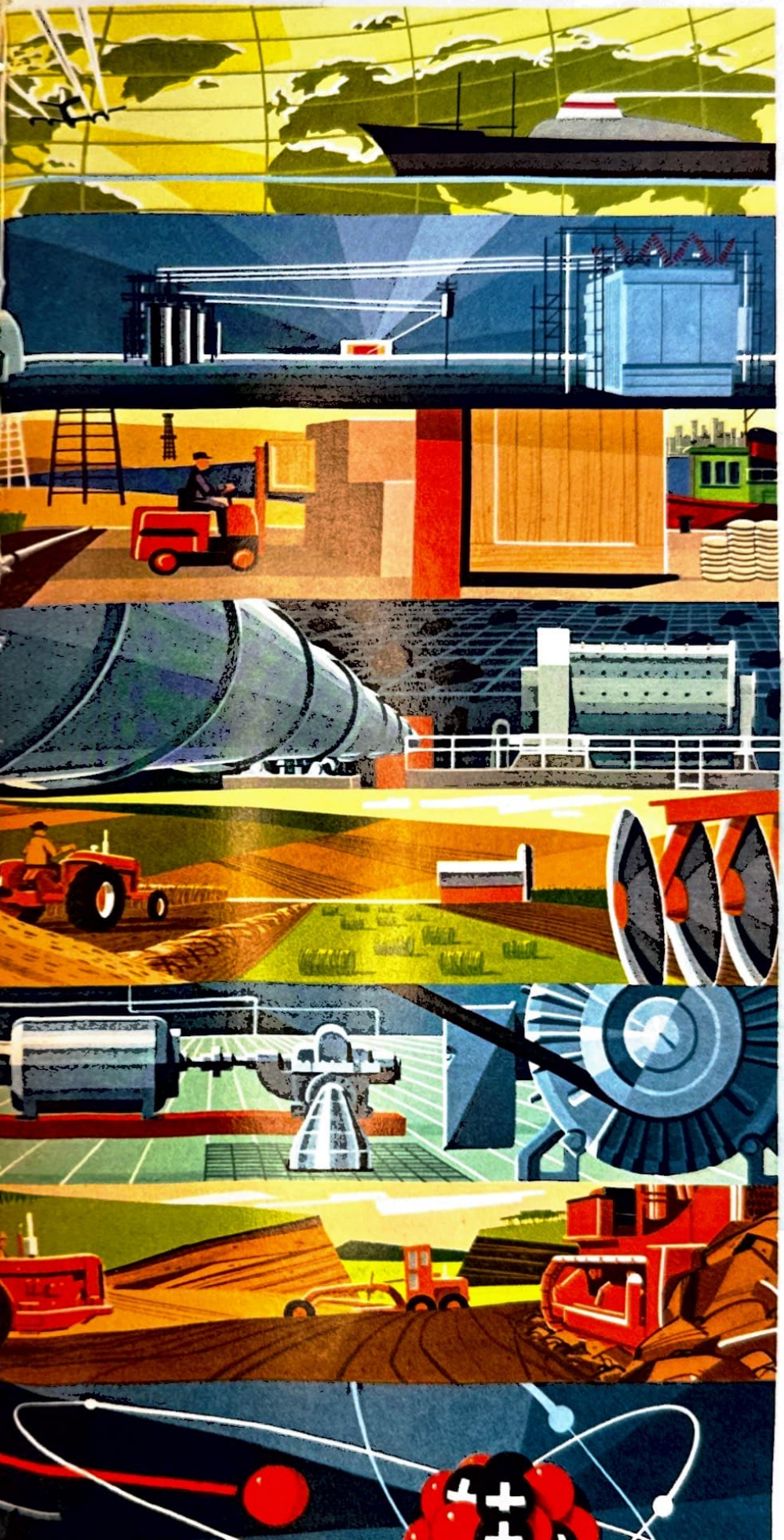
a-c scope

magazine of allis-chalmers people



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1958

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report on 1957

COVER

The cover for this issue is taken from the Allis-Chalmers annual report for 1957. The panels illustrating the company's eight divisions are original art by Martin Murk, Bert S. Gittins Advertising, Inc.

Here is Your Report:

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A-C SCOPE

MAGAZINE OF ALLIS-CHALMERS PEOPLE — Arthur V. Swenson, Editor . . . James A. Brammer, Assistant Editor. Published by Information Services, Industrial & Community Relations division. Allis-Chalmers Mfg. Co., Milwaukee 1, Wisconsin.

a Report* from President Stevenson

To Allis-Chalmers People Everywhere:

Our sales for 1957 were $534,146,214 — $13.3 million less than the record total of $547,439,265 reached in 1956. From the standpoint of sales income, 1957 was the third-best year in Allis-Chalmers history — less than $1 million behind 1955.

Based on a 40-hour business week, our sales contracts for the year were fulfilled at the rather staggering rate of $256,000 per hour.

However, profits for 1957 were $17,819,251, as compared with $20,355,045 a year ago. The company's earnings per dollar of sales were 3.3¢, a decline from the figure of 3.7¢ on the dollar in 1956.

Employment

Our total employment was lower in 1957 as a result of smaller sales volume and the need to reduce stocks of finished goods in some areas. Employment at the end of 1957 was 35,799 persons — about 3000 less than we had on the payroll at the beginning of the year.

As a result of the smaller work force, our payroll for 1957 was $187,590,363, or $6.5 million less than the record payroll of 1956. While we had a 5.5 per cent reduction in average employment, the total payroll dropped only 3.3 per cent. In other words, because of wage and salary increases during the year, the average A-C employe's pay rose in 1957, as it has consistently done since World War II.

Despite the factors which cut into our payroll and employment totals, there was opportunity for advancement at Allis-Chalmers in 1957. Literally thousands of A-C people were promoted — to assignments ranging from assistant foreman to vice president.

Operating Results

Sales of electrical equipment and farm machinery showed good gains in 1957. But the increase was not enough to offset the decline in construction machinery sales and lower volume in heavy industrial equipment. The cost of operating our manufacturing facilities at less than normal schedules, and the reduced sales totals, are reflected in the company's lower profits for 1957.

Employe and Community Activities

During the past year, 377 veteran A-C employes retired, bringing the total on retirement to 2188. Among those

* A complete copy of the Allis-Chalmers Annual Report for 1957 may be obtained by writing to A-C Scope, Allis-Chalmers, Milwaukee 1, Wis.

"Sales of electrical equipment and farm machinery showed good gains . . ."

"Our safety record was the best in the company's history . . ."

"We are not gloomy about the outlook. 1958 has many good sound possibilities."

who retired in 1957 were three officers of the company: H. W. Story, vice president and general attorney; W. E. Hawkinson, financial vice president and secretary, and J. F. Roberts, vice president and director of engineering, Industries Group.

The Company's broad program of employe benefits — such as pensions, vacations, health and accident insurance and other benefits — represented an average of $1161 per employe, equal to 55.7¢ per hour in average benefits in 1957.

We continued to work with safety commissions, civic and school officials and police departments in our newspaper safety education program in plant cities in the United States and Canada. Our safety record was the best in the company's history and Norwood Works received special citations for completing more than two million man-hours without an accident.

For these and other programs, Allis-Chalmers received two national citations. One of these was the Public Relations News award, the other a citation from the National Safety Council.

The response to the employe college tuition refund program exceeded our expectations in 1957. The program is helping many A-C people gain additional education to permit them to take advantage of better opportunities within the company.

Forty-three sons and daughters of A-C employes attended colleges and universities in the United States and Canada on company-sponsored scholarships last year.

Our science fellowship program was enlarged last summer. Under this program, a number of science teachers from Milwaukee, Springfield and Pittsburgh spent five weeks with A-C to observe firsthand how to use the technical and scientific skills in our daily operations. They also studied other phases of the company, to become better acquainted with modern business.

Allis-Chalmers has labor contracts with 25 certified bargaining units in the United States and Canada. Two contracts were open for negotiation in 1957; one was successfully concluded and the other is in process of settlement. There were no strikes at A-C plants last year.

We will be negotiating 21 labor contracts at 15 plants to succeed those which will expire in 1958.

Inventories

During 1957 we reduced our stocks of finished goods on hand by about $21 million. The largest reduction was, of course, in the Construction Machinery Division. Current inventories are about where they should be for present manufacturing rates and the 1958 outlook.

Floor stocks of the Construction Machinery Division and the Farm Equipment Division dealers are moderate.

Capital Improvements

We spent almost $17 million in 1957 to modernize and expand our facilities, as compared with $15 million the year before. Most of this money went for machine tools and manufacturing equipment. Construction was limited to the addition to the manufacturing plant at Terre Haute, new research and engineering facilities at Harvey and a new office building at West Allis. These projects are scheduled for completion early in 1958. Our capital expenditures for the remainder of the year will probably be somewhat less than they have been running.

At the end of 1957, the company's investment in plant and facilities, inventories and other items amounted to an average of more than $13,000 per employe — a substantial amount in terms of "what it takes to make one job at Allis-Chalmers."

This money invested in tools and facilities is also an investment in the job of every employe. New machines and new processes which improve the efficiency of our operations help us to be more productive. When we lower our costs through increases in productivity, we improve our competitive position from the standpoint of product price and value. Gains in productivity also are the basis for our rising standard of living.

Research and Development

Our research and development programs are being given full emphasis. During 1957 we spent 20 per cent more than in any previous year, and this steadily expanding program has resulted in our activities being tripled over a five-year period.

Research may well be called "the life insurance of business." Our basic research is the concern of the central research laboratories. Here is where A-C scientists work to break through the barriers which limit us to present practices. To illustrate: New horizons would be visible if we had materials which would retain their

properties at higher temperatures. Metals and alloys with better resistance to abrasion and corrosion would bring many new possibilities. New methods for converting and storing energy are of prime concern. The circumstances surrounding splitting and fusing of the atom, and the behavior of neutrons — these and many other problems begin by being challenges, then become projects and well may develop new and practical processes and materials.

Applied research and engineering are the functions of the operating divisions, which must recognize what the customer needs and what competition offers. This phase of the company receives full attention and adequate support — with continuous results.

International

Sales of Allis-Chalmers International, a division of the company, rose to $66 million last year, not including sales of the non-consolidated Australian, British and Canadian subsidiaries. This was an increase of $4 million over the 1956 total for export sales.

During the year, we established a subsidiary in Australia and bought the plant which had been operated by our licensee. The factory makes motor graders for the Australasian market and we expect to expand its operations to include other construction machinery items and some electrical equipment.

Shortly after the close of 1957, our Mexican subsidiary purchased a transformer manufacturing facility in Mexico City. This operation has good possibilities for expansion to meet the growing Mexican market for transformers and other electrical products.

The company's board of directors is elected at the annual meeting, in May, by Allis-Chalmers common shareholders, who numbered 56,071 at the close of 1957. The board of directors meets each month to formulate company policy and make major budget decisions. The board also elects the company officers, who have the direct responsibility and authority to manage the business. Members of the board, from lower left, clockwise, are: W. G. Scholl, executive vice president, Allis-Chalmers; B. S. Oberlink, group vice president; D. A. Forward, senior vice president, The First National City Bank of New York, N.Y.; W. E. Buchanan, president, Appleton Wire Works, Inc., Appleton, Wis.; W. C. Buchanan, executive consultant, The Babcock & Wilcox Co., Milwaukee, Wis.; R. S. Stevenson, president, Allis-Chalmers; Fred Bohen, president, Meredith Publishing Company, Des Moines, Iowa; Louis Quarles, partner, Quarles, Herriott & Clemons, Attorneys at Law, Milwaukee, Wis.; James D. Cunningham, president, Republic Flow Meters Company, Chicago, Ill.; Ernst Mahler, director, Kimberly-Clark Corp., Neenah, Wis.; Hugh M. Comer, chairman of the board, Avondale Mills, Sylacauga, Ala.; J. L. Singleton, group vice president.

Defense

Defense business in 1957 was $30 million — about $10 million more than the year before. While this portion of our business has been diminishing since the Korean War, current changes in the Nation's approach to this problem may mean increased activity in the defense area.

Allis-Chalmers Credit Corporation

During the past year, Allis-Chalmers Credit Corporation, a wholly-owned subsidiary formed in 1956, somewhat expanded its operations and began to use its own lines of credit established with a number of major banks.

This Credit Corporation is of valuable assistance to dealers in our Construction Machinery, Farm Equipment and Engine–Material Handling Divisions. While we encourage dealers to use their local banking connections for supplying retail credit, the Credit Corporation is an important supplement. In addition, the Credit Corporation is the chief means for Construction Machinery dealers to finance their floor stocks.

Short-Term Borrowing

Short-term borrowings were used to meet varying working capital requirements throughout the year. As of December 31, they were $22 million, a figure which was $28 million lower than a year earlier.

Shareholders and Dividends

Earnings per share of common stock were $2.11 in 1957 — last year they were $2.42. At the close of the year, there were 8,214,281 shares of common stock outstanding, an increase of 72,846 shares during 1957.

Dividends of $465,598 were paid on the preferred stock and $16,374,763 on the common stock for a total of $16.8 million.

At the end of 1957, Allis-Chalmers had 56,071 common shareholders, as compared with 47,449 a year ago. These people have invested their money in the company. The increase in shareholders is an endorsement of our ability to do our job successfully.

The effective results of a company are merely the sum of the efforts of many individuals. To all employes — as well as dealers, suppliers, investors and whoever took a part — we extend our thanks for a job well done in 1957.

Looking Ahead

In looking ahead, we must of course give full effect to the readjustments in business conditions which started in the second half of 1957. Taking our prospects by divisions, we find that the downward trend may continue in some areas, while there is reason to be moderately optimistic in others. At present, these factors seem to be about in balance.

Our backlog of orders at year-end stood at $225.8 million, which is about $354 thousand less than the orders to be filled at the end of 1956.

The results which we are able to produce will depend at least in part upon the condition of the economy as a whole, and particularly the activities of the industries we serve. We are not gloomy about the outlook for the coming year and we believe that 1958 has many good sound possibilities.

Report on Income and Outgo . . .

In 1957, Allis-Chalmers sales and other income was $537,191,443. Here's how this money was used:

materials and operating costs

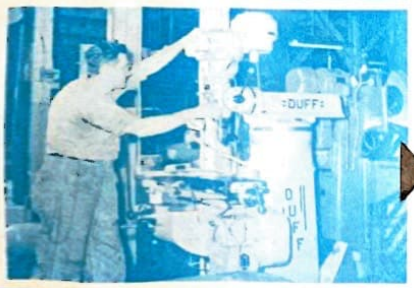
A-C purchased $294,241,834 worth of materials and services to manufacture and sell its products in 1957.

wages and salaries

Payrolls for Allis-Chalmers employes amounted to a total of $187,590,363 last year.

all taxes

Local, state and federal taxes were $28,489,381 last year.



depreciation and amortization

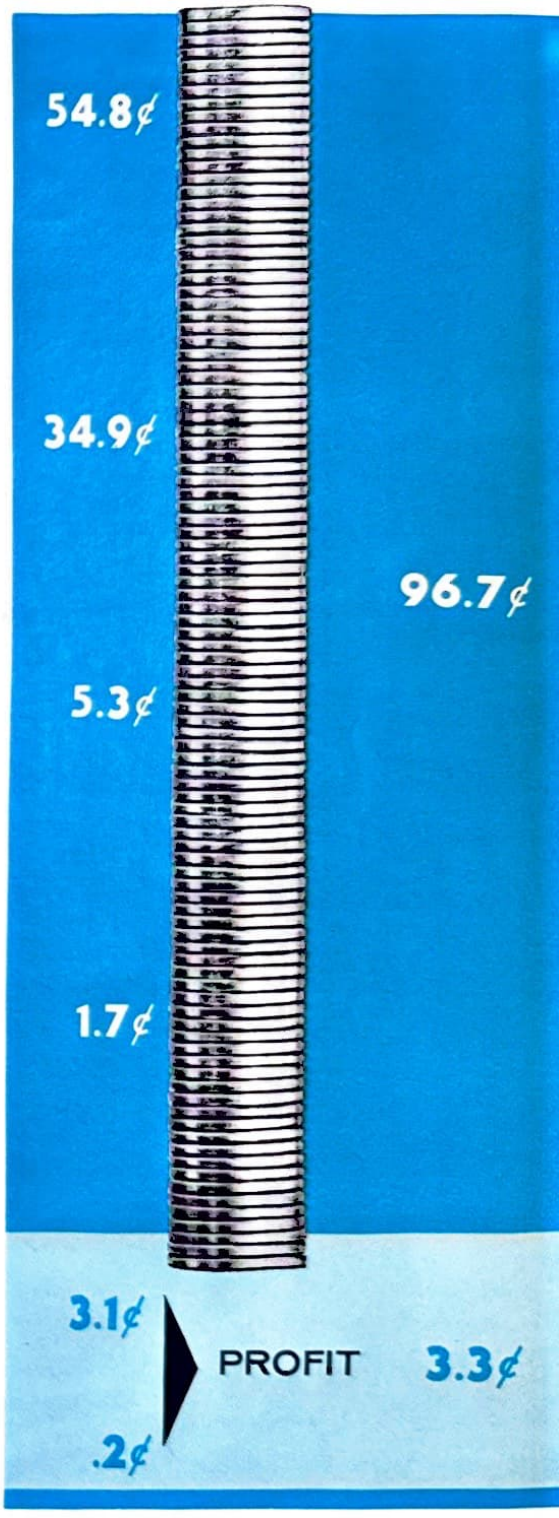
$9,050,614 was required to keep the company's plant and equipment up to date in 1957.

dividends

The company's shareholders received $16,840,361 in dividends on their investment in Allis-Chalmers.

reinvested earnings

$978,890 was reinvested in the business for current operations and future growth.



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Report by Divisions

Construction Machinery division

(Includes products made at Cedar Rapids, Springfield and West Allis Works.)

Many of the division's activities in 1957 centered around preparations for an expected increase in construction operations in 1958 and in the years immediately following.

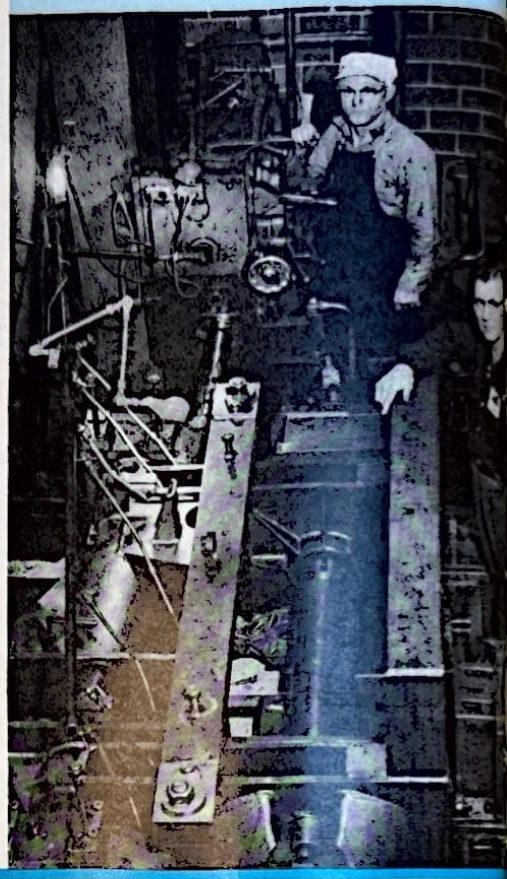
The division introduced two new machines in 1957. One was a new motor scraper, designed, engineered and built at Cedar Rapids to fill the need for a small-sized, high-speed, rubber-tired unit. The second was the introduction of the turbo-charged HD-21 crawler tractor and matching dozer equipment, combining a new Harvey Works engine with Springfield Works tractor and Beardstown Works attachments.

Pointing to the future, the company began construction of additional research and engineering facilities at Springfield Works, an important step toward maintaining the high quality level of A-C construction machinery.

Short-range business prospects of this division are good — long range prospects even better. Past experience shows that 18 to 21 months elapse from the time funds are authorized to the date when dirt is actually moved on a road-building program. Applied to the national highway program enacted in July, 1956, we are nearing the point when great quantities of dirt will be moved.

In 1957, inventories received timely and satisfactory adjustment. With highway and other construction planning at record levels, the division anticipates growing sales activity.

In the machine shop at Cedar Rapids Works, machinist Joe Harriman (left) and foreman Orie Niebes are ready for the activity their works expects when the highway building program picks up in the latter part of 1958.



Engine—Material Handling division

(Includes products made at Harvey Works.)

The division made several noteworthy product introductions in 1957 and assured future product development by expanding research and engineering facilities.

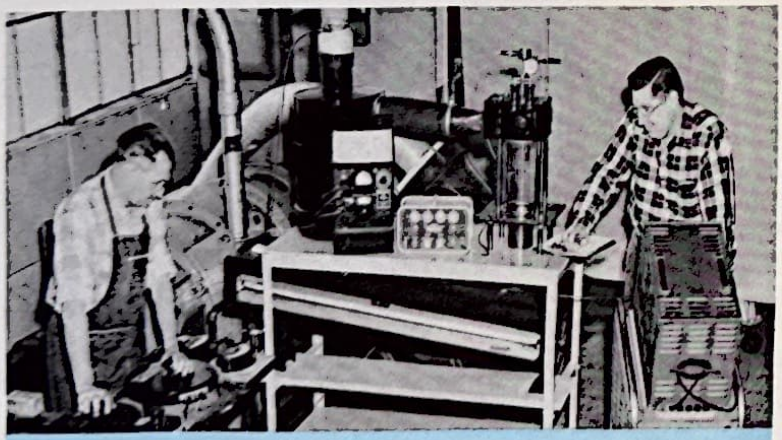
Last year was the first complete 12-month period in which both the engine dealers and those selling and servicing material handling equipment operated through existing A-C branch houses in the United States and Canada.

Of particular importance was the start made in 1957 on a $3,500,000 development and research laboratory at Harvey Works, scheduled for completion early this year.

One of the new products introduced in 1957 was a 10,000-lb capacity vehicle to round out the lift truck line and meet customer demands for larger equipment. Product improvement was highlighted by a new *Power Shift* torque converter drive for A-C lift trucks.

During the past year, Harvey Works began shipping a newly-designed and more powerful turbo-charged diesel engine for use in HD-21 crawler tractors made at Springfield Works; engines for installation on *Gleaner-Baldwin* combines at Independence Works, and a new 53-hp diesel to West Allis Works for use in the D-17 farm tractor.

More efficient testing equipment and tooling were installed at Harvey Works in 1957. This — coupled with the newly expanded and improved product line, stepped-up engineering program and cost-conscious customers who can gain savings through the use of A-C products — gives bright promise of rising sales for the division.



Basic research into airflow characteristics within a diesel cylinder is part of the continuous research and development programs at Harvey Works. Shown above are Art Selk (left) and Robert Reynolds.

Farm Equipment division

(Includes products made at Gadsden, Independence, LaCrosse, LaPorte, Oxnard and West Allis Works.)

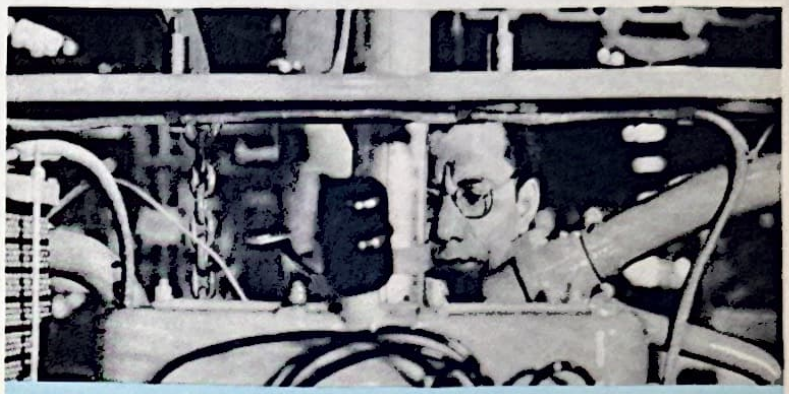
Highlighting the division's operations in 1957 were two important developments. One was the introduction of a number of new farm machines and implements. The other was the installation of special production equipment to speed tractor output and hold the line on costs.

A-C announced two new farm tractors — the 35-hp Model D-14, classified as a three-plow machine, and the 50-hp Model D-17, for farmers wishing to pull four or five plows. Both vehicles have low overall height and high crop clearance.

To adapt these new tractors for every type of field work, LaCrosse and Oxnard Works have provided an assortment of more than 100 tillage implements, planting and seeding machines.

The harvester line was expanded by a larger pull type *All-Crop* harvester and corn head attachments for two A-C combines.

There is no doubt about the continuation of the trend toward greater mechanization of our farms. Coming years will see advancements in farm equipment which will be as progressive as those in the past. A-C engineering, manufacturing and distribution organizations are convinced that the future holds opportunities to further the trend toward mechanization on the farm.



On the Tractor assembly line at West Allis Works, Manuel Rodriguez places the exhaust stack on the engine of a Model D-14 farm tractor.

A-C quality is a hallmark for the industries which use General Products division equipment. Ed Platt (above), Norwood Works inspector, is checking a pump impeller.

General Products division

(Includes products made at Norwood and West Allis Works.)

The division had a successful year in 1957. Its products are used in a wide variety of industries, and activities for the year were concentrated on plans and action for making the most of a future that offers bright prospects for product sales. Areas in which activity was concentrated included personnel training, engineering, manufacturing, cost and quality control.

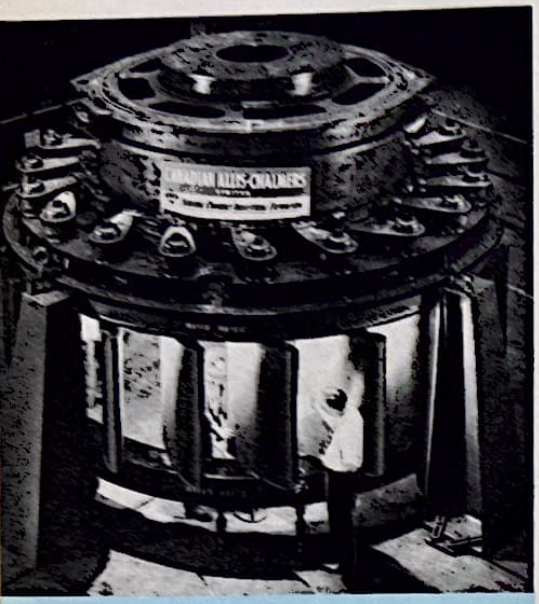
Special emphasis was given to more intensive training of A-C sales engineers and servicemen, and the distributors who sell A-C products. Closely associated with these programs was a tour designed to introduce our new weather-protected motors.

A number of important product developments took place in 1957. Of particular interest was a leak-proof sealed rotor pump, and the extension of size and capacity ratings in fire, boiler feed, paper mill and marine pumps.

A new line of high voltage starters was announced, while other new products include economical power transmissions, generators for diesel and gasoline engines, direct drive, flat-type motors for machine tools and *Synduction* motors that provide constant speed in variable conditions.

The outlook for business is good. An important reason for optimism is the fact that the division makes products which are used by industries with better-than-average growth potential.

Industrial Equipment division



A huge hydraulic turbine runner for a Canadian power plant dwarfs two Lachine Works employes in this picture. Left is Aime LeBeau, maintenance department, with Larry Dore, photographer.

(Includes products made at Lachine, St. Thomas and West Allis Works.)

The division's operations in 1957 featured progress in product development.

A second *ACL* system for making cement was installed during the year, and advances were made in systems for pelletizing and heat treating iron ore concentrates.

A new compacting process for controlling particle size and density was of special interest to customers producing chemical salts, paint, coal and plastics, while municipalities were offered a new lime sludge kiln application for reclaiming lime in their water treatment plants.

Compressor products continued to build prestige for A-C, particularly in the petro-chemical field. Sales of rotary compressors continued high, especially for shop air and air removal units.

Rectifier sales have increased as a result of the semi-conductor equipment introduced a year ago. Demand has been substantial for mercury arc rectifiers, induction and dielectric heating equipment.

Expansion of St. Thomas Works has been completed, increasing our manufacturing facilities in Canada. A-C's operations are serving Canadian industry with rotary kilns, gyratory screens, pumps, *Texrope* drives, motor control and switchgear.

The outlook for the division's products is expected to continue to grow, especially in the road construction, mining, petroleum, chemical, steel, aluminum and pulp and paper industries.

Allis-Chalmers International

(Includes products made at all Allis-Chalmers Works.)

Sales of A-C products overseas reached a new high in 1957.

Demand was especially high for machinery used to process foods and metals, to produce cement, to build roads, to develop water supplies, to modernize agricultural methods and to supply electrical power.

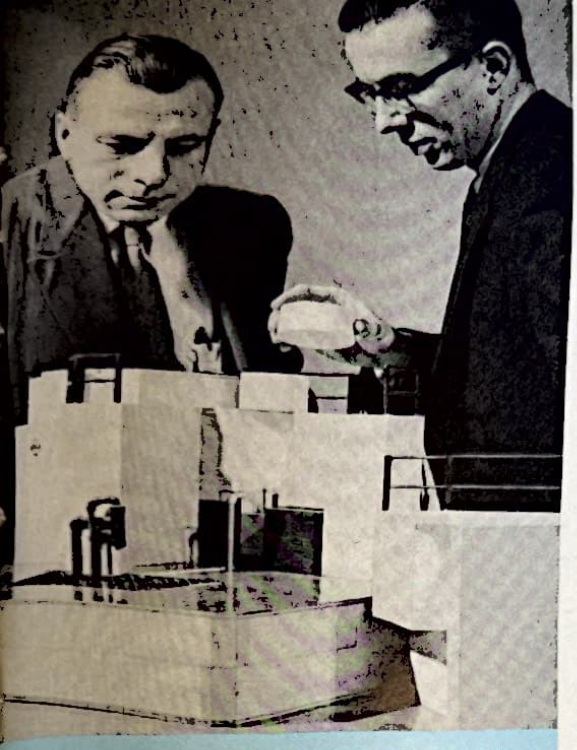
A-C operates through a widespread organization of sales offices and distributors to market its products in 80 different countries. In addition, wholly owned subsidiaries and licensing agreements with other manufacturers provide support for an extensive export operation.

Wherever possible, equipment made in the United States is supplied to overseas markets. Where this is not practical, foreign facilities are used and products are supplied by A-C subsidiaries or licensees.

During the year, Allis-Chalmers Australia Pty. Limited was organized as a wholly-owned subsidiary to produce motor graders and other products for the expanding construction machinery market outside the United States.

Consolidation of the company's export activities in 1957 means more flexible marketing operations in the many overseas areas A-C serves. Because of this, and because of the steadily rising standard of living everywhere, Allis-Chalmers International anticipates a continually increasing stake in supplying many of the world's equipment needs.

Export orders meant business for every A-C works in 1957. At Springfield Works (above), Milton Hall (left) and Silas Brown prepare HD-11 crawler tractors for shipment to Brazil.



Dave Crimmins, recently assigned from the Graduate Training Course to the Nuclear Power Division, examines a reactor model with Ray Klecker (left), supervisory engineer.

Nuclear Power division

(Includes equipment made at West Allis Works, plus products made by other Allis-Chalmers works.)

Important strides forward made 1957 an eventful year for this new division of the company.

The A-C equipped nuclear power plant at Argonne National Laboratory has now been operating successfully for more than a year, and is exceeding design expectations.

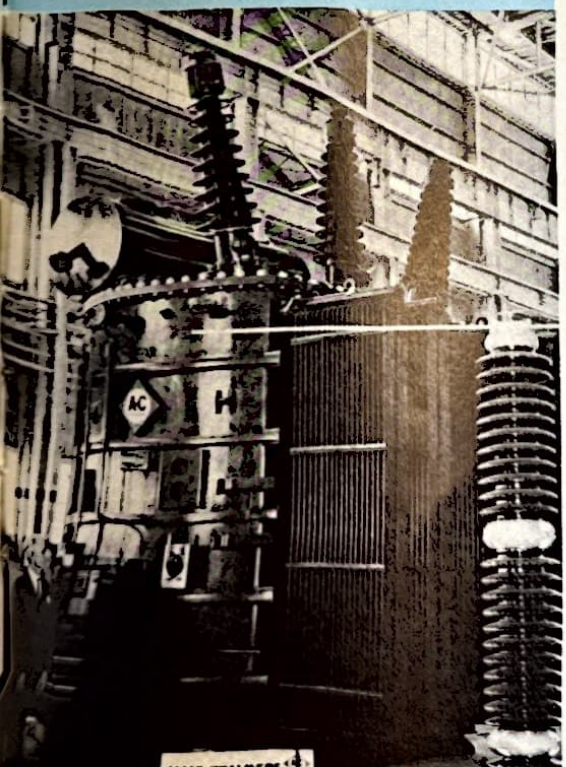
Also, in 1957, A-C was selected to spearhead two significant new projects in the nuclear power field. The company was named prime contractor to design and build a complete commercial nuclear power plant for the Northern States Power Company, Minneapolis, Minn., and a group of 10 other midwest utilities organized as Central Utilities Atomic Power Associates. The plant will have an A-C steam turbine-generator unit to produce 66,000-kw of electric power, enough to supply a city of 120,000.

The second major project in 1957 concerned the selection of Allis-Chalmers and Radio Corporation of America by Princeton University and the Atomic Energy Commission to design, fabricate, install and test a facility for advanced research into controlled thermonuclear reactions. The project is known as the Model C-Stellarator.

Also announced in 1957 were plans for construction of a new laboratory where research and development of nuclear reactors and associated equipment will be conducted.

Looking ahead, the company sees a growing importance for the role of A-C products in nuclear power projects.

Power transformer for Indianapolis Power & Light Co. is inspected at Terre Haute Works by two of the utility's representatives, Nick J. Galuppo (left) and Edward W. Barnes.



Power Equipment division

(Includes products made at Boston, Gadsden, Pittsburgh, Terre Haute and West Allis Works.)

Allis-Chalmers production of electrical equipment continued at unprecedented levels in 1957, in line with the growth of the electric power industry.

Orders were placed for steam turbine-generator units ranging in size from 20,000 to 340,000-kw, adding to the already established backlog for products in this category.

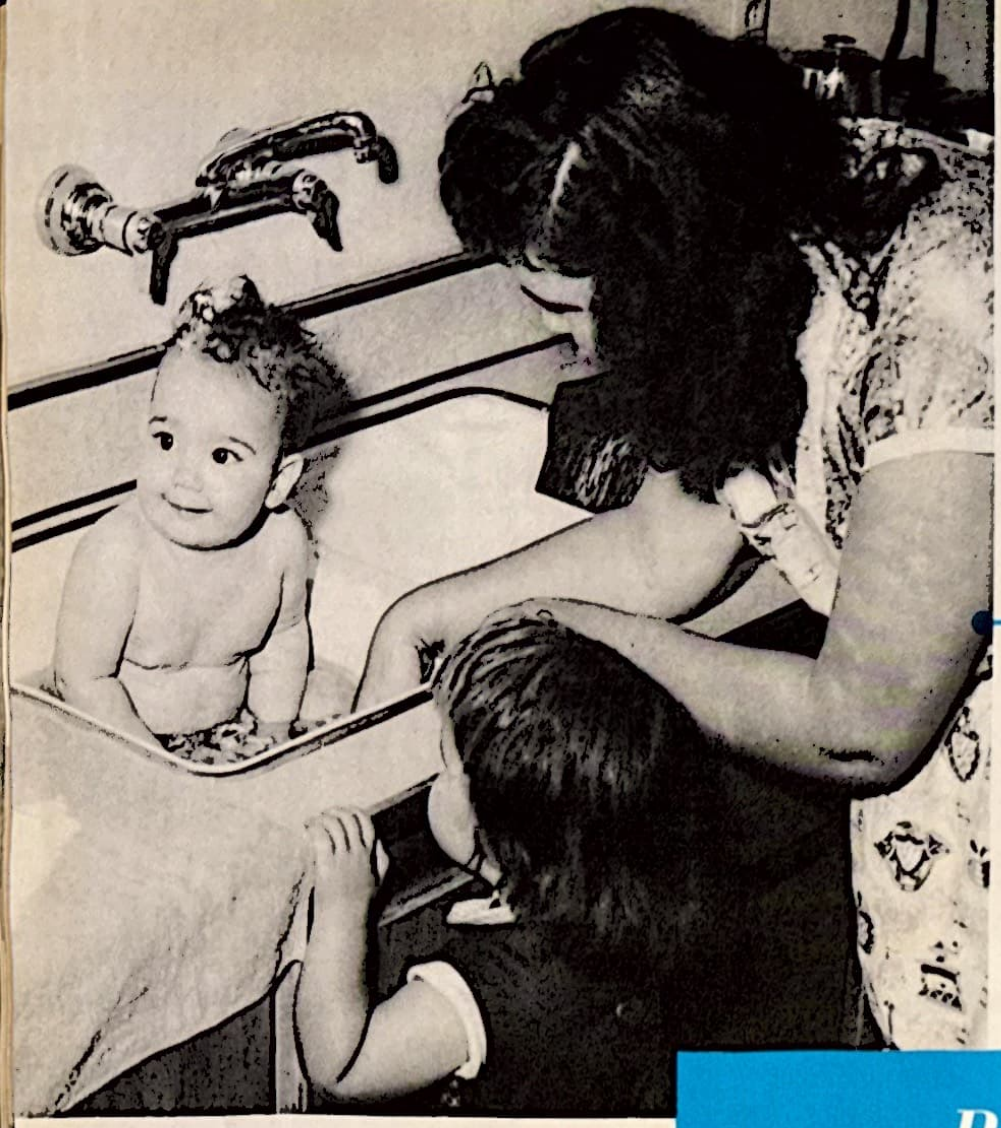
Of unique interest in the hydro-electric field is an order for six reversible pump-turbines and 12 generator motors to be installed above Lewiston on the Niagara river.

A 200,000 sq ft steam condenser, world's largest in a single shell, was shipped in 1957, while significant advances were made in other areas of condenser design, including the first commercial-sized unit to use welded tubes and two condensers for the Navy's newest and largest nuclear submarine, the *Triton*.

Successful development of new silicone rubber insulating materials, especially for large electric motors, opens entirely new concepts in economical application of these units.

The continuing trend toward higher voltage transmission systems resulted in orders for power circuit breakers and transformers to operate at 345,000 volts, highest used in this country.

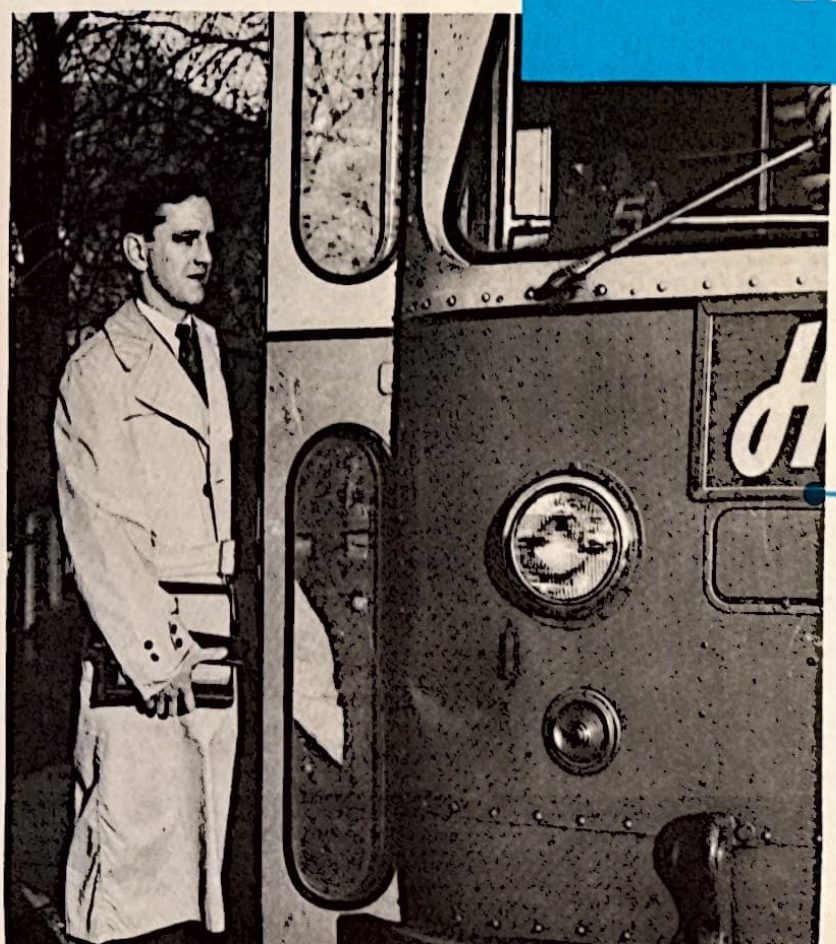
Development work on all products is continuing on a broad front, in order to stay ahead of the ever-increasing demand for electrical power.



The little charmer taking her beauty bath is Rhonda Mae Kee, nine-month-old daughter of Oxnard Works welder Albert Kee. With Rhonda Mae are her mother, Mrs. Dorothy Kee, and sister, Rebecca Louise, age 2.

In addition to Albert and Dorothy Kee, more than 2900 Allis-Chalmers couples had babies in 1957. Allis-Chalmers employes in the U.S. and Canada received $4,871,000 in health and accident insurance benefits last year.

Report on A-C



Books and slide rule in hand, Len J. Schneider boards a bus to go to night school classes at the University of Cincinnati. He's an engineering assistant at Norwood Works, majoring in electrical engineering under the company's employe tuition refund program.

Len Schneider and other A-C employes completed a total of 4750 credit-hours of college study in 1957, under the tuition refund program. Under the plan, the company reimburses employes for 100 per cent of tuition fees paid out of pocket for accredited courses in science, engineering and business administration.

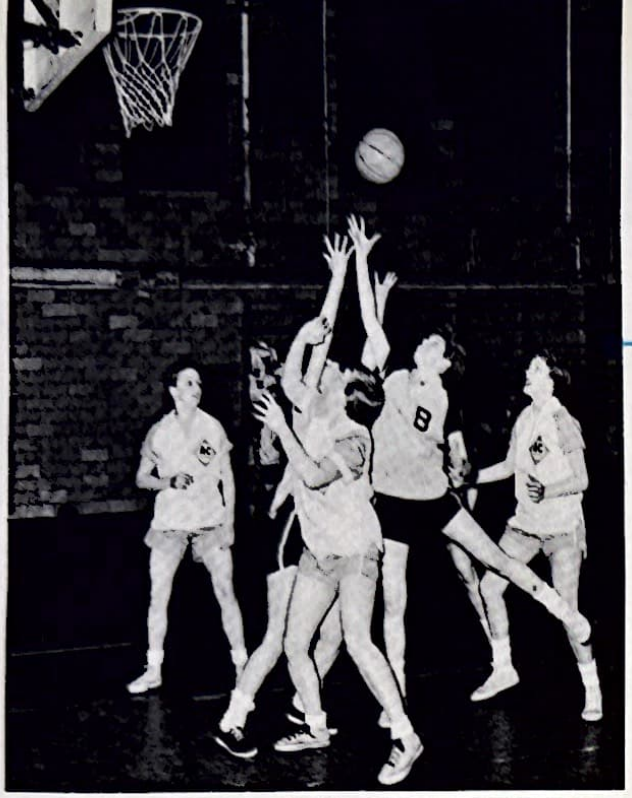
Hugh Tolleson (left), Gadsden Works inspection department foreman, talks about major school building plans with (left to right) Waldo Lawrence, Billy B. Ashley and A. C. Finch. Tolleson, Lawrence and Ashley are trustees and Finch is the principal of Gaston high school, near Gadsden. In addition to serving as a school trustee, Tolleson is active in the high school athletic program, Parent-Teachers Association, Boy Scouts and church work.

Throughout the United States and Canada, A-C employes like Hugh Tolleson took pride in their communities and took part in community projects of all kinds in 1957. In addition to giving of their time, they opened their purses to the tune of $350,000 in contributions to community fund drives in the cities where the company has its operations.

people . . .

Frank Caruana, St. Thomas Works assembler, has vivid proof of the value of safety glasses. His lens was shattered when a wire broke as he was snugging the wire with a pair of long-nose pliers. His hand flew up from the force of the pull, and the nose of the pliers and sharp end of the wire shattered the glass — with no harm to his eye.

Frank Caruana was one of more than 135 Allis-Chalmers employes who avoided injury by wearing safety glasses last year. At least 135 shattered lenses were reported — and each case could have meant possible loss of vision. The total does not include the countless cases in which safety glasses deflected flying objects without shattering.



This action shot typifies the driving play of the Pittsburgh Works girls basketball team, 1957-58 champions of a 10-team industrial league. A-C players in the photo are (left to right) Betty Sarnowski, Barbara Racine and Joann Wallace, all Pittsburgh Works employes in 1957.

Company-sponsored recreation programs drew more than 20,000 participants in 1957, not including those who attended picnics, dances and social gatherings. In the United States and Canada, A-C people took part in active sports such as bowling, basketball, volleyball, golf and softball, and non-athletic pastimes such as camera, chess, sketch and card clubs.

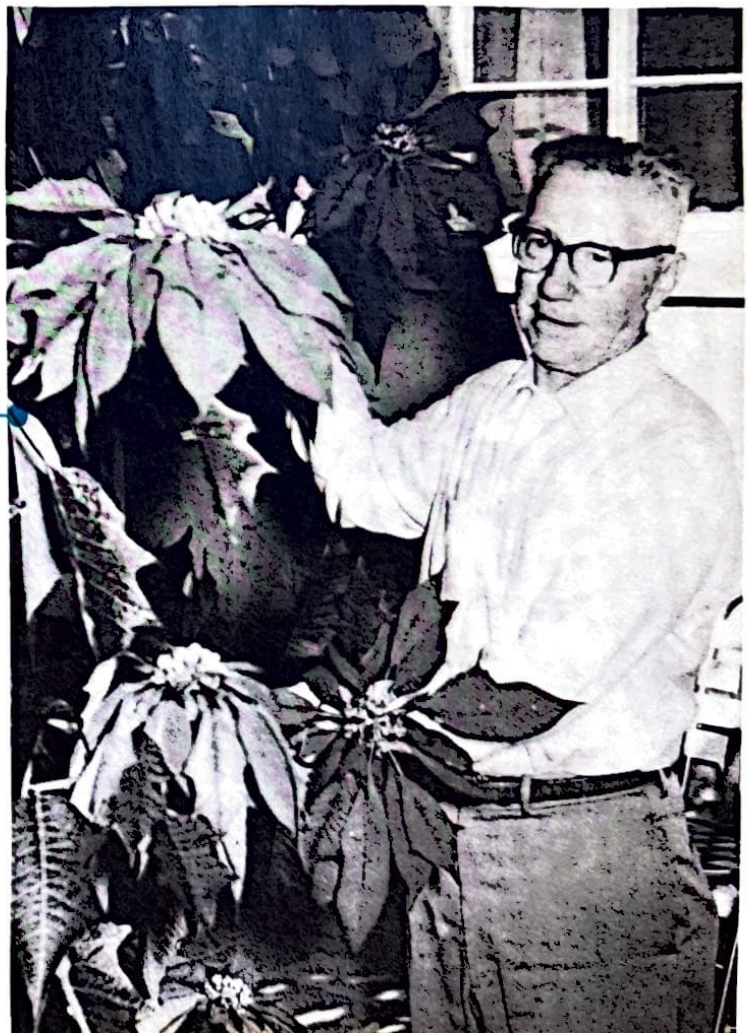
The Westal Prieur family recaptures memories of their 1957 vacation trip to the west coast, by viewing colored motion pictures taken on the trip. It was the first attempt at movie-making for Prieur, a LaCrosse Works tool room foreman, but he's looking forward to another "production" on this year's vacation.

In addition to taking trips and making movies, Allis-Chalmers people spent their 1957 vacations in a variety of ways. Paid vacation time averaged 78½ hours per employe, or more than 350,000 days.

Mrs. Lola Rimmel, Independence Works teletype operator, says "I guess I'm saving for a rainy day," when asked why she is buying United States Savings Bonds under the payroll deduction plan. Actually, she hopes to use the money for her four-year-old daughter's education.

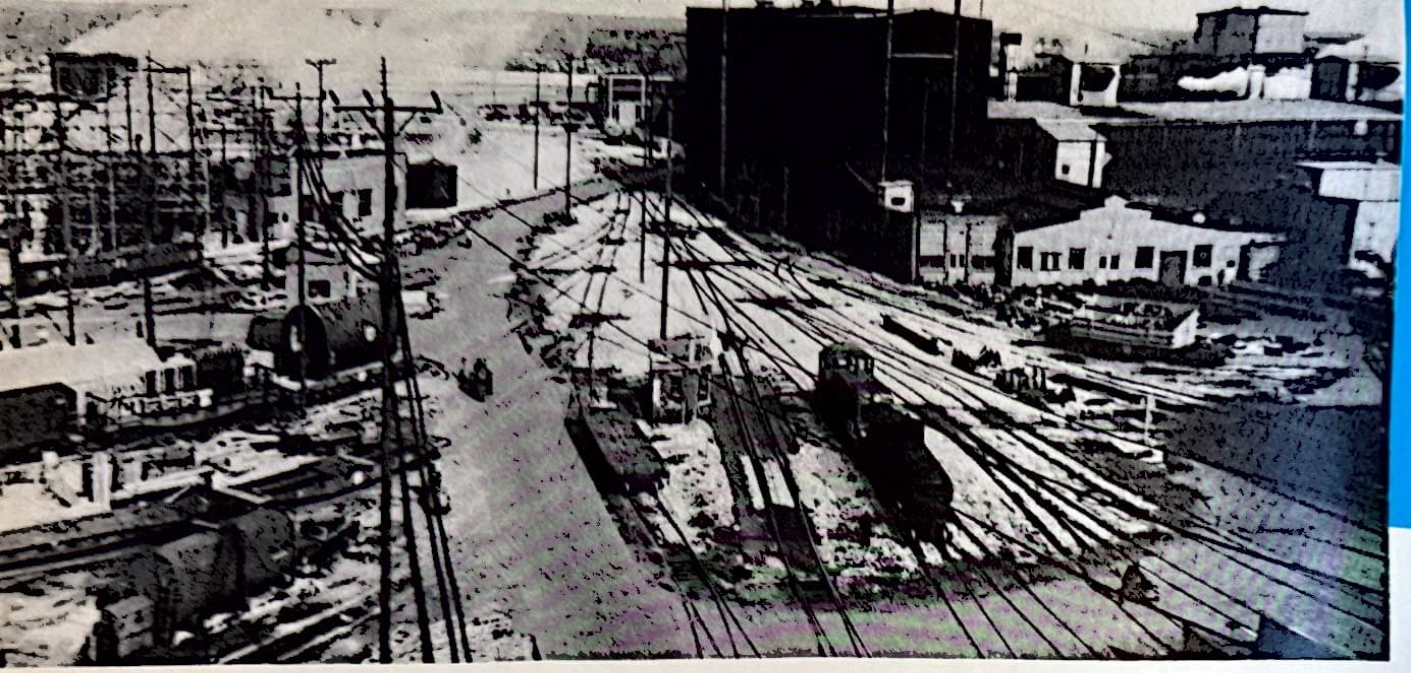
Lola Rimmel's savings plan is popular with Allis-Chalmers people from Boston to Oxnard. Approximately 17,000 employes bought United States or Canadian bonds under the payroll deduction plan in 1957.

Report on A-C people . . .



Harry Boyer was a maintenance foreman at Pittsburgh Works until he retired in 1955 with 13 years of service with Allis-Chalmers. Now he enjoys a life of comparative ease on retirement in Tampa, Fla., where he grows beautiful flowers like the poinsettias he's displaying here.

Harry and Mrs. Boyer don't have to look far to find other retired A-C people in Florida. More than 30 of them live within a 20-mile radius of Tampa. And monthly pension checks are being sent to more than 2100 retired A-C employes, including the 377 who retired in 1957.



Heart of the A-C Line is scale house, small building near flatcar in center of picture. Company crews handle close to 2000 cars per month.

They move the 'Big Stuff'

For every carload of material that arrives at West Allis Works, there is a story of ordering, scheduling and manufacturing. The story is also found in the way materials move within the plant to the various manufacturing operations.

Incoming raw materials at West Allis Works represented a part of the 54.8¢ of every income dollar that was spent by A-C for materials and operating costs in 1957. These costs totaled $294,241,834 last year.

Playing an important part in the story is the A-C Line, a railroad that operates at West Allis Works and hauls about seven million tons per year over 20 miles of track. The road exists because of the need for moving heavy loads from one shop to another within the works. The system serves both Tractor and Industries Groups by moving raw materials, work-in-progress and finished goods.

One of the two derricks used to load and unload heavy goods in storage areas.

The A-C Line is sizeable for a "short line." Three diesel engines, 106 cars and 50 switches are used in the system. Many bona fide railroads operate with fewer cars and handle less tonnage per year.

Two major railroads, the Milwaukee Road and the Chicago & North Western, connect the works with the outside world. They come into the grounds once or twice a day to drop cars inside the plant area or pick up loaded cars ready for shipment.

The A-C Line's movements include shifting company cars from one shop to another and handling "foreign" cars which come in with raw materials or go out with finished products. The system operates 24 hours a day, using the scale house as a yard office and two-way radio to direct operations.

Incoming cars are taken by A-C crews to the scale house for weighing, then to their destination within the plant. Outbound cars are weighed and spotted for pickup and shipment.

Last year the line handled 23,938 cars —roughly 2000 a month. Incoming cars brought 2,872,550 tons of materials such as steel, oil, copper, bushings, tires, castings and coal.

The A-C Line's rolling stock includes 65 flatcars, 30 gondolas and eight hopper gondolas. A depressed-center flatcar and two 50-ton well cars are used to ship large transformers, condensers, etc., to A-C customers. The line also operates two derricks used by unloading crews, one of which is a 30-ton self-propelled unit. The derricks handle steel stock, forgings, castings, etc.

You probably wonder who keeps track of everything and how it operates. Basically, the system is the same as those used by larger railroads. A car clerk records the number and location of all cars by placing tags on a master board depicting the plant layout. The foreman makes out switch lists to plan each day's work.

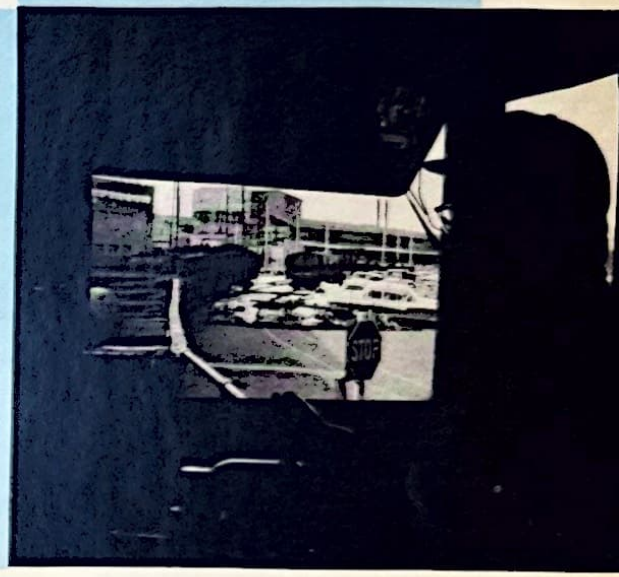
When a shop supervisor wants a car moved in or out, he "calls the railroad." The A-C dispatcher uses two-way radio to send an engine to do the job.

Yes, the A-C Line is a busy one, with a wide scope of duties — getting raw materials into the shops, and moving tons of finished products to the threshold of shipment to A-C customers all over the world.

Since two new models were introduced in 1957, the A-C Line moved quite a few flatcars loaded with D-14 and D-17 farm tractors.

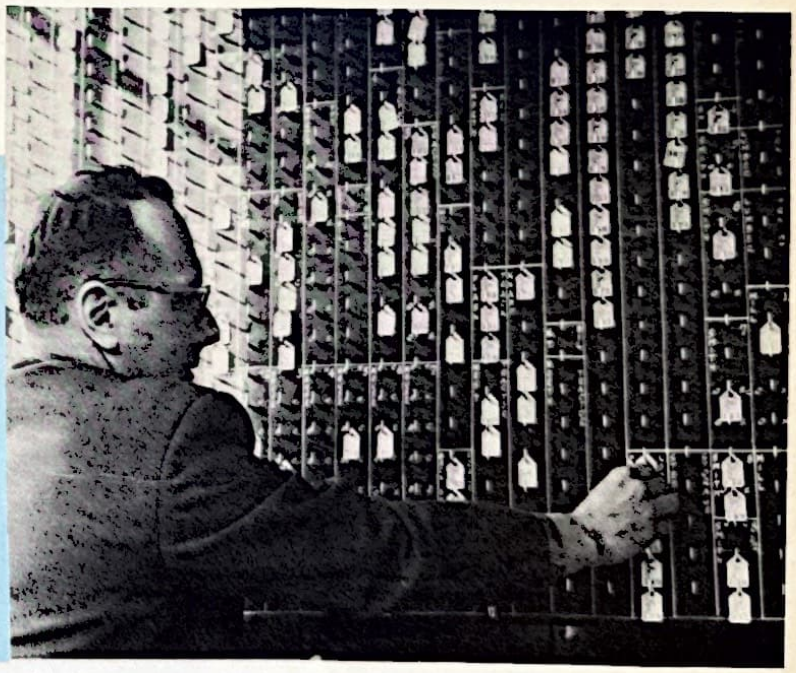
Switchman Louis Meyer uses hand signals to direct switching of cars on the A-C Line. Safety is foremost with train crews, just as it is in shop areas, and no move is made without a clear track.

Engine No. 8 moves company's depressed-center flatcar with huge generator stator, typical of the "big stuff" the A-C Line moves within the shop areas. Cars of this type require special routing to reach customer.



Engineer Wellington Adams was at the controls when this load of coal was pushed into a siding until it was needed.

Here's Louis Penne doing periodic maintenance check on a diesel engine, part of the program necessary to keep the A-C Line in shape.



This board helps the transportation department locate any car within the A-C "yard limits." Car Clerk Reuben Sauer is placing a tag on the board.

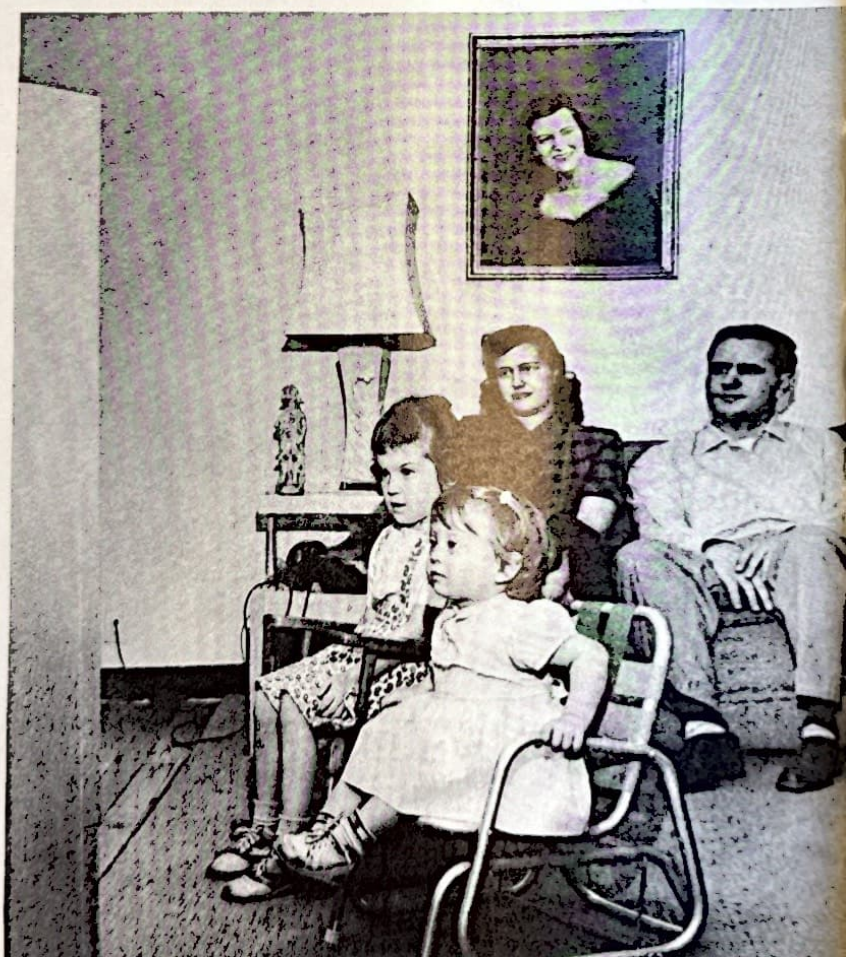
Dr. Adrian Diamond, Cincinnati pediatrician, examines Larry Brown in one of the family's periodic physical checkups. Dental and medical expenses are among the family's annual budget items.

The family grocery bill is one of the largest items budgeted out of the pay of Leon Brown, Norwood Works laboratory technician. Here are Mrs. Brown and daughters at the local supermarket.

"Chick" Brown says goodbye to his wife, Nancy, as he leaves for a night school course he's taking under the GI bill.

35,799 grocery carts

Contributions to church and community fund-raising drives are another item in the average A-C family's budget. Larry Brown, 3, watches as her mother puts a Red Feather in the window to indicate their gift.



Leon and Nancy Brown take a back seat to Larry and Barbara, 1, when it comes to television — part of the entertainment and recreation picture for most A-C families.

A new light switch for the living room is just one of the major and minor home and auto repair items which are figured into Leon Brown's budget, just like yours.

The big smile is a sign that the Browns are making headway with their savings program. Planned banking of a portion of their A-C income will mean the Browns can buy that new home in the near future.

Polishing a fender of his 1955 Chevrolet, Leon Brown thinks about the portion of his A-C income which goes for time payments and other long-term purchases.

Wages and salaries paid to A-C employes amounted to $187,590,363 in 1957, which is a considerable amount of purchasing power. It's hardly likely that any other employe's expenditures are exactly the same as the family budget of Leon Brown, Norwood Works laboratory technician, who is shown with his wife and children on these pages. But the typical A-C family has similar expenses for food, clothing, housing, savings, contributions, etc.

Use food as an example. If you lined up all of A-C's 35,799 employes with grocery carts, the line would be about 34 miles long. It's interesting to speculate, too, about the impact of the payrolls which 35,799 A-C employes spend in their communities.

According to a study by the Economic Research department of the United States Chamber of Commerce, for each 100 industrial jobs, 296 people make their homes in the community . . . 112 households are established . . . 51 children go to school . . . four retail establishments are needed . . . 107 passenger cars are registered and 74 other jobs are in existence because of the original 100 jobs.

On the basis of 35,799 A-C employes, it's plain to see that a large number of people and enterprises benefit from the company's annual payroll. And here is another plain fact: Average pay at Allis-Chalmers has consistently gone up faster in recent years than the cost of living.

More interesting figures, these compiled by the National Industrial Conference Board, disclose that the average worker's time buys more today than it did four years ago. That is, he spends less time on the job to buy the goods and services he wants. A dozen eggs, for example, took eight minutes less work in 1957, and a new refrigerator took 22 hours less work to buy. But the amount of time spent on the job to pay medical expenses went up, as did certain other items.

Getting back to the $187 million payroll, just imagine that all A-C employes lived in the same city: With 35,799 wage-earners, you'd have a population of more than 100,000. Your city would have quite a few doctors and hospitals to take care of maternity cases alone, with 200-plus babies born each month.

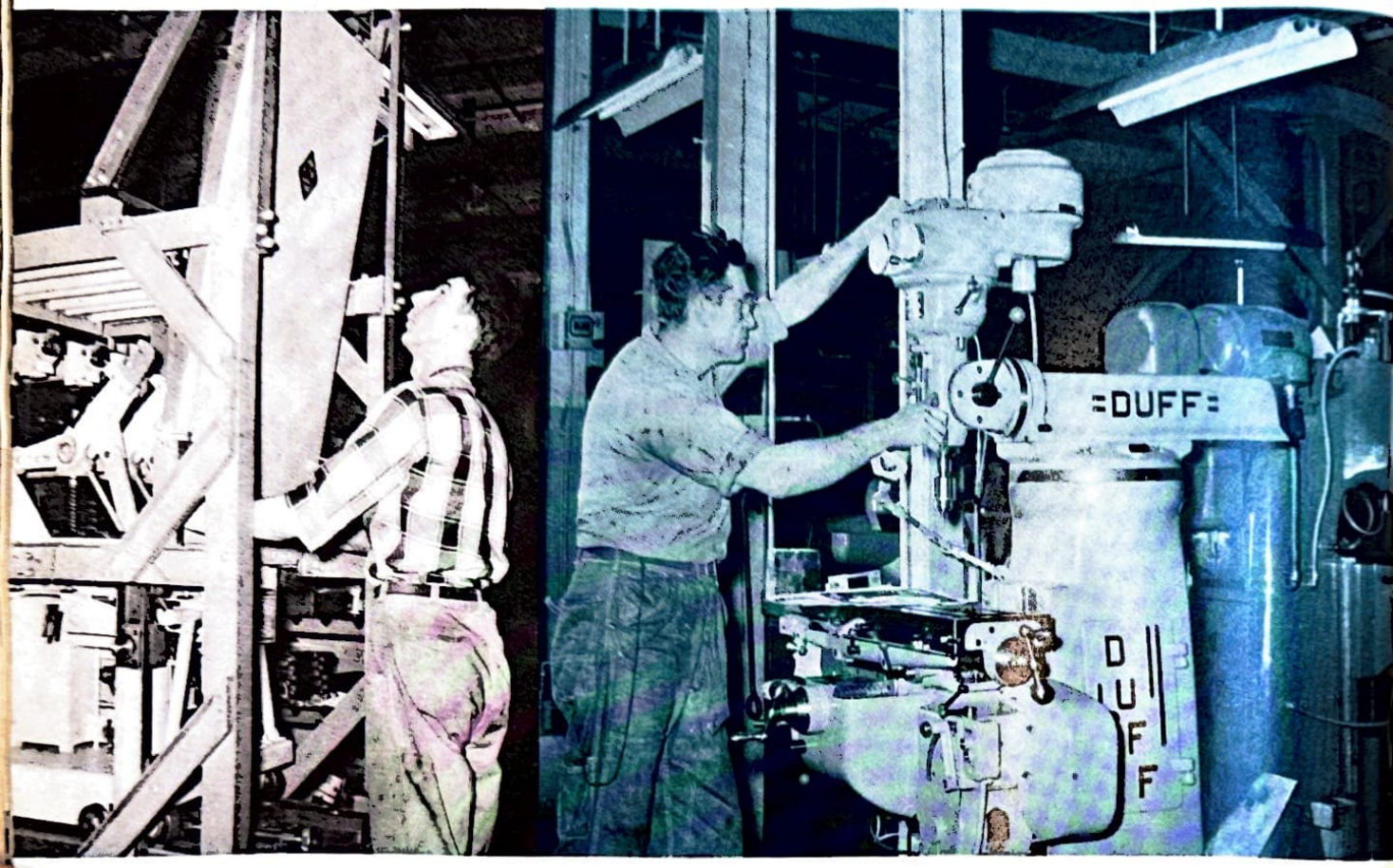
You'd have a community-minded city whose people supported fund-raising drives and took part in civic, school and church activities.

Your "A-C City" would represent many races and religions, with young couples just starting out and older folks looking forward to retirement. You'd have steady employes — 47 per cent of A-C's people have been with the company at least 10 years and nearly a third of that group has passed the 20-year service mark.

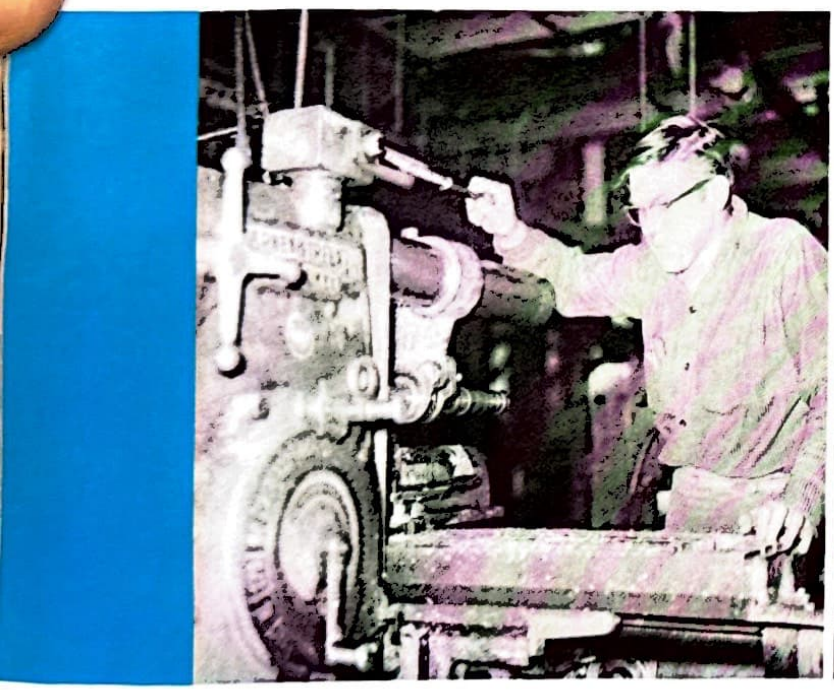
It adds up to a community of growing A-C families, where the payroll supports and promotes the health and welfare of all.

Tagged on delivery

New vertical milling machine, being checked out by Vincent Magno, maintenance machinist, will be given a Boston Works tool number when it is ready for operation.



At Boston Works, Ben Tocchio uses circuit breaker cubicle (Tool No. 30753) to check the alignment of MC-500 breaker before shipment.



Machinist Ralph Watkins, Boston Works, turns out circuit breaker components on milling machine bearing Tool No. 1410, purchased by A-C in 1948.

Hydraulic test stand is used by Tester Alain Chartier to maintain quality check on pumps and valves used in *Pneu-Draulic* operated circuit breakers built at Boston Works. Test stand is Tool No. 1968.

Most of us have seen the small numbers used to identify machines and equipment at Allis-Chalmers. They are used by the people who keep records on the equipment and tools owned by the company.

One reason for these numbers is the matter of keeping an inventory on tools and furniture. Another is for the purpose of figuring depreciation.

And what is depreciation? Simply a practice of writing off the cost of an investment over a period of years. And the word depreciation is used in the company's annual report to cover the sum required to keep facilities and equipment up to date. Last year this amounted to $9,050,614.

Allis-Chalmers capital expenditures for facilities and tools have been a continuing investment over the years. But there can be some upsetting factors in a machine tool replacement program.

For example, a tool was purchased for Springfield Works in 1945 at a cost of $24,500. Under federal tax laws, the company could write off the cost at a rate of so much per year for 12 years. When replacement time came for this machine tool, A-C had put aside $24,500 for a new machine.

But, in 12 years, costs had risen to the point where the replacement would cost $85,500. The difference, or $61,000, had to come out of profits. In order to make $61,000 in profits in 1956, A-C had to earn more than $127,800 before taxes. And to show $127,800 in earnings, the company had to sell $1,600,000 worth of goods to customers. So it took $1.6 million in sales to replace one tool at one A-C plant.

Money for capital expenditures is sometimes called "seed money," since it provides for future growth. And the tags on machine tools are a constant reminder of a continuing modernization and expansion program at Allis-Chalmers.

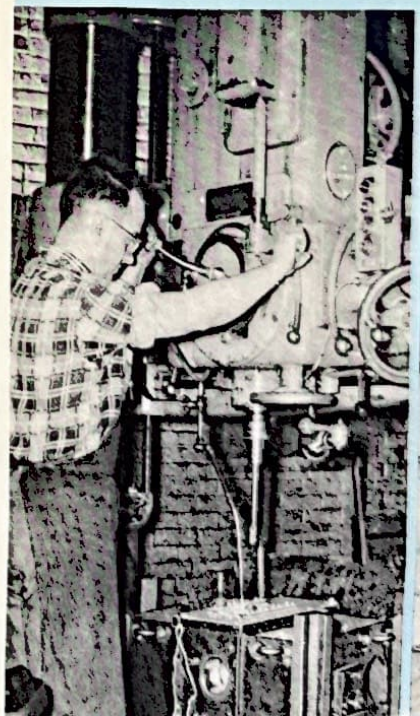
Good tools and facilities are essential for skilled workers to produce quality products. And a well-planned program of capital investment and adequate depreciation is a vital part of the company's future.

Boston Works purchasing department office scene shows desks, typewriters, files, etc., which also have tool numbers for inventory purposes. Mrs. Anna Bain (left) and Carolyn Flannery are purchasing department employes.

Boston Works tool design group gets down to cases with a new fixture which will be used to position a new part resulting from a design change. Left to right are Francis Zinke; Daniel Capulli; John Korey, chief inspector; Edwin Woodsome, tool designer, and Joseph Palombo, foreman.

Two machine tool numbers play a part in this operation being performed by Rudolf Ziegler at Boston Works. Radial drill (Tool No. 1841) makes a cut in work held in place by fixture bearing Tool No. 30604.

In small breaker assembly area at Boston Works, Bill Mason (right) uses an air wrench, while Orlando Vittorini wields a hammer. Small hand tools like these do not have tool numbers.



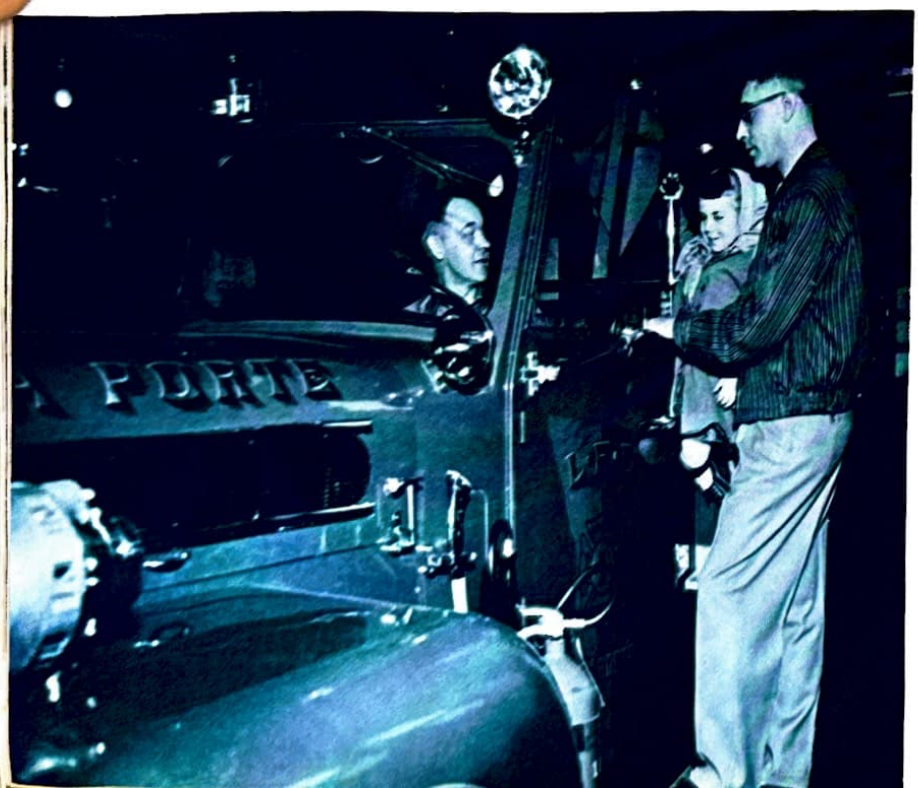
In the children's corner of the LaPorte Public Library, Renee Duvall enjoys a book with her mother, Patricia. Library is a city facility supported in part by the taxes paid by Allis-Chalmers and its employes in LaPorte.

One of three new squad cars bought by LaPorte County Sheriff's Department with tax funds paid in 1957. Looking it over are George Leliter, LaPorte Works truck driver, his wife, Marianna, and their son, Stephen, age 7. Tax money also provided the department's new uniforms, such as the one worn by Deputy Sheriff Harry Moore in this photo.

New highway construction, such as stretch of Chicago's Calumet Expres near Harvey Works, takes a big bite of state and federal taxes paid by in try and individuals.

Ross Duvall (right), LaPorte Works inspector, and his daughter, Renee, enjoy a visit with LaPorte Fire Department Captain Bill Kalsow. They're looking at the department's 15-ton, 85-ft aerial ladder truck, which cost roughly $35,000 when new.

Roads, rockets an



A major item in a company's budget (or for that matter, in your own budget) is the one marked TAXES. The subject of taxes has been jibed at by humorists, expounded upon by economists and wailed about by private citizens for centuries.

No one, it seems, wants to eliminate taxes entirely, but everyone wants lower taxes or more for the tax dollar.

Last year, A-C paid $28,489,381 in local, state and federal taxes. This figure does not include the taxes paid by A-C employes, nor the hundreds of indirect taxes paid by both employer and employe.

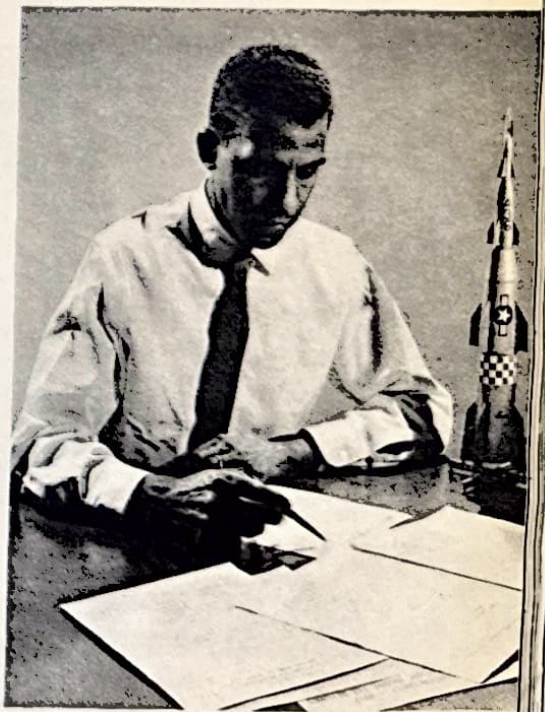
Just where does this tax money go, and what is it used for?

Starting with local taxes, the money paid in to the community by A-C and other industries helps provide local schools, police and fire protection, recre-

Mrs. Duvall greets her daughters, Joyce, 8, and Kathleen, 7, as they leave Center Township school, just outside city of LaPorte.

ecreation

Four-stage rocket casts its shadow over the personal income tax forms being prepared by Fred Knox, West Allis Works payroll clerk. Missile program and other defense spending represent the biggest single item in federal income and corporation taxes.



ation and park facilities, water, sewage and sanitation systems and other services of local government. In effect, industrial tax money, like private tax money, helps provide a community for people to live in, a town in which they can enjoy the benefits of municipal services.

State taxes, paid by industry or individuals, are used to provide better highways, schools, parks, etc., for the residents of the state, in addition to paying for the facilities and manpower required to run the state government.

And federal taxes do the same thing on a larger scale. The federal taxes paid by Allis-Chalmers in 1957 were more than enough to pay the combined salaries of the President of the United States, his cabinet, the vice president, the Supreme Court, the Senate and the House of Representatives — several times over.

Federal taxes also provide the missiles and manpower for national defense, in addition to the dollars for foreign aid, highway construction, flood control and other national and international projects.

In spite of the fact that almost everyone feels his taxes are too high, many people are uncertain as to what they can do about it. While we can not act directly to lower our taxes, we can — and should — make sure we are getting the most for our tax dollar. This calls for careful selection of the officials who administer the income of government. After they are elected, we can keep in touch with them — in person or by letter—to get up-to-date information about the way these various governments are spending our tax money.

Street scene in Pocatello, Idaho, as pedestrians stop to read about Allis-Chalmers, its products and its markets.

Representing A-C, coast to coast

Exhibits which demonstrate and help sell A-C products have been used for years — at trade shows, conventions, state and county fairs and other places where the company's customers are found in large numbers.

More recently, another type of exhibit has been used. It doesn't sell A-C products, but it informs people about Allis-Chalmers. The exhibit is being used at investment houses and stock brokerage offices throughout the United States to help potential investors become better acquainted with the company, its products and the markets it serves.

There are six displays now in use, all in western cities. They have appeared in eastern and midwestern cities over the past 20 months. The displays are set up at street level, utilizing the entire window space for about one month in each location, so that passersby may observe the display as well as those who may be entering the broker's office.

Naturally, the displays show the variety of products which bear the A-C trademark and the many markets served by the company. Representatives of local Industries sales offices or Tractor branches are sometimes asked to work with the brokerage firm to supply information about the company.

When a person invests in shares of stock, he wants to know as much as possible about the company whose stock he plans to buy. In a rural area, an investor would be familiar with A-C farm machinery and possibly unaware of the company's electrical and heavy industrial equipment. On the other hand, an electric utility employe might know about A-C transformers and turbines without realizing the extent of the company's participation in the construction machinery and farm equipment fields.

There is an increasing amount of activity in Allis-Chalmers common stock. At the end of the year, A-C had 56,071 common and 655 preferred shareholders who had received 1957 dividends of $16,840,361, or 3.1¢ per dollar of income. The 56,071 total is a substantial increase over the figure of 47,449 in 1956 and 40,222 the year before. By March, 1958, when proxies for the annual meeting were being mailed, the number of A-C common shareholders had increased to 57,500.

At this time, A-C common stock is held by approximately 23,300 women, 20,600 men and 9200 joint accounts. The remainder is divided among fiduciaries, brokers, dealers, nominees, institutions such as hospitals and colleges, and others.

The average A-C shareholder owned 143 shares at the end of the year, even though large collective accounts, of which there are many, are counted as only one shareholder. There are 38,000 shareholders who own 100 or fewer shares of A-C stock.

Do the brokerage house displays contribute to the broad base of A-C stock ownership? It would be difficult to say how much, but it is a certainty that the travelling displays have helped many people become familiar with Allis-Chalmers.

O. E. Lieberg (right), recently named manager of Pocatello Farm Equipment Branch office, talks about Allis-Chalmers with H. S. Powell, manager of J. A. Hogle & Company's Pocatello office. Display (background) is routed to stock brokers' offices to tell the A-C story to prospective investors.

Special tooling was installed during the year to speed new products. Here are Roy Steffan and Gordon Collard, millwrights, installing a new machine in the West Allis Works tractor shops.

Building for tomorrow

Over the past 10 years, A-C has put more than $95 million back into the business out of annual profits. This amount, called "reinvested earnings," has gone into better facilities, improved machine tools and expanded research and development programs.

The money has accomplished many things. For example, it gave A-C farm equipment dealers two new model tractors to offer their customers in 1957. It gave steam turbine engineers improved test facilities for bigger and better units to generate electric power. It gave mining customers the processes and machinery to use grades of iron ore once considered impossible to handle at a profit.

Earnings reinvested in the company have helped make more sales to a greater number of customers. For example, according to the United States Department of Agriculture, electric power for the farm costs one-third less today than it did in the late 1930's. A-C had a hand in this, through its development of more efficient electrical equipment to give utility customers more per dollar.

To take another example, farm labor prices have risen twice as fast as farm equipment prices since 1940. Also, while farm equipment wholesale prices have gone up only 37.8 per cent above the average of 1947-1949, A-C's average hourly labor costs have increased by 87 per cent and the price of the type of steel used in making farm tractors has gone up 70 per cent.

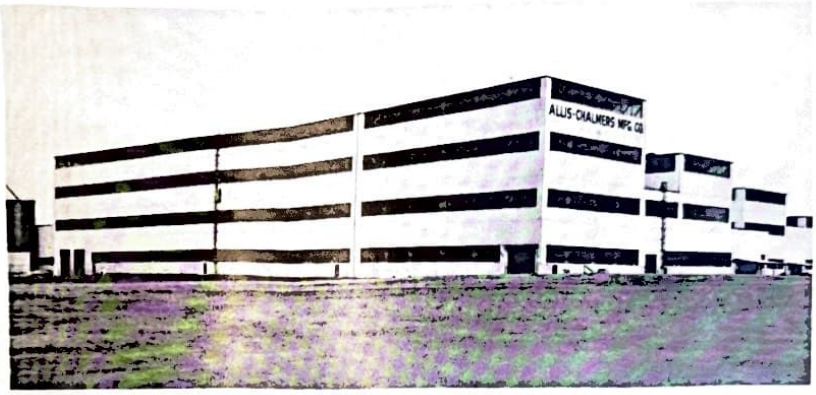
The overall effect is a vast increase in the usage of electricity and tractors on today's farms. Where there was an average of one tractor for every five or six farms 25 years ago, today we find an average of one tractor per farm — and the horse as a beast of burden is pretty much a thing of the past.

More than 95 per cent of today's farms have electricity — not confined to lighting, but providing the power for motors, coolers, heating equipment and other servants which have helped lighten the farmer's load.

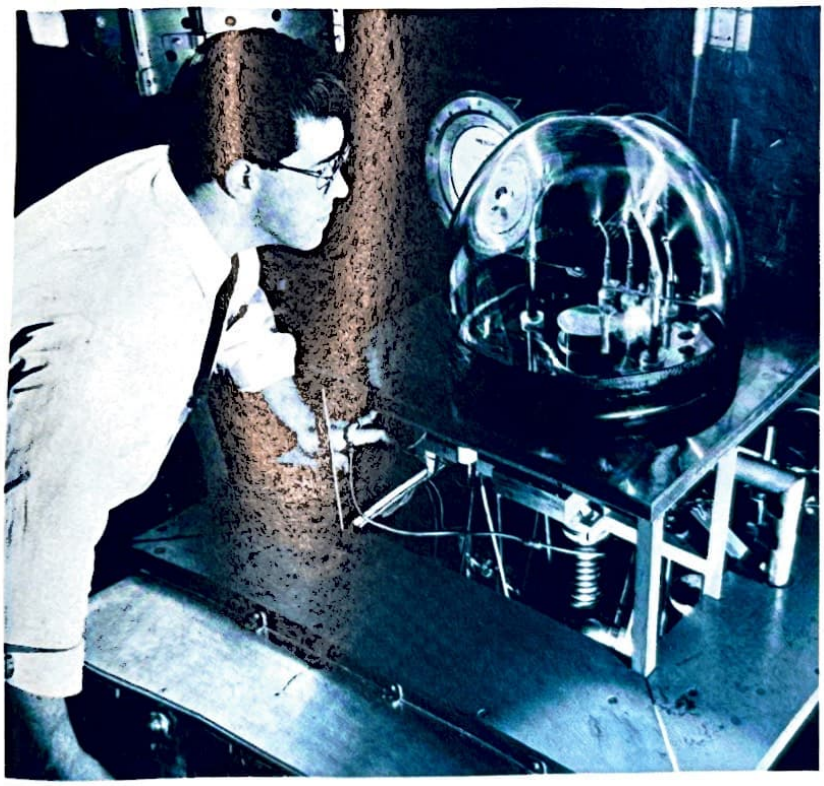
Obviously, A-C has played a part in making better products available for mechanization and electrification on the farm. And this has meant more customers for A-C products and more jobs for A-C people.

When you include some of the other markets the company serves, you get a good idea of the reason why A-C reinvests a substantial portion of its earnings to provide the tooling, facilities and research to make its products better. The money invested today insures the sales — and the jobs — for tomorrow.

This large addition to Terre Haute Works is A-C's newest transformer manufacturing center.



This basic research experiment in the electrical discharge of gases aids in the search for new and better products. Physicist John Britt is conducting the experiment in the central research laboratories, West Allis Works.



a-c scope

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Working on the Model C-Stellarator Project in a laboratory at the James Forrestal Research Center at Princeton University are (foreground) Dr. Lyman Spitzer, Jr., director of Project Matterhorn and head of the Astronomy Department of the University, and (left to right) Leonard J. Linde, Allis-Chalmers, Project manager; Dr. Melvin Gottleib, associate director, Project Matterhorn; and Edward W. Herold, Radio Corporation of America, associate project manager. A-C and RCA were selected by Princeton and the Atomic Energy Commission to design, fabricate, install and test a facility for advanced research into controlled thermonuclear reactions.

ALLIS-CHALMERS INTERNATIONAL
POWER EQUIPMENT DIVISION
ENGINE-MATERIAL HANDLING DIVISION
INDUSTRIAL EQUIPMENT DIVISION
FARM EQUIPMENT DIVISION
GENERAL PRODUCTS DIVISION
CONSTRUCTION MACHINERY DIVISION
NUCLEAR POWER DIVISION

Litho in U.S.A.