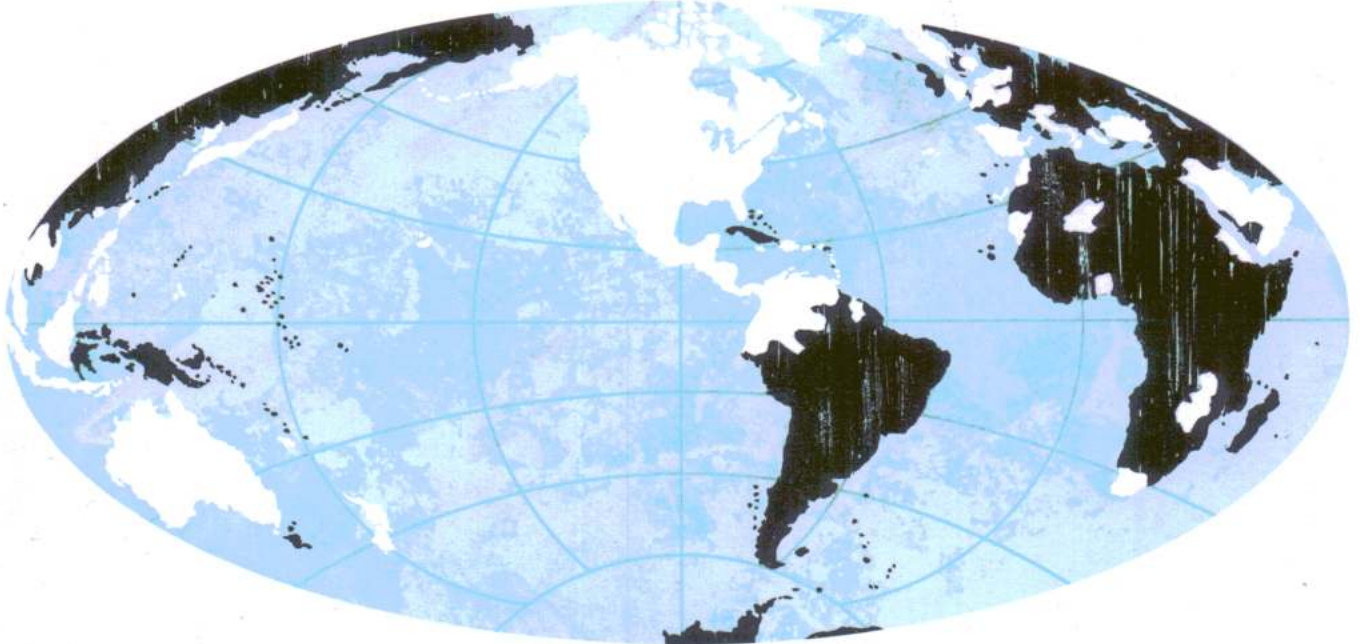


*1875 - 1952*  
THE EARLIER YEARS



ANNUAL REPORT FOR THE YEAR ENDED MARCH 31, 1963

*1953 - 1963*  
DECADE OF GROWTH





RESEARCH BREAKTHROUGH



ACCUTRON "201"  
Railroad Approved.  
\$125.00



ACCUTRON ASTRONAUT  
24 hour indicator.  
\$175.00



ACCUTRON "602"  
18 Karat Yellow Gold.  
\$300.00



ACCUTRON "P"  
Platinum creation  
reflecting supreme skills  
\$2,500.00

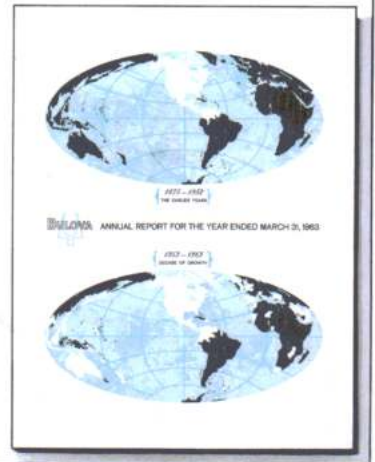
ACCUTRON®



Symbol of Accuracy  
Through Electronics

All prices plus tax.

**About The Cover:**  
 The Geographic design depicts the growth of your company worldwide. Upper illustration; White areas indicate Bulova activities prior to 1953. Lower illustration; portrays international expansion accomplished in the last decade.



# BULOVA

WATCH COMPANY, INC.

## Annual Report for the year ended March 31, 1963

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# BULOVA

WATCH COMPANY, INC.



Bulova Headquarters  
Bulova Park, Long Island, New York



Woodside, N. Y.



Providence, R. I.



Sag Harbor, N. Y.

## DIRECTORS

General Omar N. Bradley, *Chairman*  
R. Clyde Allen  
George M. Bunker  
Benjamin H. Dorsey  
Sol E. Flick  
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*  
August R. Bozzo, *Vice President*  
John Carpenter, *Vice President*  
Sol E. Flick,  
*Vice President, Secretary and General Counsel*  
Simon C. Gershey, *Vice President*  
James E. Lordeman, *Treasurer*  
Benjamin H. Natchez, *Controller*  
Roland P. Talbot,  
*Assistant Controller and Assistant Secretary*  
John Chiappe, *Assistant Controller*  
Haskell C. Titchell, *Assistant Secretary*

## Transfer Agent

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

## Registrar

Manufacturers Hanover Trust Company  
40 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  
 Sol E. Flick  
 Harry B. Henshel  
 R. Douglas Jennings  
 Muriel McCullum  
 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*



Toronto, Canada

## 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*  
 Mark Bourquin, *Vice President*  
 Joseph F. Campisi, *Vice President*  
 Gerard A. Donovan, *Vice President*  
 Sol E. Flick, *Vice President and Secretary*  
 James E. Lordeman, *Treasurer*  
 John Chiappe, *Assistant Secretary*  
 and *Assistant Treasurer*  
 Richard S. L. Pearman, *Assistant Secretary*



Neuchatel, Switzerland

## Bulova—Around The World

Aden	Germany	Nicaragua
Alaska	Ghana	Nigeria
Aruba	Gibraltar	Norway
Australia	Greece	Okinawa
Azores	Greenland	Panama
Bermuda	Guam	Philippine Islands
Borneo	Guatemala	Puerto Rico
British Honduras	Haiti	Sarawak
Brunei	Honduras	Saudi Arabia
Canada	Hong Kong	Senegal
Canary Islands	Iceland	Southern Rhodesia
Colombia	Indonesia	Spain
Costa Rica	Italy	St. Kitts
Curacao	Jamaica	Surinam
Denmark	Japan	Switzerland
Dominican Republic	Korea	Thailand
Ecuador	Kuwait	Tobago
El Salvador	Laos	Trinidad
England	Luxembourg	Turkey
Eritrea	Malaya	Union of South Africa
Fiji Islands	Mauritius	United States
Formosa	Mexico	Venezuela
France	Nassau	Vietnam
French Morocco	Nevis	Virgin Islands
Gambia	New Zealand	



Bienne, Switzerland







## TO THE STOCKHOLDERS:

Consolidated net earnings from operations of the Bulova Watch Company and subsidiaries for the fiscal year ended March 31, 1963 were \$1,482,514 equal to \$.76 per share of common stock outstanding compared with fiscal 1962's earnings of \$1,301,360 or \$.67 a share.

Sales for the year were \$63,263,275 compared with \$62,805,592 in the previous year.

The gain in volume reflected a steady improvement in consumer product sales which commenced in the third quarter and carried through the fourth quarter of the fiscal year. For the entire year, however, these increases were partially offset by a reduction in sales and a sharp reduction in profits for divisions of the company engaged in work for the industrial and defense industries, attributable primarily to severely competitive pricing practices, completion of several large contracts and changing demands calling for newer but fewer components.

Net earnings were also affected by a charge to income equivalent to 5¢ a share reflecting the Canadian Government's devaluation of their currency.

Bulova's increase in consumer sales was due principally to marked increase in orders for our Accutron electronic timepiece, and for the Caravelle line of low-priced, jeweled-lever watches.

The first indications of this extraordinary demand were evidenced in the fiscal fourth quarter when orders for Accutron timepieces increased to four times the scheduled production rate for the calendar year, necessitating a sharp acceleration in output. The backlog of orders for "Accutron" remains significantly higher than in previous years, and it is anticipated that sales for the present fiscal year will continue strong.

The Caravelle line, available early in the fourth fiscal quarter on a nationwide basis for the first time, generated sales that equaled our most optimistic estimates. Capacity for production of these watches was doubled this year in anticipation of this demand which continues at peak levels. Its marketing and profit positions are geared to volume sales, rapid inventory turnover and a lower profit margin than that of our other lines.

The activities of fiscal 1963 represented a consolidation of the many elements set in motion four years ago to transform Bulova's watch business from its traditional position of one line, one market and one distribution channel to the multi-line, multi-channel world market operation that it is today. Creation of new products and broadening and diversification of the watch line came first, followed by the opening of new markets, and last and most comprehensive of all the evolutionary changes, expansion of the domestically-oriented Bulova marketing organization to one that is tailored also to the broad international sales environment.

A tangible indication of the cumulative effect of

these activities is the salient fact that in a remarkably short time "Accutron" and "Caravelle" joined the traditional "Bulova" line in being first in volume within their price categories. This adds immeasurably to the dimension and value of the Bulova retail franchise.

Overseas, the Company strengthened its facilities and capabilities to meet expanded local needs for service and supply, adding warehouses, sales outlets and establishing key distributorships in new market areas to further the expansion program. In the second full year of the newly broadened international sales effort the Company posted a modest sales increase. This year with this preliminary work behind us, it is expected that sales abroad will increase significantly.

The reorganization of the Company's Industrial/Defense Group involved time for full assimilation of the changes. Considerable progress in this evolutionary process was made during the year. The combined sales of the Group fell short of the previous year because of an extremely competitive pricing situation in some product lines and the completion of several important contracts. Sales and research effort is specifically directed to proprietary product development, electro-mechanical devices, and warhead and rocket engine safety controls. Consistent with this activity new non-consumer oriented applications of the Accutron timing mechanism are being studied. Accutron mechanisms have been adopted as precision timing instruments by 85 different laboratories, universities, arsenals, government agencies and industrial plants for a variety of timing functions. Most spectacular of these assignments is its recent role as a long-duration timer for the radio transmitters aboard Telstar II. Similar assignments have been performed for three other families of scientific satellites and the mechanism is scheduled for use in two additional satellite series.

Due to an unanticipated delay of a watch component a substantial amount of shipments originally scheduled for the end of the fourth fiscal quarter were actually made the first week of April, 1963, therefore increasing sales for the first fiscal quarter of 1964.

The outlook for the future is promising. While it is obvious that the general economy is always a strong influence on the company's business, the fundamental reasoning behind the expansion of products and worldwide markets has been to minimize the Company's dependency on cyclical U.S. economic conditions which in the past was magnified by our previous single product line. The impact of this program is already in evidence, and continuing progress should have favorable influence on future sales and earnings.

Respectfully submitted,

*Omar N. Bradley* *Harry B. Henshel*

OMAR N. BRADLEY  
Chairman of the Board

HARRY B. HENSHEL  
President

June 12, 1963



## HIGHLIGHTS



*Year Ended March 31*

	1963	1962
NET SALES	\$63,263,275	\$62,805,592
PROFIT FROM OPERATIONS BEFORE INCOME TAXES	\$ 2,877,514	\$ 2,961,360
SPECIAL NON-RECURRING ITEM BEFORE INCOME TAXES	—	\$ 136,455
PROFIT BEFORE INCOME TAXES INCLUDING SPECIAL ITEM	\$ 2,877,514	\$ 3,097,815
PROFIT FROM OPERATIONS AFTER INCOME TAXES	\$ 1,482,514	\$ 1,301,360
SPECIAL NON-RECURRING ITEM AFTER INCOME TAXES	—	\$ 102,341
TOTAL PROFIT AFTER INCOME TAXES	\$ 1,482,514	\$ 1,403,701
NET PROFIT FROM OPERATIONS AFTER INCOME TAXES Per Share	\$ .76	\$ .67
SPECIAL NON-RECURRING ITEM Per Share	—	\$ .05
TOTAL PROFIT AFTER INCOME TAXES Per Share	\$ .76	\$ .72
CASH DIVIDENDS Per Share	\$ .60	\$ .60
CURRENT ASSETS	\$54,792,382	\$50,467,177
CURRENT LIABILITIES	\$19,714,851	\$14,802,474
WORKING CAPITAL	\$35,077,531	\$35,664,703
CURRENT ASSET RATIO	2.8 to 1	3.4 to 1
SHARES OUTSTANDING	1,949,286	1,949,286
STOCKHOLDERS' EQUITY Per Share	\$ 20.07	\$ 19.88



## CONSUMER PRODUCTS

**ACCUTRON®** After two and a half years on the market, the unique appeal and appreciation of its exceptional technological composition continues to bring Accutron timepieces added sales momentum. Production and sales of this electronic timepiece late last year passed the 100,000 unit mark. Since that time, the rate of orders has quadrupled, production and our productive capacity have been increased ahead of schedule to meet the new level of demand. The Accutron timepiece in its short history has already established itself as the leading man's timepiece in its price range and our experience has proved that in it we have created the opportunity for volume sales in this market category that never existed before.

The Accutron timepiece is the only timepiece available anywhere for personal use that specifically and without qualification offers a precise guarantee of accuracy in use on the wearer's wrist. Periodic checks of field service records confirm its performance, both in accuracy and reliability, against the unprecedented standards established for it.

A Certificate of Technical Achievement for horological research was awarded "Accutron" at the Besancon Fair, in France, and a leading American encyclopedia characterized "Accutron" as "the first significant advance in timekeeping in 300 years." The two commendations reflect the broad range of recognition the electronic timepiece continues to generate.

Among the more than 100,000 people in all walks of life who have bought and wear Accutron timepieces, are test pilots flying the Air Force's X-15 rocket research plane, the Astronauts, and many professional people, including scientists, explorers, executives, legislators and heads-of-state.

A tribute to the proven accuracy and reliability of the Accutron timepiece is its certification for operating personnel by twenty-three of the nation's major railroads.

There are, currently, thirty-four Accutron models available, ranging from stainless steel and gold (14K and 18K) to platinum. Several

models feature diamonds mounted on the dials. There are now five Accutron clock models available in contemporary design for use in home or office.

In addition to its appeal as a personal timepiece, Accutron mechanisms have found a role in a variety of special applications for space oriented projects and other scientific purposes in industrial laboratories throughout the country. More than 435 custom-made units were delivered for a diversified number of research projects. The flexibility of uses that the Accutron mechanism offers as a long-duration, self-powered timing mechanism represents a potential yet to be fully defined or exploited.

In a special case and with extra gears and switches added, "Accutron" received a dramatic space assignment as a signal cut-off timer or "satellite-silencer" within four families of satellites—Explorer, Tiros, Telstar and Syncom. In May of this year, Telstar II carried aloft one of these units. It is currently being evaluated for use on Nimbus, the meteorological satellite, the Orbiting Astronomical Observatory scientific satellite and several others.

Five applications, ranging, literally, from the ocean floor to the outer reaches of space, typify the new uses being uncovered daily for this versatile electronic unit:

- ▶ The *Army* is evaluating the Accutron mechanism as possibly the only time delay relay switch that is capable of withstanding the 70,000 G-acceleration when a scientific projectile is fired from a special gun to rise 300,000 feet in 120 seconds.
- ▶ The Geo-Magnetism Division of the *Coast and Geodetic Survey* service is testing an Accutron device for use during the forthcoming International Year of the Quiet Sun (IQSY) to pulse 10-second signals twice each hour and a 12-second signal once every 24 hours.
- ▶ The *Air Force* is using Accutron timers for

photographic surveillance in which the timer is used to ascribe a specific time to the photo data.

▶ The *Naval Research Laboratory* is proposing to use Accutron devices to close switches within satellite probes at specific timer intervals, close down the experiments and then recycle after a specific time lapse.

▶ The *National Aeronautics and Space Administration*, in addition to the other satellite programs mentioned, plans to use the timer aboard new micrometeorite satellites as a 12-month timer.

In addition to these programs, the timer is being used for a variety of projects throughout the world. Development of new types of timers and other instruments—all based on the Accutron movement—is being pushed at the Jackson Heights plant, in the research laboratories in Woodside and within Company facilities in Switzerland. Using the basic Accutron movement with some changes to the transducer and alloys used, a unique temperature-sensing device is being developed under a company program. The Weather Bureau has shown an interest in the project for use in remote weather stations and has contracted small funds for further work. The Company has recently received requests to develop a timer that would operate for six to nine years.

These are all projects which in their present stage have served to demonstrate the versatility of the Accutron device rather than to generate immediate sales volume, but they are highly important in terms of its potential sales possibilities.

**BULOVA WATCHES** The sales and market position of the conventional Bulova watches continues to grow and to lead the industry in their categories, as they have done for the past thirty consecutive years. Bulova watches more

than ever serve as the backbone of the watch business conducted by fine jewelers across the country.

The ceaseless technological improvements and styling refinements incorporated in these watches are again evidenced in the new models introduced during the year.

For example, a new fashion in watches was adapted from the Company's "Continental" line of watches which are sold overseas by Bulova International, Ltd. In this "Sunburst" series, adapted for the U.S. market, various tints of gold—pinks, blues, yellows, purples—are manufactured from a special "Sungold" alloy at the Providence, R.I. case plant, and the result is an intermingled rainbow of color in the case and bracelet.

The new "Regatta" series of 23-jewel waterproof and self-winding watches for men is being featured this year by jewelers. The "Leading Lady" series of 23-jewel watches, each smaller than a dime, was introduced successfully in the fall.

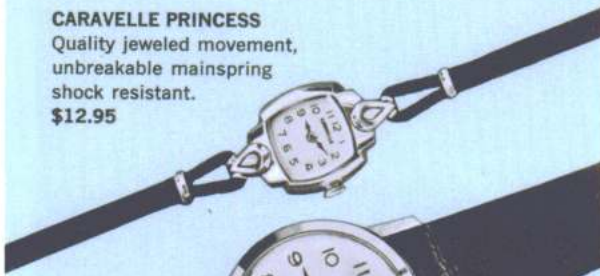
Diamond watches enjoyed a resurgence in demand last fall for the Christmas season. Orders for diamond-set watches were 15 per cent higher than in the previous year. The Company continued to be the leading manufacturer of diamond-set watches.

**CARAVELLE®** This third facet of the Company's three-pronged product expansion in the watch market enjoyed success exceeding our most optimistic estimates. The acceptance of "Caravelle," a modestly-priced line of watches with jewel-lever movements, fine finish and craftsmanship formerly found only in more expensive timepieces, was immediately apparent despite the fact that in the early stages of introduction sales were held to test-markets only. Caravelle watches, since early in 1963, have been available on a nationwide basis, and production has been steadily expanded to meet the volume orders this line is generating.

These economy-priced watches represent



**CARAVELLE PRINCESS**  
 Quality jeweled movement,  
 unbreakable mainspring  
 shock resistant.  
**\$12.95**



**CARAVELLE SKIFF**  
 Quality jeweled movement, waterproof,  
 shock resistant, sweep second hand.  
**\$10.95**



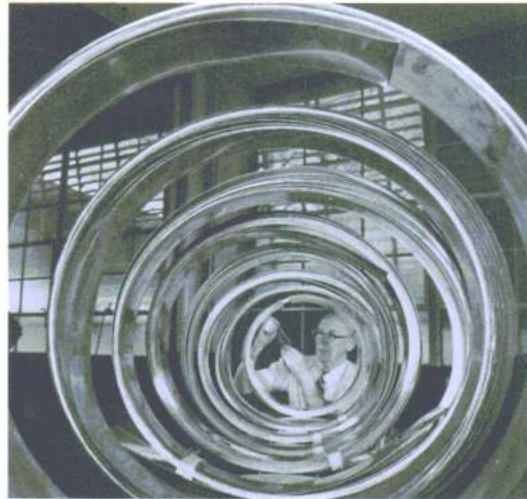
**LADY CARAVELLE**  
 17 jewels, four diamonds  
 set in sterling silver ends  
 unbreakable mainspring,  
 shock resistant.  
**\$29.95**



**CARAVELLE SEA SKIPPER "B"**  
 17 jewels, self winding, waterproof,  
 unbreakable mainspring, sweep second hand,  
 expansion band.  
**\$29.95**



■ Rolls of gold are produced at the Providence R. I. plant for several hundred different types of cases and dials.



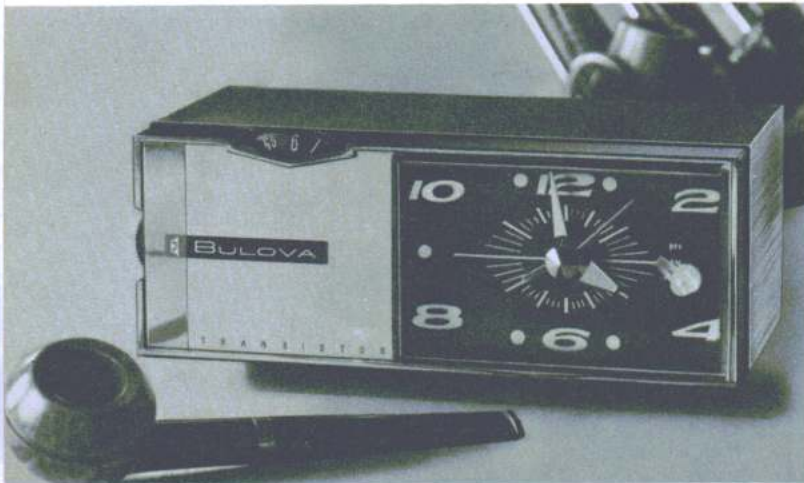
■ The "switch in time" from decades-old pocket watches to the modern electronic Accutron timepiece was made first by the Southern Pacific. Since then 22 other railroads, large and small, from all sections of the country have certified Accutron wrist timepieces for operating personnel.

■ Unprecedented demand for "Accutron" resulted in 300 per cent production increase with 'round-the-clock shifts.





- Pilots who test the X-15 rocket research plane (shown ready for launching from B-52) wear Accutron timepieces during flights.
- Tiny new "Viceroy" miniature clock-radio is a recent addition to consumer electric line.



Give her the watch that's as light as a feather...

**NEW Leading Lady by BULOVA**

Tiny 21-jeweled treasure... Bulova gift-quality from only \$19.95

Only Bulova watches are thin for ladies with a watch as tiny and dainty as a feather. The new Leading Lady... \$19.95 as it is. Leading Lady with accurate time at a glance because Bulova's extra-fine system for precise movement with a genuine diamond for sparkling clarity. And, the watch has Bulova movement assures dependable timekeeping day in, year out... Choose her 21-jeweled Leading Lady from several exquisite styles, each made with Bulova, designers of the world's most fashionable, fine watches... The Leading Lady, as an amazing gift-for-her price, is Bulova gift-quality... inside and out. You can give it with pride, wear it with pride, because it's made with pride.

<b>Bulova Leading Lady "21"</b> Tiny 21-jeweled watch, 21 diamonds, 21 jewels, \$19.95.	<b>Bulova Leading Lady "21"</b> Tiny 21-jeweled watch, 21 diamonds, 21 jewels, \$19.95.	<b>Bulova Leading Lady "21"</b> Tiny 21-jeweled watch, 21 diamonds, 21 jewels, \$19.95.	<b>Bulova Leading Lady "21"</b> Tiny 21-jeweled watch, 21 diamonds, 21 jewels, \$19.95.	<b>1960's style jewelry</b> ... \$19.95.
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- Typical full page advertisement read nationwide during important Fall selling season features in addition to merchandise, the jeweler as the source of fine gifts.



- New stereo-phonograph has drop-down record changer section, VM changer, four speakers.



the opportunity for the Company to reach a wide market now held almost entirely by pin-lever watches and accordingly are priced to compete with many of the pin-lever brands. With "Accutron," "Caravelle" and the traditional "Bulova" line, the company now offers the finest watches in every price category—a breadth and depth of timekeeping products unparalleled by any other watch company in the world.

**CONSUMER ELECTRIC PRODUCTS** This is the tenth year in which the Company has offered its radio/stereo products through jewelry store outlets. A record number of home entertainment products are being offered this year—twenty-four different transistor radios, clock-radios, table radios and portable stereo-phonographs.

Through a combination of unusual circumstances the special sales force selected and trained to market the consumer electric products and the Caravelle watch line, did not have an opportunity in fiscal 1963 to register its full potential performance. The surge of orders for Caravelle watches required a larger amount of the time of the sales force than was anticipated and its effect was immediately felt on the radio/stereo sales. Imports of inexpensive foreign radios had an effect of lowering the average unit price for the entire radio industry—and Bulova was no exception. However, first fiscal quarter returns indicate that this situation is improving and sales of consumer electric products are on the upswing.

One of the most popular new models introduced last year was the "Performer" miniature clock-radio. It is only about one-third the size of conventional clock radios. Another new miniature called the "Viceroy" is being offered this year.

Two new slim-like transistor portables, both with excellent range and volume, named the "Warrior" and "Jupiter," have been added to the medium retail price bracket to round out the line of transistor radios to eleven

models. Included in this group are the unique "Alert Mk I" and "Alert Mk II" travel alarm "watch-radio" models and another new addition to the line is a "drop-down" portable stereo-phonograph that permits the record changer section to be lowered from the carrying case in the same manner than a drop-leaf desk is opened.

**MARKETING PROGRAMS** As the year closed, the Bulova-Accutron sales force, for instance, was at peak strength, and the new and separate sales force had been recruited and trained as specialists for Caravelle watches and the radio/stereo line with the result that the total sales force is now the largest in the Company's 89-year history and largest in the industry.

Emphasis on the traditional role of the fine jeweler as a knowledgeable merchant offering a broad selection of quality merchandise will continue to serve as a dominant theme in the Company's advertising program. Other campaigns were designed to cultivate new prospective purchasers such as engineers, scientists, and other professional people on behalf the "Accutron" and the vast pre-teen, teenage and youth groups for "Caravelle."

One of the principal objectives of our advertising and marketing strategy is to impress consumers with the unique variety and depth inherent in the Company's lines—with appropriate specific emphasis on the factors which account for the quality of Bulova watches—and to maintain and build the Company's reputation in the industry as a manufacturer dedicated to strengthening the position of the individual retail jeweler.

Programs tailored to dealer interests ranged from the regional development of city-wide "Correct Time Week" promotions featuring the accuracy of Accutron timepieces in such market areas as New York, Akron, Philadelphia, and Pittsburgh, to display materials and incentive programs for salesmen and dealers. Objective of the local "Correct Time

Week" promotions, which Mayors of the selected cities launched by proclamation, was to accentuate the need for timekeeping accuracy and to build store traffic for dealers. The sales incentive programs, most extensive ever conducted by the Company, have been a forceful influence on sales.

**BULOVA OVERSEAS** The Company's activities abroad continued to expand. Sales improved modestly over the previous fiscal year but the significance of the Company's overseas growth lies in the firm establishment of roots in foreign countries. New overseas facilities were established to satisfy local requirements for supply and service. A new warehouse was opened in Hong Kong. Bulova U.K. Ltd. was established in England. A key distributor was appointed in Mexico and construction work continued on the manufacturing and research facility at Neuchatel, Switzerland.

With the penetration of additional nations such as—Aden, Gambia, Ghana, Kuwait, Nigeria, Saudi Arabia, and British Honduras—Bulova watches are now sold on every continent and literally in every corner of the world. Thus the foundation has been laid for foreign volume that we hope will eventually equal our domestic sales.

The "Continental" product line of Bulova International, Ltd., is styled for diverse tastes and incomes.

Participation in trade fairs at Basle, Switzerland; Milan, Italy; Sydney, Australia; Osaka, Japan; and, Besancon, France, played an important role in the overseas marketing program.

**Switzerland** The requirements of the Company's growing international operations placed new importance on the manufacturing facilities in Switzerland, principally in the Bienne plant. Facilities there were enlarged to include the full manufacture and assembly

of "Accutron." These facilities comprise the core of the Bulova manufacturing complex, the largest of its kind in Switzerland, producing in addition to Accutron and Caravelle units, all of the 17-jewel Bulova watches sold in the United States and Canada and 17- and 23-jewel watches for the international markets.

For the second consecutive year, an unusual product of the Company was a feature of the Basle Fair, the annual showcase of the Swiss watch industry for new technological developments in timekeeping. Following a pattern established by the exhibition of "Accutron," Bulova exhibited its self-powered all-electronic quartz clock, which has no moving parts and indicates time to the exact second by a display of lights. It attracted wide attention as one of the Fair's most dramatic technical contributions unveiled, and emphasized the Company's capability in the field of micro-electronics.

The expectation of future products evolving from the technical lessons learned in development of this unique clock is one indication of the creative vigor of watch and time-keeping technology as a whole and offers intriguing promise. To nourish this technical progress, the Company's new facility at Neuchatel, due for completion in 1964, will specialize in research and development for industrial products adapted from and based upon the principles incorporated in the Accutron timepiece.

**Canada** During fiscal 1963, there were nearly 2,200 jewelers in Canada served by Bulova Watch Company, Ltd. The Canadian company's merchandising program is coordinated with the program in the United States. Bulova will be the official timepiece for the 1963 Canadian National Exhibition, the largest annual event of its kind in the world. The Toronto watch case and radio plants also export to the West Indies, the British market and other Commonwealth countries.





■ At Seattle World's Fair Space Needle, Prince Philip was presented an Accutron timepiece.

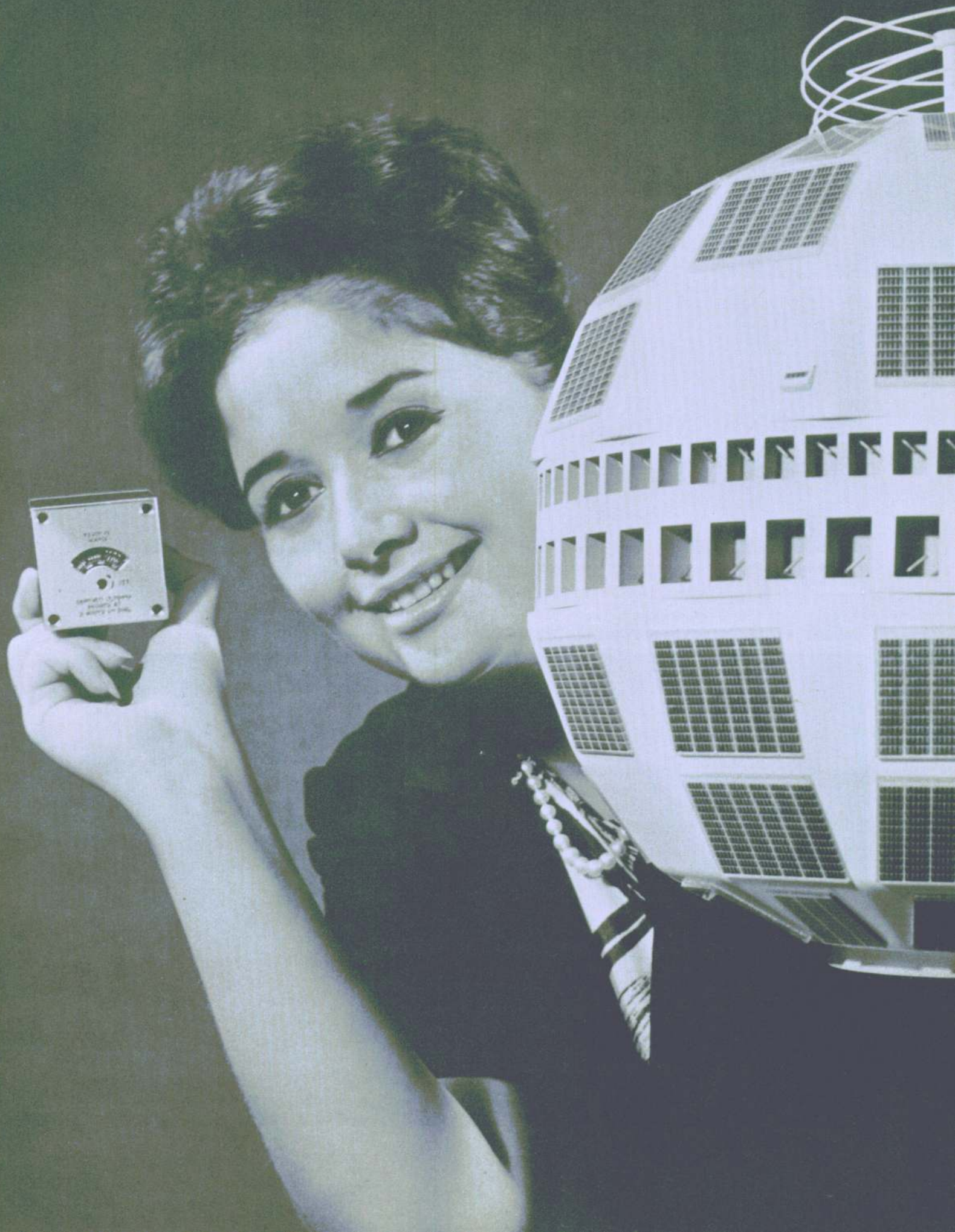


■ Microelectronic skill shown in no-moving-part quartz clock at recent Basle Fair in Switzerland.

■ Gerrards' of London jewelers window is typical of prominence given Accutron timepieces by many of world's finest jewelers.









## INDUSTRIAL/ DEFENSE PRODUCTS

Further progress was made during the year in centralizing and coordinating the Company activities in the fields of industrial and defense product research, engineering and manufacturing. Seven divisions were combined into four—operating under the management of the Industrial/Defense Group. Volume and profits of the Group were off from the previous year because of severely competitive pricing practices within the military equipment industry, completion of several large contracts and changing demands calling for newer but fewer components. The reorganization is designed for more effective competition under these changing conditions.

A significant share of the Company's industrial and defense production is conducted within the Jackson Heights, Providence and Sag Harbor plants, utilizing watch-oriented production and manufacturing facilities which eliminates the need for duplicate, separate, and more costly production facilities. This unique position is important to our planning for a more profitable operation in these fields. Typical of the work underway is a contract from the Army running through next summer for a mass production of fuzes for use in several types of mortars and a contract for special ordnance components. These plant facilities have been receiving an increasing number of orders and contracts to manufacture precision screw machine products and escapement gear assemblies, which is the type of work for which Bulova was noted during World War II and the Korean conflict.

**Bulova Electronics** Bulova Electronics now forms the nucleus of a new product engineering and manufacturing operation in Woodside, N. Y. It includes the facilities and capabilities of American Time Products and is coordinated with Keystone Controls of Newark, N. J., acquired during the year as a subsidiary.

New products introduced during fiscal 1963 included a booster resolver amplifier for the line of servo system controls, a solid-state thermostat called "Transistat" for precise

temperature control, and additions to the line of ovens, oscillators and crystal filters—principally for military and defense systems. Keystone has developed a new line of glass-encapsulated quartz crystals which were introduced in June as an improvement over metal-enclosed crystals.

The American Time Products organization is continuing to manufacture the "Watchmaster" watch rate testers and other watch service equipment. The section also developed several new products—most of them incorporating the tuning fork as a frequency source—including new filters, a 3-phase power source and an "optical" chopper to control radiation and light beams.

**Bulova Systems & Instruments** As the year ended, Bulova Research and Development Laboratory and the Industrial and Military Products Division were constituted as Bulova Systems and Instruments (including the research and development laboratory, timer laboratory, precision products manufacturing and Sandia project production facilities) under the direction of a new general manager who will direct the efforts to fully utilize all adaptations of timing devices. The capabilities of the two divisions complement each other, and the net result will be a stronger operating unit able to assume a larger share of the market and to develop new areas of capability to assist future growth.

New production and assembly equipment has been added to the manufacturing facility in the Jackson Heights plant, including dust-and-humidity-free assembly units used in manufacture of timers, and new research tools have been added to the research facility in Woodside.

Minuteman, the nation's chief deterrent ICBM, accounted for a large proportion of orders and productive capacity, as it has for the past several years. Orders during the year for the engine igniter safe-arm system were over \$2.5 million, bringing the total for that program to almost \$6 million. Additional contracts were received from The Boeing Com-

■ Telstar II is the sixth satellite to be launched with the Accutron timer aboard. Timer can be set for more than two years and it has minute, day and year hands useful for manned flight.

pany, Minuteman weapon system integrator, for a special safety control mechanism and more orders are anticipated as more wings of Minuteman are authorized.

Some of the other missiles for which safe-arm devices and electro-mechanical equipment are being developed and produced include the Pershing, Shillelagh and Nike-Zeus, as well as special units for the Air Force Special Weapons Center.

In the area of electro-optics, the development and field testing of a unique automatic letter counter for the U.S. Post Office Department was completed, and prototype development is scheduled for completion this summer. A "sun position indicator" is being developed for Lockheed Missile Systems Division for use in a new satellite program. Several research projects are under way in the fields of anti-tank weaponry, tank optical systems and infrared fire control.

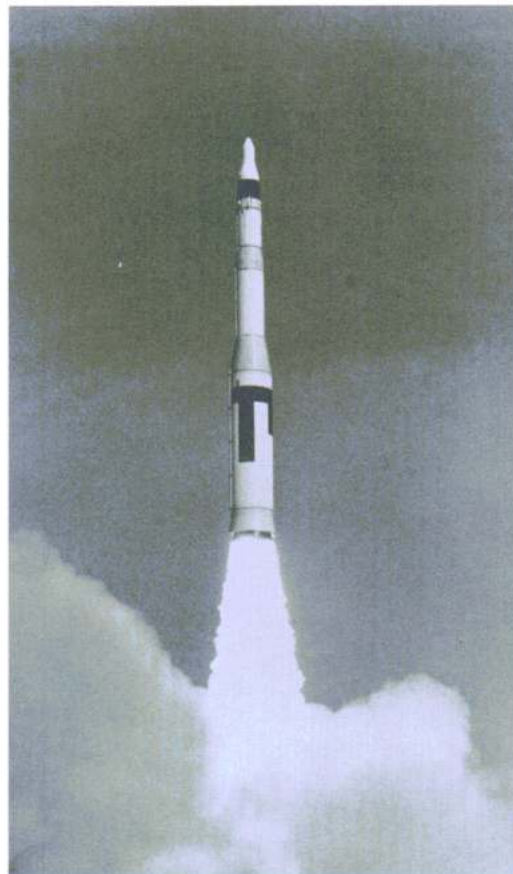
Production of explosive-actuated timers for the Sandia Corporation was continued during the year and is expected to continue for several more years. This special project requires super-critical design and production techniques to obtain virtually 100 per cent reliability for each unit.

**Turtle Mountain Ordnance Plant** This Division, operated for the government by Bulova during the past 11 years at Rolla, N. D., near the Turtle Mountain (Chippewa) Indian Reservation, is the only domestic source of jewel bearings for precision instruments, gyroscopes and other devices used in missiles and defense weapons. More than one million bearings were produced. Most of the production this year was for specific government sub-contractors; and, as a result, some sixty different types of bearings were produced.

**Watchmaster Products Division** Watch materials and test equipment for the jewelry industry are provided by the Watchmaster Products Division, which in its second year of operation showed an increase in sales and service to the industry over the preceding

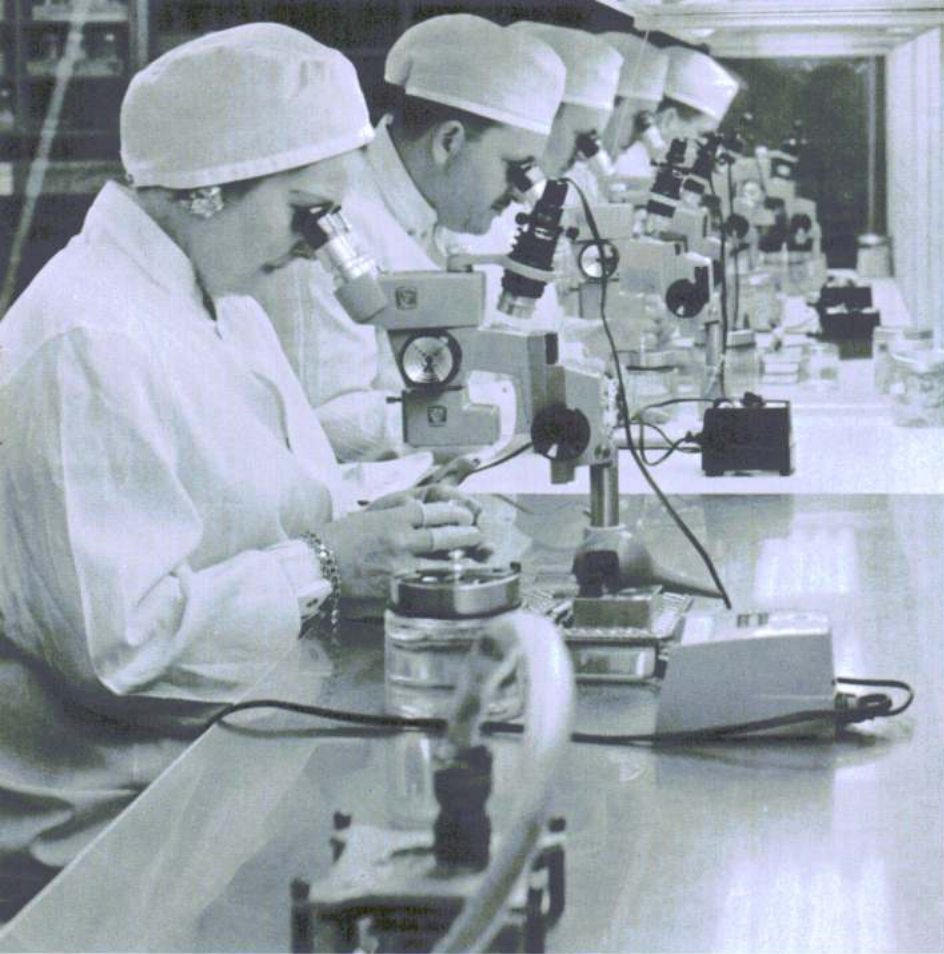
year. The division has its own offices in Woodside, N. Y., and has set up a field sales force and jobber network throughout the country. A sales office to serve the West Coast was established during the year.

The division sells and services the "Watchmaster<sup>®</sup>" line of electronic watch rate testers, demagnetizers and ultrasonic cleaning equipment. It also offers the "Vibrograf<sup>®</sup>" watch rate recorder, which is manufactured in Switzerland and sold in this country under a special marketing arrangement. This watch rate test device, first to be capable of checking the Accutron electronic wrist timepiece, is the forerunner of a family of instruments reflecting the advanced electronic technology of the modern watchmaking industry.



■ Fail-safe assurance for Minuteman is one of Bulova's most important defense industry tasks. The ICBM has three solid-fuel engines; the company makes the safe-arm device for the engines' igniters. Bulova also is making a special "safety control switch" for launch area use.





■ Super-filtered clean air gently wafts microscopic particles of dust away from assembly and inspection areas during manufacture of special timers for the Sandia Corporation.

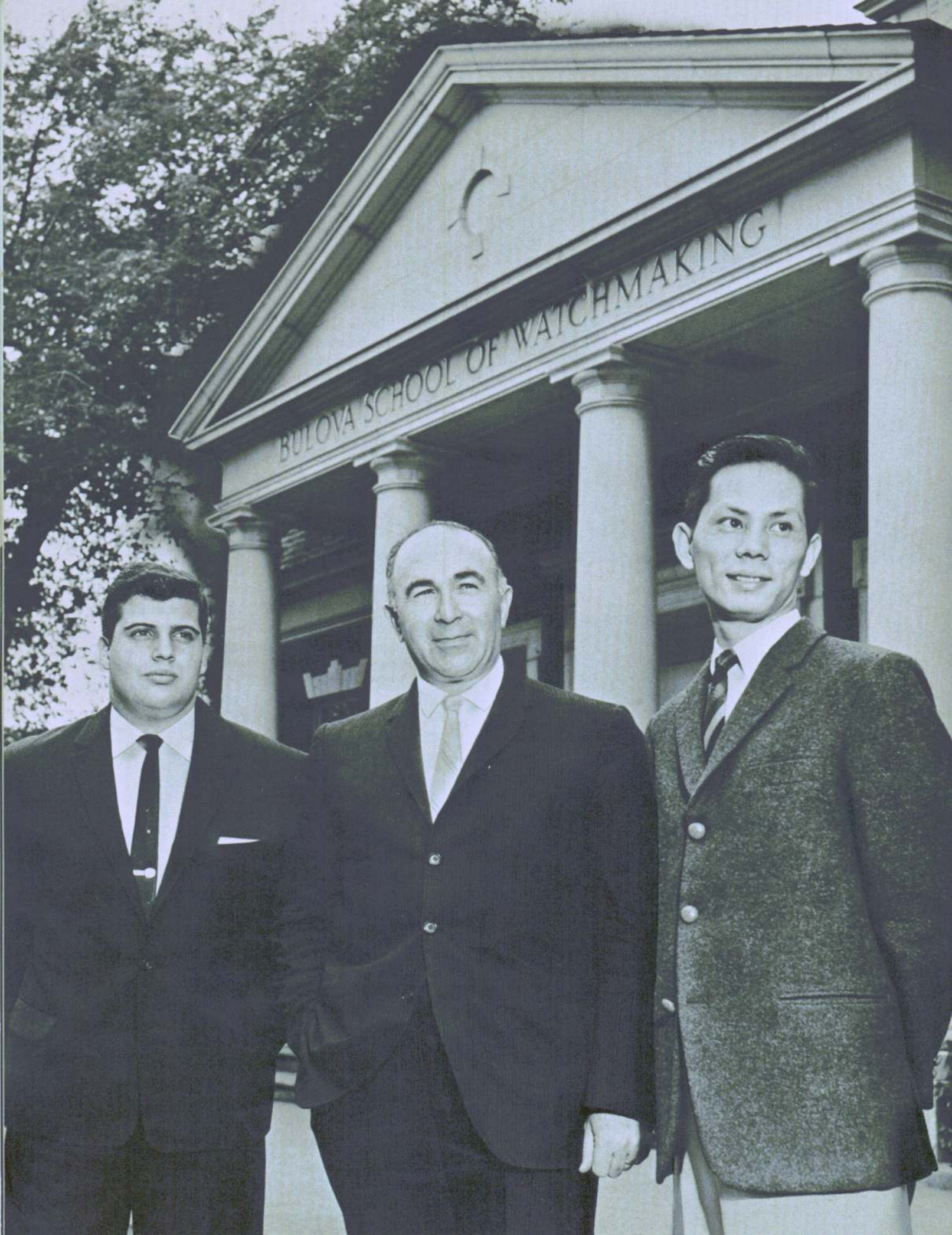


■ Mortar fuzes by the hundreds are being manufactured at the Jackson Heights Plant utilizing machine tools and techniques developed by the precision watch industry.

■ Accutron mechanisms are being adapted and manufactured as clocks, cyclical timers, intervalometers and frequency sources for special tasks for industry and defense.









## OTHER COMPANY ACTIVITIES

### SPORTS TIMING ACTIVITIES

The Bulova "Phototimer" was in use at all the major indoor track meets during this past season and served as the "electronic eye" at major outdoor meets last summer and this spring. Some 119,000 spectators saw the "Phototimer" in action at nine track meets and the national rowing championship.

Requests for use of the Company's precision hand-timing instruments were received in record numbers from jewelers throughout the country who were cooperating with local athletic event officials in helping to set better standards for accurate timing. Some 8,622 timers were loaned for use at 552 events—ranging from track and swimming meets to parachute diving contests and model plane contests—in forty-four states and six foreign countries.

### JOSEPH BULOVA SCHOOL OF WATCHMAKING

The Joseph Bulova School of Watchmaking, in Woodside, N. Y., in addition to training handicapped men in the skills of watch repair and instrument making—on a tuition-free basis for nearly all students—has continued active participation in United States wheelchair sports; annually acts as host of the National Wheelchair Games track and field meet for men and women; and, is participating in the "Project Pride" program to train instructors and administrators for similar schools throughout the world.

More than 760 handicapped men have been graduated from the School's 18-month course during the 18 years of operation; current enrollment is 97. Last year's sixth annual National Wheelchair Games attracted a record 187 competitors from throughout the country; this year's Games are expected to draw teams from Canada, Mexico and Brazil.

The principal source of support for the School is the Bulova Fund aided by the Bulova Watch Company Foundation, which also provides funds for the Bulova Employees'

Scholarship Fund and other charitable funds and organizations. The School also cooperated with the New York University School of Retailing in presenting the 23rd annual two-week jewelry store management seminar for jewelers from throughout the country.

### PEOPLE OF BULOVA

Despite technological advances in watch manufacture, many of which the Company itself has originated and perfected, the importance to Bulova production facilities here and abroad for skilled personnel and personal craftsmanship has not diminished. The Company has always been fortunate in attracting people of this caliber and their seniority records indicate that they, in turn, have found the Company a good place to work. The various wage and salary programs, group insurance, major sickness and accident benefits, stock purchase plans, bonuses, vacations and holidays have long been considered exemplary for our industry.



■ Two recipients of the Project PRIDE two-year scholarships, Izhak Galizky, of Tel Aviv, Israel and Sau Yin Ho, of Hong Kong, flank Benjamin Lipton, (center) director of the Bulova School. These students are learning how to establish similar schools for handicapped in their own countries.



## Source of Funds

*Year Ended March 31*

	1963	1962
From operations:		
Income for year . . . . .	\$1,482,514	\$1,403,701
Charges against income not requiring funds:		
Depreciation . . . . .	630,687	771,894
Deferred Federal taxes on income . . . . .	(15,179)	(121,125)
	<u>2,098,022</u>	<u>2,054,470</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 . . . . .	11,713	14,799
	<u>\$2,109,735</u>	<u>\$4,309,669</u>

## Use of Funds

*Year Ended March 31*

	1963	1962
Dividends to stockholders . . . . .	\$1,109,734	\$1,115,839
Additions to plant property . . . . .	784,962	765,534
Instalment paid on 3½ % sinking fund notes . . . . .	450,000	450,000
Purchase of Company's capital stock . . . . .	75,047	57,473
Deferred charges . . . . .	93,772	(194,685)
Sundry assets . . . . .	183,392	(28,130)
Increase or (decrease) in working capital . . . . .	(587,172)	2,143,638
	<u>\$2,109,735</u>	<u>\$4,309,669</u>





WATCH COMPANY, INC. AND SUBSIDIARIES

## Consolidated Statement of Income and Earned Surplus

<i>Year Ended March 31, 1963 with Comparative Figures for 1962</i>	1963	1962
NET SALES . . . . .	\$63,263,275	\$62,805,592
COST OF GOODS SOLD . . . . .	44,369,507	43,461,080
GROSS PROFIT FROM SALES . . . . .	18,893,768	19,344,512
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES . . . . .	13,475,262	13,538,639
PROFIT FROM OPERATIONS (after deducting depreciation: 1963—\$630,687; 1962—\$771,894) . . . . .	<u>5,418,506</u>	<u>5,805,873</u>
INCOME CHARGES (net):		
Taxes, other than income taxes . . . . .	1,737,852	1,532,605
Interest paid (less interest earned: 1963—\$83,771; 1962—\$81,813) . . . . .	598,028	707,974
Contributions to employees' retirement plans (NOTE E) . . . . .	98,776	488,400
Contributions to charities . . . . .	106,336	118,967
Dividend income . . . . .	—	(3,433)
	<u>2,540,992</u>	<u>2,844,513</u>
INCOME BEFORE INCOME TAXES . . . . .	2,877,514	2,961,360
U. S. AND FOREIGN INCOME TAXES (NOTE B) . . . . .	1,395,000	1,660,000
NET INCOME FOR THE YEAR . . . . .	<u>1,482,514</u>	<u>1,301,360</u>
SPECIAL ITEM (net of related Federal income taxes)—Gain on sale of capital stock of Tiffany and Company . . . . .	—	102,341
NET INCOME FOR THE YEAR AND SPECIAL ITEM . . . . .	1,482,514	1,403,701
DEDUCT DIVIDENDS PAID—\$.60 per share . . . . .	1,109,734	1,115,839
	372,780	287,862
EARNED SURPLUS AT BEGINNING OF THE YEAR . . . . .	<u>28,996,437</u>	<u>28,708,575</u>
EARNED SURPLUS AT END OF THE YEAR (retained for use in the business)—(NOTE C) . . . . .	<u>\$29,369,217</u>	<u>\$28,996,437</u>

(See Notes to Financial Statements)



## Consolidated Balance Sheet

### ASSETS

	1963	1962
<b>CURRENT ASSETS:</b>		
Cash . . . . .	\$ 2,163,180	\$ 3,485,545
Customers' accounts and notes receivable (less allowance for doubtful accounts and notes: 1963—\$715,141; 1962—\$972,319) . . . . .	20,973,266	20,138,841
Other receivables . . . . .	674,449	789,330
Inventories, at cost or less . . . . .	25,956,432	22,681,973
<b>U. S. Government contracts:</b>		
Accounts receivable . . . . .	416,417	339,645
Inventories . . . . .	1,774,747	1,007,886
Reimbursable expenditures . . . . .	2,415,618	1,616,995
	<u>4,606,782</u>	<u>2,964,526</u>
Prepaid expenses . . . . .	418,273	406,962
Total current assets . . . . .	<u>54,792,382</u>	<u>50,467,177</u>
<b>OTHER ASSETS:</b>		
Capital stock, at less than cost, held for resale to officers and employees (quoted value 1963—\$1,139,832; 1962—\$1,239,065) (NOTE F) . . . . .	1,508,261	1,437,314
Sundry . . . . .	1,303,332	1,119,940
	<u>2,811,593</u>	<u>2,557,254</u>
<b>PLANT PROPERTY, AT COST (NOTE B):</b>		
Land, buildings and improvements . . . . .	7,667,274	7,790,298
Machinery and equipment . . . . .	4,328,856	3,690,348
Furniture, fixtures and leasehold improvements . . . . .	667,977	466,990
	<u>12,664,107</u>	<u>11,947,636</u>
Less accumulated depreciation . . . . .	5,835,425	5,265,616
	<u>6,828,682</u>	<u>6,682,020</u>
<b>DEFERRED CHARGES . . . . .</b>	<u>294,126</u>	<u>200,354</u>
	<u>\$64,726,783</u>	<u>\$59,906,805</u>

(See Notes to Financial Statements)



March 31, 1963 with Comparative Figures at March 31, 1962

## LIABILITIES

	1963	1962
<b>CURRENT LIABILITIES:</b>		
Unsecured notes payable to banks and others . . . . .	\$11,484,320	\$ 7,211,200
Accounts payable . . . . .	3,919,273	2,840,736
Accrued salaries, wages, commissions and expenses . . . . .	1,975,422	2,435,314
Accrued domestic and foreign taxes . . . . .	1,885,836	1,865,224
Instalment on 3½ % sinking fund notes due within one year (NOTE C) . . . . .	<u>450,000</u>	<u>450,000</u>
Total current liabilities . . . . .	<u>19,714,851</u>	<u>14,802,474</u>
3½ % SINKING FUND NOTES DUE MAY 1, 1969—less instalment due within one year (NOTE C) . . . . .	<u>4,850,000</u>	<u>5,300,000</u>
<b>DEFERRED FEDERAL TAXES ON INCOME AND INVESTMENT</b>		
CREDIT (NOTE B) . . . . .	<u>1,046,285</u>	<u>1,061,464</u>
<b>STOCKHOLDERS' EQUITY:</b>		
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>29,369,217</u>	<u>28,996,437</u>
Total stockholders' equity . . . . .	<u>39,115,647</u>	<u>38,742,867</u>
	<u>\$64,726,783</u>	<u>\$59,906,805</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:

	1963	1962
SWITZERLAND:		
Current assets . . . . .	\$1,841,608	\$1,812,967
Other assets . . . . .	452,130	576,853
Total assets . . . . .	<u>\$2,293,738</u>	<u>\$2,389,820</u>
Liabilities . . . . .	<u>\$ 792,224</u>	<u>\$ 586,219</u>
CANADA:		
Current assets . . . . .	\$3,009,783	\$3,002,976
Other assets . . . . .	151,657	112,936
Total assets . . . . .	<u>\$3,161,440</u>	<u>\$3,115,912</u>
Liabilities . . . . .	<u>\$ 430,477</u>	<u>\$ 437,631</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.

The investment credit provided for by the Revenue Act of 1962, amounting to approximately \$50,000, was deferred and is being added to income over the lives of the respective assets.

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 C:

The parent company is obligated to pay \$450,000 against the 3½% sinking fund notes on May 1, 1963 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, 1963 to \$4,329,281 plus subsequent earnings, less annual sinking fund payment of \$450,000.

### NOTE D:

Profits under contracts with the United States Government subject to renegotiation have been cleared through the year ended March 31, 1962. Management is of the opinion that no excess profits were realized for the year ended March 31, 1963.

### NOTE E:

Because of the favorable financial condition of the company's retirement plan the funding method was revised during the current year with the approval of independent actuaries. On the basis of actuarial computations under the new funding method there was no unpaid past service cost at March 31, 1963, nor was any payment required to cover the cost of current service benefits applicable to the year then ended. Contributions under the plan charged against income for the year ended March 31, 1962 amounted to \$362,899. Separate retirement plans are maintained by the company's Swiss branch and by a Canadian subsidiary.

### NOTE F:

At March 31, 1962 and 1963, 82,110 shares of capital stock were under option to certain officers and employees 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).

## Report of Independent Certified 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, 1963 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, 1963 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.

PEAT, MARWICK, MITCHELL & CO.

New York, N. Y.  
June 12, 1963



MORE PEOPLE TELL TIME BY BULOVA THAN  
BY ANY OTHER FINE WATCH



**CALENDAR "D"**  
23 Jewels, selfwinding,  
Calendar Window and  
adjustable expansion  
combination band.  
**\$95.00**



**BEAU BRUMMELL "EEEW"**  
30 Jewels, dial set with  
20 diamonds, selfwinding,  
adjustable expansion  
combination band.  
**\$295.00**



**SUNBURST "E"**  
23 Jewels, 14 Karat  
gold case styled in  
the new "Sungold®" alloy  
by Bulova.  
**\$100.00**



**DIAMOND GODDESS "D"**  
23 Jewels, 14 Karat  
gold case set with 29  
diamonds totaling 1 Carat.  
**\$495.00**

**BULOVA**

Annual Report for the year ended  
March 31, 1963

