

VICTOPAC S-60 .017/.022 & .016 Gauge

December 26, 1969

G. Brown

Our records show that Plant #4 cannot make this material at our present cost of \$1.97/sheet. Since January of 1969 our records show that we have shipped to Plant #1, 3219 sheets of .017/.022 S-60 and of this, 3219 sheets Plant #1 has rejected and returned to Plant #4, 2043 sheets or 63.5% of the sheets made for Plant #1. Reasons due to skim breakage and gauge. Plus what Plant #4 - 100% sorts and rejects even before it leaves our Plant. This then makes a total of 93.5% rejection or twice the amount of sheets made to fill your orders.

This holds true for .016 gauge. The rejection from Chicago (Plant #1) has been 35% plus Plant #4's rejection of 30% before it leaves our Plant for a total of 63% rejection.

Therefore, what I am saying is that Plant #4 will complete your present S-60 requirements that we already have orders for.

Any future orders on S-60 .017/.022, Plant #4 will have to charge Plant #1 \$3.94/sheet (\$1.97/sheet present cost + 100% for rejections at Plant #1 and #4).

On S-60 .016 gauge cost will be \$2.86/sheet (\$1.76 present cost per sheet + 63% for rejections at Plant #1 and #4).

We cannot produce material of this nature with present critical requirements and continue to take a loss. Therefore, if new cost figures are not acceptable to you, Plant #4 will not accept any future orders for this material.

Steve Cerve
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SC/lg

cc: H. Dehr
T. Holubek
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B. Sheehan ✓
File

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