

Maritime Tel & Tel Annual Report 1982

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Our cover:

The installation in 1982 of an earth station on the wind-swept sands of Sable Island, can be considered a symbol of MT&T's concern for the communications needs of all its customers, and its dedication to the future growth and prosperity of the province. Drilling rigs and supply services operating on the Scotian Shelf will have an extra measure of security, safety and operational flexibility as MT&T develops its North Atlantic communications system from the hub on Sable.

1982 Annual Report of the Directors to the Shareholders of Maritime Telegraph and Telephone Company, Limited

Incorporated under the laws of the Province of Nova Scotia

The 1982 Annual Report is a summary of the operations of the Company in its 73rd year of serving Nova Scotia. It is prepared for those who have invested in our Company, for those who are interested in the Company's performance, and for our employees.

Maritime Tel & Tel is an investor-owned, provincially-regulated company, providing telephone and a wide range of other telecommunications services throughout Nova Scotia. The Company has over half a million telephones in service, connected through a \$700 million network of local and long distance switching, transmission and terminal equipment, in more than 170 equipment offices throughout the province. Our objectives are to provide efficient basic, and progressive new services at reasonable rates to our customers large and small, and to return a satisfactory profit to the people who invest in us.

Report Highlights	1982	1981
Operating statistics (thousands)		
Revenues	\$235 861	\$207 302
Expenses	154 418	142 019
Net income applicable to common shares	25 987	20 087
Common dividends	13 634	11 808
Construction program expenditures	70 091	84 067
Telecommunications property	715 540	664 145
Financial statistics		
Earnings per common share	\$ 4.23	\$ 3.42
Dividends declared per common share	\$ 2.22	\$ 2.01
Return on average common equity	16.4%	13.9%
Return on average invested capital	13.0%	12.0%
Equity per common share, at December 31	\$ 26.60	\$ 25.02
Average common shares (thousands)	6 139	5 872
Debt ratio, at December 31	51.6%	52.8%
Other statistics		
Telecommunications property per telephone, at December 31	\$ 1 344	\$ 1 279
Telephones in service, at December 31	532 470	519 328
Employees, at December 31	3 375	3 597
Salaries and wages (thousands)	\$ 81 689	\$ 76 523
Long distance messages (thousands)	52 756	51 677

Contents

- 2 Letter to the Shareholders
- 5 Service and Efficiency
- 9 Progress and Efficiency
- 15 Regulatory Matters
- 16 Directors and Officers
- 17 Financial Review
- 18 Consolidated Financial Statements
- 22 Notes to Consolidated Financial Statements
- 25 Years in Review
- 28 Selected Information for Shareholders

Letter to the Shareholders

A year ago we noted in this section of the Report the slowdown towards the end of 1981 in the growth of our telecommunications business, and the challenge your Company then faced to remain flexible in the planning, provisioning and delivery of telecommunications services to our customers in the ensuing year. This trend of growth at a lower rate has continued throughout 1982.

Our response during 1982 to the virtual stagnation of the provincial and national economies has been to employ this flexibility in three key areas of our business: financial, operational and organizational.

Financially, we undertook a range of measures, some designed to increase revenues, others to reduce costs. During the second quarter we received approval from the Board of Commissioners of Public Utilities for increases in both local and long distance charges which would permit us to earn a 16.7% rate of return on shareholders' equity — somewhat higher than the 14.5% permitted previously.

Other revenue-raising steps included a successful month-long "free trial" marketing program for residence customers which resulted in the installation of 6,700 additional Touch Tone, extension and premium telephone sets with associated annualized revenues of approximately \$185,000, and a successful "gift certificate" promotion for long distance calling, with sales of \$153,000 for the year. At the end of 1982, plans were being finalized for the introduction of an in-province long distance discount program during off-peak, evening and weekend hours. This program will not only stimulate long distance calling and increase revenues from this source but will result in more effective use of our installed network capacity.

We elected to postpone some major capital projects that could, without serious detriment to our customers, be deferred. These included total-province conversion to Zero-Plus calling — originally scheduled to be completed by 1985 — and a number of switching centre conversions and expansions. Many of these could safely be delayed since the anticipated growth which would have made them necessary, was not materializing. Some other projects were cancelled altogether. We also implemented cost-reduction measures in a number of internal programs.

Operationally, our response to the economic challenge was a series of staff changes and reductions. Some 26 temporary and part-time employees and 60 lower seniority employees were laid off in those areas where customer demand for services was significantly reduced. Management ranks were also reduced — the jobs of 60 long-service supervisory personnel who retired during the year were not filled, and 42 other long-service managers nearing retirement were offered, and accepted, satisfactory benefit packages which enabled them to retire earlier than they had planned. At year-end the total staff stood at 3,375 (including 40 on pre-retirement leave) down from 3,597 a year ago.

Organizationally, our changes were significant. We were fortunate in having initiated, in 1981, a thorough and wide-ranging analysis, not only of virtually every supervisory person's duties, responsibilities and relationships, but of alternative ways in which these jobs could be re-grouped and re-aligned to produce increases both in efficiency of day-to-day operations and effectiveness in key decision-making areas. The analysis was completed

in 1982 and in the final weeks of the year, a significantly restructured organization — two instead of three Vice Presidents, 10 departments (down from 14) and an overall reduction of management personnel from 500 to 381 — was readied to go into effect at the start of 1983.

These responses have produced tangible results. Capital expenditures, though reduced from the 1981 figure by 16.6% to \$70.1 million, nevertheless resulted in a series of growth, service improvement and modernization projects, many of which are described in the following text of this Report. During 1982, the number of telephones in service grew 2.5%, from 519,328 to 532,470; long distance messages increased 2.1%, from 51.7 million to 52.8 million, producing total long distance revenues of \$133.2 million. Competitive areas of MT&T's operations, mobile and data communications both had a very successful year with growth rates of 11.9% and 15.6% respectively.

Financial results included an increase in the rate of return on average common shareholders' equity to 16.4%, up from 13.9% a year ago. Total earnings per common share were \$4.23, up from \$3.42 a year ago. Effective in the third quarter, the dividend rate was increased from 54¢ to 57¢, or, on an annual basis, from \$2.16 to \$2.28 per common share.

As an integral part of responding to the 80s, we are revising our corporate planning process. Now we will be using a total-company, co-ordinated



approach which is responsive to the ongoing changes both inside and outside the organization. It will enable us to be flexible in our decision-making and fast to respond — both necessary factors if we are to make the most of every opportunity open to us.

As we launch into 1983 it is evident that your company is both leaner and stronger, and poised to take on the continuing challenge of a fluctuating economy and a technological maelstrom.

Yet our faith in the future of our Province — and in our ability to continue to meet the evolving demands of an intensifying business infrastructure as offshore oil and gas developments occur — is reflected in our planned investment, 1982 to 1985, of over \$300 million. This major program will touch virtually every community and benefit all citizens of the Province. And it will continue to call forth the commitment and dedication of the men and women of your Company, in each one of whom, shareholders can take just pride.

A handwritten signature in cursive script that reads "Struan Robertson".

Struan Robertson
Chairman of the Board and President
Halifax, Nova Scotia
February 14, 1983



Glen Langille

The answer was an overwhelming “yes” when the residents of Industrial Cape Breton were asked how they felt about larger local calling areas. In December, MT&T was able to provide this service for six exchanges in the area, as part of its ongoing program of service improvements around the province. In the heartland of Nova Scotia’s coal and steel industry, families, friends and business people now can keep in touch without having to watch the clock — and the long distance bill.

Service and Efficiency

During 1982, MT&T brought into service a number of systems which are the result of extensive and long range planning. All involve the newest technologies and all will help us meet our objectives.

Digital world

In March, MT&T's second digital switching system went into service in Sydney and in April it was expanded to include local as well as long distance switching. In December an extensive Extended Area Service program removed toll charges between five exchanges in Sydney and the surrounding Industrial Cape Breton area. Over 39,000 customers will benefit as long distance charges totalling approximately \$2 million each year, are eliminated. The total project cost for the Sydney upgrading was \$21.6 million.

In April, Halifax got its first digital conversion when the Company turned up a new Northern Telecom Digital Multiplex System (DMS) 100 switching machine to serve the central business district and south end of the city. This machine now provides the latest generation Centrex service to many of MT&T's larger business users and will eventually replace all the Company's older mechanical switching equipment in this part of the city. The capital cost of this project was \$8.2 million.

November 20, 1982 was a major milestone in MT&T's history as it marked the cutover of two new digital switching systems and a new era in long distance services for our customers.

With the investment of \$5.9 million in a new building and another DMS 100 digital switching machine, the town of Bedford converted to 80s technology. This installation also simultaneously extended digital switching facilities to the communities of Mount Uniacke, Sackville and Hammonds Plains with remote line units and brought the former into the Halifax-Dartmouth local calling area.

Long distance — 80's style

On the same date, more than 100,000 customers in the Halifax-Dartmouth and surrounding suburban and rural areas were able to dial their own operator-assisted long distance calls for the first time and were able to make direct dialed calls to more than 50 overseas countries. Installation of a DMS 200 toll switch which made these facilities available to our customers, also

dramatically changed the work environment of many long distance operators.

The once manual functions of call connection and long distance charge ticket writing are now done electronically and automatically by the computer in the DMS. Time-consuming tasks such as calculation of call costs from pay phones and verification of credit card validity are a thing of the past for the 1980's operators who use video display terminals and computer key-boards instead of cords and plugs. Direct data links between the DMS and terminals on their premises also allow the majority of hotels to receive instant hard-copy details of guest long distance calls. And coin telephone users can now dial their own long distance calls including those to overseas countries.

The installation of this digital long distance switch is the first in M&T's phased program which will, over the next few years, reduce the number of the Company's regional long distance centres from eight to four and distribute the total province calling traffic amongst the remaining centres, on a flexible basis designed to make the most of computer-gained efficiencies.

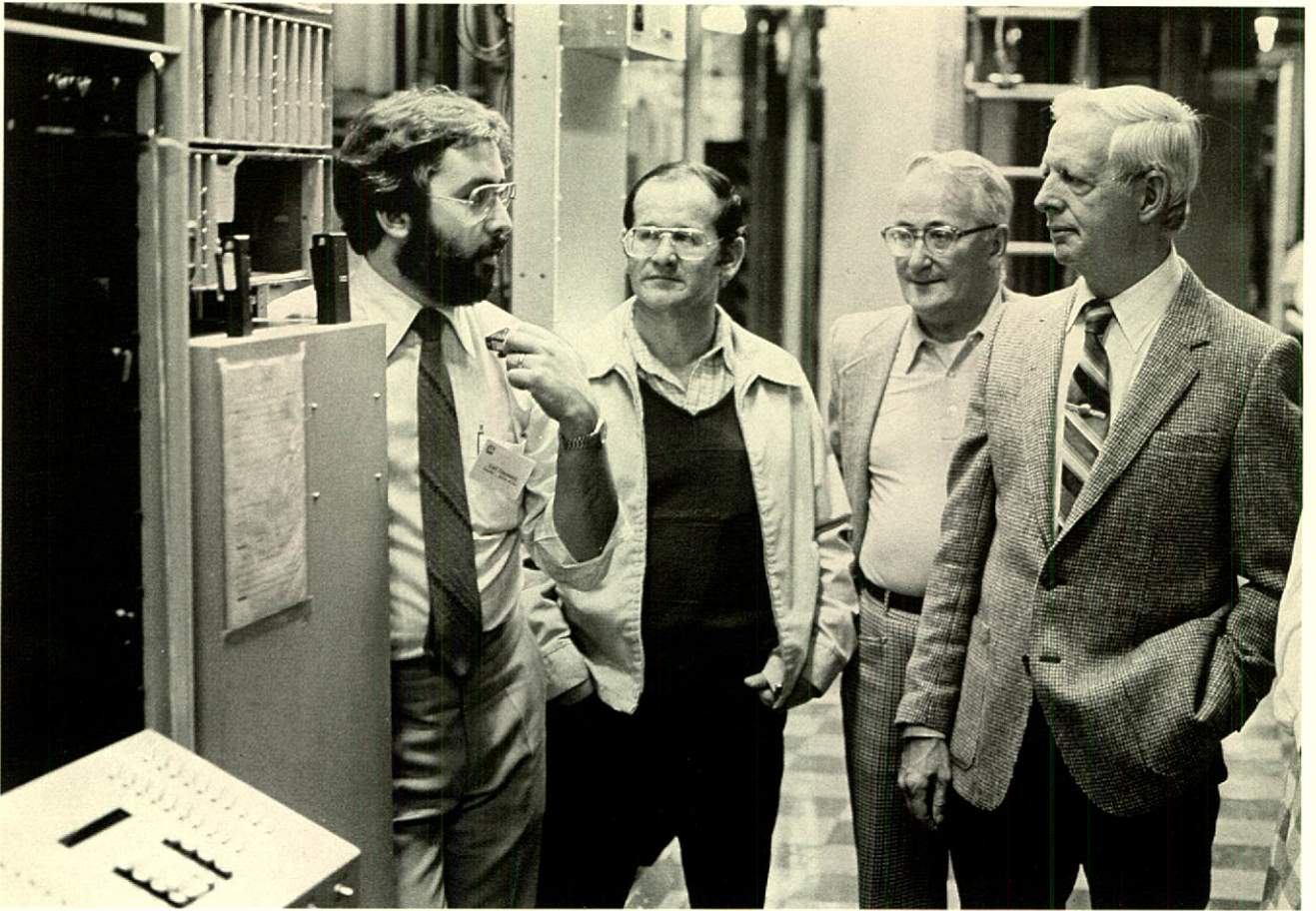
1983-1986

During the next four years, the Company has plans for the investment of \$43 million in 18 more digital switching centres and remote switching modules, for various locations across the province. These are being installed where they are needed to accommodate growth or when a conversion to the new equipment is demonstrably more economical than maintaining or expanding the existing plant.

More digital — with a light touch

The latest digital technology is also now employed in the transmission of long distance calls. To meet the projected call volumes of the mid 80s and beyond, we have installed, at a cost of \$7.1 million, a three-leg digital microwave system from Halifax to the New Brunswick border. Besides a capacity of 672 simultaneous conversations on each 'leg' of the system, the digital transmission medium is virtually interference-free, which means much clearer calls for our customers.

This system also employs another revolutionary technology — that of fiber optic transmission. Two spurs of the new system, in Truro and Amherst, go from microwave tower locations to regular switching offices via fiber optic links of several kilometers each. Encouraged by a positive experience with this medium, the Company plans to expand the use of it in the future.



More than 1,000 customers, shareholders and employees had a chance to see the new alongside the not-so-new when MT&T hosted an Open House to mark the Company's first conversion to Zero-Plus and Direct Overseas customer calling. The informal setting of such events provides an ideal forum for asking and answering questions and stating concerns.

Further long distance digital microwave systems are planned: Halifax to Kentville and Halifax to Bridgewater in 1984, both for modernization and growth factors. Another project, which at \$6.5 million will be MT&T's largest radio project ever, will start in 1984 and replace most of the older analog radio facilities on the Halifax to Sydney route and expand the Halifax to Moncton system. These installations will keep our equipment operating to modern performance standards and will be much more economical and practical to maintain.

A gram of prevention is worth a kilogram of cure.

Starting in 1983, MT&T will spend \$2 million in upgrading its computerized alarm surveillance system. This system now monitors around the clock, the 'health' of 62 microwave sites and 162 community dial offices. The enhanced program will permit continuous tracking and reporting of all monitored facilities. This will provide stored historical data enabling us to identify equipment which is starting to degrade in performance, before it affects the network, and will provide past-record profiles to help identify those 'now you see it, now you don't' type of problems.

New bills for old

The fruits of meticulous planning over the past few years were gathered in 1982 as the Company began to change its customer billing system to a new computerized records and billing system. It is the most comprehensive and up-to-date in use by any telco in Canada and by year-end, all but Halifax had been converted to the new system. With no billing interruptions and few operational snags, the system flowed in and was immediately accepted by customers, who appreciate the clear, comprehensive statements. By April 1983 the whole province will be on the new system and the company will start feasibility studies on possible enhancements for our customers — such as optional consolidated billing of multiple accounts and pre-authorized payments. And MT&T's new system has not gone unnoticed elsewhere; several other telephone companies are interested in purchasing our billing 'package' for their customer billing operations.

911 — a number to remember

The Town of Bedford will be the first in MT&T's territory to change to what is rapidly becoming known as the 'universal' number for emergency services.

Bedford will switch to this system in April 1983. The Company's commitment is that it will undertake to make the necessary modifications to the local switching centre for any community wishing to convert to 911 service, without cost to the community. Feasibility studies are currently underway for Industrial Cape Breton, Pictou and Dartmouth areas.

Local improvements

In 1982 the Company spent \$6.1 million on service improvement programs, upgrading service for 11,025 customers. In addition to the Extended Area Service provisions in the Industrial Cape Breton project, Mount Uniacke received local calling to and from Halifax and Bedford. Five exchanges were converted to Automatic Number Identification for long distance calls and 3310 customer premises in 12 exchanges across the province benefitted from base-rate area enlargements. (A base-rate area is the more densely-populated area in an exchange within which customers can obtain single-party service without monthly mileage charges.)

Maximum of four

By year end 1982 MT&T had met its objective of having all exchanges designated and equipped so that no rural line has more than four customers on it. On a province-wide basis, the average number of customers on a party line is now less than three. At year end 87.6% of MT&T's customers had private or two-party service and over the next 6 years, the Company plans to spend \$19.6 million to increase that figure to 93.3%.

And for the future?

Without a crystal ball with which to predict the economic trends in the future, the Company's plans for service improvements are, of necessity, somewhat conditional. Three separate Extended Area Service projects costing \$896,000 are planned for 1983; and 2,400 premises in 9 exchanges will benefit from an investment of close to \$1 million to increase the base rate areas in those exchanges.



Short sight, far sight, astigmatisms — in a world of technological revolution, most people are still correcting less than perfect eyesight with glasses or contact lenses. MT&T and Imperial Optical are solving some old problems with the latest technology. Using a Displayphone and the Envoy 100 electronic messaging system, patients' optical prescriptions and frame details are transmitted directly to the dispensing factory, which is located in another town. Faster turnaround for their customers and a very easy-to-use, cost-effective operation for the store are two of the results of this experiment — one of many collaborations with our business customers in the search for better and more effective services.

Progress and Efficiency

In the past, a telephone company's business used to be just that — telephones. They were identifiable as instruments and their medium of transmission was visible. The media and the technologies are now becoming transparent in the real and electronic senses of the word, with satellites, microwave and digital technology in use in most parts of our business. Telecommunications is a science in its own right — a science where the rate of change is awesome. Continued success in the field of telecommunications, beyond the simple 'phone,' will depend on a telephone company's ability to read, interpret and predict the future needs of its customers, to grow with them into the 'electronic age' and to compete successfully as the industry moves into an environment of deregulation.

Here are a few areas where MT&T is going, in order to meet that challenge.

At sea level. . .

The wild ponies and the Ipswich sparrow both have a home on Sable Island. Maritime Tel and Tel now does too — a small, pre-fabricated bungalow which houses our communications equipment — and our people, when work or weather keeps them out on the Island. In 1982 MT&T's involvement with Sable and the offshore area in general increased dramatically, a trend which the Company expects to continue and grow in the future.

In April we supplemented the VHF radio link, which was installed last year to provide dial telephone service to the Atmospheric Environmental Services crews on Sable, with a satellite earth station which, by bouncing signals off the Anik B satellite, has provided both highly-reliable voice service and a teletype link. A 200-foot telecommunications tower has been placed so that the satellite facilities can be used in conjunction with VHF radio signals to increase the scope of communications available to the rigs which are drilling in the vicinity.

Bigger dish

In mid 1983, with an investment of \$1.7 million, we will replace the existing earth station with a larger one which will increase the number and scope of services we can offer to our offshore customers. The new earth station may also home on the Anik B satellite or it may receive its signals from the newly-launched Anik C.

Sable Island will, in effect, become a communications hub for this area of the North Atlantic.

Mostly personal

A trial called MOST (Maritime Offshore Services Trial) started in December to explore the potential for payphone-equivalent service on the drilling rigs. This three-month trial will provide the rig crew on the Rowan Juneau with a way of making personal calls — something that, to date, they have been unable to do.

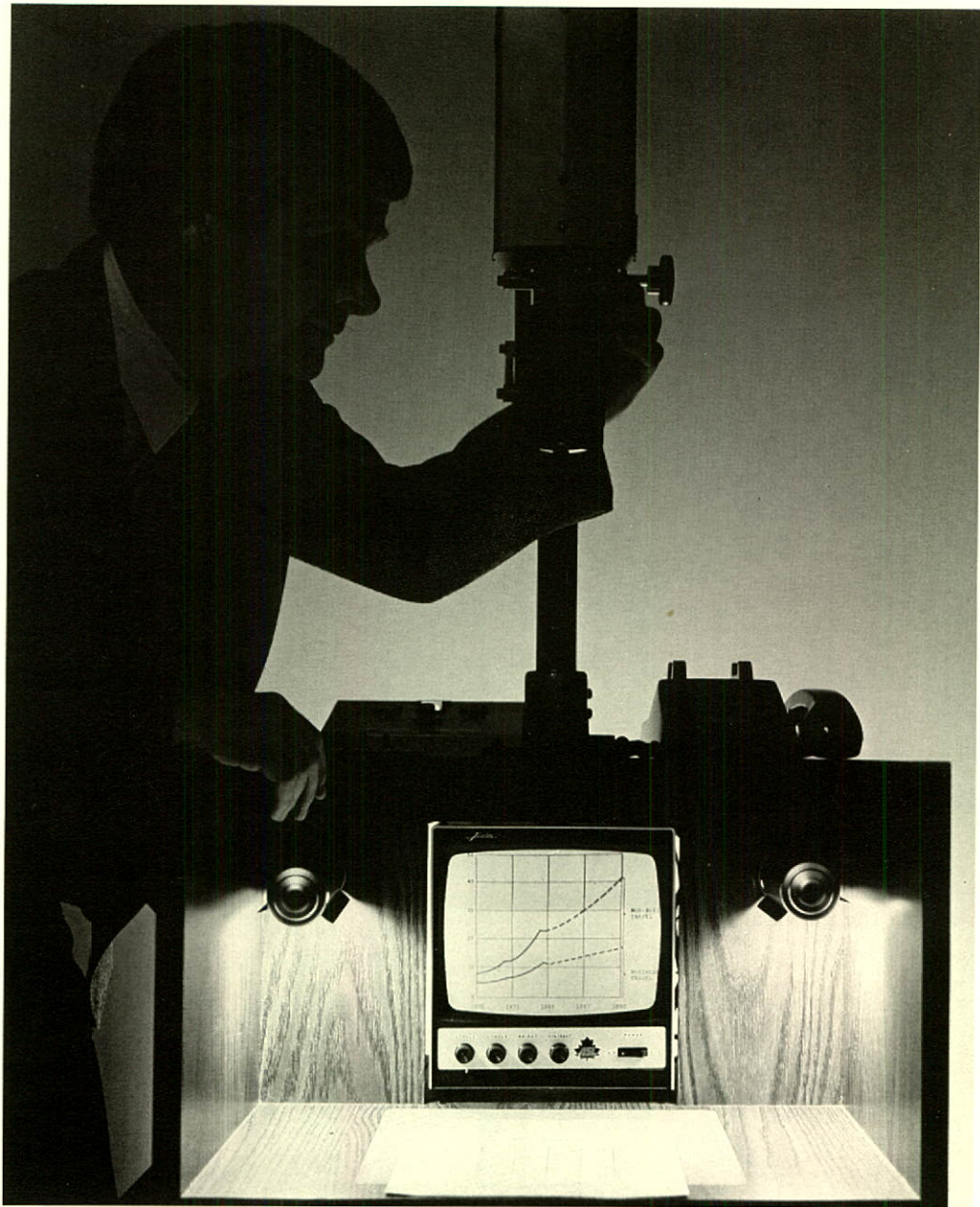
This trial and the new facilities are just part of a complete offshore business plan MT&T has designed to identify all the areas of potential for serving the exploration and supply industries now establishing bases here, and which will involve a \$3 million investment in communications facilities by 1985.

. . .and in the skies above

In October the Company started providing air-to-ground communications to corporate and private planes travelling in the vicinity of Nova Scotia. Passengers in any plane equipped with mobile-type air telephones can now be connected to phones the world over via MT&T's mobile operators. The range — 480km radius of Halifax International Airport — also provides a new first point of contact for traffic incoming from Europe. The expansion of this service to commercial flights will undoubtedly depend on the outcome of field trials being conducted in this medium in the United States; however, if the demand is there in the future, MT&T can respond to it.

Satellite power

And offshore customers aren't the only ones who will be served by satellite. In March 1983, MT&T and other TransCanada Telephone System (TCTS) companies will use a portion of the Anik B satellite to test a brand-new communications transmission technology known as Time Division Multiple Access (TDMA). This mechanism gives the capability of simultaneously transmitting voice, data and video signals in one integrated stream of digital information. The Bank of Nova Scotia, Dome Petroleum and the Federal Government are the telephone companies' partners in this trial which is seen as being the first step in the development of an Integrated Satellite Business Network (ISBN) planned by TCTS for start up later in 1983 and designed to provide economical and diverse communications coast-to-coast between branches of the larger telecommunications users.



First words, then data and facsimile — now pictures. Freeze-frame video is one of several image transmission techniques that soon may become a standard feature of teleconferencing. The 35mm camera-produced image shown on the monitor is transmitted by standard telephone facilities to TV-type receivers at distant points. Not only practical and economical for business and education applications, freeze-frame has significance for MT&T and the offshore industry because of its capacity to transmit X-ray and lab specimen data.

In the last half of 1982, Anik C and Anik D satellites were transported into space (the former as the first commercial cargo aboard the reusable space shuttle Columbia) and are now in orbit, providing even more potential for satellite-based telecommunications services in the future. Canadian telecommunications carriers, including MT&T, have a 49% ownership in Telesat Canada, the Crown Corporation which develops and maintains the Anik series of satellites. They also use most of the satellites' capacities in their network business.

Closer to home

Satellites, of course, are only one medium of transmission that will be explored in the future. Right now in our own 'back yard' MT&T is working with institutions and businesses in trials aimed at increasing our customers' effectiveness in many fields.

Knowledge is Power

Or perhaps today it might be more exact to say that information is power. As we move into the 'information age', timely information is the objective of most companies. Up-to-the-minute information is often the crucial market edge. For reasons of cost-cutting, efficiency and speed, more and more people are making the information come to them rather than going where the information happens to be. This is becoming true in many fields, whether the information is facts and figures stored in a data base, human power in the form of a management team, or educational power in the person of a teacher. MT&T is working with its customers to reshape thinking for the Information Age.

iNet

One trial which is underway across Canada is called iNet. It is a concept developed by the Computer Communications Group (the data communications arm of the TransCanada Telephone System) in recognition of a growing customer need for more universal access to information providers and computer-based services. Simply, it will allow business users with computer terminals to access easily a variety of stored databases in many host computers, via the iNet Gateway terminal. In Halifax, the Royal Bank and CBC are participating in the one-year trial which is expected to uncover further customer needs for future features, applications and enhancements.

Duets and other ensembles

A recent study estimates that for every dollar expended

on tuition fees and materials, another dollar must be found by the university student for living and other associated expenses. These and other factors are tending to put the goal of further education out of many people's reach. At MT&T we are working with various educational institutions to try to overcome these obstacles, by bringing the teacher to the student instead of vice-versa. Distance Education is the name commonly adopted for this process.

Three different universities undertook shared trials with MT&T in 1982 — all successful. In a trial called DUET (Distance University Education Trial), Mount Saint Vincent University experimented with bringing continuing education to the workplace. MT&T provided portable microwave facilities and voice links from the university to various 'classroom' sites in the area, for this six-month trial of one-way video/two-way audio service. As a result, the service is being expanded in 1983 to cover many more users in Halifax-Dartmouth and the surrounding suburban areas. The video will be carried on cable TV this time and MT&T will supply, on contract, the voice links connecting classrooms to the lecture hall. If, as is hoped, the courses can be expanded to a province-wide service in the future, MT&T is well-placed to be a primary supplier of services.

Meet me in the classroom

In 1982, Dalhousie and St. Francis Xavier Universities tried distance education using teleconferencing and MT&T's voice network, to supplement correspondence tuition. The Company installed two 'meet me' conference bridges to allow the students to 'dial up' their seminars at pre-arranged times. Studies have been done to investigate the implications of this technology on learning institutions but all involved agree that they feel any problems in jurisdiction and medium can be overcome. There is a lot of potential and much interest in Distance Education in Eastern Canada.

Government has a go

Teleconferencing potential isn't limited to scholars, of course. Objective analysis of subject matter and form indicates that over 50% of face-to-face meetings could be negotiated electronically. With travel cutbacks, energy conservation and managerial efficiency on every business person's agenda, teleconferencing is finally coming into its own for business use. The federal government has just started a two-month, multi-departmental trial to expose its various segments to this



A ticket on a dream. For many Canadians, a ticket in a favourite lottery is a regular purchase and for MT&T there's revenue and employment in providing and maintaining the technology behind the 'dream business'. Opportunities don't exist solely in the offices, factories and drilling fields, so we keep our eyes and minds open to find applications for our products and services in unexpected places.

technology. Teleconferencing will be used in conjunction with various types of terminal equipment, for example, freeze-frame video, to demonstrate the flexibility of the medium.

Videotex — information to go

MT&T's public demonstration of videotex technology is in full swing. In the summer of 1982 the Company installed four Telidon terminals in public locations — libraries and phone stores — and one in a rural high school. Through these terminals, members of the public have access to 6,000 pages of public information, many created locally with the participation of the Provincial Government, on a number of topics. This public demonstration will continue into 1983 with the reactions of users being captured in questionnaires. This trial is enabling MT&T to experience the management of videotex technology without extensive financial commitment and is providing a method for the public to express its reactions towards videotex and its future development.

Fishing for information

In a recent experiment for a closed-user group — the fishing industry — MT&T and the other Maritime telephone companies co-operated in building a specifically-focussed database for a market demonstration of videotex. The database, known as Fishnet, which contained many items ranging from current catch quotas and daily landing prices to tide table and marine suppliers 'buy and sell', met with considerable interest at the Fish Canada '82 Exhibition. Development of a commercial system now is tied to the government's plans for the East Coast fishing industry which is the subject of a current study.

Upwardly mobile

The Company's Mobile Communications Group has had an excellent year. Using the general downturn in the economy to its advantage and in an aggressively-competitive marketplace, the group's strategy was to show potential customers how mobile equipment would enable them to be more effective in their individual business fields. As a result of its efforts, the group exceeded the \$1.4 million revenue forecast by \$1.2 million: 162 contracts were signed and they quoted on seven major tenders.

At their fingertips

One of the most significant sales was a system of 120

mobile units and portable receivers and repeater equipment for the Dartmouth Police and Fire Departments. When the \$1 million system is commissioned in March 1983, the Police and Fire Department staff will have features at their fingertips such as single-button, pre-programmed message transmission — a feature that is not only labour-saving but highly efficient in emergency situations. This mobile dispatch and reporting system will be one of the most modern in Canada.

Data has the byte

Neither is the economic downturn apparent when viewing the Company's Computer Communications Group's (CCG) results. Their 1982 revenue of \$3 million was 30% over their forecast, with a healthy mixture of new sales, repeat business and innovative data applications — all encouraging indicators for the future.

An odds-on favorite

MT&T is one of three Atlantic telcos who got involved in the lottery business last March — Atlantic Loto, that is. Since May, MT&T's Data Group has installed 220 terminals at point-of-sale locations across the province. Purchasers of tickets in the '649' lottery have their self-chosen numbers entered on these terminals which are connected, on-line via dedicated data links and high-speed data lines, to a collecting computer. When the number has been registered, the terminal produces a ticket for the customer, with the selected number printed on it.

In addition to close to half a million dollars annual revenue for leased circuits and maintenance contracts, this project enabled us to reassign several craftspeople who had been displaced from other areas due to the slowdown in demand for regular telephone services.

A service for every need

In November, Amherst was added to the packet switched data network, Datapac, which now connects 65 centres across Canada. CCG is also in the process of introducing a new service called Datalink, a circuit switched service primarily designed for batch terminals and high-speed facsimile transmissions. This will complete their portfolio of digital services for data users.

Bigger and Better

In September 1982 the Company installed its first commercial-use Northern Telecom SL1 system for the Victoria General Hospital in Halifax. After extensive



Nothing is left to chance. Trucks and equipment are checked, item by item, with each change of shift. With the provision of the latest in communications equipment to back up this dedication, MT&T is helping to ensure that Nova Scotia's emergency services — whether fire, police, medical or marine — are second to none.

recabling of the building over many months, the 2000-line system went smoothly into service, placing many new features at the disposal of the hospital staff. Features such as hands-free answer-back in sterile areas such as operating rooms and group call for the rapid summoning of emergency teams, will enable the hospital staff to get the most out of their telephone system. In addition, now both patient and administrative calls are answered on the same switchboard consoles and can be transferred throughout the system — something that was not possible before. A second Halifax area hospital, the Dartmouth General, will change to a new 350 line SL1 system in early 1983.

Regulatory Matters

Approval for new rates — within Nova Scotia

On March 30, 1982, the Board of Commissioners of Public Utilities granted MT&T approval to increase many of its rates, resulting in an average increase of 12.8%. The allowed increases, effective April 1, were calculated to increase total Company revenues approximately 7.7% on an annual basis. In this decision the P.U.B. determined that 16.7% was an appropriate rate of return on common equity for 1982: the Company had requested 17.25% which it considered to be the minimum required in the prevailing economic conditions.

New out-of-province long distance rates

On June 29, 1982, the Public Utilities Board approved changes in long distance rates between Nova Scotia and the rest of Canada and Continental USA. Trans-Canada rates increased an average of 5.7% and Nova Scotia-US rates an average of 15.9%. MT&T's was part of a series of applications by most TCTS companies for a uniform series of rate increases for Trans-Canada calls. It was the first rate increase for inter-provincial calls since 1978 and the first for Canada-US calls since a 5% increase was granted in 1980. The new rates went into effect July 1, 1982.

Terminal Attachment

MT&T anticipates that it will be able to apply before mid-year to the Public Utilities Board for a ruling on customer-owned equipment issues in Nova Scotia. Recent rulings elsewhere, including the Canadian Radio-Television and Telecommunications Commission

Decision 82-14, governing the attachment of customer-owned equipment to telephone company lines in Ontario, Quebec, British Columbia and certain other locations, and the Public Utilities Commission's proposed regulations in Prince Edward Island, have been examined in preparing MT&T's proposed Terminal Attachment philosophy.

Paging

In an Order dated May 11, 1981, The Public Utilities Board modified MT&T's proposal to provide Air-Page Communications Ltd. with interconnection facilities for direct-dial (automated) voice paging services. In a Decision dated April 16, 1982, the Supreme Court of Nova Scotia denied MT&T's appeal of the Board's Order. Before MT&T submitted an application to the Board for approval of the interconnection rates and technical standards, the Company was offered and agreed to purchase the voice paging and mobile radio assets of Air-Page Communications. A public hearing was held in December, 1982, and on February 9, 1983, the Board approved the purchase of those assets. To accommodate other suppliers of direct-dial voice paging services, the Company will submit an application to the Board for the approval of appropriate rates and standards.

Retirements and a new face

On October 1, 1982, D. Nelson Braid retired as Vice-President, Operations, a position he had held since 1975. His retirement followed a meritorious 35-year career with MT&T, encompassing positions in many departments. Mr. Braid's extensive knowledge of the telecommunications business and leadership ability will be greatly missed. The Company extends sincere thanks for his years of service and best wishes for a happy retirement.

Following eleven years of service as a Director of MT&T and upon reaching the mandatory age, The Honourable Clarence L. Gosse M.D. retired in October 1982. He was replaced on the Board by Derek Oland, President of Moosehead Breweries. The Company thanks Dr. Gosse for his contribution and service and welcomes Mr. Oland to the world of telecommunications.

Directors

John L Bragg
President
Oxford Frozen Foods Limited
Oxford

D Andrew Eisenhower*
President
Atlantic Bridge Company Limited
Lunenburg

Howard B Fuller
President
Minas View Farms Limited
Wolfville

The Honourable
Clarence L Gosse, MD**
Chairman of the Board
Atlantic Trust Company
Halifax

Frederick E Ibey
Executive Vice-President
Bell Canada
Montreal

Seymour W Kenney
President
Baken Realty Limited
Yarmouth

John J MacDonald*
Executive Vice-President
St. Francis Xavier University
Antigonish

J William E Mingo, QC
Barrister
Stewart, MacKeen & Covert
Halifax

Derek Oland
President
Moosehead Breweries
Dartmouth

George C. Piercey, QC*
President and Managing Director
Piercey Investors Limited
Halifax

Sidney A Reeves
Chairman of the Board
Maritime Builders Limited
Sydney

Struan Robertson
Chairman of the Board
and President
Maritime Telegraph &
Telephone Company Limited
Halifax

Donald C R Sobey
President
Empire Investments Limited
Stellarton

J Stuart Spalding
Vice-President & Treasurer
Bell Canada
Montreal

F Thomas Stanfield
President
Stanfield's Limited
Truro

Catherine T Wallace
Director
Maritime Telegraph &
Telephone Company Limited
Halifax

Officers

Struan Robertson
Chairman of the Board
and President

D Nelson Braid**
Vice President (Operations)

Ivan E H Duvar
Vice President (Planning)

Edward J Hicks
Vice President (Finance)

Donald B Quinn
Treasurer

David S Inkpen
Comptroller

Stephen E Jefferson
Secretary

James D Russell
Assistant Secretary

Operations

Donald R Archibald
General Manager
Support Services

Glen H Geldert
Chief Engineer

Philip G Henderson
General Manager
Corporate Development

Ernest C Hicks
General Manager
Organization Development

Herbert C Kingsbury
General Manager
Operations Staff

M John McGrath
General Manager
Business Services

Paul D Murphy
General Manager
Business Information Systems

G Donald Robb
General Manager
Network Services

Murray W Wallace
General Manager
Residence Services

* Member of the Audit Committee

** Retired, October 1982

Financial Review

During 1982 several factors combined to produce a satisfactory financial performance for MT&T, in spite of the rather unfavourable national economic climate. Two Public Utilities Board rulings approving rate increases — one effective April 1 for local services and in-province long distance calling, and another effective July 1 concerning long distance calling between Nova Scotia and the rest of Canada and the United States, contributed to an increase in Company revenues despite a decline in the rate of growth of many of MT&T's services. In conjunction with mid-year spending cutbacks in areas where the lower growth rates made these expenditures unnecessary, these factors combined to produce strong third and fourth quarter financial results and overall, a satisfactory year.

Earnings

Earnings per average common share rose from \$3.42 in 1981 to \$4.23, an increase of 23.7%. The rate of return on average invested capital increased from 12.0% in 1981 to 13.0% this year, while the rate of return on average common equity rose to 16.4% from 13.9% last year. At year-end, equity per common share stood at \$26.60, up from \$25.02 at year-end 1981. Dividends declared for the year, per common share, increased from \$2.01 to \$2.22 and the quarterly dividend per common share increased from 54¢ to 57¢, effective in the third quarter of 1982.

Operating Revenues and Expenses

In 1982, operating revenues totalled \$235.9 million compared to \$207.3 million in 1981, an increase of 13.8%. In comparison, operating expenses and other taxes for the year were \$154.4 million compared to \$142.0 million last year — an increase of 8.7%.

In 1982 the Company's net income before taxes was \$59.2 million and income taxes totalled \$29.9 million, resulting in net income after taxes of \$29.3 million. After payment of \$3.3 million in preferred share dividends, \$26.0 million represented the net income applicable to common shares. Of this figure \$13.6 million was paid out in common share dividends and \$12.4 million was retained and reinvested in telecommunications plant and equipment. At year end the total shareholder investment was \$210.2 million.

Financing

As part of an ongoing program of financing capital expenditures, in May 1982 the Company issued and sold \$30 million of First Mortgage Bonds at 15.75%. These Series Z bonds are for an initial five-year term and are extendible for a further five years to May 1992 at the option of the bondholder. As of December 31, 1982 the Company's debt ratio was 51.6% compared to 52.8% at year-end 1981.

Capital programs 1982-1985

Primarily due to a reduction in the rate of growth in MT&T's services, caused for the most part by the general downturn, the proposed capital expenditures for 1983 have been reduced to \$61.6 million — \$8.5 million less than the Company's 1982 total of \$70.1 million and considerably less than the \$95 million originally planned for 1983. Anticipating a general economic improvement and an increase in offshore activity and growth in years 1984-5, the Company has forecast capital programs totalling \$79.3 and \$90 million respectively, for these years.

Management's Responsibility For Financial Statements

The consolidated financial statements have been prepared by management, which is responsible for the integrity and objectivity of this information. The statements have been prepared in conformity with generally accepted accounting principles and, where appropriate, include amounts based on management's estimates. Financial information elsewhere in this Annual Report is consistent with that in the financial statements.

The Company has a system of internal accounting controls designed to provide reasonable assurance that transactions are recorded and executed in accordance with its authorizations, that assets are properly

safeguarded, and that reliable financial records are maintained.

Clarkson Gordon, Chartered Accountants, the external auditors appointed by the shareholders, are engaged to provide an independent audit of the consolidated financial statements. Their report is set out below.

The Audit Committee of the Board of Directors, comprised entirely of outside Directors, meets periodically with management, the internal auditors and the external auditors to discuss audit and financial matters. In addition, this committee reviews the annual financial statements of the Company and submits its report to the Board of Directors. The financial statements are submitted to the Board for approval.

Auditors' Report

To The Shareholders of
Maritime Telegraph and Telephone
Company, Limited

We have examined the consolidated financial position statement of the Maritime Telegraph and Telephone Company, Limited as at December 31, 1982 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Chartered Accountants

Halifax, Canada
January 28, 1983

Consolidated Financial Position Statement

as at December 31

Assets	1982 \$ thousands	1981 \$
Telecommunications property		
Buildings, equipment and facilities in service	695 735	616 853
Less accumulated depreciation	220 083	195 235
	475 652	421 618
Land, and property under construction	12 812	40 617
Construction materials inventory	6 993	6 675
	495 457	468 910
Investments (Note 4)		
Investment in affiliated company	8 376	7 980
Other investments	741	743
	9 117	8 723
Current assets		
Cash	735	542
Temporary cash investments	10 544	—
Accounts receivable	36 599	33 342
Prepayments	6 225	4 200
	54 103	38 084
Deferred charges		
Unamortized long-term debt expenses	2 920	2 704
Other deferred charges	3 760	3 668
	6 680	6 372
	565 357	522 089
Liabilities and Shareholders' Equity		
Shareholders' equity		
Common stock (Note 5)	64 192	61 200
Premium on common stock (Note 6)	31 040	29 184
Retained earnings	75 525	62 736
	170 757	153 120
Preferred stock (Note 5)	39 414	41 161
	210 171	194 281
Long-term debt (Note 7)	217 364	192 364
Current liabilities		
Accounts payable	15 008	16 308
Income taxes payable	12 422	—
Interest accrued	5 172	4 707
Dividends payable	4 303	4 023
Debt due within one year (Note 8)	6 997	24 940
Other current liabilities	5 205	4 593
	49 107	54 571
Deferred credits		
Income taxes	88 539	80 649
Other deferred credits	176	224
	88 715	80 873
Commitments (Note 10)	—	—
	565 357	522 089

See accompanying notes.

On behalf of the Board:


Director


Director

Consolidated Income Statement

for the year ended December 31

	1982	1981
	\$	\$
	thousands	
Revenues		
Local service	93 945	80 024
Long distance service	133 176	119 676
Other, net of uncollectible revenue	8 740	7 602
	<u>235 861</u>	<u>207 302</u>
Expenses		
Depreciation	40 670	35 556
Operating including maintenance	65 858	63 139
General and administrative	37 833	34 594
Pensions and benefits	10 057	8 730
	<u>154 418</u>	<u>142 019</u>
	81 443	65 283
Other income		
Allowance for funds used during construction	2 037	1 635
Other (Note 2)	1 439	928
	<u>84 919</u>	<u>67 846</u>
Interest and other debt expenses (Note 3)	25 755	22 690
	59 164	45 156
Income taxes	29 884	21 627
Net income	29 280	23 529
Preferred dividends	3 293	3 442
Net income applicable to common shares	<u>25 987</u>	<u>20 087</u>
Earnings per common share	<u>4.23</u>	<u>3.42</u>
See accompanying notes.		

Consolidated Retained Earnings Statement

for the year ended December 31

	1982	1981
	\$	\$
	thousands	
Balance at beginning of year	62 736	53 997
Additions		
Net income	29 280	23 529
Contributed surplus on preferred shares purchased for cancellation	454	481
	<u>29 734</u>	<u>24 010</u>
Deductions		
Preferred dividends	3 293	3 442
Common dividends	13 634	11 808
Capital stock expenses	18	21
	<u>16 945</u>	<u>15 271</u>
Balance at end of year	<u>75 525</u>	<u>62 736</u>
See accompanying notes.		

Consolidated Statement of Changes in Financial Position

for the year ended December 31

	1982	1981
	\$	thousands \$
Source of funds		
Operations		
Net income	29 280	23 529
Items not requiring funds		
Depreciation	40 670	35 556
Deferred income taxes	7 890	9 609
Allowance for funds used during construction	(2 037)	(1 635)
Other, net	257	282
	76 060	67 341
Employees' stock savings plan	4 180	3 691
Common shareholder dividend reinvestment plan	668	593
Long-term debt	30 000	30 000
Proceeds on sale of investment	—	455
	110 908	102 080
Application of funds		
Funds used for construction		
Construction program expenditures	70 091	84 067
Change in construction materials inventory	318	919
	70 409	84 986
Less items not requiring funds		
Salvage and other	2 585	2 172
Allowance for funds used during construction	2 037	1 635
	4 622	3 807
	65 787	81 179
Dividends	16 927	15 250
Investments	—	182
Preferred shares purchased for cancellation	1 293	1 103
Current maturity of long-term debt	5 000	—
Other, net	418	2 106
	89 425	99 820
Increase in working capital	21 483	2 260
See accompanying notes.		

Notes to Consolidated Financial Statements

1. Summary of significant accounting policies

a) System of accounts:

The Company is subject to regulation, including examination of accounting practices, by the Board of Commissioners of Public Utilities for the Province of Nova Scotia. The system of accounts and accounting practices are similar to those being used by other companies in the telecommunications industry.

b) Consolidation:

The accompanying financial statements consolidate the accounts of the Company and its wholly-owned subsidiary, Maritime Computers Limited.

c) Investment in affiliated company:

The investment in The Island Telephone Company Limited is accounted for by the equity method, whereby the investment is carried at its cost plus the Company's share of retained earnings since acquisition.

d) Telecommunications property:

Telecommunications property is recorded at cost.

Construction materials inventory consists of items which will be used in the construction program.

Depreciation is charged on a straight-line basis using rates for classes of property, determined by a continuing program of engineering studies, as approved from time to time by the Board of Commissioners of Public Utilities for the Province of Nova Scotia. These rates provide for depreciation of the assets over their estimated service lives and resulted in an average rate of 6.3% for 1982 (1981, 6.1%).

e) Income taxes:

Deferred tax accounting has been followed with respect to all timing differences. Income tax expense is based on income reported in the Income Statement. The Company defers the payment of a portion of the income tax expense in arriving at taxable income by deducting certain expenses in amounts greater than are charged in the Income Statement. Taxes deferred in this manner appear in the Financial Position Statement as a deferred credit.

f) Allowance for funds used during construction:

The Company is allowed a return on capital invested in new telecommunications property while under construction by including an "allowance for funds used during construction" as an addition to the cost of the property constructed.

g) Unamortized long-term debt expenses:

Unamortized long-term debt expenses are being amortized on a straight-line basis over the duration of the various debt issues.

h) Earnings per common share:

Earnings per common share are computed based on the average of the average number of shares outstanding each month during the year.

2. Other income

Consists principally of the Company's share of the Island Telephone Company Limited net income of \$1 224 000 (1981, \$1 106 000) which includes dividends received amounting to \$765 000 (1981, \$728 000).

3. Interest and other debt expenses

	1982	1981
Interest on long-term debt	\$23 319 000	\$17 803 000
Amortization of long-term debt expenses	352 000	224 000
Interest on bank and other notes	1 755 000	4 328 000
Interest on deposits held	329 000	335 000
	\$25 755 000	\$22 690 000

4. Investments

Investment in affiliated company consists of shares in The Island Telephone Company Limited. At December 31, 1982 the Company's ownership interest in The Island Telephone Company Limited was 39.2% (1981, 40.0%). Other investments consist principally of shares in Telesat Canada at a cost of \$738 000.

5. Capital Stock

Par value \$10 per share

	1982	1981
	Shares	Shares
Authorized:	13 933 531	14 108 249

Issued:

	Shares outstanding at Jan. 1, 1982	Issued for cash	Redemptions and purchases of preferred shares for cancellation	Shares outstanding at Dec. 31, 1982
Common	6 119 995	299 252	—	6 419 247
Preferred				
7.00%	150 000	—	—	150 000
7.10%	731 264	—	22 500	708 764
7.65%	1 363 475	—	45 000	1 318 475
8.60%	760 000	—	29 400	730 600
9.40%	1 111 383	—	77 818	1 033 565
	4 116 122	—	174 718	3 941 404
	10 236 117	299 252	174 718	10 360 651

As confirmed by order of the Supreme Court of Nova Scotia, the Company's authorized share capital as at December 31, 1982 was reduced from \$141 082 490 to \$139 335 310.

For the year 1982, the Company reserved 325 000 common shares for issuance under the Employees' Stock Savings Plan and during the year issued 266 425 shares to employees under the terms and conditions of the Plan. These shares are generally issued in December of each year after the completion of twelve months of contributions at a purchase price equivalent to 80% of the average market price of the stock.

The Company introduced a Common Shareholder Dividend Reinvestment Plan in 1980, whereby holders of common shares have the option to acquire additional common shares through the reinvestment of dividends. These shareholders may then elect to purchase additional common shares through the investment of specified amounts of cash. During the year 32 827 shares were issued under the terms and conditions of the Plan.

By amendment to the Company's Act of Incorporation in 1966 any shareholder or group of associated shareholders owning 1 000 or more voting shares (common or 7% cumulative preferred) is limited to 1 000 votes at any meeting of the shareholders.

Preferred Shares:

All series have a par value of \$10.00 per share.

7% cumulative preferred carry one vote per share and are non-redeemable.

All series (7.10%, 7.65%, 8.60%, 9.40%) of cumulative, redeemable preferred shares are non-voting unless six quarterly dividends are in arrears. The other provisions attached to each series are:

7.10% — The Company shall attempt to purchase for cancellation 22 500 shares at or below par value in each calendar year. The Company may redeem all or part of the outstanding shares after April 15, 1981 at a premium of \$0.40 per share. This premium applies until April 15, 1984 after which time the premium decreases \$0.10 every three years until April 15, 1990 and thereafter may be redeemed at \$10.10.

7.65% — The Company shall attempt to purchase for cancellation 45 000 shares at or below par value in each calendar year. The Company may redeem all or part of the outstanding shares after August 22, 1982 at a premium of \$0.60 per share. This premium applies until August 22, 1983 after which time the premium decreases \$0.075 every year until August 22, 1990 and thereafter may be redeemed at \$10.00.

8.60% — The Company shall retire 30 000 shares by May 28 of each year, either by calling for redemption at par value or by purchasing for cancellation at a price not exceeding the price at which such shares are otherwise redeemable. The Company may redeem all or part of the outstanding shares after May 28, 1979 at a premium of \$0.70 per share. This premium applies until May 28, 1982 after which time the premium decreases \$0.10 every three years until May 28, 1997 and thereafter may be redeemed at \$10.10.

9.40% — The Company shall retire 70 000 shares by April 15 of each year, either by calling for redemption at par value or by purchasing for cancellation at a price not exceeding the price at which such shares are otherwise redeemable. The Company has the option to redeem an additional 52 500 shares at par value by April 15 of each year. The Company may redeem all or part of the outstanding shares after April 15, 1980 at a premium of \$0.70 per share. This premium applies until April 15, 1983 after which time the premium decreases \$0.10 every three years until April 15, 1998 and thereafter may be redeemed at \$10.10.

6. Premium on common stock

	1982	1981
Beginning of year	\$29 184 000	\$27 550 000
On shares issued during year	1 856 000	1 634 000
End of year	\$31 040 000	\$29 184 000

7. Long-term debt

Series	Rate	Maturing	1982 Principal	1981 Principal
L	5½%	June 15, 1983	\$ —	\$ 5 000 000
M	5½%	May 1, 1985	7 000 000	7 000 000
Y	16½%	July 15, 1986	30 000 000	30 000 000
N	6½%	Mar. 15, 1987	10 000 000	10 000 000
Z*	15¾%	May 15, 1987	30 000 000	—
Q	9¼%	June 1, 1990	1 364 000	1 364 000
R	8¾%	May 1, 1991	12 000 000	12 000 000
T	8¾%	Dec. 15, 1993	20 000 000	20 000 000
S	8¾%	Aug. 1, 1994	12 000 000	12 000 000
U	10¾%	Nov. 1, 1995	20 000 000	20 000 000
V	11 %	June 15, 1996	25 000 000	25 000 000
W	10¾%	Mar. 15, 1997	25 000 000	25 000 000
X	10¾%	June 15, 1999	25 000 000	25 000 000
			\$217 364 000	\$192 364 000

*The holder of any Series Z Bond will have the right to elect that such Series Z Bond shall mature on May 15, 1992. Such right may be exercised only after August 15, 1986 and prior to February 15, 1987. The Company may, by notice given prior to January 15, 1987, increase the rate of interest payable on the Series Z Bonds effective May 15, 1987.

The Bonds are secured by a trust indenture and mortgage and by deeds supplemental thereto containing a first fixed and specific mortgage and charge upon all real and immovable property of the Company and a first floating charge on all other property both present and future of the Company.

8. Debt due within one year

	1982	1981
Bank and other notes	\$1 997 000	\$24 940 000
First Mortgage Bonds, Series L 5½%, due June 15, 1983	5 000 000	—
	\$6 997 000	\$24 940 000

Debt due within one year is normally refinanced out of the proceeds of longer term financing. This amount is included in total capital in computing capitalization ratios and rates of return on capital.

9. Pension fund

Pension fund obligations are accounted for and paid over the estimated future working lifetime of employees of the Company. The total contribution to the pension fund for the year ended December 31, 1982 amounted to \$9 408 000 (1981, \$8 371 000). The actuarial review as of December 31, 1981, based on earnings and service to that date, shows that all vested benefits are fully funded.

10. Commitments

At December 31, 1982, minimum operating lease commitments covering building space, tenant improvements and circuits are as follows:

1983	\$ 4 587 000
1984	2 574 000
1985	2 574 000
1986	2 574 000
1987	2 574 000
Thereafter	22 980 000
	\$37 863 000

11. Related party transactions

The Company has a contract to supply technical, administrative and management services to The Island Telephone Company Limited. Under the terms of the contract the Company received \$1 025 000 during the year. This amount is included in other revenues.

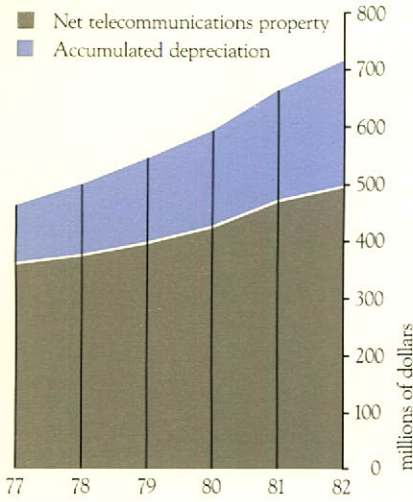
Years in Review

	1982	1981	1980	1979	1978	1977
Financial Position at December 31 (thousands)						
Telecommunications property	\$715 540	\$664 145	\$592 800	\$542 686	\$500 034	\$461 517
Accumulated depreciation	220 083	195 235	170 964	148 231	126 793	105 948
Investments	9 117	8 723	8 996	8 453	6 921	6 377
Current assets	54 103	38 084	30 262	27 044	24 475	21 298
Deferred charges	6 680	6 372	4 207	4 534	4 255	4 398
Shareholders' equity	210 171	194 281	182 842	174 877	166 893	160 340
Long-term debt	217 364	192 364	162 364	162 364	141 364	141 364
Current liabilities	49 107	54 571	49 009	32 079	41 286	32 377
Deferred credits	88 715	80 873	71 086	65 166	59 349	53 561
Income (thousands)						
Revenues						
Local service	\$ 93 945	\$ 80 024	\$ 70 481	\$ 66 968	\$ 63 183	\$ 57 293
Long distance service	133 176	119 676	104 171	93 854	81 412	68 882
Other, net of uncollectible revenue	8 740	7 602	6 912	6 102	4 611	3 480
	235 861	207 302	181 564	166 924	149 206	129 655
Expenses						
	154 418	142 019	122 046	111 801	99 563	85 979
Other income	3 476	2 563	1 597	1 127	1 008	1 274
Interest	25 755	22 690	17 679	15 838	14 803	14 432
Income taxes	29 884	21 627	21 500	19 033	16 953	14 278
Net income	29 280	23 529	21 936	21 379	18 895	16 240
Financial Statistics at December 31						
Equity per common share	\$ 26.60	\$ 25.02	\$ 23.93	\$ 22.69	\$ 21.43	\$ 20.39
Embedded debt cost	11.5%	10.7%	9.6%	9.5%	9.3%	9.2%
Capital structure						
Debt (including short term)	51.6%	52.8%	50.8%	49.1%	49.2%	48.8%
Preferred equity	9.1%	10.0%	11.5%	13.4%	14.6%	15.9%
Common equity	39.3%	37.2%	37.7%	37.5%	36.2%	35.3%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

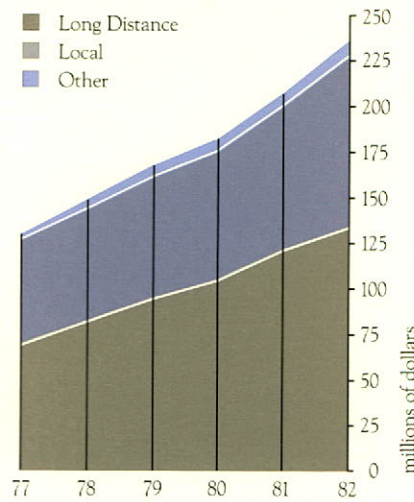
Years in Review continued

	1982	1981	1980	1979	1978	1977
Financial Statistics for the year						
Earnings per common share	\$ 4.23	\$ 3.42	\$ 3.22	\$ 3.16	\$ 2.74	\$ 2.41
Dividends declared per common share	\$ 2.22	\$ 2.01	\$ 1.84	\$ 1.80	\$ 1.60	\$ 1.60
Return on average common equity	16.4%	13.9%	13.8%	14.3%	13.1%	12.0%
Average common shares (thousands)	6 139	5 872	5 685	5 547	5 425	5 304
Return on average invested capital	13.0%	12.0%	11.1%	11.2%	10.5%	10.1%
Return on rate base	10.3%	9.8%	9.1%	9.1%	8.7%	8.4%
Times bond interest earned — before taxes	3.6	3.8	3.9	3.9	3.8	3.3
Times total interest charges earned — before taxes	3.3	3.0	3.5	3.6	3.4	3.1
Interest and preferred dividend coverage	2.6	2.3	2.5	2.4	2.3	2.2
Other Statistics at December 31						
Telephones in service						
Residence main	276 366	272 203	265 338	259 180	251 448	243 133
Residence extension	114 854	107 679	99 241	88 754	79 434	72 425
Business main	69 716	68 263	65 116	61 606	58 929	56 450
Business extension	71 534	71 183	68 544	64 768	61 818	59 121
	532 470	519 328	498 239	474 308	451 629	431 129
Employees	3 375	3 597	3 578	3 621	3 551	3 448
Employees per 1000 telephones	6.3	6.9	7.2	7.6	7.9	8.0
Telecommunications property per telephone	\$ 1 344	\$ 1 279	\$ 1 190	\$ 1 144	\$ 1 107	\$ 1 070
Total revenue per telephone	\$ 442.96	\$ 399.17	\$ 364.41	\$ 351.93	\$ 330.37	\$ 300.73
Other Statistics for the year						
Long distance messages (thousands)						
In province	38 560	37 982	35 175	32 093	29 061	26 701
Out of province	14 196	13 695	12 170	10 707	9 379	8 241
	52 756	51 677	47 345	42 800	38 440	34 942
Construction program expenditures (thousands)	\$ 70 091	\$ 84 067	\$ 61 826	\$ 52 693	\$ 49 508	\$ 51 424
Salaries and wages (thousands)	\$ 81 689	\$ 76 523	\$ 65 326	\$ 58 879	\$ 51 992	\$ 47 836

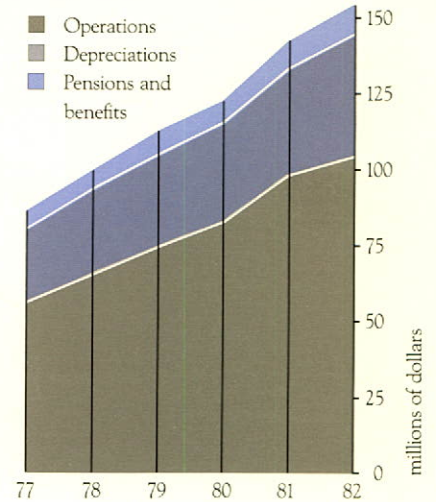
Telecommunications Property



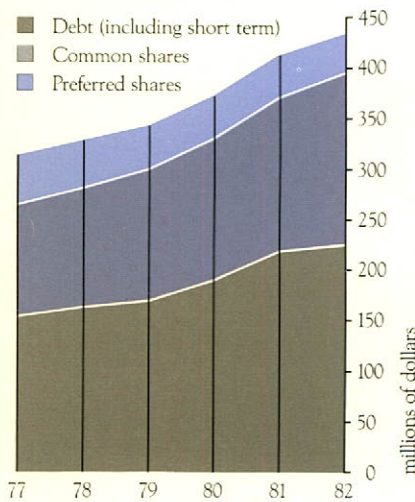
Revenues



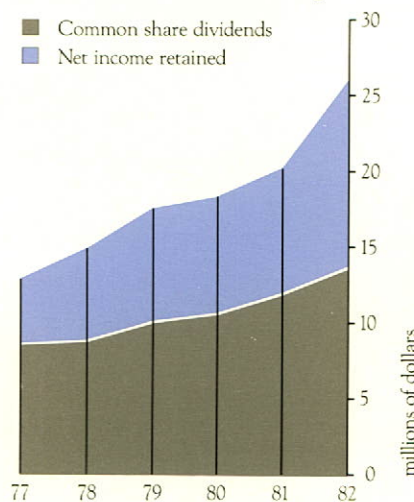
Expenses



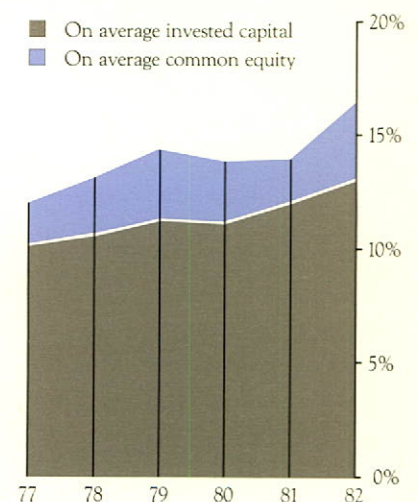
Capital Structure



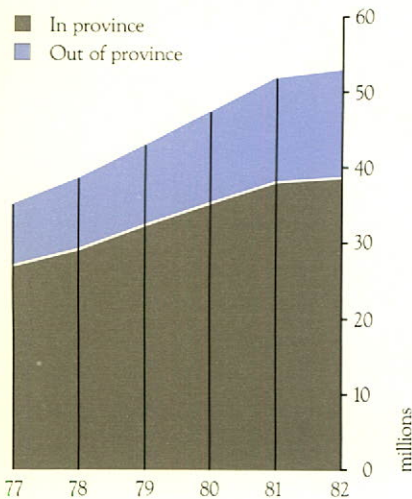
Common Share Earnings



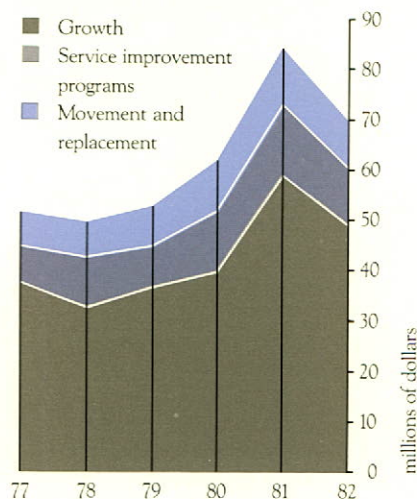
Rates of Return



Long Distance Messages



Construction Program

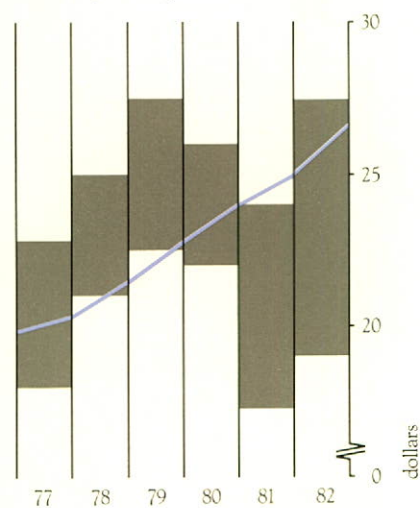


Selected Information for Shareholders

	1982	1981
Number of holders of common shares at December 31	12 481	12 622
Number of common shares outstanding at December 31	6 419 247	6 119 995
Distribution of shareholders		
Nova Scotia	61.9%	61.2%
Other Canadian	36.9%	37.6%
Other	1.2%	1.2%
	100.0%	100.0%
Volume of common shares traded		
Toronto	469 190	398 100
Montreal	10 300	19 730
	479 490	417 830
The Toronto Stock Exchange		
Price ranges (high - low)		
First quarter	\$ 21 ³ / ₄ -20 ¹ / ₂	\$ 24-21 ¹ / ₂
Second quarter	22 ¹ / ₂ -20 ¹ / ₂	22 ⁷ / ₈ -20 ¹ / ₂
Third quarter	23 ⁵ / ₈ -19	22 ³ / ₈ -18 ¹ / ₈
Fourth quarter	27 ¹ / ₂ -23	22-17 ¹ / ₄

Equity per Common Share and Market Trading Range

- Equity per common share
- TSE price range



Valuation Day Prices

(December 22, 1971)

Common shares	\$22.13
7% preferred shares	\$ 9.63

Stock Registrar

Maritime Telegraph and Telephone Company, Limited
1505 Barrington Street, Halifax, Nova Scotia is the
Registrar for 7.0% preferred.

Canada Permanent Trust Company, at its offices in
Halifax, Montreal, Toronto, Winnipeg, Regina, Calgary
and Vancouver, is the Registrar of common shares of
the capital stock of the Company.

Common shares, 7.10%, 8.60%, 9.40% and 7.65%
preferred shares listed:
Montreal Stock Exchange
Toronto Stock Exchange

Stock Transfer Offices

Maritime Telegraph and Telephone Company, Limited,
1505 Barrington Street, Halifax, Nova Scotia (common
shares, 7.0% preferred shares, 7.10% preferred shares,
8.60% preferred shares, 9.40% preferred shares and
7.65% preferred shares).

Common shares, 7.10%, 8.60%, 9.40% and 7.65%
preferred can also be transferred at the offices of
Canada Permanent Trust at the following locations:

600 Dorchester Boulevard West
Montreal, Quebec H3B 1N4

20 Eglinton Avenue, West
Toronto, Ontario M4R 2E2

433 Portage Avenue
Winnipeg, Manitoba R3B 2E1

1778 Scarth Street
Regina, Saskatchewan S4P 2G1

311 Sixth Avenue, S.W.
Calgary, Alberta T2P 0R6

701 West Georgia Street
Vancouver, British Columbia V7Y 1E5

Head Office

Maritime Centre, 1505 Barrington Street
P.O. Box 880, Halifax, Nova Scotia
Canada B3J 2W3
Telephone (902) 421-4311

Notice of Annual Meeting

The annual general meeting of the shareholders of
Maritime Telegraph and Telephone Company, Limited
will be held at the Head Office of the Company,
Maritime Centre, 1505 Barrington Street, Halifax,
Nova Scotia on Tuesday the 22nd day of March, 1983
at 11:30 am

Additional information or copies of the Annual Report
may be obtained by writing to the Treasury Depart-
ment, Maritime Tel & Tel, P.O. Box 880, Halifax, Nova
Scotia, B3J 2W3. Residents in the Halifax area may also
call 421-4068, and residents elsewhere in Canada may
call free of charge by dialing 1-800-565-7168.

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Telephone Company, Limited
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