LPB
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4/3

March 13, 1973

1-14-5

PLAINTIFF'S EXHIBIT AB-59

Me. E. H. Feierabend, V.P.
American Brakeblok - Winchester

Subject: Lindsay Industrial Hygiene Survey

The reports by Pete Milner and Frank Tayler on the above subject included with your letter of March 12 have been reviewed. It appears Pete has done an excellent job in outlining an approach to resolving his in-plant problems. Frank Tayler has apparently reacted very rapidly as is indicated by his report dated March 8. The outline suggested in Pete Milner's report dated February 14 is certainly an excellent one to follow. I would, however, like to question his choice of wording under Item 3(a)-Noise. Here he states "..in the meantime make ear plugs or muffs available". Availability of hearing protection devices is one thing while an active program to obtain acceptance by the workers is another. I think we should actively pursue the use not only the availability of these items.

Pete notes in his February 14 communication that no directions have yet been received from the Ontario government regarding asbestos. Although this is true, it should be noted that in July, 1972 they did do four (4) asbestos counts, all of which exceeded the Threshold Limit Value of two (2) fibers per cc. Although they have not yet issued directions, I think it should be remembered that they are interested in asbestos and are aware of the fact that the Lindsay plant is above their TLV in work-room air concentrations.

I suppose after the engineering people have made their trip to Lindsay, a timetable for completion of the items which they will review will be made. Certain items such as the use of respirators will, of course, be dependent on their timetable. If we can be of any further assistance to you in the program at Lindsay, please do not hesitate to contact us.

C. H. Borcherding, Jr.
Mgr. Ind. Hyg./Loss Prevention

CHB:ej
CC: C. C. Blackwell, Jr., M.D./M. D. Gidley
P. C. Milner
D. K. Rennie
F. E. Tayler, Jr.

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PLAINTIFF'S EXHIBIT AB-59
PENGAD-Bayonne,N.J

INTRODUCTION

BACKGROUND

NAPA is considering offering automobile brakes to the public under the brand name NAPA. NAPA brakes could be sold to the public in several ways.

One way would be to have NAPA brake centers, just as Midas has Midas muffler shops. The car owner needing a brake job would drive into the NAPA shop and have the brakes installed by NAPA-authorized mechanics.

A second way would be to build a network of service stations and independent garages authorized to install the brakes. With this approach, the car owner would go to a NAPA-authorized dealer who would install the NAPA brakes with his own mechanics.

OBJECTIVES

1. To gain additional insights into the consumer image of NAPA.

2. To discuss the dynamics of the buying decision process for brakes.

3. To assess the strengths and weaknesses of the lifetime warranty program.

Additionally, this research is intended to learn car owners' attitudes toward:

- Price, speed of completion, warranties, and competence of mechanics when having a brake job done.

- Mass merchandisers (such as Sears and K Mart), franchise outlets (such as Brake-O), independent garages and service stations, and dealers as installers of brakes.

- Several advertising concepts for selling brakes.

- A NAPA brand of brakes.

- The possibility of NAPA brake centers of NAPA-authorized dealers.

- Asbestos-free brakes and the use of Fiberglas in brakes.

RESEARCH METHODOLOGY

Four focus group sessions were held--two in Denver on June 6, 1984, and two in Atlanta on June 7. The criteria for respondents in all four groups were:

- Male.
- Own automobiles not now under warranty.
- In charge of having their cars maintained.
- Had brake jobs done not under warranty in the past 12 months.
- Don't know one another.
- Have never participated in a focus group on brakes.
- Have not participated in any focus groups in the past 12 months.

The respondents were segmented by having one group in each

personnel who might be installing the brakes at these dealers.

What They'd Want from NAPA

These respondents would like several things from a NAPA brake center or NAPA-authorized dealer: lifetime warranties for parts and labor, nationwide network honoring those warranties, quality personnel, acceptance of credit cards and checks, and prompt service.

Attitudes toward Price

Only half the respondents said they would consider a NAPA brake job if it cost 20 to 25 percent more than other brake jobs. However, if they were convinced that the brakes would last 35 percent longer than other brakes, some--but not all--of them would consider them. Some of those who weren't sold wondered why it should matter to them how long the brakes lasted so long as they carried lifetime warranties.

Attitudes toward Asbestos and Fiberglas in Brakes

The respondents were indifferent to the elimination of asbestos or the substitution of Fiberglas in auto brakes--unless it could be shown that such a change increased brake life. None of them had any feelings one way or another about whether or not it would.

considerably more appealing to these respondents than a network of NAPA-authorized dealers or garages, about which they were only moderately enthusiastic. They felt that because a specialty shop does only one thing it's likely to do it well.

A significant advantage to distributing the brakes through NAPA brake centers rather than through NAPA-authorized dealers is that it would give the NAPA brand a much higher profile. Because there's virtually no brand awareness when it comes to auto brakes, a chain of NAPA brake centers could give NAPA the same top-of-the-mind association in brakes that Midas has in mufflers and that Monroe has in shock absorbers.

Asbestos

The presence or absence of asbestos in a brake product appeared to be of little or no consequence for the consumer.

THE ASBESTOS ISSUE

* BACKGROUND: GRINNELL'S STATUS REPORT

* MAJOR PROGRESS UP TO 1985

* MAJOR RESULTS NEEDED IN 1986

* PROJECTED STOP DATE

GRINNELL'S STATUS REPORT

MAY 8, 1985

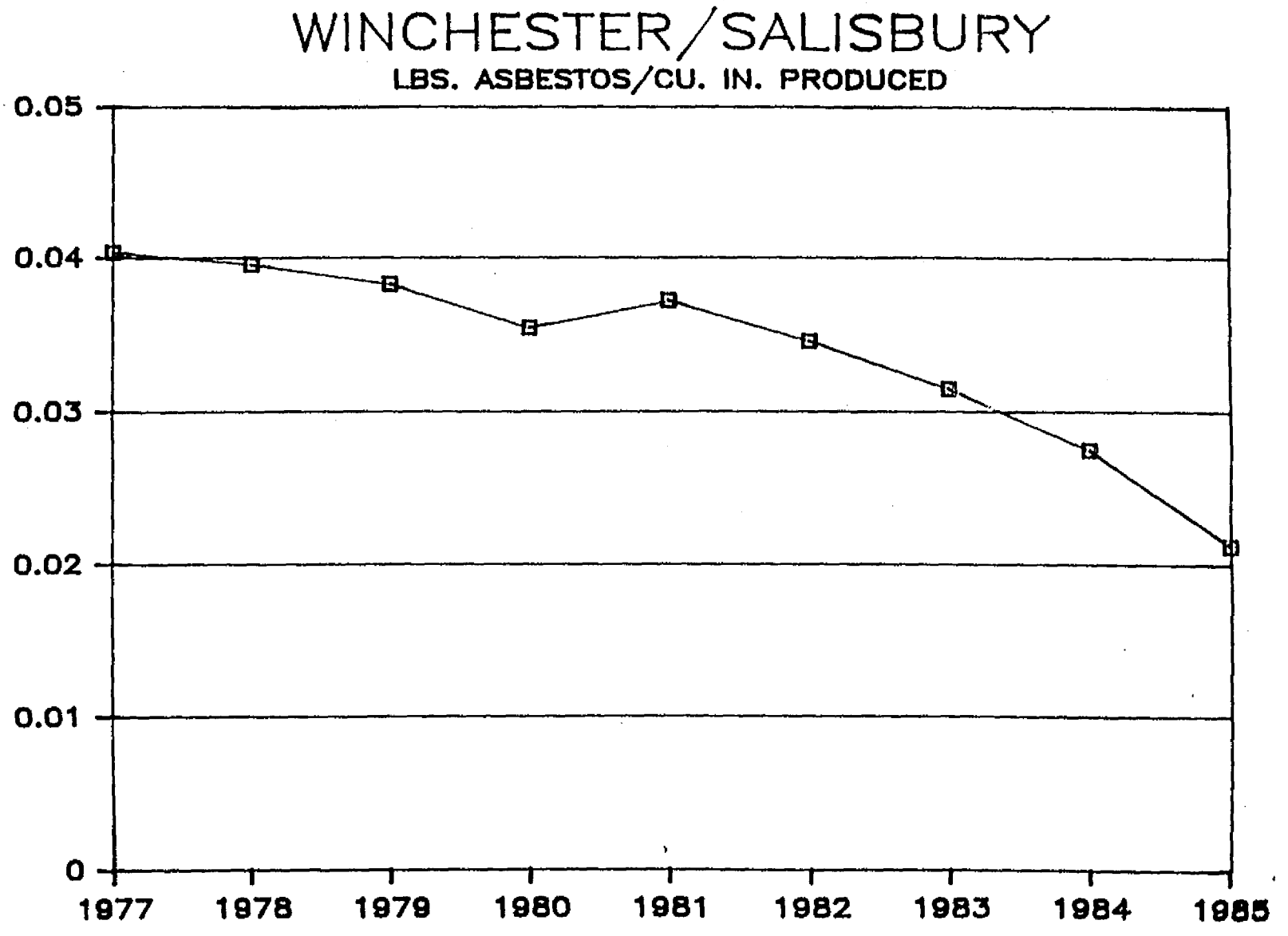
* TREND IS AWAY FROM MANY SMALL CASES TOWARD SLOWING OF CASE NUMBER GROWTH BUT HIGHER VALUE CASES. 200 CASES 1ST QUARTER 1985.

* CASES OF EXPOSURE TO ABEX ASBESTOS BEFORE APRIL 1, 1985 ARE COVERED BY OUR INSURANCE. (JUDGE PENN DECISION 4/16/85)

* CASES BASED ON EXPOSURE AFTER THAT DATE WILL NOT ARISE FOR 15 YEARS.

* SUCH CASES WILL BE WEAKENED BECAUSE:
  - FAILURE TO WARN WON'T BE ISSUE.
  - BROUGHT BY THOSE FEW WHO WILL ESCAPE PRESENT WIDESPREAD EXPOSURE CONTROL MEASURES.

* SUBSTITUTES ARE BEING INCREASINGLY USED (ABEX IS A LEADER) FURTHER REDUCING EXPOSURE. FIVE YEAR MAXIMUM RUN OUT PERIOD.

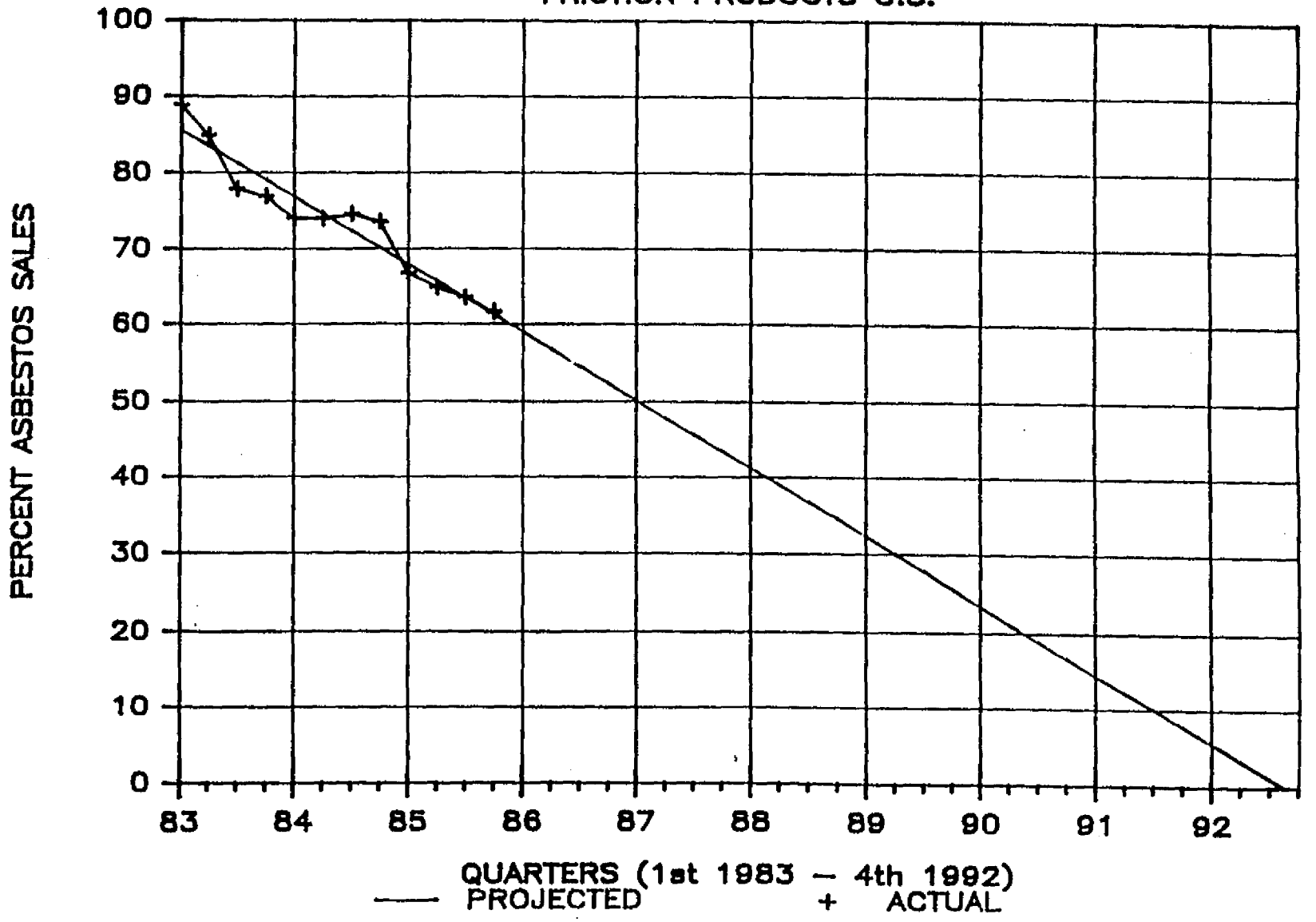

WINCHESTER/SALISBURY
LBS. ASBESTOS/CU. IN. PRODUCED
0.05
0.04
0.03
0.02
0.01
0
1977
1978
1979
1980
1981
1982
1983
1984
1985

SPIM 0127

r = 963

PERCENT ASBESTOS SALES

FRICTION PRODUCTS U.S.



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ASBESTOS_ISSUE

MAJOR_PROGRESS_UP_TO_1985

* DOWNWARD % OF SALES TREND

* ASBESTOS USAGE PER CUBIC INCH TREND

* ONLY APPROVED SOURCE — NEW CAR DRUM BRAKES

* "GOOD, BETTER, BEST" PROGRAM

* REPLACEMENT OF 80 MIX WITH 931-162

* DEVELOPMENT OF NON-ASBESTOS FOR DOMESTIC PASSENGER CARS AND LIGHT TRUCKS

ASBESTOS ISSUE

MAJOR RESULTS NEEDED IN 1986

* PRODUCTION DEBUG OF NEW FORMULAS

* BUILD CUSTOMER CONFIDENCE IN NEW FORMULAS

* DEVELOP HIGH FRICTION BLOCK FORMULA

* REDUCE COST OF NON-ASBESTOS RAW MATERIALS

INSURANCE SUIT STATUS

1. CLAIM AGAINST CARRIERS	AMOUNT	RECOVERY
SETTLEMENTS	$ 243,075	HIGHLY PROBABLE
DEFENSE COSTS	1,481,000	HIGHLY PROBABLE
INTEREST	230,000 E	PROBABLE
INTERNAL COSTS	261,000 E	POSSIBLE
INSURANCE SUIT COSTS	307,000	REMOTE
TOTAL	2,522,075	

2. FAVORABLE DECISION ON LIABILITY APRIL 16, 1985.

3. APPEAL BY LIBERTY MUTUAL APRIL 23, 1985. RESOLUTION IN 9 TO 12 MONTHS.

4. SETTLEMENT OFFER BY TRAVELLERS AND MARYLAND CASUALTY PENDING.