

of the characteristics of our current production formulae. Certain fundamentals of this problem have been assigned to our Mahwah Laboratory and we hope that during 1949 we will be able to achieve the improvements.

Our position is improving in the heavy-duty truck and bus field, wherein thick blocks are used as a friction material. Such accounts as General Motors Truck & Coach, Mack Manufacturing, Timken-Detroit Axle, Eaton Manufacturing, Clark Equipment and Shuler Axle are progressively giving us a bigger percentage of their business. We had hoped during the year to substitute a cheaper dry-mix formula for the wet-mix formula in all thick block production. However, we found this formula not heat resistant enough when introduced to the field and we had to backtrack on this plan. Currently, both formulae are in production because some customers prefer the dry-mix formula.

It might be noted that our position in the aircraft industry is improving. Our materials are used as original equipment on the Bendix disc-type brake, manufactured by the Bendix Aviation Corporation. The Bendix aircraft brakes are used on B-36 bombers and Constellation type airliners, as well as other types of commercial aircraft. In this connection, the engineering department of Bendix has requested an improvement in the heat resistance of our material.

During the year we raised prices to original equipment manufacturers 13.5%. We experienced considerable resistance from our customers in raising these prices.

REPLACEMENT SALES

	<u>Sales to N.A.P.A.</u>		<u>Increase or Decrease</u>	<u>Per- cent</u>
	<u>1948</u>	<u>1947</u>		
Brake Lining	\$2,576,662	\$1,728,074	✓ \$848,588	✓ 49%
Purchased Clutch Facings	38,995	80,027	- 41,032	- 51%
Purchased Woven Lining	63,268	69,522	- 6,254	- 9%
Purchased Belts & Hose	796,217	826,752	- 30,535	- 4%
Misc. (Bolts, Rivets, etc.)	<u>57,814</u>	<u>39,389</u>	✓ <u>18,425</u>	✓ <u>47%</u>
Total	<u>\$3,532,956</u> ✓	<u>\$2,743,764</u>	✓ <u>\$789,192</u>	✓ <u>29%</u>

Sales of brake lining of our manufacture to N.A.P.A. in 1948 quite closely paralleled the demand for our products placed upon them by the jobber and the dealer. To a slight degree in the early part of 1948, we still labored under some of the same conditions which prevailed in 1947, wherein excess and out-of-balance inventories prevailed on certain items and with certain customers. It is felt that this situation completely corrected itself during 1948. The large new-car production in 1948 affected the replacement sales demand to a certain extent as new cars made available to the driving public did not need relining during the year.