

St. Louis - General Offices

May 11, 1970

W. B. Papageorge ✓

H. S. BERGEN
J. E. SPRINGGATE

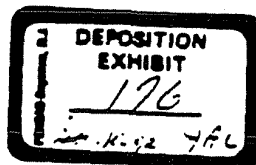
Attached hereto are copies of charts I used in the presentation with the CMC this morning.

The CMC gave its approval for us to implement the plan as outlined on the two sheets marked "PRESENT PLAN".

We are required to report to the CMC should we make any major deviation from these plans and we are also required to make a progress report probably around the 1st of August. Would you please go ahead and take the necessary action within your individual business groups and keep me advised of progress.

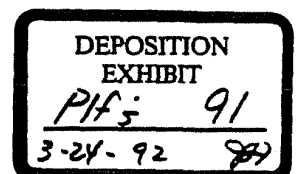
JOHN MASON

Att.



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CE40



COST OF RAPID PHASE-OUT - ALL CHLORINATED
BIPHENYLS EXCEPT DIELECTRICS

1970

LOSS IN SALES - \$ 5.4 M
LOSS IN GROSS PROFIT - \$ 2.6 M

IN ADDITION COGS WOULD INCREASE GIVING
TOTAL LOSS IN GROSS PROFIT OF - \$ 2.75 M.

1971

LOSS IN SALES - \$ 12 M
TOTAL LOSS IN GROSS PROFIT - \$ 6.1 M

PLUS POSSIBLE WRITE-OFF OF SOME \$ 2.6 M
KRUHNRICH AROCLOR FACILITIES.

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OBJECTIVE

TO MAINTAIN A PROFITABLE BUSINESS SERVING THE
NEEDS OF FUNCTIONAL FLUIDS USERS AND THE
CARBONLESS DUPLICATING PAPER INDUSTRY WHILST
MINIMIZING THE ESCAPE OF NON-BIODEGRADABLE
G.O.s - BIPHENYLS INTO THE ENVIRONMENT.

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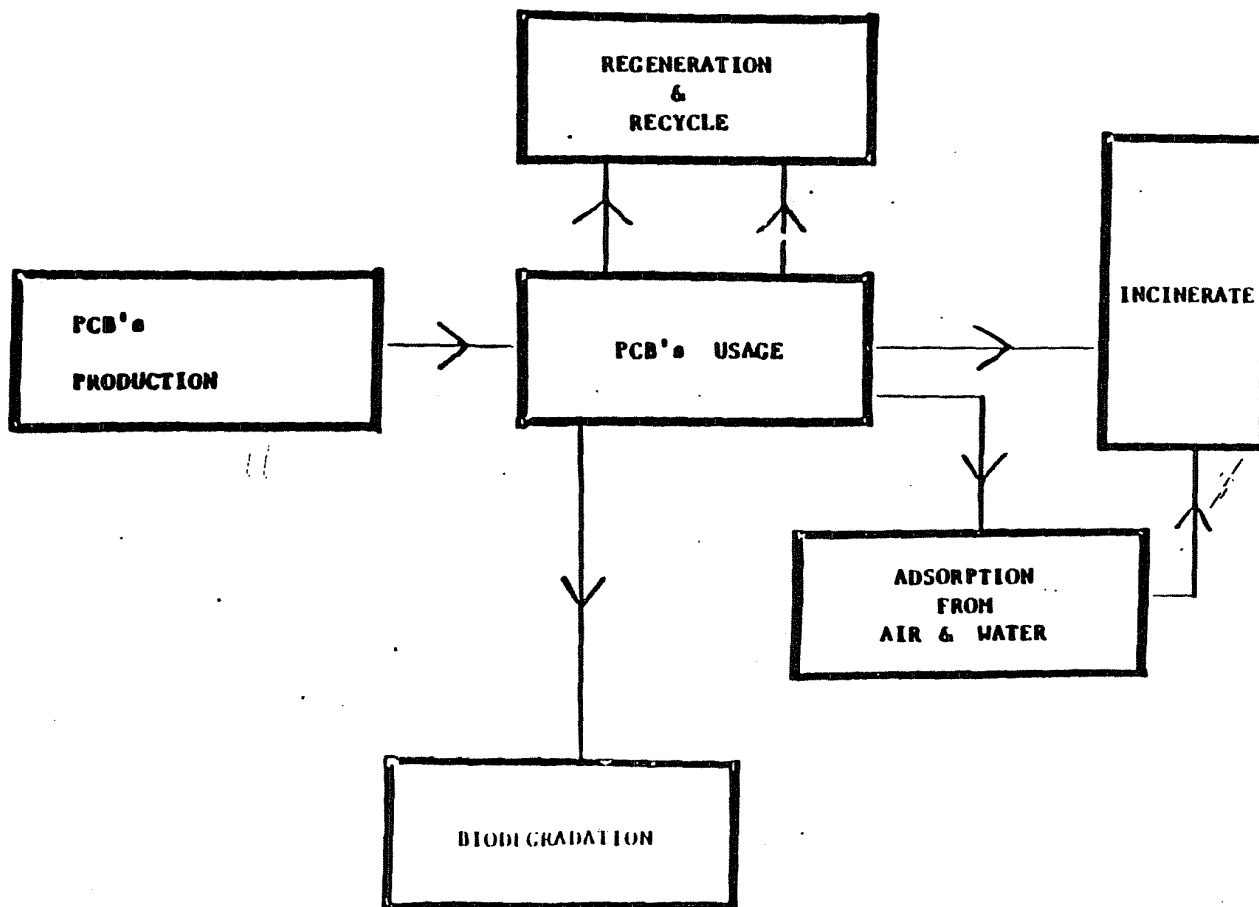
ACTION TO ACHIEVEOBJECTIVES

- 1) MARKET NON-BIODEGRADABLE CHLORINATED BIPHENYLS
ONLY FOR CLOSED SYSTEM APPLICATIONS WHERE CONTROL
IS POSSIBLE.
- 2) PHASE OUT OF ALL NON-CONTROLLABLE APPLICATIONS
REPLACING WITH BIODEGRADABLE CHLORINATED BIPHENYLS
OR OTHER SATISFACTORY PRODUCTS.

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THE CLOSED LOOP



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DO WE HAVE THE CAPABILITY TO CLOSE

THE LOOP ?

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5.

BIODEGRADATION

- 1) GOOD PROGRESS AT BOTH RUABON AND ST. LOUIS.
- 2) LOWER CHLORINATED ISOMERS RESPONDING WELL, BUT
5 & 6 CHLORINE ISOMERS EITHER NOT RESPONDING
OR VERY SLOW.
- 3) CRITICAL PRODUCT IS 1242, CONTAINS SOME 50 ISOMERS
— GOOD RESPONSE ON 2, 3, & SOME 4 CHLORINE
ISOMERS.
- 4) WORK IN HAND ON FRACTIONATED 1242 GOOD PROGRESS
TO DATE.

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FIGURE 2

Semi-Continuous
Activated Sludge
Biodegradation

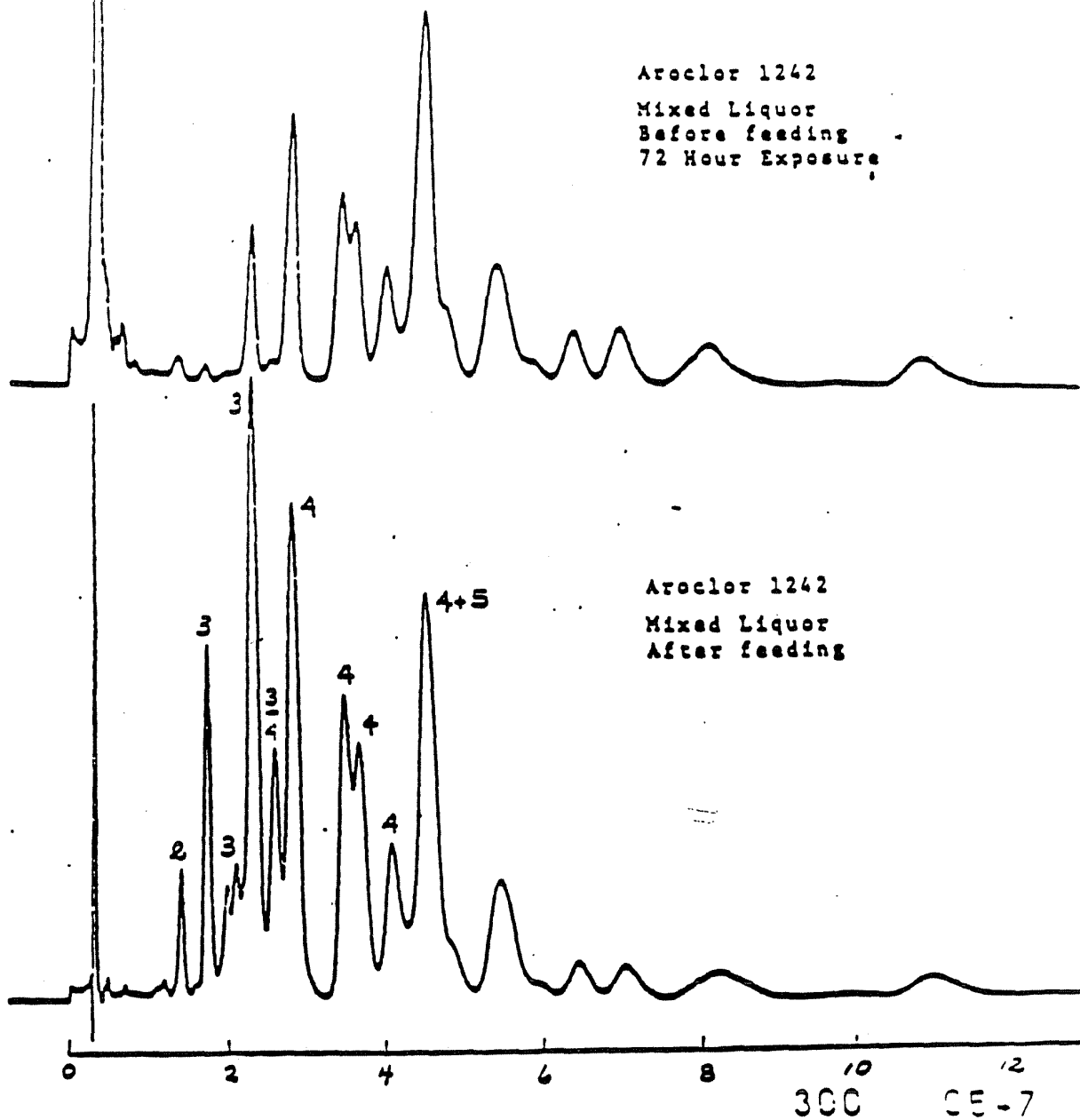


FIGURE 3

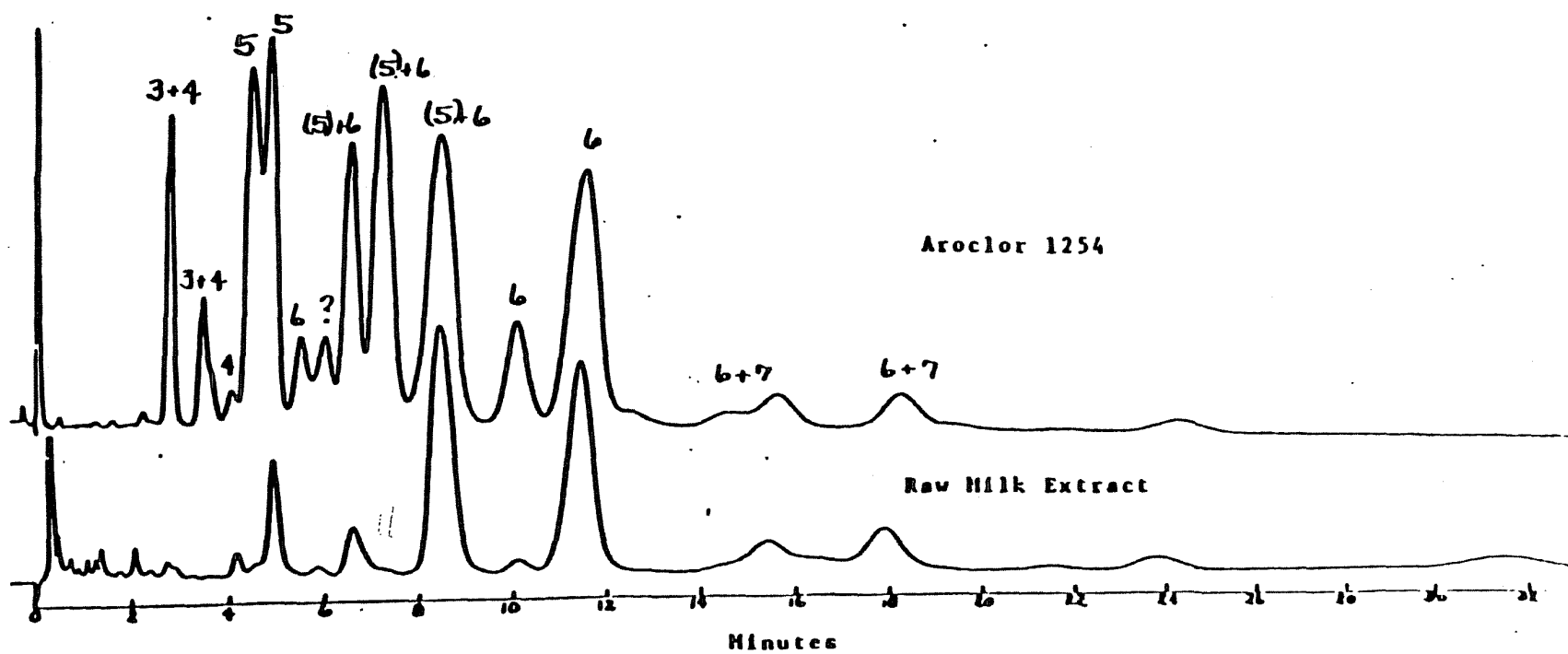
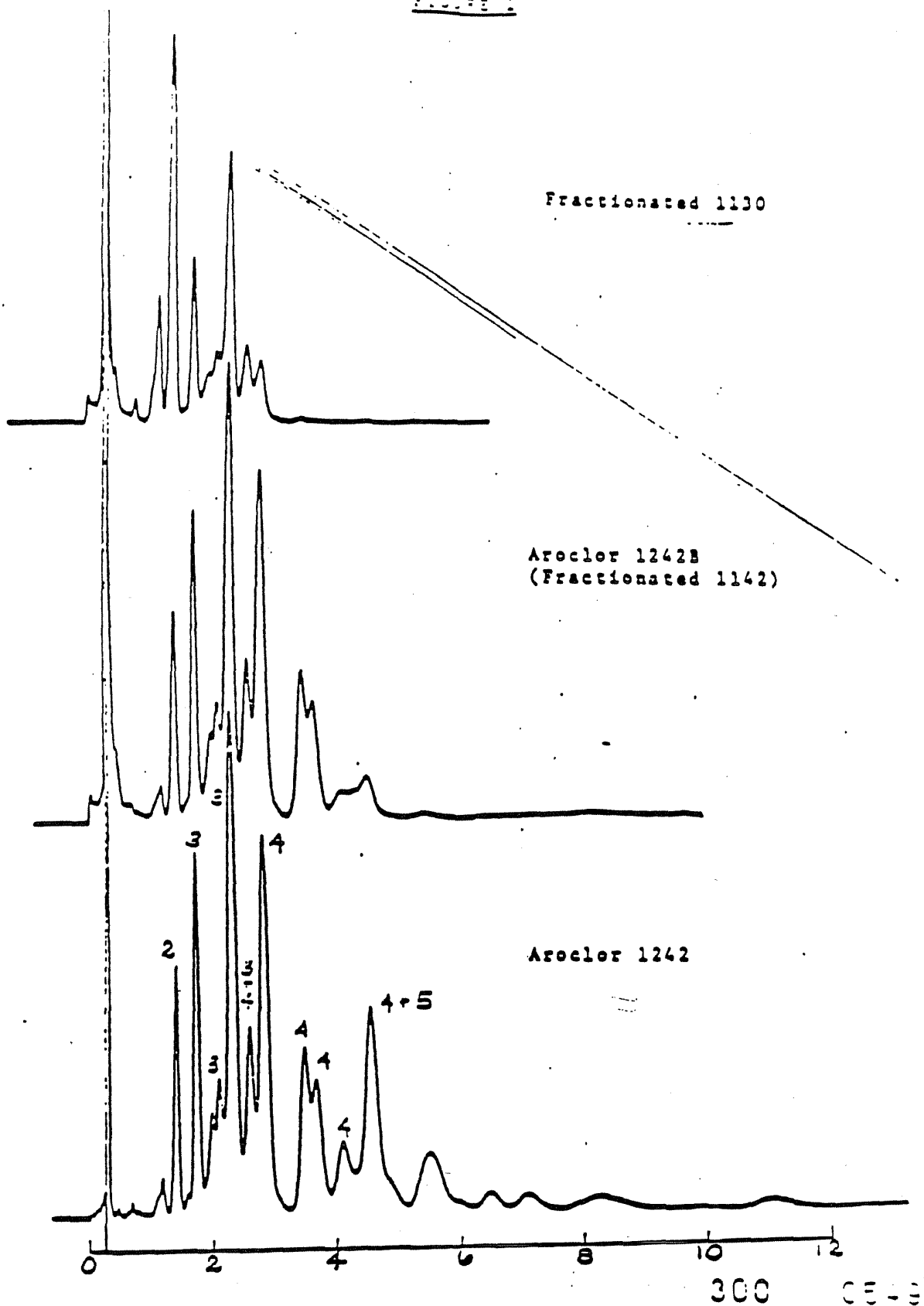


FIGURE 1



REPLACEMENT PRODUCTS

- 1) 1242B SHOWS GOOD PROPERTIES AS CAPACITOR DIELECTRIC -
NOW MAKING 500 GALS. AT DAYTON FOR CUSTOMER TRIALS. -
ALSO WORKING ON 1230B.
- 2) GOOD PROGRESS ON PHOSPHATE ESTER REPLACEMENTS FOR
HYDRAULIC FLUID APPLICATIONS. — TCP — CDP —
TBP — NONYL PHENYL/COMYL PHENYL DIPHENYL PHOSPHATE.
- 3) HEAT TRANSFER FLUIDS — USING MAINLY ESTABLISHED
PRODUCTS, E.G. HB-40 — EXAMINING POSSIBLE ENTRY
INTO DIPHENYL OXIDE PRODUCTION EITHER OWN PROCESS OR
LICENSING.

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TOXICITY

- 1) NO CHANGE SINCE LAST REPORT - HAVE DISCUSSED RESULTS WITH DR. BURGER, EXECUTIVE OFFICE OF THE PRESIDENT.
- 2) WE HAVE ANALYZED AROCLORS 1248 AND 1254 FOR OCTOCHLORO DIBENZO p-DIOXIN -- NONE FOUND.
- 3) CENTRAL INSTITUTE FOR NUTRITION AND FOOD RESEARCH, ZEIST, HOLLAND -- EXAMINED BAYER, PRODELAC AND MONSANTO CHLORINATED BIPHENYLS FOR DIBENZO FURANS -- NONE FOUND IN MONSANTO MATERIAL.

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INCINERATION

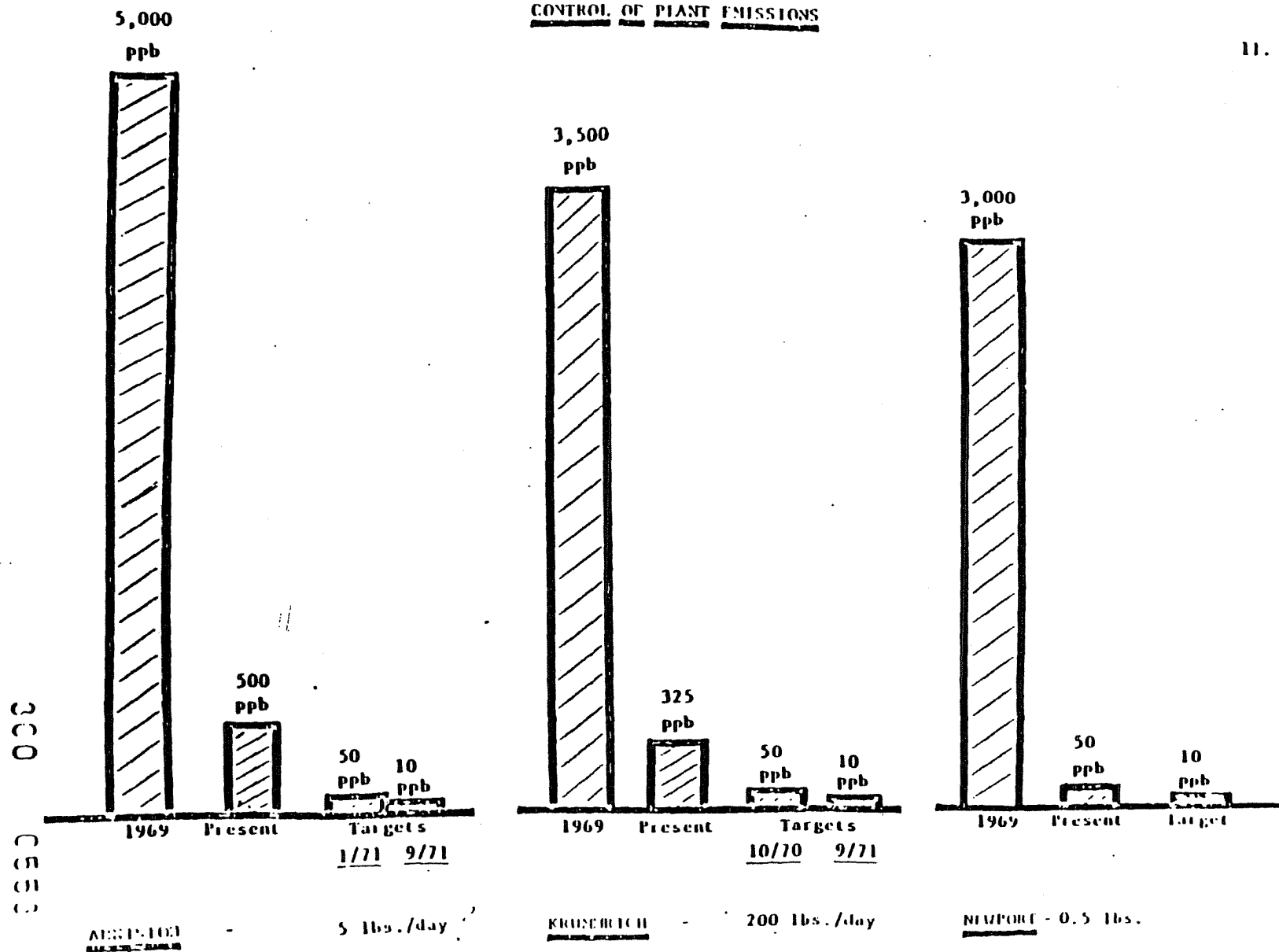
- 1) SUCCESSFUL TRIAL AT JOHN ZINC CO., TULSA. 1242, 1260, 1254 DESTROYED AT 2000° F. -- OFF GAS HCl. ENGINEERING WORK NOW IN HAND TO BUILD SUITABLE INCINERATOR. ESTIMATED COST \$250,000 M.
- 2) INTEND TO CARRY OUT FURTHER TRIALS ON STILL BOTTOMS.
- 3) INCINERATOR PROBABLY LOCATED AT KRUMTRICH.

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CONTROL OF PLANT EMISSIONS

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CLOSING THE
LOOP FOR INDIVIDUAL
BUSINESSES.

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TRANSFORMER & CAPACITOR DIELECTRICS

- 1) RESPONSIBLE INDUSTRIES USING 1254 AND 1242.
- 2) FIRE RESISTANCE EXTREMELY IMPORTANT.
- 3) COLLECTION AND RETURN OF SPENT AND ARCED FLUID.
- 4) REGENERATION AND RECYCLE.
- 5) TRIALS PLANNED FOR 1242B AND 1230B IF SATISFACTORY.
- 6) LABELLING OF ASKAREL TRANSFORMERS.

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HEAT TRANSFER FLUIDS

- 1) EDUCATION OF USERS WHERE FIRE RESISTANCE IS OBLIGATORY
-- MAJOR INDUSTRIAL CORPORATIONS -- E.G. GOODYEAR AND
CHEMICAL COMPANIES.
- 2) PHASE OUT OF ALL FOOD APPLICATIONS -- LETTERS WILL BE
SENT OUT MAY 15th -- NO SALES AFTER AUGUST 15th --
WILL COLLECT AND DESTROY OLD FLUID.
- 3) INSTITUTION OF REGULAR COLLECTION REGENERATION OR
INCINERATION SERVICE.
- 4) PHASING IN NEW PRODUCTS WHERE CONTROL NOT POSSIBLE.

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HYDRAULIC FLUIDS

- 1) RECOGNIZE THAT CONTROL OF SPILLAGE AND PUMP LEAKAGE
MAKES THE USE OF NON-BIODEGRADABLE CHLORINATED
BIPHENYLS UNDESIRABLE.
- 2) ALREADY REFORMULATED PYDRAUL 625, ACWG, 280 and F9
— REPLACEMENT COMPLETE BY AUGUST 1
- 3) OTHER PRODUCTS IN INTERIM STAGES (E.G. PYDRAUL AC
FORMULATION ON COMPRESSOR TEST AT JFQ).
- 4) AIM TO COMPLETE 90% PHASE-OUT BY DECEMBER, 1970.

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N. C. R.

- 1) U.K. HAS APPROVED HB-40, NOW PLACED REGULAR
ORDERS — EXPECT COMPLETE PHASE-OUT BY
1st JULY.

- 2) U.S. RUNNING TRIALS ON M.I.B.P., EXPECT DECISION
22nd MAY — PRELIMINARY INTERIUM PRODUCTION
OF 40 M POUNDS PER MONTH TARGETED FOR 30th AUGUST
— PLANNING FULL SCALE PLANT 10 M LBS. PER
ANNUM ON STREAM END JANUARY 1971 — ESTIMATED
NFC \$1 - 1.2 M.

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17.

PLASTICIZER & MISCELLANEOUS APPLICATIONS

- 1) DISTRIBUTORS ALREADY ADVISED NO MORE SALES AFTER 30th AUGUST. (200 CUSTOMERS)
- 2) LETTERS TO 661 CUSTOMERS WILL BE SENT OUT 27th MAY ADVISING NO MORE SALES AFTER 30th AUGUST — DISPOSAL INSTRUCTIONS WILL BE GIVEN.
- 3) IN CONTACT WITH U.S.D.A. THROUGH AG DIVISION ON SILO PAINT PROBLEM.
- 4) BY 30th AUGUST ALL BUSINESS IN THIS AREA WILL BE PHASED OUT.

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P R E S E N T P L A N

- 1) TERMINATE SALES OF ALL NON-BIODEGRADABLE CHLORINATED
BIPHENYLS TO NON-CONTROLLABLE END USES.

COMPLETE - AUGUST 30th, 1970.

- 2) DISCONTINUE SALE OF AROCLOR 1242 TO MCR AND REPLACE
WITH HB-40 IN U.K., AND MIBP IN U.S.A.

COMPLETE - U.K. -- JULY 1st, 1970

COMPLETE - U.S. -- JANUARY 30th, 1971

- 3) CLOSE THE LOOP ON HEAT TRANSFER APPLICATIONS WHERE
F/R IS VITAL AND REPLACE WITH ALTERNATES IN OTHER
CASES.

COMPLETE - DECEMBER 30th, 1970

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- 4) REPLACE ALL NON-BIODEGRADABLE CHLORINATED BIPHENYLS
IN HYDRAULIC APPLICATIONS.

COMPLETE 20% - AUGUST 1st, 1970

" 40% - NOVEMBER 1st, 1970

" 100% - DECEMBER 30th, 1970

- 5) CLOSE THE LOOP ON ALL NON-BIODEGRADABLE CHLORINATED
BIPHENYLS IN TRANSFORMER APPLICATIONS.

COMPLETE - AUGUST 1st, 1970

- 6) CLOSE THE LOOP ON CAPACITORS AS FAR AS POSSIBLE AND
REPLACE 1242 WITH 1242B.

COMPLETE - DECEMBER 31st, 1970

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CEB:

NEW CAPITAL NEEDED

HD-40 EXPANSION - ANNISTON	- \$ 275,000
SALTOMAX 3 REFINING - ANNISTON	- \$ 250,000
HD-40 CAPACITY - NEWPORT	- \$ 1,000,000
WEEP CAPACITY - ANNISTON ?	- \$ 1,200,000
CUMYL/NONYL PHENYL DIPHENYL PHOSPHATE JFQ	- \$ 575,000
INCINERATOR/RECLAIMING EQUIPMENT	- \$ 255,000
TOTAL NEW FIXED CAPITAL	= \$ 3,555,000

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PROFITABILITY FORECAST

1971

	<u>EXISTING ARCOLOR BUSINESS</u>	<u>ARCOLOR & NEW PRODUCTS</u>
SALES	\$ 22.0 M	\$ 20.0 M
G. P.	\$ 8.5 M	\$ 5.0 M
N.I.A.T.	\$ 2.9 M	\$ 2.7 M
GROSS INVESTMENT	\$ 25.4 M	\$ 29.0 M
R.O.I.	11.5%	9.5%

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