Socony Mobil Oil Company, Inc.
150 EAST 42ND STREET, NEW YORK 17, N. Y.

April 24, 1961

Robert A. Kehoe, M.D.
University of Cincinnati
The Kettering Laboratory
College of Medicine - Eden Avenue
Cincinnati 19, Ohio

Dear Bob:

I thought you might be interested in the item regarding TML on page 3 of the enclosed. I would appreciate it if you would consider as confidential the information contained in this "Management Newsletter".

With kindest regards,

Sincerely yours,

George M. Saunders, M.D.
Medical Director

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Enclosure

CONFIDENTIAL

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MOBIL INTERNATIONAL OIL COMPANY
A Division of Socony Mobil Oil Company, Inc.

April 21, 1961

TO MEMBERS OF MOBIL INTERNATIONAL MANAGEMENT

Since we hear a great deal these days about "low-cost crude," it may be of interest to review our policy on acquisition of new crude reserves.

Every project that we consider as an investment possibility -- in exploration as well as in marketing and other operations -- is evaluated strictly on the basis of its over-all economic value to the company. In each case, the aim is not growth for growth's sake but growth to provide improved earnings. Growth and profitability do not necessarily go hand in hand: it makes little sense to spend $2.00 to find and produce a barrel of crude on which we can realize only $2.00. Similarly, there is no advantage to investing large amounts in marketing expansion if the company does not have economic sources of crude available to meet this added demand.

Mobil's policy on the acquisition of reserves was stated a year ago by Mr. Nickerson, when he spoke to the New York Society of Security Analysts. "We don't ask you to expect any miracles in this business that don't result from long, hard work by capable people," Mr. Nickerson said. "But we are now seeking to acquire economic oil, not just volume. Economics will decide in every instance the course we pursue. We are going to conduct all our producing operations only after the most careful economic evaluations, and we are going to have an extremely selective approach to our operations. We are going to invest money only where we are satisfied that the returns justify it."

That statement, I can assure you, stands today. And in the months since Mr. Nickerson made it, we have had reason to take some added pride in our exploration record. With an increasingly selective drilling program, we made a wide range of discoveries in 1960 -- in offshore Louisiana, Texas, Kansas and Alberta on the Mobil Oil side; and in Turkey, the French Sahara, Libya and Gabon in the Mobil International area. Also, we materially strengthened our position in Venezuela through a "farmout" deal in Lake Maracaibo. In addition, both in Venezuela and the Middle East, we concluded several crude purchase agreements on terms which will yield attractive profits to Mobil.

For our exploratory work this year, we have budgeted most of the expenditures in areas where geological conditions are known to be favorable and from which oil can be economically delivered to markets. A good example is North Africa, which has a substantial geographic advantage with respect to the 4 million barrel-a-day European market, and in some areas offers the additional advantage of preference in French and other franc zone markets. The remainder of our expenditures are being made in areas where high risk is counter-balanced by potentially high reward.

To summarize, the only kind of reserves we are seeking are those that will help us improve our world-wide return on investment. We have made substantial moves in this direction. We will make more.

H. J. Schmidt
PRESIDENT

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MOBIL'S GOALS FOR FUTURE ARE BROAD

The 1960 Annual Report re-emphasizes the company's position on its future fields of operation: "Socony Mobil views itself as a company in the energy, lubrication, and chemical businesses -- and its new products need not come from petroleum alone...Our company intends to remain in the forefront of the energy business, no matter what form it takes."

RESEARCH POINTS WAY TO PROFITS: More than half the products Mobil sells today were unknown 30 years ago. New products and processes are having a greater impact on our operations than ever before.

Last year Mobil invested nearly $23 million in its total research effort. Some of the results: a radiation-resistant grease, corrosion-combating motor oil additives, a low-cost process for manufacturing premium jet fuel, a unique metal-polishing oil, a "Borescope" for checking valves and cylinders without dismantling, a new instrument for identifying fluids in wells. For the future: teams of researchers are working on a wide variety of projects including energy converters, catalysts, new petroleum chemicals, improved petroleum chemical processes, improved exploration and oil recovery methods.

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FAST ACTION AVERTS TML BAN When Mobil Oil Italiana introduced Tetramel in its Mobilgas Special, sales rose 27% in the Rome and Naples areas. But the company's initial success was threatened when two Communist Party senators and some segments of the Italian press charged that the additive was a menace to the health of refinery workers and the general public. Within a few days, Dr. R. E. Kehoe, one of the world's foremost authorities on lead toxicology and former head of the Kettering Laboratory, was sent to Italy by the Ethyl Corporation, one of the manufacturers of tetramethyl lead. He presented laboratory evidence and facts about experiences in other countries where TML is in use to prove to health and government officials that the additive can be handled and used safely. As a result, critics were unable to enlist effective support.

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MOBIL OIL GIVES A HELPING HAND: During 1960, more than 160 employees from affiliated companies in the Mobil International area received training in the United States, most of them with Mobil Oil. The training, which ranged from one or two weeks in some cases to more than six months in others, prepared the trainees for increased responsibilities with their own companies.

PROPELLER CLUB IS ACTIVE COMMUNITY FORCE

Executives of Mobil Oil Turk have worked with other businessmen in Turkey to build their local Propeller Club into a link between private enterprise and government. The Propeller Club is a U.S. organization with chapters in many port cities throughout the world. While the Club is devoted to support of the U.S. merchant marine, it has developed at Istanbul into an organization of Turkish, American and foreign businessmen interested in the economic development of Turkey. The Istanbul club invites government officials to speak to its members at monthly luncheon meetings, providing a useful forum through which government spokesmen may explain their programs to private businessmen. For example, in March the Minister of Industry spoke on government policy toward private enterprise and announced plans for sale of state-owned industries to private investors. For the next meeting, officials of the State Planning Organization have been invited to hold a panel discussion on the aims and activities of this important new government agency. Propeller Club activities have been favorably handled by the Istanbul press.

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GUIDELINES TO HANDLING PRESS CRITICISM

SHOULD PRESS ATTACKS ON MOBIL BE IGNORED -- OR ANSWERED? And what about attacks on the industry? These are frequent dilemmas for the affiliate manager. There are no rules applicable everywhere and no firm policy. Here, however, are some guidelines which have generally proved useful to Mobil and other companies:

From a short-range viewpoint, there's a temptation to say nothing. Press attacks inevitably subside -- usually with no discernible damage to company operations.

The danger of silence lies in its long-range effect. If charges are made frequently enough, and if they are seldom or never denied, many people accept them as true. There's a damaging residual effect on the company's reputation. Eventually, this shows up in suspicion and distrust which may eventually lose us customers and provoke government and labor actions against us.

As a general rule, therefore, managers should seek ways to refute press charges. Ignore them only in cases where rebuttal would hurt the company's reputation more than letting the charges stand.

Here are some questions each Mobil manager might well ask himself periodically:

Are my company's press contacts well-established enough so that reporters call Mobil for facts before printing charges hostile to the company?

Does someone in my organization follow closely what appears in the national press and notify me immediately of all charges against the company and all significant charges against the industry?

Do my field supervisors notify me immediately of any charges against Mobil in the regional and local press?

Am I and appropriate members of my staff thoroughly familiar with the technique of rebuttal?

Do I know which kinds of charges to refute, and which to ignore?

While there are no pat formulas for handling rebuttals that apply everywhere, here is a general approach that has often proven useful:

1. IGNORE, as a rule, false or grossly distorted charges which...

..Are clearly ludicrous, even to the casual reader.

..Seek to "bait" the company into a reply to create controversy over a subject that's awkward to us.

..Would, if answered, call undue attention to an unfavorable story that got little publicity.

2. REFUTE those charges which...

..Accuse the company or its personnel of fraud, unethical practices, discrimination against nationals, interference in politics, poor product quality, threats to health and safety, and other actions likely to damage our good name.

..Accuse oilmen in general of actions seriously prejudicial to the interest of the host country, when the interests of the company appear to be directly or indirectly involved.

..Come from sources likely to carry weight with public opinion.

..Offer us the opportunity, through our rebuttal, to focus attention on positive themes that help our objectives.

3. IF YOU DECIDE TO REBUT, YOU HAVE A WIDE CHOICE OF METHODS.

You may wish, for example, to...

..Confront the editor personally with the facts, appealing tactfully to his sense of fair play to bring a prompt correction. This often succeeds if the charges stemmed from lack of understanding or failure to research; it won't work if story resulted from editorial policy.

..Issue a statement to the newspapers. Keep such statements brief; avoid direct attack on the newspaper, and stick calmly to the issues and any positive actions of the company you can appropriately cite.

..Consider the value of support from individuals, associations and research organizations that command respect. A rebbutal from an objective outside source often carries much weight.

..Send a letter to Mobil employees setting the record straight, thus enabling them to refute the charges with their contacts. You may wish to give copies of this letter to key persons outside the company.

..Buy advertising space in which to rebut, if no other method appears to be sufficiently effective.

4. NATURALLY, WHERE CHARGES ARE TRUE, YOU'LL WANT TO CONSIDER CORRECTING THE SITUATION THAT PROVOKED THEM. Where you can do this, be sure to get credit for your action through publicity. Where you cannot correct the situation, try to offset the bad effect by focusing attention on constructive company achievements in the same subject area.

5. BEAR IN MIND THE NEED FOR TIMELINESS IN REBUTTAL. Try to answer the charge that appears this morning in tomorrow morning's paper. Sometimes this will mean a "crash" effort, since you must within a few hours examine the validity of the charges, muster facts for your rebuttal, and make sure that your reply reflects the best legal, governmental relations and public relations advice obtainable. But to delay decreases press interest in publishing the rebuttal, reduces its effectiveness with the reader, and often -- worst of all -- renews public interest in the original charges.