

## Bulova: Decade In Space

**1959: July** An experimental Bulova Accutron timer was aboard Explorer 6 satellite.

**1959: October** Explorer 7 in orbit, with Bulova Accutron timer fitted to switch off transmitter after one year.

**1961: April** Explorer 11 launched. Bulova Accutron timer switched transmitter from one data system to another after 760 hours.

**1962: July** Telstar 1 in orbit initiated live commercial transatlantic television broadcasts. Satellite equipped with two Bulova Accutron timers.

**1962: September** Weather satellite Tiros 6 placed in orbit. Two Bulova Accutron timers gave planned "alarm" signal after 12 months, switched off on schedule on October 19th, 1963.

**1963: February** Two Bulova Accutron timers aboard Syncom 1 high-altitude synchronous communications satellite.

**1963: May** Satellite Telstar 2 entered orbit. Two Bulova Accutron timers aboard, set to switch the frequency of signal after two years.

**1963: May** Astronaut in Mercury capsule "Faith 7", wore Bulova Accutron "Astronaut" wrist timepiece in orbital flight.

**1963: June** Tiros 7 weather satellite in orbit. Two Bulova Accutron timers aboard to silence satellite after 18 months.

**1965: February** An experimental communications satellite, the all solid-state LES-1, placed in orbit. One Bulova Accutron timer aboard, set to switch off satellite after two years.

**1965: February** Two Bulova Accutron timers aboard Pegasus 1 meteoroid detection satellite in orbit. Purpose: to switch off satellite after 18 months.

**1965: March** Command pilot of first two-man Gemini spacecraft, Gemini 3, wore Bulova Accutron "Astronaut" wrist timepiece through triple-orbit flight.

**1965: May** Communications satellite LES-2 entered orbit. Bulova Accutron timer aboard set to switch off satellite after two years.

UHF broadcasting from orbiting Telstar 2 switched off on schedule by Bulova Accutron timers; other transmissions from satellite continued as programmed.

Pegasus 2 in orbit carrying two Bulova Accutron timers, set to switch off satellite after 18 months.

**1965: July** Pegasus 3 placed in orbit with two Bulova Accutron timers aboard.

**1965: August** Command pilot's instrument panel of Gemini 5 included Bulova Accutron clock. Mission established 5 world space-flight records.

**1965: December** Command pilot's instrument panel of Gemini 7 included Bulova Accutron clock showing GMT.

Command pilot's instrument panel of Gemini 6 included Bulova Accutron clock showing GMT.

All solid-state satellites LES-3 and LES-4 entered orbit. Bulova Accutron timers set to switch off LES-3 after one year, and LES-4 after two years.



Harry B. Henshel, President



Vice President

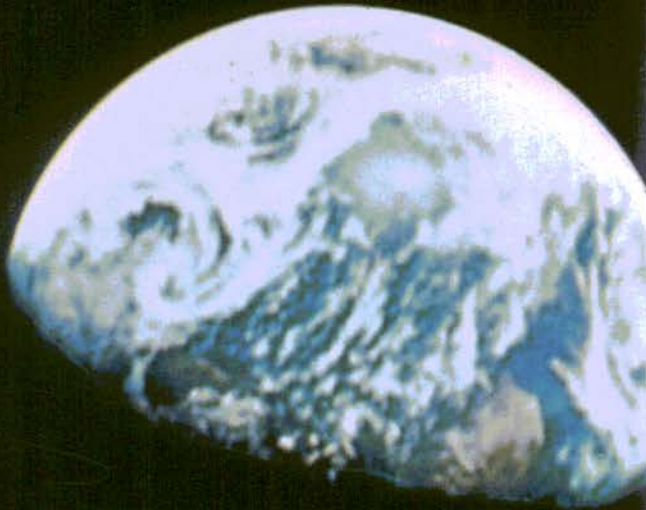
John L. Weinberg



Rodney C. Gott



Benjamin H. Dorsey



**1966: March** Gemini 8 command pilot's instrument panel included 24-hour Bulova Accutron clock showing GMT.

Aboard Gemini Agena Target Vehicle, independently powered Bulova Accutron long-delay timer switched on target vehicle's external lights.

**1966: June** Gemini 9 completed triple rendezvous with unmanned target vehicle. Command pilot's control panel included Bulova Accutron clock.

Gravity Gradient Test Satellite placed in orbit by U.S. Air Force. Bulova Accutron electronic timer aboard as programmed communications switch.

**1966: July** Gemini 10 instrument panel included 24-hour-dial Bulova Accutron GMT clock.

Gemini Agena Target Vehicle equipped with Bulova Accutron long-duration timer.

**1966: August** Lunar Orbiter Satellite 1 launched towards Moon, its photographic subsystem equipped with a Bulova tuning-fork master timer; while in continuous lunar orbit the satellite surveyed possible manned-landing sites on the Moon.

**1966: September** Gemini 11 command pilot's instrument panel included Bulova Accutron clock registering GMT.

A time-read-out Bulova Accutron clock was part of the instrumentation of the new night image-intensification TV system tested during the flight of Gemini 10.

The Project Apollo sump tank experiment, also conducted aboard Gemini 10, employed another Bulova Accutron time-read-out clock.

Gemini Agena Target Vehicle equipped with Bulova Accutron long-duration timer.

**1966: November** Lunar Orbiter Satellite 2 launched, with Bulova tuning-fork timer aboard.

Gemini 12 command pilot's instrument panel included 24-hour dial Bulova Accutron clock displaying GMT. This was the eighth consecutive manned Gemini space mission to use Bulova Accutron devices. Eighteen Bulova Accutron clocks and timers were employed during the 12-spacecraft Gemini series.

**1967: February** Lunar Orbiter Satellite 3, with Bulova tuning-fork timer aboard, successfully launched toward Moon.

**1967: May** Lunar Orbiter Satellite 4 launched. Bulova tuning-fork timer aboard.

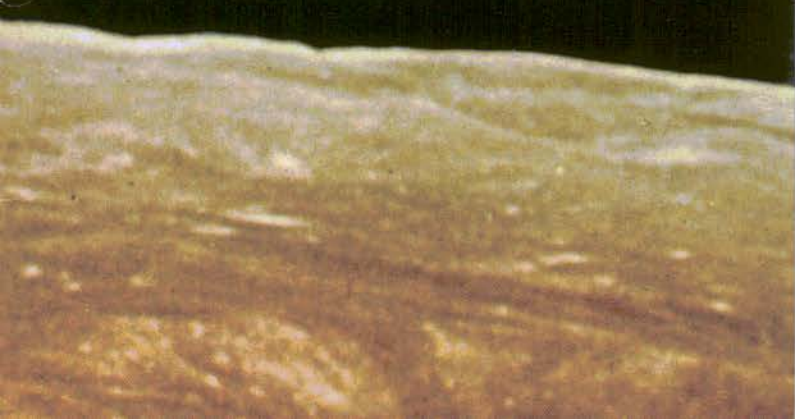
**1967: July** LES-5, first satellite for defense communications experiments among small tactical termini, placed in orbit. Bulova Accutron timer system set to switch off all electrical power after five years.

Lunar Orbiter Satellite 5, equipped with Bulova tuning-fork timer, launched in Moon reconnaissance series.

**1968: January** Lunar Orbiter 5 Moon-mapping satellite, equipped with Bulova tuning-fork timer, impacts on Moon under NASA control at 07:58/08:27 GMT, January 31.

**1969: The Year of Apollo** Bulova Accutron master timers are incorporated in the EASEP and ALSEP scientific "packages" to be placed on the Moon by U.S. Apollo astronauts.

30-Day Biosatellite biological-experiments satellite, to be launched into orbit, is equipped with Bulova Accutron clock.



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## Highlights

Year Ended March 31	1969	1968
Net Sales .....	\$148,928,724	\$139,752,549
Income Before Income Taxes And Minority Interests .....	\$ 12,982,212	\$ 8,926,771
Net Income .....	\$ 5,944,068	\$ 4,536,771
Net Income Per Share* .....	\$ 2.68	\$ 2.13
Net Income Per Share Assuming Full Dilution .....	\$ 2.37	\$ 1.88
Cash Dividends Per Share .....	\$ .80	\$ .70
Current Assets .....	\$103,128,054	\$104,186,616
Current Liabilities .....	\$ 40,907,489	\$ 43,942,640
Working Capital .....	\$ 62,220,565	\$ 60,243,976
Stockholders' Equity Per Share** .....	\$ 25.02	\$ 23.26


\*Based on the average number of shares outstanding during each period adjusted retroactively for the 2% stock dividend of June 1968.

\*\*Based on number of shares outstanding at the end of each period, adjusted retroactively for stock dividends.

## Annual Meeting

Tuesday, July 22, 1969  
11:30 A.M. (EDST)  
Bulova Park, 75-20 Astoria Boulevard,  
Jackson Heights, New York

### The following are registered trademarks:

ACCUTRON, BULOVA, CARAVELLE,  
EMPRESS 

**Cover:** Our Annual Report cover carries possibly the most dramatic photograph of all time—the Earth, seen hovering in space, with the lunar surface in the foreground. The photo, made available through the courtesy of NASA, was taken by the astronauts of Apollo 8 as their spacecraft orbited the Moon. Bulova is proud of the role it has played in our nation's space program over the past decade.

## Contents

Financial Highlights	1
Stockholder Letter	2
Time	4
The Elements of Time	6
The Technology of Time	8
The Materials of Time	10
The Faces of Time	12
The New Time	14
Perspective on Bulova / Questions & Answers	16
Five Year Financial Review	20
Consolidated Statement	21
Consolidated Balance Sheet	22
Notes to Financial Statement	24
Report of Independent Public Accountants	24



Watch Company, Inc. and Subsidiaries

## To Our Shareholders:

Bulova's earnings rose significantly in fiscal 1968-69, increasing 31 per cent. Sales were up 6.6 per cent. New records were set in both categories.

Sales for the year totalled \$148,928,724, compared with \$139,752,549 in the previous year. Net income climbed to \$5,944,068 from \$4,536,771 in 1967-68. Earnings per share were \$2.68, an increase of 25.8 per cent over the previous year's \$2.13. Per share earnings are based on the average number of shares outstanding, 2,218,777 in fiscal 1968-69 and 2,134,905 in 1967-68 (the latter adjusted retroactively for the 2 per cent stock dividend issued in June, 1968). As a result of an increased number of debenture conversions during the fiscal year, there were 2,301,705 shares outstanding on March 31, 1969. Assuming that all conversions of the debentures and exercise of options which took place during the fiscal year had occurred at the beginning of the fiscal year, earnings per share would have been \$2.59. Fully diluted earnings per share (assuming conversion of all debentures and exercise of all options) were \$2.37, compared with \$1.88 the year before.

For the fourth consecutive year, our earnings growth exceeded the 10 to 15 per cent rate of annual growth which is our long-range corporate goal. It was the seventh consecutive year in which earnings increased by at least 14 per cent. All major sectors of Bulova's widespread domestic and international operations have contributed to this growth.

Reflecting our continued growth, the Board of Directors in May, 1969 (after the close of the fiscal year) approved a three-for-two stock split of Bulova common stock, subject to the approval of shareholders at the Annual Meeting in July. It is the Board's intention to pay a regular quarterly dividend of 15 cents per share on the split stock, which would have the effect of increasing the present quarterly dividend, on shares now outstanding, from 20 cents per share to 22½ cents per share. In view of this planned third consecutive annual increase in cash dividends and the proposed stock split, the previous small annual stock dividend was deemed to be no longer appropriate.

### Increased Watch Sales

Bulova today occupies a position of leadership in both watch sales and technology. Each year since 1961, we have achieved greater volume in our total watch sales of Accutron, Bulova and Caravelle. We operate major

research and engineering facilities and manufacturing plants in both Switzerland and the United States, and our worldwide marketing activities range across the entire spectrum of watchmaking and distribution. Our Accutron products have earned an excellent reputation everywhere, and have helped to establish Bulova as the acknowledged world leader in advanced time-keeping for the consumer. Our broad expertise allows us to tap both new and established markets while helping to insulate our sales efforts against the possibility of cyclical declines.

Our market research continues to show that the overall demand for quality watches—both tuning-fork and balance wheel—is growing in America and other parts of the world.

### International Operations

Sales of consumer products abroad in 1968-69 continued to climb, contributing 16 per cent to our total consumer product volume.

To further expand worldwide distribution of timepieces incorporating the tuning-fork principle, Bulova in 1968 granted a license to Ebauches, S.A., the largest horological group in Switzerland, giving Ebauches rights to manufacture and sell electronic tuning-fork timepiece movements and components based on Bulova's Accutron patents. With the exception of Bulova itself and its Swiss affiliates, the agreement grants Ebauches exclusive right to manufacture in Switzerland under Bulova's tuning-fork movement patents, in return for an initial payment and a royalty on each movement or set of components manufactured. Bulova retains the right to license the manufacture and sale in countries other than Switzerland. Ebauches, S.A. also has a non-exclusive right to manufacture tuning-fork timepieces or components in France and West Germany and a non-exclusive right to sell throughout the world. The effect of the agreement is that watch firms supplied by Ebauches will be able to sell watches with tuning-fork movements anywhere in the world under their own names.

Bulova will benefit from this alliance in terms of sales and future development of tuning-fork timepieces. Ebauches customers, including virtually all leading Swiss manufacturers, will expand the total worldwide market for tuning-fork movements. Bulova is certain to benefit from the overall market expansion through increased exposure as well as royalties. Furthermore, two of the world's leading horological research capabilities will be

**Decade in Space—**  
Accutron tuning-fork devices have served the U.S. space program since 1959. No other watch manufacturer has a comparable record in space. The following pages contain highlights of Bulova's performance.



working together, exchanging data on technical advances regarding tuning-fork applications. The first such products, in limited quantities, should appear in a few markets late in 1969.

### Industrial/Defense

Sales and earnings in the industrial/defense area of our business increased again in 1968-69, contrary to our expectations. In this segment of our business, we will continue to build upon our scientific and technical momentum in industrial timing systems. We will also continue to strive particularly to increase industrial orders with their higher stability and profit margins.

Bulova is pursuing a number of pioneering projects that could have a major impact on the future of timekeeping in industry and space as well as in consumer areas.

Chief among these continue to be an atomic system and a variety of sophisticated quartz crystal-based timekeeping devices. After intensive laboratory investigation for many years, Bulova has developed an atomic clock that uses a harmless radioactive element as a time base. In addition, we have accelerated our research activity on a quartz crystal-based clock, which could result in the development of wristwatches capable of operation over many years on a single energy cell. Finally, we have developed, in cooperation with Magnavox, the world's first satellite time-clock system, which maintains an accuracy of 86 millionths of a second a day and is controlled by radio signals transmitted by satellites in polar orbits. The first Bulova Satellite Clock, providing the world's most accurate public time service, was installed in Mexico City last October.

### Space

Bulova's participation in NASA's space exploration programs began in 1958. Since then, the Company has continuously contributed to those programs. Our electronic tuning-fork timers, for example, have fulfilled vital functions in 23 of the 27 space missions of Telstar, Pegasus, LES, Gemini and Lunar Orbiter vehicles. No other watch company has a comparable record.

In man's first moon landing, now scheduled by NASA for July, Project Apollo will make continued use of programmed long-duration Accutron master timers incorporated in self-powered scientific instrument packages.

All Accutron-based clocks, timers and switches used in space utilize Accutron tuning-fork movements, identical or similar to the wrist timepieces and clocks Bulova manufactures for consumers.

### Summary and Outlook

Nearly a decade ago, Bulova's present management established a new aggressive corporate policy with several long-range objectives. Our plans called for broadening our product lines and strengthening our marketing and distribution throughout the world.

We have consistently progressed toward these objectives. As one example, in our 1966 Annual Report we set a five-year objective for the Caravelle brand: to pass the Bulova brand in number of units sold per year. This goal was achieved in 1968, two years ahead of schedule, even though Bulova brand sales continued to increase. In the international markets, we are also moving forward with a variety of watch products to meet growing demands for quality timekeeping.

The outlook for the balance of 1969 and through 1970 appears favorable.

The continued success of Bulova is based on sound corporate policies, implemented by the creative efforts of a growing personnel force characterized by its enthusiasm and resourcefulness. We deeply appreciate the continued confidence and support of retailers all over the world, and of the growing numbers of our shareholders.

Omar N. Bradley  
Chairman of the Board

Harry B. Henshel  
President

June 13, 1969



Watch Company, Inc. and Subsidiaries

## Time



The most accurate watch in the world, the Accutron timepiece, receives hand application of luminous paint at hour markers, for utmost visibility. Shown is the dial of an Accutron date model.



**Explorer 11** satellite was launched into orbit April 27, 1961 with one self-powered Accutron timer aboard, programmed to switch the satellite's radio transmitter after 760 hours. The switching operation occurred on schedule in orbit.



1969. Never before in the history of Man has there been such a deep-rooted response to Time—its vastness, its finitude, its dangers, its potentials for progress. Our basic comprehension of Time is undergoing revolutionary changes, as our sensitivity to Time reaches new thresholds of precision.

Time today is nearly tangible. On the grand scale, we measure fractions of seconds as men explore the far reaches of outer space. Similarly, for the earthbound consumer, the Accutron tuning-fork has split the second into 360 equal parts—to provide millions of people the world over with the most accurate individual timepiece ever created. Further advances are on the horizon.

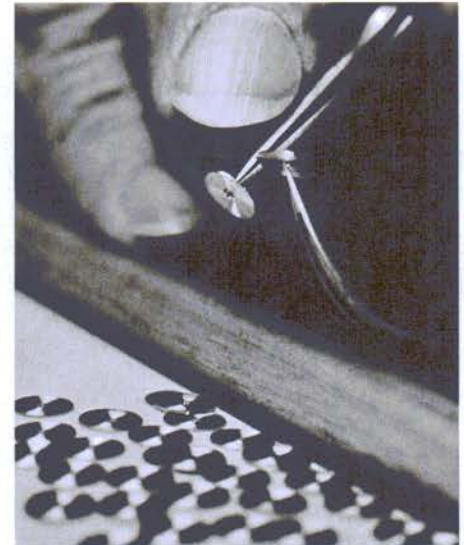
Telling time is a fundamental human experience, pursued by Man throughout the ages with sundials, candles, hourglasses, pyramids, pendulums, balance wheels. Through the patterns of Time, Man records the outputs and inputs of life, controls Nature, defines his deeds and his alternating moments of rest and activity. For nearly a century, Bulova has researched and implemented Time-monitoring and measuring devices and techniques, to serve mankind in new ways.

As the creator, manufacturer and marketer of the world's most accurate watch and other timing devices, Bulova has assumed a basic responsibility: to heighten Man's appreciation of Time and to fulfill the precision-needs of individuals and industry for all occasions and eventualities. Today, on millions of wrists here on Earth, as well as in vehicles in space, Bulova is proud that there is a growing awareness around the world that the quality watch is a necessity for everyone, not a luxury item for the few.

It is the aim of this Report to communicate some of the excitement of Bulova's advanced technology—to show the drama of innovation in time-keeping that is based on science and modern precision manufacturing.



One of hundreds of procedures in the precision-assembly of the Accutron timepiece is this critical micro-soldering operation within the electronic module. The tiny electronic circuitry in the module furnishes the Accutron tuning-fork with the power to vibrate 360 times a second.



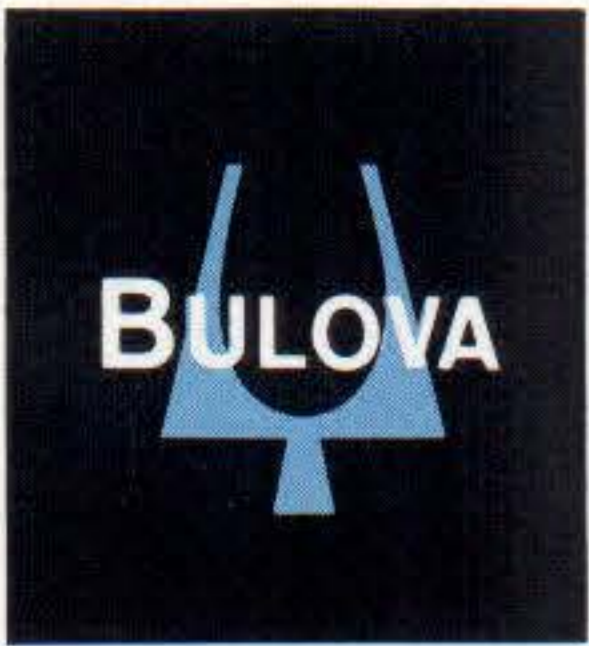
As shown in these photos, many of the most delicate steps in modern watchmaking are executed by highly trained expert hands. Above, an extremely dexterous two-tweezer operation is performed on a hairspring.



Universally recognized as the leader in watch accuracy, Bulova is also engaged in enhancing the experience of time-telling through the appearance of wrist timepieces. Here, a craftsman sets diamonds into a Bulova ladies watchcase styled for evening wear.

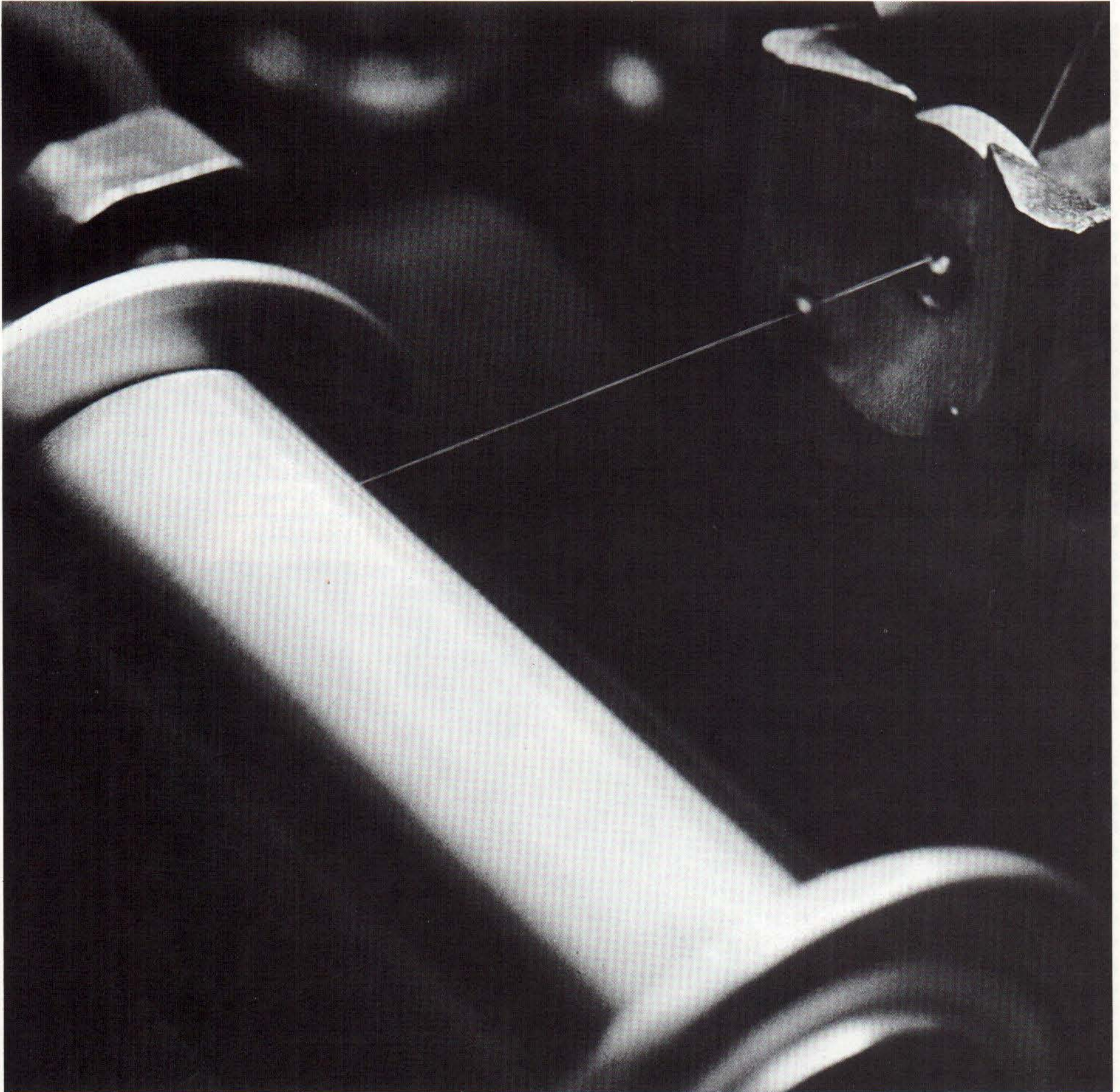


The first step in the preparation of materials for manufacturing watchcases is the melting of fine gold and alloying it with other materials to produce 10K, 14K and 18K gold as required.



Watch Company, Inc. and Subsidiaries

## The Elements of Time



The specialized copper wire used in the Accutron timepiece is drawn through finely drilled eyes of diamonds until it meets specifications of .0005" in diameter. In the circuitry of every Accutron timepiece are two coils, each containing 350 feet of the wire.

Time possesses no physical properties. Poets through the ages, regarding Time as inconstant, have written of the "seas of Time" and "the sands of Time." It was left to modern Man, with his drive for order and his will to master the unknown, to impart exact meaning and definition to the essence of Time; to "keep" Time.

To harness the force of Time for his own use, Man developed a technological program for Time, based on the principles of isolation, repetition and prediction. By devising unique tools for measuring Time, we are capable today of isolating increasingly infinitesimal units of Time, and achieving unvarying patterns for repetition, along with duration spans that afford unquestioned confidence in future performance.

Time, thus formalized and scientifically "encased," has become a universal energy source—a fundamental fuel for the coordinated actions of mankind in every area. Among Bulova's technological achievements has been the engineering of timepieces to serve all members of society.

When we glance at a watch, study an airlines schedule, clock a race, arrange a meeting, set an alarm, read a pulse—we are placing our confidence in our timekeeping devices. Telling Time is ingrained in contemporary Man, it is taken for granted. Bulova does *not* take it for granted.

Bulova makes Time telling easy. But the technology of keeping Time is complex.

In Flushing, Woodside, Sag Harbor, Valley Stream and Westbury, New York; in Providence, Rhode Island; in Bienne, Geneva and Neuchatel, Switzerland; in Villers-le-Lac, France; in Pforzheim, West Germany; in Toronto, Canada; and in St. Croix, Virgin Islands, more than 8,000 skilled Bulova employees are contributing to the production of the most exacting consumer timepieces the world has ever known.

**Tiros 6** weather satellite was launched into orbit September 18, 1962, equipped with two self-powered Accutron timers, programmed to switch off the satellite's radio transmitter on October 19, 1963. The switch-off occurred as scheduled.



A tray of Accutron "Spaceview" timepieces undergoing six-day shelf reading test to determine accuracy. An individual Record of Performance is attached to each timepiece and must indicate an accuracy within two seconds a day before receiving approval for shipment to jewelers.



In Providence, R.I., all of Bulova's domestic watchcases are precision manufactured and must pass through a rigorous series of tests and inspections. Above, a micrometer caliper measures a case part for thickness of cross section.



The pillar plate of the Accutron 218 measures 1 1/8" in diameter and is the largest single part of the Accutron timepiece. Plated in 24K gold, it contains numerous machined holes and grooves to accommodate the fine working parts with tolerances as close as .00005".



Gold bullion received from the refinery is weighed and tested for purity. Each bar is 24K (99.98+ % fine gold) and weighs about 150 ounces.



Watch Company, Inc. and Subsidiaries

## The Technology of Time



Inner view of a vibrator feeder, designed and engineered by Bulova for the automatic positioning of Accutron tuning-fork magnets and other components used in assembly.

Historically, the mass production of timepieces represented an industrial challenge. Formerly, in Switzerland, a watch was produced by an individual craftsman, whose techniques were highly refined and often surrounded in mystery; so it was generally believed that mass production could never be achieved without sacrificing quality and accuracy.

Bulova was the company that met the challenge and became the first major jeweled-lever watch manufacturer in the world to introduce advanced techniques for the mass production of millions of precise parts requiring uniformly close tolerances—as extreme as four one-millionths of an inch.

Bulova technology has dramatically demonstrated that superior timepieces can be precision engineered for assembly line production. Bulova has made major advances in the art of timekeeping, while producing thousands of watches daily at prices the public can afford. In nearly a century of fine watchmaking, Bulova has produced more than 50,000,000 watches, constantly adding refinements to serve the world's consumers.

Moreover, Bulova technology has brought longer life to watches, through the availability of standardized replacement parts for the past 50 years. Bulova maintains an inventory of more than 20,000 different watch parts for use by authorized jewelers and retailers.

A few basic statistics dramatize the complexity and magnitude of Bulova's manufacturing operations. In the past year, the Company produced 1,300 different watch styles, ranging from the smallest U.S.-made woman's watch requiring 119 parts, to a man's automatic model with 196 parts. An average of 3,500 separate production, assembly and inspection procedures are entailed in the manufacture of each individual timepiece, prior to distribution with traditional Bulova warranties.



The design of a new watchcase requires precise engineering skills, knowledge of materials and a high degree of sensitivity to consumer preferences. Bulova designs and manufactures an average of over 400 different styles of watchcases annually.



Accutron movements pass from one dust-free container to another during assembly. Shown here is a high-speed, semi-automatic indexing operation during which the movement receives a key component.

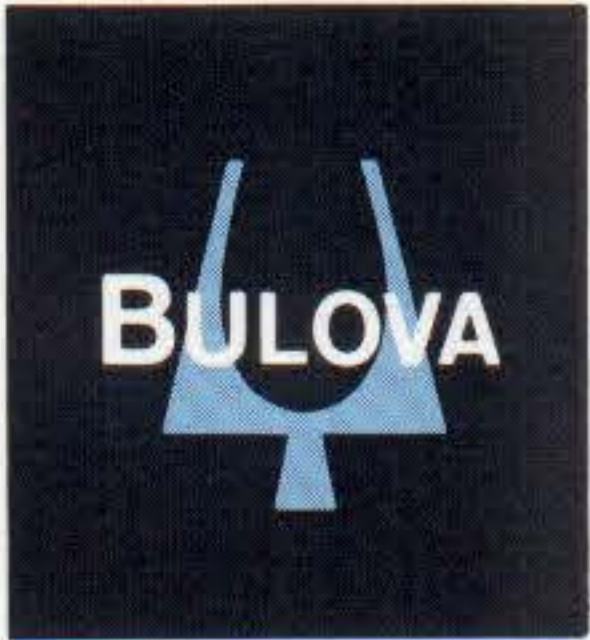
**Telstar 2** television-communications satellite was launched into orbit May 7, 1963, equipped with two self-powered Accutron timers, programmed to switch off the satellite's radio transmitter on May 16, 1965. The switch-off occurred as scheduled.



A diamond charged tin lap is used for the precision lapping of important surfaces in the production of specialized watchcases. These critical lapping operations assure sharp and precise definition of delicate facets.



A technician at Woodside, N.Y. loads silver into an automated quartz crystal plater. Bulova's Electronics Division doubled the electrode plating capacity of the equipment to 6,000 crystals a day for use in communications, space, industrial and defense systems.



Watch Company, Inc. and Subsidiaries

## The Materials of Time

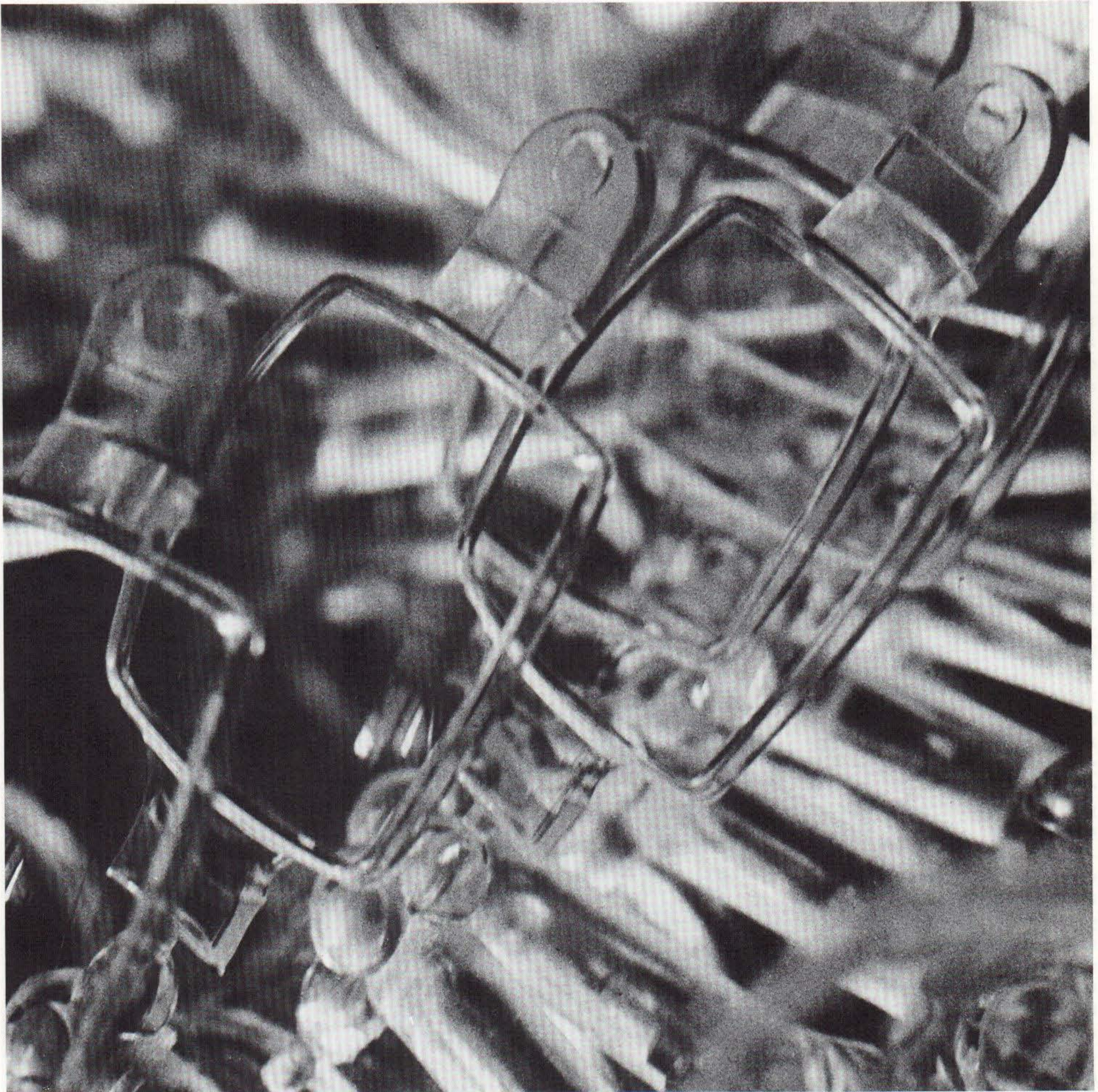


Photo of ladies watch crystals "in the rough." After forming, each crystal is inspected and gauged, then machined to precise dimensions with various diamond tools.

Time moves inexorably forward; it does not stop and allow for mistakes. As a consequence, it is necessary for Man, in his timekeeping technology, to utilize only materials that perform exactly to specifications. The scientific selection and testing of basic materials—to determine capabilities for close tolerances, characteristics of durability, and capacity to withstand changing conditions and environments—are integral to Bulova's leading role in producing precision timepieces.

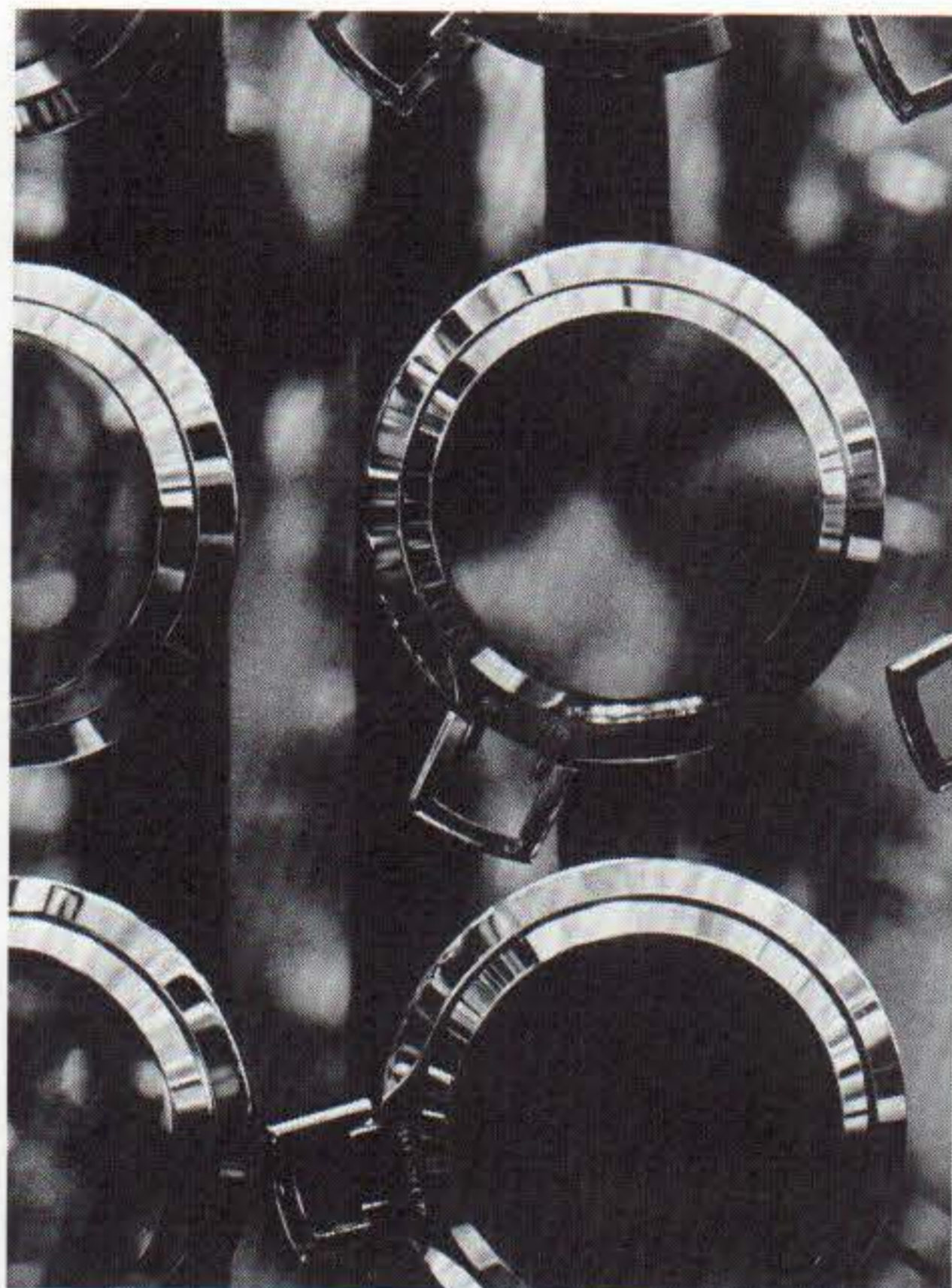
To be certain that ultimate performance meets Bulova's high standards, materials and component parts are constantly subjected to searching chemical, physical and metallurgical analysis. Under carefully controlled laboratory conditions, specialists measure pinpointed responses to stress situations.

Because Bulova's timepieces are designed to keep Time under varying conditions, materials are exposed to extremes of heat, cold, motion, gravity, altitude, pressure and abrasion, in addition to dust, water, electricity and other influences frequently encountered in end use.

Depending on end use, the elements of each Bulova watch style undergo specified series of materials tests. The specialized .0005" insulated copper wire used in the Accutron timepiece, for example, must pass a minimum tensile test of 45,000 pounds per square inch.

The materials ultimately selected for use in Bulova timepieces come from all parts of the world. Over the years, Bulova has developed a deep knowledge of which mining areas of the world and which manufacturers meet Bulova's high performance criteria.

From basic steels and copper alloys to diamonds and gold, Bulova maintains absolute quality control of all materials used in its products designed for industry, defense, the space program, and the consumer.

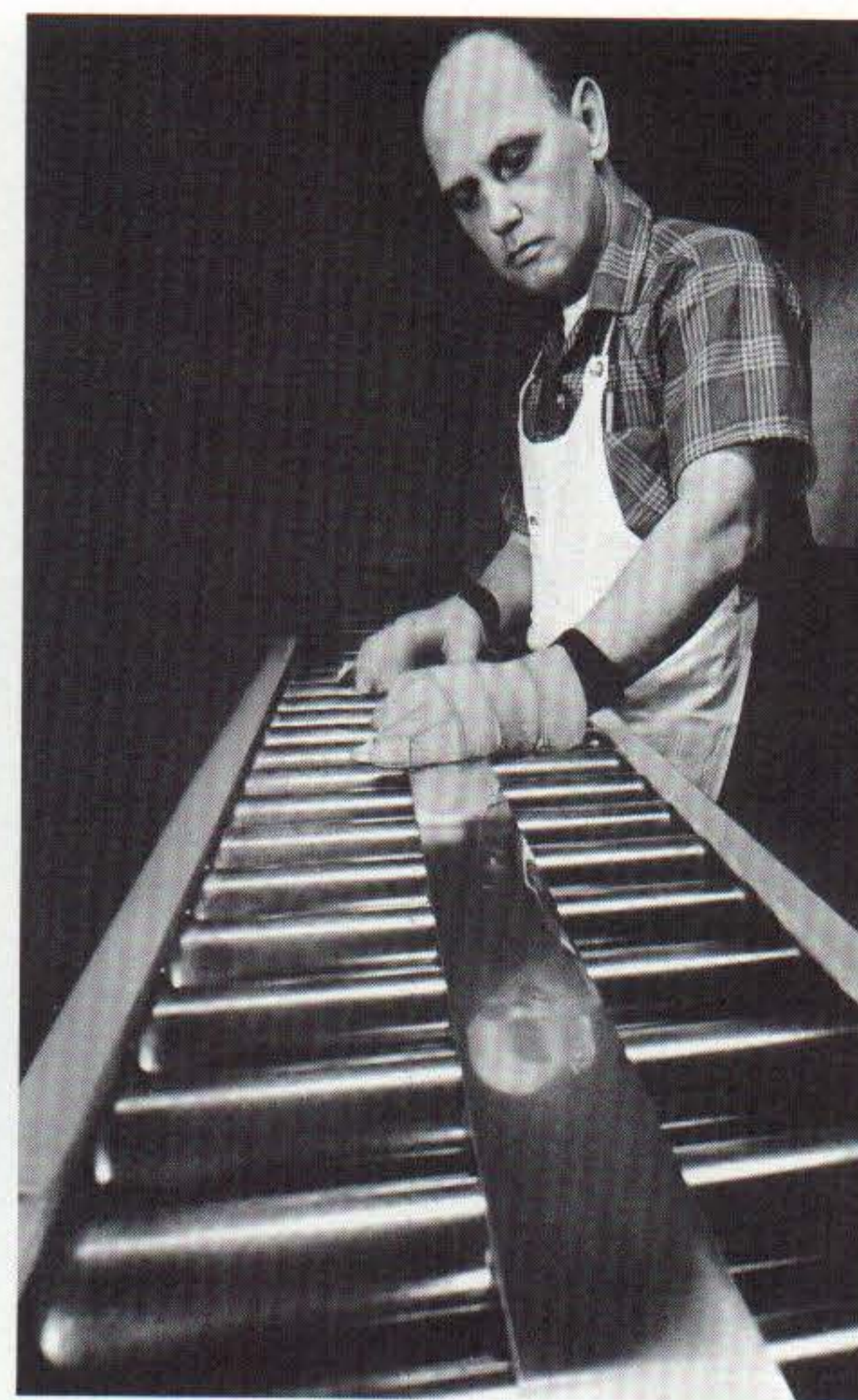
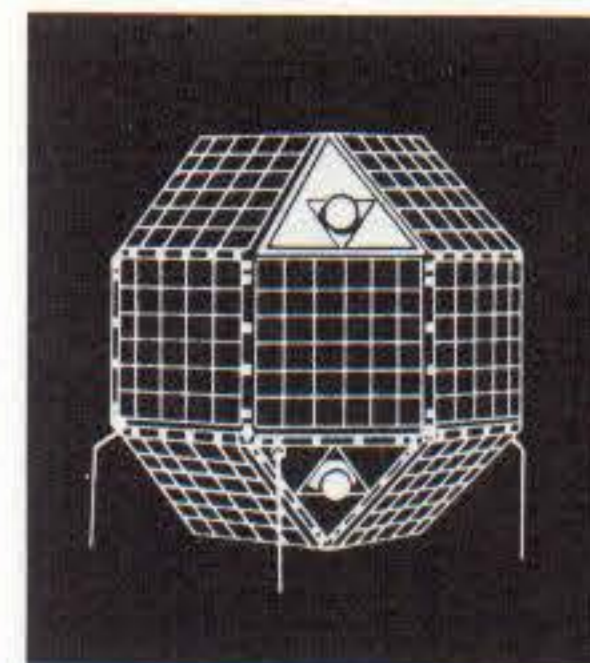


Shown are multi-faceted cases designed for pocket watches, to serve a variety of functions in the world today. Pocket watches are widely utilized in many countries to meet specialized requirements of industry, as well as more generalized consumer needs.



Pieces of silver of the highest purity are placed on tungsten filaments for evaporation plating of microscopically thin silver electrodes, a critical procedure in the production of quartz crystals with frequencies as high as 150 million cycles per second.

**LES 1** all solid-state experimental communications satellite was launched into orbit on February 11, 1965, equipped with one self-powered Accutron timer, programmed to switch off its radio transmitter in two years. The switch-off was on schedule.



Bulova is one of the largest users of Rolled Gold Plate and Gold Filled materials in the nation. Strips of gold plate, such as that shown above, are fabricated into parts requiring tolerances of a few millionths of an inch.

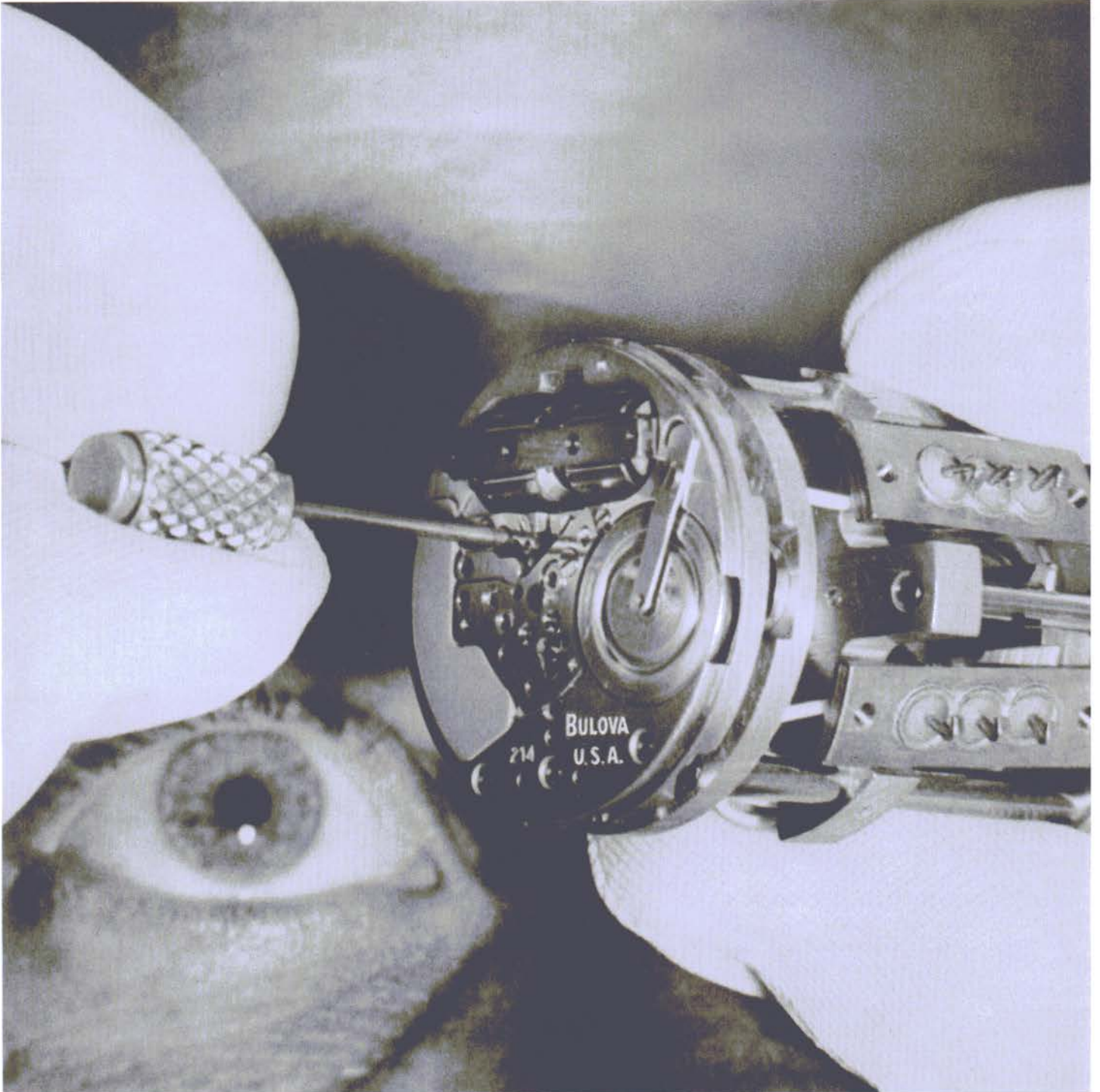


The Chemical Metallurgy Laboratory performs tests and analyses of all materials used in domestic watch manufacture. Here, electronically controlled equipment charts the tensile strength of a sampling of wire.



Watch Company, Inc. and Subsidiaries

## The Faces of Time



Long-duration Accutron master timer designed for scientific instruments package to be emplaced on the Moon by U.S. astronauts is programmed at the Timer Laboratory, in Bulova Park, Flushing, N. Y.



Unmeasured and in its purest form, Time is a void. For Man, the real values of Time depend on how he measures it and how he uses it. Beyond the normal scheduling needs of business and domestic and social activities, modern civilization presents countless situations in which the worth and the workings of timekeeping and time-monitoring devices derive from unique and broadly diversified applications.

Bulova has long contributed to such specialized requirements with a range of techniques and equipments to produce "discreet" time—timing designed to achieve *functional accuracy* in order to meet the specifications of particular projects.

Because of its totally integrated organization—research/engineering/manufacturing/marketing—Bulova has developed an acute sensitivity and alertness to the varied requirements confronting modern users of timing devices. Bulova's increasing success in this area is based on its advanced technology and professional manpower. To extend the frontiers of Time, Bulova maintains a highly specialized Timer Laboratory at Bulova Park, staffed by experts in fields of industrial timing, to multiply the applications of Accutron devices.

Perhaps the most dramatic performance of Bulova's specialized timing systems has been achieved over the past decade in conjunction with United States explorations of space, now scheduled to reach a major new phase with the landing of Project Apollo astronauts and scientific "packages" on the Moon.

In serving industry and government with individualized timing systems, Bulova is making a major contribution to the progress of mankind in such areas as medicine, communications, navigation, traffic control, mining the earth's resources, instrumentation, photography, transportation, space explorations, electronics, community emergency systems and other areas.



Operator of jewel setting machine performs work on pillar plates. Multiple stacking of assemblies facilitates handling.



Ordnance fuzes undergo rigorous sequence of visual and mechanical inspections at Providence, R.I. Under contract to the U.S. Department of Defense, Bulova's Providence Division produces approximately 400,000 time fuzes a month.

**Gemini 6 and Gemini 7,** each a two-man spacecraft with an Accutron GMT clock on command pilot's instrument panel, maneuvered to within 6 feet of each other on December 15, 1965, to conduct history's first manned in-orbit rendezvous.



Industrial Accutron timer units are custom engineered for specific applications and are lab checked for pinpoint performance. Here, the charted results of several Accutron models are recorded to determine individual accuracy.

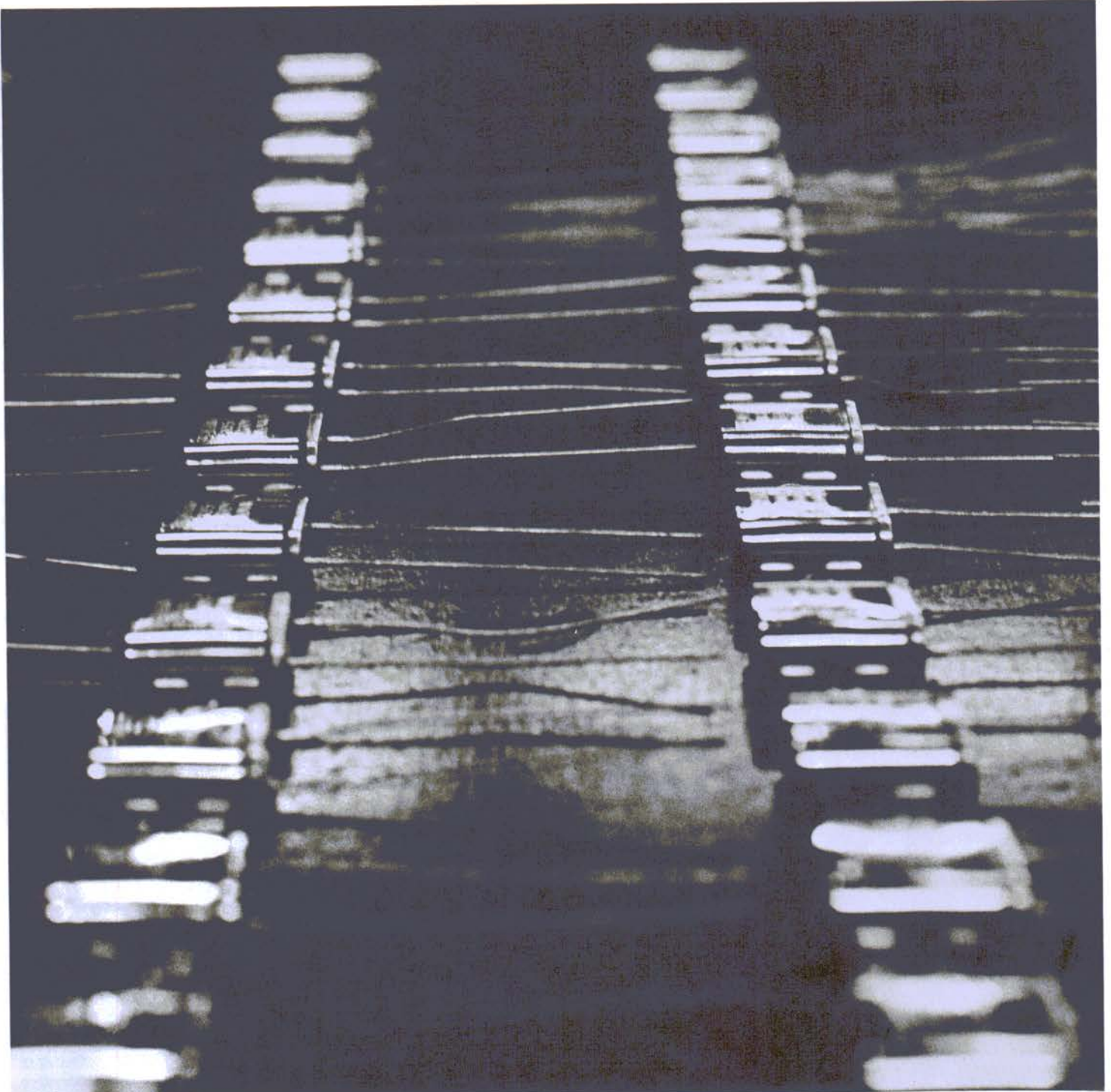


An inspector in the Electronics Division carefully measures the performance of precision crystals before shipment to customers for inclusion in advanced avionics systems.



Watch Company, Inc. and Subsidiaries

## The New Time



The HC-6 crystals with pigtail leads shown here are used in a variety of advanced communications applications for transmitters, crystal filters, frequency standards, and for various other frequency control systems.

**Gemini 8** two-man spacecraft, equipped with an Accutron GMT clock, conducted first in-orbit docking operation March 16, 1966 with an unmanned Gemini Agena Target Vehicle, equipped with a self-powered Accutron long-delay timer.



Before the Accutron timepiece was introduced, no watch in the world was guaranteed for measurable on-the-wrist accuracy. For Bulova, the Accutron timepiece—with its revolutionary tuning-fork and electronic circuitry—represents another step in a continuous discovery to enhance Man's relationship to Time.

"Tuning-fork" time today hums along at a rate of 360 vibrations a second, or 31,104,000 vibrations a day, for a proven accuracy standard averaging within two seconds a day or a minute a month. A leader in jeweled-lever balance wheel/hairspring movements, Bulova developed the Accutron timepiece to provide greater precision for both consumers and industrial users. So reliable and accurate is the Accutron movement that it is used in the programmed long-duration master timer incorporated in packages of scientific instruments to be emplaced on the Moon by the Apollo astronauts. These Accutron master timers are designed to perform reliably for up to twelve months after the return of the astronauts to Earth.

Bulova is already working on new frontiers of Time. At Bulova Park, scientists of the Advanced Research Laboratory are engaged in the most sophisticated horological investigations anywhere in the world today. The results of some of these investigations are already known.

Last year, your Company unveiled an experimental atomic clock model and an all-electronic quartz crystal timepiece—both capable of a potential accuracy to within one minute a year. In addition, the Bulova Satellite Clock, the world's first public satellite time-clock system, is now in operation in Mexico City. Four satellites, each in a separate polar orbit, permit the clock to maintain an accuracy of 86 one-millionths of a second a day.

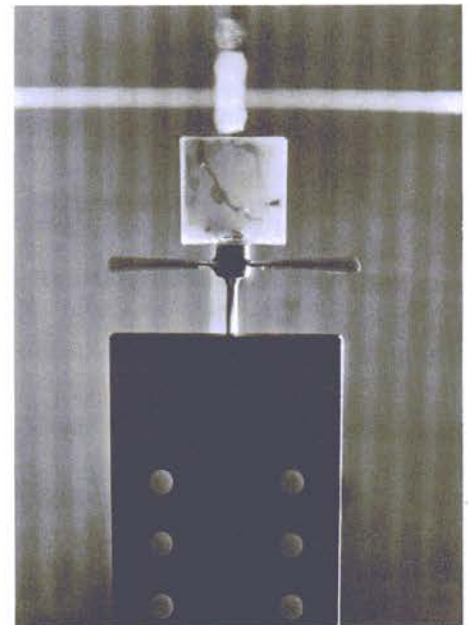
The Bulova Watch Company is proud of its role in the vanguard of the New Time.



An early stage in the design of a new Accutron calendar watch. Initial styling is based on in-depth market research and undergoes continuous refinements prior to engineering and production.



Accutron Marine Navigators are prepared for shipment at Timer Laboratory after accuracy tests that indicate a "deviation rate" of far less than a second a day. The Navigator, now the best-selling consumer navigation clock in the U.S., is for professional as well as amateur use.



This Bulova torsional light scanner operates on the same principle as the tuning-fork. The highly polished mirror oscillates on two axes simultaneously to provide precise scanning capability for lasers and other optical devices, for use in character recognition, target seeking, production of high energy laser beams, and large screen television projection.



The basis of future timekeeping systems is explored in Bulova's Advanced Research Laboratory, with the aid of specialized equipment. Shown here is a high-vacuum evaporator test unit and associated multi-channel nuclear particle spectrometer.



Watch Company, Inc. and Subsidiaries

## Perspective on Bulova

A 95-year-old company such as Bulova, while enjoying a reputation for solidity and venerableness, must also be highly innovative in its marketing and technology in order to survive competition in the 1960-70's. It is because Bulova exemplifies the traditional industrial organization that has leaped to leadership in modern times that a new look at the Company is in order. Management is pleased to present the 1969 Perspective on Bulova, to provide additional essential information for the benefit of shareholders, security analysts and other interested members of the financial community.



Omar N. Bradley, H. B. Henshel

The following dialogue, in aggregate, is typical of the many inquiries received in the course of the year, along with answers and explanations by various members of management. Through the means of the Annual Report, interim reports and other statements and communications issued during the year, it is Bulova's aim to maintain close contact with its varied audiences and followers in the United States and abroad. It is the conviction of management that timely disclosure-in-depth, relative to all important matters of the Company's progress and future goals, should be fully understood for sound decision-making among the growing number of Bulova investors.

### Question:

Considering that Bulova is fundamentally a manufacturer and marketer of watches for consumers, what have been the Company's long-range plans to increase sales?

### Answer:

We devised an overall strategy more than ten years ago to build sales in Bulova's traditional markets and also to penetrate new markets. At that time, the domestic watch business was undergoing tremendous changes. Acceptance of the jeweled-lever type of watch was being undermined by the "throwaway" pin lever watch. Our sales were declining and we had to take some major steps fast to turn the Company around. That we succeeded, even beyond our own expectations, is evident in the year-end results over the past decade. In the fiscal year 1958-59, consumer sales totalled \$44.5 million; in the year just ended, they were 2.3 times that amount. Our net income during the past ten years has grown at an average rate of 14.6% per year, compounded. For the past five years—the rate of growth has been 19.5% per year.

From a merchandising approach, what Bulova has done is to embrace the total watch-buying market, in the United States as well as abroad. We are providing today a range of watch lines and styles to meet every occasion and every individual budget. We were able to achieve this through close technological and marketing coordination.

Accutron, Bulova, Caravelle, these are our chief lines. The Accutron timepiece, incorporating a revolutionary tuning-fork principle, made its consumer debut in 1960. Priced in the upper range, demand for the various Accutron styles keeps rising. At the other end is our relatively low-priced jeweled-lever Caravelle, which we introduced to consumers in 1961. The Caravelle has become extremely popular, with sales rising at an average annual rate compounded of 15% during the past five years.

By diversifying our watch lines and producing exciting new products in different price ranges, we are complementing the traditionally stable sales performance of

the world renowned Bulova brand. And by expanding into international markets, we are satisfying a universal consumer demand for quality timepieces in every range.

### Question:

How do you foresee the growth pattern of Bulova in the next few years?

### Answer:

As in the past, most of our energies, talent and capital will be expended in the consumer market, and it is here that we anticipate our most significant growth. During fiscal 1968-69, 69% of our total volume came from this area, with 31% from industrial/defense operations. If we can maintain the growth trend in our consumer products achieved during the past few years, we can continue to meet our corporate objectives set some time ago of an annual 10% to 15% rise in earnings. The quality, variety and merchandising



Left to Right: John Chiappe, Vice President; George C. Sheinberg, Treasurer; Sol E. Flick, Executive Vice President; Harry B. Henshel, President; and Lawrence F. Codraro, Secretary.

thrust of our consumer products will aid considerably in attaining our objectives. It should be mentioned that the further rise this past year in our industrial and defense business was not originally anticipated in 1968-69. As the Vietnam war subsides and moves toward termination, our defense activity will subside accordingly, but, we hope, will not materially alter our overall

performance—so long as our consumer products grow at their targeted rates and so long as the decline in defense business is a gradual one, as we expect.

In addition, we continue to actively seek compatible acquisitions in consumer product areas where our marketing, merchandising and distribution skills will provide a sounder combined organization.



Harry B. Henshel, S. E. Flick

**Question:**

Sales of Bulova's Accutron tuning-fork watches have been growing steadily—even dramatically—since the line was introduced in 1960. Have you come close to saturating the market for Accutron, or is it likely that Accutron sales will continue to accelerate for some time to come?

**Answer:**

For several sound reasons, we believe that sales of Accutron watches will continue to grow for many years to come. While it is true that our Accutron timepiece sales have tripled in the past five years, it should be remembered that this success was achieved during a time when our marketing studies indicated that a very small part of the public was even aware of the Accutron brand, or of the advantages of a tuning-fork watch. Our research studies showed, however, that Accutron had spectacular appeal to those who were aware of the brand. We are now in the process of increasing consumer awareness of the brand and of its advantages through the largest magazine and television advertising campaign ever mounted for any Bulova

timepiece. In every ad we call Accutron "the most accurate watch in the world." The magazine campaign is directed primarily at technical, professional and managerial men from 25-50 years of age. The television campaign is designed to build a broad base of consumer awareness among all segments of the public, to take advantage of the universal appeal of the superior Accutron tuning-fork movement. Both magazines and television provide a large secondary audience of women, who generally are less aware of the brand. Obviously, we want to increase awareness and acceptance among women so that they will buy Accutron watches as gifts.

To date Accutron watch sales have been considerably less seasonal than conventional watch sales. Normally, 65% of all watches are purchased as gifts. In the case of Accutron, only about 40% have been purchased as gifts, the remainder being bought mostly by men *for themselves*.

As we succeed in increasing awareness of Accutron and gift purchases of Accutron, obviously we will increase total Accutron sales.

**Question:**

Will the agreements under which you have licensed foreign manufacturers to produce tuning-fork movements based on Bulova patents have the effect of cutting into Bulova's own Accutron sales?

**Answer:**

In our opinion absolutely not. We have a long head-start on all other manufacturers in producing and marketing tuning-fork timepieces. We have established marketing leadership in the field. We have built up and have in operation a very large marketing network, and our dealers have accumulated a vast store of expertise in servicing and repairing our Accutron movements. It will be virtually impossible for anyone to overtake us in sales of tuning-fork movements, which is of course why we considered the licensing agreements—which will help to increase awareness of tuning-fork timepieces while

**Pegasus 2** meteoroid-detection satellite was launched into orbit on May 25, 1965, equipped with two self-powered Accutron timers, programmed to switch off the satellite's radio transmitter in 18 months. The switch-off occurred as scheduled.



at the same time providing us with additional income in royalties.

**Question:**

Is Bulova "geared up" to meet increased watch demands and "geared down" in the eventuality of decreased defense sales?

**Answer:**

Bulova's marketing and manufacturing arms are closely coordinated. Through pinpointed merchandising efforts that support the quality and excitement of our watch products, we expect to stimulate a rising consumer demand, domestically and internationally. Our far-flung plants are in full production; we are introducing dramatic new watch styles; and we have increased our advertising and other promotional expenditures for the year ahead. We are fully poised and "geared up" for any rise in watch demand that we might encounter.



Sol E. Flick

Regarding our defense activities, we would truly welcome for a variety of considerations an end to the hostilities in Vietnam. Though we did experience an unexpected rise in business from this area during 1968-69, any falloff from this level would most likely be gradual, as the Armed Forces that Bulova supplies with ordnance fuzes would certainly want to rebuild present dwindling stockpiles. Moreover, while we are presently "geared up" to meet the military obligations of the nation, we are equally "geared up" to provide products of peace for various industrial applications.



## Financial Review

### Net Income

Net income for the year ended March 31, 1969 increased by 31% to \$5,944,068, compared with \$4,536,771 the previous year. Fiscal 1968-69 marked the seventh consecutive year in which net income of the Company rose by 14% or more. The compounded earnings growth for the seven year period was 24%.

Pre-tax profit margins increased at a rate more than sufficient to offset the effects of the federal income tax surcharge. These record earnings reflected improved profitability in both the consumer and industrial/defense areas of our business.

Net interest expense decreased by \$422,128 due to significantly lower average short-term borrowings as a result of improved turnover of both inventories and receivables during the year, and due to higher interest earned in the consumer products area.

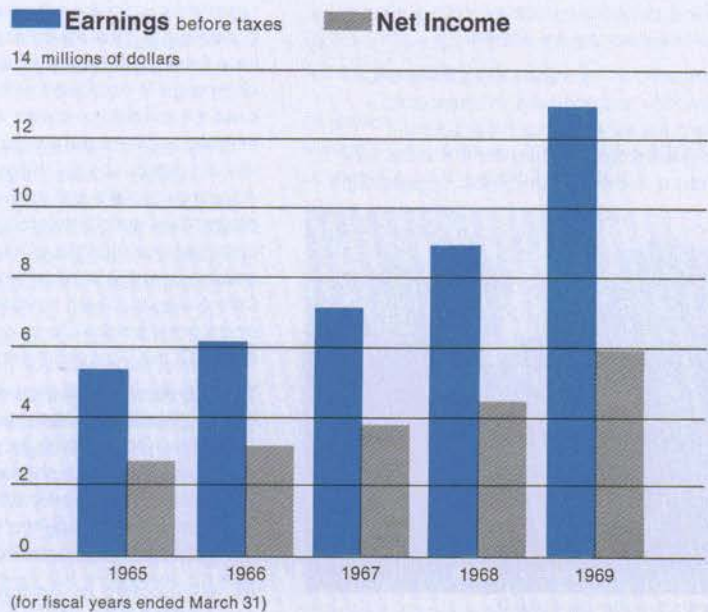
### Net Income Per Share

Earnings per share increased by 25.8% to \$2.68, compared with \$2.13 the previous year. These figures are based on the average number of shares outstanding during the respective fiscal years, 2,218,777 in 1968-69 and 2,134,905 in 1967-68. The increase in shares resulted mainly from \$2.8 million of debenture conversions during the year. At March 31, 1969 there were 2,301,705 shares outstanding. Assuming that all conversions of the debentures and exercise of options which took place during the fiscal year had occurred at the beginning of the fiscal year, earnings per share would have been \$2.59.

Fully diluted earnings per share, assuming conversion of all debentures and the exercise of all outstanding options, reached \$2.37 in 1968-69, compared with \$1.88 in the previous twelve-month period.

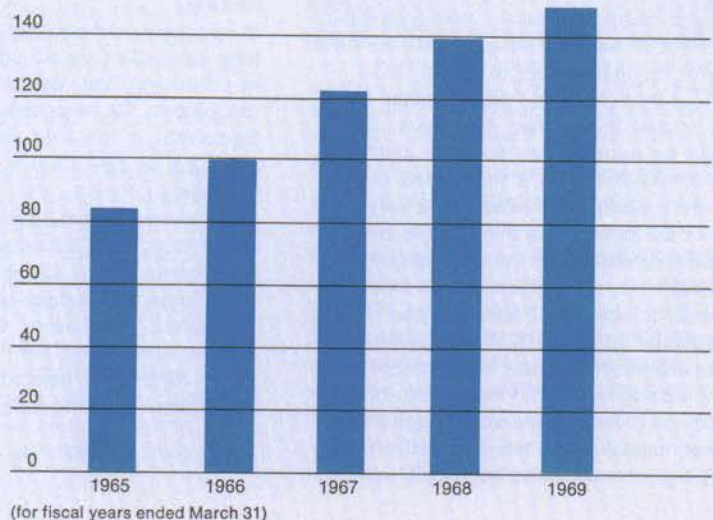
### Sales

Sales of the Company reached an all-time high of \$148,928,724 for an increase of 6.6% over



### Net Sales

160 millions of dollars







## Five Year Financial Review

Fiscal Years Ended March 31

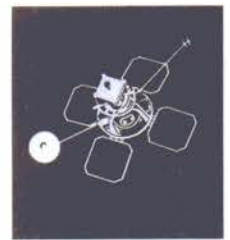
	1969	1968	1967	1966	1965
<b>Operating Results:</b>					
Net sales .....	\$148,928,724	\$139,752,549	\$123,877,017	\$99,754,581	\$84,200,736
Income before income taxes and minority interests .....	12,982,212	8,926,771	7,199,983	6,168,670	5,459,579
Net income .....	5,944,068	4,536,771	3,899,983	3,243,670	2,784,579
Net income per share* .....	\$2.68	\$2.13	\$1.86	\$1.55	\$1.33
Net income per share assuming full dilution .....	\$2.37	\$1.88	\$1.64	\$1.40	\$1.19
Cash Dividends paid .....	1,777,900	1,459,812	1,207,303	1,181,774	1,158,228
Earnings retained after cash dividends ...	4,166,168	3,076,959	2,692,680	2,061,896	1,626,351
Cash Dividends paid per share .....	80¢	70¢	60¢	60¢	60¢
Stock Dividend paid .....	2%	2%	2%	2%	2%
<b>Financial position (Year-end):</b>					
Current assets .....	\$103,128,054	\$104,186,616	\$ 99,258,884	\$88,240,389	\$74,002,660
Current liabilities .....	40,907,489	43,942,640	41,853,752	32,152,282	18,887,171
Working capital .....	62,220,565	60,243,976	57,405,132	56,088,107	55,115,489
Total assets .....	119,024,110	118,097,347	112,482,741	98,970,153	83,580,663
Stockholders' equity .....	57,590,570	50,021,475	46,403,951	43,359,608	41,269,516
Stockholders' equity per share** .....	\$25.02	\$23.26	\$21.84	\$20.58	\$19.65
Long-term debt .....	18,606,972	22,973,814	23,189,600	22,482,500	22,482,500
<b>Additional data:</b>					
Additions to Plant Property, net .....	\$2,879,799	\$2,608,614	\$2,401,459	\$1,608,661	\$1,208,439
Average number of shares, excluding stock held for resale, adjusted for 2% stock dividends of June 1965, 1966, 1967 and 1968 .....	2,218,777	2,134,905	2,094,730	2,090,928	2,088,769

\*Based on the average number of shares outstanding during each period adjusted retroactively for the 2% stock dividends of June 1965, 1966, 1967 and 1968.

\*\*Based on number of shares outstanding at the end of each period, adjusted retroactively for stock dividends.



**Lunar Orbiter 5** Moon-mapping satellite was launched towards the Moon on July 31, 1967, its photographic sub-system equipped with Bulova tuning-fork timer. The satellite impacted on the Moon, under NASA control, at 07:58/08.27 GMT January 31, 1968.



## Consolidated Statement of Income and Earned Surplus

Year Ended March 31, 1969 with Comparative Figures for 1968

	1969	1968*
Net sales .....	\$148,928,724	\$139,752,549
Cost of goods sold .....	98,837,316	96,530,296
Gross profit from sales .....	50,091,408	43,222,253
Selling, general and administrative expenses .....	29,971,372	27,463,202
Profit from operations (after deducting depreciation: 1969—\$1,309,466; 1968—\$1,124,079) .....	20,120,036	15,759,051
Income charges (credits):		
Taxes, other than U.S. and foreign income taxes .....	4,660,649	4,044,683
Interest paid .....	2,892,928	3,156,417
Contributions to employees' retirement plans (note 6) .....	238,776	154,701
Interest and other income .....	(654,529)	(523,521)
	7,137,824	6,832,280
Income before income taxes and minority interests in net income of subsidiaries .....	12,982,212	8,926,771
U.S. and foreign income taxes (note 2):		
Currently payable .....	7,368,642	4,266,020
Deferred .....	(358,642)	123,980
	7,010,000	4,390,000
Income before minority interests in net income of subsidiaries .....	5,972,212	4,536,771
Minority interests in net income of subsidiaries .....	28,144	—
Net income for the year .....	5,944,068	4,536,771
Earned surplus at beginning of the year .....	36,746,887	34,616,313
	42,690,955	39,153,084
Deduct dividends paid:		
Cash—\$.80 per share (\$.70 in 1968) .....	1,777,900	1,459,812
Stock—2% (note 4) .....	1,468,177	946,385
	3,246,077	2,406,197
Earned surplus at end of the year (retained for use in the business)—(notes 3 and 4)	\$ 39,444,878	\$ 36,746,887
Net income per average common share .....	\$2.68	\$2.13
Net income per share assuming full dilution (note 4) .....	\$2.37	\$1.88

\*Certain 1968 amounts have been reclassified for comparative purposes.

(See Notes to Financial Statements)



Watch Company, Inc. and Subsidiaries

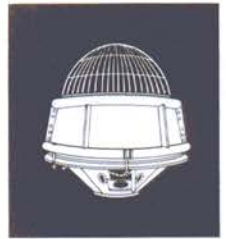
## Consolidated Balance Sheet

March 31, 1969 with Comparative Figures at March 31, 1968

ASSETS	1969	1968
<b>Current assets:</b>		
Cash .....	\$ 6,381,067	\$ 5,228,006
Customers' accounts and notes receivable (less allowance for doubtful accounts and notes: 1969—\$1,150,739; 1968—\$1,072,466) .....	41,427,683	40,286,610
Other receivables .....	1,315,603	1,219,788
Inventories, at cost or less:		
Watch materials, including finished parts .....	39,335,173	42,251,457
Industrial and defense materials (net of progress collections: 1969—\$1,163,025; 1968—\$2,235,310) .....	7,374,521	7,631,005
Precious metals .....	4,276,880	4,137,931
Other .....	2,037,905	2,549,806
	53,024,479	56,570,199
Prepaid expenses .....	979,222	882,013
Total current assets .....	103,128,054	104,186,616
<b>Noncurrent receivables and other assets</b> .....	1,625,563	1,129,332
<b>Investment in Swiss subsidiary, not consolidated, at cost (note 1)</b> .....	—	141,988
<b>Plant property, at cost (note 2):</b>		
Land, buildings and improvements .....	11,268,246	10,358,320
Machinery and equipment .....	11,882,355	10,176,089
Furniture, fixtures and leasehold improvements .....	1,684,449	1,363,426
	24,835,050	21,897,835
Less accumulated depreciation .....	10,758,410	9,503,081
	14,076,640	12,394,754
<b>Deferred charges</b> .....	193,853	244,657
	\$119,024,110	\$118,097,347

(See Notes to Financial Statements)

**30-Day Biosatellite**  
 biological-experiments  
 satellite is scheduled  
 for summer 1969 launch,  
 equipped with a self-  
 powered Accutron clock  
 to continuously time-  
 code photos taken of a  
 live monkey during 30-  
 day mission.



LIABILITIES	1969	1968
<b>Current liabilities:</b>		
Unsecured notes payable to banks and others (including current instalment on long-term debt: 1969—\$1,516,435; 1968—\$236,410) .....	\$ 23,333,075	\$ 29,613,631
Accounts payable .....	8,840,095	8,099,370
Accrued salaries, wages, commissions and expenses .....	5,517,617	3,717,749
Accrued domestic and foreign taxes .....	3,216,702	2,511,890
Total current liabilities .....	40,907,489	43,942,640
<b>Long-term debt (note 3):</b>		
5% Promissory Notes due May 31, 1979 .....	13,120,000	14,400,000
4½% Convertible Subordinated Debentures due August 1, 1984 .....	4,926,200	7,821,000
5¾% Promissory Notes due December 31, 1970 .....	236,435	472,820
5%-6% Mortgages payable .....	324,337	279,994
Total long-term debt .....	18,606,972	22,973,814
Deferred Federal taxes on income (note 2) .....	800,776	1,159,418
Deferred Income .....	932,867	—
Minority interests in net assets of subsidiaries .....	185,436	—
<b>Stockholders' equity (notes 3 and 4):</b>		
Common stock, \$5 par value:		
Authorized: 5,000,000 shares .....		
Issued: 1969—2,311,944 shares; 1968—2,127,991 shares .....	11,559,720	10,639,955
Capital surplus .....	6,715,758	2,908,621
Earned surplus (retained for use in the business) .....	39,444,878	36,746,887
Total common stock and surplus .....	57,720,356	50,295,463
Deduct common stock, at cost, held for resale to officers and employees:		
1969—10,239 shares; 1968—19,800 shares .....	129,786	273,988
Total stockholders' equity .....	57,590,570	50,021,475
Total liabilities and stockholders' equity .....	\$119,024,110	\$118,097,347

(See Notes to Financial Statements)

## Notes To Financial Statements

### Note 1. Principles of Consolidation:

The accompanying consolidated financial statements include the accounts of Bulova Watch Company, Inc. and all of its subsidiaries. A majority-owned Swiss subsidiary was not consolidated in 1968.

Foreign currency items, principally Canadian and Swiss, included in the consolidated balance sheet consist of current assets \$22,888,000, other assets \$4,002,000, and liabilities \$11,381,000. Sales of the foreign subsidiaries of the Company amounted to \$16,044,000 for 1969. All foreign currency items have been converted at year-end exchange rates as to current assets and current liabilities, and at rates of exchange at time acquired as to plant property. It is the Company's practice to reflect any unrealized profit or loss in the consolidated statement of income and earned surplus.

### Note 2. Federal Income Taxes:

Deferred Federal taxes on income have been reflected in the accompanying consolidated financial statements to provide for the excess of tax over book depreciation of certain plant property and for certain other differences between tax and book accounting. For book purposes plant property is depreciated on a straight-line method over the estimated useful lives of the assets. Accelerated depreciation methods are used for tax purposes. At such time as book depreciation exceeds tax depreciation, the tax applicable to such excess will be returned to income.

Federal income tax returns for the years ended March 31, 1966 and prior have been examined by the Treasury Department and all taxes for such years have been paid.

### Note 4. Stockholders' Equity:

On August 6, 1968, the Company's stockholders authorized an amendment to the Certificate of Incorporation providing for the issuance of 500,000 shares of preferred stock and approved the 1968 stock option plan covering the issuance of 100,000 common shares.

The following represents the transactions affecting stockholders' equity during the year ended March 31, 1969:

	Stockholders' Equity						
	Common stock, \$5 par value, shares issued	Treasury Shares	Total	Common Stock	Capital Surplus	Earned Surplus	Treasury Shares, at Cost
Balance March 31, 1968	2,127,991	19,800	\$50,021,475	10,639,955	2,908,621	36,746,887	(273,988)
Add:							
Shares issued upon conversion of \$2,894,800 of convertible debentures, net of related deferred debt expense	124,088	—	2,825,984	620,440	2,205,544	—	—
Shares issued upon exercise of stock options or distributed for employee service awards	17,235	(9,836)	576,943	86,175	346,566	—	144,202
Shares issued in connection with 2% stock dividend paid June, 1968 (at market value of shares issued)	42,630	275	—	213,150	1,255,027	(1,468,177)	—
Net income	—	—	5,944,068	—	—	5,944,068	—
	183,953	(9,561)	9,346,995	919,765	3,807,137	4,475,891	144,202
Deduct cash dividends	—	—	(1,777,900)	—	—	(1,777,900)	—
Balance March 31, 1969	2,311,944	10,239	\$57,590,570	11,559,720	6,715,758	39,444,878	(129,786)

No options were granted during 1969 under the Company's option plans. Options for 17,235 shares were exercised and options for 1,060 shares were cancelled under the 1964 qualified stock option plan leaving 63,389 shares under option at March 31, 1969 at \$16.91 and \$27.15 per share (after adjustment for 2% stock dividend paid June, 1968). Under this plan 4,494 shares may be granted subsequent to March 31, 1969. Under a prior plan, 7,375 shares were exercised and options to purchase 166 shares were cancelled during the year. At March 31, 1969, there remained 9,161 shares under option at a price of \$19.92 per share. No additional options may be granted under this plan.

Assuming that all conversions of debentures and exercise of options which took place during the year had occurred at the beginning of the year, net income per average common share would have been \$2.59. On the basis of this assumption and assuming the issuance of stock reserved for options and conversions of debentures, and the elimination of debenture interest charges, net of taxes, fully diluted net income per share of common stock would be \$2.37 (\$1.88 in 1968.)

### Note 5. Contracts Subject to Renegotiation:

Profits under contracts with the United States Government subject to renegotiation have been cleared through the year ended March 31, 1968. Management is of the opinion that no excess profits were realized for the year ended March 31, 1969.

### Note 6. Retirement Plans:

The Company maintains a non-contributory pension plan for all of its employees

### Note 3. Long-Term Debt:

#### (a) 5% promissory notes due May 31, 1979:

The notes are payable in instalments of \$1,280,000 on January 31 in each of the years 1970 to 1979, inclusive, and a final instalment of \$1,600,000 on May 31, 1979. The notes contain minimum working capital requirements and place restrictions on the creation of additional indebtedness and other corporate actions, including the payment of dividends other than stock dividends. At March 31, 1969, earned surplus not restricted as to payments of dividends amounted to approximately \$16,571,000.

#### (b) 4½% convertible subordinated debentures due August 1, 1984:

The indenture relating to the debentures provides for a sinking fund for the redemption at par on August 1 in each year, beginning August 1, 1975, of not less than 10% or more than 20% of the total principal amount of debentures outstanding on July 31, 1974. Additional debentures may be redeemed at any time at stipulated premium prices. Debentures converted into shares of common stock, or otherwise cancelled or redeemed (but not through the sinking fund, except in excess of the minimum annual requirement) on or after August 1, 1974, may be credited against subsequent sinking fund requirements.

The debentures are convertible into common stock at the rate of 4.29 shares for each \$100 principal amount of debentures, subject to anti-dilution provisions.

The indenture places restrictions on various corporate actions, but these are generally less stringent than those contained in the 5% promissory notes referred to in (a) above.

in the United States. The Company's required contribution to the fund is determined after giving consideration to assumed earnings on the fund assets. Based upon the assumed earnings rate (unchanged during the year), earnings of the fund were sufficient to provide for the actuarially computed benefits and, accordingly, no provision for contributions by the Company was required for 1969.

Separate retirement plans are maintained by the Company's Swiss branch and by several foreign subsidiaries. The contributions to employees' retirement plans as reflected in the accompanying statement of income and earned surplus for 1968 and 1969 relate to the foreign subsidiaries of the Company.

## Report of Independent Certified Public Accountants

To the Stockholders and Board of Directors  
Bulova Watch Company, Inc.:

We have examined the consolidated balance sheet of Bulova Watch Company, Inc. and subsidiaries as of March 31, 1969 and the related statement of income and earned surplus for the year then ended. Our examination 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. The financial statements of the Swiss branch and the Swiss subsidiaries of the Company, which are included in the consolidated statements, were examined by other independent public accountants whose reports have been furnished to us. The assets and net sales so examined constitute 12% and 6%, respectively, of the related consolidated figures.

In our opinion, based upon our examination and the aforementioned reports of other independent public accountants, the accompanying consolidated financial statements present fairly the financial position of Bulova Watch Company, Inc. and subsidiaries at March 31, 1969 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

345 Park Avenue  
New York, N.Y.  
June 13, 1969

PEAT, MARWICK, MITCHELL & CO.

# Bulova Watch Company, Inc.

## Officers

Harry B. Henshel, President  
David Anderson, Executive Vice President  
August R. Bozzo, Executive Vice President  
Sol E. Flick, Executive Vice President and General Counsel  
William O. Bennett, Vice President  
John J. Carpenter, Vice President  
John Chiappe, Vice President and Controller  
Gerard A. Donovan, Vice President  
Irving D. Holczer, Vice President  
Rene Perret, Vice President  
Michael D. Roman, Vice President  
Arthur Schwartz, Vice President  
Robert Schwebel, Vice President  
Haskell C. Titchell, Vice President  
Lawrence F. Codraro, Secretary  
George C. Sheinberg, Treasurer  
Dale O. Hiestand, Assistant Controller  
Isidore Roberts, Assistant Treasurer  
Roland P. Talbot, Assistant Secretary and Assistant Controller

## Transfer Agent

Morgan Guaranty Trust Company of New York  
30 West Broadway, New York, New York 10015

## Registrar

Manufacturers Hanover Trust Company  
40 Wall Street, New York, New York 10015

## Bulova Plant Facilities

### Domestic Plant Locations

Bulova Park, Flushing, N.Y.  
Woodside, N.Y.  
Woodside, N.Y.  
Sag Harbor, N.Y.  
South Valley Stream, L.I., N.Y.  
Westbury, L.I., N.Y.  
Providence, R.I.  
Providence, R.I.  
Warwick, R.I.

### Functions

Research, Manufacturing,  
Administration & Distribution  
Manufacturing, Development  
Production & Assembly  
Manufacturing  
Manufacturing, Engineering &  
Development  
Warehousing, Shipping, Service,  
Receiving  
Manufacturing  
Manufacturing  
Manufacturing

### Products

Watches, Research and Development; Timers  
Watch service equipment; Electronics products  
Crystals, Filters, Oscillators and Servo-amplifiers  
Watch cases  
Artillery and Mortar fuzes, Safe & Arm Devices;  
Automation Equipment  
Clocks; Radios  
Watch cases; Industrial and Military products  
Watch cases; Industrial and Military products  
Watch cases; Industrial and Military products

### Foreign Manufacturing Facilities

Bienne, Switzerland  
Neuchatel, Switzerland  
Geneva-Carouge, Switzerland  
Bienne, Switzerland  
Christiansted, St. Croix, Virgin Islands  
Toronto, Ontario, Canada  
Villers-le-Lac, France

Manufacturing  
Assembly, Research & Manufacturing  
Manufacturing  
Manufacturing  
Manufacturing  
Manufacturing, Sales & Service  
Manufacturing

Watches and components  
Watches and Watch movements  
Watches  
Watches, Compasses; Escapements  
Watch movements  
Watches, Radios, Clocks; Timing machines  
Machinery and Equipment

## Consumer Products—Domestic

### Watches

**Accutron**—patented electronic tuning-fork watch; introduced in 1960. Retail price: \$110 and up.

**Bulova**—America's leading jeweled-lever watch brand since 1933. Retail price: \$35.00 and up.

**Caravelle**—low-priced, jeweled-lever watch, which was introduced in 1961. Retail price: \$10.95-to-\$49.95.

### Clocks, Radios and Cleaning Solutions

Repair parts, cleaning solutions; watch service equipment.

## Consumer Products—International

### Major Marketing Subsidiaries:

Bulova Watch Co., Ltd.—Canada  
Bulova International Ltd.—Hong Kong; Switzerland  
Bulova Watch S.p.A.—Italy  
Bulova U.K. Ltd.—United Kingdom  
Bulova GmbH—Germany  
Bulova de Mexico, S.A. de C.V.—Mexico  
Universal Geneve—Switzerland

## Industrial-Defense Divisions:

Systems and Instruments—fuzes, automation and industrial products.  
Electronics Divisions—quartz crystal and tuning-fork frequency control systems and components.  
Providence Division—industrial and fuze applications.  
Timer Division—Accutron-based industrial timers.

## Officers

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**August R. Bozzo**, Executive Vice President  
**Sol E. Flick**, Executive Vice President and General Counsel  
**William O. Bennett**, Vice President  
**John J. Carpenter**, Vice President  
**John Chiappe**, Vice President and Controller  
**Gerard A. Donovan**, Vice President  
**Irving D. Holczer**, Vice President  
**Rene Perret**, Vice President  
**Michael D. Roman**, Vice President  
**Arthur Schwartz**, Vice President  
**Robert Schwebel**, Vice President  
**Haskell C. Titchell**, Vice President  
**Lawrence F. Codraro**, Secretary  
**George C. Sheinberg**, Treasurer  
**Dale O. Hiestand**, Assistant Controller  
**Isidore Roberts**, Assistant Treasurer  
**Roland P. Talbot**, Assistant Secretary and Assistant Controller

## Transfer Agent

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 30 West Broadway, New York, New York 10015

## Registrar

Manufacturers Hanover Trust Company  
 40 Wall Street, New York, New York 10015

## Bulova Plant Facilities

### Domestic Plant Locations

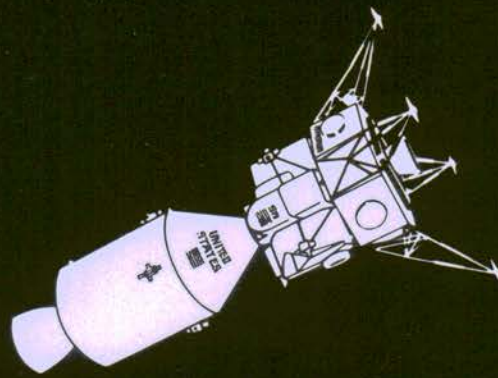
Bulova Park, Flushing, N.Y.  
 Woodside, N.Y.  
 Woodside, N.Y.  
 Sag Harbor, N.Y.  
 South Valley Stream, L.I., N.Y.  
 Westbury, L.I., N.Y.  
 Providence, R.I.  
 Providence, R.I.  
 Warwick, R.I.

### Functions

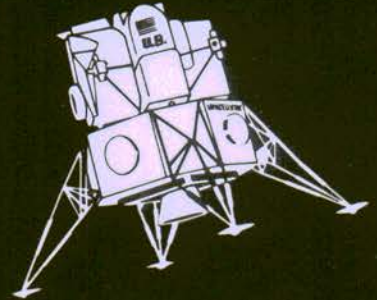
Research, Manufacturing,  
 Administration & Distribut  
 Manufacturing, Developmen  
 Production & Assembly  
 Manufacturing  
 Manufacturing, Engineering  
 Development  
 Warehousing, Shipping, Serv  
 Receiving  
 Manufacturing  
 Manufacturing  
 Manufacturing

### Foreign Manufacturing Facilities

Bienne, Switzerland Manufacturing  
 Neuchatel, Switzerland Assembly, Research & Manu  
 Geneva-Carouge, Switzerland Manufacturing  
 Bienne, Switzerland Manufacturing  
 Christiansted, St. Croix, Virgin Islands Manufacturing  
 Toronto, Ontario, Canada Manufacturing, Sales & Serv  
 Villers-le-Lac, France Manufacturing



**To the Moon** Three U.S. Project Apollo astronauts are scheduled to move into lunar orbit aboard the Command Module, locked to the Lunar Module. Two astronauts will climb into the Lunar Module, which will separate from the Command Module and descend for a landing on the Moon's surface (below).



**On The Moon** After the two Apollo astronauts in the Lunar Module reach the Moon, they will land "packages" of scientific instruments designed to conduct experiments on the lunar surface for periods of up to one year. These packages are the Early Apollo Scientific Experiments Payload (EASEP) and the Apollo Lunar Surface Experiments Package (ALSEP). Both incorporate programmed long-duration Accutron master timers.



**Report To Earth** Emplacement of EASEP's Passive Seismometer by an Apollo astronaut is scheduled for the first U.S. manned landing attempt on the Moon. The seismometer will detect—and report to Earth—the slightest movements of the lunar crust. Its Accutron timer is self-powered to operate for a minimum of one year just like consumer models of Accutron watches.

## Subsidiaries

Atlantic Time Products Corporation  
Bulova (Africa) (Proprietary) Limited  
Bulova de Mexico, S.A. de C.V.  
Bulova Electronics International, S.A.  
Bulova GmbH  
Bulova (Holdings) (Africa) (Pty.) Limited  
Bulova International Limited  
Bulova U. K. Limited  
Bulova Watch Company Limited  
Bulova Watch S.p.A.  
Canadian Time Products Limited  
Dominion Watch Case Limited  
Manufacture Des Montres Universal Perret Frères S.A.  
Montres Bulova S.A.  
Perret Brothers U.K. Limited  
Recta Manufacture d'Horlogerie S.A.  
Relógios Universal E Bulova Do Brasil Ltda.  
Relojes Universal Argentina S.A.C.I.  
S.A. Immeubles Clos Rondot  
Société de Vente des Montres Universal S.A.  
Universal Geneve de Mexico, S.A. de C.V.  
Universal Geneve of Canada Limited



### **Bulova Watch Company, Inc.**

Executive & Sales Offices  
630 Fifth Avenue  
New York, N. Y. 10020

