

file

Asbestos is a health hazard
Lilly concentrate contains asbestos in the form of tremolite

Unforeseen outside events
i.e. events that really do not force tremolite to change its method or mode of operation

Actions Required of Tremolite by Regulating Agencies OSHA, MESA, etc

Increase in body of knowledge about tremolite
1) Fairly Definitive study
2) Market research results
3) OSHA review
Tremolite's rights to decide take
"Asbestos Free"

Bad Publicity

1) Search for Publicity from Louise Appeal
2) Media attention in news, etc
3) Trade Rally in Canada
4) Simon & Schuster
Club in the
quarries
vertically

Lawsuits

1) Large industrial companies
2) Criminal action
3) Use adm on firm Lilly tamper
4) Simon & Schuster
inhibits lawsuits

Actions affecting Zonolite Facilities

1) 25% of stock entered at all existing plants
2) Required to buy water treated i.e. stream rock
3) 25% of stock entered of Lilly (Cost \$15M)
4) New asbestos studies issues, has 8th TWA = 57% of current (57%)
5) Entire Concentrate Found to contain tremolite
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Actions affecting Zonolite Products

1) Prohibited from selling Market 10 California in March
2) Effort prohibited from selling any Lilly concentrate based product in California
3) Prohibited from spraying Market in New York or other metropolitan areas
4) Customers begin to refuse product made from Lilly concentrate
5) OSHA requires us to label All bags - consumer industrial
6) Consumer Product Safety Commission takes action against products containing Vermiculite - Firms us to stop selling product from Lilly concentrate

DEFENDANTS' EXHIBIT 18910

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OVERSIZE DOCUMENT

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Agency	Action	TIME HORIZON	PRESENT STATE OF ZONALITE COMPLIANCE	SCENARIO	RE RECASSIONS	SOLUTIONS	CAPITAL	OPERATING COST
Federal or State OSHA	Required to bring all expanding plants into compliance with OSHA standards - 27% in TMA	1972 -> 1978?? required exists	Most expanding plants NOW meet standards. Several (65) do not but can be brought into compliance	Federal or state OSHA officials inspect or reinspects remaining plants and require compliance	We are forced to upgrade the remaining plants - slightly increased capital and depreciation	Spend the money to upgrade the plants - where required	\$100,000 to 200,000 per plant	
Federal or State OSHA	Required to buy expanding plant stock i.e. stone rock	1972 ->?? required exists	Zonalite is not complying at the time	Federal or state OSHA officials inspect and require compliance. Usually only necessary if extensive lead levels are excessive	Forced to install stone rock bagging equipment then find a means of disposal. Difficult to find disposal areas	Spend the money to install the equipment where + others required	\$20,000 per plant	assume 74% additional on 2-28/bag
California State OSHA	Prohibited from selling Monocote in California via the Pure Act	1976 ->?? regulations exist	Zonalite is not complying at the time	Possible criminal action by some District Attorney Fireproofers won't use our product unless certified asbestos free	Loss of Monocote sales in California 1976 sales = 3,522,855 Bad Publicity + snowballing Actual legal admin liability	Refrainable Monocote from SC concentrate Refrainable Monocote without Vermiculite Abandon Calif Market	Refrainable cost = \$150m + concentrate-blower cost	transportation costs \$2700/m total of \$50,000
California State OSHA	Effectively prohibited from selling any Libby based products in California	1976 ->?? regulations exist	Zonalite is not complying at the time	California OSHA officials require strict compliance with Fibra standards, labeling waste disposal regulations etc	Loss of California sales 1976 = 4,641,404 Bad Publicity - snowballing Concentrate Balance	Stop SC concentrate to California Refunds from California Mkt - PY also		transportation costs \$1700/m total = \$30,000
State OSHA or Local Building Authorities	Prohibited from selling Monocote in New York or other metropolitan areas	Present ->?? regulations exist	Zonalite is not complying at the time	Metropolitan local building authorities are banning the use of asbestos - our exposure is growing	Loss of Monocote sales 1976 = 10,153,983 Bad Publicity - snowballing	Refrainable Monocote with SC concentrate or without vermiculite Abandon Monocote	concentrate blower costs	transportation costs
Customers	Customers begin to refuse products made from Libby concentrate	Present ->?? already happening	Zonalite is supplying specific customers with SC concentrate custom pop freight	As customers become aware of asbestos in Libby products more a more waste SC material	Drop in sales of Libby products + shrink Libby problems Severe concentrate balance	As required not possible - supply these customers from SC Shrink Libby	transportation costs large losses of Libby due to volume	transportation costs
Federal or State OSHA	Required to label all products containing Libby concentrate	1972 ->?? regulations exist	Zonalite is labeling unexpanded concentrates but not any expanded concentrates	During inspection or reception OSHA may require the labeling of all bags	Drop in sales of product negative publicity lawsuits	No easy solution Shrink Libby Close Libby - shrink to a regional business	??	loss of income
MESA or OSHA	Libby forced to meet proposed 2 F/M standard	1978 ->??	Libby is coming close to proposed 2 F/M standard a can meet 2 F/M standard	MESA is folded into OSHA or adapts the standards likely but not sure when	Forced to spend the money to upgrade the mill	Spend the money necessary Close Libby	\$600,000	

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U. Libby
8/11/80

Agency	Action	Time Horizon	Present Status of Zonite Compliance	SCENARIO	REPERCUSSIONS	SOLUTIONS	CAPITAL	COST OPERATING
Federal OSHA	New asbestos standards issue OSHA TWA reduced to 10/fm or 5/fm At first likely to care time standards for asbestos use in the construction industry issue	18-24 months will be a long process	20-25 Exposures almost already met 10/fm standard Libby most likely will meet 10/fm standard	Rule making process has been started proposed standard was 15 f/m. Most likely rule for exposure to asbestos in construction industry will issue at same time as three for manufacturing One or several of Exposures are deposits found to contain tremolite Zonite is asked to certify that its concentrate is "asbestos free"	Unlikely Libby could meet standards - Close Libby construction industry standards may affectively prohibit the use of Libby based products.	1) Close Libby plant because beyond because 2) Control standard expanding plants to pulite 3) Remove or bind up the tremolite	??	??
Federal or State OSHA	Excess Concentrate found to contain asbestos	Present - 24 months	Excess concentrate at present has only trace amount of tremolite		No asbestos from vermiculite Zonite cannot certify that its concentrate is "asbestos free"	1) Mine different deposits 2) Close Enace or disband Zonite	??	??

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Assume 150,000 tons of concentrate per year available from Enree 03656635.

Products	Tons	Gross Sales \$	Cooc
Concrete Agg. { 50% vermiculite 50% Perlite	31,500	\$ 10,059	
MONOKOTE { No vermiculite		10,831	
Soilmix	6,597	4,127	
Ag Bag + Bulk	18,408	1,487	
Enree licensees	22,000	1,134	
Libby licensees ex Canada	67,000	3,294	
Total tons	145,505	\$ 30,932	

Zonolite

Vermiculite	\$ 30,932	
All other	3,116	
Insulperm	2,824	
Hort Perlite	1,361	
Total Zonolite	\$ 38,233	vs 77B of \$ 65,719 = <u>-41.8%</u>

CPD

Zonolite	\$ 38,233	
Durex/SAB	21,754	
RPC	5,794	
(Other)	(500)	
	\$ 65,281	vs 77B of \$ 107,318 = <u>-39.2%</u>

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