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LIABILITY MEMORANDUM
GEORGIA-PACIFIC CORPORATION

CORPORATE HISTORY

Georgia-Pacific (G-P) incorporated in Georgia as Georgia Hardwood Lumber Company on September 22, 1927. This title remained until March, 1948, when it was changed to Georgia-Pacific Plywood and Lumber Company. The company, however, modified its name once again to Georgia-Pacific Plywood Company in April, 1951. Finally, the company title was changed to Georgia-Pacific Corporation in April 1956. On July 20, 1956, Georgia-Pacific obtained a certificate of authority to conduct business in the state of Texas.

Effective April 30, 1965, Georgia-Pacific acquired by merger all the assets and liabilities of the Bestwall Gypsum Company, which manufactured such asbestos-containing products as wall and finish plasters. **(GP-100)** (Bestwall was the gypsum division of CertainTeed Products Corporation until May 1, 1956, when it was spun off as a separate business entity.) The merger with G-P terminated Bestwall Gypsum's identity as a separate business entity and made G-P the successor-in-interest to all asbestos activities. Note: Georgia-Pacific did not produce any asbestos-containing products until after the merger with Bestwall.

In 1968, Indianapolis Paint & Color Company was listed as a subsidiary and in May 1970, this entity sold certain trademarks to Schulte Paint and Lacquer Manufacturing Company (information concerning the foregoing could not be procured). Effective July 1972, Louisiana Pacific Corporation incorporated as a wholly-owned subsidiary of the Georgia-Pacific Corporation in Delaware and spun off. Georgia-Pacific maintains that it ceased production of asbestos-containing products in 1977 after the discovery of nonasbestos ingredients.

Currently, Georgia-Pacific is publicly owned and traded on the NYSE. Its home office is located in Atlanta, GA (133 Peachtree St., 30303) and its registered agent is C.T. Corporation. Georgia-Pacific currently manufactures and wholesales building products, pulp, paper and chemicals. G-P consists of eight (8) divisions.

The 1994 Georgia-Pacific Annual Report cavalierly makes reference to pending litigation, namely the 27,300 plaintiffs who have filed suits alleging damages incurred as a "result of exposure to asbestos-containing products." The legal proceedings "allege a variety of lung and other diseases based on alleged exposure to product previously manufactured by the Corporation. In many cases the plaintiffs are unable to demonstrate that they have suffered any compensable loss as a result of such exposure." G-P contends that it has meritorious defenses to such claims. Moreover, "the Corporation generally resolves asbestos cases by voluntary dismissal or settlement for amounts it considers reasonable given the facts and circumstances of each case." Georgia-Pacific avers that it has enough insurance to cover reasonable and "foreseeable damages and settlements arising out of claims and suits currently pending." Established reserves and "a

receivable for expected insurance recoveries with respect to pending suits" should tide over the Corporation, according to this excerpt. (GP-131)

PRODUCTS

Georgia-Pacific neither mined nor sold raw asbestos. It did, however, utilize raw asbestos as an ingredient in several of its building products from 1956 (the year Bestwall Gypsum became a separate entity) to 1977. The principle suppliers of raw asbestos to Georgia-Pacific were Johns-Manville (1956-1977), Union Carbide (1970-1977), Philip Carey (1970-1977) and Canadian Mines (?-1977). (GP 130, pp 33-34 q.33) G-P holds that it "did not know or have reason to know that any ingredient in any product which it made was hazardous." Moreover, when the corporation "first heard a suggestion that there might be a potential health hazard to persons appropriately using products similar to those manufactured by this Defendant, it immediately began a reformulation program to substitute asbestos in its product." (GP130, p17).

The following is an all-inclusive list of Georgia-Pacific asbestos-containing products categorized by the percentage of total asbestos (and type) that each product contained, the intended use of the final product, the texture of the completed product and the years in which the asbestos-containing product was produced:

Product	Years Produced w/ Asbestos	Asbestos & Type	Intended Use	Texture of Final Good
1 All Purpose Joint Compound (G-P)	1967-1973	Approx. 4.5%; Chrysotile	Conceal & reinforce joints	Dry

This product is still available. Asbestos-free formulation introduced in 1973, but the last year that asbestos-containing All Purpose Joint Compound was sold was 1977. **Sources: GP-130, pp 5-6 & GP-93 pp1-2**

2 Bedding Compound (Bestwall & G-P)	1956-1973	Approx. 3%-7%; Chrysotile	Conceal & reinforce joints	Dry

This product is still available. Asbestos-free formulation was introduced in 1973, but the last year that asbestos-containing Bedding Compound was sold was 1977. **Source: GP-130, p6 *Note: The date of discontinuance of asbestos as an ingredient provided by GP-130 conflicts with GP-93, p2 by one year. The year of discontinuance contained therein is 1974.**

3	Central Mix (G-P)	1970-1973	Approx. 3%-7% Chrysotile	Conceal & reinforce *joints*	Dry

This product was discontinued in 1973. Reason unknown. Not replaced with an asbestos-free formula. **Sources: GP-130, p7 & GP-93, pp2-3**

4	Drywall Adhesive (G-P)	1972	.8% Chrysotile	To attach wallboard to wood studs	Dry

This product was discontinued in 1972. Reason unknown. Not replaced with an asbestos-free formula. **Sources: GP-130, pp7-8 & GP-93, p3**

5	Joint Compound (Bestwall & G-P)	1956-1974	Approx. 2.5%-6% Chrysotile	Conceal & reinforce joints	Dry

This product is still available. Asbestos-free formulation introduced in 1974, but the last sales of asbestos-containing Joint Compound was 1977. **Sources: GP-130, p8 & GP-93, p3**

6	Kalite (Bestwall)	1956-1959	Approx. 2.6% Chrysotile	Ceiling finishing with noise reduction properties	Dry

This product was discontinued in 1959 due to poor sales. Not replaced with an asbestos-free formula. **Sources: GP-130, p9 & GP-93, p3**

7 Laminating Compound-Ready Mix (G-P)	1969	Approx. 4% Chrysotile	Conceal & reinforce joints	Paste

This product was removed from the market in 1969. Not replaced with an asbestos-free formula. **Sources: GP-130, pp9-10 & GP-93, p4**

8 Lite Acoustic (Bestwall)	1958-1964	25%-29.09% Chrysotile	Ceiling finishing material w/ noise reduction properties	Dry

This product was discontinued in 1964 due to poor sales. Not replaced with an asbestos-free formula. **Sources: GP-130, p10 & GP 93, p4**

9 Patching Plaster (Bestwall & G-P)	1956-1976	Approx. 2% Chrysotile	Patch wallboard	Dry

This product is still available. Asbestos-free formulation introduced in 1976. **Sources: GP-130, p11 & GP-93, p4**

10 Ready Mix (Bestwall & G-P)	1963-1976	Approx. 1.5%-12% Chrysotile	Conceal & reinforce joints	Paste

This product is still available. Asbestos was removed in 1975, but the last year that asbestos-containing Ready Mix was sold was 1977. **Sources: GP-130, pp 11-12 & GP-93, p5**

11 Spackling Compound (Bestwall & G-P)	1956-1970 or 1971	5.5% Chrysotile	Fill holes & Cracks	Dry

This product was discontinued in 1970 or 1971 due to poor sales. No asbestos-free formula was introduced. **Sources: GP-130, p12 & GP-93, p5**

12	Speed Set (Bestwall & G-P)	1962-1974	Approx. 2.75%-6.75% Chrysotile	Conceal & reinforce joints	Dry

This product is still available. Asbestos-free formulation introduced in 1974. **Sources: GP-130, p13 & GP-93, pp5-6**

13	Texture (Bestwall & G-P)	1956-1974	Approx. 1%-15% Chrysotile	Decorative finish to walls & ceilings	Dry

This product is still available. Asbestos-free formulation introduced in 1972, but the last year that asbestos-containing Texture was sold was approximately 1974. **Source: GP-130, pp13-14**

14	Topping Compound (Bestwall & G-P)	1956-1973	Approx. 1%-7% Chrysotile	Decorative finish to walls & ceilings	Dry

This product is still available. Asbestos-free formulation introduced in 1973, but the last year that asbestos-containing Topping Compound was sold was 1977. **Source: GP-130, p14.**

15	Triple Duty Joint Compound (G-P)	1965-1974	Approx. 1%-7% Chrysotile	Conceal & reinforce joints	Dry

This product is still available. Asbestos-free formulation introduced in 1974, but the last year that asbestos-containing Triple Duty Joint Compound was sold was approximately 1977.
Source: GP-130, pp14-15

Georgia-Pacific entered into "rebranding" agreements with several companies, whereby it either resold other companies' asbestos-containing products or sold asbestos-containing goods to other business concerns to be resold by the latter. (GP-130)

PRIMARY CONSUMERS OF G-P ASBESTOS-CONTAINING PRODUCTS

Georgia-Pacific asbestos-containing building products were geared toward drywall finishers, primarily contractors involved in the construction of commercial buildings and homes. The corporation asserts that drywall finishers were the "only foreseeable users of [G-P] products.... Insulators, helpers, pipefitters, welders, machinists... were not foreseeable users and could not have properly used any [asbestos-containing products] in the ordinary course of business." (GP-130, p38) However, in 1974 Georgia-Pacific also targeted novices interested in home-improvement. G-P released a brochure designed to enlighten "do-it-yourselfers" on gypsum wallboard application.

Note: the brochure contained no warning to consumers concerning the dangers associated with the inhalation of asbestos fibers, a common occurrence during the sanding phase of wallboard finishing, nor did the it suggest that users don respirators. (GP-116) Indeed, Georgia-Pacific did not place labels on its containers warning its customers of the dangers of asbestos until 1973 at the behest of OSHA. Moreover, although the foregoing brochure was published in 1974, Georgia-Pacific claims that its 1973 caution labels urged customers to use an approved respirator when mixing and sanding. (GP-130, p20)

EXPOSURE TO ASBESTOS BY CONSUMERS OF G-P PRODUCTS/NEGLIGENCE OF GEORGIA-PACIFIC

Exposure to airborne asbestos fibers contained in Georgia-Pacific products occurred when the consumer (spacklers, wallboard finishers, etc.) either opened a package of asbestos-containing material (dry), mixed the dry-textured products or sanded the hardened material-- an integral step in completing the application of a G-P product. Medical studies and scholarly/media inquiry into the causal connection between asbestos-bearing building products, such as joint compounds and spackling, and asbestos-related diseases appear on the GP exhibit list. In many cases, such newspaper articles were appended to G-P intracompany memoranda. Furthermore, the Gypsum Association, of which Georgia-Pacific was a member, researched this very subject, albeit to a relatively limited degree. (The Gypsum Association was a trade group that dealt primarily with issues relating to gypsum based products. In fact, G-P officials played a prominent roles in several Gypsum Association Committies, particularly Safety and Technical. There is no evidence that G-P was associated with any asbestos information groups, such as the Asbestos Information Association. See GP-130)

09/19/67
Minutes of the Safety Committee Meeting. "One member noted a recent problem involving the asbestos industry where a number of lung carcinoma cases had been reported by inhabitants of the neighborhood surrounding an asbestos plant." Sure to cause anxiety among these officials was the fact that "clinical tests and investigations had resulted in legal action against the manufacturer by the claimants."(GP-2)

06/03/70
Letter addressed to Matt Fink, G-P western region Safety Supervisor, from E.F. Fatz concerning lung research conducted by Mt. Sinai Hospital Medical School. Fatz informed Fink that the research included a case in which a drywall joint finisher, who primarily did joint sanding, developed a lung spot; the cause was unknown. Fatz feared that the drywall industry might be targeted for research and suggested that the Gypsum Association investigate. (GP-4)

06/09/70
Letter to Fred Rogers, Secretary, Gypsum Association from Matt Fink revealing panic among gypsum industry officials. While Fink acknowledged that 5% asbestos contained in joint systems is a respiratory irritant and that asbestos is "very harmful", he questions whether this percentage of the fiber is perilous. If liability is to be stressed and a "whipping boy" is to be found, the "entire blame can be placed on the contractor for not insisting on respirators when sanding." Fink confirmed his knowledge of dust sample analyses that were being conducted by the Gypsum Association. (GP-5)

09/15/71
Letter to William Hunt, President of G-P, from Albert Fay of the National Gypsum Company, inviting Hunt to attend an Asbestos Information Association (AIA) seminar concerning the "background of research and investigation which has been conducted by industry, government and labor" with respect to the hazards of asbestos. Fay attempted to impress on Hunt the importance of G-P's participation, as it "uses asbestos fiber in product[s] such as asbestos cement, joint treatment products, acoustical products"; the implication being that these areas are to be affected by regulation. (GP-6)

09/24/71
Letter from Fay to Hunt expressing regret that Hunt disregarded the seminar. Fay used the opportunity to notify Hunt that "our tests indicate that sanding of joint treatment products and particularly the spraying of wall finishes offers some substantial potential hazards." (GP-7)

0/6/07/72
Federal Register, "Standard for Exposure to Asbestos Dust" Vol 37, NO 110 (GP-8)

01/22/73
Occupational Safety and Health Administration (OSHA) Region 10 letter to employers using asbestos, along with a seven page information packet designed to assist producers in the development of asbestos control was issued to G-P. (GP-15)

04/11/73
Correspondence from Charles Lehnert, G-P Manager of Product Development, to various G-P plant managers, which concluded that bags of joint compound containing asbestos be marked/affixed with warning labels. However, Lehnert believed that "there is no necessity to label Ready Mix. This exempts Milford [Virginia plant]. Also, we are far enough along with asbestos-free products at Acme that we should at least delay labeling there...." The Acme, TX plant manufactured joint systems that were not completely asbestos-free until 1974. (GP-21)

06/19/73
Memo to John Woodsmall, salesman of G-P products in Detroit, from Lehnert regarding customer concerns about asbestos as a result of the new OSHA-mandated warning label. "We have always used asbestos fiber in our joint system products, so if there is a hazard, it is no different today than it is in the past. The hazard is from the inhalation of asbestos fiber." Since the extent of the hazard "would depend on the concentration of asbestos fiber in the air and the duration of exposure to that air," health problems are related to prolonged periods of heavy concentration. Lehnert admitted that "it is recognized that there is some exposure during the mixing of dry products and the sanding of joints.... It would be advisable for workers in these operations to wear respirators." But he concludes, "once mixed and wetted, the asbestos fiber is not subject to becoming airborne and, therefore, is no longer hazardous. For example, ready mixed products would present no problems other than perhaps the sanding." (GP-26)

08/11-13/73
"Evaluation of Exposure to Siliceous Dust During Mixing and Sanding of Joint Compounds" by the Gypsum Association. Concluded that mixing and sanding of asbestos-bearing joint compounds results in exposure of asbestos in excess of the then acceptable TLV (five fibers greater than five micrometers in length, per cubic centimeter. Elimination of asbestos from joint compounds was seen as the most viable option to terminate the problem. (GP-29)

08/17/73
United States Gypsum Company interoffice memo from K.S. Freeman to J.M. Walker concerning Freeman's participation in a meeting of the "Special Committee on Asbestos in Joint Compounds" under the auspices of the Gypsum Association. Items of note: 1) a test conducted by the National Gypsum Company and U.S. Gypsum revealed that sanding of joint compounds resulted in asbestos fiber concentrations far in excess of OSHA standards; 2) the National Gypsum Company, at that point in time, decided to affix OSHA asbestos caution labels to its containers of ready-mix; and 3) Freeman speculates that OSHA's asbestos caution label "on ready-mix compounds would not be a handicap to sales, especially if it were universally adopted." (G-P, a member of this special committee, apparently viewed the warning as a hindrance. See GP-117)

11/19/73
Letter from J.D. Rauch, Akron, N.Y G-P Plant Manager, to Chester Whiteside, OSHA Area Director, informing the latter that Georgia-Pacific was forced to abandon production of nonasbestos Joint Compound "due to poor customer acceptance." (GP-99)

04/26/74
Document entitled "OSHA Warns That Dry-Wall Spackling Contains Dangerous Asbestos Hazard" is stamped "Received April 26, 1974 (GP-113)

05/17/74 -40
Memo ~~from~~ Glen Wilson, Senior Vice President of Gypsum Roofing, to O. E. Burch, G-P General Sales Manager. It consisted of a cover letter introducing an article in the Walls & Ceilings magazine that reports the asbestos danger associated with taping and spackling compounds; painters were found to have fibrosis. (GP-34)

08/23/74
G-P Intracompany correspondence between R.L. McCallister and L.K Ryder concerning Asbestos Exposure. Appended to the letter was a copy of an article in the California Safety News entitled "Asbestos Poses Health Hazard" and "Director H. Edward White Visits Asbestos Mine/Mill." **(GP-114)**

08/25/75
An article in the New York Times entitled "Spackling may harbor dangerous asbestos level" is published. It is based on a study conducted by Dr. Irving Selikoff, which cites the dangers associated with dried asbestos-containing spackle. **(GP-39)**

11/17/75
Intracompany memo from W.D. Brooks to D. Corkhill:

> One of the independents are [sic] now trying to market asbestos free ready mix and they are having problems- and losing business. We are benefiting from various manufactures' attempts to get asbestos free ready mix into the market. Eventually the others will probably find a way to make it and have it acceptable but the damage will have already been done and they'll have no business. Let's keep this in mind when we come to ours and not market and asbestos free type from Acme until and unless it is such that the working qualities are so similar to our current production that a user can't tell the difference. This way we won't suffer the loss of business the other mfgrs are going thru now. **(GP-117)**

03/00/76
"An Ordering Of The NIOSH Suspected Carcinogens List" Environmental Protection Agency. **(GP-140)**

07/16/76
Intracompany memorandum from G.E. Wilson to G-P plant managers regarding previous instructions to ship only nonasbestos-containing Ready Mix and place "asbestos-free" labels on the containers. Wilson chastised the managers for not completely adhering. **(GP-122)**

07/16/76
Article "Wall-Repair Goods Are Said to Contain Carcinogenic Fibers, Compounds for Patching Paste Have Perilous Asbestos. Studies Say: Ban Asked," Wall Street Journal Staff Reporter. (GP-150)

01/14/77
Letter from Craig Burnigham, a consumer of such G-P products as Ready Mix and Joint Compound, to Georgia-Pacific officials expressing concern over asbestos fibers. The source of his anguish was the OSHA-mandated warning label placed on the container. (GP-57)

01/21/77
Reply letter written by O.E. Burch. Burch told Burnigham "you need not concern yourself over the possibility of harm due to the asbestos fiber content in the Joint Cement you recently used." Burch asserted "to our knowledge, there is no known case of harm from Joint Cement containing asbestos fiber, even after prolonged exposure." (GP-59) (GP-88 consists of another letter similar in content, designed to assuage an anxious customer.)

02/03/77
Letter to Bill Gettel, G-P Senior Product Development Engineer, from David Leet, Sales Manager at Windsor Minerals, in an attempt to sell Georgia-Pacific an asbestos substitute. Attached to the letter is an article entitled "Asbestos: Still Some Problems." (GP-60)

03/00/77
Telex to G-P plant managers from E. B. Hollingsworth, G-P company official informing them to cease the manufacture of products containing asbestos once again. However, "it will be ok for you to ship your inventories of finished products containing asbestos." (GP-64)

03/03/77
Intracompany memo from Charles Lehnert to D.C. Corkhill, G-P company official regarding proposed federal standards for joint compounds to be used in federal projects.

> My feeling on asbestos remains the same: I want to continue to provide an asbestos Ready-Mix as long as possible. In the meantime, continue development on the asbestos free product we currently have available. I would expect the government to require an asbestos-free product on federal jobs. If this transpires, we do have a product we can furnish. (GP-66)

04/12/77
Invoice presented to Georgia Pacific Corp. for an order of raw asbestos: a rush delivery of 800 50 lbs. bags from Canadian Mines. **(GP-75)**

04/29/77
Telex to all Branch Managers from Stanley Dennison, G-P corporate official, instructing the managers to continue to sell asbestos-containing Ready Mix "to commercial customers, defined as customers who are professional applicators—do not sell these two items to retail stores, who [in turn] sell to customers." This despite the fact that production of all G-P goods, effective that very day, was asbestos-free, including a nonasbestos Ready Mix that had been made six months prior to this Telex. **(GP-79)**

04/29/77
Telex to plant managers from Charles Lehnert. "It has been decided to apply the 'Asbestos Free' labels over the caution marking in all cases." **(GP-80)**

05/02/77
Telex from D.C. Corkhill to regional gypsum managers, informing them of the Consumer Products Safety Commission's order to phase out asbestos product and ordering them to sell asbestos-bearing products so as to "use up our existing asbestos inventory." During the 4-6 month phase out period, "our asbestos formula is to be sold to contractor customers and dealers supplying contractors only; the asbestos-free formula to retail outlets for consumer use. Corkhill also maintained that the "joint cement plants will again produce the asbestos formula until present asbestos stocks are gone...." **(GP-81)**

08/12/77
Telex from George Baitinger to Gypsum Regional Managers. "[RE] Joint treatment products containing asbestos in branch or customer stocks– assist branches in selling this material ASAP." **(GP-127)**

EXPOSURE TO ASBESTOS BY EMPLOYEES OF G-P

Georgia-Pacific had a poor track record of shielding its plant employees from asbestos. Raw asbestos was shipped to G-P plants in unmarked dust-permeable sacks. When stacked or otherwise slammed about, the sacks produced thick clouds of dust. Citations and warnings were issued to various G-P plants across the country, and G-P officials were slow to respond to suggestions that they design and implement dust control systems to stem the problem of asbestos inhalation by its employees.

09/22/72
Texas State Department of Health letter to K.W. Brown, Plant Manager, Acme, TX, regarding an industrial hygiene study conducted at Acme. One sample of asbestos fibers resulted in an exceedingly high level of 13.7 fibers per cubic centimeters. Recommendations to alleviate the situation are submitted . **(GP-9)**

10/27/72
State of New York Department of Labor Notice of Violation and Order to Comply. **(GP-12)**

01/10/73
Interdepartmental memo from W.J Hammer to E.B. Hollingsworth regarding dust collection equipment for joint system plant in Akron, NY. Proposal to implement a dust collection system. However, Akron's Capital expenditure did not allow for the purchase of another hopper to catch errant asbestos dust. **(GP-111)**

04/13/73
Summons issued by the New York Department of Labor to the G-P Akron, NY concerning citation issued to the Akron plant. The citation was issued on 10/27/72 for "dangerous air contaminants generated or released by mixing operation involving asbestos in the Joint Systems Operation." **(GP-132)**

04/26/73
Memo from J.D. Rauch to E.B. Hollingsworth. Rauch acknowledged that OSHA and New York State inspectors indicated a serious asbestos problem and suggested countermeasures to control the problem. **(GP-22)**

05/12/73
Letter to George Turner, G-P Project Engineer from Earlan Harvey, consultant/engineer, who was responsible for implementing an automatic "bag splitter system." The then existing dust collection system was so poor that some asbestos dust piles were "ankle-deep," according to Harvey. **(GP-23)**

05/20/74
Intracompany memo from G.K.Wilson to E.B Hollingsworth and T.W. Wilson, informing them of yet another series of OSHA citations issued to Georgia-Pacific; OSHA targeted the Chicago plant. He upbraided them for not establishing a respirator program and a protective clothing program "which are mandatory under the regulations." Wilson then requested assurances by each plant manager to take the necessary steps to comply. **(GP-136)**

06/13/73
Citation for Serious Violation presented by OSHA inspectors to officials at the G-P plant in Akron, NY.. A multi-step abatement process was proffered. **(GP-24)**

In addition to the foregoing violations and omissions, Georgia-Pacific never employed a full-time or part-time physician or medical officer as part of its corporate or divisional staff. Neither did it employ industrial hygienists until 1979. **(GP-130, p22)** The corporation also states that before 1970, it "did not arrange any dust level counts on job sites." **(GP130, p39)**