

STONE & WEBSTER ENGINEERING CORPORATION

90 BROAD STREET, NEW YORK 4



NEW YORK
BOSTON
CHICAGO
HOUSTON
PITTSBURGH
LOS ANGELES
SAN FRANCISCO

February 11, 1949

NOTED FEB 14 1949 LACROSSE

PLAINTIFF'S
EXHIBIT

ETCO-529

Mr. E. LaCrosse
Stone & Webster Engineering Corporation
49 Federal Street
Boston 7, Massachusetts

ETHYL CORPORATION
J. O. 8027A, B, C, D & H AND J. O. 8147

Dear Mr. LaCrosse:

Attached is the signed and accepted original of Mr. Schaefer's letter of February 4th as well as a copy of my transmittal letter returning to him the accepted copy of his letter for the Boston contract file. Mr. Schaefer's letter establishes the fixed fee for the subject jobs on the basis of the present scope of the work as represented by the Status Report as of January 1, 1949. Copies of this letter have been made here for the New York files as well as two for F. A. Stevens.

Very truly yours,

Karl Finsterbusch
Karl Finsterbusch

Enclosures

SAFE FILE
ETHYL CORPORATION

BATON ROUGE PLANT

February 4, 1949

16315
3285
PLEASE ADDRESS REPLY
TO: BOX 341
BATON ROUGE I.L.A.

Mr. Karl Finsterbusch
Vice President
Stone & Webster Engineering Corporation
90 Broad Street
New York 4, New York

NOTED FEB 14 1949 LAMAR

Dear Mr. Finsterbusch:

Reference is made to the engineering and construction work which Stone & Webster Engineering Corporation is performing for Ethyl Corporation at Baton Rouge, Louisiana, assigned your J. O. Nos. 8027 A, B, C, D & H and 8147. In accordance with our Letter of Authorization, dated September 5, 1947, and the Term Contract, dated May 29, 1945, we now propose to establish the fee percentage applicable thereto and determine your compensation for the work authorized. We submit for your consideration the following principles to be used in arriving at your compensation for this work.

The column of the "Status Report as of January 1, 1949" entitled "Total Authorized" shall be accepted as the starting point for the fee computation. The total of this column represents the April and July, 1948 Estimate adjusted by Construction Change Orders covering increases and decreases resulting from further definitive engineering of the work authorized. From this total there shall be subtracted the following costs or credits, which, by Agreement or under the Term Contract, will not be included in the amount on which fee is to be based:

- (a) Allowances for material escalation.
- (b) Increases in material prices.
- (c) Increases in wage rates.
- (d) Taxes and contributions.

SAFE FILE

Mr. Karl Finsterbusch
Page -2-
February 4, 1949

(e) Rebates, discounts, etc. (Since the Total Authorized column does not include any such charges to Ethyl this item will not be reflected in the fee calculation).

From this total there shall also be subtracted the following estimated item of cost:

(f) Normal contingency.

To the total obtained after subtracting the amounts covered by (a) to (f) inclusive, above, there shall be added the following estimated item of cost:

(g) Normal contingency actually used in the fee base items of the work completed to date and a contingency allowance on the fee base items for the work remaining to be done, said contingency determined to be \$750,000 total.

The "Cost of the Work" resulting after these deductions and addition shall be designated hereinafter as the "Fee Base Estimate".

The Fee Base Estimate shall be used for the fee computation. In accordance with the Term Contract, the work covered by our authorization shall be Class "A" and inasmuch as the Fee Base Estimate is in excess of \$15,000,000, your compensation shall be based on a fee of five and three-fourths (5-3/4%) percent. Your compensation subject to change resulting only from (1), (2) and (3) below shall be the Fee Base Estimate times five and three-fourths (5-3/4%) percent less an amount equal to that which Stone & Webster Engineering Corporation would have been required to spend for rental of office space had the Baton Rouge engineering work been carried out at your home office, determined as \$27,500.

The fee as determined above shall be adjusted for the following reasons only:

(1) In the event of a material change in scope of the work as represented by the January 1, 1949 Status Report, the Fee Base Estimate shall be increased or decreased in accordance with a mutually acceptable estimate of the cost of work of such changes in scope and the fee determined herein shall be adjusted either up or down in accordance with the Term Contract and the principles herein established.

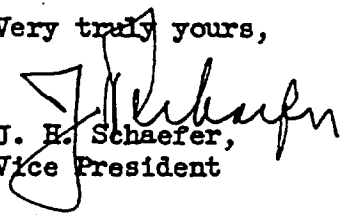
Mr. Karl Finsterbusch
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February 4, 1949

(2) Any mutually acceptable changes in the piping costs of J. O. No. 8027 C, D & H as a result of the Definitive Estimate from take-off now being prepared shall be added to or subtracted from the Fee Base Estimate and the fee determined hereunder shall be adjusted up or down in accordance with the Term Contract and the principles herein established, except that such changes shall not include costs of the type identified as items (a) to (f) inclusive, above.

(3) Any mutually acceptable changes in the costs of J. O. No. 8027 A & B not originally included in the January 1, 1949 Status Report under "Total Authorized" shall be added to or subtracted from the Fee Base Estimate and the fee determined hereunder shall be adjusted up or down in accordance with the Term Contract and the principles herein established, except that such changes shall not include costs of the type identified as items (a) to (f) inclusive, above.

Based upon the foregoing your fee has been determined in the attached Fee Calculation. If the foregoing principles for determining the fee due Stone & Webster Engineering Corporation for work authorized under J. O. No. 8027 A, B, C, D & H and No. 8147 and the attached Fee Calculation dated January 28, 1949 are acceptable to you, will you please so indicate by signing this letter in duplicate in the space herein provided and return one copy to us.

Very truly yours,


J. H. Schaefer,
Vice President

ACCEPTED:

STONE & WEBSTER ENGINEERING CORPORATION

By: Karl Finsterbusch

Vice President

Title

Date: February 11, 1949

FEE CALCULATION

January 28, 1949

J. O. 8027 A,B,C,D & H

J. O. 8147

Total

Total Authorized

January 1, 1949 Status Report

\$ 25,123,889

\$ 163,000

\$ 25,286,889

DEDUCTIONS:

(a) Material Escalation	\$ 361,790 148,100	\$ 0	\$ 509,890
(b) Increases in Material Prices	385,655	0	385,655
(c) Increases in wage rates	515,645	0	515,645
(d) Taxes, Contributions	302,410 148,657	2,200 1,000	453,267
(e) Rebates, Discounts	0	0	0
(f) Normal Contingency	<u>2,121,601</u>	<u>13,785</u>	<u>2,135,388</u>

3,983,858
\$ 21,140,031

16,985
\$ 146,015

2,135,388

4,000,84
\$ 21,286,01

ADDITIONS:

(g) Normal Contingency used and
Contingency to complete

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FEE BASE ESTIMATE

750,000

22,036,04

FEE AT 5-3/4%

1,267,07

Less Equivalent Boston Rent

27,50

Net Fee

\$ 1,239,57

SAFE FILE

Att. to

~~1387~~ 3285

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February 11, 1949

Mr. J. H. Schaefer, Vice President
Ethyl Corporation
Baton Rouge, Louisiana

Dear Mr. Schaefer:

We thank you for your letter of February 4th which determines the fee for the present scope of the work on our J. C. Nos. 8027A, B, C, D & E and 8147. Attached is a copy of this letter which has been accepted by us.

Yours very truly,

Earl Finsterbusch
Vice President

Enclosure

KF:AAR
cc:NYB DosB
KF HES
PAS(2) ELAC

SAFE FILE

NOTED FEB 14 1949 LAGROSSE