WESTINGHOUSE ELECTRIC CORPORATION

CAPITAL STRUCTURE

LONG-TERM DEBT

Issue	Rating	[3]Amount Outstanding	Times Charges Earned 1987	Times Charges Earned 1986	Interest Dates	Call Price	Price Range 1987	Price Range 1986
1. Debenture 5 5/8s, 1992	A1	$38,800,000			A&O 1	100	93 1/4 - 83	91 - 79
2. 7 3/4% notes, 1996	A1	300,000,000	9.50	6.49	A&O 15	N.C.	104 3/8 - 100	104 3/8 - 100
3. 13 1/4% New Zealand dollar linked notes	A1	51,200,000			J&J 2	N.C.	100 - 100	100 - 100
4. 13 1/2% Australian dollar notes, 1990	A1	35,300,000			J&J 15	N.C.	......	......
5. 16 1/2% New Zealand dollar notes, 1990	A1	[4]NZ$100,000,000			M&S 1	N.C.	[4]	[5] ......
6. Conv. subord. debenture 9s, 2009	A2	115,600,000			F&A 15	[1]105.40	243-136	199 - 139
7. Other long-term debt	......	281,300,000			......	......	......	......

CAPITAL STOCK

Issue	Par Value	Rating	Shares Outstanding	Earned per Sh. 1987	Earned per Sh. 1986	Divs. per Sh. 1987	Divs. per Sh. 1986	Call Price	Price Range 1987	Price Range 1986
1. Common	$1.00	......	145,180,270	[2]$5.12	[2]$4.42	$1.64	$1.35	......	75 - 40	62 1/2 - 42

[1]Subject to change; also callable for sinking fund, see text. [2]As reported by Co. on average shares; fully diluted, 1987, $5.02; 1986, $4.31; 1985, $3.4 [3]Excluding current portion. [4]Offered in Feb. 1988. [5]Offered in April 1987.

HISTORY

Incorporated in Pennsylvania. Began business as The Westinghouse Electric Co., which was incorporated on Jan. 8, 1886. In 1889, the charter of the Chartiers Improvement Co., which was incorporated in Pennsylvania on Apr. 9, 1872, with a capital of $50,000, was purchased and the name of Chartiers Improvement Co. was changed to Westinghouse Electric & Mfg. Co. and remained so until changed to present title on May 10, 1945.

Stock of the latter company was exchanged for the stock of The Westinghouse Electric Corp. Subsequently acquired control of various companies, such as Walker Co., Cleveland, Ohio; Bryant Electric Co. and Perkins Electric Switch Mfg. Co., in and before 1900; and various properties in 1915, 1916, 1917 and 1920, described in detail in Moody's 1939 Industrial Manual.

For acquisitions, mergers, etc., in 1932-1960 inclusive, see Moody's 1968 Industrial Manual.

On June 30, 1961, acquired Thermo King Corp., Minneapolis, for 746,667 shares.

In Apr., 1962, acquired radio station WINS, New York for $10,000,000.

In Apr. 1963, acquired for 132,000 shares, Controls Division of Hagan Chemicals & Controls, Inc. Transaction also involved Hagan name.

In 1966 acquired Coral Ridge Properties, Inc. for 540,119 common shares; DECO Electronics Inc., Virginia; Seven-Up Bottlers of Fairfield County Inc., Conn.; Seven-Up Bottling Co. Inc., Puerto Rico, all with common stock; Radio Station KFWB, Los Angeles by cash.

On July 31, 1969 acquired Hub Electric Co. Inc. for 27,299 common shares (disposed of in 1981).

On Sept. 30, 1969 acquired Seven Up Bottling Co. of Los Angeles, Inc., Seven Up Bottling Co. of San Bernardino, Inc. and 7-Up Bottling Co. of Bakersfield, Inc. through subsidiary, for 499,031 common shares.

On Dec. 22, 1969 acquired C.W. Blakeslee & Sons, Inc., a heavy construction and general contracting business, for 145,161 common shares.

On Jan. 20, 1970, Westinghouse World Investment Corp., subsidiary, acquired 478,466 shares (68%) of capital stock of Ateliers de Constructions Electriques de Charleroi, Belgium, in exchange for $9,569,000 principal amount of 5% subordinated guaranteed convertible debentures, due 1990 (guaranteed by Company and convertible into Company common stock) (interest reduced to 47.9% in 1977). All debentures were subsequently converted.

On May 11, 1970 acquired Seven Up Bottling Co. of Southern Indiana, Inc. and Seven Up Bottling Co. of Indiana, Inc. for 70,352 common shares.

On Dec. 23, 1970 merged Longines-Wittnauer Watch Co., Inc. through exchange of 776,822 common shares.

In Sept. 1972, acquired Linguaphone Institute Ltd. for $9,975,000 cash and notes (disposed of in 1984).

In Dec. 1972, acquired Sterwech BV, Zandam, Holland.

In Feb. 1973, acquired Controlmatic GmbH Nieder-Eschbach, West Germany for $2,103,093 cash.

In Mar., 1975, Co. sold it's domestic major appliance business to White Consolidated Industries, Inc.

In Jan. 1976, Co. sold its 45% holding in Framatome, a French nuclear plant builder, for $25,000,000.

In Mar., 1977, *increased* ownership in Westinghouse Canada Inc., subsidiary, from 74% to 93%; increased to 95% in 1982.

In Mar. 1977, acquired EL-CON, a Brazilian company.

In Apr., 1977, Co. sold 415,000 shs. of its equity interest in Ateliers de Constructions Electriques de Charleroi to an unidentified Belgian concern, for undisclosed terms.

In late 1977, Westinghouse Canada Inc. sold its household appliance company to a newly formed Canadian company.

In Apr. 1978, acquired a 49% joint venture company from Cyprus Mines Corp. for $68,600,000.

In Nov. 1980, acquired an 80% interest in Home Theater Network, Inc. The agreement provides for acquiring the remaining 20% within the next five years with the aggregate price to be paid based upon a cash flow formula.

During 1980, Westinghouse Broadcasting Co., Inc. acquired UHF-TV station WTCK in Charlotte, NC and FM stations KODA-FM in Houston and KOAX-FM in Dallas, Tex.

Also in 1980, acquired 22% interest in Siliconix, Inc., increased to 42% during 1981.

In Aug., 1981 Westinghouse Broadcasting Co., a wholly-owned subsidiary of Co., acquired Teleprompter Corp. thru a payment of $646,000,000 ($38 per Teleprompter com. sh.). Name changed to Group W Cable in 1982.

In 1982 sold its 50% interest in Showtime.

In Nov. 1982 Westinghouse Broadcasting Co., a subsidiary, sold its radio station WOWO to Price Communications Corp.

In Dec. 1980, acquired Hittman Nuclear and Development Corp. for $13,900,000.

In 1983 sold its lamp business to North American Philips Corp. for approximately $200 million in cash and notes.

In Jan. 1983, Co. acquired Unimation, Inc. Unimation stockholders received $21 a sh. in cash, giving the transaction a total value of $107,000,000.

In Jan. 1983 Co. sold its Gearing Line to Nuttall Gear Corp.

In June 1983 acquired Fortin Industries, Inc.

In 1983, sold interest in Satellite News Channel, a cable television all-news service.

In 1984, formed a joint venture with Hyundai of the Republic of Korea to manufacture elevators and escalators for sale in the Pacific Basin.

In 1984, Westinghouse announced a joint venture *with Toshiba Corp. to manufacture high-resolution* color display tubes for computer terminals and televisions. Initial production is planned for early 1987.

In 1984, acquired a controlling interest in a West German firm, H. Maihak AG, a leader in emission control equipment.

In 1984, reached final agreement to sell Spanish subsidiary, WESA.

In 1984, Westinghouse Broadcasting and Cable, Inc. sold radio station WPNT in Pittsburgh and purchased FM station KQXT, San Antonio, Texas.

In 1985, Westinghouse Broadcasting sold AM radio station WIND in Chicago and acquired KMED AM/FM radio in Phoenix.

In 1985, Westinghouse acquired Gladwin Corp.

In 1985, acquired TSC, Inc.

In 1985, acquired *Seven-Up franchises in Phoenix* and Albuquerque.

On December 30, 1987, acquired Challenger Electrical Equipment Corporation (Challenger) including cash and marketable securities of $55 million, for $250 million of notes payable.

In December 1987, acquired S&ME for cash and notes payable totaling $60 million

Also in December 1987, Co. acquired other smaller businesses and invested in several joint ventures.

In June 1986, Co. sold its cable television business for approximately $1,700,000,000 and began to implement a major business restructuring program which consists principally of product-line relocations, the closedown or sale of certain businesses and facilities and the writedown of inventories, fixed assets, goodwill and other assets to recognize the impairment of value resulting from the restructuring acitivies.

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Radio Consent Decree: For details of consent decree in radio anti-trust suit, see Moody's 1940 Industrial Manual.

S.E.C. Consent Decree: *In Aug., 1975, the* Securities and Exchange Commission (SEC) filed a Complaint against Westinghouse in federal court alleging that Westinghouse made or failed to correct misleading announcements concerning its major appliance business and purchased its stock for its employe stock plans, in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. On Dec. 23, 1975, Westinghouse consented to the entry of an order, without admitting or denying any of the allegations of the above Complaint, which enjoins Westinghouse, its agents and employees from violations of Section 10(b) and Rule 10b-5.

JOINT VENTURES

In Nov. 1972, Co. and Steag AG, of Essen, West Germany, agreed to form a Co., subsequently called Nuklearbrennstoff G.m.b.H., to design and manufacture nuclear fuel assemblies for electric generating stations in Europe. Co. said the new Co. will build a plant near Essen and expects to b[e] able to ship fuel assemblies by 1975. Steag pr[o]duces electricity in West Germany.

In 1981, Co. agreed with Sifco Industries, Inc. t[o] form a joint venture to rebuild worn component[s] of jet engines and combustion turbines. The ven[ture], called Sifco Turbine Component Services rebuilds blades, vanes and other turbine parts a[t] small plants in the U.S. and overseas. *Sifco's* contribution to the venture includes equipment in plants in Minneapolis and Tampa, Florida and production know-how in turbine component repair. Co. provided cash and technical and engineering services from its combustion turbine systems division in Concordville, Pennsylvania.

In April, 1982, the Mitsubishi Electric Corpora[tion] said that it would form a 50-50 joint ventur[e] with Co. in June 1982 to produce core parts of ga[s] circuit breakers for use in power plants. The com[pany], *named the Mitsubishi-Westinghouse S.G.(* Company, will build a factory in Western Japa[n] and started production in April 1983.

On Jan. 1, 1986 Westinghouse established a joi[nt] venture known as Powerex, Inc. with Gene[ral] Electric Company and Mitsubishi Electric Ameri[ca] Inc. to manufacture and sell a broad line of d[is]crete power semiconductors.

Also in 1985 formed a joint venture with Mits[ub]ishi Electric to market power circuit breakers voltage 121 kv and above and gas-insulated *stations to utilities and large industrial user[s]* Canada and the United States.

In Mar. 1987, Co. announced that it has rea[ched] an agreement in principle with Matsushita El[ectric] Industrial Co. Ltd. of Japan for a joint ventu[re in] the field of factory automation. Each parent [com]pany will continue to be responsible for the r[e]facturing and product development of its r[espec]tive factory automation product lines. The venture, among other things, will design, r[...] and service factory automation systems.

Unit Joint Ventures: In 1980 Co.'s Ot[...] unit in the United Kingdom formed a join[t venture] with MK Electric Holdings Ltd., also of Great Britain, to manufacture switchgear equipment.

BUSINESS & PRODUCTS

Westinghouse Electric Corporation was founded in 1886. Since 1889, however, Westinghouse has operated under a corporate charter granted by the Commonwealth of Pennsylvania in 1872 and has developed into a large diversified industrial corporation. It is a major supplier of electronic and electrical equipment and services for electric utility, industrial and construction market applications and of electronic systems for defense. Additionally, its present business activities include broadcasting a non-consolidated finance subsidiary, and a wide range of diverse products and services, such as bottling and distribution of beverage products and community development.

In Feb. 1983 Westinghouse made a number of organizational changes to restructure its operations. Westinghouse is now *organized into four* operating groups: Energy and Advanced Technology, Industries and International, Commercial and Broadcasting. It also has a nonconsolidated subsidiary, Westinghouse Financial Service, Inc. which provides commercial financing services.

[redacted] into four [redacted] dustries and [redacted] wholly owned noncon[redacted], Westinghouse *Financial Services, Inc., which* provides business financial services. For planning purposes, Westinghouse applies a business unit concept, with each business unit consisting of one or more divisions or subsidiaries that meet certain internal criteria for profit center decentralization. Currently there are 23 business units, including 17 within the four major operating groups. Westinghouse Financial Services, Inc., and five Westinghouse international regions that are designated business units for management reporting purposes.

Energy and Advanced Technology

The Energy and Advanced Technology Group, consists of Defense, the Energy Systems organization and Transportation.

The Defense business unit provides research, development, production and support services primarily for such advanced technology products as radar, electro-optical and electronic control systems. The principal businesses of the Defense uni[t] are ground and airborne radar, aerospace electronic control systems, integrated worldwide logistics support and marine propulsion and launching apparatus. This unit also manufactures selected products for commercial aircraft and for instrumentation and control used primarily in ship propulsion and commercial power generation. The Defense business unit encounters heavy competition, primarily from large companies, on the basis of technology, price, service, warranty and product performance. This business is also influenced by changes in the diplomatic and political posture as well as budgetary plans of the United States government.

Customers include domestic government agencies such as the U.S. Department of Defense, the National Aeronautics and Space Administration and the Federal Aviation Administration, as well as contractors that service these agencies and federally approved foreign governments. Purchases by the United States government, directly and through subcontractors, accounted for approximately 51 percent of Energy and Advanced Technology Group sales in 1986. In general, all such United States government sales are subject to termination procedures prescribed by statute.

An Energy Systems organization within the Group combines all business activities involving electrical power generation products and services. The three business units currently comprising the Energy Systems organization are Power Systems, Nuclear Fuel and Westinghouse Hanford. The former Advanced Power Systems business unit was integrated into the Power Systems and Nuclear Fuel business units in early 1987.

The Power Systems business unit designs, manufactures and markets commercial nuclear reactor systems and components, steam turbine generators rated from 60 MW to 1200 MW, combustion turbine generators and combined cycle plants. Its service businesses consist primarily of the maintenance and upgrading of existing equipment and systems, the sale of renewal or spare parts, technical advice and the installation of power generation equipment. The business unit engages in developing advanced energy technologies (supported substantially by customer or government funding), including solar photovoltaics, wind turbines, fuel cells, magnetohydrodynamics and fusion energy products. Power Systems also constructs and operates waste-to-energy plants utilizing its water-cooled rotary combustors to incinerate municipal solid waste to produce electricity, steam or both. In addition, it engages in the packaging and transportation of commercial low-level radioactive wastes for utility, medical and industrial customers.

The Nuclear Fuel business unit fabricates and sells fuel assemblies and zirconium tubing for nuclear fuel rods used in pressurized water reactors and boiling water reactors. It also acts as agent for the United States Department of Energy (DOE) in the management of several government-owned laboratories involved in reactor development, engineering, fuel reprocessing and radioactive waste disposal.

In Dec. 1986, Westinghouse was awarded a five-year contract by DOE to manage its energy complex in Hanford, Washington, which is engaged in advanced energy research and defense production. This organization will operate as a separate business unit.

The Energy Systems businesses serve utilities and industrial organizations which generate or distribute their own electricity. With respect to utility customers, primarily as a result of excess capacity, domestic orders for new power generation equipment have been limited over the past several years. However, service and contract [illegible] sales to utilities have grown to [illegible] tial part of the energy systems [illegible] A worldwide service organization offers upratings, upgrading and modernization of existing electric power generation equipment.

These Energy Systems business units have a number of domestic and foreign competitors in the electric utility industry where Westinghouse is recognized as a significant supplier. Positive factors with respect to competitive position are technology, service and worldwide presence. Negative factors are an increasing number of small competitors and foreign competition, particularly in the service area. The principal methods of competition are technology, product performance and customer service, pricing and financing.

The Transportation business unit manufactures and installs propulsion and automatic train control equipment for local and intracity mass transit systems and for airport and other automated people-moving systems. Its activities include marketing renewal parts as well as contracting for long-term operation and maintenance. Customer markets include commercial airport authorities worldwide, transit authorities, transit car manufacturers and other public and private development authorities. The Transportation business unit is subject to some domestic and heavy foreign competition. The positive factors include technology and service, while the negative factors include increased foreign competition and protected foreign markets.

[illegible]

The Industries and International Group includes the International organization and four operating business units, consisting of Distribution and Control, Advanced Industrial Systems, Utility Delivery Systems, and [illegible]

The Distribution and Control business unit includes divisions supplying products and services primarily for the construction and industrial market. It manufactures and sells electrical distribution and protection equipment, motor control centers and motor starters, circuit devices, small power and dry-type transformers, and electronic components.

The Advanced Industrial Systems business unit includes divisions serving the factory automation, process control and industrial service markets. It provides automated factory systems, programmable logic controls, control systems, environmental control equipment, drive controls and large industrial motors. In addition, it provides services for the modernization and revitalization of industrial plants. In 1986, Westinghouse sold portions of this business unit, including the small motor and domestic medium AC motor businesses and 42 apparatus repair plants.

The Utility Delivery Systems business unit serves primarily electric utility markets. It manufaces power and distribution transformers, transmission and distribution apparatus, watthour meters, power-line telephone carriers, automated distribution equipment, and relays. Upon General Electric Company's withdrawal in late 1986 from the large electrical transformer market in the United States, the Corporation acquired certain GE technology and assets to broaden its existing power transformer capabilities.

The Industries and International Group's products are marketed nation wide through WESCO's 240 distribution centers. These centers distribute Westinghouse electrical products as well as non-Westinghouse products, such as conduit and cable. WESCO's customers are primarily in the construction, industrial and electric utility markets. In addition, products are marketed through a direct field sales organization and approximately 450 independent distributors.

The International organization integrates the international activities of business units in the United States with operations in key world markets. Five principal regions, consisting of Canada; Europe, Africa and Middle East; Latin America; Northeast Asia; and Southeast Asia and Australasia, provide a management structure tailored to adapt to the marketing and economic conditions of each country or trading area. The international organization is responsible for the activities of Westinghouse businesses outside of the United States, including exports, technology licenses and joint venture arrangements with foreign companies, as well as the management of Westinghouse subsidiaries and manufacturing facilities in other countries.

Westinghouse Canada [illegible] the Corporation's largest foreign subsidiary, is engaged in the manufacture, sale and servicing of products for the generation, transmission, control and use of electricity. Westinghouse Canada also produces mechanical-drive gas and steam turbines and electronic systems. Principal markets are electric utility, industrial, commercial, construction and defense.

In 1986 Westinghouse subsidiaries located outside the United States contributed 8.7 percent of consolidated sales and operating revenues, and exports accounted for an additional 10.0 percent. In addition, patent license and technical assistance agreements that are subject to periodic renewal produced revenues, net of related expenses, of approximately $78 million in 1986, $100 million in 1985 and $105 million in 1984. A significant portion of these amounts was generated by foreign licenses.

In recent years, this Group has become involved in several joint ventures. In 1984 Westinghouse formed a joint venture with Toshiba Corp. to produce television tubes and high-resolution color display tubes for various types of computer terminals, office automation and professional graphics equipment. Production of television tubes by this joint venture began in late 1986. Westinghouse formed a joint venture in 1985 with Mitsubishi Electric to market power circuit breakers for voltages 121 kv and above and gas-insulated substations to utilities and large industrial users in Canada and the United States. Also in Jan. 1986, operations began for Powerex, Inc., a joint venture with General Electric and Mitsubishi Electric America, Inc., which manufactures and sells a broad line of discrete power semiconductors. This venture consists, in part, of the former Westinghouse semiconductor business. In late 1986, Westinghouse Canada and Canadian General Electric announced plans to form a new company to manufacture and market power transformers in Canada. An agreement was also reached with TECO in Taiwan to form a U.S. company, of which Westinghouse will hold a majority interest, to engineer, test and market large motors worldwide. Other ventures formed in 1986 include ventures to make and sell plastic breaker moldings and tap changers for power transformers. In March 1987, an agreement in principle was reached with Matsushita Electric of Japan for a joint venture in the field of factory automation.

The Industries and International Group supplies a variety of products and services to a broad range of customers in the capital goods, industrial, construction and electric utility markets. As indicated above, these products range from the simplest to the most sophisticated control systems serving such industries as steel, petrochemical, mining, textile, pulp and paper. The Group is subject to a high degree of competition worldwide for all products and services by both large and small competitors. It competes on the basis of cost, service, technology, warranty, product performance and financing. General economic conditions have been a negative competitive factor with respect to foreign business as well as resulting in a marked increase in foreign competition in United States markets.

Commercial

The Commercial Group includes seven business units, consisting of Thermo King Corporation, Materials Divisions, Westinghouse Furniture Systems, Westinghouse Beverage Group, Inc., Westinghouse Elevator Company, Westinghouse Communities, Inc. and Longines-Wittnauer Watch Company. The Thermo King business unit manufactures the world's most complete line of transport refrigeration, including units for trucks, truck trailers, ship containers, fishing vessels and railway cars. The transport refrigeration units are powered by diesel fuel, gasoline, propane or electricity. Its products also include warehouse refrigeration equipment and air conditioning units for buses. Thermo King has dealerships throughout the world, and its equipment is used in more than 80 countries.

The Materials business unit provides rigid and multilayer copper-clad laminates for the electronics market, as well as decorative and unclad laminates for the industrial and construction markets. This business unit's other principal products include electrical insulation materials and copper wire.

The Westinghouse Furniture Systems business unit provides a range of products and services designed to improve work environments and contribute to productivity. Its products included modular furniture systems composed of acoustic panels, adjustable work surfaces, storage components and computer support equipment. Systems incorporate electrical distribution and telecommunications wire management as well as task and ambient lighting.

Westinghouse Beverage Group, the largest bottler of 7-UP in the United States, engages in soft drink bottling operations in Ariz., Calif., N.M., Nev. and Puerto Rico. In early 1986 Westinghouse sold its Indiana bottling operations. In addition to 7-UP, its products include a wide variety of national brands. Generally, distribution is direct from bottler to retail outlet.

The Westinghouse Elevator Company is the third largest elevator and escalator operation in the United States. The Elevator Company provides installation and maintenance services for elevator and escalator products throughout the United States, Canada and Puerto Rico. In a joint venture with the Hyundai Group of South Korea, elevators, escalators and electric walks will be manufactured, sold, installed and maintained for global markets.

The Westinghouse Communities business unit engages in land and community development and related activities, principally in Florida.

The Longines-Wittnauer Watch Company business unit assembles and distributes watches and clocks. Distribution is on a direct basis through its own sales force to a national network of jewelry and department stores in the United States and Canada.

The Commercial Group's products serve a wide range of customers, including consumers, interior designers, contractors, developers, government agencies and original equipment manufacturers. The Group is subject to a high degree of competition (including price, service, warranty and product performance) from both large and small competitors.

Westinghouse Broadcasting

Westinghouse Broadcasting (Group W), operating as a wholly owned subsidiary of Westinghouse, provides a variety of communications services consisting primarily of commercial broadcasting, and program production and distribution. Group W owns and operates five VHF television stations, and thirteen radio stations and sells broadcast time to radio and television advertisers through national sales organizations.

Group W's program production and distribution business supplies television series and special shows through national syndication to broadcast television stations throughout the country.

Group W Satellite Communications provides satellite distribution of video programming to broadcast and cable television networks. Its services include sports programming and the marketing and distribution of a country and western entertainment channel.

In June 1986, Westinghouse Broadcasting completed the sale of its cable television business. The transaction included all of Group W's remaining cable television properties except for its interest in a limited partnership which operates two franchises in Chicago, Illinois. This sale resulted in a pre-tax gain for the Corporation of $651.2 million on proceeds of $1.7 billion.

The Corporation recently terminated an agreement to purchase television station KHJ-TV in Los Angeles. This January 1986 agreement was terminable by the Corporation in the event that Federal Communications Commission initial approval was not obtained by January 31, 1987.

The broadcast stations have many competitors, both large and small, and compete principally on the basis of audience ratings, price and service. Group W's commercial broadcast television business experiences competition from cable television which provides program diversification in addition to improved reception. Likewise, cable television experiences competition from the direct reception of broadcast television signals dependent upon the quality and variety of broadcast signals available for direct antenna reception. Broadcast stations and cable television systems are also in competition in varying degrees with other communications and entertainment media, including movie theaters, video cassette recorders and various forms of communication recently developed, such as over-the-air pay television. Because of the rapid pace of technological advancement and regulatory change in the communications field, broadcast television stations can expect to face new forms of competition in the future.

Westinghouse Financial Services, Inc.
In late 1986, Westinghouse Credit Corporation (WCC) became the principal subsidiary of Westinghouse Financial Services, Inc., a wholly owned nonconsolidated subsidiary of the Corporation. Westinghouse Financial Services, Inc., offers a wide range of business financial services. Financing of Westinghouse products accounts for less than one percent of total receivables outstanding. Its WCC subsidiary employs approximately 750 people and provides financing services through 57 offices in the United States.

WCC's services include the financing of commercial and residential real estate projects as well as financing and leasing of equipment. This subsidiary also provides intermediate-term loans secured by general business assets for acquisiton financing and general corporate purposes, and extends commercial line-of-credit loans secured by accounts receivable and inventory. WCC also has investments in preferred stocks with mandatory redemption features and high yield marketable debt securities.

The financial services business is highly competitive. Factoring companies, leasing companies, commercial finance companies, commercial banks and other financial institutions compete in varying degrees in the several markets in which Westinghouse Financial Services, Inc., does business. In view of the market fragmentation resulting from numerous local and regional competitors, it is not possible to provide a meaningful description of this company's competitive position in individual markets. Its activities are subject to a variety of federal and state regulations.

Results By Business Segments, years ended Dec. 31:

(in $ Mil)	1987	1986	1985
Sales & oper. rev.:			
Energy and Advanced Technology	4,578.8	4,727.3	4,303.3
Industrial	3,779.5	3,655.8	3,792.5
Commercial	1,865.4	1,689.0	1,740.0
Broadcasting & Cable	600.5	838.8	1,069.2
Divested units & other	109.9	110.7	119.9
Total	10,934.1	11,021.6	11,024.9
Less: Interseg. sales	(255.1)	(290.6)	(324.7)
Net sales, etc.	10,679.0	10,731.0	10,700.2
Operating profit:			
Energy & Advanced Technology	463.6	433.4	397.7
Industrial	152.4	132.4	79.4
Commercial	223.3	177.8	135.4
Broadcasting & Cable	137.4	149.9	138.7
Divested units & other	(39.6)	(22.7)	(9.1)
Gain from sale of group W Cable	......	651.2	......
Prov. for major bus. restructuring & other unusual items	......	(790.0)	......
Oper. profit after unusual items	937.1	732.0	742.1
Equity in inc. of fin. services sub. & other affil.	148.5	111.1	120.8
Other income, net	112.5	103.8	118.0
Interest expense	(126.1)	(145.9)	(185.0)
Inc. bef. inc. taxes and minority int.	1,072.0	801.0	795.9

PRINCIPAL PLANTS AND PROPERTIES

Company operates approx. 121 manufacturing plants in 32 states and Puerto Rico. Manufacturing operations are also conducted in 17 foreign countries with larger facilities in Canada, Australia, Brazil, and West Germany.

SUBSIDIARY CREDIT COMPANY

Westinghouse Credit Corp. — Pittsburgh, Pa.
Engages in extension of credit in transactions including leverage leasing.

BROADCASTING SUBSIDIARIES

Westinghouse Broadcasting Co., (N.Y.) — Owns and operates 15 radio stations and 5 television stations. AM Radio stations are: KDKA, Pittsburgh, Pa., KYW, Philadelphia; WBZ, Boston (operated with WBZA, Springfield); KEZW, Denver; WINS, New York, KMEO, Phoenix, KFBK, Sacramento and KFWB, Los Angeles. FM Radio stations are: KOSI, Denver; KODA, Houston; KOAX, Dallas, KJQY, San Diego; KMEO, Phoenix, KAER, Sacramento and KOXT, San Antonio. Television stations are WBZ-TV, Boston; KDKA-TV, Pittsburgh; WJZ, Baltimore; KPIX, in San Francisco; KYW-TV in Philadelphia.

SUBSIDIARIES & AFFILIATES

Listed below are certain subsidiaries of the company. Remaining subsidiaries and affiliated companies (not listed below), when considered in aggregate as a single subsidiary, would not constitute a significant subsidiary.

Fortin Industries, Inc. (Del.)
Longines-Wittnauer, Inc. (Del.)
Thermo King Corp. (Del.)
Tyree Industries Limited (Australia) (69% owned)
Westinghouse Beverage Group, Inc. (Del.)
Westinghouse Broadcasting Company, Inc. (Ind.)
Group W Cable, Inc. (N.Y.)
Westinghouse Canada, Inc. (Canada) (95% owned)
Westinghouse Communities, Inc. (Del.)
Westinghouse Financial Services, Inc. (Del.)
Westinghouse de Puerto Rico, Inc. (Del.)
Westinghouse Electric, S.A. (Switzerland)
Hittman Nuclear & Development Corp. (Del.)
Gladwin Corp. (Del.)
Hydro Nuclear Service Inc. (Del.)
TSC, Inc. (Ohio)
Ottermill, Ltd. (U.K.)
TCOM Corp. (Del.)
Westinghouse Foreign Sales Corp. (Barbados)
Westinghouse Foreign Sales Corp. (Virgin Islands)
Westinghouse Fanal Schaltgerate Gmbh (Germany)
Westinghouse International Technology Corp. (Del.)
Westinghouse Nuclear International, Inc. (Del.)
Westinghouse Overseas Service Corp. (Del.)
Westinghouse Thermo King, S.A. (Belgium)
Unimation Inc. (Del.)
Xetron Corp. (Ohio)

MANAGEMENT

Officers

John C. Marous, Chmn. and Chief Exec. Off.
Paul E. Lego, Pres. & Chief. Oper. Off.

Executive Vice Presidents

Gary M. Clark, Industries
William A. Coates, Technology, Quality & Oper. Services
Roy V. Gavert Jr., Marketing
Richard A. Linder, Defence Electronics
John R. McClester, Chmn., Financial Services
Harry F. Murray, Finance
Robert P. Pugliese, Legal & Corp. Affairs
Maurice C. Sardi, Commercial
Bruton B. Staniar, Chmn., Broadcasting
Theodore Stern, Energy & Utility System
John B. Yasinsky, International

Vice Presidents

Joseph W. Baker, Utility Delivery Systems
Isaac R. Barpal, Research & Devel.
David J. Bauhs, Pres., Westinghouse Elevator Co.
Charles E. Bell Jr., Central Region
Robert V. Billings, Pension Investments & Investors Relations
Edward G. Bittner, Materials Divisions
Barton S. Brodkin, Pres., Westinghouse Beverage Group
Thomas P. Costello Pres., Thermo King Corp.
John H. Courcoulas, Europe, Africa & Middle East
Gerogr C. Dorman, Human Resources
Robert E. Faust, Controlles
John H. Fooks, Corporate Productivity & Quality
H. Joe Frazier, Pres., Westinghoust Communities, Inc.
August W. Frisch, General Tax Counsel
Warren H. Hollinshead, Corporate Devel.
William M. Jacobi, Pres. Westinghouse Hanford Co.
Carl R. Johnson, Southeastern Region
Margaret M. Kennedy, Administrative Assistant to the Chmn.
Donald C. Corb, Treasurer
David L. Litten, Midwestern Region
Alan J. Meilinger, Purchases, Traffic & Real Estate
James S. Moore, Power Systems
Bruce W. Morrison, Atlantic Region
Hercules Paxinox, New York Metropolitian, Region
Samuel R. Pitts, Environmental Affairs
Edward B. Priestner, Pres., Westinghouse Canada, Inc.
Richard J. Slember, Nuclear Fuel
William T. Taylor, Pres., Westinghouse Electric Supply Co.
A. Richard Whittemore, Western Region
F. Leo Wright, Government Affairs
J. Stanley Wyble, Southwestern Region

Directors

(Showing Principal Corporate Affiliations)

John C. Marous, Chmn. & Chief Exec. Off., Westinghouse Electric Corp., Pittsburg, Pa.

Robert W. Campbell, Chmn., Canadian Pacific Ltd., Calgary, Alberta, Canada

John B. Carter, Pres. & Chief. Exec. Off., The Equitable Life Assurance Society of the U.S.A., N.Y.

Barbara H. Franklin, Pres., Franklin Associates, Washington, D.C.

Dr. Donald F. Horning, Dir. Interdisciplinary Programs in Health Harvary University School of Public Health Boston, Mass.

Paul E. Lego, Pres. & Chief. Oper. Off., Westinghouse Electric Corp. Pittsbury, Pa.

David T. McLaughlin, Chmn., Aspen Inst. for Humanistic Studies Washington, D.C.

Rene C. McPherson, Retired Chmn., Dana Corp Toledo, Ohio

Richard M. Morrow, Chmn. & Chief Exec. Off, Amoco Corp. Chicago, Ill.

Richard R Pivirotto, Retired Chmn. Associated Dry Goods Corp. N.Y., N.Y.

Hays T. Watkins, Chmn. & Chief. Exec. Off. CSX Corp. Richmond, Va.

Auditors: Price Waterhouse.

Shareholder Relations: D.W. Knapp, Director, Investor Relations **Tel.:** (412) 642-3766.

Director Meetings: Not regularly scheduled.

Annual Meeting: Last Wednesday in April.

No. of Stockholders: Dec. 31, 1987, 116,898.

No. of Employees: 1987 average, 112,478.

General Office: Westinghouse Building, Gateway Center, Pittsburgh, PA 15222; **Tel.:** (412) 244-2000.

INCOME ACCOUNTS

COMPARATIVE CONSOLIDATED INCOME ACCOUNT, YEARS ENDED DEC. 31

(in thousands of dollars)

	1987	1986	1985	1984	1983	1982	1981
Sales & oper. revenues	10,679,000	10,731,000	10,700,200	10,264,500	9,532,600	9,745,400	9,367,500
[2]Cost of goods sold	7,820,900	7,771,200	7,737,900	7,579,800	6,991,000	7,215,600	7,089,800
Mktg., general & admin. expense	1,603,000	1,718,000	1,771,200	2,074,700	2,063,800	2,006,000	1,719,600
Deprec. & amort.	318,000	371,000	449,000	......	......	......	......
Equity in income of Financial subs. & other affil. income	148,500	111,100	120,800	105,200	72,800	50,300	50,200
Gain on sale of Group W Cable	......	651,200	......	......	......	......	......
Provision for major business restructuring and other unusual items	......	(790,000)	......	......	......	......	......
Other income, net	112,500	103,800	118,000	123,600	59,100	162,100	103,800
Interest expense	126,100	145,900	185,000	176,600	151,100	185,800	142,600
Inc. bef. inc. taxes & minority int.	1,072,000	801,000	795,900	662,200	458,600	550,400	569,500
Federal income taxes	333,400	129,000	188,600	122,600	4,100	94,600	129,700
Minority interest	300	(1,200)	(2,000)	(3,700)	(5,500)	(6,500)	(1,800)
Net income to ret. earn.	738,900	670,800	605,300	535,900	449,000	449,300	438,000
Retained earnings, beg. of year	3,937,300	3,470,700	3,063,500	2,698,300	2,407,400	2,114,300	1,830,000
Preferred dividends	......	......	......	......	600	600	600
Common dividends	234,600	204,200	198,100	170,700	157,500	155,600	153,100
Retained earnings, end of year	4,441,600	3,937,300	3,470,700	3,063,500	2,698,300	2,407,400	2,114,300
SUPPLEMENTARY P. & L. DATA							
Maintenance and repairs	N.A.	142,100	145,400	149,500	150,300	173,800	167,900
[1]Taxes other than income	N.A.	124,000	128,300	140,600	117,800	115,700	122,500

[1]Included in costs and expenses.

[2]Costs and selling general and administrative expenses contain related portions of amounts shown under "Supplementary P. & L. Data," below statement.