UC 1-2

PLAINTIFF'S EXHIBIT

UC-2254

WRL
FNL ✓

UNION CARBIDE

INTERNAL CORRESPONDENCE

MINING AND METALS DIVISION

P. O. BOX 579, NIAGARA FALLS, NEW YORK 14302

To (Name) Mr. R. W. Rebholz
Division UCC-Mining and Metals Division
Location 270 Park Avenue, 38th Floor
New York, N. Y. 10017

Date October 7, 1969

Originating Dept. Research and Development Department

Answering letter date

Copy to Mr. L. P. Twichell

Subject Asbestos R&D Costs

Dear Bob:

As per our discussion in Corpus, I investigated the present Asbestos R&D effort for this year. Attached you will find a summary of the total 1968 expenditures based on the first eight months of this year. However, I believe these efforts should be looked upon with some understanding of the overall asbestos business. Therefore, I have divided the asbestos business into four categories and reviewed the total dollar sales in the attached graphs. These I would like to comment on with respect to the R&D effort. As you know, the business was turned over to Group I in 1967 and the business philosophy changed. It is this period at which the following comments are directed.

Paper Additives

In 1967 the asbestos sales were turned over to the Group I sales force and the R&D effort was reduced markedly. This, in spite of the fact that the principal objective was to make this market the base load of the asbestos business. The sales record shows the effect of this effort.

Year	Sales M $
1967	1,050
1968	847
1969	530 (Best Est.)

The R&D effort consists essentially of one technical service man with no effort toward sales development.

Total 1969 R&D Effort = $52,000

Flooring

The Group I decision in 1967 was to get out of this business in order to have plant capacity to fill the sales in the Paper Application area generated by the Group I Sales force. As a result, for the past three years this market has remained very nearly constant at $340,000 per year. During this period no R&D effort has been expended toward this market.

RECEIVED
OCT 9, 1969

Export

These markets are handled by our overseas marketing people. I believe the largest sales are through Tomoe Engineering in Japan. These people are convinced that this will be a good business and their growth has increased accordingly. Over the last three-year period sales have been as follows:

Year	Sales M $
1967	130
1968	230
1969	290 (Best Est.)

R&D effort has been in the form of an occasional visit (once every two years) by us and by Tomoe personnel. These are not broken down separately but are included in resin grade and paper technology service.

New Applications

In 1967 the R&D effort had developed new applications as well as some new products (i.e., RG-244). Because of the problems associated with new applications, the sales development effort was undertaken by the laboratory. It is in this market area that we have the bright spot of the asbestos business with the following sales record:

Year	Sales M $
1967	80
1968	330
1969	440 (Best Est.)

This market also represents the most favorable profit margin of the asbestos product line. It is also in this area which represents the largest R&D expenditure, I have estimated that this will amount to $161,000 in 1969.

In summary, I believe this points out that where responsible effort has been applied, the sales growth has been good. Where it has been turned over to people without a sense of proprietorship our efforts have suffered. This has always led me to believe that this could be a very good business if handled by a competent profit centered management.

I believe this level of R&D effort should be continued and would recommend that it be increased to ~$300,000. This would permit the necessary work to develop new and modified products, so necessary for growth. Furthermore, it would cover the needed technical service required for backup of the sales effort. The sales effort, as I have said before, could best be handled by outside concerns on a commission basis. I would suggest negotiation with leaders in the field of

1. Paper
2. Plastics
3. Rubber

But, of course, this would be a subject which is beyond the scope of this letter.

As you realize, it is difficult to obtain a great deal of information without raising suspicion so I cannot elaborate in detail on the information you desire. I hope what I have presented is helpful and if I can supply any further data, please let me know.

Very truly yours,

R. G. Woolery

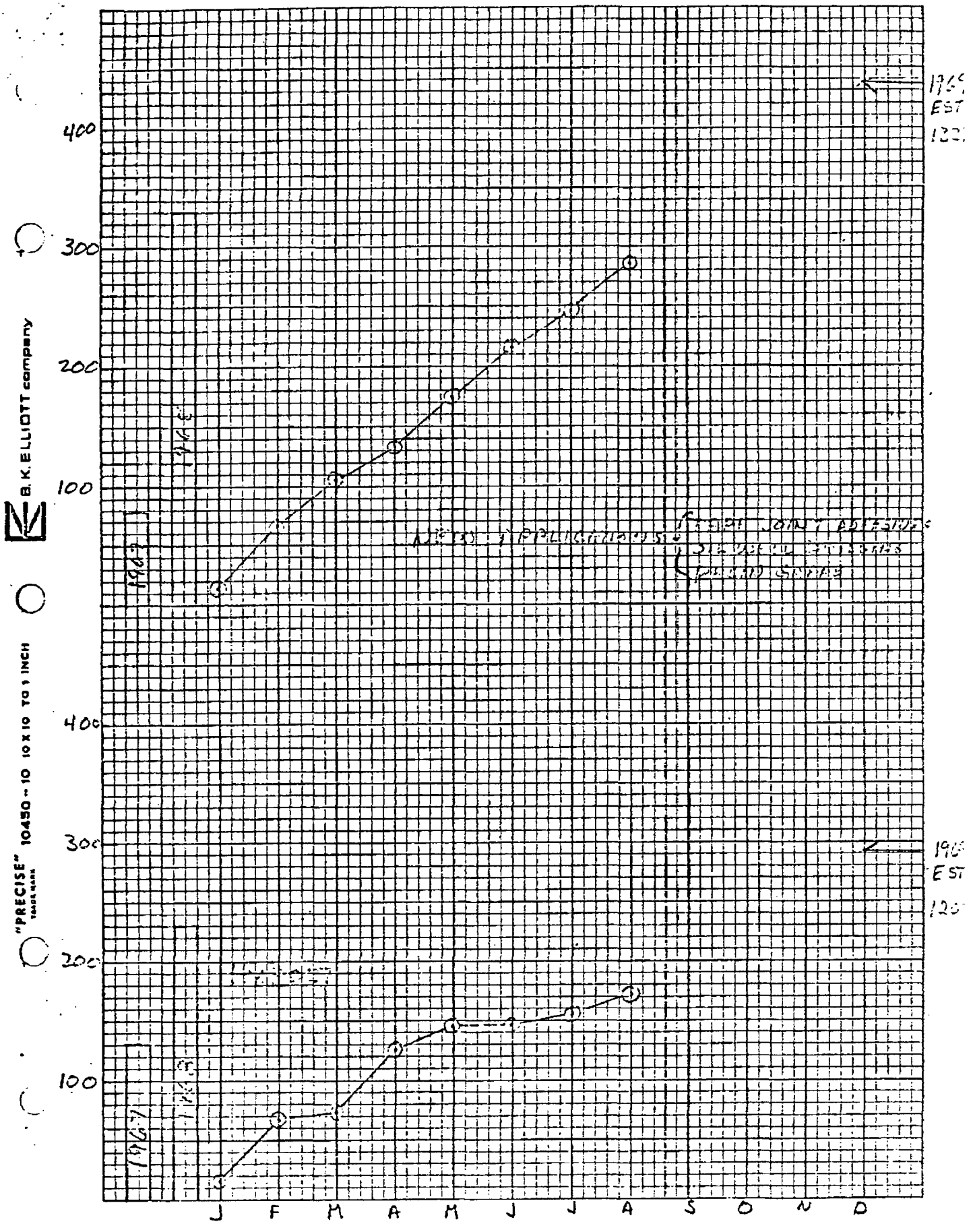
RGW:
Attach.

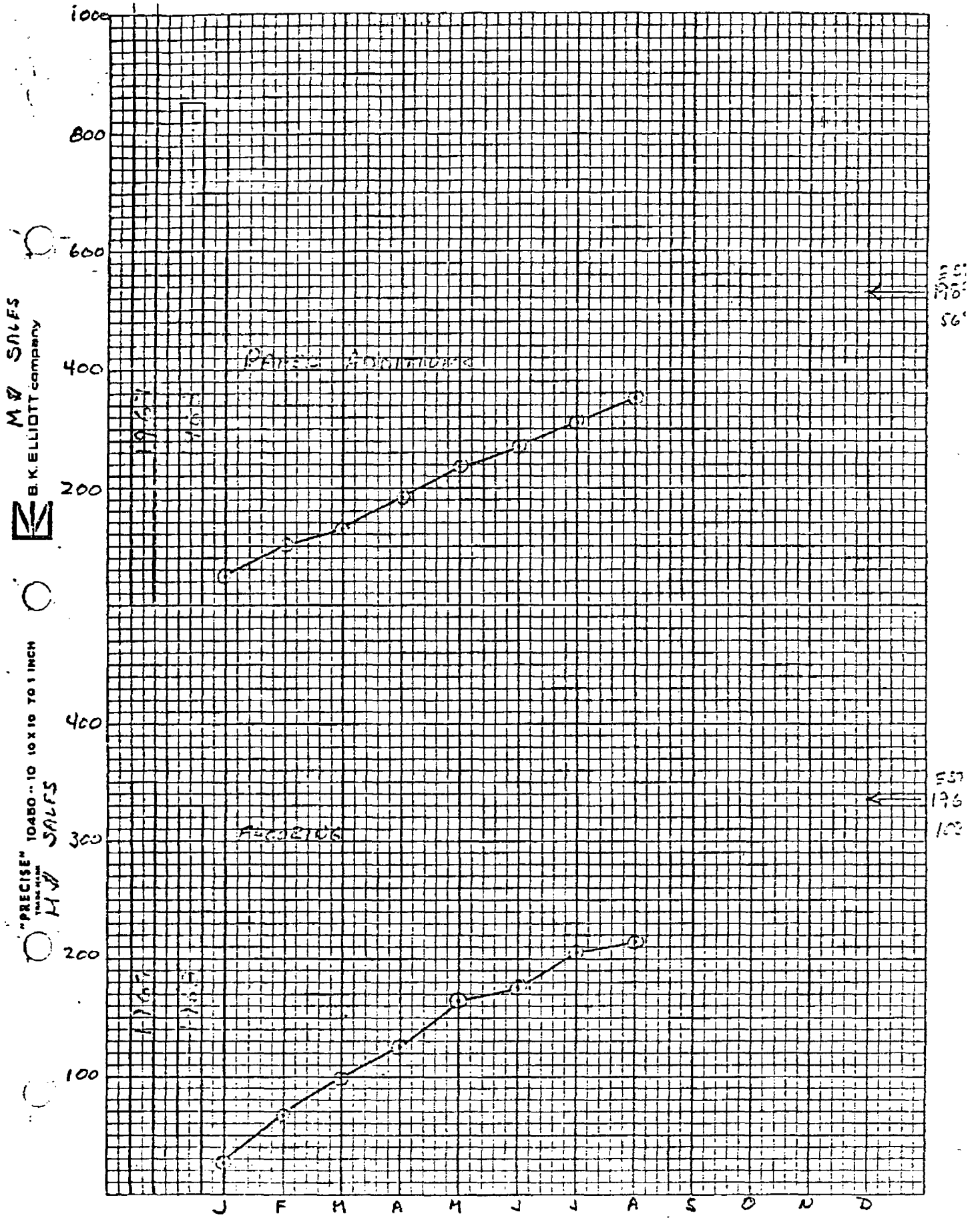
ESTIMATED 1969 R&D COSTS

ASBESTOS

	$ M
RESIN GRADE - Product Development	$ 64,000
- Sales Development	38,000
STANDARD GRADE - Product Development	42,000
- Dales Development	17,000
PAPER APPLICATIONS - Technical Service	52,000
ASBESTOS - Process Improvement	36,000
MISCELLANEOUS APPLICATIONS	4,000
TOTAL EST. 1969 ASBESTOS R&D COSTS	$253,000

R.G.Woolery:dpw
10/7/69


B. K. ELLIOTT company
"PRECISE" 10450 – 10 10 X 10 TO 1 INCH
400
300
200
100
400
300
200
100
J F M A M J J A S O N D
1965 EST
1965 EST


1000
800
600
400
200
400
300
200
100
M W SALES
B. K. ELLIOTT company
"PRECISE" TRADE MARK M W SALES
10480 -- 10 10 X 10 TO 1 INCH
J F M A M J J A S O N D