PLAINTIFF'S EXHIBIT

BX-467

The Bendix Corporation Annual Report 1969

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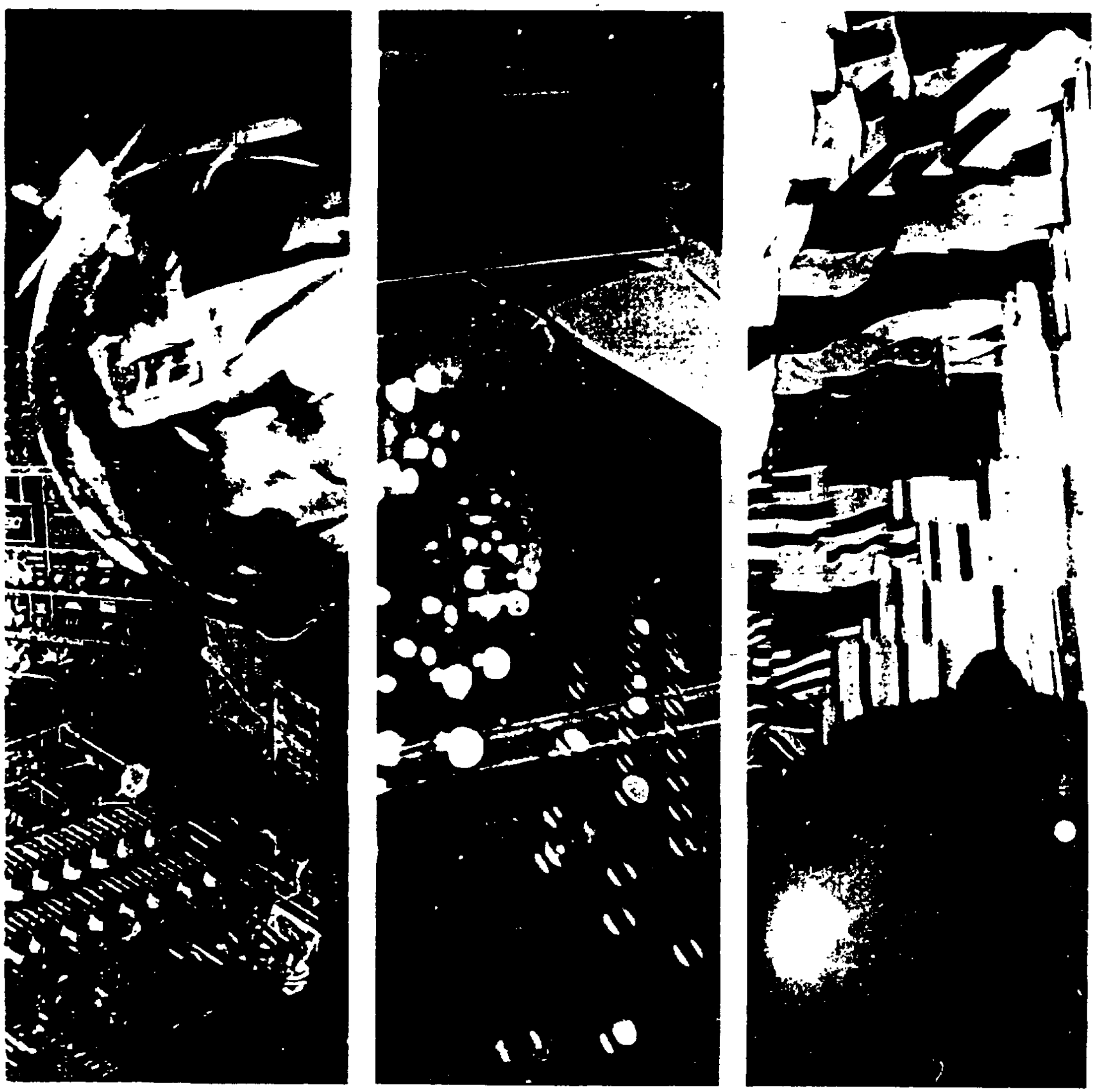

Bendix

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Table of Contents

Financial Highlights

FISCAL YEARS ENDED SEPTEMBER 30	1969	1968 Restated for Poolings of Interests	1968 As Previously Reported
Our Net Sales, Royalties and Other Operating Income, were	$1,467,917,000	$1,430,191,000	$1,388,691,000
We Earned	50,766,000*	43,949,000	43,801,000
Per Share of Common Stock after Preferred Stock dividend requirements	3.71*	3.19	3.30
No. Common Shares Outstanding September 30	12,493,214	12,356,740	12,232,740
Dividends per Share on Common Stock	1.60	1.40	1.40
Stockholders' Equity at September 30	495,758,000	459,557,000	444,600,000
Per Share of Common Stock	32.25**	29.68**	30.79**
We paid Our Employees in Wages and Salaries	611,474,000	588,499,000	574,671,000
Unfilled Orders September 30 (Including Engineering Projects)	611,000,000	731,000,000	695,000,000

*Exclusive of $5,416,000 extraordinary income (net of taxes) equal to $0.44 per common share.
**After allowing for Preferred stock at liquidating value of $60 per share, or $92,861,520 in 1969 and 1968 restated, and $67,927,620 in 1968 as reported

SALES BY MAJOR CLASSIFICATIONS	1969		1968 Restated for Poolings of Interests		1968 As Previously Reported	
COMMERCIAL—INDUSTRIAL						
Automotive	$ 390,662,000	27%	$ 330,790,000	23%	$ 330,790,000	24%
Automation—Scientific	170,295,000	12	147,173,000	10	105,674,000	8
Aviation	116,229,000	8	113,201,000	8	113,201,000	8
Electronics†	22,325,000	1	20,910,000	2	20,910,000	2
Oceanics	4,886,000	—	5,166,000	—	5,166,000	—
Miscellaneous	90,697,000	6	80,027,000	6	80,027,000	6
TOTAL*	$ 795,094,000	54%	$ 697,267,000	49%	$ 655,768,000	48%
GOVERNMENT						
Aviation	$ 338,547,000	23%	$ 351,021,000	25%	$ 351,021,000	26%
Space	176,910,000	12	196,305,000	14	196,305,000	14
Missile	50,850,000	4	58,626,000	4	58,628,000	4
Electronics†	45,489,000	3	46,726,000	3	46,726,000	3
Oceanics	22,735,000	2	35,014,000	3	35,014,000	3
Automation—Scientific	4,628,000	—	3,176,000	—	3,176,000	—
Miscellaneous	22,677,000	2	30,424,000	2	30,424,000	2
TOTAL*	$ 661,836,000	46%	$ 721,294,000	51%	$ 721,294,000	52%
GRAND TOTAL*	$1,456,930,000	100%	$1,418,561,000	100%	$1,377,062,000	100%

*Excludes royalties and other operating income.
†Not included in other classifications.

Chairman's Letter to the Stockholders

A. P. FONTAINE
Chairman and President
and Chief Executive Officer

The 1969 fiscal year marked the fortieth anniversary of the formation of The Bendix Corporation.

The year's performance indicates that at forty the Corporation is in robust health and like many individuals at that age is entering a period of peak productivity and mature development.

Sales and earnings during the year established new records for the Corporation. More important to you as a shareholder and to us in management our earnings per share also reached an all-time high.

Our consolidated revenues totaled $1,468,000,000, an increase of 5.7 percent over the $1,389,000,000 reported last year.

Net income was $50,766,000 or $3.71 per share in 1969, compared to $43,801,000 or $3.30 per share reported in 1968.

In addition, the Corporation recorded extraordinary income of $5,416,000 or 44 cents per share resulting from the sale of stock in Computing Devices of Canada, Ltd.

Much of this earnings improvement resulted from the success we have achieved in expanding our role in commercial and industrial markets. In the fiscal year, our sales to commercial markets exceeded our government sales by a proportion of 54 percent to 46 percent.

In view of the substantial reductions in government procurement of the type of products and services we supply, our commercial markets played a major role in the year's healthy performance.

This reduction in government spending which became especially significant in the last quarter of the year, shows the importance of our decision to continually increase the commercial portion of our business. At the same time, we are intensifying our efforts to select government business that will produce satisfactory profit levels and will continue to enhance our technological and scientific capability.

Our growth by any standard during the past decade is impressive. Less impressive, but perhaps more meaningful in its effect on our future, is the change that has been accomplished in *the character of your Corporation.* As we entered the 1960's the 32 divisions and 50,000 employees of The Bendix Aviation Corporation were principally engaged in supplying military systems and equipment. Products for military airplanes alone made up almost half of the Corporation's total revenue.

Recognizing the vital necessity to broaden the base of our business so as to be less dependent on the government sector, we intensified our efforts to expand in other commercial and industrial markets. To provide direction for this effort, in 1965 we established new goals and objectives for the Corporation which not only described the character of the company that we wished to become, but also traced in some detail the steps we would take to accomplish this purpose.

Since 1965 we have reviewed and revised these growth plans annually, steadily raising our sights as we reached or exceeded our targets. It is evident that this effort has borne fruit and that the future looks increasingly promising.

Nowhere does the changed character of our Corporation become more apparent than in a comparison of the management organization of today with that of 1959. The Bendix management organization in 1959 included five group executives who held the operating responsibility for all domestic operations. The divisional groupings were established generally on a geographical basis.

Through a planned regrouping of divisions and reassignment of executives each of the Corporation's groups and subgroups is now composed of divisions and subsidiaries which employ similar technologies and operate in similar markets. Our program of realignment of divisional groupings and reassignment of executives was culminated in June with the restructuring of the Corporation. This move is described in greater detail in the following pages, but I mention it here as being one of the most significant aspects of the changed character of the Corporation.

The development of our international business in the last ten years has been very satisfying and offers another example of a significant change in our business philosophy.

In 1959, our international business accounted for some $19,000,000 of our total sales, exclusive of sales in Canada. This has grown to $55,000,000 in the current year. In ten years, our export sales have grown 189 percent.

our income from licensees has grown 157 percent, and our dividends from foreign affiliates have increased 452 percent.

In establishing our position as a worldwide Corporation, we have recognized the necessity and the desirability of taking equity positions in compatible companies abroad. We have grown since 1959 from ownership in 11 companies in five countries to complete or partial ownership of 24 companies in 11 nations today.

In short, our approach to international business mirrors the philosophy of the entire Corporation—establish a comprehensive plan, but maintain the flexibility needed to approach specific objectives and market areas on an individual basis.

Acquisitions have played a significant role in the growth of your Corporation during the past decade. Our highly selective acquisition program was hampered during the past fiscal year by market conditions that made acquisitions of the type we seek less attractive than they were formerly. We are looking forward, however, to continued improvement in our market position and a renewed acceleration of our acquisition program.

Despite unsettled conditions in the market, three acquisitions were consummated that will improve our degree of diversification. Our newly acquired units include Skagit Corporation, a maker of materials handling equipment especially active in the logging industry; Buhr Machine Tool Corporation, a designer and builder of automated machinery and equipment for the metalworking industry; and American Abrasive Corporation, a manufacturer of abrasives and grinding wheels.

We also purchased the remaining 49 percent ownership of Bendix-Westinghouse Automotive Air Brake Company we had not held formerly.

In addition to the acquisition opportunities we identified during the year, we were able to sell two of our divisions and to consolidate two others in a continuing program to strengthen our corporate structure. Our Semiconductor Division and our Foundries Division, both operating in markets not included in our long-range plans, were sold. Our Scientific Instruments Division in Cincinnati, Ohio and Vacuum Division in Rochester, N.Y. were consolidated into a single Scientific Instruments & Equipment Division, operating in a modern plant in Rochester. The Missile Systems Division in Mishawaka, Indiana was made part of the Aerospace Systems Division in Ann Arbor, Michigan in keeping with the role we expect it to play in the future.

As I have reported previously, our earnings in recent years have been reduced by losses on a multiyear fixed-price government contract at our Communications Division in Baltimore, Maryland. These losses continued during 1969. During the year, however, we filed a claim with the U.S. Government for an increase in the contract price. While it is too early to estimate the amount of money that might be recovered as a result of this claim, it is the opinion of counsel that the government is liable for a portion of the cost increase experienced.

In September, an examiner appointed by the Federal Trade Commission to review our acquisition of Fram Corporation filed an initial decision holding that the acquisition was not illegal. We were pleased with this confirmation of our position, of course, and will continue to press for final dismissal of the case by the FTC.

As a result of our restructuring, the past fiscal year saw more executive appointments than usual. Through a change in the bylaws approved by the Board of Directors in May, three men now carry the responsibilities of President and Chief Operating Officer, each responsible for an operating group or "company." They are W. Michael Blumenthal, Bendix International; Charles E. Heitman, Bendix Automotive & Automation Company; and Russell D. O'Neal, Bendix Aerospace-Electronics Company. Reassignments within these companies are indicated in the listing of officers on page 35 of this report.

In addition, Allen M. Harrelson was elected Executive Vice-President—Finance, and Charles F. Donnelly was elected Executive Vice-President and General Counsel of the Corporation.

Other corporate officers elected by the Board of Directors during the year were Gerald A. Pollack, Harry Stolar, F. J. Borheck, James B. Treacy and E. R. Eggers, all to Vice-President; Donald R. Hibbert, Treasurer; and Harold S. Barron, Secretary.

James F. Miller, President of Blyth & Co., Inc. and R. D. O'Neal were elected to the Board of Directors during the year. Malcolm P. Ferguson was named Director Emeritus, honoring his long and dedicated service to the Corporation.

While it is interesting to review our development in the past ten years, it is, of course, the decade ahead of us that demands our complete attention. There is no reason to doubt that the decade of the 1970's will see growth and changes in the Corporation at least as profound as the 60's did. It is in anticipation of this growth and change that we have established the present corporate structure which will maintain continuity of purpose while providing the flexibility needed to meet changing conditions.

I would like to express my thanks, both personally and in behalf of the Corporation, to the thousands of dedicated employees, executives and officers whose generous contributions have made the progress of the past decade possible. I am confident that the same dedication will accelerate our rate of growth during the decade of the 70's.

December 19, 1969

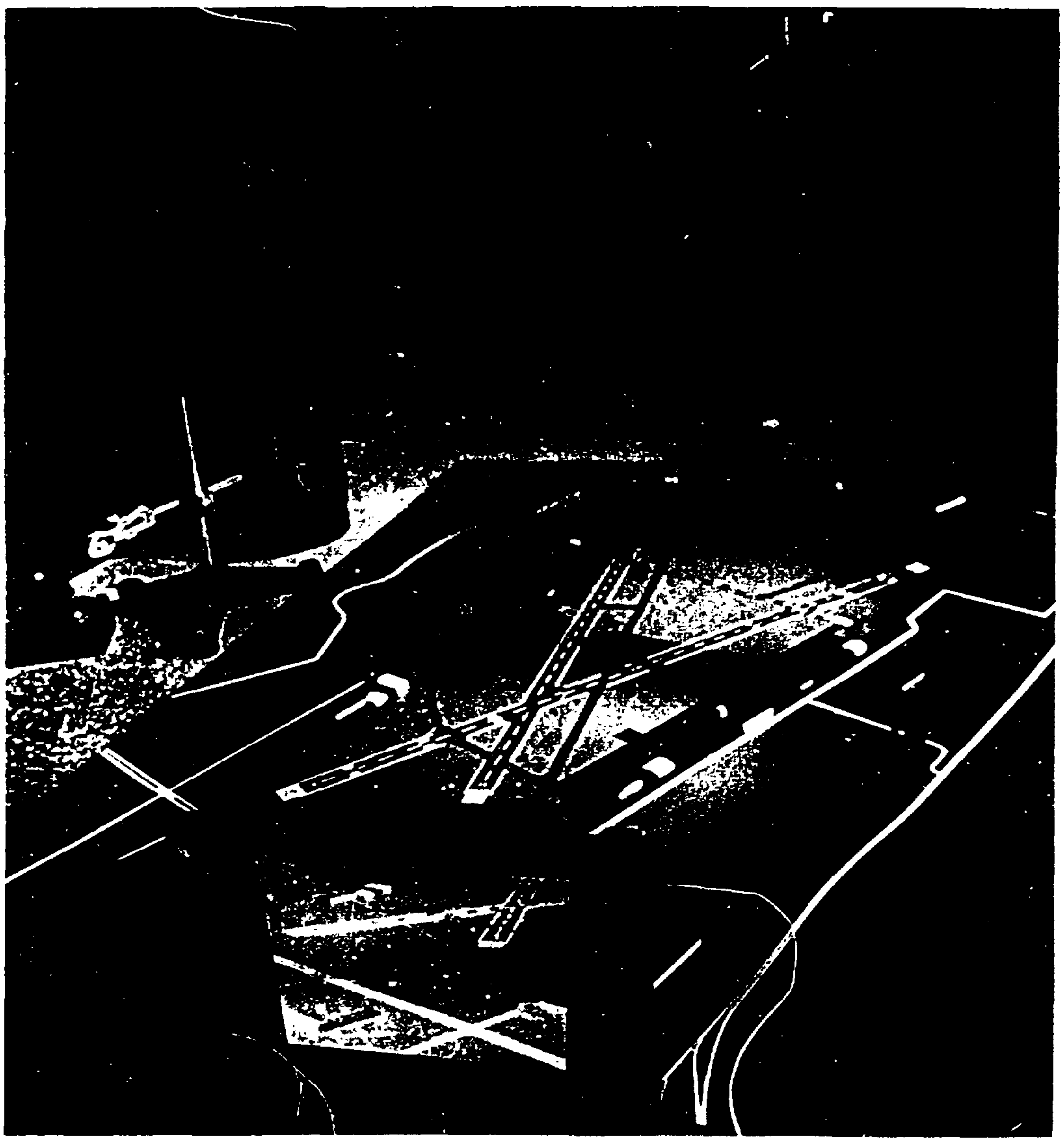
A. P. Fontaine
Chairman and President
and Chief Executive Officer

In Aerospace

Technology at work *in the creation, development and production of sophisticated products, tech-*niques and systems such as the complex scientific experiments deployed on the moon by the astronauts of Apollo 11 and 12.

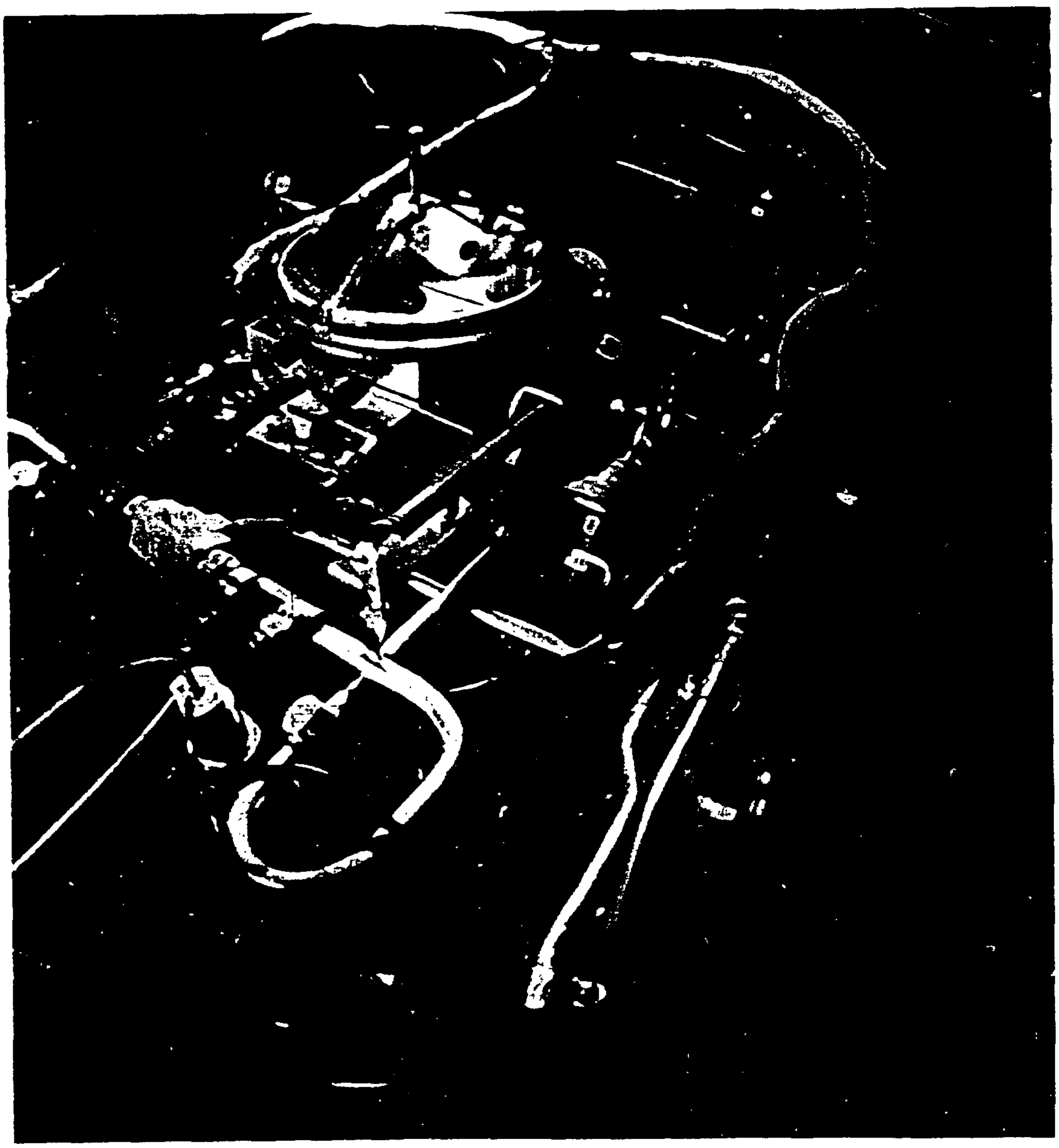
In Electronics

Knowledge and stature, gained through decades of leadership in electronics, are now being applied to the investigation of laser holography techniques with future applications in three-dimensional, headup displays for aircraft.



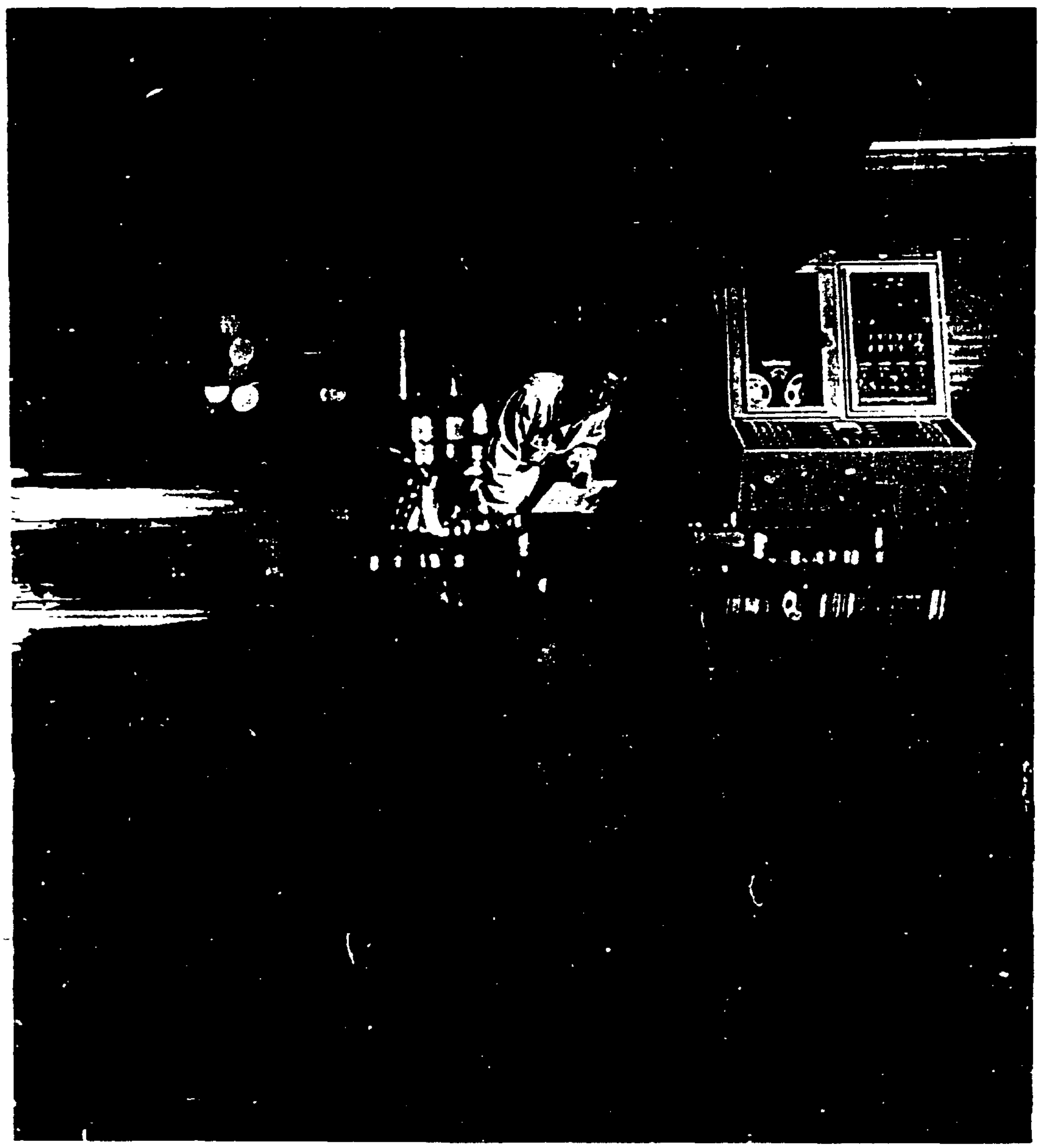
In Automotive

A leading position as an innovative contributor and problem solver exemplified by the new Bendix Electronic Fuel Injection System



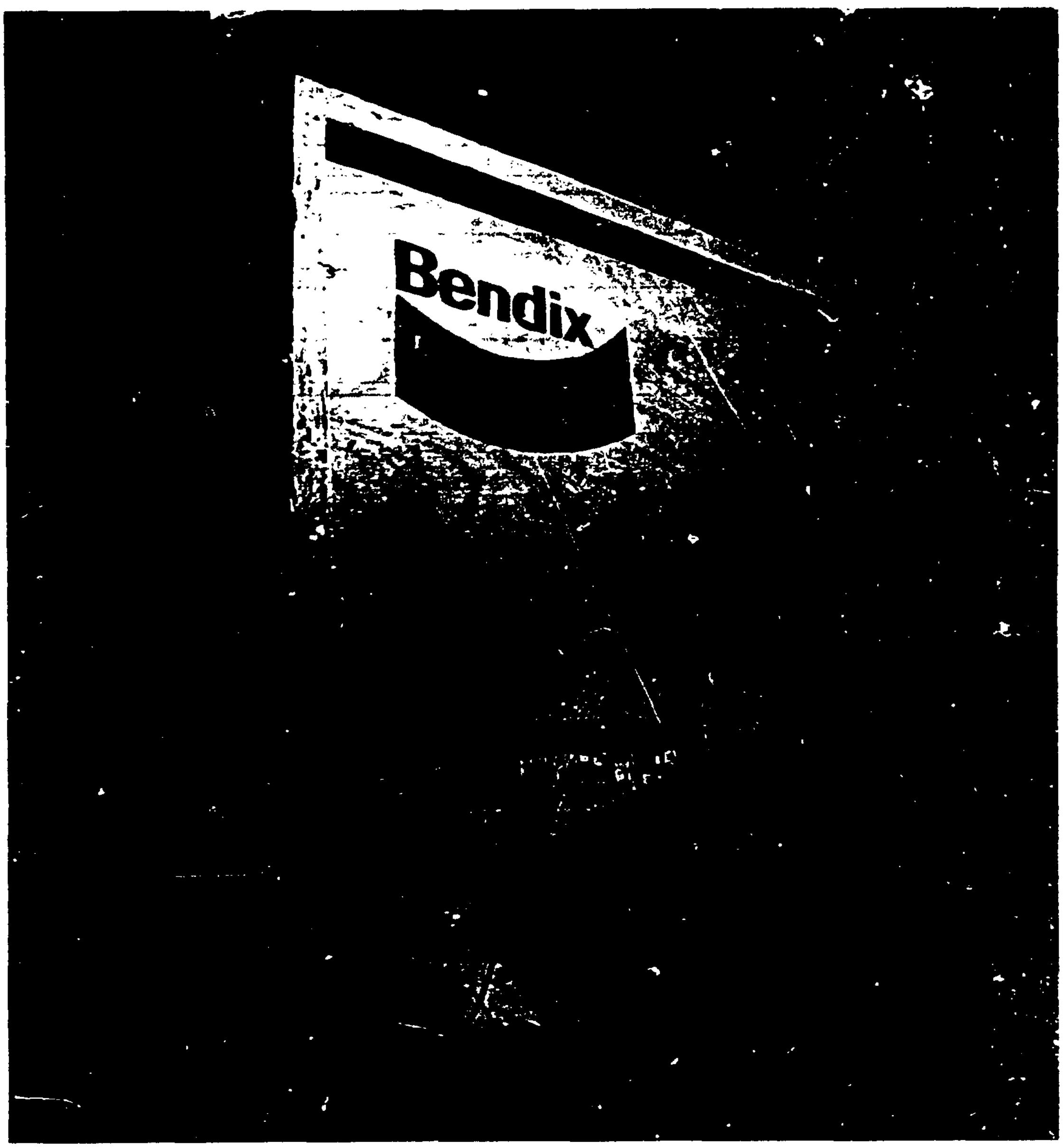
In Automation

Industry's most advanced machining systems capability now being applied to the development of adaptive controls for automated machine tools.



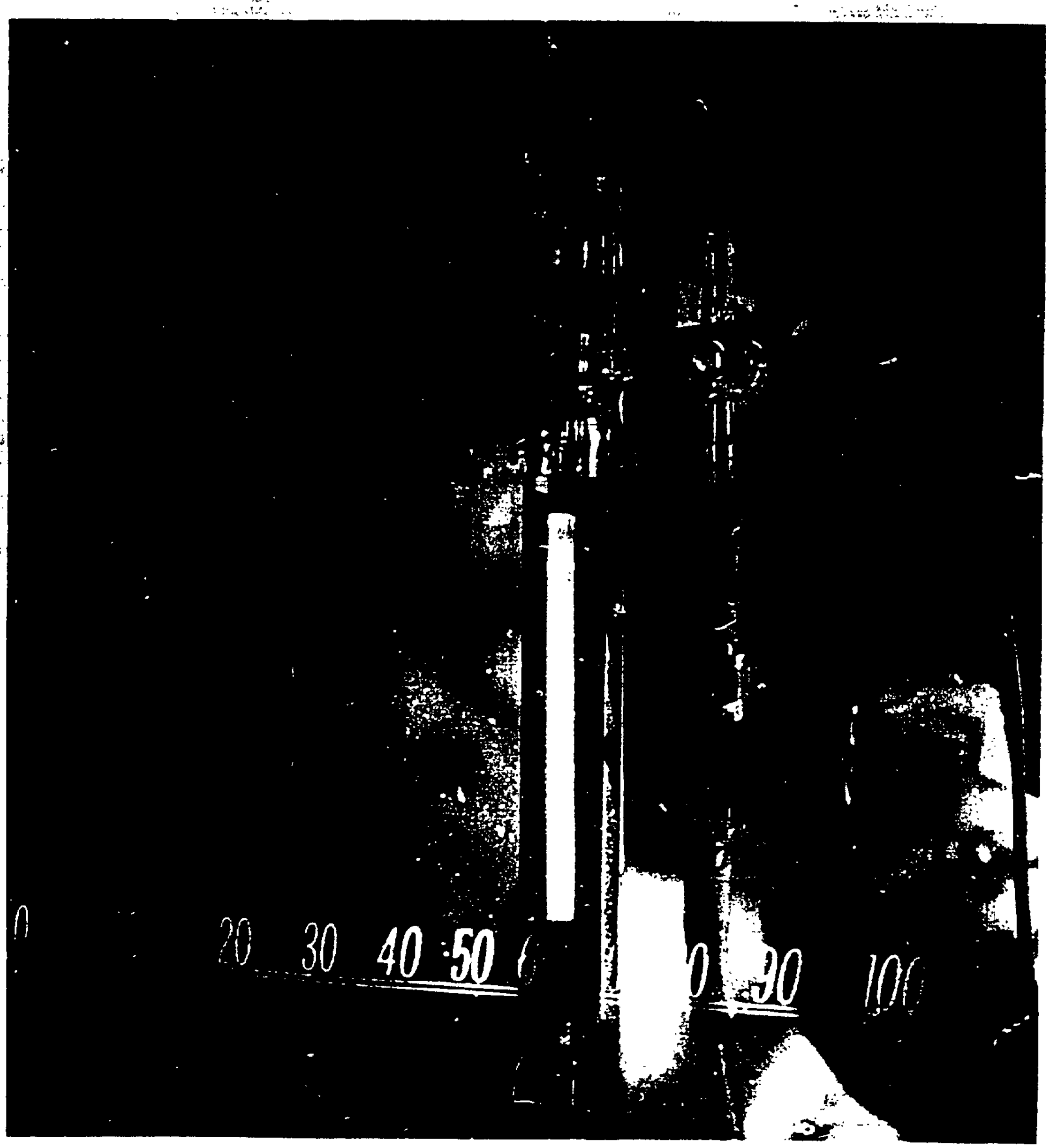
International

Worldwide growth through flexibility and operations planning.



In Research

Research and development leadership through the years provides the scientific base for corporate growth



Financial

The financial statements, contained herein show comparative data for 1968 as previously reported and also as restated to include three companies acquired on a "pooling of interests" basis.

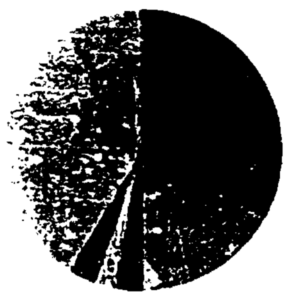
Sales Set New Record for the 4th Consecutive Year

Net sales, royalties and other operating income for the 1969 fiscal year were $1,467,917,000, a new high for Bendix and an increase of about 6% over sales, etc., of $1,388,691,000, as previously reported for 1968, and an increase of about 3% over sales, etc., for 1968 of $1,430,191,000 as restated. The total for 1969 includes royalties and other operating income of $10,387,000. Our commercial industrial sales increased from $655,768,000 in 1968 as reported to $795,094,000 in 1969, an increase of $139,326,000. Commercial industrial sales accounted for 54% of the total in 1969 compared with 48% in 1968. The increase in this category more than offsets a decline in government sales to $661,836,000 from $721,294,000 in 1968 as reported.

Earnings for 1969 Also Set a New Record

Earnings for fiscal 1969 were $50,755,000, an increase of 16% over earnings of $43,801,000 as previously reported for 1968, and an increase of 15% above restated 1968 earnings of $43,049,000. After allowing for annual dividend requirements on our preferred stock, earnings per common share were $3.71 in 1969 compared with $3.30 in fiscal 1968 as reported, and $3.19 in 1968 as restated, based on the average number of outstanding shares in each year. Assuming full conversion of the convertible preferred stock and exercise of all outstanding stock options, earnings per share would be $3.38 in 1969 compared with $3.09 in 1968 as reported, $2.95 in 1968 as restated.

The 1969 earnings, as stated above, do not include extraordinary income



Distribution of total income dollar for 1969

a	Wages and Salaries	41.4¢
b	Materials Purchased	32.5¢
c	Purchased Services, Special Tools, Operating Supplies, Sundry Taxes (including social security tax) and Other Costs	17.0¢
d	U.S. & Foreign Income Tax	3.0¢
e	Earnings Reinvested in the Business	2.2¢
f	Cash Dividends to Stockholders	1.6¢
g	Set Aside to Replace Worn out Facilities	2.3¢
	TOTAL	$1.00

(net of taxes) amounting to $5,416,000, or 44¢ per common share, resulting from the sale of our investment in Computing Devices of Canada, Ltd. Earnings for 1969, including extraordinary income, were $56,181,000, or $4.15 per common share, on average shares outstanding.

Dividends and Retained Earnings

In November 1968 your Directors voted to increase the quarterly dividend on the common stock from 35¢ to 40¢, beginning with the quarterly dividend payable in December 1968. As a result of this, during the 1969 fiscal year four quarterly dividends of 40¢ a share each were paid on the common stock, for a total of $1.60 per share, or $19,619,000. Quarterly dividends of 75¢ per share were paid on the $3 preferred stock for a total of $3,766,000. After payment of cash dividends, earnings retained for use in the business were $32,489,000, of which $14,371,000 was used for plant additions and improvements (over and above $27,487,000 set aside for wear and tear) and the balance was used for working capital and other corporate needs.

Issuance of Stock

During the 1969 fiscal year, 415,565 shares of preferred stock were issued in connection with acquisitions, and 260,474 shares of common stock were issued, 164,000 shares for acquisitions and 96,474 shares under the Corporation's stock option plan.

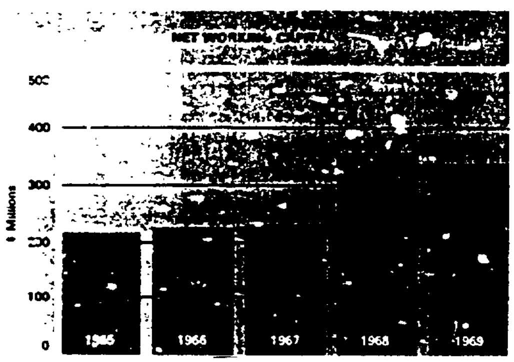
Unfilled Orders Down Slightly

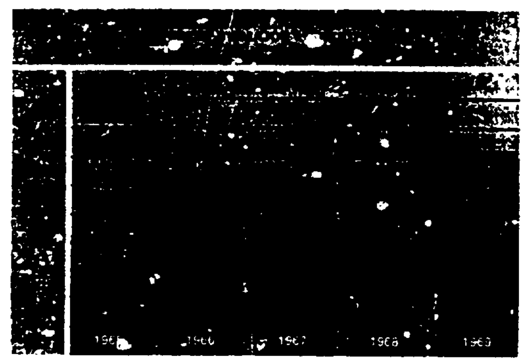
Unfilled orders, including engineering projects, were $611,000,000 at September 30, 1969, compared with $695,000,000 reported at September 30, 1968. Including unfunded, total orders were $742,000,000 in 1969 and $805,000,000 reported in 1968. A decline in the government orders category more than offset a 15% increase in our commercial industrial backlog.

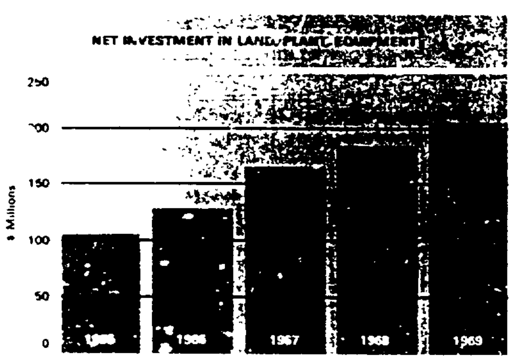
Taxes and Renegotiation

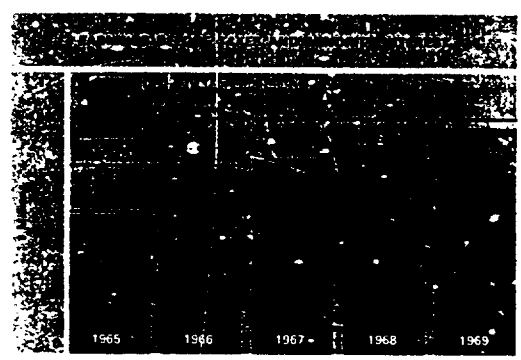
Total direct taxes of all kinds for fiscal 1969 were $87,339,000, including $46,298,000 for U.S. and foreign income taxes which in turn includes $3,998,000 for the 10% surcharge. In addition, taxes applicable to profit on sale of our investment in Computing Devices of Canada totalled $2,116,000. The Corporation's accounts reflect tax provisions which management considers adequate to cover all income tax liabilities. Federal income tax returns for fiscal 1965 to 1967 inclusive, are in process of examination by the Internal Revenue Service. Prior years have all been examined.

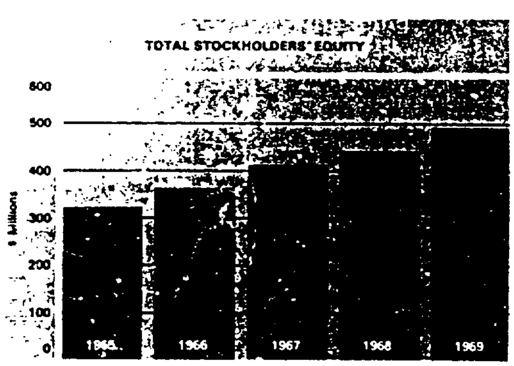
It is not believed that there are any refundable profits under the Renegotiation Act of 1951 for our 1969 fiscal year. Renegotiation proceedings have been completed through fiscal 1968

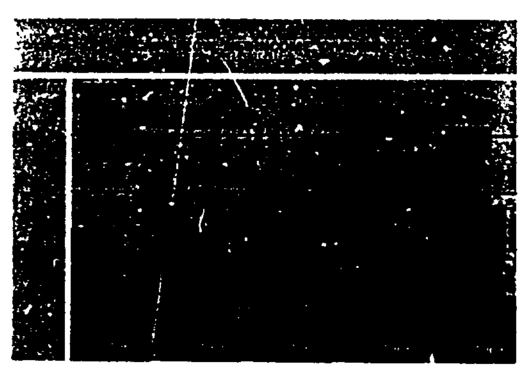

NET WORKING
400
300
$ Millions
100
0
1965
1966
1967
1968
1969




NET INVESTMENT IN LAND, PLANT, EQUIPMENT
150
$ Millions
100
50
0
1967
1968
1969


1965
1966
1967
1968
1969


TOTAL STOCKHOLDERS' EQUITY
600
500
400
$ Millions
200
100
0
1966
1967
1968
1969



Pension Funds

During 1969 we adjusted our actuarial assumptions to reflect the continuing favorable earnings achievement by our pension fund trustees. Recognition of the favorable earnings trend for our pension funds permitted us to reduce the direct charge for pension expenses for the fiscal year, which had the result of favorably affecting net earnings by $2,630,000. The market value of the assets in our pension funds at September 30, 1969, exceeded $300,000,000.

Salaried Employees' Savings and Stock Ownership Plan

Under this plan, which was inaugurated as of January 1, 1969, eligible salaried employees may elect to contribute up to 8% of their base salary, and the Corporation will contribute 50¢ for each $1.00 contributed by the employee. Employee contributions are invested either entirely in Bendix common stock, entirely in U.S. Government securities, or 50% in each, whichever the employee directs. Bendix contributions are invested entirely in Bendix common stock. At September 30, 1969, 7[illegible]% of all eligible salaried employees were participants in the plan. Contributions by Bendix for the year were approximately $3,600,000.

Financing

In July 1969, your Corporation formed a new subsidiary, Bendix International Finance Corporation, which issued $15,000,000 par value 8% debentures due July 1, 1979. These debentures, which are guaranteed by The Bendix Corporation, were sold abroad in the Eurodollar market. The net proceeds will be used for foreign investments and acquisitions.

The amount of $60,963,000 shown on the balance sheet for notes payable to banks includes notes and loans of subsidiaries and also includes loans of former subsidiaries assumed by Bendix. Other notes payable shown on the balance sheet include $21,000,000 payable to Westinghouse Air Brake Company, issued in connection with our acquisition of the 49% minority interest in Bendix-Westinghouse Automotive Air Brake Company.

In October 1969, management decided to enter the commercial paper market as an issuer, in order to make use of this very large market as a supplemental source of funds. Accordingly, our initial issue of $5,000,000 commercial paper was sold in October 1969.

Financial Position

Net working capital was $349,788,000 at September 30, 1969, compared with $359,733,000 a year earlier as reported. The principal items affecting working capital are set forth in the Statement of Source and Application of Funds.

Total stockholders' equity at September 30, 1969, was $495,758,000 compared with $444,600,000 at September 30, 1968, as reported. Of the increase, about 63% results from earnings retained in the business. After allowing for preferred stock at its liquidating value of $60 a share, or $92,862,000, common stockholders' equity per share was $32.25 compared with $30.79 a year earlier as reported. Assuming full conversion of preferred stock into common and exercise of all outstanding stock options, equity per common share would be $33.50 in 1969 compared with $31.91 reported in 1968. At September 30, 1969, there were 4,016 preferred stockholders and 37,451 common stockholders.

Capital Expenditures

In the 1969 fiscal year your Corporation spent $41,858,000 for plant improvements and additions, and we had additional capital commitments of $19,700,000 at the end of the fiscal year. Of the 1969 total, approximately $27,487,000 was provided by amounts set aside out of earnings for wear and tear (depreciation and amortization charges). The balance of $14,371,000 came from retained earnings. At September 30, 1969, the Corporation had in use, a total floor area of $17,700,000 square feet, consisting of 13,800,000 square feet owned and 3,900,000 square feet leased. These figures are exclusive of the Kansas City Division, which Bendix operates for the Atomic Energy Commission.

Acquisitions

The Corporation completed four acquisitions, three of which have been accounted for on a "pooling of interests" basis and one as a purchase. In April 1969, we acquired the Buhr Machine Tool Company of Ann Arbor, Michigan for 246,550 shares of Bendix Series A $3 cumulative convertible preferred stock. Buhr manufactures automatic transfer machines. In May 1969, we acquired the American Abrasive Company of Westfield, Massachusetts, for 124,000 shares of Bendix common stock. American Abrasive makes abrasive grains, powders and wheels. On October 1, 1969, we acquired the Skagit Corporation of Sedro Woolley, Washington, for 169,015 shares of preferred stock. Skagit manufactures logging equipment and systems and other materials handling equipment. Depending upon future earnings of Skagit, up to an additional 42,272 preferred shares may be issued in connection with this acquisition.

In March 1969, Fram Corporation, our wholly owned subsidiary, acquired Superior Filterglass Corporation of Murfreesboro, North Carolina, for 40,000 Bendix common shares.

During the fiscal year, your Corporation purchased the minority interest of two subsidiaries whose accounts have been consolidated with Bendix beginning in 1966. In January 1969, Bendix purchased from Westinghouse Air Brake Co., the 49% minority interest in Bendix-Westinghouse Automotive Air Brake Co. This transaction was for cash plus $21,000,000 in promissory notes, of which $10,500,000 mature in January 1970 and $10,500,000 in July 1970. This purchase accounts for most of the increase in goodwill, etc., shown on the balance sheet. In May 1969, Bendix purchased for cash the remaining minority interest of 18% in Aviation Electric, Limited.

Sale of Subsidiary and Divisions

In August 1969, Bendix sold its 66.75% interest in Computing Devices of Canada, Ltd., to Control Data Corporation for 103,462 shares of Control Data common stock. This transaction resulted in extraordinary income to Bendix of $5,416,000, after Canadian and U S. taxes.

In May 1969, the Corporation sold for cash the business, inventories and certain equipment of the Semiconductor Division, retaining the plant and office buildings of approximately 100,000 square feet. Also during the fiscal year, our wholly owned subsidiary, United Geophysical Corporation, sold its Houston Data Center to Geocom for 300,000 shares of the latter's stock. In April 1969, our Scientific Instruments and Equipment Division sold its dosimeter business to Eon Corporation for 43,750 shares of Eon stock.

Source and Application of Funds
For The Year Ended September 30, 1969

Source:	
Operations.	
Net income	$ 56,181,148
Adjustments to net income for transactions not requiring funds	
Provision for depreciation and amortization	27,487,324
Increase in deferred income taxes	6,264,854
Other	(729,958)
Total	$ 89,203,368
Net increase in long-term debt	16,344,924
Proceeds of stock options exercised	2,656,026
Common stock issued to purchase net assets of a consolidated subsidiary	1 695,000
Decrease in working capital	21,092,389
Total	$130,991,707
Application:	
Purchase of interests in consolidated subsidiaries	$ 47,922,529
Cash dividends	23,692,423
Net additions to land, buildings and equipment	36,502,320
Increase in investments in and advances to nonconsolidated subsidiaries and associated companies	9,730,861
Increase in miscellaneous investments and receivables	9,232,743
Decrease in reserves	1,520,769
Increase in prepaid expenses and deferred charges	2,390,062
Total	$130,991,707

Financial and Statistical Summary

All figures have been restated to include Canadian subsidiaries and partially owned domestic subsidiaries in all years. Companies acquired on a pooling-of-interest basis are included for the full year beginning with the year of acquisition. This summary has not been examined by Haskins & Sells, the Corporation's independent public accountants.

Financial Data	1969	1968 Restated For Poolings of Interests	1968 As Previously Reported	1967	1966	1965
Net sales, royalties and other operating income	**$1,467,917,000**	$1,430,190,000	$1,388,691,000	$1,274,023,000	$1,051,536,000	$ 848,136,000
Earnings before U.S. and foreign income taxes and before minority interest	**97,972,000****	90,343,000	89,379,000	82,994,000	78,970,000	58,996,000
Per $1.00 of sales, etc.	**.067**	[illegible]	.064	.065	.075	.070
U.S. and foreign income taxes	**46,298,000**	43,993,000	43,208,000	36,965,000	38,667,000	26,873,000
Minority Interest	**908,000**	2,401,000	2,370,000	2,294,000	1,554,000	2,540,000
Earnings after minority interest and income taxes	**50,766,000****	43,949,000	43,801,000	43,735,000	38,749,000	29,583,000
Per $1.00 of sales, etc.	**.035**	.031	.032	.034	.037	.035
Cash Dividends: Preferred	**3,766,000**	3,397,000	3,397,000	850,000	—	—
Common	**19,926,000**	17,282,000*	17,073,000	18,206,000*	14,688,000	13,348,000
Earnings Retained	**32,489,000**	23,270,000	23,331,000	24,679,000	24,061,000	16,235,000
Stockholders' Equity at September 30	**495,758,000**	459,557,000	444,600,000	418,446,000	365,514,000	325,431,000
Net Working Capital at September 30	**349,788,000**	370,880,000	359,783,000	233,154,000	225,941,000	218,985,000
Net plant and equipment September 30	**207,107,000**	198,092,000	186,199,000	155,603,000	127,747,000	107,164,000

*Inclusive of stock dividends of pooled companies prior to acquisition

**Exclusive of $5,476,000 extraordinary income (net of taxes)

Per Common Share Data, *adjusted for 2-for-1 split in 1966*

	1969	1968 Restated	1968 As Previously Reported	1967	1966	1965
Earnings after minority interest and income taxes*	**$ 3.71*****	$ 3.19	$ 3.30	$ 3.33	$ [illegible]	$ 2.63
Cash Dividends per Share	**1.60**	1.40	1.40	1.40	1.25	1.20
Stockholders' Equity at September 30**	**32.25**	29.68	30.79	28.89	[illegible]	[illegible]

*After dividend requirements on Preferred stock, in 1969, 1968 and 1967

**After allowing for Preferred stock at liquidating value of $60 per share, in 1969, 1968 and 1967.

***Exclusive of $.44 of extraordinary income.

Statistical Data

	1969	1968 Restated	1968 As Previously Reported	1967	1966	1965
Number of stockholders at September 30: Preferred	**4,016**	3,975	3,975	3,747	—	—
Common	**37,451**	38,129	38,129	37,379	35,432	[illegible]
Number of shares outstanding at September 30: Preferred	**1,547,692**	1,547,692	1,132,127	1,133,448	—	—
Common:						
Actual	**12,493,214**	12,356,740	12,232,740	12,130,025	11,800,786	5,624,732
Adj. for 2-for-1 split in 1966	**12,493,214**	12,356,740	12,232,740	12,130,025	11,800,786	11,249,464
Number of employees at September 30*	**63,495**	69,769	69,226	69,192	61,730	51,583
Wages and salaries	**$511,474,000**	$ 588,499,000	$ 574,671,000	$ 550,337,000	$ 461,768,000	$ 358,807,000
Total taxes	**87,939,000**	81,275,000	80,099,000	71,151,000	65,919,000	47,191,000
Amounts spent for new plant and equipment	**41,858,000**	44,740,000	43,200,000	43,200,000	31,900,000	19,720,000
Unfilled orders (funded) at September 30	**611,000,000**	731,000,000	695,000,000	782,000,000	709,000,000	512,000,000

*Not including employees at Kansas City Division.

The Bendix Corporation and Consolidated Subsidiaries

Consolidated Balance Sheet
September 30, 1969 and 1968

Assets	1969	1968 Restated for Poolings of Interests	1968 As Previously Reported (Note 1)
Current Assets:			
Cash	$ 41,067,325	$ 43,604,422	$ 41,513,371
Marketable securities (at cost, which approximates market)	3,726,905	8,155,315	8,141,006
Receivables (including unbilled charges):			
United States Government departments or agencies	77,655,830	94,218,745	94,218,745
Other	197,013,765	200,830,343	192,847,187
Total	274,669,595	295,049,088	287,065,932
Less allowance for doubtful receivables	1,283,465	1,316,222	1,259,484
Receivables—net	273,386,130	293,732,866	285,806,448
Inventories (Note 2)	338,458,705	336,568,232	318,844,860
Total Current Assets	656,639,065	682,070,835	654,305,685
Investments and Miscellaneous Assets:			
Investments in and advances to nonconsolidated subsidiaries and associated companies			
Investments—at cost (Note 3)	33,977,181	26,715,110	26,464,554
Advances	5,767,394	3,298,604	3,298,604
Miscellaneous investments and receivables	14,352,748	5,120,005	4,352,740
Total Investments and Miscellaneous Assets	54,097,323	35,133,719	34,115,898
Land, Buildings and Equipment (Note 4):			
Land and improvements	14,771,758	13,910,988	13,415,813
Buildings	103,050,882	97,471,909	91,811,356
Machinery and equipment	220,945,013	210,533,089	206,342,881
Construction in progress	14,326,067	13,054,040	12,934,073
Total	353,093,720	341,270,026	324,504,123
Less accumulated depreciation and amortization	145,986,907	143,178,209	136,317,413
Land, Buildings and Equipment—Net	207,106,813	198,091,817	188,186,710
Goodwill and Patents (Note 5)	46,647,842	16,343,534	16,140,083
Prepaid Expenses and Deferred Charges	15,652,363	13,262,301	12,431,279
Total	$980,143,406	$944,902,206	$905,179,655

See Notes to Consolidated Financial Statements which constitute an integral part of this statement.

Liabilities, Reserves and Stockholders' Equity

	1969	1968 Restated for Poolings of Interests	1968 As Previously Reported (Note 1)
Current Liabilities:			
Notes payable:			
Banks (Note 6)	$ 60,963,197	$ 75,709,377	$ 67,891,444
Other (including current maturities on long-term debt) (see below)	24,120,267	2,798,470	2,080,741
Accounts payable	75,101,825	72,768,289	67,239,992
Customers' advances on sales orders (Note 2)	49,791,435	52,106,714	51,969,[illegible]
U.S. and foreign taxes on income (Note 7)	17,818,130	23,018,485	22,581,373
Other taxes, payrolls and sundry accrued liabilities	79,056,174	84,789,074	82,759,748
Total Current Liabilities	306,851,028	311,190,409	294,522,351
Long-term Debt (Note 6)			
6¼% Debentures, due 1992	125,000,000	125,000,000	125,000,000
Banks and insurance companies—4½% to 9½% (maturing at various dates from 1970 to 1982)	8,191,701	9,232,726	6,100,[illegible]
Other	26,224,447	8,838,498	4,264,329
Total Long-term Debt	159,416,148	143,071,224	[illegible]
Deferred Income Taxes (Note 7)	14,699,235	8,434,381	[illegible]
Reserves:			
For contingencies	2,640,000	2,940,000	[illegible]
Other	778,745	1,999,514	[illegible]
Total Reserves	3,418,745	4,939,514	[illegible]
Minority Interests	—	17,709,511	[illegible]
Stockholders' Equity (Notes 6 and 8)			
Preferred stock, no par (authorized 7,000,000 shares, issuable in series)—Series A $3 Cumulative Convertible Preferred stock (1969, authorized 1,625,407 shares of $7.50 stated value each, outstanding, 1,547,692 shares entitled to $60 per share, or $92,861,520, in liquidation; reserved 42,272 shares)	11,607,690	11,607,690	[illegible]
Common stock (1969, authorized 25,000,000 shares of $5 par value each, outstanding, 12,493,214 shares; reserved 3,143,700 shares)	62,466,070	61,783,700	61,163,700
Surplus			
Capital (arising from capital stock transactions)	47,811,165	44,051,219	46,953,293
Earned	373,873,325	342,114,558	327,991,533
Total Stockholders' Equity	495,753,250	459,557,167	444,599,539
Total	$980,143,406	$944,902,206	$905,179,655

See Notes to Consolidated Financial Statements which constitute an integral part of this statement.

The Bendix Corporation
and Consolidated Subsidiaries

Statement of Consolidated Income
for the Years Ended September 30, 1969 and 1968

	1969	1968 Restated for Poolings of Interests	1968 As Previously Reported (Note 1)
Net Sales, Royalties, and Other Operating Income	$1,467,917,091	$1,430,190,514	$1,388,691,387
Less:			
Cost of sales	1,175,432,829	1,154,777,898	1,120,043,641
Selling, service, patent, administrative and general expenses	161,781,039	150,513,442	146,266,500
Provision for depreciation and amortization	27,487,324	25,181,669	24,414,356
Total	1,364,701,192	1,330,473,009	1,290,724,497
Profit From Operations	103,215,899	99,717,505	97,966,890
Other Income:			
Dividends from nonconsolidated subsidiaries and associated companies	3,114,663	2,188,727	2,188,349
Miscellaneous	7,546,494	2,165,033	2,165,033
Total	10,661,157	4,353,760	4,353,382
Gross Income	113,877,056	104,071,265	102,320,272
Other Deductions:			
Interest expense (including amortization of debt discount and expense—1969, $84,575; 1968, $63,213)	15,180,935	12,387,426	12,089,491
Miscellaneous	724,106	1,340,474	783,134
Total	15,905,041	13,727,900	12,872,625
Income Before Provision for U.S. and Foreign Taxes on Income	97,972,015	90,343,365	89,447,647
Provision for U.S. and Foreign Taxes on Income (Note 7)			
Current	40,033,216	42,712,413	41,996,206
Deferred	6,420,182	(235,654)	(235,654)
Deferred investment credit	(155,328)	1,516,675	1,516,675
Total	46,298,070	43,993,434	43,277,227
Income Before Minority Interests	51,673,945	46,349,931	46,170,420
Minority Interests	908,383	2,400,626	2,369,590
Income Before Extraordinary Item	50,765,562	43,949,305	43,800,830
Extraordinary Item—Gain on sale of Computing Devices of Canada, Limited common stock, less income taxes of $2,116,000	5,415,586	—	—
Net Income for the Year	$ 56,181,148	$ 43,949,305	$ 43,800,830

Per Share of Common Stock (Computed in accordance with Opinion No. 9 issued by the Accounting Principles Board of the American Institute of Certified Public Accountants)

	1969		1968 Restated		1968 As Previously Reported	
Income before extraordinary item	$3.71*	$3.38†	$3.19*	$2.95†	$3.30*	$3.09†
Extraordinary item, net of income taxes	.44*	.36†	—	—	—	—
Net income per share	$4.15*	$3.74†	$3.19*	$2.95†	$3.30*	$3.09†

(*) Based on average shares outstanding.

(†) Pro forma, assuming full conversion of convertible preferred stock and exercise of all outstanding stock options.

See Notes to Consolidated Financial Statements which constitute an integral part of this statement.

Statements of Surplus
for the Years Ended September 30, 1969 and 1968

	1969	1968 As Previously Reported
Capital Surplus (Note 1):		
Balance at beginning of the year:		
The Bendix Corporation and consolidated subsidiaries, as reported	$ 46,953,293	$ 44,634,245
Deduct—Excess of par value of common and cumulative convertible preferred stock of The Bendix Corporation issued over par value of capital stock and capital surplus of pooled companies	2,902,074	—
Remainder	44,051,219	44,634,245
Add—Capital stock transaction of pooled company between October 1, 1968 and December 31, 1968, the end of its 1968 fiscal year	90,000	—
Balance at beginning of the year, as restated	44,141,219	44,634,245
Add		
Excess of sales price over par value of common stock sold under Stock Option Plan	2,173,656	1,705,429
Excess of market value over par value of common stock issued in connection with the acquisition of purchased companies	1,495,000	613,643
Other	1,290	—
Total	47,811,165	46,953,317
Deduct—Cash paid in lieu of fractional shares of common stock upon conversion of cumulative convertible preferred stock	—	24
Balance at end of the year	$ 47,811,165	$ 46,953,293
Earned Surplus (Notes 1 and 6).		
Balance at beginning of the year:		
The Bendix Corporation and consolidated subsidiaries as reported	$327,991,593	$304,660,825
Pooled companies—At the end of their respective 1968 fiscal year-ends	14,122,965	—
Total	342,114,558	304,660,825
Deduct—Earnings, less dividends of pooled companies from October 1, 1968 to the end of their respective 1968 fiscal year-ends	729,958	—
Balance at beginning of the year, as restated	341,384,600	304,660,825
Add—Net income for the year	56,181,148	43,800,830
Total	397,565,748	348,461,655
Deduct—Dividends:		
The Bendix Corporation:		
Common stock—1969, $1.60 per share; 1968, $1.40 per share	19,819,060	17,072,839
Cumulative convertible preferred stock—$3.00 per share	3,766,206	3,397,223
Pooled companies (declared prior to pooling with The Bendix Corporation)	107,157	—
Total	23,692,423	20,470,062
Balance at end of the year	$373,873,325	$327,991,593

See Notes to Consolidated Financial Statements which constitute an integral part of these statements

Notes to Consolidated Financial Statements

1. Principles of Consolidation and Acquisitions

The consolidated statements include all domestic and Canadian subsidiaries and only one minor foreign subsidiary, other foreign subsidiaries are included in investments (Note 3).

Reference is made to page 4 of this report for information relating to the Federal Trade Commission action with respect to the *acquisition of Fram* Corporation in 1967.

During the year, the Corporation acquired the net assets and businesses of American Abrasive Company and Buhr Machine Tool Company in exchange for 124,000 shares of the Corporation's common stock and 246,550 shares of the Corporation's Series A $3 Cumulative Convertible Preferred stock, respectively. As of October 1, 1969 the Corporation acquired the net assets and business of Skagit Corporation in exchange for 169,015 shares of the Corporation's Series A $3 Cumulative Convertible Preferred stock, furthermore additional shares of the Corporation's Series A $3 Cumulative Convertible Preferred stock may be issued through 1973 to the former stockholders of Skagit Corporation up to a maximum of 42,272 shares contingent upon certain specified future earnings as defined in the purchase agreement.

These acquisitions were accounted for as poolings of interests and, accordingly, the accompanying statements of income and surplus for the year ended September 30, 1969 include the results of operations of the merged companies for the entire year then ended. For comparative purposes, the amounts reported in the accompanying financial statements for the year ended September 30, 1968 have been restated to include the accounts of American Abrasive Company, Buhr Machine Tool Company, and Skagit Corporation for their fiscal years ended September 30, 1968, December 31, 1968, and October 31, 1968, respectively.

In addition, during 1969, the minority interests in two previously partially owned subsidiaries, Bendix-Westinghouse Automotive Air Brake Company and Aviation Electric Limited, were purchased, and Fram Corporation *purchased the common stock of Superior* Filterglass Corporation in exchange for shares of The Bendix Corporation's common stock. The excess of the purchase prices over the equities acquired, $30,318,683, has been charged to goodwill in the accompanying consolidated balance sheet.

Also during the year, the Corporation organized a wholly owned subsidiary Bendix International Finance Corpora*tion; this subsidiary had no significant* operations in the current year.

Certain of the account classifications at September 30, 1968 have been restated to conform with the account presentation at September 30, 1969.

2. Inventories

Inventories are stated at the lower of cost (substantially first-in, first-out or average) or market.

By the terms of agreements with United States Government departments (under which the Corporation has received advances and partial payments on sales orders), inventories and non-durable tools acquired for such orders were subject to lien at September 30, 1969.

3. Investments in Non-consolidated Subsidiaries and Associated Companies

Based upon the latest available financial statements, the investment and equity in the net assets of the non-consolidated subsidiaries and associated companies *are summarized below*

Location	Cost of Investment	Equity in Net Assets
Europe	$15,004,192	$32,301,000
Latin America	13,291,670	12,967,000
Australia	3,250,670	3,457,000
Other	2,430,649	2,560,000
Total	$33,977,181	$51,285,000

The equity in net assets of foreign companies was determined generally by using approximate rates of exchange prevailing at September 30, 1969. During the year, dividends of $3,114,663 were received.

4. Land, Buildings and Equipment

Land, buildings and equipment are stated at cost. Depreciation is generally provided on a straight-line basis over the estimated service lives of the respective classes of property. Fully depreciated assets still in service are not included in the property accounts.

5. Goodwill and Patents

Goodwill of $46,647,541 represents the difference between the purchase price and the value ascribed to the net assets of going businesses purchased since 1956 and is not amortized. Patents are stated at $1.

6. Notes Payable and Long-term Debt

Under the sinking fund provisions of the indenture for the 6⅝% debentures due 1992, cash payments of $6,250,000 will be required each year beginning 1974 or, in lieu thereof, the Corporation may deliver reacquired debentures to the sinking fund agent. The debentures are also callable, under certain conditions, at the option of the Corporation, at prices ranging from 106¼% at September 30, 1969 to 100% at December 1, 1987.

Under the terms of a bank credit agreement dated March 1, 1968, under which loans aggregating $33,000,000 were outstanding at September 30, 1969, the Corporation has agreed that it will not pay dividends (except stock dividends) or make certain other distributions on or in acquisition of its capital stock in an amount in excess of its consolidated net earnings subsequent to September 30, 1967, plus $25,000,000. Under the terms of the agreement the amount available for such purposes was approximately $80,800,000 at September 30, 1969. The Corporation also has agreed not to permit consolidated net current assets to decline below $200,000,000.

During 1969, Bendix International Finance Corporation sold $15,000,000 principal amount of 8% guaranteed debentures due 1979. Annual sinking fund payments to retire the debentures are required as follows: $750,000 on July 15, 1970 and 1971; $1,000,000 on each July 15 from 1972 through 1975; $1,500,000 on July 15, 1976 and 1977, and $2,500,000 on July 15, 1978.

7. United States and Foreign Taxes on Income

The Corporation and its consolidated subsidiaries follow the practice of providing deferred income taxes on differences between financial and taxable income.

The Corporation and its consolidated domestic subsidiaries generally follow the practice of deferring and amortizing the investment credit over the estimated useful lives of the assets to which the credit applies. For the year ended September 30, 1969 the provision for United States and foreign taxes on income has been reduced by an investment credit of approximately $850,000, and the accumulated deferred investment credit included in Deferred Income Taxes at September 30, 1969 aggregated $5,064,344.

8. Capital Stock

Under the Corporation's Stock Option Plan, as amended, certain employees are eligible to purchase common stock at prices which represent 100% (95% for options granted prior to January 1, 1964) of the fair market value, as adjusted for stock dividends and stock splits, on the dates the options were granted. Options granted prior to January 1, 1964 may be exercised over a period of ten years from date of grant, and those issued subsequent to December 31, 1963 may be exercised over a period of five years from date of grant. Certain information with respect to the plan is summarized below:

	Number of Shares*	Option Price per Share
Shares under option at September 30, 1969	390,199	$20.41 to $51.75
Options exercised during the year	96,474	$17.41 to $44.25

*Includes shares under option and shares exercised of 15,271 and 4,995 shares, respectively, as the result of the assumption by the Corporation of the Fram Corporation stock option plans.

The difference between the option price and the par value of shares exercised is credited to capital surplus.

Common stock and Series A $3 Cumulative Convertible Preferred stock reserved for various purposes at September 30, 1969 is summarized below:

Common Stock	**Shares**
Conversion of Series A $3 Cumulative Convertible Preferred Stock	2,321,538
Stock Option Plan	539,791
Supplemental Compensation Plan	100,000
Salaried Employees' Stock Purchase Plan	100,000
Purchase Agreements:	
Skagit Corporation (See below)	68,408
Geo Prospectors, Inc.	13,963
Total	3,143,700
Series A $3 Cumulative Convertible Preferred Stock	
Skagit Corporation Purchase Agreement	42,272

9. Employee Pensions

The Corporation and certain of its consolidated subsidiaries have pension plans for eligible employees. Pension expense for the year was approximately $19,600,000, which includes amortization of prior service costs over a period of 30 years. A change during the year in the interest rate assumption used in computing pension cost had the effect of increasing net income for the year by approximately $2,630,000.

The Corporation's policy is to fund pension costs accrued. As of the latest date of determination, the actuarially computed value of vested benefits for certain of these plans exceeded the total assets, at market, of the pension funds and balance sheet accruals by approximately $10,250,000. For the remaining plans, the total assets, at market, of the pension funds and balance sheet accruals exceeded the actuarially computed value of vested benefits by approximately $85,000,000.

10. Government Contracts and Subcontracts

Inventories of fixed-price type contracts are stated at the accumulated cost of material, labor and manufacturing overhead, less costs proportionate to amounts billed, but not in excess of amounts estimated to be recoverable. Research and development and selling and administrative expenses are generally charged to income as incurred.

Profits on contracts are taken into income in proportion to billings made in accordance with the terms of the contracts. The profits are subject to renegotiation under the Renegotiation Act of 1951. Proceedings for the purpose of establishing the amounts of refundable profits have not been completed for the year ended September 30, 1969, and the amount, if any, which may be refunded under such proceedings is not determinable at this time.

11. Contingent Liabilities

At September 30, 1969, the Corporation and its consolidated subsidiaries were contingently liable in the amount of approximately $9,400,000 as guarantors of loans made to non-consolidated foreign subsidiaries and associated companies.

There are various suits pending against the Corporation and its consolidated subsidiaries, some of which are for substantial amounts. It is the opinion of officials of the Corporation, on the basis of information furnished by counsel, that the ultimate liability, if any, resulting from such suits will not materially affect the consolidated financial position or results of operations of the Corporation and its consolidated subsidiaries.

Accountants' Opinion

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

1300 GUARDIAN BUILDING
DETROIT 48226

To The Board of Directors and Stockholders of
The Bendix Corporation:

November 17, 1969

We have examined the consolidated balance sheet of The Bendix Corporation and its consolidated subsidiaries as of September 30, 1969 and the related statements of consolidated income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances; it was not practicable to confirm receivables from United States Government departments or agencies, but we carried out other auditing procedures with respect to such receivables.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated income and surplus present fairly the financial position of the companies at September 30, 1969 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Haskins & Sells

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

1300 GUARDIAN BUILDING
DETROIT 48226

Supplemental Compensation Committee of
The Bendix Corporation
Bendix Center,
Southfield, Michigan 48075

November 17, 1969

Dear Sirs:

We have examined the consolidated financial statements of The Bendix Corporation and its domestic and Canadian subsidiaries and one English subsidiary as of September 30, 1969 and for the year then ended, and have rendered our opinion, dated November 17, 1969, thereon. Upon the basis of these financial statements, we have computed the maximum amount which may be credited to the Supplemental Compensation Fund for the year ended September 30, 1969 under the provisions of the Supplemental Compensation Plan of The Bendix Corporation adopted by the stockholders at their annual meeting on May 18, 1947, as amended by the stockholders on February 23, 1949, February 26, 1958, and February 23, 1967. The maximum amount of $5,143,036 is computed as follows:

Consolidated earned surplus at September 30, 1969 of the Corporation and its participating domestic subsidiaries after providing for the amount of supplemental compensation to be credited to the Fund for the year ended September 30, 1969	$321 565 476
Consolidated earned surplus at September 30, 1968 of the Corporation and its participating domestic subsidiaries, as adjusted	282 618 524
Increase	38 946 952
Add	
Dividends declared during the year	23 585 266
Provision for supplemental compensation for the year ended September 30, 1969 recorded in books	965 056
Total	63 497 274
Deductions	
Dividends received from nonparticipating domestic subsidiary corporations	2 784 700
Reduction of provision for Federal income taxes resulting from the accrual of supplemental compensation awards	509 549
Total	3 294 249
Net earnings as defined in the Supplemental Compensation Plan	60,203 025
Less 5% return on capital employed in the business by the Corporation and its participating domestic subsidiaries	19 058 734
Amount upon which the supplemental compensation is computed	$ 41 144 291
Maximum amount which may be credited to the Supplemental Compensation Fund—12½%	$ 5 143 036

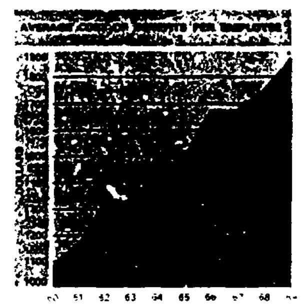
The amount remaining in the Fund at September 30, 1969 was $1,277,349 after debiting the Fund with all awards previously made but before crediting it with any supplemental compensation for the year ended September 30, 1969.

Yours truly,

Haskins & Sells

People at Bendix

In the past decade, noteworthy changes have occurred in the level of employee compensation and the methods by which our Corporation compensates its people. While wages and salaries have advanced steadily in line with both improvement of skills among our employees, and a continuing high level of demand in the labor market, a more spectacular change has occurred in the area of nonwage payments, commonly referred to as fringe benefits. As shown on the chart, the average package of fringe benefits provided to our domestic employee has grown in value from $1097 in 1960 to $1870 in 1969—an overall increase of approximately 70 percent in ten years. This has resulted from not only a growing emphasis on varied forms of compensation, but also an increased awareness by the Corporation of the broad needs of employees and their families. We believe this represents, in another way, the continuing interest of Bendix in its most vital resource, people.



Gearing up for the '70s

As you know, Bendix has completed a major realignment of its corporate structure during the past year. And because it represents the most far-reaching organizational change in the Corporation's 40-year history, it is important that those interested in Bendix understand its purpose, nature and significance.

The move involves a realignment of top management and the creation by the Board of Directors of three new posts of President and Chief Operating Officer—one for each of Bendix' three principal businesses. Although The Bendix Corporation continues as a single legal entity, its new structure creates, in effect, three autonomous operating companies.

The three companies operate as separate units as far as possible. This is a major purpose of the restructuring. Bendix has done this to strengthen the total Corporation by strengthening its parts. In short, we have redeployed our management strengths to enable us to better manage a Corporation of the scope we envision for the coming [illegible].

The following table shows the financial performance of the three companies during fiscal 1969 compared to their restated performance for 1968.

The Bendix Corporation and Consolidated Subsidiaries

	1969			1968		
Net Sales, Royalties, and Other Operating Income	**Domestic**	**Intern'l.**	**Total**	**Domestic**	**Intern'l.**	**Total**
Bendix Aerospace Electronics Company	$ 775,253	$ 42,293	$ 818,546	$ 333 404	$ 33 854	[illegible]
Bendix Automotive & Automation Company	632,777	11,666	644,443	539 873	10 793	[illegible]
Bendix International		6,514	6,514		[illegible]	[illegible]
	1,409,030	60,473	1,469,503	1 373 277	56 221	[illegible]
Intercompany sales and other eliminations	(2,105)	519	(1,586)	692		[illegible]
Total	$1,406,925	$ 60,992	$1,467,917	$1 373 969	$ 56 221	[illegible]
Profit From Operations						
Bendix Aerospace Electronics Company	$ 34,878	$ 3,471	$ 38,349	$ 45,110	$ 3 193	[illegible]
Bendix Automotive & Automation Company	63,733	3,653	67,386	49 442	3 837	53 27
Bendix International		1,433	1,433		1 652	1,55
	98,611	8,557	107,168	94 552	8,632	[illegible]
Corporate items not allocated, reclassifications and intercompany eliminations	(1,505)	(2,447)	(3,952)	(1,646)	(1,870)	(3 51
Total	$ 97,106	$ 6,110	$ 103,216	$ 92,906	$ 6,812	$ 99,71

Bendix Aerospace-Electronics Company

[illegible]

The Bendix Aerospace-Electronics Company serves five of the Corporation's principal market areas, and is a major internal source of new technologies and new product developments for other operating companies of the Corporation. Approximately 70 percent of the company's business is electronic in character.

The company is uniquely structured to transfer advanced technologies and new products within its own divisions, as well as to the Bendix Automotive & Automation Company and Bendix International.

Sales and other operating income of divisions that make up the new Bendix Aerospace-Electronics Company totaled $819 000 000 in fiscal year 1969. The decrease of 6 percent from the preceeding year resulted from the sale during the year of three operating units, as well as from a reduction in federal spending in defense and space, which had been previously anticipated. Profits from operations were $38,000 000, compared to $48 000 000 in 1968.

Approximately 78 percent of the company's sales in fiscal 1969 were to the government, either directly or through subcontracts. Management expects its volume of government business to continue to decline somewhat in fiscal 1970, but foresees improvement in profitability through deeper penetration of commercial market sectors, accompanied by cost-reduction programs.

Commercial sales increased slightly in fiscal 1969, and the company's commercial markets are expected to provide a major opportunity for growth in volume and profits in the future.

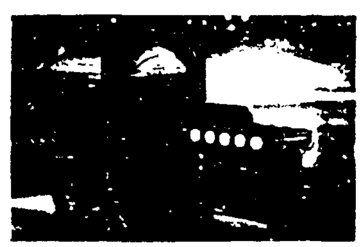
During the year, management continued to stress the transfer of technologies developed in serving government markets to the company's commercial and industrial markets. Among products that are beginning to emerge from such transfer is a new line of advanced gas chromatographs, used for process control in the chemical industry. This represents a direct spin-off of technologies developed to equip NASA for the scientific exploration of Mars.

Commercial applications are also planned for photogrammetric, or automatic mapping instruments for government and industry. This work has included the design and construction of stereo-plotters, electronic image scanners and coherent, optical processing systems that have application in automatic photomapping systems and the statistical classification of image information.

Commercial applications of fiber optics technologies were also expanded during the year. Derived from technologies developed to supply night vision devices to the military, the company's fiber optics products are being applied to computer readout systems and light-inspection devices.

In July, the company announced establishment of an Advanced Technology Group, whose mission is to

THE CESSNA 500 Citation fan-jet executive aircraft ... Flight Guidance Systems ... Bendix



A NEW Integrated Flight Control System ... is developed for ... aircraft

MAJOR CONTRACTS to produce flight control systems for the McDonnell-Douglas DC-10 [illegible] have been awarded to Bendix

develop and nurture new products and new businesses, and to facilitate the transfer of advanced technologies and successful new business ventures to operating units throughout the Corporation.

The group will be oriented toward [illegible] profitability and high return on investment, and will provide the [illegible] necessary to advance new [illegible] from concept to production.

[illegible] of new products currently [illegible] and development include [illegible] interface equipment [illegible] actuators for automatic [illegible] electro-optics and [illegible] systems. The first of these new [illegible] the MT-100 and PT-100 [illegible] digitizers, were introduced [illegible] Bendix all-electronic [illegible] digitizers offer significant advantages over conventional mechanical [illegible] for putting two-dimensional graphic material into computers.

The electronic components and systems manufactured and sold by Bendix Aerospace-Electronics Company in fiscal 1969 ranged from the [illegible] instruments placed on the moon by Apollo 11 and 12 astronauts to the company's high volume and profitable line of electrical connectors. They included communication, navigation and flight control systems for commercial and military aircraft, inertial guidance systems for military and NASA space vehicles including the Saturn [illegible] rocket, underwater acoustical systems and advanced radar systems for both commercial and military applications.

Bendix Aerospace-Electronics Company continued its [illegible] in the production of [illegible] cylindrical electrical connectors which are widely used throughout the aerospace and electronics industries. During the year the company introduced advanced models of cylindrical connectors and expanded its line of [illegible] and panel connectors in order to achieve deeper penetration of the total connector market. Work also was [illegible] on a connector capable of [illegible] connected and disconnected underwater, as well as a connector specifically designed for use by astronauts in space.

The company introduced a line of fluidic connectors that complements its nearly complete line of digital fluidic elements. These circuits are capable of performing sensing, computation and actuation control functions.

Bendix' analytical instruments, primarily advanced mass spectrometers and gas chromatographs, are sold to research laboratories in government, industry and academic institutions. Process instruments, as well as an extensive line of tensile-testing instruments, are sold to the chemical industry and the textile, plastics and rubber industries.

Contributing to the projected growth of the company's scientific instruments sales is the speed with which laboratory instruments are moving into industrial applications. Bendix sputtering devices, for example, long established as laboratory equipment, are finding application in the production of wear-resistant finishes for razor blades, surgical knives, gear surfaces and other products.

The Bendix Aerospace-Electronics Company serves all sectors of the aviation market—general, airline and military. The commercial sectors—airlines and general aviation—offer the most promising growth potential. In fiscal 1969 these markets accounted for a major portion of the company's commercial and industrial sales.

Military aviation sales declined in fiscal 1969 as a result of reductions in defense spending for production aircraft and deescalation of the war in Vietnam. However, a number of new military aircraft have recently entered or are about to enter development, and the company anticipates that its military aviation business will resume its growth trend as these aircraft are brought into production. For example, the company was recently awarded a contract to supply landing gear and other equipment for the Grumman F-14 and is well positioned to participate in development and manufacture for the F-15, AMSA (Advanced Manned Strategic Aircraft) and the heavy-lift helicopter. A contract has also been received for the flight control system for the S3A antisubmarine aircraft.

Bendix is currently under contract to develop an electronic propulsion control system for a jet engine that is in competition for specification on the AMSA.

There was a softening of advanced bookings in the airlines sector that is attributable to the current tight money situation and general economic uncertainty. Management expects this situation to improve as work progresses on the new generation of jet aircraft now in the development and early production stages.

The company's flight control systems, avionics and its line of aircraft wheels and brakes contributed the largest sales volumes to the airline sector of the aviation market. Expansion of the latter business in fiscal 1969 was significant because it assures continuity in the replacement business.

Work continued during the year under major contracts to produce flight control systems for the McDonnell-Douglas DC-10 and the Boeing 747. A contract was received to install Bendix autopilots on American Airlines' Boeing 707 fleet. Progress was also made in expanding the market for the company's lines of air data computers and airborne weather radars.

The general aviation sector has the highest projected rate of growth in the total aviation market, and the company continued to expand its sales to this sector during the year. The sector is generally defined as including all commercial aviation other than the airlines.

General aviation is an area of the business in which the company has dramatically demonstrated its ability to transfer technologies and adapt products to profitable commercial applications. An example is the company's new line of general aviation transponders that has evolved, through airlines varieties, from military identification devices. The new transponders, selling in a price range attractive to the general aviation market, enable air traffic controllers to accurately identify and pinpoint the location of a plane.

Bendix was selected to supply the flight guidance system for the Cessna Citation fan jet executive aircraft. The system, known as the FGS-70, consists of an autopilot and flight director combination that makes use of a common command computer.

NEW TIME-OF-FLIGHT Mass Spectrometer Gas Chromatograph developed by Bendix will permit faster study of such compounds as atmospheric contaminants, narcotics, pesticides and biological toxins, as well as temperature-sensitive and unstable compounds

During the year, the company also introduced an inexpensive flight director system for general aviation aircraft and flight-tested a new autopilot. A second-generation, small-aircraft weather radar also went into production during the year.

The company provides a wide range of products, systems and technical support services to the National Aeronautics and Space Administration and ranks sixth in NASA's list of major contractors.

Bendix products used in the space program include inertial guidance platforms for Saturn V launch vehicles, LEM descent engine controls and range rate instrumentation.

Company personnel operate Complex 39, NASA's Apollo launch facilities at Cape Kennedy, staff many of the stations in the worldwide tracking network, and provide support services at the Manned Space Flight Center in Houston.

Bendix designed, fabricated and tested the scientific instruments packages successfully deployed on the moon by the Apollo 11 and 12 astronauts. The

FLUIDIC DEVICES which promise to replace electronic and electromechanical equipment in many products and systems are in full-scale production at Bendix.

company is continuing the development of scientific equipment that will be used in further exploration of the moon as well as conducting studies for the design of instrument packages to be placed on Mars.

Bendix missile business dates back to the 1940's and the company has supplied systems or components for virtually every missile in the U.S. arsenal. Sales have declined in recent years as a result of the completion of major contracts and a continuing slowdown in the development of new government programs.

The company continues to be one of two suppliers of the basic inertial guidance components used in all U.S. ballistics missiles and space work. During the year, the company received additional contracts to produce guidance computers and inertial guidance platforms for the Pershing missile and inertial components for the Poseidon missile. It also received new contracts to produce various subsystems for the Minuteman and SRAM (Short Range Attack Missile). It is also a major supplier of control systems, auxiliary power systems, propulsion systems and missile support equipment and is the prime contractor for the Navy's Talos missile.

The Bendix Aerospace-Electronics Company's oceanics sales are primarily military in character, although other operating units of the Corporation supply products and technical services to the commercial sector of the oceanics market.

The company's objective, at a time when the commercial sector of the oceanics market is still relatively small, is to participate in the advancement of state-of-the-art technologies through selected business ventures, without committing large sums of investment capital.

Many of the company's aerospace and electronic technologies can be applied to the solution of transportation, navigation and control problems in the oceanics market. Examples of such

FIRST ALL-ELECTRONIC DIGITIZER capable of recording graphic *information from an area of virtually unlimited size has been developed by Bendix.*

applications include development of a complete communications system for the Makai Test Range, an undersea testing facility in Hawaii; acoustical locating systems for underwater equipment used in the petroleum industry; and underwater communications equipment used by Navy divers in Sealab III.

An underlying business philosophy and capability of the Bendix Aerospace-Electronics Company is to match technologies looking for a market with markets looking for technologies. Among significant areas in which concurrent business and technical studies are going forward are lasers, holography, electro-optics, pollution control and photogrammetry or automatic mapping.

The company is applying highly stabilized lasers to precision measuring devices and as alternates for radars in range determination. Lasers are also in common use in holography, but in this field the company has pioneered the use of acoustical energy to produce holograms. This development permits the creation of holograms (three-dimensional images or pictures) of objects under water.

In the area of pollution control Bendix has developed an airborne infrared scanning device called a thermal mapper that is being used for example, by the State of New York to determine sources of potential water pollution. The company has also equipped a mobile unit capable of producing on-the-spot measurements of a wide variety of air pollutants.

Bendix Automotive & Automation Company

C. E. HEITMAN
President and Chief Operating Officer

The Bendix Automotive & Automation Company continued to increase sales and profits in both the automotive and metalworking industries during the 1969 fiscal year. The operating units of the company reported sales and other operating income for the year of $644,000,000 compared to $551,000,000 for 1968 restated. Profit from operations was $67,000,000 compared to $53,000,000 in 1968, also restated.

These figures reflect increasing penetration of all major market areas through rising sales of existing products and the realization of new marketing opportunities through acquisitions, new product development and the application of Bendix know-how to new market areas.

The acquisition of three subsidiary companies gave the automation group a well-rounded systems capability, while new marketing horizons were opened for the automotive group with the development of such products as a mini disc brake, electronic fuel injection and Bendix entry into the burgeoning recreational vehicle field.

The many new products introduced during the year and the company's application of advanced technologies towards the solution of problems maintained the Bendix Automotive & Automation Company's reputation as an innovator and contributing supplier to the many industries it serves.

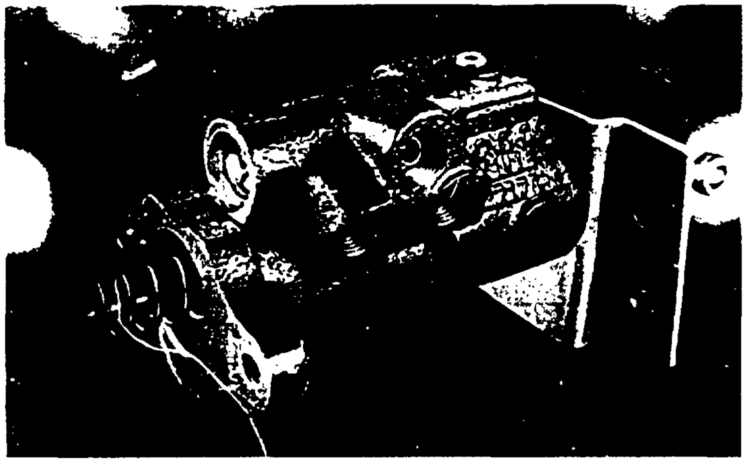
Sales by the company's Automotive Group of divisions rose 17 percent in fiscal 1969 from $293,351,000 reported in 1968 to $343,843,000. These sales gains, in the face of continued threats of integration by the automobile builders demonstrate the important role Bendix plays as an innovative contributor and problem solver for the automotive industry, an industry in which the company's principal competitors include its customers.

Principal elements in these sales advances have been the increasing popularity of established product lines and the success of new safety and convenience devices which the company has introduced. Established product lines include brakes and power brakes, brake linings, radios and steering and fuel-metering systems. Recently introduced products enjoying acceptance on the market are stereo AM FM radios, electronic speed controls and automatic temperature controls.

Many new products undergoing development during the past year, in anticipation of market introduction, include adaptive braking, electronic fuel injection, miniaturized radios, disc brakes for both compact cars and heavy-duty trucks, a horizontal carburetor for recreational vehicles and new developments in brake hydraulic systems.

Research and development programs led by the Advanced Automotive Concepts program, are concentrating on the

ADAPTIVE BRAKING development and testing was continued by the Automotive & Automation Company, an industry leader in the advanced four-wheel version of the system.



HYDRAULIC BOOSTER for automotive braking systems answers the growing demand for more power in smaller packages. It was developed by the Brake and Steering Division.

field of accident avoidance. This field is especially appropriate for Bendix because the company specializes in vehicle control—especially braking, steering and speed controls. The development of adaptive controls with the ultimate goal of an automatic highway system in mind has been a principal project for company engineers. Work to date has included the development of an adaptive speed control which uses radar techniques to measure and interpret obstacles ahead of a vehicle and adjust the speed accordingly.

One of the most significant new products under development during 1969 by the Bendix Automotive & Automation Company was the electronic fuel injection system. This system helps to solve the automotive exhaust emissions problem because it greatly reduces harmful emissions while improving performance and fuel economy at a price that is economically feasible.

A new market opportunity emerged during 1969 with the advent of the All-Terrain Vehicle (ATV) and the Fuel Devices Division has launched a program which is capturing a major share of the ATV carburetor market with the division's horizontal carburetor.

Bendix broad systems capability in the automotive field was reflected by the successful adaptation of the disc brake design of Bendix D B A, a French affiliate, for the new subcompact cars [illegible] in this country. A new [illegible] brakes for U S cars is being [illegible] from this design by engineers [illegible] Brake & Steering Division and [illegible] Division.

[illegible] divisions also introduced a new [illegible] combination valve which replaces three valves in disc brake hydraulic systems.

[illegible] of the Bendix role as [illegible] producer of power brakes for the North American automotive market is the production milestone achieved by Bendix Automotive of Canada Ltd. For the first time the Canadian subsidiary built over one million brakes in a single [illegible] year.

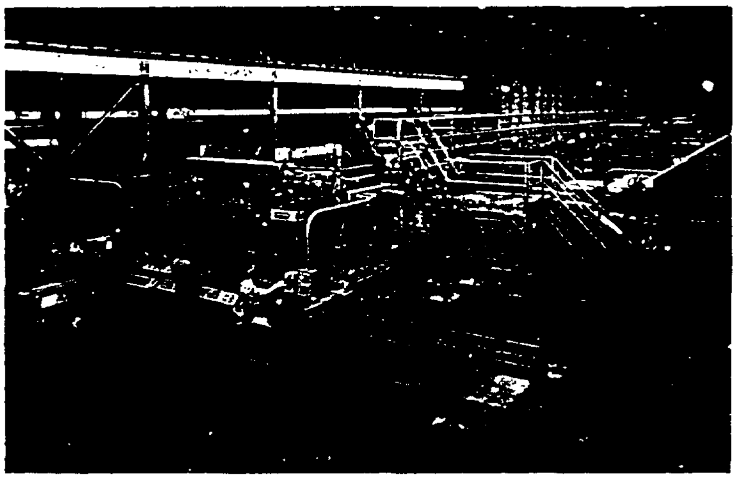
A number of expansion programs were under way during 1969 at various operating units of the company. Bendix Automotive of Canada Ltd. completed two additions and began work on a third; the Friction Materials Division completed additions at the Cleveland, Tennessee and Troy, New York plants and began another at Troy; and the Automotive Electronics Division announced plans to erect a new manufacturing facility at Newport News, Virginia.

The Automotive Service Division continued to expand its dealer training programs with the introduction of a mobile training unit, and to extend its distribution outlets. It also introduced a new power brake service [illegible] kit and disc brake pad and caliper replacement kit.

Bendix-Westinghouse Automotive Air Brake Company [illegible] owned subsidiary during 1969. Bendix had owned 51 percent of the subsidiary's [illegible] since it was formed in 1930 and [illegible] the remaining 49 percent [illegible] the past fiscal year. Important 1969 developments at Bendix-Westinghouse included a new line of spring brake actuators, an air dryer for the commercial vehicle industry and an adaptive braking system for heavy-duty vehicles.

Fram Corporation, a subsidiary, began production of automotive filters at a new plant in Dexter, Missouri, and is building a new plant at Henderson, North Carolina, for its General Products Division, which acquired the Superior Filter Glass Corporation during 1969.

Fram research and development included progress in developing a sanitary waste disposal system for ships and pleasure craft and a system for treating textile plant waste.



TRANSFER LINES were added to Bendix total machining systems capability with the acquisition of the Buhr Machine Tool Company.

CORDAX MEASURING Machine of the Automation & Measurement Division has the advanced ability to generate a numerical control tape directly from a prototype or model.

Bendix sales to the automation market have been growing at a compounded average rate of 18 percent annually for the past 10 years.

The most noteworthy achievement during 1969, for this group, was an acquisition program which gives Bendix total machining systems capability, the most advanced in the metalworking industry. The Bendix Automotive & Automation Company now can provide complete service and equipment from concept and design through development and production of systems, from producing abrasive grain supplies and expendable tools to plant-wide computer control and monitoring systems.

The acquired companies are the Buhr Machine Tool Corporation, Ann Arbor, Michigan, a leading supplier of transfer machines and specialized machine tool systems; American Abrasive Corporation, Westfield, Massachusetts, a producer of grain supplies and grinding wheels for the abrasive machining market, and the Skagit Corporation, Sedro Woolley, Washington, a material handling firm specializing in the forestry and marine industries.

In conjunction with the company's efforts to apply advanced technology to meeting industry's future needs, an Advanced Concepts Program comparable to the successful Automotive Advanced Concepts Program was initiated for the Automation Group.

The Automation Group continued as a major supplier of such equipment and perishable expendable supplies for the metalworking industry, and as a leader in the field of numerically controlled machine tool systems, automatic assembly systems, and high-speed automatic gaging and precision grinding machines.

Buhr demonstrated its advanced capabilities in special machine tool systems by installing the world's first computer-controlled and monitored metal cutting transfer machine. Buhr also built a huge transfer machine for processing automatic transmission cases, which constitutes a complete production system since all operations are performed automatically. With 79 stations, it is one

INTERNAL CRUSH GRINDER, the first in the world, was introduced by the Automation & Measurement Division

of the largest single-production metal-cutting machines in existence.

The Automation & Measurement Division came up with a number of firsts for the metalworking industry during the year. They include the world's first numerically controlled coordinate measuring machine, the first digital recording crankshaft gaging system and the first internal multiform grinder, for which the Abrasives Division is producing the huge grinding wheels. The division also introduced a laser meter for ... gage, an x-ray thickness gage and a new use for ultrasonic machine tools in the cutting of automotive window glass and a wide range of other materials.

The Industrial Controls Division concentrated its efforts during 1969 on production applications of control systems developed by the division. These include the division's adaptive control system for machine tools and the stored program control. Adaptive control modulates machine operation in relation to changing work conditions. The stored program controller is a modification for the Dynapath numerical control system which stores the parts program in a small digital computer, eliminating the need for an integral tape reader. The division also introduced the Series 600, a numerical control system for 3-, 4- and 5-axis machining centers. A volume production order was received for this system during 1969.

The Industrial Metrology Division introduced a versatile new gaging system, the Indi-Air AT with an all-transistor amplifier that measures in both American and metric units. Specialized developments reflecting the division's advanced capabilities in measurement included a computerized jet engine part analyzer which uses an Indi-Ron roundness and geometry measuring instrument linked to a computer for examining and analyzing jet engine turbine components.

Industrial Metrology also expanded its plant facilities, as did the Abrasives Division and the American Abrasive Corporation.

American Abrasive introduced a complete line of tumbling media during the year while the Abrasives Division pursued research programs on new materials and processes.

The Scully-Jones Company, a subsidiary, became the Machine Accessories Division. This division's 1969 activities included the introduction of a new line of modular hydrostatic way bearings and new types of floating holders.

The Industrial Tools Division began manufacture of end mills, a promising new product line, and built the world's largest double disc grinder.

The United Geophysical Corporation, another operating unit of the Bendix Automotive & Automation Company, was engaged in several Alaskan and Canadian petroleum search operations during 1969. They included three seismic field parties operating on the north slope of Alaska and a party working on several of Canada's Arctic Islands for oil company clients. United also is starting geophysical surveys offshore South Korea.

SEISMIC EXPLORATION crews from United Geophysical Corp. performed studies on the north slope of Alaska for oil company clients

Bendix International

W. M. BLUMENTHAL

Bendix International is responsible for management of most of the Corporation's export, foreign licensing and foreign manufacturing activities.

Results comparable to those shown in former annual reports, including additional foreign activities of the Corporation are reflected in the final paragraphs of this section of the report to facilitate comparison.

Because of its three alternate methods of servicing our foreign markets—exporting, licensing for manufacture and local manufacturing by an affiliate—Bendix International can operate with a high degree of flexibility. A multiyear business plan has been carefully prepared to identify those markets which provide further opportunities. International Planning Boards for each major product area, composed of representatives of domestic divisions and our various business affiliates around the world, are operating to establish priorities regarding markets and products as well as investment, licensing and export opportunities in all areas of the world.

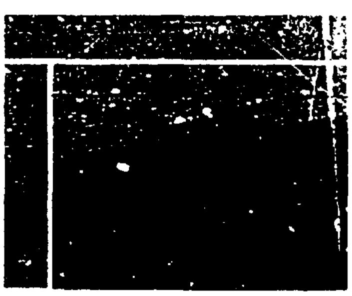
The most recent results of this approach to operating in international markets are highlighted below. They indicate that each of the three Bendix International activities achieved record volume in fiscal 1969.

- Total export sales of Bendix International in fiscal 1969 amounted to $35 000 000, a 9 percent increase over 1968.
- Foreign licensing revenues of Bendix International totaled $6,100,000, or 5 percent over 1968. The sales equivalent of this royalty income in fiscal 1969 is estimated at $222,000,000, versus $214,000,000 in 1968. Of the sales equivalent for 1969, $166,000,000 was accounted for by nonaffiliated licensees.
- Aggregate sales of affiliated companies in which Bendix owned 25 percent or more equity interest, increased sharply to $276,000,000, or by 25 percent over 1968. This increase reflects acquisitions as well as growth of existing affiliates.

Collectively, the three activities *produced a 1969 foreign sales volume* (for Bendix products—in markets served by Bendix International) of $497,000,000, a 17 percent increase over 1968.

Of this amount, $61,000,000 is included in the consolidated revenues of the Corporation for fiscal 1969 and $56,000,000 was included in 1968.

Bendix continues to operate under the U.S. Government's mandatory foreign investment control program. To supplement the revolving Eurodollar credit facilities arranged in 1968, the Corporation formed Bendix International Finance Corporation at mid-year and, through this wholly owned subsidiary, sold $15,000,000, guaranteed, sinking fund, Eurobond debentures due in 1979. It is expected that the above arrangements, coupled with guaranteed local-currency borrowings, will permit additional planned foreign investments and acquisitions.



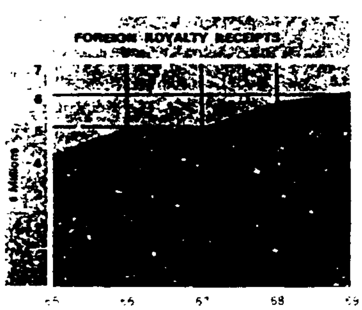
In fiscal 1969, Bendix achieved a net favorable contribution to the U.S. balance of payments of approximately $97,000,000, a 7 percent increase over 1968.

Direct export sales of Bendix International reached a record level of $55,000,000 in fiscal 1969, an increase of 9 percent over 1968. Sales of commercial products were largely responsible for this increase and continued to account for well over one-half of total exports.

During 1969, Bendix continued to be a major supplier of airborne navigation, communication and flight control systems to the German, Belgian, Italian, Argentine and Brazilian air forces. Airframe and foreign commercial airline customers specified the new Bendix lines of navigational weather radar and automatic flight control systems. Exports of general aviation products for executive and pleasure aircraft continued their recent favorable trend.

Delivery of heavy radar equipment to Iran and modernization of several radar sites in Spain during the year contributed to improved radar defense system networks in these countries. Sales of equipment and technical support continue for a similar network in Japan.

Bendix International's receipts from foreign licensees amounted to $6,100,000 in fiscal 1969, a 5 percent increase from the $5,800,000 received in 1968. Automotive licensees continued to provide the larger share of these



revenues, accounting for 67 percent of 1969 receipts. Royalty payments from Japan increased notably.

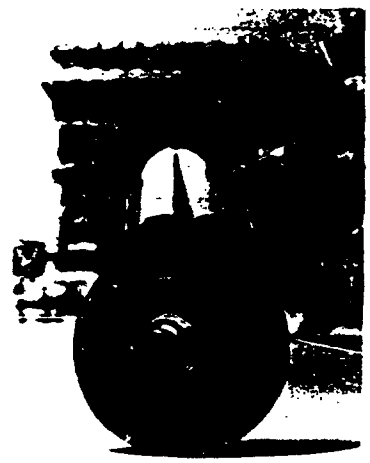
As of year-end, Bendix International was administering a total of 467 individual agreements with 164 licensees in 20 foreign countries. During the year, 27 new agreements were initiated and 23 were terminated.

Foreign licensing activities during the year centered significantly on automotive products such as electronic fuel-injection devices which are being widely adopted in Europe, adaptive braking systems and full-power hydraulic braking systems. In addition, several combination technical development and license agreements were entered into with Japanese firms involved in local aircraft programs.

As of year-end, Bendix International administered direct and indirect equity interests in 26 foreign manufacturing affiliates located in Europe, Latin America, Australia, Taiwan and Japan. Total employment of these affiliates exceeded 25,000.

Sales of affiliates in which Bendix held more than a nominal equity interest totaled $276,000,000 for the fiscal year ended September 30, 1969, a sizeable year-to-year increase of 25 percent. These sales are not included in the Corporation's consolidated revenues for the year.

The largest overseas manufacturing activity, Societe Anonyme D.B.A. and its affiliates located in France, achieved a sharp recovery following the political uncertainties and labor difficulties of early 1968 and recorded a 15 percent increase in sales volume in the period comparable to the Bendix 1969 fiscal year. Largely dependent on the French automotive industry, the group has benefited from significantly higher vehicle production during this period. This company's latest series of automotive disc brakes has proved to be quite successful in both French and world markets. It has been adopted by Fiat in Italy, as well as by one of the leading U.S. automotive manufacturers

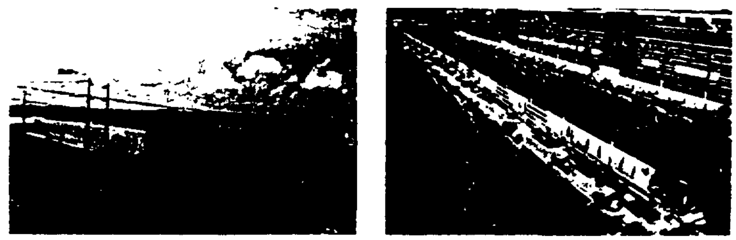


THIS SECOND-GENERATION DISC BRAKE was developed by the Bendix French affiliate Societe Anonyme D.B.A., and has been ordered by an American producer for subcompact passenger cars. It will be produced at the Hydraulics Division in St. Joseph, Michigan.

and now appears to have a significant potential for manufacture by Bendix affiliates in Spain and several Latin American countries.

Higher automotive production was also the stimulus for the improved 1969 results and outlook of our affiliates in Germany and Spain. Teldix G.m.b.H. in Heidelberg, Germany, which to date has been largely a manufacturer of airborne and land navigational devices, has received the first order for its internally developed automotive adaptive braking system, an anti-skid device. Bendiberica, S.A., a Spanish affiliate of both Bendix and Societe Anonyme D.B.A., achieved a record sales volume in 1969, up 46 percent over the prior year. Bendix and D.B.A. increased their ownership interests in the company during 1969.

During the year, Bendix acquired a a 49 percent equity interest in Jurid Werke G.m.b.H. of Hamburg, Germany, a leading supplier of friction materials in Germany and South America. This



BENDIX TAIWAN, LTD., is the newest foreign affiliate and is currently producing printed-circuit boards for automotive radios.

represents the largest single foreign acquisition by Bendix in several years and is expected to serve as a base for further expansion in Germany and other European markets

Thorn Bendix, Ltd in England, a manufacturer of electrical connectors, industrial and scientific instruments and gauges, completed its consolidation phase during the year and is achieving improved operating results During the year, it acquired the largest supplier of electrical radio frequency connectors in the United Kingdom to complement its existing line of Bendix-licensed connectors

Largely due to higher local production of automotive vehicles, each of our three automotive manufacturing affiliates in Latin America achieved higher volume and improved operating results in 1969

Sixty percent of the shares of Frenomex, our Mexican affiliate, was placed in trust pending a subsequent public offering to Mexican citizens

In Australia, the consolidation of three of our four local affiliates is proceeding as indicated last year. Due to changing market conditions, the aerospace activity has been reoriented to the manufacture of electronics products The automotive activity now producing carburetors, filters, and fuel pumps is currently initiating the manufacture of a newly-designed and technically advanced integral Varamatic power steering unit. Although production is now contemplated for only the Australian market, the unit appears to have a potential in the United States and Europe.

Our newest foreign affiliate is Bendix Taiwan, Ltd. which recently began production of printed circuit boards for automotive radios. The facility provides a base for additional product lines destined for non-U.S. markets.

Negotiations have been completed for the purchase of a 13-percent interest in Jidosha Kiki, a Japanese licensee for automotive hydraulic brake equipment.

For the 1969 fiscal year, Bendix share in the combined net income of the foreign affiliates totaled $6,000,000, a 11 percent increase over 1968. This income is not reflected in the Corporation's consolidated financial results except to the extent of dividend distributions

Dividends received from these affiliates during 1969, and therefore included in the Corporation's consolidated statements, totaled $2,500,000 and this amount is largely free of U S income taxes due to allowable credits for foreign taxes. For the 1968 fiscal year, dividend receipts amounted to $1 900 000

Results comparable to those shown in previous Annual Reports are summarized below:

These statistics include additional foreign activities of the Corporation not under the management responsibility of Bendix International but continue to exclude the foreign source revenues of the United Geophysical Corporation, Bendix Field Engineering Corporation and the Fram Corporation.

Total foreign sales of Bendix products — exports, sales of foreign manufacturing affiliates plus sales of licensed products by nonaffiliated licensees — aggregated approximately $608,000,000, an increase of 14 percent over fiscal 1968 Of the above indicated amounts, only $154,-000,000 is reflected in the consolidated revenues of the Corporation for fiscal 1969.

Total direct export sales increased from $88,000,000 in 1968 to a record level of $92,000,000 for the current fiscal year or by 4 percent Consolidated royalty receipts from foreign licensees amounted to a record level of $7,300,-000, an increase of 3 percent over the previous fiscal year. Total sales of foreign affiliates in which Bendix owned 25 percent or more equity interest aggregated $347,000,000 for the twelve-month period ended September 30, 1969, an increase of 26 percent over the adjusted level for the comparable 1968 period.

Directors and Officers

Directors

W. MICHAEL BLUMENTHAL
HARRY B. CUNNINGHAM*
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RICHARD G. FOLSOM
A. P. FONTAINE*
A. M. HARRELSON*
PAUL F. HARTZ
C. E. HEITMAN
HARRY J. LOYND*
JAMES F. MILLER
C. S. HARDING MOTT*
R. D. O'NEAL
LOUIS F. POLK*
R. W. PURCELL
WALTER E. SCHIRMER

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Executive Vice-President—General Counsel

A. M. HARRELSON
Executive Vice-President—Finance

R. E. McGRUTHER
Executive Vice-President—Corporate Staff

R. C. FULLER
Senior Vice-President—Investor Relations

J. R. COOKE
Vice-President—Industrial Relations

G. A. POLLACK
Vice-President—Corporate Development

D. R. HIBBERT
Treasurer

H. C. KOENIGSMARK
Controller

H. S. BARRON
Secretary

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President and Chief Operating Officer

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Executive Vice-President—Automotive

R. A. HEDDEN*
Executive Vice-President—Automation

W. B. PAINE
President—Bendix-Westinghouse Air Brake Company

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Vice-President—Marketing

H. STOLAR*
Vice-President and Group Executive

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Vice-President and Group Manager

H. L. BOPPEL
Vice-President and Group Manager

I. C. MAUST
Vice-President and Group Manager

E. F. PESLAR
Vice-President—Manufacturing

B. W. BAKER
Controller

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D. S. JONES*
Executive Vice-President

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Vice-President and Group Executive

H. G. TARTER*
Vice-President and Group Executive

E. C. JOHNSON*†
Vice-President—Engineering and Research

W. E. KOCK*†
Vice-President and Chief Scientist

J. L. HELMS*
Vice-President and Group Manager

W. C. PURPLE*
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C. E. ROWETT*
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Vice-President—Marketing

F. M. JENNER
Vice-President and Group Manager

G. A. LEWTHWAITE
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D. B. MORSE
Vice-President and Group Manager

R. J. QUIRK
Vice-President—Kansas City Division

E. E. EVANS
Vice-President—Manufacturing

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Controller

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E. R. EGGERS*
Executive Vice-President

J. B. TREACY*
Executive Vice-President

F. J. BORHECK*
Senior Vice-President—International Marketing and Licensing

H. N. FRIESEN
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J. V. V. BRYAN
Vice-President—International Planning

J. L. O'BRIEN
Vice-President—International Licensing

D. A. PROECHEL
Vice-President—Finance

D. A. BOETTCHER
Controller

Counsel

HUGHES, HUBBARD & REED
New York, New York

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BANKERS TRUST COMPANY
New York, New York

OFFICE OF THE BENDIX CORPORATION
South Bend, Indiana

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Common Stock
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
New York, New York

FIRST NATIONAL BANK OF CHICAGO
Chicago, Illinois

Preferred Stock
CHASE MANHATTAN BANK, N.A. OF NEW YORK
New York, New York

Trustee—6⅝% Debentures
MANUFACTURERS HANOVER TRUST COMPANY
New York, New York

**Also member of Executive Committee*
**Also officer of The Bendix Corporation*
†Also serves Corporation as a whole

Divisions and Subsidiaries

Corporate

The Bendix Corporation, Executive Offices
Bendix Center, Southfield, Michigan
Bendix Aerospace-Electronics Company
Bendix Center, Southfield, Michigan
Bendix Automotive & Automation Company
Bendix Center, Southfield, Michigan
Bendix International
New York, New York

Advanced Technology Group

Bendix Research Laboratories
Bendix Center, Southfield, Michigan
Advanced Products Division
Bendix Center, Southfield, Michigan

Bendix Aerospace-Electronics Company

Products Group

Electric Power Division
Eatontown, New Jersey
Electrical Components Division
Sidney, New York
Electro-Optics Division
Ann Arbor, Michigan
Energy Controls Division
South Bend, Indiana
Filter Division
Madison Heights, Michigan
Fluid Power Division
Utica, New York
Microwave Devices Division
Franklin, Indiana
Mosaic Fabrications Division
Sturbridge, Massachusetts
Process Instruments Division
Ronceverte, West Virginia
Scientific Instruments & Equipment Division
Rochester, New York
Scott Testers Inc
Providence, Rhode Island

Systems Group

Aerospace Systems Division
Ann Arbor Operations
Ann Arbor, Michigan
Mishawaka Operations
Mishawaka, Indiana
Aviation Electric, Limited
Montreal, Quebec, Canada
Avionics Division
Fort Lauderdale, Florida
Bendix Field Engineering Corporation
Bendix Commercial Service Corporation
Owings Mills, Maryland
Communications Division
Towson Plant
Baltimore, Maryland
York Plant
York, Pennsylvania
Electrodynamics Division
North Hollywood, California
Environmental Science Division
Baltimore, Maryland
Flight & Engine Instruments Division
South Montrose, Pennsylvania
Instruments & Life Support Division
Davenport, Iowa
Launch Support Division
Kennedy Space Center, Florida
Navigation & Control Division
Teterboro, New Jersey
Kansas City Division
Kansas City, Missouri
West Coast Aerospace Support Division
Burbank, California

Bendix Automotive & Automation Company

Automotive Group

Automotive Development Center
New Carlisle, Indiana
Automotive Electronics Division
Baltimore, Maryland
Automotive Service Division
South Bend, Indiana
Bendix Automotive of Canada, Limited
Windsor, Ontario, Canada
Brake & Steering Division
South Bend, Indiana
Friction Materials Division
Troy, New York
Cleveland, Tennessee
Fuel Devices Division
Detroit, Michigan
Hydraulics Division
St. Joseph, Michigan
Motor Components Division
Elmira, New York
P & D Manufacturing Company, Inc.
Long Island City, New York
Bendix-Westinghouse Automotive
Air Brake Company
Elyria, Ohio
Refrigeration Products Division
Cullman, Alabama

Automation Group

Abrasives Division
Jackson, Michigan
American Abrasive Corporation
Westfield, Massachusetts
Automation & Measurement Division
Dayton, Ohio
Buhr Machine Tool Company
Ann Arbor, Michigan
Industrial Controls Division
Detroit, Michigan
Industrial Metrology Division
Ann Arbor, Michigan
Industrial Tools Division
South Beloit, Illinois
Greenfield, Massachusetts
Machine Accessories Division
Chicago, Illinois
Skagit Corporation
Sedro Woolley, Washington

Geophysical Group

Marine Advisers, Inc.
Solana Beach, California
United Geophysical Corporation
Pasadena, California

Other Consolidated Subsidiaries

Fram Corporation
East Providence, Rhode Island
Industrial Fabricating Company
Tulsa, Oklahoma
Texas Pipe Bending Company
Houston, Texas

Bendix International

Overseas Manufacturing Subsidiaries & Affiliates

Argentina
Industrias Bendix A.S.I.C.y.F.

Australia
The Bendix Corporation Australia Pty. Limited
Rockdale, Australia
Bendix Corporation Australia (Automotive) Pty. Limited
Rockdale, Australia
Bendix Mintex Pty. Limited
Victoria, Australia
The Sheffield Corporation of Australia Pty. Limited
Clayton, Victoria, Australia

Brazil
Bendix do Brasil Equipamentos Para Autovehiculos Ltda.
Campinas, S.P., Brazil

England
Thorn Bendix Limited
New Barnet, Herts., England
Greenpar Engineering Limited
Harlow, Essex, England
John L. Green (Engineers' Merchants) Ltd.
Harlow, Essex, England

France
Société Anonyme D.B.A.
Paris, France
Ducellier et Cie.
Paris, France
Société Française d'Equipments pour le Navigation Aerienne
Neuilly, France
Société Industrielle des Comprimes de l'Ouest
Le Mans, France
Société Roto-Diesel
Blois, France
Société STOP
Saint Ouen, France

Germany
Jurid Werke G.m.b.H.
Hamburg, Germany
Nieberding & Co., G.m.b.H.
Neuss, Germany
Teldix G.m.b.H.
Heidelberg, Germany
Textar G.m.b.H.
Leverkusen, Germany

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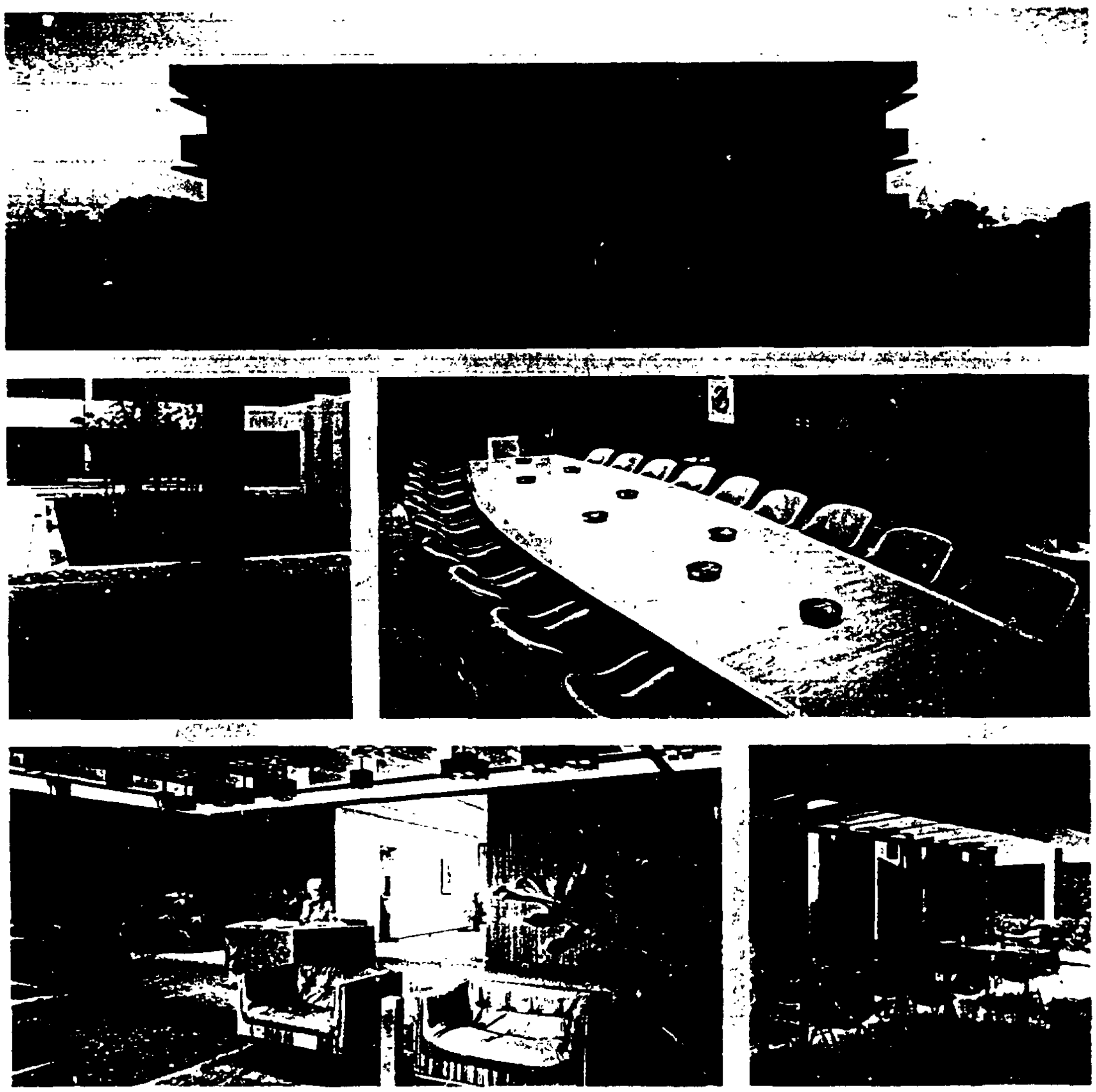
Akebono Brake Industry Co., Ltd.
Tokyo, Japan
Jidosha Kiki
Tokyo, Japan

Mexico
Frenomex S.A.
Mexico City, Mexico

Spain
Bendiberica S.A.
Barcelona, Spain

Taiwan
Bendix Taiwan, Ltd.
Taipei, Taiwan, Republic of China

Bendix
Executive Offices



Completed in May 1969, this four-level structure
is the world headquarters of The Bendix Corporation