

 <p>Adress: Gumarska in kemična industrija d.d. 4000 KRANJ, Škofjeloška 6, SLOVENIJA</p>	TELEFAX	Kranj, 15.7.1996 ----- Število prilog: Beilagen: Enclosures:- Strani: <i>1</i>
POŠILJA / ABSENDER / FROM Ime in priimek / Vor- u. Nachname Full name Stanko Cvenkel Enota/Abteil/Dpt. Telefon: +386 64 222-241 Fax: +386 64 222- 808 Telex:	PREJEMNIK / EMPFÄNGER / TO Mr. Ernie Hodson Telefax: <i>001 330 496 - P26P</i>	

Dear Ernie,

Thank you for the copies you have used for the final presentation on June 28th.

Reviewing the project concerning engineered products there are still some things missing:

- Mr. Allen should give us the complete future maning plan (we have it for tire division)
- Mr. Johnsen promised us the income statement for years 1, 3 and 5 respecting the savings on Labor and Material

As far as the other questions are concerned I am expecting the following:

- PTP location, timing
- confirmation of the timing for airsprings and autohoses
- all the answers about compounding (1 or 2; white mixers YES or NO: ...)
- short message about your meeting with Mr. Persinger

I was talking with Mr. Austin about the marketing strategy in Europe. The competitive approach should be high quality (GY) and low cost (Sava).

Best regards,

Stanko Cvenkel



The Goodyear Tire & Rubber Company

Akron, Ohio 44316-0001

ENGINEERED PRODUCTS
DIVISION

July 16, 1996

VIA FACSIMILE

Mr S Cvenkel
Sava

By the end of July we will have finalized:

1. All proposed manning.
2. Time lines for auto hose, air springs and Power Transmission.
3. Mr Persinger has reviewed the Sales/Marketing position and new recommendations will be made in our final plan.
4. The study combining all proposed mixing for both tires and technical is now being made. If there is capacity in your current tire mixing facility to handle both, we will most likely recommend using that facility only. If additional mixing is required, we will consider moving all of the technical banburies to the open area in Tire Mixing.
5. The Goodyear Technical products we have discussed will not require any colored compounds.
6. Mixing the polychloroprene compounds for Power Transmission products is probably the most difficult of the mixing procedures. The fiber loaded compound was mixed as follows:
 - A. 2.5 minutes - drop at 235-250°F
 - B. 1.5 minutes - drop at 215-225°F
 - C. Productive Pass - 1.7 minutes - drop at 215-225°F

-2-

Banbury size - No. 11
4 paddle
Speed 20 rpm

- 7. Rod Johnsen is working on financials.

Regards,

Director - Research and Development
Engineered Products Division

E F Hodson
cp

cc: P J Foley

TELEFAX

Kranj, July 29 1996

Število prilog:
Beilagen:
Enclosures: 1

PREJEMNIK / EMPFÄNGER / TO

Mr. Ernie HODSON

Fax 001 - 330-796-9269

Telex:

Dear Ernie!

Having in mind your last fax from July 16 and our problems as far as the relocations are concerned and the future problems with compounds and semiproducts, I would like you to check the following thought process:

- Tech mixing room with the small mixer (M34) would not be the part of JV; the calandring capacities K06 and K28 also not.
- Sava's programs will need 7600 ton/year black compound and 1600 tons / year coloured ones
- we would mix the coloured compounds on the open mills
- we would buy the raw materials over the GY - Sava JV (big player)
- the Tech building (where you intend to install autohoses) would also not be the part of JV. We would not need to relocate the profiles and rollers
- conveyor belts would be in off take arrangement but with your help in technology
- the autohoses would be installed in Ptuj - space enough. The tubes and molded rubber would be closed
- the bicycle tires (only scooter and industrial) would be relocated on the second Sava location in Kranj to make space for airsprings
- the PTP would overflow the artificial leather that would be either closed or relocated
- the main problem in this case remains the calandring of cord on K08 in Tire dept. for bicycle and print
- respecting this proposal Sava would avoid the relocation costs of about 10 mio DEM and some social problems in Ptuj. On the other hand the assets remaining in the first stage on Sava's side are long term not lost for the JV.

Ernie, I would only like you too check this idea from technical, technological and logistic point of view. The political decision remains to the others.

Enclosed I am sending you also the overview of the utilisation of Sava's mixing and calandring capacities and the quantities of the material produced I sent to Mr. Hill on July 25.

Ernie, I would like to have your general opinion about the proposal this week to be able to take two weeks vacation from August 5 till 18.

Best regards!

Cvenkel Stanko

Using of mixing capacities and quantities of compound
(in metric tons , january-june 1996)

PRODUCER	TIRES compound capacity		TECH compound capacity	
USER				
TIRE dept.				
tires	17050	x 2.9 = 49445	1027	x 1 = 1027
tubes	2030	x 2.2 = 4466		
mastification			3776	x 1 = 3776
TECH dept.				
semiproducts	519	x 2 = 1038	1775	x 2 = 3550
profiles	2025	x 1 = 2025		
rubber rollers	968	x 2.2 = 2130	271	x 2 = 542
bicycle+airsprings	304	x 2 = 608	43	x 2 = 86
technical+chemical prod.	1645	x 2.2 = 3619	225	x 2 = 450
molded rubber			70	x 2 = 140
			242	x 2 = 484
Total	24541	63331	7429	10055

Using of calandring capacities
(in metric tons and meters)
(January-june1996)

PRODUCER	TIRES	TECH	
USER	K08	K06	K028
TIRE dept.			
tires	875643 m		
TECH dept.			
conveyor belts		1193 ton	+ 334358 m
bicycle + AS	485245 m		
Tech others		642 ton	