

March 10, 1970

Metropolitan Talc Co., Inc.
77 River Street
Hoboken, New Jersey 07030

Attn. Mr. Peter Bixby

Dear Pete:

The monthly operating statement and operating expenses you prepared and gave out in our meeting last Wednesday is certainly very helpful for it does give a true, actual picture of operations for the month. You stated you would continue to prepare these each month and which I trust you will do.

The month of February surely must have been our best month so far and yet I hope can be improved upon. In working it around a little differently than you did and adding the tonnage produced that was not sold (inventory), I come up with the following:

CANADIAN

Sales 460 Ton + 80 T = 540 T

ITALIAN

Sales 350 Ton + 40 T = 390 T

Actual Production 885 T

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Based on this tonnage figure:

885 T

Direct Plant Expense	\$15,250.00 =	\$17.24/T
Burden (Insurance, Taxes etc.)	4,232.00 =	4.80 "
Depreciation	2,667.00 =	3.00 "
Cost per Ton		<u>\$25.04/T</u>

With this cost per ton figure:

\$25.04/T

Canadian Ore	\$22.00/T
Operating Cost	25.04 "
Bags & Pallets	7.00 "
	<u>\$54.04/T</u>

Italian Ore	\$80.00/T
Operating Cost	25.04 "
Bags & Pallets	7.00 "
	<u>\$112.04/T</u>

The Canadian sales with this kind of cost concerns me and especially when the sale of #4602 to Nestle ceases, which at the \$70.00/T figure helps greatly in averaging the overall selling price. This brings up the point of why we have only produced 54 tons of Metro #1 during January and February, for with a production of Canadian ore in January of 366 tons and 540 tons in February, it would seem that we could have produced something like 100-125 tons during these two months. With the sales price of \$92.50/T on this product, it could help somewhat averaging the sales price and particularly when the Nestle business drops off.

Cost of Production. While I realize that figures speak for themselves, it's hard for me to believe that the direct plant expense can amount to a figure of \$17.24/T. So in breaking down this figures I come up with a figure of about \$14.50/T with only using the major expenses.

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Based on February production of 885 tons and referring to operating expenses:

Code 6.5	Power	\$1,323.00
" 6.6	Gas	<u>1,128.00</u>

\$2,451.00 about \$2.80/T

Averaging January and February:

Code 6.16	Repairs	\$1,465.00 about \$1.70/T
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Gross Payroll	\$8,601.00 about <u>\$10.00/T</u>
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Per Ton Cost	<u>\$14.50/T</u>
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The major portion of this \$14.50/T cost is the \$10.00/T figure on payroll. I would like to have your view on this expense.

1. Could the production figure per month be higher than the 885 tons with this same gross payroll?
2. Are we over staffed, or is there any way of reducing this payroll figure?

While I've already mentioned that February figures were quite an improvement, we all know that we have a long way to go before we can feel that Metropolitan Talc Company is a sound investment for both parties.

Sincerely,

Clarence E. Clark

CBC/gb

cc: RGS, CUD ✓