

AUG 23 1970

PLAINTIFF'S
EXHIBIT
WRG-562DISTRIBUTION

TO: P. R. Strand
H. A. Brown
K. W. Harrison
R. W. Sterrett
J. N. Beveridge
T. F. Egan
T. P. Feit
T. A. Bjorklund
R. J. Anderson
R. W. Reynolds
W. R. Wright
D. G. Powell
C. R. Lowe/Zono-Atlanta Verm.
R. L. Asher/Zono-Boca Raton Poly.
W. G. Gray/Zono-Dearborn
J. A. McEachern/Zono-St. Louis
L. P. Hollis/Zono-High Point
R. E. Dunham/Zono-Minn. Office
C. H. Wendel/Zono-L. A. Office
W. J. Sinacore/Zono-Park Ridge

BRW/rm

EXCERPTS FROM JUNE MONTHLY REPORTS

Regional Manager - W. G. Gray

- * We continue to have fierce competition in Dyfoam at \$50.00 and \$55.00 per thousand in the Southern Indiana, Northern Kentucky, and Southern Ohio areas.
- * We are still getting strong competition from the Scottsburg, Indiana people. They are quoting everybody on perlite at \$1.10 and \$1.15. To meet this competition we would have a minus gross profit. There is nothing we can do except what we are now doing, and that is to penetrate from an architectural specification standpoint and to check jobs to ascertain the water repellency of this poor grade of perlite. Most contractors, however, accept Scottsburg material because of its price and make little question as to its quality. When we do sell in that area, we sell on quality. The Cleveland market is still upset by Cleveland Gypsum. They sell as low as \$1.20 per bag.
- * David L. DeGraff joined our sales force as the Detroit Architectural Representative on July 1, 1970. He replaces Stephen J. Sheeran.

District Manager - E. E. Miller

- * Starting with the month of July, we have set up a "Job Performance System". We will keep test reports, density reports, dates and any other information of importance on Mono-Kote, Concrete AGgregate and Masonry Fill.
- * Barbara Lowrie suggested purchasing office supplies from a discount store, rather than the office supply store. She states this would be a saving of thirty to fifty per cent.

District Manager - R. L. Upchurch

- * Masonry Fill continues a slow decline. However, indications are that jobs will be forthcoming but labor strikes have had some adverse effect on building.
- * The cellulose people, namely Hagan, Delphos, Ohio are penetrating our attic insulation market to a degree. Several dealers have bought blowing machines and are stocking Hagan's "Heat & Cold" insulation. This has occurred in Ohio only at this writing. Obviously Glass Fiber competition is rampant. I notice a great number of O.C. trucks on the highways. Perhaps we have subconsciously abdicated the market. I intend to advise our people to get with it in the future.
- * Panelfoam has moved quite well at New Castle. Our first carload, not yet delivered, has been sold. Cincinnati has sold some from their one-half car in inventory. Dearborn has warehouse problems and has not stacked any as yet.

District Manager - R. L. Upchurch (cont.)

- * On April 30 I wrote my April situation report. Under the competitive situation I indicated that market 350, Wayne, Oakland and Macomb Counties (Detroit metro. area) had moved to 4-6% discounts effective April 20, 1970. At the same time I pointed out that salesmen feed-back indicated 4-6's available in the balance of Michigan.

We were advised from Cambridge in a bulletin dated May 18, that the market areas of 335 and 360 were moved to 4-6's, effective May 1, 1970. 355 and 360 encompass the balance of Michigan, except a few SW counties.

Eighteen days passed before we were advised. I can't help but wonder how many days passed before Cambridge was notified.

District Manager - R. G. Hartman

- * The Concrete business is out there but jobs are not ready to pour. We had 13,000 last year--only 1,400 this June. July will show the start again of our S.C.A. shipments. T&F has 22,000 bags under contract and almost ready to pour and about 50,000 bags awaiting to sign contracts for. Roofings have about 20,000 bags ready to pour soon.
- * Industrial business continues to improve. Mr. Potts is getting new accounts and we are almost at a point where we have doubled last year's business in this regard.

Dyfoam Specialist - J. W. Alcock

- * For protective cover for flotation to protect against gasoline spillage and animal penetration, I suggest we utilize plastic polyethylene drums and expand bead inside drums at New Castle plant. This would give us a proprietary item which no one else in the field has. Product could be used for the commercial and residential markets.

District Manager - V. G. Monroe

- * Business in the district area is slowing considerably. The architects are looking for work. Private work is nil. Public projects are the only thing that is keeping firms busy. With this problem facing us next year and unemployment on the upsurging the unions are still settling quickly and for very high wage increases. I foresee gloom in the construction business in 1971.
- * Mono-Kote interest is very good. The asbestos word has reached all concerned parties. Right now we have a solid "in" with our product. Cafco is around, however, promoting their asbestos-free product with gusto. Our advantage will be short-lived.
- * The polystyrene picture is valatile. Dyfoam competition is getting even tighter. Permaspan is offering 24-hour service from Conyers, Ga. This, not price, is our biggest problems with them. Panelfoam looks like a good product. We do need a stuffer badly, however, to use with dealer mailings, etc.

District Manager - V. G. Monroe (cont.)

- * The new arrangement on Tufhide looks like a real good one. Ron Ray, who used to work for a metal building erector, thinks our marketing approach needs to be directed more to the metal panel fabricator. He contends these people are always looking for something easier and better to use. They don't like fiberglass blankets.
- * Permadeck competition remains keen. Not only are prices very low, but the long span products of Tectum and Insulbrock are closing us out on some jobs. Incidentally, I like the long span idea.

Regional Manager - R. L. Asher

- * We expect a definite downturn of both bag goods and polystyrene for the month of July. I hope it isn't as substantial as it appears now; however, prospects for August look to be very promising as we have potential for two low temperature buildings and substantial concrete business scheduled.
- * Mr. Larry Baker joined the Florida Region during the month of June, and he should add a great deal to our sales efforts and sales in south Florida.
- * I have reported to Mr. Beveridge the strong possibility of us losing substantial volumes of Glass Fiber to Johns-Manville and Owens-Corning due to the promotion and the success of a co-op type purchasing being made available to local dealers in Florida. I feel this could be a strong deterrent to sales in all of the Southeast based on the promotional effort designed by the promoters.

Regional Manager - L. P. Hollis

- * We will show improvement during the last half in profit as well as sales. This statement is predicted on current backlog, additional Mono-Kote jobs and a strong Attic Insulation business in the fall. At the same time, we would like to emphasize a definite slowing in building starts which will affect us adversely in 1971.
- * Norn Burns is making progress in the Washington market, having established three new applicators in the past thirty days. The reaction to air pollution has not been as acute in the High Point market, but we're getting more and more commentary which will result in future business. All of our people, of course, are doing everything possible to make responsible parties aware of the situation.
- * Due to settlement of certain strikes, concrete aggregate sales will increase considerably in the Norhteast during July. Washington should also show improvement. High Point won't do too well, although our applicators closed several nice jobs during the month.

20015529

Regional Manager - L. P. Hollis (cont.)

- * There are reports of increased Masonry Fill activity on the part of competition. In a number of instances, our price has been high by as much as 40 cents/bag. Some competitors are selling contractors direct while our policy obligates us to provide a margin for the dealer. We are meeting prices in certain instances but it would be foolish to go after business being quoted as low as that mentioned above.
- * Neal Barrett has been working closely with the sales people in Northeast District and we believe you will note appreciable progress during the balance of the year. As requested, more detailed information on polystyrene activities will be given in future reports.
- * As I advised you in Cambridge, Norman Moss is leaving us the end of this month and is starting his own business. This is a serious loss to the Company because Norm is a very able, hard-working, loyal individual. Davis Newman will be taking his place as architectural representative and in the interest of lowering expenses, we are discontinuing the Existing Wall Program for the present. In other words, High Point will be operating with one less salesman the rest of 1970. Norm and Davis have been working together for the last six weeks in preparing Davis for his new assignment.

District Manager - J. Cintani

- * There is a noticeable reduction of jobs coming out for bid. In addition, the General State Authority for State of Pa. is reviewing all deck specifications and are rejecting Zonolite roof decks systems. We have contacted GSA and all they will say is they are apprehensive of all of wet fills. They prefer the steel be sloped and go with steel deck and rigid insulation.

We are trying to arrange a meeting of the various departments of GSA in order for us to plead our case. Zonolite decks have been installed on GSA job for years without any serious problem. I am hopeful we can allay their fears and get Zonolite accepted again on Pa. Public Work.

- * Mono-Kote sales are rolling very well. We shipped 38,000 bags in the Norhteast in June. This is our biggest month to date. July sales should continue at this pace. If we had the asbestos out of our Mono-Kote, we could really break the fireproofing market in the Norhteast. We should not leave any stone unturned in our efforts to accelerate approval from Underwriters' of a non-asbestos Mono-Kote.
- * A sales training schedule has been outlined for Kent Mileikis, sales trainee assigned to Northeast. It is my hope we can assign Kent to New York City area working under John Ottinger for the balance of this year. There is a need for an additional man in New York. The training that Kent would receive working in New York would qualify him for assignment to either a general line or architectural sales position.

District Manager - J. S. Titus

- * I attended a meeting arranged by Neal Barrett with New England Insulation Company, Boston, Mass. Dyfoam and Tufhide were discussed for metal building insulation, as reported last month. Neal has made a swing through the Northeast with the territory salesmen giving them some background in the metal building business.
- * I had a meeting with some men from Johns-Manville, Penburn Plant, to find a solution to the large number of broken bags of G.F. in Trenton. It was decided that J-M would take the material back and rebag it for us.

District Manager - N. T. Burns

- * Permadeck: In June we were fortunate in establishing a new applicator on the Eastern shore. Several years ago C.C. Oliphant and Sons - roofing contractors - had installed some Permadeck. Because of the settlement of a material complaint with Brunswick, they took on the Tectum line. Recently, I began working with them on a school bid of 42,000 sq. ft. This would be a nice material sale for us and give us an active applicator who is a native in that area.
- * Cost Savings: I have initiated a new travel and overnight schedule for Jerry Schwartz and me. When at all feasible, our overnight trips in certain areas will coincide. By doing this, we can share the same motel accommodations and take advantage of the less-expensive rate. This will also afford a time to review and exchange immediate information rather than necessitate long-distant phone calls.

Regional Manager - R. E. Dunham

- * June was a good month considering the many previously mentioned sales deterrents. Particularly encouraging was our increase in Bag Sales of 50% more than 1969. Increased sales in the more profitable products have improved our profit margin more than price increases, which have also been very effective.
- * District and Regional Operating Expenses are 1/2% under budget and 10% over 1969 year to date.
- * Price concessions for the month of June, report attached, are 3%+ of sales. This is higher than we would normally expect and most of this amount was due to price protected orders for Mono-Kote, concrete and Masonry Fill. We expect this percent to decrease gradually to approximately 1% in the next two to three months. Price increases are holding very well.

District Manager - J. R. McLeod

- * All of the district Dyfoam meetings have been set up, all to be held in the month of July, barring any changes at this time.
- * Denver District has a big push on with Masonry Fill, setting up new displays with block people and holding small meetings with several of them along with the leading masonry contractors. This district will be holding a plaster and fireproofing meeting in July with the plastering contractors of the greater Denver area. They also have plans for concentrated effort on the structural and mechanical engineers during July.
- * Milwaukee District has started some promotional mailings on all dealer products and are holding some small or one firm architect meetings and film showings. Gehring and the local applicator have started making a minimum of three architect calls per week together, sometimes more, but at least three. I am discussing this with the other field men. It makes for a good sales combination, the applicator and the Zonolite salesman.
- * The Region is in pretty fair shape on credits and collections at this writing and the men are to be commended for this fine showing.

District Manager - W. T. Dingler

- * I have set up a meeting for approximately the 16th of July with the plastering contractors in the greater Denver area and hopefully Tom Egan will be here to help me present a Mono-Kote program to them as well as our Dyfoam plaster base system. At this time, we plan to hand out the new Mono-Kote fireproofing manuals.
- * The only real problem that we have in our plant at this time is in our trucking situation and that is that we do not have a tractor to pull our trailers and are having to go to Ryder leasing daily to pick up tractors. I understand that a tractor in Detroit has been assigned to us at the time a new tractor is purchased and put in operation in Detroit but as of yet we haven't heard a firm word as to when we will get this tractor and it's a poor situation for taking care of customers in the way we would like to and at the same time it certainly is costing us a lot of money to rent these tractors far above as to what it would have cost us if we had our own unit.
- * Our competitive pricing situation out here is a very bad with our perlite Masonry Fill competitor. This competitor, the Personlite Co. located in Florence, Colorado. He is delivering Masonry Fill in 550 bag lots in the Denver area for \$1.20 a bag and as I understand it this could be to either a contractor or to a distributor or lumber yard.

20015532

District Manager - W. T. Dingler (cont.)

- * The Zonolite roof deck business is looking very good in the Denver District. I believe that the Dyfoam sales are going to mushroom now that we have two good systems that we can hang our hat on. That's the plaster base and drywall and the wall board system.

Regional Manager - C. H. Wendel

- * We have undergone great harrassment from the State Division of Industrial Safety on Mono-Kote jobs. Several jobs were temporarily stopped and the applicators were forced to adhere to much stricter requirements due to the asbestos in our product. As of the present the State is not requiring anything different for the asbestos spray people than they are from us. We are considering trying to force the issue on this.
- * It is beginning to look like the biggest reason for losing roof deck jobs to the perlite people is the greater amount of profit that our applicators are adding to the job. I am sure this subject will come up at our applicator meeting but in any event we propose to help it along by adding an additional applicator to our list before the year is out. We have been hesitant to do this prior to this time since we have had trouble taking care of the business from our present applicators.
- * Walt Pickthall and Jim Taylor have done an excellent job in securing an order for approximately 450,000 ft. of 1/2" Tufhide with foil from the Foster Farms for use in poultry houses. If it works successfully, there is another 900,000 feet to follow.

Regional Manager - C. R. Lowe

- * The month of June, 1970, set a new record high in dollar sales for the Southern Region as well as a new high in total bags of masonry fill sold. Our total dollar sales of \$365,400 exceeded budget by 15% and exceeded 1969 sales in June by 16%. Our bag sales of 202,900 bags exceeded budget by 19%, and 1969 by 8%. As mentioned earlier, the highlight of the month was our record masonry fill month of 39,324 bags. Another highlight was our Mono-Kote sales exceeding 12,000 bags. It is always a pleasure to report a record breaking month in sales. We have been waiting for this month all year and I feel that this is a reverse of our trend of being behind last year sales, and we will certainly gain some on our budget during the balance of the summer months.
- * All districts have continued the promotion of Perltext and we are beginning to see an effect in sales on this important new product.

Regional Manager - C. R. Lowe (cont.)

- * A personnel change is the resignation of Rod Thurmond, our Atlanta market dealer salesman, who has taken a job with another company. Our plans at present in the interest of economizing for the balance of 1970 is to expand our architectural and applicator representative, Dick Feddeck, back to where he will handle all business in this market place. This should effect some expense savings during the last half of the year, and will give us adequate time to analyze the market to see if we should make this a two-man market, or to decide if one man can handle the available business and do the necessary promotional work.
- * We have been successful in the past using a computer engineering analysis on large jobs that have metal deck and rigid insulation. We presently have several jobs under analysis, and are hopeful of switching some additional metal deck jobs to Zonolite concrete within the Region.
- * An area planned for cost savings is the combination in the Atlanta sales territory that will result in Dick Feddeck taking over the dealer responsibilities formerly worked by Rod Thurmond.

District Manager - G. L. Myrick

- * Our architectural blitz in Memphis was certainly a success with specifications found covering 50,950 bags of material, approximately, and 280,000 b.f. of vent board. These materials will amount to approximately \$110,657 worth of business for the Little Rock District this year. We also found specs for the Atlanta District, which were passed on to Ted Dietrick. We are planning another blitz for New Orleans scheduled for last July or early August. Masonry Fill will be our major point for calls.
- * Polystyrene sales again seem slow from our plant because of the lack of cold storage and a general lack of available jobs.
- * The Poly District this year has not been anything to write home to mother about, however, this district only has cold storage, collers and tufhide to get credit for since most other sales go to the other district, which leaves the poly district dependent on an off and on spotty market, which at the present is off.

District Manager - T. E. Dietrick

- * By most standards June proved to be an outstanding month for the district. All products showed good sales during the month, and even glass fiber came up. This line has been showing badly all year, the the recent "specials" were pushed hard by the sales force and unit sales showed a good increase. Two products are doing very well because of extra emphasis: Dyfoam is up 248,000 bd. ft. over 1969, and Mono-Kote is up 11,000 bags over 1969.

District Manager - T. E. Dietrick (cont.)

- * It was a plan throughout the district during the month to call upon all governmental agencies dealing with the current fire-proofing push. All environmental health authorities are fully aware of the current scare, but as yet, no building code authority will amend or change their code. In the Atlanta marketing area, the three largest government bodies (City of Atlanta, Fulton County, DeKalb County) will do nothing to change unless so directed by state authorities. Nevertheless, our efforts are continuing in this approach to a more healthful construction method. Immediately when we receive any information that can be passed along, we do so to all involved officials.
- * In the area of pricing our most persistent problem during the month was with Masonry Fill. The following jobs had competitive price reports filed:

Dothan, Alabama	1900 bags, reduced 15¢ per bag from list
Dadeville, Alabama	300 bags, reduced 15¢ per bag from list
Albany, Georgia	650 bags, reduced 23¢ per bag from list
Kingstree, S. Carolina	1000 bags, reduced 10¢ per bag from list

While making a call upon Stone Lumber and Supply, Decatur, Alabama, Emory and I were told that the perlite producer was seeking business by offering a special, non-published discount from list. Bill Stone, Jr., said he had gotten a price on a truck (and bought it) that was half plaster aggregate and half masonry fill and that he got a discount of 20¢ a bag from list price. The men are under orders to seek all the masonry fill business, learn if perlite is being priced, if so verify the pricing and contact the regional office for authority to meet the possible lower price. We do not intend to lose profitable business. The perlite producer has no sales force and lives off our specifications, and we must now allow him to run rampant over our program.

- * A deviation from list in concrete aggregate for a large job in Pensacola, Florida, has not as yet produced a Zonolite deck. On 7,500 bags for a shopping center we reduced the price to \$1.25 a bag delivered. It currently appears that unless we can demonstrate an insurance saving for the general contractor-owner that he will proceed with steel deck-rigid insulation type construction. Our applicator is working closely with the engineer via a computer analysis of his total steel system, and with the insurance agent to get the best possible rate with regard to wind and fire ratings.

Regional Manager - J. A. McEachern

- * The settlement by Chicago Teamsters will help some in that area but now operating engineers and cement finishers are out. I sincerely hope that these are soon settled. However, the delays that have already occurred will cause roof decks to be poured in the bad weather season and some jobs will probably be changed to other systems. Also, Mono-Kote application will be delayed causing some of the "low price" jobs to continue into 1971.

Regional Manager - J. A. McEachern (cont.)

- * Sales improved in the St. Louis District after the local strikes were settled. The strike in Kansas City has stopped all construction activity in that City where we would have expected to ship at least 8,000 bags per month during June, July, and August.
- * Bill Bourke reports that McNulty Brothers of Chicago has the contract for fireproofing the Gateway #3 Building and will use Mono-Kote provided the New York City requirements are not adopted by the City of Chicago. If they are and do apply to Mono-Kote then McNulty will use an "asbestos-free" product which we assume is CAFCO.

District Manager - R. O. deBastian

- * The effects of construction strikes are still a major deterrent to the sales of the ST. Louis District. At the present time, strikes continue in Kansas City and Western Missouri. There is also a strike in Southeastern Missouri of construction laborers. It appears to me that there is no end to these strikes.

Texture Products - W. J. Sinacore

- * Sales for the month of June were approximately \$33,000, which is \$5,000 over budget and \$7,500 over June, 1969, sales. Our sales for the month were held down due to the Trade Union strikes in our major marketing areas. In addition to maintaining our own budget, we are working on introducing the Perltext line in the Southern and Florida Regions. There have been some encouraging signs from our initial work in the Southern Region. The market is there but it will take some time before we will become a factor. I am confident that we have the products and personnel to accomplish this goal.

During the month of July, initial demonstrations and potential customer meetings will be conducted in the Florida Region. The market research report from Bob Asher and his men indicates a tremendous market for textures. Our ability to capture a sizeable portion of the market will depend upon our being able to compete with national and local texture producers who have plants in the State of Florida. Recommendations concerning the advisability of a mixing plant in Florida will depend on how successful we are in selling Perltext over competitive products.

Operation Breakthrough -- The Federal program for low-cost housing -- Participants have all been contacted and given literature on Perltext products. A few of the participants have indicated interest; however, most of the assembled projects are only in the planning stages.

Perltext spray textures are being used in a number of senior citizens' buildings being built throughout the country by the Federal government. The latest is a multi-story building in DeKalb, Illinois. The majority of the buildings have concrete ceilings, making them ideal for spray texture finished such as Perltext.