THE SCOTT & FETZER COMPANY

ANNUAL REPORT 1969

S&F

Board of Directors

Raymond E. Channock
President of Acme-Cleveland Corporation, Cleveland, Ohio

George D. Finnie
Managing partner of Wilson, Finnie & Co., Cleveland, Ohio
Certified Public Accountants

Niles H. Hammink
President and Chief Operating Officer

John A. Kemper
Chairman and Chief Executive Officer

Quigg Lohr
Executive Vice President & Secretary

C. B. McDonald
Partner in the underwriting firm of McDonald and Company, Cleveland, Ohio

B. R. Pinney
Vice President

Officers

J. A. KEMPER	*Chairman of the Board and Chief Executive Officer*
N. H. HAMMINK	*President and Chief Operating Officer*
QUIGG LOHR	*Executive Vice President and Secretary*
F. J. GUBERNOT	*Vice President*
J. M. HEYNE	*Vice President*
B. R. PINNEY	*Vice President*
W. C. WHORLEY	*Vice President*
K. D. HUGHES	*Treasurer*
J. W. KEMPER	*Assistant Secretary and Assistant Treasurer*

Table of Contents

J. A. Kemper
Chairman of the Board
and Chief Executive Officer

To Our Shareholders

The financial information contained in another section of this report shows that your company's sales and earnings for fiscal 1969 were at an all time record high and that the balance sheet, already strong, was further strengthened during this year.

Although your company has grown from sales of $13,398,000 in 1961 to more than $115,000,000 in 1969 we have never been satisfied with our progress as a corporation, though outsiders have said we certainly should be. Fiscal 1969 was another record year, but we are still not satisfied and are constantly planning for still further growth. There were some factors during fiscal 1969 beyond our control to which we tried to adjust. Those factors we felt were within our control we isolated and have taken the indicated remedial steps.

Your company has no securities senior to your common stock. Long term debt was reduced on schedule and the debt to equity ratio rose to more than $10.00 of equity for every $1.00 of long term debt. In every other commonly accepted category your company's balance sheet showed substantial improvement.

ACQUISITIONS

During fiscal 1969, five companies joined yours: Snyder Body of Greenmount, Maryland, joined us on January 29. Snyder is a distributor of school buses, truck bodies and other truck-mounted equipment, and manufactures a line of dump truck bodies and special van bodies. This operation has become the eastern plant of the Stahl Metal Products Division which now has under construction additional manufacturing facilities at the Maryland site.

On February 3, Dek Processes of Fort Wayne, Indiana, was merged into your company. Dek is in the rapidly growing field of color photograph identification systems for driver's licenses, credit cards, and other identification applications. This division now has contracts with thirteen states to produce all of their driver's licenses and with several schools, colleges and universities for identification cards. It has the potential to become your most rapidly growing division, as new markets are opened for its identification systems, nationally and internationally.

Meriam Instrument of Cleveland, Ohio, a long established manufacturer of equipment for measurement of pressure, vacuum and flow of liquids and gases, became part of your company on February 6. Meriam's products are widely used in the petroleum, chemical and processing industries.

On June 30, your company purchased for cash the assets of Prestige Industries, Ltd. of Montreal, Canada. Prestige, which continues to be operated by its former management as a division of SFZ International Limited, is a manufacturer of quality lighting fixtures.

S & A Electronics of Toledo, Ohio, joined your company on September 16. Our most recent acquisition, which manufactures television antennas and accessory equipment, offers us the prospect of opening new markets for some of our other products as well as continued growth in its established product line.

OTHER CORPORATE CHANGES

During the year the Canadian operations were restructured so that we now have one wholly owned operating subsidiary, SFZ International Limited, with four divisions — Virden Lighting (Canada), Lombard Power Equipment, American-Lincoln of Canada, and Prestige. The new organization parallels that of the parent company in the United States and will facilitate expansion in Canada.

In September, we ceased operations at the Aquaneering Division and sold its assets after the end of the fiscal year. This was done because the division has not measured up to our criteria for internal growth.

EXPANSION PLANS

Despite some of the adverse policies of our National Government, your company during 1969 made plans for selected expansion of some of its facilities. Some of the projects have been completed. Others will be completed during 1970. Additions of varying sizes were completed at Watertown, New York, and Cardington and Bowling Green, Ohio; and at Greenmount, Maryland, and at two of our Cleveland facilities construction of additional space is in progress.

CORPORATE APPOINTMENTS

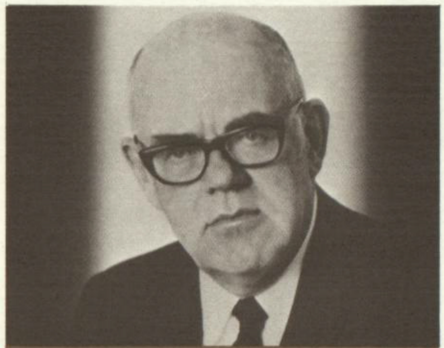
Effective November 30, 1969, George J. Hales and Carl J. Stahl voluntarily relinquished their Group Vice Presidencies and assumed the duties of Special Corporate Advisors. Mr. Frank J. Gubernot, formerly Corporate Treasurer, was elected a Group Vice President. Mr. James M. Heyne, President of the Stahl Division, was also elected a Group Vice President.

Mr. Kenneth D. Hughes has been elected Treasurer of the Corporation by the Board of Directors. Mr. Hughes has more than 20 years of varied experience in financial management and will be a valuable addition to our corporate executive staff.

FUTURE

Much of your company's sales are derived from the consumer goods and service sector of our national economy, and both our operational and acquisitional plans are directed to that segment.

During the 1970's our research indicates that the need for housing and related goods and services will expand at a more rapid rate than at any other time in recent history. The number of adults between the ages of 25 and 34 (technically identified as the age group responsible for the greatest number of Family Formations) will increase by 11.2 million during the '70's, a rate three times that of the population as a whole. This subject will be given more detailed treatment later in this report.



Niles H. Hammink

Niles H. Hammink
President
and Chief Operating Officer

Operating Units

ADALET-RUSGREEN DIVISION — Cleveland, Ohio

AMERICAN-LINCOLN DIVISION — Toledo, Ohio
Branch plants: Bowling Green, Ohio and Watertown, N.Y.

Branch sales offices in major U.S. cities

Subsidiary company:
AMERICAN-LINCOLN PRODUCTS, INC. — Toledo, Ohio

BEDFORD GEAR DIVISION — Cleveland, Ohio

DEK PROCESSES DIVISION — Ft. Wayne, Indiana

DOUGLAS DIVISION — Bronson, Michigan
Sales office — Detroit, Michigan

FRANCE MANUFACTURING DIVISION — Cleveland, Ohio

HALEX DIVISION — Cleveland, Ohio

KINGSTON DIVISION — Kokomo, Indiana

THE KIRBY COMPANY DIVISION — Cleveland, Ohio

MERIAM INSTRUMENT DIVISION — Cleveland, Ohio

PLM PRODUCTS DIVISION — Cleveland, Ohio

QUIKUT DIVISION — Fremont, Ohio

REMBRANDT LAMP DIVISION — Chicago, Illinois

S & A ELECTRONICS DIVISION — Toledo, Ohio

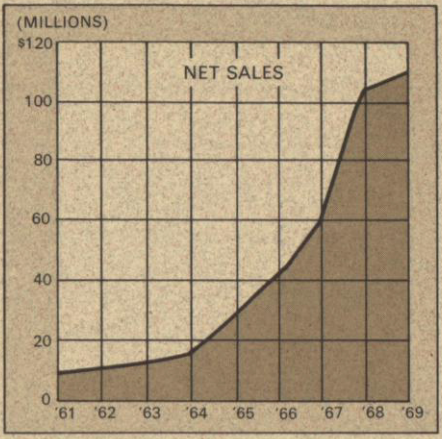
STAHL METAL PRODUCTS DIVISION — Cleveland, Ohio
Branch plants: Cardington, Ohio, Durant, Oklahoma and Greenmount, Maryland

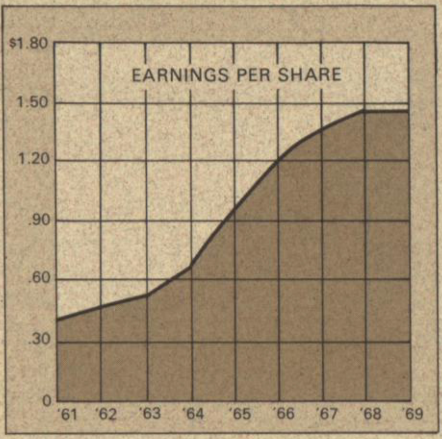
VIRDEN LIGHTING DIVISION — Cleveland, Ohio
Warehouses: Santa Clara, California and Durant, Oklahoma

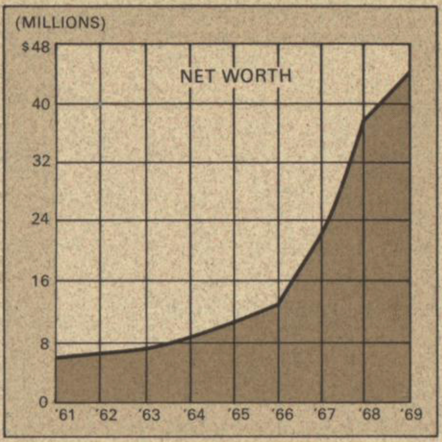
SFZ INTERNATIONAL LIMITED — A wholly-owned Canadian subsidiary

AMERICAN-LINCOLN OF CANADA DIVISION — Toronto, Ontario
LOMBARD POWER EQUIPMENT DIVISION — Montreal, Quebec
PRESTIGE DIVISION — Montreal, Quebec
VIRDEN LIGHTING (CANADA) DIVISION — Toronto, Ontario

The Scott & Fetzer Company Annual Report 1969







THE SCOTT & FETZER COMPANY

FINANCIAL HIGHLIGHTS

divisions acquired by poolings of interest are included from the year of acquisition.

1961
1969

Comparative Highlights

(Dollar amounts in thousands except for per share data)

AS REPORTED	**1969**	1968	1967	1966	1965	1964	1963	1962	1961
Net Sales	**$115,489**	$106,295	$ 60,058	$ 41,331	$33,350	$18,833	$15,465	$14,241	$13,398
Net Income . . .	**8,389**	7,697	6,300	4,579	3,620	2,435	1,734	1,590	1,403
Earnings per Share	**1.47**	1.46	1.39	1.20	.97	.70	.55	.50	.44
Cash Dividends per Share . . .	**.80**	.72	.60	.60	.54	.47	.52	.43	.55
Working Capital .	**33,599**	29,769	15,879	9,478	8,409	6,745	5,465	5,261	4,884
Fixed Assets, Net .	**14,110**	11,285	7,208	5,177	3,665	2,235	1,321	1,417	1,558
Net Worth . . .	**44,485**	37,298	22,668	14,518	11,890	9,484	6,965	6,857	6,610
Shares Outstanding (000)	**5,679**	5,271	4,535	3,811	3,726	3,481	3,159	3,159	3,159
Number of Shareholders .	**10,519**	9,814	4,750	4,376	4,196	3,753	3,455	3,430	3,190
RESULTS RESTATED FOR POOLINGS									
Net Sales	**$115,489**	$116,030	$110,909	$101,000	$88,017	$75,028	$72,237	$66,443	$60,687
Net Income . . .	**8,389**	8,367	7,907	6,516	5,927	3,023	3,987	3,518	1,630
Earnings per Share	**1.47**	1.46	1.38	1.14	1.04	.52	.69	.61	.28

Consolidated Balance Sheet

as of November 30, 1969 and 1968

Assets

	November 30 1969	1968 (Note 1)
Current assets:		
Cash	**$ 1,364,024**	$ 3,747,846
Certificates of deposit	**1,035,000**	873,210
Marketable investments, at cost, market quotations 1969 — $1,567,545; 1968 — $2,341,126	**1,632,182**	2,385,043
Trade receivables, less allowance for doubtful accounts 1969 — $271,918; 1968 — $505,785	**16,203,822**	16,038,296
Other receivables	**399,706**	645,230
Inventories, at the lower of cost (first-in, first-out) or market:		
Raw material and supplies	**10,196,235**	10,550,202
Work in process	**6,380,998**	5,961,617
Finished goods	**6,788,860**	5,542,114
	23,366,093	22,053,933
Prepaid expenses	**509,159**	562,899
Total current assets	**44,509,986**	46,306,457
Property, plant and equipment, at cost:		
Land and land improvements	**1,240,066**	1,294,698
Buildings	**7,825,893**	7,595,848
Machinery and equipment	**17,464,259**	15,610,298
	26,530,218	24,500,844
Allowance for depreciation	**12,420,652**	11,326,603
	14,109,566	13,174,241
Cash surrender value of life insurance	**5,402**	702,134
Intangible assets arising from acquisitions (Note 1)	**1,131,507**	493,258
Other assets	**374,584**	182,808
	$60,131,045	$60,858,898

The accompanying notes are an integral part of these financial statements.

Liabilities

	November 30 1969	1968 (Note 1)
Current liabilities:		
Notes payable, banks	**$ 859,870**	$ 2,690,754
Current portion of long-term debt (Note 2)	**532,662**	524,408
Accounts payable, trade	**3,541,172**	3,307,491
Accounts payable, other	**736,683**	517,048
Dividend payable	**—**	316,274
Income taxes	**1,913,055**	3,404,094
Accrued taxes, other than income taxes	**640,483**	611,271
Accrued liabilities for payroll, pension funds, commissions, interest and other	**2,687,528**	2,789,477
Total current liabilities	**10,911,453**	14,160,817
Long-term debt (Note 2)	**4,258,192**	4,780,754
Deferred income taxes	**476,292**	398,136
Total liabilities	**15,645,937**	19,339,707

Shareholders' Equity

Serial Preference Stock:		
Authorized 1,000,000 shares, without par value, issued shares—none (Note 7)		
Common Stock:		
Authorized 15,000,000 shares, no par value (Note 7) Stated value of issued shares $1.25 per share 1969 — 5,743,006, less 63,796 in treasury 1968 — 5,740,406, less 5,200 in treasury	**7,099,012**	7,169,007
Additional capital (Note 7)	**5,722,248**	5,699,154
Retained earnings (Note 2)	**31,663,848**	28,651,030
	44,485,108	41,519,191
	$60,131,045	$60,858,898

Statement of Income
and Retained Earnings for the year ended November 30, 1969

	Year Ended November 30		
	1969	1968 (Note 1)	1968 Annual Report
Net sales	**$115,489,132**	$116,029,854	$106,295,403
Cost of goods sold	**81,985,451**	81,385,894	75,309,980
Gross profit	**33,503,681**	34,643,960	30,985,423
Selling, general and administrative expenses	**16,676,949**	16,957,791	14,671,775
Operating profit	**16,826,732**	17,686,169	16,313,648
Other income (expenses), net	**171,966**	(334,516)	(266,269)
Income before provision for income taxes	**16,998,698**	17,351,653	16,047,379
Provision for income taxes	**8,610,000**	8,985,000	8,350,000
Net income	**8,388,698**	8,366,653	$ 7,697,379
Retained earnings, beginning of year	**28,651,030**	21,998,308	
	37,039,728	30,364,961	
Retained earnings of companies acquired in "poolings of interests", net of merger expense	—	2,163,803	
	37,039,728	32,528,764	
Cash dividends — per share 1969 — $.80	**4,517,533**		
1968 — $.72		3,500,237	
Dividends paid by merged companies prior to acquisition	**117,673**	332,805	
Excess of cost of treasury stock over amount allocated to additional capital account — 1969 — 50,200 shares	**740,674**		
1968 — 5,200 shares		44,692	
	5,375,880	3,877,734	
Retained earnings, end of year	**$ 31,663,848**	$ 28,651,030	
Net income per common share—based on weighted average of common shares outstanding	**$1.47**	$1.46	$1.46

The accompanying notes are an integral part of these financial statements.

Source and Application of Funds Statement

for the year ended November 30, 1969

Source of Funds

From operations:	
Net income	$ 8,388,698
Depreciation	1,899,188
Deferred federal income taxes	78,156
Total from operations	10,366,042
Sale of common stock under stock options	66,300
Reduction in cash surrender value of life insurance	696,732
	$11,129,074

Application of Funds

Cash dividends	$ 4,517,533
Additions to property, plant and equipment	3,100,461
Payments on long-term bank debt	522,562
Increase in intangibles from acquisitions	638,249
Purchase of treasury shares	853,875
Other, net	43,501
Increase in working capital	1,452,893
	$11,129,074

Notes to Financial Statements

1. Acquisitions in 1969:

During 1969 in transactions accounted for as poolings of interests, the Company, in exchange for 463,977 shares, acquired in statutory mergers all of the net assets of The Meriam Instruments Company, Dek Processes, Inc., Snyder Body, Inc., and S & A Electronics, Inc. The financial statements give effect to the mergers as though completed December 1, 1967, and the financial position at November 30, 1969 and 1968 and the results of operations for the years then ended include the data of the acquired companies. The column in the Statement of Income and Retained Earnings entitled "1968 Annual Report" sets forth the operations of the Company as shown by its 1968 report.

In June 1969 the Company purchased for cash the assets of Prestige Industries, Ltd. of Montreal, Canada. The excess of cost over the book value of assets acquired of $638,249 is included under the caption" intangible assets arising from acquisitions."

2. Long-Term Liabilities:

Long-term debt at November 30, 1969 consists of the following:

	Current	Noncurrent
Bank loans:		
5½%, due 1969-1972	$150,000	$ 450,000
6%, due 1970-1974	150,000	600,000
Mortgage notes:		
5¾%, due 1969-1979	16,458	197,301
5½%, due 1969-1981	18,290	426,803
8%, due 1969-1972	4,470	5,587
Chattel mortgage, equipment	4,036	4,272
Insurance company loan, 6%, due 1969-1980	175,000	2,475,000
Obligation under Lease/Purchase Agreement	14,408	99,229
	$532,662	$4,258,192

The 5½% bank loan due 1969-1972 requires annual payments of $150,000 on December 31 of 1969 to 1972, inclusive. The other bank loan is due in quarterly installments of $37,500 plus interest at ½% over the prime rate, but not less than 5½% nor more than 6%.

The agreement related to the bank loans provides for pre-payment in full or part without premium, and includes negative covenants that the Company will not permit its consolidated net working capital to fall below $5,000,000 or have borrowings from other banks or other lending institutions in excess of $10,000,000. The Company, further, has agreed not to pay cash dividends or purchase or retire any of its own shares, if the aggregate so expended for such purposes subsequent to December 1, 1967 shall exceed $5,000,000 plus 80% of the consolidated net earnings after December 1, 1967. Retained earnings, unrestricted for the payment of cash dividends or purchase or retirement of shares, amounted to $8,632,835 at November 30, 1969.

The mortgage notes require aggregate monthly payments of $6,220 including interest.

The insurance company loan is payable in annual installments of $175,000 through 1970 and $200,000 annually thereafter, with a balance of $500,000 due in 1980.

The building Lease/Purchase Agreement provides that the Company will pay a monthly rental of $1,664 to 1976. The Company has the right to purchase the building at any time during the lease period for an amount equal to the present value of total unpaid rentals, discounted at 4%, or for $1 at the expiration of the agreement. The Company has accounted for the transaction as a purchase and the discounted amount of this obligation has been reflected as a liability in the balance sheet.

3. Stock Options:

At November 30, 1969, 184,260 shares of common stock were reserved for issuance under a qualified stock option plan adopted in 1967. Options were exercised in 1969 on 5,200 shares reserved for issuance at $5 per share under options granted pursuant to a prior agreement.

Under the 1967 plan, the option price may not be less than market value at the date of grant. The options are exercisable one-fourth each year and expire five years after grant.

A summary of the status of options granted is as follows:

	Year ended November 30, 1969					
Granted:	Option Price	Balance Nov. 30, 1968	Granted	Exercised	Terminated	Balance Nov. 30, 1969
April 24, 1967	$15.50	35,960		2,600	1,500	31,860
February 20, 1968	25.75	1,000			1,000	
December 16, 1968	29.875		27,300			27,300
		36,960	27,300	2,600	2,500	59,160

On December 17, 1969 additional options were granted on 23,400 shares at an option price of $13.50 per share.

4. Retirement Pension Plans:

The Company and its subsidiaries have in effect various pension and retirement plans (trusteed, unfunded and profit-sharing) for salaried and hourly personnel at different divisions. The total pension and retirement plan expense for the year was $1,366,000, which includes, as to certain of the plans, amortization of prior service cost over periods ranging from 25 to 40 years. The comparable expense for 1968 was $1,280,000. The Company's policy is to fund pension costs accrued. The aggregate actuarially computed value of vested benefits exceeded the total pension fund and balance sheet accruals by approximately $3,140,000 at November 30, 1969.

5. Depreciation:

Depreciation amounted to $1,899,188 and $1,844,837, respectively for the years ended November 30, 1969 and 1968. Both the straight line and accelerated methods are used for computing depreciation expense, the straight line method being used for the majority of the assets.

6. Commitments and Contingent Liabilities:

The Company occupies certain premises under terms of leases which expire at various dates to 1988. Annual rentals under the leases aggregate approximately $494,000 plus certain taxes, assessments and other specified charges.

Under terms of agreements with financial institutions, the Company is contingently liable in the amount of $350,000 at November 30, 1969 with respect to receivables sold with recourse. It is not expected that losses, if any, which might be sustained as a result of these agreements will have a material effect on the financial statements.

Any liability that may result from lawsuits and other claims pending against the company and its subsidiaries as of November 30, 1969, will not be material in the opinion of counsel for the Company.

7. Capital Stock:

On February 19, 1969 the Company increased its authorized common stock from 8,000,000 shares to 15,000,000 shares and authorized 1,000,000 shares of Serial Preference Stock without par value. None of the preference stock has been issued.

Changes in the common stock and additional capital accounts during the two years ended November 30, 1969 were as follows:

	Common Stock			
	Treasury Shares	Issued Shares	Stated Value	Additional Capital
Balances, November 30, 1967	(9,200)	4,544,214	$5,668,768	$ 562,078
Adjustment to reflect 1968 and 1969 poolings		1,193,052	1,491,314	5,092,331
Balances, as restated	(9,200)	5,737,266	7,160,082	5,654,409
Sale of stock under options		3,140	3,925	44,745
Treasury stock re-issued	4,000		5,000	
Balances, November 30, 1968	(5,200)	5,740,406	7,169,007	5,699,154
Sale of stock under options	5,200	2,600	9,750	56,550
Stock returned from escrow re prior year acquisition	(13,596)		(16,995)	16,995
Stock acquired	(50,200)		(62,750)	(50,451)
Balances, November 30, 1969	(63,796)	5,743,006	$7,099,012	$5,722,248

Accountants' Report

To the Board of Directors and Stockholders
The Scott & Fetzer Company

We have examined the consolidated balance sheet of The Scott & Fetzer Company and subsidiary companies as at November 30, 1969 and the related consolidated statement of income and retained earnings, and the statement of source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We made a similar examination of the consolidated financial statements for the year ended November 30, 1968.

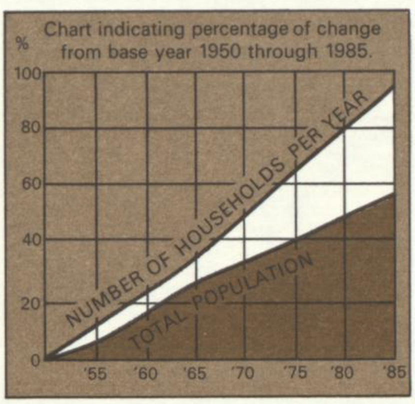
In our opinion, the above referred to financial statements present fairly the consolidated financial position of The Scott & Fetzer Company and subsidiary companies at November 30, 1969 and 1968 and the consolidated results of operations for the years then ended and the source and application of funds for the year ended November 30, 1969 in conformity with generally accepted accounting principles applied on a consistent basis.

Lybrand, Ross Bros. & Montgomery

Cleveland, Ohio
January 17, 1970

Household Formations

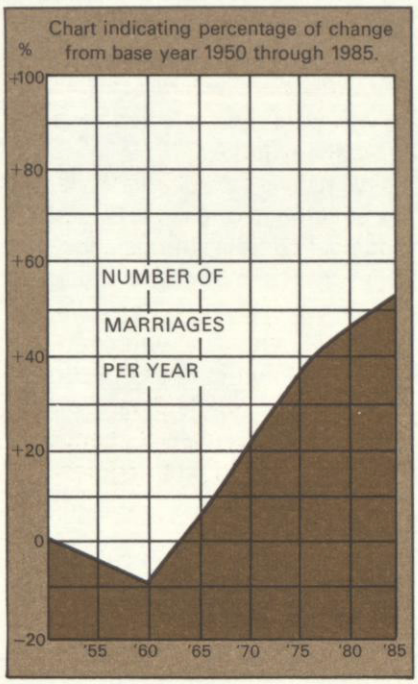
The U. S. Census Bureau projections relating to household formations in the coming years have great impact on the future of The Scott & Fetzer Company. Your Company has been structured over the past several years to take advantage of the current market and this projected growth. The need for household goods and services will expand at a rate much more rapid than at any time in recent history. The number of adults between the ages of 25 and 34 will increase by 11.2 million in the next ten years, a rate almost three times that of the population as a whole.

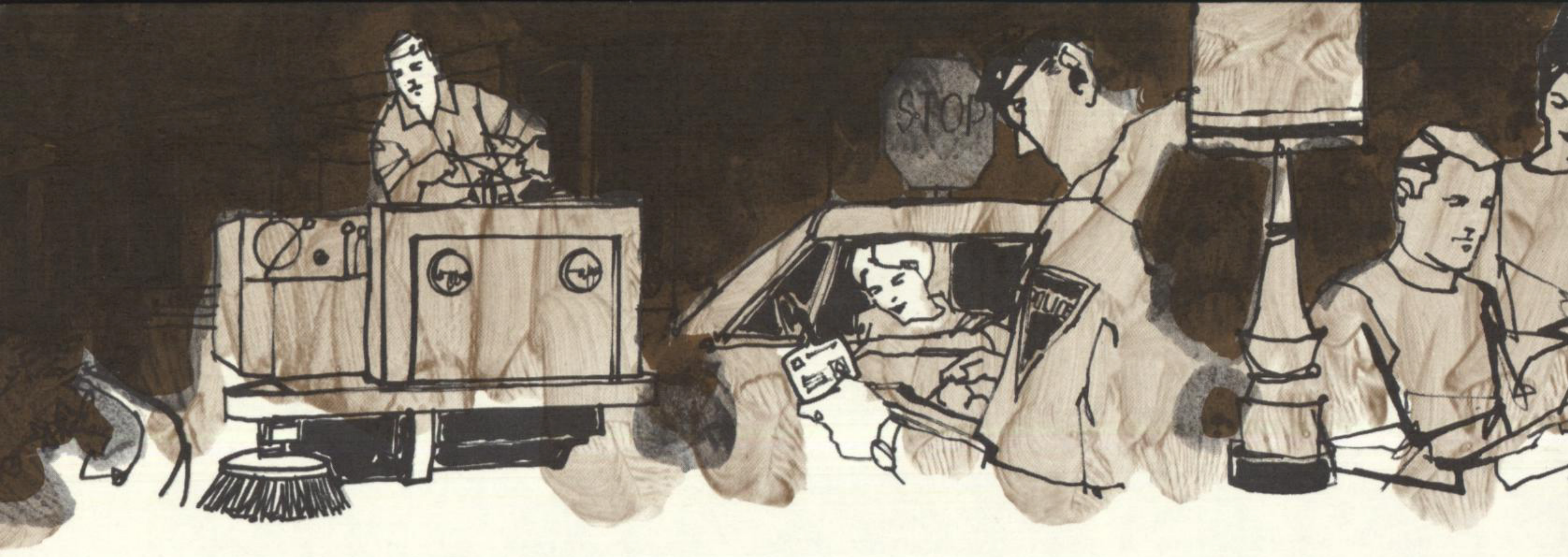


Marriages which declined from 1.7 million in 1948 to 1.45 million in 1958 and did not reach the 1.7 million again until 1965 will reach 2.6 million in 1975. The 25 to 34 age bracket which grew approximately 6% from 1955 to 1970 will increase in excess of 60% from 1970 to 1985, creating extraordinary growth possibilities for those companies serving the needs of newly formed families.

Scott & Fetzer divisions which we anticipate will enjoy accelerated growth as a result of this household formation resurgence include our Douglas and Kirby Divisions manufacturing vacuum cleaners, rug shampooers and other floor care equipment, the Quikut Division manufacturing cutlery and other kitchen items, the Kingston Division which makes timers for washing machines, the Rembrandt Division supplying a complete line of table, floor and swag lamps, and the S & A Electronics Division, supplying TV and FM antennas and allied equipment.

Special attention is being given by your management to expanding existing divisions in this field and to consider the possibility of the acquisition of new divisions which will benefit through the substantial increase in the number of household formations starting in 1970 and beyond.

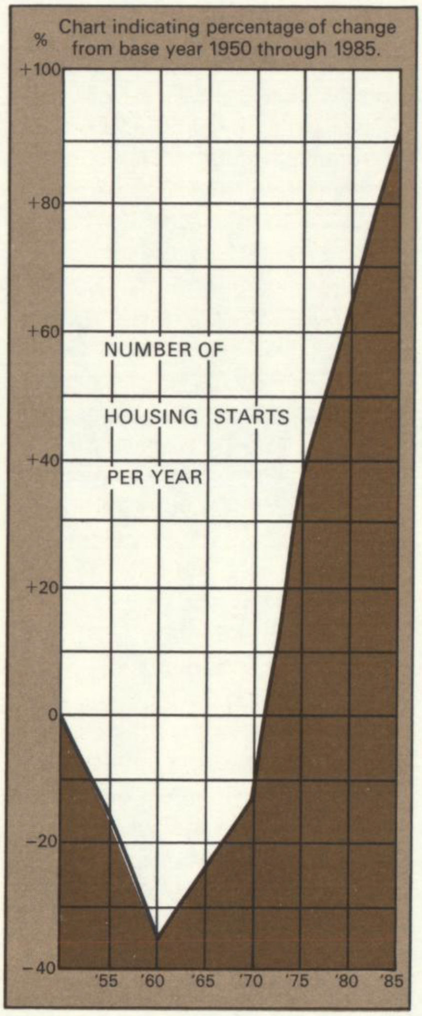




Housing Starts

The history and projection of housing starts in the United States are shown on the chart, starting with 1950. We call your attention to the upward surge starting with 1970. These projections are from the U. S. Bureau of Census and are extremely meaningful to a number of Scott & Fetzer divisions. It is interesting that no less than seven Scott & Fetzer divisions will directly benefit from the projected increase in housing starts.

These divisions include Halex, manufacturers of residential and industrial conduit fittings and connectors, the Virden Lighting Division, producing a broad line of residential, industrial and commercial lighting fixtures, Prestige of Montreal, Canada, producing a high style line of crystal chandeliers and other lighting fixtures for



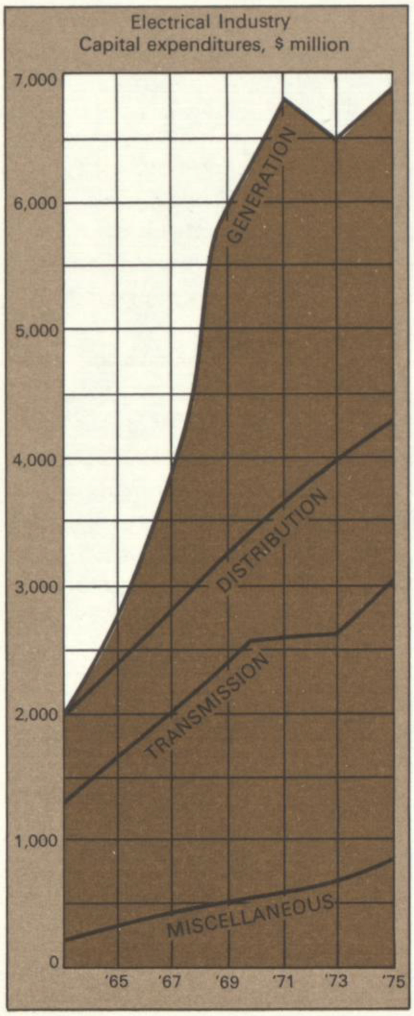
both the U. S. and Canadian markets, the Rembrandt Lamp Division, furnishing table, floor and swag lamps for the American home, hotels and motels.

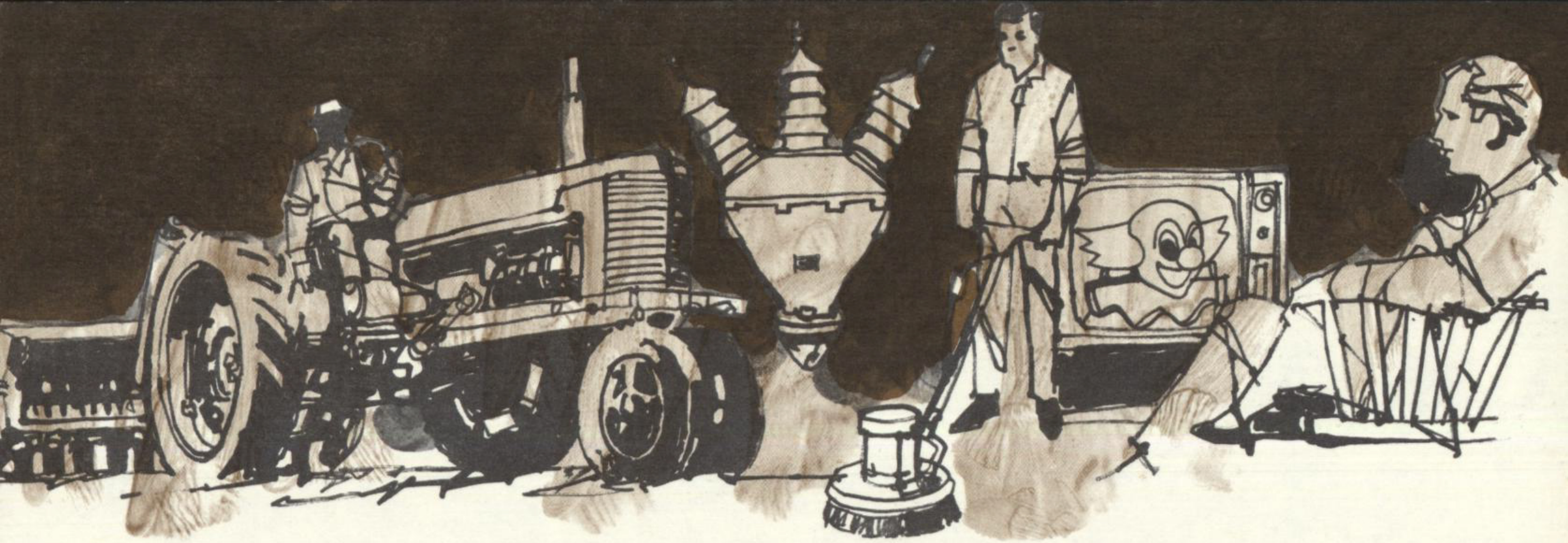
It is historical that with improved housing starts, the television antenna business increases. This will benefit our S & A Electronics Division. The American Lincoln Division produces rug shampooing and floor polishing equipment, as well as fractional horsepower electric motors, both of which markets will be favorably affected by the increase in housing starts.

Electrical Distribution

With the increase in the number of commercial and industrial units projected, electrical distribution services and equipment are expected to increase 9% per year. A number of Scott & Fetzer divisions are directly involved with electrical distribution. These include the PLM Products Division which manufactures high voltage electrical connectors, the Adalet-Rusgreen Division, manufacturers of explosion proof housings for electrical equipment (used in hazardous locations), potheads, switch boxes and commercial lighting fixtures, and Stahl Metal Products Division, an important manufacturer of public utility truck bodies, many of which are sold to the electric power producing industry from plants in Durant, Oklahoma, Cardington and Cleveland, Ohio and Greenmount, Maryland.

The France Division of your Company manufactures furnace ignition systems and transformers and ballasts for neon and gaseous vapor lighting equipment; the Halex Division is also related to the general expansion of the electrical distribution of electric power with a line of large conduit connectors, elbows, etc.





Specialty Fields

The Scott & Fetzer Company has a number of divisions giving it a strong position in several special fields.

The Kingston Division manufactures components for suspension systems in buses and trucks, and hydraulic equipment for off the road equipment. This division also makes products for the hospital supply market.

The Douglas Division produces electrical components for the truck and bus industry, as well as parts for use in passenger cars.

The Company's Dek Processes Division is an important supplier of identification media, which include state driver's licenses bearing a color photo of the licensee, as well as identification cards for universities, colleges and for bank and credit cards. Your Company's position in this new and growing field should result in substantially increasing earnings from this division in coming years.

The Meriam Instrument Division supplies manometric principle pressure gauges, flow meters, vacuum and tank gauges to the petro-chemical industry. This should also provide solid growth in 1970 and future years.

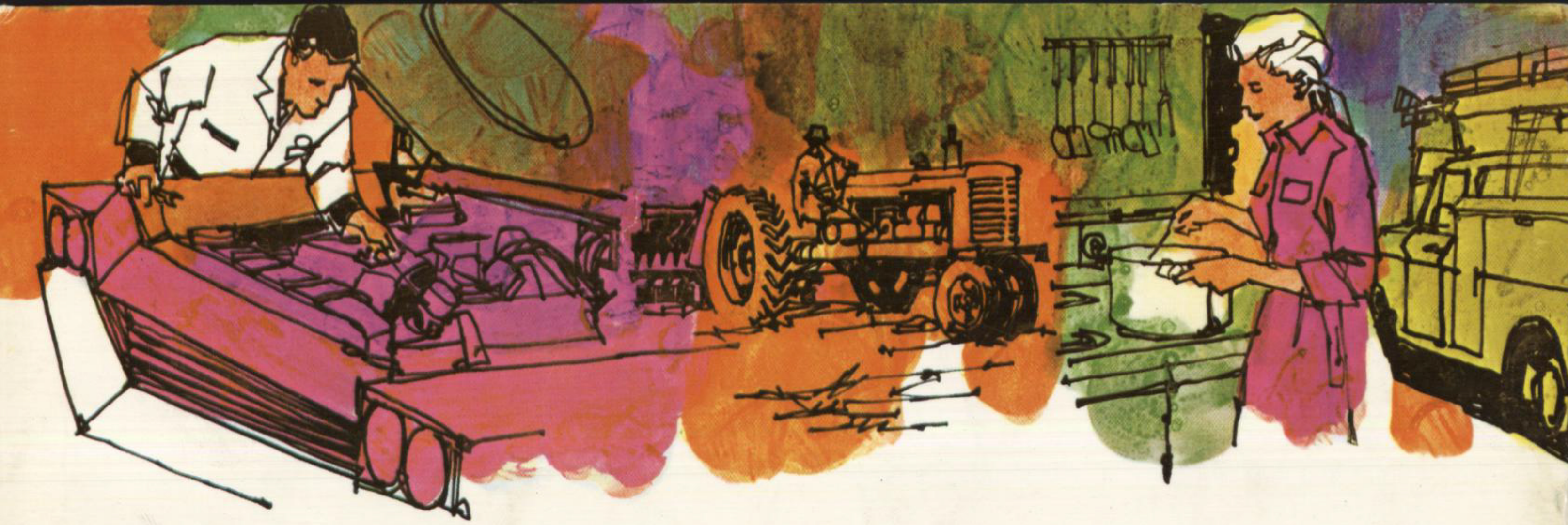
The Bedford Gear Division is an important supplier of high quality gears, gear trains and equipment to the commercial and industrial machinery equipment manufacturers as well as Aero Space.

The Scott & Fetzer Company are manufacturers of the world's broadest line of floor and surface cleaning and care equipment. Products range from a small hand type vacuum cleaner to a cleaner mounted on a standard farm tractor used for sweeping parking lots and airport runways and other applications. These products include commercial and residential equipment for vacuuming, scrubbing and polishing floors and shampooing carpeting. Our Wilshire Industrial sweepers are used for cleaning factory floors, the Indianapolis and other speedways, and synthetic football and athletic fields.

CORPORATE OFFICE 14701 Detroit Avenue, Lakewood, Ohio 44107
LEGAL COUNSEL Jones, Day, Cockley & Reavis — Cleveland, Ohio
ACCOUNTANTS Lybrand, Ross Bros. & Montgomery — Cleveland, Ohio
TRANSFER AGENTS Society National Bank — Cleveland, Ohio
The Chase Manhattan Bank, N.A. — New York, N.Y.
REGISTRARS Central National Bank — Cleveland, Ohio
Bankers Trust Company — New York, N.Y.

Annual Meeting

The annual meeting of the Corporation will be held at 11:00 A.M. on March 17, 1970 at the Corporate Offices at 14701 Detroit Avenue, Lakewood, Ohio.



The Scott & Fetzer Company

14701 Detroit Avenue, Lakewood, Ohio 44107