

FILE NAME: Cape Asbestos (CAPE)

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DOCUMENT DESCRIPTION: List of specific services provided by NAAC to support Asbestos purchases in US [Legal - Tibbs Case Exhibit 31]

NAAC SERVICE TO CUSTOMERS

October 27, 1969

U.S. customers for Amosite and Blue asbestos dislike buying raw materials from overseas sources and would eliminate these purchases if they possibly could. Further, it is a well-established principal in U.S. industry that no company should depend on a raw material or service that is available from a single source only.

NAAC offers a variety of services to try to make it easier for the customer to buy and make delivery of Amosite and Blue -- in effect to make it more like purchasing a domestic material.

In respect to the single source problem NAAC represents that NAAC/Cape fully recognize this difficulty and take serious responsibility in maintaining continuity of supply of Amosite and Blue fibre at fair prices. We contend no plant in the U.S.A. has, in the past 15 years or more, ever had to cease operation for lack of supply of these fibres. Even during three serious dock strikes in the past six years this has been true.

Specific services performed or offered by NAAC are as follows:

1. We schedule customer requirements with the Mines, tentatively 10 and 30 days in advance and finally 30 days in advance -- adjusting with the customer the frequent revisions of scheduling that the Mines impose due to lack of material or need to substitute grades.
2. We regularly keep informed of the customer's inventory position to anticipate and avoid possible plant shutdown due to lack of material.
3. We keep the customer informed of shipping dates, anticipated shortages and any deviation the Mines must make from the preferred scheduling.
4. We deliver Amosite and Blue to the U.S. port closest to the customer's plant -- all freight, insurance and customs charges fully paid. In effect we put the Mines at every U.S. port.
5. On arrival of the shipment we have our import forwarding agents clear the material properly through customs and port facilities and see that it is forwarded to the customer's plant by rail or motor carrier at the most economical freight rate. We are constantly in touch with the carriers in matters of inland freight and we employ a freight rate specialist -- consultant -- to advise us.

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6. NAAC provides insurance coverage on each shipment from Africa port all the way through to the customer's plant. When there are overages or shortages in a shipment or mixed gradings through error in handling at the port, we sort this out for the customer and arrange that he receives proper credit. Where there are mixed grades in a consignment we see that the bags of incorrect gradings are removed from his premises and replaced with the correct number of bags of the proper grade. All without charge to the customer.

7. NAAC maintains stocks of Amosite and Blue fibre in warehouse in Philadelphia, Pennsylvania - Los Angeles, California - Burlington, Ontario, Canada - and Monterrey, Mexico. Such stocks are for the convenience of both small and large customers, some of whom prefer to be supplied from warehouse rather than to depend on inbound shipments. The warehouse stocks are also used for sample purposes -- frequently enabling us to supply immediate trial tonnage to users or prospects who otherwise would have to wait six to eight weeks for shipment from Africa.

8. NAAC provides financing or credit terms to small and large customers where necessary to facilitate the sale. In case of certain users we extend terms of 90 days and in some instances up to 180 days on irrevocable letter of credit. We also have customers with whom we have set up consigned stocks in the customer's plant, they paying for the material as used.