ASBESTOS LITIGATION CHRONOLOGY

1968

August 21 Board Meeting: The Board is informed about a program recently undertaken by asbestos insulation manufacturers and others to study health problems of asbestos workers. As part of this program, the Board approves donation of $162,500 for purchase of an electron microscope and other equipment for environmental health studies to be undertaken by Dr. I. J. Selikoff at Mt. Sinai School of Medicine.*/

1969

January 15 Board Meeting: An updated status report on the asbestos/health situation is provided by the President.

February 19 Board Meeting: Plans to install additional dust control equipment at various plants are reviewed.**/

October 15 Board Meeting: The asbestos textile worker health problem and new interim exposure limits are discussed. There are indications that the present standard will probably be lowered from 12 fibers per cubic centimeter to 6 and then to 2 which was the current standard in the United Kingdom.

1970

April 15 Board Meeting: An updated status report on the asbestos health situation is presented. It now appears likely the asbestos exposure standard will be reduced from 12 to 5 fibers per cubic centimeter in 1970. Dr. Selikoff is recommending an even more stringent standard of 2. The Chair-

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*/ In 1964 Dr. Selikoff had published his landmark epidemiological study showing that prevailing asbestos standards were inadequate to protect insulation workers using or exposed to asbestos. The study represented the first criticism of the conclusion reached in 1938 by the United States Public Health Service when it recommended as "safe" an asbestos exposure level of 5 million particles per cubic foot. The same standard had been reaffirmed in a 1946 United States Government epidemiological study which showed shipyard exposure levels were generally below the 5 standard and concluded insulation work in shipyards was not a dangerous occupation. It was not until 1968 that the American Conference of Government Industrial Hygienists proposed a more restrictive asbestos exposure standard of 2 million particles per cubic foot or its equivalent of 12 fibers per cubic centimeter.

**/ In 1956 Manville had begun a three year program of installing negative pressure air handling systems in its asbestos plants. The design was used in subsequent new plants and provided to competitors and customers.

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man reports that all asbestos fiber shipped in the United States and Canada carries a cautionary label.*/ The Chairman also advises that Manville is presently defending many lawsuit relating to asbestos health. In addition to the cost, any one of these suits may result in publicity about asbestos/health related hazards. Sampling in New York had not shown any hazard but further sampling was planned to determine that there was no threat to the general public.

1972

January 26 Board Meeting: The Board is informed about and provided copies of the testimony of Manville representatives and medical consultants at EPA hearings on proposed asbestos standards.

February 23 Special Board Meeting: Board is informed Manville is making an assessment of possible environmental problems in the manufacture and sale of its products. Status of compliance of newly suggested exposure standard of 2 fibers per cubic centimeter is reviewed. Board informed that Manville is currently using 6 fibers as its standard and that present worker health problems are result of exposures of 30 years ago.

June 28 Special Board Meeting: Chairman reports that Manville can live with newly adopted OSHA standard of 5 fibers per cubic centimeter, although complaince with future standard of 2 has not been determined. OSHA labeling regulations and recent press reports were discussed.

1973

September 10 United States Court of Appeals for the Fifth Circuit affirms insulation worker's product liability judgment against Manville and others in the Borel case. This is the first suit to reach an appellate court. Manville's ultimate liability in the case is $10,000.

1974

March Manville files its Form 10-K with the SEC. The 10-K contains the first public disclosure of the asbestos

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*/ Starting in 1964, in response to Dr. Selikoff's published findings, Manville immediately undertook a voluntary labeling program for asbestos-containing thermal insulation products. The United States Government waited until July 1972 before its first standard for cautionary labeling became effective.

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litigation. It mentions that the company is defendant in 29 cases, but states adequate legal defenses exist and that the claims are covered by insurance. It concludes that the asbestos health litigation will have no material adverse effect on the company's financial condition.

March 4 Board Meeting: Mr. May requests information about Manville's compliance with Occupational Health & Safety Act ("OSHA") regulations.

April 10 Board Meeting: The President reviews Manville's compliance with OSHA regulations.

1975

March Manville's Form 10-K is filed with the SEC. It updates the earlier disclosures regarding the number of suits. The Company is defendant in 57 cases alleging failure to warn of hazards of inhalation of asbestos dust. The company maintains that no basis for any warning existed until publication of scientific studies in 1964 after which appropriate warnings were given. The report concludes that the litigation will have no material adverse effect on the company.

1976

March Manville's Form 10-K is filed with the SEC. Now the company is defendant in 124 cases. Again substantial defenses to the cases are said to exist. Safety measures adopted since 1964 are expected to reduce the incidence of future injuries. The company has adequate insurance to cover the claims. The litigation is not expected to have a material adverse effect on the company.

May 3 Manville's Form S-7, covering registration of 2.5 million shares, is filed with the SEC. The number of suits has increased to 136. Other disclosures are similar to the March 1976 10-K.

1977

January The Herrmanns, Denver Court plaintiffs, purchase 100 shares of Manville common stock.

March Manville's Form 10-K is filed with the SEC. Now the company is defendant in 271 cases, of which 4 are multi-plaintiff cases involving claims by approximately 500 individuals. Five cases have been tried, 4 of which resulted in verdicts for the plaintiffs. The average amount paid in cases tried or settled to date is less than $50,000 per case. Adequate insurance exists to cover the cases. The litigation is expected to have no material adverse effect on the company.

March 4 Board Meeting: The President reports a health survey at one plant indicates no asbestos disease among workers exposed up to 15 years.*/ The result of a Selikoff study and other favorable developments in the asbestos-health field are reported.

1978

March Manville's Form 10-K is filed with the SEC. Now the company is defendant in 623 suits. 94 cases have been settled to date. Eight cases have been tried, 4 of which resulted in verdicts for the company. The average amount paid in cases tried or settled is less than $25,000 per case. Due to the long latency period in development of asbestos-related disease, new cases are expected to relate to pre-1964 exposure. The company has substantial defenses to the pending cases and adequate insurance. The litigation is expected to have no material adverse effect on the company.

April 7 Board Meeting: Presentation by legal department of asbestos cases.

May 5 Board Meeting: The asbestos health situation is discussed.

July 7 Board Meeting: Dr. Kotin reviews Dr. Selikoff's work. Following adjournment, the Board meets with Dr. Selikoff at Mt. Sinai Hospital to hear his current assessment of the asbestos health problem.

October 6 Board Meeting: Mr. McKinney advises the Board that Manville is meeting the present standard of 2 fibers per cubic centimeter which is a safe level of exposure in Dr. Kotin's opinion and that future asbestos-related disease is not being generated.

November 3 Board Meeting: Mr. McKinney reports that a class action suit was recently filed on behalf of certain shipyard workers.

1979

March Manville's Form 10-K is filed with the SEC. Now the company is defendant in 1370 cases, including 7 class actions. For the first time several hundred cases seeking punitive damages are mentioned. Eleven cases have been tried, 5 of which were decided for plaintiff. 290 cases have been

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*/ In 1976, OSHA had lowered the asbestos exposure limit from 5 to 2 fibers per cubic centimeter.

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tried and settled to date at an average cost of less than $22,000 per case. There has been a slight upward trend in average disposition per case costs in 1978. The company has substantial defenses to the cases and insurance coverage is adequate for the pending cases with possible exception of some punitive damage claims. It is stated that punitive damage claims will not be substantial.

March Annual Report for 1978 contains first reference to asbestos/health litigation. The footnote disclosure of the asbestos cases, like all subsequent Annual Report disclosures, summarizes the key points mentioned in the 10-K for that year.

March 2 Board Meeting: Mr. McKinney reports on legislative efforts to deal with asbestos health liability. There is a discussion of allegations of conspiracy to cover up knowledge of asbestos-related disease and a review of studies undertaken and published by Manville.

April 6 Board Meeting: Mr. McKinney reports on a defendant's verdict in an asbestos health case in Ohio and continuing efforts to achieve a legislative solution.

April 20 Manville's Form S-7 is filed with the SEC for registration of $100 million Notes. Disclosure is same as in March 1979 10-K.

May 3 Board Meeting: Mr. McKinney reported on reaction to the asbestos section of the Annual Report and recent Congressional hearings.

May 9 Manville's Amendment No. 1 to S-7 is filed with the SEC. Disclosure is made of the Abrams case, filed on May 4, alleging misleading statements in recent SEC filings concerning the financial impact of the asbestos health litigation. Refusal of the court to certify a class of Long Beach Naval Shipyard workers is reported. The action of a House committee to establish a $330 million federal program to remove asbestos from schools and its direction to the Justice Department to investigate recovery of such costs from the asbestos industry is disclosed.

June 1 Board Meeting: Mr. McKinney reports to the Board on the Abrams case.

June 29 Board Meeting: Mr. McKinney reports on status of asbestos health compensation legislation.

August 2 Board Meeting: Legal Department makes presentation of asbestos litigation.

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December 7 Board Meeting: Mr. McKinney reports on asbestos health legislation.

1980

March Manville's Form 10-K is filed with the SEC. Again the litigation statistics are updated. The company is defendant in 2857 cases brought by approximately 4000 plaintiffs. 540 suits have been disposed of by trial or settlement at a cost of less than $15,000 per case. Substantial defenses are said to exist as to all claims. Insurance coverage is adequate except for some punitive damage claims, which, if any, won't be material.

July 31 Board Meeting: Mr. VonWald makes presentation on the asbestos health litigation.

1981

February 4 Manville's financial statement is qualified by Coopers & Lybrand due to the asbestos health litigation.

March Manville's Form 10-K is filed with the SEC. The company is now defendant in 5800 cases brought by 10,200 plaintiffs. During 1980, the number of new cases per month has increased significantly. During 1980, 402 claims were disposed of at an average cost of $23,300 per claim. This is higher than the 1980 cost of $13,000 per claim. The company has substantial defenses, however, the growth in the number of claims and the rise in the level of disposition costs has increased uncertainty about the litigation. The eventual outcome of the litigation can't be predicted and the ultimate liability, after insurance, can't be estimated with any degree of reliability. Litigation costs to the company could be substantial.

March 1980 Annual Report is issued. Mr. McKinney's shareholder letter states the company continues to be optimistic about its ability to deal with the asbestos/health lawsuits, and that costs associated with asbestos/health litigation will not have a material effect on the Company's liquidity during the next few years, if ever. The report recites that because of litigation uncertainties, cost to the company could be substantial. Also, because ultimate liability of the company after application of available insurance can't be reliably estimated, no reasonable estimate of loss can be made and no liability has been recorded on the financial statement.

March 5 Audit Committee: Manville accounting and legal personnel review reasons for and probable impact of qualification of Coopers & Lybrand's report.

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March 6 Board Meeting: Mr. McKinney reviews status of asbestos litigation and reports on a meeting with Dr. Selikoff.

July 31 Board Meeting: Mr. VonWald reviews asbestos litigation, applicable insurance coverage and the company's ability to meet those liabilities.

September 9 Proxy materials relating to proposed reorganization of Manville are filed with the SEC. Mr. McKinney's shareholder letter states intent of reorganization is to separate various businesses of the company and to increase recognition and public understanding of various businesses in which the company is engaged.

October 29 Shareholders approve creation of Manville Corporation and restructuring of business into 5 subsidiaries.

1982

February 5 Board Meeting: Mr. McKinney describes the status of asbestos health and insurance company litigation.

March Manville's Form 10-K is filed with the SEC. Now the company is defendant in 9300 cases brought by 12,800 plaintiffs. In 1981 there were 400 new cases filed per month, a significant increase over 1979 and 1980. During 1981, 802 cases were disposed of at $15,430 per claim, excluding legal fees. During 1981, for the first time the company was found liable for punitive damages. The company believes it has substantial grounds for appeal in each of the 5 cases where punitive damages were awarded. Uncertainty continues whether significant punitive damages will be assessed in the future. The eventual outcome and disposition costs of the asbestos cases can't be predicted, nor can the company's ultimate liability be reasonably determined. The costs of these cases could be substantial.

March 5 Board Meeting: Mr. McKinney advises the Board on the status of insurance litigation.

August 4 Board Meeting: Mr. Parker reports on the asbestos health litigation, public disclosure of the litigation, and projections of the incidence of asbestos-related disease. Mr. VonWald reports on the formation and operation of the Litigation Analysis Group ("LAG"), the status of insurance coverage and asbestos litigation expense. Mr. McKinney advises the Board about the conclusions reached by the consultants that LAG had retained. A Special Board Committee is created to review the consultants' reports and report to the full Board on the potential future impact on Manville of the pending and anticipated cases. A press release is issued stating Special Committee will study financial options available to company.

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August 16-18, 23-25 The Special Committee on Asbestos Litigation holds meetings and prepares its report recommending filing of Chapter 11.

August 25 Board Meeting: The report of the Special Board Committee is distributed and filing of the Chapter 11 petition is authorized. A press release is issued discussing the Board's action and the reasons for its decision.

August 26 Manville files its Chapter 11 petition.

September 8 Herrmann complaint is filed in Denver federal court.

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