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cc: JHBaird
JMLipton
WGaal
LHPapineau
JEKramer
RFMahlberg
RNSelby
RJBuch (21)
SFWest
RPRogers
RUTobar
KLNeynaber
RHAKins (3)
FBBredimus (3)
EEJaffe (3)
EWStewart (3)
JABlumberg
VWBurins
ECBrown
RBuckland

April 18, 1980

FOR DU PONT USE ONLY

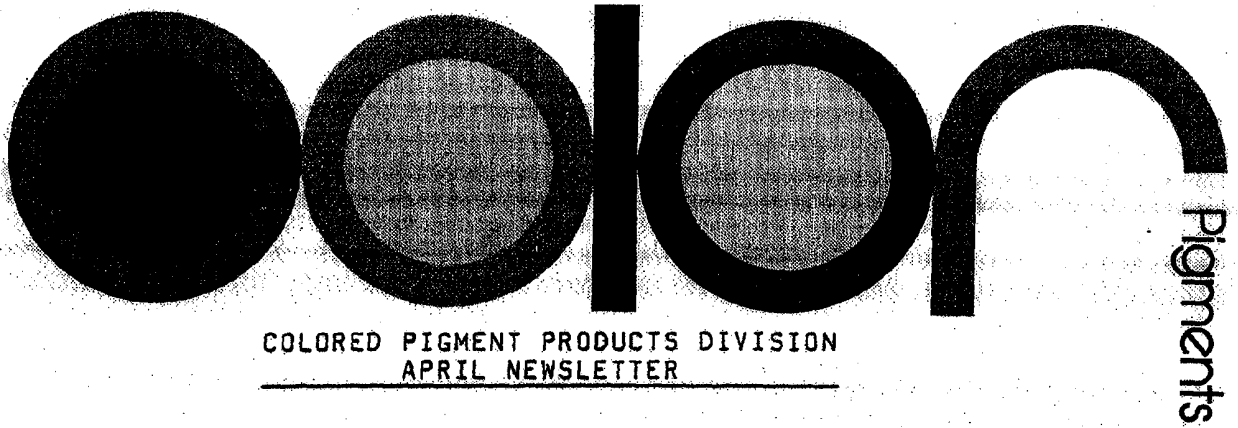
CD&P DEPARTMENT
DISTRICT MANAGERS
ASST. DISTRICT MANAGERS
COMMERCIAL ASSISTANTS
SALES REPS (BY DIRECT MAIL)

The April Newsletter is attached. In this issue we are announcing three discontinued products, asking for your assistance in selling 400M pounds of off-spec products and introducing a Product for Emphasis feature.

Please let us know if a Product for Emphasis should appear in each Newsletter edition as well as other items you would like to hear about. Items from the field would be most welcome.

J. S. Thackrah


PIGMENTS



COLORED PIGMENT PRODUCTS DIVISION
APRIL NEWSLETTER

Sales and Earnings

In 1980, sales, transfers and earnings for the colored pigments business are being reported on a worldwide accounting basis. Added to our present domestic/export base will be Colorquim (Mexico) and some additional Du Pont Far East (DUFÉ) revenues. Sales and transfers for two months were 11% above forecast and 9% above 1979. Pretax earnings were 105% above forecast and 35% below last year. The decline in earnings versus 1979 is due to:

- 1) an unusually strong performance early last year
- 2) a downturn in profitable transfer business, due largely to the slump in automotive sales
- 3) a sharp increase in mill cost and freight
- 4) worldwide accounting aberrations

March sales were \$9.5MM, 100% of forecast. Domestic sales and transfers were down 7.4% and 30.0% respectively, while export sales increased 31.3%.

Colored Pigments May Expand Business Base

Probably Colored Pigments will assume the business responsibility for two former Dyes Division products with annual sales of \$6.4MM.

- o Crystal Violet Extra Pure APN - 60% is sold to the carbon paper industry primarily for spirit hectograph, carbon paper and typewriter ribbons. Hectograph is an old system which continues to fill the need between office copier systems and printing techniques. Dye Specialties Company is the only domestic competitor and holds a 30% market share. Most of the sales responsibility would be shared by Cleveland, Chicago and New York districts. 1980 sales are estimated at 950M pounds at \$5.75/lb. We are discussing sale of Crystal Violet technology with the one remaining interested company.
- o "Pontamine" Fast Green PG is a CPC derived green which is used exclusively by Procter and Gamble for "Cascade" Dishwashing Powder. Sales of this excellent earning product are 14M pounds annually at \$64.00/pound and would be handled by Cleveland.


PIGMENTS

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Service

Supply of product is the best it's been in years. Inventory standards were increased late last year and most products are on or above standard. Of 180 products, only seven are currently trouble codes. Here is the status:

<u>Code</u>	<u>Comments</u>	<u>Expect Stock Position Within</u>
YE-735-D	Increasing order demand	60 days
RT-233-D	Quality problem resolved	30 days
RT-455-D	Increasing order demand	30 days
RT-761-D	" " "	30 days
YW-811-P	" " "	30 days
RT-695-D	Quality problem resolved	30 days
YT-714-D	Quality problem unresolved	60 days

Discontinued Products

For over one year we have had difficulty making two "Watchung" Reds, RT-662-D and RT-710-D, and phthalo blue BT-413-D. We will not be able to fill existing orders with standard material; however, off standard product exists which we would like to sell. Contact Henry Pietras (4-0937) in the Sales Order Center for further information.

<u>Code</u>	<u>Lbs.</u>	<u>Location</u>	<u>Quality</u>
RT-662-D	7500	Newark	Blue & opaque vs. std.
RT-710-D	1800	Edison	(lot 30080) 30% weak, masstone D29, tint Y15.
RT-710-D	18000	Newark	10-20% weak in rubout 10% strong in nitro-cellous & vinyl
RT-710-D	1650	Edison	(lot 80463-1) 60% weak, masstone D17, tint Y29

The closest offering we have for RT-662-D is RT-841-D, although it is harder to disperse and somewhat deficient in gloss and transparency. For RT-710-D, we cannot continue to manufacture due to an unavailable

intermediate. Unfortunately, neither we nor our competitors, have a close counteroffering. BT-413-D should be replaced with BT-425-D. Bruce Garth can assist with reformulation guidance. If you have not already done so, please inform your customers and promote the replacement products.

Price Increase

Our April 1 organics price increase, averaging 9.8%, is in effect. Since the announcement, Sun Chemical, Ciba-Geigy, Harmon, BASF and American Cyanamid have announced, generally matching prices. Until these competitive prices are in effect, we do not want to lose business. Off-Schedule Price Notices and CPA's should be issued to protect desirable business positions.

General Business Conditions

In mid-March, a slowdown in order size and rate began and is continuing. In addition to the automotive market, softness is occurring in the industrial and ink segments. The refinish and trade sales markets are holding their own, but a downturn in architectural coatings should occur due to the 40% reduction in housing starts. The depth and length of this much publicized recession is unclear. Concern exists that it will be more severe than earlier predicted. We would appreciate more field information about key customer forecast requirements and inventory positions.

Chrome Yellow Replacement

Concern about lead pigment usage in some packaging printing inks caused Appleton Paper to turn to Diarylide yellows. After changing they became concerned about a potential toxicity problem if residual DCB remained in the finished Diarylide pigments. Last month they adopted "Dalamar" YT-811-P and anticipate using 70M lbs. annually. We have a broad line of "Dalamar" yellow 65 and 74 products to fill customer needs. Chestnut Run are well equipped to assist with recommendations.

Off-Standard Pigments

In December, a listing was sent to the district offices identifying products, general quality information and desired pricing. The response and sales have been disappointing. Currently we have 400M lbs. at Edison which we are anxious to sell. An updated list of available products will soon be sent to the districts. In the meantime, Henry Pietras can tell you what is available. Please give Henry a call if you have an outlet. Preferably, off-spec material should be sold to displace competitive products, not our regular business.

"Dalamar"

Organic yellow pricing has not kept pace with cost increases. For several years, our "Dalamar" line has not provided an adequate return. We believe our competitors are in a similar situation. Over the past few months, the intermediate situation has changed significantly:

- o In November 1979, Montedison withdrew from ortho-anisidine and para-anisidine manufacture. Both OA and PA are key intermediates for 5-nitro-2-amino anisole and 3-nitro-4-amino anisole yellows used to produce PY-65 (YT-820-D type) and PY-74 (YT-808-D type).
- o Mobay remains the only domestic OA and PA producer. They have just increased OA prices 17%.
- o Foreign OA and PA sources are proving to be costly and unreliable. Both products are in tight supply.
- o There are two producers of 5-2 and 3-4, Hoechst (internal consumption only) and Du Pont (internal use and outside sales). The Du Pont list price has increased 44% and 60% respectively, reflecting higher raw material and manufacturing costs.
- o Lithosol 5-2 and 3-4 increases are expected to add \$.85 and \$1.15 per lb. respectively to manufacturing costs for Sun, Harshaw and Ciba-Geigy.

The impact of higher intermediates costs is now being reflected in higher PY-65 and PY-74 prices as follows:

- o Our 4/1 increase, averaging 14%, has been matched by Sun Chemical (eff. 4/14), Ciba-Geigy (eff. 4/18), Hoechst (eff. 5/1) and BASF (eff. 4/15). Toners increased from \$6.35 to \$7.30.
- o Harmon on 2/29, effective 3/15, announced a 10.2% increase, raising toners from \$6.35 to \$7.00 and on 4/15 announced an additional 4.2% increase to \$7.30.

Customers should be conditioned to expect larger and more frequent price increases until costs are fully recovered and organic yellows produce adequate returns.

Product for Emphasis

"Monastrol" Blue RF, BT-498-D, was introduced in 1978 and is growing nicely in volume and profitability (earnings index 96). It's a very strong, red-shade blue well suited for use in inks, plastic

dispersions, trade sales, industrial and automotive refinish paint systems. It has significant advantages over many competitive offerings in intensity, tinting strength, transparency, flocculation-resistance, and crystal stability. The following customers have purchased over 1M lbs. and are currently purchasing BT-498-D on a regular basis:

Bee Chemical	Plastic & industrial dispersions
Dutch Boy Paint	Universal colorant
Marcus Edward Paint	Industrial finish
Sherwin-Williams	Automotive refinish
Sinclair & Valentine	Flexo inks
Custom Chemical	Plastic dispersions

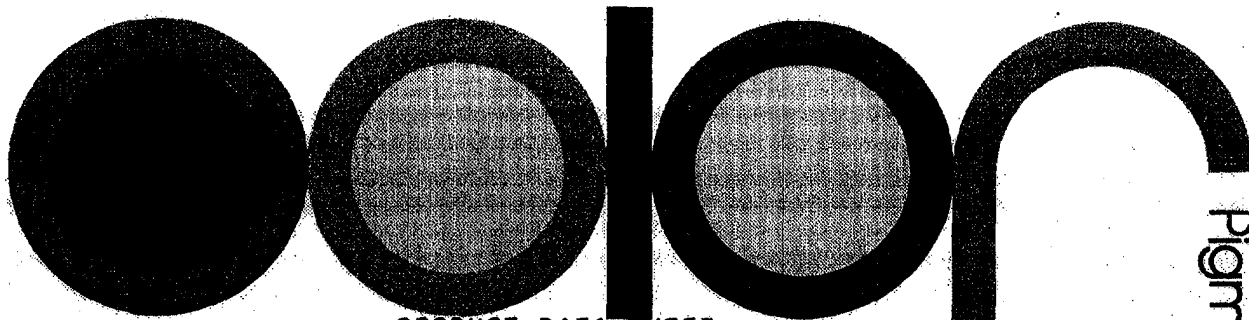
Competitive products were replaced at many of these accounts.

The attached Product Data Sheet, which was prepared from Chestnut Run Lab Notes, is for use with customers.

Pocket Price Card

A revised copy, which for the first time will include Colour Index Numbers, should be mailed to the Districts in mid-May.

ADD COLOR TO OUR WORLD - SELL COLORED PIGMENTS



Pigments

PRODUCT DATA SHEET

"Monastral" Blue RF, BT-498-D

Description: Very strong, small particle size, red-shade CPC blue. Well suited for use in ink, plastics, trade sales, industrial and automotive refinish paint system. BT-498-D (list price \$9.50) has significant advantages in intensity, tinting strength, transparency, flocculation resistance, crystal stability and lightfastness over most CPC red-shade blues.

COMPARISON OF BT-498-D WITH
COMMERCIAL CPC BLUES

		<u>BT-498-D is:*</u>			
<u>Compared With</u>	<u>System</u>	<u>Metallics</u>	<u>Tints</u>	<u>List Price</u>	<u>Date</u>
BT-427-D	Acrylic Modified Air Dry Alkyd	Intense, red	3% strong, intense	9.50	4/1/80
BT-427-D	Acrylic Emulsion Glycol Dispersion	-	10% strong	9.50	4/1/80
BT-391-D	Acrylic Modified Air Dry Alkyd	40% strong	40% strong	7.75	4/1/80
55-3750 (Am. Cy.)	Acrylic Modified Air Dry Alkyd	10% strong	20% strong	9.50	4/21/80
55-3754	Acrylic Modified Air Dry Alkyd	3% strong, intense	3% strong, intense	9.50	4/21/80
55-3750	Air Dry Alkyd	10% strong, intense	20% strong, intense, red	9.50	4/21/80
55-3750	Air Dry Lacquer	30% strong, intense	20% strong, intense, red	9.50	4/21/80
55-3750	Acrylic Emulsion Glycol Dispersion	-	25% strong, intense	9.50	4/21/80

*Actual strength advantage depends on dispersion technique, solvents, and vehicle system.

BT-498-D is not a direct substitute for 55-3750 since it is somewhat redder in both tints and metallics. The redness will vary depending on the flocculation of 55-3750. On a money value basis, because of its strength intensity and flocculation resistance, BT-498-D offers an excellent incentive for reformulation.

"Monastral" Blue RF, BT-498-D, as with all alpha phase red-shade copper phthalocyanine blue pigments, may be subject to some color drift in storage tests.



The technical advice contained herein is based on tests believed to be reliable and is offered as a helpful suggestion; it being expressly understood, however, that all such technical advice is given gratis and Seller assumes no obligation or liability for the advice given or results obtained, all such advice being given and accepted at Buyer's risk.

PIGMENTS