

YEAR IN BRIEF

1964

1963

REVENUES

| | | |
|----------------------------------|---------------|---------------|
| Broadcasting | \$310,135,000 | \$280,572,000 |
| Theatres..... | 78,891,000 | 76,209,000 |
| Merchandise sales and other | 31,889,000 | 29,948,000 |
| Total | \$420,915,000 | \$386,729,000 |

EXPENSES

| | | |
|------------------------------------|---------------|---------------|
| Operating and general expenses.. | \$382,160,000 | \$353,933,000 |
| Depreciation | 6,705,000 | 6,470,000 |
| Interest..... | 2,095,000 | 2,279,000 |
| State, local and payroll taxes.... | 7,721,000 | 7,606,000 |
| Federal income tax | 11,215,000 | 9,056,000 |
| Total | \$409,896,000 | \$379,344,000 |

EARNINGS

| | | |
|--------------------------|---------------|--------------|
| Operations | \$ 11,019,000 | \$ 7,385,000 |
| Capital gains, net | 177,000 | 542,000 |
| Total | \$ 11,196,000 | \$ 7,927,000 |

Per share:

| | | |
|--------------------------|--------|---------|
| Operations | \$2.40 | \$1.62* |
| Capital gains, net | .04 | .12* |
| Total | \$2.44 | \$1.74* |

DIVIDENDS

| | | |
|-----------------|--------------|--------------|
| Total | \$ 5,512,000 | \$ 4,463,000 |
| Per share | \$1.20 | \$1.00* |

FINANCIAL POSITION AT YEAR END

| | | |
|--|---------------|---------------|
| Working capital | \$ 72,103,000 | \$ 69,142,000 |
| Property and equipment, net | \$ 70,177,000 | \$ 69,575,000 |
| Total assets | \$226,640,000 | \$221,421,000 |
| Long-term debt | \$ 46,559,000 | \$ 49,304,000 |
| Stockholders' equity: | | |
| Total | \$119,493,000 | \$112,266,000 |
| Per share | \$25.84 | \$24.63 |
| Number of common shares outstanding | 4,623,548 | 4,557,444 |

GENERAL

| | | |
|----------------------------------|--------|--------|
| Stockholders of record | 19,185 | 20,971 |
| Theatres..... | 420 | 433 |
| ABC-TV Network affiliates | 263 | 257 |
| ABC-Radio Network affiliates ... | 419 | 406 |

Earnings per share are based on the average number of shares outstanding.

*A 2% stock dividend was also paid in 1963 and earnings per share have been adjusted accordingly.





PRESIDENT'S LETTER TO SHAREHOLDERS

It is with particular pleasure that I am able to report to you that revenues and operating earnings achieved record levels in 1964. The progress that we have shown this past year, particularly in the greatly strengthened position of our television network this past fall, has laid the foundation for further improvement in revenues and earnings in 1965.

Here are some of the highlights of our activities:

- Revenues rose to \$420,915,000 from \$386,729,000 in the previous year. Operating earnings of \$11,019,000 represented a 49% increase over the \$7,385,000 for 1963. On a per share basis, this represented \$2.40 a share compared with \$1.62 a share last year.
- The quarterly cash dividend was increased to 35¢ a share from 25¢ a share, effective with the third quarterly payment last September.
- The efforts made over the past two years in building our current television network schedule resulted in obtaining the highest audience levels ever achieved for our evening programming. Based on nighttime national audience measurements, the ABC-TV Network is fully competitive with the other major networks. As further evidence of the public acceptance as well as the quality and diversity of our programming, advertiser commitments for the coming season starting this fall are at a higher level than they were at this time last year.
- Our news department continued to develop in terms of personnel, facilities and programming. This was most evident in their excellent performance in covering the national political primaries, conventions and elections of 1964. This coverage, while costly to our Company and to the industry, demonstrated the scope and effectiveness of electronic journalism as it brought these important events into the homes of all Americans.
- Our owned television and radio stations reported record revenues and achieved impressive results in the development of local programming and services and in their improved competitive position in their respective markets.
- The progress that our radio network has shown reflects not only the growing interest that has been evident in radio but also the excellent news service and entertainment and sports programming that it offers.
- In our theatre business, there was a better flow of quality motion pictures resulting in an improvement in earnings. We have accelerated our program of adding modern theatres and more are planned, particularly in shopping centers in growing suburban areas.
- Our other activities in the entertainment and communications fields have continued to perform well. These include the syndication of television programs, phonograph records, farm publications and scenic attraction centers. Our international division has continued to expand and currently is associated with stations in twenty-three countries.

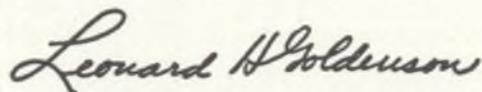
*Leonard H. Goldenson, President,
at the site of the Company's
new headquarter administrative
building at 1330 Avenue of
the Americas*

- To accommodate our growing organization and to effect greater efficiencies in operation, our New York administrative offices will be centralized later this year in a new building that is presently in construction at 1330 Avenue of the Americas. Plans are also underway to improve and consolidate the operational functions of the broadcasting division, presently housed in a number of different locations, on our present properties at West 66th and 67th Streets. A new studio incorporating live color capability will be included in this center as well as in Hollywood where administrative and technical facilities for our West Coast television operation will also be enlarged. For these purposes as well as to provide for the continuing growth of our Company, we recently concluded an arrangement to refinance existing debt and provide for additional funds, which is more fully described in the financial section of this report.
- A significant step was taken last November to improve our employee benefit program by instituting a contributory retirement plan covering staff employees of the Company and certain subsidiaries.

George P. Jenkins, Financial Vice President and a director of Metropolitan Life Insurance Company, was elected a director of the Corporation succeeding A. H. Blank. Mr. Blank, a leading figure in the motion picture industry and in community affairs in the Des Moines, Iowa area for many years, rendered valued service as a director from 1951 until his retirement. Samuel H. Clark was elected a vice president in charge of theatre operations. Mr. Clark, who was president of ABC-Paramount Records, was succeeded by Larry Newton. Edward L. Hyman, a vice president of the Company in charge of our northern group of theatres, retired after a distinguished career as one of the most respected and well-known executives in the theatre business.

Increasing public and advertiser interest in broadcasting, more leisure time being devoted to entertainment activities, the developing potential of world-wide television broadcasting and a viable economy — all support the fundamental business of your Company. With this outlook for business growth and with the financial resources, as well as the human resources of a dedicated organization which make up our corporate family, your Company is in the strongest position in its history.

Sincerely,



President

March 8, 1965



Simon B. Siegel, Executive Vice President, (center) with Vice Presidents Jerome Golden, Everett Erlick, James Hagerty, Alfred Schneider and Herbert Hahn

FINANCIAL REVIEW

REVENUES were at a record level of \$420,915,000 compared with \$386,729,000 in 1963. Although there were 53 weeks in the 1964 year compared with 52 weeks in 1963, revenues were at an all-time high exclusive of the additional week in 1964. Revenues for the broadcasting division rose to \$310,135,000 from \$280,572,000, reflecting increases for both the television and radio networks and owned stations. Theatre revenues increased to \$78,891,000 from \$76,209,000, despite the fewer theatres operated in 1964 than in 1963. Other revenues, principally from the phonograph record and publishing activities were \$31,889,000 compared with \$29,948,000 in 1963.

EARNINGS FROM OPERATIONS increased to a record level of \$11,019,000 compared with \$7,385,000 in 1963. On a per share basis, this represented \$2.40 a share compared with \$1.62 a share last year. The improvement was derived principally from broadcasting and theatres, the major operations of the Company, and the benefit from the lower Federal income tax rates. Results applicable to the 53rd week were not significant. Earnings, including capital gains, were \$11,196,000 or \$2.44 a share compared with \$7,927,000 or \$1.74 a share for the previous year.

CASH DIVIDENDS were paid at the quarterly rate of 25¢ a share for the first two quarters of the year. The dividend rate was increased 40% in the third quarter with payments of 35¢ a share made in the third and fourth quarters. For the full year cash dividends were \$1.20 a share totaling \$5,512,000 compared to \$1.00 a share for a total of \$4,463,000 in 1963.

LONG-TERM DEBT at year end comprised the 4.2% notes issued under the Loan Agreement with Metropolitan Life Insurance Company in

the amount of \$42,500,000 and various other obligations amounting to \$4,059,000.

Arrangements have been made with the insurance company for a new Loan Agreement to obtain additional funds required to meet the Company's expanding needs, including the renovation of the broadcast operations center in New York, the planned expansion of television studio facilities in New York and Hollywood incorporating live color capability and the requirements for the Company's new headquarters administrative building.

The new loan will provide funds for the repayment of the existing \$42,500,000 of notes and an additional amount of \$27,500,000 to be taken down during the period from July 1, 1965 to July 1, 1966. Notes to be issued under the new Loan Agreement will bear interest at 4.55% per annum and provide for semi-annual payments commencing January 1, 1966 to final maturity on July 1, 1985.

STOCKHOLDERS' EQUITY increased to \$119,493,000 or \$25.84 a share on 4,623,548 shares outstanding at the end of the year from \$112,266,000 or \$24.63 on 4,557,444 shares outstanding at the close of 1963.

WORKING CAPITAL increased \$2,961,000 to \$72,103,000 at the year end. Cash and securities at year end were lower than at the end of the preceding year. This reflects the employment of funds, occasioned by the efforts to improve and insure the supply of quality programs, for the acquisition in advance of broadcast exhibition rights for a substantially greater number of television films scheduled for network and station use.

Depreciation for the year amounted to \$6,705,000 of which \$3,401,000 related to the broadcasting division, \$2,735,000 to theatres and \$569,000 to other operations. Expenditures for property and equipment amounted to \$8,717,000 of which \$5,380,000 related to the broadcasting division, principally for the modernization of television equipment and the expansion of studio and office facilities, \$2,863,000 applied to theatres, principally for new properties and the improvement of existing theatres, and \$474,000 applied to other operations.

WORKING CAPITAL SUMMARY

| | 1964 | 1963 | Increase (Decrease) |
|---|----------------------|----------------------|------------------------|
| Composition | | | |
| Cash and securities | \$ 32,945,000 | \$ 51,095,000 | \$(18,150,000) |
| Program rights | 41,654,000 | 23,858,000 | 17,796,000 |
| Other current assets | 48,029,000 | 45,493,000 | 2,536,000 |
| | <u>\$122,628,000</u> | <u>\$120,446,000</u> | <u>\$ 2,182,000</u> |
| Less current liabilities | 50,525,000 | 51,304,000 | (779,000) |
| Working capital | <u>\$ 72,103,000</u> | <u>\$ 69,142,000</u> | <u>\$ 2,961,000</u> |
| Sources | | | |
| Earnings from operations | | | \$ 11,019,000 |
| Depreciation | | | 6,705,000 |
| Capital gains transactions, net | | | 1,275,000 |
| Common stock sold under options | | | 1,543,000 |
| Other, net | | | 1,299,000 |
| | | | <u>\$ 21,841,000</u> |
| Uses | | | |
| Cash dividends | | | \$ 5,512,000 |
| Property and equipment | | | 8,717,000 |
| Reductions of long-term debt | | | |
| Under Loan Agreement | | | 2,500,000 |
| Other notes and mortgages | | | 245,000 |
| Investments in associated companies | | | 1,906,000 |
| | | | <u>\$ 18,880,000</u> |
| Increase in working capital | | | <u>\$ 2,961,000</u> |



Martin Brown, Treasurer and
John Regazzi, Comptroller



The brightest comedy hit of the season, "Bewitched" starring Elizabeth Montgomery and Dick York

ABC TELEVISION NETWORK

With the start of the new 1964-65 television season in September, the ABC Television Network achieved full competitive status with the other networks in nighttime audience levels. In the fourth quarter, 23% more homes per average minute were reached than at a comparable time the previous year.

Of particular significance is the greater appeal of the ABC network's programs to younger adult and larger family households which represent the major portion of the buying public for consumer goods and services. These factors have contributed to the commitment of a much larger volume of advertising revenues for the forthcoming 1965-66 television season starting this coming fall than was true at this time last year.

Heading the list of very popular new programs was the hit of the current television season — "Bewitched," the delightful comedy starring Elizabeth Montgomery and Dick York. Others were "The Addams Family," "Peyton Place" — the successful new concept in bi-weekly continuing drama, "No Time for Sergeants," "Voyage to the Bottom of the Sea" and "The Sunday Night Movie." "Shindig," an innovation in popular musical programming, also proved to have wide appeal.

These programs served as some of the building blocks of the program structure that is diversified not only in program type, but within each type as well. The wide variety of drama offered included "Ben



Casey," "Combat!" and "The Fugitive," in addition to "Burke's Law" and "12 O'Clock High." In variety programs, there were "Jimmy Dean," "The Hollywood Palace," "The King Family" and "Lawrence Welk," who is celebrating his 10th anniversary with the network. Situation comedies, in addition to those mentioned previously, were well received—"McHale's Navy," "My Three Sons," "Farmer's Daughter," "Ozzie & Harriet," "Patty Duke" and also "The Flintstones," "Broadside" and the warm and humorous "Donna Reed."

The prestige of the evening schedule was enhanced by the marquee value of such stars as Bing Crosby, George Burns and Walter Brennan and by the addition of the "FDR" series which the New York Times said "promises to be far and away one of the most distinguished documentary series of the season." Comprehensive news and public affairs programs, more fully described in the ABC News section of this report, contributed to the overall balance and diversity of the schedule. Dinah Shore, the Academy Awards and Sophia Loren in Rome highlighted some of the special programs telecast.

In daytime, further progress has been made in the selection of programs which broadly cater to a women's audience. Two new series were added—"The Young Marrieds" and "Flame in the Wind" and are expected to build audiences on the daytime theme of drama which has proved so successful in "General Hospital."

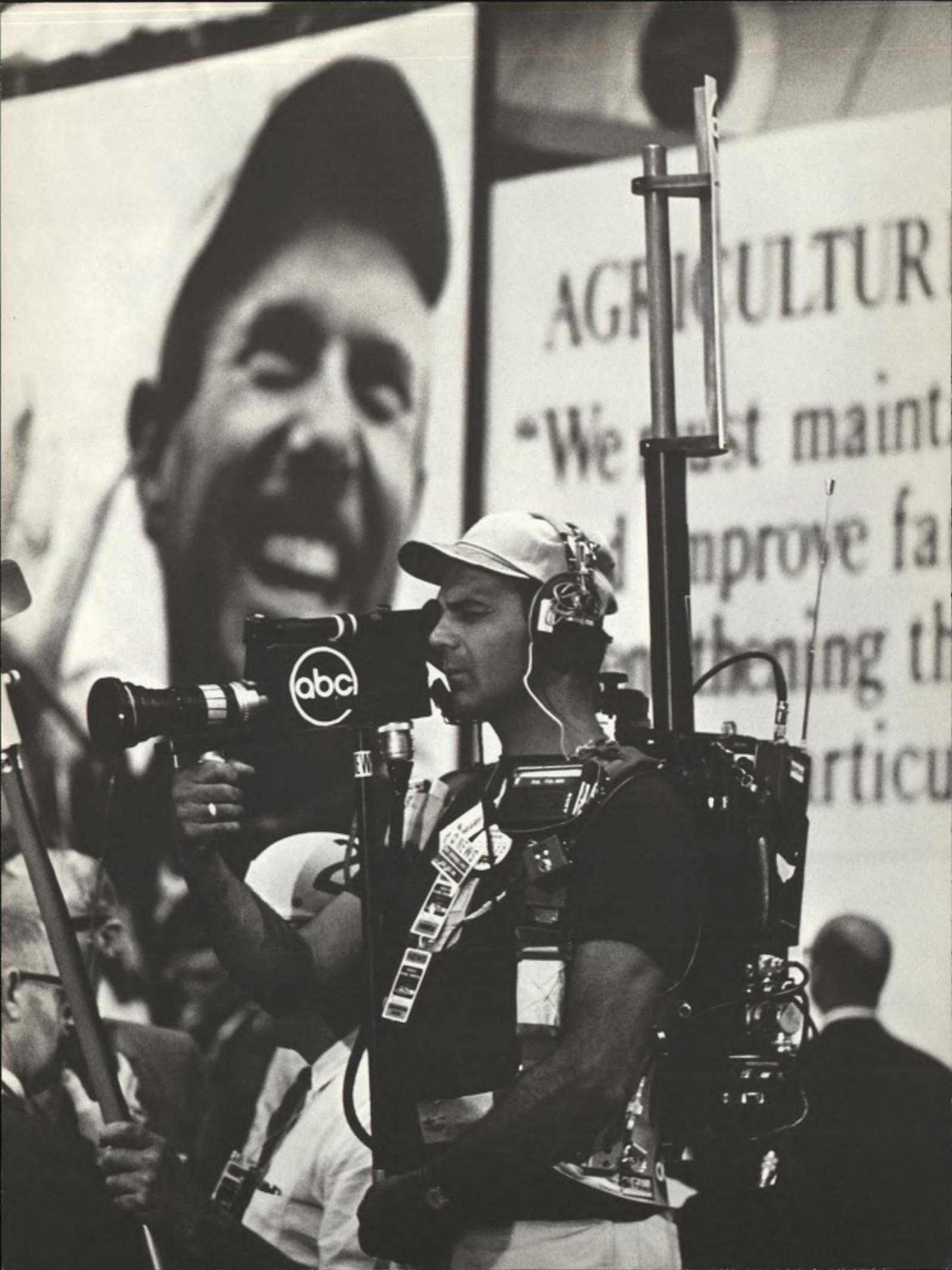
In sports, the network has been highly commended for the use of inventive and imaginative camera techniques such as the isolated camera shots during football games, and for the ingenuity and skill which it applied to the weekly sports series, "Wide World of Sports" as well as to the exclusive coverage of such outstanding events as the IX Winter Olympics, The Olympic Trials and The Davis Cup Tennis Matches. The sports agenda for the 1964-65 season includes PBA Bowling, NBA Basketball, professional football, the All Star Game, five post-season college bowl games, four specials on the American Sportsman, the PGA Golf Championship and national coverage for the first time on a weekly basis of major league baseball.

At the year end, the ABC Television Network had 130 primary affiliated stations which covered 93.5% of U. S. television homes. The median lineup for the typical evening program was 179 stations covering 96.7% of U. S. television homes. Included in this lineup are a number of secondary affiliated stations, specifically in one or two station markets, which carry many programs on a delayed basis or at a less desirable evening time period than do the primary affiliates. The lack of primary outlets in certain key markets which presently have only two stations continues to hamper the network which, through the Federal Communications Commission, continues to seek parity with the other networks in this regard.

Among the most popular new programs of the current season featuring comedy, drama and music—"The Addams Family," "Peyton Place" and "Shindig"

Thomas Moore, President of the ABC Television Network with Vice Presidents Edgar Scherick, Julius Barnathan and James Duffy





ABC NEWS

During another momentous year, ABC News continued to grow in stature and reputation. The completeness and thoroughness of its reporting was most evident in its coverage of the national political events of 1964. Headed by anchormen Howard K. Smith and Edward P. Morgan, special programs and on-the-scene coverage were provided during the New Hampshire, Oregon and California primaries, the conventions and election night. The story of the Republican and Democratic conventions was reported by the most extensive task force it ever assembled. ABC reporters traveled throughout the country with the principal candidates and "ABC's Politics '64," a prime-time political series, gave in-depth coverage and analysis to the campaign as it progressed.

On election night, viewers and listeners were able to follow the vote tally and the trends as reported by ABC correspondents, assisted by the latest computers and the newly-formed Network Election Service, a joint pool effort by the three networks and two major wire services to provide faster national election returns. In addition, ABC News covered the headquarters of the Presidential and Vice Presidential candidates as well as those of other major candidates for Senator, Congressman and Governor.

Although politics dominated the American scene in 1964, there were many other important events which ABC News reported. With expanded world-wide facilities, ABC News was often first with the story. Most notable example is that of Moscow correspondent Sam Jaffe who beat all news media in reporting the deposition of Soviet Premier Khrushchev.

Often forgotten are the efforts and difficulties encountered daily in reporting the news, ranging from the civil rights struggle in our country to the fighting fronts in Vietnam and the Congo.

In 1964, the dramatic involvement of ABC News diplomatic correspondent John Scali in the 1962 Cuban missile crisis was revealed. The secret contact of Mr. Scali by a Soviet representative began one of the most unusual diplomatic exchanges ever conducted by major powers. Mr. Scali's efforts were highly commended by the Government.

ABC News brings the only television network news program to evening audiences seven days a week, with Peter Jennings featured during the week and Bob Young on Saturdays and Sundays.

Many splendid documentaries were presented covering a broad range of subjects. ABC's distinguished series "Saga of Western Man" was honored by a Peabody Award. Three presentations are scheduled, again in color. The stories of Leonardo DaVinci, the Pilgrims and General George Custer are being presented using the unique television technique which has brought this series world-wide recognition. Other special programs include "Letters from Vietnam" and "Mission to Malaya," which shows in a personal and fascinating manner, the story of an American helicopter pilot and the exploits of two young Peace Corps nurses. Included in the schedule for 1964-65 are documentaries such as man's explorations of the world beneath the sea. Another special series includes a program on teen-agers and on the exploits of scientists in unusual and dramatic experiments attempting to solve the problems of today and tomorrow.

ABC News' prime time television program "Scope" continued to present a wide variety of provocative subjects ranging from a discus-



ABC News correspondents from foreign and domestic posts review the events of '64 for the nation's viewers and listeners

sion of Shakespeare by Richard Burton to the dramatic story of a country doctor. This distinguished series is receiving much critical commendation for its perceptive and imaginative presentation.

ABC News continued to present the great personalities of our times on "Issues and Answers." Other programs, broadcast on both the radio and television networks, are "Directions '64," the distinguished religious series produced in cooperation with the major faiths and the award-winning children's television series "Discovery" which presented special programs prior to the political conventions and election night describing, in young people's terms, the political drama that was taking place.



Elmer Lower, President of ABC News (right) with Vice President Jesse Zousmer

ABC RADIO NETWORK

The ABC Radio Network continued its outstanding service in the highly competitive field of nationally broadcast radio news. On-the-scene reports of such major events as the Alaskan earthquake, the war in Vietnam and the political conventions were achieved through the network's continued determination to service its stations and the listening public with radio-only news produced by radio personnel. Under the general supervision of ABC News, the results of this network policy have given ABC Radio News a singular distinction and quality. One of the more striking examples of the speed and accuracy of the ABC Radio News organization was the first news broadcast of Premier Khrushchev's fall from power.

ABC Radio's "Flair Reports" achieved success with advertisers and stations during 1964 and remained the only network program of its kind to deal with news in-depth on an immediate day-to-day and hour-to-hour basis. "Flair Reports" programs are produced only on the day they are broadcast, compared with most in-depth news features which are pre-taped days or even weeks in advance.

Don McNeill's "Breakfast Club" entered its 32nd consecutive year on the air. The program is carried by over 300 stations throughout the country and toward the close of the year ranked first, second or third of all programming in its time period in such major markets as New York, Chicago, Pittsburgh and Detroit.

Suspense and drama return to radio through the network's newly created "Theatre 5" productions





Sports continued to be popular with listeners and advertisers. In addition to such regularly programmed sports personalities as Howard Cosell, Tom Harmon and Jim Brosnan, the network recently added Chris Schenkel, one of the nation's leading sportscasters. A highlight of ABC Radio's broadcasting of top sports events was the full Notre Dame football schedule during one of that university's most successful and exciting seasons.

Dramatic programming for radio received a noteworthy contribution from ABC Radio's Special Program Features Department. "Theatre 5," a series of completely new and modern dramatic shows, is currently being offered for sale to radio stations throughout the country and in Canada. This program marks the first major step by any radio network to re-establish radio drama as an integral part of the American entertainment scene. Initial response by over 90 radio stations and letters received from local audiences point out the need for radio drama.

During 1964, ABC Radio added a total of thirty new affiliates to the network's roster of stations. Eight of these represent new markets while the remainder represent enhancing of the network's position through the affiliation of stronger stations. The total number of ABC affiliated stations at the conclusion of the year was 419.

The ABC Radio Network continued the sales growth it began in 1961.



ABOVE: Exclusive coverage of the Notre Dame football games during one of its best seasons

UPPER RIGHT: Don McNeill and Fran Allison enjoy the start of the "Breakfast Club's" 32nd consecutive year of broadcasting

UPPER LEFT: Radio newsmen Don Gardiner and Keith McBee report full election night coverage for ABC Radio listeners



Robert Pauley, President of the ABC Radio Network with Vice Presidents Theodore Douglas and Earl Mullin

ABC OWNED STATIONS

TELEVISION The ABC Owned Television Stations had their best year in 1964 in revenues and in audience acceptance of their programming and service. Aided by the improved network program schedule this past fall, each of the five stations showed impressive gains in prime evening time viewing and achieved a competitive position at the top or close to it in their respective markets.

In New York, WABC-TV made further strides in public acceptance. The station's local programming efforts ranged from a tribute to New York's famous Polo Grounds in "Requiem for an Arena" to a visit to the new Gallery of Modern Art. "Run to Daylight," a filmed study of the Green Bay Packers professional football team, was so well received by audiences and critics that it was subsequently sold to forty-eight other television stations around the country.

In news and public affairs, WABC-TV took a dominant role in reporting news, and often in making news as it did when it telecast the first successive half-hour appearances of the Senatorial candidates Robert Kennedy and Kenneth Keating. "The School Budget Story," the first telecast of a city-wide faculty meeting, made headlines in every New York City newspaper.

In 1964, WBKB brought "The Morning Show" to the women of Chicago. This program provides ten hours of weekly live, thought-provoking service. The station's regular local programming also features "Midwest Sports Special" which covers a variety of local events. For its candid news reports and editorials on organized crime, WBKB was awarded a special citation from the Chicago Police Department.

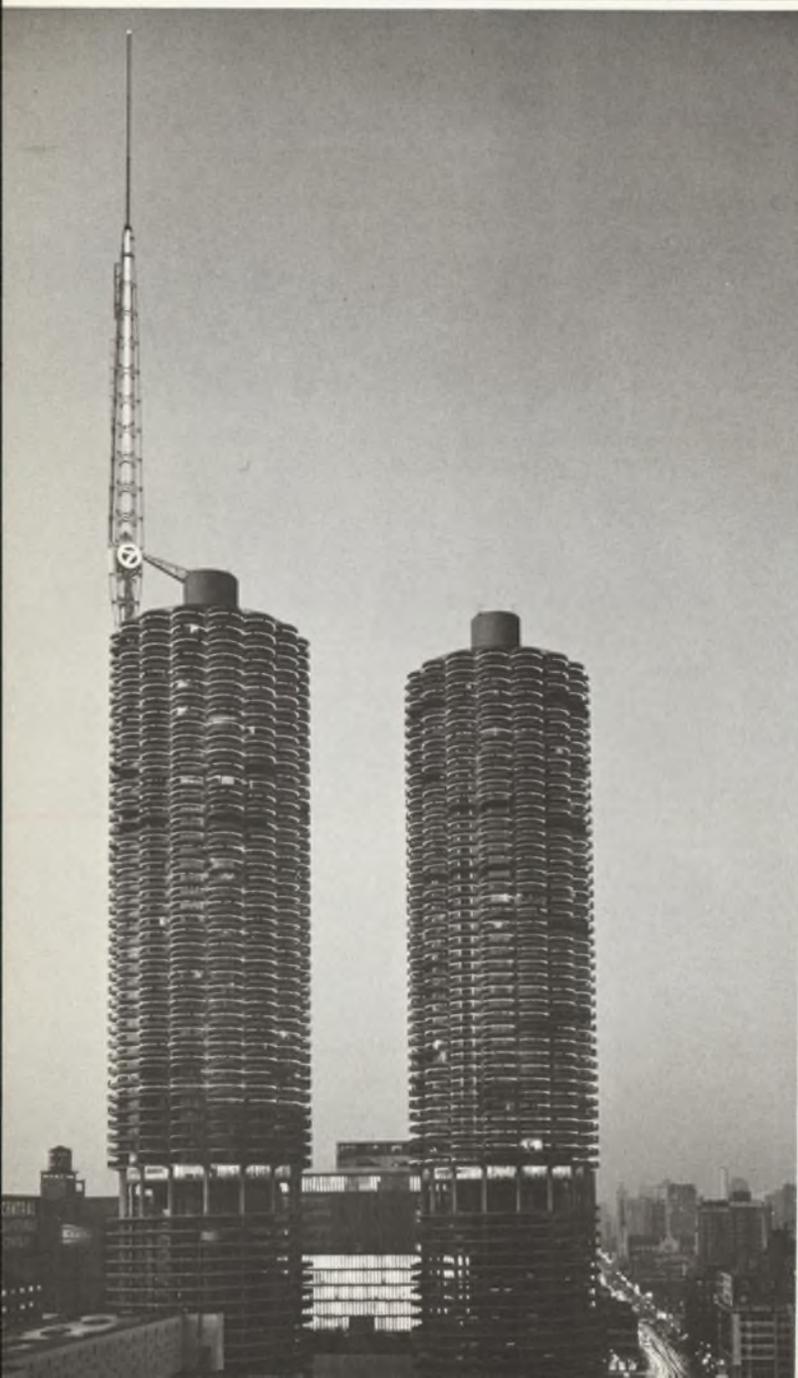
In Detroit, WXYZ-TV's leadership position in community service and programming was further enhanced. It greatly expanded its news staff and became the first Detroit station to offer news film coverage in color. During an extended newspaper strike, WXYZ-TV kept viewers fully informed with the addition of seventy weekly "news extras." WXYZ-TV was singularly honored with the National Headliners Award for "Consistently Outstanding Television Editorials," and "Right Now"—a series of documentaries on contemporary themes was named the best locally scheduled commentary show by the Michigan Associated Press Broadcasters Association.

KABC-TV in Los Angeles undertook a number of projects designed to serve the needs of young people. Its news department initiated an "on-the-job" training program for television journalists by adding two young reporters to its regular staff. It also sponsored a Vocational Guidance Clinic at its studio to instruct high school students in the various career opportunities in television. In programming, a modern musical special "Shindig" later became part of the ABC-TV Network's evening schedule. Other programming innovations contributed to the station's achieving its strongest competitive position in its market.

KGO-TV earned new standing in San Francisco with a wide variety of local activities. Among its outstanding presentations were "The Young Ambassadors," a half-hour color documentary of the widely publicized tour of Japan by the California Youth Symphony. As part of its youth week celebration, KGO-TV offered "Shirley Temple Presents: Young America on Stage," a two-hour special program designed to entertain while civic leaders urged young people to continue their education. This program received the distinguished John Swett Award for outstanding service to California's youth and education. "Alcatraz, the Lonely Rock," won the Gold Medal from the

Theodore Shaker, President of ABC Owned Television Stations with James Conley, President of ABC-TV Spot Sales and John Gilbert, Vice President and General Manager of WABC-TV, New York





California State Fair for the best television public affairs program.

In its third full year of operation, ABC Television Spot Sales, which represents the five owned stations in selling commercial time to national advertisers, again established record sales levels.

RADIO Radio in 1964 intensified its development as America's most personalized communications medium. Setting the pace in programming and sales for the industry were the ABC Owned Radio Stations which again achieved record levels in revenues.

Contributing greatly to the success of the group has been the creative program innovations introduced by the individual stations. The effectiveness of this approach is reflected in the improved positions these stations hold within their respective markets.

WABC New York was characteristic of the group with rating surveys showing it to be the leading metropolitan station throughout most of 1964. Highlighting the diversity of its local programs was "Schoolscope," the first scholarship award program to encourage promising high school students considering a career in broadcasting. The station's active community service program won high praise from civic and community leaders and was recognized with twenty-two awards and citations. In sports, WABC had the exclusive coverage of the New York Jets football schedule.

KQV Pittsburgh made prominent use of its new mobile K-Q-Vehicle during the past year. This remote broadcast unit was utilized to stimulate community interest in civic functions, fund-raising drives and commercial shows. It is estimated that over one million persons attended these events during the past year. KQV also introduced a new community contact program which enabled the station to broadcast several vigorous editorial campaigns and series of news documentaries directed at issues such as community college needs, job retraining opportunities, the slum landlord problems and the city's crippling amusement tax.

At WXYZ Detroit, radio news became more important than ever because of a four month newspaper strike. Two mobile news units were added and its news department was expanded to fourteen news editors and reporters, making WXYZ radio news the largest in the state and the only one to be manned twenty-four hours a day. This news capability enabled WXYZ to scoop all news media on the settlement of the strike in which newsman Lou Gordon played an instrumental part in bringing the bargaining parties together.

WLS Chicago saw its weekly press interview show "Pinpoint" make news headlines in major Chicago newspapers more than a score of times during the past year. In addition to the political candidates who used "Pinpoint" as a major news forum, the program also made headlines in its probe of public school issues, prison conditions and county law enforcement.

KGO San Francisco expanded its successful telephone talk programs throughout most of the broadcast day and increased the number and length of its news programs as a result of increasing demands for such service. The station's news coverage and reporting were recognized with several important awards including the California State Associated Press Award of Excellence for the station's extended coverage of Governor Brown's tour of Europe.

KABC celebrated its fourth anniversary as the "conversation

ABOVE: A treat for San Francisco audiences was KGO-TV's color presentation of the "Nutcracker" performed by the San Francisco Ballet Company

LEFT: WBKB's transmitter tower added a new landmark to Chicago's skyline as it brought a stronger picture to more people

UPPER RIGHT: WABC's "Press Conference" program brought important news stories to the New York radio audience

LOWER RIGHT: Editorial viewpoints on community affairs by the owned radio stations. WXYZ gathers first-hand information on Detroit's expressway system

station of Los Angeles." But while advertiser and listener response to KABC's "conversation" programming has found many stations across the country imitating it, KABC added another important dimension to its successful audience acceptance — the broadcasting of editorial positions in which the station spoke out on many community issues.

WABC/FM continued to be one of the few New York stations to broadcast its entire evening schedule in stereo and is alone in developing and originating weekly live stereo programs. It has made steady progress in building larger audiences and attracting advertisers. During Detroit's recent newspaper strike, WXYZ/FM converted its programming to continuous news for twelve hours a day. Greater emphasis is being placed on FM and experimental program formats are being tried by several of the six owned FM stations under the guidance of persons experienced in FM programming and engineering.

In addition to individual station achievements, the group undertook several programs to more positively present radio to community and business leaders. A film project, "Saga in Sound," was shown to over 50,000 individuals, and together with other programs, related the new role radio plays in American lives today and the responsible leadership which the ABC owned stations are assuming in their communities. In addition to the hundreds of hours of news, educational, religious and public affairs programming in 1964, the stations broadcast community service announcements and features valued at nearly four million dollars in air time.

ABC INTERNATIONAL

ABC International is associated with foreign television stations, known as the Worldvision group, in twenty-three nations of the free world. It provides an important service in buying programs for many of these stations and in representing them to international advertisers, highlighting the facilities and services that the Worldvision stations provide. During the past year, ABC International continued its activities in providing management, engineering and technical assistance to these stations, as requested, and served as host to broadcasting observers from Latin America, Asia, the Middle East and Africa.

The year 1964 witnessed a continuing interest in the use of television on every continent. A steady rise in viewing audiences was an important factor in stimulating advertisers to use television in their overseas campaigns. The number of television-equipped homes in areas serviced by ABC Worldvision stations rose by nearly one million new homes to a total of seventeen million.

Harold Neal, President of ABC Owned Radio Stations (center) with Charles Fritz and Walter Schwartz, Vice Presidents and General Managers respectively of WXYZ and WABC





Donald Coyle, President of ABC International with two Japanese trainee-visitors from NET, Tokyo, one of the ABC Worldvision associated stations

ABC International holds minority interests in a number of foreign television stations and, in the aggregate, these stations showed improvement in their operations. New associations were also formed with companies involved in the production of programs in Europe and Latin America.

ABC FILMS

ABC Films had a very successful year based on the fine selection of television programs that it offered for sale both in the United States and in foreign markets. Programs syndicated domestically, including such series as "The Life and Legend of Wyatt Earp," "Casper the Friendly Ghost," "Breaking Point," "I'm Dickens . . . He's Fenster" and "Girl Talk" are being seen on over 350 of the nation's leading television stations.

Programs distributed abroad, involving forty-four series, are being seen in sixty-five nations. Among its many offerings are "Ben Casey," "The Fugitive," "Combat!," "The Addams Family," "Wendy and Me" as well as such high-prestige offerings as "Discovery," "ABC Scope," "Saga of Western Man" and "Wide World of Sports."

As a result of the increased volume of business, sales offices were opened in Toronto, London, Zurich, Rome and Mexico City and sales representation was set up in Madrid, Buenos Aires, Tokyo and Salisbury, Southern Rhodesia.

The company's "Girl Talk" series moved into a third year of production. This half-hour program, featuring Virginia Graham and leading women in public life today, is the first five-day-a-week daytime panel show which is sold to individual stations to continue beyond its first year.

Henry Plitt, President of ABC Films with Vice Presidents Harold Klein and Raymond Fox



THEATRES

The upward trend in theatre business which began in mid-1963, continued through 1964. The availability of quality motion pictures remains the key ingredient to successful theatre business and the calibre of the pictures released during the past year contributed most importantly to the improvement shown by our theatres.

There are several other factors which relate directly to the motion picture theatre business. As income and the standard of living rise, the industries which furnish leisure time activities tend to gain. Furthermore, population statistics are favorable. Census figures indicate that the group under the age of thirty, which constitutes the major portion of theatre patronage, has been steadily rising and should continue to show a substantial increase over the next decade.

Our policy of strengthening our theatre portfolio by disposing of marginal properties, acquiring selected new theatres and modernizing existing ones was furthered during the past year. Twenty-two marginal properties were disposed of by sale or lease cancellation and nine theatres were acquired. Of those acquired, four were newly constructed theatres in large suburban shopping centers, which provide the conveniences of close proximity to potential movie-goers and the ease and adequacy of parking. Our Company's operating subsidiaries had interests in 420 theatres at the year end.

Presently in construction are five theatres in suburban shopping centers, one in a new suburban community outside of Dallas and a drive-in theatre. Additional new theatres, particularly in suburban shopping centers, are planned.

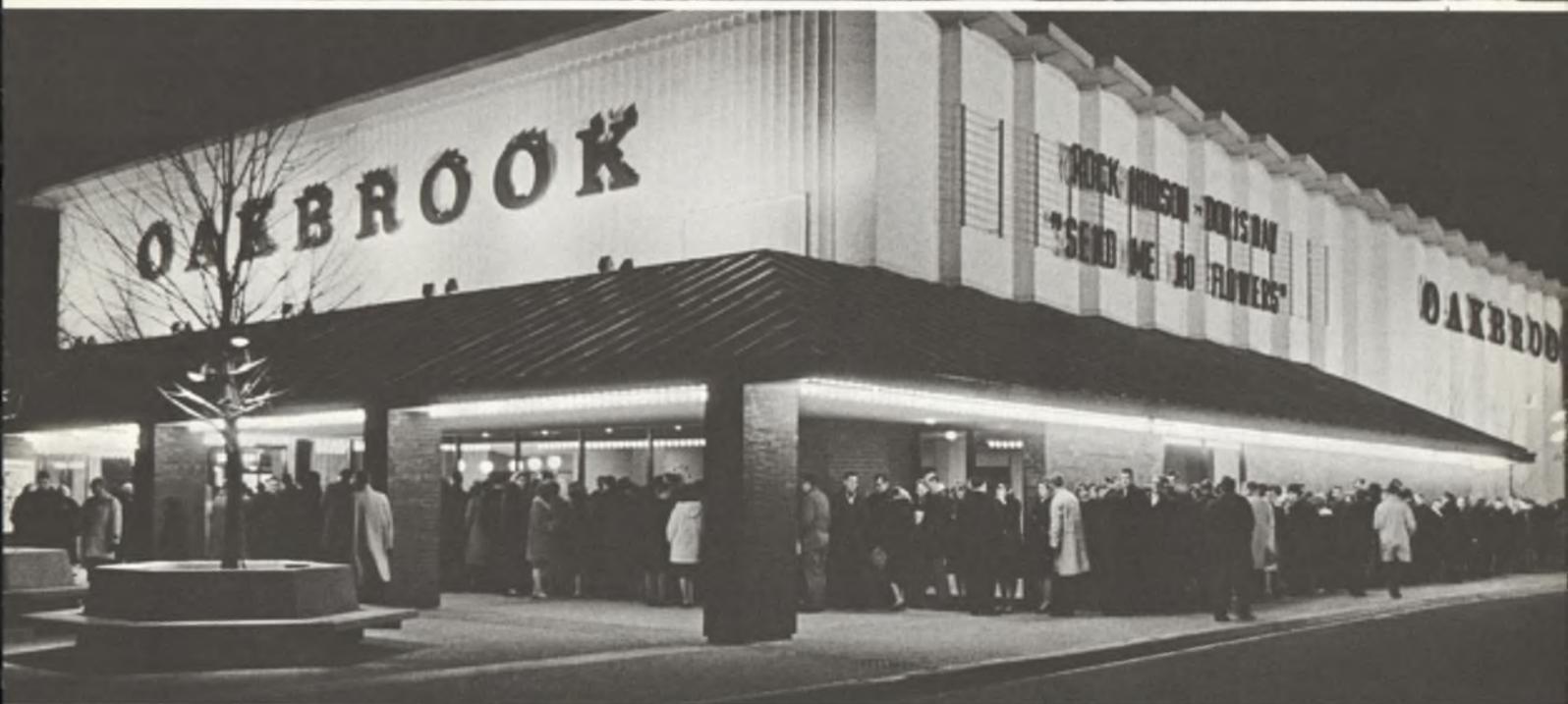
Theatres that are constructed or refurbished include the finest equipment adaptable to the various projection processes and the most modern appointments, particularly seats properly spaced for the ultimate in patrons' comfort. We have found that catering to the public in this manner brings resulting benefits commensurate with expenditures.

Our Company has been constantly alert to innovations in theatre programming. This past year, we financed the filming in the Electronovision process of the highly acclaimed Broadway stage production of "Hamlet," starring Richard Burton. This presentation recouped all of its production cost and received favorable acceptance in its two-day special performance in theatres throughout the country.

New theatres were opened in suburban shopping centers in Charlotte, N. C. (above), Chicago, Ill. (center) and Sunland, Fla. (below)

Samuel Clark, Vice President in charge of theatres (center) with Louis Finske in charge of theatres and amusement centers in Florida and Simon B. Siegel, Executive Vice President of the Company





AMUSEMENT CENTERS

The two Florida scenic attraction centers continued to draw greater attendance and receive wider public acceptance.

SILVER SPRINGS is the largest group of fresh water springs. It is most renowned for its glass-bottom boat rides. New boats, providing five times the viewing area of the present ones, will be in operation by mid-1965 and will greatly add to the tourists' enjoyment in viewing the underwater life of the springs. A jungle cruise down the Silver River is another favorite of visitors.

WEEKI WACHEE is also famous for its natural springs. The spring-head at Weeki Wachee forms an underwater canyon-like area, on the edge of which is the world's largest underwater theatre. An underwater revue is presented by trained and highly skilled "mermaids." A new spectacular is produced each year and the current program, "Alice in Waterland," has been receiving excellent public reception.



RECORDS

ABC-Paramount Records, one of the leading companies in its field, had another good year with sales somewhat above the 1963 level. During the course of 1964, the ABC-Paramount label placed twenty-three single records in the nation's top one hundred, and eight albums in the top fifty. Popular artists such as The Impressions, Ray Charles, Tommy Roe, The Tams and Fats Domino were responsible for these hit records.

An important event this past year was the release of two original Broadway cast albums, "High Spirits," starring Beatrice Lillie and Tammy Grimes, and "Fade Out-Fade In," starring Carol Burnett.

Impulse!, ABC-Paramount's jazz line, attracted more favorable attention from the public and critics than at any time since it was established five years ago. One of the jazz world's most colorful musicians, Charlie Mingus, starred in two highly successful releases, one described by High Fidelity Magazine as "one of the most revealing jazz records ever heard." An album by drummer Chico Hamilton achieved a volume of sales unusual for a jazz recording, making it one of the best-selling albums in the catalogue.

Westminster Records, ABC-Paramount's classical label, continued to maintain its high status with superior recorded performances. Topping its list of accomplishments was the first recording of Handel's opera, "Rodelinda," acclaimed by critics and public alike.

Command Records experienced its most successful single record releases with three singles by The Ray Charles Singers moving high up on the nation's best-selling charts. Some of its other popular recordings were by Tony Mottola, Enoch Light and His Orchestra, Dick Van Dyke, Tessie O'Shea and William Steinberg. Command Records, a leading label in the stereo field, received recognition from a majority of quality stereophonic equipment manufacturers who use these records for demonstration purposes.

TOP LEFT: "Alice in Waterland," the underwater spectacular at Weeki Wachee

TOP RIGHT: World's largest Farm Progress Show sponsored by the Prairie Farmer publications

CENTER: Recording session featuring Beatrice Lillie, star of the Broadway musical "High Spirits"

LOWER RIGHT: New 16mm sound-movie camera developed by Technical Operations' subsidiary Beckman & Whitley, in use at the national political conventions



PUBLISHING

Next January, *Prairie Farmer*, which covers Illinois and Indiana, will begin its 125th year of service to American agriculture. Together with its sister publications, *Wallaces Farmer* in Iowa and *Wisconsin Agriculturist* in Wisconsin, *Prairie Farmer* gives virtually full coverage of the most productive farming area in the world. The combined circulation of the group is more than 800,000.

All three publications are pace-setters in this field, in circulation, volume of advertising and editorial excellence. They have had an important part in bringing about the scientific revolution which has made Cornbelt farming so productive. While keeping abreast of the technological and management changes in farming, they have kept their status as family publications publishing material of interest to men, women and young people.

One of their services to agriculture is the sponsorship of the world's greatest outdoor field exposition, the Farm Progress Show, which, in the fall of 1965, will be staged near Cedar Rapids, Iowa, by *Wallaces Farmer*.

ELECTRONICS

MICROWAVE ASSOCIATES, INC. (12% stock interest) is a manufacturer of components for the defense and communications industries. It has expanded its product line to include specialized equipment for missile defense systems and microwave relay equipment which also has applications in the television field.

TECHNICAL OPERATIONS, INC. (19% stock interest) is a leading research and development company participating in many areas of advanced technology. This past year, a number of new products were introduced in the fields of radioisotopes, high speed cameras and meteorological instrumentation.

VISUAL ELECTRONICS CORP. (preferred stock with rights to convert to a maximum of 20% of common stock) operates in the broadcast equipment field. In addition to technical services, it provides a line of products which include newly developed automated systems for radio and television stations.

CONSOLIDATED FINANCIAL POSITION

| ASSETS | January 2, 1965 | December 28, 1963 |
|---|--------------------|----------------------|
| CURRENT ASSETS: | | |
| Cash | \$ 27,235,000 | \$ 28,061,000 |
| United States Government securities, at cost (approximate market) and certificates of deposit | 5,710,000 | 23,034,000 |
| Accounts and notes receivable, less reserves: | | |
| Trade | 40,845,000 | 38,389,000 |
| Other | 3,348,000 | 3,438,000 |
| Program rights, production costs and advances, less amortization (see Note B) | 41,654,000 | 23,858,000 |
| Inventory of merchandise and supplies, at cost or less | 2,336,000 | 2,379,000 |
| Prepaid expenses | 1,500,000 | 1,287,000 |
| Total current assets | 122,628,000 | 120,446,000 |
| INVESTMENTS AND OTHER ASSETS, | | |
| at cost, less reserves: | | |
| Associated companies | 12,092,000 | 10,186,000 |
| Notes and accounts receivable due after one year | 792,000 | 578,000 |
| Miscellaneous investments (see Note C) | 3,094,000 | 2,943,000 |
| Deposits to secure contracts | 660,000 | 702,000 |
| Deferred charges | 1,704,000 | 1,777,000 |
| | 18,342,000 | 16,186,000 |
| PROPERTY AND EQUIPMENT: | | |
| Land, at cost | 24,847,000 | 25,074,000 |
| Buildings, equipment and leaseholds, at cost | 91,810,000 | 90,951,000 |
| Less - Accumulated depreciation and amortization | (46,480,000) | (46,450,000) |
| | 70,177,000 | 69,575,000 |
| INTANGIBLES, at cost | 15,493,000 | 15,214,000 |
| | \$226,640,000 | \$221,421,000 |

| LIABILITIES AND STOCKHOLDERS' EQUITY | <u>January 2, 1965</u> | <u>December 28, 1963</u> |
|--|----------------------------|------------------------------|
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued expenses..... | \$ 41,450,000 | \$ 42,198,000 |
| Federal taxes on income..... | 8,556,000 | 8,125,000 |
| Notes and mortgages payable within one year..... | 519,000 | 981,000 |
| Total current liabilities..... | <u>50,525,000</u> | <u>51,304,000</u> |
| LONG-TERM DEBT: | | |
| Notes issued under Loan Agreement (see Note D)..... | 42,500,000 | 45,000,000 |
| Other notes and mortgages..... | 4,059,000 | 4,304,000 |
| OTHER LIABILITIES: | | |
| Deferred income | 4,985,000 | 4,524,000 |
| Deferred incentive plan compensation (see Note E)..... | 382,000 | 268,000 |
| Miscellaneous | 4,696,000 | 3,755,000 |
| Total liabilities | <u>107,147,000</u> | <u>109,155,000</u> |
| STOCKHOLDERS' EQUITY: | | |
| Common stock, \$1 par value | | |
| Authorized - 10,000,000 shares | | |
| Outstanding - 4,623,548 shares (see Note F)..... | 4,624,000 | 4,557,000 |
| Capital in excess of par value (see Note G) | 61,562,000 | 60,086,000 |
| Retained earnings (see Note H)..... | 53,307,000 | 47,623,000 |
| | <u>119,493,000</u> | <u>112,266,000</u> |
| | <u>\$226,640,000</u> | <u>\$221,421,000</u> |

CONSOLIDATED EARNINGS

| | 1964 (53 Weeks) | 1963 (52 Weeks) |
|---|----------------------|----------------------|
| REVENUES: | | |
| Television and radio time and program sales, less discounts and commissions to advertising agencies | \$310,135,000 | \$280,572,000 |
| Theatre admissions, rentals and vending profits..... | 78,891,000 | 76,209,000 |
| Merchandise and record sales, publishing and other revenues..... | 31,889,000 | 29,948,000 |
| | <u>420,915,000</u> | <u>386,729,000</u> |
| EXPENSES: | | |
| Operating expenses, cost of merchandise sold and selling and administrative expenses | 382,160,000 | 353,933,000 |
| Depreciation and amortization of buildings, equipment and leaseholds.... | 6,705,000 | 6,470,000 |
| Interest expense | 2,095,000 | 2,279,000 |
| State, local and payroll taxes..... | 7,721,000 | 7,606,000 |
| Federal income tax | 11,215,000 | 9,056,000 |
| | <u>409,896,000</u> | <u>379,344,000</u> |
| EARNINGS FROM OPERATIONS | 11,019,000 | 7,385,000 |
| CAPITAL GAINS, net, after applicable Federal income tax | 177,000 | 542,000 |
| EARNINGS FOR THE YEAR | 11,196,000 | 7,927,000 |
| RETAINED EARNINGS AT BEGINNING OF YEAR | 47,623,000 | 47,192,000 |
| | <u>58,819,000</u> | <u>55,119,000</u> |
| LESS DIVIDENDS: | | |
| Cash—\$1.20 per share (1963—\$1.00 per share) | 5,512,000 | 4,463,000 |
| Stock — 2% | | 3,033,000 |
| | <u>5,512,000</u> | <u>7,496,000</u> |
| RETAINED EARNINGS AT END OF YEAR | <u>\$ 53,307,000</u> | <u>\$ 47,623,000</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A – CONSOLIDATION POLICY: The consolidated financial statements include the accounts of the Company and all domestic subsidiaries owned 75% or more.

NOTE B – PROGRAM RIGHTS, PRODUCTION COSTS AND ADVANCES: Program rights, production costs and advances represent principally the amounts paid less the amounts charged to operations on the basis of use for network programs, by systematic amortization over the rental periods for local station programs, and proportionately on the basis of earned revenues to estimated ultimate revenues for costs of programs distributed to others.

NOTE C – MISCELLANEOUS INVESTMENTS: Miscellaneous investments include \$1,320,000, the carrying value of unliquidated investments in certain theatres sold since the inception of the Company. The sales prices aggregating \$8,489,000, of which \$6,502,000 remained uncollected at January 2, 1965, are payable in instalments, mainly in variable contingent amounts, to 1981. The difference between the uncollected portion and the carrying value represents a contingent profit which will be reflected in earnings proportionately over future years as additional instalments of the sales prices are collected.

NOTE D – NOTES ISSUED UNDER LOAN AGREEMENT: Notes bearing interest at 4.2% per annum are payable \$1,250,000 semi-annually from July 1, 1966 to and including July 1, 1972; \$1,625,000 semi-annually from January 1, 1973 to and including July 1, 1977; and \$10,000,000 on January 1, 1978.

Arrangements have been made for a new loan agreement which will provide funds for the repayment of the existing \$42,500,000 of notes and an additional amount of \$27,500,000 to be taken down during the period from July 1, 1965 to July 1, 1968. The notes to be issued will bear interest at 4.55% per annum and provide for semi-annual payments of \$1,250,000 commencing January 1, 1966, \$1,625,000 commencing July 1, 1971 and a final payment of \$10,750,000 on July 1, 1985.

NOTE E – DEFERRED INCENTIVE PLAN COMPENSATION: Under the Plan, approved by the stockholders in 1961, the amount (based on earnings) to be credited to the reserve, the employees who are to participate and the amount of incentive compensation awards are recommended by the Key Employees Incentive Plans Committee and determined by a majority of the members of the Board of Directors who are not eligible to receive awards.

For the year 1964, \$520,000 was credited to the incentive compensation reserve increasing the allocable reserve to \$539,500. Awards were made during the year to 110 participants totaling \$524,500, of which \$368,000 has been paid in cash in 1965 and \$156,500 contingently credited to be paid in deferred annual instalments upon termination of employment. The balance at January 2, 1965 represents the deferred incentive awards and the unallocated reserve, less estimated applicable reduction in future Federal income taxes.

NOTE F – STOCK OPTION PLAN: Under the restricted stock option plan, 254,254 shares of common stock are reserved for issuance to employees. At January 2, 1965, there were outstanding options for 147,204 shares at prices ranging from \$23.041 to \$44.204 per share, adjusted for stock dividends. Options are exercisable during a period of seven years from date of issuance cumulatively to the extent of 25% of the number of shares at the end of

each of the second, fourth, fifth and sixth years from date of issuance. During 1964, options for 66,104 shares were exercised at \$23.041, \$32.535 and \$40.180 per share. Options for an additional 107,050 shares may be granted.

NOTE G – CAPITAL IN EXCESS OF PAR VALUE: During the year, capital in excess of par value increased by \$1,476,000 representing the excess of proceeds over par value of common shares issued upon exercise of stock options.

NOTE H – RETAINED EARNINGS: Both the present and new loan agreements provide certain restrictions on the Company in declaring or paying dividends (other than in shares of capital stock of the Company) or in making any purchase or redemption of capital stock of the Company. Of the consolidated retained earnings at January 2, 1965, approximately \$32,000,000 under the present agreement and \$15,000,000 under the new agreement was not so restricted.

NOTE I – RETIREMENT PLANS: Effective November 1, 1964, a contributory retirement plan was established covering the employees of the Company and certain of its consolidated subsidiaries. During 1964, \$125,000 was charged to operations which represents approximately one-sixth of the estimated contribution for a full year. As of January 2, 1965, the unfunded past service cost has been estimated at \$6,100,000; the Company plans to fund this cost over thirty years.

The Company also charges to operations the payments required to be made to various union retirement funds in accordance with the applicable collective bargaining agreements.

NOTE J – LONG-TERM LEASES: Minimum annual rentals, under 321 leases for real property in effect at January 2, 1965 amounted to \$6,245,000, which is summarized according to lease expiration periods: 1965-1967, \$1,363,000; 1968-1972, \$2,025,000; 1973-1977, \$1,399,000; 1978-1982, \$442,000 and subsequent to 1982, \$1,016,000. Total rent, including rentals based on a percentage of receipts, charged to operations in 1964 amounted to \$6,895,000. In addition, the Company has entered into a lease of premises for a new headquarters building in New York, which becomes effective upon completion of construction. The Company will become the owner of the ground lease and the building, if it exercises a purchase option which it holds.

NOTE K – CONTINGENT LIABILITIES: There are contingent liabilities under pending litigation, including anti-trust suits to many of which the predecessor company and other major motion picture companies are defendants.

The Company has an obligation to the sellers of The Prairie Farmer Publishing Company measured by a percentage of earnings of that company and its subsidiaries over the next 1¼ years. Any payment will represent additional intangibles not presently subject to amortization.

OPINION OF INDEPENDENT ACCOUNTANTS

*To the Board of Directors and Shareholders of
American Broadcasting-Paramount Theatres, Inc.*

In our opinion, the accompanying statement of consolidated financial position and the related statement of consolidated earnings present fairly the consolidated financial position of American Broadcasting-Paramount Theatres, Inc. and its subsidiaries at January 2, 1965 and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was 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.

PRICE WATERHOUSE & CO.

New York, N. Y.
March 8, 1965



FIVE YEAR FINANCIAL SUMMARY (Dollars in Thousands)

| | 1964 | 1963 | 1962 | 1961 | 1960 |
|--|------------|------------|------------|------------|------------|
| EARNINGS AND DIVIDENDS | | | | | |
| Revenues | | | | | |
| Broadcasting | \$ 310,135 | \$ 280,572 | \$ 274,523 | \$ 254,280 | \$ 222,439 |
| Theatres | 78,891 | 76,209 | 75,956 | 83,328 | 86,281 |
| Merchandise sales and other..... | 31,889 | 29,948 | 29,262 | 25,477 | 25,717 |
| Total | \$ 420,915 | \$ 386,729 | \$ 379,741 | \$ 363,085 | \$ 334,437 |
| Earnings from operations | \$ 11,019 | \$ 7,385 | \$ 10,757 | \$ 9,906 | \$ 10,475 |
| Capital gains, net | \$ 177 | \$ 542 | \$ 282 | \$ 5,124 | \$ 1,342 |
| Per Share Common* | | | | | |
| Earnings from operations | \$2.40 | \$1.62 | \$2.36 | \$2.18 | \$2.31 |
| Capital gains, net | \$.04 | \$.12 | \$.06 | \$1.13 | \$.30 |
| Dividends | | | | | |
| Cash - Total** | \$ 5,512 | \$ 4,463 | \$ 4,368 | \$ 4,245 | \$ 4,149 |
| Per share outstanding | \$1.20 | \$1.00 | \$1.00 | \$1.00 | \$1.00 |
| Per share adjusted* | \$1.20 | \$.98 | \$.96 | \$.94 | \$.92 |
| Stock | | 2% | 2% | 2% | 2% |
| POSITION AT YEAR END | | | | | |
| Working capital | \$ 72,103 | \$ 69,142 | \$ 69,126 | \$ 65,941 | \$ 64,833 |
| Property and equipment, net | \$ 70,177 | \$ 69,575 | \$ 68,113 | \$ 64,272 | \$ 66,185 |
| Total assets | \$ 226,640 | \$ 221,421 | \$ 211,156 | \$ 199,618 | \$ 190,619 |
| Long-term debt | \$ 46,559 | \$ 49,304 | \$ 52,770 | \$ 51,670 | \$ 53,423 |
| Common stock equity | \$ 119,493 | \$ 112,266 | \$ 108,532 | \$ 101,706 | \$ 90,140 |
| Number of common shares outstanding..... | 4,623,548 | 4,557,444 | 4,456,427 | 4,361,376 | 4,232,731 |

*Adjusted for stock dividends paid in 1963 and prior years. Earnings per share are based on the average number of shares outstanding in each year.
 **Excludes dividends paid in 1960 and 1961 on preferred stock, which was fully retired in 1961.

