

C O P Y

July 9, 1968

To: W. D. Neathery
From: R. M. Burns
Subject: Sale of Smith & Kanzler

When Mr. DiSalvo of Phillip Carey was here last week he indicated a strong interest on their part in a joint agreement or outright acquisition of S & K.

The location of this plant is ideal for them. The machine is capable of producing the material they desire and is built in such a way the equipment can be altered to enable them to make more and better products for their use.

It is desirable for us to entertain this proposal. The operation is in a remote location for us. The majority of the output of the machine is sold in channels other than transportation. We are having difficulty in obtaining the necessary manpower and quality of manpower needed for a first class operation.

There are certain factors however, that must be given consideration by Victor in this sale.

The control of our raw material is highly essential to the success of the Victor Gasket Divisions. It is necessary that we secure a commitment from Dana that we will be permitted to construct a new machine in either Elgin or at the Robinson location. We estimate that the cost would be approximately \$1,500,000 plus the necessary building. As an addition at Robinson this would be approximately \$500,000. In Elgin it would be essentially more because it would require all land preparation, new services, and full building construction. We must make arrangements to purchase our materials from them at our existing prices for an interim period of at least 2-3 years.

There are several products which we do not yet manufacture at S & K. These are in various stages of development and would necessarily be delayed until the new facility is operative. A new facility could also make it possible for us to manufacture some products that we do not make and could not make at S & K.

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