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PLAINTIFF'S
EXHIBIT
CT-120

CERTAIN-TEED PRODUCTS CORPORATION

Notes on Discussions
Manchester - Monday, 7th October 1974

Present: Mr. W. E. Gatewood
Mr. B. Phillips
Mr. R. W. Miltz
Mr. M. F. Howe
Mr. J. M. Gemmell

1. REVIEW OF 1975 FIBRE REQUIREMENTS

Mr. Miltz said that Johns-Manville had undertaken to supply 2,000 tons of 4's and 2,400 tons of 5's in 1975. I suggested that, if they completed the contract to purchase 10,000 tons of Russian fibre, the availability would total over 59,000 tons against a calculated requirement of a little over 50,000 tons. They explained that, even if the Russians contracted to supply 10,000 tons annually, much of this would be in 5's only a small amount of which could be taken by Certain-teed. The Russian fibre taken by them may, therefore, not exceed 5,000 tons which would reduce the availability to about 54,000 tons. As they still seem a little uncertain of the Johns-Manville promise and want to build up their stock, it seemed likely that they would take up all the suitable fibre that was available. They certainly wish to order 3,000 tons of Havelock fibre in 1975 but I told them that, if they found that they had over-ordered, we would consider agreeing to the cancellation of all or part of the Havelock tonnage.

2. RUSSIAN FIBRES

Their forthcoming negotiations in Moscow were debated at length. The Russians are at present insisting that 60% of the total tonnage should be in 5's, although Certain-teed hope that they can have this figure reduced to 40%, the percentage mentioned originally. Mr. Gatewood said that they could only consume a very small amount of Russian 5's.

We were told that the Russian contract would be with Huxley Development Corporation who would receive a buying commission from Certain-teed (I suggested that they should look carefully at this since Huxley may also receive some selling commission from the Russians). Huxley have advised Certain-teed that they would endeavour to sell the 5's tonnage not required by Certain-teed to other users in U.S.A. and so enable Certain-teed to concentrate on the 3's and 4's. We expressed the view that Huxley may find it difficult to dispose of a large tonnage of Russian 5's in the short term and that this might present a serious problem. Mr. Gatewood said that Mexalit would be willing to purchase several thousand tons of Russian 5's but did not think that the Russians would agree to the diversion of this tonnage to Mexico. T.A.F.Ltd. were not asked whether they could help in any way in the disposal of the Russian 5's.

I provided Mr. Phillips with a copy of a recent Russian contract (obtained from Cape Asbestos Fibres Ltd.) which should help them in preparing for their forthcoming negotiations. We gave what advice we could on a suitable agreement and I suggested that, if they would let us have a draft of any agreement that is drawn up, we should be pleased to let them have our further views. They realise that, as the bulk trial lot of Russian fibre has not yet been shipped, they cannot conclude any binding agreement at this stage and they think it likely that they will have to make a further visit to Russia in a few weeks' time. I suggested that there would seem little point in such a visit taking place until they have received and tested the first consignment of fibre.

3. RHODESIAN FIBRES

Although they managed to buy a small trial tonnage of Rhodesian fibres this year, Mr. Miltz was advised about two months' ago by Mr. Rackham that there was little or no possibility of their being allocated any fibre for shipment in 1975. The statement must have been so final that Mr. Miltz does not think that it is worth pursuing. It appears that there would be no difficulty in importing Rhodesian fibre into U.S.A. if any were available.

4. LONG-TERM FIBRE REQUIREMENTS

Although we had had the impression that their long-term Chrysotile requirements would be fairly steady at about 43,000 tons annually, Mr. Gatewood thought that their demand might well increase over the next five years depending on the availability of capital for plant extensions. Although they did not put a precise figure

on the extent of any such increase, I think Mr. Gatewood was thinking of 47,000/48,000 tons of Chrysotile at the end of the period.

5. BLUE ASBESTOS

Mr. Gatewood wanted to know whether there was any possibility of their obtaining a moderate tonnage of TA/K since BT/AD was not acceptable at one of their plants. I said that this was most unlikely as I believed that the mine had been closed; furthermore if the mine were to resume operations, it would be necessary for Certain-tyed to take the whole of the output. The prospects of such a development must be remote but I agreed to make an enquiry.

I gave them the price of BT/AD for 1975. This in dollar terms is 13.4% higher than the price which has operated since 1st September and it evoked no comment from Mr. Miltz. I promised to confirm the price by letter.

To make up their full requirement of 5,000 tons of Blue, they will need 2,250 tons of ML.6 from Central Asbestos. So far they have only had a promise of 1,700 tons but Mr. Miltz seemed fairly confident that they would obtain the extra 550 tons following a meeting with Central Asbestos and their U.S. agents, Special Asbestos, at the end of this month.

6. PACIFIC ASBESTOS MINE

Nothing more was known about this except that Mr. Gatewood seemed to think that the deal between Asbestos de Mexico and Johns-Manville would go ahead. They had obtained the information from Johns-Manville themselves.

M. F. HOWE

MFH/VFW
8.10.74