FRICTION MATERIALS STANDARDS INSTITUTE, INC.
588 MONROE TURNPIKE, MONROE, CT 06468

MINUTES OF THE ANNUAL MEMBERSHIP MEETING

OF THE

FRICTION MATERIALS STANDARDS INSTITUTE, INC.

Sunday June 10, 2001

Wigwam Resort

Litchfield Park, Arizona

ACTIVE MEMBERS PRESENT	REPRESENTATIVES
ABS Friction Inc.	Ralph Neil
Akebono Corporation	Ken Selinger
Anstro Manufacturing Inc.	Robert Bosco, Jr.
BRAKEPRO, Ltd.	Rudy Prosperi
Dana Brake & Chassis	Donald Delvy
Delphi Chassis	Rick Johnston
FDP of Virginia	Martin Chevalier
Federal Mogul	Walter Britland
Honeywell Friction Materials	Eric Brown
Novatek Manufacturing	Steve Bruton
Reddaway Manufacturing Co., Inc.	Todd Walker
Superior Friction, Inc.	Patrick Healey, President
Tabco Auto Brake Ltd.	Mary Christie
TEK-MOTIVE, Inc.	Tom Moalli
Tribco Inc.	David Bortz
Wheeling Brake Block	Rob Burgess, Vice President

ACTIVE MEMBERS - PROXIES TENDERED	PROXY FROM
BRAKEPRO Ltd. (To R. Prosperi)	Russell Armer
CECO Friction (To G. N. Laycock)	D. Ted Shumate
E&D Manufacturing (To G. N. Laycock)	Leo Deutschmann
FDP Manufacturing (To M. Chevalier)	John Carney
Haldex Manufacturing (To G. N. Laycock)	Brent Armentrout
Morse Automotive (To G. N. Laycock)	Peter Morse
Motion Control Ind. (To G. N. Laycock)	Tamir Sheikh
New Jersey American (To G. N. Laycock)	Greg Fresta
Nucap Industries (To G. N. Laycock)	Ray Arbesman
Scan-Pac Manufacturing (To G. N. Laycock)	Skip Scandrett
Tabco Auto Parts (To G. N. Laycock)	Mary Christie
TMD Friction (To G. N. Laycock)	Chris Watson
Uni-Bond Brake (To G. N. Laycock)	Michael Grattan
Universal Brake (To G. N. Laycock)	Hugo Castrillon
Wellman Friction Prod. (To G. N. Laycock)	Carl Habert

OTHERS PRESENT	
ABS Friction Inc.	Rick Jamieson
Akebono Corporation	Ron Sherman
All Metal Machine	Bill Murray
Anstro Manufacturing Inc.	Richard Bochicchio

REPORT ON BOARD OF DIRECTORS ACTIVITIES (continued)

Board of Directors Meeting June 9, 2001

The Board of Directors voted to terminate the Membership of U.S. Automotive Manufacturing and Korea Beral for non-payment of dues and to write-off accounts receivable and fees receivable totaling $9,663.

The Board of Directors voted to conditionally terminate Millennium Brake unless a promised check is received by June 30, 2001.

The Board of Directors voted approve the Licensee Application filed by WDSource.com which will be effective July 1, 2001.

The Board of Directors voted to require the Secretary to get approval of the majority of the current Board of Directors for any check that is to be written for greater than $10,000.

There was no discussion on this report.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the report on the Board of Directors Activities as read.

MEMBERSHIP COMMITTEE

This report, presented by Mr. Pat Healey, Chairman of the Committee. Please refer to EXHIBIT 2 in the report booklet.

Mr. Healey's report noted a net increase of three members to a total of 95 members. However, this increase was generated by the addition of eight new members and the loss of five members. The additions were in the Regional and Licensee categories and the losses were in the Active and Regional Member categories. Membership by categories are: Active 39, Regional 39 and Licensee 17.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the Membership Committee Report as written.

There was a question concerning the Valeo Membership reported as a loss. The Secretary advised that in the fall of 2000, Valeo advised that they wished to drop their Membership, but, have recently called asking for FMSI clutch size information. When they were told they were no longer members, they are now considering re-applying for Membership.

REPORT ON BOARD OF DIRECTORS ACTIVITIES

The Secretary summarized the activities of the Board of Directors transacted during the past fiscal year with mail ballots, primarily consisting of membership additions and terminations. Also the activities of the Board during its meeting of June 3, 2000 were reviewed. The Board of Directors activities are summarized as follows:

Mail Ballots

July 2000 — The Board of Directors voted to approve the Licensee Membership Application filed by Praefke Brake and Supply Corp. of West Bend, Wisconsin.

July 2000 — The Board of Directors voted to approve the Licensee Membership Application filed by Sumistros Basicos S.A. de C.V.,of Mexico.

July 2000 — The Board of Directors voted to approve the Regional Membership Application filed by Indus Boffa Automotive Brake Components Ltd of Gurgaon, India.

August 2000 — The Board of Directors voted to approve the Regional Membership Application filed by Materiales Para Friccion S.A. of Medellin, Columbia.

January 2001 — The Board of Directors voted to approve the Regional Membership Application filed by PT Valqua, of East Java, Indonesia.

March 2001 — The Board of Directors voted to approve the Regional Membership application filed by Faderpa Ltda of La Paz, Bolivia.

April 2001 — The Board of Directors voted to approve the Licensee Membership application filed by Altech Engineering of Mississauga, Ontario, Canada.

May 2001 — The Board of Directors voted to approve the Licensee Membership application filed by Shenzhen Motors Industry Import/Export Corp. of Shenzhen, China.

Board of Directors Meeting June 9, 2001

The Board of Directors voted to recommend approval of the Expense Budget which will be presented in the Budget Committee Report.

The Board of Directors voted to endorse the recommendations of the Fee Formula Committee.

REPORT ON BOARD OF DIRECTORS ACTIVITIES (continued)

Board of Directors Meeting June 9, 2001

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There was no discussion on this report.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the report on the Board of Directors Activities as read.

MEMBERSHIP COMMITTEE

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Mr. Healey's report noted a net increase of three members to a total of 95 members. However, this increase was generated by the addition of eight new members and the loss of five members. The additions were in the Regional and Licensee categories and the losses were in the Active and Regional Member categories. Membership by categories are: Active 39, Regional 39 and Licensee 17.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the Membership Committee Report as written.

There was a question concerning the Valeo Membership reported as a loss. The Secretary advised that in the fall of 2000, Valeo advised that they wished to drop their Membership, but, have recently called asking for FMSI clutch size information. When they were told they were no longer members, they are now considering re-applying for Membership.

TREASURER'S REPORT

This report was prepared and presented by Mr. Gil Laycock. Please refer to Exhibit 3 in your report booklet.

Mr. Laycock, noted that Operating Income was projected to be $178,821 and Expenses were projected to be $210,809 giving an Operating Loss of $31,988. Investment Income was projected to be $13,238 giving a net loss of $18,750. Contributing to the short fall were write-offs of Membership Dues and a reduced catalog income due to greatly reduced catalog sales as compared to prior years of standard catalog production. The report reviewed six expense items that varied from budget by more than $300. The report noted that projected revenues from operations were the lowest since Fiscal Year 1994-95, while projected expenses have shown only small increases. Dividend and interest income will trend downward due to falling interest rates.

There was no discussion on this report.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the Treasurer's Report as written.

INVESTMENT ADVISORY COMMITTEE REPORT

Mr. Gil Laycock, presented the Investment Advisory Committee Report. Please refer to EXHIBIT 4 in the report booklet.

Mr. Laycock noted that the projected Institute Investment balances increased significantly from the actual amounts of June 30, 2000. It was noted that balances at June 30, 2000, were down due to the need for cash to produce the 2000 FMSI Library Edition Data Book. When the proceeds from catalog sales were received the U.S. Treasury Notes and the Money Market balances were re-funded. He noted that the three year transition from holding $35,000 blocks to $40,000 blocks of U.S. Treasury Notes was completed. The average yield for U.S. Treasury Notes is 5.1 percent and Money Market Funds is 4.92%, but, trending downward. The projected capital loss of $3,866, for Fiscal year 2001-02 was due to purchasing Treasury Notes (now maturing) at a premium during the last interest rate down turn three years ago. This will lower investment income for Fiscal Year 2001-02.

There was no discussion on this report.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the Investment Advisory Committee Report as written.

BUDGET COMMITTEE

Mr. Gil Laycock presented the Budget Committee Report. Please refer to EXHIBIT 5 in the report booklet.

Mr. Laycock reported that the budget for the Institute had been increased to $220,045 for 2001-02 from $216,685 for the 2000-01 Fiscal Year. The budget changes by expense category were reviewed. Budget increase was 1.6%.

There was no discussion on this report.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the Budget Committee Report as written.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To approve the Expense Budget of $220,045.

NOMINATING COMMITTEE REPORT

Mr. Pat Healey presented this report. There is no written report for the Nominating Committee.

Mr. Healey noted there were 5 Director positions that have terms expiring in 2001 and there was one Director position that expires in 2002 which was open due to the loss of Richard Cross. The Nominating Committee's nominations for the Board of Directors with terms running to June 2003 were:

Robert Bosco
Rob Burgess
Michael Greenberg
Tom Moalli
Rudy Prosperi

The nomination for the open Director position to run to June 2002 was:

Martin Chevalier

Mr. Laycock reviewed the Director classes based on fees paid which is determined by category participation and the skewed membership distribution which heavily weighted on the single category side. The Constitutionally mandated diversity of the Board, the difficulty in maintaining the diversity and that the Constitution allows that if the diversity is not maintained the election will still be valid.

The President asked if there were any nominations from the floor. There were no nominations from the floor.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: That nominations for the Board of Directors be closed.

NOMINATING COMMITTEE REPORT (continued)

The Secretary was directed to cast one ballot for the election of Robert Bosco, Rob Burgess, Michael Greenberg, Tom Moalli and Rudy Prosperi to serve two-year terms until June 2003 and for Martin Chevalier to serve a one year term until June 2002. The Secretary advised that the ballot had been so cast. The Secretary advised that with the election of these six Directors, the Board had the required nine Members.

FEE FORMULA COMMITTEE REPORT

Mr. Walter Britland, Committee Chairman, presented this report. Please refer to Exhibit 6 in your report booklet.

Mr. Britland reviewed the sources of Institute income, the guidelines established by the Board of Directors for fee adjustment, projected income for fiscal year 2001-02 and the three year average of Income over Expense. The analysis of this average as compared to the guidelines for fee adjustment indicated that the fees should remain the same.

There was no discussion on this report.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the Fee Formula Committee Report as written.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To recommend that the fee structure be unchanged for the upcoming fiscal year.

ANNUAL MEETING COMMITTEE REPORT

This report was prepared by Mr. Rob Burgess, Chairman. Please refer to EXHIBIT 11 in the report booklet.

Two possible sites for the 2002 Annual Meeting were proposed. They were:

The Resort at Longboat Key Club, Longboat Key, Florida with room rates starting at $170.00 plus 10% tax and a $12.00/room/night resort fee the Institute had been at the Longboat Key Club in 1999, '97, '95 and '93. The only dates available were the third weekend in June which was the Father's Day weekend.

Kiawah Island Resort, Kiawah Island, South Carolina with room rates starting at $179.00 plus 11% tax and daily service charge of $9.00 per room. The dates available are over the second weekend in June which are our traditional meeting dates.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the Annual Meeting Committee Report as written.

ANNUAL MEETING COMMITTEE REPORT (continued)

A member complained about the cost of airfares to Charleston, South Carolina. Another member suggested that if you plan to go to the meeting, start shopping early because the airlines change fares almost daily and bargains can be found if you are persistent. There was also a complaint concerning the Longboat Key site and the available dates over the Father's Day weekend. Several members indicated that this was a definite negative for Longboat Key. There was a suggestion that we should book Kiawah Island Resort for 2002 and reserve our normal dates for 2003 at Longboat Key.

Based on a straw vote, the Membership favored Kiawah Island Resort June 7-10, 2002, for the Annual Meeting.

DATA BOOK AND TECHNICAL COMMITTEE REPORT

Mr. Don Delvy, Chairman, presented this report. Please refer to EXHIBIT 7 in the report booklet.

Mr. Delvy reviewed the changes in the committee roster and the new part number assignments made during the year. He noted the 156 new assignments were a significant increase over the last year. He noted that within three years, the Institute could reach D1000 and the extra digit could be a problem for computerize price sheets and cataloging. Catalog sales were significantly less than the average sales in the years before the Library Edition. Mr. Delvy thanked those people and companies that contribute new part and carry-over catalog information.

Upon motion duly made, seconded and unanimously passed, it was:

> RESOLVED: To accept the Data Book and Technical Committee Report as written.

There was considerable discussion concerning the making of the catalog available to the members on a CD ROM. There were concerns of loss of catalog revenue, possible pirating of the CD by members such as buying one CD and copying and distributing to non-members and how to protect the "intellectual property" of the copyrighted information. One member suggested raising every member's dues by $400.00 and giving the CD away. That way the income derived from catalogs sales or CD sales would not be an issue. A member suggested that there would be an ongoing demand for a paper catalog as a reference book but considerable thought must go into a CD ROM version to get something that is usable by the members, because, at this time, everyone has different ideas of what an electronic catalog should be.

A Sub-Committee of the Data Book Committee was setup headed by Rich Bochicchio to gather information on how an electronic catalog could be done and the "up front" costs and reproduction costs once the "up front" work is done. It was suggested that a questionnaire be sent to the Membership asking for their input as to how they would use an electronic FMSI catalog and what they would expect it to have in it.

BRAKE PERFORMANCE STUDY COMMITTEE REPORTS

This report was prepared by Mr. Tim Duncan, Chairman. Please refer to Exhibit 8 in the report booklet.

Mr. Duncan reviewed the recent developments on the following topics:

- SAE Truck and Bus Brake Committees/Sub-Committees
- The Maintenance Council (TMC) of the American Truck Association (ATA) Meeting in Nashville, TN, May 12-15.
- ATA Brake Lining Performance Rating
- SAE Automotive Brake Committees
- Brake Manufacturers Council (BMC) Aftermarket Friction Products Effectiveness Characterization Guide
- The upcoming Annual SAE Brake Colloquium which will be in New Orleans, LA, October 28-31.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the Brake Performance Study Committee as written.

There was a question: Has the ATA noted their objection to asbestos? Mr. Duncan noted that their testing is based on performance and content of the material has not been an issue of concern at least in his involvement. A member asked if there was congressional interest in automotive aftermarket testing? Mr. Duncan noted that the congressional interest in truck brake testing has been generated by the ATA but there is no such group causing congressional interest on the automotive side. Mr. Duncan noted the Proving Ground Tour on Monday, June 11, is to the Nissan Automotive Test Center of North America.

HEALTH AND ENVIRONMENTAL AFFAIRS COMMITTEE

This report was prepared by Mr. Howard Schmitt and presented by Mr. Walt Britland. Please refer to EXHIBIT 9 in the report booklet.

The report reviewed the current status of the National Emissions Standard of Hazardous Air Pollutants (NESHAPS) and their program for Maximum Achievable Control Technology (MACT) for Hazardous Air Pollutants (HAP). It also reviewed the Occupational Safety and Health Administrations (OSHA) Ergonomic Regulations, California Proposition 65, which lists over 700 chemicals that are known to cause cancer, birth defects or other reproductive harm and heavy metals in storm water initiated by the detection of inordinately high levels of copper in south San Francisco Bay that after re-testing are no longer there. The source of the copper was purported to be from brake lining wear debris.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the Health & Environmental Affairs Committee Report as written.

HEALTH AND ENVIRONMENTAL AFFAIRS COMMITTEE (continued)

Mr. David Bortz, proposed that the Institute setup a committee for asbestos elimination and would like the Institute to make a public statement that asbestos is not needed and lobby for stopping asbestos imports at the border. A member noted that the EPA attempted to ban asbestos and it failed because the ban was thrown out in court. Another member noted that it was not the Institute's position to offer comment on components of a friction product, it never has and should not in the future. It was noted that the Institute has dealt with fit and form of friction materials, but not function, either in performance or components of a formulation. It was noted that the majority of the FMSI members use asbestos, even those that may have headquarters in the United States, probably have facilities outside of the U.S. that produce their asbestos product which is imported into the U.S. market i.e., to lobby against a component that is used by the majority of members is unwise if there is any concern for the future of the Institute. A member stated that from his point of view as a manufacturer of non-asbestos materials he would be happy to have asbestos eliminated but it should not be the position taken by FMSI. The Institute should stay out of material formulation and performance and stay with part numbers and configurations. But, as an individual company, he could support asbestos elimination. Another member stated that FMSI is about a standardized part number system and for a minimal cost having those part numbers assigned and cataloged. Asbestos elimination is not a subject for the Institute to comment on. A member stated that the FMSI Committees that deal with Brake Performance or Health and Environmental Affair are informational committees and are not and should not be activist committees.

INSTITUTE PENSION PLANS

This report was presented by Gil Laycock, Secretary. Please refer to EXHIBIT 10 in the report booklet.

Mr. Laycock noted that the Institute Pension Plan which was initiated in 1981 contributes at a rate of 15% of eligible employee wages. The contributions for 2000-01 were projected to be $18,088. The employees direct the investment of contributions. Deferred contributions are allowed with all employees participating in this option.

There was no discussion on this report.

Upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To accept the report on Institute Pension Plans as written.

There being no other business brought to the attention of the Membership, upon motion duly made, seconded and unanimously passed, it was:

RESOLVED: To adjourn at 5:07 PM

G. N. Laycock
Secretary