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August 9, 1982

Mr. Taka Matsumoto
NSK Warner, K.K.
12, Kirihara, Fujisawa
Japan, 252

Dear Taka:

The following responses, Taka, are relavent to the questions contained in your telexes of July 29, and 30.

1. Delco Moraine is promoting non-asbestos lining, but not as aggressively as Spring Division. Delco buys their paper from Armstrong.

2. Raybestos was aggressively promoting non-asbestos linings, and at one time, set a deadline of January 1, 1982, for asbestos linings. Because their non-asbestos linings have not been widely accepted due to poor durability, they have had to rescind their deadline. They do offer a line of non-asbestos wet clutch materials.

   At least part of S. K. Wellman's line of "paper" friction materials is non-asbestos. We have had no competition from S. K. Wellman up to this point.

   Delco is recommending the use of their DM-9919 non-asbestos lining in current and future transmission development programs.

   Detroit Aluminum and Brass supplies only one friction element, a band, to the OE market, as far as I know. I believe it utilizes an asbestos containing lining. DAB is not a major friction material supplier to the OE market.

   Our major OE competitors at this time are Raybestos and Delco.

3. GM applications for which we expect non-asbestos approval in the near future:

| Application | Material |
|---|---|
| THM 125 Forward | SD-715-AAB |
| THM 125 Reverse | SD-715-AAB |
| THM 125 Direct | SD-1777 |

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|---|---|
| THM 200 Forward | SD-715-AAB |
| THM 200 Reverse | SD-715-AAB |
| THM 200 Direct | SD-1777 |
| THM 200 Intermediate (band) | SD-1473-2 |
| THM 250 Forward | SD-1799 |

GM applications which are in production with non-asbestos linings:

| Application | Material |
|---|---|
| THM 125 Intermediate (band) | SD-1473-2 |
| THM 700 Forward | SD-1799 |
| THM 700 Reverse | SD-715-AAB |
| THM 250 Reverse | SD-715-AAB |
| THM 440 Input | SD-715-AAB |
| THM 350 Reverse | SD-715-AAB |
| THM 200/250/350 TCLU | SD-715-AAB |

4. Raybestos Manhattan and Thermoid are the major suppliers of dry clutch material in the U.S. Current production materials supplied by these two companys contain asbestos. Non-asbestos substitutes have been developed and are undergoing tests.

   Supposedly, Ford is buying a non-asbestos dry clutch material from Valco of France.

   The major sources of dry brake material, Abex, Delco, Raybestos, and Bendix, have all introduced non-asbestos linings. While they have not substituted non-asbestos for asbestos linings in existing applications, as the old applications become obsolete, they are replaced with new non-asbestos systems.

In dealing with asbestos, there are three major areas of concern that affect Mead and Spring Division. These are the health impact, the impact on the environment, and product liability.

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Health Impact

It is estimated that in the U.S., 75,000 deaths a year are due to asbestos related diseases. Knowingly subjecting ones employees to such a risk is unconscionable, even though we are operating within the law. It is unknown at this time what a safe level of exposure to asbestos is, if there is one. The U.S. government could decide to ban the use of asbestos at any time, to protect the health of its' citizens.

Environmental Impact

Because of the health problems associated with asbestos, much effort and money is devoted to protecting the environment. Industrial hygiene is a major cost factor. Items like waste disposal, water pollution controls, dust collection, raw material handling, etc. become major concerns.

Product Liability

If a person who has worked with or used one of our asbestos containing products should catch asbestosis, we are liable for damages regardless of whether or not we have been operating within the law. The U.S. courts have been very sympathetic toward victims of asbestosis and have been making monitary awards of $100,000 commonplace.

Spring Division and Mead are defending themselves in at least one lawsuit at this very moment.

The penalty for violating governmental regulations concerning the use of asbestos is jail and/or fine. The use of asbestos within the law can be just as financially burdensome.

Sincerely yours,

SPRING DIVISION
Borg-Warner Corporation

Tony Ghidorzi
Friction Products Manager

TG/dg

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