

Construction Products Division

GRACE

TO: R. L. Asher - CPD/Winter Park
T. P. Feit - CPD/Santa Ana
M. D. Ragan - CPD/Somerville
B. C. Rugg - CPD/Atlanta
J. I. Stone - CPD/Chicago

DATE: August 25, 1987

FROM: J. J. Worthington

SUBJ: Zonolite Masonry Insulation

cc: J. A. Danneker
R. H. Locke
J. M. Spiak
J. W. Wolter
W. R. Wright

As you're aware, the sales of ZMI made from Libby ore were temporarily discontinued August 21 because of some concern for the flammability of the oil being used to treat the product for dust suppression.

Until sales of Libby-based ZMI can be resumed, we'll sell only ZMI made from South Carolina ore since this product does not need the oil treatment.

Our plants with both Libby and South Carolina ore inventories will switch from the use of Libby ore to South Carolina ore for ZMI; and, of course, several other plants were already using South Carolina ore in ZMI. You should not see any significant impact in either of these two cases.

Several other of our plants, however, don't have the capability of using South Carolina ore; and for at least some period of time we'll have to make alternate arrangements to keep our customers satisfied and maintain our market position in masonry insulation. These plants are:

Southern Region

Dallas
Little Rock
San Antonio

Central Region

Denver
Minneapolis
New Castle
Omaha

Western Region

Newark
Phoenix
Portland
Santa Ana

You should discuss with the Regional Production Manager in your area how to best service your region's ZMI business that would normally come from the plants listed above. From discussions I've had with Reed Wright, it appears Oklahoma City is the likely plant to pick up the West Coast requirement; New Orleans, Nashville, and Irondale would likely pick up the Dallas, Little Rock, and San Antonio volume; and in the Central Region, St. Louis and Chicago could supply Denver, Minneapolis, and Omaha with Dearborn or Weedsport supplying New Castle.

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August 25, 1987

Incremental freight costs associated with the above plan should be captured in "Interplant Transfer Charges". This will happen automatically in cases where ZMI enters a plant inventory. However, in cases where we're shipping direct to a customer; i.e., St. Louis plant ships direct to a Denver customer, special procedures must be followed to assure correct accounting for incremental freight. See Reed Wright's memo regarding this issue.

If you have a compelling reason to want Libby-based ZMI shipped to a customer; e.g., to prevent a job's being shut down, etc., call Jack Wolter, Joe Spiak, or me to discuss a possible exception.

The duration of our moratorium on Libby ZMI is unknown; however, we should have as a goal during this period keeping our ZMI customers satisfied and maintaining our market position.

Call with any questions.



J. J. Worthington

JJW/mrm

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