

September 8, 1953.

Dear Cornelia:

This is a copy of Chris De Guigne's opening address at the San Francisco September 2nd and New York September 10th meetings of the underwriters of the New Stauffer debentures and stock.

I had copies made as I was sure you would enjoy reading them as I did.

Had a splendid flight back to New York but all this bouncing around is rugged!

All is going well so far with the new debentures and stock. Will write more later.

Best to all.

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9/2/54

"This kind of a meeting is brand new to me since Stauffer Chemical Company has never before come to the public market for funds, and, until last week in San Francisco, I had never had the privilege of attending a meeting of underwriters.

"I am going to make it short because this meeting is primarily to afford you gentlemen the opportunity of asking any questions which you may have about the Company's affairs. I feel that those of us at the head table here will be able to answer such questions as you may ask, or to elaborate for you on any of the various subjects which are dealt with in the Prospectus and Registration Statement, necessarily, in rather summary form.

"However, I think you might be interested in a brief history of the Company and how early in its life it became a producer of basic chemicals with emphasis on sulphur and derivatives of sulphur.

"In 1885 John Stauffer, the father of our Vice President and Director of that name, came to San Francisco as sales agent for European producers of heavy chemicals. He soon saw the need for the manufacture locally of many chemicals. It was the custom in those days for sailing vessels carrying grain from the Pacific Coast to England and Europe to load cliffstone from the chalk cliffs of the English Channel as ballast for the return trip. Upon arriving in San Francisco the chalk was dumped into the bay prior to loading grain again. Mr. Stauffer erected a grinding plant in the outskirts of the City, purchased two shiploads of cliffstone and soon was offering an excellent quality of ground chalk or whiting at one-half the price of the imported material. Later that same year a partnership

was formed under the name of Stauffer & Company. The new company soon produced sal soda and within a few years was refining sulphur.

"During the year 1879, Mr. John H. Wheeler, the father of our Director and Vice President, had become interested in carbon bisulphide, a product developed in France as a control for phylloxera, a root destroying insect then a serious threat to the vineyards of the world. By 1880 he was producing it at Berkeley, California (the first commercial production in this country) and later he commenced refining sulphur.

There were two other firms in the chemical business in San Francisco at that time. John Reynolds operated the California Chemical Works and Messrs. Judson and Shepard operating the San Francisco Chemical Works, both also handling sulphur among other products.

"Thus there were four San Francisco firms in the sulphur business. Mr. Stauffer proposed the formation of a new sulphur company to be jointly owned by Messrs. Reynolds, Judson, Shepard, Wheeler and Stauffer, and in 1894 this was accomplished by the incorporation of the San Francisco Sulphur Company, now wholly-owned by the Stauffer Chemical Company. Mr. Reynolds in the meantime had commenced the production of carbon bisulphide in San Francisco and after several years it was agreed to form the firm of Wheeler, Reynolds & Stauffer. This company is still operating as a two-thirds owned subsidiary of Stauffer Chemical. Mr. Wheeler thus became associated with Stauffer.

"The Stauffer Chemical Company (California) which has now been merged into a new Delaware Company of the same name was incorporated in 1895. My grandfather as a young man in the

banking business had helped John Stauffer from the very first with credits and financial advice. He converted his advances into capital stock and became the first President of Stauffer Chemical. Mr. de Dampierre, our Treasurer, is also a grandson of Mr. de Guigne. Mr. Hans Stauffer, our Executive Vice President and General Manager, is a nephew of the late John Stauffer. He joined our Company in 1920.

"Sulphur (from Japan, in those days) was the primary raw material of the young Company in its earliest stages. Large quantities of sublimed sulphur were used as a fungicide by the vinyardists and early agriculturalists. Sulphuric acid was made from sulphur, for use in the explosives industry for the Western mines, which were then booming. From sulphuric acid, used as a raw material, the Company went into the production of boric acid and of tartaric acid.

"For a time Stauffer mined borax, back in the days of the "20 mule teams". Since then we have purchased the unrefined minerals mined by others. The raw materials for tartaric acid are argols and lees, from winery operations -- local materials then.

"The new Company grew slowly and expanded its scope of operations. Muriatic and Nitric acids were produced. The manufacture of superphosphate fertilizer was undertaken. In 1912 a plant was built at Chauncey, New York to furnish carbon bisulphide for the Eastern and export markets for the infant Rubber and Viscose rayon industries. A sulphur plant was erected at Freeport, Texas, in 1917.

"Other Carbon Bisulphide plants were built as the rayon and

rubber industries grew. In 1918 chemical production facilities were built in the small, but growing town of Los Angeles.

"In the '20's the management became interested in the production of carbon tetrachloride. Carbon tetrachloride requires chlorine and carbon bisulphide and we were looking for additional outlets for carbon bisulphide. The Company purchased an interest in the Niagara Smelting Corporation who were producing chlorine and caustic soda at Niagara Falls. That step put us in the alkali business. As the operation became more successful we commenced purchasing the outstanding shares of Niagara Smelting and in 1941 that operation became 100% owned. Now practically the entire expanded output of chlorine is used within the plant to produce a number of metal chlorides as well as carbon tetrachloride.

"In 1939 we purchased the Nico-Dust Manufacturing Company from McKesson Robins to supplement our agricultural dusting sulphurs with a line of insecticides. Many new <sup>products</sup> ~~lines~~ and plants have been added until today we are a major factor in this field.

"The rubber industry has always been an important customer for our sulphurs. In 1942 we perfected an insoluble sulphur which has been steadily improved and is now in such demand that, at the moment, we are hard pressed to supply the demand. Next year we'll probably have to build a larger plant to keep up.

"The board of directors meets in San Francisco and there is where the final consolidated statements are developed. For over 20 years our general managers have been in New York City, for that is of course the headquarters of the Chemical Industry. The 3rd divisional office is in Los Angeles under the direction of Mr. John Stauffer.

"We have a modest, but quite efficient, recruiting system to attract bright young, technical graduates to the Company. It is handled by Dr. Arnold, who manages our research activities. After an indoctrinating period they fan out into sales, production, or research. We also have a program of fellowships at some of our leading technical schools.

"Our employee benefits program is, we believe, well in line with better industrial practice. Our pension and insurance plans were established over 20 years ago but they have been revised several times to keep them 'up to date'. Relations with our employees have generally been very good. We have 142 employees who have been with Stauffer for 25 years or more.

"In conclusion, we believe we know our way around the industry, we have a lot of know-how in certain fields, we are steadily expanding our research activities to acquire more know-how, we are expanding carefully, our functions in the field of public and now, stockholder, relations. We confidently expect to maintain and improve our position in the industry.

"I will now turn the meeting back to Mr. Lasell. Please feel free to ask us any questions you may have. Thank you."