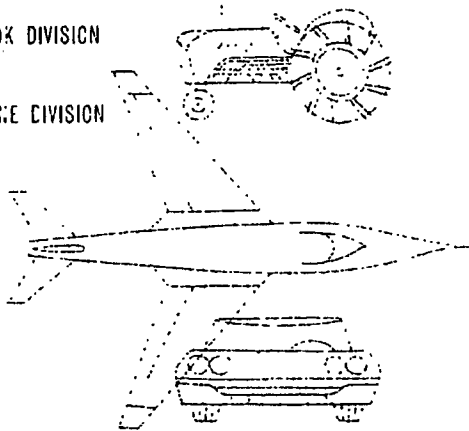


other domestic operations

AMERICAN BRAKEBLOK DIVISION
AMFORGE DIVISION
BRIDGWATER MACHINE DIVISION



American Brakeblok Division This Division, operating two plants, is one of the United States' leading suppliers of friction materials for automotive, industrial and airborne use. The Division's AMERICAN BRAKEBLOK trademark is a mark of quality on brake lining for passenger automobiles, trucks, buses and industrial equipment. Under this trademark and private brands, the Division's products are sold through more than 5,000 distributors in the United States.

For severe applications, American Brakeblok manufactures friction parts of sintered metals: powdered metals which are molded under pressure and then fused under heat. These materials handle power transmission on heavy construction equipment and braking on jet aircraft such as the Boeing 707 and Douglas DC-8. They are also used in some automotive transmissions where special heat-resistant characteristics are required.

Two improved types of automotive lining were introduced by the Division during 1960. "Special Service" lining is adapted to vehicles making frequent stops, such as delivery vehicles and taxicabs. "Interceptor" lining is designed for high-speed vehicles needing reliable braking under extreme conditions, such as highway patrol cars and ambulances. These new products give American Brakeblok a line of superior braking material for virtually every automotive need.

The Division also manufactures ABK laminated plastics, used primarily in bearing applications in the steel industry, and also in bearings for automotive vehicles.

Research at the Company's Chemical Laboratory is conducted primarily for American Brakeblok. In 1960, the Laboratory continued efforts to develop better friction materials and to help the Division reduce product costs.

AmForge Division AmForge Division is a major producer of steel forgings made by the upset, drop and press methods. Its products serve the

automotive, farm equipment and earthmoving equipment industries. The Division operates three forging plants.

Strikes at two plants during early 1960 cut sharply into first-quarter shipments and earnings. Throughout the year, incoming orders were lower than in 1959, reflecting the effect on the forging industry of the present recession in durable goods and of foreign competition.

AmForge has enhanced its competitive position by cost reductions, improved labor relations, and design innovations that result in more value to the customer. The Division has also developed a method of piercing and extruding forgings to close tolerances, thus eliminating boring and other machining in many applications.

New die design techniques enable AmForge to produce forgings previously thought impractical. This opens to forgings a portion of the market that had been restricted. A machine for the ultra-high-energy forming of metals has been installed at the Company's Metallurgical Laboratory. The possibilities of this machine in forging are impressive, but much experimental work needs to be done before its actual potential can be evaluated.

Certain assets of Herscott Corporation, a maker of electrical resistance heating equipment trademarked RESLEC, were acquired during 1960. A small plant at Rockford, Illinois is operated by AmForge for the production of this equipment, which applies controlled heating to such processes as wire drawing and warm heading. AmForge is investigating the use of the RESLEC process in billet heating and other forging applications.

Bridgwater Machine Division This Division became a part of Brake Shoe in 1960 when the Company bought the Mold Division of Bridgwater Machine Company. In its plant at Athens, Ohio, the Division manufactures molds used in the production of automotive, aircraft and heavy equipment tires, and a variety of molded rubber and plastic products. Management of the operation has been retained. Boyd E. Bridgwater remains as president of the Division and John W. Bridgwater as vice president.

This logging truck descending a grade represents part of the automotive industry — an important market for Brake Shoe Division. American Brakeblok friction materials provide the truck's braking. The tires were made in molds supplied by Bridgwater Machine Division. Engine transmission and suspension use steel forgings from AmForge Division.

