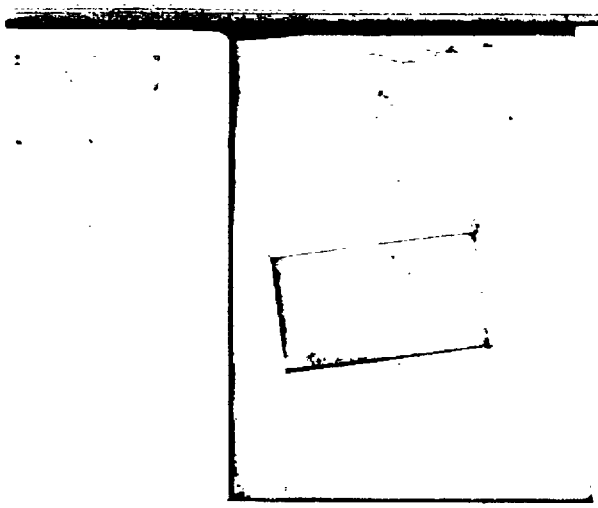


-> WCT

10/17

Bill -

My question exactly. Have sent you a copy of a note I wrote to GLD on the subject.

Jim

PLAINTIFF'S EXHIBIT

UC-2652

UCC 005156

UC 149-2 (780)

UNION CARBIDE INTERNAL CORRESPONDENCE

RECEIVED OCT 14 1983 W. G. BEATTIE

RECEIVED OCT 14 1983 J. T. KELLY

UNION CARBIDE CORPORATION 100 OCEANGATE, LONG BEACH, CALIFORNIA 9030.

To (Name)	G. L. Dickson	Date	October 3, 1983
Division	Metals Division		
Location	Pittsburgh, PA 15205	Originating Dept.	Market Development Long Beach, CA
		Answering letter date	
Copy to	J. E. Walsh, ATLANTA J. T. Kelly, DANBURY G. M. Lincoln, DANBURY W. C. Thurber, DANBURY	Subject	SG-100 PRODUCT REVIEW

JTK
So what's our action plan?
WCT

The data presented in this Product Review will indicate the importance of SG-100 sales to the overall quality of the "CALIDRIA" Asbestos business. As the attached report, Table I, Sales and Financial Summary, reveal, 1978 was a banner year regarding total tons shipped; net income; ROS %; and ROA %; but a poor year for Cash Generated $M (400), which can be accounted for in part by a growth in receivables and inventory. Of the 35,500 tons shipped in that year, 19,581 tons SG-100 was shipped for the production of VAT (Vinyl Asbestos Tile).

Although the domestic VAT Market has decreased, a substantial VAT Market may exist off-shore and an expansion of the Japanese technology on Extrusion Molded Asbestos/Cement Sheet to other markets in South East Asia and Europe could return the King City plant closer to the 1978 high production mark. This report will also briefly review the shipments of Canadian Grade 7 asbestos into the principal markets of the United States and similar asbestos shipments of Grades 6-9 from Canada to worldwide importing countries including the United States.

I. VINYL ASBESTOS FLOOR TILE (VAT)

There has been a significant decrease in overall sales from a 1978 high of 19,581 tons (includes export sales of 2,521 tons) to present FCST IV estimate of 8,150 tons domestic, 1,000 tons export. This decrease in sales is accounted for by the withdrawal from VAT production of Armstrong Cork, Flintkote Co., GAF and ULVALDE Co. Remaining domestic producers are Kentile Floors, Inc., (FCST IV estimate 8,150 tons) and Amtico, Trenton, New Jersey (estimate potential 5,000 tons). Amtico is difficult to sell because of our higher cost and freight disadvantage. Most recent figures are:

	BASE PRICE TON	TRANSPORTATION TON	DELVD. PRICE TON
CANADIAN ASBESTOS	$ 95.00	$54.00	$149.00
"CALIDRIA"	$150.00	$83.00*	$233.00

*Recent United States Lines rate for container shipments.

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The potential for SG-100 sales into VAT producing locations exist in the export market which is largely undefined. However, we have knowledge of VAT potential in Mexico:

Losetas Asfalticas, S.A.	2,000 ton
Euzkadi, S.A.	1,800 ton
Total	3,800 ton

Both companies are active prospects.

Potential exists in Columbia, South America.

Pavco, S.A. 1,000 ton estimate
Pavco, S.A. is an active prospect.

VAT potential also exists in Argentina and Brazil.

Tomoe Engineering is exploring VAT potential in Korea, Taiwan, Thailand and other areas of ther new geographical responsibilities.

VAT markets also exist in the United Kingdom and Europe. An estimate of "CALIDRIA" potential would be 10,000 to 15,000 MT/year. With the severe tightening up of enviromnemtal regulations in Great Britain, 1.0 F/ML, effective 1/1/83; West Germany, 1.0 F/ML; the potential use of our SG-100 pellets could make compliance to the newer regulations a distinct reality. Certainly our timing could not be much better.

II. NON-VAT MARKET POTENTIAL

Several years ago Tomoe Engineering developed a new market for SG-100 in Extrusion Molded Asbestos/Cement Sheet. Current customers in Japan are Nozawa Co.; present sales of 2,600 ton/year and Showa Denko; 1984 budget of 840 ton/year. Several other prospects are in various stages of discussion/evaluations.

Normally the SG-100 is blended with competitive asbestos fiber (Nozawa Co. Russian Asbestos Grade 5 and SG-100), and Showa Denko (Canadian Asbestos Grade 6 and SG-100). The use of SG-100 is said to improve surface smoothness and dimensional stability. This is a good growth market in Japan that is expected to grow to 10,000 ton by 1988.

The extrusion molded A/C market should also exist in other countries of South East Asia. In Europe there are from 2-6 producers including VEB Asbestzementwerk Porschendorf in Germany.

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III. CANADIAN ASBESTOS SHIPMENTS

Table II lists a 5 year review of United States Asbestos consumption by end-use. Since "CALIDRIA" competes in only the Grade 7 classification, Grades 1 through 6, the longer fiber grades, are not listed. It is important to note that "CALIDRIA" competes in only a small segment of the overall Grade 7 market. For example, of the 49 M/ton imported into the United States for Flooring Products, approximately 15 M/ton is consumed in VAT. The balance of that market area utilizes the longer portion of the Grade 7 in a backing compound for vinyl sheet flooring. Further, because of the extreme shortness of our fiber we do not ship into the friction products market nor packing and gaskets.

Table III indicates total 1982 Canadian asbestos shipments of Grades 6-9 on a worldwide basis. Grade 7 shipments would account for approximately 90% of the overall total figure of 420 M/ton.

IV. SUMMARY

If we accept the premise that the quality of our business is higher the greater the sales of SG-100 grades, and the attached data support the potential for greater SG-100 sales, then our concentrated efforts should be toward further development of our Floor Tile and Extrusion Molded A/C Sheet business.

Please let me know if you have any questions or comments.

Very truly yours,

T. P. Norris

TPN:vc
attch.

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TABLE I

KING CITY ASBESTOS OPERATION
FINANCIAL SUMMARY

		1978	1979	1980	1981	1982	1983 BUDGET
1)	"CALIDRIA" Asbestos SG-100-104, Sales (tons)	35,500	29,220	29,756	27,874	19,166	19,334
	Domestic	17,060	13,890	14,810	14,575	8,310	6,200
	Export	2,521	2,914	3,351	3,000	3,244	3,600
	Total	19,581	16,804	18,161	17,575	11,040	9,800
2)	NIFS, $M	7,156	6,360	7,175	7,652	6,520	7,411
	GM, %	41	38	30	32	26	32
	Net Income, $M	1,190	1,041	827	1,227	948	651
	ROS, %	17	16	12	16	14	9
	ROA, %	25	20	17	21	15	12
	Cash, $M	(400)	1,200	800	400	1,200	400

Source 1) IBM Sheets
2) JLM report 6/83

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TABLE I

KING CITY ASBESTOS OPERATION
FINANCIAL SUMMARY

		1978	1979	1980	1981	1982	1983 BUDGET
1)	"CALIDRIA" Asbestos Total Tons (All Grades) Includes SG-100-104	35,500	29,220	29,756	27,874	19,166	19,334
	SG-100-104, Sales (Tons)						
	Domestic	17,060	13,890	14,810	14,575	8,310	6,200
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2) JLM report 6/83

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TABLE III

1982 TOTAL CANADIAN SHIPMENTS
ASBESTOS SHORTS, GRADES 6-9

	TONS		TONS
United Kingdom	17,558	Burma	1,021
Ireland	559	Indonesia	1,035
Austria	200	Japan	68,878
Belgium - Luxemburg	5,684	Korea, South	4,862
Denmark	2,272	Philippines	626
Finland	453	Taiwan	6,572
France	13,308	Thailand	7,610
Germany, West	17,081	Australia	804
Greece	353	New Zealand	285
Italy	1,556	Argentina	4,156
Netherlands	1,280	Bolivia	319
Portugal	3,364	Brazil	7,202
Spain	2,942	Chile	1,750
Sweden	926	Colombia	7,369
Switzerland	804	Ecuador	2,192
Czechoslovakia	1,334	Peru	1,618
Hungary	327	Uruguay	357
Emirates, U.A.	650	Venezuela	4,401
Israel	485	Bahamas	180
Saudi Arabia	562	Barbados	2
Turkey	226	Jamaica	27
Egyptian A.R.	1,498	Leew-Wind Is.	321
Kenya	123	Trinidad-Tobago	4
Nigeria	2,446	Costa Rica	140
Tanzania	51	Dominican Rep.	126
Algeria	46	El Salvador	622
Angola	450	Guatemala	619
Zaire	53	Honduras	309
Liberia	16	Mexico	13,097
Sri Lanka	928	Nicaragua	535
Hong Kong	970	Panama	5
India	10,978	Puerto Rico	198
Malaysia	1,666	United States	191,031
Pakistan	160		
Singapore	1,195	TOTAL	420,777

Source: Asbestos Bulletin, March-April, 1983

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