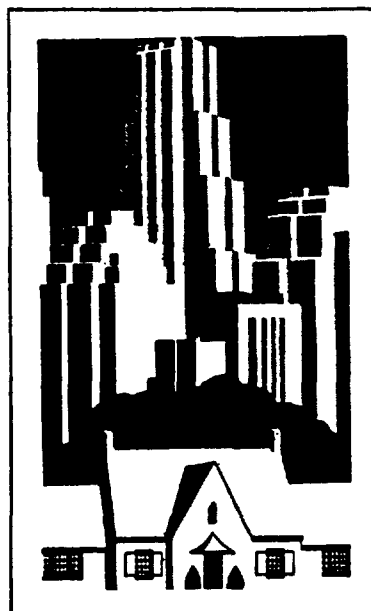


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USG

ASPHALT ROOFING PRODUCTS

SALES POLICY

EFFECTIVE: FEBRUARY 23, 1936

ALL PROVISIONS HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE. THIS CANCELS AND REPLACES ALL PREVIOUS ISSUES.

I. GROUPING OF PRODUCTS

For convenience, our Asphalt Roofing Products are grouped as follows:

Group A—Strip Shingles and Sidings.

Group B—Individual Shingles.

Group C—Smooth and Mineral Surfaced Roofings, and Cap and Base Sheets.

Group D—Building Papers and Sheathings.

Group E—Asphalt Felts and Tarred Felts.

Group F—Asphalt Paints, Plastic Cements and Coatings.

Group G—Roofing Asphalt.

Group H—Roofing Pitch and Refined Coal Tar.

Group I—Miscellaneous Products.

The provisions of this Sales Policy do not apply to Group G, H or I products unless specific mention is made to the effect that they do.

For information about such products ask our sales representative or district office.

II. THE TERRITORY CONCERNED

The provisions of this Sales Policy apply to all sales of Group A to F products inclusive for shipment within the United States, except the Pacific Coast Zone, defined as follows:

The States of California, Oregon, Washington, Utah, Idaho, Nevada and Arizona.

The Territories of Alaska and Hawaii.

III. DEFINITIONS OF BUYERS

A. DEALERS:

1. Retail Merchants who maintain a permanent place of business, equipped with office, storage yard or warehouse, for service to customers, with such handling facilities and sales service as are commensurate with the nature of their business, and who carry a stock of roofing products sufficient to supply the general requirements of such business.

2. Roofing Applicators and Built-up Roofers, whose principal efforts are devoted to the resale of roofing products in applied form, who maintain an office and warehouse kept open during business hours with equipment, personnel and sales service adequate to conduct an application business and who regularly carry a stock of not less than 20,000 lbs. of roofing materials.

3. Line Lumber Yards comprising a group of dealers who may have a single firm name for all locations or different names for different locations, and who shall make their purchases of asphalt roofing products from a central administrative office, which office shall have a controlling financial interest in each yard or branch.

B. INDUSTRIAL CONCERNS:

Industrials and steamship lines, docks or terminals, air transport companies, interurban electric lines, trolley lines or bus lines, which are not under the jurisdiction of the Interstate Commerce Commission.

C. CITY, COUNTY AND STATE GOVERNMENTS:

Branches or departments of any incorporated community, county or state, whose purchases of asphalt roofing products are made from funds created by public taxation.

D. GENERAL CONSUMERS:

Artisans, carpenters, contractors, including those who occasionally contract for roofing new or old buildings; and builders, including speculative builders engaged in the application of such products for the consumer purchaser; and the public in general who purchase asphalt roofing products for their own consumption and not for resale.

IV. METHOD OF HANDLING ORDERS

A. GENERAL:

All prices, discounts, terms, freight allowances and other conditions of sale are subject to change without notice.

Orders will be taken at firm prices for immediate shipment. Orders must be complete with respect to prices, specifications, terms and the like. If not complete they will be considered as deferred for future shipment and will be subject to prices in effect at time of shipment.

Prices and conditions described are based upon the export and import regulations and tariffs now existing in and between the United States and other countries, and within the United States, and upon internal revenue and other taxes now in force in these countries. Any internal revenue tax, war tax, sales tax, duty, impost, tonnage, shipping or other charge hereafter levied by any governmental authority either directly or indirectly adding to the cost of the materials herein sold, to the seller or to any corporation supplying the seller with same, shall be paid by purchaser unless purchaser elects to waive delivery of the material or unless seller elects to pay such tax, duty, impost or charge.

B. PRICE ADVANCES:

When we advance our prices, we may, at our option, establish at that time a booking period and a shipping period for orders at prices in effect immediately previous to the advance.

C. PRICE DECLINES:

When we reduce our prices, unfilled orders on hand or shipments in transit when the reduction occurs, will be given the benefit of the lower prices. The customer must submit carrier's expense bill showing the shipment actually was in transit and not in his stock when the price decline occurred.

D. BACK ORDERS:

Back orders (less carload balances from carload rail and/or water orders which we were unable to ship at the time a carload of 40,000 lbs. or more was shipped) will be shipped via L. C. L. freight on as favorable terms as though included in the carload rail shipment, provided such back orders are shipped within 30 days of the original carload shipment, or in the event our prices advance within the shipping period, if any, following the effective date of our price advance.

E. TERMS OF PAYMENT:

Cash discount shall not exceed 2% ten days, thirty days net, or on special arrangement, 2% tenth proximo, net thirtieth proximo. At the discretion of our Credit Department and where conditions indicate it to be expedient, we will accept trade acceptances drawn coincidental with date of invoice and with average maturity dates not exceeding sixty days from date of invoice with no cash discount allowed. Cash discount on payments within the discount period will be allowed from the net value of the invoice after the deduction of quantity discounts.

F. QUOTATIONS AT FIRM PRICES:

Quotations at firm prices for other than immediate shipment will be made only to the following:

1. To Trade Buyers on Built-Up Roofing Products:

To Trade Buyers we quote prevailing prices on Built-Up Materials and offer protection on specific jobs subject to these provisions: That Trade Buyer file with us a written request for price protection on specific jobs immediately upon bidding the job or in any case, not later than 10 days after the date of the next following price advance; that a specific work-sales contract agreement for materials for such specific jobs be entered into with us within 10 days of the award of the roofing contract, but, in no case, later than 60 days from the date of quotation or the next

following price advance as referred to above; then we will protect the quoted prices on such specific jobs and make shipment as required for the job, but within a year of the date order was placed.

2. To U. S. Government, City, County and State Governments:

We will quote these buyers firm prices on their inquiries for immediate acceptance or acceptance within 30 days of opening of bids. Shipments on orders from such buyers at prices quoted will be made either immediately or within a specified time in accordance with delivery requirements stated in official circulars inviting bids. Increases in our prices between the date of inquiry and the date of opening of bids, both inclusive, will not be effective against such written quotations. If the date of inquiry is the effective date of a price increase, or if it falls within any established booking period following the effective date of a price increase, the prices quoted on such inquiries will be those in effect prior to the effective date of the price increase.

3. To Trade Buyers on U. S. Government Work:

When trade buyers bid direct to the U. S. Government, or to contractors for the purpose of enabling them to bid direct to the U. S. Government, we will protect such trade buyers in accordance with paragraph (2) above on bids actually awarded by the U. S. Government to a trade buyer, provided that in case of the award being made to a trade buyer he supplies us with a certified copy of the Government award and contract and provided the bid prices made by the trade buyer at the time the bid was made are no lower than our prices to the U. S. Government. In the case of award being made to the contractor customer of the trade buyer, the trade buyer shall furnish us with full details of the project concerned, including amount of materials, dates of opening of bids and award, project designation and certification from the trade buyer that quotation to his contractor customer was based on our prices effective on date of invitation for bids.

In the event we advance our prices prior to the delivery date required by the U. S. Government on contract awarded to a trade buyer, we, when making shipments to or for the account of the trade buyer against such U. S. Government contracts, will invoice same at our prices in effect at the time of shipment and before making allowance to cover price protection on shipments made to fill such contracts, shall require a certified copy of the trade buyer's invoice to the U. S. Government or to the trade buyer's contractor customer.

The price protection provided above will apply on quotations to permanent departments of the U. S. Government but on quotations to Federal Government Agencies only when the materials are for use on Federal Government owned or leased property when invitations to bid are received on standard U. S. Government forms and awards are made in accordance with the usual regulations applying to the U. S. Government.

V. TYPES OF SHIPMENTS

A. SHIPMENTS BY RAIL AND/OR WATER:

1. Carloads or Pool Carloads:

All shipments amounting to 40,000 lbs. or more, shipped in a box car, or if by water in a single shipment on one bill of lading, and invoiced to one buyer on one invoice, not stenciled or otherwise marked in the name of any buyer.

2. Stop-Over Carloads:

A group of individual shipments, not stenciled or otherwise marked in the name of the consignees, aggregating not less than 40,000 lbs., shipped as a single box car shipment, all invoiced to one buyer, but consigned to more than one destination.

3. Less Carloads:

- (a) Single shipments of less than 40,000 lbs.
- (b) Shipments of less than 40,000 lbs. contained in a pool or stop-over carload (40,000 lbs. minimum) and invoiced to

individual participants in such carloads. Such less carload shipments contained in a pool or stop-over carload will on request be stenciled or otherwise marked in the name of the individual participants.

4. Back Order Shipments:

The balance of only a carload rail and/or water order (not including any type of truck shipment) which we were unable to ship at the time the carload of 40,000 lbs. minimum weight was shipped.

B. SHIPMENTS BY TRUCK:

1. Five-Ton Shipments Delivered by Our Owned or Hired Trucks:

Single shipments of not less than 5 tons of our Group A, B, C, D, E and F products delivered by our owned or hired trucks to one destination.

2. Less Than 5-Ton Shipments:

Any quantity of less than 5 tons of our Group A, B, C, D, E and F products delivered by our owned or hired trucks.

3. Pick-Ups by Customer's Own or Hired Trucks:

Any quantity picked up at our factory or warehouse.

Note: Shipments by our owned or hired trucks will be made only to destinations where delivery costs from our shipping points are not excessive.

C. PRODUCTS INCLUDED FOR WEIGHT IN CARLOAD SHIPMENTS:

In addition to products shown in our Roofing Price List all products which, when included in mixed carloads with asphalt roofing products, may in any freight classification territory be shipped at the same freight rate charged for asphalt roofing products shipped in carloads, may be included for weight in establishing the tonnage requirements of carload shipments.

Note: As an accommodation to our customers we will include asbestos shingle and siding products of another manufacture in carloads as defined above in this section. On such mixed car shipments these products will count for tonnage in making up the weight of the mixed carload, and the material of our manufacture included in the mixed carload will be invoiced at the carload price. The asbestos shingles and sidings will be invoiced direct to the customer by the manufacturer. The portion of the car which we invoice will be treated for all purposes under our sales policy as a carload shipment with the invoice indicating the products not of our manufacture included in the shipment.

VI. CLASSES OF SHIPPING AND DELIVERY POINTS

A. BASING POINT:

All points within the corporate limits of any city or town established by us as a Basing Point and considered as such by us in quoting destination prices.

B. BASING POINT ZONE:

Such territory in addition to the corporate limits of the Basing Point as we may define and establish.

C. NON-BASING FACTORY POINT:

The area within the corporate limits of any city or town established as a Non-Basing Factory Point by us.

D. NON-BASING FACTORY ZONE:

Such territory in addition to the corporate limits of the Non-Basing Factory Point as we may define and establish.

E. OUR WAREHOUSES:

All storage places, other than our asphalt roofing factories, owned or leased by us where our roofing products are carried in stock for the purpose of better serving the public.

F. OUTSIDE WAREHOUSE POINT:

The area within the corporate limits of any city or town in which we (or any other asphalt roofing manufacturer) maintain a roofing warehouse not located within a Basing Point Zone or a Non-Basing Factory Zone.

G. OUTSIDE POINTS:

All points other than Basing Points, Basing Point Zones, Non-Basing Factory Points, Non-Basing Factory Zones and Outside Warehouse Points.

VII. BASING POINTS AND BASING POINT ZONES

A. BASING POINTS:

The basing points as defined in Section VI are as listed below for Group A, B, C, D, E and F products:

Alabama	Louisiana	New York
Birmingham	New Orleans	Buffalo
Mobile	Massachusetts	Ohio
Arkansas	Boston	Cincinnati
Waterloo	Michigan	Cleveland
Georgia	Detroit	Pennsylvania
Savannah	Minnesota	York
Illinois	Minneapolis	Tennessee
Chicago	Missouri	Memphis
East St. Louis	Kansas City	Texas
Indiana	New Jersey	Port Neches
South Bend	Jersey City	

Note: Price lists will indicate our prices applying at each of the above basing points.

B. BASING POINT ZONES:

The basing point zones as defined in Section VI are as described below for Group A, B, C, D, E and F products:

Birmingham, Alabama:

The territory within the boundaries of a line connecting and including Majestic, Monmouth, Morlam, Greens, Huffman, Alton, Irondale, Hedona, Homewood, Graces, Oxmoor, Shades Creek, Shannon, Sloss, Bessemer, Brighton, Woodward, Collins, Dolomite, By-product, Brynton, Falls Junction, Wylam, Ensley, Sandusky, Coalburg, Arcadia, Ridgeland, Clift, thence to point of origin at Majestic.

Boston, Massachusetts:

Suffolk, Plymouth and Bristol Counties, Massachusetts.

In Essex County, Mass., the Townships of Marblehead, Swampscott, Nahant, Lynn, Salem, Saugus, Peabody, Danvers, Lynnfield. In Middlesex County, Mass., the Townships of Billerica, Wilmington, Reading, North Reading, Wakefield, Burlington, Bedford, Carlisle, Lincoln, Concord, Sudbury, Waltham, Lexington, Winchester, Stoneham, Woburn, Everett, Somerville, Cambridge, Melrose, Malden, Arlington, Medford, Belmont, Weston, Watertown, Wayland, Natick, Newton.

The Town of Brookline.

In Norfolk County, Mass., the Townships of Wellesley, Needham, Dover, Dedham, Canton, Westwood, Norwood, Medfield, Millis, Walpole, Sharon, Stoughton, Avon, Milton, Quincy, Randolph, Braintree, Hollbrook, Weymouth, Cohasset, Foxboro, Wrentham, Plainville, Norfolk, Franklin, Medway, Bellingham. Providence County, Rhode Island.

Buffalo, New York:

In Niagara County, the Townships of Lewiston, Cambria, Lockport, Niagara, Wheatfield and Pendleton.

In Erie County, the Townships of Tonawanda, Amherst, Clarence, Newstead, Alden, Lancaster, Cheektowaga, Erie, West Seneca,

Elma, Marilla, Aurora, East Hamburg, Hamburg, Evans, Eden, Boston.

In Genesee County, the Township of Darien.

In Wyoming County, the Township of Bennington.

Chicago, Illinois:

In Illinois: Cook County, Du Page County, Will County.

In Lake County, the Townships of Benton, Waukegan, Warren, Libertyville, Shields, Deerfield, West Deerfield, Elia and Vernon.

In Kane County, the Townships of Elgin, St. Charles, Campton, Blackberry, Geneva, Sugar Grove, Aurora and Batavia.

In Kendall County, the Township of Oswego.

In Kankakee County, the Townships of Rockville, Manteno, Sumner, Yellowhead, Momence, Caneer, Kankakee and Bourbonnais.

Lake and Porter Counties, Indiana.

Cincinnati, Ohio:

In Ohio, Hamilton County.

In Butler County, Ohio, the Townships of Union, Fairfield, St. Clair, Liberty, Lemon, Madison.

In Warren County, Ohio, the Townships of Deerfield, Union, Hamilton, Turtle Creek, Franklin.

In Clermont County, Ohio, the Townships of Miami and Union.

In Kentucky, Kenton County, the first and third Magisterial Districts of Rushs; and in Campbell County, the Precincts of Highlands, Bellevue, Dayton, Newport.

Cleveland, Ohio:

All of Cuyahoga County.

In Lake County, the Townships of Painesville, Concord, Mentor, Willoughby and Kirtland.

In Geauga County, the Townships of Chester, Russell, Newbury, Auburn and Bainbridge.

In Portage County, the Townships of Aurora and Mantau.

In Summit County, the Townships of Hudson, Twinsburg, Northfield.

In Medina County, the Townships of Hinckley, Brunswick, Medina, York and Liverpool.

In Lorain County, the Townships of Grafton, Columbia, Eaton, Ridgeville, Avon, Avon Lake, Sheffield, Elyria, Carlisle and Black River.

Detroit, Michigan:

The territory within the boundary of a line connecting and including South Rockwood, Carleton, West Sumpter, Willis, Ypsilanti, Plymouth, Northville, Novi, Walled Lake, West Pontiac, Auburn Heights, Utica, Waldenburg, Lakeside, Lake Shore, St. Clair Shores, Grosse Pointe Farms, Grosse Pointe, thence down the Detroit River to origin point of South Rockwood.

East St. Louis, Illinois:

In Madison County, Ill., the Townships of Godfrey, Foster, Wood River, Fort Russell, Edwardsville, Fin Oak, Choteau, Jarvis, Collinsville, Venice, Nameoki, Granite City.

In St. Clair County, Ill., the Townships of O'Fallon, Caseyville, Canteen, Stites, Centerville, Sugar Loaf, Stookey, St. Clair.

In St. Louis County, Mo., the Townships of St. Ferdinand, Normandy, Clayton, Jefferson, Bonhomme and Carondelet.

The independent city of St. Louis.

Kansas City, Missouri:

The corporate limits of:

In Jackson County, Mo.: Kansas City, Dodson, Independence, Holmes Park, Hickman Mills, Sugar Creek, Grandview, Raytown, Cement City.

In Clay County, Mo.: North Kansas City, Avondale.

In Wyandotte County, Kan.: Kansas City, including Fairfax Industrial District, Turner, Welborn.

In Johnson County, Kan.: Merriam, Shawnee, Overland Park, South Park.

Any towns or villages in this area not specifically mentioned are not to be included in this zone.

Memphis, Tennessee:

Shelby County, Tenn.

In Crittenden County, Arkansas, the Townships of Wapanocca, Mound City, Jasper, Mississippi and Proctor.

Middle Atlantic Zone:

In New Jersey, the Counties of: Bergen, Burlington, Camden, Essex, Gloucester, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union, Warren. Rockland County, New York.

In Pennsylvania, the Counties of: Adams, Bucks, Chester, Dauphin, Delaware, Lancaster, Lebanon, Montgomery, Northampton, Philadelphia, York.

Newcastle County, Delaware.

In Maryland, the Counties of: Anne Arundel, Baltimore, Cecil, Harford, Howard, Prince Georges, and the corporate limits of the independent city of Baltimore.

The District of Columbia.

Mobile, Alabama:

The territory within the boundary of a line drawn through and connecting the corporate limits of the Cities or Villages of San Souci Beach (on Mississippi Sound), Bayou Labatre, St. Elmo, Dawes, Semmes, Duff, Salco, Bay Minette, Bromley, and thence to Mobile Bay down Bayou Minette.

Minneapolis, Minnesota:

The corporate limits of Minneapolis and St. Paul and the suburbs of Robbinsdale, Columbia Heights, St. Louis Park, Fort Snelling, West St. Paul, and South St. Paul.

New Orleans, Louisiana:

On the North, Lake Pontchartrain; on the East, a line connecting and including Edgelake, Lee, Chalmette, Meraux, New Home, Story, Campbell, Violet; thence, on the South, a line connecting and including Violet, Fort St. Leon, Gretna, Harvey, Powell, Avondale, Waggaman, Witherow; thence, on the West, a line connecting and including Witherow, Frellsen Junction, Frellsen, thence to Lake Pontchartrain along the Jefferson and St. Charles Parish line.

Port Neches, Texas:

Orange and Jefferson Counties.

Savannah, Georgia:

The corporate limits of Savannah, and Chatham County, Georgia.

South Bend, Indiana:

In Indiana: St. Joseph, Elkhart, Marshall, Starke and La Porte Counties.

In Michigan: Berrien and Cass Counties.

Waterloo, Arkansas:

The corporate limits of Waterloo and Cummings Springs, Ark., including the Towns or Villages, if any, on the line of railroad therebetween.

Note: Price lists will indicate our delivered prices applying on shipments to within each of the above Basing Point Zones. Jersey City, N. J. and York, Pa. lie within the Middle Atlantic Zone.

VIII. NON-BASING FACTORY POINTS AND NON-BASING FACTORY ZONES

A. NON-BASING FACTORY POINTS:

The Non-Basing Factory Points as defined in Section VI are as listed below for Group A, B, C, D, E and F products:

Georgia	Illinois	New York	Pennsylvania
Atlanta	Marseilles	Fulton	Erie
	Vandalia		

B. NON-BASING FACTORY ZONES:

The Non-Basing Factory Zones as defined in Section VI are as described below for Group A, B, C, D, E and F products:

Atlanta, Ga.:

The corporate limits of the City of Atlanta, and Fulton and DeKalb Counties.

Erie, Pa.:

The corporate limits of Erie.

Fulton, N. Y.:

The corporate limits of Fulton.

Marseilles, Ill.:

The corporate limits of Marseilles.

Vandalia, Ill.:

The corporate limits of Vandalia.

IX. TRUCKING AREA OUTSIDE BASING POINT ZONES

That portion of the following states outside of Basing Points and Basing Point Zones:

Connecticut	Massachusetts	New York	Pennsylvania
Delaware	New Jersey	Ohio	Rhode Island

The Southern Peninsula of Michigan.

The Following Counties in:

Indiana—Allen, De Kalb, Kosciusko, La Grange, Noble, Steuben and Whitley.

Kansas—Franklin, Miami, Douglas, Shawnee, Jefferson, Atchison, Leavenworth and that portion of Wyandotte and Johnson Counties not included in the Basing Point Zone.

Maryland—Calvert, Carolina, Carroll, Charles, Dorchester, Frederick, Kent, Montgomery, Queen Annes, St. Mary's Somerset, Talbot, Washington, Wicomico and Worcester.

Missouri—Cass, Platte and the part of Clay and Jackson Counties not included in the Basing Point Zone.

New Hampshire—Belknap, Carroll, Cheshire, Grafton, Hillsborough, Merrimac, Rockingham, Strafford and Sullivan.

Vermont—Windham.

Virginia—Arlington.

West Virginia—Brooke, Hancock, Jefferson, Marshall and Ohio.

X. PRICES ON TYPES OF SHIPMENTS

A. THE BASING POINT PLAN:

Products in Groups A, B, C, D, E and F, inclusive, will be quoted and sold to all classes of buyers under a Basing Point Plan. Details are as follows:

1. Basing Points and Prices:

Prices will be established on each product at Basing Points. The Basing Point prices plus 9c per 100 lbs. will determine our price

on shipments to within that Basing Point or the surrounding Basing Point Zone. On shipments to Non-Basing Factory Points or Zones and to Outside Points, the lowest combination of any of our published Basing Point Prices per unit plus the freight per unit from the same Basing Point to destination will determine our prices.

2. Freight Rates:

Freight rates used in determining destination prices will be the all-rail C. L. or L. C. L. Rates for the respective classes of shipment as shown in the all-rail tariffs of the common carriers and authorized by the Interstate Commerce Commission and the State Railroad Commissions. Present emergency surcharges will not be added in determining destination prices.

If all-water or combination rail and water rates as published in the tariffs of the common carriers and authorized by the I. C. C., the State Railroad Commissions or the United States Shipping Board when combined with Basing Point Zone Prices result in lower destination prices than the combination of Basing Point Prices and rail freight and shipments may be made from Basing Points from which such rates apply, such rates will be used in determining destination prices. The 9c per 100 pounds included in the Basing Point Zone Price will be used instead of the switching and/or other charges appropriate as a part of the tariffs at origin point of such shipments and also in place of wharfage, tolls and/or other charges as a part of the tariffs at transfer points and/or destination points of such shipments.

When transportation charges, such as switching charges, are published on a "per car" basis, we will assume the car contains a minimum of 40,000 lbs. and will divide the charge by 400 (carrying to the third decimal place) to arrive at the charge per cwt. for use in arriving at destination prices.

3. Weights and Freight Conversion:

Weights shown in our Price Lists will be used in determining destination prices and these will approximate actual shipping weights. The freight to be added per unit product on shipments to other than within Basing Points or Basing Point Zones will be computed for each unit weight to the third decimal place, and in extensions all decimals beyond even cents will be dropped.

B. PRICES ON SHIPMENTS OF GROUP A TO F PRODUCTS TO DESTINATIONS WITHIN BASING POINTS OR BASING POINT ZONES:

1. Basing Point Zone Delivered Prices:

Shipments of Group A to F products to destinations within Basing Points or Basing Point Zones will be invoiced, depending on type of shipment, at one of the following types of prices:

- (a) C. L. Basing Point Zone delivered price.
- (b) 5-Ton Basing Point Zone delivered price.
- (c) L. C. L. Basing Point Zone delivered price.

The above types of prices will be published for respective Basing Point Zones, and discounts, if any, apply therefrom.

Note: Basing Point Zone delivered prices are 9c per 100 pounds higher than corresponding C. L., 5-Ton and L. C. L. Basing Point prices.

2. Pick-Ups by Buyer's Owned or Hired Trucks:

- (a) Any quantity—L. C. L. Basing Point Zone delivered price for that zone.

3. Deliveries by Our Owned or Hired Trucks:

- (a) L. C. L. (less than 5-tons)—L. C. L. Basing Point Zone Delivered Price for that zone.
- (b) 5-tons or more—5-ton Basing Point Zone delivered price for that zone.

4. Rail and/or Water Shipments:

- (a) L. C. L. (less than 40,000 lbs.)—L. C. L. Basing Point Zone delivered price for that zone.
- (b) C. L. (40,000 lbs. minimum)—C. L. Basing Point Zone delivered price for that zone.
- (c) Pool Car or Pool Stop-Over* car shipments:
 - (1) L. C. L. included therein—L. C. L. Basing Point Zone delivered price for that zone.
 - (2) C. L. included therein—C. L. Basing Point Zone delivered price for that zone.

*Note: Above prices for stop-over car shipments apply only if the first or all stop-over points are within the Basing Point Zone. If the final destination or any previous stop-over point except the first stop-over point is within the Basing Point Zone, all portions of the stop-over car shipment will be invoiced at the destination prices for that stop-over point having the highest destination price.

C. PRICES ON SHIPMENTS OF GROUP A TO F PRODUCTS TO DESTINATIONS AT OUTSIDE POINTS:

1. Outside Point Destination Prices:

Prices on shipments of Group A to F products destined to Outside Points, i.e., destinations other than within Basing Points, Basing Point Zones, Non-Basing Factory Points, Non-Basing Factory Zones or Outside Warehouse Points are arrived at by combining Basing Point Prices and freight as outlined in subsection A above.

Exception: On L. C. L. shipments based on Minneapolis the L. C. L. Basing Zone Price plus freight will determine destination price.

Prices referred to below are Basing Point Prices as published in our Price Lists for respective Basing Points. Lowest combination of Basing Point price plus freight from that Basing Point determines destination price.

2. Deliveries by Our Owned or Hired Trucks:

- (a) L. C. L. (less than 5-tons)—L. C. L. price plus L. C. L. freight.
- (b) 5-tons to within Trucking Area outside Basing Point Zones only—5-ton price plus C. L. freight.
- (c) 5-tons to points not within Trucking Area outside Basing Point Zones—5-ton price plus L. C. L. freight.

Note: See Section IX of this Sales Policy for definition of Trucking Area outside Basing Point Zones.

3. Rail and/or Water Shipments:

- (a) L. C. L.—L. C. L. price plus L. C. L. freight.
- (b) C. L.—C. L. price plus C. L. freight.
- (c) Pool car shipments:
 - (1) L. C. L. included therein—L. C. L. price plus C. L. freight.
 - (2) C. L. included therein—C. L. price plus C. L. freight.
- (d) Stop-over car* shipments:
 - (1) L. C. L. included therein—L. C. L. price plus C. L. freight to each stop-over point.
 - (2) C. L. included therein—C. L. price plus C. L. freight to each stop-over point.

*Note: The above prices for stop-over car shipments apply only if all stop-over points are Outside Points or if the first stop-over point is within a Basing Point Zone and all subsequent stop-over points are Outside Points. If the final or any previous stop-over point, except the first stop-over point, is within a Basing Point Zone, all portions of the stop-over car shipment will be invoiced at the destination prices for that stop-over point having the highest destination price.

D. PRICES ON SHIPMENTS OF GROUP A TO F PRODUCTS TO DESTINATIONS WITHIN NON-BASING FACTORY POINTS, NON-BASING FACTORY ZONE OR OUTSIDE WAREHOUSE POINTS:

1. Destination Prices:

Prices on shipments of Group A to F products destined to within a Non-Basing Factory Point, Non-Basing Factory Point Zone or Outside Warehouse Point are arrived at by combining Basing Point Prices plus the C. L. freight from that Basing Point to that Non-Basing Factory or Warehouse Point.

2. Pick-Ups by Buyer's Owned or Hired Trucks:

(a) Any quantity—L. C. L. price plus C. L. freight.

3. Deliveries by Our Owned or Hired Trucks:

(a) L. C. L. (less than 5-tons)—L. C. L. price plus C. L. freight.

(b) 5-tons or more—5-ton price plus C. L. freight.

4. Rail and/or Water Shipments:

Rail and/or water shipments will be priced on same basis as corresponding type of shipments to outside points as detailed in Subsection C above, except that L. C. L. shipments will be at L. C. L. price plus C. L. freight.

Note: Rail, water, or truck shipments from our factories or warehouses located within Non-Basing Factory Zones or Outside Warehouse Points when destined to within Basing Point Zones or other Outside Points will be invoiced in accordance with Subsections B and C above, depending on destination.

E. PRICES TO INDUSTRIAL BUYERS, CITY, COUNTY AND STATE GOVERNMENTS:

Prices on Group A to F products to such buyers as defined in Section III of this Sales Policy, will be as follows:

L. C. L. Shipments—L. C. L. dealer prices (not subject to quantity discount).

5-ton Shipments—5-ton dealer prices (not subject to quantity discount).

C. L. Shipments—C. L. dealer prices (not subject to quantity discount).

F. PRICES TO GENERAL CONSUMERS:

General consumers will be sold or quoted through Trade Buyers, but where necessary in rare instances to quote at all direct we will use for L. C. L.'s the dealer C. L. delivered or destination price plus 3 1/2 %.

XI. FREIGHT ALLOWANCES

A. GENERAL:

Allowances for freight on products sold at destination prices will be made only to the point where goods are actually unloaded. The allowances will be based upon rates that prevail from actual shipping point and not from other points within Basing Point Zones or Non-Basing Factory Zones. On C. L. rail or water shipments paid freight bills or duplicates thereof showing proper delivery must be furnished by buyers before allowances will be made.

We reserve the right, exercised through district offices, to reject any order which in our opinion involves an excessive freight allowance on any product. On orders accepted any freight charges in excess of those herein provided will be for the account of the buyer.

B. PREPAID FREIGHT CHARGES:

Wherever mention is made of "Destination Prices" or "Delivered Prices" in this Sales Policy it does not signify that it is our intention to prepay freight charges for the account of consignees nor that consignees are relieved of payment of freight charges nor that

we retain title to the merchandise while it is in custody of the carrier. When we deliver by our owned or hired trucks the trucking charges will be prepaid. Freight charges on rail and/or water shipments will be prepaid only as follows:

1. On shipments to actual prepay stations listed in published tariffs.
2. On shipments to State Departments and Industrial Buyers when destined to stations where no funds are available for payment of freight charges by the buyer.
3. On carload shipments made against a sight draft bill of lading.
4. On pool cars or stop-over cars if necessary to do so.

C. PICK-UPS BY CUSTOMER'S TRUCK:

On pick-ups at our factory or warehouse by customer's owned or hired truck no allowance will be made.

D. DELIVERIES BY OUR OWNED OR HIRED TRUCKS:

On deliveries by our owned or hired trucks the trucking charge will be prepaid.

E. RAIL SHIPMENTS:

On C. L. rail shipments full freight charges will be allowed on receipt of paid freight bill or duplicate. Stop-over charges will be allowed on stop-over carloads. On L. C. L. rail shipments the full freight will be allowed on the face of the invoice.

F. WATER SHIPMENTS:

On shipments via water or via rail and water actual freight charges from point of origin to rail destination of shipment will be allowed on receipt of paid freight bill.

XII. DISCOUNTS

A. QUANTITY DISCOUNTS:

To any Dealer who during the year 1936 purchases our Group A, B, C, D, E and F products in the quantities established and in accordance with the conditions outlined below, we will allow quantity discounts on our Group A, B, C, D, E and F products as follows:

1. For Shipments to Dealers at Outside Points and Within Non-Basing Factory Point Zones:

QUALIFYING QUANTITIES (40,000# Minimum Cars)	DISCOUNTS ON Carloads to Dealer's Own Warehouse Stock	Other Classes of Shipments
6-9 cars	1%	0
10-14 cars	2	2%
15-24 cars	3	3
25-49 cars	4	4
50 cars and over.....	5	5

2. For Shipments to Dealers Within All Basing Point Zones:

10-14 cars	2%	2%
15-24 cars	3	3
25-49 cars	4	4
50 cars and over.....	5	5

Note: In the case of a box carload shipped direct to a consumer for the account of a Dealer, we will allow the Dealer his earned quantity discount on the carload but the carload will not count for the Dealer's tonnage in qualifying for quantity discounts.

B. QUANTITY DISCOUNT CONDITIONS:

The Dealer's purchases during 1936 of our Group A, B, C, D, E and F products and similar products of other manufacturers will count for tonnage when included in:

1. C. L. shipments to buyer's own warehouse stock.
2. All pick-ups for the buyer's account.

3. All truck shipments to any destination for the buyer's account.
4. All L. C. L. rail and/or water shipments to any destination for the buyer's account.

In the case of stop-over carload shipments, quantities taken by each participant will count for that participant's tonnage in qualifying for quantity discount, but only that portion unloaded at the warehouse stock of the buyer to whom the stop-over carload is invoiced will be subject to quantity discount.

For a customer having more than one place of business, the discounts payable on shipments to his several places of business, all owned and operated by the same capital, will be determined by the discount earned at all places of business.

In determining the quantity discount payable we will require the Dealer to furnish a signed statement from each manufacturer show-

ing tonnage shipped by each manufacturer in accordance with these conditions.

Quantity discounts earned will be allowed from the face of invoices before the deduction of cash discount and will be retroactive on all shipments invoiced on the basis provided herein and shipped between the effective date hereof and December 31, 1936, or as long as such discounts remain in effect.

Shipments made on or after January 1, 1936, but invoiced on any basis other than at the discounts established herein will count for tonnage but will not be subject to quantity discounts.

We reserve the right to cancel these discounts without notice, but in any event they are not effective later than December 31, 1936.

Should we cancel these quantity discounts before December 31, 1936, the discounts earned in accordance with these provisions will be allowed on shipments made by us during the time these provisions are in effect.

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