

**PLAINTIFF'S
EXHIBIT**

WRG-1744

0641949

GRACE

Construction Products Division

W. R. Grace & Co.
62 Whittemore Avenue
Cambridge, Mass 02140

(617) 876-1400

October 7, 1983

TO: R. J. Bettacchi
FROM: G. N. Ciampa
SUBJ: Monthly Report - September 1983

Business Summary

Polycel Products - Total shipments during the month of 69.0M lbs are 15.9% behind budget but are 11.3% ahead of September 1982.

Strong sales in Texas and the Central region in Professional accounted for the majority of the overrun.

Sales through our consumer and industrial reps were strong enough (31.0M lbs.) to offset the aerosol sales underruns in the Central and Eastern regions.

Wall Insulation Products - ZMI sales volume of 212.0M bags were 9.8% ahead of last September and 7.6% ahead of budget. Year to date sales volume of 1643M bags are 3.3% ahead of September 1982 and 5.0% ahead of budget.

Thermo-stud sales of 582 MBF were disappointing after strong sales in July and August; we felt September would be even better. Sales volume for the month were 34.4% behind last September and behind budget by 52.2%. Year to date sales volume is even with last year but behind budget 35.9%.

Attic Insulation - Sales volume of 88.0M bags are for the sixth straight month below 1982 levels. Year to date sales volume is 18.5% below last year.

See product volume summary chart on next page for detailed analysis of monthly and year to date volumes.

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Market and CompetitionPolycel Products

In mid-September we launched a major program aimed at regaining business in Texas. We are offering competitive prices and extended payment to twenty-seven target accounts.

We're on the right track - we have sold 4.0M lbs. in a short period of time. Eagle Insulators, Inc. has taken advantage of the program and ordered 1.2M lbs. Their purchases in 1983 prior to this were only 1.2M lbs. versus 13.2M lbs. thru September 1982. We also regained Diversco's business in Dallas. They ordered 1.8M lbs. under the program. When they were a full time customer in 1981, they purchases over 10.0M lbs.

Owens Corning management have approved Polycel One for sale through their sixty-five supply centers. Polycel is the only foam sealant in an aerosol can that they have allowed their supply centers to sell. We have received orders already for 120 cases from the Louisville and Cincinnati centers.

We participated in several dB Plus acoustical sealant seminars put on at the Owens Corning branches in Columbus and Cincinnati. These seminars were a joint effort between Mike Ragan's people and the Owens Corning branch managers. As a result of the effort O.C. is stocking dB Plus. They were successful in securing distribution in Louisville and Cincinnati.

Polycel One is being advertised by Cotter/True Value in October in the following magazines: BETTER HOMES AND GARDENS, FAMILY CIRCLE, MECHANICS ILLUSTRATED, POPULAR SCIENCE, POPULAR MECHANICS, SPORTS ILLUSTRATED, (World Series Preview) and OUTDOOR LIFE. Also the True Value direct mail circular going out in October to 20.3 million homes will also feature Polycel. The advertising we are receiving is an example of co-op advertising at its best. For a fraction of what it would actually cost, our product will be brought before over 100.0 M people in October.

M. Toben has received an order for a new consumer account in the Northwest. T & A has ordered 1400 cans of PC3's and an order is pending from the Angels centers in Southern California.

The industrial business appears to be picking up. We have lowered our price in two areas of the country to keep from losing business. We also introduced a 5% sales increase in PC3's effective 9/15/83. Now that the fall weather has arrived we should expect to see a surge over the next three months.

In September leads received from the JULY BUILDER magazine were sent out to our certified contractors and distributors. Also a copy of the leads and letters sent to our customers was sent out to the Polycel specialists for follow up.

Wall Insulation

Central Regional Management has agreed to change over to the revised T-clip system. New clips and the new channel have already been shipped to the Milwaukee plant.

Two new T-clip jobs were started in September. One job is in Waco, Texas and that is a 2 1/2 inch job and the second, a 2 inch job in Florida.

We signed the Dryvit agreement and have returned it to them. We are waiting at this point for Dryvit's approval and we can begin to actively pursue this business in Phoenix, Arizona and in Southern California. There are currently 100.0M board feet of material aging at the South Gate facility.

Another OCF Supply Center has been added to the Thermostud distributor list. The supply center in Atlanta purchased a half truckload of Thermostud for their warehouse and began marketing the product in September. This is the first OC supply center in the Southern Region to begin marketing Thermostud.

A slide presentation explaining the revised Thermostud T-clip system has been distributed to the regional offices as an aid to helping the sales force introduce the revised system to distributors.

The ZMI incentive program ended in September. We know the program was successful and a detailed analysis will follow.

We continue to get reports that EPS scrap is winning in obtaining acceptance at the contractor level over ZMI. We are developing sales tools to aid in defeating this low price competitor.

The 1984 Sweet's catalogs for the Thermostud system with the new T-clip and channel as well as ZMI have been completed and are printed.

Attic Insulation

Overall, poor insulation sales at the retail level have affected attic insulation. Even the best campaign doesn't seem to be able to compete with 80 and 90 degree temperatures. With many stores carrying last year's inventory and consumers who aren't interested we have a product which is behind last year by 20%.

Research and Development

Polycel Products

In October we will begin the market test of the new improved A-1 catalyst. We are producing one hundred PC60-D's and one PC3600. These will be distributed around the country to specific accounts. We will attempt to observe the operation of as many of the A-1 catalyst tanks in the field as possible.

The private label 9.5 board foot two-component kit continues to elude us. The latest delivery date is October 15th. Since we have been promised this for the last four months, I don't put a lot of faith in this event occurring.

In Texas we experienced several failures of the new refill valve. The problem with the valve has been identified and steps have been taken to correct it. We have also contacted our original European valve supplier. They have sent us pricing and samples of valves which we will evaluate.

We are going to have to identify another source of aerosol cans. Southern Can has to date never met many of their promised ship dates. It is especially important during this season that they do meet those dates.

Wall Insulation

A wall has been constructed for the guarded hot box test on the Thermostud system with the T-clip. We should know in October what the in-place performance is of the Thermostud system with the T-clip. We can compare this to these performance results from our computer model.

As stated earlier we are requesting research help to determine the static charges of ZMI and EPS scrap. If our sales force can show proof that EPS scrap's high static charge prevents it from completely filling blockcores we may be able to deter sales of EPS scrap without lowering ZMI prices. In addition we plan to have some thermographs produced of separate block walls filled with EPS scrap and ZMI. This should graphically reveal that ZMI is a superior product in filling and insulating the cores of a block wall.

G. N. Ciampa

GNC:jmm

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PRODUCT VOLUME SUMMARY : SEPTEMBER 1983

PRODUCT/
REGION

SEPTEMBER VOLUME

JAN-SEP VOLUME

PRODUCT/ REGION	SEPTEMBER VOLUME					JAN-SEP VOLUME					TOT
	82A	83A	83B	82A/83A %	83A/83B %	82A	83A	83B	82A/83A %	83A/83B %	
ZINC BAGS(000)											
SOUTH	63	75	61	19	23	585	609	452	4	35	
CENTRAL	52	59	49	13	20	390	385	388	0	0	
EAST	54	55	60	2	(8)	391	421	446	5	(5)	
FLORIDA	14	12	9	(14)	33	105	117	75	11	45	
WEST	10	11	18	10	(39)	118	107	145	(5)	(25)	
TOT	193	212	197	10	8	1589	1643	1510	3	5	
THERMO STUD SYST(MBF)											
EAST	268	219	280	(18)	(18)	1810	1970	2020	22	(2)	
SOUTH	107	120	155	13	(22)	938	1340	1210	43	11	
WEST	172	115	400	(33)	(71)	1378	1111	3500	(19)	(58)	
CENTRAL	171	82	280	(52)	(71)	1980	1415	2941	(29)	(52)	
FLORIDA	189	45	125	(73)	(84)	1032	1080	1125	5	(4)	
TOT	887	582	1220	(34)	(52)	6635	6817	10796	0	(36)	
ZAL BAGS(000)											
EAST	73	44	80	(40)	(28)	289	228	293	(21)	(22)	
CENTRAL	41	38	43	(5)	NA	202	187	153	(17)	5	
WEST	3	4	2	33	100	25	31	21	19	46	
SOUTH	1	1	0	0	NO	9	5	0	(44)	NO	
FLORIDA	0	0	0	NA	NA	0	0	0	NA	NA	
TOT	118	88	105	(25)	(18)	526	431	467	(18)	(8)	
POLYDEL PROF.LBS(000)											
RYALS	9	9	23	5	(81)	125	92	184	(26)	(50)	
CENTRAL	3	6	4	100	50	25	38	34	52	12	
EAST	4	4	6	0	(33)	31	35	51	13	(31)	
SOUTH	2	3	3	50	0	17	32	27	88	19	
WEST	2	2	5	0	(80)	21	23	38	10	(39)	
FLORIDA	0	1	1	NO	0	3	6	9	100	(33)	
OTHER	1	0	0	(100)	NO	3	4	0	25	NO	
TOT	11	18	19	45	(18)	225	230	343	2	(33)	
AEROSOL LBS (000)											
REPS	3	20	11	587	82	43	98	59	128	55	
EAST	13	10	13	(23)	(23)	50	35	73	(27)	(51)	
IND/AUTO	9	11	10	25	5	87	82	105	(6)	(23)	
CENTRAL	12	8	12	(33)	(33)	47	37	88	(21)	(47)	
RYALS	5	4	8	(20)	(50)	28	38	42	39	(7)	
WEST	4	0	3	(100)	(100)	20	10	17	(49)	(38)	
SOUTH	2	0	4	(98)	(88)	20	11	24	(45)	(53)	
FLORIDA	1	0	1	(90)	(82)	6	2	7	(63)	(68)	
RESC.	2	0	0	(100)	NO	2	0	0	(100)	NO	

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