

APPENDIX 1

(referred to in paragraph 6)

List of bodies and individuals who provided us with views and information

A. The following bodies provided us with views and information:

- (1) African Container Express Limited
W P Butterfield (Engineers) Limited
Clayton Dewandre Company Limited
The Lep Group Limited
National Coal Board
National Freight Corporation
Ocean Transport and Trading Limited
Overseas Containers Limited
A C Penman Limited
Rubery Owen Holdings Limited
Vehicle Builders and Repairers Association Limited
A number of Brewery and Petroleum companies
- (2) **Trades unions**
Trades Union Congress (which forwarded the comments of the Amalgamated Union of Engineering Workers)
- (3) **Government departments**
Ministry of Defence

B. The following bodies and individuals said they did not wish to comment on the merger situation, but provided us with information:

- (1) The Society of Motor Manufacturers and Traders Limited
Seven manufacturers of semi-trailers
- (2) **Government departments**
The Department of Industry
The Department of Transport

C. The following bodies and individuals said they did not wish to comment:

- (1) Alcan Aluminium (United Kingdom) Limited
British Steel Corporation
Confederation of British Industry
Freight Transport Association
Montague L Meyer Limited
Road Haulage Association
- (2) **Government departments**
British Overseas Trade Board (Department of Trade)
Department of Employment

APPENDIX 2

(referred to in paragraphs 15 and 18)

European Economic Community Directives currently in force which apply to trailers (in excess of 10 tonnes)*

| No. | Date | Title |
|------------------------------------|----------|--|
| 70/156/EEC | 6. 2.70 | Type approval |
| 70/222/EEC | 20. 3.70 | Rear Registration Plates |
| 70/221/EEC | 20. 3.70 | Fuel tanks and rear protective devices |
| 70/114/EEC | 18.12.75 | Location and attachment of statutory plates and inscriptions |
| 75/524/EEC | 25. 7.75 | Braking devices |
| 76/756/EEC } to 76/762/EEC } | 27. 7.76 | Installation of lighting and light signalling equipment |

Amending and other proposals

The procedure for the formulation of a Directive is that the Commission issues a preliminary draft which may appear in any number of revisions. A Commission proposal is the final version of this draft as submitted by the Commission to the Council of Ministers. It may undergo revision as a result of representations by member states at Council meetings and, if necessary, be remitted to the Commission for further elaboration. Once a Directive has been issued it may be amended in addition to being adapted to technical progress.

Preliminary drafts or Commission proposals have been issued concerning the following matters which relate to trailers:

Electrical connections between vehicles and their trailers

Tyres

Mechanical coupling equipment between vehicles and their trailers

External projections

Special provisions for goods vehicles

Towing hooks

Legs of semi-trailers

Lamps

Weights and dimensions.

*A Directive is, except where otherwise stated, a statutory instrument of the Council whereby the provisions are binding on member states.

APPENDIX 3

(referred to in paragraph 27)

**United Kingdom manufacturers sales of drawbar trailers and semi-trailers
(exceeding 10 tonnes carrying capacity)***

| | 1973 | | | 1974 | | | 1975 | | | 1976 | | |
|---|---------------|----------------------|---------------|---------------|----------------------|---------------|---------------|----------------------|---------------|---------------|----------------------|---------------|
| | Number | % of total by number | Value £'000 | Number | % of total by number | Value £'000 | Number | % of total by number | Value £'000 | Number | % of total by number | Value £'000 |
| <i>Drawbar trailers</i> | | | | | | | | | | | | |
| Platform | 523 | 86.5 | 771 | 449 | 74.7 | 866 | 327 | 74.7 | 657 | 238 | 40.1 | 674 |
| Other (excluding skeletal) | 82 | 13.5 | 345 | 152 | 25.3 | 611 | 111 | 25.3 | 576 | 356 | 59.9 | 2,176 |
| Total | 605 | | 1,116 | 601 | | 1,477 | 438 | | 1,233 | 594 | | 2,850 |
| <i>Semi-trailers</i> | | | | | | | | | | | | |
| Platform | 16,863 | 78.2 | 29,343 | 13,600 | 73.6 | 33,091 | 7,281 | 68.8 | 23,214 | 9,192 | 71.2 | 32,799 |
| Totally enclosed box type | 3,247 | 15.1 | 9,425 | 3,059 | 16.6 | 11,057 | 2,078 | 19.6 | 7,330 | 2,680 | 20.8 | 9,707 |
| Other | 1,454 | 6.7 | 3,237 | 1,806 | 9.8 | 5,545 | 1,227 | 11.6 | 6,794 | 1,031 | 8.0 | 5,691 |
| Total | 21,564 | | 42,005 | 18,465 | | 49,693 | 10,586 | | 37,338 | 12,903 | | 48,197 |
| Total trailers | 22,169 | | 43,121 | 19,066 | | 51,170 | 11,024 | | 38,571 | 13,497 | | 51,047 |
| of which, sales in the United Kingdom domestic market | 20,428 | | 37,123 | 17,186 | | 43,315 | 8,245 | | 22,794 | 10,112 | | 32,227 |

*Source: Business Monitor. Department of Industry.

APPENDIX 4

(referred to in paragraph 30)

Published information about some companies listed as manufacturers of trailers and/or containers*

| | CRANE FRUEHAUF LTD | | | | CONCARGO LTD | | | CRAVENS HOMALLOY (PRESTON) LTD | | | CRAVENS HOMALLOY (SHEFFIELD) LTD | | | CRAVENS HOMALLOY (WOODVILLE) LTD | | |
|-------------------------------|-------------------------|---------|---------|---------|--------------|---------|--------|--------------------------------|-------|-------|----------------------------------|-------|-------|----------------------------------|-------|-------|
| | Trailers and Containers | | | | Containers | | | Bodies and Refrigerated Vans | | | Containers and Trailers | | | Containers and Tipper | | |
| | 1976 | 1975 | 1974 | 1973 | 1975 | 1974 | 1973 | 1975 | 1974 | 1973 | 1975 | 1974 | 1973 | 1975 | 1974 | 1973 |
| Nearest Accounts year to | | | | | | | | | | | | | | | | |
| Turnover (T/O) £'000 | 47,656 | 33,678 | 35,276 | 28,879 | 3,381 | 2,919 | 2,148 | 942 | 1,221 | 1,005 | 2,045 | 3,092 | 2,455 | 1,697 | 1,756 | 1,114 |
| Exports £'000 | 10,250 | 7,779 | 4,688 | 2,879 | 692 | 1,903 | 633 | 39 | — | — | 411 | 321 | 699 | 677 | 125 | 276 |
| Exports as % of T/O | 22% | 23% | 13% | 10% | 20% | 65% | 29% | 4% | — | — | 20% | 10% | 28% | 40% | 7% | 25% |
| Net profit/[loss] (NP)† £'000 | 1,510 | 111 | 1,952 | 1,733 | 395 | 195 | 91 | [20] | 27 | 61 | [123] | 189 | 153 | 51 | 86 | 67 |
| NP as % of T/O | 3.2% | 0.3% | 5.5% | 6.0% | 11.7% | 6.7% | 4.2% | [2.11%] | 2.2% | 6.1% | [6.01%] | 6.1% | 6.2% | 3.0% | 4.9% | 6.0% |
| Average No employed | 2,499 | 2,395 | 2,908 | 2,803 | 183 | 193 | 216 | 68 | | | | | | 148 | | |
| Turnover per employee | £19,070 | £14,062 | £12,130 | £10,303 | £18,500 | £15,100 | £9,900 | £13,900 | | | | | | £11,500 | | |

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| | YORK TRAILERS LTD | | | | DURAMIN ENGINEERING CO LTD | | | R. A. DYSON & CO LTD | | | FREIGHT BONALLOCK LTD | | | KING TRUCK (EQUIPMENT) LTD | | |
|-------------------------------|-------------------------|---------|--------|--------|----------------------------|---------|--------|----------------------|--------|--------|--------------------------------|---------|-------|----------------------------|-------|-------|
| | Trailers and Containers | | | | Containers and Trailers | | | Trailers | | | Trailers (Vans) and Containers | | | Heavy load Trailers | | |
| | 1976 | 1975 | 1974 | 1973 | 1975 | 1974 | 1973 | 1975 | 1974 | 1973 | 1975 | 1974 | 1973 | 1975 | 1974 | 1973 |
| Nearest accounts year to | | | | | | | | | | | | | | | | |
| Turnover (T/O) £'000 | 21,187 | 17,079 | 17,997 | 14,265 | 2,801 | 2,242 | 1,432 | 1,800 | 1,540 | 1,023 | 2,481 | 2,888 | 5,863 | 2,043 | 1,141 | 849 |
| Exports £'000 | 9,408 | 7,795 | 4,480 | 3,256 | 1,929 | 1,506 | 230 | 954 | 728 | 297 | 129 | 511 | 317 | 497 | 39 | 20 |
| Exports as % of T/O | 44% | 46% | 25% | 23% | 69% | 67% | 16% | 53% | 47% | 29% | 5% | 18% | 5% | 24% | 3% | 2% |
| Net profit/[loss] (NP)† £'000 | 1,189 | 661 | 1,303 | 1,254 | 143 | 33 | 100 | 75 | 70 | 19 | [200] | [125] | [15] | 250 | 120 | 91 |
| NP as % of T/O | 5.6% | 3.9% | 7.2% | 8.8% | 5.1% | 1.5% | 7.0% | 4.2% | 4.5% | 1.9% | [8.11%] | [4.31%] | — | 12.2% | 10.5% | 10.7% |
| Average No employed | 1,228 | 1,157 | | | 238 | 203 | 205 | 220 | 235 | 219 | 295 | 469 | | | | |
| Turnover per employee | £17,253 | £14,761 | | | £11,800 | £11,000 | £7,000 | £8,200 | £6,600 | £4,700 | £8,400 | £6,200 | | | | |

*Source: Accounts filed at Companies House.

†Profits are stated before tax and after interest.

| | MERRIWORTH (ENGINEERING) LTD | | | M & G TRAILERS (LYE) LTD | | | NORTH WESTERN TRAILERS LTD | | | OVERLANDER TRAILERS LTD | | TASKERS TRAILERS LTD | | |
|-------------------------------|---|--------|------|---|-------|-------|---------------------------------------|-------|------|------------------------------------|------|---------------------------------|-------|-------|
| | <i>Trailer</i> | | | <i>Trailers</i> | | | <i>Trailers</i> | | | <i>Trailers</i> | | <i>Trailers</i> | | |
| | 1975 | 1974 | 1973 | 1975 | 1974 | 1973 | 1975 | 1974 | 1973 | 1974 | 1973 | 1975 | 1974 | 1973 |
| Nearest Accounts year to | 1975 | 1974 | 1973 | 1975 | 1974 | 1973 | 1975 | 1974 | 1973 | 1974 | 1973 | 1975 | 1974 | 1973 |
| Turnover (T/O) £'000 | 571 | 647 | 957 | 1,371 | 1,756 | 1,243 | 1,269 | 1,186 | 579 | 667 | 686 | 3,776 | 4,932 | 4,784 |
| Exports £'000 | 79 | 103 | 108 | 342 | 391 | 32 | 945 | 467 | 297 | 8 | N/A | 1,261 | 964 | 263 |
| Exports as % of T/O | 14% | 16% | 11% | 25% | 22% | 3% | 7.4% | 39% | 51% | 1% | — | 33% | 20% | 16% |
| Net profit/[loss] (NP)† £'000 | 17 | [15] | 65 | [81] | 18 | 40 | 3 | 10 | [30] | 0.3 | 3.0 | 181 | 124 | 176 |
| NP as % of T/O | 3.0% | [2.3]% | 6.8% | [5.9]% | 1.0% | 3.2% | 0.2% | 0.8% | 5.2% | — | 0.4% | 4.8% | 2.5% | 3.7% |
| Average No employed | 42 | | | | | | 92 | | | 110 | | 108 | | |
| Turnover per employee | £13,600 | | | | | | £13,800 | | | £10,800 | | £5,400 | | |

| | WEEKS TRAILERS LTD | | |
|-------------------------------|---------------------------|---------|-------|
| | <i>Trailers</i> | | |
| | 1975 | 1974 | 1973 |
| Nearest accounts year to | 1975 | 1974 | 1973 |
| Turnover (T/O) £'000 | 2,716 | 3,214 | 2,028 |
| Exports £'000 | 486 | 596 | N/A |
| Exports as % of T/O | 18% | 19% | — |
| Net profit/[loss] (NP)† £'000 | 78 | 55 | 100 |
| NP as % of T/O | 2.9% | 1.7% | 4.9% |
| Average No employed | 222 | 257 | — |
| Turnover per employee | £12,200 | £12,500 | — |

†Profits are stated before tax and after interest.

APPENDIX 5

(referred to in paragraphs 32, 33 and 34)

UNITED KINGDOM EXPORTS OF TRAILERS AND PARTS *†

| | 1972 | | 1973 | | 1974 | | 1975 | | 1976 | |
|-----------------------------|------|-------|-------|-------|-------|-------|-------|--------|-------|--------|
| | No | £m | No | £m | No | £m | No | £m | No | £m |
| (i) <i>Drawbar trailers</i> | | | | | | | | | | |
| Total | 294 | 0.626 | 301 | 0.869 | 255 | 1.400 | 59 | 0.508 | 368 | 1.314 |
| of which, EEC | 29 | 0.087 | 164 | 0.413 | 127 | 0.495 | 25 | 0.275 | 127 | 0.230 |
| (ii) <i>Semi-trailers</i> | | | | | | | | | | |
| Total | 890 | 2.667 | 1,440 | 5.129 | 1,625 | 6.455 | 2,720 | 15.269 | 3,017 | 17.506 |
| of which, EEC | 267 | 0.513 | 816 | 1.777 | 822 | 2.541 | 923 | 4.124 | 987 | 5.273 |
| (iii) <i>Parts</i> | | | | | | | | | | |
| Total | | 1.758 | | 2.805 | | 5.821 | | 4.696 | | 8.084 |
| of which, EEC | | 0.646 | | 1.521 | | 3.308 | | 1.529 | | 2.972 |

IMPORTS OF TRAILERS INTO THE UNITED KINGDOM *†

| | 1972 | | 1973 | | 1974 | | 1975 | | 1976 | |
|------------------|------|-------|------|-------|------|-------|------|-------|------|-------|
| | No | £m | No | £m | No | £m | No | £m | No | £m |
| Drawbar trailers | 60 | 0.117 | 9 | 0.113 | 21 | 0.118 | 34 | 0.843 | 30 | 0.385 |
| Semi-trailers | 130 | 0.472 | 46 | 0.166 | 93 | 0.531 | 159 | 0.930 | 255 | 1.977 |

In 1976 imports from any one country did not exceed 100 units. Imports of semi-trailers from France (88 units valued at £0.348 million) and from Germany (18 units valued at £0.501 million) were the largest.

* Exceeding 10 tonnes load-carrying capacity.

† Source: *Overseas Trade Statistics*.

APPENDIX 6

(referred to in paragraph 38)

Stocks of goods vehicles in certain European Countries classified by category and load capacity*†

| | <i>1974</i> | <i>1975</i> |
|-----------------------------|-------------|-------------|
| <i>Lorries</i> | | |
| W Germany | 52,053 | 52,442 |
| France | 103,500 | 99,400 |
| Italy | N/A | 42,530 |
| Netherlands | 20,900 | 22,900 |
| Belgium | 13,350 | 12,984 |
| Denmark | 5,063 | 5,530 |
| <i>Drawbar Trailers</i> | | |
| W Germany | 81,296 | 80,331 |
| France | 11,250 | 11,400 |
| Italy | N/A | 50,165 |
| Netherlands | 11,130 | 10,200 |
| Belgium | 3,315 | 2,951 |
| Denmark | 4,369 | 4,523 |
| <i>Semi-trailers</i> | | |
| W Germany | 43,074 | 43,237 |
| France | 95,840 | 99,600 |
| Italy | N/A | 12,300 |
| Netherlands | 30,130 | 31,580 |
| Belgium | 21,147 | 19,157 |
| Denmark | 4,971 | 5,449 |

* Over 10 tonnes load-carrying capacity.

† *Source:* Statistics of Transport, Communications and Tourism issued by the Statistical Office of the European Communities.

APPENDIX 7

(referred to in paragraph 79)

Financial results of some of Fruehauf's European Affiliates*

| \$'000 | 1972 | 1973 | 1974 | 1975 |
|---|--------|--------|---------|---------|
| (i) <i>Fruehauf France SA—France</i> | | | | |
| (a) Total sales | 43,021 | 54,857 | 56,033 | 102,723 |
| (b) Export of trailers as % of total sales of trailers† | 13% | 11% | 21% | 58% |
| (c) Profit before interest and tax | 4,035 | 5,996 | 4,974 | 5,269 |
| (d) Net assets employed | 16,957 | 16,375 | 13,278 | 16,041 |
| (ii) <i>Ackermann-Fruehauf OHG—Germany</i> | | | | |
| (a) Total sales (all trailers) | 18,475 | 36,683 | 34,765 | 28,720 |
| (b) Export sales as % of total sales | 6% | 6% | 12% | 16% |
| (c) Profit/[loss] before interest and tax | [650] | [902] | [1,865] | [9,952] |
| (d) Net assets employed | 14,169 | 10,497 | 13,267 | 8,259 |
| (iii) <i>Netam-Netherlands‡</i> | | | | |
| (a) Total sales | 11,302 | 13,133 | 14,510 | 10,467 |
| (b) Profit/[loss] before interest and tax | 136 | 614 | 247 | [811] |
| (c) Net assets employed | 3,200 | 3,440 | 3,639 | 2,874 |
| (iv) <i>Forss Parator AB—Sweden!</i> | | | | |
| (a) Total sales | 8,440 | 10,068 | 12,705 | 15,445 |
| (b) Profit before interest and tax | 35 | 219 | 1,028 | 811 |
| (c) Net assets employed | 4,907 | 4,663 | 5,245 | 8,265 |

*Fruehauf has told us that there are different accounting conventions in the various countries concerned and as a result the figures quoted in this table may not be strictly comparable.

†Fruehauf France also manufactures containers.

‡Between 1973 and 1975 Netam exported a substantial part of its output.

§Forss Parator's exports were comparatively small during this period.

APPENDIX 8

(referred to in paragraphs 64 and 79)

The Affiliates of Fruehauf International Limited

A Subsidiaries and associate companies

Information regarding the proportion of their equity held by FI, turnover in 1975, and their Licence Agreements with FI*

1. AUSTRALIA: FRUEHAUF TRAILERS (AUSTRALASIA) PTY LIMITED (49 per cent). Turnover \$11.6 million.
Date: 14 April 1967.
Duration: The agreement shall be in effect until terminated with a 30 day notice.
2. BRAZIL: VIATURAS FNV-FRUEHAUF S.A. (37 per cent). Turnover \$4.5 million.
Date: 1 January 1976.
Effective: 1 January 1977.
Duration: 5 years, renewable every five years thereafter.
3. FRANCE: FRUEHAUF FRANCE S.A. (100 per cent).
Turnover. See Appendix 7.
Date: 5 November 1962.
Duration: Until 1 June 1984, unless otherwise terminated.
4. JAPAN: NIPPON FRUEHAUF COMPANY, LIMITED (20 per cent).
Turnover \$41.1 million.
Date: Original with Nippon Light Metals, 5 December 1962, effective 8 July 1963.
New amendment for Nippon Fruehauf 25 June 1968.
Duration: Until 24 June 1978.
5. MEXICO: FRUEHAUF DE MEXICO S.A. (98 per cent).
Turnover \$8.5 million.
Date: 1 October 1966.
Effective: 1 January 1976.
Duration: 10 years, renewable each 5 years.
6. THE NETHERLANDS: NETAM (28 per cent).
Turnover. See Appendix 7.
Date: 1 July 1961.
Duration: 5 years, renewable every five years.
7. REPUBLIC OF SOUTH AFRICA: HENRED-FRUEHAUF TRAILERS (PTY) LIMITED (41 per cent).
Turnover \$26.8 million.
Date: 6 September 1971.
Effective: 1 October 1971.
Duration: Until 30 June 1978.

*There is no licence agreement between FI and Ackermann-Fruehauf, the affiliate in Germany.

8. SWEDEN: FORSS-PARATOR AB (20 per cent).

Turnover see Appendix 7.

Date: 1 July 1974.

Effective: 1 July 1974

Duration: For the duration of Fruehauf International Limited's investment in Forss-Parator AB.

9. UNITED KINGDOM: CRANE FRUEHAUF LIMITED (33½ per cent).

Turnover. See Chapter 3.

Date: 1 April 1964 (amended 29 October 1969).

Duration: 15 years.

B. Licensees.

Information regarding their turnover in 1975 and their Licence Agreements with FI.

10. ARGENTINA: PRATI-VAZQUEZ IGLESIAS, S.A.

Turnover \$10.7 million.

Date: 25 July 1969.

Effective: 21 August 1967

Duration: 10 years.

11. COLOMBIA: INDUSTRIA DE CARROCERIAS Y ACCESORIOS LTDA.

Turnover \$4.5 million.

Date: 1 September 1970

Effective: 1 September 1970.

Duration: 3 years, renewable for further 3 year periods, indefinitely.

12. ITALY: OFFICINE CALABRESE SPA*

Turnover N/A.

Date: 26 April 1973.

Effective: 1 January 1974.

Duration: 10 years.

13. NEW ZEALAND: DOMETT FRUEHAUF TRAILERS LIMITED

Turnover \$1.3 million.

Date: 15 October 1969.

Effective: 15 January 1969.

Duration: 10 years, renewable every five years thereafter.

14. SPAIN: FRUEHAUF SA.

Turnover \$8.4 million.

Date: 27 May 1975.

Effective: 1 January 1976.

Duration: 5 years.

15. YUGOSLAVIA: ZDRUZENO PREDUZECE IMO

Turnover N/A.

Date: 15 February 1975.

Effective: 1 January 1975.

Duration: 10 years.

*The Licence Agreement with this company may be terminated (See paragraph 79(v)).

APPENDIX 9

(referred to in paragraphs 84, 129 and 176)

The Fruehauf Licence Agreement

MEMORANDUM OF AGREEMENT made as of the first day of April 1964 between FRUEHAUF INTERNATIONAL LIMITED a Company incorporated in Liechtenstein¹ whose principal office is at Vaduz Liechtenstein (hereinafter called 'International') of the one part and CRANE FRUEHAUF TRAILERS LIMITED (formerly Cranes (Dereham) Limited) whose Registered Office is at South Green Works Dereham Norfolk England (hereinafter called 'Cranes') of the other part

WHEREAS:—

- (A) International has entered into an agreement with Fruehauf Corporation (formerly Fruehauf Trailer Company) a Company incorporated in the State of Michigan United States of America whose principal office is at 10900 Harper Avenue Detroit Michigan USA (hereinafter called 'Fruehauf') under which International has been granted the exclusive right to grant licenses covering the use manufacture and sale of products designed by or for Fruehauf as hereinafter defined in all countries of the world outside the United States of America and Canada and under which agreement Fruehauf has undertaken to furnish all technical assistance to licensees of International as may be provided in any licenses which International may grant to others.
- (B) Cranes and International and The Wall Engineering Company Limited entered into an agreement dated 26 May 1961 providing *inter alia* the licensing to Cranes Trailers (North Walsham) Limited of the manufacture and sale of both Fruehauf Products and Cranes Licensed Products (as therein defined) and pursuant to such agreement International and Cranes entered into separate license agreements with Cranes Trailers (North Walsham) Limited each dated 26 May 1961.
- (C) Since the 26 May 1961 Cranes have acquired the whole of the shares capital of Cranes Trailers (North Walsham) Limited including that portion formerly owned by The Wall Engineering Company Limited whose rights and obligations (if any) under the said agreement of 26 May 1961 no longer exist.
- (D) The parties hereto desire to supersede and cancel said agreements as of 1 April 1964 and substitute therefore this Agreement.

NOW IT IS HEREBY AGREED as follows:—

1. SAID agreements dated 26 May 1961 are hereby superseded and cancelled as of 31 March 1964.

2. IN this Agreement unless the context otherwise requires the following expressions shall have the following meanings:—

'the Exclusive Territory' shall mean the United Kingdom of Great Britain and Northern Ireland and the Republic of Eire.

'the Non-exclusive Territory' shall mean all other countries of the world with the exception of the United States of America, Canada, France, Sweden, Germany, Spain, Union of South Africa, Federation of Rhodesia and Nyasaland, Argentina, Brazil, Australia and British West Indies and countries where Fruehauf hereafter establishes directly or indirectly through subsidiaries associates or licensees facilities for the manufacture and sale of Fruehauf Products.²

'Fruehauf Products' shall mean and include trailers and semi-trailers and bodies accessories and spare parts therefor and other equipment manufactured or produced in accordance with designs owned or supplied by Fruehauf or as to which Fruehauf has the right to grant licenses or sub-licenses.

¹The place of incorporation of this company was later changed to Delaware in the United States of America.

²Amended in 1973 to give Crane the right to sell worldwide without restriction.

'Cranes Products' shall mean and include trailers and semi-trailers and other equipment which does not incorporate substantially Fruehauf design data or information supplied by Fruehauf.

3. INTERNATIONAL hereby grants to Cranes:¹

- (1) An exclusive license and authority to manufacture and sell Fruehauf Products in the Exclusive Territory and
- (2) A non-exclusive license and authority to export to and sell Fruehauf Products in the Non-exclusive Territory.

4. (a) As consideration for the licenses hereby granted Cranes shall pay to International licence fees at the rate of 2% of factory cost with respect to all Fruehauf Products manufactured by Cranes on or after 1 April 1964 and 1 per cent of factory cost with respect to Cranes products manufactured by Cranes on and after 1 April 1964.¹

(b) The expression 'factory cost' is agreed to mean the actual cost of material plus actual cost of labour plus overheads (or burden) but does not include profit.

(c) The said license fees shall be payable within 60 days after each half year (ending on 30 September and 31 March) and shall be paid in sterling without any deduction whatsoever save that of United Kingdom Income Tax so long as either International or Cranes is not exempt therefrom in respect of the period for which such fees are payable and in the case of fees due to International payment shall be made by Cranes as directed by International.

5. IF the Board of Cranes considers it essential in order to obtain contracts from British Road Services British Railways or any British Government Department to limit the fees on products manufactured for these customers or any of them they shall be at liberty to reduce the fees payable on such products provided always that no reduction of the aggregate fees payable on any order shall be made below 1 per cent except with the consent in writing of International or at a Board Meeting of Cranes at which at least two of the Directors nominated by International are present.

6. CRANES shall at all times during the continuance of this Agreement keep accurate books accounts and records containing full entries and particulars of sales of both Fruehauf Products and Cranes Products and International shall have access during reasonable business hours to such books accounts and records of Cranes as may be necessary to determine what sums if any are due to International hereunder.

7. (a) International shall forthwith after the date hereof and promptly from time to time hereafter procure Fruehauf to supply and communicate to Cranes all such designs drawings technical specifications and data as are necessary to enable Cranes satisfactorily to manufacture Fruehauf Products in accordance with the terms hereof and shall include the following:—

- (1) Assembly and detailed drawings and specifications of all component parts of Fruehauf Products except parts and accessories not designed by Fruehauf but normally purchased by Fruehauf from third parties.
- (2) Drawings and specifications of all component parts of Fruehauf Products normally purchased by Fruehauf from third parties in finished form and specifications and descriptions of all finished accessories normally purchased by Fruehauf from third parties.
- (3) Material specifications including heat treating specifications of the component parts referred to in paragraph (1) above.

All drawings specifications data and information so procured to be furnished by International to Cranes shall be copies of current Fruehauf drawings specifications instructions and other data designed or prepared for or by Fruehauf and used by Fruehauf in its manufacture assembly and production of Fruehauf Products. Two copies of the data shall be supplied one copy of which shall be a working copy and the other copy may be in reproduced form appropriate to the particular information to be supplied.

¹Amended in 1969 to 1½ per cent of all sales by Crane.

(b) Cranes hereby acknowledges that no representations or warranties with respect to any of the drawings specifications or other information furnished under this Agreement are made except as herein expressly provided.

(c) Cranes shall pay for all drawings specifications and other data supplied by Fruehauf to Cranes under this Clause at the actual cost thereof to Fruehauf exclusive of overheads and profit.

8. (a) In the event that Cranes shall during the continuance of this Agreement make any change or improvement in the manufacturing methods or apparatus used buy it in the manufacture of Fruehauf Products or in the design of such products Cranes shall communicate full details thereof to International.

(b) If requested so to do by International and without charge or accounting therefor in so far as Cranes has the right to do so without incurring any obligation to pay royalty or other compensation to others on account of such grant and unless International assumes or procures Fruehauf to assume such obligation Cranes shall:

- (1) Grant to International or its nominee its successors and assigns a License together with a right to grant sub-licenses to use in any or all of its or their manufacture of Fruehauf Products any change or improvement in manufacturing methods or apparatus or design developed by Cranes in respect of Fruehauf Products and
- (2) Execute and deliver to International or its nominee any documents deemed by International to be necessary to give effect to such grant such documents to be prepared by International or its nominee at its expense.

9. CRANES shall not disclose to others except as necessary for the manufacture and sale of Fruehauf Products hereunder or for the manufacture of Cranes Products any of the data or information furnished to Cranes by International or Fruehauf as the case may be and in the case of any necessary disclosure of part of such data or information to vendors or sub-contractors of Cranes in connection with the manufacture of Fruehauf Products and Cranes Products Cranes shall obtain agreements from each such vendor or sub-contractor not to disclose further any of such data or information.

10. (a) Fruehauf Products manufactured by Cranes hereunder shall be of a standard of quality workmanship materials and performance at least equal to the products currently made and sold by Fruehauf and if the written decision of International in regard to any failure in the products of Cranes to attain such standard shall not be accepted by Cranes then Cranes may obtain the decision of an Engineer appointed by the President for the time being of the Institute of Mechanical Engineers London (to whom both parties shall give all information assistance and rights of inspection he may require) and such decision shall be final and binding on the parties hereto and the Engineer shall be deemed to be acting as an expert and not as an Arbitrator and if he does not support the written decision of International then International shall pay the costs and expenses of the Engineer otherwise they shall be paid and borne by Cranes. If Cranes desires to obtain the decision of the Engineer as aforesaid it shall give written notice to International and the President of the said Institute within one calendar month after the decision of International shall be final and binding.

(b) If any failure by Cranes in maintaining the aforesaid standard shall not be remedied within six weeks after the written decision of International or the Engineer as the case may be then Cranes shall cease such manufacturing upon notice by International in writing to Cranes.

(c) Cranes shall permit International or its duly authorised Agents during normal business hours to enter the premises of Cranes to inspect all the processess of the manufacture of Fruehauf Products and stocks thereof and raw materials therefor. Cranes shall if so required by International from time to time supply to International all such information relating to samples of Fruehauf Products as may be reasonably required by International.

11. NOTHING herein shall be deemed to restrict in any way the manufacture and sale of Cranes Products which shall be marketed under the name Cranes in the Non-exclusive Territory and Cranes shall use its endeavours to promote the sale of and demand for Cranes Products and Fruehauf Products and to manufacture sufficient such Products to meet the demand.

12. AFTER determination of this Agreement Cranes shall not directly or indirectly manufacture or sell Fruehauf Products or Cranes Products incorporating Fruehauf design but Cranes shall be at liberty to complete its work in progress and sell the same with its stock of finished products during the six months next following such determination and shall pay the fees in respect thereof and observe the other applicable terms of this Agreement notwithstanding its determination. Upon completion of the said work in progress Cranes shall deliver to International all working drawings blue prints specifications or other papers or data which International shall have supplied or procured to be supplied to Cranes hereunder and all copies thereof in its possession or under its control.

13. UNLESS otherwise provided in any other Agreement hereafter entered into between International and Cranes International shall not be liable for any cost or expense whatsoever incurred by Cranes arising out of the manufacture and sale of Fruehauf Products by Cranes or with respect to any change improvement or modification in design or manufacturing drawings or any change in specifications of Fruehauf Products.

14. CRANES hereby acknowledges that:

- (1) no representations regarding the design performance or quality of workmanship and material or any other matters connected with Fruehauf Products manufactured hereunder are made by International
- (2) no representation has been or will be made by International to Cranes that Fruehauf Products will not infringe any patent or similar monopoly right.

15. IF any proceedings are brought or threatened against any parties hereto on the grounds that Fruehauf Products infringe any patent application or similar monopoly rights owned by any third party then the parties hereto shall take such steps in the matter as they shall mutually agree but in default of agreement either party hereto may resist or defend any such proceedings or threatened proceedings at its own cost and may retain any damages it may recover.

16. FRUEHAUF Products shall only be sold by Cranes under the trade mark or trade names of and specified by International or such other marks or names as the parties hereto shall mutually agree,

17. INTERNATIONAL shall during the term of this Agreement procure Fruehauf to provide Cranes with all manufacturing and technical assistance in accordance with its manufacture assembly and testing of Fruehauf Products and parts therefor and International shall at the request of Cranes procure Fruehauf to furnish to Cranes from time to time the services of not more than three employees of Fruehauf who shall be engineers or technicians competent to assist Cranes in the manufacture assembly and testing of Fruehauf Products and Cranes shall pay for all services provided by Fruehauf to Cranes under this Clause at the actual cost thereof to Fruehauf exclusive of overheads and profit.

18. INTERNATIONAL shall procure the admission by Fruehauf during the term of this Agreement of a reasonable number (not to exceed three at any one time unless a greater number is approved by Fruehauf) of technicians or representatives of Cranes to plants of Fruehauf to observe and study the methods employed by Fruehauf in the manufacture assembly testing and servicing of Fruehauf Products upon the following conditions:

- (1) Cranes shall pay all salaries and wages of such technicians or representatives and shall bear all travelling living and other expenses which may be incurred in this connection.
- (2) Fruehauf shall not be required to admit such technicians or representatives to any portion of Fruehauf's plants where work of a secret or confidential nature is in progress.
- (3) Whenever such technicians or representatives are upon the premises or plant of Fruehauf they will be under a responsible and capable leader who will secure conformance to the reasonable rules and regulations of Fruehauf.

19. (a) Upon the happening of any of the following events International shall be at liberty to determine this Agreement by immediate notice in writing to Cranes:

- (i) If any sums hereinbefore agreed to be paid by Cranes shall be in arrear and remain unpaid for a period of 60 days after the same shall have become payable and shall remain unpaid for a further 21 days after notice in writing requiring payment has been given by International to Cranes.

(ii) If Cranes shall commit a breach of any of its obligations hereunder and such breach shall not be remedied within 30 days after notice given by International to Cranes requiring the same to be remedied.

(iii) If Cranes shall compound or make any arrangement with its creditors or shall go into liquidation whether voluntary or otherwise or if a Receiver shall be appointed of any of its assets.

(b) If International shall commit a breach of any of its obligations hereunder and shall not remedy such breach within 30 days after notice given by Cranes to International requiring the same to be remedied Cranes shall be at liberty to determine this Agreement by immediate notice in writing to International.

(c) The determination (howsoever occasioned) of this Agreement shall be without prejudice to any payments or obligations which may have accrued prior to such determination and shall not destroy or diminish the binding force or effect of any of the provisions of this Agreement which are expressly or by implication to come into or continue in effect on or after such determination.

20. UNLESS sooner determined under the provisions herein contained this Agreement shall continue in force for a period of 15 years from the date hereof and thereafter from year to year unless determined by six months' notice in writing given by either party to the other to determine the same upon any anniversary of the date hereof.

21. ANY notice required to be given hereunder may be sent by registered mail (including air mail) to the parties hereto at their respective addresses as hereinbefore stated and any such notice shall be deemed to have been received at the time when the same ought to have arrived in due course of post.

22. THIS Agreement shall be read and construed and have effect according to the law of England.

AS WITNESS the hands of the parties hereto the day and year first before written.

SIGNED by

for and on behalf of

FRUEHAUF INTERNATIONAL
LIMITED in the presence of:

ERNEST L RUSHMER

ROBERT D ROWAN

For and on behalf of

FRUEHAUF INTERNATIONAL LIMITED

A S ARANYOS

Director.

SIGNED by

for and on behalf of

CRANE FRUEHAUF TRAILERS
LIMITED in the presence of:

J L B CRANE

PETER J GREEN

For and on behalf of

CRANE FRUEHAUF TRAILERS LIMITED

L H ALLWOOD

Director.

APPENDIX 10

(referred to in paragraph 94)

Fruehauf's Research and Development projects

Weld bonding

1. This is a technique that was developed for use in the manufacture of aircraft, and it is now beginning to be used in the motor car industry in the United States of America as an alternative to riveting. It involves the use of adhesives and spot welding to join pre-painted panels and structural members where spot welding cannot be used, eg at the corner post of a van. Two adhesives are used, a hot, fast-curing adhesive which holds the parts together, while a cold structural adhesive cures and provides the final bond.

2. Fruehauf has developed this technique for use in its truck bodies made up in kit form (side and end panels, roof and floor) in an automated plant. These kits will be shipped to Fruehauf's branches throughout the United States and assembled using metal fasteners. A saving of 8 per cent in the cost of a truck body is claimed by Fruehauf and it is hoped that a similar saving will be possible with a van semi-trailer. The machinery, which was originally set up at the maker's plant, has now been transferred to one of the Corporation's plants.

Thermatool

3. This is a high frequency welding technique applied to the beams used in the manufacture of semi-trailers. The requirement is for light weight beams with a thin web section which are not normally available from steel makers.

4. The process, which was developed by the Thermatool Company in the United States, is basically one of high speed welding using high frequency current to melt steel which is then squeezed together in a forging operation. The machine used has elaborate feeding systems which supply it with the parts of the beam (top and bottom flanges and central web) so that it produces the welded beam at a rate of 160 feet per minute. The advantage claimed of this system is that it saves weight (approximately 220 lbs on a 40 feet trailer in the United States of America and 400 lbs in the United Kingdom where the lightest rolled beam currently available is heavier). The Thermatool machinery is currently being installed at one of Fruehauf's own plants at a cost of \$5 million.

Foam sandwich panels

5. These consist of an outer and an inner skin of glass reinforced plastic with a layer of plastic foam between them. The cost of the machinery for the manufacture of these panels to be installed by Fruehauf in the United States of America is some \$2.7 million. For reasons of commercial confidentiality and patent law, Fruehauf asked us not to disclose details of Fruehauf's technique of manufacture.

6. The panels made by the new method will be incorporated in vans of monocoque construction where the load is transferred from the floor via the lower rails to the side panels of which both the inner and outer skins are load-bearing. The new panel construction will enable panels to be assembled into a van at a plant which may be either adjacent to the manufacturing plant or elsewhere in the country or overseas.

7. Fruehauf estimated that on a refrigerated semi-trailer the saving in cost will be about \$840, the saving in weight will be 600 lbs, and there will be a 30 per cent improvement in thermal efficiency.

Under construction components

8. Because of the high cost of meeting environmental requirements in the United States of America the makers of the components used in the construction of semi-trailers, which have hitherto been forged or cast, have been forced to raise their prices. Fruehauf has, therefore, investigated the practicability of manufacturing the components in its own factories by stamping and welding. By using components made by those methods Fruehauf estimated that a saving of \$28.50 in cost and 38 lbs could be achieved with one of its standard trailers.

Automated tank production

9. An automated tank production line costing \$3.7 million is being installed at the Fruehauf plant at Omaha using machinery developed in Switzerland, Germany and the United States of America. Fruehauf has used its experience to extend the degree of mechanisation it uses in tank manufacture by selecting and designing machinery and tooling for metal forming, mechanical handling and welding.

10. Once this automated production line is in operation, it will be possible to produce 12 tank shells per day with a reduction in the man hours per tank from 50/70 to 6/8. The tank shells will be shipped to another plant in Pennsylvania for assembly with other components into tank trailers. There will be a secondary production line for tipper units and a third for ring tanks.¹ If demand increases sufficiently an additional tank production line will be installed.

Automated platform production

11. Fruehauf is considering an automated production line for platform trailers which could reduce the man hours needed to build the chassis by about 20 per cent for an approximate investment cost of some \$2.0 million but no firm decision has been taken on this.

¹Tanks with outside rings to provide stiffening.

APPENDIX 11

(referred to in paragraph 97)

**Summary of Fruehauf Corporation results
(including consolidated subsidiaries)**

| | 1972 | 1973 | 1974 | 1975 | 1976 |
|---|----------------|----------------|------------------|------------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| TURNOVER | | | | | |
| Commercial sales | 484,199 | 658,089 | 1,212,264 | 995,187 | 1,360,832 |
| Leased equipment rentals | 41,029 | 43,047 | 41,323 | 33,778 | 39,582 |
| Defence sales | 25,178 | 26,243 | 61,380 | 65,453 | 72,930 |
| | <u>550,406</u> | <u>727,379</u> | <u>1,314,967</u> | <u>1,094,418</u> | <u>1,473,344</u> |
| TRADING PROFIT | 87,111 | 113,165 | 132,874 | 137,330 | 185,247 |
| Earnings (before taxes on income) of Fruehauf Finance Company | 11,929 | 12,784 | 14,496 | 18,218 | 18,441 |
| Finance revenue | 4,968 | 3,523 | 3,671 | 3,855 | 9,143 |
| Revenue from International affiliates | 3,185 | 5,276 | 3,119 | [5,570] | 5,687 |
| Miscellaneous | 1,893 | 2,616 | 2,845 | 3,680 | 6,520 |
| | <u>109,086</u> | <u>137,364</u> | <u>157,005</u> | <u>157,513</u> | <u>225,038</u> |
| Depreciation | 30,993 | 34,092 | 50,215 | 51,653 | 57,676 |
| Taxes—other than income | 13,016 | 16,467 | 29,805 | 29,255 | 41,193 |
| Interest—to Fruehauf Finance Company | 6,246 | 8,348 | 9,196 | 9,376 | 13,082 |
| —other | 11,471 | 16,090 | 34,459 | 27,514 | 28,494 |
| | <u>61,726</u> | <u>74,997</u> | <u>123,675</u> | <u>117,798</u> | <u>140,445</u> |
| PROFIT BEFORE TAX | <u>47,360</u> | <u>62,367</u> | <u>33,330</u> | <u>39,715</u> | <u>84,593</u> |
| TAXES ON INCOME | | | | | |
| Current | 18,660 | 13,070 | 2,090 | 5,734 | 27,474 |
| Deferred | 1,940 | 11,830 | 8,510 | 8,866 | 8,826 |
| | <u>20,600</u> | <u>24,900</u> | <u>10,600</u> | <u>14,600</u> | <u>36,300</u> |
| PROFIT AFTER TAX | <u>26,760</u> | <u>37,467</u> | <u>22,730</u> | <u>25,115</u> | <u>48,293</u> |
| Dividends | [15,086] | [16,900] | [21,572] | [21,571] | [21,610] |
| RETAINED EARNINGS for the year | <u>11,674</u> | <u>20,567</u> | <u>1,158</u> | <u>3,544</u> | <u>26,683</u> |

EARNINGS PER SHARE
(common stock)

| | \$ | \$ | \$ | \$ | \$ |
|---|------|------|------|------|------|
| Primary (from continuing operations) | 3.05 | 4.03 | 1.91 | 2.11 | 4.05 |
| Fully diluted (reflecting conversion of debentures) | 2.81 | 3.68 | 1.84 | 2.02 | 3.78 |

The above figures are taken from the Annual Reports of Fruehauf Corporation. In 1976 the overseas subsidiaries are consolidated, but in earlier years this was not the case. A summary of the main headings re-stated to include overseas subsidiaries in earlier years is included in Chapter 2, paragraph 97.

APPENDIX 12
(referred to in paragraph 153)

Members of the Board of Crane Fruehauf Limited (May 1977)

Angus Murray Esq *Chairman*
L H Allwood Esq *Deputy Chairman*
D R Marsh Esq *Managing Director*
W D Ashcroft Esq
A S Aranyos Esq (USA)
J L B Crane Esq
W E Grace Esq (USA)
Eldon Griffiths Esq, MP
T J Reghanti Esq (USA)
R D Rowan Esq (USA)
Russell Taylor Esq
J K Thompson Esq

The following directors have beneficial interests (as defined in the Companies Act 1967) in shares of Crane:

| | <i>Fully Paid Shares</i> | <i>Incentive Scheme Shares</i> |
|---------------------|--------------------------|--------------------------------|
| L H Allwood Esq | 55,328 | — |
| J L B Crane Esq | 266,050 | 17,553 |
| W E Grace Esq (USA) | 10,000 | — |
| D R Marsh Esq | 10,000 | 55,319 |
| R D Rowan Esq (USA) | 10,000 | — |
| Russell Taylor Esq | 7,500 | — |
| J K Thompson | 40,000 | 31,914 |

APPENDIX 13

(referred to in paragraph 157)

Crane Fruehauf Limited

SUMMARY OF GROUP RESULTS*

| | 1972 | 1973 | 1974 | 1975 | 1976 |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| TURNOVER | 27,195† | 28,879 | 35,276 | 33,678 | 47,656 |
| TRADING PROFIT | 2,849 | 3,584 | 4,578 | 2,744 | 5,173 |
| Less Fruehauf Royalties | 412 | 412 | 516 | 407 | 577 |
| | <u>2,437</u> | <u>3,172</u> | <u>4,062</u> | <u>2,337</u> | <u>4,596</u> |
| Provision for claim by customer | — | — | 250 | — | — |
| Exchange loss‡ | — | 30 | — | 111 | 130 |
| Loan Interest | 361 | 524§ | 764 | 698 | 1,260 |
| Debenture Interest | 20 | 19 | 18 | 18 | 19 |
| Depreciation | 737 | 866 | 1,078 | 1,399 | 1,677 |
| Total | <u>1,118</u> | <u>1,439</u> | <u>2,110</u> | <u>2,226</u> | <u>3,086</u> |
| PROFIT BEFORE TAX | <u>1,319</u> | <u>1,733</u> | <u>1,952</u> | <u>111</u> | <u>1,510</u> |
| TAXATION | | | | | |
| Current | 244 | 705 | 390 | 355 | 65 |
| Deferred | 321 | 80 | 700 | [217] | 934 |
| | <u>565</u> | <u>785</u> | <u>1,090</u> | <u>138</u> | <u>999</u> |
| PROFIT/[LOSS] AFTER TAX | 754 | 948 | 862 | [27] | 511 |
| EXTRAORDINARY ITEMS | — | 173 | — | — | [73] |
| MINORITY INTERESTS | [74] | [115] | [104] | [181] | [17] |
| DIVIDENDS | [141] | [117] | [128] | [137] | [332] |
| | <u>539</u> | <u>889</u> | <u>630</u> | <u>[345]</u> | <u>89</u> |
| EXPORT SALES¶ | 1,231 | 2,879 | 4,688 | 7,779 | 10,250 |

*Source: Group Statutory Accounts. Fruehauf Royalties figures supplied by Crane.

†1972 turnover as amended in 1973 Accounts.

‡The exchange losses shown above arose from foreign currency borrowing. Such borrowing was incurred in 1970 as, when Crane wished to increase its sterling borrowings, United Kingdom Exchange Control regulations required a proportion of total borrowings to be in foreign currency because of Fruehauf's 33½ per cent non-resident shareholding in Crane. It was a further requirement that such borrowing was not repaid for a period of five years.

§1973 loan interest as amended in 1974 Accounts.

¶Exports include sales to Irish companies in the Irish Republic but exclude sales by those companies.

APPENDIX 14

(referred to in paragraph 163)

Crane Fruehauf Limited

SUMMARY OF GROUP CAPITAL EMPLOYED*

| | 1972 | 1973 | 1974 | 1975 | 1976 |
|--|---------------------|----------------------|----------------------|----------------------|----------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Share Capital | 1,542 | 1,542 | 1,542 | 1,545 | 1,545 |
| Share Premium Account | 1,116 | 1,116 | 1,116 | 1,117 | 1,117 |
| Reserves | 3,242 | 4,851 | 5,481 | 5,451 | 5,540 |
| Goodwill | [279] | — | — | [315] | [655] |
| | <u>5,621</u> | <u>7,509</u> | <u>8,139</u> | <u>7,798</u> | <u>7,547</u> |
| Less: Revaluation Reserves | 1,512 | 2,547 | 2,547 | 2,547 | 2,331 |
| SHAREHOLDERS' EQUITY AT HISTORIC COST | <u>4,109</u> | <u>4,962</u> | <u>5,592</u> | <u>5,251</u> | <u>5,216</u> |
| Minority Interests | 195 | 311 | 420 | 601 | 43 |
| Debenture Stock | 279 | 265 | 264 | 264 | 263 |
| Hire Purchase Finance | — | — | 1,134 | 996 | 782 |
| Bank Loans | | | | | |
| Long Term (Over 5 years) | 72 | 62 | 52 | 42 | 345 |
| Short Term (5 years and under) | 800 | — | 750 | 750 | 2,398 |
| Euro Currency Loan (Short Term) | 745 | 775 | 775 | 886 | — |
| Overdrafts | 1,304 | 2,614 | 1,839 | 953 | 705 |
| EXTERNAL FINANCE | <u>3,395</u> | <u>4,027</u> | <u>5,234</u> | <u>4,492</u> | <u>4,536</u> |
| Proposed Dividends | 141 | 117 | 58 | 67 | 255 |
| Future Taxation | 234 | 875 | 304 | 304 | — |
| Deferred Taxation | 382 | 1,169 | 2,379 | 2,217 | 2,872 |
| | <u>757</u> | <u>2,161</u> | <u>2,741</u> | <u>2,588</u> | <u>3,127</u> |
| Less: Deferred Tax attributable to Revaluation | — | 810 | 810 | 810 | 810 |
| OTHER FINANCE | <u>757</u> | <u>1,351</u> | <u>1,931</u> | <u>1,778</u> | <u>2,317</u> |
| TOTAL CAPITAL EMPLOYED | <u><u>8,261</u></u> | <u><u>10,340</u></u> | <u><u>12,757</u></u> | <u><u>11,521</u></u> | <u><u>12,069</u></u> |

*Source: Group Statutory Accounts.

- NOTES: (a) In accordance with Monopolies and Mergers Commission convention, proposed dividends, deferred and future taxation and overdrafts are treated as sources of finance.
- (b) In 1975 CF Ltd borrowed £600,000 on behalf of CF Finance. This liability and the corresponding intra-group asset have been omitted from these accounts. (1976, £500,000.)
- (c) Revaluation Reserves: See Footnote 2, Appendix 15.

APPENDIX 15

(referred to in paragraph 163)

Crane Fruehauf Limited

SUMMARY OF NET ASSETS*

| | 1972 | 1973 | 1974 | 1975 | 1976 |
|---|--------------|---------------|---------------|---------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| FIXED ASSETS | | | | | |
| Land and Buildings | 4,228 | 5,939 | 6,111 | 6,044 | 6,039 |
| Plant and Machinery | 1,875 | 2,175 | 3,269 | 2,879 | 3,121 |
| | <u>6,103</u> | <u>8,114</u> | <u>9,380</u> | <u>8,923</u> | <u>9,160</u> |
| Less: Revaluation† | 1,512 | 3,357 | 3,357 | 3,357 | 3,141 |
| | <u>4,591</u> | <u>4,757</u> | <u>6,023</u> | <u>5,566</u> | <u>6,019</u> |
| FIXED ASSETS AT WRITTEN DOWN HISTORIC COST | | | | | |
| INVESTMENT IN ASSOCIATE | — | — | — | — | 822 |
| INVESTMENT IN CF FINANCE‡ | 69 | 181 | 13 | 124 | 80 |
| | <u>9,903</u> | <u>13,204</u> | <u>16,733</u> | <u>15,049</u> | <u>21,033</u> |
| CURRENT ASSETS | | | | | |
| Stock and Work in Progress | 4,259 | 6,778 | 8,859 | 8,072 | 10,493 |
| Debtors | 5,481 | 6,144 | 7,858 | 6,901 | 10,086 |
| Cash at Bank | 163 | 282 | 16 | 76 | 454 |
| | <u>9,903</u> | <u>13,204</u> | <u>16,733</u> | <u>15,049</u> | <u>21,033</u> |
| CURRENT LIABILITIES | | | | | |
| Creditors | 6,211 | 7,490 | 9,740 | 8,929 | 15,490 |
| Current Taxation | 91 | 312 | 272 | 289 | 395 |
| | <u>6,302</u> | <u>7,802</u> | <u>10,012</u> | <u>9,218</u> | <u>15,885</u> |
| NET CURRENT ASSETS | <u>3,601</u> | <u>5,402</u> | <u>6,721</u> | <u>5,831</u> | <u>5,148</u> |
| TOTAL NET ASSETS | <u>8,261</u> | <u>10,340</u> | <u>12,757</u> | <u>11,521</u> | <u>12,069</u> |

*Source: Group Statutory Accounts.

†Adjustment has been made on an approximate basis to eliminate the property revaluation in 1973 and thus to restate the balance sheets at historic cost.

‡The investment in CF Finance represents the cost of investment plus CF Ltd's share of post-acquisition profits, less amounts payable by CF Finance to Group companies. The balance sheet is not fully consolidated by the company in its Group Statutory Accounts on the grounds of the different nature of the CF Finance business.

APPENDIX 16

(referred to in paragraph 216)

Letter from the Commission of the European Communities to Fruehauf International Ltd. and Crane Fruehauf Ltd.

The letter, dated 17 June 1977, gave notice to the parties of the Commission's objections to the clauses summarised in paragraph 214. It stated that, subject to hearing the parties, the Commission had under consideration the making of a formal decision in which it would find that those clauses constituted an infringement of Article 85(1) of the Treaty of Rome; an exemption for these clauses under Article 85(3) of the Treaty could not, in the circumstances, be granted. In particular, in relation to clause 12 of the 1964 Agreement (summarised in paragraph 214), the Commission stated its present view that prohibitions on the post-contractual use of licensed secret know-how, when not protected by industrial property or similar rights, were capable of violating Article 85(1) if in the particular case the effect on competition was appreciable. In so far as clause 12 constitutes such a ban, the Commission's letter said that it did indeed appear to effect an appreciable restriction of competition within the EEC and might also appreciably affect trade between member states. However, the Commission's letter left open the precise way in which it would deal with clause 12, suggesting as a possibility that it would isolate and prohibit only those effects of clause 12 which were contrary to Article 85(1). Finally, the Commission pointed out that nothing in the foregoing would affect Fruehauf's rights under any national laws relating to industrial property and similar rights.