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DATE: 1980 May 13

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AC Industries Company

Memorandum

Date: May 13, 1980

Subject: (O.E. Priorities

From: J. J. Brown

To: J. J. Lukas

Please consider this an amendment to my memo of May 12th.

Under a non-asbestos, non-metallic block, please amend to include the following statement:

These numbers are predicated for the years 1983-1985 on the fact that there will be government (state or federal) legislation mandating non-asbestos materials.

Per our discussion May 12th, it will be relatively easy to obtain non-asbestos approvals from brake manufacturers such as Rockwell and Eaton. However, in order to sell this material to the OEMs with the exception of Mack Corporation, evidence must be presented to cost justify the 30% premium we are requesting for non-asbestos materials. OEMs such as White and Ford Motor Company will not buy non-asbestos materials on the moral issue of non-asbestos versus asbestos, but only if the government mandated them to do so or if the 30% premium could be justified based on longer lining life, drum life, etc.

As of this date, none of our testing justifies the claim that the cost of operation is in direct relationship to the premium being charged for non-asbestos materials.

John J. Brown

JJB/sw

cc: AFSchmaltz/file

SPNY 005362