

North Star Plating Co.

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May 7, 1996

To: Stanley

From: Kim

RE: May 2nd 1996 CAPA Board Meeting

While still fresh in my mind, I thought I would relay some thoughts from the CAPA board meeting in May.

The board is dealing with the fact that support is wavering with some existing insurance company supporters. There has been major changes in the hierarchy of some CAPA supporting insurance companies. New executives unfamiliar with the entire certification program, are trying to measure their companies "Bang for the Buck". There are still a number of insurance companies who preach the benefits of CAPA, push for the use of CAPA parts, but have either withdrawn support or never financially participated from the start. As is usually the case, 1996 is looked at as a pivotal year.

Jack Gillis was excited with his response in Europe. Jack looks at Europe as a potential market for seal sales. He feels they have a desire for certification standards particularly on parts they import from Taiwan.

The Board is somewhat concerned that there have been no new parts submitted for approval in 1996.

In response to Vincent Chou's letter the Board feels that the current standards put in place should not be reduced. These truly are minimum standards for parts that are LKQ to their OEM counterpart. There is still a concern (present company included) about poor quality CAPA parts still making it into the market place. It is felt that lower standards or extension in deadlines will not help eliminate this problem.

One area of concern was the lack of membership support by distributor members. Last year there were 105 distributors that payed the nominal \$100.00 for CAPA membership. This year 129 distributors were solicited and 47 have joined. I don't think this sends a very good signal from our side of the table. I would suggest we send something from the board to our members.

The projection for seal sales is expected to stay the same. Some parts will fall off the system because they don't meet the timetable to meet "SPC" and "Fixture" criteria, but year end sales are expected to increase due to January '97 seal price increase.

The technical committee will re-visit certifying lamps, re-bars and radiators. Modine has been asking about certification because they are tired of being painted with the same brush as some of the Chinese radiators of marginal quality.

The board reviewed a video tape (about CAPA) that they had commissioned - it was well received just as it was at our distributor meeting in Nashville. It will be presented to our entire membership in Las Vegas.

This is about all the information my notes will render, until next time.

Respectfully Submitted,



Kim

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