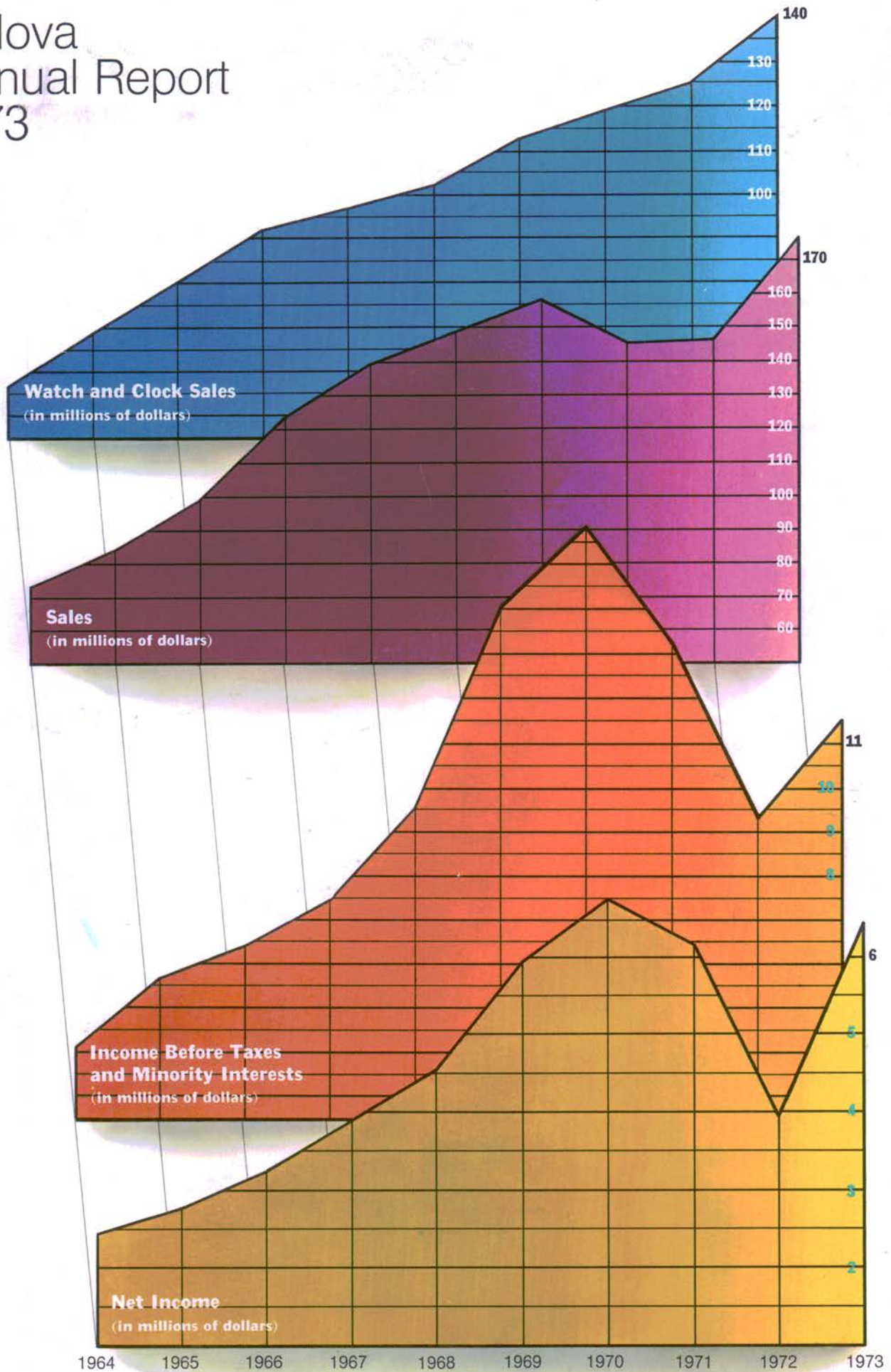


Bulova Annual Report 1973



Highlights

Years Ended March 31	1973	1972
Net Sales	\$176,650,000	\$146,638,000
Income Before Income Taxes And Minority Interests	\$ 11,544,000	\$ 9,359,000
Net Income	\$ 6,503,000	\$ 3,950,000
Net Income Per Share*	\$ 1.74	\$ 1.06
Net Income Per Share Assuming Full Dilution	\$ 1.64	\$ 1.06
Cash Dividends Per Share	\$.60	\$.60
Current Assets	\$154,819,000	\$132,861,000
Current Liabilities	\$ 64,916,000	\$ 45,262,000
Working Capital	\$ 89,903,000	\$ 87,599,000
Stockholders' Equity Per Share**	\$ 20.43	\$ 19.29

* Based on the average number of shares outstanding during each period.

** Based on number of shares outstanding at the end of each period.

Annual Report of the Bulova Watch Company, Inc.

for the year ended March 31, 1973

Annual Meeting

Tuesday, July 24, 1973
11:30 A.M. (EDST)
Bulova Park, 75-20 Astoria Blvd.
Jackson Heights, New York

The following are trademarks of
Bulova Watch Company, Inc.:
Accuquartz, Accutron, Bulova,
Caravelle, Micro Handler,
Mini Accutron, Mini Handler,
WatchMaster 

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To Our Stockholders:

We are happy to report a sharp increase in earnings to the near-record level of \$6,503,000 on record worldwide sales of \$176,650,000 for the fiscal year ended March 31, 1973. Consumer sales accounted for \$140,415,000—another new record in Bulova's 98-year history. Primary earnings per share were \$1.74, as compared to \$1.06 per share for the previous fiscal year, when we reported earnings of \$3,950,000 on worldwide sales of \$146,638,000. Fully diluted earnings per share were \$1.64 for the year.

These improved results demonstrate, we believe, a strong turnaround. They are further proof of Bulova's long-held capacities to cope successfully with rapidly changing conditions, so much so, that our consumer product business has had an unbroken succession of annual increases for 11 years. It is encouraging that the results for the fiscal year reflect improvement in our three key business segments: Domestic Consumer Sales, Industrial-Defense Operations and Foreign Consumer Sales.

Fiscal 1972-1973 marked the successful introduction of our first Accutron watch models for women. As anticipated, the demand for a woman's model of our highly successful Accutron watch was exceptionally strong. Our limited production during late calendar 1972 was sold out within weeks and this strength has carried over into the spring of 1973.

Bulova, the only domestic manufacturer of fine watches in the United States, has a unique record in the watch industry as the only watch company listed on the New York Stock Exchange with 39 consecutive years of profitable operations.

A key ingredient of our success has been the creation of a completely new technical base for manufacturing watches here in America. We phased out conventional (balance-wheel) watch production to our overseas plants, and have replaced it with the more sophisticated production of Accutron tuning-fork men's watches, Bulova Accuquartz quartz crystal watches, and an advanced version of Bulova Accutron miniaturized tuning-fork watches for women.

The Bulova Accuquartz and mini Accutron watch lines now in production at Bulova Park, N.Y. are also destined for

export during 1973 to Bulova's growing overseas markets. This will be a first for Bulova, adding two important domestic products for our overseas markets. Until 1972, these markets were served entirely from our Swiss plants. At that time, production was supplemented by the Japanese plant which supplied the market in Japan. This is further evidence that our multinational expansion during the past decade has strengthened, not weakened, our U.S. operations.

At a time when there is considerable talk aimed at penalizing multinational corporations that allegedly "export jobs", we note that Bulova's role in the watch industry has had just the opposite effect. First, we created new jobs in the United States by developing manufacturing facilities for new types of fine watches, and, second, we have now created and assured *more* employment by developing new watch technologies and the overseas market for them. Today, in the United States and its territories there are 5,300 Bulova employees, compared to 3,722 ten years ago, and approximately 1,150 before World War II. Moreover, our facilities abroad have been designed to help Bulova as an organization become more competitive in the United States as well as in markets abroad.

The policy decision to enter markets abroad was made because we foresaw a single world market for fine watches. Today, in fact, no major marketer can compete effectively in one price or regional segment of that market without competing effectively in all. This policy stimulated the addition of the Accutron and Caravelle brands, which last year together accounted for some 55 cents of each of our total U.S. consumer sales dollars. It required domestic lines of more than 800 styles of Accutron, Bulova, Caravelle, and Christian Dior watches ranging in suggested retail prices from \$10.95 to a \$1,500 18K gold Bulova Accuquartz watch. It meant extension of our marketing operations around the world, which last year accounted for more than 23 cents of each of our consumer sales dollars. It required us to create the first multinational corporate research and engineering function in the watch industry—because we recognized that we live in an age of constant change and innovation, in which no single country has a dominant role in technology.

We view new technology and the continued development of new products as means towards the creation of *new markets*. Your Company is committed to being the most successful maker and marketer of quality watches, no matter what the technological source or base.

In consumer markets, Bulova's increasingly strong performance was achieved in the face of vigorous competition. For the first time this included various versions of oversize electronic digital-display watches offered by those who seek to enter the market created by the Bulova Accutron tuning-fork watch. For the first time, too, our competitors were all talking about *in-use watch accuracy*, a consumer value concept pioneered by Bulova.

The past year marked continued limited introduction of competitive men's watches based upon newer electronic technologies. A particularly large number of announcements (during the summer of 1972) had the effect of causing great confusion within the jewelry trade. One result of such confusion was the temporary cutting back of orders for men's

Accutron watches. With the introduction of the women's model, however, total Accutron sales increased for the year. Furthermore, results since the end of the fiscal year show men's Accutron orders are once again ahead in units and dollars.

The **Bulova mini Accutron** fashion watch line for women is, we believe, the new consumer time product with the greatest market potential. The first such product created entirely in our own Swiss organization went into initial production at our Neuchatel, Switzerland, plant in 1971, with a second and complementary version now being produced at Bulova Park. (All mini Accutron watches sold during the past fiscal year and currently on the retail market worldwide were manufactured in Switzerland.) The effects of our new U.S. production on sales will only begin to be felt in the last two quarters of the current fiscal year. Since the women's market accounts for 55 per cent of watch sales in the U.S., the two versions of mini Accutron watches can result in doubling Accutron brand total sales within the next few years.

We continue research and development in all areas of watch technology and hope to introduce a solid state consumer watch with digital display that will be acceptable to our standards sometime in the fiscal year beginning April, 1974.

Industrial-defense sales rose sharply to \$36 million for the fiscal year, up from \$20,115,000 the previous year. The greater than anticipated rebound resulted from a number of new fuze orders. Our past record of performance and reliability has evidently led to the award of a greater share of available contracts. We wish to maintain profitable levels of defense production and expect to do so as the volume of our defense business will probably continue to rise during the 1974 fiscal year. Last month, for example, two additional awards on existing in-house production contracts were received: \$4.1 million on the M-567 fuze; and \$5.5 million for the M-524 fuze. Production on both is scheduled to start toward the end of the current fiscal year. Back orders on March 31, 1973 were \$38 million, compared to \$22 million a year earlier. However, we recognize that profit margins on such production are generally below the profit margins on the consumer product lines now in production at Bulova Park. If, therefore, a sharp drop-off in defense business were to occur—which seems unlikely in the immediate future—we expect that any decrease in profit from that source would be more than balanced by the increased dollar volume and profit being generated by our Bulova Accutron, Bulova Accuquartz and Bulova mini Accutron lines as they progress into higher production this year and next.

We have proven design and manufacturing capabilities serving the military, research and space needs of the Federal government. We hope to retain these capabilities, provided a minimum level of contracts assures stockholders that their legitimate rights to profitable operations are not penalized.

Currency revaluations, two devaluations of the dollar, and large increases in the price of gold will force increases in the retail price of most fine imported watches, including many Bulova watches. Nevertheless, Bulova expects to continue to offer the consumer the highest value at the lowest

reasonable price. One important reason we can make such a claim is that we are the only watch company with extensive domestic watch case manufacturing facilities, and, therefore, increased overseas costs represent a smaller percentage of total product cost for us—as compared to our competitors.

The **outlook** as Bulova approaches the end of its first century of existence makes us confident that our sales and earnings will grow as consumer demand for quality watches rises and as we continue to create new markets for watches.

In summary, Bulova Accuquartz, Bulova Accutron men's watches, mini Accutron women's watches and the Bulova and Caravelle brands each have strong competitive potentials that, together, make Bulova a watch manufacturer quite prepared for the future.

Your management dedicates this report to our employees, consumers, jewelers, and shareholders in grateful appreciation of their strong support through the years.

Omar N. Bradley
Chairman of the Board

Harry B. Henshel
President

June 8, 1973

News of American Operations

The U.S. market—Sales of the Company's consumer products in the United States rose 8 per cent during the fiscal year ended March 31, 1973, as compared to results in the previous year, reaching \$107,370,000. This was the eleventh consecutive annual increase in consumer sales in the U.S. market, where Bulova has been the largest marketer of fine quality jeweled-lever watches for 40 years. Once more, we maintained our position as the industry leader in the United States, with each of our established brands—Accutron, Bulova and Caravelle—the bestseller nationwide in its retail price category. The Accutron tuning-fork brand, since 1967 the national bestseller among all watches retailing for more than \$100, showed a 13 per cent sales rise for the fiscal year due in part to the addition of our new mini Accutron timepieces; the Bulova brand, the largest selling fine watch in the United States in dollar volume for four decades showed sales slightly lower than the prior year; and the Caravelle brand, the largest selling fine watch in unit volume since 1968, showed a sales increase of 12 per cent in dollars. This year the Caravelle brand again generated almost as much dollar volume as the Accutron brand, with the two brands together accounting for about 56 cents out of every consumer sales dollar in the United States.

New and future products—Calendar 1972 was the first year in which quartz watches began to appear on the U.S. consumer market in more than token quantities, and many observers of the watch industry—including the investment community—were publicly curious about the reliability, convenience, and commercial significance of the more than 20 brands of quartz watches announced during the year.

The introduction of advanced, reliable and attractive new products that can be marketed responsibly by the jeweler at reasonable prices is today more important than ever. Bulova has been careful to avoid introducing products that may have some publicity value but unproved lasting value to the consumer. We want to preserve the credibility of our advertising, and we want to protect the reputations of our brand names and of Bulova jewelers. It is for these reasons that Bulova, so far, has declined to introduce digital display watches that use liquid crystal or light-emitting diode (LED) displays, even though we were among the first to experiment with such dials in the laboratory. However, within our next fiscal year, we expect to introduce a solid-state digital display watch acceptable by our own high standards.

Bulova Accuquartz—Our quartz wristwatches, initially introduced at retail in New York City on December 7, 1971 as the world's first conventionally watch-sized quartz timepieces, moved into distribution in Eastern areas of the United States as production increased at the Company's Bulova Park facility during 1972. Distribution during the current fiscal year will be nationwide, and will also extend to several of our major markets overseas. The Accuquartz line, which ranged in suggested retail price from a \$250 stainless steel style to a \$1,200 18K gold style with matching 18K gold bracelet, has now been expanded, for 1973, so that the suggested retail prices start from \$200. The Bulova Accuquartz is the only fine quality quartz line on the market in volume that offers consumers conventionally-sized watches.

Bulova Accutron—This line marketed in the United States includes nearly 100 men's fashion styles that offer a wide choice of case shapes and finishes, dial treatments, and special features. These include a variety of diver's watches that are water-resistant to a depth of 666 feet, and the Accutron Astronaut Mark II series of unique two-time-zone watches that permit the owner to display the time wherever he is visiting plus his home time *without* having to reset his watch. In effect, these Accutron watches combine elegant styling and guaranteed in-use Accutron accuracy (to *within* 60 seconds a month) with a convenient feature of proven appeal. During the fiscal year, Accutron calendar and day-and-date styles also demonstrated unusual consumer popularity. Consequently, the bestselling Accutron styles have been those retailing between \$150 and \$210 rather than the lowest priced styles that do not offer calendar, day-and-date or other special features, starting at \$100 suggested retail.

Mini Accutron—These miniaturized tuning-fork watches for women, which first went into production at Bulova's Neuchatel, Switzerland, plant in 1971, were introduced during the fiscal year in the Western half of the United States. Dealer backorders for mini Accutron watches indicate that demand for this new line is very strong. In January, 1973, the mini Accutron line was increased to 40 styles, ranging from two stainless steel models retailing for a suggested \$135 to 14K gold styles with matching handcrafted 14K gold bracelets retailing for a suggested \$1,000. Last November, production of a second version of the mini Accutron tuning-fork watch was started at Bulova Park, and early production quantities are scheduled for shipment this fall. Once volume production is attained at Bulova Park, mini Accutron watches are expected to substantially increase Accutron brand sales in the United States during the fiscal year ending March 31, 1974. Mini Accutron watches are the world's first conventionally small-sized timepieces to offer women guaranteed in-use accuracy to within 60 seconds a month. New styles will be introduced this fall at a suggested retail price of \$95.

The Manufacturing Division—Bulova Park, which opened 20 years ago as the largest domestic manufacturing plant for jeweled-lever balance-wheel watches, no longer produces conventional (balance-wheel) watches. During the fiscal year the last of that production, 23-jewel women's watches, was phased out to Bulova's Swiss facilities. Balance-wheel watch production has been completely replaced by more advanced, more automated and more economical production based on the new watch design technologies that were developed at Bulova Park by the Company's Research and Engineering Division. All Accutron men's watches retailed in the United States are manufactured there, as are the new Bulova Accuquartz line and the new version of the mini Accutron miniaturized tuning-fork watch to be introduced late this year. None of these products existed in 1953, when the plant opened. Moreover, for the first time in the 98-year history of Bulova, watch products manufactured in the United States are being exported to consumer markets abroad. Before Christmas 1972, small quantities of Bulova Accuquartz watches were exported to Western Europe and Canada, where they were marketed through leading jewelers. Exports



A *Tuning-fork Time*—New asymmetrical day-and-date Accutron (left), and mini Accutron fashion styles. **B** *Manufacturing*—A. R. Bozzo (right), executive vice president-manufacturing, with executives who report to him (l. to r.): non-consumer products marketing vice president J. J. Carpenter; J. J. Leddy, assistant general manager, Systems & Instruments Division; D. D. Mendelson, factory manager watch division; J. J. Daly, general manager of the Electronics Division and of the Electronics Division and of the Systems & Instruments Division; and E. Van Haaften, director, Bulova Timer Laboratory. **C** *Styling*—Vice president L. Gale (standing, left), director of the Caravelle Division, at styling conference with (l. to r.): J. Light, the Company's diamond buyer; Bettye Miller, product manager, Accutron/Bulova for women's styles; A. R. Mintz, assistant to the vice president of merchandising; and B. Gell, product manager, Accutron/Bulova for men's styles. **D** *Research*—Vice president W. O. Bennett (center), director of research and engineering, with his principal aides: D. R. Koehler (left), manager of the Advanced Research Laboratory, and W. W. Mutter, manager of the Product Engineering Department.

from Bulova Park will increase substantially during the current fiscal year ending March 31, 1974, with larger numbers of Bulova Accuquartz watches scheduled for Bulova's markets abroad. Small initial quantities of Bulova mini Accutron watches produced at Bulova Park, now the largest industrial facility in the New York City, Borough of Queens, will also be exported during the current fiscal year.

The Clock Division—Sales and earnings for the year rose sharply as this Division expanded its distribution into many new outlets. Its line of more than 200 consumer clocks ranged in suggested retail price from \$7.95 to \$200, and more for chime-playing mantel clocks of traditional elegance. The rapid acceptance of the clock line during the past several years reflects a combination of tasteful styling, realistic pricing and new merchandising. For example, an unusual collection of Limoges and earthenware Plate Clocks was successfully introduced, first at the July 1972 Chicago Housewares Show and later at more than ten other leading gift trade shows in the United States. The ornamental dial of each of these clocks is a genuine white Limoges or French earthenware china plate, complete with a colorful flower design. Mounted behind each plate is a transistorized battery-powered movement. Suggested retail prices range from \$21.95 to \$35.00, well within the popular price category for fine quality gifts. This was but one of a number of fresh merchandising firsts for which Bulova is rapidly becoming recognized.

The Providence Division—With three plants in the Providence, R.I. area and one at Sag Harbor, N.Y., this Division expanded watch case manufacturing during the fiscal year. In December, ground was broken for an additional 26,000-square-foot plant to adjoin the present plant at Warwick, R.I. for the manufacturing of industrial items. During the year, a substantial increase in types and styles of gold-plate, gold-filled, gold electroplate, stainless steel, 14K, and 18K gold cases, including cases for mini Accutron fashion watches, were produced by this Division. These watch case capabilities, from design through diamond lapping and complete assembly of finished cases, assumed new importance during the fiscal year as currency revaluations raised the dollar cost of case production abroad.

During the fiscal year this Division announced production orders for components for the new Polaroid SX-70 color camera. These high-precision components are being manufactured at the Providence and Warwick, R.I. plants. Bulova has been a supplier of precision camera components to Polaroid since 1959. These components serve many critical mechanical functions and include external parts machined to close tolerances and having a high aesthetic appearance. They serve several basic functions, including an active role in the film-transport system.

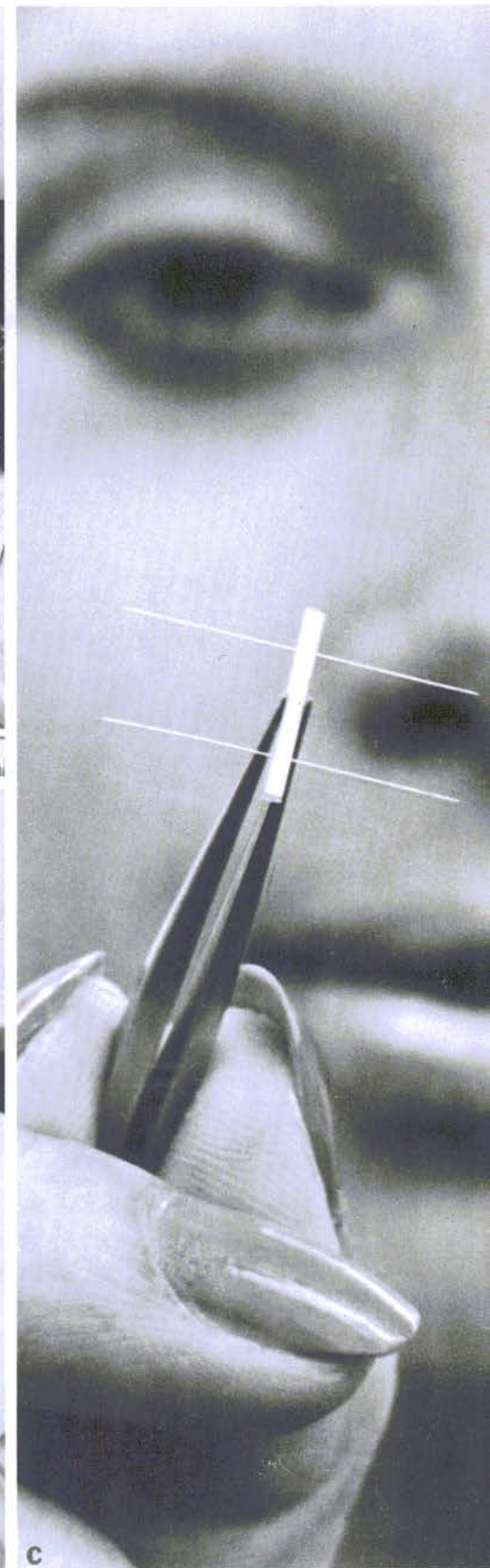
The Division's past deliveries and projected deliveries to Polaroid have been largely as a sole supplier. All parts being produced for the SX-70 require precision manufacturing techniques associated with our watchmaking and watch case manufacturing capabilities. We are gratified that these capabilities permit us to participate with Polaroid in the production of parts for another major camera achievement. In

addition to the SX-70, Bulova now also supplies components for Polaroid's Square Shooter and Color Pack II cameras.

The Bulova Timer Laboratory—Since 1958, the Laboratory has served the U.S. space program with custom-designed clocks, timers and switches, and has continued to provide specialized timing equipment—most of it employing self-powered Accutron tuning-fork movements—to a wide range of customers. These included General Electric (for use in their research laboratories), Astronautical Research (for space research), Stancil-Hoffmann (for a new radar system), Towner Systems (for a remote-control automatic weather station), Bendix Navigation & Control Division (for a clock system aboard Skylab), and McDonnell-Douglas (for another system to be used aboard Skylab). Another customer was WQXR, the radio station of *The New York Times*, which has installed two quartz clocks designed and manufactured by the Laboratory. The Laboratory continued marketing the Accutron Marine Navigator clock, the official time standard of the 1970 America's Cup Race, and the largest selling consumer marine chronometer in the United States.

The Systems and Instruments Division—Sales of \$19 million, a rise of 115 per cent, were reported by this Division for the fiscal year ended March 31, 1973, with the increased volume all accounted for by Federal government defense contracts. These included production contracts for the M-524 81-mm mortar fuze and the M-577 universal fuze, developed by Bulova, which is the most accurate mechanical time fuze manufactured in the world today. In addition, the Division continued to manufacture and market a line of stepper motors as well as its line of Micro-Handler and Mini-Handler automation systems for the micro-circuit and semiconductor manufacturing industries. While volume for these advanced automation systems remains modest, their sales potential is substantial and should lead to sharply increased sales within the next two years. Among the companies that have already purchased and installed these Bulova automation systems are: the Delco-Remy, Delco-Electronics and A. C. Spark Plug Divisions of General Motors; IBM; Corning Glass; RCA; General Electric; Ampex; Aerojet General; and TRW. The Division also served the U.S. space program by designing and manufacturing the Bulova timers employed on the surface of the Moon by the Lunar Seismic Profiling Experiment emplaced by the Apollo 17 mission, the last of NASA's scheduled manned Apollo missions to the Moon.

The Electronics Division—Dollar sales volume was up sharply by 40 per cent for this Division for the fiscal year, as compared to the previous fiscal year, with the quartz crystal frequency control products accounting for the bulk of sales increases. These quartz crystal products cover the full range of quartz frequencies available today, from 2,500 Hz (2,500 cycles per second) to 150 MHz (150 million cycles per second). No quartz crystal manufacturers offer a broader range of frequencies, and only very few offer as complete a range of frequencies. The Division, which developed and put into production the 32,768 Hz (cycles per second) quartz crystal used in Bulova Accuquartz watches, has stepped up production of Accuquartz crystals as Accuquartz movement production has expanded at Bulova Park. In addition, Division engi-



A *Clocks*—Vice president G. C. Sheinberg (seated), head of the Clock Division, examines new clock designs with (l. to r.): Division design director R. De Martino; Division manager R. Mayer; and Division advertising manager B. Dwortzan. **B** *New Cases*—Executive vice president D. H. Anderson (right) checks production of 14K gold cases for Bulova Accuquartz watches with L. Carlson (left), chief engineer of the Providence Division, and H. Spiegel, watch case production manager. **C** *Vibrator*—Tiny bar of polished quartz crystal that vibrates 32,768 times a second in a Bulova Accuquartz watch is inspected by technician at Bulova Electronics Division.

neers worked closely with the Research and Engineering Division on a variety of experimental watch systems. Among the Division's major industrial customers during the year were: Hewlett-Packard, Martin-Marietta, RF Communications (a subsidiary of Harris Intertype), Sperry Rand, and Western Electric. The Division general manager reports that the outlook for the current fiscal year ending March 31, 1974 is for further strong sales growth.

The Technical Sales and Services Division—Service, the key to satisfied watch consumers, continued to be provided to the public by the jeweler with the Bulova franchise, by far the most valuable watch franchise in the United States today. But working with the jeweler, to make effective service possible, is the Bulova Technical Sales & Services Division, headquartered in Woodside, N.Y. The Division's sales revenues rose 5 per cent during the fiscal year, reflecting the outstanding sales nationwide of our branded watches. In addition, the Division's departments provide the jeweler with watch parts, watch test equipment (including the best-selling WatchMaster Vibrograf® watch-rate recorder), power cells for Accutron and Caravelle models, watch technical literature, and specialized watch service courses. The director of the Division reports that the outlook for the current fiscal year ending March 31, 1974 is for further sales growth.

The Presentation & Incentive Division—Sales rose 29 per cent over a year earlier and the outlook is for further strong sales growth during the current year. The Division increased its dominant share in the highly competitive U.S. premium, sales incentive and service award market, due in important part to its Service Award Associate Program through which Bulova jewelers participate in service award business. The effectiveness of the Program is derived from the great range of the Company's branded watch and clock product lines that permits both the jeweler and the Division to service this growing nationwide industrial market. Each customer and potential customer of this Division is a major company seeking to create new incentives for employee performance in recognition of exceptional service.

In the Virgin Islands—Our wholly owned manufacturing subsidiary, Atlantic Time Products Corporation, located in St. Croix, completed the assembly of more than one million jeweled-lever balance-wheel movements during the fiscal year—setting a new one-year production record for the watch industry in the Virgin Islands. Four different movements are produced: a man's 23-jewel automatic day-date movement assembled from components manufactured by Bulova in Bienne, Switzerland; and three ladies' movements assembled from Caravelle components manufactured in Japan. Atlantic Time Products was the last major watch movement assembly firm to be incorporated in the Virgin Islands under the terms of U.S. regulations encouraging the establishment of a watch industry there, and initially had a relatively small production quota, compared to other Virgin Islands watch firms. Several quota adjustments have been received, however, and in each case Atlantic Time Products has fully utilized the increased quota. During the last fiscal year, the subsidiary had the largest quota of any watch firm in the Virgin Islands, and once more fully utilized the quota. The subsidiary employs

more than 200 people, 95 per cent of whom are Virgin Islanders.

In American Samoa—Our wholly owned manufacturing subsidiary, Pacific Time Corporation, the only watch firm in Polynesia, increased employment to 40, all of whom, except for the general manager, three technical experts and a Swiss foreman, are native Samoans. The subsidiary, which went into operation in February, 1972, assembles 23-jewel ladies' balance-wheel watch movements from components manufactured at Bulova plants in Switzerland. During the fiscal year, production reached 1,000 movements per day, and total production fulfilled the quota of 220,000 for the 1972 calendar year assigned by the United States Departments of Commerce and Interior. Recently, the first Bulova watch movement assembled by Samoans in American Samoa was presented to the Museum of American Samoa. During the fiscal year, Samoan assemblers, who were all trained by Bulova personnel in Samoa, achieved a record of performance and productivity that justified an increase in Pacific Time Corporation's production quota for calendar 1973.

With the cooperation of Governor Haydon and the government of American Samoa, three native-born Samoans had been selected in 1971 for complete watchmaker training at the Joseph Bulova School of Watchmaking, Woodside, N.Y. They have now received their watchmaker diplomas from the School and are employed as watchmakers at the Pacific Time Corporation plant. An additional Samoan is currently completing his course of study.

Employment—During the past fiscal year, there was an average of 7,600 full-time Bulova employees worldwide.

Of the 5,300 Bulova employees in the United States and its territories on March 31, 1973, 34.2 per cent were members of minorities whose employment must be reported to the U.S. Office of Federal Contracts Compliance, as required by the U.S. Equal Employment Opportunity laws. Of the 5,300, 56.3 per cent were women, and 5 per cent are physically handicapped individuals.

At the U.S.-owned *William Langer Jewel Bearing Plant* in Rolla, N.D., operated by Bulova, over 70 per cent of the 160 engineers and technicians are Chippewa Indians from the adjacent Turtle Mountain Reservation. The plant is considered an outstanding example of the employment in modern industry of American Indians residing on their tribal reservation. It continues to be the sole domestic producer of jewel bearings.

During the past fiscal year, the *Bulova Pension Plan* for the Company's employees in the United States, started in 1943, paid out a total of \$1,414,000 to retired employees and their beneficiaries. During the year, 57 more employees retired, bringing to 801 the total number retired under the plan. A total of \$13,354,000 has been paid out under the plan as of the end of the fiscal year.

The *Bulova Watch Company Foundation program of competitive college scholarships* for the sons and daughters of employees with more than five years of service, established in 1953, has paid out a total of \$806,000 to 566 scholarship winners and the 126 colleges they chose to attend. During the past fiscal year, 51 scholarships were awarded.

**A****C****B**

A *In Samoa*—Technician assembles 23-jewel ladies' movement at Pacific Time Corporation plant on American Samoa. The wholly owned subsidiary's facility is the first watch plant in Polynesia. **B** *Sales*—Vice president M. D. Roman (center), national sales manager, studies weekly computer reports on watch sales orders with W. Alpern (right), Eastern regional sales vice president, and E. C. Lynch, director, Presentation & Incentive Division. **C** *Orders Up*—Final quality control tests are performed on solid-state Vibrograf watch-rate recorders at the Watchmaster Products Division. Jeweler orders are at record levels.

News of Operations Abroad

Continued expansion—Bulova's marketing operations around the world expanded during the fiscal year ended March 31, 1973, with particularly significant sales growth reported in several major markets, such as Canada, Italy, Spain, the United Kingdom, West Germany and France. Sales of our consumer watch and clock products abroad, in aggregate, rose 23 per cent above the previous year's level to more than \$33 million, accounting for almost 24 per cent of the Company's total consumer sales volume for the fiscal year.

For the first time since the start 12 years ago of Bulova's vigorous expansion overseas, all sales growth abroad during the past fiscal year was achieved in the 120 markets in which Bulova was already active.

More jewelers abroad began carrying our watch brands, and, even more significantly, larger numbers of jewelers who already carried our brands carried them in substantially greater depth—to offer the general public a broader, and more tempting selection of styles in *all* price ranges. Stimulating the notable increase in jewelers' orders in key markets were three Bulova product introductions during the fiscal year.

(1) Before Christmas, 1972, the mini Accutron line of ladies' high fashion watches was introduced in all major markets in Europe and the Far East, as well as in Canada. Jewelers' interest in mini Accutron, the world's first miniaturized tuning-fork watch for women, was very strong everywhere, far exceeding total production of the new line at the Bulova plants in Switzerland. Production has been increasing as planned, and sales of mini Accutron watches are expected to quadruple during the fiscal year ending March 31, 1974.

(2) The Bulova line of Christian Dior fashion watches for women was introduced in most major markets abroad. The International Collection of 20 colorful and distinctive Bulova Dior watch styles—each carrying the Bulova and Dior names on the dial—premiered at the Watch Fair in Basle, Switzerland, where they were viewed by leading jewelers from around the world. Later these styles made their debut in France at the showing of the July Couturier Collection of the House of Christian Dior, where they were seen by top fashion editors. Among the special promotional materials produced for the line were elegant jeweler displays, and full-page, full-color (French, Italian, English) advertisements for the international editions of "Vogue" magazine, published in Paris, London and Milan, respectively, and distributed in all Western European markets. Previously, an extensive Bulova Dior collection of watches had been introduced in the United States, where it continues to prove outstandingly popular.

In Japan, sales of the Bulova collection of Christian Dior watches were proportionately higher than in any other single market, due to the enthusiastic response of both jewelers and consumers.

(3) The introduction of the Bulova Accuquartz watch group in major markets took place during the fall of 1972. These new quartz watches were completely developed within the Bulova organization, employ the world's first—and slimmest—conventionally-sized quartz movement, and offer the consumer the exciting appeal of elegantly slim styling combined with the newest watch technology. Day-and-date.

Bulova Accuquartz styles, another first for quartz watches, proved particularly attractive for consumers. However, initial production of the new line permitted only limited deliveries during the fiscal year. Production and sales in the current fiscal year are forecast to be four to five times greater than last fiscal year.

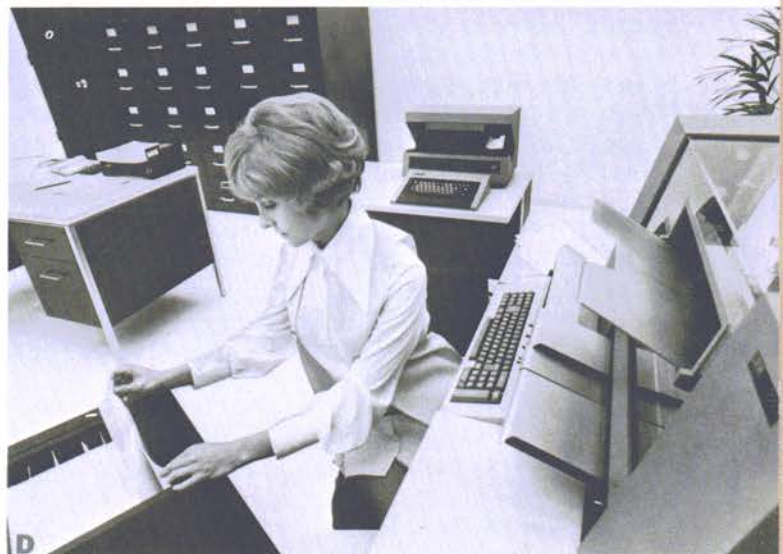
Bulova International, Ltd., headquartered in Bienne, Switzerland, reported that distributors and retailers alike now look to Bulova for advanced electronic watch technology. With the introduction of mini Accutron and Accuquartz, Bulova's international line now includes 16 different electronic movements and 125 electronic styles for men and women. As the fine jeweler develops his electronic watch business with Bulova, he also completes his Bulova line price-wise with the mechanical Bulova and Caravelle ranges. More and more his store is identified with the Bulova brand by means of outdoor clocks and signs, as well as window displays, indicating a growing bond of loyalty to the Company's products. This loyalty is largely gained by providing the jeweler with product knowledge and technical training, coupled with promotional assistance.

Marketing trends—Watch sales have been rising also because of what is now a strong international consumer trend towards the "watch wardrobe." This trend, most noticeable at the top of the watch market, seems everywhere to be superseding the old established male habit of wearing and remaining ever-faithful to only one wristwatch. Women started the trend toward multiple watch ownership, but today it is the young adults of both sexes who have developed a buying interest in non-traditional watches of different types. This new custom has led to widespread popularity for higher priced special style watches such as: chronographs (with push-button controls to permit the timing of events and the recording of elapsed time); divers' watches with pressure-proof cases and armored crystals (that appeal to many non-divers); diamond-ornamented models (that contrast most sharply with the bland, deliberately dull-looking watch traditionally found on most wrists); and colored-dial watches, including day-and-date dress watches and divers' watches (that are obviously distinctive and draw immediate attention to the wrist when worn).

New fashion styles, the convenience of continuous 12-month operation assured by battery power, new technology, and the swing towards multi-watch ownership are not, however, the only reasons for rising consumer demand for fine quality watches.

New consumer benefit—Time-keeping accuracy has become a subject of wide current public interest. Not too long ago, the owner of a fine balance-wheel watch assumed that two or three minutes deviation a week constituted the best performance a watch could offer. But ever since Bulova offered consumers the *first* written guarantee of *in-use accuracy*—with the Bulova Accutron watch—guaranteed time-keeping accuracy on the wrist has become a new standard for the public.

Not too many consumers, at first, realized what they had been missing. Anybody with an expensive "name-brand" watch had assumed that their watch was, of course, "accu-



A *Bienne Meeting*—H. L. Rapp (right), president, Bulova International Ltd., assists at merchandising conference in Bienne plant with (l. to r.): S. Joly, head of Bulova Information Center; D. Buffat, head of Bulova line merchandising; R. Kocher, commercial manager; and A. M. Arnaud, the Company's general manager in Switzerland. **B** *Canada*—A landmark at the Canadian National Exhibition in Toronto has a new name as a Bulova sign replaces a Shell sign. Bulova is the official timekeeper for the Exhibition. (*Toronto Globe and Mail* photo.) **C** *In Lisbon*—Dr. Juventino Moreira (left), managing director of Centro Electronico Relojero Lda., Bulova's exclusive distributor in Portugal, Madeira and the Azores, at Bulova retailer seminar in Lisbon. **D** *New System*—A computer operator in Bienne facility checks printout of new computer system installed to speed up worldwide distributor and jeweler watch orders and deliveries. The system, which works in six languages (French, German, Italian, Spanish, Portuguese and English) went into operation January 1, 1973.

rate." As broadcast, telecast and telephone "time signals" became more frequent and routine around the world, consumers became more and more conscious of accuracy. This resulted in a powerful new consumer desire to own and wear Bulova Accutron tuning-fork watches that offer proven and guaranteed accuracy on the wrist.

It is not surprising, therefore, that sales of Bulova Accutron wristwatches continue to rise and that the Bulova Accutron brand continues to be the worldwide bestseller above \$100 at retail—a market position first captured during the 1970 calendar year. With the introduction of fashionable mini Accutron models for women, the sales potential for the Bulova Accutron brand in world watch markets has been greatly increased.

Marketing operations—While *Bulova International, Ltd.* now serves more than 100 markets abroad, our subsidiaries in Canada, Italy, the United Kingdom, West Germany and France have developed into major operations. Each has an important and substantial growth potential. *Bulova Watch Company, Ltd.*, headquartered in Toronto, continues to be by far the largest marketer of fine quality watches in Canada. The expansion of its Toronto plant was begun during the past fiscal year to assure higher production rates of jeweled-lever watches cased from components manufactured at Bulova facilities in Switzerland. In Italy, *Bulova Watch, S.p.A.*, reported that Bulova Accutron brand sales rose more than 20 per cent during the fiscal year, strengthened by sales of the Bulova mini Accutron line introduced, in Italy, in May, 1972. Gold-cased watches accounted for 50 per cent of this subsidiary's sales, reflecting the very wide acceptance in Italy of Bulova as a leading prestige brand. Extensive sales promotion activities in Italy included a consumer advertising program using 22 national weekly and monthly magazines, including "Selezioni" ("Readers' Digest"), "L'Europeo," "Gente," "Tempo," "Panorama" and "Epoca." The Dior fashion line for women was advertised in leading women's magazines, including "Grazia" and "Annabella." In Great Britain, *Bulova U.K. Limited* increased sales of the Bulova Accutron brand more than 75 per cent. Among the jewelers who became Bulova franchisees during the fiscal year were the thirty Watches of Switzerland retail outlets in Great Britain and the H. Samuels group of more than 200 retail jewelers. In West Germany, *Bulova GmbH* increased sales of the Bulova Accutron brand so that for the first time the brand accounted for more than 20 per cent of all sales (in units) of electric and electronic watches retailed in West Germany. The subsidiary established new Bulova Service Centers in Duesseldorf and Berlin. The Bulova Accutron marketing program included the introduction of the Bulova mini Accutron line to the West German press and to the trade. Consumer advertising included daily time signals over Radio Luxembourg, which reaches up to 4 million West Germans, and tuning-fork watch advertisements in "Bild-Zeitung," West Germany's largest circulation (4.5 million) national daily. Special Bulova Accutron training and service programs were expanded at the subsidiary's headquarters in Pforzheim, in a newly opened classroom area. In France, *Bulova France S. A.* took a leading role in the introduction and promotion of the

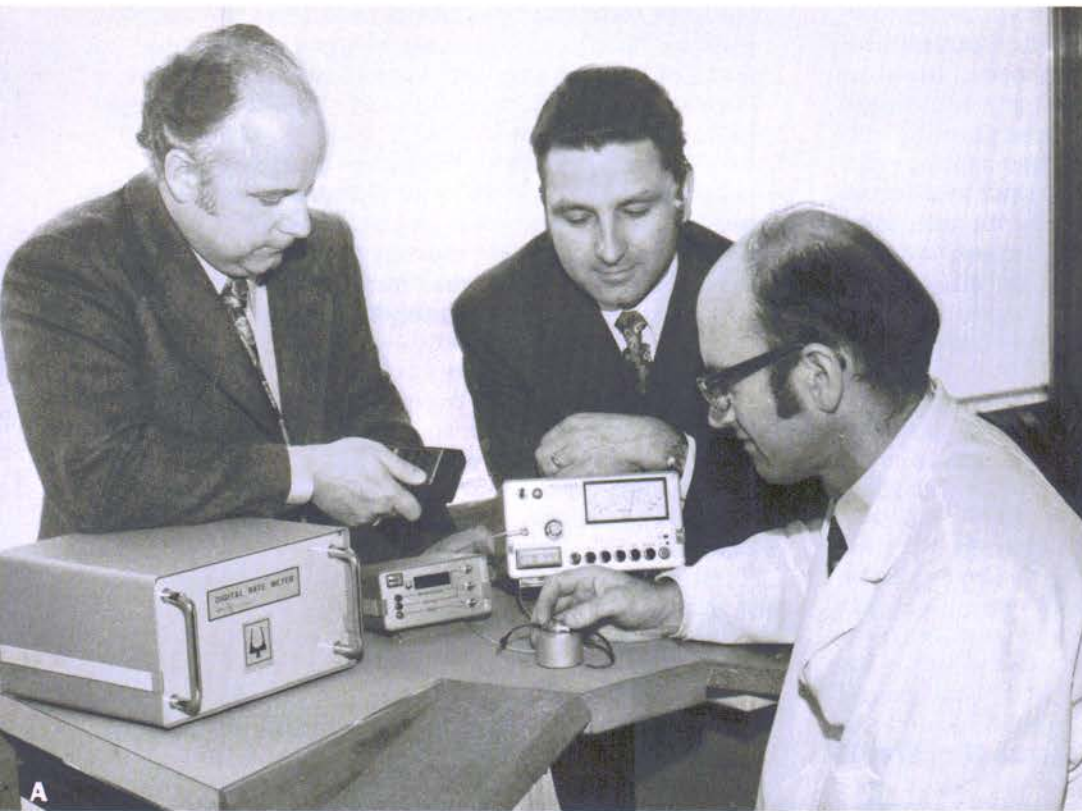
new Bulova Dior fashion watch collection, in direct cooperation with the House of Christian Dior. The number of French jewelers with Bulova franchises increased 20 per cent during the fiscal year, and the subsidiary continued its sales promotion policy of prestige advertising, using such national magazines as "L'Express" and "Réalités."

In Latin America, especially good results were achieved by *Bulova de Mexico, S.A. de C.V.* where sales increased 46 per cent for the fiscal year ended March 31, 1973. The expansion of our sales force, coupled with a dynamic marketing program, which included the Company's new products, such as mini Accutron and Christian Dior, as well as an expanded Caravelle line, enabled our subsidiary to open a substantial number of new accounts, including several prestige retail operations. As the brand *Bulova* becomes better known, jewelers will carry Bulova products in greater depth. Of particular significance in this market is the program of service and technical support given watchmakers, which fosters greater confidence in the Company's advanced electronic products.

Switzerland—Bulova's watch manufacturing facilities in Switzerland, first established more than 60 years ago, again set new records as the production of Bulova Accutron, mini Accutron and jeweled-lever balance-wheel timepieces increased appreciably during the fiscal year. More than 98 per cent of Bulova's Swiss production is exported to our 120 markets around the world. All Bulova Accutron men's tuning-fork watches sold outside the United States are produced at the Bulova plant in Bienne, or Bulova-Citizens plant in Fujiyoshida, Japan. In addition, our Swiss plants produced all the Bulova mini Accutron watches sold at retail during the fiscal year. Production increases are scheduled for Bulova Accutron, mini Accutron and jeweled-lever watches during the fiscal year ending March 31, 1974. The largest increase will be in mini Accutron production at the Swiss plants, and at Bulova Park, New York, from which first deliveries abroad will be made in the fall of 1973.

Bulova Design Center—For the second consecutive year, this design group, in Geneva, Switzerland, was awarded two Golden Rose Awards at the Baden-Baden International Jewelry Design Competition, sponsored by the Jewelry Institute of Hamburg. These internationally prestigious design awards were won by "Stardust," a one-of-a-kind fashion watch in white gold ornamented with diamonds, and "Isabelle," also a white gold design, featuring an extra narrow bracelet-case ornamented with interchangeable precious stones. The two prize-winning Bulova watches were exhibited for the first time, in Duesseldorf, last October, when the Golden Rose awards were formally presented by Dr. Walter Carlein, the Lord Mayor of Baden-Baden.

Japan—Bulova-Citizen Company, Ltd., headquartered in Fujiyoshida, Japan, 51 per cent owned by the Company and 49 per cent owned by Citizen Watch Company of Japan, reported that tuning-fork watch production in Japan had increased in accordance with our production plans. Half the production is for the Bulova Accutron brand marketed by Bulova International in the Far East and half for Citizen Watch Company's Hisonic tuning-fork brand. Production at the plant



A



B



C



D

A *New Mini*—H. Schaller (center), chief of Bulova's Research and Development laboratory in Switzerland, discusses engineering of new mini Accutron movement with W. Baumgartner (left), chief of the horological design department, and P. Mosimann, chief of the electronics laboratories. **B** *Poising*—E. Vaucher, Bulova's technical director in Switzerland, observes a technician poising a balance wheel. **C** *Monte Carlo*—R. C. Negri (right), managing director of Bulova in Italy, checks the time on his Bulova Accuquartz watch at ceremonies at Radio Monte Carlo honoring Bulova as its oldest Italian-language advertiser. Bulova is official timekeeper for the station, which broadcasts Bulova radio time signals daily. **D** *World Championships*—Bulova was literally on the track—and on TV screens worldwide—at the World Bicycle Championships held in Marseilles in 1972.

started in September, 1971.

Bulova International's operations in the Far East concentrated their marketing efforts on Japan, one of the major potential markets for Bulova International's growth overseas. A unique organization was created for this purpose. With its own marketing subsidiary in Tokyo, a distributor was appointed to market its products to the Japanese retail trade. Bulova shares the marketing functions with this distributor. It is responsible for the special styling requirements in Japan, does the importing, and cooperates with the distributor in setting up service and sales training programs. The distrib-

utor is responsible for selling and promotional activities. The initial results of this cooperative arrangement are most encouraging and it is expected that this special approach to a very special market will make a rapid place for Bulova products in Japan.

Licensed production—Production of tuning-fork watch movements by Ebauches, S.A. in Switzerland, under the terms of the Company's licensing agreement with Ebauches, S.A. increased, as other major firms distributed tuning-fork watches under their own brand names. Ebauches, S.A. pays Bulova a royalty for each tuning-fork watch produced.

Bulova's Watch Markets Around the World

American Samoa	Denmark	Hungary	Netherlands	Singapore
Andorra	Dominica		New Caledonia	Somalia
Antigua	Dominican Republic	Iceland	New Guinea	South Africa*
Argentina*		Iran	New Zealand	Spain*
Aruba	Ecuador	Ireland	Nicaragua	Sweden
Australia	El Salvador	Israel	Nigeria	Switzerland*
Austria	Ethiopia	Italy*	Norfolk Islands	Surinam
Azores			Norway	
	Falkland Islands	Jamaica		Tahiti
Bahamas	Fiji Islands	Japan*	Okinawa	Taiwan
Barbados	Finland			Tanzania
Belgium	France*	Kenya	Panama	Thailand
Bermuda	French Guyana	Korea	Paraguay	Togo
Bolivia	French Somaliland		Peru	Tonga
Borneo		Laos	Philippines	Trinidad
Brazil*	Germany*	Liberia	Portugal	Turkey
British Honduras	Ghana	Liechtenstein	Portuguese Guinea	
Burma	Gibraltar	Luxembourg	Puerto Rico	Uganda
	Grand Cayman			United States*
Canada*	Great Britain*	Madeira	Rhodes	Uruguay
Cambodia	Greece	Malawi	Rhodesia	
Cameroun	Grenada	Malaysia		Venezuela
Cape Verde Islands	Guam	Malta	St. Kitts	Virgin Islands
Colombia	Guatemala	Martinique	St. Lucia	
Costa Rica	Guyana	Mexico*	St. Maarten	Yugoslavia
Curacao		Monaco	San Marino	
Cyprus	Haiti	Morocco	St. Vincent	Zaire
	Honduras	Mozambique	Seychelles	Zambia
Dahomey	Hong Kong*			

* Indicates direct marketing organizations.

Perspectives on Bulova

Here are some searching questions your management has answered during the past year.

Question: Is Bulova now developing or does it have under investigation any new types of watch systems beyond the present generation quartz crystal based systems?

Answer: Yes, we do have under development not only second and third generation quartz crystal systems but also nuclear-based timepieces for which we have already received patents. Furthermore, we are investigating advanced electronic and display subsystems which will lead hopefully to other exciting new timepieces.

Question: Why has Bulova stock done poorly on the New York Stock Exchange during the past year even as Bulova continued reporting strong sales and earnings increases?

Answer: Your management is also disappointed in the performance of our shares on the stock exchange. But we have never sacrificed our long-term growth objectives for near-term stock market advantages or short-term profits. That is why our consumer business, which is where our major profit potentials lie, has had uninterrupted growth for 11 years. We recognize also that the stock market has been responding passively or even negatively towards many strong companies, and this trend, which has been widely commented upon in the financial press and investment community, seems related in part to the increasing institutionalization of the market. Over the past decade, for example, stocks of many strong companies had been selling somewhere between 15 to 20 times annual earnings per share. Some institutional investors now have recently been pushing the prices of a few selected growth stocks to 40 or more times annual earnings. Other companies that are fine earnings performers but which have not been so favored have recently seen the price of their stocks drop to below ten times earnings. We hope that this situation, which has affected Bulova, will be a temporary one.

Question: Why does Bulova not have on the market an electronic digital-display watch?

Answer: The largest American, Swiss and Japanese watch manufacturers, besides ourselves, have also not yet seen fit to bring such products to market. Bulova, moreover, *elected* not to introduce such a product, even though we were possibly the first watch company to experiment in the laboratory with electronic digital displays. This experimentation, which began almost ten years ago did not, in our opinion, warrant the incorporation of either light-emitting diode (LED) or liquid crystal display (LCD) dials on our watches. The LCD system had a life of from 6 to 18 months, involved complicated servicing because of up to 64 electrical connections, and was not easily readable.

While the LCD is being constantly improved, we are not yet satisfied that it is a proper product for Bulova. We feel that additional research will, within a relatively short time, provide better solutions to digital display and prefer to continue our development work into 1974. The LED system demands large amounts of power—requiring one or more additional batteries, which in turn result in an oversized watch.

Its most questionable characteristic, as far as long-term

marketability is concerned, is the necessity on the part of the wearer to press a button to see the time, which is inconvenient or impossible under many daily human situations. When the readout is not "on demand", the wearer is looking at a blank dial. At the present level of development it is a very expensive novelty, but one whose technology is certainly available to Bulova, if and when consumers by their actions tell us they are willing to accept the inconvenience and cost, to warrant our bringing such digital-display watches to market.

There is no question that there is a place in the market for watches that utilize digital display. Our present Caravelle line offers such products at moderate prices with conventional movements. They will also be available early in 1974 in battery-powered versions. Both offer digital time to the actual second, which is not readily available in the solid state products at far higher prices.

Question: What is the future of the tuning-fork watch?

Answer: We and other industry observers forecast substantial increases in the sale of tuning-fork watches to both men and women throughout the 'Seventies. Accutron brand sales, we note, have accounted for nearly 90 per cent of the over 4 million tuning-fork watches now worn by consumers around the world. The remainder were manufactured under Bulova license and are marketed by seven prestigious watch companies under their own brand names. Most tuning-fork watches sold are worn by men, though some women, including Princess Margaret of Great Britain, have for years enjoyed wearing men's style Accutron watches. Only Bulova has developed, is manufacturing, and is marketing miniature tuning-fork watches for women. These were introduced in limited numbers in December, 1971, in Paris, but this year are being marketed in increasing volume in all major markets served by Bulova. Today Bulova offers, domestically and worldwide, a total of 150 styles of Accutron watches—in response to consumer fashion trends, and to serve as broad a selection of income groups as possible. Consequently, Accutron is not just another luxury watch, but the creator of a new market—at the top end of the watch market—of people of all ages, income groups and fashion tendencies who seek the assurance of *proved* guaranteed in-use accuracy, to *within* 60 seconds a month. That guarantee, the first of its type in the watch industry, defines the maximum error of an Accutron watch (when properly adjusted) *not* its maximum accuracy. *Unlike all other watches*, for example, Accutron men's styles have a consumer self-regulation feature that permits the owner to maintain an in-use accuracy to within one or two seconds of the right time all year long—merely by positioning the watch overnight, when it's off the wrist, to compensate for the second or so, fast or slow, that it normally averages day-by-day. When you add to these factors the realization that volume production, improved engineering and high demand result in cost savings—that enable Bulova to offer for sale this fall new, slimmer, smaller Accutron products at a \$95 starting price (compared to a \$175 starting price 13 years ago)—one can begin to understand that their future is bright.

Financial Review

Sales and Net Income—Total sales for the year ended March 31, 1973 rose 20% to \$176.7 million. Earnings before taxes increased 23% and net income increased 65%. These gains reflected improvements in each of the three major areas of our business: domestic consumer products, international consumer, and industrial-defense.

Profits improved as a result of higher operating results in our domestic consumer business, a return to profitability in our industrial-defense operations and a reduction of operating losses in certain foreign subsidiaries.

The effective income tax rate declined because of improvement in overseas operations as well as certain tax benefits accruing from our production facility in Samoa.

Higher interest expense reflected higher borrowing to support the increased business.

Consumer Products—Total consumer products sales increased for the eleventh consecutive year. With the introduction of the Accuquartz line during the September quarter and the ladies' Accutron line during the December quarter, domestic consumer sales rose 8% and international consumer sales increased 23%.

Industrial-Defense—The pickup in our industrial-defense business which became noticeable during the March 1972 quarter accelerated during the year and total sales reached \$36.2 million, up from \$20.1 million the prior year. As noted, industrial-defense operations were profitable following last year's loss.



Backlogs at March 31, 1973 were \$38 million compared to \$22 million at the end of the prior year.

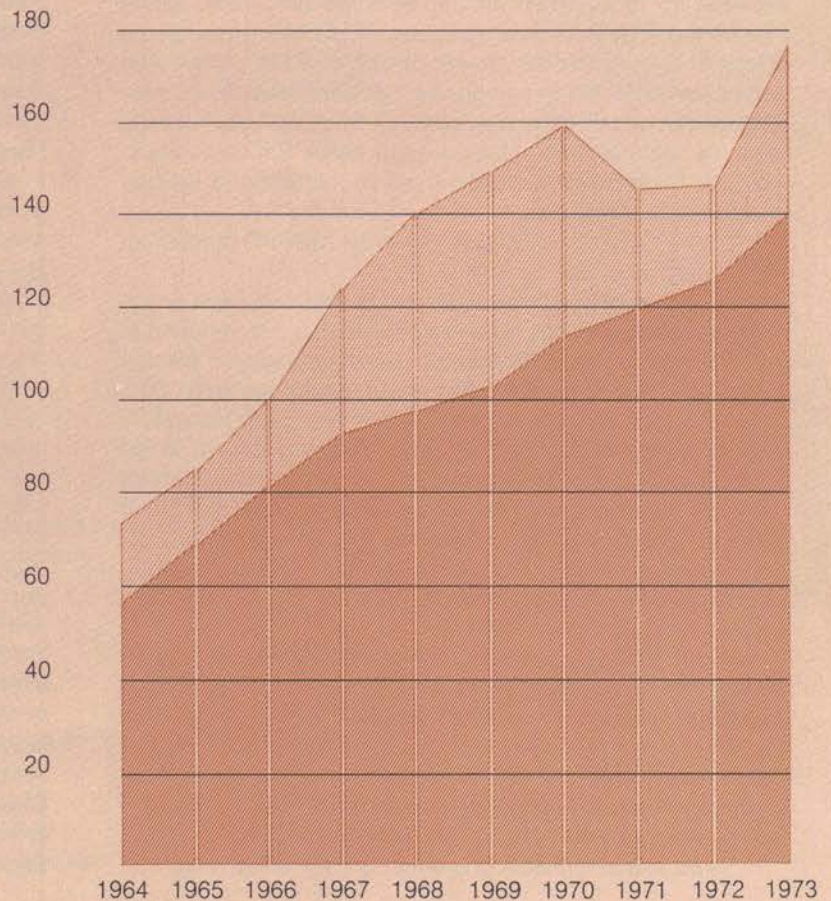
Financial Position—Our financial position remained strong at March 31, 1973. Of the \$11.7 million increase in inventories, more than half resulted from a buildup in production of the mini Accutron and Accuquartz lines, an increase in industrial-defense materials, and the revaluation of foreign currency inventories.

Receivables increased due to a strong March quarter including shipments also of mini Accutron and Accuquartz products.

In view of the continued expansion of our business as we look ahead, including higher capital expenditures, management is considering the funding of a portion of the Company's short-term debt. No equity financing is contemplated.

Sales (in millions of dollars)

-  Industrial-Defense
-  Consumer Sales



Ten Year Financial Review

Bulova Watch Company, Inc. and Subsidiaries

Fiscal Years Ended March 31 (000's omitted except for per share data)

	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964
Operating Results:										
Net sales	\$176,650	\$146,638	\$145,265	\$158,657	\$148,929	\$139,753	\$123,877	\$99,755	\$84,201	\$72,969
Income before income taxes and minority interests	11,544	9,359	13,248	15,871	14,044	9,569	7,475	6,431	5,684	4,146
Net Income	6,503	3,950	6,190	6,782	5,944	4,537	3,900	3,244	2,785	2,432
Cash Dividends paid	2,245	2,240	2,201	2,074	1,778	1,460	1,207	1,182	1,158	1,121
Earnings retained after cash dividends	4,258	1,710	3,989	4,708	4,166	3,077	2,693	2,062	1,627	1,311
Per Share Data:										
Net income per share*	\$1.74	\$1.06	\$1.69	\$1.92	\$1.79	\$1.42	\$1.24	\$1.03	\$.89	\$.78
Net income per share based on average number of shares outstanding during 1973	\$1.74	\$1.06	\$1.65	\$1.81	\$1.59	\$1.21	\$1.04	\$.87	\$.74	\$.65
Net income per share assuming full dilution	\$1.64	\$1.06	\$1.57	\$1.76	\$1.58	\$1.25	\$1.09	\$.93	\$.79	—
Cash dividends paid per share	60¢	60¢	60¢	58¢	54¢	46¢	38¢	38¢	37¢	36¢
Stock Dividends and Stock Split	—	—	—	50%	2%	2%	2%	2%	2%	—

Financial position (Year-end):

Current assets	\$154,819	\$132,861	\$122,347	\$111,554	\$103,128	\$104,187	\$99,259	\$88,240	\$74,003	\$62,229
Current liabilities	64,916	45,262	34,088	24,946	40,907	43,943	41,854	32,152	18,887	26,328
Working capital	89,903	87,599	88,259	86,608	62,221	60,244	57,405	56,088	55,116	35,901
Total assets	179,221	154,895	141,940	128,927	119,024	118,097	112,483	98,970	83,581	71,146
Stockholders' equity	76,441	72,163	69,956	64,814	57,591	50,021	46,404	43,360	41,270	39,442
Stockholders' equity per share**	\$20.43	\$19.29	\$18.87	\$17.90	\$16.68	\$15.51	\$14.56	\$13.72	\$13.10	\$12.59
Long-term debt	33,947	33,953	35,203	36,507	18,607	22,974	23,190	22,482	22,482	4,400

Additional data:

Additions to Plant Property, net	\$ 2,843	\$ 4,668	\$ 3,068	\$ 2,689	\$ 2,880	\$ 2,609	\$ 2,401	\$ 1,609	\$ 1,157	\$ 1,106
Average number of shares***	3,741	3,728	3,665	3,537	3,328	3,202	3,142	3,136	3,111	3,098

* Based on the average number of shares outstanding during each period adjusted retroactively for the 2% stock dividends of June 1964 to 1968 and the 3-for-2 stock split of July 1969.

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

*** Excluding stock held for resale, adjusted for 2% stock dividends of June 1964 to 1968 and the 3-for-2 stock split.

Consolidated Balance Sheet

March 31, 1973 and March 31, 1972	1973	1972
Assets		
Current assets:		
Cash	\$ 6,407,869	\$ 6,661,883
Receivables:		
Customers' accounts	47,952,796	43,237,765
Customers' notes	13,066,576	10,037,044
Other	2,241,679	917,117
	<u>63,261,051</u>	<u>54,191,926</u>
Less allowance for doubtful receivables	1,695,290	1,468,285
	<u>61,565,761</u>	<u>52,723,641</u>
Inventories (note 1c):		
Watch materials, including finished parts	69,814,205	60,996,127
Industrial and defense materials	9,424,732	6,874,249
Precious metals	3,643,892	3,434,125
Other	1,189,908	1,110,601
	<u>84,072,737</u>	<u>72,415,102</u>
Prepaid expenses (including \$1,550,257 prepaid U.S. income taxes in 1973)	2,772,665	1,060,358
Total current assets	<u>154,819,032</u>	<u>132,860,984</u>
Other assets	<u>4,248,057</u>	<u>2,136,862</u>
Plant property, at cost (note 1d):		
Land, buildings and improvements	15,026,849	14,475,002
Machinery and equipment	18,340,998	16,861,482
Furniture, fixtures and leasehold improvements	3,133,826	2,766,353
	<u>36,501,673</u>	<u>34,102,837</u>
Less accumulated depreciation	17,030,450	15,402,518
	<u>19,471,223</u>	<u>18,700,319</u>
Deferred charges	<u>682,663</u>	<u>1,196,665</u>
	<u>\$179,220,975</u>	<u>\$154,894,830</u>

See Notes to Financial Statements

March 31, 1973 and March 31, 1972

1973

1972

Liabilities and Stockholders' Equity

Current liabilities:

Unsecured notes payable:

Banks	\$ 38,432,425	\$ 25,979,240
Others	648,226	202,711
Current installments of long-term debt (note 4)	1,584,473	1,379,052
Accounts payable	13,832,265	8,720,968
Accrued expenses	8,576,409	6,690,165
Accrued Federal and foreign income taxes	1,842,259	2,289,670
Total current liabilities	<u>64,916,057</u>	<u>45,261,806</u>

Long-term debt (note 4):

5% Promissory Notes due May 31, 1979	8,000,000	9,280,000
4½ % Convertible Subordinated Debentures due August 1, 1984	1,482,500	1,491,200
6% Convertible Subordinated Debentures due February 1, 1990	21,179,300	21,179,300
Mortgages and other loans payable	3,285,302	2,002,128
	<u>33,947,102</u>	<u>33,952,628</u>

Deferred taxes on income (note 1 e)	1,265,433	918,541
Deferred income	1,026,717	1,323,524
Reserve for foreign operations (note 1 b)	847,424	678,486
Minority interests in net assets of subsidiaries	<u>777,655</u>	<u>596,866</u>

Stockholders' equity (notes 4 and 5):

Common stock, \$5 par value:

Authorized: 7,500,000 shares.

Issued: 1973—3,742,273 shares; 1972—3,741,718 shares

Capital surplus	18,711,365	18,708,590
Retained earnings	3,627,392	3,621,611
	54,110,818	49,852,419
	<u>76,449,575</u>	<u>72,182,620</u>

Deduct common stock, at cost, held for resale to officers and employees:

1973—672 shares; 1972—1,503 shares

	8,988	19,641
Total stockholders' equity	<u>76,440,587</u>	<u>72,162,979</u>

	<u>\$179,220,975</u>	<u>\$154,894,830</u>
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See Notes to Financial Statements

Consolidated Statement of Income and Retained Earnings

Years Ended March 31, 1973 and March 31, 1972	1973	1972
Net sales	\$176,650,013	\$146,637,513
Cost of goods sold	118,992,489	96,741,021
Gross profit from sales	57,657,524	49,896,492
Selling, general and administrative expenses	37,831,323	34,051,279
Profit from operations (after deducting depreciation: 1973—\$2,072,102; 1972—\$1,920,257)	19,826,201	15,845,213
Income charges (credits):		
Taxes, other than income taxes	5,406,110	4,139,871
Interest on long-term debt	2,014,863	2,203,049
Other interest charges	1,950,096	1,439,931
Contributions to employees' retirement plans (note 7)	499,491	431,017
Royalties, interest and other income	(1,588,006)	(1,727,626)
	8,282,554	6,486,242
Income before income taxes and minority interests in net income (loss) of subsidiaries	11,543,647	9,358,971
Income taxes (notes 1e and 3):		
U.S. and Territories	3,192,401	4,055,665
Foreign and other	1,659,738	1,499,705
	4,852,139	5,555,370
Income before minority interests in net income (loss) of subsidiaries	6,691,508	3,803,601
Minority interests in net income (loss) of subsidiaries	188,323	(146,334)
Net income for the year	6,503,185	3,949,935
Retained earnings at beginning of the year	49,852,419	48,142,206
	56,355,604	52,092,141
Deduct dividends paid:		
Cash—60¢ per share	2,244,786	2,239,722
Retained earnings at end of the year—(notes 4 and 5)	54,110,818	49,852,419
Net income per average common share (note 1h)	\$1.74	\$1.06
Net income per share assuming full dilution (note 1h)	\$1.64	\$1.06

See Notes to Financial Statements

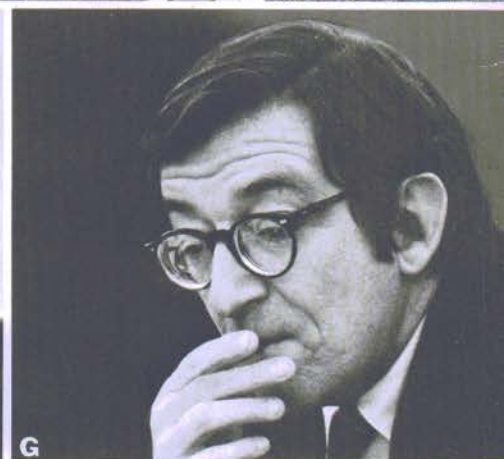
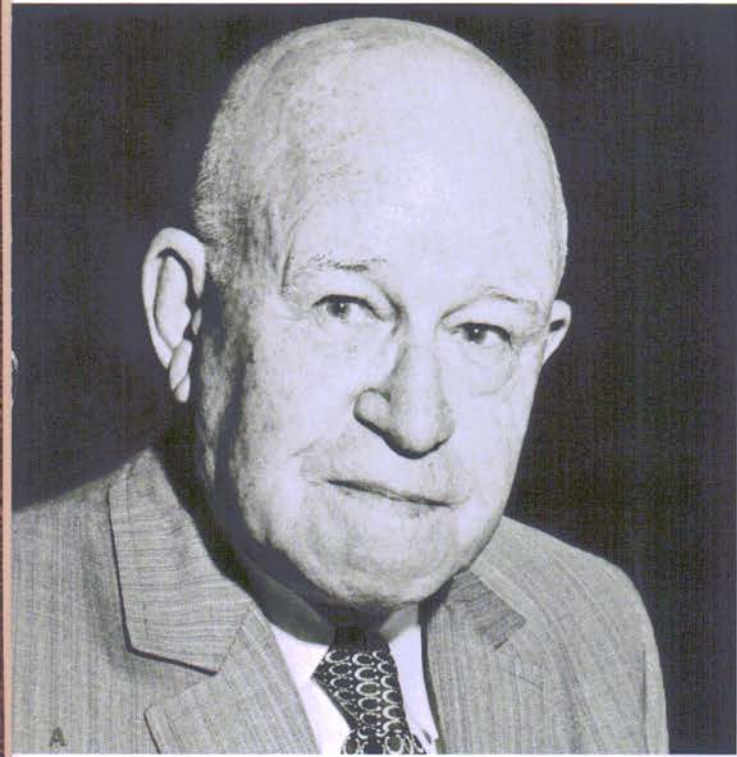
Consolidated Statement of Changes in Financial Position

Bulova Watch Company, Inc. and Subsidiaries

Years Ended March 31, 1973 and March 31, 1972	1973	1972
Working capital was provided from:		
Operations:		
Net income	\$ 6,503,185	\$ 3,949,935
Charges (credits) to income which did not involve working capital:		
Depreciation	2,072,102	1,920,257
Deferred income taxes	497,372	43,004
Decrease in deferred income	(296,807)	(238,577)
	<u>8,775,852</u>	<u>5,674,619</u>
Transactions in the Company's capital stock	19,209	497,192
Proceeds from mortgages and other loans	1,701,593	1,253,448
Reserve for foreign operations	168,938	678,486
Minority interest in net assets of subsidiaries	180,789	341,428
Disposals of plant property	104,696	97,875
Deferred charges	514,002	(530,759)
	<u>11,465,079</u>	<u>8,012,289</u>
Working capital was required for:		
Dividends to stockholders	2,244,786	2,239,722
Additions to plant property	2,947,702	4,765,707
Reduction of long-term debt	1,707,119	2,503,578
Other assets	2,111,195	(837,372)
Deferred taxes on income	150,480	—
	<u>9,161,282</u>	<u>8,671,635</u>
Increase (decrease) in working capital	<u>\$ 2,303,797</u>	<u>\$ (659,346)</u>
Increases (decreases) in components of working capital:		
Current assets:		
Cash	\$ (254,014)	\$ 826,398
Receivables	8,842,120	4,698,520
Inventories	11,657,635	4,832,973
Prepaid expenses	1,712,307	156,239
	<u>21,958,048</u>	<u>10,514,130</u>
Current liabilities:		
Unsecured notes payable and current installments of long-term debt	13,104,121	7,733,986
Accounts payable	5,111,297	1,752,947
Accrued expenses	1,886,244	724,928
Accrued Federal and foreign income taxes	(447,411)	961,615
	<u>19,654,251</u>	<u>11,173,476</u>
Increase (decrease) in working capital	<u>\$ 2,303,797</u>	<u>\$ (659,346)</u>

See Notes to Financial Statements

Directors



Gen. Omar N. Bradley (*Chairman*) *A*, Benjamin H. Dorsey *G*, Sol E. Flick *C*, Rodney C. Gott *F*, Harry B. Henshel *B*, James McCormack *D*, John L. Weinberg *E*



Bulova Watch Company, Inc.
630 Fifth Avenue
New York, New York 10020

Note 5. Stockholders Equity:

In addition to the common stock, 500,000 shares of preferred stock are authorized for issuance. The following represents the transactions affecting stockholders' equity during the two years ended March 31, 1973:

	Common stock, \$5 par value, shares issued	Treasury shares	Stockholders' equity				Treasury shares, at cost
			Total	Common stock	Capital surplus	Retained earnings	
Balance March 31, 1971	<u>3,711,804</u>	<u>4,268</u>	<u>\$69,955,574</u>	<u>18,559,020</u>	<u>3,314,702</u>	<u>48,142,206</u>	<u>(60,354)</u>
Add:							
Shares issued upon con- version of \$453,700 of convertible debentures, net of related deferred debt expense	29,209		443,718	146,045	297,673		
Shares issued upon exer- cise of stock options or distributed for employee service awards	705	(2,765)	53,474	3,525	9,236		40,713
Net income			3,949,935			3,949,935	
	<u>29,914</u>	<u>(2,765)</u>	<u>4,447,127</u>	<u>149,570</u>	<u>306,909</u>	<u>3,949,935</u>	<u>40,713</u>
Deduct cash dividends			(2,239,722)			(2,239,722)	
Balance March 31, 1972	<u>3,741,718</u>	<u>1,503</u>	<u>72,162,979</u>	<u>18,708,590</u>	<u>3,621,611</u>	<u>49,852,419</u>	<u>(19,641)</u>
Add:							
Shares issued upon con- version of \$8,700 of convertible debentures, net of related deferred debt expense	555		8,556	2,775	5,781		
Shares distributed for em- ployee service awards ..		(3,831)	59,206				59,206
Purchases of common stock at cost		3,000	(48,553)				(48,553)
Net income			6,503,185			6,503,185	
	<u>555</u>	<u>(831)</u>	<u>6,522,394</u>	<u>2,775</u>	<u>5,781</u>	<u>6,503,185</u>	<u>10,653</u>
Deduct cash dividends			(2,244,786)			(2,244,786)	
Balance March 31, 1973	<u>3,742,273</u>	<u>672</u>	<u>\$76,440,587</u>	<u>18,711,365</u>	<u>3,627,392</u>	<u>54,110,818</u>	<u>(8,988)</u>

On July 27, 1971, the stockholders approved the adoption of the 1971 Stock Option Plan for key employees reserving for issuance thereunder, 158,922 shares of common stock. On November 3, 1972, the Board of Directors, subject to approval by the stockholders, increased the shares reserved for issuance to 250,000 shares. The plan provides for the issuance of qualified

and non-qualified options or combinations thereof. Options to purchase 57,000 shares were available for grant at March 31, 1973. Options exercised during the two years ended March 31, 1973 and shares under option at March 31, were as follows:

	Number of Shares	Option Price *		Market Value at Date Exercised	
		Per Share	Aggregate	Average Per Share	Aggregate
Options exercised:					
Year ended March 31, 1972	705	\$18.10	\$12,761	\$26.35	\$18,576
Year ended March 31, 1973	None	—	—	—	—
Shares under option at March 31, 1973	140,500	\$21.56	3,029,180		
	52,500	\$17.06	895,650		
	<u>193,000</u>				

* Market value at date of grant.

During the year ended March 31, 1973, options for 52,500 shares at \$17.06 per share were granted (142,000 shares at \$21.56 in 1972). All options are exercisable at date of grant provided the recipient has no outstanding option at a higher price. Options for 41,712 shares expired or were cancelled in 1973 (none in 1972).

Note 6. Contracts Subject to Renegotiation:

Profits under contracts with the United States Government subject to renegotiation have been cleared through the year ended March 31, 1972. Management is of the opinion that no excess profits were realized for the year ended March 31, 1973.

Note 7. Retirement Plans:

The Company maintains a non-contributory pension plan for all of its employees in the United States. The Company's required contribution to the fund is determined after giving consideration to assumed earnings on the fund assets. Based

upon the assumed earnings rate (unchanged during the year), earnings of the fund were sufficient to provide for the actuarially computed benefits and, accordingly, no provision for contributions by the Company was required for 1973 or 1972.

Separate retirement plans are maintained by the Company's Swiss branch and by several foreign subsidiaries. The contributions to employees' retirement plans as reflected in the accompanying statement of income and retained earnings for 1973 and 1972 relate to the foreign subsidiaries of the Company.

**Report of Independent
Certified Public Accountants**

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

We have examined the consolidated balance sheets of Bulova Watch Company, Inc. and subsidiaries as of March 31, 1973 and March 31, 1972 and the related statements of income and retained earnings and changes in financial position for the years 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.

In our opinion, the aforementioned financial statements present fairly the financial position of Bulova Watch Company, Inc. and subsidiaries at March 31, 1973 and 1972 and the results of their operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Peat, Marwick, Mitchell & Co.

345 Park Avenue
New York, New York
June 8, 1973

Bulova Watch Company, Inc. and Subsidiaries

Products

Consumer Products—Domestic Watches:

- Accuquartz—quartz wristwatch, patents pending. Introduced, 1971. Suggested retail price: \$200 and up.
- Accutron—patented electronic tuning-fork watch. Introduced in 1960. Suggested retail price: \$100 and up.
- Mini Accutron—tuning-fork watch for women. Introduced 1971. Suggested retail price: \$135 and up.
- Bulova—America's leading jeweled-lever watch brand since 1933. Suggested retail price: \$35.00 and up.
- Caravelle—largest selling jeweled-lever watch in U.S.A. Introduced in 1961. Suggested retail price: \$10.95 to \$59.95.
- Christian Dior—high-fashion watches. Introduced, 1968. Suggested retail price: \$115 and up.
- Clocks—A complete line of clocks by Bulova. Suggested retail price: \$7.95 and up.
- Service Products—Repair parts, cleaning solutions; watch service equipment.

Consumer Products—International Major Marketing Subsidiaries:

- Bulova Watch Co., Ltd.—Canada
 Bulova International Ltd.—Bermuda,
 Hong Kong, Japan, Switzerland
 Bulova Watch S.p.A.—Italy
 Bulova U.K. Ltd.—United Kingdom
 Bulova GmbH—Germany
 Bulova France, S. A.—France
 Universal Geneve—Switzerland

Industrial Defense Divisions:

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

Subsidiaries

- Atlantic Time Products Corporation
 Bulova (Africa) (Proprietary) Limited
 Bulova-Citizen Company, Ltd.
 Bulova de Mexico, S. A. de C. V.
 Bulova Electronics International, S. A.
 Bulova France, S. A.
 Bulova GmbH
 Bulova International Limited
 Bulova Toyo Corporation
 Bulova U.K. Limited
 Bulova Watch Company Limited
 Bulova Watch S.p.A.
 Manufacture Des Montres Universal
 Perret Frères S. A.
 Pacific Time Corporation
 Recta Manufacture d'Horlogerie S. A.
 Relógios Universal e Bulova Ltda.
 Relojes Universal Argentina, S.A.C.I.
 Société de Vente des Montres
 Universal S. A.
 Universal Geneve of Canada Limited
 Universal Geneve U.K. Ltd.
 Universal Geneve de Espana, S. L.
 Universal Geneve de Mexico, S. A. de C. V.

Bulova Plant Facilities

Domestic Plant Locations

- Bulova Park, Flushing, N.Y.
- Christiansted, St. Croix, Virgin Islands
 Providence, R.I. (Plant #1)
- Providence, R.I. (Plant #2)
- Rolla, N. Dakota
 Sag Harbor, N.Y.
 Tafuna, American Samoa
 Valley Stream, L.I., N.Y. (Plant #1)
- Valley Stream, L.I., N.Y. (Plant #2)
- Warwick, R.I.
- Woodside, N.Y. (Plant #1)
- Woodside, N.Y. (Plant #2)

Functions

- Research, Manufacturing,
 Administration & Distribution
- Manufacturing
 Manufacturing
- Manufacturing
- Manufacturing
 Manufacturing
 Manufacturing
 Manufacturing, Engineering &
 Development
- Manufacturing, Engineering &
 Development
- Manufacturing
- Manufacturing, Development
- Production & Assembly

Products

- Watches, Research and Development;
 Timers
- Watch movements
- Watch cases; Industrial and
 Government products
- Watch cases; Industrial and
 Government products
- Jewel Bearings
- Watch Cases
- Watch Movements
- Automation Equipment, Timing Devices
 and Controls for Industry and
 Government
- Automation Equipment, Timing Devices
 and Controls for Industry and
 Government
- Watch cases; Industrial and
 Government products
- Clocks; Watch service equipment;
 Electronic products
- Quartz Crystals, Filters, Oscillators and
 Servo-amplifiers for Industry
 and Government

Foreign Manufacturing Facilities

- Bienne, Switzerland (Plant #1)
 Bienne, Switzerland (Plant #2)
 Fujiyoshida-Shi, Japan
 Geneva-Carouge, Switzerland
 Neuchatel, Switzerland
 Pforzheim, W. Germany
 Tao Yuan, Taiwan
 Toronto, Ontario, Canada
 Villers-le-Lac, France
- Manufacturing
 Manufacturing
 Manufacturing
 Manufacturing
 Assembly, Research & Manufacturing
 Assembly
 Manufacturing
 Assembly, Sales & Service
 Manufacturing

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

In addition to the United States and Canada, sales and warehousing facilities are located in Argentina, Brazil, France, Hong Kong, Italy, Japan, Mexico, South Africa, Spain, Switzerland, United Kingdom and West Germany.

Directors and Officers

Directors (Other affiliations in part)

Gen. Omar N. Bradley
(Chairman)
Chairman Emeritus, The George C. Marshall Research Foundation; Trustee, Freedoms Foundation at Valley Forge, Inc.

Benjamin H. Dorsey
An attorney practicing in Washington, D.C.

Sol E. Flick
(Executive Vice President and General Counsel)
Director, Executive Committee, Chelsea National Bank; Director, Booth Memorial Medical Center; Chairman, Scholarship Committee, Brooklyn College, N. Y.

Rodney C. Gott
Chairman, President, and Chief Executive Officer, AMF Incorporated; Director, The Black & Decker Mfg. Co.; Associated Dry Goods Corp.; Trustee, Franklin Savings Bank; American Museum of Natural History; Council of the Americas Inc.

Harry B. Henshel
(President)
Trustee & Chairman, Development Committee, Member, Executive Committee, Adelphi University; Director, United Nations Association of the United States of America

James McCormack
Chairman, The Aerospace Corp.; Director, Communications Satellite Corp.; Eastern Airlines

John L. Weinberg
Partner, Goldman, Sachs & Co.; Director, Cluett, Peabody & Co., Inc.; Cowles Communications, Inc.; General Development Corporation; The B. F. Goodrich Company; Kraftco Corporation; Knight Newspapers, Inc.; U. S. Financial, Inc.

Officers

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

Transfer Agent

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

Registrar

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

HIGHLIGHTS OF
CONSUMER
ADVERTISING

How Caravelle® became the best selling watch in jewelry stores:



Caravelle® Watches by Bulova

Once people see them, they're sold.



Version 1



Version 2



Version 3

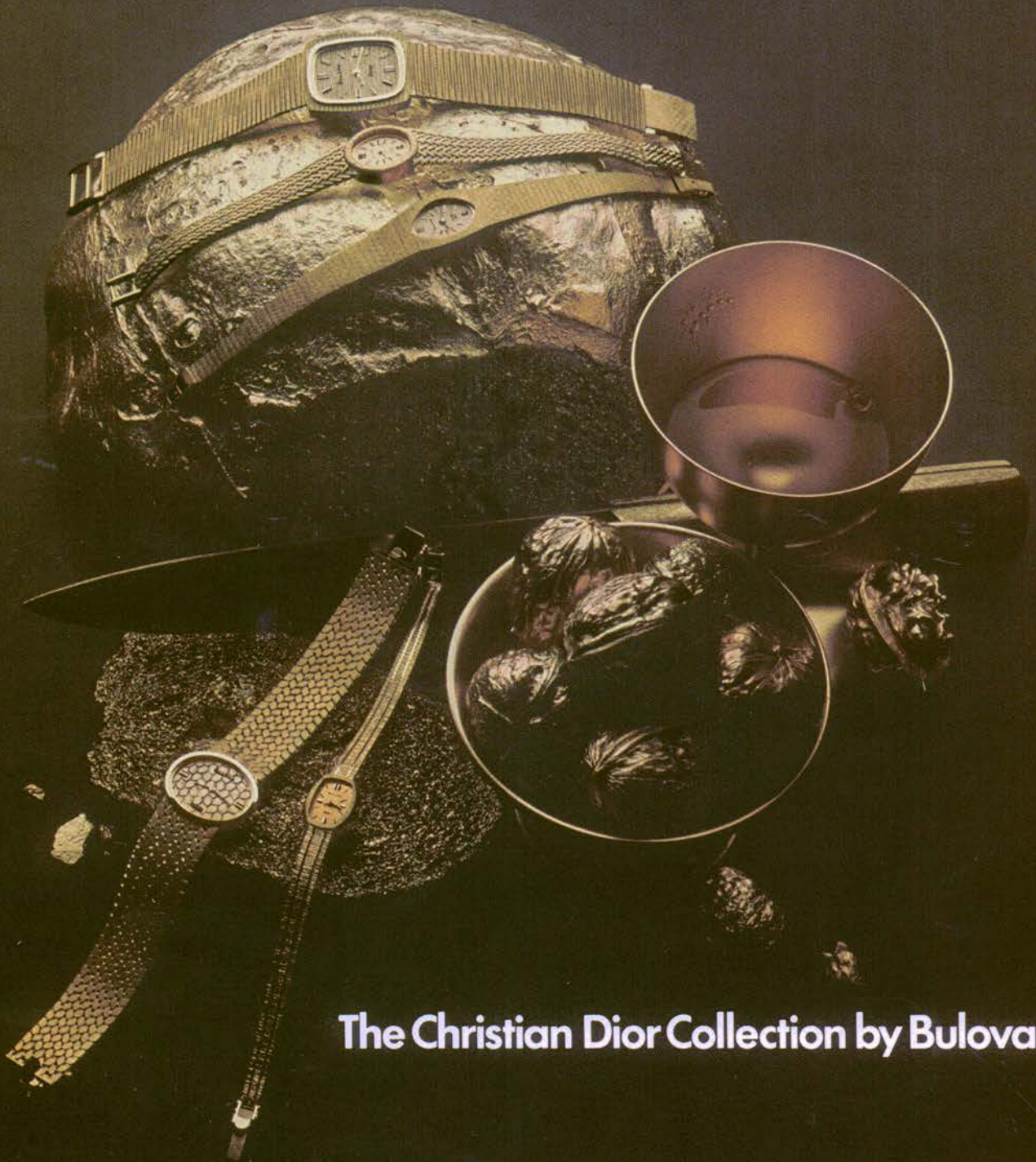
The Men's Lib Watch

Is your wristwatch a time chauvinist? Does it demand too much of your time for the time it gives? With the boredom of winding it every day? And the drudgery of turning the hands through 24 hours, just to reset the date? (Maybe it doesn't even tell you the date. Or the day.) ¶ Well, Bulova has a watch that will give you freedom, now. A self-winding date and day watch. With a quick-set feature that lets you adjust end-of-the-month dates with a pull and push of the stem. ¶ It's water resistant and shock resistant (to help free you from worrying about its health). And it has a time-tested Bulova movement (to help free you from worrying about its reliability). ¶ The Quick-Set Date and Day Automatic. In styles ranging from radical to conservative. At all fine jewelry and department stores.

BULOVA. These days the right time isn't enough.

Watches shown from left to right: President "C". 23 jewels. \$75. Clipper "AQ". 17 jewels. \$75. Senator "F". 23 jewels, 10K solid gold bezel case. \$95.

Once upon a time, there lived a man
who had the power to turn everything
he touched into solid gold...



The Christian Dior Collection by Bulova.

All cases and bracelets: 14K solid gold. Styles shown (from top of page): #85012—17 jewels, \$425. #55045—23 jewels, \$325. #55042—23 jewels, \$285. #55792—23 jewels, \$550. #55026—23 jewels, \$165. Many other styles at fine jewelry and department stores.



This may be the most accurate watch ever made.

That's the only claim we'll make, right now, for our new quartz crystal watch: the Bulova Accuquartz.[®]

Chances are, you've been reading a lot of exciting claims, lately, on the accuracy of similar watches. If *our* claim seems kind of quiet by comparison, there's a good reason:

So far, *no* quartz watches (including our own) have been worn on consumers' wrists long enough to justify claims for minute-a-year accuracy in everyday use.

On the other hand we *can* tell you that, in our *laboratory*, the Accuquartz watch doesn't gain or lose more than 5 seconds a month.

Its quartz crystal splits each second into 32,768 parts.

How accurate is the Accuquartz watch?

Very. And here's why:

In an ordinary watch, a spring makes a little balance-wheel spin back and forth 5 times a second. On the 5th spin, one second has gone by.

But in the Accuquartz watch, the spring is replaced by a tiny battery (which lasts a full year). And the balance-wheel is replaced by a hair-like crystal of the finest Brazilian quartz, suspended on wires in a miniature vacuum chamber. Here's how it works:

Electric current from the battery goes through a circuit to make the crystal vibrate. But instead of dividing each second into only 5 parts (as the balance-wheel does) the quartz crystal vibrations divide each second into 32,768 parts.

And *that's* where the accuracy comes in:

If the balance-wheel misses a beat, it's a whole fifth of a second off. But if our quartz crystal misses a beat, it's only one-32,768th of a second off.

126 transistors plus a tuning fork for reliability.

How do all those thousands of vibrations get turned into the

right time?

Each vibration sends a tiny electric impulse through a maze of 126 transistors. By collecting the impulses into groups, the transistors divide them down from 32,768 per second to a mere 341 $\frac{1}{3}$ per second. These final impulses activate a miniature tuning fork, causing it to vibrate at a steady 341 $\frac{1}{3}$ times per second. The tuning fork vibrations move the gears, which turn the hands which tell the time with awesome Accuquartz accuracy.

The combination of high frequency quartz crystal vibrations, plus highly stable solid state electronic components, integrated with the time-tested tuning fork concept adds up to one of the most dependable timepieces ever devised.

Which is why we can give you one of the best guarantees ever devised:

Within 2 full years from the date of purchase from a retailer, all factory defects in material and workmanship will be repaired without charge. Just return the watch, prepaid, to Service Department, 75-20 Astoria Blvd., Jackson Heights, N.Y. 11370.

It's slimmer than many ordinary watches.

By embedding the 126 transistors into a tiny (one five-hundredth of a cubic inch) chip of plastic, we were able to fit the whole works (battery, quartz crystal, vacuum chamber, electronic circuitry, tuning fork, gears and all) into a case that is measurably thinner than many of the world's finest watches.

Priced from \$250.

Which means you can own one.

What you'll get for so little is a Bulova Accuquartz watch, protected against common watch hazards by a strong, slim, classical, stainless steel case.

And, of course, you'll get *one more* thing:

The excitement of pioneering the most precise method of timekeeping you ever dreamed of.

The Bulova Accuquartz[®] Watch

IS THE OLD TICKER RUNNING OUT ON YOU?



You've had some good times.
But the old ticker ain't what it used to be.
It slows up, it stops, it makes you realize you
need something new.

But instead of a new ticker, what you need is
something that tells time a whole other way:
A hummer.

It has no mainspring or balance wheel that
can make tickers tick too fast or too slow.

Instead, it has a tuning fork movement
that's guaranteed to keep it accurate to within a
minute a month.* And it keeps accurate to
within a minute a month, month after month.

So when it came to naming our hummer,
we had no problems.

We just started with the word "Accurate"
and proceeded from there.

ACCUTRON® BY BULOVA

Accutron Date/Day "B". 14k gold filled case with matching textured band. Date resets instantly. \$250. Accutron Date/Day "BH". 14k solid gold case and tapered band with Accutron symbol design throughout. Date resets instantly. \$750. Accutron Astronaut Mark II "K". 14k solid gold case. Tells time in two time zones simultaneously. Date resets instantly. \$300. Accutron Date/Day "BC". All stainless steel. Luminous hands and markers. Date resets instantly. \$185. Other styles from \$110. *Timekeeping will be adjusted to this tolerance, if necessary, if returned to Accutron dealer from whom purchased within one year from date of purchase.

Note 1. Summary of Significant Accounting Policies:

(a) Principles of Consolidation:

The consolidated financial statements include the accounts of Bulova Watch Company, Inc. and all significant subsidiaries. To avoid delays in preparing the March 31 consolidated financial statements, the Company includes the accounts of certain foreign subsidiaries as of the preceding December 31. Investments in unconsolidated subsidiaries are carried at equity. All significant intercompany transactions and profits are eliminated in consolidation.

(b) Translation of Foreign Currencies:

The general policy followed in the translation of foreign currency items is to state assets (except plant property), liabilities and reserves at rates of exchange prevailing at the end of the period. Plant property is translated at the rates in effect on the dates of acquisition of the related assets. Income and expense accounts are translated at the average rates prevailing during the year with the exception of depreciation which is translated at historic rates. Unrealized gains and losses arising from the translation are credited and charged to the reserve for foreign operations. The reserve was established in 1972 because of unsettled conditions in world currency markets and the increasing importance of international operations.

(c) Inventories:

Substantially all of the inventories are computed on a first-in, first-out basis and are valued at lower of cost or replacement market. The inventory quantities are determined for the most part from perpetual inventory records, which are checked by physical inventories taken from time to time during the year, principally at December 31 of each year. Provisions for loss because of age or condition are made as required.

(d) Plant Property:

Plant property is stated at cost. Depreciation is calculated on the straight-line method for financial statement purposes, and on accelerated methods for U.S. tax purposes. Leasehold improvements are amortized over the life of the lease. Additions, betterments and renewals are capitalized, and expenditures for maintenance and repairs are charged to income. When facilities are retired from service or are otherwise disposed of, the general policy is to remove the cost and accumulated depreciation from the respective assets and reserve accounts, and where applicable, to charge or credit the difference, after the application of sales proceeds or other realization, to income.

(e) Income Taxes:

The provision for income taxes is based on elements of income and expense as reported in the statement of income. Deferred income tax expense (\$497,372 in 1973; \$43,004 in 1972) is provided for differences in the timing of certain deductions for accounting and tax purposes. No provision is made for additional taxes which may become payable if undistributed earnings of subsidiaries (\$10,052,336 at March 31, 1973) are paid as dividends to the Company, since a substantial portion of these earnings may be remitted with little or no tax becoming payable, and the remainder is reinvested permanently to satisfy working capital requirements and other business needs.

The investment tax credit is taken into income in the year in which income taxes are reduced by the credit (\$39,153 in 1973; \$35,543 in 1972).

(f) Research and Development:

Research and development costs relating to the development of new products or the improvement of existing products are charged against income in the year in which such costs are incurred.

(g) Long-Term Contracts:

Sales under government and industrial contracts are recorded as deliveries are made on fixed-price contracts, and at the time of billing on cost-reimbursement type contracts. Any anticipated losses on these contracts are provided for.

(h) Earnings per Share:

Primary earnings per share are computed on the basis of the average number of shares of common stock outstanding during the period.

Fully diluted earnings per share represent primary earnings per share adjusted to reflect the assumed conversion as of the beginning of the year of debentures outstanding at any time during the year and the elimination of debenture interest charges, net of taxes.

Shares issuable upon the exercise of stock options also are used in the computations if the assumed issuance thereof would reduce earnings per share.

Note 2. Foreign Operations:

Significant foreign currency items included in the consolidated financial statements are as follows:

	1973	1972
Current Assets	\$44,995,526	\$41,475,113
Non-Current Assets	12,192,323	11,645,470
Liabilities	27,194,934	21,728,836
Sales	33,044,987	26,799,599
Equity in net income (loss)	492,882	(1,193,455)

Note 3. Income Taxes:

The effective income tax rate declined in 1973 principally because certain overseas components with losses in 1972 became profitable and a subsidiary not subject to income tax contributed a much larger proportion of consolidated income.

Federal income tax returns for the years ended March 31, 1969 and prior have been examined by the Treasury Department and all taxes for such years have been paid.

Note 4. Long-term Debt:**(a) 5% promissory notes due May 31, 1979:**

The notes are payable in installments of \$1,280,000 on January 31 in each of the years to 1979, inclusive, and a final installment of \$1,600,000 on May 31, 1979.

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

The indenture relating to the 4½% debentures provides for a sinking fund for the redemption at par on August 1 in each year, beginning August 1, 1975, of not less than 10% or more than 20% of the total principal amount of debentures outstanding on July 31, 1974. Additional debentures may be redeemed at any time at stipulated premium prices. Debentures converted into shares of common stock, or otherwise cancelled or redeemed (but not through the sinking fund, except in excess of the minimum annual requirement) on or after August 1, 1974, may be credited against subsequent sinking fund requirements.

The debentures are convertible into common stock at the rate of 6.44 shares for each \$100 principal amount of debentures, subject to antidilution provisions.

(c) 6% convertible subordinated debentures due February 1, 1990:

The indenture relating to the 6% debentures provides for a sinking fund for the redemption at par on February 1 in each year, beginning February 1, 1981, of not less than \$2,100,000 or more than \$4,200,000 principal amount of debentures. Additional debentures may be redeemed at any time at stipulated premium prices. Debentures converted into common stock or otherwise cancelled or redeemed (including any debenture redeemed through the sinking fund in excess of the minimum requirements) may be credited against such sinking fund requirements.

The debentures are convertible into common stock at the rate of 2.62 shares for each \$100 principal amount of debentures, subject to antidilution provisions.

(d) Terms of the Company's agreements relating to long-term debt place restrictions on certain corporate actions, including minimum working capital requirements and restrictions on the creation of additional indebtedness and payment of dividends other than stock dividends. At March 31, 1973, retained earnings not restricted as to payment of dividends, under the most restrictive of these agreements, amounted to approximately \$19,666,000. (Continued)



Bulova Watch Company, Inc.
630 Fifth Avenue
New York, New York 10020

Officers



David Anderson *A*, William O. Bennett *O*, August R. Bozzo *C*, John J. Carpenter *D*, John Chiappe *H*, John B. Cline *N*, Lawrence F. Codraro *P*, Gerard A. Donovan *K*, Sol E. Flick *E*, Leo Gale *R*, Harry B. Henshel *L*, Dale O. Hiestand *G*, Rene Perret *Q*, Isidore Roberts *I*, Michael D. Roman *J*, Arthur Schwartz *F*, Robert Schwebel *M*, George C. Sheinberg *B*, Haskell C. Titchell *S*