

Memorandum

Isham Dep Inc #7
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MAR 16 1979

Glynn Young - BLND

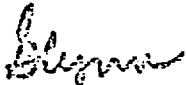
March 16, 1979

R. C. Isham

QUESTIONS AND ANSWERS FOR
ANNUAL MEETING

TO : J. R. Foehr

Attached are the questions and answers prepared for the annual meeting, as requested by Corporate Public Relations. The material has been reviewed by the appropriate general managers, product acceptability managers, marketing people and legal people involved.


Glynn Young

GY:smt

Att.

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QUESTIONS AND ANSWERS FOR MR. HANLEY --- 1979 ANNUAL MEETING

Q1. What is the status of the PCB lawsuits?

A1. We are proceeding with our defense preparations, and intend to pursue a very vigorous defense of Monsanto in this matter. Recently, concerning the federal cases filed in Alabama and Georgia, the Federal court has denied certification as class action suits, and the plaintiffs are proceeding as individuals.

Q2. Why is Outboard Marine suing Monsanto?

A2. This case has recently been filed, and it's too early to make an evaluation of its reasons or merits.

Q3. Is Monsanto doing anything to remove PCBs from the environment?

A3. We are committed to two university studies on developing ideas and doing feasibility studies on how PCBs might be removed from the environment. The universities involved have been interviewing various candidates to undertake these studies. We, of course, don't know what results they may report, but we are hopeful that these research-oriented institutions might produce valuable, unconventional ideas as to how PCBs might be removed.

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Q4. (Only if asked) Which universities are involved?

A4. The California Institute of Technology and the Massachusetts Institute of Technology. I might add that the studies are only in the very early stages of development, however.

Q5. Is Monsanto doing anything about the oil tank contaminated with PCBs in Frontenac, Mo., and the waste oil in Dittmer, Mo.?

A5. According to a recent press report, the situation in Frontenac, where a tank of waste oil containing PCBs had been placed, has been resolved by the government agencies and the disposal contractor involved.

In Dittmer, Mo., the same disposal contractor as in Frontenac had deposited wastes in an open pit near farmland. This company had a contract with Monsanto to dispose of waste oil from our Corporate Research Center, and had contracts for disposal with many other St. Louis firms at the same time. As soon as we were aware of the problem, we immediately stopped shipping with the company. Last year, a suit was filed against the contractor and Monsanto, claiming damages incurred when this material allegedly leaked onto private property. The suit is now in litigation.

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- Q6. Does Monsanto plan to reintroduce NTA into the United States?
- A6. We have asked the Environmental Protection Agency to reevaluate the government's earlier positions on the use of NTA in the United States, particularly in light of the fact that NTA has been used in Canada without any problems, because of existing safety data and the conclusions of the International Joint Commission with respect to NTA's use in household detergents.

Last year the IJC reported that there is no reasonable cause for restricting the use of NTA in the Great Lakes Basin. We agree with that conclusion, and hope that the EPA agrees as well.

- Q7. Why did Monsanto sell Flavor/Essence? What was the sale price?
- A7. This decision was part of our continuing program to cull those businesses that do not fit into our long-term growth plans. In effect, this frees capital for those businesses that would benefit from additional investment. The sales price was not disclosed as part of the agreement with Bush Boake Allen, the purchaser. However, I can report that it does not affect our sales or profits in any material way.

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Q8. What is Monsanto doing regarding the introduction of phosphate legislation in various state legislatures?

A8. We have been following the progress of the legislation in these state deliberations. Monsanto-sponsored studies by Cornell and Purdue concluded that the phosphate restrictions in New York and Indiana, for example, had had no effect in improving water quality in the lakes in those states. Monsanto agrees with the conclusions of these studies and our position is supported by many scientists. Additionally, we have worked with the Soap and Detergent Association and with our major customers in presenting the technical facts regarding the use of phosphates in detergents to the appropriate government bodies. We are also a plaintiff in a suit in Michigan challenging the phosphate restrictions there.

Q9. Weren't trace amounts of dioxin found in the orthochlorophenol spilled at Sturgeon, Mo.?

A9. Yes. Our analytical chemists did find an extremely low amount, 0.037 ppm, in the reserve sample. We immediately informed the EPA and the clean-up contractor of our findings. There are a number of dioxins that have widely varying degrees of toxicity. We are not able to establish if the one discovered in connection with the Sturgeon spill was the extremely toxic 2,3,7,8 dioxin. We do not believe that there will be any health problems for either the residents of Sturgeon or the clean-up crew, particularly since the amounts were so small.

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Q10. Is Monsanto still losing money on sorbates?

A10. Competitive conditions have required us to price sorbates below what we feel they should be. Recently, however, prices have moved upward, though still not to levels that we feel would be required for an adequate rate of return. We have been very aggressively working in new markets and applications, and we are hopeful that the pricing problems will soon be resolved, as this product represents great potential for Monsanto.

Q11. Is Monsanto playing any role in the nitrites controversy?

A11. Last year, we submitted a proposal to the U.S. Department of Agriculture which would allow the use of a reduced level of nitrites in bacon along with potassium sorbate. The agency reacted favorably and issued a proposed regulation, which would require the use of a lower nitrite level with potassium sorbate, with an appropriate time for comment. If the government finalizes the regulation, then sorbates could be used in bacon sometime this year.

Q12. What is the status of the lawsuits filed against Monsanto with regard to pentachlorophenol?

A12. We are proceeding with our defense. We intend to represent ourselves vigorously in this matter.

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Q13. Is Monsanto planning to build a silicon production unit at Spartanburg, S.C.?

A13. There is a proposal now to do so; however, it has not yet been considered for approval by the Board of Directors. If the Board approves the proposal, we will make a full announcement at that time.

Q14. Were any of Monsanto's rubber chemical products used in the manufacture of the Firestone 500 tire?

A14. Monsanto is the No. 1 producer of rubber chemicals, and we sell products to all of the tire companies, including Firestone.

Q15. Are phosphate esters used in any Monsanto products, and what is the concern about them?

A15. Phosphate esters are used in some of our plasticizer products and in our hydraulic fluids. In April 1978 EPA's Interagency Testing Committee recommended that phosphate esters be placed on the priority list for testing because of the large production volume in the United States and the opportunity for occupational exposure to these compounds beyond that encountered in their manufacture. We feel there should be no concerns about the phosphate esters we manufacture and in fact we have a testing program that has been underway for the past several years to ensure their acceptability.