EMPLOYEE RELATIONS

The company employed in North America and Europe an average of 12,700 men and women during 1963. Relations with employees and unions were generally satisfactory and there were no work stoppages of sufficient size or duration to affect operations materially. During the year, labor agreements were reached with most of our plant unions in the United States, largely on the basis of improved pension and insurance plans with wages less of an issue than in previous years.

MANAGEMENT CHANGES

There were several important management changes during the year. Kempton Dunn was elected chairman of the board, continuing as chief executive officer, and John S. Hutchins was elected president. These changes occurred on February 1, 1963 and were recorded in the report to stockholders last year.

Raymond H. Schaefer, vice president, was appointed group executive for the Hydraulic Products Group. He has direct responsibility for all domestic and international operations of this group.

Rodney C. Gott, president of American Machine and Foundry Company, was elected a director of the company in May.

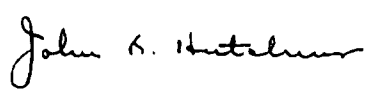
LOOKING AHEAD

In the last decade, Brake Shoe has gone through a planned transition from what was basically a railway supply business to a broadly diversified company serving many industries and markets.

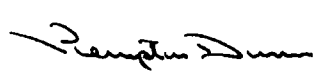
Many positive advances have been accomplished. Our sales have nearly doubled. Our product lines have been greatly expanded. Our technical knowledge and skills have increased tremendously. And our European operations are firmly established. Today, our products and services are vital to numerous industries basic to the economies of many nations of the world.

Opportunities surround us on all sides in the growing economies of the world and the swift advances of technology. We believe that 1964 and future years will offer abundant opportunities for Brake Shoe to continue to grow and prosper.

Sincerely,



PRESIDENT



CHAIRMAN

SC1 01898