

SMITH & KANZLER

This operation has been at a break even level this year for the first time in our five year history. We are currently furnishing five Victor products at a sales value of approximately \$500,000. This represents a savings to Victor on purchase cost of from 0 - 20% depending upon the product and an overall average of 10 - 15%. This volume will increase as we phase more S & K materials in and replace the Armstrong materials. Two more major materials for Victor are in the stage of Research and Development.

Non Victor items of SprayCraft, pipe covering and commercial paper is showing definite gains at present and represent nearly 75% of our volume.

The only requirement for profitability is an increase in volume. We have been working with Philip Carey Company to furnish them roofing paper and commercial paper. Their volume potential can put us on a 6-7 day week. Currently we are on 3 shifts 5 days - just increased from 2 shifts 5 days because of the Carey production.

Carey has declared that they intend soon to increase their facilities and have indicated a desire to acquire S & K. Our initial response was negative, but yesterday we reversed our position and are now proposing we negotiate a deal. See my memo's to you dated 7/9/68 and 7/23/68. (Copies attached.)

Also, Mr. McGranahan's memo's of 6/25 and 7/8.

Mr. Johnson as General Manager has done an outstanding job and is deserving of a bigger job in Dana - I hope in Victor Division. We also have a good young (29) controller, John Martino and a capable product engineer, Van Sebastian.

The Smith & Kanzler Packing House Union Contract has 2 years to run.

7/25/68

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