P. O. BOX 792

TELEPHONE 592-6416

ARTHUR BROTHERS

INCORPORATED

HIWAY 77 BYPASS
KINGSVILLE, TEXAS 78363

PLAINTIFF'S EXHIBIT

CEL-1400

AFS: 50

August 3, 1988

Hoechst Celanese Chemical Group
1250 W. Mockingbird Lane
P.O. Box 569320
Dallas, Texas 75356-9320

Attn: Mr. T. R. Shandley

Re: Maintenance and Construction Services Agreement
December 30, 1985 through December 31, 1988

Dear Rogers;

We are pleased to inform you that our "Total Annual Direct Wage Cost", exclusive of Premium Portion of Overtime, for the period September 7, 1987 to August 1, 1988 is $10,307,308.84. This exceeds the 10 mm stated in the revised (9-7-87) Article 10 or our agreement. Therefore, all subsequent invoices thru September 4, 1988 will reflect the 3% decrease in our fee. We will also make an invoice adjustment for the $307,308.84 wage cost-overage in our invoices for week ending August 7,1988.

Thank you for the opportunity to serve your maintenance and construction needs.

Very truly yours
ARTHUR BROTHERS, INCORPORATED

A. F. STARKS
VICE PRESIDENT

cc: R. R. Graham
R. G. Guard
D. G. Pausky
E. L. Tejml
R. E. Allen
L. T. Johnston
C. R. Jones
L. W. Hartman
R. W. Mather
L. E. Moore
C. R. Pennington
D. D. Siemonsma
W. E. Clark
P. D. Ley
J. J. Starks
S. R. Starks

16734

P O BOX 792

TELEPHONE 592-6416

ARTHUR BROTHERS

INCORPORATED

HIWAY 77 BYPASS
KINGSVILLE TEXAS 78363

September 26, 1988

AFS 63

Hoechst Celanese Chemical Group
1250 W. Mockingbird Lane
P.O. Box 569320
Dallas, Texas 75356-9320

Attn: Mr. T. R. Shandley
Purchasing Manager

Re: Maintenance and Construction Services Agreement
December 30, 1985 through December 31, 1988 Exhibit "A"

Dear Rogers:

The purpose of this letter is to outline our tax and insurance cost increases effective September 5, 1988 and to propose an amendment to Article 10 of the referenced agreement. Attached as enclosure (1) are documents presented to show exactly how these costs have changed during the past four years.

Attached as enclosure (2) is the proposed amendment to article 10 of the referenced contract. We respectfully request that this amendment be approved and made retroactive to September 5, 1988. Please indicate your acceptance of this amendment by signing the attached document. Return the executed copy to Arthur Brothers, Incorporated. Keep the original for your files.

Thank you for your understanding in this matter.

Very truly yours,
ARTHUR BROTHERS, INCORPORATED

Aaron F. Starks
Vice President

cc: Bay City: C.R. Pennington: A.C. Enlow; R.E. Allen; S.R. Starks
Bishop: D.G. Fausky; D.L. Yancey; D.D. Siemonsma; R.C. Seawright; J.J. Starks
Corpus Christi: R.R. Graham; L.W. Hartman; S.W. Eason; W.E. Clark
Pampa: R. G. Guard; L.E. Moore; L. T. Johnston; P.D.Ley

16735

STRAIGHT TIME PAYROLL COST

	JULY 1985	SEPT 1985	SEPT 1986	SEPT 1987	SEPT 1988	CHANGE 9/87 TO 9/88
FICA	7.05	7.05	7.15	7.51	7.51	NC
SUT	3.08	3.08	4.18	4.28	①4.983	0.703
FUT	.40	.40	.40	.40	.40	NC
WORKMENS COMP	1.57	2.016	2.67	3.92	②6.256	2.336
GENERAL LIABILITY	.492	.604	.909	1.11	③1.65	0.540
UMBRELLA	.240	1.101	2.641	2.4	④1.0	(1.40)
TOTALS	12.832	14.251	17.95	19.62	21.799	2.179

NOTE 1: BASED ON ACTUAL TAX PAID DURING THE LAST TWO QUARTERS OF 1987 AND THE FIRST TWO QUARTERS OF 1988, FACTORING IN THE BASE INCREASE OF 9,000 IN JANUARY 1989

NOTE 2: BASED ON STATE REGULATED MANUAL RATE OF 8.02% WITH .78 EXPERIENCE MODIFIER.

NOTE 3: UNLIKE PAST YEARS, GENERAL LIABILITY PREMIUM IS NOW BASED ON STRAIGHT TIME PAYROLL AT THE RATE OF 1.65%

NOTE 4: UMBRELLA LIABILITY PREMIUM IS BASED ON 1% OF FIRST $8,212,564 OF STRAIGHT TIME PAYROLL OF WORK DONE FOR ALL COMPANIES REQUIRING 5,000,000 COVERAGE DURING THE PERIOD 9/5/88 TO 9/3/89.

PREMIUM TIME PAYROLL COST

	JULY 1985	SEPT 1985	SEPT 1986	SEPT 1987	SEPT 1988	CHANGE 9/87 TO 9/88
FICA	7.05	7.05	7.15	7.51	7.51	NC
SUT	3.08	3.08	4.18	4.28	4.983	0.703
FUT	.40	.40	.40	.40	.40	NC
TOTALS	10.53	10.53	11.73	12.19	12.893	0.703

ENCLOSURE 1

16736

ACTUAL STATE UNEMPLOYMENT TAX PAID

JULY 1987 - JULY 1988

3RD QTR. 1987 - 8.44% OF 1ST 7,000 BASE	2,938,308	44,679
4TH QTR. 1987 - 8.44% OF 1ST 7,000 BASE	2,686,883	38,381
1ST QTR. 1988 - 8.77% OF 1ST 8,000 BASE	3,323,511	272,973
2ND QTR. 1988 - 8.77% OF 1ST 8,000 BASE	3,907,625	180,633
	12,756,329	534,668
ADD 3RD AND 4TH QTR. BASE INCREASES TO 8,000 1,000 ÷ 7,000= 14.29% X 81,061=		11,583
SUB-TOTAL		546,251
LESS: ADJUSTMENT FOR ABC PORTION OF TAXES PAID		26,622
TOTAL		519,629
PERCENT OF 11,299,762 STRAIGHT TIME ANNUAL BASIS		4.60%
EFFECTIVE 1/1/89 - 8,000 BASE INCREASES TO 9,000 1,000 ÷ 8,000 = 12.5% X 4.60% =		.575%
STRAIGHT TIME RATE 1/1/89		5.175
ADJUSTMENT FOR 1/1/89 INCREASE TO 9/5/88 .575 X .666 =		.383
EFFECTIVE TAX RATE 9/5/88		4.983

ENCLOSURE 1

TEXAS EMPLOYMENT COMMISSION

Austin, Texas 78778

October 30, 1987

ARTHUR BROTHERS INC
P O BOX 792
KINGSVILLE TX 78363

Dear Employer:

I would like to take this opportunity to update you on new legislation that will affect your tax rate beginning in 1988.

As a result of a declining Texas economy, the Unemployment Compensation Fund has been broke since January 1986. This has required us to borrow from the Federal Government in order to continue payments of unemployment compensation to eligible persons who were unemployed. To find a solution to the trust fund deficit a joint business/labor Trust Fund Work Group was established in June, 1986.

The recommendations of this group were incorporated into legislation which was passed during the regular session of the Seventieth Texas Legislature and signed into law. HB 979 and HB 2090 were designed to return the trust fund to solvency at a minimum cost to Texas employers. A brief review of this legislation and its impact on employers is presented below:

House Bill 979
Under current law your tax rate is composed of a general rate, a replenishment rate and a deficit rate, also an interest surtax may be assessed to pay the interest on the trust fund debt. HB 979 amends current law so that when the deficit rate is calculated the deficit ratio is applied to an employer's total tax rate rather than the general tax rate for rate calculations effective January 1, 1988. However, the rate is capped at 2% and as the condition of the fund improves, the deficit rate will decrease. Most employers can anticipate a deficit rate increase from 1% to 1.4% as a result of the new calculation.

House Bill 2090
HB 2090 does four things, including:

- Temporarily suspending the benefit escalator which permits increases to the maximum weekly benefit amount. This will result in the maximum benefit amount remaining at $210 until October 1, 1989;
- Authorizing the TEC to levy an interest surtax of no more than 0.2% to insure the timely payment of interest on our trust fund indebtedness;
- Increasing the taxable wage base from the current $7,000 to $8,000 in tax year 1988 and to $9,000 in tax year 1989; and
- Allowing TEC to issue bonds as an alternative to federal advances or to refinance the trust fund debt. These bonds could not be issued unless it could be shown that this method of financing will be cheaper than federal borrowing.

Should you need additional information, please contact the nearest office of the Texas Employment Commission.

Sincerely,

William Grossenbacher

William D. Grossenbacher, Administrator

UNEMPLOYMENT INSURANCE
maintaining the foundation of economic security

16738

76366

[redacted] 1111

EMPLOYER'S QUARTERLY REPORT

00-072619-2	137	30	6.77%	7369	74-1100259	1-88

SEE INST PAGE

461137 92225/M

ARTHUR BROTHERS INC
P O BOX 792
KINGSVILLE TX 78363

You must FILE this return [illegible] even if you had no payroll the quarter or if you had no payroll show "0" [illegible] and sign the declaration item [illegible] this form

MAR 31, 1988 — PENALTY WILL BE ASSESSED IF REPORT IS NOT POSTMARKED BY — APR 30, 198

517	602	601	178	283

	DOLLARS	CENTS
13 Total Wages Paid During this Quarter	3,223,511	52
1 Taxable Wages	3,112,584	23
15 Tax Due (Multiply Taxable Wages By Tax Rate)	272,973	64
16 Penalty 14(a), If Tax Is Past Due	-0-	
17 Penalty 14(c)(1), If Repor Is Past Due	-0-	
18 Balance Due From Prior Periods (Subtract Credit Or Add Debit)	-0-	
19 Total Due - Make Remittance Payable To TEXAS EMPLOYMENT COMMISSION	272,973	64

FOR TEC USE ONLY

PRINT YOUR NUMBER

0 1 2 3 4 5 6 7 8 9

POSTMARK DATE 13

POSTMARK DATE 5

DATE 21

DATE 9

23 I DECLARE that the [illegible] and correct to the best of my [illegible] and belief

SIGNATURE

TITLE Asst. Sec/Treas.

DATE

MAIL REPORT TO:
REMITTANCE
CASHIER'S
P.O. BOX
AUSTIN, TEXAS

16740

23 PAGE TOTAL

DO NOT STAPLE REPORT

EMPLOYER'S QUARTERLY REPORT

00-072619-2 137 30 8.77 7369 74-1100259 2-88

SEE INST PAGE

44832/ 89663/M

ARTHUR BROTHERS INC
P O BOX 792
KINGSVILLE TX 78363

JUN 30, 1988 JUL 31, 198

634 668 772 178

Wages Paid During the Quarter	3,907,625 79
[illegible]	2,059,673 07
Multiply Taxable Wages	180,633 32
[illegible] Tax Is Past Due	-0-
[illegible] Report Is Past Due	-0-
[illegible] From Prior Periods [illegible] Or Add Debits	-0-
[illegible] Remittance Payable To [illegible] COMMISSION	180,633 32

FOR TEC USE ONLY

0123456789

Secretary Treasurer

7-30-88

MAIL REPORT AND REMITTANCE TO
CASHIER-T.E.C.
P.O. BOX [illegible]
AUSTIN, TEXAS [illegible]

16741

23 PAGE TOTAL

DO NOT STAPLE REPORT

TEXAS EMPLOYMENT COMMISSION
TEXAS 78769-2968
(512) 463-2222

EMPLOYER'S QUARTERLY REPORT

1 ACCOUNT NUMBER	2 COUNTY CODE	3 BRANCH	4 TAX RATE	5 SIC CODE	6 FEDERAL ID NUMBER	7 QUARTER ID
10-072619-2	137	30	8.44%	7369	74-1100259	3-87

8 TELEPHONE NUMBER: SEE INST PAGE

48310/ 96619/M

ARTHUR BROTHERS INC
P O BOX 792
KINGSVILLE TX 78363

You must FILE this return even though you had no payroll this quarter. If you had no payroll show "0" in item 13 and sign the declaration (item 24) on this form.

9 REPORT DUE DATE: SEP 30, 1987 — PENALTY WILL BE ASSESSED IF REPORT IS NOT POSTMARKED BY: OCT 31, 198

10	11	12	13
506	608	178	337

	DOLLARS	CENTS
13 Total Wages Paid During this Quarter	2,938,308	84
14 Taxable Wages Paid (Up to Annual Maximum of $7,000 per Employee)	529,381	82
15 Tax Due (Multiply Taxable Wages By Tax Rate)	44,679	82
16 Penalty 14(a), If Taxes Past Due	-0-	
17 Penalty 14(c)(1), If Report Is Past Due	-0-	
18 Balance Due From Prior Periods (Subtract Credit Or Add Debit)	-0-	
19 Total Due - Make Remittance Payable To TEXAS EMPLOYMENT COMMISSION	44,679	82

FOR TEC USE ONLY

PRINT YOUR SUTA RATE HERE: 0 1 2 3 4 5 6 7 8 9

POSTMARK DATE CJ
POSTMARK DATE S
EX DATE CJ
EX DATE S

DOLLARS
AMOUNT RECEIVED

20 SOCIAL SECURITY NUMBER	21 EMPLOYEE NAME (LAST NAME, FIRST, MI)	22 TOTAL WAGES PAID THIS QUARTER

16742

23. PAGE TOTAL

24 I DECLARE that the information I have given is true and correct to the best of my knowledge and belief.

SIGNATURE

TITLE Secretary/Treasurer
(OWNER, PARTNER, OR OFFICER OF C

DATE 10/23/87

MAIL REPORT AND REMITTANCE TO
CASHIER-T E C
P.O. BOX 2968
AUSTIN, TEXAS 78769-2968

DO NOT STAPLE REPORT

EMPLOYER'S QUARTERLY REPORT

00-072619-2	137	30	8.44	7369	74-1100259	4-87

TELEPHONE NUMBER: SEE INST PAGE

46323/ 92645/M

ARTHUR BROTHERS INC
P O BOX 792
KINGSVILLE TX 78363

You must FILE this return even though you had no payroll this quarter. If you had no payroll show "0" in item 13 and sign the declaration (Item 24) on this fo

DEC 31, 1987 — ... ASSESSED IF REPORT IS NOT POSTMARKED BY — JAN 31, 1

527	555	391	178	286	

	DOLLARS	CENTS
... During this Quarter	2,686,883	70
... (Up to Annual ... per Employee)	431,060	24
... Taxable Wages	36,381	48
... Is Past Due	-0-	
... Report Is Past Due	-0-	
... Prior Periods ... Add Debit)	-0-	
... Payable To ... COMMISSION	36,381	48

FOR TEC USE ONLY

POSTMARK DATE C3

POSTMARK DATE $

EX DATE C3

EX DATE $

DOLLARS

24. I DECLARE that the information ... and correct to the best of my ... and belief.

SIGNATURE

TITLE Asst. Sec./Treas.

DATE 1-29-88

MAIL REPORT AND REMITTANCE TO CASHIER-TEC P O BOX ... AUSTIN, TEXAS ...

16743

PAGE TOTAL

DO NOT STAPLE REPO

THE WORLD OF PROTECTION

EMPLOYERS CASUALTY COMPANY

4501 COLLIHAR | CORPUS CHRISTI, TEXAS 78411 (512) 853-0171

JERRY J. CRIDER, Senior Marketing Executive

September 19, 1988

Mr. Larry Smith
Arthur Brothers, Inc.
P.O. Box 792
Kingsville, Texas 78363

RE: PREMIUM CALCULATIONS FOR 9-7-88/89

Dear Larry:

Please find below the renewal rates and/or annual premium on the workers' compensation, general liability and umbrella liability policies:

COVERAGE	LIABILITY LIMITS	RATES/PREMIUM
WORKERS' COMPENSATION	$ 500,000 ea. acc. $ 500,000 disease $ 500,000 aggregate	8.02 Exp. Mod .78
GENERAL LIABILITY	$2,000,000 Gen. Agg. $2,000,000 P/Co Agg. $1,000,000 Per./Adv. Inj. $1,000,000 Each Occurrence $ 50,000 Fire Damage $ 5,000 Medical Expense	16.50 / per 1000' payroll
UMBRELLA Flat LIABILITY	$4,500,000	$82,125.64 Non-Adjustable

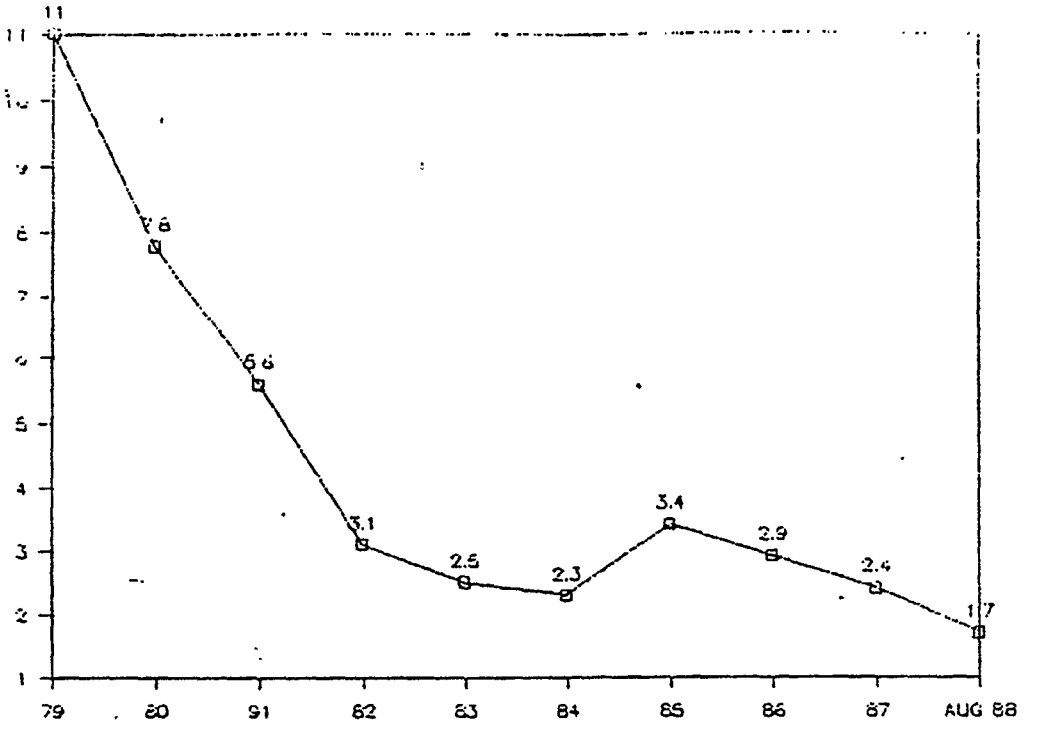
If you need any additional information, please give me a call.

Sincerely,

Jerry J. Crider

16744

ALSO REPRESENTING:
TEXAS EMPLOYERS' INSURANCE ASSOCIATION | EMPLOYERS NATIONAL INSURANCE COMPANY | EMPLOYERS NATIONAL LIFE INSURANCE COMPANY
EMPLOYERS OF TEXAS LLOYD'S | NATIONAL GENERAL AGENCY, INC.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AUG 88

1988 CONTRACT AMENDMENT

ARTICLE 10. CONTRACTOR'S FEE. (a) For providing Labor and supervision therefore Contractor shall be paid in addition to the amount provided in Article 9 hereof, a Fee, which consists of three components, of 36.7% of the direct wage cost attributable to (i)actual straight-time hours worked (ii) the straight-time portion of any overtime hours worked.

The Fee consists of three components (i) 33.7% for all payroll costs, employees benefits and small tools (ii) 2.0% for profit and overhead. and (iii) 1.0% for Umbrella Liability Insurance Coverage. as per the following schedule:

SEPTEMBER 5, 1988 THRU SEPTEMBER 3, 1989

Total Annual Direct Wage Cost (Exclusive of Premium Portion of Overtime) $8,212,564. 00 or less

Payroll costs, employee benefits, and small tools.	33.7%
Umbrella Liability Insurance Coverage (Renegotiated each like period thereafter)	1.0%
Overhead and Profit	2.0%
Total Fee:	36.7%

$8,212,564.00 or more

Payroll costs, employee benefits, and small tools	33.7%
Umbrella Liability Insurance Coverage	0.0%
Overhead and Profit	2.0%
Total Fee:	35.7%

Contractor shall be paid a markup equal to 13.0 percent of that portion of Contractor's total direct wage cost attributable to the premium portion of wages paid for overtime hours worked by its authorized employees on authorized work hereunder.

It is understood that Company may, in the future, wish Contractor to perform similar work at other Company plants. Such other plants may be added to this Agreement using the same conditions and percentage Fee and markups described herein. The annual period for the work performed at such other plant shall be deemed to have the same commencement date as the annual period hereunder.

Hoechst Celanese

By: _____ Date:

Title: _____

Enclosure (2)

16746

1988 CONTRACT AMENDMENT

ARTICLE 10. CONTRACTOR'S FEE. (a) For providing Labor and supervision therefore Contractor shall be paid in addition to the amount provided in Article 9 hereof, a Fee, which consists of three components, of 36.7% of the direct wage cost attributable to (i)actual straight-time hours worked (ii) the straight-time portion of any overtime hours worked.

The Fee consists of three components (i) 33.7% for all payroll costs, employees benefits and small tools (ii) 2.0% for profit and overhead, and (iii) 1.0% for Umbrella Liability Insurance Coverage, as per the following schedule:

SEPTEMBER 5, 1988 THRU SEPTEMBER 3, 1989

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Overhead and Profit	2.0%
Total Fee:	36.7%

$8,212,564.00 or more

Payroll costs, employee benefits, and small tools	33.7%
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Overhead and Profit	2.0%
Total Fee:	35.7%

Contractor shall be paid a markup equal to 13.0 percent of that portion of Contractor's total direct wage cost attributable to the premium portion of wages paid for overtime hours worked by its authorized employees on authorized work hereunder.

It is understood that Company may, in the future, wish Contractor to perform similar work at other Company plants. Such other plants may be added to this Agreement using the same conditions and percentage Fees and markups described herein. The annual period for the work performed at such other plant shall be deemed to have the same commencement date as the annual period hereunder.

Hoechst Celanese

By: _____ Date: _____

Title: _____

Enclosure (2)

16747