

BOHN

ALUMINUM & BRASS CORPORATION

Annual Report

YEAR ENDED DECEMBER 31, 1952





PRODUCTS OF CRAFTSMANSHIP

BEARINGS Aircraft—Automobile—Bus—Diesel—Marine—Tank—Tractor—Truck

BRASS SCREW MACHINE ROD

CASTINGS Aluminum Sand Castings—Aluminum Permanent Mold Castings

EXTRUSIONS Aluminum and Brass—Standard and Special Shapes

FORGINGS Aluminum—Brass

MACHINED PARTS Brass Forgings—Brass Screw Machine Parts

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

REFRIGERATION Aluminum Evaporators for refrigerators and deep freeze units

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

AUTOMOTIVE REPLACEMENT PARTS Bearings—Pistons

GENUINE
BOHNALITE
PRODUCTS

THE MANAGEMENT

DIRECTORS

CLYDE M. ADAMS	- - - - -	Detroit
CHARLES B. BOHN	- - - - -	Detroit
LEO M. BUTZEL	- - - - -	Detroit
MARTIN C. CALLAHAN	- - - - -	Detroit
SIMON D. DEN UYL	- - - - -	Detroit
HARRY W. HOLT	- - - - -	Palm Desert, Calif.
TERRY W. KUHN	- - - - -	Detroit
HENRY LEVITT	- - - - -	Detroit
HARRY C. ROBBINS	- - - - -	Boston
HOWARD J. STODDARD	- - - - -	Lansing, Mich.
H. RANDALL WICKES	- - - - -	Saginaw, Mich.

OFFICERS

CHARLES B. BOHN	- - - - -	<i>Chairman of the Board</i>
SIMON D. DEN UYL	- - - - -	<i>President</i>
HENRY LEVITT	- - - - -	<i>Vice-President</i>
TERRY W. KUHN	- - - - -	<i>Vice-President</i>
CLYDE M. ADAMS	- - - - -	<i>Secretary</i>
F. MILFORD TAYLOR	- - - - -	<i>Treasurer</i>
JOHN L. ADAMS	- - - - -	<i>Assistant to the President</i>
ERNEST K. MANN, JR.	- - - - -	<i>Controller</i>
VICTOR C. MROWCA	- - - - -	<i>Assistant Secretary</i>
KENNETH R. CRAWFORD	- - - - -	<i>Assistant Treasurer</i>

REGISTRAR

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

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

TRANSFER AGENT & DIVIDEND DISBURSING AGENT

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

ADMINISTRATIVE OFFICES

1400 Lafayette Building, Detroit 26, Michigan

MANAGEMENT'S REPORT

Sales: Net sales for 1952 were \$51,733,860, an increase of \$4,040,267, or 8.47%, over the 1951 total of \$47,693,593.

Earnings: Earnings before federal taxes amounted to \$1,456,950. The federal tax is estimated at \$750,000; however, this is subject to a tax carry-back credit of \$170,000 from the excess profits tax paid for 1951. The resultant net earnings, therefore, are \$876,950, or approximately \$1.66 per share on 528,627 shares outstanding.

The decline in earnings in spite of the increase in sales is the result of several adverse developments. During the entire year practically all our selling prices on civilian goods were frozen by the various regulations of the Office of Price Stabilization. It was impossible to get any tangible relief on prices, except for minor increases on the "pass through" of material cost increases. On the contrary, hourly labor rates increased during the year in accordance with the provisions of our labor contracts, which in general follow the pattern in the automotive industry in that they call for adjustments proportionate to the cost of living increase plus an annual improvement factor. This increase in labor cost had to be absorbed because the Wage Stabilization Board refused to permit it to be used as the basis for an appeal for price relief. A serious squeeze on profits resulted.

The prolonged steel strike sharply reduced operations of many of our customers, especially in the automotive field, resulting in loss of volume in shipments in the items on which a high volume must be maintained in order to make a profit.

Earnings were also reduced by the expense entailed in building up supervisory staffs at the Greensburg, Indiana, bearing

plant and the government-owned extrusion and forging mill, Plant 24, at Adrian, Michigan. During the build-up period in any such operation, such personnel expense results in an operational loss for that particular plant because of lack of any or at best very meager sales.

Depreciation is a normal charge against profits, but this year we have added many capital additions on which we have been able to use accelerated depreciation. On a long range basis it is beneficial to the share owners to use accelerated depreciation to the extent permitted. Our 1952 profits before income taxes have been, therefore, charged with \$295,768, which represents an excess over normal depreciation rates.

Capital Investments: The program to rehabilitate our plants and equipment, initiated in 1949, was nearly completed in 1952 by additional capital expenditures, bringing the total so invested to approximately \$7,500,000 during the past four years.

As a part of this program, the expansion of our Research facilities has been completed, so that we now have modern laboratory and mechanical equipment adequate for the technical supervision of our various manufacturing operations and also to investigate and develop new methods and processes for future applications.

Inventories: Inventories as a whole increased by about \$4,000,000. Over half of this is the metal inventory at Plant 24 extrusion and forging plant, which had no inventory the previous year. This plant's metal stock may be increased even more to keep pace with its expanding production. The Greensburg,

TO STOCKHOLDERS

Indiana, bearing plant, which is now in production, also added considerably to inventory for metals and work in process which was nonexistent the previous year. The balance represents increases mostly in metals inventory at the foundries and other plants.

Long-term Loan: Because of expanding operations, as indicated by capital expenditures, and increases in inventories and accounts receivable, it was necessary to add to our working capital. Accordingly, a long-term loan agreement for \$7,000,000 was negotiated. Additional information on this transaction is shown in the balance sheet and the proxy statement.

Products: The new facilities at Greensburg provide us with the tools to make a new type of bearing, steel backed and aluminum lined, which is already in production for one large user, and others are actively testing it.

Rehabilitation of the government-owned Plant 24 at Adrian and installation of new items of equipment continue. This is all, of course, at government expense. Already substantial shipments of large aluminum forgings for jet fighter planes have been made, as well as steel extrusions for propellers. Production of aluminum extrusions is increasing.

To the list of users of the Nelson Bohnalite Autothermic piston, namely, Chrysler 8, Ford, Lincoln, Mercury, Nash, Oldsmobile and Packard, will shortly be added the names of two other well-known cars. Molds for production are now in process. Other types of pistons for other engines—passenger cars, trucks, tanks and tractors—are in volume production.

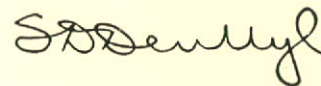
In April, 1952, an agreement was made with the Glidden Company of Cleveland to make a joint effort in the development of methods for production of pure titanium metal, its compounds and alloys, and in the fabrication of ductile titanium and its alloys. Research facilities of both companies will be used on the project, with complete exchange of information between them. Although the present high cost of titanium restricts its commercial use, it possesses such desirable physical properties that it may have an important place in our future operations as more economical methods of making it are discovered.

Conclusion: Present indications lead us to believe that 1953 operations will show a decided improvement over 1952. Under a freer economy instead of an artificially controlled one we believe we are ready to better serve our customers and stockholders.

Approved by the Board of Directors:



Charles B. Bohn, *Chairman*



S. D. Den Uyl, *President*

March 13, 1953

BOHN ALUMINUM & BRASS CORP.

	December 31, 1952	December 31, 1951
CURRENT ASSETS:		
Cash - - - - -	\$ 2,026,391	\$ 3,184,369
Trade accounts receivable, less provision of \$82,500 for doubtful accounts - - - - -	5,778,934	3,838,040
Unbilled costs under defense contracts - - - - -	968,557	—0—
Refundable federal excess profits taxes arising from carry-back of unused excess profits credit - -	170,000	—0—
Inventories—at lower of cost (first-in, first-out method) or market:		
In-process and finished products - - - - -	\$ 6,364,209	\$ 5,314,580
Metals - - - - -	6,222,842	3,586,846
Manufacturing supplies - - - - -	897,537	573,036
	\$13,484,588	\$ 9,474,462
Prepaid insurance, taxes, and other expenses - - - - -	457,290	423,887
TOTAL CURRENT ASSETS - - - - -	\$22,885,760	\$16,920,758
OTHER ASSETS:		
Cash surrender value of life insurance - - - - -	162,300	157,950
PROPERTY, PLANT, AND EQUIPMENT—at cost, less accumulated depreciation and amortization:		
Land - - - - -	\$ 957,705	\$ 956,821
Buildings and building equipment - - - - -	5,341,751	5,116,034
Machinery and other equipment - - - - -	8,398,123	7,113,541
	\$14,697,579	\$13,186,396
Less accumulated depreciation and amortization - - - - -	5,924,232	5,539,038
TOTAL PROPERTY, PLANT, AND EQUIPMENT - - - - -	\$ 8,773,347	\$ 7,647,358
DEFERRED CHARGES - - - - -	55,294	3,480
	\$31,876,701	\$24,729,546

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, 1952, and for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of net earnings, earnings retained for use Corporation at December 31, 1952, and the results of its operations for the year then ended, in conformity with

CORPORATION • BALANCE SHEETS

	December 31, 1952	December 31, 1951
CURRENT LIABILITIES:		
Trade accounts payable - - - - -	\$ 3,941,538	\$ 2,132,303
Pay rolls and other compensation - - - - -	1,037,115	1,131,788
Pay roll taxes and taxes withheld from employees - - - - -	433,865	389,947
Accrued pension costs and other expenses - - - - -	531,531	390,892
Federal taxes on income - - - - -	881,187	3,025,526
TOTAL CURRENT LIABILITIES - - - - -	<u>\$ 6,825,236</u>	<u>\$ 7,070,456</u>
NOTE PAYABLE TO INSURANCE COMPANY (Note B):		
4¼%, due November 1, 1967; redemption price to November 1, 1953, 104.25%, declining .30% each year thereafter; minimum annual prepayments 1954 to 1966—\$500,000 - - - - -	7,000,000	—0—
STOCKHOLDERS' INVESTMENT:		
Common Capital Stock, par value \$5.00 a share:		
Authorized: 1952—1,200,000 shares (options for 59,100 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); 1951—375,000 shares		
Issued and outstanding: 1952—528,627 shares; 1951—352,418 shares - - - - -	\$ 2,643,135	\$ 1,762,090
Additional paid-in capital - - - - -	5,190,354	1,868,814
Earnings retained for use in the business, after transfer of \$4,202,585 to capital on June 20, 1952 (Note B) - - - - -	10,217,976	14,028,186
TOTAL STOCKHOLDERS' INVESTMENT - - - - -	<u>\$18,051,465</u>	<u>\$17,659,090</u>

Note A—Unfunded past service costs under the Corporation's pension plans amounted to approximately \$2,600,000 at December 31, 1952, 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, 1952, earnings retained for use in the business of \$1,067,765 were free from this restriction.

<u>\$31,876,701</u>	<u>\$24,729,546</u>
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S' REPORT

February 20, 1953

and the related statements of net earnings, earnings retained for use in the business, and additional paid-in capital accordingly included such tests of the accounting records and such other auditing procedures as we considered

in the business, and additional paid-in capital present fairly the financial position of Bohn Aluminum & Brass on a generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TOUCHE, NIVEN, BAILEY & SMART
Certified Public Accountants

STATEMENT OF NET EARNINGS

	1952	1951
Net sales - - - - -	\$51,733,860	\$47,693,593
Miscellaneous income - - - - -	74,657	155,033
	<u>\$51,808,517</u>	<u>\$47,848,626</u>
Costs and expenses:		
Cost of products sold - - - - -	\$44,837,899	\$38,822,966
Depreciation of plant and equipment (including accelerated depreciation of emergency facilities) - - - - -	1,054,844	719,137
Cost of pensions for employees - - - - -	377,940	357,717
Selling, advertising, and administrative expenses - - - - -	3,983,481	3,562,728
Interest - - - - -	97,403	—0—
	<u>\$50,351,567</u>	<u>\$43,462,548</u>
EARNINGS BEFORE TAXES ON INCOME - - - - -	<u>\$ 1,456,950</u>	<u>\$ 4,386,078</u>
Federal taxes on income:		
Normal tax and surtax - - - - -	\$ 750,000	\$ 2,200,000
Excess profits tax (refund* arising from carry-back of unused excess profits credit) - - - - -	170,000*	750,000
	<u>\$ 580,000</u>	<u>\$ 2,950,000</u>
NET EARNINGS - - - - -	<u>\$ 876,950</u>	<u>\$ 1,436,078</u>

STATEMENT OF ADDITIONAL PAID-IN CAPITAL

	1952	1951
Balance at beginning of year - - - - -	\$ 1,868,814	\$ 1,868,814
Credit arising from stock distribution made to holders of Common Capital Stock - - - - -	3,321,540	—0—
Balance at end of year - - - - -	<u>\$ 5,190,354</u>	<u>\$ 1,868,814</u>

STATEMENT OF EARNINGS RETAINED FOR USE IN THE BUSINESS

	1952	1951
Balance at beginning of year - - - - -	\$14,028,186	\$13,208,839
Net earnings for the year - - - - -	876,950	1,436,078
	<u>\$14,905,136</u>	<u>\$14,644,917</u>
Deductions:		
Cash dividends paid (1952—\$1.00 a share on 352,418 shares and \$0.25 a share on 528,627 shares; 1951—\$1.75 a share) - - - - -	\$ 484,575	\$ 616,731
Stock distribution made on June 20, 1952, to holders of Common Capital Stock (one share for each two shares outstanding—176,209 shares) - - - - -	4,202,585	—0—
	<u>\$ 4,687,160</u>	<u>\$ 616,731</u>
Balance at end of year - - - - -	<u>\$10,217,976</u>	<u>\$14,028,186</u>

BRASS CORPORATION

FINANCIAL INFORMATION

	<u>1952</u>	<u>1951</u>	<u>1950</u>	<u>1949</u>	<u>1948</u>
OPERATING:					
Net sales - - - - -	\$51,733,860	\$47,693,593	\$39,839,677	\$29,233,356	\$35,534,708
Earnings (loss*) before taxes on income - - - -	\$ 1,456,950	\$ 4,386,078	\$ 3,295,585	\$ 998,429*	\$ 1,581,105
% to sales - - - - -	2.8%	9.2%	8.3%	3.4%*	4.4%
Per share - - - - -	\$2.76	\$8.30	\$6.23	\$1.89*	\$2.99
Net earnings (loss*) - - - - -	\$ 876,950	\$ 1,436,078	\$ 1,778,398	\$ 565,429*	\$ 971,105
% to sales - - - - -	1.7%	3.0%	4.5%	1.9%*	2.7%
Per share - - - - -	\$1.66	\$2.72	\$3.36	\$1.07*	\$1.84
Taxes:					
Federal taxes on income (credit*) - - - - -	\$ 580,000	\$ 2,950,000	\$ 1,517,187	\$ 433,000*	\$ 610,000
All other - - - - -	1,096,618	1,094,205	954,195	952,646	1,075,106
Total - - - - -	\$ 1,676,618	\$ 4,044,205	\$ 2,471,382	\$ 519,646	\$ 1,685,106
Per share - - - - -	\$3.17	\$7.65	\$4.68	\$.98	\$3.19
FINANCIAL:					
Net working capital - - - - -	\$16,060,524	\$ 9,850,302	\$10,057,744	\$10,134,583	\$10,940,479
Property, plant, and equipment (net) - - - -	\$ 8,773,347	\$ 7,647,358	\$ 6,461,819	\$ 5,042,497	\$ 4,965,511
Stockholders' investment - - - - -	\$18,051,465	\$17,659,090	\$16,839,743	\$15,501,867	\$16,243,505
Book value per share - - - - -	\$34.15	\$33.41	\$31.86	\$29.32	\$30.73
APPROXIMATE NUMBER OF STOCKHOLDERS -	4,600	4,600	4,600	4,700	6,000
AVERAGE NUMBER OF EMPLOYEES - - - -	4,500	4,000	3,700	3,000	3,900

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.

Our new advertising program is directed to the youth and adults of America, to help guide their thinking on subjects vital to the continued growth of our country . . . The nation's outstanding leaders are participating in this new series of public service messages . . . Shown at the right are the first two advertisements in the new program.



Photo by GEO. E. KAWAMOTO

Young America asks **EDGAR A. GUEST:**

“Is the Golden Rule out of date?”

**An Interview Between
EDGAR GUEST and DONN SHELTON**
Distinguished poet and philosopher Edgar A. Guest is interviewed by 17 year old Donn R. Shelton, Boys Club leader, Honorary City Treasurer of Detroit, 1952, and Co-editor of the Chadsey High School paper.

Mr. Guest's answer to his important question is a message for all America's youth.

Here is Mr. Guest's answer . . . "Donn, the Golden Rule will never be out of date. It will never lose its importance simply because some fail to follow it in principle.

"I can appreciate why you and other young people, during this age of uncertainty and constant crisis, might be sincerely concerned about its practical application to everyday living. But too often we forget that the simple things in life are the most fundamental and worth while.

"When Jesus made His famous statement, commonly expressed as, 'Do unto others as you would have others do unto you', He laid down a basic formula for human behavior that has enormous power. This time-tested formula is as realistic today as it was two thousand years ago.

"Intelligent, ambitious American youth, facing the mounting problems of our day, will find no greater practical guide for successful living than the Golden Rule."

BOHN ALUMINUM and BRASS CORPORATION
General Offices: Lafayette Building, Detroit 26, Michigan

FORGINGS • PISTONS • BEARINGS • EXTRUSIONS • CASTINGS • INGOTS • REFRIGERATION PRODUCTS • AIRCRAFT PARTS • AUTOMOTIVE REPLACEMENT PARTS

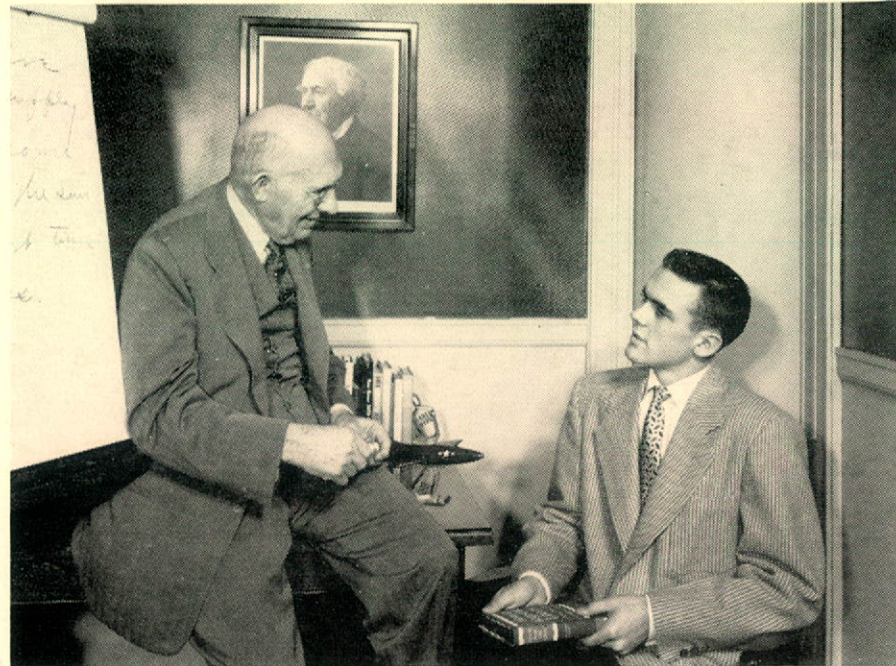


Photo by GEO. E. KAWAMOTO

Young America asks **CHARLES F. KETTERING:**

“What makes men successful?”

**An Interview Between
CHARLES KETTERING and ROBERT SHARP**
Inventor, engineer and humanitarian Charles F. Kettering, Research Consultant for General Motors, is interviewed by 17 year old Robert Sharp of Royal Oak, Michigan, Senior Class President and Captain of his High School track and basketball teams.

Mr. Kettering's answer to Robert's question is a message for all America's youth.

Here is Mr. Kettering's answer . . . "Robert, success means many things to many people. But to me young America will never go wrong if it follows these three principles:

"First, develop the desire and ability to create . . . to do something original . . . something no one has ever done or been able to do before. Second, acquire the quality of persistence, the urge to keep going until a job is finished . . . regardless of surroundings, poverty or health. Third, be dissatisfied. This seems to be the standard equipment of successful men. Regardless of how outstanding their work

appears to the world, they themselves are never satisfied and are sure if they had it to do over, they could have done a better job.

"Looking forward, it often seems as if all of the worth while things have been done. But if we re-examine the world around us with a fresh outlook . . . raise our sights above our man-made limitations . . . I am sure we shall be surprised to learn how little we really know. Successful men are never fooled by the limitations of the past, they know that new opportunities always lie ahead."

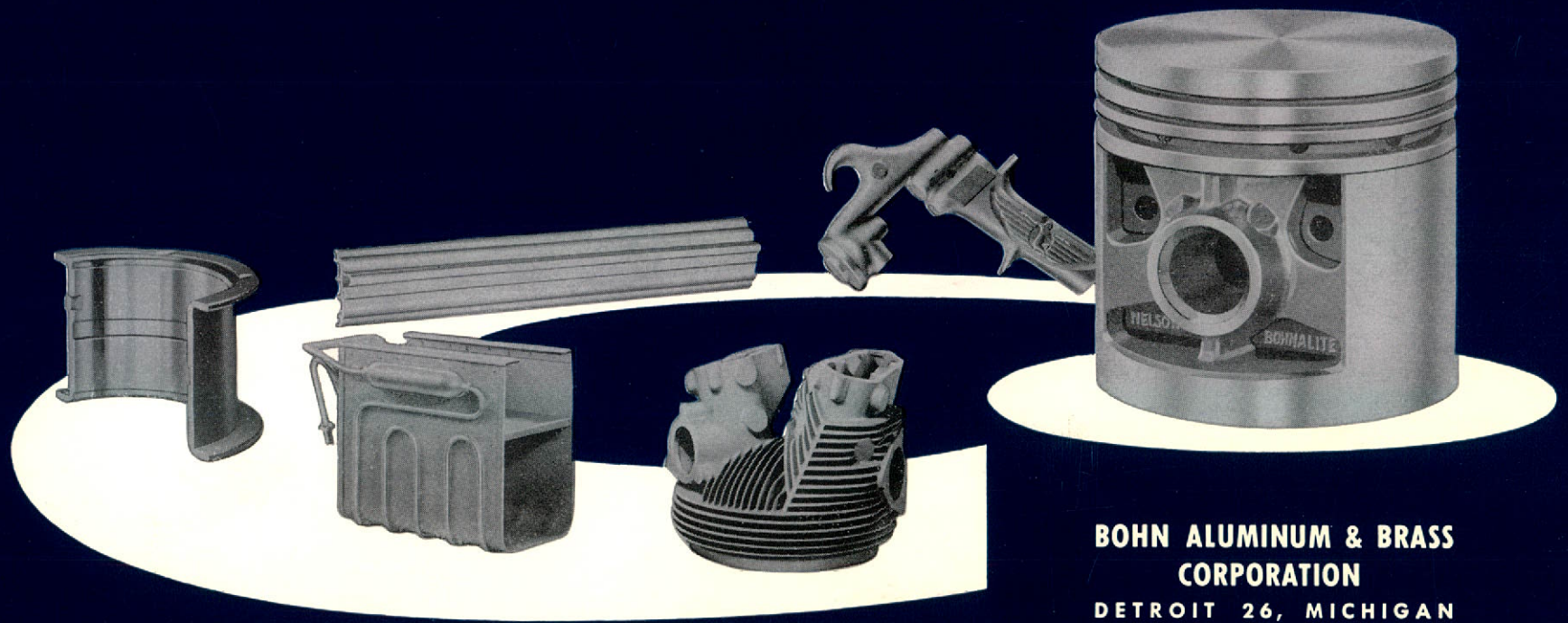
BOHN ALUMINUM and BRASS CORPORATION
General Offices: Lafayette Building, Detroit 26, Michigan

FORGINGS • PISTONS • BEARINGS • EXTRUSIONS • CASTINGS • INGOTS • REFRIGERATION PRODUCTS • AIRCRAFT PARTS • AUTOMOTIVE REPLACEMENT PARTS

Craftsmanship



THE BOHN SYMBOL OF QUALITY



**BOHN ALUMINUM & BRASS
CORPORATION**
DETROIT 26, MICHIGAN