

PCB PLANNING TASK FORCE
Minutes of 1/27/76 Meeting

1. We should incorporate Bill Duffey's 11/20/75 memo in the Appendix of the Business Plan under Patents. A statement of our position on licensing is also desirable.

2. Research Agreement

Mr. Duffey reported that Monsanto is required to hold written information from G.E. confidential for 3 years. Oral information must be so treated if confirmed in writing in 30 days, otherwise we are free to use it. The agreement is not seen as very limiting to Monsanto. We should extend the agreement ASAP.

3. Depreciation/Write-off of PCB Facilities

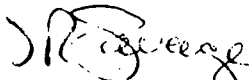
If allowed by good accounting practice, we should adjust the depreciation schedule on existing PCB facilities upon approval of the Plan to get zero value by the end of 1977; this should be shown on the Events Chart. Mr. Beal will investigate this, as well as the possibility of a reserve for dismantling and/or decontamination.

4. The Business Plan books should be stamped "Company Confidential" and the copies numbered.

5. Potential Problem Analysis

Attached are:

- a. A transcription of the flip chart notes. The items numbered 1-6 are all the possible deviations from the "main line" plan. Items A-E are those problems we addressed in detail.
- b. A proposed PPA writeup for the Appendix of the plan.


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(1) (Irreversible)

Choice of 1238

- * - Adverse Med. Data (outside/inside)
 - MIPB } Degrees
 - TXS }
- Appearance of Superior (sooner) Comp. } Someone avoids patent
- * - Too many sources (M/I Problem) }
- R.M. Supply Deficiency
- R.M. Quality Deficiency
- + Best anyone knows of.
- + No Chlorine
- Dry capacitors prove more cost/eff.
- Timing -- we let it slide → 1016 accepted
- * - Loss of G.E. support (for 1238)
 - Pricing
 - Alternatives
 - Function
 - Timing
 - Demand for fire resistance

(2) Research Supply -- until interim S/U

- Violating Rule -- get dictate
- Demand > Supply
 - Possible rapid escalation
- R.M. Quality/Availability - MIPB
TXS

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(3) Interim Blending/Toll MIPB & TXS

- * - Unacceptable PCB Contamination
 - *
 - Dependence on toll manufacture
 - limited support resources
 - accident - strike
 - loss of tech/security
 - create MIPB capacity Ex 'M'
- } Force majeure items
- Soon enough
 - contract signing delayed
 - WGK Construction
 - Emergency need (ban)
 - Supply to meet specs
 - D.K.
 - Moisture
 - Biphenyl
 - Can't get customer commitment - support contracts
- + Better site
- No contamination
 - Sooner/Cheaper

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(4) Pricing (Economics)

- Adverse G.E. reaction
 - other
- Ultimate economics don't support pricing (Repl. cap.)
- + Better price/perf. than competitive
- Price too high vs. competitive
 - Dichlor Biphenyl in Europe

(5) Cease PCB by 1/1/78

- + Gov't safety decree
 - image/publicity
- Customer suit
- Customers not ready to change
- Transformer PGM drags

(6) Activities leading to self manufacture of TXS & MIPB timed to delay capital commitment until after 2-year medical data available. PIR 6/77; A.R. 12/77

- + Don't need (already in business).
- Mgmt rejects PIR (Risk).
- Delay in medical program
 - Inconclusive result
- Outside accusation re 1238.
 - Synergistic environmental effect

OVERALL PLAN - Dielectrics Business

- Veto by Management

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A. Adverse Medical Data - MIPB or TXS or Blend

- Inside --- clearly bad
inconclusive 6/77
- Outside --- competent
hysterical
- Preventive Actions
 - Publish procedures & results (with disclaimer).
 - Review with government as we progress.
 - Influence committee (R. Train/Industry Committee)
protocol 9/76.
 - Be sure our program is complete.
 - Content & timing.
 - Ask NCR for MIPB data (if any) (after announcing 1238
compositions).
- Contingency Actions
 - Don't prematurely dismantle PCB equipment.
 - If competent adverse data
 - re-assess dielectrics business;
 - ask for time if no competitor has achieved credibility;
 - if one component only is implicated, consider replacing.

B. M/I not adequate -- competitor(s) prove viable.

- Dow fluid gets power capacitors (with TXS?).
- Small ones go to DOP/DINP or Dry-type.

Preventive Actions

- Further patent action (?).
- Tout "non-halogenated" property of 1238.
- Looking for weakness in Dow fluid.
- Price consistent with performance.
- Begin aggressive promotion of 1238 as a PCB replacement during 2nd Quarter 1976.
- Alliance with G.E. (see item C).
- Contracts

Contingency Actions

- Re-assess dielectrics business.

C. Loss of G.E. Support

- Pricing
- Alternatives
- Functionality
- Timing of interim vs. long-term pricing

Preventive Actions

- Price consistent with performance.
- Maintain contacts at all relevant levels.
- Continue research agreements.
- Find support for continued Magvar licensing.
- Emphasize retention of lead time.

Contingency Actions

- Flexibility -- in pricing, timing, shared venture.

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D. Continuing unacceptable PCB contamination of product from "interim" blending.

Preventive Actions

- Define acceptable level > 0
- Go elsewhere than WGK (Everett)
- Do good job on cleanup
 - Testing of Procedure
- Acceptance of expected level.

Contingency Actions

- Suspend production & re-assess.

E. Toll manufacture proves unreliable

- Meeting volume requirements on time
- Quality
- Yield/cost
- Force Majeure event
- Secrecy/technology/capability

Preventive Actions

- Good contracts/secrecy agreements
- Manufacture inside
- Provide technical/supervisor support
 - Monitor operation
- Develop engineering for inhouse manufacture (be ready).

Contingency Actions

- Accelerate self-manufacture
- Buy MIPB

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