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KARL GYPSUM COMPANY INC.

INTER-OFFICE MEMORANDUM

G-7

TO G. M. Thomas
AT Antioch

DATE April 5, 1972

COPIES TO A. P. Alessandri
B. F. Crosby
P. D. Orleman

J. W. Blewett
D. J. McClellan
T. V. Smith

FROM Joe LaFayette
AT Antioch

SUBJECT MARCH MONTHLY ACCESSORY PRODUCTS REPORT - DISTRICTS 2100, 2200 & 2600

I. SALES VERSUS FORECAST

	<u>SALES</u>	<u>FORECAST</u>	<u>% OF FORECAST</u>
<u>District 2100 - Oakland</u>			
Month of March	648,366	536,000	121%
Year-to-date	1,685,079	1,452,000	116%
<u>District 2200 - Sacramento</u>			
Month of March	614,813	434,000	142%
Year-to-date	1,443,827	1,244,000	116%
<u>District 2600</u>			
Month of March	40,214	40,000	101%
Year-to-date	98,689	112,000	88%

MONTH TOTAL: 1,303,393 POUNDS = 652 TONS.

SALES THIS MONTH SET A NEW HIGH RECORD FOR ANTIOCH WITH SHIPMENTS OF: 652 TONS.

II. MARKET CONDITIONS

Market conditions continue to look very good; I expect April to be another record month. However, the two things that will affect sales are the new price that went into effect on April 1st and customer acceptance of new polymeric powder joint compounds.

KG-0113

III. COMPETITIVE CONDITIONS AND DEVELOPMENTS

Our Accessory price modification went into effect on April 1, 1972. Field reports indicate that competitive companies are making special price concessions to selected customers. I will continue to monitor pricing and will advise as necessary.

IV. PRODUCT QUALITY AND SERVICE

A. QUALITY

1. PMW - Working well.
2. Topping - Working well.
3. Powder Joint Compound - The Accessory plant no longer has casein in inventory as a raw material; all products now are manufactured using the polymeric binder. Some tapers are complaining that the new products cause a rash to develop on their hands and arms. Other comments are as follows:
 - a) Joint Compound - Some customers are concerned about tape bond; my memo to all salesmen on March 27, 1972 explains that full bond strength does not develop until thorough drying has occurred. The old casein based material would show higher bond strengths while partially dry and, for this reason, we caution all users of the polymeric compound to allow complete drying before disturbing taped joint areas.
 - b) Finishing Compound - Customers state that they cannot mix material and get a wet mix heavy enough in viscosity for hand work. Pace Drywall has refused to use the product until this problem is resolved. The Research Department is working on a formula revision.

IV. PRODUCT QUALITY AND SERVICE (cont.)

- A. 4. KSS - Two of our volume customers refuse to use our K-Spray because of long fiber asbestos which clumps in their spray tanks and causes a material stoppage through the acoustic gun. I have also noticed lately that competitive acoustic products have better "dry hide" than our K-Spray.
- 5. TSS - Wall Texture working well.
- 6. Tape - Working satisfactorily.
- 7. Cornerbead and Nails - Working satisfactorily.

B. SERVICE

The Accessory truck driver did an excellent job in handling all the deliveries that he made this month. The load limitation of the present truck caused problems in delivery of large tonnage orders. To date, there is still no word on the new Accessory truck capable of handling heavy pay loads.

V. GENERAL COMMENTS

- 1. All concerned did an excellent job in the selling, producing and shipping of 652 tons this month; this volume sets a new high record for Antioch.
- 2. As mentioned earlier in this report, the new price modification and customer acceptance of polymeric powder products will definitely affect our sales volume in April.