

PLAINTIFF'S
EXHIBIT

WRG-1653

KONOLITE

CONSTRUCTION PRODUCTS DIVISION

RECEIVED
MAR 27 1981

SANTA ANA

INTER-OFFICE CORRESPONDENCE

TO: Tom Feit

DATE: March 25, 1981

FROM: Ralph Burnham

SUBJECT: Report for the Week
Ending 3/20/81

Asbestos -- Thanks to a local architectural firm, I received a call this week from a reporter from the ARIZONA REPUBLIC & GAZETTE. He was asking questions about acoustical plaster and acoustical textures regarding asbestos fiber content, what fiber substitutions had been effectively made since 1973, and if such substitutions increase our cost to produce or if ultimately these became an additional cost to the consumer. I felt obligated to give the gentleman some answers. I was very guarded in my statements. I did inform him that we had not used any asbestos additives in our formulas since 1973 and that we had changed to inorganic fiberglass fibers, as well as cellulose fibers, in certain formulations. I also stated that such re-formulations had, to a certain extent, increased pumping pressures and, subsequently, decreased productivity, which had the effect of increasing the in-pl cost of the material. I'm not sure I gave him all of the information he was looking for, but he did indicate they might, in a future article use some of my statements to the effect that the material had been reformulated and that it had, to a certain extent, increased the in-pl cost. We have a number of schools with acoustical plaster (at least one with asbestos in it) here in the state and, at the present time, they are estimating a cost for removal from the school systems alone of approximately \$15,000,000. One school may cost as much as \$1,000. In a series of articles the REPUBLIC & GAZETTE has written over the few weeks, I'm of the opinion that they were reasonably accurate, but using somewhat the alarmist approach, and apparently the State is recommending complete removal rather than sealing. Of course, over the long term, I suspect complete removal will be one of the safest ways to go but at the same time, very expensive. Some estimates given locally as high as \$15.00/psf. I find this difficult to believe, but I guess it is not of my concern.

Hopper & Son -- I think I should tell you that Dennis Hopper approached me this week, requesting information regarding the terms of his franchise agreement on roof decks. All questions were relative to substituting Insulperm® by other foam products and how it related to the royalty, structure, etc. This conversation developed as a direct approach to Dennis this week by Bernie Green of Vertecs. Bernie says there is a question in his mind that he can justify the construction of a mold operation in Phoenix for the Drivit, if he can get our Insulperm® business. Obviously, Dennis or someone has provided Bernie with a lot of numbers, at least as far as our products are concerned. According to Dennis, Bernie Green has quoted \$145./MBF f.o.b. Phoenix. This, of course, is for Insulperm® or the equivalent of it. When you combine that with a royalty fee of 1-1/2% per board foot, you are looking at \$160./MBF. Effective May 1, 1981 our price for Insulperm® will be

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PACIFIC REGION

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