Bestwall - Certain-teed Sales Corporation

FOR Ardmore DATE July 10, 1961 FROM General Sales OFFICE

ATTENTION OF Mr. P. Smith SUBJECT JM BAGS

ANSWERING YOURS DICTATED BY C. E. Abbey - dkp

CC: Mr. A. I. Meyer - Ardmore RE: Extra Cost

You will recall the other day we were discussing the terms of the contract between JM and Bestwall and it was pointed out that Bestwall was to furnish the tapes, labels and bags on the same quality as Bestwall materials and at no greater cost than Bestwall materials. I have pointed out to you there was little or no problem insofar as tapes and labels were concerned but the bags were quite another matter.

Due to the quantities that Bestwall buys of different bag goods, the average bag cost according to the cost department is $110.00 per thousand. Many of the JM items are bought in 1000 lot quantities, 5000 lot quantities or 10,000 lot quantities, in order to keep their quantity down due to the small amount of sales anticipated for sometime. The cost per thousand runs from $120.00 per thousand up to as high as $254.00 per thousand.

This matter is aggravated due to the fact that a bag for the same product will have different sizes at different plants and hence they cannot be combined as one bag, (there has to be a manufacturers up-charge for the change in size of plate) and even though JM bags are combined with Bestwall bags in the purchase there is a manufacturers up-price for changing items within a carload.

In order to get specific differences you would have to take one plant and one item. For instance, consider the cost of the Bestwall glass fibered neat plaster bag at Acme against the cost of the JM neat fibered glass bag a Acme and these would be based on the invoice for a particular order. In other words this would have to be a statistical analysis of the cost after the JM bags are in stock.

It is my understanding in our discussion that you were going to explore the possibility of billing JM for the extra cost of their bags. As I have mentioned to you, we get resistance to putting these JM bags in at the different plants due primarily to the high cost and secondly, to the inventory.

PLAINTIFF'S EXHIBIT

GP-567