

1978 brought good news and bad news. The first quarter of 1978 continued right where 1977 left off. The original equipment and replacement markets continued at a very brisk pace. In March of 1978 our agreement with the U. A. W. in Winchester, Virginia expired. All during the negotiations, a positive attitude was generated by the union through their representation. The negotiations had gone all too smoothly - strike, you bet ya.

For three and one-half long weeks, management, sales and salaried employees worked at the plant.

Incidentally, the strike was settled for one penny an hour more than had been offered.

The second and third quarters brought plant shutdowns totaling 7 days due to electrical storms.

Continuing price increases from our international suppliers - 11% for Canadian Asbestos

(Vermont asbestos - short variety)

- \$1,400,000 more for cashew raw materials
- 35% increase over three year period

Enough of the bad news.

Sales increases in the automotive aftermarket were substantial. Twenty percent increases were not uncommon. Specifically, purchases by NAPA rebuilders of American Brakeblok material were up 15% through November 1978.