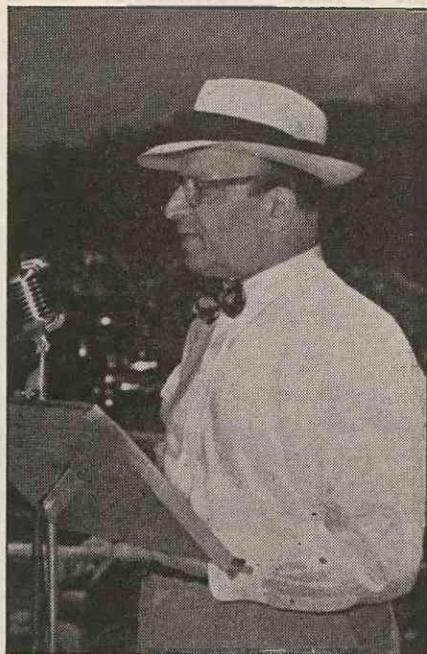


Highlights Of Mr. Straus' Speech At Picnic



"I have been compelled lately to be absent from Pisgah Forest a good deal more than I anticipated, but it was on business. I have been covering the United States from one corner to another. Long before this celebration is over, I will be back in Washington, where I have important conferences.

You have not seen as much of me as I wanted you to and I explained to you before the reason for it. It disappoints me a good deal that during my absence many rumors have been permitted to be spread in Transylvania county and amongst all of you good friends of Ecusta and Endless Belt which are absolute lies, unfounded and unjustified, and I am sure that none of you takes them seriously. I will refer to them later.

I know how deeply concerned each and every one of you is with the future of Ecusta. You have built your lives around our company. Ecusta has built its future around you. You are, therefore, entitled to know the facts. Briefly, this is our situation.

The paper we manufacture here goes into two markets. The biggest of these is the American market, which consumes a very large proportion—in fact almost 75%—of our output. Nothing has happened to this market. Practically all of the large American cigarette manufacturers are our customers, are well satisfied with our product, and not only will continue to patronize us just as long as we are able to produce high quality paper at fair and reasonable prices, but are actually buying more and more paper from us year after year.

The second market for our paper has consisted of a number of foreign countries. This foreign

market has purchased, in the past, approximately 25% of our output. In recent months, I regret to say, we have experienced great difficulty with this foreign market.

This is no fault of yours, nor of Ecusta. Our paper has been of good quality. Our prices have been right, and we have always made prompt deliveries. The trouble has arisen because our foreign customers are unable to pay us in dollars for their purchases, and you, the same as I, want to be paid in United States dollars and not in Chinese yen or Turkish lire, or whatever other currency is in vogue in countries to which we have been accustomed to ship our paper.

One of the very unhappy consequences of this situation is that we have not had enough work to go around, and this condition has caused me personally more regrets and worries than anything I had to face since Ecusta began its operation. We were faced with the necessity of laying off a number of people. I am sure there isn't anybody present here today who would expect Ecusta to give them a pay envelope for work not performed.

The question arises immediately: How shall people be laid off? What yardstick shall be used? I have studied this problem personally and with great care; I have taken into my confidence our superintendents because I wanted to make certain that you would feel we were being as fair to everyone as it is possible to be. I arrived at the conclusion that lay-offs should be made on the basis of length of service; and that as a matter of principle, long service employees should be retained, and that short service employees should be laid off first. As many of you know, this prin-