

Engineering Division for the production of hydraulic components.

The company now operates 46 plants in the United States, 9 in Canada and 8 in foreign countries.

International Operations Continued to Grow

Brakeshoe International, S. A., which was established in 1959 as a wholly-owned Swiss subsidiary, covers metal manufacturing, licensing and trading activities in Europe and other overseas areas. It has grown to include seven operating companies with sales subsidiaries and now employs more than 1,100 people. The products manufactured and sold in 1961 were industrial and airborne hydraulics and automotive brake lining.

A facility for the production of automotive tire molds was established in England and will be in operation in the first half of 1962. It is known as Bridgwater Machine Company Limited and is expected to employ approximately 100 people initially.

Aerohydraul GmbH, the West German airborne hydraulic subsidiary of Brakeshoe International, will move to a larger plant in Wiesbaden in March of 1962. The firm has received important orders from the West German, Italian, Belgian, and Dutch air forces as the sole supplier of hydraulic pumps for the extensive F104G fighter plane programs of those NATO countries.

Substantial progress was made in both manufacturing and marketing activities in Europe during the year. The rate of incoming orders increased rapidly and the backlog at year-end was substantial. It is expected that Brakeshoe International will have satisfactory operations in 1962.

Brake Shoe de Mexico, S. A., a brake lining manufacturing subsidiary, had satisfactory operations in 1961.

Affiliated Companies in Three Countries

Lloyds-Brake Shoe Ltd., the English foundry affiliate of American Brake Shoe, continued profitable operation in 1961. In addition to having an equity in the Lloyds operation, Brake Shoe receives royalties and technical assistance fees on Lloyds' sales of heat resistant castings and precision castings, mostly tire molds.

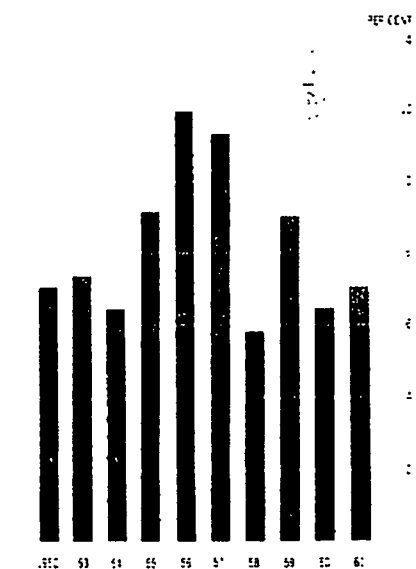
Amsco Mexicana, S. A., operates a foundry near Mexico City which produces manganese and carbon steel castings for the local market. Brake Shoe acquired control in this firm in early 1961. The outlook for this company is good and sufficient volume to permit profitable operations is expected in 1962.

Developments in the political and economic situation in Brazil are disturbing and it is not possible to predict how they will affect Sifco do Brasil, S. A., the company's Brazilian forging affiliate. The outlook is dependent upon the trend of local conditions.

Foundry Production Transferred for Increased Efficiency

In a move to improve utilization of facilities, the castings production of a foundry in Chicago was transferred to other plants and the foundry was closed. The manufacture and sales of ABK metal castings, which are used in highly abrasive applications, were moved to the Amsco Division. This enabled the company to give the product nation-wide sales coverage and multi-location manufacture. As a result, sales of the product line, though small, showed marked improvement.

■ Return on Average
Stockholders' Equity



■ Special Item