FILE NAME: Marley (MAR)

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Intra-Company Correspondence

TO: See Distribution Below

MARLEY®

FROM: Richard D. Landon

DATE: February 19, 1986

RE: Sale of Asbestos Containing Components

Gentlemen:

This note is intended as a clarification memo as to MCIC's position on the sale of cooling tower materials which contain asbestos. About a week ago, concern was expressed at the Parent Company about our continued sale of asbestos containing materials and the liabilities which may insue from those sales. Our historic involvement with asbestos is generally covered by liability insurance as long as our historical insurance carrier remains in business. However, we are now unable to obtain a liability coverage for asbestos, so if we are brought into liability suits because of current asbestos sales, we do not have any insurance.

For this reason, and for our basic desire to be out of the asbestos business, the E.T. issued the statement on February 17, 1986 that we would no longer sell asbestos materials. Obviously, we have two checkpoints at which this can be controlled. The first is at the sales level in not accepting any orders, and the second is in Purchasing in which we will not buy or be in the supply chain for any asbestos materials.

Obviously, there are some practical aspects to this which can't be addressed with the wave of a hand. Engineering has the responsibility to identify substitute materials for those asbestos containing items which we have been providing. I feel that is probably best done through the ECN mechanism, and that could be added to the ECN in an addendum or revision if time constraints require quick publishing of the ECN. Sales needs to review the backlog to see what our obligations are for providing asbestos materials. Purchasing needs to provide sales with a list of vendors for asbestos materials should our customers want to go directly to the vendors to obtain these parts. In that event, we should support our customers with whatever fabrication drawings are existing for those parts. For example, if we have been providing a fabrication drawing for an ACB louver, we should support that effort.

Terry Hart and I met with Tim Verhagen in an attempt to outline an overall plan for dealing with asbestos in the reconstruction and historical installation framework. Terry will be responsible for accumulating the information and organizing our effort toward the asbestos problem. Our goal is to put together a packet of information that can be distributed through the field sales system which will include all or most of the following:

1) A listing of towers which Marley has provided historically and the asbestos containing components that may or were included in those designs.

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2) A set of general guidelines which can be given to a customer to identify the asbestos containing components and give them general instructions as to how those components should be handled and the agencies which have regulatory guidelines for asbestos handling.

3) Some general guidelines for subcontractors to use and agencies to contact when they are involved as a Marley subcontractor or a customer subcontractor for the handling of asbestos.

4) Some type of customer notification that their tower contains asbestos. This is a very hazy area and one in which we need to think in terms of turning a problem into a marketing opportunity.

Tim Verhagen will be assisting Terry in generating some information, particularly in the area of reconstruction handling of asbestos. For example, Tim will be preparing some language to insure that legal title to asbestos waste products stays with the owner of the tower in a contractual agreement. Also, Terry will be working with Gary Wilson to develop a plan for having a group of certified, qualified, Marley field superintendents who can deal with asbestos removal and handling in the field.

Obviously, the asbestos program will be a lengthly one, but I wanted to take this opportunity to record the Cooling Tower Company position regarding asbestos. If you have questions, please feel free to contact me.

Sincerely,

DISTRIBUTION:

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