



DAIKIN CLUTCH CORPORATION
AN **EXEDY** GROUP COMPANY

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October 29, 2004

Mr. James Houck, Director
Workforce Transition Unit
Michigan Department of Career Development
Workforce Programs
Victor Office Center – 5th Floor
201 North Washington Square
Lansing, Michigan 48913

Dear Mr. Houck:

Daikin Clutch Corporation has been in business in the Belleville, Michigan location for over sixteen years. Unfortunately, over the last ten years, we have experienced a continuing drop in sales volumes, increasing demands for cost reductions, and higher material and labor costs, while needing to offer higher levels of service.

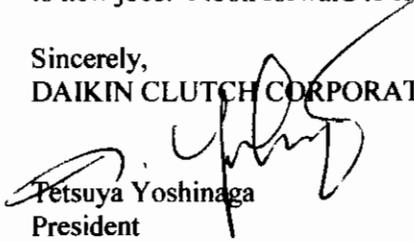
Although we have made many attempts to counter those problems by increasing productivity and reducing costs, they have not resulted in sufficient improvement to allow us to remain profitable. As a result, the difficult decision has been made to close the Belleville production operation as of December 31, 2004. This decision will be announced to our employees today.

As a result of this decision, I regret to inform you that approximately 115 employees will have their positions eliminated. Most of these employees will be separated by December 31, while a small number will be needed for transition activities for up to three months. All affected employees will receive 60 days notice as specified by the WARN Act. As this is a complete closing of the production operation, no bumping rights exist.

Should you have any questions or require additional information, please contact Ken Shunta, at 734.397.6602. We are maintaining a list of impacted employees, job titles, and the number of employees in each category. This form of notice is provided for at 20 CFR 639.7(f). We will do everything possible to effectively support our employees in this difficult transition.

Finally, we ask that the State of Michigan's DOL office assist our former employees' transitions to new jobs. I look forward to learning what we may be able to offer our people.

Sincerely,
DAIKIN CLUTCH CORPORATION


Petsuya Yoshinaga
President