J. R. Savage - General Office

November 25, 1970

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As we discussed, the Fluids Group is seriously considering consolidation of liquid Aroclor operations at Krummrich Plant. The resulting mode of operation would be:

Anniston:

Liquid Aroclor down, all manpower out, equipment mothballed. Only minor maintenance work performed (light bulbs, etc.) No dismantling or retirement.

Krummrich:

Three storage tanks added ($150,000). Probably one man/shift added. All liquid Aroclor business covered.

We can make the decision on the basis of out-of-pocket dollars in a straightforward way. However, there will be some secondary effects on other products as a result of re-allocations of fixed expenses. We would like a rough estimate of:

1) Increases in unit cost of other Fluids Group products at Anniston.

2) Total dollar increase in flow of allocated cost to Ag Division products at Anniston.

3) Increase in allocation of WGK fixed costs to Aroclor as a result of increased work force and M&E.

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