

24th ANNUAL REPORT

RADIO CORPORATION

OF AMERICA



YEAR ENDED DECEMBER 31, 1943

RADIO CORPORATION OF AMERICA
RCA BUILDING 30 ROCKEFELLER PLAZA
NEW YORK 20, N. Y.

BOARD OF DIRECTORS

ARTHUR E. BRAUN	JAMES G. HARBORD
BERTRAM CUTLER	EDWARD W. HARDEN
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of Labor Relations*

HENRY A. SULLIVAN
Controller

LEWIS MacCONNACH
Secretary

Transfer Agent

The Corporation Trust Company, New York 5, N. Y.

Registrars

Preferred Stock: The Chase National Bank of the City of
New York, New York 15, N. Y.

Common Stock: New York Trust Company, New York 15, N. Y.

**24th ANNUAL REPORT
RADIO CORPORATION
OF AMERICA**



YEAR ENDED DECEMBER 31, 1943



AN EXPERIMENTAL RCA ELECTRONIC TELEVISION RECEIVER WITH A SCREEN
13½ BY 18 INCHES REPRODUCES A DANCE STAGED IN THE NBC STUDIO AT
RADIO CITY AND BROADCAST BY THE NBC PIONEER TELEVISION STATION
WNBT, NEW YORK.

TO THE STOCKHOLDERS OF RADIO CORPORATION OF AMERICA



DAVID SARNOFF
President



JAMES G. HARBORD
Chairman of the Board

THE primary objective of the management and workers of the Radio Corporation of America throughout 1943 was not only to continue, but also to increase the all-out effort in every phase of radio to help in winning the war and to hasten the hour of Victory.

All divisions of RCA—research laboratories, manufacturing plants, broadcasting and communication facilities—are contributing to the conduct of the war. The Company's production of vital radio, sound and electronic equipment for the armed forces of the United States and of the United Nations increased more than 100 per cent over 1942.

The management of RCA is alert to the problems of reconversion, to the post-war application of wartime developments, and to the manufacture and distribution of peacetime products. Post-war planning is being conducted without interfering with the tasks of war.

The radio industry will have television, frequency modulation (FM), facsimile and many other new uses of electronics as potential fields in which to extend the service of radio to the public and to aid in preserving a high level of post-war employment. Television and FM hold great promise. As the pioneer in the broadcasting of sight and sound, RCA continues to lead the way in developing the electronic art of radio vision.

Passing from 1943 to 1944 the Radio Corporation of America entered its 25th year. It was founded in 1919, eleven months after the Armistice which ended the First World War. RCA will observe its 25th anniversary in October, 1944. Its achievements reflect a quarter century of progress in the history of radio. In wireless, RCA established the independence of the United States in the field of international communications, serving the interests of the public and the Government. But its accomplishments in the broader fields of radio and electronics are of surpassing importance today with the Nation again at war.

FINANCIAL REVIEW

The financial statements of consolidated income and earned surplus for the years ended December 31, 1943 and 1942, and balance sheets at those dates, together with the certificate of the public accountants appear on pages 26 to 31.

Income: A condensed statement of income for the years 1943 and 1942, excluding foreign subsidiaries, follows:

	1943	1942
GROSS INCOME FROM ALL SOURCES.....	\$294,535,362	\$197,024,056
COST OF OPERATIONS.....	258,218,910	168,946,769
	\$ 36,316,452	\$ 28,077,287
INCOME BEFORE FEDERAL INCOME TAXES...		
FEDERAL INCOME TAXES.....	26,124,000	19,074,850
	\$ 10,192,452	\$ 9,002,437
NET INCOME AFTER ALL DEDUCTIONS.....		
EARNINGS PER SHARE OF COMMON STOCK		
(Net income after providing for annual		
dividends on Preferred stocks).....		
	50.5 cents	41.7 cents

Taxes: The following figures indicate the upward trend of Federal Income Taxes paid and accrued by the Company during the past four years:

	INCOME BEFORE TAXES	FEDERAL INCOME TAXES		
		AMOUNT	Percent of Income	Equivalent per Share Common Stock
1940	\$13,157,496	\$ 4,245,298	32.2%	\$0.31
1941	26,566,316	16,373,600	61.6	1.18
1942	28,077,287	19,074,850	67.9	1.37
1943	36,316,452	26,124,000	71.9	1.88

In addition to Federal income taxes, the total of state, local, social security and other taxes for 1943 was \$4,723,049, compared with \$3,787,763 in 1942.

Dividends: Regular dividends for 1943 amounting to \$3,152,807 were paid to holders of First Preferred stock. Dividends amounting to \$29,728 were paid on the outstanding 11,891 shares of "B" Preferred stock, which were called for redemption on July 1, 1943.

A dividend of 20 cents a share, amounting to \$2,771,088, was declared on December 3, 1943, and paid on January 26, 1944 to the holders of record as of December 17, 1943 of 13,855,442 shares of Common stock outstanding.

These dividends on Preferred and Common stocks totalled \$5,953,623.

Earned Surplus: After providing for all dividends and adjustments to the surplus account, the total earned surplus at December 31, 1943 amounted to \$41,605,651, an increase of \$8,280,162 over the surplus at the end of 1942.

Working Capital: The following comparative figures show the net working capital at December 31, 1943 and 1942.

	1943	1942
CURRENT ASSETS (Cash, Government securities, notes and accounts receivable, inventories)	\$189,312,778	\$156,555,124
CURRENT LIABILITIES (Accounts payable, provision for Federal Income taxes, dividends payable)	73,977,334	51,742,043
NET WORKING CAPITAL	<u>\$115,335,444</u>	<u>\$104,813,081</u>
BANK LOANS (under V Loan Credit)	<u>65,000,000</u>	<u>75,000,000</u>
EXCESS OF CURRENT ASSETS OVER CURRENT LIABILITIES AND BANK LOANS.....	\$ 50,335,444	\$ 29,813,081

Foreign Assets: The Company's investment in foreign subsidiaries at December 31, 1943 is carried at the net amount of \$3,158,263 on the consolidated balance sheet. Approximately 90% of the assets of foreign subsidiaries are located in Canada and Latin America.

Fixed Assets: Capital additions and improvements during the year in plant facilities and equipment for manufacturing, broadcasting, communications, research and additions to the patent capital account, amounted to \$3,149,548 compared with \$6,897,072 during 1942. At the year-end, total fixed assets (plant and equipment, patents and goodwill) less reserves, were \$37,186,685, compared with \$41,331,942 for the previous year.

Sale of RKO Securities: In April 1943, RCA sold its remaining interest in Radio-Keith-Orpheum Corporation comprising 44,757 shares of 6% Preferred Stock, 316,328 shares of Common Stock and 555,253 Option Warrants. The selling price was \$6,495,747. These securities were carried on the books at \$6,614,434.

THE CONSOLIDATED GROSS INCOME FOR 1943 WAS \$294,535,362

WHERE IT CAME FROM

	IN 1943	IN 1942	INCREASE 1943 OVER 1942	
MANUFACTURING DIVISION	\$211,386,587	\$122,595,597	\$88,790,990	72.4%
BROADCASTING	60,847,401	52,613,910	8,233,491	15.6%
COMMUNICATIONS COMPANIES	18,764,549	14,497,197	4,267,352	29.4%
MISCELLANEOUS	3,536,825	7,317,352	3,780,527*	51.7%*
TOTALS	\$294,535,362	\$197,024,056	\$97,511,306	49.5%

WHERE IT WENT

	IN 1943	IN 1942	INCREASE 1943 OVER 1942	
COST OF RAW MATERIALS, SUPPLIES, SUSTAINING PROGRAM TALENT, RENT, SALES AND ADVERTISING; PAYMENTS TO ASSOCIATED BROADCASTING STATIONS; RESEARCH, ADMINISTRATION, AND OTHER OPERATING EXPENSES	\$156,135,582	\$91,692,770	\$64,442,812	70.3%
WAGES AND SALARIES TO EMPLOYEES	86,534,505	68,129,079	18,405,426	27.0%
DEPRECIATION AND AMORTIZATION	5,925,235	4,015,400	1,909,835	47.6%
PROVISION FOR POST-WAR REHABILITATION AND FOR OTHER ADJUSTMENTS OF WARTIME COSTS	2,955,000	575,000	2,380,000	413.9%
INTEREST	1,945,539	746,757	1,198,782	160.5%
TAXES	30,847,049	22,862,613	7,984,436	34.9%
DIVIDENDS TO STOCKHOLDERS	5,953,623	5,984,825	31,202*	.5%*
CARRIED TO SURPLUS	4,238,829	3,017,612	1,221,217	40.5%
TOTALS	\$294,535,362	\$197,024,056	\$97,511,306	49.5%

* Decrease.

The above figures show the sources and distribution of the consolidated income for 1943 and 1942 of Radio Corporation of America and its wholly owned domestic subsidiaries.

Sale of Blue Network Company, Inc.: In July 1943, acting in conformity with regulations adopted by the Federal Communications Commission restricting the ownership by one organization to a single network in the standard broadcasting band, RCA entered into an agreement for the sale of the Blue Network. The sale price was \$8,000,000 cash, less the amount of dividends paid to RCA by Blue Network Company, Inc., pending consummation of the sale. In October, upon approval by the Federal Communications Commission, the stock of Blue Network Company, Inc. was sold to American Broadcasting System, Inc., in accordance with the agreement.

STOCKHOLDERS

The Radio Corporation of America is owned by approximately 230,000 stockholders—individuals, business organizations and institutions of various types, representative of a wide range of interest throughout America. The RCA management sincerely appreciates the personal interest in the success of the Company expressed by the stockholders. The cooperation and helpful suggestions received from them are especially gratifying.

EARNINGS FOR THE PAST TEN YEARS

(The figures shown for all years prior to 1941 include Foreign Subsidiaries)

YEAR	GROSS INCOME	NET PROFIT BEFORE FEDERAL INCOME TAXES	FEDERAL INCOME TAXES	NET PROFIT AFTER FEDERAL INCOME TAXES	EARNINGS PER SHARE ON COMMON STOCK (Based on present capitalization)
1934	\$78,756,994	\$5,055,114	\$ 805,850	\$4,249,264	\$.074
1935	89,228,898	6,026,673	899,800	5,126,873	.137
1936	101,186,310	7,293,037	1,137,100	6,155,937	.212
1937	112,639,498	11,142,158	2,117,300	9,024,858	.418
1938	99,968,110	9,095,772	1,683,700	7,412,072	.302
1939	110,494,398	10,149,511	2,066,700	8,082,811	.350
1940	128,491,611	13,364,656	4,251,500	9,113,156	.425
1941	158,695,722	26,566,316	16,373,600	10,192,716	.502
1942	197,024,056	28,077,287	19,074,850	9,002,437	.417
1943	294,535,362	36,316,452	26,124,000	10,192,452	.505

LITIGATION

In the Annual Report for 1942 reference was made to a suit brought by the National Broadcasting Company to test the authority of the Federal Communications Commission to issue certain regulations requiring NBC to dispose of several of its broadcasting stations and of one of its two network services, and to revise its contracts with the independent stations broadcasting NBC programs. Upon the appeal taken by NBC in this case the authority of the Commission was upheld by the Supreme Court and the broadcasting regulations thereafter became effective.

Reference was also made to suits against RCA and NBC brought by the Department of Justice and by Mutual Broadcasting System under the anti-trust laws. These suits involved certain of the business arrangements of NBC to which the Commission's regulations affecting network broadcasting were directed. In October 1943, upon motion of the Government, its suit was dismissed. Subsequently the Mutual suit was dismissed on motion of the plaintiff.

The 1942 Annual Report also referred to the fact that the Department of Justice asked the United States District Court in Delaware to vacate the consent decree entered into by the Government, Radio Corporation of America, General Electric Company, Westinghouse Electric & Manufacturing Company and other companies in the settlement of the anti-trust suit in 1932. The Government's motion, which was opposed by RCA and the other companies, was denied by the District Court. An appeal to the United States Supreme Court was taken by the Department of Justice. On the Government's own motion, the Supreme Court dismissed the appeal on March 26, 1943.

MANAGEMENT AND PERSONNEL

In December the Board accepted with sincere regret the resignation of George K. Throckmorton as a Vice-President and Director of Radio Corporation of America. Mr. Throckmorton, who was in charge of operations of the RCA Victor Division, retired for reasons of health, but the company, which in the past has notably benefited from his valuable service, has been fortunate to obtain a continuation of his association as a consultant.

Frank M. Folsom, who previously served as the Chief of the Procurement Branch of the Navy Department and prior to the war had a wide experience as a business and merchandising executive, was elected a Vice-President and a Director of Radio Corporation of America, to succeed Mr. Throckmorton.

On December 31, 1943, RCA personnel numbered 40,553, an increase of 4,966 over the preceding year-end. Of this number, 19,652 or 48 per cent were men and 20,901 or 52 per cent were women.

Throughout 1943 the complete cooperation that existed between management and workers resulted in increased efficiency and output in war-time operations.

The Government's appreciation of the war production achievements

of RCA's many thousands of workers is evidenced by the fact that five Army-Navy "E" flags, the U. S. Maritime "M" pennant, and eight stars, each representing an additional six months of continued excellence in accomplishment, have been awarded RCA. Both flags won in 1942 by RCA Victor Division at Camden and at Harrison, N. J., had two stars added in 1943. The RCA Victor Division at Indianapolis, Ind., and RCA Laboratories at Princeton, N. J., were awarded the Army-Navy "E" flag in 1943. Late in the year a star was added to the Laboratories' flag. The Army-Navy "E" flag of Radiomarine Corporation of America, presented in 1942, gained two stars in 1943; that company also was awarded the U. S. Maritime "M" pennant, which has two stars, and the Victory Fleet Flag. The patriotic efforts of the workers have been further recognized by many commendatory letters and messages from officials of the government and officers of the armed services.

To the "soldiers of production," who through their skill and continued devotion to duty have won these official honors, the Directors express their sincere appreciation. They commend the men and women of RCA for their splendid accomplishments, the results of which are reflected in the success of radio as a vital factor in helping to win the war.

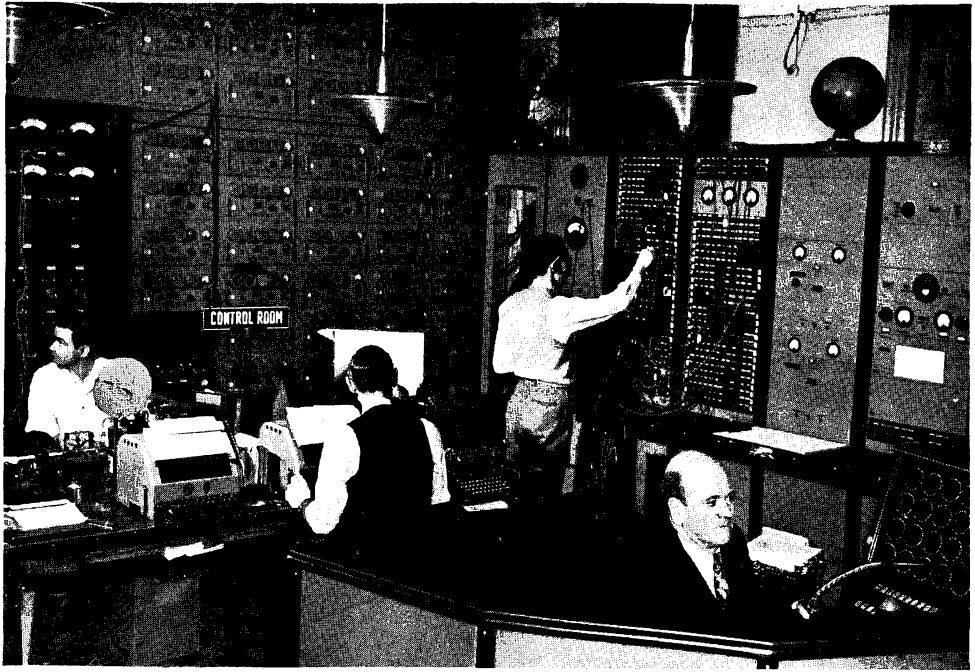
A number of RCA executives, men of research, engineers and radio operators were called into special service on wartime missions for their country. They have contributed greatly to keeping the global lines of communication open on all fronts as indicated by reports from officials of the Army and Navy. At the end of the year 5,918 employees of RCA had joined the armed forces of the United States.

Thirty-two of these men have given their lives to defend and preserve civilization and the American way of life. To them we pay reverent tribute.

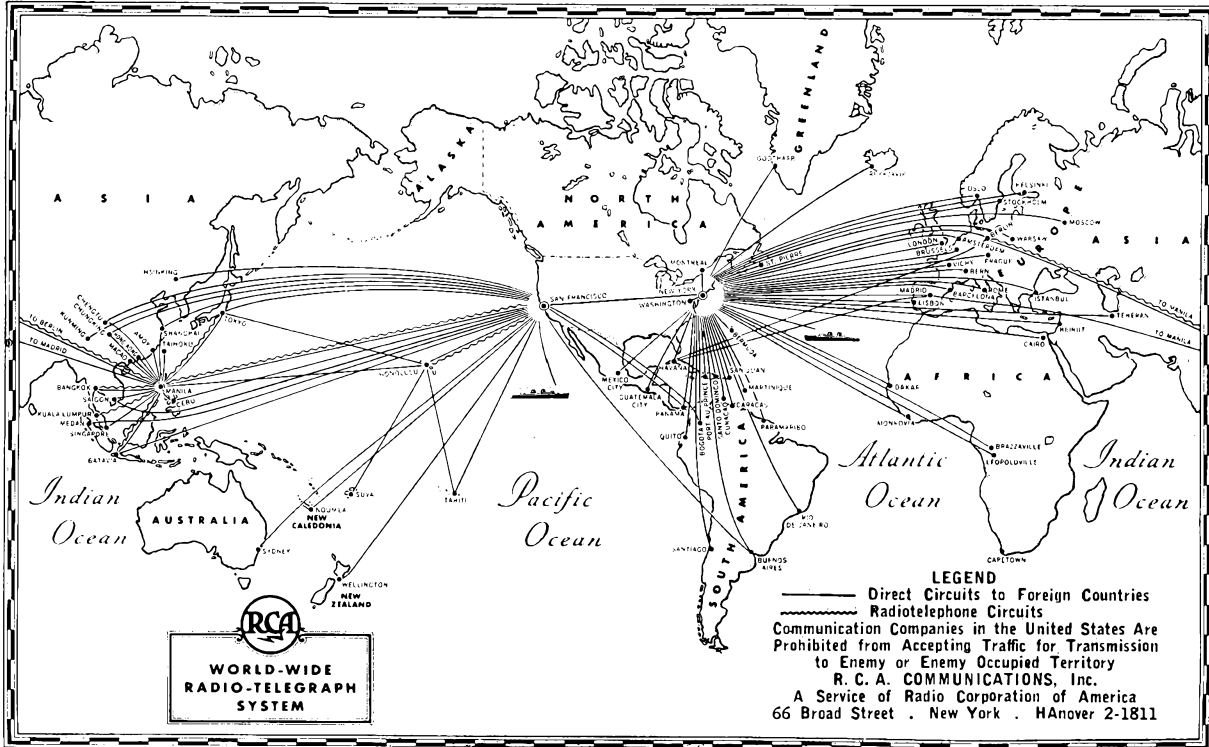
FOR THE BOARD OF DIRECTORS:

JAMES G. HARBORD, *Chairman*
DAVID SARNOFF, *President*

New York, N. Y., February 26, 1944.



RCA CONTROL ROOM FOR ITS WORLD-WIDE RADIO CIRCUITS.



RCA RADIO TELEGRAPH CIRCUITS HELP TO MAKE THE UNITED STATES THE COMMUNICATION CENTER OF THE WORLD.

REVIEW OF RCA OPERATIONS FOR 1943

RADIO is in active service in every theatre of operation in the Second World War because the successful conduct of modern warfare requires the utmost from science and communication. Since radio is a most powerful and far-reaching arm of science, its resources and facilities have been mobilized throughout the world. Radio's speed and flexibility in sound communication are matched only by its applications and great potentialities in visual communication.

Global warfare could not be waged victoriously without rapid and reliable coordination of communications, regardless of distance, natural barriers or the enemy. Radio is everywhere. It travels with the troops in convoy to help protect them. It went with the Army into Africa and into Italy; it landed with the Marines at Tarawa. At every outpost from Iceland to the Aleutians, from the Solomons to Sicily, radio has followed the flag. It was on the beach at Salerno and with the battlefleet and bombers at the Gilbert and Marshall Islands. Because of the efficiency of its radio apparatus, "RCA" is a symbol of dependability on every battlefield.

Radio Coordinates the Offensive

No other force than radio could link the widely separated areas of military and naval operations. In the battles of the islands, whether in the Pacific, Mediterranean or Atlantic, radio coordinates the offensive, prevents isolation of troops and maintains communication vital to successful combat. Great air squadrons could not fly with precision over targets were it not for radio. It directs the flight and guides the pilots. It is the voice of the Command. Transports pass across the seas and air-freights fly over "the hump" to China, under the protection afforded by radio devices.

Weather is a critical factor in global warfare, and a world-wide weather service is vital. It would be impossible to provide such forecasting without radio. Meteorologists at countless weather stations throughout the world, many of them in remote regions where weather is incubated, as in the Arctic, would be isolated and shut off from the rest of the world



GEORGE S. DE SOUSA
*Vice-President and
Treasurer*

HENRY A. SULLIVAN
Controller

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Secretary

EDWARD F. MC GRADY
*Vice-President in charge
of Labor Relations*

were it not for radio. It enables them to communicate with weather bureaus and to flash much needed information regarding winds, clouds and storms to airplanes and ships.

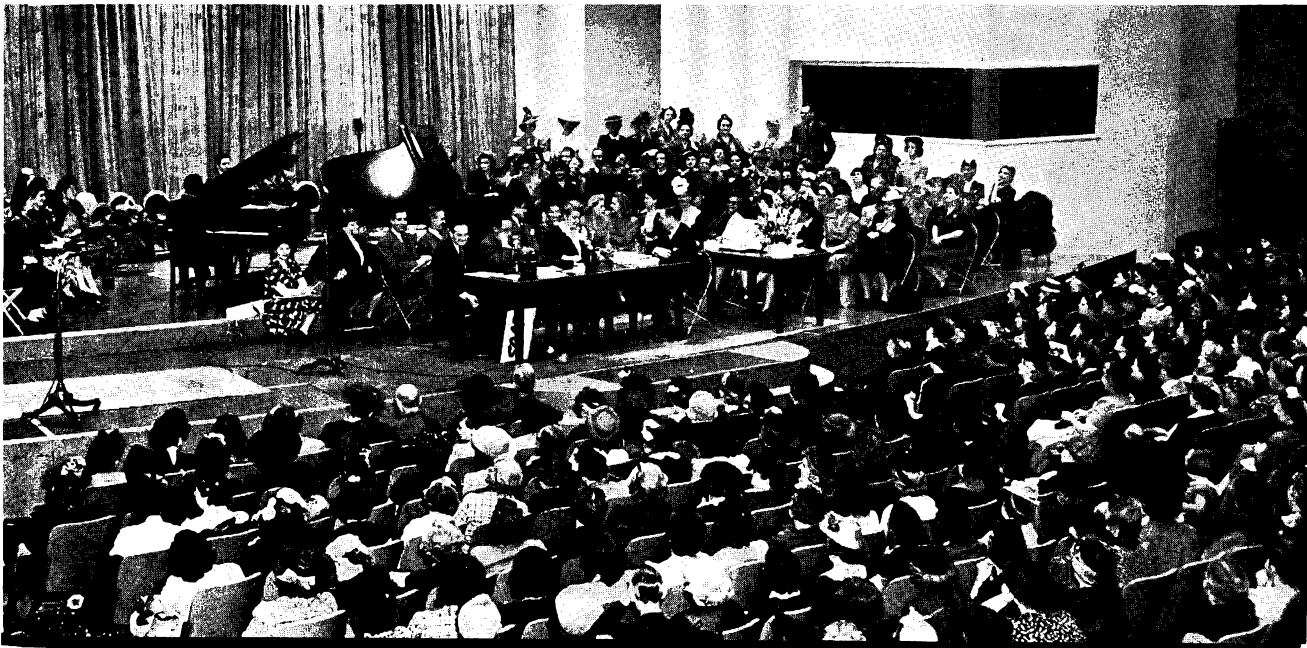
The American system of broadcasting, operating with traditional freedom, is serving the war effort day and night by delivering essential information directly to the home and by helping to unify the people's efforts in the common cause. Americans everywhere hear the hour-to-hour story of the war as revealed by bulletins and eye-witness accounts by correspondents at the front. At the same time, short-wave radio links all nations at wartime outposts. Never has news been disseminated so promptly.

Radio Equipment Widely Used

News dispatches from the battlefronts reveal, within the bounds of military expediency, the outstanding record of radio's achievement in the war. They tell of small portable radio stations strapped to the backs of airborne troops; of handie-talkies operating in fox holes, walkie-talkies at beach heads, announcing systems on flight-decks of aircraft carriers and world-wide communication with range and dependability never dreamed of in the First World War. Trucks, tanks, PT-boats, life-boats and life-rafts are radio-equipped.

Although military secrecy imposes limitations, the review of a year's operations affords appropriate opportunity to gauge radio's vital role in the world today and to measure the significance of wartime developments as they may fit into the pattern of the future.

PROGRAM BEING BROADCAST FROM THE LARGEST RADIO STUDIO IN THE WORLD, 8-H OF NBC, RADIO CITY, NEW YORK, WHICH SEATS AN AUDIENCE OF 1,183.





NILES TRAMMELL
President
National Broadcasting
Company, Inc.

BROADCASTING

The needs of the Nation at war dominated the programs, operations and policies of the National Broadcasting Company during 1943.

No less than 1,702 programs were originated in foreign countries and broadcast over the NBC network during the year. News coverage was considered of such vital importance by the Company that, in October and November, Niles Trammell, President of NBC, and John Royal, Vice-President in charge of International Relations, travelled by plane to the British Isles, Africa and Italy to study re-

portorial problems at first hand and to plan future operations in the European war zone.

Throughout the year, the NBC staff of thirty-six news analysts, commentators and reporters regularly broadcast up-to-the-minute, first-hand reports from strategic locations all over the globe. Among them were: LONDON—Stanley Richardson, John MacVane, Elmer Peterson; NORTH AFRICA and ITALY—Merrill Mueller, Don Hollenbeck, Chester Morrison, Ralph Howard; AUSTRALIA—Edward R. Wallace; SOUTH PACIFIC—George T. Folster; MOSCOW—Robert Magidoff, Henry Cassidy; CAIRO—Grant Parr; ICELAND—Bjorn Bjornson; PANAMA—Peter Brennan; STOCKHOLM—David M. Anderson; BERNE—Paul Archinard; UNITED STATES—H. V. Kaltenborn, Ernest K. Lindley, Alex Dreier, Cesar Saerchinger, Robert St. John, John W. Vandercook, Morgan Beatty, William W. Chaplin, Louis P. Lochner, Richard Harkness, Carey Longmire, Upton Close, Edwin L. Haaker (now in London), Robert McCormick (now in Honolulu).

Since the beginning of 1944, the far-flung news staff of NBC has been augmented by the addition of Lowell Thomas in New York, Max Hill in Ankara, Turkey, Roy Porter in India, and William Kelty in Australia.

Programs Aid the War Effort

While news reports and analyses occupied roughly one-fifth of NBC's total network program hours in 1943, the Company contributed time, talent and facilities for many regular weekly programs of outstanding interest and effectiveness for the purpose of furthering the war effort at home. Typical of such programs were:

THE ARMY HOUR, written and produced by the War Department, of which Secretary Henry L. Stimson has said, "We ask you to look upon the Army Hour . . . as a military operation of the Army of the United States."

THAT THEY MIGHT LIVE, produced by NBC in cooperation with the American Red Cross, to recruit nurses for service with the armed forces, nurses' aides for hospitals, and students for home nursing courses.

FOR THIS WE FIGHT, a series of studies in post-war planning, which has brought many authoritative speakers to NBC microphones, and has enlisted the active support of hundreds of national organizations.

DOCTORS AT WAR, presented in cooperation with the American Medical Association.

LABOR FOR VICTORY, a presentation of the American Federation of Labor and the Congress of Industrial Organizations.

U. S. COAST GUARD ON PARADE, telling the story of the men and women in the Coast Guard services.

YOU AND THE WAR, informing home-folks how they can aid in the war.

The NBC Inter-American University of the Air, presenting an integrated schedule of programs of high educational and cultural value, broadened its scope and increased its audience in 1943. Its schedule included LANDS OF THE FREE, MUSIC OF THE NEW WORLD, THE EDITORS SPEAK and MUSIC AT WAR—each a series of stimulating programs that proved the worth of radio as an educational medium. Programs of the NBC University of the Air are now “assigned listening” in more than 100 colleges and universities throughout the United States. Teachers in training in New York City and elsewhere receive credits based upon their study and use of the Inter-American University of the Air broadcasts.

Many Listen to Religious Programs

NBC's regular schedule of religious broadcasts, including such well-known programs as NATIONAL RADIO PULPIT, RELIGION IN THE NEWS and THE CATHOLIC HOUR, continued to appeal to large numbers of listeners. Other NBC Public Service programs of established reputation, such as THE UNIVERSITY OF CHICAGO ROUND TABLE, maintained their accustomed high standards of cultural and educational interest throughout the year. Active cooperation with NBC in the planning of Public Service programs was furnished in 1943 by hundreds of Government agencies, religious groups, universities and national organizations of major importance.

In addition to its regularly scheduled Public Service programs, during 1943 NBC presented 172 special one-time programs of wide public interest. Of this number, 49 were related directly to the war effort, 40 were religious broadcasts, 21 were educational, and 62 were speeches by Government officials, including the President, Cabinet members, members of Congress, and representatives of Government agencies.

Three additional series of Public Service programs of outstanding importance were originated by NBC early in 1944: THE DEPARTMENT OF STATE SPEAKS, a round-table discussion of current international questions by high-ranking members of the State Department, including the Secretary of State; AMERICAN STORY, a series on American literature, written by Archibald MacLeish, Librarian of Congress; HERE'S TO YOUTH, a constructive study of problems of juvenile delinquency. Ten national youth organizations, representing a membership of 31,000,000 young people, are cooperating in the latter series.

Non-commercial programs—that is, programs for which NBC furnished time and facilities and received no remuneration—accounted for approximately 54% of the network's total program hours in 1943. The remaining 46% were commercial program hours sold to national advertisers.

The term "Public Service," as applied to broadcasting, is by no means confined to non-commercial programs. It also includes many commercial programs of a cultural or intellectual nature which are broadcast over the NBC network for the purpose of making better known the products and services of many of America's leading industries.

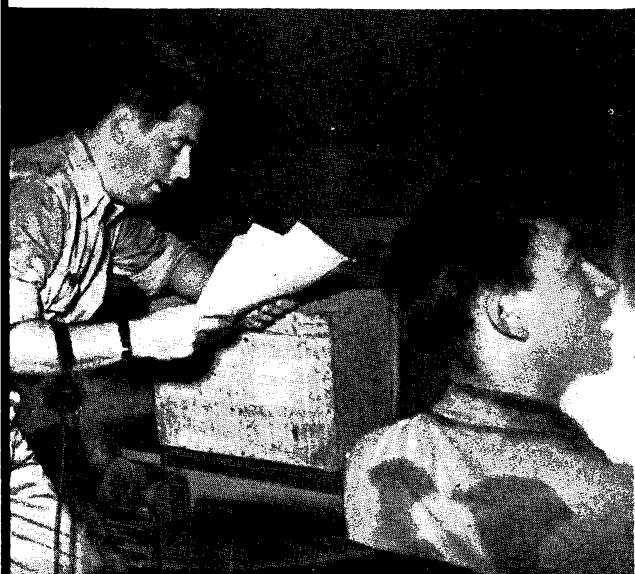
The Sunday afternoon concerts of the NBC Symphony Orchestra provide an excellent illustration. For six years these programs were presented by NBC on a non-commercial basis. A symphony orchestra equal to the world's finest, and the first ever created exclusively for radio, was organized by NBC in 1937, and Maestro Arturo Toscanini was engaged as conductor. Under his brilliant leadership, the NBC Symphony concerts became the outstanding musical event in radio. In addition to Maestro Toscanini the NBC Symphony Orchestra has been conducted by Leopold Stokowski and other distinguished guest conductors. In 1943, General Motors Corporation undertook the sponsorship of these programs and by maintaining the same high standards of leadership and performance it is rendering a service of paramount importance to the American people.

Many other NBC commercially sponsored programs are of the Public Service type: The Telephone Hour, Dupont's "Cavalcade of America," "Voice of Firestone," March of Time, the Cities Service program, H. J. Heinz Company's "Information Please"—to name but a few.

However, "Public Service" is an arbitrary term, used to distinguish programs of serious purpose from those designed solely as entertainment. Certainly such NBC entertainers as Fibber McGee and Molly, Bob Hope, Jack Benny, Edgar Bergen-Charlie McCarthy, Red Skelton, the Aldrich Family, Fanny Brice and Frank Morgan, Mr. District Attorney, Kay Kyser and many others, whose weekly audiences are numbered in tens of millions, render a significant public service and doubly so in wartime.

The entertainment programs broadcast by national advertisers over

NBC HAS CORRESPONDENTS AT STRATEGIC LOCATIONS THROUGHOUT THE WORLD—HERE GEORGE T. FOLSTER IS SEEN AT THE MICROPHONE SOMEWHERE IN THE SOUTH PACIFIC



H. V. KALTENBORN, NEWS ANALYST (4TH FROM LEFT), IS SEEN AT "RADIO CITY," GUADALCANAL.

the NBC network are the most popular in America and are making a contribution of incalculable value to the morale of the armed forces and civilians alike. Surveys conducted by disinterested fact-finding organizations credited NBC with nine out of the ten programs with the largest audiences in 1943 and 33 out of the first 50.

The year 1943 was marked by a substantial increase in the number of commercial sponsors and advertising agencies using the NBC network. The average number of stations used per program also increased.

At the year-end the full NBC network comprised 142 stations. Of these, 136 are independently owned and are affiliated with NBC by contract. The six "key" stations—WEAF, New York; WMAQ, Chicago; WTAM, Cleveland; WRC, Washington; KOA, Denver; and KPO, San Francisco—are owned by NBC.

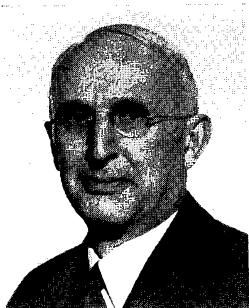
During 1943 NBC, under a non-profit contract with the government for the full use of the facilities and personnel of its International Division, programmed a daily average of 21¼ hours in nine languages—French, German, Italian, Swedish, Turkish, Danish, Spanish, Portuguese and English. These programs included news, special events, well-known personalities, the whole field of entertainment, symphonic concerts and grand opera. Programs beamed to Europe were arranged and short-waved in collaboration with the Office of War Information; those to Latin America, with the Coordinator of Inter-American Affairs. Broadcasts especially designed for the entertainment of American troops abroad featured all the more popular programs regularly heard by listeners at home.

Television on a Wartime Basis

Television—its commercial progress impeded by shortages of vital materials and of technicians—continued to hold the close attention of the NBC executive, engineering and programming staffs. Extensive plans for sight-and-sound broadcasting await the war's end and the settlement of a number of important technical questions. Meanwhile, WNBT, NBC's pioneer television station in New York, broadcast a variety of programs on a regular and increasing schedule.

Broadcasting on very high frequencies, by means of frequency modulation (FM), was carried on, as it has been for several years, with regular program schedules over NBC's New York FM station, W2XWG. FM is a method of radio transmission which promises improved reception of sound in many localities. NBC developed policies and plans in 1943 to augment its present services in the standard frequency band by making its network programs also available to listeners using FM receivers. These plans will be carried out as rapidly as the availability of new FM transmitting equipment and facilities permit.

In 1943, the Senate Interstate Commerce Committee concluded its hearings in Washington on proposed legislation to amend the Federal Communications Act. Niles Trammell, NBC President, appeared as a witness. His testimony, emphasizing the necessity of maintaining a free radio, resulted in favorable editorial comment throughout the Nation.



OTTO S. SCHAIRER
*Vice-President in charge
of RCA Laboratories*

RESEARCH

Scientific research is a powerful factor in mechanized warfare. It is the source of new weapons and provides defense against weapons of the enemy. Research workers are the shock troops of science. Many of them perform important duties in RCA Laboratories, one of the world's foremost centers of research in radio, electronics and acoustics, the work of which is concentrated on developments for the war.

Radio-electronic navigational aids, collision prevention devices, and numerous other inventions rushed into service during the war, record the triumphs of these research workers, who by their ingenuity and long hours of work have harnessed radio waves as a deciding factor in Victory.

New electron tubes perfected and put into use in 1943 have made new instruments and services practical.

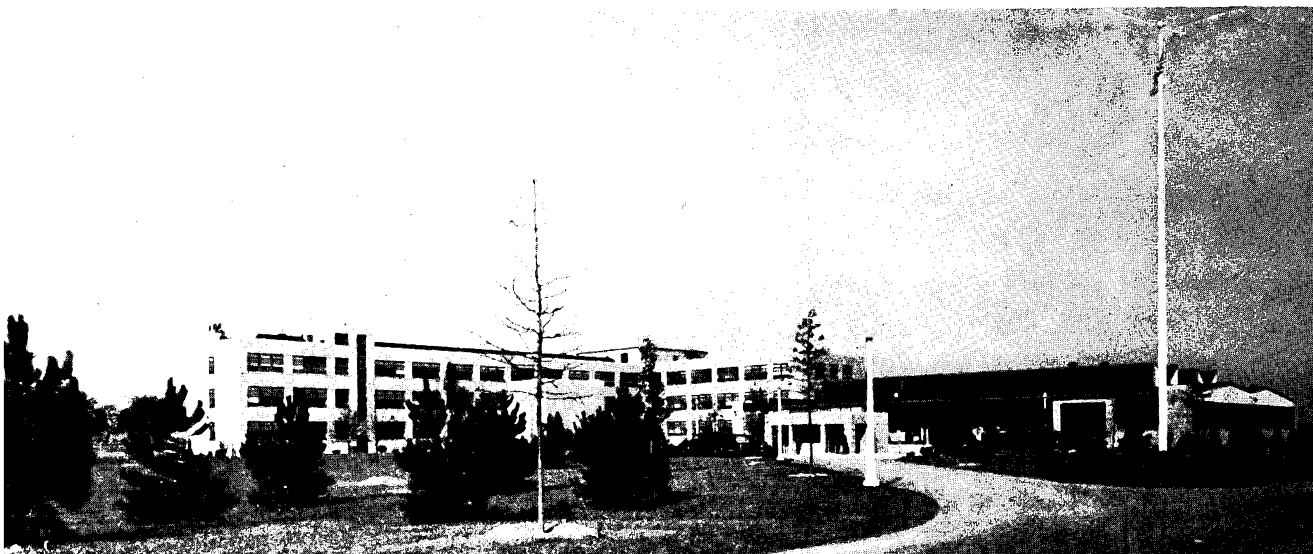
War has given great stimulus to radio-electronic research. Investigations allied with war work have advanced the development of automatic radio relay stations as a means of linking television and other communication stations into international as well as domestic networks.

The television "eye" has been greatly sharpened in sensitivity. Amazing improvements in television techniques will be ready for every-day use when peace comes.

As a result of research in television, RCA has extended its investigations into the fields of optics and chemico-physics. Studies which have grown out of this ever-broadening research include luminescent and fluorescent materials, specialized work in plastics and the applications of radio frequency to industrial heat-treating processes. Many important by-products have resulted from investigations in new fields.

For many years RCA has maintained a very considerable interest in the

**RCA LABORATORIES, PRINCETON, NEW JERSEY, ONE OF THE FOREMOST CENTERS OF
RADIO-ELECTRONIC RESEARCH IN THE WORLD.**



technical development of frequency modulation. The abundance of data it has obtained has helped engineers of the Government and industry to chart the service areas of FM stations. The research work on FM is continuing, but most of it is related to the war effort and is of a confidential nature.

Radio facsimile and electronic computers as further developed and applied to the war offer splendid prospects for applications as business machines. They speed operations by electronically accomplishing computations and the duplication of business records, which heretofore have been made by mechanical methods.

Electron Microscope Extends Its Range

The electron microscope developed in RCA Laboratories continues to perform outstanding service in wartime research. This instrument, many times more powerful than the strongest optical microscope, magnifies infinitesimal objects of the sub-microscopic world and permits photographic enlargement up to 100,000 diameters. Its usefulness in science, medicine, health, biology, metallurgy, chemistry, industry and associated fields of research, extends its applications far into the post-war era. In laboratories, hospitals and universities the electron microscope is a key to original exploratory work that is continuously bringing to light new knowledge. This instrument, which made it possible to photograph the influenza virus for the first time, now is developed in standard and portable form. An attachment or unit, known as a "diffraction camera," is now available for the standard instrument, and while it magnifies the structure of an infinitesimal object it also actually determines the atomic design.

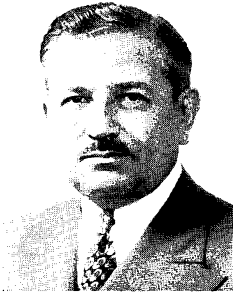
During 1943, a new instrument, incorporating the electron microscope, was designed experimentally in RCA Laboratories. Called an electron micro-analyzer, it identifies the chemical elements in microscopic specimens. For example, if the nucleus of a bacterium contains iron, the micro-analyzer detects it.

JAMES HILLIER AND DR. V. K. ZWORYKIN OF RCA LABORATORIES WITH ONE OF THEIR LATEST DEVELOPMENTS, THE ELECTRON MICRO-ANALYZER, WHICH QUICKLY IDENTIFIES CHEMICAL ELEMENTS IN MICROSCOPIC SPECIMENS.

H. W. LEVERENZ OF RCA LABORATORIES, SPECIALIST IN LUMINESCENT MATERIALS SO IMPORTANT TO TELEVISION AND OTHER RADIO-ELECTRONIC FIELDS, PLACES PHOSPHOR INGREDIENTS INTO AN ELECTRIC FURNACE AS A STEP IN THE PROCESS OF MAKING CRYSTALS.



MANUFACTURING



FRANK M. FOLSOM
*Vice-President in charge
of RCA Victor Division*

The manufacturing plants of RCA—the RCA Victor Division—which became a gigantic arsenal of radio directly after Pearl Harbor, greatly expanded and accelerated operations in 1943. Manufacturing was increased as the machinery became more closely geared to the large production of equipment for the armed forces of the United Nations.

RCA is proud to have this opportunity to share in the record-breaking achievement of American industry. The full results, when revealed by the lifting of wartime secrecy, will comprise an important chapter in the history of the United States.

The manufacturing plants of the RCA Victor Division are located in Camden and Harrison, New Jersey; Indianapolis, Bloomington and Monticello, Indiana; Lancaster, Pennsylvania; and Hollywood, California.

The RCA Victor Division continued to enjoy satisfactory labor relations in all of its manufacturing operations. Labor-Management War Production Drive Committees, sponsored by the Government, have been in successful operation. These committees composed of equal numbers of management and labor representatives, have made many valuable contributions to increase the effectiveness of the Company's war production efforts.

Throughout the year overall labor turnover and absenteeism were moderate when compared with the experience of other war industries.

Employees Rewarded for Valuable Suggestions

A highly successful employee suggestion system is in operation. During 1943, the men and women of RCA made over 22,000 suggestions for improving methods and processes, increasing production and conserving materials, tools and machinery. Of these suggestions, an exceptionally high average of 24 per cent were practicable and put into use. Suggestors received awards in War Bonds and War Savings Stamps.

A new and greatly expanded employee training program has been established and coordinated in all plants. New employees are trained for war jobs, older employees are afforded opportunities to improve their skills so that they may be upgraded, and facilities are provided for the rehabilitation of handicapped workers. Of special interest is the organization of a training class for young women to fit them for positions as engineering aides in the various plants.

The Government's need of electron tubes has been far in excess of the industry's capacity to produce them. Although RCA has increased its tube production enormously, there is nevertheless an acute shortage of many types of tubes for civilian use. For this reason owners of receiving sets have experienced difficulty in obtaining replacement tubes for their radio receivers.

RCA Victor has become the major supplier of motion picture repro-

ducing and recording equipment for training, orientation and entertainment of the armed forces. It is a leader in the production of radio-frequency heating equipment which has important applications in many war production processes. RCA Victor is also one of the major processors of coated lenses to eliminate reflection in optical instruments used by the armed forces.

Considerable pioneering work has been done in the field of industrial music. Many war plants now are equipped with plant broadcasting systems. RCA's Industrial Music Service has assembled libraries of RCA Victor records, and established an advisory programming service to assist sound-system users to derive maximum benefits from these installations. All RCA plants are equipped with plant broadcasting systems and they are playing an important part in war production drives, providing paging services and disseminating carefully planned programs of music and news.

Recorded music continues to perform an important national service in entertaining and in maintaining morale at home and among our fighting men. During 1943, RCA Victor continued to provide "the Music America Loves Best" from the catalogue of Victor Red Seal and Bluebird records.

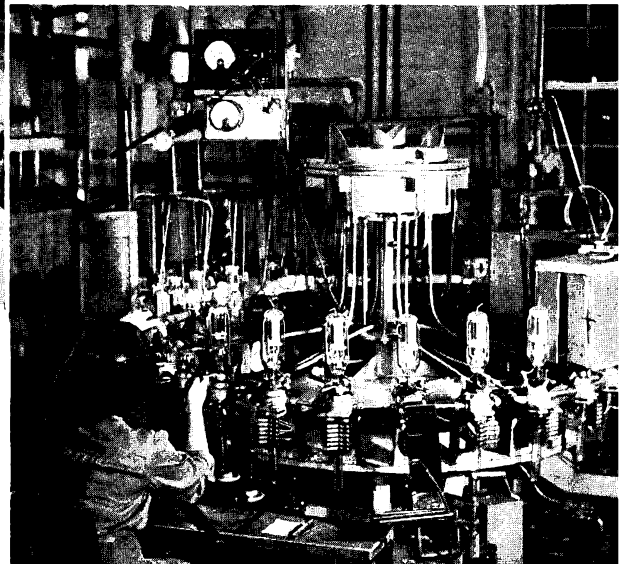
As of August 1, 1942 the American Federation of Musicians called a strike against the making of phonograph records and electrical transcriptions. Since that date RCA Victor and NBC have been unable to make any recordings of new instrumental music. RCA Victor and NBC have at all times been willing to negotiate with reference to the wages, hours and working conditions of the musicians whom they employ. The Union concedes, however, that the wages, hours and working conditions under which the Company employed musicians prior to the strike were entirely satisfactory.

The Union's sole demand is that a payment, measured by the sales of Victor records and NBC transcriptions, be made by the Company directly



THE LONG PRODUCTION LINES OF THE RCA VICTOR DIVISION ARE GEARED TO THE ALL-OUT WAR EFFORT

RADIO TUBES OF ALL TYPES ARE PLAYING A VITAL ROLE IN THE WAR. THOUSANDS OF THEM ARE PRODUCED DAILY BY THE RCA VICTOR DIVISION.



to the Union for disbursement by the Union in its sole discretion for the benefit of members regardless of whether they ever have been, or are ever likely to be employed by the Company. Protracted negotiations did not result in the withdrawal of the Union's demand and the dispute has been submitted to the National War Labor Board. A panel of the Board has completed a full hearing but has not yet rendered its decision.

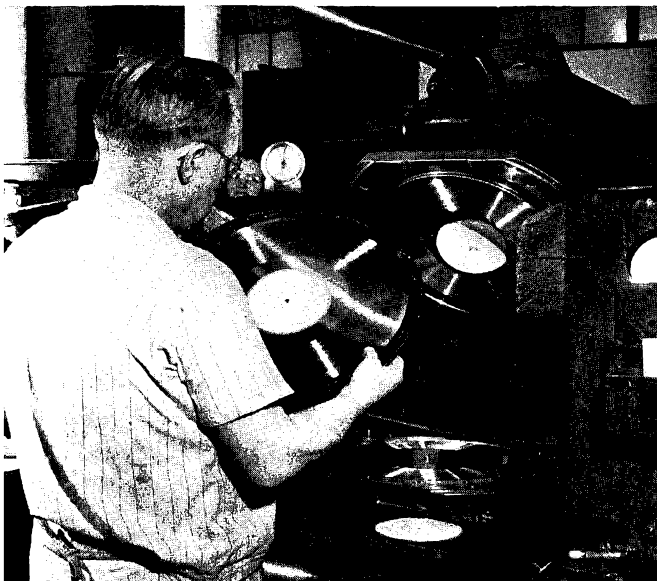
In the international field, RCA continues to operate wholly-owned subsidiaries in Canada, England, Australia, Argentina, Brazil and Mexico. In Chile, it owns two-thirds of the stock of a successful and expanding radio company. All of these foreign subsidiary companies are operated on a profitable basis.

RCA Victor Company, Ltd., Montreal, Canada, with more than 3,300 employees, is one of the largest privately owned suppliers of radio and electronic war equipment to the Canadian government. In peacetime, this wholly-owned subsidiary of RCA manufactures broadcast receivers, phonographs, records and various types of radio equipment.

The Australian and English companies are engaged principally in the field of motion-picture sound equipment, and are cooperating closely with their respective governments.

Prior to the war, RCA manufactured and supplied FM broadcast transmitters for commercial operation. In the post-war period it again will build a complete line of FM transmitters, and also will offer for sale to the public FM receivers of high quality design at reasonable prices, as well as standard all-wave broadcast receivers. One of the outstanding wartime developments is a new type of frequency modulation receiver perfected by G. L. Beers, an RCA engineer. The home-radio set of the future will be a combination instrument, including television, standard and short-wave broadcasting, frequency modulation, and a phonograph.

RECORDED MUSIC PERFORMS IMPORTANT NATIONAL SERVICE. RCA MAINTAINS A HIGH LEVEL OF PRODUCTION WITH ITS MACHINES PRESSING THOUSANDS OF RECORDS.



ONE OF THE TESTS APPLIED BY RCA TO SHIPBOARD RADIO EQUIPMENT IS A SEA-WATER SPLASH, WHICH SIMULATES STORM CONDITIONS.



W. A. WINTERBOTTOM
*Vice-President and
General Manager
R.C.A. Communications, Inc.*

COMMUNICATIONS

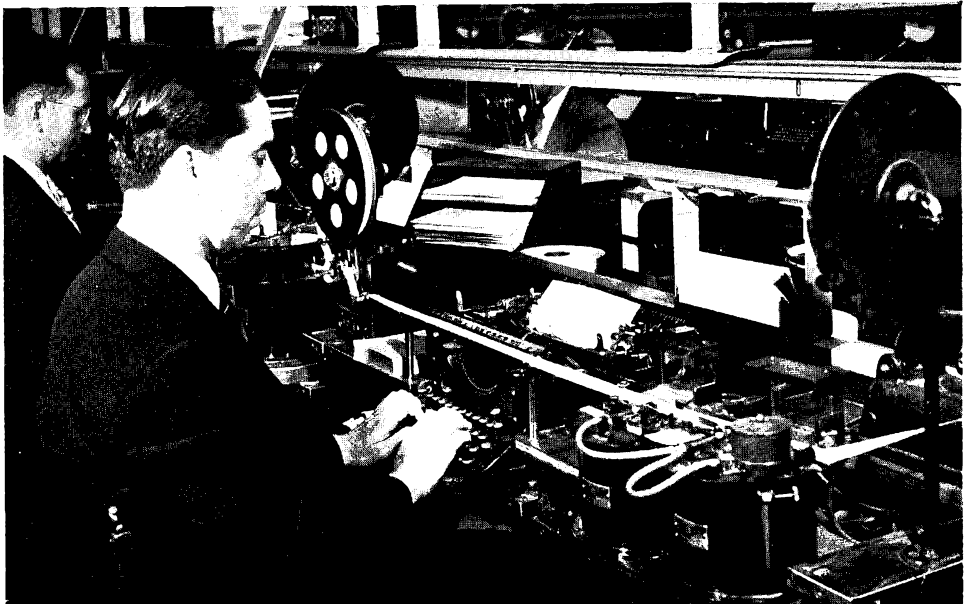
During 1943 new direct radio circuits were established by R.C.A. Communications, Inc. (R.C.A.C.) between the United States and Ecuador, French West Africa, and Chengtu (China). Also, supplementing the New York-Panama circuit, direct communication was established between San Francisco and Panama.

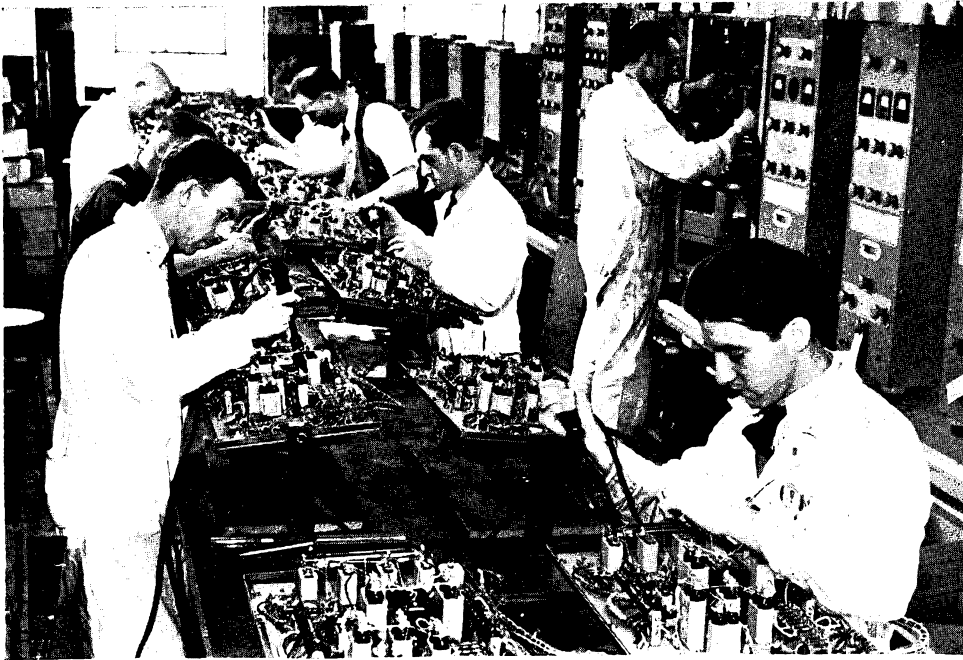
New radiophoto services were inaugurated between the United States and Sweden and Switzerland. Previously, direct radiophoto service was available to Argentina, Australia, Egypt, Great Britain and Russia, as well as from the Hawaiian Islands to the United States. The volume of news photographs and other matter handled by RCA Radiophoto in 1943 was approximately 30 per cent greater than in 1942.

Close cooperation between R.C.A.C. and the military and other departments of the Government was continued throughout the year, and additional transmitting and receiving facilities were provided for exclusive Government use. The Government also expanded its use of special communications services.

With the cooperation of United States military authorities, R.C.A.C. provided, installed and is now operating with its own personnel in Southern Italy, a complete commercial radio station for the purpose of providing efficient communication between the Italian theatre of war and the United States. This is the first all-American-owned and operated commercial radio station in Europe. It is equipped to handle regular message traffic and "Expeditionary Force Messages" (EFM), and programs for broadcasting over the networks in the United States.

THE INTERNATIONAL RADIOTELEGRAPH CIRCUITS OF R.C.A. COMMUNICATIONS, INC.,
OPERATE IN CLOSE COOPERATION WITH MILITARY AND OTHER DEPARTMENTS OF THE
UNITED STATES GOVERNMENT.





RADIO EQUIPMENT FOR SHIPS MOVES ALONG THE PRODUCTION LINE OF RADIOMARINE CORPORATION OF AMERICA.

Greatly increased use was made of the Program Transmission Services during 1943 and broadcast listeners in the United States heard for the first time programs from such places in the current news as Guadalcanal, Munda, New Caledonia, North Africa and Allied Force Headquarters in Italy. The number of overseas programs handled in 1943 was more than 400 per cent greater than in 1942.

In order to strengthen the strategically important communications link between the United States and Australia, R.C.A.C. provided and installed at both ends of its San Francisco-Sydney-Melbourne circuit complete multiplex and 7-unit printer equipment for multi-channel operation. The use of this equipment has increased the efficiency of the circuit and has provided a high degree of secrecy and privacy in communication.

The consummation of the domestic telegraph merger, Western Union-Postal, has improved the position of R.C.A.C. as an international carrier. Under a formula approved by the Federal Communications Commission, R.C.A.C. now participates to a greater extent in international message traffic filed by the public with the merged landline company.

The popularity of "Expeditionary Force Messages" as an inexpensive, standard-text telegraph service, available for use by members of the armed forces of the United States throughout the world and by their families and friends, is demonstrated by the fact that in 1943 R.C.A.C. handled approximately 1,250,000 EFM messages. The charge for such a message is only 60 cents regardless of origin or destination. The beneficial effect upon morale of such a low-priced service can scarcely be measured.

The war curtailment of international commercial activities has reduced the volume of available traffic, but in 1943, R.C.A.C. handled an increase in total traffic of approximately 5 per cent over 1942.



CHARLES J. PANNILL
President
Radiomarine Corporation
of America

MARINE RADIO

The facilities of Radiomarine Corporation of America continued to be devoted during 1943 to the design, production, installation and servicing of marine radio apparatus for the armed services, for the Maritime Commission and the War Shipping Administration.

During the year a new complete radio unit was produced and deliveries started. This installation comprises three receivers, three transmitters and an automatic alarm, all the radio equipment now necessary for long-range ships, except the radio direction finder, which is located on the bridge. A new short-wave transmitter was developed for installation on Liberty ships for use in conjunction with apparatus previously furnished by the Corporation to approximately 1,200 of these vessels.

Radiomarine also produced for the Government a large variety of radio transmitters and receivers, automatic radio alarms and direction finders, for use on ships in the merchant, transport and combat services. In addition, it produced radiotelegraph and radiotelephone life-boat equipment which has saved many lives at sea.

A large portion of the extensive coastal radiotelegraph communication service with ships at sea has been temporarily suspended because of wartime restrictions imposed on ship-to-shore communications. The Company's powerful station at Chatham, Mass., has been leased to the United States Government for the duration of the war. The Company continues to operate the radiotelephone and telegraph shore station at St. Louis, Missouri, for communicating with river craft, and its Great Lakes stations maintain radio communication services with vessels during the navigation season. Radiomarine stations at New York and Lake Worth, Florida, recently were reopened for service.

TECHNICAL TRAINING

R.C.A. Institutes, Inc., closed the year 1943 with more than 500 students enrolled. On July 1, 1943, an 18-months' training project for the United States Navy was completed. Approximately 2,600 enlisted men were graduated as radio operators.

LIFE-BOAT RADIO EQUIPMENT DEVELOPED
BY RADIOMARINE SAVES LIVES AT SEA.





RADIO IS THE VOICE OF THE BOMBER. RCA HAS DESIGNED COMPACT AND EFFICIENT APPARATUS TO GIVE THE AIRMEN DEPENDABLE COMMUNICATION.

ARTHUR YOUNG & COMPANY
ACCOUNTANTS AND AUDITORS
1 CEDAR STREET
NEW YORK

*To the Stockholders of
Radio Corporation of America:*

We have examined the consolidated balance sheet of RADIO CORPORATION OF AMERICA AND DOMESTIC SUBSIDIARIES at December 31, 1943 and the statements of consolidated income and earned surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the Companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the Companies and other supporting evidence, by methods and to the extent we deemed appropriate. It was not practicable to confirm, by direct correspondence, the amounts due from and chargeable to the United States Government, as to the substantial accuracy of which we satisfied ourselves by other means. Due to war conditions, it has not been practicable for the Company, since December 31, 1941, to check the book values of work in process at one of its principal plants (which was carried at approximately \$11,000,000 at December 31, 1943) against a valuation based on physical inventories thereof. From our review of the records supporting such book values, we believe that they are not in excess of the lower of cost or market. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

We have accepted the reports of other independent accountants on the financial statements, at November 30, 1943, for certain foreign subsidiaries (having a gross investment carrying value of less than 1% of the consolidated assets) which have been used in preparing the summary financial statements of the foreign subsidiaries included in Note 7.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated income and earned surplus present fairly the position of Radio Corporation of America and Domestic Subsidiaries at December 31, 1943, and the results of their operations for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

New York, N. Y.
February 24, 1944.

Arthur Young & Company

RADIO CORPORATION OF AMERICA AND DOMESTIC SUBSIDIARIES
STATEMENTS OF CONSOLIDATED INCOME AND EARNED SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 1943 AND 1942

	Year Ended Dec. 31, 1943	Year Ended Dec. 31, 1942
GROSS INCOME:		
From Operations (Note 1)	\$293,325,560	\$196,019,444
Dividends from Foreign Subsidiaries	40,250	41,818
Other Income, including Interest and Dividends from Other Investments	1,169,552	962,794
TOTAL GROSS INCOME FROM ALL SOURCES.....	\$294,535,362	\$197,024,056
<i>Deduct:</i>		
Cost of Goods Sold, General Operating, Development, Selling and Administrative Expenses (Note 2)	\$247,393,136	\$163,609,612
Depreciation (Note 3)	5,100,235	3,240,400
Provision for Post-War Rehabilitation and for Other Adjustments of Wartime Costs	2,955,000	575,000
Amortization of Patents	825,000	775,000
Interest	1,945,539	746,757
TOTAL	\$258,218,910	\$168,946,769
BALANCE BEFORE PROVISION FOR FEDERAL INCOME AND EXCESS PROFITS TAXES	\$ 36,316,452	\$ 28,077,287
<i>Deduct:</i>		
Normal Tax and Surtax	\$ 5,921,500	\$ 5,930,850
Excess Profits Tax (Net) (Note 4)	20,202,500	13,144,000
TOTAL	\$ 26,124,000	\$ 19,074,850
NET INCOME FOR YEAR, TRANSFERRED TO EARNED SURPLUS	\$ 10,192,452	\$ 9,002,437
EARNED SURPLUS AT BEGINNING OF YEAR	33,325,489	27,963,975
	\$ 43,517,941	\$ 36,966,412
<i>Add:</i> Difference Between Book Value (Cost) and Amount Received on Sale of Blue Network Company, Inc.	5,619,482	.....
Adjustment of Provisions for Federal Income Taxes for Prior Years .....	.....	2,000,000
Settlement of Stockholders' Suits (Net of Expenses and Federal Income Tax) .....	.....	407,846
	\$ 49,137,423	\$ 39,374,258
<i>Less:</i> Difference Between Book Value (Cost) and Amount Received on Sale of RKO Securities Provision for Federal Income Taxes in Connection with Sales of the Blue Network Company, Inc. and RKO Securities	\$ 118,687	\$.....
Excess of Cost of "B" Preferred Shares (1943—Called for Redemption; 1942—Purchased) Over Stated Value	525,000	.....
	934,462	63,944
	\$ 1,578,149	\$ 63,944
	\$ 47,559,274	\$ 39,310,314
<i>Deduct:</i>		
Dividends—	Amount	
On First Preferred	per share	
On "B" Preferred—	\$3.50	
1943	2.50}	
1942	5.00}	
On Common .....	.20	
	2,771,088	2,771,057
TOTAL DIVIDENDS	\$ 5,953,623	\$ 5,984,825
EARNED SURPLUS AT END OF YEAR (Note 5).....	\$ 41,605,651	\$ 33,325,489

See notes on pages 30 and 31.

RADIO CORPORATION OF AMERICA

CONSOLIDATED BALANCE SHEETS

ASSETS

	Dec. 31, 1943	Dec. 31, 1942
CURRENT ASSETS:		
Cash in Banks and on Hand	\$ 60,471,539	\$ 57,837,273
U. S. Tax Anticipation Notes and Government Bonds, at Cost	37,008,643	17,761,424
Notes and Accounts Receivable, including Amounts due from and chargeable to U. S. Government—1943, \$31,671,699—1942, \$19,136,964 (Less Reserves—1943, \$1,603,899—1942, \$1,601,790)	44,982,540	31,701,981
Inventories (at the Lower of Cost or Market) ..	46,850,056	49,254,446
TOTAL CURRENT ASSETS	<u>\$189,312,778</u>	<u>\$156,555,124</u>
NOTES AND ACCOUNTS RECEIVABLE MATURING BEYOND ONE YEAR (Less Reserves—1943, \$178,034—1942, \$52,000)	\$ 404,994	\$ 291,396
POST-WAR REFUND OF EXCESS PROFITS TAXES (Note 4)	\$ 3,530,634	\$ 1,446,000
INVESTMENTS AND ADVANCES:		
Wholly-Owned Foreign Subsidiary Companies (Note 7) (Less Reserves—1943, \$720,000—1942, \$480,000—Note 2)	\$ 3,158,263	\$ 3,852,350
Radio-Keith-Orpheum Corporation .....	.....	6,614,434
Associated and Other Companies, at Cost (Note 7) (Less Reserves—1943, \$1,697,847—1942, \$2,144,867)	372,392	720,249
TOTAL INVESTMENTS AND ADVANCES	<u>\$ 3,530,655</u>	<u>\$ 11,187,033</u>
PLANT AND EQUIPMENT:		
Factories, Radio Communication and Broadcasting Stations, Laboratories, Warehouses, Service Shops, Offices, etc.—		
Land, Buildings and Equipment, at Cost.....	\$ 81,147,363	\$ 82,022,428
Less: Reserve for Depreciation and Write-down of Plant and Equipment	51,619,699	49,632,143
	<u>\$ 29,527,664</u>	<u>\$ 32,390,285</u>
PATENTS	\$ 13,828,064	\$ 14,238,957
Less: Reserve for Amortization	9,840,974	9,537,447
	<u>\$ 3,987,090</u>	<u>\$ 4,701,510</u>
GOODWILL	\$ 3,671,931	\$ 4,240,149
DEFERRED CHARGES:		
Taxes, Insurance, etc.	\$ 1,140,490	\$ 1,271,262
TOTAL ASSETS	<u>\$235,106,236</u>	<u>\$212,082,759</u>

See notes on pages 30 and 31.

AND DOMESTIC SUBSIDIARIES

AT DECEMBER 31, 1943 AND 1942

LIABILITIES AND CAPITAL

	Dec. 31, 1943	Dec. 31, 1942
CURRENT LIABILITIES:		
Accounts Payable and Accruals	\$ 39,723,512	\$ 25,448,352
Provision for Federal Income and Excess Profits Taxes	30,694,533	22,719,567
Preferred Dividends Payable	788,201	803,067
Common Dividend Payable	<u>2,771,088</u>	<u>2,771,057</u>
TOTAL CURRENT LIABILITIES	\$ 73,977,334	\$ 51,742,043
BANK LOANS:		
90 Day Notes Payable—Renewable Under V Loan Contract to September 10, 1945 (Interest at 2¾%) (Note 5)	<u>65,000,000</u>	<u>75,000,000</u>
TOTAL CURRENT LIABILITIES AND BANK LOANS..	<u>\$138,977,334</u>	<u>\$126,742,043</u>
CONTRACT PAYABLE	<u>\$</u>	<u>\$ 200,000</u>
RESERVE FOR POST-WAR REHABILITATION AND FOR OTHER ADJUSTMENTS OF WARTIME COSTS...	<u>\$ 3,639,303</u>	<u>\$ 575,000</u>
RESERVE FOR CONTINGENCIES	<u>\$ 3,106,174</u>	<u>\$ 3,207,815</u>
GENERAL RESERVE	<u>\$ 5,441,301</u>	<u>\$ 5,441,301</u>
CAPITAL STOCK:		
\$3.50 Cumulative First Preferred, No Par Value—		
Authorized —920,300 Shares		
Outstanding—900,824 Shares		
At a Stated Value of	\$ 14,574,441	\$ 14,574,441
(Preference on Involuntary Liquidation \$100 per Share or an Aggregate of \$90,082,400)		
“B” Preferred Cumulative \$5 Dividend, No Par Value—		
Authorized —16,193 Shares		
Outstanding—11,891 Shares in 1942 (Called for Redemption July 1, 1943)		
At a Stated Value of .....	.....	254,638
Common, No Par Value—		
Authorized —18,500,000 Shares		
Outstanding—13,881,016 Shares (Note 6)		
At a Stated Value of	<u>27,762,032</u>	<u>27,762,032</u>
TOTAL CAPITAL STOCK	<u>\$ 42,336,473</u>	<u>\$ 42,591,111</u>
EARNED SURPLUS (Note 5)	<u>\$ 41,605,651</u>	<u>\$ 33,325,489</u>
TOTAL LIABILITIES AND CAPITAL	<u>\$235,106,236</u>	<u>\$212,082,759</u>

See notes on pages 30 and 31.

**NOTES WITH REFERENCE TO CONSOLIDATED FINANCIAL
STATEMENTS ON PAGES 27, 28 AND 29**

NOTE 1: Renegotiation refunds on war contracts for 1942 were completed on the basis provided in the 1942 financial statements. Specific provision has been made in the 1943 financial statements, by a reduction of gross income, for renegotiation refunds applicable to that year on a basis not materially different from the settlement for the preceding year. Since the 1943 renegotiation proceedings have not yet been initiated, the refund finally agreed upon may differ from the aforesaid provision.

NOTE 2: This item includes additional provision of \$240,000 per annum for 1942 and 1943 against carrying values of investments in wholly-owned foreign subsidiaries.

NOTE 3: Provision for depreciation of plant and equipment is based on the estimated useful life of the assets computed on a straight-line basis. When adjustments of the estimated useful life are made, the subsequent provision for depreciation is computed to amortize the net undepreciated book values over the adjusted estimated remaining life. As a result of material adjustments during 1943 in the estimated remaining useful life of equipment used for war production only, there was an increase of \$1,168,340 in the 1943 provision for depreciation over the amount which would have accrued on the basis of the estimates previously in use.

NOTE 4: The net provision for excess profits tax represents the gross provision made after deducting: (a) for 1942, \$14,500 for debt retirement credit and \$1,446,000 for the estimate made in 1942 of the post-war refund of excess profits tax; and (b) for 1943, the gross provision made after deducting \$88,300 for debt retirement credit and \$2,156,300 for estimated post-war refund.

NOTE 5: While any portion of the 90 day notes payable are outstanding, there are certain restrictions as to the dividends which may be paid. As at December 31, 1943 the portion of the parent company's earned surplus not restricted by the V loan contract as to the payment of dividends amounted to approximately \$9,928,000.

NOTE 6: The common shares shown as outstanding include the following shares reserved for issue to stockholders of predecessor company, 1943—25,574; 1942—25,734.

**NOTES WITH REFERENCE TO CONSOLIDATED FINANCIAL
STATEMENTS ON PAGES 27, 28 AND 29**

NOTE 7: The carrying value of the investments in and advances to the wholly-owned foreign subsidiaries is based on the value of their net assets in the consolidated balance sheet at December 31, 1940. These companies have been excluded from the consolidation from January 1, 1941. A summary of the net assets of these subsidiaries (converted at the prevailing exchange export rates at December 31, 1943 and 1942, with the exception of fixed assets which are converted at the rates prevailing when the expenditures were made) follows:

	December 31, 1943		December 31, 1942	
	Canada, Central and South America	England and Australia	Canada, Central and South America	England and Australia
Cash	\$ 975,668	\$137,483	\$ 434,648	\$146,738
Other Net Current Assets.	2,111,952	306,147	2,740,647	276,514
Fixed Assets	1,262,613	62,397	1,511,600	78,861
Other	236,801	4,262	167,449	5,362
	<u>\$4,587,034</u>	<u>\$510,289</u>	<u>\$4,854,344</u>	<u>\$507,475</u>
 Total	 <u>\$5,097,323</u>		 <u>\$5,361,819</u>	

The net income of these subsidiaries for 1943 and 1942 was \$378,786 and \$562,452 more than the dividends received from them during these respective years. These amounts are not reflected in the consolidated financial statements.

The investments in and advances to associated and other companies includes \$364,070 in 1943 and \$487,445 in 1942, with respect to a two-thirds interest in Corporacion de Radio de Chile, S.A.

The consolidated balance sheets include receivables of the parent company and domestic subsidiaries from foreign customers and governments of approximately \$2,000,000 at the end of 1943 and 1942 which are payable in U. S. dollars and against which it is believed adequate reserves have been provided.

Proxies for the Annual Meeting of Stockholders to be held May 2, 1944, will be requested later.

A notice of the meeting, proxy statement and form of proxy will be mailed to stockholders on or about March 10, 1944.

**Tune-in RCA's radio program on the Blue Network
Saturdays at 7:30 p.m., E.W.T.**



THE principal products and services of the Radio Corporation of America are provided by the following divisions and subsidiaries:

RCA Laboratories

PRINCETON, N. J.

Research and Advanced Development in Radio, Television, Electronics, Sound Recording and Reproduction.	Administration of Patents and License Agreements. Laboratory and Technical Service to Licensees.
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RCA Victor Division

CAMDEN, N. J.

Apparatus and Technical Services for the United States Government	Radio Laboratory and Test Equipment
RCA Victor and RCA Radiola Receivers	RCA Victrolas (Radio-Phonographs)
Radio-electron Tubes	Victor and Bluebird Records
Broadcasting Transmitters and Studio Equipment	Photophone Sound Equipment for Motion Picture Studios and Theatres
Television Receivers, Transmitters and Studio Equipment	Public Address Systems
Equipment for Radio Communication and Facsimile Systems	Sound Systems for Educational and Industrial Uses
Aircraft and Airport Radio Equipment	16 MM. Motion Picture Projectors for Educational and Home Use
Police Radio Systems	Equipment for Amateur Radio Stations
	Electron Microscopes

Note: During the war, production of many of the products listed above is discontinued or greatly restricted.

National Broadcasting Company, Inc.

30 ROCKEFELLER PLAZA, NEW YORK 20, N. Y.

National Network Program Service	National "Spot" Advertising Service
International Broadcasting Service	Television Program Service
Recorded Program Service	FM Broadcasting Service

R.C.A. Communications, Inc.

66 BROAD STREET, NEW YORK 4, N. Y.

Radiotelegraph Service between United States and Foreign Countries	International Program Transmission Service
	International Radiophoto Service

To send a radiogram from any city in this country to a point outside the United States, mark the message "Via RCA" and file it at any telegraph office.

Radiomarine Corporation of America

75 VARICK STREET, NEW YORK 13, N. Y.

Marine Radiotelegraph and Radiophone Transmitters and Receivers	Radiotelegraph Service between Ships and Shore
Automatic Radio Alarms	Radio Direction Finders

R.C.A. Institutes, Inc.

75 VARICK STREET, NEW YORK 13, N. Y.

Technical Instruction in Radio, Television and Electronics

For information on RCA Products write to RCA Victor Division; on Broadcasting to National Broadcasting Company, Inc.; on Radiotelegraphy to R.C.A. Communications, Inc.; on Marine Radio to Radiomarine Corporation of America; on Technical Training to R.C.A. Institutes, Inc.

For general information on RCA and Various Activities of Radio write to Department of Information, Radio Corporation of America, 30 Rockefeller Plaza, New York 20, N. Y.



RADIO CORPORATION OF AMERICA

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