In re: All Asbestos Litigation Filed by The Simmons Firm, Circuit Court, Third Judicial District, Madison Cty., IL; 8/28/03

E. STEER AXLE 18,000 SERIES - ESA 18F4

The West Coast people are being supplied data sheets to fill out in detail as well as a drawing which depicted our proposal for EFA-18F4 series steer axles. Hopefully this review this review from the West Coast customers will be available by the end of the next month.

IX. WARRANTY

The warranty budget for July is complete. The Division is running slightly below budget:

Warranty Budget (January - July):	$2,299,171.00	
Y-T-D Costs:	2,086,537.38	
VARIANCE	$ 212,633.62	9%

Campaigns and B2 Claims continue well below budget. TCM shippers, lease warranties and B1's exceeded budget.

Warranty reveiws were conducted at FORD Canada and MACK. The vast majority of claims at FORD were seal-related. Gear noise and thrust washer failures in 15's and 38's were also prevalent. 16247 differential failures were in the majority at MACK as were brake linings cracked through the rivet holes. Brake parts were returned.

X. AXLE HOUSINGS

A. FORD convened a meeting August 29 to further discuss a major effort on vehicles built without hardened washers. They are convinced that pad welding is the way to go. EATON data substantiates that housings can be repaired effectively in this way and the costs are far lower than complete replacements. They have asked us to recommend a basic approach for the field, acknowledging that EATON has more experience handling the situation there than they do. They also want a proposal from us concerning EATON participation in the costs of the program. We committed to providing FORD information about pads and welding procedures immediately. They expect our position concerning financial participation within a week.

The pad program at ROADWAY is lagging due to continued delay in delivery from the foundry. 1645 machined pads will be in our hands by September 6. We expect to begin shipping that week. I met August 24th with Bob Hepworth of ROADWAY and explained the situation.

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