

MEMORANDUM

TO: James H. Tourtelotte
Keith A. Minoff

FROM: ECB

DATE: August 30, 1991

RE: Conversations with Monsanto People in St. Louis -
Herbert Parham

I spoke with Herbert Parham on August 21, 1991. I reached Mr. Parham in Hanibul, MO at (314) 221-8527. At the time in question, he was the Director of Raw Materials.

It is Mr. Parham's recollection that Dow was the only other company that Monsanto got VCM from. He recalls sitting in on some of the meetings during the negotiations with Dow but that Ron Burnette was the one most involved in the negotiations and would have a better recollection of the details. Mr. Parham kept referring to this as a "major contract" which he finally defined as a long-term contract that was negotiated at the corporate rather than at the divisional level. Anything that was not "major" referred to small maintenance contracts, office supplies, things that would be purchased locally. I asked him why the contract itself was dated 1966 but would not become effective until January 1, 1969. Mr. Parham said that they negotiated these types of contracts early on because they would do marketing projection of the need for raw materials and if it was greater than the capacity of Monsanto could furnish they would contract as "insurance" in the event they needed

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additional raw materials. He said one of the problems in negotiating this type of a contract was that even if Monsanto was able to furnish sufficient amounts of raw materials itself, the terms of the contract required that Monsanto still purchase at least a minimum amount from the outside supplier. According to Mr. Parham, Dow had a lot of excess capacity and was glad to get other buyer for their raw material. Dow was primarily a petrochemical company and did not use the VCM for their own products.

The minimum requirements that the contract would call for would be a unit in pounds rather than a percentage of the production needs of the plant.

Mr. Parham said that Ron Burnette would really be the one to talk with and gave me his number, which is (314) 843-4520.

With regard to the document retention, he did not feel it was too long but believed it was three to five years after the expiration of the contract.

I asked if there was anyone else who might have information and he said the only other person he could think of was Carl Evans and he is dead. I left my name and number with him in case he thinks of anything later on.

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