PROJECT 345 - M.C.L. C.A.R.'s 9407 and 9407R

DIPHENYL/AROCLORS - EXPANSION OF MANUFACTURING CAPACITY

START-UP 1/69 PERFORMANCE REPORT YEAR 1969

BASIS OF COMPARISON - PERFORMANCE OF TOTAL EXPANDED FACILITY.

MAKE-UP OF ESTIMATE CAPITAL DATA IN THIS REPORT

FIXED CAPITAL	1. NEW PROPERTY		£
	Per Original CAR 9407 approved 8/29/67		354,000
	Per Overrun CAR 9407R - Submitted £80,000		
	- Approved 11/5/68		45,000
	TOTAL APPROVED		399,000
	In ℔ terms this is represented as £31,827* having already occurred @ 2.80 plus the remainder @ 2.40 = TOTAL APPROVED	℔	970,000
	* per M.C.L. Property Accounting		
	2. EXISTING PROPERTY		
	Per back-up data - C.J. Lakin Project 345 file	℔	2405,000
	(All @ 2.80)		
WORKING CAPITAL	Data source as 2. above, parity 2.40		780,000
	TOTAL GROSS INVESTMENT	℔	4155,000

INCOME STATEMENT The following statement (Page 2), shows in column 1 the projected income for the year 1969 as extracted from the project file, in column 2 those data adjusted to account for changed bases in the actual review year, and in column 4 the actual results for the review year. Column 3 shows notations, explanations for which follow the income statement. Column 5 shows net sales/gross profit deviations from adjusted estimate, supporting analyses of which follow the notes.

DSW 200411

STLCOPCB4058475

ALL IN $M	COL 1 AS PROJECT FILE	COL 2 AS ADJUSTED ESTIMATE	COL 3 NOTES AS BELOW	COL 4 1969 ACTUAL	COL 5 DEVIATIONS FROM ADJUSTED ESTIMATE
NET SALES	2628	2628	(a)	3102	+ 474 *
COGS	1410	1420	(b)	1637	+ 217 *
ROYALTIES - M.C.	33	33		39	+ 6 *
PROGIL	25	-	(c)		
GROSS PROFIT	1160	1175		1426	+ 251 *
SARE	331	331		361	
INCOME CHARGES NET	111	39	(d)	42	
PRE-TAX INCOME	718	805		1023	
TAX	305	362	(e)	460	
NET INCOME	413	443		563	+ 120
NEW FIXED CAPITAL	1080	970		981	
GROSS INVESTMENT	4265	4155	(f)	4466	
ROI	9.7	10.7		12.6	+ 1.9

* ANALYSED PAGES 3 and 4

Notes: a) Sales revenues developed in connection with the overrun CAR 9407R took sterling devaluation into account and did not require adjustment.

b) Project file did not include the relatively minor amount for additional dollar depreciation on assets acquired @2.80.

c) Progil royalty liability did not arise.

d) Different formulae were utilized for the original and overrun C.A.R.'s. Both the adjusted estimate and 1969 actual columns above portray the current basic formula, 1.75% of Net Investment, rated down to a % applicable to gross investment, on a corporate basis. 1969 actual reported results contained too much ad hoc treatment and non-recurring items to allow of those complexities' being projected back into the estimate.

e) Tax rate in at 40% on the original CAR, up-dated to 42½% for the overrun CAR, and now up-dated to the actual rate obtaining in 1969, 45%

f) From page 1.

DSW 200412

STLCOPCB4058476

ANALYSIS OF DEVIATIONS FROM ADJUSTED ESTIMATE.

CAPACITY - 000 lbs.	C.A.R. OBJECTIVE	1969 OPERATIONS C.A.R. EST.	PLANT STANDARD	ACTUAL
DIPHENYL SALES AND USE	14000/YEAR (FROM 5000/YEAR)	8926	8160	11516
AS % OF OBJECTIVE		64	58	82
AROCLORS SALES AND USE	20000/YEAR (FROM 14300/YEAR)	11511	11160	13667
AS % OF OBJECTIVE		58	56	68

SALES	C.A.R. ESTIMATE '000lbs	¢ lb.	$M	ACTUAL '000lbs.	¢ lb.	$M
DIPHENYL LIQUID	1760	@ 12.25	216	3145	@ 12.5	394
DIPHENYL FLAKE	519	@ 17.0	88	591	@ 17.3	102
AROCLORS	10457	@ 18.8	1967	11942	@ 19.3	2302
PYROCLOR	1700	@ 21.0	357	1454	@ 20.9	304
			2628			3102

DEVIATIONS - $M.	DIPHENYL LIQUID	DIPHENYL FLAKE	AROCLORS	PYROCLOR	TOTAL	
TOTAL	+ 178	+ 14	+ 335	- 53	+ 474	(Page 2)
DUE TO:- VOLUME	+ 170	+ 12	+ 276	- 52	+ 406	
PRICE	+ 8	+ 2	+ 59	- 1	+ 68	

COSTS	C.A.R. ESTIMATE '000 lbs	¢ lb.	$M.	ACTUAL '000 lbs	¢ lb	$M
DIPHENYL LIQUID	1760	@ 7.3	128	3145	@ 7.5	235
DIPHENYL FLAKE	519	@ 8.8	46	591	@ 9.6	57
AROCLORS	10457	@ 10.2	1067	11942	@ 9.7	1156
PYROCLOR	1700	@ 10.5	179	1454	@ 13.0	189
			1420			1637

DEVIATIONS - $M	DIPHENYL LIQUID	DIPHENYL FLAKE	AROCLORS	PYROCLOR	TOTAL	
TOTAL	+ 107	+ 11	+ 89	+ 10	+ 217	(Page 2)
DUE TO:- VOLUME	+ 101	+ 6	+ 149	- 26	+ 230	
COST	+ 6	+ 5	- 60	+ 36	- 13	

DSW 200413

STLCOPCB4058477

GROSS PROFIT — SUMMARY OF DEVIATIONS $M

DUE TO	SALES VOLUME	GAIN	176	
	SALES PRICE	GAIN	68	
	COST	GAIN	13	
	TOTAL	GAIN	257	
	ROYALTIES	LOSS	6	(DUE SALES VOLUME GAIN)
	TOTAL	GAIN	251	(Page 2)

DSW 200414

STLCOPCB4058478