

BOHN

ALUMINUM & BRASS CORPORATION

Annual Report

YEAR ENDED DECEMBER 31, **1960**

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BOHN

Informative advertising penetrates all industrial markets to promote Bohn's diversified products.

Shown here are typical examples of Bohn's trade magazine advertising. These powerful messages reach thousands of potential customers and represent a vital part of a continuing drive for new business.

Advertising is only one phase of our broad over-all sales program. This program also includes constant direct sales and engineering contact with the industries Bohn now serves to develop additional business and to cultivate industries where Bohn can expect to acquire productive new business.

ingenuity unlimited

Excessive assembly operations make this aluminum louvering difficult, too costly to be competitive... that is until Bohn design engineers tackled the problem. The result is a superior product... 100% more economical and available by Bohn... (and it isn't the previous cost). Another typical example of Bohn's specialized engineering services in conjunction with design laboratories everywhere. We invite you to write for specific details.

Our complete services include facilities located:

• Baking	• Coating	• General Engineering
• Blasting & Tumbling	• Machining	• Heat & Cold Treating
• Assembly Operations	• Plating	• Structural Parting
• Milling	• Rolling	• Die Casting

BOHN Aluminum & Brass Corporation
 10000 20th St., Dallas, Texas 75244 • Phone: (214) 343-1111 • Telex: 250000 • Cable: BOHN
 10000 20th St., Dallas, Texas 75244 • Phone: (214) 343-1111 • Telex: 250000 • Cable: BOHN

BETTER LIGHTING... FOR THE LIGHTING INDUSTRY

BOHNALITE ALUMINUM LOUVERS

The **BOHNALITE "HEX"**

NOW produced by **BOHN ALUMINUM & BRASS CORPORATION**
 ... America's **BIG** name in fabricated aluminum

bearings?

buy **BOHN**... the best aluminum-on-steel bearings ever developed

impact... 10,000 psi

- **HEAVY DUTY**: 10,000 psi impact resistance
- **LOADING UNLIMITED**: No fatigue failure under constant or impact loading. No delamination or spalling.
- **WATER RESISTANT**: No corrosion under water or in salt water.
- **VERSATILITY**: Can be used in a wide variety of applications.

BOHN Aluminum and Brass Corporation
 10000 20th St., Dallas, Texas 75244 • Phone: (214) 343-1111 • Telex: 250000 • Cable: BOHN

Rec. Bohn Aluminum & Brass Corp. Jan. 11/61

Bohn Aluminum & Brass Corporation is essentially a supplier organization serving all industry. Our products are sold as parts, components and assemblies for use in a wide variety of end products, both consumer and industrial. But Bohn does not sell products alone. Behind each product, and fully as valuable to customers, are Bohn engineering services in design and fabrication, based on years of experience in metal-working.

Bohn's broad engineering and production capabilities provide customers with quality and service at minimum cost, and are increasingly valuable in today's highly competitive markets.

Bohn has built an international reputation as a dependable source of metal and plastic parts and components.

It is around this unique reservoir of engineering and production skills that we are building sound profitable growth for the future, through development of new markets and acquisitions.

The current story of "Bohn Products and Services for All Industries" will be found on Pages 4 to 11 of this report.

BOHN

ALUMINUM & BRASS CORPORATION

Detroit 26, Michigan

Annual Report 1960

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Management's Report To Shareowners

During the first half of 1960, sales were up and profits were most satisfactory. Our earnings during this six months' period were \$1.81 per share. In the last half of the year, due to the general sharp decline in the national economy, like many other companies, particularly in the metal fabricating industry, we were faced with a softening demand for our products, intensified competition, and a progressive narrowing of profit margins. Nevertheless, we feel that significant progress was made in 1960 and, under the circumstances, the results of our operations for the year were good.

Sales and Earnings

Consolidated net sales for the year ended December 31, 1960, totaled \$49,045,954, an increase of approximately 7.4% over the 1959 sales of \$45,669,559. This increase in sales was attributable mainly to the inclusion of sales of our new subsidiary, Port Everglades Steel Corporation, acquired in October, 1959; however, the profit structure was not aided in 1960 from this division due to unusually competitive conditions in the specialty steel markets in which it operates.

Earnings before taxes in 1960 totaled \$1,867,822, compared with \$2,610,681 in the previous year. After provision for Federal income taxes, consolidated net earnings amounted to \$1,004,822, equal to \$2.10 per share on 477,852 outstanding shares. In 1959, consolidated net earnings were \$1,260,681, equal to \$2.64 per share on the 477,552 shares then outstanding.

Dividends

Quarterly dividends of 25 cents per share and a year-end extra of 25 cents per share were paid during 1960, for a total of \$1.25 per share. This represented a pay-out of approximately 60 per cent of net earnings.

A dividend of 25 cents per share, payable March 15, 1961, to holders of record March 1, 1961, marks the beginning of the 37th consecutive year of dividends to Bohn shareowners.

Financial Position

Current assets at December 31, 1960, totaled \$18,255,406, and current liabilities were \$4,598,743, leaving net working capital of \$13,656,663. This compares with net working capital of \$12,973,563 at the end of 1959. The ratio of current assets to current liabilities at the end of 1960 was 3.97 to 1, compared with 2.90 to 1 a year earlier.

Total shareholders' equity at December 31, 1960, amounted to \$19,956,435, and the book value of the Common Capital Stock was equal to \$41.76 per share. At the end of 1959, shareholders' equity totaled \$19,541,678, and the book value amounted to \$40.92 per share.

Plant Expansion Programs

In October, 1960, we announced expansion programs at three of our nine plants. The largest program is a 30,000 square foot addition to the Danville, Illinois, plant of the Heat Transfer Division. This addition, which has now been completed, increases the productive capacity of the Danville Division by about 20 per cent. Since Danville is one of our fastest growing Divisions, the added space will augment its ability to meet the steadily growing demand for its products. Extra dock space is also under construction at this location.

The Butler, Indiana, plant of the Foundry Division has also been enlarged. Here the production facilities for permanent mold castings have been expanded, and additional melting, production and laboratory equipment installed. Production personnel have been transferred from Detroit to the expanded and modernized Butler facilities.

A new Engineering Building is under construction at our South Haven, Michigan, plant, which manufactures aluminum pistons and castings for automotive and other industries. This building is being equipped as a Research and Development Engineering Center for aluminum pistons, and will contain complete experimental production facilities. All piston engineering personnel will be concentrated at this location, enabling us to provide improved customer engineering service.

1960 Financial Highlights

Net sales of products	\$49,045,954
Earnings before taxes	1,867,822
Provision for income taxes	863,000
Net earnings	1,004,822
Net earnings per share	2.10
Dividends paid	597,190
Dividends paid per share	1.25

Relocation of Manufacturing Facilities

During December, 1960, we completed transfer of our miscellaneous permanent mold operation from Detroit to Butler, Indiana, and South Haven, Michigan.

Early this year, your management announced plans to relocate the Brass Mill and Forge Shop operations from an outmoded, pre-World War I plant at Hamtramck, Michigan, to our Adrian, Michigan, facility, which now manufactures domestic refrigeration component parts and aluminum extrusions. It is anticipated the transfer of operations to Adrian will be completed during the third quarter of 1961. With the move, modern, up-to-date manufacturing equipment will be installed at the Adrian plant, where necessary.

These relocations to more modern plants in more centralized marketing areas, will result in improved service to Bohn customers. This is another step in our program to modernize our manufacturing facilities and to improve our competitive position. In that connection, we decided to dispose of land and buildings at the two obsolete plants in the Detroit metropolitan area. One of the plants was sold a few days ago for a loss of approximately \$118,000, after applicable Federal income tax credit, and we are endeavoring to sell the other plant. Losses incurred by the sale of these plants will be non-recurring. It is expected that substantial profits will be realized in future years as a result of these relocations.

Research and Development

Bohn's main Research Center, in collaboration with the research and quality control laboratories at each plant, made notable progress during 1960 in the development of new products which will diversify our product line even further. For example, samples of a new louvered ceiling are being introduced this month. This new concept of lighting for commercial and public buildings represents a promising growth potential for the Company.

Other examples include extruded aluminum semi-

fabricated components, made to accommodate several standard doors and windows, and shipped to job sites for final fabrication during installation.

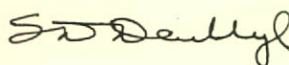
These new product lines, and others now under development, may be expected to contribute to further growth for Bohn in the coming years.

Future Outlook

Thus far in 1961 there has been little change in the general economic picture from the final months of 1960. We are anticipating another year of intense competition. However, we are continuing our programs to develop new products, diversify our markets, and improve operating efficiencies so that Bohn should be in a good position to move forward when there is a general strengthening and improvement in business conditions.

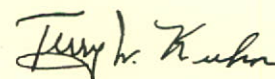
It is with regret that we advise you that Mr. Clyde M. Adams and Mr. George M. Endicott have concluded their service as directors of the Company. Mr. Adams retired as Vice President of the Company in 1958, after 40 years of service with the Company and its predecessor. Mr. Endicott has been a director since 1953. Both of these gentlemen have served ably and well throughout the years. On behalf of the Company, it is here appropriate to note our appreciation.

To our shareowners and employees we wish to express sincere appreciation for their continuing loyal support and cooperation.



S. D. Den Uyl,
Chairman of the Board

March 6, 1961



Terry W. Kuhn,
President

Bohn Products and Services for All Industries

Bohn's long-range program for market and product diversification, initiated in 1956, moved steadily forward in 1960.

Emphasis continues on the development of desirable business that will best utilize Bohn's skills in design, engineering, economical volume production, and the quality and precision control for which the company has been known since its founding over 40 years ago.

Bohn's entry into new markets has been planned on a selective basis, with the central objective of obtaining not only added stability, but maximum earnings from its specialized experience, production know-how and modern plant facilities.

This program has been and will continue to be carried out to supplement and broaden the Company's operations, without minimizing the importance to us of the automotive industry, where Bohn leadership was first established.

Bohn's progress in broadening its markets is clearly evident in the fact that in the past five years we have moved into, or expanded sales coverage in, various new industrial and original equipment fields. These include heating and air conditioning, industrial power equipment, machines and electronic equipment, refrigeration and household appliances, plastics, and other marketing areas such as industrial and textile machinery, signs, aircraft applications, and ordnance.

Meanwhile, we have maintained our volume in the transportation and construction markets, both of which represent important segments of our product sales.

The initial objective—to establish a broader base for stability and growth in sales and earnings—has been achieved in substantial measure. The program, however, is still being aggressively pursued. New products, new markets and further acquisitions will be forthcoming as suitable opportunities are found for profitable use of Bohn's management experience and the Company's engineering and production capabilities.

Bohn-designed Autothermic® pistons, manufactured to the most exacting tolerances, are used in more cars than all other makes of pistons combined.



Transportation

The transportation industry is often considered to be largely a mature business in which spectacular growth is no longer probable because markets are fully defined and developed.

However, from the standpoint of a company like Bohn, as a major supplier of non-ferrous parts and components, there are many promising opportunities within the huge transportation industry.

This is particularly true of the supplier able to provide advanced engineering, dependable quality and economical quantity production.

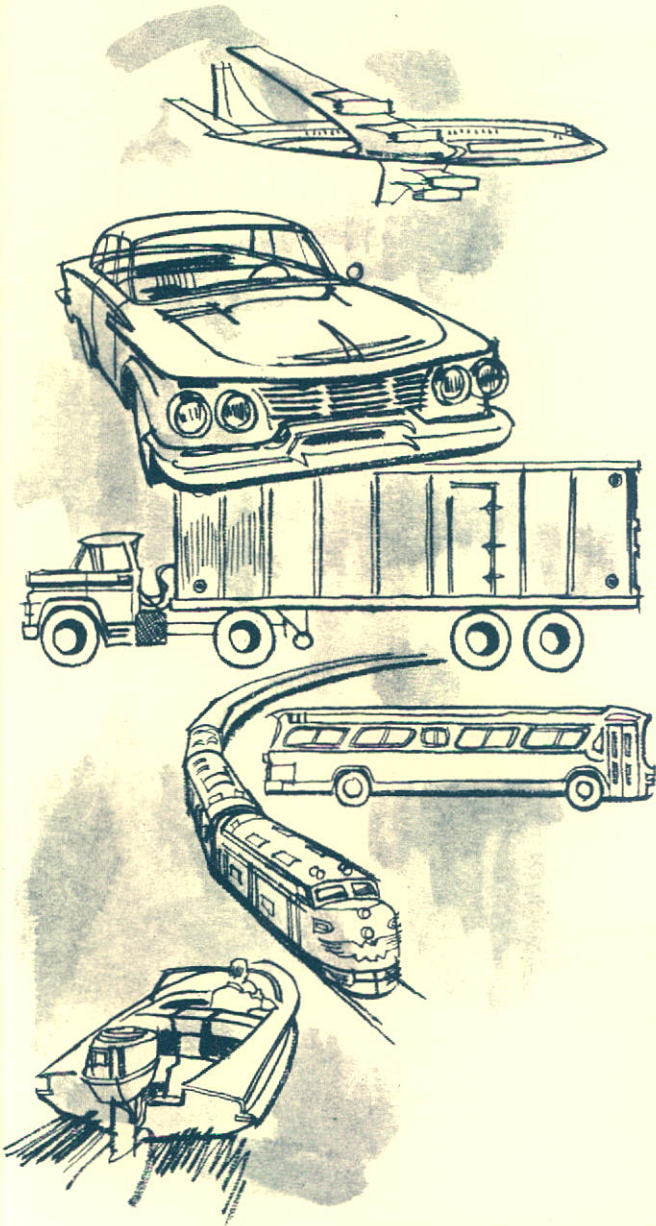
This type of leadership has enabled Bohn's Foundry Division to develop and supply its Autothermic® piston to the automotive industry. Today, Autothermic pistons of Bohn design are used in more cars than all other makes of pistons combined. In more recent years, Bohn has expanded its piston and casting sales and engineering into the heavy-duty engine market, and now designs and produces all classes of pistons and castings for internal combustion engines.

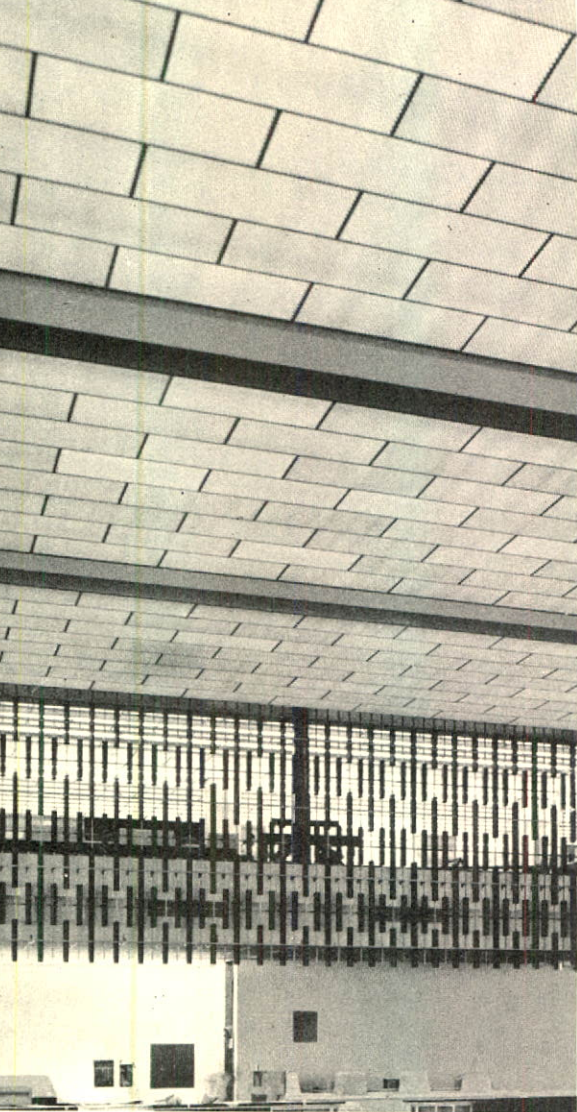
In bearings, too, Bohn leadership is evident in the fact that we are now the largest independent producer of aluminum-on-steel bearings—a compact type which provides the high load-carrying capacity required in modern engines.

This phase of the business has also been favorably affected by an increased demand for automatic transmissions on automotive and earth-moving equipment, which require more bushings and washers of different sizes and types than are used in standard transmissions.

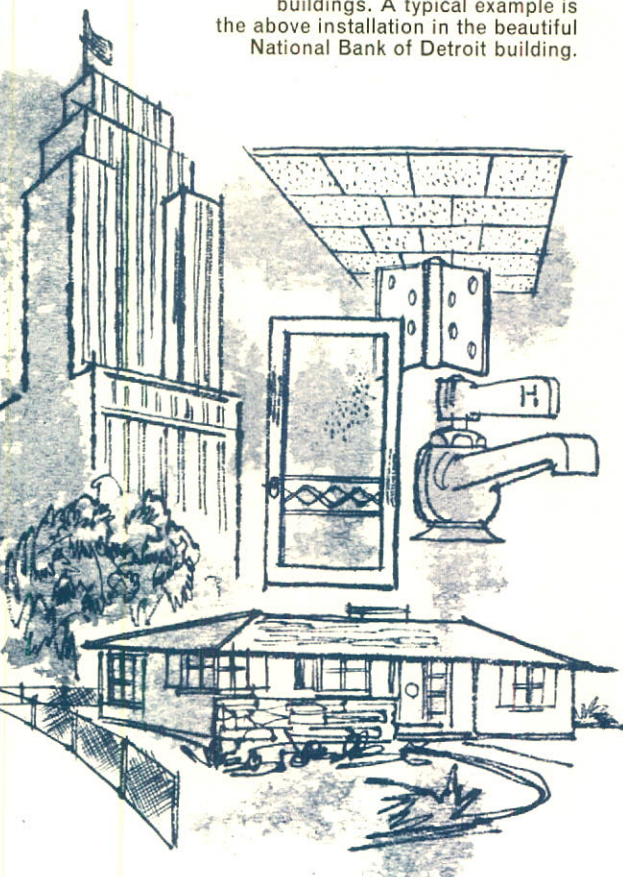
While volume and earnings in the automotive and aircraft markets for components have been affected by compact cars and the advent of jet engines, Bohn has found increasing volume in large industrial engines used for off-the-road earth moving, materials-handling and other portable heavy-duty power requirements.

Bohn research and development continues at an accelerated pace in the Company's several research centers, concentrating on design and production advances which will enable our Company to hold or increase its share of desirable business in all types of engines and other transportation equipment.





Bohn louvered lighting panels can be used in many of today's modern buildings. A typical example is the above installation in the beautiful National Bank of Detroit building.



Building Products and Construction

As the company has moved into other new product areas, it has continued to develop its building and construction markets which are recognized as an important source of present and future sales.

Various aluminum extrusion applications and other aluminum fabrication end-uses, for which Bohn has unique experience and skill, offer major growth opportunities in this field.

One of these is the so-called "egg-crate" louvered lighting panels, constructed of bonded and formed anodized aluminum strip to provide strong, but diffused light for office and factory work-space. They are also used for large public areas where a pleasing lighting effect is essential.

Bohn has pioneered in production of these metal ceilings. Because they eliminate glare, and at the same time provide excellent light for work areas, further extensive architectural use is believed certain. The ceiling panels may be used in individual fixtures, as well as for wall-to-wall installations.

There are a number of other markets in the construction industry where Bohn is either well established or rapidly becoming so.

One area which offers a promising future is our aluminum decorative trim sold under the name of AL-dec*. It is receiving enthusiastic attention from leading industrial designers and architectural firms throughout the country.

Additional market areas are in windows, storm and screen doors and door frames, prime headers and sills, metal awning parts, curtain wall components and moldings, building hardware and other construction products made from aluminum and brass extrusions and forgings. Other Bohn products such as brass rod, and brass and bronze ingot, for the most part ultimately find their way into construction and building applications of customers to whom we sell.

One important factor in this phase of the business is that Bohn products are used in practically all types of construction—residential, industrial and commercial.

Our Port Everglades Steel Corporation at Fort Lauderdale Florida, imports cement and steel structurals and shapes used both in building and highway construction in the rapidly growing southeastern section of the United States. Products include de-formed concrete reinforcing bars, structural steel shapes, sheet piling, furring channels, wire nails, pre-stressed strand, tie wire, basic wire, fencing wire, reinforcing mesh, Clinton cloth, anchor bolts and cement.

*Trademark



Bohn Unit Coolers are available in a wide range of models and sizes, complete with automatic defrost system. Shown here is refrigeration unit installed in meat-wrapping area of a national supermarket.

Heating, Cooling and Air Conditioning

In this dynamic industry, Bohn units and components for heating, cooling and commercial refrigeration systems constitute the fastest-growing segment of the company's operations today. The potential for further growth promises continued expansion over the coming decade.

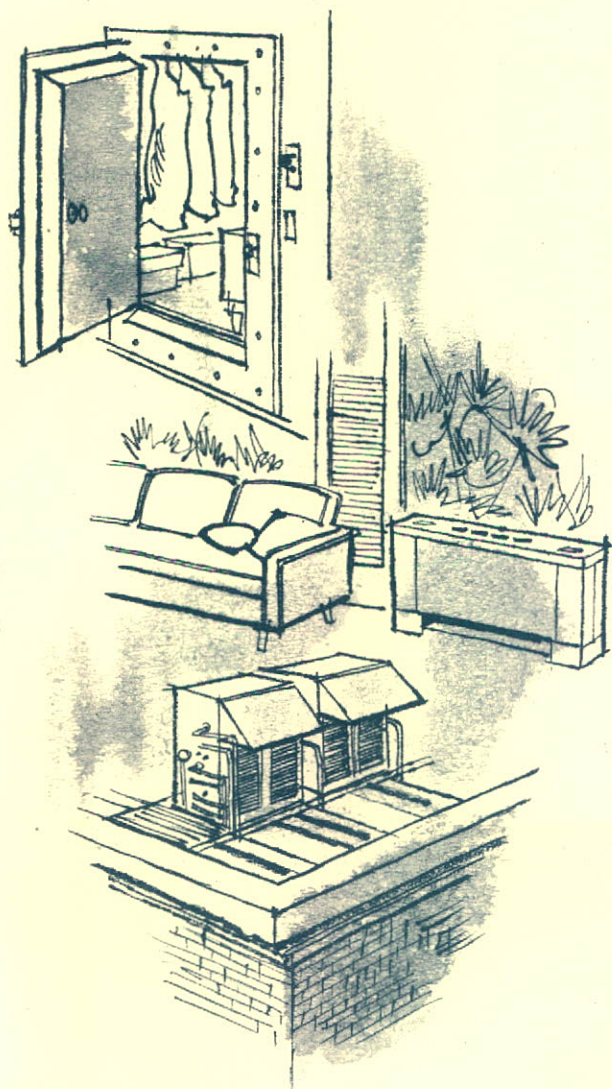
While results in some areas of the building industry during 1960 were less favorable than in several previous years, it is felt the basic trend was not affected. Furthermore, Bohn is investing in research and development, seeking to engineer and design better products to gain competitive advantages and provide economic benefits customers cannot obtain elsewhere. Therefore, over a period of years, Bohn should increase its share of this huge market.

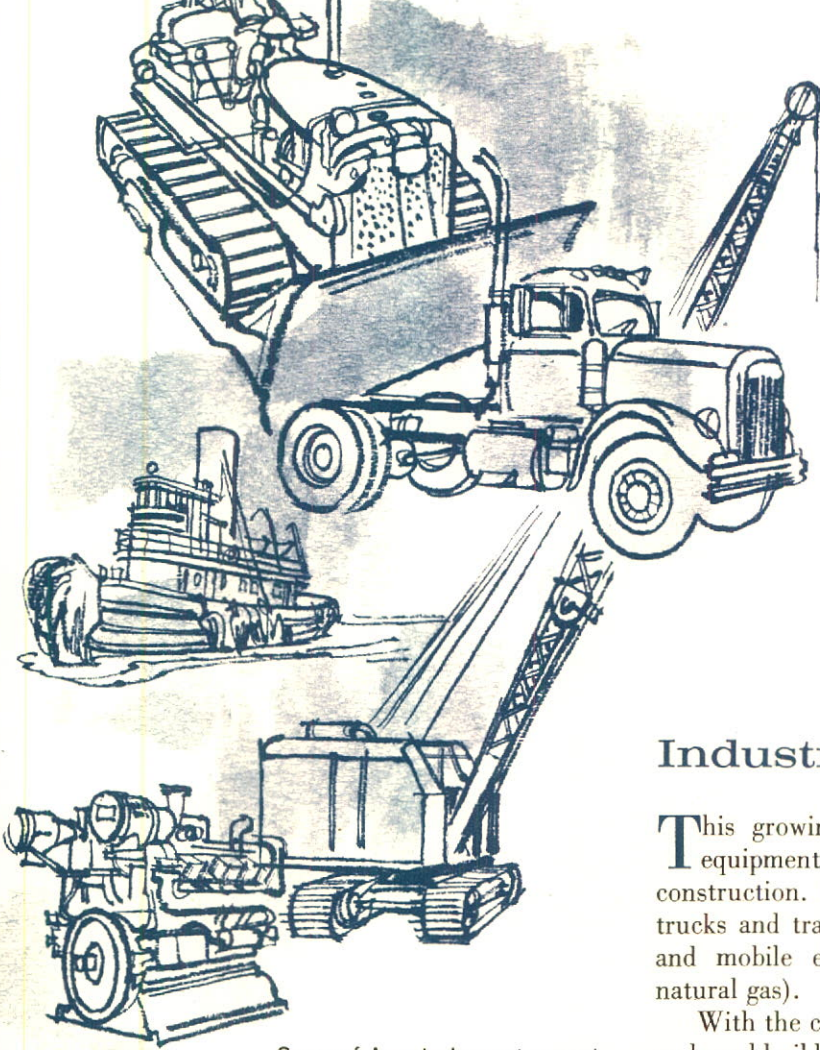
As is evident from available economic indexes, air conditioning is a growth industry, not only for home, office and commercial installations, but for industrial plants as well. Experience has proven that investment in air conditioning pays out rapidly in quality and quantity of improved production. A major potential market, particularly in the northern states, is still to be exploited in the industrial field alone.

The so-called construction market for air conditioning is not confined to new projects, either in housing or other types of installation. By far the largest part of the market over the next decade will almost certainly be in existing structures. Bohn components are used in unit-type space conditioners made by the industry's leading manufacturers and, in addition, Bohn manufactures both space conditioners and central duct system equipment under its own nameplate. Space conditioners are more generally installed in existing structures, whereas central systems are largely used in new construction.

Early in 1960 we announced a line of year-round air conditioning units for cooling and heating stores, restaurants, offices, apartments, and shops. Later in the year we introduced a line of remote room conditioners adaptable to installation requirements in new and existing buildings.

In the refrigeration field, there is a continuing potential both in replacement business and in new construction. The preservation of food is a vital factor in the American economy and, here again, Bohn is well established and growing stronger each year through the introduction of new items. Three new product lines were introduced in 1960, with three more scheduled for early 1961, and still others are in various stages of design and research.





Some of America's most rugged industrial and heavy-duty equipment depends on the reliability of Bohn pistons, bearings, and castings.

Industrial Power Equipment

This growing market includes engines and other industrial equipment used for road building and other types of heavy construction. It embraces heavy-duty and on and off-the-road trucks and tractors, turbo-chargers and marine units, stationary and mobile electric generating engines (diesel, gasoline and natural gas).

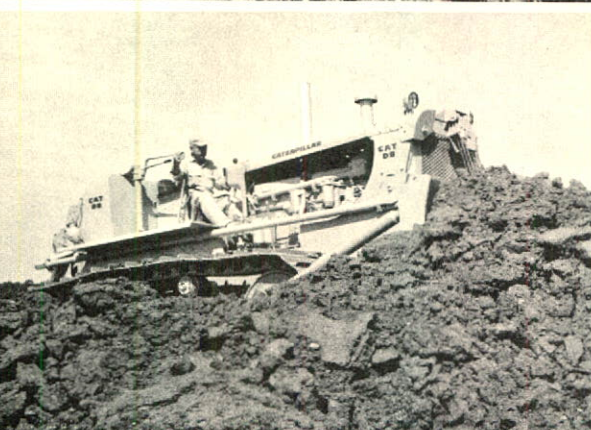
With the continued impetus of the state and national highway and road-building programs, and with capital expenditures following their present rate, we are planning to obtain our fair share of this expanding market.

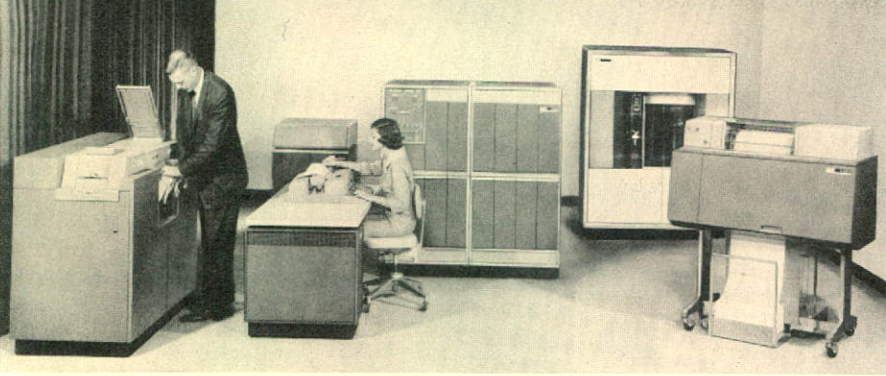
While a large segment of our Industrial Power Equipment business is in pistons, bushings, bearings, and castings, we are aggressively seeking to develop a broader market in this field for parts and components that can be produced economically with our improved customer-engineering service and our modernized plant facilities.

Auxiliary and temporary or mobile electric power generating units are, according to market studies, a long-range growth market. Modern multiple-fuel engines (which can use gasoline, diesel fuel oil, kerosene or natural gas) and other types of engines are being developed to provide economical power in volume in remote locations, or for use as stand-by installations in hospitals and other facilities requiring emergency sources.

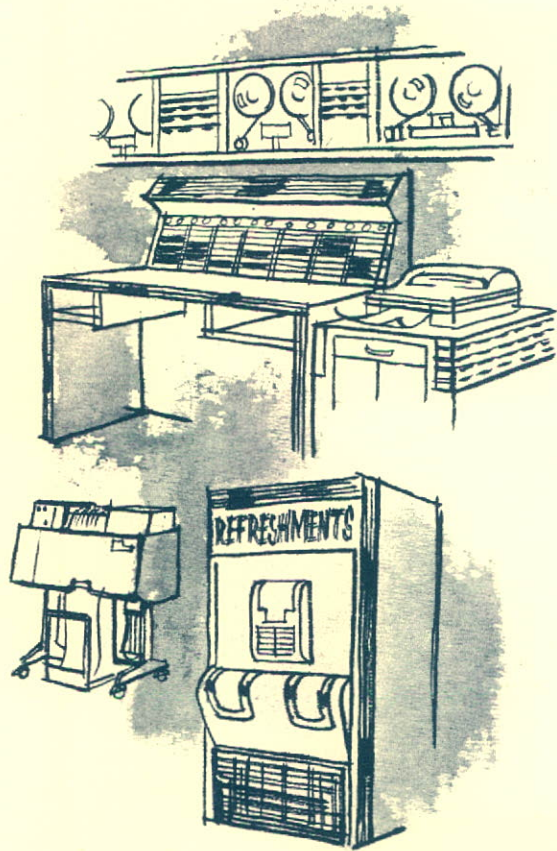
This is also a field in which substantial and continuing military and defense business can be expected.

Virtually all the major engine manufacturers are now Bohn customers. This stable and growing market offers a reliable source of future sales.





Bohn's fabricated, forged and extruded products help meet the vital needs of the vast, fast-growing electronics industry.



Machines and Electronic Equipment

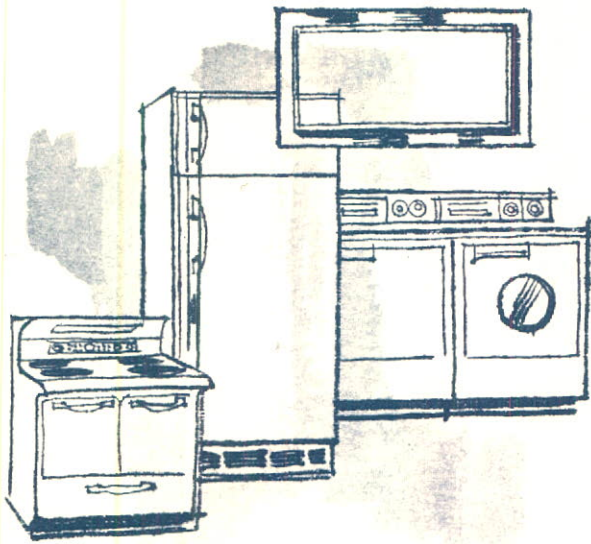
This market represents a very important potential for the future. Our sales at present consist largely of parts for business machines, computers, communications equipment, automatic merchandising and vending machines, television, hi-fi, industrial controls, and electronic systems components. This business consists of small and large castings, forgings and fabricated extrusions especially designed for the individual customer, and often supplied in relatively small-run quantities, as compared with large volume automotive contracts.

The field is a rapidly growing one and Bohn is actively seeking to develop and engineer products which can be supplied to equipment manufacturers at costs competitive with internal manufacture.

On the basis of experience to date, we anticipate an increasingly attractive market for our "custom job shop" capacity in this expanding field.

Bohn products for this market are often both functional and decorative, such as computer door frames and louvered grilles. In most cases, prior to receiving an order, Bohn engineers participate with the customer to obtain exact specifications that will provide maximum quality at minimum cost.

Using the Bohn Engineering-Sales technique we have been most successful in acquiring business, much of which calls for precision tolerances and Bohn's specialized manufacturing capabilities.



Refrigeration and Other Household Appliances

Parts, components, and assemblies used in household refrigerators, freezers, ranges, kitchen cabinets, built-in ovens, dishwashers and miscellaneous domestic appliances, are becoming an increasingly important source of business.

In this as in our other markets, we are seeking to use engineering experience to contribute to product design and assembly in such a way as to give Bohn an established position among manufacturers to whom we sell.

Heat transfer products, many of which are also used in heating and air conditioning equipment, include heating and cooling coils, high and low temperature evaporators, air-cooled condensers, and various other parts.

Aluminum fabricated parts are supplied to many leading manufacturers for various types of domestic appliances, both for functional and decorative applications. Among the items supplied are refrigeration tubing, aluminum evaporators, cold plates and shelving for refrigerators and freezers, grille assemblies, fabricated frames, handles and racks for appliances, escutcheons, accumulators, connectors, plain and color anodized trim, and fabricated assemblies.

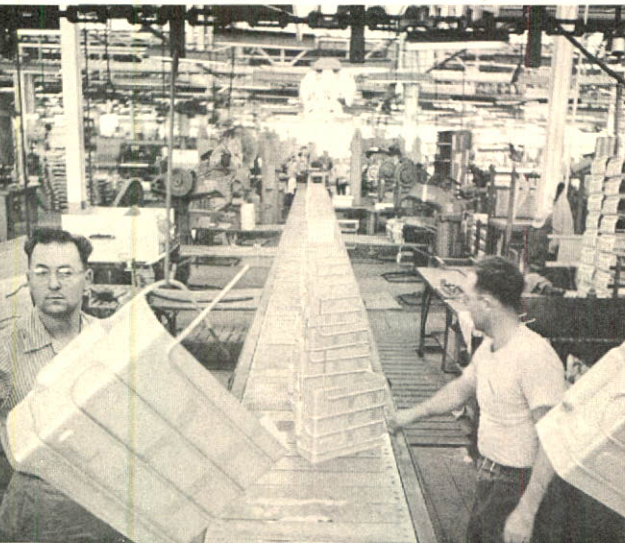
Like our automotive business, this field is a volume business in which our participation is being expanded through our ability to hold to specifications, maintain quality and meet production schedules at competitive costs.

Other Markets

Potential future growth can be foreseen in several original equipment markets now served on a limited scale. Among these are textile machinery, small building modernization, missile system auxiliary components, signs and advertising displays, marine and recreational industry applications, metal partitions, architectural uses and a host of miscellaneous non-ferrous applications in expanding marketing areas.

The same sales and manufacturing techniques which have enabled Bohn to compete successfully in its other markets should obtain business in volume in several of these miscellaneous industries.

Bohn management is confident that continued emphasis on research and development, closely coordinated with our established engineering-sales techniques, will provide an effective basis for further growth in existing markets, and in the new markets which Bohn is prepared to enter as favorable opportunities are found.



Final assembly of aluminum evaporators for domestic refrigerators includes forming, riveting and inspection.



Bohn's Plastray® Division produces a wide variety of plastic houseware products sold throughout the United States and Canada.

Plastics

Further diversification is being obtained through our Plastray Division—a subsidiary acquired three years ago—which is a leading producer of plastic household products for consumer use.

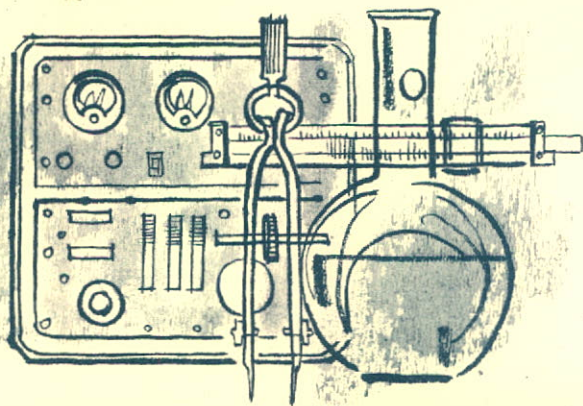
Its products, sold to leading department stores, supermarkets and national retail outlets, in this country and Canada, include more than 80 different plastic houseware products—food containers, trays, utensils, and kitchen housewares of various types, all fashion-designed and available in a variety of colors.

During the past year, this division has developed new products such as an improved ice-cube tray, and added a new line of competitive pails and waste-baskets.

In addition, it now serves the growing premium market by supplying Plastray products such as cookie jars and pitchers to several national manufacturers as tie-in premium items.

Plastray also produces custom mouldings for the refrigeration and automotive industries, and is working toward expansion into other industries as well.

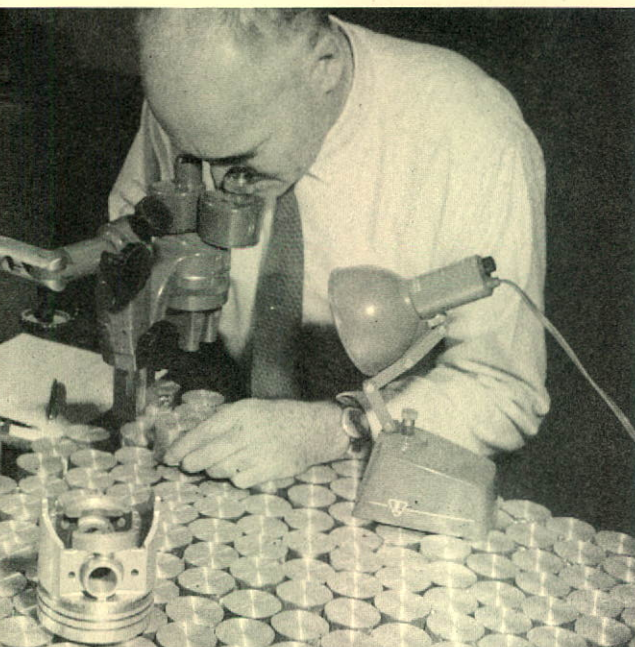
As a leader in plastic moulding and fabrication, Plastray is geared to supplement Bohn's custom part and component production and thus to broaden our capabilities in serving both existing markets and new areas where we believe productive supplier business can be developed.



Research

Bohn recognizes the importance of Research in the development and manufacture of quality products. Its Research Center in Detroit is equipped with the latest in analytical and X-ray facilities, physical testing equipment, spectrographic, metallographic and corrosion-testing apparatus for special metallurgical and experimental work.

In addition, each Bohn plant maintains a research and quality control laboratory staffed by technically qualified personnel to insure compliance with tolerances and general specifications of prospect and customer requirements.



Constant research is the key to Bohn's national reputation for high quality and superior service to industry.

BOHN

ALUMINUM & BRASS

CONSOLIDATED

ASSETS

	December 31, 1960	December 31, 1959
CURRENT ASSETS:		
Cash.....	\$ 1,299,284	\$ 406,525
Marketable securities—at cost plus accrued interest (approximately market).....	4,151,223	2,536,701
Trade accounts receivable, less allowance for doubtful accounts (1960—\$111,500, 1959—\$99,500).....	4,498,311	5,010,530
Refundable federal income taxes.....	251,131	5,201
Inventories—at lower of cost (first-in, first-out method) or market:		
In-process and finished products.....	\$ 4,233,479	\$ 5,557,431
Metals and other raw materials.....	3,029,321	5,545,659
Manufacturing supplies.....	316,930	356,095
	\$ 7,579,730	\$11,459,185
Prepaid insurance, taxes, and other expenses.....	475,727	378,107
TOTAL CURRENT ASSETS	\$18,255,406	\$19,796,249
OTHER ASSETS:		
Deposit with bank under trust agreement.....	—	\$ 670,000
Miscellaneous.....	\$ 39,500	60,500
	\$ 39,500	\$ 730,500
PROPERTY, PLANT, AND EQUIPMENT—at cost, less accumulated depreciation and amortization:		
Land.....	\$ 551,741	\$ 555,641
Buildings and building equipment.....	6,806,382	6,901,079
Machinery and other equipment.....	11,623,158	11,516,844
	\$18,981,281	\$18,973,564
Less accumulated depreciation and amortization.....	9,746,648	9,665,295
TOTAL PROPERTY, PLANT, AND EQUIPMENT	\$ 9,234,633	\$ 9,308,269
DEFERRED CHARGES	25,639	29,346
	\$27,555,178	\$29,864,364

ACCOUNTANTS'

Detroit 26, Michigan
February 21, 1961

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

We have examined the accompanying consolidated balance sheet of Bohn Aluminum & Brass Corporation and subsidiaries as of December 31, 1960, and the related statements of net earnings, additional paid-in capital, and earnings retained for use in the business for the year then ended.

CORPORATION AND SUBSIDIARIES

BALANCE SHEET

LIABILITIES AND STOCKHOLDERS' INVESTMENT

	December 31, 1960	December 31, 1959
CURRENT LIABILITIES:		
Note payable to bank.....	—	\$ 500,000
Trade accounts payable.....	\$ 1,649,326	2,581,474
Pay rolls and other compensation.....	1,014,140	1,169,248
Pay roll taxes and amounts withheld from employees.....	250,055	274,707
Accrued pension costs and other expenses.....	759,146	760,581
Federal taxes on income.....	426,076	1,036,676
Payment due within one year on note payable to insurance company.....	500,000	500,000
TOTAL CURRENT LIABILITIES.....	\$ 4,598,743	\$ 6,822,686
NOTE PAYABLE TO INSURANCE COMPANY (Note A):		
4¼% due November 1, 1967; redemption price to November 1, 1961, 101.85%, declining .30% each year thereafter; minimum annual payment—\$500,000.....	\$ 3,500,000	\$ 4,000,000
Less payment due within one year.....	500,000	500,000
	<u>\$ 3,000,000</u>	<u>\$ 3,500,000</u>
STOCKHOLDERS' INVESTMENT:		
Common Capital Stock, par value \$5.00 a share:		
Authorized 1,200,000 shares		
Issued 533,352 shares.....	\$ 2,666,760	\$ 2,666,760
Additional paid-in capital.....	5,279,322	5,278,947
Earnings retained for use in the business (Note A).....	13,259,103	12,851,471
	<u>\$21,205,185</u>	<u>\$20,797,178</u>
Less cost of Common Capital Stock in treasury (1960—55,500 shares, 1959—55,800 shares) (Note D).....	1,248,750	1,255,500
TOTAL STOCKHOLDERS' INVESTMENT.....	\$19,956,435	\$19,541,678
CONTINGENT LIABILITIES—see Notes C and E		
	<u>\$27,555,178</u>	<u>\$29,864,364</u>

See notes to financial statements.

REPORT

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 financial statements referred to above present fairly the consolidated financial position of Bohn Aluminum & Brass Corporation and subsidiaries at December 31, 1960, 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, ROSS, BAILEY & SMART
Certified Public Accountants

BOHN

ALUMINUM & BRASS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF NET EARNINGS

	<u>1960</u>	<u>1959</u>
Net sales	\$49,045,954	\$45,669,559
Miscellaneous revenue	227,249	194,030
	<u>\$49,273,203</u>	<u>\$45,863,589</u>
Costs and expenses:		
Cost of products sold, other than items below	\$42,346,340	\$38,252,412
Selling and administrative expenses, other than items below	3,284,730	3,213,075
Depreciation of plant and equipment	1,317,583	1,334,647
Costs of pensions for employees	288,742	282,774
Interest on note payable to insurance company	167,986	170,000
	<u>\$47,405,381</u>	<u>\$43,252,908</u>
EARNINGS BEFORE TAXES ON INCOME	\$ 1,867,822	\$ 2,610,681
United States and Canadian taxes on income	863,000	1,350,000
NET EARNINGS	<u>\$ 1,004,822</u>	<u>\$ 1,260,681</u>

CONSOLIDATED STATEMENT OF ADDITIONAL PAID-IN CAPITAL

	<u>1960</u>	<u>1959</u>
Balance at beginning of year	\$ 5,278,947	\$ 5,278,947
Excess of option price over cost of 300 shares of treasury stock issued under restricted stock option plan (Note D)	375	—
Balance at end of year	<u>\$ 5,279,322</u>	<u>\$ 5,278,947</u>

CONSOLIDATED STATEMENT OF EARNINGS RETAINED FOR USE IN THE BUSINESS

	<u>1960</u>	<u>1959</u>
Balance at beginning of year	\$12,851,471	\$12,187,730
Net earnings for the year	1,004,822	1,260,681
	<u>\$13,856,293</u>	<u>\$13,448,411</u>
Deduct cash dividends paid (\$1.25 a share)	597,190	596,940
Balance at end of year	<u>\$13,259,103</u>	<u>\$12,851,471</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1960

Note A—Restrictions on Dividends on Common Capital Stock

The loan agreement with the insurance company, as modified, provides, among other covenants, that the Corporation will not declare or pay cash dividends on its Common Capital Stock or purchase shares of such stock subsequent to December 31, 1951, in an aggregate amount, less amounts received as cash proceeds from sales of such stock, which will exceed 75% of consolidated net income (as defined in the note) after that date plus \$1,000,000, or which will reduce net current assets below \$10,000,000. As of December 31, 1960, earnings retained for use in the business of \$1,077,110 were free from this restriction.

Note B—Pension Plans

Unfunded past service costs under the Corporation's pension plans amounted to approximately \$3,300,000 at December 31, 1960, and are being amortized over periods not exceeding 30 years.

Note C—Reo Motors, Inc. (Delaware)

On December 30, 1954, Reo Motors, Inc., a Delaware corporation (67.67% owned by Bohn), acquired certain assets of Reo Motors, Inc., a Michigan corporation (name changed to Nuclear Corporation of America).

On May 20, 1957, Reo (Delaware) adopted a plan of liquidation under which it sold, as of June 5, 1957, to the White Motor Company, all of its assets except treasury stock, cash, and claims for refunds of federal income taxes. As part of the purchase price, White assumed all of the liabilities of Reo (Delaware) as of June 5, 1957, except those for redetermination, renegotiation, and taxes on income.

In 1958 and 1957 Bohn received from Reo (Delaware) liquidating dividends of \$1,072,000 and \$1,340,000, respectively. These liquidating dividends first were applied against the cost of Bohn's investment in Reo and the remainder, less expenses, were included in earnings.

The liquidation of Reo (Delaware) was completed on May 8, 1958, at which time assets reasonably required to meet claims and expenses were transferred to a trust. In the event there are any assets remaining after final settlement of all liabilities, they will be distributed to the Reo stockholders.

The liabilities of Reo (Michigan) and Reo (Delaware) for redetermination and renegotiation have been settled. The liabilities of Reo (Michigan) for federal income taxes assumed by Reo (Delaware) have been settled. The federal income tax liabilities of Reo (Delaware) have been determined by the Reviewing Agent, but such determination is subject to review and approval by the Joint Committee on Internal Revenue Taxation as provided by the Internal Revenue Code.

It is the opinion of the former Board of Directors of Reo (Delaware) and of the management of Bohn that the assets of Reo (Delaware) transferred to a trust to meet claims will be more than sufficient to discharge all remaining liabilities.

Note D—Stock Options

At December 31, 1959, options for 54,800 shares of Common Capital Stock were outstanding under a restricted stock option plan at \$23.75 per share. During 1960 options for 800 shares were granted at \$23.75 per share; options for 300 shares were exercised and options for 300 shares were canceled. At December 31, 1960, options for 55,000 shares were outstanding and 500 shares were available for additional option grants. Options for 21,620 shares were exercisable at December 31, 1960.

Note E—Contingent Liabilities

In connection with the acquisition of certain assets and the business of Port Everglades Steel Corp., a subsidiary has agreed to pay each year through 1969, to the former owner, an amount equal to one half of the annual net earnings of this business for that year in excess of approximately \$96,000. If the net earnings for any year are less than \$96,000, then such deficiencies are to be offset against earnings of future years before any payments are required. The subsidiary may, at its own election, terminate its obligation to make further payments under the agreement upon the occurrence of certain events including net losses of the subsidiary during specified periods of time. The maximum of such contingent payments is not to exceed \$1,125,000. At December 31, 1960, a maximum of \$1,102,738 remained unpaid under the agreement.

**ALUMINUM & BRASS CORPORATION AND SUBSIDIARIES****FINANCIAL INFORMATION**

	<u>1960</u>	<u>1959</u>	<u>1958</u>	<u>1957</u>	<u>1956</u>
RECORD OF OPERATIONS:					
Net sales of products.....	\$49,045,954	\$45,669,559	\$31,669,280	\$39,713,730	\$51,590,741
Earnings before taxes on income.....	\$ 1,867,822	\$ 2,610,681	\$ 237,648	\$ 1,232,935	\$ 1,608,866
Provision for income taxes.....	863,000	1,350,000	20,000	145,000	650,000
Net earnings.....	\$ 1,004,822	\$ 1,260,681	\$ 217,648	\$ 1,087,935	\$ 958,866
FINANCIAL POSITION:					
Current assets.....	\$18,255,406	\$19,796,249	\$14,577,515	\$17,493,309	\$15,204,757
Current liabilities.....	\$ 4,598,743	\$ 6,822,686	\$ 2,817,657	\$ 3,882,530	\$ 4,522,268
Ratio.....	3.97 to 1	2.90 to 1	5.17 to 1	4.51 to 1	3.36 to 1
Working capital.....	\$13,656,663	\$12,973,563	\$11,759,858	\$13,610,779	\$10,682,489
Per share of Common Capital Stock ¹	\$ 28.58	\$ 27.17	\$ 24.63	\$ 25.52	\$ 20.03
Property, plant, and equipment (net).....	\$ 9,234,633	\$ 9,308,269	\$ 9,961,224	\$10,612,251	\$ 9,991,470
Stockholders' investment.....	\$19,956,435	\$19,541,678	\$18,877,937	\$20,168,515	\$19,747,270
Per share of Common Capital Stock ¹	\$ 41.76	\$ 40.92	\$ 39.53	\$ 37.81	\$ 37.02
DIVIDEND PAYMENTS.....	\$ 597,190	\$ 596,940	\$ 252,726	\$ 666,690	\$ 1,065,779
PER SHARE OF COMMON CAPITAL STOCK:					
Earned.....	\$ 2.10	\$ 2.64	\$.46	\$ 2.04	\$ 1.80
Dividends paid.....	\$ 1.25	\$ 1.25	\$.50	\$ 1.25	\$ 2.00
EXPENDITURES FOR PROPERTY, PLANT, AND EQUIPMENT.....					
	\$ 1,441,319	\$ 765,866	\$ 951,534	\$ 2,119,024	\$ 3,204,616
DEPRECIATION AND AMORTIZATION.....	\$ 1,317,583	\$ 1,334,647	\$ 1,279,363	\$ 1,330,386	\$ 1,404,404
AVERAGE NUMBER OF STOCKHOLDERS.....	3,300	3,500	4,400	4,700	4,600
AVERAGE NUMBER OF EMPLOYEES.....	2,200	2,300	2,000	2,400	2,700

¹Per share amounts have been restated to give effect to the number of shares outstanding at the end of each year.

BOHN

ALUMINUM & BRASS CORPORATION

EXECUTIVE OFFICES
DETROIT 26, MICHIGAN

Management

DIRECTORS

CLYDE M. ADAMS, *Detroit*
SHEPARD BROAD, *Miami Beach*
MARTIN C. CALLAHAN, *Detroit*
SIMON D. DEN UYL, *Detroit*
GEORGE M. ENDICOTT, *Detroit*
RAYMOND J. HODGSON, *Detroit*
VICTOR W. KLEIN, *Detroit*
TERRY W. KUHN, *Detroit*
ERNEST K. MANN, JR., *Detroit*
GUY H. PITTS, *Detroit*

OFFICERS

SIMON D. DEN UYL, *Chairman of the Board*
TERRY W. KUHN, *President*
ERNEST K. MANN, JR., *Vice President and Treasurer*
EDWARD N. HARRIS, *Vice President*
GUY H. PITTS, *Vice President*
H. BLAKE THOMAS, *Vice President*
WILLIAM J. LANE, *Secretary*
KENNETH R. CRAWFORD, *Asst. Secy. and Asst. Treas.*

TRANSFER AGENT & DIVIDEND DISBURSING AGENT

First National City Trust Company
22 William St., New York 15, N. Y.

CO-TRANSFER AGENT

National Bank of Detroit
611 Woodward Ave., Detroit 32, Michigan

REGISTRARS

Bankers Trust Company
485 Lexington Ave., New York 17, N. Y.
The Detroit Bank & Trust Company
201 West Fort St., Detroit 31, Michigan

GENERAL COUNSEL

Butzel, Eaman, Long, Gust & Kennedy
1881 First National Building, Detroit 26, Michigan

INDEPENDENT ACCOUNTANTS

Touche, Ross, Bailey & Smart
1380 First National Building, Detroit 26, Michigan

STOCK LISTED

New York Stock Exchange
Detroit Stock Exchange

PRODUCTS

Aluminum Extrusions and Forgings
Fabricated Products • Aluminum Billets
Aluminum Pistons and Permanent Mold Castings
Bearings and Bushings
Brass Rod and Shapes • Brass Forgings
Refrigeration Component Parts
Heat Transfer Units for Air Conditioning and
Commercial Refrigeration
Heating and Cooling Coils
Plastic Housewares and Plastic Custom Molding
Steel Products and Cement for Construction and Road-building

MANUFACTURING PLANTS

MICHIGAN

Detroit • Adrian • Holland
South Haven • Walled Lake

INDIANA

Greensburg • Butler

ILLINOIS

Danville

SALES OFFICES

ALBANY • ATLANTA • BALTIMORE • BIRMINGHAM
BOSTON • BUFFALO • CAPE GIRARDEAU
CHARLESTON • CHARLOTTE • CHICAGO • CINCINNATI
CLEVELAND • COLUMBUS • CORPUS CHRISTI • DALLAS
DAVENPORT • DAYTON • DENVER • DES MOINES
DETROIT • EL PASO • FORT LAUDERDALE
GRAND RAPIDS • GREENSBORO • HARRISBURG
HARTFORD • HONOLULU • HOUSTON • INDIANAPOLIS
JACKSON • JACKSONVILLE • KANSAS CITY
LITTLE ROCK • LOS ANGELES • LOUISVILLE
MEMPHIS • MIAMI • MILWAUKEE • MINNEAPOLIS
NASHVILLE • NEWARK • NEW HAVEN • NEW ORLEANS
NEW YORK • NORFOLK • OMAHA • ORLANDO
PENSACOLA • PEORIA • PHILADELPHIA • PITTSBURGH
PHOENIX • PLAINFIELD • PORT CANAVERAL
PORTLAND • RALEIGH • RICHMOND • ROCHESTER
ST. LOUIS • ST. PAUL • SALT LAKE CITY
SAN ANTONIO • SAN FRANCISCO • SEATTLE
SHREVEPORT • SPOKANE • SPRINGFIELD • SYRACUSE
TAMPA • TORONTO • TRENTON • TUCSON • TULSA
WASHINGTON, D. C. • WICHITA • WILMINGTON

SUBSIDIARIES (Wholly-Owned)

PLASTRAY CORPORATION
Walled Lake, Michigan
PLASTRAY COMPANY (CANADA) LIMITED
Port Credit, Ontario, Canada
PORT EVERGLADES STEEL CORPORATION
Fort Lauderdale, Florida

BOHN

ALUMINUM & BRASS CORPORATION

Annual Report

YEAR ENDED DECEMBER 31,

1960