

Federal Asbestos Legislation: The Winners Are...



**Congress Watch
May 2005**

Acknowledgments

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Federal Asbestos Legislation: And the Winners Are...

After years of debate, Congress has begun what could be final consideration of legislation to provide compensation to victims of asbestos exposure. The stakes of the bill are enormous: It promises to provide an estimated \$140 billion over 30 years, and hundreds of thousands of American workers or their families, who have suffered serious injury or death, will be depending on the fund.

The bill, S. 852, sponsored by Sen. Arlen Specter (R-Pa.) with noteworthy support from Sen. Patrick Leahy (D-Vt.), would create a privately funded, publicly run trust fund. But as is common in Washington special interest politics, powerful moneyed interests have strongly influenced the legislative process. Under the guise of providing aid to victims, these interests have successfully written down their liability by tens of billions of dollars – thus sharply reducing the funds that will be available to victims.

These big winners in the legislation now before the U.S. Senate are an unknown number of Fortune 500 companies – including Dow Chemical, Ford, General Electric, General Motors, Georgia Pacific, Honeywell, Pfizer and Viacom – and at least 10 asbestos makers that have filed for bankruptcy. The lobbying campaign on behalf of the Fortune 500 companies has been led by a relatively obscure entity called the Asbestos Study Group (ASG), which was established in 2001. ASG does not make its membership list public. [See Appendix A for ASG member companies and their allies.]

At the same time, some of the nation's largest and savviest investment firms have positioned themselves to score big rewards should the legislation pass.

This report details the behind-the-scenes action, with its huge lobbying campaign, aimed at ensuring passage of one of the most significant bills in Congress – legislation that promises to help victims but ends up being more of a special interest bailout.

Major findings of this report include:

- The total contributions on behalf of asbestos victims paid by 10 large asbestos firms, were they to complete their bankruptcy proceedings under current law, would drop from an estimated \$25.9 billion to \$5.6 billion if S. 852 becomes law. This represents a savings of \$20.3 billion, or 78.5 percent, expressed in today's dollars. On an individual basis, asbestos companies would effectively see their total payments over the life of the fund decline by margins ranging from 40.5 percent to 100 percent.
- At least eight Fortune 500 companies are huge winners under S. 852, because their annual asbestos payments to the trust fund would be capped at \$27.5 million per year for 30 years, no matter how large their revenues or how many asbestos cases they might have pending against them. In current dollars, this means their maximum liability is \$378.5 million. By comparison, Dow Chemical projects its future liability at between \$1.6 billion and \$2.2 billion from 2004 to 2019. Similarly, Honeywell estimates its future liability payments at

\$2.75 billion from 2004 through 2018. But the company would pay only 13.8 percent of that amount – \$378.5 million – over the next 30 years.

- Goldman Sachs, a leading Wall Street investment banking firm, has been providing critical advice to the Asbestos Study Group (ASG) and the Senate Judiciary Committee since at least 2003 regarding two crucial matters: The feasibility of financing the proposed trust fund to compensate victims, and at what level it should be funded. The firm’s role appears to be highly unusual – if not inappropriate – because the investment company has a big stake in the legislation’s outcome via significant holdings in Fortune 500 firms that stand to see their stock prices appreciate considerably under S. 852. As that happens, Goldman Sachs, through its holdings in those companies, will benefit as well.
- To get the best bill possible, the Fortune 500 companies created the ASG, a relatively unknown coalition that doled out at least \$23.1 million to lobby Congress in 2003 and 2004. (ASG spent \$24.4 million on lobbying since 2001, when it was created.) Such sums from one group focused exclusively on one issue are virtually unprecedented. ASG alone employed 40 lobbyists during those two years.
- More than 90 percent of ASG’s lobbying funds went to the D.C.-based firm of Swidler Berlin Sherref & Friedman and its lobbying arm, the Harbour Group. The Harbour Group is a wholly owned subsidiary of Swidler Berlin and was created in 2001 as an explicitly Democratic lobbying firm based around several high-level staffers who were leaving the White House at the end of President Clinton’s second term.
- Public Citizen estimates that the ASG, six so-called “Tier 1” bankrupt asbestos companies and seven “Tier 2” Fortune 500 companies spent a combined \$144.5 million lobbying Congress from 2003 through 2004, the latest figures available. The amount spent by ASG and the Tier 1 companies – \$27.9 million – was probably almost exclusively to pass asbestos bailout legislation. The \$86.6 million spent by the seven Fortune 500 companies was for asbestos legislation and other matters, but lobby disclosure forms do not provide a breakdown of each issue or bill category. But the sum spent on asbestos work for some of the Fortune 500 companies had to be considerable given the number of lobbyists they employed who described working on this issue.
- ASG and the 13 companies employed 168 individual lobbyists during 2003 and 2004 to work on asbestos legislation. Pfizer alone reported employing 45 lobbyists, Dow Chemical had 20, Honeywell had 19, General Motors had 18, and General Electric reported 13. Of those, Public Citizen counts 94 – or 57.7 percent – who walked through the “revolving door” from government service to the private sector, including seven former members of Congress.

Asbestos Companies Will Save at Least \$20.3 Billion Through Reduced Liability Payments

Under S. 852, asbestos companies with large existing liabilities that are in Chapter 11 bankruptcy – known as Tier 1 companies – would have those liabilities erased, in favor of contributions to the proposed asbestos trust fund. But the value of contributions to the trust fund would be substantially less than the existing liabilities, providing significant windfalls to the companies involved.

For example, the total contributions to asbestos victims that would be paid by 10 large asbestos firms were they to complete their bankruptcy proceedings under current law will drop from an estimated \$25.9 billion to \$5.6 billion should S. 852 become law – that’s a savings of \$20.3 billion, or 78.5 percent expressed in today’s dollars. [See Figure 1] The amount drops so significantly because the formula the legislation uses to establish contributions from this group – an amount based on 1.67 percent of 2002 revenue¹ – is designed to yield a smaller amount than this collection of firms would otherwise owe without the legislation. That, in turn, means the overall amount of money available for victim compensation will be significantly less.

On an individual basis, bankrupt asbestos companies would effectively see their total payments over the life of the fund on behalf of asbestos victims decline by margins ranging from 40.5 percent to 100 percent.

Figure 1
Comparison of Total Liability Payments for Tier 1 Asbestos Companies
In Bankruptcy – Current Law vs. S. 852

Company	Est. Current Total Asbestos Liability (Current Dollars in Millions)	Est. Total Value of Contributions Under S. 852 (Current Dollars in Millions)	\$ Savings	% Savings
Armstrong World Industries	\$2,011	\$729	\$1,282	63.7%
Babcock & Wilcox	2,078	328	1,750	84.2
Combustion Engineering	1,255	Minimal	1,255	100.0
G-I Industries/GAF	1,826	313	1,513	82.9
NARCO/Honeywell*	2,500	475	2,025	81.0
Kaiser Aluminum	1,515	163	1,352	89.2
Owens Corning/ Fibreboard	3,871	2,304	1,567	40.5
Pittsburgh Corning	3,599	46	3,553	98.7
USG Corp.	4,070	797	3,273	80.4
W.R. Grace & Co.	3,183	418	2,765	86.9
Total	\$25,907	\$5,573	\$20,334	78.5%

Source: L. Tersigni Consulting P.C., which is the U.S. Bankruptcy Court-approved financial adviser to the Official Committee of Asbestos Personal Injury Claimants.

Notes: Totals may differ due to rounding.

*Honeywell is not in bankruptcy, but it has agreed in principle to fund NARCO's 524(g) bankruptcy trust, a company it previously owned. Its liability would be based on those of other Tier 2 companies under S. 852.

"Estimated Current Total Asbestos Liability" column is based on estimates of what would be the asbestos companies' contributions to their own respective trusts to compensate victims if the federal fund is not created.

"Estimated Total Value of Contributions Under S. 852" column represents the present value of contributions over 30 years using a 6 percent discount rate.

Similarly, under S. 852, annual contributions to the trust fund from 10 bankrupt asbestos companies would decline 92.4 percent compared to what they were paying to victims prior to declaring bankruptcy. Total annual company payments would drop from a pre-bankruptcy level of \$3.6 billion to \$279 million. [See Figure 2]

For this reason, it has been in the interests of asbestos companies in bankruptcy to delay their bankruptcy cases, awaiting the outcome of the federal legislation. For example, in February, the *Intelligencer Journal* newspaper in Lancaster, Pa. reported that creditors in the Armstrong World Industries bankruptcy case had been trying to delay resolution of the company's bankruptcy in the hopes the firm would fare better under legislation like S. 852. U.S. Bankruptcy Judge Eduardo C. Roberno said the history of the case was "tortuous, even for a large Chapter 11 proceeding." The case docket has 7,800 entries, which the judge said reflected "the shifting political winds buffeting the parties."²

Figure 2
Comparison of Total Annual Liability Payments for Tier 1 Asbestos Companies
in Bankruptcy – Pre-bankruptcy Payments vs. S. 852

Company	Est. Most Recent Annual Payment to Claimants by Asbestos Companies (Current Dollars in Millions)	Est. Annual Contribution to Proposed Asbestos Trust Fund (Current Dollars in Millions)	\$ Savings	% Savings
Armstrong World Industries	\$252	\$53	\$199	79.0%
Babcock & Wilcox	486	24	462	95.1
Combustion Engineering	328	minimal	328	100.0
G-I Industries/ GAF	233	23	210	90.1
NARCO/Honeywell*	N/A	3	N/A	N/A
Kaiser Aluminum	114	12	102	89.5
Owens Corning/ Fibreboard	1,488	73	1,415	95.1
Pittsburgh Corning	218	3	215	98.6
USG Corp.	143	58	85	59.4
W.R. Grace & Co.	370	30	340	91.9
Total	\$3,632	\$279	\$3,356	92.4%

Sources:

Legal Analysis Systems, from claims databases for each listed debtor, for the “Estimated Most Recent Annual Payment to Claimants by Asbestos Companies” column. The data is for the most recent year preceding bankruptcy, which varies by company.

L. Tersigni Consulting P.C., which is the U.S. Bankruptcy Court-approved financial adviser to the Official Committee of Asbestos Personal Injury Claimants, for the column “Estimated Annual Contribution to Proposed Asbestos Trust Fund.”

* Honeywell is not in bankruptcy, but it has agreed in principle to fund NARCO’s 524(g) bankruptcy trust, a company it previously owned. Its liability would be based on those of other Tier 2 companies under S. 852.

Fortune 500 Companies Will See Dramatic Reductions in Their Asbestos Liability

Over the last 25 years or so, the bulk of financial liability for workers' asbestos exposure has fallen on Tier 1 companies involved in the manufacture and distribution of asbestos. But increasingly, legal action to compensate victims is turning to other large firms whose workers were injured on the job due to their employer's use of asbestos – so-called Tier 2 companies. As with asbestos makers, these firms also stand to see their liability substantially reduced under the proposed asbestos legislation.

Public Citizen has compiled a list of eight Fortune 500 companies that likely fall into this category, although there are probably more. With the exception of Georgia Pacific, these companies have been identified in congressional testimony or in their own news releases as being part of a coalition known as the Asbestos Study Group (ASG). Little is known about ASG, but it appears to have been established in 2001 to solely benefit the Fortune 500 companies with substantial asbestos liability.

In recent years, these companies and their subsidiaries have accrued billions of dollars in liabilities for asbestos-related injuries to their workers, according to company documents and news accounts, with billions more expected. [See Figure 3]

The measure of these companies' savings under S. 852 can be seen in the legislation's proposed formula for determining future payments into the national asbestos trust fund. The formula bases these future payments on a company's previous asbestos liability. Under the formula, the maximum a Tier 2 company can be assessed is \$27.5 million annually over a period of 30 years.³ Expressed in today's dollars, that stream of payments is worth an estimated \$378.5 million.⁴ As amounts in Figure 3 show, that liability is far less than some companies have paid in recent years, and it is much lower than companies would otherwise expect to pay absent the national trust.

For example, Dow Chemical projects its future liability at between \$1.6 billion and \$2.2 billion from 2004 to 2019. But under S. 852 the company's liability payments will be reduced to an estimated \$378.5 million over the next 30 years. Similarly, Honeywell estimates its future liability payments at \$2.75 billion from 2004 through 2018. But the company would pay only 13.8 percent of that amount – \$378.5 million – over the next 30 years.

Figure 3
Tier 2 Fortune 500 Companies
Estimated Past and Future Liability for Asbestos Cases

Company	Past Liability	Future Liability	Claimants
Dow Chemical/ Union Carbide	\$233 million in 2001, \$155 million in 2002, \$293 million in 2003, \$300 million in 2004.	Between \$1.6 billion and \$2.2 billion through 2019.	203,416 filed as of 12/31/2004.
General Electric	Between \$420 million and \$560 million through 2002.	N/A	55,000 open cases as of April 2002.
Ford Motor Company	\$1.7 billion at the end of 2000.	Says it can't be estimated.	25,000 pending claims as of February 2003; 41,500 pending claims as of February 2004.
General Motors	\$10 million in 2001.	Says it can't be estimated; has not reported asbestos costs since 2001.	N/A
Georgia Pacific	N/A	In 2001, predicted liabilities to be less than \$1 billion through 2011, with insurance covering all but \$350 million. Estimate of liability after insurance through 2013 recently increased to \$550 million.	269,700 asbestos claims through December 2002.
Honeywell/ NARCO/ Bendix	\$557 million in 2003, \$518 million in 2004.	\$2.75 billion through 2018 for NARCO and Bendix.	N/A
Pfizer/Quigley	\$369 million in 2004.	No estimate but says trust of \$430 million would resolve future liabilities.	N/A
Viacom/ Westinghouse	\$56.6 million after insurance in 2003, \$58.4 million in 2004 after insurance.	N/A	112,140 claims pending as of Dec. 31, 2004.

Source: Figures compiled from company filings with the U.S. Securities and Exchange Commission. General Electric data is from Reuters, April 28, 2003.

Notes: The companies do not use a consistent format in reporting their liabilities; hence exact or uniform comparisons are unavailable. Bendix is a Honeywell subsidiary.

Documents Show Fortune 500 Companies Long Knew Of the Dangers of Asbestos Exposure

In their annual filings with the Securities and Exchange Commission, after reciting their potential asbestos liability exposure, the Fortune 500 companies quickly pivot and claim they are not responsible for the mounting death and injury toll from asbestos.

Public Citizen has examined internal company memos, letters, scientific analyses and responses to legal interrogatories for several of these companies. The information provides considerable evidence that companies knew, or should have known, of the dangers of asbestos exposure long before they acknowledged the risk.

For several of the Fortune 500 companies, the following descriptions summarize evidence of their awareness of the deadly effects of asbestos.

Dow Chemical

Dow has used asbestos in products as well as in its own production facilities. In court documents, the company says the hazards of respirable asbestos were not generally recognized until the late 1960s. In particular, Dow says, it first learned in the late 1960s that asbestos caused irreversible lung disease, including cancer and mesothelioma.⁵

But internal company documents that have surfaced as part of asbestos lawsuits indicate asbestos' general danger was well known decades earlier, and that there were specific indications of excessive asbestos exposure within Dow well before the late 1960s.

- In 1968 – about the time Dow said the hazards of asbestos were being recognized, an executive of Dow's biochemical research laboratory wrote: "Asbestos has long been known" to be capable of causing asbestosis.⁶
- Three decades earlier, a 1938 report by the U.S. Public Health Service, which Dow received, described asbestos textile factory workers whose exposure to asbestos fibers led to development of asbestosis. Even by the time of its report, the Public Health Service said, the dangers of asbestos exposure had been well-documented.⁷
- A 1951 report by Dow's biochemical research unit showed atmospheric concentration in certain company operations was exceeding, on a temporary basis, maximum allowable concentrations of asbestos.⁸
- In investigating a worker's illness, the research lab reported in 1958 that the worker, employed in the making of vinyl-asbestos tile, had been exposed to "excessive concentrations of airborne asbestos."⁹
- A 1985 Dow handbook on the handling of asbestos noted that instances of asbestosis had been recorded since 1899.¹⁰

After the dangers of exposure became known, Dow took steps to stem worker exposure, the documents show, declaring in 1969, for example, that the company had “a moral and legal commitment” to implement the best known health standards as soon as possible.¹¹ Still, some exposure problems continued at least until the mid-1980s, the documents show.¹²

General Motors

GM began using asbestos in its braking systems in 1939, and there is little doubt that within a decade its executives knew about the dangers from asbestos. In addition to braking systems, another significant GM use of asbestos was in automobile clutches.

A review of the documents produced in various civil cases paints a clear portrait of GM’s level of knowledge more than 50 years ago.

- In 1939, an internal GM memo indicated there was a particular hazard in the plant where GM manufactured brakes and clutch facings.¹³
- In 1948, a GM industrial hygienist published articles about the dangers of asbestos and how to control the hazard.¹⁴ Vincent Castrop wrote that the grinding of brake linings can cause a dangerous level of asbestos release.

Through the decades, the professional associations and scientific foundations to which many GM scientists and medical experts belonged published numerous articles about the dangers of asbestos.

GM industrial hygienist Frank Patty served on the Chemical and Toxicological Committee of the Industrial Hygiene Foundation (IHF) in 1949. That was the same year the IHF published a summary of the *Journal of the American Medical Association* editorial “Asbestosis and Cancer of the Lung” in its magazine *Industrial Hygiene Digest*.¹⁵

Yet, given clear evidence that GM officials knew of the dangers of asbestos, it wasn’t until 1979 that the company issued a statement entitled “General Motors Programs on Non-Asbestos Friction Materials,” in which the company promised to stop using asbestos in its brake systems by 1985.¹⁶

Not only did GM fail on that promise, but in 1986 during an Environmental Protection Agency hearing on phasing out asbestos, it reversed its stand on the whole safety issue of asbestos, when GM industrial hygienist William Krebs argued that “asbestos brake lining and brake relining operations do not present a risk of adverse health consequences to those involved.”¹⁷

Ultimately GM and other auto-makers beat back the EPA in 1991 when an order by the agency to phase out the use of asbestos in cars was overturned by a court in 1997.¹⁸

Though it is still legal to use asbestos in U.S. automobiles, it has been banned in cars since 1998 in a number of European countries including France, Germany and Italy.¹⁹

Pfizer/Quigley

Pfizer reported in 2004 that it had an asbestos liability of \$369 million.²⁰ That liability stems from products manufactured by its wholly owned subsidiary, the Quigley Company.

In the 1940s, Quigley began manufacturing two insulation products that contained asbestos – Insulag and Panelag. A review of documents obtained during the course of civil litigation indicates that Quigley officials knew decades ago about the potential health risk of its products.

- The Aetna insurance company conducted an “Occupational Disease Survey” in 1959 and noted that the company’s Insulag product presented a risk of “asbestosis exposure.”²¹ Yet a 1969 company brochure advertised its Insulag as “NON-INJURIOUS.”²²
- An internal Quigley memo written in 1971 indicated that officials considered finding a substitute for asbestos in its Panelag product after a labor union began to complain about the health dangers of the product.²³
- A 1973 internal company memo discussed options for 69 tons of stored asbestos. Quigley was phasing out its asbestos-containing products. The memo recommended against using only enough asbestos to manufacture products to cover the company’s outstanding orders. Instead, it recommended the entire quantity of asbestos be used to manufacture as much product as possible until Quigley’s asbestos supply was depleted. The extra asbestos-containing products could then be stored for later sale.²⁴

Quigley proposed to a bankruptcy court that a trust be established for those claiming injuries from its asbestos products. The trust would be funded with a \$430 million payment from its parent corporation Pfizer, which expects to recover \$263 million of that cost from its insurance carrier.²⁵

Viacom/Westinghouse

Viacom says that as of December 31, 2004 it had 112,140 asbestos claims pending as a result of actions against its Westinghouse subsidiary.²⁶

Numerous internal Westinghouse documents show the company frequently gave little priority to the hazards posed by asbestos in its manufacture of electrical generating equipment and other products. They show:

- A Westinghouse industrial hygiene engineer wrote in a memo of January 11, 1946 that recent physical examinations of employees at a company plant near Philadelphia showed several lung conditions that “might possibly be associated with exposure to dust in the department.” The engineer wrote that while the lung problems may or may not be connected to their jobs, “a claim for compensation from any of these people would be very difficult to defend because of the fact that the protection provided in this department at the present time can hardly be called suitable or adequate.”²⁷

- A memo written to a safety engineer at one Westinghouse facility in 1961 said, “Our air samples show that the maximum allowable concentration of asbestos dust was considerably exceeded.”²⁸
- An OSHA citation and notification of penalty was issued to Westinghouse on September 26, 1980 for asbestos-related problems. OSHA labeled the violations as “willful” and said the company had not properly documented illnesses arising from occupational exposure to asbestos. The federal agency also said the hazards were “likely to cause death or serious physical harm to employees.”²⁹
- In 1987, a Westinghouse attorney and the manager of the company’s industrial hygiene unit conducted an inventory of documents dating back to the early 1930s. Their report was disturbing. They called some of the records “smoking gun documents” and recommended that many of them be destroyed. Among the comments in the report:³⁰
 - “The fact that the Corporation performed, for example, air sampling for certain substances as early as 1940 (which it in fact did) might be used to prove early knowledge on the part of the Corporation of hazards associated with such substances.”
 - “We recommend that all such files generated prior to 1974 should be discarded. As stated before, these records are filled with documentation dating back to the 1930’s which critiques and criticizes Westinghouse operations and points out deficiencies in such operations.”
 - “These files show corporate knowledge of hazards but no actual implementation or corrective measures. Consequently, the documentation is potentially harmful.”

In a 2004 filing with the SEC, Westinghouse’s parent corporation, Viacom, said it could not estimate or project the number of people in the future who would file claims against the company because of exposure to asbestos.³¹

S. 852 Will Transfer Significant Wealth From Victims to Investment Firms and “Vulture” Investors

If S. 852 becomes law, the stock prices of asbestos firms and other companies facing significant asbestos liability are expected to benefit significantly. This is because the legislation, by virtue of fixing contributions to the proposed national asbestos trust fund, would cap the companies’ future liability. This new liability is set by a formula based on past asbestos liability. (See previous section.)

If the stock prices rise as expected, the major beneficiaries will be the companies’ major investors. Yet at the same time these investors stand to realize significant gains, there is concern the asbestos compensation fund may not have enough assets to compensate victims. To begin with, the maximum payment available to the sickest victims would be limited to \$1.1 million. By contrast, in the traditional legal system, juries have often determined that victims’ injuries are so severe that they are entitled to multi-million-dollar damage awards. In addition, as recent congressional testimony has made clear, there are serious concerns whether the federally run fund, as it is currently proposed, will have enough money to operate. That’s one reason the fund is to have low-cost government borrowing privileges, meaning that if such borrowing is required, taxpayers will be providing a subsidy to the companies that have injured their workers.

Taken together, the expected benefits to investors and concerns about payments to victims mean that a large transfer of wealth stands to take place – from victims to investors.

Halliburton, one of the earliest and most prominent asbestos companies subject to large liabilities, illustrates how company fortunes improve when liability is fixed. In January 2005, it resolved its asbestos bankruptcy, establishing its own \$4.8 billion trust fund to compensate victims.³² Establishment of that fund wiped out future asbestos liability for the company, and for that, Wall Street has rewarded the company handsomely. Its stock price has soared from under \$10 in advance of its December 2003 bankruptcy filing to \$42 in recent trading.³³

The beneficiaries of the stock price increase expected under S. 852 will include some of the most prominent investment firms in America, as well as others – so-called “vulture” investors – who make it a practice to invest in distressed companies specifically in the hope of reaping such windfalls. [See Figure 4 and Appendix B]

Figure 4
Examples of Affected Companies' Largest Shareholders
 For a full listing, see Appendix B

Company	Total Shares Outstanding	Significant Owners	Number of Shares	Percentage
Dow Chemical	953,571,000	Capital Research and Management Co.	78,523,200	8.2%
Ford Motor Company	1,830,900,000	Barclays Global Investors N.A.	110,440,449	6.0%
General Motors	564,826,000	State Street Corp.	103,110,017	18.3%
Georgia-Pacific	259,839,000	Barclays Global Investors N.A.	21,439,719	8.3%
Honeywell	670,092,700	State Street Corp.	102,146,357	15.2%
Pfizer	7,460,646,000	Barclays Global Investors N.A.	307,974,599	4.1%
W.R. Grace & Co.	57,962,868	Peninsula Capital Advisors LLC	10,765,600	18.6%

Source: www.nasdaq.com

The Role of Goldman Sachs in the Legislation Raises Significant Questions of Conflict of Interest

Goldman Sachs, a leading Wall Street investment banking firm, has been providing critical advice to the Asbestos Study Group (ASG) and the Senate Judiciary Committee since at least 2003 regarding two crucial matters: The feasibility of financing the proposed trust fund to compensate victims, and at what level it should be funded. Goldman Sachs' role appears to be highly unusual – if not inappropriate – because the investment firm has a big stake in the legislation's outcome.

Goldman Sachs has a stake in the outcome via significant holdings in asbestos or Fortune 500 companies that stand to gain from S. 852. [See Figure 5] The companies stand to see their stock prices appreciate considerably (see previous section) and as that happens, Goldman Sachs, through its holdings in those companies, will benefit as well. The details of Goldman Sachs' holdings are not publicly available. But in general, the firm stands to benefit two ways. If the firm is holding stock for its own account, increases in stock prices will increase the value of its holdings, just as a price increase would benefit any stockholder. Alternatively, if the firm is holding the stock for investment clients, Goldman Sachs will benefit through management fees levied on its clients' portfolios. As these portfolios increase in value, management fees, which often are levied based on a percentage of portfolio value, can increase.

At a minimum, this apparent conflict of interest should have been debated at some point during consideration of S. 852, but it does not appear this has yet occurred.

Goldman Sachs' role was up-front and transparent during development of previous legislation in 2003 when a broader bipartisan effort was being pursued, according to a senior Senate Democratic staff person. The ASG would bring Goldman Sachs employees to meet with Senate Judiciary Committee staff to explain how Goldman Sachs' analysis was being done. Goldman Sachs employees were “around regularly” according to the staffer, and even “briefed the unions” and “prepared analyses for the unions” to help build consensus before the committee began drafting legislation. Goldman Sachs' role was central to debate on the bill, according to the staffer.³⁴ (It is noteworthy that neither Goldman Sachs nor the ASG has reported payments made to Goldman Sachs for its work briefing Senate staff members.)

Figure 5
Companies with Significant Asbestos Liability
In Which Goldman Sachs Has Substantial Investments

Company	Shares	Value
Dow Chemical/ Union Carbide	2,298,557	\$108,998,000
Ford Motor Company	28,201,925	\$267,072,000
General Electric	35,486,766	\$1,281,072,000
General Motors	1,161,734	\$32,261,000
Georgia Pacific	482,447	\$16,837,000
Honeywell/NARCO	1,273,981	\$44,972,000
Pfizer/Quigley	86,352,564	\$2,374,696,000
USG Corp.	2,088,820	\$85,642,000
Viacom/Westinghouse	51,105,771	\$1,794,835,000

Source: www.nasdaq.com; shares and values as of May 4, 2005.

In 2005, it appears that Goldman Sachs' role has shifted to a behind-the-scenes effort directed at S. 852 supporters. The Democratic staff person said that to their knowledge, the firm has not met this year with key Democrats who oppose the 2005 bill.

But Goldman Sachs staff clearly have been aiding the committee. Recently, the company's analyses appear to have been circulated to committee members by Sen. Specter, chairman of the Senate Judiciary Committee, and were cited authoritatively in the April 26, 2005 committee hearing on S. 852 and during the April 28, 2005 committee mark-up of the bill. (A Senate Judiciary Committee staffer declined a Public Citizen request to provide a copy of Goldman Sachs' financial analysis.)

Excerpts are provided below and are repeated verbatim in Appendix C.³⁵

Judge Becker, Senate Judiciary Committee Hearing, April 26:

Now, \$140 billion is based upon the Goldman-Sachs translation of the projections (of asbestos disease?) from Dr. Fran Rabinovitz, which, (when I?) examined them in marathon sessions last May, impressed me as correct.

So it seems to me that there is at least credible evidence, based upon [United States District] Judge [John P.] Fullam's findings, that the Goldman-Sachs figures, which are based upon Dr. Rabinovitz's projections, are sound and that we should have some confidence that the fund will be able to meet the claims.

Sen. John Cornyn (R-Texas), Senate Judiciary Committee Hearing, April 26:

Other estimates, from Goldman Sachs for example, go up to 82 percent, they estimate, will be not eligible for compensation, but will be eligible for medical monitoring. I think we need to drill down and understand better the basis for those estimates.

Sen. Sam Brownback (R-Kan.) and Sen. Arlen Specter (R-Pa.), Senate Judiciary Committee Mark-up, April 28:

Brownback: *This is on the contribution amount...According to numbers that you provided to us from Goldman Sachs and some others, we were going to raise about \$140 billion in the overall funding scheme ... That's the Goldman-Sachs and others and others' numbers, we'll raise \$140 billion.*

Specter: *That's correct.*

Huge Financial Stakes for ASG Members and Allies Have Generated Tremendous Lobbying Activity

In 2001, the political landscape of the asbestos fight changed dramatically when one section of the business community turned against another. Tier 1 companies, largely asbestos manufacturers, had been fighting for a congressional bailout for years, especially since a 1997 Supreme Court decision that rejected a proposed settlement structure that would have benefited the companies. One such company, GAF, had ramped up its lobbying expenditures from \$40,000 in the first six months of 1997 to \$3.2 million in the last six months of 1999, and the company's campaign contributions – including those of the majority owner of the company – had increased about 450 percent from \$21,750 in 1995 to \$119,220 in 1999.³⁶

In 2000 and 2001, however, many of the Tier 1 companies began declaring bankruptcy, and in the last quarter of 2001 many injured workers began to sue the Tier 2 companies, which were mainly large corporations (or their subsidiaries) that had used asbestos in their products or facilities. The Big Three car manufacturers, for example, saw the number of asbestos-related claims filed against them jump from 1,743 in the first three quarters of 2001 to 10,379 in the last quarter.³⁷ It was at this point that many of the large Tier 2 Fortune 500 companies appear to have formed the Asbestos Study Group (ASG) and began pumping tens of millions of dollars into a massive lobbying operation.

ASG's lobbying budget took off from a modest \$80,000 in 2001 to \$1,180,000 in 2002 to almost \$11 million in 2003.³⁸ By 2004, ASG was spending \$12.1 million lobbying Congress. [See Figure 6] All told, it doled out \$23.1 million to lobbying firms in 2003 and 2004, and \$24.4 million since 2001 when it was created. Such an amount spent by one group focused exclusively on one issue is highly unusual.

Figure 6
Firms Hired by the Asbestos Study Group to Lobby on
Federal Asbestos Legislation, 2003-2004

Organization	2003 Lobbying Expenditures	2004 Lobbying Expenditures	Total Lobbying Expenditures
Swidler Berlin Shereff Friedman*	\$10,060,000	\$11,080,000**	\$21,140,000
McGuinness & Holch	\$440,000	\$400,000	\$840,000
Clark Consulting Federal Policy Group	\$200,000	\$200,000	\$400,000
Alexander Strategy Group	\$120,000	\$240,000**	\$360,000
Capitol Tax Partners	\$140,000	\$200,000**	\$340,000
Wexler & Walker	N/A	\$20,000	\$20,000
Total	\$10,960,000	\$12,140,000	\$23,100,000

Source: Public Citizen's analysis of lobbying disclosure forms available from the Senate Office of Public Records.

*The Asbestos Study Group also paid Swidler Berlin \$80,000 in 2001 and \$1,180,000 in 2002.

** Projected figure: Company's form for the second half of 2004 is not on file at the U.S. House or U.S. Senate lobbying disclosure offices, which could be due to a lag in data entry. Public Citizen requested the data directly from the firm and did not receive a response before publication. The projected figure was calculated by doubling the lobbying revenue from the first half of 2004.

Public Citizen estimates that ASG, six Tier 1 bankrupt asbestos companies and seven Tier 2 Fortune 500 companies spent a combined \$144.5 million lobbying Congress from 2003 through 2004, the latest figures available. [See Figure 7] The amount spent by ASG and the Tier 1 companies during those years – \$27.9 million – was probably almost exclusively to pass asbestos bailout legislation. The \$86.6 million spent by the Fortune 500 companies was for asbestos legislation and other matters; but lobby disclosure forms do not provide a breakdown of each issue or bill category. But the sum spent on asbestos work for some of the Fortune 500 companies had to be considerable given the number of lobbyists they employed who described working on this issue.

Figure 7
Asbestos Study Group Members & Allies
That Lobbied on Federal Asbestos Legislation, 2003-2004

Organization	2003 Lobbying Expenditures	2004 Lobbying Expenditures	Total Lobbying Expenditures
Asbestos Study Group	\$10,960,000	\$12,140,000*	\$23,100,000
Tier I – Bankruptcy Companies			
GAF	\$160,000	\$360,000	\$520,000
G-I Holdings	\$520,000	\$500,000	\$1,020,000
Kaiser Aluminum and Chemical Co.	\$463,720	\$150,000	\$613,720
Owens-Corning	\$1,321,570	\$743,436**	\$2,065,006
USG Corp.	N/A	\$200,000**	\$200,000
W.R. Grace & Co.	\$220,000	\$120,000**	\$340,000
Subtotal	\$2,685,290	\$2,073,436	\$4,758,726
Tier II – Fortune 500 Companies			
Dow Chemical Company	\$1,800,000	\$1,800,000	\$3,600,000
Ford Motor Company	\$4,640,000	\$7,200,000	\$11,840,000
General Electric	\$17,200,000	\$16,240,000	\$33,440,000
General Motors	\$7,940,000	\$8,500,000	\$16,440,000
Honeywell/NARCO	\$4,640,000	\$4,600,000**	\$9,240,000
Pfizer/Quigley	\$3,720,000	\$5,660,000	\$9,380,000
Viacom/Westinghouse	\$1,250,000	\$1,400,000	\$2,650,000
Subtotal	\$41,190,000	\$45,460,000	\$86,590,000
Total	\$54,835,290	\$59,673,436	\$114,448,726

Source: Public Citizen's analysis of lobbying disclosure forms available from the Senate Office of Public Records.

* Figure is based on the lobbying disclosure forms filed by firms hired by the Asbestos Study Group. See Figure 6.

** Projected figure: Company's form for the second half of 2004 is not on file at the U.S. House or U.S. Senate lobbying disclosure offices, which could be due to a lag in data entry. Public Citizen requested the data directly from the firm and did not receive a response before publication. The projected figure was calculated by doubling the lobbying revenue from the first half of 2004.

The ASG is remarkable in that it concentrated more than 90 percent of its lobbying dollars on a solely Democratic-connected lobbying firm, the D.C.-based Swidler Berlin Sherref & Friedman and its lobbying arm, the Harbour Group. The Harbour Group is a wholly owned subsidiary of Swidler Berlin and was created in 2001 as an explicitly Democratic lobbying firm based around several high-level staffers who were leaving the White House at the end of President Clinton's second term.³⁹

The Harbour Group is run by Managing Partners Richard Marcus and Joel Johnson. Johnson was Clinton's senior advisor for policy and communications, and the chief legislative and communications advisor to the Senate's former top Democrat, Sen. Tom Daschle (D-S.D.). Johnson is also a former Senate Judiciary Committee staffer.⁴⁰

The Harbour Group was also stacked with four other former Senate Judiciary Committee staffers, including Thurgood Marshall, Jr., a former assistant to the president and Cabinet secretary for President Clinton, and director of legislative affairs for Vice President Al Gore. Six other Harbour Group employees have worked in other Senate offices, all but two for Democrats.

In the first half of 2004, the last period for which complete records are available, the ASG gave the Harbour Group \$5.5 million for its services – the single largest lobbying contract awarded by any corporation or association in that period. While individual corporations and trade associations spent more on their cumulative lobbying budget over the same period, the next-highest lobbying contract topped out at only \$1.4 million.⁴¹ Per day, the ASG spent \$30,356 for Harbour’s services in that period.

Another recipient of an ASG contract, the Alexander Strategy Group, received its contract six days after it formed a “strategic partnership” with the Harbour Group to handle the Republican side of the aisle in Congress in October 2002.⁴² That firm has its own Senate connection in chairman Ed Buckham, a former chief of staff to House Majority Leader Tom DeLay (R-Texas). Buckham is also a former staffer for Sen. Charles Grassley (R-Iowa) – who currently sits on the Senate Judiciary Committee – and former chief of staff of the Senate Judiciary Subcommittee on Administrative Practice and Procedure.⁴³

In March 2003, a breakthrough occurred when the AFL-CIO announced it had begun to negotiate a compromise with the ASG.⁴⁴ The ASG was likely helped by the fact that Harbour Group staffers would have worked a great deal with the unions while they worked in Congress and for the Clinton administration. The prospect of union support for a bill meant a possible break in the stalemate that had denied Republicans the 60 votes needed to break a filibuster in order to conference a bill with the House, which had already passed asbestos legislation. After two more years of heavy lobbying, in April 2005, Sen. Patrick Leahy (D-Vt.) announced he would join Sen. Specter in pushing the ASG-supported bill, setting up the Tier 2 companies for their ultimate Congressional victory.

ASG and the handful of companies in Tiers 1 and 2 employed a small army of 168 individual lobbyists during 2003 and 2004 to work on asbestos legislation. Pfizer reported 45 lobbyists working the issue, Dow Chemical had 20, General Motors and Honeywell had 18 each, and General Electric reported 12. [See Figure 8 and Appendix D for a complete list.]

Figure 8
Number of Lobbyists Who Worked On Federal Asbestos Legislation
On Behalf of Asbestos Study Group Members & Allies, 2003-2004

Client Name	2003	2004	Total*
Asbestos Study Group			
Alexander Strategy Group	10	8	11
Capitol Tax Partners	5	6	6
Clark Consulting Federal Policy Group	9	8	9
McGuinness & Holch	1	1	1
Swidler Berlin Shereff Friedman	10	10	10
Wexler & Walker Public Policy Associates	N/A	3	3
Subtotal	35	36	40
Tier I – Bankruptcy Companies			
GAF	1	1	1
G-I Holdings Inc.	3	2	3
Kaiser Aluminum and Chemical Co.	1	3	4
Owens-Corning	7	1	7
USG Corp.	3	3	3
W.R. Grace & Co.	1	1	1
Subtotal	15	9	19
Tier II – Fortune 500 Companies			
Dow Chemical Company/Union Carbide	14	20	20
Ford Motor Company	3	7	7
General Electric Company	10	9	12
General Motors	17	12	18
Honeywell/NARCO	15	14	18
Pfizer/Quigley	36	35	45
Viacom/Westinghouse	3	2	3
Subtotal	91	98	116
Total	135	143	168

Source: Public Citizen's analysis of lobbying disclosure forms available from the Senate Office of Public Records.
 *Total column does not equal the sum of previous years because some lobbyists worked on asbestos issues in both 2003 and 2004 and also worked for more than one client.

Of the 168 lobbyists, Public Citizen counts 94 – or 57.7 percent – who walked through the “revolving door” from government service to the private sector, including seven former members of Congress. [See Figure 9 and Appendix E for a complete list]

Figure 9
Former Members of Congress Who Lobbied on Federal Asbestos Legislation
On Behalf of Asbestos Study Group Members and Allies, 2003-2004

Lobbyist	Client Name	Firm Name
Dennis DeConcini	Owens-Corning	Parry, Romani, DeConcini & Symms
Dennis DeConcini	Pfizer	Parry, Romani, DeConcini & Symms
Daniel Robert Glickman	Dow Chemical Company	Akin, Gump, Strauss, Hauer & Feld
Ed Jenkins	Pfizer	Palmetto Group
Norman Lent	Pfizer	Lent Scrivner & Roth
Lauch Faircloth	Dow Chemical Company	Akin, Gump, Strauss, Hauer & Feld
Bill Paxon	Dow Chemical Company	Akin, Gump, Strauss, Hauer & Feld
Steve Symms	Owens-Corning	Parry, Romani, DeConcini & Symms
Steve Symms	Pfizer	Parry, Romani, DeConcini & Symms

Source: Public Citizen analysis of lobbying disclosure reports filed with Senate Office of Public Records.

Appendix A

Asbestos Study Group Members & Allies

Tier 1 Allies: Pending Bankruptcy Companies

A.P. Greene
Armstrong World Industries
Babcock & Wilcox
Combustion Engineering
Flintkote
G-I Industries/GAF
NARCO/Honeywell
Kaiser Aluminum
Owens Corning/Fibreboard
Pittsburgh Corning
USG Corp.
W.R. Grace & Co.

Note:

Honeywell is not a Chapter 11 bankruptcy company; however, it would fall into Tier 2 because it has agreed in principle to fund the NARCO 524(g) bankruptcy trust. Its trust share is estimated at \$426.6 million.

Tier 2 ASG Members: Fortune 500 Companies

*Dow Chemical/Union Carbide
*Ford Motor Company
*General Electric
*General Motors
Georgia Pacific
*Honeywell
Owens Illinois
*Pfizer/Quigley
*Viacom/Westinghouse

*Confirmed ASG members identified in 2003 Senate testimony as being in the Asbestos Study Group. Honeywell was noted in “Statement from the Asbestos Study Group,” Asbestos Study Group press release, April 18, 2005.

Appendix B

Major Shareholders of Companies With Asbestos Liabilities

(Alphabetically by shareholder)

Company	Total Shares Outstanding	Major Shareholder	Number of Shares	Percentage
Owens Illinois	N/A	A.R. Schmeidler & Co. Inc.	268,212	N/A
McDermott International/ Babcock & Wilcox	67,457,000	American Express Financial Corp.	3,451,000	5.1%
W.R. Grace & Co.	57,962,868	Ardley Advisory Partners	2,995,000	5.2%
Viacom	131,503,000	AXA	1,738,518	1.3%
Dow	953,571,000	Barclays Global Investors N.A.	34,464,813	3.6%
Ford Motor Company	1,830,900,000	Barclays Global Investors N.A.	110,440,449	6.0%
General Motors	564,826,000	Barclays Global Investors N.A.	21,597,863	3.8%
Georgia-Pacific	259,839,000	Barclays Global Investors N.A.	21,439,719	8.3%
Honeywell	670,092,700	Barclays Global Investors N.A.	29,669,449	4.4%
Kaiser-Aluminum	533,660	Barclays Global Investors N.A.	43,545	8.2%
Owens Corning	7,156,403	Barclays Global Investors N.A.	225,694	3.2%
Pfizer	7,460,646,000	Barclays Global Investors N.A.	307,974,599	4.1%
PPG Industries	173,203,000	Barclays Global Investors N.A.	9,590,319	5.5%
USG Corporation/ U.S. Gypsum	43,343,000	Barclays Global Investors N.A.	1,835,451	4.2%
W.R. Grace & Co.	57,962,868	Barclays Global Investors N.A.	3,605,800	6.2%
USG Corporation/ U.S. Gypsum	43,343,000	Berkshire Hathaway Inc.	6,500,000	15.0%
Ford Motor Company	1,830,900,000	Brandes Investment Partners L.P.	48,624,464	2.7%
General Motors	564,826,000	Brandes Investment Partners L.P.	16,675,566	3.0%
Kaiser-Aluminum	533,660	California Public Employees Retirement System	458,100	85.8%
Dow	953,571,000	Capital Research and Management Co.	78,523,200	8.2%
General Motors	564,826,000	Capital Research and Management Co.	64,730,400	11.5%
Georgia-Pacific	259,839,000	Capital Research and Management Co.	19,735,898	7.6%
PPG Industries	173,203,000	Capital Research and Management Co.	4,850,000	2.8%

Viacom	131,503,000	Capital Research and Management Co.	850,000	0.6%
Owens Corning	7,156,403	Catalyst Investment Management Co. LLC	289,300	4.0%
Armstrong World Industries	437,076	Caz Investments L.P.	400	0.1%
Honeywell	670,092,700	Citigroup Inc.	25,567,179	3.8%
PPG Industries	173,203,000	Citigroup Inc.	4,280,499	2.5%
USG Corporation/ U.S. Gypsum	43,343,000	D.E. Shaw & Co. Inc.	2,839,800	6.6%
W.R. Grace & Co.	57,962,868	D.E. Shaw & Co. Inc.	3,066,900	5.3%
Dow	953,571,000	Deutsche Bank AG	37,067,552	3.9%
Honeywell	670,092,700	Deutsche Bank AG	25,311,554	3.8%
Kaiser-Aluminum	533,660	DFA Investment Dimensions Group Inc.	30,015	5.6%
Dow	953,571,000	Dodge & Cox	36,161,059	3.8%
ABB Ltd./Combustion Engineering	2,070,315,000	FMR Corp.	1,925,600	0.1%
Dow	953,571,000	FMR Corp.	32,770,324	3.4%
Honeywell	670,092,700	FMR Corp.	50,498,578	7.5%
Owens Illinois	N/A	FMR Corp.	857,080	
Pfizer	7,460,646,000	FMR Corp.	280,618,003	3.8%
USG Corporation/ U.S. Gypsum	43,343,000	FMR Corp.	5,548,300	12.8%
Viacom	131,503,000	Gabelli Asset Management Inc.	8,953,368	6.8%
McDermott International/ Babcock & Wilcox	67,457,000	Glennview Capital Management LLC	3,635,200	5.4%
Ford Motor Company	1,830,900,000	Goldman Sachs	28,201,925	1.5%
USG Corporation/ U.S. Gypsum	43,343,000	Goldman Sachs Group Inc.	2,088,820	4.8%
ABB Ltd./Combustion Engineering	2,070,315,000	IXIS Asset Management Advisors L.P.	3,160,383	0.2%
Owens Corning	7,156,403	JGD Management Corp.	550,000	7.7%
Armstrong World Industries	437,076	Kensico Capital Management Corp.	160,800	36.8%
Owens Corning	7,156,403	Lehman Brothers Holdings Inc.	7,156,403	100.0%
Armstrong World Industries	437,076	Loeb Arbitrage Management Inc.	275,876	63.1%

Owens Illinois	N/A	Loomis Sayles & Co. LP	652,127	
Georgia-Pacific	259,839,000	Lord Abbett & Co	10,069,147	3.9%
Owens Illinois	N/A	Lord Abbett & Co.	869,842	
Viacom	131,503,000	Marathon Asset Management Co.	1,491,100	1.1%
PPG Industries	173,203,000	Massachusetts Financial Services Co.	6,145,956	3.5%
ABB Ltd./Combustion Engineering	2,070,315,000	McLean Budden Ltd.	5,545,200	0.3%
McDermott International/Babcock & Wilcox	67,457,000	Merrill Lynch Asset Management Inc.	4,131,000	6.1%
Owens Corning	7,156,403	Moore Capital Management LLC	525,000	7.3%
Georgia-Pacific	259,839,000	Morgan Stanley	18,551,995	7.1%
ABB Ltd./Combustion Engineering	2,070,315,000	Neuberger Berman LLC	7,962,560	0.4%
W.R. Grace & Co.	57,962,868	Peninsula Capital Advisors LLC	10,765,600	18.6%
Owens Illinois	N/A	Price T. Rowe Associates Inc.	578,100	
Kaiser-Aluminum	533,660	Schwab Charles Investment Management Inc.	2,000	0.4%
McDermott International/Babcock & Wilcox	67,457,000	Seemore Advisors LLC	2,600,000	3.9%
General Motors	564,826,000	Southeastern Asset Management Inc.	26,029,493	4.6%
Ford Motor Company	1,830,900,000	State Street Corp.	62,015,564	3.4%
General Motors	564,826,000	State Street Corp.	103,110,017	18.3%
Georgia-Pacific	259,839,000	State Street Corp.	10,760,324	4.1%
Honeywell	670,092,700	State Street Corp.	102,146,357	15.2%
Pfizer	7,460,646,000	State Street Corp.	243,328,658	3.3%
PPG Industries	173,203,000	State Street Corp.	5,446,066	3.1%
Viacom	131,503,000	Teachers Insurance and Annuity Association - College Retirement Equities Fund	876,894	0.7%
McDermott International/Babcock & Wilcox	67,457,000	Third Point LLC	4,225,000	6.3%
Ford Motor Company	1,830,900,000	Vanguard Group Inc.	39,628,820	2.2%
Pfizer	7,460,646,000	Vanguard Group Inc.	168,387,081	2.3%

W.R. Grace & Co.	57,962,868	Vanguard Group Inc.	2,539,072	4.4%
ABB Ltd./Combustion Engineering	2,070,315,000	Wedge Capital Management LLP.	2,903,600	0.1%
Pfizer	7,460,646,000	Wellington Management Co. LLP	144,538,845	1.9%

Appendix C

Goldman Sachs References in Senate Judiciary Hearing And Bill Mark-up of April 26 and 28, 2005

Judiciary Committee Hearing, April 26, 2005

JUDGE EDWARD BECKER, THIRD CIRCUIT COURT OF APPEALS: As I said previously - (inaudible) -- financial experts have demonstrated that the fund was more than adequate to pay the projected claims. New figures from Goldman-Sachs represent that by elimination of level seven, even with the increase in the claim value, the fund is at least \$5 billion more secure than before, which I hope will give assurance to those senators who have expressed concerns about the solvency of the fund. (Inaudible) -- current bill is estimated to be \$120 billion, and the fund is \$140 billion. The first five-year outflow is within the (up-front money?).

Now, \$140 billion is based upon the Goldman-Sachs translation of the projections (of asbestos disease?) from Dr. Fran Rabinovitz, which, (when I?) examined them in marathon sessions last May, impressed me as correct. Now, I know that there will be testimony today that those figures are off. That's the testimony of Mr. Peterson, which will be countered, as I understand, by Dr. Rabinovitz. I note, (for the benefit of the panel?), that the very recent figures show a significant decline in claims. (Inaudible) -- one of the major companies (with respect to?) liability claims, are down 70 percent in the last two years.

JUDGE EDWARD BECKER, THIRD CIRCUIT COURT OF APPEALS: So it seems to me that there is at least credible evidence, based upon Judge Fullam's (sp) findings, that the Goldman-Sachs figures, which are based upon Dr. Rabinovitz's projections, are sound and that we should have some confidence that the fund will be able to meet the claims.

SEN. LEAHY: A major component of the bill is to ensure that the fund is operational through higher front-end fundings, something you've looked at closely. In your testimony to the committee in January and then some of the follow-up letters to me, you stated that you expect to have written commitments or letters from financial institutions regarding the availability of 20 billion (dollars) in front-end funding once the legislation was introduced, including estimates of the interest costs of such potential borrowing. Now that we've introduced it, when do you expect to receive such written assurances from financial institutions?

JOHN ENGLER, PRESIDENT AND CEO, NATIONAL ASSOCIATION OF MANUFACTURING: The specificity of the draft that makes this easier as it gets, obviously, closer, but we think by Thursday from Goldman Sachs we may have a letter that gives us assurances. We've been talking to a lot of the different financial houses about how this gets done. We think this is clearly bankable. But we're anticipating that Thursday we would have something in time for markup, that you'd have a commitment on, you know -- and it's really couched, I suppose, as financial folks do, based on what exactly the mechanisms are. But we think that the committee has done a nice job in the draft of trying to put a framework together

that somebody like Goldman Sachs can kind of come in and say this is what we think it would be.

SEN. JOHN CORNYN (R-TX): And there are a number of provisions in this very lengthy bill -- and again, this has been a complex, contentious process, I think as Judge Becker said, and we have all tried very hard and continue to try very hard to deal with some of the challenges there. I am concerned that we still do not yet have a good, solid information that allows us to predict the viability of the fund. I would just note, and I'll look forward to additional testimony we have here later, that the CBO, for example, on a previous version of this bill estimated that about 76 percent of the people who apply for benefits will not be eligible for compensation, but will be eligible for medical monitoring. Other estimates, from Goldman Sachs for example, go up to 82 percent, they estimate, will be not eligible for compensation, but will be eligible for medical monitoring. I think we need to drill down and understand better the basis for those estimates.

Judiciary Committee Hearing, April 26, 2005

SEN. SPECTER: Your testimony about the amount of the fund, as I understand it, is that before the Section VIIs were eliminated, your expert projections came in at a total cost to cover all the claims of \$125 billion. Is that correct?

DR. FRANCINE RABINOVITZ, HAMILTON, RABINOVITZ & ALSCHULER: Yes, although the value side of that equation is estimated by Goldman Sachs.

Judiciary Committee Markup, April 28, 2005

U.S. SENATOR SAM BROWNBACK (R-KS): BROWNBACK: All right. So this is set now. You can't go back and forth on this?

U.S. SENATOR ARLEN SPECTER: Correct. Once the trial has started, a jury impaneled, bench trial, evidence presented, it stays in court.

BROWNBACK: All right. Could I call up then a different one, my amendment number four. This is on the contribution amount.

And I'd really appreciate it, Chairman, if you can look at this.

According to numbers that you provided to us from Goldman Sachs and some others, were going to raise about \$140 billion in the overall funding scheme.

BROWNBACK: The numbers you have provided as well -- it looks like to me, if we get \$125 billion, we're going to spend, with Level 7 claimants in the fund, and \$118 billion if they're out of the fund.

That's the Goldman-Sachs and others and others' numbers, we'll raise \$140 billion.

SPECTER: That's correct.

Appendix D

Lobbyists Who Worked on Federal Asbestos Legislation For ASG and Fortune 500 Companies Studied, 2003-2004

Client Name	Firm Name	Lobbyist
Asbestos Study Group	Alexander Strategy Group	Terry Allen
Asbestos Study Group	Alexander Strategy Group	Chris Bertelli
Asbestos Study Group	Alexander Strategy Group	Edwin A Buckham
Asbestos Study Group	Alexander Strategy Group	Brian Darling
Asbestos Study Group	Alexander Strategy Group	Karl Gallant
Asbestos Study Group	Alexander Strategy Group	Dan Gans
Asbestos Study Group	Alexander Strategy Group	Terry Haines
Asbestos Study Group	Alexander Strategy Group	Jim Hayes
Asbestos Study Group	Alexander Strategy Group	Mike Minalke
Asbestos Study Group	Alexander Strategy Group	Tony Rudy
Asbestos Study Group	Alexander Strategy Group	Ed Stewart
Asbestos Study Group	Capitol Tax Partners	William Fant
Asbestos Study Group	Capitol Tax Partners	Richard Grafmeyer
Asbestos Study Group	Capitol Tax Partners	Lindsay Hooper
Asbestos Study Group	Capitol Tax Partners	William McKenney
Asbestos Study Group	Capitol Tax Partners	Joseph "Joe" Mikrut
Asbestos Study Group	Capitol Tax Partners	Jonathan Talisman
Asbestos Study Group	Clark Consulting Federal Policy Group	James F. Carlisle
Asbestos Study Group	Clark Consulting Federal Policy Group	Jayne Fitzgerald
Asbestos Study Group	Clark Consulting Federal Policy Group	Tim Hanford
Asbestos Study Group	Clark Consulting Federal Policy Group	Kenneth J. Kies
Asbestos Study Group	Clark Consulting Federal Policy Group	Dan Leonard
Asbestos Study Group	Clark Consulting Federal Policy Group	Rob Leonard
Asbestos Study Group	Clark Consulting Federal Policy Group	John Meagher
Asbestos Study Group	Clark Consulting Federal Policy Group	Scott Parven
Asbestos Study Group	Clark Consulting Federal Policy Group	Pat Raffaniello
Asbestos Study Group	McGuinness & Holch	Kevin McGuinness
Asbestos Study Group	Swidler Berlin Shereff Friedman	Bernard P. Bell
Asbestos Study Group	Swidler Berlin Shereff Friedman	Barry Drenfeld
Asbestos Study Group	Swidler Berlin Shereff Friedman	Brian Fitzgerald
Asbestos Study Group	Swidler Berlin Shereff Friedman	Sandra P. Franco
Asbestos Study Group	Swidler Berlin Shereff Friedman	Gary Gallant
Asbestos Study Group	Swidler Berlin Shereff Friedman	Thurgood Marshall Jr.
Asbestos Study Group	Swidler Berlin Shereff Friedman	Linda S. Schmidt
Asbestos Study Group	Swidler Berlin Shereff Friedman	Gary Slaiman
Asbestos Study Group	Swidler Berlin Shereff Friedman	Kathryn Taylor
Asbestos Study Group	Swidler Berlin Shereff Friedman	Michael B. Wigmore
Asbestos Study Group	Wexler & Walker Public Policy Associates	Peter Holran
Asbestos Study Group	Wexler & Walker Public Policy Associates	Jack Howard
Asbestos Study Group	Wexler & Walker Public Policy Associates	Robert Walker
Dow Chemical Company	Akin, Gump, Strauss, Hauer & Feld	J. David Carlin
Dow Chemical Company	Akin, Gump, Strauss, Hauer & Feld	Smith Davis
Dow Chemical Company	Akin, Gump, Strauss, Hauer & Feld	Lauch Faircloth

Client Name	Firm Name	Lobbyist
Dow Chemical Company	Akin, Gump, Strauss, Hauer & Feld	Daniel Robert Glickman
Dow Chemical Company	Akin, Gump, Strauss, Hauer & Feld	Karen Goldmeier Green
Dow Chemical Company	Akin, Gump, Strauss, Hauer & Feld	Christine F. Hesse
Dow Chemical Company	Akin, Gump, Strauss, Hauer & Feld	Joel Jankowsky
Dow Chemical Company	Akin, Gump, Strauss, Hauer & Feld	Charles Johnson IV
Dow Chemical Company	Akin, Gump, Strauss, Hauer & Feld	Alexander 'Sandy' Kress
Dow Chemical Company	Akin, Gump, Strauss, Hauer & Feld	Bill Paxon
Dow Chemical Company	Akin, Gump, Strauss, Hauer & Feld	Steven Ross
Dow Chemical Company	Akin, Gump, Strauss, Hauer & Feld	John M. Simmons
Dow Chemical Company	Akin, Gump, Strauss, Hauer & Feld	Barney Skladany
Dow Chemical Company	Akin, Gump, Strauss, Hauer & Feld	James Tucker
Dow Chemical Company	Akin, Gump, Strauss, Hauer & Feld	Jose Villarreal
Dow Chemical Company	Baker & Daniels	Phillip E. Bainbridge
Dow Chemical Company	Dow Chemical Company	Louis Vega
Dow Chemical Company	Dow Chemical Company	Theodore "Ted" F. Verheggen
Dow Chemical Company	Hamilton Rabinovitz & Alschuler	Francine F. Rabinovitz
Dow Chemical Company	James L. Stengel	James L. Stengel
Ford Motor Company	Ford Motor Company	Dan Brouillette
Ford Motor Company	Ford Motor Company	Janet Mullins Grissom
Ford Motor Company	Ford Motor Company	Mary Johannes
Ford Motor Company	Ford Motor Company	Alison Jones
Ford Motor Company	Ford Motor Company	Ziad Ojakli
Ford Motor Company	Ford Motor Company	Tony Reinhart
Ford Motor Company	Ford Motor Company	Gerald Roussel
GAF	Levine & Company	Ken Levine
General Electric Company	General Electric Company	Larry A. Boggs
General Electric Company	General Electric Company	Nancy Dorn
General Electric Company	General Electric Company	Kathryn Fulton
General Electric Company	General Electric Company	Ellen L. Goldstein
General Electric Company	General Electric Company	Dennis LaGanza
General Electric Company	General Electric Company	Neil Messick
General Electric Company	General Electric Company	Glenn Pomeroy
General Electric Company	General Electric Company	Peter D. Prowitt
General Electric Company	General Electric Company	John Schaeffler
General Electric Company	General Electric Company	Lynn H. Thomson
General Electric Company	PodestaMattoon	Anthony Podesta
General Electric Company	Troutman Sanders L.L.P.	Robert Leebern Jr.
General Electric Company	Troutman Sanders L.L.P.	Laura Quattlebaum
General Motors	Duberstein Group	III, John Angus
General Motors	Duberstein Group	Michael S. Berman
General Motors	Duberstein Group	Steven M. Champlin
General Motors	Duberstein Group	Kenneth M. Duberstein
General Motors	Duberstein Group	Henry M. Gandy
General Motors	Duberstein Group	Daniel Meyer
General Motors	General Motors	Mel J. Bazemore
General Motors	General Motors	Ken Cole
General Motors	General Motors	Keith Cole

Client Name	Firm Name	Lobbyist
General Motors	General Motors	Lewis Dale
General Motors	General Motors	Stephen G. Gehring
General Motors	General Motors	Mark Kemmer
General Motors	General Motors	William Kemp
General Motors	General Motors	Michele Lieber
General Motors	General Motors	Elizabeth Lowery
General Motors	General Motors	Stephen O'Toole
General Motors	General Motors	Frederick Sciance
General Motors	General Motors	Thomas Walton
G-I Holdings Inc.	G-I Holdings Inc.	Peter J. Ganz
G-I Holdings Inc.	G-I Holdings Inc.	Eric Weinberg
G-I Holdings Inc.	G-I Holdings Inc.	Richard A. Weinberg
Honeywell International Inc.	Akin, Gump, Strauss, Hauer & Feld	Smith Davis
Honeywell International Inc.	Akin, Gump, Strauss, Hauer & Feld	Karen Goldmeier Green
Honeywell International Inc.	Akin, Gump, Strauss, Hauer & Feld	Steven Ross
Honeywell International Inc.	Honeywell International Inc.	Christine Ciccone
Honeywell International Inc.	Honeywell International Inc.	Brian Griffin
Honeywell International Inc.	Honeywell International Inc.	Timothy Keating
Honeywell International Inc.	Honeywell International Inc.	Frank Keating
Honeywell International Inc.	Honeywell International Inc.	Jeff Kuhnreich
Honeywell International Inc.	Honeywell International Inc.	Michael Naylor
Honeywell International Inc.	Honeywell International Inc.	Sean O'Hallaren
Honeywell International Inc.	Honeywell International Inc.	Paul Zurawski
Honeywell International Inc.	OB-C Group	Michael S. Johnson
Honeywell International Inc.	OB-C Group	Thomas Keating
Honeywell International Inc.	OB-C Group	Robert H. Marsh
Honeywell International Inc.	OB-C Group	Charles J. Mellody
Honeywell International Inc.	OB-C Group	Patricia A. Nelson
Honeywell International Inc.	OB-C Group	Lawrence O'Brien III
Honeywell International Inc.	OB-C Group	Mary Ellen Ruhlen
Honeywell International Inc.	OB-C Group	Linda E. Tarplin
Kaiser Aluminum and Chemical Co.	BKSH & Associates	Mark Disler
Kaiser Aluminum and Chemical Co.	Kaiser Aluminum and Chemical Co.	Mark Disler
Kaiser Aluminum and Chemical Co.	Kaiser Aluminum and Chemical Co.	John Kyte
Kaiser Aluminum and Chemical Co.	Kaiser Aluminum and Chemical Co.	K. Riva Levinson
Owens-Corning	Owens-Corning	John Libonari
Owens-Corning	Parry, Romani, DeConcini & Symms	Edward Baxter
Owens-Corning	Parry, Romani, DeConcini & Symms	Dennis DeConcini
Owens-Corning	Parry, Romani, DeConcini & Symms	John Haddow
Owens-Corning	Parry, Romani, DeConcini & Symms	James Rock
Owens-Corning	Parry, Romani, DeConcini & Symms	Romano Romani
Owens-Corning	Parry, Romani, DeConcini & Symms	Steve Symms
Pfizer/Quigley	Arnold & Porter	Robert Weiner
Pfizer/Quigley	Canfield & Associates	Roger Blauwet
Pfizer/Quigley	Canfield & Associates	April Boston
Pfizer/Quigley	Canfield & Associates	Anne Canfield
Pfizer/Quigley	Canfield & Associates	Erin Frederick

Client Name	Firm Name	Lobbyist
Pfizer/Quigley	Capitol Health Group	Michael Bromberg
Pfizer/Quigley	Capitol Health Group	Shawn Coughlin
Pfizer/Quigley	Capitol Health Group	Steve Jennings
Pfizer/Quigley	Capitol Health Group	Layna Peltier
Pfizer/Quigley	Duberstein Group	John Angus III
Pfizer/Quigley	Duberstein Group	Michael S. Berman
Pfizer/Quigley	Duberstein Group	Steven M. Champlin
Pfizer/Quigley	Duberstein Group	Henry M. Gandy
Pfizer/Quigley	Duberstein Group	Daniel Meyer
Pfizer/Quigley	Lent Scrivner & Roth	Louis Finkel
Pfizer/Quigley	Lent Scrivner & Roth	Norman Lent
Pfizer/Quigley	Lent Scrivner & Roth	Norman Lent III
Pfizer/Quigley	Lent Scrivner & Roth	Alan Roth
Pfizer/Quigley	Lent Scrivner & Roth	Michael Scrivner
Pfizer/Quigley	Palmetto Group	Steve Glaze
Pfizer/Quigley	Palmetto Group	Ed Jenkins
Pfizer/Quigley	Palmetto Group	Chad Jenkins
Pfizer/Quigley	Palmetto Group	Michael Prucker
Pfizer/Quigley	Palmetto Group	David Rudd
Pfizer/Quigley	Palmetto Group	John Winburn
Pfizer/Quigley	Parry, Romani, DeConcini & Symms	Edward Baxter
Pfizer/Quigley	Parry, Romani, DeConcini & Symms	Dennis DeConcini
Pfizer/Quigley	Parry, Romani, DeConcini & Symms	John Haddow
Pfizer/Quigley	Parry, Romani, DeConcini & Symms	James Rock
Pfizer/Quigley	Parry, Romani, DeConcini & Symms	Romano Romani
Pfizer/Quigley	Parry, Romani, DeConcini & Symms	Thaddeus Strom
Pfizer/Quigley	Parry, Romani, DeConcini & Symms	Steve Symms
Pfizer/Quigley	Pfizer	Rich Bagger
Pfizer/Quigley	Pfizer	Alan Bennett
Pfizer/Quigley	Pfizer	Catherine Bennett
Pfizer/Quigley	Pfizer	Kenneth Bowler
Pfizer/Quigley	Pfizer	Michael Boyd
Pfizer/Quigley	Pfizer	Charles Hardwick
Pfizer/Quigley	Pfizer	Justin McCarthy
Pfizer/Quigley	Pfizer	James McCarthy
Pfizer/Quigley	PodestaMattoon	Anthony Podesta
Pfizer/Quigley	Ricchetti Inc.	James Heinbach
Pfizer/Quigley	Ricchetti Inc.	Lisa Kountoupes
Pfizer/Quigley	Ricchetti Inc.	Steve Ricchetti
Pfizer/Quigley	Ricchetti Inc.	Jeff Ricchetti
USG Corporation	USG Corporation	Robert Bell
USG Corporation	USG Corporation	Stanley L. Ferguson
USG Corporation	USG Corporation	Robert E. Williams
Viacom/Westinghouse	Viacom	Gail MacKinnon
Viacom/Westinghouse	Viacom	Carol Melton
Viacom/Westinghouse	Viacom	David Sutphen
W.R. Grace & Co.	Baker, Donelson, Bearman, Caldwell & Berkowitz	James Range

Source: Public Citizen's analysis of lobbying disclosure forms available from the Senate Office of Public Records.

Appendix E

Lobbyists Who Are Former Government Employees and Who Worked on Federal Asbestos Legislation for ASG and Fortune 500 Companies Studied, 2003-2004

Lobbyist	Firm/Company	Client Name	"Revolving Door" Connection
Terry Allen	Alexander Strategy Group	Asbestos Study Group	Legislative Liaison, Department of Education. Chief of Staff, Rep. Steve Largent (R-Okla.). Legislative Assistant, Rep. Clyde Holloway (R-La.).
Edward Baxter	Parry, Romani, DeConcini & Symms	Pfizer, Owens-Corning	Chief Counsel and Staff Director, Subcommittee on Patents, Copyrights, and Trademarks
Alan Bennett	Pfizer	Pfizer	Counsel, Food and Drug Administration (FDA). Legislative Assistant, Sen. Jacob Javits (R-N.Y.). Counsel, Senate Subcommittee on Energy, Nuclear Proliferation and Federal Services.
Michael S. Berman	Duberstein Group	Pfizer, General Motors	Aide, Vice President Walter Mondale.
Roger Blauwet	Canfield & Associates	Pfizer	Tax Counsel, Sen. Max Baucus (D-Mont.).
Kenneth Bowler	Pfizer	Pfizer	Staff Director, House Ways and Means Committee.
Michael Bromberg	Capitol Health Group	Pfizer	Legislative Assistant and Administrative Assistant, Rep. Herbert Tenzer (D-N.Y.).
Dan Brouillette	Ford Motor Company	Ford Motor Company	Legislative director, Rep. W.J. "Billy" Tauzin (R-La.). Assistant Secretary for Congressional and Intergovernmental Affairs, Department of Energy. Majority Staff Director, House Energy and Commerce Committee.
Edwin A. Buckham	Alexander Strategy Group	Asbestos Study Group	Chief of Staff, Rep. Tom DeLay (R-Texas).
J. David Carlin	Akin, Gump, Strauss, Hauer & Feld	Dow Chemical Company	Assistant Secretary for Congressional Relations, Department of Agriculture. Campaign Aide, Rep. Jim Slattery (D-Kan.).
Steven M. Champlin	Duberstein Group	Pfizer, General Motors	Executive Floor Assistant, House Majority Whip. Executive Director, House Democratic Caucus
Christine Ciccone	Honeywell International Inc.	Honeywell International Inc.	Aide, White House Office of Legislative Affairs. Aide, Sen. Ted Stevens (R-Alaska).
Keith Cole	General Motors	General Motors	Environmental Counsel, Senate Small Business Committee.
Shawn Coughlin	Capitol Health Group	Pfizer	Professional Staff, House Ways and Means Committee Health Subcommittee. Senior Health Policy Adviser, Rep. Nancy Johnson (R-Conn.). Legislative Assistant, Rep. Fred Grandy (R-Iowa).

Brian Darling	Alexander Strategy Group	Asbestos Study Group	Aide, Sen. Paul Coverdell (R-Ga.). Counsel, Senate Judiciary Committee. Aide, Sen. Steve Symms (R-Idaho). Counsel, Sen. Robert Smith (R-N.H.)
Smith Davis	Akin, Gump, Strauss, Hauer & Feld	Honeywell International Inc., Dow Chemical Company	Counsel, House Judiciary Committee. General Counsel, Women's Senate Republican Victory Committee.
Dennis DeConcini	Parry, Romani, DeConcini & Symms	Pfizer, Owens-Corning	U.S. Senator (D-Ariz.), 1977-1994.
Barry Drenfeld	Swidler Berlin Shereff Friedman	Asbestos Study Group	Chief of Staff & Chief Counsel, Sen. Howard Metzenbaum (D-OH). Chief Counsel and Staff Director, Senate Judiciary Subcommittee on Antitrust, Monopolies, and Business.
Mark Disler	Kaiser Aluminum and Chemical Co. BKSH & Associates	Kaiser Aluminum and Chemical Co. Kaiser Aluminum and Chemical Co.	Deputy Assistant Attorney General for Civil Rights, Department of Justice. Special Assistant to the General Counsel, Department of Education. Chief Counsel, Senate Judiciary Committee. General Counsel, U.S. Commission on Civil Rights.
Nancy Dorn	General Electric Company	General Electric Company	Chief of Staff, Rep. Tom Loeffler (R-Texas). Assistant to Vice President for Legislative Affairs, White House Office of Management and Budget. Deputy Assistant Secretary for Legislative Affairs, Department of State. Staff Associate, House Appropriations Committee. Legislative Aide, Vice President Dick Cheney. Deputy Assistant Secretary for Inter-American Affairs, Department of Defense. Adviser, Rep. Dennis Hastert (R-Ill.) Assistant Secretary for Civil Works, U.S. Army. Special Assistant for house Legislative Affairs, President George H. W. Bush.
Kenneth M. Duberstein	Duberstein Group	General Motors	Deputy Undersecretary, Department of Labor. Assistant and Deputy Assistant to the President for Legislative Affairs, President Ronald Reagan. Deputy Chief and Chief of Staff, President George H. W. Bush.
Lauch Faircloth	Akin, Gump, Strauss, Hauer & Feld	Dow Chemical Company	U.S. Senator (R - N.C.), 1993-1999
William Fant	Capitol Tax Partners	Asbestos Study Group	Deputy Assistant for Legislative Affairs, Department of the Treasury.
Brian Fitzgerald	Swidler Berlin Shereff Friedman	Asbestos Study Group	Staff, Senate Judiciary Subcommittee on the Constitution.
Jayne Fitzgerald	Clark Consulting Federal Policy Group	Asbestos Study Group	Tax Counsel, House Ways and Means Committee.

Gary Gallant	Swidler Berlin Shereff Friedman	Asbestos Study Group	Senior Counsel, Joint Congressional Economic Committee.
Karl Gallant	Alexander Strategy Group	Asbestos Study Group	Executive Director of ARMPAC, Rep. Tom DeLay (R-Texas).
Henry M. Gandy	Duberstein Group	Pfizer, General Motors	White House Liaison Officer, President Ronald Reagan. Aide, Rep. Tom Loeffler (R-Texas). Aide, Rep. Trent Lott (R-Miss.).
Steve Glaze	Palmetto Group	Pfizer	Tax Counselor, Sen. David Pryor (D-Ark.).
Daniel Robert Glickman	Akin, Gump, Strauss, Hauer & Feld	Dow Chemical Company	U.S. Representative (D-Kan.), 1977-1994. Secretary, Department of Agriculture. Attorney, Securities and Exchange Commission.
Richard Grafmeyer	Capitol Tax Partners	Asbestos Study Group	Deputy Chief of Staff, Joint Congressional Committee on Taxation.
Karen Goldmeier Green	Akin, Gump, Strauss, Hauer & Feld	Dow Chemical Company, Honeywell International Inc.	Health Counsel, Rep. Robert Matsui (D-Calif.). Counsel, White House Conference on Aging.
Janet Mullins Grissom	Ford Motor Company	Ford Motor Company	Chief of Staff, Sen. Bob Packwood (R-Ore.). Assistant for Political Affairs, President George H. W. Bush. Assistant Secretary for Legislative Affairs, Department of State. Senate Campaign Manager, Sen. Mitch McConnell (R-Ky.).
John Haddow	Parry, Romani, DeConcini & Symms	Owens-Corning, Pfizer	Aide, Sen. Orrin Hatch (R-Utah).
Terry Haines	Alexander Strategy Group	Asbestos Study Group	Staff Director, House Financial Services Committee. Chief of Staff, Federal Communications Commission. Counsel, House Energy and Commerce Committee. Staff Director, Rep. Michael Oxley (R-Ohio).
Tim Hanford	Clark Consulting Federal Policy Group	Asbestos Study Group	Tax Counsel, House Ways and Means Committee.
Jim Hayes	Alexander Strategy Group	Asbestos Study Group	Chief of Staff, Rep. Philip Crane (R-Ill.).
James Heinbach	Ricchetti Inc.	Pfizer	Legislative Affairs Director, Federal Communications Commission.
Lindsay Hooper	Capitol Tax Partners	Asbestos Study Group	Tax Counsel and Legislative Director, Sen. Malcolm Wallop (R-Wyo.)
Jack Howard	Wexler & Walker Public Policy Associates	Asbestos Study Group	Aide, Rep. Dennis Hastert (R-Ill.). Deputy Assistant to the President and the Deputy Director of Legislative Affairs, President George W. Bush. Aide, Sen. Trent Lott (R-Miss). Aide, Rep. Newt Gingrich (R-Ga.).
Joel Jankowsky	Akin, Gump, Strauss, Hauer & Feld	Dow Chemical Company	Legislative Assistant, Rep. Carl Albert (D-Okla.).
Ed Jenkins	Palmetto Group	Pfizer	U.S. Representative (D-Ga.), 1977-1992.
Steve Jenning	Capitol Health Group	Pfizer	Staff Director, House Small Business Committee. Chief of Staff/Policy Director (1986-1987), Sen. Ron Wyden (D-Ore.)

Michael S. Johnson	OB-C Group	Honeywell International Inc.	Chief of Staff and Press Secretary for the House Minority Leader, Rep. Robert Michel (R-Ill.).
Alison Jones	Ford Motor Company	Ford Motor Company	Deputy Administrative Assistant, Sen. Paul Coverdell (R-Ga.). Staff, White House Office of Legislative Affairs.
Thomas Keating	OB-C Group	Honeywell International Inc.	Professional Staff Member, Office of the House Sergeant At Arms. Director of Policy Services and House Sergeant, Department of Defense Arms Control Bureau.
Timothy Keating	Honeywell International Inc.	Honeywell International Inc.	Special Assistant and Staff Director for Legislative Affairs, President Bill Clinton. Assistant Floor Manager, House Democratic Leadership.
Kenneth J. Kies	Clark Consulting Federal Policy Group	Asbestos Study Group	Chief of Staff, Joint Congressional Committee on Taxation. Chief Minority Tax Counsel, House Ways and Means Committee.
Lisa Kountoupes	Ricchetti Inc.	Pfizer	Deputy Assistant for Legislative Affairs, President Bill Clinton.
Jeff Kuhnreich	Honeywell International Inc.	Honeywell International Inc.	Defense and Foreign Affairs Advisor, Sen. Christopher "Kit" Bond (R-Mo.). Legislative Assistant for Domestic Military Issues, Sen. John Kyl (R-Ariz.).
Robert Leebern Jr.	Troutman Sanders L.L.P.	General Electric Company	Chief of Staff, Rep. Saxby Chambliss (R-Ga.).
Norman Lent III	Lent Scrivner & Roth	Pfizer	Legislative Assistant, Sen. Connie Mack (R-Fla.).
Norman Lent	Lent Scrivner & Roth	Pfizer	U.S. Representative (R-N.Y.), 1971-1992
Dan Leonard	Clark Consulting Federal Policy Group	Asbestos Study Group	Chief of staff, Rep. Susan Molinari (R-N.Y.).
Rob Leonard	Clark Consulting Federal Policy Group	Asbestos Study Group	Chief Counsel and Staff Director, Chief Tax Counsel and Tax Counsel, House Ways and Means Committee.
Ken Levine	Levine & Company	GAF	Deputy Assistant Secretary for Legislation, Department of Health, Education and Welfare. Director, Office of Congressional, Consumer and Public Affairs, Federal Energy Regulatory Commission.
Robert H. Marsh	OB-C Group	Honeywell International Inc.	Aide Secretary Andrew Card, Department of Transportation. Aide, Rep. Peter Blute (R-Mass.). Aide, Office of Congressional Affairs, President George W. Bush.
Thurgood Marshall Jr.	Swidler Berlin Shereff Friedman	Asbestos Study Group	Assistant to the President and Cabinet secretary, President Bill Clinton. Director of Legislative Affairs, Vice President Al Gore. Counsel, Senate Committee on Commerce, Science, Transportation. Counsel, Senate Government Affairs Committee. Counsel, Senate Judiciary Committee.

Kevin McGuinness	McGuinness & Holch	Asbestos Study Group	Republican Staff Director, Senate Committee on Labor and Human Resources. Chief of Staff, Sen. Orrin Hatch (R-Utah).
William McKenney	Capitol Tax Partners	Asbestos Study Group	Chief of Staff, House Ways and Means Oversight Subcommittee. Chief of Staff, Rep. Amo Houghton (R-N.Y.).
Charles J. Mellody	OB-C Group	Honeywell International Inc.	Aide, House Ways and Means Committee.
Neil Messick	General Electric Company	General Electric Company	Aide, Sen. William Roth Jr. (R-Del.).
Daniel Meyer	Duberstein Group	General Motors, Pfizer	Legislative Director (1982-1986), Legislative Assistant (1980-1982), and Projects Director (1979), Sen. Rudy Boschwitz (R-Minn.). Administrative Assistant, Rep. Vin Weber (R-Minn.). Chief of Staff, Rep. Newt Gingrich (R-Ga.)
Joseph "Joe" Mikrut	Capitol Tax Partners	Asbestos Study Group	Tax Counsel, Department of the Treasury.
Patricia A. Nelson	OB-C Group	Honeywell International Inc.	Staff Member, House Ways and Means Committee.
Lawrence O'Brien III	OB-C Group	Honeywell International Inc.	Deputy for Tax Legislation to the Assistant Secretary for Legislative Affairs, Department of the Treasury.
Ziad Ojakli	Ford Motor Company	Ford Motor Company	Top Deputy for Legislative Affairs and Senate Liaison, President George W. Bush.
Bill Paxon	Akin, Gump, Strauss, Hauer & Feld	Dow Chemical Company	U.S. Representative (R-N.Y.), 1989-1998
Layna Peltier	Capitol Health Group	Pfizer	Legislative Assistant, Rep. Jim Lightfoot (R-Iowa).
Anthony Podesta	PodestaMattoon	Pfizer, General Electric Company	U.S. Attorney for the District of Columbia, Department of Justice. Counsel, Sen. Edward Kennedy (D-Mass.)
Michael Prucker	Palmetto Group	Pfizer	Legislative Director, Rep. Richard Neal (D-Mass.).
Laura Quattlebaum	Troutman Sanders L.L.P.	General Electric Company	Aide, Rep. Jack Kingston (R-Ga.).
Steve Ricchetti	Ricchetti Inc.	Pfizer	Deputy Chief of Staff and Deputy Assistant for Senate Legislative Affairs (1993-1996), President Bill Clinton.
James Rock	Parry, Romani, DeConcini & Symms	Owens-Corning, Pfizer	Tax Legislative Assistant, Rep. Kent Hance (D-Texas). Tax Legislative Assistant, Rep. Edgar Jenkins (D-Ga.)
Romano Romani	Parry, Romani, DeConcini & Symms	Owens-Corning, Pfizer	Legislative Director and Staff Director, Sen. Vance Hartke (D-Ind.). Chief of Staff, Sen. Dennis DeConcini (D-Ariz.).
Steven Ross	Akin, Gump, Strauss, Hauer & Feld	Dow Chemical Company, Honeywell International Inc.	General Counsel, U.S. House of Representatives. Advisor to the Speaker of the House, Rep. Thomas Foley (D-Wash.). Advisor to the Speaker of the House, Rep. Tip O'Neill (D-Mass.). Advisor to the Speaker of the House, Rep. James Wright (D-Texas).

Alan Roth	Lent Scrivner & Roth	Pfizer	Minority Staff Director and Chief Counsel (1995-1997), Majority Staff Director and Chief Counsel (1992-1995), Counsel (1985-1992), House Energy and Commerce Committee.
David Rudd	Palmetto Group	Pfizer	Chief of Staff, Sen. Ernest Hollings (D-S.C.)
Tony Rudy	Alexander Strategy Group	Asbestos Study Group	Deputy Chief of Staff and Press Secretary, Rep. Tom DeLay (R-Texas). Press Secretary and Legislative Assistant, Rep. Dana Rohrbacher (R-Calif.). Assistant to the General Counsel, Senate Steering Committee.
Mary Ellen Ruhlen	OB-C Group	Honeywell International Inc.	Legislative Assistant, Deputy Press Secretary, and Assistant to the Chief of Staff, Sen. Larry Craig (R-Idaho).
Michael Scrivner	Lent Scrivner & Roth	Pfizer	Legislative Assistant, Rep. John Duncan Sr. (R-Tenn.). Chief of Staff and Legislative Director, Rep. Norman Lent (R-N.Y.)
John M. Simmons	Akin, Gump, Strauss, Hauer & Feld	Dow Chemical Company	Appropriations Aide, Rep. James Walsh (R-N.Y.).
Barney Skladany	Akin, Gump, Strauss, Hauer & Feld	Dow Chemical Company	Member, Bush-Cheney Transition Committee 2000. Clerk to Judge George Hart Jr., U.S. District Court. Professional Staff Member, Department of Justice.
Gary Slaiman	Swidler Berlin Shereff Friedman	Asbestos Study Group	Counsel, Senate Judiciary Subcommittee on Antitrust, Monopolies, and Business Rights. Counsel and Staff Director, Senate Labor & Human Resources Committee Subcommittee on Labor.
Thaddeus Strom	Parry, Romani, DeConcini & Symms	Pfizer	Republican Chief Counsel and Staff Director, Senate Judiciary Committee. Republican Chief Counsel and Staff Director, General Counsel (1989-1991), Staff Counsel (1985-1986), Senate Judiciary Committee. Chief Counsel and Staff Director, Administrative Assistant (1986-1988), Staff Assistant (1982-1985), Personal Assistant (1975-1976) and (1978-1979), Sen. Strom Thurmond (R-S.C.).
David Sutphen	Viacom	Viacom	General Counsel on Senate Judiciary Committee, Sen. Edward Kennedy (D-Mass.). Chief of Staff, Rep Harold Ford Jr. (D-Tenn.).
Steve Symms	Parry, Romani, DeConcini & Symms	Pfizer, Owens-Corning	U.S. Representative (R-Idaho), 1973-1980. U.S. Senator (R-Idaho), 1981-1992.
Jonathan Talisman	Capitol Tax Partners	Asbestos Study Group	Assistant Secretary for Tax Policy, Department of the Treasury.
Linda E. Tarplin	OB-C Group	Honeywell International Inc.	Special Assistant to the President for Legislative Affairs, President George H. W. Bush.
James Tucker	Akin, Gump, Strauss, Hauer & Feld	Dow Chemical Company	Legislative Aide, Sen. Coverdell (R-Ga.). Legislative Counsel, Rep. Bob Inglis (R-S.C.).

Theodore "Ted" F. Verheggen	Dow Chemical Company	Dow Chemical Company	Chief Labor Counsel, Senate Committee on Labor and Human Resources.
Robert Walker	Wexler & Walker Public Policy Associates	Asbestos Study Group	U.S. Representative (R-Pa.), 1977-1996. Postal Reform Commission, President George W. Bush.
Eric Weinberg	G-I Holdings Inc.	G-I Holdings Inc.	Staff, Defense Intelligence Agency. U.S. Navy, Reserve.
John Winburn	Palmetto Group	Pfizer	Aide, Rep. Kenneth Holland (D-S.C.). Aide, Rep. Tom Gettys (D-S.C.).

Endnotes

- ¹ Section 203 of S. 852 provides payment requirements.
- ² "Judge rejects Armstrong Plan," *Intelligencer Journal*, Feb. 24, 2005.
- ³ Section 202 of S. 852 provides for liability for payments to the proposed national trust fund.
- ⁴ L. Tersigni Consulting P.C., the U.S. Bankruptcy Court-approved financial adviser to the Official Committee of Asbestos Personal Injury Claimants. The estimate is based on discounting future payments to present value, using a discount rate of 6 percent.
- ⁵ Dow Chemical litigation discovery documents, provided by law firm of Waters & Kraus.
- ⁶ *Id.*
- ⁷ *Id.*
- ⁸ *Id.*
- ⁹ *Id.*
- ¹⁰ *Id.*
- ¹¹ *Id.*
- ¹² *Id.*
- ¹³ L.B. Case, "Air Hygiene Studies," *Inland*, Nov. 1, 1939.
- ¹⁴ Vincent Castrop, "Recognition and Control of Fume and Dust Exposure," *National Safety News*, February, 1948.
- ¹⁵ *Industrial Hygiene Digest*, Aug., 1949.
- ¹⁶ GM Statement "General Motors Programs on Non-Asbestos Friction Materials," Sept. 7, 1979.
- ¹⁷ GM Statement on EPA Proposed Asbestos Mining and Import Restrictions and Manufacturing, Importation, and Processing Prohibitions, July 16, 1986.
- ¹⁸ Dr. Barry Castleman, *Asbestos: Medical and Legal Aspects*, November 18, 2004.
- ¹⁹ Dr. Barry Castleman, *Asbestos: Medical and Legal Aspects*, November 18, 2004.
- ²⁰ Pfizer's SEC 10K form for 2004.
- ²¹ B.R. Roy, "Occupational Disease Survey," Dec. 11, 1959.
- ²² Quigley Company brochure advertising Insulag, 1969.
- ²³ W. Snyder, Quigley "Asbestos Ban" Memo, April 5, 1971.
- ²⁴ Quigley memo from D.R. Thackar, "Phasing Out Asbestos Based Products," Nov 15, 1973.
- ²⁵ Pfizer's SEC 10K form for 2004.
- ²⁶ Viacom's SEC 10K form for 2004.
- ²⁷ Memo from E.C. Barnes to William P. Stegnarten, Jan. 11, 1946.
- ²⁸ Memo from Wesley E. Piro to Harry Mower, Mar. 27, 1961.
- ²⁹ OSHA Citation and Notification of Penalty, Sept. 16, 1980.
- ³⁰ Westinghouse Report by Jeffrey J. Blair and C.W. Bickerstaff, Nov.19, 1987.
- ³¹ Viacom's SEC 10K form for 2004.
- ³² Company news release, January 3, 2005.
- ³³ www.nasdaq.com.
- ³⁴ Conversation with Frank Clemente, Director, Public Citizen's Congress Watch, May 6, 2005. The staffer asked to be unnamed due to job sensitivities.
- ³⁵ Transcripts of Senate Judiciary Committee hearing and legislative markup from The Federal News Service, Inc.
- ³⁶ *How Special Interests Make Law: GAF Corporation Tries to Buy Liability Protection From Asbestos Claims*, Public Citizen, March 9, 2000.
- ³⁷ Mark Truby, "Asbestos Suits Haunt Carmakers," *Detroit News*, March 31, 2002.
- ³⁸ Public Citizen analysis of records maintained by the Clerk of the House and the Secretary of the Senate, February 2004. (Available at sopr.senate.gov)
- ³⁹ Kate Ackley, "Alexander-Harbour's Two-Party System," *Influence*, May 14, 2003.
- ⁴⁰ "Alexander strategy Group, Swidler Berlin Shereff Friedman and its Harbour Group Subsidiary Form Strategic Alliance," Harbour Group press release, October 24, 2004 and "Swidler Berlin Shereff Friedman Launches Strategic Communications Group," Harbour Group press release, January 11, 2001.
- ⁴¹ Public Citizen analysis of records maintained by the Clerk of the House and the Secretary of the Senate, February 2004. (Available at sopr.senate.gov)
- ⁴² "Alexander strategy Group, Swidler Berlin Shereff Friedman and its Harbour Group Subsidiary Form Strategic Alliance," Harbour Group press release, October 24, 2004 and Public Citizen analysis of records maintained by the Clerk of the House and the Secretary of the Senate, February 2004. (Available at sopr.senate.gov)

⁴³ “Alexander Strategy Group, Swidler Berlin Shereff Friedman and its Harbour Group Subsidiary Form Strategic Alliance,” Harbour Group press release, October 24, 2004.

⁴⁴ Shailagh Murray and Kathryn Kranhold, “Asbestos Factions Struggle to Settle Their 30-year War,” *Wall Street Journal*, October 15, 2003.