UC 149-2

UNION CARBIDE

INTERNAL
CORRESPONDENCE

JUL 21 1983

PLAINTIFF'S EXHIBIT
UC-2641

UNION CARBIDE CORPORATION ROBINSON PLAZA II, ROUTE 60, PITTSBURGH, PA 15205
METALS DIVISION

To (Name) Mr. J. T. Kelly
Division UCC - Metals Division
Location Danbury, CT
Area J-1

Date July 20, 1983
Originating Dept. "Calidria" Asbestos
Area

Copy to G. M. Lincoln, Jr.
J. L. Myers
T. P. Norris
W. C. Thurber
J. E. Walsh

Subject 2nd Quarter Sales Summary

I-6

Attached are reports covering commercial, distributor, and export sales for the second quarter of 1983. Also included is the usual quarterly report from Tomoe Engineering Company and a copy of the "Calidria" Sales Summary to date. The latter has been corrected to show the actual export and total sales dollars to date which was erroneously indicated in the original report.

G. L. Dickson

GLD:vad

Att.

UCC 005316

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"CALIDRIA" ASBESTOS SALES SUMMARY - June 1983

PRODUCT	TONS				$ M			
	June		YTD		June		YTD	
	SALES	% BUD.	SALES	% BUD.	SALES	% BUD.	SALES	% BUD.
DOMESTIC								
SG-103-5	294	163	1,764	176	44	169	265	188
SG-103-7	--		5		--		1	
SG-104	365	114	2,461	137	47	131	320	139
SG-130	--	0	46	131	--	0	11	157
SG-200	--	0	300	136	--	0	57	142
SG-210	15	100	62	62	4	100	17	68
HPP	2	40	34	126	--		9	150
HPO	98	131	427	102	26	137	115	110
RG-100	64	213	320	188	54	225	269	198
RG-110	15	94	98	109	4	80	29	116
RG-144	18	90	124	118	16	106	104	133
RG-244	110	366	198	116	66	64	373	64
UNIVIS	--		--		--		--	
CSV	98	82	352	52	20	83	70	52
SHUR	24	240	105	140	5	250	21	140
TELVIS	--		75	50	--		15	47
TOTAL DOMESTIC	1103	120	6,371	123	286	101	1,676	106
EXPORT								
SG-100-EX	356	129	1,444	92	48	137	196	89
SG-103-7-EX	--		--		--		--	
SG-130-EX	--		10		--		2	
AS-200	300	400	825	166	51	392	140	167
SG-210								
HPP-EX	--		431	82	--		93	81
HPO-EX	32	64	304	111	8	62	79	110
T-135-P-EX	--		19	211	--		15	214
RG-144-EX	22	88	119	89	17	94	90	91
SX-14	--		29	64	--		18	67
RG-244-EX	29	112	144	90	101	112	490	89
SX-24	3	6	201	82	7	7	488	90
TOTAL EXPORT	742	123	3,526	100	232	77	1,611	93
TOTAL SALES	1845	121	9,897	114	518	87	3,287	99

UCC 005317

UC 14.9-2

UNION CARBIDE **INTERNAL CORRESPONDENCE**

METALS DIVISION • 4625 ROYAL AVE., P. O. BOX 579, NIAGARA FALLS, NEW YORK 14302

To (Name) G. L. Dickson
Division Metals Division
Location Pittsburgh

Date July 12, 1983

Originating Dept. Metals Division
Atlanta

Answering letter date

Copy to T. P. Norris - Long Beach

Subject CALIDRIA Distributor Sales
Second Quarter Summary

ACTIVITY

Quarterly activity started with attendance at the Southwest Coatings get together in Dallas. This group has the second best attended meeting in the U.S. and traffic at the D & F shared suite was unusually high. Joint calls were made the last week in April in Louisville with L. Callas visiting the large number of home office and specialty coatings manufacturers in the area.

The first week in May joint calls were made with Technical Products' sales people in the Cleveland area. Suggestions were given to both Mameco and Technical on selecting RG244 to meet the critical needs of their urethane coatings formulation. Ceilcote one of Technical's largest 244 accounts advised us that they would no longer use asbestos due to past litagation problems and a corporate edict to formulate it out. Initial visits were made to H & C's Portland and Seattle sales offices during which business reviews and joint calls were made. The Portland area appears to have more potential CALIDRIA prospects than Seattle but both are limited in quantity.

June began with joint calls in the Boston and Rhode Island area followed up by a Forecast III meeting in Danbury. A full week was spent on the West Coast reviewing our business activity in northern California and making joint calls with H & C's San Francisco sales people. Most of the major driveway sealer manufacturers were visited and it appears as if Hercules's Pulpex has made significant inroads on asbestos usage in this application. A three hour seminar was held at Hysol which will be followed up by their visiting our Niagara Falls R&D to try to solve manufacturing problems they have been having with our 244. Leads and contacts were developed during the trip on prospective business in other parts of the country. The northern California trip concluded quarterly activity.

PERFORMANCE

Distributor business continues to sputter along without any real consistency. One good month is followed by a poor one. 244 losses continue with Ceilcote going asbestos free this quarter. Oil drilling volume should pick up during the next quarter as Montello initially stocks Ashland warehouses and the general outlook in the industry is more optimistic. Copies of quarterly sales and expenses are attached.

Very truly yours,

Jack Walsh

J. E. Walsh

UCC 005318

QUARTERLY SALES REPORT

DUCT	QUARTER T	QUARTER M$	YTD T	YTD M$	BUDGET T	BUDGET M$	% BUDGET T	% BUDGET M$
210	--	--	25.2	6.6	166	41	30	32
0	118.3	29.9	291.8	74.6	704	172	83	87
110	16.8	4.5	42.7	11.5	84	23	101	100
144	28.0	21.2	42.0	32.0	149	111	56	58
244	41.0	137.7	90.6	302.5	294	999	62	61
V	186.6	37.3	351.9	70.4	1500	300	47	47
JR	44.0	8.8	105.0	21.0	168	34	125	124
IVIS	--	--	--	--	300	63	0	0
LVIS	--	--	74.9	15.0	330	69	45	43
TAL	434.7	239.4	1024.1	533.6	3695	1812	55	59

UCC 005319

UC 149-2 (780)

INTERNAL CORRESPONDENCE

UNION CARBIDE CORPORATION • 100 OCEANGATE, LONG BEACH, CALIFORNIA 90802

To (Name) G. L. Dickson
Division Metals Division
Location Pittsburgh, PA

Date July 12, 1983
Originating Dept. Metals Division
Answering letter date

Copy to J. E. Walsh, Atlanta

Subject COMMERCIAL SALES
2ND QUARTER SUMMARY
MARKET DEVELOPMENT -
LITERATURE UPDATE

Second quarter sales results were above budget as summarized in the following: (Refer to attached table for details.)

	TONS	$ M
1st Quarter Total	2933	617
April	777	131
May	724	191
June	819	195
2nd Quarter Total	2320	517
Total 1st 6 months	5253	1134
% Budget	135	131

TILE GRADE PRODUCTS

Above average sales of SG-103, SG-104, continue as Kentile Floors Inc. increases production of VAT. At the Chicago plant, the yearly shutdown for vacations and maintenance, has been reduced from the normal five weeks to four weeks. During this period, one production line will continue to operate while the other proceeds through its yearly maintenance up-date. This is contrary to past shut-downs where both lines were down for the entire five week period.

SG-200 AND RG-100

SG-200 sales to RCA Rubber and RG-100 sales to Colonial Rubber continue to reflect higher then budget results. We have been unable to locate new domestic producers of Radial Rubber Floor Tile and it now appears that RCA Rubber and Roppe Rubber are the only domestic producers. A recent trip to 3M Company designed to foster a closer working relationship between 3M Company and their compounder Colonial Rubber, indicated that our sales should continue to show some improvement, but that the long-range outlook is that 3M Company will have an asbestos-free formulation within three years.

(0011A-0183B.1)

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RG-244

Results continue to show depressed condition in the automotive and construction markets. A pick-up in automotive production will have a corresponding increase in RG-244 sales, but the reluctance of Ford and GM to evaluate new formulations containing asbestos will see this market erode through normal attrition.

MEXICO

Although we are aware of an order for SG-103-7, Losetas Asfalticas, S.A. has yet to be successful in obtaining an Import Permit at the Preferential Exchange Rate of 110 pesos/$1.00. It is anticipated that a recent trip by John Malloy, Law Department, Danbury, will be successful in dealing with Mexican authorities who are on good relations with our own Carmex personnel.

Euzkadi, S.A. is in the process of submitting their sample order for SG-103-7. This sample order should ship during the 3rd quarter.

MARKET DEVELOPMENT

The proposal on moderately attrited asbestos ore for asphaltic applications did not receive capital funding that would have provided production samples for customer evaluation. Since this funding is not available, it would appear that the future viability of the project has been halted and that Market Development should cease efforts on this project. Please advise if you feel our efforts should continue.

LITERATURE UPDATE

RG-244 Revised Brochure has been mailed from New York to members of the Marketing Staff for final comments. Product literature update sheets are still in the hands of John Crane.

A copy of my quarterly expenses is attached.

Very truly yours,

T. P. NORRIS

TPN:rt

Attach.

(0011A-0183B.2)

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T. P. NORRIS
COMMERCIAL SALES

QUARTERLY SALES REPORT

1983 SECOND QUARTER

Product	Quarter		YTD		Budget		% Budget	
	T	$M	T	$M	T	$M	T	$M
SG-100/103	777	116	1769	265	1100	155	161	171
SG-104	1089	143	2453	320	2000	256	123	125
SG-130	25	6	46	11	40	8	115	137
SG-200	120	22	300	56	240	44	125	127
SG-210	29	8	36	10	30	7	120	143
HPP	---	---	27	8	30	7	90	114
HPO	62	18	150	43	114	30	131	143
T-135-0	---	---	---	---	---	---		
CG-135-P	---	---	---	---	---	---		
RG-100	128	108	320	269	192	153	167	176
RG-110	22	8	55	18	62	17	89	106
RG-144	59	54	81	73	44	33	184	221
RG-244	9	34	16	61	45	155	35	39
VISB	---	---	---	---	---	---		
CSV	---	---	---	---	---	---		
SHUR	---	---	---	---	---	---		
Total	2320	517	5253	1134	3897	865	135	131

UCC 005322

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

CABLE ADDRESS: "TOMOT"
TELEX: 02223506 TOMOT J
TELEPHONE: TOKYO 274-0411

July 8, 1983

Mr. G. L. Dickson
Manager, Asbestos Sales
Metals Division
Union Carbide Corporation
Robinson Plaza II - Route 60
Pittsburgh, Pa. 15205

Subject: Calidria Asbestos Quarterly Report

Dear Mr. Dickson:

Enclosed please find our Calidria Asbestos Sales Report for the 2nd Quarter 1983.

On this opportunity, we wish to repeat our thanks for your assistance in our development of Southeast Asian markets, particularly in the recent affair involving a parallel export to Taiwan, which cleared our way for this new market.

May we expect continuance of your support of our future sales efforts in the increasingly tough environment of this business.

With sincere regards,

Very truly yours,

TOMOE ENGINEERING CO., LTD.

H. Fukuma

H. Fukuma, Manager
Inorganic Chemicals Section

HF/yk

Encl.
cc: Mr. J. T. Kelly
cc: M. Kanno

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Calidria Asbestos Sales Report for the Second Quarter 1983

General Market Review

The domestic importers of Canadian asbestos are to enjoy an ocean freight down of $12.72/metric ton for a period of June 10 through Sep. 30. This means a decrease from early this year of almost $20.00. Since the situation does not permit them to transfer the recent FAS price increase by Canadian makers to end users, they are trying to maintain their selling prices by having shipping lines reduce ocean freight rate. However, for unfavorable market situation and surplus inventories, the trend of drastic market pricedowns is still going on for 7 class asbestos. We would like to watch out on the move of the ocean freight rate after the end of September as it would play a vital role in the asbestos market.

Meanwhile, as for Calidria, we have been trying to absorb the FOB price difference by scraping off the transportation and other charges to maximum extent, but lately this measure came to a limit and our prices are becoming higher than competitors'. It is virtually no longer possible for us to keep our price down by manipulating ocean freight. While we are doing business by further scraping off our scanty margin, we cannot be much flexible in our pricing. Under the situation, priceup of your products, especially standard grades, will deal a fatal blow to our business. We therefore wish your soonest possible development of new grade to remedy the situation.

Regarding the resin grade, in line with the recent expansion of PBT market, our sales for this application area are showing relatively sound growth, and this trend is expected to continue further. However customers' departure from asbestos for the dust problem is in progress, making it extremely difficult for us to explore new customers.

Thanks for your recent arrangement, our sales to Southeast Asian market will proceed smoothly from now on. Development of Korean market is going on smoothly, and we were able to place first order for a 20-ft container in June. We may be credited for this success but your kind support is a key factor and we are thankful indeed for it.

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1. SG-100-EX for PVC Tile and Asbestos Cement Products

	Apr.	May	Jun. (Unit: M. ton)
Nittobo	54	45	42
Nozawa	187	140	213
Total	241	185	255

Nittobo is using average 47 tons a month, a 8% down from the same period last year. This might still be a good performance though, since they reduced their production lines from 3 to 2.

Nozawa is averaging 180 tons/month, up 9% from the same period last year. Their "Aslock," an extrusion-molded asbestos cement board, still holds a leading position, but Mitsubishi Cement Kenzai Co. quickly catching up and Kubota Steel Works and other makers' imminent participation in this market will intensify competitions. This industry is growing fast penetrating into ALC and regarded as a prospective business, although it accounts for only 3% of the entire ALC market at present. It will therefore invite severe competitions among asbestos suppliers but we will be aggressive to outmarket others in this business area.

2. HPP-EX and AS-200-EX for Ceiling Tile

	Apr.	May	Jun.
Matsushita	82	71	82
Daiken	119	119	81
Total	201	190	163

Matsushita's consumption is averaging 78 tons/month. The wall material developed last year is selling very poorly for the flat housing business. Sales marked a 4% increase from the same period last year.

Daiken is using an average 106 tons/month, a 25% up from the same period last year. For the 3rd term we expect respective monthly usage of 110 tons, 80 tons and 110 tons.

This sales increase is attributable to their plan to increase output of 1st class nonburning ceiling boards, and 2nd class nonburning boards of lower values added are decreasing drastically. The increased production is expected to continue until October.

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3. HPP-EX and T-135-EX for Paper

	Apr.	May	Jun.
Tokai Pulp	6	6	6
Taihei Seishi	2	0	2
Total	8	6	8

This industry offers virtually no hope for our sales expansion for intensifying departure from asbestos among makers and the stringent dust control. Amidst such a barren atmosphere Tokai Pulp Co. is keeping more than sound pace in consumption. It used to be 6 tons/2 months pace but the amount has increased as their application expanded to include a new tissue paper. We expect similar amount of usage by this customer for the 3rd quarter except August.

4. HPO-EX and Telvis for Drilling Mud, Phenolic and Other Materials

	Apr.	May	Jun.
Telnite	10.0	5.0	16.0
(Telvis)	34.0	0	0
Phenolic	15.1	10.5	15.9
Others	15.0	17.6	17.4
Total	40.1 34.0	33.1	49.3

The deliveries to Telnite in the 2nd quarter were rather small, but this is their normal rate of consumption. Telvis replaced HPO in April to circumvent the dust control, but it presented a dispersion problem. At present, HPO is still being used for most of geothermal wells. This Telvis may be exported to China.

From around April demand is getting brisk for phenolic resin for consumer electric items, VTR's in particular, as well as for automobile parts, and reflecting this trend our sales to phenolic makers were sound during this quarter. According to phenolic makers, the current favorable trend is likely to continue for the time being.

For others, shipments to the texture paint market were smooth as they met the peak demand period. Sales were especially good for Shikoku Kaken Co.

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5. RG-144-EX

	Apr.	May	Jun.
Cemedine Co.	4.6	4.2	3.3
Nippon Special Paint	1.0	0.2	0.2
PBT Makers	7.6	8.5	5.9
Others	6.4	5.8	7.0
Total	19.6	18.7	16.4

Cemedine keeps sound pace in consuming our material in line with the improving automobile industry. To our regret, however, the Nippon Special Paint appears to have succeeded in its development of asbestos-free product. We could expect further growth of PBT resin in favor of our business.

6. RG-244-EX

	Apr.	May	Jun.
Hitachi	2.3	4.5	2.3
Cemedine Co.	0.9	0.7	0.9
PBT Makers	0.7	1.6	1.0
Others	7.4	5.9	8.0
Total	11.3	12.7	12.2

We appreciate your cooperation in pricing for Hitachi up to June. The situation with this customer would increase severity as we cannot expect priceups of Aerosil, but we will do our best efforts to keep them using our material somehow.

Toray is our only PBT customer in RG-244 market, but shipments are smooth and we expect more sales in future to this account.

7. Southeast Asia

	Apr.	May	Jun.
Unichemi (RG-244)	0	0.2	9.1

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0.2 ton of RG-244 was shipped to Korea in May. Future shipments will be made directly from the States in containers to this country.

To Taiwan, 2 containers (20,000 lbs) of RG-244 were shipped in June. In sales to this market, the Chai Seng case caused a little trouble, but thanks to your effort our routes to Taiwan was cleared. Through such a smoothened channel we will do our utmost in grasping and developing this market.

END

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UNION CARBIDE

INTERNAL
CORRESPONDENCE

UNION CARBIDE CORPORATION ROBINSON PLAZA II, ROUTE 60, PITTSBURGH, PA 15205
METALS DIVISION

To (Name) T. P. Norris
Division J. E. Walsh
Location
Area

Copy to

Date July 20, 1983

Originating Dept. "Calidria" Asbestos

Area

Subject 2nd Quarter Export Sales

Export sales for the second quarter versus budget are summarized by month as follows. (Refer to attached table for complete quarterly and year to date results):

	Tons			$M		
	Actual	% Budget(1)	% Budget(2)	Actual	% Budget(1)	% Budget(2)
April	656	97	100	330	101	102
May	383	57	59	241	73	75
June	742	123	113	232	77	72
Total	1,781	91	91	803	84	83

(1) Sales/Official "skewed" budget
(2) Sales/Annual budget ÷ 12

Sales dollars dropped markedly in the last two months of the quarter and for the first time this year sales to date were below budget for the period. Some of this can be attributed to late invoicing in June, but in general reflects the continuing poor performance of resin grade products in both Western Europe and the Far East. Recent shipments (not invoiced) of SX-24 to Grace GmbH have been greater than normal and could possibly bring this grade back to expectations by the end of July. SX-14, although not a significant budget item, will probably remain below budget for the remainder of the year.

In an effort to increase our sales in the Far East, the territory covered by Tomoe Engineering Company (TEC) was expanded to include the following: Japan, Republic of China, Peoples Republic of China, Hong Kong, Republic of Korea, Thailand, Singapore and Indonesia. Sales in the expanded area will be carried out by a relatively small distributor known as Unichemi, with TEC providing technical and marketing guidance. Although it is too early to make any judgements it appears that the new arrangement is being successful with shipments this month going to South Korea and Taiwan.

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Concerning sales to Taiwan, a recent problem was encountered in that a trading company in Taipai, Chai Seng, purchased a container of RG-244 from Harrisons and Crosfield (Pacific) which was subsequently sold to one or more unknown companies, probably in Taiwan. Since then a second order was entered by Chai Seng for a 40 foot container of RG-244 but which was not accepted by either Harrisons and Crosfield or ourselves. TEC reported that the original shipment caused some disruption in their sales effort but at this point it is felt that the problem has been solved to their satisfaction.

A summary of quarterly travel and leased car expenses is attached.

G. L. Dickson

GLD:vad

Att.

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EXPORT SALES

QUARTERLY SALES REPORT

1983 Second Quarter

PRODUCT	TONS				$M			
	QUARTER	YTD	BUDGET	% BUDGET	QUARTER	YTD	BUDGET	% BUDGET
SG-100-EX	694	1,444	1,575	92	94	196	221	89
SG-103-7-EX	0	0	45	0	0	0	6	0
SG-130-EX	10	10	13	77	2	2	3	67
AS-200	543	825	495	166	92	140	84	167
SG-210	0	0	NB	-	0	0	NB	-
HPP-EX	188	431	524	82	40	93	115	81
HPO-EX	109	304	275	111	28	79	72	110
T-135-P-EX	0	19	9	211	0	15	7	214
RG-144-EX	62	119	134	89	48	90	99	91
SX-14	5	29	45	64	3	18	27	67
RG-244-EX	80	144	160	90	274	490	552	89
SX-24	90	201	245	82	222	488	539	90
TOTAL	1,781	3,526	3,520	100	803	1,611	1,725	93

GLD 7/20/83

UCC 005331