

Supervisory personnel at Detroit averaged 34 people for the year, and 9 at Winchester. Several of our foremen attended the Information Center at the Otis Cutler Club during the year. The reports and enthusiasm resulting from these meetings indicate the Information Center to be highly successful in achieving its purpose. During 1948 regular meetings were held for general foremen to inaugurate scrap reduction programs, C.I.P. solicitation, reports from the Information Center meetings, introduction and education on handling appraisal forms, and such other information necessary to operate the plant and develop a good management team. Management dinners were held for social and informative meetings during the year.

Payment for overtime has been eliminated except for employees under the Wage and Hour regulations. Free coffee is available in the lunch room for all employees during the regular lunch hours.

#### INVENTORIES

|                     | <u>12/31/48</u>    | <u>12/31/47</u>    | <u>Increase<br/>or<br/>Decrease</u> | <u>Increase<br/>Due to<br/>Prices<br/>or Cost</u> | <u>Physical<br/>Increase<br/>or<br/>Decrease</u> |
|---------------------|--------------------|--------------------|-------------------------------------|---------------------------------------------------|--------------------------------------------------|
| Raw Materials       | \$ 854,346         | \$ 857,133         | \$- 2,787                           | \$/60,126                                         | \$- 62,913                                       |
| LIFO Res.           | <u>158,222</u>     | <u>129,919</u>     | <u>/ 28,303</u>                     |                                                   |                                                  |
| Net                 | <u>696,124</u>     | <u>727,214</u>     | <u>- 31,090</u>                     |                                                   |                                                  |
| <u>Mfg'd. Stock</u> |                    |                    |                                     |                                                   |                                                  |
| Pressed Mat.        | 335,254            | 222,130            | /113,124                            | /24,157                                           | / 88,967                                         |
| Rolled Mat.         | 714,790            | 589,080            | /125,710                            | /12,851                                           | /112,859                                         |
| Purchased Stock     | 308,283            | 474,686            | -166,403                            | /12,994                                           | -179,397                                         |
| Work in process, )  |                    |                    |                                     |                                                   |                                                  |
| Caster Wheels, )    | 149,987            | 140,433            | / 9,554                             |                                                   |                                                  |
| Salvage, etc. )     |                    |                    |                                     |                                                   |                                                  |
| Total               | <u>1,508,314</u>   | <u>1,426,329</u>   | <u>/ 81,985</u>                     |                                                   |                                                  |
| LIFO Res.           | <u>242,660</u>     | <u>200,047</u>     | <u>/ 42,613</u>                     |                                                   |                                                  |
| Net                 | <u>1,265,654</u>   | <u>1,226,282</u>   | <u>/ 39,372</u>                     |                                                   |                                                  |
| Total Inventory     | 2,362,660          | 2,283,462          | / 79,198                            |                                                   |                                                  |
| LIFO Reserve        | <u>400,882</u>     | <u>329,966</u>     | <u>/ 70,916</u>                     |                                                   |                                                  |
| Net Total           |                    |                    |                                     |                                                   |                                                  |
| Inventory           | <u>\$1,961,778</u> | <u>\$1,953,496</u> | <u>\$/ 8,282</u>                    |                                                   |                                                  |

Our inventories in 1948 continued to be too high, but they will be reduced to a 30-day supply except for certain critical items such as asbestos.

By May 1, 1949, it is estimated that the raw materials and manufactured stock inventories will be reduced by 30%, which will be a total reduction of about \$700,000 bringing the \$2,362,660 total of December 31, 1948 down to \$1,662,660 before the LIFO adjustment. It is also estimated that the LIFO reserve will be reduced about \$68,000 by May 1st, which will be an addition to earnings.