D. A. Olson - St. Louis

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POLYCHLORINATED BIPHENYLS

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Our action plan for discontinuing sale of Aroclors 1254 and 1260 is as follows:

1. Heat Transfer

Only product concerned is Therminol FR-3. Have 37 customers but West Bend accounts for 125,000 of 135,000 total pounds to date in 1969. Following issuance of the general customer letter, we will work with West Bend to convert them to Therminol 66.

Other customers can be notified of discontinuance of the product and should be able to convert to FR-1.

All can be accomplished and product discontinued by June.

2. Dielectric

Major problem is transformer fluids. The only known alternates for the customers are to go to 1242 or to quit making Askarel transformers.

The key is General Electric. Before the end of the year, we will meet with GE and lay out the whole situation. The timing and direction of our next move will be dependent on GE's reaction. They are truly concerned about the air-formed gases with 1242 and may elect to stay with 1260 regardless of pollution. We will then have to determine whether to stay in business or let someone else have it.

Assuming GE chooses the 1242 route, our timing will be determined by their needs. We do not want to evolve any arbitrary time table, but would tell them we are aiming for mid-year.

Other U.S. customers should not be a major obstacle once GE has decided on a formula. We are already working with Allis-Chalmers and ITE to convert to 1242.

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PLAINTIFF'S EXHIBIT

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Sales outside of the U.S. pose a different situation. We now sell 7 million pounds of blends containing 1254 and 1260 (4.6 million from U.S., 2.5 million from U.K.). Decision on these customers will be dependent on reactions of our competitors. If Prodelac keep offering the products, we may desire to continue manufacture at least at one location to support export sales.

Our approach will be to:
a) determine competitive reaction,
b) switch any worldwide customers where no major technical problem arises, and
c) reach decision on whether to support the remaining business.

3. Industrial

A number of Pydraul products contain 1254 and 1260. We are taking two basic approaches:
a) Reformulate with terphenyls.
b) Develop a straight phosphate ester.

A. Reformulation Products

Replacement Pydrauls without Aroclors 1254 and 1260 have been formulated and pump tested.

Replacement for Pydraul AC is now running in a Queeny Plant compressor. Performance will be checked on December 15. If this product is successful, we will produce replacement products for Pydraul AC, AC Winter Grade, 625 and 540.

The replacement products, if successful, will be produced early in January. Customers will be advised of replacement products and requested to switch to the new products. July 1, customers will be told by letter that the old products will be discontinued and no longer produced.

B. Phosphate Esters

Trial quantities of new phosphate ester to be produced by January 19, 1970.

Will be field tested in customer equipment for 60-day period.

Offer commercially April 1, 1970, if successful.

The new ester can also replace Pydraul AC, AC Winter Grade and 625. Pydraul 540 can only be replaced with a reformulated product.

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REFORMULATED PYDRAULS

1) REPLACEMENT PYDRAULS WITHOUT A-1254 AND A-1260 HAVE BEEN REFORMULATED AND PUMP TESTED

2) REPLACEMENT FOR PYDRAUL AC IS NOW RUNNING IN A QUEENY PLANT COMPRESSOR. PERFORMANCE WILL BE CHECKED ON DEC 15TH. IF THIS PRODUCT IS SUCCESSFUL, WE WILL PRODUCE REPLACEMENT PRODUCTS FOR PYDRAUL AC, AC WINTER GRADE, 625, AND 540.

3) THE REPLACEMENT PRODUCTS, IF SUCCESSFUL, WILL BE PRODUCED EARLY IN JANUARY, CUSTOMERS WILL BE ADVISED OF REPLACEMENT PRODUCTS, AND REQUESTED TO SWITCH TO THE NEW PRODUCTS. JULY 1, CUSTOMERS WILL BE TOLD BY LETTER THAT THE OLD PRODUCTS WILL BE DISCONTINUED AND NO LONGER PRODUCED

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8. PHOSPHATE ESTERS

1) TRIAL QUANTITIES OF A NEW PHOSPHATE ESTER ~~BEING~~ TO BE PRODUCE BY JAN 19, 1970

2) WILL BE FIELD TESTED IN CUSTOMER EQUIPMENT FOR 60 DAY PERIOD

3) OFFER COMMERCIALLY APRIL 1, 1970, IF SUCCESSFUL

4) THE NEW ESTER CAN ALSO REPLACE HYDRAUL AC, AC WINTER GRADE, AND 625. HYDRAUL 540 CAN ONLY BE REPLACED WITH A REFORMULATED PRODUCT

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