Distribution of the Income Dollar

1960	1961	1962	1963	1964		1964 in thousands
35.3¢	36.4¢	37.4¢	39.2¢	36.8¢	Wages, Salaries, and Other Benefits	$ 88,968
32.4	31.7	30.7	30.0	31.1	Production Materials	75,224
18.6	18.5	17.8	17.7	16.0	Supplies and Expenses	43,549
4.6	4.6	4.5	4.5	4.3	Depreciation and Amortization of Intangibles	10,423
1.4	1.4	1.1	1.1	1.1	Property, Excise, and Miscellaneous Taxes	2,656
.4	.5	.6	.6	.6	Interest on Borrowed Money	1,459
3.8	3.6	4.3	3.4	4.1	Taxes on Income	9,900
2.4	2.4	2.0	2.1	1.9	Cash Dividends	4,642
1.1	.9	1.6	1.4	2.1	Reinvested in The Business	5,120
100.0¢	100.0¢	100.0¢	100.0¢	100.0¢		$241,941

substantially higher speeds, pressures and temperatures than existing pumps. Different materials in combination with design innovations make this, in effect, the first of a new generation of pumps, and its initial use is on the F-111 aircraft.

A new servovalve, designed and placed in pilot production last year, has excellent potential for both aerospace and industrial application. A considerable number of components and systems were also successfully developed for specific aircraft or missiles.

EMPLOYEE RELATIONS

The number of employees increased to approximately 13,500 from 12,900 in the preceding year. Employees in the United States totaled 9,900, in Canada 1,800 and our international operations employed 1,800 people in Europe and Mexico. The average annual compensation per employee was the highest in the history of the company.

A major work stoppage, which lasted twenty-eight weeks, occurred at the tire mold plant in Athens, Ohio, and involved approximately 300 hourly employees. The principal areas of disagreement involved the company's right to arrange production schedules and work assignments—in short, the right to manage the plant efficiently. A settlement reached in October retained these management rights for the company.

This was a costly strike for the employees, the community and the company. The employees lost more than six months' wages and the community lost the input of the plant payroll to its economy. The company lost six months' production and sales plus the time and effort required to return the plant to its former level of production. Despite the cost, it was vital for us to retain essential management rights while maintaining our policy of fair treatment to employees and bargaining in good faith.

With the exception of the Athens plant strike, there were no work stoppages of lengthy duration and relations with employees and unions remained satisfactory.

In April, Mr. Dunn, chairman, met with President Lyndon B. Johnson and a group of other industry leaders in Washington to pledge the company's support for the President's "Plan for Progress", which is a program designed to stimulate voluntary action to create in the na-