J 3/4/86 cc: Tom

OOPS!

- RABA has not reduced their previous quoted price of $3.79 F.O.B. Gyor on R31 lined shoe assemblies. Ruth has recently advised RABA that a reduction in price is necessary in order that we not suffer a loss in marketing the product.

- Recent test results of Abex (Italian) manufactured 3030-67 may require that RABA initially receive domestic manufactured lining blocks. It has been suggested that until the Italian lining successfully completes further tests, which are expected to be finalized in late June, that Abex sell domestic block to Eaton for consumption by RABA. This is basically for quality control reason.

- Perry Johnston has advised that his temporary bulk ship program of R31 lined shoe assemblies will begin April 1, 1986. Our price to trailer dealers will be as follows:

Quantity	Freight	Price Each
1-9 Skids (88 pcs/skid)	FOB Gallatin	$15.50
10-19 skids	FOB Gallatin	$14.73
20 skids or more	Prepaid Freight	$14.73

Many variables affect the support of this program -

- market demand for non-asbestos which necessitates switching out shoes in Gallatin, therefore, creating excess R31.

- if RABA continues to assemble shoes on axles, volumes will trickle in

- if RABA agrees to reduce their selling price on the 66,200 shoe assemblies, which they lined without our authorization, we should schedule quantities to support the above program

The key in this scenario is that as time progresses, the demands for asbestos decreases. Therefore, it is necessary that we rid ourselves of asbestos inventory for which Eaton is responsible.

Kolesnikov Acme Liquidating Corp. et al.
Supreme Court of NY Erie Cty. Index No. 12032/05 06/18/08