

Monsanto

FROM (NAME & LOCATION) E. H. Harbison, Jr. - B3SA

DATE : April 1, 1976

SUBJECT : STATUS OF MCS 1238 AT GE

REFERENCE :

TO : Mr. F. J. Fitzgerald

E. Harbison
I want to call Jack Walsh on this. Let's discuss before we make any further 3rd party contacts.
gjf

Following a personal visit to GE by Mr. Potter and associates on March 18, subsequent discussions between Mr. Hart and Mr. Potter and a personal conversation between Mr. Farnsworth and me, I can state that GE has no interest in 1238 as a replacement product for PCB's in capacitors.

Without burdening you with too much detail, let me isolate several key points:

1. We did approach GE with a proposal modifying our initial one in the sense that we reduced our price from \$1.40 per pound to \$1.20 and mitigated our requirements for volume guarantees and liquidated damages, although by no means doing away with these requirements completely.

Immediately following our second proposal, and again several days later after further consideration of the proposal, Mr. Hart stated that the cost performance value of 1238 was at a maximum 85¢ per pound and, in fact, in some applications it was only 65¢ per pound.

2. Mr. Potter asked Mr. Hart if there was any price in between our proposed \$1.20 and GE's 85¢ maximum value proposal which would be an acceptable compromise. Mr. Hart stated, "No".
3. I discussed with Mr. Farnsworth the GE position as expressed to us by Mr. Hart and he confirmed Mr. Hart's statements. I summarized it for him by saying, "In other words, we would have to offer GE 1238 at 85¢ per pound with no other strings attached to make it acceptable." He answered, "Yes, that's about it."
4. We sent Dr. Hammann to Hudson Falls to review other possible Monsanto products which might be used as dielectric materials in capacitors, e.g., Santicizer 711, but received little encouragement.
5. My conversation with Mr. Farnsworth was an amiable one in which we simply agreed we were so far apart there was no possibility of compromise. I assured him we valued our long term association with them, would hope to have the opportunity to serve them in the future and pointed out that we did have other products, such

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as S-711, which might be of interest to them and that we had brought these alternatives to Mr. Hart's attention. Mr. Farnsworth said they held Monsanto in high regard, were not mad, and that he would be sure our alternatives received consideration.

6. We are not sure of the competitive replacement product which GE has chosen to use but we believe they are looking at some combination of phthalate esters. We understand they have had many years of research work on DOP and believe this to be the most likely candidate.

We will have a proposed course of action to discuss with you shortly as to how we address the rest of the industry and how we alter our prior plans to take into account the current situation.



Earle H. Harbison, Jr.

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