

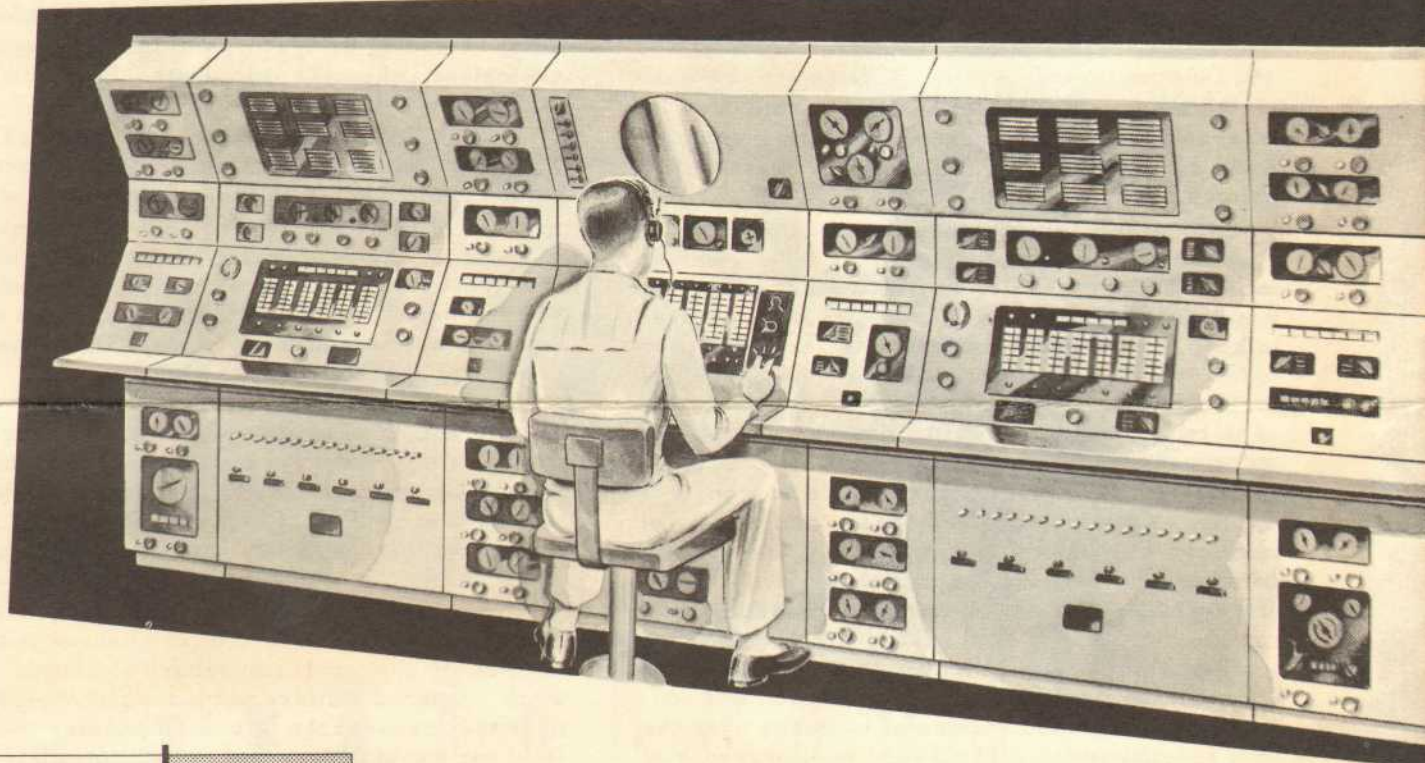
1937

Original Weight
and Balance Computer



1958

Digital Fire Control Computer



LIBRASCOPE

A
GENERAL
PRECISION
COMPANY

annual report to employees

PRESIDENT'S REPORT



Librascope sales rose significantly in 1958 (up 25% over 1957) to mark the eighth successive year in which our total annual billings have shown an increase. This increase was achieved in the face of generally depressed business conditions through much of the year, and despite difficulties in production deliveries of our Viewfinder systems and Mk 140 Amplifiers.

We managed to offset the latter condition by increasing our sale of miscellaneous military products and by increasing our commercial production volume.

I am pleased to report that our profit picture also showed some improvement last year. The gain was modest but encouraging in that it marks the first time in recent years that our profits have managed to keep pace with our increasing sales. Our performance in this area still leaves much to be desired, and the conscientious efforts of all of us are required to create the healthy financial atmosphere so necessary to our future.

The past year was a dynamic one in many respects. We were able to increase our volume of business with various major aircraft and missile companies with special emphasis on optical devices and special electronic elements for missile applications.

Several major contract awards were made to the Company during the year which will result in a considerably increased volume of business over the next several years. The award to Librascope of the computer phase of the Air Traffic Control program was of special significance. Substantial production could result from this program if we meet the design criteria and schedule.

Receipt of the SUBROC fire control system contract was equally noteworthy. Our achievement in selling our capabilities to virtually every major military and SUBROC program said handsome

dividends in that we were the fire control supplier with the final three competitors.

Our reputation with the Bureau of Ordnance assisted us in obtaining a significant award from the General Electric Company for the development of analog fire control equipment for the Polaris system. This has developed into a multi-million dollar program with prospects for additional increase later this year.

We are proud that our company currently has under development all the fire control equipment for all of the U.S. Navy's advanced surface and subsurface antisubmarine warfare programs.

Our success in obtaining these programs is no accident. For the past several years we have been carrying forward an organized plan of concentration on certain specific areas with substantial results.

We have made major progress toward achieving dominance within the Navy Department in the area of surface and subsurface fire control and ship operation.

We have enhanced our reputation with the Air Force and major aircraft firms as a supplier of computing equipment for navigation, missile control, and fire control.

We are gaining recognition as a supplier of ground-based computers, data processors, and precision devices for the Army and the Federal Aviation Agency.

We are in the process of introducing the concept of using ordnance devices on missiles as part of an integrated missile subsystem and the technique of using exploding bridgewires to initiate insensitive explosives and rocket propellants. Both hold promise of future success.

We are building a national reputation as a designer and producer of electronic data processing equipment and controls for business and industry.

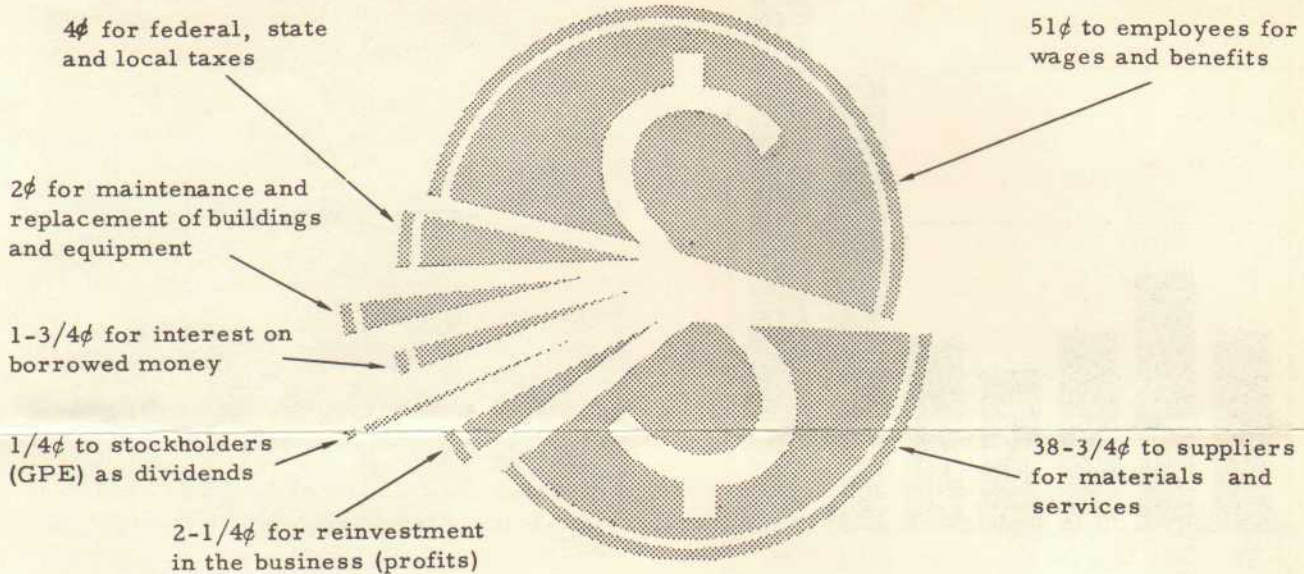
Our research and development activity over the past decade has now brought Librascope to the point of competition with the major electronic and computer companies of the United States. That we can compete successfully with these firms has been proven by such items as the LGP-30.

We cannot rest on past achievements, however. Consequently, we have established a research program aimed toward the development of techniques for the evolution of thinking machines. We believe we are in the forefront of scientific thinking in this area, and success in this research program could place us in an enviable competitive position.

The company is unquestionably in a position to continue exploitation of the tremendous potential market for computers and related electronic equipment. Planned military and industrial expenditures over the foreseeable future emphasize that this field has one of the greatest growth potentials available on the American market.

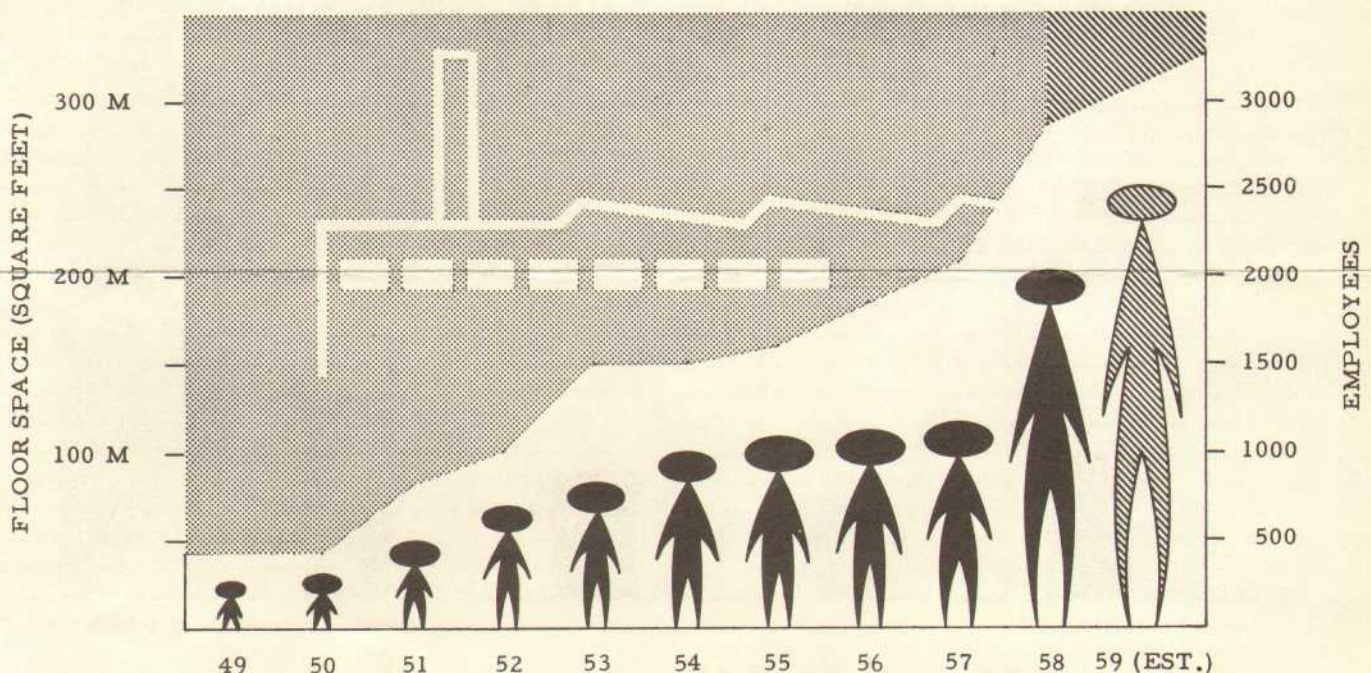
We have demonstrated our ability to design the equipment. We are in the process of demonstrating our ability to capture the markets. Our performance in 1958 was exceptional in both respects. Continuation and extension of our efforts in 1959 and succeeding years will lead us ultimately to a major position in American industry.

DISTRIBUTION OF 1958 SALES DOLLAR



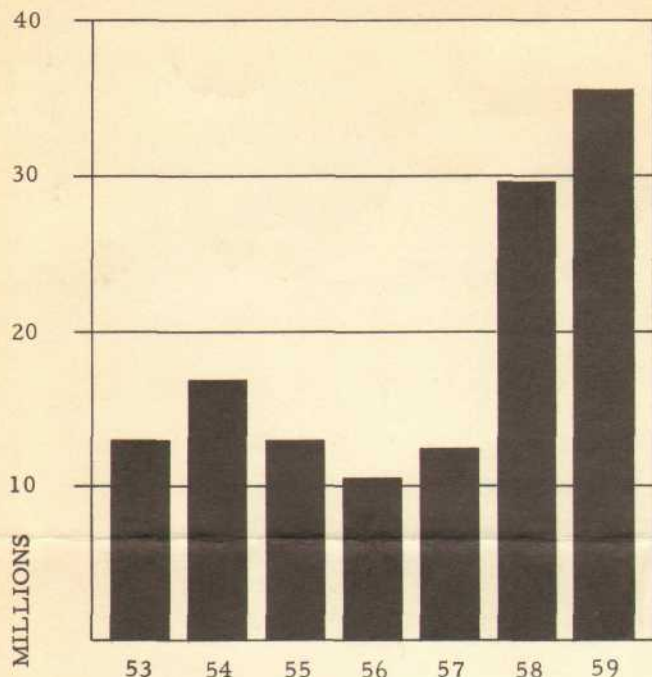
The symbolic Librascope sales dollar shown above illustrates what happened to the money the Company received last year from sales of its products and engineering services. The picture tells the story of how our sales dollar went to provide jobs for all of us, to defray the costs of operating the business and to meet all other Company obligations.

LIBRASCOPE GROWTH (EMPLOYEES AND FLOOR SPACE)



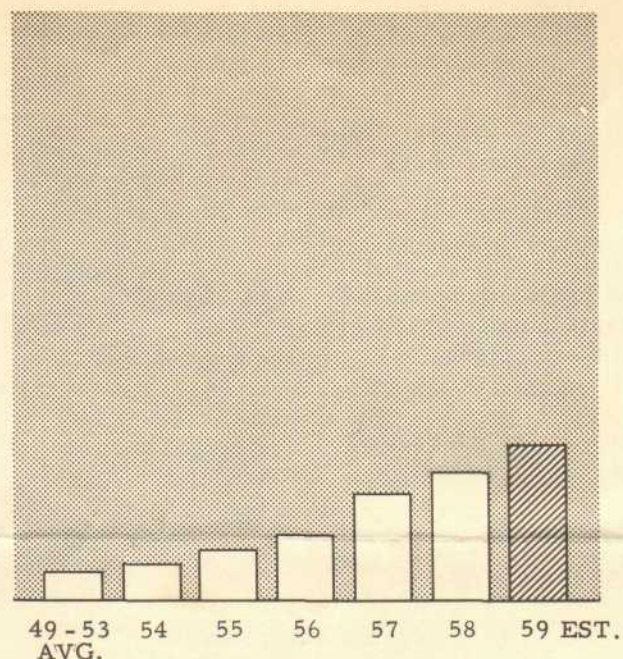
Last year was a year of marked Company expansion both in number of employees and in total floor space occupied by the Company. That expansion is expected to continue during 1959 but at a somewhat decelerated rate. The manpower symbols represent the average employment during a given year while the floor space graph represents year-end totals.

BACKLOG AS OF JAN. 1, 1959



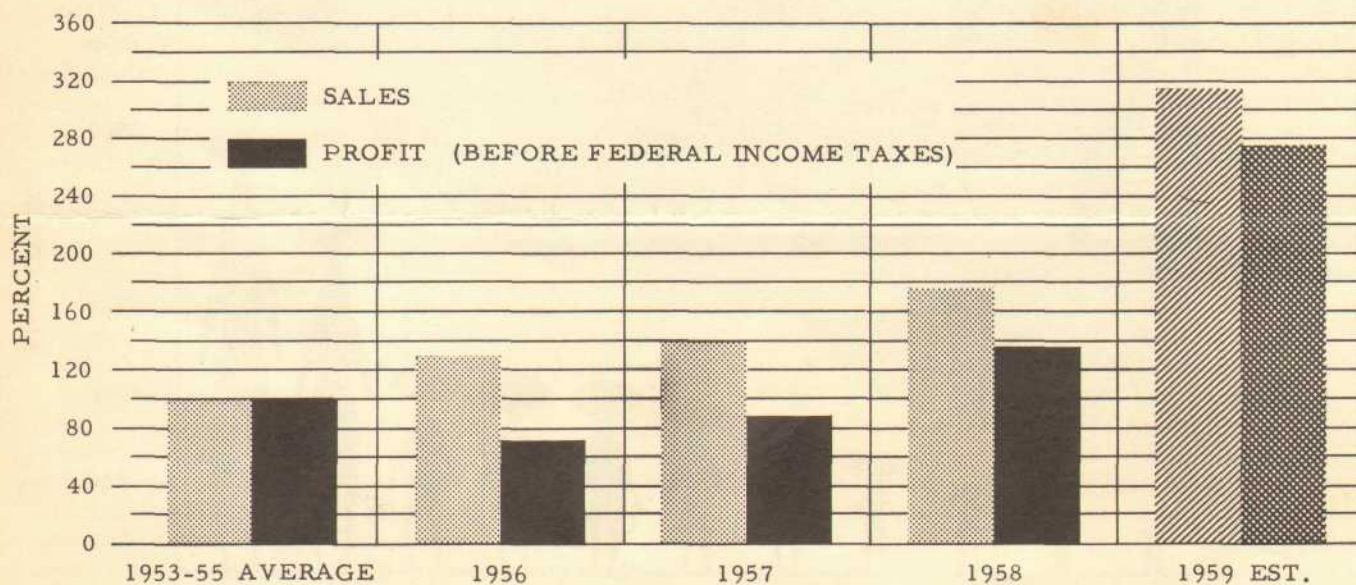
Librascope's backlog of business on hand reached an all-time high at the close of 1958 as shown above. Contract awards made during 1958 which contributed to the total included those for the SUBROC, Polaris and Air Traffic Control programs.

ANNUAL COMMERCIAL SALES



The sale of Librascope commercial products is expected to show a moderate increase in 1959. The projected rise is based primarily on an anticipated doubling in sales of our Shaft Position-to-Digital Encoders. The sales of other commercial products are expected to continue at approximately their 1958 level.

COMPARATIVE ANNUAL BILLINGS AND PROFITS



One of the important factors in a successful business operation involves maintaining a satisfactory balance between sales and profit. Ideally, the ratio should be direct. That is, increased sales should mean increased profit. The Librascope pattern in recent years, however, has been one in which sales increased but profits lagged. That pattern apparently is changing as the above chart shows. This chart shows the total annual billings and profits for 1956 and succeeding years in relationship to the 1953-55 average.