

CORPORATE ADMINISTRATIVE COMMITTEE

June 14, 1976 Meeting Minutes

Present:

Messrs. H. H. Bible, Chairman

R. L. Berra

J. E. Crawford, Jr.

J. R. Eck

F. J. Fitzgerald

J. J. Kerley

R. J. Mahoney

J. T. Nolan

E. J. Putzell, Jr.

F. E. Reese

T. K. Smith, Jr.

M. C. Throdahl

H. J. Lawler, Secretary

In attendance (part-time):

E. H. Harbison (Item I only)

R. G. Potter (-"-)

L. A. Cohn (Item II only)

A. D. Lapthorne (-"-)

I. DIELECTRICS BUSINESS DIRECTION

(F. J. Fitzgerald, E. H. Harbison, R. G. Potter)

Mr. Fitzgerald's Request to the CAC "Dielectrics Business Direction" dated 5/21/76, which was distributed with the agenda, was elaborated upon by Messrs. Harbison and Potter. Monsanto made the decision in December 1975 to terminate production and sales of polychlorinated biphenyls (PCBs) as soon as our customers could qualify and have available replacement fluids. Monsanto itself offered two replacement fluids to its customers, one for capacitors and one for transformers, early in 1976. We have now had the answer that neither of our replacement fluids is acceptable with the result that Monsanto is terminating its technical program, by August 1976 will establish a shutdown date for PCBs, and is reallocating its resources. Much the same action will be taken in Europe with later timing. The impact will be a reduction of performance income of \$4M/year, a write-off of \$0.7M and a dismantling and decontamination expense of \$1M. Should the withdrawal from the market for PCBs for transformers and capacitors render the remainder of the business uneconomical, a complete termination of the polyphenyl tree products would mean an additional performance income reduction of \$3M annually, a write-off of another \$0.7M and an additional dismantling charge of \$0.3M. Mr. Throdahl brought out that the industry has, in effect, forsaken fire safety to some degree in adopting DOP for capacitors and alternate fluids such as oil for transformers, where Askarel (Monsanto's PCB) is presently used. However, Monsanto's candidate replacement fluid,

PLAINTIFF'S
EXHIBIT

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1238, is only fractionally better than DOP in fire safety. The trade-off the capacitor customer is making is for a low cost DOP (30¢/lb.) with the cost of the required substantial mechanical redesign on the one hand in favor of our high cost product (90¢/lb. equivalent) with no mechanical redesign required on the other hand. Mr. Throdahl urged that the EPA may have made a bad decision, that they might be asking industry to adopt a more fire-resistant product later and that we should leave the door open for such a product. Mr. Bible requested comments from the CAC as to whether Monsanto should go on record with the EPA or top management of major customer companies regarding our replacement products. The consensus of the CAC was that this would not be fruitful, inasmuch as we do not have a product significantly superior to DOP in fire safety. Dr. Nolan observed that we have been fortunate so far in that there is very little public identification of Monsanto with PCBs.