CH-2

DU PONT
ESTABLISHED 1802
E. I. DU PONT DE NEMOURS & COMPANY
INCORPORATED
WILMINGTON, DELAWARE 19898

CHEMICALS, DYES AND PIGMENTS DEPARTMENT

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September 25, 1980

DISTRICT MANAGERS
ASSISTANT DISTRICT MANAGERS
COMMERCIAL ASSISTANCE
SALES REPRESENTATIVES

DU PONT TiO_2 RUTILE SLURRY PROGRAM
FUTURE DIRECTION

TiO_2 rutile slurry consumption has grown tremendously since it was first introduced by Du Pont in 1971. This segment, which does not include LWS and RPS, now represents 39% of our TiO_2 sales to coatings and 22% of our total TiO_2 business. Yet we project the additional growth in the next five years to be at a reduced rate. Most major coatings customers have already converted and we believe there will be little, if any, growth in architectural coatings.

The challenge for Du Pont is clear: HOLD MARKET POSITION WHILE INCREASING PROFITABILITY. Let's review the key facts that will assist our effort:

DU PONT - THE LEADER IN RUTILE SLURRY

- 1979 Sales - 70M tons; 83% market share
- Large capacity, three manufacturing plants
- Large slurry railcar fleet
- Versatile slurry line
- Strong technical service
- Advertising confirms commitment

The Coatings Product Planning Committee has developed a basic plan to handle our problems and opportunities. On the attached sheets, I have outlined the future direction of our rutile slurry program. We must continue to improve the long term profitability of this business. Chestnut Run and the Product Center are ready to assist your efforts. Please call on us.

Tom Ertter

T. J. ERTTER

TJE/efm
Attachment

TiO_2 RUTILE SLURRY - DU PONT OPPORTUNITY

DEMAND (M TONS)

- 1980 - 99
- 1985 - 146

SUPPLY (M TONS)

- 1981 SALES SUPPORTING CAPACTIY - 137
  - DU PONT 102 (74%)
  - SCM 20
  - AC 5
  - G+W 5
  - K-M 5
- CAPACITY IN PLACE TO SATISFY DEMAND THROUGH 1984

POTENTIAL CUSTOMER SAVINGS VS. DRY BAG

- UP TO 6¢/LB.
  - IMPROVE PLANT UTILIZATION
  - REDUCE TiO_2 LOSSES
  - ELIMINATE BAG HANDLING
  - OTHER

DU PONT MANUFACTURING COSTS

- 1981 - 1.5¢/LB. MORE THAN DRY BAG
- 1985 ESTIMATE - DIFFERENTIAL SHOULD RANGE 1.5-2.5¢/LB. WITH CURRENT PRODUCT LINE

DU PONT PRICING VS. DRY BAG

- 1981 - PREMIUM POSSIBLE
- 1982 - PREMIUM PROBABLE
- FUTURE - PRICE SLURRY TO ACHIEVE EQUAL NET BACK VS. DRY BAG

1981 DU PONT PRODUCT LINE

JOHNSONVILLE	ANTIOCH	EDGE MOOR
R-940	R-941	R-950*
R-941		
R-942	R-942	
R-943	R-945*	
R-946	R-946	

*SELECTED CUSTOMERS ONLY

- CURRENT LINE AVAILABLE (EX. R-0)
- CONVERT R-941 CUSTOMERS TO R-942 OR R-943
- ENCOURAGE R-940 AND R-945 CUSTOMERS TO MOVE TO R-942
- OFFER R-946 FOR GENERAL SALE BY 1/1/81

DU PONT R&D PROGRAMS CONTINUING

- OBJECTIVES
  - LOWER COSTS
  - HIGHER QUALITY AT EQUAL COST

CONTINUED IMPROVEMENT NEEDED

- ORDER LEAD TIME
  - 21 DAYS = 100% CUSTOMER SATISFACTION
- RAILCAR TURNAROUND
  - JV AVERAGE REDUCED 1 DAY = 2.5 CARS ADDED

POTENTIAL TECHNICAL BREAKTHROUGH:

ALL TYPES OF TRADE PAINTS CAN BE MADE USING A SINGLE GLOSS SLURRY

- ADVANTAGES FOR CUSTOMER
  - INVENTORY REDUCTION
  - LOWER SLURRY HANDLING INVESTMENT
  - LOWER SLURRY PRICE PRESSURE
- ADVANTAGES FOR DU PONT
  - IMPROVE CUSTOMER SERVICE
  - INCREASE CAPACITY
  - REDUCE INVENTORY
  - REDUCE DISTRIBUTION COSTS