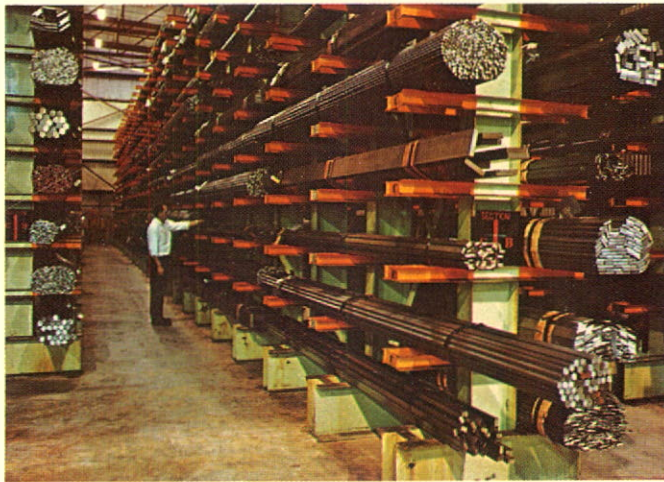
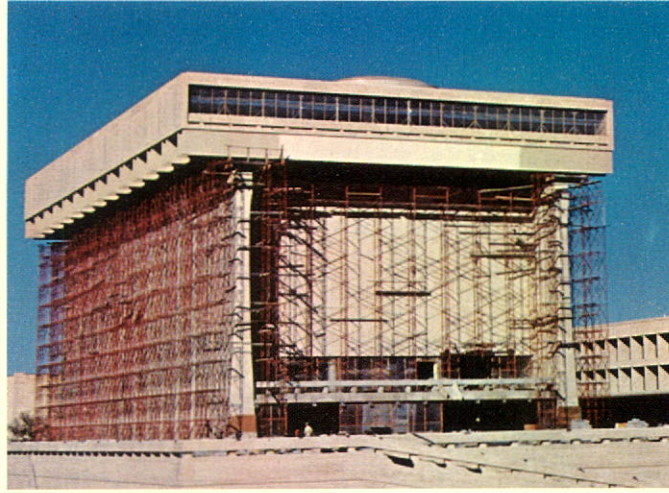




**BLISS & LAUGHLIN**  
*industries*



*m* ANNUAL  
REPORT  
1970



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## Financial Summary

	1970	1969
Net Income .....	\$ 6,348,000	\$ 6,893,000
Net Income Per Share .....	2.27	2.52
Net Sales and Rental Revenue .....	109,167,000	128,566,000
Cash Dividends .....	2,794,000	2,712,000
Cash Dividends Per Share .....	1.00	1.00
Shareholders' Investment .....	45,821,000	41,845,000
Average Shares Outstanding .....	2,789,697	2,736,163
Number of Shareholders .....	6,209	6,090
Number of Employees .....	3,319	3,286

## Annual Meeting

The annual meeting of shareholders of Bliss & Laughlin Industries will be held at 10:30 A.M., Wednesday, May 5, 1971, at the executive offices, 122 West 22nd Street, Oak Brook, Illinois. You are cordially invited to attend.

## Cover

Photographs are representative of BLI's four principal lines of business: From lower left to upper right—Land Development (Addison Industrial Park); Steel Group (Bliss & Laughlin Steel plant); Construction Group (Waco Scaffold & Shoring on the Lyndon B. Johnson Library, University of Texas); Metal Products Group (Faultless decorative products for home furnishings).

# TO BLI SHAREHOLDERS

Basically, forces over which few of us could exercise any control determined the national economic course of the year 1970. Bliss & Laughlin is nearly 80 years young, and one year is a very short span in so long a history. The reasons why the whole economy faltered and our sales and earnings were modestly impaired are anticipated to be temporary. This is because of their very nature. The government's fiscal and financial policy, while perhaps necessary and important in slowing inflation, is now being drastically changed and reversed as a result of political expedience. Thus, it is temporary as was the truck strike, the General Motors strike and the drop in consumer buying. As we have mentioned before, our company is postured in a better earning capability than ever in its history, and this explains the comparatively small earnings drop in the year, reported elsewhere.

For 1971, with the restraints removed from the economy, with a construction and building boom commencing and a reawakening of consumer confidence, Bliss & Laughlin is poised to take advantage of its opportunities. It is very difficult, nearly impossible, to put precise or even credible figures to the annual projected sales and earnings for 1971. Certainly, economic recovery is neither so rapid nor as strong as government economists are saying it is, but definite signs of improvement are evident in all segments of our business.

Yet, one is reluctant to express unrestrained optimism about the whole year when several of our operations must negotiate new contracts with various unions at a time of recent and continuing very generous wage settlements not offset by productivity increases or price increases. And, we are always beset by other rising costs.

Even though the National Security Bank of Chicago contributed handsomely to our earnings in 1970, a decision was taken to sell it because a very satisfactory price offer was made at a time when pending one-bank holding company legislation (since passed) would have presented us some serious future problems.



F. J. Robbins and A. Bruce Matthews

A number of management changes were made in 1970. Mr. J. C. Hansen's retirement was followed by the appointment of Mr. E. G. Sheasby as Group Vice President-Steel. Mr. Paul R. Doelz retired as a Director after many years of valued service and counsel. He was succeeded by Mr. Marvin G. Mitchell, President of Chicago Bridge & Iron Co., whom we welcome to the Board. Mr. A. Bruce Matthews became President and Chief Operating Officer the first of January, 1971, following a previously determined plan.

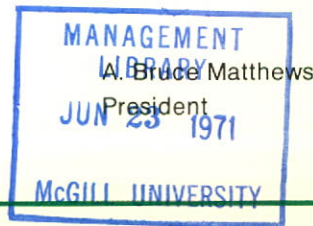
To those employees who labored diligently and loyally in a difficult year, the Board and management express their sincere appreciation.

Our customers, with grave problems of their own demanding solution, gave us fine loyal support for which we are grateful.

Obviously, our stockholders supported our efforts by holding their stock in the face of a demoralized market and shrinking economy.

To all three pillars of strength in the company we pledge our every effort in their behalf.

F. J. Robbins  
Chairman and Chief Executive Officer



# HISTORICAL RECORD OF PERFORMANCE

Between 1961 and 1969, Bliss & Laughlin Industries built a solid record of year-to-year earnings increases at a 16% compound annual growth rate.

In 1970, net income amounted to \$6,347,891, a decline of 8% from 1969 re-

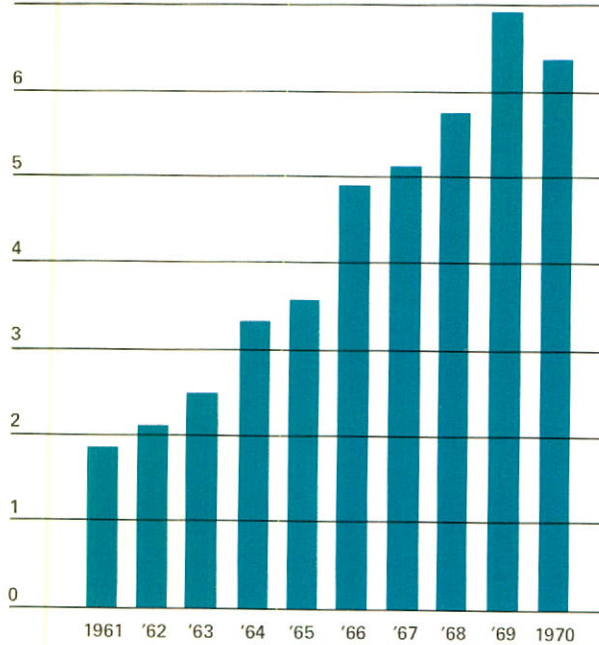
sults of \$6,893,430. On a per share basis, 1970 results amounted to \$2.27, including a \$.25 extraordinary gain, versus \$2.52 for the comparable period of 1969. The extraordinary gain resulted from the sale

of the National Security Bank of Chicago on December 1, 1970.

Shown below are charts highlighting the key factors of prime interest to shareholders of BLI and its many publics.

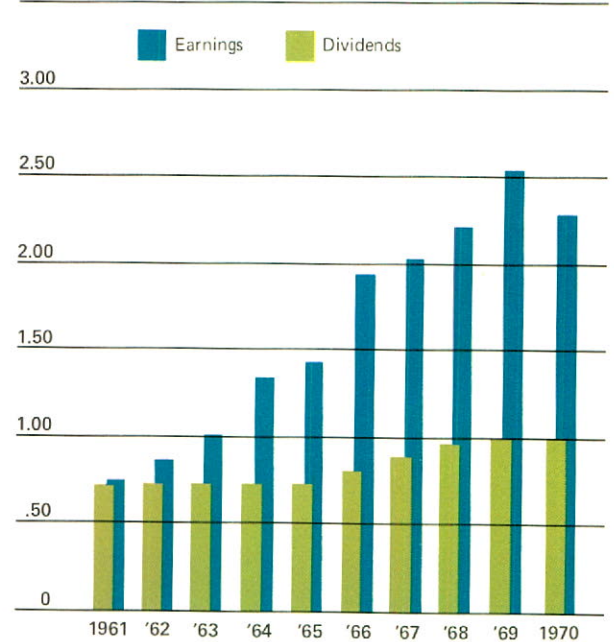
## NET INCOME

7 Millions of Dollars



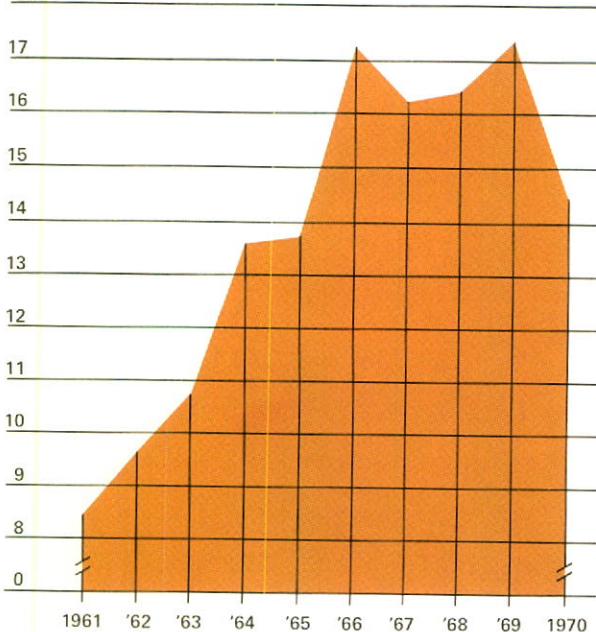
## EARNINGS AND DIVIDENDS PER SHARE

3.50 Dollars



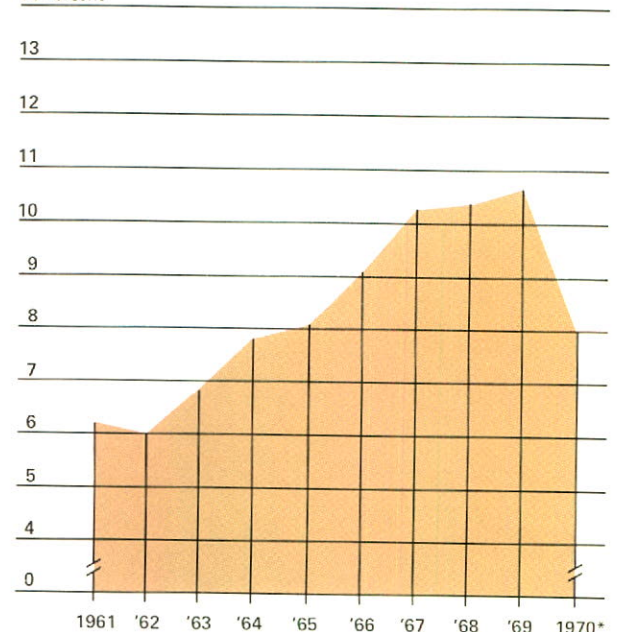
## EARNINGS ON SHAREHOLDERS' INVESTMENT

18 Percent



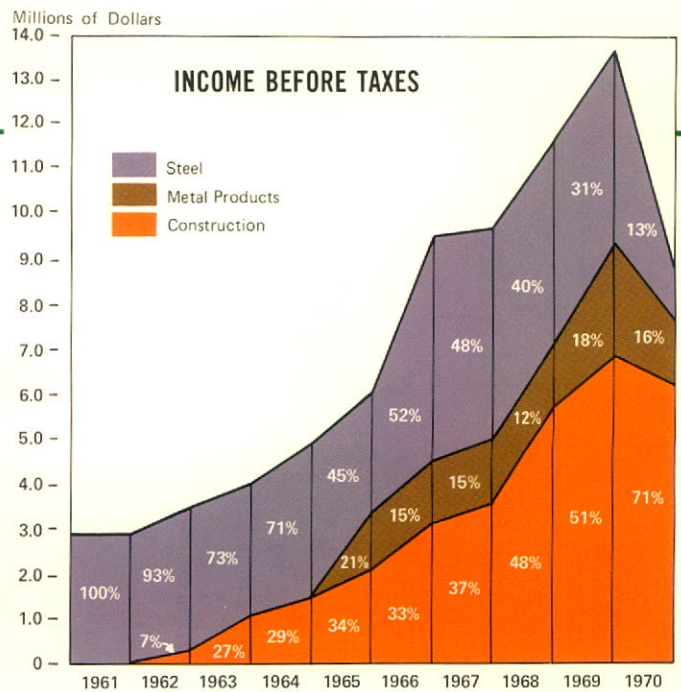
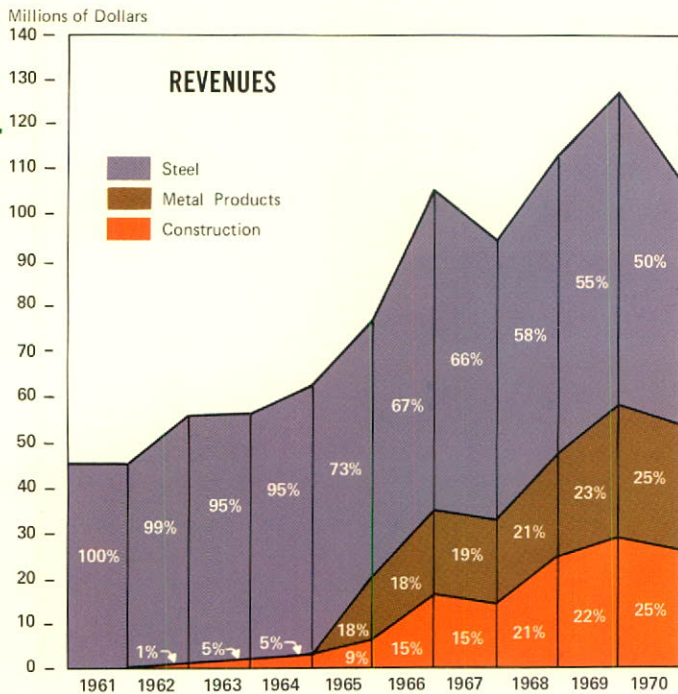
## INCOME BEFORE TAXES TO REVENUES

14 Percent



\*Excludes National Security Bank of Chicago

# DIVERSIFICATION PROGRAM



Unpooled results excluding the National Security Bank of Chicago

The above charts illustrate the results of the company's diversification program over the last decade. As indicated, ten years ago Bliss & Laughlin obtained 100% of its sales and earnings from the production of cold finished steel bars.

Upon completion of a detailed study in 1961, management determined that the opportunities for growth of sales and earnings within the steel industry were limited, and a basic corporate decision was made to embark on a diversification program. A long-term objective was

established to reshape the structure of BLI, so that by 1965 at least 50% of its earnings would be derived from other businesses. This objective has not only been achieved, but exceeded.

The Construction Group, which was created in 1962 when Ames Taping Tool Systems was acquired, now includes six companies. The Metal Products Group, which primarily serves the home and office furnishings industry, was created in 1965 when the Faultless Caster Company became the first of six companies

to be acquired. The Land Development Group came into being in 1969 with the purchase of a tract of land in Addison, Illinois, for the establishment of an industrial park. Additional properties have been acquired in other geographic areas for creation of planned communities.

Land development was included in the Construction Group for 1970. In 1971, the Land Development Group will begin making modest but important contributions to revenues and earnings, and will be indicated in BLI diversification charts.

## ACQUISITION PHILOSOPHY

In contrasting Bliss & Laughlin's record of performance compared to the steel industry over the last ten years, the degree of success of the diversification and acquisition program is apparent. The primary objective of BLI's continuing program has been to broaden and strengthen the corporation by diversifying into new markets, which offer potential for producing a long-term pattern of growth in earnings per share. This basic objective, which places emphasis on net earnings and return on invested capital rather than sales volume, is the guiding principle which has been ad-

hered to since this program began in 1961.

Applying this acquisition philosophy, Bliss & Laughlin Industries has been able to diversify from its original steel business to become an important manufacturer and lessor of tools and equipment for the construction industry, as well as a leading producer of casters, decorative hardware, and component parts for the home and office furnishings industry. More recently, the company has entered the field of land development and the creation of planned communities. It is believed that these sectors

of the economy possess prospects for substantial growth in this decade of the '70's'.

BLI's primary direction in future acquisitions will be to continue to seek companies which fit, complement, or add to the corporation's present operations. At the same time, the company will always be willing to examine opportunities to acquire other companies which, because of size or the nature of the business involved, could form the basis for creation of one or more additional groups.

# PLANNING FOR THE FUTURE

## Management Planning Sessions

Periodically, BLI's key management people gather for intensive planning sessions at which division managers, group operating officers, and corporate officers review the general economic environment, industry trends, and individual company developments. These planning sessions not only enable management to re-assess its own performance, but also provide an opportunity to identify problems early and explore alternative solutions.

During a period of economic activity such as experienced in 1970, BLI as well as other industrial corporations were faced with a wide variety of immediate problems which required the maximum attention of management. During 1971, long-range planning will be emphasized at management meetings.



Management meeting at corporate headquarters in Oak Brook



Division managers at computer center

## Objectives for the "70's"

Having achieved the long-term corporate objectives established in 1961, BLI's management has recently analyzed and developed a new set of objectives, which seem appropriate for the decade of the 70's. The principal financial objectives for the future are:

Continued emphasis on internal growth through development of new products and expansion of present markets.

Acquisitions of healthy firms that will broaden and complement existing product lines.

Growth in earnings at a rate in excess of 10% per year.

## Internal Growth Emphasis

While the corporate diversification program of Bliss & Laughlin Industries has been largely accomplished through acquisitions, the long-term earnings record has been built by approximately 50% internal growth and 50% acquisitions. New product development in the various divisions has been stressed with particular emphasis on serving the construction and home furnishings industry. Many examples are illustrated in this report of new products developed for bricklayers, masons, tapers, construc-

Above average return on shareholders' capital.

Above average profit margins on revenues.

BLI also has a number of other corporate objectives. One of these is to provide a working environment for employees which is both stimulating and monetarily rewarding. In addition, BLI encourages its employees to participate in educational programs, and has established scholarships for assisting their children to obtain a college education.

BLI maintains good community relations. The company is continuing to

tion contractors, furniture manufacturers, kitchen cabinet manufacturers, and appliance manufacturers. BLI's goal for the future will be to continue to seek a balance between internal growth and acquisition growth.

At a recent management session in Chicago, division managers were brought together to become more familiar with the many applications of computers, so as to receive maximum help in making business decisions from BLI's newly installed equipment.

develop and expand programs for the control of air and water pollution. A firm of environmental scientists and engineers has been retained as a consultant to assist in these areas. Also, employees are encouraged to become involved in non-business community activities.

As a corporate entity, BLI appreciates its many loyal customers, who have relied on the company's products over its 80-year history. The company will continue to develop new products to serve their needs, and will work continually to improve the quality of both its products and service.

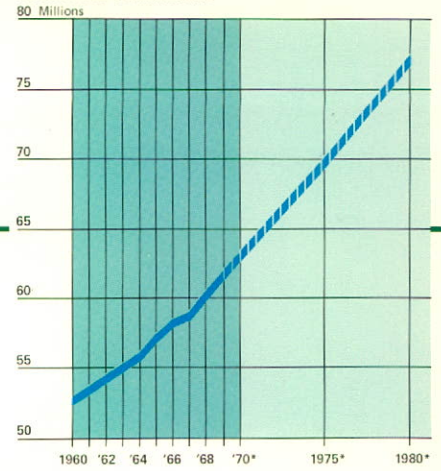
# LAND DEVELOPMENT

Projections of new household formations to 1980 (see chart) are indicative of the developing demand for land on which to construct new houses.

At the present time, BLI's Land Development Group is concentrating on creation of planned residential communities and development of industrial

parks. Research studies on sites throughout the United States are constantly being prepared with particular emphasis on geographic regions which indicate above average growth potential and a need for new facilities to satisfy the demands of an increasingly affluent population.

## HOUSEHOLD FORMATIONS



Source: Department of Commerce, Bureau of the Census  
\*Series 1 Projections

## Florida

Located on a 257-acre site, 18 miles north of Palm Beach, Turtle Creek can best be described as "Florida like it used to be"—a peaceful and unspoiled community.

Surrounding the Turtle Creek Club's 18 hole championship golf course will

be a carefully designed community of custom built homes, as well as two and three bedroom condominiums. Boating, fishing, community recreational facilities, and a swimming pool are available to the residents. Generous use of open space makes Turtle Creek an attractive

community in which to live.

BLI has completed the initial planning and development stage at Turtle Creek, and is presently selling lots as well as constructing condominiums.



Condominiums at Turtle Creek



Map of Turtle Creek

## Illinois

In Addison, Illinois, BLI is developing a 175-acre site as an industrial park, which will include manufacturing facilities, research centers, and offices.

The Village of Addison and its surrounding communities in suburban Chicago make available an industrially

oriented work force for managerial, clerical, and production personnel. Convenient to expressways, tollways, and new interstate highways, Addison Industrial Park is a highly desirable location for expansion by industrial corporations.

## California

Wildwood Ranch is located in the Yucaipa Valley on 1,100 acres in San Bernardino County. This property, now in the initial phase of development, will include residential and commercial sites, as well as schools, recreational facilities and parks. The entire community will be designed to preserve the scenic beauty of the natural terrain, and to create an attractive living and working environment.

The other major piece of property in California is a 600-acre site in the Carmel Valley, one mile from the Pacific Ocean, within the city limits of San Diego. This property is being planned with the objective of creating a balanced community to include both residential and commercial structures.



Addison Industrial Park, Addison, Illinois

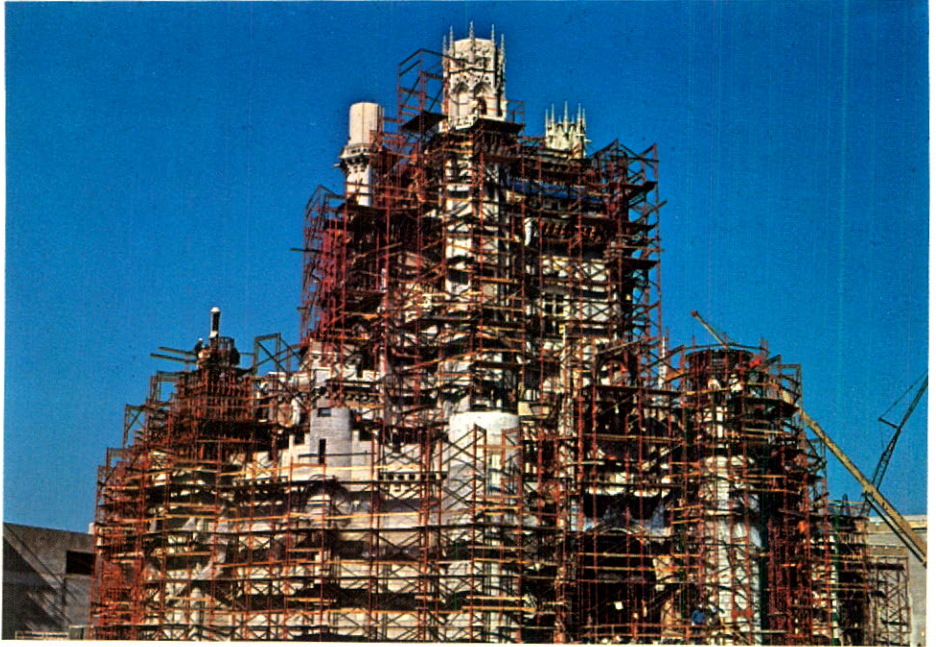
## Waco Scaffold and Shoring

As indicated in the photographs on these pages, in 1970 Waco Scaffold and Shoring was involved in a wide variety of major construction projects throughout the United States. Waco manufactures sectional tubular steel scaffolding, shoring, and related products for lease and sale to construction contractors and building maintenance firms. Scaffolding is used wherever elevated work platforms are required, while shoring is used to support the heavy loads of reinforced concrete as it is poured into forms. Waco's Super-Shore Line is capable of supporting loads of up to one million pounds, in an extended position.

Approximately 75% of Waco's business is derived from commercial, industrial, and governmental projects with the remaining 25% derived from residential construction, primarily high-rise apartment buildings.

Bridge construction, convention centers, airport terminal facilities, office buildings, apartments, sports stadiums, educational facilities, pollution control centers, nuclear power plants, and even a castle for Florida's new Disneyland are all examples of major projects in which Waco played a part in 1970.

Waco service centers are located across the United States. At these centers, construction contractors can either rent or purchase scaffolding and shoring equipment.



Walt Disney World's Cinderella Castle, Winter Garden, Florida



Spring Creek auxiliary pollution control project, Queens, New York



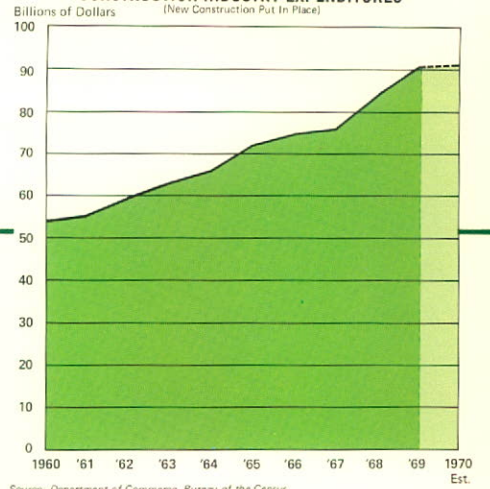
Apartment complex, Washington, D.C.



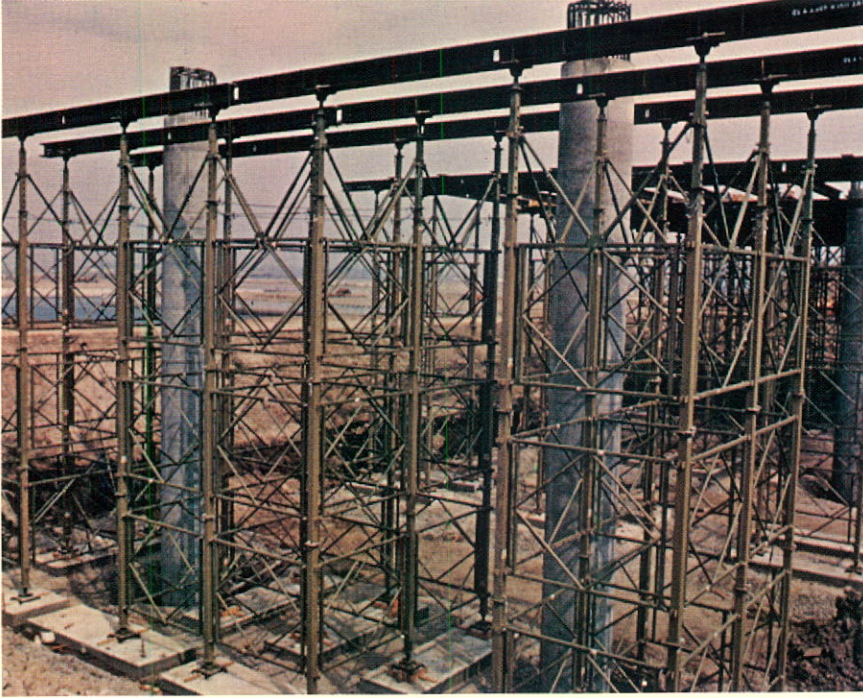
Hampton Roads Coliseum, Hampton, Virginia



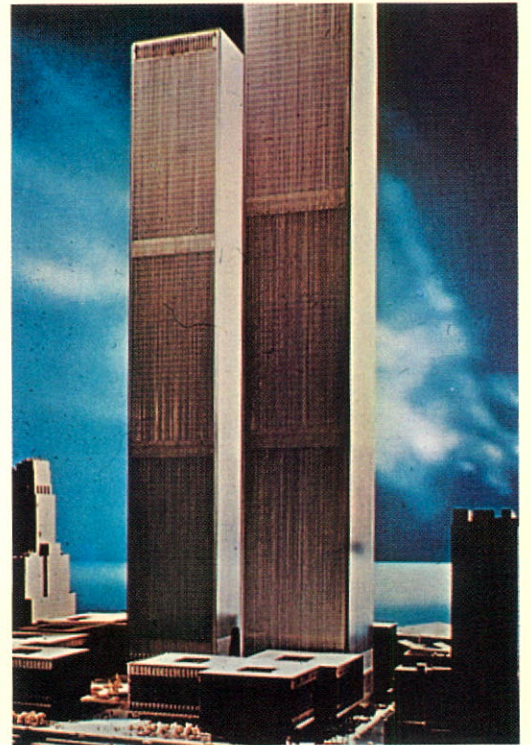
**CONSTRUCTION INDUSTRY EXPENDITURES**  
(New Construction Put In Place)



Source: Department of Commerce, Bureau of the Census



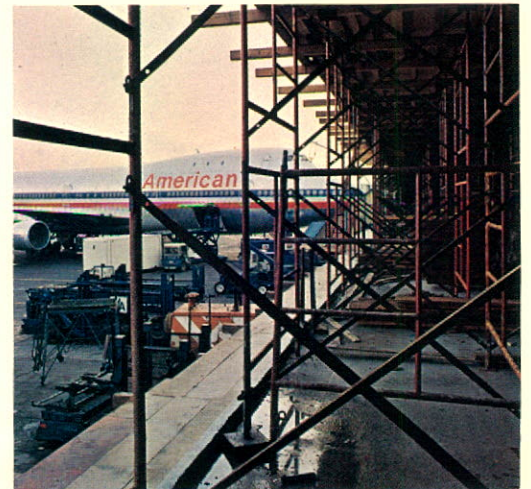
Channel Island Bridge Crossing, Oxnard, California



Artist rendering of World Trade Center, New York, New York



Dallas Convention Center, Dallas, Texas



747 loading ramp, O'Hare Airport, Chicago, Illinois



McCormick Place, Chicago, Illinois

# CONSTRUCTION GROUP

## Ames Taping Tool Systems

BLI's first acquisition in 1962, Ames Taping Tool Systems, is headquartered in Belmont, California. It is engaged in the design, manufacture, and marketing of semi-automatic taping tools and related equipment for finishing gypsum drywall. Ames tools include automatic tapers, flat applicators, corner rollers, finishers, hand pumps, flat finishers, and nail spotters. These tools are used to apply tape and cement to flat joints and corners, fill impressions left by nails, and feather edges of the taped joints.

Ames tools are leased to taping contractors through service centers across the United States. Expansion in recent years has taken place in Canada, Central America, Western Europe, and Australia.

It is estimated that approximately 75% of Ames rentals are derived from residential construction with the remaining 25% represented by commercial and industrial construction. The company believes Ames will be one of its leading divisions to benefit from the expected strong demand for housing in the years ahead.

Taping drywall with Ames tool



## Threaded Nails

This year Threaded Nails moved into a new plant in Skokie, Illinois. Threaded Nails' principal product is a fastening device produced in a wide variety of sizes for a number of purposes including use by pallet manufacturers for automatic nailing equipment. These products provide greater fastening strength than ordinary nails, and can be installed more rapidly than screws. A number of new applications are being explored.



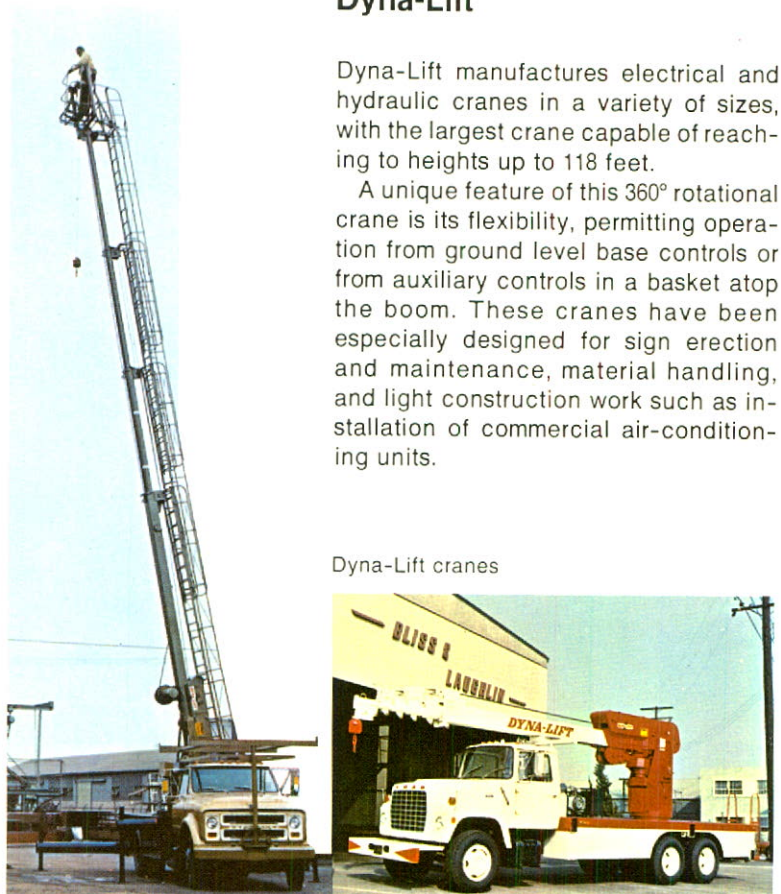
Threaded Nails for superior fastening

## Dyna-Lift

Dyna-Lift manufactures electrical and hydraulic cranes in a variety of sizes, with the largest crane capable of reaching to heights up to 118 feet.

A unique feature of this 360° rotational crane is its flexibility, permitting operation from ground level base controls or from auxiliary controls in a basket atop the boom. These cranes have been especially designed for sign erection and maintenance, material handling, and light construction work such as installation of commercial air-conditioning units.

Dyna-Lift cranes



## Goldblatt Tool

Goldblatt manufactures and markets a wide variety of "Trowel Trade" tools and equipment, which are used for brick, block and stone masonry, cement finishing, plastering, drywall hanging and finishing, lathing, and tile setting.

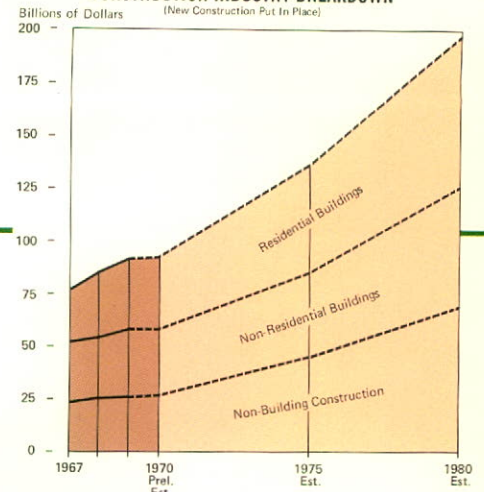
Headquartered in Kansas City, Kansas, Goldblatt is recognized as the quality name in its industry. Its tools and equipment include a wide variety of trowels, floats, groovers, edgers, spreaders, levels, grinders, power

trowelers, and related equipment.

Sales are primarily conducted through over 20,000 hardware and construction equipment dealers. Goldblatt also publishes a retail catalog including approximately 1,500 items. Over 1,200,000 of these catalogs are distributed each year to tradesmen.

It is estimated that 65% of Goldblatt's products are used in residential construction, while 35% are used in commercial and industrial construction.

## CONSTRUCTION INDUSTRY BREAKDOWN

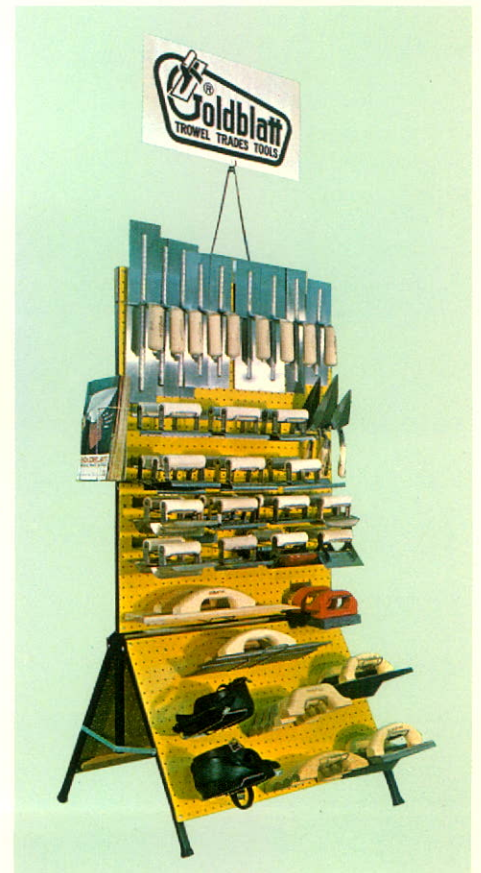


Source: F. W. Dodge Construction Market Outlook, McGraw-Hill Information Systems Company



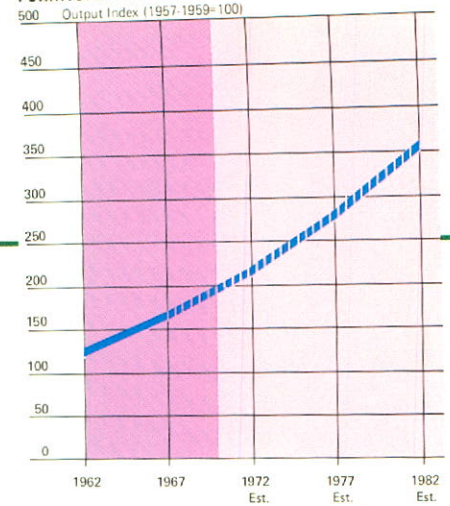
Array of Goldblatt catalogs

Retail display rack of Goldblatt products



# METAL PRODUCTS GROUP

## FURNITURE AND FIXTURES INDUSTRY



Source: Economics Department, McGraw-Hill Information Systems Company

### Faultless

Faultless used 1970 to develop new products and marketing programs to strengthen its position for the expected long-term growth of the home and office furnishings industry.

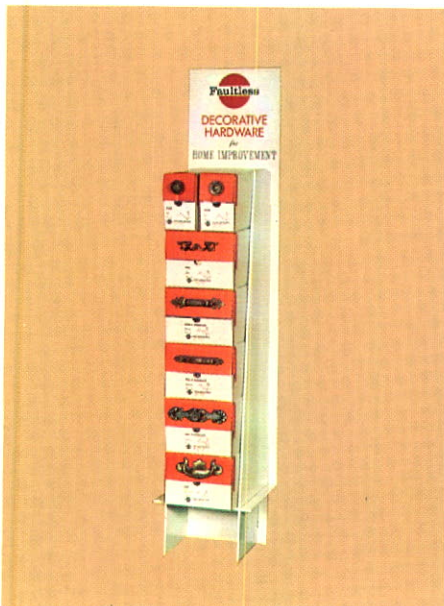
Retail merchandising programs were introduced offering new selections of decorative hardware and casters. With the development of the Doerner "Tor-Spring" chair control, Faultless now offers the broadest and most modern selection of metal components to the office chair industry.

Late in 1970, the division became a supplier to the kitchen cabinet industry with a unique product—solid, durable, "furniture-designed" polyurethane doors compatibly trimmed with decorative hardware.

Faultless also introduced several industrial casters during the year, and further strengthened its industrial distribution system with new marketing programs.

At year-end, initial shipments were made from the recently opened Hopkinsville, Kentucky plant, the only production facility in the United States designed and built exclusively for manufacturing decorative hardware.

Retail display of decorative hardware



### Faultless Casters Ltd.

Faultless Casters Ltd. strengthened its position in industrial sales to original equipment manufacturers in 1970 through product line expansion and enlargement of its direct selling force. It also built a distributor network for industrial sales throughout Canada, and opened up new merchandising sales outlets to reach the retail market.



Furniture components by Faultless & Doerner



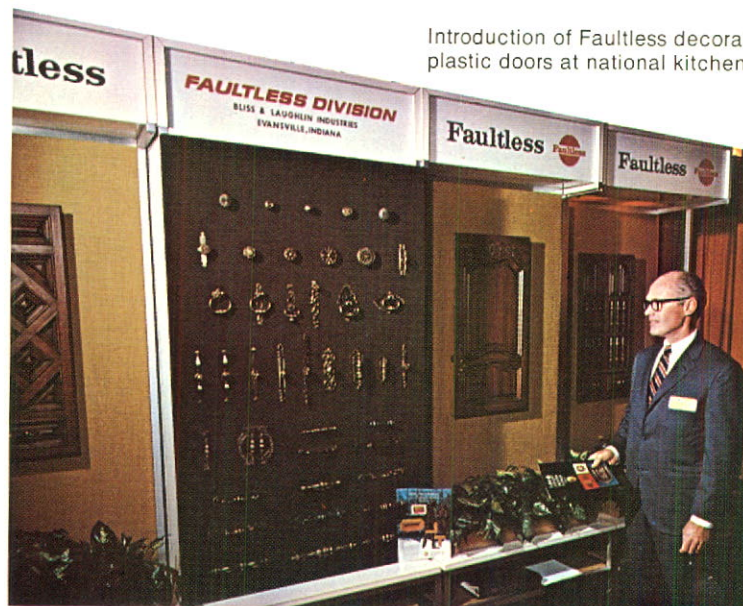
### Doerner

Doerner, like Faultless, felt the decline in office furniture business during the second half of 1970, but should be affected favorably by the industry's expected upturn in 1971.

Doerner's "Tor-Spring" Control is the newest idea in office chair comfort. Designed to combine the best features of spring and torsion bar controls, "Tor-Spring" provides smooth and easy movement with low profile design.

During 1970, Doerner entered the U.S. beauty salon equipment market with a low cost chair base containing a highly reliable hydraulic mechanism for raising and lowering the chair for operator convenience.

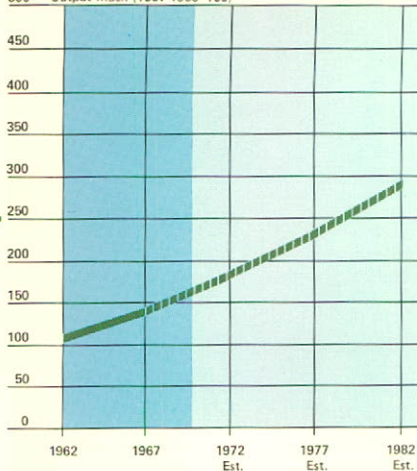
Doerner also introduced the "Adjust-A-Mat" in 1970. This height control is ideally suited for chairs used by more than one person such as nurses, telephone operators, and air traffic controllers.



Introduction of Faultless decorative hardware and plastic doors at national kitchen cabinet trade show

## KITCHEN APPLIANCE INDUSTRY

500 Output Index (1957-1959=100)



Source: Economics Department, McGraw-Hill Information Systems Company

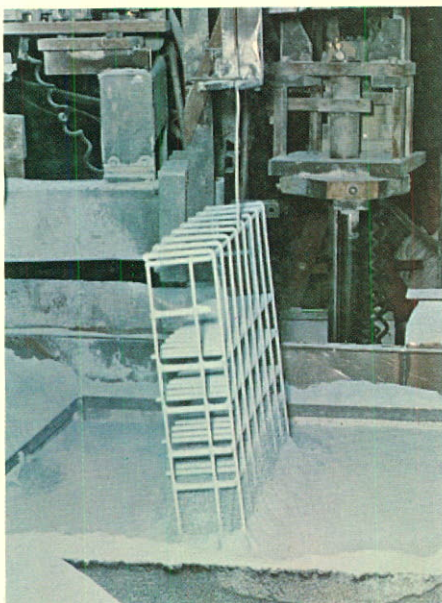
## Nestaway

Nestaway again added significantly to BLI's earnings in 1970 as sales of its vinyl-coated racks for automatic dishwashers increased. This division is recognized as a high quality supplier of racks to major manufacturers of kitchen appliances.

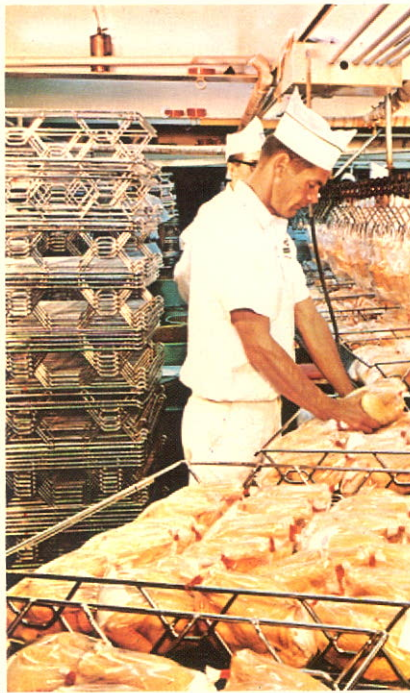
Much of the quality is due to the specialized performance of its personnel and facilities at the Beaver Dam, Kentucky plant. This facility is uniquely equipped to serve the dishwasher manufacturers' needs. It was expanded in 1969 and reached a record level of shipments in 1970.

Nestaway material handling products did not experience comparable growth due to economic conditions in the food processing and poultry industries. However, an aggressive marketing program has been successful in opening new accounts.

Dishwasher rack being plastic coated



Nestaway racks for food processing

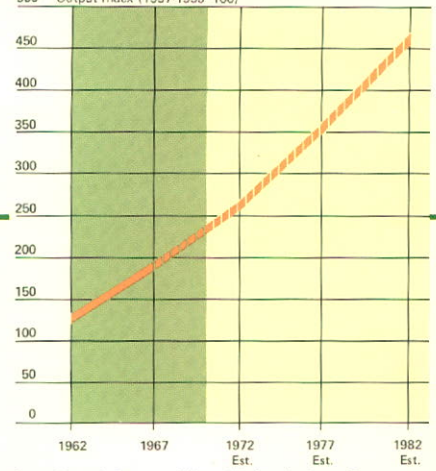


Dishwasher rack in the home



## ELECTRICAL EQUIPMENT INDUSTRY

500 Output Index (1957-1959=100)



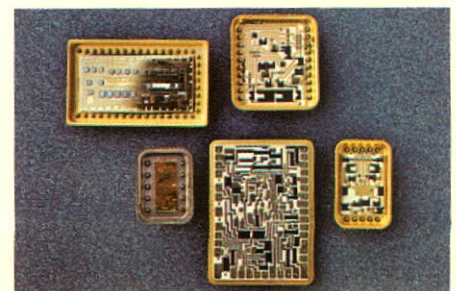
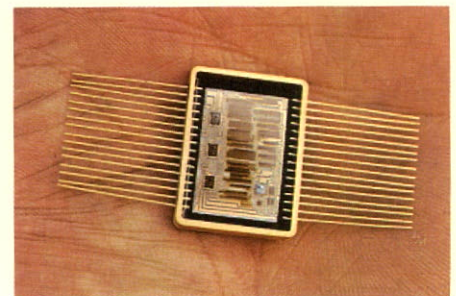
Source: Economics Department, McGraw-Hill Information Systems Company

## Tekform

Tekform, by posting gains in both sales and earnings in 1970, ran counter to the experience of most suppliers to the electrical and electronics industry. In doing so, it strengthened its market position with expansion of its product line and further development of its sales representation.

New "platform" and "butterfly" packages, as illustrated below, were developed for integrated circuit manufacturers. A new class of gold plated headers, the TO-8, was introduced. Favorable cost reductions on this and the companion TO-5 header line were obtained through automated assembly. Sales of both packages and headers are expected to continue to increase significantly in 1971.

Tekform butterfly & platform packages



## Bliss & Laughlin Steel

Bliss & Laughlin Steel Company has been a leading producer of cold finished steel bars for eighty years. Almost every manufactured product that has moving parts contains cold finished bars. The major industries served are automotive, electrical and non-electrical machinery, appliance manufacturers, as well as steel service centers which carry stocks for immediate shipment.

The company's eight plants are located in major U.S. manufacturing centers, and an additional plant is located in Mexico. Bliss & Laughlin Steel Company purchases hot rolled bars and converts them to cold finished bars by drawing, turning, grinding, polishing, furnace treating, or a combination of these processes.

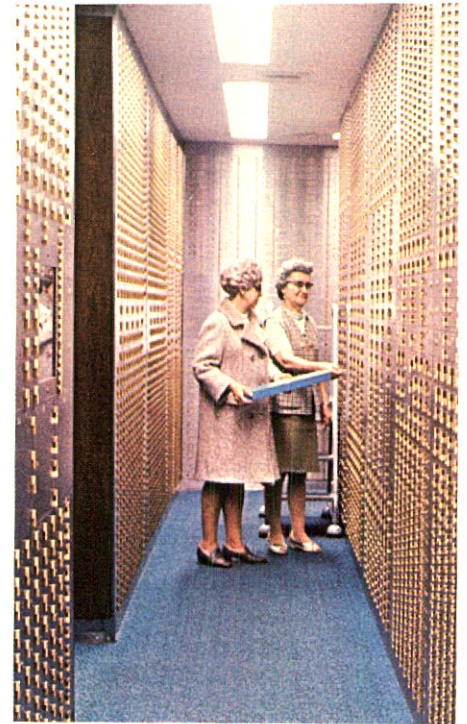
In 1970, the earnings of the Steel Group followed the national economy and the industry, due primarily to the General Motors strike, the truckers' strike, and the increase in foreign steel

imports. Long-range forecasts for cold finished bars indicate a modest annual increase. Competition from foreign producers is intense.

While the steel industry is faced with a myriad of problems, Bliss & Laughlin Steel Company is proud of its long history and intends to continue to be an industry leader. Under its new Group Vice President, Eugene G. Sheasby, former head of B&L's Central Division, the steel company's management structure has been reorganized to put greater emphasis on market penetration, increased profits, and improved productivity. Current projects include a computerized inventory control system and a new "short-cycle" scheduling system.

Bliss & Laughlin Steel Company expects improved sales results in 1971 and resumption of a greater level of profitability.

Safety deposit box doors made from B&L flat bars

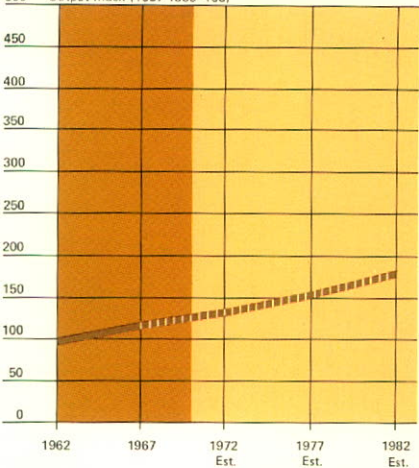


Cold finished steel bar mill—Medina, Ohio



STEEL PRODUCTS INDUSTRY

500 Output Index (1957-1959=100)

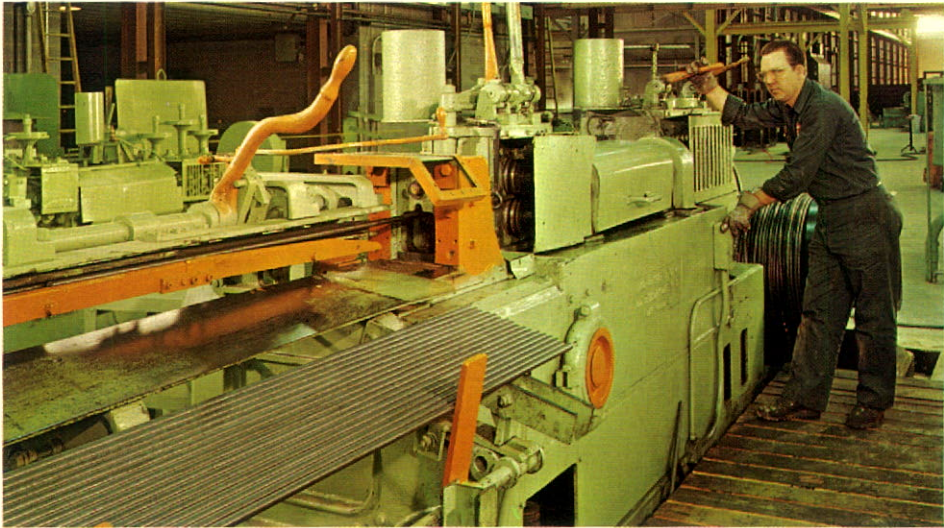


Source: Economics Department, McGraw-Hill Information Systems Company

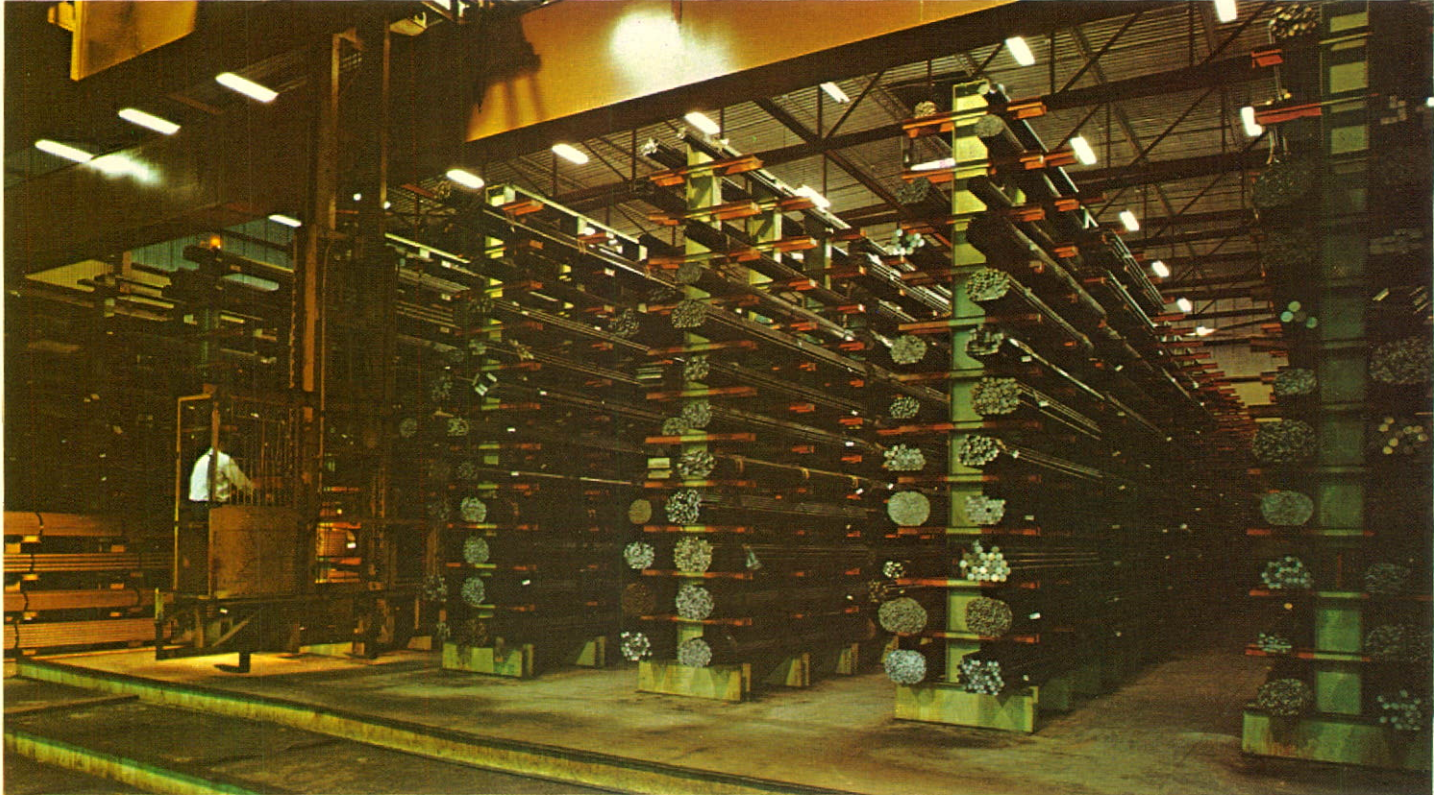
Coil of wire being drawn



Processing cold finished steel bars



Inventory of finished bars ready for shipment



# TEN-YEAR FINANCIAL REVIEW

	1970	1969	1968
<b>ANNUAL RESULTS</b> (000 omitted)			
Net Sales and Rental Revenue .....	\$109,167	\$128,566	\$114,061
Depreciation and Amortization .....	3,728	3,444	3,289
Income Before Taxes .....	8,761(a)	13,793	11,833
Provision for Income Taxes .....	3,900(a)	6,900	6,100
Net Income .....	6,348(b)	6,893	5,733
Cash Dividends .....	2,794	2,712	2,496
<b>FINANCIAL POSITION</b> (000 omitted)			
Working Capital .....	\$ 21,952	\$ 21,086	\$ 24,586
Plant and Equipment, Net .....	28,746	25,077	22,743
Long-Term Notes Payable .....	13,765	5,046	5,575
Mortgage Loans .....	6,812	6,749	—
Convertible Subordinated Debentures .....	8,821	10,211	12,531
Shareholders' Investment .....	45,821	41,845	37,672
<b>FINANCIAL HIGHLIGHTS</b>			
Earnings Per Share .....	\$ 2.27(b)	\$ 2.52	\$ 2.20
Dividends Per Share .....	\$ 1.00	\$ 1.00	\$ .975
Income Before Taxes to Revenues .....	8.0%	10.7%	10.4%
Return on Average Shareholders' Investment .....	14.5%	17.4%	16.5%
<b>STATISTICS</b>			
Average Shares Outstanding .....	2,789,697	2,736,163	2,606,588
Number of Shareholders .....	6,209	6,090	5,985
Number of Employees .....	3,319	3,286	2,743

(a) Results of Continuing Operations.

(b) Includes Income from and Gain on Sale of the National Security Bank of Chicago.





1967	1966	1965	1964	1963	1962	1961
\$ 95,112	\$105,324	\$ 83,813	\$ 80,748	\$ 73,546	\$ 71,197	\$ 59,458
2,290	2,143	1,945	1,811	1,662	1,271	1,047
9,756	9,627	6,796	6,264	5,060	4,296	3,675
4,650	4,750	3,250	2,968	2,597	2,175	1,832
5,106	4,877	3,546	3,296	2,463	2,121	1,843
2,264	1,996	1,617	1,400	1,394	1,392	1,391
\$ 22,332	\$ 18,443	\$ 18,557	\$ 16,025	\$ 16,124	\$ 16,244	\$ 14,879
15,234	14,545	12,017	10,914	10,353	9,308	9,182
6,161	7,637	8,094	4,619	5,372	6,127	2,371
—	—	—	—	—	—	—
13,983	—	—	—	—	—	—
32,676	29,738	26,568	24,744	23,220	22,267	21,585
\$ 2.02	\$ 1.93	\$ 1.42	\$ 1.33	\$ .99	\$ .85	\$ .74
\$ .90	\$ .80	\$ .73	\$ .73	\$ .73	\$ .73	\$ .73
10.3%	9.1%	8.1%	7.8%	6.9%	6.0%	6.2%
16.3%	17.3%	13.8%	13.7%	10.8%	9.7%	8.5%
2,520,860	2,516,544	2,495,050	2,475,498	2,483,758	2,481,426	2,480,150
5,717	5,639	5,787	6,067	6,175	6,193	5,814
2,428	2,573	2,232	1,936	1,926	1,926	1,769

# CONSOLIDATED BALANCE SHEET

December 31

## Assets

### CURRENT ASSETS:

Cash (including certificates of deposit)	Receivables, less reserve	Inventories, principally at the lower of average cost or market	Prepaid expenses	Total current assets
--	---------------------------	---	------------------	----------------------

1970	1969
\$ 4,528,865	\$ 1,713,539
12,894,430	14,841,546
25,950,533	26,608,612
706,005	662,972
<u>\$44,079,833</u>	<u>\$43,826,669</u>
\$ 9,502,826	\$ 7,511,583

### REAL ESTATE HELD FOR RESALE, at cost (Note 2)

### OTHER ASSETS:

Notes receivable, deferred charges and investments, at cost (Note 5)	Investment in foreign subsidiaries, at cost plus equity in undistributed earnings since acquisition	Intangible assets arising from acquisitions (not being amortized)	Patents, at cost less amortization
--	---	---	------------------------------------

\$ 8,176,948	\$ 2,446,449
1,638,930	1,720,946
4,892,052	4,948,502
1,610,554	1,910,108
<u>\$16,318,484</u>	<u>\$11,026,005</u>

### PLANT AND EQUIPMENT, at cost (Note 2):

Land	Buildings	Machinery and equipment	Equipment rented to others	Reserves for depreciation
------	-----------	-------------------------	----------------------------	---------------------------

\$ 1,398,707	\$ 1,384,540
10,755,993	9,595,154
23,199,370	20,523,903
15,686,150	13,443,566
(22,294,627)	(19,869,720)
<u>\$28,745,593</u>	<u>\$25,077,443</u>
<u>\$98,646,736</u>	<u>\$87,441,700</u>

# CONSOLIDATED STATEMENT OF INCOME

For the years ended December 31

### Net Sales and Rental Revenue

### Costs and Expenses:

Cost of sales and rentals	Selling, general and administrative expenses	Other expenses, net
---------------------------	--	---------------------

1970	1969
<u>\$109,167,315</u>	<u>\$128,565,576</u>
\$ 83,172,051	\$ 98,331,230
16,262,877	15,588,141
971,084	852,775
<u>\$100,406,012</u>	<u>\$114,772,146</u>

### Income Before Income Taxes (Note 1)

### Provision for Income Taxes

### Income from Continuing Operations

### Income from Bank Subsidiary (acquired and sold in 1970) less related interest and income taxes (Note 5)

### Income Before Extraordinary Item

### Extraordinary Item—Gain on Sale of Bank Subsidiary, net of applicable income tax of \$280,000 (Note 5)

### Net Income

### Net Income Per Share:

Income before extraordinary item	Extraordinary item	Net income
----------------------------------	--------------------	------------

\$ 8,761,303	\$ 13,793,430
3,900,000	6,900,000
\$ 4,861,303	\$ 6,893,430
787,786	—
\$ 5,649,089	\$ 6,893,430
698,802	—
<u>\$ 6,347,891</u>	<u>\$ 6,893,430</u>
\$ 2.02	\$ 2.52
.25	—
<u>\$ 2.27</u>	<u>\$ 2.52</u>

### Fully Diluted Net Income Per Share, assuming conversion of the Company's convertible subordinated debentures as of the beginning of the year:

Income before extraordinary item	Extraordinary item	Net income
----------------------------------	--------------------	------------

\$ 1.83	\$ 2.20
.22	—
<u>\$ 2.05</u>	<u>\$ 2.20</u>



## Liabilities

	1970	1969
CURRENT LIABILITIES:		
Short-term bank loans .....	\$ 7,050,000	\$ 4,500,000
Current portion of long-term notes payable and mortgage loans .....	1,561,954	1,046,879
Accounts payable and accrued liabilities .....	12,689,670	14,321,472
Federal income taxes .....	825,792	2,872,015
Total current liabilities .....	<u>\$22,127,416</u>	<u>\$22,740,366</u>
DEFERRED FEDERAL INCOME TAXES .....	<u>\$ 1,300,000</u>	<u>\$ 850,000</u>
LONG-TERM NOTES PAYABLE, less current maturities (Note 2) .....	<u>\$13,765,242</u>	<u>\$ 5,046,204</u>
MORTGAGE LOANS (secured by real estate held for resale), less current maturities of \$411,925 (Note 2) .....	<u>\$ 6,812,295</u>	<u>\$ 6,748,891</u>
CONVERTIBLE SUBORDINATED DEBENTURES, 5¾% due in 1987 (Note 2) .....	<u>\$ 8,821,000</u>	<u>\$10,211,000</u>
SHAREHOLDERS' INVESTMENT (Notes 2, 4 and 6):		
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 2,834,898 shares in 1970 and 2,767,975 shares in 1969 .....	7,087,245	6,919,938
Additional capital .....	6,477,849	5,304,109
Retained earnings .....	33,197,930	29,644,533
Treasury stock, at cost, 32,949 shares in 1970 and 899 shares in 1969 .....	(942,241)	(23,341)
	<u>\$45,820,783</u>	<u>\$41,845,239</u>
	<u>\$98,646,736</u>	<u>\$87,441,700</u>

## 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, 1970, and the related consolidated statements of income, additional capital, retained earnings, and source and application of funds for the year 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. We have previously examined and reported on the consolidated financial statements for the preceding year.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of income, additional capital, retained earnings, and source and application of funds present fairly the financial position of Bliss & Laughlin Industries Incorporated and Subsidiaries as of December 31, 1970, and the results of their operations and source and application of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR ANDERSEN & CO.

Chicago, Illinois  
February 8, 1971

# CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the years ended December 31

## SOURCE OF FUNDS:

	1970	1969
Net income .....	\$ 6,347,891	\$ 6,893,430
Provision for depreciation (principally straight line method) and amortization .....	3,727,733	3,444,469
Increase in long-term notes payable and mortgage loans .....	8,782,442	6,219,953
Other, net .....	721,396	—
	<u>\$19,579,462</u>	<u>\$16,557,852</u>

## APPLICATION OF FUNDS:

Net additions to plant and equipment .....	\$ 7,138,344	\$ 5,549,837
Additions to real estate held for resale .....	1,991,243	7,511,583
Cash dividends .....	2,794,494	2,711,785
Purchase of treasury stock .....	1,058,768	1,928,599
Increase in notes receivable, deferred charges and investments .....	5,730,499	1,553,324
Other, net .....	—	802,230
	<u>\$18,713,348</u>	<u>\$20,057,358</u>
Increase (decrease) in working capital .....	\$ 866,114	\$ (3,499,506)

## WORKING CAPITAL:

Beginning of year .....	21,086,303	24,585,809
End of year .....	<u>\$21,952,417</u>	<u>\$21,086,303</u>

# CONSOLIDATED STATEMENTS OF ADDITIONAL CAPITAL AND RETAINED EARNINGS

For the years ended December 31

## ADDITIONAL CAPITAL:

	1970	1969
Balance at beginning of year .....	\$ 5,304,109	\$ 3,478,516
Add (Deduct):		
Principal amount of convertible debentures in excess of par value of common stock issued upon conversion (Note 4) .....	1,222,740	2,040,765
Portion of cost in excess of par value of treasury shares issued for companies acquired .....	—	(120,232)
Other, net .....	(49,000)	(94,940)
Balance at end of year .....	<u>\$ 6,477,849</u>	<u>\$ 5,304,109</u>

## RETAINED EARNINGS:

Balance at beginning of year .....	\$29,644,533	\$26,911,444
Add (Deduct):		
Net income .....	6,347,891	6,893,430
Cash dividends paid (\$1.00 per share in 1970 and 1969) .....	(2,794,494)	(2,711,785)
Portion of cost in excess of par value of treasury shares issued for companies acquired .....	—	(1,448,556)
Balance at end of year (Note 2) .....	<u>\$33,197,930</u>	<u>\$29,644,533</u>



1. The accompanying consolidated financial statements include all U.S. and Canadian subsidiaries. Investments in other foreign subsidiaries are stated at cost plus equity in undistributed earnings since acquisition.

The relative contributions of the Company's principal business activities from continuing operations to net revenues and income before taxes for the years ended December 31, 1970 and 1969 are set forth below (in thousands of dollars):

	Net Revenues		Income Before Taxes	
	1970	1969	1970	1969
Steel Group .....	\$ 54,205	\$ 70,017	\$ 1,115	\$ 4,334
Metal Products Group .....	27,083	29,812	1,438	2,545
Construction Group .....	27,879	28,737	6,208	6,914
Total .....	<u>\$109,167</u>	<u>\$128,566</u>	<u>\$ 8,761</u>	<u>\$13,793</u>

The Company's costs and expenses are basically identified by groups. Executive office expenses of approximately \$1,300,000 in 1970 and 1969 were allocated on the basis of efforts expended by its personnel. Interest expense of \$1,373,000 in 1970 and \$1,238,000 in 1969 was allocated on the basis of principal operating assets of each group.

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

	1970	1969
8.9% term loan, due in 1975 .....	\$ 8,119,300	\$ —
Other with various interest rates (5¼% to 8%) .....	3,299,716	4,209,845
Plant and equipment purchase obligations with various interest rates (4% to 8½%) .....	3,496,255	1,812,529
	<u>\$14,915,271</u>	<u>\$6,022,374</u>
Less current maturities .....	(1,150,029)	(976,170)
	<u>\$13,765,242</u>	<u>\$5,046,204</u>

The above long-term notes payable, together with mortgage loans, have varying maturities including, in the aggregate, maturities of \$1,561,954 in 1971, \$4,783,234 in 1972 and \$1,371,945 in 1973.

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, 1970, \$15,500,000 of retained earnings was free of such restriction. In addition, the Company must maintain consolidated working capital of at least \$15,000,000. At December 31, 1970, consolidated working capital was \$21,952,417.

At December 31, 1970, the Company has reserved 424,819 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. The debentures may be called at any time at prices decreasing from 104.84% of face value currently to 100% in 1987. At December 31, 1970, debentures in the principal amount of \$1,017,000, were held in the treasury and have been applied as a reduction of long-term debt.

3. The Company and subsidiaries provide pension benefits for substantially all employees under various plans. The provision for pension costs was \$1,056,671 in 1970 (\$930,830 in 1969) and includes normal costs and interest on prior service costs. The Company's policy is to fund pension costs. At December 31, 1970, the aggregate total of the pension funds was in excess of the actuarially computed value of vested benefits for all plans.
4. The Company issued 66,923 shares of previously unissued common stock in 1970 in connection with conversions of the 5¾% convertible subordinated debentures. The Company acquired 36,850 shares of treasury stock in 1970, and sold 4,800 treasury shares to employees under a stock purchase plan.
5. On December 1, 1970, the Company sold, at a gain, its 98.6% ownership of the issued and outstanding common shares of The National Security Bank of Chicago, acquired in January, 1970, for \$15,295,543 (\$10,000,000 in cash and a \$5,295,543 note receivable due in varying installments, with a final maturity of December 1, 1980). The note receivable bears interest at the prime interest rate as in effect from time to time and is secured by a subordinated security interest in the common shares of The National Security Bank sold by the Company.

The Company's 98.6% share of the net income of The National Security Bank of Chicago for the eleven months ended November 30, 1970, less interest on the long and short term borrowings used to finance the acquisition of the Bank and applicable Federal Income Taxes, is segregated from continuing operations in the accompanying consolidated statement of income.

6. In 1970 the Shareholders and Board of Directors approved a qualified stock option plan whereby 150,000 shares of common stock were reserved for granting to key employees at 100% of fair market value at date of grant. Options are exercisable at the rate of 25% a year beginning one year from date of grant and expire five years from date of grant. During 1970 options for 2,500 shares at \$18.125 per share and 55,500 shares at \$18.75 per share were granted.



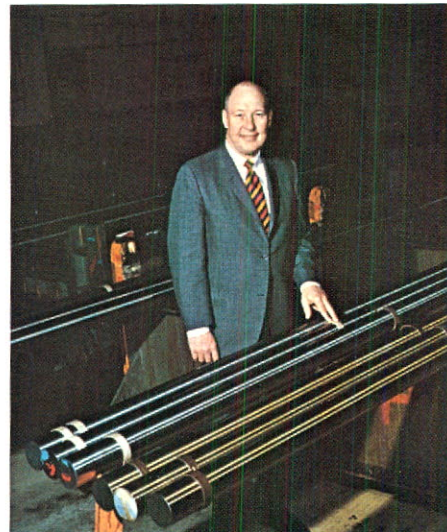
## Operating Officers



**Frank W. Aughnay**  
Group Vice President



**Joseph W. Rose**  
Group Vice President



**Eugene G. Sheasby**  
Group Vice President

## Construction

**Ames Taping Tool Systems Co.**  
Belmont, California  
*Taping Tools and Products  
for Drywall Construction*

**Dyna-Lift Co.**  
Los Angeles, California  
*Mobile Cranes*

**Goldblatt Tool Co.**  
Kansas City, Kansas  
*Tools and Equipment for  
Construction Industry*

**Threaded Nails Co.**  
Skokie, Illinois  
*Specialty Fasteners*

**Waco Scaffold and Shoring Co.**  
Schiller Park, Illinois  
*Scaffolding and Shoring*

**Andamios Atlas, S.A.**  
Mexico City, Mexico  
*Scaffolding and Shoring*

## Land Development

**Addison Industrial Park, Inc.**  
Addison, Illinois

**A.S.D. Corporation**  
Pasadena, California

**Turtle Creek**  
Jupiter-Tequesta, Fla.

## Metal Products

**Faultless Division**  
Evansville, Indiana  
*Furniture & Industrial Casters  
Decorative Hardware & Plastics*

**Faultless Casters Ltd.**  
Stratford, Ontario, Canada  
*Furniture & Industrial Casters*

**Doerner Products Co., Ltd.**  
Waterloo, Ontario, Canada  
*Chair Controls & Chair Bases*

**Nestaway Division**  
Cleveland, Ohio  
*Coated Metal Products and  
Handling Systems*

**Tekform Products Co.**  
Anaheim, California  
*Cases for Microminiature  
Electronic Circuits*

**Bliss & Laughlin  
Latinoamericana, S.A.**  
Mexico City, Mexico  
*Furniture & Industrial Casters  
and Chair Controls*

## Steel

**Bliss & Laughlin Steel Co.**  
Harvey, Illinois  
*Cold Finished Steel Bars*

**Central Division**  
Detroit, Michigan  
Medina, Ohio

**Eastern Division**  
Buffalo, New York  
Mansfield, Massachusetts

**Midwest Division**  
Harvey, Illinois  
Houston, Texas

**Pacific Coast Division**  
Los Angeles, California  
Seattle, Washington

**Bliss & Laughlin  
Latinoamericana, S.A.**  
Mexico City, Mexico  
*Cold Finished Steel Bars*

**Corporate Officers**



**F. J. Robbins**  
Chairman & Chief Executive Officer



**A. Bruce Matthews**  
President



**Ralph W. Jindrich**  
Vice President—  
Corporate Services



**Richard K. Klink**  
Vice President  
Secretary and Treasurer

**Walter C. Cannon**  
Assistant Secretary

**Directors**

**Henry P. Albrecht**  
President, Gale Realty, Inc.

**Even T. Collinworth, Jr.**  
Executive Vice President &  
Director, Armour & Co.

**James W. Coultrap**  
Vice President & Director  
North American Rockwell Corp.

**G. Findley Griffiths**  
Director  
Interlake, Inc.

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

**A. Bruce Matthews**  
President  
Bliss & Laughlin Industries

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

**F. J. Robbins**  
Chairman & Chief Executive Officer  
Bliss & Laughlin Industries

**Keith Shay**  
Partner, Schiff Hardin  
Waite Dorschel & Britton

**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)

**Executive Committee**

**C. Arnold Kalman, Chairman**  
**A. Bruce Matthews**  
**F. J. Robbins**  
**Keith Shay**



***BLISS & LAUGHLIN industries***

122 West 22nd Street • Oak Brook, Illinois 60521 • (312) 654-3350