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J-M Manufacturing Company, Inc. **Internal Correspondence**

To: E. H. PRONSKE, DENISON Date: SEPTEMBER 30, 1983

From: L. M. ELLISON, CONWAY

Copies:

Subject: MIKE ALLAIN/TRAINING PROGRAM

MIKE'S PROGRESS ON HIS TRAINING PROGRAM IS PROGRESSING RIGHT ON SCHEDULE.

HE IS BY NOW FAMILIAR WITH ALL OF OUR PRODUCTS AND HAS ACHIEVED A HIGH DEGREE OF PROFICIENCY WITH "PERMA-LOC" PIPE. HE HAS BEEN SUCCESSFUL IN OBTAINING "PERMA-LOC" SPECS AND HAS ASSISTED HIS DISTRIBUTOR IN GETTING THE "PERMA-LOC" NAME IN FRONT OF MANY POTENTIAL USERS. MIKE HAS UNCOVERED A TREMENDOUS POTENTIAL FOR STORM DRAIN APPLICATIONS AND IS IN THE PROCESS OF FAMILIARIZING HIMSELF WITH CONCRETE AND CORRUGATED METAL PIPES WHICH WILL BE HIS MOST FORMITABLE COMPETITION IN THIS APPLICATION.

I BELIEVE THAT IT IS NOW TIME FOR MIKE TO START TO SOLIDIFY HIS RELATIONSHIP WITH HIS DISTRIBUTOR LOUISIANA UTILITY SUPPLY COMPANY. IN LIGHT OF THIS I HAVE SUGGESTED THAT MIKE START, WHENEVER HE IS IN NEW ORLEANS, TO GO BY THE LUSCO OFFICE ON A DAILY BASIS. I'VE ENCOURAGED HIM TO STOP BY EARLY EACH MORNING FOR COFFEE AND TO FIND OUT JUST WHAT IS GOING ON IN THEIR BUSINESS WORLD. I'M GOING TO ALSO SUGGEST THAT HE TAKE FRED WINKLEMAN OR ONE OF THE SALESMEN TO LUNCH AT LEAST ONCE EACH WEEK. I THINK THAT AT THIS POINT MIKE SHOULD ALSO TRY TO GO BY THE BATON ROUGE OFFICE EVERY WEEK AND SHOULD DEFINITELY STOP IN AT LEAST EVERY OTHER WEEK. I THINK LUNCH WITH SOMEONE THERE ON EACH VISIT WOULD BE APPROPRIATE. ALONG THESE LINES I THINK MIKE SHOULD START ON A REGULAR BASIS TO SEE THE PEOPLE AT THE SULPHUR OFFICE A MINIMUM OF ONCE EACH THREE WEEKS. I THINK THIS KIND OF A BLITZ CAMPAIGN WILL HELP THE PEOPLE AT LUSCO TO UNDERSTAND J-M'S COMMITTMENT TO THEM, MIKE'S COMMITTMENT TO THEM AND OUR DESIRE TO GIVE THEM UNPARALLELED SERVICE. I ALSO BELIEVE THIS WILL GIVE MIKE A MORE IN DEPTH LOOK AT THEIR OPERATIONS AND A BETTER UNDERSTANDING OF THEIR BUSINESS.

IN LIGHT OF YOUR RECENT LETTER WHICH EXPLAINED IN DETAIL THE TIME FRAME INVOLVED IN THE DEVELOPMENT OF SOME OF THE WATER AND SEWER PROJECTS I WOULD SUGGEST THAT THE DODGE REPORTS FOR SOUTHERN LOUISIANA AND SOUTHERN MISSISSIPPI BE CHANNELED TO MIKE STARTING IMMEDIATELY.

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EXHIBIT 24
Deponent L. Reichert
Date 9/14/11 Rptr DW
WWW.DEPOBOOK.COM

III) COMPETITIVE ACTIVITIES

A) PVC

PROBLEMS WITH CARLON'S Z46 ARE BECOMING WELL KNOWN THROUGHOUT THE DISTRICT: BROKEN PIPE AFTER INSTALLATION THUS NOT BEING ABLE TO PASS A MANDREL TEST. KANSAS CITY AND SOUTHWESTERN BELL HAVE BANNED THE PIPE, REFERRING SPECIFICALLY TO CARLON IN LETTERS TO THE FIELD. IN ADDITION, THERE IS A LOT OF TALK ABOUT BRITTLE PIPE BREAKING EVEN BEFORE INSTALLATION. THIS COULD BE A LONG WINTER FOR CARLON WHEN PIPE BECOMES EVEN MORE BRITTLE WITH COLD WEATHER.

INTERESTINGLY, CARLON HAS COME OUT WITH AN ADD SHOWING THAT COMPETITORS ARE FURNISHING SUBSTANDARD PIPE. THE OBVIOUS ATTEMPTED PLOY IS TO GET AGENCIES TO REQUIRE UL APPROVAL. IN MY OPINION, UL HAS GIVEN ITS APPROVAL TO A SUB-STANDARD PRODUCT - CARLON'S Z46.

LONNIE ELLISON REPORTS THAT CANTEX IS PROMOTING ASTM-3034 SEWER PIPE WITH AN SDR-26 THICKNESS. THEY PRESENT THE PRODUCT AS BEING AS STIFF AS CLAY, APPARENTLY AS A RIGID CONDUIT. THEY ARE ABOUT TO RECEIVE THEIR FIRST APPROVAL IN THE CITY OF NEW ORLEANS.

PRICING ON PVC FELL IN SEPTEMBER TO LEVELS OF APPROXIMATELY 20% BELOW OUR JULY 1ST PRICE LEVELS. WE WERE ABLE TO REACT QUICKLY BY REDUCING OUR PRESSURE RATED PIPE TO JULY 1ST LESS 18%; "BLUE BRUTE", LESS 21%; SEWER, LESS 18%; AND PIP AG, LESS 14%. THESE LEVELS ARE GENERALLY IN THE BALL PARK, BUT WE DO SEE LOWER PRICES AND ANTICIPATE EVEN LOWER ONES IN THE COMING WEEKS.

THROUGHOUT THE DISTRICT, CERTAINTEED HAS BEEN THE MAIN COMPETITOR IN LEADING PRICES DOWNWARD. FOR EXAMPLE, ON A OPEN PUBLIC BID ON 15,000' OF 12" DR-18 BID IN IOWA ON SEPTEMBER 30TH, CERTAINTEED BID $8.97 DIRECT. WATER PRODUCTS QUOTING ETI BID $9.19.

B) ASBESTOS/CEMENT

UNTIL MID SEPTEMBER, A/C PRICES STABILIZED AT OUR DISTRIBUTOR COST LESS 5%. THE CURRENT MARKET IS AT ABOUT 10% OFF OF OUR DISTRIBUTOR COST.

IV) PRODUCT LINES

A) PVC

JIM ALEXANDER REPORTS SUCCESSFUL INSTALLATION OF THE FIRST 18" CLASS 100 PIP MANUFACTURED BY J-M. THREE LOADS OF PIPE WERE SHIPPED WITHIN ONE WEEK AFTER RECEIPT OF THE DIE AND SIX DAYS AFTER RECEIPT OF THE BELLER AT THE DENVER AIRPORT. THE SAME THREE LOADS WERE DELIVERED AND INSTALLED WITHIN 10 DAYS AFTER RECEIPT OF THE DIE AT PUEBLO. MY SINCERE THANKS TO ALL WHO COOPERATED. THIS IS THE KIND OF SERVICE THAT SEPARATES THE LEADERS FROM THE REST OF THE PACK.

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IV) PRODUCT LINES (CONTINUED)

B) "PERMA-LOC"

JIM ALEXANDER POINTS OUT THAT OUR FIRST INSTALLATION IN AMARILLO - 730' OF 24" IS GOING WELL.

JAMES ANDERSON REPORTS SECUREMENT OF THE MIAMI, OKLAHOMA, PROJECT - 1,500' OF 18" AND 1,700' OF 21", THE GUTHRIE PROJECT - 2,100' OF 21" AND THE SAND SPRINGS PROJECT - 800' OF 24" AND 2,700' OF 18". JAMES EFFORTS IN OKLAHOMA ARE REALLY BEGINNING TO PAY OFF.

BILL ROBINSON REPORTS SEVERAL LARGE PROJECTS IN TERRELL, ATHENS, AND NACOGDOCHES, TEXAS TO BID IN LATE FOURTH QUARTER OR EARLY FIRST QUARTER, 1984.

BOB MATHESON REPORTS THAT OUR PROBLEMS ON A PROJECT IN SOUTH CAROLINA HAVE HURT OUR SPECIFICATION EFFORTS IN NORTHERN INDIANA. BOB REQUESTS AN UP-DATE ON PROBLEM JOBS SO THAT HE CAN REACT WITH THE FACTS WHEN THESE PROBLEMS ARE BROUGHT OUT BY THE COMPETITION.

COMPETITOR OBSERVERS ARE ON JUST ABOUT EVERY "PERMA-LOC" PROJECT BEING INSTALLED, AND I KNOW THAT THIS ACTIVITY WILL BE ON THE INCREASE IN THE FUTURE.

C) "PERMASTRAN"

JOHN SABO REPORTS SPECIFICATION ON A PROJECT INVOLVING 30,000' OF 6" FOR A SLUDGE LINE. THE PROJECT WILL BID THIS WINTER.

IN THE MAIN, OUR "PERMASTRAN" BUSINESS IS NOT DOING WELL. AS A DISTRICT, WE SIMPLY HAVE NOT DONE THE JOB TO DEVELOP AN ONGOING "PERMASTRAN" BUSINESS. THE DISTRICT HAS A PRIORITY ASSIGNMENT TO RE-ASSESS THE "PERMASTRAN" SITUATION IN ORDER TO DEVELOP A STRONGER POSITION FOR THE PRODUCT IN THE MARKETPLACE. THIS MUST BE DONE IF WE ARE TO EVENTUALLY EXPAND THE PRODUCT LINE TO LARGE DIAMETERS.

D) "TRANSITE"

THE LONG RANGE CONTINUATION OF OUR ASBESTOS/CEMENT PIPE BUSINESS IS IN JEOPARDY AS POINTED OUT IN THE RECENT ARTICLE IN THE WALL STREET JOURNAL ABOUT EPA'S INTENTIONS TO BAN A/C PIPE IN THE MARKETPLACE.

WE SIMPLY MUST DEVELOP ALTERNATE MATERIALS TO TAKE THE PLACE OF A/C IF AND WHEN IT IS BANNED. IN A FEW SHORT WEEKS YOU WILL BE REQUESTED TO FURNISH ME INFORMATION ABOUT A/C CURRENT COMPETITORS SO THAT I CAN MAKE RECOMMENDATIONS TO HEADQUARTERS. PLEASE BEGIN THINKING ABOUT THIS ASSIGNMENT WITH MUCH THOUGHT ABOUT OUR LARGER DIAMETERS - 16",18", 20", AND 24".

DURING SEPTEMBER, DIXON BROWN SECURED 7,800' OF 18" T-50 IN THE SAN ANTONIO AREA. THIS TYPE OF BUSINESS WILL BE SORELY MISSED IF A/C PIPE IS BANNED.

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V) ADVERTISING - SALES PROMOTION - MEETINGS

OUR PROMOTIONAL EFFORTS FOR "PERMA-LOC" ARE IN HIGH GEAR:

1) ON SEPTEMBER 26,27, and 28TH WE HAD A DISTRICT SALES MEETING DEVOTED ALMOST ENTIRELY TO "PERMA-LOC". JERRY LIFFRIG PRESENTED INFORMATION TO BE USED IN COMPETING WITH CONCRETE; VAN YOUNG, COMPETING WITH SPIROLITE; AND MIKE ALLAIN, COMPETING WITH CORRUGATED METAL. JOHN MILLER SPENT ONE AFTERNOON ON "PERMA-LOC" ASSEMBLY, TAPPING, MANHOLE CONNECTIONS, ETC. ALL EFFORTS WERE OUTSTANDING AND I WISH TO COMMEND EACH OF THE FOUR FOR PROFESSIONALISM IN PROVIDING VALUABLE INFORMATION NECESSARY TO COMPETE IN THE MARKETPLACE.

2) ON OCTOBER 7 AND 8, WE EXHIBITED "PERMA-LOC" AT THE TEXAS MUNICIPAL LEAGUE (TML), TO AN ESTIMATED 2,000 TEXAS CONCILMEN, MAYORS, OTHER CITY OFFICALS, AND CONSULTING ENGINEERS. THANKS TO JOHN MILLER AND CHARLIE TRUITT FOR SETTING THIS UP.

3) ON OCTOBER 9,10, AND 11, WE EXHIBITED "PERMA-LOC" AT THE TEXAS SOUTHWEST SECTION OF THE AWWA TO AN ESTIMATED 2,500 CITY OFFICIALS AND CONSULTING ENGINEERS FROM TEXAS, OKLAHOMA, ARKANSAS, AND LOUISIANA.

"PERMA-LOC" INTEREST WAS HIGH AT BOTH MEETINGS.

VI) CUSTOMER RECEIVABLES

WE HAVE SOME PROBLEMS WITH UNAUTHORIZED DEDUCTIONS. THEY SPRING FROM THE TIME THAT WE COULD NOT MEET DELIVERY PROMISES, THEN ESCALATED PRICES, ETC., ETC. WE ARE WORKING ON THESE PROBLEMS AND HAVE SET A DEADLINE OF OCTOBER 31ST TO HAVE THEM CLEARED UP.

VII) POTENTIAL CLAIMS

JOHN MILLER REPORTS THAT WE HAVE A POTENTIAL CLAIM OF $1,500. TO REPAIR TWO LEAKING JOINTS OF 24" "PERMA-LOC". J-M PRODUCT IS NOT BELIEVED TO BE AT FAULT.

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