

DRAFT

Q & A Sheet
PRICE INCREASE ON MONSANTO'S PCB PRODUCTS
Oct. 28, 1976

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 are Aroclor 1016 which will be priced at 66 cents per pound and Aroclor 1254 which will be priced at 68.5 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.

These factors include:

1. The need to incinerate excess amounts of Aroclor 1254 which are accumulated because of an imbalance in the market demand for capacitor/transformer dielectric fluids. For every pound of Aroclor 1016 produced, a certain amount of Aroclor 1254 is produced which needs to be destroyed.
2. Continued high fixed PCB production costs which must

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be allocated among a reduced level of marketable products.

3. Anticipated increases in costs for raw materials needed for the production of PCBs in 1977.
4. The added packaging and inventory costs associated with increased use of drums by customers for maintaining product inventory.
5. Repair of the railcar fleet used to handle PCB distribution.
6. A variety of additional costs associated with the PCB phase-out including: plant decontamination, dismantling and equipment disposal expenses.

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.

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