

**METALS RESERVE COMPANY
WASHINGTON, D. C.**

MEMORANDUM TO THE DIRECTORS:

Negotiations have now been completed in London between the British asbestos producers and representatives of this Company with respect to contracts covering the 1945 asbestos requirements of the United States, which are to be handled through Metals Reserve Company. The arrangements call for contracts between Metals Reserve Company and Raw Asbestos Distributors, Rochdale, Lancashire, England, for chrysotile asbestos, between Metals Reserve Company and Cape Asbestos Company, Limited, 26-30 Holborn Viaduct, London, England, for blue asbestos and between Metals Reserve Company and Egnep, Limited, Capetown, South Africa (a subsidiary of Cape Asbestos Company, Limited) for amosite asbestos. Copies of the executed contracts with Raw Asbestos Distributors and Cape Asbestos Company, Limited, are attached hereto, together with a copy of the contract with Egnep, Limited, which has been sent to South Africa for execution. The execution of the contract by Egnep, Limited, in the form attached, has been guaranteed by Mr. Giles Newton, Managing Director of Cape Asbestos Company, Limited, the parent corporation.

The contract with Raw Asbestos Distributors calls for the purchase of chrysotile asbestos in the following minimum tonnages for the respective grades:

Grade 1	1,861 short dry tons (2,000 pounds avoirdupois each), plus or minus 5% at Seller's option.								
Grade 2	5,489	"	"	"	"	"	"	"	"
Grade 3	18,746	"	"	"	"	"	"	"	"
Grade 4	5,404	"	"	"	"	"	"	"	"

and payment for the material shall be made at the following British sterling prices per dry short ton f.o.b. ocean-going steamer destined for the United States at African shipping ports:

C & C 1	Seventy pounds five shillings f.o.b. Beira, Portuguese East Africa
C & C 2	Forty-nine pounds f.o.b. Beira, Portuguese East Africa
C & C 3	Twenty-eight pounds fifteen shillings f.o.b. Beira, Portuguese East Africa
ENT 3	Twenty-eight pounds fifteen shillings f.o.b. Lourenco Marques, Portuguese East Africa
C & C 4	Eighteen pounds twelve shillings sixpence f.o.b. Beira, Portuguese East Africa.

Shipment shall be made as early as possible from Africa as nearly as possible in equal monthly shipments per grade with shipments to be completed by December 31, 1945.

FILE COPY

METALS RESERVE COMPANY
WASHINGTON, D. C.

MEMORANDUM TO THE DIRECTORS:

-2-

The contract with Cape Asbestos Company, Limited, covering blue asbestos calls for the following minimum tonnages:

Blue MB	2,000 dry short tons (2,000 pounds avoirdupois each)
Blue S	400 dry short tons

and payment for the material shall be made at the following British sterling prices per dry short ton, gross for net, f.o.b. ocean-going steamer destined for United States at South African shipping ports or Lourenco Marques, Portuguese East Africa:

Blue MB	Twenty-nine pounds ten shillings
Blue S	Thirty-eight pounds nine shillings twopence.

The contract provides that the foregoing prices shall remain unaltered to April 30, 1945, and Seller reserves to itself the right to increase such prices by a maximum of 5% at its discretion should rising costs of production necessitate a revision of such prices after April 30, 1945. The material is to be shipped immediately from Africa in equal monthly shipments per grade, all shipments to be completed prior to December 31, 1945.

The contract with Egnor, Limited, covering amosite asbestos calls for the following minimum tonnages:

Amosite Grade B 1	1,200 dry short tons (2,000 pounds avoirdupois each)
Amosite Grade B 3 OR D 3	6,000 " " " " " "
Amosite Grade S/EM 1	3,600 " " " " " "
Amosite Grade M 1	10,020 " " " " " "

and payment for the material shall be made at the following British sterling prices per dry short ton, gross for net, f.o.b. ocean-going steamer destined for the United States at South African shipping ports or Lourenco Marques, Portuguese East Africa:

Amosite Grade B 1	Thirty pounds
Amosite Grade B 3 OR D 3	Twenty-four pounds
Amosite Grade S/EM 1	Twenty-three pounds
Amosite Grade M 1	Twenty-one pounds sixteen shillings fourpence.

FILE COPY

METALS RESERVE COMPANY
WASHINGTON, D. C.

MEMORANDUM TO THE DIRECTORS:

-2-

Seller reserves the same right as to the 5% increase after April 30, 1943, as is above referred to with respect to the contract for blue asbestos. The material is to be shipped immediately from Africa in equal monthly shipments per grade, all shipments to be completed prior to December 31, 1943.

The provisions in the Cape Asbestos Company, Limited, contract for blue asbestos and in the Egnep, Limited, contract for amosite asbestos entitling Seller to a 5% increase in the sales price after April 30, 1943, should rising costs of production necessitate, in Seller's sole discretion, such an increase in price, was objected to in the course of negotiations and the negotiators in London were specifically advised that any such formula providing for an increase in price should be subject to the review and approval of this Company. However, the cabled texts of the contracts as executed retained the provision without the suggested change. Likewise efforts to have all of the contracts provide for payment in United States currency instead of British sterling and to eliminate the uniform requirement of each contract that the provisions thereof and the performance and execution thereof should be governed by English law were unavailing.

It is recommended that the attached contracts be approved upon the terms and conditions therein stated, and that the quantities of asbestos covered by this Company's cables of December 23, 1942, to Raw Asbestos Distributors and Cape Asbestos Company, Limited, be included thereunder. An executed copy of the contract with Egnep, Limited, will be received in due course.

Attachments.

HPS:osk

G. Temple Bridgman
Executive Vice President

Approved: JEW
W H W
1/20/43

WHS
SDS
M L
GUT

Ex. Com.
1-20-43
R.H.

FILE COPY