

TEXTILE DIVISION, NEW YORK 20

December 15, 1958

CONFIDENTIAL

Mr. R. C. Harrington
Textile Production Management
P. O. Box 27
WINNSBORO

On my return to New York I received a telephone call from Mr. H. M. Kelton expressing concern about our exposure on asbestosis. As a result of our recent discussion on this subject, I was in position to give Mr. Kelton the full story.

He asked whether we were obtaining sufficient profit on Asbeston to justify continuing operations in the face of this exposure. I told him we had several things to consider and mentioned the following:

1. Whether we should stay in the business in the face of the possible exposure to asbestosis and concurrent personnel problems in rotating employees.
2. Whether we should move the equipment to North Carolina where we would have the same physical exposure but with reduced legal exposure.
3. Whether we can continue to operate in Hogansville after we have made a complete rotation of employees showing signs of asbestosis and whether this can be continued on a long-range basis to eliminate exposure beyond the current point.

I believe in your study of this problem you should consider all of these alternatives bearing in mind the cost of moving or liquidating in light of the profitability of the product. This will be a complicated and difficult job, but one which we must analyze carefully in order to come up with the right answer.



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Mr. R. C. Harrington

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December 15, 1958

Please keep me informed of progress on these studies.

CCGC

W. E. Clark

for

c.c. Mr. A. C. Link ✓

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ESTIMATE OF COST EXPOSURE DUE TO OCCUPATIONAL
DISEASE AT ASBESTON PLANT

A. Estimated maximum number of people on Workman's Compensation will be an average of five for the next few years.	
B. The maximum payment to individual under the Georgia Law is \$30.00 per week x 52 weeks = \$1,560.00	
C. Therefore, assuming 5 cases x \$1,560.00 = per year.	\$ 7,800.00
D. Estimated legal expenses in connection with Workman's Compensation Cases per year	1,500.00
E. Medical Control Program Expenses, including doctor and related costs	6,000.00
F. Medical expenses connected with Workman's Compensation	1,500.00
G. Expenditures on installation and improvement of dust control equipment	7,500.00
H. Estimated expenses for Termination Allowance above normal Termination Allowance cost, 2 employees per year at \$750.00 each	1,500.00
I. Estimated extra Disability Allowance Retirement Cost. Average of five people at any one time at \$720.00 per year each	3,600.00
J. Improvement in housekeeping and dust control equipment maintenance	7,500.00
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Total Estimated Cost Exposure or use \$37,000 for Estimate	\$36,900.00

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Estimate of Cost Exposure Due To Occupational
 Disease at Asbeston Plant -
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Listed below, you will find information pertaining to production, cost of production and profits at Asbeston Plant for historical prospective in order to evaluate the effect of the estimated \$37,000 per year cost due to occupational disease hazard:

<u>Year</u>	<u>Pounds Produced</u>	<u>Factory Cost Per Pound</u>	<u>Selling Price Per Pound</u>	<u>Selling & Administrative Cost Per Pound</u>	<u>Gross Profit Before Taxes Per Pound</u>
1954	793,000	\$1.28	1.52	19.11	5.22¢
1955	898,000	1.32	1.56	9.91	14.09¢
1956	900,000	1.22	1.47	10.48	14.45
1957	847,000	1.29	1.51	10.41	11.67
1958	821,000	1.35	1.50	13.71	.81

Based on average year 850,000 pounds
 \$37,000 extra cost = 4.3¢

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