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PRESENTATION TO FIELD SALES

PERSONAL AND CONFIDENTIAL

1. Introduction

As most of you are aware, there have been several newspaper and magazine articles published in the U. S. in 1969 indicating that polychlorinated biphenyls (PCBs) have been discovered in some marine, aquatic and wildlife environments. The quantities detected are said to be in the parts per million or parts per billion category.

It is claimed that the PCBs found strongly resemble chlorinated biphenyls containing 54% and 60% chlorine by weight. As you know, Monsanto sells such products under the trade-names of Aroclor[®] 1254 and 1260.

2. Letter to Monsanto's Aroclor Customers

As a result of this publicity and because Monsanto's name has been mentioned in at least one of the articles, it was felt that Monsanto as a responsible member of the business community had a duty to alert its Aroclor customers to a potential problem of environmental contamination. In so alerting our customers, let me emphasize that this does NOT mean that we are agreeing with the contents of any

published articles on PCBs, nor are we necessarily disagreeing with the articles. It does not mean that we accept that Aroclor 1254 and 1260 have caused any environmental problems. We are merely fulfilling what we consider to be our moral and our legal responsibility to our customers. When you consider the present public concern with pollution and the environment (witness Newsweek's recent article headlined "The Ravaged Environment"), I think you would agree that it would be foolish and imprudent to ignore the PCB articles. But let me repeat that notification to our customers does not imply guilt on the part of Monsanto.

Accordingly, a letter has been cleared by our Legal Department for mailing to each one of our direct Monsanto customers. This letter goes to Plasticizer customers only. A very similar letter will be mailed by the Functional Fluids Group to their customers. The letters will be mailed from St. Louis about the end of February. It will be addressed to:

Office of the President
XYZ Company
Accounts Receivable Address

The Plasticizer letter will be signed by W. E. Schalk. A copy of this letter, together with a cover letter, will be mailed to the head office of each of our Aroclor distributors. The cover letter will indicate the action Monsanto is taking with regard to its direct Aroclor customers. We will recommend that our distributors mail a similar letter promptly to each of their Aroclor customers. Copies of our letter will be made available to our distributors in quantities sufficient to meet their needs. It is not our responsibility to alert our distributors' customers. To explain the action to our distributors we have visited the head offices of Central Solvents and American Mineral Spirits.

Let me summarize what Monsanto's letter says:

- 1) Its primary function is to alert customers to a potential environmental pollution problem. Confidentially, our Legal Department believes this will minimize and, hopefully, eliminate claims made against us for environmental pollution damage.
- 2) It does not imply guilt by Monsanto. At this time,

we are taking a neutral stand on the controversy. There are real problems of analytical identification of PCBs, how accurate the levels observed are, how PCBs affect marine, aquatic and wildlife environments over the long-term. We have active programs in all these areas to better define the problem but a lot of work needs to be done before definite scientific conclusions can be drawn.

- 3) It points out that not all Aroclors are PCBs. This is an important distinction. Don't call the PCB problem the Aroclor problem. We sell Aroclors such as 5060, 5442 and 5460 which are NOT PCBs. They, therefore, should not be regarded as potential environmental contaminants.
- 4) Furthermore, it says that not all PCBs appear to be potential contaminants. Aroclors 1221, 1232, 1242 and 1248 have NOT been found in the environment. Neither have Aroclors 1262 and 1268. We can only theorize as to why this should be. At this stage, we prefer not to indulge in theories. The salient

point is that since they have not been found - in spite of intensive investigations by scientists both here and abroad - indicates that they are not persistent contaminants and, therefore, do not pose a long-term threat to the environment.

- 5) By including a copy of the Federal Water Pollution Standards established for all states of the Union, we are pointing out that care will be needed in preventing environmental contamination from other raw materials and products not just Aroclor 1254 and 1260. We feel this Chemical Week reprint will be useful information for many of our smaller customers.

3. Customer Reaction

We expect this letter will lead to customer reaction.

Our competitors are sure to learn of it and some of them may even be kind enough to capitalize on it or at least try to.

We can't anticipate all the ways in which our customers

react. Remember this letter is going to the "Office of the President" so it may get down to his subordinates in a variety of different ways leading to a variety of reactions. Why send it to the Office of the President? Because our Legal Department feels in this way we have really notified a company officially of the potential problem. If there is any legal litigation later, the courts might feel that sending the letter to Joe Doe, Plant Purchasing Agent, was not legal notification because Joe Doe may not be an officer of the company.

So we must be prepared to expect hearing from customer employees we've never met nor heard of before. They may call anyone in the district office, many are likely to call Mr. Schalk, some may call executives all over the St. Louis campus.

Let us concern ourselves with what happens when a customer calls your regional offices about the letter or raises the matter during a sales call. For your guidances, we've prepared some aids:

- (1) A list of DOs and DON'Ts for Regional Managers.
- (2) A list of "likely" customer questions together with answers approved by Jim Springgate and our Legal Department.

Decreased Sales

Beware of decreased sales to any account after the letter is sent out. If you suspect this, your plan of attack could be:

Monsanto: "I see your purchases of Aroclor XYZ are down. I hope it doesn't mean your business is having a tough spell".

Customer: "No, business is O.K. but it's that so-and-so letter you sent".

Monsanto: "Does this mean you've switched to a replacement for XYZ?"

Customer: "Yes".

Monsanto: Probe to find what it is. Is it inferior to Aroclor. Is it really not a contaminant too. Point out our range of products. Use Monsanto bulletins/Blue Book to get him to evaluate one of our products.

OR

Customer: "No but I'm living off inventory till my boys can get a replacement".

Monsanto: "Let me help you with some suggestions if I can. In the Blue Book here, we cover over eighty possible products---".

Competition: Remember that Aroclor[®] plasticizers are outstanding products. They are inert, oxidatively and chemically stable, give good adhesion in adhesives, sealants and coatings, moisture resistant, give low vapor transmission in coatings. In other words, they are used because of PERFORMANCE. Competitors will suggest chlorinated paraffins but they are not so good. Every salesman who has gone through the Training School in the past year - and over 90% have - have been given the advantages of Aroclor over chlorinated paraffins. Use it if you have to. You might ask the customer: "How sure are you that chlorinated paraffins are not environmental contaminants. What proof do you have". Blunt the competitive attacks by getting them to be defensive.

If the customer is going to evaluate replacements, make sure he gets samples of plenty of our standard plasticizers.

Future:

There may be some panicky reaction to start with. Your job will be to calm it down. To do that, you have to be confident. Our Aroclor sales have increased every year for ten years - in boom or recession. We want 1970 to be no different. Let's not enter a new decade with a down-turn.