

THE ANACONDA COMPANY

25 Broadway, New York 4, N.Y.

OFFICE OF THE VICE PRESIDENT
IN CHARGE OF OPERATIONS

November 29, 1961

American Chemet Corporation
105 West Madison Street
Chicago, Illinois

Att: Mr. W. W. Shropshire, President

Gentlemen:

This will confirm the agreement between The Anaconda Company (hereinafter called "Anaconda") and American Chemet Corporation (hereinafter called "Chemet") whereby Anaconda will sell to Chemet, and Chemet will purchase from Anaconda, zinc plant casting baghouse fume (hereinafter called "Baghouse Fume") in the quantity and on the terms and conditions hereinafter set forth.

1. Quantity

Chemet will purchase from Anaconda hereunder Chemet's requirements of Baghouse Fume each month, up to the total amount of Baghouse Fume produced by Anaconda during that month at its zinc plant at Great Falls, Montana, it being understood that Anaconda shall be obligated to deliver Baghouse Fume hereunder only from its current production of Baghouse Fume at said plant. Chemet will give Anaconda sufficient advance notice of its monthly requirements of Baghouse Fume to permit Anaconda to make timely delivery hereunder. If operations at Anaconda's zinc plant at Great Falls, Montana, are substantially curtailed or are discontinued, Anaconda shall so notify Chemet and this agreement shall thereupon be terminated.

2. Quality

The Baghouse Fume to be sold by Anaconda to Chemet hereunder will be the zinc plant casting baghouse fume produced by Anaconda in the normal course of its zinc plant operations at Great Falls, Montana. It is understood

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and agreed that Anaconda makes no representations with respect to and does not guarantee the analysis of the Baghouse Fume, its color or its physical properties.

3. Delivery

The Baghouse Fume will be delivered in bulk f.o.b. railroad cars at Anaconda's zinc plant at Great Falls, Montana. Any expenses incurred by Anaconda for special handling, loading or packaging will be for the account of Chemet and Chemet will reimburse Anaconda therefor upon demand. Anaconda will load all shipments of Baghouse Fume hereunder from the same locations in its flue system and baghouse at said plant, which will be selected to conform as closely as possible to Chemet's requirements as to color, to the extent that the quantity of Baghouse Fume available from such locations will satisfy Chemet's requirements for Baghouse Fume hereunder and provided that the Baghouse Fume can be loaded from such locations in the required type of railroad car without special handling or other provision.

4. Sampling, Weighing and Assaying

Railroad weights at Great Falls, Montana and samples taken by Anaconda as the Baghouse Fume is loaded into railroad cars will govern in computing the purchase price and making settlement hereunder. Each railroad car shall be sampled separately. One portion of each such sample will be assayed for zinc content by Anaconda and a second portion will be sent to Chemet for such assay. Upon advice from Chemet that its assay has been completed, the assay results of the parties will be crossed in the mail. The average of the two assays for zinc will govern for purposes of settlement hereunder if those assays differ by 0.5% or less; should the two assays for zinc differ by more than 0.5%, an assay for that metal will be made by an umpire acceptable to both parties from a third portion of the sample. In such event, the assay of the umpire if it falls between the assays of the parties or if it is the same as the assay of either party, or the assay of the party which is closest to that of the umpire if the latter does not fall between the assays of the parties and is not the same as the assay of either party, shall be the accepted assay for the zinc carload from which the sample in question was taken and shall govern for purposes of settlement hereunder. The charge for the umpire assay shall be paid by the party whose assay for zinc content is further from that of the umpire assay.

5. Price for Baghouse Fume

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Chemet will pay Anaconda a purchase price for the Baghouse Fume delivered hereunder computed as follows:

Six cents (6.0¢) per pound of zinc contained in the Baghouse Fume, plus nine-tenths cents (0.9¢) per pound of such zinc for each one cent (1.0¢) by which the East St. Louis price for Prime Western zinc exceeds eight and twenty-five hundredths cents (8.25¢), or less nine-tenths cents (0.9¢) per pound of such zinc for each one cent (1.0¢) by which the East St. Louis price for Prime Western zinc is less than eight and twenty-five hundredths cents (8.25¢), fractions in proportion.

The East St. Louis price for Prime Western zinc referred to above shall be the average of the daily quotations for that metal published by the Engineering and Mining Journal for the week during which the Baghouse Fume is delivered hereunder.

The purchase price for the Baghouse Fume computed as above set forth shall be reduced, commencing on the date of this agreement and continuing until notice by Anaconda as hereinafter provided, by the amount of ten dollars (\$10.00) per dry short ton of the Baghouse Fume delivered hereunder. Such ten dollar (\$10.00) per ton reduction may be withdrawn and terminated at any time by Anaconda, at its option and in its sole discretion, by sending to Chemet by first class mail at Chemet's above address, postage prepaid, a written notice of such withdrawal and termination, whereupon this agreement shall continue in force (subject to the provisions of paragraph 8 hereof) with the purchase price for the Baghouse Fume computed as above set forth but without the ten dollar (\$10.00) per ton reduction.

6. Payment for Baghouse Fume

Chemet will make settlement for each car of Baghouse Fume delivered hereunder promptly after the governing assay has been determined as hereinabove provided. In the event that the assay for a particular car has not been determined by the time the next delivery of Baghouse Fume hereunder is required, Chemet will pay Anaconda on account a sum computed on the basis of a zinc assay of 70%, subject to adjustment between the parties promptly after determination of the governing assay and computation of the correct price.

Anaconda may from time to time require settlement for any delivery of Baghouse Fume hereunder to be made by sight draft attached to bill of lading for a sum computed on the basis of a zinc assay of 70%, subject to adjustment between the parties promptly after determination of the governing assay and computation of the correct price.

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7. Non-assignability

This agreement shall not be assigned by either party hereto without the written prior consent of the other.

8. Term

The term of this agreement shall be from December 1, 1961 through December 31, 1962, and thereafter until terminated by either party upon not less than thirty days' prior written notice of such termination to the other. Such notice may be given by sending the same to the recipient at its address hereinabove set forth by first class mail, postage prepaid.

If the foregoing is in accordance with your understanding and is acceptable to you, please so indicate by signing and returning to us the enclosed copy of this letter, whereupon this will be a binding agreement between our companies in accordance with its terms.

Yours very truly,

THE ANACONDA COMPANY

By /s/ R. S. Newlin
Vice President

ACCEPTED AND AGREED:

AMERICAN CHEMET CORPORATION

By /s/ W. W. Shropshire

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