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## **PRESS RELEASE**

### **GKN JACKSON CENTER – JULY 2008**



An “H” shaped logo with bold dots at the four corners, representing the rubber elements in a cross section view of an axle shaft, will soon be on display in all the torsion axles produced by GKN, starting with the US plant first, followed by the rest of international markets later. In Europe the logo is little known, but in America it has been associated with excellence and reliability for almost 60 years: this is how long the company behind it, Henschen of Jackson Center, has been in business, before joining the GKN Axles Division 3 years ago.

Reviving the logo is first of all a way to pay homage to its creator: C.W. Henschen, who imported the original patent from Europe in 1949, and began manufacturing torsion axles for agricultural and on road applications in the US. This is also a tribute to the technological growth the company has enjoyed over the following decades; an acknowledgement of the many patents registered under its name, and a celebration of the solid reputation that Henschen’s axles have gained with its American clients.

A little example of the know-how which GKN has acquired from Henschen, is the technology of low temperature assembly for the rubber coils installed in the axles. Standard practice in Europe is to force the coils in the outer tube with the use of a hydraulic press, which at times could deform, or damage the elements. In the US, Henschen has experimented long ago with the freezing of the compressed cords, using liquid nitrogen. The process shrinks the rubber to the point that insertion into the outer tube can be performed manually by an operator. This technique, commonly used today in the US but unknown in Europe, will soon be adopted by the entire line of GKN torsion axles, regardless of where they are built.

In return for the technological contribution, Henschen can look forward to new horizons opening for its business, after joining a company with the international clout that GKN can boast. The British giant has financial capability and strong determination to climb the global ladder with his new Axles Division headquartered in Carpenedolo, Italy, which oversees Henschen’s plant, as well as the Geplasmetal plant in Saragozza, Spain.

Each of the three companies supplies local clients: typically builders of tractor or machine trailers. Together, they take advantage of GKN’s enormous purchasing power for securing best prices and best quality of their components. As for the location of the manufacturing plants, they are solidly rooted in the markets where the three companies

operate. Localization is a primary principle in GKN philosophy, where emphasis is on enhancing productivity of a given plant, rather than leveraging the “low cost” options opened up by the globalization of the marketplace. An additional reason against exporting from low cost countries is that shape, size and weight, makes long distance shipping of most axles inconvenient. This is why GKN prefers the advantage of sharing the business culture of the companies who are its clients.

A new plant is actually under consideration for China. But the reason behind it is business growth, rather than the search for manufacturing cost cuts. China is experiencing a tumultuous change, and despite the crisis afflicting most of the world economies, it is going to close the year with a 8% increment of its GDP. This is fertile ground for expansion of GKN Axles sales, both in industrial, and on road applications.

On the global scale however, it’s the agricultural business, not the industrial one, that’s blowing into GKN Axles sails. This is excellent news for the plants in Saragozza and Ohio, where the torsion axles are made.

Demand is strong in India, just to name another Asian country. But across the hemisphere Brasil is the fastest growing market for agricultural machines, since the local government has determined to replace oil dependency with local production of sugarcane based ethanol. Once again, the expansion of a small, local manufacturing unit is under consideration, in order to take full advantage of sales opportunities.

A last push for the group’s success, at least in terms of brand awareness, is also going to come from the debut of new and innovative items, all labeled by GKN Axles. A chassis with integrated axles is ready to be customized by trailer’s manufacturers. A special axle for combines is also joining the line, in a market which numbers today 20.000 machines per year, while GKN’s technological leadership in hydraulic suspensions is about to be reaffirmed by the arrival of brand new products.

