



BULOVA

Annual Report

for the year **1962**
ended March 31,

ACCUTRON®



Symbol of Accuracy
through Electronics

World's Only Electronic Wrist Timepiece



ACCUTRON 501
14 karat gold case and bracelet.
\$395.

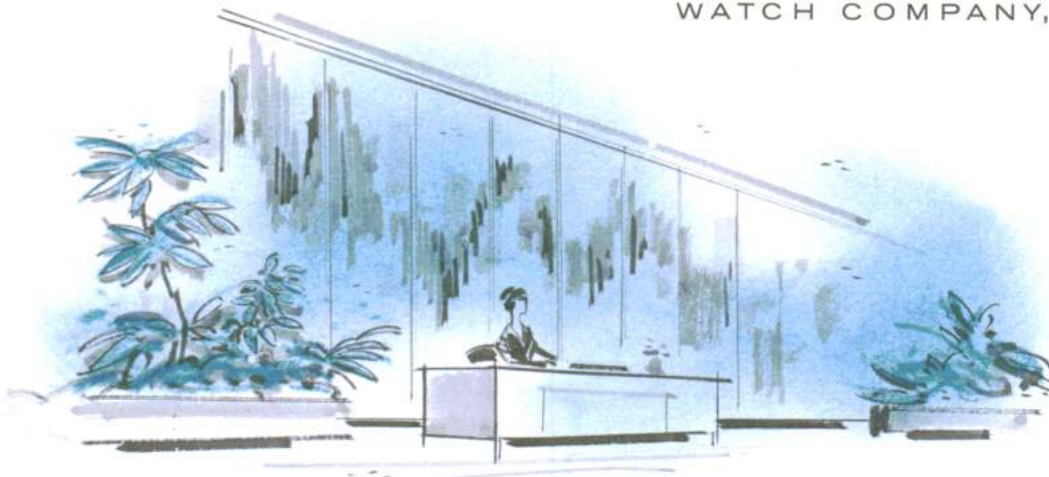
ACCUTRON 541
14 karat gold.
\$250.

SPACEVIEW
Transparent dial lets you see
revolutionary movement.
Stainless steel.
\$150.

All prices plus tax.

BULOVA

WATCH COMPANY, INC.



Executive Offices:

630 Fifth Avenue, New York 20, N. Y.

Annual Report for the year ended March 31, 1962

2	Directors and Officers
4	Highlights
5	Stockholder Letter
8	Consumer Products
14	Other Consumer Product Activities
15	Industrial/Defense Group
19	Other Company Activities
20	Source and Use of Funds
21	Consolidated Statement
22	Consolidated Balance Sheet
24	Notes to Financial Statements
24	Report of Independent Public Accountants



Bulova Watch Company, Inc.

DIRECTORS

General Omar N. Bradley, *Chairman*
R. Clyde Allen
George M. Bunker
Harry B. Henshel
James McCormack
Thomas A. Morgan
John L. Weinberg

OFFICERS

Harry B. Henshel, *President*
Kenneth E. Fields, *Executive Vice President*
R. Harvey Whidden, *Executive Vice President*
David Anderson, *Vice President*
William O. Bennett, *Vice President*
John Carpenter, *Vice President*
Sol E. Flick, *Vice President, Secretary and General Counsel*
Simon C. Gershey, *Vice President*
Frank B. Sheinberg, *Treasurer and Assistant Secretary*
Benjamin H. Natchez, *Controller*
Roland P. Talbot, *Assistant Secretary and Assistant Controller*
John Chiappe, *Assistant Controller*

Transfer Agent

Morgan Guaranty Trust Company of New York
30 West Broadway, New York 15, New York

Registrar

Manufacturers Hanover Trust Company
44 Wall Street, New York 15, New York

Bulova Watch Company, Limited (Canada)

DIRECTORS

General Omar N. Bradley, *Chairman*
David Anderson
Fred T. Bailey
Robert E. Day
Harry B. Henshel
R. Douglas Jennings
R. Harvey Whidden

OFFICERS

Robert E. Day, *President and Treasurer*
Fred T. Bailey, *Vice President*
Muriel McCullum, *Vice President*
Roy Y. Ward, *Vice President*
Sol E. Flick, *Secretary*
George Staniforth, *Assistant Secretary*

Bulova International, Ltd.

DIRECTORS

Harry B. Henshel, *Chairman*
General Omar N. Bradley
Robert E. Day
Kenneth E. Fields
Sol E. Flick
James Eugene Pearman
William J. Savy
Henry James Tucker
R. Harvey Whidden

OFFICERS

R. Harvey Whidden, *President*
Sol E. Flick, *Vice President, Secretary and Treasurer*
Mark Bourquin, *Vice President*
Joseph F. Campisi, *Vice President*
Gerard A. Donovan, *Vice President*
John Chiappe, *Asst. Secretary and Asst. Treasurer*
Richard S. L. Pearman, *Assistant Secretary*

Bulova Around The World

LATIN AMERICA

Mexico
Guatemala
Honduras
Costa Rica
El Salvador
Nicaragua
Panama
Venezuela
Ecuador
Colombia
Surinam
Curacao
Aruba

FAR EAST

Vietnam
Laos
Thailand
Australia
Formosa
Fiji Islands
Hong Kong
Japan
Malaya
New Zealand
Okinawa
Philippine Islands
Brunei
Indonesia
Sarawak
Borneo

EUROPE

England
France
Germany
Luxembourg
Italy
Switzerland

CARIBBEAN

Nassau
Bermuda
Jamaica
Trinidad
Tobago
Nevis
St. Kitts
Virgin Islands
Dominican Republic
Haiti
Puerto Rico



Highlights

YEAR ENDED MARCH 31

1962

1961

	NET SALES	\$62,805,592	\$68,731,270	
	*PROFIT BEFORE INCOME TAXES	\$ 3,097,815	\$ 3,307,923	
	*PROFIT AFTER INCOME TAXES	\$ 1,403,701	\$ 1,511,293	
NET PROFIT FROM OPERATIONS AFTER INCOME TAXES	Per Share	\$.67	\$.68	
SPECIAL NON-RECURRING ITEM	Per Share	\$.05	\$.10	
*TOTAL PROFIT AFTER INCOME TAXES	Per Share	\$.72	\$.78	
CASH DIVIDENDS	Per Share	\$.60	\$.60	
	CURRENT ASSETS	\$50,467,177	\$50,629,529	
	CURRENT LIABILITIES	\$14,802,474	\$17,108,464	
	CURRENT ASSET RATIO	3.4 to 1	3.0 to 1	
	WORKING CAPITAL	\$35,664,703	\$33,521,065	
	SHARES OUTSTANDING	1,949,286	1,949,286	
	STOCKHOLDERS' EQUITY	Per Share	19.88	19.73

* Including Special Items



General Omar N. Bradley
Chairman



Harry B. Henshel
President

TO OUR STOCKHOLDERS:

The fourth quarter of Bulova's fiscal year ended March 31, 1962 witnessed a sharp upward trend in business. Both sales and earnings exceeded the previous year's fourth quarter by a considerable margin.

For the full year, consolidated sales were approximately nine per cent below fiscal 1961 while net earnings from operations (exclusive of non-recurring income items) were down four per cent, representing a marked improvement in the sales-earnings ratio.

There were non-recurring income items of \$102,341 or 5 cents per share in fiscal 1962 and \$200,016 equivalent to 10 cents per share in fiscal 1961.

Generally slow recovery in the retail jewelry trade, which made 1961 a difficult year for the watch industry, resulted in a reduction of about 7 per cent in sales of Bulova's consumer products. This was largely offset by a gratifying gain in sales of all but one of the Industrial/Defense Divisions. The reduction in consolidated sales is largely accounted for by a considerable reduction of work in the Research and Development Laboratories.

The effect of the upward trend in the fourth fiscal quarter is only partially reflected in the earnings statement, which is based on actual deliveries. The order books for that period show major gains over 1961 in all consumer products. These gains in orders are due largely to the improved tone of the market, product line, style and value, plus greater acceptance by retail jewelers.

This is further indicated by a gain of 25 per cent over last year since the beginning of our selling season

in the number of jeweler accounts from whom we received orders.

For the last three years Bulova has been engaged in progressive stages of a broad and several-sided program pointed toward growth through new products and new markets.

Its many activities are now taking definite direction toward a business of considerably greater proportions than the Bulova of today. They include the revolutionary timepiece which we have protected by patents and trademarked "Accutron,"—first personal timepiece to keep time through electronics; the Caravelle® line of highly dependable, beautifully styled jeweled watches, priced to compete in the large domestic low-priced market; establishment of an organization based abroad for manufacture and sale of a separate and distinct line of watches of exceptional continental styling, beauty, precision, and craftsmanship created to meet diverse world tastes; and development of new proprietary industrial and defense products that make the best use of our unique skills.

All of the major projects are now in various stages of marketing. Each encounters its share of obstacles and at times progress has seemed to us to be slow, but all are moving steadily forward and even at this stage have fully justified the original planning, effort and investment.

It is highly significant that in the current fiscal year at least one-third of the total projected sales volume will consist of new Bulova products that did not exist two years ago.

All of the Company's principal products and the various areas of its business are treated in some detail in other sections of this report. The following general remarks, however, should provide our stockholders with a "quick look" at the progress and position of the Company.

Accutron®

Fiscal 1962 was the first full year of marketing for the Accutron timepiece. Today we have greater confidence than at any time since its conception in its ultimate domination of the fine watch market and in its long-range effect on Bulova's business. There has been more enthusiastic response from Accutron owners than from buyers of any new product in our experience. Hundreds of letters bringing voluntary expressions of satisfaction, pride, and astonishment at its unprecedented accuracy have been most unusual and highly gratifying, and indicate a forceful and effective source of word-of-mouth advertising.

We are steadily overcoming early influences that caused jewelers to understock Accutron both as to quantity and variety of models. The early selling effort encountered some confusion with ordinary battery driven electric watches on one hand and, on the other, a marked reluctance of jewelers to venture into the new field represented by the complete departure of the Accutron movement from mechanisms with which they had had previous experience. These circumstances accounted for the failure, at first, of many stores to capitalize fully on a highly receptive market.

This situation is rapidly changing. Today four times as many jewelers are stocking Accutron in "depth" than was the case four months ago. We are confident that with this broader selling base 1962 will see Accutron account for a sharply increased share of the watch market in the upper-price area. There is growing realization on the part of jewelers and consumers alike that Accutron has established an entirely new dimension of timing accuracy; that its degree of accuracy was hitherto known only under completely protected static conditions; that Accutron's timing capability incorporates accuracy *in every day use*—not merely in a mountain-top observatory. Once the conditions and environment in which it is to operate are determined and the adjustment is made accordingly, its reliability, consistency and precise time are held constant.

Accutron sales in foreign markets represent an even greater part of our total business there than domestically. It has been an effective "door opener" to new dealers, accelerating our efforts in overseas markets.

Certification of Accutron timepieces as "Official

Railroad Time" for a major railroad in the United States has been received. Evaluation by other leading railroads is underway and similar approvals are expected shortly.

Each day reveals new possibilities of industrial applications of the Accutron principle to exacting timing requirements. This is an area of future sales volume that is today in its infancy just as the use of mechanical escapements in industrial control devices was fifty years ago.

Caravelle®

The new Caravelle line of fine jeweled timepieces designed to sell at \$10.95 to \$29.95 is Bulova's bid for a substantial share of a domestic market of some 8,000,000 units now dominated by non-jeweled watches of lesser quality and value. Its initial acceptance in the limited number of markets selected for its introduction was so immediate and so enthusiastic both with the trade and with customers that the volume of orders and re-orders has actually set us back in plans for geographical expansion of distribution. After its introduction in test areas, it became immediately apparent that orders to our sources had to be increased to satisfy just the initial markets. These sales have provided an entirely new estimate of Caravelle's ultimate volume potential. Plans are going forward toward national distribution which should be accomplished in calendar 1963.

Foreign Sales Operations

Fiscal 1962 was also the first full year of operations for Bulova International, Ltd. through which the Company is extending its development of foreign markets. With Accutron and the "Intercontinental" line of some 100 models, it has made gratifying marketing progress in Australia, Borneo, Hong Kong, Japan, Malaya, the Philippines, Thailand, Vietnam, and Central and South America. The increase in volume in Italy—doubling last year's sales and setting a new high for Bulova in Italy—has been an interesting barometer of our overseas potential. A program was started in April to enter five new major foreign markets including the United Kingdom and Switzerland. Development of foreign business in the watch industry cannot be accomplished overnight, and reaching the stage of profitable operation in any one country is a gradual process. But every year that Bulova has operated overseas has produced a better result than the year before in every market. The rate of gain is such that we look to our foreign business to provide a substantial portion of the Company's eventual volume and earnings.

Radios and Phonographs

We continue to strengthen our position in the consumer electronic industries by constant development of new and improved radio and stereophonographic instruments tastefully styled for the traditional retail trade through which we market these lines. These have made increasingly important contributions to earnings. A number of these new products are described in the following sections of this report.

Industrial/Defense

The internal reorganization created two distinct operating groups: our present consumer product lines—watches, radios and stereos—in one, and all non-consumer products and services in the other.

Reorganization of the industrial/defense group has done much to solidify the Company's diverse capabilities in the fields of electronics, electro-mechanics and precision microminiature manufacture.

The industrial/defense areas of the business contributed approximately 30 per cent of total volume. Because of the change of balance between manufacturing and research projects and by means of a broad reorganization for increased economy, efficiency, and more effective control, these divisions accomplished a greatly improved earnings result.

This group anticipates further improvement in the profit ratio on roughly the same sales volume in the current fiscal year. The traditional products of the group have continued to gain greater acceptance. These include timing devices, fuzes, safety-arming devices, quartz crystals and products based upon the unique characteristics of the tuning fork. Devices produced by the group's several divisions are being used in such important defense programs as the Bullpup, Minuteman, Pershing, Talos, BMEWS and others. In addition, the Company continues to supply products to many of the nation's industrial companies and to several space probing missions.

Financial Position

Working capital at the year's end was \$35,664,703 compared with \$33,521,065 at the close of fiscal 1961. The ratio of current assets to current liabilities is 3.4 to 1, compared with 3.0 to 1 for the previous year.

Marketing of new lines and our expansion here and abroad continue to require extensive use of bank credit. There will be continued need for the use of our established credit to finance production and receivables as sales continue to expand. The low level of watch sales in the first three quarters of the year, particularly in the medium-priced lines that account for

a large percentage of earnings, further penalized the profit position. With many of our heavy development costs behind us, the ratio of earnings to sales should continue to improve.

It will be noted that there is a special non-recurring profit item of 5 cents per share in the year's earning statement. This accrued from the sale of 36,567 shares of the common stock of Tiffany & Co. The shares were purchased by that company and retired. These shares had represented a low-yield investment and their sale was advantageous to the Company in that it provided cash for acquisition as well as for reduction of outstanding loans with a considerable savings of interest.

Looking Ahead

The activity of the last three years has laid the foundation for a stronger position than Bulova has ever held to increase its leadership in its traditional markets, to reach for new volume in areas above and below the market segment that heretofore has constituted the bulk of its watch business, and to move forward in the all important markets of the shrinking world. By all comparisons we have reason to have more pride in our products than ever before. We have a growing organization—more closely knit, more efficient, more inventive, more enthusiastic and aggressive than ever before. Our technological position is constantly improving and our research and development are bearing fruit in terms of products for the space age.

This combination of products and people, coupled with signs of better times, give ground for confidence that sales will continue to increase. While we are mindful that in every field of business today rising costs of product development and expansion exert constant pressure on profits, we look for improved results this year and for sustained growth in the years to come.

Our strengthened position increases our ability to meet today's problems as well as those which are inherent in our plans for expansion.

For these results and expectations we have to thank an organization of industrious, cooperative and dedicated employees who have contributed individually and collectively to the stature of the business. We also wish to thank our stockholders for their interest and understanding and our customers for their continued support and selling effort.

Respectfully submitted,



OMAR N. BRADLEY
Chairman of the Board

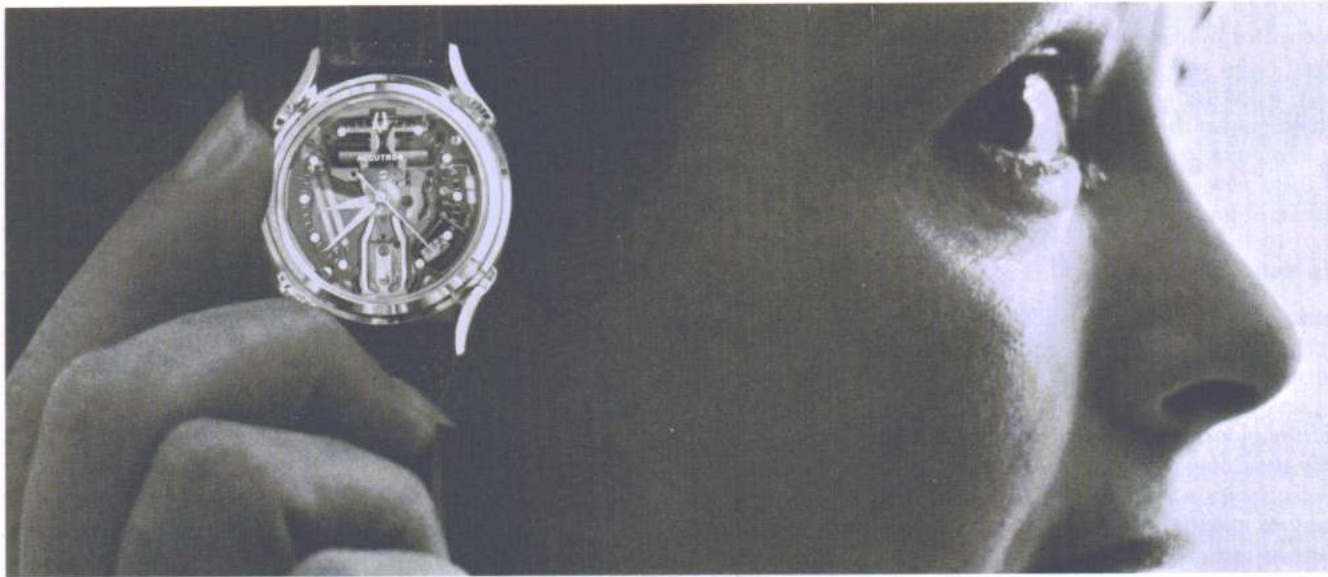


HARRY B. HENSHEL
President

June 15, 1962



Consumer Products



ACCUTRON®



Symbol of Accuracy
through Electronics

The world's only electronic desk timepiece.



Accutron continued its progress in this first full year of market exposure.

It is particularly significant that we have encountered no basic difficulties that might have made redesign or engineering changes necessary in the Accutron movement. This enabled us to concentrate production efforts on improvement of manufacturing and testing techniques to assure optimum performance.

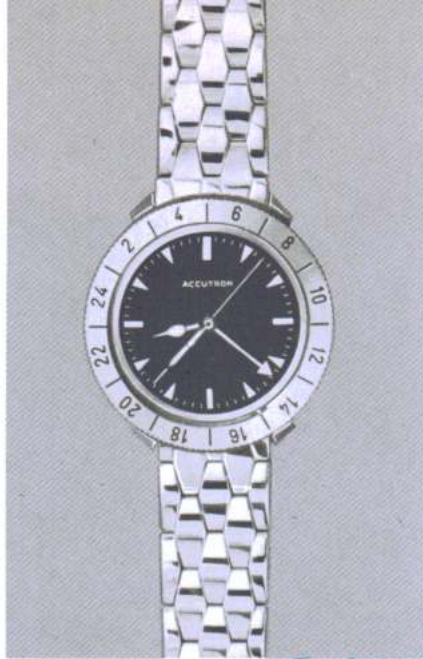
Literally hundreds of letters praising Accutron have been received from people in a wide range of commercial, industrial and scientific activities that are more enthusiastic than we have ever received regarding any product we have ever made. The following excerpts are from letters from presidents of an airline, an aircraft manufacturing company, and a great metropolitan bank; an official of a scientific college, a French aviation official and a magazine publisher:

"...keeps perfect time...only watch I have ever had that does so..."

"...most accurate watch I have ever had."

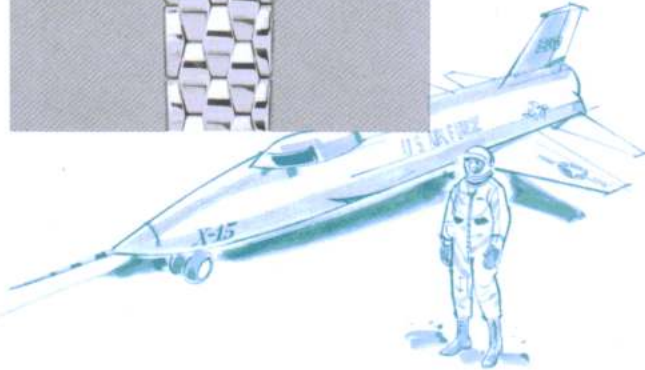
"...fulfilling all the standards you have set for it."

"...I have not changed it except for daylight time or travel reasons...deviation of less than two minutes since October, 1960."



ACCUTRON ASTRONAUT

24 hour hand tells Greenwich Mean Time. Special rotating bezel. Adjusts to any time zone. \$175.



"...have set it only four times (since 1960) for errors of less than two minutes."

"Have reset only twice—once at the beginning and once at the end of daylight saving time."

Three new models have been introduced. They are the "Space-View" desk clock; a new \$150 stainless steel model, lowest-priced in the line and the Accutron Astronaut wrist timekeeper.

The Accutron Astronaut is especially designed to aid pilots and navigators whose jet speeds make one-second accuracy essential. First purchasers of the new timepiece included officials of Edwards Air Force Base who obtained seven for test and evaluation by pilots of the rocket-powered X-15 research plane which has set world speed and altitude records in recent months.

The new timepiece is designed for both conventional and 24-hour timekeeping used in the space, military and commercial aviation fields and for accurate recording of both "local" and Greenwich time.

Both the desk clock and the new \$150 wrist model feature "see-through" dials of transparent plastic, permitting the tuning fork, transistorized circuit and other unusual components to be seen in action. They may also be obtained with a conventional dial.

Accutron® team of Max Hetzel (left) and William O. Bennett won duplicate Research Achievement gold medals. They inspect new automatic circuit analyzing device for Accutron production line.



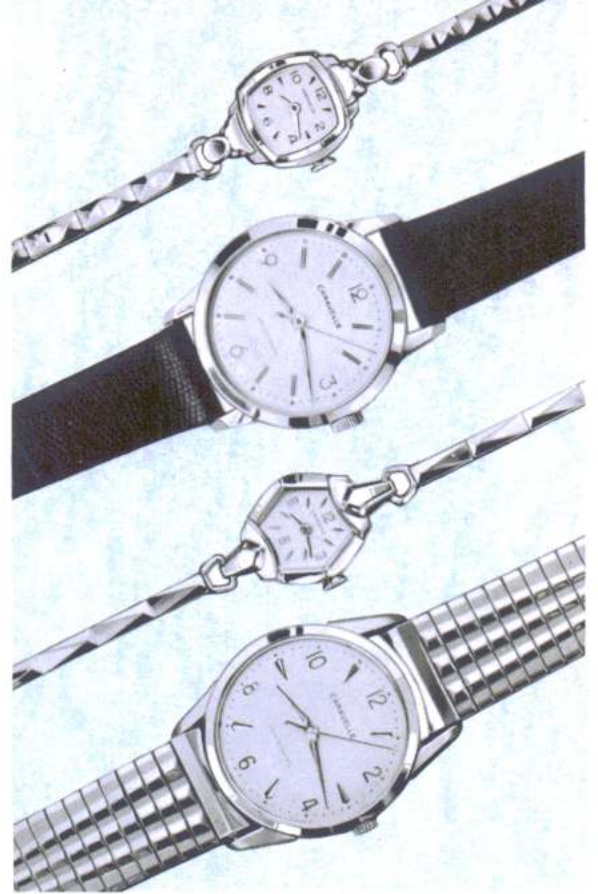
At year-end, progress was also being made in our studies of the timing requirements of several railroads and airlines interested in adopting Accutron as their "official timepiece." Recently arrangements were concluded with the international airline of Italy, "Alitalia" to utilize the Accutron timepiece with its inherent accuracy to time all flight operations. This fact will be disclosed within their national advertising.

In a year in which American space achievements received world-wide acclaim, Accutron continued to gain recognition as an outstanding example of American technological leadership in its field. Among several honors awarded Bulova for Accutron, the first Research Achievement Award of the American Watchmakers Institute was especially significant since it again recognizes the importance of this development in microminiaturization, a field in which Bulova has traditionally held world leadership.

The award was presented to Max Hetzel, inventor of Accutron, and to William O. Bennett, vice president for research and engineering, who had major responsibility for its development and production.

During the year a separate timer engineering function was established in the Industrial/Defense Group to coordinate all timing instrument development within the Company, and, in particular, to

	LYNN	
Quality jeweled movement, expansion bracelet.		\$16.95
	HERCULES	
Quality jeweled movement, waterproof*		\$12.95
	MARIETTA	
17 jewels, expansion bracelet.		\$22.95
	SKIPPER	
17 jewels, self-winding, waterproof*		\$29.95



CARAVELLE®

Bulova has entered its bid for a share of the American market of eight million watches in the \$10 to \$30 range with introduction of the Caravelle line of fine economy-priced watches in selected areas.

Dealer acceptance was so immediate and enthusiastic there was a complete sellout of initial purchases and an unexpectedly large volume of re-ordering. As a result, in order to test fully the potential in the initial markets, it will be necessary to limit national distribution until inventories can be brought into balance with indicated current requirements.

Caravelle watches appear to be by far the most successful jewel-lever watches ever offered by Bulova or by any other jeweled watch manufacturer.

The new line at present includes 20 models for men and 17 for women. They are competitively priced with non-jeweled types between \$10.95 and \$29.95 and are offered in a variety of styles. Included are waterproof, self-winding, diamond, fancy dress and all-purpose models.

A complete section of the line styled for world markets is now in production for planned marketing after January 1, 1963.

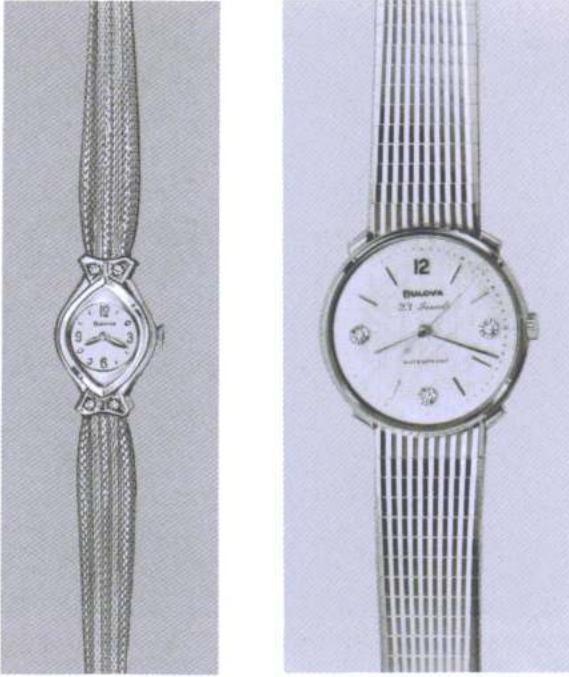
The Caravelle watch can make the "fine watch wardrobe" a practical reality.

develop a product line of industrial and military timers based on the principle of the Accutron electronic timepiece movement.

Several models are available and more than 125 units have been delivered to laboratories, government agencies and prime contractors who are evaluating and using them for diverse applications ranging from the ocean floor to outer space.

Types in manufacture include versions of a "miniature clock" with 12- and 24-hour dials, stop-start feature, and a date mechanism; a cycle timer that can be used for various control functions; and a long-duration timer for use in satellites or in other long-term switching applications. The long-duration unit can be set from a few days to five years. Several have been delivered for evaluation to the Radio Corporation of America for use in satellites and the unit is being considered by several companies including Bell Laboratories and Hughes Aircraft for similar purposes.

The basic and most unique advantage in using the Accutron-based timer is that it provides a highly accurate timing device that is small, rugged, lightweight, and contains its own power supply. It fulfills a critical technical need with authority and economy.



Above: **JET CLIPPER**
17 jewels, self-winding, waterproof*
Calendar window shows date. **\$59.95**

Left: **DIAMOND DREAM**
4 diamonds, 23 jewels, mesh bracelet. **\$69.95**

Right: **BEAU BRUMMELL**
3 diamond dial, 23 jewels, waterproof* **\$115.00**

BULOVA WATCHES

Bulova watches still produce as expected our largest and most profitable volume. We expect continued growth in the demand for fine jeweled watches in the medium price range (\$30 to \$125) along with the indicated dominance of the higher price brackets by Accutron—already accounting for ten times our previous sales volume in these price ranges for men's watches—and continuation of the outstanding initial success of the lower priced Caravelle line.

There was excellent acceptance of this spring's "Feature" watch for men. It is the "Jet Clipper" line which offers waterproof, self-winding and calendar models at prices from \$39.95 to \$69.95. Considerable pre-Christmas sales appeal was also generated by the "Diamond Dream" line of ladies diamond watches featured from \$39.95, lowest in the recent history of the industry for diamond watches.

Higher priced diamond models also accounted for substantial volume in the fall while sports types, unusual costume and fancy dress models were among other favorites this spring.

Thinness and simplicity in dial and case styles were important trends in men's models. A new skin-diver's watch was added to the regular line this spring.

RADIO-STEREO

This was a year of innovation in Bulova special products.

We introduced:

► Our first pocket-size "watch" radio. It combines a fine jeweled watch with a transistorized radio to provide automatic features formerly available only in much larger electric clock types. Two models, the "Alert I" and "Alert II" are offered.

ALERT MK II

Styled like a luxury traveling clock. 6 transistor radio—jeweled watch with the features of a full size clock radio. **\$59.95**





S-907
Precision stereo high fidelity portable
phonograph with AM radio. **\$139.95**

PERFORMER

Tiny all transistor, full feature clock radio.
½ the size of conventional models. **\$49.95**

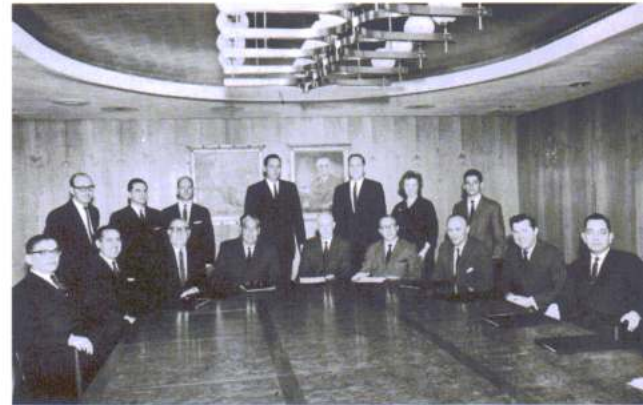


► Our first transistorized AM-FM portable radio. The "Ovation" is a powerful portable that receives standard AM broadcasts and FM as well. Power is provided by four ordinary flashlight batteries.

► Our first transistorized electric clock radio—one of the first of its kind on the market anywhere. The "Performer" offers clock radio features in a unit that operates on regular electric current and needs no batteries. But because it is transistorized it is only half the size of most electric clock radios.

► Our first AM-FM table radio receiver for FM stereophonic "multiplex" broadcasts. Stereophonic FM was one of the outstanding advances in home electronics this year. Bulova's "Marauder," AM-FM receiver, together with its multiplexing companion unit, "Marauder II," are among the first compact, attractively styled table units of this type on the market.

Radios and stereophonic phonographs are increasing in popularity as gifts. The new models, like others in the line, are styled especially for sale through fine jewelry and gift shops. Many of the smaller units are for the first time offered in special gift packages.



Recent meeting of executives, planning merchandising and sales programs tailored for Bulova expansion abroad.

BULOVA INTERNATIONAL, LTD.

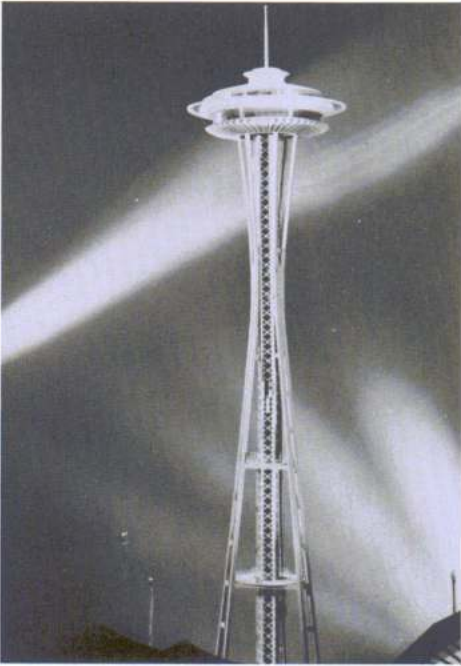
In many parts of the world, satisfaction of the basic needs of food, clothing and shelter is followed by desire for status symbols. A personal timepiece is one of the most available and most universally acceptable.

Three years ago Bulova launched a plan for foreign expansion. It included creation of special lines of watches with continental styling and flavor, establishment of additional overseas sales facilities and broadening of the product line through introduction of items available exclusively through Bulova.

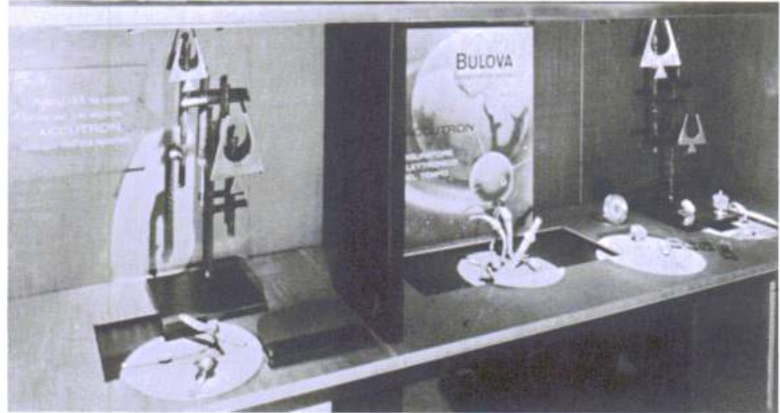
► Our international watch line reflecting continental styling is now approaching its optimum range of 200 models.

► Product sales have been expanded to England, nine new Far Eastern markets; and shortly to Switzerland. Sales have been strengthened in Latin America, Italy and other areas where markets were previously established. Foreign operations as a whole were profitable.

► Among exclusive Bulova products, Accutron timepieces made greater gains overseas than in some markets here in competition with fine, and often better known, foreign made watches.



Space-age Accutron timepieces were a natural choice as official timepiece for Seattle World's Fair and its 600-foot Space Needle.

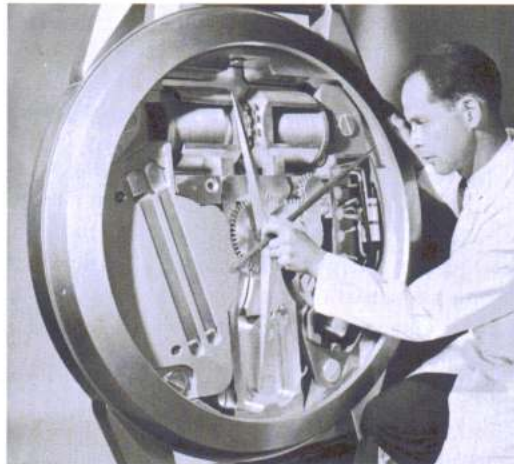


Milan fair-goers watched an Accutron timepiece operate with the aid of a microscope and a stroboscopic light.

Bulova exhibited at major national and international trade fairs, many of them for the first time. Included were the famed Swiss Industries Fair in Basle, Switzerland, and fairs in Milan, Tokyo, Hong Kong, Sydney, Osaka and Tripoli. Accutron attracted high attention and interest at all fairs where it was shown.

Accutron was also selected as the official time for the Seattle World's Fair and was featured in the Company's product exhibit which also showed the conventional watch and radio lines and some Bulova defense and space products. Selected Seattle jewelers are assisting in the operation of a watch testing station using Vibrograf[®] and Watchmaster[®] test units and the Company is providing "World Time Zone" displays in the product exhibit in the Fashion Pavilion and on the observation deck of the Space Needle, two of the focal points of interest. Other Bulova clocks provide precision time for visitors at many other high traffic points on the Fair grounds.

Plans are now being made for displays at the New York World's Fair in 1964 and for exhibits featuring Accutron at a National Trade Fair in the United Kingdom and an International Trade Fair in France this year.

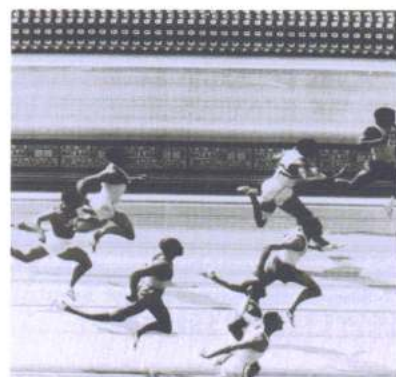


Giant working model of the Accutron timepiece has intrigued thousands across the nation. It's scheduled for big promotions in early fall in Philadelphia, Akron, and Cleveland.

Other Consumer Products Activities



Support for jewelers was the prime motivation behind Bulova merchandising programs. Printed advertisements and television commercials featured the jeweler as the source of fine gifts.



Record-breaking 100-yard dash by Frank Budd last summer was confirmed at 9.2 seconds by Bulova's electronic Phototimer.*

Advertising and Sales Promotion

The jeweler as the source of fine gifts was featured as part of the gift quality theme in Bulova advertising, sales promotion and display material.

The Bulova television advertising campaigns, including participation on major network TV shows, and the magazine campaigns, which included full page full color ads in leading publications, were supplemented by year 'round sales promotion and display activity.

Advertising expenditures were concentrated in the spring and fall periods of highest expected sales.

Because of the special nature of Accutron, campaigns appealing to special groups were conducted in *Fortune*, *New Yorker*, *National Geographic* and other magazines. A national program, together with strong promotional support, was also developed for the radio-stereo lines.

Special Sales

A broader line of quality gift items, from modestly priced radios to Accutron electronic timepieces, is

offered by the special sales department which concentrates its efforts on the \$300-million market for gifts and awards used by industrial firms. Sales contest development, special packaging and custom engraving are among the aids to industry that contribute to the continued growth of this part of the Company's sales activity.

Sports Activities

The electronic eye and accurate timing capability of the Bulova Phototimer* was trained on many close finishes at major track meets in the past year. Included were two world's track records. A specially equipped darkroom truck that can be moved to the finish line improved the photo and electronic timing services offered by Bulova to official judges and timers.

Precision hand timing instruments in record numbers were also provided by the Company and local jewelers to set the standards for timing more than 400 athletic events in 38 states, the District of Columbia, Puerto Rico and Hong Kong.

*Bulova Trademark



Industrial / Defense Group

Applied research, coupled with unique design and development facilities, integrated into advance planning, support documents, electronic instrumentation, and environmental tests of prototypes, are all part of complete capabilities offered industrial and defense customers.



During the past year the divisions serving the industrial and defense markets have been combined in the Industrial/Defense Group under the direction of an executive vice president. This reorganization provides for a centralized and coordinated program for development of our capabilities and will result in a more rapid and better balanced growth in these fields.

Electronics Division

Sales of the Electronics Division increased again in fiscal 1962 with a profit rate approximately double that of the preceding year. The success of the division is due principally to its ability to supply new products to meet rapid obsolescence in the military markets.

In the fourth quarter there was a distinct upturn in the demand for high-precision crystal devices needed to "sort out" the ever-increasing numbers of radio transmissions for defense systems, commercial users and private citizens. Heretofore, only the military services demanded the precision and high "Q" types of crystal units the division manufactures. As more mobile phones, short wave radios and similar equipment are purchased, with the radio

frequency spectrum being split finer and finer to accommodate them, the demand for precision filters and oscillators will continue to increase.

The Electronics Division supplies equipment for many of the modern weapons systems. Crystal filters, oscillators and components for guidance systems are being supplied for such programs as Bullpup, Mauler, Polaris, Bomarc, Swallow, Atlas and Pershing.

Indications are that the year ahead is a promising one for the electronics component industry. Significant growth is expected in the crystal filter and oscillator fields.

The coil department has completed its first full year's manufacturing operation and has begun to introduce new products such as displacement differential transformer believed to be the smallest available with its accuracy and sensitivity.

The servo amplifier department is also expanding its product line. The new components, like the amplifier, are about one cubic inch in size and weigh about one ounce. They include a buffer pre-amplifier, quadrature rejection filter, and solid-state power supply.

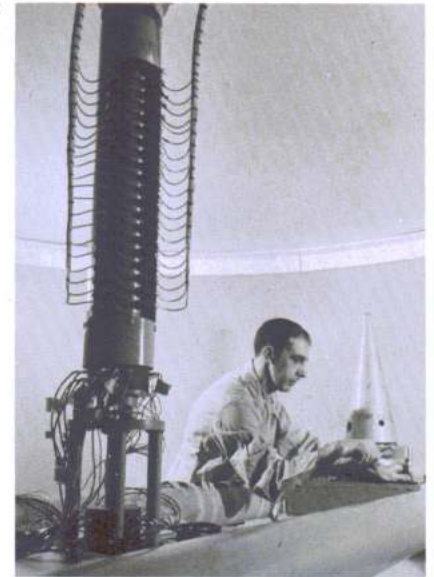
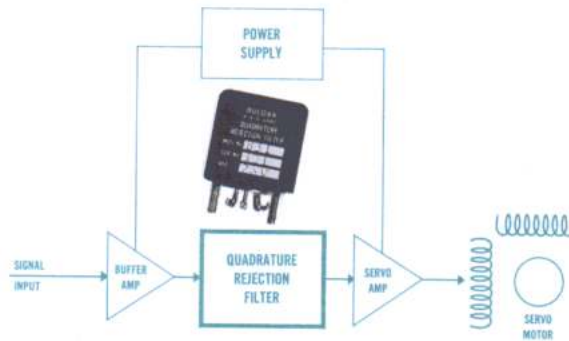
Customers of the division include virtually every



Microscopic inspection of precision quartz crystals assure high quality and performance for defense and industry needs.

Centrifuge in Laboratories is unique in test capabilities for missile safe-arm devices.

New quadrature rejection filter (diagram below) features 100:1 ratio for servo control systems.



company that produces precision communications and telemetering equipment for military and space applications.

In May of 1962 negotiations were completed for the acquisition for cash of the assets of Keystone Electronics Company, which has been renamed Keystone Controls Corporation and is now operated by the Company as a wholly-owned subsidiary. Quartz crystals manufactured by Keystone will complement the Bulova line, provide manufacturing savings, and add significantly to sales volume and profits. Keystone holds several research and development contracts from the Army Signal Corps to develop new types of quartz crystals for military communications systems.

Industrial and Military Products Division

The role of the Industrial and Military Products Division is to provide its military and industrial customers with high precision instruments and mechanisms, on an assured delivery basis. The sales of this division doubled with an increase in profits during fiscal 1962. The trend is expected to continue, and the division's operating backlog is now at the highest point in its history.

The division now is a principal manufacturer of highly specialized electro-mechanical timing devices for the Sandia Corporation and the nation's atomic weapons program. Contracts for a special multi-channel explosive-actuated family of timers for Sandia projects have continued over a span of

several years and are expected to continue at about the same rate through the current year.

Other products manufactured by the division are integrating accelerometers, safe-arm devices for warheads, triggering, and other ordnance devices. All of these products are for one or more of the nation's missile weapons systems.

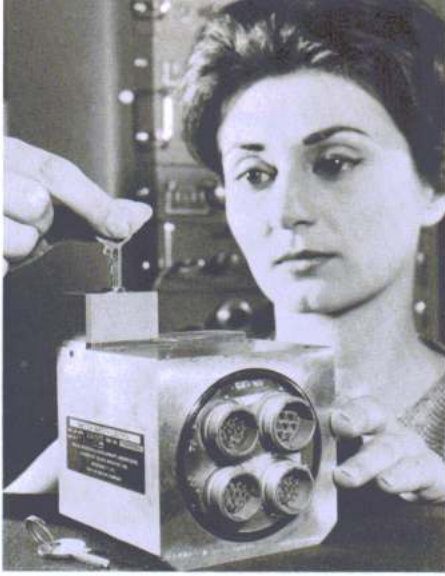
Photographic Division

The Photographic Division's work, for the greater part, is classified and related to the design, development and prototype production of highly-sophisticated photographic equipment for various military agencies. This equipment is used for ground and air photographic recording purposes.

Research & Development Laboratories

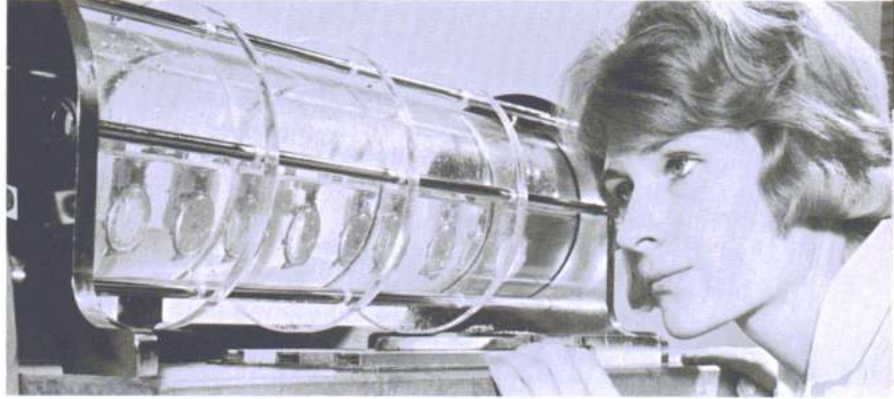
The major development program in fiscal 1962 in the Bulova Research & Development Laboratories was the design and prototype production of a "standardized" safe-arm device for the igniters used on all three engines of the Air Force's Minuteman intercontinental ballistic missile. The success of this program resulted in the award of a \$1 million contract for production of the units for Wing I for the Minuteman program, bringing total contracts on this project to about \$3 million since its inception a little more than a year ago.

Manufacture of these devices is being conducted in the Laboratories at Woodside, N. Y. where quality control and reliability of the highest stand-



Bulova is making safing-and-arming devices for many missile engines and warheads.

Quality-assurance programs, including this new watch waterproof test, are constantly being improved at Bulova plants and laboratories.



ard are maintained. The igniter safe-arm devices are unique in their dual role of maintaining the engines "safe" during transport, storage and pre-launch, and then to assure that they will arm and ignite exactly on schedule.

The production contract for the igniter safe-arm device is unusual in that it was a negotiated contract between the Company, the Air Force and all three engine manufacturers — Thiokol Chemical Corp., Aerojet-General Corporation and Hercules Powder Company.

As an outgrowth of the Minuteman program, The Boeing Company last fall asked Bulova to design a "safety control switch." The Laboratories devised the needed design in a record 30 days and since then have been awarded substantial contracts for production of the unit. Boeing is associate prime contractor with the Air Force for the Minuteman program.

These two Minuteman assignments have ameliorated considerably a situation that the Laboratories faced last summer when the Pershing missile warhead program was phased out of the facility as our development role was completed. The effects of our completing a program that generated \$6 million of its volume was reflected in a sales total about half of the previous year's record high and decrease in personnel of about 40 per cent. Profit ratios, however, were improved through stricter administrative action and controls.

The Division continues to supply equipment for the Pershing program. Specialized components such

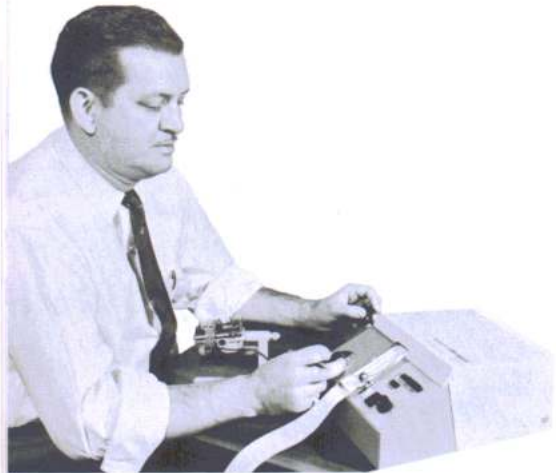
as fuzes, option selectors and amplifiers are still being supplied to the prime contractor for prototype production missiles. This business should increase in the current year.

The Company's reputation as designer and developer of state-of-the-art components for missile warheads resulted in several new contracts from Air Force and Army facilities. These are presently modest programs and are classified.

One capability of growing importance is in the field of electro-optics, which combines our talents in electronic, infrared, optics and other technologies. Some of the current projects under development related to this field are:

- ▶ An automatic letter counter for the U. S. Post Office Department.
- ▶ Development of an infrared fire control system for the Army's new battle tank.
- ▶ Several study programs in the fields of radiation measurement, spectrum discriminators and solar-blind detectors.

Proprietary research projects have come to the attention recently of several government agencies that have been seeking means of integrating Bulova's work within their program needs. Another promising project is our newly developed television scan conversion system that may be equally as useful for military, space and industrial projects.



New Sales promotion effort for Vibrograf® and Watchmaster® watch rate testers are directed by company's new Watchmaster Products Division.



Bulova executives, shown discussing sales activities during this spring's Institute of Radio Engineers Show.

Watchmaster Products Division

This Division was formed during the year in response to the need for a more centralized organization to give the best possible service to the Company's jewelry store customers and watch materials distributors. The Watchmaster Products Division is the marketing unit for all of the Company's watch service equipment and watch material lines. It is a consolidation of activities previously conducted separately by the Company's American Time Products Division commercial sales organization, and Bulova's watch material department.

The Watchmaster Division has entered into an important and promising arrangement with The Universal Escapement Ltd., of La Chaux-de-Fonds, Switzerland to market the well known "Vibrograf" watch test equipment. The Vibrograf watch rate recorder has been adapted to time Accutron timepieces, and in this and other technical senses, it complements the Watchmaster test equipment and helps provide the Company with the best machines in the field.

American Time Products Division

American Time equipment has been providing jewelers with modern test equipment for more than a quarter century. The division originated the concept of taking "cardiograms" of watches to determine rate of loss or gain.

Industrial and military requirements for smaller and better frequency standards resulted in several important miniaturizing developments during fiscal 1962, including a tiny tuning fork standard for a missile application that is slightly larger than a cigarette.

Turtle Mountain Division

The Turtle Mountain Division, now in its tenth year of operation, is the nation's only domestic production source of instrument jewel bearings, which are vitally needed for precision instruments in virtually every defense program. The division is a government ordnance plant at Rolla, North Dakota, and is operated by the Company at cost and for an annual fee of one dollar.

During this past year the plant's emphasis on production for the stockpile has been shifted somewhat to include more work for specific projects, such as the Polaris, Thor and Minuteman missiles. The plant has been designated by Armed Service Procurement Regulations as the approved source of instrument jewel bearings in the United States.

In recent months the Office of Emergency Planning (formerly OCDM) reviewed the entire jewel bearing program. It was decided not only that the plant is essential, but also that it intends to expand and modernize its equipment and capabilities.

Other Company Activities



Project PRIDE was announced by General Bradley and Dr. Howard A. Rusk in Washington, D. C. as a joint program for training foreign handicapped at the Joseph Bulova School of Watchmaking.

Bulova Watch Company Foundation

The Bulova Watch Company Foundation, a charitable organization, existing under the laws of the State of New York, has been the vehicle by which the Company has participated in many worthwhile educational and philanthropic endeavors. The Foundation solely supports the Bulova Employees' Scholarship program, contributes to the support of the Joseph Bulova School of Watchmaking and in addition, donates to many major national charitable organizations and funds.

Joseph Bulova School of Watchmaking

Through the continued efforts of the School to help train handicapped men in the skills of watch repair and instrument making, a total of more than 720 men have been graduated to gainful employment during the past 17 years.

The School also served as the focal point for two new organizations formed during the year to further rehabilitation here and abroad. The United States Wheelchair Sports Fund is being promoted through the School as a non-profit, non-salaried organization to raise funds to enable teams of all-American wheelchair athletes to participate in foreign contests.

Project "Pride"

Perhaps of even more far-reaching significance is the inauguration by the Company during the year of Project PRIDE (Program for Rehabilitation Instruction Development) with the cooperation of the World Rehabilitation Fund. Under this project, two handicapped men from each of a number of countries will be brought to the School under a two-year scholarship to take the School course and to

learn how to establish similar schools for handicapped in their native lands. Experts from Adelphi College will instruct the men in education techniques and in American history, social customs and allied subjects.

Bulova-New York University Program

Cumulative experience totaling more than 1,000 man-years in 30 fields of retail store operation was offered jewelers from 16 states and two Canadian provinces who attended the 22nd Bulova-New York University Jewelry Store Management and Merchandising seminar in New York.

People of Bulova

From the training of new employees to retirement provisions for valued veterans, Bulova maintains enlightened employee-management policies. Through such policies the Company maintains its ability, in a competitive market for skilled personnel, to attract and hold employees who have the crafts and skills needed for the variety of operations that go into making our products.

Advancement opportunities, modern wage-salary programs, pensions, group insurance and sickness and accident benefits, modern working environment, and an outstanding scholarship program for children of employees are other benefits provided to Bulova people who, at the end of fiscal 1962, totaled 4,072 in U. S. operations alone.

Almost 1500 employees, or 36.5% have been in our employ for 10 or more years. Among these are 967 who have been associated with the Company for 10 to 20 years; 465 have 20 to 30 years of service, 46 have 30 to 40 years, and 11 have been with the Company more than 40 years.

Source of Funds

Year Ended March 31

	1962	1961
From operations:		
Income for year	\$1,403,701	\$1,511,239
Charges against income not requiring funds:		
Depreciation	771,894	936,589
Deferred Federal taxes on income	(121,125)	(101,800)
	<u>2,054,470</u>	<u>2,346,028</u>
Proceeds from sale of Tiffany and Company stock, excluding gain reported in income	2,240,400	
Proceeds from sales of capital assets, excluding gains reported in income	14,799	9,281
	<u>\$4,309,669</u>	<u>\$2,355,309</u>

Use of Funds

Year Ended March 31

	1962	1961
Dividends to stockholders	\$1,115,839	\$1,122,824
Additions to plant property	765,534	670,692
Instalment paid on 3½ % sinking fund notes	450,000	450,000
Purchase of Company's capital stock	57,473	392,653
Deferred charges	(194,685)	374,022
Sundry assets	(28,130)	543,875
Increase or (decrease) in working capital	2,143,638	(1,198,757)
	<u>\$4,309,669</u>	<u>\$2,355,309</u>

Consolidated Statement of Income and Earned Surplus

Year Ended March 31, 1962 with Comparative Figures for 1961

Year Ended March 31

	1962	1961
NET SALES	\$62,805,592	\$68,731,270
COST OF GOODS SOLD	<u>43,461,080</u>	<u>48,301,572</u>
GROSS PROFIT FROM SALES	19,344,512	20,429,698
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>13,538,639</u>	<u>14,677,249</u>
PROFIT FROM OPERATIONS (after deducting depreciation: 1962—\$771,894; 1961—\$936,589)	<u>5,805,873</u>	<u>5,752,449</u>
INCOME CHARGES (net):		
Taxes, other than income taxes	1,532,605	1,682,461
Interest paid (less interest earned: 1962—\$81,813; 1961— \$65,659)	707,974	561,978
Contributions to employees' retirement plans	488,400	488,356
Contributions to charities	118,967	164,998
Dividend income	<u>(3,433)</u>	<u>(36,567)</u>
INCOME BEFORE INCOME TAXES	<u>2,844,513</u>	<u>2,861,226</u>
U. S. AND FOREIGN INCOME TAXES (NOTE B)	<u>1,660,000</u>	<u>1,580,000</u>
NET INCOME FOR THE YEAR (NOTE H)	1,301,360	1,311,223
SPECIAL ITEM (net of related Federal income taxes):		
Gain on sale of capital stock of Tiffany and Company	102,341	—
Reserve provided in prior years, no longer required	<u>—</u>	<u>200,016</u>
NET INCOME FOR THE YEAR AND SPECIAL ITEM (NOTE H)	1,403,701	1,511,239
DEDUCT DIVIDENDS PAID—\$.60 per share	<u>1,115,839</u>	<u>1,122,824</u>
	287,862	388,415
EARNED SURPLUS AT BEGINNING OF THE YEAR	<u>28,708,575</u>	<u>28,320,160</u>
EARNED SURPLUS AT END OF THE YEAR (retained for use in the business)—(NOTE C)	<u>\$28,996,437</u>	<u>\$28,708,575</u>

(See Notes to Financial Statements)

Consolidated

ASSETS

	1962	1961
CURRENT ASSETS:		
Cash	\$ 3,485,545	\$ 3,352,203
Marketable securities, at cost and accrued interest	—	100,740
Customers' accounts and notes receivable (less allowance for doubtful accounts and notes: 1962—\$972,319; 1961—\$905,247)	20,138,841	19,053,077
Other receivables	789,330	591,093
Inventories, at cost or less (NOTE H)	22,681,973	22,478,580
U. S. Government contracts:		
Accounts receivable	339,645	1,826,697
Inventories	1,007,886	1,300,505
Reimbursable expenditures	1,616,995	1,650,040
	<u>2,964,526</u>	<u>4,777,242</u>
Prepaid expenses	406,962	276,594
Total current assets	<u>50,467,177</u>	<u>50,629,529</u>
OTHER ASSETS:		
Investment in capital stock of Tiffany and Company, at cost	—	2,240,400
Capital stock, at less than cost, held for resale to officers and employees (quoted value 1962—\$1,239,065; 1961—\$1,519,035). (NOTE G)	1,437,314	1,379,841
Sundry	1,119,940	1,148,070
	<u>2,557,254</u>	<u>4,768,311</u>
PLANT PROPERTY, AT COST (NOTE B):		
Land, buildings and improvements	7,790,298	7,578,571
Machinery and equipment	3,690,348	3,345,311
Furniture, fixtures and leasehold improvements	466,990	335,286
	<u>11,947,636</u>	<u>11,259,168</u>
Less accumulated depreciation	5,265,616	4,555,989
	<u>6,682,020</u>	<u>6,703,179</u>
DEFERRED CHARGES	200,354	395,039
	<u>\$59,906,805</u>	<u>\$62,496,058</u>

(See Notes to Financial Statements)

Balance Sheet March 31, 1962 with Comparative Figures at March 31, 1961

LIABILITIES

	1962	1961
CURRENT LIABILITIES:		
Unsecured notes payable to banks and others	\$ 7,211,200	\$ 9,093,425
Accounts payable	2,840,736	3,373,557
Accrued salaries, wages, commissions and expenses	2,435,314	2,284,001
Accrued domestic and foreign taxes	1,865,224	1,907,481
Instalment on 3½ % sinking fund notes due within one year (NOTE C)	450,000	450,000
Total current liabilities	<u>14,802,474</u>	<u>17,108,464</u>
3½ % SINKING FUND NOTES DUE MAY 1, 1969—less instalment due with- in one year (NOTE C)	<u>5,300,000</u>	<u>5,750,000</u>
DEFERRED FEDERAL TAXES ON INCOME—(NOTE B)	<u>1,061,464</u>	<u>1,182,589</u>
STOCKHOLDERS' EQUITY:		
Common stock, \$5 par value:		
Authorized 3,000,000 shares		
Outstanding 1,949,286 shares	9,746,430	9,746,430
Earned surplus (retained for use in the business)—(NOTE C)	<u>28,996,437</u>	<u>28,708,575</u>
Total stockholders' equity	<u>38,742,867</u>	<u>38,455,005</u>
	<u>\$59,906,805</u>	<u>\$62,496,058</u>

(See Notes to Financial Statements)

Notes to Financial Statements

NOTE A:

The consolidated balance sheet includes assets and liabilities located in Switzerland and Canada as follows:

	1962	1961
SWITZERLAND:		
Current assets	\$1,812,967	\$2,145,240
Other assets	576,853	682,779
Total assets	<u>\$2,389,820</u>	<u>\$2,828,019</u>
Liabilities	<u>\$ 586,219</u>	<u>\$ 510,567</u>
CANADA:		
Current assets	\$3,002,976	\$2,980,009
Other assets	112,936	113,316
Total assets	<u>\$3,115,912</u>	<u>\$3,093,325</u>
Liabilities	<u>\$ 437,631</u>	<u>\$ 326,319</u>

All foreign currency items have been converted at prevailing rates of exchange.

NOTE B:

Property covered by certificates of necessity became fully amortized for tax purposes during the year ended March 31, 1959. Deferred Federal taxes on income set up in prior years to provide for the temporary tax benefit arising from the excess of tax amortization over normal depreciation are being returned to income to offset taxes related to normal depreciation recorded in the accounts not deductible for tax purposes.

NOTE C:

The parent company is obligated to pay \$450,000 against the 3½% sinking fund notes on May 1, 1962 and on May 1 of each year thereafter. Additional payments may be made in any year but if such additional payments exceed \$450,000 in any one year a premium must be paid on the excess.

Under the terms of the notes the company has agreed not to permit its working capital to fall below certain prescribed limits, and has also agreed to restrictions on the creation of additional funded debt and on various other matters.

The terms of the notes place certain restrictions on the payment of dividends, other than stock dividends, and on the purchase or retirement of shares of the company's stock.

The net effect of these restrictions is to limit the maximum amount which could be expended for dividends and stock purchases after March 31, 1962 to \$4,477,448 plus subsequent earnings, less annual sinking fund payment of \$450,000.

NOTE D:

Federal income tax returns for the years ended March 31, 1957 and prior have been examined by the Treasury Department and all taxes for such years have been settled.

NOTE E:

Profits under contracts with the United States Government subject to renegotiation have been cleared through the year ended March 31, 1961. Management is of the opinion that no excess profits were realized for the year ended March 31, 1962.

NOTE F:

The unpaid cost as of March 31, 1962 of past services in connection with the company's retirement plan as determined by independent actuaries is \$3,674,836, subject, however, to termination or amendment as provided in the plan. It is expected that this amount will be charged to income over a period of 30 and ½ years.

NOTE G:

At March 31, 1961 options to purchase 82,210 shares of the parent company's stock at prices ranging from \$11.67 to \$17.50 per share were held by certain officers and employees. During the year ended March 31, 1962 options for 2,300 shares were exercised and options for 1,800 shares were cancelled when the employees concerned terminated their employment. Also during the year options for 4,000 additional shares were granted at \$15.00 per share. At March 31, 1962 there remained 82,110 shares under option at prices ranging from \$12.50 to \$17.50 per share. All options have been granted at not less than 85% of the quoted market value on the dates of grant. The difference between the option price and market value is credited to capital stock held for resale to officers and employees and the offsetting charge is deferred and written off to income over a two-year period (the minimum period during which an optionee agrees to remain in the company's employ after being granted his option).

NOTE H:

On the basis of continued experience with the standard cost system, watch cases, which heretofore had been valued at metal content only, have, as of March 31, 1962, been valued at cost. Net income was increased by this change in valuation by approximately \$526,000, or 2.3% of March 31, 1962 inventories.

Report of

Independent Public Accountants

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

We have examined the consolidated balance sheet of Bulova Watch Company, Inc. and subsidiaries as of March 31, 1962 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. It was not practicable to confirm by correspondence amounts due from the United States Government, but we satisfied ourselves as to such amounts by means of other auditing procedures.

In our opinion, the accompanying consolidated financial statements present fairly the financial position of Bulova Watch Company, Inc. and subsidiaries at March 31, 1962 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles. Except for the change in the method of valuing inventory (see note H), which we approve, such principles have been applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.

New York, N. Y.
June 12, 1962

More People Tell Time by Bulova Than by Any Other Fine Watch

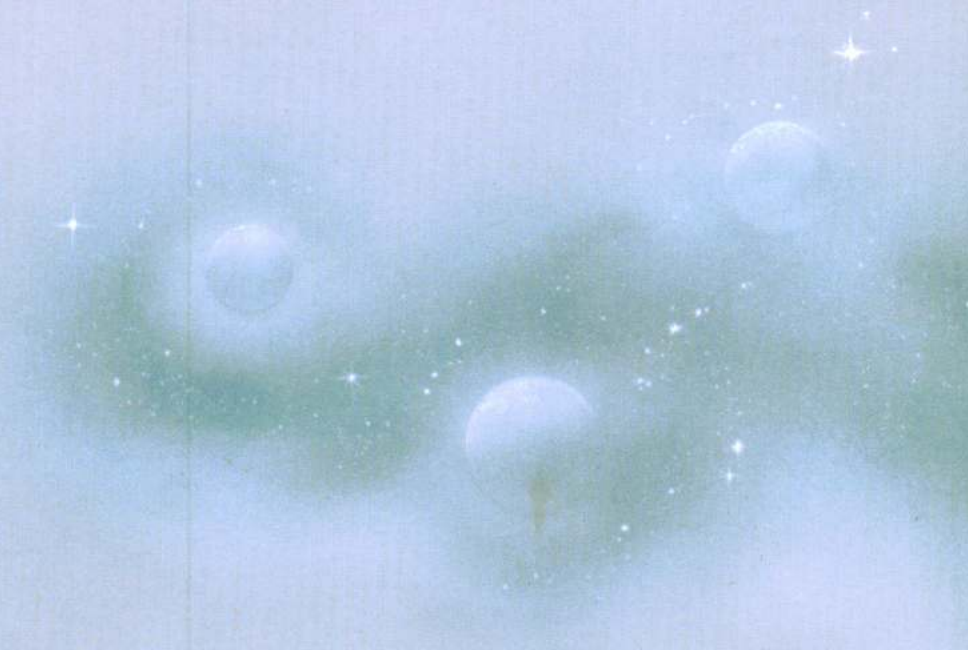
BEAU BRUMMELL
Dial set with 20 diamonds.
30 jewel movement, selfwinding,
waterproof*
\$295.

THE DUTCHESS
55 diamonds, 14 karat gold,
23 jewels.
\$395.



*When case, crystal and crown are intact.
Every Bulova waterproof watch is tested
and certified waterproof by the United
States Testing Company, Inc.

All prices plus tax.



BULOVA
Annual Report
for the year **1962**
ended March 31,