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# TOMOE ENGINEERING COMPANY, LTD.

(ANNEX OFFICE)
SHIN SHIN KAIKAN BUILDING
14-1, NIHONBASHI 3-CHOME, CHUO-KU
TOKYO, JAPAN

MAIN OFFICE:
DAINI MARUZEN BUILDING
9-2, NIHONBASHI 3-CHOME, CHUO-KU
TOKYO, JAPAN

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January 11, 1978

PLAINTIFF'S EXHIBIT
UC-2260

Mr. J. L. Myers
Marketing Manager
Union Carbide Corporation
Metals Division
P. O. Box 579
Niagara Falls, N. Y. 14302

Subject: Calidria Asbestos Review
for the Fourth Quarter

Dear Mr. Myers:

We are pleased to report that the fourth quarter sales totalled about 135% against estimate; consequently, for year 1977 the total sales amounted to 110% of estimated sales. The reason for the fourth quarter increase can be placed to Nittobo's increased production, development of new customers for RG-244, and the use of HPO by Telnite.

This year in order to ride out of the business recession which has been continuing for the past several years, the government has implemented a big budget to perk up the economy and has also increased public spending by approximately 27.3% as compared to last year. However, the effect of these undertakings will probably not be noted until the latter half of 1978.

For the coming year we feel that the toxicology problem will be within us again, but we shall strive harder to obtain more new customers and applications. With your introduction of Montello to us, we were able to open a new field; therefore, if an interesting new field could be found for Calidria Asbestos, we shall appreciate such introduction. As for RG-600, how is the market situation? If you have something new, please advise us accordingly.

Please note the following report on the respective grade.

(1) SG-100 for Vinyl Asbestos Tile

| | Oct. | Nov. | Dec. | Total | (Unit: ton) |
|---|---|---|---|---|---|
| Nittobo | 75 | 85 | 75 | 235 | |
| Matsushita | 10 | 10 | 10 | 30 | |
| Total | 85 | 95 | 85 | 265 | |

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Nittobo increased the production of vinyl asbestos tiles by about 25% as compared to past quarter. Currently the slate business has greatly decreased, and the respective asbestos importers are all trying their best to cut down on their inventory. The problem of price decrease is most severe with Carey's sales activities to Nittobo; consequently, we, too, have increased our sales calls to retain our position. For the next quarter, we anticipate about 240 tons.

(2) AS-200 & HPP for Ceiling Tile

| | Oct. | Nov. | Dec. | Total | (Unit: ton) |
|---|---|---|---|---|---|
| Nittobo | 90 | 106 | 95 | 291 | |
| Matsushita | 45 | 68 | 68 | 181 | |
| Daiken | 99 | 113 | 105 | 317 | |
| Total | 234 | 287 | 268 | 789 | |

As in the past years, the respective companies increased their production of ceiling tiles during the fourth quarter, but for the first quarter in 1978 a total decrease of 150 tons is expected. Currently Matsushita is developing a new application, and if all goes well, this should constitute some increase from May.

(3) HPP and T-135(P) for Paper Industry

| | Oct. | Nov. | Dec. | Total | (Unit: ton) |
|---|---|---|---|---|---|
| Honshu Seishi | 16 | 13 | 13 | 42 | HPP |
| Daishowa Seishi | 9 | 3 | 7 | 19 | T-135(P) |
| Sanzen Seishi | 5 | 5 | 5 | 15 | " |
| Others | 11 | 14 | 13 | 38 | HPP and T-135(P) |
| Total | 41 | 35 | 38 | 114 | |

The paper industry is still suffering the protracted recession and general market remains dull. There exists a strong resistance against Calidria Asbestos because of the dusting problem, hampering growth in sales. But as there must still be sales potential, we are continuing efforts for sales promotion.

(4) SG-130 for Rockwool and Polyester Premix

| | Oct. | Nov. | Dec. | Total | (Unit: ton) |
|---|---|---|---|---|---|
| Nichiasu Kosen (Rockwool) | 16.7 | 16.7 | 0 | 33.4 | |
| Koshin Chemical (Premix) | 0 | 8.3 | 8.3 | 16.6 | |
| Total | 16.7 | 25.0 | 8.3 | 50.0 | |



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Steady growth in sales of premix for boats use is noted at Koshin. Estimated consumption by each account is 25 tons for Nichiasu and 20 tons for Koshin for the next quarter.

(5) HPO-EX for Rockwool, Drilling Mud, and Others

| | Oct. | Nov. | Dec. | Total | (Unit: ton) |
|---|---|---|---|---|---|
| Nittoboseki (Rockwool) | 21.0 | 27.6 | 15.3 | 63.9 | |
| Telnite (Drilling Mud) | 0 | 67.2 | 38.3 | 105.5 | |
| Showa High Polymer & Other Phenolic Compounders | 3.8 | 7.4 | 9.5 | 20.7 | |
| Others (Paint, Mastics, Caulks) | 6.0 | 3.8 | 3.5 | 13.3 | |
| Total | 30.8 | 106.0 | 66.6 | 203.4 | |

Sales is brisk at Nittobo. For phenolics, the figure dropped below average 10 tons per month because of the downfall of Showa. Telnite Co. is planning movement of the rig from January, which will decrease sales somewhat in the next quarter.

(6) RG-144-EX for Plastics

| | Oct. | Nov. | Dec. | Total | (Unit: ton) |
|---|---|---|---|---|---|
| Cemedine (Sealant) | 2.9 | 2.9 | 1.9 | 7.7 | |
| Meiko (Putty) | 2.6 | 1.6 | 1.6 | 5.8 | |
| Kyowa Sangyo (Mastics) | 3.0 | 3.0 | 0 | 6.0 | |
| Others (Paint, Caulks) | 4.0 | 4.4 | 4.5 | 12.9 | |
| Total | 12.5 | 11.9 | 8.0 | 32.4 | |

Although there are no new customers of significant potential showing up, steady growth in sales is noted at existing customers. This natural increase has reached the amount well covering the loss caused by Nippon Special Paint upon its discontinuance of RG-144 due to the toxicology problem. The estimate sales for the next quarter is approx. 30 tons.

(7) RG-244-EX for Polyester and Sealant

| | Oct. | Nov. | Dec. | Total | (Unit: ton) |
|---|---|---|---|---|---|
| Hitachi Kasei (Polyester) | 2.3 | 2.3 | 4.5 | 9.1 | |
| Suzuka Paint | 2.2 | 2.4 | 2.2 | 6.8 | |
| Others (Sealant) | 4.5 | 5.4 | 4.8 | 14.7 | |
| Total | 9.0 | 10.1 | 11.5 | 30.6 | |



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Hitachi's consumption has increased to average 3 tons per month, and Suzuka to 2.2 tons also. Steady increase is also noted at other accounts, which is mainly attributable to the advent of new customers. Among them, Cemedine Co. has developed a new sealant containing RG-244 in addition to the past sealant using RG-144. The current consumption by this company is 0.5 - 1.0 ton per month. Our forecast for the next quarter is about 30 tons.

Yours very truly,

TOMOE ENGINEERING CO., LTD.

H. Fukuma

H. Fukuma
Inorganic Chemicals Section

HF/mh

cc: Mr. S. Torisawa
Mr. M. Kanno



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