

# SPECIAL Report



NATIONAL ROOFING CONTRACTORS ASSOCIATION

## Celotex Files for Chapter 11 Reorganization

The Celotex Corporation and its wholly-owned subsidiary, Carey Canada Inc., have filed voluntary petitions for reorganization under Chapter 11 in the United States Bankruptcy Court for the Middle District of Florida, Tampa Division.

Kenneth E. Hyatt, Celotex's chairman, president, and chief executive officer, stresses the companies will continue to operate as in the past. "Celotex will be open for business today and into the future and intends to meet its commitments to its customers, suppliers and employees," Hyatt said in a press release date October 12, 1990.

Noting that Celotex currently is profitable in its sale of building materials, Hyatt says the Chapter 11 filings will enable the company to receive the protection of the bankruptcy court from claims arising in asbestos-related litigation.

Celotex and Carey Canada have been engaged in defending asbestos-related litigation for more than 15 years. What started out as a handful of personal-injury lawsuits in the early 1970s had swollen to more than 140,000 by the end of September.

Since the inception of this litigation, Celotex and Carey Canada have paid out more than \$587 million in settlement and defense costs for personal-injury and property-damage claims. Most of the funds were paid from insurance coverage available to the companies. To date, the companies have settled more than 50,000 personal injury claims.

Under the protection of the bankruptcy court, Celotex and Carey Canada expect to be able to resolve their remaining insurance coverage disputes and to develop a plan that will permit equitable payment of their current and future asbestos-related liabilities, as well as satisfaction of other creditor claims.

Of vital concern to NRCA members is how Celotex intends to handle its pending and future warranty claims. We are attempting to get as much detailed information as we can from Celotex as to how they intend to proceed. We intend to issue a follow-up special report with whatever additional information we are able to receive.

In the meantime, please feel free to call with any questions.

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