BLISS & LAUGHLIN INDUSTRIES 122 WEST 22ND STREET, OAK BROOK, IL. 60521
E. T. COLLINSWORTH JR. PRESIDENT AND CHIEF EXECUTIVE OFFICER

To the Stockholders and Friends of Bliss & Laughlin:

This annual report is designed to serve a dual purpose --

The first is to execute our legal and moral obligation to report to our stockholders on the state of the corporation -- and we are proud to cite its progress in 1973. As you will note, we are now a well-diversified company with strong positions in selected industrial specialties which have produced an approximate 10% per year growth trend in earnings per share since the beginning of our diversification in 1961.

The second objective relates to our people -- their value cannot be totalled in figures. It is they who have provided the capacity to grow through change; to cope with the many problems inherent in today's economy; and to extend our record of accomplishments in the coming years. We think it only appropriate, therefore, that the second section of this annual report should be devoted to some of our personnel whose backgrounds reflect the social responsibility and sense of commitment of our total employee group.

Sincerely yours,

E. T. Collinsworth

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

March 22, 1974

BLISS & LAUGHLIN INDUSTRIES 1973 ANNUAL REPORT

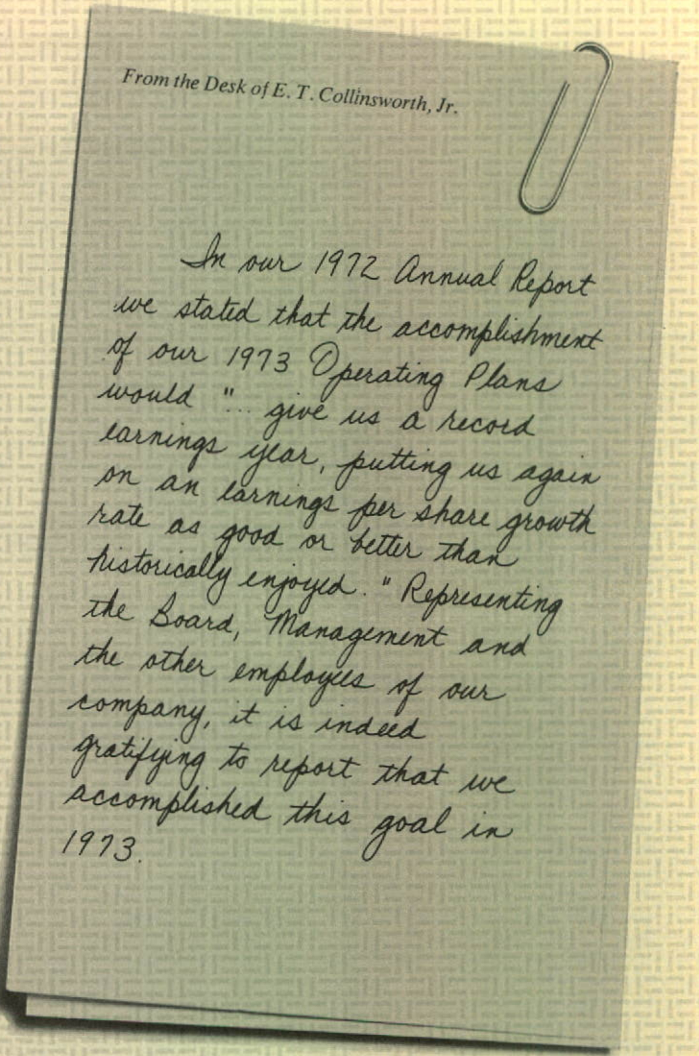
CONTENTS

FINANCIAL HIGHLIGHTS

	1973	1972
Net sales and rental revenues	**$162,888,000**	$133,202,000
Income before extraordinary item	**$8,205,000**	$6,560,000
Income per share before extraordinary item	**$2.62**	2.09
Net income	**$8,205,000**	$6,078,000
Net income per share	**$2.62**	$1.94
Cash dividends	**$3,055,000**	$2,853,000
Cash dividends per share	**$ .98**	$ .91
Shareholders' investment	**$56,614,000**	$52,144,000
Average shares outstanding	**3,129,206**	3,133,469
Number of shareholders	**6,339**	6,141
Number of employees	**3,155**	3,063

ANNUAL MEETING

The annual meeting of stockholders of Bliss & Laughlin Industries will be held at 10:30 A.M., Wednesday, May 1, 1974, at the executive offices, 122 West 22nd Street, Oak Brook, Illinois. You are cordially invited to attend.



From the Desk of E. T. Collinsworth, Jr.

In our 1972 Annual Report we stated that the accomplishment of our 1973 Operating Plans would "... give us a record earnings year, putting us again on an earnings per share growth rate as good or better than historically enjoyed." Representing the Board, Management and the other employes of our company, it is indeed gratifying to report that we accomplished this goal in 1973.

REPORT TO STOCKHOLDERS

The momentum generated in 1972 continued to the degree that we enjoyed all-time records in Sales-Rental Revenue and Earnings:

- Net Earnings of $8,205,000 for 1973 were the highest ever in the history of our 83-year-old company. This compares to 1972's $6,560,000; and to 1969's previous record of $6,893,000.
- Earnings per share were $2.62, compared to $2.09 in 1972; and $2.29 in 1969.
- Sales and Rental Revenue reached a record $162,888,000 compared to 1972's $133,202,000, and 1969's $128,566,000.

Each of the Operating Groups contributed to these results. Just as importantly, I am pleased to report that the operating controls initiated in 1972 assisted us to simultaneously continue to improve all the important dollar and ratio comparisons of the Income Statement and Balance Sheet items except Gross Margin which was adversely affected by government controls. These improvements are evidenced in the Financial Highlights and the Ten-Year Financial Review, as well as the additional data outlined below:

Income Statement Items	1973	1972
Gross Margin—% Revenue	23.4%	24.3%
Sell. & Admins.—% Revenue	11.9%	13.5%
Other Inc. (Net)—% Revenue	1.6%	1.4%
Income—% Revenue	5.0%	4.9%
Income—% Net Assets	7.5%	6.3%
Balance Sheet Items		
Capital Turnover	1.5	1.3
Inventory—% Revenue	16.2%	19.5%
Acct. Rec.—% Revenue	10.9%	11.5%

In the 1973 annual appraisal by Fortune Magazine, your company ranked 666 in sales in The Fortune 1000 Leading Industrial Corporations. Even more favorable was its ranking of 576 in net income, 377 in return on stockholders' equity and 368 in 10-year earnings growth. Our 11.74% "Combination Return" (including stock price appreciation and cash payouts) for the decade 1962-72, ranked 344.

We declared a 10% stock dividend May 2, 1973. In so doing, we maintained our $1.00 dividend rate for an equivalent cash dividend increase of 10%. This is the 34th consecutive year of dividend disbursement.

ORGANIZATION

To continue our leadership as the largest independent producer of cold finished bars, Mr. Robert W. Keenan was employed as a Corporate Group Vice President of our Steel Division. A graduate of Yale and the Harvard Business School, he formerly was President and Chief Executive Officer of an electronic testing systems company, with prior experience including marketing management, long-range planning, and production planning of a national steel company.

To take advantage of the expected increase in industrial construction in 1974, Mr. Richard C. Mocny was promoted to Vice President and General Manager of our Waco Scaffold and Shoring Co. Mr. Mocny, a graduate engineer of Cleveland State University, has continuously progressed during his 15 years of service with Waco. He is a trustee of the Steel Scaffolding Institute.

OPERATIONS

Information relative to the increasing scope of our operations which produced this year's record results is detailed elsewhere in this report. Please note that we continued to disengage ourselves from marginal operations to direct our assets and efforts to increasing the capacity and efficiency of our more profitable units.

You also will note the effects of more aggressive marketing and new product development in 1972 and 1973. These efforts will be continued.

Concerning the "energy crisis"—you should know that less than 1% of our total manufacturing costs relates to energy. Of this amount, 60% is electricity, 31% is gas and 9% is fuel oil. With the exception of a possible reduction in our fuel supply at one plant (which we believe we can resolve by reallocation), our plant locations and mix of energy requirements will create no direct insurmountable problem. The indirect effect on our business, if any, caused by the situation in respect to our suppliers and customers is impossible to foresee at this time.

GROWTH

As a stockholder, I am sure that you will continue to be interested in the earnings growth trend of your company and its Operating Groups. Accordingly, we have again included graphs of these trends (Page 3).

This year's record earnings per share exceeded the historical 1961-71 trend of approximately 10% compounded. In addition, the earnings contributions of all Groups were on or above their trend lines. Due to the lack of sufficient historical data, no meaningful trend has been derived for the Land Group, but its 120% contribution increase over 1972 is evident.

ACQUISITIONS

In last year's annual report we outlined to you that our acquisition policy would include two types of efforts (1) ". . . first, we will continue to seek companies which fit within the administrative and marketing framework of our existing businesses. These will probably be for cash and in the magnitude of a few hundred thousand dollars for product lines and up to a few million dollars for production units . . .", and we will seek (2) ". . . to find another diversified company in the 50 to 100-million-dollar sales range, the combination of which will permit a financial structuring and operational synergism that will benefit both groups of stockholders . . ."

Pertinent to the first category, during 1973 we agreed to purchase Jensen Tools and Alloys in Phoenix, Ariz., a small, mail media marketer of tools for electronic assembly and precision mechanics. This is a logical addition to complement the marketing expertise of Goldblatt, which has grown about 17% per year in earnings since it was acquired in 1965, and presently issues about 1,250,000 catalogs per year to the trowel trades.

A new product line was acquired by Waco Scaffold & Shoring Co. through the purchase of Boss Weather Protection Systems, Inc. of Cleveland, O. The line is a patented, reusable lightweight system to enclose working areas of high-rise buildings under construction. This system permits work to continue during inclement weather and is useful to contain debris and sprayed materials.

In regard to the second acquisition objective, even though our activities have been encouraging to date, we do not have anything specific to report at this time.

COMMUNICATIONS

We are sensitive to the fact that a public corporation cannot operate in a vacuum—communication has to be established and maintained with various publics. Toward this end, in 1973 your President visited a number of our major customers, suppliers and our own manufacturing plants to learn of their problems and viewpoints. In addition, your Management met with five security analysts' groups geographically dispersed around the nation. About 10,000 reprints of the presentation made to the New York Society of Security Analysts were mailed to you and others interested in your company.

Approximately 21,000 copies of our 1972 Annual Report were mailed to stockholders, bondholders, members of the financial community and others who responded to our corporate advertising programs.

THE YEAR 1974

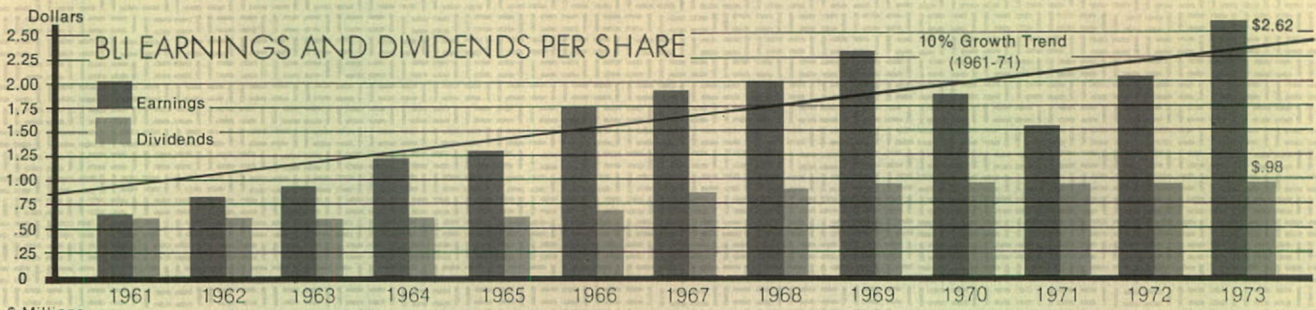
Our current Operating Plan indicates that the 1974 earnings contribution of the Construction Tool Group and Land Group will be slightly less than in 1973. This is expected to be offset by an estimated better performance in the Metal Products Group, with the Steel Group remaining about the same. This net effect, when added to a projected increase in income from our Mexican Operations and an anticipated decrease in General Corporate and Overhead Expenses, results in a budgeted continued increase in total corporate earnings in 1974.

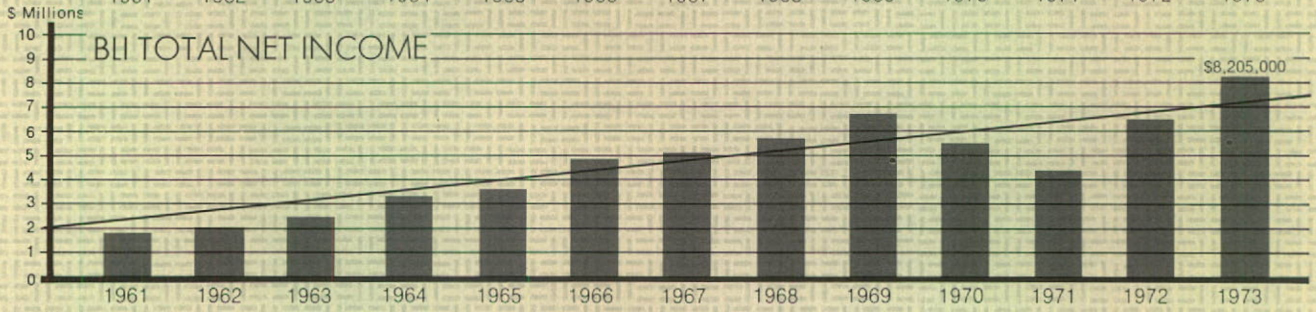
With consideration of the above, it should be emphasized that the successful execution of any Operating Plan requires two concurrent elements: (1) correct assumptions of future internal and external events to the degree that their net influence will not invalidate one's planned course of action, and (2) management techniques which will allow the shortest reaction time for unexpected changes, as well as management ability and flexibility to use this time to successfully accomplish the original objectives.

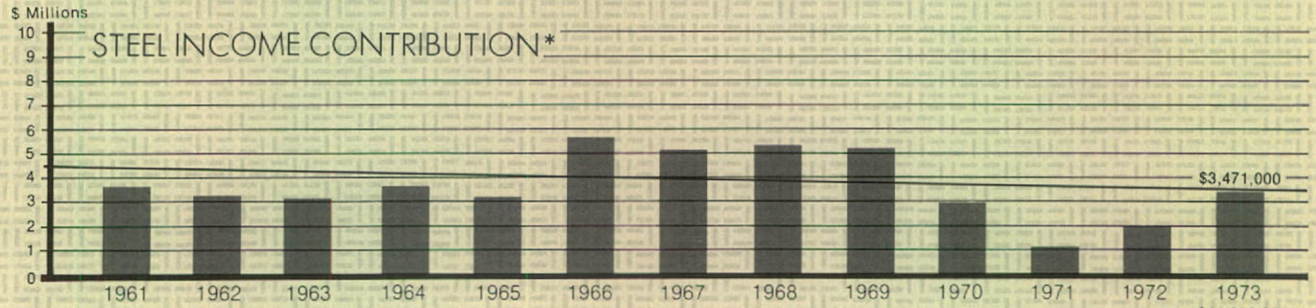
Whether our current assumptions pertaining to the external economic environment will continue to be valid, only time will tell. However, you may rest assured that your Management will continue to use the best available techniques and effort to react successfully to the changing times.

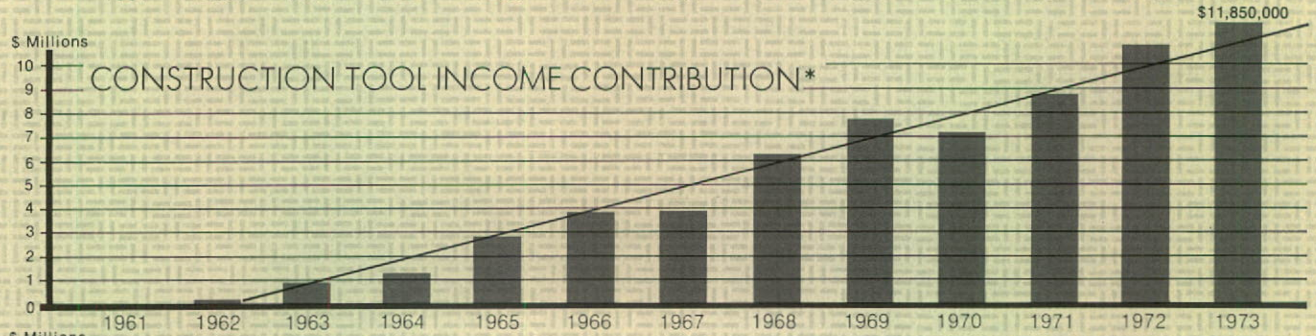
E. T. Collinsworth, Jr.
President and Chief Executive Officer

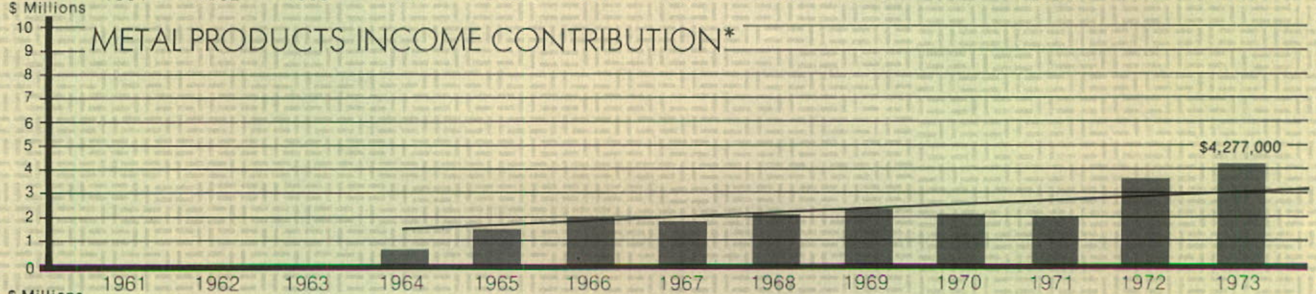
BLI PERFORMANCE REVIEW

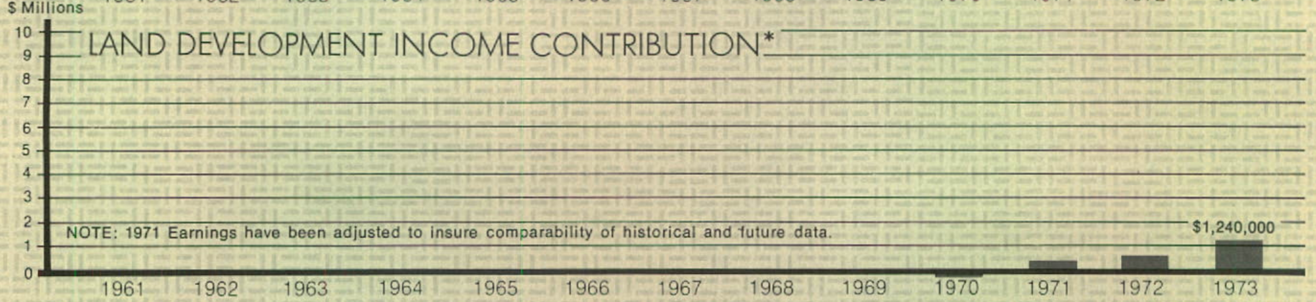












*Income contribution is defined as income before corporate expense allocation and taxes.

TEN-YEAR FINANCIAL REVIEW

	1973	1972	1971
Annual Results (in thousands)			
Net Sales and Rental Revenue	$ 162,888	$ 133,202	$ 109,499
Depreciation and Amortization	4,118	4,089	3,894
Income Before Taxes	15,970	12,540(b)	8,690
Provision for Income Taxes	7,765	5,980(b)	3,950
Net Income	8,205	6,560(b)	4,740
Cash Dividends	3,055	2,853	2,838
Financial Position (in thousands)			
Working Capital	$ 38,936	$ 33,611	$ 26,579
Plant and Equipment, Net	26,697	27,839	28,520
Long-Term Notes Payable	18,914	18,089	13,763
Mortgage Loans	8,939	11,017	11,244
Convertible Subordinated Debentures	7,141	7,141	7,735
Shareholders' Investment	56,614	52,144	48,610
Financial Highlights			
Earnings Per Share	$ 2.62	$ 2.09(b)	$ 1.52
Dividends Per Share	$ .98	$ .91	$ .91
Income Before Taxes to Revenues	9.8%	9.4%	7.9%
Return on Average Shareholders' Investment	15.0%	13.0%	10.0%
Statistics			
Average Shares Outstanding	3,129,206	3,133,469	3,116,597
Number of Shareholders	6,339	6,141	6,246
Number of Employees	3,155	3,063	3,048

(a) Results of Continuing Operations (b) Excludes Extraordinary Item

1970	1969	1968	1967	1966	1965	1964
$ 109,167	$ 128,566	$ 114,061	$ 95,112	$ 105,324	$ 83,813	$ 80,748
3,728	3,444	3,289	2,290	2,143	1,945	1,811
9,141(a)	14,238	12,163	10,086	9,802	6,936	6,409
4,280(a)	7,345	6,430	4,980	4,925	3,390	3,113
5,649(b)	6,893	5,733	5,106	4,877	3,546	3,296
2,794	2,712	2,496	2,264	1,996	1,617	1,400
$ 22,529	$ 21,086	$ 24,586	$ 22,332	$ 18,443	$ 18,557	$ 16,025
28,742	25,077	22,743	15,234	14,545	12,017	10,914
13,765	5,046	5,575	6,161	7,637	8,094	4,619
7,224	6,749	—	—	—	—	—
8,821	10,211	12,531	13,983	—	—	—
45,821	41,845	37,672	32,676	29,738	26,568	24,744
$ 1.84(b)	$ 2.29	$ 2.00	$ 1.84	$ 1.75	$ 1.29	$ 1.21
$ .91	$ .91	$ .89	$ .82	$ .73	$ .66	$ .66
8.4%	11.1%	10.7%	10.6%	9.3%	8.3%	7.9%
12.9%	17.4%	16.5%	16.3%	17.3%	13.8%	13.7%
3,068,667	3,009,779	2,867,247	2,772,946	2,768,198	2,744,555	2,723,048
6,209	6,090	5,985	5,717	5,639	5,787	6,067
3,319	3,286	2,743	2,428	2,573	2,232	1,936

CONSOLIDATED STATEMENT OF INCOME

For the Years ended December 31

	1973	1972
Revenue:		
Net sales	$147,942,671	$119,477,753
Rental revenue	14,945,161	13,724,716
Total revenue	162,887,832	133,202,469
Costs and Expenses:		
Cost of sales and rentals:		
Sales	119,932,056	96,475,458
Rentals	4,915,649	4,324,921
	124,847,705	100,800,379
Selling, general and administrative expenses	19,403,084	17,944,644
Other expenses, net	2,666,572	1,917,075
Total costs and expenses	146,917,361	120,662,098
Income Before Income Taxes	15,970,471	12,540,371
Provision for Income Taxes (Note 8)	7,765,000	5,980,000
Income Before Extraordinary Item	8,205,471	6,560,371
Extraordinary Item—Costs of refinancing long-term debt, net of applicable income taxes of $445,000	—	(482,263)
Net Income	$ 8,205,471	$ 6,078,108
Net Income Per Share:		
Income before extraordinary item	$ 2.62	$ 2.09
Extraordinary item	—	(.15)
Net income	$ 2.62	$ 1.94
Fully Diluted Net Income Per Share:		
Income before extraordinary item	$ 2.40	$ 1.92
Extraordinary item	—	(.14)
Net income	$ 2.40	$ 1.78

The accompanying notes to consolidated financial statements are an integral part of this statement.

CONSOLIDATED BALANCE SHEET

December 31	1973	1972
Assets		
Current Assets:		
Cash and marketable securities	$ 9,295,115	$ 4,930,710
Receivables, less reserve	17,931,404	17,591,478
Inventories	27,408,413	25,317,717
Deferred Federal income tax benefit (Note 8)	2,800,000	1,800,000
Prepaid expenses	453,913	570,159
Total current assets	57,888,845	50,210,064
Realty:		
Land and related costs	16,799,560	18,173,524
Receivables	3,575,183	1,360,414
Other	387,165	949,796
	20,761,908	20,483,734
Other Assets:		
Deferred charges	584,326	902,480
Investments in affiliated companies and nonconsolidated subsidiary	1,820,504	1,877,114
Intangible assets arising from acquisitions	5,447,844	5,549,020
Patents, at cost less amortization	1,345,114	1,423,306
	9,197,788	9,751,920
Equipment Leased To Others, at cost less reserves for depreciation of $8,122,314 in 1973 and $7,068,202 in 1972	9,459,769	10,275,823
Plant and Equipment, at cost (Note 3):		
Land	1,324,538	1,408,329
Buildings	10,209,912	10,324,648
Machinery and equipment	23,676,524	23,203,140
Reserves for depreciation	(17,974,103)	(17,373,132)
	17,236,871	17,562,985
	$114,545,181	$108,284,526
Liabilities		
Current Liabilities:		
Current maturities of long-term notes payable	$ 409,696	$ 451,158
Accounts payable and accrued liabilities	14,448,313	13,116,366
Income taxes	4,095,039	3,031,983
Total current liabilities	18,953,048	16,599,507
Realty:		
Mortgage loans (Note 2)	8,938,997	11,016,937
Other	284,389	194,140
	9,223,386	11,211,077
Deferred Federal Income Taxes (Note 8)	3,700,000	3,100,000
Long-Term Notes Payable, less current maturities (Note 3)	18,913,922	18,089,135
Convertible Subordinated Debentures, 5¾% due in 1987 (Notes 3 and 4)	7,141,000	7,141,000
Shareholders' Investment (Notes 3, 6 and 7):		
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 3,208,355 shares in 1973	8,020,888	7,291,718
Additional capital	11,992,142	7,920,205
Retained earnings	38,637,363	38,325,238
Treasury stock, at cost, 97,768 shares in 1973 and 58,299 shares in 1972	(2,036,568)	(1,393,354)
	56,613,825	52,143,807
	$114,545,181	$108,284,526

The accompanying notes to consolidated financial statements are an integral part of this statement.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Years ended December 31

	1973	1972
Sources of Working Capital:		
Income before extraordinary item	$ 8,205,471	$ 6,560,371
Add items not requiring outlay of working capital:		
Depreciation and amortization	4,118,427	4,088,876
Increase in deferred Federal income taxes	600,000	1,400,000
Working capital provided from operations before extraordinary item	12,923,898	12,049,247
Extraordinary item—costs of refinancing long-term debt, net of applicable income taxes of $445,000	—	(482,263)
Sales and retirements of plant and equipment	984,530	956,585
Increase in long-term notes payable	4,142,909	11,255,533
Total provided	18,051,337	23,779,102
Uses of Working Capital:		
Realty:		
Additions to land and related costs	2,670,121	3,308,357
Cost of real estate sold	(4,044,085)	(1,790,660)
Decrease in mortgage loans, net	2,077,940	226,961
Increase in receivables and other realty, net	1,561,889	980,842
	2,265,865	2,725,500
Additions to plant and equipment	3,654,438	4,088,006
Payments of long-term notes payable	3,318,122	6,929,589
Cash dividends	3,054,571	2,852,620
Other, net	433,101	151,881
Total used	12,726,097	16,747,596
Increase in working capital	$ 5,325,240	$ 7,031,506
Changes Consist of Increase (Decrease) In:		
Cash and marketable securities	$ 4,364,405	$ 1,328,810
Receivables, less reserve	339,926	4,479,403
Inventories	2,090,696	(1,438,024)
Deferred Federal income tax benefit	1,000,000	500,000
Prepaid expenses	(116,246)	(304,780)
Increase in current assets	7,678,781	4,565,409
Short-term bank loans	—	(4,550,000)
Current portion of long-term notes payable	(41,462)	(823,387)
Accounts payable and accrued liabilities	1,331,947	2,381,972
Income taxes	1,063,056	525,318
Increase (Decrease) in current liabilities	2,353,541	(2,466,097)
Increase in working capital	$ 5,325,240	$ 7,031,506

The accompanying notes to consolidated financial statements are an integral part of this statement.

CONSOLIDATED STATEMENTS OF ADDITIONAL CAPITAL AND RETAINED EARNINGS

For the Years ended December 31

	1973	1972
Additional Capital:		
Balance at beginning of year	$ 7,920,205	$ 7,413,526
Add (Deduct):		
Market value in excess of par value of common stock issued in payment of 10% common stock dividend	4,109,602	—
Principal amount of convertible debentures in excess of par value of common stock issued upon conversion (Notes 4 and 6)	—	522,500
Other, net	(37,665)	(15,821)
Balance at end of year	$11,992,142	$ 7,920,205
Retained Earnings:		
Balance at beginning of year	$38,325,238	$35,099,750
Add (Deduct):		
Net income	8,205,471	6,078,108
Cash dividends paid ($.98 per share in 1973 and $.91 per share in 1972)	(3,054,571)	(2,852,620)
10% Common stock dividend	(4,838,775)	—
Balance at end of year (Note 3)	$38,637,363	$38,325,238

The accompanying notes to consolidated financial statements are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant accounting policies are summarized as follows:

   a. Basis 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.

   b. Depreciation. Depreciation is calculated principally on the straight-line method.

   c. Intangible Assets Arising from Acquisitions. Such intangible assets arising since October 31, 1970, in the amount of $945,000, are being amortized over 40 years. The remaining intangible assets of $4,562,000 are not being amortized.

   d. Patents. Patents are stated at their purchased cost and are amortized over their useful lives.

   e. Inventories. Inventories are stated principally at the lower of average cost or market.

   f. 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. 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.

   The reduction in Federal income taxes resulting from the investment tax credit on new property and equipment is reflected in the statement of income currently.

   g. Pension Plans. The provision charged to earnings each year covers normal costs and interest on prior service costs. The Company's policy normally is to fund pension costs.

   h. 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.

   i. Realty Operations. The Company's realty operations differ from its other operations in that they carry a higher ratio of debt to investment and 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 not recorded until 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. Costs are allocated to the various parcels of individual projects based upon the area or relative value method, whichever most equitably reflects such costs.

2. Mortgage loans classified under the Realty caption are secured by real estate held for resale. The loans bear various interest rates from 4% to 10% and have varying maturities, including $2,865,718 in 1974, $693,011 in 1975, $1,020,307 in 1976, $1,907,952 in 1977 and $374,000 in 1978.

3. At year end, long-term notes payable were as follows:

	1973	1972
Notes payable under loan agreement with banks, due in installments from 1976 to 1982	$14,000,000	$11,000,000
Term loan (prepaid in 1973)	—	2,906,433
Obligations applicable to facilities financed through municipal industrial revenue bonds, with various interest rates (4% to 8½%)	4,680,108	3,815,197
Other, with various interest rates (5% to 8%)	643,510	818,663
	19,323,618	18,540,293
Less current maturities	409,696	451,158
Total	$18,913,922	$18,089,135

The above notes payable under loan agreement with banks provide for interim loans up to $20,000,000 to September 15, 1975, with interest at ¼% over the prime rate (10% at December 31, 1973) and a commitment fee of ½% per annum on unused amounts of credit. On September 15, 1975, the interim loans are convertible to term loans due in installments from 1976 to 1982, with interest at ½% over the prime rate but not to exceed 8%.

The above long-term notes payable have varying maturities including, in the aggregate, maturities of $266,000 in 1975, $2,228,000 in 1976, $2,226,000 in 1977 and $2,229,000 in 1978.

The provisions of the loan agreements and the indenture for the 5¾% convertible subordinated debentures require, among other things, that the Company restrict the use of funds for the payment of cash dividends or reacquisition of the Company's capital stock; at December 31, 1973, $7,300,000 of retained earnings was free of such restriction. In addition, the Company must maintain consolidated working capital of at least $14,000,000; at December 31, 1973, consolidated working capital was $38,935,797. Also the Company must maintain a debt-equity ratio of not more than 125%; at December 31, 1973 the debt-equity ratio was 92%. The Company is also restricted from further long-term borrowings except for those secured by liens on real property acquired.

4. At December 31, 1973, the Company has reserved 378,302 shares of unissued common stock for conversion of the debentures. 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 $7,859,000 at December 31, 1973. The debentures may be called at any time at prices decreasing from 103.93% of face value currently to 100% in 1987. At December 31, 1973, debentures in the principal amount of $1,017,000 had been reacquired and have been deducted from the convertible subordinated debentures.

5. The Company and subsidiaries provided pension benefits for substantially all employees under various plans. The provision for pension costs was $1,584,000 in 1973 and $1,300,000 in 1972.

At December 31, 1973, the total of the pension fund assets and balance sheet accruals was in excess of the aggregate actuarially computed value of vested benefits for all plans.

6. Common stock transactions were as follows:

	Shares 1973	Shares 1972
Issuance of previously unissued common stock:		
For conversions of 5¾% convertible subordinated debentures	—	31,460
To employees under a stock option plan	—	319
10% stock dividend	291,668	—
Acquisition of treasury stock	39,469	14,135

Throughout the 1973 annual report prior years' references to numbers of shares and amounts per share have been restated to reflect the 10% stock dividend.

7. At December 31, 1973, 64,756 unissued shares of common stock were reserved for issuance upon the exercise of outstanding stock options at $13.46 to $19.55 per share, and an additional 99,237 unissued shares were reserved as of that date for granting additional options under the Company's qualified stock option plan.

Stock option transactions were as follows:

	1973 Shares	1973 Price	1972 Shares	1972 Price
Granted	17,225	$13.46 to $16.76	8,250	$19.55
Exercised	—	—	319	$17.05
Terminated	2,750		2,750	

On January 7, 1974, options for 26,267 shares at $17.05 to $19.55 were relinquished by the optionees and cancelled. Also on that date options for 40,617 shares were granted at $14.875 per share.

8. Provision for income taxes consists of:

	1973	1972
U.S. and Canadian:		
Currently payable	$7,660,000	$4,690,000
Less investment credit	(160,000)	(190,000)
Deferred liability (related mainly to depreciation)	600,000	1,400,000
Deferred benefit (related mainly to pension, self-insurance, and vacation accruals)	(1,000,000)	(500,000)
	7,100,000	5,400,000
State	665,000	580,000
Total	$ 7,765,000	$5,980,000

The balance sheet at December 31, 1972, has been restated to reclassify accrued state income taxes from accrued liabilities to accrued income taxes, and to reclassify deferred Federal income tax benefit from accrued income taxes to current assets. The statement of income for 1972 has been restated to reclassify state income taxes from selling, general and administrative expenses to provision for income taxes.

9. The Company is contingently liable for $5,096,393 at December 31, 1973, to the holder of a note receivable purchased from the Company with recourse. The note is due in varying installments with a final maturity of December 1, 1980. The note bears interest at the prime rate and is secured by a subordinated security interest.

The Company is also contingently liable at December 31, 1973, as guarantor of short-term bank loans of $3,329,210 of its nonconsolidated subsidiary, BLI Mortgage Company.

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, 1972, and December 31, 1973, and the related consolidated statements of income, 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, 1972, and December 31, 1973, 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,
February 1, 1974.

Directors

Henry P. Albrecht
President
Gale Realty, Inc.

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

Roland A. Erickson
Financial Consultant

T. Mitchell Ford
President
Emhart Corporation

G. Findley Griffiths
Director
Interlake, Inc.

C. Arnold Kalman
Senior Vice President
Booz, Allen & Hamilton, Inc.

Marvin G. Mitchell
Chairman & President
Chicago Bridge & Iron Co.

F. J. Robbins
Chairman
First Ogden Corp.

Keith Shay
Partner
Schiff Hardin & Waite

Executive Committee

C. Arnold Kalman
Chairman

E. T. Collinsworth, Jr.

F. J. Robbins

Keith Shay

Transfer Agents

Continental Illinois National Bank and Trust Company
Chicago, Illinois

Morgan Guaranty Trust Company
New York, New York

Registrars

Harris Trust and Savings Bank
Chicago, Illinois

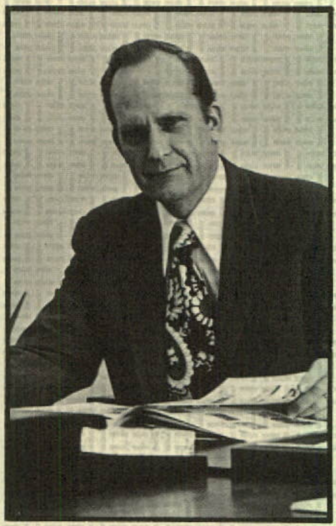
Bankers Trust Company
New York, New York

Common Stock Listings

New York Stock Exchange
Midwest Stock Exchange
(Stock Exchange Symbol-BLI)

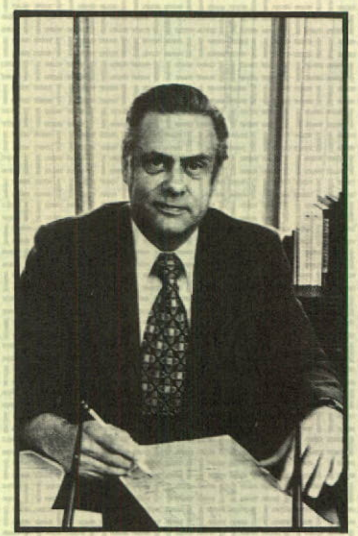
BLI CORPORATE OFFICERS

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



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

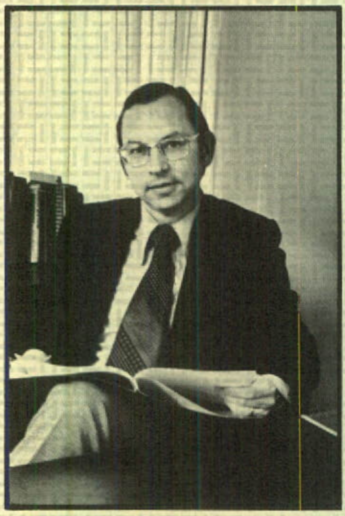
Frank W. Aughnay
Senior V. P./Operations



Richard K. Klink
V. P., Secretary & Treasurer

Norma J. Bark
Assistant Secretary

Walter C. Cannon
Assistant Secretary



Edwin J. Burk
V. P./Land Development

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

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

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

BLISS & LAUGHLIN INDUSTRIES, OAK BROOK, IL. 60521
FRANK W. AUGHNAY, SENIOR VICE-PRESIDENT, OPERATIONS

It is with pride that we dedicate this portion of our Annual Report to a review by our Group Vice-Presidents and the people who contribute to making Bliss & Laughlin a leader in each of its industries.

Frank W. Aughnay

BLISS & LAUGHLIN INDUSTRIES 1973

Construction Tool Group

Donald B. Moritz, Group Vice President

Division Management

Ames
Eugene R. Johnson, V.P. & General Manager

Goldblatt and Marco
Donald C. Place, V.P. & General Manager

Waco
Richard C. Mocny, V.P. & General Manager

Andamios Atlas
Sergio Portal, General Manager

Operations Report

With an increase of 8.3% in revenue and 9.7% in income contribution over 1972, the Construction Tool Group has now increased its income contribution 12 of the 13 years since the acquisition of Ames, the Group's first division. We are proud of the efforts that our people have made in achieving this record.

During 1973, actions were taken to strengthen our Group's performance in future years. Goldblatt screened, evaluated and added 56 new products for inclusion in its 1974 catalog. Waco developed and patented a novel concept in column-supported formwork for construction of high-rise structures such as hotels, condominiums and apartments. Late in 1973, Waco acquired an enclosure system for use on high-rise buildings to maintain adequate working conditions during inclement weather and for containment of construction debris and materials. Ames concentrated its efforts on foreign revenue with good results. Marco, which makes paper tape used in drywall construction, increased its capacity in order to gain a larger share of the market. We sold Dyna-Lift and discontinued Threaded Nail Co. because they did not meet our objectives.

Industry estimates call for a sharp drop in residential construction in 1974, with a simultaneous, offsetting increase in nonresidential construction. The diversification within our group finds Ames and Marco closely related, but not exclusively, to residential construction, while Waco and Goldblatt are responsive to nonresidential or the general construction market. Thus, 1974 offers interesting challenges in construction, which have been distorted by strong residential activity in recent years. We are confident our able people will cope with the changing situation.

The Construction Tool Group is comprised of Ames Taping Tool Systems Co., Waco Scaffold & Shoring Co., Goldblatt Tool Co., Marco Paper Products Co., and Andamios Atlas, S.A.

	Revenue		**Income Contribution**	
	Dollars Thousands	% of Total Company	Dollars Thousands	% of Total Company
1973	41,852	25.7	11,850	56.9
1972	38,625	29.0	10,803	63.4

Land Development Group

Edwin J. Burk, Vice President

Operations Report

The Land Development Group experienced an outstanding year in 1973. Revenue increased 91% and its income contribution rose 120% over last year.

We have now proven the validity of our original concept of well-designed communities which are both geographically dispersed and serve various segments of the consumer market.

A significant sale of a portion of our Carmel Valley property in San Diego, Cal., was made to Shapell Industries, Southern California's largest homebuilder.

Our golf-oriented residential community of Turtle Creek in Tequesta, Fla., continued to demonstrate the results of good planning and construction. All homesites and over 50% of the two-story condominiums originally proposed have been sold.

During 1973, sales at Fullerton Center Industrial Park increased. More than half the lots in our 170-acre master-planned business and light industrial park located in the western Chicago suburb of Addison, Ill., have been sold or are under contract to purchase.

In compliance with new California requirements, we have submitted our Wildwood Ranch environmental report to the appropriate governmental agencies for their review and approval. The natural features of this 930-acre property and its strategic location near the many attractions of Southern California add to its long-term value.

During 1974, we will actively embark on our fifth and newest project in the vicinity of Dallas, Tex., which has been named Balcones Hills. Behind this name of Spanish heritage is an interesting story that we intend to use in our future advertising and promotional campaigns. The 750-acre residential development is planned to satisfy the growing Dallas demand for quality housing located in well-designed communities. The nearness of the property to Lake Ray Hubbard and Interstate Highway 30, which is an important route to downtown Dallas, contributes to the market appeal of Balcones Hills.

The Land Development Group is comprised of projects at Fullerton Center, Ill., Turtle Creek Village, Fla., Carmel Valley, Cal., Wildwood Ranch, Cal., and Balcones Hills, Tex.

	Revenue		**Income Contribution**	
	Dollars Thousands	% of Total Company	Dollars Thousands	% of Total Company
1973	5,694	3.5	1,240	6.0
1972	2,985	2.2	564	3.3

Metal Products Group

Joseph W. Rose, Group Vice President

Division Management

Doerner
Frank Doerner, V.P. & General Manager

Faultless
John R. Stallings, V.P. & General Manager

Faultless, Ltd.
A. Hamilton Johnson, V.P. & General Manager

Nestaway
Fred B. Thacker, V.P. & General Manager

Tekform
Ronald C. Chalman, V.P. & General Manager

BALLSA
Hector S. Tinajero, General Manager

Operations Report

The Metal Products Group set records in sales and profits in 1973. Sales increased by 16.8% and earnings were up 15.8%.

Both of our Canadian operations are being expanded. Faultless Casters, Ltd., is in the process of moving into a 15,000-square-foot addition built in 1973. Doerner is in the process of expanding its production facility by 50,000 square feet for production of chair controls and bases.

Reflecting the strong U. S. manufacturing economy, the Faultless Division's caster sales were at an all-time high last year. To supply this added quantity at the Evansville, Ind., plant, production capacity was substantially increased through the acquisition of higher output equipment and the use of tighter manufacturing controls. A substantial investment in waste processing equipment to meet Environmental Protection Agency standards at this plant will be recovered over the next several years by savings in water and chemicals.

Tekform, in its first full year in expanded quarters, increased its output by 30%. In late 1973, Tekform introduced a new ceramic base package for electronic components used in communications apparatus operating at radio and microwave frequencies. Commercial markets for microwave equipment are expected to grow appreciably during the remainder of this decade.

All units of the Group entered 1974 with strong backlogs, and barring substantial change in general economic conditions, the Metal Products Group should have another outstanding year.

The Metal Products Group is comprised of Doerner Products Co. Ltd., Faultless Co., Tekform Products Co., Faultless Casters Co., Ltd., Nestaway Co., Poly-Dyn, Co., and BALLSA's caster plant in Mexico.

	Revenue		**Income Contribution**	
	Dollars Thousands	% of Total Company	Dollars Thousands	% of Total Company
1973	**44,448**	**27.3**	**4,276**	**20.5**
1972	38,041	28.6	3,691	21.7

Steel Group

Robert W. Keenan, Group Vice President

Group Management

Central Division
Robert J. Robinson, V.P., Operations

Pacific Coast Division
Elven R. Davis, V.P. & General Manager

Operations Report

Bliss & Laughlin Steel, the largest independent producer of cold finished steel bars, is the leading supplier of drawn, turned, ground, polished and furnace-treated products. Its primary markets are the steel service center, machinery, industrial equipment, automotive and agricultural implement industries.

In 1973 the Steel Group experienced a significant upswing in its level of business, as did the entire steel industry. Revenues increased 32% and earnings rose 75%.

During the year, personnel and organizational changes were achieved and the Group embarked on a program to develop professional management techniques designed to ensure its leadership role and improve its competitive position. Emphasis was placed on projects involving planning, organization, cost controls, systems and procedures and employee morale.

The Steel Group enters 1974 with an almost six-month backlog of orders, one of the largest ever, but faces an economic climate fraught with uncertainties regarding inflation, energy and controls. Our plans call for slightly reduced revenues because of short supply conditions in the steel industry. Despite the expected slight decline in revenues, earnings should remain relatively stable. To properly maintain its facilities and reduce operating costs, plans call for the expenditure of more than $1,000,000 on maintenance and capital projects during 1974.

In order to achieve increased penetration and market share, the selective selling program started in 1973 will be fully implemented in 1974 with new marketing leadership. Also, these efforts will be supported with an advertising program and a new Group logo emphasizing the substantial foundation of more than 80 years of experience coupled with customer orientation, modern management techniques and personalized service.

The year 1974 truly represents a great opportunity for the Steel Group, despite the uncertainties it faces. The Group's management will continue its efforts and emphasis on improving the quality of its management to achieve planned and improved results.

The Steel Group has plants in Harvey, Ill., Detroit, Mich., Medina, O., Houston, Tex., Los Angeles, Cal., Seattle, Wash., and BALLSA in Mexico City.

	Revenue		**Income Contribution**	
	Dollars Thousands	% of Total Company	Dollars Thousands	% of Total Company
1973	70,894	43.5	3,471	16.6
1972	53,551	40.2	1,981	11.6

From the Desk of Frank Aughnay

The people you will meet in the following limited number of pages represent only about 1% of our 3155 employees. People are the heart of our business and we are equally proud of each of our employees and the opportunity to be associated with them.

F. W. A.

Oak Brook

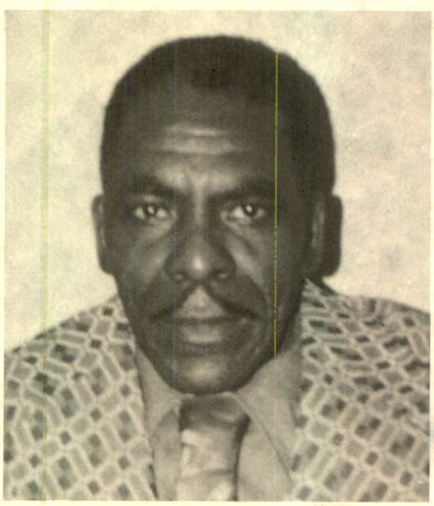
LaVerne Peters is a Secretary in Oak Brook and has been with Bliss & Laughlin for more than nine years. A resident of Western Springs, she presently is Vice President of the Oak Brook Business & Professional Women's Club, District IV, of the Illinois Federation of Business & Professional Women's Clubs, Inc. The 42-member Oak Brook group is active in a number of charitable endeavors. LaVerne's hobbies are golf and travel.

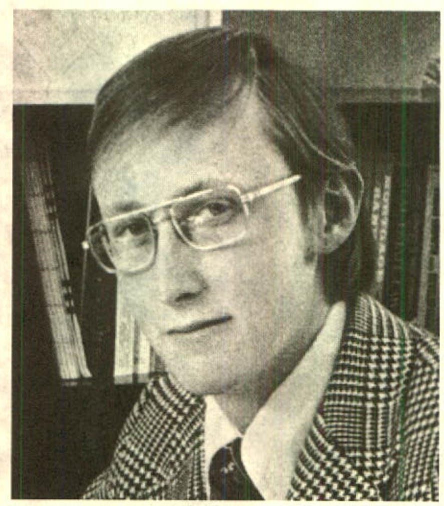
Ames

Morris Mower, an 11 year veteran at Ames, is Head of Research and Development. He lives in Santa Clara, Cal., is married and father of three children. He supervises all aspects of company repair facilities both domestic and foreign. A prime objective is to maintain uniformity in repair techniques. Hobbies include boating and watersports.

Steel, Harvey

A Turning Mill Operator at Bliss & Laughlin Steel, Harvey, Ill., Fred J. Richardson is married, father of three, and lives in Phoenix, Ill., where he is Chief of Police. Fred also is involved with Boy Scouts and the Phoenix Little League baseball team.





Steel, Harvey

Robert Taylor is a Craneman in Bliss & Laughlin's Harvey, Ill., steel plant. A 22½-year veteran, he lives in the nearby village of Phoenix. He is married and father of three children. He is Street Supervisor for Phoenix, which involves street maintenance, snow and ice removal and stop sign repairs. Bob also is Supervisor of Scavenger and Disposal Service. In all, he has been active in civic affairs in his village for 30 years.

Steel, LA

Margaret P. Ilgen, Inside Sales for Bliss & Laughlin Steel, Los Angeles, Cal., has been with the company for 21 years. Single, she lives in Downey, Cal., and is Treasurer of Executive Secretaries, Inc., a national organization of business and professional women in secretarial and administrative positions for their firms. She also is active in Y.L.I., a West Coast women's club.

Land

Philip W. Capron is Assistant to the Vice President, Land Development Division and is based in Oak Brook. He has been with the company for 1½ years. He is married and lives in Hinsdale. He is a Heart Fund Volunteer and a member of the Urban Land Institute. Phil also is a member of Handley Methodist Church in Ft. Worth, Tex.

Ames

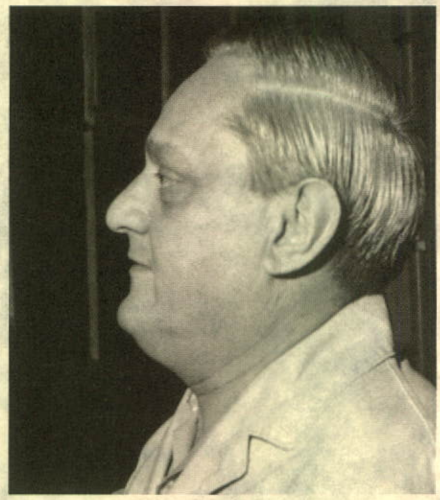
Rene R. Calonge, Accountant, started with Ames 1¾ years ago. He is married, lives in South San Francisco and has three children. Rene is a Director of French Hospital, San Francisco, is Second Vice President of the Board and is a member of various committees including Finance, By-Laws and Publicity and Public Relations. He has been involved with the hospital for a total of 18 years.

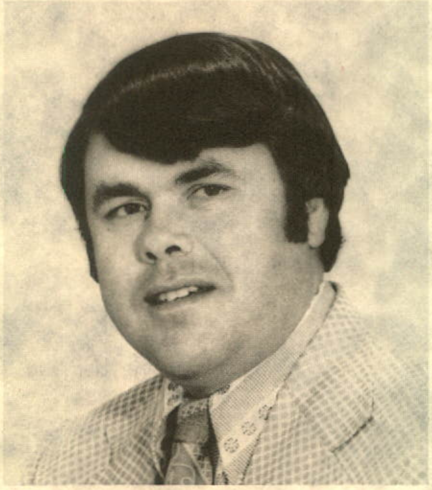
Goldblatt

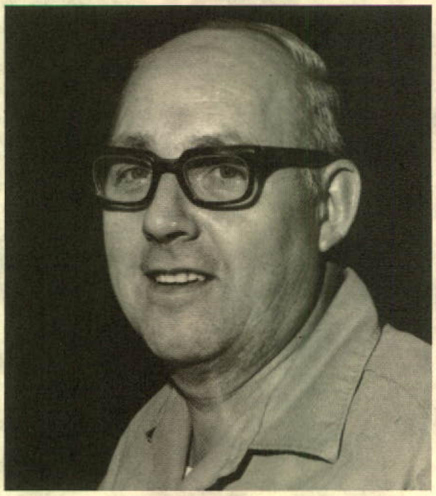
Cecilia Rojas is a Packer who has been with Goldblatt for 1½ years. She lives in Kansas City, Ka., and she and her husband have a son and two daughters. She is a Board Member of Wyandotte Mental Health Guidance Center and a member of the Armourdale Action Group, a community organization.

Faultless, Evansville

An Engineering Department Technician, Robert G. Kozlowski has served Faultless for 18 years. Married and the father of eight children, he lives in Evansville, Ind., and is Vice President of the School Board of St. Anthony Parochial School and is a P.T.A. member as well. In addition, he is a member of the Evansville Association for Retarded Children.







Jensen

With Jensen since its inception in 1955, Sherman Jensen is Operations Manager. Married and father of six, he lives in Phoenix, Ariz., and performs missionary work for his ward of the Mormon Church. He enjoys listening to music and is an accomplished photographer. In addition, he enjoys fishing.

Waco

Ronald Weinrich is a Salesman with Waco. He, his wife and three children live in Mt. Prospect, Ill., where he was a member of the Jaycees for nine years. In 1967 he founded the Miss Mt. Prospect Pageant and is Director and Emcee. He judges pageants in Illinois and Wisconsin and serves as Emcee for those in other areas. He was given the Mt. Prospect Distinguished Service Award in 1970 and was listed in that year's edition of Outstanding Young Men of America.

Faultless, Evansville

A 10-year Faultless veteran, Cletus J. Muensterman is a First Shift Foreman for Stellar Molded Products. He and his wife live in Evansville, Ind., and have two grandchildren. He is Chairman of the Finance Committee, St. Agnes Catholic Church and is Parish Publicity Chairman. He also is active in the P.T.A. and the Parish Men's Club.

Faultless, Evansville

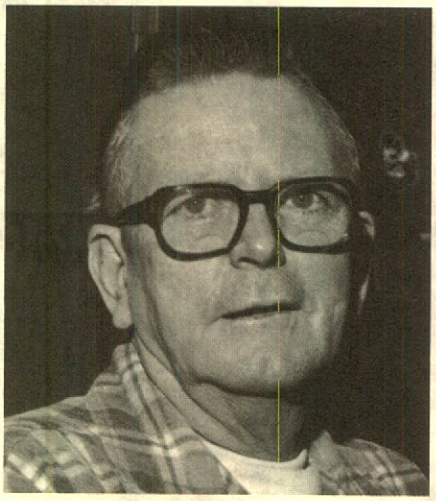
A Debushing Machine Operator for Stellar Molded Products, a part of Faultless, George W. Rakestraw is married, lives in Evansville, Ind., and is a seven-year man with the company. For four years he has taught Sunday School at Vann Avenue Southern Baptist Church.

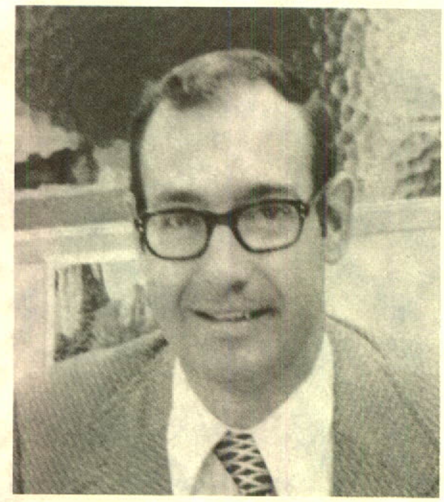
Jensen

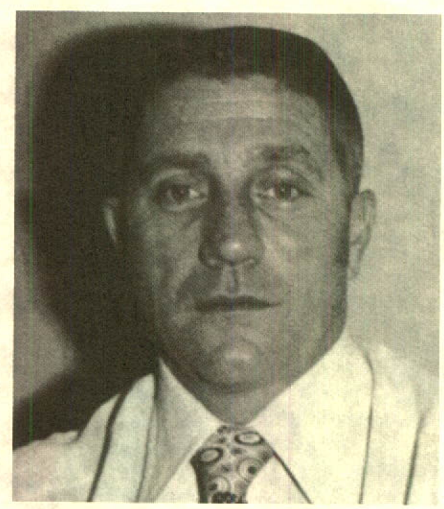
Gayle Kiviat is a Graphic Artist at Jensen Tools and Alloys. She and her husband live in Phoenix, Ariz. She is a member of the Phoenix Society of Visual Arts and has had one-woman shows of her paintings in 1971 and 1972. Married last year, she spends much of her spare time decorating her new home.

Goldblatt

Donald Wesselschmidt, Manager of Production and Inventory Control, started with Goldblatt two years ago. He lives in Lee's Summit, Mo., is married and the father of three sons. Don is Chairman of the Citizen's Committee for Exceptional Children, an Assistant Scoutmaster, Vice Chairman and a Sunday School teacher at Martin Luther Lutheran Church and is a member of the Citizen's Committee for School Buildings.







Faultless, Evansville

Carl A. Heldt is Regional Manager —Original Equipment Sales and has been with Faultless 17 years. He is married, lives in Evansville, Ind. and has a son and daughter. He is Past Governor, Indiana District, of Kiwanis International and presently is on that organization's International Committee. He has been a member of Kiwanis for 20 years.

Steel, LA

Raymond A. Lyons, Purchasing Agent and Office Manager at Bliss & Laughlin's Los Angeles, Cal., plant, has been with the company 17 years. He is married, father of three children and lives in Monterey Park, Cal. Ray is Secretary of the Fathers Club of Ramona High School and a Parish Council member of his church.

Tekform

A three year man at Tekform, Robert Waltz is Manager of Materials. He has a wife, four children and lives in Orange, Cal. An active naval reserve submariner, he likes to spend his summers boating on the Colorado River.

Steel, LA

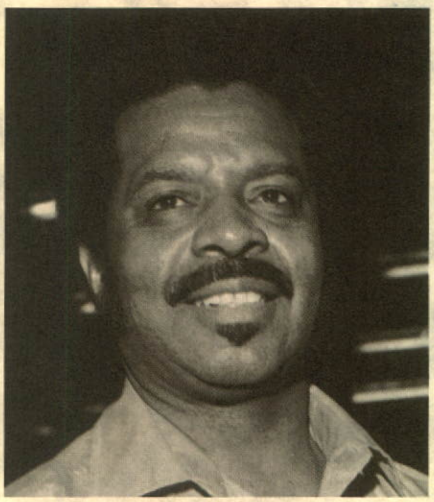
Werner Fritz is a Pickler with Bliss & Laughlin, Los Angeles. He, his wife and daughter live in Downey, Cal. He is Vice President, and a former Director, of the German-American Club of Santa Monica, an organization formed to aid German immigrants in this country and to promote understanding between Germans and Americans.

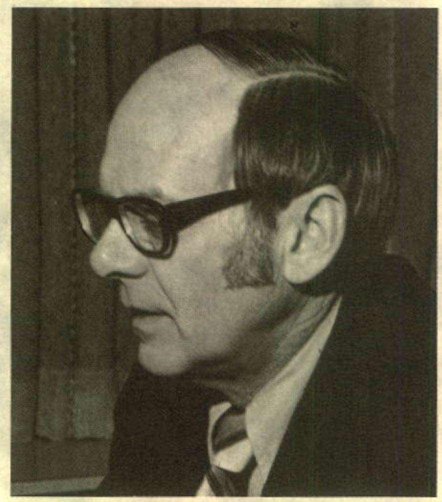
Faultless, Evansville

Willis E. Cheaney, a Riveter, has been with Faultless for four years. Married and the father of three children, he lives in Evansville, Ind. An Ordained Minister at Mt. Zion Missionary Baptist Church, he has been involved in church activities for 11 years as Lecturer for the Twilight Ministers and Deacons Union and as Vice President of the American Baptist Bible College Extension Student Body.

Faultless, Evansville

Charles W. Jarrett, Controller, has been with Faultless 5½ years. He is married and the father of two sons. He lives in Evansville, Ind., and has been involved with the Evansville Association for the Blind for 10 years as a Director. He was President and Treasurer of that group for two years each. He was also Director and Treasurer of the Tri-State Epilepsy League and has served as Treasurer of Old North United Church.





Faultless, Evansville

Manager of Advertising and Sales Promotion for the Faultless Division, Robert B. Henkle's career with the company goes back 15 years. He and his wife have a son and two daughters and reside in Evansville, Ind. Active with the United Fund of Southwestern Indiana, he is Chairman of the Public Relations Committee and an Executive Committee member. He has served for 10 years on the Board of Directors of the Evansville Association for the Blind. For two years he was that group's President.

Nestaway

Plant Manager William E. Ellsworth has been with Nestaway for six years. He and his wife live in Ravenna, O. They have a son, daughter and two grandchildren. He just completed two terms as a City Council Member in Ravenna. He was Red Cross Blood Recruitment Chairman for two years and Divisional Chairman for the United Fund campaign for three years. He currently is serving as Moderator at the Ravenna United Church of Christ. He is a lecturer with Cleveland State University.

Nestaway

Jose Antonio Ramos is a Fluidized Bed Operator—Lead Man with Nestaway for 8½ years. He, his wife and seven children live in Cleveland. He has held the offices of Secretary, Treasurer, Vice President and President of the Arroyo Social Club, a nonprofit organization sponsoring programs for Spanish-speaking American children. He also has been active on the Spanish-American Committee which aids Spanish-speaking immigrants and served the Cleveland Model Cities Association as a Trustee.

Faultless, Evansville

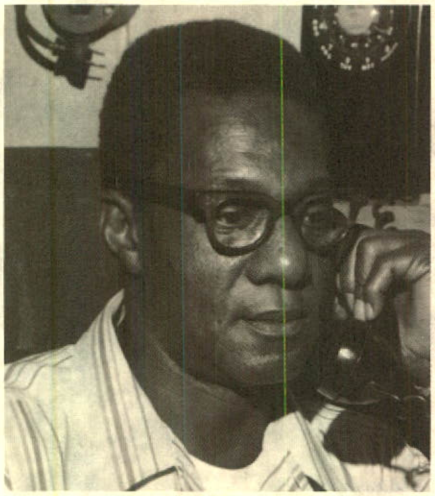
A Shipping Supplier who started with Faultless 8½ years ago, Andrew Johnson and his wife live in Evansville, Ind., and have three sons and two daughters. He has been active in church work for 17 years and is an Ordained Minister at Mount Sinai Church. Andrew is President of the Parents Community Awareness Association, the Evansville Children's Psychiatric Center and is Vice Moderator of the Twilight Ministers and Deacons Union.

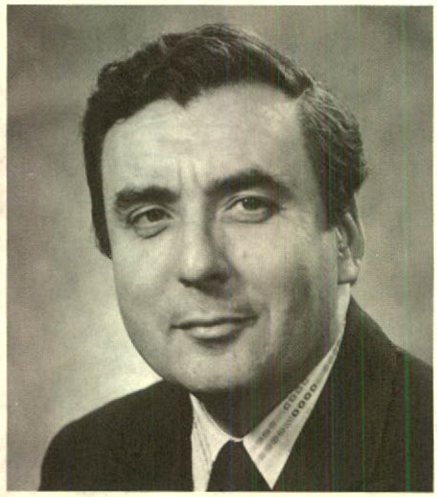
Tekform

Mel Riel, National Sales Manager for Tekform, has been with the organization for two years. He, his wife and two children live in La Habra, Cal. Hobbies include fishing and sailing.

Faultless, Ltd.

Donald M. Misener, Production Supervisor, has been with Faultless, Ltd., 21 years. Don is married, lives in Stratford, Ont. and has three children. He is a Director of the Stratford Chamber of Commerce and a Committee of Adjustment member for that city. He is an Executive Member of the Perth County Progressive Conservative Association, a 15-year Kinsmen Club member and a Kinsmen Executive Member for five years.





Oak Brook

Mary King, Switchboard Operator and Receptionist in Oak Brook, started with Bliss & Laughlin last July. She lives in Lombard, Ill., is widowed and is the mother of 10 children and 30 grandchildren. Mary's interests include the theater, dining out and visiting her married children and their families. She also is active in the Guild of St. Joseph's Church, Addison, Ill.

Doerner

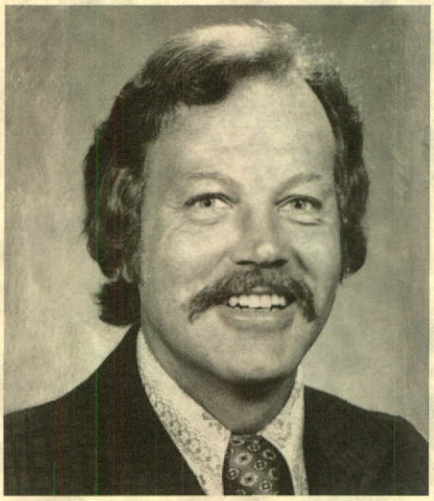
One of the original Doerner founders, Sales Director Joseph T. Doerner began his career with the company 28 years ago. He lives in Wellesley, Ont. with his wife. The father of two sons, he raises and shows quarter horses and owns a 23-acre farm in Bamberg, Ont.

Land

Marketing Manager for Bliss & Laughlin's Fullerton Center Industrial Park located near Chicago, Donald R. Pacey lives in Elgin, Ill., and is the father of four sons. He is a member of the Citizens Advisory Council for School District U 46, Elgin, Ill. Don is Chairman of the Student Enrollment Committee, serves on the Executive Committee and the Council Senate.

Doerner

William P. Pernfuss, Controller, has been with Doerner for 7½ years. A resident of Kitchener, Ont., he is married and has a son and daughter. He is 1974 President of the Kitchener-Waterloo Federated Appeal and General Chairman of the Campaign. He also is a Director of the Y.M.C.A. and is a Director and Second Vice President of the Waterloo Chamber of Commerce. He has been President of the K-W Jaycees, President of the District Jaycees and is a Senator and Life Member of Jaycees International.

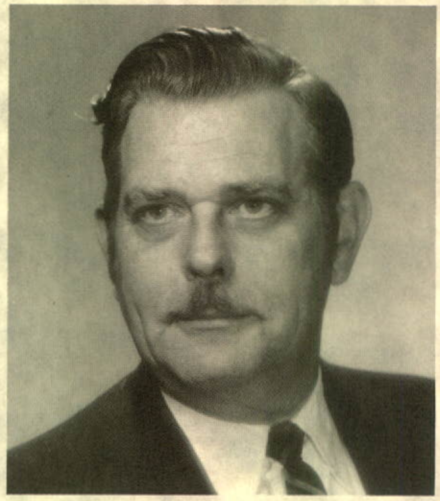


Faultless, Evansville

A hardware designer, Norman L. Kniese, Jr. has been with Faultless for 24 years. Married, an Evansville, Ind., resident and father of three sons, he is President of Harrison High School Booster Club and Sponsor of Youth Fellowship of Zion's United Church of Christ where he also is a member of the Finance and Stewardship Committees.

Steel, Medina

Manager Carl F. Steinbach began his career with Bliss & Laughlin, Medina, O., 19 years ago. He lives in Medina, is married and the father of a son and daughter. He was Treasurer of St. Matthew Lutheran Church and presently is Second Vice President of the Medina Chamber of Commerce, Chairman of the Red Cross Bloodmobile, a Kiwanis Club member and is on the Advisory Board of Medina Vocational School.



Oak Brook

Top Drawer Magazine Editor and Secretary Ethel C. Stahnke has been at Oak Brook for 8½ years. She lives in LaGrange, is married and the mother of four daughters. Ethel was Neighborhood Chairman of the Girl Scouts and she is Past President of the Infant Welfare Society of LaGrange and was Chairman for that village's March of Dimes Campaign. Also, she has served as Guardian for Job's Daughters for 12 years. In 1972 Ethel was Grand Guardian for the State of Illinois.

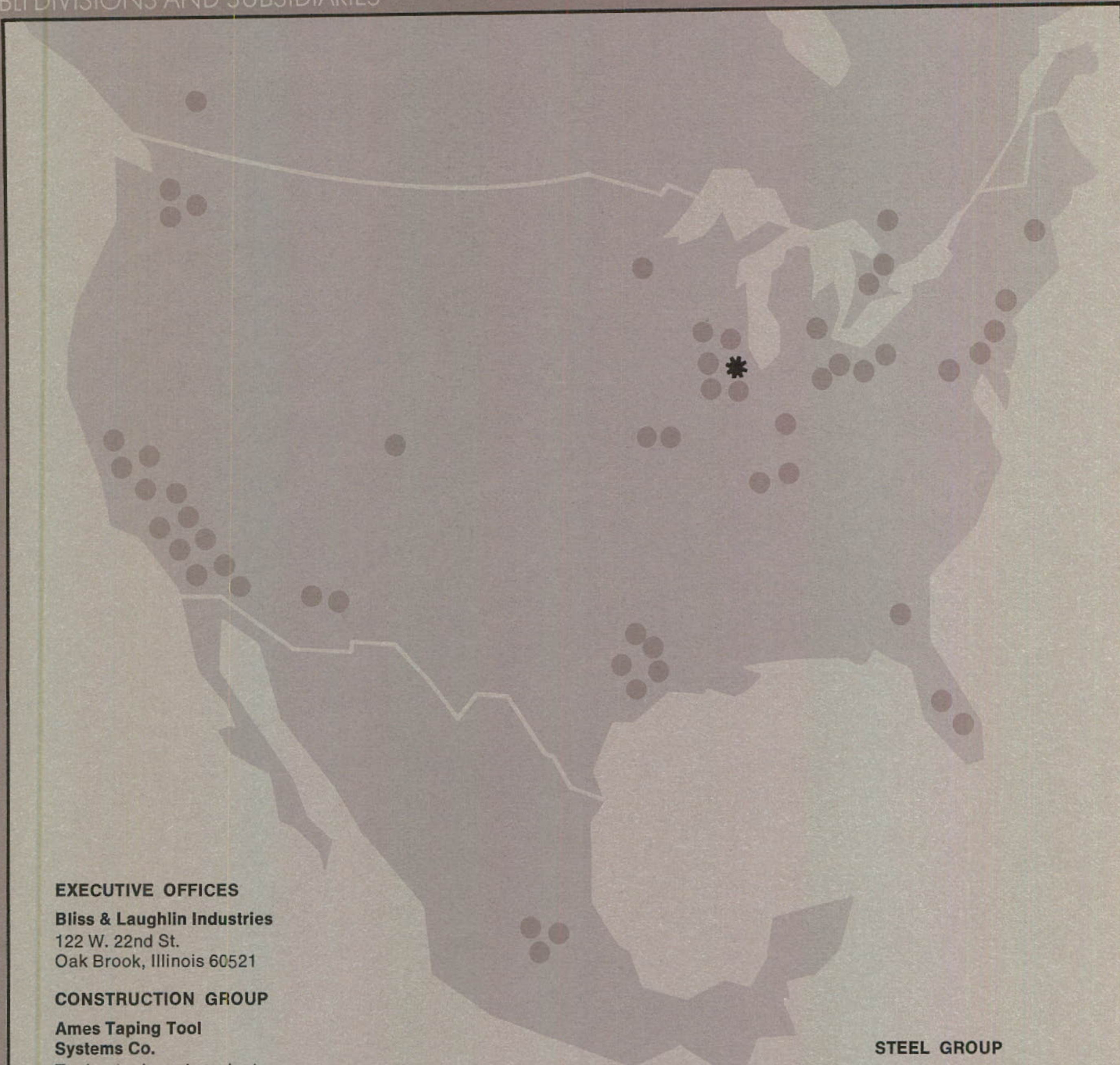
Faultless, Evansville

Robert A. Owens has been with Faultless 21½ years. He is a Driver and Mail Room Clerk. He lives in Evansville, Ind., is married and the father of a daughter. An Ordained Minister, he is Pastor of New Bethel Baptist Church. He has been in his present pastorate 7½ years and involved in church activities for the last nine years. He also is President of the Twilight Ministers and Deacons Union.

Steel, Harvey

C. Robert Nicolls, Outside Salesman, has been associated with Bliss & Laughlin Steel in Harvey for 13½ years. He is an active resident of LaGrange Park, is married and the father of three children. He is a Village Board Trustee and is past Chairman of the Village Caucus. He also served the P.T.A. of Forest Road School, Junior Achievement, Little League and Babe Ruth League baseball. In addition Bob has been an Elder of the First Presbyterian Church of LaGrange.

BLI DIVISIONS AND SUBSIDIARIES



EXECUTIVE OFFICES

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

CONSTRUCTION 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

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

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

Andamios Atlas, S.A.
Scaffolds and shoring
Mexico City, Mexico

METAL PRODUCTS GROUP

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

Faultless Co.
Furniture and industrial casters, decorative hardware and plastics
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

Poly-Dyn, Co.
Cabinet doors
Denver, Colorado

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

Bliss & Laughlin Latinoamericana, S.A.
Furniture and industrial casters and chair controls
Mexico City, Mexico

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.
Cold-finished steel bars
Mexico City, Mexico

LAND DEVELOPMENT

Fullerton Center, Ill.

Turtle Creek Village, Fla.

Carmel Valley, Calif.

Wildwood Ranch, Calif.

Balcones Hills, Texas