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# The STANDARD FINANCIAL QUARTERLY

NOVEMBER, 1910

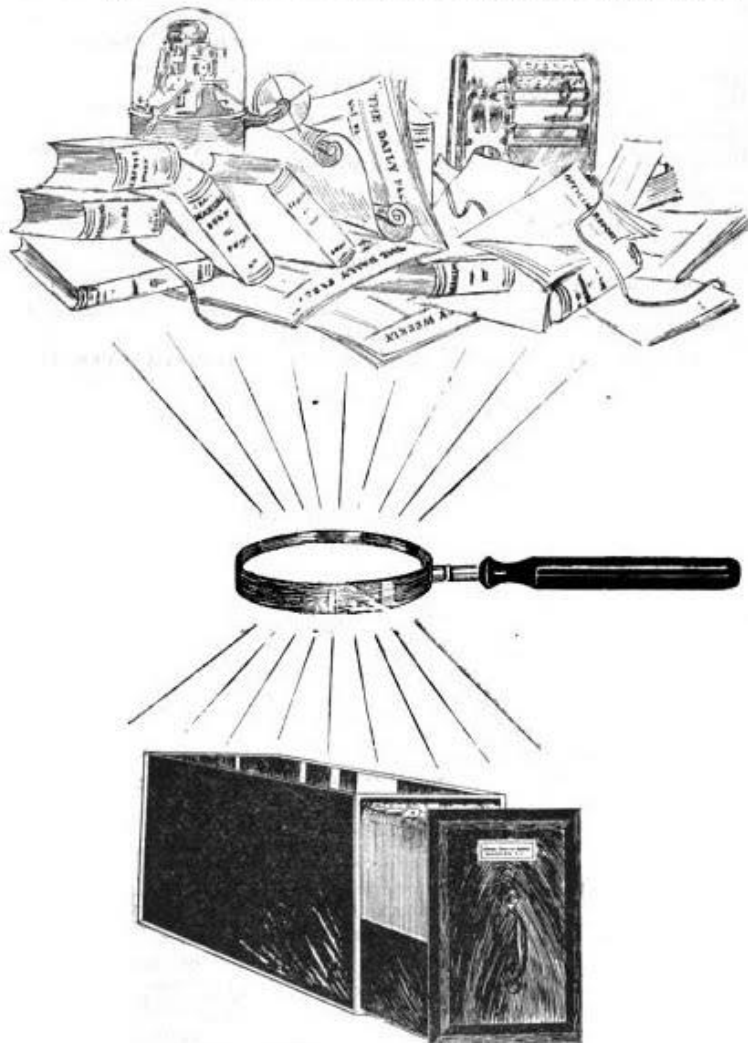
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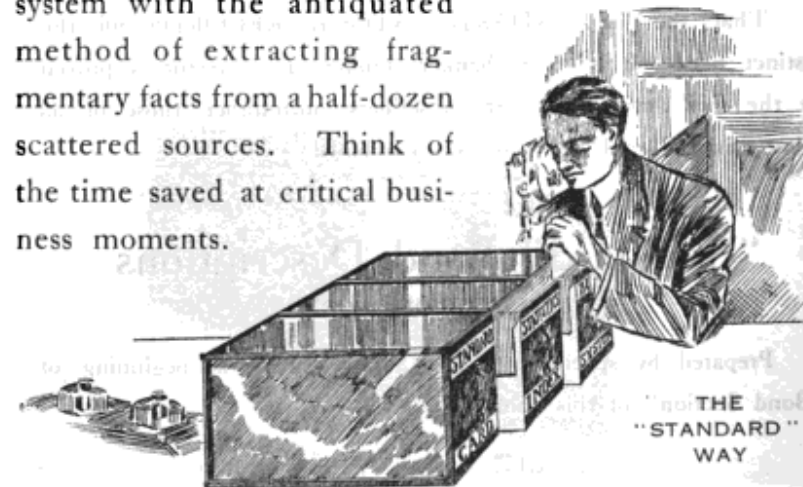
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THE NEW  
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# ATT AMERICAN TELEPH. & TELEG. CO.

**ORGANIZATION**—Under the laws of New York, Feb. 28, 1885.

**EXECUTIVE OFFICE**—125 Milk Street, Boston, Mass.

**OTHER OFFICE**—15 Dey Street, New York.

**TRANSFER OFFICES**—Treasurer's Office, Boston and New York.

**ANNUAL MEETING**—Last Tuesday in March at New York.

**REGISTRARS OF STOCK**—Manhattan Trust Co., New York.  
Old Colony Trust Co., Boston, Mass.

**"CLEARING" OF STOCKS**—Ex-Clearing House.

**NYSE LISTED SECURITY**—Also on Boston, Philadelphia & Chicago SE.

## APPROXIMATE DIVIDEND DATES.

Dividend Meetings	Ex-dividend	Dividends Payable
Dec. 13	Dec. 31	Jan. 15
Mar. 8	Mar. 31	Apr. 15
June 14	June 30	July 15
Sept. 13	Sept. 30	Oct. 15

## DIVIDENDS PAID—

Years	1903	1904	1905	1906	1907	1908	1909
Capital Stock	7½%	7½%	7½%	8%	8%	8%	8%

## SUMMARY OF ANNUAL REPORTS.

Income Account, Years Ended Dec. 31.

	1909	1908	1907	1906
Dividends	\$15,949,214	\$13,289,127	\$11,805,168	\$10,281,438
Interest and other revenue from associated and licensed companies	10,661,431	9,720,466	9,307,023	6,477,154
Telephone traffic (net)	4,360,105	3,976,512	3,901,653	2,705,138
Real estate, etc.	1,790,592	921,863	595,826	245,423
<b>Total</b>	<b>\$32,761,341</b>	<b>\$27,898,970</b>	<b>\$25,609,671</b>	<b>\$19,709,153</b>
Expenses	2,570,575	2,093,956	2,130,381	1,951,466
<b>Net earnings</b>	<b>\$30,190,766</b>	<b>\$25,895,013</b>	<b>\$23,479,290</b>	<b>\$17,857,687</b>
Interest	7,095,377	7,773,306	7,209,902	4,886,750
<b>Balance</b>	<b>\$23,095,389</b>	<b>\$18,121,707</b>	<b>\$16,269,387</b>	<b>\$12,970,936</b>
Dividends	17,036,276	12,459,156	10,943,644	10,195,233
<b>Balance</b>	<b>\$6,059,113</b>	<b>\$5,662,551</b>	<b>\$5,325,743</b>	<b>\$2,775,703</b>
Carried to reserves	3,000,000	3,000,000	3,500,000	1,773,736
<b>Surplus</b>	<b>\$3,059,113</b>	<b>\$2,662,551</b>	<b>\$1,825,743</b>	<b>\$1,001,967</b>

## COMPARATIVE GENERAL BALANCE SHEET, DECEMBER 31.

	1909	1908	Liabilities—	1909	1908
<b>Assets—</b>			<b>Capital stock</b>	\$256,475,300	\$180,587,000
Stocks owned	\$306,948,309	\$235,729,306	Bonded debt	148,645,000	214,054,000
Bonds owned	3,527,000		Div'd Jan. 15	5,137,523	3,169,532
Advances to assoc. cos.	49,990,850	73,289,389	Interest & taxes accrued	2,634,039	3,709,233
Telephones	10,510,703	9,599,137	Accts. payable	714,997	1,302,980
Real estate	2,181,729	2,181,729	Reserve for unearned reven.	102,335	
Long distance telep. plant	44,295,660	42,650,990	Depreciation reserve	33,693,548	21,884,159
Cash & deposits	19,654,016	41,137,264	Surplus	46,687,059	16,225,918
Temporary cash loans	11,418,000	7,988,000			
Short term notes	12,022,466	3,277,466			
Demand loans	28,775,000				
Accts. receiv.	6,766,073	2,969,141			
Treasury stock		22,110,400			
<b>Total</b>	<b>\$494,089,806</b>	<b>\$440,932,822</b>	<b>Total</b>	<b>\$494,089,806</b>	<b>\$440,932,822</b>

**Property.**—Operates long distance lines all over the United States and furnishes for its associated companies all needed telephones, replacing them with others when required and granting the right to use all patents controlled by it, and also performs engineering and other services for which the associated companies pay 4½% of their gross telephone receipts. Among the more important companies controlled are the following: Bell Telephone Co. of Canada, Bell Telephone Co. of Pennsylvania, Chicago Telephone Co., Cumberland Telephone & Telegraph Co., New England Telephone & Telegraph Co., New York Telephone Co., Pacific Telephone & Telegraph Co., Southern Bell Telephone & Telegraph Co. and Western Telephone & Telegraph Co. In addition to the telephone companies controlled, the American Co. owns about 80% of the stock of the Western Electric Co., manufacturers of telephone apparatus and a substantial interest in the stock of the Western Union Telegraph Co.

## STATISTICS OF WIRE MILEAGE, STATIONS, ETC.

	1909	1908	1907	1906
Exchange and branch offices, Jan 1.	4,968	5,043	5,108	4,889
Total miles wire	10,480,026	9,830,718	6,946,511	6,007,732
Number of circuits	1,829,942	1,668,211	1,541,727	1,384,175
Number of employees	104,956	98,538	88,274	90,324
Number of stations	*3,588,247	3,215,245	3,035,533	2,727,289
Number daily connections	19,925,194	18,499,376	18,130,803	16,478,058

\*Including all companies connected with the Bell system, the number of stations is 5,142,692 against 4,364,629 on Jan. 1, 1909.

**OFFICERS**—T. N. Vail, Pres.; E. J. Hall, H. B. Thayer, B. E. Sunny, U. N. Bethell, W. R. Driver, C. P. Ware, Vice-Pres.; W. R. Driver, Treas.; C. E. Hubbard, Sec'y.

**DIRECTORS**—C. W. Amory, T. B. Bailey, G. F. Baker, Francis Blake, H. H. Brigham, Alexander Cochran, T. Jefferson Coolidge, Jr., W. Murray Crane, H. P. Davison, Rudolph Ellis, G. L. Green, H. L. Higginson, H. S. Howe, C. E. Hubbard, J. J. Mitchell, G. W. Perce, W. L. Putnam, Thos. Sanders, S. L. Schoonmaker, E. V. R. Thayer, T. N. Vail, F. E. Warner, John I. Waterbury, Moses Williams, Robt. Wincer.

## FUNDED DEBT.

Collateral Trust 4%, 1929 (J. & J.)	\$53,000,000
*Convertible 4%, 1938 (M. & S.)	143,616,000

\*All or any part of the issue redeemable at option of company at \$105 and interest on and after March 1, 1914, upon twelve weeks' notice. Bonds are convertible at par at option of holder into common stock at \$132.7374 per share between March 1, 1909 and March 1, 1918. The terms of the indenture provide that if additional stock is sold or issued at a price averaging less than \$133.7374 per share bondholders shall have the benefit of a reduced conversion price.

†Conversion of Bonds.—The Company advises us that up to the close of business June 27, \$106,384,000 4% bonds had been presented for conversion, making \$259,846,200 stock outstanding, and reducing the amount of convertible bonds unexchanged to \$43,616,000.

## CAPITAL STOCK.

	Authorized.	Outstanding
Capital Stock	\$500,000,000	†\$259,846,200

†See "Conversion of Bonds" above.

## LATEST EARNINGS.

Six Months Ended June 30.

	Total Income	Net	Interest	Dividends	Balance
1910	\$17,595,896	\$15,901,410	\$2,586,356	\$10,352,353	\$2,962,701
1909	15,212,832	13,985,879	3,892,624	7,631,292	2,461,964

## Earnings, Associated Bell Operating Co. in U. S.

Five Months Ended May 31.

	Gross	Net	Interest	Balance
1910	\$66,831,950	\$20,339,585	\$4,571,732	\$15,767,853
1909	59,822,702	19,003,516	4,786,996	14,216,520

The following is the income account, for the 6 months ended June 30, of the American Telephone & Telegraph Co. and associated holding and operating companies in the United States, not including connected independent or sub-licensee companies. All duplications, including interest, dividends and other payments to American Telephone & Telegraph Co. by associated holding and operating companies, are excluded.

Year	Gross	Net	Interest	Dividends	Surplus
1910	\$80,634,614	\$24,276,781	\$5,556,333	\$12,618,026	\$6,102,422
1909	72,112,092	22,728,922	5,584,905	11,998,188	5,145,829

	HIGH AND LOW PRICES OF STOCKS.							
Stocks	1903	1904	1905	1906	1907	1908	1909	1910
High	169	149½	148½	144½	133	132½	145½	143½
Low	117½	121	131	130	88	101	125	126½

## LATEST DIVIDEND NOTICES.

	Stock of Record	Payable	Paid Years
2% Quarterly	Sept. 30	Oct. 15	1909 8% 1910 8%

## GENERAL INFORMATION.

**Holdings of Mackay Co.**—See statement of "Mackay Companies."  
**Litigation with Western Union Telegraph Co.**—See statement of that company  
**Interest in Western Union Acquired.**—On November 16, 1909, the company announced that it had acquired a substantial minority interest in the Western Union Telegraph Co. The official announcement said: "From the very commencement of the telephone business, it has been thought that a close cooperation—the making of our business the auxiliary to the other business—would give additional public service as well as result in large economies both to the public and to the company. There is much to gain by the joint construction and maintenance of plant and by the common use to the greatest possible extent, but the greatest advantage would follow the placing of the millions of telephone subscribers in close and reliable connection with the receiving and despatching of the telegraph offices. While some provision for this, after a manner, exists to-day, a lack of harmony and cooperation between the companies and an inability to agree on fixing responsibility has limited its utilization to cases of absolute necessity. The harmony and cooperation necessary, it is believed, can now be established and the resulting advantages made available to the public."

It is commonly rumored that the stock acquired by the Telephone Co. was the holdings of George J. Gould, which are said to represent about 25% of the total outstanding stock. This acquisition, it is said, will bring the Telephone Co.'s holdings of Western Union stock up to about 28% of the total outstanding. Mr. Gould is said to have received 85 for his stock.

**Acquisition of Mackay Co.'s Holdings.**—In Feb., 1910, the Mackay Companies disposed of its holdings of \$2,000,000 shares of stock of the American Telephone & Telegraph Co. which were purchased by the American company for its treasury account "at a price to represent a cash turn-over of between \$11,000,000 and \$12,000,000." President Vail says that this block was acquired with the idea of utilizing it this summer, in exchange for stocks of several subsidiary companies being financed and re-grouped in accordance with the plan to confine physical property of operating companies to established State lines.

**Acquisition.**—The Western Union Telegraph Co., which at last accounts owned \$9,733,100 fully paid and \$6,488,700 half paid stock of the New York Telephone Co., in September 1909, sold its holdings to the American Telephone & Telegraph Co. The American company now owns the entire \$50,000,000 stock of the New York Telephone Co. and the stock is now all fully paid.

**Purchase of Independents by J. P. Morgan & Co.**—It was announced on December 15, 1909, that J. P. Morgan & Co. had purchased for their own account a majority of the stocks of the United States Telephone Co. and the Cuyahoga Telephone Co. Control of the former company carries with it control of eight local companies operating in Ohio. President Vail of the American Telephone & Telegraph Co. states that the acquisitions were not made in the interest of his company, such acquisition being prevented by the law. Mr. H. P. Davison, of the firm of J. P. Morgan & Co., was recently elected a director of the American Telephone & Telegraph Co.

**No New Stock Issue.**—In a statement accompanying dividend checks on April 15, President Vail, of the American Telephone & Telegraph Company, says:

"In answer to the many inquiries as to the intentions of the company respecting the newly authorized increase of capital stock, you are informed that it will not be possible for the company to offer any of the new stock to shareholders during the current year, as cash resources available are sufficient for all current ordinary expenditures this year and will also leave a margin sufficient to provide for all probable extraordinary expenditures."

"The work of reorganizing and readjusting the territorial lines of the associated companies to conform more closely to commercial and geographical lines and bring together the naturally interdependent territory will be continued, and some adjustment will be made through the exchange of the shares of this company for the shares of the associated companies. For this purpose the company now has in its treasury of its present stock issue sufficient to meet all its demands in the near future."

**Acquisition of Nebraska Telephone Co. Stock.**—The American company in June offered to exchange its own stock for shares of the Nebraska Telephone Co., on the basis of three shares of American stock for each four shares of Nebraska. Fractional shares will be paid for at the rate of \$105 for Nebraska stock. Stock for exchange must be delivered in New York on July 15.

**Acquisition of Michigan State Telephone Co.**—It was officially announced in July that the company had purchased control of the Michigan State Telephone Co from N. W. Harris & Co., who owned a majority of the common stock. Shareholders of the Michigan Company were offered 4 shares of A. T. & T. Co. stock for each 5 shares of common stock held.





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- Company reported actual results and implicit operating metrics

Fundamental Data

**Historical Analysis**



- Interpretation and estimation of current activity versus announced results

News/Alternative Data

**Nowcasting**



- Forecasting of future business performance

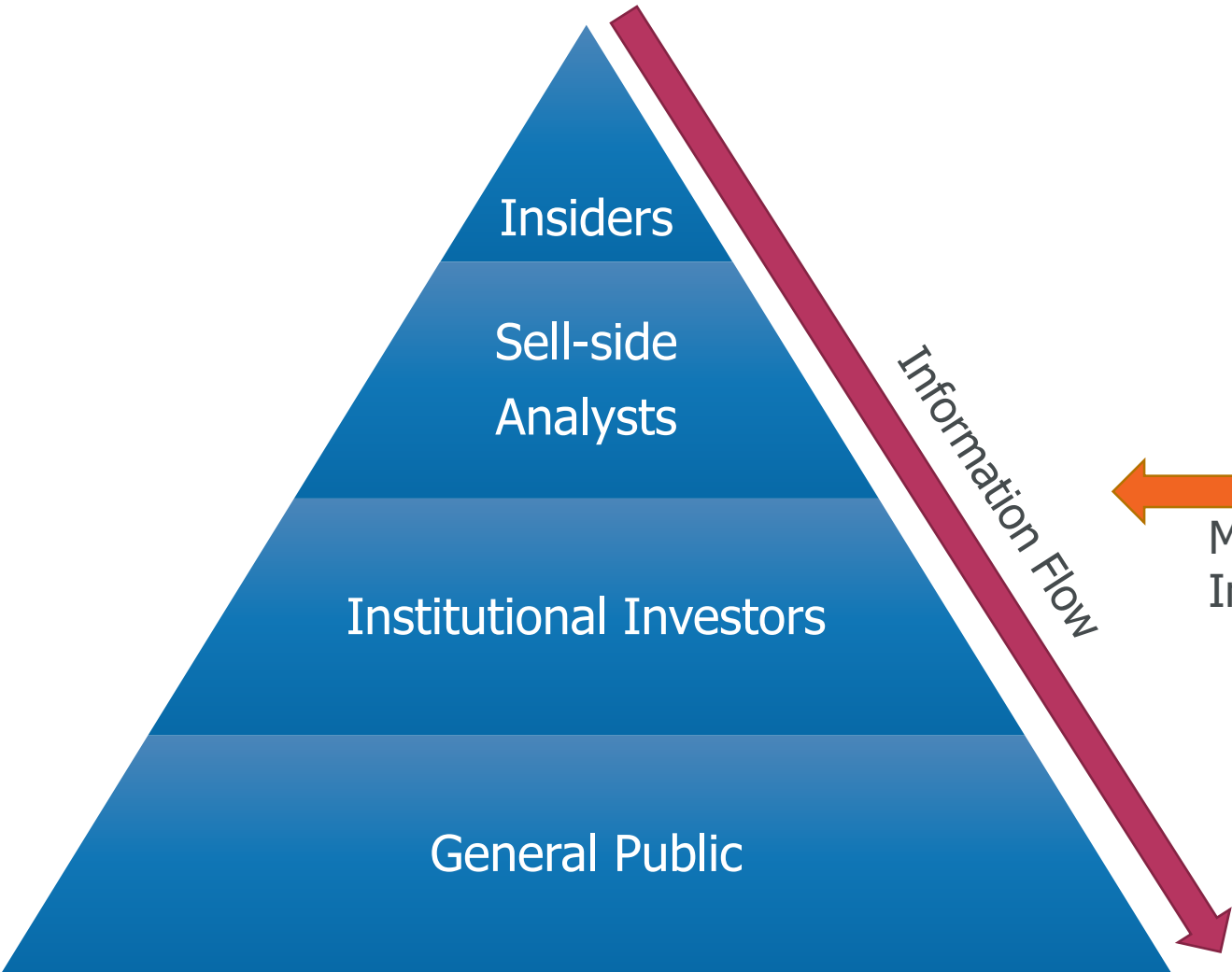
Analyst Estimates

**Forecasting**



Company Performance

**Pre-Reg FD/  
Internet**

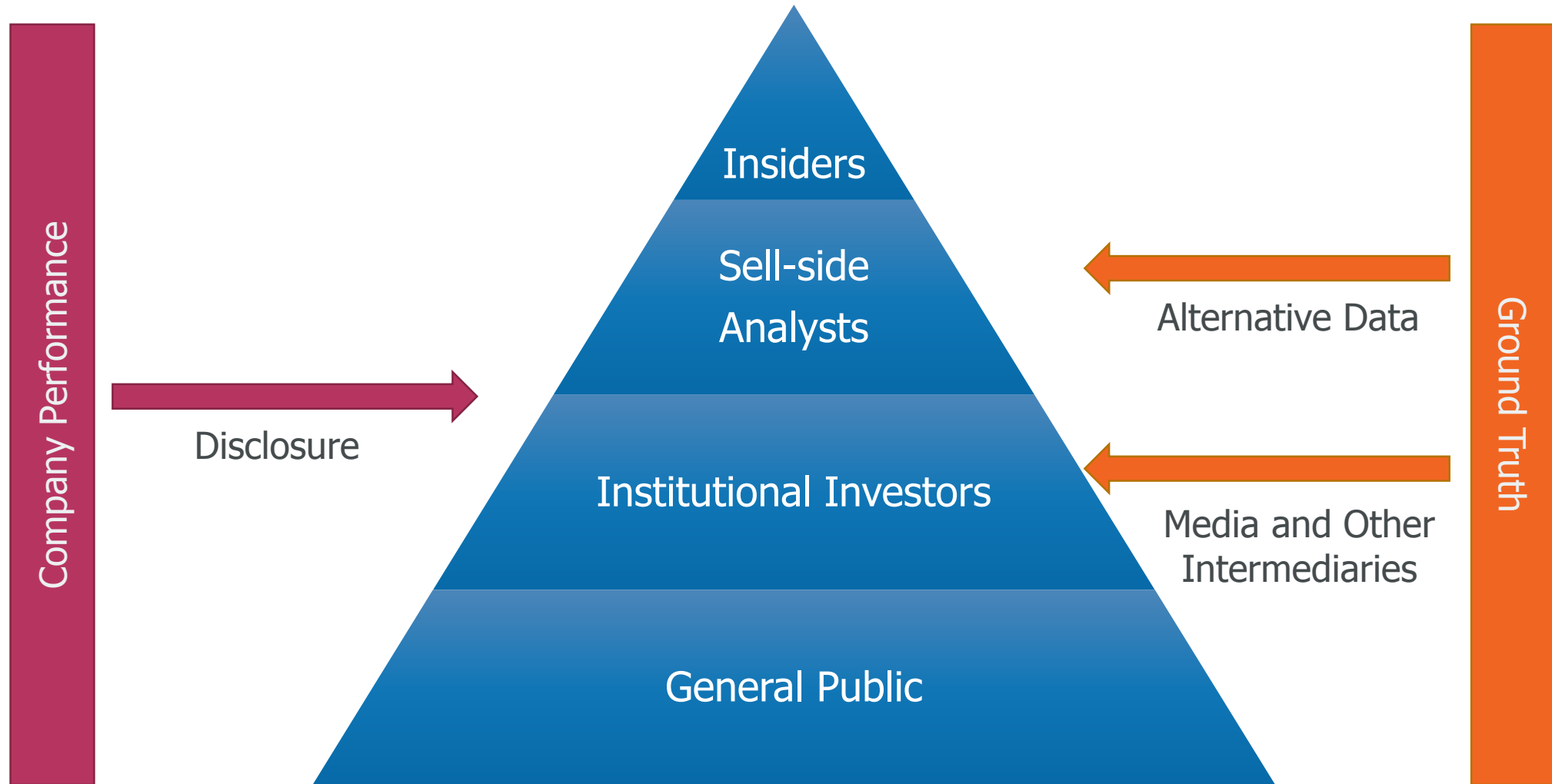


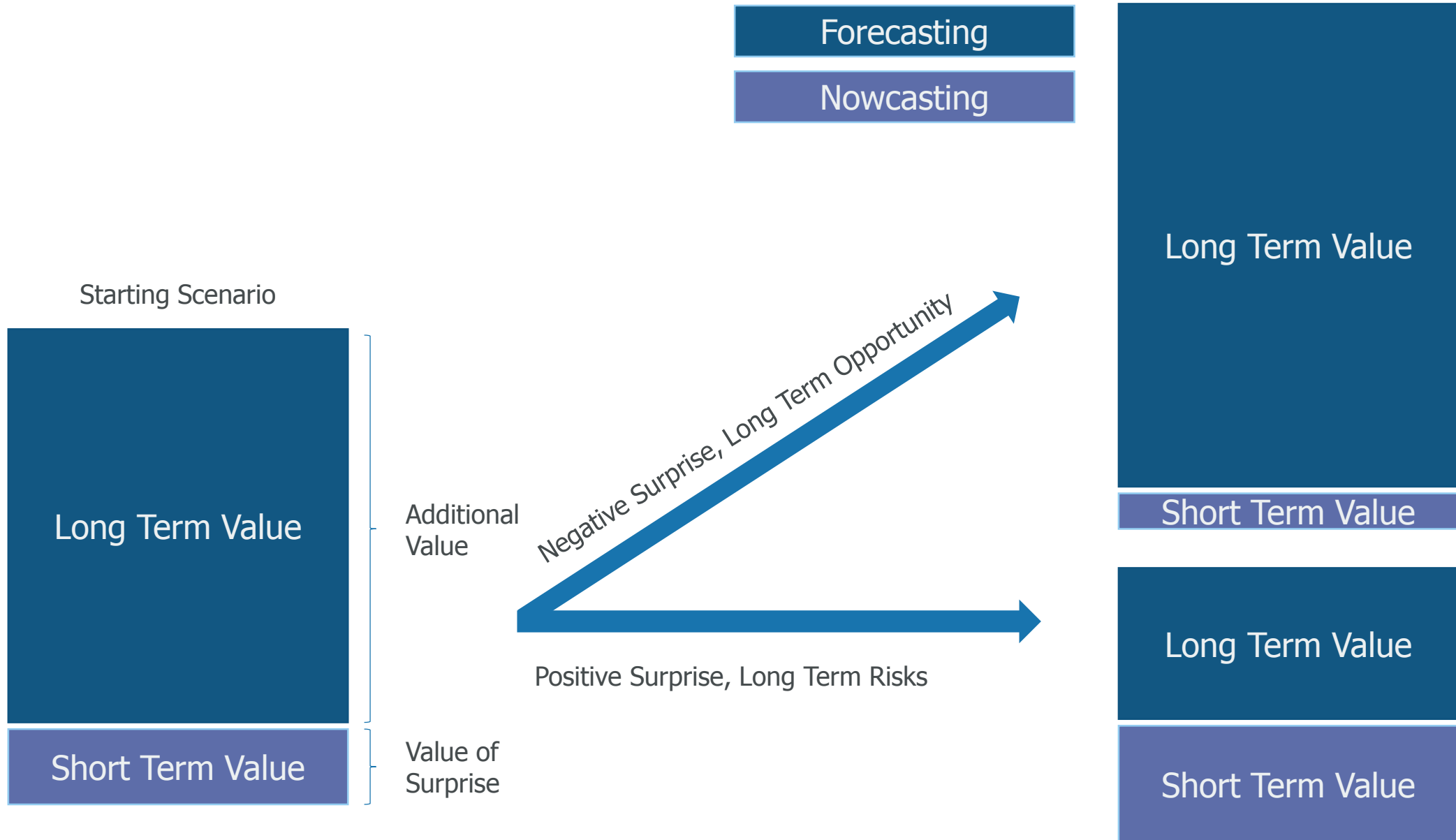
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Ground Truth



**Now**







# Netflix (NFLX)

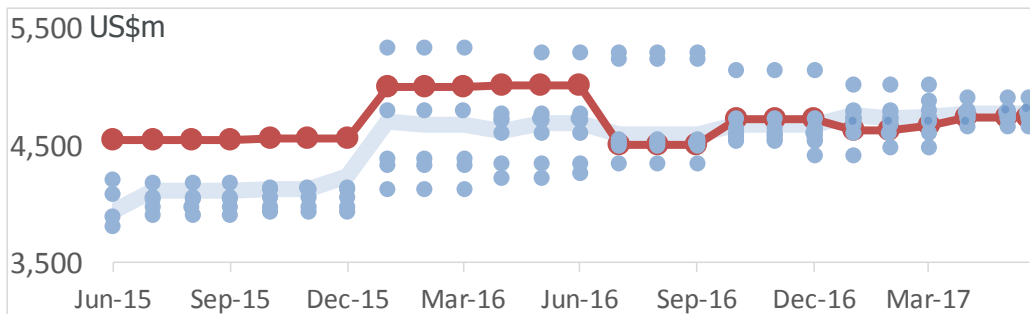
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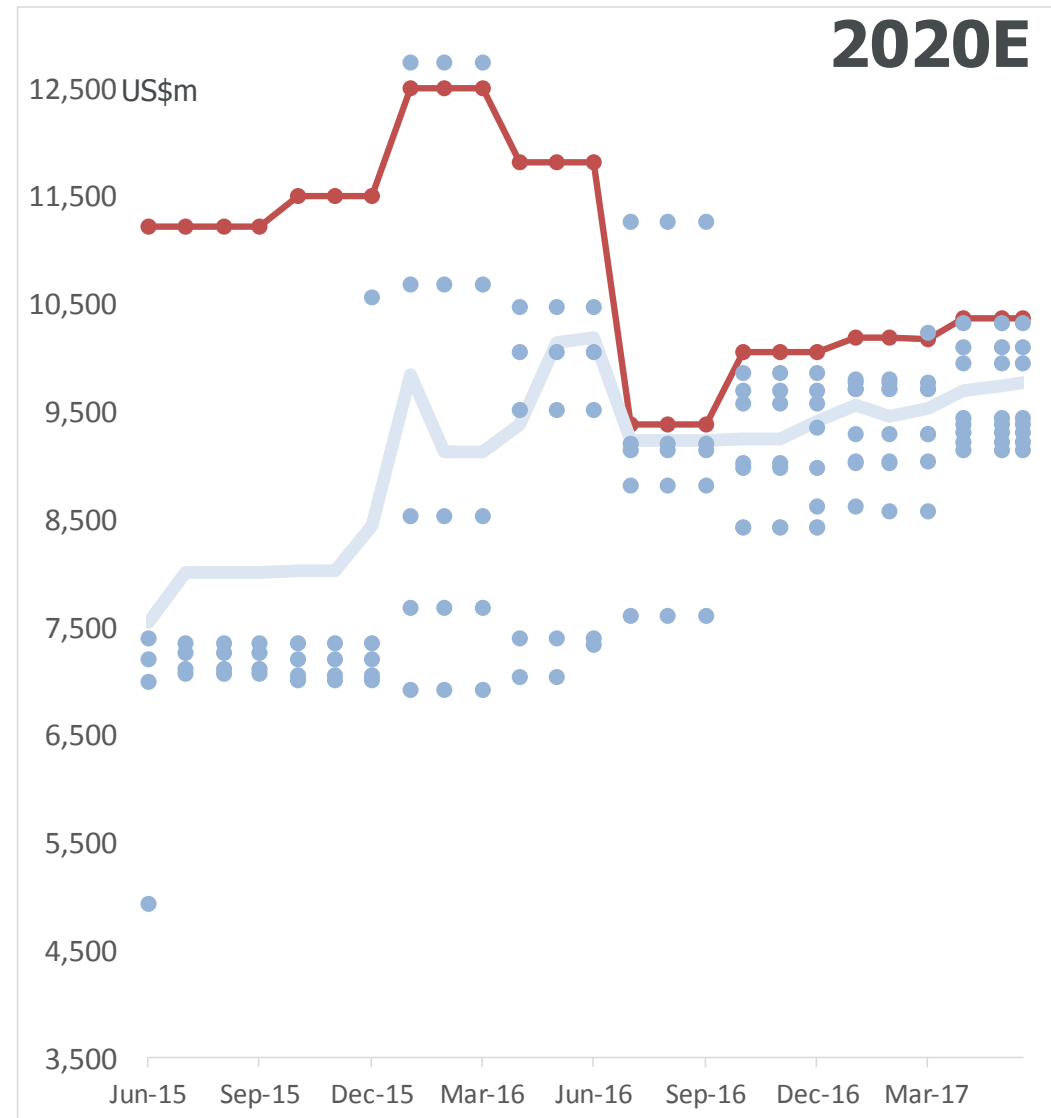
# Netflix (NFLX)

## FORECASTS OF INTERNATIONAL STREAMING REVENUE

**2017E**



**2020E**



# THANK YOU

Scott Rosen

CEO

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