PLAINTIFF'S EXHIBIT

DOW-1159

Mr. F. W. Swank

October 16, 1967

R. F. Shannon

1968 PROJECTS

Kaylo Product Development

The two Marketing sponsored Product Development programs are (1) stress corrosion and (2) replacement of asbestos. The stress corrosion program will be completed in 1968. Plans are to convert the entire K-10 product line to stress corrosion. It offers no foreseeable manufacturing cost savings, but does offer a substantial sales growth potential. The market is going toward stress corrosion. We must have a product to remain competitive.

The program directed toward replacement of asbestos will be accelerated in 1968. This program at the moment does not offer any direct sales growth potential and/or manufacturing cost savings, but must be carried out so that in the event the health hazard aspect of asbestos fibers becomes a major national and/or political hot potato, OCF will have an alternate fiber to switch to so as to stay in business. We will not complete this program in 1968. Our plans call for reaching a point of determining whether there exists another fiber which could be substituted for asbestos. The 1968 program is one of checking feasibility.

I have been informed (via R. Davis) Marketing will provide $40,000 for the Kaylo Product Development program.

Exploratory Investigations and High Temperature Products

It is difficult to predict what programs will be carried out in this area. We do plan to conduct a basic study of the Kaylo process and batch ingredients to remove some of the 'black magic' now present in the manufacture of Kaylo. At times we get extremely soft ware, even under scientifically controlled mixing and processing conditions in the laboratory. The causes for periods of soft ware have never been isolated. This is one of our exploratory programs for 1968. Beyond this program we will carry out programs assigned to us by management in the fields of Portland cement and high temperature products. To illustrate, the type of programs carried out in 1966 include (1) evaluation of metal fibers in ceramic and cement composites (Thomas) and (2) evaluation of William Prior's inorganic plastic system to determine whether OCF should take an option on his patent.

Incorporated

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DEFENDANT'S EXHIBIT 89

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Kaylo Process Development and Service To Berlin

Our main effort will be to provide technical support to Berlin to maintain production at highest possible level and at the same time maintain product quality. Assistance will be provided Berlin in achieving further increases in productivity and in job efficiencies. Programs started in 1966 aimed at decreasing batch costs will be completed in 1967. These include (1) higher dust batch formulations, (2) prehardenable K-20 batch, (3) prehardenable K-17 core batch and (4) elimination of mold oil. If manpower is available, studies will be undertaken to develop automatic systems of pouring and stripping.

Mr. R. S. Grant recommended I increase my 1968 Process Development and Technical Service To Berlin Budget 10 percent above that budgeted in 1967.

RFS

R. F. Shannon

RFS/ris

PROPRIETARY

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