FLINTKOTE
FLOORING DIVISION • THE FLINTKOTE COMPANY
COLONIAL PLAZA, 580 DECKER DRIVE, IRVING, TEXAS 75062 (214) 258-2130
Mail: P.O. BOX 800, DALLAS, TEXAS 75221

cc: REB
GLD
EJK
TPN
JEW

PLAINTIFF'S EXHIBIT
UC-262

February 15, 1980

Mr. John Myers
Union Carbide Corp.
P. O. Box 579
Niagara Falls, New York 14302

Dear Mr. Myers:

You will find enclosed a copy of J. C. Murphy's February 15, 1980 letter which has been mailed today to all Flintkote flooring distributors east of the Rocky Mountains. As one of Flintkote's valued suppliers, we wanted you to have this information immediately so you can make your own scheduling and production changes.

Please be advised as spelled out in the February 15th letter:

1. Flintkote's Chicago Heights, Illinois, Floor Tile Plant will no longer manufacture Asbestos Vinyl Floor Tile after March 28, 1980.
2. Flintkote's Los Angeles (Vernon), California, Floor Tile Plant will continue to manufacture our basic full line of Asbestos Vinyl Floor Tile.
3. Flintkote's Toronto, Ontario, Canada flooring operation is not affected by the changes in our U.S.A. manufacturing policy.

Flintkote sincerely appreciates the fine vendor relationships we have with those who have been supplying raw material requirements to the Chicago Heights Floor Tile plant. We solicit your understanding and assistance as required for an orderly and expeditious shutdown of our Chicago Floor Tile manufacturing operations.

It is requested that you continue to maintain your sales contacts and continue to mail product information and price lists to my Division Purchasing office, P. O. Box 800, Dallas, Texas 75221.

Please call me at any time I can assist you or answer your questions as they relate to this change in Flintkote's manufacturing operations.

JEW please make contact with Hooker

Very truly yours,

THE FLINTKOTE COMPANY

A. R. Hooker, Jr.
Manager Purchasing

RECEIVED
FEB 21 1980
UCC-CALIDRIA
NIAGARA FALLS, N.Y.

ARH/lf

FLINTKOTE THE FLINTKOTE COMPANY • FLOORING DIVISION
P.O. BOX 800 DALLAS, TEXAS 75221 (214) 258-2130

J. C. MURPHY
Vice President—General Manager

February 15, 1980

To Flintkote Flooring Distributors:

The Flintkote Flooring Company made important announcements at the Chicago Heights and Los Angeles flooring plants on January 9, 1980. These announcements stated that the Flintkote Company was initiating separate independent studies to determine the economic feasibility of continued operation of both or either of the two plants. Despite some erroneous rumors about same, Flintkote's Toronto, Canada floor tile plant was not and is not involved in these studies.

These studies have now been completed. The studies took into careful consideration the current profit levels, the return on assets employed, the future outlook for the floor tile industry, and the current and long range outlook of our distributors in the floor tile business. Most of you have discussed the need for improved profits on your warehouse sales, and especially the need for increased profits on direct contract tile shipments. It is unfortunate that competitors have prevented your earning a worthwhile profit on these sales.

The final decision is that the Chicago Heights operation will continue to manufacture flooring products only through March 28, 1980. Until this date, incoming orders will be promptly serviced. After this date, inventories at Chicago Heights will continue to be available for shipment to fill out or balance your inventory, in accordance with our standard terms and conditions. Since the mix of products could be limited after March 28th, it is suggested that you order any specific requirements before manufacture stops.

The study and outlook on the Los Angeles Flooring plant proved to be more favorable. The Los Angeles plant, therefore, will continue to operate, but will be limited to servicing customers now in the Western Region (geographically, west of the Rocky Mountains).

The Flintkote Company sincerely regrets the upcoming shutdown of the Chicago Heights plant. In order to make the transition period for you as smooth and practicable as possible, Flintkote will do the following:

... An inventory of all products will be maintained and shipped as long as possible. This will allow you continued profits as you make your decisions to seek another tile line or to devote the present floor tile inventory investment, warehouse space and selling effort to other product lines.

... You can receive 100% full credit for your net expenditures with Flintkote for any and all displays, samples and literature purchased since January 1, 1979. Please send to your Flintkote Flooring Regional Manager's office a debit memo or letter listing the invoice numbers and dates, and the total charge on each invoice for any Flintkote Flooring sales aids.

... The Flintkote Company will continue to stand behind all its floor tile products exactly as it would if Flintkote continued in the floor tile business throughout the entire United States. This is an important point as it maintains the value of Flintkote flooring inventories as compared with the products of a manufacturer who has closed its doors with no available assets to settle legitimate quality claims. Flintkote is a going concern.

In the meantime, Flintkote Flooring Company is still in business. You can continue to sell, make profits, and receive material for a number of months to come. You will continue to be kept advised on production and inventory status as in the past.

Your support and understanding during the study period has been absolutely outstanding. It is because of your response that we regret so much this announcement. At the same time, you are astute business people and recognize the necessity for an organization to remain only in those operations which give a fair return on investment. It is regretted that continued operations of the Chicago Heights flooring plant did not measure up to these requirements.

Sincerely,

J. C. Murphy

JCM:lr