

Mr. J. E. Thomas, Toledo

June 21, 1967

R. F. Shannon, Granville

Mr. D. W. Ladd, New York
Mr. L. J. McBray, Granville
Mr. L. L. Sadecky, New York
Central FilesKAYLO - REPLACEMENT OF ASBESTOS

I called D. W. Ladd, per your request, concerning the Wall Street Journal article on "High Rate of Cancer Noted Among Smokers In Asbestos Industry".

D. W. Ladd does not want us to accelerate or transfer our effort to the 'replacement of asbestos' program. He wants us to place our emphasis for the next several months on stress corrosion. Then, in the fall after vacations are out of the way and the program of upgrading strength of the stress corrosion product is completed (estimated completion date - September), we can at that time increase our emphasis on the replacement of asbestos program.

D. W. Ladd pointed out we have a ten million dollar Kaylo operation. He wants 'us', as a team, to be in the position to tell management what fibers we can use to reinforce Kaylo if and when the day arrives when the whole industry is 'forced' to remove asbestos from their products. He doesn't want OCF to wait until "D" day to start looking for substitute fibers.

I told Dal we are conducting a 'low gear' program in finding substitutes for asbestos. Most of our effort is being directed toward stress corrosion. We hope by the end of the year to be able to recommend to management one or more fibers, which could be used to reinforce Kaylo with a high probability of success if a major R & D effort is directed toward optimizing and debugging the process of adding such fibers to Kaylo batch.

In 1967 we are only screening candidate fibers. We do not plan to carry our investigation to the point of completing plant trials and test marketing. Dal thought this was a fair enough objective.

It was also pointed out by Mr. Ladd that if and when "D" day for the removal of asbestos arrives, we won't be alone. The whole industry would be in the same boat with us. The industry may be forced, at that point, to accept a weaker, softer product as a price they must pay for the removal of asbestos.

R. F. Shannon

RFS/ris

PROPRIETARY

Attachment

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EXHIBIT

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St. Regis Paper Co. kraft mill construction force has now reached 1500; company anticipates starting production at new facility near Monticello, Minnesota in late 1967.

Inagalls Shipbuilding (division of Litton Industries) launched automated cargoliner SS President Taft at Pascagoula, Mississippi yards in May; ship is one of five being built for American President Lines by Inagalls.

McQuay, Inc. has announced \$2 million expansion of its Grenada, Mississippi plant; company located Mississippi plant 12 years ago, manufactures air conditioning components, employs approximately 700.

By WALL STREET JOURNAL Staff Reporter
PITTSBURGH—Steel production eased still further last week to the lowest level this year and the lowest for any week since the holiday-infected first week of 1961.

There were indications, however, that output would pick up slightly this week as some companies put various facilities back in operation, and others step up their production pace.

In the week ended last Saturday, the nation's mills produced 2,310,000 tons of raw steel, the American Iron and Steel Institute said in New York. This was 2.1% below the previous week, when the industry turned out 2,361,000 tons of the metal and sharply below the 2,670,000 tons produced in the comparable week a year ago. It was the lowest level of output in the industry since the week ended Jan. 1, 1966 when 2,560,000 tons of steel were made.

The lowered output plunged the unofficial industry's rate of operations to 82.5% of capacity, down from 81.9% the previous week. This level is the lowest in more than three years, since the holiday week ended on Dec. 28, 1963, when the rate hit 84.1%, in tons, of course, the 1968 total is substantially above that of the 1963 week as industry's estimated capacity to produce steel has expanded since then.

The outlook for this week is for a slight pickup in the production pace. Armco Steel Corp. says it plans to increase its output of steel by 2.5%. Most of the gain is in response to a slightly higher level of orders, the company said. U.S. Steel Corp. plans to put back into operation two open hearths at its Homestead, Pa., works but didn't comment on why it was doing so.

Inland Steel Corp. said it, too, is increasing its rate of operations "a little" this week after a two-week drop.

Most other major companies report no change in their market share.

Combination of Asbestos Dust, Cigaretts Poses Great Risk Of Lung Cancer, Study Shows

BUD WALL STREET JOURNAL Staff Reporter
ATLANTIC CITY — Asbestos workers who smoke cigarettes have a ninetyfold greater risk of dying of lung cancer than persons who neither smoke nor work around asbestos, three New York medical researchers said.

The extremely high risk of lung cancer among persons exposed to the combination of asbestos dust and cigarette smoke was uncovered in a study of 370 members of the Newark, N.J., and New York locals of the International Association of Heat and Frost Insulators and Asbestos Workers union. The men are primarily involved in installing asbestos insulation in construction work.

The workers were exposed to a greater amount of asbestos dust than the general population, and all had been occupationally exposed to it for at least 20 years. But the researchers added that the general population, particularly in big-city areas, is exposed to a slight amount of such particles. As a result, they said, it is important to determine whether cigar smoking makes this light exposure more hazardous than it would be otherwise.

In a report to the scientific session of the American Medical Association's annual convention here, the researchers said there were 94 deaths among the insulation workers during a 32-month period. This, they calculated, was 46 more than would have been expected, was a similar group of men who hadn't been chronically exposed to asbestos.

Most of the men who died—78—were cigarette smokers. And among the smokers, 31 died of lung cancer. No lung-cancer deaths occurred among those who didn't smoke.

Twenty-four lung-cancer deaths was an ex-

trearily high rate, the researchers calculated. Among a similar group of smokers who hadn't been exposed to asbestos, statisticians would expect only about three deaths from lung cancer, they said.

"If they had neither smoked nor been exposed to asbestos dust," they said, the expected number of lung-cancer deaths would have been one or none during the 53-month period.

"All people incur a great increase in risk of lung cancer if they smoke cigars; for asbestos workers the increase in risk is tremendous," they said. The researchers noted that microscopically asbestos fibers, once inhaled, remain permanently in the lung tissues. As a result, "asbestos workers who don't smoke cigarettes should never begin. Those who do smoke should also immediately."

The study was made by Dr. Irving J. Sebkoff and Dr. Jacob Churg of Mt. Sinai School of Medicine and by E. Cuyler Hammond of the American Cancer Society.

SEATTLE - Seattle-First National Bank expects net operating income for the second quarter and all 1967 to exceed year earlier levels by about 10%. William M. Jenkins, chairman, said in an interview.

This would indicate full year net of about \$16,000,000, or \$1.87 a share, compared with \$13,200,549, or \$1.43 a share, a year earlier.

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