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Annual Report

YEAR ENDED DECEMBER 31, 1948



BOHN

ALUMINUM & BRASS CORPORATION

BOHN ALUMINUM & BRASS CORPORATION

DIRECTORS

CHARLES B. BOHN - - - - - Detroit
 LEO M. BUTZEL - - - - - Detroit
 MARTIN C. CALLAHAN - - - - - Detroit
 SIMON D. DEN UYL - - - - - Detroit
 HARRY W. HOLT - - - - - Palm Desert, Calif.
 HENRY LEVITT - - - - - Detroit
 PETER A. MARKEY - - - - - Detroit
 RANDOLPH J. ROSHIRT - - - - - Detroit
 HOWARD J. STODDARD - - - - - Lansing, Mich.
 H. RANDALL WICKES - - - - - Saginaw, Mich.

OFFICERS

CHARLES B. BOHN - - - - - *Chairman of the Board*
 SIMON D. DEN UYL - - - - - *President*
 RANDOLPH J. ROSHIRT - - - - - *Vice President*
 HENRY LEVITT - - - - - *Vice President*
 TERRY W. KUHN - - - - - *Vice President*
 CLYDE M. ADAMS - - - - - *Secretary*
 F. MILFORD TAYLOR - - - - - *Treasurer*
 VICTOR C. MROWCA - - - - - *Assistant Secretary*
 ROBERT J. WARNER - - - - - *Assistant Treasurer*

TRANSFER AGENT

CITY BANK FARMERS TRUST COMPANY
 22 William St., New York 15, N. Y.

REGISTRAR

BANKERS TRUST COMPANY
 16 Wall St., New York 15, N. Y.

DIVIDEND DISBURSING AGENT

CITY BANK FARMERS TRUST COMPANY
 22 William St., New York 15, N. Y.

GENERAL COUNSEL

BUTZEL, EAMAN, LONG, GUST AND KENNEDY
 1881 National Bank Bldg., Detroit 26, Michigan

INDEPENDENT AUDITORS

TOUCHE, NIVEN, BAILEY & SMART
 1380 National Bank Bldg., Detroit 26, Michigan

ADMINISTRATIVE OFFICES

1400 Lafayette Building, Detroit 26, Michigan



TO THE STOCKHOLDERS

The Annual Report of your corporation for the year ended December 31, 1948, including Consolidated Balance Sheet and Consolidated Statement of Net Earnings, is presented herewith.

Financial

Although sales for the year 1948 were approximately \$1,500,000.00 less than in 1947, net earnings were \$971,104.64, equivalent to \$2.76 per share on the 352,418 shares of Common Capital Stock outstanding. This compares with net earnings of \$190,740.77 in 1947, equivalent to \$.54 per share. Net current assets at the close of the year amounted to \$10,940,479.10 or slightly in excess of \$31.00 per share. A net refund, after Federal taxes, of \$1,216,584.32 was made to the Government in full settlement of the renegotiation of excess profits for 1945. After giving effect to this refund the net earnings for the year 1945 were \$1,246,128.59, as reported in a special letter to stockholders dated November 15, 1948.

Profit Sharing Trust

The Profit Sharing Trust for Salaried Employees, dated December 23, 1942, as amended, has been further amended by resolution of your Board of Directors and approved by the Pension Trust Profit Sharing Division of the Office of Internal Revenue at Detroit. It now provides that an amount equal to \$2.00 per share, after provision for Federal taxes, must be set aside before any amount of each year's earnings are paid into the Profit Sharing Trust. This plan assures a reasonable cushion of earnings for the stockholders who have an investment in the enterprise and at the same time provides a real incentive to salaried employees to increase the earnings and thus to participate in a share of the increased profits.

Dismissal of Suits

The National Labor Relations Board filed a petition in the United States Circuit Court of Appeals, Sixth Circuit, to enforce an order of that Board dated April 29, 1946 to make whole the loss of pay, if any, suffered by foremen who struck at Plant 24, Adrian, Michigan, on December 22, 1943 and have not been reinstated. This proceeding, mentioned in Note B to the Consolidated Balance Sheet in the 1947 Annual Report to Stockholders, was settled in the United States Court of Appeals for the Sixth Circuit on October 25, 1948 by payment of an aggregate sum of \$7,986.14, but the Board waived that part of its order requiring reinstatement of the men.

The so-called "portal-to-portal pay" suits, mentioned in Note B to the Consolidated Balance Sheet in the 1947 Annual Report to Stockholders, upon petition of your corporation, were dismissed on January 20, 1949 by order of the Federal District Court for the Eastern District of Michigan.

**Lease
Cancellation**

Cancellation of our lease of the Government owned extrusion mill at Adrian, Michigan, mentioned in your 1947 report, became effective on February 29, 1948. To the extent that the facilities in our own Detroit extrusion mill would permit, work was transferred with practically no inconvenience to our customers but the Government mill was utilized as much as possible during January and February, 1948 and, as a result, our loss at that plant was held down to a total of \$38,000.00 for the year as compared to a loss in 1947 of over \$600,000.00.

**Product
Development**

Progress in the adoption of the Nelson Bohnalite Autothermic Piston has been very gratifying. One of the outstanding new engines announced early this year is featuring this piston. It was also released for production by one of the largest automobile firms in their most popular unit and will shortly be standard equipment in all of their engines. Other experimental installations are being closely followed.

Profitable operations were enjoyed in the division manufacturing aluminum evaporators for domestic and commercial refrigeration. In addition, experimental work was continued on adaptations of extruded aluminum heat exchange units for space heating and cooling. One project employing these units is nearly ready for release and success with this should open up a large market for these products.

**Aluminum
Situation**

The supply of primary aluminum from domestic producers proved to be inadequate and was self-rationed by these producers beginning December, 1947 and continuing throughout 1948. Our allotment was curtailed on several occasions during the year, with the result that we had to purchase aluminum in the outside market at higher prices. In late 1948, due to the acute shortage of primary aluminum in the United States, we found it necessary to import foreign primary metal at a substantial premium over the domestic price but it put us in a position to assure our customers of uninterrupted deliveries.

This material cost increase necessitated product price adjustments and, on the whole, our customers were very cooperative in handling the problem.

In the first quarter of 1949 the tightness in supply has eased and we are hopeful that metal prices will be more stable in the future.

**Clawson
& Bals, Inc.**

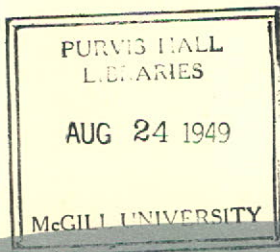
The sale of automotive replacement parts through our wholly-owned subsidiary was somewhat larger in dollar volume in 1948 as compared to 1947, which was more than offset by the increased cost of products sold, and, as a consequence, the net earnings of this subsidiary are slightly less than they were in 1947. Further expansion in this field is being carried out and Clawson & Bals should continue to be one of our more profitable divisions.

Respectfully submitted,


Chairman of the Board


President

April 15, 1949



CONSOLIDATED BALANCE SHEET

December

CURRENT ASSETS:

Cash.....		\$ 2,628,319.19
United States Treasury notes—at cost and accrued interest.....		1,003,422.47
Trade accounts receivable, less provision of \$82,500.00 for doubtful accounts.....		3,330,320.24
Inventories—at lower of average cost or market:		
In-process and finished products.....	\$ 3,490,828.68	
Metals.....	3,942,767.54	
Manufacturing supplies.....	256,592.35	7,690,188.57
Prepaid insurance and taxes.....		325,785.91
TOTAL CURRENT ASSETS.....		\$14,978,036.38

INVESTMENTS AND OTHER ASSETS:

Cash surrender value of life insurance.....	\$ 144,150.00	
Renegotiation rebates arising from additional amortization of emergency facilities.....	160,649.21	
Miscellaneous investments and accounts.....	21,420.45	326,219.66

PROPERTY, PLANT, AND EQUIPMENT, including \$4,370,959.69 for emergency facilities which are fully amortized:

Land—at cost.....	\$ 1,105,920.20	
Buildings and building equipment—at cost.....	4,460,421.15	
Machinery and other equipment—at cost.....	6,547,168.01	
	\$12,113,509.36	
Less accumulated depreciation and amortization.....	7,147,997.93	4,965,511.43

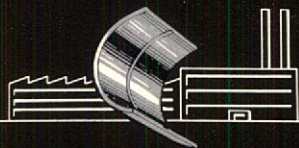
PATENTS, PATENT RIGHTS, AND LICENSES—at cost, less amortization.....

11,294.77
\$20,281,062.24



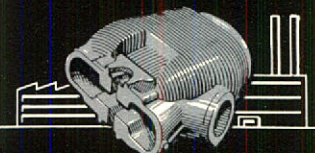
PLANT 3—2599 Twenty-second Street, Detroit

Aluminum permanent mold and semi-permanent mold castings. Automotive and diesel engine pistons. Vacuum cleaner, washing machine and other miscellaneous castings.



PLANT 1—2512 East Grand Boulevard, Detroit

Machine shop for manufacture of aircraft, automobile, truck, tractor, bus, diesel and marine engine bearings.



PLANT 2—3516 Hart Avenue, Detroit

Aluminum sand foundry for production of automobile, aircraft, diesel, and marine engine castings and miscellaneous castings.

★★ BOHN ALUMINUM & BRASS CORPORATION AND SUBSIDIARIES

31, 1948

CURRENT LIABILITIES:

Trade accounts payable.....		\$ 1,587,563.24
Pay rolls and other compensation.....		926,911.49
Pay roll taxes and taxes withheld from employees.....		278,298.72
Dividend payable on January 3, 1949.....		88,104.50
Accrued taxes and other expenses.....		237,935.15
Federal taxes on income.....		918,744.18
		<hr/>
TOTAL CURRENT LIABILITIES.....		\$ 4,037,557.28

STOCKHOLDERS' INVESTMENT:

Common Capital Stock—par value \$5.00 per share:		
Authorized 375,000 shares		
Issued and outstanding 352,418 shares.....	\$ 1,762,090.00	
Additional paid-in capital (no change in 1948).....	1,868,813.75	
Earnings retained for use in the business.....	12,612,601.21	16,243,504.96
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Note A—The Corporation is contingently liable on open letters of credit in the amount of \$1,228,943.00 covering purchases of aluminum in foreign countries.

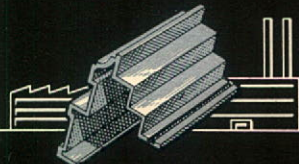
Note B—The Corporation is defendant in a suit brought by foremen of one plant, claiming overtime pay and liquidated damages aggregating \$250,000.00. The Corporation is of the opinion that the plaintiffs are exempt because during the period covered by the complaint they were executive, administrative, and professional employees excluded from coverage under the Fair Labor Standards Act. Accordingly, no provision has been made in the financial statements for any possible liability in connection with this suit.

\$20,281,062.24



PLANT 9—Maumee Street & Wabash R.R.—Adrian, Michigan—Magnesium Fabricators Division

Magnesium sand foundry for production of aircraft engine and miscellaneous magnesium castings.



PLANT 8—2601 Clay Avenue, Detroit

Extrusion plant for production of aluminum and brass extruded shapes and rods.



PLANT 6—Aylworth & Indiana Streets, South Haven, Michigan

Aluminum foundry producing permanent mold aluminum piston castings.

Bohn Aluminum & Brass Corporation and Subsidiaries

CONSOLIDATED STATEMENT OF NET EARNINGS

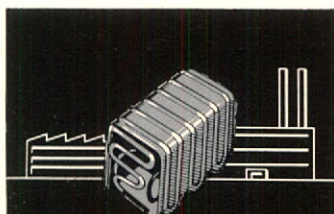
Years ended December 31, 1948, and December 31, 1947

	1948	1947
Net sales.....	\$35,534,707.64	\$36,980,018.59
Interest, royalties, and miscellaneous income.....	137,268.30	174,288.43
	\$35,671,975.94	\$37,154,307.02
Costs and expenses:		
Cost of products sold.....	\$31,257,227.57	\$33,794,783.11
Depreciation of plant and equipment.....	413,417.63	396,329.73
Selling, administrative, and general expenses.....	2,412,518.27	2,619,328.71
Miscellaneous deductions.....	7,707.83	23,124.70
	\$34,090,871.30	\$36,833,566.25
EARNINGS BEFORE TAXES ON INCOME.....	\$ 1,581,104.64	\$ 320,740.77
Federal taxes on income.....	610,000.00	130,000.00
	\$ 971,104.64	\$ 190,740.77
	\$ 971,104.64	\$ 190,740.77

CONSOLIDATED STATEMENT OF EARNINGS RETAINED FOR USE IN THE BUSINESS

Year ended December 31, 1948

Balance at January 1, 1948.....		\$13,003,908.88
Net earnings for the year.....		971,104.64
Adjustment of federal taxes on income of prior years.....		360,555.50
		\$14,335,569.02
Deductions:		
Cash dividends declared (\$1.00 a share).....	\$ 352,418.00	
Renegotiation refund for the year ended December 31, 1945, less applicable federal taxes on income.....	1,216,584.32	
Write-off of good will.....	153,965.49	1,722,967.81
Balance at December 31, 1948.....		\$12,612,601.21



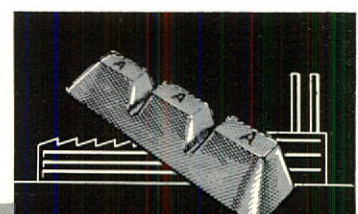
PLANT 13—Maumee Street & Wabash R.R., Adrian, Michigan

Aluminum evaporators, condensers, and shelving for electric refrigeration and deep freeze units. Aluminum extrusions.



PLANT 12—325 Kalamazoo Street, South Haven, Michigan

Machine shop for production of fully machined aluminum pistons and steel piston pins.



Aluminum Refiners Division, 8025 Joseph Campau Avenue, Detroit

Non-ferrous refining plant producing secondary aluminum ingots and de-oxidizing alloys.

TOUCHE, NIVEN, BAILEY & SMART

CERTIFIED PUBLIC ACCOUNTANTS

1380 NATIONAL BANK BUILDING

DETROIT 26, MICH.

RESIDENT PARTNERS
GEO. D. BAILEY, C.P.A.
JOHN W. KEACHEN, C.P.A.
ROBERT S. BAUGH, C.P.A.
DONALD J. BEVIS, C.P.A.
PAUL E. HANNAH, C.P.A.
WALLACE M. JENSEN, C.P.A.
KENNETH S. REANES, C.P.A.

BOSTON
CHICAGO
CLEVELAND
DAYTON
DETROIT
HOUSTON
LOS ANGELES
MILWAUKEE
MINNEAPOLIS
NEW YORK
PITTSBURGH
ST. LOUIS
SEATTLE

CORRESPONDENTS IN
CANADA, GREAT BRITAIN
AND OTHER FOREIGN COUNTRIES

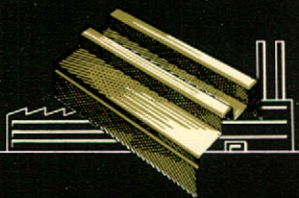
March 2, 1949

Board of Directors,
Bohn Aluminum & Brass Corporation,
Detroit, Michigan.

We have examined the consolidated balance sheet of Bohn Aluminum & Brass Corporation and subsidiaries as of December 31, 1948, and the related consolidated statements of net earnings and earnings retained for use in the business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of net earnings and earnings retained for use in the business present fairly the consolidated financial position of Bohn Aluminum & Brass Corporation and subsidiaries at December 31, 1948, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Touche, Niven, Bailey & Smart
Certified Public Accountants



PLANT 8—2601 Clay Avenue,
Detroit

Extrusion plant for production of aluminum and brass extruded shapes and rods.



Michigan Smelting & Refining
Division, 7885 Joseph
Campau Avenue, Detroit

Non-ferrous smelting and refining plant for production of brass and bronze ingots and billets, babbitt and solder.

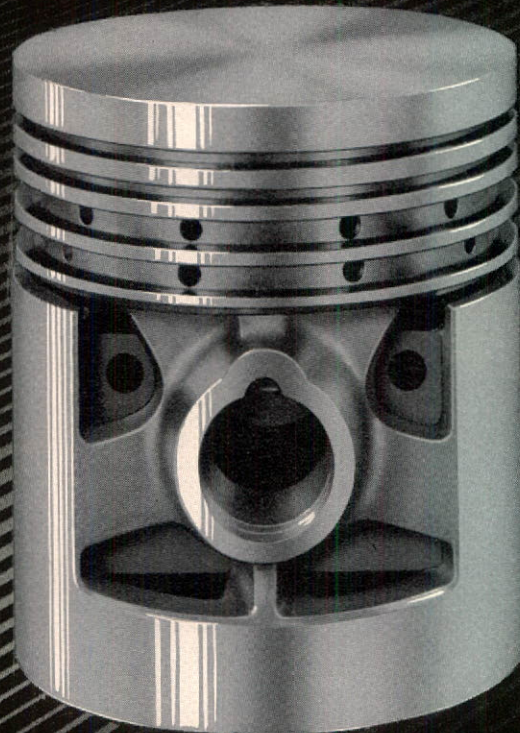


PLANT 5—2619 Clay Avenue,
Detroit

Aluminum and brass forgings—rough or machined.

THE SILENT AUTO THERMIC[®]

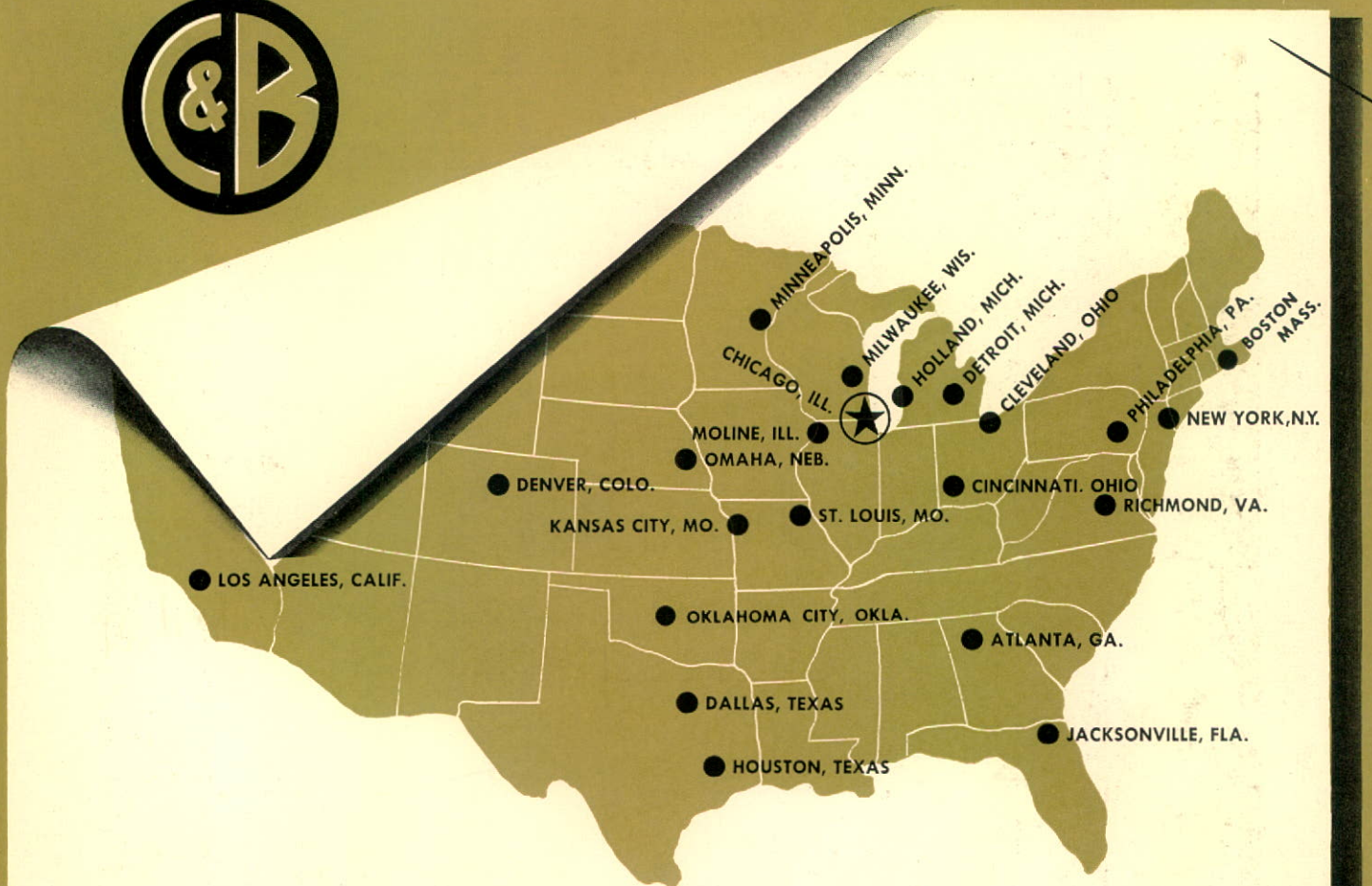
NELSON
BOHNALITE[®]
PISTONS



The Nelson Bohnalite Autothermic Piston is being adopted by more and more engine builders the world over as original equipment. The millions already in use in leading makes of cars, and the millions more going into use in the huge service replacement field are giving unprecedented performance. It is the world's most advanced piston!

Clawson & Bals, Inc.

NATIONAL DISTRIBUTORS OF AUTOMOTIVE REPLACEMENT PARTS



The map above shows the network of branches, which together with the many hundreds of jobbers give our subsidiary, Clawson & Bals, Inc., a national coverage of the market for automotive replacement parts.

Engine Bearings
Reconditioned Connecting Rods
Rebabbitted Connecting Rods
Bohnalite Pistons and Pins

Water Pumps
Spring Shackles
Shock Links
Babbitt Metal
King Bolt Sets

Hydraulic Brake Parts
Hydraulic Brake Hose
Water Pump Repair Kits
Chevrolet Rod Dippers

BOHN

**ALUMINUM & BRASS
CORPORATION**



**ADMINISTRATIVE OFFICES
LAFAYETTE BUILDING
DETROIT 26, MICHIGAN**