PLAINTIFF'S EXHIBIT

UC-5331

ASBESTOS BUSINESS
(JLM 10/24/79)

Definition

The Asbestos Business includes the mining, milling and marketing of short fiber, high quality asbestos. Sales activities are worldwide and export sales dollars are a significant 44% of the total for 1980.

External Environment

Of major importance is the negative impact of potential Government regulations. Although not currently expected to happen, TLV's proposed by NIOSH of 0.1 fiber/cc are probably not attainable by our plant or customers, and withdrawal from this business would be necessary. If regulatory compliance can continue to be achieved, the plant should operate at 90-100% of capacity for the next two years.

Component Objectives and Strategies

This business should be operated to maximize earnings and maintain a positive cash flow. Capital investment should be limited to dust control and packaging improvements and minor modifications to produce "low-dust" products, such as "UNIVIS". Plant expansion should not be considered under the current asbestos regulatory and "publicity" climate.

This business should earn one-half to one million dollars per year for the foreseeable future unless precluded by Government action. Alternate strategic plans for the asbestos business are presently being evaluated and recommendations regarding the preferred strategic direction will be presented to management.

New Business Programs

None

Budget Year Action Plans

1. Continue the vigorous program directed toward minimizing needlessly burdensome regulations.
2. Continue market development of special products, especially those with low-dust characteristics.
3. Evaluate the future course of the Asbestos Business in light of Government regulations and the high profitability of the business.

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4. Continue agressive sales activities outside the United States. Regulatory pressures are less severe and a higher percentage of high-priced products is sold through foreign affiliates and distributors.

Financial Performance

	1978 Actual	1979 Budget	1979 Est. Act. (8/1/79)	1979 % Budget	1980 Budget	1981 Forecast
Net Sales	$7.2MM	$6.6MM	$6.8MM	103	~~$6.9MM~~ 7.0 MM	$7.9MM
Net Income	1.2	0.6	1.0	167	0.8	
Cash Flow	1.0	0.6	1.0	167	0.9	
ROA	25.4%	12.1%	18.6%	154	16.8	

Current Year (1979)

Higher than budgeted earnings and cash generation were due primarily to price increases and favorable plant costs. Plant operation was reduced from 20 to 15 shifts per week in September to reduce product inventories.

Budget Year (1980)

Sales volume and NIFS are budgeted to increase about 3% and 20-shift plant operation should be resumed by the end of the second quarter. If anticipated price increases are successfully implemented at the beginning of the year, NIFS will be 8.5% higher than budget.

Following Year (1981)

Increased sales volume of about 7% is expected in 1981, primarily due to an increased share of the drilling mud market with "UNIVIS" and modest increases in floor tile and export sales. The major uncertainty in the Asbestos Business will continue to be the effect of government regulations and adverse publicity.

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~~It is unlikely that regulations will ever be relaxed enough to allow substantial growth in asbestos sales.~~ This business should earn one-half to one million dollars per year for the foreseeable future unless precluded by Government action. If a business with such earnings is not necessarily attractive to Union Carbide, consideration should be given to selling the Asbestos Business during this period of high sales and earnings.

New Business Programs

None

Budget Year Action Plans

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3. Evaluate the future course of the Asbestos Business in light of Government regulations and the high profitability of the business.

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~~Asbestos Business Financial Planning~~

(4) Alternate strategies plans for the asbestos business and the presently being evaluated recommendations regarding the preferred strategic direction will be made presented to management.

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