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GENERAL AMERICAN TRANSPORTATION CORPORATION

ANNUAL REPORT

FOR 1957



FULLER COMPANY, our wholly-owned subsidiary, had another excellent year. As was expected, new cement plant installations dropped from the peak of the prior year and resulted in some lesser volume and profit. Other of its product lines continued to expand in many fields. Building additions and new tooling for the Catasauqua and Manheim, Pennsylvania plants were completed during the year. To handle increased activities on the Pacific Coast, the Compton, California plant is adding to plant buildings and installing more new tooling.

In mid-1957 the Dracco Corporation, with a well equipped plant and highly skilled organization, located at Cleveland, Ohio, was acquired. Dracco is an old and well established firm, specializing in the dust and fume collecting fields. This acquisition will enable Fuller to enter a new field with equipment allied to its existing product lines and sales. Pollution of air is becoming a serious problem in this nation. Therefore, we believe dust and fume collecting equipment have great potential for growth.

Purchase of all the outstanding shares of stock of Societe E. Constantin S.A., Paris, France, was completed early in the year. This company's modern manufacturing plant in France will materially aid in the world-wide sales and distribution of Fuller products.

PLATE AND WELDING — FIELD ERECTION DIVISIONS enjoyed their most successful year, both in volume and profit, due in large part to the petroleum industry's demand for cone and floating roof storage tanks. Assisting the fine showing were increased sales of pressure vessels, especially of the double-walled type for liquid oxygen storage, as well as continuing orders for the Wiggins Dry Seal Pressure Gasholder. The superiority of the latter for storage of chemical and industrial gases is evidenced by the fact that, for the past several years, over 95% of all orders placed for gasholders have been for Wiggins type. With an excellent backlog of orders these divisions should experience a good year in 1958, despite an expected decline in capital expenditures by the petroleum industry and narrowing of profit margins on tankage due to increased labor costs. The expected demand for storage and transport equipment for use in the cryogenic (liquefying of gases at very low temperatures) field and other pressure vessels, including gasholders, could take up any slack that might be experienced in the petroleum field.

Also, in line with our policy of providing specialized fabrication for our plants, the Greer Marine Corporation, Freeport, L. I., was acquired. The purchase of Greer Marine brought us primarily specialized engineering talent and patents covering a hydraulically operated hatch cover for cargo ships. Although relatively new, the hydraulically operated hatch covers are becoming increasingly favored by ship operators due to their efficiency and economy of operation.

THE PROCESS EQUIPMENT DIVISIONS had another profitable year. As a result of research and development two new products have good prospects for expanding sales of the Louisville Dryer Division. The first Fluidized Bed Dryer utilizing the principle of suspending the solid to be dried in a rising column of air was sold to a major chemical company. Also, a dryer using the design of the steam tube type, but sealed to permit its use as a vacuum dryer or reactor, had its initial acceptance. Both of these new types of dryers offer considerable operating advantage to the chemical industry.

The Turbo-Mixer Division should make a better showing in 1958 as a result of increasing demand for its Rotating Disc Column, used for complex liquid-liquid, liquid-solid separation.

PLASTICS DIVISION had a poor year due to reduced volume in the appliance field and industry-wide destructive competitive pricing. The Division entered 1957 with the best order book of molds in its history. Normally molds are the measure of sales volume, yet throughout the year orders for parts from the completed molds were lacking in quantity. In an all-out effort to bring the Division to a profitable basis during 1958, an intensive research program to develop new products for diversified fields was carried on. Part of this program was the development of an injection process, material, and molds to produce thin-wall containers and lids for packaging of foods. The first of a series of varying sizes are now being successfully produced. A contract has been negotiated for marketing through one of the largest container companies. Also developed and in successful production using Fiberglas base material are

portable television cabinets, automobile, missile and airplane components. Another new item is an extruded wall panel duplicating rare woods which should be in production in mid-1958. Since volume in a measure is dependent on the consumer goods field, it is difficult to forecast the prospects of this Division for the year 1958. However, with the products of our research and development, and with improvement in volume of parts for consumer goods, we have every hope that the Plastics Division will again be an income producer some time during 1958.

PARKER-KALON DIVISION had a good year marked by higher profit on a slightly lower volume, indicating the efficiencies in the new Clifton, N. J. plant. To combat an intense competitive situation in the screw fastener industry, emphasis was placed on development of new products. Late in the year exclusive rights were acquired to manufacture and sell the patented Jet-Setter, a tool used to automate the driving of screws by pneumatically setting the screw at the bit, thereby increasing driving speed and effecting extensive labor savings in production line assemblies. Other new developments with promise are the West recess, a crossed recess screw head; a new type set screw; nyltite staps and an improved weld screw. Since the metal working industries served by Parker-Kalon have been operating at a slower rate, the outlook is for continued strongly competitive conditions, which Parker-Kalon's dealer organization was designed to weather.

KANIGEN® chemical nickel plating process had steady increase in the volume of work performed in the industrial field, as a result of product acceptance after trial test runs and lowering of costs through more efficient production methods. This, coupled with new and repeat orders from the atomic energy and defense industries, brought profitable results. Customer reports on the first trial Kanigen-lined tank cars and other large vessels, after one year of use, have been very favorable and orders have been received for over one hundred lined cars. Royalty income from our overseas licensees was not up to expectations owing to the delays in establishing large scale plating plants abroad. However, plating operations have recently commenced in Japan and France. With growing product acceptance in the industrial field, and, importantly, for use in our own fabricated types of equipment, Kanigen is displaying the kind of growth in new and specialized applications which was originally foreseen and which augurs well for the years ahead.

EXPORT DIVISION expanded its overseas activities during 1957. Although direct sales from our American plants showed slight increase over the previous year, income from royalties, engineering fees and dividends advanced considerably. Since most of our products are of the heavy type, your Company adopted a policy in 1946 of appointing licensees in the principal manufacturing and steel producing countries of the world in order to avoid high shipping costs and foreign import duties. That this policy was a sound one is evidenced by the fact that earnings from engineering fees and royalties have shown steady progress, whereas, due to trade and exchange restrictions, insufficient American heavy steel plate and other causes, direct sales throughout the world have been greatly restricted or prohibited. We have obtained good income from overseas activities, including income from many countries where payment in dollars for capital equipment has been greatly restricted. At the present time your Company has thirty-seven exclusive licensees throughout the free world. Moreover, your Company also has profitable investments in Canada, Mexico, Brazil, England and France. With the advent of the so-called "common market" in Continental Europe, your management feels that the Company is in a flexible position through its licensees and affiliates to gain an increasing share of the business for its products in that important area.

RESEARCH AND DEVELOPMENT DEPARTMENT continues its invaluable assistance to our sales, engineering and operating departments. The year 1957 was one of heavy expenditure and activity. Certain of our development work came to a successful conclusion, as previously mentioned. An intensified program in each division of the Company is now in effect. In the wide range of our activities — railroad cars, pneumatic conveying, drying, dewatering, cooling, heat recuperating, mixing, separation, corrosion protection, chemical plating, conservation of gases and volatile liquids, dust and fume collecting, compressors, blowers and industrial fans—the opportunity is always present to convert problems into improvements or invention for future value to the Company.



GENERAL AMERICAN TRANSPORTATION CORPORATION
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SERVICES AND PRODUCTS

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GENERAL AMERICAN TRANSPORTATION CORPORATION

GENERAL OFFICES: 135 SOUTH LA SALLE STREET, CHICAGO 90, ILLINOIS

Designers, builders and operators of railroad freight cars, fabricators and welders of all types of metals and alloys. Manufacturers of process equipment and screw fastening devices, molders of plastics, chemical nickel platers, and operators of public tank storage terminals.

leasing services

Until the technique of leasing railroad cars was developed, many products now bought, sold and used in bulk were high in price, low in demand, short in supply —because many types of freight cars were not readily available

Providing a comprehensive rail transportation service on a rental basis for industry is a major General American contribution to American business.

Today there are thousands of products which cannot be shipped in standard railroad cars. This is particularly true of liquid products shipped in bulk. Both the railroads—and government bodies regulating the railroads—have long recognized that it would not be practical for individual roads to supply each of the hundreds of types of specialized cars in the quantity required by shippers for their products. Nor would it be practical for each shipper to build, operate and maintain his own special types of cars.

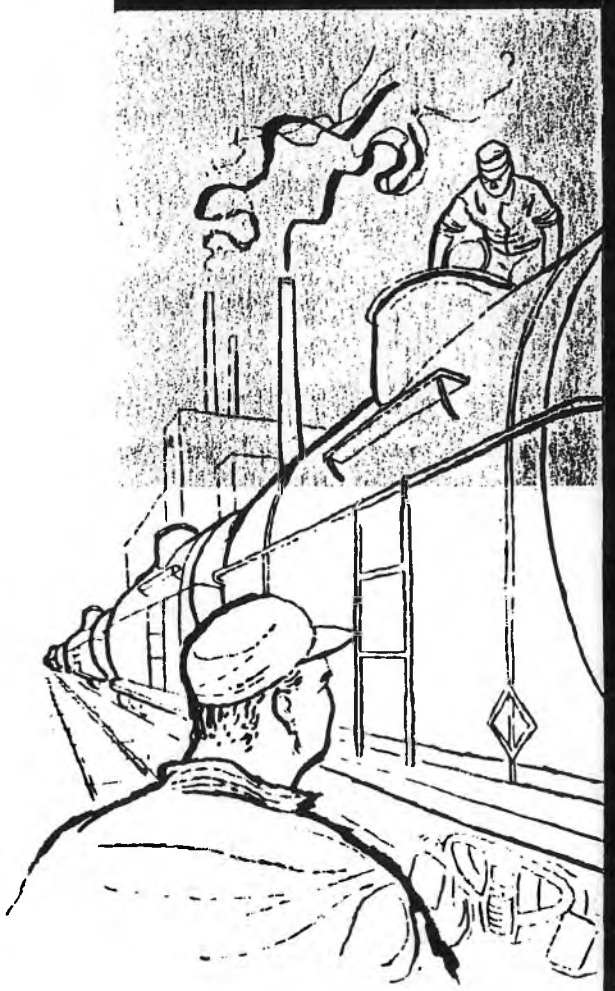
An individual manufacturer attempting to own and operate his own cars might easily find that operating railroad cars took more time, effort and capital than his original business. He would have to invest large capital sums in rolling stock. He would have to set up special departments to keep records on car movements and amortization. He would have to build or obtain repair facilities to keep his cars in service. And, at least part of the time, his expensive rolling stock would stand idle and unproductive on sidings.

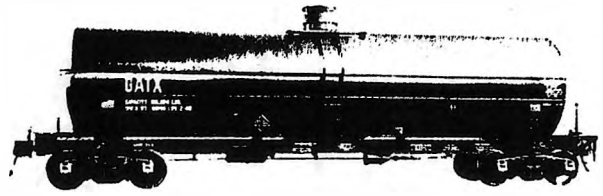
General American's car leasing service thus enables the manufacturer to put his full efforts into his own business, and lease his cars from a company who for more than 50 years has built and operated specialized cars in support of the railroads.

General American designs and builds cars to exact specifications for hundreds of diverse needs. It operates the cars, keeps track of them, knows where they are and keeps them moving. Cars are repaired and maintained in General American's own shops throughout the country . . . and it also has repair facilities on customers' property in many instances. Research and engineering services are so closely allied with the ever-changing shipping needs of industry that the design and manufacture of new and better cars is a constant, integral part of our operation.

Routing its cars from one part of the country to another, from one railroad to another, from the service of one shipper to another, from one seasonal service to another, General American helps make freight transportation more efficient and more economical for all.

Similar principles of business economics led to the development of the General American Tank Storage Terminals. Companies needed to store, mix, blend and sell liquids in bulk at various ports. If they were forced to build the necessary facilities, many would be unwilling to risk their capital. In five major distributing centers of the United States, these General American terminals function as warehouses for bulk liquids. They provide producers and distributors with storage tank space, blending facilities, the use of drumming and barreling equipment and supervision. In this way, many firms are enabled to have marketing flexibility without capital investment on their part.







General service and specialized tank cars to carry liquids in bulk

THE GATX FLEET

The GATX fleet of tank cars—over 47,000—comprises more than 75% of all the cars owned by General American. Building and operating tank cars is a highly specialized business, and every tank car is in reality a "specialized" car, even though certain types may be mass-produced in a standardized design. To illustrate how exact are the requirements for safe shipping of hundreds of kinds of bulk liquids, there are more than 200 specialized types of cars in the GATX tank car fleet! The railroads have long recognized that the operation and maintenance of tank cars is highly complicated; that the cars must be tailored to the commodities transported, thus the shippers' needs can best be met by private ownership.

General American's tank cars are each designed to meet specific requirements for various liquids. For liquids that must be kept at relatively constant temperatures in transit, the tanks are insulated with glass wool or cork. Some liquids must be shipped in insulated tanks heated by either interior or exterior steam coils. Tanks are built to pressure requirements ranging from 35 pounds to 500 pounds per square inch.

For many commodities, tanks of cars are built of various metals other than steel. In some cases this is done to prevent corrosive destruction of the tank by the commodity. In others, to protect products which are contaminated by contact with steel.

The GATX fleet—designed, built and operated by General American—is serviced and maintained in the company's own shops—by men who are skilled in the task of keeping the cars rolling

