before the Commission will not be completed for several months.

It is the company's position, based on the advice of counsel, that the merger did not violate the anti-trust laws. Accordingly, we shall continue to resist the divestiture by all legal means available, including an appeal to the courts should that become advisable.

EMPLOYEE RELATIONS

Through the years, Abex has been fortunate in attracting and retaining well qualified and loyal employees in all areas of the company. Employee relations and labor practices give consideration to the company's responsibility to its people. This policy has resulted generally in good employee relations and a relatively small number of serious labor disputes.

During 1965 negotiations were successfully concluded in 17 plants where labor contracts expired. There was, however, a 14-week strike, involving 350 employees, at the Electro-Alloys Division plant in Elyria, Ohio. This lengthy shutdown was caused primarily by an attempt of the union officials to encroach upon management's rights to arrange production schedules and work assignments. A satisfactory settlement which did not impair the company's management rights was reached.

Abex employee benefit programs compare favorably with the best in industry and, in most instances, are provided at no cost to employees.

Virtually all of the employees in the United States and Canada are covered by an insurance program which includes life, accident, disability and comprehensive medical and hospital coverage. These employees are also members of the retirement plan which was established in 1940. At the end of the year, 1,510 retired employees or their beneficiaries were receiving pensions from the plan.

In addition to benefit plans, the company has an extensive medical program for United States and Canadian employees. All newly hired employees are given a pre-placement physical examination to determine each individual's physical capability to perform assigned tasks. Periodic physicals also are given all employees on a voluntary basis, assisting them to maintain good health.

Through the medium of the American Brake Shoe Foundation, the company conducts a matching gifts plan as part of its aid-to-education program.

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