Monsanto

MONSANTO COMPANY
ST. LOUIS, MISSOURI

REQUEST TO CORPORATE ADMINISTRATIVE COMMITTEE

NUMBER: 21-714

DATE: June 20, 1977

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Initiating Organization: SPECIALTY CHEMICALS DIVISION - MIC

Project Title: RETIRE WORLDWIDE PCB ASSETS

Brief Summary of Request:

Situation

In October of 1976, Monsanto announced the worldwide termination of PCB manufacture and sale by October, 1977. Termination of all business activity is scheduled for October 31, 1977 with decontamination, dismantlement and disposal of all equipment completed by June, 1978.

A financial provision for a one time loss of $2.8 $\overline{M}$ ($2.0 $\overline{M}$ U.S. - $0.8 $\overline{M}$ Ex-U.S.) was approved in October, 1976 and charged against cost of goods sold. A current assessment of these estimates confirms the adequacy of this provision.

Action Requested

The Board of Directors approve the attached Retirement Request.

Amount: Gross Assets to be Retired $3,851 M.

DSW 355944

SIGNED: F. J. Fitzgerald
Managing Director, MIC

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MONSANTO INDUSTRIAL CHEMICALS COMPANY
RETIREMENT REQUEST

To: Mr. J. W. Hanley June 20, 1977

SPECIALTY CHEMICALS DIVISION
W. G. Krummrich and Newport Plants

Retirement Request No. 21-714

TITLE: Retire Worldwide PCB Assets

Summary of Property To Be Retired ($M)

	U.S.	U.K.	Total
Gross Assets to be Retired	3083	768	3851
Less: Accumulated Deprec. thru 8/77	2691	608	3299
Salvage Value	0	0	0
Estimated Retirement Loss	392	160	552
Estimated Dismantling and Decommissioning Expense	1217	374	1591
Estimated Decontamination Expense	323	260	583
Uninstalled Spares	30	6	36
Estimated Net Charge to Obsolescence	1962	800	2762
Repayment of Investment Tax Credit	14	0	14

F. J. Fitzgerald
Managing Director, MIC

DSW 355945

REASON FOR RETIREMENT

On October 5, 1976, Monsanto announced that it would terminate its worldwide polychlorinated biphenyl operations no later than October 31, 1977. The reason for this action was the persistence of these chemicals in the environment.

Subsequent to this decision, Monsanto recognized $2.8 M extraordinary obsolescence loss in 1976 ($2.0 M U.S., $0.8 M Ex-U.S.). The purpose of this retirement request is to provide authority to retire, decontaminate, dismantle and properly dispose of the physical assets involved.

The U.S. portion of this retirement will include the decontamination and dismantlement of the Aroclor and Pyranol facilities at the W. G. Krummrich Plant and transportation of the dismantled equipment to an approved toxic land fill. The existing tank car fleet will be decontaminated and used in controlled service. All product inventories and residues will be incinerated.

The Ex-U.S. segment of this request covers the decontamination and dismantlement of the Aroclor and Pyroclor facility located at Newport, Wales. Disposal of the physical equipment will be treated in a manner similar to the U.S. program.

The program to dispose of the PCB facilities has received endorsement of environmental and legal groups within MIC.

ALTERNATE COURSES

The following alternate courses were considered and rejected because of potential contamination problems:

- Retention of the equipment to manufacture other products.
- Sale of equipment for scrap.
- Sale of equipment allowing subsequent use in Manufacturing.

DSW 355946

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