

United States Senate
Office of the Democratic Leader
Washington, DC 20510-7010

September 15, 2004

The Honorable Bill Frist
Majority Leader
United States Senate
Washington, DC 20510

Dear Majority Leader Frist:

In your latest letter regarding the on-going asbestos negotiations, you asked whether I could move in your direction on two issues: the national trust fund start-up and pending cases. As I have noted all along, I think the best path to securing a solution is to resolve a comprehensive set of issues that are interrelated. Toward that end, I am sending you a new proposal that addresses several issues, including the two that you have highlighted.

The positions I have taken for over a year have consistently illustrated strong commitment to developing a bipartisan solution to the asbestos crisis. From working with you and Sens. Hatch, Leahy, Specter, and Dodd last summer after the Committee marked-up a bill of \$153 billion; to suggesting we engage Judge Becker in a mediation process; to providing you with a moderate comprehensive proposal this June. I continue to remain committed to this goal and am hopeful that resolution can be achieved during the remainder of the session.

In June, I outlined a proposal that illustrated Democrats' good faith in securing a middle-ground by showing flexibility in a wide variety of areas, including moving down to \$141 billion. In fact, as you may recall, the stock market reacted favorably to my offer, acknowledging the financial benefits for the affected companies to securing such an agreement. Unfortunately, rather than showing movement in several areas that I outlined as key to securing a deal, your counterproposal simply incorporated much of the language of the bill you and Senator Hatch wrote privately without the benefit of input from the Judiciary Committee, Senate Democrats, or each of the outside stake holders.

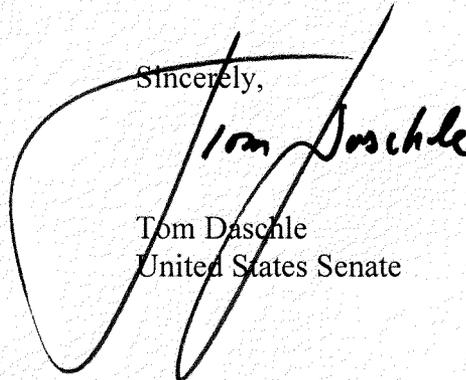
As you will see from my new proposal, I have again moved on overall funding by accepting the number of \$140 billion that you have stated is essential for an agreement; I have moved towards your position on start-up and pending cases as you requested; and I have moderated my position on reversion of the category VIIs which has been a serious concern for business. While creating a national asbestos trust fund is unquestionably an extraordinarily complex undertaking, too much progress has been made to let this issue go unaddressed in this Congress. It is my belief that this proposal could serve as the basis for legislation that could pass the Senate with overwhelming bipartisan support.

The Honorable Bill Frist
September 15, 2004
Page Two

If, however, we are unable to secure a resolution this Congress, I believe it is incumbent on the Senate to make a thorough review of the new and additional information that has become available throughout this past year. Many issues have been raised during the course of the negotiations that could have dramatic impact on many of the outstanding issues. The new information includes new data on overall projections and inter-category projections, the impending Halliburton settlement, and the recent study issued by the CDC on asbestosis related (non-malignant) deaths, to name a few.

I appreciate your continued willingness to work with me to try to solve the asbestos crisis. I remain optimistic that this issue can be an area where we can achieve a bipartisan solution before the end of the Congressional year.

Sincerely,

A large, stylized handwritten signature in black ink, which reads "Tom Daschle". The signature is written over the typed name and title.

Tom Daschle
United States Senate

Enclosure