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May 23, 1952

EXHIBIT

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Summary of the meeting held with Lorillard, ~~CONFIDENTIAL~~ 27
CONFIDENTIAL PURSUANT TO THE
IERARDI PROTECTIVE ORDER DATED
JANUARY 7, 1991.

CONFIDENTIAL PURSUANT TO THE
IERARDI PROTECTIVE ORDER DATED
JANUARY 7, 1991. Lorillard was somewhat critical of our Bedford
result of Mr. Parmela's and Mr. Bennett's visit there
during the past two weeks. They felt that we should have obtained
a technical man by this time, that there was need of some device to
prevent the crepe paper being stretched as it was unwound, that no
proper control system was in effect, that supervision is not suffi-
cient and that the web was not uniform. They felt that while they
had their own share of responsibility that the factors mentioned in
connection with the Bedford operation were also playing a part in
the difficulty that was still being experienced with the draw of
Kent cigarettes.

It was also pointed out to Lorillard that while many of their
criticisms were justified and we had already recognized such de-
ficiencies in the Bedford operation that they should remember that
they had marketed the cigarette much sooner than we had thought
proper in their anxiety to get the jump on their competitors, and
that we felt that the program had not progressed on as sound a
basis as it would have progressed had we had the sole responsibility.
One of the results had been the need of the Bedford operation which
had not been desirable because we did not have our own employees,
our own equipment, our own supervisors or our own building, and had
to rely on a company producing the material for us, in collabora-
tion with us that no longer wished to produce filter material since
it meant refusing orders from their regular customers for their
own materials.

We felt that the disadvantages of the Bedford operation would be
eliminated promptly since we now expected to operate at Bedford
starting June 9th. We also pointed out that it was only a month
prior that we had jointly decided that we needed a full-time techni-
cal man and that we felt that it was sounder for the long-range
picture to be careful to get a man with proper qualifications even
though it might take a little longer to find a man than to find a
man available, and find him unsatisfactory.

In the meantime, we have now transferred one of our own technici-
ans to the Lorillard operation on a full-time basis.

It seemed rather evident from a further discussion that practically
all of the difficulty was coming from a variation in the crepe
paper which was bought from Schweitzer, and there was no definite
evidence that there was anything about the web as we were produc-
ing it that was causing trouble. The expected sales pattern of
Kent cigarettes had followed the expected trend. There had been a

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very substantial buying initially, a great deal of which was curative, and sales have now dropped off substantially, but for the past two weeks had levelled off at about the point for which Lorillard had arranged for the three cities which Lorillard

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of bad reactions, however, since it has been regularly that one or two cigarettes in a pack have a bad draw. It is felt that this is a variation that must be corrected if the cigarette is to be any more than a small seller and these steps are to be taken at once:

1. Starting immediately, we are to produce a web 15% lighter in weight, but containing approximately 2% more asbestos. The higher-weight web would give a better draw, and the lower filtering efficiency would be corrected by the addition of 2% asbestos.

2. It is felt that up to this time, Schweitzer have not demonstrated that they are capable of supplying a uniform crepe paper, since the indications were that the English Crepe and the Swiss Crepe gave better results. Substantial quantities of each are to be ordered immediately.

3. Since it is now planned that in July or August the cigarette will be changed to a longer cigarette, it was stressed that all problems should be solved by that time.

4. A conference was held on May 27th with ourselves and Schweitzer and they are willing to undertake to supply us with crepe paper according to the specifications which we require.

5. It is recognized that cotton presents some disadvantages in connection with carding in conjunction with asbestos, and an investigation is to be started immediately involving the substitution of certain of synthetic fibers.

6. It was suggested that it may never be possible to obtain crepe paper of the quality required, so long as it is manufactured under current processes. It was, therefore, suggested that an entirely new method of manufacturing crepe paper should be evolved by running the flat paper direct, something similar to an embossing machine or a dye machine. This is to be investigated.

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