UCC ASBESTOS BUSINESS

1. Ore Reserves: estimated 200MM tons, ≃100MM tons of asbestos.

2. Plant Capacity: 42,000 tons/year, current product mix

3. Unique position: Hydraulic process producing ultra high purity and chemically modified products.

4. Investment: GFI $3,285M
   NBV $1,607M, estimated as of 12/31/68

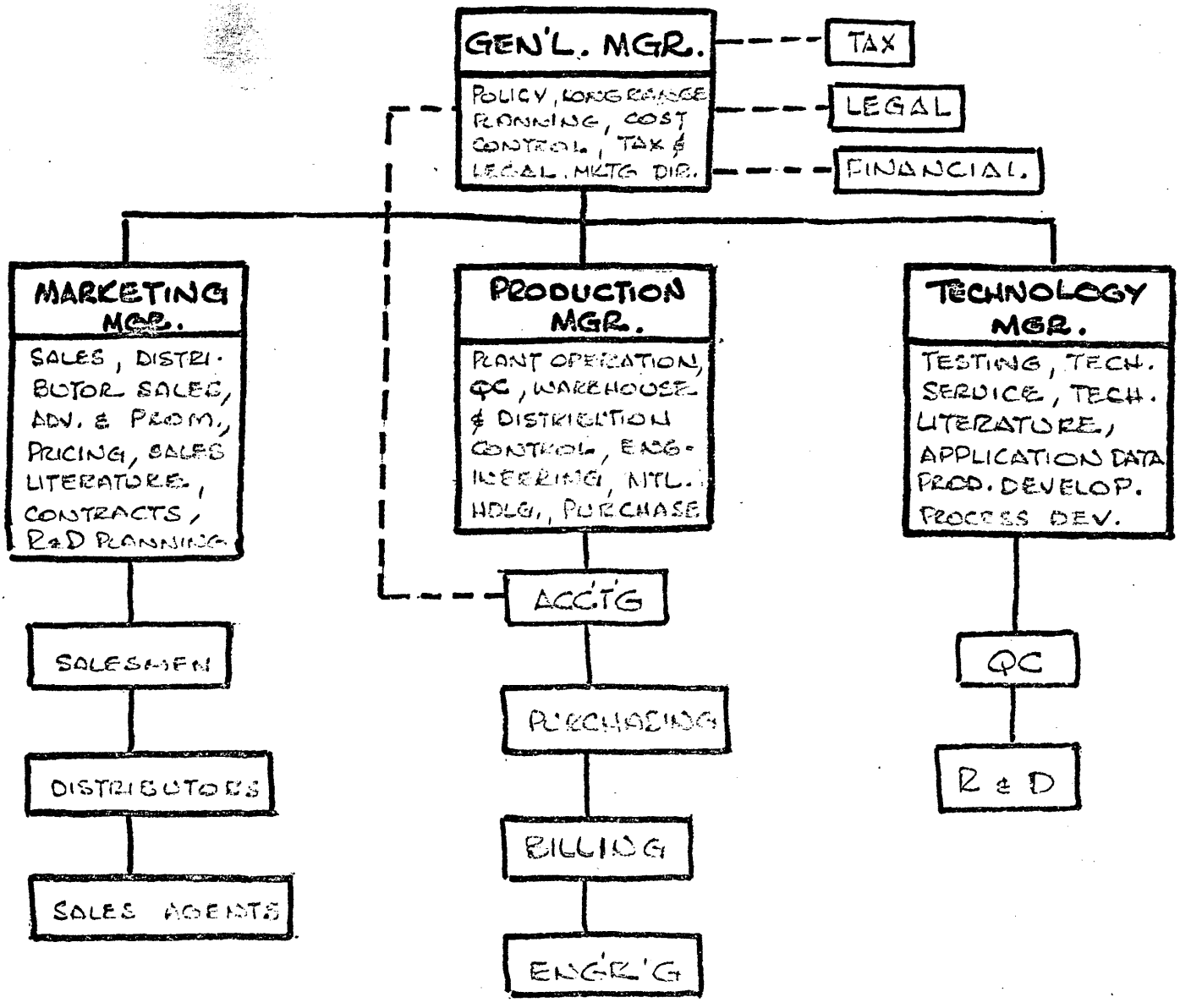
5. Estimated Return to UCC:

   a. NPV = $4,517M, next 10 years, 10% discount rate.

   b. Average Net Income over next 10 years = $840M/year.

PROPOSED ORGANIZATION CHART

THE CALIDRIA ASBESTOS CO.



TOTAL PERSONNEL → GEN'L MGMT — 4 (INCL. 1 CONSIDERED IN PC

SALES — 3 (PURCHASED TIME)

ACCTG — 1

ENG'G — 1

R & D — 4 (PURCHASED) ?

Possible Bases for Establishing Asking Price

Rational	After Tax & expenditures MM$	Before ~~After~~ Tax Required Income (30%)	Before ~~After~~ Tax Required Cap. G
Undepreciated Investment	1.6	3.2	2.2
Est 10 yrs Net Present Value	4.5	9.0	6.0
10 × Avg Est Net for 10 yrs Lease	8.6	17.2	11.5
~~" with reduced allocated overhead (2 Tg UCC actual)~~	~~10.6~~	~~21.2~~	~~14.2~~
10 × Est. Net 1st year Max NIFS	9.0	18.0	12.0
~~10 × " " " " with reduced allocated cost~~	~~11.3~~	~~22.6~~	~~10.2~~
Recover operating losses on project ~~[illegible]~~ capital	4.5	9.3	6.2
" " " + G.F.I.	7.7	15.4	10.1

1. UCC is considering divestment of the Calidria Asbestos business and will plan to do so if a financially attractive and otherwise suitable offer is received. The business will continue to be actively conducted by UCC and it is anticipated that, in the event the business is sold, the purchaser will follow the pattern set by UCC.

2. UCC's decision to consider an offer for the Calidria Asbestos business is made on the bases that:

    a. UCC is aiming to concentrate its newer program efforts in areas more directly served by UCC's special expertise and technology. Although the Calidria Asbestos business has an attractive financial future, it is not as closely related to UCC's basic skills as are many of its other programs.

    b. The Calidria Asbestos business is a clearly defined, separate activity of UCC and thus represents a well structured divestment opportunity. This is not true of some businesses, which form a part of a large plant or operational complex.

    c. UCC's Calidria Asbestos assets, consisting of plant, mineral reserve, patents and customers, are tangible and of significant value. UCC thus believes that a good return can be realized from sale of this business.

3. UCC fully intends to continue prosecuting the Calidria Asbestos business activity and will provide a continuing supply of material to all customers during this period.

Comments on Calidria Presentation

1. Set up subsidiary.

2. Make it real - direct control of sales.
   "Real" overhead figures.

3. Operate vigorously.

4. Price on a curve, i.e.

   Value as of 1969 Jan.
   1970 Jan.

5. Potential exists not to get out of the business in 1969.

Need a decision as to how to go.

(a) Requires write-up of recommendation.

(b) Review by O.C.I
   President's office

Prospect List

Carborundum Corp.
Mr. Harold Sturges
VP - Corp Planning
Carborundum Co.
Niagara Falls
N.Y.
(rec'd 10/3/68)

Nord Corp.
1404 Third National Bldg
Dayton, Ohio
attn Richard Steinbergn
(513-224-0811)
(just Telex Victor Hoffman
Nord Mining Exploration Pty
Ltd
Windhoek
Southwest
Africa)

The Nolan Co. (brokers)
Arthur Nolan
P.O. Box 71
Annapolis Md. 21404

Mortar International
(Fred Shanklin, Ariz.)

Johns Manville
(K. Rush.)
(D. Klipstein - Perry Martinson
Gen Mgr. Celite Div
(Coalinga Cal.)

U.S. Gypsum
Graham Morgan Pres & Chief Ex. Off
Frank Appleyard
USG
101 So Wacker Dr.
Chicago Ill. 60606

BASF (?)

Malco (per F. Shanklin 11-7223)
Eugene Strauss
V.P. (acquisitions amongst
other things)