

TOXINS 2005 (Company Specific)

Whereas

Concerns about chemical hazards are growing. Increased monitoring is demonstrating widespread exposure from current and past practices. In the opinion of the proponents, related policy proposals and litigation will also grow, with implications for XXX.

New technologies of analysis make it possible to detect chemicals such as dioxin and pesticides in the bodies of people, even at low levels, and to identify trends in chemical exposures. Among these are compounds found in XXX products. The testing may aid the correlation of exposure to disease, and liability suits against chemical producers.

XXX's manufacturing facility releases dioxin to air, land and water. The surrounding city and watershed are contaminated with dioxin, with levels detected in the floodplain downriver as high as 80 times the state's residential cleanup standard. A state advisory has warned that exposure to the contaminated soil could pose a health hazard. A class action lawsuit on behalf of as many as 2000 residents asserts property damages and seeks medical monitoring.

Agent Orange, a Vietnam era pesticide, was contaminated with dioxins. US and Vietnamese veterans and their families are demanding compensation from XXX. A 2003 US Supreme Court decision may allow thousands of new US veterans' suits to proceed.

Emerging public policies may require changes in production and use of certain XXX product lines. For example, the European Union proposes requiring manufacturers that sell chemicals in Europe to provide data on hazards and uses, and would require special approval of certain "very high concern" chemicals, including some persistent and bioaccumulative toxics, carcinogens, mutagens and reproductive toxins. The Stockholm Treaty on Persistent Organic Pollutants and the Great Lakes Water Quality Agreement both encourage elimination of persistent toxic chemical products and precursors.

In the opinion of the proponents, management's sustainability report and SEC filings obscure rather than clarify some of the most important policy issues confronting XXX, because they leave gaps in disclosure, specifically:

- How public policies may impact the company's product lines, including the Stockholm POPs treaty, Great Lakes Water Quality Agreement and the proposed European REACH program.
- The list of XXX products anticipated to require specific authorization or be restricted under the proposed European "REACH" program.
- A company plan and timeline for phase-out of each product involving a persistent, bioaccumulative chemical or byproduct, or an explanation of why alternatives cannot be substituted, explaining how the company will respond to rising regulatory, competitive and public pressure.

RESOLVED: Shareholders request that the Board publish by October 2004, at reasonable cost and excluding confidential information, a report filling the gaps in XXX transparency discussed above.