MINUTES OF MEETING OF THE CORPORATE MANAGEMENT COMMITTEE

March 8, 1971

Present: Messrs.
E. J. Bock, Chairman
H. H. Bible
J. R. Eck
J. L. Gillis
J. J. Kerley
E. J. Putzell
C. H. Sommer
J. N. Ehlers, Secretary

PCB STATUS REPORT

Present: Messrs. H. L. Minckler and J. Mason.

Further progress made on the six point program previously approved by the Committee was reported.

1. Terminate sales of non-biodegradable PCB's to non-controllable end uses.

   - 14.3$\overline{M}$ lbs. annual sales have been terminated with partial substitution of blends of HB-40 and terphenyls.

   - Estimated '71 gross profit is $1.3$\overline{M}$ vs. $2.4$\overline{M}$ in '69.

2. Discontinue sale of Aroclor 1242 to NCR and replace with HB-40 in U.K. and MIBP in U.S.

   - Substitution in U.S. is accomplished with favorable performance results.

   - Bulk shipments of MIBP commencing to NCR in the U.S. Biphenyl is converted for us to MIBP as interim supply. Do not intend to invest in fixed capital until long term commitment from NCR is obtained.

   - HB-40 and MIBP are practically non-toxic and have good biodegradability.

   - Estimated '71 gross profit is $.9$\overline{M}$ vs. $1$\overline{M}$ in '69.

3. Close loop on heat transfer applications where fire retardancy is essential and replace with alternatives in other areas.

   - Over 50% of sales have been replaced by substitute materials and loop has been closed on remaining products.

   - Area requires constant attention and good housekeeping by customers.

4. Replace non-biodegradable PCB's in hydraulic applications.

   - Conversion has been completed through substitution of phosphate esters and terphenyls.

   - Terphenyls may become suspect and require replacement.

5. Close loop on non-biodegradable PCB in transformer applications.

   - Good success achieved with close customer attention.

   - Solids disposal continues to pose problems which will be lessened with start-up of the incineration unit at WGK plant on June 1.

6. Close the loop on capacitors.

   - Good progress achieved with customers but problem continued as to ultimate disposal of spent capacitors.

   - MCS-1016 is promising as a substitute material with production facility on-stream June 1.

Plant discharges have been greatly reduced, approaching the one lb./day targeted for 9/30/71.

- Installation of carbon treatment facilities may be necessary at Anniston and Newport facilities.

Several isolated cases of PCB's in food have been discovered. Major efforts being made to locate source for purposes of elimination.

In the oversees area, program has worked exceedingly well in the U.K. where we have achieved a favorable public image through the active program.

- Continuing approach is being made to European manufacturers to persuade their adoption of comparable programs.

Comparison of estimated financial results for 1971 based on pro forma continued use of old products and the implemented program are:

| | Old Products | New Products |
|---|---|---|
| Sales | $22M | $23M |
| Gross Profit | 8.5 | 9.2 |
| NIAT | 2.9 | 2.6 |
| Gross Investment | 25.4 | 28.3 |
| ROI | 11.5 | 9.2 |

The Division feels that it has essentially met its goals in the six point program. PCB usage has been reduced from 75M pounds in 1969 to 45M pounds in 1971 without a major reduction in profitability. The company has maintained the image of a responsible corporation acting positively to protect the environment. Costs of achievement include additional SARE of $500M in 1970 and $300M in 1971.

The President commended the Division for the excellent results attained in this program, but cautioned that continuing surveillance is required to keep it working in an effective manner.
(Excerpt to Messrs. H. L. Minckler and T. K. Smith.)