



# The Bell Telephone Company of Canada Annual Report 1966

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PURVIS HALL

MAR 2 1967

McGill University



At Bell Canada switching centres such as this, network radio and television programs are checked for sound and picture quality and fed into the proper transmission channels. As part of the Trans-Canada Telephone System, this Company had its facilities ready to carry color television well in advance of need.

EIGHTY-SEVENTH

# Annual Report

THE BELL TELEPHONE COMPANY OF CANADA  
1050 BEAVER HALL HILL, MONTREAL



A Canadian supplier of telecommunications services, owned and controlled by Canadians.

Of the 255,000 Bell Canada shareholders, 250,000 reside in Canada and own 94 per cent of the total stock.

YEAR ENDED DECEMBER 31, 1966

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#### LISTING OF STOCK

Montreal Stock Exchange  
The Toronto Stock Exchange

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#### STOCK TRANSFER OFFICES

Company Treasurer's Office *Montreal*  
The Royal Trust Company *Toronto; Halifax;*  
*Vancouver; Saint John, N.B.*

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#### REGISTRAR FOR STOCK

Montreal Trust Company *Montreal; Toronto;*  
*Halifax; Vancouver; Saint John, N.B.*

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#### TRUSTEE FOR BONDS

The Royal Trust Company *Montreal*

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#### 1967 ANNUAL MEETING

The Annual and Special General Meeting of the shareholders will take place at 11:00 a.m., Thursday, March 16, 1967, at 1050 Beaver Hall Hill, Montreal, P.Q., Canada

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*Sur demande, le secrétaire vous fera volontiers parvenir un exemplaire français du rapport annuel.*

## DIRECTORS

THOMAS W. EADIE\* *Montreal*  
Chairman, Bell Canada

MARCEL VINCENT\* *Montreal*  
President, Bell Canada

W. M. VACY ASH *Toronto*  
Company Director  
Elected March 10, 1966

HENRY BORDEN, C.M.G., Q.C. *Toronto*  
Consultant and former Chairman,  
Brazilian Traction, Light & Power Co. Ltd.

C. GORDON COCKSHUTT, M.C. *Brantford*  
President, Cockshutt Securities Limited

MARCEL FARIBAULT\* *Montreal*  
President, Trust Général du Canada

JOHN A. FULLER\* *Montreal*  
Company Director

JAMES A. HOBBS\* *Montreal*  
Executive Vice-President,  
Bell Canada  
Elected March 10, 1966

RICHARD R. HOUGH *New York*  
Vice-President,  
American Telephone & Telegraph Co.  
Resigned November 30, 1966

FREDERICK JOHNSON\* *Montreal*  
Former President and Chairman,  
Bell Canada  
Term expired March 10, 1966

R. HOLLEY KEEFLER, C.B.E., D.S.O.\* *Montreal*  
President and Chairman,  
Northern Electric Company, Limited

HERBERT H. LANK\* *Montreal*  
Chairman, Du Pont of Canada Limited

WALLACE C. MACPHERSON *Montreal*  
Vice-President, Bell Canada  
Term expired March 10, 1966

KENNETH G. MCKAY *New York*  
Vice-President,  
American Telephone & Telegraph Co.  
Appointed December 1, 1966

JOHN H. MOORE *London*  
President, John Labatt Limited  
Elected March 10, 1966

ARTHUR S. PATTILLO, Q.C. *Toronto*  
Partner, Blake, Cassels & Graydon

RAY E. POWELL\* *Montreal*  
Honorary Chairman,  
Aluminum Company of Canada Ltd.  
Term expired March 10, 1966

Dr. H. ROCKE ROBERTSON *Montreal*  
Principal and Vice-Chancellor,  
McGill University

LUCIEN G. ROLLAND *Montreal*  
President and General Manager,  
Rolland Paper Company, Limited

EDWARD A. ROLPH\* *Montreal*  
Executive Vice-President, Bell Canada  
Resigned October 31, 1966

GRAHAM F. TOWERS, C.M.G. *Ottawa*  
Company Director

JEAN TURGEON, Q.C. *Quebec*  
Senior Member, Bouffard, Turgeon,  
Amyot, Choquette & Lesage

## OFFICERS

THOMAS W. EADIE  
Chairman of the Board

MARCEL VINCENT  
President

JAMES A. HOBBS  
Executive Vice-President

ARNOLD J. GROLEAU  
Executive Vice-President, Administration

W. HARVEY CRUICKSHANK  
Vice-President, Public Relations

A. JEAN de GRANDPRÉ, Q.C.  
Vice-President, Law

WALLACE C. MACPHERSON  
Vice-President, Personnel

GEORGE C. WALLACE  
Vice-President, Finance

WILLIAM C. CORBETT  
Treasurer

ORLAND TROPEA  
Comptroller

SYDNEY D. McMORRAN  
Secretary

ALEXANDER G. LESTER  
Executive Vice-President, Planning & Research

ROBERT C. SCRIVENER  
Executive Vice-President, Operations

J. VERNON LEWORTHY  
Vice-President, Engineering

JOHN E. SKINNER  
Vice-President, Operations Staff

MAURICE d'AMOURS  
Vice-President & General Manager, Montreal Area

CLAUDE DUHAMEL  
Vice-President & General Manager, Eastern Area

WALLACE M. RANKIN  
Vice-President & General Manager, Western Area

OREN A. ROBERTSON  
Vice-President & General Manager, Toronto Area

JAMES C. THACKRAY  
Vice-President & General Manager, Central Area

C. BEVERLEY WOODLEY  
Vice-President & General Manager, Toll Area

Z. HENRY KRUPSKI  
Vice-President, Trans-Canada

## THE YEAR'S HIGHLIGHTS

### BETTER BASIS FOR REGULATION ESTABLISHED

Board of Transport Commissioners for Canada approved the Company's proposal for regulation in the future on the basis of a percentage return on total capital employed in the business, thus clearly authorizing continued increase in dollars-per-share earnings as the Company continues to grow.

### UNPRECEDENTED GROWTH RECORDED

290,000 telephones were added to the network; \$293 million devoted to new construction to meet increasing customer demand for our services; 41,500 shareholders added, raising the total number above the quarter-million mark. Five bond issues and "rights" issue to shareholders raised \$234 million new capital. Dividends were increased to the annual rate of \$2.50 per share.

### POSITION IN INDUSTRY STRENGTHENED

Controlling interest in New Brunswick Telephone Company, Northern Telephone Limited, and several smaller systems, as well as the principal financial interest in Maritime Telegraph and Telephone Company, acquired by stock purchase. Equity investment in Northern Electric increased.

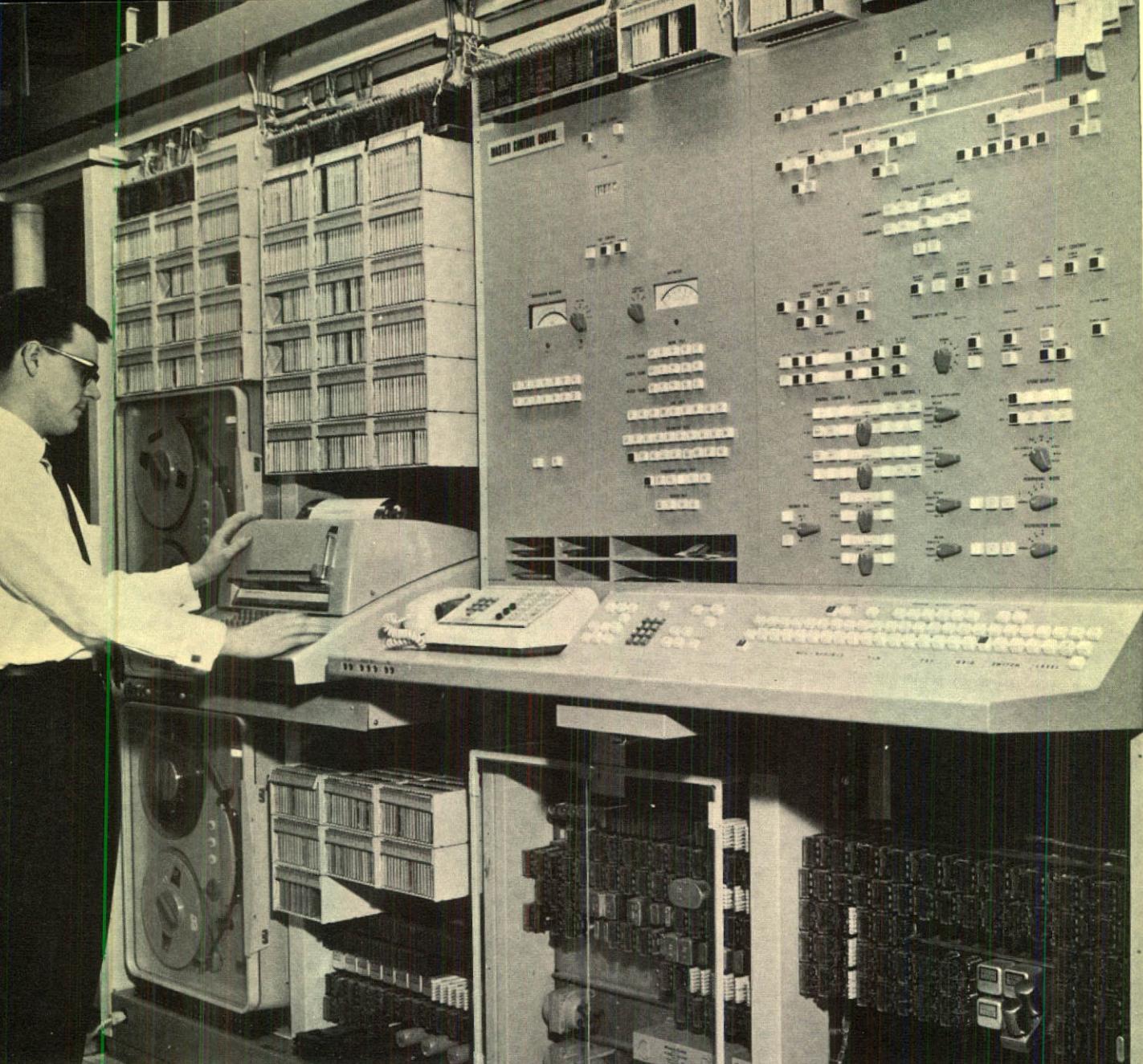
### RESEARCH AND DEVELOPMENT LED TO PROGRESS

Canada's first electronic switching system was installed to serve Expo 67 and, later, parts of downtown Montreal. Major progress was made in developing plans for Canadian telecommunications satellite relay system.

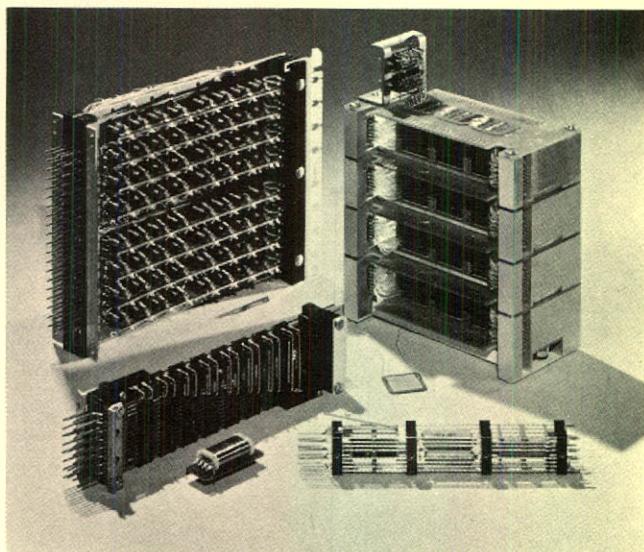
### HIGHER EARNINGS REPORTED

in thousands of dollars

	1966	1965
Operating Revenues . . . . .	\$645,047	\$592,961
Other Income . . . . .	11,998	9,695
Operating Expenses . . . . .	\$406,679	\$372,318
Taxes . . . . .	114,433	106,101
Interest . . . . .	43,970	37,712
Dividends to shareholders . . . . .	\$ 75,859	\$ 65,129
Retained in the business . . . . .	16,104	21,396



The new electronic switching system in Montreal is operated from this master control centre. Memory devices, integrated circuits and other miniaturized components are part of the new technology that will enable these systems to provide remarkable new services for both business and residence customers.



## REPORT OF THE DIRECTORS

The growth of our business in 1966 was marked by a number of significant developments. One is the record increase in the number of telephones in service. Another is the addition to our investment in plant and equipment, which was the largest in any single year of the Company's 87-year history. Installed and tested in Montreal was one of the world's first electronic switching offices, and major progress was made in developing plans for the use of satellites in telecommunications transmission. We also passed an important milestone by becoming the first Canadian corporation with a quarter of a million shareholders.

Earnings were maintained despite the pressure of higher costs. Net income in 1966 totalled \$92.0 million, equivalent to \$2.98 per share. This is an increase of \$5.4 million, or 6 cents per share, over last year. The return on total capital, on the other hand, was 6.5 per cent, down slightly from the 6.6 per cent reported a year ago. Of the income available to shareholders, 82.5 per cent, or \$75.9 million, was distributed in dividends, and the rest, \$16.1 million, was retained and invested in the business.

The shareholders' quarterly dividend was increased at mid-year, and dividends have since been paid at an indicated annual rate of \$2.50 per share. The Company had paid dividends at the annual rate of \$2.20 since the fourth quarter of 1959, when the rate was raised from \$2.00.

Revenues in 1966 rose by 8.8 per cent. Revenue from local service increased by 8.3 per cent, long distance revenue by 10.3 per cent, and miscellaneous revenue by 4.4 per cent.

Expenses of operation increased by 9.2 per cent over the 1965 figure. Depreciation expense rose by 9.8 per cent as the physical plant was expanded and the total value of depreciable property was

increased. Total payroll increased by 12.6 per cent as a result of both growth in the work force and higher wage and salary levels.

Company taxes to federal, provincial and municipal governments totalled \$114.4 million. This equals \$3.71 per share, or \$24.28 for each telephone in service. These amounts do not, of course, include sales taxes on supplies and services purchased by the Company, or taxes on the customers' service which the Company collects and remits to the governments concerned.

### **Transport Commissioners' Judgment Issued**

In May 1966, following extensive public hearings, the Board of Transport Commissioners for Canada issued its judgment concerning the Company's operations and earnings.

In the judgment, the Board approved the Company's proposal that for regulatory purposes its level of earnings should be determined and expressed as a rate of return on total capital rather than as a stated level of dollar earnings per share, as in the past. The judgment stated that earnings in the range of 6.2 to 6.6 per cent on the total capital invested in the Company would be considered reasonable ". . . in the light of present and immediately foreseeable conditions," and that its ". . . findings in respect to a permissive level of earnings are not necessarily applicable to future times, when circumstances and conditions may be altogether different." Of particular significance in this context is the fact that in the months that followed the hearing, the money market became much more competitive and the cost of capital increased substantially.

While the Transport Commissioners' action in approving the "rate-of-return"

basis has been widely endorsed, the level authorized was disappointing, and has been the source of adverse reaction on the part of members of the investment community.

To continue to provide the communications services wanted by our customers in this expanding economy, the Company must continue to raise large sums of additional capital each year. To do so advantageously and at reasonable cost — as the public interest requires — Bell Canada earnings must compare favourably with those of other Canadian corporations, and must be sufficient to merit the continuing favour of both institutional and private investors.

Also in its judgment, the Board of Transport Commissioners accepted as sound and proper the Company's capital structure and methods of financing. Of special importance is the Board's approval of the existing relationship between Bell Canada and its wholly-owned manufacturing and research subsidiary, Northern Electric. This relationship, scrutinized on various occasions in the past, was re-examined in exhaustive detail and was recognized once again to be in the public interest.

### **Spectacular Growth Recorded**

More than 290,000 telephones were added to our network last year, bringing the total number in service to 4,868,000. Many thousands of telephones are disconnected each year as customers move from one place to another; to achieve the net growth of 290,000, it was necessary to connect 1,265,000 telephones — almost twice the number connected in 1956, just 10 years ago.

Expenditures for new construction last year reached the record figure of \$293 million, compared with \$242 million in 1965. Some 70 per cent of the total was devoted to expansion to meet our customers' demands for additional communications, and the rest to modernization and replacement of facilities. Included in the program were: the extension

or construction of 44 buildings; the placing of hundreds of miles of additional wire and cable; and installation of switching equipment to serve 226,000 subscriber lines. Some 2,100 circuits were added to carry the increasing number of long distance messages; and 32 new exchanges were put into service.

### **Helping Canadians Keep in Touch**

Canadians today are highly mobile people who have generally come to expect the best and most advanced telecommunications services that modern technology has been able to devise, and to expect them wherever and whenever they may be required.

Three out of four of our customers live in communities which form part of the growing urban complexes of Quebec and Ontario. More than 95 per cent of all our customers can now call one or more neighbouring exchanges without a long distance charge, and the scope of this service, called Extended Area Service, was enlarged in 116 of our 828 exchanges in 1966.

Individual line service as the regular offering was made available in 329 locations previously served on a multi-party basis. Eight out of ten of our subscribers are now served on an individual, private line basis — a higher figure than the North American average — and more than 99 per cent have dial service.

The advantages of Direct Distance Dialing were extended to customers in Sherbrooke and 21 nearby towns and villages at an overall cost of \$1.5 million. This service improvement is now available to 85 per cent of our customers.

Touch-Tone telephones, providing fast and accurate push-button calling, are now available on an optional basis in 26 Bell Canada exchanges. This premium service will be extended to 20 additional communities by the end of 1967.

Further emphasis was placed by the Company in 1966 on making available urban-type service in rural and remote regions. The Far North, for example, is no

longer isolated from the telephone network; we have provided some 18,000 miles of connecting radio-telephone circuits since 1958. One of our consistent aims has been the improvement of service in smaller communities and rural areas. Last year 25 small manual exchanges were converted to dial operation.

Work was undertaken to increase the transmission capacity of important sections of our telecommunications network. In Ontario, new microwave channels are being added between Barrie and Sudbury. In Quebec, a system from Montreal to Val d'Or was constructed and new branch routes, to be completed this year, will add needed circuits between Rivière-du-Loup and Chicoutimi and between Trois-Rivières and Sherbrooke.

In March 1966 the Company introduced reductions in long distance rates to stimulate business and make more efficient use of the long distance network. Further reductions, to take effect early in 1967, were announced by the Trans-Canada Telephone System on calls between distant points in Canada and the United States.

Also announced was the introduction of lower-priced, station-to-station calling between Canada and a number of overseas countries. The volume of overseas calling rose by 30 per cent. Reinforcing the existing trans-Atlantic cable and radio channels, satellite channels are now in operation between Montreal and Great Britain, between Montreal and Italy, and between Montreal and France. All these facilities are available to Canadian telephone users through the joint effort of the Canadian Overseas Telecommunication Corporation and the operating telephone companies.

### **New Technology to Benefit Customers**

The operational testing of Canada's first electronic switching office, in downtown Montreal, represented a milestone in the history of Canadian telephony. Electronic switching is ushering in a new era in tele-

communications. It will revolutionize the use of the telephone through provision of such services as the automatic transfer of calls, three-way calling, and abbreviated dialing for frequently-called numbers. The Montreal installation, one of the first such systems in the world, will serve all telephones at Expo 67 and, later, parts of the downtown area. A similar system is now being installed in Toronto. The capacity, speed, flexibility and accuracy of the electronic switching system are very much greater than those of conventional electro-mechanical facilities, bringing the benefits of advanced technology into the home and daily life of the telephone customer. The Northern Electric Company currently has underway the design and production of new electronic switching systems for smaller central office applications.

### **Speeding the Flow of Business Information**

Services of special interest to institutional and business customers showed vigorous growth in 1966. Basically, these involve the transmission — sometimes over great distances — of all types of vital business information: print and picture; the spoken word; telegraphic messages; televised images; even the esoteric language of computers.

The number of Data-Phone sets in use increased by more than 25 per cent during the year. This is one indication of the increasing demand for the transmission over the telecommunications network of information from punched cards, paper or magnetic tape.

There was extensive marketing of such services as Teletypewriter Exchange Service (TWX); Wide Area Telephone Service (WATS), a long distance service designed for customers with requirements for large-volume voice or data communications to certain selected areas; Telescript; Telpak, an intercity service providing broad communication paths; and Bellboy paging services.



Touch-Tone telephones are available in various styles and colors, including this handsome Business Interphone Console for the modern office. Touch-Tone service is offered at moderate additional cost in a growing number of communities throughout Ontario and Quebec.

Our continuing effort to anticipate and meet the total communications requirements of governmental authorities led to the provision of special services to speed up the flow of information between departments of the Government of Canada; Centrex, a modern service which provides direct dialing to and from all telephones connected to a PBX switchboard, was installed at federal government offices in Montreal and Toronto.

As a member of the Trans-Canada Telephone System, the Company contributed to the development of a "message switching data service" for the automatic exchange of business machine language. The projected new service represents a major step forward in the development of telecommunications in Canada.

Using electronic computers located on telephone company premises and shared by a number of customers, the new system will enable various business machines using different codes and speeds to communicate with each other instantaneously, and can integrate a firm's private line data facilities with the regular telephone network.

Transfer and control of written messages and data between different circuits has in the past been mostly a manual task requiring bulky equipment. The new system will eliminate the need for all but one small machine on the user's premises at any location, and will offer major advantages over older, slower systems. Thanks to the time-sharing characteristic of the central computer, the new system can

make its service available to many customers simultaneously.

Among the services introduced or demonstrated in Canada for the first time in 1966 were the following:

*Network transmission of color television.* Thousands of Canadians enjoyed the thrill of color television for the first time in 1966. Because the Trans-Canada Microwave System was carefully planned years ago, the necessary adjustments to enable the system to carry the new color signals from coast to coast could be completed well in advance of need.

*Visual Electronic Remote Blackboard (VERB).* Featuring a telephone headset, together with a projector and a Telescript machine that transmits handwriting over telephone lines, this service provides an effective method of remote lecturing with great potential as an educational aid. It was used experimentally by the Aluminum Company of Canada, Limited, between Montreal and Arvida; by the Quebec Department of Education in Quebec City; and between Queen's University, Kingston, and offices of Bell Canada and other telephone companies.

*The simultaneous multiple transmission by Data-Phone equipment of electrical impulses of the brain.* Last summer Data-Phone service was used experimentally to send electroencephalograms over regular long distance telephone lines, increasing the opportunity for specialized diagnosis of brain damage or disease. In the experiment, electrical impulses of the brain were transmitted between hospitals in Quebec, Montreal and London, Ontario. As in the earlier experiments with Data-Phone transmission of electrocardiograms, this service demonstration proved to be of great interest to the medical profession.

### **Innovation and Teamwork Stressed**

New technological developments resulting from the research programs undertaken on our behalf by Northern Electric were chiefly in the fields of switching and

transmission, satellite communications, design of new telephone apparatus and the microminiaturization of electronic components. Northern Electric's annual expenditure on research and development, which last year totalled some \$25 million, places it among the leaders in industrial research in North America.

It is in large measure to the joint planning and close coordination of resources and effort between Northern Electric and Bell Canada that we owe the efficiency and dependability of our communications equipment and services. Effective teamwork between these closely related organizations — evident not only in the fields of research and development, but in manufacturing, and product or service introduction as well — has for many years been a prime factor in ensuring the excellence of Canadian telecommunications.

### **A Program for Satellite Communications**

Plans to build an earth station to test the use of communications satellites to provide telephone, "live" television and other telecommunications services to Canada's Far North were announced in November. The experimental station will be located at Bouchette, 70 miles north of Ottawa, and is expected to be in operation in 1968. It is being designed by Northern Electric.

If tests of the earth station — specifically tailored to the rigorous environment of northern Canada — prove successful, the Bouchette station could become the main control terminal for a system to serve the northeastern Arctic.

Initially the station will be used to conduct extensive transmission tests via satellite between Bouchette and Canada's existing satellite earth station at Mill Village, Nova Scotia. It is expected that the Canadian Department of Transport, which has granted Bell Canada permission to erect the Bouchette station, will arrange for these tests to be carried over leased facilities using an existing satellite.



On a visit to the Research and Development Laboratories of Northern Electric, Bell Canada directors took a close look at some of the latest electronic developments which will help us provide still better and more efficient telecommunications services for Canadian users.

The vast, sparsely-settled eastern half of the Canadian Arctic is now served by a Bell Canada high frequency radio-telephone system which provides connection with the main telephone network. A communications satellite system, utilizing relatively low-cost earth stations patterned after the one to be tested at Bouchette, could readily be integrated with existing facilities to provide vastly expanded and improved services, including the transmission of television programs into this remote territory.

Satellites promise to play a very important role in communications of the future. They provide a new way of enhancing and enlarging the scope and flexibility of the growing telecommunications networks that have played such a significant part in making today's world possible. Satellite relay is yet another

major extension of the transmission technology earlier represented by microwave radio relay and the tropospheric scatter system. Such scientific and technological "breakthroughs" are of greatest value to mankind when placed at the service of all, and the Canadian telephone industry is well aware of the vital role it has to play in achieving this objective. The Trans-Canada Telephone System already has an integrated network capable of broad expansion to include communication satellites. It is, moreover, one that meets all the requirements of operation in the public interest.

#### **Ties with Other Companies Strengthened**

To further the progressive development of the Canadian telecommunications industry, by assuring continued Canadian

ownership of as many as possible of the key elements of that industry, Bell Canada in 1966 significantly increased its holdings in other telephone companies. A total of 1,495,000 shares of Maritime Telegraph and Telephone Company common stock and 629,000 shares of New Brunswick Telephone Company stock was acquired in exchange for 1,178,000 Bell Canada shares. Added to the shares of these companies already held, this provided Bell Canada with the major financial interest in each of these companies. In addition, we purchased nearly all the outstanding shares of Northern Telephone Limited, a Canadian company serving some 86,000 telephones in northern Ontario and Quebec, and acquired control of several smaller systems.

### **Financing Our Expansion**

Late in the year, Bell Canada became the first Canadian corporation to pass the quarter-million mark in the number of its shareholders. At the year-end there were more than 255,000 registered owners of Bell Canada shares; 98 per cent were resident in Canada and they held more than 94 per cent of the Company's stock.

The Company's 1966 financial requirements included \$293 million for construction of telecommunications facilities, \$25 million for additional equity investment in Northern Electric Company, Limited, and \$21 million for the purchase of Northern Telephone Limited shares.

During the year, \$234 million of new capital was brought into the business through the issue and sale of stock and bonds. The sale of five series of bonds — three in Canada and two in the United States — provided \$149 million in Canadian funds. In October, 2,272,460 shares were offered to shareholders through a "rights" issue, on the basis of one new share at \$38 for every 14 shares already held. The offer, which was over 99 per cent subscribed, produced more than \$85 million.

A further \$22 million was provided to the Company under the terms of our

employees' savings plans. At the end of the year, 28,009 employees were saving part of their income through the purchase of Company stock.

### **Application to Parliament**

The Company has applied to Parliament for legislation that would increase its total authorized capital stock from the present level of \$1,000 million, established in 1957, to a new total of \$1,750 million. This would provide the authorization needed to take care of expected growth during the next 10 years. Other proposed amendments to the Company's Act of Incorporation would modernize, clarify and broaden the scope of certain sections of the Company's charter.

### **Support Provided for Community Projects**

In a spirit of service to the community that is traditional in the telephone industry, both Bell Canada as a company and its employees as citizens last year made many important contributions to our social and cultural environment.

Together with seven other members of the Telephone Association of Canada, Bell Canada is a major participant in Expo 67 and co-sponsor of the unique and exciting Telephone Pavilion. Our principal objective at Expo is to provide a memorable experience for a large number of people, and in the process to explain and illustrate something of the achievements and future plans of the Canadian telephone industry. As the home company and therefore the one responsible for local communications, Bell Canada has installed 58,000 circuit miles of underground wire and cable, 6,000 telephones, emergency reporting and control systems, special equipment for radio and television transmission and other facilities to serve Expo 67, its exhibitors and its visitors.

As in other years, major financial support was provided by the Company in 1966 to health and welfare agencies; to institutions of higher learning, for re-



The best service for customers, and the long-term interests of employee and Company alike, require individual attention and the use of modern equipment and methods in the initial training and periodic retraining of telephone people in all departments.

### BENEFITS AND PENSIONS

Under the Plan for Employees' Pensions

Disability Benefits and Death Benefits

Year 1966

Sickness Benefits .....	\$1,348,867
Accident Benefits .....	118,485
Death Benefits .....	656,900
Disability Pensions .....	98,783

The Company has established a fund with The Royal Trust Company, Montreal, as Trustee: This fund is irrevocably devoted to service and deferred pension purposes. Under an accrual program based on actuarial studies, regular payments are made to the fund by the Company and amounted to \$9,846,400. in the year 1966. The amount in the fund fully provides for future payments to those now on the pension rolls and those now entitled to retire on service pension at their own request, or to a deferred pension. The fund is not a part of the assets of the Company and is, therefore, not reflected in the balance sheet.

search as well as capital programs; to cultural endeavours; and to a number of community projects.

### Employee Activities

As of December 31, 1966, Company employees numbered an increase of more than 1,600 over the previous year. In the past year, 5,400 employees successfully completed first aid courses; more than 14,000 Bell people are now qualified in first aid or home nursing.

Michael A. Norman, Windsor, received a citation certificate for an act of personal bravery. Letters of commendation for acts of public service were presented to: Brian A. Jones and Robert J. Pottruff, Brantford; Renée Charest, Quebec; Philip W. Emerick, Chatham;

Kenneth J. O'Gorman and Ronald E. Lyle, North Bay; John M. Rankin, Galt; William Myers, Kitchener; L. Gordon Evenson, William H. Guest and John H. Maynard, London; Joseph G. Désy and Joseph J. Gravel, Montreal; Brian E. English, Jonathan E. Matthews, William G. Valcour and Donald W. Michalak, Hamilton; Arnold L. Phillips, Sudbury; Pierre Delisle, Joliette; John A. Horne and Robert E. Tizzard, Toronto; Carl A. Ehl, Woodstock; Randolph G. Elliott, Lachute; Michael D. Martyn, Guy G. Rushton and Edward W. Salavich, Fort William.

### **New Directors and Officers Appointed**

At the 1966 Annual Meeting, the shareholders elected W. M. V. Ash, J. A. Hobbs, and J. H. Moore as directors, replacing F. Johnson, W. C. Macpherson, and R. E. Powell. Mr. Johnson, a former President and Chairman of the Company, E. A. Rolph, Executive Vice-President, and Mr. Powell, formerly chief executive of the Aluminum Company of Canada, retired after many years of valued service to the Company and its shareholders. Dr. K. G. McKay was appointed a director, replacing R. R. Hough, with effect from December 1, 1966.

The following officers retired during the year: E. A. Rolph, Executive Vice-President; D. M. Camp, J. R. Traves, and P. C. Venne, Vice-Presidents; S. C. Scadding, Secretary. Executive appointments included those of A. J. de Grandpré, Vice-President (Law); J. V. Leworthy, Vice-President (Engineering); W. C. Macpherson, Vice-President (Personnel); J. E. Skinner, Vice-President (Operations Staff); S. D. McMorran, Secretary; and O. Tropea, Comptroller.

### **1967— A Salute to Canada**

As the Canadian nation celebrates its 100th birthday in 1967, Bell Canada moves into its 88th year of operation. This is an important year for the Company. Mindful of our long-standing tradition of accepting our full share of responsibility in the achievement of Canada's economic and

social goals, we are supporting and taking part in many Centennial projects, and have representation on committees planning and implementing Centennial programs in communities we serve. We are also providing communications exhibits to Centennial museums and special centres.

Our principal Centennial project is the establishment of the Bell Canada Centennial Fellowship Program. This annual scholarship program is designed to support outstanding students who wish to continue their formal education at the post-graduate level in a Canadian university. Administered by the Association of Universities and Colleges of Canada, it provides eight fellowships valued at \$5,000 each, of which \$3,500 is granted to the successful fellow, and \$1,500 goes to the university to help defray tuition and other expenses. Four fellowships are being awarded in 1967; in subsequent years the combination of new awards and renewals will raise the total to eight. In the selection of candidates, preference will be given to those whose subject areas appear most directly relevant to the scientific, political, social or economic needs of Canada.

1967 is an important year for Bell Canada. It is the year in which we will add the five-millionth telephone to our network. It is a year in which we shall continue to improve customer service and strive to satisfy the requirements of Canadian investors. It is a year in which we shall continue to do our best to fulfill our responsibilities as a corporate citizen, and help bring to all Canadians new and improved access to the entire world through sight, sound, and signal communications.

For the Board of Directors,



*President*

February 8, 1967

## ASSETS

in thousands of dollars

	December 31, 1966	December 31, 1965
<b>TELEPHONE PROPERTY</b>		
Land, Buildings, Plant and Equipment — at cost (a) . . . . .	\$2,748,866	\$2,519,326
Less: Accumulated Depreciation . . . . .	667,700	596,256
	<u>2,081,166</u>	<u>1,923,070</u>
<b>INVESTMENTS</b>		
Subsidiary Companies — at cost (b) . . . . .	141,535	57,529
Other Companies — at cost (c) . . . . .	<u>48,426</u>	23,960
Special Refundable Tax . . . . .	6,464	—
	<u>196,425</u>	<u>81,489</u>
<b>CURRENT ASSETS</b>		
Cash . . . . .	4,178	3,929
Temporary Cash Investments (d) . . . . .	58,116	10,997
Accounts Receivable (e) . . . . .	84,413	70,960
Material and Supplies — at cost . . . . .	16,425	13,818
Prepayments (f) . . . . .	11,565	11,246
	<u>174,697</u>	<u>110,950</u>
<b>DEFERRED CHARGES</b>		
Unamortized Discount and Expense on Long Term Debt . . . . .	6,672	5,388
Other . . . . .	873	1,470
	<u>7,545</u>	<u>6,858</u>
<b>TOTAL ASSETS</b>	<b>\$2,459,833</b>	<b>\$2,122,367</b>

Signed on behalf of the Board of Directors:

J. A. Hobbs, *Director.*  
 J. A. Fuller, *Director.*

**LIABILITIES**  
in thousands of dollars

	<i>December 31, 1966</i>	<i>December 31, 1965</i>
<b>SHAREHOLDERS' EQUITY</b>		
Capital Stock (g) . . . . .	\$ 851,875	\$ 745,300
Premium on Capital Stock (h) . . . . .	341,836	273,130
Retained Earnings . . . . .	131,137	116,552
	<hr/> 1,324,848	<hr/> 1,134,982
<b>LONG TERM DEBT</b>		
First Mortgage Bonds (i) . . . . .	944,803	794,353
	<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>		
Accounts Payable (j) . . . . .	46,800	48,127
Advance Billing and Payments for Service . . . . .	16,228	15,142
Dividend Payable . . . . .	21,467	16,397
Taxes Accrued . . . . .	29,286	31,315
Interest Accrued . . . . .	13,063	10,881
	<hr/> 126,844	<hr/> 121,862
<b>DEFERRED CREDITS</b>		
Income Tax (k) . . . . .	50,181	49,697
Employees' Savings Plans (l) . . . . .	12,375	20,624
Unamortized Premium less Expense on Long Term Debt . . . . .	782	849
	<hr/> 63,338	<hr/> 71,170
<b>TOTAL LIABILITIES</b>	<b><u>\$2,459,833</u></b>	<b><u>\$2,122,367</u></b>

The notes to financial statements on pages 18, 19  
and 20 are an integral part of this statement.

O. Tropea, Comptroller.

## THE BELL TELEPHONE COMPANY OF CANADA

## INCOME STATEMENT

in thousands of dollars

## OPERATING REVENUES

	Year 1966	Year 1965
Local Service . . . . .	\$380,744	\$351,474
Long Distance Service . . . . .	233,240	211,502
Miscellaneous (m) . . . . .	34,217	32,786
Less: Provision for Uncollectibles . . . . .	3,154	2,801
	645,047	592,961

## OPERATING EXPENSES

Maintenance (n) . . . . .	119,127	108,682
Depreciation (o) . . . . .	127,459	116,107
Traffic (p) . . . . .	44,986	41,230
Marketing and Commercial (q) . . . . .	48,677	44,677
Other (r) . . . . .	66,430	61,622
	406,679	372,318
<b>NET OPERATING REVENUES</b>	<b>238,368</b>	<b>220,643</b>

## OPERATING TAXES

Income Taxes . . . . .	84,527	80,788
Other Taxes . . . . .	29,906	25,313
	114,433	106,101
<b>OPERATING INCOME</b>	<b>123,935</b>	<b>114,542</b>

## OTHER INCOME

Dividends from Subsidiary Companies (b) . . . . .	7,950	6,606
Dividends and Interest from Other Investments . . . . .	2,554	1,923
Miscellaneous (s) . . . . .	1,494	1,166
	11,998	9,695
<b>TOTAL INCOME BEFORE INTEREST CHARGES</b>	<b>135,933</b>	<b>124,237</b>

## INTEREST CHARGES

Interest on Long Term Debt . . . . .	42,389	36,096
Other Interest . . . . .	1,177	1,263
Amortization of Discount, Premium and Expense on Long Term Debt	404	353
	43,970	37,712
<b>NET INCOME FOR THE YEAR</b>	<b>\$ 91,963</b>	<b>\$ 86,525</b>

The notes to financial statements on pages 18,  
19 and 20 are an integral part of this statement.

O. Tropea, Comptroller.

## STATEMENT OF RETAINED EARNINGS

in thousands of dollars

	Year 1966	Year 1965
<b>BALANCE AT BEGINNING OF YEAR</b>	<b>\$116,552</b>	<b>\$ 95,173</b>
Add: Net Income for the Year	91,963	86,525
	<u>208,515</u>	<u>181,698</u>
Deduct: Dividends	75,859	65,129
Miscellaneous Items (net)	1,519	17
	<u>77,378</u>	<u>65,146</u>
<b>BALANCE AT END OF YEAR</b>	<b>\$131,137</b>	<b>\$116,552</b>

## STATEMENT OF SOURCE AND DISPOSITION OF FUNDS

in thousands of dollars

## SOURCE OF FUNDS

	Year 1966	Year 1965
Operations:		
Net Income for the Year	\$ 91,963	\$ 86,525
Add: Depreciation	127,459	116,107
Other Transactions Not Requiring an Outlay of Funds (net)	1,233	1,370
	<u>220,655</u>	<u>204,002</u>
Proceeds From Stock Issue	85,525	—
✓ Proceeds From Employees' Savings Plans	21,863	19,072
✓ Proceeds From Bond Issues	149,062	53,818
✓ Decrease in Working Capital	—	28,636
Stock Issued to Acquire Shares of Other Telephone Companies	59,644	—
Miscellaneous Items	798	182
	<u>\$537,547</u>	<u>\$305,710</u>

## DISPOSITION OF FUNDS

Construction Expenditures:		
Gross Construction Expenditures	\$293,335	\$242,458
Deduct: Charges to Construction Not Requiring an Outlay of Funds	9,259	7,348
	<u>284,076</u>	<u>235,110</u>
Dividends	75,859	65,129
Increase in Working Capital	58,765	—
✓ Acquisition of Investments	108,472	4,249
Special Refundable Tax	6,464	—
Miscellaneous Items	3,911	1,222
	<u>\$537,547</u>	<u>\$305,710</u>

## NOTES TO FINANCIAL STATEMENTS

## BALANCE SHEET

## (a) TELEPHONE PROPERTY

Land, buildings, switching and microwave equipment, poles, wire, cable, underground conduit, telephone apparatus, motor vehicles, office furniture and other equipment.

## INVESTMENTS

## (b) SUBSIDIARY COMPANIES

Direct ownership, with voting control, in the following companies:

Northern Electric Company, Limited (100%)  
 The New Brunswick Telephone Company, Limited (51.4%)  
 (Control acquired in September, 1966)  
 Northern Telephone Limited (86.5%)  
 (Control acquired in July, 1966)  
 The Avalon Telephone Company, Limited (99.5%)  
 Télécommunications Richelieu Limitée (99.9%)  
 Télécommunications de l'Est Limitée (100%)  
 (formerly Télécommunications des Iles-de-la-Madeleine, Limitée)  
 Télébec Inc. (100%)  
 (Control acquired in October, 1966)  
 The Capital Telephone Company Limited (100%)  
 (formerly The Monk Rural Telephone Company, Limited)  
 The North American Telegraph Company (100%)

The accompanying financial statements are prepared on a corporate basis and have not been consolidated with those of subsidiary companies because 1. the operations of The Bell Telephone Company of Canada are subject to regulation by the Board of Transport Commissioners for Canada whereas those of its subsidiary companies are either not regulated or regulated by other jurisdictions, and 2. the business characteristics of Northern Electric Company, Limited, a manufacturing company and the principal subsidiary, are substantially different from those of the telephone companies.

The amount of the Company's proportion of the net earnings of all subsidiaries for the year 1966 is \$10,775,000 and of the retained earnings since acquisition is \$64,129,000 at December 31, 1966.

(c) OTHER COMPANIES: 5.9% of the preferred shares and 53.7% of the common shares in the Maritime Telegraph and Telephone Company, Limited. Direct ownership, without voting control, acquired in September, 1966; market value at December 31, 1966: \$38,194,000.

## (d) TEMPORARY CASH INVESTMENTS

Valued at cost or amortized value; market value at December 31, 1966: \$58,163,000.

## (e) ACCOUNTS RECEIVABLE

Principally amounts due from customers, after a provision for uncollectibles. Includes \$240,000 receivable from subsidiary companies at December 31, 1966.

## (f) PREPAYMENTS

Rents, taxes, insurance, cost of directories and other items applicable to subsequent period.

## (g) CAPITAL STOCK

Par Value: \$25.00 per share.

Authorized: by charter — 40,000,000 shares.  
 by shareholders — 40,000,000 shares.

Outstanding: at January 1, 1966	29,812,009 shares
issued in 1966:	
for cash	3,075,012 shares
for shares of other telephone companies	<u>1,187,979 shares</u>
at December 31, 1966	<u>34,075,000 shares</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

### (h) PREMIUM ON CAPITAL STOCK

Balance at January 1, 1966	\$273,130,000
Premium on shares issued in 1966	68,706,000
Balance at December 31, 1966	<u>\$341,836,000</u>

### (i) LONG TERM DEBT

#### FIRST MORTGAGE BONDS at December 31, 1966

Maturity Date	Rate of Interest	Series	
December 15, 1967	4½ %	J	\$ 40,000,000
December 1, 1970	4 %	L	16,000,000
January 2, 1972	4¾ %	N	20,000,000*
March 15, 1972	5 %	O	20,000,000
February 15, 1973	3¼ %	F	35,000,000
April 1, 1974	6¼ %	S	25,000,000
June 1, 1975	3¾ %	G	40,000,000
May 1, 1976	3½ %	I	40,000,000
March 1, 1977	3 %	E	35,000,000
January 2, 1978	6¼ %	R	35,000,000
May 15, 1979	3¾ %	K	40,000,000
July 2, 1980	5¼ %	Q	30,000,000
April 1, 1981	6 %	AC	13,500,000
June 1, 1981	4 %	M	24,000,000
January 2, 1982	5½ %	V	40,000,000
August 2, 1982	5¾ %	T	50,000,000
March 15, 1983	4¼ %	P	50,000,000*
June 15, 1984	5½ %	W	30,000,000
October 1, 1984	5¾ %	Y	30,000,000
January 2, 1986	6 %	U	35,000,000
July 15, 1987	6½ %	AE	35,000,000
May 1, 1988	4¾ %	X	50,000,000*
October 1, 1989	4.80%	Z	50,000,000*
April 1, 1991	6 %	AD	26,500,000
September 1, 1995	4.85%	AA	50,000,000*
December 1, 1995	4.85%	AB	28,000,000*
October 14, 1996	6 %	AF	42,000,000*
Exchange premium less discount, at time of issue, of bonds payable in United States funds			14,803,000
		<b>TOTAL BONDS</b>	<u>\$944,803,000</u>

\* Payable in United States funds.

### (j) ACCOUNTS PAYABLE

Amounts owing for supplies, equipment, payrolls and other items. Includes \$20,166,000 payable to subsidiary companies at December 31, 1966.

### DEFERRED CREDITS

(k) INCOME TAX: reduction in income taxes, for appropriation in future years, due to depreciation deducted for tax purposes being in excess of that included in operating expenses for the years 1954 to 1957 inclusive.

### (l) EMPLOYEES' SAVINGS PLANS:

*Employees' Stock Plan* — \$749,000: instalments paid by employees subscribing for 31,075 shares of capital stock at December 31, 1966, with interest thereon. The subscription prices are not more than \$36.00 and \$42.00 per share depending on the date of filing, and shares are issued at various dates within 3½ years of the date of the initial instalment payment. This Plan was superseded on July 1, 1966 by the *Employees' Savings Plan* but existing subscriptions, if not converted to the *Savings' Plan*, will be completed under the terms of the *Stock Plan*.

*Employees' Savings Plan* — \$11,626,000: amounts to the credit of employees, with interest thereon, for the purchase of shares of capital stock of the Company. The purchase price per share is 85% of the market value as determined under the Plan. Shares of capital stock are issued upon completion of the regular payment period which is June 30 each year.

## NOTES TO FINANCIAL STATEMENTS (continued)

### INCOME STATEMENT

#### OPERATING REVENUES

(m) MISCELLANEOUS: principally from directory advertising.

#### OPERATING EXPENSES

(n) MAINTENANCE: cost of inspection, repairs and rearrangements required to keep the telephone property in good operating condition.

(o) DEPRECIATION: provision to meet the loss of investment when depreciable property is retired from service, based on rates designed to spread this loss uniformly over the life of the property.

(p) TRAFFIC: costs, principally operators' wages, incurred in handling telephone calls.

(q) MARKETING AND COMMERCIAL: sales expense, advertising, cost of directories, and costs incurred in business relations with customers.

(r) OTHER: general office salaries and expenses, benefit payments, provision for service pensions, operating rents and other general expenses.

#### OTHER INCOME

(s) MISCELLANEOUS: principally interest on plant under construction.

### DIRECTORS' REMUNERATION

Year 1966: Total remuneration received by the Directors from the Company and its subsidiary companies, including salaries of those Directors who were employees of the companies, was \$486,000.

### COMMITMENTS

As provided for in the Agreement signed on September 29, 1966 for the private placement of \$44,000,000 in United States funds of its First Mortgage 6% Bonds, Series AF, the remaining \$2,000,000 was issued and paid for on January 13, 1967.

The Company subscribed for 100,000 shares of the capital stock of Northern Electric Company, Limited on February 3, 1967 at a price of \$100.00 per share and intends to subscribe for a further 100,000 shares on or about February 21, 1967 at the same price.

On January 3, 1967, the Company entered into an agreement for the sale of \$30,000,000 of its First Mortgage 6 3/8% Bonds, Series AG, to be dated February 1, 1967 and to mature February 1, 1990 for the sum of \$29,400,000.

The Company intends to subscribe on February 21, 1967 for approximately 632,000 shares of the ordinary stock of The Avalon Telephone Company, Limited at a price of \$5.25 per share pursuant to an offer of "rights" approved by the Board of Commissioners of Public Utilities of Newfoundland on January 4, 1967.

### CHARTER AMENDMENT

The Company has filed a petition with the Parliament of Canada for an Act to amend its Act of Incorporation which would increase its authorized capital stock from \$1,000,000,000 to \$1,750,000,000 and grant the right to issue part of its capital stock as preferred shares.

### AUDITORS' REPORT

THE SHAREHOLDERS,  
THE BELL TELEPHONE COMPANY OF CANADA,  
MONTREAL, QUE.

We have examined the accompanying balance sheet of The Bell Telephone Company of Canada as at December 31, 1966 and the statements of income, retained earnings and source and disposition of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

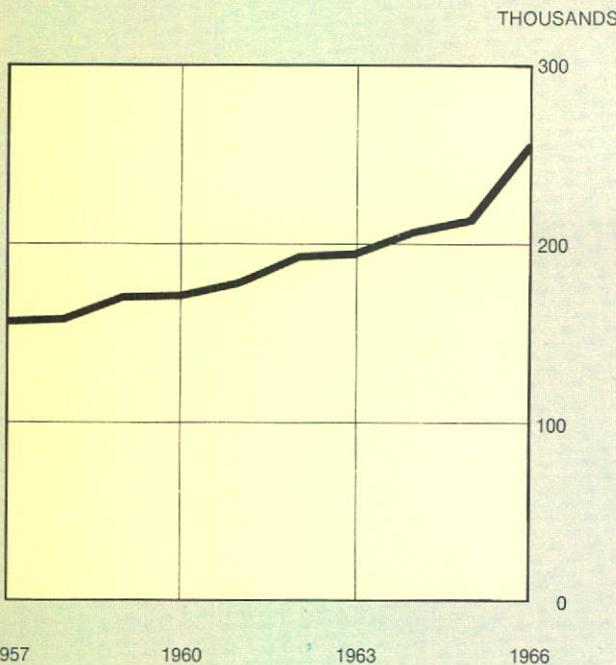
In our opinion the aforementioned financial statements present fairly the financial position of the company as at December 31, 1966 and the results of its operations and the source and disposition of funds for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montreal, Que.,

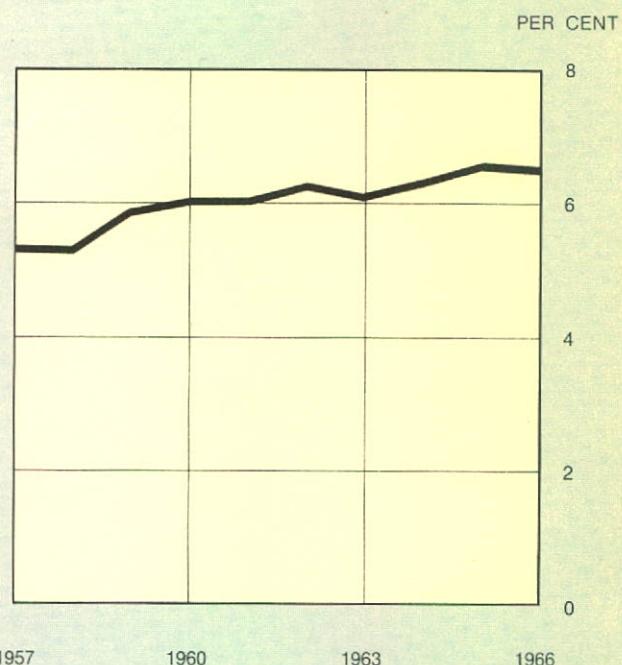
February 7, 1967.

TOUCHE, ROSS, BAILEY & SMART  
Chartered Accountants

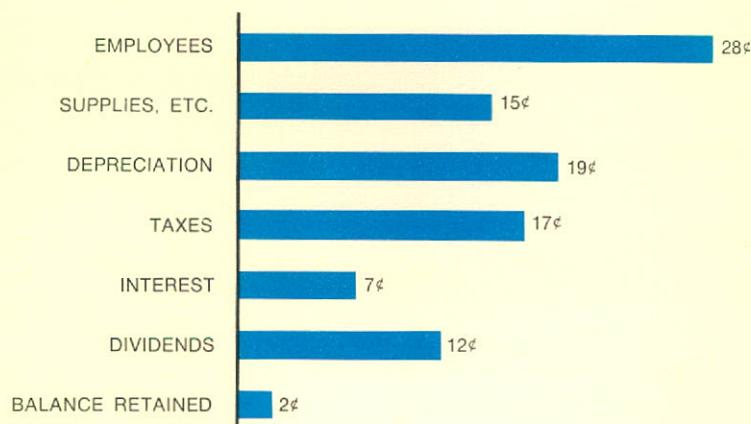
NUMBER OF SHAREHOLDERS  
255,449 at year-end



RETURN ON TOTAL CAPITAL  
6.5 per cent for the year



DISPOSITION OF INCOME DOLLAR



## TEN-YEAR REVIEW

AT DECEMBER 31	1966	1965	1964	1963
<b>TELEPHONES</b>				
Number in service . . . . .	4,868,392	4,577,573	4,312,577	4,090,102
Connected during year* . . . . .	1,264,825	1,178,788	1,067,648	997,727
Net increase* . . . . .	290,819	264,996	222,475	199,472
Per cent households served . . . . .	96	94	92	91
Telephones per 100 people . . . . .	43	41	40	39
<b>CONVERSATIONS</b>				
Local calls — daily average* . . . . .	28,577,000	26,817,000	25,525,000	24,458,000
Long distance calls — daily average* . . . . .	565,000	536,000	495,000	468,000
<b>TELEPHONE PROPERTY</b>				
Value at cost . . . . .	\$ 2,748,867,000	\$ 2,519,326,000	\$ 2,337,429,000	\$ 2,172,448,000
Accumulated depreciation . . . . .	\$ 667,700,000	\$ 596,256,000	\$ 533,053,000	\$ 485,318,000
Construction expenditures* . . . . .	\$ 293,335,000	\$ 242,458,000	\$ 233,533,000	\$ 234,088,000
<b>EMPLOYEES AND PAYROLL</b>				
Number of employees . . . . .	40,008	38,320	35,890	35,441
Total payroll* . . . . .	\$ 225,437,000	\$ 200,236,000	\$ 187,081,000	\$ 179,297,000
<b>OWNERSHIP</b>				
Number of shareholders . . . . .	255,449	213,939	207,150	195,037
Per cent resident in Canada . . . . .	97.8	97.5	97.4	97.3
Per cent shares held in Canada . . . . .	94.6	93.7	93.6	93.1
<b>INCOME STATEMENT ITEMS</b>				
Operating revenues* . . . . .	\$ 645,047,000	\$ 592,961,000	\$ 542,772,000	\$ 502,977,000
Operating expenses* . . . . .	\$ 406,679,000	\$ 372,318,000	\$ 343,366,000	\$ 325,795,000
Operating taxes* . . . . .	\$ 114,433,000	\$ 106,101,000	\$ 96,037,000	\$ 84,833,000
Net income* . . . . .	\$ 91,963,000	\$ 86,525,000	\$ 77,739,000	\$ 68,294,000
<b>EARNINGS RATIOS</b>				
Per cent return on total capital* . . . . .	6.5	6.6	6.3	6.1
Net income per share* . . . . .	\$2.98	\$2.92	\$2.71	\$2.58
Dividends per share* . . . . .	\$2.43	\$2.20	\$2.20	\$2.20
<b>CAPITALIZATION</b>				
Shareholders equity . . . . .	\$1,324,848,000	\$1,134,982,000	\$1,098,245,000	\$ 981,211,000
Long term debt . . . . .	\$ 944,803,000	\$ 794,353,000	\$ 735,000,000	\$ 710,000,000

\* for the year ended December 31.

1962	1961	1960	1959	1958	1957
3,890,630	3,695,107	3,515,007	3,330,877	3,140,349	2,954,884
962,600	903,583	873,428	857,788	785,121	735,327
195,523	180,100	184,130	190,528	185,465	188,731
90	89	89	88	87	86
39	38	37	36	35	34
23,464,000	22,279,000	21,277,000	20,573,000	19,468,000	18,310,000
440,000	409,000	391,000	378,000	361,000	336,000
\$2,000,944,000	\$1,842,548,000	\$1,697,921,000	\$1,534,463,000	\$1,378,274,000	\$1,223,615,000
\$ 442,500,000	\$ 408,430,000	\$ 370,334,000	\$ 337,556,000	\$ 305,707,000	\$ 274,122,000
\$ 219,357,000	\$ 192,579,000	\$ 207,662,000	\$ 196,104,000	\$ 183,168,000	\$ 177,291,000
35,086	34,302	35,656	37,158	39,321	41,363
\$ 170,471,000	\$ 161,859,000	\$ 159,029,000	\$ 155,156,000	\$ 154,612,000	\$ 146,953,000
192,854	178,126	171,288	170,767	157,724	156,825
97.3	97.0	97.3	97.5	97.8	98.0
93.0	92.2	92.1	92.0	91.8	91.8
\$ 470,995,000	\$ 433,657,000	\$ 404,848,000	\$ 376,605,000	\$ 328,818,000	\$ 302,986,000
\$ 301,857,000	\$ 282,488,000	\$ 270,428,000	\$ 256,232,000	\$ 239,303,000	\$ 220,445,000
\$ 81,601,000	\$ 73,483,000	\$ 64,731,000	\$ 59,082,000	\$ 42,020,000	\$ 39,730,000
\$ 65,285,000	\$ 57,691,000	\$ 53,512,000	\$ 50,284,000	\$ 38,899,000	\$ 36,037,000
6.3	6.0	6.0	5.9	5.3	5.3
\$2.66	\$2.50	\$2.52	\$2.48	\$2.15	\$2.15
\$2.20	\$2.20	\$2.20	\$2.05	\$2.00	\$2.00
\$ 956,839,000	\$ 848,160,000	\$ 751,245,000	\$ 734,400,000	\$ 631,362,000	\$ 622,315,000
\$ 630,000,000	\$ 570,000,000	\$ 545,000,000	\$ 453,000,000	\$ 423,000,000	\$ 343,407,000

## BELL CANADA CENTENNIAL FELLOWSHIP PROGRAM

### Purpose

The Bell Canada Centennial Fellowship program has been established to support university education at the graduate level, one of the urgent needs of our educational system. It will provide significant financial assistance to universities and to students who have demonstrated academic excellence, and thus encourage them to achieve in Canada their educational objectives at the post-graduate level.

### Number of fellowships

The program establishes eight graduate fellowships. Four will be awarded in 1967. Renewals and new awards will raise the annual total to eight in subsequent years.

### Value

Successful candidates will receive \$3,500. In addition, \$1,500 will be given to the university to pay for tuition and help defray other expenses associated with the university's graduate study program.

### Fields of study

There is no restriction as to the nature of the studies which a fellow may pursue; but preference is given to those subject areas which appear most directly relevant to the scientific, political, social or economic needs of Canada.

### Eligibility

The fellowships are open to Canadian citizens or permanent residents of Canada who have proved themselves to be outstanding students. To be considered, a candidate must be a graduate of a university or college with standards accepted by the Association of Universities and Colleges of Canada. The candidate must plan to do graduate work in Canada at a university or college which is a member, or is affiliated with a member, of the AUCC.

### Duration

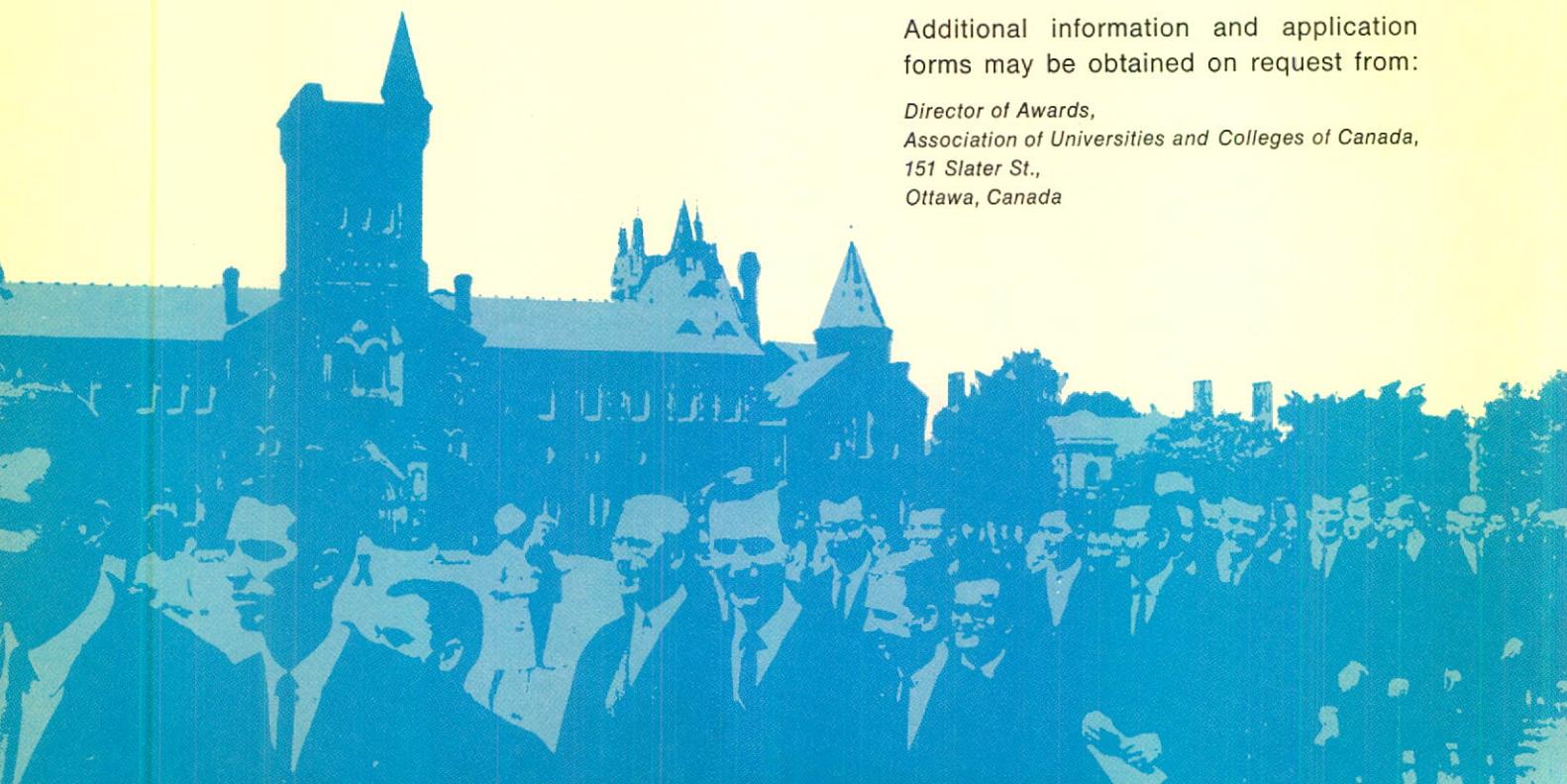
Fellowships are for a 12-month period beginning in the calendar year in which they are awarded. If, in the judgment of the selection committee, achievement warrants such action, any fellowship may be renewed, annually if necessary, to permit the student to attain the degree for which the fellowship was originally awarded.

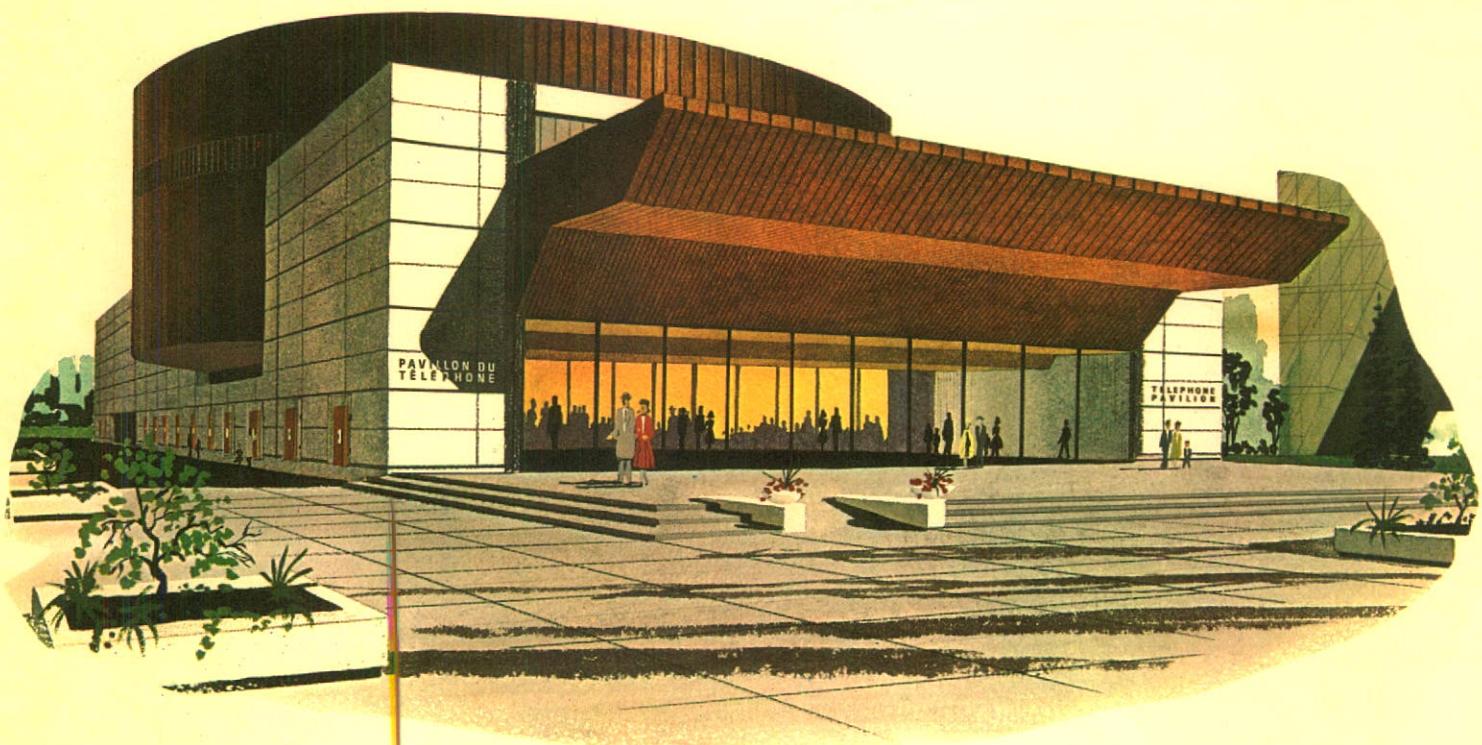
### Administration

The Association of Universities and Colleges of Canada will administer the program. The competition will be judged by a geographically representative selection committee chosen from among university faculty members.

Additional information and application forms may be obtained on request from:

*Director of Awards,  
Association of Universities and Colleges of Canada,  
151 Slater St.,  
Ottawa, Canada*





## THE TELEPHONE PAVILION

From April 28 until the end of October, Montreal will be host to the world at Expo 67. Theme of this 1967 Universal and International Exhibition is "Man and His World"; it will offer the visitor a thrilling and enlightening glimpse of mankind's progress in every sphere of human interest and activity.

Visitors to the Telephone Association of Canada Pavilion at Expo 67 will first find themselves in a circular theatre where a new look at Canada awaits them. Photographed and recorded by a Canadian camera crew in the new and unique Walt Disney "Circle-Vision 360°" technique, the film places the viewer at the heart of the action and shows what is going on around him on every side.

Whether circling over Labrador's Churchill Falls or flying up the Fraser River canyon — whether driving a buggy down the main street of Upper Canada

Village or watching the chuck wagon race at the Calgary Stampede — whether cringing at centre ice in the midst of a typical Montreal *Canadiens* — Toronto *Maple Leafs* hockey game or sailing past the *Bluenose* off Nova Scotia — you will feel that you are there!

After the show, visitors will stroll past animated displays which present a fascinating story of telecommunication services today and tomorrow. There will be startling demonstrations of the logic and memory of telephone switching equipment, and glimpses of the future in which we will put such characteristics to use in meeting the ever-increasing needs of telephone customers.

Guests will leave the Telephone Pavilion refreshed, and with a new appreciation of the vital role played by the telephone industry in our country's progress and in the development of man and his world.



Bell Canada, part of  
**Trans-Canada**  
**Telephone System**