



March 22, 1973

Dear Shareholder:

To describe this most extraordinary year requires a sentence with Rabelaisian sweep: we have expanded our pack camera sales to a worldwide record high, increased our film sales dramatically, and earned enough with these portions of our activity to have had more than record-breaking net income had we not chosen to channel about half of this income towards the following: a new plant for fine chemicals which is operating to make dyes for SX-70; our new fully automatic assembly machines for the SX-70 packs, the like of which exists nowhere else; our new positive-coating equipment for SX-70; our superb facility for coating the SX-70 negative, certainly one of the finest facilities in the world; our camera assembly plant; support for electronic activities at Texas Instruments and Fairchild Camera and Instruments; our involvement at ESB in the manufacturing development of the battery for SX-70; a whole family of new reagents in the functional chemistry of the developer in the SX-70 concealed pod; a new technique for handling elastomers for molding the bellows or boot on the camera; the economical mass production of our new compounds for permitting the film to develop in the light;

our association with the manufacturing development of the metal-clad plastic for the SX-70 housing; the design, development and manufacture of radical new finder systems; sharing some of the manufacturing development costs with Corning Glass for our new SX-70 lens which focuses from ten inches to infinity; not to mention some important and promising activities in other domains of photography and photographic science; all of these SX-70 undertakings now being in operation, many of the most difficult ones with spectacular success; e.g., the negative facility having made very long runs with high yields; and with all this accomplished and operating, our very good capital position of last year remaining not merely unimpaired, but actually improved.

We have talked in years past of motivations beyond financial for the unprecedented effort and investment that has been brought to this project. On the cover of this letter is a real SX-70 picture of a rose taken with an SX-70 camera; more than 40,000 pictures, one for each Shareholder, were taken in a few cameras at the rate of one and a half seconds per picture. The beauty of this picture of a rose epitomizes the motivation beyond the financial that has united not only the

thousands of people at Polaroid, but also the thousands in other companies who are sharing with us this creative adventure.

However, the more desirable the non-economic purpose of an undertaking, the more necessary the strength of the economic base to support it. When we examine the potential profitability of the SX-70 system and of its components we find now, as we did in our original studies of the plan, that its financial attractiveness is very high indeed. One cannot look at the rose without having all doubts resolved about the breathtaking aesthetic experience of SX-70, and one cannot study the results of our Florida introduction without being equally impressed by the many dimensions of acceptability of the system: the appearance, the weight, the handleability, the electric control and the electric response, the simplistic delight in the "whish" of the emerging picture, the sempiternal fascination for ages from one to ninety of the development process in the light, the astonishment of potential purchasers that such a camera is available at a list price of only \$180.00, the high rate of film usage. All these accretions of evidence have led us to unprecedented self-assurance about what we have

done and about the relatively small amount that remains to be done.

Perhaps the biggest lesson from our Florida experience is that a regional introduction was vital; any other would have been foolhardy for learning how to relate a system of this elegance to the variegated talents, aptitudes and habits of a public eager to enjoy the system but requiring a few moments of exposition of its potential; for example, one of the greatest delights of the SX-70 system lies in the ability to view an object at ten inches and to focus that close. Only rather elaborate professional cameras, and not many of those, have this competence. Very few Americans would ordinarily take advantage of this opportunity. Florida tells us how many do and don't with SX-70, and what kind of instructions we need to encourage people in this very simple but rewarding departure from their photographic habits. We plan, accordingly, to keep on learning--learning manufacturing yields and assembly techniques, habits of our photographers, the effectiveness of our instructions, and the best techniques of pedagogic interplay between the dealer and his customer--until we feel somewhat later in the year that all of us--manufacturer, dealer, public--are ready for full scale national introduction.

At the opening of last year's Shareholders' Meeting I said, "Photography will never be the same." The worldwide response of individuals and photographic societies and of the photographic industry has confirmed the prediction. The field which your Company has pioneered has now come to conceptual maturity: SX-70 will be an international commodity. I think you can rest proud and assured that within this significant domain which we have created you will find in us scientific freshness, engineering strength, manufacturing reliability, and marketing sensitivity to bona fide public need. With the Gargantuan effort of bringing SX-70 into being, the Company has come fully of age.

Edwin Land