

# 1950-1952 ANNUAL REPORT of the INDUSTRIAL NUCLEONICS CORPORATION

[NOTE: This 1950-1952 annual report was the first annual report issued to the public by Industrial Nucleonics. The historic report was scanned and word processed from the original typed report that is displayed after page 6. Rev 4/25/2020]

To Our Stockholders:

On May 12, 1950, the Industrial Nucleonics Corporation was incorporated in the State of Ohio. On July 26, 1950, the preliminary organization and financing of the company were completed, and work was begun on the design of the company's first product, the AccuRay Beta Gauge. During the next nine months a very intensive development program was carried on by a select group of engineers and physicists who had been assembled from the nucleonic and electronics industries in this country. By May, 1951, this group, which then numbered twenty - seven, had completed the design of our first product.

In June, 1951, our first AccuRay Beta Gauge was installed in one of the large rubber companies to control the amount of rubber used in the making of tires. By use of our gauge it is possible to produce a higher quality tire and reduce the amount of rubber applied, thereby effecting a substantial savings. During the last six months of 1951 every major rubber company in the country purchased our equipment to control the production of tires.

In addition, our equipment has been successfully applied in the paper, steel, plastics, abrasives, carbon paper, and tape industries. In all of these cases, better control has resulted in a more uniform product and large dollar savings. One plastics manufacturer has reported that his cost accounting figures show that he is saving \$360, 000 a year with our equipment. Another company uses five of our AccuRay Beta Gauges to control the production of abrasives products. This customer states that the gauges will pay for themselves in a few months.

Our files contain many more case studies on the use of the AccuRay Beta Gauge which show quality improvement in products, saving of large amounts of raw materials, reduction of rejected materials, better utilization of machine time, and reduction of labor costs. However, the most encouraging factor is the number of repeat orders which are received from customers.

At present the company is represented by twelve sales and applications engineers who cover the sixteen states north of the Ohio and east of the Mississippi Rivers. Additional sales and applications engineers are being added to provide our customers and prospective customers with unparalleled sales and engineering services, The better acquainted our representatives

are with the customers' processes and problems, the better equipped the company is to supply the proper equipment and service. This results in a mutually profitable relationship between Industrial Nucleonics and its customers.

Feature stories about the company and its products have appeared in Business Week, the Wall Street Journal, the New York Times, the New York Journal of Commerce and Industry, and many other business publications. In addition, feature stories have appeared in numerous trade magazines and newspapers from Boston to Los Angeles. Most of these stories were publicity releases from our customers, and the advertising value of these testimonials cannot be estimated. Many of our sales have resulted from this publicity. As the result of our many successful installations and our publicity, the Industrial Nucleonics Corporation is recognized as "the company to contact if you need a Beta Gauge."

In the past twelve months the personnel of the company has increased to one hundred forty, of which seventy are engineers and other professional personnel. The company has expanded from one 5,000-square-foot building which was occupied in October, 1950, to an additional building next door and an additional building across the street. The addition of these two new buildings, which are leased by Industrial Nucleonics, brings the total floor space to 20,000 square feet.

Our electronics and mechanical production departments have been set up to produce a quality product with the utmost in efficiency. It has been necessary to expand these departments continuously to keep up with the demand for gauges.

The research and engineering department, which has expanded considerably, has been responsible for many improvements which have been added to our equipment to increase its utility to the customer. In addition, the department has successfully carried out contracts for the U. S. Army Signal Corps and the U. S. Atomic Energy Commission.

No discussion of the company's achievements would be complete without mentioning its greatest asset - its team of personnel. In the short space of two years the company has assembled one of the most competent group of administrators, engineers, physicists, sales personnel, and technicians in American industry today. Most of the personnel are under forty, but what they lack in experience is more than compensated for by their intelligence, innate ability, enthusiasm, drive, and hard work. Although there is no overtime compensation for those on the professional level, overtime work is the rule rather than the exception among these individuals. Oftentimes it is difficult to find a place to park nearby at 10:00 p.m. because of the number of personnel at work. Of the seventy

professional personnel, at least fifty were in the upper third of their college graduating classes.

The question is often asked how such an exceptional group of personnel could be assembled and assimilated in two years. The answer is simple. The potentialities of the Beta Gauge and the nucleonics industry have attracted many ambitious persons who want to get in on the ground floor of the industry which will some day be America's largest. Ambition and competence generally go hand in hand. The company, therefore, has had the opportunity of selecting only outstanding personnel.

The extremely high esprit de corps of the organization is the subject of much favorable comment by people who come into contact with the company. Each person is made to feel that he is on a team and that his effort is extremely essential to the success of the team. Occasional meetings are held with all the employees to discuss the company's progress and to stress the importance of the team effort.

A year ago Industrial Nucleonics had not sold its first gauge: today it is recognized as the leading manufacturer of industrial measurement and control equipment utilizing nuclear energy. It would seem difficult to match this rate of progress in the next few years, but it is believed that an even greater rate of progress can be attained. This belief is based upon the following factors:

**FIRST:** The market for the present AccuRay Beta Gauge has hardly been tapped, Entire industries and thousands of plants have not been contacted. The rate of new inquiries exceeds the number of new calls that our sales engineers can make,

**SECOND:** The AccuRay Beta Gauge is just one of a large family of gauges which are needed by industry. When these new gauges are made available to industry, sales will show a sharp increase. The ultimate potential for nuclear controls and gauges for all types of applications is practically unlimited.

**THIRD:** The company recently completed the installation of the first successful automatic control of a rubber calender. This opens up the entire field of automatic control of processes in American industry. Before the introduction of the accurate, reliable sensing element, the AccuRay Beta Gauge, automatic control could not be relied upon for process control. A tremendous amount of interest is being expressed, and to fulfill this demand, Industrial Nucleonics' engineering and production staffs are working at an accelerated pace.

FOURTH: Recently a radiochemistry division was established in the company to explore other industrial and commercial uses of radio-chemistry. Some of those possible applications are: sterilization of foods and drugs, inspection of materials for internal flaws by the use of radiography production of phosphorescent paints that glow in the dark, elimination of static electricity in printing processes, control of chemical processes, control of flame propagation, and eventually even atomic power. Not all of these applications will be developed over night, but much thought and effort are being expended upon their development. Industrial Nucleonics can and will be one of the leaders in this new field.

FIFTH: The horizons of nuclear energy are unlimited. Every American industry and every American life will be tremendously affected by the use of nuclear energy in the coming years. The nucleonics industry will be America's largest, and the pioneers in the industry will be in the best position to take advantage of its opportunities,

SIXTH: The Industrial Nucleonics Corporation team of personnel is composed of many of the best executive and professional personnel in this or any other industry. By the continuous application of the scientific process to management and technical problems, Industrial Nucleonics can expand and become one of America's largest and most progressive companies.

During the first year of research and development, no sales were made, and the company lost \$52,105.65. While the final audited figures for the second fiscal year, which ended April 30, 1952, are not yet available from our auditors, Arthur Andersen & Company, an estimate of the company's operation is as follows:

(All figures are approximate)

Sales for Second Year     \$641,000

Net Profit Before Taxes   \$102,000

Net Profit After Taxes     \$80,000

Earnings Per Share         \$90

The company's growth has been reflected in sales and profits as well as personnel and prestige.

However, to take advantage of the large potential for AccuRay Beta Gauges, to develop and manufacture new types of gauging equipment, and to enter into the development of other phases of the nucleonics industry, it is recommended that the capitalization of the company be increased.

This additional money is to be utilized to increase the working capital of the company, to purchase additional machinery and equipment, and to finance additional engineering and research on the items which have been previously mentioned.

It is proposed that \$500,000 be raised by the selling of an amount of common stock for \$150,000 which is equal to approximately 10% of the current outstanding stock and the selling of \$350,000 face value of 4% debentures due on June 1, 1962.

The authorized capitalization of the company is to be changed from 2,000 shares of \$1.00 par value to 125,000 shares of \$0.10 par value. Each of the 890 currently issued and outstanding shares of \$1.00 par value common stock is to be exchanged for 100 shares of the new \$0.10 par value common stock. Thus, 89,000 of the newly authorized 125,000 shares of stock will be held by the current stockholders on the same equity basis as at present. Then, an additional 10,00 shares of new stock are to be sold for \$15.00 a share, netting the company \$15,000 and increasing the outstanding common stock from 89,000 to 99,000 shares. There are no plans for the sale or distribution of the other 26,000 authorized shares.

The sale of these new securities will be in package units similar to the initial sale of securities. Each unit will sell for \$5,000, consisting of 100 shares of stock at \$15.00 a share and \$3,500 face value of 4%, ten-year debentures. To permit the company to sell these securities in these units, it is requested that you sign the enclosed, "waiver of pre-emptive rights." Of course, the company will be glad to sell the above package units of stock and debentures to existing stockholders.

A more detailed description of this proposed transaction is contained in the enclosed "Notice of Postponed Annual Meeting and Special Meeting of Stockholders."

The annual meeting was not held on the date normally provided for it since the proposed financial plan was not completed at that time. It was thought desirable, therefore, to save the expense to the shareholders and the Corporation of having two meetings so close together and to take up the business usually transacted at the annual meeting and the special business both at the special meeting, notice of which is enclosed.

The accompanying form of proxy has been prepared by direction of the Board of Directors of the Corporation. If you do not expect to be present in person at the Annual Meeting of Stockholders of Industrial Nucleonics Corporation on June 27, 1952, and wish your stock voted upon the business to be transacted thereat, please sign and date the

accompanying form of proxy and return it in the self-addressed envelope which is enclosed for your convenience.

The proxy is revocable by you at any time before the exercise thereof, and the giving of such proxy will not affect your right to vote in person, should it later be found convenient for you to attend the meeting.

This additional financing will enable the Corporation to continue its rapid growth and to maintain its present position as leader in the field of industrial applications of nuclear energy.

I wish to take this opportunity to thank our stockholders for their confidence and trust in the Industrial Nucleonics Corporation and for the assistance which you have contributed to the company in the last two years. We at Industrial Nucleonics shall do everything in our power to live up to this confidence and to make Industrial Nucleonics the leading company in the nucleonics field.

A handwritten signature in cursive script, reading "Wilbur P. Chope".

President

Columbus, Ohio

June 17, 1952

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June 17, 1952