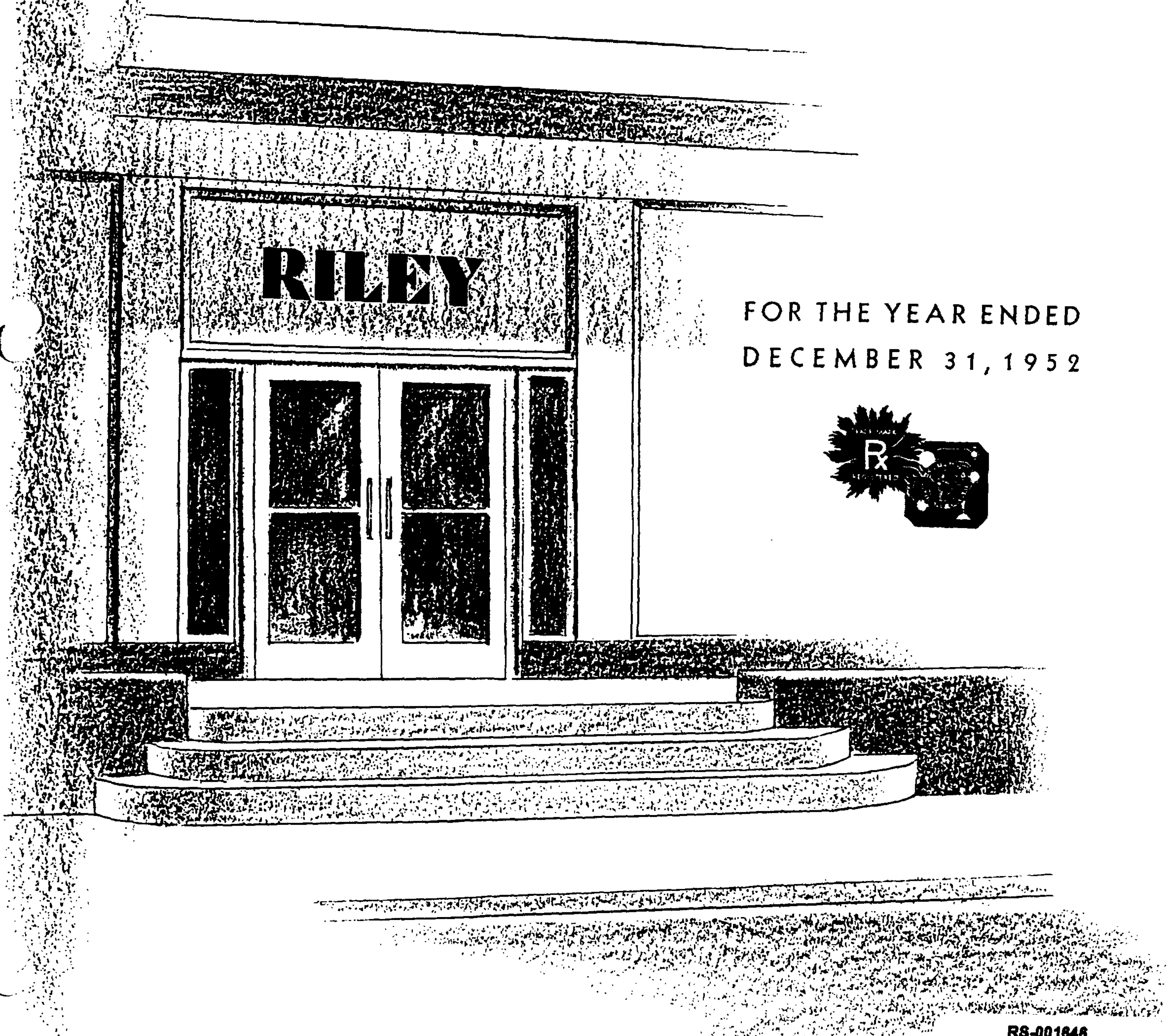
Annual Report

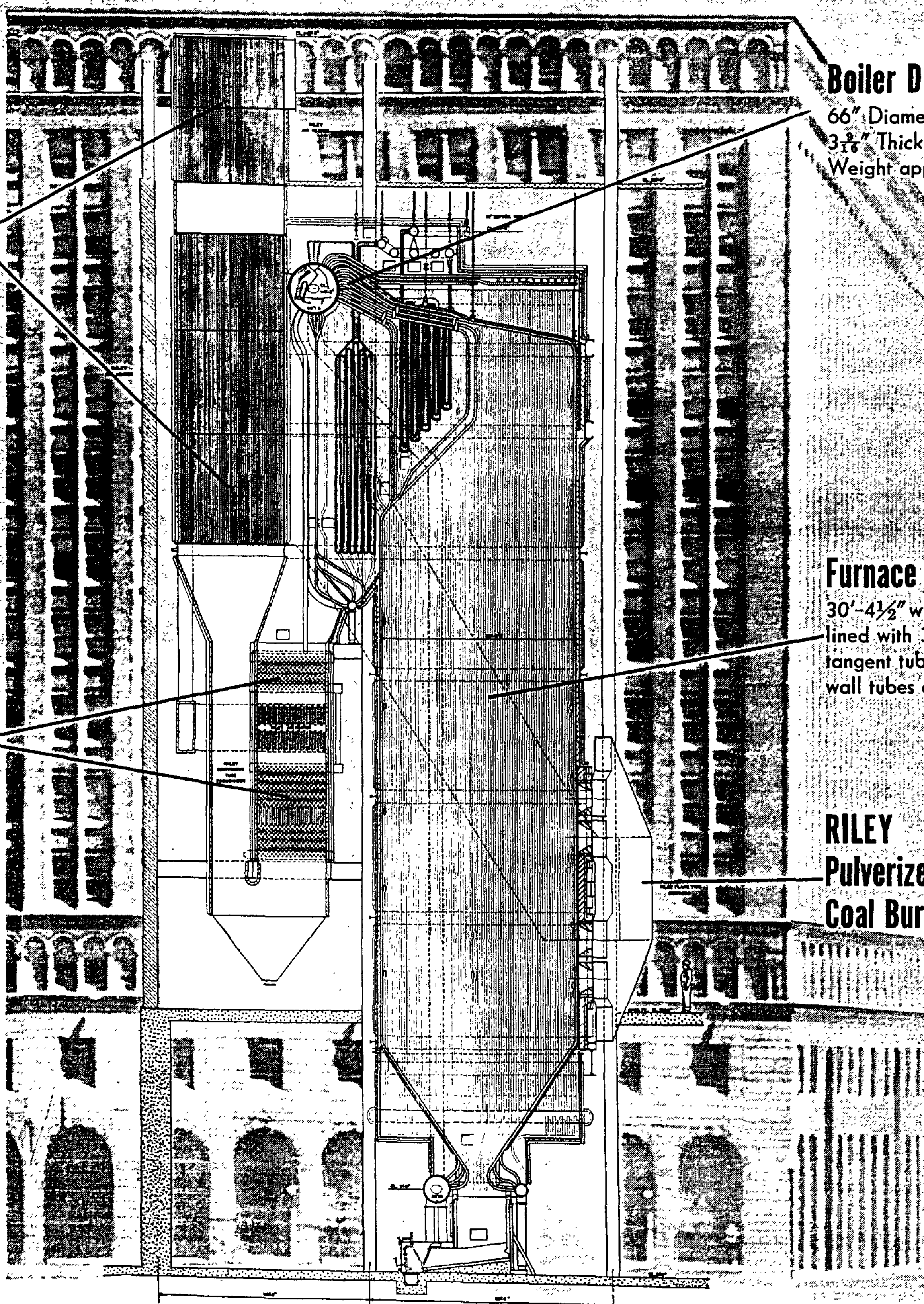
RILEY STOKER CORPORATION

WORCESTER, MASSACHUSETTS, U.S.A.



FOR THE YEAR ENDED
DECEMBER 31, 1952

Over-all Height 143′-3″ — about the height of a 14-story building



RILEY Tubular Air Heater
preheats air for combustion and reduces loss up stack. Over 35 miles of 2½″ diameter steel tubing required

RILEY Economizer
heats the water before entering boiler

Boiler Drum
66″ Diameter
3⅜″ Thick
Weight approx. 70 Tons

Furnace
30′-4½″ wide x 23′-0″ deep lined with 3¼″ diameter tangent tubes. Total length wall tubes approx. 8 miles

RILEY Pulverized Coal Burners

Typical Riley Public Utility Steam Generating Unit

This unit is installed at Central Illinois Light Co., Peoria, Illinois

It is the sixth Riley Unit installed by this Company

The unit generates 600,000 lbs. of steam per hour at 950° lbs. pressure and at a temperature of 900° fahrenheit

Riley Stoker Corporation

Annual Report

For the Year 1952

Officers

FRED H. DANIELS	*Chairman and Vice-president*
LOUIS E. GRIFFITH	*President and General Manager*
DAVID K. BEACH	*Vice-president and Treasurer*
OLLISON CRAIG	*Vice-president*
MAX H. KUHNER	*Vice-president*
DAVID K. BEACH	*Secretary*

Directors

FRED H. DANIELS, *Chairman*

DAVID K. BEACH	PHILIP R. MATHER
LOUIS E. GRIFFITH	ROBERT S. BOWDITCH
[illegible]	RICHARD [illegible] RUTHERFORD

Plant of the Public Service Co. of Indiana
Edwardsport, Indiana
The three latest units to be installed at this plant are Riley Units. This public utility has installed Riley Units at two other plants.

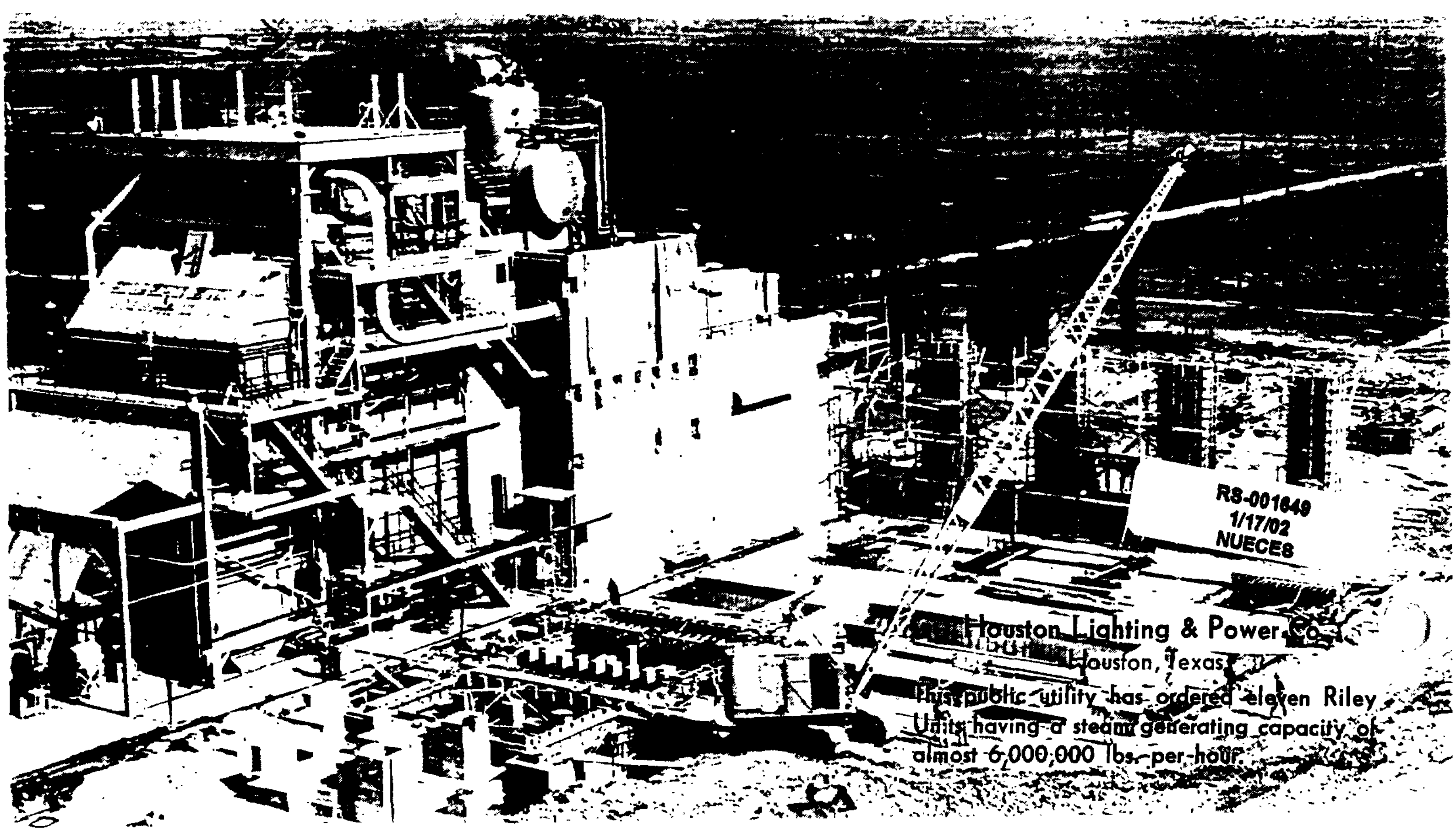
To the Stockholders of Riley Stoker Corporation:

The Riley Stoker Corporation is a Massachusetts corporation owning all of the common voting stock of Badenhausen Corporation of Cornwells Heights, Pennsylvania, and A. W. Cash Company of Decatur, Illinois. The Head Office of the Corporation is at Worcester, Massachusetts, where the Executive, Sales, Engineering, Erection, and Design Departments are located. The products made consist of apparatus for steam generation and fuel burning. The Steam Generators, which include high pressure boilers, waterwalls, superheaters, economizers, and air preheaters, are made at the plant of Badenhausen at Cornwells Heights, Pennsylvania, and the Fuel Burning Equipment, consisting of all types of stokers, coal pulverizers, and burners for all kinds of fuel, are manufactured at the Riley plant in Detroit, Michigan. A. W. Cash Company manufactures and markets pressure regulation valves and combustion control apparatus at its plant in Decatur, Illinois.

There is submitted herewith for your consideration the audited consolidated Balance Sheet as at December 31, 1952, the audited Statements of Consolidated Retained Earnings, Income, and Application of Funds for the year ended December 31, 1952. The net income was $1,324,188.20 after adequate provision for Federal Taxes, which are estimated at $1,438,250. The capital structure of the Corporation consists of 350,000 shares of Common Stock having a par value of $3.00 per share. The net income per share for 1952 was $3.78, and this compares with similar figures of $3.54 per share for 1951, $2.29 for 1950, $4.87 for 1949, and $7.33 for 1948. The net income per share for 1952 was exceeded in the past only for the years 1948 and 1949. Sales (Billings) were higher than in any previous year and this was accomplished in spite of a two-months strike at the Cornwells Heights plant.

The increase in net income during 1952 is largely accounted for by increased sales which were about 24 per cent above those of 1951. New contract business taken in 1952 was at a record high and the volume of new business received in the first quarter of 1953 was very much higher than that for any previous quarter year. Unfilled contracts as of December 31, 1952 stood at the highest figure for all time.

Dividends of 30 cents per share were paid in each of the first three quarters of 1952 and 40 cents per share was paid in the fourth quarter, making a total of $1.30 per share for 1952. A dividend of 40 cents per share was also paid on March 13, 1953.



Net quick assets on December 31, 1952 amounted to $8,413,644.56 which made the net quick value per common share $24.04. During 1952 the net current position improved by $760,715.07. There was appropriated from Retained Invested Earnings an additional amount of $100,000 for the Reserve for Contingencies and a new Reserve for Building Fund of $200,000 was also provided. This made the Stockholders' Investment exclusive of the above reserves $9,872,024.70 which makes the book value per share of common stock $28.21.

Because of the continuing demand for electric energy in connection with the defense programs, your Corporation has applied to the Defense Production Administration for a Certificate of Necessity to cover a one-third expansion in the facilities of the Badenhausen plant at Cornwells Heights, Pa. The machine tools and materials-handling equipment to be added will result in lower manufacturing costs and improved production efficiency. Additional laboratory facilities will give an even closer check on the quality of incoming materials.

As was the case in 1951, only A. W. Cash Company was subject to the Excess Profits Tax in 1952 and under present law this particular tax ceases on July 1, 1953. All price controls have been recently abolished so that your Corporation will be able to recover all increases in materials and labor costs under the escalation clauses contained in our contracts. Riley Stoker Corporation may be subject to Renegotiation proceedings to cover sales made in 1952 to the various government departments. No reserve to cover possible refunds has been set up since the amount involved cannot be determined at this time.

With the large volume of unfilled business in hand and in view of the rate at which new business is being taken, the outlook for this year is good provided there are no interruptions caused by labor difficulties affecting our suppliers or in connection with our own production. At present it appears likely it will be much easier in the last half of this year to satisfy our requirements for raw materials.

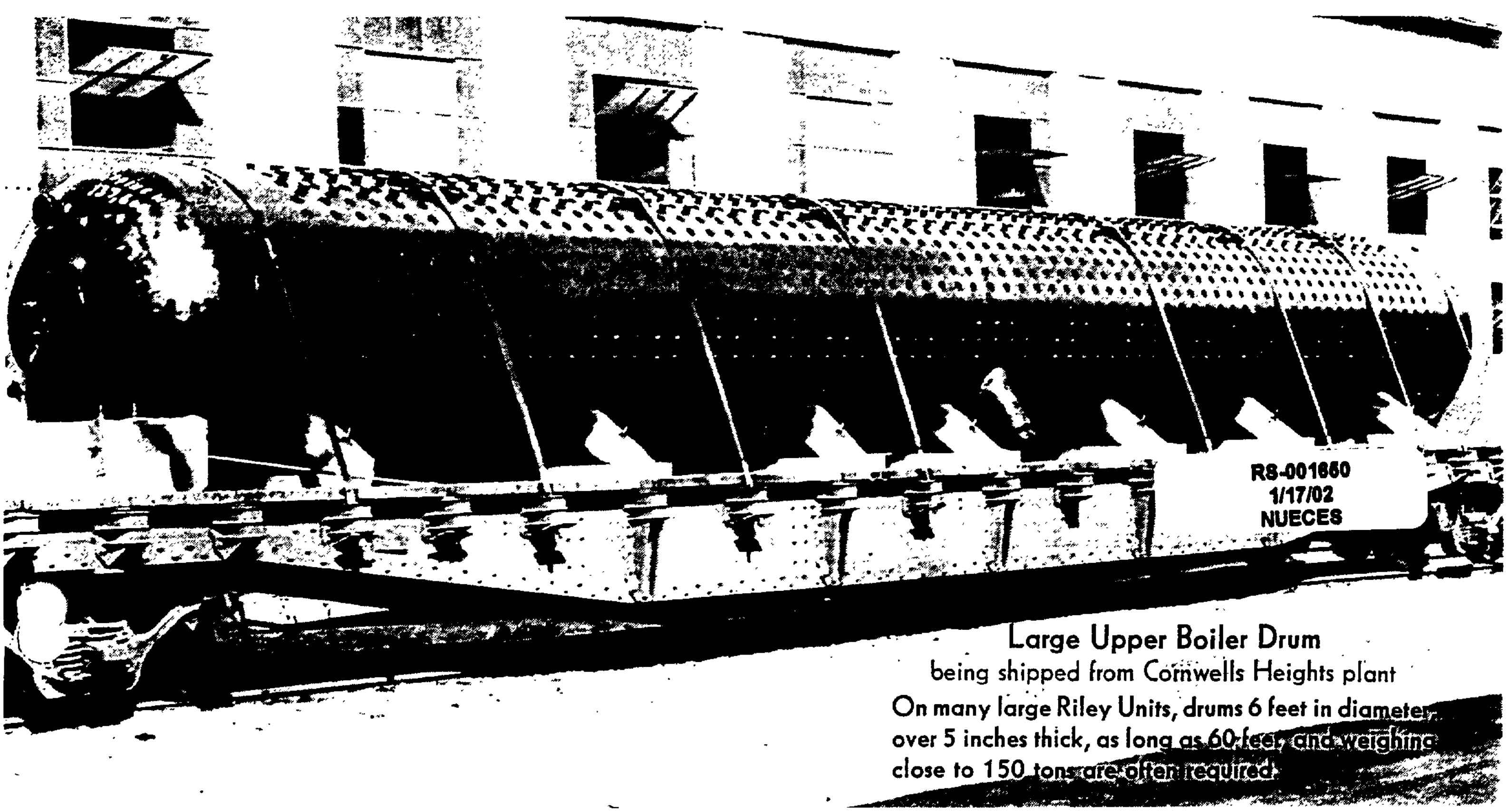
We again acknowledge with appreciation the effective cooperation of our employees, customers, and suppliers during the past year and the continued support and interest of our stockholders.

By order of the Board of Directors,

Chairman

President

Worcester, Massachusetts
March 30, 1953



Large Upper Boiler Drum
being shipped from Cornwells Heights plant
On many large Riley Units, drums 6 feet in diameter, over 5 inches thick, as long as 60 feet, and weighing close to 150 tons are often required.

Riley Stoker Corporation

CONSOLIDA( )

December

ASSETS

Current Assets		
Cash		$378,454.70
U. S. Treasury Bills—Due January 2, 1953—At Cost		799,915.55
Notes and Accounts Receivable (Less Reserve $33,120.90)		8,276,553.29
Inventories (Priced at Cost or Lower)		5,022,599.12
Engineering Work in Process		609,906.22
Advances and Sundry Receivables		202,909.31
Prepaid Insurance, Taxes and Other Expenses		400,839.94
Total Current Assets		$15,691,178.13
Employees' Cash—Savings Bond Account (See Contra)		3,998.11
Fixed Assets		
Land	$220,210.15	
Buildings	1,837,219.99	
Machinery and Equipment	2,221,975.23	
Buildings and Machinery Under Construction	6,966.16	
	$4,286,371.53	
Less: Reserve for Depreciation	2,383,343.92	1,903,027.61
Patents—At Cost Less Amortization		1,729.58
Securities Acquired		3,622.95
		$17,603,556.38

RS-001651
1/17/02
NUECES

nd Subsidiary Companies

?)ANCE SHEET

, 1952

LIABILITIES

CURRENT LIABILITIES		
Notes Payable—Banks		$3,130,000.00
Accounts Payable—Trade, Etc.		1,082,271.73
Advance Billing on Contracts		1,020,848.39
Accrued Items		
Wages	$160,329.92	
Commissions	185,834.10	
State and Other Taxes	259,999.43	606,163.45
Federal Taxes on Income		1,438,250.00
Total Current Liabilities		$7,277,533.57
EMPLOYEES' SAVINGS BOND COLLECTIONS (See Contra)		3,998.11
RESERVES		
For Contingencies	$250,000.00	
For Building Fund	200,000.00	450,000.00
STOCKHOLDERS' INVESTMENT		
Common Stock, Par Value $3.00 per share		
Authorized and Issued, 350,000 shares		1,050,000.00
ACQUIRED PAID IN CAPITAL (No change during year)		27,933.12
RETAINED INVESTED EARNINGS—Per Attached Statement		8,794,091.58
		$17,603,556.38

Statement of Consolidated Earnings

For the Year Ended December 31, 1952

RETAINED INVESTED EARNINGS		
Balance, December 31, 1951		$8,203,098.06
Add:		
Net Income for Year	$1,324,188.20	
Items Capitalized by Internal Revenue Department	41,132.02	
Prior Year's Federal, State and Miscellaneous Adjustments	3,538.35	1,368,858.57
		$9,571,956.63
Deduct:		
Additional Federal Income Tax for Prior Year	$22,865.05	
Dividends on Common Stock	455,000.00	
Transfer to Reserve for Building Fund	200,000.00	
Transfer to Reserve for Contingencies	100,000.00	777,865.05
Balance, December 31, 1952		$8,794,091.58

Consolidated Statement of Income

For the Year Ended December 31, 1952

SALES		$24,238,990.00
COST OF SALES		19,201,034.28
GROSS PROFIT		$5,037,955.72
SELLING EXPENSES	$1,252,744.64	
ADMINISTRATIVE EXPENSES	1,056,308.73	2,309,053.37
OPERATING INCOME		$2,728,902.35
OTHER INCOME		135,064.32
		$2,863,966.67
OTHER DEDUCTIONS		101,528.47
PROFIT BEFORE FEDERAL TAXES ON INCOME		$2,762,438.20
PROVISION FOR FEDERAL TAXES ON INCOME		1,438,250.00
NET INCOME FOR YEAR		$1,324,188.20

Costs and expenses include provision for depreciation and amortization of $154,399.55.

RS-001653
1/17/02
NUECES

Consolidated Statement of Application of Funds

For the Year Ended December 31, 1952

FUNDS PROVIDED		
Net Income		$1,324,188.20
Add: Charges Against Income Which Require No Cash Outlay		
Depreciation	$154,399.55	
Less: Gain from Sale of Fixed Assets	4,270.98	150,128.57
Proceeds from Sale of Fixed Assets		9,130.00
Adjustment of Taxes and Miscellaneous Items		3,538.35
Total Funds Provided		$1,486,985.12
FUNDS APPLIED		
Additional Federal Income Tax for Prior Year	$22,865.05	
Additions to Fixed Assets	248,405.00	
Dividends on Common Stock	455,000.00	726,270.05
INCREASE IN WORKING CAPITAL		$760,715.07
CHANGES IN WORKING CAPITAL FOR THE YEAR		
Increase in		
Notes and Accounts Receivable		$1,460,346.63
Inventories		821,292.01
		$2,281,638.64
Less: Decrease in Other Assets	$679,760.28	
Increase in		
Bank Loans	110,000.00	
Other Liabilities	576,413.29	
Federal Taxes on Income	154,750.00	1,520,923.57
INCREASE IN WORKING CAPITAL (As above)		$760,715.07

TO THE BOARD OF DIRECTORS
RILEY STOKER CORPORATION
WORCESTER, MASSACHUSETTS

We have examined the consolidated balance sheet of the Riley Stoker Corporation and its subsidiary companies as at December 31, 1952, and the related statements of consolidated income and retained invested earnings for the year ended at that date. 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 balance sheet and statements of consolidated income and retained invested earnings present fairly the financial position of Riley Stoker Corporation and its subsidiary companies at December 31, 1952 and the results of their operations for the year ended at that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

GEORGE A. SMITH AND COMPANY,
Certified Public Accountants

Worcester, Massachusetts
March 24, 1953

A Few Well-known Users

CHEMICALS AND OILS

Shell Oil Co.
Penn Salt Co.
Dow Chemical Co.
Calco Chemical Div.
American Viscose Co.
Mathieson Alkali Co.
Spencer Chemical Co.
Publicker Industries
Standard Oil of Ind.
American Viscose Corp.
American Cyanamid Co.
Monsanto Chemical Co.
Electro-Metallurgical Co.
Standard Oil of Calif.
Esso Standard Oil Co.
Magnolia Petroleum Co.
Anglo-Iranian Oil Co.
Arabian-American Co.
Carbide & Carbon Chemical Div.
Columbia Southern Chemical Co.
Celanese Corp. of America
Hooker Electrochemical Co.
Rielly Tar & Chemical Co.
Humble Oil & Refining Co.
Bahrein Petroleum Co., Ltd.
Standard Vacuum Oil Co.
Commercial Solvents Corp.

METALS

U. S. Steel Corp.
American Brass Co.
Scovill Mfg. Co.
National Lead Co.
Republic Steel Co.
Detroit Steel Corp.
Lone Star Steel Co.
Kennecott Copper Co.
U. S. Vanadium Corp.
Great Lakes Steel Co.
Alan Wood Steel Co.
Wisconsin Steel Co.
Eagle Pitcher Lead Co.
White Pine Copper Co.
Calumet & Helca Consol. Copper Co.
Nevada Consolidated Copper Co.
American Steel & Wire Co.
Chase Brass & Copper Co.
Colorado Fuel & Iron Co.
Jones & Laughlin Steel Corp.
Revere Copper & Brass Co.

PUBLIC UTILITIES

Gulf Power Co.
Ohio Edison Co.
West Penn Power Co.
Otter Tail Power Co.
Mississippi Power Co.
Louisiana Power Co.
Interstate Power Co.
Monongahela Power Co.
Central Illinois Light Co.
Utah Power & Light Co.
The Potomac Edison Co.
Public Service Co. of Ind.
Pennsylvania Electric Co.
Union Electric Co. of Ill.
Texas Electric Service Co.
Florida Power & Light Co.
Dallas Power and Light Co.
Arkansas Power & Light Co.
S. Carolina Elect. & Gas Co.
Northern States Power Co.
Carolina Power & Light Co.
Western Colorado Power Co.
Northern Virginia Power Co.
Worcester County Electric Co.
Superior Water, Light & Power Co.
Central Ohio Light & Power Co.
Iowa-Illinois Gas & Electric Co.
Iowa Elect. Light & Power Co.
Houston Lighting & Power Co.
New Orleans Public Service Co.
Public Service Elect. & Gas Co.
Montana Dakota Utilities Co.
Southwestern Gas & Electric Co.

FOOD AND PROCESSING

Swift & Co.
Pet Milk Co.
Stokely Foods Co.
Penn Sugar Co.
Savannah Sugar Co.
Campbell Soup Co.
Beechnut Packing Co.
Kellogg Co.
Horlick's Corp.
Lederle Laboratories
Nestles' Choc. Co.
Rath Packing Co.
Armour & Co.
Ohio Salt Co.
MacAndrews & Forbes
General Foods
Great Western Sugar Co.
Pepsi-Cola Co.
Park & Tilford, Inc.

Central Illinois Light Co.
Peoria, Illinois
Five Riley Units generating 1,800,000 lbs. of steam per hour are installed in this well-known public utility plant.

RS-001656
1/17/02
NUECES

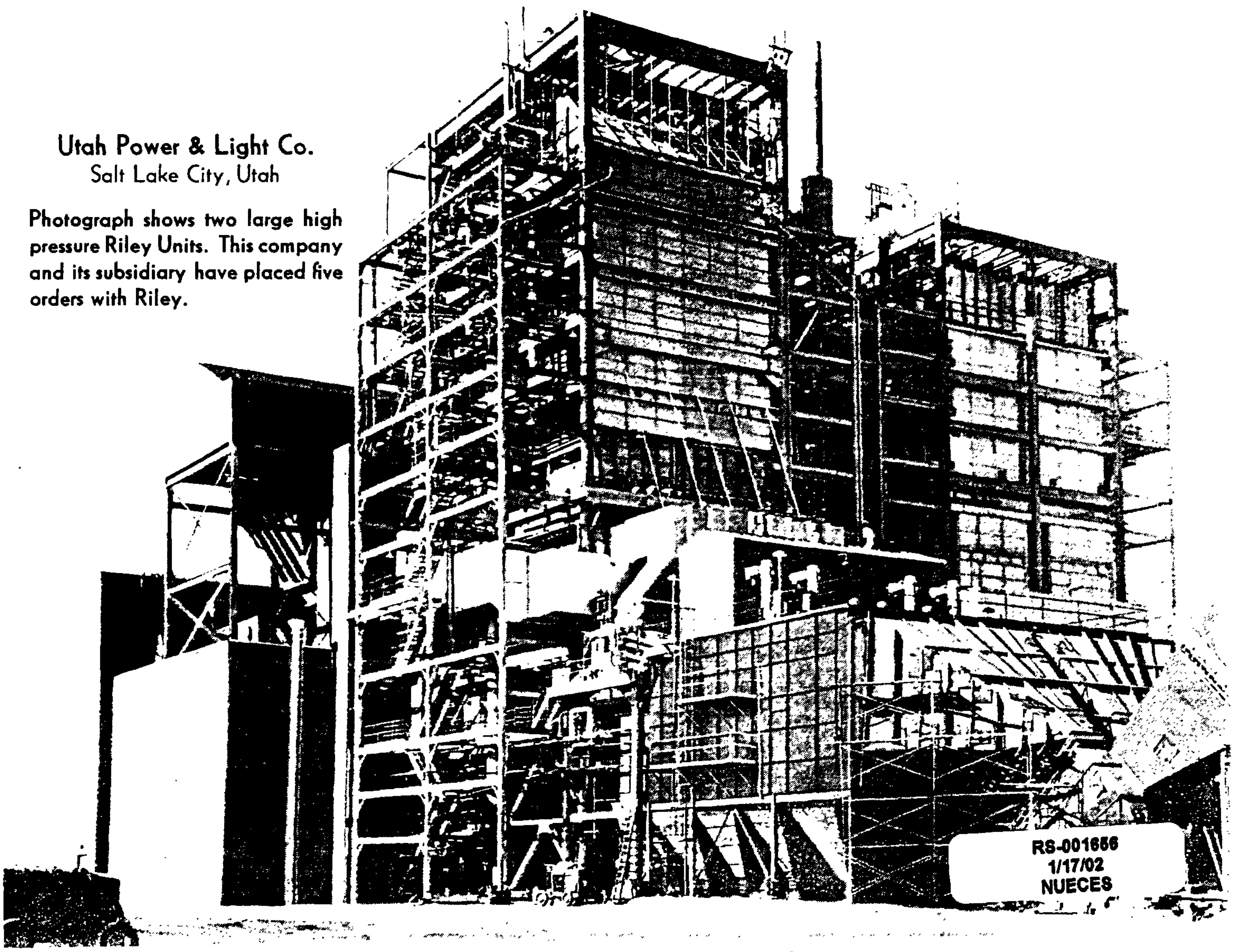
# of RILEY Equipment

MANUFACTURING

B. F. Goodrich	Owens-Illinois Glass Co.	Westinghouse Elect. & Mfg. Co.
Westclox Div.	Continental Can Co.	Winchester Repeating Arms Co.
Norton Co.	General Electric Co.	Burroughs Adding Machine Co.
U. S. Rubber Co.	Western Electric Co.	International Harvester Co.
Fisher Body Div.	General Motors Corp.	Goodyear Tire & Rubber Co.
The Bullard Co.	Lee Tire & Rubber Co.	Pullman Standard Car Co.
Chrysler Corp.	Western Cartridge Co.	North American Aviation
Modine Mfg. Co.	Curtiss Wright Corp.	Pratt & Whitney Aircraft
A. O. Smith Corp.	Cluett Peabody & Co.	Allis Chalmers Mfg. Co.
Nicholson File Co.	Congoleum Nairn Co.	Crown Cork & Seal Co.
Boeing Aircraft	New Departure Div.	Thomas A. Edison, Inc.

PAPER AND WOOD PULP

Mead Corp.	Container Corp.	Penobscot Chemical Fibre Co.
Flintkote Co.	Fort Orange Paper Co.	Whippang Paperboard Co.
St. Croix Paper Co.	Columbia Boxboard Co.	Kalamazoo Vegetable Parchment Co.
Bird & Sons	Finch, Pruyn & Co.	Champion Paper & Fibre Co.
Morris Paper Mills	Northern Paper Mills	Lawless Bros. Paper Mills
Scott Paper Co.	Gaylord Container Co.	Waldorf Paper Products Co.
Ecusta Paper Co.	Bemis Bros. Bag Co.	Champion International Co.
Masonite Corp.	Crystal Tissue Paper Co.	Smith Paper Co.
Rayonier, Inc.	Alton Boxboard Co.	John A. Manning Paper Co.



Utah Power & Light Co.
Salt Lake City, Utah

Photograph shows two large high pressure Riley Units. This company and its subsidiary have placed five orders with Riley.

Riley Stoker Corporation

MAIN OFFICE - WORCESTER, MASSACHUSETTS

MANUFACTURING PLANTS: CORNWELLS HEIGHTS, PA., DETROIT, MICH. AND DECATUR, ILL.

PRODUCTS:

Steam Generating Equipment

Boilers
Superheaters
Water Walls

Air Heaters
Economizers
Steel-clad Settings

Fuel Burning Equipment

Coal Pulverizers
Coal, Oil and Gas Burners
Spreader Stokers

Travelling Grate Stokers
Multiple Retort Stokers
Single Retort Stokers

Sales Offices

Boston, Buffalo, Chicago, Cleveland, Detroit, New Orleans, New York, Philadelphia, Pittsburgh, Washington

Sales Agents

Atlanta, Charlotte, Cincinnati, Denver, Houston, Kansas City, Los Angeles, Milwaukee, Portland (Oregon), St. Louis, St. Paul, Salt Lake City, Seattle, Tulsa

Foreign Manufacturing Associates

BRITISH COMMONWEALTH OF NATIONS
John Brown & Co. (Clydebank) Ltd.

AUSTRALIA
Riley Dodds Australia Ltd.

CANADA
Foster Wheeler Limited

EUROPE
Steam Generating Equipment
John Brown & Co. (Clydebank) Ltd.
Fuel Burning Equipment
Fama

Foreign Agents

CUBA
Wm. A. Powe

URUGUAY, S. A.
Felix J. Castillo

VENEZUELA
Oficina Tecnica Stubbins

MEXICO
Chas. C. Jagou

ARGENTINA
Socidad Argentina Tecnica

BRAZIL
Equipmentos Industriais, Eisa Ltd.

PUERTO RICO AND
DOMINICAN REPUBLIC
Abarca Warehouses

HAWAII
Electric Steel Foundry

COLOMBIA, S.A.
C. E. Halaby & Co., Ltd.

SWEDEN
AB Svenska Maskinverken

PHILIPPINES
Atlantic, Gulf & Pacific Co.

TRADE MARK Rx REGISTERED

THE DAVIS PRESS