

PARA/TO: CHAMPION S. A.

ATN/ATTN: Sr. Hugo Goggi - Tech. Director

DE/FROM: Jörn-Peter Dieckmann

DATA/DATE: 22/12/96

ASSUNTO/SUBJECT: MILITEC-1®

[Translation by Shaul Epelbaum 1/25/97]

Dear Gentlemen:

It was a great pleasure talking with you last week. By request of Mr. Giordani, we are pleased to share with you our experiences with MILITEC-1 applied to the bus market.

To date, we have approximately 40 clients in this field, all of them with fleets of not less than 100 units, of which some of them are using MILITEC-1 since March, 1994. All, with no exceptions, are satisfied with the results and benefits obtained from the product. Some urban bus firms have reported a cost/benefit result of up to 1:6. These gains arise mainly from the reduction of friction wear of mechanical parts. For instance, motors that normally last 380,000 kilometers [237,500 miles] (urban vehicles), today they are doubling their useful life and we do not know yet if some will not pass it and triple it.

We are finding the same positive results in gearboxes, differentials, bearings, etc. We can also include the visible reduction of lubricant consumption, durability and effectiveness (some companies extended oil change intervals from 10,000 to 20,000 kilometers) and, depending on the driver, a savings in fuel (in some cases 3-7%). We likewise experienced a significant reduction in pollutant emissions from vehicles treated with MILITEC-1. The units treated with our product gain power, operate smoother and with lower temperatures. They are also protected in case of deficient lubrication (including extreme cases of contamination or oil loss). Mechanics love how clean the parts are when working on buses treated with MILITEC-1, because the product does not permit carbon to adhere to the metal, which normally they can clean only by working hard and using chemicals and steel brushes. We saw parts like pistons and cylinders totally clean and polished, without scratches or other signs of wear.

We found engines with 371,000 kilometers, in which the original interior metal burnishing can be seen. In other words, life expectancy of these motors can be just about 1,000,000 kilometers [625,000 miles], or 3 times normal life. All benefits described here are real and proven experiences, transmitted by users and confirmed by dynamometer tests in DIVESA, the major dealer for Mercedes Benz in the country (results of the tests are attached).

For starters, during the first contact with a potential client, we must obtain immediately the maximum information about his fleet. How many vehicles (by make and model) in the fleet; lubricant capacities of the engine, gearbox, transmission and differential reservoirs of each unit; running mileage of the fleet and average per unit, and at how many miles lubricants are changed in each component.

With this data on hand, we calculate with close accuracy using our computer program, the initial requirement of MILITEC-1 at 6% of the capacities of the oil of all the components and subsequent consumption, considering the addition of 6% to engines every 25,000 km. [15,000 miles]; 2% to the gearbox, differential and transmission every 50,000 km. [30,000 miles] (in city buses, we use 20% fewer kilometers because they idle more caught in traffic and experience continuous stops and starts).

Another benefit that the consumption calculation gives us, is to know exactly the client's cost to operate

the buses with MILITEC-1, per vehicle or per kilometer. Normally those costs are so low and insignificant that they are attractive and it is easy for the client to see the now cost against the high benefit drawn from using MILITEC-1. Also, by knowing the total annual cost for the fleet, we may offer a global package, with deliveries and bulk prices, on programmed dates.

Well, with all the wonders accounted, you would conclude that selling MILITEC-1 is the easiest thing in the world. It could really be, if the "snake oil" syndrome would not affect knowledgeable people to reject and miracle additive to the lubricants. Many have had negative experiences with those oils invading the market in the last 40 years.

Therefore, some clients like to have their own tests and experiences, which normally is time consuming, and generally obtains not very positive results. The principal reason for these poor results is that they use the test vehicles with already serious problems and some kind of malfunction. This way they don't risk anything! In our experience, a test should never be made in those conditions. The result will be doomed! The client will not only desist to buy in the future, but will also make negative comments to third parties who may ask him opinions about MILITEC-1.

The best way to introduce MILITEC-1, if you cannot convince the client to buy it right away for the entire fleet, immediately after the demonstration with the lubricity tester (which we imported from the U.S. and consider essential to sell the product) and with the calculation of MILITEC-1 consumption and costs, make him agree to buy enough material for 50% of the fleet, or, as a last resort, 10% of the vehicles. This will be the minimum quantity to make the test successful, providing a representative result which could include vehicles with different routes, length, and drivers. It is very important to have the required quantities of MILITEC-1 available and assist the client with the first applications. Again, experience has taught us that clients change their minds often so delivery time must be minimized. Stock must be on hand.

Last but not least, follow all testing closely to make sure the positive results we expect are obtained. In spite of all the dedicated attention, many times it will be necessary to be somewhat forceful, getting ourselves "into the client's quarters" to have him see the benefits of using MILITEC-1 (it is not unusual that we end up teaching the client to keep better controls and verifications). Only when the client is 100% convinced of the benefits obtained, can we sell again. Then, "post-sale" service is fundamental and vital for success.

We attach reports in Portuguese of clients and users, hoping they will be useful. Do not hesitate to call on us, or, if you want to bring an important client to Curitiba, we could, at your request, open an engine or a gearbox of a bus using MILITEC-1 since 1994, to demonstrate to potential clients the fantastic results obtained here. Brad Giordani himself was perplexed when we opened an MB 371 engine, with 647,000 km. without a rebuild. (This type of suburban bus normally needs a rebuild at 380,000 km.)

Hoping that the information herein will help you to start a good business with MILITEC-1 in Argentina. We will be happy to help you in any way we can.

Wishing you a Merry Christmas and a prosperous New Year 1997.

Muy atentamente,

/s/

Jörn-Peter Dieckmann

Director