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BOHN

ALUMINUM & BRASS CORPORATION

35th

Annual Report

year ended December 31, 1959

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BOHN

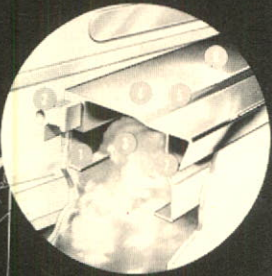
**ADVERTISING KEEPS INDUSTRY INFORMED
OF NEW AND PROGRESSIVE DEVELOPMENTS**

Shown are several reproductions of Bohn's product advertising, which have appeared in national trade magazines during recent months.

In today's keenly competitive markets, our promotional programs stress quality, economy and service, backed by years of Bohn manufacturing and engineering know-how.

seven ...

solutions
with a
single
shape



For an apartment door frame, one Bohn Aluminum extrusion accomplishes all these things:

- 1 HOLDS INSIDE DOOR PANEL
- 2 SECURES RUBBER GASKET (prevents drafts - hot/cold)
- 3 SERVES AS INSULATION SPACER
- 4 VELVET FINISH ELIMINATES PAINTING
- 5 GIVES DOOR STRUCTURAL STRENGTH
- 6 SERVES AS HINGE MOUNTING
- 7 HOLDS OUTSIDE DOOR PANEL (prevents warping)

TOOLING COSTS REDUCED BY OVER 800%

For this, too, the aluminum quality manufacturing organization, Call our nearest Sales Office.

141-15 OFFICES: Atlanta • Boston • Chicago • Cleveland • Dallas • Denver • Detroit • Indianapolis • Los Angeles • Minneapolis • New York • Philadelphia • St. Louis • St. Paul

Aluminum and Brass Corporation
Bohn is a Division of

BARBERS • CASTINGS • FINISHES • FURNACE • EXTRUSIONS • HARD COAT • BRASS & BRONZE CASTINGS • REFRIGERATION & AIR CONDITIONING PRODUCTS



\$33,000
SAVED ON
TOOLING COSTS*

Frame panel has never extruded
and completely finished by Bohn

we extrude and finish aluminum
in complicated shapes ... at lower cost!

BOHN is the world's largest manufacturer of aluminum extrusions. Our products are used in a wide variety of applications. We have the most complete aluminum extrusion capabilities in the world. We have the most complete aluminum extrusion capabilities in the world. We have the most complete aluminum extrusion capabilities in the world.

BOHN ALUMINUM & BRASS CORPORATION
141-15 OFFICES: Atlanta • Boston • Chicago • Cleveland • Dallas • Denver • Detroit • Indianapolis • Los Angeles • Minneapolis • New York • Philadelphia • St. Louis • St. Paul

pistons?

buy **BOHN**-designed Autothermic Pistons ...
used in more cars than all
other makes of pistons combined!

the anchored
strut
gives positive
clearance control

they're QUIET ...
HOT or COLD

For expansion, direct, easy engine modification ... only the original Bohn autothermic piston with the STEEL STRUT offers all these features:

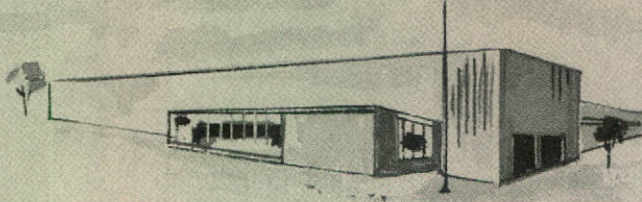
- MAXIMUM HORSEPOWER
- NO BENT COLLAPSE
- GREATER OIL ECONOMY
- STRUCTURAL STABILITY
- FLEXIBILITY ... TOP TO BOTTOM

BOHN

141-15 OFFICES: Boston • Chicago • Cleveland • Dallas • Denver • Detroit • Indianapolis • Los Angeles • Minneapolis • New York • Philadelphia • St. Louis • St. Paul

Aluminum and Brass Corporation
Bohn is a Division of

BARBERS • CASTINGS • FINISHES • FURNACE • EXTRUSIONS • HARD COAT • BRASS & BRONZE CASTINGS • REFRIGERATION & AIR CONDITIONING PRODUCTS

Annual Report 1959

In the past several years, the Bohn story has truly become:
 "Products and Services for all Industry."

Today, in road building and heavy construction, in industrial and agricultural machinery, in automobiles and other transportation, in homes and commercial buildings—yes, even in Mrs. America's kitchen—Bohn products are hard at work.

To acquaint you—the shareowners—with your company's "new look," to help you appreciate the diversification program, this year's Annual Report is designed to present a brief view of each of our major product lines, and take you behind the scenes of some of our more interesting manufacturing operations.

INDEX

| | Page |
|---|-------|
| Management's Report to Shareowners | 2-3 |
| 1959 Financial Highlights | 3 |
| Heat Transfer Division | 4 |
| Brass & Bronze Division | 5 |
| Extrusion Division | 5 |
| Fabrication Division | 6 |
| Foundry Division | 7 |
| Bearing & Bushing Division | 8 |
| Plastray Corporation | 9 |
| Port Everglades Steel Corporation | 9 |
| Research Division | 10 |
| History of Bohn | 11 |
| Consolidated Balance Sheets | 12-13 |
| Accountants' Report | 12-13 |
| Consolidated Statements of Net Earnings and Earnings Retained for Use in the Business | 14 |
| Notes to Financial Statements | 15 |
| Five-Year Summary of Financial Information | 16 |
| Directors, Officers, Other Corporate Data | 17 |
| Products, Plants, Sales Offices, Subsidiaries | 17 |

MANAGEMENT'S

REPORT

TO

SHAREOWNERS



We are pleased to report a substantial improvement in operations during 1959. Both sales and earnings were considerably in excess of the 1958 levels. The beneficial effects of our cost reduction program were also evident in satisfactory fourth-quarter earnings, in spite of the adverse impact of the steel strike on many of our customers.

On later pages of this report you will find brief descriptions of the various divisions which make up Bohn's diversified operation, with pictures of some of our products and their end uses. A short history of the company is also included. We sincerely hope you will find these interesting and that they will make you better acquainted with your company.

SALES AND EARNINGS

Consolidated net sales for the year 1959 totaled \$45,669,559, compared with sales of \$31,669,280 in 1958. Earnings before taxes in 1959 amounted to \$2,610,681, compared with \$237,648 in the preceding year. This increase in pre-tax profits, on a sales increase of 44%, reflects not only the higher volume but also the efficiencies that have recently been effected in our operations.

Consolidated net earnings after taxes in 1959 were \$1,260,681, equal to \$2.64 per share. In 1958, net earnings amounted to \$217,648, or \$0.46 per share.

DIVIDENDS

Quarterly dividends of \$0.25 per share, and a year-end extra dividend of \$0.25 per share, were paid during 1959, making a total of \$1.25 per share for the year. The company begins its 36th consecutive year of dividends with the payment of \$0.25 per share on

March 15, 1960, to holders of record March 1, 1960.

FINANCIAL POSITION

The company is in a strong financial position. Current assets at December 31, 1959, were \$19,796,249, and current liabilities were \$6,822,686, leaving net working capital of \$12,973,563. This is an increase of \$1,213,705 over net working capital of \$11,759,858 at the end of 1958. The ratio of current assets to current liabilities at December 31, 1959, was 2.9 to 1.

You will note on the consolidated balance sheets (pages 12-13) that both Trade Accounts Receivable and Inventories are substantially higher than last year. The increases are due largely to the acquisition of the inventories and business of Port Everglades Steel Corp., which is discussed more fully under "Diversification."

OPERATIONS

As noted earlier, the continuing program to achieve greater operating efficiency without sacrificing the established quality of our products is becoming more effective each year. The results of these efforts, which have helped us to maintain our competitive position, are apparent in the 1959 operating results, and they should become even more evident as time goes on.

DIVERSIFICATION

As of October 1, 1959, a newly-formed subsidiary of the company acquired the inventories and equipment and all rights to the business of Port Everglades Steel Corp., of Fort Lauderdale, Florida. The business is now operating under the name of Port Everglades Steel Corporation. The

former management has been retained.

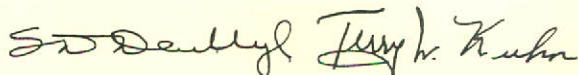
Port Everglades Steel Corp. was engaged primarily in importing and merchandising steel and cement used principally in the building and highway construction industries. Organized in 1953, it has had a good growth record. It was a profitable business when acquired, and is continuing to make a profit. In fact, its sales outlook appears so promising that we are planning to increase the area of operation considerably during the next few years.

We are continually attempting to develop new items and techniques for our regular product lines. Bohn's decorative aluminum products are receiving growing acceptance. (See page 6.) Our air-conditioning line at the Heat Transfer Division, Danville, Illinois, is now being expanded to include larger heating and cooling units.

FUTURE OUTLOOK

Operations thus far in 1960 are showing an improvement over 1959. Most business barometers indicate that 1960 will be a good year. If these forecasts prove correct, then our 1960 results should make very satisfactory reading.

The directors and officers wish to express appreciation to all share-owners and employees for their continuing loyalty and interest.



S. D. Den Uyl,
Chairman of the Board

Terry W. Kuhn,
President

March 1, 1960

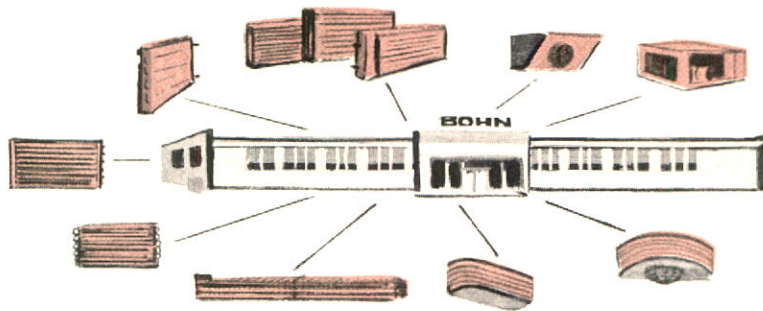
1959

FINANCIAL HIGHLIGHTS

| | |
|---------------------------------|--------------|
| Net sales of products..... | \$45,669,559 |
| Earnings before taxes..... | 2,610,681 |
| Provision for income taxes..... | 1,350,000 |
| Net earnings..... | 1,260,681 |
| Net earnings per share..... | 2.64 |
| Dividends paid..... | 596,940 |
| Dividends paid per share..... | 1.25 |

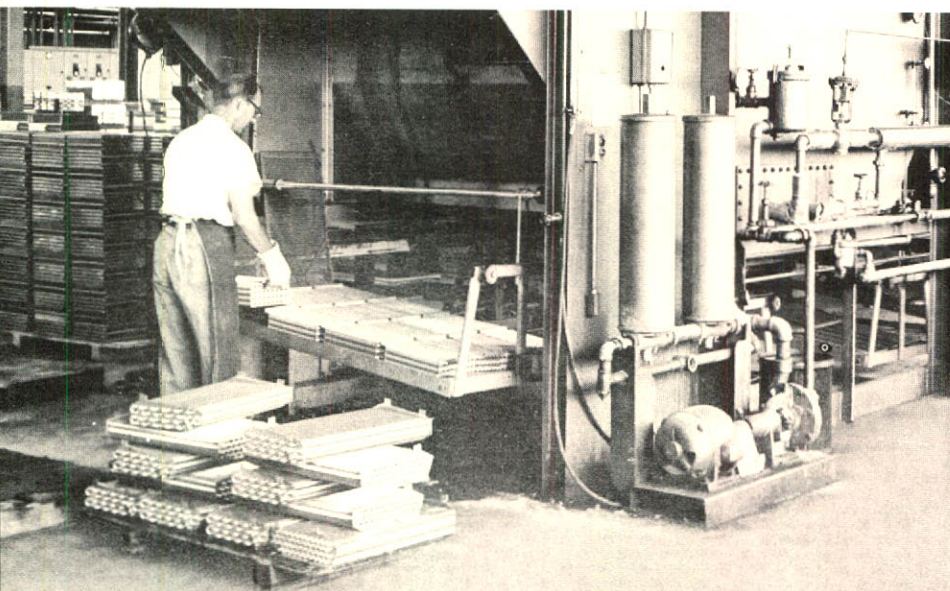
**HEAT
TRANSFER
DIVISION**

(HEATING . . . COOLING . . . AIR CONDITIONING)



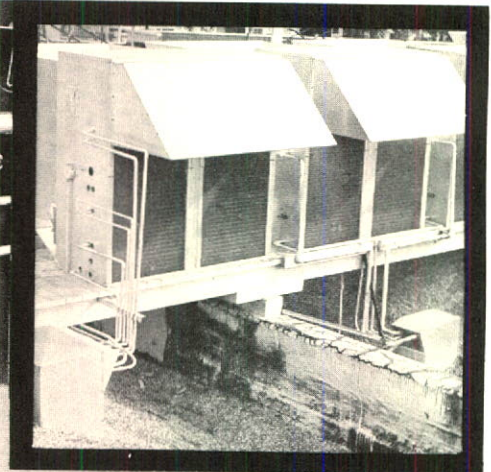
Through its Danville Division, the company has a firm foothold in the dynamic heating and air-conditioning market. Located in a modern, 160,000 square foot plant at Danville, Illinois, this division is one of the largest producers of custom-designed evaporators, condensers, coils and other heat transfer units for original equipment manufacturers of refrigeration and air conditioning equipment. Danville's products are used in such diverse applications as room air conditioners and walk-in coolers and frozen food chests in grocery and supermarkets. This division has increased its sales substantially and is a good example of the company's diversification into rapidly expanding new industries.

Liquid immersion degreaser at the Danville plant removes all traces of oil and other contaminating agents from coil assemblies.



Bohn Half-Rounds control temperature and humidity, keep vegetables temptingly fresh in a supermarket walk-in cooler.

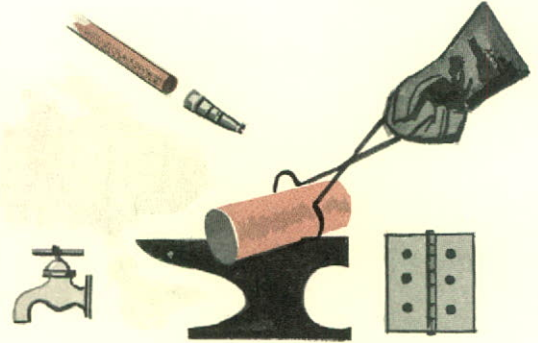
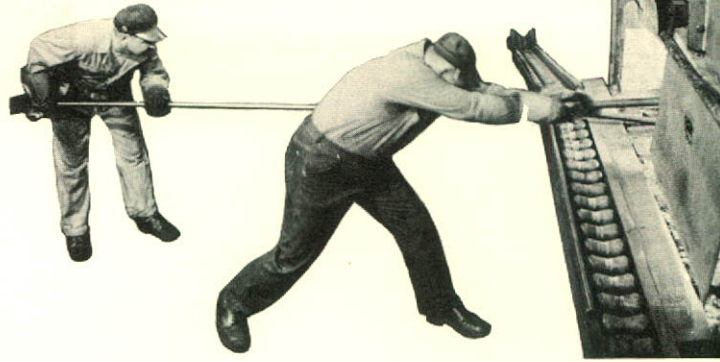
A "bird's-eye view" of Bohn air-cooled condenser installation, atop a supermarket.



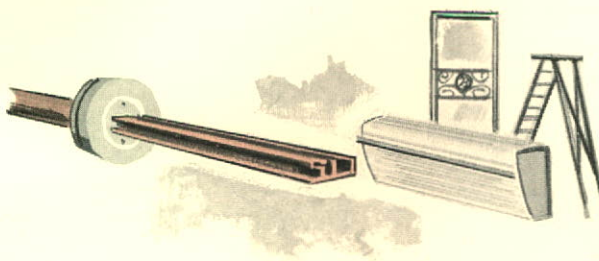
**BRASS
AND
BRONZE
DIVISION**

Another example of Bohn's diverse capabilities is the Brass & Bronze Division. Fully integrated, it includes a smelting and refining operation, a brass mill, and a forge shop.

The division's principal products include brass and bronze ingots for non-ferrous metal foundries, and custom-extruded brass rod and shapes and aluminum and brass forgings, in a variety of alloys.



**EXTRUSION
DIVISION**

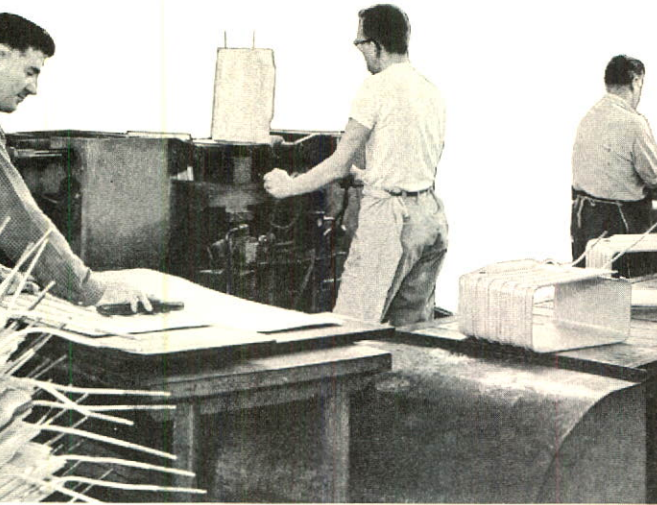


Established in 1929, this division is the second oldest aluminum extrusion operation in the industry. Its two plants produce extruded products of all types, some of which are delivered to other Bohn divisions for further fabrication. Bohn engineers and metallurgists, with years of fabricating and anodizing experience, stand ready to offer design and technical assistance to customers and prospective customers.



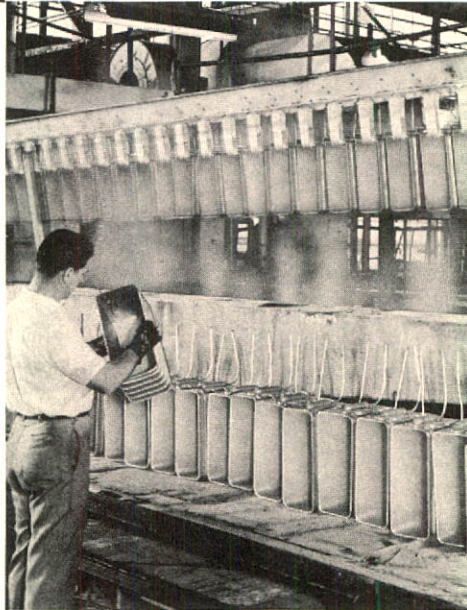
This press extrudes structural shapes from aluminum billets under a pressure of 4,000,000 pounds.

FABRICATION DIVISION

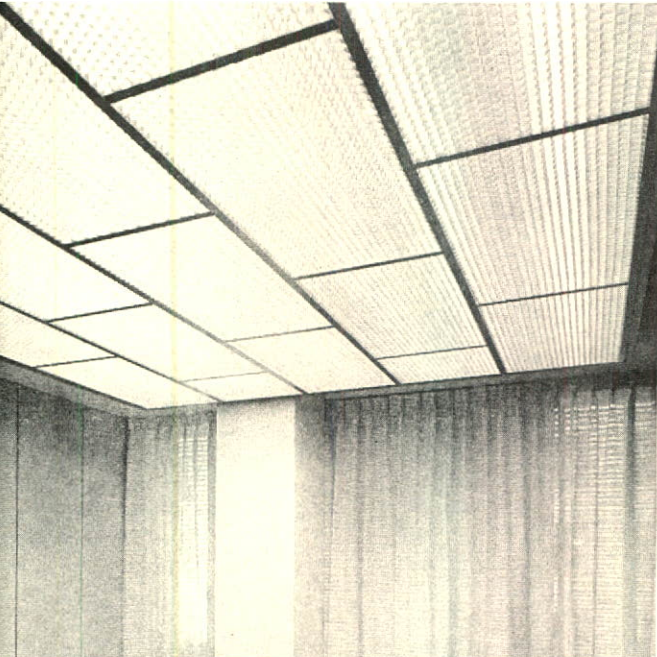


Flattening, forming and riveting aluminum evaporators. The forming is done on a press designed by Bohn engineers.

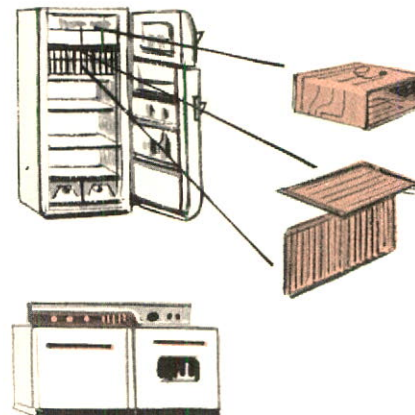
This division produces a wide range of fabricated aluminum products for the appliance, automotive, heating and ventilating, and building industries. Its operations are fully integrated from the extrusion of billets to the finished components and offer complete facilities for plain and color anodizing, forming operations, etching, buffing, bright-dipping, painting, silk-screen printing, and chemical brightening. It supplies evaporators and other refrigeration components to most of the major appliance manufacturers in the United States, and in addition produces extruded frame panels and decorative trim for domestic appliances such as ranges, refrigerators, freezers, washers and dryers.



A crane load of refrigerator evaporators being lifted from a sealing bath—the final step in anodizing operations.



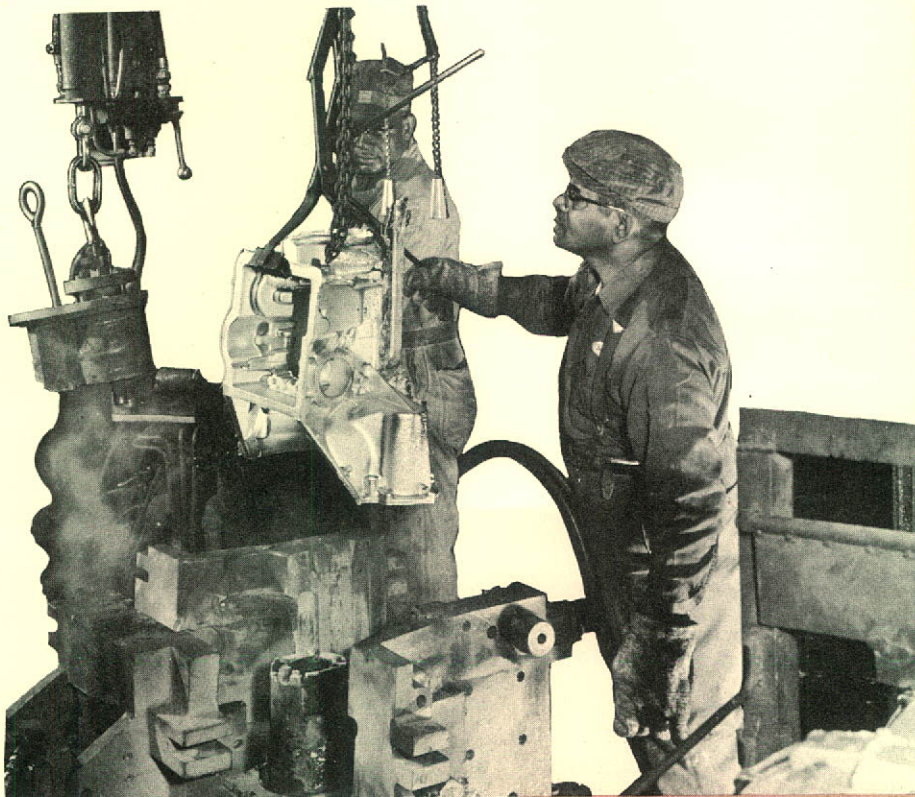
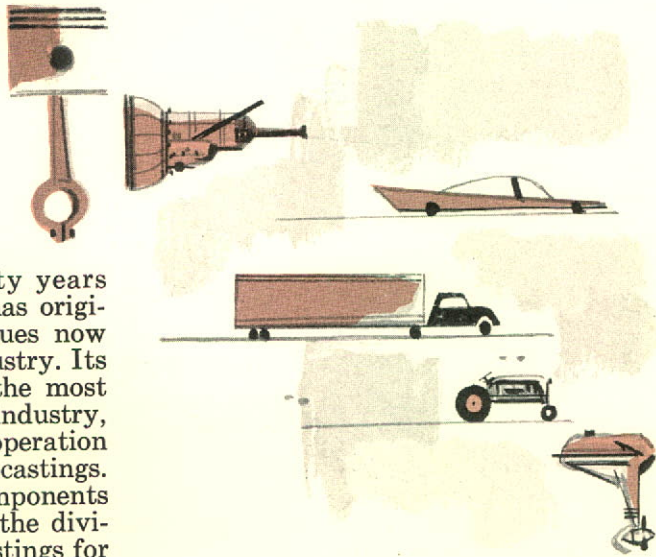
This anodized aluminum honeycomb ceiling, a Bohn fabricated product, is both decorative and functional.



FOUNDRY

DIVISION

Established more than forty years ago, the Foundry Division has originated many casting techniques now standard throughout the industry. Its four plants, equipped with the most complete facilities in the industry, comprise a fully integrated operation from smelting to finished castings. Specializing in aluminum components engineered to specifications, the division produces non-ferrous castings for trucks, tractors, boats, automobiles, washing machines, vacuum cleaners, power mowers and other applications in the transportation, appliance, defense and construction fields. Its permanent and semi-permanent mold products, of all types and shapes, range in weight from a fraction of an ounce to 150 pounds.



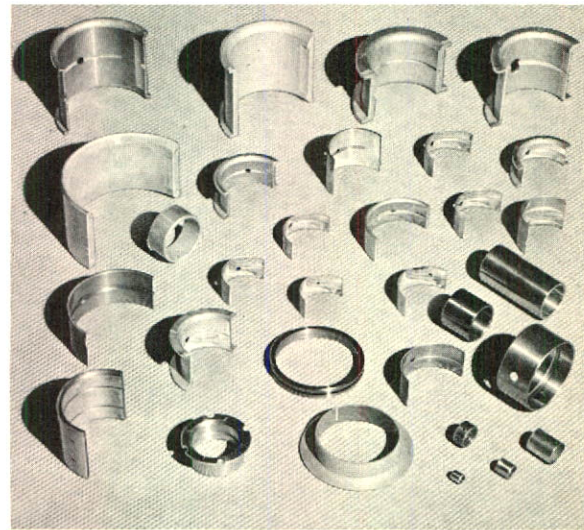
Packaging for shipment—Bohn aluminum pistons for heavy-duty diesel engines used in earth-moving road construction.

This aluminum transmission housing for a new automotive engine is an example of Bohn pioneering in the development and use of lightweight, durable aluminum castings.

**BEARING
AND
BUSHING
DIVISION**

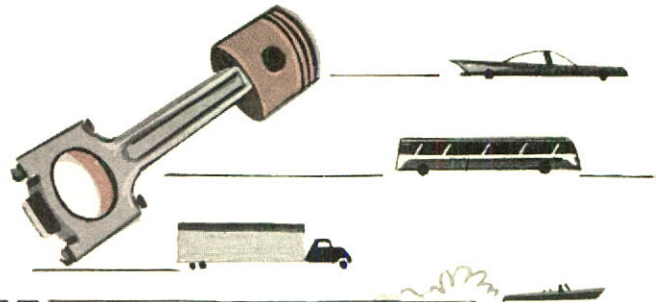
Still another segment of Bohn is the Bearing and Bushing Division. One of the oldest sleeve-type bearing manufacturers, this division has been a pioneer in the development of interchangeable precision bearings and steel-backed, aluminum-lined bearings, which are now in widespread use.

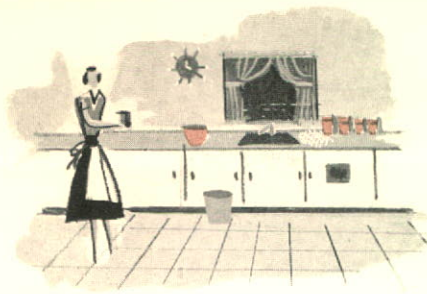
Its products include a complete line of aluminum alloy, bronze, copper-lead, tin-base babbitt, solid cast aluminum bearings and bushings for original equipment manufacturers of gasoline and diesel engines used in trucks, tractors, automobiles, buses, turbochargers, marine and industrial units.



Bohn's precision sleeve bearings range in size from miniature to giant. Bohn's capabilities include the development of applications, as well as the design and production of bearings in quantity.

At this Bohn plant, strip steel with a copper-lead lining comes out of the sintering furnace and is coiled onto massive wheels.





PLASTRAY CORPORATION

PLASTRAY COMPANY (CANADA) LIMITED

These subsidiaries, acquired in 1957, are examples of Bohn's diversification in a fast-growing consumer goods industry. With a manufacturing plant in Michigan and a Canadian distribution organization, Plastray® is a leading producer of more than 80 different plastic houseware products, merchandised through leading department stores, supermarkets and national retail outlets in the United States, Canada and foreign countries.

It also produces custom moldings for the refrigeration and automotive industries.



This product display rack, used in retail outlets, is an example of Plastray Corporation's point-of-sale merchandising.

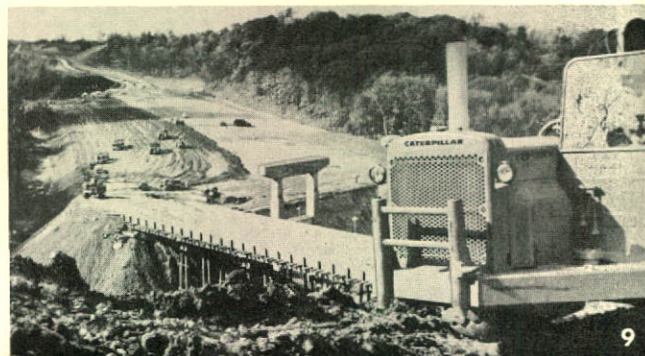
PORT EVERGLADES STEEL CORPORATION ("PESCO")

The acquisition of the business of Port Everglades Steel Corp. in 1959 reflects Bohn's diversification and expansion into still another growth area. The wholly-owned subsidiary located in Fort Lauderdale, Florida, imports steel and other materials for the building and highway construction industries.

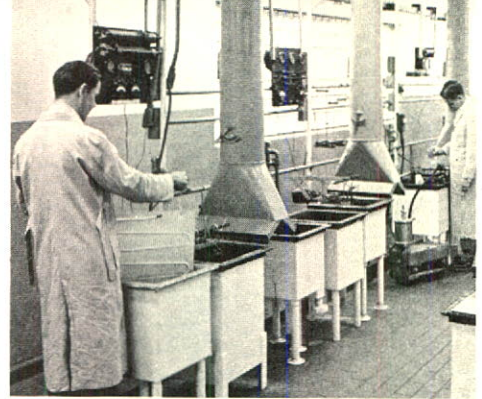
Its products, sold principally to customers in the southeastern part of the United States, include de-formed concrete reinforcing bars, wire mesh, Clinton cloth, nails, furring channels, cement, shapes, prestressed wire strands, bolts, wire products, wire rods and steel round bars.

There's a "PESCO" product for every need on a construction job such as this.

PHOTO BY CATERPILLAR



RESEARCH DIVISION



Plating characteristics are evaluated by means of this electro-plating equipment.

Research is always of prime importance in the development and manufacture of quality products. Bohn's main Research Center, located at Detroit, is equipped with the latest analytical and x-ray facilities, physical testing equipment, spectrographic, metallographic, corrosion-testing apparatus, and special equipment for metallurgical and experimental work. Its highly qualified scientific and technical staff is also available for consul-

tation and technical assistance on customers' problems.

Supplementing the activities of the main Research Center, each Bohn plant maintains a research and quality control laboratory to assure compliance with product specifications. In addition, these laboratories often supply technical data to customers. In all of our research new developments in product design and manufacture are closely followed.



Preparing sample products for tests in Bohn's research laboratory.



BOHN

... A BRIEF HISTORY

Bohn Aluminum & Brass Corporation was founded 36 years ago, the successor of two predecessor companies founded some six years earlier. At the time of its formation the company was serving only a single market—the automotive industry. Today, its ten manufacturing plants produce a widely diversified line of products for all industry.

CASTINGS AND PISTONS • The company's first diversification came as a result of the experience and skills gained in producing castings for the famous Liberty aircraft engine during World War I. When the war ended, Bohn was ready, not only to expand its services to the fast-growing automotive industry, but to broaden its product line as a major supplier of aluminum and brass components to other industries.

Another avenue of diversification opened up shortly after World War I, when founder Charles Bohn learned of a new technique of casting aluminum in iron molds, which was being used successfully in France. He persuaded the inventor to come to the United States, and helped him financially in perfecting the first aluminum permanent mold process in this country—a process now used throughout the industry.

Another important milestone was the development of an aluminum-alloy piston for the automotive industry. The Bohn Autothermic® Piston was the first successful commercial application of steel struts to control thermal expansion in aluminum pistons, thus permitting quiet piston operation under all temperatures, and giving freedom from piston skirt collapse.

Today, Bohn Autothermic® Pistons are used in more cars than all other makes of pistons combined.

BEARINGS • Our company and its predecessors have been identified with the sleeve bearing business since 1916. (Bohn bearings helped speed Lindbergh's "Spirit of St. Louis" on its historic non-stop flight to Paris in 1927.)

For more than 30 years, the company has maintained a division for manufacturing bearings and bushings for reciprocating engines (both gasoline and diesel), pumps, compressors and machinery of all types. During this period, Bohn has been a leader in research, and has steadily improved efficiency, quality and cost control in manufacture.

Bohn has been:

FIRST to produce precision insert bearings.

FIRST to provide commercially practical heavy-duty copper-lead bearings.

FIRST to furnish heavy-wall copper-lead strip bearings in thicknesses up to 1/2".

TODAY—Bohn is the largest independent producer of aluminum-on-steel-strip bearings in all thicknesses and sizes—the highest load-carrying, competitively-priced bearing presently available.

BRASS AND BRONZE PRODUCTS • In 1928 Bohn acquired a smelting operation known for its quality brass, bronze and specification alloy ingots. This unit now complements our Brass and Bronze Division in providing for all industry, ingots and brass billets for mill orders of brass screw machine stock, brass shapes, and forgings.

EXTRUSIONS • Our Extrusion Division installed its first press in 1929. During World War II and the Korean War, Bohn applied its extrusion know-how to supply large-press extrusions for aircraft.

No other aluminum product has matched the general post-war growth of the economy as has the use of extrusions. Bohn has expanded its extrusion facilities to meet the growing uses, particularly in the building and construction fields.

FABRICATED PRODUCTS • Bohn's Fabrication Division has supplied the refrigeration and appliance industries for over 20 years. During the past few years we have enlarged our facilities to serve customers in virtually every industry. We are now performing plain and color anodizing, etching, buffing, chemical brightening, forming operations and a multitude of additional manufacturing processes.

HEAT TRANSFER PRODUCTS • Prior to Bohn's acquisition of the Danville Division in 1956, we were limited principally to the production of domestic refrigeration component parts. The Danville Division has substantially strengthened our position in the heat transfer field with its line of heating, air conditioning and commercial refrigeration products which are sold as components to other manufacturers and marketed as complete units under the Bohn name-plate.

The line of products includes heating and cooling coils, high and low temperature commercial evaporators, air-cooled condensers, air-conditioning units, and unitary coils for refrigeration and air conditioning, all sold nationally and overseas for commercial, industrial, institutional and residential installations.

PLASTIC PRODUCTS • In 1957 Bohn became a direct supplier of consumer products through acquisition of Plastray Corporation and its Canadian subsidiary, Plastray Company (Canada) Limited, manufacturers of a wide range of plastic housewares. Both of these companies are wholly-owned subsidiaries and maintain their own sales outlets.

STEEL PRODUCTS • Port Everglades Steel Corporation, importer of steel and other materials for the construction and roadbuilding industries, is the latest (1959) member of the growing Bohn enterprises.

This wholly-owned subsidiary also maintains its own sales and distribution organization.

THIS IS BOHN . . . 1960 . . . a diversified operation providing "Products and Services for all Industry."

CONSOLIDATED

ASSETS

| | December 31, 1959 | December 31, 1958 |
|--|----------------------|----------------------|
| CURRENT ASSETS: | | |
| Cash..... | \$ 406,525 | \$ 3,805,811 |
| Marketable securities—at cost plus accrued interest (approximately market)..... | 2,536,701 | — |
| Trade accounts receivable, less allowance for doubtful accounts (1959—\$99,500, 1958—\$89,000)..... | 5,010,530 | 3,721,355 |
| Refundable federal income taxes..... | 5,201 | 185,000 |
| Inventories—at lower of cost (first-in, first-out method) or market: | | |
| In-process and finished products..... | \$ 5,557,431 | \$ 2,239,972 |
| Metals and other raw materials..... | 5,545,659 | 3,825,067 |
| Manufacturing supplies..... | 356,095 | 349,961 |
| | \$11,459,185 | \$ 6,415,000 |
| Prepaid insurance, taxes, and other expenses..... | 378,107 | 450,349 |
| TOTAL CURRENT ASSETS | \$19,796,249 | \$14,577,515 |
| OTHER ASSETS: | | |
| Deposit with bank under trust agreement (Note C)..... | \$ 670,000 | \$ 670,000 |
| Miscellaneous..... | 60,500 | 453,802 |
| | \$ 730,500 | \$ 1,123,802 |
| PROPERTY, PLANT, AND EQUIPMENT—at cost, less accumulated depreciation and amortization: | | |
| Land..... | \$ 555,641 | \$ 540,424 |
| Buildings and building equipment..... | 6,901,079 | 6,741,131 |
| Machinery and other equipment..... | 11,516,844 | 11,641,694 |
| | \$18,973,564 | \$18,923,249 |
| Less accumulated depreciation and amortization..... | 9,665,295 | 8,962,025 |
| TOTAL PROPERTY, PLANT, AND EQUIPMENT | \$ 9,308,269 | \$ 9,961,224 |
| DEFERRED CHARGES | 29,346 | 33,053 |
| | \$29,864,364 | \$25,695,594 |

ACCOUNTANTS'

Detroit 26, Michigan
February 23, 1960

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, 1959, and the related 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

CORPORATION AND SUBSIDIARIES

BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' INVESTMENT

| | December 31, 1959 | December 31, 1958 |
|---|----------------------------|----------------------------|
| CURRENT LIABILITIES: | | |
| Note payable to bank..... | \$ 500,000 | — |
| Trade accounts payable..... | 2,581,474 | \$ 1,254,530 |
| Pay rolls and other compensation..... | 1,169,248 | 518,999 |
| Pay roll taxes and amounts withheld from employees..... | 274,707 | 180,746 |
| Accrued pension costs and other expenses..... | 760,581 | 790,586 |
| Federal taxes on income..... | 1,036,676 | 72,796 |
| Payment due within one year on note payable to insurance company..... | 500,000 | — |
| TOTAL CURRENT LIABILITIES..... | \$ 6,822,686 | \$ 2,817,657 |
| NOTE PAYABLE TO INSURANCE COMPANY (Note A): | | |
| 4¼% due November 1, 1967; redemption price to November 1, 1960, 102.15%, declining .30% each year thereafter; minimum annual payment—\$500,000..... | \$ 4,000,000 | \$ 4,000,000 |
| Less payment due within one year (1959 requirement paid in 1958)..... | 500,000 | — |
| | <u>\$ 3,500,000</u> | <u>\$ 4,000,000</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 (no change during the year).... | 5,278,947 | 5,278,947 |
| Earnings retained for use in the business (Note A)..... | 12,851,471 | 12,187,730 |
| | <u>\$20,797,178</u> | <u>\$20,133,437</u> |
| Less cost of Common Capital Stock in treasury— | | |
| 55,800 shares (Note D)..... | 1,255,500 | 1,255,500 |
| TOTAL STOCKHOLDERS' INVESTMENT..... | \$19,541,678 | \$18,877,937 |
| CONTINGENT LIABILITIES—see Notes C and E | <u><u>\$29,864,364</u></u> | <u><u>\$25,695,594</u></u> |

See notes to financial statements.

REPORT

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, 1959, 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



ALUMINUM & BRASS CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENT
OF NET EARNINGS**

| | <u>1959</u> | <u>1958</u> |
|--|---------------------|-------------------|
| Net sales..... | \$45,669,559 | \$31,669,280 |
| Miscellaneous revenue..... | <u>194,030</u> | <u>189,493</u> |
| | \$45,863,589 | \$31,858,773 |
| Costs and expenses: | | |
| Cost of products sold, other than items below..... | \$38,252,412 | \$28,168,358 |
| Selling and administrative expenses, other than items below..... | 3,213,075 | 2,459,767 |
| Depreciation of plant and equipment..... | 1,334,647 | 1,279,363 |
| Costs of pensions for employees..... | 282,774 | 329,068 |
| Loss on sale of property, plant, and equipment..... | — | 230,887 |
| Interest on note payable to insurance company..... | <u>170,000</u> | <u>205,416</u> |
| | \$43,252,908 | \$32,672,859 |
| EARNINGS (LOSS*) BEFORE SPECIAL CREDIT AND TAXES ON INCOME..... | \$ 2,610,681 | \$ 814,086* |
| Special credit—excess of liquidating dividends received over cost of investment in Reo Motors Inc. (Delaware), less expenses (Note C)..... | <u>—</u> | <u>1,051,734</u> |
| EARNINGS BEFORE TAXES ON INCOME..... | \$ 2,610,681 | \$ 237,648 |
| United States and Canadian taxes on income..... | <u>1,350,000</u> | <u>20,000</u> |
| NET EARNINGS..... | <u>\$ 1,260,681</u> | <u>\$ 217,648</u> |

**CONSOLIDATED STATEMENT OF EARNINGS
RETAINED FOR USE IN THE BUSINESS**

| | <u>1959</u> | <u>1958</u> |
|---|---------------------|---------------------|
| Balance at beginning of year..... | \$12,187,730 | \$12,222,808 |
| Net earnings for the year..... | <u>1,260,681</u> | <u>217,648</u> |
| | \$13,448,411 | \$12,440,456 |
| Deduct cash dividends paid (1959—\$1.25 a share; 1958—\$0.50 a share)..... | 596,940 | 252,726 |
| Balance at end of year..... | <u>\$12,851,471</u> | <u>\$12,187,730</u> |

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1959

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, 1959, earnings retained for use in the business of \$913,559 were free from this restriction.

Note B — Pension Plans

Unfunded past service costs under the Corporation's pension plans amounted to approximately \$3,400,000 at December 31, 1959, 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), and as part consideration therefor assumed certain of its liabilities, including those for redetermination and renegotiation of profits on defense contracts, and agreed specifically to indemnify and hold Nuclear harmless for any liability for federal taxes on income of 1954 and prior years, less any refunds received. Furthermore, as a condition of the agreement, Reo (Delaware) as principal and Bohn as indemnitor delivered an indemnity bond to Nuclear in the amount of \$5,000,000 to assure performance of the contract.

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, and any liability under the \$5,000,000 indemnity bond referred to above.

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 the payment of all liabilities, they will be dis-

tributed to the Reo stockholders. Although it is believed that the assets in the aforementioned trust will be adequate to discharge all liabilities, until final clearances are obtained, all of the Reo stockholders by a separate trust agreement deposited with a bank cash or securities in an amount equal to \$1.00 for each share of capital stock owned (Bohn's share amounted to \$670,000) to pay on a ratable basis claims, if any, in excess of assets in the trust. After all liabilities of Reo have been discharged, the balances of such deposits will be returned to the 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 also been determined and paid, but such determination is subject to review and approval by the Joint Committee on Internal Revenue Taxation as provided by the Internal Revenue Code. The federal income tax returns of Reo (Delaware) are in the process of being reviewed by the Internal Revenue Service.

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 sufficient to discharge all remaining liabilities. Accordingly no provision has been made in the accounts for possible loss on the amount (\$670,000) deposited by Bohn as a Reo stockholder under the separate trust agreement.

Note D — Stock Options

During the year, the Corporation adopted a restricted stock option plan covering 55,800 shares of Common Capital Stock (it is presently contemplated that treasury stock will be used for this purpose) and granted options for such shares to 24 officers and key employees at \$23.75 a share, which approximates 96% of the highest sale price of the stock on the day the options were granted. Options covering 1,000 shares were subsequently canceled; however, new options to key employees may be granted covering said shares under the plan. No options were exercised during the year and options for 10,960 shares were exercisable at December 31, 1959.

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 maximum of such contingent payments is not to exceed \$1,125,000. At December 31, 1959, a maximum of \$1,102,738.18 remained unpaid under the agreement.

FINANCIAL INFORMATION

| | <u>1959</u> | <u>1958</u> | <u>1957</u> | <u>1956</u> | <u>1955</u> |
|---|---------------------|-------------------|---------------------|-------------------|---------------------|
| RECORD OF OPERATIONS: | | | | | |
| Net sales of products..... | \$45,669,559 | \$31,669,280 | \$39,713,730 | \$51,590,741 | \$57,496,063 |
| Earnings before taxes on income..... | \$ 2,610,681 | \$ 237,648 | \$ 1,232,935 | \$ 1,608,866 | \$ 4,667,290 |
| Provision for income taxes..... | 1,350,000 | 20,000 | 145,000 | 650,000 | 2,450,000 |
| Net earnings..... | <u>\$ 1,260,681</u> | <u>\$ 217,648</u> | <u>\$ 1,087,935</u> | <u>\$ 958,866</u> | <u>\$ 2,217,290</u> |
| FINANCIAL POSITION: | | | | | |
| Current assets..... | \$19,796,249 | \$14,577,515 | \$17,493,309 | \$15,204,757 | \$19,938,087 |
| Current liabilities..... | \$ 6,822,686 | \$ 2,817,657 | \$ 3,882,530 | \$ 4,522,268 | \$ 7,272,398 |
| Ratio..... | 2.90 to 1 | 5.17 to 1 | 4.51 to 1 | 3.36 to 1 | 2.74 to 1 |
| Working capital..... | \$12,973,563 | \$11,759,858 | \$13,610,779 | \$10,682,489 | \$12,665,689 |
| Per share of Common Capital Stock ¹ ... | \$ 27.17 | \$ 24.63 | \$ 25.52 | \$ 20.03 | \$ 23.81 |
| Property, plant, and equipment (net).... | \$ 9,308,269 | \$ 9,961,224 | \$10,612,251 | \$ 9,991,470 | \$ 9,018,922 |
| Stockholders' investment..... | \$19,541,678 | \$18,877,937 | \$20,168,515 | \$19,747,270 | \$19,819,390 |
| Per share of Common Capital Stock ¹ ... | \$ 40.92 | \$ 39.53 | \$ 37.81 | \$ 37.02 | \$ 37.26 |
| DIVIDEND PAYMENTS..... | | | | | |
| | \$ 596,940 | \$ 252,726 | \$ 666,690 | \$ 1,065,779 | \$ 820,977 |
| PER SHARE OF COMMON CAPITAL STOCK: | | | | | |
| Earned..... | \$ 2.64 | \$.46 | \$ 2.04 | \$ 1.80 | \$ 4.17 |
| Dividends paid..... | \$ 1.25 | \$.50 | \$ 1.25 | \$ 2.00 | \$ 1.55 |
| EXPENDITURES FOR PROPERTY, PLANT, AND EQUIPMENT..... | | | | | |
| | \$ 765,866 | \$ 951,534 | \$ 2,119,024 | \$ 3,204,616 | \$ 1,530,314 |
| DEPRECIATION AND AMORTIZATION..... | | | | | |
| | \$ 1,334,647 | \$ 1,279,363 | \$ 1,330,386 | \$ 1,404,404 | \$ 1,438,356 |
| AVERAGE NUMBER OF STOCKHOLDERS..... | | | | | |
| | 3,500 | 4,400 | 4,700 | 4,600 | 4,300 |
| AVERAGE NUMBER OF EMPLOYEES..... | | | | | |
| | 2,300 | 2,000 | 2,400 | 2,700 | 3,000 |

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

BOHN

MANAGEMENT

DIRECTORS

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

OFFICERS

SIMON D. DEN UYL, *Chairman of the Board*
TERRY W. KUHN, *President*
ERNEST K. MANN, JR., *Vice President and Treasurer*
RICHARD C. AYLWARD, *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, Mich.

INDEPENDENT ACCOUNTANTS

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

STOCK LISTED

New York Stock Exchange
Detroit Stock Exchange

BOHN

ALUMINUM & BRASS CORPORATION

EXECUTIVE OFFICES
DETROIT 26, MICHIGAN

PRODUCTS

Aluminum Extrusions and Forgings
Fabricated Products • Aluminum Billets
Aluminum Pistons and Permanent Mold Castings

Bearings and Bushings

Brass and Bronze Ingots • 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 Roadbuilding

MANUFACTURING PLANTS

MICHIGAN

Detroit • Adrian • Holland
South Haven • Walled Lake

INDIANA

Greensburg • Butler

ILLINOIS

Danville

SALES OFFICES

ATLANTA • BOSTON • BUFFALO • CHICAGO
CINCINNATI • CLEVELAND • COLUMBUS
DALLAS • DAYTON • DETROIT
GRAND RAPIDS • HARTFORD
INDIANAPOLIS • JACKSONVILLE
LOS ANGELES • LOUISVILLE • MILWAUKEE
MINNEAPOLIS • MUSKEGON
NEW ORLEANS • NEW YORK
PHILADELPHIA • RICHMOND • ROCHESTER
ST. LOUIS • ST. PAUL • SEATTLE

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 • DETROIT, MICHIGAN

35th *Annual Report*

year ended December 31, 1959