

Metropolitan Talc Company, Inc.

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February 16, 1970

Mr. Robert G. Smith, President
Whittaker, Clark & Daniels, Inc.
100 Church Street
New York, New York 10007

Dear Bob:

We have been reviewing the situation of Metropolitan Talc Co. and its future operations here in this office, and believe that because of the recent developments, that serious consideration should be given to the raising of price on all grades of Canadian Talc currently sold. While our initial estimate of the situation seemed to indicate a more gradual approach to the problem, several things have occurred which we believe make it reasonable to increase prices almost immediately.

The large loss sustained last year by Metropolitan was caused by failure of prices to meet the costs of producing at South Plainfield. As you are well aware we have received the initial order from Johnson & Johnson of New Brunswick, for 1100 tons of #1615 Talc to cover the period of February 23rd through June 15th. They have indicated great concern to us that if Shower should meet with good market approval, they might have to increase this tonnage and wonder about our abilities to supply. We have assured them that with the existing business we have in hand, we could take care of between 2000 and 2500 tons on an annual basis. However, with Ponds and the other 1615 customers and Johnson & Johnson's business and with the possible additions of either Cheramy or Mennen, or perhaps both, we must look ahead to our production capabilities. It is our opinion here that we should announce a \$5.00 increase on all new business on and after March 15th to March 30th at the latest. Of course, where we have accepted business on Canadian Talc for future deliveries at a

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given price, we must honor these commitments. Nestle-LeMur have ordered 300 tons of 4602 at \$70.00 per ton, approximately half of which they have already received. However, after the balance of this order has been delivered, we would advise them of a price increase of \$5.00 per ton. While we do not know the ultimate effect of this increase on customers such as Kentile, I believe we are in a position to accept their possible loss without seriously jeopardizing the picture of Metropolitan Talc Company.

We would appreciate your thoughts on this matter together with Larry's and Mr. Clark's. Please let us know if you think that this is a wise move.

Very truly yours,

CHARLES MATHIEU, INC.

DRF:ls


Donald R. Ferry
President