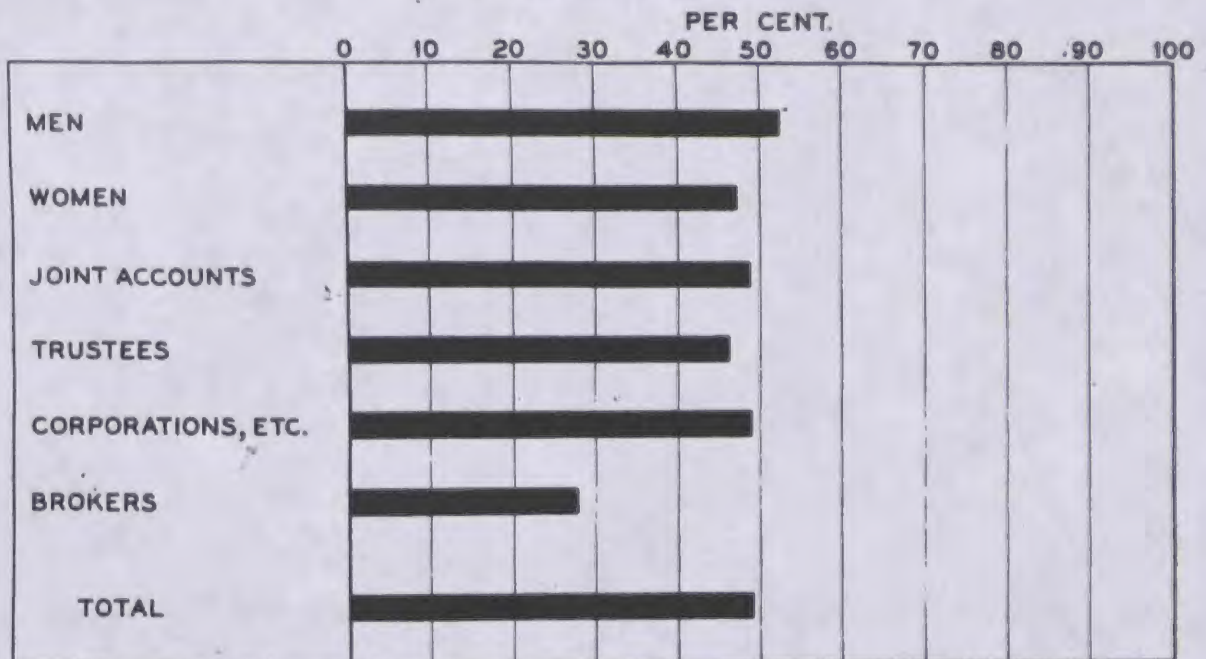


344
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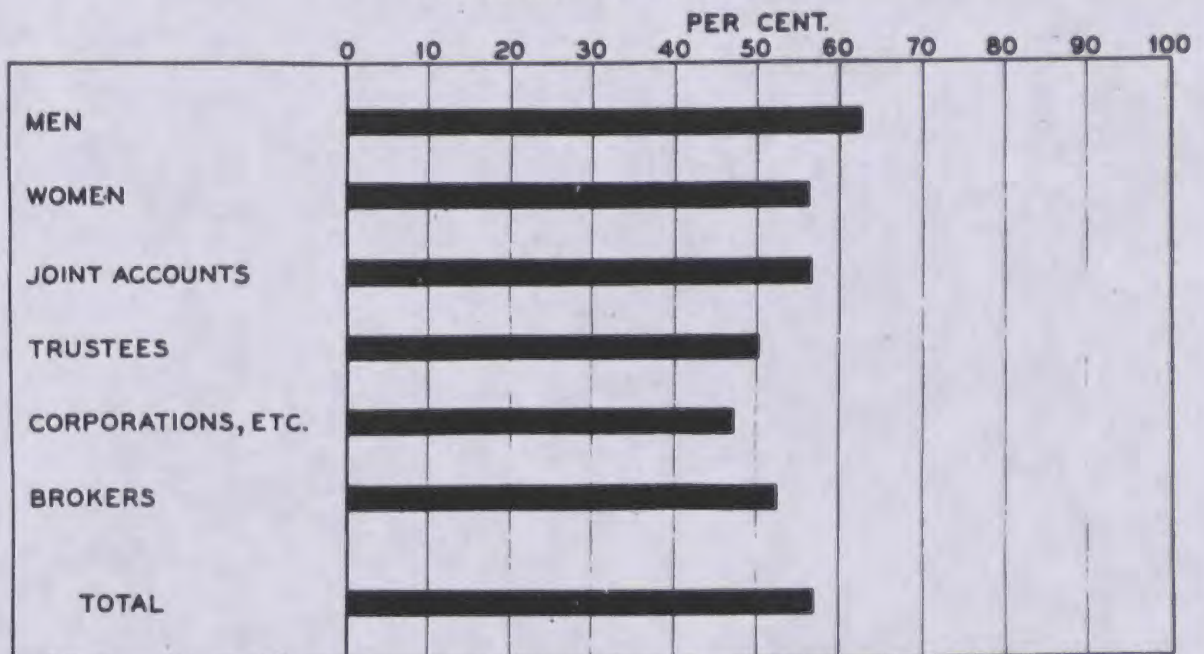
Chart No.

G349

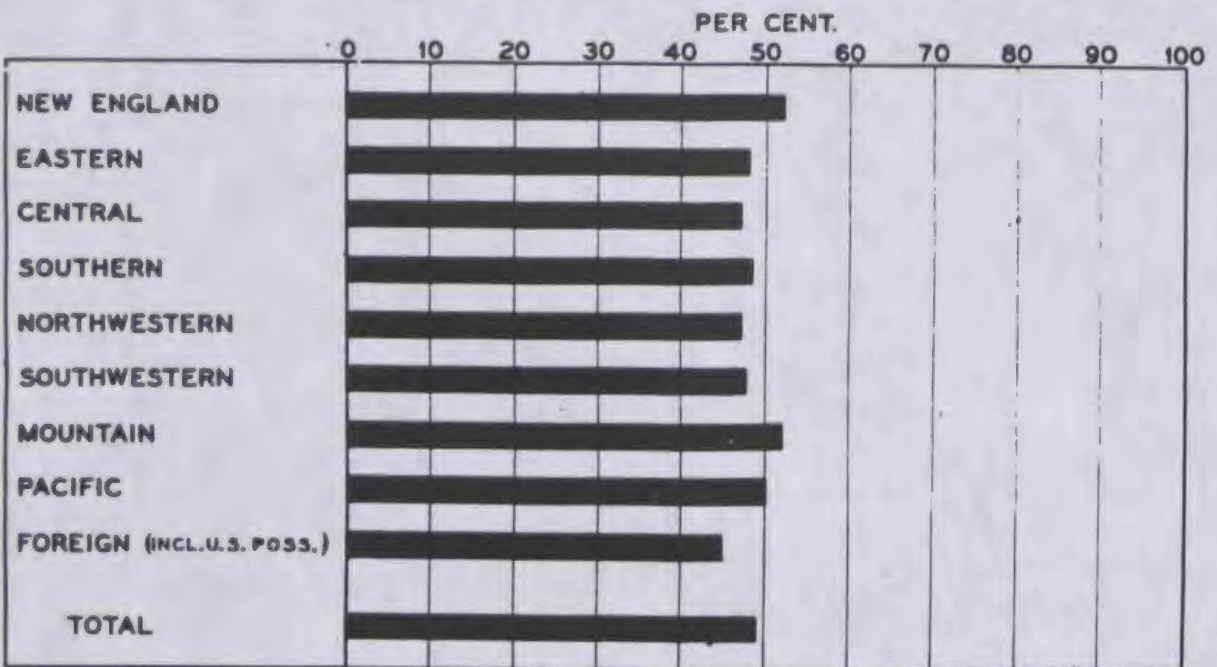
PROPORTION OF A. T. & T. STOCKHOLDERS VOTING AT
1934 ANNUAL MEETING
BY CLASS OF PERSON



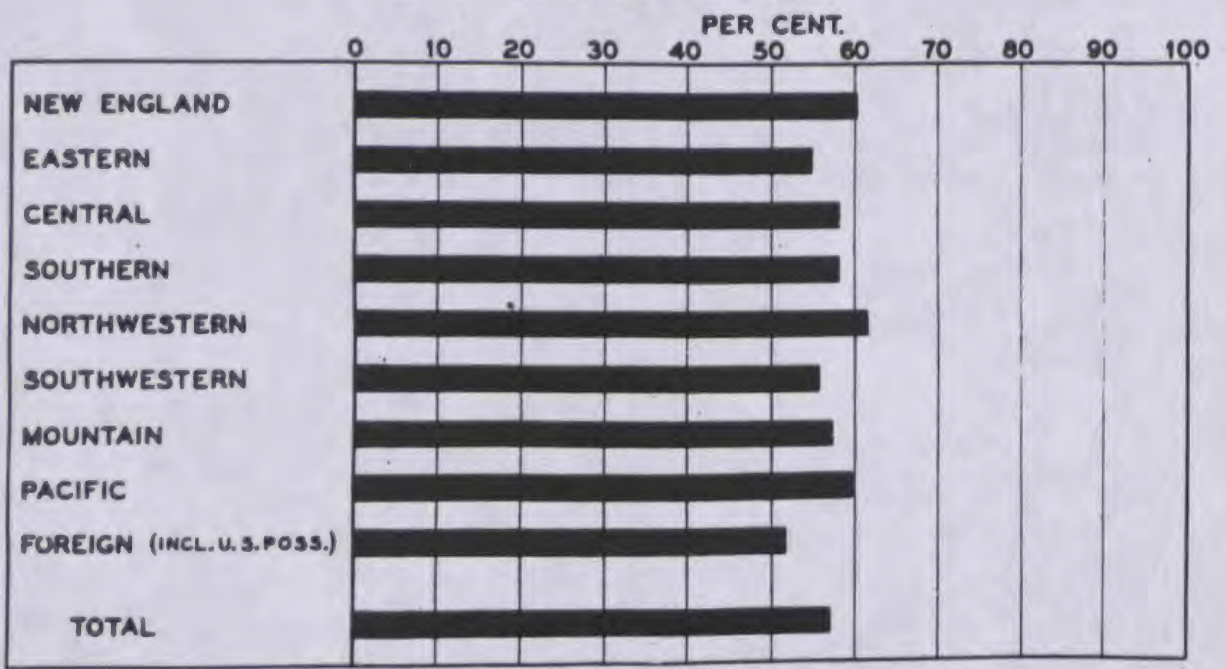
PROPORTION OF A. T. & T. STOCK VOTED AT
1934 ANNUAL MEETING
BY CLASS OF PERSON



PROPORTION OF A. T. & T. STOCKHOLDERS VOTING AT
 1934 ANNUAL MEETING
 BY GEOGRAPHICAL AREAS



PROPORTION OF A. T. & T. STOCK VOTED AT
 1934 ANNUAL MEETING
 BY GEOGRAPHICAL AREAS



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Table No. I

AMERICAN TELEPHONE AND TELEGRAPH COMPANY
Treasury Department

PROPORTION OF A. T. & T. STOCKHOLDERS VOTING AND PROPORTION OF
SHARES VOTED AT 1936 ANNUAL MEETING

State Or Foreign Country	Per Cent of Stockholders Voting	Per Cent of Shares Voted	Average Shares Voted	Per Cent by Which Average Shares Voted Exceeded Average Shares Held
Massachusetts	61.4%	60.4%	43.4	17.0%
Connecticut	53.2	59.8	35.6	12.3
Rhode Island	51.1	53.1	36.3	3.7
New Hampshire	55.9	62.8	27.0	12.5
Maine	54.1	60.3	24.3	11.5
Vermont	57.7	65.3	25.1	13.1
NEW ENGLAND AREA	52.2	60.1	39.1	15.3
New York	45.9	52.5	43.7	14.1
Pennsylvania	50.6	58.8	29.9	15.9
New Jersey	48.8	57.6	27.7	17.9
Dist. of Columbia	50.4	52.6	27.5	4.2
Maryland	49.2	58.3	19.8	18.6
West Virginia	54.9	62.0	34.1	12.9
Virginia	51.2	61.5	27.2	20.4
Delaware	50.3	57.0	49.2	13.4
EASTERN AREA	48.0	54.7	35.6	13.7
Illinois	48.3	56.5	22.9	24.5
Ohio	47.1	59.3	24.9	25.8
Wisconsin	51.0	63.8	18.8	24.5
Michigan	49.7	58.3	18.5	17.1
Indiana	53.3	61.0	14.8	14.7
CENTRAL AREA	47.2	58.1	21.7	23.3
Kentucky	46.9	59.1	33.9	26.0
Tennessee	47.9	55.7	28.5	18.2
Georgia	47.5	53.0	19.3	11.6
Florida	59.3	67.4	30.0	13.6
Louisiana	42.5	57.9	21.1	36.1
North Carolina	48.5	53.0	23.5	9.3
Alabama	47.4	54.1	19.2	14.3
South Carolina	45.9	53.7	17.7	17.2
Mississippi	47.9	53.8	17.1	32.6
SOUTHERN AREA	48.4	58.0	25.0	19.6
Iowa	44.0	62.1	20.1	40.6
Minnesota	47.8	61.9	20.3	29.3
Nebraska	50.0	59.0	18.5	18.6
South Dakota	54.7	64.8	21.3	18.3
North Dakota	55.8	61.7	14.0	11.1
NORTHWESTERN AREA	47.5	61.8	19.6	30.7

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