Monsanto

FROM (NAME & LOCATION) B2SH Cumming Paton

DATE November 11, 1971

SUBJECT Revised Therminol FR Conversion Offer

REFERENCE

TO : Domestic Salesmen and Sales Managers

cc: B2SJ N. T. Johnson
B2SL T. L. Gossage
B2SH J. J. Roder
B2SH D. E. Roush
B2NK W. B. Papageorge
C1NA P. S. Park
B2NB J. R. Savage
T3A W. R. Richard
B2SG C. L. Bradford

Our present conversion offers on Therminol FR are:

a) Monsanto absorbs return freight on FR fluids.
b) Monsanto pays incineration costs of $0.03 per pound.
c) Monsanto (sometimes) has supplied free Therminol 55 for flushing the system.
d) Monsanto sells refill fluid at much lower prices, i.e. $0.22/lb. for T-66 and $0.095/lb. for T-55.

This is too costly to continue in its present form. For example, consider a 2000 gallon FR-1 system being converted to T-55 or T-66. (Assume freight rates of $0.03/lb.)

1.	Five drums free T-55 for flushing (FOB cost):	$253
2.	Freight on T-55 for flushing:	64
3.	Return fluid freight (~27,000 lb. gross):	840
4.	Incineration cost (~25,000 lb. net):	750
		$1907

2000 gallon refill T-55:	15,000 lb.
2000 gallon refill T-66:	17,000 lb.
Conversion cost/lb. T-55:	$0.127/lb.
Conversion cost/lb. T-66:	0.112/lb.

These costs are before the price discount is applied. Even without flushing fluid, the conversion cost is ~$0.10/lb. for T-55 and $0.093/lb. for T-66.

	T-55	T-66
Discount FOB price	$0.095/lb.	$0.220/lb.
Conversion cost	0.127	0.112
Net FOB	-0.032/lb.	0.108/lb.

These net-backs are totally unacceptable. Accordingly we are revising our conversion offers on Therminol FR effective immediately. The new offer is described in the attached memo.

Cumming Paton

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Attachment

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