possible level. Their demands for prompt shipments to meet short-range needs make it necessary for suppliers to maintain greater stocks of finished goods.

The net result for many companies is a decrease in raw materials inventories, more or less offset by an increase in inventories of finished products. At Brake Shoe, this increase in finished product inventories has been moderate, despite our international expansion. Total inventories at the end of 1960 were $25,952,332.

Investments and capital expenditures increased Total capital expenditures, including plants and equipment of acquired companies, were $12,118,522 in 1960—the highest in Company history. This was considerably higher than depreciation and amortization accruals of $7,680,096, and far higher than 1959 capital expenditures of $4,867,822. Specific items of investment and capital expenditure are discussed in other sections of this report.

organizational changes During 1960, an Industrial Castings Group was formed as a managerial entity including four divisions: American Manganese Steel, Electro-Alloys, Engineered Castings, and National Bearing—all of which retain their divisional identities and managements. Better coordination of production, marketing and other activities common to the four divisions is expected to result from this grouping. Paul L. McCulloch, Jr., former Electro-Alloys president, was elected a vice president of the Company and named group executive. He was succeeded as president of Electro-Alloys Division by William D. Raddatz.

Similarly, a Hydraulics and Electronics Group was formed to coordinate the activities of divisions operating in these areas. Denison Engineering Division and Kellogg Division are included in this Group. Raymond Atchley, Inc., became a division during 1960, and is also included. The Company acquired the remaining interest in Hydel, Inc., and incorporated its research functions and key personnel into the Raymond Atchley Division.

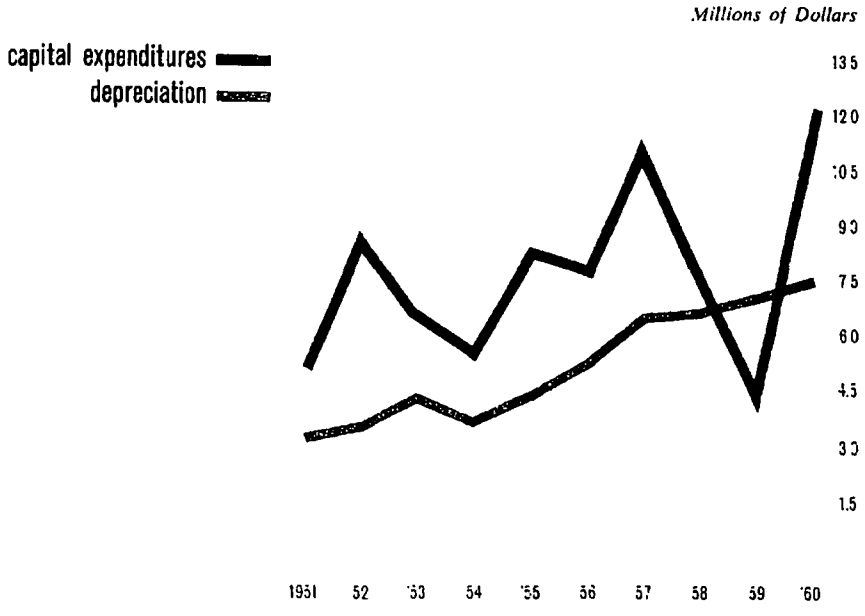
Lt. General Charles B. Stone, III, USAF (Ret.), who joined Brake Shoe in 1960 after extensive managerial and command experience with the Air Force, was elected a vice president of the Company and named group executive for the Hydraulics and Electronics Group.

In July, Thomas W. Russell, Jr., vice president, was elected vice president and treasurer. Howard C. Buschman, Jr., general counsel, was elected secretary and general counsel.

Alfred H. Munkenbeck, Jr., who had been secretary and treasurer, was named general manager of Brakeshoe International, S.A., the Company's wholly-owned European subsidiary. He has general administrative responsibility for that firm's nine sales, service and manufacturing subsidiaries, and is based in Geneva, Switzerland.

employee benefit plans improved Important improvements were made during 1960 in pension and insurance plans covering all employees. Pension benefits were increased. Separate hospital, medical and surgical plans were replaced with "comprehensive" health insurance, offering more complete coverage. Health and life insurance plans were made non-contributory for salaried employees, and for wage employees where agreed to by local unions.

During 1960, Brake Shoe employed an average of 9,205 people, and paid $58,672,903 for wages, salaries, pensions and other benefits. This represents almost 36 cents out of every sales dollar received.



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