



February 20, 1981

Mr. John D. Hite  
Vice President and General Manager  
Specialty Wood Chemicals Division  
Koppers Company Inc.  
Forest Products Group  
Pittsburgh, Pennsylvania  
15219

Dear John:

This will acknowledge our meeting of 3 weeks ago during which we discussed two difficulties that have developed with respect to our Agreement of March 13, 1980 covering the purchase of Giant Yellowknife crude arsenic trioxide by Koppers. The two items discussed were:

(1) The "Trioxide/Tacoma" price as published in "Metals Week" represented at the time we negotiated the contract Asarco's price for crude arsenic trioxide, minimum 95%  $\text{As}_2\text{O}_3$ , delivered in bulk. Subsequent to our negotiations "Metals Week" for some unknown reason began publishing Asarco's in drums price as the "Trioxide/Tacoma" price.

We have contacted the associate editor at "Metals Week" and discussed the entire matter. We were told that a correction will be noted in the next issue and that in the future their "Trioxide/Tacoma" price will represent Asarco's in bulk price.

(2) Because of the strike at Giant in the fall of 1980 and also because your new plant was not completed as of September 1, 1980 Koppers was unable to begin making regular truck shipments and thereby establish the "freight rate prevailing during the first month product is delivered" under the contract. When the first truck shipment was



made in February you indicated that Koppers initial freight rate was thereby established at 19.8¢ US/lb contained  $As_2O_3$ . Meanwhile the Asarco in bulk price had risen to 31.75¢ US/lb.

We presume that your difficulty with the above combination of events is that Koppers will not have a significant "transportation allowance" to offset the increase in price that will be due to Giant on September 1, 1981.

John, we trust that item 1 has been resolved to your satisfaction. We have thoroughly reviewed all of the points pertaining to item 2 and propose the following changes to the contract which we believe to be fair and reasonable to both Giant and Koppers:

- (1) The base price for Giant material will remain 7¢ US/lb contained  $As_2O_3$ .
- (2) For the total quantity of product to be delivered under the contract the base price of 7¢ US/lb contained  $As_2O_3$  shall be increased by the amount the "Metals Week Trioxide/Tacoma" price exceeds 24.25¢ US/lb.
- (3) Koppers' freight rate "prevailing during the first month product shall be delivered" shall be deemed to be equal to 16.1¢ US/lb.
- (4) Other terms to remain unchanged.

John, on the basis of the above Koppers would pay Giant a price of 10.8¢ US/lb commencing with the first shipment and which would be adjusted for each quotational month thereafter by increasing the base price of 7¢ US/lb contained  $As_2O_3$  by an amount equal to the difference by which:

- (a) the amount by which the "Trioxide/Tacoma" price averaged for the quotational month exceeds 24.25¢ US/lb,  
Exceeds,
- (b) the amount by which Koppers' truck freight rate for the quotational month exceeds 16.1¢ US/lb contained  $As_2O_3$ , provided however such allowance for transportation cost shall not exceed 50 percent of the increase in the published price.

John, please confirm your agreement to the foregoing and we will send a contract amendment to you shortly.

Yours Very Truly,

  
D.N. Zeraldo

DNZ:ac

c.c. D.J. Emery  
P.J. Raleigh