

W. H. Slowikowski - Akron

May 23, 1974

DOW CHEMICAL COMPANY
MONOCHLORO BIPHENYL CONTRACT
May 17, 1974.

Cumming Paton
St. Louis

T. L. Gossage St. Louis
D. L. Mellon Akron

At this meeting I informed Marv Winquist and Don Black of the fact that our Technical Department uncovered some further difficulties with respect to defining the exact composition of the by-product stream coming from the MCB facilities. Monsanto could not, therefore, release the contract for Dow's approval until these difficulties are resolved. I estimated approximately six weeks for this investigation.

Both Don Black and Marv Winquist were not visibly upset by this new development. Marv Winquist did request that if at any time during our investigations we find that the economics of the contract must be altered, that we notify Dow immediately. He reiterated that Dow does not have an awful lot of economic flexibility and that any price increase may cause unfavorable Dow management reaction to the project. I mentioned that we were doing all that is possible to keep any changes internal to Monsanto.

With respect to timing on future shipments of MCB, Marv indicated that initial trial tanktruck quantity will probably be shipped in September, 1974. He will re-confirm as this date approaches. Bulk shipments will begin probably second quarter of 1975. Apparently, the on-going strike at Midland has caused about a two months slip in the MCB program. Marv indicated that Dow has all intentions to scale up to the higher MCB level as soon as possible (15M lbs./year.)

Marv also indicated that there is a serious concern as to whether the market for OPP and PPP would support a higher price and larger volume quantities as they had predicted. Apparently, Bayer in Germany has received approval for building a new OPP plant. The market price has gone from \$.35 to around \$1.00 right now. Both Bayer and Dow are supplying this market with approximately 50% of their requirements. At this new pricing level, several new substitutes to the OPP and PPP products have to be evaluated by Dow's customers. Marv did mention that Dow will be raising the price on these products in the very near future to approximately the level necessary when manufacturing switches to the MCB process. This move will provide an indication of whether or not the new economics will be accepted by the marketplace.

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A meeting was tentatively arranged for the end of June in St. Louis. The date of the meeting will be subject to completion of Monsanto's studies as well as the length of the Dow Chemical strike at Midland.

MIS:hm

W. H. Slowikowski

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