PLAINTIFF'S EXHIBIT
UC-2199

METALS DIVISION

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Memorandum to: Messrs. W. G. Alesio/G. R. Bailey
R. L. Folkman
G. Forstot
R. F. X. Fusaro/J. J. Sibley
J. G. Holmes
H. K. Jackson
O. J. Malacarne
J. L. Myers
H. B. Rhodes
W. B. DeAtley
F. J. Shortsleeve

Subject: Strategic Planning - Asbestos

The development of industry and business definitions for the Asbestos Business Strategic Plan is likely to be somewhat more difficult as compared to similar developments for the other more clearly defined Metals Division businesses. The asbestos products derived from California chrysotile differ in important respects from the products derived from other asbestos deposits. Products from different deposits compete in some markets but a significant fraction of the King City products are employed because of their unique properties and compete with materials other than asbestos.

An examination of applications of King City products suggests that the business is one of marketing the unusual combination of physical properties of California chrysotile. These properties are:

- A large surface to mass ratio
- Fiber geometry
- A positive surface charge
- Strength and flexibility

This set of properties serves to advantage when the products are employed as viscosity control agents in:

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- Vinyl floor tile
- Oil and gas well drilling mud
- Mastics, caulks and sealants
- Suspension of heavy pigments in paint
- The formulation of polyester resins for spraying on fiberglas reinforcement.

One application that does not fit in the category of viscosity control is in the production of paper where its geometry and surface properties are utilized for pigment retention and drainage control. There may be other such applications of which the writer is not aware.

The concept that the business is one of marketing the combination of physical properties of California chrysotile is difficult to deal with in terms of definition because it lacks specificity. For the same reason the industry in which such a business competes would be equally difficult to define.

A major portion of the business is in the control of viscosity and this might be expressed in reasonable definitions such as:

Industry

The production and marketing of viscosity modifying products for the _____ industries; where the industries are those listed above.

Business

The production of viscosity modifying products from California chrysotile and the marketing of these products in the _____ industries.

The industry and business so defined could be profiled in accordance with the strategic planning protocols, but the process would be a complex effort because the various industries of application are quite distinct and the value of the marketed product in each industry is different in important respects. A further complication, mentioned earlier, is that some applications are excluded from the definitions.

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A simplification is highly desirable and perhaps with the above as a point of departure, those most familiar with the business can provide it.

Early comments, particularly in writing and distributed to the entire group, are requested.

R. W. Rebholz

RWRebholz:ac

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