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FORECAST OF PURCHASING TRENDS - F. S. Bilton

Prices are presently fairly stable, however small increases on January 1, 1976 are expected in the freight rate account, and have become a larger factor than previously thought. Dr. Phoenix said freight variances to customers are down substantially.

Zircon is being purchased from three sources. The average price is \$380 per ton delivered, which is down from over \$500 per ton. Tamworth is paying \$564 per short ton. Dr. Bryant said the degree of risk in the contract is that it can go to two years. The only real danger is that we eliminate Zircon from the washes, which cannot happen. A position should be established with M&T.

With regard to ball mill dust, five carloads of higher quality material have been obtained this month, which should cut down on grindings.

GREENLEAF PROJECT REPORT - D. Leonard

The mine has been repossessed as of November 1. British Mining Company has a two-month option to purchase the two claims. It is 80-90% favorable that the property will be sold by the end of the year. If and when it is sold, it will be mandatory that we market Fluorspar from the mine. Trial run was on schedule and size was correct. Ameron was happy with it and hopefully there will be repeat orders. No face has been lost with the customers, and there would be no hesitation in recontacting the mills. November shows a profit for the division. December profit is dependent on the mine sale.

ASBESTOS - D. L. Adams

It has been known for some time that asbestos is undesirable because of health implications. Standard enacted for its use is to shift to a considerably lower level by the middle of 1976, going from five to two. We are operating under a five fiber limit. NIOSH (reserve arm of Occupational Health and Safety Association) has stated this is a carcinogenic substance and they have proposed a totally new set of regulations which would eliminate the two fiber standard and propose going to a .5. This would prove extremely difficult for us.

Health proposals relative to asbestos were discussed. Mr. Adams reported we can expect to see much regulation relative to asbestos. We must either eliminate it from our product or be faced with a significant redesign for controlled access and controlled atmospheric conditions. The definition of asbestos might also be expanded to other fibrous materials. We will need to be prepared to make a commitment. Mr. Wood gave his views on the problem and stated the process for asbestos, as well as other fibers, must be designed to conform.

No sleeves are being made with asbestos, according to Dr. Bryant. Mr. Vandermark feels Proflex remains the biggest problem. Dr. Phoenix stressed we must be out of it by the end of the year.

**PLAINTIFF'S
EXHIBIT**

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Mr. Wood related that design work has been done on vacuum rings.

WAREHOUSE SPACE - A. Money

The proposal for 28,000 sq. feet on Eastland Road was sent to Hayes. We can lease the space, but the City of Brookpark insists that we must sprinkle the system at a cost of about \$28,000. We are now waiting for a firm proposal from Tom Lang and hope to negotiate sprinkler cost through a 15-month lease. It will be necessary to look at the penalty we will pay for the lease as opposed to the sprinkler. Dr. Phoenix suggested we talk to the Fire Marshal. Mr. Money stated we can obtain insurance to cover it.

FERRUX COSTS - GRINDINGS ADDITION - A. Money

Cleveland Plant recipe variance for October showed there was \$16,000 unfavorable variable in Steelmill. There was \$29,000 variance in Cleveland Plant which is the result of adding grindings; latest information on the shop floor indicates that grindings are still being added.

Mr. Vandemark has requested Mr. Ware to trace the source of the error. After this is known, action will be taken. It might be that a price increase will be required.

SECURITY/CONFIDENTIALITY

Mr. Adams said positive steps must be taken to overcome the problem of theft and a task force is essential. Discussion was held in regard to personnel who will comprise task force.

Mr. Wood remarked the fencing program has started. A telephone system will act as a link to the guard. Electrical locks will be installed, making the only entrance in the lobby area. Security needs to be a conscientious effort on everyone's part. Mr. Greg Thomas is presently working on having the doors alarmed. Mr. Wood reported the gates will be closed off in a simple manner.

SECURITY LITIGATION

Rumbleton have agreed not to consult in certain areas of our business. Great West Steel has agreed not to produce in these same ranges, and is also to provide us with evidence that the method was discovered before the coming of Foseco personnel.

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