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September 12, 1978

Mr. Greg Havendon
Assistant Chief
Judgment Enforcement Section
Anti-Trust Division
Department of Justice
Washington, D.C. 20530

Dear Mr. Havendon:

I am writing in regard to Corning Glass efforts to sell 6.8 million shares of Owens Corning stock, as reported in the Wall Street Journal yesterday. Corning Glass seeks a court order requiring divestiture of its Owens-Corning shares, to avoid capital gains taxes. Corning Glass did not give any reason for its desire to dispose of most of its Owens-Corning shares, the story said.

I do research for plaintiffs that are suing Owens-Corning and other large firms that manufactured asbestos insulation materials in past decades. The suits are based on the companies' failure to warn users of their products that the products were dangerous, before 1964. Recently, evidence has come to light that shows conspiracy to suppress the knowledge of the hazards of asbestos, and reckless indifference on the part of firms including Owens-Corning. The new evidence is summarized in an enclosed Court Order for new trial in the case of Barnett vs. Owens-Corning Fiberglass Corp. et al.

My concern is that the victims of these companies get properly compensated, and that no sleight-of-hand accounting games be played that would shield the assets of the guilty parties. I believe this information is germane to actions you might take, in deciding whether the divestiture of Owens-Corning shares by Corning Glass is in the public interest.

I look forward to hearing from you on this matter, and am willing to discuss the matter in detail if you would like to meet sometime soon.

Please note that I am moving, and your reply should be sent to this address:

Environmental Defense Fund
1525 18th Street, NW
Washington, D.C. 20036

I hope this information is of use to you.

Sincerely yours,

receipt acknowledged
later in September

9/11/78

Corning Glass Seeks to Reduce Its Stake in Firm

Its Plan to Sell 6.8 Million Shares of Owens-Corning Is Subject to Tax Status

By JEFFREY A. TANNENBAUM
Staff Reporter of THE WALL STREET JOURNAL

CORNING, N.Y.—Corning Glass Works is seeking to dispose of most of its 25% holding in Owens-Corning Fiberglas Corp., but only if capital-gains taxes can be avoided.

Corning Glass indicated it wants to dispose of more than 6.8 million Owens-Corning shares, or 90% of the holding. At recent market prices, the shares are valued at more than $230 million. Corning Glass owns about 7.6 million Owens-Corning shares.

In an action that is unusual but isn't without precedent, Corning Glass said it is seeking, in effect, a federal court order requiring the divestiture of 90% of its Owens-Corning shares. The reason for going to court, Corning Glass said, is that the disposal of the shares would be tax-free to Corning Glass "only if required by an antitrust judgment."

Corning Glass's relationship with Owens-Corning already is governed by a 1949 consent decree that resulted from a Justice Department antitrust suit. Under the consent order, Corning Glass and Owens-Illinois Inc., which together had formed Owens-Corning in 1938, were barred from participating in the management of Owens-Corning.

Modification in 1973

In 1973, Owens-Illinois persuaded a federal court in Toledo, Ohio, to modify the 1949 consent decree. The change permitted Owens-Illinois to dispose of most of its Owens-Corning shares without facing capital-gains taxes. Owens-Illinois made a tender offer for some of its own shares, which it paid for with Owens-Corning shares.

Corning Glass said it has made "no definitive decision" concerning the timing and method of its disposition of Owens-Corning shares. As proposed by the company, the divestiture would occur "within eight years" of the court's decision, or by late 1986 if clearance comes this year.

Corning Glass indicated it hopes to dispose of the shares by exchanging them for shares of its own stock, thus reducing the number of Corning Glass shares outstanding. The exchange ratio hasn't yet been determined.

Reason Wasn't Indicated

Corning Glass's announcement gave no reason for its desire to dispose of most of its Owens-Corning shares. Asked for the reason or reasons, a company spokesman gave no clear answer.

Corning Glass makes glass housewares and other consumer, electronic and technical products. Sales in 1977 were $1.12 billion with net income of $92.1 million, or $5.20 a share. The company doesn't include any of Owens-Corning's results in its figures.

In Toledo, Owens-Corning said it hadn't any comment on the Corning Glass announcement. The company said it had 30.3 million shares outstanding June 30, of which Corning Glass owned 7.6 million and Owens-Illinois held about 627,000.

Study Sees 20% Of Cancer Cases As Work-Related

By Bill Richards

Washington Post Staff Writer

A major new federal study has found that at least one of every five future cases of cancer in the United States will come from exposure to carcinogens on the job.

The figures, which sharply contradict much lower estimates made recently by industry, were made public yesterday by Health, Education and Welfare Secretary Joseph A. Califano Jr.

He said the study by the National Cancer Institute and the National Institute of Environmental Health Sciences also showed that occupational exposure to asbestos alone may cause 2 million premature cancer deaths in the next three decades—roughly 17 percent of the total number of cancer deaths expected during that time.

In a speech delivered to the AFL-CIO National Conference on Occupational Safety and Health here, Califano called the still unreleased study's findings "alarming" and said they would lead to increased emphasis on prevention rather than treatment of cancer.

The three-day conference, the first of its kind to be called by the labor federation, drew a strong showing from Carter administration officials, with speeches by Califano, Vice President Mondale and Labor Secretary Ray Marshall.

The administration officials sought yesterday to counter recent criticism that they have been willing to ease up on environmental and worker safety regulations in an effort to curb inflation.

"It is, in my judgment," said Califano, "myopic to argue that programs to protect workers are inflationary—if we do not count in our calculations what these programs buy: safety, health and often greater productivity."

Mondale and Marshall drew cheers

See CANCER, A6, Col. 1

Work-Related Cancer Hazards Cited

CANCER, From A1

from union representatives with pledges that the administration would continue to oppose a proposed amendment to the Occupational Safety and Health Act that would exempt businesses with fewer than 10 employes from federal safety and health investigations.

Labor leaders have bitterly criticized the amendment, which passed the Senate and is scheduled to go before a House-Senate conference committee this week. AFL-CIO President George Meany yesterday called the proposal a "killer amendment" and warned that "it will turn several million workplaces into deathtraps."

Mondale promised that the administration would "work overtime" to defeat the amendment. But he did not say whether Carter would veto the bill if the amendment were included.

In his speech, Califano said he was using the conference as a forum to unveil the results of the study.

Noting that earlier industry estimates of the number of cancers related to occupational exposure ran between 1 and 5 percent, Califano, quoting from the federal study, said, "If the full consequences of occupational exposures in the present and the recent past are taken into account, estimates of at least 20 percent appear much more reasonable and may even be conservative."

Other federal health officials familiar with the study said the researchers found that the number of occupational-related cancers may run to 40 percent of all cancer in the country, the officials told The Washington Post yesterday.

The federal report also noted that industry estimates on occupationally related cancers in the past have lacked scientific documentation.

The researchers said that during the next 30 to 35 years the average number of cancers directly related to asbestos exposure will average 67,000 per year. Last year about 375,000 cancers were reported excluding cancers of the skin, federal officials said.

The federal estimates on occupationally related cancers were based on past exposure of workers to carcinogens, the study said. "There is no sound reason to assume that the future consequences of present-day exposure to carcinogens in the workplace will be less than those of exposure in the recent past," it concluded.

The study noted that eight other carcinogenic substances found in the workplace may cause cancers equal in their total number to asbestos. The highest excesses of cancers among workers were found in leather and shoe workers, coke oven workers, cadmium production workers and metal miners, the study said.

The percentage of occupationally related cancers was quickly challenged yesterday by the head of health and environmental research for the Dow Chemical Co.

Dr. Perry Gehring said "what it boils down to is that Califano is all wet. He doesn't have the data to support the findings."

Gehring said industry estimates of work-related cancers were drawn from studies by the International Agency for Research on Cancer in France and the American Health Foundation, an industry-supported organization.

for rpt call

245-6343

UNITED STATES DEPARTMENT OF JUSTICE

WASHINGTON, D.C. 20530

Address Reply to the
Division Indicated
and Refer to Initials and Number

September 18, 1978

BMH:EBW
60-14-43

Barry I. Castleman
Enviromental Defense Fund
1525 18th Street, N.W.
Washington, D.C. 20036

Re: United States v. Owens-Corning Fiberglas Corp., et al., Civil No. 5778 (N.D. Ohio)

Dear Mr. Castleman:

This is in response to your letter of September 12, 1978, enclosing materials relating to the manufacture of asbestos insulation materials by Owens-Corning Fiberglas Corporation and others.

As the matter to which you refer is presently in litigation it would not be proper for us to comment on it at this time. We thank you, however, for the information you provided.

Very truly yours,

Elizabeth B. Wurzburg

Elizabeth B. Wurzburg
Attorney
Antitrust Division