

10/28/75

Memo for the Record

Subject: FJF VIEWS ON PCB'S

In my conversation with Mr. Fitzgerald on October 27, 1975, he related the following information concerning the PCB situation:

1. FJF told JWH:
  - a. We can probably stay in the PCB business two to three more years.
  - b. During that time we can move to replacement products.
  - c. It is possible, of course, we might have to get out faster.
  - d. If we do get out faster, the cost could be approximately \$5M as follows:
    - 1) We have about \$5M per year performance income of which we might lose approximately \$3M.
    - 2) There is \$4M depreciated investment on the equipment and approximately \$2M of that amount could be used for replacement equipment.
    - 3) Adding the \$3M performance income and the \$2M equipment loss totals \$5M.
2. The EPA has called Chicago hearings with the idea of making Monsanto an example. Probably our major customers (GE and Westinghouse) would also be there. We have been invited voluntarily but have to show up.
  - a. Papageorge should be phased out of the PCB business.
  - b. Weber can do the job but needs a lot of background.
3. There are two main uses for PCB's:
  - a. Capacitors -- we can replace now.
  - b. Transformers -- no good replacement now.
4. The issue is coming to a head because a series of recent tests tentatively show PCB's when building in animals apparently create a carcinogenic effect.

MONS 030571

5. There is an effort under way to publish Monsanto's position as a result of its research on PCB's. Apparently, George Roush is involved in this as well as M1CC people.
6. JWH asked FJF to consider using the Corporate PR Department to make a judgment as to PCB's adverse impact on Monsanto. The study should address the point as to whether we should get out of the PCB business as a deliberate move. Mr. McKee has recommended an outside consultant be brought in, with which FJF disagrees.

ACTION

1. Messrs. Harbison, Potter and Weber should get filled in on this issue as soon as possible by Mr. Papageorge. Mr. Weber can arrange this.
2. Mr. Weber should set up a program with Mr. Papageorge to become as familiar as possible with the totality of the problem as soon as possible. This will obviously be in more depth than Messrs. Potter or Harbison will go into.
3. Mr. Weber should get a time table on publishing the Monsanto research position -- see Papageorge or Roush.
4. Mr. Potter and Mr. Harbison should set up personal relations with GE and Westinghouse as soon as possible.

EHH

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