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May 1, 1952



Summary of the meeting held with Lorillard, Thursday, April 24.

CONFIDENTIAL PURSUANT TO THE IERARDI PROTECTIVE ORDER DATED JANUARY 7, 1991.

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The following matters were discussed:

1. Projected Cigarette Production.

While we have been producing filter material at a rate approximately equivalent to three million cigarettes per day, Lorillard's sales are currently at the rate of about 1,200,000 per day. This, of course is for but three cities. The difference between the two figures is accounted for by some inventory building and by what is still an excessive amount of waste at Lorillard's plant. It is shortly expected that six new assemblers will be started at Lorillard which will produce an additional 1,600,000 cigarettes per day, giving a total of 2,800,000. Ten additional combination cigarette makers, or assemblers will be delivered from England in June and July, and these higher production machines will produce 5,000,000 cigarettes per day.

This gives a total production of 7,800,000 and consideration is being given to the procurement of ten additional machines in October and November. On this basis, it was felt that we should as rapidly as possible be in the position to produce filter material at both Bedford and Groton.

2. Method of Production at Groton.

Since only two carding machines were ever manufactured similar to the one being used at Bedford, and since the second one is being used for another purpose at Raybestos-Manhattan Company and cannot be purchased, we are faced with the alternative of either ordering a new card duplicating the one now at Bedford which will take at least three months for delivery, or attempt to produce a web similar to that now being produced at Bedford by setting up at Groton the two finishing ends of the two roving cards which we have purchased and laminating two thickness webs into the finer thickness. The decision as to what to do was left with us and after the meeting we decided to proceed immediately with the latter program, with the idea of determining its practicability within one month.

3. Present Defects.

The only problem, and it is of great concern to Lorillard, is that of variation in draw, resulting in about ten or fifteen of the cigarettes that have been made so far being unsatisfactory to the consumer. Various methods correcting this were discussed and it

was decided that some immediate steps should be taken. It is felt that most of the difficulty comes in the variation of the crepe paper purchased from Schweitzer, and not from the filtering material itself. It was felt that in order to correct the situation immediately, some little sacrifice should be made in the amount of tars and nicotine removed, and to accomplish this, we should run 2 plys of each instead of three plys of crepe.

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This will provide a somewhat lighter draw and a somewhat easier draw.

It was felt that this should be only a temporary measure and the other steps to be taken are:

1. To produce a web approximately 10% lighter than currently.

2. To produce the filter material with the original weight web, but using some English crepe paper which will be delivered this week, and

3. To make some filter material which will be a combination of English Crepe and the lighter web. In connection with the three layers of crepe, it was agreed that the older fine crepe paper should be used for one out of every three rolls and that these rolls should be marked separately for Lorillard's attention.

4. The proposed production liability insurance policy was given to Lorillard for their consideration and it was pointed out that it was the best that we could get and that it was not possible to eliminate the accidental feature.

A.K. Nicholson

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