

FACETS

PLAINTIFF'S EXHIBIT

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Canadian results equally impressive

Dow Chemical sets quarterly, year-end sales and earnings records

It was a very good year. That's about as low-key as one can be about the financial performance of both Dow Canada and The Dow Chemical Company as a whole for 1987.

Dow Canada sales for the year were \$1.247 billion Canadian and profit before tax was 470 percent greater than in 1986.

Meanwhile, The Dow Chemical Company has announced all-time sales and earnings records for the fourth quarter and for the year.

For the quarter, sales were \$3.6 billion U.S. (all global figures are in U.S. funds) and net income was \$354 million prior to an extraordinary charge of \$2 million for early extinguishment of debt. Earnings per share also was a quarterly record, at \$1.86 prior to the extraordinary item.

Sales for the quarter were up 29 percent, and net income jumped 110 percent over the same period last year. Sales for the quarter set yet another record by surpassing the previous high of \$3.4 billion set in the second quarter of the year. Net earnings per share of \$1.85 after the extraordinary item is an eight percent increase from the previous record of \$1.72 set in the third quarter of 1987.

In Canada results for the fourth quarter 1987 are just as impressive. Dow Canada had sales of \$339.6 million Can. and profit before tax was 945 percent greater than the fourth quarter 1986.

"Fourth quarter topped off an outstanding year, with all-time quarterly earnings per share records set in each of the past three consecutive quarters," said Dow president and chief executive officer Frank Popoff.

"These results are possible only with exceptional performance throughout the company. An essential element has been employee dedication to achieving high standards in quality, productivity and safety."

—Frank Popoff

For the year, sales were a record-setting \$13.4 billion, versus the previous best of \$11.1 billion set in 1981. Net income for 1987 was \$1.2 billion, up 54 percent against the \$805 million previous record set in 1980. Earnings prior to the extraordinary item were \$6.50 per share. The net income of \$6.47 per share in 1987 is an all-time high.

Operating income for 1987 topped \$2.3 billion, a 74 percent increase from the previous record of \$1.3 billion set in 1979. In addition, the U.S. Area surpassed \$1 billion in operating income for the first time. Operating income to sales was 17.3 percent for 1987, the highest level in the past decade. The

index of selling prices, however, remains below the 1981 level.

The U.S. dollar exchange rate dropped significantly in the fourth quarter, impacting the mix of foreign and U.S. income subject to taxation in 1987. The result was an increase in the 1987 estimated tax rate from 40 to an actual 41.5 percent; fourth quarter reflected this difference with a rate of 44.8 percent.

"Clearly, the strategic decisions made during the past several years have positioned Dow to take full advantage of today's business conditions," Popoff said. "The result is an outstanding record in 1987 and continued momentum for growth in 1988.

"These results are possible only with exceptional performance throughout

(see EARNINGS page 2)

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Welcome mat

ELMWOOD, Wis. (Reuter) — A five-square-kilometre concrete welcome mat for Unidentified Flying Objects is being planned for this village in western Wisconsin, the man in charge of the project said Tuesday. "We believe these spaceships are manned by an intelligence which has been watching us for a long time," said Tom Weber, founder of the UFO Site Corp. of nearby Chippewa Falls.

The lighter side

LOS ANGELES (AP) — Actress Gale Storm, who played My Little Margie in the 1950s television show, plans to marry former ABC executive Paul Masterson on April 23.

Masterson, president of the Permanent Charities Committee of the Entertainment Industries, and Storm announced their plans Tuesday through spokesman Phil Kriegler. It will be the second marriage for each.

Death rate low for former workers at Dow Chemical

By MIKE FISHER
of The Observer

The death rate of males who worked at the Dow Chemical Canada Inc. site is well below that expected for the general Canadian and Ontario population, according to a study.

The study by Dow and Statistics Canada examined the causes of death within a group of 3,479 males employed at the Sarnia division for at least 12 months from 1945 to 1984.

Significant decreases in the death rate in areas including lung cancer, heart diseases, blood vessels, liver and general accidents can be attributed in part to the effectiveness of Dow's occupational health and safety programs, said spokesman Alex Pollock.

But increases were noted for cancer of the lung lining. Inhalation of asbestos fibres is suspected as being the cause.

Asbestos was used as pipe insulation until the early 1970s and has been used in the production of chlorine since 1952.

Three deaths occurred that the company suspects resulted from the inhalation of asbestos fibres, compared with an expected death rate of 0.1 in the 3,479 males observed in the study, said Mr. Pollock.

There were 367 deaths expected in the study group, based on general population statistics. But 240 actually died.

The study included process and office workers.

Extensive safe handling programs were introduced in 1970 to minimize exposure to asbestos.

community added their names to the growing list of critics demanding action on the federal deficit and the national debt.

In Montreal on Tuesday, Thomas d'Aquino, president of the Business Council on National Issues,

Polysar beats back Nova bid

TORONTO (CP) — The board of Polysar Energy and Chemical approved a \$900-million restructuring plan Tuesday despite bitter criticism from its second-largest shareholder, Nova Corp., rebuffed in a bid for control.

Meanwhile, Nova Corp. has ended talks in a bid to purchase Polysar Energy and Chemical because of major differences over the price for the Toronto-based company.

Discussions with Polysar have terminated due to a "wide and irreconcilable difference of opinion as to price," Bill Wilson, Nova's executive vice-president, said in a statement Tuesday.

Polysar's biggest shareholder — Noranda Inc. — supports the restructuring, Noranda president David Kerr said Tuesday.

Polysar embarked on the restructuring after Nova had offered \$14 a share for 13 million shares — enough to give it 24 per cent of Polysar's voting equity.

However, officials from Polysar — formerly the Canada Development Corp. — denied the two events were directly related.

Under the restructuring, shareholders will receive cash and notes which Polysar values at \$11.20 a share.

In addition, they will retain their common stock, which Polysar expects to trade at between \$8 and \$10 a share. Polysar common closed at \$14.65, up 12 cents, on the Toronto Stock Exchange on Tuesday.

said, because overall debt, now estimated at \$294 billion, continues to grow by \$80 million every 24 hours.

Interest on the national debt alone now stand at \$28 billion a year. That's more than Canada spends on old age pensions, family allowances and unemployment insurance combined.

"Our federal deficit remains in the \$29-billion range despite five unbroken years of economic expansion and very significant tax increases," d'Aquino complained in a speech to the Montreal Rotary Club.

Meanwhile, Judith Maxwell, chairman of the Economic Council of Canada, joined in the chorus, saying on Tuesday that much is left to be done in several areas, particularly debt.

"Our fiscal position is still fragile — we still run excessive federal and provincial deficits," Maxwell told a Halifax conference.

WINS APPROVAL

Since the Tories took office in 1984, Wilson has been winning general approval from the financial commu-

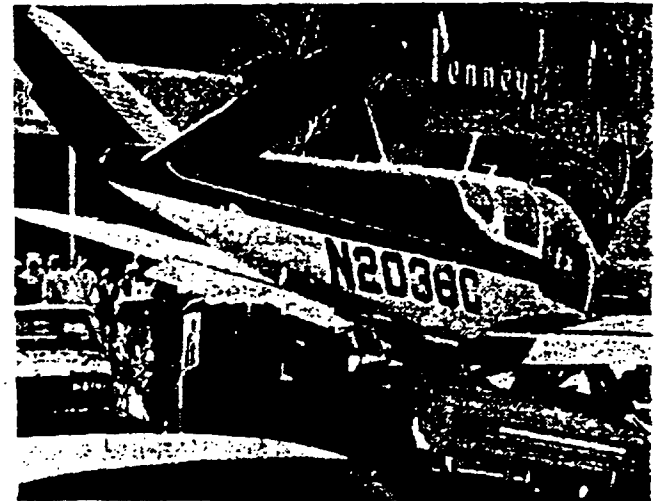
honey-moon last week when Howe Institute warned deficit's size in relation to try's output is "unprecedented Canadian history after five economic expansion."

The state of the nation with a steady inflation rate unemployment figures, has a major piece of good news have had to wave at the vote.

But public debt, the deficits over the years, is \$294 billion in 1987, or 55 per cent of the national output, versus or 44.7 per cent of the gross product when the Tories too.

Maureen Farrow, president of right-wing Howe Institute Canada now has one of the largest deficits among the major countries when provincial added to the federal figure.

Noting that in the United States state governments are in a shivers down my spine.



Double parked

An investigator walks across the wing of a single-engine Beechcraft that crashed in the parking lot of a San Jose, Calif., shopping mall morning. The crash damaged the plane and five cars but injured no pilot, shaken but unhurt, crashed while on approach to Reid-Hillview across the street from the mall.

AP L

Our high wage image scarier

By NEIL BOWEN of The Observer

The idea Sarnia is a high-wage town is acting as a manufacturing industry repellent.

A report prepared by Economic Development Commission (EDC) acting commissioner Gerry Baird states the widely-held view the area has high labor costs creates a problem in attracting secondary manufacturing businesses.

The report was given to the EDC but discussion of it was delayed Tuesday due to the absence of Mr. Baird from the EDC meeting.

Mr. Baird was called away from Sarnia due to a death in the family.

EDC chairman Pat Boyd said "everyone has questions" and it would be impossible to discuss the

report in Mr. Baird's absence. The discussion was delayed until the next meeting to be held several weeks from now.

A chart in the report shows Sarnia to be at the high end of the general manufacturing wage scale with a range of between \$6 and \$16 per hour.

The areas surveyed by Mr. Baird include Sarnia-Lambton, Montreal, Toronto and southwestern Michigan.

Petrolia is at the low end of the scale with a range of between \$4.55 and \$11.

At the high end is central northern Ontario with a range that starts at \$7 and runs to \$11.

Mr. Baird has held discussions with more than 100 companies and there were some representatives who