K. Peterson

GENERAL TIRE

INTER-ORGANIZATION MEMO

TO:

ATTENTION: H. S. WHEELER

FROM: P. H. SCHWARTZ

DATE: AUGUST 26, 1982

SUBJECT: PT. PLEASANT OPERATING COMMITTEE MEETING - 8/23/82

A brief recap of the subjects discussed:

1. VCM (volume) rail freight penalties:

   a. fiscal 1980 - $104M total, all to GTR (previously accrued on our books, not yet charged by Pantasote). Pantasote has asked RR for complete documentation, which will delay payment (theirs and ours).

   b. fiscal 1981 - $114M total, 50/50 split (previously accrued and paid).

   c. fiscal 1982 - $9M total, 50/50 split (previously accrued on our books, not yet charged by Pantasote).

   d. other - none

2. VCM barge charges:

   a. two trip charges at $54M each - 50/50 split (previously paid to Pantasote).

   b. final billing - $10M charged, 50/50 split. Pantasote still reviewing, but thinks the charge valid. They will advise and document.

3. Capital expenditure billings:

   a. Pantasote will bill GTR $37M. This closes capital.

4. Bond retirement assumptions:

   Previous information was that bond retirement fund was already fully funded. Messrs. Abitabilo and Ertel were of the opinion that the bond fund earnings assumption would determine whether further fund contributions were necessary. They will check with their Treasurer and promptly advise.

5. Lump-sum pension payments to ex-Pantasote hourly employees:

   Union position on fund earnings assumptions would result in a $100M fund shortage. Pantasote's position results in a fully funded balance already set aside. Negotiations should be complete by tomorrow. GTR's (stated) position is that it is not obligated to make any further fund contributions.

Pantasote file

6. Assets split between partners:

   a. Plant Manager and Jim Sapak have worked closely, and apparently harmoniously, in equitably dividing those raw materials and supplies wanted by each partner (without jeopardizing potential future sale of the plant).

   b. By 8/27/82, almost all selected materials will have been removed.

   c. A costed list will be generated within a few weeks; which will be reviewed by the partners.

7. Finished goods inventory:

   All will have been shipped by 8/27/82. One truckload will go to Ashtabula. August beginning inventory was about 400M lbs.

8. Ponds/ground water run-off:

   a. Ponds are about dry. Warning signs will be posted. Fencing deemed unnecessary.

   b. Trench for gound water run-off will be complete by 8/27/82 (to prevent rain water run-off from refilling the ponds).

9. Electricity charge:

   Minimum charge is about $2M per month. Current cost is in excess of $5M. Power company claims this is caused by high inductive load from the equipment still run occasionally. Partners do not believe that. Meters perhaps do not read accurately at present low consumption rates. Pantasote will follow-up.

10. Guard service:

    Round-the-clock guard service option was discussed and rejected. Private service to regularly check facilities has been hired.

PH Schwartz

P. H. Schwartz

PHS:ljr

cc: D. Harbert
H. Jewett
M. Jones
K. Peterson
R. Poulin
J. Sapak
A. Schmeiser
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