ROUGH DRAFT - 11/10/69

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PLAINTIFF'S EXHIBIT 422

STR 021938

FGL 0011379

125

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PLAINTIFF'S EXHIBIT 39 4-1-98

PENGAD Bayonne, N.J.

XIII. Probability of Success

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$220,000 and bio with max. at $20-25

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STR 021939

FGL 0011380 126

PCB ENVIRONMENTAL POLLUTION ABATEMENT PLAN

Introduction

On 15 October the "AD HOC" Committee consisting of Messrs. M. Farrar, P. Hodges, E. John, W. Richard, and E. Wheeler issued a report summarizing the polychlorinated biphenyl (PCB) pollution problems from the known available information to date. Out of this report came considerable information, conclusions, and recommendations which we have attempted to tie together into a plan of action in this document. Our objective has been to take a reasonable and responsible approach to the entire problem. Before we get into the problem, we should clarify the meaning of PCB, the nature of the entire line, and how these tie into our product line of Aroclors.

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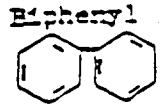
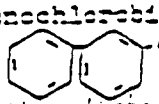
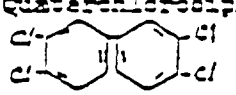
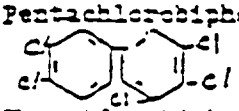
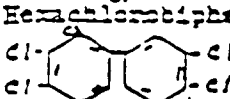
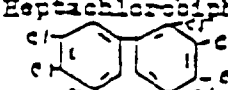
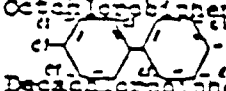
Monsanto entered the Aroclor market in 1930 by acquiring Swain Electrical Company or known today as our Anniston, Alabama plant. The first load of Aroclor which incidentally was Aroclor 1254 — went out of Anniston, Alabama to GE in 1931. Since that time the market has grown to 170 to 200M worldwide.

Chemical	Monsanto Product Line	Nature of Material at Ambient
Biphenyl  Solid at Sublimes at		Solid
Monochlorobiphenyl 	Aroclor 1221	thin liquid (oil)
Dichlorobiphenyl 	Aroclor 1232	thin flush water
Trichlorobiphenyl 	Aroclor 1242	oily type fluid material
Quaterchlorobiphenyl 	Aroclor 1248	Thicker - transmissio oil
Pentachlorobiphenyl 	Aroclor 1254	Heavy-Molasses
Hexachlorobiphenyl 	Aroclor 1260	Thick - tar
Heptachlorobiphenyl 	Aroclor 1262	Very thick - liquid
Octochlorobiphenyl 	Aroclor 1268	Solid
Decachlorobiphenyl 	Aroclor 12715	Solid

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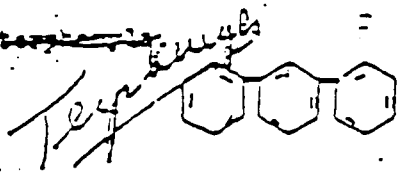
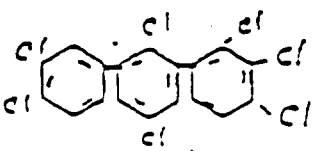
Total possibility are 210 theoretically possible chlorinated biphenyls



Santowax or terphenyl

Solid



Aroclor 5460

Solid

II. Problem

Damage to the ecological system by contamination from polychlorinated biphenyl (PCB).

III. Extensiveness

The problem involves the entire United States, Canada, and sections of Europe especially the United Kingdom and Sweden. As the investigation broadens other areas of Europe, Asia and Latin America will surely become involved. Evidence of contamination have been shown in some of the very remote parts of the world. The involvement could and most likely will follow the DDT investigations.

IV. Nature of the Problem

Professors Widmark and Jensen of the Institute of Analytical Chemistry at Stockholm, Sweden, in November 1966, announced and confirmed findin PCB in fish, birds, and eggs. Subsequent findings were made in 1967 i Great Britain. In February 1969, Professor Risebrough of the Universi of California published an article in the San Francisco Chronicle relaying his findings of PCB in the environment of the United States. Monsanto confirmed the presence of PCB's in mid-1969 and confirmed the adequacy of work by Widmark and Jensen and others; truly, the PCB's are a worldwide ecolclogical problem.

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Analysis indicates the environmental presence of the 5 and higher chlorinated biphenyls which take the appearance of Aroclor 1254 and Aroclor 1260. We have strong indications that Aroclor 1242 or at lea part of it degrades biologically. Since the Aroclor 1242 contains ar 7 percent of the 5 chlorine biphenyl or higher we cannot rule out the possibility that the observations may be a concentration affect of th higher chlorinated biphenyls of Aroclor 1242.

To date there have been no reports of finding Aroclor 1242 present in the environment (except outside the effluent of our plants where we k Aroclor 1242 is present).

The seriousness of the problem can best be spelled out as follows:

1. Fish - Marine or aquatic species concentrate PCB in the fatty tissue. Toxic is small quantities (down to 5 ppb) to sensitive m life such as shrimp.

2. Birds - Predatory species feeding on the marine or aquatic life c further concentrate PCB to possible harmful effects. Specificall in birds PCB can affect the calcium metabolism leading to egg she imperfections which prevents proper hatch of the young. In fact, Monsanto has confirmed the eggshell by feeding chickens, a high order of the species, PCB's in controlled tests.

3. Man - There is no harmful effect known to man or other mammals af 40 years of production. Investigations are underway by various sources.

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4. Political and Public Emotion - PCB's are falsely linked with DDT because PCB's show up in the analysis for DDT. PCB's are linked other permanent type chlorinated hydrocarbon pesticides. This becomes particularly serious since about every article of food in country is being examined for a trace of these materials.

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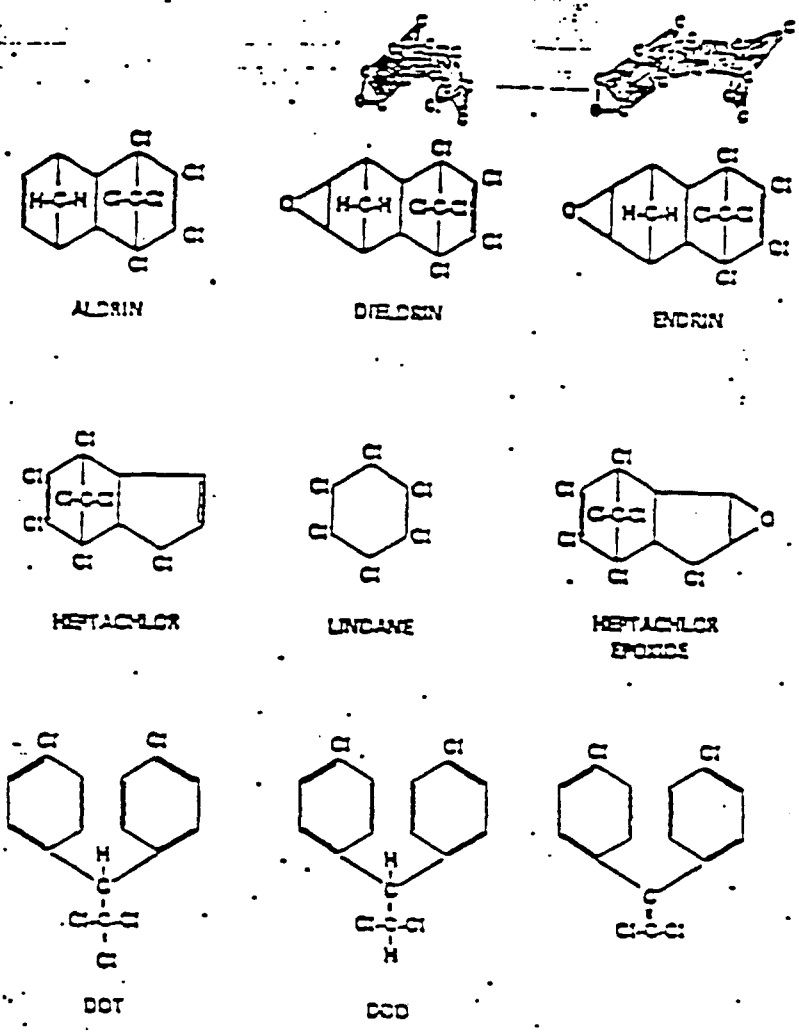

Fig 1 Structural Formulae of Nine Chlorinated-Hydrocarbon P

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V. Effect on Monsanto

Business potential at stake on a worldwide basis:

Fluids	Plasticizers	Total/Year
7[illegible] lbs.	3[illegible] lbs.	10[illegible] lbs.
$15[illegible]	$6[illegible]	$22[illegible]
$6-8[illegible] G.P.	$2-3[illegible] G.P.	$8-11[illegible] G.P.

Already competition is using certain data against us in competitive situations.

A. Legal Liability

Direct lawsuits are possible. The materials are already present in nature having done their "alleged damage". All customers using the products have not been officially notified about known effects nor our labels carry this information. These are only a few of the possible legal implications which would best be covered by the legal department.

B. Public Image

The corporate image of Monsanto as a responsible member of the business world genuinely concerned with the welfare of our environment will be adversely affected with increased publicity.

The evidence proving the persistence of these compounds and their universal presence as residues in the environment is beyond questioning. This combined with certain scare publications is certain to give an adverse image. Guilty by association (with DDT) will prevail as the background while actual facts may be sparse.

C. Customer Relations

STR 021946

Some customers who presently use these materials will be "scared o[illegible] to other competitive products. Products associated with the same name or "trademark" will be adversely affected ie., Therminol, Pydraul and Aroclor. Competitors will use the information for an

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influence on Monsanto products.

Customers will seek other "outs" rather than become involved.

VI. Effect on Customers and Ultimate Consumers

One of the unique features of PCB's is their fire resistance. Here the basic decision whether to risk lives due to fire or risk extinction of, some species of birds. In this case the PCB would probably be accepted as a necessary pollutant and tolerated under controlled conditions.

A. Electrical Industry - Capacitors and Transformers use Aroclor because it is the best inexpensive dielectric fluid available.

B. Food Processing - Bulk "deep frying" units for potato chips, fish, and doughnuts use the fire resistance fluid as an indirect heating medium.

C. Die Caster -- and other hot metal working industries fire resistant fluids to protect the workers

Affects a wide range of plastics and adhesives because the PCB serves as the plasticizer.

A wide range of paints and coatings are affected. The "Carbonless" carbon paper used so widely would disappear.

VII. Involvement With Other Producers

Although Monsanto is most probably responsible for the U.S. contaminat and jointly responsible with MCL for the United Kingdom problem, we cannot accept responsibility for the world. There are five known producers in the free world, several possible producers behind the iron curtain and couple of additional companies making overtures about entering the business. Monsanto representatives have on one occasion discussed this problem with a couple of these producers but they expressed no great concern. In fact, it is highly possible that one

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these manufacturers is dumping his waste into the Rhine River. Certai any action taken by one producer will most assuredly affect the other. It is entirely possible that a joint plan of action could be developed but will most probably have to be spearheaded by Monsanto. It is also likely that producers of other chlorinated products used with PCB's will be dragged into the investigation.

VIII. Sources of Contamination

Although there may be some soil and air contamination involved, by far the most critical problem at present is water contamination. To our knowledge to date the contamination can be broken down into two genera categories, open and indirect pollution.

A. Open Pollution - Our manufacturing facilities sewered a sizeable quantity of PCB's in a years time.

1. Fluids

Fluids are probably the most open source of pollution because their mobility. They also may be the least serious because th are generally the lower chlorinated materials.

2. Electrical

Electrical customers have in the past sewered their wastes.

3. Heat Transfer

Heat transfer customers have sewered their objectionable and their spilled material.

4. Industrial

These fluids have generally been sprayed into drains, washed down sewers and generally regarded as very harmless.

All of the fluids have had the "[illegible]" constituent dumped on dirt roads a "dedusting agent" which inadvertently found its way back to the stream.

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5. Plastics

The plastics are not as mobile as the fluids so therefore th
have not found and cannot find their way back to streams in c
pollution.

B. Indirect

Shipping containers and the cleaning thereof for subsequent use a
source of contamination.

1. Fluids

a. Electrical - Disposal of "burned out" transformer and capacitors may find its way back to streams. Scrap units (new) are generally disposed of in land fills but could possibly get back to the stream.

b. Heat Transfer - Leaks could contaminate.

c. Industrial - Cross product contamination carried out of a air compressor. Residual material carried on parts.

2. Plasticizers

a. Process Contamination from Washing

(1.) Environment Contamination

Swimming pool paints

Incineration of wax coatings

Traffic paints

(2.) Product Contamination

Coating for tank lining

Printing inks and paper coatings

Certain adhesives

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III. Recent Technical Changes Which Have Bearing on the Contamination

A. Fluids

The sources of pollution were pointed out as they have been in th
past because we are dealing with that quantity of material in th

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environment today which was deposited over the past forty years. We must state that responsible people throughout the industry have taken corrective action to reduce contamination in the last two years. There have also been technical advances which have brought about the use of lower chlorinated biphenyls which may be an advantage because to date low chlorinated ones have not been identified present in nature.

1. Electrical - The large customers have established collect systems the waste is recovered. Incinerators are being investigated and built for the disposal of the materials. There has been a shift away from the higher chlorinated types products and could probably shift almost entirely away from those products.
2. Heat Transfer - System have been tightened up and redesigned to confine the contents. Here, too, the trend has been to shift away from the higher chlorinated materials.
3. Industrial - Settling ponds have been built by the large manufactu to catch the material and decant off the PCB for reprocessing. T trend here as the other fluid areas has been towards the lower chlorinated materials.
4. Plants - The plants effluent has been passed through limestone wh provides surface to catch some of the material. But high concentrations can be found in our effluent (that is relative to those findings in nature causing the problem).

B. Plasticizer

Quite opposite to fluids the trend in plasticizer Aroclor has been to higher chlorinated biphenyls. In plasticizers the lower chlorinated biphenyl will not be an acceptable solution however, the lower chlori terphenyl could offer a possible solution.

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X. Courses of Action

A. Do Nothing

We cannot deny the findings and the acquisitions by the various agencies. If we took no action we would likely face numerous suits We would let government tolerances be based on public and political pressure along with any experimental or developed data which they may generate. We would most likely be forced out of this business. Other product areas would be adversely affected. We would project an image as an irresponsible member of the busines world. Project poor customer relations. The only advantage to thi technique offers is it reduces the cost but this too must be weighed against potential loss of business.

B. Discontinue Manufacture of All Polychlorinated Biphenyls (PCB) Although we all realize this could be an eventually unfortunately the solution is not this simple. Assuming we did stop manufacture immediately, the pollutants are present in the environment, the liability is present and possibly by the shifting to the lower chlorinated materials and the recovery techniques the contamination may already be reduced to an acceptable level. Obviously the entire business would be lost without any or very few substitutes to be offered. Other product areas would be affected. Financial loss could be considered due to raw material contracts, customer contrac and royalty -- secrecy contracts. Competition would take advantage on all fronts. We would be admitting guilt by our actions. Loss of capitol investment in the plant, associated utilities, and asse-ciated processes. We would possibly gain a little public image on this action.

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C. Respond responsibly, admitting that there is growing evidence of environmental contamination by the higher chlorinated biphenyls and take action as new data is generated to correct the problem.

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this approach would enable us to phase out the higher chlorinated materials in many applications where they are no longer necessary or really desired. We could maximize the corporate image by publicizing this act. We would reduce a known pollutant. Additionally we could gain precious time needed to develop new products and investigate further the lower chlorinated materials. As new research data is generated our course may be altered considerably. Certain limited actions may reduce or limit the problem.

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XI. Recommended Course of Action

Based on the information available today the only recommendation we can honestly make is respond responsibly admitting that there is growing evidence of environmental contamination by the higher chlorinated biphenyls and take action as new data is generated to correct the problem.

XII. Implementation of the Recommended Course of Action

A. Immediate (By 12-1-69)

1. Set up a task force under a project manager or the equivalent responsible for initiating, directing and implementing all actic that Monsanto decides to take. This includes sufficient budget necessary to cope with the immediate problems. This task force should include representatives from Medical, Legal, Research and the two involved Marketing Groups and Public Relations and must conduct liaison with MCL and other locations involved in the problem.

2. Decide on timing and content of any public and/or customer notification of PCB problem.

B. Interim (Within 3 months)

Fluids	Plasticisers
1. Confirm Aroclor 1254/Aroclor 1260 are found in the environment.	1. Announce differential betwee fluids/plasticiser uses.
2. Publicize the difficult anal. tasks.	2. Announce safety of other PCB chlorinated terphenyl.
3. Protect other PCB/chl. terph.	3. Educate customers on control effluent for all products.
4. Announce plans to reformulate certain Therminols and Pydraul where control of the product is difficult.	4. Initiate program to develop 1254 & 1260 substitutes

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5. Emphasize better control over other Aroclor 1254 & 1260 uses.

5. Investigate with manufacturers the feasibility of alternate products.

6. Initiate customer education on need for effluent control of all products.

6. ~~Analyze [illegible]~~

7. Determine composition of all PCB's.

Develop a comprehensive Program

C. Short Term (within the next 12 months)

1. Research - Expand program for more meaningful biodegradation studies and confirming analytical results. Expand toxicity studies. Follow developments concerning publicity and those developments covering political implications of PCB contamination.

Medical

2. Marketing - Discontinue or substitute replacement products for those applications of Aroclors 1254 and 1260 where the Aroclor remains mobile.

Work with customers to clean up plants on other Aroclors. Report the habitual violators or "do nothings" to the product group.

Reclaim or safely dispose of fluids. STR 021954

Consider renaming products that do not contain PCB. Follow and report market developments such as customer disposal systems. Follow and report any political or public feedback which may affect the contamination problems and must be coordinated with Medical, Research and Legal.

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3. Production - Clean up plants and stop gross contamination.

4. Legal - Define our present position, recommend reasonable acti that will not unduly alarm the market but reduce the exposure in terms of liability. Coordinate recommendations with Market

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5. Public Relations - Publicist actions where believed advantage

Certainly discussions should be held with other producers with same period to determine their planned course of action, if an

D. Long Range Tentative Outline (From 1 year to 3 years)

Realizing that the comprehensive program must be outlined the "Lon Range Tentative Outline" is meant to serve as a guide: All aspect of this program should review quarterly by Organic Management.

1. Research-Medical

Continue biodegradation studies and analytical support

Isomer distribution

Toxicity and metabolism studies

Water soluble removal

Incineration analytical support

Confirmation analytical

Contract academic research for reference

Develop new and improved formulations

2. Manufacturing

a. Process Research and Development

(1.) Identification of typical Aroclor isomers

(2.) Develop control for effluent composition

(3.) Test substitute formulations, etc.

(4.) Develop new processes

b. Clean Up Plants

c. Modify processes to meet market needs

3. Engineering

a. Develop and set up on plant locations incineration system

b. Design new processing equipment as necessary

4. Marketing

a. Specify alternates or changes

b. Customer-liaison

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c. Set reclaim or disposal of fluids

d. Work on name association problems

5. Patent

Investigate trademarks registered

Cover with patents any work felt patentable

6. Environmental Control

Develop cheap disposal systems for customers

a. Incineration or pyrolysis

b. Biodegradation unit etc.

c. Consultants in pollution control

7. Legal

Investigate and define our position on Royalty secrecy agreements.

Contracts - Raw Material and Customer

8. Public Relations

Portray to public positive actions at correcting the contamination problem. Release periodical statements covering our position.

XIII. Probability of Success

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XV. Cost of Program

Neither the program nor the costs have been clearly defined at this t
However, a cost estimate of $220,000 for toxicological work alone has
been presented. Tentative figures indicated under the worst conditio
the entire program could run as high as $2.0-2.5M. At this stage it
very difficult if not impossible to develop a reasonable cost figure
one point is clear it will be larger than the normal research budget
handle. For this reason, assuming the approach is acceptable, we sha
be forced to ask for additional appropriations to fund the program.

XV. Future

Follow developments on the problem as they unfold.
Develop an aggressive research program to confirm or deny findings an
better understand the problem.
Develop costs for the implementation of the Recommended course of
action.
Develop specific actions with each department involved
Submit the actions with costs for approval
Develop a timetable to solve the overall problem.
Prepare for "precipitious pullout" or drastic legislative action alth
we do not feel this is a likely possibility.

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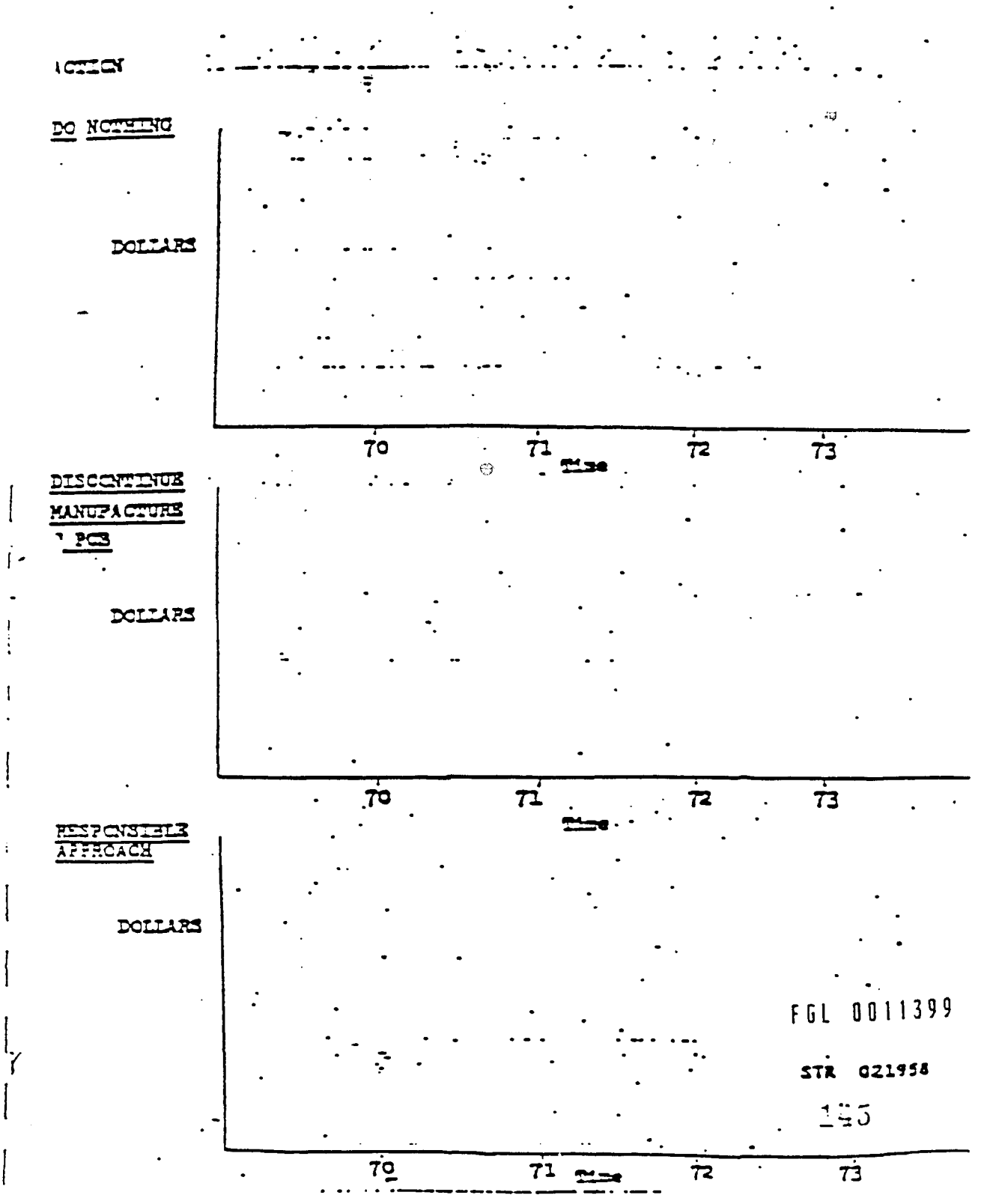
PROFIT AND LIABILITY VS. TIME



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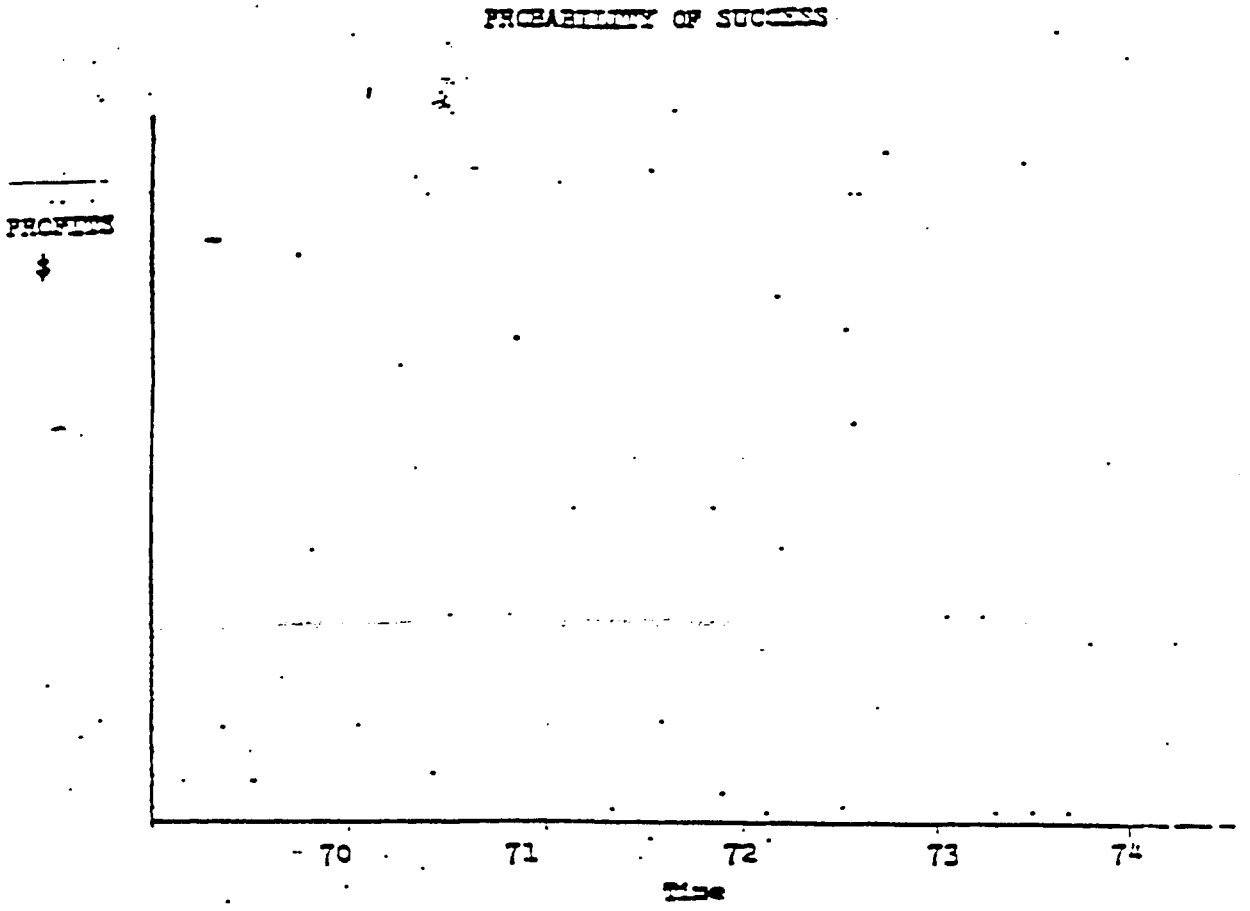

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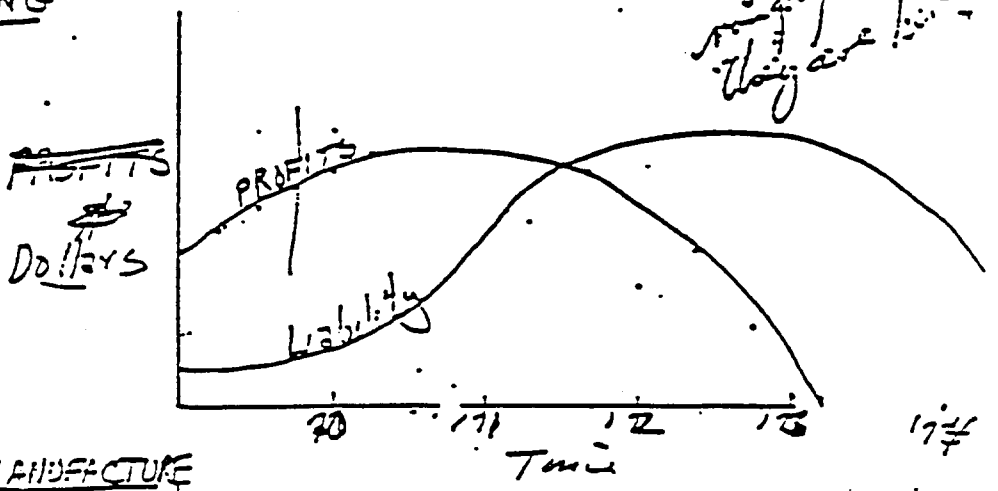
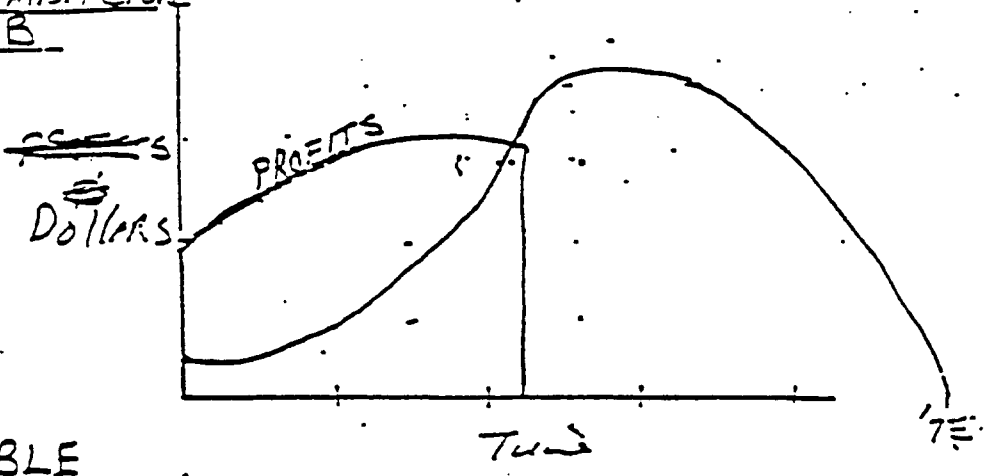
PROFIT AND LIABILITY VS TIME

ACTION

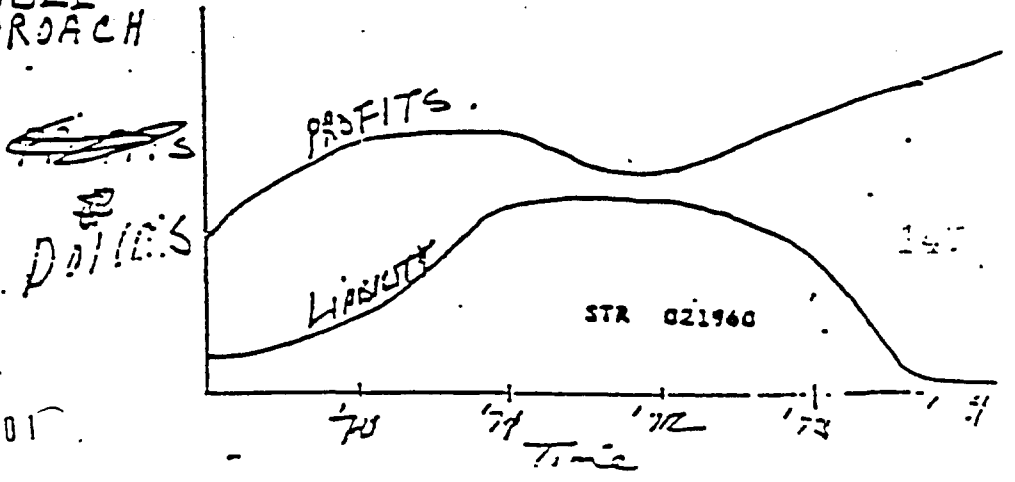
DO NOTHING



DISCONTINUE MANUFACTURE OF PCB



RESPONSIBLE APPROACH



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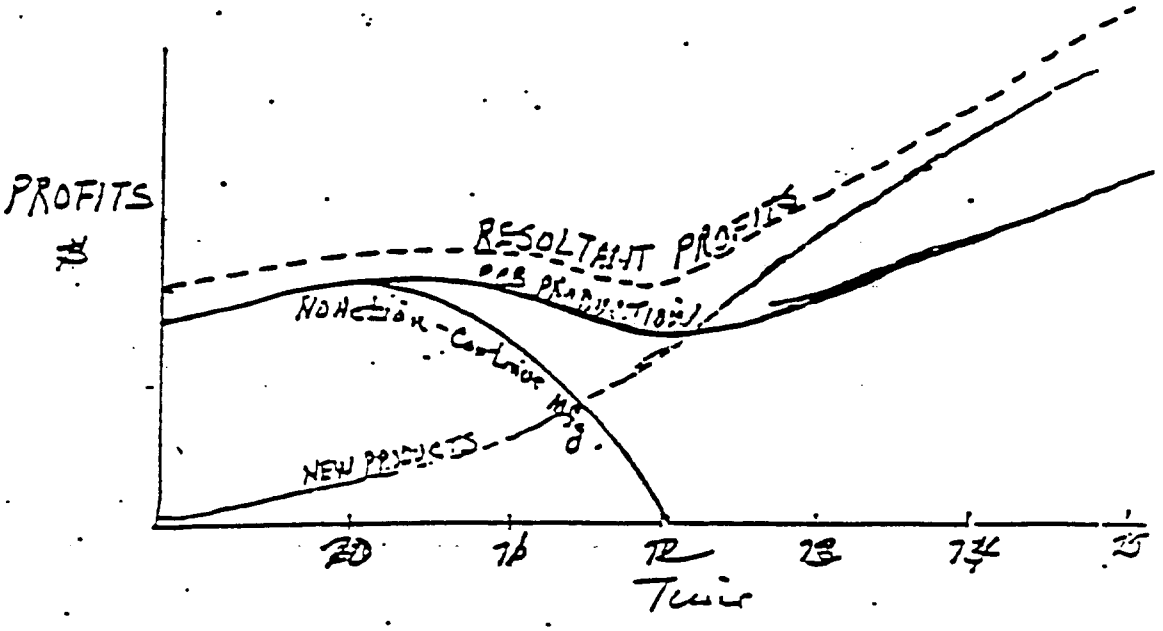
PROBABILITY OF SUCCESS



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