F
Dow VCM

MR. T. C. WALKER

J. R. HOPPER

MARCH 17, 1980

DOW

I. The following three representatives of Dow plan to meet with us on March 19, 1980 at approximately 11:30 a.m. to discuss VCM:

Ted Richardson, Sales Manager
Frank Riley, Corporate Account Manager
Paul Teeter, Local Sales Rep.

II. Recent Dow Personnel Changes

Mr. Roger Gohrband replaced Bernie Butcher (promoted to VP position) as General Manager Inorganic Chemicals

Mr. Harry Mohlman replaced Nick Nuechterlein as Manager

III. Attached is a copy of Dow's latest VCM proposal for Pottstown and Perryville beginning January, 1981. Noteworthy differences over prior offerings are summarized below:

Page 1, Item 1 - Evergreen with 2 years termination notice.

Page 2, Item 2 - The QUANTITY description is now expressed as a percentage of requirements.

Page 2, Item 5B - Offering 90 days in place price protection with 30 days notice of change. This is an improvement over current 15 days price change notification prior to the beginning of any month.

Page 4, Item 11 - The terms of payment have been changed from monthly invoicing with 10 days payment to weekly invoicing with 30 days payment; an 8½ day improvement in payment terms.

J. R. Hopper

JRH:blc

Attachment

cc: Mr. J. J. McCoskey

Ted RICHARDSON

Dow wants 40% of Oaths & Perry -

offered: 4 mm lb/mo for 2 yrs (1981-82) of canadian VCM for Oaths or Perry at (Present FOB & payment terms)

Mr. Walker explained our desire to reduce Dow at Oath & Perry however they would remain our majority supplier

Dow was receptive to reducing to -o- Oath & Perry if & when D.R. expands probably 1985

2nd Proposal rec. Akron 1/24/80

CONTRACT NO. 56687

AGREEMENT made this _________ day of ___________, 1980, between Dow Chemical U.S.A., an operating unit of The Dow Chemical Company, with executive offices in Midland, Michigan, herein called "Seller" and The Firestone Tire and Rubber Company, an Ohio corporation with offices in Akron, Ohio, herein called "Buyer".

W I T N E S S E T H:

WHEREAS, Seller a manufacturer of vinyl chloride monomer complying with Dow specification number 91575 attached hereto, hereinafter called "VCM", wishes to sell same to Buyer upon the terms and conditions hereinafter set forth; and

WHEREAS, Buyer desires to purchase same from Seller upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, it is agreed between the parties as follows:

1. Term - the term of this agreement shall be the period commencing January 1, 1980 through December 31, 1985 and from year to year thereafter, subject to termination by Buyer or Seller at the end of the initial contract period or at the end of any subsequent contract year upon 24 months prior written notice; according to the terms and conditions below.

2. Quantity
    A. Seller's maximum obligation shall be 60 percent of Buyer's requirements for consumption, not to exceed 21,000,000 pounds in any month without further agreement.

    B. Buyer's obligation shall be 60 percent of its requirements for consumption at its plants at Pottstown, Pennsylvania and Perryville, Maryland each month (estimated to be 20 million pounds per month.)

3. Seller shall be obligated to supply from, and Buyer shall be obligated to take at, their respective facilities stated herein. Seller's obligation to supply and Buyer's obligation to take may be reduced proportionately to any reduction of operation at such respective facility in response to any governmental action relating to environmental matters.

4. Buyer shall place orders by the 15th day of the month preceding delivery, and shall take deliveries in approximately equal monthly quantities except as may be otherwise provided herein. If Buyer shall fail during any month to order such monthly quota, the quantity not ordered may be deducted from Seller's maximum obligation to supply.

5. Price

A. $0.20 per pound.

B. Seller may increase the price at any time with thirty (30) days prior written notice. Seller shall be limited to one increase in any ninety (90) day period, with the exception that if Seller decreases the price for any reason, Seller may subsequently at any time with 30 days written notice to Buyer increase the price to the level charged prior to the price decrease.

C. Favored Nations - Seller hereby agrees that if during the term of this agreement, specifically excluding one contract executed prior to June 6, 1969, and excluding contracts which may be terminated and are in the termination period, it sells or delivers vinyl chloride monomer to any of its U.S. VCM contract customers under terms and conditions that result in an FOB Seller's U.S. VCM producing plant price lower than the price in effect hereunder, it will offer to sell Buyer the same quantity, or Buyer's quantity obligation in paragraph 2A herein, if lower, of vinyl chloride monomer under the same terms and conditions.

6. FOB Seller's facility at Freeport, Texas or Plaquemine, Louisiana at Seller's option.

7. Transportation Terms - Freight collect

8. Method of Shipment - Seller's tankcars

9. Demurrage and Detention - Buyer will use all reasonable effort to unload and return Seller's delivery equipment to carrier within the tariff or contracted period free of demurrage and/or detention charges. Demurrage and/or detention charges on such equipment are to be paid by Buyer.

During periods when Seller's cars are in the possession or under the jurisdiction of Buyer, Buyer is responsible for cars and shall be liable to Seller for any or all damage to or destruction thereof which is directly attributable to Buyer. Buyer shall unload and then tender cars to the railroad, in accordance with routing instructions given by Seller, within Seller's then allowable time for the product involved beginning on the first 7:00 a.m. following placement ("actual" or "constructive", as defined in freight tariff PHJ60041 and subsequent tariffs). For days held in excess of this allowable detention time, Seller shall have the right to collect from Buyer as liquidated damages Seller's then generally applicable daily rate for each day, or part thereof or a rate negotiated between Buyer and Seller based on changing competitive conditions, if lower, that car is held by Buyer in excess of this allowable detention time.

If any of Seller's cars arrive at destination in damaged condition, Buyer shall immediately notify railroad agent at destination of such damage, and also make immediate report thereof to Seller. All repairs to cars shall be made under the supervision or the direction of Seller.

10. Title and risk of loss in all goods sold hereunder shall pass to Buyer upon Seller's delivery to carrier at shipping point.

11. Terms of Payment - Invoices for all VCM delivered hereunder shall be accumulated and submitted weekly and shall be paid within thirty (30) days from the date of the invoice.

12. Competitive Offer - If Buyer receives a written offer from a domestic producer not controlled by or controlling Buyer to supply, in place of Seller, at least 50 percent of the goods to be supplied hereunder for at least 24 months, which are of like quality, for a like use and deliverable in like quantities, at a delivered cost less than the then effective delivered cost hereunder, upon Buyer's notice stating all the terms and conditions including the quantity the Buyer intends to purchase of the competitive offer, Seller shall by written notice within thirty days of receipt of Buyer's notice (a) meet the competitive price and amend this contract accordingly, (b) choose not to meet and deduct from the Seller's maximum obligation to supply the quantity that the Buyer intends to purchase from the competitive source or (c) cancel the competitive quantity from the contract if agreement cannot be reached under (a) or (b) above.

13. Credit - Seller may defer shipments or alter payment terms if Buyer fails to pay invoices in accordance with terms of this agreement; provided, however, that Buyer is first given fifteen (15) days within which to cure said failure upon written notice from Seller.

14. Non-Assignability - The rights and duties of this contract are not assignable or transferable by either party without the other's written consent. This document constitutes a complete statement of the contract between the two parties.

15. Uniform Commercial Code - This contract shall be governed by and construed in accordance with the Uniform Commercial Code as in effect in Michigan except as the provisions of such code are herein modified.

16. Amendments - Any modification of this document by the Buyer, and any additional or different terms included in Buyer's purchase order, any other document responding to this offer, or subsequent documents, purchase orders or acknowledgment requests provided by Buyer relating to this contract after its execution, shall be null and void whether or not signed

by Seller. The terms and conditions herein may only be modified by an amendment, expressly stated as such, signed by both parties. By ordering for shipment the goods herein, Buyer agrees to all the terms and conditions contained in this document.

17. Patent Infringement - If suit is brought against Buyer alleging that the manufacture or sale of any staple commodity of commerce sold hereunder infringes any U.S. Patent, then Seller will defend Buyer and pay any awards against Buyer for such infringement, provided Buyer gives Seller prompt written notice and permits Seller to defend.

18. Warranties - Seller warrants that the goods supplied hereunder shall conform to the description stated on attached sales specification, that it will convey good title thereto and that such goods shall be delivered free from any lawful security interest or lien or encumbrance. SELLER MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE, NOR IS THERE ANY OTHER EXPRESS OR IMPLIED WARRANTY.

19. Limitation of Seller's Liability - In no event shall the Seller be liable for any incidental or consequential damages, whether or not arising out of negligence. Seller's liability and Buyer's exclusive remedy for any cause of action arising out of this contract, including negligence, is expressly limited at Buyer's option to replacement of, or repayment of the purchase price for, the goods with respect to which damages are claimed. All claims of whatsoever nature shall be deemed waived unless made in writing within thirty days of Buyer's receipt of the goods.

20. Force Majeure - In the event of war, fire, flood, strike, labor trouble, breakage of equipment, accident, riot, act of governmental authority, acts of God, or contingencies beyond the reasonable control of Buyer or Seller, interfering with the production, supply, transportation, or consumption practice of the party at the time respecting the goods covered by this contract, or in the event of inability to obtain on terms deemed by the Seller to be practicable any raw material (including energy source) used in connection therewith, quantities so affected shall be eliminated from this contract without liability, but the contract shall otherwise remain

unaffected. Seller may, during any period of shortage due to any of said causes, allocate its supply of such raw material among its various uses therefor, (e.g., manufacturing and sales) in such manner as Seller deems practicable and allocate its supply of such goods among such various uses therefor in any manner which is fair and reasonable.

21. Non-Waiver - Failure of Seller or Buyer to exercise any rights under this agreement upon one occasion shall not waive a party's right to exercise the same on another occasion.

ACCEPTED by the parties of the date first entered above by their respective corporate officers.

THE FIRESTONE TIRE & RUBBER COMPANY	DOW CHEMICAL U.S.A.
By: ____________________	By: ____________________
Title: ____________________	Title: ____________________
Date: ____________________	Date: ____________________

DOW CHEMICAL U.S.A.

AN OPERATING UNIT OF THE DOW CHEMICAL COMPANY

MIDLAND MICHIGAN 48640

SALES SPECIFICATION

THE DOW CHEMICAL COMPANY QUALITY ASSURANCE 91575

SALES SPECIFICATION

DATE PRINTED: 15 NOV 76 PAGE: 1

PRODUCT CODE: 91575 EFFECTIVE: 22 MAR 76

NAME:

VINYL CHLORIDE MONOMER

DESC:COLORLESS, FLAMMABLE COMPRESSED GAS

TEST ITEM	UNIT	LIMITS	TEST METHODS
PURITY, MIN	%	99.9	
N-ACETYLENE, MAX	PPM	2	VC-19;VC-1
1,3-BUTADIENE, MAX	PPM	5	VC-17;VC-19
METHYL CHLORIDE, MAX	PPM	50	VC-19;VC-17
ETHYLENE DICHLORIDE, MAX	PPM	5	VC-18
WATER CONTENT, MAX	PPM	100	VC-11
ACIDITY (AS HCL) MAX	PPM	2	VC-2
IRON,NON-FILTERABLE, MAX	PPM	0.15	VC-5
NONVOLATILE RESIDUE, MAX	PPM	50	VC-6
OXYGEN IN VAPOR PHASE, MAX (SEE NOTE 1)	PPM BY VOL	1000	VC-21

PI:1190396 BULK

NOTE:
(1) 1000 PPM BY VOLUME = 500 PPM BY WEIGHT.

LAST PAGE

OCC 017127

Dow

4 B - eth Domestic (LPG)
+ 1 B - ADOIL NAPHA - PLACK.

1.2 B - Fort Sask - CANADA

200-300M SCANAA, ONT

20% to VCM & edc
PLA ② - 500
1982 925 ~~800~~ m +275m
Oyster Cr - 750
Freeport - 150

30% of all US - CHLORINE sell abt 10% use the rest
180 Scanada
700 Ft. Sask

(1100 TONS/DAY) 3400 Ton/DAY - [illegible]-cal
V -
V -
C -
M -
Sann.
-

7 locations
2 3V (Conna)
200 (Brazil)
1982 150 - (Yoos [illegible])

80% ENERGY self Guarantee

J. R. HOPPER

MR. R. J. KLEIN

I. S. WILSON

JANUARY 24, 1980

DOW VCM CONTRACT

Mr. Frank Riley hand delivered the attached revision to the Dow VCM contract No. 56687 during a visit this afternoon. Changes in this latest revision which occur on page 2, item 5B, indicate the seller may not subsequently increase the price level charged prior to a price decrease without 30 days written notice. The earlier proposal simply stated that the seller could increase the price any time upon written notice.

There has been a slight change in item 5C. The words, "quantity obligation" referenced to paragraph 2A have been inserted.

On page 4, item 12, the earlier proposal required the buyer's written notice of a competitive offer. This latest draft simply states upon buyer's notice.

Mr. Riley requested the opportunity to go back to his management with further objections, if any, prior to our committing this VCM business to a competitor. I have indicated we would communicate with him in this regard. Mr. Fred Brown will be coming in early next week for our reactions to this latest proposal.

PURCHASING DEPARTMENT

ISW:cs

cc: W. P. Bray
J. R. Hopper

Att.

Firestone
INTEROFFICE

TO MR. J. R. HOPPER
POTTSTOWN PLANT

FROM I. S. WILSON

DATE JANUARY 15, 1980

REFERENCE

SUBJECT DOW VCM MEETING

Dow requested a meeting with Firestone on the 15th to present a revised VCM contract proposal, copy attached. In attendance were Messrs. Frank Riley, Fred Brown and Edgar Smith from Dow, and Messrs. Bray, Klein and Wilson from Firestone. The following items were discussed

1. You will note Dow has not agreed to give us calendar quarterly price protection as requested. Dow maintains straight quarterly price protection could lock them into a substantial raw materials price increase for an additional two months. Therefore, they offer what they feel is a compromise--90 day price protection with 30 day price change notification. We have told them we would be disposed to place business with any competitor who will give us quarterly price protection.

2. On page 2, item 5B, we have told Dow we will not accept the statement regarding a price decrease with a subsequent increase to the level formerly charged. We have told them we simply cannot react quickly enough to accept these conditions.

3. On page 3, paragraph 6, Firestone requested that Dow change their terms of sale to FOB delivered Pottstown-Perryville as opposed to FOB shipping point. The Firestone reason for the request is that this would shorten the length of time VCM could be in our inventory and reduce our inventory financing.

4. On page 3, paragraph 11, Terms of Payment, Dow claimed that the provisions proposed give Firestone a 5-day advantage over current payment terms and made reference to the fact that this was discussed in Pottstown. This should be confirmed by Pottstown if such an analysis was done. ACTUALLY 8½ DAYS JRH

5. On page 4, item 12, Firestone has advised Dow we will not furnish competitive price information. Dow has responded that this clause is included only as legal "boiler plate" against the Robinson Patman Act.

6. On page 4, paragraph 15, Uniform Commercial Code, Firestone asked for clarification with respect to this Code as it is in effect in Michigan. Our question, "Doesn't the Uniform Commercial Code apply to all states equally and uniformly?"

7. On page 5, paragraph 21, Force Majeure, Firestone requested the words "or failure to act" be added with respect to governmental authority.

815TAA

8. On page 1, second paragraph, reference Dow specification number 91575. There is no provision for any change even if mutually agreed upon between Dow and Firestone. Does Pottstown see this as an impediment? No Per C. Kleinert JHF

We discussed some other changes for contract language, but the above were the substantive items under discussion. Please review the revised contract proposal and let me have your comments as soon as possible.

Ike Wilson

PURCHASING DEPARTMENT

ISW:cs

cc: W. P. Bray
R. J. Klein

Att.