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Year
ended
December 31, 1958

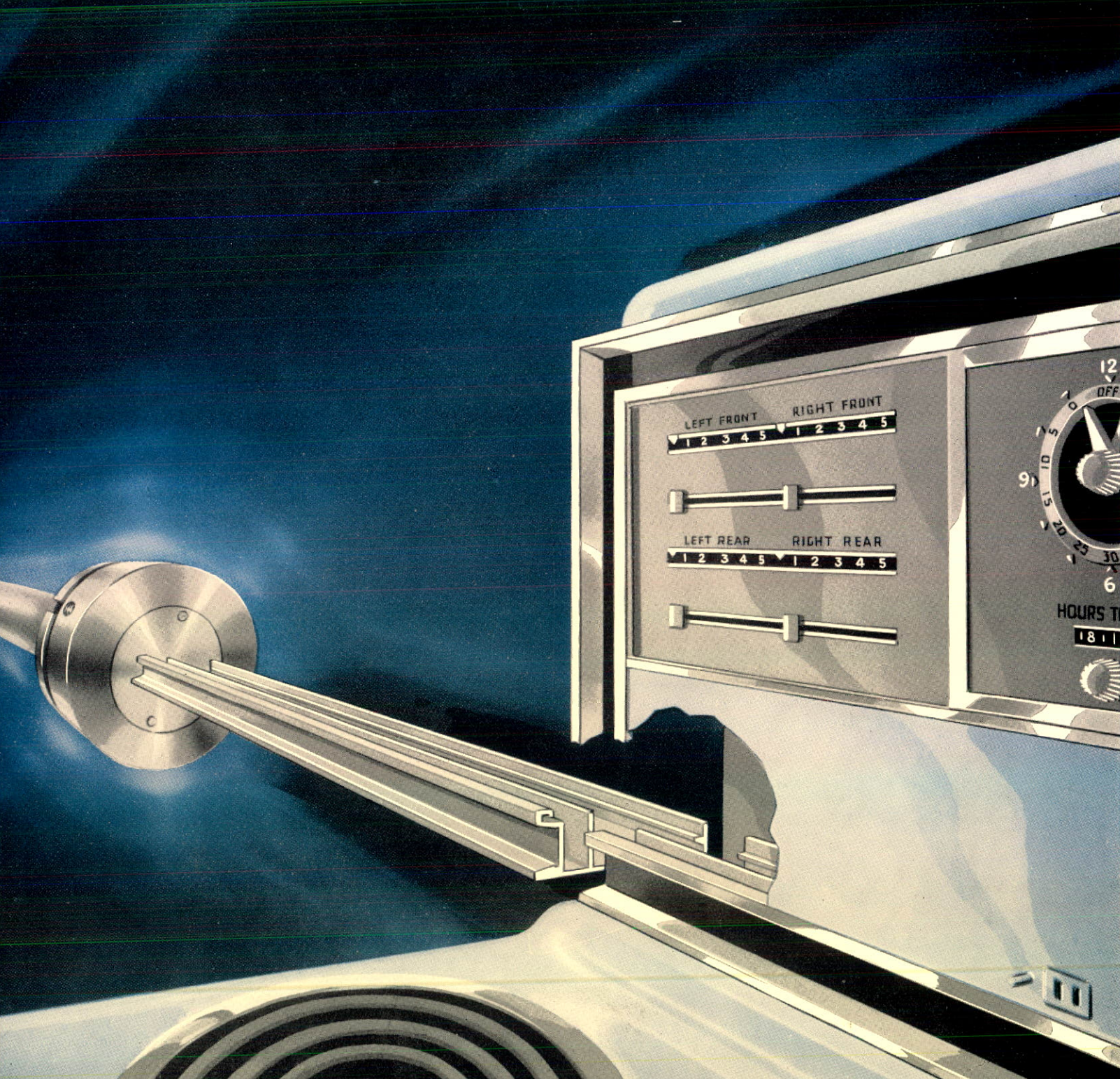
34th

ANNUAL
REPORT

BOHN

ALUMINUM & BRASS CORPORATION

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**FRAME PANEL FOR
ELECTRIC RANGE . . .**

extruded and finished at
Bohn's Decor-A-Trim Division
(Holland, Michigan).

The fully-integrated
fabricating facilities
of this Division enable
Bohn to supply users of
functional and decorative
trim •• a complete
manufacturing service from
billet to finished part.

BOHN

ALUMINUM & BRASS CORPORATION

ADMINISTRATIVE OFFICES • 1400 Lafayette Building, Detroit 26, Michigan

The Management

DIRECTORS

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

OFFICERS

SIMON D. DEN UYL	<i>Chairman of the Board</i>
TERRY W. KUHN	<i>President</i>
ERNEST K. MANN, JR.	<i>Vice-President and Treasurer</i>
RICHARD C. AYLWARD	<i>Vice-President</i>
GUY H. PITTS	<i>Vice-President</i>
H. BLAKE THOMAS	<i>Vice-President</i>
WILLIAM J. LANE	<i>Secretary</i>
KENNETH R. CRAWFORD	<i>Ass't. Secretary and Ass't. Treasurer</i>

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
660 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 National Bank Bldg., Detroit 26, Michigan

INDEPENDENT AUDITORS

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

MANAGEMENT'S REPORT TO STOCKHOLDERS

Your company has come through a very difficult year and despite adverse business conditions ended the year with a net profit of \$217,648, after giving effect to liquidating dividends from Reo Motors, Inc. of \$1,051,734. Sales for 1958 were \$31,669,280. This compares with 1957 sales of \$39,713,730 and earnings of \$1,087,935. The current year's provision for United States and Canadian taxes on income is \$20,000. This small tax provision is due primarily to sale and disposal of property on which the tax loss considerably exceeded the book loss. Actually Bohn will recover a portion of the income taxes paid in a preceding year through a change in assessment date of property taxes in Michigan. This change permits us to take an additional deduction for income tax purposes for 1958 that otherwise would not have been deductible until 1959. The estimated amount of taxes recoverable is shown on the balance sheet. Dividends of \$252,726 or \$.50 per share were paid in 1958. With the payment last week of the first quarter dividend for 1959, the company began its 35th consecutive year of dividend payments.

The general business decline which had begun in 1957 reached its lowest point in the first half of 1958. The metal working industries were among those industries most seriously affected. Then a gradual recovery began to take place and by the end of 1958 most segments of the economy were out of the doldrums and the outlook was brighter. For Bohn the turn was most noticeable in the last month of the year when December sales reached a higher volume than any other month in 1958.

During 1958 we made good use of the periods of reduced volume to make some needed improvements in our manufacturing setup. It was previously reported to the stockholders that we were consolidating three adjacent Detroit plants into one operation. This consolidation has now been completed and we are enjoying the benefits of increased efficiency in this plant. Also during 1958 new long-term labor contracts were negotiated on a sound basis.

The consolidated balance sheet shows the company to be in good financial condition. A comparison of figures for 1957 and 1958 shows that during 1958 the ratio of current assets to current liabilities increased from 4.51 to 1, to 5.17 to 1. Specifically, cur-

rent assets on December 31, 1958, were \$14,577,515 and current liabilities were \$2,817,657. On December 31, 1957, current assets were \$17,493,309 and current liabilities were \$3,882,530. In addition to making our regular payment in 1958 on the long-term loan from the Metropolitan Life Insurance Company, we made an additional payment on that loan. These two payments reduced our long-term indebtedness from \$5,000,000 to \$4,000,000.

Bohn's investment in Reo Motors, Inc., has proven to be profitable. Further liquidating dividends of \$1.60 per share were received from Reo during 1958. Bohn realized a total net gain of \$1,652,757 or \$2.47 on each share of Reo stock held by Bohn. This represents a substantial gain on our original investment in Reo of \$1.00 per share. (For more particular details see Note C to financial statements on page 6.)

At the end of 1957 Bohn acquired all of the outstanding stock of Plastray Corporation and its subsidiary Plastray Company (Canada) Limited, manufacturers and distributors of plastic housewares. These two companies have now completed their first year under Bohn ownership. You will be interested to know that despite an unusually competitive situation in the housewares industry—particularly the first six months of the year—these new companies produced a profit for Bohn. We are pleased with the way this acquisition has worked out.

We have developed—and applied for patents on—a new technique for manufacturing perforated aluminum trim. This new product, which is grille-like in appearance, can be furnished in a wide variety of designs and lends itself well to use with color. The product will soon be available for marketing and we expect that applications of it will be found in architecture, automotive, and major appliance design. (An illustration of this new product is on the inside back cover of this report.)

As you know, one phase of Bohn's business for many years has been as a supplier to the automotive industry. Our automotive business continues strong and each year additional Bohn-designed products are adopted by the industry. The Bohn Autothermic® piston is in use in more automobiles than any other type of piston. Bohn-designed steel-backed aluminum bearings

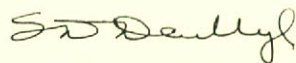
are gaining increasing recognition and we are confident the trend will be to this type of bearing. In the diesel and heavy duty truck engine field there is a growing interest in the ring carrier piston. Your company is making this type of piston for several manufacturers.

The foregoing describes our business in 1958. We are happy to tell you that our business so far in 1959 is much improved. Our first two months of the year were better from a sales and profit standpoint than the same months last year and if the present upward trend is maintained we expect to enjoy a satisfactory and profitable operation for 1959. The directors on February 24 declared a first quarter dividend of \$.25 per share to holders of record March 6, 1959.

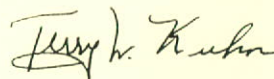
Guy H. Pitts, Vice President of Manufacturing, was elected a director on December 16, 1958. On January 1, 1959, Clyde M. Adams retired as Vice President of Purchasing after 40 years' service to Bohn. We are grateful to Mr. Adams for his contributions to the welfare of the company and we are pleased to have him continue as a director.

On January 22, 1959, Harry W. Holt of Palm Desert, California, resigned as a director of the company after many years of service. Mr. Holt was one of the original incorporators of the Bohn Aluminum & Brass Corporation and we are indebted to him for his valued counsel. On February 24, 1959, Shepard Broad of Miami Beach, Florida, was elected a director of the company to succeed Harry W. Holt.

The directors and officers wish to express appreciation to all stockholders and employees for their loyalty and interest in the Bohn Aluminum & Brass Corporation.



S. D. Den Uyl,
Chairman of the Board



Terry W. Kuhn,
President

March 23, 1959

1958

FINANCIAL HIGHLIGHTS

Net sales of products	\$31,669,280
Earnings before taxes	237,648
Provision for income taxes	20,000
Net earnings	217,648
Net earnings per share46
Dividends paid	252,726
Dividends paid per share50

BOHN ALUMINUM & BRASS CORPORATION AND

	December 31, 1958	December 31, 1957
CURRENT ASSETS:		
Cash	\$ 3,805,811	\$ 6,481,396
United States Government securities—at cost (approximately market)	—	499,375
Trade accounts receivable, less allowance for doubtful accounts (1958—\$89,000, 1957—\$92,700)	3,721,355	3,595,869
Refundable federal income taxes	185,000	—
Inventories—at lower of cost (first-in, first-out method) or market:		
In-process and finished products	\$ 2,239,972	\$ 2,262,892
Metals and other raw materials	3,825,067	3,864,948
Manufacturing supplies	349,961	460,259
	\$ 6,415,000	\$ 6,588,099
Prepaid insurance, taxes, and other expenses	450,349	328,570
TOTAL CURRENT ASSETS	\$14,577,515	\$17,493,309
INVESTMENTS AND OTHER ASSETS:		
Capital Stock of Reo Motors, Inc. (Delaware), 67.67% owned (Note C)	—	\$ 1
Deposit with bank under trust agreement (Note C)	\$ 670,000	—
Miscellaneous	453,802	408,724
	\$ 1,123,802	\$ 408,725
PROPERTY, PLANT, AND EQUIPMENT—at cost, less accumulated depreciation and amortization:		
Land	\$ 540,424	\$ 525,302
Buildings and building equipment	6,741,131	5,832,606
Machinery and other equipment	11,641,694	12,661,529
	\$18,923,249	\$19,019,437
Less accumulated depreciation and amortization	8,962,025	8,407,186
TOTAL PROPERTY, PLANT, AND EQUIPMENT	\$ 9,961,224	\$10,612,251
DEFERRED CHARGES	33,053	36,760
	\$25,695,594	\$28,551,045

ACCOUNTANTS'

February 18, 1959

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, 1958, 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 accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

SUBSIDIARIES — CONSOLIDATED BALANCE SHEETS

	December 31, 1958	December 31, 1957
CURRENT LIABILITIES:		
Trade accounts payable	\$ 1,254,530	\$ 1,339,191
Pay rolls and other compensation	518,999	568,605
Pay roll taxes and amounts withheld from employees	180,746	208,970
Accrued pension costs and other expenses	790,586	642,971
Federal taxes on income	72,796	197,307
Miscellaneous	—	425,486
Payment due within one year on note payable to insurance company	—	500,000
TOTAL CURRENT LIABILITIES	\$ 2,817,657	\$ 3,882,530
NOTE PAYABLE TO INSURANCE COMPANY (Note A):		
4¼%, due November 1, 1967; redemption price to November 1, 1959, 102.45%, declining .30% each year thereafter; minimum annual payment—\$500,000	\$ 4,000,000	\$ 5,000,000
Less payment due within one year (1959 requirement paid in 1958)	—	500,000
	<u>\$ 4,000,000</u>	<u>\$ 4,500,000</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 (no change during the year)	5,278,947	5,278,947
Earnings retained for use in the business (Note A)	12,187,730	12,222,808
	<u>\$20,133,437</u>	<u>\$20,168,515</u>
Less cost of Common Capital Stock in treasury—55,800 shares (Note D)	1,255,500	—
TOTAL STOCKHOLDERS' INVESTMENT	\$18,877,937	\$20,168,515
CONTINGENT LIABILITIES—see Note C		
	<u>\$25,695,594</u>	<u>\$28,551,045</u>

See notes to financial statements.

REPORT

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, 1958, 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

BOHN ALUMINUM & BRASS CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1958

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, 1958, earnings retained for use in the business of \$564,988 were free from this restriction.

Note B—Pension Plans

Unfunded past service costs under the Corporation's pension plans amounted to approximately \$3,800,000 at December 31, 1958, and are being amortized over periods not exceeding 30 years from the inception of the various plans.

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 distributed to the Reo stockholders. Although it is believed that the assets in the afore-mentioned trust will be adequate to discharge all liabilities, nevertheless, as an abundance of caution, 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 rateable 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 subject to examination 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

On January 22, 1959, the Board of Directors adopted, subject to stockholders' approval, 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 on that day 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.

BOHN ALUMINUM & BRASS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF NET EARNINGS

	1958	1957
Net sales	\$31,669,280	\$39,713,730
Miscellaneous revenue:		
Dividends on Diamond T Motor Car Company Common Stock	—	34,370
Other	189,493	209,765
	<u>\$31,858,773</u>	<u>\$39,957,865</u>
Costs and expenses:		
Cost of products sold, other than items below	\$28,168,358	\$35,367,296
Selling and administrative expenses, other than items below	2,459,767	2,475,444
Depreciation of plant and equipment	1,279,363	1,330,386
Cost of pensions for employees	329,068	397,355
Loss on sale of property, plant, and equipment	230,887	—
Interest on note payable to insurance company	205,416	230,208
	<u>\$32,672,859</u>	<u>\$39,800,689</u>
EARNINGS (LOSS*) BEFORE SPECIAL CREDITS AND TAXES ON INCOME	\$ 814,086*	\$ 157,176
Special credits:		
Gain on sale of Diamond T Motor Car Company Common Stock, less expenses	—	474,736
Excess of liquidating dividends received over cost of investment in Reo Motors, Inc. (Delaware), less expenses (Note C)	1,051,734	601,023
	<u>\$ 237,648</u>	<u>\$ 1,232,935</u>
EARNINGS BEFORE TAXES ON INCOME	\$ 237,648	\$ 1,232,935
United States and Canadian taxes on income:		
Provision for the year	\$ 20,000	\$ 275,000
Less refunds and overprovisions of prior years	—	130,000
	<u>\$ 20,000</u>	<u>\$ 145,000</u>
NET EARNINGS	<u>\$ 217,648</u>	<u>\$ 1,087,935</u>

CONSOLIDATED STATEMENT OF EARNINGS RETAINED
FOR USE IN THE BUSINESS

	1958	1957
Balance at beginning of year	\$12,222,808	\$11,801,563
Net earnings for the year	217,648	1,087,935
	<u>\$12,440,456</u>	<u>\$12,889,498</u>
Deduct cash dividends paid (1958—\$0.50 a share; 1957—\$1.25 a share)	252,726	666,690
Balance at end of year	<u>\$12,187,730</u>	<u>\$12,222,808</u>

See notes to financial statements.

BOHN ALUMINUM & BRASS CORPORATION AND SUBSIDIARIES

FINANCIAL INFORMATION

	1958	1957	1956	1955	1954
RECORD OF OPERATIONS:					
Net sales of products	\$31,669,280	\$39,713,730	\$51,590,741	\$57,496,063	\$42,790,525
Earnings (loss*) before taxes on income	\$ 237,648	\$ 1,232,935	\$ 1,608,866	\$ 4,667,290	\$ 1,401,004*
Provision for income taxes (credit*)	20,000	145,000	650,000	2,450,000	1,050,000*
Net earnings (loss*)	\$ 217,648	\$ 1,087,935	\$ 958,866	\$ 2,217,290	\$ 351,004*
FINANCIAL POSITION:					
Current assets	\$14,577,515	\$17,493,309	\$15,204,757	\$19,938,087	\$18,214,131
Current liabilities	\$ 2,817,657	\$ 3,882,530	\$ 4,522,268	\$ 7,272,398	\$ 4,278,992
Ratio	5.17 to 1	4.51 to 1	3.36 to 1	2.74 to 1	4.26 to 1
Working capital	\$11,759,858	\$13,610,779	\$10,682,489	\$12,665,689	\$13,935,139
Per share of Common Capital Stock ¹	\$ 24.63	\$ 25.52	\$ 20.03	\$ 23.81	\$ 26.36
Property, plant, and equipment (net)	\$ 9,961,224	\$10,612,251	\$ 9,991,470	\$ 9,018,922	\$ 9,067,118
Stockholders' investment	\$18,877,937	\$20,168,515	\$19,747,270	\$19,819,390	\$18,345,652
Per share of Common Capital Stock ¹	\$ 39.53	\$ 37.81	\$ 37.02	\$ 37.26	\$ 34.70
DIVIDEND PAYMENTS	\$ 252,726	\$ 666,690	\$ 1,065,779	\$ 820,977	\$ 370,039
PER SHARE OF COMMON CAPITAL STOCK:					
Earned (loss*) ¹	\$.46	\$ 2.04	\$ 1.80	\$ 4.17	\$.67*
Dividends paid	\$.50	\$ 1.25	\$ 2.00	\$ 1.55	\$.70
EXPENDITURES FOR PROPERTY, PLANT, AND EQUIPMENT	\$ 951,534	\$ 2,119,024	\$ 3,204,616	\$ 1,530,314	\$ 1,734,750
DEPRECIATION AND AMORTIZATION	\$ 1,279,363	\$ 1,330,386	\$ 1,404,404	\$ 1,438,356	\$ 1,397,126
AVERAGE NUMBER OF STOCKHOLDERS	4,400	4,700	4,600	4,300	4,500
AVERAGE NUMBER OF EMPLOYEES	2,000	2,400	2,700	3,000	3,200

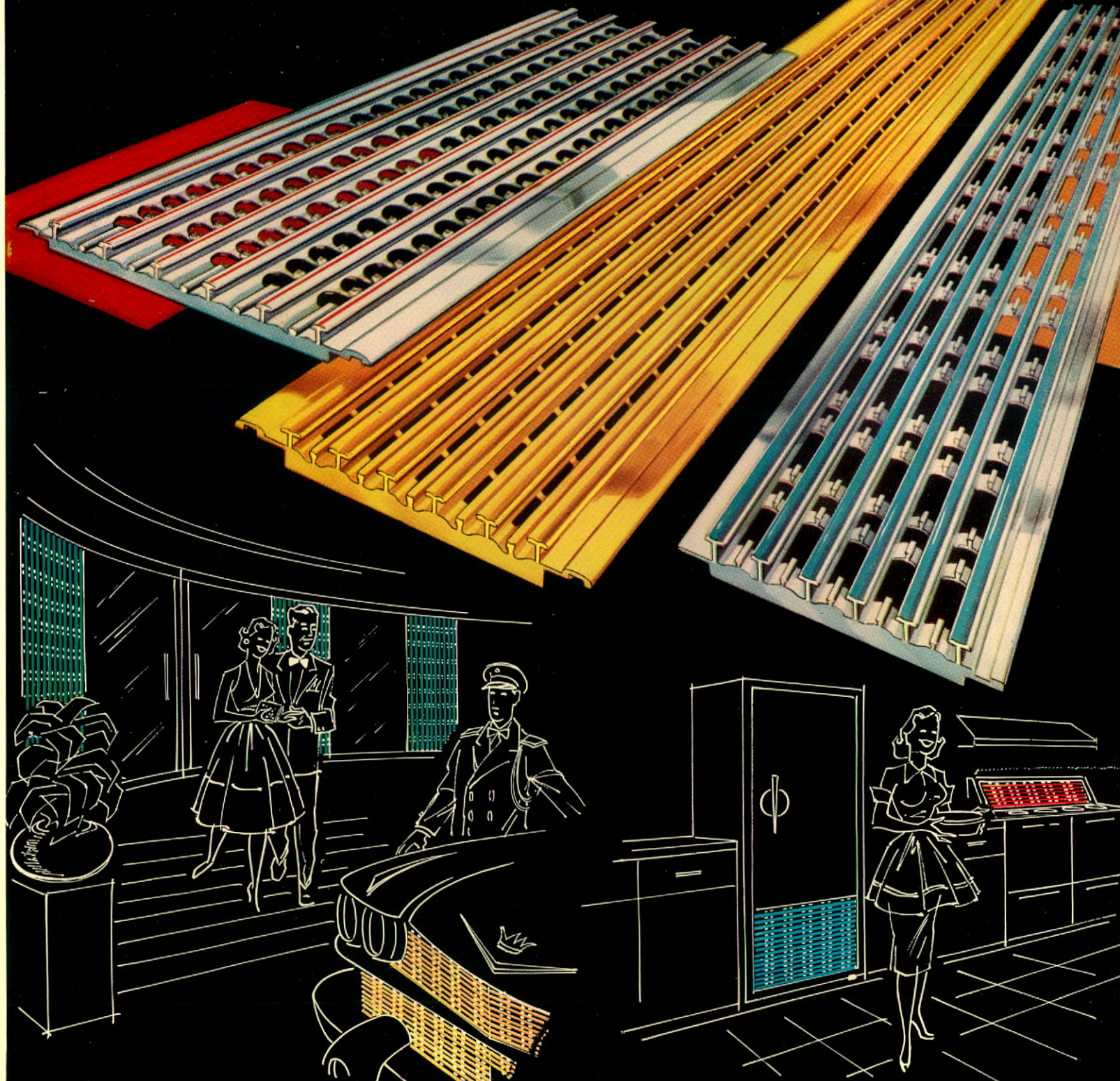
¹Per share amounts have been restated to give effect to the number of shares outstanding at the end of each year.

PERFORATED ALUMINUM TRIM

Shown here are typical designs and uses of Bohn's newest product—Perforated Aluminum Trim.*

Developed and engineered by our industrial designers, it will soon be available in a wide range of colors and distinctive patterns for architectural, automotive, appliance, heating and ventilating and general construction applications.

*Pat. Appl'd for



BOHN

ALUMINUM & BRASS CORPORATION



PLANTS:

MICHIGAN: DETROIT • ADRIAN • HOLLAND • SOUTH HAVEN
WALLED LAKE

INDIANA: GREENSBURG, BUTLER

ILLINOIS: DANVILLE

PRODUCTS:

ALUMINUM BILLETS • ALUMINUM EXTRUSIONS & FORGINGS

ALUMINUM PISTONS • PERMANENT MOLD CASTINGS

BEARINGS & BUSHINGS • BRASS & BRONZE INGOTS

BRASS ROD & SHAPES

HEAT TRANSFER UNITS FOR

AIR CONDITIONING & COMMERCIAL REFRIGERATION

REFRIGERATION COMPONENT PARTS

PLASTIC HOUSEWARES & PLASTIC CUSTOM MOLDING

SALES OFFICES:

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PLASTRAY CORPORATION, WALLED LAKE, MICHIGAN

PLASTRAY COMPANY (CANADA) LIMITED
PORT CREDIT, ONTARIO, CANADA