

MARCH 10, 1994

CARTEL MEETING IN MAUI, HAWAII

**CO-CONSPIRATOR EXPLAINS HOW END-OF-YEAR COMPENSATION
SCHEME ELIMINATES INCENTIVE TO CHEAT ON CARTEL**

Segment 7 - March 10, 1994, Maui, Hawaii - Video Tape

WHITACRE: Yeah.

WILSON: Sir, I-I, now, that's gonna be your business. Again, I wanna go back and I wanna say somethin' very simple. If we're gonna trust each other, okay, and if I'm assured that I'm gonna get 67,000 tons by the year's end, we're gonna sell it at the prices we agreed to and I frankly don't care what you sell it for. But as long as I know I'm gonna get my 67,000 tons, 'cause I'll sell it at full market price. If you choose not to do that...

WHITACRE: It's your loss.

WILSON: you could explain it to your management. I don't have to explain it. But I do have to explain it or Mark has to explain it to our management. The only thing we need to talk here because we are gonna get manipulated by these God damn buyers, they're sh, they can be smarter than us if we let them be smarter.

MIMOTO: (Laugh).

WILSON: Okay?

MIMOTO: (ui).

WILSON: They are not your friend. They are not my friend. And we gotta have 'em. Thank God we gotta have 'em, but they are not my friends. You're my friend. I wanna be closer to you than I am to any customer. 'Cause you can make us, I can make money, I can't make money. At least in this kind of a market. And all I wanna is ta tell you again is let's-let's put the prices on the board. Let's all agree that's what we're

gonna do and then walk out of here and do it. And if you do it, you're gonna win some, you're gonna lose some.

WHITACRE: But we balance it out at the end of the year.

WILSON: And at the end of the year, you're gonna be where we talked that we're gonna be. As long as the market's there.

WHITACRE: If you're under, we're gonna buy from you.

MIMOTO: Well, oh, I'll be happy, yeah. (Laughs).

(Laughter).

WILSON: So, that is always...

WHITACRE: We're buyin' from you already.

WILSON: That's always how to comes down.

MIMOTO: (ui).

WHITACRE: Central Soya

WILSON: They're gonna tell ya, "I could buy it cheaper." They'll, they'll outright lie to you. That's their job. You can believe 'em if you want to. If you trust us, and that is the big thing, if you trust us, you know we aren't doin' it.

WHITACRE: Because we're gonna be givin' our volumes to each other.

WILSON: And they're gonna be givin' the order to somebody. Somebody's gonna get the order and if they get too much and they don't stop it, then the you gotta look 'em right in the eye and say, "Mr. Whitacre, you're 2,000 tons ahead of where you're supposed to be. What the hell are you gonna do about it?" And if he's a gentleman and a man who lives up to his word, he's gonna cut. That's how it works. Has to. But it, in the meantime, you get all this stuff from customers, your sales people are complainin' and, but God damn it that's our job.

WHITACRE: I will say this...

WILSON:

As man-as managers, that is our job.