March 29, 1971

MEMORANDUM:

TO: Mr. J. W. Rawlings
FROM: G. P. Stromberg

Attached are Schedules A, B, C, & D together with an explanation of the price escalation applicable to A28 Asbestos.

I understand that it was your intention to include a copy of the adjustments in your letter to the German distributor.

GPS:pm
Att.

UCC 010611

PLAINTIFF'S EXHIBIT
UC-4229

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EXAMPLE OF PRICE ESCALATION

Schedule C lists the indices shown in the Monthly Bulletin of Statistics (March issue) as published by the United Nations.

Schedules A, B and C shows a sample calculation of price escalation applicable to the A-28 product, assuming the hypothetical case of contract commencement on April 15, 1970.

The base month for index purposes is, therefore, January, 1970. Price escalation is applied to the stated contract price less $.15 for each incremental poundage segment applicable to the first period. The formula is as follows:

$$53\% \text{ (Contract Price/Lb.)} \times \frac{\text{Mathematical Average of Wage Indices}}{\text{Base Wage Index}}$$

$$47\% \text{ (Contract Price/Lb.)} \times \frac{\text{Mathematical Average of Raw Mat. Wholesale Indices}}{\text{Base Raw Mat. Index}}$$

The sum of the above calculations under the formula, plus $.15, would be the total CIF price per lb. appropriate to each poundage segment for the ensuing price period.

Schedule B shows samples of the escalation calculations.

Schedule A shows the CIF price per lb. for A-28 as calculated for various pricing periods under the formula for this hypothetical case.

Schedule D lists the appropriate indices to be utilized to determine price escalation for various pricing periods on the basis that the contract commencement date is April 15, 1971.

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SCHEDULE A

EXAMPLE SHOWING ESCALATION OF A-28 SELLING PRICE
ASSUMING CONTRACT COMMENCES ON APRIL 15, 1970 INSTEAD
OF THE ANTICIPATED CONTRACT DATE OF APRIL 15, 1971

Period	First 50,000#	Second 50,000#	Third 50,000#	Fourth 50,000#	Fifth 50,000#	Sixth 50,000#	All Over 300,000#
4/15/70 - 10/14/70							
Ins. and Frt.	$.15	$.15	$.15	$.15	$.15	$.15	$.15
Cost Element	.45	.44	.43	.42	.41	.40	.39
Total CIF Price	$.60	$.59	$.58	$.57	$.56	$.55	$.54
10/15/70 - 1/14/71							
Ins. and Frt.	$.15	$.15	$.15	$.15	$.15	$.15	$.15
Cost Element	.46	.45	.44	.43	.42	.41	.40
Total CIF Price	$.61	$.60	$.59	$.58	$.57	$.56	$.55
1/15/71 - 4/14/71							
Ins. and Frt.	$.15	$.15	$.15	$.15	$.15	$.15	$.15
Cost Element	.46	.45	.44	.43	.42	.41	.40
Total CIF Price	$.61	$.60	$.59	$.58	$.57	$.56	$.55
4/15/71 - 7/14/72							
Ins. and Frt.	$.15	$.15	$.15	$.15	$.15	$.15	$.15
Cost Element	.46	.45	.44	.43	.42	.41	.40
Total CIF Price	$.61	$.60	$.59	$.58	$.57	$.56	$.55

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Schedule B

EXAMPLE OF MATHEMATICS INVOLVED IN PRICE ESCALATION

PRICE PERIOD 10/15/70 - 1/14/71

1st. 50,000#

$.53 (\$.45) \times \frac{\$3.33}{\$3.29} = \$.2414$

$.47 (\$.45) \times \frac{118.9}{116.5} = .2159$

$\$.4573$

Rounded $.46

2nd. 50,000#

$.53 (\$.44) \times \frac{\$3.33}{\$3.29} = \$.2360$

$.47 (\$.44) \times \frac{118.9}{116.5} = .2111$

$\$.4471$

Rounded $.45

3rd. 50,000#

$.53 (\$.43) \times \frac{\$3.33}{\$3.29} = \$.2307$

$.47 (\$.43) \times \frac{118.9}{116.5} = .2061$

$\$.4368$

Rounded $.44

PRICE PERIOD 1/15/71 - 4/14/71

1st. 50,000#

$.53 (\$.45) \times \frac{\$3.34}{\$3.29} = \$.2421$

$.47 (\$.45) \times \frac{118.4}{116.5} = .2149$

$\$.4570$

Rounded $.46

2nd 50,000#

$.53 (\$.44) \times \frac{\$3.34}{\$3.29} = \$.2367$

$.47 (\$.44) \times \frac{118.4}{116.5} = .2102$

$\$.4469$

Rounded $.45

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3rd. 50,000#

.53 ($.43) x $3.34/$3.29 = $.2314

.47 ($.43) x 118.4/116.5 = .2054

$.4368

Rounded $.44

PRICE PERIOD 4/15/71 - 7/14/71

1st. 50,000#

.53 ($.45) x $3.37/$3.29 = $.2443

.47 ($.45) x 117.5/116.5 = .2133

$.4576

Rounded $.46

2nd. 50,000#

.53 ($.44) x $3.37/$3.29 = $.2389

.47 ($.44) x 117.5/116.5 = .2086

$.4475

Rounded $.45

3rd. 50,000#

.53 ($.43) x $3.37/3.29 = $.2334

.47 ($.44) x 117.5/116.5 = .2086

$.4420

Rounded $.44

NOTE

The next four poundage increments are similarly treated in order to determine the escalation of $.42, $.41, $.40 and $.39 respectively.

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SCHEDULE C

INDICES

Month & Year	Hourly Earnings in Mfg. In the United States(1)			Index Numbers of Wholesale Prices In the United States Raw Materials Index(2)			
	Rate	Total of Rates	Average	Rate	Total of Rates	Average	
Jan. 1970	$3.29*			116.5*			*Assumed Base Mo.
Feb. 1970	3.29			118.9			
Mar. 1970	3.31			120.2			
Apr. 1970	3.32			119.4			
May 1970	3.34			118.7			
June 1970	3.36			118.9			
July 1970	3.37	$23.28	3.33	119.8	832.4	118.9	(A)
Aug. 1970	3.37			116.7			
Sept. 1970	3.42			118.4			
Oct. 1970	3.37	33.44	3.34	116.7	1184.2	118.4	(B)
Nov. 1970	3.39			114.0			
Dec. 1970	3.46			113.8			
Jan. 1971	3.49	43.78	3.37	116.0	1528.0	117.5	(C)

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Monthly Bulletin of Statistics
United Nations - March, 1971 Issue

(1) Table 57, Page 146
(2) Table 58, Page 158

Mathematic average of indices to compare to the base month indices:

(A) For the price period Oct. 15, 1970 - Jan. 14, 1971

(B) For the price period Jan. 15, 1971 - April 14, 1971

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Schedule D

PRICING PERIODS ASSUMING
CONTRACT COMMENCEMENT ON
April 15, 1971

January 1971 = Base Month

January 1971 Wage Rate in U.S. = $3.49/Hour

January 1971 Index No. of Wholesale Prices for Raw Materials - U.S. = $116.00

	PERIOD
Use stated sales price/lb (January 1971 rates published March 1971)	April 15, 1971 - October 14, 1971
Use July 1971 wage & wholesale rates (Published in September 1971)	October 15, 1971 - January 14, 1972
Use October 1971 wage & wholesale rates (Published in December 1971)	January 15, 1972 - April 14, 1972
Use January 1972 wage & wholesale rates (Published in March 1972)	April 15, 1972 - July 14, 1972
Use April 1972 wage & wholesale rates (Published in June 1972)	July 15, 1972 - October 14, 1972
Use July 1972 wage & wholesale rates (Published in September 1972)	October 15, 1972 - January 14, 1972

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