

VEHICLE COMPONENTS

Vehicle manufacturers have become tough buyers, often asking suppliers to maintain or cut prices. How do you maintain profitability in this environment?

We have been able to meet our very aggressive cost-reduction targets primarily through employee empowerment and teamwork.

We're working with our suppliers to achieve cost reductions in their operations, and we're finding that partnerships with our customers can result in important cost savings and other benefits for us and for our customers.

What about your other vehicle businesses?

Our businesses have benefited particularly from the shift in consumer preference to light trucks, vans and sport utility vehicles, which

now account for 40 percent of the total market. This has boosted demand for several Eaton products, including leaf springs, plastic fans and vis-

cous fan clutches, and locking and limited-slip differentials. The plastic fan and fan shroud business we bought in 1991 has been an excellent complement to our viscous fan drives, and this combination is beginning to produce additional sales. Sales of our limited-slip and locking differentials have been exceptional, and we're planning to add

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circuit breakers acquired in the Heinemann acquisition in 1992, was especially strong. In contrast, the aerospace markets contracted steadily in 1993, in both military and commercial aircraft. We have maintained profitability by restructuring. We closed three plants and consolidated our manufacturing operations and sales force. The market for our Navy controls has also contracted over the last two years, but we have aggressively resized the business for profitability at lower demand levels.

Q. You mentioned earlier that the market for semiconductor equipment exceeded expectations. What's the outlook for 1994?

A. We entered 1994 with record backlogs and an enhanced product line. In 1993, our North American, European and Far Eastern operations all had excellent years. The NV-GSD high-current implanter and our new NV-GSE high-energy implanter both employ advanced technology that is vital to semiconductor manufacturers. The NV8200 medium-current implanter enjoyed a strong reception when it was introduced in 1993. We've upgraded and expanded both our test and demonstration labs at all three of our development sites.

TOP: Eaton's DS404 tandem axle weighs nearly 100 pounds less than competing models. **BOTTOM:** NV-8200P medium current ion implanters offer a multiple tilt and twist wafer-handling system for both 6- and 8-inch wafers.