

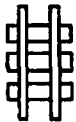
show gains.

The year 1965 marked the tenth anniversary of Abex in the hydraulic equipment field. Much has been accomplished. From a medium size company in Columbus, Ohio, operating two plants, the business has grown to three divisions and to over \$50 million in volume and operates twelve plants in the United States, Canada and Europe.

In industry, the Denison trade name is recognized throughout the world for quality and performance. In aerospace, from a standing start, Abex equipment has been qualified for most of the important new planes developed in recent years.

Capable research, engineering and marketing organizations have been built and we expect continuing growth and profitability from both the industrial and aerospace segments of this business.

Railroad Products



Shipments to the railroads in the United States and Canada amounted to \$67,700,000, an increase of more than eight per cent over the preceding year.

Railroads continued their resurgence in 1965 with a five per cent increase in freight revenue ton-miles. It was the best freight traffic year since the war year of

1944 and the fourth consecutive year in which freight traffic has shown an increase. More than 90 per cent of Abex railroad products are for the replacement of wearing parts and the higher level of operations brought a strong demand for our products.

Shipments of metal brake shoes increased slightly although composition shoes continued

to make gains in replacing the metal shoe on new cars designed and built for special types of service. Sales of our composition shoes increased and capacity was added in 1965 for production of these shoes and also a wholly new type of brake shoe. This new shoe combines the best characteristics of both metal and composition. It has been in field test under all normal operating conditions during the year and results of these tests are very promising.

The new truck-mounted brake for freight cars went into production during the year and 600 car sets are now in service. Performance has been satisfactory and expanded sales are expected in 1966.

Shipments of freight car wheels increased and our three wheel plants operated near capacity. Current orders indicate that this condition will continue well into 1966.

Trackwork shipments were up over the preceding year, largely because the railroads spent more to maintain and improve their properties. Our trackwork sales have been stimulated in recent years by a number of new proprietary products. These include mechanical and hydraulically operated retarders and switching machines.

The company introduced in 1964 the "Economatic" freight yard, a new concept for automating freight yards at low cost. This equipment speeds up switching operations and produces large savings in man power and equipment as well as greatly reducing damage to freight. Three yards are in successful operation and orders for several more installations have been received for delivery in 1966.

In late 1964, the Railroad Products Division became the exclusive sales and service agent for SKF freight car roller bearings in the United States. SKF is the world's largest bearing manu-