CONFIDENTIAL

Pittsburgh Corning Corporation

UNIBESTOS PHASE OUT PROGRAM

October 1, 1971

Baldwin DEPOSITION EXHIBIT 71 13

To - J. H. Bierer
R. E. Buckley
W. J. Farkos
R. W. Gaenzle
L. P. Hauser
F. W. Holman
F. R. Maston
P. J. Meehan
B. M. Stout

The attached material is meant to serve as a base for developing a very detailed action-program.

Everyone receiving copies is asked to add his own ideas of actions to be taken, with specific detailed suggestions on what, who, when and how.

For the purpose of good communications among us, I would be glad to have your contributions so that they can be made known to everyone concerned.

R. E. Buckley

REB:khn

PC C002547

HIGHLY CONFIDENTIAL
SUBJECT TO PROTECTIVE ORDER

PLAINTIFF'S EXHIBIT WV-10956

PLAINTIFF'S EXHIBIT 7714.0

PITTSBURGH CORNING CORPORATION

INTER-OFFICE CORRESPONDENCE

To

From R. E. Buckley

Subject Recap of Lee Rauser's UNIBESTOS Data.

Date September 29, 1971

All data are as of 9/24/71; order backlog on that date, at list value, was $450,000.

	Port Allegany		Tyler		Total	
	Tons	Value	Tons	Value	Tons	Valu
FIBER INVENTORY	860.79	$183.4M	1328.7	$278.1M	2189.49	$461.5
REQUIRED FOR BACKLOG	312.71	-	230.0	-	542.71	-
EXCESS FIBER INVENTORY	548.0	$117.5M	1098.0	$229.5M	1646.0	$347.0
EXCESS OTHER RAW MATERIAL	-	$ 6.0M	-	$ 4.0M	-	$ 10.0

The excess fiber inventory, plus unallocated finished goods, puts PC in position to accept orders, after 9/24/71, in the following list value amounts:

	Port Allegany	Tyler	TOTAL
WARE BUILT FROM EXCESS FIBERS	$327M	$741M	$ 1,068M
(1) 85% of UNALLOC. FIN. GOODS	$201M	$ 79M	$ 280M
TOTAL POTENTIAL NEW ORDERS	$528M	$820M	$ 1,348M

(1) It is assumed that 15% of Finished Goods Inventory is comprised of ware not normally wanted by trade.

R. E. Buckley

REB:khn

[redacted]

PC-CDC2548

CHECKLIST

1. PROGRAM OBJECTIVES
2. ANNOUNCEMENTS
3. PERSONNEL ACTIONS
4. ORDER AND PRICING POLICY
5. RAW MATERIALS
6. SUPPLIES
7. INVENTORY - FINISHED GOODS
8. SCRAP
9. DISPOSAL OF ASSETS
10. OFFICE EQUIPMENT AND SUPPLIES
11. ~~DISPOSAL~~ DISPOSITION OF PLANT RECORDS
12. TERMINATION OF UTILITIES AND SERVICES
13. SKELETON CREW FOR FINAL CLOSE-DOWN PHASE
14. SECURITY MEASURES AFTER SHUTDOWN
15. FINANCIAL IMPACT

[illegible] CONFIDENTIAL
[illegible] ORDER

PC 0002549

Subject: Program and Timetable if UNIBESTOS is to be eliminated from Product Line

1. Program Objectives

A. Maximize profits from product during phase-out period.

B. Maintain maximum flexibility for PC.

C. Maintain all possible goodwill among customers.

D. Stress need for excellent communications with and treatment of personnel.

E. Implement program with due respect to legal and ethical obligations.

2. Announcements

A. Union committee and key administrative personnel at Tyler were notified September 27, 1971 that PC was studying the elimination of UNIBESTOS from the product line. PC will receive Union's suggestions by October 20, 1971.

B. Holman will make similar announcement on October 4, 1971 to Olm, to certain staff people and to Union committee at Port.

Announcement will include FOAMTHANE(1). Will request suggestions by October 20, 1971, so that decision can be reached and announced by November 1, 1971.

PC 002550

2. Announcements (Continued)

C. Appropriate notice re PC's study will be made to Sedalia Works Manager and to Research during week of October 4, 1971 by Bierer and Holman.

D. When decision, whether positive or negative, is reached by November 1, 1971, individually-worded notices must be sent to each of the following locations and/or groups:

(1) Tyler - Management, Union Committee, Salary Groups, Hourly Groups. (EWH)

(2) Port Allegany - Same as Tyler (EWH)

(3) Sedalia - Works Manager, for posting. (EWH)

(4) Research - Director, for posting (JHB)

(5) Central Engineering - Manager, for posting (EWH)

(6) General Office - All personnel (JHB)

(7) Field Sales Group - All personnel (RWG)

(8) UNIBESTOS Distributors, Buyers, Users, Specifiers (RWG)

(9) PCE and DPC (JHB)

E. Consideration must be given to the phrasing and content of the notices, so that each reader is told what he should know in order to understand and operate.

Drafts of announcements to their respective groups should be prepared and agreed on well in advance of November 1, 1971 by:

PC 0002551

HIGHLY CONFIDENTIAL
SUBJECT TO PROTECTIVE ORDER

2. Announcement (Continued)

E. (Continued)

JHB - for Staff, Research, Accounting, PCE, DPC.

EWH - for each plant and Central Engineering, Process Development

RWG - for Sales, Distributor, User and other groups.

REB - for Overseas buyers.

C002552

4. Order and Pricing Policy

A. Until further notice, PC will continue business as usual. Maximum discount on UNIBESTOS is 5% of List. However, commitments involving longer than 6 month delivery are to be avoided.

B. PC could find itself in the following situation with respect to orders, from this date forward.

(1) A sudden serious decline in new orders.

(A) This will make it difficult to move out our present unallocated finished goods inventory of $201M at Port and $79M at Tyler; $280M, total. It can be expected that the fewer the orders, the less chance of our inventory-items happening to match the items on the orders.

(B) In this case, PC would have to consider offering residual inventory items at substantial discounts to minimize loss.

(C) This situation will also require us to find a buyer for our $347M of excess fibers, which includes the $100M now enroute.

(D) Obviously, production schedules would be revised to conform to order flow and delivery date requirements.

HIGHLY CONFIDENTIAL
SUBJECT TO PROTECTIVE ORDER

5. Raw Materials

A. See LPH Report, 9/24/71; also REB Recap, 9/29/71. These must be updated weekly beginning 10/4/71 for purpose of close control on accepting new orders.

B. NAA, Chicago, reports some fiber could be sold now at 5% to 10% less than our cost. However, shipping interruption, anticipated price increase in January 1972 and shortage of long fiber supply could act to increase demand for our stocks during early 1972.

C. No raw material will be purchased except minor items needed to build ware for firm orders in backlog.

D. LPH can seek offers now for 473 tons fibers presently enroute to Galveston. LPH should receive specific instructions now from EWH on how and when to act on this matter.

6. Supplies

A. Purchases of supplies will be limited to items and quantities needed for filling backlog.

B. LPH should prepare weekly status report of supplies beginning October 4, 1971, for control purposes.

(These status reports will be prepared by the Plants and submitted to L.P.H.)

- All orders must be compared to finished goods cards to ensure that additional product is not made - but taken from inventory on hand. See item 7

pc C002555

7. Inventory of Finished Goods

A. Even at the risk of increasing frequency of changes in production, the plants should only make ware needed to fit orders on file. No items should be over-run for purpose of adding to inventory, unless cleared with EWH. —

B. As of 9-24-71, at List Value:

		PORT	TYLER	TOTAL
(1)	INVENTORY	$ 275.4 M	$ 163.1 M	$ 438.5 M
(2)	ALLOC. TO ORDERS	39.0 M	70.6 M	109.6 M
(3)	UNALLOC. INV.	236.4 M	92.5 M	328.9 M
(4)	EST. 15% NOT USEFUL	35.4 M	13.8 M	49.2 M
(5)	AVAILABLE INV.	201.1 M	78.7 M	279.7 M

(A) Some of Item (5) is ware made for special accounts, like Con Ed ($14 M).

(B) Re Item (4), plants should report promptly a more precise figure on the "cats and dogs" now in stock.

(C) Question: can light-density Navy ware now in stock, be used in PC's thermal-acoustic program? Is the program to be [illegible].

C. Inventory information (7,B) should be updated weekly for sales control purposes. — [illegible] by [illegible] to G.O.

(1) Question: Should plants or, at least, G.O. have weekly report of inventory, by sizes, to insure maximum use of existing inventories to fill orders? Perhaps money spent on extra freight would be less than loss due to being stuck with ware.; [illegible] shipment may be split between plants.

P ✓

C002556

8. Scrap

A. Preliminary report indicates Tyler has very little scrap; Port's scrap volume is substantial.

B. Question: Can NAA, Chicago suggest possible outlet for scrap? Is it of any value to Canadian producers?

C. If no outlet can be found, plants must arrange disposal.

How much and where.

pc C002557

9. Disposal of Assets

A. Land and Building - Tyler

B. Machinery and Equipment - Tyler and Port

C. JHB will arrange with Stan Williams for PC to have services of E. R. Seibert, PPG's Real Estate man. Seibert says he can give PC, by late November, a professional report and recommendation on disposal of real estate and machinery.

Suggest we have this implemented.
Does NAA have of anyone who may be interested in plant or equipment?

pc C002558

10. Office Equipment and Supplies

A. EWH should set up procedure to dispose of these items by transfer, sale or discard.

PC 002559

11. Disposal of Plant Records

Which records must be kept?

When can they be removed from Tyler?

To which location and to whom do they ~~do?~~ go

When can unwanted records be destroyed?

Who will organize this action?

12. Official closing of Plant.

For State Government purposes

Insurance purposes

Local tax purposes.

PC C002560

12. Utilities and Services

(1) (2) Electric	(4) Mail
(1) Gas	(5) Teletype
(1) Water	(5) Telephone
(1) Railroad	(3) Insurances
	(3) Liability
	(3) Fire

At what point should these services be discontinued? -

Who will schedule shut-off?

Who will notify suppliers?

See 11 Comments.

(1) When manufacturing operation is shut down.
(2) When office is closed
(3) When Bank is [illegible] and all people closed A
When Estate are [illegible] B

SUBJECT TO PROTECTIVE ORDER

pc C002561

13. Skeleton Crew - Final Phase

A minimum crew of people for final work in office and for final manual labor must be kept on until last day of occupancy.

If we do not have a Works Manager during final period, someone must be assigned to the top slot to shot-gun the close-up of the facility.

[illegible]

4. [illegible]

[illegible]

CONFIDENTIAL
PURSUANT TO PROTECTIVE ORDER

14. Security Measures after Shutdown.

It is very possible that PC will own Tyler property for 12 months after shutdown.

After everything has been removed, will PC want security arranged for empty buildings on 7 day - 24 hour basis?

This will depend on whether equipment is retained.

15. Accounts Receivable

PC 0002563