PLAINTIFF'S EXHIBIT
USX-1194

SUMMARY
OF
SECOND ADMINISTRATIVE MEDICAL MEETING,
CENTRAL OPERATIONS - STEEL
Pittsburgh, Pa.
December 3 and 4, 1957

On December 3 and 4, 1957, there was held in Pittsburgh the second of a series of semiannual meetings of the doctors responsible for administration of the medical departments of Central Operations--Steel. Appendix I lists the participants. Appendix II is the program.

First, Dr. O'Connor outlined the format of the two days' sessions, emphasizing that the entire first day was to be devoted to furnishing the doctors a broad orientation to the Corporation as a whole.

Next, Mr. John A. Stephens offered a brief word of greeting. He stated the intentions of the company to develop a oneness within the Corporation, to improve the integration of the various segments and functions, to improve communications, and to keep our management people, including the doctors, abreast of developments in the Corporation. He stressed the importance of the doctor in company relations, and again emphasized that it was the responsibility of each of us to make our contribution to the general objectives of the Corporation.

Then Mr. E. C. Myers described the "Search for a Better Way," the Task Force studies, and the conclusions and recommendations that had been reached by the Task Force on Personnel Practices.

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Two and one-half years ago Mr. Hood instituted the "Search for a Better Way" to improve human relations within the company. A Creed of Human Relations was suggested and adopted to help management to do a better job in this area. Twenty-five thousand questionnaires were distributed to USS management, and the replies were sent directly from each individual to Western Reserve for compilation and analysis. A significant minority expressed certain dissatisfactions. To pursue this further, the Operations Policy Committee appointed four Task Forces, each to study one of the four major subjects of Compensation, Working Conditions, Communications, and Personnel Practices. Such study included visits of the Task Forces to all Divisions and Subsidiaries, as well as Central Operations.

The Task Force on Personnel Practices was composed of George Nations, Jim Collins, and Ed Myers, with George Thursby as chairman and representative on the Coordinating Committee. Out of their study has come a series of pamphlets proposing a coordinated plan for management personnel practices within the Corporation.

The plan begins with a forecasting of management manpower needs for three-year periods, taking into consideration needs for management replacements due to turnover and other causes. Sources for meeting such needs are promotions of present employees, colleges, employment agencies, and the like, but with specific emphasis placed on promotions from within the compan-

Next, a proposal has been produced for selection and development of present employees to management positions. Third, a plan has been formulated for an integrated effort in recruitment and development of college graduates for management positions. Such recruitment has become highly competitive, and indeed different segments of the Corporation have been competing with each other. The proposal offers a united Corporation approach to the problem.

Mr. Myers stated that there were in U. S. Steel approximately 20,000 supervisory personnel, 4,500 middle management people, 500 top executives, and that approximately 780 moved from employee to supervisory status each year. The steps from one level up to the next represent the three most critical periods in a man's career. A plan has been proposed for each of these three steps. The first step into the supervisory group contemplates a Supervisory Training program that includes management conference with the individual at the start and then continuing development through periodic interviews, appraisals and discussions with the man's superior, possibly supplemented by night school courses, reading programs, and the like.

The next step, relating to the middle management group, proposes a USS Management Institute, similar to the ones run by General Motors and American Telephone and Telegraph Company. This would concern itself with the 155 people moving from the supervisory to the middle management group and the 4500 current middle management people. It contemplates a one-month program of full-time study covering such subjects as U. S. Steel's origin and growth; relationships with government, public, and labor; the organization structure; the Search and the Creed of Human Relations; and other topics, such as personnel skills, communications, public-speaking, report writing, and the like. The anticipated cost would be about $650,000 per year, which includes not only the cost of running the Institute itself but other items, such as lodging and meal expense of the participants.

There are now about 80 people annually attending university advanced management courses. This is about the maximum that these schools will now accept from U. S. Steel. It is proposed that 60 of these be absorbed into the above Institute. The remaining 20 who move up into the top executive group would then use the university courses in advanced management.

The plan thus proposes methods for selection of men for management positions, the development of people, and training in human relations. An important aspect of the plan is an annual review between superior and subordinate of the latter's performance on the job. Recognizing the many criticisms of management appraisal techniques and the difficulty of avoiding personal bias, the plan proposes that a valid appraisal can be based on the job description and an analysis of how the man performs each of the job duties. It is proposed that these appraisals be pooled centrally in the Corporation so that consideration can be given to promising individuals on a company-wide basis, to avoid the more inbred, intradepartmental or intra-Divisional promotional sequences.

Next on the program, Mr. W. B. Rogers presented a picture of the structure of the Corporation, using the chart from the first page of the Corporation Organization Manual. He outlined the structural development of the company in historical sequence. The company was formed in 1901 by bringing together a number of independent steel-making companies under a holding company with offices in New York. Each segment continued to operate essentially as an independent company, but under the primary financial control of the New York group. The depression years showed some significant defects in this structure, especially the need to pull the segments closer together into a more coordinated effort. In 1938 the Carnegie and the Illinois Steel Companies were merged to form Carnegie-Illinois Steel. The U. S. Steel Corporation of Delaware was set up as a staff of top management people to coordinate sales, operations, and other functions. During this time the components of the Corporation continued essentially as separate companies. In 1951 Carnegie-Illinois, the U. S. Steel Corporation of Delaware, and certain raw material segments were united to form the U. S. Steel Company. In 1952 some of the subsidiaries were made Divisions of the U. S. Steel Company, and in 1953 the U. S. Steel Corporation of New Jersey and the U. S. Steel Company were merged so that then for the first time the U. S. Steel Corporation had become an operating company.

Mr. Rogers then reviewed the current organization chart, noting that while Mr. Hood was responsible for the operations of the company, Mr. Tennant in Legal and Mr. Tyson in Finance reported directly to the Board of Directors. He pointed out that up to 1953 the Divisions and Subsidiaries had all reported directly to the President, but they now reported to Executive Vice Presidents. He indicated that the term "Central Operations" applied to everything outside of the Divisions and Subsidiaries. He pointed out that the Executive Vice President has direct line authority in Central Operations in his function; but a staff relationship to his respective Divisions and Subsidiaries. The chain of responsibility from the General Superintendent of a Central Operations steel plant through Messrs. Pearson, Gott, and Jenks to Mr. Jordan was identified. The Corporation Medical Director was located under Messrs. Thursby and Stephens.

Mr. M. S. Clites, next on the program, offered a brief over-all view of the USS operating and production picture. Using slides, he showed the geographical location of the major installations of each of the Divisions and Subsidiaries and of Central Operations. He described the products made by each segment of the company and the uses of these products. He listed the totals of the various types of production facilities, and described in particular the things that are made from coal tar by-products.

Following an intermission, Mr. Clites described briefly the chemistry and physics involved in the manufacture of steel. Using a flow chart that showed in diagrammatic form how steel is made, he began with a description of the baking of coal into coke, the combining of coke, limestone, and ore in the blast furnace, through the skip hoist, the heating of air for the furnace, the chemistry of the reduction of ore to molten iron and the formation of slag and the tapping of each. He then described briefly the physics and chemistry of the open hearth,

Bessemer and electric furnace, with particular reference to removal of carbon, sulfur, silicon, phosphorus, etc. He then carried the process through the teeming and stripping of ingots, the function of the soaking pits, and the types of rolling and the products made.

Following this, a showing of the color, sound movie, "Steel, Man's Servant," completed the morning session.

After lunch Mr. C. A. Bishop described briefly the organization and facilities of the Research Department and the Monroeville Laboratory, and the division of the 900 researchers into 80% applied and 20% fundamental research. He pointed out that the research departments of American Steel and Wire and National Tube had a primary responsibility for research in wire and tube problems respectively, but had the privilege, if they wished, of researching open hearth, blast furnace, or other problems, whereas Monroeville had the primary responsibility for blast furnace, open hearth, and coal chemical research and the privilege of studying any other problem they wished to.

He described briefly three projects in research relating to medical matters in which the Company is a joint sponsor: (1) A coal tar cancer study at Kettering, now in its fourth year; (2) A fluoride toxicology research project in conjunction with aluminum companies; and (3) An Iron and Steel Institute project on stream pollution relating to iron, cresol, phenol, naphthalene, pyridene, and other stream contaminants from steel-making.

Mr. K. M. Morse described in further detail the coal tar research, including the more recently begun epidemiological study of the incidence of lung cancer in coal tar works, to see if it differs from that of the rest of the population.

Dr. O'Connor then described briefly an AISI study at the Industrial Hygiene Foundation of the effect of insoluble particulate matter of stack effluents (the materials being furnished by U. S. Steel). In comparable dusting studies in experimental animals, using silica and talc dust as controls, preliminary reports as to the percentage of animals that died and the pathological changes in the lungs showed these were high for silica, low for talc, and even lower still for stack effluent dust.

Next, Mr. C. H. Williams described the methods and some of the problems involved in long-range facility planning in the Corporation. As a subcommittee of the Operations Policy Committee, the task of the Long-Range Planning Committee is to develop proposals, plans, and budgets for presentation to the Finance Committee. Its area of responsibility covers both the replacement of existing facilities and the needs for expansion. Describing very briefly the "below $50,000" expenditures, the Type I, the Type II, necessary and desirable, and the major expansion plan projects, he indicated that expenditure requests commonly total about twice the amount of money available. He described the

methods used to distill requests down to appropriate levels. He presented a chart of capacity and production from the inception of the company in 1901, and a chart that showed total steel capacity, that of our competitors and that of U. S. Steel for the same period, indicating that our percentage of the total production of steel is considerably less now than in 1901.

He pointed out that a major consideration in determining long-range expenditures was the number of years needed to recover the original investment. Other considerations were the effect on U. S. Steel's participation pattern, the likelihood of satisfying a local market deficiency, and the effect on future potential for expansion.

Then Dr. W. H. Turner presented a brief review of corporate giving and some of its attendant problems. He first distinguished between those contributions that are given directly by the Corporation (usually having some direct relation or benefit to the Corporation) and those that are given by the U. S. Steel Foundation (usually benefitting people in general). He indicated that each of these represented approximately 6 million dollars a year, or a total of 12 million. He described those contributions of the Foundation that had a bearing on medical and health matters. He pointed out some of the many problems involved; e.g., how judge the significance of requests, how meet requests that totalled many times the amount available for giving, etc. He indicated that while the government allows corporate giving up to 5% of profits before taxes, U. S. Steel ran about 1%, whereas a number of other large corporations ran about 2%, showing that U. S. Steel was not overlooking stockholder interest in its philanthropies.

The meeting was adjourned at 5 P. M., and dinner was held at the Duquesne Club.

At 9 A. M. Wednesday, December 4, the meeting reconvened.

Mr. K. M. Morse presented "Environmental Health in the Steel Industry - II," covering the newer knowledge of the effect of industrial dusts on employees' lungs. He stressed the fact that free silica was no longer the only dust to be concerned about, but that any dust in sufficient amounts over sufficient time could impair lung function. Especially a combination of irritant gases, heat, and dust is cause for concern. He cited a recent case in which a very reputable chest consultant in Pittsburgh, who has in the past examined many cases at Company request, considered that the pulmonary fibrosis and emphysema he found in a soaking-pit crane operator was caused by the combination of dust, heat, and sulfur-dioxide fumes to which he had long been exposed.

He described the old and new concepts of the term "pneumoconiosis," and indicated that while silica and asbestos were considered the sole causes in the past, now talc and diatomaceous earth had been added, and Shaver's Disease from the fusion of artificial abrasives, and more recently coal miners' pneumoconiosis.

He showed figures from his studies in U. S. Steel indicating the different orders of magnitude of dust exposures in different jobs. Extensive data from an ingot mold foundry were presented. Many dust exposures in steel are of little or no consequence, but some jobs have dust exposures of real consequence, and it is important for us to know the difference. Twenty-eight cases of silicosis in the past five years in Central Operations--Steel alone make this apparent. In one chest survey of masonry workers in one USS plant, approximately 14% were found to have silicosis. Places to look for the possibility of lung hazards also include hot rolling operations, coal handling, soaking pits (especially the cinder man), ingot mold foundries, sintering plants, ore handling, stock handling, certain crane operations, and scarfing.

Dr. O'Connor then stated that recent studies had disproved the older concept that dust was picked up by the phagocytes, transported in the lymphatics, and either encapsulated or held immovable in the lymph nodes. Now it is known that there is an ebb and flow of this particulate matter; that in an inflammatory process the exudate into the alveoli carries along with it the particulate matter, whence it is reabsorbed to do its damage all over again.

He emphasized that attention to environmental health is an integral and important part of industrial medicine, and that the industrial physician must become acquainted with the health exposures in his plant. He urged the doctor to make regular planned trips through the plant to familiarize himself with environmental health matters, preferably to make the first such trip with the Director of Industrial Hygiene, who could point out work situations that might have medical implications.

Considerable discussion was held on how to determine when a lung condition has become disabling or when it is advisable to recommend a change of job to a less dusty work environment. In this connection it was emphasized that the X-ray alone is no criterion for such a judgment. All but a few such cases can be continued in their regular jobs or with slight modification. For the occasional case in which the doctor wants expert opinion, he should refer it to Dr. Hayes in the Pittsburgh District, or to a reputable chest specialist in Chicago, Youngstown, and Fairless.

The question was raised by Dr. Mathay of Youngstown as to the feasibility of doing annual chest X-rays on all foundry and masonry workers. A canvass of those present showed that such X-rays were regularly done at Gary, South, Edgar Thomson, Roll & Machine, Duquesne, Clairton, Homestead, Fairless, and at all plants of American Steel & Wire.

Problems of getting a reliable pulmonary function test were discussed. It appears that a promising type of device may be the timed vital capacity, in which the normal amount exhaled in the first second is expected to be 75% of the total four-second exhalation.

A considerable discussion ensued on the meaning of the A, B, C, and D medical ratings that are introduced into the personnel records. It was found that these have different meanings among different plants and also different meanings when applied to new applicants and to old employees. No agreed-upon classification exists for the individual with specific physical limitations.

It becomes apparent that a more simple, clearly-defined rating system is needed. It is planned to develop this with a more standardized employment and placement method, somewhat along the lines of the Class 1, 2, and 3 method in use in the American Steel & Wire Division.

A number of diagnoses were reviewed to compare attitudes among the physicians as to employability into the labor pool. Such physical findings as elevated blood pressure, infected teeth, exophthalmos with enlarged thyroid, inactive tuberculosis, asthma, hernia, etc., were considered. In most such judgments there was a fair degree of agreement among the group, but in general there were a few who based their decision on one fact or finding and others who would seek additional corollary information before making a judgment.

The list of medical causes for rejection of an employment applicant at American Steel & Wire was reviewed and seemed to meet with general agreement among the Central Operations--Steel physicians.

The current study of the AISI Committee on Industrial Health regarding employment of the physically handicapped in steel was reviewed very briefly.

Dr. Novak had submitted material on evaluating vision, job visual requirements and placement, for consideration by the doctors, but it was deemed important to review this material when Dr. Novak could be present and participate in the discussion, so this will be reproduced, sent to the doctors for their study, and reviewed at the next administrative medical meeting.

A recent arbitration case from Jones & Laughlin Steel Corporation was reviewed. It concerned the medical decision not to allow a man coming back to work after a coronary attack to return to his regular job of crane operator. The arbitrator upheld the company physician's decision, not on the grounds of physical inability to do his job but because the likelihood of recurrence jeopardized his own and his fellow employees' safety.

Because of the snow storm the meeting was adjourned at 3 P. M. to permit those driving and travelling by air to make their way home. The next meeting will be held late in May, 1958.

R B O'Connor MD.

R. B. O'Connor, M. D.

des
December 19, 1957

Appendix I

PARTICIPANTS

Company Physicians

Dr. R. B. O'Connor
Dr. George V. Foster
Dr. Gilbert Bruecken
Dr. R. J. Bennett
Dr. J. C. Hayes
Dr. J. R. Weddell
Dr. E. W. Caughey
Dr. S. F. Mehl
Dr. Charles R. Smith
Dr. W. J. Helzlsouer
Dr. Henry Clapper
Dr. J. B. Clement
Dr. H. E. Matthey

(Also present throughout the meetings were Dr. Arthur Edwards, Medical Director, American Steel & Wire Division, and Mr. K. M. Morse, Director of Industrial Hygiene. Unable to attend were Drs. Donchess, Zeiss, Lace, Replogle, and Novak.)

Speakers and Guests

John A. Stephens
E. C. Myers
Harry C. Smith
W. B. Rogers
M. S. Clites
C. A. Bishop
C. H. Williams
W. H. Turner
K. M. Morse

Appendix II

PROGRAM FOR
SECOND ADMINISTRATIVE MEDICAL MEETING,
CENTRAL OPERATIONS--STEEL,
December 3 and 4, 1957

Room 2207 - 525 WPP
Pittsburgh, Pennsylvania

Tuesday, December 3

9:00 A. M.	John A. Stephens - Introductory remarks.
9:15	E. C. Myers - The Search for a Better Way, the Task Forces' studies, the ten basic recommendations.
10:00	W. B. Rogers - U. S. Steel Organization. Corporate structure of USS, its General Operating Divisions and Associated Subsidiaries.
10:30	M. S. Clites - USS Operating and Production picture. Corporation facilities, products, and customer uses by Divisions and Associated Subsidiaries.
11:00	Intermission.
11:10	M. S. Clites - Steelmaking. Raw Materials, Essentials of Blast Furnace Operations, Steel Refining in Bessemer, Open Hearth and Electric Furnace, Soaking Pits and Rolling.
11:50	Movie - "Steel, Man's Servant."
12:30 P. M.	Lunch
2:00	Dr. C. A. Bishop - Research related to Company medical problems.
3:00	C. H. Williams - Progress and Plans in the Corporation.
4:00	Dr. W. H. Turner - Corporate giving to medical, hospital, and health needs.
5:00	Adjourn.
6:00	Dinner at Duquesne Club.

Wednesday, December 4

9:00 A. M.	K. M. Morse - Environmental Health in the Steel Industry - II. Newer concepts of the effect on employee health of industrial dusts.
10:00	Examination Standards. 1. Labor-pool applicants - review of physical findings and diagnoses and their relations to A, B, C, and D ratings. 2. Non-labor-pool applicants - possibilities of placement procedures for applicants with special skills.

Wednesday, December 4 (Cont.)

3. Present employees - placement techniques and problems and how they are handled in the different plants.
4. Iron and Steel Institute studies on employment of the handicapped.

12:30 P. M. Lunch.

2:00 General discussion of current problems.