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D. Tippey 1670

DOMESTIC NO. 6 FOR JANUARY

H. S. Bergen

NITRO FORTIFIED MERSIZE

January total variances of \$54M, including the transfer of M-E Co. profit, are the primary cause of poor performance. With the confusion of corrections between divisions 02 and 47, I will not be able to get satisfactory detail until after the February closing. There is some distortion in sales price due to freight charges being accrued on a current month basis and possibly also having a carryover from December.

SKYDROLS

Primary cause for poor performance is \$31.2M of EE Bldg. idle expense, of which slightly more than half was charged to domestic operations against a budget of \$4-5M. Freight diluted the Skydrol 500C price by 24.8¢. Total Skydrol freight charges were \$4.0M - essentially they should zero out. 1971 Skydrol LD inventory price was used which contributed another \$4M over-budget cost. Most of these situations should improve for February.

BIPHENYLS

Poor performance due to total polyphenyl variances of \$51M being charged against Biphenyl sales. HB-40, plasticizer aroclors, pydrauls and dielectrics will pick up their appropriate share in February.

AROCLORS

D-50P508-S-1 is the designation assigned to aroclor 1254 sales to GE at Rome, Ga. Approximately 520M lbs. were shipped. The balance 1,983 lbs. were aroclor 1016. This will be corrected in February and should result in about \$57M reduction in gross profit due to A1016 carrying a higher inventory price.

I will follow up further on these after closing where applicable.


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