

VEHICLE COMPONENTS



helped us increase market share. And though our partially automated transmission, called AutoSelect, is very young, it's generating a lot of industry excitement as we go into a limited launch this year.

Will the North American Free Trade Agreement increase demand for heavy trucks?

Absolutely, especially in Mexico. As the Mexican economy continues to expand, and as the country improves its highway system, Mexico will become one of the world's fastest-growing markets for long-haul trucks, and Eaton will benefit accordingly.

What's the outlook for Eaton's Engine Components businesses?

A. We've seen excellent growth, and we expect it to continue. The strong North American automotive performance has been a big factor. Another factor is the enduring trend toward engines with four valves per cylinder, instead of two, which means more demand not only for valves but for hydraulic adjusters

CONTROLS

Europe. We made five acquisitions in that same period that have repositioned our Commercial & Military Controls business as a leader in aerospace controls, Navy controls, commercial switches and circuit breakers.

In our Semiconductor Equipment niche, ion implanters, we are also a world leader and have increased penetration in the important Japanese market. Our substantial position in each of these businesses gives us important competitive advantages.

Q. How did the company's automotive controls businesses perform in 1993?

A. In North America, performance was very strong. European automotive markets were down about 15 percent, and we're not looking for any improvement in 1994. We've restructured and significantly reduced employment levels in our German automotive controls business in the last two years, which positions us to profit handsomely as Europe recovers from the recession. The North American business had solid growth. We're particularly excited about the quickly accelerating interest in multiplexing, which involves replacing hundreds of wires in automobiles with a single twisted pair. We're a leader in this technology. In 1993, Chrysler awarded



TOP: Eaton makes millions of viscous fan drives yearly in both Europe and the United States. At its factory in Germany, Eaton manufactures both fans and fan drives for passenger car and truck builders. **BOTTOM:** Eaton makes over 100 million automotive switches a year, including these for Diamond-Star Motors which will control power fea-