

April 1, 2008

Dear Neighbor:

Over the past several weeks, Kennecott has been the subject of an investigation by the Salt Lake Tribune regarding the stability of the south tailings impoundment in the event of a catastrophic earthquake (7.25+). For the past 20+ years, Kennecott has spent more than a half a billion dollars to stabilize the tailings impoundment and continues to do so today. We have attached a fact sheet to better explain these efforts to stabilize the impoundment. As a result, our analyses today show that in the event of a major earthquake, the tailings could - in the worst case - run out onto Highway 201 but will not reach any homes.

The newspaper is not, as far as we know, saying that the tailings impoundment is a risk to nearby residences today, but is questioning decisions made by previous management 15 to 20 years ago.

Specifically, the Tribune is saying that:

- Kennecott was not transparent with the local community about the level of risk the south tailings impoundment posed to homes when it first learned of potential risks back in the late 1980s. The first public meeting on these issues was in 1998.
- Kennecott and the state engineer's office at the time purposely withheld information from the public.
- It was only after a confidential memo to senior managers from a former employee in the late 1990s that Kennecott took action to fully inform the public about this risk.

We have provided the reporters with interviews, tours of the impoundment and a significant amount of information on technical issues as well as the public engagement process Kennecott went through in the late 1990s concerning the impoundment improvements. We cannot answer their questions about decisions of previous managers, many of whom are no longer with the company, nor can we verify that the allegations in the confidential memo were true. What we can say is that today we would have engaged our community stakeholders earlier in the process on such important issues that might affect them.

To ensure that all our neighbors today have the information they need on these issues, we would like to invite you to the Magna Community Council meeting on Thursday, March 27 at 7:00 pm. We want to hear any concerns you might have about the safety of the tailings impoundment. As important, we want to hear how we can improve our communications with you.

We would encourage you to attend this meeting if you have any concerns or questions about the safety of the tailings impoundment today. Additionally, we will be at the Magna Town Council meeting on April 3rd at 7:00 p.m. If you have additional questions or concerns please feel free to contact me at 569-7211 or Holly Robb at 743-4304.

Sincerely,

Paula H. Doughty, Manager
Tailings and Water Services

Kennecott Utah Copper - Fact Sheet

South Tailings Impoundment

What are Tailings? Tailings are the material left over after the valuable metals have been extracted from the ore from the Bingham Canyon Mine. The ore is crushed and ground until it is the consistency of fine sand. It is then transported to the tailings impoundment as mud-like slurry where the solids settle out. Tailings storage in the south impoundment began in 1906.

Steps Taken to Reduce Risk to Magna Residents

- **Dewatering Efforts:** Beginning in the late 1980s, dewatering of the south and east slopes of the southeast corner of the tailings impoundment occurred to remove water. This process included the installation of more than 40 dewatering wells, 1,500 wick drains and 200 horizontal drains along this portion of the impoundment. This dewatering program has successfully improved the stability of the impoundment. It has progressed so well that the plan is 10 years ahead of schedule.
- **Stepback Dikes:** Beginning in 1991 and continuing through the late 1990s, Kennecott began reducing the slope of the southeast corner and moved tailings more than half a mile away from the slope. Tailings deposition on the south impoundment completely ceased in 2001.
- **Transition of tailings deposition to the North Impoundment:** Following an extensive permitting effort that started in the early 1990s, and an expenditure of over \$500 million, Kennecott closed the south impoundment and transitioned all operations to a seismically engineered state-of-the-art north impoundment approximately two miles to the north. This allowed Kennecott to reclaim the south impoundment by vegetating the slopes and top surface.
- **North and South 80th West Dams:** By 1998, Kennecott's two independent geotechnical engineering firms projected that a release from the impoundment would not reach any residential areas during a significant earthquake. As an extra precaution, Kennecott constructed "L" shaped tapered earthen berms approximately 15 feet high, near your neighborhood north and south on 80th West, to divert any potential release.
- **Roadway Notification System:** Kennecott installed warnings signs along Highway 201 which are triggered from seismic monitoring instruments (accelerometers) located around the facility. In the event of a large earthquake, pre-programmed messages would automatically be sent to the signs to advise motorists not to enter and avoid potentially hazardous areas.
- **Public Notification:** In 1998, Kennecott engaged in a significant public process in the Magna area to inform the community and agencies of the improvements that were planned or had taken place to improve the safety of the south tailings impoundment. This notification process continued for several years.