

DRAFT

Q & A SHEET

Responses to be used to Possible
Press Inquiries Resulting from Monsanto's
Newly Announced Price Increase on Dielectric Fluids

- Q. I understand Monsanto has increased the price of its PCB dielectric materials sold to the electrical industry. How large of an increase is planned? When will it take effect?
- A. The price increase affects all grades and amounts to approximately 24 per cent. The new prices will be effective Jan. 1, 1977. This increase places the price of PCB dielectrics in the range of \$7.50 per gallon.
- Q. Are any additional price increases planned by Monsanto before the company halts all sales of PCBs?
- A. The Jan. 1, 1977, price increase will be the last prior to Monsanto's discontinuation on Oct. 31, 1977, of all sales of PCB materials.
- Q. When were PCB prices increased the last time?
- A. In spite of obvious cost pressures, Monsanto has been able to hold prices steady since March 1976.
- Q. What are the reasons for Monsanto's price increase?
- A. The price increase was necessitated by a number of factors:
1. The process used to produce PCB dielectric fluids is such that there is an ideal balance between fluid grades used in the capacitor and transformer industries. As we have proceeded

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towards phase-out, we have departed from this balance point and now generate and will continue to generate an increasing surplus of some grades. This surplus must be disposed of by incineration.

2. Fixed costs of PCB production will remain high. These costs must be allocated among ever decreasing levels of PCB production, resulting in higher unit costs.
3. Anticipated increases in raw material costs during 1977 will also account for part of the price increase.
4. To maintain the high safety standards of Monsanto's rail car fleet, continued preventive maintenance will be required. Monsanto can't afford to relax inspection and maintenance procedures during the critical phase-out period.
5. The halt to PCB production will bring about a number of phase-out related expenses. These include special decontamination, dismantling and disposal costs for equipment used in the PCB production unit.

Q. Isn't Monsanto's latest price increase announcement just another way of wringing the last possible cent of profit out of its manufacture of PCBs?

A. See attached response prepared by E. H. Harbison.

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