

5/5&9/78

with us. However, Smith said that he could see no reason why Steere would object to the plan as outlined above. Smith stated that if Abex had enough confidence in its ability to develop a superior friction material, it would certainly be in the best interest of Chrysler to let Abex continue to develop this material and if Abex was successful, Chrysler would certainly use the material. Personally, I feel that unless our efforts produce a material which is definitely superior to the 7163, we will lose the L-car business. Chrysler feels that the rotor and pad wear of the production material is worse than that of the pilot plant material. As a result of this, Chrysler has some significant reservations about our ability to successfully bring a material from the prototype stage to production. Therefore, if we are only just as good as the Bendix material, I believe we will lose the business. Chrysler feels that the Bendix material is basically just a minor modification to an existing material (7161) and that Bendix would have no trouble producing production quantities of the 7163 material.

In spite of the obvious difficulties which we would encounter in trying to displace Bendix, I feel that we should continue to exert an all-out effort to keep this business. I think that if we can produce a demonstratively superior product, Chrysler will buy it.

On May 10, 1978, Gayle Smith called me to say that he had discussed the situation with Steere. He said that Steere expressed an interest in any Abex material which was superior to the 7163 and that in his (Smith's) opinion, May 20th would be the absolutely last date by which the proposed Abex material could be accepted at Chrysler (with sufficient test data supporting its superiority.) By sufficient test data, Smith meant a 105 procedure, the Chrysler dynamometer wear and endurance tests and the Abex version of the low temperature endurance schedule.

TOOLING CHARGES, ETC.

During the discussion with the Purchasing people, Woolpert indicated that Chrysler would definitely reimburse Abex for the integrally molded tooling. During my discussion with Brandon, he again repeated that Chrysler would definitely pay for the tooling. He also stated that Chrysler would pay Abex for the integrally molded pieces already made.

Woolpert stated that because of the way the Product Change Notice was written, it would be necessary for Abex to obtain Kelsey-Hayes's approval on the integrally molded material before Abex could be reimbursed for the tooling. I suggest that we wait until after the 20th before we get involved with the details of how a possible termination will be handled.

Denise
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cc RLCutler/AFSchmaltz/File
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