C. L. Bradford - G. O.

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INCINERATION POLICY

H. S. Bergen - B2SL
J. H. Davidson
R. E. Hatton
N. T. Johnson
G. F. Fague - 1320

T. L. Gossage

In discussion with Norm Johnson and George Fague, we arrived at an incineration policy which we think should be applicable at all General Motors locations plus other customers. We will charge all users our cost of 3¢ per pound FOB the Krummrich Plant for any fluid which they want incinerated. They will pay us at the time of incineration. We will then credit them at the rate of 3¢ a pound for all new straight phosphate esters which they buy at list price until the amount of the credit equals the total amount of money they paid for incineration. Where they purchase oil/phosphate ester blends we will credit them with 2¢ a pound to account for the difference in gross profit dollars between our two series of fluids.

Though this policy gives us an effective price reduction of about 30¢ per gallon for those customers who buy new phosphate esters from us and have fluid to incinerate, we are still perhaps 20-40¢ a gallon higher than our competitors if the $3.00 per gallon competitive prices we have heard about are true. One way to reduce this difference entirely would be to raise our price for incineration to those current Pydraul accounts who either choose not to buy our new fluids or who force us to bid for the business.

Note that we will not credit a customer for the incineration fee unless we get list price for the fluids. If we are forced to bid competitively, then the sale of new fluids and the price of incineration would be two separate items.

C. L. Bradford

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