PLAINTIFF'S EXHIBIT

UC-3870

WC/JLM

MEMORANDUM

January 28, 1974

To: Files

From: W. C. Thurber

cc: J. L. Myers

This memorandum summarizes the highlights of our conversation with Art Hooker of Flintkote Company on January 25th. Flintkote has evaluated the potential of Coalinga asbestos fiber five or six times in the last 10 to 15 years but each time has rejected this product on the basis of either poor mill strength or poor water stability. Consequently, they are currently using Canadian asbestos in all of their floor tile formulations. Canadian asbestos is primarily 7TS with JM being a major supplier, but some product is also obtained from National Lake and Carey. Flintkote purchases about 35,000 tons of Crysotile asbestos annually plus about 2,000 tons of Crocidolite from South Africa. Of the Chrysotile, approximately 20,000 tons per year are Group 7 material used in floor tile.

Flintkote has five floor tile plants located in Toronto, Canada; New Orleans, Louisiana; Chillicothe, Ohio; Los Angeles, California, and Chicago Heights. Average consumption per plant would be about 4,000 tons per year but it is likely that some of the plants use as much as 6,000 tons per year. Price of the JM 7TS fiber delivered in Los Angeles was $.0393 per pound in January, 1973, and had risen to $.0415 per pound by December , 1973, and is currently $.045 per pound. For reasons not obvious to me, economic studies conducted by Flintkote in Los Angeles have shown that floor tile produced with the JM Canadian asbestos is cheaper than floor tile produced with Coalinga asbestos. For example, in a July, 1967, economic study, product containing the JM fiber was costed at $.0599 per square foot vs. $.061 per square foot for tile with Coalinga fiber. More recent technical evaluation by Flintkote convinced them that they need less TiO_2 with Coalinga fiber and although some heat stability problems were encountered, they have now been fixed.

If we wish to penetrate the Flintkote establishment with our product, they key is Jim Sweeney in their Los Angeles plant. Hooker and the Flintkote marketing people see a continuing growth in the floor tile area. They feel that the use of carpeting in institutional applications will decline as inferior wear resistance becomes apparent. Flintkote has no long-term contracts with its asbestos suppliers; rather they typically establish annual requirements on an informal basis.

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