A decorative border with ornate, symmetrical scrollwork and floral motifs in a light tan color, framing the central text.

**1946
ANNUAL
REPORT**

Motorola

GALVIN MANUFACTURING CORPORATION
4545 AUGUSTA BLVD. CHICAGO 51, ILL.

OFFICERS AND DIRECTORS

Motorola

OFFICERS

PAUL V. GALVIN.....President
ELMER H. WAVERING.....Vice-Pres. in Charge of Automotive Division
WALTER H. STELLNER.....Vice-Pres. in Charge of Home Products Division
FRANK J. O'BRIEN.....Vice-Pres. in Charge of Purchasing
DANIEL E. NOBLE...Vice-Pres. in Charge of Communications and Electronics Division
PAUL K. POVLSEN.....Vice-Pres. in Charge of Operations
GEORGE R. MacDONALD.....Treasurer
CHARLES E. GREEN.....Secretary

BOARD OF DIRECTORS

Paul V. Galvin	George R. MacDonald
Robert W. Galvin	Frank J. O'Brien
Matthew J. Hickey, Jr.	Walter H. Stellner
Elmer H. Wavering	

Registrars

IRVING TRUST COMPANY
One Wall Street
New York 15, New York

CONTINENTAL ILLINOIS NATIONAL
BANK AND TRUST COMPANY OF CHICAGO
231 South LaSalle St.
Chicago 90, Illinois

Transfer Agents

CHEMICAL BANK AND TRUST CO.
165 Broadway
New York 15, New York

HARRIS TRUST AND SAVINGS BANK
115 West Monroe Street
Chicago 90, Illinois

The annual meeting will be held on Monday, May 5, 1947. A notice of the meeting, together with a form of proxy and a proxy statement will be mailed to stockholders on or about April 18, 1947, at which time proxies will be requested by the management.

THE PRESIDENT'S LETTER

to the Stockholders

We are proud and happy to report that during the first full year of peacetime operations following four years of intense military activity, our Company showed a profit. In view of the tremendous problems confronting all manufacturers during this reconversion period, we feel that we can be proud of the record that we have made in the year ended November 30, 1946.

OPERATIONS

Despite a large loss during the first quarter of 1946 and unfavorable operating conditions throughout most of the year, our net sales amounted to \$23,201,107. Net income during this past year, after Federal taxes, was \$656,286, which is equivalent to 82c per share.

FINANCIAL CONDITION

Our present financial position is strong with working capital amounting to \$5,862,933 at November 30, 1946 as against \$4,637,648 at the end of the previous year. Part of this improvement was due to the sale of additional stock, details of which will be covered later in this report. Bank loans for normal business functioning amounted to \$1,085,000.

Inventories at the close of our fiscal year stood at \$5,473,620. The total of inventories was divided as follows: \$4,603,321 raw materials, \$626,908 work in process, \$243,391 finished goods. While the inventory of raw materials may appear high, it is, in our judgment, well balanced and indicates the amount of raw materials necessary to meet the volume of sales anticipated for 1947.

DIVIDENDS AND POLICY

Payment of dividends continued unbroken for 1946 at the rate of 30c per share. This is equivalent to 60c per share for the old stock. It is expected that the present high level of operating income will continue throughout this year. Under these conditions, the rate of dividend payment will be increased for 1947.

SALE OF STOCK

On December 15, 1945, following a vote of stockholders, the stock was split on the basis of two shares for one. Last March 80,000 shares of a new offering of stock were sold by the company and proceeds of this sale materially strengthened the company's financial position. Total number of stockholders increased from 750 at the end of 1945 to approximately 3,000 at the end of the fiscal year 1946.

**WAR
CONTRACT
TERMINATION**

During the period of the war our contracts for the military totalled nearly \$250,000,000. Your company terminated all of its huge wartime contracts by the end of 1945 and filed claims amounting to almost \$10,000,000. Of these claims, all but a negligible amount have been collected.

**EMPLOYEE
RELATIONS**

During the reconversion year 1946, shortages of materials and a lack of skilled labor handicapped full scale production. We found that for every 250 applicants interviewed, only 50 met our standards. As a result of the personal instability generally inherent in wartime workers, only about half of those selected remained throughout the training period. Thus, we found that we had to interview about ten persons to obtain the continuous services of one competent worker. Through this process of selection and training, however, we have an outstanding family of workers who are loyal and proficient. Our wage and salary scale, we believe, is equal to the highest in the radio industry and we have consistently maintained a policy of providing maximum family benefits for all employees. We have an excellent insurance program providing hospital and surgical benefits and a \$1500.00 life insurance policy, both furnished to all employees without cost. Family hospitalization is also obtainable at a reasonable rate.

Company employees have grouped themselves into many recreational activities with the wholehearted encouragement of management. The various clubs and organizations throughout the plant have been founded, fostered and maintained largely through the enthusiasm of the members.

**RESEARCH
AND
DEVELOPMENT**

During the fiscal year 1946 we spent more than \$1,000,000 for research and engineering projects. This was done to perfect products already in the Motorola line, such as Home and Car Radio and Communications equipment. In addition, two outstanding new products, the Motorola Television Receiver and the Motorola Automatic Push Button Gasoline Car Heater were developed.

We have in our organization more than 240 engineers who are constantly engaged in research, experiment and development. This large staff is housed in a separate Engineering Building containing 35,000 square feet of space. During the fiscal year 1946, many of our engineers were still engaged in research and development work for the United States Army and Navy, as part of the government's huge development program in the field of electronics.

OUTLOOK

During the first eight weeks of our 1947 fiscal year net profit after taxes amounted to \$312,988.00 as contrasted with a net loss of \$427,772.00 during the same period of 1946.

Backed by one of the finest distributor organizations in the radio industry, and with the knowledge that our engineering and research developments have made Motorola products superior even to those of former years, we look to 1947 with supreme confidence. Motorola has a loyal nationwide wholesale distributor organization which has remained virtually intact throughout the war. Over 80% of these distributors have been with Motorola since the beginning. This small turnover in distributor organization is without parallel in the radio industry.

In the field of television, our engineers have drawn upon four war-time years of intense experience in developing radar and allied types of equipment for the armed services. Our television receivers, with all these years of experience built into them, will be ready for the market as proved and seasoned products within a few months.

More than seven years of research and experimentation have gone into the development of the new Motorola Gasoline Car Heater now in production. This new heater is unique in its field, since it is the only heater that operates independently of the car engine and is built to maintain the temperature in a car to within four degrees of the temperature desired. The high standard of quality of the Motorola Car Radio has been jealously maintained. The designs for the 1947 line of Motorola Home Radios leaves very little to be desired in cabinet styling and engineering achievement. In the communications and electronics field, we have made tremendous strides during the past year and we may look for even greater acceptance of "Motorola" as the standard of radiotelephone perfection.

CONCLUSION

With the satisfying knowledge that the engineering skill and promotional techniques of our organization successfully steered us into a profitable year in 1946, and in view of the sound financial and production situation in which we now find ourselves, we have every reason to believe that we are entering a period of fruitful production and even greater financial accomplishments than ever before in the history of this company.

We take this opportunity to pay special tribute to all members of this organization, without whose unflinching energy, persistent efforts and great loyalty this satisfactory report would not have been possible.



BALANCE SHEET

GALVIN MANUFACTURING COMPANY

NOVEMBER 30, 1944

Motorola

ASSETS

CURRENT ASSETS:

Cash		\$ 1,211,420.17
Trade receivables—less reserve.....		4,092,167.61
Government contract termination claims.....		68,477.66
Other current receivables.....		288,019.25
Inventories:		
Finished stock	\$ 243,390.96	
Work in process.....	626,907.51	
Raw materials and supplies.....	4,603,321.37	5,473,619.84
Total current assets.....		\$11,133,704.53
Deferred charges		168,677.54
Investment in wholly-owned subsidiary—at cost plus undistributed earnings from date of acquisition		155,240.84
Other assets		39,724.00

TANGIBLE FIXED ASSETS:

Dies	\$ 473,523.41	
Other plant property—less reserves for depreciation	1,991,075.09	2,464,598.50
Patents and trademarks—less amortization.....		42,171.63
		\$14,004,117.04

NOTES:

Under certain provisions of the Sixth Supplemental National Defense Appropriation Act of December 1, 1944 under Government contracts. The provision made for renegotiation refunds by the Contracts Price Adjustment Board of the Army Signal Corps, Washington, D.C.

The company is contingently liable, in an indeterminable amount, with respect to fees on sales contracts. This liability, if any, is relatively insignificant and the necessity to pay extremely remote.

SHEET

ING CORPORATION

30, 1946

Motorola

LIABILITIES AND NET WORTH

CURRENT LIABILITIES:

Notes payable—banks		\$ 1,085,000.00
Accounts payable—trade		1,587,470.68
Customers' credit balances.....		68,796.24
Reserves for taxes:		
Federal taxes on income.....	\$ 372,828.69	
Other	294,135.24	666,963.93
Reserve for renegotiation of Government contracts		974,752.22
Accrued compensation		539,928.50
Cash dividend payable.....		120,000.00
Other current liabilities.....		227,859.72
Total current liabilities.....		<u>\$ 5,270,771.29</u>

NET WORTH:

Capital stock—par value, \$3.00 per share; authorized, 1,000,000 shares; issued, 800,000 shares.....		\$2,400,000.00
Surplus:		
Paid in	\$1,227,832.40	
Earned	5,086,545.13	6,314,377.53
Total		<u>\$8,714,377.53</u>
Undistributed earnings of wholly-owned subsidiary		18,968.22
Net worth		<u>8,733,345.75</u>

\$14,004,117.04

12, as amended, the company is subject to price renegotiation with respect to billings since
has been approved by the local renegotiation authority, subject to final approval by the War

of specialties manufactured by it. In the opinion of company's counsel, the amount of the

GALVIN MANUFACTURING CORPORATION



STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED NOVEMBER 30, 1946

Net sales	\$23,201,107.43
Cost of sales	20,016,095.20
Gross profit on sales	\$ 3,185,012.23
Selling expenses	2,094,286.19
Net profit on sales	\$ 1,090,726.04
General expenses	652,049.12
Net profit from operations	\$ 438,676.92
Other income (including \$317,722.35 profit on sale of investments) —less other expenses	555,109.34
Net income before provision for federal taxes on income	\$ 993,786.26
Provision for federal taxes on income	337,500.00
Net income	\$ 656,286.26

STATEMENT OF SURPLUS FOR THE YEAR ENDED NOVEMBER 30, 1946

	Paid in	Earned
Earned surplus, beginning of year:		
Balance, before adjustment		\$5,205,765.96
Reinstatement in opening inventory of amount disallowed by the Treasury Department with respect to materials scrapped in a prior year, not disposed of until 1945 and 1946		34,203.04
Balance, after adjustment	\$	\$5,239,969.00
Add:		
Net income for the year ended November 30, 1946		656,286.26
Surplus arising from reinstatement of emergency facilities pre- viously written off, at cost less depreciation at normal rates from dates of acquisition to December 1, 1945		568,261.65
Reserve provided for renegotiation refund for the year ended November 30, 1945, in excess of amount required per renegoti- ation agreement		26,690.72
Excess of proceeds from the sale of 80,000 shares of capital stock, in a public offering, over par value and expenses of registration	1,213,582.40	
Excess of selling price over cost of 2,250 shares of treasury stock	14,250.00	
Total	\$1,227,832.40	\$6,491,207.63
Deduct: —		
Dividends paid:		
In stock—100%		\$1,080,000.00
In cash—\$.30 per share		239,662.50
Appropriation from earned surplus to create reserve for bad debts		50,000.00
Additional assessments of prior years' federal income and excess profits taxes (estimated)		35,000.00
Total deductions	\$	\$1,404,662.50
Balance, end of year	\$1,227,832.40	\$5,086,545.13

AUDITORS' REPORT

Motorola

BAUMANN, FINNEY & CO.

ACCOUNTANTS AND AUDITORS

208 SOUTH LA SALLE STREET

CHICAGO 4, ILLINOIS

TELEPHONE CENTRAL 1370

H. P. BAUMANN
H. A. FINNEY
F. R. TREDWELL
L. WERNER

February 17, 1947

Mr. Paul V. Galvin, President,
Galvin Manufacturing Corporation,
4545 Augusta Boulevard,
Chicago, Illinois.

Dear Sir:

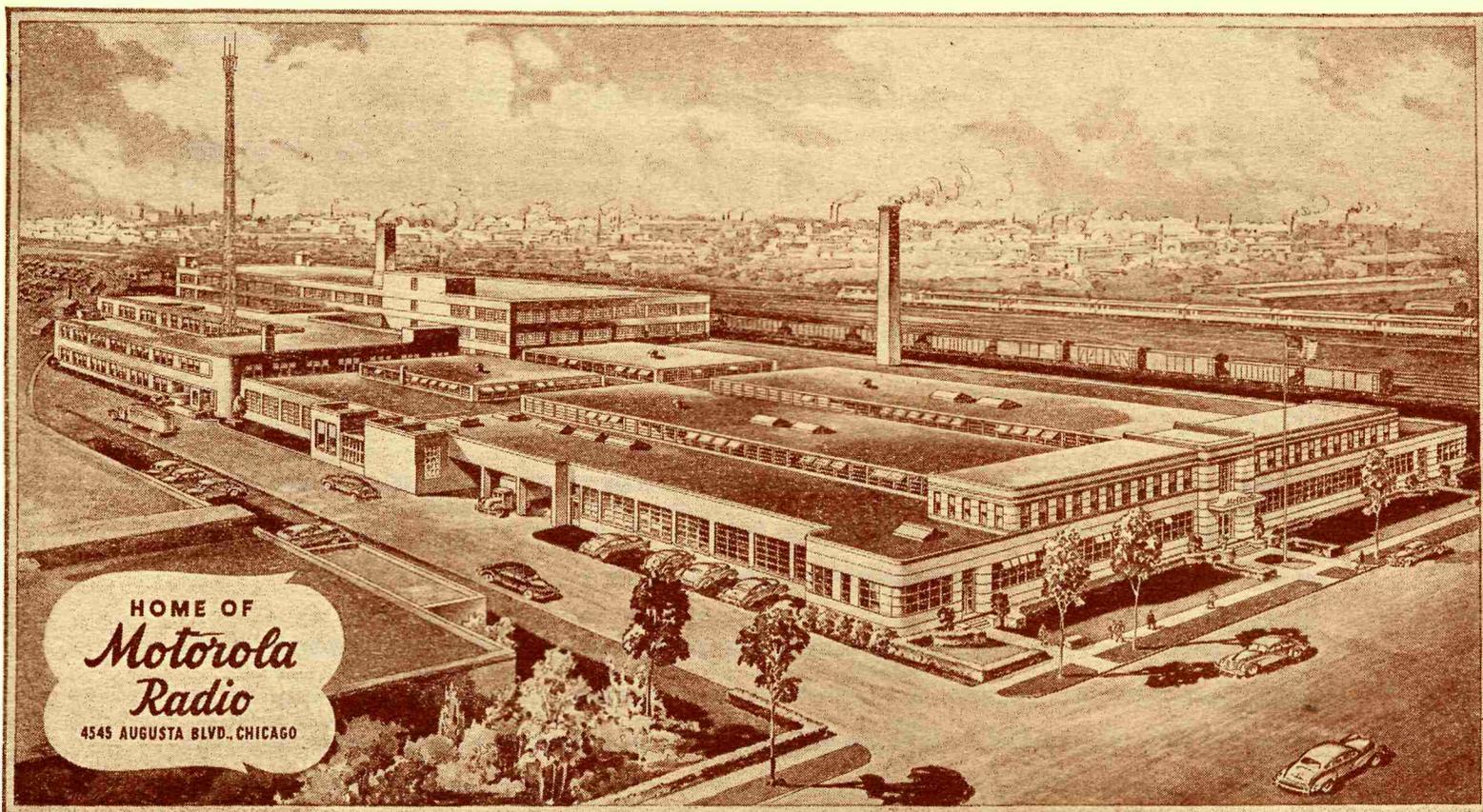
We have made an examination of the accounts of Galvin Manufacturing Corporation (an Illinois corporation) for the year ended November 30, 1946. We submit herewith a condensed report on this examination; our complete report was submitted under date of February 15, 1947.

Our examination was directed primarily to the verification of the financial condition of the company on November 30, 1946, and included a general review of the income and expense accounts, but without a detailed audit of the transactions for the year; it was made in accordance with generally accepted auditing standards applicable in the circumstances, and comprised such tests of the accounting records and supporting evidence and such other auditing procedures as we considered necessary.

In our opinion the accompanying balance sheet and related statements of income and expense and surplus present fairly the financial condition of Galvin Manufacturing Corporation on November 30, 1946, 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.

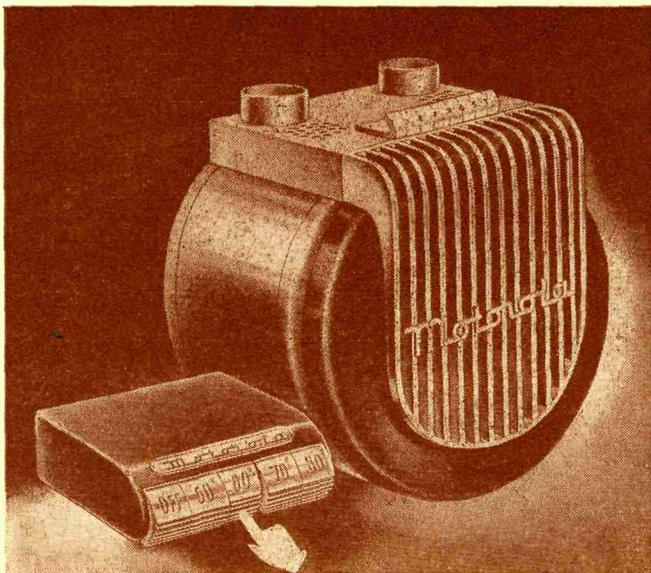


GALVIN MANUFACTURING CORPORATION

• CHICAGO 51, ILLINOIS

TWO NEW PRODUCTS IN THE MOTOROLA LINE

Motorola



MOTOROLA AUTOMATIC PUSH BUTTON GASOLINE CAR HEATER

Before the war Motorola engineers experimented with a gasoline-operated heater, and during the period of the war produced several successful models for the Armed Forces. At the conclusion of the war, Motorola engineers immediately turned their attention to the development of a domestic automobile car heater and in the fall of 1946 brought out two successful models—one to be mounted on the bulkhead and the other to be mounted underseat.

This new Motorola Car Heater works independently of the car engine—a feature that is unique in the car heater field. The attractive push button control head shown with the heater at the left controls the operation of the heater. Both the bulkhead and underseat models of the new Motorola Car Heater are now in production and are creating a highly favorable response in the field.

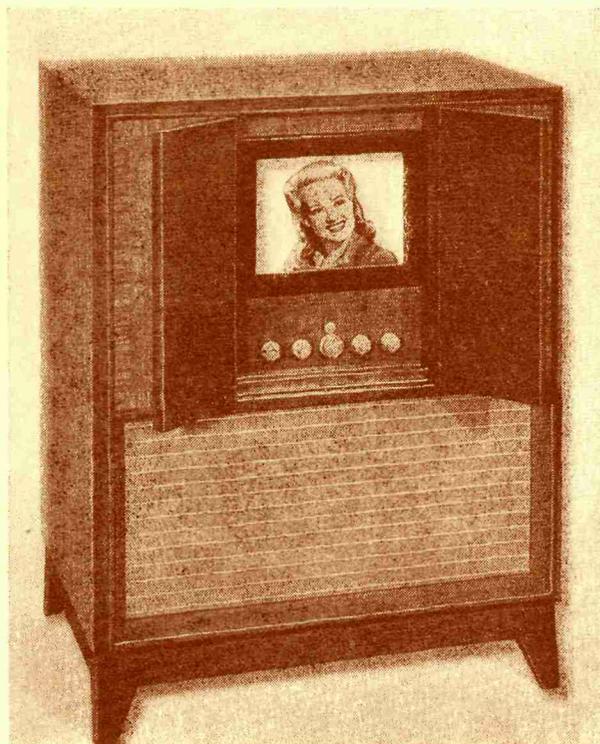
MOTOROLA HOME TELEVISION RECEIVER

Backed by nearly five years of wartime research and production of radar and allied types of radio equipment, Motorola engineers have designed and produced a complete line of home television receivers. Present plans and designs indicate that the Motorola line of television receivers will include small table models and handsome consoles with direct-view screens, as well as larger projection type units.

The attractive console model shown at the right is one of the first in the new Motorola line of Home Television Receivers. Beautifully designed and constructed, this handsome instrument with its brilliant 10 inch screen will be ready for the retail market within a few months.

• • •

The addition of the car heater and television receivers to the Motorola line of fine products, provide a well-rounded product picture and adds two important new factors to the high Motorola sales volume anticipated for 1947.



Motorola