Dow claim current phenylphenols do contain chlorinated organics, but no PCBs. The proposed route would not increase the level of chlorinated organics in phenylphenols.

Perry Gehring, who is head of Dow's Toxicological Department, may contact you or your staff on this topic.

We believe Dow will pursue this route to phenylphenols either themselves or set up another producer of monochlorobiphenyl in U.S.A. if we do not reach an agreement. This could have grave effects on Monsanto's biphenyl and dielectric fluids business. We are however proceeding with due caution. Dow and MICC have agreed on:

1. Need for Hold Harmless agreement. (Final draft in Dow's hands).

2. Cross-sampling of monochlorobiphenyl and resulting phenylphenols so that agreement on PCB contamination reached.

3. Monsanto management to buy concept of selling to Dow.

4. Dow to pursue registration of phenylphenols with government agencies based on new manufacturing route.

5. MICC to alert the PCB Task Force of our intentions (if they are finalized).

We will take each of the above steps in order. Your comments on the acceptability of Dow's proposed chlorobiphenyl spec for phenylphenol contamination would be appreciated.

Cumming Paton

CP:mac