PLAINTIFF'S EXHIBIT
UC-359

UNION CARBIDE

Mr. E. W. Krummel
32nd Floor

February 11, 1974

Messrs. J. L. Myers
P. B. Potter
J. W. Rawlings

I appreciate the opportunity to review the Group I reports relating to bulk handling asbestos for phenolic molding compounds and would offer the following thoughts for your consideration:

1. A raw materials cost penalty of 0.4¢/lb. was assessed against the SG-200 pellets relative to the Carey asbestos floats. This assessment apparently does not take into account the $9.50/ton price increase announced January 1, 1974 by Carey. This price increase on the Canadian fiber would reduce the cost differential to roughly 0.3¢/lb.

2. We are ready to make an immediate commitment for both your present and future requirements. In fact, we have already built 1,000 tons into our 1974 budget.

3. We have had a full year of trouble-free bulk handling experience with Calidria asbestos pellets at a major customer. While we cannot comment with complete objectivity on field experience in handling open fiber in bulk, we know of one major user who has had continuing problems over a period of several years.

4. Since it appears that grinding will be now required to open the Calidria fiber, a situation not initially anticipated, then it should be possible to substitute our lower cost SG-104 at $50/ton in bulk R.R. cars (F.O.B. King City) instead of SG-200 at $70/ton. Depending on distribution costs this could provide a cost advantage for Calidria fiber or at worst reduce the cost differential to a matter of indifference. It should be possible to substitute SG-104 or SG-200 with little or no additional formulation work.

5. The lower initial investment associated with Calidria pellet handling equipment reduces financial risk in the event that Group I decides at a later date to

   a) stop marketing asbestos-containing phenolics, or

   b) not expand its molding capacity.

I will be pleased to further discuss these items with your or any of your people.

W. C. Thurber

WCT:es