

C O P Y

Victor Divisions - Chicago

April 5, 1968

W. Neathery

cc: A. Johnson

On April 4 Mr. DeSalvo who is manager of the Building Material Division of Phillip Carey Company met with Mr. Johnson and myself in Chicago to discuss the relationship of Carey and Smith & Kanzler.

Carey had a plant in Canada which was destroyed by fire in late 1967. Beginning in January we began negotiations with them to supply them a roofing paper for their Perth Amboy, New Jersey plant.

We are currently in the process of developing formulas to meet their specification. This is anticipated to be 2400 tons of annual volume at a selling price of \$170.00 per ton. We had believed that this order would be a one shot deal for 1968.

Discussions with Mr. DeSalvo indicated that this could develop into a much broader operation than just roofing paper. Total possible tonnage could be 6 to 8 thousand tons a year if we can reach agreement.

The program we have outlined is as follows:

Phase 1 Have arranged for Phillip Carey to send their technical expert to assist us in developing the formula for the roofing material. Mr. Johnson to determine a quoted price for commercial paper in all guages and weights.

Phase 2, We are to meet during the week of April 22 to discuss the possibility of Smith & Kanzler producing Victor products for their own use and Carey purchasing the balance of the capacity of the machine. Smith & Kanzler would also subsequently process some of these products for Carey but the sale and distribution would be Carey's. Smith & Kanzler would have to withdraw from our current position in the building material business and as soon as possible turn these over to Carey. SprayCraft is not included in this discussion.

VPD-158-0000408

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C O P Y

Page Two

TO: W. Neathery

Phase 3 At a future date we are to each explore our respective managements to determine the possibility of a joint ownership of the Smith & Kanzler operation.

No commitments beyond Phase 1 have been made. The potential of Phase 2 indicates a potential gain for Victor Division and we feel should be explored and considered if we can prove it to be economically justifiable. At this time we would not recommend consideration of Phase 3. However, it might be desirable if we continue to discuss moving the material making function for New Jersey to the Midwest.

On April 16, I will be in New Jersey to meet with Mr. Johnson to discuss our stand on Phase 2 for the meeting the week of April 22. Perhaps we can meet on the 17th to discuss this proposal.

Your advice and comments would be most welcome.

R. M. Burns

pm

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