

Company's 1998 Annual Report to shareowners is incorporated herein by reference.

DOMESTIC AND FOREIGN FINANCIAL DATA

Note 24 (Geographic Areas -- Financial Data) of Notes to Financial Statements in the Company's 1998 Annual Report to shareowners is incorporated herein by reference.

COMPETITION

The Company encounters substantial competition, in each of its product areas, from businesses producing the same or similar products and businesses producing different products designed for the same uses. Such competition is expected to continue in all geographic markets. Depending on the particular market involved, the Company's businesses compete on a variety of factors, such as price, quality, delivery, customer service, performance, product innovation and product recognition. Other competitive factors for certain products include breadth of product line, research and development efforts and technical and managerial capability. While the Company's competitive position varies among its products, the Company believes it is a significant factor in each of its major product classes.

Certain products and services of the Company are sold in competition with those of a large number of other companies, some of which have substantial financial resources and significant technological capabilities. Other products compete with independent suppliers or with the captive

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component divisions of the vehicle manufacturers. Still other businesses are aligned around markets, customers and common technologies. Brand identity, service to customers and quality are important competitive factors in the market and there is considerable price competition.

INTERNATIONAL OPERATIONS

The Company is engaged in manufacturing, sales and/or research and development mainly in the U.S., Europe, Canada, Asia and Latin America. U.S. exports and foreign manufactured products are significant to the Company's operations. U.S. exports comprised 17% of total Company net sales in both 1998 and 1997. Foreign manufactured products and services, mainly in Europe, were 21% and 22% of total Company net sales in 1998 and 1997, respectively.

The Company's international operations, including U.S. exports, are potentially subject to a number of unique risks and limitations, including: fluctuations in currency value; exchange control regulations; wage and price controls; employment regulations; foreign investment laws; import and trade restrictions, including embargoes; and governmental instability.

Approximately 25% of total sales of aerospace-related products and services were exports of U.S. manufactured products and systems, performance of services such as aircraft repair and overhaul, and licensing activities. Exports were principally made to Europe, Asia and Canada. The principal manufacturing facilities outside of the U.S. are in Europe and Canada. Foreign manufactured products comprised 11% of total sales of aerospace-related products and services.

Exports of U.S. manufactured automotive products comprised 5% of total sales of automotive products. The principal manufacturing facilities outside the U.S. are in Europe, with less significant operations in Asia, Latin America and Canada. Foreign manufactured products accounted for 47% of total sales of automotive products.