Memorandum

ALLIED Automotive

World Headquarters
Southfield, Michigan

Date: January 24, 1986

To: Distribution

From: John R. Coxeter

Subject: EPA Asbestos Ban

file under asbestos

CONFIDENTIAL

A number of press inquiries have been received regarding the impact on Bendix Friction Material products of the EPA's announced phasing out of asbestos in friction materials. Following is the basic information which is being used to respond to such inquiries:

Our basic response is that the program will not have a significant impact on our operations because the industry has been anticipating this action for several years and has been moving in this direction anyway.

Allied Automotive, in fact, is building a plant in Lynn Haven, Florida which will be devoted to the production of asbestos-free products.

This program is part of a long-range strategy adopted over five years ago by the company to convert all of our friction material to asbestos-free formulations.

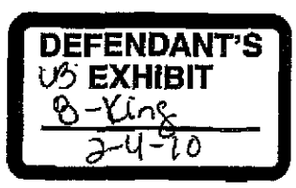
We now offer a complete line of asbestos-free products, but it takes time to fully test and evaluate new materials for each application. There is also the question of availability and price. Asbestos-free products currently command a premium price and the industry is moving towards developing asbestos-free products which are competitive in price with asbestos-based formulations and which equal or exceed the performance characteristics of those formulations.

In the work place, there are federal standards for asbestos exposure which Allied not only meets but exceeds. Company policy is to meet an exposure standard which is half the current requirement of OSHA. (1.0 versus 2.0).

The industry already is using asbestos-free products. Serious use of semi-metallic linings first appeared on North American vehicles in MY '78 and by '85, ___ percent of N.A. OE friction material on pass car/light truck was asbestos-free (it was about 20% in 1984 according to our estimates a year ago).

We expect about 65% to 75% asbestos-free by the end of the decade.

Regarding the impact on existing Bendix Friction Material Division plants, most notably Troy.



It is premature to speculate on employment impacts, although there probably will be some over the next few years as more and more new business contracts for asbestos-free go to the new plant and existing asbestos-based formulations are phased out. However, Troy and Cleveland will continue to be essential segments of our manufacturing capabilities for friction materials. Asbestos-free products already are being produced in them and as demand increases there is every expectation that additional lines will be converted.

It is important to remember that the Florida plant is not being built to take business from existing plants, but rather in anticipation of filling future orders.

Regarding the union, there are no plans to negotiate regarding this issue because both the union and the company will be bound by this development. There are no plans developed to make any immediate changes in the work force.

Allied Automotive employs about 1,025 people, including 525 at Troy of which 340 are hourly.

About 15% of Allied Automotive's $2.5 billion in sales are from friction materials.

JRC/jh

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