

Chairman Reports Record Sales, Growing Markets

★ ★ ★ Stockholders Meet, Re-Elect Nine Directors

The combination of an improving economy, diversified activities and skilled manpower should lead to another sales record and increased profits for the company this year, Chairman Harvey S. Firestone, Jr., said in his report to stockholders at their annual meeting at the home offices in Akron on January 26.

At their meeting the stockholders re-elected the nine incumbent directors: Harvey S. Firestone, Jr., Lee R. Jackson, Raymond C. Firestone, James E. Trainer, Leonard K. Firestone, Roger S. Firestone, Joseph Thomas, Earl B. Hathaway and Elton H. Schulenberg.

At a meeting of the board of directors which followed the stockholders' meeting, two new vice presidents, a new assistant treasurer and a new assistant comptroller were elected.

R. D. Thomas was elected vice president of trade sales and A. N. Stuart vice president of manufacturers sales. Reid J. Montgomery was named assistant treasurer and J. G. Stoneburner assistant comptroller.

Officers re-elected at the directors' meeting were: Harvey S. Firestone, Jr., chairman; Raymond C. Firestone, president; James E. Trainer, Earl B. Hathaway and Elton H. Schulenberg, executive vice presidents; Joseph A. Meek, Louis J. Campbell, Herbert H. Weidenmann, John N. Street and Byron H. Larabee, vice presidents; John F. Floberg, secretary and general counsel; Robert P. Beasley, treasurer; Lee R. Shannon, comptroller; Elden H. Eaton, assistant treasurer; Henry S. Brainard and Stanley M. Clark, assistant secretaries, and John K. Smucker, assistant comptroller.

Report of Harvey S. Firestone, Jr.

The complete text of the address of Chairman Harvey S. Firestone, Jr., at the stockholders' meeting follows:

On behalf of the Board of Directors, it is my pleasure to report to you on the progress of The Firestone Tire & Rubber Company.

The fiscal year ended October 31, 1962, became the eighth straight year that our sales have exceeded one billion dollars reaching an all-time high of \$1,277,691,871. I am pleased to report that every quarter of the year set a new record in sales and the fourth quarter was the highest ever recorded in the history of the company.

Net income was \$60,034,371 compared with \$63,629,538 the previous year. Net income was adversely affected by foreign currency devaluations, start-up costs for two new foreign plants, generally lower tire prices, factory relocation expense to improve efficiency and economy and the cost of developing new products.

You have before you the annual report for the year and you have heard the Treasurer's report. Therefore, I should like to talk to you about our plans for the new year and the years ahead and to discuss the outlook for business as we see it for 1963.

We anticipate that the new year will again be a record-setting year in sales. We also see many signs that our profits will be improved over 1962.

Indications are that gross national product, industrial production, disposable personal income, highway expenditures and other pertinent factors will all be on the rise in 1963.

In 1963, the rubber industry expects to set a new record by shipping 132 million passenger, truck and tractor tires. It is estimated that 91.7 million of these will be replacement tires and, of this total, 80 million will be passenger car tires.

We are planning now for the great sales opportunities ahead. The potential tire market for 79 million vehicles is only one factor. Increases

in car mileage and the number of cars per family unit, as well as the growing system of state and federal highways and the continuing growth of suburbia, are also important considerations. Today, American motorists are able to enjoy their automobiles more for recreation and vacation trips, and this means an ever-expanding market for tires and auto supplies.

We have available a broad field of synthetic compounds from which we can make an ever-increasing array of products. These materials will permit us to improve our existing products and to move into new product fields through expanded research and development.

New and better synthetic rubbers will account for 75 per cent of total rubber consumption in the United States in 1963 and 50 per cent of total world consumption.

Production Expanded

As you review our annual report you will note that we have taken some definite steps toward preparing for future growth. While the major portion of our business is the manufacture and sale of tires for every type of vehicle, we have been diversifying steadily for more than a quarter of a century. Today, we are important producers of metal products, synthetics, chemicals, textiles, adhesives, plastics and defense equipment.

We have increased our production facilities in foreign countries to meet the tire requirements of rapidly-growing car populations and highway systems all over the world.

Our Company completed negotiations for the construction of the first tire manufacturing plant in Thailand. Firestone will be the principal stockholder and will operate the Firestone-Thai Company. A portion of the financing has been arranged through the Export-Import Bank and Company investment will be insured under the Investment Program of the Agency for International Development. This will be our twenty-first foreign tire manufacturing plant and is further evidence that your Company is staying abreast of the ever-expanding overseas tire market.

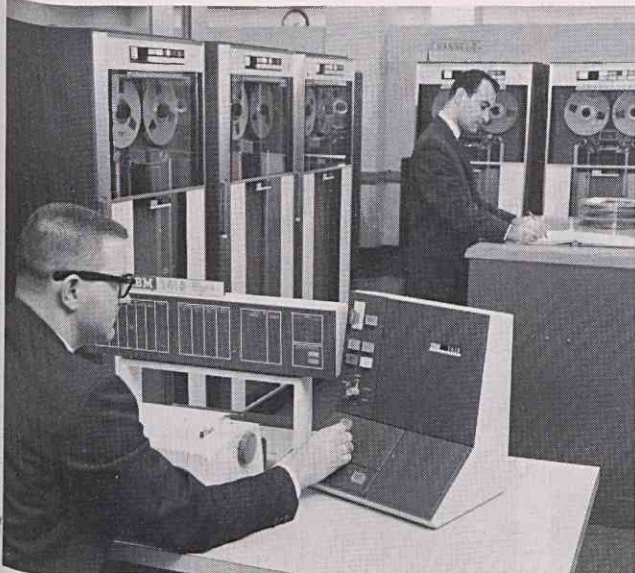
We are now nearing production at the new butadiene, styrene and synthetic rubber plants at Bareilly, India, in which our Company has a substantial financial interest.

Worldwide Growth

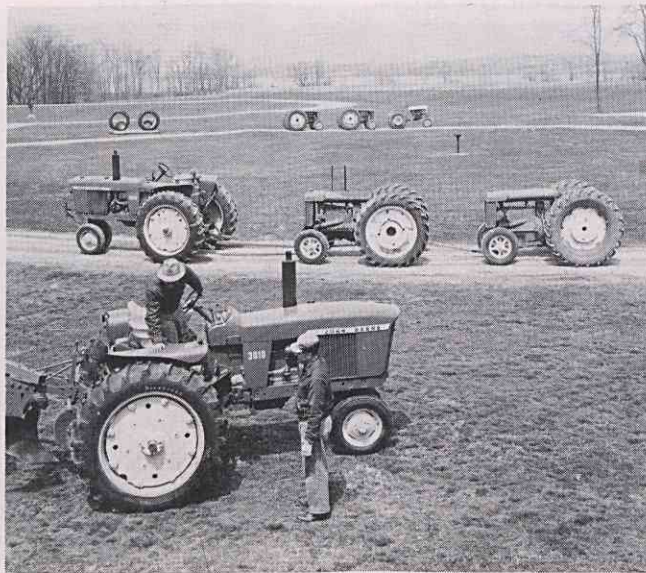
We have taken important steps in other fields: namely, an agreement to provide technical assistance to the Asahi Chemical Company of Osaka, Japan, for the production of Nylon 6 cord in Japan; also a technical assistance agreement with Toyo Rayon Company of Tokyo for the production of caprolactam, the raw material used in manufacturing Nylon 6; and the formation of a company for the production of spandex polyurethane yarns with Courtaulds, Limited, at Coventry, England.

Our process for the production of polybutadiene synthetic rubber will be employed in a new five-million-dollar plant under construction at Grangemouth, Scotland. The plant is being built by the International Synthetic Rubber Company in which we have an investment.

The purchase from the United States Government of the Signal Corps Depot at Decatur, Illinois, which is rapidly being converted into a modern tire manufacturing plant and warehouse, is another step toward preparing for future growth. We expect to start production at Decatur early in March. This will be our eighth tire manufacturing facility in the United States.



SERVICE to customer is of utmost importance, bringing latest computers into action. Sales needs are calculated electronically to speed shipping and warehousing operations and to coordinate production at company plants throughout the nation.



MILESTONE was reached in 1962 with 30th anniversary of the tractor tire. Firestone introduced specially designed tires for agricultural use at the 38th annual plowing contest at Big Rock, Ill. in 1932—the first step in "putting the farm on rubber."



EXPANSION of production facilities included new tire plant to open in March in Decatur, Ill. Governor Otto Kerner (right) tells Harvey S. Firestone, Jr. (left), chairman, and Raymond C. Firestone, president, the company will be welcome in his state.