C. Paton - B2SC

April 23, 1975

T. L. Gossage
D. Wood

EFFECT OF DIELECTRICS ON VIABILITY OF FLUIDS

J. R. Savage
A. J. Koenig

PERSONAL & CONFIDENTIAL

Jim, I think we need face up to the fact that your April 7 memo may not be too "unthinkable". I think we need to consider the effects of the following scenarios:

1. No PCB dielectric sales from U.K. or U.S. plants

   and

2. No monochlorobiphenyl to Dow with <u>one</u> of the following:

   (a) No biphenyl derivatives as a PCB replacement

   or

   (b) MIPB as capacitor fluid basestock at 3/6/12/18M lbs./year (i.e. MCS 1238 at 4/8/16/24M lbs.)

   or

   (c) Santosol 100 as capacitor fluid basestock at 3/6/12/18M lbs./year (i.e. MCS 1588 at 4/8/16/24M lbs.)

The products affected by these scenarios will be:

biphenyl per se
Santosol 100/200
HB-40/OS-84/Therminol 66/Santosol 340
WCM
Santosol 300
HQ-40 (Pydraul8)
Therminol VP-1

We need to look at this on a world-wide sales and profit situation.

DSW 217431

Out of this exercise I'd like to get:

(a) What is the true effect of PCB dielectric production on the fluids group. We could get this by "restating" our domestic, ex-U.S. and U.S. export #6 reports for 1974 based on each of the 3 cases (and sub-cases) set out above.

(b) What will 1976 and 1977 look like if the above 3 cases (and sub-cases) come to pass.

(c) What do the selling prices of the remaining affected products have to be in order to generate the profit margins predicted for 1976/1977.

At least one of the things you'll need for this exercise is selling prices (bulk) for MCS 1238 and 1588. I propose we calculate these as follows:

(i) Use Santosol 200 (MIPB) and 100 market prices for 1974 and predicted for 1976/1977 on basis of LRP.

(ii) Add TXS at 40% gross profit.

(iii) Add freights/blending costs.

If you would like to sit down and review this project before getting started, let me know. Again, we need this data asap.

Thank you.

C. Paton

/pep

DSW 217432