PLAINTIFF'S EXHIBIT

UC-5114

THIRD PARTY LIABILITY

CLASSES OF POSSIBLE PLAINTIFFS

- INSULATION WORKERS

  -- UCC HAS NO EXPOSURE

- END USERS

  -- LOW RISK TO UCC SINCE ASBESTOS IS "ENCAPSULATED" IN MOST CUSTOMER PRODUCTS

  -- POSSIBLE EXCEPTION IS TAPE JOINT COMPOUNDS. CALIDRIA USED IN THIS APPLICATION FOR APPROX. 10 YRS.

- CUSTOMER EMPLOYEES

  -- DISSATISFACTION WITH LOW WORKERS' COMPENSATION AWARDS MAY LEAD TO LITIGATION AGAINST ASBESTOS SUPPLIERS

Union Carbide trial exhibit UC-5114: Third Party Liability Analysis and Recommended Strategy for the Calidria Asbe... Published by AsbestosClaims.Law

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THIRD PARTY LIABILITY

WARNINGS TO UCC CUSTOMERS

-- NO WARNING ON UCC PACKAGE FROM LATE 1965 TO JUNE 1978

-- "WEAK" WARNING LABEL USED ON UCC PACKAGING BEGINNING JUNE 1968

-- OSHA WARNING LABEL PRESCRIBED IN JUNE 1972. NOT AN ABSOLUTE BAR TO LIABILITY, BUT HAS NOT BEEN TESTED IN COURTS

-- MASSIVE GOVERNMENT EDUCATION CAMPAIGN IN 1978 A FURTHER BASIS FOR CLAIMING PUBLIC HAS BEEN ADEQUATELY WARNED

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THIRD PARTY LIABILITY

ANALYSIS OF UCC EXPOSURE

- 1963 - 1977
  - -- EXPECT 2-3 SETTLEMENTS PER YEAR @ $60,000 EACH
  - -- WITH 20 YEAR INCUBATION PERIOD, CLAIMS WOULD BEGIN IN 1983

- POST 1977
  - -- ASSUME CLAIMS DROP TO $40,000 PER YEAR TOTAL

- RISK FACTOR
  - -- FIGURE LIABILITY 50% HIGHER THAN ABOVE ESTIMATES

- ESTIMATE OF UCC EXPOSURE
  - -- CONTINUED OPERATION CASES -- $4 MM
  - -- ABANDONMENT CASE -- $3.5 MM

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THIRD PARTY LIABILITY

ANALYSIS OF UCC EXPOSURE

- IMPACT ON STRATEGY RESULTS

1979-1988 IMPACT (ZERO LIABILITY)

	CASH FLOW $ MM	EARNINGS $/SHARE	AVERAGE ROA
CONSTANT CAPACITY	12.0	.152	23
SHORT FIBER EXPANSION	8.2	.128	10
VISCOSITY CONTROL EXPANSION	7.8	.144	13
UNIT ABANDONMENT - SHUT DOWN	3.7	(.017)	-
- SELL	8.0	.050	-

1979-1988 IMPACT (ACCRUE FOR LIABILITY)

	CASH FLOW $ MM	EARNINGS $/SHARE	AVERAGE ROA
CONSTANT CAPACITY	9.9	.120	18
SHORT FIBER EXPANSION	6.1	.096	8
VISCOSITY CONTROL EXPANSION	5.7	.112	10
UNIT ABANDONMENT - SHUT DOWN	1.9	(.045)	-
- SELL	6.2	.022	-

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RECOMMENDED STRATEGY

CONSTANT CAPACITY

- HIGHEST EARNINGS QUALITY
- LIMITED CAPITAL INVESTMENT
- LOW RISK (POTENTIAL THIRD PARTY LIABILITY LARGELY RELATED TO PRE-'77 OPERATION)

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