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BLISS & LAUGHLIN
INDUSTRIES
ANNUAL REPORT 1977

HOWARD ROSS LIBRARY
OF MANAGEMENT
MAR 16 1978
MCGILL UNIVERSITY

BLISS & LAUGHLIN INDUSTRIES DESCRIPTION OF BUSINESS

Bliss & Laughlin Industries is a diversified manufacturer and marketer of industrial and commercial products, the majority of which are related to construction activities.

The Company is divided into three major operating groups: Steel, Metal Products and Construction Tools. However, for analytical purposes and on the basis of contribution to earnings, the Construction Tools and Metal Products Groups may be combined into a construction-related category. Although we do no construction per se, about 75 percent of our profitability depends on construction activities. Bliss & Laughlin Steel (about 20 percent of earnings) is the nation's largest independent producer of cold-finished steel bars. The balance (about 5 percent of earnings) of BLI's business includes land held for investment and industrial catalog businesses.

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BLISS & LAUGHLIN INDUSTRIES 1977 ANNUAL REPORT

FINANCIAL HIGHLIGHTS

	1977	1976
Net sales and rental revenue	\$203,986,000	\$171,623,000
Net income	\$11,213,000	\$10,112,000
Net income per share	\$2.46	\$2.28
Fully-diluted net income per share	\$2.33	\$2.10
Return on average equity	14.0%	14.1%
Cash dividends	\$4,375,000	\$3,766,000
Cash dividends per share	\$0.95	\$0.85
Shareholders' equity	\$83,589,000	\$75,691,000
Shareholders' equity per share	\$18.23	\$16.88
Average shares outstanding	4,563,000	4,426,000
Number of shareholders	6,571	6,535
Number of employees	3,030	2,777

TO OUR STOCKHOLDERS

In the 1976 Annual Report we projected, within presupposed economic and operational parameters, that 1977 would be "... another good year for your Company."

We are now pleased to report that the goals established in our 1977 Operating Plan were accomplished, producing the fifth straight record year of earnings. Fully diluted earnings per share of \$2.33 exceeded last year's record of \$2.10 by 11.0%. Revenues reached \$203,986,000 compared to \$171,623,000 in 1976. This represents a satisfactory achievement, considering that we estimate our earnings suffered approximately \$0.10 per fully diluted share due to sales displacement from imported steel.

MEASURE OF MANAGEMENT

Our financial control ratios continue within acceptable ranges. Data supporting this conclusion are contained in the Financial Highlights, the Ten Year Financial Review, and the following table:

INCOME STATEMENT ITEMS:	1977	1976
Gross Profit—% Revenue	24.4%	24.2%
Selling & Admin. Expense— % Revenue	13.0%	13.0%
Net Income—% Revenue	5.5%	5.9%
Net Income—% Average Assets Employed	8.3%	8.1%
BALANCE SHEET ITEMS:		
Asset Turnover	1.51	1.37
Inventory—% Revenue	16.5%	16.2%
Accounts Receivable— % Revenue	9.7%	9.6%

Our gross profit as a percent of revenue increased slightly and surpassed that expected by our Operating Plan. However, net income as a percent of revenue decreased slightly because of lower other income and a higher effective tax rate.

Our asset ratios were excellent, showing the results of our efforts to improve asset utilization. The significant increase in asset turnover offset the decline in net income as a percent of revenue to produce an improvement in the important management measurement ratio of net income as a percent of average assets employed.

Our balance sheet remains very strong, providing the flexibility to acquire companies, such as the Dave Fischbein Co., and fund internal expansion, such as the \$15 million modernization program announced in 1976 by our

Bliss & Laughlin Steel Division. Net current assets increased 8.2%, from \$59.4 million in 1976 to \$64.3 million on December 31, 1977. The current ratio declined slightly from 4.7 to 1.0 at the beginning of the year to 4.5 to 1.0 at year end. The debt to equity ratio of 0.41 to 1.00 decreased from the previous year's 0.44 to 1.00.

Significantly, the 1977 Fortune magazine survey of the top 1,000 U.S. corporations places Bliss & Laughlin Industries at 722 in sales, 486 in return on equity, and 339 in combination return. This latter standard, a key measurement of management performance in the interest of shareholders, calculates stock price appreciation and dividend return to a company's common stock investor for the ten year period 1967-76. For your Company, the return enjoyed in this category was 9.38% per year.

DIVIDEND ACTION

Your Board of Directors, following a policy of increasing shareholder dividends commensurate with gains in the company's performance and future cash requirements, declared a 20% stock dividend paid July 1, 1977, followed by a quarterly cash dividend of \$0.25 per share. These actions during 1977 represented the fifth consecutive year that the effective dividend payout was increased and produced a total increase of 58% since 1972. This is the 39th consecutive year dividends have been paid by Bliss & Laughlin Industries.

OPERATIONS

All of our operating groups contributed to the corporate increase in earnings. However, our industrial mail media business continued in the forefront of the earnings growth of our Company. In 1977, about 6,500,000 catalogs were distributed, producing sales of \$33,000,000. This contributed to the 25% annual earnings growth enjoyed by this business for the last five years.

Our acquisition of the Dave Fischbein Co. for approximately \$8.0 million dollars represents one of the year's highlights. We expect good future growth and profitability from this company, and we plan to actively pursue other new opportunities in this market. This acquisition reflects a sustained effort to expand your Company by acquiring businesses in specialized manufacturing and marketing niches, compatible with the overall composition of BLI.

During the year we celebrated the opening of Nestaway's Chariton, Iowa plant, and our Steel joint venture facility, BLK Steel, at Batavia, Illinois. This latter company, a joint venture of our Steel Group and Kyodo Shaft Company, operates one of the world's most modern cold finished steel bar facilities. Our Jensen Division moved to

new, expanded facilities in Tempe, Arizona, in order to service the rapid growth in its catalog business.

During 1977, we successfully negotiated 15 labor contracts, with only two production stoppages which did not materially affect our results.

ORGANIZATION

We are pleased that Messrs. C. Arnold Kalman, Keith Shay and Stanley E. G. Hillman have agreed to stand for re-election to our Board of Directors. We regret that T. Mitchell Ford has resigned, after 6 years of valuable service, due to the requirements of other interests. We are, however, very pleased that Harold G. Bernthal, President and Chief Operating Officer of American Hospital Supply Corporation, was elected to replace Mr. Ford and will serve until the annual stockholders meeting in 1979. During 1977, Mr. Dennis W. Sheehan joined our firm as Vice President, General Counsel and Secretary. Mr. Sheehan, BLI's first full-time in-house legal counsel, brings extensive and valuable experience to BLI's staff. Mr. James A. Goese, Vice President and Treasurer, resigned during 1977 to pursue private business interests and we wish him well in his entrepreneurial venture.

GROWTH

For historical perspective, on page 5 of this report you will note a graph displaying our long term net income growth trend. It demonstrates that: our 1977 net income compares favorably with our historical growth; the objectives of the 1973-77 five-year plan (prepared in 1972) were met each year within +10% to -6%; and the growth trend from 1972 to present is 13%.

For the future, management will be pursuing a growth range of 10-15%. With good fortune and concerted efforts we look forward to meeting this challenge.

OUTLOOK FOR 1978

As reported to you in previous Annual Reports, each year Operating Plans are developed for our respective divisions reflecting certain economic assumptions. For 1978 these were:

	1978
GNP Real Growth	4.0%
FRB Index	142
FRB Index (Construction Supplies Component)	145
Domestic Auto Shipments—mil.	8.8
Housing Starts—mil.	1.8
U.S. Tons Steel—mil.	100



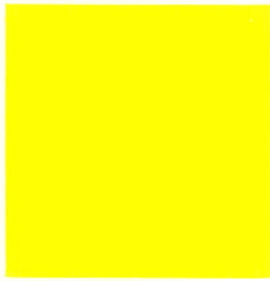
At the time of this writing the variables which we feel could have an important bearing on the validity of the above assumptions are:

1. Inclement weather possibly interfering with construction and product movement, as well as initiating short term energy problems.
2. Possible governmental action which could rekindle uncontrollable inflation.
3. The detrimental effect of no well defined and feasible U.S. energy policy on the availability of energy.
4. Strike activities in basic industries such as coal mining.

We currently believe, however, that if the economy develops as we have assumed in our planning, we can look forward to another record earnings year for your Company.

E. T. Collinsworth, Jr.

E. T. Collinsworth, Jr.
President & Chief Executive Officer



Bliss & Laughlin Industries is a diversified manufacturer and marketer of industrial and commercial products. Management is committed to prudently operating its divisions to provide an above average return on investment and increased earnings over a meaningful period of time. Specifically:

BLISS & LAUGHLIN:

PROVIDES INVESTORS
WITH OUTSTANDING
OPPORTUNITIES IN EARNINGS
AND DIVIDEND GROWTH.

PERFORMS AGAINST A SET OF
SPECIFIC GOALS RELATIVE TO NET
INCOME, RETURN ON NET ASSETS
EMPLOYED, RETURN ON EQUITY
AND EARNINGS PER SHARE.

MAINTAINS FINANCIAL STRENGTH
AND IS ABLE TO SUPPORT ITS INTERNAL
GROWTH AND MAKE ACQUISITIONS.

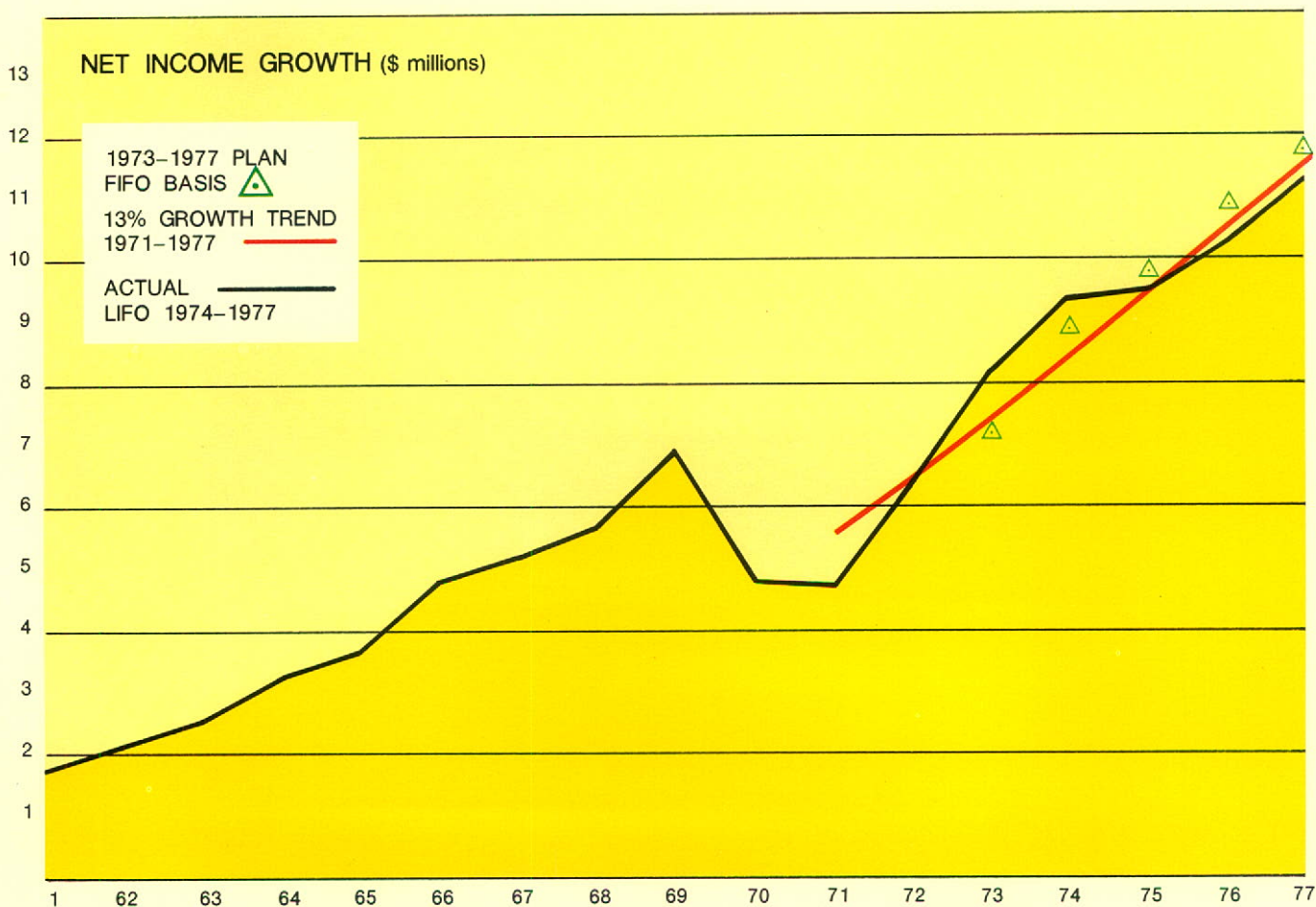
ENDEAVORS TO CREATE A
SPECIALIZED NICHE FOR ITSELF
IN EACH OF ITS MARKETS.

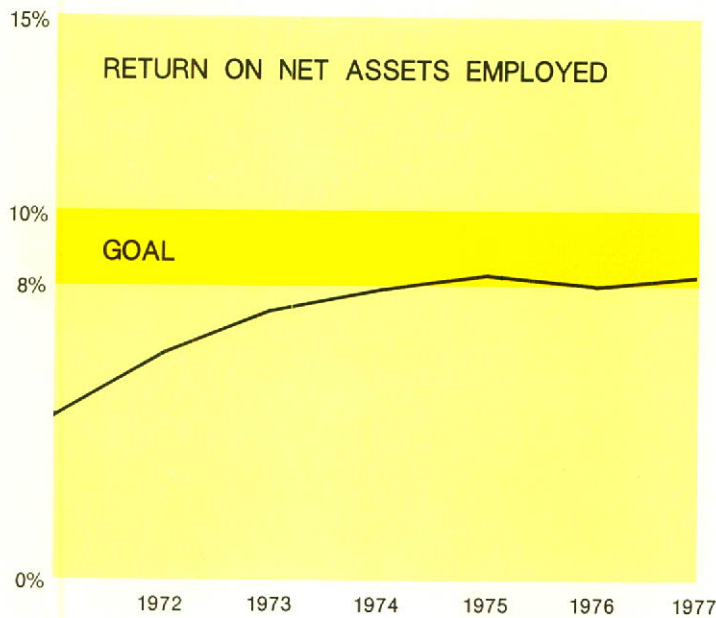
Bliss & Laughlin made a fundamental and key decision in 1961: to diversify its operations out of the steel business and into sectors of industry which afford the company a special niche. Since the diversification plan was initiated, the Company has earned profits in its markets which are in excess of industry standards.

With few exceptions, each of the Company's operations holds a preeminent position in its business. This leadership role has allowed Bliss & Laughlin to gain in-

depth knowledge of each of its unique segments of industry and have the flexibility to react to changes in demand for its products.

Bliss & Laughlin commits funds to businesses where the Company is a leader, by adding to existing businesses and by acquiring new ones. The recent acquisition of Dave Fischbein Co. of Minneapolis is consistent with this philosophy.





SPECIFIC GOAL SETTING

In 1972 the following goals were developed:

- To attain and maintain a return on net assets employed of 8–10%.
- Provide a return on equity of 13–17%.
- Continue a long term growth trend of 10% in fully diluted earnings per share.

OUTSTANDING DIVIDEND GROWTH

Under the present management, BLI's fully diluted earnings per share have grown from \$0.97 in 1971 to \$2.33 in 1977 (a compound growth rate of 13.5%).

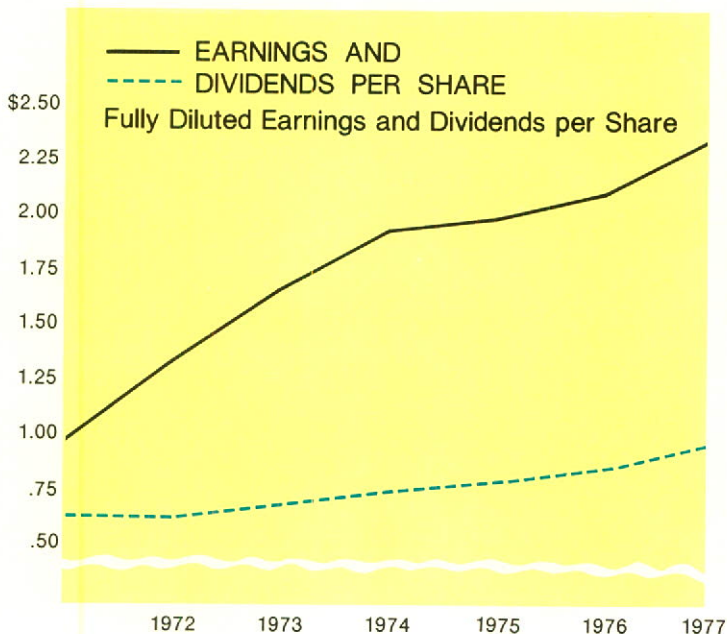
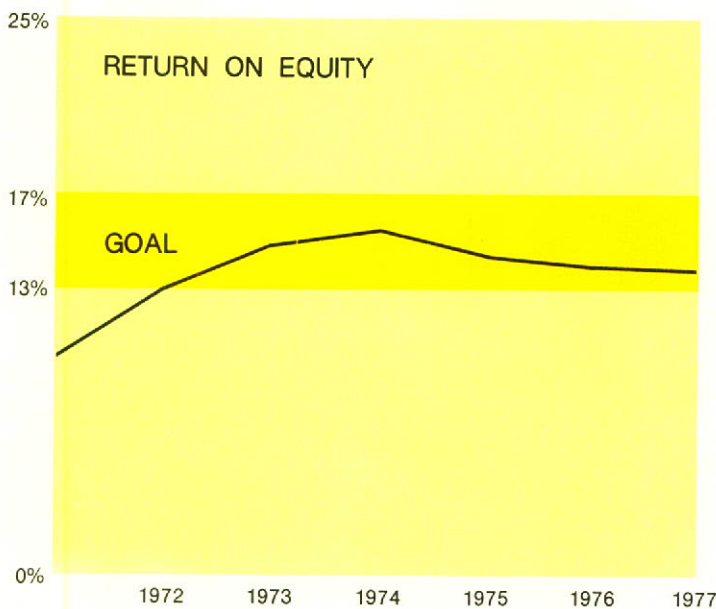
Meanwhile, the cash dividend rate has increased 58% and BLI shareholders have received cash dividends for the past 156 consecutive quarters.

FINANCIAL STRENGTH

Bliss & Laughlin's strong balance sheet has contributed materially to the Company's growth and prosperity. The Company has adequate financing to execute its five year plan of internal expansion and make cash acquisitions.

During 1977, capital expenditures for plant and equipment amounted to \$9,159,000 and provisions were made to acquire Dave Fischbein Company for \$8,000,000 from available funds. At year end, cash and uncommitted marketable securities amounted to \$14,547,000.

Approximately 75% of the Company's earnings are generated from businesses related to construction. Although the Company serves many segments of the construction industry, BLI does no construction per se. These construction related businesses, taken as a whole, tend to perform very much like the construction supplies component of the Federal Reserve Board Index. Divisions which are construction related are contained in the Construction Tools Group and Metal Products Group.



CONSTRUCTION RELATED DIVISIONS OF THE CONSTRUCTION TOOLS GROUP

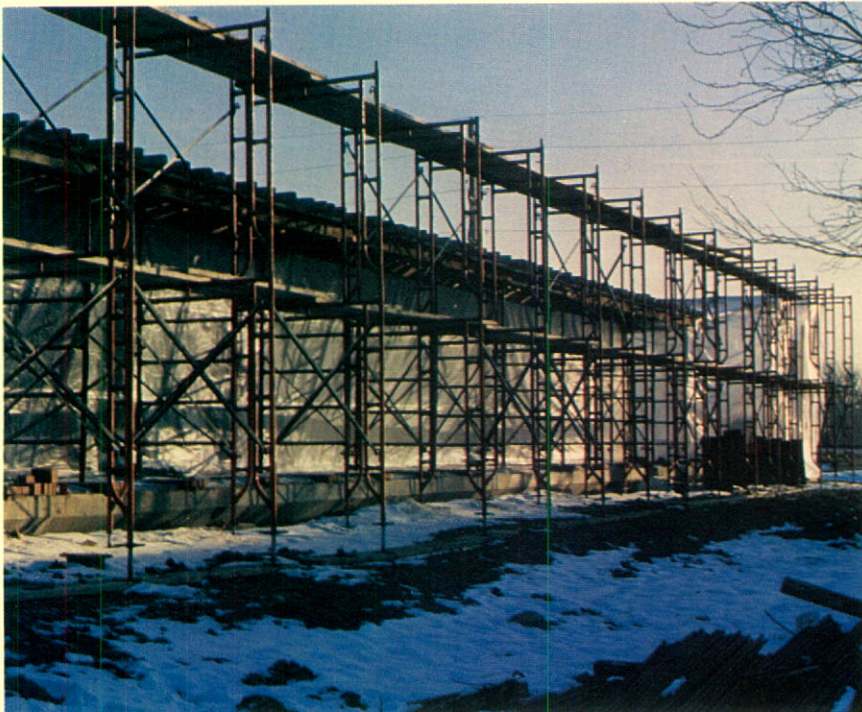
Ames Taping Tools is the number one company in the manufacture, rental and service of proprietary taping tools used in dry wall construction. Our growth is comparable to the market growth trend of about 10% per year for the past decade and includes both residential and commercial construction. Demand is directly related to gypsum board usage.

Goldblatt Tools is the largest and best known supplier to the trowel trades such as masons, tilesetters, plasterers and drywallers. Goldblatt sends out approximately 1.25 million catalogs each year. Demand is directly related to the construction supplies component of the Federal Reserve Board Index.

Waco Scaffolding & Shoring Co. supplies equipment for rental and sale. Enjoying a strong position in its market, Waco relies on commercial and industrial construction which, after two years of depression, has recently shown encouraging signs of improvement.



Goldblatt



Waco



Ames

CONSTRUCTION RELATED DIVISIONS OF THE METAL PRODUCTS GROUP

Faultless is the number two manufacturer of casters in the world. For the past decade this market has grown about 10% per year. Faultless designs, produces and sells casters for chairs, sofas, beds, dressers, T.V.'s and other movable furniture for the home and for commercial use. Faultless casters and wheels are also widely specified and used for mobile equipment in industrial and institutional markets.

Doerner, located in Canada, produces chair bases and controls and is the leading marketer of these products worldwide. Marketing in the U.S. is through Faultless. Doerner occupies the number two position in this market.

Nestaway manufacturers wire fabricated baskets and racks for dishwashers, refrigerators and freezers. In addition, it makes shelving and material handling equipment. Nestaway is the largest supplier of high quality dishwasher racks. Major appliance customers include Tappan, Maytag, Hobart and General Electric.

In the material handling area, Nestainer® nesting storage racks are used in factories for product protection, visual control and easy accessibility. Nestaflex® flexible conveyors are used in factories to improve material handling efficiency.



Doerner & Faultless

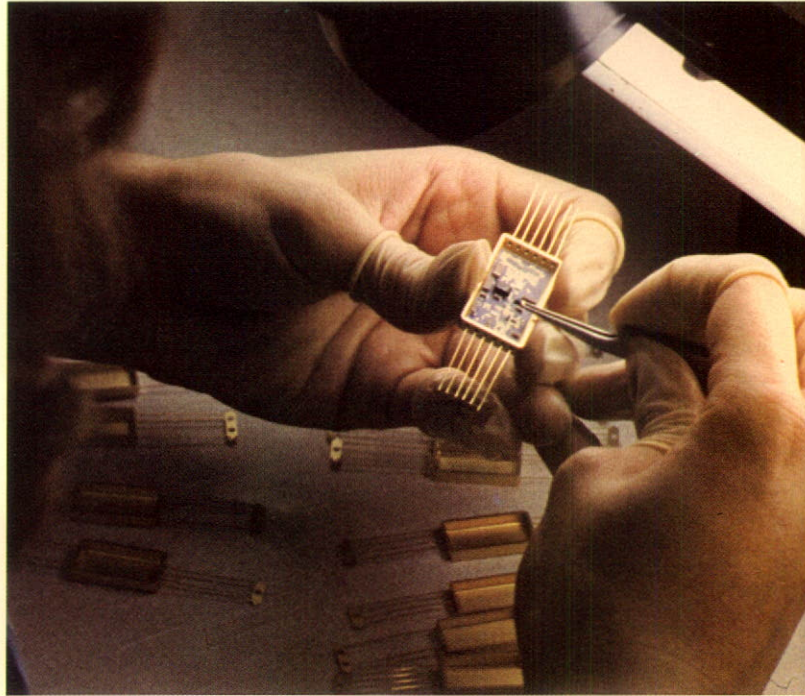


Nestaflex®

OTHER BUSINESSES

Tekform produces specialty metal packages for the electronics industry. Again, this is a niche business in a small market where BLI enjoys a leading position.

Jensen Tools is a leading catalog marketer of tools and tool kits for electronic technicians and precision mechanics. Markson Science is a catalog marketer of laboratory supplies and equipment. Direct Safety is a catalog distributor of safety products for industry. These mail media businesses were added over the past four years to take advantage of the opportunity which was perceived from our experience with Goldblatt. Together the mail media businesses encompass an exciting area which has grown about 25% per year for the past 5 years.



Tekform



Jensen



Markson Science

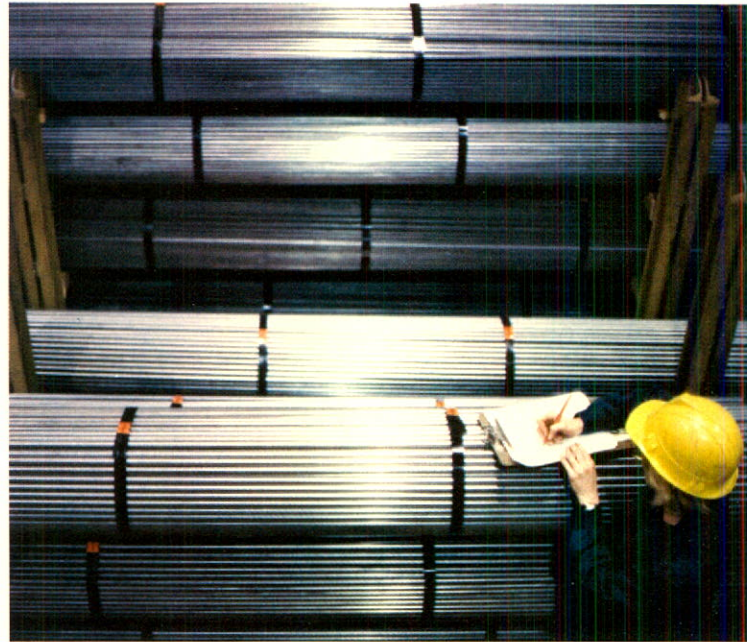
COLD FINISHED STEEL BARS

Bliss & Laughlin Steel is the largest independent producer of cold-finished steel bars in the United States, with an approximate 10% share of the market.

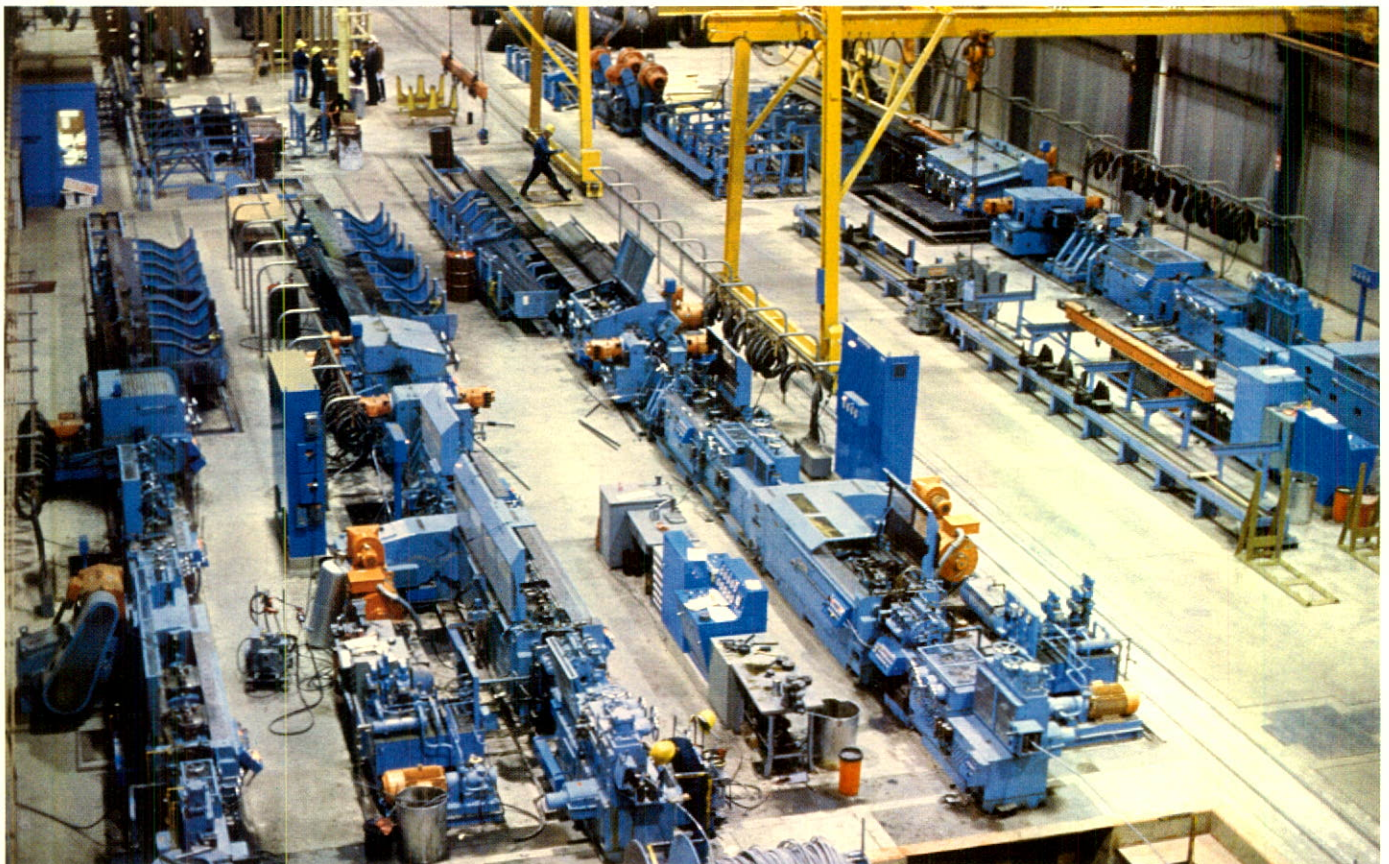
To ensure the leadership position in the market and the Company's corporate goal of maintaining a 20% contribution from this business to total earnings, \$15 million was committed in 1976 to a modernization program.

In September, Bliss & Laughlin opened the doors of its new rod-coil-to-bar mill in Batavia, Illinois. The new facility is a joint venture with Kyodo Shaft Company of Osaka, Japan and represents about one third of the total project. It contains the world's most modern automatic machinery for converting steel coils into cold finished steel bars from $\frac{1}{4}$ to $1\frac{1}{2}$ inches in diameter. The coil is cleaned, drawn, straightened, cut to length and polished. End uses for small diameter bars include industrial machinery and equipment, electrical and non-electrical products, automotive parts, and a wide variety of special applications.

The project also includes the modernization of BLI's Harvey mill scheduled for completion in 1979.



Cold-finished steel bars



Batavia facility

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATING RESULTS

1976: Revenues increased in all of the Company's principal lines of business, due to generally improved economic conditions. Gross profit as a percent of revenues decreased in all lines of business, due to higher costs which were not offset, relatively, by higher prices. Income before taxes increased 3.7%, less than the 18.7% increase in sales and the 10% increase in gross profit, due to higher selling, administrative and interest expenses. The provision for income taxes as a percent of income before taxes declined, mainly because of a favorable decision by the IRS which resulted in a \$226,000 reduction in the provision for income taxes, and \$210,000 of prior years' tax reserves which were no longer needed and were credited to the tax provision.

1977: Revenues increased in all of the Company's principal operating lines of business due to continued good economic conditions.

Gross profit as a percent of revenues increased slightly. Income before taxes increased 16.7%, slightly less than the 18.9% increase in revenues. The provision for income taxes increased 23.7% due to higher income and an increase in the effective tax rate from 45.3% in 1976 to 48.0% in 1977.

Quarterly Data

Bliss & Laughlin's common stock is listed on the New York Stock Exchange (ticker symbol BLI). The table below sets forth quarterly data relating to the Company's common stock prices and cash dividends per share for the past two years.

Quarter	Prices per Share				Cash Dividends Per Share	
	1977		1976		1977	1976
	High	Low	High	Low		
First	16.88	14.17	14.38	10.10	\$.22	\$.21
Second	18.13	16.38	14.06	13.13	.23	.21
Third	17.13	15.00	13.65	12.19	.25	.21
Fourth	17.75	14.75	14.90	12.40	.25	.22

All prices per share and dividends per share are restated for a 20% stock dividend paid July 1, 1977.

FINANCIAL RESULTS OF THE COMPANY'S PRINCIPAL LINES OF BUSINESS

Net Revenues	1977	1976	1975	1974	1973
Steel Group	\$ 79,790,000	\$ 68,551,000	\$ 58,912,000	\$ 85,789,000	\$ 70,894,000
Construction Tools Group	65,601,000	50,176,000	42,620,000	43,145,000	41,852,000
Metal Products Group	57,412,000	50,608,000	41,633,000	51,799,000	44,448,000
Other	1,183,000	2,288,000	1,406,000	2,321,000	5,694,000
	<u>\$203,986,000</u>	<u>\$171,623,000</u>	<u>\$144,571,000</u>	<u>\$183,054,000</u>	<u>\$162,888,000</u>
Income Before Income Taxes and Extraordinary Items					
Steel Group	\$ 4,635,000	\$ 4,199,000	\$ 3,885,000	\$ 7,603,000	\$ 3,471,000
Construction Tools Group	14,353,000	11,361,000	10,432,000	12,279,000	11,850,000
Metal Products Group	6,488,000	6,161,000	4,674,000	5,563,000	4,276,000
Corporate, Other and Eliminations	(3,910,000)	(3,237,000)	(1,172,000)	(6,986,000)	(3,627,000)
	<u>\$ 21,566,000</u>	<u>\$ 18,484,000</u>	<u>\$ 17,819,000</u>	<u>\$ 18,459,000</u>	<u>\$ 15,970,000</u>

TEN YEAR FINANCIAL REVIEW

	<u>1977(a)</u>	<u>1976(a)</u>	<u>1975</u>
Operating Results (in thousands)			
Net sales and rental revenue	\$203,986	\$171,623	\$144,571
Gross profit	49,761	41,589	37,802
Depreciation and amortization	4,465	4,169	4,228
Interest expense	2,764	2,432	2,048
Income before taxes	21,566	18,484	17,819
Provision for income taxes	10,353	8,372	8,298
Income from continuing operations	11,213	10,112	9,521
Income from bank subsidiary (acquired and sold in 1970) less related interest and income taxes	—	—	—
Income before extraordinary items	11,213	10,112	9,521
Extraordinary items:			
Gain on sale of bank subsidiary, net of applicable income taxes of \$280	—	—	—
Cost of refinancing long-term debt, net of applicable income taxes of \$445	—	—	—
Net income	11,213	10,112	9,521
Cash dividends	4,375	3,766	3,400
Per Share Data*			
Per fully-diluted share:			
Income before extraordinary items	\$2.33	\$2.10	\$1.99
Extraordinary items	—	—	—
Net income	2.33	2.10	1.99
Per primary share:			
Income before extraordinary items	2.46	2.28	2.19
Extraordinary items	—	—	—
Net income	2.46	2.28	2.19
Dividends95	.85	.78
Financial Position (in thousands)			
Working capital	\$ 64,271	\$ 59,380	\$ 50,142
Plant and equipment, net	32,706	28,001	26,327
Long-term notes payable	28,288	24,566	21,906
Mortgage loans	2,778	3,334	4,120
Convertible subordinated debentures	2,731	5,075	7,016
Shareholders' investment	83,589	75,691	67,701
Statistics			
Average primary shares outstanding (in thousands)*	4,563	4,426	4,356
Number of shareholders	6,571	6,535	6,715
Number of employees	3,030	2,777	2,806

(a) See page 11 for management's discussion and analysis of operating results.

* All earnings per share numbers and the average shares outstanding are restated for a 20% stock dividend paid July 1, 1977.

<u>1974</u>	<u>1973</u>	<u>1972</u>	<u>1971</u>	<u>1970</u>	<u>1969</u>	<u>1968</u>
\$183,054	\$162,888	\$133,202	\$109,499	\$109,167	\$128,566	\$114,061
44,751	38,040	32,402	26,266	25,995	30,234	25,751
4,146	4,119	4,089	3,894	3,728	3,444	3,289
2,751	2,206	2,178	2,404	1,373	1,238	1,228
18,459	15,970	12,540	8,690	9,141	14,238	12,163
9,093	7,765	5,980	3,950	4,280	7,345	6,430
9,366	8,205	6,560	4,740	4,861	6,893	5,733
—	—	—	—	788	—	—
9,366	8,205	6,560	4,740	5,649	6,893	5,733
—	—	—	—	699	—	—
—	—	(482)	—	—	—	—
9,366	8,205	6,078	4,740	6,348	6,893	5,733
3,216	3,055	2,853	2,838	2,794	2,712	2,496
\$1.93	\$1.67	\$1.33	\$.97	\$1.15	\$1.39	\$1.18
—	—	(.10)	—	.14	—	—
1.93	1.67	1.23	.97	1.29	1.39	1.18
2.12	1.82	1.45	1.06	1.28	1.59	1.39
—	—	(.10)	—	.16	—	—
2.12	1.82	1.35	1.06	1.44	1.59	1.39
.73	.68	.63	.63	.63	.63	.62
\$ 36,502	\$ 40,085	\$ 33,611	\$ 26,579	\$ 22,529	\$ 21,086	\$ 24,586
26,869	26,697	27,839	28,520	28,742	25,077	22,743
12,966	18,914	18,089	13,763	13,765	5,046	5,575
5,191	8,939	11,017	11,244	7,224	6,749	—
7,141	7,141	7,141	7,735	8,821	10,211	12,531
61,786	56,614	52,144	48,610	45,821	41,845	37,672
4,414	4,506	4,512	4,488	4,418	4,334	4,129
6,491	6,339	6,141	6,246	6,209	6,090	5,985
3,250	3,155	3,063	3,048	3,319	3,286	2,743

CONSOLIDATED BALANCE SHEET

December 31	<u>1977</u>	<u>1976</u>
Assets		
Current Assets:		
Cash	\$ 2,913,000	\$ 3,222,000
Marketable securities, at cost which approximates market	11,634,000	25,456,000
Marketable securities committed for acquisition	8,000,000	—
Trade accounts receivable, less allowance for doubtful accounts of \$899,000 and \$911,000, respectively	20,118,000	15,971,000
Inventories	37,514,000	28,804,000
Deferred income tax benefits	1,286,000	1,112,000
Prepaid expenses	1,407,000	786,000
Total current assets	<u>82,872,000</u>	<u>75,351,000</u>
Realty:		
Land and related costs	14,076,000	13,168,000
Receivables	683,000	1,932,000
Deferred income tax benefits	1,112,000	1,207,000
Other	759,000	848,000
	<u>16,630,000</u>	<u>17,155,000</u>
Other Assets:		
Notes receivable and deferred charges	772,000	799,000
Investments and advances to affiliated companies	1,919,000	1,491,000
Intangible assets arising from acquisitions	5,347,000	5,341,000
Patents and other intangible assets, at cost, less amortization of \$3,381,000 and \$3,425,000, respectively	1,100,000	1,226,000
	<u>9,138,000</u>	<u>8,857,000</u>
Equipment Leased to Others, at cost, less accumulated depreciation of \$12,099,000 and \$11,332,000, respectively	<u>5,309,000</u>	<u>6,346,000</u>
Plant and Equipment, at cost:		
Land	1,834,000	1,590,000
Buildings	12,986,000	11,257,000
Machinery and equipment	36,109,000	30,649,000
	<u>50,929,000</u>	<u>43,496,000</u>
Less: accumulated depreciation	23,532,000	21,841,000
Net plant and equipment	<u>27,397,000</u>	<u>21,655,000</u>
	<u>\$141,346,000</u>	<u>\$129,364,000</u>

The accompanying financial review is an integral part of this balance sheet.

	1977	1976
Liabilities		
Current Liabilities:		
Short-term loans	\$ 225,000	\$ —
Current maturities of long-term debt	381,000	227,000
Accounts payable—trade	5,364,000	3,125,000
Customer deposits	1,914,000	1,497,000
Accrued liabilities—		
Taxes, other than income taxes	691,000	1,195,000
Salaries, wages and vacations	3,081,000	2,757,000
Interest	768,000	216,000
Pension costs	728,000	1,865,000
Other	2,976,000	2,331,000
Income taxes	2,473,000	2,758,000
Total current liabilities	<u>18,601,000</u>	<u>15,971,000</u>
Realty:		
Mortgage loans	2,778,000	3,334,000
Other	225,000	223,000
	<u>3,003,000</u>	<u>3,557,000</u>
Deferred Income Taxes	2,059,000	2,231,000
Accrued Pension Costs, non-current	3,075,000	2,273,000
Long-Term Debt, less current maturities	28,288,000	24,566,000
Convertible Subordinated Debentures,		
5¾%, due in 1987	2,731,000	5,075,000
Shareholders' Equity		
Capital stock—		
Preferred stock, no par value; authorized 1,000,000 shares; no shares issued	—	—
Common stock, \$2.50 par value; authorized 10,000,000 and 5,000,000 shares respectively; issued 4,946,000 and 3,973,000 shares, respectively	12,365,000	9,932,000
Additional capital	31,608,000	18,796,000
Retained earnings	44,359,000	50,435,000
Treasury stock, at cost, 360,000 and 234,000 shares, respectively	(4,743,000)	(3,472,000)
Total Shareholders' Equity	<u>83,589,000</u>	<u>75,691,000</u>
	<u>\$141,346,000</u>	<u>\$129,364,000</u>

CONSOLIDATED STATEMENT OF INCOME

For the years ended December 31

	<u>1977</u>	<u>1976</u>
Revenue:		
Net sales	\$187,228,000	\$157,274,000
Rental revenue	16,758,000	14,349,000
Total revenue	<u>203,986,000</u>	<u>171,623,000</u>
Costs and Expenses:		
Cost of sales	148,064,000	124,393,000
Cost of rentals	6,161,000	5,641,000
Selling, general and administrative expenses	26,487,000	22,346,000
Interest expense	2,764,000	2,432,000
Other expense (income), net	(1,056,000)	(1,673,000)
Total costs and expenses	<u>182,420,000</u>	<u>153,139,000</u>
Income Before Income Taxes	21,566,000	18,484,000
Provision for Income Taxes	<u>10,353,000</u>	<u>8,372,000</u>
Net Income	<u>\$ 11,213,000</u>	<u>\$ 10,112,000</u>
Net Income Per Share	<u>\$ 2.46</u>	<u>\$ 2.28</u>
Fully-Diluted Net Income Per Share, assuming conversion of the Company's convertible subordinated debentures as of the beginning of the year	<u>\$ 2.33</u>	<u>\$ 2.10</u>
Average Primary Shares Outstanding	<u>4,563,000</u>	<u>4,426,000</u>

All earnings per share numbers and the average shares outstanding are restated for a 20% stock dividend paid July 1, 1977.
The accompanying financial review is an integral part of this statement.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the years ended December 31	<u>1977</u>	<u>1976</u>
Sources of Working Capital:		
Net income	\$11,213,000	\$10,112,000
Add (Deduct) items not affecting working capital:		
Depreciation and amortization (straight-line)	4,465,000	4,169,000
Investment in affiliated companies	621,000	35,000
Deferred income taxes, net	(77,000)	400,000
Working capital provided from operations	<u>16,222,000</u>	<u>14,716,000</u>
Increase in long-term debt	4,104,000	22,892,000
Subordinated debenture conversions	2,344,000	1,804,000
Increase (Decrease) in noncurrent pension liability	802,000	(583,000)
Investments in affiliated companies—sale of Mexican affiliate	—	1,376,000
Decrease in net realty assets	432,000	2,360,000
Other, net	<u>230,000</u>	<u>428,000</u>
Total provided	<u>24,134,000</u>	<u>42,993,000</u>
Uses of Working Capital:		
Decrease in mortgage loans payable	\$ 556,000	\$ 786,000
Additions to plant and equipment	9,159,000	6,062,000
Reduction of long-term debt	381,000	20,370,000
Subordinated debenture conversions	2,344,000	1,804,000
Investment in affiliated companies—joint venture	1,050,000	750,000
Cash dividends	4,375,000	3,766,000
Treasury stock purchases	<u>1,378,000</u>	<u>217,000</u>
Total used	<u>19,243,000</u>	<u>33,755,000</u>
Increase in working capital	<u>\$ 4,891,000</u>	<u>\$ 9,238,000</u>
Changes Consist of Increase (Decrease) in:		
Cash and marketable securities	\$ (6,131,000)	\$ 7,079,000
Receivables, less allowance	4,147,000	2,712,000
Inventories	8,710,000	1,463,000
Deferred income tax benefits	174,000	13,000
Prepaid expenses	<u>621,000</u>	<u>(202,000)</u>
Increase in current assets	<u>7,521,000</u>	<u>11,065,000</u>
Current portion of long-term debt	154,000	(2,862,000)
Accounts payable and accrued liabilities	2,761,000	2,041,000
Income taxes	<u>(285,000)</u>	<u>2,648,000</u>
Increase in current liabilities	<u>2,630,000</u>	<u>1,827,000</u>
Increase in working capital	<u>\$ 4,891,000</u>	<u>\$ 9,238,000</u>

The accompanying financial review is an integral part of this statement.

CONSOLIDATED STATEMENTS OF ADDITIONAL CAPITAL AND RETAINED EARNINGS

For the years ended December 31

	<u>1977</u>	<u>1976</u>
Additional Capital:		
Balance at beginning of year	\$18,796,000	\$17,288,000
Add (Deduct):		
Market value in excess of par value of common stock issued in payment of 20% common stock dividend	10,888,000	—
Principal amount of convertible debentures in excess of par value of common stock issued upon conversion	1,911,000	1,518,000
Other, net	13,000	(10,000)
Balance at end of year	<u>\$31,608,000</u>	<u>\$18,796,000</u>
Retained Earnings:		
Balance at beginning of year	\$50,435,000	\$44,089,000
Add (Deduct):		
Net income	11,213,000	10,112,000
Cash dividends paid (\$.95 per share in 1977 and \$.85 per share in 1976)	(4,375,000)	(3,766,000)
20% common stock dividend	(12,914,000)	—
Balance at end of year	<u>\$44,359,000</u>	<u>\$50,435,000</u>

LINE OF BUSINESS INFORMATION

For the year ended December 31, 1977

	<u>Steel Group</u>	<u>Metal Products Group</u>	<u>Construction Tools Group</u>	<u>Corporate, Other and Eliminations</u>	<u>Consolidated</u>
Sales and Rental Revenues	\$79,790,000	\$57,412,000	\$65,601,000	\$ 1,183,000	\$203,986,000
Intergroup Sales	315,000	39,000	15,000	(369,000)	—
Total Sales and Rental Revenues	<u>\$80,105,000</u>	<u>\$57,451,000</u>	<u>\$65,616,000</u>	<u>814,000</u>	<u>\$203,986,000</u>
Operating Profit	<u>\$ 4,635,000</u>	<u>\$ 6,488,000</u>	<u>\$14,353,000</u>	<u>\$ 227,000</u>	<u>\$ 25,703,000</u>
General Corporate Expenses					1,373,000
Interest Expense					2,764,000
Income Before Income Taxes					<u>\$ 21,566,000</u>
Assets Employed	<u>\$29,065,000</u>	<u>\$34,609,000</u>	<u>\$35,234,000</u>	<u>\$42,438,000</u>	<u>\$141,346,000</u>
Depreciation and Amortization	<u>\$ 613,000</u>	<u>\$ 1,419,000</u>	<u>\$ 2,368,000</u>	<u>\$ 65,000</u>	<u>\$ 4,465,000</u>
Capital Expenditures	<u>\$ 3,830,000</u>	<u>\$ 3,080,000</u>	<u>\$ 1,945,000</u>	<u>\$ 304,000</u>	<u>\$ 9,159,000</u>

The accompanying financial review is an integral part of these statements.

All earnings per share numbers and the average shares outstanding are restated for a 20% stock dividend paid July 1, 1977.

CONSOLIDATED STATEMENTS OF COMMON STOCK AND TREASURY STOCK

	1977		1976	
	Number Shares	Amount	Number Shares	Amount
Common Stock:				
Balance at beginning of year	3,973,000	\$ 9,932,000	3,858,000	\$9,645,000
Add: Stock issued for debenture conversion	163,000	407,000	115,000	287,000
Stock issued for 20% stock dividend	810,000	2,026,000	—	—
Balance at end of year	<u>4,946,000</u>	<u>\$12,365,000</u>	<u>3,973,000</u>	<u>\$9,932,000</u>
Treasury Stock:				
Balance at beginning of year	234,000	\$ 3,472,000	227,000	\$3,321,000
Add: Treasury stock purchased	86,000	1,378,000	13,000	217,000
Stock issued for 20% stock dividend	46,000	—	—	—
Less: Stock issued for stock options	6,000	107,000	6,000	66,000
Balance at end of year	<u>360,000</u>	<u>\$ 4,743,000</u>	<u>234,000</u>	<u>\$3,472,000</u>

The accompanying financial review is an integral part of these statements.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and Board of Directors
Bliss & Laughlin Industries Incorporated:

We have examined the consolidated balance sheet of BLISS & LAUGHLIN INDUSTRIES INCORPORATED (a Delaware corporation) AND SUBSIDIARIES as of December 31, 1977 and 1976, and the related consolidated statements of income, common stock, treasury stock, additional capital, retained earnings and changes in financial position for the years 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.

In our opinion, the accompanying consolidated financial statements present fairly the financial position of Bliss & Laughlin Industries Incorporated and Subsidiaries as of December 31, 1977 and 1976, and the results of their operations and changes in their financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied during the periods.

Arthur Andersen & Co.

Chicago, Illinois,
January 27, 1978

FINANCIAL REVIEW

For the years ended December 31, 1977 and 1976

Accounting policies have been presented in *italics* as part of the financial review dealing with each subject.

Principles of Consolidation

The consolidated financial statements include all subsidiaries except BLI Mortgage Company. Investments in affiliates, which consist of BLK Steel Inc. (a 50% joint venture) and Andamios Atlas, S.A. (a 49% joint venture), and BLI Mortgage Company are stated at cost plus equity in undistributed earnings since acquisition. Separate financial statements for these affiliates and BLI Mortgage Company are not included in this report because they are not significant. In 1976 the Company sold a foreign affiliate. The gain on the transaction was nominal.

The Company converts the accounts of foreign subsidiaries and affiliates to U. S. dollars by following, in all material respects, the policy of translating monetary items at the current rate of exchange at the end of the year and nonmonetary items (inventory and fixed assets) at the rate of exchange in effect at the time the items were acquired. Income statement items, with the exception of cost of sales and depreciation expense, are translated at the average rate for the year. The resulting translation gains and losses which were credited or charged to income were not significant to 1977 and 1976 results.

All intercompany transactions, including profits and losses, have been eliminated in consolidation.

Pension Plans

Pension costs have been funded at a rate necessary to maintain the plans on an actuarially sound basis. Pension costs not currently funded are included as long-term obligations in the balance sheet. The provision is based on normal cost plus interest and amortization of unfunded past service cost over 30 years.

These plans provide benefits for substantially all employees. The provision for pension costs was \$1,774,000 in 1977 and \$1,580,000 in 1976. At December 31, 1977, the total of pension fund assets and balance sheet accruals was in excess of the aggregate actuarially computed value of vested benefits for the plans in total.

Income Taxes

The provision for income taxes is the estimated amount of income taxes payable currently and in the future on earnings for the year. The reduction in U. S. income taxes resulting from the investment tax credit is reflected as a reduction of the current provision under the flow-through method of accounting.

The components of the provision are as follows:

	1977	1976
U. S. and Canadian currently payable	\$ 9,426,000	\$7,075,000
Deferred taxes and benefits, net	(251,000)	387,000
	<u>9,175,000</u>	<u>7,462,000</u>
State	1,178,000	910,000
Total provision	<u>\$10,353,000</u>	<u>\$8,372,000</u>

The effective income tax rate for 1977 was 48.0% and for 1976 was 45.3%. Significant items affecting the income tax rate were the utilization of investment tax credits of \$650,000 in 1977 and \$307,000 in 1976 and state income taxes.

See **Miscellaneous** for additional income tax information.

Taxes deferred, due mainly to the use of accelerated depreciation for tax purposes, and pension accruals in excess of current trust fund contributions, are classified as a non-current liability. Deferred tax benefits related to working capital items are classified as a current asset and those relating to realty operations are included in the realty assets. The source of these differences in 1977 and 1976 and the tax effect of each were as follows:

	1977	1976
Depreciation	\$ 227,000	\$ 75,000
Pensions	(390,000)	227,000
All other, net	(88,000)	85,000
	<u>\$(251,000)</u>	<u>\$387,000</u>

Earnings per Share

Net income per share is computed using the weighted average number of shares of common stock outstanding during the respective years. Fully-diluted net income per share is computed using the shares included in the net income per share calculation and assuming conversion of the Company's convertible subordinated debentures as of the beginning of the year. The dilutive effect of stock options is not significant. All earnings per share numbers and the average shares outstanding are restated for the 20% stock dividend paid July 1, 1977.

Inventories

Inventories are stated at the lower of first-in, first-out (FIFO) cost or market except for certain inventories (\$13,302,000 and \$10,156,000 at December 31, 1977 and 1976 respectively) which are stated at last-in, first-out (LIFO) cost which is not in excess of market.

The replacement cost of LIFO inventories exceeds stated LIFO cost by \$7,601,000 and \$5,807,000 at December 31, 1977 and 1976, respectively.

Realty Operations

The Company's realty operations differ from other operations in that they have a business cycle extending over several years. Accordingly, all the assets and liabilities of these operations are presented under separate realty captions.

Land and related costs are stated at the lower of cost or market. Realty sales are recorded when the buyer has a significant and continuing cash equity in the property. Real estate taxes, interest expenses and development costs applicable to land are expensed as they are incurred. Costs are allocated to the various parcels of individual projects based upon the relative value method.

Intangible Assets

The excess of the purchase price over the fair market value of net assets of businesses acquired in the amount of \$4,562,000 prior to November 1, 1970 is not being amortized because, in the opinion of management, it represents assets with continuing value. For subsequent acquisitions any such excess is being amortized over the lesser of the period benefited or 40 years. Amortization totaled \$22,000 for both 1977 and 1976, respectively.

Patents and other intangible assets are stated at their purchased cost and are amortized over their useful life.

Mortgage Loans and Long-Term Debt

Mortgage loans classified under the realty caption are secured by real estate held for resale with a net book value of \$10,765,000 at December 31, 1977. The loans bear various interest rates from 5% to 8½% and have varying maturities through 1989, including \$412,000 in 1978, \$621,000 in 1979, \$260,000 in 1980, \$267,000 in 1981, and \$238,000 in 1982.

Long-term debt was as follows:

	1977	1976
Long-term loan	\$22,324,000	\$20,000,000
Obligations related to industrial revenue bonds	6,078,000	4,518,000
Other, with various interest rates (5% to 6½%)	267,000	275,000
	<u>28,669,000</u>	<u>24,793,000</u>
Less current maturities	381,000	227,000
	<u>\$28,288,000</u>	<u>\$24,566,000</u>

On December 15, 1976, the Company repaid its term loan with the proceeds of a long-term loan of \$20,000,000. This long-term loan, with an interest rate of 9¾%, has annual installments due from 1982 to 1994.

The obligations related to industrial revenue bonds are due in installments through 1993, have various interest rates from 4% to 8½% and are secured by buildings and machinery and equipment with a net book value of \$4,785,000 at December 31, 1977.

The Company has informal agreements requiring the maintenance of compensating bank balances of approximately \$1,008,000 in support of an unused line of credit of \$4,000,000 and a discounted note receivable of \$3,039,000. These balances are on an annual average balance basis and are unrestricted as to use at any given time. No compensating balances are due under the company's \$20,000,000 long-term loan agreement.

The above long-term debt has varying maturities including, in the aggregate, maturities of \$381,000 in 1978, \$397,000 in 1979, \$437,000 in 1980, \$418,000 in 1981, and \$1,935,000 in 1982. The provisions of the loan agreements and the indenture for the 5¾% convertible subordinated debentures contain, among other things, restrictions on lease commitments, creation of mortgage indebtedness, payment of cash dividends and stock redemptions. In addition, the Company must maintain consolidated working capital of at least \$45,000,000 and consolidated current assets of not less than 225% of consolidated current liabilities. On December 31, 1977, the Company had consolidated working capital of \$64,271,000 and current assets were 446% of consolidated current liabilities. Under the terms of the most restrictive agreement retained earnings of approximately \$8,595,000 was available for the payment of cash dividends. At December 31, 1977, the Company may, under certain restrictions, increase funded (long-term) borrowing by \$19,850,000.

The convertible subordinated debentures, 5¾% due in 1987, are subordinated to all borrowings of the Company, and are now convertible into common stock at any time prior to maturity at the rate of 76.30 shares for each bond. Annual sinking fund payments of \$1,200,000 for redemption of the debentures are required commencing in 1978, but may be satisfied by delivering converted or treasury debentures which amounted to \$12,269,000 at December 31, 1977. The debentures may be called at any time at prices decreasing from 102.7% of face value currently to 100% in 1986.

Commitments and Contingent Liabilities

At December 31, 1977 the Company was contingently liable on a note receivable of the Company which was sold with recourse in 1971. The note, which is not in default, is due in varying installments to December 1, 1980 with the December 31, 1977 balance being \$3,039,000.

FINANCIAL REVIEW continued

Minimum rental commitments under all noncancelable leases are as follows:

	Total	Real Estate	Machinery & Equipment
1978	\$ 991,000	\$532,000	\$459,000
1979	830,000	512,000	318,000
1980	695,000	447,000	248,000
1981	615,000	420,000	195,000
1982	524,000	336,000	188,000
1983-1987	1,612,000	939,000	673,000
1988-1992	113,000	113,000	—
1993-1997	67,000	67,000	—
After 1997	—	—	—

Certain capital leases of the Company which were entered into prior to January 1, 1977 have been accounted for as operating leases. The present value of these leases is not material to the financial position of the Company and the impact on net income if such leases had been capitalized is not material. Rent expense was \$2,252,000 and \$2,099,000 for 1977 and 1976 respectively.

Line of Business Information

The Company operates principally in three industries, steel, metal products and construction tools. Operations in the Steel Group involve the manufacture and sale of cold finished steel bars. Operations in the Metal Products Group involve the manufacture and sale of a wide range of products such as industrial and furniture casters, material handling systems, coated wire baskets for automatic dishwashers, and precision miniature packages for the microelectronics industry. The Construction Tools Group manufactures and sells or leases construction scaffolds, tools and paper tape for finishing gypsum drywall board joints, and tools and equipment for other construction trades. Total revenue by industry includes both sales to unaffiliated customers, as reported in the Company's consolidated income statement, and inter-segment sales, which are eliminated in consolidation.

Assets employed are those assets used within each group to produce income. Corporate assets consist primarily of cash, marketable securities, corporate office property and realty assets of \$16,630,000 which are held for investment purposes.

Stock Options

In 1975, the shareholders approved a stock option plan whereby 324,000 shares of common stock were reserved for granting options to key employees at 100% of fair market value at date of grant. Options are exercisable at the rate of 33 $\frac{1}{3}$ % a year beginning one year from date of grant and expire 10 years from date of grant. Certain options may include a stock appreciation right, which entitles an optionee to receive from the Company common stock (and/or cash, at the election of the Company)

equivalent in value to any appreciation in value of an exercisable option.

In 1977 options for 10,000 shares were granted at \$15.50 per share or a total price of \$155,000. Also, 56,008 options became exercisable of which 7,488 shares were exercised and 7,440 shares terminated. Included in the options granted were 38,880 shares with stock appreciation rights.

At December 31, 1977 options for 158,128 shares were outstanding with an aggregate option price of \$1,503,000 and an aggregate market value of \$2,787,000.

During 1976, an option for 3,000 shares was granted at \$12.81 per share or a total price of \$38,000. Also, 57,408 options became exercisable of which 7,368 were exercised and 4,800 were terminated.

	1977	1976
Options Available for Future Grant:		
Available	153,576	151,776
Granted	(10,000)	(3,000)
Terminations	7,440	4,800
	<u>151,016</u>	<u>153,576</u>
Options Granted and Outstanding:		
Beginning of year	163,056	172,224
Granted	10,000	3,000
Exercised	(7,488)	(7,368)
Terminations	(7,440)	(4,800)
End of Year	<u>158,128</u>	<u>163,056</u>

The accounting procedure for the stock appreciation rights is to charge income for the increase in the market price of the Company's common stock over the option price. All shares are restated for a 20% stock dividend paid July 1, 1977.

Management Incentive Compensation Plan

The plan is administered by a committee established by the Board of Directors and provides additional compensation to officers and key employees based upon income and return on shareholders' equity.

Payments made pursuant to the plan were \$787,000 for 1977 and \$722,000 for 1976.

Acquisition Transaction

The current assets section of the December 31, 1977 balance sheet contains an amount of \$8,000,000 for marketable securities committed for acquisition. This is to be used for the purchase of the Dave Fischbein Company on January 31, 1978.

Miscellaneous

Net income for 1976 included \$210,000 or \$.04 per share fully diluted (\$.05 per share primary), which represents a reduction of tax reserves which were no longer needed. Net income for the second quarter of 1976 included \$226,000 or \$.05 per share fully diluted (\$.05 per share primary), which resulted from a favorable decision by the Internal Revenue Service.

Net income for 1977 includes a reduction of certain accruals and tax reserves which were no longer needed of \$325,000 or \$.07 per share fully diluted (\$.07 per share primary). These reductions had no significant impact on quarterly earnings.

Quarterly Financial Summary (Unaudited)

(In thousands)

	For the Three Months Ended:				Total 1977	For the Three Months Ended:				Total 1976
	3/31	6/30	9/30	12/31		3/31	6/30*	9/30	12/31	
Net sales and rental revenues ...	\$47,259	\$53,260	\$53,438	\$50,029	\$203,986	\$39,164	\$44,819	\$44,469	\$43,171	\$171,623
Gross profit ...	10,853	12,892	12,967	13,049	49,761	9,558	10,859	10,465	10,707	41,589
Income before taxes	4,095	6,167	5,698	5,606	21,566	3,466	4,772	5,067	5,179	18,484
Provision for income taxes	1,991	2,948	2,734	2,680	10,353	1,615	1,944	2,350	2,463	8,372
Net income ...	<u>\$ 2,104</u>	<u>\$ 3,219</u>	<u>\$ 2,964</u>	<u>\$ 2,926</u>	<u>\$ 11,213</u>	<u>\$ 1,851</u>	<u>\$ 2,828</u>	<u>\$ 2,717</u>	<u>\$ 2,716</u>	<u>\$ 10,112</u>
Net income per share:										
Fully diluted . . .	\$0.44	\$0.66	\$0.62	\$0.61	\$2.33	\$0.39	\$0.59	\$0.56	\$0.56	\$2.10
Primary . . .	\$0.47	\$0.70	\$0.65	\$0.64	\$2.46	\$0.43	\$0.64	\$0.61	\$0.60	\$2.28
Average primary shares outstanding	4,517	4,561	4,598	4,580	4,563	4,367	4,402	4,464	4,474	4,426

*See miscellaneous note above.

All earnings per share numbers and the average shares outstanding are restated for a 20% stock dividend paid July 1, 1977.

BOARD OF DIRECTORS AND OFFICERS

Directors

Henry P. Albrecht (A, C)
President, Gale Realty, Inc.
Real Estate

Harold G. Bernthal (A)
President & Chief Operating Officer,
American Hospital Supply
Corporation

E. T. Collinsworth, Jr. (E)
President & Chief Executive Officer,
Bliss & Laughlin Industries

Stanley E. G. Hillman (C)
Retired Vice Chairman of the Board,
I. C. Industries, Inc.

C. Arnold Kalman (E, P)
Senior Vice President,
Booz, Allen & Hamilton, Inc.
Management consultants

Marvin G. Mitchell (C)
Chairman & President,
Chicago Bridge & Iron Co.
A contracting firm engaged in
construction of metal plate structures
and related systems

Robert T. Powers (P)
President & Chairman of the Board,
Nalco Chemical Co.
A specialty chemical company

Keith Shay (E)
Partner, Schiff, Hardin & Waite
Law firm

Gordon R. Worley (A, P)
Executive Vice President-Finance,
Montgomery Ward & Co.

Committees of the Board of Directors

- (A) Audit
- (C) Compensation, Stock Option Plan, and
Management Incentive Compensation Plan
- (E) Executive
- (P) Pension

Corporate Officers

Frank W. Aughnay
Senior V.P./Operations

Norma J. Bark
Assistant Secretary

E. T. Collinsworth, Jr.
President & Chief Executive Officer

T. P. Crigler
V.P./Administration & Corporate
Development

Emile J. Garneau
Corporate Controller &
Assistant Secretary

Robert W. Keenan
Group V.P./Steel Group

Donald B. Moritz
Group V.P./Construction Tools Group

Joseph W. Rose
Group V.P./Metal Products Group

Dennis W. Sheehan
V.P./General Counsel & Secretary

DIVISIONS AND MANAGERS

Ames Taping Tool Systems Co.

Mr. Eugene R. Johnson,
Vice President & General Manager

Andamios Atlas, S.A. (49% owned)

Mr. Jorge de Arechavala,
General Manager

Bliss & Laughlin Steel

Mr. Robert W. Keenan,
Group Vice President

Doerner Products Co. Limited

Mr. William Pernfuss,
Vice President & General Manager

Faultless Casters Limited

Mr. William Pernfuss,
Vice President & General Manager

Faultless Division

Mr. W. P. Stetzelberger,
Vice President & General Manager

David Fischbein Company

Mr. Harold Fischbein,
President

Goldblatt Tool Co.

Mr. Donald C. Place,
Vice President & General Manager

Jensen Tools and Alloys, Inc.

Mr. Uma Nandan,
General Manager

Markson Science, Inc.

Mr. Joseph A. Hauber,
General Manager

Nestaway Division

Mr. Fred B. Thacker,
Vice President & General Manager

Tekform Products Co.

Mr. Ronald C. Chalman,
Vice President & General Manager

Waco Scaffold & Shoring Co.

Mr. Edwin J. Burk,
Vice President & General Manager

ANNUAL MEETING

The annual meeting of stockholders of Bliss & Laughlin Industries will be held at 10:30 A.M., Wednesday, April 19, 1978, at the executive offices, 122 West 22nd Street, Oak Brook, Illinois. You are cordially invited to attend.

Executive Offices: Bliss & Laughlin Industries, 122 W. 22nd St., Oak Brook, Illinois 60521
Telephone 312-654-3350 TWX 910-651-0211

