CR 143-2

INTERNAL CORRESPONDENCE

PLAINTIFF'S EXHIBIT UC-811

CHEMICALS AND PLASTICS

270 PARK AVENUE, NEW YORK, NEW YORK 10017

To (Name) Mr. J. Clayton Stephenson
Division Mining & Metals
Location 38th floor

Date October 15, 1969

Originating Dept.

Answering letter date

Copy to

Subject

In accordance with our discussions yesterday, I have enclosed copies of the following:

1. An outline of the discussion held September 3 involving you, Mr. Nicholson, Mr. Anderson, Dr. Jehle and myself.

2. A copy of our 1969 Business Plan.

3. A brief note from Norman Setter analyzing our first seven months of sales.

4. A short discussion of the flooring market (two letters).

5. A discussion of our present status in the paper industry.

6. A summary of the 1969 Plant Budget.

7. The August Product Cost Summary.

As I indicated in our discussion yesterday, we are continually analyzing our changing position and thus comments given in some of the attached may not necessarily represent current views nor the best routes to follow. However, these do provide some background for you and your people.

F. D. Dexter

FDD/ds
Enclosures

Outline of Discussion

I. Introduction

   A. Purpose

      1. Brief review of history

      2. Discussion of market and overall financial picture

      3. Discussion of future

   B. Present organization (see chart)

II. History

   A. Deposit

      1. Location - New Idria, 45 miles east of King City. Discovered in 1959.

      2. Reserves in excess of 200MM tons.

      3. Others with claims in same area: J. M., California Minerals (ex. - Atlas), U. S. Asbestos (inactive).

   B. Plant

      1. King City "Pilot" unit (wet process) completed in October 1963. Capacity ~ 15M tons/year.
         GFI $1.36MM

      2. Expansion completed in mid 1966
         Design capacity 50M tons/year. (Present product mix capacity ~36M tons/year)
         GFI $2.84MM (current)

   C. Sales & ROII (see attached chart)

III. Marketing & Financial, current

A. Major markets and products serving them

1. Pulp and Paper - high purity, T-135
2. Flooring - SG-100, SG-144
3. Resin additives - R-G 110, R-G 144, R-G 244
4. Tape joints - SG-130, SG-210
5. Oil well drilling - SG-144, SG-200, SG-444 (new)

B. Performance by market

1. 1968 actual, 1969 estimate, 5-10 year realizable potential

   (see attached table)

2. Major markets

   a. Pulp and Paper

      - T-135 major hope
      - Future uncertain

        (see attached chart)

   b. Flooring

      - Large volume use, 150M tons at present; stable
      - Competition
        - Coalinga
        - Canadian
      - Bulk shipping potential

   c. Resin additives

      - High margin, slow growth.

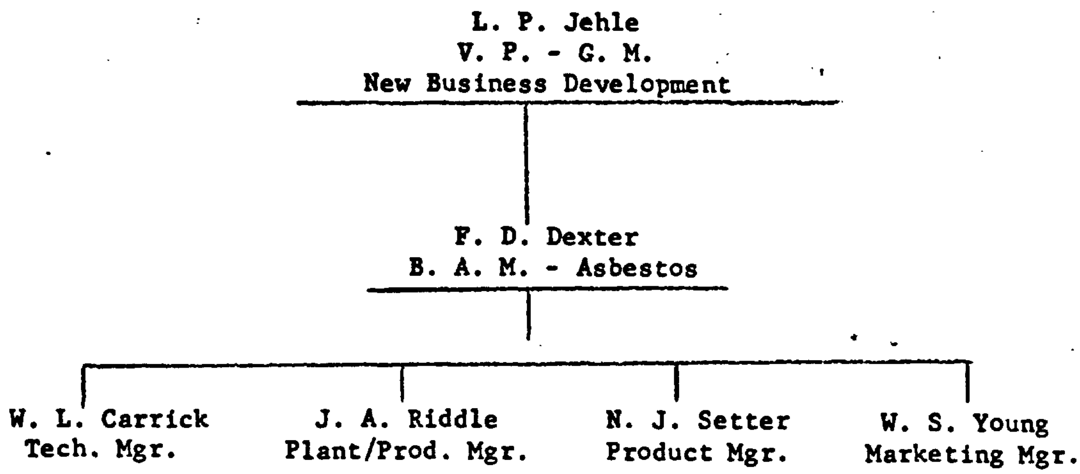
IV. Future

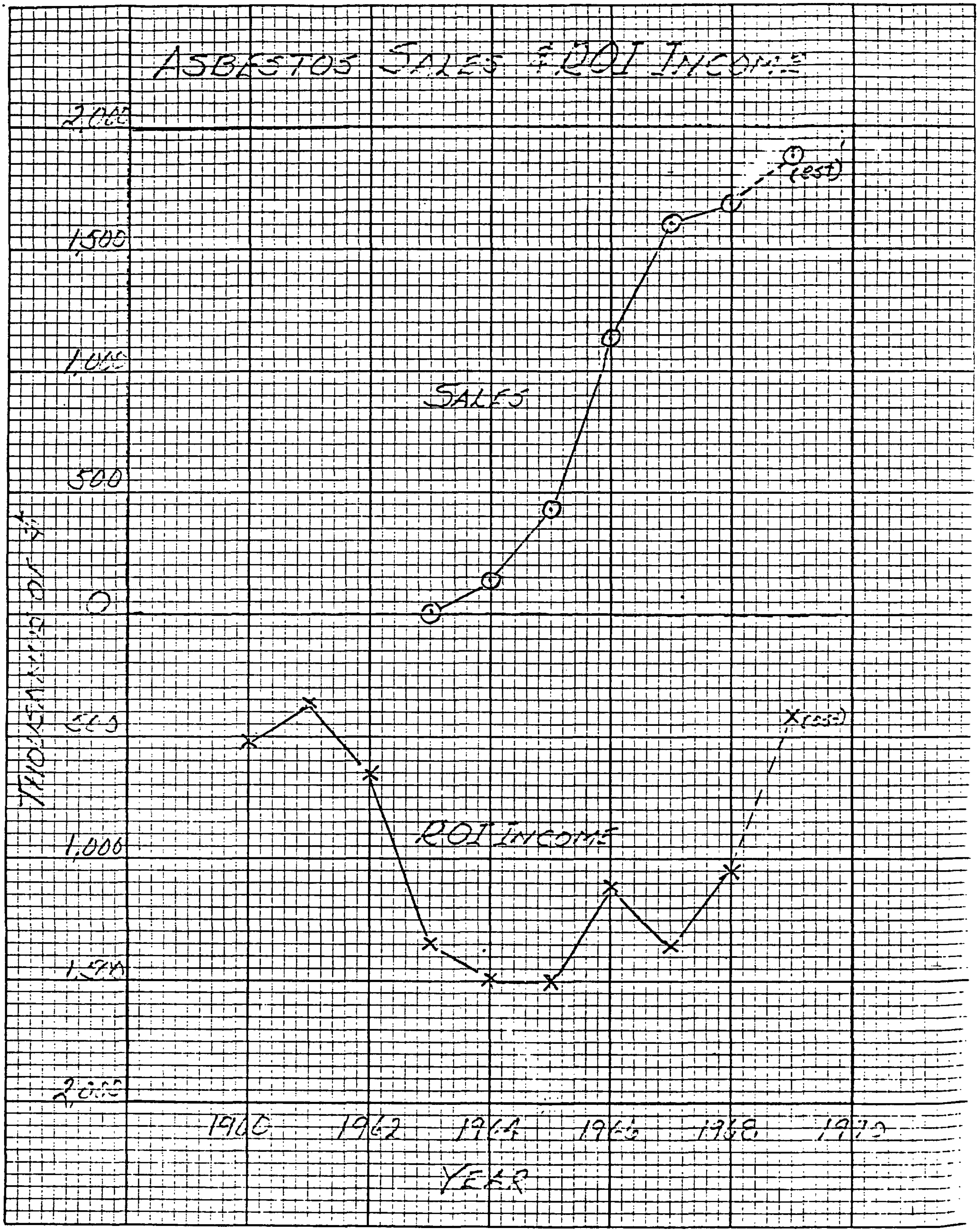
A. Potential size of business

1. Realistic ~ $6.9MM.
2. Possibility of large share of flooring.

B. Alternatives for UCC

1. Continue to push
2. Plan to divest
3. Abandon

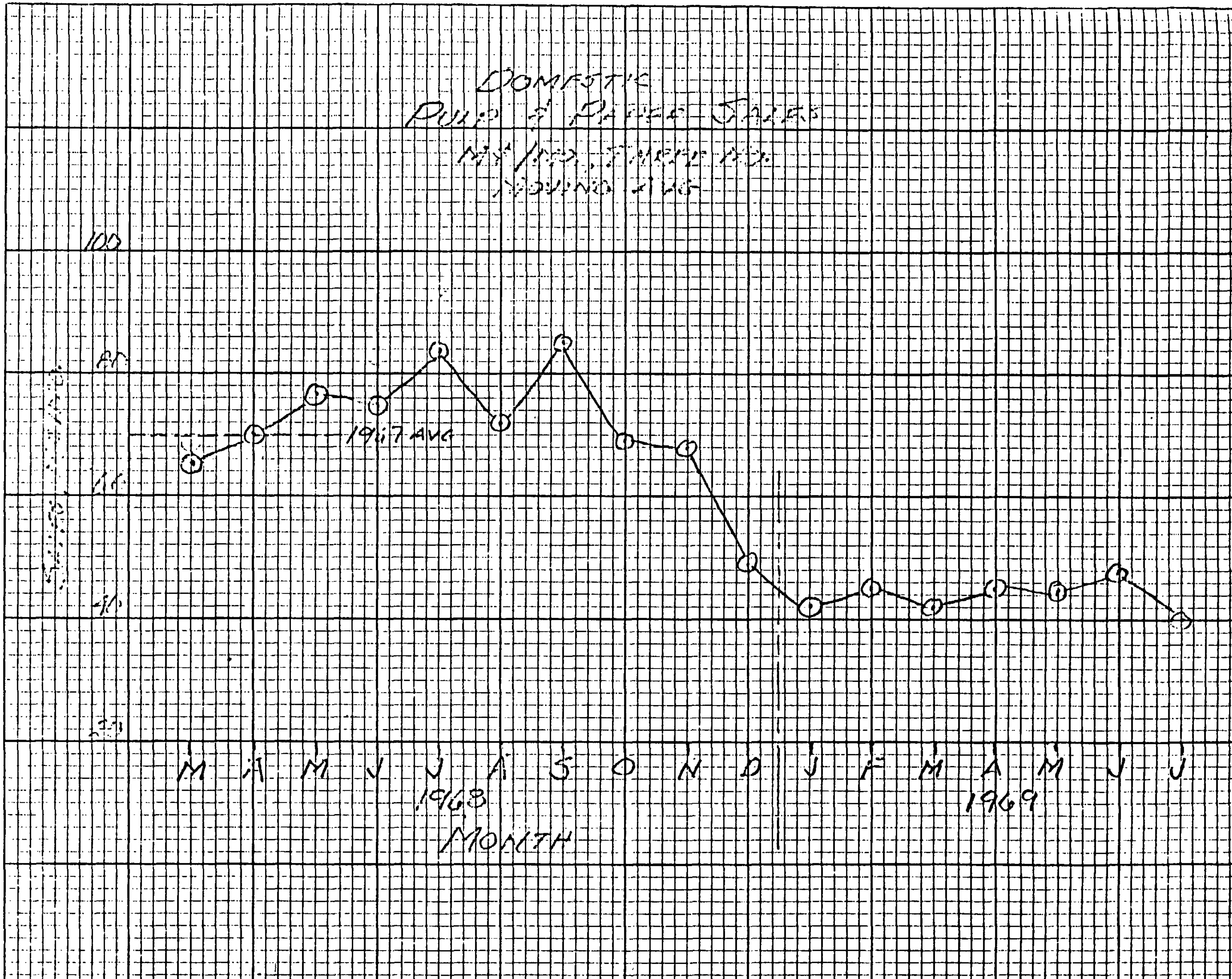

L. P. Jehle
V. P. - G. M.
New Business Development
F. D. Dexter
B. A. M. - Asbestos
W. L. Carrick
Tech. Mgr.
J. A. Riddle
Plant/Prod. Mgr.
N. J. Setter
Product Mgr.
W. S. Young
Marketing Mgr.



ASBESTOS SALES & ROI INCOME
2,000
1,500
1,000
500
0
500
1,000
1,500
2,000
THOUSANDS OF $
SALES
(est)
ROI INCOME
X(est)
1960
1962
1964
1966
1968
1970
YEAR

BEE 10 x 10

Market	1968 Actual M $	1969 Est. M $	5-10 yr. Realizable Potential M $
Pulp & Paper	1,039	750	3,000
Flooring	288	420	1,000
Resin Additives	220	483	2,500
Tape Joint	41	92	200
Oil Well Drilling	103	140	200
Total NIFS	1,691	1,885	6,900
Gross Margin	265	644	2,700
Overhead	969	746	1,300
Operating Income	(704)	(102)	1,400
Depreciation	328	330	450
ROII	(1,032)	(432)	950


DOMESTIC
PULP & PAPER SALES
100
1967 AVG
M A M J J A S O N D J F M A M J J
1968
1969
MONTH

1969 CALIDRIA ASBESTOS BUSINESS PLAN

I. General

In 1969, the Calidria Asbestos business will be conducted as a closely controlled sales-and marketing-oriented venture having as its major objective the generation of a positive operating income of $200,000 on Net Income From Sales of approximately $3,000,000.

This goal can be met through active and aggressive sales and promotion of existing or slightly modified Calidria Asbestos products into known, well defined market and end-use areas. Overhead will be brought in line through reduction in Research and Development, Marketing and Plant costs with a major emphasis placed on sales-oriented technical service and market development activities. Field sales manpower, purchased from selected Union Carbide sales forces will be controlled and directed from the Calidria Asbestos profit center and will be supplemented by the addition of local and national distributor/sales agent outlets.

II. Marketing

Emphasis, in 1969, will be on a planned aggressive sales and marketing program aimed at not only the high priced, low volume specialty plastics additive markets but also at those high volume, lower priced end uses where Calidria Asbestos products can replace Canadian Grade 7 materials on a cost/performance basis. We will be in the asbestos business, competing directly and aggressively on this premis!

Specifically, the broad objectives to accomplish our profit goal, are as follows:

1. Launch an aggressive sales campaign to obtain minimum sales of SG-100 products in vinyl asbestos floor tile materials of 15,000 tons having annual NIFS of about $800,000.

2. Maintain, with reduced but selective sales effort, sales to the Pulp and Paper industry of $1, 100,000 annually.
3. Develop sales of Resin-Grade products to an annual level of $700,000 concentrating on polyester premix, undercoating and sound deadening, and thixotropic polyester resin manufacture markets.
4. Expand sales in the oil well drilling and tape joint compound markets to a NIFS level of $300,000.
5. Develop, as time, manpower and money permits, new business in plastic reinforcement, waste water treatment, taconite pelletizing and thermosetting plastic applications.
6. Maintain a small non-subsidized international sales program aimed at NIFS of $200,000.

The accomplishment of the above will be dependent upon the soundness of our action plan and the effectiveness of its execution. It will require that all involved work to these ends and be, to a degree, generalists rather than specialists. The specific marketing actions defined by market area and listing, timing and individual overall responsibility, follow.

1. <u>Pulp and Paper</u>

Marketing Responsibility-N. J. Setter

Technical Service-G. L. Dickson

a. Advise Pulp and Paper Sales Force of Calidria Asbestos Marketing Objectives and Action Plan aimed at selective accounts (24 mills representing $1,000,000 in NIFS) utilizing one-man year of field sales effort.

N. J. Setter - Dec. 17, 1968

b. Introduce to field sales force "Mill Trial Planning Schedule" with instructions on use, purpose and objectives.

N. J. Setter - Dec. 17, 1968

c. Follow closely with field sales force, key accounts and selective mill trials to obtain maximum utilization of limited manpower.

N. J. Setter, G. L. Dickson -continuing

d. Revise and re-issue key technical data and promotional literature.

N. J. Setter - Feb. 3, 1969

e. Develop program for trade show participation, advertising and other merchandizing activities, as warranted.

N. J. Setter - Jan. 15, 1969

2. Vinyl Asbestos Floor Tile

Marketing Responsibility-W. S. Young

Technical Service-R. E. Byrne

a. Outline for C.F. & R. field sales force 1969 objectives for Calidria Asbestos in this market area.

W. S. Young- Dec. 16, 1968

b. Prepare and issue T.I. sheet on Calidria Asbestos applications.

W. S. Young - Jan. 3, 1969

c. Actively solicit business at following major accounts with objective of obtaining planned level of annual sales by Feb. 15, 1969.

W. S. Young - continuing

American Biltrite (2 plants) - 4000TPY @ $215M.

GAF-Ruberoid (4 plants) - 4500TPY @ $225M

Kentile (2 plants) - 5000 TPY @ $250M

Uvalde (1 plant) - 1500 TPY @ $75M

3. Trade Paint Sales (Tape Joint Compounds)

Marketing Responsibility-J. L. Myers

Technical Service-H. B. Rhodes

a. Advise Coatings & Adhesives field sales force of 1969 Calidria Asbestos sales objectives and actions.

W. S. Young - Dec. 17, 1968

b. Concentrate active sales promotion on following major accounts to obtain annual sales levels by Feb. 3, 1969.

J. L. Myers - continuing

Kaiser Gypsum (4 plants) 5000 TPY @ $41M

Kelly-Moore (1 plant) 125 TPY @ $9M

National Gypsum (3 plants) 150 TPY @ $13M

U. S. Gypsum (2 plants) 350 TPY @ $33M

Western Chemical 375 TPY @ $25M

c. Develop technical data and promotional literature and issue as prepared.

J. L. Myers - continuing

4. Oil Well Drilling Fluids

Marketing Responsibility-W. S. Young

Technical Service-H. B. Rhodes

a. Consummate distributor contract with Montello, Inc. on sale of Calidria Asbestos products for oil well drilling fluid additives.

W. S. Young - Dec. 17, 1968

b. Work with Montello on the merchandizing and promotional back-up for Calidria Asbestos products in this market.

W. S. Young - continuing

5. Polyester Premix

Marketing Responsibility-W. S. Young

Technical Service- R. E. Byrne, B. L. Ingalls

a. Develop and publish technical and economic data on polyester premix applications using R-G 110.

R. E. Byrne, W.S. Young-Jan. 3, 1969

b. Concentrate sales effort on following target accounts:

Harrison Radiator

Ford Motor Company

Glastic, Inc.

Woodall Industries

W. S. Young-continuing

c. Promote applications through case history type publicity releases.

W. S. Young-continuing

6. Specialty Plastic Applications

Marketing Responsibility-W. S. Young

Technical Service-R. E. Byrne, B. L. Ingalls

a. Advise C. & A. field sales force of 1969 objectives and action plan for Calidria Asbestos products.

W. S. Young - Dec. 17, 1968

b. Hold series of meetings at each regional sales office to train salesmen on Calidria Asbestos.

W. S. Young - Jan. 1969

c. Concentrate major sales effort on following key accounts:

W. S. Young-continuing

Polyester's	PPG Industries	American Cyanamid
	Koppers	Glidden Company
	RCI	Marco
	Diamond Shamrock	Cargill, Inc.
Epoxies	Koppers	Shell
	RCI	Weyerhauser
	Ohio Sealer	Uniseal
	Furane	Interchemical
Asphaltics	Mortell	Daubert
	Edoco	Pennzoil United

d. Continue active promotional and merchandizing campaign on end-use applications.

W. S. Young-continuing

e. Develop and issue technical application bulletins.

R. E. Byrne, W. S. Young-continuing

7. International

Marketing Responsibility-W. S. Young

Technical Service-R. E. Byrne, H. B. Rhodes, G. L. Dickson

a. Continue sales activity in paper and plastics markets in Japan through Tomoe Engineering. Explore applications in waste water treatment.

W. S. Young-continuing

b. Establish DeGussa as distributor/rebrand sales agent for R-G products in Europe.

W. S. Young - Jan. 31, 1969

8. Miscellaneous Market Development

Marketing Responsibility-W. S. Young

Technical Service-H. B. Rhodes, R. E. Byrne

Development of new markets in 1969 will be limited to a few key areas in which work has already been started and will be carried out to a great extent through outside interests. Expediency will take precedence over long range preference and developmental opportunities will in part be turned over to potential customers.

a. Plastic Reinforcement-Work will continue through LNP to further develop end-use applications in asbestos-reinforced nylon.

<u>H. B. Rhodes-continuing</u>

b. Taconite Pelletizing-Contact will be made with several key factors in industry to evaluate economic feasibility of Calidria Asbestos use.

<u>W. S. Young, H. B. Rhodes, Feb. 1, 1969</u>

c. Waste Water Treatment-

(1) Publish existing data on use of Calidria Asbestos for treatment of waste water.

<u>J. L. Myers-Jan. 10, 1969</u>

(2) Establish national/regional distributors.

<u>J. L. Myers, W. S. Young-Jan. 31, 1969</u>

d. Thermosetting Plastics- Pending preliminary evaluation of the performance of Calidria Asbestos products in phenolic molding compounds, if results appear favorable, contacts will be made with major suppliers to convert them to Calidria Asbestos.

<u>W. S. Young-Jan. 17, 1969</u>

e. Titanated Calidria SG Products-If evaluation of economic and technical performance of titanated SG products in floor tile applications prove favorable, one or several floor tile manufacturers will be contacted to pursue application development. Major customer list for all markets is attached.

<u>N. J. Setter-Mar. 15, 1969</u>

III. Sales Personnel

Field sales in 1969 will be limited to the purchase of three (3) man-years of Union Carbide field sales personnel (Two (2) from Coatings and Adhesives and one (1) from Pulp and Paper). This effort will be supplemented by direct sales contacts of the Calidria Asbestos Business Team together with existing and new distributor/sales agent outlets.

Direction, control and technical service for the sales forces will be given directly by the Calidria Asbestos Business Team with specific responsibilities noted in the following table and map.

Market	Marketing	Tech. Service	Field Sales Force	Distributor
Pulp & Paper	N. J. Setter	G. L. Dickson	Pulp & Paper	--
Flooring	W. S. Young	R. E. Byrne	Direct	--
Trade Paints	J. L. Myers	H. B. Rhodes	Direct	West. Chem.[1]
Oil Well Drilling	W. S. Young	H. B. Rhodes	--	Montello
Polyester Premix	W. S. Young	R. E. Byrne	C. & A.	H & C[2]
Specialty Plastics	W. S. Young	R. E. Byrne	C. & A.	H & C[2]
International	W. S. Young	REB/HBR/GLD	--	Tomoe, DeGuss
Waste Water	J. L. Myers	H. B. Rhodes	--	TBD
Plastic Reinf.	W. S. Young	H. B. Rhodes	C. & A.	LNP
Taconite	W. S. Young	H. B. Rhodes	Direct	--
Thermosets	W. S. Young	R. E. Byrne	C. & A.	--
Titanated SG	N. J. Setter	R. E. Byrne	Direct	--

In addition, in order to provide more effective field liaison, direction, technical service and, most important, continual contact and sales follow-up with field sales personnel and customers, the country will be divided into geographical territories with the following persons assigned responsibility:

J. L. Myers - Western Region

R. E. Byrne - Central Region

H. B. Rhodes - Southern Region

B. L. Ingalls - Northeast Region

STATE OUTLINE MAP

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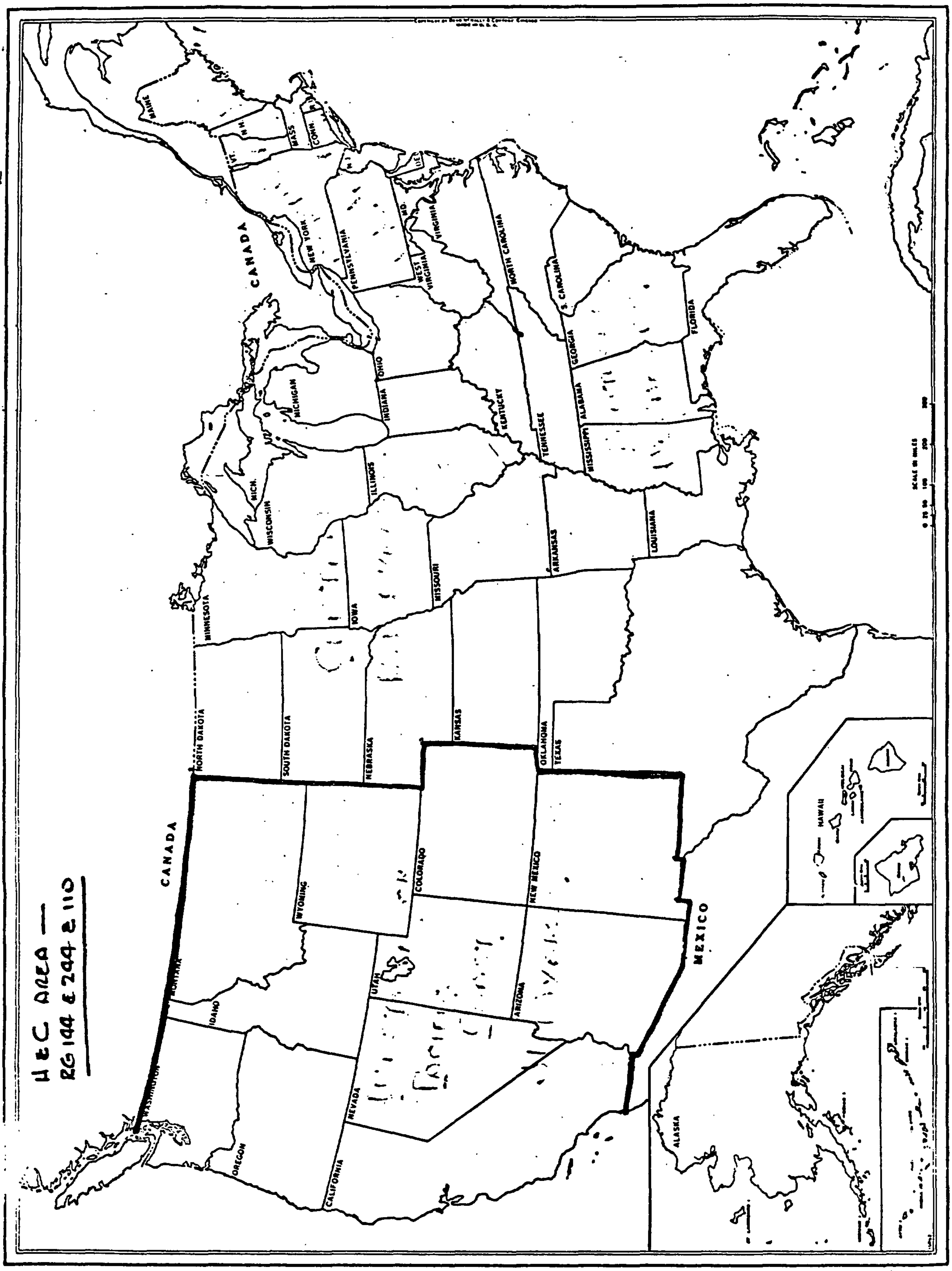
Attachment I



IV. Organization

The proposed organization is currently being developed. Refinements will be made as experience dictates.

V. Operating Budget

Following is the preliminary budget based on projected NIFS of $3, 100,000 for the full year of 1969.

		M$
A. NIFS		3100
B. Overhead		
	Gen'l Mgmt.	105
	Field Sales	105
	Adv. & Prom.	40
	Misc. UCC Charges	20
	Engrg. & Consulting	10
	Sales Commissions	5
	R&D	220
	Alloc. OH @ 6.7% of NIFS	215
	HOA*	95
	Total OH	815
C. Plant Costs		
	Direct	1200
	Dept. & Aux.	760
	Distribution @ 3% NIFS	95
	Total P. C.	2055
D. Operating Income		230

VI. Research and Development

Activity in the R&D area will be curtailed in 1969 over that carried on in 1968 and primary emphasis will be directed to providing technical service to field sales, development of technical and application data and consolidation of patent positions for viable applications and processes.