



DOW CHEMICAL U.S.A.

January 29, 1974

BENNETT BUILDING
2030 DOW CENTER
MIDLAND, MICHIGAN 48640

RECEIVED

MAR - 1 1974

R. J. HUGHES

Mr. R. J. Hughes
Vice President
Union Carbide Corporation
270 Park Avenue
New York, New York 10017

Dear Mr. Hughes:

In our recent conversations pertaining to the vinyl chloride monomer supply contract between our companies dated November 28, 1967, we recognized the commercial fact that the investment return on the manufacture of homopolymer vinyl chloride resin is substantially affected by the cost of the vinyl chloride monomer; conversely, the higher the price obtainable for homopolymer vinyl chloride resin, the more able is the resin manufacturer to pass increased manufacturing costs of the monomer on to its resin buyers. Therefore, it is mutually agreed that:

1. Beginning on December 1, 1973, the price of vinyl chloride monomer shall be \$0.041 per pound f.o.b. Dow's Oyster Creek plant. Such price is subject to being increased or decreased on the first day of each month by an amount equal to thirty percent (30%) of any increase or decrease in the average domestic sales price per pound converted to a bulk basis using Union Carbide's standard differentials from time to time in effect, received by Union Carbide for homopolymer vinyl chloride resin during the next preceding month over or under \$0.12 per pound; the price shall be computed to four decimal places. The Commitment Fee paid pursuant to Article VI.A. shall be credited against the aggregate purchase price for the vinyl chloride monomer delivered during the month the payment of said Commitment Fee is applicable.
2. In the event that Dow wishes to renegotiate the price for vinyl chloride monomer provided for in this letter, it will give Union Carbide written notice, and the parties agree to renegotiate in good faith within thirty (30) days of the giving of such notice. In the event the parties fail to reach agreement within sixty (60) days after commencement of negotiations, Dow may either continue

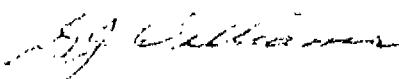
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to supply at the price provided for in this Letter Agreement, which choice shall not prevent Dow from renegotiating the price at a later date, or terminate this letter agreement by giving written notice to Union Carbide within thirty (30) days following the conclusion of such negotiations, whereupon such termination all of the provisions of Articles VI and VII of the supply contract shall be reinstated as of the effective date of such notice of termination.

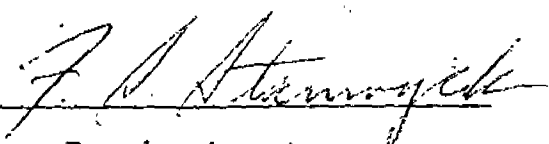
3. In the event that Dow enters into the manufacture and sale of polyvinyl chloride resins in the United States, the parties shall confer for the purpose of deciding upon a new price basis which is fair and equitable to both parties. Failure of the Parties to agree within ninety (90) days after Dow gives notice of its intent to manufacture and sell polyvinyl chloride resins shall cause this Letter Agreement to terminate, whereupon all the provisions of Articles VI and VII of the Supply Contract shall be reinstated as of the effective date of termination.

If this is your understanding of our agreement, please sign in the space provided below, returning one copy to me.

Very truly yours,


G. J. Williams
Vice President

UNION CARBIDE CORPORATION

By 

Title Purchasing Agent

89K
Final Date March 21, 1974