



May 22, 1985

Mr. Ronald Hornack, President
Vygen Corporation
Route 202 and Dumont Road
Far Hills, NJ 07931

Re: Sale of Ashtabula Facility
- Environmental Disclosure

Dear Mr. Hornack:

This letter is written in contemplation of the sale by DiversiTech General, Inc. ("DiversiTech"), to Vygen, Inc. ("Vygen"), of DiversiTech's polyvinyl chloride ("PVC") resin facility located at Ashtabula, Ohio and in confirmation of various environmental circumstances at the facility. Numerous environmental statutes and regulations are applicable to the operation of such a facility, and although the incorporators, owners, officers and directors of Vygen are thoroughly familiar with the environmental compliance aspects of the operation of a PVC manufacturing facility, and notwithstanding the fact that representatives of Vygen have inspected the facility on several occasions, DiversiTech believes it is appropriate to formally disclose the following items of information concerning certain environmental aspects of the facility so that all concerned may be fully informed prior to execution of the contemplated definitive sale agreement.

For convenience, some areas of concern which have previously been brought to your attention are itemized under three reference headings below.

AIR

1. The scrubber on the north incinerator has failed. It is in the process of being replaced and must be functional for the plant to operate.
2. The plant has no current Ohio EPA operating permit for air emissions. This permit must be obtained for plant operation.
3. U.S.E.P.A. has proposed revisions to the national emissions standards for vinyl chloride. If such revisions are adopted, an enhanced leak detection procedure and program will be required at the plant.

Polymers Division
One General Street Akron, Ohio 44329

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4. Under Section 112 of the Clean Air Act and regulations issued pursuant thereto, DiversiTech has entered into administrative orders with Region V, U.S.E.P.A. as follows: EPA-5-81-A-39; EPA-5-82-A-6; EPA-5-83-A; EPA-5-80-A-11; EPA-5-82-A(a)-7. DiversiTech believes that it has met the requirements of these orders, and will provide copies of such orders if Vygen should desire same.

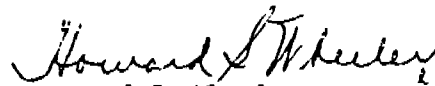
WATER

1. The plant has operated under NPDES Permit No. 31F00006 FD. DiversiTech does not believe the plant capable, without modification, of meeting Residual Vinyl Chloride Monomer (RCVM) effluent emission standards proposed by either the U.S.E.P.A. or the Ohio EPA under proposed Permit No. 31F00006 GD. Requirements applicable to transfer of NPDES Permit No. 31F00006 FD are set forth in paragraph 19 of the attached Exhibit A.
2. Other considerations under proposed Permit No. 31F00006 GD may concern lead testing and monitoring of rain overflow.

SOLID WASTE

1. Part of the Ashtabula property was leased to Olin Corporation. Olin conducted manufacturing operations on this site in the 1970's. Olin ceased operation, dismantled the plant and performed a clean-up of the site in 1982. During the summer of 1984, an ex-employee of the clean-up contractor made several allegations that the clean-up of the site by Olin was not proper. These allegations were reported to the FBI and U.S.E.P.A. In the fall of 1984 U.S.E.P.A. did ground sampling on the site. The matter is currently being considered by a Federal Grand Jury in Cleveland.
2. Fields Brook is a stream which flows through the property on which the plant is located. It has been listed on the National Priorities List as a Superfund site, and DiversiTech has received notice from U.S.E.P.A. regarding its potential involvement.

Sincerely,


Howard S. Wheeler
President
Polymers Division

HSW/ljr

Attachment

GENC 26171