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### OUR COVER:

Great cities on every continent are centers of ITT operations. Upper left, Royal Chapel of Wat Pra Keo in Bangkok's Temple of the Emerald Buddha (*H. Armstrong Roberts photo*). Upper right, tower-topped New York (*Three Lions photo*). Center, panorama of "Venice of the North," water-girt Stockholm (*Three Lions photo*). Bottom, Rio de Janeiro's Copacabana, universally acclaimed as the most beautiful beach in the world (*Shostal photo*).



## Directors and Officers

### Directors

- EUGENE R. BLACK<sup>°</sup> . . . . . *Business Consultant*  
RAYMOND L. BRITTENHAM . *Senior Vice President and General Counsel, International Telephone and Telegraph Corporation*  
GEORGE R. BROWN<sup>°</sup> . . . . . *Chairman of the Board, Brown & Root, Inc., engineers and constructors*  
HAROLD S. GENEEN<sup>°</sup> . . . . . *Chairman and President, International Telephone and Telegraph Corporation*  
ARTHUR M. HILL<sup>°</sup> . . . . . *Private investments*  
CHARLES D. HILLES, JR. . . *Retired*  
ALLAN P. KIRBY<sup>°</sup> . . . . . *Management of personal affairs, Chairman of Alleghany Corporation, a holding company, and Chairman of the Executive Committee of the Board of Directors of the New York Central Railroad*  
HUGH KNOWLTON<sup>°</sup> . . . . . *Limited Partner, Kuhn, Loeb & Co., investment bankers*  
J. PATRICK LANNAN<sup>°</sup> . . . . . *Chairman of the Board of The Susquehanna Corporation, Chicago, chemicals and metallurgy*  
RICHARD S. PERKINS<sup>°</sup> . . . . *Chairman of the Executive Committee, First National City Bank, New York*  
HART PERRY . . . . . *Senior Vice President and Treasurer, International Telephone and Telegraph Corporation*  
WARREN LEE PIERSON<sup>°</sup> . . . *Chairman of the Board of Directors, All America Cables and Radio, Inc.*  
ELLERY W. STONE . . . . . *Vice President, International Telephone and Telegraph Corporation*  
TED B. WESTFALL . . . . . *Executive Vice President, International Telephone and Telegraph Corporation*

<sup>°</sup> EXECUTIVE COMMITTEE

### Officers

- Harold S. Geneen . . . . . *Chairman and President*  
Ted B. Westfall . . . . . *Executive Vice President*  
Raymond L. Brittenham . . . *Senior Vice President and General Counsel*  
Hart Perry . . . . . *Senior Vice President and Treasurer*  
Henri G. Busignies . . . . . *Senior Vice President*  
Edward J. Gerrity, Jr. . . . . *Senior Vice President*  
John Hanway, II . . . . . *Senior Vice President*  
Herbert C. Knortz . . . . . *Vice President and Comptroller*  
John J. Navin . . . . . *Secretary*  
Frank P. Barnes . . . . . *Vice President*  
Joseph J. Bokan . . . . . *Vice President*  
Henry E. Bowes . . . . . *Vice President*  
John G. Copelin . . . . . *Vice President*  
Francis J. Dunleavy . . . . . *Vice President*  
Neil E. Firestone . . . . . *Vice President*  
Frederick R. Furth . . . . . *Vice President*  
Rex B. Grey . . . . . *Vice President*  
John W. Guilfoyle . . . . . *Vice President*  
John C. Lobb . . . . . *Vice President*  
Stanley Luke . . . . . *Vice President*  
Frank J. McCabe . . . . . *Vice President*  
Corbin A. McNeill . . . . . *Vice President*  
R. Edwin Moore . . . . . *Vice President*  
Eugene F. Peterson . . . . . *Vice President*  
Henry H. Scudder . . . . . *Vice President*  
John Seath . . . . . *Vice President*  
Ellery W. Stone . . . . . *Vice President*  
John T. Thompson . . . . . *Vice President*  
Chris J. Witting . . . . . *Vice President*

*The annual meeting of stockholders will be held at 2:00 p.m. on Wednesday, May 12, 1965, in the Grand Ballroom of the Statler Hilton Hotel in Cleveland, Ohio.*



## Highlights

	1964	1963 *
Sales and Revenues —		
Net Sales		
Foreign	\$ 848,338,372	\$ 691,556,942
United States and Territories	567,288,995	631,617,544
Total sales	<u>1,415,627,367</u>	<u>1,323,174,486</u>
Telecommunication Operating Revenues		
Foreign	64,482,348	53,993,892
United States and Territories	61,969,395	53,377,372
Total revenues	<u>126,451,743</u>	<u>107,371,264</u>
Total sales and revenues	<u>\$1,542,079,110</u>	<u>\$1,430,545,750</u>
Net Income	\$ 63,164,072	\$ 55,563,014
Per Average Common Share	\$3.11	\$2.73
Average Common Shares Outstanding during Year	19,300,675	19,182,059
Dividends per Common Share	\$1.10	\$1.00
Net Current Assets (Working Capital)	\$ 308,054,794	\$ 352,558,381
Plant, Property and Equipment, less Reserves	\$ 668,239,898	\$ 575,896,531
Orders on Hand —		
Foreign	\$ 688,000,000	\$ 632,000,000
United States and Territories	316,000,000	287,000,000
Total	<u>\$1,004,000,000</u>	<u>\$ 919,000,000</u>
Number of Employees	185,000	175,000
Number of Stockholders	104,413	100,269

\*Restated to include data relating to companies acquired in 1964 in poolings of interests.





of \$3.11 per average common share outstanding. This represents an increase of 14% over 1963 earnings of \$2.73 after restatement for acquisitions, and \$2.70 per share as reported in 1963.

Major advances in all areas of our Company's operations have contributed to this record.

Our objectives in the North American area over the five-year period of 1960-64 have been to increase its share of total System earnings, and to establish above average growth potential in the area. We have made substantial progress toward these objectives.

Highlights of our U. S. operations in 1964 included significant improvement in the earnings of our commercial and industrial business, particularly instrumentation and controls, and heating and air conditioning equipment. Total U. S. military sales showed a decline from 1963 levels, principally because of a 19-week strike at our major U. S. defense research and manufacturing facility, resulting in the deferment of substantial military shipments to the government. Most of these deferred shipments will be delivered in 1965.

In Europe, ITT's largest market area, our sales increased 108% in the last five years. We added some 10 million square feet in new factories and laboratories to serve our customers in the European countries in which we operate. The total increase represents a five-year plant expansion of 75% and \$165,000,000 of plant investment. This growth was financed largely out of retained earnings and depreciation, and by better utilization of our working assets.

Our traditional government telephone and telegraph markets continue to grow steadily and non-cyclically, in step with Europe's continuing eco-

#### TO OUR STOCKHOLDERS:

In 1964 International Telephone and Telegraph Corporation reached the highest levels of earnings and sales in its 44-year history. It was the fifth successive year under the present management that ITT has set new records for sales, net income and per share earnings.

Total 1964 sales and revenues for the worldwide ITT System amounted to \$1,542,079,000, an increase of 8% over the 1963 sales of \$1,430,546,000, after restatement for operations of companies acquired in "pooling of interests" transactions in 1964, and 9% over the \$1,414,146,000 sales reported in 1963.

Net income for ITT and its consolidated subsidiaries reached an all-time high of \$63,164,072, an increase of 13.7% over the \$55,563,014 for 1963, after restatement for acquisitions.

Earnings also reached a new record

#### President's Summary



conomic upswing. The European market alone for telecommunications is estimated to be more than \$24 billion over the next 10 to 15 years.

We are also developing in Europe new markets and new products. European consumer products, principally radio and television, are now making a major contribution to our earnings. Our sales in 1964 of these products reached approximately \$135 million, representing over 17% of our total sales in Europe. Our sales of electronic components, largely to commercial industrial customers, continue to grow, and accounted for 10% of our European sales. We have initiated new Europe-wide manufacturing and marketing activities in controls and heating, and air conditioning, paralleling our new product expansion in North America. This follows our policy of moving acceptable products between our major market areas.

During the 1960-64 period, we have developed better control and security for our South American assets and earnings. Furthermore, in February 1965, our telephone subsidiary in Chile established a firm operating base for the future by negotiated agreement, subject to approval of the Chilean Congress, to effect a broad expansion of Chile's over-all communications system. The agreement calls for the government and people of Chile to become shareholders in the Chile telephone company as it carries out a five-year program for adding 185,000 new telephones, and for expanding our manufacturing operations in Chile to supply the equipment required for this program.

South American markets, which are so close to the United States in government, business, and personal relations, we believe will grow increasingly important in furthering our mutual

trade. The accelerating development of the South American economy even now is creating new and challenging market opportunities for the future.

Your management's estimate of the Company's prospects, during the next five years in each of the world areas where we operate, is for continuation of the steady increase in earnings and sales that has characterized our growth since 1959.

In the field of consumer and financial services, ITT early in 1965 reached an agreement in principle for acquisition of the Avis Rent-A-Car System, New York, second largest in the world; and acquired controlling interest in Hamilton Management Corporation of Denver, Colorado, which is investment adviser and distributor of Hamilton Funds, Inc., and which is also in the life insurance business through its subsidiary, Alexander Hamilton Life Insurance Company.

A key management objective since 1959 has been the building of a central headquarters management group responsible for coordinating the Company's worldwide operations. As a result of our growth of the past five years, and with our second five-year program in view, we strengthened this central management group at the end of 1964. Your president and chief executive officer was named to the additional post of chairman. Ted B. Westfall, a vice president and group executive since October 1960, and a member of the board of directors since 1963, was named executive vice president. A Management Policy Committee, consisting of the executive vice president and five senior vice presidents, was established to assist your chairman and president in policy matters. These senior vice presidents are R. L. Brittenham, general counsel and a member of the board of directors;

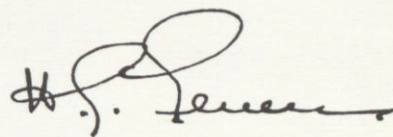
Henri G. Busignies, general technical director; E. J. Gerrity, Jr., in charge of corporate relations; John Hanway, II, director of administration; and Hart Perry, treasurer and member of the board of directors.

In recognition of our major participation in the Communications Satellite Corporation, two members of our board were elected directors of COMSAT during the past year. They are Eugene R. Black and Ted B. Westfall.

As an American-based international enterprise from the date of its founding in 1920, ITT has long been aware of the importance of favorable export balances and is in full accord with President Johnson's program that seeks the voluntary cooperation of American business in improving our balance of payments. In 1964, ITT received the President's "E" Award for Excellence in exporting in recognition of the Company's role in increasing U. S. foreign trade, a key objective of the President's program.

Our progress during the past five years was made possible by the efforts and loyalty of ITT's customers, suppliers, and the 185,000 men and women of the ITT System in more than 100 companies in 51 countries of the world. On behalf of the board of directors, I take this opportunity to express our appreciation for their contribution to the continuing growth of ITT.

For the Board of Directors



Chairman and President

March 15, 1965



## North America



ITT's activities in the North American area continued to expand during the year. Earnings of the North American area's manufacturing and telecommunications companies reached a new high in 1964. Commercial industrial sales in the North American area moved closer to a balance with our sales to the U. S. government, accounting for 47% of the area's total sales as compared to 38% in 1963 and 26% in 1959.

We added more than 400,000 square feet of new capacity to the area's manufacturing and research facilities during 1964, raising the total to 9.5 mil-

lion square feet, or an increase of 115% since 1959.

### Commercial Industrial Activities

In 1964, the combined sales of our commercial industrial products group companies were approximately \$115 million. This group includes those companies that manufacture controls, instrumentation, and automation equipment and systems; selected heating, ventilation, and air conditioning equipment and systems; and industrial pumps and compressors, generators, pneumatic tubes, and crop sprayers.

Among interesting product developments of this group during the year was a tree spraying device that offers orchard growers the possibility of increased crop protection, higher quality crops, and operational costs below those of conventional sprayers.

Our telecommunication manufacturing and service activities were consolidated during the year as the Commercial Telecommunications Group.

Products of our manufacturing companies include microwave and carrier systems, telephone switching equipment, automatic toll-ticketing systems,

*Left:* Technicians check ITT heat exchanger as bundles of tubes await assembly into other heating and cooling units.

*Right:* U. S. Vice President Hubert H. Humphrey and ITT chairman and president Harold S. Geneen at dedication of ITT-operated Kilmer Job Corps Center, Edison, New Jersey, on March 13, 1965.





microwave carrier equipment, and telephone subscriber equipment.

The group's service activities include mobile telephone and radio-telephone utilities, one-way paging, mail, and desk services; rental or sale of ocean-going shipboard radio and navigation equipment, as well as specialized equipment for ITT's expanding international communications network and other ITT companies.

During the year, our ITT Caribbean Manufacturing, Inc. (Puerto Rico) contracted for more than 18,000 lines of Pentaconta crossbar telephone

switching equipment to customers in such widely separated areas as South Vietnam and Costa Rica. ITT engineers and installers in South Vietnam also established a training program for local personnel who will operate the new central offices. Our Puerto Rican-made equipment was also sold in the United States, Virgin Islands, Mexico, Jamaica, Surinam, Grand Cayman, and Puerto Rico itself.

#### **Components Activities**

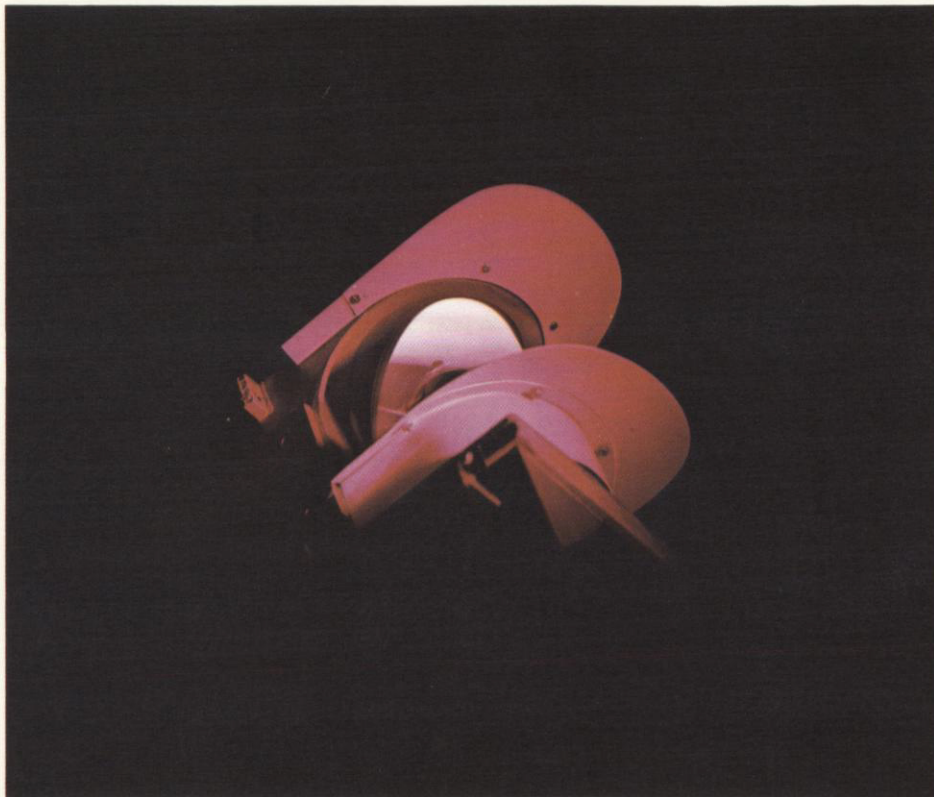
We have continued to strengthen our position in the field of components,

which are vital to the quality of electronic telecommunication equipment.

Our acquisition of certain semiconductor assets of Clevite Corporation early in 1965 has added substantial research and development strength to our domestic components operations and to our productive capacity in this field abroad.

In 1964, we opened our new semiconductor facility in West Palm Beach, Florida, which supplements the production of our plant manufacturing diodes at Lawrence, Massachusetts. We completed a new plant at Easton,





Pennsylvania, to consolidate production of vacuum and gas tubes. A non-exclusive license agreement with Fairchild Camera and Instrument Corporation, entered into during the year, further increased our capability for the future in the field of discrete semiconductor devices and integrated circuitry.

We continued to contribute to the nation's space program. For example, our infrared camera was aboard NASA's Nimbus weather satellite launched late in the year. Known technically as a high-resolution in-

frared radiometer, this device made possible the first successful space-satellite photographic coverage from the night side of the earth. In addition, our special multiplier phototubes of ITT design and manufacture were the sensing devices used in the widely publicized high-altitude balloon experiments investigating the upper atmosphere of the planet Venus, which strengthened the hypothesis that life exists on that planet.

In the expanding field of micro-miniature connectors, we increased our exports and opened a new fac-

tory in England. We continued as the sole supplier of missile connectors for the Polaris program and as the principal supplier of connectors for the Apollo and Gemini programs. We also extended our leadership in the manufacture and research of non-thermionic vacuum devices used in every modern high-power transmitter in the frequency range from low to very high.

We established the new ITT Wire and Cable Division, which includes our Royal Electric Corporation and Surprenant Manufacturing Co. in the United States and our Royal Electric Co. (Quebec) Ltd., in Canada. This division's expanded product line now includes wire and cable products ranging from the common household extension cord and plug fuse to the most sophisticated submarine water-blocked cables and aerospace instrument wiring.

#### **Activities for the U.S. Government**

Our capabilities as a major supplier of electronic and telecommunication equipment and systems for the military and non-military requirements of the U. S. government continued to be outstanding in 1964—in the variety and scope of activities in which we are engaged, and in the broad range of government agencies that we serve.

Numbered among our customers were the Army, Navy, Air Force, Coast Guard, Federal Aviation Agency, and the National Aeronautics and Space Administration. Equipment we sup-

*Left:* ITT's Nimbus weather-eye camera in 1964 took the first successful space photos of earth's weather by night.

*Right:* Data-display central of comprehensive control system developed by ITT for the Strategic Air Command.



plied included field communication equipment, ground and shipboard radar, sonar and shipboard and airborne communication equipment, ground and missile communication equipment and satellites, and communication and control equipment and systems.

Although our U. S. defense sales declined in 1964, due primarily to a strike at our principal U. S. research and manufacturing facility during the last quarter of the year, we maintained our strong position as a prime contractor to the U. S. military. The strike, which impaired our ability to make deliveries to various government customers, was settled in January 1965.

Major developments in this field of our activity during 1964 follow:

While continuing as a major supplier to U. S. defense needs, we undertook a new program designed to apply the skills we have acquired in the military markets to opportunities outside these markets. Our first success was the award of a sizable contract from the Office of Economic Opportunity to operate and maintain a Job Corps Men's Training Center at Camp Kilmer, New Jersey.

Our geodetic satellite built for the U. S. Army was launched successfully. This vehicle was designed to work with a network of ground stations to provide more accurate geographical data on continents, islands, and other landmarks.

Also, we were selected by the Communications Satellite Corporation to design jointly with TRW Space Tech-



nology Laboratories a communications satellite that will provide 1200 channels and will have an operational life of five years or more.

As a result of our pioneering efforts in the design and production of transportable space communications ground stations, we are now working on a modular concept of a ground station capable of providing limited or high capacity traffic handling ability with either a synchronous or medium-altitude system.

ITT System companies designed and engineered, supplied the material,

installed the equipment, and will test and operate an over-the-horizon and line-of-sight communication system linking Belgium, France, Germany, Italy, and Spain.

We continued to maintain and operate the Distant Early Warning Line of radar defenses extending from Bering Strait to Iceland. Additionally, we were selected by the Air Force to operate and maintain its North Atlantic Radio System, which is linked to the Distant Early Warning Line, and to implement 29 additional communication sites that will extend Air





Force communications in Northern Italy, Crete, and Eastern Turkey.

We strengthened our leadership during 1964 in the military radar field with large-scale production of newly developed, transistorized Ground Controlled Approach radars, and early in 1965 we were awarded a multi-million-dollar contract by the U. S. Navy for shipborne radar equipment.

We will play an important part in the nation's Project Apollo moon-launch program, having been selected by the National Aeronautics and Space Administration to supply instrumentation support services for the

Merritt Island Launch Area at Cape Kennedy, operations center for the moon-launch.

Our leadership in the field of navigational equipment extends beyond our government activity, and additional orders for our ITT DME-100 (distance measuring equipment) were received from Pan American, Allegheny, and National Airlines.

We divested ourselves of ITT Intelcom, Inc. and ITT Communication Systems, Inc., companies involved in systems-design work for satellites and ground communications respectively. This action will permit us to continue

to bid on hardware contracts in these important areas without concern over procurement regulations relating to possible conflicts of interest.

#### ITT World Communications

The U. S. operating networks and facilities of our American Cable & Radio Corporation system were reorganized in 1964 under the name of ITT World Communications Inc., which is now part of our International Communications Operations.

1964 also witnessed a continuation of the favorable growth pattern of ITT's international communications activity. Compared with 1963, record communications expanded significantly. Telex communication increased 32% and leased circuit revenue 30 per cent.

Overseas telephone message traffic climbed to a level of 18% over 1963.

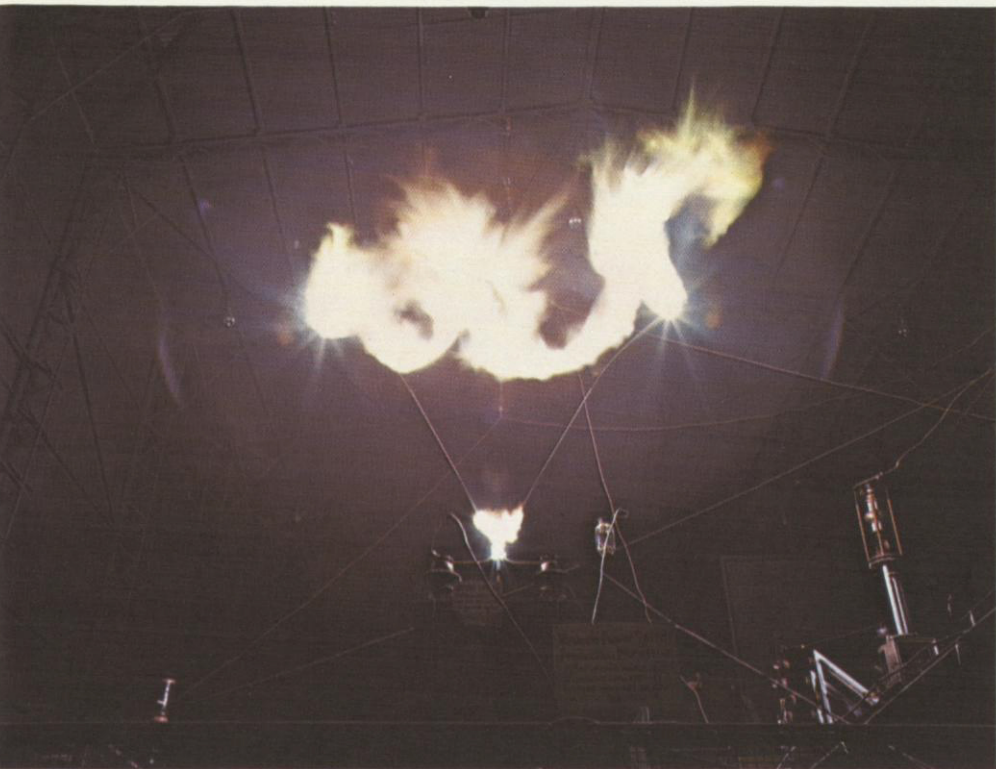
ITT World Communications put into operation during 1964 the world's first international commercial voice-data service, linking Pan American World Airways communications centers in the United States and the United Kingdom. We are at work on other such links for the same and other customers in the Caribbean and Pacific areas.

Our companies in Puerto Rico and the Virgin Islands met the rising demand for communication facilities in 1964 by increasing from 24 to 100 the number of voice circuits between them, and by connecting with the new submarine coaxial cable between the Virgin Islands and the U. S. main-

*Left:* Newest version of ITT's mobile, self-contained Ground Approach Radar.

*Right:* The same high voltage shown here in open air is interrupted by ITT vacuum contacts with little or no arc and minimum contact-erosion.





land. The addition of this cable also permitted the expansion of telephone circuits between Puerto Rico and the U. S. mainland from 75 to 131.

The inter-island and overseas toll traffic of our Virgin Islands Telephone Corporation increased 37% in 1964 over 1963, and continuation of a high rate of growth is expected as a result of the opening of the St. Thomas-Florida submarine telephone cable in December 1964.

Despite the rapid advances which have been made in satellite communication, we believe there will continue to be a need for many years to

come for our present type of cables, as well as for the newer transistorized cables. ITT has demonstrated its faith in the future of satellite communications through its extensive developments in the satellite field as well as its investment of \$21 million in the common stock of Communications Satellite Corporation, in which ITT is the second largest stockholder.

#### **Financial Services**

In 1964 our company expanded its financial services with a program of diversification into selected activities in this field.

ITT Financial Services Inc., a new subsidiary, was created as the corporate vehicle for these operations. At year end, our financial services included ITT Aetna Finance Company, Kellogg Credit Corporation, ITT Credit Corporation and a 50% interest in Great International Life Insurance Company.

ITT Aetna Finance Company, a consumer finance organization, operates 207 offices in 25 states, with approximately 1,200 employees. Its operations also include American Universal Life Insurance Company, a wholly-owned subsidiary. We expect continued growth in consumer financing in the United States, and we are studying expansion in this field and in installment sales financing in Europe.

Kellogg Credit Corporation is engaged in financing sales of equipment manufactured in the United States. Kellogg combines both short and long-term financing to meet the needs of the communication industry.

ITT Credit Corporation finances large worldwide capital goods transactions on a long-term basis. During 1964, it extended the scope of its operations and currently provides sales financing assistance to twelve different subsidiaries of almost \$46,000,000.

Great International Life Insurance Company, in which we share equity ownership equally with Georgia International Life Insurance Company, was created to develop a market for the sale of life insurance in overseas countries.



Europe,  
Middle East, Africa



1964 marked a major milestone in the growth of ITT in Europe. Total area sales rose 21% and exceeded the three-quarter-billion-dollar level for the first time, having more than doubled in the past five years. ITT Europe companies achieved a sales volume in 1964 greater than that recorded by the entire ITT System in 1959. Several factors generated this growth.

Sales of our basic telecommunication line steadily expanded within Europe's large and unsaturated markets, and sales to export areas also increased. We moved forward in our other product lines, including consumer goods, components, and avionics. More recently, we added a broad range of industrial products.

Our plant construction and modernization program representing a five-

year investment of \$165 million, added more than 10 million square feet of modern production facilities to our European total, now 23.3 million square feet. At year end, area employees totaled 128,000, of which virtually all were nationals of the countries in which they are located.

Numerous ITT companies in Europe have roots going back several decades, and their growth has contributed to the rise in the economies of the countries which they have served. ITT is proud of its role in the growing European economy. Our factories in Europe not only serve their national markets but also provide a strong manufacturing base for our products in the Middle East and Africa, and other developing parts of the world.

The past five years also saw the con-

tinuation of the area's growth economy, resulting in higher standards of living and purchasing power and fast-rising demands for products and services, with the telephone filling an increasingly important need. This demand stimulated large-scale national growth programs in telecommunications. ITT Europe companies, as the leading suppliers of telecommunication equipment to virtually every major Western European government, will continue to play a major role in these expansion programs.

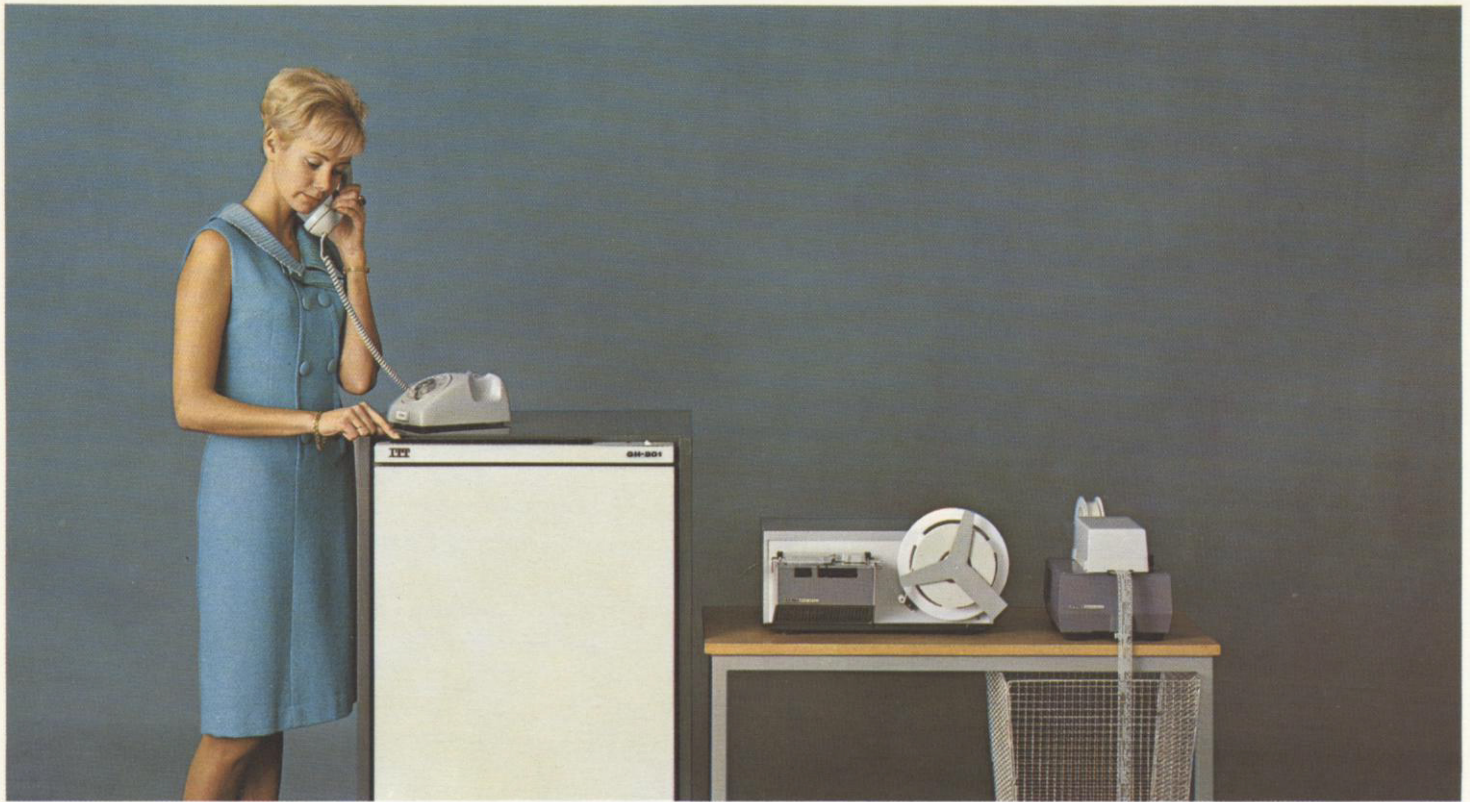
#### Communication Equipment and Systems

Telecommunication maintained its traditional position as our major product group, within which automatic switching again represented the largest single equipment activity. Our telecom-

*Left:* Tiny planar epitaxial transistors are treated with evaporated aluminum at our British company's semiconductor plant.

*Right:* ITT error-detecting and error-correcting system designed in Sweden for data transmission over ordinary telephone lines.





munication sales in Europe, including wire and cable, exceeded \$500 million in 1964, continuing its growth rate of 10 to 12% annually, and accounting for the majority of our total European sales. In automatic switching, ITT companies in Europe have to date delivered over 12 million lines of automatic switching equipment for public service alone.

Our Pentaconta crossbar switching system, developed by our French company under ITT System sponsorship, has over one million lines of equipment already in use, with production coming from our companies in Belgium, France, Italy, Spain, Sweden, and Switzerland.

Our company in Spain is now a high-volume Pentaconta producer in its modern new plant near Madrid.

Another new plant in Spain is turning out large quantities of telephone subscriber sets both for the local market and for export.

Among the numerous Pentaconta installations brought into service during the year, two are notable for their contribution to improved international communications: a new exchange in Paris permits direct dialing for the first time to Germany and the United Kingdom, while a new Rome exchange affords operator-to-subscriber dialing to the U. S. and Canada.

One example of several different ITT approaches to the next generation of switching equipment is our experimental quasi-electronic exchange in Stuttgart.

Included in a record number of private automatic telephone installa-

tions made during the year were two of special interest: an 800-line system equipped with pushbutton sets for the Bayerische Gemeindebank in Munich; and an 1800-line system for one of the largest publishing houses in the U.K. Even the historic Tower of London was supplied with a 100-line system.

Our European companies' position in the field of transmission systems is now significantly strengthened with the introduction of a new range of solid-state equipment. Our latest transistorized microwave equipment, having a capacity of 1800 telephone circuits, has been ordered for important new links between London and Lille, in northern France. In addition to boosting the number of international telephone circuits, the system will pro-





*Left:* New Paris radio-TV center, foreground, was equipped with huge 2,000-line Pentaconta private exchange by one of our French companies (O.R.T.F. photo).

*Right:* New model television receiver in cabinet of antique rural design is a popular product of our Norwegian company.

vide a permanent 625-line link on the English side of the Channel.

In the record communication field, our British and West German companies have together made deliveries to date of more than 150,000 teleprinters, and continue to have a major position in world markets. Both are now well advanced with a new heavy-duty electromechanical machine.

#### **Data Handling and Transmission**

One of the year's important contracts in this field was a contract from NATO for an ITT 7300 ADX automatic data exchange system. To be installed at Allied Forces Headquarters Southern Europe, near Naples, the system will handle all of NATO's operational message traffic in the southern European area. This will include communication with military units in Turkey, Greece, Italy, and southern France, as well as with the U. S. Sixth Fleet in the Mediterranean.

#### **Navigation and Radar Systems**

Our companies again made significant contributions to aviation in 1964 with the supply of navigation systems and related equipment for airborne and ground installations.

An outstanding example of progress in air-traffic control is the new ATC Center pioneered by our Swedish company at Stockholm's Arlanda Airport. This advanced computer-based center demonstrates important new features and techniques for radar pick-up and presentation of aircraft movements to ensure safe and accurately timed flight plans.

The year also saw the successful field-testing of our West German



company's new Doppler-VHF-Omnidirectional Range Beacon (D-VOR), designed to provide improved accuracy in difficult sites. The new equipment meets the requirement of Euro-control for aircraft to navigate with high precision.

### Space Equipment and Systems

Another ITT transportable space communications ground station went into operation in Europe in 1964. Supplied through our principal Spanish company, it is located near Madrid and is serving the Spanish National Telephone Company in extensive satellite communication experiments.

Participation in government-sponsored space programs was a feature of the year's activity for both our West German and British companies. In Germany, we have been entrusted with a major portion of the development of the telemetry and telecommand equipment for the recoverable sounding-rocket program, while from the United Kingdom we supplied command transmitters to the Woomera Rocket Range in Australia. This equipment was used in the control of the successful launchings of the British "Blue Streak" rocket.

### Commercial Industrial Products

During 1964, we continued to develop a new area market for controls and instrumentation, and for selected heating, ventilating, and air conditioning equipment and other industrial products.

ITT, the American Meter Company of Philadelphia, and Mueller Company of Decatur, Illinois, formed a jointly-owned Dutch company for the manufacture and sales of measurement and control devices for natural gas, oil,





water, and other liquids. The discovery of the North Sea gas field is expected to open vast new markets in gas heating throughout Europe. ITT will hold the majority interest in the new company.

During the year we strengthened our capabilities in Europe in development, manufacture, and marketing of silicon planar types of semiconductors, soon to replace conventional receiving tubes in television sets and other consumer products. Our microelectronic thin-film and chip circuits are being used or evaluated by numerous equipment manufacturers for a wide variety of applications, and our British electron tube plant is producing a new range of ultra-high-frequency klystrons, enabling us to participate in television network expansion in this frequency band.

#### Cable and Wire Products

Submarine cable communication systems continue to be a long-range field in which we have unique strength. Our British company's world leadership, both technically and in production facilities, was again reflected by the award during the year of multi-million-dollar contracts.

Our company is one of the prime suppliers of equipment for SEACOM, the South-East Asia section of the round-the-world British Commonwealth telephone cable. As part of a \$7 million contract for routes linking Hong Kong, Jesselton (North Borneo) and Singapore, we supplied 710 nautical miles of armored shallow-water cable and unarmored deep-sea cable, 70 submarine repeaters, and 10 submarine equalizer units.

SEACOM will provide 80 high-quality telephone circuits or the



*Top left:* Our company in Holland supplied equipment for this new telephone exchange at The Hague.

*Bottom:* We are installing multiplexing and microwave equipment in London's Post Office Museum tower.

*Right:* New luxury telephone developed by our British company has illuminated dial.





equivalent in teleprinter or data circuits. It will join later with Australia and with the existing COMPAC and CANTAT cable systems to provide high-quality speech circuits between London, Singapore, and Hong Kong.

The year also saw completion of major British Post Office contracts for new cables under the North Sea — the first direct, high-capacity, submarine telephone cables linking the United Kingdom with Germany, Denmark, and the Netherlands.

Power cable activity is now concentrated in our company in Norway, which has a leading position in that country's market. Sales of its oil-filled high tension cable reached an all-time high in 1964, and were featured by the completion of Norway's most ambitious cable project, the Oslo Fjord

crossing involving six oil-filled cables, each 2000 meters long. At the southern end of Europe, our company in Spain is another major manufacturer of cable and wire for modern communications. Sales have nearly doubled in the past year.

#### **Consumer Products**

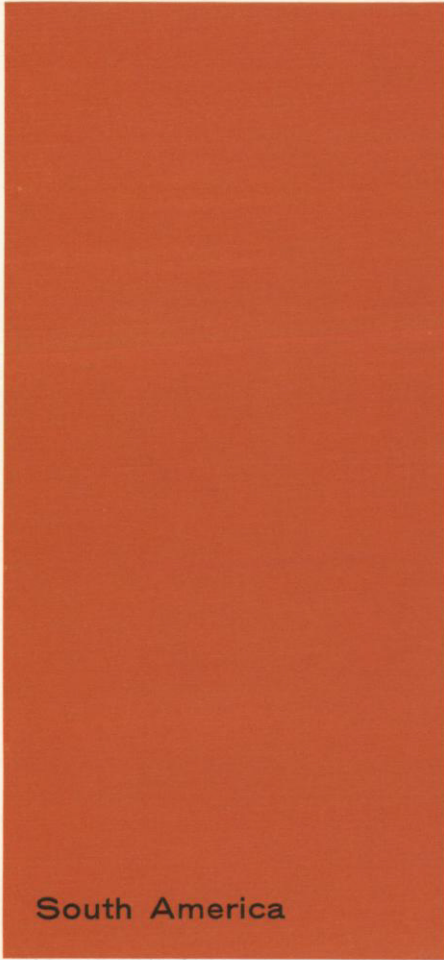
Sales of our consumer products in Europe last year rose to a new high, reflecting the growth in Europe's standard of living as well as the dynamic marketing methods of our European companies. ITT System companies are among the leaders in television, radio and record player sales in the United Kingdom and West Germany, which together account for roughly half of the European market for these products, as well as in France, Belgium,

Switzerland, Portugal and the Scandinavian countries. Our European sales of consumer goods have more than doubled in the past four years.

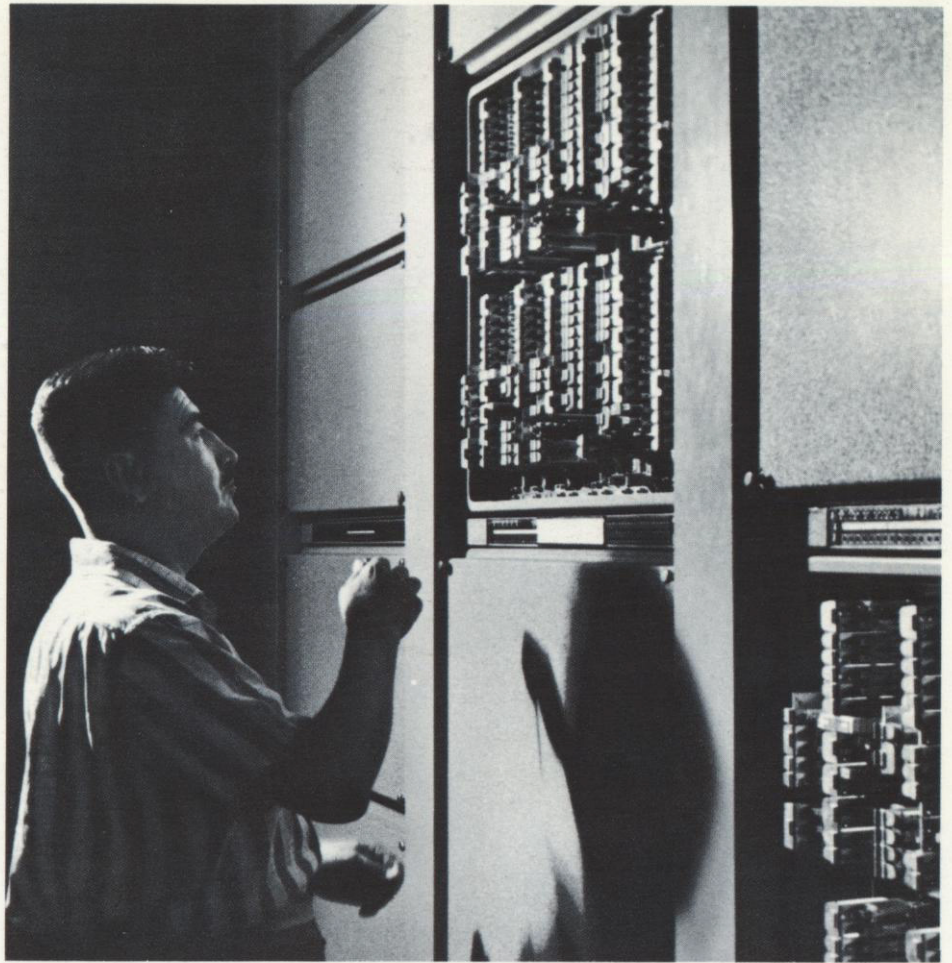
In Switzerland, we are now that country's largest distributor of television and radio sets, while in Portugal we manufacture one in every three television sets sold. Also, in Belgium our sales of refrigeration equipment increased 43% over 1963 and included deliveries for export as well as for the local market.

Our British company during 1964 introduced that country's first 11-inch portable television, called the "Featherlight", aimed at the growing market for second sets. Also launched was a new range of record players selling under our established KB, RGD, Regentone, and Ace brand names.





## South America



During the year, our manufacturing capability in telecommunication and electronics, already foremost in South America, was improved by further automation of production facilities. Increased local fabrication of piece parts and components previously imported also helped to achieve self-sufficiency in this vital sector of the national economies.

### Manufacturing Activities

Our Brazilian company in Rio embarked on an expansion program with a small but important acquisition in

Eletrônica Industrial S.A., São Paulo. The firm is a major producer of capacitors for transmission equipment. With the completion of new facilities in Rio, including an engineering laboratory, our company will have the largest communications transmission factory in South America with a complete line of microwave, radio and carrier equipment.

An important entry in the export market was made in 1964 by our manufacturing subsidiary in Argentina. Plastic insulated wire and switchboard cable were exported to Puerto Rico and

Chile. Manufacture of broadcasting equipment was begun for delivery to Brazil and Paraguay in 1965. Central office telephone switching equipment continued to be exported to Chile. With the emergence of the Latin American Free Trade Association, this progress by our Argentine company, coupled with the capability of our Brazilian factory, places ITT in a strong position for this developing market throughout the continent.

During 1964, our Argentine company entered into full production of Pentaconta central office telephone

*Left:* ITT System's Pentaconta crossbar automatic equipment has been installed in all new telephone exchanges in Chile.

*Right:* Our plant in Buenos Aires has set up new production lines for Pentaconta. Each employee is a specialist in one phase of the assembly process.





switching equipment and saw the first of its Pentaconta exchanges — 3,000 lines — cut into service. Installation was also begun on the first 10,000 lines for an office in Buenos Aires which, at full capacity, will have 50,000 lines.

#### Utility Operations

ITT's telephone operating company in Chile completed the fifth year of its six-year expansion program. Since the beginning of the program, \$95 million has been invested in establishing 38 new telephone exchanges, expanding more than 50 existing exchanges, adding over

83,000 new telephones, and adding more than 670 long-distance circuits.

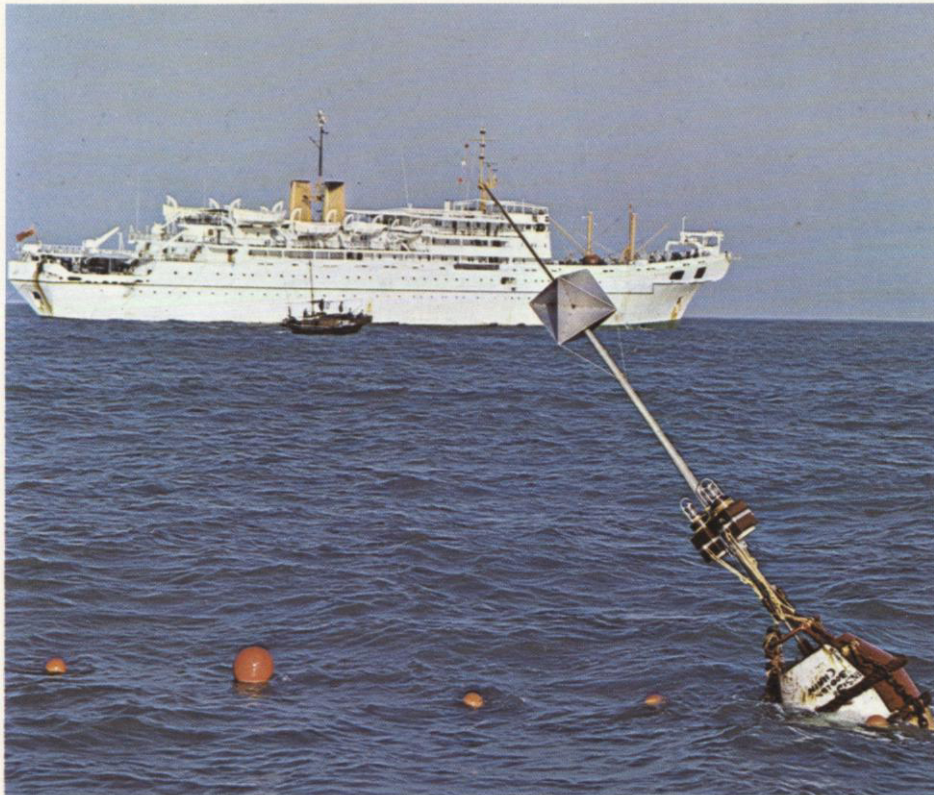
Our telephone subsidiary in Chile early in 1965 negotiated an agreement with the Chilean government for a broad expansion of the telecommunications system. The agreement, which is subject to the approval of the Chilean Congress, calls for the addition of 185,000 new telephones by the end of 1970 and the expansion of long-distance telephone facilities. The agreement also calls for the government and the people of Chile to become shareholders in the Chile telephone com-

pany, and for expansion of our manufacturing operations in Chile to supply the equipment needed for this program.

The agreement also provides that the \$125 million cost of the program will be financed substantially through subscriber investment and funds from internal sources of the company, with the balance to be obtained through borrowings by the Chilean company. The program will permit our company to continue its current expansion program which brought the number of telephones in service to more than 234,000 at the end of 1964.



## Far East and Pacific



ITT activity in the Far East and Pacific Area broadened significantly during 1964. We now have a fully staffed sales company in Hong Kong with field offices in the seven principal markets of the Far East. Order input in the export markets of the Far East increased by 85% in 1964 over the previous year.

Our principal manufacturing base within the area is Australia, where our subsidiary increased its sales by 19% in 1964. Net income during the same period nearly tripled as a result of cost reductions and increased manufacturing efficiency. The company maintained its long-held position as the major supplier of telecommunication equipment to the Australian home

market. Orders on hand at year end were \$28 million.

Sizable export orders were received from locations ranging from the Philippines to Belgium and from Denmark to New Zealand. For these export efforts our company in Sydney received a special award from the Australian government.

In the Philippine Republic, ITT's local subsidiary negotiated two contracts with the Philippine government: one amounting to \$4 million for navigational aids to modernize and improve the Manila International Airport, the other totaling \$12 million for installation of a nationwide telecommunication network, with equipment being supplied by our

companies in Australia, Belgium, Germany, and the United States.

In May, as one feature of contracts worth \$12 million signed with the government of India, we entered into a joint venture to establish a factory at Bangalore capable of turning out 100,000 lines yearly of our Pentaconta automatic telephone switching equipment. The contracts also call for the supply and installation of 48,000 lines of the same equipment at six local exchanges and four trunk exchanges. These contracts set the trend for similar operations in nearby areas and reflect the technical excellence of our Pentaconta crossbar equipment developed by our French company.

*Left:* Cable ship brings new Southeast Asia section of round-the-world Commonwealth telephone cable into Hong Kong from Jesselton, North Borneo.

*Right:* ITT integrated and thin-film circuits containing over 100 transistors, resistors, and diodes cover only a fraction of a common envelope.



PAR AVION

International Telephone & Telegraph Corporation,  
320 Park Avenue,  
New York 22, NEW YORK  
U.S.A.

A major strength of ITT is the System's long continued worldwide research and development program. Dating from establishment of the Company in 1920, this program has contributed to the growth of the electronics and telecommunications industry with many pioneering developments. These include important inventions, patents, and advanced electronic systems for modern telecommunication equipment.

Currently, more than 25,000 scientists and engineers in ITT System laboratories throughout the world are carrying this work forward at a tempo keyed to the fast-unfolding technological changes characteristic of our industry today. These System-wide

efforts in 1964 amounted to \$174 million, compared with the 1963 total of \$170 million.

Results of this continuing program over the past several years have contributed significantly to the Company's recent growth record, while substantially increasing the productivity of its research dollar.

For example:

We have increased the number of voice channels per transmission line for open-wire multipair cable, miniature small-core coaxial cable, and standard coaxial cable. We have multiplied the number of concurrent voice channels transmitted on a single radio link. We have increasingly converted traditional electromechanical switch-

Research  
and Development



ing to new solid-state switches. We have decreased power and weight requirements of once stationary equipment, permitting it to be portable and even airborne.

As the inventors of the pulse code modulation system of communication, which will carry the original signal over any distance with little or no distortion, we have developed the most advanced pulse code modulation technology for long-distance high fidelity transmission. We are also now well along in the development of new materials, circuitry, and structures necessary to microminiaturize the next generation of telecommunication equipment.

Highlights of these developments follow:

### Switching Systems

The telephone, telegraph, and data switching systems under development in our System-wide program range from large exchanges for local and long-distance switching to smaller types for rural use, and also include private automatic branch exchanges, and line concentrators. The techniques explored cover full electronic, semi-electronic, quasi-electronic, and electromechanical.

A notable result of our efforts in the switching area stems from our earlier proprietary work using PNP diodes as switching cross points. These have ultimately led to our development of private automatic exchanges and branch exchanges, and new airborne and portable telephone exchanges that have established new standards of flexibility through provisions for such needs as multiple classes of service and line preemption by higher authority. This has produced advanced de-

sign technology that will be widely applied in the manufacture of commercial automatic exchanges.

Our quasi-electronic telephone system in Stuttgart, Germany, has now operated trouble-free for about 2 billion component hours — an unusual reliability record — since it was first put into service on July 12, 1963.

ITT's proprietary position and continued leadership in pulse code modulation developments have resulted in military and commercial business in France and elsewhere. Also, related developments in the United States, utilizing solid-state integrated circuitry provide long-range, radio-linked, multi-channel capability, and these designs will ultimately have a major impact on commercial transmission systems.

### Transmission Systems

We have been moving forward rapidly in the development of transmission systems for connecting subscriber telephones over both long and short distances by radio and wire.

Microwave-radio relay systems carrying 1,800 speech channels in a single radio beam have been developed by our European companies. These are unique in their almost exclusive use of transistors. In addition, new all-solid-state systems, which use 2,000 megacycles, have been developed by our Canadian and Australian companies, and are finding wide use throughout the world.

New solid-state systems have permitted the development to production stage of small-diameter coaxial cables — no bigger around than a drinking straw — with a capacity of 960 voice channels. Also, landline networks are now capable of 2,700 speech channels

on our new pencil-size coaxial cables. Such high-density channel capacities are expected to be tripled by later developments.

A submarine telephone cable repeater, developed by the British Post Office and designed and engineered for production by our British company for use in submarine cable systems of both British and American designs, will be used in an undersea transmission system carrying 360 voice channels. It can be used in ocean depths of as much as six miles. More than 350 of these amplifiers would be used in a 3,500-mile system, and they are engineered to function for many years.

### Materials and Components

In 1964, new and improved ITT components increased reliability of our equipment, reduced costs and led to new business opportunities.

Among important advances were a new family of high-frequency, high-power transistors for mobile telephone and microwave communication equipment; new low-cost tantalum capacitors for entertainment equipment; improved magnetic materials for microwave transmission equipment; low-cost semiconductors for transistorized television; and new magnetic reed relays for switching applications.

In other developments, ITT electrical connectors are functioning in the vacuum of outer space. Other ITT connectors are withstanding pressures up to 3,000 pounds per square inch in the ocean depths. In more than 1,000 other projects, ITT scientists and engineers in more than 20 countries in the world are investigating component challenges and opportunities in microelectronics and integrated circuitry, lasers, solid-state devices and transistors, vacuum

This new ITT laser detection tube is a forerunner of special-purpose, light-sensitive detectors for commercial, industrial, and space equipment.





tubes, new materials, synthetic crystals, electromechanical devices, capacitors and resistors, and many others.

#### **Integrated Circuitry**

The rapidly emerging and increasingly important technology known as "microcircuitry" and "microminiaturization" promises lower cost and improved reliability in switching apparatus and other telephone equipment. The radically new methods and processes required are now being practiced in pilot operations at our

factories in the United States and Europe.

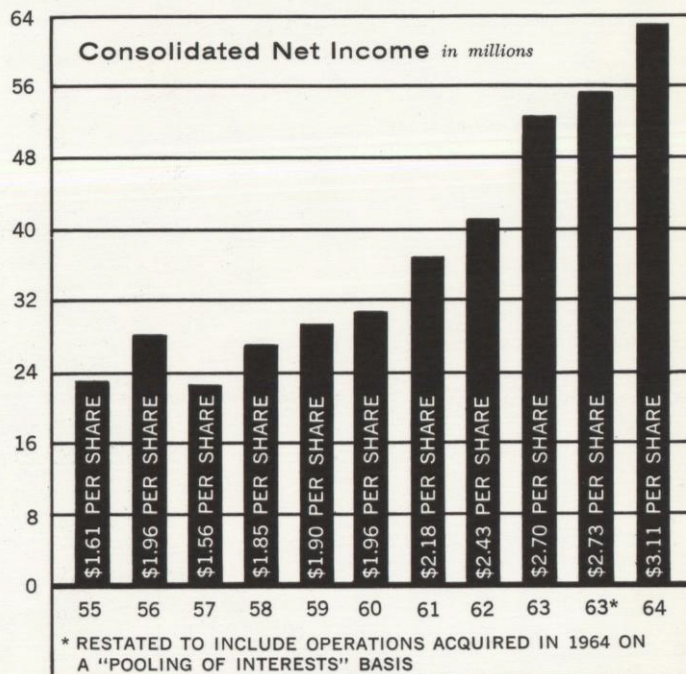
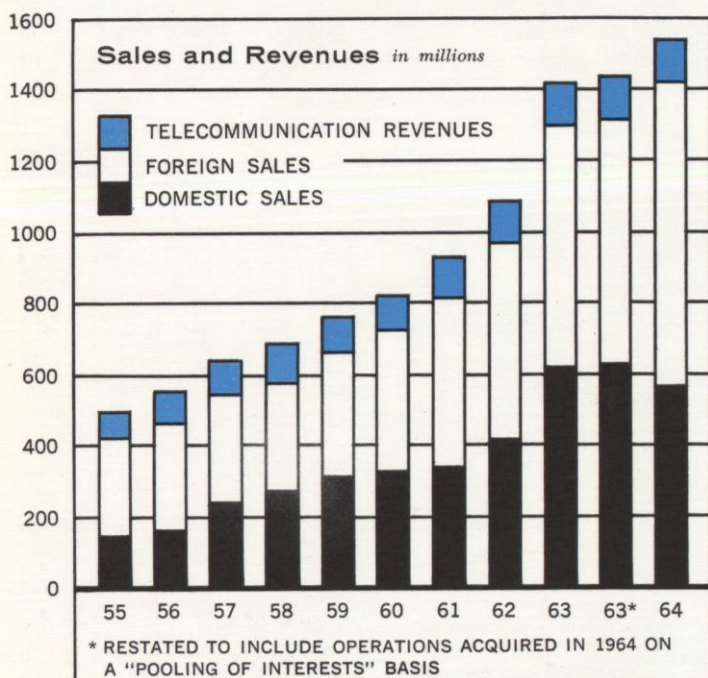
Our British company's work in this field has already been characterized as "one of the most dynamic microcircuit programs in Britain." Its radio altimeter, the most advanced equipment of its kind, recently attracted much attention when shown in a microcircuit version with all-solid-state circuitry using the thin-film type of integral-circuit construction that largely eliminates separate resistors, capac-

itors, and printed circuit boards. This integral-circuit technology was also shown as applied to two types of airborne receivers and one type of airborne transmitter.

Results of our 1964 research and development programs foreshadow significant new advances in land, sea, and space telecommunication business. ITT's research objectives in 1965 continue to be the advancement of materials, equipment, and ideas for the benefit of our customers.



## Financial Summary



ITT's position as one of the nation's outstanding growth companies was further highlighted by the financial results for 1964 — the fifth successive year under present management to show new records in sales and earnings. The fourth quarter of 1964 also marked the 22nd consecutive quarter in which sales, net income and earnings per share have exceeded the same period in the preceding year.

Consolidated net income last year established a new all-time record of \$63,164,072, an increase of 13.7% over the \$55,563,014 for 1963, after restatement for the operations of all companies acquired in "pooling of interests" transactions in 1964.

The earnings in 1964 were equal to \$3.11 per average common share out-

standing, as compared with \$2.73 per share for 1963, after restatement for acquisitions, and \$2.70 per share as reported in 1963 before restatement.

Earnings from our foreign manufacturing operations increased 35% over 1963, and accounted for 54% of total ITT System earnings for 1964. Our worldwide telecommunication activity showed an increase of 15% in net income. In our commercial and industrial products in the United States, we achieved a gain of 16% over the previous year.

Our domestic defense business in 1964 showed a decline from the 1963 level, largely as a result of the deferment of substantial shipments, caused by a 19-week strike at our New Jersey defense operations.

### Sales and Revenues

Worldwide sales and revenues again established a new corporate record. The total of \$1,542,079,000 represented an increase of 8% over the restated figure for 1963 and 9% over the \$1,414,146,000 reported in 1963.

Our largest sales gains last year were achieved in Belgium, England, France, Germany, and Spain. The worldwide sales of our manufacturing operations amounted to \$1,415,627,000, an increase of \$92,000,000 over 1963. Our communications operating companies showed an 18% improvement in gross revenues.

### Orders on Hand

At December 31, 1964 orders on hand amounted to \$1,004,000,000 or 71%



of the 1964 sales of our manufacturing companies. The total backlog was 9% higher than the restated figure for 1963 and represented a new high.

#### **Inventories and Current Receivables**

Inventories and current receivables as of December 31, 1964 represented 48% of the total sales and revenues as compared with 49% for 1963 after restatement for acquisitions. This continued improvement represented an equivalent asset savings of \$15,000,000 in 1964 alone.

Continued emphasis on efficient asset utilization has decreased inventories and current receivables as a percentage of sales from the 60% which prevailed in 1960. The resources made available by this decrease have been essential to financing the continued growth of the company.

#### **Plant Capacity Increase**

Capital expenditures for plant and facilities in 1964 amounted to \$119,000,000, marking the fourth successive year in which such expenditures exceeded \$100,000,000. Funds for the 1964 program were obtained principally from the following sources: depreciation of \$50,000,000, retained earnings of \$40,000,000 and \$29,000,000 from increased utilization of working assets and long-term borrowings.

During 1964, \$54,000,000 was added to the plant in service of our utility companies, and \$65,000,000 was expended in the improvement of our manufacturing facilities. New plants were established in Basildon and Brighton, England; Stockholm, Swe-

den; West Palm Beach, Florida; Easton, Pennsylvania; and San Juan, Puerto Rico.

We also expanded our utility services by major improvements in our telephone switching and cable properties in the South American and Caribbean areas. Depreciation during 1964 amounted to \$50,000,000, including \$14,000,000 for the telecommunication utilities. Rental payments made under long term leases amounted to approximately \$10,000,000 in 1964.

#### **Investments**

In view of the rapidly growing importance of satellite communications as a vital supplementary means of meeting the world's accelerating demand for wider and better communications, we invested \$21,000,000 in the Communications Satellite Corporation in 1964.

#### **Return on Stockholder Equity**

The return on average stockholders' equity in 1964 amounted to 9.9% as compared with 9.2% in 1963, after restatement for companies acquired in "pooling of interests" transactions. The companies added under ITT's acquisition program to date have been assimilated without dilution of earnings per share, and these acquisitions now make a significant contribution to earnings.

#### **Financial Condition**

System-wide cash balances, including temporary cash investments, amounted to \$87,089,000 at the end of 1964, an increase of \$8,009,000 from the previous year's level.

Parent company financing in 1964 consisted of the private placement of \$25,000,000 of 20-year 4<sup>7</sup>/<sub>8</sub>% promissory notes. The final \$25,000,000 of the same series will be issued in the first quarter of 1965 to reduce short-term debt. The borrowings under our \$130,000,000 line of credit amounted to \$26,000,000 at year end.

The foreign manufacturing subsidiaries as a group achieved a reduction in long-term debt of \$10,500,000 during the year.

#### **Dividend Rate Increase**

Reflecting the continuing improvement in sales and earnings in recent years, the Board of Directors in the third quarter of 1964 voted to increase the dividend rate on the common stock to 30 cents quarterly, equivalent to \$1.20 a share on an annual basis, compared with the \$1.00 annual rate which had been in effect previously.

During the year, dividend payments on the common and preferred stocks totaled \$23,617,000, an increase of 29% over 1963 payments of \$18,268,000.

#### **Financial Statements**

The consolidated financial statements of the corporation and its subsidiaries consolidated and the opinion of its independent public accountants are shown on the following pages. A tabulation of net assets by general area of activity is shown in Note 1 to the financial statements. A ten-year summary of the financial highlights of the corporation and its subsidiaries consolidated follows the financial statements.



## Consolidated Balance Sheets

## Assets

	1964	1963
<b>CURRENT ASSETS</b>		
Cash, including temporary U. S. cash investments	\$ 87,088,794	\$ 79,080,138
Accounts and notes receivable, less reserves	315,279,049	295,979,772
Inventories, less reserves	422,828,102	402,639,406
Other current assets	21,711,242	19,400,250
	<u>846,907,187</u>	<u>797,099,566</u>
<b>INVESTMENTS, DEFERRED RECEIVABLES AND OTHER ASSETS</b>		
Finance subsidiaries (Page 32)	39,697,365	35,263,603
Other investments, at cost	56,998,747	34,653,985
Accounts receivable due subsequent to one year, less reserves	29,991,163	30,699,043
Other assets	27,018,985	24,255,428
	<u>153,706,260</u>	<u>124,872,059</u>
<b>PLANT, PROPERTY AND EQUIPMENT, at cost</b>		
Less — Reserves for depreciation	1,025,048,774	892,453,258
	<u>356,808,876</u>	<u>316,556,727</u>
	668,239,898	575,896,531
	<u>\$1,668,853,345</u>	<u>\$1,497,868,156</u>

*The accompanying notes to financial statements  
are an integral part of the above balance sheets.*



as at December 31, 1964 and 1963

Liabilities and Stockholders' Equity

	1964	1963
<b>CURRENT LIABILITIES</b>		
Bank loans and current maturities of long-term debt	\$ 158,182,374	\$ 116,947,701
Accounts payable and accrued charges	336,656,915	286,249,876
Accrued taxes	44,013,104	41,343,608
	<u>538,852,393</u>	<u>444,541,185</u>
<b>DEFERRED LIABILITIES, ETC.</b>	114,367,245	95,321,363
<b>LONG-TERM DEBT (Page 29)</b>	309,794,510	295,355,281
<b>MINORITY EQUITY IN SUBSIDIARIES CONSOLIDATED</b>	45,913,808	45,977,377
	<u>1,008,927,956</u>	<u>881,195,206</u>
<b>STOCKHOLDERS' EQUITY</b>		
Cumulative Preferred Stock –		
Authorized – 1,100,000 shares, par value \$100 per share		
Outstanding in series – 767,703 and 761,746 shares	76,770,300	76,174,600
Capital (common) Stock –		
Authorized – 30,000,000 shares, without par value (stated value \$10 per share)		
Outstanding – 19,360,493 and 19,223,031 shares	193,604,930	192,230,310
Capital surplus	124,998,393	100,392,521
Retained earnings	264,551,766	247,875,519
	<u>659,925,389</u>	<u>616,672,950</u>
	<u>\$1,668,853,345</u>	<u>\$1,497,868,156</u>



**Consolidated Income** for the years ended December 31, 1964 and 1963

	1964	1963
SALES AND REVENUES —		
Net sales	\$1,415,627,367	\$1,323,174,486
Telecommunication operating revenues	126,451,743	107,371,264
	<u>1,542,079,110</u>	<u>1,430,545,750</u>
COSTS AND EXPENSES —		
Cost of sales and operating expenses	1,312,253,886	1,234,865,642
Provision for depreciation	50,713,477	40,357,796
	<u>1,362,967,363</u>	<u>1,275,223,438</u>
	179,111,747	155,322,312
Equity in earnings of finance subsidiaries	4,936,476	3,663,294
	<u>184,048,223</u>	<u>158,985,606</u>
INCOME FROM OPERATIONS		
Dividends, interest and other income	14,431,792	11,872,827
Interest and other financial charges	(36,185,449)	(28,801,175)
	<u>162,294,566</u>	<u>142,057,258</u>
NET INCOME BEFORE TAXES AND MINORITY EQUITY		
U. S. and foreign taxes	(93,060,051)	(81,892,878)
Minority common stockholders' equity in net income	(6,070,443)	(4,601,366)
	<u>\$ 63,164,072</u>	<u>\$ 55,563,014</u>

**Consolidated Retained Earnings**

BALANCE — Beginning of Year, as previously reported		\$ 243,816,091
Add — Undistributed earnings of companies in poolings of interests		12,075,051
	\$ 247,875,519	<u>255,891,142</u>
BALANCE — Beginning of Year, as restated		
Add (Deduct) —		
Net income	63,164,072	55,563,014
Dividends of the Corporation —		
Preferred stock	(2,812,609)	(1,214,221)
Common stock — \$1.10 and \$1.00 per share	(20,804,142)	(17,054,212)
Dividends of companies prior to poolings of interests	(816,646)	(4,242,495)
Transfer to capital surplus, as required by Maryland law, of undistributed earnings of companies in poolings of interests	(22,054,428)	(35,117,709)
Provision for abandonment of certain Caribbean and South American cable facilities — net of taxes	—	(5,950,000)
	<u>\$ 264,551,766</u>	<u>\$ 247,875,519</u>

The accompanying notes to financial statements are an integral part of the above statements.



## Long-Term Debt - December 31, 1964

INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION —		
4 $\frac{7}{8}$ % Promissory Notes due 1984 (Total borrowing of \$50,000,000 to be completed in 1965)	\$ 25,000,000	
4.90% Sinking Fund Debentures, due 1987	50,000,000	
5 $\frac{1}{4}$ % Promissory Notes, due 1976	15,000,000	
5 $\frac{7}{8}$ % Senior Notes, due semi-annually 1966-80	6,200,000	
4 $\frac{7}{8}$ % Convertible Subordinated Debentures, due 1983	4,146,100	
5 $\frac{1}{4}$ % Convertible Subordinated Notes, due semi-annually 1971-75	4,000,000	
Other	5,324,514	\$109,670,614
<hr/>		
UNITED STATES MANUFACTURING SUBSIDIARIES CONSOLIDATED —		
INTELEX SYSTEMS INCORPORATED —		
5 $\frac{1}{4}$ % First Mortgage Notes, Series A, on plant and property leased to U. S. Post Office, due monthly to 1980	12,527,555	
OTHER	1,258,234	13,785,789
<hr/>		
TELECOMMUNICATION SUBSIDIARIES CONSOLIDATED —		
Principally U. S. dollars — 5.8%*		72,294,142
<hr/>		
FOREIGN MANUFACTURING SUBSIDIARIES CONSOLIDATED —		
Swiss francs (including \$11,575,000 guaranteed by the Parent Company) — 4.2%*	48,615,000	
German deutschemarks — 6%*	35,301,617	
Sterling — 5.9%*	17,451,972	
Other currencies	12,675,376	114,043,965
<hr/>		
TOTAL LONG-TERM DEBT —		\$309,794,510
(excluding amounts due within one year included in current liabilities)		
* average interest rate.		

The accompanying notes to financial statements are an integral part of the above statement.

## Auditors' Opinion

### ARTHUR ANDERSEN & CO.

To THE STOCKHOLDERS,

*International Telephone and Telegraph Corporation:*

We have examined the consolidated balance sheets of International Telephone and Telegraph Corporation (a Maryland corporation) and its subsidiaries consolidated as of December 31, 1964 and 1963, and the related statements of consolidated income and consolidated retained earnings for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. It was not practicable to confirm receivables from certain governments, as to which, however, we have satisfied ourselves by other auditing procedures. Financial statements of certain foreign subsidiaries, and of companies in poolings of interests for the year 1963, included in the consolidated statements were not examined by us but we were furnished with reports of other auditors thereon.

In our opinion, based upon our examinations and upon the reports of other auditors, the accompanying consolidated balance sheets and statements of consolidated income and consolidated retained earnings present fairly the financial position of International Telephone and Telegraph Corporation and its subsidiaries consolidated as of December 31, 1964 and 1963, and the results of their operations for the years then ended, in conformity with generally accepted accounting principles consistently applied during the period.

New York, N. Y.,

March 2, 1965.

*Arthur Andersen & Co.*



## Notes to Financial Statements

### 1. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of all significant majority-owned subsidiaries except the finance subsidiaries. The investments in the finance subsidiaries are carried at amounts equivalent to the equity in their underlying net assets. Combined financial statements for these finance subsidiaries are presented on page 32.

The consolidated financial statements give retroactive effect to the inclusion of the accounts of, and related shares issued in exchange for, companies in poolings of interests during 1964.

Procedures followed in translating accounts of foreign subsidiaries into terms of U. S. dollars were consistent with those of preceding years. Net assets are translated, generally, at the applicable rates of exchange in effect at the year-end, except for property and investment accounts which are translated at historic cost. Income accounts are translated, generally, at the average rates of exchange prevailing during the year, except for provisions for depreciation which are translated on the basis of the U. S. dollar equivalents of the related net asset accounts. Foreign exchange

gains or losses, including those arising from translation of net assets at year-end, have been included in consolidated net income.

The net income of the Parent Company alone was \$23,752,087 for 1964 and its retained earnings at December 31, 1964 amounted to \$69,465,290 of which \$36,347,763 was available for payment of dividends on capital stock of the Corporation.

The undistributed earnings of foreign subsidiaries included in consolidated retained earnings should not be understood to represent U. S. dollars immediately available, since the retained earnings of some foreign subsidiaries are subject to certain restrictions on the amount of dividends that may be paid and to taxes payable on declaration of dividends.

Approximately 70% of consolidated net income for 1964 (before Parent Company interest and taxes) represents earnings of foreign subsidiaries. A general grouping of net assets as at December 31, 1964 by location and by principal operations, in thousands of dollars, is shown below:

	United States and Territories			Foreign		Other Investments
	Consolidated	Manufacturing	Telecommunication Utilities	Manufacturing	Telecommunication Utilities	
<b>NET ASSETS AT DECEMBER 31, 1964</b>						
Current assets	\$ 846,907	\$261,991	\$ 27,342	\$533,160	\$ 23,659	\$ 755
Investments	96,696	39,479	—	11,983	1,130	44,104
Deferred receivables and other assets	57,010	7,907	2,188	34,889	12,026	—
Plant, property and equipment — net	668,240	110,977	173,137	228,924	155,202	—
	<u>1,668,853</u>	<u>420,354</u>	<u>202,667</u>	<u>808,956</u>	<u>192,017</u>	<u>44,859</u>
Current liabilities	538,852	96,614	70,840	347,904	23,494	—
Deferred liabilities, etc.	114,367	10,447	5,678	84,876	13,366	—
Long-term debt	309,795	123,457	56,450	114,044	15,844	—
Minority equity in subsidiaries consolidated	45,914	—	13,941	23,032	8,941	—
	<u>1,008,928</u>	<u>230,518</u>	<u>146,909</u>	<u>569,856</u>	<u>61,645</u>	<u>—</u>
Net assets	<u>\$ 659,925</u>	<u>\$189,836</u>	<u>\$ 55,758</u>	<u>\$239,100</u>	<u>\$130,372</u>	<u>\$44,859</u>

### 2. INVENTORIES

Inventories, net of applicable reserves, at December 31, 1964 and 1963, are detailed below:

	1964	1963
<b>Manufacturing:</b>		
Finished goods	\$127,065,849	\$118,455,297
Work in process	222,050,144	223,202,962
Raw materials and supplies	101,462,858	86,932,583
	<u>450,578,851</u>	<u>428,590,842</u>
Less progress payments	37,318,352	38,867,904
	<u>413,260,499</u>	<u>389,722,938</u>
<b>Telecommunications:</b>		
Maintenance and construction materials and supplies, generally at average cost	9,567,603	12,916,468
	<u>\$422,828,102</u>	<u>\$402,639,406</u>

Finished goods, raw materials and supplies are stated, generally, at the lower of cost or market. Work in process includes substantial amounts of costs accumulated under firm electronic equipment orders and defense contracts. Under the companies' accounting policies for recording profits on these orders and contracts, the inventory amounts are at or below realizable value.

### 3. CAPITAL STOCK

The following sets forth the outstanding shares of each series of the Corporation's Cumulative Preferred Stock, par value \$100 per share, as at December 31, 1964 and 1963:

	1964	1963
5.25% Series	40,000	40,000
5.25% Series B	28,452	28,452
4% Convertible Series	40,000	40,000
4% Convertible Series B	62,233	62,244
4% Convertible Series C	129,174	129,161
4% Convertible Series D	230,283	229,489
4% Convertible Series E	237,561	232,400
	<u>767,703</u>	<u>761,746</u>

Under terms of the agreements covering the exchanges for assets of certain companies, a maximum of 185,314 shares of the Corporation's Capital (common) Stock are reserved for possible future issuance.

At December 31, 1964, a total of 32,806 shares of the Corporation's authorized and unissued Cumulative Preferred Stock and 274,908 shares of Capital (common) Stock were reserved for conversion of the 4% Subordinated Debentures, the 5% Subordinated Notes of the Corporation and the 5% Convertible Subordinated Debentures of ITT Aetna Finance Company. In



addition, 1,140,753 shares of the Corporation's Capital (common) Stock were reserved for conversion of outstanding shares of Cumulative Preferred Stock, and 65,095 shares of the Corporation's Capital (common) Stock were reserved for conversion of shares of Cumulative Preferred Stock which could be issued under the terms of the Corporation's Subordinated Notes, the Convertible Debentures of ITT Aetna Finance Company and Substitute Stock Options.

Reference is made to the "President's Summary" in this report with respect to the proposed exchange of the Corporation's capital stock for the net assets of Avis, Inc., in connection with which approximately 439,000 shares of the Corporation's Capital (common) Stock and approximately 319,000 shares of the Corporation's Cumulative Preferred Stock may be issued.

#### 4. STOCK OPTIONS

Under the Corporation's several Stock Option Incentive Plans and a Restricted Stock Option, shares of the Corporation's Capital (common) Stock have been made available for options to employees of the Corporation and its subsidiaries. Options granted to September 1, 1959 were generally made exercisable in whole or in part by such employees after two years, but not later than seven years after date of grant. Options granted subsequent to September 1, 1959 are exercisable to the extent of one-third of the optioned shares after two years, to the extent of two-thirds after three years and in full after four years, but not after five years from date of grant. The price for the shares covered by each option prior to June 14, 1961 was 95% of the fair market value of the stock on the date such option was granted. The price for the shares covered by each option granted from June 14, 1961 is 100% of the fair market value on the date such option is granted. As at December 31, 1964, 395,229 shares have been issued on exercise of options since the inception of the Plans. A summary of shares subject to options during the year 1964 is shown below:

Balance, January 1, 1964	429,670
Add — Options granted at \$54.07 to \$60.32 per share	<u>129,750</u>
	559,420
Deduct —	
Options exercised at \$22.56 to \$45.25 per share	35,884
Options cancelled	<u>49,001</u>
	84,885
Balance, December 31, 1964	<u>474,535</u>

At December 31, 1964, 436,504 shares were available for future options.

As part of the poolings of interests with the several companies in 1964 and 1963, the Corporation has also issued options to purchase shares of the Corporation's Cumulative Preferred Stock and Capital (common) Stock as substitutes for stock options held by employees of those companies. The Substitute Stock Options were issued for the number of shares of the Corporation's Cumulative Preferred Stock and Capital (common) Stock which generally would have been issued in respect of the optioned shares of such companies had they been outstanding at the dates of the poolings of interests. As at December 31, 1964, 3,427 shares of Cumulative Preferred Stock and 17,178 shares of Capital (common) Stock have been issued on exercise of the Substitute Stock Options. A summary of shares subject to these options during the year 1964 is shown below:

	Cumulative Preferred Stock	Capital (common) Stock
Balance, January 1, 1964	9,530	42,047
Add (Deduct) —		
Options issued	390	7,949
Options exercised	(2,434)	(15,333)
Options cancelled	<u>(350)</u>	<u>(1,794)</u>
Balance, December 31, 1964	<u>7,136</u>	<u>32,869</u>

#### 5. CAPITAL SURPLUS

Changes in consolidated capital surplus during the year are shown below:

Balance — January 1, 1964, as previously reported	\$ 74,757,122
Add (Deduct) —	
Retroactive effect of transfer from retained earnings, as required by Maryland law, of undistributed earnings of companies in poolings of interests in prior years (exclusive of \$1,680,051 transferred in 1963)	33,437,658
Excess of par and stated value of 113,030 shares of Cumulative Preferred Stock, and 761,114 shares of Capital (common) Stock of the Corporation over capital of companies in poolings of interests	<u>(7,802,259)</u>
Balance — January 1, 1964, as restated	100,392,521
Add (Deduct) —	
Credits arising from —	
Exercise of stock options	1,221,958
Conversion of debentures and preferred stock of the Corporation	186,191
Exchange of debentures of ITT Aetna Finance Company	40,322
Transfer from retained earnings, as required by Maryland law, of undistributed earnings of companies in poolings of interests in 1964	22,054,428
Excess of market value over stated value of Capital (common) Stock of the Corporation issued for investment in Pirelli S.p.A.	926,500
Transactions of companies prior to poolings of interests	544,557
Stated value of 23,755 shares of Capital (common) Stock of the Corporation issued in respect of company acquired in a prior year	(237,550)
Expenses in connection with the issuance of capital stock of the Corporation	(130,534)
Balance — December 31, 1964	<u>\$124,998,393</u>

#### 6. COMMITMENTS AND CONTINGENCIES

In 1964, a subsidiary of the Corporation paid deficiency assessments for Japanese income taxes of approximately \$4,113,000 on profits derived from the sale in 1961 of certain Japanese securities. The utilization of such payments and certain other foreign taxes as credits against U. S. income taxes are, largely as a result of extraordinary losses on cable abandonments, dependent upon future developments. Any amounts not utilized will be charged to retained earnings, the account in which the profits or write-offs were originally reflected.

A U. S. Government Agency has indicated that, under the terms of a contract with such agency, the Corporation may be liable for liquidated damages of a substantial amount for failure to meet delivery schedules specified in the contract. The Corporation believes that negotiations presently in progress will not result in the assessment of any significant amount of damages.

At December 31, 1964, the Corporation and its subsidiaries consolidated were obligated under long-term lease contracts expiring on varying dates to the year 2056. The aggregate annual rentals approximate \$9,100,000 for the Corporation and its subsidiaries consolidated.

The Corporation has guaranteed outstanding debt of a domestic finance subsidiary aggregating \$50,553,352 at December 31, 1964.

The ultimate liability with respect to other guarantees, pending lawsuits, taxes, claims, etc., is not considered to be material in relation to the consolidated financial position.



## ITT Finance Subsidiaries

### Combined Balance Sheets as at December 31, 1964 and 1963

	1964	1963
CASH	\$ 10,184,950	\$ 8,274,476
NOTES AND INSTALLMENT OBLIGATIONS RECEIVABLE, net of unearned income and reserves —		
Affiliated companies	62,887,335	58,707,797
Other customers	168,109,312	137,648,883
INVESTMENTS IN LIFE INSURANCE COMPANIES, at underlying equity	3,733,418	1,957,415
INVESTMENTS IN PROPERTY, leased to affiliated companies	12,856,355	11,709,222
OTHER ASSETS	4,286,825	3,959,082
	<u>\$262,058,195</u>	<u>\$222,256,875</u>
BANK LOANS AND OTHER SHORT-TERM OBLIGATIONS	\$104,820,520	\$ 92,592,430
ACCOUNTS PAYABLE AND ACCRUED CHARGES	7,914,079	6,507,842
LONG-TERM DEBT	109,626,231	87,893,000
	<u>222,360,830</u>	<u>186,993,272</u>
ITT EQUITY —		
Subordinated notes and advances	5,700,000	3,700,000
Capital stock and capital surplus	21,098,430	20,222,821
Retained earnings	12,898,935	11,340,782
	<u>39,697,365</u>	<u>35,263,603</u>
	<u>\$262,058,195</u>	<u>\$222,256,875</u>

### Combined Income and Retained Earnings for the years ended December 31, 1964 and 1963

INCOME (including \$5,080,947 and \$4,030,102 from affiliated companies) —		
Interest	\$ 27,772,923	\$ 22,467,374
Rental income	6,774,049	8,261,774
Commissions and other income	3,517,438	2,844,698
	<u>38,064,410</u>	<u>33,573,846</u>
EXPENSES —		
Interest	10,042,103	8,170,654
Administrative expenses, etc.	20,027,986	18,618,119
U. S. and foreign taxes	4,230,348	3,746,467
	<u>34,300,437</u>	<u>30,535,240</u>
Equity in earnings of life insurance companies	3,763,973	3,038,606
	<u>1,172,503</u>	<u>624,688</u>
NET INCOME	4,936,476	3,663,294
Add retained earnings at beginning of year	11,340,782	10,388,196
(Deduct) dividends	(3,378,323)	(2,710,708)
RETAINED EARNINGS AT END OF YEAR	<u>\$ 12,898,935</u>	<u>\$ 11,340,782</u>



## Ten-Year Summary\* (Dollar amounts in thousands except per share figures)

	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955
<b>RESULTS FOR YEAR</b>										
Sales and revenues	\$1,542,079	1,414,146	1,090,198	930,500	811,449	765,640	687,451	638,669	544,834	489,746
U. S. and foreign taxes	\$ 93,060	87,345	65,812	54,133	50,266	45,343	42,410	41,458	45,237	39,781
Net income	\$ 63,164	52,375	40,694	36,059	30,570	29,036	26,600	22,413	28,110	23,070
Per average common share	\$ 3.11	2.70	2.43	2.18	1.96	1.90	1.85	1.56	1.96	1.61
Dividends per common share	\$ 1.10	1.00	1.00	1.00	1.00	1.00	.90	.90	.90	.65
Gross plant additions	\$ 119,336	123,241	114,584	105,311	66,809	84,219	71,989	56,613	41,040	31,055
Provision for depreciation	\$ 50,713	39,378	30,763	31,341	25,066	27,433	24,516	23,048	19,203	17,908
R & D expenditures	\$ 174,000	170,000	150,000	117,000	126,000	117,000	78,000	67,000	53,000	44,000
<b>YEAR-END POSITION</b>										
Net current assets	\$ 308,055	333,849	296,155	268,422	269,324	222,269	233,963	200,828	203,945	199,986
Plant, property and equipment (net)	\$ 668,240	572,469	462,323	391,347	288,461	355,115	303,609	260,250	229,842	208,021
Total assets	\$1,668,853	1,469,168	1,235,781	1,088,310	923,944	932,269	869,006	799,873	760,838	687,452
Long-term debt	\$ 309,795	293,408	266,815	182,509	148,478	165,512	158,963	97,293	87,841	78,156
Stockholders' equity	\$ 659,925	592,429	483,531	465,061	415,814	415,088	395,739	375,440	365,939	350,747
Common stockholders' equity per share	\$ 30.12	28.58	28.22	27.53	26.52	26.73	26.87	26.16	25.50	24.44
<b>YEAR-END STATISTICS</b>										
Orders on hand	\$1,004,000	917,000	778,000	731,000	623,000	551,000	511,000	485,000	508,000	431,000
Shares of common stock outstanding (thousands)	19,360	18,462	16,629	16,375	15,681	15,530	14,726	14,353	14,353	14,353
Stockholders	104,413	100,269	92,362	94,719	87,818	88,230	67,112	65,642	62,486	58,889
Telephones in service	549,679	517,553	460,980	454,401	430,391	594,405	538,712	495,114	465,767	450,532
Employees	185,000	173,000	157,000	149,000	132,000	136,000	130,000	128,000	122,000	111,000

\* The above data are as reported in the ITT Annual Reports for the respective years, except that per share amounts have been adjusted for 2-for-1 stock split effective February 5, 1959.



## Principal Divisions and Subsidiaries

### NORTH AMERICA

#### MANUFACTURING—SALES—SERVICE

##### Canada

ITT Canada Limited, Montreal  
Royal Electric Company (Quebec) Ltd.,  
Pointe Claire, P.Q.

##### Jamaica

ITT Standard Electric of Jamaica Ltd.,  
Kingston

##### Mexico

Industria de Telecomunicación, S.A. de  
C.V., Mexico City  
Materiales de Telecomunicación, S.A.,  
Toluca  
McClellan, S.A., Mexico City  
Standard Eléctrica de México, S.A., Mexico  
City

##### Panama

ITT Standard Electric of Panama, S.A.,  
Panama City

##### Puerto Rico

ITT Caribbean Manufacturing, Inc., Rio  
Piedras  
ITT Caribbean Sales and Service, Inc., Rio  
Piedras

##### U. S. A.

Airmatic Systems Corporation, Saddle  
Brook, N. J.  
Barton Instrument Corporation, Monterey  
Park, Calif.  
Federal Electric Corporation, Paramus, N. J.  
Industrial Products Division, San Fernando,  
Calif.  
Intelx Systems Incorporated, Paramus, N. J.  
International Standard Electric Corpora-  
tion, New York, N. Y.  
International Telephone and Telegraph Cor-  
poration, Sud America, New York,  
N. Y.  
ITT Arkansas Division, Camden, Ark.  
ITT Bell & Gossett Hydronics Division,  
Morton Grove, Ill.  
Stover branch, Freeport, Ill.  
ITT Cannon Electric Division, Los Angeles,  
Calif.  
ITT Data and Information Systems Divi-  
sion, Paramus, N. J.  
ITT Direct Fired Equipment Division, Co-  
lumbus, Ohio; Mercer, Pa.; Tor-  
rance, Calif.  
ITT Electron Tube Division, Easton, Pa.  
and Roanoke, Va.  
ITT Export Corporation, New York, N. Y.  
ITT Federal Laboratories Division, Nutley,  
N. J.

ITT Financial Services, Inc., New York, N. Y.  
ITT Aetna Finance Company, St. Louis,  
Mo.

Kellogg Credit Corporation, New York,  
N. Y.

International Telephone and Telegraph  
Credit Corporation, New York, N. Y.

Great International Life Insurance  
Company (50% interest), Atlan-  
ta, Ga.

ITT General Controls Division, Glendale,  
Calif.

ITT Gilfillan Inc., Los Angeles, Calif.

ITT Hammel-Dahl Division, Warwick, R. I.

ITT Industrial Laboratories Division, Fort  
Wayne, Ind.

ITT Kellogg Communications Systems Di-  
vision, Chicago, Ill.

ITT Kellogg Telecommunication Division,  
New York, N. Y.; Corinth, Miss.;  
Milan, Tenn.; Raleigh, N. C.

ITT Mackay Marine Division, Clark, N. J.

ITT Marlow Division, Midland Park, N. J.

ITT Mobile Telephone, Inc., San Fernando,  
Calif.

ITT Nesbitt Division, Philadelphia, Pa.

ITT Process Systems Division, Lawrence,  
Mass.

ITT Semiconductors Division, West Palm  
Beach, Fla. and Lawrence, Mass.

ITT Terryphone Corporation, Harrisburg, Pa.

ITT Wire and Cable Division, Pawtucket,  
R. I.; Woonsocket, R. I.; Clinton,  
Mass.

Jennings Radio Manufacturing Corporation,  
San Jose, Calif.

#### TELEPHONE OPERATIONS

##### Puerto Rico

Puerto Rico Telephone Company, San Juan

##### Virgin Islands

Virgin Islands Telephone Corporation, Char-  
lotte Amalie

### SOUTH AMERICA

#### MANUFACTURING—SALES—SERVICE

##### Argentina

Compañía Standard Electric Argentina,  
S.A.I.C., Buenos Aires

##### Brazil

Standard Eléctrica, S.A., Rio de Janeiro  
Eletrônica Industrial S.A., Sao Paulo

##### Chile

Compañía Standard Electric, S.A.C.,  
Santiago

##### Colombia

ITT Standard Electric de Colombia, S.A.,  
Bogotá

##### Venezuela

Standard Telecommunications C.A., Caracas

#### TELEPHONE OPERATIONS

##### Brazil

Companhia Telefônica Nacional, Curitiba

##### Chile

Compañía de Teléfonos de Chile, Santiago

##### Peru

Compañía Peruana de Teléfonos Limitada,  
Lima

### EUROPE, MIDDLE EAST, AFRICA

#### MANUFACTURING—SALES—SERVICE

##### Algeria

Société Algérienne de Constructions Télé-  
phoniques, Algiers

##### Austria

Standard Telephon und Telegraphen Ak-  
tiengesellschaft, Czeija, Nissl &  
Co., Vienna

##### Belgium

Bell Telephone Manufacturing Company,  
Antwerp

ITT Europe, Inc. (branch), Brussels

ITT Industries, Europe Inc. (branch),  
Brussels

##### Denmark

Standard Electric Aktieselskab, Copenhagen

##### Finland

Standard Electric Puhelinteollisuus Oy,  
Helsinki

##### France

Centre Français de Recherche Opératio-  
nelle, Paris

Compagnie Générale de Constructions Télé-  
phoniques, Paris

Les Téléimprimeurs, Paris

Compagnie Générale de Métrologie, Annecy  
Laboratoire Central de Télécommunica-  
tions, Paris

Le Matériel Technique Industriel, Paris

Le Matériel Téléphonique, Paris

Société Industrielle de Composants pour  
l'Electronique, Courbevoie

##### Germany (West)

Standard Elektrik Lorenz Aktiengesell-  
schaft, Stuttgart, and subsidiaries



**Iran**

Standard Electric Iran AG, Tehran

**Italy**

Fabbrica Apparecchiature per Comunicazioni Elettriche Standard S.p.A., Milan

Società Impianti Elettrici Telefonici Telegrafici e Costruzioni Edili S.p.A., Florence

ITT Domel Italiana S.p.A., Milan

**Netherlands**

Internationale Gas Apparaten N.V., The Hague (joint venture)

Nederlandsche Standard Electric Maatschappij N.V., The Hague

**Nigeria**

Kollerich (Nigeria) Limited, Lagos

**Norway**

Standard Telefon og Kabelfabrik A/S, Oslo

**Portugal**

Standard Eléctrica, S.A.R.L., Lisbon

**Republic of South Africa**

Standard Telephones and Cables (South Africa) (Proprietary) Limited, Boksburg East, Transvaal

Supersonic Africa (Pty.) Ltd., Johannesburg, Transvaal

**Spain**

Compañía Internacional de Telecomunicación y Electrónica, S.A., Madrid

Compañía Radio Aérea Marítima Española, S.A., Madrid

Standard Eléctrica, S.A., Madrid

**Sweden**

ITT Norden AB, Barkarby

Standard Radio &amp; Telefon AB, Barkarby

**Switzerland**

Intel S.A., Basle

ITT Standard S.A., Basle

Standard Téléphone et Radio S.A., Zurich  
Steiner S.A., Berne**Turkey**

Standard Elektrik ve Telekomünikasyon Limited Şirketi, Ankara

**United Kingdom**

Creed and Company Limited, Brighton

ITT Industries Limited, London, and subsidiaries

Standard Telephones and Cables Limited, London

Standard Telecommunication Laboratories Limited, London, and other subsidiaries

**FAR EAST AND PACIFIC****MANUFACTURING—SALES—SERVICE****Australia**

Standard Telephones and Cables Pty. Limited, Sydney

**Hong Kong**

ITT Far East and Pacific, Inc. (branch), Hong Kong

ITT Far East Ltd., Hong Kong

**Japan**

ITT Far East and Pacific, Inc. (branch), Tokyo

**New Zealand**

Standard Telephones and Cables Pty. Limited (branch), Upper Hutt, Wellington

**Philippines**

ITT Philippines, Incorporated, Makati, Rizal

**INTERNATIONAL COMMUNICATIONS OPERATIONS**

American Cable &amp; Radio Corporation, New York

All America Cables and Radio, Inc.

Commercial Cable Company, The

ITT Cable and Radio, Inc.—Puerto Rico

ITT Central America Cables &amp; Radio, Inc.

ITT Communications, Inc.—Virgin Islands

ITT World Communications Inc.

Mackay Radio and Globe Wireless of the Philippines

Companhia Rádio Internacional do Brasil, Rio de Janeiro

Compañía Internacional de Radio Boliviana, La Paz

Compañía Internacional de Radio, S.A., Buenos Aires

Compañía Internacional de Radio, S.A., Santiago

Cuban American Telephone and Telegraph Company (50% interest), Havana

Radio Corporation of Cuba, Havana

**ASSOCIATE LICENSEES FOR MANUFACTURING**

(MINORITY INTEREST)

**Australia**

Austral Standard Cables Pty. Limited, Melbourne

**France**

Lignes Télégraphiques et Téléphoniques, Paris

**Italy**

Società Italiana Reti Telefoniche Interurbane, Milan

**Japan**Nippon Electric Company, Limited, Tokyo  
Sumitomo Electric Industries, Limited, Osaka**Spain**

Marconi Española, S.A., Madrid

**THE WORLD OF ITT****North America\***

39,000 employees

9,500,000 square feet

**Europe, Middle East, Africa**

128,000 employees

23,300,000 square feet

**South America**

15,000 employees

1,000,000 square feet

**Far East and Pacific**

3,000 employees

800,000 square feet

**Totals**

185,000 employees

34,600,000 square feet

Sales representatives in most countries

\* Includes Central America and Caribbean



*Transfer Agents for Capital Stock*

Office of the Corporation, 320 Park Avenue, New York 10022  
Continental Illinois National Bank and Trust Company of  
Chicago, Chicago 60690  
Dresdner Bank AG, Frankfurt-am-Main, Germany

*Transfer Agent for Cumulative Preferred Stock, 4% Convertible Series, Cumulative Preferred Stock 4% Convertible Series B, Cumulative Preferred Stock 4% Convertible Series C, Cumulative Preferred Stock 4% Convertible Series D, Cumulative Preferred Stock 4% Convertible Series E, Cumulative Preferred Stock 5.25% Series, Cumulative Preferred Stock 5.25% Series B.*

Office of the Corporation, 320 Park Avenue, New York 10022

*Registrars for Capital Stock*

First National City Bank, New York 10015  
Harris Trust and Savings Bank, Chicago 60690  
First National City Bank, Frankfurt-am-Main, Germany

*Registrar for Cumulative Preferred Stock, 4% Convertible Series, Cumulative Preferred Stock 4% Convertible Series B, Cumulative Preferred Stock 4% Convertible Series C, Cumulative Preferred Stock 4% Convertible Series D, Cumulative Preferred Stock 4% Convertible Series E, Cumulative Preferred Stock 5.25% Series B.*

First National City Bank, New York 10015

*Trustee for 4<sup>7</sup>/<sub>8</sub>% Convertible Subordinated Debentures*  
Irving Trust Company, New York 10015

*Registrar for 4<sup>7</sup>/<sub>8</sub>% Convertible Subordinated Debentures*  
Irving Trust Company, New York 10015

*Trustee for 4.90% Sinking Fund Debentures*  
Morgan Guaranty Trust Company of New York,  
New York 10015

*Registrar for 4.90% Sinking Fund Debentures*  
Morgan Guaranty Trust Company of New York,  
New York 10015

*General Offices*

320 Park Avenue, New York 10022







INTERNATIONAL  
TELEPHONE AND TELEGRAPH  
CORPORATION  
320 Park Avenue, New York, N. Y. 10022

50 4271  
LEVELAND 00 10

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NEW YORK, N. Y.  
PERMIT No. 6367