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CONFIDENTIAL

NOVEMBER 21, 1973

MR. T. C. WALKER

J. T. LEONARD

DOW VINYL CHLORIDE MONOMER NEW CONTRACT NO. IC-10776

My comments are as follows:

Specifications set forth in Exhibit A were not attached. Material should meet our raw material specification RS-001F CD-001 Vinyl Chloride issued July 31, 1973 (attached).

Page 2, Subparagraph 2 of Paragraph 2

Firestone's minimum obligation stated as "up to two hundred forty million pounds per calendar year".

I am not sure if this means that if for some reason our total requirement was only two hundred forty million pounds we would be required to purchase our complete requirement from Dow regardless of other contract commitments or do we have a minimum obligation since they state "up to".

Page 2, Subparagraph 3 of Paragraph 2

Dow's maximum obligation of two hundred and fifty million pounds is not enough.
Our projected usage is as follows:

Fiscal Year	Million Pounds
75/76	600
76/77	710
77/78	730
78/79	800
79/80	900

Our only other contract is with Shell for a maximum quantity in 1975 of 95 million pounds. This is an evergreen contract with eighteen months notice and I expect we will learn Shell's intentions prior to June 30, 1974.

Page 2, Paragraph 3

No mention of Dow's newest plant in Oyster Creek, Texas. With the possibility of "force majeure" at a given plant, all plants should be covered.

No mention of size of tank cars. With Firestone paying all freight, we should be guaranteed the use of the present fleet of 38,000 gallon cars assigned to us.

Page 2, Paragraph 5

Quantity not ordered in any given month is deducted from the contract.

We should have more flexibility to cover our vacation shut downs, etc.

Page 2, Paragraph 6

We must be careful not to give them an option to cancel the contract because we didn't pay their invoices within ten days.

Page 3, Paragraph 7

Lines 10 thru 13 starting with "Dow may, during any period of shortage due to any of said causes, allocate, etc.

Word "allocate" should be changed to "prorate" and "in such manner as Dow considers practical" should be eliminated.

Page 3, Paragraph 9

We shouldn't have to pay the freight for rejected or replacement material.

Page 4, Paragraph 15

Page 5, Paragraph 16

Should include a "favored nations clause".

It would be helpful to start negotiations prior to September since we work on initial fiscal budgets for each year in July and August.

Contract states: "If agreement cannot be reached on such proposal by December 1 of the year in which made, the contract will terminate June 30 of the following year".

I assume it would be at the last agreed upon price prior to breakdown of negotiations.

Page 5, Paragraph 17

Give them the option to cancel if not able to increase the price due to government regulation. This should be eliminated if possible.

J. T. LEONARD

JTL:as

cc: Mr. R. K. Johnson

RAW MATERIAL SPECIFICATION NO. RS-001f CD-001 VINYL CHLORIDE

FIRESTONE PLASTICS COMPANY
CHEMICAL DIVISION
CHEMICAL ANALYTICAL LABORATORY

CODE NO. CD-001
RAW MATERIAL: Vinyl Chloride

SPECIFICATION	LIMITS	TEST NO.
Appearance	Clear, colorless liquid, no suspended matter	R-001-1a
Water	100 ppm Maximum	R-001-2a
Polymerization Test	90% Minimum Conversion	R-001-3a
Rel. Visc. @ 25°C (1% in cyclohexanone)	2.75 Minimum	R-001-4a
Dorell, Δ T°C @ 3.0 ml	0.10 Maximum	R-001-5a
2.0 ml	0.20 Maximum	
1.0 ml	0.40 Maximum	
0.5 ml	0.50 Maximum	
Acetylene	1 ppm Maximum	R-001-6a
Acetaldehyde	1 ppm Maximum	R-001-7a
Inhibitor (Phenol)	None	R-001-8a
Polymer	25 ppm Maximum	R-001-9a
Sulfur	1 ppm Maximum	R-001-10a
Acidity (as HCl)	1 ppm Maximum	R-001-12a
Non-volatile (Including Polymer)	75 ppm Maximum	R-001-13a
Peroxides (as H_2O_2)	0.1 ppm Maximum	R-001-14a
Methyl Chloride	20 ppm Maximum	R-001-16a
Chlorinated Hydrocarbons ($ViCl_2$,1,1-EDC,1,2-EDC)	10 ppm Maximum	R-001-15a
Butadiene	5 ppm Maximum	R-001-16a
Total Non-Chlorinated Hydrocarbons (Including BD and Acetylene)	10 ppm Maximum	R-001-16a
Iron	1 ppm Maximum	R-G3

ISSUED: July 31, 1973
SUPERSEDES: Raw Material Specification No. RS-001e, issued August 12, 1971

APPROVED BY: [signature]

RECEIVED
JUL 1973
J. J. MARSHALL

Firestone

INTEROFFICE

DATE NOVEMBER 15, 1973

TO MR. J. T. LEONARD
POTTSTOWN PLANT

FROM R. H. SCHAKE

REFERRING TO LETTER OF

SUBJECT DOW VINYL CHLORIDE MONOMER NEW CONTRACT

Attached is one copy, signed by G. J. Williams of Dow, of contract No. I.C.-10776 providing for vinyl chloride monomer supply commencing January 1, 1976 and through December 31, 1980.

Will you please discuss with Mr. T. C. Walker and in turn review with Mr. J. H. Rosenson and give me your comments promptly.

I am sending an original copy to Mr. D. Bowman and, by copy of this letter, request that he advise of any exceptions from a legal viewpoint and, if none, request he initial and return to my attention.

I would like to have your comments no later than November 20, 1973.

RHSchake
PURCHASING DEPARTMENT

RHS:cs
cc: J. H. Rosenson
D. W. Bowman

Attachment

S1273

OCC 017400

DOW CHEMICAL U.S.A.

1804 ILLUMINATING BLDG.
55 PUBLIC SQUARE
CLEVELAND, OHIO 44113
216 • 861-5825

November 13, 1973

RECEIVED
NOV 14 1973
W.P. BRAY

Dow Contr. I.C. 10776
(1-1-76 thru 12-31-80)

Mr. W. P. Bray
General Purchasing Agent
The Firestone Tire & Rubber Co.
1200 Firestone Parkway
Akron, Ohio 44317

Dear Mr. Bray:

As you know, Mr. Dean Webb is on vacation this week. He asked me, in his absence, to mail you the copies of the vinyl chloride monomer contract when they arrived so you would have an opportunity to look them over prior to his return. Enclosed you will find this contract, No. I.C.-10776, in duplicate which has been executed by Dow's Board.

Mr. Webb will be in touch with you upon his return, November 19. If, in the meantime, we can be of any service, please let us know.

Very truly yours,

Beverly Hoehn

Beverly Hoehn
Secretary to D. R. Webb

Enc.

CONTRACT NUMBER I.C. 10776

AGREEMENT made this _____ day of ______________, 1973, between Dow Chemical U.S.A., an operating unit of The Dow Chemical Company, a Delaware corporation, with executive offices in Midland, Michigan, herein called "Dow" and The Firestone Tire & Rubber Company, an Ohio corporation with offices in Akron, Ohio, herein called Firestone.

W I T N E S S E T H:

WHEREAS, Dow a manufacturer of vinyl chloride monomer complying with the specifications set forth in Exhibit A attached hereto, hereinafter called "VCM", wishes to sell the same to Firestone upon the terms and conditions hereinafter set forth; and

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

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

1. The term of this Agreement shall be the period commencing January 1, 1976 and ending December 31, 1980.

2. Firestone agrees to purchase from Dow and Dow agrees to sell to Firestone during the term of this Agreement the following quantity of VCM:

Firestone's minimum obligation shall be its requirements for consumption at Firestone's plants at Pottstown, Pennsylvania and Perryville, Maryland up to two hundred forty million pounds per calendar year.

76 / 600 M 77 / 710 78 / 730

Dow's maximum obligation shall be Firestone's said consumption requirements up to two hundred fifty million pounds per calendar year, but not to exceed twenty-one million pounds in any month.

3. Dow shall provide the VCM F.O.B. Plaquemine, Louisiana or Freeport, Texas at Dow's option in tank cars furnished by Dow. Title and risk of loss shall pass to Firestone when accepted by the common carrier at the shipping point.

4. Invoices for all VCM delivered hereunder shall be accumulated and submitted monthly and shall be paid within ten (10) days from the date of the invoice.

5. Firestone shall place orders by the 15th day of the preceding month and shall take deliveries subject to the limitations of Article 2 above. If Firestone should fail during any month to order out such monthly quota, it shall be deducted from contract. Dow's obligation to supply in any month shall not exceed the quantity ordered.

6. Failure of Firestone to pay any invoice for goods shipped hereunder in accordance with the terms of this contract shall constitute a breach of the whole contract permitting Dow to suspend deliveries until such breach is cured or to cancel the contract. Any such suspension or cancellation shall be in writing. Dow's election to suspend deliveries shall not preclude it from subsequently cancelling.

7. In the event of war, fire, flood, strike, labor trouble, accident, riot, act of governmental authority, Acts of God, or contingencies beyond the reasonable control of the parties, interfering with the production, supply, transportation, or consumption practice of the party at the time respecting the goods covered by this contract, or with the supply or terms deemed by Dow to be practicable of any raw material (including energy source) used in connection therewith quantities so affected shall be eliminated from the contract without liability, but the contract shall otherwise remain unaffected. Dow may, during any period of shortage due to any of said causes, allocate its supply of such raw materials or goods among its various uses therefor (e.g. manufacturing and sales) in such manner as Dow considers practicable.

8. Dow warrants that the goods supplied hereunder shall conform to the description stated herein; that it will convey good title thereto; that such goods shall be delivered free from any lawful security interest or lien or encumbrance unknown to Firestone; and that such goods shall be of merchantable quality. THERE IS NO WARRANTY THAT GOODS SUPPLIED HEREUNDER SHALL BE FIT FOR ANY PARTICULAR PURPOSE NOR IS THERE ANY OTHER WARRANTY, EXPRESS OR IMPLIED, EXCEPT SUCH AS IS EXPRESSLY PROVIDED HEREUNDER.

9. Dow shall not be liable for any incidental or consequential damages. Dow's liability and Firestone's exclusive remedy for any cause of action arising out of this contract is expressly limited at Firestone's option to replacement of nonconforming goods at the F.O.B. point stated hereunder or payment not to exceed the purchase price of the goods for which damages are claimed.

10. Firestone shall inspect the goods furnished hereunder immediately after delivery. Firestone's failure to give notice of any claim within thirty (30) days from date of delivery shall constitute an unqualified acceptance of such goods and a waiver by Firestone of all claims with respect thereto.

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

12. This contract constitutes a complete statement of the contract between the parties and can be modified only in writing signed by both parties.

13. This contract shall be governed by and construed in accordance with the Uniform Commercial Code as adopted in Michigan, except as the provisions of such code are herein varied.

14. The rights and duties of this contract are not assignable or transferable by either party without the other's consent.

15. The parties agree that between September 1 and 15, 1975 Dow shall propose by written notice to Firestone a price for VCM supplied hereunder. Firestone shall have thirty days from receipt thereof to reject the price or propose a counter-offer. Failure to respond within said thirty days shall mean acceptance. If agreement on price is not reached by December 1, 1975, this contract will be null and void.

16. The parties hereto agree that between September 1 and 15, 1976 and during any September 1 and 15 thereafter, either Firestone or Dow may propose, by written notice to the other, a different price for the next succeeding calendar year. The other party shall have thirty (30) days in which, in writing, to reject the proposed change or propose a counter-offer. Failure to so respond within thirty (30) days shall mean acceptance. If agreement cannot be reached on such proposal by December 1 of the year in which made, the contract will terminate June 30 of the following year.

17. If the price, transportation terms, or terms of payment hereunder are nullified or reduced, or if a proposed change is prohibited by any law, governmental decree, or regulation, Dow may cancel this contract upon six months written notice. Rather than cancel, Dow may by written notice elect to postpone the effective date of any price increase or proposed change to the extent so prevented until such date or dates as it is not so prevented and Dow advises Firestone promptly thereof in writing. By electing to postpone rather than cancel, Dow will not waive its right to cancel on six months written notice with respect to the particular price increase or change thereby postponed or any subsequent increase or change.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their duly authorized representatives as of the date first set out above.

THE FIRESTONE TIRE AND RUBBER COMPANY	DOW CHEMICAL U.S.A.
By________________	TRR JB By G. J. Williams
	G. J. Williams
Title________________	Title Vice President

OCC 017406