CH-2 REV. 7-60

DU PONT
ESTABLISHED 1802

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

CHEMICALS AND PIGMENTS DEPARTMENT

cc: L. H. Papineau
L. D. Greenberg
J. E. Kramer
T. R. Wallingford
S. F. West
R. N. Selby
R. F. Hedgepath, Legal
E. W. Stewart, Chestnut Run
R. J. Buch
J. T. Bilek
White Pigments and Mineral Products Group
File: Price Increase

July 10, 1981

"FOR DU PONT USE ONLY"

DISTRICT MANAGERS
ASSISTANT DISTRICT MANAGERS
COMMERCIAL ASSISTANTS
ACCOUNT EXECUTIVES AND MANAGERS
SALES REPRESENTATIVES

TI-PURE® TITANIUM DIOXIDE
PRICE INCREASE
SUPPORT INFORMATION

Support information for our August 1, 1981 price increase is included in the following attachments:

(I) Price Increase Announcement Teletype to District Management

(II) Customer Letter (Price Schedule #2282 attached) to be mailed July 10, 1981.

(III) Distributor Letter (Price Schedule #2282 attached) to be mailed July 10, 1981.

(IV) Notes to the new Price Schedule #2282 for internal use only.

(V) TiO_2 Background and Price Support Information.

(VI) Controlled Distribution Plan.

This information package is not to be handed out or shown to customers.

T.A.B.

T. A. BARTOLEC

TAB/dmi
Attachment

N4226

ATTACHMENT I

PRICE INCREASE ANNOUNCEMENT TELETYPE TO DISTRICTS

cc: L. H. Papineau
L. D. Greenberg
J. E. Kramer
T. R. Wallingford
S. F. West
R. N. Selby
R. F. Hedgepath, Legal
E. W. Stewart, Chestnut Run
R. J. Buch
J. T. Bilek
White Pigment and Mineral Products Group

July 7, 1981

TO: DISTRICT MANAGERS, C&P DEPT.
ASSISTANT DISTRICT MANAGERS, C&P DEPT.

FROM: T. A. BARTOLEC, C&P, DEPT.
B-17276

TI-PURE® TITANIUM DIOXIDE PRICE INCREASE

Effective August 1, 1981, we are increasing the base price of Ti-Pure® grades 6¢/lb. In addition, the following changes in grade and LTL pricing and policies are being made:

(1) A 2¢/lb. differential above the base price is established for all finished rutile slurry grades, resulting in a total increase of 8¢/lb.

Please note: The 2¢/lb. differential does not apply to anatase slurry (LWS) or Rutile Paper Slurry (RPS).

(2) The R-994 differential above the base price is increased from 2¢/lb. to 4¢/lb., resulting in an 8¢/lb. increase.

(3) The LTL upcharge over base prices is increased from 4.5¢/lb. to 5.0¢/lb. for shipments of 5 tons minimum, but less than 20 tons.

(4) The FOB designation on shipments of less than 5 tons is changed from "ship point" to "producing plant", freight collect. The upcharge over base prices will remain 4.5¢/lb.

(5) A 3% distributor discount is established for approved third party sales through authorized distributors.

(6) A 2¢/lb. upcharge is established for R-100 and R-101 supplied in plastic bags.

(7) Deletion of warehouses that have closed or are in an advanced stage of closing.

(8) A requirement is established that the quantity of each grade purchased as part of a mixed carload/truckload must be in standard pallet increments.

The price increase is needed to recover those costs not recovered in our January, 1981 increase plus further escalations since then in raw materials, labor, energy, waste disposal, freight and other distribution expenses. Please keep in mind that current profitability is unacceptable, and future increases will have to provide for improvement.

Items 1-3 and 6 are fully cost justified. Items 4 and 7 reflect the reduction in the number of field warehouses that have occurred and their total elimination by year end. Item 5 establishes the third party distributor discount as standard policy. Item 8 eliminates the costly practice of breaking down unit palletloads.

The price increase will be effective September 1, 1981 to authorized distributors, contract and blanket order customers, or as otherwise specified by existing Agreements.

RPA's will terminate in accordance with SP-4023.

To provide good customer service, we plan to control all purchases in July, plus contract and blanket order customers in August, at 120% of monthly average purchases during the twelve-month period ending May or contract/blanket order maximum quantities, whichever is greater. Hardship situations, however, should be brought to our attention.

You are free to discuss this information with customers immediately. You will receive back-up material to support the increase promptly. Separate customer letters for consumers and distributors will be mailed from Wilmington July 10, 1981.

You will prepare your own letters for contract customers as required. Headquarter's district is responsible for coordinating communications to branches of national accounts.

Please keep us abreast of reaction in the marketplace and competitive activity.

Good luck. If we can assist your selling effort in any way, please call.

TAB/dmi

TI-PURE® PRICE INCREASE
AUGUST 1, 1981
SUPPORT INFORMATION

"FOR DU PONT USE ONLY"

ATTACHMENT II

CUSTOMER NOTIFICATION LETTER

July 10, 1981

Dear Customer:

Effective August 1, 1981, or as permitted by contract, we are increasing Ti-Pure® titanium dioxide prices to those shown on the attached Schedule (#2282). Please note the following specific changes:

(1) Prices are increased 6¢/lb. for dry rutile grades, anatase grades, and Rutile Paper Slurry (RPS).

(2) Prices are increased 8¢/lb. for rutile slurry grades and R-994.

(3) The LTL differential above truckload/carload prices for shipments of 5 tons minimum, but less than 20 tons, is increased from 4.5¢ to 5.0¢/lb.

(4) The FOB designation on LTL shipments of less than 5 tons is changed from "ship point" to "producing plant" basis. Freight will continue to be collect. There is no change in the current 4.5¢/lb. differential above truckload/carload prices.

(5) A 2¢/lb. upcharge is established for R-100 and R-101 grades supplied in plastic bags. Supply is limited and availability should be reviewed with your sales representative prior to ordering.

This price increase is needed to recover those costs not recovered in our January, 1981 increase plus further escalations since then in raw materials, labor, energy, waste disposal, freight and other distribution expenses.

To assure all customers' product needs are met on an equitable basis, July and August orders will be limited to 120% of monthly average purchases during the twelve-month period ending May or contract/blanket order maximum; whichever is greater.

We very much appreciate your continued titanium dioxide purchases from Du Pont and are committed to providing you good service.

Very truly yours,

District Manager

Attachment: Price Schedule #2282

Effective
August 1, 1981

E. I. DU PONT DE NEMOURS & CO. (INC.)
CHEMICALS AND PIGMENTS DEPARTMENT
WILMINGTON, DE 19898

P.S. 2282
Supersedes P.S. 2116

TI-PURE® TITANIUM DIOXIDE PIGMENTS

		¢ Per Pound		
		(1) Base Price Minimum 20 Tons	(1) Less Than 20 Tons 5 Tons and Over (3)	(2) Less Than 5 Tons (3)
Anatase Grades	LW	70.0	75.0	74.5
	LWS (Slurry*)	70.0	-	-
Rutile Paper Slurry	RPS (Slurry*)	70.0	-	-
Rutile Grades	R-100**, R-101**	75.0	80.0	79.5
	R-900, R-901, R-902, R-931, R-933	75.0	80.0	79.5
	R-940, R-941, R-942, R-943 (Slurries*)	77.0	-	-
	R-960	76.0	81.0	80.5
	R-994	79.0	84.0	83.5

*Dry Weight Basis for All Slurry Grades

(1) FOB Seller's shipping point with minimum freight prepaid and allowed. For mixed grade shipments, the quantity of a single grade must be in standard pallet increments. Truck freight for slurry is prepaid and allowed up to $2.00/cwt (commodity) except for shipments from Weehawken, NJ and Long Beach, CA, where up to $1.00/cwt (commodity) is prepaid and allowed.

Add 4.0¢/lb. on deliveries of LW and 3.5¢/lb. on tank car shipments of LWS and RPS to the following states: Arizona, California, Idaho, Montana, Nevada, Oregon, Utah, Washington, Alaska and Hawaii.

(2) FOB Seller's producing plant(s), freight collect. Less than 2,500 lbs. will carry a $70 additional charge.

(3) LTL shipments not available in the following states: Arizona, California, Colorado, Idaho, Montana, Nevada, Oregon, Utah, Washington, Western New Mexico, Wyoming, Alaska and Hawaii. Contact your Sales Representative for authorized distributors.

TERMS: 30 Days Net

All invoices paid after due date will be assessed a Late Payment Service Charge of 1.5% per month or maximum applicable by law, whichever is lower.

PACKAGES:

- Dry
  - Multiwall Paper Bag (10) - 50 lb. net.
    **Plastic bags (11) - 50 lb. net - available in limited quantities at 2.0¢/lb. upcharge - Consult your Sales Representative.
  - Bulk shipments in 65-75 ton pressure differential railcars, priced at the minimum 20 ton base price for bagged product.
- Slurry
  - Tank Cars - Approximately 50-70 tons dry weight basis.
  - Tank Trucks - Approximately 15 tons dry weight basis.

DOT HAZARD CLASSIFICATION: Not Regulated

FREIGHT CLASSIFICATION: Titanium Dioxide, N.O.I.

To Submit Orders
Call our Sales Order Center Toll Free - 800-441-9442

TI-PURE® PRICE INCREASE
AUGUST 1, 1981
SUPPORT INFORMATION

"FOR DU PONT USE ONLY"

ATTACHMENT III

DISTRIBUTOR NOTIFICATION LETTER

July 10, 1981

Dear Distributor:

Effective August 1, 1981, we are increasing Ti-Pure® titanium dioxide prices to those shown on the attached Schedules (#2282). As an authorized Du Pont distributor, these prices will be effective to you September 1, 1981.

Please note the following specific changes:

(1) Prices are increased 6¢/lb. for dry rutile grades, anatase grades, and Rutile Paper Slurry (RPS).

(2) Prices are increased 8¢/lb. for rutile slurry grades and R-994.

(3) The LTL differential above truckload/carload prices for shipments of 5 tons minimum, but less than 20 tons is increased from 4.5¢ to 5.0¢/lb.

(4) The FOB designation on LTL shipments of less than 5 tons is changed from "ship point" to "producing plant" basis. Freight will continue to be collect. There is no change in the current 4.5¢/lb. differential above truckload/carload prices.

(5) A 2¢/lb. upcharge is established for R-100 and R-101 grades supplied in plastic bags. Supply is limited and availability should be reviewed with your sales representative prior to ordering.

(6) Establishment of a 3% distributor discount on approved third party sales through authorized distributors.

This price increase is needed to recover those costs not recovered in our January, 1981 increase plus further escalations since then in raw materials, labor, energy, waste disposal, freight and other distribution expenses.

To assure all customers' product needs are met on an equitable basis, July and August orders will be limited to 120% of monthly average purchases during the twelve-month period ending May or contract/blanket order maximum; whichever is greater.

We very much appreciate your continued titanium dioxide purchases from Du Pont. We are committed to providing you good service and look forward to working with you to increase Ti-Pure® titanium dioxide sales.

Very truly yours,

District Manager

Attachments: Price Schedules (#2282).

Effective
August 1, 1981

E. I. DU PONT DE NEMOURS & CO. (INC.)
CHEMICALS AND PIGMENTS DEPARTMENT
WILMINGTON, DE 19898

P.S. 2282
Supersedes P.S. 2116

DISTRIBUTOR PRICE SCHEDULE
TI-PURE® TITANIUM DIOXIDE PIGMENTS

		¢ Per Pound Base Price Minimum 20 Tons Into Stock	 Third Party**
Anatase Grade	LW	70.0	67.9
Rutile Grades	R-100*, R-101*	75.0	72.7
	R-900, R-901, R-902, R-931, R-933	75.0	72.7
	R-960	76.0	73.7
	R-994	79.0	76.6

**Du Pont approval required.

FOB:

Seller's producing plant(s) with minimum freight prepaid and allowed. For mixed grade shipments, the quantity of a single grade must be in standard pallet increments.

Add 4.0¢/lb. on deliveries of LW to the following states: Arizona, California, Idaho, Montana, Nevada, Oregon, Utah, Washington, Alaska and Hawaii.

TERMS: 30 Days Net — All invoices paid after due date will be assessed a Late Payment Service Charge of 1.5% per month or maximum applicable by law, whichever is lower.

DRY PACKAGE:

Multiwall Paper Bag (10) - 50 lb. net
*Plastic bags (11) - 50 lb. net - available in limited quantities at 2.0¢/lb. upcharge - Consult your Sales Representative.

DOT HAZARD CLASSIFICATION: Not Regulated

FREIGHT CLASSIFICATION: Titanium Dioxide, N.O.I.

NOTES:

1. Sales to authorized distributors at approved locations only.
2. Purchases in carload/truckload quantities only.
3. On pick-ups by a distributor, a freight allowance to the authorized distributor location will be credited. The distributor must declare prior to pick-up any deviation in destination.

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DISTRIBUTOR PRICE SCHEDULE 2282

TI-PURE® TITANIUM DIOXIDE PIGMENTS

NOTES

CURRENT SHIPPING POINTS

GRADE	ANTIOCH, CA	DE LISLE, MS	EDGE MOOR, DE	JOHNSONVILLE, TN
LW			X	
R-100		X	X	
R-101			X	X
R-900	X	X		X
R-901	X			X
R-902	X	X		X
R-931		X		X
R-933				X
R-960	X			X
R-994			X	

STANDARD TiO_2 SHIPPING PACKAGE

Antioch	Fifty 50-lb. bags on a disposable wooden pallet.
DeLisle	Fifty* 50-lb. bags on a disposable wooden pallet stretch wrapped.
Edge Moor	Fifty 50-lb. bags on a disposable wooden pallet stretch wrapped.
Johnsonville	Fifty* 50-lb. bags on a disposable wooden pallet stretch wrapped.

* R-931, R-933 have forty 50-lb. bags per pallet.

PRICE SCHEDULE 2282

TI-PURE® TITANIUM DIOXIDE PIGMENTS
NOTES
CURRENT PRODUCTION PLANTS AND SHIPPING POINTS

Grade	Antioch, CA	DeLisle, MS	Edge Moor, DE	Johnsonville, TN	Weehawken, NJ (Bulk Terminal Only)	Long Beach, CA (Bulk Terminal Only)
LW			X			
LWS			X			
RPS			X			
R-100		X	X			
R-101			X	X		
R-900	X	X		X		
R-901	X			X		
R-902	X	X		X		
R-931		X		X		
R-933				X		
R-960	X			X		
R-994			X			
R-940				X	X	
R-941	X			X	X	X
R-942	X			X		
R-943				X		

LTL WAREHOUSE SHIPPING POINTS

Atlanta, GA
Taylor, MI
Bridgeview, IL

NOTE:

LTL shipments are also currently permitted from producing plants and overflow warehouses at Wilmington, DE and Nashville, TN.

STANDARD TiO_2 SHIPPING PACKAGE

Antioch	Fifty 50-lb. bags on a disposable wooden pallet.
DeLisle	Fifty* 50-lb. bags on a disposable wooden pallet stretch wrapped.
Edge Moor	Fifty 50-lb. bags on a disposable wooden pallet stretch wrapped.
Johnsonville	Fifty** 50-lb. bags on a disposable wooden pallet stretch wrapped.

* R-931 has forty 50-lb. bags per pallet.
** R-931, R-933 have forty 50-lb. bags per pallet.

ATTACHMENT V

TiO_2 BACKGROUND AND PRICE SUPPORT INFORMATION

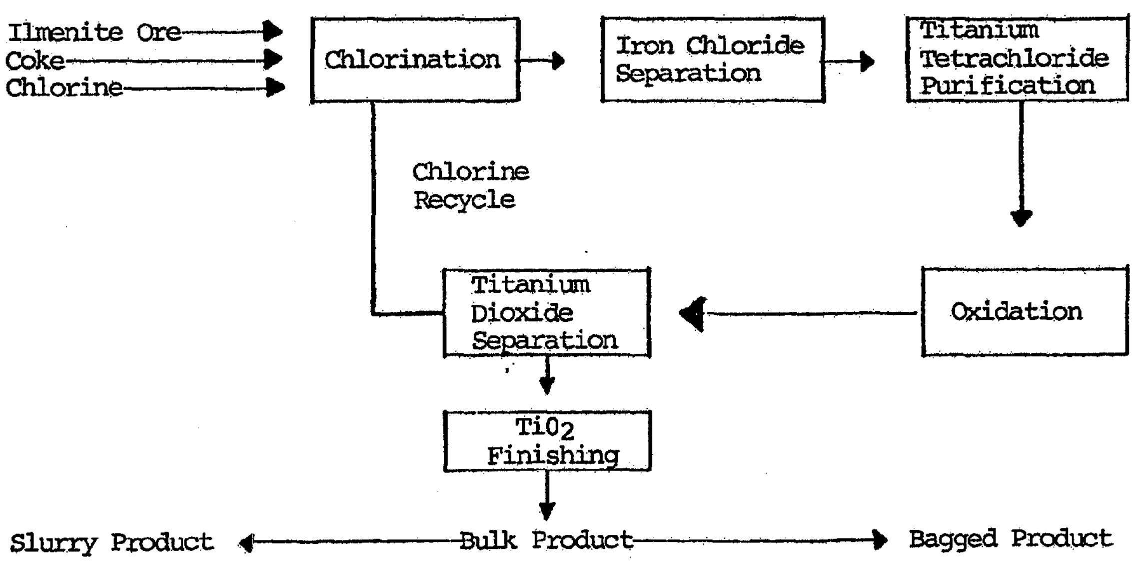
The following is intended to aid your discussion of the current price increase with customers. It also provides a platform for ongoing discussions since future increases will be necessary to recover escalations in costs and to achieve an acceptable level of profitability. Both objectives must be met to insure continuing dependable supply and service to our customers.

This information is not for handout to the customer.

BACKGROUND

Titanium Dioxide is made by Du Pont using the chloride process we pioneered and have continued to develop since the 1950's.

A simplified process diagram is shown below:



Titanium Dioxide is produced by first chlorinating ilmenite ore (ilmenite is a titanium-bearing mineral containing iron and other trace metals) in the presence of carbon (coke). Iron chloride is separated and the intermediate titanium tetrachloride is purified. The pure tetrachloride is then oxidized to form pigmentary titanium dioxide and chlorine. The chlorine is recycled to chlorination where additional fresh chlorine is added to replace that lost as iron chloride.

The raw pigmentary TiO_2 is finished with a variety of oxide coatings which provide the properties necessary for paint, plastics, ink and certain paper applications.

Our technology allows us to manufacture two crystal forms of TiO_2, rutile and anatase, using the same process. Among chloride producers, we are unique in this respect.

Rutile is preferred in paint and plastics applications because it provides better hiding power (opacity). Anatase grades have traditionally been used in paper because they were sold at a lower price than rutile grades prior to the introduction of Rutile Paper Slurry (RPS). RPS continues to make substantial inroads in the paper industry, at the expense of anatase, because of superior optical properties.

Our Antioch, California; New Johnsonville, Tennessee; and De Lisle, Mississippi Plants produce rutile pigments principally for coatings but also for plastics applications. Our Edge Moor, Delaware unit manufactures both rutile, including RPS, and anatase primarily for the plastics and paper industries. Rutile slurry facilities exist at New Johnsonville, Antioch and Edge Moor.

New Johnsonville is the world's largest plant and De Lisle is second, but with the largest single line operation. Antioch was sized for the West Coast market and is significantly smaller (the size of most competitive chloride plants).

Our proprietary chloride process technology allows cost effective use of less expensive, lower grade ores versus competition. Our plants are two to four times larger than competition, providing economies of scale during periods of high demand.

We have enjoyed excellent labor relations on all sites and have never suffered a work stoppage. Multiple operating lines provide insurance against catastrophic events. We have assured ore supplies from multiple sources. Flexibility in fuel utilization capability between oil and gas permits sustained operation in all but the most extreme circumstances of energy curtailment.

Operating performance of all our plants has been excellent the past few months, and inventories are at levels needed to provide good customer service.

CUSTOMER SERVICE

Du Pont markets the broadest product line and has been the leader in developing pigments which benefit customers either by their performance advantages or by reducing manufacturing costs (i.e. slurry grades). We are also recognized as the leader in providing valuable technical service.

Du Pont is a recognized reliable source of supply. The building of De Lisle was our most recent commitment to supply the growing needs of the marketplace.

Du Pont delivery service is highly reliable. Performance during the current high demand period is excellent with no significant delivery problems. Our tank car fleet, the industry's largest, is adequate to deliver customers' needs for slurry grades through 1982 and will be enlarged to meet future demand growth.

SUPPLY/DEMAND

The worldwide business recession has temporarily resulted in TiO_2 oversupply. However, major consuming markets continue to recover from last year's low points.

The recession experience tends to obscure a more balanced supply/demand situation expected next year (see the "World of Ti-Pure®" for additional details). There is a potential for worldwide shortage in 1983.

Du Pont is the world's largest producer (17% of total capacity) and has 52% of domestic capacity. As operating rates are increased, De Lisle will supply the growing needs both in the U.S. and export markets.

Imports (97M tons) maintained a 13% share of the U.S. market in 1980. Through April, they have risen 18% above the level during the same period in 1980. To date, the increase has not had a serious negative impact on domestic pricing, and there is some evidence that the increase is due to lower operating rates at NL's Sayreville, New Jersey facility.

Reportedly, American Cyanamid, Kerr-McGee, and SCM are currently operating at or near capacity.

PRICE INCREASE RATIONALE

This price increase is needed to recover those costs not recovered in our January, 1981 increase plus further escalations since then in raw materials, labor, energy, waste disposal, freight and other distribution expenses.

The increase maintains our current level of profitability. Customers should be aware that this level is unacceptable.

TiO_2 production is capital intensive, not only in terms of the huge investments necessary for new capacity, but just to maintain existing facilities. Future price increases will have to provide for margin improvement, as well as recover increased costs, to support these required capital expenditures. These facts should be an ongoing topic of discussion with customers.

COST BACKGROUND

Major variable cost areas for the chloride process include ingredients (primarily chlorine, coke, and ore) energy, waste disposal, and finished product distribution expense.

The 1/2/81 price increase only partially recovered cost increases from 3/1/80 (the effective date of the preceding price increase) to the end of 1980. Despite temporary decreases in some ingredient costs, costs overall have risen since then. Upward costs pressure will continue despite our substantial R&D commitment and successes in the cost containment area. By mid-year 1982, costs are expected to be more than 15% higher than year-end 1980 costs. Specific examples are:

Chlorine	>10%
Ore	>10%
Natural Gas	>60%
Electricity	>20%
FPDE	>15%
Wages & Salaries	>15%

The Superfund Tax and early decontrol of domestic crude will increase 1981 costs by $3MM.

COMMENTS ON MAJOR PRICE SCHEDULE CHANGES

- Rutile Slurry Price Differential

A 2¢/lb. price premium for rutile slurry products versus dry counterparts is established with this increase.

Thorough analysis shows the actual full cost penalty (slurry versus dry) is 2.4¢/lb.; due primarily to the additional investment in slurry make-up and storage facilities and tank cars; and the extra cost of slurry processing chemicals. Manufacturing cost reduction programs and marketing's efforts in improving tank car utilization and obtaining longer order lead time have contributed significantly in keeping the cost penalty at the current level. Further success is anticipated in these areas, as well as through the grade consolidation program, to bring the cost penalty in line with the price differential and keep it from rising further.

Estimates of slurry's value to customers range from 3-6¢/lb. Customers' perceptions will, of course, vary and will depend to a great degree on how well costs are identified and quantified throughout the manufacturing operation. Nonetheless, slurry clearly provides customers real and significant cost savings opportunities as highlighted below:

- Reduced Labor Costs - eliminates handling to unload, warehouse, deliver to and charge the process, and to remove and dispose of bags and pallets.

•• Reduced Energy and Materials Costs - slurry make-up is eliminated, TiO_2 losses (spillage, bag breakage, residual material left in the bag) are minimized, and surfactant and preservative chemicals are already incorporated.

•• Better Throughput and Quality Control - faster charge time, superior dispersion, and minimization of makeup errors.

A second broad area of advantage involves environmental, employee relations, and safety and housekeeping considerations. Reduced dusting and less lost-time injuries because of reduced handling, for example, can have a positive impact in this area; although this is not readily quantifiable and is even more a matter of individual perception.

Please note that the 2¢/lb. differential does not apply to RPS and LWS grades. Proprietary process advantages result in a different cost picture for RPS compared with finished rutile slurries, and a price premium is not required.

Because of the success of the RPS program, our role as an anatase slurry supplier has lessened. Cost aside, it is, therefore, inappropriate for us to initiate new policy on anatase pricing, and it is highly unlikely that competitors would support an anatase slurry differential since it would effectively aid our RPS market development program.

- Increase in R-994 Differential

R-994 production is more costly than other grades because energy and other finishing costs are higher. Despite superior lightfastness properties - a critical requirement in paper laminates - versus domestic counterparts, the product is non-profitable. Even with an active and ambitious manufacturing cost-reduction program, and assuming this is fully successful, the product will not attain an acceptable profit level long-term without increasing its price differential versus other rutile grades. Therefore, the current increase is a necessary first step in determining the product's long-term viability.

We are seeking lower-cost alternatives to produce R-994, but success cannot be counted on.

- Plastic Bag Upcharge

Field intelligence and our market research program confirm that several competitors are actively promoting polyethylene bag packaging to resin-TiO_2 concentrate producers. This container, which is charged along with the TiO_2, reduces handling costs, TiO_2 losses, and increases processing rates. One large concentrate producer estimates that throughput is increased by more than 10%.

Currently, we are only facilitated at Edge Moor (CFKD process) to package in plastic bags. Therefore, supply is limited. An SCS and product group approval is required before making commitments to customers.

The 2¢/lb. upcharge provides the basis for recovering our additional costs and will test the value to customers. It is our intent to realize this price premium versus paper bags as part of the justification for the capital expenditures that will be necessary to facilitate our second manufacturing process at Edge Moor, as well as New Johnsonville and De Lisle, to provide this package.

- Distributor Discount on Third Party Sales

This price schedule establishes as standard policy a 3% discount to authorized distributors on approved third party sales.

While many factors may enter into the decision to approve a third party sales arrangement, the key determinant is that these sales cannot be obtained on a direct basis.

- LTL Price Schedules

In accordance with our commitment to supply all LTL business through distributors and eliminate all field warehoues by year end, this will be the last time LTL prices will be a part of the price schedule. Plans are to delete these from the schedule at year end.

PRICE HISTORY

This increase comes seven months following the last announced increase (1/2/81). A history of rutile base prices is shown below:

1972	26.0¢
1973	27.5¢
1974	40.0¢ (3 increases as price controls were removed)
1975	43.5¢
1976	46.5¢
1977	48.5¢ (effective price rescinded to 46.5¢ in January 1978)
1978	46.5¢ before June increase, 51¢ thereafter
1979	54.5¢ in April (initiated by Du Pont)
1979	59.0¢ in September (initiated by NL)
1980	63.0¢ in March (initiated by SCM)
1981	69.0¢ in January (initiated by SCM)
1981	75.0¢ following this increase (initiated by Du Pont)

SUMMARY

Since 1970, total TiO_2 costs have risen 240% while prices have increased only 130%, resulting in a precipitous decline in profit margin and return on investment.

This situation must be turned around to justify the continued capital expenditures necessary just to maintain operations, much less expand capacity to meet the growing TiO_2 needs of the world-wide market. This issue, above all others, is what our customers must grasp and accept. This will present an ongoing challenge.

"FOR DU PONT USE ONLY"

ATTACHMENT VI

CONTROLLED DISTRIBUTION PROGRAM
NOTIFICATION TO DISTRICTS AND SALES ORDER CENTER

cc: L. H. Papineau
L. D. Greenberg
J. E. Kramer
T. R. Wallingford
S. F. West
R. N. Selby
R. F. Hedgepath, Legal
E. W. Stewart, Chestnut Run
R. J. Buch
J. T. Bilek
White Pigment and Mineral Products Group

July 10, 1981

"FOR DU PONT USE ONLY"

DISTRICT MANAGERS
ASSISTANT DISTRICT MANAGERS
COMMERCIAL ASSISTANTS
ACCOUNT EXECUTIVES AND MANAGERS
SALES PRESENTATIVES

TI-PURE® TITANIUM DIOXIDE
CONTROLLED DISTRIBUTION PROGRAM

In order to preserve inventory at a level adequate to provide good service to all customers: Beginning July, purchases will be limited to 120% of monthly average purchases during the twelve-month period ending May or contract/blanker order maximum; whichever is greater. Controlled Distribution will terminate for open-market customers on August 1, and for standard contract/ blanket order customers and distributors on September 1. Customers whose price protection extends beyond September 1 will continue on controlled distribution for the duration of their price protection period.

The 120% basis selected should assure that the great majority of customers' needs are satisfied. If, however, hardship situations arise, please bring these to our attention. One area where this is likely is with distributors, some of whom have been authorized recently, so that their purchase history may not reflect actual needs.

The Sales Order Center will not accept orders above a customer's limit without specific authorization according to the procedures outlined in the attached "Guidelines for the SOC and District Offices."

This program should assure that customers' needs are satisfied through the price increase period. However, stocks are not adequate to sustain an uncontrolled surge of "price buying" without seriously jeopardizing customer service overall.

Thank you for your cooperation.

T. A. BARTOLEC

TAB/dmi
Attachment

GUIDELINES FOR SALES ORDER CENTER
AND DISTRICT OFFICES
TiO_2 CONTROLLED DISTRIBUTION

JULY

- District Customer Lists will be provided showing July purchase limits for each customer location or national account headquartered within the district. Limits are provided for: anatase, rutile paper slurry, rutile dry bag, and rutile slurry. Although limits have not been provided by individual grade, the SOC will not accept orders for individual grades known to be out of line with a customer's normal purchase mix.

- The limits were set based on 120% of 1/12 of the customer's last 12 months' purchases, through May. These limits are liberal and should require adjustment in only a minority of cases. They may be rounded to accommodate a customer's normal order size.

- Adjustment Procedure - A customer's purchase limit may be raised if these three conditions are satisfied:

  a) Other customers are identified whose actual needs for the same product group are lower than the historical sales based limits and can be cut by an equal or greater amount,

  b) a member of district management specifies the changes by teletype to the SOC (with a copy to T. J. Ertter), and

  c) the SOC verifies that no customer has already ordered more than his reduced quantity. The SOC will notify the district if a discrepancy is found.

  Hardship situations not satisfied by this procedure should be brought to the attention of the appropriate Product Manager.

- National Accounts - National accounts may distribute their purchase limit as they see fit. It is the responsibility of the headquarters district to ascertain what shifts, if any, are desired, and teletype revisions to the SOC with a copy to T. J. Ertter. The SOC will implement the changes so long as no location has already placed orders in excess of its new quantity. The SOC will limit individual location purchase to the original limit until superseded by a headquarters district teletype.

- Contract Customers - Contract customer limits have been set at the greater of 120% of 1/12 of the last twelve months' purchases or contract/blanket order maximum, whichever is greater. Limit increases for contract customers may be made by using the adjustment procedure described above.

- Receipt of Orders - Before July 13, the SOC will log orders for July shipment without comment and promptly notify districts of excesses. Beginning July 13, the SOC will inform customers who attempt to exceed their purchase limits that "we're experiencing a surge in demand; in the interest of preserving our stocks and maintaining overall customer service, we are limiting individual customer orders for July shipment to normal needs as represented by historical purchases or contract maximums, whichever is greater." The CR will then place orders up to the customer's limit. If the customer indicates that this limitation will provide him with less than his needs, the CR will offer to have the district office contacted for further assistance.

- The SOC will be provided with total order limits for certain low stock grades based on individual stock positions as of the end of June. Orders for July delivery will be taken for a particular grade up to this limit. Once the limit is reached, the SOC will offer customers "First In Line Positions" for production after August 1. If a customer objects, the district would be informed.

AUGUST

- Open Market Customers - Will be permitted to place orders at new prices without limitation.

- Contract/Blanket Order Customers and Distributors* - Same as July.

SEPTEMBER

- Controlled Distribution remains in effect to all customers with price protection beyond 8/31/81.

* Including RPA customers with price protection.