PLAINTIFF'S EXHIBIT
WRG-1449

Route to Joel
File

GRACE

W. R. Grace & Co.
62 Whittemore Avenue
Cambridge, Mass. 02140
(617) 876-1400

8/18/86
cc: D. Newman
file

August 11, 1986

Mr. Jerry Chesson
Southeastern Shelter Corp.
607 Ellis Road
Durham, North Carolina 27703

RE: W. R. Grace & Co.
Construction Products Division

Dear Mr. Chesson:

It has come to the attention of W.R. Grace & Co. that Southeastern Shelter Corp. has, on at least one occasion, made misleading and inaccurate statements to a potential Grace customer concerning Monokote MK-5 fireproofing. Grace believes these statements to be an intentional and deliberate attempt to unfairly disparage Grace products and is considering filing appropriate legal action.

As a result, Grace will cease doing any further business with Southeastern Shelter Corp. until this matter is resolved. Grace will, of course, honor its outstanding contractual obligations with Southeastern Shelter (including quotes received prior to July 31, 1986). Please provide me with a list of these obligations at your earliest convenience.

Very truly yours,

John S. Hamilton, Jr.

JSH/lmm

bcc: R. J. Bettacchi
R. D. Dratnol - CPD/Atlanta
M. G. Lopinto - CPD/Somerville

1. Retraction of a letter by The Port Authority of NY-NJ banning MONOKOTE®-5 on all projects was obtained. However, stipulations regarding protection by sprayers, workers and notification of removal put unnecessary restraints on the use of our product and we hope to address these with The Port Authority in the near future.

2. We have halted the publicity in the form of radio interviews and newspaper articles stirred up by a misinformed attorney representing a fiber manufacturer and a contractor who did not get the University of Virginia Hospital job. The attention was centered around the tremolite issue and our compliance with EPA standards. The attorney has been proven incorrect with his information, put on notice by our legal department and we have taken steps to not do further business with the contractor involved, Southeastern Shelter of N.C. The Hospital has stood by its decision to use MONOKOTE and the job is being sprayed now (65,000 bags). We have learned that the Univ. of Virginia Hospital has received a letter from the Federal EPS that we are in compliance with their standards and the material is safe to use. We are working to obtain copy of the letter.

3. We are addressing the tremolite issue of 919 Third Avenue in New York City, a re-spray job with all parties involved. A bag of material was sent to United States Testing for evaluation by the owner of the building, Lazard Realty. We are pursuing contacts in U.S.T. to obtain copies of the evaluation. Preliminary rumor is that they found nothing resembling asbestos in the material. The architect, Zywotow & Eckert and the removal contractor, Environmental Encapsulate have requested information on the product and discussion is ongoing. We believe this issue is related to the judgment on the South Carolina case and Cafco's promotion of asbestos-free everything. Special thanks to Dick Ault on keeping all the pieces of the puzzle on the table. The first five floors have been sprayed with MONOKOTE and 1/2 of a floor remains under this phase. The next phase will not take place for about 90 days. The owner is still undecided in his selection of products. We will stay on top of this one.

I attended a product managers' meeting in Santa Ana for introduction and update on the progress of MK-6. I feel we have a product we could go to market with if absolutely pressured to do so. Many refinements are needed before it can be made cost efficient and as simple as possible for the applicator to use who has been accustomed to MK-4 and 5 for 20 years.

I enjoyed the meeting and thought it beneficial to all. Thanks to the Western Region for their hospitality.

A meeting was held with Lou DiBono to discuss the Philadelphia situation and his affiliation with Ganmar. According to DiBono he had broken ties with Ganmar on the Logan East project and he has the contract to do with MONOKOTE. This is contrary to the general contractor stating the job has not been awarded.