PLAINTIFF'S EXHIBIT

UC-3591

Asbestos — May 22, 1979

Myers. J.M. believes that sho — fiber asbestos growth will be close to zero for the next 10 years.

J.M. may keep to 0-3 years production in time of slow demand.

Keep will resist market penetration by lowering price.

Change 1 volume growth to mid low
Keep overall vol growth to lower value

Page 1 Item (2) change.

Analysis of Jamie Strategy Proposals.

J&F will consider to a contract with UCC at $90/ton with reasonable basis for escalation in future.

UCC 008171

Specific Strategy Development

Improve Position

Generic A1 - Mkt penetration : coastal producers
Specific Strategy

1. Market Penetration SF

Increase market share from 16 % ⇒ 25 percent by the end of 1981 and increase to 32% by end of plan period

Rationale: Improve position - take advantage of a business opportunity.

Programs

Marketing

(a) sign a long term contract with J&F for 1200 T/Day in Gulf (J&F must commit to handle bulk)

(b) sell remaining uncommitted tons to others.

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Projected Requirements

	Case		Union	
	1979	1982	1977	1982
Kentucky	1500	5000	4000	6000
Ala.	1000	5000	0	0
Flintkote	1000	5000	0	0
CAF	1800	0	0	12000
Others	0	0		6000
	5300	15000	10000	24000

Engineering

(a) Design and build a 25000 TPY expansion to S.F. circuit by mid 1981 (bulk only) 7 mm (RIK)

(b) modify existing system from .5-1.0 fiber regulation - (1 mm) by 1981

Production

obtain required permits

G-1 cont

(2) ~~const production~~ ~~one system~~ - viscosity

Maintain market share at 11 %

- through 1983 and clearance to 8%

- during balance of the plan period

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Rationale: Export market is subject to ~~[illegible]~~ environmental capacity - uncertain ~~[illegible]~~ conditions to not warrant expansion

Program steps

Marketing

Marketing program good to maintain market share through 1983 and decrease to ~~[illegible]~~ % over balance of plan period

Problem

part of production comes from chemical and part from short fibre.

As follows:

	1979	1983	1988
RG-144	1000	1400	2000
RG 244	1400	1800	1800
	2400	3200	3800

Market 22000 +5000 5 to 8%

UCC 008174

Technology

1. Develop improved packaging and product forms.

force entries A-1 | Competitive response – none.

Engineering area to share (.5 fiber limit)

Generic Strategy A-2 Retention 79-81

Specific Strategy

Maintain market share thru 1981 with no major capital investment for expansion of either D.F or chemical circuits

Rationale: Uncertain environmental factors do not warrant expansion to maintain share after 1983.

A2 Maintain position same/same amount

Specific Strategy

To maintain market share at 11% for the last 7 years of plan

UCC 008175

Rationale Environmental factors permit expansion. Facilities to participate in high growth portion of business.

Program

Marketing

(a) enhance large customer sales.

(b) improve technical service effort

Engineering

Design and build a 1800 TPCY expansion of the chemical circuit by mid 1983.

Compatible response — none.

CONCEDE POSITION

1979-81 Retention

Specific strategy

Same as maintain position

Rationale same as above.

82-88

constant production;

Same as maintain direction

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Constant production - uncertainty
Same as in Improve Direction

ABANDON POSITION

Specific Strategy #1
Sell the facility as an operating plant in 1980

Rationale: Take advantage of opportunity to sell a facility business facing ~~an~~ an uncertain future because of environmental factors.

EXTERNAL Assumptions for volume and selling price — data provided by buyers

Unit Abandonment

Sales value — current earnings
5, 7 & 10 times earnings.

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Internal

1. Increased plant operating cost due to increased environmental restrictions

2. Capital cost for plant expansions

Improve Powhatan ailing

Market quantities - S.F. Consol production - Visc

1. increased plant operating cost due to increased environmental restrictions (OJW)

2. Operating cost for the new total system. (OJW)

3. Cost of new expansions S.F. KLOTZ
RG 244 5.5 mm
S.F. #25000TPY 7.0 mm
Review by Rusty.

4. Capital cost for mesh, 5-1 fiber

5. Cost of compliance with DOT regulations KLOTZ

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CONCEDE POSITION COSTING

RESTRICTION, CONS Prod - SF const Prod - Nixon

1. Same as improve #1
2. Same as No. 4 improve #4
3. " " No. 5 improve #5

COST POSITION MAINTAIN POSITION

1. Same as Improve #1
2. " " " #4
3. " " " #5
4. ... cost of chem. expansion RSK
5. DFW operating cost

Marketing cost for all cases myers

ABANDONMENT

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Risk Analysis

Risk categories
- Government
- Competition
- customer
- Suppliers
- Economics
- other external

} external

- Internal

UCC 008180

STRATEGY . RISK SOURCE . LIKELIHOOD . Degree of exposure, OVERALL . COMMENTS

Improve MRT Pen.
SHORT FIBER

GOVT

1. Depletion is reduced ——— use TUV basis ——— →

2. 3rd party liability before 1977 exceed plan. 50% double the plan (50000) $ 75000 MONITOR WHICH SO SUBJECT CONTINUE(?)

3. exp. After. 1977 exceed plan 50% 40 M per year liability stands with 1978 no payment until 1998 $ 20 M/yr liability stays in 1978 NO payment until 1998

4. NO RISK

5. OSHA TLVs Reduced To .5 f/cc 50% (OSHA) operating cost will be increased by — %

6. No Risk

7. No Risk

COMPETITION

No. 1 NO RISK

No. 4 OTHER A.F. PRODUCERS CUT PRICE 50% OSHA decreases 5000 tons after 1983

No. 6 ATLAS SHUTS DOWN end of 1979 50% 3000 ADDITIONAL SALES IN 1980 at $118/TON UPSIDE RISK AS EFFECT AFTER 1983

CUSTOMER

CUSTOMER REACTION TO health factor unfavorable; impact on Sales Volume. ZERO

UCC 008181

Prior liability.

66 warn label

72 OSHA label

risk is greater for period through 1968 and less from 72 and thereafter.

Defense — no absolute defense. no defenture case law. Borell case is ambiguous. We depend on label and program of education of customers.

J.M. Colo. Warning label is not a defense in the absence of proof that employee read the label. Colo Supreme court decision.

Insulation we do not participate

Ed user plants for low risk type points

Employees of customers — workmans comp. for employee — still for & sue raw materials suppliers — help Johns Manville — small population. Population is transient. risk is reduced but in next 3 years we will settle our

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first case - this will open the door
2 - 3 per year - not [illegible] figures
$100 - $200,000

We started 1963 - 20 year incubation
assume 150000 per year 1983. and
for the rest of the plan period

1963 - 1966 NO LABEL

68 - 72 work related

72 OSHA LABEL

78 Publicity widespread

First cases may come at any time (prior exposure)
Assuming 1st will be filed from 1, 1982. First cases
Settlement 1982 cost est 100 - 200,000

1982 start 150,000/year.
~~3 years~~
1050000

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STRATEG	RISK SOURCE	LIKELIHOOD	Imp of RISK	OVERALL	COMMENTS
TECHNOLOGY					
	1. COVERED IN BASIC — NO RISK				
	2. MAJOR BREAKTHROUGH ON SUBSTITUTE FOR SHORT FIBER ASBESTOS	5%	LOSE ALL FLOOR-TILE IN LAST 5 YEARS OF PLAN		
		10%	LOSS OF ALL DRILLING MUD & ALL OTHER NON FLOOR TILE APPLICATION IN LAST 5 YEARS OF PLAN.		
INTERNAL					
	1 Product cost is higher than plan.	25%	products cost over 10% above plan		unmitigated energy cost risk a large factor
	2 Capital cost is higher than plan.	30%	cost is 25% above estimate		
IMPROVE CONST PROD VISCOSITY GOV.	1, 2, 3, 4 same as 1, 2, 3, 4 above				
	5. Marketing substitutions	20%	Eliminate 50% of domestic business in all years plan		
Competition	NO RISK				
CUSTOMERS	Recession consumer component plan.	25%	Sales growth. Reduced to zero as of year 1990		
Internal	same as NO. 1 by market penetration by 5 same as 10 in MX Plan				

UCC 008184

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STRATEGY | RISK SOURCE | LIKELIHOOD | Deg of exp. | OVERALL | COMMENTS

INDIVIDUAL

Improved PKG. product form

50%

would be to cause apprehension factor.

MAINTAIN POSITION RESISTANCE

GOVT

1% 39 Same as MKT gen.

competition & same or NOL

CUSTOMERS SAME AS 7

UCC 008185