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INCORPORATED
WILMINGTON, DELAWARE 19898

CHEMICALS AND PIGMENTS DEPARTMENT

May 12, 1981

TO: ADDRESSEES
FROM: W. H. MC COY

COST REDUCTION PROGRAM
1981 FIRST QUARTER RESULTS
HIGHLIGHTS

- First quarter savings totaled \$16.6MM. This is 40% of the firm commitment of \$40.8MM for the year and 28% of the \$59MM goal.
- The current estimate of year-end savings on a three-months actual plus nine-month forecast is \$60.1MM. This amount is 101.6% of goal or 147% of the firm commitment.
- Ten plants forecast savings in excess of \$1MM each. Together, they account for 90% of the dollar savings expected.
- Five plants are expected to exceed their goal by greater than 10%. Two of those are in the over \$1MM savings category (DeLisle and Houston).
- Seven plants anticipate falling short of goal by more than 10%. Only three of these, though, are in the \$1MM plus savings category and only one does not expect to make its "firm" forecast (Niagara).
- Niagara's anticipated shortfall (~\$220M or 11% firm) is centered primarily in the Teracol® operation. Delay in start-up of the fourth reactor and usage of the gulftronic separator have delayed realization of yield improvements (~\$155M in 1981). Full savings from the installation are still expected and appropriate credit will be booked in 1982. Under present conditions, of all out operation it is doubtful that a forecast labor reduction will be achieved (~\$113M).

- Of the \$16.5MM saved in the first quarter, 34% was ingredients, 20% energy, 18% maintenance materials, 16% labor and salaries, and 12% all other.
- Major deviations from forecast (greater than \$100M shortfall vs. firm or \$100M in excess of goal on an individual program) are commented on below:

<u>Plant/Program</u>	<u>Shortfall vs. Firm Forecast (\$M)</u>	<u>Excess vs. "Goal" Forecast (\$M)</u>
<u>Johnsonville</u>		
Alternate Coke	-	710
Cl ₂ Reduced Price	-	850
<u>Niagara</u>		
Reduced Teracol® Operating Labor	113.4	-
<u>Houston</u>		
Eliminate Inlet Scrubber Purge Recycle	112.5	-
<u>Edge Moor</u>		
Steam Elimination - Vortac	-	275
<u>Antioch</u>		
Low Grade Ore Consumption	-	200
Ore Freight Savings	-	100
<u>DeLisle</u>		
Ferrous Operation	-	250
Reduced HCl Price	-	160
Reduced Coke Price	-	560
Natural Gas Conversion	-	427
<u>Memphis</u>		
HCN Reduced NH ₃ /Gas Usage	135	-
H ₂ O ₂ Reduced DIBC Usage	-	183
H ₂ O ₂ Reduced Catalyst Usage	-	192
H ₂ O ₂ Reduced Quinones	454	-
H ₂ O ₂ Reduced All Other Material	149	-

<u>Plant/Program</u>	<u>Shortfall vs. Firm Forecast (\$M)</u>	<u>Excess vs. "Goal" Forecast (\$M)</u>
<u>Memphis (cont'd)</u>		
Reduced Overtime - Maintenance	-	360
Contract Administration	-	620
HCN - Reduced Steam	573	-
Purchasing Savings	-	220
<u>Chambers Works (by category)</u>		
Manufacturing		
Ingredients	363	-
Energy	-	288
Others	-	1153
Services (by category - not allocated)		
Ingredients	-	315
Labor and Salaries	-	1454
Maintenance Materials	-	2355
Energy	-	98
Others	-	131
<u>East Chicago</u>		
General Contracting	-	251
<u>Belle</u>		
Waste Stripper Recycle - Amines	-	125
Column Control - Energy	-	300
Added MeOH Storage	-	140
Reduced Tank Car Fleet	-	120
<u>Newark</u>		
Cont. Process - Mfg. YE-698	120	- (Delayed)

WHM:pah
Attachment

COST REDUCTION
SUMMARY REPORT
FIRST QUARTER SAVINGS
(\$M)

<u>Plant</u>	<u>Ingredients</u>	<u>Labor & Salaries</u>	<u>Maintenance Materials</u>	<u>Energy</u>	<u>Other</u>
Antioch	165	4	28	136	113
Augusta					
Beaumont	190		68	16	22
Belle	206			191	205
Burnside	14			3	
Chambers	1,041	999	706	850	648
Cleveland	237	37	48	18	85
Delisle	497	727	1,261	513	62
East Chicago	89	66	97	53	15
Edge Moor	577	21	81	541	106
Florida	51		70	54	25
Fort Hill	46				
Fortville					
Grasselli	85	7	147	110	25
Healing Springs					
Houston				747	17
James River					
Johnsonville	1,944	168	136	93	45
Memphis	347		299	(193)	285
Newark	92	82	8	74	37
Newport	58	432	69	(61)	151
Niagara	(19)	32	30	7	117
Pineville					
Repauno	14	7		83	
Toledo					
Wurtland	110		29		
Total	5,744	2,582	3,077	3,235	1,958
% of Total	34	16	18	20	12

COST REDUCTION
SUMMARY REPORT
FIRST QUARTER 1981
(\$M)

Plant	1st Qtr. 1981		%	Annual Data			
	Realized YTD	Cost		Committed	Goal Total	Current Estimate	% Cost
Antioch	447	6.7		388	849	1,178	4.4
Augusta							
Beaumont	296	1.37		1,520	1,973	1,561	1.3
Belle	602	0.6		1,408	2,480	2,448	2.4
Burnside	17			40	40	17	0.04
Chambers	4,245			7,625	11,056	11,388	
Cleveland	424	5.5		852	1,658	1,568	5.1
Delisle	3,060	14.8		9,178	11,414	12,954	14.8
East Chicago	322	0.6		341	545	1,099	1.6
Edge Moor	1,326	6.3		3,713	5,394	5,626	7.2
Florida	200	4.6		335	701	700	4.0
Fort Hill	46					140	
Fortville				12			
Grasselli	374	4.0		871	981	981	2.6
Healing Springs							
Houston	764	4.0		1,138	1,296	2,681	3.5
James River							
Johnsonville	2,386	7.2		6,395	10,176	9,730	7.32
Memphis	738	1.7		2,684	3,593	3,399	1.7
Newark	294	1.7		976	1,611	1,062	1.5
Newport	649	6.6		1,490	2,507	1,821	4.7
Niagara	168	0.83		1,418	1,638	1,260	1.54
Pineville							
Repauno	104	0.7		265	1,034	301	1.9
Toledo							
Wurtland	140			204	218	216	
Total	16,602			40,853	59,164	60,130	