Total net sales in 1948 were approximately $8,704,500 as compared to $7,959,500 in 1947, an increase of $745,000, or 9%. A breakdown follows:

	1948	1947	Increase or Decrease	Percent
Original Equipment	$4,116,879	$4,092,550	+ $24,328	+ .6%
Replacement				
NAPA	$3,582,956	$2,743,764	+ $789,192	+ 29. %
Direct Accounts	296,423	244,878	+ 51,545	+ 21. %
Export Div.	244,409	316,195	- 71,786	- 23. %
To Canada	93,018	131,004	- 37,986	- 29. %
	$4,166,806	$3,435,841	+ 730,965	+ 21. %
A-B-K Bearings and Wheels	$ 420,812	$ 430.519	- 9,707	- 2. %

ORIGINAL EQUIPMENT

Our position in the original equipment field shifted to some extent during the year in that the Chrysler Corporation split their business between American Brakeblok and Johns-Manville. This split resulted in a substantial reduction in the volume of business obtained from the Chrysler Corporation. At year-end, the lack of a satisfactory material for the new brake designs further jeopardized Chrysler business. Our engineers are working with Chrysler engineers to overcome this problem. Other accounts showed reasonable increases.

Major projects that we have on hand include the development of brake linings for the Ford, Mercury, Chevrolet and Studebaker passenger cars. The development of linings for these applications has been under study by our laboratory, and we hope to be able to supply materials to these customers that will meet with their approval. We also have been working with the Oldsmobile and Pontiac Divisions of General Motors.

Our position in the truck field is good. We are original equipment on Ford, Chevrolet, Diamond T, GMC Truck & Coach, Mack, International Harvester and Studebaker trucks, and we supply Wagner, Bendix, Timken Axle, Shuler Axle, Kay-Brunner, Clark Equipment and Eaton Manufacturing, who are the leaders in the brake and axle manufacturing fields. During the past year, we have been asked by our truck customers to improve some

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