PRINCIPAL PRODUCTS and SERVICES of RCA

RCA VICTOR RADIO RECEIVING SETS
VICTROLAS
VICTOR and BLUE BIRD PHONOGRAPH RECORDS
RCA RADIO TUBES
NBC BROADCASTING
INTERNATIONAL RADIO COMMUNICATION—"VIA RCA"—TO ALL PARTS OF THE WORLD
INTERCITY RADIO COMMUNICATION—"VIA RCA"—between Boston, New York, Philadelphia, Washington, Detroit, Chicago, New Orleans and San Francisco.
MARINE RADIO COMMUNICATION—"VIA RCA"—TO SHIPS AT SEA
MARINE RADIO EQUIPMENT
POLICE RADIO SYSTEMS

AIRCRAFT AND AIRPORT RADIOTELEPHONE AND RADIOTELEGRAPH EQUIPMENT
SOUND MOTION PICTURE RECORDING AND REPRODUCING EQUIPMENT
RADIO BROADCASTING TRANSMITTERS
ELECTRICAL TRANSCRIPTIONS FOR BROADCASTING
ELECTRIC CHIMES FOR BELFRY SERVICE
AUTOMATIC COLOR ORGANS
CENTRALIZED RADIO SYSTEMS
PUBLIC ADDRESS AND SOUND REINFORCEMENT EQUIPMENT
FARADON CONDENSERS
LABORATORY AND TEST EQUIPMENT

RCA Victor radio receiving sets, phonographs, records and RCA tubes are on demonstration at authorized RCA dealers' stores in your neighborhood.

Radiograms marked "via RCA" may be filed at any office of R.C.A. Communications, Inc., or the Western Union Telegraph Company.
To the Stockholders of
Radio Corporation of America:

The Annual Report of Radio Corporation of America for 1934 is submitted herewith. The Corporation's business improved materially during the year. Each quarter showed a profit from operations, whereas in 1933 a profit was earned only in the fourth quarter.

Financial

The Consolidated Balance Sheet of the Radio Corporation of America and its wholly owned companies at December 31, 1934, appears on pages 14 and 15, and the Consolidated Statement of Income and Surplus on page 16 of this report.

Gross income, from all sources, received by your Corporation in 1934 amounted to $78,756,993 compared with $62,333,496 for the year 1933. This represents an increase of 26.3 per cent over the preceding year.

Cost of operations, including the cost of goods manufactured and sold, the cost of operating communications and broadcasting services, advertising and selling expense, research and development, and administration, amounted to $69,266,538. In addition the items of interest, depreciation, amortization of patents and goodwill, and Federal Income taxes amounted to $5,241,192.

Net profit for the year 1934 amounted to $4,249,263 compared with a loss of $582,094 for the year 1933. This is an improvement of $4,831,357 over the results of the previous year.

The net current assets of the Corporation increased $5,633,155 during the year, the ratio of current assets to current liabilities being 5.9 to 1 at December 31, 1934, compared with a ratio of 5.2 to 1 at the end of 1933.

Inventories of $8,699,967 have been valued at the lower of cost or market, and represent current merchandise. The increase of $2,096,631 as compared to last year is due to the requirements of increased current business.

February 27, 1935.
The Corporation has no bank indebtedness. It has financed all its activities during the year without borrowing.

In the opinion of your Board of Directors, the substantial increase in the Corporation’s earnings for 1934 permitted payment of dividend arrears on the senior security, the “A” Preferred stock of the Corporation. Accordingly, at the regular meeting of the Board on January 18, 1935, your Directors voted to pay all dividend arrears on this class of stock. Dividends on the “A” Preferred stock were suspended in June 1932, and the arrears amounted to $9.62½ per share on 395,597 shares and $7.39 per share on 100,000 shares (issued November 21, 1932). The total dividend paid on February 19, 1935, to “A” Preferred stockholders of record on January 29, 1935 amounted to $4,519,610.

While this dividend action relieved the Corporation of arrears of dividends on “A” Preferred stock, the problem of meeting the dividend arrears on the “B” Preferred stock still remains.

It will be recalled that, due to decreased earnings and business uncertainty, your Corporation in December 1931 passed the dividend on the “B” Preferred stock. Similar action followed on the “A” Preferred stock in June 1932. Although the “A” Preferred dividend arrears have been paid, the “B” Preferred dividend arrears accumulated to December 31, 1934, were $16.25 per share on 767,275 shares outstanding, or a total of $12,468,220. While the cash resources of the Corporation are sufficient for its capital requirements and the necessary development of its business, it is evident that these accumulated and accumulating dividends on “B” Preferred stock cannot be paid at present without serious impairment of your Corporation’s working capital.

The cumulative dividend requirements on Classes “A” and “B” Preferred stock amount to $5,571,000 per year. The 1934 earnings of the Corporation while substantially improved over 1933 are still short by approximately $1,322,000 of meeting these dividends. In addition to these requirements, the arrears on “B” Preferred must be met before dividends can be paid on the Common stock.

In October 1934 your Directors and Officers instituted a study of plans, to be voted on by stockholders, for revision of the Corporation’s capital structure, having in mind that in any consideration of recapitalization the respective contractual rights of all classes of stockholders must be safeguarded. A Committee of Directors appointed by the Board surveyed the Corporation’s capital structure, and its financial position. Reporting to the Board December 21, 1934, this Committee recommended “that no plan of
recapitalization be proposed at this time.” This recommendation was con-
curred in by the Officers and unani-
mously adopted by the Board of Di-
rectors. No such plan is at present
under consideration. If any plan
should be developed in the future, it
will be submitted to the stockholders
who will have ample opportunity to
consider and to vote on it.

Organization

As a logical result of its research,
and the commercial application of re-
sulting inventions, RCA now operates
principally in three fields—manufac-
turing, broadcasting and communica-
tions.

RCA carries on its operations
through its wholly owned companies
and directs and coordinates their ac-
tivities. This coordination extends
not only to research and operations, in
which the developments of each com-
pany are useful to the others, but to
legal and fiscal matters as well. In
addition, RCA grants licenses under
its patents to independent and compet-
itive organizations and administers
these licenses which provide income
through royalties to your Corporation.

While the services of the RCA com-
panies are noncompetitive, they are all
technically related. No one company,
therefore, could operate as economi-
cally or as efficiently if it did not have
the facilities made available through
an integrated RCA organization.

In their use, the products and serv-
ices of RCA are diverse. Yet, in the
research and development behind them
they are closely interrelated, for many
of the radio and electronic principles
used in one field are applicable to an-
other, often with identical equipment.

Our activities in manufacturing,
through the RCA Manufacturing
Company, Inc., include research, en-
gineering, manufacturing and sale of
many products applicable to communi-
cations, broadcasting, sound motion
picture production and exhibition, and
the manufacture and sale of phono-
graph records. Through the National
Broadcasting Company, Inc., we op-
erate two nation-wide networks of
broadcasting stations. In communi-
cations, we transmit messages for the
public between ship and shore through
the Radiomarine Corporation of
America while between the United
States and other countries, and be-
tween important cities of this coun-
try, radiotelegraph messages are trans-
mittted through R.C.A. Communica-
tions, Inc.

Although their commercial utiliza-
tion may be through RCA units oper-
ating in distinctly separate fields, all
products and services discussed in this
report are based upon the work of
the RCA laboratories which continue
to improve and expand the radio art
and industry and to create new serv-
ices for the public.

The International Yacht Races at
Newport, R. I., demonstrated RCA company coordination in advancing the progress of radio communication. The National Broadcasting Company, R.C.A. Communications, Inc., and the Radiomarine Corporation of America jointly chartered a vessel which followed the contestants and reported every incident of the races. The voices of the NBC announcers on the ship were received by that company's mobile unit ashore, and automatically relayed to the studios in Radio City, from which they were broadcast over its networks to a vast radio audience in this country and abroad. Radiomarine installed on the vessel two high-speed automatic radiotelegraph transmitters, and R.C.A. Communications' facilities on Long Island were employed to receive the press dispatches and transmit them automatically to New York and London. This is believed to be the first triple radio relay of voice through marine facilities, and the first remote control of an international radiotelegraph circuit from a ship.

**Facsimile**

Substantial progress was made during the year in the development of facsimile transmission by radio.

Facsimile transmission has been employed experimentally for some months in the reception aboard ship of weather maps, pictures and other information useful and interesting to navigators and passengers. This new system of communication may also find application in police work, for the transmission between cities of photographs, fingerprints and other records. A page of business letter size can be transmitted within a few minutes.

It is expected that the high-speed, ultra-short wave facsimile circuit between New York and Philadelphia, referred to in last year's report, will be placed in service during the present year.

Progress in facsimile transmission has reached a stage where communication by the square-inch, instead of the traditional Morse code methods of dots and dashes on a word basis, has been achieved and demonstrated on an experimental basis. This development promises new point-to-point communication services, and new broadcast services to the home, of pictures, printed matter and other visual material.

The translation of these developments into practical public services, however, presents a number of complex financial, commercial and operating problems which are receiving the continued study of your management.

**Television**

Continued research in the field of ultra-short waves and in the technique of visual transmission and reception has maintained your Corporation's position in the forefront of television
development. Our laboratory efforts in this direction have been guided by the principle that the commercial application of such a service could be achieved only through a system of high-definition television, which would make the images of objects transmitted clearly recognizable to observers. In this respect it is notable that transmission results attained by RCA in laboratory experiments meet or go beyond the foreign standards indicated as satisfactory for the inauguration abroad of experimental television service. Similarly, cathode ray tube reproduction, as developed in our laboratories, provides a larger field of vision for the picture received than has been hitherto attainable. In addition, RCA's development of the "iconoscope"—an electric eye that facilitates the pick-up of studio action and permits the broadcast of scenes outside the studio—has been further developed.

Viewed, however, from the standpoint of public service our own studies agree with the conclusions reached abroad by competent engineering and public authority. These conclusions are that sound broadcasting and sound receiving equipment comprise the fundamental broadcasting and receiving facilities of the nation, with television facilities as a supplementary service; that there are no short cuts to the inauguration of television; that it must proceed step by step through the processes of research, laboratory development, field demonstration and thence to regular service; and that the technical, program and financial problems involved are so great as to make it impractical to erect and maintain a system of television on a nation-wide basis, particularly in the United States, in the present state of the art.

The report of the British Commission which recently recommended the establishment of an experimental television station in England, states that transmission difficulties "may seriously limit the extent to which the country can be effectively covered" and "that the area capable of being effectively covered by ultra-short wave stations of about 10 kilowatts capacity will not exceed a radius of approximately 25 miles over moderately undulating country." The cost of this experiment at a single location in London is estimated to be approximately $900,000. For a service limited to half the population of England, it is stated that probably ten transmitting stations at suitable locations would have to be erected, and that "some time is likely to elapse before the price of an efficient receiver will be comparable with that of the average type of sound receiver."

With England occupying a territory not much larger than that of New York State alone, the vastly greater problems of television service for the United States are self-evident. The
present wire systems are not suitable for interconnecting television stations as they are for broadcasting stations. For that purpose either a new wire system must be created or radio relays must be further developed and established.

In view of these facts it is apparent that the next step in the development of the art in the United States must begin with the establishment of television on the basis of field demonstration in order that subsequent plans may be founded on the practical experience thus obtained. In view of the continued laboratory progress of RCA and the wide public interest in this new field your management is diligently exploring the possibilities of such a demonstration.

**Patents and Licenses**

Several important patents have been sustained by the Courts during the year in suits brought by the Corporation against infringers. These patents relate to receivers, transmitters, radio tubes and sound-picture apparatus and safeguard our rights in these branches of the Corporation's business.

During the year, your President visited Europe and negotiated patent license agreements with a number of important radio manufacturers in France, Holland, Italy and Hungary. These arrangements have strengthened our patent and commercial position abroad and have increased the Corporation's income from royalties. The agreements run for a term of years and provide continuing revenue to the RCA.

In addition to its own patents, your Corporation is also licensed in the United States—for the fields in which it operates—under the present and future patents and inventions of the General Electric and Westinghouse Companies, the American Telephone and Telegraph Company, and the leading foreign radio companies of the world.

**Manufacture and Sales**

As of January 1, 1935, your Corporation consolidated into a single organization the two manufacturing units in the RCA family, the RCA Victor Company, Inc., and the RCA Radiotron Company, Inc. The RCA Manufacturing Company, Inc., is the newly formed organization.

The consolidation was effected primarily for convenience of operation. The established trade-marks on the products manufactured by the two companies which were consolidated are continued through the establishment in the RCA Manufacturing Company, Inc., of two divisions, the RCA Victor and RCA Radiotron Divisions and the operations of their respective factories at Camden, N. J., and Harrison, N. J., continue as before.

The outstanding radio development in the home entertainment field in
1934 was the marked improvement and simplification of all-wave radio reception. More efficient receiver circuits and a number of mechanical improvements, all contributing to the simpler operation and more satisfactory home reception of short wave programs from foreign countries, are responsible for the present popularity of the RCA Victor “Magic Brain” receivers.

The design, construction, and finish of cabinets also has been materially improved. In addition to their technical excellence the new RCA Victor sets are attractive complements to home furniture and have met with a gratifying public response.

During the year, RCA made available through RCA Victor a new all-wave antenna, scientifically designed to reduce man-made static and to improve the efficiency of reception on different wave bands.

Renewed interest in the field of recorded music was stimulated by the great number of fine Victor records released, resulting in a substantial increase in sales. The Corporation also marketed a record-playing mechanism, in a small chest little larger than a cigar box, which converts any modern, AC receiver into a phonograph-radio combination.

The technique of broadcast transmission has been steadily improved. More stations than ever before are sending out programs of high technical quality, and many stations are gradually replacing old apparatus with high quality equipment which bears the RCA Victor trade mark. The Corporation introduced commercially a new inductor-type microphone, for the improved pick-up of outside broadcasts.

The first amateur sound motion picture camera and projector, with which one may make and show his own “talkie” was introduced by RCA in 1934. Through a microphone contained in the camera, the user may make his own “newsreel” by recording his comments as he photographs. Or he may employ a separate microphone and amplifier to record the voices of the subjects taken.

Cathode ray tubes, produced by RCA are finding an increasing field of application. A radically new type of radio tube, resembling an acorn in size and shape, was introduced for amateur and experimental use in microwave reception. In this connection apparatus for the transmission and reception of radio waves approximately 4 inches long was developed, marking an important step toward making available for practical use in communications and other services a vast number of radio channels. The Corporation introduced a new radio receiver especially designed for amateur use, which met with immediate popularity.
Broadcasting

Development during 1934 again served to emphasize your Corporation's world leadership in broadcasting. The National Broadcasting Company's first full year of operation in its new headquarters in the RCA Building, Radio City, brought continued advances in the art, both technical and cultural.

In addition, the ever increasing importance of broadcasting as a medium of mass communication and mass entertainment brought new support and cooperation from American business and industry and a wider response from the American people.

Audience response, as indicated by mail received, was greater than ever before. For the first time more than five million letters were received from listeners in a single year.

During the year, the National Broadcasting Company presented 45,240 network programs, including more than 300 from thirty different foreign countries. These foreign programs were brought in over your Corporation's international radio facilities established and maintained by R.C.A. Communications. Quality of program content, performance and transmission showed continued improvement.

An important development of the year was the inauguration last March of the Press Radio Plan, through which your broadcasting company receives the outstanding news gathered by the Associated Press, the United Press, the International News Service and Universal Service. Through this arrangement listeners are promptly informed of outstanding events of national and world interest.

As a result of intensive survey and analysis the National Broadcasting Company has adjusted its advertising rate structure to the increased audiences now served. Compensation to associated stations also has been adjusted on the basis of these surveys. The new rates were announced on January 7, 1935.

The public service rendered by your Corporation's broadcasting company included broadcasts in the interests of agriculture, religion, labor, social-welfare and government. The President of the United States, members of the Cabinet, members of Congress from all political parties and groups and other leading national figures were enabled to broadcast through NBC networks and to keep the country informed on national affairs.

The rapid development of broadcasting has augmented the contribution made by RCA through the National Broadcasting Company and its associated radio stations to the educational, economic, cultural and social life of the people.
Inter-City Communications

Through R.C.A. Communications, Inc., your Corporation inaugurated in 1934 its new, inter-city radio telegraph service, which now connects Boston, New York, Philadelphia, Washington, Detroit, Chicago, New Orleans and San Francisco. The plans call for the addition of Los Angeles and Seattle in the near future. Other important cities will be added later.

This inter-city message service, which offers fast, 15-word radiograms at the wire line rate for 10 words, and lettergrams of 60 words at the wire charge for 50, has grown steadily since the service was opened in April, 1934.

Through an extension of previous working agreements with the Western Union Telegraph Company, inter-city messages "via RCA" are accepted at, or delivered from, any of the telegraph company’s offices in the cities to which the new RCA service extends. These Western Union offices thus augment the pick-up and delivery facilities of R.C.A. Communications, Inc.

International Communications

In the international field, the RCA company’s volume of traffic represented a substantial increase over the previous year. In 1934 radio telegraph circuits were inaugurated between Honolulu and Papeete, in Tahiti, and between New York and Guatemala. The present RCA international radio system consists of 57 circuits, linking the United States and its insular territories with 47 countries.

A total of 715 radio programs were handled for broadcasting companies across the Atlantic and Pacific in 1934, an increase of nearly 250 per cent over 1933.

Multiplex radio transmission, by which two automatic printer channels in each direction between New York and London are operated simultaneously on a single radio wavelength, was introduced in commercial practice in 1934. Another method of multiplex operation, making possible the simultaneous operation of three separate communication channels on a single radio wavelength, also was demonstrated.

The occurrence of many events of international importance in 1934 gave impetus to the RCA Photogram service by which news pictures and other subjects are sent and received in facsimile between the United States, Europe and South America. Photographs of happenings relating to the assassinations of King Alexander of Jugoslavia, and Premier Dollfus of Austria, the Madrid and Jerusalem riots, and the wedding of Prince George and Princess Marina were received and published in newspapers of this country within a few hours of those occurrences.
Marine Communications

RCA made several notable contributions to marine radio communication in 1934. Two new services are now in effect for public use, supplementing the regular RCA radiogram service of the Radiomarine Corporation of America. One of these is the "Sea Letter Telegram," by which a person aboard ship may send a message which is forwarded from the coastal station to the addressee by first class mail or special delivery mail, at the option of the sender. The rate of this service is, of course, correspondingly lower than for messages which coastal stations forward to their destination by telegraph. The RCA "Marine Gift Service" recently introduced, enables persons ashore to "radio" gifts to friends at sea, or vice versa. This service is now in effect with the principal liners on transatlantic voyages, and will be extended as rapidly as arrangements can be made to include others with which the marine company has traffic contracts. The sender has only to step up to the desk as he would to file a radiogram, select an item or designate flowers and choose from a list a text appropriate for his radiogram, to be delivered with the gift.

Major improvements were made in radio direction finders, and the Corporation is engaged in the development of low cost precision types for use on power boats and other small craft. An automatic emergency alarm device was perfected and tested at sea. The device is for use on vessels of certain classes, which are not required to maintain a 24-hour radio watch. The RCA is thus in a position to supply apparatus required by the Convention on Safety of Life at Sea in the event the Convention's recommendations are ratified by the United States.

New power-generating equipment for marine radio use, capable of operation at full efficiency from either the ship's mains or a small, 12-volt battery furnished as part of the equipment, was developed and is now being marketed. New, short wave transmitting and receiving apparatus also was made available for commercial use, and sales indicate that this type of equipment will find wide use in the marine field.

The Radiomarine Corporation of the RCA maintains and operates sixteen coastal stations on the Atlantic and Pacific coasts, the Great Lakes and the Gulf. It is a daily occurrence for these stations to be in direct communication with ships in remote parts of the world. Years ago the company's station at Chatham, Mass., achieved the utmost in range by exchanging messages with a steamship half-way around the world. In December 1934, the Chatham station made what is believed to be a record in aviation communication, when it
exchanged greetings with an Imperial Airways plane flying over the Persian Gulf near Jask.

The Federal Communications Commission

On July 1, 1934 the newly authorized Federal Communications Commission, in accordance with the new law, took jurisdiction over all broadcasting and communication companies, including those which operate by wire, cable, radio, telegraph and telephone, in the continental United States, Puerto Rico and Territory of Hawaii. The Commission took over all of the functions which theretofore had been exercised by the Federal Radio Commission, and by the Interstate Commerce Commission, in so far as the latter body’s jurisdiction extended to communications.

The Federal Communications Commission has engaged in a fact-finding survey into all forms of communication, which has necessitated the submission of data by all communication and broadcasting companies. It also has held several hearings on various phases of practice, organization and other related subjects.

All RCA companies engaged in communications or broadcasting are giving full cooperation to the Commission.

Training Men for Radio Careers

Through the R.C.A. Institutes, Inc., your Corporation offers instruction in the various phases of radio, in classes, as well as by correspondence courses. It maintains schools in New York and Chicago.

In addition to its General Course, which affords broad coverage of radio and associated subjects, the Institute offers specialized study in the particular field of interest to the student.

Radio-Keith-Orpheum Corporation (RKO)

RKO, in which your Corporation holds an interest as shown on the Consolidated Balance Sheet, has made marked progress during the year. Your Officers continue to extend their full cooperation to the management of that company.

In 1934 RKO established new high levels in entertainment and artistic interest by the production, distribution and exhibition of such outstanding RKO Radio Pictures as “The Little Minister,” “Anne of Green Gables,” “Flying Down to Rio,” and others of similar merit.
Electric & Musical Industries, Ltd. (EMI)

RCA's holdings in Electric & Musical Industries, Ltd., of England, remain the same as at the end of 1933—i.e. 29.2 per cent of the Ordinary shares and two-tenths of one per cent of the Preference shares.

Earnings, which in January, 1934, enabled EMI to pay off the entire arrears of two years' preference dividends, continued to increase through last year, and as of September 30, 1934, EMI declared a dividend of 10 per cent on the Ordinary shares. On the RCA holdings, this amounted to $327,809.44, after deduction of British income tax at the source.

Electric & Musical Industries, Ltd., engages in the manufacture and sale of radio sets, phonographs, records and associated products. The company is also engaged in the development of television transmitting and receiving apparatus. Its principal business is in Great Britain, but it also has factories and sales organizations in nineteen other foreign countries.

Progress of RCA

Steady progress has been made during the past five years in integrating and coordinating the research, engineering, manufacturing, sales and service activities of your Corporation, notwithstanding the protracted period of general business depression.

Until 1930, your Corporation's activities in the fields which it serves were limited to operation and sales. It was not engaged in manufacturing and it was imperative for your Corporation to obtain its own manufacturing facilities. In 1930, therefore, RCA acquired manufacturing rights and manufacturing plants, enabling the Corporation to offer complete service in every field of radio.

Your Corporation has faced unprecedented conditions of intense competition and falling price levels since its organization of a complete manufacturing, distributing and sales unit. Nevertheless it has gone forward consistently in the tasks of research and the development of its manufacturing program, perfecting production methods and introducing many improvements in its products and services.

The progress made by your Corporation in manufacturing and in associated service fields places RCA in a position to benefit from any improvement in general business conditions. The results of its continued research should maintain its position of leadership in an expanding art and give your Corporation improved engineering, technical and production facilities to supply such products and services as further development of the radio art and industry may make possible.
Cooperation in National Recovery Program

Throughout the year the Corporation has continued to observe scrupulously the provisions of the NRA. The RCA organization subscribed early in the NRA campaign to the codes relating to its operations. RCA has wholeheartedly cooperated in every way possible with the Government’s efforts to improve general business conditions.

Employees

Your Directors and management wish to commend the loyal service of RCA employees, whose faithful conduct of the Corporation’s affairs in the various fields it serves contributed materially to its improved position.

Stockholders

The total number of RCA stockholders at December 31, 1934, was 271,157. More than a quarter of a million people, their families and friends, constitute both an important market and a good-will force of great possibilities. RCA stockholders can materially advance the Corporation’s business by purchasing radio receiving sets, tubes, phonographs, records and other products of the RCA family; and by recommending RCA products and radiotelegraph services to their friends.

Such cooperation will, as it has in the past, add materially to the annual volume of business by creating a greater demand for RCA products throughout the country, thus helping further to strengthen the position of your Corporation in competitive markets and to insure its continued growth and prosperity.

Proxies

A majority of votes of the outstanding shares of your Corporation is required for a quorum at the annual meeting of stockholders to be held in the RCA Building, in New York City on May 7, 1935. The stock of your Corporation is widely distributed and generally held in small lots. Stockholders who are unable to attend the annual meeting in person, will materially help the Corporation by promptly signing and mailing their stock-voting proxy. Your early response to this request will avoid delay and expense to the Corporation and will enable your authorized representatives to vote at the annual meeting of stockholders.

By Order of the Board of Directors:

JAMES G. HARBOURD, Chairman
DAVID SARNOFF, President

Printed by order of the Board
LEWIS MACCONNACH, Secretary

New York City, February 27, 1935.
RADIO CORPORATION OF AMERICA
CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT ASSETS:
- Cash in Banks and on Hand ........ $15,073,921.23
- U. S. Government and Other Marketable Securities at Cost (December 31, 1934 Market Value in excess of Cost) ........ 8,605,536.58
- Notes and Accounts Receivable (less Reserves of $1,550,008.69) ....... 8,784,281.02
- Inventories (at the lower of Cost or Market) ........ 8,699,967.25

Total Current Assets .................. $41,163,706.08

NOTES AND ACCOUNTS RECEIVABLE MATURING AFTER 1935 .......... 378,603.87

INVESTMENTS:
- Radio-Keith-Orpheum Corporation ........ $14,644,614.00
  (In proceedings under Section 77B, Act of June 7, 1934) Represented by 1,259,463½ shares of Common Stock (48.86%) and $9,786,655 of Ten-Year Debentures (84%), at Cost
- Electric and Musical Industries, Ltd. .... 13,189,431.98
  Represented by 1,700,000 shares of Common Stock (29.2%) and 1,000 shares of Preferred Stock (.2%), at Cost
- Sundry Investments in and Advances to Associated and Other Companies, at Cost (less Reserve of $4,006,008.54) .......... 3,160,961.43

Total Investments ...................... 30,995,007.41

FIXED ASSETS:
- Factories, Radio Communication and Broadcasting Stations, Warehouses, Service Shops, Offices, etc.—Land, Buildings and Equipment, at Cost .......... $84,158,840.15
  Less: Reserve for Depreciation and Write-down of Fixed Assets .......... 53,496,452.59

  $30,662,387.56
- Patents, Contracts and Goodwill .......... $20,166,545.06
  Less: Reserve for Patents .............. 11,503,333.79

  8,663,211.27

Total Fixed Assets ..................... 39,325,598.83

DEFERRED CHARGES:
- Taxes, Insurance—paid in advance, etc. ........ 677,065.21

Total Assets .......................... $112,539,981.40

The dividends in arrears on the "A" Preferred Stock, amounting to $4,519,610, were declared in full on January 18, 1935, and paid on February 19, 1935. The dividends in arrears on the "B" Preferred Stock amount to $16.25 per share, or $12,468,220.
AND SUBSIDIARY COMPANIES

AT DECEMBER 31, 1934

LIABILITIES AND CAPITAL

CURRENT LIABILITIES:
Accounts Payable and Accruals   $   6,913,283.08

FUNDED DEBT AND OTHER LIABILITIES:
Mortgages on Real Estate at Broad and Beaver Streets, New York City  $  3,664,000.00
Debentures (maximum interest 5% per annum, redeemable in six annual instalments of $255,000 each, payable in November, 1936 to 1941, and one instalment of $2,470,000 in November, 1942)  4,000,000.00
Notes and Contracts Payable after 1935  1,170,000.00
Note Payable (non-interest bearing, due November, 1937)  530,463.00
Notes Payable (Serial Notes Payable in thirteen annual instalments)  610,337.48

TOTAL FUNDED DEBT AND OTHER LIABILITIES  9,974,800.48

RESERVE FOR CONTINGENCIES (after net charges of $211,011.85 during the year)  2,336,071.93
GENERAL RESERVE (after charges of $606,252.31 during the year)  12,325,512.14

CAPITAL STOCK:
“A” Preferred 7% Cumulative Par Value $50—
Authorized—500,000 shares
Issued — 495,597.4 shares  $24,779,870.00

“B” Preferred Cumulative $5 Dividend No Par Value,
Redemption Value $100 per share—
Authorized—1,500,000 shares
Issued — 767,275.1 shares  16,430,709.07

Common No Par Value—
Authorized—15,000,000 shares
Issued — 13,130,690.2 shares  26,261,380.40

TOTAL CAPITAL STOCK  67,471,959.47

EARNED SURPLUS  13,518,354.30

TOTAL LIABILITIES AND CAPITAL  $112,539,981.40

The shares stated as issued include 2,883.2 shares of “A” Preferred Stock, 378.1 shares of “B” Preferred Stock and 29,210.2 shares of Common Stock reserved for issue to stockholders of subsidiary or predecessor companies.

Net Current Assets of Foreign Subsidiary Companies have been converted into dollars at the prevailing exchange export rates at December 31, 1934.
RADIO CORPORATION OF AMERICA AND 
SUBSIDIARY COMPANIES 

CONSOLIDATED STATEMENT OF INCOME AND SURPLUS 
FOR THE YEAR ENDED DECEMBER 31, 1934 

GROSS INCOME: 

From Operations (Note 1) ....................... $77,303,112.17 

Other Income, including Interest and Dividends from 
Investments .................................... 1,453,881.54 

TOTAL GROSS INCOME FROM ALL SOURCES .......... $78,756,993.71 

Less: Cost of Sales, General Operating, Development, Selling and 
Administrative Expenses .......................... 69,266,538.54 

NET INCOME FOR THE YEAR (before Interest, Depreciation, Amortization 
of Patents, Goodwill and Federal Income Taxes) .......... $ 9,490,455.17 

Deduct: 

Interest ......................................... $ 502,002.23 

Depreciation (Note 2) .......................... 3,138,339.27 

Amortization of Patents (Note 3) ...................... 525,000.00 

Amortization of Goodwill .......................... 270,000.00 

Provision for Federal Income Taxes .................. 805,850.00 

TOTAL DEDUCTIONS ................................ 5,241,191.50 

NET PROFIT FOR THE YEAR, Transferred to Surplus .......... $ 4,249,263.67 

SURPLUS AT DECEMBER 31, 1933 .................... 9,269,090.63 

SURPLUS AT DECEMBER 31, 1934 .................... $13,518,354.30 

Note: 
1. This includes approximately $750,000 received from settlement of Royalty claims applicable to 
   prior years. 
2. As in past years, the Depreciation charged against Operations in respect of manufacturing plants 
   is based on the activity of each unit. 
3. This relates to all patents acquired since December 31, 1928, all acquired previously having 
   been reserved for out of Surplus prior to that date. 
4. Operations of Foreign Subsidiary Companies have been converted into dollars at the prevailing 
   monthly exchange export rates.
To the Stockholders of  
Radio Corporation of America:

We have made an examination of the Consolidated Balance Sheet of Radio Corporation of America and Subsidiary Companies as at December 31, 1934, and of the Consolidated Statement of Income and Surplus for the year 1934. In connection therewith, we examined or tested accounting records of the Corporation and its Subsidiaries and other supporting evidence to the extent we considered sufficient and obtained all information and explanations requested by us from officers and employees of the Company. We also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions. We have accepted for certain foreign subsidiaries, amounting to 2 per cent of total assets, the audited accounts prepared by their public accountants as at either October 31st or November 30th, 1934.

The audit of Radio-Keith-Orpheum Corporation and its subsidiaries (the investment in which is shown on the Consolidated Balance Sheet) has not been completed for the year 1934 by the public accountants of that Corporation. We are advised by the officers of Radio-Keith-Orpheum Corporation that the consolidated statement of operations for the year 1934 will show a loss, after interest accrued, of approximately $875,000, compared with a loss of $4,384,064 for the year 1933. During the year a portion of the Common shares of Radio-Keith-Orpheum Corporation held by RCA was sold and by appropriate resolution of the Board of Directors, $606,252, the difference between the figure at which these shares were carried on the books and the sale price, was charged against General Reserve.

Subject to the foregoing, in our opinion, based on such examination, the accompanying Consolidated Balance Sheet and related Consolidated Statement of Income and Surplus fairly present, in accordance with accepted principles of accounting which have been consistently maintained by the Corporation, its position at December 31, 1934 and the results of its operations for the year ended that date.

Arthur Young & Co.

RADIO CORPORATION OF AMERICA
RCA Building, 30 Rockefeller Plaza, New York City

BOARD OF DIRECTORS

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Secretary

OTTO S. SCHAIRER
Vice-President in Charge of Patent Department

HENRY A. SULLIVAN
Comptroller

ROBERT C. PROPPE
Assistant Secretary

TRANSFER AGENT:
The Corporation Trust Company, New York, N. Y.

REGISTRARS:


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