PLAINTIFF'S EXHIBIT

UC-5083

FEB 2 8

ASBESTOS INDUSTRY QUARTERLY REPORT - 40 1979
(J. L. Myers, 2/15/80)

Asbestos sales for 1979 are compared to Budget and Forecast IV in the following table:

	Actual		% Budget		% Forecast IV	
	Tons	$M	Tons	$	Tons	$
Domestic	19577	3553	88	85	102	98
Export	9093	2804	101	117	95	94
TOTAL	28,670	6357	92	97	100	96

Sales of RG-244 and drilling mud products were, respectively, only 72% and 54% of budgeted tons. This was the main reason for below budget performance and erosion of sales in these areas is expected to continue due to health/regulatory effects unless "dust-free" products are developed and marketed. The Fisher-Body Division of GMC has issued an edict that no new formulations will be evaluated if they contain asbestos. Floor tile sales were above budget due to Kentile purchases which exceeded loss of sales to GAF. We anticipate no further sales to GAF unless we make a competitive price offer or their current supplier falters.

Although domestic sales were only slightly below budget, the disparity between regions was significant due to unexpected circumstances. The following table illustrates this:

	Actual Sales		% Budget	
Region	Tons	$M	Tons	$
East	3995	1034	177	122
Midwest	6855	1021	172	119
South	6711	1033	66	73
West	2060	465	35	44
TOTAL	19,621	3553	88	85

Export sales in the 4th Quarter were artificially low because of shipments which were made but not invoiced before the closing date. These will be picked up in January. Sales of RG-244-EX and SX-24 were below expectations because of plant problems in making specification product. This situation has now been corrected and normal shipments resumed although we have a lot of "catching up" to do. For the year, export sales were a record $2804M, 8% higher than 1978. Following is a summary by country:

	Actual		% Budget	
Country	Tons	$M	Tons	$
Australia	571	147	51	85
Brazil	105	166	181	227
Canada	144	102	49	79

Cont'd

Country	Actual Tons	Actual $M	% Budget Tons	% Budget $
Europe-Grace	579	678	118	126
Non-Europe-Grace	38	45	141	180
Europe-Mercomed	59	13	128	163
Hong Kong	3	6	--	--
Japan	7569	1584	113	121
S. Africa	10	22	200	220
Taiwan	18	41	106	121
TOTAL	9096	2804	101	117

As expected, the CAL-OSHA Standards Board ignored our testimony and established an action level of 0.1 f/cc to trigger monitoring and medical examinations. A copy of Dr. Rhodes 4th Quarter Activity Summary is enclosed.

Significant quantities of CSV are now being sold through Montello to Dresser's compounder for production of silane-treated asbestos for use in oil base muds. Considerations are being given to bulk shipments. Montello has had good response from "UNIVIS", an oil-wetted pellet, and an engineering study was begun to assist in determining whether or not we should make this product at King City. The development of a "liquid thixotrope" is continuing with a customer/compounder and distributor. Optimism for a successful market program is beginning to prevail. A summary of technical/customer service activities is enclosed.

John L. Myers

JLM:dal
Enclosures