

Our customers are, however, always protected in the case of a downward movement by virtue of the fact that there is an extra 30 days at which to return cores at the old, higher price. This is not necessarily a panacea, however, because based on the compilation which you see, more prices have gone up at least during 1968, than have gone down. No one, of course, can foresee what the future holds; therefore, no one can say what the result will be in the future. For the last 2-1/2 years, however, Jim, I have found that we can say without question our customers have not been hurt in any way by our core pricing policy.

There is one further thing that should be borne in mind as far as cores are concerned and that is, on a national average only about 85% of all cores sold are returned. This is an industry-wide average on all rebuilt items, has certainly been our experience, and for any customer on a year-in, year-out basis, his experience would be very close. We always suggest that jobbers charge for cores when they are sold and issue credit when they are returned. This insures that they get the benefit of the profit which they make on cores for those which are never returned. We find that when a jobber charges for cores, he stands a better chance of getting back about 85% than would certainly be the case if he didn't charge. If he didn't charge for cores, you would see that he automatically loses on an average of 15% and with his customers not having any incentive to return them, he might lose even more. We, of course, as indicated earlier, have to go on the open market and replace those cores which we sell and never get returned.

This letter has gone on much longer than I intended, Jim, but I think it is an important subject and one which we feel is the heart of our business. Therefore, we are very much concerned that our policies are correct, fair and straightforward. We, of course, can't expect everyone who doesn't know us as well as you do to accept our statement completely on face value. We are, however, completely and thoroughly convinced that the policies and practices which we are following are not in any way detrimental to our customers. If we ever find that this is not the case, you can be sure that a change will be made. We have no hesitancy, therefore, and I do so in this particular case, to invite anyone who has the good of their business at heart to visit with us and let us not only explain our procedures to them but actually show them how they work and why they work. If Mr. Martin could avail himself of the time required to do so, we would be more than happy to show him every part of our business and how we go about conducting it.

If you have any questions of any kind, Jim, please let me hear from you. In any event, I would appreciate it very much if you would advise if you think this letter adequately explains our program.

Thanks again for the opportunity of telling our story.

Best regards,

John Aderhold

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