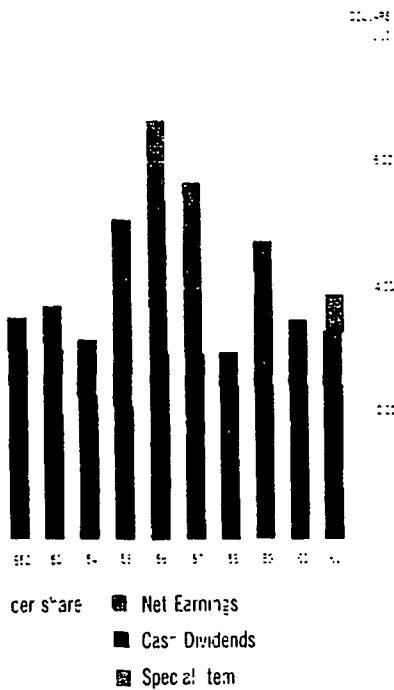


*Net Earnings and Cash Dividends
per Common Share*



obsolete have now achieved some measure of success. New products added in the last seven years include hydraulic controls and presses, servo-valves, aircraft landing gear and flight control systems, cast steel freight car wheels, freight car retarders, tire molds, transducers, new metal alloys and other specialties. This group of products generated 25 per cent of the sales volume in 1961 and will provide an even higher percentage of sales in 1962.

The next section of this report briefly describes in words and pictures the changes in the basic nature of the company since its founding sixty years ago. From making a single product for the railroads, the company has expanded to produce four major product groups which are made up of over fifty distinct product lines.

Although management will continue to seek and consider the acquisition of companies with compatible products and markets and good profit potential, our principal efforts in the near future will be directed toward closely integrating our new acquisitions and improving the operating and marketing performance of the entire company.

As we move into early 1962, the outlook promises improvement over 1961. Some non-recurring costs of integration and start-up of new companies and product lines are behind us. The forecasts of manufacturing divisions indicate more balanced operations for the year and our normal operating costs are well controlled. If economic activity in the United States and Canada remains at present high levels, our results for the year should be satisfactory.

Sincerely,

Wm. B. Green Jr.

Chairman

Samuel Dunn

President