



® RAILROAD FRICTION
PRODUCTS CORPORATION
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WWW.RFPC.COM

Registered Firm:
ISO 9001-2000
AAR M-1003

January 4, 2010

Subject: Brake Shoe Surcharge

Railroad Friction Products Corporation has recently experienced unprecedented cost increases for raw materials used in the manufacture of brake shoes. Steel and oil have been the driving forces behind these raw material cost fluctuations. These unprecedented cost increases have forced Railroad Friction Products Corporation to introduce new list prices that are comprised of a base price, as well as a surcharge established from steel and oil indexes.

The surcharge amount will increase/decrease based on the NYMEX sweet crude oil barrel price – WTI, Cushing, OK and the American Metal Market (AMM) Steel Base Prices-Sheets-Hot Rolled price per pound. Surcharges are calculated using the base prices for steel, hot rolled sheet, at a level of \$0.265 per pound and a sweet crude oil level of \$90 per barrel.

For example:

January 2010 surcharge:

V472, 1.5" Freight High Friction Brake Shoe	\$0.01*
V474, 2.0" Freight High Friction Brake Shoe	\$0.01*
V624, 2.0" DayOne™TreadGuard®Freight Brake Shoe	\$0.01*

****Surcharge for January 2010 has been waived by Railroad Friction Products Corporation as we continue to monitor the steel and sweet crude oil prices***

Railroad Friction Products Corporation will use values obtained on the first of the month to establish a surcharge that will become effective the first of the following month. For example, values obtained December 1, 2009 were used to calculate the surcharge that will be effective January 1, 2010. The surcharges will be adjusted monthly and published in the announcements section of our website, www.rfpc.com, during the first week of each month.

Please feel free to contact us if you have any questions or require additional information on this recent change.

We greatly appreciate the opportunity to serve your braking requirements,

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