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PLAINTIFF'S
EXHIBIT

TN 4557

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Mr. R H. Pearce

CONFIDENTIAL

25th January, 1966

Mesothelioma and Crocidolite

I am much obliged for Mr. Gates' report of 6th January, even though the figures do not exactly agree with those reported by Mr. Hartley on 23rd December. We can take it that, in round figures, our present trade based on SAB brings us a gross profit of about £32,500 and that in the current year 'O' Division hope to increase this by about another £4,150. Further, the recovery of fixed overheads is about £15,500 (and this presumably refers only to factory overheads.) The gross profit percentage is about 32 so that, roughly, the net profit would be about half this and the sum of net profit plus fixed overheads would be about £32,000.

This is in my view too big a trade to be thrown overboard in a hurry simply because there is fairly strong evidence that SAB fibre is more dangerous than chrysotile, but we must recognise that all this trade will be at risk, together with the expanding prospects in the U.S.A., if the Factory Inspectorate decide to impose exceptionally stringent regulations about the processing of blue fibre.

The first point, therefore, is to spare no expense in order to install and maintain the best possible dust prevention measures in our factories.

We ought to experiment with manufacturing and "trying out on customers" materials on the lines suggested in Mr. Wells' memorandum of 9th December and in Mr. Gates' of 6th January.

With regard to the use of SAB fibre for RA.3 felt I have yet to be entirely convinced that SAB fibre is any better than chrysotile for resistance to acid when embedded in resin. Perhaps this could be investigated without undue consumption of time, as the elimination of this quality would be a substantial easement from various viewpoints.

John Waddell

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