

• Monsanto

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PX 2220

FEB - 3 1983

FROM
(NAME-LOCATION-PHONE) Sarah G. Collins - BIND - 3860

DATE : February 3, 1983

cc. W. A. Blase - B3NJ
L. J. Boesch - B2SC
M. E. Miller - B2SB
J. W. Molloy - 1740
W. B. Papageorge - G4WA

SUBJECT :

REFERENCE :

TO : R. G. Potter - B2SA

Attached is the proposed plant/external communication package for the Santophen shutdown. It includes the WGK bulletin board announcement, news release and follow-up preparedness Q&A.

The plant plans to post the announcement on Friday. The news release will be used only if we are called by the trade press or general media.

Comments?

Sarah

Sarah G. Collins

SGC:jd

Att.

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The Monsanto Board of Directors has approved the shutdown of the Santophen 1 manufacturing complex. All production in Unit 239 as well as 237 will be stopped by around mid-1983.

The decision to withdraw from the Santophen business was a hard but necessary one. As you know, the Santophen unit has been running well below its capacity level for some time and has been ~~operating at marginal profitability~~ ^{unprofitable} for several years. Forecasts for Monsanto's Santophen business showed continued declines. Consequently, a tough economic decision needed to be made.

The units supported approximately 50 jobs. As we move forward with the shutdown, we will be working with all of you to minimize the effect of the decision.

It is necessary for us to operate the units in the best possible manner until the time of shutdown.

unacceptable economic levels
Jack W. Molloy
Plant Manager

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Sarah G. Collins
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MONSANTO TO WITHDRAW
FROM GERMICIDE BUSINESS

ST. LOUIS, Feb. 00 -- Monsanto Company has announced its plans to shutdown its Santophen 1 germicide manufacturing unit and to stop all production of the product around mid-1983.

Santophen is a germicide used in household and industrial disinfectant cleaners.

According to Monsanto, the strong competition faced by Monsanto from other germicide producers has resulted in a significant loss of market share by Santophen.

Robert G. Potter, group vice president and managing director for Monsanto Industrial Chemicals Co., an operating unit of Monsanto, said the Santophen business has been ~~operating at~~ ^{unprofitable} ~~marginal profitability~~ for several years.

"Our Santophen volumes have dropped steadily since the late '70s while our fixed costs have increased," Mr. Potter said.

"We can no longer justify continued operation of the business."

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Santophen is a registered trademark of Monsanto Company.

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(Will release if interest is shown by trade press or general media.)

Law Rubin would OK:

① marginal profitability — per this draft —
or
→ ② unacceptable economic levels
or
1 levels

He prefers not
to say —
"unprofitable"

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QUESTIONS & ANSWERS -- SANTOPHEN

Q1. What is Santophen?

A1. Santophen is a phenolic based germicide used in household and industrial disinfectant cleaners.

Q2. What is its chemical name?

A2. Its chemical named is ortho-benzyl-parachlorophenol.

Q3. How long has Monsanto produced the product?

A3. Monsanto started production of the compound in 1940.

Q4. Where is Santophen produced and what's your capacity?

A4. Santophen is manufactured at our plant in Sauget, Ill. We have an annual capacity of between 10 and 15 million pounds.

Q5. What is Santophen's major competition?

A5. Santophen has been losing its market share primarily to those products derived from quaternary ammonium compounds (quats). Quats have significant advantages over Santophen, including raw material costs and performance. Additionally, germicide customers prefer the ease of application and the large number of registered formulations that quats provide.

Q6. Who are some of your competitors?

A6. There are several. Two of the largest are Lonza and Onyx.

Q7. Does Monsanto plan to continue in the germicide business with another compound?

A7. No. We are withdrawing from the germicide business.

Q8. When does Monsanto plan to shutdown its unit?

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Q9. Will the shutdown cause any employee layoffs at your plant?

A9. No operating personnel will be effected by the unit's shutdown at this time.

Q10. How many employees are involved?

A10. Approximately 50.

Q11. Will any other product lines be affected by the Santophen shutdown?

A11. The smaller chlorophenol units within the Santophen manufacturing complex will also be affected and will be shutdown.

Q12. What are these other products used for?

A12. They are used as chemical intermediates for several chemical products, including dyes, herbicides, and wood preservatives.

Q13. Was Santophen the product involved in the Sturgeon, Mo., railroad derailment several years ago?

A13. The product involved in that accident was orthochlorophenol crude, which was made in the Santophen complex.

Q14. Is Monsanto withdrawing from this business because of the lawsuits against in involving that product?

A14. No. The withdrawal is being made for financial reasons.

As stated in our announcement, the Santophen business has ~~been marginally profitable~~ for several years, with volumes dropping steadily, while both costs and competition have increased.

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