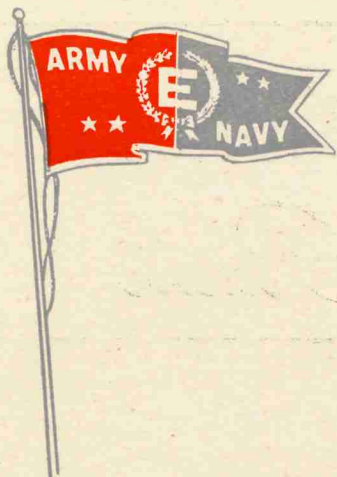


Motorola
Radio

GALVIN MANUFACTURING CORPORATION

ANNUAL REPORT

YEAR ENDING NOVEMBER 30, 1944



*Five times winner of the
Army-Navy "E"
for production
"beyond expectations."*

To the Stockholders:

GALVIN MANUFACTURING CORPORATION

This is the third wartime report from Motorola and it is my fervent hope that when we prepare our next, it will be a mixed report . . . signalizing the end of the European war and the resumption of civilian production, if not fully, at least in part. The company we believe has given an excellent account of itself in the service of our country during this period of emergency. We have produced well and fast and in great quantity. We have acquired additional brain and brawn in the process. When normal competitive building and selling of radio and other electronic apparatus is resumed, we will be ready.

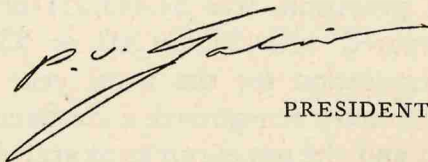
As previously reported, renegotiation proceedings for the fiscal year ended November 30, 1943, were completed and a final agreement reached in November, 1944. No provision for refunds under the Renegotiation Act had been made in the financial statements for that year because of the uncertainty of the bases to be used in settlement. The accompanying Statements of Income and Balance Sheet, for the fiscal year ended November 30, 1944, however, provide for a refund based upon the renegotiation experience for the year ended November 30, 1943. Net income for 1944, after this provision, was \$1,448,351 or \$4.02 per share, as compared with \$1,259,303 or \$3.50 per share, after renegotiation for the fiscal year 1943. At this time, preliminary renegotiation conferences, only, have been held and the net earnings as stated for 1944 are subject to review and approval by the Government.

Production and sales during the 1944 fiscal year again set a new high record. After provision for renegotiation, the sales amounted to \$86,946,632, as compared with sales, after renegotiation, of \$78,454,462 during the fiscal year ended November 30, 1943.

The two-story plant, which was completed in February, 1944, was operated at capacity throughout the year. The increased demand for production, however, made it necessary to again expand the Company's manufacturing facilities and a third floor was added to the new plant, which now has a manufacturing area of ninety thousand (90,000) square feet. This addition was completed and in use during November, 1944.

On April 24, 1944, the Company entered into an agreement with a group of banks under Regulation VT for a \$14,000,000 revolving credit. This commitment was made for a period of three years, and is, in the light of present conditions, considered ample to take care of our requirements. This credit has been drawn upon in the amount of \$5,250,000 as of November 30, 1944.

Operations during the first few months of this year are continuing at about the same level as last year. The backlog of orders is quite substantial and indicates a continued high rate of production. This, of course, is subject to change depending on the needs of the Armed Forces.

A handwritten signature in dark ink, appearing to read "P. V. Galvin", with a long, sweeping underline that extends to the left and then curves back under the name.

PRESIDENT

Condensed. Report

ON EXAMINATION OF ACCOUNTS FOR
THE YEAR ENDED NOVEMBER 30, 1944

GALVIN MANUFACTURING COMPANY

Balance Sheet - December 31, 1943

Assets

CURRENT ASSETS:

Cash		\$ 4,293,214.28
Trade receivables:		
United States Government	\$ 4,155,781.04	
Other	<u>1,842,584.47</u>	5,998,365.51
United States Treasury Notes,		
Tax Series C		1,700,000.00
Other current receivables		188,194.93
Inventories:		
Finished stock	\$ 1,152,862.48	
Work in process	151,878.64	
Materials and supplies	<u>9,084,933.10</u>	10,389,674.22
TOTAL CURRENT ASSETS		<u>\$22,569,448.94</u>

DEFERRED CHARGES	87,649.58
OTHER ASSETS	501,811.22

TANGIBLE FIXED ASSETS:

Being amortized on a five-year basis, under Certificates of Necessity— less amortization	\$ 450,538.27	
Other—less depreciation	<u>1,462,948.06</u>	1,913,486.33
Patents and trademarks—less amortization		<u>35,623.01</u>
		<u>\$25,108,019.08</u>

NOTES:

Under certain provisions of the Sixth Supplemental National Defense Appropriations Act, 1942, as amended, the company is subject to price renegotiation with respect to billings since December 1, 1943. Provision has been made for renegotiation refund on the same basis as that on which rene-

RING CORPORATION

November 30, 1944

Liabilities and Net Worth

CURRENT LIABILITIES:

Notes payable—banks		\$ 5,250,000.00
Accounts payable—trade		5,257,309.31
Reserves for taxes:		
Federal income and excess profits		
taxes	\$ 4,275,495.73	
Other taxes	<u>159,375.48</u>	4,434,871.21
Reserve for renegotiation of		
Government contracts:		
Balance payable on agreed refund		
for prior year	\$ 666,258.10	
Estimated refund for current year	<u>2,700,000.00</u>	3,366,258.10
Accrued compensation		687,927.04
Dividend payable		107,662.50
Sundry current liabilities		<u>331,478.67</u>
TOTAL CURRENT LIABILITIES		<u>\$19,435,506.83</u>

NET WORTH:

Capital stock—par value, \$1.00 per		
share; authorized,		
500,000 shares; is-		
sued, 360,000		
shares	\$ 360,000.00	
Surplus	<u>5,320,762.25</u>	\$ 5,680,762.25
Deduct treasury stock—		
1,125 shares at cost	<u>8,250.00</u>	
NET WORTH		<u>5,672,512.25</u>
		<u><u>\$25,108,019.08</u></u>

gotiation was consummated for the company's prior fiscal year.

The company was contingently liable on November 30, 1944, in an indeterminable amount (not exceeding \$18,000.00), with respect to fees on sales of communications equipment manufactured by it.

Galvin MANUFACTURING CORPORATION

STATEMENT of INCOME and EXPENSE and SURPLUS

FOR THE YEAR ENDED NOVEMBER 30, 1944

Net sales	\$86,946,631.73	
Cost of sales	<u>80,149,694.63</u>	
Gross profit on sales	\$ 6,796,937.10	
Selling expenses	<u>997,819.81</u>	
Net profit on sales	\$ 5,799,117.29	
General expenses	<u>959,219.18</u>	
Net profit from operations	\$ 4,839,898.11	
Other income—less other expenses	<u>441,196.96</u>	
Net income before provision for Federal income and excess profits taxes	\$ 5,281,095.07	
Provision for Federal income and excess profits taxes (less post-war credit of \$392,256.00)	<u>3,832,744.00</u>	
Net income	\$ 1,448,351.07	
Surplus, beginning of year:		
Balance before adjustment	\$ 4,978,068.87	
Deduct renegotiation for 1943—net after consequent reduction of Federal income and excess profits taxes	<u>923,929.11</u>	
Balance after adjustment	<u>4,054,139.76</u>	
TOTAL	\$ 5,502,490.83	
Add:		
Adjustments of prior year's income (net)	\$25,096.42	
Balance in reserve for bad debts restored to surplus	<u>8,500.00</u>	<u>33,596.42</u>
Total	\$ 5,536,087.25	
Deduct dividends paid—60 cents per share	<u>215,325.00</u>	
Surplus, end of year	<u>\$ 5,320,762.25</u>	

BAUMANN, FINNEY & CO.

ACCOUNTANTS AND AUDITORS

208 SOUTH LA SALLE STREET

CHICAGO 4, ILLINOIS

February 9, 1945

Mr. PAUL V. GALVIN, *President*
Galvin Manufacturing Corporation
4545 Augusta Boulevard,
Chicago, Illinois.

Dear Sir:

We have made an examination of the accounts of GALVIN MANUFACTURING CORPORATION (an Illinois corporation) for the year ended November 30, 1944; under previous engagements we have examined the accounts of the company since January 1, 1930. We submit herewith a condensed report on this examination; our complete report was rendered under date of January 31, 1945.

Our examination was directed primarily to the verification of the financial condition of the company on November 30, 1944, and included a general review of the income and expense accounts for the year then ended. We have reviewed the system of internal control and the accounting procedures of the company, and, without making a detailed audit of the transactions, have examined or tested accounting records of the company and supporting evidence by methods and to the extent we deemed appropriate. Except that it was not practicable to obtain confirmations of receivables from United States Government departments and agencies, as to which we have satisfied ourselves by other auditing procedures, our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

Provision has been made for a renegotiation refund for the year ended November 30, 1944 on the same basis as that on which renegotiation was consummated for the company's prior fiscal year. The reserve provided on this basis for the year ended November 30, 1944, in the amount of \$2,700,000.00, is included among the current liabilities in the accompanying balance sheet, and has been deducted from sales in the income and expense statement.

In our opinion, the accompanying balance sheet and related statement of income and expense present fairly the financial condition of Galvin Manufacturing Corporation on November 30, 1944, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Yours truly,

BAUMANN, FINNEY & Co.

Board of Directors

PAUL V. GALVIN

FRANK J. O'BRIEN

ELMER H. WAVERING

GEORGE R. MACDONALD

Officers

PAUL V. GALVIN
President

FRANK J. O'BRIEN
Vice-President in Charge of Operations

WALTER H. STELLNER
Vice-President in Charge of Home Products Division

ELMER H. WAVERING
Vice-President in Charge of Automotive Division

GEORGE R. MACDONALD
Treasurer

CHARLES E. GREEN
Secretary

JOSEPH E. GALVIN, *Deceased*

F-M and A-M

HOME RADIO

AUTO RADIO

AUTOMATIC PHONOGRAPHS

TELEVISION

F-M POLICE RADIO

RADAR

MILITARY RADIO

