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GENERAL ELECTRIC COMPANY

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J.V.N.D.

March 21, 1955

Mr. J. V. N. Dorr
Founder-Chairman
Dorr, Oliver, Inc.
570 Lexington Avenue
New York, New York

Dear Mr. Dorr:

Although you have doubtlessly seen it, I am enclosing a clipping from the February issue of "Investors' Reader", published by Merrill, Lynch, Pierce, Fenner and Beane.

I was most interested in it and wish you and your new expanded organization every possible, continued success and pleasure.

Kindest personal regards.

Very sincerely,

L. Byron Cherry

L. Byron Cherry

LBC:fo

Enc.

MANAGEMENT

Derring-do of Dorr-Oliver

TWO jaunty gentlemen of distinguished age are this week back at their respective desks a continent apart. After a month in Manhattan sandy-haired, chipper Edwin Letts Oliver, 76, returned to Oakland, Cal; impish, goateed John Van Nostrand Dorr, 83, just motored back to Connecticut where as usual he will bounce between Stamford headquarters, the Westport research mill and his New York office.

Things will hardly be the same though. After nearly 50 years apiece of heading businesses bearing their own names, each of the two veterans is now listed as a "founder-chairman" of the new organization which they helped get off to a bustling start during their month in New York. The joint enterprise is $12,-600,000-assets "Dorr-Oliver Incoporated," engineer, designer and manufacturer of industrial classifiers, filters, thickeners, agitators and other related giant equipment used in the handling of solids suspended in liquids or gases. Or more simply, the equipment aids in the wet processing of everything from abrasives to sewage to zinc.

The merger became legal with the tolling of the New Year bells. Two weeks later the 62,000 preferred and 754,000 common shares of small but international Dorr-Oliver were admitted to the American Stock Exchange (they are also listed in San Francisco). The common trades around 15 and directors have declared a 15¢ dividend for the first quarter. With over 60% of the stock controlled by the Dorr and Oliver families and senior employes, the public market for the stock is rather thin. However, there are over 2,000 public stockholders. The stocks of Oliver United Filters Inc (which received 67% of the preferred and 53% of the common in the new company) were previously listed in San Francisco; securities of the Dorr Company were privately held.

Actually, this is the second merger of Dorr and Oliver. The two came together once before in the early Thirties. At that time, however, it appeared to be an awkward arrangement with a separate holding company superimposed on Oliver United and Dorr. But Messrs Oliver and Dorr were busting out all over with their own ideas, designs and plots and the tempo was a trifle divergent. The deal was dissolved after two years.

Time alters a lot of things and a smoother arrangement was concocted this time. As before, the product-lines and markets of the old companies complement one another; hence, month-old Dorr-Oliver is already a neatly integrated outfit.

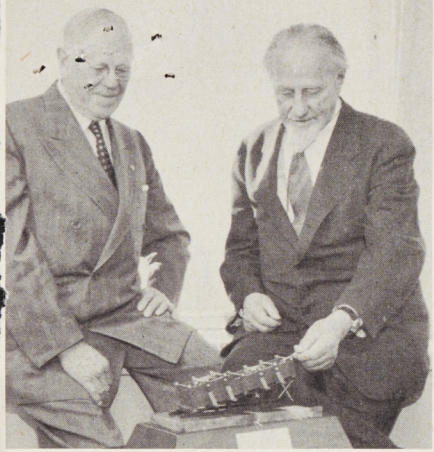
Gold and Grit. While D-O executives are confident the best part of the Dorr-Oliver story is in its attractive potential, the most unusual part is the good old days when hearty individualists "EL" and "JVN" got their respective starts in strangely similar ways. EL Oliver graduated

from the University of California's College of Mines at the turn of the century, promptly took a job as a reverberatory furnace operator and hard rock miner with the Gold Bank Mines in his home state. Three years later he switched to North Star Mines. There he worked to improve gold recovery methods—specifically separation of slime tailings from gold-bearing cyanide solution. A few years later the mechanics-minded whiz developed and patented the Oliver Continuous Vacuum Filter. Later centrifugal and vacuum pumps were developed for use with the filters. By 1910 practical EL had his own company going. Later his filters were adapted in many forms to fit the needs of the potash, beet & cane sugar, pulp & paper and sewage industries.

JVN can look back to pre-college days when he worked with Thomas Alva Edison as a chemical experimenter. After his graduation from Rutgers in 1894, he took a job at Deadwood & Delaware Smelter in South Dakota. After nine years of varied experience JVN and his two partners built the Dorr, Lundberg & Wilson cyanide crushing mill at Terry, SD. But the mill venture continually lost money. Clean separation of the gold bearing sands from the fine slime could not be made in the existing classifying cones. Deep in debt (the partners had even borrowed from the local miners' union), JVN hurriedly invented a new type classifier, based on only a few weeks of harried experimentation. Later he developed the Dorr Thickener (the first mechanically equipped sedimentation unit) and then the Dorr Agitator. By 1910 JVN had set up shop in Denver. Dorr-designed equipment went wherever there were gold mines. Within three years sales offices were established in Australia, London, South Africa, New York. JVN's inventions were adapted to fit the needs of different phases of the same industries as the Oliver equipment. As one D-O executive put it: "An Oliver filter sits on the tail-end of nearly every Dorr thickener * * * or more accurately, it follows the final sedimentation step as the last de-waterer."

Applying the Glue. EL and JVN supplied the inventive genius. And by setting up sturdy growth companies, they have offered a meaty challenge to the next generation. Ready to take up the challenge is handsome 50-year-old Joseph Delano Hitch Jr who was named president of the new organization after a year and a half as prexy of the Dorr Company. He is assisted by two administrative vice-presidents, Edwin Letts Oliver Jr and former Dorr-man Douglas C Reybold. "Del" Hitch is anxious to make a success of the new company he is heading. Says he: "We're not a dynasty any more * * * now is the time for teamwork."

He figures on an initial period of assimilation before any big scale plans are unleashed. In the meantime, an important project is to build new headquarters for the company. D-O has already acquired land in a suburban part of Stamford. Del Hitch expects the offices will be ready "two-to-three years



Oliver views Dorr's first invention

from now; they will be around 60,000 square feet at first with space available to triple this."

This will be needed. Says president Hitch: "The real guts of it is we want to expand * * * we are in a buying mood." He eyes companies with related product lines as well as the so-called "turnkey plant" business (handling construction from initial design to initial operation). D-O has already made some tentative approaches to various companies whose facilities, equipment lines or engineering skills will further this aim.

With present lines, Dorr-Oliver owns or controls about 8,000 patents in over 60 countries and produces or markets over 100 different types of equipment. Much of the Dorr equipment has up to now been manufactured at the General Iron Works in Denver. However, some of the Dorr items will now be made in the two Oliver factories at Oakland and Hazleton, Pa.

Since most of the equipment and machinery is custom-made, D-O has over 200 sales engineers trained in the metallurgical, chemical, sanitary and mechanical fields. One of the biggest markets (about one-third of D-O business) is "ore dressing" for gold, silver, copper, zinc, lead, molybdenum and titanium. Explains Del Hitch: "If ore has to be treated in large quantities, D-O is in on it." Currently Dorr-Oliver methods and equipment are used by 90% of the copper and gold & silver industries, over 85% of zinc treatment installations and all US and Canadian nickel plants.

There are other big markets, most of them with fine growth prospects. Water & sewage treatment account for another third of D-O volume. Chemical and industrial markets such as pulp & paper, cement, starch & sugar also provide important customers.

D-O engineering and equipment has helped to outfit such major projects as the Dow Chemical magnesia plant in Freeport, Texas where magnesia is extracted from sea water; St Regis Paper's newest plant in Jacksonville; sewage treatment plants for Chicago, Dayton, Ohio and Panama City, Fla; combined sewage and trade waste treatment for Bethlehem, Pa. Two examples of D-O's "complete engineering" undertakings are a pair of concentrated phosphatic fertilizer plants: a $10,000,000 job for W R Grace-division Davison Chemical and a smaller plant for the Missouri Farmers' Association.

D-O also sees fine prospects in newer lines. One example is Fluo-

Solids, a new technique of roasting, calcining or drying solids by "fluidizing with an upward moving stream of gas and air." The system has already been applied in gold-ore roasting and the production of strong gas from sulfur-bearing ores; other uses are increasing. Some other "newcomers" to basic product lines are "still under wraps but will be marketable before the end of the year."

World Citizen. Dorr-Oliver is also busy overseas, where it has seven wholly-owned subsidiaries. Actually these operations were never really "unmerged" after the domestic split-up in the Thirties; hence they present no integration problems now.

The overseas subsidiaries are sales organizations and each branch works out its own manufacturing arrangements (usually with local companies). Thus D-O has few fixed assets outside North America and as Del Hitch remarks, it "can sway with the breeze." The D-O president served a lengthy hitch overseas, has sold to 55 countries. His principal foreign stay was in Japan during the Thirties.

He is quick to point out the "flexibility" of the foreign branches. "We are prepared to manufacture or supply any product we now sell from any one of 19 countries." The actual purchasing of equipment depends on three things: availability of currency, political feelings and manufacturing and shipment costs. "We can play it any way the client wants."

In 1955 "our overseas business will be at least as good as last year" when foreign activities (including exports) contributed "somewhere between 40 and 60%" of D-O's total volume. All told, combined Dorr-Oliver sales have run "between $25-to-30,000,000" for the past three years while net income has averaged $1,378,000 or $1.83 a share. For 1955 Del Hitch expects both sales and net profits "will be just about the same."

But much more important to D-O executives is the long-range growth potential: "In ten years we could be making $100,000,000 in sales * * * There is something wrong if we don't." And with a lot of pride Del Hitch concludes: "We're small right now * * * But we think we can make the opportunity to grow big. We've got everything—money, foresight, ambition and most important, staff."

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