U.S. Department of Justice

Environment and Natural Resources Division

90-11-2-1357

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May 25, 2010

CONFIDENTIAL SETTLEMENT COMMUNICATION SUBJECT TO FRE 408

Edward Kenney
Sidley Austin Brown & Wood
Bank One Plaza
10 South Dearborn Street
Chicago, IL 60603

Re: Westbank Asbestos Site

Dear Ed:

Thank you for your proposal dated March 22, 2010, on behalf of Johns Manville (JM) for resolving the United States' CERCLA claims against JM for response costs incurred or to be incurred in connection with the Westbank Asbestos Superfund Site. The Government has carefully considered JM's proposal. In response, counsel for the Government is prepared to recommend the following terms for resolution of the claim for past and potential future costs incurred in connection with the Site:

To resolve the United States' claim for past response costs, JM will pay the sum of $7.197 million, payable in installments subject to the $850,000 annual cap and subject to interest as provided in the GSO, with the first payment due 30 days after the effective date of the agreement. This sum constitutes a 47.5% Manville Share of EPA's past response costs reduced by 55% under the GSO for a net 26.125% of past response costs. Past response costs shall mean the amount of $27,547,000, plus interest on that amount, incurred for the prior removal actions at the Site.

To resolve potential liability for future response actions at the Site, JM will pay the same net 26.125% share of costs incurred by EPA in the future for the cleanup of asbestos containing material on other non-JM owned properties at the Site, but only to the extent that those additional response actions are for parcels not previously remediated or sampled by EPA (by sampled we mean material was removed and analyzed in a laboratory) during the course of EPA's past investigations. Moreover, should JM prove that the asbestos containing material that EPA cleans up in the future does not include waste material generated from JM's Marrero facility, JM would not be required to pay. That is, if EPA cleans up asbestos used as fill on other parcels in the communities that comprise the Site, the burden falls on JM to show that it did not generate the asbestos.

In the event EPA determines that additional response actions are necessary for parcels not previously remediated or sampled, EPA will, from time to time, submit to JM an unreconciled Superfund Cost Recovery Package Imaging and On-Line System ("SCORPIOS") report or the

equivalent identifying the costs paid by EPA. JM will pay 26.125% of the undisputed costs within 45 days of receipt of EPA's bill for the costs. Interest on unpaid costs will accrue at the rate established in the GSO beginning on the 46th day.

In order to dispute all or a portion of the billed costs, JM must do so in writing within 45 days of receipt of the bill. JM may only dispute the billed costs on the following bases: a) the parcels at issue were previously remediated or sampled; b) accounting errors; or c) JM can prove that it did not generate the asbestos on the parcels at issue. JM will pay the undisputed costs as set forth above. As to disputed costs, the parties will submit positions in writing before an EPA decision maker who will make a final decision. Within 30 days after resolution of the dispute, JM will pay those costs determined to be owed, together with interest.

In consideration of JM's payment of past and future response costs on the terms outlined above, the United States will covenant not to sue or take administrative action against JM under Section 107(a) of CERCLA to recover (a) past response costs for the Site and (b) future response costs incurred in connection with the remediation of parcels at the Site that were previously remediated or sampled by EPA prior to May 1, 2010, or for which JM pays its 26.125% share as set forth in the agreement. The United States reserves its rights with respect to Manville-owned-or-operated parcels in the vicinity of the Site, including Merraro, Louisiana (i.e., Manville-Owned Sites), and all other claims not expressly addressed herein.

Please note that these general terms are subject to the negotiation of a final settlement document and remain subject to review and approval by United States officials with final settlement authority. I will be happy to discuss with you the appropriate form of agreement.

Sincerely,

Kenneth G. Long
Senior Attorney
Environmental Enforcement Section

cc: James Costello, USEPA