

RCA

**Annual Report
1983**



RCA Financial Highlights

Years ended December 31	(In millions, except per share)		
	1983	1982	1981
Sales	\$8,977.3	\$8,016.0	\$7,798.7
Net income	240.8	222.6	54.0
Earnings (loss) per share of common stock			
Primary	2.10	2.03	(.19)
Fully diluted	2.06	2.00	(.19)
Cash dividends declared per share of common stock	\$.90	\$.90	\$ 1.80
Additions to plant and equipment	\$ 495.2	\$ 430.3	\$ 448.8
Net additions to revenue-earning equipment of Hertz	300.2	319.0	580.3
Total assets at year-end	7,656.1	7,576.0	7,756.8

Cover:

RCA's new Thermal Vacuum Satellite Test Chamber, located at the Astro-Electronics facility in East Windsor, N.J., enables scientists to test satellites in a simulated space environment. The facility, measuring 54 feet in diameter by 45 feet high, features a side-opening door 49 feet in diameter. The chamber's front-loading feature permits RCA-built satellites to be installed without the need for cranes. (See pages 6-7 for a look inside the chamber.)

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Opposite:

An RCA Laboratories scientist demagnetizes a picture tube prior to evaluating the performance characteristics of a TV yoke. RCA's continuing research into picture-tube technology led to the development of the company's COTY-29 system, which is fast becoming the industry standard in the United States for a new generation of color TV receivers.



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Report to Shareholders

RCA had a good year in 1983, and the prospects for 1984 are even better.

Sales rose in 1983 to a record \$8.98 billion. Net income rose to \$240.8 million, or \$2.10 per common share, compared with \$222.6 million, or \$2.03 a share, in 1982. Putting aside one-time gains of \$48.6 million in 1982, net income was up 38 percent in 1983.

There were other significant advances as well. The balance sheet was strengthened, interest-sensitive debt was reduced, and overall interest costs were lower. The market value of our stock increased substantially during the year at more than twice the rate of the Dow Jones average. Our price/earnings ratio was comparable to that of some of the most highly valued corpora-

tions in the United States. Moreover, our progress accelerated during the year, creating a strong momentum for 1984.

Financial Problems Recalled

In short, a considerable improvement from the condition of the company when the current management assumed responsibility in 1981. You will recall that our ratio of debt to capital was about 39 percent at the end of 1981—it is now about 34. And the relationship of short-term to total debt was about 52 percent—it is now about 24. On top of that, our credit rating was downgraded, interest rates were at record highs, and we found it very difficult to raise cash.

The company had strained its financial base through overexpansion and overdiversification. It had gotten away from its roots in businesses where it had high competence and had ventured into enterprises that were foreign to its traditional expertise.

Strengths at Core

Fortunately, through the worst of it the exceptional technical, marketing, service, and managerial strengths of our core businesses

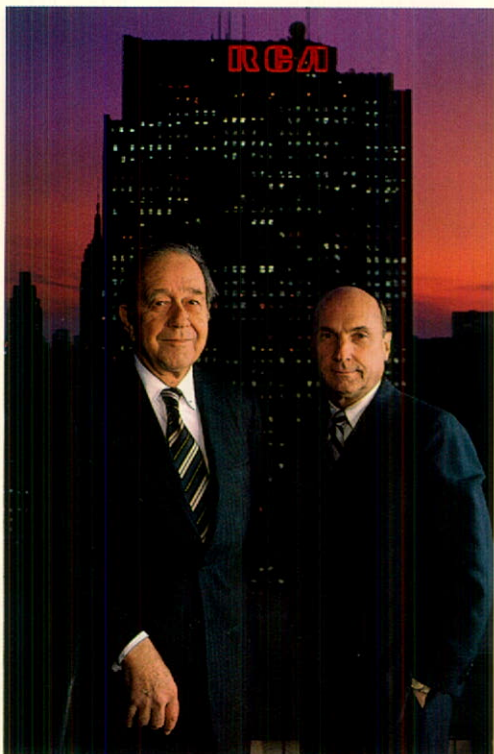
had remained intact. And so our first decision was to refocus our efforts there—on electronics, communications, and entertainment. A major non-core business would be sold off when the right price could be obtained.

While awaiting such a sale and while riding out the recession, belt-tightening was required. We reduced costs, put firm controls on working capital, and streamlined our operations and our staff. We attended to troubled businesses with a \$150-million aftertax write-down in 1981 and took the painful step of reducing the dividend.

Infusion of Talent

In 1982, things began to come together for us. We strengthened the Board with three new members experienced in government and technology. Your new president was recruited from General Electric. Top management was reorganized, with emphasis on internal talent. A new financial staff was put in place along with a strong new system of financial controls.

Thornton F. Bradshaw, left, and Robert R. Frederick



As the year drew to a close, our condition had become solid enough for us to go to the financial markets with the company's first public offering of common stock. Six million shares were sold in 24 hours. In all, we have raised \$500 million in permanent capital in the last two years.

As we entered 1983, we were in a good position to take advantage of the general economic recovery. And our various businesses came through for us.

Major Businesses Thrive

The Electronics segment achieved improved earnings on record sales. Consumer Electronics, Government Systems, Records, and the Service Company each had a particularly good year. The Solid State Division increased sales and became profitable. But VideoDisc continued to suffer a significant loss, and the losses for Broadcast Systems increased substantially.

Government Systems and Services set records in sales and earnings for the eighth consecutive year. Sales exceeded \$1 billion for the

second year in a row. RCA Service Company, one of the world's largest private service organizations, set records in sales and profit.

Broadcasting Rebounds

NBC had the highest profit in its history, with all operating divisions reporting major gains. The NBC Television Network achieved record sales for the 11th year in a row. RCA Records increased earnings significantly on a slight sales gain. The joint ventures with Columbia Pictures Industries in video cassette distribution became profitable in their very first full year of operation.

The Communications segment reported record revenues. As a result primarily of one-time gains in 1982, earnings were lower but profits from operations were up.

The Hertz Corporation increased its earnings on record revenues, and Coronet Industries achieved record sales and substantially higher earnings.

Sale of C.I.T.

C.I.T. Financial Corporation had record earnings, reflecting the outstanding management that made it so attractive a property in the

changing banking environment. During 1983, Manufacturers Hanover Corporation entered into an agreement to purchase C.I.T. from RCA for \$1.51 billion. C.I.T.'s two insurance businesses, with a book value of approximately \$250 million, were excluded from the sale and will be sold separately. The proceeds will provide us with new capital to strengthen our balance sheet still further and to expand our core businesses through internal investment and possibly through strategic acquisitions. The sale thus gives a major boost to our original strategy of concentrating on electronics, communications, and entertainment.

Assessments for Growth

The validity of that strategy was underscored by a comprehensive review carried out under our new strategic-planning process in 1983. The review entailed the development throughout the company of long-range assessments of our businesses, their strengths and their weaknesses. Each business unit developed its own strategic concept

1. Martin Sheen played the title role in the NBC mini-series "Kennedy," which was well received by viewers.

2. A wide selection of video accessories is available through RCA's Distributor and Special Products Division.

3. RCA Glōbcom's Hotline service—called FYI overseas—inaugurated in 1983, provides subscribers with a variety of worldwide news and financial information.



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for the future. The individual plans were then consolidated, analyzed, and adjusted within an overall corporate perspective.

The review pointed clearly to the fact that electronics, communications, and entertainment—even more than we had originally perceived—are high-growth industries with great long-range potential. We believe that they will grow at a faster rate than will the U.S. economy as a whole and that our businesses can grow even more rapidly.

Dynamic Markets

The review also enabled us to define our businesses more clearly in terms of four dynamic markets: home video systems, business communications, government systems, and transportation services.

Transportation, of course, is outside the focus of our core businesses. But Hertz is the number one player in its marketplace, specifically in car rentals. It is a profitable, well-run, stand-alone business that does not create a drain on RCA's management or finances. With the sale of C.I.T., our investment require-

ments have been met and there no longer is a need to sell Hertz.

Within the core businesses, we are currently providing competitive products in each of our marketplaces. In addition, we have products in development that hold high promise of being competitive in the marketplace of the future.

Strength in Video

In home video systems, RCA has a leading market share in television receivers, video cassette recorders/cameras, video discs, and video disc players. In NBC, we have one of the three major television networks. RCA Records is a leader in recorded music, both audio and video. And our joint ventures with Columbia Pictures make us a leader in the distribution of prerecorded video cassettes. For the future, there are the compact audio disc, the interactive video disc, digital and high-resolution television, and the remarkable charge-coupled device (CCD) broadcast camera.

In business communications, we have moved directly into the market for color video monitors that can display data from computers and other equipment. We are also a major player in private telephone

systems, closed-circuit video systems, and satellite earth stations. In addition, RCA is a leading manufacturer and manager of satellites. We hold a strong market position in international telex, and we have an expanding position in the domestic telex market, which was opened to us through deregulation in 1982. In RCA Cylux, which was acquired in 1982, we also have a substantial capability to add value to communications through the computer handling of data. For the future, we have higher-powered K-band satellites.

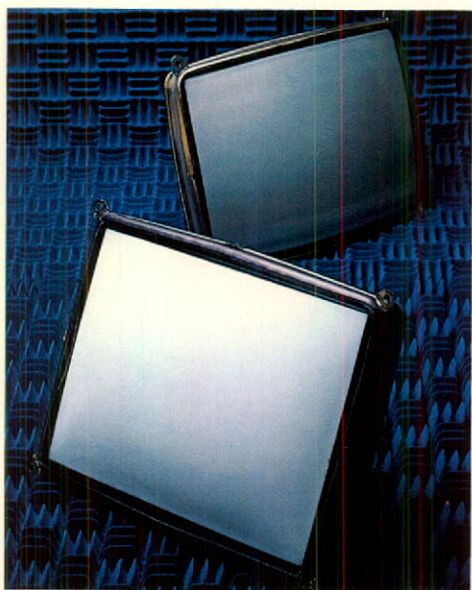
High-Tech Expertise

In the government end of the business, particularly in the development of the AEGIS defense system for the fleet, we have a leadership position at the highest technical level in information collection and interpretation. Our experience and our highly skilled engineers give us an advantage in developing the information systems of the future for both the government and the private sector.

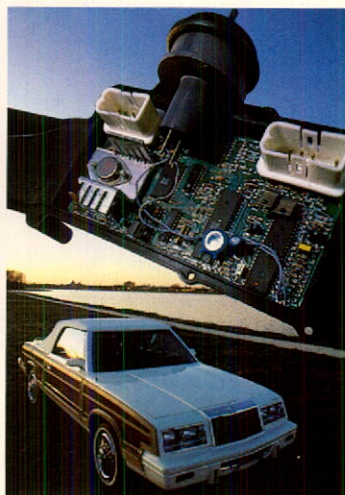
1. RCA is developing a new color TV picture tube (foreground), featuring a larger viewing area, flatter faceplate, and squarer corners than the current model (background).

2. Many engine functions of Chrysler automobiles are monitored and controlled by an advanced electronic engine-control kit composed largely of integrated circuits produced at RCA Solid State Division.

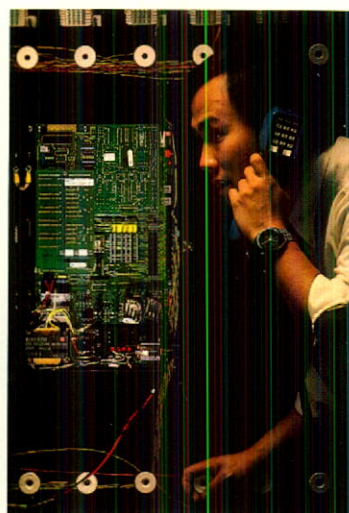
3. The RCA Service Company installs private telephone systems that are widely used by the lodging industry, businesses, and institutions throughout the United States.



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Across the board in each of the marketplaces, RCA has a well-developed system of marketing, distribution, parts, and service. In fact, *Fortune* ranks us second in size among diversified service companies in the United States.

The challenge, as pointed up in our strategic-planning process, is to define our focus more precisely within the broad areas of electronics, communications, and entertainment so as to take full advantage of our strengths. We see important strategic interrelationships among our businesses in these areas—with our activities in consumer electronics closely related to our activities in home entertainment and to our telecommunications capabilities.

Synergistic Potential

We feel that the home is a particularly promising arena in which we can demonstrate a synergy among our existing strengths. Home video

is shorthand for large strengths in both hardware and software within one of the most promising growth areas of the economy. We intend to commit significant resources to our existing businesses in this market as well as to new products and services.

The future in an industry of such explosive change as ours is largely unknowable. But it is reasonable to believe that information and communications needs—in the home, the office, the factory, the school, the naval ship, and the space platform—will create a large demand for the kinds of products and services in which RCA excels. RCA has great potential to expand and grow in this exciting arena. This is the center of our tradition, our experience, our competence, and our strength. We plan to compete in it and succeed.

Bringing Back the Magic

This report to our shareholders opens with a photograph of your chairman and president. Behind us a glowing RCA logo rises atop our headquarters building at 30 Rockefeller Plaza in New York. It is our intent and our commitment to restore the full magic to those letters

“RCA.” In 1983, we made significant progress toward that objective, in large measure because of the talent, dedication, and hard work of the men and women who make up this great company. We thank them and our shareholders for their loyal support and confidence. Together we can create a shining future for RCA.

T. F. Bradshaw

Thornton F. Bradshaw
Chairman and
Chief Executive Officer

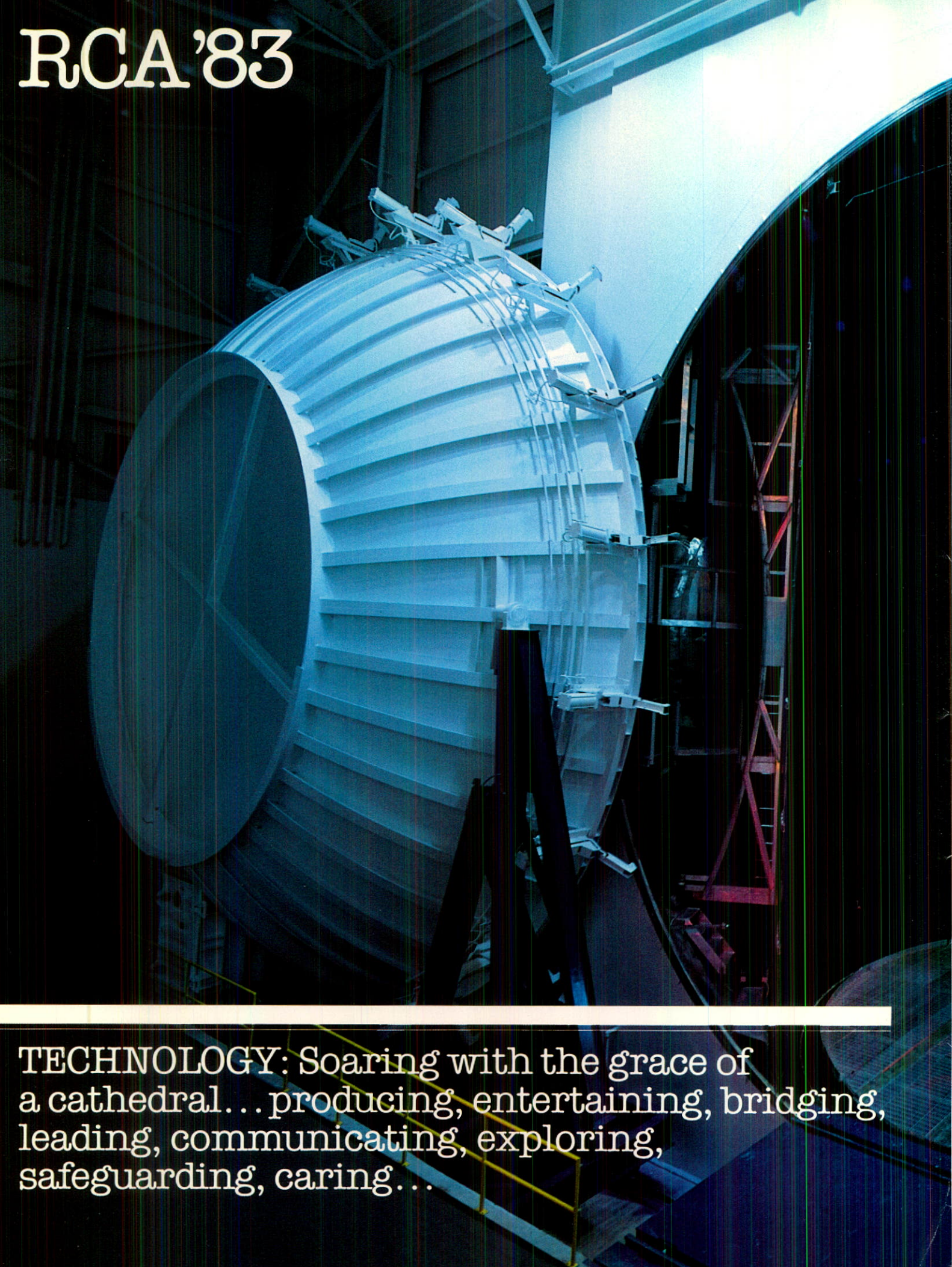
Robert R. Frederick

Robert R. Frederick
President and
Chief Operating Officer

February 16, 1984

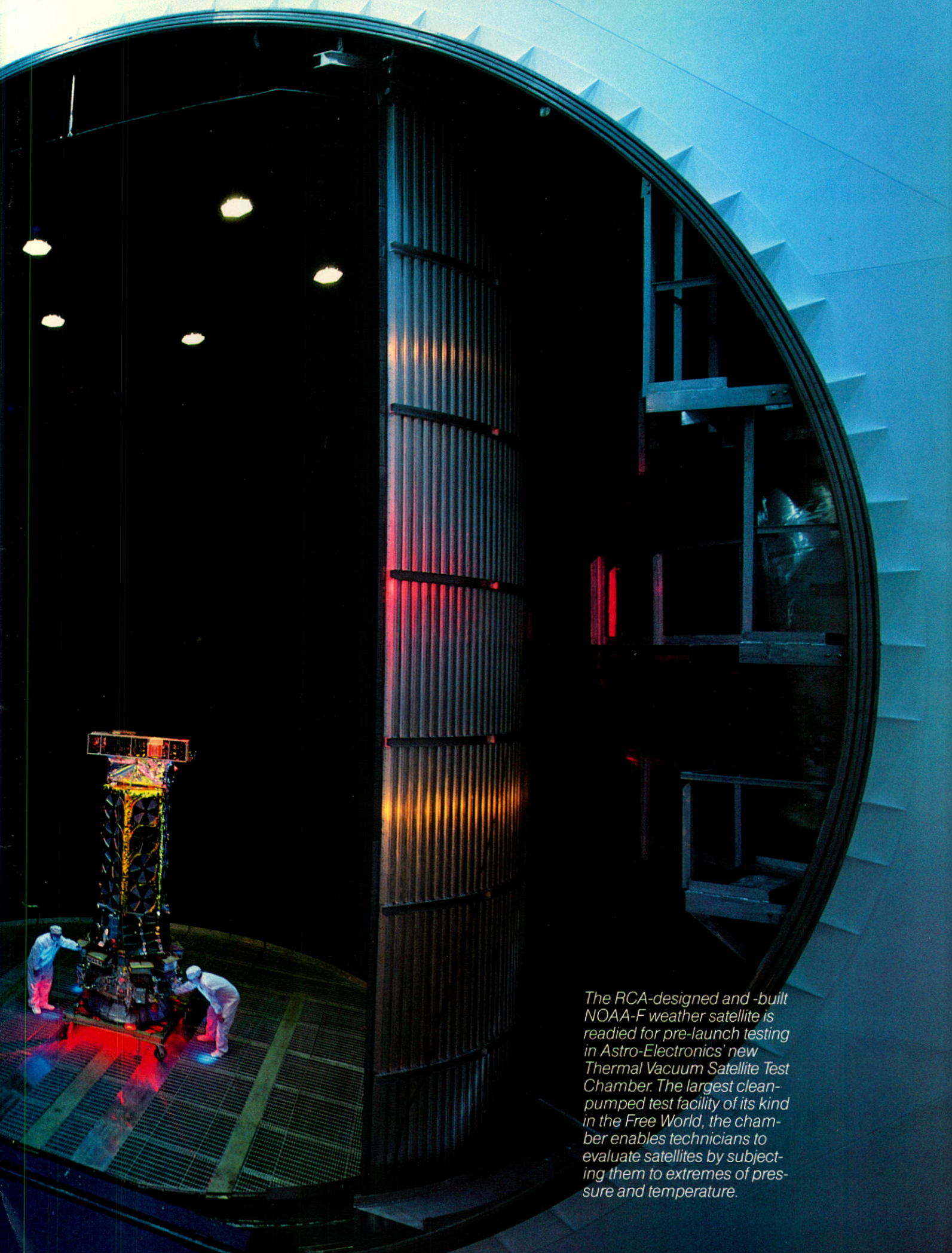
4. RCA Records offers a full spectrum of musical entertainment—popular, rock, country, and classical hits—on cassettes, record albums, and newly introduced compact discs.
5. Hertz Express Return Service, available at major airports, provides #1 Club customers with a computerized receipt within one minute.





RCA '83

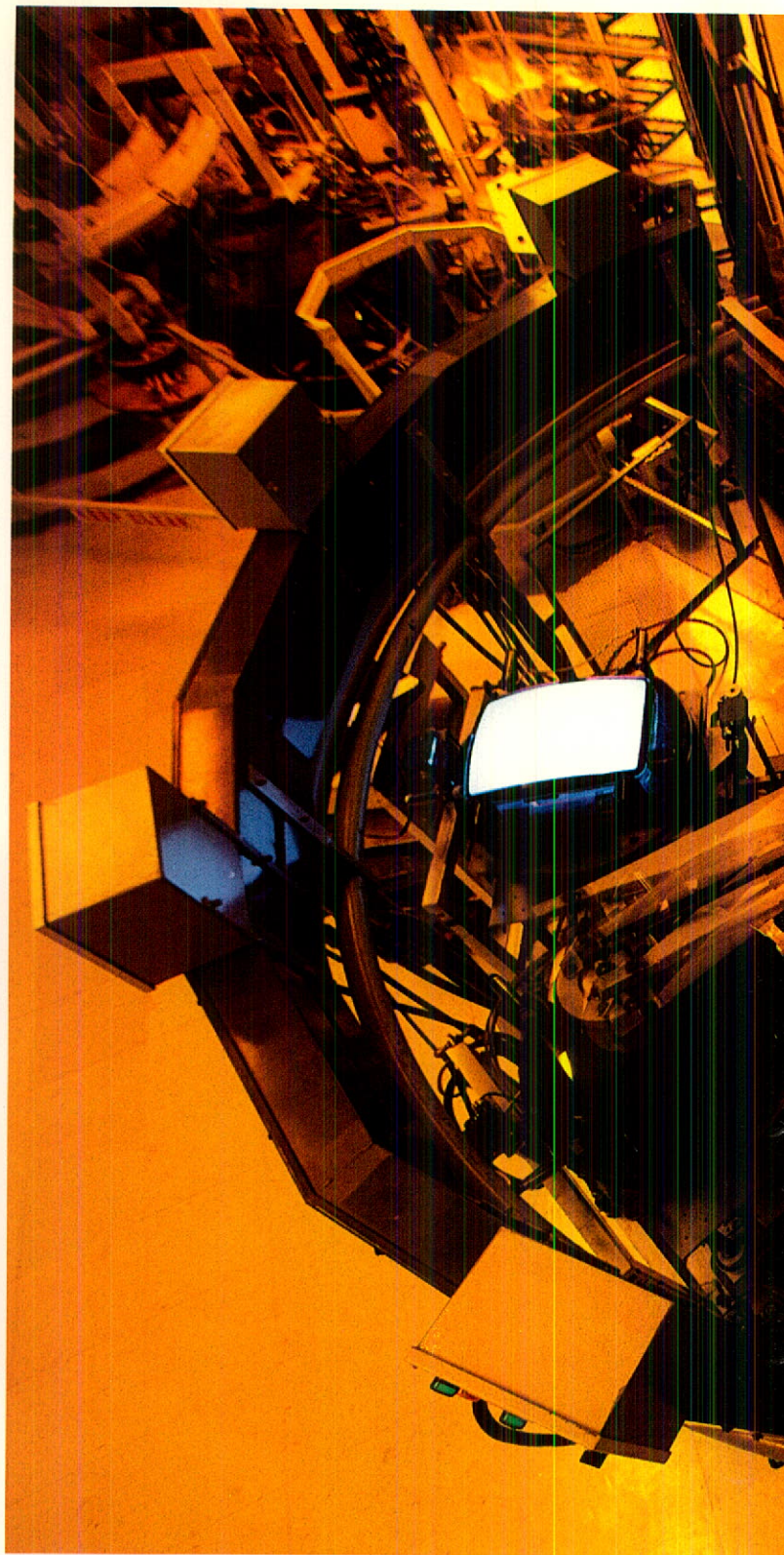
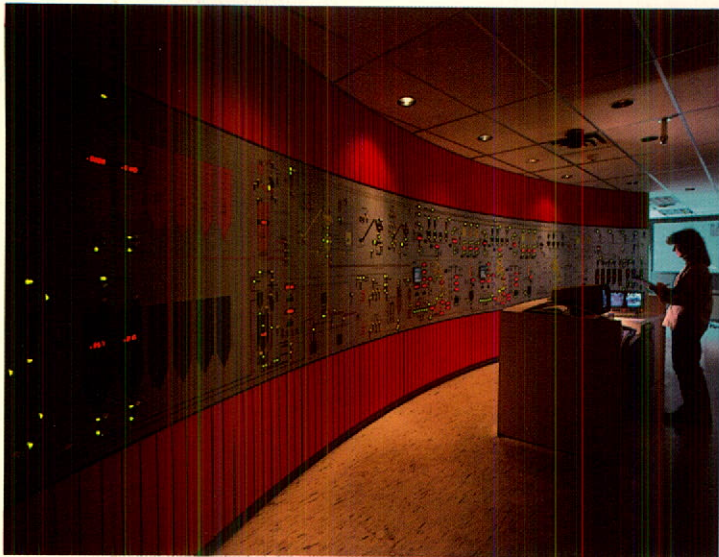
TECHNOLOGY: Soaring with the grace of a cathedral... producing, entertaining, bridging, leading, communicating, exploring, safeguarding, caring...



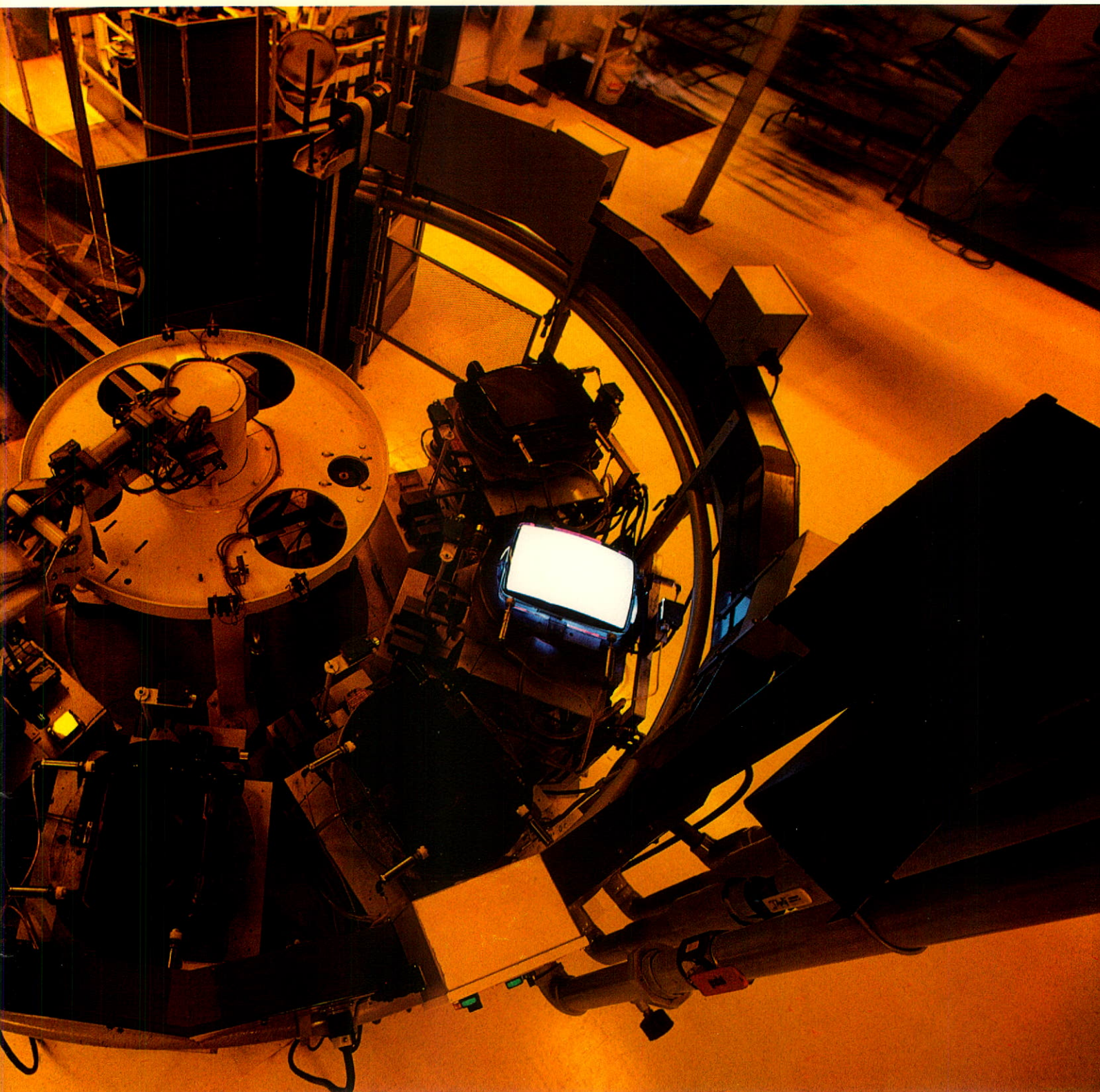
The RCA-designed and -built NOAA-F weather satellite is readied for pre-launch testing in Astro-Electronics' new Thermal Vacuum Satellite Test Chamber. The largest clean-pumped test facility of its kind in the Free World, the chamber enables technicians to evaluate satellites by subjecting them to extremes of pressure and temperature.

Right: Interiors of color television picture tube faceplates — already treated with a photo-sensitive phosphor solution — are exposed to ultraviolet light in a mechanized screen room.

Below: The control room of RCA's new video disc compound facility in Indianapolis monitors each complicated operation in the processing of ingredients used in the production of discs. This facility, which is operated by four employees, is the most advanced materials-compounding plant in the world.



PRODUCING... RCA's dedication to technology makes possible state-of-the-art video and products — from picture tubes to video discs...



components



Left: Faceplates for color picture tubes are inspected for blemishes at the RCA Video Component and Display Division facility in Marion, Ind.

ENTERTAINING... No medium of modern communication has greater capacity to entertain than commercial broadcasting...



Left: Emmy awards were not in short supply at NBC in 1983. The network won 33 prime-time awards, more than the other two networks combined, and led the competition for the third year in a row. Among the winners were "Hill Street Blues," which received more awards than any other series, and "Cheers," which won five—the most ever received by a comedy series in its premiere season. "Cheers" co-star Shelley Long was singled out as outstanding actress in a comedy.

Right: An episode from "Cheers" is filmed at Paramount Studios in Los Angeles. "Cheers," like several NBC series, is gaining viewers who tend to be young and urban—an upscale audience that advertisers find particularly attractive.



and inform





BRIDGING... From fast-breaking news to a hit musical group, RCA's technology brings both the sound to America and beyond...



Left: Tom Brokaw became the single anchor of "NBC Nightly News" and was designated principal reporter for all major events.

Above: The Eurythmics, one of the hottest new British rock duos, released their first American recording for RCA—"Sweet Dreams (Are Made of This)"—which earned both a Gold album and a Gold single in 1983.

word and the

LEADING... Last year, American consumers bought more RCA color television receivers than in history...

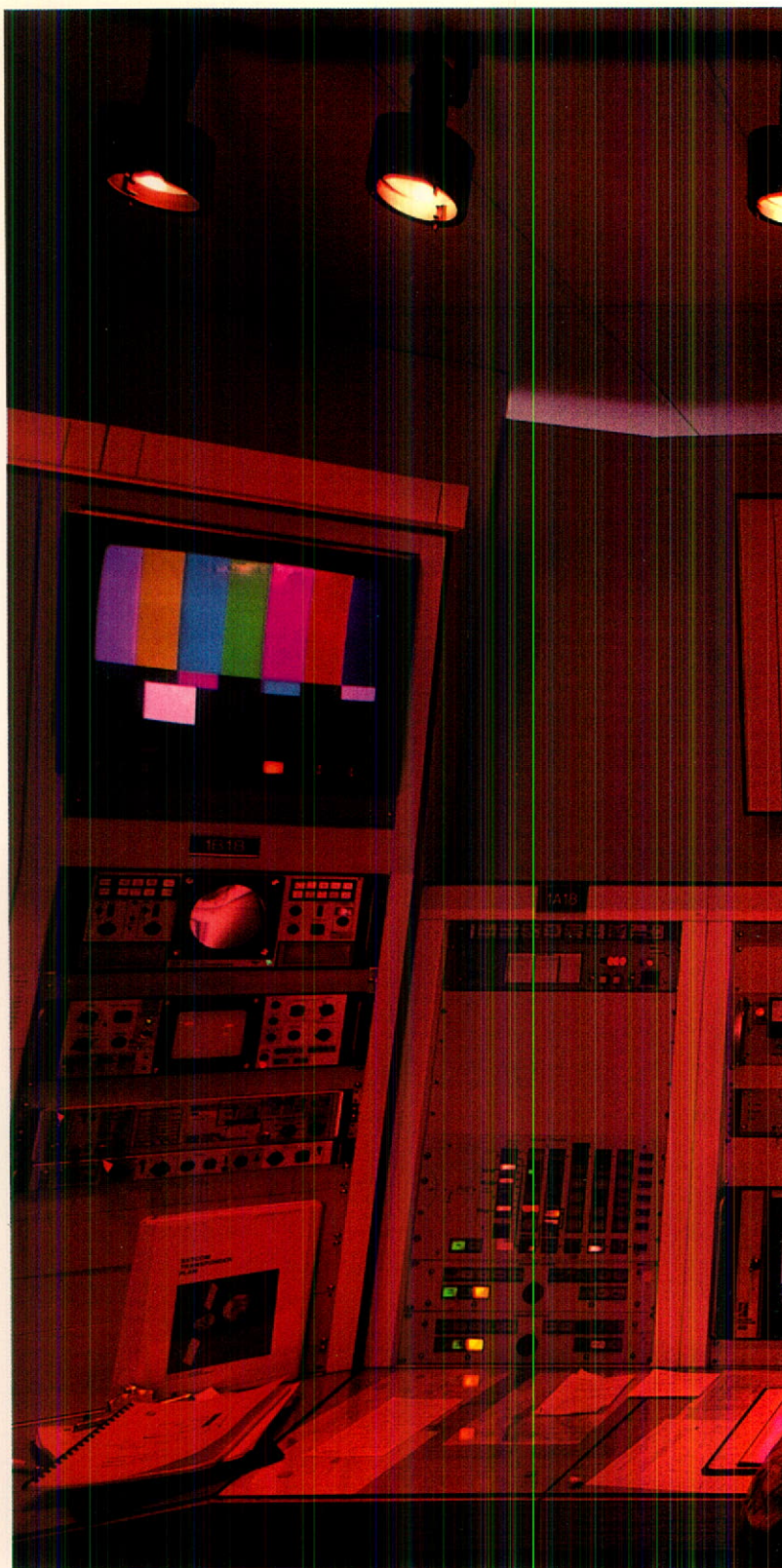
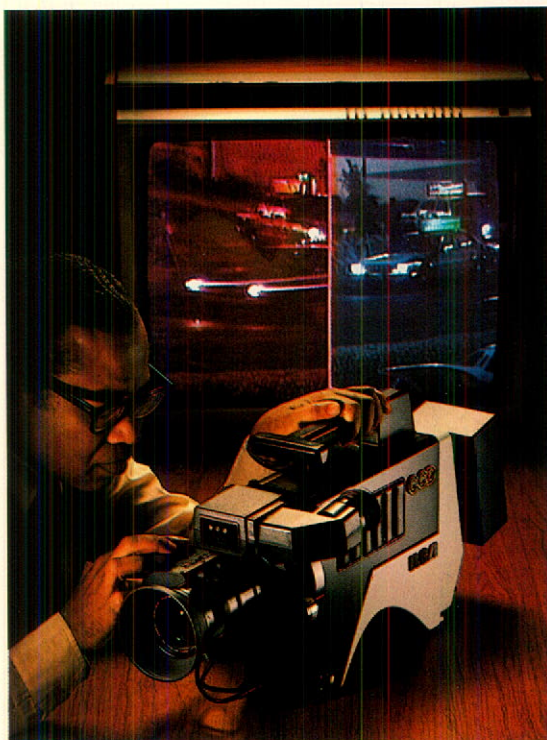


ever before

While her parents decide which RCA ColorTrak 2000 television receiver to purchase, this youngster is familiarizing herself with the Digital Command Center, a remote-control device that enables the viewer to direct all the functions of the TV receiver as well as those of compatible RCA video disc players and video cassette recorders.



Below: RCA's new prototype portable, solid-state color TV camera is evaluated by an NBC Technical Manager. The camera's three charge-coupled-device (CCD) chips replace tubes and eliminate many tube-related problems. The image on the left side of the split screen, taken by an RCA tube camera, shows little detail and a smeared trail of light behind an automobile's headlights. RCA's CCD camera has eliminated the smearing effect, as shown at right. The camera will be demonstrated at the 1984 Convention of the National Association of Broadcasters in April.



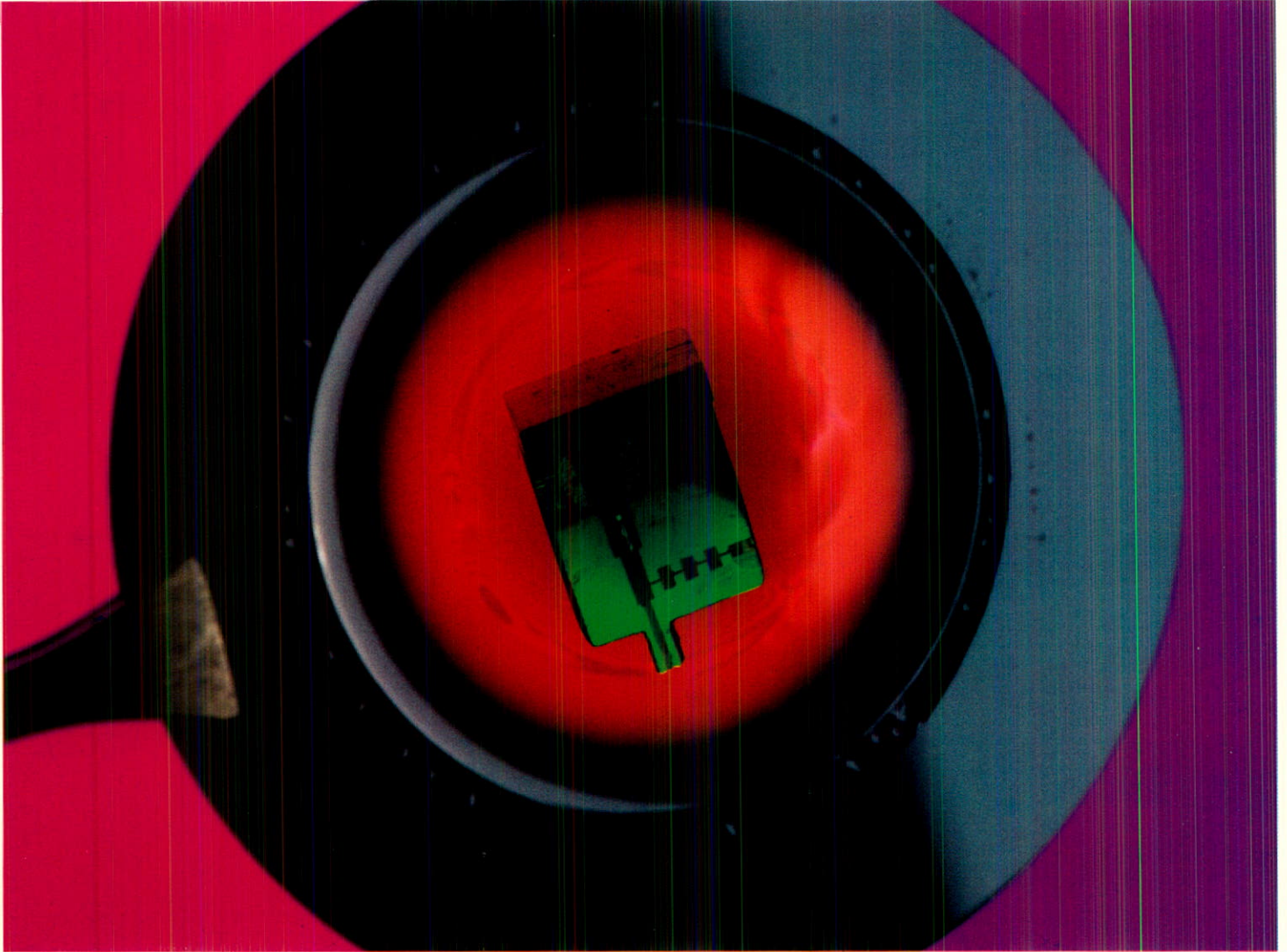
COMMUNICATING... RCA satellites, earth stations, and broadcast systems are elements in a electronic-delivery system that few companies can



comprehensive
equal...

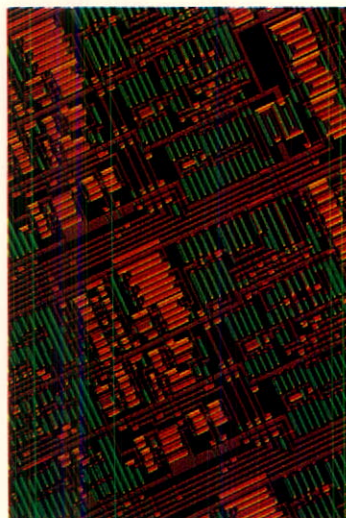
RCA Americom's busy Communications Console in Vernon Valley, N.J., provides continuous monitoring of all communications equipment within the earth station and between the earth station and New York City. The Vernon Valley facility also monitors automatically all unmanned earth stations in the RCA Americom network.

EXPLORING... Probing the ultimate frontier represents technology at its best, and RCA has been the inception of the space program...



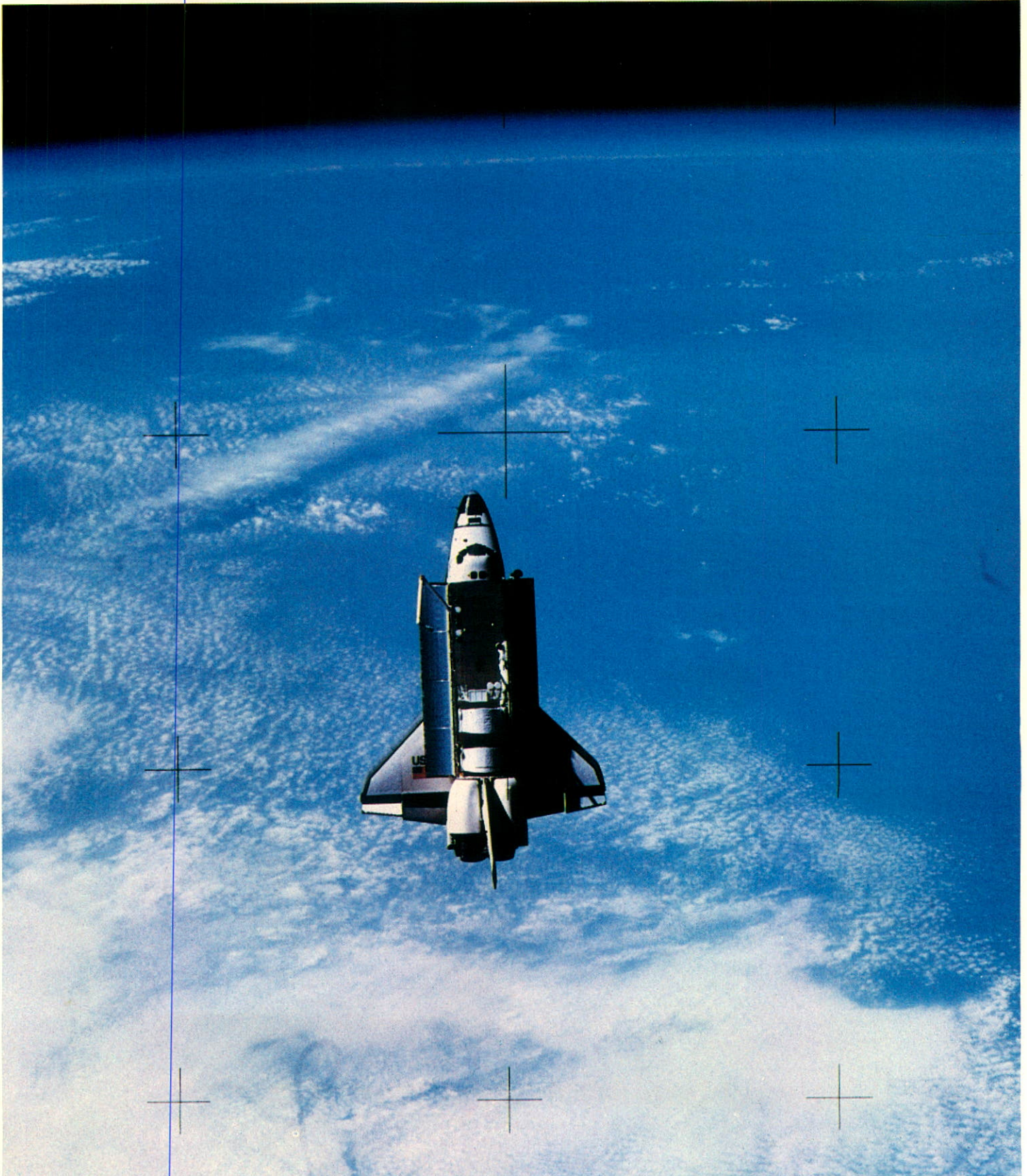
Above: RCA Laboratories' Silicon Millimeter Wave Integrated Circuit (SIMMWIC) is seen through a silicon wafer of one to two micrometers. Variations of this circuit may be incorporated in many future satellite-communications systems.

Right: This microscopic view shows a typical silicon chip produced by RCA's Solid State Division. Such chips are the building blocks of modern electronic equipment.



there since

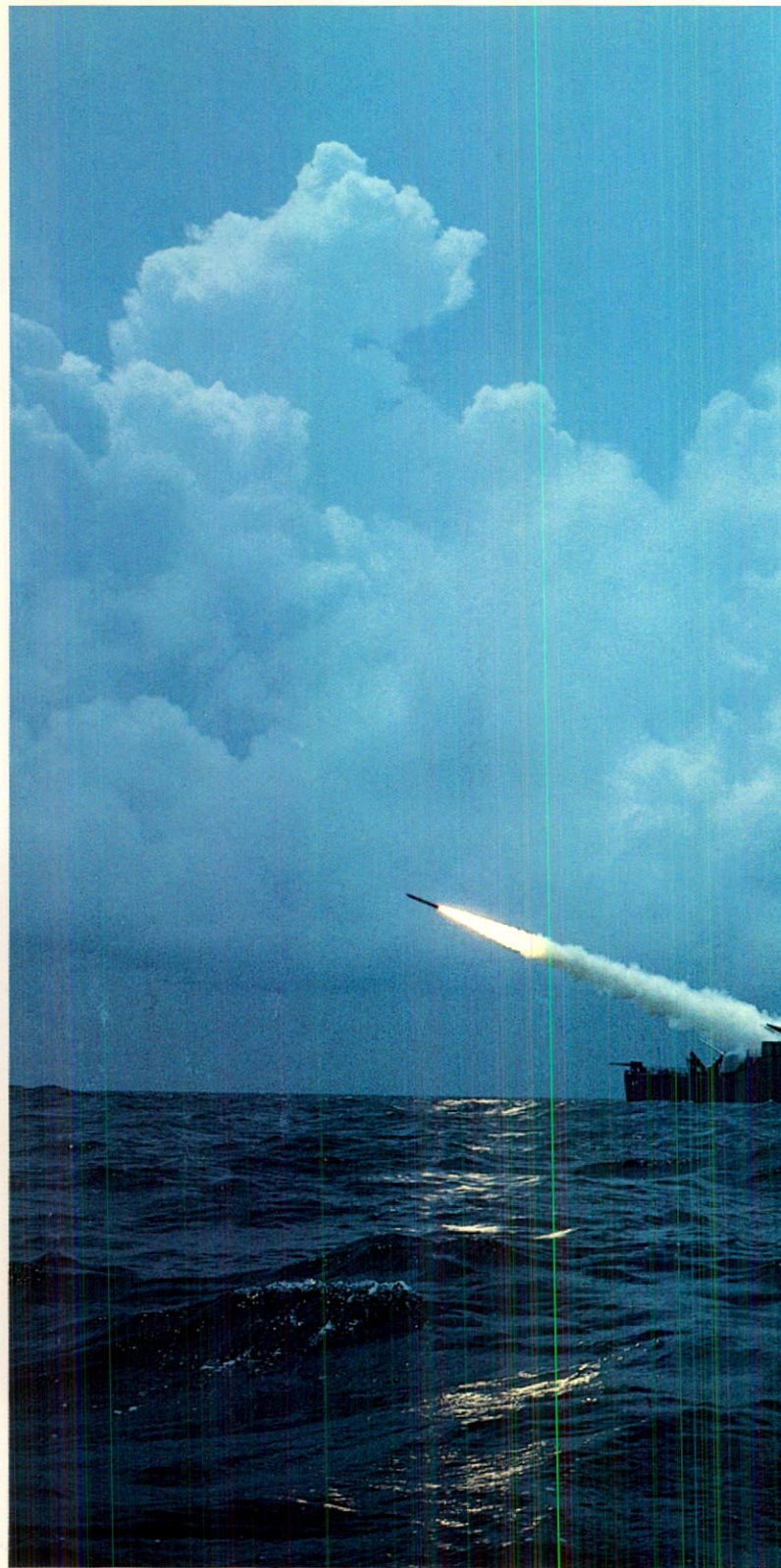
RCA plays an important role in the space shuttle program. Among the company's contributions: a closed-circuit TV system, backpack and orbiter UHF radios, and a variety of tracking, satellite-communications, and data-processing support services.



NASA photo.

Right: U.S.S. Ticonderoga, first in a series of AEGIS-equipped guided-missile cruisers, was commissioned in January 1983 and is now on active duty with the 6th Fleet. In this photograph, Ticonderoga is shown undergoing rigorous sea trials. A sister ship will be commissioned in 1984.

Below: Extensive testing of the AEGIS system is carried out by resident Navy crew and RCA engineers under computer-simulated battle conditions at the Navy's Combat System Engineering Development site.



SAFEGUARDING... AEGIS, the U.S. Navy's defense system, was developed by RCA to protect the maintain the peace...



fleet and



Left: Soaring 130 feet above the surrounding countryside, an operational replica of a U.S. Navy cruiser superstructure marks the location of the AEGIS test and training site in Moorestown, N.J. The Navy's facility duplicates various control centers of an AEGIS guided-missile cruiser.

CARING... From providing children's car seats to evaluating road tests of new models, Hertz its cars are safe, reliable, and a pleasure to drive...



makes certain

Left: Hertz was cited in 1983 by the National Safety Council for its "pioneering role in making infant and child seats available in rental cars." The company is the first in the car-rental industry to offer safety seats at all corporate domestic locations.

Below: Hertz is ordering a record 154,000 new cars for its domestic fleet in the 1984 model year. They were first evaluated at engineering and test facilities such as this one operated by Ford Motor Company in Dearborn, Mich.

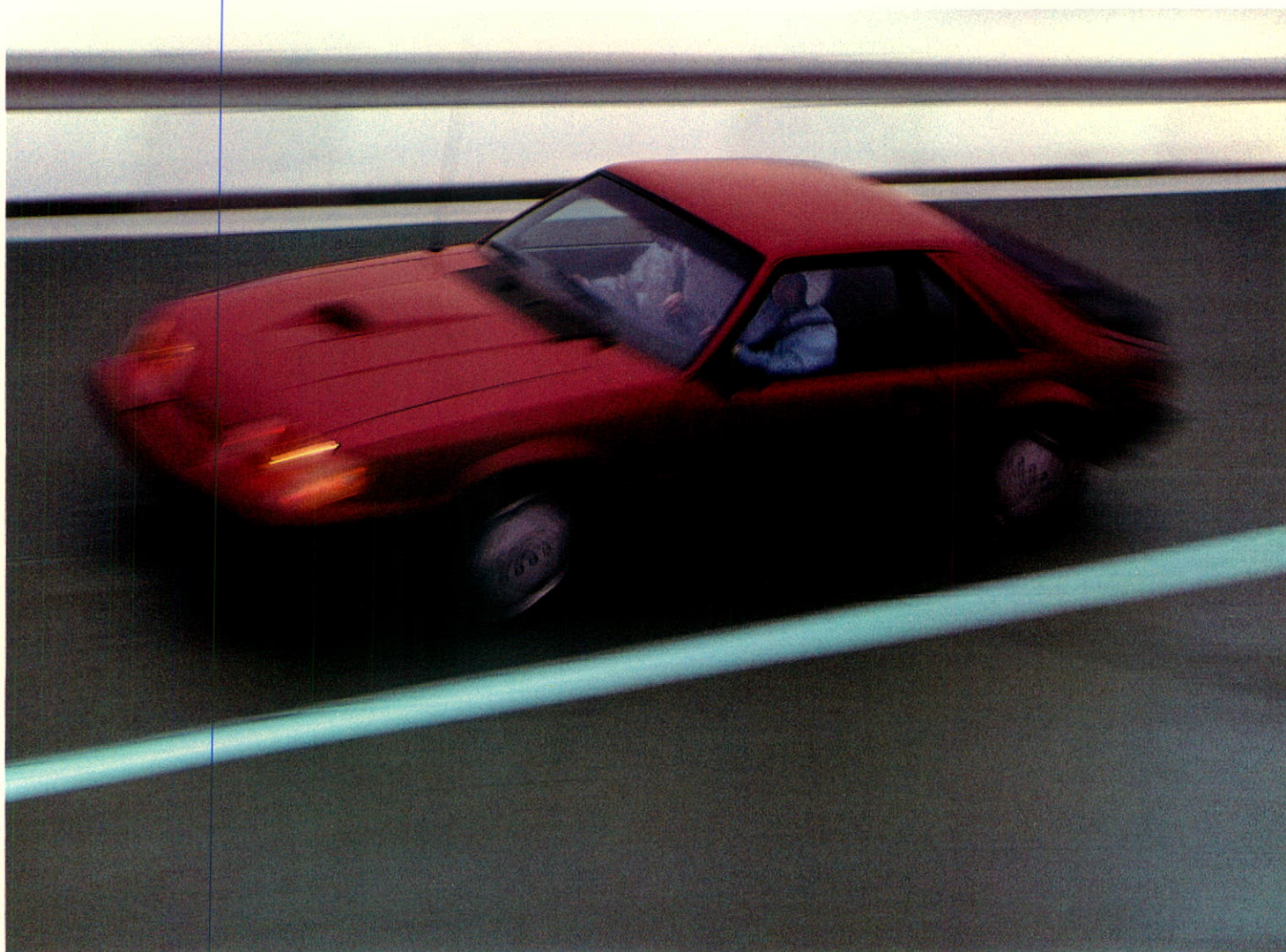
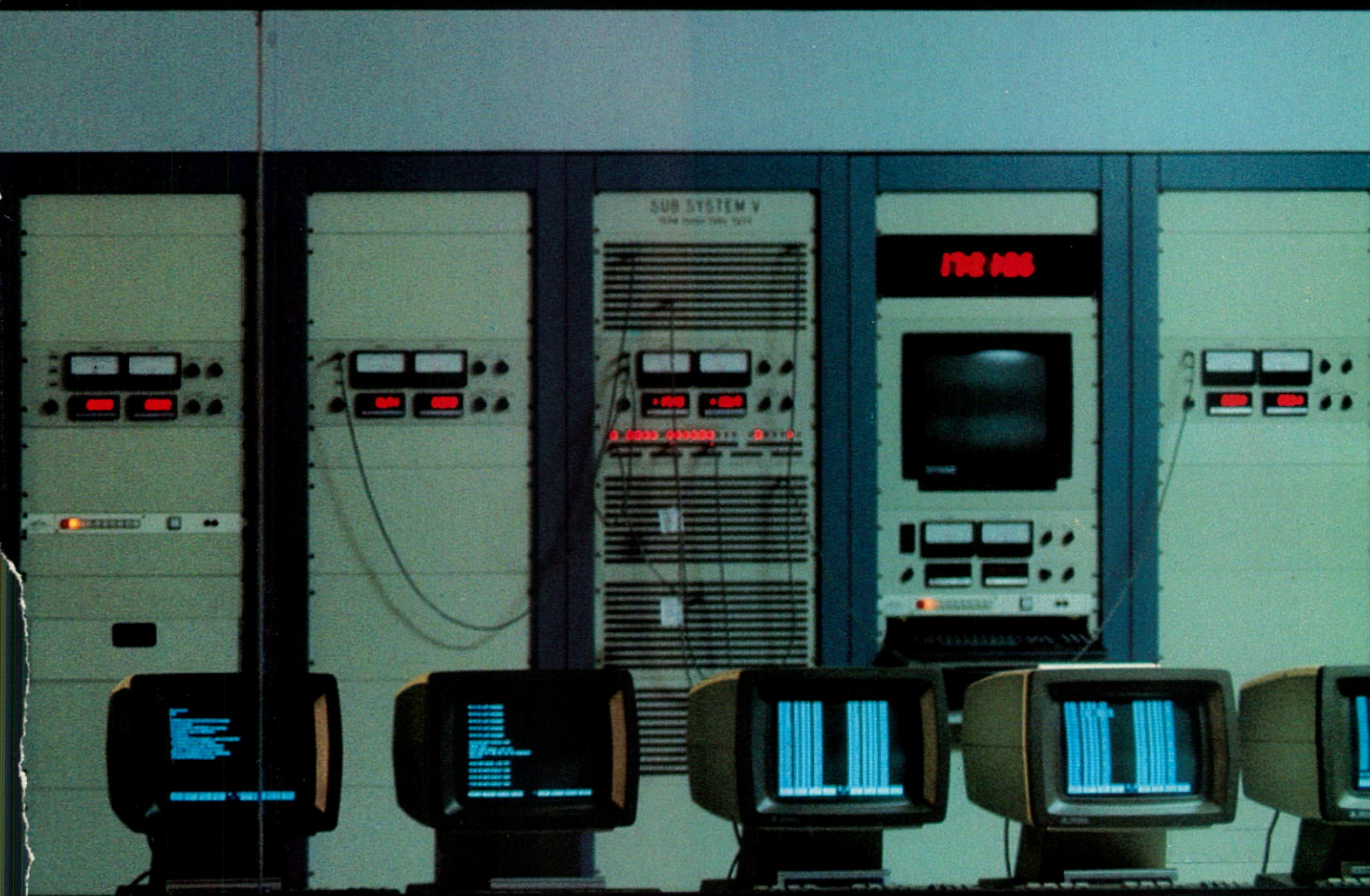


Photo by Mark Godfrey.



TECHNOLOGY: Now and in the years ahead, RCA dedicates itself to the great and growing businesses electronics, communications, and entertainment.



RCA Globcom's domestic and international telex circuits are subjected to rigid quality inspection at its Computer Telex Exchange Control Room. Telex is one of many communications services provided by RCA Globcom from its Piscataway, N.J., facility.

of

Profile of RCA in 1983

Electronics



Consumer Products and Services

A major force in the home entertainment and information industry, RCA markets a variety of video and audio products manufactured by or for it. The principal video products are color and black-and-white television receivers, video cassette recorders and cameras, and video disc players and discs. The principal audio products are audio records and prerecorded tapes.

Video products are sold within the United States primarily through independent distributors and the RCA Distributing Corporation, which market them to independent dealers. They are also sold in Canada mainly to dealers and in other foreign markets primarily to independent distributors.

In 1983, RCA held a leading position in each of the following market categories: television receivers, video cassette recorders/cameras, video discs, and video disc players.

During the year, RCA introduced a number of video

product innovations including a Digital Command Center, two 45-inch (diagonal) projection color TV sets, and a line of video monitors. The Digital Command Center, which is included with all new ColorTrak 2000 models, makes use of microprocessor technology to consolidate three remote-control devices into a single compact unit. It enables the viewer to operate a color receiver, a compatible RCA video cassette recorder, and RCA's random-access video disc player from a single, unified source at the touch of a button.

RCA's new projection color sets are 65 percent brighter than RCA models introduced a year ago. The new monitor series is designed to improve the picture, sound, and performance of other video products that attach to a television receiver. The monitors, which come in 19-, 25-, and 45-inch screen sizes, are equipped with 14 input/output jacks that bypass antenna circuitry and enable video products or components to be plugged directly into the chassis of the monitor.

RCA estimates that American consumers have purchased 500,000 "CED" video disc players and 10 million discs since the introduction of the system in March 1981.

RCA's audio records and prerecorded tapes are sold in the United States and abroad to wholesalers and dealers and, in this country, directly to consumers.

There was strong consumer demand in 1983 for recordings of RCA Records' new and established artists—Kenny Rogers, Alabama, Hall and Oates, Rick Springfield, and the new music duo Eurythmics.

In April, RCA Records acquired approximately 50 per-

cent of Arista Records, whose artists include Air Supply, Barry Manilow, The Alan Parsons Project, and Dionne Warwick. Air Supply's "Greatest Hits" became the fastest-selling album in the group's history, achieving sales of more than 2 million units by year-end. The album "Synchronicity" by The Police on the RCA-distributed A&M label was the best-selling album for 17 weeks and sold more than 4.5 million copies.

Through joint ventures with Columbia Pictures Industries, Inc., RCA distributes prerecorded video cassettes within the United States and in nine foreign countries and licenses films for video cassette release in an additional nine countries.

These joint ventures became profitable in their first full year of operation. Worldwide increase in the number of homes with video cassette recorders and a strong slate of Columbia Pictures film releases—among them *Gandhi*, *Blue Thunder*, *Annie*, and *The Toy*—were major factors in the ventures' success.

The principal consumer services of the Electronics segment are the servicing of RCA's consumer products along with certain major appliances of other companies within the United States and Canada.

During the year, the Service Company assumed responsibility for the nationwide servicing of J. C. Penney home electronic products and microwave ovens and, in Indiana, installed the nation's first direct-broadcast satellite TV systems designed for homes.

Commercial Products and Services

The principal commercial electronics products are color TV picture tubes, display tubes and monitors, solid-state and electro-optic devices, commercial communications satellites, and a variety of electronic equipment for broadcasting and communications. This equipment includes TV and radio broadcast transmitting equipment, TV cameras and other studio equipment, closed-circuit video cameras, and TV tape recording and playback equipment.



The products are generally sold to equipment manufacturers within the United States and, to a lesser extent, abroad; certain of them are also sold to industrial distributors and end users in this and other countries. Broadcasting equipment is sold primarily to end users.

During 1983, the name of the Picture Tube Division was changed to the Video Component and Display Division to stress RCA's commitment to the evolving picture-tube technology and the computer data-display market. For the home television receiver market, the division announced development of two

new picture-tube types that will result in larger viewing areas and a screen that is both squarer and flatter in appearance. One of these will be available in industry color TV receivers beginning in mid-1984; the other will follow in mid-1985.

The Video Component and Display Division, in a joint effort with the company's New Products Division, which was formed in 1983, introduced a color TV monitor for the computer market. The New Products Division also developed components for the low-power television broadcast market. This division is responsible for planning, developing, and entering new electronics arenas. Its initial portfolio of businesses includes closed-circuit video equipment, in which it holds a leading market position, and high-technology solid-state lasers and detectors for commercial, industrial, and military applications.

The New Products Division's charge-coupled devices (CCDs) were incorporated into a prototype broadcast camera developed by the Broadcast Systems Division in 1983. The camera is designed to produce commercial-broadcast-quality pictures under low-light conditions and to eliminate smear and after-images.

During the year, the Solid State Division introduced a record number of new products. One of its microprocessors was selected by Chrysler Corporation for the spark-control computer in the 1984 model cars, and a similar system has been approved for 1985 models.

In 1983, RCA continued work on the construction of 17 communications satellites for the following companies: GTE Corporation, American Satellite Company, Satellite Television Corporation, and RCA American Communications. These include C-band, K-band, dual-band, and direct-broadcast satellites. In addition, two RCA-built communications satellites—Satcom IR and Satcom IIR—were launched for RCA American Communications.

The major commercial electronic services involve the leasing and servicing within the United States of private telephone systems, television receivers, satellite earth stations, call accounting systems, and other peripheral equipment in hotels, motels, health-care facilities, schools, and other institutions and business establishments. RCA also services data terminals; microcomputers; satellite earth stations; reservation and surveillance systems; and theater, broadcast, video-display, and industrial equipment.

In 1983, the Service Company introduced a satellite-TV receiving system and programming package for the lodging industry. The Service Company maintained a leading position in private telephone systems, ending the year with a revenue-producing base of more than 1 million telephone lines.

Government Systems and Services

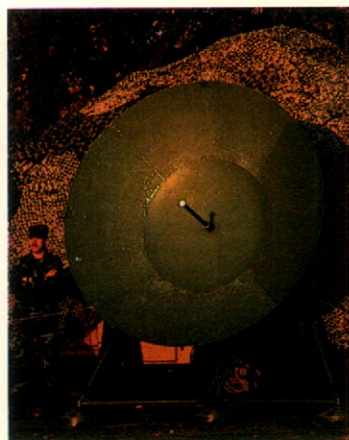
RCA designs, develops, and produces a broad spectrum of electronic systems, equipment, and devices principally to meet government needs. The principal products are military and space equip-

ment and systems sold to the U.S. armed forces and government agencies and, to a lesser extent, to foreign governments.

During 1983, a \$303-million contract was awarded to RCA to build defense systems for the U.S. Navy's 8th, 9th, and 10th AEGIS guided-missile cruisers. Two RCA-built meteorological satellites were launched—one for NASA and the other for the U.S. Air Force. In addition, RCA equipment and services played an important role in four successful space shuttle flights.

Major government services consist of management support for a variety of Defense Department, NASA, and other U.S. Government programs and installations, including educational and vocational training centers, and technical and operational support to foreign government agencies and industry.

The Service Company was awarded a one-year, \$49.5-million contract during 1983 for the continued operation and maintenance of 13 Alaskan Air Command stations.



Broadcasting



The National Broadcasting Company, Inc. (NBC) has pioneered in virtually every area of broadcasting since it was established in 1926 as the first national broadcasting network in the United States. It furnishes network television and radio services to affiliated stations within the United States and produces live and recorded television and radio programs. NBC also owns and operates television and radio broadcasting stations under license from the Federal Communications Commission. At the end of 1983, there were five owned-and-operated television stations—in Chicago, Cleveland, Los Angeles, New York City, and Washington, D.C.—and nine owned-and-operated radio broadcasting stations—in Boston, Chicago, New York City, San Francisco, and Washington, D.C.

Today, NBC's television network serves more than 200 regularly affiliated television stations, reaching an estimated 99 percent of all homes in the United States with television sets. NBC's three radio networks serve more than 500 regularly affiliated stations

with news and information programming; musical programming; and health, financial, and personal-advice programming.

Though still in third place at the end of 1983, NBC-TV improved its prime-time ratings and further narrowed the gap with first-place CBS.

NBC's critically acclaimed situation comedy "Cheers" received more Emmys than any comedy series has ever won in its first year. It was one of eight new series of the previous season that successfully returned to the 1983/84 schedule. Another was the smash hit "The A-Team."

NBC News' coverage of the Pope's visit to Poland received wide acclaim. NBC Sports presented more programming in 1983 than in any previous year. Included in this was Super Bowl XVII, which had the largest number of viewing homes of all time, and the first-ever World Championships of Track and Field.

Communications

RCA Communications, Inc., provides overall management direction and strategic planning for the Communications segment of the Corporation's business. The principal businesses of this segment are the furnishing of domestic satellite-communications services by RCA American Communications, Inc. (RCA Americom), international and domestic communications services by RCA Global Communications, Inc. (RCA Globcom), and data-communications services by RCA



Cylix Communications Network, Inc. (RCA Cylix).

RCA Americom operates five satellites—including one that is owned by Alascom, Inc., the long-distance communications company in Alaska—as well as 10 commercial and 32 government earth stations. This satellite system provides voice and data services to businesses; distribution services for cable television, broadcast television, and radio; and voice, video, and wideband data services to various agencies of the federal government.

Last year, RCA Americom continued to expand its space and terrestrial facilities. By year-end, the number of private leased channels carried on its satellite system reached 11,000. Several major contracts were completed for the federal government, and the company inaugurated a digital audio transmission service for radio networking via satellite.

RCA Globcom operates a system of satellite and submarine cable circuits for overseas voice/record communications and also provides domestic communications services. Among its services are telex, telegrams, leased teleprinter circuits, data transmission, and private-line circuits for alternate or

simultaneous voice and data use.

In 1983, RCA Globcom introduced more new services and service improvements than during any other one-year period in its 64-year history. Within the context of intense competitive conditions, RCA Globcom significantly increased its market share for international telex service. It also continued to expand its position in the domestic telex market, which was opened to competition for the first time in 1982.

RCA Cylix is a satellite-based, value-added network. It provides data-communications services via high-speed multipoint lines for terminal communications and point-to-point lines to host computers. It is an on-line service that furnishes a permanent virtual circuit between a customer's remote terminal and host computer sites. The backbone of the network is RCA Americom's Satcom IIR satellite.

Transportation Services



The principal business of the Transportation Services segment is the renting and leasing of automobiles and trucks, without drivers, to customers in the United States and many foreign countries. These services are provided by The Hertz Corporation, its subsidiaries, and its independent licensees and associates.

Hertz and its licensees operate what Hertz believes is the largest car-rental business in the world. Car-rental operations are conducted at most major airports and in downtown areas of major cities in the United States and more than 120 other countries. Through a joint venture with Penske Corporation, the company also is engaged in one of the largest truck leasing and rental businesses in the United States. Hertz is also engaged in the sale of its used vehicles and the rental, lease, and sale of construction and materials-handling equipment.

Hertz instituted a costly gift giveaway program at the beginning of 1983 that was necessary to counter the effect of ongoing competitors' programs and to protect market share. With the end of giveaways in June, Hertz resumed competing on the basis of service, value, and product. By year-end, Hertz attained a record number of domestic car rentals and maintained its leading position in the car-rental market.

Financial Services

C.I.T. Financial Corporation and its subsidiaries provide a wide variety of financial services for industry, business, and consumers. Principal activities are industrial financing and leasing, consumer financing, factoring, commercial financing, life and health insurance, and property and casualty reinsurance.



Industrial financing includes the purchase of installment obligations arising from the sale of industrial and other income-producing assets and the making of installment loans on the security of such assets. Industrial leasing includes leasing various types of machinery and equipment.

Consumer financing includes home-equity and consumer loans and loans to finance the purchase of mobile homes and college and school tuitions.

Factoring involves rendering credit and financial services through the purchase of accounts receivable for cash without recourse for credit losses and making loans without security or on the security of inventory, machinery and equipment, or land and buildings.

Commercial financing includes the advancing of funds to manufacturers and others primarily against the collateral of accounts receivable and inventories.

The company's insurance business is conducted by North American Company for Life and Health Insurance, which offers individual and group life, disability, and health insurance, and North American Company for Property and Casualty Insurance, which engages in property and casualty reinsurance.

On October 31, 1983, RCA entered into an agreement to sell C.I.T., with the exception of the company's insurance subsidiaries, to Manufacturers Hanover Corporation for \$1.51 billion in cash and securities.

Other Products



This segment consists of the manufacture and sale by Coronet Industries, Inc., of tufted carpet for sale to wholesalers, dealers, and institutions in the United States and Canada. Coronet is an industry leader among the more than 200 manufacturers of tufted carpet in these two countries.

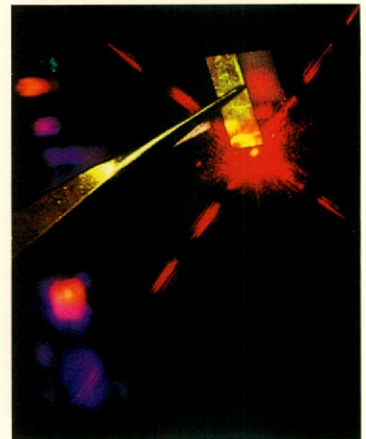
Serving both residential and commercial markets, Coronet sells tufted carpets under its own brand name as well as those of Heritage, Royalist, MarJon, Keystone, and Gibraltar. Included among Coronet's major commercial markets are offices, hospitals, motels, and hotels.

Major facility expansion programs were undertaken during the year in order to support continuing sales growth.

Research and Development

RCA's research, development, and engineering activities are headquartered at RCA Laboratories in Princeton, N.J. Laboratories scientists and engineers engage in scores of projects each year to improve existing RCA products and services and to create new technical concepts for future business growth. RCA Laboratories also has a branch in Zurich and satellite laboratories in various manufacturing divisions.

During 1983, RCA's main research organization at Princeton was restructured into six broad areas: Con-



sumer Electronics, Advanced Video Systems, Solid State, Manufacturing and Materials, Government Systems and Communications, and Display and Optical Systems.

RCA's advances in broadcast cameras, video components, monitors, and communications satellite technology were made possible through RCA Laboratories' continuing commitment to electronics and communications. Research continued on advanced video disc technology and digital TV. Current projects also include work in high-definition television and other related video technologies. Research continues on the development of optical recording systems, solid-state lasers, CMOS technology, and advanced components for satellite communications.

RCA Management's Discussion and Analysis of the Results of Operations and Financial Condition

Results of Operations

Total 1983 consolidated sales increased 12 percent to \$8.98 billion from \$8.02 billion in 1982, with strong performances from the Electronics, Broadcasting, Communications, and Other Products segments. The mix of sales in both years was 51 percent from service-oriented businesses and 49 percent from product sales. In 1982, consolidated sales increased 3 percent from the 1981 level of \$7.80 billion, with increases in the Broadcasting, Communications, and Transportation Services segments partially offset by decreases in Electronics and Other Products.

Cost of sales increased in 1983 by 12 percent, reflecting higher wages and materials costs, increased engineering investments, and higher depreciation expense associated with expanding satellite-communications facilities and continued growth in demand for rental automobiles. In 1982, cost of sales increased at a 5-percent rate in line with the 3-percent increase in sales. Selling, general, and administrative expenses in 1983 increased by 10 percent primarily as a result of additional advertising and promotion expenditures in the highly competitive consumer electronics and car-rental markets and increases in other variable selling expenses. In 1982, selling, general, and administrative expenses increased by 5 percent over 1981. Interest expense of \$272.9 million was 14 percent lower in 1983 after a 9-percent decline in 1982. This improving trend has been a result of both lower interest rates and increased management attention to cash flows with resultant lower debt levels.

Consolidated other income includes various gains and losses from the sale of assets, interest income, and RCA's equity in the earnings of unconsolidated subsidiaries and in companies in which RCA has a 20- to 50-percent interest.

Other income declined in 1983 primarily as a result of the absence of gains reported in 1982 from the sale of tax attributes, the sale of satellite transponders, and the gain from the divestment program. Provision for taxes on income is analyzed and reconciled to the statutory federal income tax rate in Note 8 to the Financial Statements.

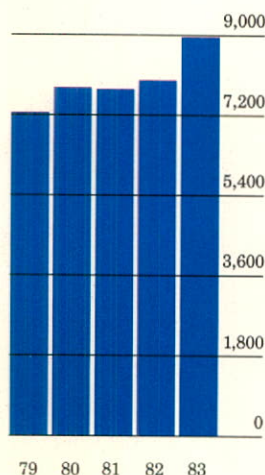
Net income in 1983 was \$240.8 million compared with \$222.6 million in 1982 and \$54.0 million in 1981. In 1982, nonrecurring gains amounted to \$48.6 million, including a net gain of \$29.1 million, of which \$16.3 million represented tax benefit, from the divestment of peripheral businesses under a program concluded in the first quarter and a \$19.5-million net gain from the sale of tax attributes. Excluding these 1982 nonrecurring gains, net income rose 38 percent in 1983. In 1981, net income was adversely affected by a \$150-million aftertax special provision for restructure and revaluation, partially offset by a net gain of \$18.1 million on the sale of the C.I.T. headquarters building.

Analysis and explanation of factors affecting income before income taxes for the three years ended December 31, 1983, by RCA's business segments as described on page 39 follow.

Electronics. Total Electronics sales increased by 11 percent to \$4.84 billion in 1983 compared with a 1-percent decline in sales in 1982. Profits in 1983 increased to \$201.7 million, as strong earnings in the Consumer Products and Services subsegment (notwithstanding continued losses in VideoDisc) and the Government Systems and Services subsegment were offset by substantially higher losses in the Broadcast Systems Division of the Commercial Products and Services subsegment. Profits in 1982 were above the reported 1981 result but below that result before giving effect to the

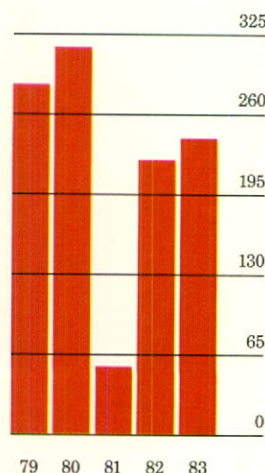
Sales

\$ in millions



Net Income

\$ in millions



special pretax charge of \$130 million for the restructuring of picture-tube operations.

In 1983, the Consumer Products and Services subsegment had a sales increase of 13 percent and a profit increase of 35 percent, led by substantially higher unit sales of color television sets, particularly in the larger screen sizes, and video cassette recorders. Sales of audio records and cassettes increased and, combined with strong cost controls, resulted in significantly improved profits. Sales and profits related to the servicing of electronic products and appliances were also higher in 1983. In 1982, sales of Consumer Products and Services were 9 percent lower than in 1981, with reduced profits resulting from lower unit sales of color television sets and video cassette recorders and severe price competition. VideoDisc sales increased in 1983; however, the loss increased slightly to \$99.6 million from \$97.0 million in 1982 as a result of higher promotional expenditures and the costs of consolidating video disc operations into one division. In 1981, the VideoDisc loss was \$106.8 million.

Sales of the Commercial Products and Services subsegment declined by 4 percent in 1983 and were essentially flat in 1982 compared with 1981. In 1983, this subsegment had a loss of \$16.5 million compared with a profit of \$29.1 million in 1982 as a result of increased losses at the Broadcast Systems Division. During this three-year period, there has been a substantial decline in the sales of cameras and recorders to television stations and networks. This was a result of both increased competition and less-than-expected market acceptance of new products introduced in the past few years. In 1983, the Broadcast Systems Division had losses of \$74.3 million compared with \$24.3 million in 1982 as a result of a \$42-million inventory write-down and further restructuring costs of approximately \$9 million. In 1983,

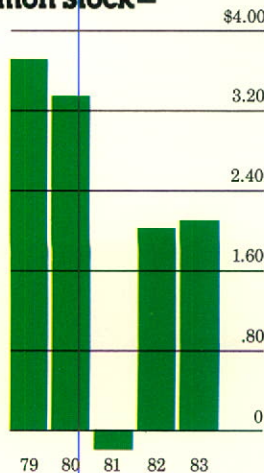
unit sales of color television picture tubes increased, but lower prices had a negative impact on both sales and profits. Sales and profits in 1983 of solid-state devices and commercial satellites were higher than in 1982, with substantial increases in year-end backlogs. In 1982, profits for the subsegment were improved from the 1981 loss occasioned by the special pretax charge of \$130 million for the restructuring of picture-tube operations but were below the 1981 result before that charge.

Sales of the Government Systems and Services subsegment were 24 percent higher in 1983 and 17 percent higher in 1982. Earnings were also higher in both 1983 and 1982 primarily as a result of contracts for the U.S. Navy's AEGIS defense system.

Broadcasting. Sales in 1983 increased 17 percent to a new high of \$2.09 billion, with record pretax earnings of \$156.2 million representing an increase of 45 percent over 1982. All of NBC's operating units had higher profits in 1983. The Television Network and the Television Stations Division benefited in 1983 from improved demographics and strong advertiser demand. The Radio Division achieved higher earnings in 1983 as a result of expanded services and a larger audience. In 1982, sales and earnings increased substantially from 1981 even before deduction of the special \$34-million pretax provision for program write-offs in 1981. The 1982 increase reflected continuing strong advertiser demand at the Television Network, which offset higher program costs. Market conditions were also favorable for the owned television and radio stations.

Communications. Revenues in 1983 increased by 18 percent, reflecting strong growth in RCA Americom's private

Earnings per Share of Common Stock—Primary



Total Equity

\$ in millions



leased-channel revenues and increased satellite-transponder capacity. The international record-carrier industry continued to experience increased competition as a result of the Federal Communications Commission's decision to open international markets to domestic carriers. RCA Globcom introduced new value-added services in 1983, which resulted in increases in market share of both international and domestic telex transmission. Earnings for the Communications segment in 1983 were lower than in the 1982 period as a result of increased competition and promotional pricing at RCA Globcom; continued start-up losses at RCA Cylis's value-added network; and the absence of nonrecurring gains reported in 1982 from the sale of five transponders on the Satcom IV satellite, the sale of tax attributes, and the sale of the Satcom V satellite to Alascom, Inc. However, excluding the above-mentioned 1982 gains, 1983 earnings for the Communications segment were 10 percent higher as a result of sharply improved earnings at RCA Americom. In 1982, revenues were also higher than in 1981 as a result of increased satellite capacity and higher pricing resulting from increased demand offset by lower international telex volumes. Earnings in 1982 were sharply higher than in 1981 as a result of increased revenues of RCA Americom and the nonrecurring gains described above.

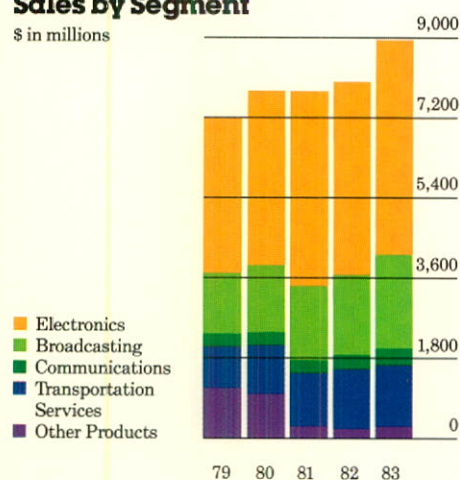
Transportation Services. Revenues in 1983 were a record \$1.37 billion or 3 percent above 1982, reflecting a continuation of new peaks in car-rental transactions for both domestic and international operations partially offset by lower revenues from finance-leasing businesses sold during the year. Earnings in 1983 were slightly ahead of 1982 because

of increased revenues and lower interest expense despite the absence of a gain from the sale of tax attributes and a costly gift giveaway program needed to match competitors' actions and protect market share in the first half of the year. Losses in the construction equipment-rental business were lower than in 1982 as the building industry began to recover in 1983. Revenues in 1982 were also above the prior year primarily because of growth in the car-rental and car-leasing businesses related to increased air travel and greater demand in commercial fleet leasing. Earnings in 1982 were above the reported result for 1981 but were lower than in 1981 before deduction of the \$59-million pretax special 1981 provision for the restructuring of truck operations. Profits in 1982 were adversely affected by strong competitive pressures in car rentals, losses in the construction equipment-rental business, and foreign-exchange losses on U.S. dollar debt in Mexico partially offset by improved truck operations and a \$17-million pretax gain from the sale of tax attributes. Earnings in 1981 also included \$21 million pretax from the sale of tax attributes.

Financial Services. This segment includes only C.I.T. Financial Corporation and its finance and insurance subsidiaries, whose accounts are not consolidated with those of RCA. As a result, this segment reports only earnings recognized on the equity basis of accounting. Pretax earnings have increased each year during the three-year period, reaching a record level of \$212.0 million in 1983 from the 1982 level of \$191.5 million as a result of lower interest costs, lower operating expenses, and profits of \$32.4 million from the sale of leased equipment at lease terminations partially

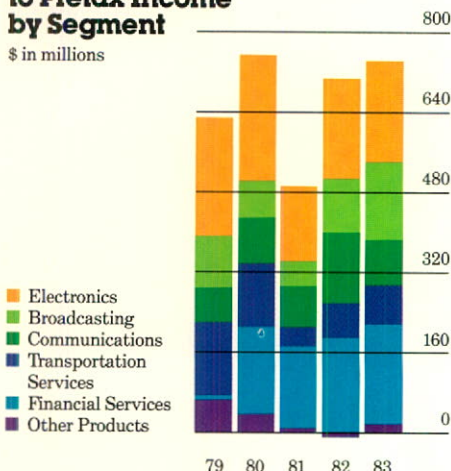
Contribution to Sales by Segment

\$ in millions



Contribution to Pretax Income by Segment

\$ in millions



offset by a \$30.6-million write-down of a problem factoring account. Earnings in 1982 were higher also because of lower interest rates and a larger receivables portfolio. Information regarding RCA's agreement of October 31, 1983, for the sale of the financing operations of C.I.T. to Manufacturers Hanover Corporation is contained in Note 2 to the Financial Statements.

Other Products. Sales in 1983 for Coronet Industries reached a new high and were 32 percent above the prior year, with strong improvements in both U.S. and Canadian operations. The increase in sales resulted from the recovery of the housing market, strong market acceptance of new products, and a higher market share. Profits were sharply higher because of increased revenues and significant cost reductions. Sales in 1982 were lower as a result of the depressed state of the housing market.

In most of RCA's businesses, the cost of labor and materials and the prices that RCA charges for its products and services are expected to move with changes in the general price level and may have significant impact on individual businesses and industries. See page 48 for Supplementary Information on Changing Prices.

Financial Condition

RCA Corporation finances the working capital requirements and capital additions of its divisions and consolidated subsidiaries, except The Hertz Corporation, principally through internally generated funds, commercial-paper and

other short-term borrowings, long-term borrowings, and the sale of installment receivables to RCA Credit Corporation. Foreign subsidiary companies also utilize local bank borrowings.

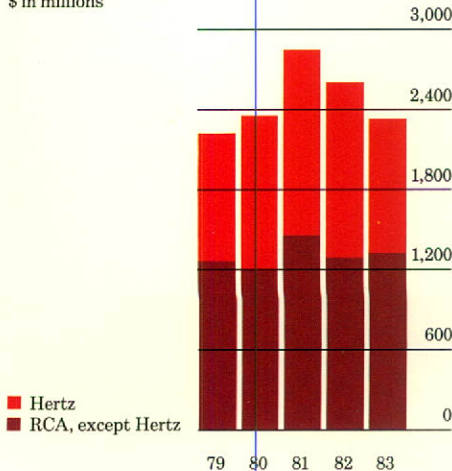
Hertz, although a wholly owned consolidated subsidiary of RCA, separately finances its acquisitions of revenue-earning equipment and its working capital requirements by means of internally generated funds, commercial-paper borrowings, and other short- and long-term borrowings that are not guaranteed by RCA. Accordingly, Hertz is a separate registrant with the Securities and Exchange Commission, and its securities are independently rated by the principal rating agencies. The financially oriented nature of Hertz' renting and leasing operations, as distinguished from the manufacturing and service orientation of RCA's other consolidated subsidiaries, and the unique status of Hertz as a self-financing consolidated subsidiary make it desirable to discuss the financing aspects of Hertz separately from those of RCA and its other consolidated subsidiaries. Information regarding Hertz debt can be found in Note 7 to the Financial Statements.

RCA Credit Corporation is a wholly owned unconsolidated finance subsidiary of RCA that finances the purchase at a discount of installment receivables of RCA operating units through commercial-paper and long-term borrowings. Its borrowings are not guaranteed by RCA, but RCA has agreed to repurchase receivables in default and to maintain net earnings of RCA Credit at a required multiple of fixed charges.

C.I.T. Financial Corporation is also a wholly owned unconsolidated finance subsidiary of RCA and is self-

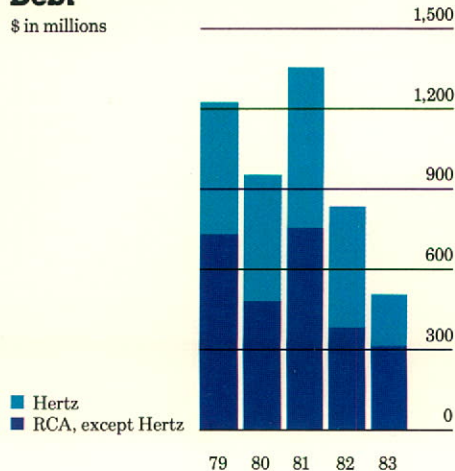
Total Debt

\$ in millions



Interest-Sensitive Debt

\$ in millions



financing by means of internally generated funds, commercial-paper borrowings, and long-term debt, none of which is guaranteed by RCA. C.I.T. is also a separate registrant with the Securities and Exchange Commission, and its debt securities are rated by the principal rating agencies.

Liquidity. The financial condition of RCA continued its improving trend in 1983 after significant progress in 1982. The strong operating cash flow in 1983 allowed RCA to increase its capital expenditures to a record level primarily through internally generated funds. Although 1983 year-end inventories and net receivables were slightly higher than in the prior year to support increased revenues, continued emphasis on asset management led to improved inventory and accounts receivable turnover ratios resulting in more efficient use of these assets. RCA's total debt (excluding Hertz) increased by only \$9 million in 1983 to a year-end amount of \$1,326 million despite the 12-percent increase in revenues. In April 1983, RCA sold publicly \$100 million of 12½% Sinking Fund Debentures due 2008. The proceeds were used to repay commercial paper and helped reduce interest-sensitive debt to 24 percent of total RCA debt (excluding Hertz) at December 31, 1983, from 29 percent at year-end 1982 and 52 percent at year-end 1981. In 1983, RCA debt (excluding Hertz) was reduced to 34.3 percent of total capital, from 35.0 percent at December 31, 1982, and 39.3 percent at December 31, 1981. The proposed sale of C.I.T. will provide funds to further strengthen the company's balance sheet and to invest in its core businesses.

In 1983, Hertz made significant gains in restructuring its balance sheet and reducing debt requirements with the sale of its finance-leasing operations. Hertz' interest-sensitive

debt has been reduced to 18 percent at year-end 1983 from 35 percent in 1982 and 44 percent in 1981. In addition, actions have been taken to reduce investment in areas of low profit contribution. As a result, the Hertz debt-to-equity ratio improved to 2.5:1 at December 31, 1983, from 3.2:1 a year earlier.

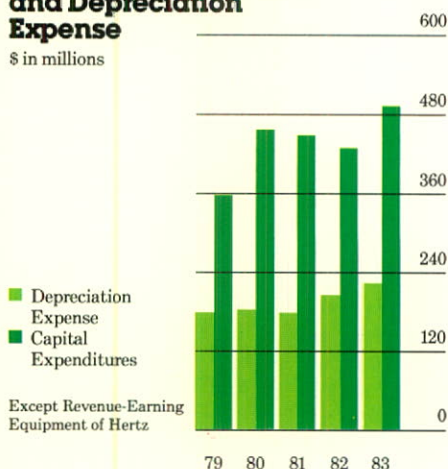
In 1982, RCA significantly improved its liquidity through the sale of 6 million shares of RCA common stock in a public offering, yielding net proceeds of \$136 million and allowing reduction of debt by approximately \$133 million to a total of \$1,317 million (excluding Hertz) at year-end. In addition, cost-reduction and working capital programs were put in place during 1982, and the annual dividend rate on RCA's common stock was halved to \$.90 per share from \$1.80. Hertz liquidity was improved in 1982 by the public sale of \$152.5 million of medium-term debt securities.

Lines of Credit. At December 31, 1983, RCA (excluding Hertz) had lines of credit of \$1.2 billion, including \$980 million of revolving-credit facilities and the balance in other bank facilities. Effective April 1, 1983, RCA replaced \$1.5 billion of revolving-credit facilities with \$980 million of revolving-credit facilities expiring in 1988. Of these revolving-credit facilities, \$385 million is also available to RCA Credit Corporation. A total of \$533 million of the entire facilities backed up an equivalent amount of commercial-paper and other borrowings outstanding at year-end, including \$214 million in commercial-paper borrowings by RCA Credit Corporation. This leaves approximately \$700 million in unutilized credit lines.

In addition, Hertz had available unused credit lines amounting to \$415 million.

Capital Expenditures and Depreciation Expense

\$ in millions



RCA Consolidated Income and Retained Earnings

Years ended December 31	(In millions, except per share)		
	1983	1982	1981
Sales			
Electronic and other products	\$4,356.3	\$3,885.2	\$4,017.6
Broadcasting, communications, transportation, and other services	4,621.0	4,130.8	3,781.1
Total sales	8,977.3	8,016.0	7,798.7
Costs, expenses, and other			
Cost of products	3,592.0	3,220.6	3,226.8
Cost of services	3,424.4	3,022.6	2,738.2
Selling, general, and administrative expenses	1,557.4	1,416.0	1,354.6
Interest expense	272.9	316.7	347.8
Equity in income of C.I.T. before income taxes (Note 2)	(216.2)	(201.1)	(198.4)
Provision for restructure and revaluation (Note 3)	—	—	230.0
Other (income) expense, net	(25.8)	(81.8)	1.4
Total costs, expenses, and other	8,604.7	7,693.0	7,700.4
Income before income taxes	372.6	323.0	98.3
Income taxes (Note 8)	131.8	100.4	44.3
Net income	\$ 240.8	\$ 222.6	\$ 54.0
Earnings (loss) per share of common stock			
Primary	\$ 2.10	\$ 2.03	\$ (.19)
Fully diluted	\$ 2.06	\$ 2.00	\$ (.19)
Retained earnings — beginning of year	\$1,284.0	\$1,198.2	\$1,348.5
Net income	240.8	222.6	54.0
Purchase of \$3.50 cumulative first preferred stock	—	—	(.2)
Less dividends			
\$3.65 cumulative preference stock	(41.3)	(41.0)	(40.8)
\$2.125 cumulative convertible preference stock	(23.7)	(23.6)	(23.4)
\$3.50 cumulative first preferred stock	(.5)	(.5)	(.5)
\$4 cumulative convertible first preferred stock	(3.8)	(3.8)	(3.8)
Common stock	(73.4)	(67.9)	(135.6)
Retained earnings — end of year	\$1,382.1	\$1,284.0	\$1,198.2

The accompanying notes are an integral part of this statement.

RCA Consolidated Financial Position

December 31

(In millions)

1983 1982

Assets

Current assets

Cash and equivalents	\$ 97.5	\$ 76.1
Receivables, less allowance for doubtful accounts of \$47.8 million (1982—\$53.5)	1,287.9	1,234.9
Inventories (Note 4)	645.9	610.5
Rental automobiles of Hertz, at cost less accumulated depreciation of \$133.7 million (1982—\$158.1)	990.6	851.3
Television program costs	393.4	355.7
Prepaid expenses and other	141.5	214.6
Total current assets	3,556.8	3,343.1

Other revenue-earning equipment of Hertz, at cost less accumulated depreciation of \$174.9 million (1982—\$212.1)

376.5 558.8

Plant and equipment, at cost

Land and buildings	727.3	681.9
Machinery and equipment	2,560.6	2,254.0
	3,287.9	2,935.9
Less accumulated depreciation	1,417.9	1,297.1
	1,870.0	1,638.8

Long-term receivables, less allowance for doubtful accounts of \$1.5 million (1982—\$6.3)

81.4 152.1

Investment in C.I.T. (Note 2)

1,405.0 1,340.8

Other assets

366.4 542.4

Total assets

\$7,656.1 \$7,576.0

The accompanying notes are an integral part of this statement.

	(In millions)	
	1983	1982
Liabilities and Shareholders' Equity		
Current liabilities		
Notes payable, except Hertz (Note 6)	\$ 343.5	\$ 303.4
Notes payable of Hertz (Note 7)	260.2	465.9
Accounts payable	728.5	622.7
Accrued compensation	274.3	231.9
Other accrued liabilities	1,168.6	1,052.4
Income taxes (Note 8)	143.8	164.0
Total current liabilities	2,918.9	2,840.3
Long-term debt, except Hertz (Note 6)	982.5	1,013.6
Long-term debt of Hertz (Note 7)	748.5	826.1
Deferred income taxes and other noncurrent liabilities (Note 8)	466.2	453.1
Preference stock subject to mandatory redemption , no par, at stated value net of applicable unamortized discount—authorized: 25,000,000 shares (Note 9)		
\$3.65 cumulative preference stock	339.6	337.1
\$2.125 cumulative convertible preference stock	219.0	218.1
	558.6	555.2
Shareholders' equity (Note 10)		
Preferred stock, no par, at stated value		
\$3.50 cumulative first preferred stock	2.1	2.1
Cumulative series first preferred stock—authorized: 2,000,000 shares:		
\$4 convertible first preferred stock	7.7	7.7
Common stock, no par, at stated value—authorized: 125,000,000 shares;		
issued—81,800,067 shares (1982—81,602,193 shares)	54.5	54.4
Additional paid-in capital	591.5	586.2
Retained earnings (Note 6)	1,382.1	1,284.0
Translation adjustment (Note 14)	(56.5)	(46.7)
Total shareholders' equity	1,981.4	1,887.7
Total liabilities and shareholders' equity	\$7,656.1	\$7,576.0

RCA Consolidated Changes in Financial Position

Years ended December 31	(In millions)		
	1983	1982	1981
Increase (decrease) in cash and equivalents from:			
Operations			
Net income	\$ 240.8	\$222.6	\$ 54.0
Add (deduct) non-cash items			
Depreciation	540.9	512.6	434.2
Deferred income taxes	102.1	50.0	(10.2)
Undistributed earnings of unconsolidated companies (net of cash dividends: in millions, 1983—\$136.7; 1982—\$141.1; 1981—\$188.8)	9.6	28.1	73.4
Provision for restructure and revaluation	—	—	230.0
	893.4	813.3	781.4
Working capital changes			
Receivables	(53.0)	22.8	(63.3)
Inventories	(35.4)	98.2	(149.8)
Accounts payable and accruals	262.9	65.1	23.2
Other	(88.4)	(51.6)	8.8
Other operating asset and liability changes	121.8	(49.8)	(73.1)
Net funds from operations	1,101.3	898.0	527.2
Financing			
Changes in debt, other than Hertz			
Short-term, net	38.2	23.3	223.7
Long-term borrowings	104.6	267.5	138.4
Long-term repayments	(133.8)	(423.7)	(114.4)
Changes in debt of Hertz, net	(283.3)	(107.4)	240.4
Sale of common stock	—	135.7	—
Leasing transactions	—	57.0	87.4
Net from financing	(274.3)	(47.6)	575.5
Funds available for dividends and investments	827.0	850.4	1,102.7
Dividends and Investments			
Dividends	(137.8)	(150.7)	(201.6)
Additions to plant and equipment	(495.2)	(430.3)	(448.8)
Net additions to revenue-earning equipment of Hertz (gross: in millions, 1983—\$1,205.4; 1982—\$1,042.1; 1981—\$1,178.1)	(300.2)	(319.0)	(580.3)
Dispositions of plant, equipment, and other assets, net	184.8	80.1	240.0
Investments and acquisitions	(57.2)	(129.7)	(111.5)
Net funds used for dividends and investments	(805.6)	(949.6)	(1,102.2)
Cash and Equivalents			
Net change during year	21.4	(99.2)	.5
Beginning of year	76.1	175.3	174.8
End of year	\$ 97.5	\$ 76.1	\$ 175.3

The accompanying notes are an integral part of this statement.

RCA Sales and Income by Business Segment

Years ended December 31	(In millions)					
	1983		1982*		1981*	
	Sales	Income Before Income Taxes	Sales	Income Before Income Taxes	Sales	Income Before Income Taxes
Electronics						
Consumer Products and Services	\$2,401.7	\$122.6	\$2,117.3	\$ 90.8	\$2,329.9	\$135.7
Commercial Products and Services	1,139.5	(16.5)	1,189.0	29.1	1,184.1	(51.5)
Government Systems and Services	1,299.1	95.6	1,047.7	80.0	896.3	64.6
Total Electronics	4,840.3	201.7	4,354.0	199.9	4,410.3	148.8
Broadcasting	2,094.3	156.2	1,786.5	107.9	1,618.7	48.1
Communications	377.0	92.5	319.1	143.3	269.8	83.1
Transportation Services	1,372.0	68.6	1,333.8	67.9	1,222.3	35.8
Financial Services	—	212.0	—	191.5	—	168.3
Other Products	293.7	14.0	222.6	(6.6)	277.6	9.5
Business segment total	8,977.3	745.0	8,016.0	703.9	7,798.7	493.6
Corporate research costs		(102.3)		(98.0)		(90.6)
Corporate administrative expense		(101.8)		(90.5)		(97.7)
Interest expense, other than Hertz and C.I.T.		(169.2)		(180.9)		(216.6)
Other income (expense), net		.9		(11.5)		9.6
Consolidated total	<u>\$8,977.3</u>	<u>\$372.6</u>	<u>\$8,016.0</u>	<u>\$323.0</u>	<u>\$7,798.7</u>	<u>\$ 98.3</u>

*Reclassified to conform to 1983 presentation.

Principal products and services included in the reported segments are as follows:

Electronics

Consumer Products and Services. Video products (television receivers, video cassette recorders and cameras, and video disc players and discs) and audio records and pre-recorded tapes. Services include the servicing of these products and certain appliances within the United States and Canada. Sales of video products were \$1.63 billion in 1983 (1982 — \$1.39; 1981 — \$1.58).

Commercial Products and Services. Color television picture tubes, display tubes and monitors, solid-state and electro-optic devices, commercial communications satellites, and a variety of electronic equipment for broadcasting and communications. Services include the leasing and servicing of private telephone systems, television receivers, satellite earth stations, data terminals, and other peripheral equipment.

Government Systems and Services. Military and space equipment and systems sold principally to the U.S. Government. Services include technical and management support of a variety of government programs and installations.

Broadcasting (NBC)

Furnishing of network television and radio services to affiliated stations within the United States, production of live and recorded television and radio programs, and ownership and operation of television and radio broadcasting stations within the United States.

Communications

Domestic satellite-communications services, international communications services, domestic telex, and data-communications services.

Transportation Services (Hertz)

Renting and leasing of automobiles and trucks in the United States and many foreign countries by Hertz, its subsidiaries, and its independent licensees and associates; sale of its used vehicles; rental, lease, and sale of construction and materials-handling equipment; and, through 1983, lease of office and business equipment.

Financial Services (C.I.T.)

Consumer financing, industrial financing and leasing, factoring, commercial financing, life and health insurance, and property and casualty reinsurance.

Other Products

Manufacture and sale of tufted carpet.

RCA Notes to Financial Statements

1. Summary of Significant Accounting Policies

Principles of Consolidation. The consolidated financial statements include the accounts of RCA Corporation and its subsidiaries, except for those engaged in finance-related activities, principally C.I.T. Financial Corporation and its subsidiary companies (C.I.T.) and RCA Credit Corporation (RCA Credit). These subsidiaries, and companies in which RCA has a 20- to 50-percent interest, are accounted for using the equity method.

Foreign Currency Translation. Assets and liabilities of companies outside the United States, except those that fabricate for further manufacture in the United States or are located in countries with highly inflationary economies, are translated into U.S. dollars at current exchange rates; their income statements are translated at average rates. Gains and losses from this translation are accumulated in a separate component of shareholders' equity until the company is sold or liquidated. The nonmonetary accounts of all other companies are translated at historical rates, with translation gains or losses included in net income. No income taxes are provided on translation gains or losses since RCA does not expect that they will be realized.

Inventories. Inventories are stated at the lower of cost (determined on a last-in, first-out [LIFO] basis for approximately half of the domestic inventories and a first-in, first-out basis for the remainder) or market.

Television Program Costs. The National Broadcasting Company, Inc. (NBC) capitalizes program costs, including the rights to broadcast, when paid or when the program is available for broadcast, if earlier. These costs are amortized based upon projected revenues or expensed when a program is determined not to be usable.

Depreciable Assets. Plant and equipment, rental automobiles, and other revenue-earning equipment are generally depreciated using the straight-line method over their estimated useful lives or, in the case of leasehold improvements, over the term of the lease, if shorter. Expenditures for repairs and maintenance are expensed, while those for renewals and betterments are capitalized. Upon disposal of rental automobiles and other revenue-earning equipment, depreciation expense is adjusted for the difference between net proceeds from sale and the remaining book value. Rental automobiles are held for approximately one year and accordingly are classified as current assets.

Long-Term Contracts. Sales under long-term construction contracts are principally recorded using the percentage-of-completion method applied on an individual contract basis.

Public Liability and Property Damage. Provisions are made by The Hertz Corporation (Hertz) for public liability and property damage risks to a maximum of \$1 million per accident; coverage beyond \$1 million per accident is

purchased. Provision for losses incurred but not reported is charged to income currently.

Pension Plans. Pension plans are available to substantially all employees after specified periods of service. The largest is the RCA Retirement Plan, a contributory defined-benefit plan. Under this Plan, employees contribute a part of the cost of current-service benefits while RCA contributes the remainder and all other costs under the level premium cost method. The costs charged to expense include current-service costs, which are funded currently, and the amortization and funding of prior-service costs over 25 years.

Regulated Subsidiaries. RCA American Communications, Inc., and RCA Global Communications, Inc., follow accounting policies prescribed by the Federal Communications Commission. These policies include flow-through of the tax effect of interest capitalized during construction and, for RCA Global Communications, Inc., flow-through of investment tax credits and the tax effect of timing differences.

Research and Development Costs. Research and development costs are expensed as incurred. Research and development expense aggregated \$216.0 million (1982—\$195.4; 1981—\$193.5), net of reimbursements totaling \$336.8 million (1982—\$308.7; 1981—\$267.1).

Income Taxes. Deferred taxes are provided on items recognized for financial reporting purposes in different periods than for income tax purposes, except as otherwise provided by regulatory rules. Most investment tax credits are deferred and amortized to income over the lives of the related assets. U.S. income taxes have not been provided on \$322.4 million in undistributed earnings of subsidiaries that have been or are intended to be permanently reinvested outside the United States or are expected to be remitted free of taxes.

Earnings per Share. Primary earnings per share of common stock is based on the weighted average number of common and common equivalent shares outstanding (1983—81,760,000; 1982—75,755,000; 1981—75,380,000) after deducting dividend requirements on outstanding preference and preferred shares and the amortization of the discount on preference shares. Fully diluted earnings per share assumes conversion of outstanding convertible securities with a corresponding increase in income for the interest expense thereon, net of tax, or a decrease in dividend requirements.

2. Proposed Sale of C.I.T. Financial Corporation

On October 31, 1983, RCA signed an agreement for the sale of the financing operations of C.I.T. to Manufacturers Hanover Corporation for \$1.51 billion, consisting of \$460 million in cash, \$800 million in 12% notes, and \$250 million of preferred stock. The sale, which is subject to the approval of the Federal Reserve Board and the fulfillment of other customary conditions, will not include the insurance subsidiaries of C.I.T. The insurance subsidiaries are being offered for sale. RCA does not expect that, in total, these sales will result in any material aftertax gain or loss.

In 1983, the C.I.T. businesses being sold to Manufacturers Hanover added \$101.0 million to RCA's net income. This earnings contribution does not reflect financial charges for funds borrowed by RCA in connection with the acquisition of C.I.T. or for funds necessary to meet the dividend requirements of the preference stock issued in the acquisition. If the sale to Manufacturers Hanover had been completed as of January 1, 1983, RCA's net income, including the investment income from the proceeds received, would have at least equaled reported net income. Earnings per share applicable to net income would have been similarly affected.

RCA's equity in the income of C.I.T. gives effect to purchase adjustments, including the amortization of goodwill of \$315.4 million (\$284.2 million at December 31, 1983) over 40 years. Summarized financial information for C.I.T. follows:

Income

Years ended December 31	(In millions)		
	1983	1982	1981
Revenues	\$909.6	\$979.4	\$864.3
Expenses	(711.9)	(804.1)	(731.2)
Equity in unconsolidated subsidiaries (including purchase adjustments)			
Insurance	31.3	31.3	32.2
Manufacturing	4.2	9.6	30.1
Canadian	—	—	7.5
Other purchase adjustments	(17.0)	(15.1)	(4.5)
RCA's equity before income taxes	216.2	201.1	198.4
Income taxes	(88.0)	(84.6)	(76.7)
RCA's equity in net income	\$128.2	\$116.5	\$121.7
Sources of net income			
Financing	\$101.0	\$ 88.8	\$ 80.6
Insurance	25.1	22.7	23.7
Manufacturing	2.1	5.0	17.4
	\$128.2	\$116.5	\$121.7

Financial Position

December 31	(In millions)	
	1983	1982
Assets		
Receivables, net	\$7,336.0	\$7,355.3
Unearned finance charges	(1,481.5)	(1,582.7)
Other	826.9	759.1
Total assets	\$6,681.4	\$6,531.7
Liabilities and Shareholder's Equity		
Commercial paper	\$1,891.4	\$1,894.8
Other debt	2,411.0	2,414.9
Deferred income taxes	281.7	263.5
Other liabilities	1,064.8	949.8
Shareholder's equity	1,032.5	1,008.7
Total liabilities and shareholder's equity	\$6,681.4	\$6,531.7

Under the terms of the most restrictive of C.I.T.'s borrowing agreements, its additional paid-in capital and retained earnings available at December 31, 1983, for payment of dividends amounted to \$249.5 million.

3. Business Changes

Hertz Penske Truck Leasing, Inc. In 1983, Penske Leasing, Inc., exercised its option to acquire an additional 15-percent equity interest in Hertz Penske Truck Leasing, Inc., a truck leasing and rental business, thereby reducing RCA's interest in that business to 50 percent. Accordingly, RCA now accounts for its investment in that company using the equity method and includes its earnings in other income. Prior periods have been restated for this change, which had no effect on net income.

Divestment Program. In January 1982, RCA concluded the program started in 1980 to divest businesses that were deemed peripheral to the activities on which it intends to concentrate. Income for the year ended December 31, 1982, includes the entire pretax gain of \$12.8 million (\$29.1 after tax) from the divestment program. The 1981 statement of consolidated income includes sales of \$22.2 million, income before income taxes of \$29.1 million, and net income of \$16.8 million from these businesses.

Provision for Restructure and Revaluation. In 1981, RCA provided \$230 million (\$150 after tax) primarily for the restructure of operations and revaluation of assets, including \$34 million to write down NBC program material (Broadcasting segment), \$130 million to restructure picture-tube operations (Electronics segment—Commercial Products and Services), and \$59 million to restructure the truck rental and leasing operations of Hertz (Transportation Services segment).

4. Inventories

Inventories consisted of the following at December 31:

	(In millions)	
	1983	1982
Raw materials	\$157.5	\$146.1
Work in process	172.3	166.7
Finished goods	316.1	297.7
Total	\$645.9	\$610.5

Work in process is net of progress payments on government contracts of \$91.5 million (1982—\$55.2). LIFO-based inventories totaled \$301.3 million (1982—\$257.2), with the current replacement cost exceeding the carrying value by \$66.1 million (1982—\$65.5).

5. RCA Credit Corporation

RCA Credit purchases certain installment receivables from RCA. RCA does not guarantee the debt of RCA Credit but has agreed to repurchase receivables in default and to maintain net income, as defined, at an established multiple of fixed charges. Summarized financial information for RCA Credit follows:

Income

Years ended December 31	(In millions)		
	1983	1982	1981
Finance income	\$69.0	\$61.5	\$52.2
Expenses	(45.8)	(40.7)	(34.6)
Income taxes	(10.8)	(9.6)	(8.2)
Net income	\$12.4	\$11.2	\$ 9.4

Financial Position

December 31	(In millions)	
	1983	1982
Assets		
Receivables	\$718.3	\$606.9
Unearned finance charges	(198.7)	(166.9)
Other assets	6.5	3.1
Total assets	\$526.1	\$443.1
Liabilities and Shareholder's Equity		
Commercial paper	\$214.0	\$149.4
Long-term promissory notes	222.0	220.5
Other liabilities	10.3	5.8
Shareholder's equity	79.8	67.4
Total liabilities and shareholder's equity	\$526.1	\$443.1

6. Debt, Except Hertz

Debt of RCA and consolidated subsidiaries, other than Hertz, consisted of the following at December 31:

	(In millions)	
	1983	1982
Current		
Commercial paper, weighted average 10.1% (1982—9.6%)	\$ 152.0	\$ 175.1
Notes due banks—foreign, weighted average 19.5% (1982—15.5%)	166.8	105.5
Current portion of long-term debt	24.7	22.8
Total	\$ 343.5	\$ 303.4
Long-term		
Commercial paper, weighted average 9.6%	\$ —	\$ 104.0
Promissory notes		
5½%, due 1984 to 1986	30.0	40.0
9%, due 1984 to 1991	61.5	69.2
11½%, due 1990	75.0	75.0
12¾%, due 1992	100.0	100.0
15½%, due 1987	75.0	75.0
16.25%, due 1987 to 1989	85.0	85.0
Sinking fund debentures		
4½% convertible subordinated, due 1984 to 1992	112.1	112.8
5% convertible, due 1985 to 1988	33.2	35.2
9¼%, due 1984 to 1990	42.5	46.2
10.20%, due 1986 to 1992	57.1	57.1
12¼%, due 1991 to 2005	200.0	200.0
12½%, due 1994 to 2008	100.0	—
Other	35.8	36.9
	1,007.2	1,036.4
Less current portion	24.7	22.8
Total	\$ 982.5	\$ 1,013.6

The aggregate amounts of maturities for each of the succeeding five years are (in millions): 1984—\$24.7; 1985—\$38.9; 1986—\$45.9; 1987—\$134.2; and 1988—\$80.6. These amounts are net of purchases already made for sinking fund requirements.

Effective April 1, 1983, RCA replaced \$1.5 billion of revolving-credit facilities with \$980 million of revolving-credit facilities expiring in 1988. At any time during this period, RCA has the option to convert any borrowings to a term loan for up to three years. These new facilities serve as backing for commercial paper and permit borrowings through 1988 (i) at the prime lending rate and at increasing premiums above such rate, (ii) at an adjusted certificate-of-deposit rate with increasing premiums, or (iii) Eurodollar borrowings at increasing premiums above the London interbank offering rate. Of these facilities, \$385 million is also available to RCA Credit. There are no outstanding borrowings under these revolving-credit facilities. RCA and consolidated subsidiaries (other than Hertz) had available unused lines of credit at December 31, 1983, amounting to approximately \$700 million.

The terms of promissory notes and convertible subordinated debentures limit the payment of cash dividends and the purchase of treasury stock. At December 31, 1983, retained earnings of approximately \$450.0 million were free of such limitations.

The 4½% subordinated debentures are convertible into common stock at \$56.04 per share, and 1,999,700 shares are

reserved for this purpose. The 5% sinking fund debentures are convertible into common stock at \$52.40 per share, and 633,378 shares are reserved for this purpose.

Consolidated interest of \$21.3 million (1982—\$17.4; 1981—\$21.0) incurred during construction has been capitalized as part of the cost of the related depreciable asset.

7. Debt of Hertz

The debt of Hertz, which has not been assumed or guaranteed by RCA, consisted of the following at December 31:

	(In millions)	
	1983	1982
Current		
Commercial paper, weighted average 10.1% (1982—9.7%)	\$ 66.4	\$213.0
Demand and other short-term notes, weighted average 11.7% (1982—11.8%)	93.2	167.4
Current portion of long-term debt	100.6	85.5
Total	\$260.2	\$465.9
Long-term		
Promissory notes, weighted average 11.1% (1982—11.1%), due 1984 to 2000	\$425.8	\$427.9
Sinking fund debentures, 8½%, due 1985 to 2001	41.4	42.2
Medium-term and capital notes, weighted average 12.7% (1982—12.8%), due 1984 to 1987	157.7	152.5
Subordinated promissory notes		
Senior 8¾%, due 1984 to 1997	46.7	50.0
Senior 13%, due 1986 to 2000	55.0	55.0
Junior 5½%	—	3.0
Other, weighted average 13.0% (1982—12.4%)	122.5	181.0
	849.1	911.6
Less current portion	100.6	85.5
Total	\$748.5	\$826.1

The aggregate amounts of maturities for each of the succeeding five years are (in millions): 1984—\$100.6; 1985—\$113.5; 1986—\$91.8; 1987—\$66.2; and 1988—\$52.4.

Hertz has credit agreements that serve as backing for commercial paper and make available either domestic or Eurodollar loans in amounts up to \$167 million and \$83 million, respectively. There are no outstanding borrowings under these agreements, which expire in 1984 and 1986. Hertz had available unused lines of credit at December 31, 1983, amounting to approximately \$415 million.

The terms of Hertz' loan agreements limit the payment of cash dividends. At December 31, 1983, approximately \$91 million of Hertz' retained earnings were free of such limitations.

8. Income Taxes

RCA's provision for income taxes consists of the following:

	(In millions)		
Years ended December 31	1983	1982	1981
Federal			
Current	\$ (30.9)	\$ (11.4)	\$ 4.9
Deferred	97.8	55.7	(4.1)
Foreign			
Current	25.0	23.5	32.5
Deferred	4.3	(5.7)	(6.1)
U. S. state and local	35.6	38.3	17.1
Total	\$131.8	\$100.4	\$44.3

The principal items in the deferred tax provision are as follows:

Years ended December 31	(In millions)		
	1983	1982	1981
Depreciation	\$ 61.6	\$29.7	\$ (6.6)
Investment tax credits	30.9	(11.6)	22.6
Unbilled receivables	24.5	7.5	2.1
Installment sales	7.5	11.6	17.9
C.I.T. lease transactions	10.6	(13.0)	8.1
Inventory and warranty reserves	(16.1)	4.7	(5.1)
Television program costs	(.5)	7.9	(13.3)
Self-insurance	.9	(7.1)	(17.7)
Provision for restructure and revaluation of assets	1.1	22.3	(33.2)
Other	(18.4)	(2.0)	9.0
Total	\$102.1	\$50.0	\$(10.2)

RCA's effective tax rate differs from the statutory U.S. federal income tax rate for the following reasons:

Years ended December 31	Percent of Pretax Income		
	1983	1982	1981
Statutory rate	46.0%	46.0%	46.0%
U.S. state and local taxes net of federal tax benefit	5.2	6.4	9.4
Investment tax credits	(6.1)	(6.8)	(22.6)
Flow-through of tax effects in regulated subsidiaries	(3.4)	(3.0)	(12.2)
Higher effective tax rate on foreign earnings	—	6.5	38.4
Capital (gains) losses	(2.0)	(15.2)	8.4
Dividends-received deduction	(3.2)	(3.9)	(11.5)
Equity in RCA Credit	(1.5)	(1.6)	(4.4)
Nontaxable addition to C.I.T. policyholders' surplus	(.6)	(1.0)	(3.1)
Other	1.0	3.7	(3.3)
Effective rate	35.4%	31.1%	45.1%

Other income includes a pretax 1982 gain of \$23.5 million (\$12.6 after tax) from the sale of tax attributes. In addition, depreciation expense for 1982 and 1981 was reduced by \$14.0 million (\$6.9 after tax) and \$21.1 million (\$10.5 after tax), respectively, from the sale of tax attributes.

9. Preference Stock

Authorized and outstanding preference shares consisted of the following at December 31:

	1983		1982	
	Authorized	Outstanding	Authorized	Outstanding
\$3.65 preference	10,850,000	10,649,296	10,850,000	10,649,171
\$2.125 preference	10,848,282	10,647,578	10,849,182	10,648,353

On January 31, 1980, 10,638,569 shares each of \$3.65 cumulative preference stock and \$2.125 cumulative convertible preference stock were issued in connection with the acquisition of C.I.T. These shares were recorded at their estimated fair values, which were less than their stated values by approximately \$145 million. This amount is being amortized by periodic charges to retained earnings over the lives of the securities. The preference shares are subject to mandatory redemption, through the operation of sinking funds, in equal annual installments commencing April 1,

1990, of 5% for the \$3.65 preference and 3⅓% for the \$2.125 preference. The preferences on liquidation are: \$3.65 preference—\$40 per share (\$426.0 million); \$2.125 preference—\$25 per share (\$266.2 million). Each share of the \$2.125 preference is convertible into .7143 shares of common stock, and 7,605,565 shares are reserved for this purpose.

In 1983, 125 shares each (1981—2,981 shares each) of \$3.65 preference and \$2.125 preference were issued upon exercise of stock options. In 1983, 900 shares (1982—193; 1981—335) of \$2.125 preference were converted into common stock.

10. Shareholders' Equity

Preferred Stock. Authorized and outstanding preferred shares consisted of the following at December 31:

	1983		1982	
	Authorized	Outstanding	Authorized	Outstanding
\$3.50 preferred	134,396	132,835	134,396	132,835
\$4 preferred	984,910	957,657	985,921	958,668

On January 1, 1981, 139,945 shares of \$3.50 cumulative first preferred stock and 1,086,477 shares of \$4 cumulative convertible first preferred stock were outstanding. In 1981, 7,110 shares of \$3.50 preferred were purchased and retired. In 1983, 1,011 shares (1982—8,683; 1981—119,126) of \$4 preferred were converted into common stock.

Each share of \$4 preferred is convertible into 2.29 shares of common stock, and 2,193,035 shares are reserved for this purpose. RCA may currently redeem the \$4 preferred and \$3.50 preferred at a price of \$100 per share. The preferences on liquidation are: \$3.50 preferred—\$100 per share (\$13.3 million); \$4 preferred—\$100 per share (\$95.8 million).

Common Stock. A summary of the changes in issued shares of common stock is as follows:

Years ended December 31	1983	1982	1981
Balance at beginning of year	81,602,193	75,571,956	75,263,641
Stock options	194,877	10,772	43,534
Convertible securities	2,997	19,465	264,781
Public offering	—	6,000,000	—
Balance at end of year	81,800,067	81,602,193	75,571,956

Stock Option Plan. Under the RCA Stock Option and Long-Range Incentive Plan, options may be granted to key employees to purchase shares of common stock at a price not less than the fair market value at the date of grant. The plan permits the grant of options for a term of up to 10 years, but since October 1980 the term of options has been limited to 5 years. Options granted before November 4, 1981, become exercisable in five equal cumulative annual installments beginning at date of grant. Options granted on or after that date are exercisable in three equal cumulative annual installments beginning one year after grant.

Options granted may include a right to surrender all or a portion of the options to the extent then exercisable and receive in exchange a payment in cash or stock equal to the excess of the fair market value of the shares surrendered over their aggregate option price. Under amendments adopted in 1983, performance units may also be granted corresponding to and in tandem with the number of options granted. The value of performance units granted in 1983 will be determined by return on equity and growth in earnings

per share, measured against preset goals, over a four-year award period commencing January 1, 1983. After the award period, holders may receive cash or common stock if it is determined that awards will be paid. Performance units are canceled on a one-for-one basis if the related option is exercised or surrendered for payment, and the related option is canceled on the same basis if performance units are paid.

A summary of changes in stock options is as follows:

	Number of Shares	Price Range
Outstanding at January 1, 1983	1,983,598	\$14.25 to \$36.75
Granted	583,150	27.125 to 33.75
Exercised	(195,658)	14.25 to 30.75
Canceled or expired	(232,661)	16.75 to 36.75
Surrendered	(290,417)	14.25 to 29.125
Outstanding at December 31, 1983	1,848,012	\$16.75 to \$33.75

At December 31, 1983, options on 962,785 shares were exercisable. Outstanding options that included a right to surrender aggregated 718,224 shares (277,819 exercisable). Outstanding options that had performance units attached aggregated 576,114 shares. Shares available for future grants at the beginning and end of 1983 were 221,658 and 1,371,169, respectively.

Additional Paid-In Capital. Additional paid-in capital increased \$131.7 million in 1982 as a result of the sale of 6.0 million shares of common stock. The balance of the 1982 increase, along with the 1983 and 1981 increases, results from the exercise of stock options and the conversion of convertible securities.

11. Pension and Incentive Plans

Pension Plans. Pension expense under the RCA Retirement Plan, separate plans of subsidiary companies, and union plans was \$186.3 million (1982—\$171.0; 1981—\$153.5).

Accumulated RCA Retirement Plan benefits and net assets consisted of the following at January 1 (the date of the most recent actuarial determinations):

	(In millions)	
	1983	1982
Actuarial present value of accumulated Plan benefits		
Vested	\$1,481.1	\$1,386.7
Nonvested	70.9	67.0
	\$1,552.0	\$1,453.7
Plan net assets available for benefits	\$1,769.3	\$1,496.1

The assumed rate of return used in determining the actuarial present value of Plan benefits for all Plan participants was 7 percent.

RCA Incentive Plan. The RCA Incentive Plan provides for annual awards to employees to a maximum of the lesser of 15 percent of Incentive Plan base earnings (as defined) or 25 percent of dividends paid on all classes of stock. The maximum allowable credit to the Incentive Reserve in 1983 was \$34.5 million. Awards from the Incentive Reserve may be in cash or shares of common stock held in the treasury and are paid generally in two annual installments. At December 31, 1983, 43,313 shares of treasury stock (1982—79,483) with a cost of \$1.3 million (1982—\$2.3) were reserved for this purpose and are included in other assets. The amount credited to the Incentive Reserve and charged to income was \$13.3 million (1982—\$10.6; 1981—\$8.3). The amount awarded to employees was \$12.9 million (1982—\$9.7; 1981—\$7.3).

12. Leases and Commitments

Minimum rental commitments (cash outflow) and future revenues (cash inflow—principally from revenue-earning equipment of Hertz) under noncancelable operating leases consisted of the following at December 31, 1983 (in millions):

Year	Commitments	Revenues
1984	\$170.1	\$ 85.7
1985	152.1	29.0
1986	133.2	4.5
1987	107.0	.2
1988	78.5	—
Later years	260.3	—
Total	\$901.2	\$119.4

Revenue-earning assets under operating leases amounted to \$271 million (net of accumulated depreciation of \$120 million). RCA expects to extend, renew, or replace with leases for comparable facilities most of the existing leases. The leases impose no restrictions on dividends, additional debt, or further leasing arrangements. Rent expense (including concession fees of Hertz) was \$258.9 million (1982—\$218.6; 1981—\$180.0).

At December 31, 1983, NBC had commitments of approximately \$1.57 billion to acquire broadcast material or the rights to broadcast television programs that require payments within the next six years.

13. Business Segments

A description of RCA's segments, along with sales and income before income taxes by segment, is presented on page 39. Sales between business segments are immaterial. Revenue from the licensing of patents is included in the business segment to which it relates. Interest expense included in Transportation Services was \$121.0 million (1982—\$150.4; 1981—\$148.9). Other income (expense) includes pretax income of the manufacturing subsidiaries of C.I.T. of \$4.2 million (1982—\$9.6; 1981—\$30.1), a 1982 gain of \$12.8 million from the divestment program, a 1981 loss of \$26.2 million from RCA's equity in its European picture-tube joint venture, and a 1981 gain, after deferrals and costs, of \$28.1 million from the sale of the C.I.T. Building.

Depreciation expense by business segment was as follows:

	(In millions)		
Years ended December 31	1983	1982	1981
Electronics			
Consumer Products and Services	\$ 43.6	\$ 33.7	\$ 35.1
Commercial Products and Services	30.7	31.7	28.4
Government Systems and Services	11.9	12.4	10.2
Total Electronics	86.2	77.8	73.7
Broadcasting	23.6	20.6	18.2
Communications	73.6	61.8	47.8
Transportation Services			
Revenue-earning equipment	316.1	306.6	256.0
Other	26.7	24.6	22.0
Other Products	7.3	7.1	7.4
Corporate	7.4	14.1	9.1
Consolidated total	\$540.9	\$512.6	\$434.2

Capital expenditures by business segment were as follows:

Years ended December 31	(In millions)		
	1983	1982	1981
Electronics			
Consumer Products and Services	\$ 55.6	\$ 45.9	\$ 84.1
Commercial Products and Services	54.7	48.9	62.0
Government Systems and Services	51.7	26.3	22.8
Total Electronics	162.0	121.1	168.9
Broadcasting	63.9	57.0	36.7
Communications	225.2	189.6	164.7
Transportation Services	28.7	50.8	59.9
Other Products	6.5	5.4	3.8
Corporate	8.9	6.4	14.8
Consolidated total	\$495.2	\$430.3	\$448.8

The above amounts for Transportation Services do not include additions to revenue-earning equipment.

Identifiable assets by business segment were as follows:

December 31	(In millions)		
	1983	1982	1981
Electronics			
Consumer Products and Services	\$1,106.8	\$ 985.9	\$1,205.9
Commercial Products and Services	515.5	576.2	533.3
Government Systems and Services	285.2	265.9	197.9
Total Electronics	1,907.5	1,828.0	1,937.1
Broadcasting	943.2	822.9	832.8
Communications	954.1	780.9	693.4
Transportation Services	1,967.1	2,256.3	2,308.3
Financial Services	1,405.0	1,340.8	1,254.5
Other Products	139.0	109.1	138.1
Corporate	340.2	438.0	592.6
Consolidated total	\$7,656.1	\$7,576.0	\$7,756.8

14. Worldwide Operations

Foreign Currency. Effective January 1, 1981, RCA adopted Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation" (FAS No. 52). As a result, net income for the year ended December 31, 1981, increased \$9.1 million, or 12 cents per share. Net foreign currency transaction gains included in net income were \$5.8 million (1982—\$5.3 loss; 1981—\$5.0 loss). The amount established as a translation adjustment on January 1, 1981, after applying FAS No. 52, was \$6.7 million. The translation adjustment for 1983 was \$9.8 million (1982—\$21.7; 1981—\$18.3, net of \$3.1 transferred to net income as a result of the sale of foreign investments).

Operations by Geographic Area. RCA conducts operations in the United States and many foreign countries. Intercompany sales between geographic areas are accounted for on substantially the same basis as sales to

unaffiliated customers. Financial information by geographic area is as follows:

1983	(In millions)				
	United States	Europe	Other	Eliminations	Total
Sales					
External	\$8,081.6	\$447.7	\$448.0	\$ —	\$8,977.3
Intercompany	231.4	17.4	318.9	(567.7)	—
Total sales	8,313.0	465.1	766.9	(567.7)	8,977.3
Pretax income	310.4	20.5	42.3	(.6)	372.6
Identifiable assets	6,907.7	332.0	570.2	(153.8)	7,656.1
1982					
Sales					
External	\$7,086.0	\$465.0	\$465.0	\$ —	\$8,016.0
Intercompany	236.7	14.9	305.5	(557.1)	—
Total sales	7,322.7	479.9	770.5	(557.1)	8,016.0
Pretax income	276.0	20.8	31.3	(5.1)	323.0
Identifiable assets	6,789.7	352.6	580.1	(146.4)	7,576.0
1981					
Sales					
External	\$6,804.1	\$473.5	\$521.1	\$ —	\$7,798.7
Intercompany	264.8	14.3	400.6	(679.7)	—
Total sales	7,068.9	487.8	921.7	(679.7)	7,798.7
Pretax income	83.3	(11.8)	30.7	(3.9)	98.3
Identifiable assets	7,009.3	365.2	621.4	(239.1)	7,756.8

Report of Independent Public Accountants

To the Shareholders of RCA Corporation

We have examined the statement of consolidated financial position of RCA Corporation as of December 31, 1983 and 1982, and the related statements of consolidated income and retained earnings and of consolidated changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The consolidated financial statements for the year ended December 31, 1981, were examined by other independent accountants whose report thereon dated February 12, 1982, was unqualified, except for the change in 1981, with which they concurred, in the method of accounting for foreign currency translation as described in Note 14. Their report was based in part on our opinion on the consolidated financial statements of C.I.T. Financial Corporation and Subsidiaries.

In our opinion, the 1983 and 1982 consolidated financial statements referred to above present fairly the financial position of RCA Corporation as of December 31, 1983 and 1982, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied during the period and on a basis consistent with that of the preceding year.

Touche Ross & Co.

New York, N.Y.
February 16, 1984

RCA Five-Year Financial Data

(In millions, except as indicated)

	1983	1982	1981	1980	1979
Income Statement					
Sales	\$8,977.3	\$8,016.0	\$7,798.7	\$7,809.9	\$7,244.6
Cost of sales	7,016.4	6,243.2	5,965.0	6,037.3	5,496.1
Other expenses	1,804.5	1,650.9	1,933.8	1,492.8	1,293.4
Equity in income of C.I.T.	(216.2)	(201.1)	(198.4)	(227.5)	(16.4)
Income before income taxes	372.6	323.0	98.3	507.3	471.5
Income taxes	131.8	100.4	44.3	192.0	187.7
Net income	240.8	222.6	54.0	315.3	283.8
Dividend requirements on preferred and preference stock	(69.3)	(68.9)	(68.5)	(63.7)	(5.4)
Net income (loss) applicable to common stock	\$ 171.5	\$ 153.7	\$ (14.5)	\$ 251.6	\$ 278.4
Earnings (loss) per share of common stock (in dollars)					
Primary	\$ 2.10	\$ 2.03	\$ (.19)	\$ 3.35	\$ 3.72
Fully diluted	2.06	2.00	(.19)	3.19	3.57
Cash dividends declared per share of common stock	.90	.90	1.80	1.80	1.60
Financial Position					
Assets					
Cash and equivalents	\$ 97.5	\$ 76.1	\$ 175.3	\$ 174.8	\$ 205.6
Receivables, net	1,287.9	1,234.9	1,257.7	1,194.4	1,072.4
Inventories	645.9	610.5	708.7	558.9	695.1
Rental automobiles of Hertz, net	990.6	851.3	808.5	682.7	628.4
Prepaid expenses and other	534.9	570.3	629.3	741.4	579.6
Total current assets	3,556.8	3,343.1	3,579.5	3,352.2	3,181.1
Other revenue-earning equipment of Hertz, net	376.5	558.8	628.8	457.3	314.8
Plant and equipment, net	1,870.0	1,638.8	1,502.2	1,351.9	1,262.3
Other assets	1,852.8	2,035.3	2,046.3	1,898.8	1,215.5
Total assets	\$7,656.1	\$7,576.0	\$7,756.8	\$7,060.2	\$5,973.7
Liabilities and shareholders' equity					
Notes payable, except Hertz	\$ 343.5	\$ 303.4	\$ 277.9	\$ 117.9	\$ 243.7
Notes payable of Hertz	260.2	465.9	717.3	474.7	484.2
Other current liabilities	2,315.2	2,071.0	2,009.3	1,669.4	1,487.3
Total current liabilities	2,918.9	2,840.3	3,004.5	2,262.0	2,215.2
Long-term debt, except Hertz	982.5	1,013.6	1,172.0	1,084.3	1,033.2
Long-term debt of Hertz	748.5	826.1	682.1	684.3	439.5
Deferred taxes and other noncurrent liabilities	466.2	453.1	658.3	618.2	526.0
Preference stock	558.6	555.2	552.0	549.2	—
Shareholders' equity	1,981.4	1,887.7	1,687.9	1,862.2	1,759.8
Total liabilities and shareholders' equity	\$7,656.1	\$7,576.0	\$7,756.8	\$7,060.2	\$5,973.7
Other Data					
Current ratio	1.2	1.2	1.2	1.5	1.4
Additions to plant and equipment	\$ 495.2	\$ 430.3	\$ 448.8	\$ 453.5	\$ 352.5
Net additions to revenue-earning equipment of Hertz	\$ 300.2	\$ 319.0	\$ 580.3	\$ 453.3	\$ 462.8
Shares of common stock outstanding at year-end (in thousands)	81,757	81,476	75,400	75,164	74,855
Net book value per common share (in dollars)	\$ 21.27	\$ 20.14	\$ 19.03	\$ 21.22	\$ 21.70
Percent return on average shareholders' equity	9.1	8.8	(.6)	13.4	16.9
Number of shareholders (in thousands)	200	220	242	252	239
Number of employees (in thousands)	110	109	119	133	120

Prior years have been restated as described in Note 3.

RCA Results of Operations by Quarter

(In millions, except per share)

	Sales	Gross Profit	Income Before Income Taxes	Net Income	Earnings per Share	
					Primary	Fully Diluted
1983						
First Quarter	\$2,029.0	\$ 433.3	\$ 52.2	\$ 32.3	\$.18	\$.18
Second Quarter	2,198.9	515.3	106.6	66.2	.60	.59
Third Quarter	2,265.0	480.1	103.3	63.9	.57	.56
Fourth Quarter	2,484.4	532.2	110.5	78.4	.75	.73
	<u>\$8,977.3</u>	<u>\$1,960.9</u>	<u>\$372.6</u>	<u>\$240.8</u>	<u>\$2.10</u>	<u>\$2.06</u>
1982⁽¹⁾						
First Quarter ⁽²⁾	\$1,912.1	\$ 409.5	\$ 72.3	\$ 60.5	\$.57	\$.56
Second Quarter	2,000.2	480.1	104.8	60.5	.58	.56
Third Quarter	1,979.9	416.0	86.7	47.6	.40	.40
Fourth Quarter ⁽³⁾	2,123.8	467.2	59.2	54.0	.48	.48
	<u>\$8,016.0</u>	<u>\$1,772.8</u>	<u>\$323.0</u>	<u>\$222.6</u>	<u>\$2.03</u>	<u>\$2.00</u>

(1) Pretax gains from the sale of tax attributes in 1982 were: first quarter, \$17.9 million (\$9.5 after tax); second quarter, \$15.5 million (\$8.0 after tax); third quarter, \$2.5 million (\$1.2 after tax); and fourth quarter, \$1.6 million (\$.8 after tax).

(2) Includes a pretax gain of \$12.8 million (\$29.1 after tax) from

the divestment program.

(3) The provision for income taxes includes a reduction associated with the 1982 revision in the tax law relating to investment tax credit and adjustment to the year-end determination of the annual effective tax rate.

RCA Market Prices of RCA Stock by Quarter

	\$3.65 Cumulative Preference Stock		\$2.125 Cumulative Convertible Preference Stock		\$3.50 Cumulative First Preferred Stock		\$4 Cumulative Convertible First Preferred Stock		Common Stock	
	High	Low	High	Low	High	Low	High	Low	High	Low
1983										
First Quarter	29 ⁷ / ₈	27 ¹ / ₄	25 ³ / ₄	20 ³ / ₄	33 ³ / ₄	29	63 ¹ / ₂	52	26 ⁷ / ₈	19 ³ / ₄
Second Quarter	31 ⁷ / ₈	28 ¹ / ₄	28	23 ¹ / ₈	34 ¹ / ₂	30 ¹ / ₂	71 ¹ / ₄	56 ¹ / ₂	31 ⁵ / ₈	22 ¹ / ₂
Third Quarter	32 ¹ / ₂	29 ¹ / ₈	28 ¹ / ₄	23 ¹ / ₂	35	30 ³ / ₄	78	62	34 ¹ / ₈	25 ⁵ / ₈
Fourth Quarter	33 ¹ / ₂	31	30 ¹ / ₂	26 ¹ / ₄	37	32 ¹ / ₂	85	72 ¹ / ₂	37 ¹ / ₈	30 ³ / ₄
1982										
First Quarter	24	22	19 ¹ / ₂	15 ¹ / ₂	34 ¹ / ₂	24	49 ¹ / ₄	39 ¹ / ₂	22 ¹ / ₈	16 ¹ / ₄
Second Quarter	24 ³ / ₄	22 ¹ / ₈	20 ¹ / ₂	16 ⁵ / ₈	29 ¹ / ₂	26	53	39 ¹ / ₂	23 ⁵ / ₈	15 ³ / ₄
Third Quarter	26 ⁷ / ₈	22 ¹ / ₂	22 ¹ / ₂	16 ³ / ₄	34	26	55	42	24 ¹ / ₈	15 ⁷ / ₈
Fourth Quarter	29 ¹ / ₄	25 ¹ / ₈	24 ¹ / ₄	20 ⁷ / ₈	31 ¹ / ₂	28	62	51 ¹ / ₂	27	21 ³ / ₈

The capital stock of RCA Corporation is traded principally on The New York Stock Exchange.

Dividends declared for each quarter of 1983 and 1982 on the \$3.65 cumulative preference stock and the \$2.125 cumulative convertible preference stock were \$.91250 and \$.53125 per share, respectively. Dividends declared for each quarter of 1983 and 1982 on the \$3.50 cumulative first preferred stock and \$4 cumulative convertible first preferred stock were \$.875 and \$1.00 per share, respectively. Dividends declared for each quarter of 1983 and 1982 on the com-

mon stock were \$.225 per share. Holders of common stock are entitled to dividends only after the dividend requirements of all classes of preferred and preference stock have been met.

At December 31, 1983, there were approximately 174,300 shareholders of record of RCA common stock. The Certificate of Incorporation and By-laws of RCA contain provisions that are designed to assure that at least 80 percent of the voting stock of RCA is held by citizens of the United States. Accordingly, under certain circumstances the voting rights of foreign shareholders may be restricted.

RCA Supplementary Information on Changing Prices

Statement of Financial Accounting Standards No. 33, "Financial Reporting and Changing Prices" (FAS No. 33), prescribes two different methods of measuring the effects of changing prices. The first method provides data adjusted for "general inflation" using the Consumer Price Index for All Urban Consumers (CPI) as the broad-based measure of the general inflation rate. The second method of measurement adjusts for "changes in specific prices" (also referred to as "current costs") of the resources actually used in a company's operations.

Current cost, which does not consider technological improvements and efficiencies associated with the normal replacement of productive capacity, was calculated as follows:

Inventories—Current vendor, production costs, and first-in, first-out cost (\$693.4 million at December 31, 1983).

Cost of product sales (exclusive of depreciation)—Last-in, first-out cost.

Rental automobiles and other revenue-earning equipment—Approximate unit cost at year-end (\$1,433.9 million at December 31, 1983).

Land—Current tax valuations, published indexes, current purchase transactions.

Buildings—Estimated current construction cost per square foot.

Machinery and equipment—Current estimated market prices, engineering estimates, published indexes.

Office furniture and machines and leasehold improvements—Published indexes.

Current cost calculations involve a substantial number of assumptions and estimating techniques. They are not precise measurements of the assets and expenses involved but instead represent reasonable approximations of the price changes that have occurred. RCA does not represent that current cost is indicative of amounts at which the assets could be sold and makes no representation that this information is or is not a fair representation of the impact of inflation upon RCA.

The rules for purposes of this supplementary information specifically prohibit the restatement of income taxes since present tax laws do not permit companies to recognize any general inflation adjustments.

The gain from decline in purchasing power of net amounts owed demonstrates that total liabilities requiring future fixed cash settlement exceeded like assets. This results in a hypothetical gain, which is excluded from income in the supplemental statement of the current year's earnings.

The following financial data are submitted in accordance with FAS No. 33.

1983 Net Income and Other Selected Data Adjusted for Changing Prices

(In millions of average 1983 dollars)	
Year ended December 31	1983
Income before income taxes, as reported	\$372.6
Adjustments to restate costs for the effect of general inflation	
Cost of sales	(12.9)
Depreciation expense	(118.9)
Income before income taxes adjusted for general inflation	240.8
Income taxes	131.8
Net income adjusted for general inflation	109.0
Adjustments to reflect the difference between general inflation and changes in specific prices (current costs)	
Cost of sales	30.2
Depreciation expense	26.0
Net income adjusted for changes in specific prices	\$165.2
Gain from the effect of the decline in purchasing power of net amounts owed	\$136.7
Effect of increase in general price level	\$143.5
Decrease in specific prices (current cost) of inventories, revenue-earning equipment of Hertz, and plant and equipment held during the year	47.1
Excess of increase in general price level over decrease in specific prices	\$190.6

Supplementary Financial Data Adjusted for Effects of Changing Prices

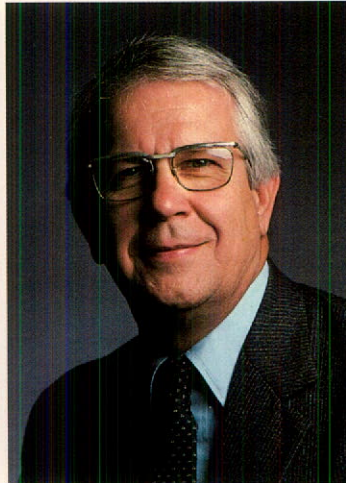
	(In millions of average 1983 dollars, except as indicated)				
	1983	1982	1981	1980	1979
Total sales	\$8,977.3	\$8,273.9	\$8,543.1	\$9,442.8	\$9,943.8
Historical cost information adjusted for general inflation					
Net income (loss)	109.0	71.2	(109.9)	208.0	233.5
Earnings (loss) per share of common stock (in dollars)					
Primary	.49	—0—	(2.45)	1.74	3.02
Fully diluted	.48	—0—	(2.45)	1.74	2.96
Net assets at year-end	2,736.8	2,790.7	2,787.8	3,170.9	3,321.7
Current cost information					
Net income (loss)	165.2	147.0	(43.7)	269.9	300.2
Earnings (loss) per share of common stock (in dollars)					
Primary	1.17	1.00	(1.58)	2.58	3.91
Fully diluted	1.17	1.00	(1.58)	2.58	3.79
Net assets at year-end	2,578.8	2,714.6	2,693.5	3,037.7	3,236.0
Excess of increase in general price level over increase/ decrease in the specific prices	190.6	108.1	118.2	241.5	209.0
Gain from decline in purchasing power of net amounts owed	136.7	137.8	279.1	391.6	269.4
Cash dividends declared per share of common stock	.90	.93	1.97	2.18	2.20
Market price per common share at year-end					
At historical cost	34.750	22.500	18.250	29.375	22.125
In average 1983 dollars	34.166	22.962	19.346	33.922	28.717
Average consumer price index (1967 = 100)	298.4	289.1	272.4	246.8	217.4



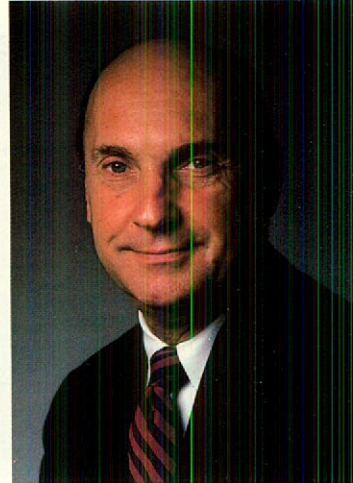
John Brademas



Thornton F. Bradshaw



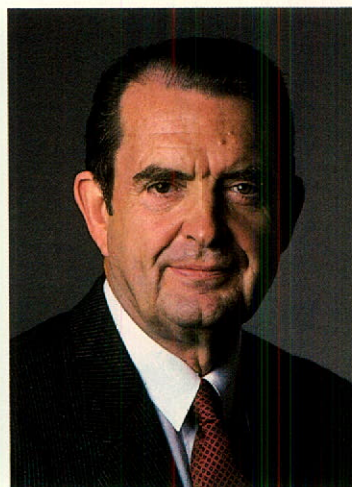
Robert Cizik



Robert R. Frederick



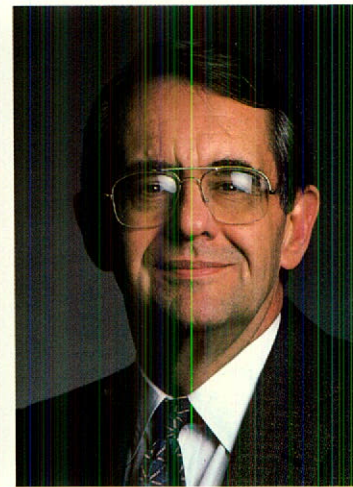
I. Owen Funderburg



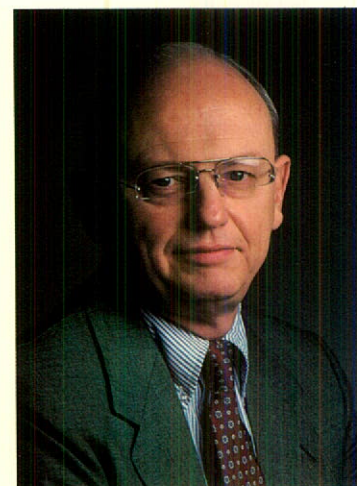
David C. Jones



Thomas O. Paine



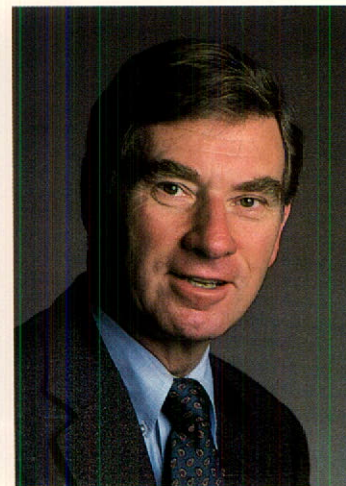
Peter G. Peterson



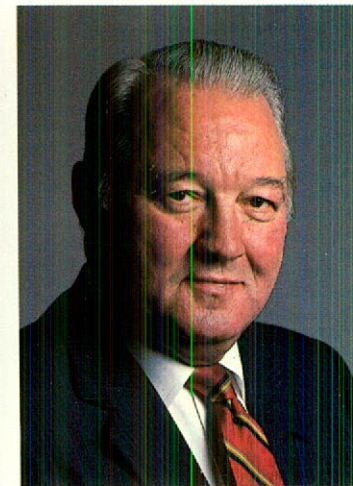
John R. Petty



Cecily C. Selby



Andrew C. Sigler



Donald B. Smiley

Board of Directors

John Brademas
President, New York University

Thornton F. Bradshaw
Chairman of the Board and
Chief Executive Officer,
RCA Corporation

Robert Cizik
Chairman of the Board,
President, and Chief
Executive Officer, Cooper
Industries, Inc., diversified
manufacturing company

Robert R. Frederick
President and Chief Operating
Officer, RCA Corporation

I. Owen Funderburg
President and Chief Executive
Officer, Citizens Trust Bank,
Atlanta

David C. Jones
General, United States Air Force,
Retired

Thomas O. Paine
Thomas Paine Associates,
management consultants

Peter G. Peterson
Chairman, Peterson, Jacobs &
Company, Inc., merchant
banking firm

John R. Petty
Chairman of the Board and
Chief Executive Officer,
Marine Midland Bank, N.A., and
Marine Midland Banks, Inc.

Cecily C. Selby
Consultant in Science
Education and Lecturer

Andrew C. Sigler
Chairman of the Board and
Chief Executive Officer,
Champion International
Corporation, forest products
manufacturer and distributor

Donald B. Smiley
Chairman of the Finance
Committee and former
Chairman of the Board and
Chief Executive Officer,
R. H. Macy & Co., Inc.,
department stores

Officers

Thornton F. Bradshaw
Chairman of the Board and
Chief Executive Officer

Robert R. Frederick
President and Chief Operating
Officer

Eugene E. Beyer, Jr.
Executive Vice President and
General Counsel

William C. Hittinger
Executive Vice President,
Corporate Technology

Richard W. Miller
Executive Vice President
and Chief Financial Officer

Frank A. Olson
Executive Vice President

Roy H. Pollack
Executive Vice President

Herbert S. Schlosser
Executive Vice President

James M. Alic
Senior Vice President,
Corporate Planning

Thomas B. Ross
Senior Vice President,
Corporate Affairs

Edward L. Scanlon
Senior Vice President,
Employee Relations

James Vollmer
Senior Vice President,
Technical Evaluation and
Planning

Eugene F. Murphy
Group Vice President

John D. Rittenhouse
Group Vice President

Jack K. Sauter
Group Vice President

John H. Bermingham
Vice President and
General Attorney

David I. Brenner
Vice President and Controller

Melvin Cornfield
Vice President, Tax Affairs

D. Joseph Donahue
Vice President and General
Manager, Consumer
Electronics Division

George A. Fadler
Vice President

Allan D. Gordon
Vice President, Licensing

Robert F. Maddocks
Vice President, Organization
and Management Resources

Robert S. Pepper
Vice President and General
Manager, Solid State Division

John V. Regan
Vice President,
Patent Operations

John A. Rolls
Vice President and Treasurer

Raymond L. Scherer
Vice President, Washington

William M. Webster
Vice President,
RCA Laboratories

William P. Alexander
Secretary

Domestic Subsidiary Executives

C.I.T. Financial Corporation
Walter S. Holmes, Jr.
Chairman of the Board and
Chief Executive Officer

Todd G. Cole
President

Coronet Industries, Inc.
Martin B. Sereteian
Chairman of the Board

Stanley R. Peszat
President

The Hertz Corporation
Frank A. Olson
Chairman of the Board
and Chief Executive Officer

**National Broadcasting
Company, Inc.**
Grant A. Tinker
Chairman of the Board
and Chief Executive Officer

Robert E. Mulholland
President

RCA Communications, Inc.
Eugene F. Murphy
Chairman of the Board and
Chief Executive Officer

*RCA American
Communications, Inc.*
James J. Tietjen
President and Chief Operating
Officer

*RCA Global
Communications, Inc.*
Valerian F. Podmolik
President and Chief Executive
Officer

*RCA Cylix Communications
Network, Inc.*
Joseph W. Karoly
President and Chief Operating
Officer

Corporate Offices

RCA Corporation
30 Rockefeller Plaza
New York, N.Y. 10020
Telephone: (212) 621-6000

Annual Meeting

The Annual Meeting of RCA shareholders will be held on May 1, 1984, at 10:30 a.m., at the Adam's Mark Hotel, 2544 Executive Drive, Indianapolis, Ind. The Proxy Statement and Proxy pertaining to this Meeting are included in the envelope that accompanied this Annual Report.

SEC Form 10-K

A copy of the annual report to the Securities and Exchange Commission on Form 10-K may be obtained without charge upon written request to: Secretary, RCA Corporation, Room 5311, 30 Rockefeller Plaza, New York, N.Y. 10020.

RCA Stock

RCA stock is listed on The New York Stock Exchange. The ticker symbol is "RCA." There are five classes or series of RCA stock, denominated as follows:

Common
\$3.50 cumulative first preferred
\$4 cumulative convertible first preferred
\$3.65 cumulative preference
\$2.125 cumulative convertible preference

Transfer Agents

RCA Corporation, Stock Transfer Operations, 30 Rockefeller Plaza, New York, N.Y. 10020

The First National Bank of Chicago, One First National Plaza, Chicago, Ill. 60670

Registrars

Chemical Bank, 277 Park Avenue, New York, N.Y. 10172 (except as to \$3.50 cumulative first preferred stock)

The Chase Manhattan Bank, N.A., 1 Chase Manhattan Plaza, New York, N.Y. 10081 (\$3.50 cumulative first preferred stock only)

Continental Illinois National Bank and Trust Company of Chicago, 231 South LaSalle Street, Chicago, Ill. 60697

RCA Debentures and Notes

4½% Convertible Subordinated Sinking Fund Debentures

Transfer, Conversion, and Paying Agent: The Chase Manhattan Bank, N.A., 1 Chase Manhattan Plaza, New York, N.Y. 10081

Trustee: Irving Trust Company, 1 Wall Street, New York, N.Y. 10015

9¼% Sinking Fund Debentures

Transfer and Paying Agent and Trustee: Manufacturers Hanover Trust Company, 600 Fifth Avenue, New York, N.Y. 10020

10.20% Sinking Fund Debentures

Transfer and Paying Agent and Trustee: Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, N.Y. 10015

12¼% Sinking Fund Debentures and 11½% Notes

Transfer and Paying Agent and Trustee: Bankers Trust Company, P.O. Box 318, Church Street Station, New York, N.Y. 10015

12½% Sinking Fund Debentures and 12¾% Notes

Transfer and Paying Agent and Trustee: The Chase Manhattan Bank, N.A., 1 Chase Manhattan Plaza, New York, N.Y. 10081

5% Guaranteed Sinking Fund Debentures of RCA International Development Corporation—guaranteed by RCA Corporation

Conversion and Paying Agents: Citibank, N.A., 111 Wall Street, New York, N.Y. 10043, and main offices in London, Brussels, Amsterdam, Paris, Frankfurt/Main, and Milan; Banque de Paris et des Pays-Bas pour le Grand Duche de Luxembourg, Luxembourg

Trustee: Citibank, N.A., 111 Wall Street, New York, N.Y. 10043

15½% Guaranteed Notes of RCA Overseas Finance N.V. and RCA Overseas Finance B.V.—guaranteed by RCA Corporation

Paying Agents: Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, N.Y. 10015, and main offices in Brussels, Frankfurt/Main, London, and Paris; Kredietbank S.A. Luxembourg, Luxembourg

Trustee: Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, N.Y. 10015

Independent Public Accountants

Touche Ross & Co.
1633 Broadway
New York, N.Y. 10019

People of RCA

The number of RCA employees increased by 1,000 during 1983 to a total of 110,500. As of year-end, 14.3 percent of the domestic work force consisted of minority employees—13 percent of the salaried and 17.4 percent of the hourly employees. Women accounted for 37.6 percent of this work force and held 18.5 percent of all managerial and professional positions.

Increased emphasis has been placed on the identification of key management resources and succession planning for middle- and upper-management positions throughout the company. During 1983, more than 1,600 managers were promoted, which represents about 15 percent of the total management group. Approximately 85 percent of the management changes were made internally, reflecting continued implementation of RCA's long-standing policy of promotion from within.

Corporate Contributions

In 1983, corporate contributions amounted to \$2.4 million. An additional \$1.9 million was donated for educational aid, including grants to colleges and universities for scholarships, fellowships, and educational projects.

RCA 30 Rockefeller Plaza, New York, N.Y. 10020