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# BLISS & LAUGHLIN INDUSTRIES

1975  
Annual Report

HOWARD ROSS LIBRARY  
OF MANAGEMENT  
APR 15 1976  
MCQUEEN UNIVERSITY

## Financial Highlights

	1975	1974
Net sales and rental revenue .....	\$144,571,000	\$183,054,000
Net income .....	\$9,521,000	\$9,366,000
Net income per share .....	\$2.62	\$2.55
Fully-diluted net income per share .....	\$2.38	\$2.32
Return on equity .....	14.7%	15.7%
Cash dividends .....	\$3,400,000	\$3,216,000
Cash dividends per share .....	\$.94	\$.88
Shareholders' equity .....	\$67,701,000	\$61,786,000
Shareholders' equity per share .....	\$18.65	\$16.91
Average shares outstanding .....	3,630,000	3,678,000
Number of shareholders .....	6,715	6,491
Number of employees .....	2,806	3,250

All per share data are restated for the 20% stock dividend paid November 21, 1975.

### ANNUAL MEETING

The annual meeting of stockholders of Bliss & Laughlin Industries will be held at 10:30 A.M., Tuesday, April 20, 1976, at the executive offices, 122 West 22nd Street, Oak Brook, Illinois. You are cordially invited to attend.

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## To Our Stockholders

A year ago we stated to you in our 1974 Annual Report "... that the general economic conditions assumed in September (1974) in developing our 1975 Operating Plans now appear optimistic. On the other hand, we do have very specific economic downturn plans for each of our Divisions with automatic 'trigger points' to insure profit optimization relative to changing economic conditions." As the year actually unfolded, it developed that (a) the assumed economic conditions, as anticipated, were too optimistic, and (b) all Divisions, therefore, did execute their economic downturn plans during 1975.

Resulting cost savings from the latter, improved Mexican Operations and other factors summarized on Page 12, resulted in reported earnings of \$2.38 per share, fully-diluted, or primary earnings of \$2.62 per share. This is slightly better than 1974's all-time record earnings of \$2.32 per share, fully-diluted, or \$2.55 per share primary. This comparison, however, does not consider a \$3,658,000 reduction to net realizable value of

certain real estate and other assets in 1974 (\$0.44 per share, full-diluted) whereas no such reduction was required in 1975. Total sales and rental revenue of \$144,571,000, reflecting the influence of the most severe recession since the 1930's, declined 21% from 1974.

### Measurement of Management

Just as importantly, in spite of the national economic downturn, I am most pleased to inform you that the majority of our financial control ratios showed improvement over the preceding year. These improvements are evidenced by the Financial Highlights, in the Ten-Year Financial Review and in the additional data outlined below:

	<u>1975</u>	<u>1974</u>
<b>INCOME STATEMENT ITEMS</b>		
Gross Profit —% Revenue	<b>26.1%</b>	24.4%
Selling & Admin. Expense —% Revenue	<b>13.7%</b>	11.2%
Net Income —% Revenue	<b>6.6%</b>	5.1%
Net Income —% Net Assets	<b>8.4%</b>	8.0%
<b>BALANCE SHEET ITEMS</b>		
Asset Turnover	<b>1.27</b>	1.55
Inventory —% Revenue	<b>20.1%</b>	15.6%
Accounts Receivable —% Revenue	<b>10.4%</b>	10.5%

You will note that we enjoyed an increase in the percentage of gross profit margin. This improvement was not sufficient to offset the detrimental effect of the reduced dollar revenues of the industrial Operating Groups. For the first year since 1971, the dollar earning contribution of these Groups was less than the preceding year. However, the improved gross profit margin and the lower effective tax rate did offset the increased percentage of selling and administrative expenses to the degree that net income as a percent of revenue increased for the fourth consecutive year.

Receivables as a percent of revenue continued to improve from 1974, which was an all-time low for our Company. On the other hand, the revenue decline did not allow our \$4.7 million inventory reduction to reflect itself in a sufficiently timely fashion to keep our inventory-revenue percentage within plan or favorable to 1974. Consequently, asset-turnover was less than last year's all-time record. It is important to note that our current inventory level, if maintained, will permit the latter two ratios to again be back in line for 1976.

Our reduced asset-turnover, however, was more than offset by the previously referred to increase in net income as a percent of revenue. This enabled us to produce an 8.4% return on net assets employed, which bettered 1974, and resulted in the fourth consecutive year of increase in this most important measurement of asset management.

I am sure that you will be pleased to note that we have a very strong balance sheet. Net current assets increased 37% from \$36.5 million in 1974 to \$50.1 million by December 31, 1975. The current ratio improved from 2.9 to 1.0 at the beginning of the year to 4.5 to 1.0 at

year end. The long-term debt to equity of .54 to 1.00 increased from the previous year's .41 to 1.00. However, all of the long-term debt increase is represented by year-end cash and marketable securities.

In closing this subject, it is pertinent to mention that your Company ranked in the top quartile in Return on Equity, as well as Return on Total Capital, of 929 public companies surveyed by a well-known business publication for the 12-month period ending September 30, 1975.

#### **Dividend Action**

On October 3, 1975, a 20% stock dividend payable November 21, 1975 to stockholders of record, October 28, 1975, was announced by our Board of Directors. In addition, a quarterly cash dividend of \$0.25 per share was declared, payable December 31, 1975 to shareholders of record December 12, 1975. This was the third consecutive year in which the Board effectively increased the cash dividend by approximately 10%, producing a total increase of 32% since 1972. This was the 35th consecutive year of dividends paid by BLI.

#### **Operations**

With the exception of Land which reported a loss in 1974, the earnings contribution of all of our U.S. Operating Groups was less than the previous year. Conversely, our Mexican Operations exceeded 1974's results by an appreciable margin.

During August we negotiated and signed a three-year labor contract with the Union representing the employees at our Faultless Division. The agreement provided for wage and fringe benefit increases, and at the same time allowed procedures to be developed for increased productivity. It is a credit to the representatives of both Management and the Union that this negotiation was culminated without a work stoppage.

As in the past, the Audit Committee of your Board, which is composed of non-management Directors (refer to Page 20 for its membership), met twice with our independent public accountants, Arthur Andersen & Co. During the summer of 1975, a meeting was convened to review in detail the proposed scope of the audit. A very comprehensive follow-up meeting was held February 3, 1976 to discuss with Arthur Andersen's representatives the audited statements reported herein, and the relationship between our Company and our public accounting firm, its method of auditing, and pertinent changes and considerations arising from its audit. It is to be emphasized that the Audit Committee of the Board has continuous and direct access to our auditors.

#### **Growth**

As in previous years, we include in this report a graphic presentation of the total Corporate earnings growth, together with that of our respective Groups. You will note that 1975's earnings are above the 9.6% average growth trend of fully-diluted earnings per share experienced since the 1961 diversification program was initiated. Your Management is most pleased that we were able to accomplish this in spite of the worst business recession in decades. This again dramatically demonstrates that our decision to become a diversified company in 1961 was a good one.

#### **Outlook for 1976**

Historically, BLI's earnings have lagged published, national economic indicators by 6-9 months. This might explain why, contrary to our expectations, we did not experience the business upturn in the last half of 1975 which was indicated by government statistics. This is especially true with our Steel and Construction Tool Groups.

With operating earnings declining in the final quarter of 1975 and first quarter of 1976, our approach to the year is a cautious one. This is especially true since we have reached what we believe to be the safe limits of economic downturn plan cost reductions. We feel that further reductions would be to the long term detriment of our Company.

On a more positive note, we will continue to search aggressively for cash acquisitions. We do not face any major labor contract negotiations; and the general consensus of the better known economic soothsayers indicates the following improved scenario for the 1976 economy:

GNP Real Growth	6%
FRB Index	122
Domestic Auto Shipments—mil.	7.9
Housing Starts—mil.	1.6
U.S. Tons Steel Shipped—mil.	95

If the above economic conditions do materialize, BLI should experience increasing quarterly earnings after the first period.

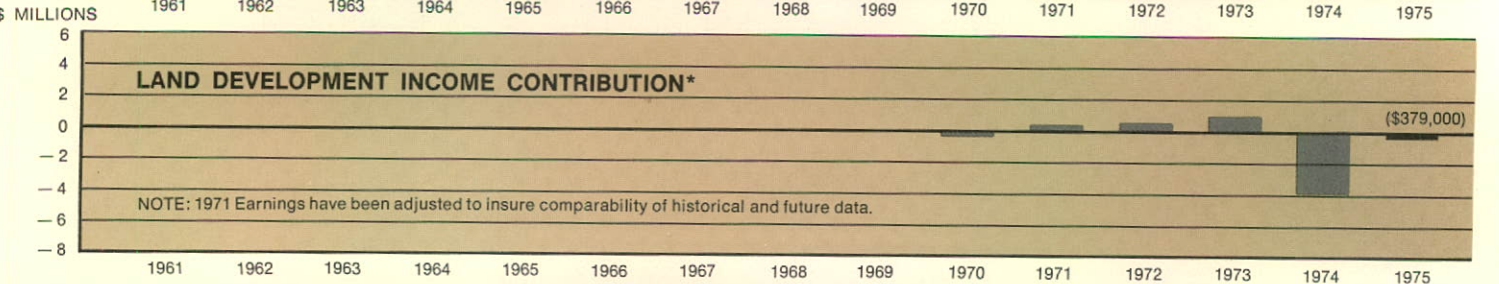
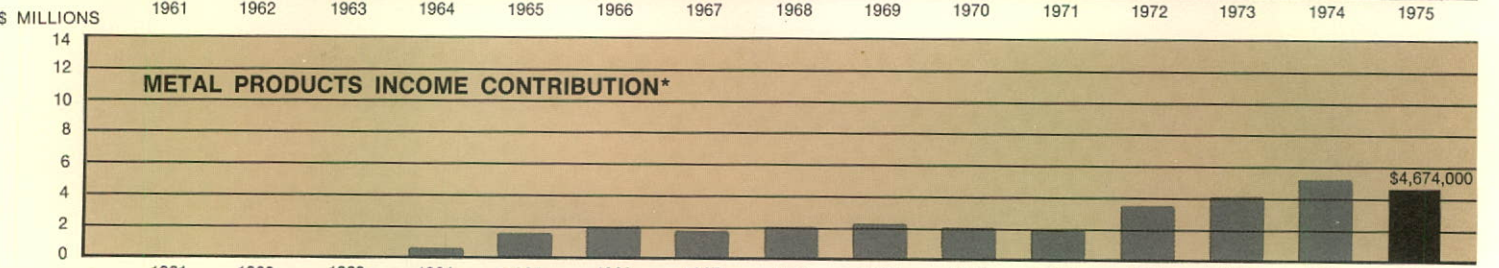
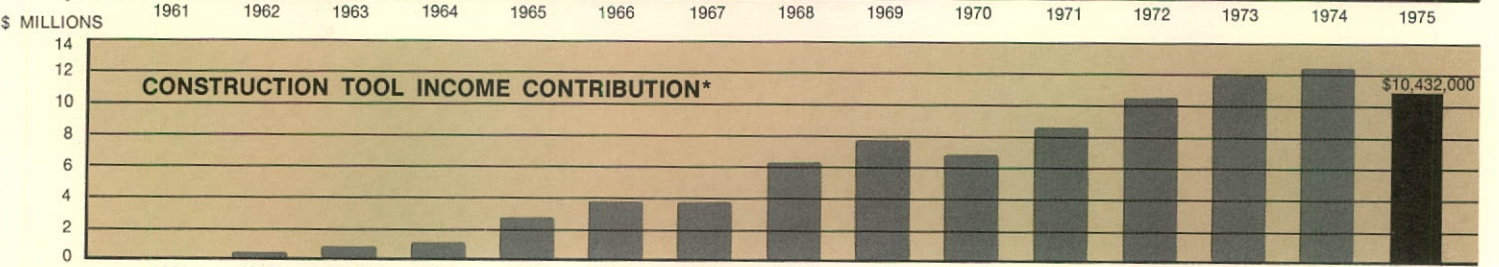
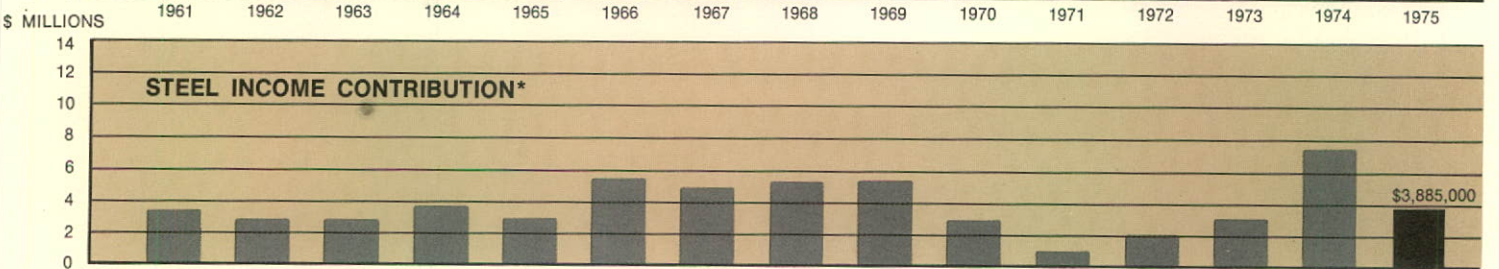
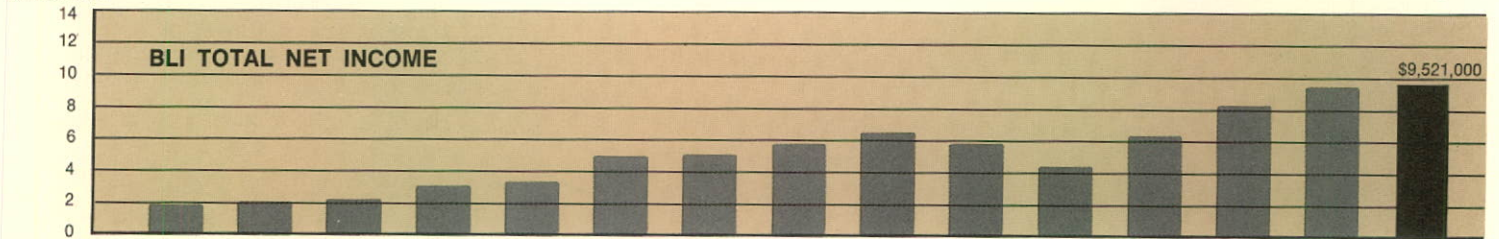
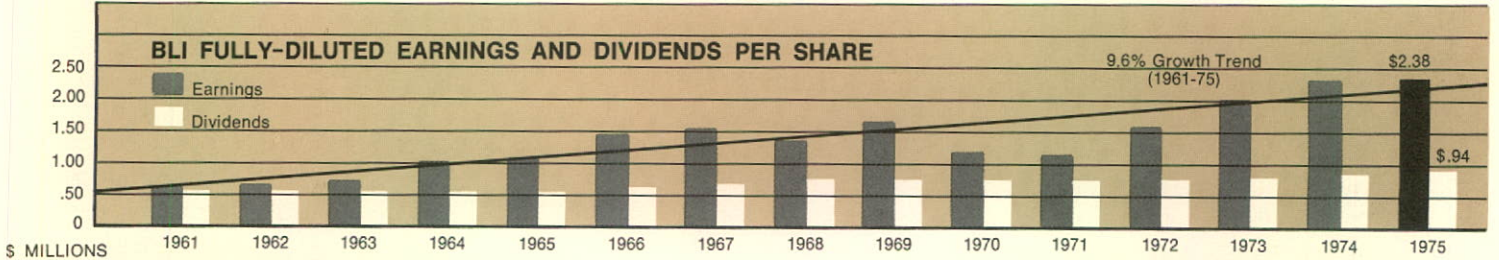


E. T. Collinsworth, Jr.  
President & Chief Executive Officer

February 23, 1976

# BLI Performance Review

DOLLARS



NOTE: 1971 Earnings have been adjusted to insure comparability of historical and future data.

\*Income contribution is defined as income before corporate expense allocation and taxes.

# BLI Position and Outlook

Our 1974 Annual Report included a section that described the end uses of Bliss & Laughlin's products. This year, we are presenting a discussion of the markets for BLI's products and the economic factors which influence the market performance of these products.

Twice each year, management meets to review the economic climate and how it may affect our businesses.

What follows is based on the most recent review, held in December, 1975. The Group participants were:

**B&L Steel**—Robert W. Keenan, Group Vice President; Robert J. Robinson; Charles A. Scott; Herbert A. Tews; and Gordon H. Winstanley.

**Construction Tools**—Donald B. Moritz, Group Vice President; Eugene R. Johnson (Ames Taping Tool Systems); Richard C. Mocny (Waco

Scaffold & Shoring); and Donald C. Place (Goldblatt Tool and Marco Paper Products).

**Metal Products**—Joseph W. Rose, Group Vice President; Ronald C. Chalman (Tekform Products); William Pernfuss (Doerner Products); Willard P. Stetzelberger (Faultless); and Fred B. Thacker (Nestaway).

**Land Development**—Edwin J. Burk, Vice President.

## STEEL GROUP

B&L Steel is the nation's leading independent producer of cold-finished steel bars. As such, we are a major factor in American industry since cold-finished bars are used in many manufactured steel items which require close tolerances, rotate or have movable parts.

B&L Steel's products are used extensively throughout industry and our sales correlate closely with the



Gross National Product and the Federal Reserve Board's Index of Industrial Production with a lag of three to six months.

Graph 1 shows total steel and cold-finished steel bar shipments over a ten-year period. During such a long time span cold-finished steel bars average about 2% of total steel shipments. B&L Steel's performance has followed closely the industry pattern.

B&L Steel management expected a slowdown in steel industry shipments beginning in late 1974 and continuing throughout most of 1975. We employed our Economic Downturn Plans in almost all our mills. The implementation of these plans at specific facilities corresponded to the timing of local market conditions.

B&L Steel's major customers are steel service centers, manufacturers

of industrial machinery and equipment, automotive and agricultural equipment makers, appliance manufacturers, manufacturers of electrical and non-electrical machinery, and fastener makers. The sales of most of these B&L Steel customer groups declined during 1975.

In the cold-finished steel bar industry, it is important to build long-term relationships with customers. B&L Steel has a carefully cultivated reputation for high quality and conscientious service that gives us an edge in the competitive market. One of our major accounts today has been a customer of B&L Steel since 1891.

These close, long-standing relationships are important to us and to our customers. They work with us in our business planning as we estimate future requirements and optimum inventory levels. And, some of our customers use B&L Steel's econometric models in their own business planning. By working together, we can anticipate and

respond to changes in market conditions in an orderly way.

In the next 12 months, we anticipate an improving economic environment as the appliance, automotive, electrical and non-electrical machinery industries recover from their low 1975 levels. But we expect a somewhat longer recovery period in the capital equipment market. We also expect most customers to continue to operate with relatively low inventories. These factors should keep steel tonnage deliveries in 1976 below the record levels of 1974.

B&L Steel plans to increase its share of the cold-finished steel bar market in selected markets. If expected price increases occur and the economy continues to improve, B&L Steel's income could be higher than any year in its history except 1974.

For the long term, we are confident that B&L Steel will continue its



pattern of growth in spite of occasional cyclical downturns. We are committing \$15 million to a major capital project to modernize and expand the Harvey, Illinois, plant and to build a new joint venture wire mill near Chicago.

**METAL PRODUCTS GROUP**

The market environment for our Group declined most of the year. Due to reduced business most of the Group's operations implemented their contingency Economic Downturn Plans early in the year to protect income levels. The result was the second highest income contribution year in our Group's history in spite of a 20% decline in revenues.

Through Doerner, Faultless, Nestaway and Tekform, BLI serves certain specific marketplaces and industry in general.

Doerner manufactures chair bases and chair controls for the office furniture industry. Doerner markets in Canada, the United Kingdom, Australia, and elsewhere overseas and supplies Faultless with products for sale in the U.S. The office furniture market lagged the general economic downturn in 1974; thus the demand for Doerner chair bases and controls declined in 1975. We expect the low level of demand to continue into 1976.

Faultless manufactures casters and furniture hardware and sells these products along with Doerner products to the office furniture and industrial markets and to the home furniture and kitchen cabinet industries. Faultless' activity follows durable goods manufacturing more closely than any other operation in the Metal Products Group.

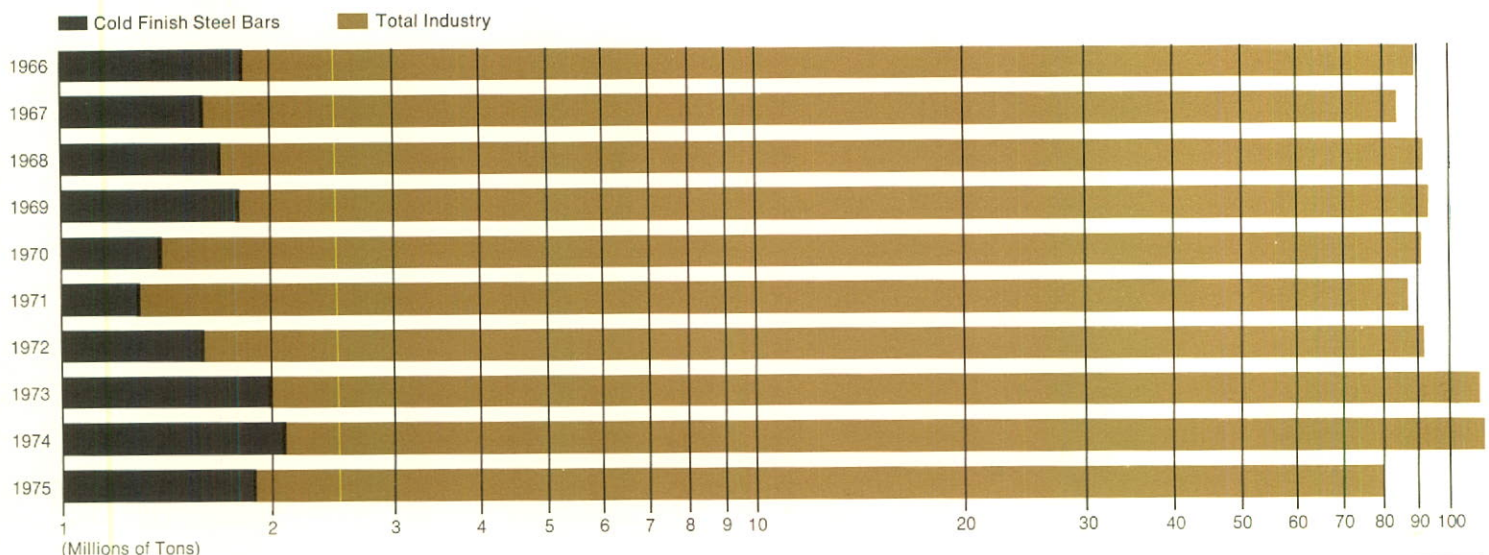
Faultless sells to a broad customer base. Improvements in some markets compensated for declines in others. An increase in the number of

distributors of its decorative hardware lines and improved sales of replacement parts helped balance reduced sale to manufacturers. As the economy began its upturn in mid-1975, Faultless followed suit. We expect Faultless to equal or exceed its record 1974 results in 1976.

Nestaway produces fabricated wire baskets for housewares and appliances, and portable nesting and stacking racks and flexible conveyors for materials handling in industry.

Excessive inventories in the hands of housewares and appliance manufacturers in early 1975 reduced demand for dishwasher racks and other Nestaway products. Nestaway's sales of material handling systems were lower as manufacturers reduced capital expenditures coinciding with inventory reductions. As economic activity increased during the latter

Steel Industry Shipments



GRAPH 1



part of 1975, orders and inquiries for Nestaway products increased markedly.

Tekform manufactures packaging for micro-miniature circuits, used in such diverse products as military aircraft and heart pacers. Cutbacks in defense spending reduced Tekform's aerospace sales in 1975, but this was largely offset by growth in the heart pacer and foreign markets. Tekform does not expect the defense market to improve in 1976, but overall, we expect to achieve record sales and contribution profits in 1976.

The Metal Products Group as a whole minimized the negatives of 1975 by expanding international sales, reducing inventories and streamlining operations.

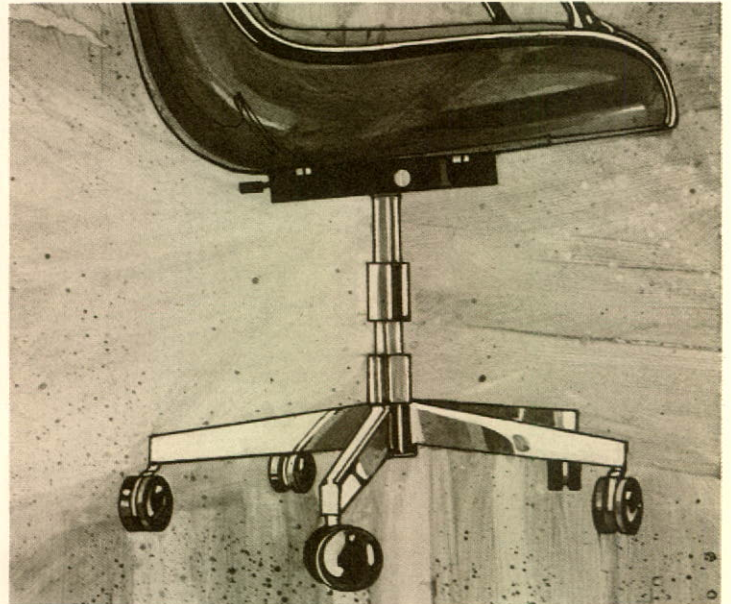
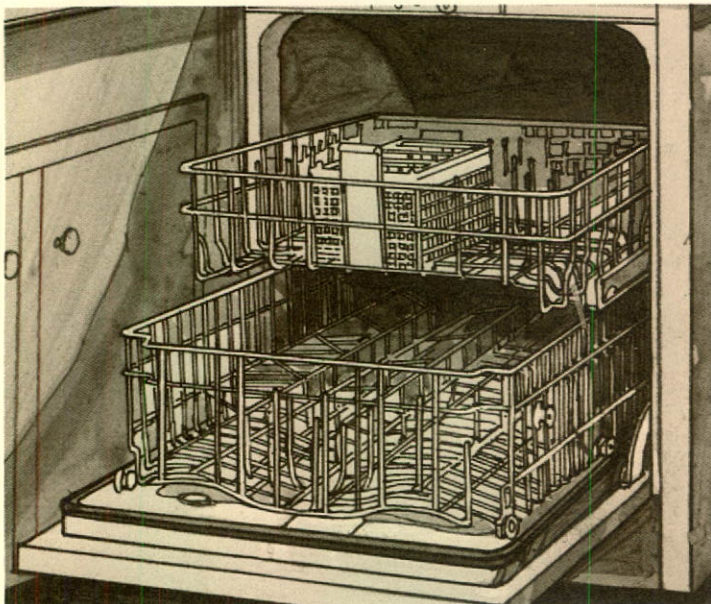
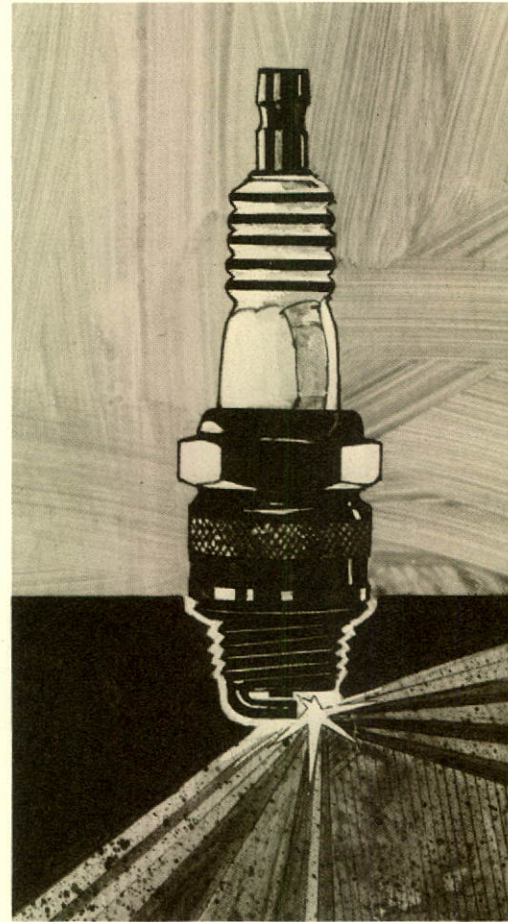
As the economy improves and capital expenditures increase, BLI's Metal Products Group expects a good year in 1976. The measures, which increased productivity in 1975, will be continued in 1976. We expect to expand sales with a strong international sales effort and by introducing new improved products such as the Thinline® chair control and dual wheel caster.

### CONSTRUCTION TOOL GROUP

The Construction Tool Group serves the construction industry with labor-saving tools, equipment and materials. This Group consistently outperforms the economic trends of the construction industry (Graph 2). 1975 was no exception.

BLI entered 1975 knowing that construction, particularly residential construction, would lag 1974. Actual construction was even lower than forecast, and all of the Construction Tool Group's divisions implemented Economic Downturn Plans during the year. Material and labor costs increased, but gross profit margins were maintained or improved.

Our Ames operation designs, manufactures, rents and services a sophisticated line of proprietary automatic taping and finishing tools used in drywall installation.



Traditionally, 70% of Ames' market has been in new residential construction. In 1975, as residential activity dropped, we increased our share in the non-residential and renovation markets. This versatility of Ames products enabled Ames to maintain its position even in a poor business environment.

The Marco Paper Products Company manufactures drywall paper tape under private label.

The Waco division supplies scaffolding and shoring to the construction industry. Scaffolding is used to support tradesmen in all phases of construction. Shoring is used to support poured in-place reinforced concrete.

Waco markets traditionally have been in non-residential construction which held up well until the third quarter of 1975. The downturn in non-residential construction which began at that time is expected to continue throughout 1976.

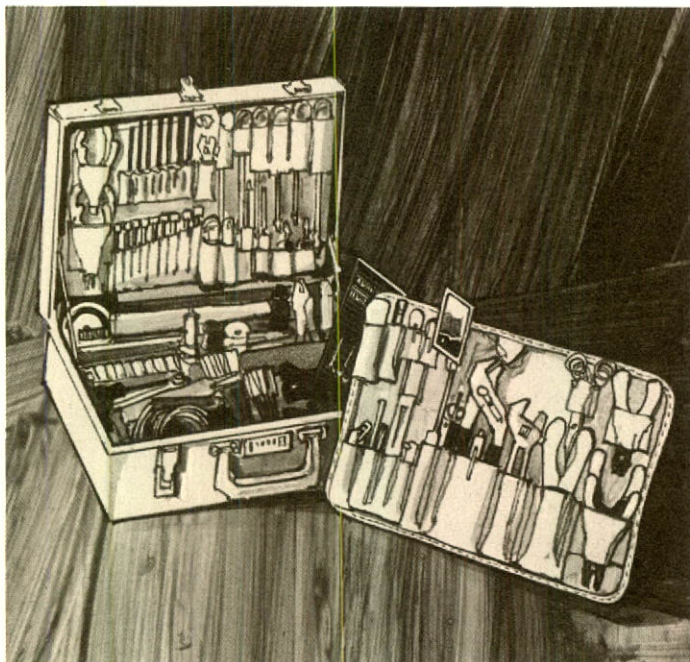
The Sky Witch line of mobile work platforms acquired in 1974 finds its application both in construction and in industry. Its progress in sales and profit contribution is expected to continue in 1976.

Goldblatt, in its 91st year, is one of the oldest and largest catalog distributors of construction tools and equipment for the trowel trades segment of the construction industry. Goldblatt is more evenly affected by all segments of construction than either Ames or Waco.

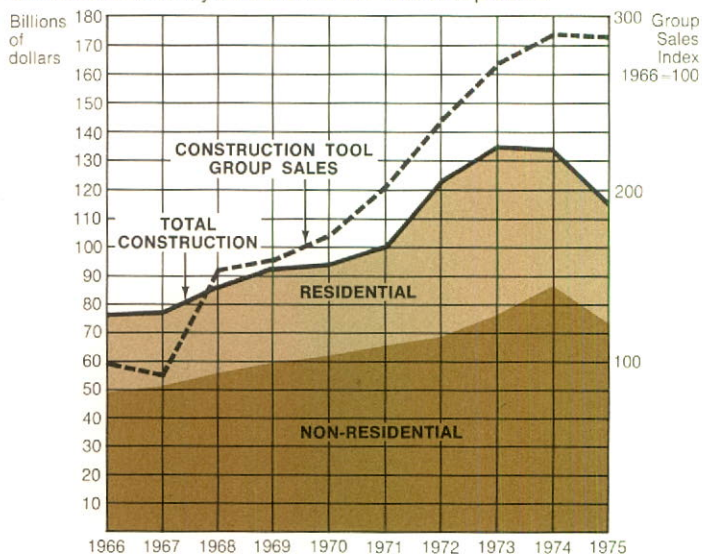
The Construction Tool Group operated more efficiently in 1975. Although revenues and profits decreased, in the light of major market indicators—it was a good year.

Forecasts for 1976 point to a possible 25% increase in housing starts while non-residential construction will remain close to 1975 levels. One of the characteristics of the Construction Tool Group is the tendency to have earnings of some divisions improve as others decline. In 1976, the revenues of Ames, Marco and Goldblatt should increase as construction activity improves; however, Waco does not look for an upturn in its non-residential markets until late in the year, if then.

Jensen Tools and Alloys, Inc. markets tools and tool kits for electronic technicians and precision mechanics. Markson Science Inc. markets scientific and laboratory equipment and devices. Both sell principally by catalog. Sales of both of these small businesses increased substantially in 1975. These small businesses are in their early stages of development and are marketing aggressively and adding new products rapidly. The growth in sales and profit contribution is expected to continue in 1976.



Construction Activity vs. Construction Tool Group Sales



GRAPH 2

## LAND DEVELOPMENT

Bliss & Laughlin owns five properties—two developed, one partially developed and two undeveloped. In 1975, a year of recession for the construction industry generally, this Group's results were mixed.

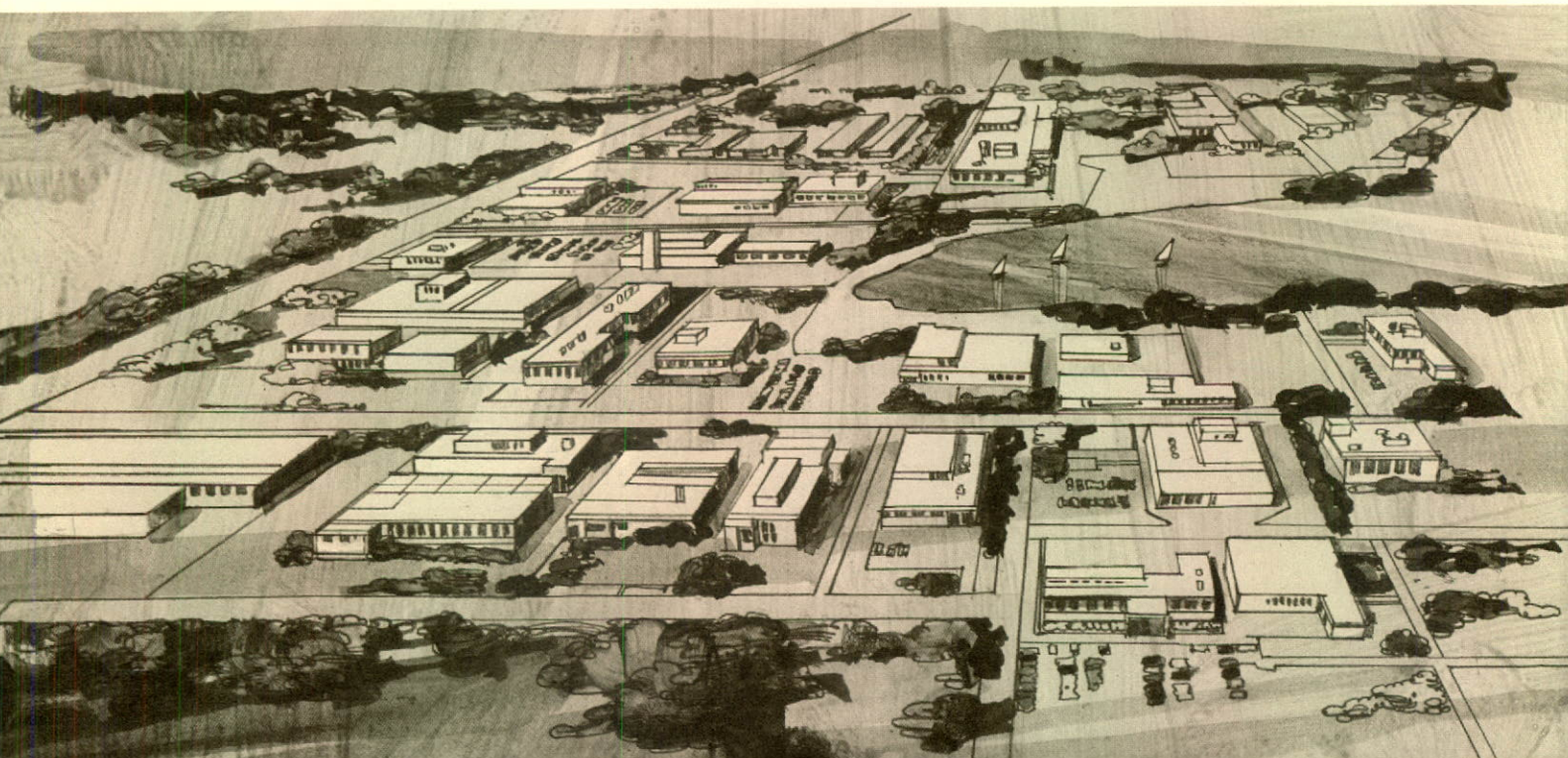
Turtle Creek in Tequesta, Florida, is a single family residential and condominium golf course oriented community for professional and retired people. While all single family homesites and 94 condominium units have been sold at Turtle Creek, the overbuilding in the Florida market has had its impact. Consequently, Turtle Creek condominium sales were down in 1975. However, our concept of community development is inherently sound and the Turtle Creek condominiums have appreciated in value. It is our opinion that many consumers have postponed their

plans to buy, but they have not canceled them. Therefore, we expect an improvement in sales in 1976 as the shakeout in the Florida condominium market continues and potential buyers realize that Turtle Creek values are appreciating.

Fullerton Center Industrial Park in Addison, Illinois, is a unique industrial park with construction sites sold mostly to small industrial users. Sales at Fullerton Center in 1975 exceeded our forecast. We expect to sell all the remaining sites in 1976 and 1977.

Country Village, BLI's single family housing development in Yucaipa, California, performed counter to the overall housing market with very good sales results in 1975. As the housing market improves in 1976, we expect to sell all our remaining inventory in the first half of the year. Other than the Country Village project, Wildwood Ranch remains undeveloped.

The two undeveloped properties are Carmel Valley in San Diego, California, and Country Highlands in Dallas, Texas.



# Ten-Year Financial Review

	1975(a)	1974(a)
<b>OPERATING RESULTS (in thousands)</b>		
Net sales and rental revenue .....	\$144,571	\$183,054
Gross profit .....	37,802	44,751
Depreciation and amortization .....	4,228	4,146
Interest expense .....	2,048	2,751
Income before taxes .....	17,819	18,459
Provision for income taxes .....	8,298	9,093
Income from continuing operations .....	9,521	9,366
Income from bank subsidiary (acquired and sold in 1970) less related interest and income taxes .....	—	—
Income before extraordinary items .....	9,521	9,366
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 .....	9,521	9,366
Cash dividends .....	3,400	3,216
Net income per share:		
Income before extraordinary items .....	\$2.62	\$2.55
Extraordinary items .....	—	—
Net income .....	2.62	2.55
Fully-diluted net income per share:		
Income before extraordinary items .....	2.38	2.32
Extraordinary items .....	—	—
Net income .....	2.38	2.32
Dividends per share .....	.94	.88
<b>FINANCIAL POSITION (in thousands)</b>		
Working capital .....	\$50,142	\$ 36,502
Plant and equipment, net .....	26,327	26,869
Long-term notes payable .....	21,906	12,966
Mortgage loans .....	4,120	5,191
Convertible subordinated debentures .....	7,016	7,141
Shareholders' investment .....	67,701	61,786
<b>STATISTICS</b>		
Average shares outstanding (in thousands) .....	3,630	3,678
Number of shareholders .....	6,715	6,491
Number of employees .....	2,806	3,250

All per share data are restated for the 20% stock dividend paid November 21, 1975

(a) See page 12 for management's discussion and analysis of operating results.

1973	1972	1971	1970	1969	1968	1967	1966
\$162,888	\$133,202	\$109,499	\$109,167	\$128,566	\$114,061	\$ 95,112	\$105,324
38,040	32,402	26,266	25,995	30,234	25,751	20,508	21,100
4,119	4,089	3,894	3,728	3,444	3,289	2,290	2,143
2,206	2,178	2,404	1,373	1,238	1,228	785	541
15,970	12,540	8,690	9,141	14,238	12,163	10,086	9,802
7,765	5,980	3,950	4,280	7,345	6,430	4,980	4,925
8,205	6,560	4,740	4,861	6,893	5,733	5,106	4,877
—	—	—	788	—	—	—	—
8,205	6,560	4,740	5,649	6,893	5,733	5,106	4,877
—	—	—	699	—	—	—	—
—	(482)	—	—	—	—	—	—
8,205	6,078	4,740	6,348	6,893	5,733	5,106	4,877
3,055	2,853	2,838	2,794	2,712	2,496	2,264	1,996
\$2.18	\$1.74	\$1.27	\$1.53	\$1.91	\$1.67	\$1.53	\$1.47
—	(.12)	—	.19	—	—	—	—
2.18	1.62	1.27	1.72	1.91	1.67	1.53	1.47
2.00	1.60	1.17	1.39	1.66	1.42	—	—
—	(.12)	—	.16	—	—	—	—
2.00	1.48	1.17	1.55	1.66	1.42	—	—
.82	.76	.76	.76	.76	.74	.68	.61
\$ 40,085	\$ 33,611	\$ 26,579	\$ 22,529	\$ 21,086	\$ 24,586	\$ 22,332	\$ 18,443
26,697	27,839	28,520	28,742	25,077	22,743	15,234	14,545
18,914	18,089	13,763	13,765	5,046	5,575	6,161	7,637
8,939	11,017	11,244	7,224	6,749	—	—	—
7,141	7,141	7,735	8,821	10,211	12,531	13,983	—
56,614	52,144	48,610	45,821	41,845	37,672	32,676	29,738
3,755	3,760	3,740	3,682	3,612	3,441	3,328	3,322
6,339	6,141	6,246	6,209	6,090	5,985	5,717	5,639
3,155	3,063	3,048	3,319	3,286	2,743	2,428	2,573

# Description of Business and Summary of Operations

The Company's business is organized into four major Groups whose principal products and services and method of marketing and distribution are as follows:

**Bliss & Laughlin Steel Group** The business is the manufacture and sale of cold-finished steel bars. These products are made from a variety of carbon and alloy hot rolled bar stock into a broad range of sizes, shapes, finishes and grades. Sales are by Company salesmen and independent agents principally within the United States. Shipments to these customers are made from 6 domestic manufacturing plants.

**Metal Products Group** The business is the shaping, formation and assembly of metal products for industrial specialty markets. The principal products are industrial and furniture casters and glides, chair controls and bases, furniture hardware and trim, material handling systems (wire baskets, racks, shelving, pallets and dollies), coated wire baskets for automatic dishwashers, metal stampings, and precision miniature packages for the micro-electronics industry. Marketing is done throughout the United States and Canada by Company salesmen, independent agents and distributors. The products are supplied from 5 plants in the United States and 2 plants in Canada.

**Construction Tool Group** The business is the manufacture and supply of scaffolds, shoring, enclosure systems, tools and paper tape for gypsum drywall board joining and tools for masonry and construction trades. The products are sold or leased through independent distributors, dealers and jobbers, Company owned service centers, Company salesmen and catalog mailings in the United States and Canada.

**Land Development Group** The principal business is the improvement of raw land and its resale as property ready for real estate development at five geographic locations totaling over 2,000 acres. Sales are to individuals, local and regional builders, and industrial park builders and developers by Company salesmen and independent real estate firms.

**Jensen Tools and Alloys** and **Markson Science** are small industrial catalog businesses supplying products to the electronics and laboratory markets, respectively.

**General** In each of its industrial specialties BLI is able to compete efficiently with other suppliers and is not seriously jeopardized by its dependence upon a few large customers or suppliers.

## Financial Results of the Company's Principal Lines of Business

Net Revenues	1975	1974	1973	1972	1971
Steel Group . . . . .	\$ 58,912,000	\$ 85,789,000	\$ 70,894,000	\$ 53,539,000	\$ 45,650,000
Construction Tool Group . . . . .	42,620,000	43,145,000	41,852,000	38,627,000	31,868,000
Metal Products Group . . . . .	41,633,000	51,799,000	44,448,000	38,052,000	30,009,000
Land Development Group . . . . .	1,406,000	2,321,000	5,694,000	2,984,000	1,972,000
	<u>\$144,571,000</u>	<u>\$183,054,000</u>	<u>\$162,888,000</u>	<u>\$133,202,000</u>	<u>\$109,499,000</u>
<b>Income Before Income Taxes and Extraordinary Items</b>					
Steel Group . . . . .	\$ 3,885,000	\$ 7,603,000	\$ 3,471,000	\$ 1,981,000	\$ 1,079,000
Construction Tool Group . . . . .	10,432,000	12,279,000	11,850,000	10,803,000	8,786,000
Metal Products Group . . . . .	4,674,000	5,563,000	4,276,000	3,691,000	2,037,000
Land Development Group . . . . .	(379,000)	(3,842,000)	1,240,000	564,000	531,000
General Expenses Not Allocated . . . . .	(793,000)	(3,144,000)	(4,867,000)	(4,499,000)	(3,743,000)
	<u>\$ 17,819,000</u>	<u>\$ 18,459,000</u>	<u>\$ 15,970,000</u>	<u>\$ 12,540,000</u>	<u>\$ 8,690,000</u>

## Management's Discussion and Analysis of Operating Results

1974: Revenues increased almost entirely due to increased selling prices. Higher margins increased gross profit by \$6,711,000 even after a reduction of \$3,909,000 as a result of a change to the LIFO method of valuing certain inventories. The major offset to the increased gross profits was a \$3,658,000 reduction to net realizable value of certain real estate and other assets.

1975: Revenues decreased due to economic decline in the businesses in which the company is engaged. Gross profit as a percent of revenues improved mainly due to favorable product mix. Income before taxes was down less than the gross profit decline mainly because 1974 had included the \$3,658,000 valuation reduction in real estate and other assets and 1975 included revision of prior years' insurance expense accruals of \$483,000 which were no longer required and a non-recurring contribution from Mexican operations of \$472,000. The provision for income taxes as a percent of income before taxes declined mainly because of the deductibility of

pre-acquisition losses of acquired companies, higher Mexican income not subject to U.S. taxes, and greater non-tax deductible charges to income in 1974.

GENERAL: The net revenues and income before taxes and extraordinary items for the past 5 years are shown for each Operating Group in the Financial Results of the Company's Principal Lines of Business (see table above).

### Quarterly Data

Bliss & Laughlin's common stock is listed on the New York Stock Exchange and Midwest Stock Exchange. 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	
	1975		1974		1975	1974
	High	Low	High	Low		
First	11 $\frac{3}{8}$	8 $\frac{1}{2}$	13 $\frac{1}{8}$	10 $\frac{3}{8}$	\$ .23	\$ .21
Second	12 $\frac{5}{8}$	10 $\frac{7}{8}$	12 $\frac{3}{8}$	10 $\frac{1}{8}$	.23	.21
Third	12 $\frac{3}{4}$	10 $\frac{1}{2}$	10 $\frac{7}{8}$	9	.23	.23
Fourth	13 $\frac{3}{4}$	10 $\frac{5}{8}$	10 $\frac{7}{8}$	8	.25	.23
					<u>\$ .94</u>	<u>\$ .88</u>

All per share data are restated for the 20% stock dividend paid November 21, 1975.

# Consolidated Statement of Income

For the years ended December 31, 1975 and 1974

	1975	1974
<b>REVENUE:</b>		
Net sales .....	\$130,350,000	\$167,721,000
Rental revenue .....	14,221,000	15,333,000
Total revenue .....	<u>144,571,000</u>	<u>183,054,000</u>
<b>COSTS AND EXPENSES:</b>		
Cost of sales .....	101,430,000	132,982,000
Cost of rentals .....	5,339,000	5,321,000
Selling, general and administrative expenses .....	19,765,000	20,438,000
Interest expense .....	2,048,000	2,751,000
Other, net .....	(1,830,000)	3,103,000
Total costs and expenses .....	<u>126,752,000</u>	<u>164,595,000</u>
INCOME BEFORE INCOME TAXES .....	17,819,000	18,459,000
PROVISION FOR INCOME TAXES .....	8,298,000	9,093,000
NET INCOME .....	<u>\$ 9,521,000</u>	<u>\$ 9,366,000</u>
NET INCOME PER SHARE .....	<u>\$ 2.62</u>	<u>\$ 2.55</u>
FULLY-DILUTED NET INCOME PER SHARE,		
assuming conversion of the Company's convertible subordinated debentures as of the beginning of the year .....	<u>\$ 2.38</u>	<u>\$ 2.32</u>
AVERAGE SHARES OUTSTANDING .....	<u>3,630,000</u>	<u>3,678,000</u>

All per share data are restated for the 20% stock dividend paid November 21, 1975.

## Consolidated Statements of Common Stock and Treasury Stock

	1975		1974	
	Number of Shares	Amount	Number of Shares	Amount
<b>COMMON STOCK:</b>				
Balance at beginning of year .....	3,208,000	\$8,021,000	3,208,000	\$8,021,000
Add:				
Stock issued for debenture conversion .....	8,000	19,000	—	—
Stock issued for 20% stock dividend .....	<u>642,000</u>	<u>1,605,000</u>	—	—
Balance at end of year .....	<u>3,858,000</u>	<u>\$9,645,000</u>	<u>3,208,000</u>	<u>\$8,021,000</u>
<b>TREASURY STOCK:</b>				
Balance at beginning of year .....	163,000	\$2,993,000	98,000	\$2,036,000
Add:				
Treasury stock purchased .....	26,000	328,000	65,000	957,000
Stock issued for 20% stock dividend .....	<u>38,000</u>	—	—	—
Balance at end of year .....	<u>227,000</u>	<u>\$3,321,000</u>	<u>163,000</u>	<u>\$2,993,000</u>

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

# Consolidated Balance Sheet

December 31, 1975 and 1974

ASSETS	1975	1974
<b>CURRENT ASSETS:</b>		
Cash .....	\$ 4,328,000	\$ 4,108,000
Marketable securities, at cost which approximates market .....	17,272,000	3,343,000
Trade accounts receivable, less allowance for doubtful accounts of \$1,303,000 and \$1,520,000 respectively .....	13,259,000	14,192,000
Inventories .....	27,340,000	32,071,000
Deferred income tax benefits .....	1,099,000	1,369,000
Prepaid expenses .....	988,000	532,000
Total current assets .....	<u>64,286,000</u>	<u>55,615,000</u>
<b>REALTY:</b>		
Land and related costs .....	14,813,000	15,265,000
Receivables .....	2,547,000	2,954,000
Deferred income tax benefits .....	1,305,000	2,197,000
Other .....	986,000	325,000
	<u>19,651,000</u>	<u>20,741,000</u>
<b>OTHER ASSETS:</b>		
Deferred charges .....	499,000	409,000
Investments in affiliated companies .....	2,411,000	1,557,000
Intangible assets arising from acquisitions .....	5,362,000	5,168,000
Patents and other intangible assets, at cost, less amortization of \$3,254,000 and \$2,997,000 respectively .....	1,398,000	1,470,000
	<u>9,670,000</u>	<u>8,604,000</u>
<b>EQUIPMENT LEASED TO OTHERS,</b>		
at cost, less accumulated depreciation of \$10,465,000 and \$9,158,000 respectively .....	<u>7,682,000</u>	<u>8,481,000</u>
<b>PLANT AND EQUIPMENT, at cost:</b>		
Land .....	1,590,000	1,591,000
Buildings .....	10,916,000	10,905,000
Machinery and equipment .....	26,540,000	24,857,000
	<u>39,046,000</u>	<u>37,353,000</u>
Less—accumulated depreciation .....	20,401,000	18,965,000
Net plant and equipment .....	<u>18,645,000</u>	<u>18,388,000</u>
	<u>\$119,934,000</u>	<u>\$111,829,000</u>



LIABILITIES	1975	1974
<b>CURRENT LIABILITIES:</b>		
Current maturities of long-term debt . . . . .	\$ 3,089,000	\$ 264,000
Accounts payable—trade . . . . .	2,568,000	5,506,000
Customer deposits and advance rentals . . . . .	1,370,000	1,512,000
Accrued liabilities—		
Taxes, other than income taxes . . . . .	678,000	1,104,000
Salaries, wages and vacations . . . . .	2,444,000	2,765,000
Interest . . . . .	208,000	169,000
Pension costs . . . . .	2,025,000	1,026,000
Other . . . . .	1,652,000	2,568,000
Income taxes . . . . .	110,000	4,199,000
Total current liabilities . . . . .	<u>14,144,000</u>	<u>19,113,000</u>
<b>REALTY:</b>		
Mortgage loans . . . . .	4,120,000	5,191,000
Other . . . . .	262,000	426,000
	<u>4,382,000</u>	<u>5,617,000</u>
DEFERRED INCOME TAXES . . . . .	1,929,000	1,866,000
ACCRUED PENSION COSTS, non-current . . . . .	2,856,000	3,340,000
LONG-TERM DEBT, less current maturities . . . . .	21,906,000	12,966,000
CONVERTIBLE SUBORDINATED DEBENTURES, 5¾%, due in 1987 . . . . .	7,016,000	7,141,000
<b>SHAREHOLDERS' EQUITY:</b>		
Capital stock—		
Preferred stock, no par value; authorized 1,000,000 shares; no shares issued . . . . .	—	—
Common stock, \$2.50 par value; authorized 5,000,000 shares; issued 3,858,000 and 3,208,000 shares respectively . . . . .	9,645,000	8,021,000
Additional capital . . . . .	17,288,000	11,971,000
Retained earnings . . . . .	44,089,000	44,787,000
Treasury stock, at cost, 227,000 shares and 163,000 shares respectively . . . . .	(3,321,000)	(2,993,000)
	<u>67,701,000</u>	<u>61,786,000</u>
	<u>\$119,934,000</u>	<u>\$111,829,000</u>

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

# Consolidated Statement of Changes in Financial Position

For the years ended December 31, 1975 and 1974

	1975	1974
<b>SOURCES OF WORKING CAPITAL:</b>		
Net income . . . . .	\$ 9,521,000	\$ 9,366,000
Add (Deduct) items not affecting working capital:		
Depreciation and amortization (straight-line) . . . . .	4,228,000	4,146,000
Write-downs of realty and other assets . . . . .	—	3,658,000
Investment in affiliated companies . . . . .	(854,000)	77,000
Deferred income taxes, net . . . . .	955,000	(2,357,000)
Working capital provided from operations . . . . .	13,850,000	14,890,000
Increase in long-term debt . . . . .	9,208,000	320,000
Total provided . . . . .	<u>23,058,000</u>	<u>15,210,000</u>
<b>USES OF WORKING CAPITAL:</b>		
Decrease in mortgage loans payable . . . . .	1,071,000	3,748,000
Additions to plant and equipment . . . . .	3,901,000	4,535,000
Payments of long-term debt . . . . .	393,000	6,268,000
Cash dividends . . . . .	3,400,000	3,216,000
Treasury stock purchases . . . . .	328,000	957,000
Other, net . . . . .	325,000	69,000
Total used . . . . .	<u>9,418,000</u>	<u>18,793,000</u>
Increase (Decrease) in working capital . . . . .	<u>\$13,640,000</u>	<u>\$ (3,583,000)</u>
<b>CHANGES CONSIST OF INCREASE (DECREASE) IN:</b>		
Cash and marketable securities . . . . .	\$14,149,000	\$ (1,844,000)
Receivables, less allowance . . . . .	(933,000)	(3,739,000)
Inventories . . . . .	(4,731,000)	4,662,000
Deferred income tax benefits . . . . .	(270,000)	243,000
Prepaid expenses . . . . .	456,000	78,000
Increase (Decrease) in current assets . . . . .	<u>8,671,000</u>	<u>(600,000)</u>
Current portion of long-term debt . . . . .	2,825,000	(146,000)
Accounts payable and accrued liabilities . . . . .	(3,705,000)	3,025,000
Income taxes . . . . .	(4,089,000)	104,000
Increase (Decrease) in current liabilities . . . . .	<u>(4,969,000)</u>	<u>2,983,000</u>
Increase (Decrease) in working capital . . . . .	<u>\$13,640,000</u>	<u>\$ (3,583,000)</u>

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

## Financial Review

For the years ended December 31, 1975 and 1974

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 and BLI Mortgage Company are stated at cost plus equity in undistributed earnings since acquisition. Separate financial statements for BLI Mortgage Company are not included in this report because they are not significant.* The Company's equity in the net assets of nonconsolidated affiliates and BLI Mortgage Company exceeded its investment in such companies by \$1,405,000 and \$897,000 at December 31, 1975 and 1974,

respectively, and these amounts are included in retained earnings for these years.

*The accounts of foreign subsidiaries which are located in Canada, are translated into U.S. dollars at the current rates of exchange, which have not changed materially during the period of ownership.* No significant exchange gains or losses were incurred.

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

### PENSION PLANS

*The expense for pension plans includes the cost of benefits earned during the year and that portion of prior service costs necessary to amortize such costs over a period of approximately 30 years.*

# Consolidated Statements of Additional Capital and Retained Earnings

For the years ended December 31, 1975 and 1974

	1975	1974
<b>ADDITIONAL CAPITAL:</b>		
Balance at beginning of year . . . . .	\$11,971,000	\$11,992,000
Add (Deduct):		
Market value in excess of par value of common stock issued in payment of 20% common stock dividend . . . . .	5,215,000	—
Principal amount of convertible debentures in excess of par value of common stock issued upon conversion . . . . .	105,000	—
Other, net . . . . .	(3,000)	(21,000)
Balance at end of year . . . . .	<u>\$17,288,000</u>	<u>\$11,971,000</u>
<b>RETAINED EARNINGS:</b>		
Balance at beginning of year . . . . .	\$44,787,000	\$38,637,000
Add (Deduct):		
Net income . . . . .	9,521,000	9,366,000
Cash dividends paid (\$.94 per share in 1975 and \$.88 per share in 1974) . . . . .	(3,400,000)	(3,216,000)
20% common stock dividend . . . . .	(6,819,000)	—
Balance at end of year . . . . .	<u>\$44,089,000</u>	<u>\$44,787,000</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, 1975 and 1974, 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, 1975 and 1974, 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 30, 1976.

*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.*

These plans provide benefits for substantially all employees. The provision for pension costs was \$1,745,000 in 1975 and \$1,772,000 in 1974. At December 31, 1975, the total of pension fund assets and balance sheet accruals was in excess of the aggregate actuarially computed value of vested benefits for all plans.

### 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 components of the provision are as follows:

	1975	1974
U.S. and Canadian currently payable . . . . .	\$5,988,000	\$10,593,000
Deferred taxes and (benefits), net . . . . .	1,225,000	(2,600,000)
	<u>7,213,000</u>	<u>7,993,000</u>
State . . . . .	1,085,000	1,100,000
Total provision . . . . .	<u>\$8,298,000</u>	<u>\$ 9,093,000</u>

*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. Such credits were \$282,000 in 1975 and \$220,000 in 1974.*

*Taxes deferred, due mainly to the use of accelerated*

depreciation for tax purposes, 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 1975 and 1974 and the tax effect of each were as follows:

	1975	1974
Depreciation .....	\$ (452,000)	\$ 100,000
Realty assets .....	892,000	(2,104,000)
All other, net .....	785,000	(596,000)
	<u>\$ 1,225,000</u>	<u>\$ (2,600,000)</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. All per share amounts have been restated to reflect the 20% stock dividend in 1975.

#### INVENTORIES

Inventories are stated at the lower of first-in, first-out (FIFO) cost or market except for certain inventories (\$10,081,000 and \$11,709,000 at December 31, 1975 and 1974 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 \$4,600,000 and \$3,909,000 at December 31, 1975 and 1974 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.

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 capitalized as part of the cost of the land prior to the marketing stage provided that such capitalization does not state land and related costs in excess of net realizable value. Costs are allocated to the various parcels of individual projects based upon the area or relative value method, whichever most equitably reflects such costs.

During 1974 \$3,239,000 was provided to reduce land and related costs to net realizable value and was charged to other expenses, net. The charge after taxes was \$1,620,000 equivalent to \$0.44 per share.

#### 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, they represent 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 \$95,000 and \$480,000 in 1975 and 1974 respectively, including \$452,000 which was deemed to have no value in 1974.

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 \$10,197,000 at December 31, 1975. The loans bear various interest rates from 5% to 8½% and have varying maturities through 1989, including \$794,000 in 1976, \$551,000 in 1977, \$413,000 in 1978, \$622,000 in 1979, and \$261,000 in 1980.

Long-term debt was as follows:

	1975	1974
Revolving credit notes .....	\$ —	\$ 8,000,000
Term loan .....	20,000,000	—
Obligations related to industrial revenue bonds .....	4,674,000	4,826,000
Other, with various interest rates (5% to 6½%) .....	321,000	404,000
	<u>24,995,000</u>	<u>13,230,000</u>
Less current maturities .....	3,089,000	264,000
	<u>\$21,906,000</u>	<u>\$12,966,000</u>

The Company exercised its option on September 15, 1975 to convert its revolving credit notes into a term loan due in equal semi-annual installments from 1976 to 1982, with interest at ½% over the prime rate. The maximum average interest rate under the term loan through September 15, 1979 is 8%.

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 \$3,915,000 at December 31, 1975.

The Company has informal agreements requiring the maintenance of compensating bank balances of approximately \$3,350,000 in support of an unused line of credit of \$4,000,000, the \$20,000,000 term loan and the discounted note receivable of \$4,230,000. These balances are on an annual average balance basis and are unrestricted as to use at any given time.

The above long-term debt has varying maturities, including, in the aggregate, maturities of \$3,085,000 in 1977, \$3,089,000 in 1978, \$3,104,000 in 1979 and

\$3,116,000 in 1980. 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 \$10,600,000 and a debt-equity ratio of not more than 125%, both of which the Company exceeded by more than \$39,000,000 at December 31, 1975. Under the terms of the most restrictive agreement retained earnings of approximately \$14,854,000 was available for the payment of cash dividends. The Company is restricted as to further funded (long-term) borrowings, except for those secured by liens on real property acquired.

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 63.58 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 \$7,984,000 at December 31, 1975. The debentures may be called at any time at prices decreasing from 103.33% of face value currently to 100% in 1987.

#### COMMITMENTS AND CONTINGENT LIABILITIES

On January 29, 1976 the Company announced plans to invest over \$15 million in a program to expand the Company's cold finished steel bar operations. The program will include expansion and modernization of the Harvey mill as well as the construction through a joint venture company of a modern cold finished wire mill. It is anticipated that this program will cover a three-year period. No significant firm commitments have been entered into at January 29, 1976.

At December 31, 1975, 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, 1975 balance being \$4,230,000.

#### STOCK OPTIONS

In 1975, the shareholders approved a stock option plan whereby 270,000 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 33⅓% 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 appreciated value of an exercisable option.

In 1975 options for 143,520 shares were granted at prices per share of \$10.62 to \$10.83 or an aggregate option price of \$1,554,000. The options granted were all outstanding at December 31, 1975. Included in the options granted were 32,400 shares with stock appreciation rights. 47,840 options are exercisable during each of the next three years including stock appreciation rights of 10,800 shares during each of the years. 126,480 option shares were available for future grant at December 31, 1975.

*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.*

In 1975 the Board of Directors terminated the 1969 Stock Option Plan and all options thereunder were terminated or surrendered. No options were exercised during 1974.

#### 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 Company income and return on shareholders' equity.

The amount charged to income to cover payments made under the plan was \$509,000 in 1975 and \$696,000 in 1974.

#### LEASE OBLIGATIONS

Rent expense was \$2,071,000 and \$1,964,000 for 1975 and 1974 respectively. The Company has no material contingency-type leases.

Minimum rental commitments under all noncancelable leases are as follows:

	Total	Real Estate	Machinery & Equipment
1976	\$ 927,000	\$ 465,000	\$462,000
1977	807,000	390,000	417,000
1978	672,000	359,000	313,000
1979	459,000	280,000	179,000
1980	282,000	277,000	5,000
1981-1985	1,270,000	1,263,000	7,000
1986-1990	301,000	301,000	—
1991-1995	66,000	66,000	—
After 1995	12,000	12,000	—

The present value of non-capitalized financing leases is not material and the impact on net income if such leases had been capitalized is not material.

#### MISCELLANEOUS

Net income for 1975 included the effect of reducing reserves and accruals by \$477,000 (net of income taxes), or \$0.13 per share, which were provided in prior years and are no longer required.

# Board of Directors and Officers

## DIRECTORS

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

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

Roland A. Erickson (A, P, C)  
*Financial Consultant*

T. Mitchell Ford (A)  
*President, Emhart Corporation*  
*A diversified company principally engaged in the*  
*manufacture of machinery and hardware*

G. Findley Griffiths (P)  
*Retired, Formerly Chairman of the Board, Interlake, Inc.*  
*A basic steel producer, also engaged in diverse*  
*other businesses*

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*

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

## COMMITTEES OF THE BOARD OF DIRECTORS

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

## CORPORATE OFFICERS

Frank W. Aughnay  
*Senior V.P./Operations*

Norma J. Bark  
*Assistant Secretary*

Edwin J. Burk  
*V.P./Land Development*

Walter C. Cannon  
*Assistant Secretary*

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

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

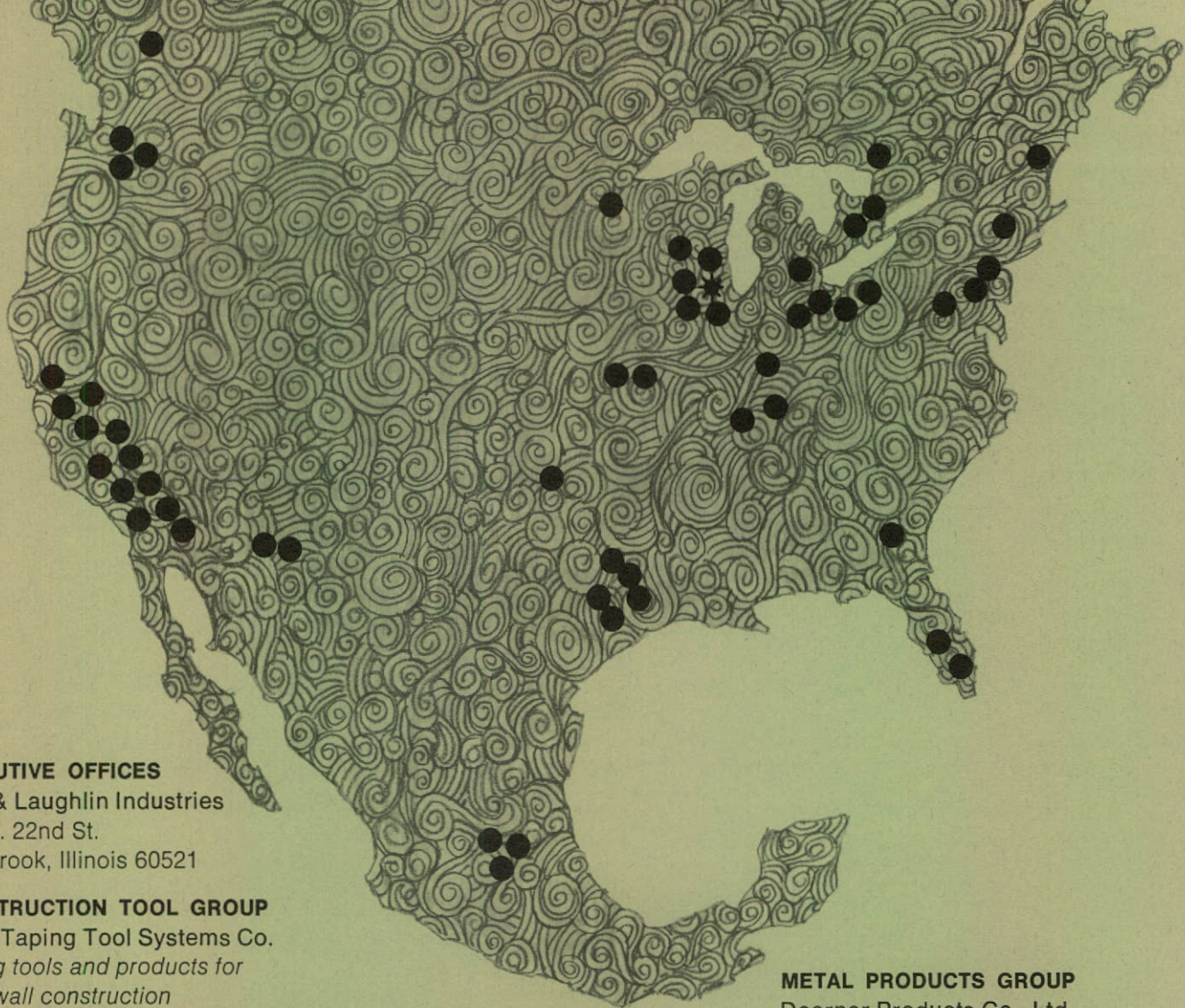
William R. Emery  
*Secretary*

James A. Goese  
*V.P./Finance & Treasurer*

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

Donald B. Moritz  
*Group V.P./Construction Tool Group*

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



**EXECUTIVE OFFICES**

Bliss & Laughlin Industries  
 122 W. 22nd St.  
 Oak Brook, Illinois 60521

**CONSTRUCTION TOOL GROUP**

Ames Taping Tool Systems Co.  
*Taping tools and products for  
 drywall construction*  
 Belmont, California

Goldblatt Tool Co.  
*Tools and equipment for  
 construction industry*  
 Kansas City, Kansas

Marco Paper Products Co.  
*Drywall tape*  
 Kansas City, Kansas  
 San Rafael, California

Waco Scaffold & Shoring Co.  
*Scaffolds and shoring*  
 Schiller Park, Illinois  
 Cleveland, Ohio  
 Oklahoma City, Oklahoma

Andamios Atlas, S.A. (49% owned)  
*Scaffolds and shoring*  
 Mexico City, Mexico

Jensen Tools and Alloys Co.  
*Electronic & precision tools*  
 Phoenix, Arizona

Markson Science Co.  
*Scientific & laboratory equipment  
 & devices*  
 Del Mar, California

**STEEL GROUP**

Bliss & Laughlin Steel Co.  
*Cold-finished steel bars*  
 Harvey, Illinois  
 Detroit, Michigan  
 Medina, Ohio  
 Houston, Texas  
 Los Angeles, California  
 Seattle, Washington

Bliss & Laughlin  
 Latinoamericana, S.A. (49% owned)  
*Cold-finished steel bars*  
 Mexico City, Mexico

**LAND DEVELOPMENT**

Fullerton Center, Ill.  
 Turtle Creek Village, Fla.  
 Carmel Valley, Calif.  
 Wildwood Ranch, Calif.  
 Dallas, Texas

**METAL PRODUCTS GROUP**

Doerner Products Co., Ltd.  
*Chair bases and controls*  
 Waterloo, Ontario, Canada

Faultless Co.  
*Furniture and industrial casters,  
 and decorative hardware*  
 Evansville, Indiana  
 Hopkinsville, Kentucky

Faultless Casters Co., Ltd.  
*Furniture and industrial casters*  
 Stratford, Ontario, Canada

Nestaway Co.  
*Coated metal products and  
 handling systems*  
 Cleveland, Ohio  
 Beaver Dam, Kentucky

Tekform Products Co.  
*Packages for microminiature  
 electronic circuits*  
 Anaheim, California

Bliss & Laughlin  
 Latinoamericana, S.A. (49% owned)  
*Furniture and industrial casters  
 and chair controls*  
 Mexico City, Mexico

