FILE NAME: Mannington Mills (MM)

DATE: 1982 Feb 11

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DOCUMENT DESCRIPTION: Memo RE GAF - Asbestos

Tarkett Inc.

GAFSTAR VINYL FLOORING

Interoffice Correspondence

To: Jurgen Herrmann
Location: Swedish Match
Risk Management

From: Ingvar Backhamre
Location: Tarkett Inc.
Parsippany

Date February 11, 1982

cc: W. Senn
H. Sundhed
J. Jaeger } 3/3/82
W. Page }
A. Aberg } 3/8/82
P. Zaunders }

Subject: GAF - Asbestos

We agreed upon the following before closing:

- At closing we should stop the use of asbestos

  a) At the Long Beach plant
  b) At the Vails Gate plant

  This has been done.

- At closing we should stop the use of asbestos as backing for most of our own products produced at Whitehall plant.

  This has been done.

- As soon as possible after closing we should stop the production of asbestos felt for the rest of our own products produced at the Whitehall plant.

  This has been done.

- Regarding Mannington you and I discussed how to reduce that risk. You told me that if we inform Mannington of the risk, they cannot (as a manufacturer) come back to us with claims. I also had assistance from Anders Aberg in writing a letter to Mannington regarding the risk. This letter was also checked with you.

  It was never under discussion to stop the deliveries to Mannington. You stressed that the big risk is claims from third parties, not from workmen's compensation.

In order to minimize the risk for the Mannington felt still more, you and I also agreed to force GAF to agree that claims from workers should be split between GAF and Tarkett according to the time of employment with GAF and Tarkett. GAF was forced to accept that.

As a result of this we included in the calculation to Swedish Match the profit from Mannington felt (about US $5 million per year).

Now the following has happened:

In spite of the fact that we have followed our plans regarding asbestos, the insurance company wants to force us also to stop the deliveries to Mannington.

In your letter of February 8, 1982 you are writing "Finally I have to draw your attention again on the asbestos risk created by our deliveries to Mannington, which are also affecting our umbrella coverage up to 500 million SEK (what does that mean?). Please evaluate all possibilities to find provisions of discontinuing deliveries to Mannington if there is no liability coverage available at some date in the future. I can assure you that I will do my best to find any reasonable solution which is obtainable in the insurance market".

I thank you very much for your assistance so far and I am also sure that you will help us a lot in the future. However we cannot accept that the insurance company can change their opinion regarding the Mannington deliveries and suddenly we have lost a profit of US $5 million per year. I ask you to put pressure on the insurance company. We have followed our plans and I expect them to do the same.

Best regards.

I. Backhamre

IB:lw