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Polaroid Corporation and Subsidiary Companies

Financial Highlights Data in thousands, except earnings per share, percent and stockholder figures	1972	1971
Net sales and other income	\$571,157	\$541,369
Earnings before taxes	74,490	116,692
Net earnings	42,534	61,018
Earnings per share	\$1.30	\$1.86
Net earnings as percent of sales and other income	7.4%	11.3%
Net earnings as percent of stockholders' equity	7.4%	11.2%
Additions to property, plant and equipment	\$ 44,560	\$ 60,167
Stockholders' equity, end of year	576,967	544,180
Stockholders of record, end of year	40,055	45,252

1972 Worldwide Results

Polaroid had another record sales year in 1972. Consolidated worldwide sales and other income reached \$571,157,000, an increase of 5.5% from \$541,369,000 in 1971. Fourth quarter sales exceeded those of any prior quarter in the Company's history.

Consolidated net earnings were \$42,534,000 compared with \$61,018,000 in the previous year. Per share earnings were \$1.30 based on the average number of shares outstanding in 1972 (32,844,308) compared with \$1.86 based on the average number of shares outstanding in 1971 (32,837,123).

The decrease in earnings continued to reflect extraordinary expenditures for manufacturing development and other costs associated with the new SX-70 instant photographic system, which has thus far been made available for sale only in the Southern Florida market. The new factories manufacturing and assembling the many components of this system (chemicals, color negative, film and camera) are completing the transition from preproduction testing to initial commercial production. In addition, a transparency film plant is in the preproduction testing phase.

Year-end working capital was \$352,432,000, an increase of \$21,524,000 from the 1971 figure. Dividend payments totalled \$10,510,000 and capital expenditures for production facilities and other property amounted to \$44,560,000. (A summary of financial highlights appears on page 3.)

Domestic Results

The parent Company and its domestic subsidiaries had record product sales in the full year and in the fourth quarter.

Retail unit sales of Square Shooter 2, our inexpensive color camera, exceeded those of any other camera in America during the Christmas season. The more expensive line

of folding cameras, the 400 series, also enjoyed strong retail sales in 1972. Polaroid pack film sold at peak levels throughout the year and demand was especially intense in the fourth quarter. Sales of industrial products including equipment and film were 12% ahead of 1971 sales.

International Results

In 1972 Polaroid's international operations continued their record of significant growth. Sales of subsidiaries increased by 27%. The International Division's sales approximated the worldwide sales of the Company in 1964.

Polaroid World Trade Corporation, a Domestic International Sales Corporation (DISC), was organized to stimulate further expansion of our exports from the United States. For the 13th consecutive year Polaroid's international business made a favorable contribution to the U.S. balance of payments and U.S. employment levels.

Record sales of cameras, film, sunglasses and industrial products were achieved in all 15 marketing subsidiaries.

SX-70

Polaroid's new system of absolute one-step photography was introduced to dealers in Miami, Florida, in October, 1972, and went on sale in the Southern Florida region in November. An instant success, the camera, which has a suggested list price of \$180, has been virtually sold out since its introduction with many dealers having long lists of customers who have placed deposits with their orders. Sales of film, accessories and the GE FlashBar 10 flash array for SX-70 have also exceeded expectations.

At the introduction of the SX-70 system, Polaroid announced a new dealer program which offers a bonus payment for every SX-70 camera and pack of film sold by the dealer, on the condition that he explains and demonstrates the camera

to interested customers in his store and stocks and displays the new system.

Patents

In 1972, 183 new U.S. patents were issued to the Company, of which 171 are in the field of one-step photography. At the end of the year, the Company held 1,401 outstanding U.S. patents, including 1,240 related to one-step photography. Our foreign patent coverage was also extended considerably during the year.

Personnel Relations

The Company population increased by about 3%. Domestic hiring, for the most part, was for the new SX-70 production facilities. Over 60% of all new positions were filled from within the Company.

During the year, major improvements were made to the Incentive Compensation Plan and the Retirement Program. The latter includes the addition of a Pension Plan and the amendment of the Profit Sharing Retirement Plan. Retiree life insurance coverage was increased.

Polaroid continues to emphasize employee education with internal classes and programs. In addition, the Tuition Refund Plan for outside courses was modified to offer employees pre-payment for tuition. At the present time, 10% of all employees are taking advantage of the tuition refund program.

The Company is continuing its progress toward goals set for minority hiring and upward mobility for black and women employees. The minority population is currently 11.5% of total domestic personnel and 6.5% of all salaried employees.

The Medical Department, through clinics in six Company locations, continues to offer employees a comprehensive out-patient care program. During 1972 this included over 1,000 physical examinations and a record number of employee office visits. Special programs

were offered employees for sickle cell screening and glaucoma detection.

Community Relations

Polaroid continues to provide assistance to many community groups in the Greater Boston and New Bedford areas. This assistance includes loans of personnel, skills and services of many kinds in addition to financial grants. These programs are not widely publicized and usually represent the efforts and attention of individuals within the Company as well as Polaroid participation.

A special effort has been made recently in the area of corrections and prison reform in Massachusetts. A number of men and women who have been previously imprisoned work at Polaroid. The success of this hiring and retraining program has been reflected in prison reform legislation which was passed by the Massachusetts legislature in the Spring of 1972.

Pollution Control

Polaroid's resource recovery programs include recycling of steel, wood products, plastic, paper and lead used in manufacturing operations. These programs have substantially reduced the amount of solid waste and have cut the costs of disposal.

At the New Bedford negative plant important quantities of silver and valuable dyes are being recovered. Research is under way to find methods of refining the dyes for reuse. A \$2,000,000 liquid treatment plant is in full operation at this site making liquid wastes safe for discharge into the sewer system, as well as reclaiming valuable substances.

There has been noticeable success in Polaroid's customer education program to reduce the careless discard of film negatives and other residue. The waste-free SX-70 film will have an important effect on the litter problem in the future.

Polaroid plans to spend about \$2,500,000 in 1973 for environmental protection programs chiefly for capital outlays to upgrade equipment and processes in our older facilities.

Organizational Changes

Louis D. Scott and Herbert S. Kassman resigned as Vice President and Secretary of the Company, respectively.

Dr. Stanley M. Bloom and George H. Fernald, Jr., were appointed Assistant Vice Presidents, Richard F. deLima was appointed Secretary and Lutz Alt was made Assistant Treasurer of the Company.

Dr. Sheldon A. Buckler was named Vice President, and he and Harvey H. Thayer were named to the Management Executive Committee.

Morgan Guaranty Trust Company of New York succeeded Chemical Bank as Registrar.

**Consolidated Statement
of Financial Condition**
December 31, 1972 and 1971
(Thousands of dollars)

	NET ASSETS	1972	1971
Current assets			
Cash	\$ 16,758	\$ 15,620	
Marketable securities, at cost (Note 2)	199,912	178,562	
Receivables, less allowance of \$1,332 (\$1,100 in 1971)	114,553	115,476	
Inventories (Note 3)	88,125	85,021	
Prepaid expenses and other current assets	7,919	9,176	
Total current assets	427,267	403,855	
Current liabilities			
Payables and accruals	52,639	45,127	
Federal, state and foreign income taxes (Note 4)	22,196	27,820	
Total current liabilities	74,835	72,947	
Working capital	352,432	330,908	
Property, plant and equipment, at cost			
Land	4,373	2,949	
Buildings	106,665	98,814	
Machinery and equipment	207,992	157,940	
Construction in progress	35,744	56,956	
	354,774	316,659	
Less accumulated depreciation	130,239	103,387	
Net property, plant and equipment	224,535	213,272	
Total net assets	\$576,967	\$544,180	

OWNERSHIP OF NET ASSETS

Capital and retained earnings (Note 5)

Common stock, \$1 par value, authorized 36,000,000 shares, issued: 1972 32,847,650 shares (1971 32,840,200 shares)	\$ 32,848	\$ 32,840
Additional paid-in capital	121,210	120,455
Retained earnings	422,909	390,885
Total ownership of net assets	\$576,967	\$544,180

See accompanying statement of significant accounting policies
and notes to consolidated financial statements.

**Consolidated Statement of Earnings
and Retained Earnings**

Years ended December 31, 1972 and 1971
(Thousands of dollars)

	1972	1971
Net sales	\$559,288	\$525,507
Other income, including interest and royalties	11,869	15,862
Total net sales and other income	571,157	541,369
Cost of sales	259,090	243,397
Selling, research, engineering, distribution and administrative expenses (Note 6)	237,577	181,280
Total costs	496,667	424,677
Earnings before taxes	74,490	116,692
Federal, state and foreign income taxes (Note 4)	31,956	55,674
Net earnings (per share: 1972 \$1.30, 1971 \$1.86)	42,534	61,018
Retained earnings at beginning of year	390,885	340,375
	433,419	401,393
Deduct cash dividends paid (\$.32 per share)	10,510	10,508
Retained earnings at end of year	\$422,909	\$390,885

**Consolidated Statement of Changes
in Financial Position**

Years ended December 31, 1972 and 1971
(Thousands of dollars)

	1972	1971*
Source of funds		
Net earnings	\$ 42,534	\$ 61,018
Add items not involving funds:		
Depreciation of property, plant and equipment	32,018	22,329
Loss on disposal of property, plant and equipment	1,173	249
Funds derived from operations	75,725	83,596
Proceeds from exercise of stock options	763	620
Proceeds from sale of property, plant and equipment	106	173
Total	76,594	84,389
Use of funds		
Additions to property, plant and equipment	44,560	60,167
Cash dividends	10,510	10,508
Total	55,070	70,675
Net increase in working capital	\$ 21,524	\$ 13,714
Summary of changes in working capital		
Increase (decrease)		
Current assets		
Cash and marketable securities	\$ 22,488	\$(16,610)
Receivables	(923)	7,624
Inventories	3,104	29,243
Prepaid expenses and other current assets	(1,257)	3,087
Total	23,412	23,344
Current liabilities		
	(1,888)	(9,630)
Net increase in working capital	\$ 21,524	\$ 13,714

See accompanying statement of significant accounting policies and notes to consolidated financial statements.

*Restated to conform to 1972 presentation.

Statement of Significant Accounting Policies

Principles of Consolidation – The consolidated financial statements include the accounts of domestic and foreign subsidiaries all of which are wholly owned. Intercompany accounts and transactions are eliminated.

Translation of Foreign Currencies – Earnings statements of consolidated subsidiaries operating outside the United States are translated from local currencies into U.S. dollars at average monthly rates of exchange for the year. Current assets and current liabilities are converted to U.S. currency at exchange rates which are in effect at year end. Property, plant and equipment and ownership equities are converted at historical rates.

Inventories – Inventories are valued on a first-in, first-out basis at the lower of standard cost (which approximates actual cost) or market value.

Income Taxes – The Company provides deferred income taxes resulting from the excess of depreciation deducted on its income tax returns over amounts recorded in the accounts. Provision for U.S. income taxes is recorded for the earnings of foreign subsidiaries which are in excess of amounts being held for reinvestment in overseas operations. Investment tax credits are taken as reductions in the tax provision for the year in which the related assets are placed in service.

Property, Plant and Equipment – The cost of buildings, machinery and equipment is depreciated, primarily by accelerated depreciation methods, over the estimated useful lives of such assets, as follows: buildings, 20-40 years; machinery and equipment, 4-12 years. When assets are retired, or otherwise disposed of, the cost of the assets and the related accumulated depreciation are removed from the accounts and any gain or loss on retirements is reflected in current earnings.

Research and Development – The cost of research and development is charged to operations as incurred.

Patents and Trademarks – Patents and trademarks are valued at \$1.

Notes to Consolidated Financial Statements

1. Foreign Operations

At December 31, the net assets of subsidiaries operating outside the United States were \$42,969,000 in 1972 and \$26,080,000 in 1971. For the years ended December 31, 1972 and 1971, net sales and other income of these subsidiaries were \$147,267,000 and \$115,805,000, respectively.

Included in the consolidated net earnings for 1972 and 1971 were gains of \$487,000 and \$2,385,000, respectively, resulting from translation of non-U.S. currencies into U.S. currency.

2. Marketable Securities

Market value of marketable securities at December 31, 1972 and 1971, was \$200,761,000 and \$181,040,000, respectively.

3. Inventories

Classification of inventories for the respective years was:

	1972	1971
Raw materials	\$47,529,000	\$37,887,000
Work in process	14,579,000	9,279,000
Finished goods	26,017,000	37,855,000
Total	<u>\$88,125,000</u>	<u>\$85,021,000</u>

4. Income Taxes

Income taxes charged to operations include net deferred taxes, which were not material, and investment tax credits which reduced such charges by \$1,446,000 and \$569,000 for 1972 and 1971, respectively.

Income taxes as a percent of earnings before taxes decreased in 1972 due to: a greater proportion of earnings of foreign subsidiaries (some of which are taxed at lower rates), an increase in tax exempt income as a

percent of earnings, and larger investment tax credits.

Federal income tax returns of the Company have been examined for all years through 1969 and final settlement made.

Undistributed earnings of foreign subsidiaries in the amounts of \$27,520,000 and \$21,765,000, at December 31, 1972 and 1971, respectively, are being held for reinvestment in overseas operations. If such earnings were remitted to the parent Company, available foreign tax credits would reduce substantially any additional U.S. income taxes.

5. Stock Options

Under the Company's stock option plan, "qualified options" may be granted to purchase shares of common stock at fair market value on the date of grant. Options are exercisable not less than one year after the date of grant and expire five years after the date of grant.

Changes in the number of shares for options outstanding but not yet exercised are summarized below:

	Number of Shares	Option Price Range Per Share
Balance January 1, 1971	45,650	\$73.25-\$130.00
Options granted in 1971	54,400	103.13
Deduct:		
Options exercised	8,250	73.25- 93.00
Options cancelled	11,500	73.25- 130.00
	34,650	
Balance December 31, 1971	80,300	\$92.25-\$130.00
Options granted in 1972	7,400	131.88
Deduct:		
Options exercised	7,450	93.00- 130.00
Options cancelled	3,400	93.00- 130.00
	(3,450)	
Balance December 31, 1972	76,850	\$92.25-\$131.88
Exercisable at December 31		
1971	20,050	\$92.25-\$130.00
1972	28,325	92.25- 130.00

A balance of 210,150 shares was reserved for issuance at December 31, 1972, of which 133,300 shares were available for future grants. As of December 31, 1971, a balance of 217,600 shares was reserved for issuance of which 137,300 shares were available for future grants. The increases in "Common Stock" and "Additional Paid-In Capital" were attributable to the proceeds realized upon exercise of stock options.

6. Start-Up Costs

Start-up costs for SX-70 were included in research and development.

7. Employee Benefit Plans

At a special meeting on December 19, 1972, stockholders approved a pension plan (effective January 1, 1972), an amended and restated Profit Sharing Retirement Plan (effective January 1, 1973) and an Incentive Compensation Plan (effective January 1, 1973) which amended, restated and combined the Executive Incentive Compensation Plan and the Employee Incentive Plan.

The new pension plan is a qualified, non-contributory trusteed plan covering substantially all employees of Polaroid Corporation. The 1972 pension expense under the plan, computed by independent actuaries primarily under the aggregate method, was \$7,199,000, which amount exceeds the value of vested benefits at December 31, 1972. Past service costs, which are not material, are being amortized over 10 years. The Company's general policy is to fund pension costs accrued.

The Profit Sharing Retirement and Incentive Compensation Plans cover substantially all employees of Polaroid Corporation. There was no contribution to either plan in 1972. In 1971, \$969,000 was contributed to the Profit Sharing Retirement Plan and \$1,054,000 to the Incentive Compensation Plan.

In addition, several of the Company's foreign subsidiaries have insured pension plans covering their employees.

The Board of Directors and Stockholders
Polaroid Corporation:

We have examined the consolidated statements of financial condition of Polaroid Corporation and subsidiary companies as of December 31, 1972 and 1971 and the related statements of earnings and retained earnings and changes in financial position for the respective 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. We did not examine the financial statements of certain of the foreign subsidiaries, which statements reflected assets and revenues constituting 12% and 24%, respectively, for 1972, and 11% and 21%, respectively, for 1971, of the related consolidated totals. These financial statements were examined by other auditors whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included for these subsidiaries, is based solely upon the reports of the other auditors.

In our opinion, based upon our examination and the reports of other auditors, such financial statements present fairly the consolidated financial position of Polaroid Corporation and subsidiary companies at December 31, 1972 and 1971, the results of their operations and the changes in their financial position for the respective years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Peat, Marwick, Mitchell & Co.

PEAT, MARWICK, MITCHELL & CO.
One Boston Place
Boston, Massachusetts
February 13, 1973

Ten Year Financial Review[†]
Data in thousands, except earnings
and dividends per share and
employee figures

	1972	1971
Operating results		
Net sales and other income	\$571,157	\$541,369
Earnings before taxes	74,490	116,692
Income taxes	31,956	55,674
Net earnings	42,534	61,018
Earnings per share*	1.30	1.86
Financial position, end of year		
Working capital	\$352,432	\$330,908
Net property, plant and equipment	224,535	213,272
Stockholders' equity	576,967	544,180
Other statistics		
Additions to property, plant and equipment	\$ 44,560	\$ 60,167
Depreciation	32,018	22,329
Number of employees, end of year	11,998	11,654
Payroll and benefits	\$160,247	\$136,741
Shares outstanding, end of year*	32,848	32,840
Dividends paid	\$ 10,510	\$ 10,508
Dividends per share*	.32	.32

[†]All years prior to 1971 restated on a worldwide consolidated basis.

*All prior years adjusted for 4-for-1 split effective December 30, 1964, and 2-for-1 split effective February 21, 1968.

1970	1969	1968	1967	1966	1965	1964	1963
\$507,735	\$522,197	\$443,895	\$409,753	\$355,544	\$216,823	\$146,888	\$129,088
127,024	145,626	135,053	116,643	95,011	58,188	36,873	24,934
61,050	74,445	72,899	58,303	48,158	28,865	18,139	13,435
65,974	71,181	62,154	58,340	46,853	29,323	18,734	11,499
2.01	2.19	1.96	1.84	1.48	.93	.59	.37
\$317,194	\$309,035	\$176,094	\$138,246	\$104,220	\$ 87,180	\$ 68,275	\$ 52,628
175,856	128,426	99,856	86,669	68,514	39,143	31,471	28,156
493,050	437,913	276,961	223,769	171,656	127,135	98,792	80,757
\$ 67,910	\$ 45,059	\$ 26,263	\$ 29,812	\$ 37,507	\$ 15,741	\$ 7,753	\$ 9,955
17,477	16,051	13,271	10,705	7,538	5,870	5,317	4,433
10,528	10,506	8,844	8,165	7,925	5,584	3,868	4,082
\$118,346	\$113,561	\$ 90,367	\$ 78,425	\$ 62,293	\$ 43,658	\$ 32,824	\$ 30,205
32,832	32,828	31,712	31,660	31,614	31,548	31,502	31,478
\$ 10,506	\$ 10,412	\$ 10,140	\$ 7,276	\$ 3,949	\$ 1,970	\$ 984	\$ 818
.32	.32	.32	.23	.13	.06	.03	.03



SHOT CLASSIFIED BY JAMES

A System of Absolute One-Step Photography

1972 was the year of SX-70.

Seldom has there been an invention that has captured the imagination of the public so quickly, or aroused such interest and excitement.

From its first public demonstration at the Polaroid Stockholders' Meeting in Needham, Massachusetts, on April 25, 1972, it has been the focus of a stream of newspaper and magazine articles. It has been the subject of two scientific society meetings and has been written about extensively in the scientific and technical as well as the popular press.

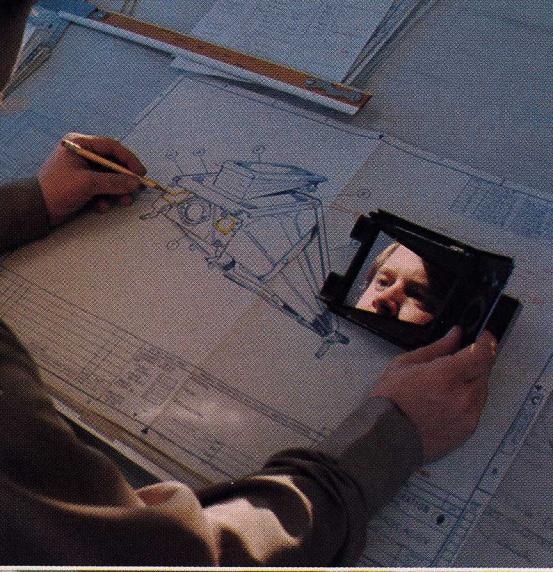
Called SX-70 from the earliest days when that code name marked the door to a top-secret laboratory, the system is the embodiment of the ideal of absolute one-step photography. It does indeed meet the original specification that "the process must be non-existent for the photographer, who by definition need think of the art in the *taking* and not in *making* photographs."

The SX-70 fits into a pocket or purse. It is the smallest Polaroid Land camera ever devised. With one simple motion it is open, ready to produce pictures. "This package of more than 200 transistors elegantly wrapped in top-grain leather" rests easily in the hand. It is a true single-lens reflex camera, so the user looks through the lens of the camera as he composes the picture. He sees what the camera "sees" and will capture in the photograph.

When he presses the red electric shutter button the picture is ejected immediately from a hidden opening in the front of the camera. It is hard, dry, almost indestructible. There is nothing to peel apart or throw away. The picture times its own development. And it develops, even in the light, literally before your eyes.

In the first moments, the picture is seen as a pale turquoise square. Then the image begins to bloom. Within minutes it has matured into a luminous color picture that *Photography Year* says "is not only exceptionally brilliant, but actually seems to have dimensional depth." There is no evidence of grain or structure.





Ten Years of Development

The premise upon which SX-70 was developed was first stated in a paper delivered to the Royal Photographic Society of Great Britain in 1949. Research and development of the system itself began about ten years ago with work designed to eliminate all of the problems associated with the then brand-new pack film camera system introduced in 1963.

What was to be left out? Everything that stood between the photographer *seeing* the picture and *having* it. There was to be no pulling the picture packet out of the camera, no timing the development process, no peeling apart of the negative and positive sheets, no waste materials to dispose of, no coating of the print, no print mount to attach, no chance for double exposure, no chance to forget to remove the film cover sheet and spoil a picture, no exposure settings to make, no flash settings to remember, no batteries to replace.

The goal was the simplest photographic process imaginable. Choose. Focus, compose, touch a button. Have the picture in your hand. Nothing more than that.

But the requirements went beyond the process. The camera itself had to be small, light, easily carried, ready to use in an instant. The size restriction made all the other specifications doubly difficult.

To achieve their goals, research and development teams broke new ground in optics, chemistry, electronics, materials usage, molding technology, battery design and many other fields. The consequences of their discoveries and developments will be felt for years to come in areas far beyond photography.

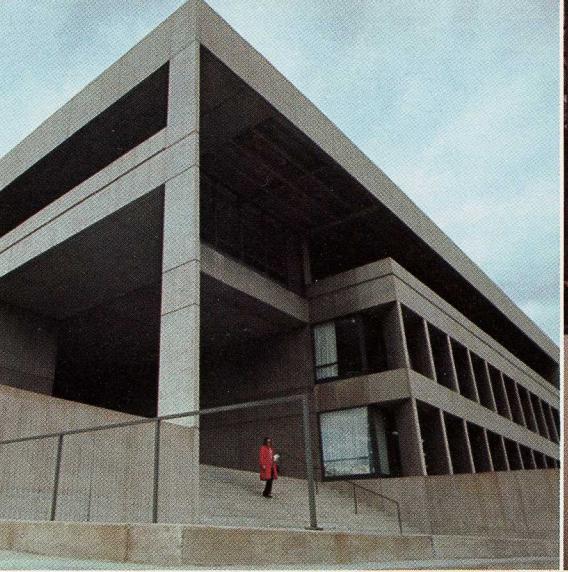
Development of the SX-70 system was one of the most complex undertakings ever attempted by a private company. It involved teams working in many areas of optics, chemistry, electronics and mechanical design. Simultaneous development was pressed forward on the camera itself, the color negative, the new film system, even the chemical ingredients of the film and negative. And, of course, the elements had to interact perfectly with each other to produce the final SX-70 system.

In addition, Polaroid made a decision about the new system that was to change the complexion of the Company profoundly. In the past some of the major elements of the Polaroid instant picture system had been manufactured by outside vendors. Although Polaroid has always manufactured all its own film, an important element, the color negative, invented by Polaroid, had been manufactured by Eastman Kodak. Although Polaroid has always designed, engineered and carefully supervised production of cameras, most had been actually made by suppliers.

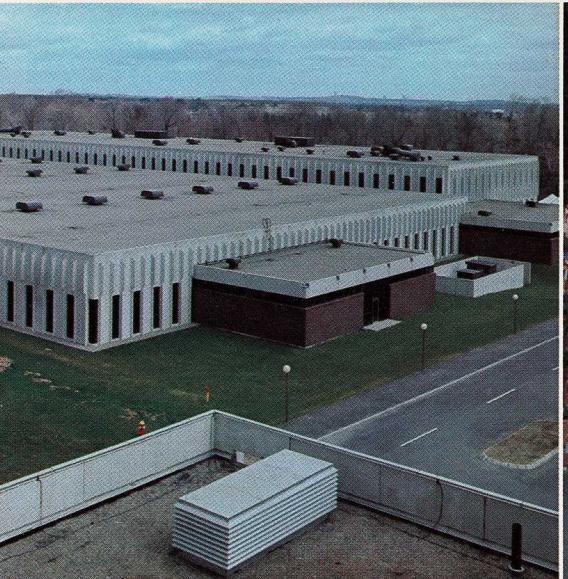
The SX-70 system was so revolutionary, involving so many areas of new science and new technology, it was decided that all the major elements of the system would be manufactured or assembled in Polaroid plants. Many outstanding American companies were contacted to supply components — Corning Glass, General Electric, Fairchild Camera, Texas Instruments, duPont, E.S.B. and many others. But the basic manufacturing and assembly would be done by Polaroid.

The Company embarked on the greatest expansion of production facilities in its history. In five years in the late Sixties and early Seventies five major plants were built and prepared for production — while product development was still under way. A chemical manufacturing plant, a color negative pilot plant, the massive New Bedford color negative facility, a film plant and a camera plant. Production of the elements of the SX-70 system began in 1972. The first cameras and film were ready to ship in October.

The SX-70 film plant at the Reservoir site in Waltham is running three shifts a day. The SX-70 packs are assembled on automatic machines (far right) which combine negative, positive, developer pod, battery, coversheet, steel spring and plastic cassette into the final unit.



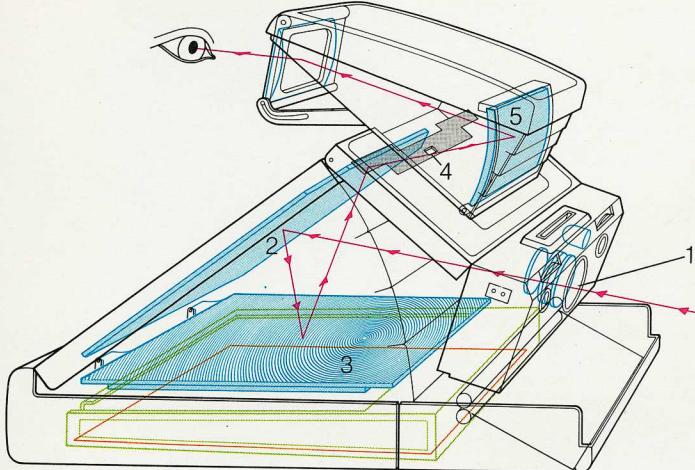
Norwood is the location of the new SX-70 camera factory. An automatic supply system (far right) carries parts to the assembly locations and transports finished cameras to the packaging and distribution areas.



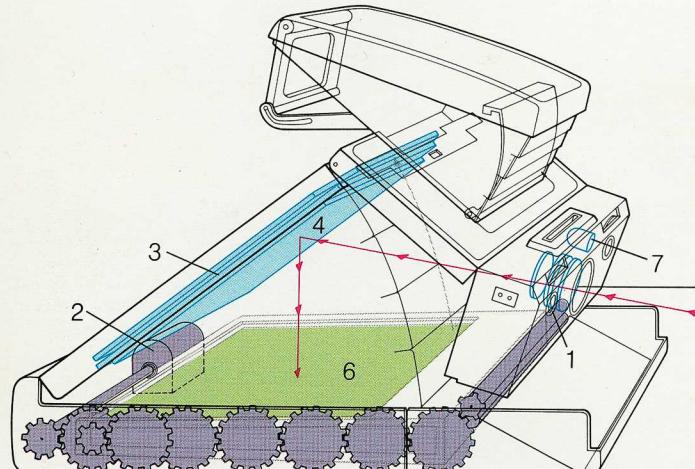
The color negative plant in New Bedford is the largest of the new SX-70 facilities and one of the largest factories built in New England in recent years. The control center (far right) monitors each stage of the complex manufacturing process which includes many layers of coatings, some no thicker than a wavelength of light.



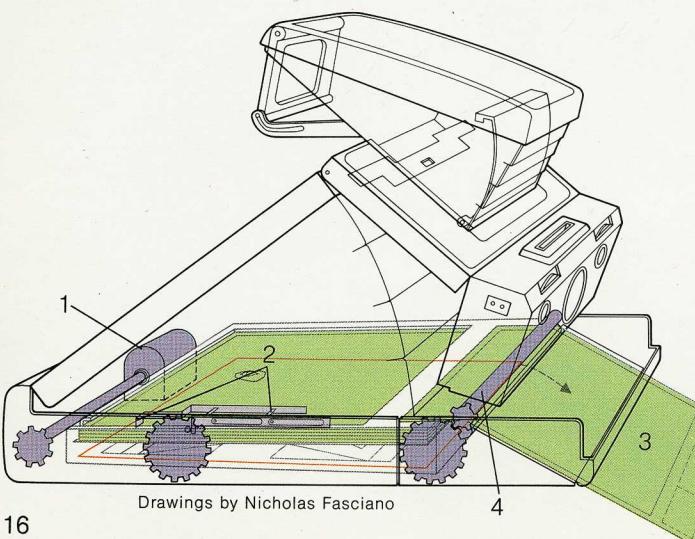
How the SX-70 Makes the Impossible Possible



The SX-70 is a folding single-lens reflex camera whose multiple mirrors bounce light rays back and forth, bending the light path to extend it and achieve finally a picture area of $3\frac{1}{8} \times 3\frac{1}{8}$ inches. For viewing and focusing, light enters the camera through the lens (1) and is reflected first downward by the viewing mirror (2), then upward by the patterned Fresnel mirror (3) in a focused beam. This beam is reflected off the viewing mirror once again and passes through the viewfinder opening (4) to strike the aspheric viewfinder mirror (5). From there it is reflected through the viewfinder lens to the eye.

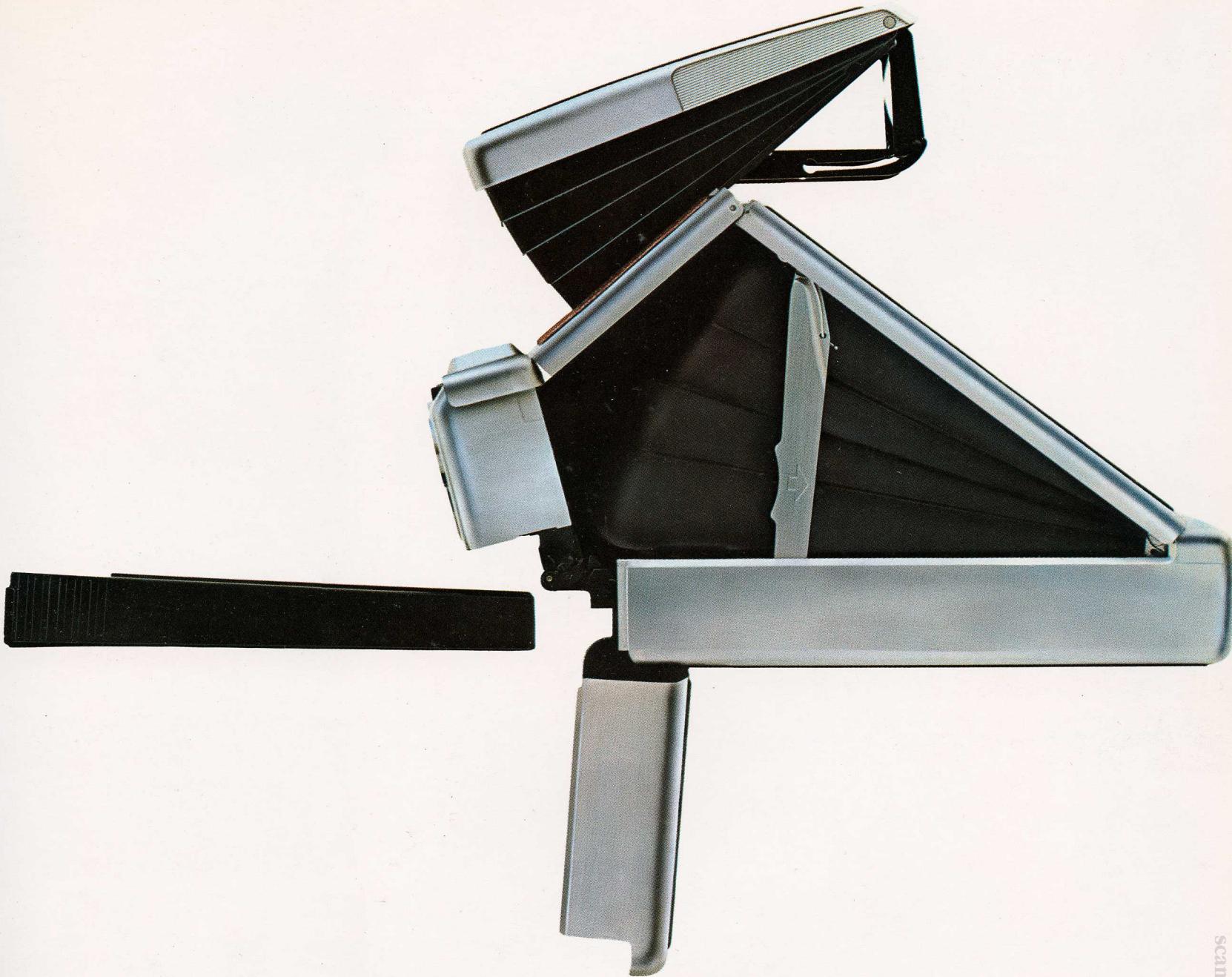


When the electric shutter button (1) is pressed, the shutter, which was open for viewing, closes immediately and the motor (2) turns to unlatch the Fresnel mirror (3). This mirror, which is used only for viewing, then springs up out of the way against the back of the camera. At this point the "taking" mirror (4), which is on the reverse side of the patterned mirror, is in place for use. The shutter then opens to take the picture. Light rays pass through the lens (5) and are reflected from the taking mirror down to the film sheet (6). The electric eye (7) measures the light for correct exposure and the shutter closes at the proper moment.

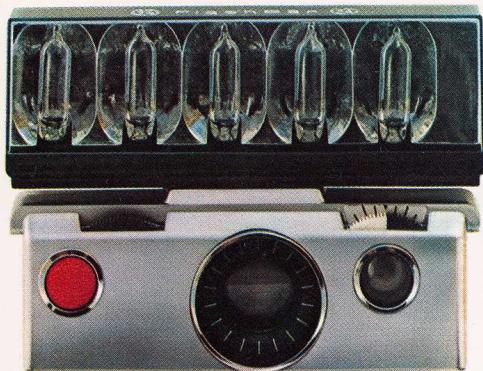


The motor (1) turns the gears to move forward a pick (2) which pulls the exposed film (3) into the rollers (4). They grasp the film, break open the pod of developer chemicals, spreading them between the negative and positive layers of the film and finally eject the film from the camera. The motor simultaneously lowers the taking mirror to uncover the viewing mirror for the next picture.

Drawings by Nicholas Fasciano



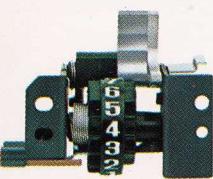
The totally new brushed chrome, metal-plastic body material combines lightness with rigidity and precision. The 10-exposure film pack contains a wafer-thin battery to provide fresh power to operate the camera with each new pack of film.



The General Electric FlashBar 10 flash array snaps into the shutter housing for flash shots from 10 inches to 20 feet or more away. The SX-70 scans the FlashBar electronically and picks the next flash to be fired. There are 10 bulbs, five on each side of the unit.

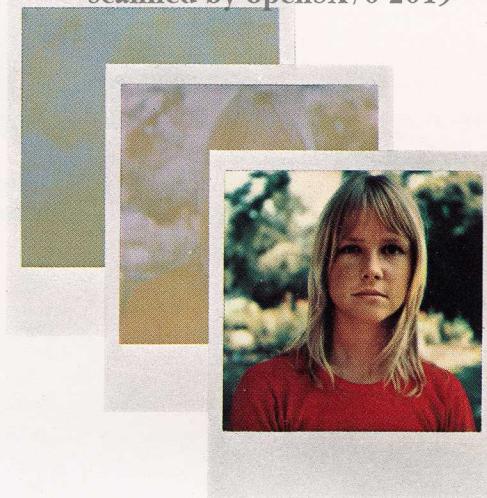


Once you press the electric shutter button, the rest is literally out of your hands. This 12,000 RPM motor propels the picture out of the camera and drives an intricate system of gears and switches which performs most of the camera functions. You can take pictures almost as fast as you can press the button.



A tiny counter is located on the back of the camera. When a film pack is inserted, the film cover is automatically ejected and the counter reads "10." After each successive shot, that number decreases to tell you how many pictures you have left. The counter also prevents the GE FlashBar from firing after your tenth exposure has been made.

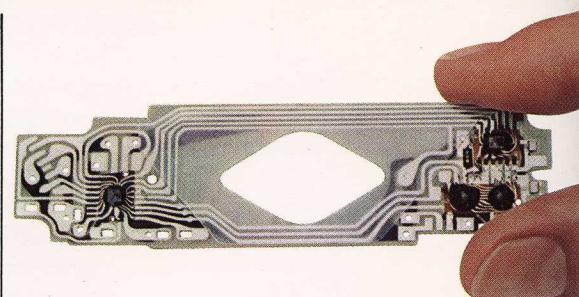
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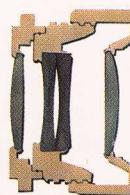
The film appears outside the camera, 1.5 seconds after you press the shutter button. The picture, with an image area of $3\frac{1}{8} \times 3\frac{1}{8}$ inches, is hard, dry, shiny and flat. There is nothing to peel apart, nothing to throw away. In minutes the picture develops before your eyes, even in brightest daylight, because an opaque chemical spread inside the film blocks the light. This light barrier becomes transparent as the picture develops, and you see the image appear.



Shown here are the makings for 30 flash pictures. Film and flash arrays are light and compact. The camera itself weighs only 24 ounces, about half the weight of many Polaroid Land cameras. You can easily pack the camera and a two-week supply of film and FlashBars in a corner of a flight bag.



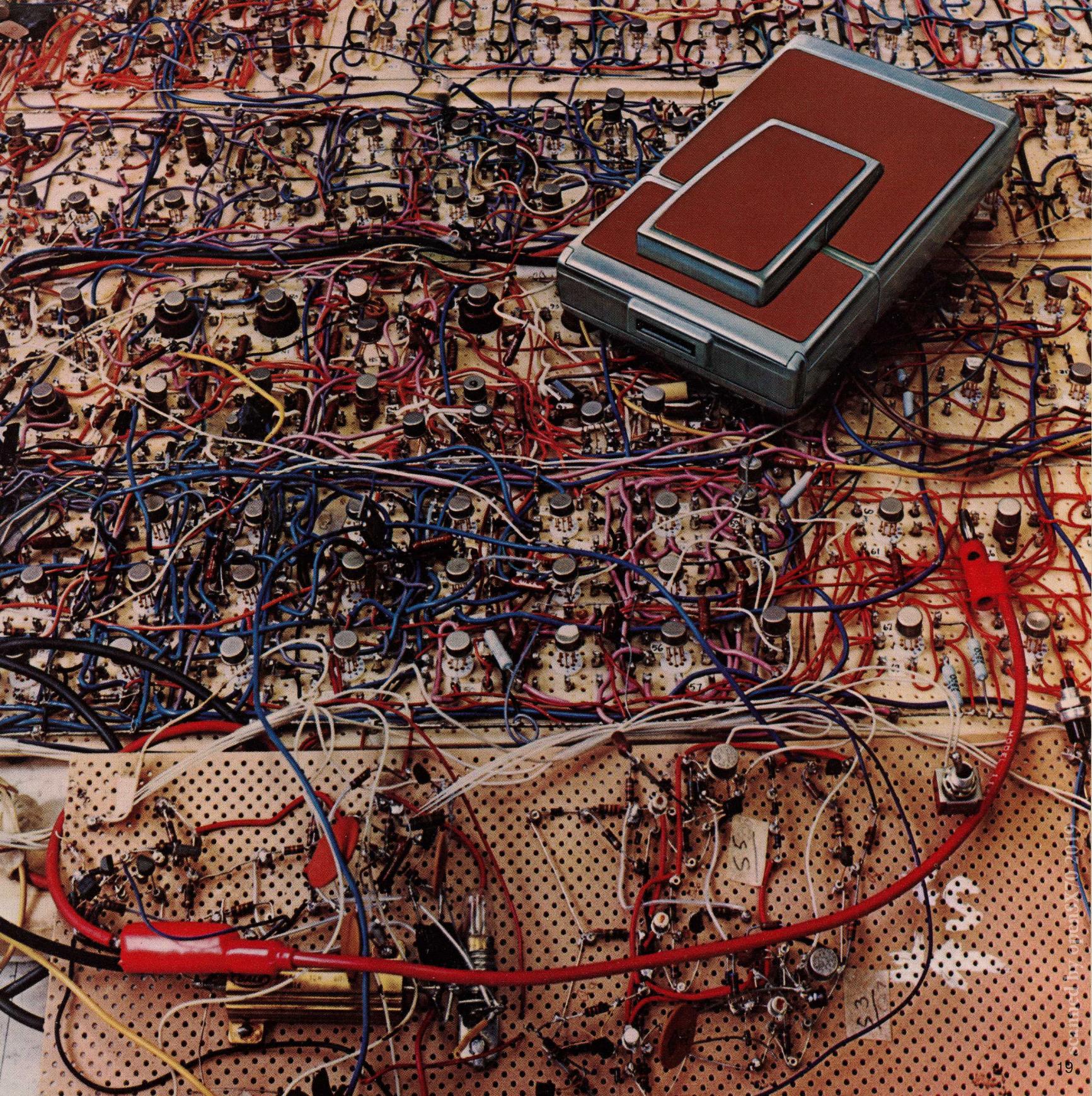
The camera (at right) rests on a section of the original electronics layout. Ultra miniaturization (above) has compressed hundreds of electronic components into three small brain centers. Their circuits control the motor, flash and electronic shutter, transmitting power and signals to the right places at the right times.



You can get close enough to count eyelashes with the four-element SX-70 lens. Only the front element moves (never more than a quarter of an inch), yet you can focus on objects from 10.2 inches to miles away.



There are various accessories for the SX-70 including a close-up lens attachment that will allow you to take pictures up to life size, a leather carrying case, a tripod adapter, a remote shutter button, a lens shade, several albums to display pictures and others.





The Introduction

On October 26, 1972, the new system was shown to more than 1,500 camera dealers, representatives of the press, financial analysts and others in Miami. Their reaction was a forecast of the months to follow. It was a knowledgeable audience, expert in the science and the business of photography. Their enthusiasm for SX-70 was spontaneous and whole-hearted.

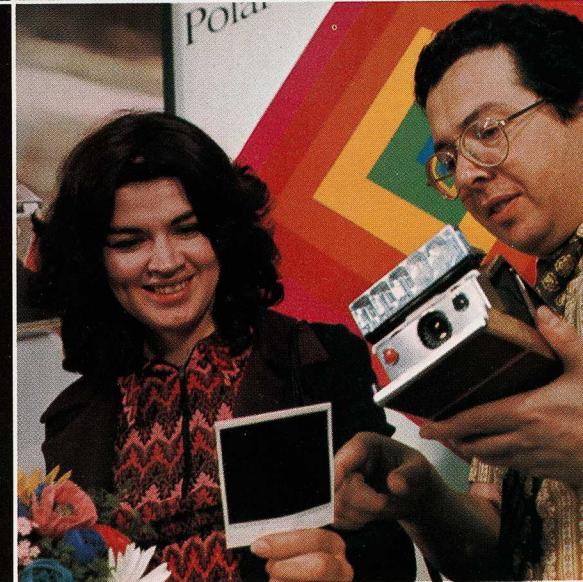
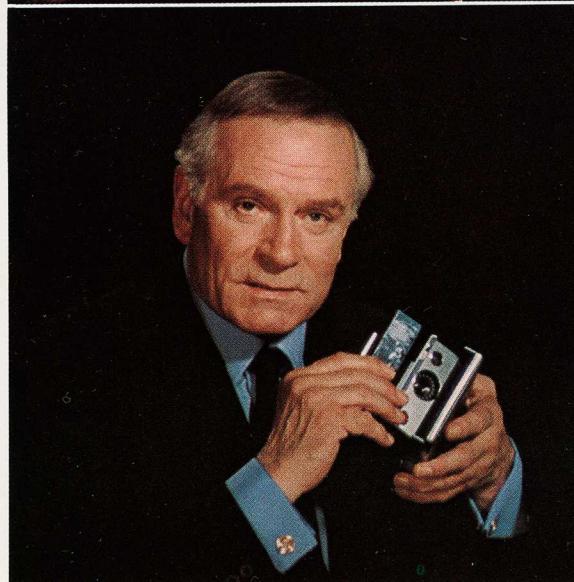
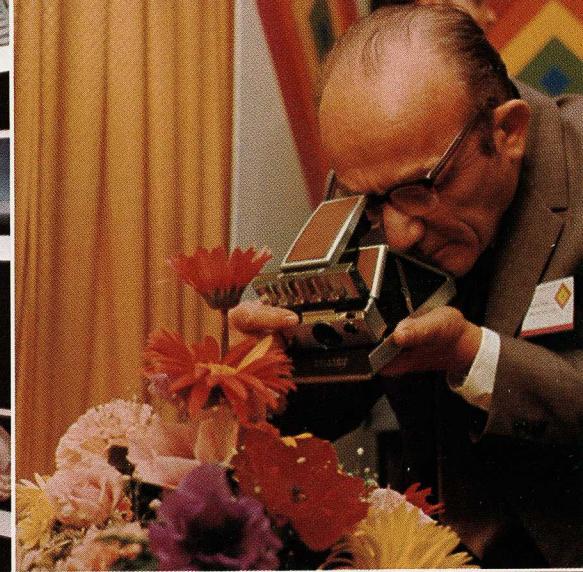
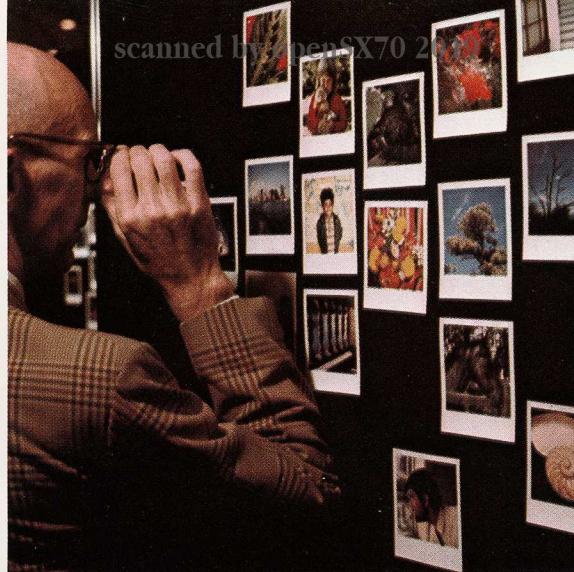
In addition to the SX-70 system, the Company announced a new dealer plan called the Polaroid Partnership Program. It provides bonus payments to the dealer for every SX-70 camera and film pack he sells if he meets the requirements of the plan. These requirements will pass on a number of significant benefits to the consumer. First is that the dealer stock and display the product at all times. Second, that he be able to explain and demonstrate the camera to any interested customer.

The SX-70 went on sale in Southern Florida on November 10. Suggested list price of the camera is \$180. The response has been beyond expectations. Many dealers were sold out from the first day and many have carried long lists of customers who have placed deposits with their orders. In addition to cameras, accessories and film were also sold out in many locations. Only in recent weeks has the film supply caught up with demand.

Advertising for the SX-70 has been in keeping with the extraordinary nature of the product. The announcement of the system was a 12-page advertisement in the Miami regional edition of a national newsmagazine. Television commercials featuring the celebrated actor Laurence Olivier demonstrating SX-70 were shown in the Southern Florida area. Additional messages featuring Olivier's famous voice have been prepared for radio.

A customer service center was established in Miami to offer quick, courteous customer assistance and camera repair facilities should any problems arise. Customer satisfaction has been extremely high. Orders for enlargements of SX-70 pictures from Polaroid's Copy Service have been running ahead of traditional levels. The superior quality of the new pictures produces outstanding enlargements.

The regional introduction has proved successful from many points of view. It has provided much useful marketing information. It has given



the opportunity to develop plans for the extensive display and demonstration programs to come. And it has shown beyond a shadow of a doubt that the retailer and the public view SX-70 as a revolution in photography.

The SX-70 system made its commercial debut in Miami before an audience of 1,500 photographic dealers and others (opposite page). They examined SX-70 pictures with magnifiers (top left) and took pictures by the thousands, including close-ups from only 10 inches away (top right). In November the camera went on sale in Southern Florida. Many dealers were sold out from the first day. The Polaroid Partnership Program requires that participating dealers be ready to demonstrate the SX-70 at all times (bottom right). Laurence Olivier (bottom left) demonstrates the SX-70 in a series of Polaroid television commercials.

The Pictures

How can a picture of something be more beautiful than the object itself?

There are sound technical reasons. The SX-70 can search out beauty the eye can only guess at because the camera can actually record far more detail than you can see without a magnifying glass.

Because the pictures are framed against a highly reflective white pigment, they have a remarkable luminous quality, as if lit from behind. The photographs seem almost three-dimensional.

The dyes themselves are totally new: a whole new spectrum of vibrant, highly stable dyes make possible prints of a brilliance and intensity that create a new standard for amateur photography.

But to talk of technical wonders is to miss what the SX-70 system is all about: the discovery of the world around you, in new ways that can stimulate and delight you.

The pictures on the following pages are accurate reproductions of SX-70 photographs within the limits of the best of modern engraving and printing techniques. However, they must be seen themselves to be fully appreciated.

Enlargements of SX-70 pictures are especially satisfying. The brilliant colors and lack of grain in the original picture make possible enlargements of unusual quality. An example is the New York skyline reproduction in this section.

Photographers:

Cover—Fritz Goro

Rose—Inge Reethof

Girl with flowers—Inge Reethof

Leaf—Christian Delbert

Girl with horse—Inge Reethof

Stained glass—Inge Reethof

Sunset—James A. Hume

Man with beard—Inge Reethof

Tropical flower—Stanley Mervis

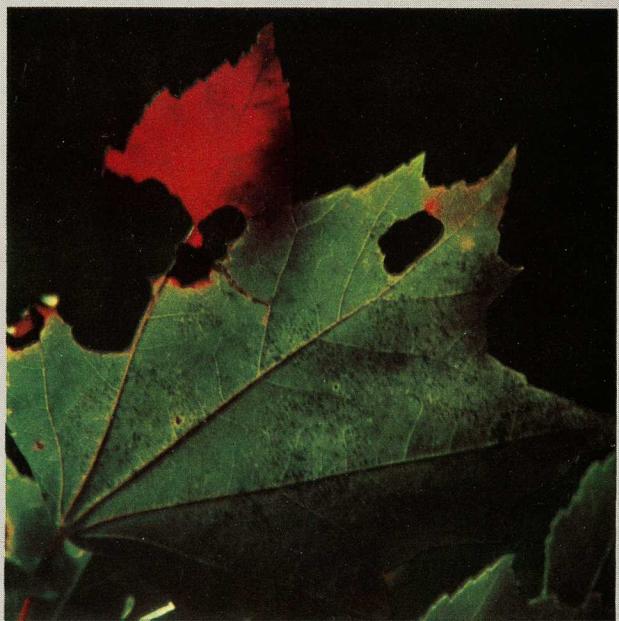
New York—Michael Peirce

Boy with dandelion—Inge Reethof

Fruit—Inge Reethof

Acknowledgment is due *Photography Year* for permission to reproduce the diagrams on page 16.



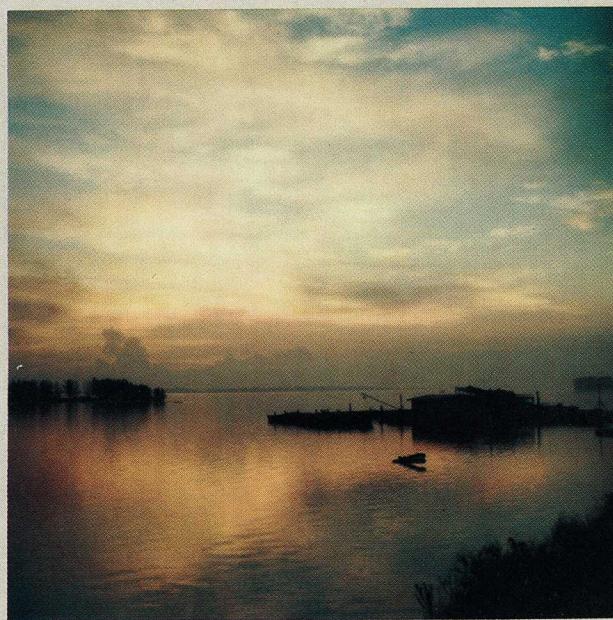


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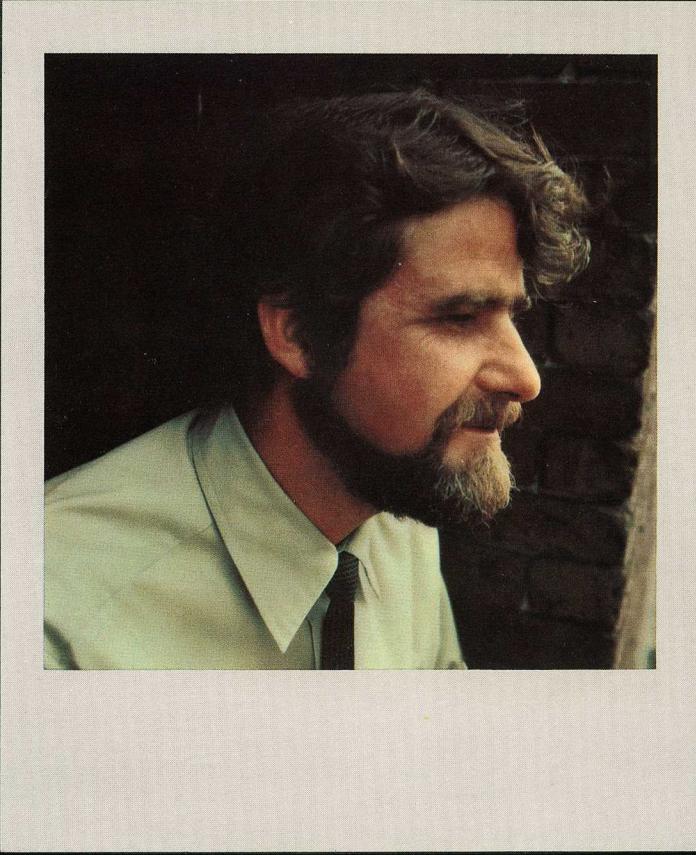


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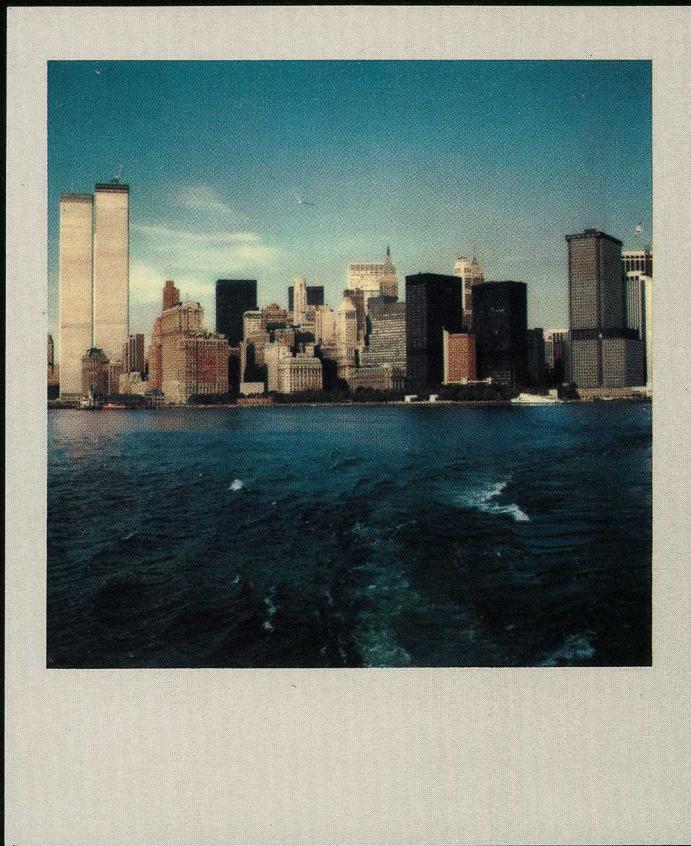


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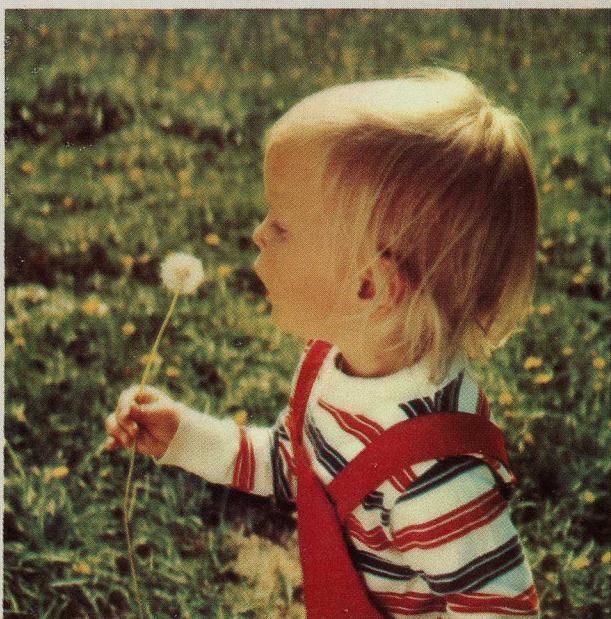
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Transfer Agent and Registrar	Morgan Guaranty Trust Company of New York 30 West Broadway, New York, New York 10015 (Inquiries about stock certificates should be addressed to Morgan Guaranty.)
Co-Transfer Agent and Co-Registrar	First National Bank of Boston P.O. Box 644 Boston, Massachusetts 02102
Executive Office	Polaroid Corporation, Cambridge, Massachusetts 02139
Stockholders' Meeting	April 24, 1973, 2:00 p.m., Kendrick Street, Needham, Massachusetts

