DRAFT I

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 13 cents per pound. The new prices are to be effective Jan. 1, 1977. Representative of the new prices is Aroclor 1016 which will be priced at 66 cents per pound.

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. Monsanto's PCB dielectric materials were increased in price on March 1, 1976. The price increase in March ranged between 13 and 17 cents per pound.

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 a variety of fluid grades are manufactured simultaneously. In the past a number of these grades found use within the capacitor

-more-

0502325

STLCOPCB4044955

and transformer industries. With the shift to substitute materials already underway, no adequate market exists for some of these PCB grades. Not only does this mean that these products remain unsold, but they require the additional expense of 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 dismantling, decontamination 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.

-ooo-

0502326

STLCOPCB4044956