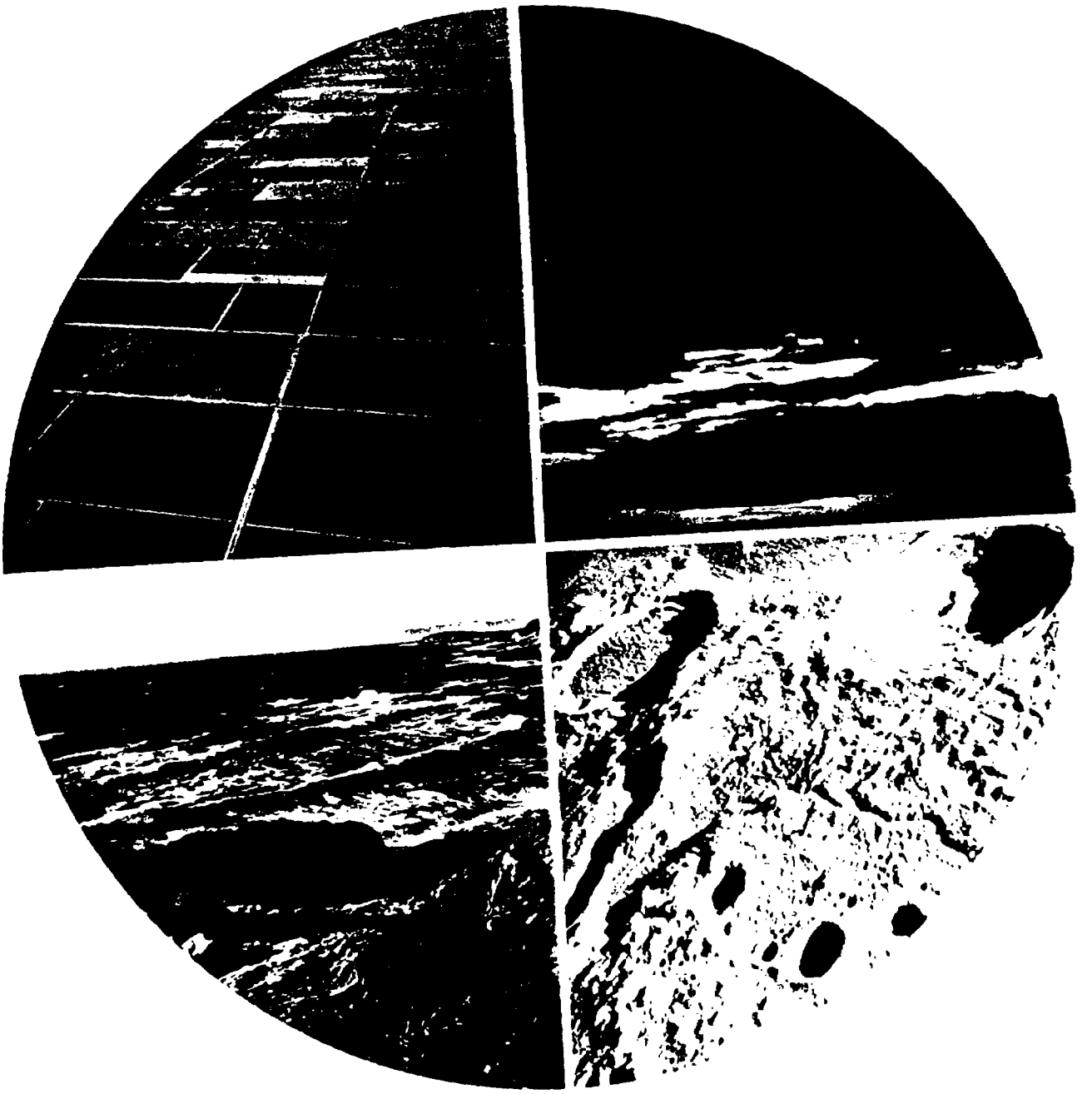
the World of Bendix

1971 annual report

PLAINTIFF'S EXHIBIT

BX-463



The Bendix Corporation and Consolidated Subsidiaries

For the Years Ended September 30, 1971 and 1970

	1971	1970*	Percent Change
	(in millions, except share amounts)		
Net sales, royalties and other operating income	**$1,612.8**	$1,680.1	(4)%
Income before extraordinary charge	**42.1**	32.3	30
Earnings per common and common equivalent share	**2.56**	1.95**	31
Average number of common and common equivalent shares (in thousands)	**16,482**	16,587	(1)
Dividends per share on Common Stock	**1.60**	1.60	
Stockholders' equity per share of Common Stock[a]	**33.03**	31.75	4
Wages and salaries	**605.5**	632.4	(4)
Net working capital	**381.1**	427.8	(11)
Capital expenditures	**66.5**	55.0	21
Depreciation, depletion and amortization	**44.2**	41.7	6
Unfilled orders, September 30 (including engineering projects)	**685.5**	662.7	3

Results of Operations by Operating Groups

The following table shows the results of operations of the operating groups of the Corporation. The products and services of some of these groups have various end uses. When grouped with reference to the end use of the products or services sold, the Corporation's sales may be classified in the manner shown in the table "Sales by Major Classifications" on page 28 of this Annual Report.

	1971 (in millions, except per share amounts)			1970*		
	Sales and Other Operating Income	**Income Before U.S. and Foreign Income Taxes**	**Earnings Per Share**	Sales and Other Operating Income	Income Before U.S. and Foreign Income Taxes	Earnings** Per Share
Aerospace-Electronics	**$ 552.0**	**$29.3**	**$ .92**	$ 638.6	$23.3	$ .72
Automotive	**764.4**	**73.6**	**2.14**	718.1	66.3	1.82
Industrial	**111.0**	**(3.5)**	**(.12)**	150.3	5.7	.15
Forest Products	**169.1**	**7.5**	**.25**	148.4	5.4	.13
Sundry operations and intercompany eliminations	**16.3**	**(28.3)[cc]**	**(.63)[cc]**	24.7	(33.1)[cc]	(.87)[cc]
TOTAL	**$1,612.8**	**$78.6**	**$2.56**	$1,680.1	$67.6	$1.95

*Restated to include the financial results of subsidiaries outside the U.S and Canada and to recognize equity in earnings of associated companies

**Before a $5 0 million extraordinary charge (net of income taxes) equal to $.30 per share

[a]After allowing for Preferred Stock outstanding at liquidating value of $60 or $170.3 million in 1971 and $168.7 million in 1970

[cc]Includes all interest expense which is not allocated to any operating group

During fiscal 1971, The Bendix Corporation's performance produced satisfactory improvement in earnings when viewed in relation to the economic conditions that prevailed during the period.

Our earnings were $42,100,000 or $2.56 per share, an increase of 31 percent per share over last year, while our consolidated sales, royalties and other operating income totaled $1,612,800,000, a decline of some four percent from last year's totals restated on a comparable basis.

For the first time this year, our consolidated statements include the full results of our international operations. In past years our consolidated statements have reflected our international activities only through our profits from export sales and through the dividends and royalties received from our foreign affiliates and licensees. The consolidation of worldwide sales and profits will provide a clearer picture of the breadth of our business and permit more accurate evaluation of Bendix as a multi-national, multi-industry corporation.

Your management is especially heartened by the Corporation's improved performance during 1971 in view of the fact that the year continued to be a difficult one for the American economy. The first quarter of the fiscal year presented much the same depressed condition we had encountered in most of our major markets during fiscal 1970. Slight improvement became apparent in some of these markets during the second quarter and gathered momentum gradually as the year progressed. The more favorable business climate in the last two quarters, together with the very stringent cost reduction moves we continued to make throughout the year, produced the encouraging improvement in profits despite a slight drop in sales.

In the automotive and the forest products markets we recorded increases in both sales and earnings over 1970. In the aerospace-electronics industry, our operations displayed an encouraging profit improvement despite a substantial decline in sales. The badly depressed market for metalworking and industrial products, however, failed to show signs of reviving during fiscal 1971.

The wage-price freeze imposed in August had little influence on our performance last year since the government's action came relatively late in our fiscal year. Because of the uncertainty regarding the effects of Phase II, it is impossible at this point to predict just how our business will be influenced by the government's continuing economic controls.

Our commercial sales, as distinguished from sales to the government, continued to increase as a proportion of our total volume during fiscal 1971. Our commercial and industrial sales accounted for 71 percent of the total and government sales made up 29 percent. This increase is the result of a five year effort to move increasingly into the more stable and more profitable commercial segments of our business.

The long-term outlook for Bendix indicates a pattern of sound growth, founded on the solid business base we have established. Our sales of automotive systems and components are expected to continue to grow satisfactorily during the decade of the 1970's. In the forest products industry it seems apparent that the growth momentum which is developing will increase in the near term and be maintained throughout this decade. Both the commercial aviation and industrial equipment markets look to continuing difficulties in the coming fiscal year but we expect both to return to their former patterns of growth in the near future.

Fram Corporation maintained its pattern of growth in sales and profits during 1971. As previously reported, the Federal Trade Commission has questioned the legality of this acquisition. In 1969 a Hearing Examiner appointed by the FTC filed an initial decision holding that the acquisition was not illegal. This initial decision was reversed by the FTC in 1970, and an order was issued by the FTC requiring Bendix to divest itself of Fram. During 1971, a U.S. Court of Appeals reversed the divestiture order of the Federal Trade Commission and remanded the matter to the FTC for further proceedings. We believe that this acquisition was legal and proper in every respect and we shall continue to oppose vigorously the FTC's challenge to this acquisition.

In another important litigation we are pursuing our claim against the U.S. government for payment of a portion of the losses incurred in carrying out a multi-year, fixed-price contract for certain radio communications equipment manufactured for the U.S. Navy. As reported in the past, this contract resulted in substantial losses by the Communications Division from 1966 to 1970.

Events of fiscal 1971 also demonstrated a further refinement of our organizational structure, the results of our management develop-



W. M. Blumenthal
President and Chief Operating Officer

ment efforts during the past several years W Michael Blumenthal was elected President and Chief Operating Officer with overall responsibility for all our operating units both domestic and international Responsibility for all corporate staff functions other than the finance and the corporate engineering and research staffs was assigned to Charles F Donnelly, Senior Executive Vice President

A. P. Fontaine
Chairman and Chief Executive Officer

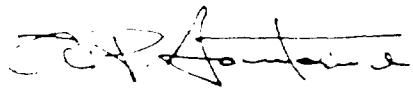


W. R. Clerihue, Vice President—Finance, has responsibility for the finance staff. R. D. O'Neal, President of the Aerospace-Electronics Group, has responsibility for the corporate engineering and research staffs in addition to his operating duties. We feel that we have developed a management organization that will continue to provide for responsible direction of our diversified activities into the foreseeable future

Three new members of the Board of Directors have been elected since our last annual report. They are: George R. Vila, Chairman and President of Uniroyal, Inc.; Francis C Reed, a partner in the law firm Hughes Hubbard & Reed; and W R Clerihue, Vice President—Finance During 1971, Edward E Hupp and Robert B Hungate were elected Vice Presidents and Group Executives in the Automotive Group and Thomas V Malloy was elected to the new position of Vice President—Corporate Purchasing

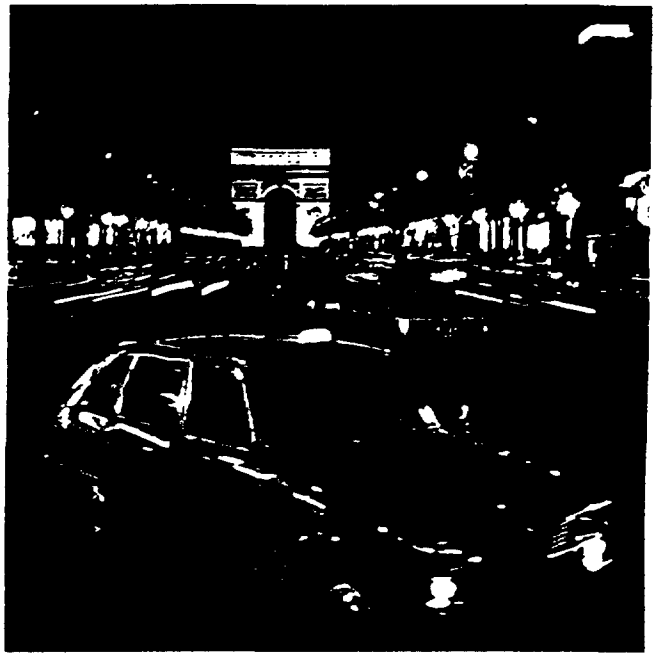
Of all the factors that contributed to the Corporation's improvement last year, none was more important than the performance of its people The business results of 1971 are largely the product of the skill and dedication demonstrated by thousands of employees, executives and officers in carrying out their varied responsibilities. Your management is certain that the people of Bendix will continue to maintain this high level of performance in the years ahead.

It is a perennial challenge to present a clear and comprehensive picture of the diverse, worldwide activities of your Corporation within the space limitations of an annual report This year we are making greater use of photographs than we have in the past to illustrate Bendix' products and services in terms that will be readily recognized. If it is true that a picture is worth a thousand words, the following pages should speak volumes about the people, the products and the projects that make up The Bendix Corporation



December 21, 1971







APOLLO 15 lifts off from the Kennedy Space Center on its voyage to the moon's surface, and once again Bendix assumed a vital role. Bendix personnel operate much of the worldwide network of communications, tracking and data acquisition stations, as well as major systems associated with the Cape Kennedy launch pads

THE FRENCH AUTOMOTIVE INDUSTRY is the major market of our subsidiary, Societe Anonyme D B A. Headquartered in Paris, D B A is a major French supplier of braking systems and electrical components for both original equipment and replacement parts

PATIENT MONITORING EQUIPMENT is checked by a Bendix technician in the coronary care area of Glendale, California's Memorial Hospital. Bendix personnel provide maintenance for sophisticated medical equipment throughout the nation. Bendix presently operates eight hospital service centers in key metropolitan areas







FIRST TWO DC-10's are delivered to United and American Airlines during flyaway ceremonies at Long Beach, California. Each of the wide-bodied transports built by McDonnell-Douglas carries about $170 000 worth of Bendix products as standard equipment and additional Bendix products can be specified by the airlines as optional equipment.

SHEFFIELD GAGING STATION produced by Nieberding & Company G m b H., a Bendix subsidiary in Germany, inspects engine valve guide holes in the quality control and inspection area of the Ford of Germany plant at Cologne. The instrument checks 200 cylinder heads per hour.

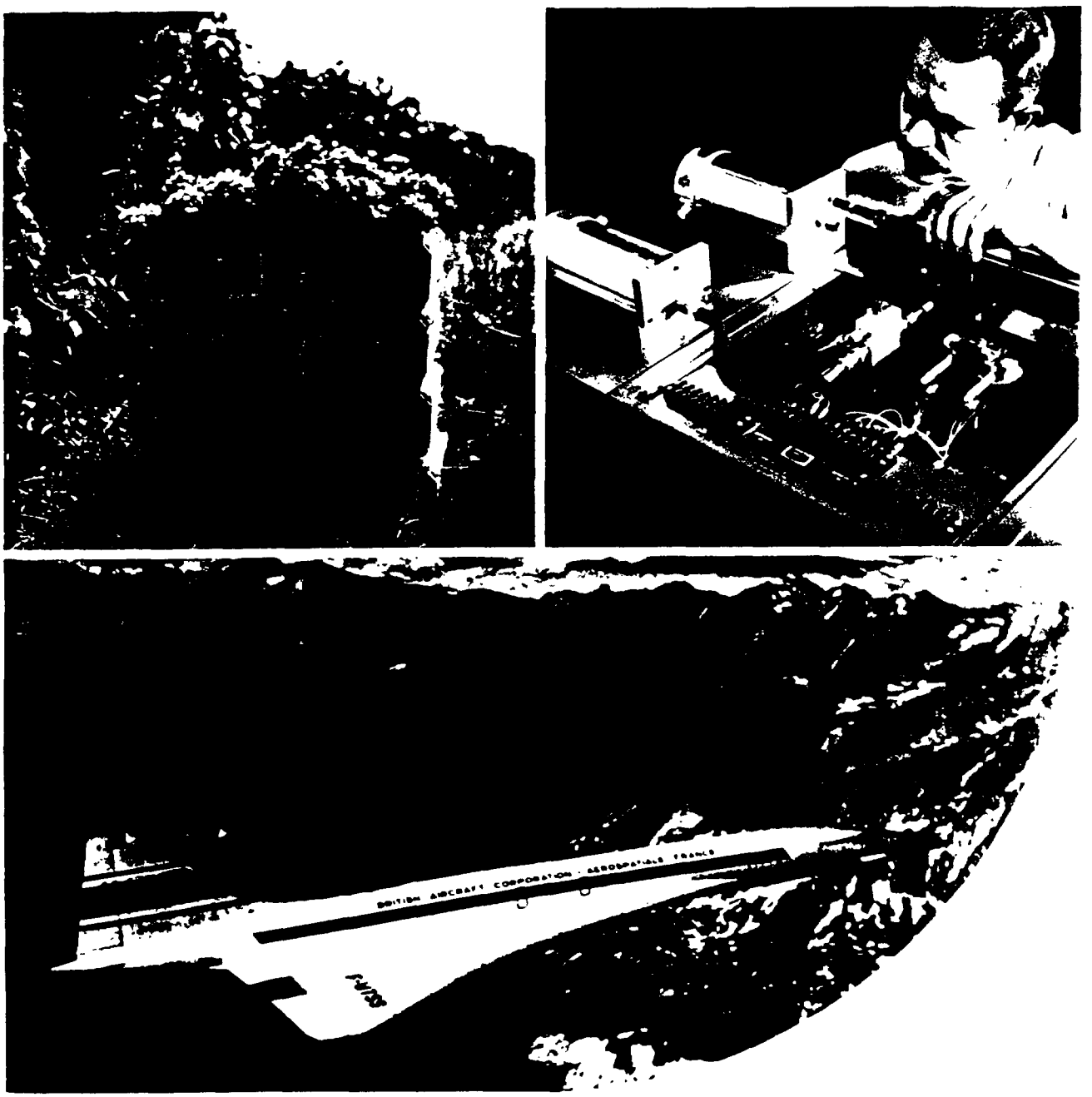
FOREST MANAGEMENT is a continuing concern of American Forest Products Corporation, a Bendix subsidiary. American Forest Products employs multiple-use management techniques which provide for growing and selective harvesting of trees coupled with management of the forest for watershed control, wildlife preservation and recreational uses.



ENGINE TEST LABORATORY for advanced research and development on automotive fuel management systems was opened during the year at the Bendix Research Laboratories. The facility is being used in the development of new fuel control techniques intended to provide maximum performance with minimum exhaust emissions The laboratory is equipped with Bendix exhaust emission analysis instruments.

OPTICAL LABEL READER uses a laser beam to scan and "read" a coded target The new device, developed by the Advanced Products Division, is intended for use in such applications as routing luggage at airports or for routing packages in automated warehouses

MULTISPECTRAL SCANNING, a unique new tool developed by Bendix for use in managing earth's resources and for controlling pollution, is illustrated in these two photographs of a lake A conventional photo is at the left and one taken with the multispectral scanner is at the right The scanner identifies a variety of characteristics about the landscape which are invisible to the human eye or a conventional camera For example, the red band along the shoreline in the multispectral image indicates a high concentration of plant micro-organisms

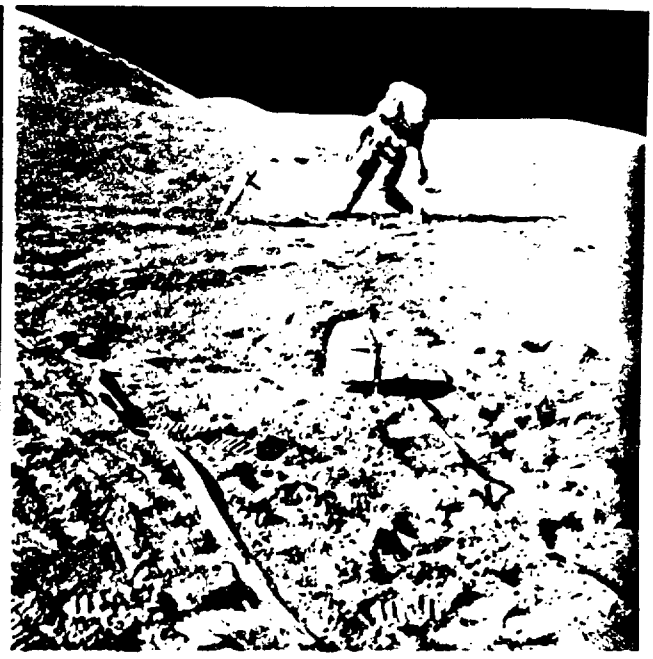


CONTAINERS OF PRODUCE from a California vineyard await shipment to fruit markets throughout the nation. TKV containers, an American Forest Products innovation, are gaining acceptance throughout the fruit and vegetable industry. The TKV boxes are made with a paper and wood bonding process. Over 23 million of these boxes were sold during 1971.

THE CONCORDE supersonic transport which began flight testing during 1971, is equipped with a variety of instruments and equipment produced by our French subsidiary, D B A.

EMISSIONS DETECTOR introduced by Bendix during 1971 as an accessory for gas chromatographs is tested by a laboratory technician. The instrument is used to detect sulphur and phosphorous in such applications as agricultural inspections of herbicides and pesticides and in the analysis of waste water.







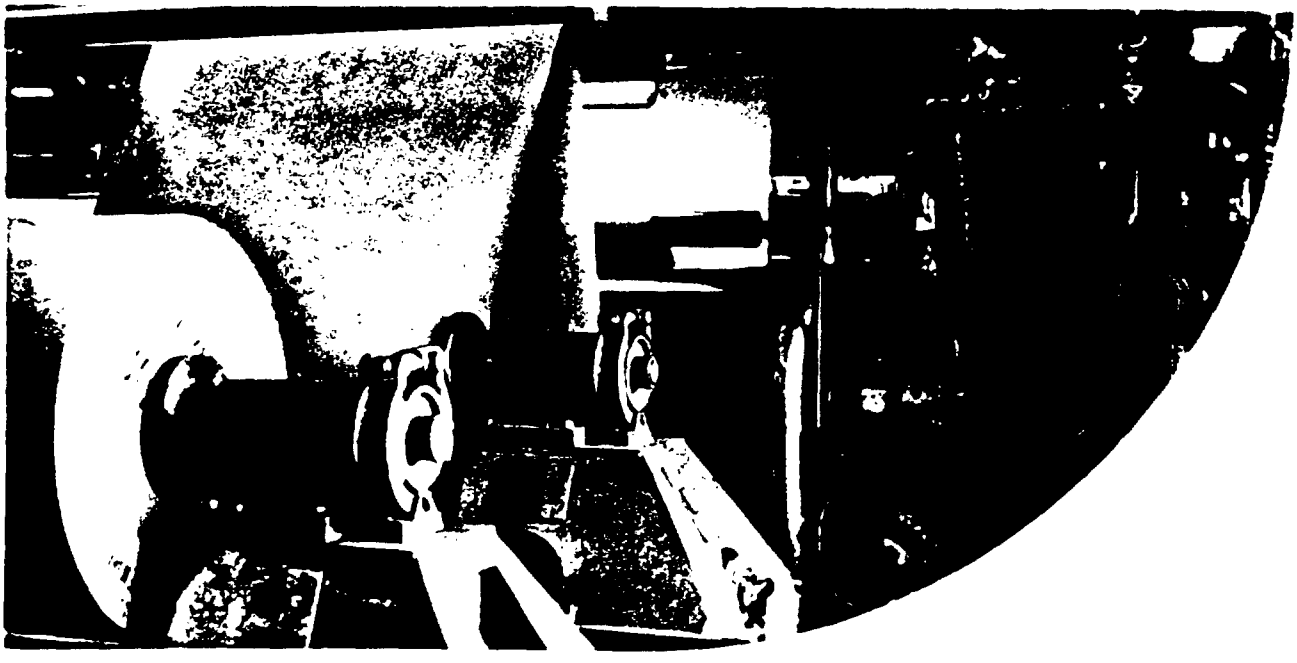
INDUSTRIAL TOOLS such as this collection of drills, taps, reamers and end mills make up an important segment of the systems capability offered by the Bendix Industrial Group. This capability encompasses a full range of metalworking techniques and products

ALSEP EXPERIMENTS are deployed on the moon by Apollo 15 astronaut David R. Scott. The six experiments which comprised the Apollo Lunar Surface Experiments Package were produced by the Bendix Aerospace Systems Division for the National Aeronautics and Space Administration

A PRECUT VACATION HOME produced by American Forest Products rises above a thickly-wooded area in California's beautiful Sierra Nevada mountain range. The San Francisco-based subsidiary maintains an active land development program which is in keeping with its philosophy of orderly forest utilization.







AUTOMATED BRAKE PLANT under construction at Saarbrucken, Germany will be the latest addition to Bendix' worldwide automotive facilities when it begins production in July, 1972. The 120,000 square-foot plant and an automated ductile iron foundry in nearby Neunkirchen are being erected by Deutsche Bendix Ausrustungs G.m.b.H., a joint venture between Bendix and our French subsidiary, D.B.A.

WASTE PAPER RECYCLING is carried out by American Forest Products at this plant in Newark, California. Salvaged paper is converted into the corrugating medium for corrugated containers. The plant turns out an average of 70 tons, or 150 miles of paper, each day.

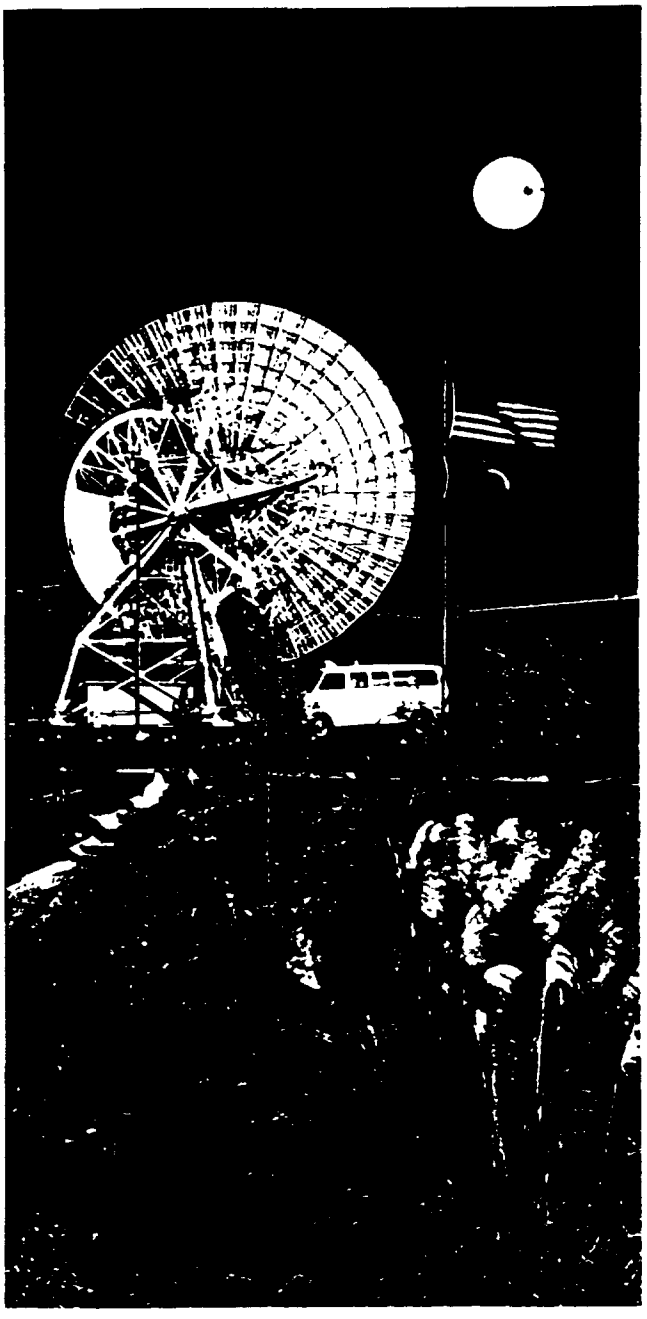
VALVE GRINDING MACHINE produced by Bendix simultaneously precision grinds both the stem and face ends of automotive engine valves. The machine can process 3,600 valves per hour.

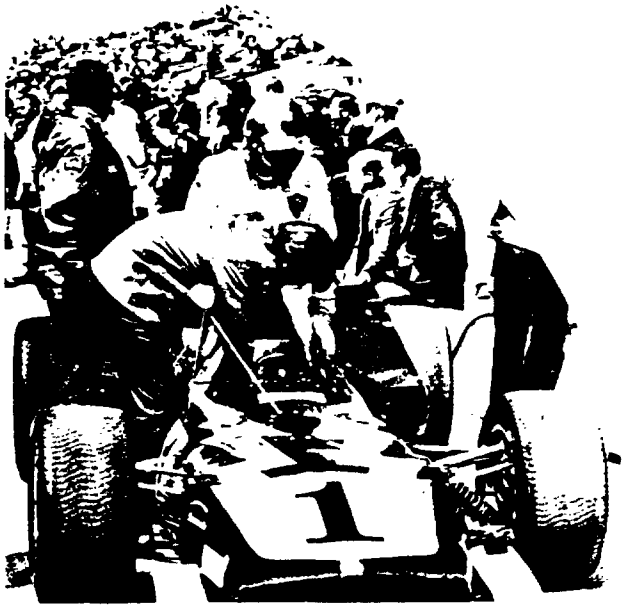




AIRBORNE SONAR sounding device developed by Bendix is dipped into the ocean by a U S Navy helicopter during tests of the long-range scanning sonar system Contracts for the system were received during 1971.

BRAZILIAN VEHICLES parked in front of the Bendix do Brasil plant at Sao Paulo are representative of the many car truck and bus models equipped with Bendix braking components from the South American subsidiary Bendix products are standard equipment on 102 of the 125 vehicle models available from Brazil's 10 manufacturers





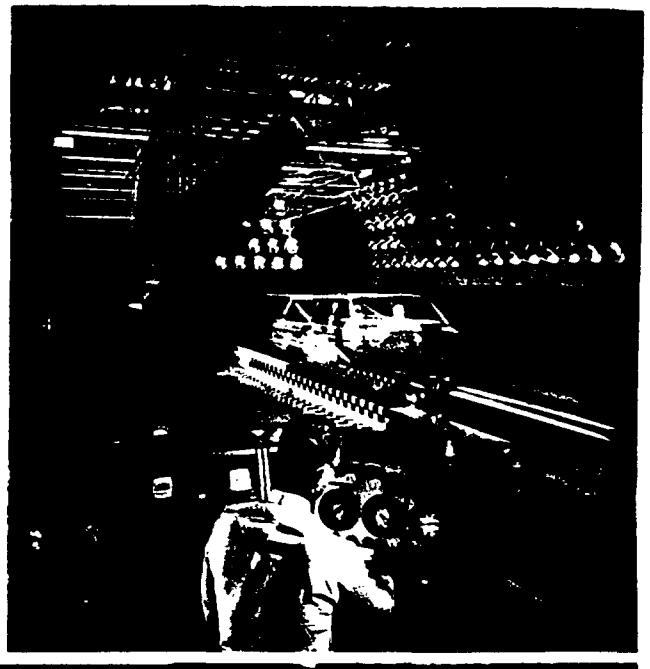


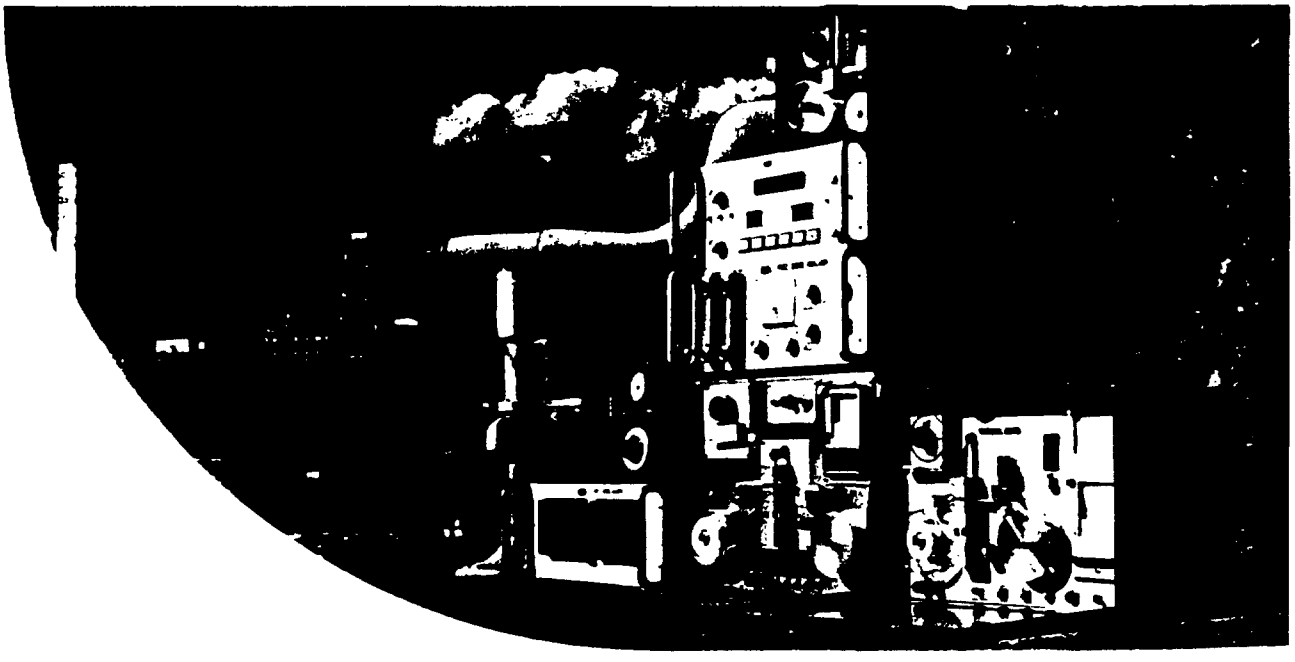
GOLDSTONE TRACKING STATION, part of NASA's worldwide Manned Space Flight Network for tracking the Apollo space missions and monitoring objects in space, is operated by Bendix. This station in California is one of only three capable of communicating at planetary distances. Altogether, Bendix operates 10 tracking stations in the Apollo network.

A FUEL SYSTEM produced by Bendix was on board the winning car in the 1971 Indianapolis 500 for the third year in a row when Al Unser's Johnny Lightning Special won the 55th annual classic. The fuel injection system is a version of a system developed by Bendix for aircraft engines.

MINERAL GRAINS from around the world create a colorful pattern. The Bendix Abrasives Division produces a variety of abrasives for use in such diverse applications as polishing optical lenses and forming metal stock into finished parts.



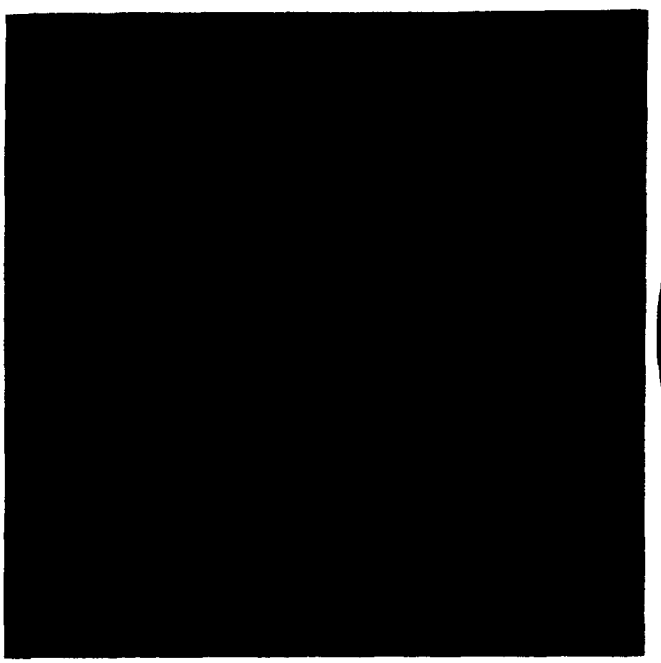




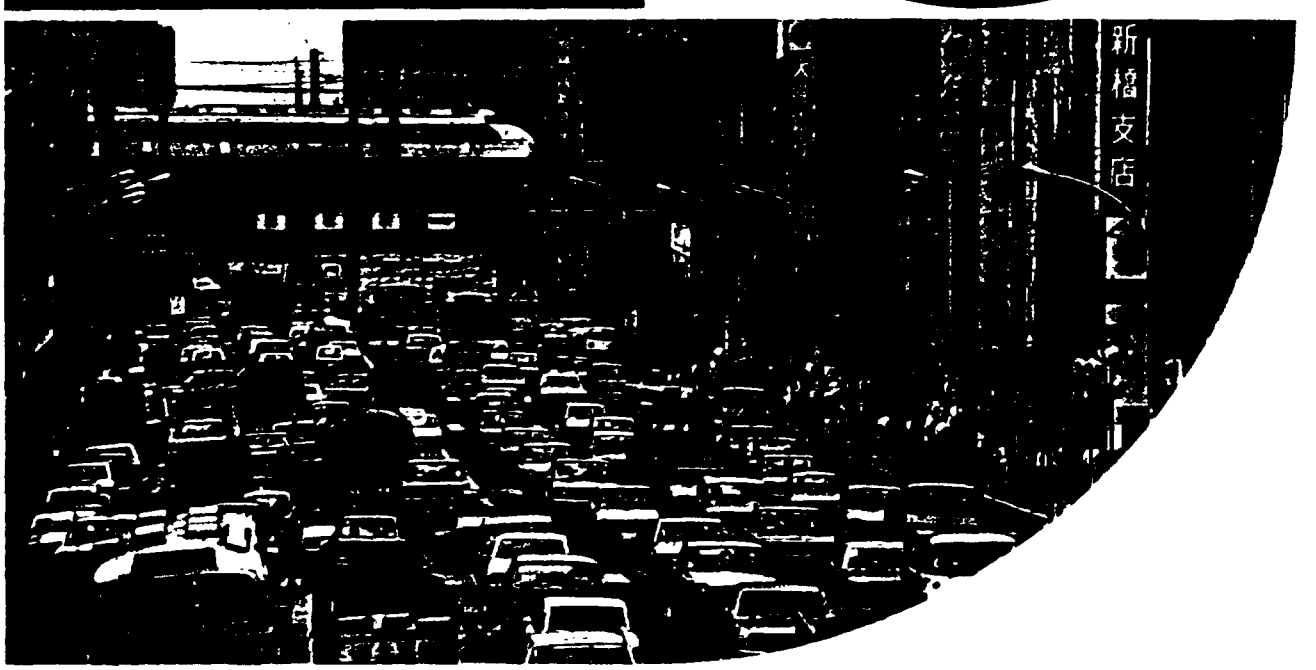
A LONDON BUS equipped with Bendix Westinghouse Ltd. air brakes crosses Westminster Bridge after passing the Houses of Parliament. Most of London's famed double-deck busses are equipped with our Bristol-based subsidiary's braking systems as original equipment

IMPACT SIMULATOR SLED in action at the Chrysler Corporation's Chelsea, Michigan Proving Ground is one of a line of impact sleds built by Bendix for simulating car crashes under controlled laboratory conditions. A variety of sled sizes are available for testing individual components or whole car bodies

AIR QUALITY and weather monitoring instruments produced by Bendix are displayed against an urban skyline. The equipment has wide application in governmental and industrial pollution control programs.



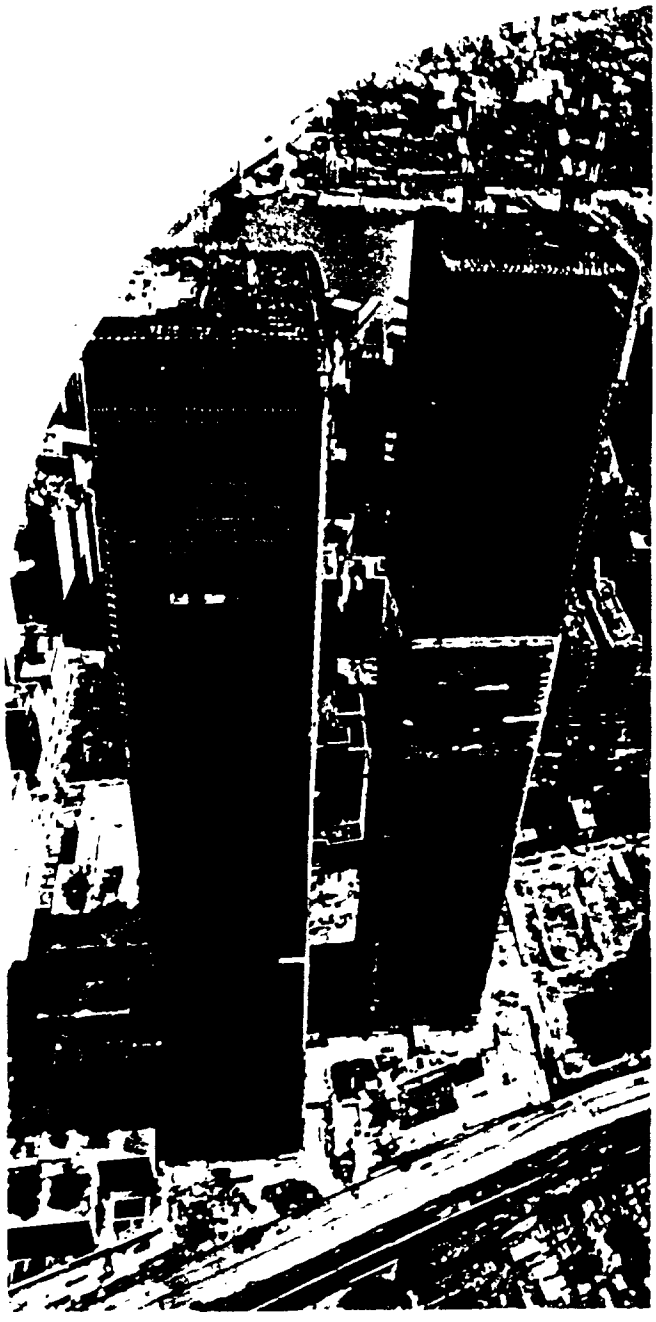




ALL-WEATHER LANDING SYSTEM guides a Boeing 707 jetliner through a murky evening rain as the aircraft prepares to touch down at the Kennedy International Airport. The Bendix all-weather landing system is standard equipment on the Boeing 707. Bendix is working on the development of a Microwave Landing System which would ultimately replace instrument landing systems at many airports.

JAPANESE AUTOMOBILES on a Tokyo street reflect that country's burgeoning automotive industry. Japan's vehicle output grew from 420,000 units in 1959 to 5.3 million cars last year. Bendix affiliates in Japan supply braking and steering systems for this market.

A COMPUTER TERMINAL, which permits instant remote communications with time-shared computers via the telephone, was introduced during 1971 by Interactive Terminals Corporation, a subsidiary of Bendix. By using the keyboard on the terminal, an operator can feed material into or extract information from the computer.



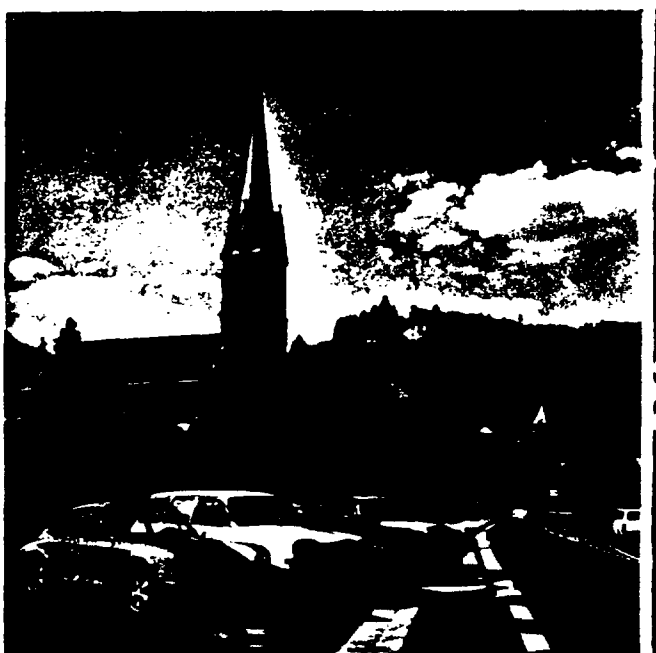


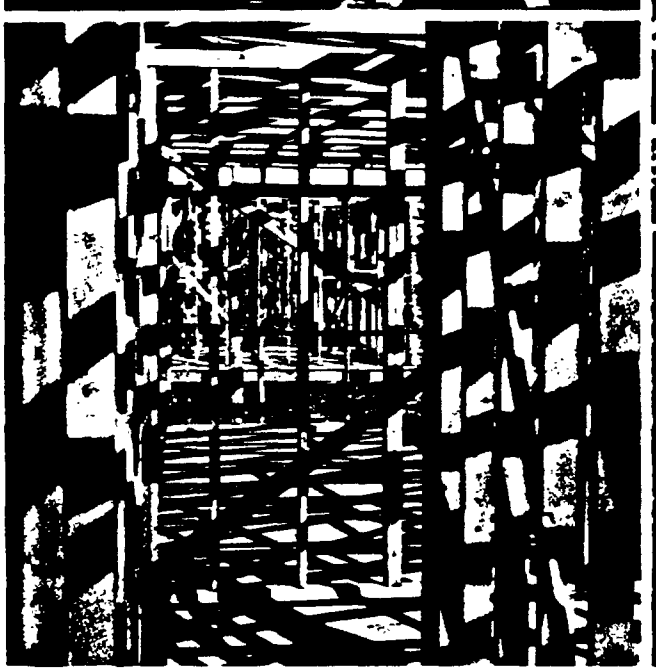


SKAGIT HOIST EQUIPMENT was selected during the year for a unique construction assignment on top of the twin-towered World Trade Center, highest buildings in the world. A massive hoist manufactured by the Bendix subsidiary, Skagit Corporation, was used to lower sections of the construction cranes from the top of the 110-story structure to the street below when erection of the first tower was complete

NUMERICAL CONTROL units are mated to machine tools at the DeVlieg Machine Company, Royal Oak, Michigan. The new Bendix System SS numerical control system is an economical semi-automatic system that brings the full capability of numerical control to routine boring mill operations.

A MANPACK RADIO permits a soldier on patrol in the vast Australian outback to maintain close contact with his headquarters. The radio is produced for the Australian armed forces by The Bendix Corporation of Australia







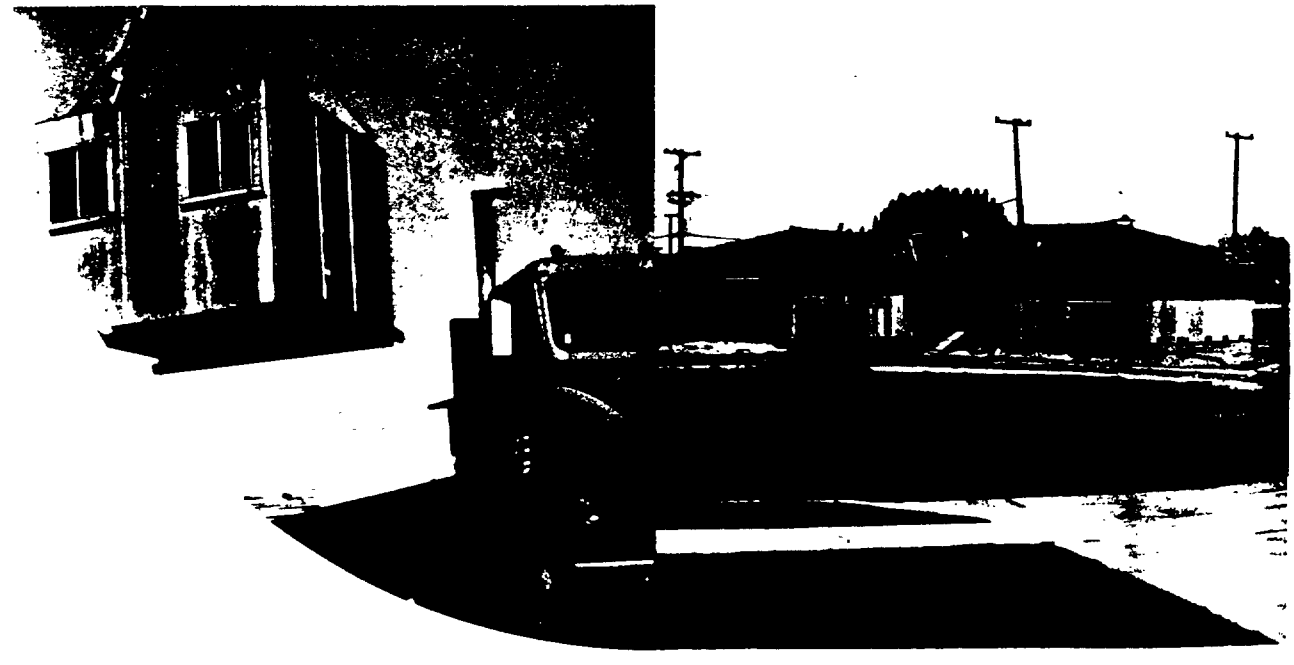
EUROPEAN CARS used in developmental testing of anti-skid systems by Teldix G m b H , a Bendix subsidiary, are seen in the Village of Hirschhorn Germany The subsidiary received its first orders for anti-skid systems during the year

WOODEN HOME FRAMEWORKS create abstract patterns of light and shadow in the late afternoon sun at a housing development in Fresno, California The production of building materials derived from wood is the principal source of sales and profit for our subsidiary, American Forest Products Corporation

UNITED GEOPHYSICAL CORPORATION'S search for mineral and oil deposits around the world carried our subsidiary's personnel from the jungles of New Guinea to the woods of northern Michigan where this technician is engaged in a hunt for oil. He is about to take seismic readings to determine the nature of the subterranean strata



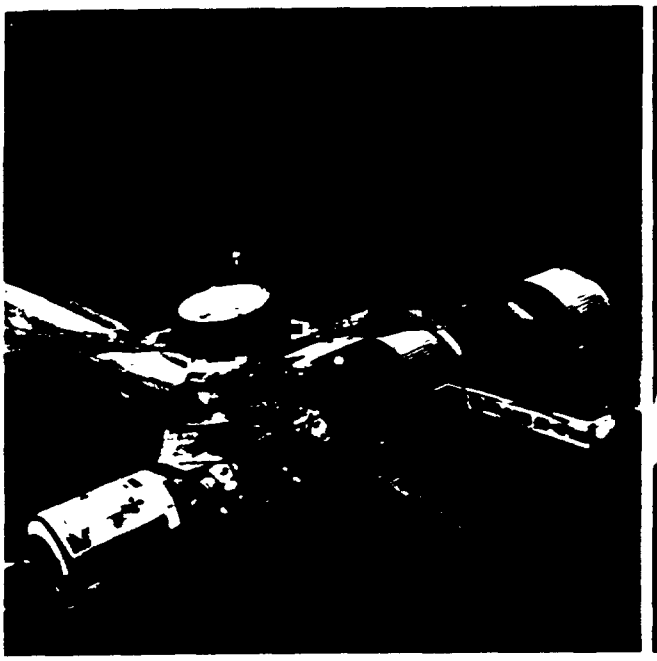




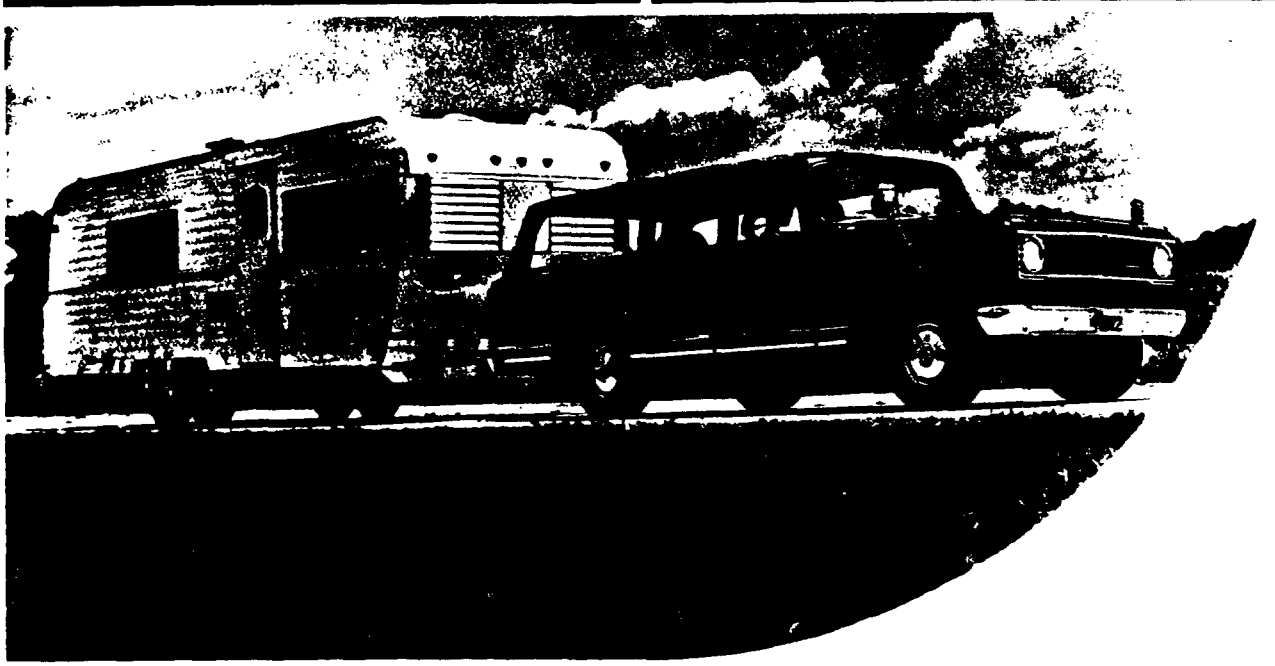
A STATE POLICE CAR equipped with Bendix semi-metallic brake linings patrols a backwoods section of Michigan, typical of the rigorous driving conditions faced by these vehicles. The new lining material was developed for automotive applications like this which demand top vehicle performance.

JOB TRAINING for young men and women is being provided by Bendix in this unique new activity for the Corporation. Bendix assumed administration of the Detroit Residential Manpower Center during 1971 under a contract with the U S. Department of Labor's Manpower Administration Job Corps. The center is to provide training for a total of about 1,100 students over two years.

MODULAR HOUSE being erected in a Fresno, California development is an example of home construction techniques developed by American Forest Products Corporation. The modular unit being loaded for delivery to the building site is a complete 1½ bath section which is simply dropped into place and connected to the home's electrical and plumbing systems.







SKYLAB SPACE STATION, shown here in an artist's conception, is to be launched in 1973 and Bendix again is scheduled to perform key support roles, filling essentially the same service role for Skylab as it did for the Apollo program. In addition, Bendix is manufacturing a variety of equipment to be used in the program.

TWO-WHEEL ADAPTIVE BRAKING (anti-skid) developed by Bendix was introduced in 1971 by the International Harvester Company as optional equipment on its Travelall model. In addition to improved braking performance, the Bendix system reduces the possibility of jackknifing under panic braking conditions when a trailer is being towed.

TOXICHRON DRUG ANALYZER, an instrument developed by Bendix with great potential in the drug detection field, is tested by a laboratory technician. Using gas chromatography techniques, the Bendix detection system can quickly identify from blood or urine samples the type of drug which a patient has taken.







SEAT AUTOMOBILES, such as these in Barcelona, Spain, are supplied with brake systems by Bendiberica S.A., Bendix' subsidiary in that city. Seat is the Spanish version of Fiat of Italy. Bendiberica also supplies heavy duty power steering systems for trucks and busses.

ALUMINUM SIDING, the major product of Modern Materials Corporation, provides a quick, economical method for renovating and beautifying older homes such as this one in Franklin Village, Michigan. Modern Materials Corporation, a Southfield, Michigan subsidiary of American Forest Products, is a major supplier of aluminum siding and rain carrying products.

ENGINEERING TEST VEHICLE of the Bendix-Westinghouse Air Brake Division is equipped with prototypes of the division's adaptive braking (anti-skid) system for air-braked heavy trucks. Instrumentation in the vehicle permits engineers to study a variety of braking application effects during road tests of the system.

Automotive Group

Our North American automotive business produced sales and profit gains during fiscal 1971

Our sales to the automotive industry benefitted especially from the increasing use of disc brakes and power brakes on cars and trucks and from the acceptance of Bendix brake and entertainment systems for the new generation of compact cars Profit improvement was enhanced by active cost reduction programs which were pursued during the year

Bendix supplies the automotive industry through the Automotive Group and through Fram Corporation a wholly-owned subsidiary The Automotive Group specializes in electronic, pneumatic and hydraulic systems and components, principally in the fields of dynamic controls and fuel management systems Fram specializes in a variety of filters and filtration systems for automotive applications, as well as for industrial and home uses

Braking systems and components for cars and trucks make up about two-thirds of the sales of the Automotive Group The balance of its sales consists of a range of products such as automatic temperature controls, fuel metering parts, steering systems, automotive radios and miscellaneous products. Approximately 55 percent of the group's automotive business is with the four major automobile manufacturers

In addition to its sales to automobile and truck manufacturers, the Automotive Group continued its activities during the year in the market for replacement parts The group's service sales are for such products as brakes and brake parts, power brakes, brake fluid, carburetors, carburetor repair kits, starter drives, electric fuel pumps, chemical products and ignition components

Bendix continued its traditional role as an innovative supplier of the automotive industry during 1971. We introduced two new disc brake designs to our original equipment customers, one of them a rear-wheel model which provides an effective parking brake and thus could open the way for four-wheel disc brake systems on U.S. automobiles. Also introduced were three new starter drives and a line of new brake lining materials. In addition to the products introduced to the market, an adaptive braking, or anti-skid, system for air-braked trucks and the Hydro-Boost, which is a new source of power for automotive power brakes, were developed to the point of production readiness

An expansion program doubled the production capacity of the Hydraulics Division during the year in anticipation of increased usage of disc brakes on cars and trucks In 1971 the plant had capacity to produce disc brakes for one-million passenger cars The present capacity is for twice that production and this will be increased to three-million car sets by 1973 when Bendix expects to supply additional disc brake requirements. The Hydraulics Division also exemplifies efforts being made to increase productivity and to improve quality through the use of advanced manufacturing systems. The division's plant has been equipped by the Bendix Industrial Group with the latest automatic assembly, material handling, inspection and computer monitoring systems available.

The Bendix Electronic Fuel Injection Group has assumed an important role in the search for the "cleaner" automobile engines required to meet emissions standards in the near future. Working in close cooperation with the Bendix Research Laboratories, where a new engine laboratory was placed in operation during the year, this group is pursuing the develop-

ment of advanced fuel management systems in the continuing search for top engine performance with minimal harmful emissions.

Government requirements can be expected to have an increasing impact on our automotive activities. Federal and state standards governing automotive equipment are concentrating on improved safety and pollution control, areas in which Bendix has extensive experience and a sound proprietary position. We judge that continued emphasis on improving these characteristics of the automobile will reinforce our efforts to market advanced products and to assist our customers in the years ahead.

Aerospace-Electronics Group

Although 1971 sales of the Bendix Aerospace-Electronics Group are below 1970 levels, profits from these sales improved significantly, bearing out our earlier forecasts. The profit improvement resulted from measures undertaken when it became apparent that the aerospace industry would be facing serious economic problems. Accordingly, the group trimmed its operating costs, carefully evaluated profit potentials and project risks, closely monitored its research and engineering activities and exercised greater selectivity in choosing programs in which it became involved.

The Bendix Aerospace-Electronics Group is continuing in its traditional leadership as a major supplier of technologically advanced aviation products and systems for the commercial airline, military and general aviation markets; as a principal space contractor; and as a significant factor in missile and oceanics business. More recently, the group has become increasingly involved in equipment for use in the detection and monitoring of pollution and the identification of earth resources as well as for the guidance and control equipment needed in automated ground transportation systems.

Commercial Aviation

A new generation of large jet aircraft is being delivered to the commercial airlines and Bendix is producing equipment for two of these airliners which have the promise of being extremely successful—the Boeing 747 and the McDonnell-Douglas DC-10

The value of standard equipment supplied by Bendix for each Boeing 747 is approximately $160,000 In addition the airlines are offered, as options, about $130,000 worth of Bendix navigation and communications instruments and systems for each 747. Bendix supplies about $170,000 in standard equipment for each DC-10 and offers approximately $85,000 in optional avionics equipment.

Bendix revenues in the commercial aviation sector declined in 1971 but a return to the former growth pattern is expected as the nation's economy improves.

Approximately 25 percent of Bendix commercial aviation sales are for replacement parts, a market which is normally more stable and offers a better return than the original equipment market.

Bendix is committing a major corporate effort to pursue the total air traffic control systems market which is estimated to be $2.5 billion over the next 10 years Objectives include the design and development of a microwave landing system, which is expected to supplement and eventually replace the present instrument landing systems at many airports. Bendix has also been active in the test program of the Air Transport Association and a leader in the development of a collision avoidance system to prevent mid-air crashes.

The market for private and executive aircraft continued to be depressed during the year and, while prospects are brightening, recovery awaits an improvement in the general economy. The Bendix line of avionics products for this market is broad and well accepted and production facilities are new and efficient. Concerted efforts have been made to broaden these product lines and to adapt proven military aviation and commercial airline products to suit the requirements and price range of the general aviation market. An example of the latter is a flight guidance system for the new Cessna Citation executive fanjet. Its unique flight director is similar to that flown on the Air Force's C-5A transport and on many Boeing 747 commercial airliners.

Space

Bendix currently ranks as the seventh largest prime contractor to the National Aeronautics and Space Administration.

We provide a wide variety of launch support services at the Kennedy Space Center under a $30 million-per-year contract with NASA and we are now engaged in modifying the launch facilities in preparation for the Skylab program which begins in 1973. Skylab involves sending teams of astronauts and scientists to an earth orbiting workshop where they will stay for periods of up to 56 days while performing a variety of experiments. Another important Bendix endeavor in the space program is the operation and maintenance of a major portion of the worldwide Manned Space Flight Network for tracking objects in space and communicating with them.

Bendix provided the Apollo Lunar Surface Experiments Packages of scientific experiments which have been set up on the moon during four Apollo missions and we continued to receive commendations for their very successful performance. These sophisticated instruments are exceeding their design life and are yielding a fund of information about the lunar environment and interior which scientists are confident will help answer many questions about the origins of the earth. Following our successful experience with lunar scientific exploration, Bendix was selected to provide experiments which will be placed on Mars as part of the Viking program. We have also been chosen to produce the gyros which will control the attitude and point the experiments on the orbiting Skylab space station.

We are continuing to develop our already strong capabilities in airborne multispectral scanning systems which can measure forms of pollution in the air and water, detect crop and forest diseases and locate such natural resources as petroleum and minerals. A $5 million system has been delivered to NASA and smaller versions have been developed for commercial applications.

Military Products

Products for military aircraft make up the largest single sales category of the Aerospace-Electronics Group. These aviation products include navigation, communications and flight control equipment, instrumentation, landing gear, wheels and brakes, fuel controls and electric power generating systems.

The Aerospace-Electronics Group has obtained contracts for products and systems to be used aboard or associated with three very important new military aircraft which are scheduled to be in volume production in the years ahead.

Bendix will supply generators, landing gear and fuel controls for the U.S. Navy's F-14A air superiority aircraft and fuel controls for the U.S. Air Force's F-15 interceptor. In addition, Bendix has received

a $38 million contract to build automated equipment used to test the avionics system of the F-15 fighter. Bendix will also supply a variety of flight instruments and automatic flight controls for the Navy's S3A, a carrier-based jet designed for anti-submarine warfare.

Technology Transfer

Bendix has a formal and active program for the transfer of technology and techniques acquired from work in the space and defense sectors to commercial business. As one result of this program, space age systems engineering techniques are being applied to the design of command and control equipment for ground transportation systems. Bendix has several contracts in this area and an outdoor laboratory has been built in Ann Arbor, Michigan to test our systems. To strengthen this effort, the Corporation has acquired The Dashaveyor Company, a developer of automated systems in the field of personalized rapid transit, the so-called "people mover" systems.

In another area, more than 60 hospitals across the United States have contracted with Bendix to keep their electronic equipment working properly through a planned maintenance program which involves techniques developed in the servicing of electronic instrumentation for NASA.

It is our continuing goal to implement further technology transfer in the interest of making the best possible use of our very valuable technical resources.

Industrial Group

The marked depression of the metalworking industry which continued during 1971 curtailed the market for products of the Bendix Industrial Group. There are indications that industrial markets will show an upturn in 1972 and, in anticipation of the industry's recovery, the group continued product development activities within economic limits.

The Industrial Group's products consist of a variety of machine tools including automatic transfer lines; machine tool controls and plantwide control and monitoring systems; automatic machining, gaging and assembly equipment, inspection equipment; grinding wheels and cutting tools, and a variety of machine tool components and accessories. The grouping of these products provides a comprehensive systems capability and enables Bendix to offer a full range of products and services, from a single cutting tool to an automated manufacturing facility. In addition, the Industrial Group produces and markets analytical instruments, high vacuum products, and a diversified line of electro-optical products.

During 1971, several new systems were added to our line of products. The new products include six new low-cost numerical control systems and a measuring system which extends the market for these products into smaller factories and production departments with restricted budgets, automatic assembly systems for large components, a development aimed at one of the most promising markets in the industry, an automatic material handling system aimed at an equally promising market, and a new line of dial-type multiple spindle automatic machines and drill heads.

In addition to these new products, the Research Laboratories' development of advanced pattern recognition systems is leading the Industrial Group into other attractive markets in inspection and assembly. Bendix has introduced several new systems for inspection and non-destructive testing based on pattern recognition tech-

nology. The same technology is being employed in the development of automatic assembly systems which will use visual sensors to view the parts and, through pattern recognition techniques, assure correct assembly.

A promising new product introduced by the Industrial Group during 1971 is the Bendix Toxichron Drug Analyzer. This instrument can detect most of the habit-forming drugs in blood or urine samples in less than 30 minutes, including the time required for sample preparation. An important feature is the fact that minimum training is required to operate the instrument. Potential customers include hospital emergency rooms, clinics, crime laboratories and military bases.

Overall, the year was one of consolidation and belt-tightening for the Industrial Group. In several cases, divisions which had formerly operated separately were consolidated. Some product lines which were unprofitable and showed less than satisfactory future prospects were sold. And steps were taken to provide better control over product development and to reduce costs. Measures such as these have produced a more cohesive organization, better able to compete for major programs as the market for capital equipment resumes its growth.

Forest Products Group

Our wholly-owned subsidiary, American Forest Products Corporation, reported substantial increases in sales and earnings during the year, an improvement that was assisted by an upturn in the market for construction materials.

While the early months of the fiscal year saw a continuation of the depressed conditions that have characterized the housing construction industry for some time, mortgage funds became increasingly available as the year progressed and new housing starts picked up almost simultaneously. Indications are that new housing starts will total approximately 2 million during calendar year 1971, compared to approximately 1.5 million in the previous year.

As a result of the increasing demand for construction materials, lumber prices began to return to satisfactory levels during the late months of the fiscal year. Lumber and related products account for approximately two-thirds of American Forest Products' sales, so that this increasing demand contributed to the subsidiary's improved business year.

In addition to the improvement in lumber sales, significant gains were registered during the year in the sale of aluminum products supplied to the construction industry by Modern Materials Corporation, a subsidiary of American Forest Products. Modern Materials' products, which include aluminum siding, have been added to the lumber products sold through the chain of fifteen distribution centers American Forest Products operates in California, Arizona, New Mexico, Texas and Vermont.

Our 1971 sales of corrugated and wooden containers were not as satisfactory as they were in the building materials segment of our business. While the demand for wooden boxes continues to decline as we have anticipated, we witnessed increased demand for pallets and growing acceptance of our proprietary TKV container. TKV consists of a thin wooden veneer sandwiched between layers of kraft paper which provides a light but strong and attractive box for fruit and vegetables.

Construction was begun on a new particleboard plant at our Martell, California manufacturing complex. This plant, which

will have the capacity to produce approximately 110 million square feet of 3/4 inch particleboard annually, is expected to begin production in mid-1972. In addition, as part of a continuing program to maintain efficient sawmill and processing operations, substantial improvement programs were initiated at two mills and two obsolete operations were closed.

American Forest Products is making an effort to increase its penetration of the expanding market for manufactured houses. We are pursuing three aspects of the market: precision pre-cut homes shipped as complete units to the building site; factory manufacture of critical modules, such as kitchens and bathrooms; and a modular system of wall construction using a unique proprietary panel. Although our sales in this area were modest during 1971, the future appears to be promising.

Indications point to a continuing high level of construction activity and an increasing demand for our products during 1972 and throughout the decade of the 1970's.

International

Bendix strengthened its worldwide position during 1971, continuing in the avenues which have guided our international expansion in the past. First, we continued to emphasize our coordinated program for exports, licensing and direct manufacturing abroad in an effort to maximize the use of Bendix technology. Second, we concentrated on expansion programs in our manufacturing operations abroad, with special emphasis on increasing the capacity of Bendix automotive plants in Western Europe.

In general, business conditions abroad were favorable during the year. Of the three principal international activities of Bendix, our licensing program and manufacturing by foreign subsidiaries and affiliates produced increases in both revenues and profits. Profits on export sales also increased.

Aerospace products account for well over half of our export sales and the market demand in that industry was not especially strong in 1971. Our efforts during the year with foreign airlines and airframe manufacturers are expected to produce increased penetration of future markets for such products as automatic flight guidance, air data computers, weather radar and other communications and navigation equipment.

The licensing of technology abroad continues to be a major activity of Bendix. We now have 480 licensing agreements with 162 companies in 19 foreign countries.

The main thrust of recent Bendix expansion abroad has been in the manufacturing of products overseas. Bendix has equity interests in companies which operate 54 manufacturing plants in foreign countries and employ over 28,000 people. Their principal activities during 1971 are described in the sections that follow.

Europe

The largest part of our manufacturing operations abroad are carried out by our subsidiaries and affiliates in Europe. Many of these are joint ventures with other leading industrial firms.

Our largest foreign subsidiary, Societe Anonyme D.B.A. of France, is an expanding international company which is a co-investor with Bendix in certain operations in Germany and Spain. Bendix holds the majority interest in D.B.A.

D.B.A. recently completed a new plant in Etaples, France for production of its line of automotive electrical components and

started construction on a brake plant at Angers, France which will be in production in 1972.

In Germany, our subsidiary Deutsche Bendix Ausrustungs G.m.b.H started construction on a new automotive brake plant and ductile iron foundry in the Saarland. Production of brakes for the German automotive industry will begin at that plant during 1972.

Teldix, our subsidiary in Heidelberg, received initial orders for automotive anti-skid braking systems during the year. This represents significant diversification for the company which formerly produced aerospace equipment almost exclusively.

Jurid and Textar, two affiliates in Germany which produce friction materials for the German automotive industry, have been expanding profitably.

Although the Spanish automotive industry in 1971 was not as robust as in recent years, our subsidiary in Spain, Bendiberica, S.A., continued to rank as one of our more profitable investments abroad. Bendiberica operates three plants for production of brakes and other components for cars, trucks and busses.

Our new joint venture in the United Kingdom, Bendix Westinghouse Ltd., manufactures air brake systems for commercial vehicles. In its first year as a joint venture, this subsidiary increased its market penetration and achieved higher profits than in the previous year.

Latin America

Bendix has concentrated its Latin American investments in three countries—Brazil, Argentina and Mexico—where our subsidiaries are leading suppliers of brake assemblies and parts for cars and trucks manufactured in those countries.

Economic and political conditions in Argentina were unfavorable for business last year and successive and substantial devaluations of the peso reduced the profitability of our Argentine operations. Business conditions in Brazil and Mexico, on the other hand, were favorable. Our operations in those countries reported substantial increases in sales and earnings during 1971 on the strength of healthy markets.

In mid-1971, Bendix started its first manufacturing company in Venezuela with a joint venture in Caracas. The subsidiary, Bendix-Miranda, initially will import and assemble brake systems and parts manufactured by Bendix in the United States.

Far East

During the year, the two Japanese companies in which we have equity interests continued to perform satisfactorily.

Bendix owns 20 percent of Akebono, the largest supplier of automotive brakes and friction materials in Japan, and 15 percent of Jidosha Kiki, a leading manufacturer of power brakes and power steering systems. These two affiliates, together with Bendix' 27 other Japanese licensees, place us in a sound position to benefit from the expanding operations of both American and local car manufacturers in Japan.

In Australia, both of our subsidiaries expanded into new product lines during 1971. Bendix of Australia began manufacturing power steering systems for Australian automobiles and Bendix-Mintex, an established supplier of brake linings, began to manufacture clutch facings.

Bendix Taiwan, Ltd., operating from a modern plant near Taipei, succeeded in obtaining new business for its line of automotive radios and electronic components from customers in the United States and Europe.

People of Bendix

Bendix employment around the world totalled over 86,000 persons at the close of the fiscal year. More than 58,000 persons were employed at Bendix operations in the United States and Canada and 28,000 were employed in subsidiaries and affiliates abroad. The technological character of the Corporation is reflected in the fact that slightly more than half of our personnel in the U.S. and Canada are salaried employees with a high ratio of professional and technical employees among them.

While increases in wages and salaries per employee are quite obvious, significant increases in other forms of employee compensation are not as readily apparent. Non-wage payments, commonly referred to as fringe benefits, have grown in recent years as a result of increased awareness of the broad needs of employees and their families. The average package of fringe benefits provided to our employees in the U.S. and Canada has grown in value from $1,160 per year in 1961 to $2,439 in 1971, an increase of 110 percent in ten years.

Highlights of the year with our employees in the United States were:

■ Bendix negotiated 38 labor agreements during the year with a minimum of work stoppages. Among the most significant of these was an agreement with the UAW on a



Electrical technician Annabell Siemienkiewicz and inspector Morris Bowser assemble a control moment gyroscope being built by our Navigation & Control Division for the Skylab space station.

Technicians Ernst Kaehler, Rita Jambor and Wilma Wirths in the instrument calibration laboratory of Nieberding & Co. G.m.b.H., our subsidiary in Neuss, Germany.

Manuel Garza, the West Coast Regional Manager for Bendix Hospital Service Centers.

Louis Polk, a member of the Bendix Board of Directors, explains the history of the Bendix Trophy to two Boy Scouts at the dedication of the new Air Force Museum near Dayton, Ohio.

hree year contract covering approximately 0,000 employees in eleven divisions.

I Continued emphasis was placed on our ffirmative action program in the area of qual opportunity employment We increased our percentage of minority employment to 7 6 percent, up from 7 1 percent last year

At the close of the fiscal year some 1,000 employees were enrolled in the alaried Employees' Savings and Stock)wnership Plan This represents approxiately 82 percent of those eligible During e fiscal year, Bendix employees invested total of $9 937 426 in Bendix Common tock and government securities and the orporation contributed $4,968 380 to the lan for the purchase of Bendix stock Emloyees now hold approximately 1 075,000 hares of Bendix Common Stock through e Plan

The Suggestion System Program conued to be a fertile source of ideas for the orporation Approximately 10,000 suggestions for various cost reductions or perating improvements were received om 4 645 employees Approximately 2,800 these suggestions were adopted and e being implemented

Bendix people set a new record for parcipation in the U S Savings Bond Proam This year 85 6 percent of Bendix mployees are investing in the program e best record in the program's history at endix.

Approximately 1 000 employees particiated in the Bendix Educational Assistance rogram which provides financial assistnce in obtaining higher education



endix employee William Harris one of the welding structors at the Detroit Job Corps Center

illiam Maben one of the professional foresters of merican Forest Products Corporation

ousands of skilled tradesmen are employed by endix in plants around the world

Sales by Major Classifications*

(in millions, except percentages)

	1971		1970		1969		1968		1967	
Commercial-Industrial										
Automotive equipment and service parts	**$ 639.5**	**40%**	$ 590.9	35%	$ 590.2	35%	$ 495.5	32%	$ 448.1	31%
Industrial systems and devices	**124.1**	**8**	162.0	10	170.6	11	105.9	7	100.7	7
Forest products	**168.8**	**10**	148.4	9						
Aviation equipment and service parts	**90.2**	**6**	103.7	7	120.0	7	115.8	8	97.9	7
Electrical components and service parts**	**15.9**	**1**	18.8	1	22.3	1	20.9	1	29.5	2
Oceanic products and services	**4.3**		5.2		4.9		5.2		9.3	1
Other products and services	**93.1**	**6**	99.8	6	92.8	6	80.3	5	56.7	4
TOTAL	**1,135.9**	**71**	1,128.8	68	1,000.8	60	823.6	53	742.2	52
Government										
Aviation equipment and service parts	**200.7**	**13**	245.8	14	349.2	21	353.5	23	345.7	24
Space systems and subsystems	**132.1**	**8**	133.3	8	176.9	11	200.6	13	165.0	11
Missile systems and subsystems	**59.1**	**4**	79.5	5	54.7	3	69.0	4	64.8	5
Electrical components and service parts**	**38.4**	**2**	42.6	3	45.5	3	46.7	3	40.0	3
Oceanic products and services	**11.1**	**1**	14.2	1	22.7	1	35.0	2	37.9	3
Industrial systems and devices	**6.5**		8.9		4.7		3.3		5.2	
Other products and services	**16.0**	**1**	16.9	1	23.8	1	31.7	2	36.7	2
TOTAL	**463.9**	**29**	541.2	32	677.5	40	739.8	47	695.3	48
GRAND TOTAL	**$1,599.8**	**100%**	$1,670.0	100%	$1,678.3	100%	$1,563.4	100%	$1,437.5	100%

*The classification of sales shown has been determined with reference to the end use of the products or services sold rather than with reference to the operating group of the Corporation making the sale. This table excludes royalties and other operating income.

Sales amounts for 1967 through 1970 are as reported in the Corporation's Annual Reports to Stockholders, restated to include the sales of subsidiaries outside the U.S. and Canada. Sales of companies acquired in transactions accounted for as poolings of interests are included for the full year beginning with the year of acquisition.

**Not included in other classifications.

nancial Statistics

Extensions of Consolidation Practice

As set forth on page 33 under the heading "Consolidated Financial Statements and Related Matters", effective with fiscal 1971 we have extended our consolidation practice to include in our financial statements the financial results of our subsidiaries outside the United States and Canada and to recognize currently our equity in earnings of certain of our associated companies. In the comments below, all data for 1970 has been restated to give effect to these extensions in practice.

Earnings

Net income for 1971 was $42.1 million, or $2.56 per share; whereas in 1970, income before extraordinary charge was $32.3 million, or $1.95 per share, an increase of 31 percent on a per share basis.

Of the $2.56 per share earned for 1971, $.38 was earned by the previously nonconsolidated subsidiaries and associated companies. Of the $1.95 per share of earnings reported for 1970, $.45 was earned by the previously nonconsolidated subsidiaries and associated companies. Of the $.45, $.26 had been remitted as dividends and was included in the earnings previously reported for 1970.

Sales, Royalties, and Other Operating Revenues

Consolidated net sales for 1971 were $1,599.8 million, down $70.2 million, or 4 percent, from the restated $1,670.0 million for 1970. Net sales as originally reported for 1970 were $1,431.8 million. As the result of the implementation of plans and policies adopted a few years ago, the ratio of commercial-industrial sales to government sales increased again during fiscal 1971. Commercial-industrial sales of $1,135.9 million accounted for 71 percent of total 1971 sales, as compared to $1,128.8 million, or 68 percent of 1970 sales.

Royalties and other operating revenues amounted to $13.0 million for 1971, compared with $10.1 million for 1970.

Changes in Financial Classification

The financial classifications in the 1970 consolidated balance sheet of prepaid expenses, unamortized debt discount, contracts in progress, customers' progress payments, and other operating reserves have been restated to conform with the presentation of these items in the September 30, 1971 consolidated balance sheet.

Financial Arrangements

During the year, the Corporation entered into a new revolving bank credit agreement with nineteen banks to replace the previous credit agreement which expired March 31, 1971. Under the terms of the new agreement, the Corporation may borrow up to $125 million for periods up to ninety days through March 1, 1974. Further, on March 1, 1974 the Corporation may borrow up to $125 million for a four-year term, payable in installments over the term of the borrowings. Borrowings maturing on or before March 1, 1973 will bear interest at the bank prime rate, and borrowings maturing thereafter will bear interest at fractions of a percent over the bank prime rate.

The new bank credit agreement will continue a source of short-term financing for working capital needs through March 1, 1974 and provide a source of up to $125 million medium-term debt as of that date, if required. As of September 30, 1971, $90 million of notes were outstanding under this agreement.

Also during the year, a $12 million Eurodollar revolving credit agreement was negotiated with eight banks to replace the previous Eurodollar agreements. The new agreement will continue a source of Eurodollars through March 1, 1976 for the Corporation's foreign subsidiaries and associated companies and for possible acquisitions abroad. As of September 30, 1971, $4.5 million

of notes were outstanding under this agreement.

Working Capital Changes and Financial Position

Working capital provided from operations was $90.9 million for fiscal 1971 versus $78.0 million for fiscal 1970. Non-working capital charges against operations for depreciation, depletion, and amortization were $44.2 million and $41.7 million for 1971 and 1970, respectively.

Net working capital at September 30, 1971 was $381.1 million compared with $427.8 million at September 30, 1970. Principal items affecting working capital are set forth in the Consolidated Statement of Changes in Financial Position included with the financial statements.

Stockholders' equity at September 30, 1971 was $574.2 million compared with $555.8 million at September 30, 1970. After allowing for the Preferred Stock at its liquidating value of $60 per share, equity per common share was $33.03 compared with $31.75 for 1970.

Additions to Land, Buildings, and Equipment

During fiscal 1971, consolidated expenditures for land, buildings, and equipment amounted to $66.5 million, compared to $55.0 million for 1970. At September 30, 1971 the unexpended balance of approved capital projects amounted to approximately $22.6 million.

Capital Stock

During the year, 7,600 shares of the Series A $3 Cumulative Convertible Preferred Stock, held in treasury at an average cost of $41.07 per share, and $99,750 of cash were utilized in the merger of Ladders, Inc. into a wholly-owned subsidiary of the Corporation.

Also during the year, 24,73[illegible] shares of Common Stock were issued [illegible] the Corporation's Stock Option Plan [illegible] an average price of $2[illegible] per share [illegible] shares of Series A $3 Cumulative Convertible Preferred Stock were issued [illegible] the American [illegible] Products Corporation Employees' Time Purchase Plan assumed in connection with the acquisition of that subsidiary.

During fiscal 1971, a major bank made available to holders of the Corporation's Common Stock an Automatic Dividend Reinvestment Service. Under this Service, stockholders are provided a means to reinvest dividends paid on the Corporation's Common Stock in additional shares of Common Stock.

Dividends

Four quarterly dividends of $.40 per share were paid on the Corporation's Common Stock for a total of $1.60 per share, or $19.5 million for the year. Further, four quarterly dividends of $.75 per share were paid on the Corporation's Series A $3 Cumulative Convertible Preferred Stock for a total of $3.00 per share, or $8.5 million.

Unfilled Orders

The consolidated backlog of funded unfilled orders was $554.1 million at September 30, 1971, as compared with $574.0 million at September 30, 1970. If contracts for which funds have not been committed were included, the September 30, 1971 unfilled orders would increase to $685.5 million. The comparable 1970 figure would be $682.7 million. Commercial orders, particularly in the auto industry, consist of relatively short and frequently renewed commitments, whereas the government procurement agencies, when ordering the type of products which the Corporation and its subsidiaries supply, issue contracts covering relatively long periods of time. Because of these contracting practices utilized by the government and industry, backlog at any given time consists mainly of government-financed programs.

Taxes and Renegotiation

Total direct taxes of all kinds for 1971 were

$95.5 million, including $32.8 million for U.S. and foreign [illegible] taxes. The Corporation's U.S. Federal income tax returns for fiscal 1960 to 1967, inclusive, have been examined by the Internal Revenue Service; and an examination of the fiscal 1968 and 1969 consolidated U.S. Federal income tax returns for the Corporation and its U.S. subsidiaries is currently in progress. In the opinion of management, adjustments which may arise from such examinations will have no material adverse effect on the consolidated financial statements.

Proceedings under the Renegotiation Act of 1951 for all fiscal years through 1970 have been completed. In the opinion of management, any amount refundable under such proceedings for fiscal 1971 would not be material in relation to the consolidated financial statements.

Supplemental Compensation

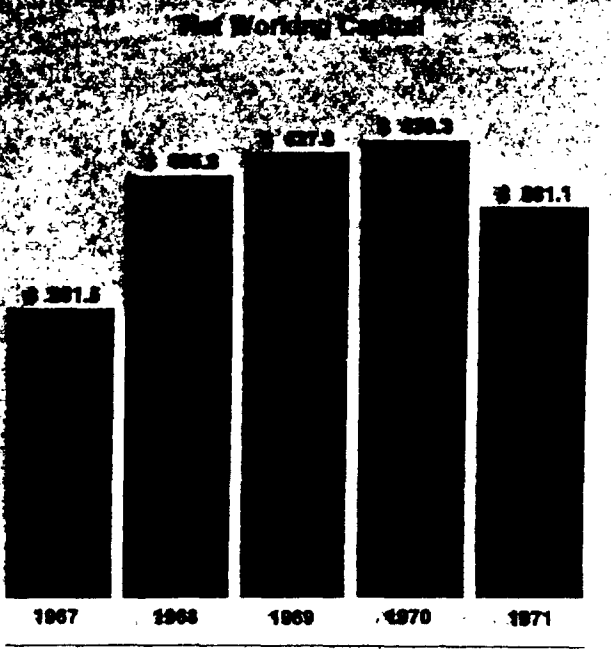
Computations by the Corporation's independent certified public accountants for fiscal 1971 indicate a maximum possible credit to the Fund of $1,369,540, $1,057,040 of which the Salary and Supplemental Compensation Committee credited to the Fund.

Reserve for Contingencies

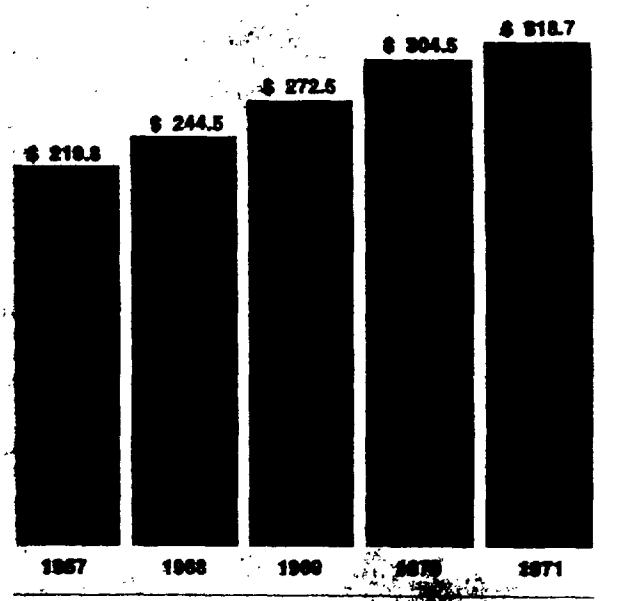
During the current year, the Corporation's $2.5 million reserve for contingencies was transferred to earned surplus.

Note to Financial Charts

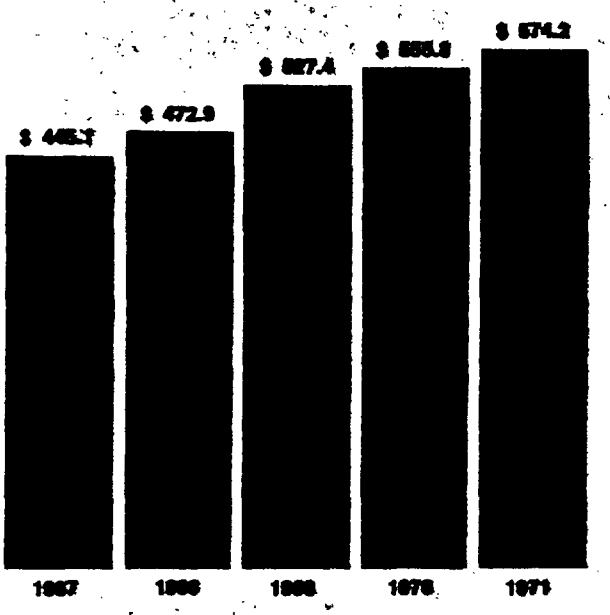
Data for 1967 through 1970 is as reported in the Corporation's Annual Reports to Stockholders, restated to include that of subsidiaries outside the U.S. and Canada. Data relating to companies acquired in transactions accounted for as poolings of interests is included for the full year beginning with the year of acquisition. All dollar amounts shown are in millions.



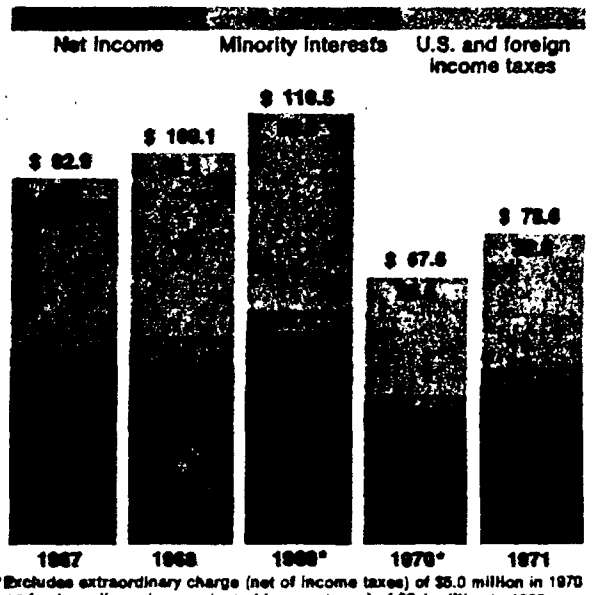
Net Investment in Land, Buildings, and Equipment



Total Stockholders' Equity

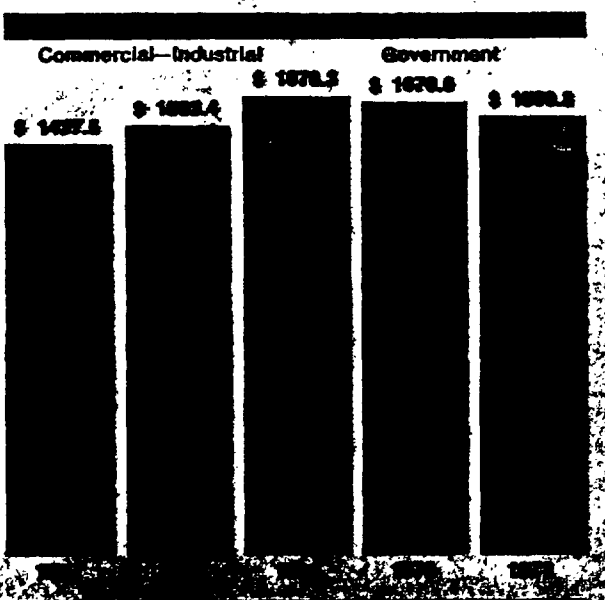


Earnings Before Taxes and Minority Interests*

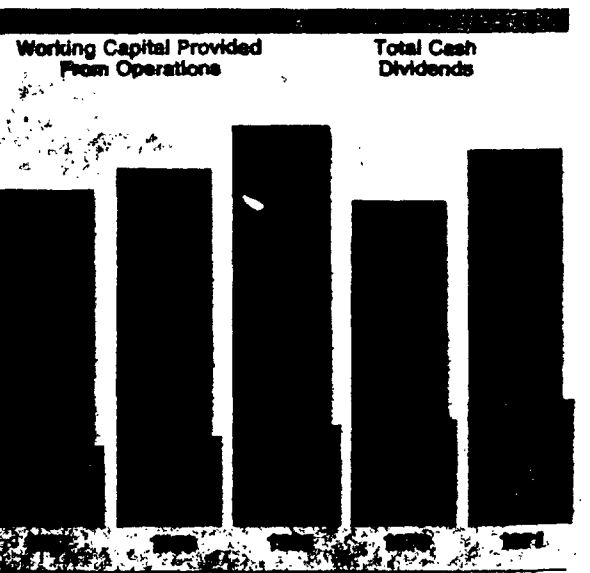


*Excludes extraordinary charge (net of income taxes) of $5.0 million in 1970 and extraordinary income (net of income taxes) of $5.4 million in 1968.

Sales by Major Markets



Working Capital Provided From Operations, Exclusive of Extraordinary Items



The Bendix Corporation and Consolidated Subsidiaries

Basis of Financial Statements

Consolidated Financial Statements and Related Matters

The consolidated financial statements for the year ended September 30, 1971 comprise those of the Corporation and all of its subsidiaries, except for three newly organized insurance and finance subsidiaries which had no significant operations during fiscal 1971. Equity in earnings of the nonconsolidated insurance and finance subsidiaries and associated companies (where the Corporation's equity investments enable the use of significant influence over operating and financial policies) is included in consolidated income currently. The financial statements of subsidiaries outside the United States and Canada generally are included in the consolidated financial statements on the basis of fiscal years ending on August 31.

In years prior to fiscal 1971, only the financial statements of domestic and Canadian subsidiaries were consolidated with those of the Corporation; equity investments in companies outside the United States and Canada generally were accounted for on the cost basis and the income from such subsidiaries and from associated companies was recognized only to the extent of dividends received. Accordingly, for comparative purposes, the amounts in the accompanying financial statements for the year ended September 30, 1970 have been restated to include the financial statements of the previously nonconsolidated subsidiaries and the Corporation's equity in earnings of associated companies. This restatement had the effect of increasing sales, net income, total assets, and liabilities previously reported for the year ended September 30, 1970 by $238.2 million, $3.2 million, $161.1 million, and $80.2 million, respectively.

Financial statements of foreign companies included in the accompanying consolidated financial statements have been translated into United States dollar equivalents at free market rates of exchange; land, buildings, and related accumulated depreciation (and provisions thereto) are translated at historical rates and other balances generally are translated at rates prevailing during the respective periods. Gains and losses resulting from translation of the financial statements of foreign companies have been credited or charged to income during the respective periods.

Certain of the balance sheet classifications at September 30, 1970 have been restated to conform with the presentation at September 30, 1971.

Acquisitions

During 1971, the outstanding common stock or the assets and businesses of six companies were acquired in exchange for an aggregate of $6.5 million and 7,600 shares of Series A $3 Cumulative Convertible Preferred Stock. These acquisitions were accounted for by the purchase accounting principle. Accordingly, the excess, $1.1 million, of cost over underlying net assets reported in the financial statements of such companies has been allocated to goodwill, and the accompanying consolidated statement of income for fiscal 1971 includes the operations of these companies from the date of purchase to September 30, 1971. In addition, during 1971 fifty percent interests in the common stock of two European companies were acquired for $2.8 million.

On October 30, 1970, the Corporation acquired American Forest Products Corporation (American) in a merger which involved the issuance of 1,287,036 shares of Series A $3 Cumulative Convertible Preferred Stock and the payment of cash of $40.1 million.

As to the portion acquired for stock (62.7%), the pooling of interests accounting principle was

applied in fiscal 1970. Accordingly, the accompanying consolidated financial statements for fiscal 1970 reflect the assets, liabilities, and results of operations of American; stockholders' equity includes the net assets of American, less 37.3% thereof, or $22.1 million, representing the minority interest therein at that date. The net sales and net income of American for fiscal 1970 were $148.2 million and $1.2 million, respectively.

The purchase accounting principle was applied in fiscal 1971 for the portion (37.3%) acquired for cash. The cost of this portion exceeded the underlying net assets reported in the financial statements of American by $17.9 million; this excess was allocated to timber and timberlands based upon an independent appraisal. During fiscal 1970, open market purchases were made for 85,880 shares of American Common Stock at a cost of $2.5 million, and the balance of the purchase portion was acquired in connection with the merger of American into a wholly-owned subsidiary of the Corporation on October 30, 1970. The equity and income applicable to the portion acquired for cash is included in minority interests in the accompanying financial statements for fiscal 1970.

Inventories and Contracts in Progress

Inventories are stated at the lower of cost (substantially first-in, first-out or average) or market (replacement cost or net realizable value). Inventories related to fixed-price 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.

[illegible]

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.

Timber and Timberlands

Depletion of timber is provided on footages removed at rates based on estimated recoverable timber in each tract. Such depletion is credited directly to the asset accounts.

Goodwill and Patents

Goodwill arising prior to November, 1970 represents the excess of cost over the value ascribed to the net assets of going businesses purchased since 1956 and is not amortized; goodwill arising from acquisitions entered into after October, 1970 is amortized over a forty year period. Such amortization was not material in relation to the consolidated net income for the year ended September 30, 1971.

Purchased patents are stated at cost, less amortization, and are amortized over their estimated economic lives. The Corporation has followed the practice of charging the cost of internally developed patents to income as incurred.

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.

Investment credit is deferred and amortized over the estimated useful lives of the assets to which it applies.

Research and Development

Research and development expenses are generally charged to income as incurred.

Government Contracts and Subcontracts

Profits on contracts are taken into income in proportion to billings made in accordance with the terms of the contracts, most of which are subject to renegotiation under the Renegotiation Act of 1951. Proceedings for the purpose of establishing the amounts of [illegible] profits have not been completed for [illegible] 1971; however, in the opinion of officials of the Corporation, any amount refundable under such proceedings would not be material in relation to the consolidated financial statements.

Accountants' Opinion

HASKINS & SELLS
Certified Public Accountants

1200 Guardian Building
Detroit 48226

November 15, 1971

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

We have examined the consolidated balance sheet of The Bendix Corporation and consolidated subsidiaries as of September 30, 1971 and 1970 and the related consolidated statements of income, surplus, and changes in financial position for the years 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. We did not examine the 1970 consolidated financial statements of American Forest Products Corporation (a consolidated subsidiary whose financial statements reflect total assets and net sales constituting approximately 10% and 9% of the respective 1970 consolidated totals), but we were furnished with the opinion of other certified public accountants on their examination of such financial statements.

In our opinion, based on our examination and the opinion of other certified public accountants referred to above, the previously mentioned consolidated financial statements present fairly the financial position of The Bendix Corporation and consolidated subsidiaries at September 30, 1971 and 1970 and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis (after restatement of the financial statements for 1970 as explained under the heading "Consolidated Financial Statements and Related Matters" on page 33).

Haskins & Sells

The Bendix Corporation and Consolidated Subsidiaries

Consolidated Statement of Income
For the Years Ended September 30, 1971 and 1970

	1971	1970
	(In millions, except per share amounts)	
Income:		
Net sales	$1,599.8	$1,670.0
Royalties and other operating revenues	13.0	10.1
Equity in earnings of nonconsolidated subsidiaries and associated companies	1.2	1.6
Other income	6.9	9.0
TOTAL	1,620.9	1,690.7
Deductions From Income:		
Cost of sales	1,271.7	1,358.0
Selling, service, patent, and administrative and general expenses	200.3	197.4
Provision for depreciation, depletion, and amortization	44.2	41.7
Interest expense	24.1	23.6
Other expenses	2.0	2.4
Minority interests in earnings of subsidiaries	3.7	5.7
Provision for United States and foreign taxes on income	32.8	29.6
TOTAL	1,578.8	1,658.4
Income Before Extraordinary Charge	42.1	32.3
Extraordinary Charge*—Provision for reduction in market quotation value of Control Data Corporation Common Stock, less deferred income tax benefit of $1.7 million		5.0
Net Income for the Year	$ 42.1	$ 27.3
Earnings Per Common and Common Equivalent Share:		
Income before extraordinary charge	$2.56	$1.95
Extraordinary charge, net of income tax effect		.30
Net income	$2.56	$1.65

*The provision [illegible] less deferred income tax benefit, resulted from the reduction in market quotation value of Control Data Corporation Common Stock taken in exchange for Common Stock of Computing Devices of Canada, Limited. This exchange resulted in a $[illegible] million [illegible] gain for fiscal [illegible].

[illegible] Statements on pages [illegible] and the information presented on pages [illegible], and 35 [illegible]

Consolidated Balance Sheet
September 30, 1971 and 1970

	1971	1970
Assets	(In millions)	
CURRENT ASSETS:		
Cash	$ 38.8	$ 46.8
Marketable securities (at lower of cost or market)	13.9	10.9
Trade receivables (less allowance for doubtful receivables, $2.6 million)	261.9	275.2
Inventories and contracts in progress (less progress payments)	423.8	409.2
Prepaid expenses	94.7	16.8
TOTAL CURRENT ASSETS	789.9	758.9
INVESTMENTS IN NONCONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES	21.3	19.5
LAND, BUILDINGS, AND EQUIPMENT (less accumulated depreciation and amortization—1971, $231.5 million; 1970, $219.9 million)	316.7	304.5
TIMBER AND TIMBERLANDS (less depletion)	26.9	19.7
GOODWILL AND PATENTS (less amortization)	54.2	50.9
MISCELLANEOUS ASSETS	17.3	14.7
TOTAL	$1,199.3	$1,168.2
Liabilities, Reserve, and Stockholders' Equity		
CURRENT LIABILITIES:		
Notes payable:		
Banks	$ 131.5	$ 102.7
Other	15.9	15.4
Accounts payable	103.4	97.3
U.S. and foreign taxes on income	20.9	12.7
Other taxes, payrolls, and sundry accrued liabilities	96.2	103.0
TOTAL CURRENT LIABILITIES	368.8	331.1
LONG-TERM DEBT	185.0	189.2
DEFERRED INCOME TAXES	21.5	19.4
RESERVE FOR CONTINGENCIES		2.5
MINORITY INTERESTS	48.8	70.2
STOCKHOLDERS' EQUITY:		
Preferred Stock (liquidation preference, 1971, $170.9 million; 1970, $169.7 million)	21.4	21.2
Common Stock	62.8	62.6
Surplus:		
Capital (arising from capital stock transactions)	55.7	54.4
Earned	443.9	427.4
Total	583.8	565.6
Less—Cost of treasury stock	9.6	9.8
STOCKHOLDERS' EQUITY—NET	574.2	555.8
TOTAL	$1,199.3	$1,168.2

See Notes to Consolidated Financial Statements on pages 40, 41, and 42 and the information presented on pages 33, 34, and 35 which constitute an integral part of this statement.

The Bendix Corporation and Consolidated Subsidiaries

Consolidated Statements of Surplus
For the Years Ended September 30, 1971 and 1970

	1971	1970
	(In millions)	
Capital Surplus:		
Balance at beginning of the year	$ 54.4	$ 53.7
Deduct—Capital stock transactions of pooled company between October 1, 1969 and December 31, 1969		1.4
Remainder	54.4	52.3
Add:		
Capital stock transactions of pooled companies	.1	1.6
Excess of sales price over par value of Common Stock sold under stock option plan	.6	.5
Excess of sales price over stated value of Series A $3 Cumulative Convertible Preferred Stock sold to employees	.4	
Excess of market value over cost of treasury stock utilized in connection with the acquisition of purchased company	.2	
Balance at end of the year	$ 55.7	$ 54.4
Earned Surplus:		
Balance at beginning of the year:		
The Bendix Corporation and consolidated subsidiaries, as reported	$427.4	$395.7
Equity in net assets of previously nonconsolidated subsidiaries and associated companies		31.6
Total	427.4	427.3
Deduct (Add):		
Dividends, less earnings, of pooled company from October 1, 1969 to December 31, 1969		(1.4)
Equity in earnings of previously nonconsolidated subsidiaries and associated companies from October 1, 1969 to the end of their respective fiscal year ends		1.9
Total	427.4	426.8
Add:		
Net income for the year	42.1	27.3
Transfer of reserve for contingencies	2.5	
Transactions applicable to pooled companies	(.1)	
Total	44.5	27.3
Deduct—Dividends:		
The Bendix Corporation—Cash:		
Common Stock—$1.60 per share	19.5	19.7
Series A $3 Cumulative Convertible Preferred Stock—$3.00 per share	5.5	4.5
Pooled company (declared prior to pooling with The Bendix Corporation):		
Cash		1.0
Stock		1.4
Total	25.0	26.7
Balance at end of the year	$446.9	$427.4

See Notes to Consolidated Financial Statements on pages 40, 41, and 42 and the information presented on pages 33, 34, and 35 which constitute an integral part of these statements.

Consolidated Statement of Changes in Financial Position
For the Years Ended September 30, 1971 and 1970

	[illegible]	[illegible]
	(In millions)	
Sources of Working Capital:		
Operations:		
Income before extraordinary charge	$ [illegible]	$ [illegible]
Add (Deduct) items not affecting working capital:		
Provision for depreciation, depletion, and amortization	[illegible]	[illegible]
Minority interests	[illegible]	6.7
Provision for deferred income taxes	[illegible]	(.1)
Equity in earnings of nonconsolidated subsidiaries and associated companies	[illegible]	(1.8)
Working capital provided from operations, exclusive of extraordinary charge	[illegible]	78.0
Extraordinary charge, before deferred income tax benefit		6.7
Total	[illegible]	71.3
Increases in long-term debt	[illegible]	6.5
Disposals of land, buildings, and equipment	11.9	9.3
Proceeds from stock options exercised and employee stock purchase plan	1.3	.6
Decrease (increase) in miscellaneous assets	[illegible]	7.6
TOTAL	112.6	95.3
Applications of Working Capital:		
Additions to land, buildings, and equipment	[illegible]	55.0
Purchase of American Forest Products Corporation Common Stock	40.1	
Cash dividends	[illegible]	25.3
Purchases of Common and Series A $3 Cumulative Convertible Preferred Stock		9.8
Decreases in long-term debt	18.4	6.6
Increase in investments in and advances to nonconsolidated subsidiaries and associated companies	.8	.3
Changes in minority interests, exclusive of minority interests in earnings	3.0	7.3
Acquisitions of net assets and businesses, less working capital provided of $1.7 million	4.2	
Net additions to timber and timberlands	.3	.8
Miscellaneous	.2	1.7
TOTAL	159.3	106.6
(Decrease) in net working capital	(46.7)	(11.5)
Net working capital at beginning of the year	427.8	439.3
Net working capital at end of the year	$381.1	$427.8
Working Capital Changes—Increase (Decrease):		
Cash and marketable securities	$ (6.9)	$ 3.7
Trade receivables	(13.3)	(43.5)
Inventories and contracts in progress	14.4	5.1
Prepaid expenses	(2.1)	(2.4)
Notes payable	(29.2)	(4.9)
Accounts payable	(8.1)	18.5
U.S. and foreign taxes on income	(6.8)	9.4
Other taxes, payrolls, and sundry accrued liabilities	4.8	2.8
(Decrease) in net working capital	$ (46.7)	$ (11.5)

See Notes to Consolidated Financial Statements on pages 40, 41, and 42 and the information presented on pages 33, 34, and 35 which constitute an integral part of these statements.

The Bendix Corporation and Consolidated Subsidiaries

Notes to Consolidated Financial Statements

Foreign Operations

Net assets, net sales, and net income from companies outside the United States and Canada included in the consolidated financial statements as of September 30 are summarized below:

(in millions)	1971					
	Europe	Latin America	Australia	Other	Total	1970
Current assets	$100.5	$ 14.8	$ 7.8	$ 3.3	$132.5	$114.1
Other assets	90.2	9.5	7.8	2.4	109.1	70.6
Total	190.7	24.3	14.8	5.7	241.6	184.7
Liabilities	96.8	10.3	7.8	3.1	118.4	99.7
Minority interests	47.7		1.8		49.7	48.1
Total	143.7	10.3	8.8	3.1	165.1	134.8
Net assets	$ 53.0	$ 14.8	$ 6.9	$ 2.8	$ 76.5	$ 55.9
Net sales of subsidiaries outside the U.S. and Canada					$296.1	$256.5
Net income from companies outside the U.S. and Canada					$ 6.7	$ 7.0

Inventories and Contracts in Progress

Inventories and contracts in progress are summarized below:

	(in millions) 1971	1970
Inventories	$394.8	$410.1
Contracts in progress	44.0	27.9
Total	438.8	438.0
Less—Progress payments	15.5	28.8
Remainder	$423.6	$409.2

Land, Buildings, and Equipment

The composition of land, buildings, and equipment-net at September 30, 1971 and 1970 is summarized below:

	(in millions) 1971	1970
Land and improvements	$ 28.6	$ 25.5
Buildings	168.7	147.0
Machinery and equipment	347.2	353.5
Construction in progress	28.7	18.4
Total	573.2	524.4
Less accumulated depreciation and amortization	288.5	218.9
Land, buildings, and equipment—net	$284.7	$305.5

Timber and Timberlands

The provisions for depletion of timber and timberlands were $2.7 million and $2.0 million for 1971 and 1970 [illegible]

[illegible]

September 30 are summarized below:

	(in millions) 1971	1970
Goodwill	$ 51.7	$ 50.9
Patents	2.5	
Total	$ 54.2	$ 50.9

Notes Payable and Long-Term Debt

Under the terms of a bank credit agreement dated February 25, 1971, under which loans aggregating $90.0 million were outstanding at September 30, 1971, the Corporation has agreed not to permit consolidated net current assets, exclusive of loans under the agreement, to decline below $330 million.

Exclusive of current maturities, long-term debt at September 30 comprised:

	(in millions) 1971	1970
Debt of The Bendix Corporation:		
6¾% Sinking Fund Debentures Due 1992	$125.0	$125.0
Other	1.8	1.3
Debt of U.S. and Canadian Subsidiaries:		
8% Guaranteed Debentures Due 1979	12.5	13.5
Banks	.9	10.0
Other	21.4	26.9
Debt of Other Consolidated Subsidiaries:		
Banks	23.9	13.4
Other	.5	.3
Total	186.0	190.4
Less—Unamortized debt discount	1.0	1.2
Remainder	$185.0	$189.2

Under the sinking fund provisions of the indenture for the 6¾% Sinking Fund Debentures Due 1992, cash payments of $6,250,000 will be required each year beginning December 1, 1974 or, in lieu thereof, the Corporation may deliver reacquired Debentures to the sinking fund agent. The Debentures are callable, under certain conditions, at the option of the Corporation, at prices ranging from 106⅛% at September 30, 1971 to 100% at December 1, 1982.

The debt instruments contain various restrictions and covenants relating to creation of additional debt. The most restrictive of these [illegible] and capital expenditures [illegible] payment of cash dividends and certain acquisitions may not

exceed 50%, of consolidated funded indebtedness and stockholders' equity.

The minimum aggregate annual maturities of principal amount of long-term debt in each of the five fiscal years subsequent to September 30, 1971 are as follows: 1972, $6.8 million (included in current liabilities); 1973, $7.7 million; 1974, $9.4 million; 1975, $15.2 million; 1976, $14.5 million.

United States and Foreign Taxes on Income

The provision for United States and foreign taxes on income and deferred investment credit included in deferred income taxes are summarized below:

	(in millions) 1971	1970
Provision:		
Current	$ 30.7	$ 29.7
Deferred	2.9	
Deferred investment credit	(.8)	(.1)
Total	$ 32.8	$ 29.6
Deferred Investment Credit:		
Balance at beginning of the year	$ 4.9	$ 5.0
Investment credit:		
Earned		.8
Amortized	(.8)	(.9)
Total	(.8)	(.1)
Balance at end of the year	$ 4.1	$ 4.9

Capital Stock

The number of authorized and issued shares, shares held in treasury, and par or stated values of the Corporation's capital stock at September 30 are set forth below:

	SHARES 1971	1970
Preferred Stock, no par (authorized, 7,000,000 shares, issuable in series) —Series A $3 Cumulative Convertible Preferred Stock (authorized, 3,746,230 shares of $7.50 stated value each; entitled to $60 per share in liquidation):		
Issued	2,849,028	2,828,710
Treasury	10,200	17,800
Common Stock (authorized, 25,000,000 shares of $5 par value each):		
Issued	12,560,243	12,525,838
Treasury	331,200	331,200

The Series A $3 Cumulative Convertible Preferred Stock is convertible into Common Stock at the rate of 1.5 shares of Common Stock for each share of Series A $3 Cumulative Convertible Preferred Stock, subject to adjustment in certain events. The Series A $3 Cumulative Convertible Preferred Stock is redeemable, at the Corporation's option, on or after June 30, 1975, initially at $70 per share (decreasing by $1 per share annually from June 30, 1976 through 1985, and thereafter at $60 per share).

Capital stock reserved for various purposes at September 30, 1971 is summarized below:

Common Stock:	SHARES
Conversion of Series A $3 Cumulative Convertible Preferred Stock outstanding	4,273,542
Employee Stock Option, Supplemental Compensation, and Stock Purchase Plans	689,093
Purchase agreements	141,272
Total	5,103,907
Series A $3 Cumulative Convertible Preferred Stock—Purchase agreements	81,539

Stock Option Plan

Under the Stock Option Plan, as amended, certain employees have been granted options to purchase Common Stock at prices which represented 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. No option may be exercised earlier than one year from the date on which the option is granted and generally options become exercisable in three equal annual installments beginning with the first anniversary of the date of grant.

Certain information with respect to the Plan is summarized below:

	Number of Shares Under Option	Option Price Per Share
October 1, 1969	390,199	$20.41 to $51.75
Granted	116,727	21.50 to 37.25
Exercised	23,569	20.41 to 36.75
Terminated or cancelled	73,446	20.41 to 49.00
September 30, 1970	409,911	21.50 to 51.75
Granted	182,750	26.40 to 35.75
Exercised	24,739	21.50 to 41.00
Terminated or cancelled	193,678	21.50 to 51.75
September 30, 1971	374,244*	21.50 to 49.00

*Includes 123,886 shares exercisable.

The maximum number of shares for which additional options might be granted under the Plan was 149,592 shares, 105,910 shares, and 114,934 shares at October 1, 1969, September 30, 1970, and September 30, 1971, respectively.

Employee Pensions

The Corporation and certain of its consolidated subsidiaries have pension plans for eligible employees. Pension expense, which includes amortization of prior service costs over a period of 30 years, was $14.9 million and $18.0 million for 1971 and 1970, respectively.

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 of the pension funds and balance sheet accruals by approximately $33.4 million. For the remaining plans, the total assets of the pension funds and balance sheet accruals exceeded the actuarially computed value of vested benefits by approximately $87.9 million.

Earnings per Common and Common Equivalent Share

Earnings per common and common equivalent share has been computed based upon the average number of common and common equivalent shares outstanding of 16,481,781 shares and 16,586,615 shares for 1971 and 1970, respectively. The Corporation's Series A $3 Cumulative Convertible Preferred Stock and options on Common Stock are classified as common stock equivalents and are therefore included in the average number of common and common equivalent shares outstanding. Further, retroactive effect has been given to the issuance of shares of the Corporation's Series A $3 Cumulative Convertible Preferred Stock in the acquisition of American Fram Corporation.

Contingencies

The Federal Trade Commission is challenging the acquisition and seeking divestiture of the net assets and business of Fram Corporation (Fram), acquired by the Corporation in June, 1967. Pending final determination of this matter, the Corporation has agreed to maintain Fram as a separate subsidiary and to take no steps to impair Fram's economic and financial position. The net sales and net income of Fram included in the Consolidated Statement of Income for the years ended September 30, 1971 and 1970 are as follows:

	(In millions) 1971	1970
Net sales	$143.5	$123.3
Net income	9.1	6.9

There are various other 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.

Certain properties and equipment are leased under long-term agreements for varying periods (generally from 4 to 25 years) and are renewable in many instances. The minimum annual rentals under such leases at September 30, 1971 approximate $3.9 million.

Financial and Statistical Summary

Amounts for 1967 through 1970 are as reported in the Corporation's Annual Reports to Stockholders. [illegible] include the amounts relating to subsidiaries outside the U.S. and Canada. Amounts relating to companies acquired in transac[illegible] for as pootings of interests are included for the full year beginning with the year of acquisition.

Financial Data

	[illegible]	[illegible]	[illegible]	[illegible]	1967
	(in millions, except per share amounts)				
Net sales, royalties, and other operating income	$1,[illegible]	$1,[illegible]	$1,[illegible]	$1,[illegible]	$1,447.8
Income before U.S. and foreign income taxes and before minority interests	[illegible]	[illegible]	110.5	100.1	92.9
Per $1.00 of sales, etc.	[illegible]	.040	.085	.064	.064
U.S. and foreign income taxes	32.8	29.6	52.0	48.2	42.7
Minority interests	3.7	5.7	4.4	6.5	6.0
Income before extraordinary items	42.1	32.3*	54.1*	45.4	44.2
Per $1.00 of sales, etc.	.026	.019	.032	.029	.031
Cash dividends: Preferred	9.5	4.8	3.8	3.4	.9
Common	19.5	20.7	20.0	17.1	18.2**
Earnings retained	14.1	2.0	35.8	24.9	25.1
Stockholders' equity at September 30	574.2	555.8	527.4	472.9	445.1
Net working capital at September 30	361.1	427.8	439.3	405.3	281.5
Net plant and equipment at September 30	318.7	304.5	272.5	244.5	219.8
Depreciation	42.5	40.3	35.5	32.0	28.6
Capital expenditures	66.5	55.0	57.2	53.8	51.4
Wages and salaries	605.5	632.4	669.3	624.5	593.9
Total taxes	95.5	68.2	114.4	105.2	94.1
Unfilled orders (funded) at September 30	554.1	574.0	691.6	761.3	841.6

*Before a $5.0 million extraordinary charge (net of income taxes) in 1970 and $5.4 million extraordinary income (net of income taxes) in 1969.

**Exclusive of stock dividends of pooled companies prior to acquisition.

Per Common Share Data

Income before extraordinary items	$ 2.56	$ 1.95*	$ 3.65*	$ 3.24	$ 3.18
Cash dividends per share	1.60	1.60	1.60	1.40	1.40
Stockholders' equity at September 30**	33.63	31.75	34.78	33.10	31.09

*Before an extraordinary charge of $.30 in 1970 and extraordinary income of $.36 in 1969.

**After allowing for Series A $3 Cumulative Convertible Preferred Stock at liquidating value of $60 per share.

Statistical Data

Number of stockholders (in thousands) at September 30: Preferred	5.4	4.2	4.0	4.0	3.7
Common	37.8	39.4	37.5	38.1	37.4
Number of shares (in millions) outstanding at September 30: Preferred	2.8	2.8	1.5	1.1	1.1
Common	12.2	12.2	12.5	12.2	12.1
Number of employees (in thousands) at September 30*	78.4	79.3	84.7	87.0	87.5

*Exclusive of employees at Kansas City Division.

Directors

W. M. BLUMENTHAL •
President and Chief Operating Officer

C. M. CARDIN
Chairman—Paribas Corporation

W. R. CLERIHUE •
Vice President—Finance

H. B. CUNNINGHAM •
Chairman & Chief Executive Officer—
S. S. Kresge Co.

C. F. DONNELLY •
Senior Executive Vice President—
Corporate Staffs

R. G. FOLSOM
Former President—Rensselaer
Polytechnic Institute

A. P. FONTAINE •
Chairman and Chief Executive Officer

C. T. GRAY
President—American Forest Products
Corporation

P. F. HARTZ
President—Fram Corporation

C. E. HEITMAN
President—North American Group
Operations

C. S. HARDING MOTT •
President & Trustee—Charles Stewart
Mott Foundation

R. D. O'NEAL
President—Aerospace-Electronics Group

L. F. POLK •
President—Louis Polk, Inc.

R. W. PURCELL
Consultant to Rockefeller Family
& Associates

F. C. REED
Partner—Hughes Hubbard & Reed

G. R. VILA
Chairman of the Board of Directors,
President and Chief Executive Officer—
Uniroyal, Inc.

• Also member of Executive and Finance Committees

Officers

A. P. FONTAINE
Chairman and Chief Ex[illegible]

W. M. BLUMENTHAL
President and Chief [illegible]

C. F. DONNELLY
Senior Executive Vice [illegible]
Corporate Staffs

W. R. CLERIHUE
Vice President—Finance

C. E. HEITMAN
President—North American Group
Operations

E. R. EGGERS
President—Bendix International

R. A. HEDDEN
President—Industrial Group

W. L. MIRON
President—Automotive Group

R. D. O'NEAL
President—Aerospace-Electronics Group

R. E. McGRUTHER
Executive Vice President—Corporate Staff

J. E. BEVINS
Senior Vice President
and Group Executive
(Executive Vice President—
Aerospace-Electronics Group)

R. W. WHITESELL
Senior Vice President—Investor Relations

R. B. HUNGATE
Vice President and Group Executive

E. E. HUPP
Vice President and Group Executive

D. S. JONES
Vice President and Group Executive

W. C. PURPLE
Vice President and Group Executive

H. STOLAR
Vice President and Group Executive

C. B. SUNG
Vice President and Group Executive

C. E. ROWETT
Vice President and Group Manager

F. J. BORHECK
Vice President
(Senior Vice President—
Bendix International)

J. V. V. BRYAN
Vice President—Corporate Development

H. R. FORD
Vice President—Automotive
& Industrial Marketing

E. C. JOHNSON
Vice President—Engineering
and Research

W. M. KOENIGSMARK
Vice President—Finance

[illegible]
Vice President—Corporate Purchasing

J. B. TREACY
Vice President
(Executive Vice President—
Bendix International)

L. B. YOUNG
Vice President—Aerospace-Electronics
Marketing

J. M. OLSHOCK
Treasurer

F. J. SVEC
Controller

H. S. BARRON
Secretary

Counsel

HUGHES HUBBARD & REED
New York, New York

Auditors

HASKINS & SELLS
Detroit, Michigan

Transfer Agents

BANKERS TRUST COMPANY
New York, New York

OFFICE OF THE
BENDIX CORPORATION
Southfield, Michigan

Registrars

FIRST NATIONAL BANK
OF CHICAGO
Chicago, Illinois

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

CHASE MANHATTAN BANK, N.A.
New York, New York

Trustee (6¾% Debentures)

MANUFACTURERS HANOVER
TRUST COMPANY
New York, New York

The Corporation's 1972 Annual Meeting of Stockholders will be held at 2 p.m. on Thursday, February 24, 1972 at the Executive Offices of the Corporation, Friday, January 14, 1972 is the record date for determining the stockholders entitled to notice of, and to vote at, the Annual Meeting of Stockholders.

Corporate

The Bendix Corporation, Executive Offices
Bendix Center, Southfield, Michigan
Bendix International
New York, New York

Aerospace-Electronics Group

Aerospace Systems Division
Ann Arbor, Michigan
Mishawaka, Indiana
Aviation Electric Limited
Montreal, Quebec Canada
Avionics Division
Fort Lauderdale Florida
Bendix Field Engineering Corporation
Bendix Commercial Service Corporation
Columbia, Maryland
Communications Division
Baltimore, Maryland
Electric Power Division
Eatontown New Jersey
Electrical Components Division
Sidney, New York
Electrodynamics Division
North Hollywood California
Sylmar, California
Energy Controls Division
South Bend, Indiana
Environmental Science Division
Baltimore Maryland
Filter Division
Madison Heights Michigan
Flight & Engine Instruments Division
South Montrose, Pennsylvania
Fluid Power Division
Utica, New York
Instruments & Life Support Division
Davenport Iowa
Kansas City Division
Kansas City, Missouri
Launch Support Division
Kennedy Space Center, Florida
Microwave Devices Division
Franklin, Indiana
Navigation & Control Division
Teterboro, New Jersey
The Dashaveyor Company
Los Angeles, California
West Coast Aerospace Support Division
Burbank, California

Automotive Group

Automotive Development Center
New Carlisle, Indiana
Automotive Electronics Division
Newport News, Virginia
Automotive Service Division
South Bend, Indiana
Bendix Automotive of Canada, Limited
Windsor, Ontario, Canada
Bendix-Westinghouse Air Brake Division
Elyria, Ohio
Bendix-Westinghouse Automotive
Air Brake Company of Canada, Ltd.
London 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 Division
Long Island City, New York

Forest Products Group

American Forest Products Corporation
San Francisco, California
Martell, California
Fresno, California
Stockton, California
Los Angeles, California
Newark, California
Santa Fe Springs, California
Santa Clara, California
American Forest Properties, Inc
White Pines, California
Arizona Box Company
Phoenix, Arizona
Green Mountain Box and Lumber Corporation
White River Junction, Vermont
Modern Materials Corporation
Southfield, Michigan

Industrial Group

Abrasives Division
Jackson, Michigan
Westfield, Massachusetts
Chester, Massachusetts
Automation & Measurement Division
Dayton Ohio
Buhr Machine Tool Corporation
Ann Arbor Michigan
Electro-Optics Division
Sturbridge, Massachusetts
Industrial Controls Division
Detroit, Michigan
Industrial Tools Division
Chicago, Illinois
South Beloit, Illinois
Greenfield, Massachusetts
Michigan Special Machine Co.
Warren, Michigan
Process Instruments Division
Ronceverte, West Virginia
Scientific Instruments & Equipment Division
Rochester, New York
Skagit Corporation
Sedro Woolley, Washington

Other Divisions & Subsidiaries

Advanced Products Division
Bendix Center, Southfield, Michigan
Bendix International Finance Corporation
New York, New York
Bendix Research Laboratories
Bendix Center, Southfield, Michigan
Fram Corporation
East Providence, Rhode Island
United Geophysical Corporation
Pasadena, California

International Subsidiaries, Affiliates & Offices

Argentina
Industrias Bendix S.A.I.C.y.F.
Buenos Aires, Argentina

Australia
The Bendix Corporation Australia Pty. Limited
Rockdale, N.S.W., Australia
Bendix Mintex Pty. Limited
Ballarat, Victoria, Australia

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

England
Bendix Limited
London, England
Bendix Westinghouse Limited
Bristol, England

France
Societe Anonyme D.B.A.
Ducellier et Cie
Paris, France
Compagnie des Accumulateurs Electriques
Societe Francaise d'Equipements pour le Navigation Aerienne
Societe Industrielle des Comprimes de l'Ouest
Societe Roto-Diesel
Societe STOP

Germany
Bendix International G.m.b.H.
Frankfurt, Germany
Deutsche Bendix Ausrustungs G.m.b H.
Saarbrucken, 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

Japan
Akebono Brake Industry Co., Ltd.
Tokyo, Japan
Bendix Japan Limited
Tokyo, Japan
Jidosha Kiki Kabushiki Kaisha
Tokyo, Japan

Mexico
Frenomex S.A.
Mexico City, Mexico

Netherlands
Bendix N.V.
Breda, Netherlands

Spain
Bendiberica S.A.
Barcelona, Spain

Taiwan
Bendix Taiwan Limited
Taipei, Taiwan



The Bendix Corporation
Executive Offices
Bendix Center
Southfield, Michigan 48076