

THE FOLLOWING ARE CHANGES TO THE NOV 24 DRAFT THE PROPOSED GIANT
REPLY TO KOPPERS LETTER OF INTENT.

ITEM 1 AND 2

UNCHANGED

ITEM 3 - DURATION (MODIFY)

ADD TO THE PARAGRAPH ...
SUCH TERMINATION MAY OCCUR ON DEC. 31, 1981 OR AT THE END OF ANY
YEAR THEREAFTER.

ITEM 4 - QUANTITY (MODIFY)

FOLLOWING THE TABLE SHOWING TONNAGES ADD ...
THE TONNAGE CONCERNED SHALL BE DELIVERED IN APPROXIMATELY EQUAL
MONTHLY QUANTITIES.

FOR EACH CALENDAR YEAR OF THE AGREEMENT KOPPERS SHALL USE REASONABLE
EFFORTS TO PURCHASE GIANT'S ENTIRE ANNUAL OUT PUT OF PRODUCT, AT THIS
TIME ESTIMATED TO BE APPROXIMATELY 3,000 TONS OF CONTAINED AS203. IN
THE EVENT THAT KOPPERS SHALL PURCHASE GIANT'S ENTIRE PRODUCTION OF
CONTAINED AS203 IN ANY YEAR AND REQUIRES ADDITIONAL AS203, GIANT
SHALL USE REASONABLE EFFORTS TO PROVIDE SUCH ADDITIONAL AS203 FROM
WHATEVER SOURCES AVAILABLE. IN THE EVENT THAT THE PURITY OF SUCH
AS203 IS DIFFERENT FROM THE PURITY OF THE AS203 NORMALLY SUPPLIED
HEREUNDER, BOTH PARTIES HERETO SHALL DISCUSS THE APPLICABLE UP-
GRADING COSTS CONCERNED. SHOULD GIANT PRODUCE A HIGHER PURITY
AS203 (MINIMUM PURITY 98 PERCENT AS203) IN THE FUTURE AND OFFER SUCH
MATERIAL TO KOPPERS, NO DEDUCTION SHALL BE ALLOWED TO KOPPERS FOR
UPGRADING.

LAST (2) PARAGRAPHS OKAY.

ITEM 5 - PRICE (MODIFY)

ALL NEW PARAGRAPHS ...

AN INITIAL BASE PRICE FOR PRODUCT, APPLICABLE FOR THE FIRST CALENDAR
MONTH OF THE AGREEMENT AND EXPRESSED IN CENTS PER POUND OF CONTAINED
AS203, SHALL BE THE PRICE OF AS203 SOLD BY ASARCO'S TACOMA SMELTER
FOB TACOMA PLUS THE COST OF FREIGHT TO CONLEY, GEORGIA, CURRENTLY
23.25 CENTS PER POUND AND ----- PER POUND RESPECTIVELY AND SAID
BASE PRICE SHALL THEN BE ADJUSTED MONTHLY TO OBTAIN THE SALES PRICE
FOR PRODUCT TO BE PAID FOR BY KOPPERS TO GIANT AS FOLLOWS.

(A) THE BASE PRICE SHALL BE ADJUSTED FOR THE SECOND AND SUBSEQUENT
MONTHS BY AN AMOUNT EXACTLY EQUAL TO THE INCREASE OR DECREASE
FROM THE PRIOR MONTH TO THE CURRENT MONTH IN THE MONTHLY AVERAGE
TACOMA PRICE FOR ARSENIC TRIOXIDE AS QUOTED IN UNITED STATES
FUNDS AND PUBLISHED IN "METALS WEEK". IN THE EVENT THAT THE
TACOMA PRICE CEASES FOR WHATEVER REASON TO BE PUBLISHED IN
"METALS WEEK" BOTH KOPPERS AND GIANT SHALL INVESTIGATE OTHER
PUBLISHED AS203 PRICES IN METALS WEEKS OR OTHER APPLICABLE
TRADE PUBLICATIONS IN ORDER TO ARRIVE AT A MUTUALLY ACCEPTABLE
PRICE ESCALATOR/DE-ESCALATOR.

(B) THE SALES PRICE FOR PRODUCT IN ANY GIVEN MONTH SHALL BE CAL-
CULATED BY ADDING THE APPLICABLE ESCALATOR/DE-ESCALATOR TO THE
BASE PRICE AND DEDUCTING THEREFROM THE FOLLOWING:

(I) ALL DIRECT COSTS INCURRED BY KOPPERS ON TRANSPORTING AND
UNLOADING PRODUCT AND IN DISPOSING OF RESIDUAL SLUDGE.

(II) ADDITIONAL OUT OF POCKET CASH OPERATING COST UTILIZING
GIANT'S PRODUCT COMPARED TO 98 PERCENT AS203.

(III) A 50 PERCENT RETURN TO KOPPERS ON AN AVERAGE YEARLY NET
INVESTMENT OVER A 3 YEAR CONTRACT PERIOD.

(IV) ALL DEDUCTIONS SPECIFIED ABOVE SHALL BE SUBMITTED BY
KOPPERS TO GIANT FOR DISCUSSION AND WHEN MUTUALLY AGREED
SHALL FORM PART OF THE CONTRACT.

(C) AT NO TIME WILL THE CALCULATED SALES PRICE BE LESS THAN ZERO
CENTS/POUNDS.

*Free up
Nov. 91?*

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13

ITEM 6 - TITLE TO RESIDUAL SLUDGE

OKAY AS IS.

ITEM 7 - FORCE MAJEURE

OKAY AS IS.

ITEM 8 - ECONOMIC CLAUSE (MODIFY)

INSERT NEW CLAUSE ...

THE AGREEMENT SHALL CONTAIN A CLAUSE WHICH WILL EXCUSE GIANT FROM PERFORMANCE OF THE AGREEMENT UPON 6 MONTHS WRITTEN NOTICE TO KOPPERS IN THE CASE WHICH THE OPERATION OF THE MINE BECOMES UNPROFITABLE BECAUSE OF ANY NUMBER OF UNFORESEEN EVENTS.

CALLED BEATTIE AND REVIEWED MAJOR POINTS. PRICING WILL REQUIRE ADDITIONAL DISCUSSION AS WELL AS QUANTITY. .

IF YOU AGREE WITH DRAFT, I WILL HAVE MATTHEWS REVIEW IT.

KOPPERS IS TALKING TO TRIMAC ABOUT DIRECT TRUCKING GIANT TO CONLY, GEORGIA. LOADING CAN BE DONE USING NEW SCREW CONVEYORS FROM BAGHOUSE AREA TO TRUCK INITIALLY. VERY LOW CAPITAL FOR ALL CONCERNED.

CON IS INTERESTED IN THE GIANT APPROACH TO GOLD RECOVERY AND ARSENIC UPGRADING. WILL COVER DISCUSSION IN A NOTE.

P J RALEIGH

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GIANT YK

FALCONBRIJ TOR

Me
GIANT YK

FALCONBRIJ TOR

DEC 6/78

MSG NO 1665