

BOHNN

ALUMINUM & BRASS CORPORATION

Annual Report ... year ended December 31, 1953

PRODUCTS MADE BY **BOHN**

CASTINGS Aluminum Sand Castings • Aluminum Permanent Mold Castings

ENGINE BEARINGS Aircraft • Automobile • Bus • Diesel • Marine • Tank • Tractor • Truck

EXTRUSIONS Aluminum and Brass • Standard and Special Shapes • Screw Machine Rod

FORGINGS Aluminum • Brass

NON-FERROUS INGOT METALS Brass • Bronze • Solders • Babbitts • Special Alloys

PISTONS Automobile • Bus • Diesel • Marine • Tank • Tractor • Truck • Hydraulic Brake

REFRIGERATION AND AIR CONDITIONING PRODUCTS Aluminum Evaporators and Cold Plates for refrigerators and freezers — Aluminum Coils, Condensers and Heat Exchange Surfaces

Front Cover

Vacuum fusion equipment in Bohn's research laboratories measures the amount of dissolved gases in a given metal sample. High concentrations of dissolved gases cause excessive porosity in metal parts.

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BOHN ALUMINUM AND BRASS CORPORATION

THE MANAGEMENT ANNUAL REPORT

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DIRECTORS

- CLYDE M. ADAMS - - - - - Detroit
- LEO M. BUTZEL - - - - - Detroit
- MARTIN C. CALLAHAN - - - - - Detroit
- GERALD W. CHAMBERLIN - - - - - Detroit
- SIMON D. DEN UYL - - - - - Detroit
- GEORGE M. ENDICOTT - - - - - Detroit
- HARRY W. HOLT - - - - - Palm Desert, Calif.
- TERRY W. KUHN - - - - - Detroit
- HARRY C. ROBBINS - - - - - Boston
- HOWARD J. STODDARD - - - - - Lansing, Mich.
- F. MILFORD TAYLOR - - - - - Detroit
- H. RANDALL WICKES - - - - - Saginaw, Mich.

OFFICERS

- SIMON D. DEN UYL - - - - - *President*
- TERRY W. KUHN - - - - - *Vice-President*
- ERNEST K. MANN, JR. - - - - - *Vice-President and Controller*
- GUSTAV A. SCHWENK, JR. - - - - - *Vice-President*
- CLYDE M. ADAMS - - - - - *Secretary*
- F. MILFORD TAYLOR - - - - - *Treasurer*
- JOHN L. ADAMS - - - - - *Assistant to the President*
- KENNETH R. CRAWFORD - - - - - *Ass't. Secretary and Ass't. Treasurer*

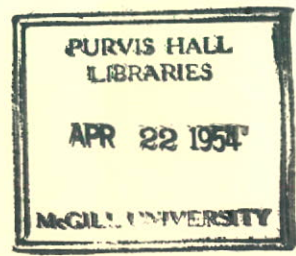
TRANSFER AGENT & DIVIDEND DISBURSING AGENT
 CITY BANK FARMERS TRUST COMPANY
 22 William St., New York 15, N. Y.

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

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

GENERAL COUNSEL
 BUTZEL, EAMAN, LONG, GUST & KENNEDY
 1881 National Bank Bldg., Detroit 26, Michigan

ADMINISTRATIVE OFFICES
 1400 Lafayette Building, Detroit 26, Michigan



MANAGEMENT'S REPORT

SALES: Net sales for 1953 were \$64,451,674, an increase of \$12,717,814 over the 1952 net sales of \$51,733,860.

EARNINGS: Federal taxes, including \$480,000 in excess profits tax, amounted to 62% of the earnings before tax of \$4,176,720, or \$2,580,000, leaving net earnings of \$1,596,720, equal to \$3.02 per share on the 528,627 shares outstanding. The 1952 net earnings were \$876,950, or \$1.66 per share.

DIVIDENDS: Dividends in the amount of \$581,490 were paid to stockholders in 1953, compared to \$484,575 paid in 1952.

WORKING CAPITAL: Working capital at December 31, 1953, was \$15,945,720, which is approximately the same as at December 31, 1952. Inventories have been reduced approximately \$3,700,000 to \$9,715,604 at December 31, 1953. The first payment of \$500,000 on the long-term insurance company loan becomes due on November 1, 1954, and, therefore, has been included in current liabilities.

PLANT OPERATIONS: Capital expenditures for new and improved plant and equipment during 1953 were approximately \$2,400,000, which makes a total of \$10,000,000 for such expenditures in the last five years. Certain obsolete machines and equipment and a parcel of land, not used in operations, were sold with a resulting nonrecurring gain of approximately \$280,000.

Our 1953 profits before income taxes have been charged with \$1,212,000 for depreciation, of which \$266,000 represents accelerated depreciation allowed on certain capital additions certified as essential to National Defense.

On February 22, 1954, the plant and facilities at Adrian, Michigan, which we were operating under letter contract, were returned to the United States Air Force. We were unable to negotiate a satisfactory long-term rental agreement, and while operations there were profitable during 1953, the forecasted future potential business did not warrant continuation under the existing contractual agreement.

The Automotive Replacement Parts Division had not, in recent years, made a satisfactory contribution to either sales or earnings; therefore, we discontinued warehouse and branch distribution of automotive replacement parts in 1953. Replacement parts inventories were sold to other service replacement distributing customers who will continue to be our customers for some or all of their requirements of replacement bearings and pistons. This released the plant facilities in Holland, Michigan, for use in the manufacture of refrigeration coils and condensers. These products will be used by manufacturers of air-conditioning units to supply the increased demand of this growing industry.

Aluminum evaporators for both domestic and commercial refrigeration and freezing units are increasing in use, and sales continue in substantial volume.

TO STOCKHOLDERS

The Nelson Bohnalite Autothermic piston continues to grow in popularity. To the already impressive list of cars using these pistons, we now add Chevrolet and Pontiac. We are also continuing volume production of other types of aluminum pistons for builders of passenger car, truck, tank and tractor engines.

BOHN ALUMINUM & BRASS CORPORATION FOUNDATION:

The Bohn Aluminum & Brass Corporation Foundation was established during 1953 to provide for future donations of a charitable, scientific and educational nature, and \$118,000 was contributed to the Foundation in 1953.

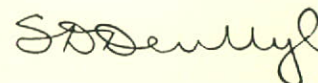
PUBLIC RELATIONS: Your Company received the Top Award of Freedoms Foundation at Valley Forge, Pennsylvania, on February 22, 1954, "for outstanding achievement in bringing about a better understanding of the American Way of Life" through its 1953 Advertising Program. We shall continue to stress the value of our basic American Freedoms and the attempts of Communism to destroy them.

MANAGEMENT: We deeply regret the loss of our distinguished founder and Board Chairman Charles B. Bohn, whose death on April 2, 1953, took from the industrial scene a pioneer in the progress of aluminum and brass production.

We also regret the passing on June 11, 1953, of Vice President and Director Henry Levitt, who was the Manager of our Smelting and Refining Division, and who had served the Company for over fifty years.

CONCLUSION: We welcome an economy that has less governmental controls, no excess profits tax, and a competitive market. To meet this challenge, our research and engineering staff and facilities have been expanded to develop more efficient methods and new and better products to supply a diversified list of customers. We have made substantial investments in modern and efficient production facilities to improve our product and lower our cost of production. Our sales organization has been expanded and trained to obtain results in the more competitive market existing today. The foregoing should produce satisfactory results for our stockholders.

Approved by the Board of Directors:



S. D. Den Uyl, *President*

March 24, 1954

BOHN ALUMINUM & BRASS CORP

	December 31, 1953	December 31, 1952
CURRENT ASSETS:		
Cash - - - - -	\$ 7,734,369	\$ 2,026,391
Trade accounts receivable, less provision of \$82,500 for doubtful accounts - - - - -	5,318,165	5,778,934
Unbilled costs under defense contracts - - - - -	759,304	968,557
Refundable federal excess profits taxes arising from carry-back of unused excess profits credit - -	—0—	170,000
Inventories—at lower of cost (first-in, first-out method) or market:		
In-process and finished products - - - - -	\$ 3,093,504	\$ 6,364,209
Metals - - - - -	6,044,463	6,222,842
Manufacturing supplies - - - - -	577,637	897,537
	\$ 9,715,604	\$13,484,588
Prepaid insurance, taxes, and other expenses - - - - -	450,020	457,290
TOTAL CURRENT ASSETS - - - - -	\$23,977,462	\$22,885,760
 OTHER ASSETS:		
Cash surrender value of life insurance - - - - -	—0—	162,300
 PROPERTY, PLANT, AND EQUIPMENT—at cost, less accumulated depreciation and amortization:		
Land - - - - -	\$ 927,866	\$ 957,705
Buildings and building equipment - - - - -	5,610,255	5,341,751
Machinery and other equipment - - - - -	9,533,827	8,398,123
	\$16,071,948	\$14,697,579
Less accumulated depreciation and amortization - - - - -	6,502,560	5,924,232
TOTAL PROPERTY, PLANT, AND EQUIPMENT - - - - -	\$ 9,569,388	\$ 8,773,347
 DEFERRED CHARGES - - - - -	 51,587	 55,294
	\$33,598,437	\$31,876,701

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

ACCOUNTANT

We have examined the balance sheet of Bohn Aluminum & Brass Corporation as of December 31, 1953, and the year then ended. Our examination was made in accordance with generally accepted auditing standards, and as necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of net earnings, earnings retained for use of Bohn Aluminum & Brass Corporation at December 31, 1953, and the results of its operations for the year then ended, in conformity with

CORPORATION • BALANCE SHEETS

	December 31, 1953	December 31, 1952
CURRENT LIABILITIES:		
Trade accounts payable - - - - -	\$ 1,868,899	\$ 3,941,538
Pay rolls and other compensation - - - - -	1,665,217	1,037,115
Pay roll taxes and taxes withheld from employees - - - - -	353,628	433,865
Accrued pension costs and other expenses - - - - -	975,602	531,531
Federal taxes on income - - - - -	2,668,396	881,187
Payment due within one year on note payable to insurance company - - - - -	500,000	—0—
TOTAL CURRENT LIABILITIES - - - - -	<u>\$ 8,031,742</u>	<u>\$ 6,825,236</u>
NOTE PAYABLE TO INSURANCE COMPANY (Note B):		
4¼%, due November 1, 1967; redemption price to November 1, 1954, 103.95%, declining .30% each year thereafter; minimum annual payments 1954 to 1966—\$500,000 - - - - -	\$ 7,000,000	\$ 7,000,000
Less payment due within one year - - - - -	500,000	—0—
	<u>\$ 6,500,000</u>	<u>\$ 7,000,000</u>
STOCKHOLDERS' INVESTMENT:		
Common Capital Stock, par value \$5.00 a share:		
Authorized 1,200,000 shares (options for 44,150 shares are outstanding under the 1952 Restricted Stock Option Plan at a price of \$23.75 a share, which is 95% of the highest market price between the dates of granting and amending such options; options for 16,380 of these shares are exercisable)		
Issued and outstanding 528,627 shares - - - - -	\$ 2,643,135	\$ 2,643,135
Additional paid-in capital - - - - -	5,190,354	5,190,354
Earnings retained for use in the business, after transfer of \$4,202,585 to capital on June 20, 1952 (Note B) - - - - -	11,233,206	10,217,976
TOTAL STOCKHOLDERS' INVESTMENT - - - - -	<u>\$19,066,695</u>	<u>\$18,051,465</u>
	<u>\$33,598,437</u>	<u>\$31,876,701</u>

Note A—Unfunded past service costs under the Corporation's pension plans amounted to approximately \$3,000,000 at December 31, 1953, and are being amortized over a period of 30 years from 1950.

Note B—The note payable to an insurance company 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 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. At December 31, 1953, earnings retained for use in the business of \$1,407,723 were free from this restriction.

Note C—Profits on certain sales of the Corporation for the years ended December 31, 1953, and December 31, 1952, are subject to the Renegotiation Act. These profits, however, are believed to be reasonable and no provision has been made for possible renegotiation refunds.

AUDITORS' REPORT

February 26, 1954

We have examined the related statements of net earnings, earnings retained for use in the business, and additional paid-in capital for the year ending December 31, 1953, and accordingly included such tests of the accounting records and such other auditing procedures as we considered

appropriate. In our opinion, the financial position of the business, and additional paid-in capital present fairly the financial position of Bohn Aluminum & Brass Corporation as of December 31, 1953, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TOUCHE, NIVEN, BAILEY & SMART
Certified Public Accountants

EARNINGS

BOHN ALUMINUM &

STATEMENT OF NET EARNINGS

	1953	1952
Net sales - - - - -	\$64,451,674	\$51,733,860
Miscellaneous income:		
Gain on disposal of land, buildings, and equipment - - - - -	280,423	—0—
Proceeds from life insurance, less cash surrender value - - - - -	87,700	—0—
Other - - - - -	69,981	74,657
	<u>\$64,889,778</u>	<u>\$51,808,517</u>
Costs and expenses:		
Cost of products sold - - - - -	\$54,982,845	\$44,837,899
Depreciation of plant and equipment - - - - -	1,212,780	1,054,844
Cost of pensions for employees - - - - -	407,515	377,940
Selling, advertising, and administrative expenses - - - - -	3,812,418	3,984,155
Interest on note payable to insurance company - - - - -	297,500	22,312
Interest on notes payable to banks - - - - -	—0—	74,417
	<u>\$60,713,058</u>	<u>\$50,351,567</u>
EARNINGS BEFORE TAXES ON INCOME - - - - -	\$ 4,176,720	\$ 1,456,950
Federal taxes on income:		
Normal tax and surtax - - - - -	\$ 2,100,000	\$ 750,000
Excess profits tax (refund* arising from carry-back of unused excess profits credit) - - - - -	480,000	170,000*
	<u>\$ 2,580,000</u>	<u>\$ 580,000</u>
NET EARNINGS - - - - -	<u>\$ 1,596,720</u>	<u>\$ 876,950</u>

STATEMENT OF ADDITIONAL PAID-IN CAPITAL

	1953	1952
Balance at beginning of year - - - - -	\$ 5,190,354	\$ 1,868,814
Credit arising from stock distribution made to holders of Common Capital Stock - - - - -	—0—	3,321,540
Balance at end of year - - - - -	<u>\$ 5,190,354</u>	<u>\$ 5,190,354</u>

STATEMENT OF EARNINGS RETAINED FOR USE IN THE BUSINESS

	1953	1952
Balance at beginning of year - - - - -	\$10,217,976	\$14,028,186
Net earnings for the year - - - - -	1,596,720	876,950
	<u>\$11,814,696</u>	<u>\$14,905,136</u>
Deductions:		
Cash dividends paid (1953—\$1.10 a share; 1952—\$1.00 a share on 352,418 shares and \$0.25 a share on 528,627 shares) - - - - -	\$ 581,490	\$ 484,575
Stock distribution made on June 20, 1952, to holders of Common Capital Stock (one share for each two shares outstanding—176,209 shares) - - - - -	—0—	4,202,585
	<u>\$ 581,490</u>	<u>\$ 4,687,160</u>
Balance at end of year - - - - -	<u>\$11,233,206</u>	<u>\$10,217,976</u>

See notes on balance sheet.

BRASS CORPORATION

FINANCIAL INFORMATION

	<u>1953</u>	<u>1952</u>	<u>1951</u>	<u>1950</u>	<u>1949</u>
RECORD OF OPERATIONS:					
Net sales of products - - - - -	\$64,451,674	\$51,733,860	\$47,693,593	\$39,839,677	\$29,233,356
Earnings (loss*) before taxes on income - - -	\$ 4,176,720	\$ 1,456,950	\$ 4,386,078	\$ 3,295,585	\$ 998,429*
Provision for federal taxes (credit*) - - - -	2,580,000	580,000	2,950,000	1,517,187	433,000*
Net earnings (loss*) - - - - -	<u>\$ 1,596,720</u>	<u>\$ 876,950</u>	<u>\$ 1,436,078</u>	<u>\$ 1,778,398</u>	<u>\$ 565,429*</u>
FINANCIAL POSITION:					
Current assets - - - - -	\$23,977,462	\$22,885,760	\$16,920,758	\$15,247,512	\$12,556,459
Current liabilities - - - - -	\$ 8,031,742	\$ 6,825,236	\$ 7,070,456	\$ 5,189,768	\$ 2,421,876
Ratio - - - - -	2.98 to 1	3.35 to 1	2.39 to 1	2.94 to 1	5.18 to 1
Working capital - - - - -	\$15,945,720	\$16,060,524	\$ 9,850,302	\$10,057,744	\$10,134,583
Per share of Common Capital Stock - - - -	\$30.16	\$30.38	\$18.63	\$19.03	\$19.17
Property, plant, and equipment (net) - - - -	\$ 9,569,388	\$ 8,773,347	\$ 7,647,358	\$ 6,461,819	\$ 5,042,497
Long-term note payable - - - - -	\$ 6,500,000	\$ 7,000,000	—0—	—0—	—0—
Stockholders' investment - - - - -	\$19,066,695	\$18,051,465	\$17,659,090	\$16,839,743	\$15,501,867
Per share of Common Capital Stock - - - -	\$36.07	\$34.15	\$33.41	\$31.86	\$29.32
DIVIDEND PAYMENTS - - - - -	\$ 581,490	\$ 484,575	\$ 616,731	\$ 440,522	\$ 176,209
PER SHARE OF COMMON CAPITAL STOCK:					
Earned (loss*) - - - - -	\$3.02	\$1.66	\$2.72	\$3.36	\$1.07*
Dividends paid - - - - -	\$1.10	\$.92	\$1.17	\$.83	\$.33
EXPENDITURES FOR PROPERTY, PLANT, AND EQUIPMENT - - - - -	\$ 2,397,090	\$ 2,348,900	\$ 2,006,233	\$ 2,199,805	\$ 1,339,768
DEPRECIATION AND AMORTIZATION - - -	\$ 1,212,780	\$ 1,054,844	\$ 719,137	\$ 500,363	\$ 428,381
AVERAGE NUMBER OF STOCKHOLDERS - -	4,700	4,600	4,600	4,600	4,700
AVERAGE NUMBER OF EMPLOYEES - - - -	4,600	4,500	4,000	3,700	3,000

Per share amounts for 1951 and prior years have been restated to give effect to the 50% stock distribution of June 20, 1952, and thereby all years are on a comparable basis.

The new 1954 Bohn advertising series (illustration at right) is designed to remind Americans of the contributions of industry.

It is a reminder, too, that the basis of progress is freedom.

Bohn Aluminum & Brass Corporation shares with all industry the grave responsibility of maintaining progress by helping to preserve freedom.

WHAT CHANGED THIS PICTURE?

American ingenuity changed this picture. People got tired of wrestling ice and emptying drip-pans. The refrigeration industry . . . a big user of Bohn evaporators and other Bohn products . . . was free to develop today's automatic refrigerator that we all take for granted. Improvements haven't stopped. They won't stop, if you make it your personal business to see that no one is permitted to destroy our freedom of opportunity.



BOHN

ALUMINUM & BRASS CORPORATION

