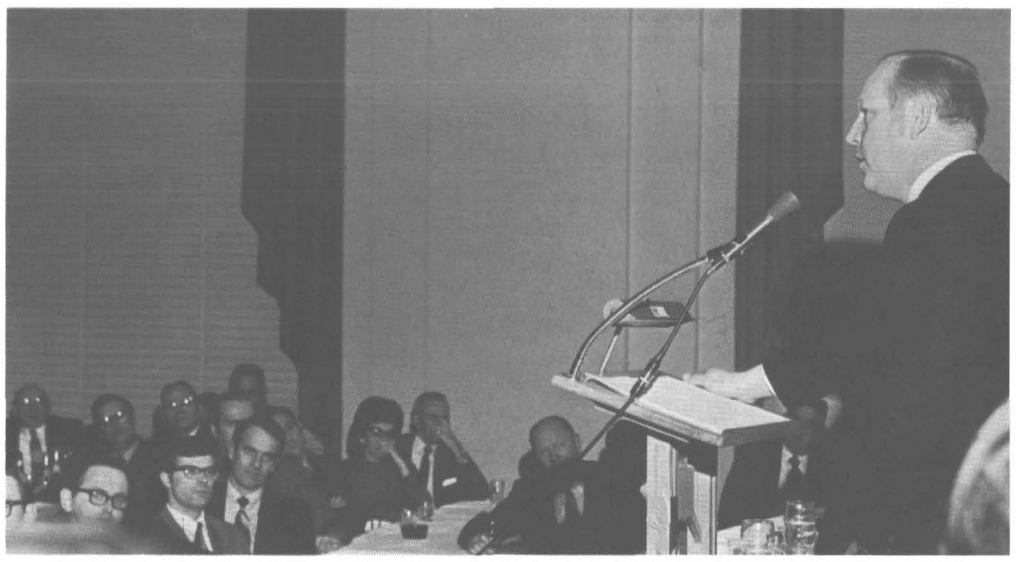
STALEY NEWS

VOLUME XIII
NO. 1 DECATUR, ILLINOIS JANUARY 1971

President Nordlund Outlines 'State of the Organization'

Discusses Principles, Current Status, Future



President Don Nordlund Addresses Record Crowd at Staley Technical Society Meeting Held at Decatur Club

Why the Staley Company was reorganized into decentralized profit centers and what lies ahead for individuals, profit centers and the corporation was President Donald E. Nordlund's subject January 14 before a capacity crowd at the Staley Technical Society.

In a talk entitled "Reorganization: Countdown to Accountability", Mr. Nordlund explored the principles underlying the reorganization of the Staley Company into its basic businesses, where that reorganization currently stands, and management's expectations for what the future must hold.

Step one, some three years ago, was to define the Staley Company, he said.

Staley Defined

"As I see it broadly defined, and I say 'broadly', the business of Staley is to ascertain and profitably serve customer needs which lie within our productive, sales and administrative capabilities as currently defined and logically extended through innovation and invention," he said.

Step two, according to the President, was the separation of the organization into its component parts and the logical reassembly.

"Performance depends on proper organization, and proper organization can only be attained through the painstaking study of ourselves. We could say the countdown begins with reorganization because we are today just at the brink of accountability.

"Heretofore the mandate has been purely to get the basic units to reorganize.

"At this point the basic structure is essentially complete. We have constructed the basic operating framework for what we consider to be the four separate businesses that constitute the Staley Company – Industrial Products, Consumer Products, AgriProducts, and International – around a corporate core of executive staff group.

Why Decentralized Structure?

"Why the decentralized structure? And why do we believe it is the proper form for Staley today?

"First, it recognizes the differences inherent in the activities which, in fact, exist among our four units as well as the differences in the economic and other external factors which affect them.

"Second, it focuses the vision and the every effort of our managers directly and exclusively on business performance and results rather than functional specialties and a host of self-styled professional success barometers which have nothing whatsoever to do with the successful performance of the business.

"Third, the decentralized structure imposes managerial discipline.

"Fourth, by drawing on the

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First Quarter Earnings Up

The Company reports a record sales of $74,455,000 and a net income of $1,744,000 or 65 cents a share for the first quarter ended December 31.

These figures compare with a net income of $1,573,000 or 59 cents a share on sales of $73,096,000 for the same period last year.

Chairman A. E. Staley, Jr, indicated that continued favorable conditions in world oil and protein meal markets contributed strongly to the quarterly results.

He said volume was steady in food ingredients and consumer lines, and down slightly in general industrial products, reflecting lower demand in paper and textile markets.

Company's Waste Treatment Program Modified to Meet '72's Standards

EDITOR'S NOTE: During 1972, the state of Illinois will begin enforcing more rigid standards for effluent returned to public waterways. To meet these new standards, the Decatur Sanitary District has proposed a $7 million upgrading-improvement program for its treatment facilities.

Since it is likely that the Sanitary District will pass on to its major users a portion of the upgrading-improvement costs as well as increase its day-to-day treatment charges, the Company is investigating what it can do to better treat its own wastes, thereby reducing operating expenses by diminishing the amount and strength of the effluent sent to the District.

New efforts are being directed toward upgrading the Company's process waste treatment capabilities at Decatur with an eye cast on more stringent state regulations that are proposed to go into effect Jan. 1, 1972.

Although the Decatur Sanitary District has not yet interpreted these new regulations for local industry, the Company has already begun constructing improvements.

"It is extremely difficult for the Company to make firm long-range plans," said Nat Kessler, the group vice president whose responsibilities include environmental control, "because at this time we don't know how the regulations will affect us. However, due to the amount of lead time needed to make engineering studies and obtain equipment, we have decided to make some immediate modifications in addition to revising our long-range objectives."

One of the immediate modifications already underway is an improved centrifuge for the activated sludge waste treatment plant. This improvement will reduce by half the amount of sludge solids sent to the Decatur Sanitary District.

"In anticipation of the District's limitation on the quantity of waste solids it will receive and the anticipated cost increase, we have decided to make our own facility more efficient," Kessler said.

Another improvement under construction will allow the Company to treat more wastes from the ion exchange plants at the syrup refinery. Environmental control engineer Bob Popma describes the new system as a "combination surge, self-neutralizing, cooling, and pre-aeration facility."

Popma said the new 230,000-gallon capacity system, scheduled to be in operation by March, 1971, will allow us to treat 25% more of the waste from the ion exchange operation. Previously, some wastes from this process were sent directly to the Sanitary District for treatment. Again, the objective here is to reduce the amount of wastes sent to the District.

In addition to these two improvements, director of engineering Roger Mauterer outlined plans for a plant-wide spill prevention program. He stated that the objective of this program is to prevent accidental spills from going into the storm sewers or into sewers leading to the Sanitary District.

As part of this program, a retaining wall has already been built around the waste water treating tanks at the oil refinery. These are the tanks that overflowed in November and resulted in a spillage into Lake Decatur.

Similar spill-prevention systems are being designed for

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Awards Dinner Honors 240

A record number of employees being honored and a program befitting the occasion highlighted the 24th annual Staley Service Awards Dinner, Jan. 28.

Some 240 employees who were celebrating their 10th, 25th, 30th, 35th, or 40th anniversary were honored. Among this record number were four employees observing their 40th anniversary. These were Chairman A. E. Staley, Jr., Gertrude Hebert, Glenn Trent, and Harold Kibler.

A record 154 employees received wrist watches for 25 years service.

The toastmaster for the evening was Otto McKee, a 37-year Staley employee.

Guest speaker was Edward McFaul, billed as a"serious-humorist." McFaul is a nationally-recognized after dinner speaker.

The Staley News will carry picture coverage of the Awards Dinner next month.

Need Help In 'Idea Sweepstakes'?

There's a broad spectrum of idea possibilities in Consumer Products' "Idea Sweepstakes", a contest open to employees and their dependents at all Staley locations.

Up to $2,350 awaits winners who suggest a successful product. Further details on the rules and awards are printed on the official Idea Sweepstakes entry blank, available at your location.

Idea possibilities include almost any product that could be sold in a supermarket. Bob Corman, in charge of new products for the consumer group, offers these examples of categories to help guide your thinking.

Household Products. Including laundry, ironing, and cleaning aids, waxes, polishes, insecticides, and disinfectants.

Food Products. Things that enhance the flavor of foods, such as syrups, sauces, spreads, and gravies.

Convenience Foods. Those "out of the container onto the table" items. Ready-mixed and prepared are the two keywords. Such items as puddings, cake mixes, heat-and-serve items, desserts, extracts, and spices.

Employee response thus far to Idea Sweepstakes has been overwhelming. Entries came rolling in almost as soon as the December edition of the Staley News reached the employees' homes.

Keep those ideas coming. Entry banks are available where you work.

Snack Foods. Those "in between meal" delights. Such as potato chips, corn chips, pretzels, cookies, and crackers.

Health Foods. Almost anything a person could eat that he thinks will improve his health. Such items as fruit nectars, sunflower seeds, high-protein or high-vitamin cereals, drinks, and foods.

Dietetic-Low Calorie Items. Such as artificially sweetened drinks and foods, and items for those who watch their waistline or diet.

Drinks-Beverages-Juices. From various fruits and vegetables, and mixtures thereof. Also non-alcholic cocktail mixes.

Pet Products. Pet foods, grooming and health aids.

Paper-Film-Foil. Paper plates, napkins, wipes, cups, wrapping material.

Breakfast Foods. Hot and cold cereals, instant breakfast foods, heat-and-serve items.

Specialty Foods. Such ethnic foods as spaghetti, lasagna, borsch, tortillas, enchiladas, sauerkraut, kidney pie, chateaubriand, and soul food.

Frozen Foods. Those "pop them out of your freezer into your oven" items.

Health and Beauty Aids. Creams, lotions, hair care items, aerosol sprays, teeth and dental care items, deodorants.

The purpose of listing these categories is not to limit your thinking. Almost anything you think would sell in the supermarket is in the idea sphere.

So, put on your thinking cap, talk the contest over with the family, and submit those truly innovative ideas.

AgriProducts Group Starts Management by Results

The AgriProducts Group is practicing MBR.

So what is MBR (Management by Results)? Group V-P Jim Moore describes it this way.

"It's an approach to management in which each department head and his subordinate managers meet and agree on specific, concrete goals so that everybody involved knows what they should be held accountable for."

The key question, as Moore sees it, is "How can my performance be measured." Once that question is properly answered, each manager will have taken a big step in understanding Management by Results.

In preparing for the adoption of this approach, the marketing, manufacturing, and administrative sections of AgriProducts have been undergoing initial orientation sessions conducted by Lee Crouse, director of corporate information systems. Each group has received three, three-hour sessions.

"We're still in the learning stage of this new approach," Moore explained, "and we hope to get more proficient at it. It could take us up to three years before we can really use MBR on a long-range basis.

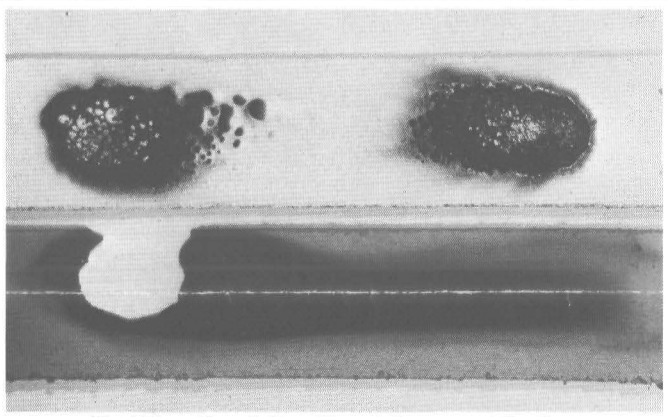
"The most important immediate result should be that we're all better managers because we know specifically what we want to do. And we'll improve our intragroup teamwork and communications because we'll know what others within our group are supposed to accomplish and where overlapping responsibilities are."

Management by Results is in reality a further extension of the decentralization into profit centers. One of the key reasons the profit centers were established was to provide broader individual responsibility for results. Now Management by Results will enable the AgriProducts group to specifically identify the results it hopes to accomplish.

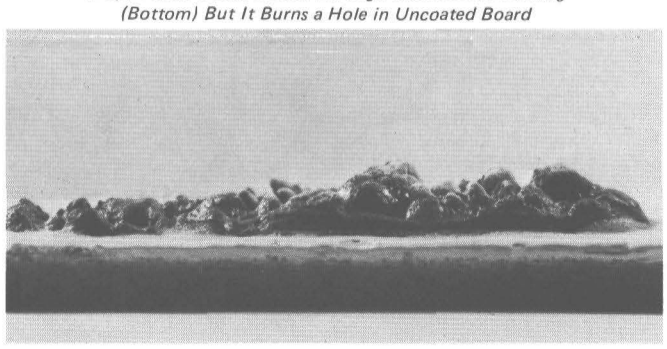
"We'll all have to think further into the future to make MBR work," Moore said, "and that could be the most important outcome of this approach."

Management by Results will be applied to efforts in sales production, personnel management, technical assistance, and research. In other words, to each operating arm of the AgriProducts group.

"But it will take a cooperative effort from all concerned to make it work." Moore concluded.



(Top) Flame Doesn't Burn Through Intumescent Coating
(Bottom) But It Burns a Hole in Uncoated Board



An Edge View Shows the Intumescent Action

Staley Chemical Snuffs out Flames

KEARNY, N.J.—A water-emulsion vehicle that may virtually make painted surfaces in your house fire proof is being investigated and marketed by Staley Chemical here.

Called Polidene 761, the vehicle produces paint that forms a protective, self-extinguishing, foam-like barrier when it is subjected to flame. After the flame is extinguished or burns itself out, the barrier can be scraped off and the material underneath remains intact.

This ability to form a foam-like barrier is called "intumescence", and the paint therefore is called "intumescent paint."

Charlie Peos, the Staley Chemical chemist who's working on applications studies, says Polidene 761 has widespread uses for latex-based paints where fire-retardent and/or chemical-resistant characteristics are desired. Applications include interior wall paint (particularly in the kitchen), in restaurants, in multiple-unit dwellings, and in industry. Or, as Peos said "most any place where fire is a hazard due to spills of flammable materials or because of high temperatures."

Peos' preliminary studies indicate that the intumescent paint has good scrub resistance (retaining its effectiveness after 50,000 scrubbings); it remains flexible after application; and is resistant to chemical action.

In a bench test, Peos held a lighted butane torch one inch away from a material coated with the intumescent paint and the coating prevented the flame from burning through the material.

In addition to its outstanding fire-retardent and chemical-resistant properties, the new vehicle can be used in glossy, semi-gloss, and flat paints of almost any color.

"A paint manufacturer will be able to do much more with Polidene 761 than he can with any other latex vehicle on the market," technical director Harry Cantor said.

Max Taitel of the polymer marketing department, says the new vehicle opens new sales possibilities among the paint manufacturers.

Marketing plans began with the introduction of this product at the recent Paint Show in Boston. Samples of Polidene 761 have been shipped to all those who were intrigued by the display and requested samples and/or further information.

A bulletin with suggested formulation based on Polidene 761 is also available.

As more data accumulates, additional promotional literature, plans, and advertising will be developed.

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Manager, Employee Communications . . . .Gerry Chatham
Chief Photographer . . . . . Lee Jeske
Assistant Photographer . . Roy Enloe

SERVICE ANNIVERSARIES

40 Years

NED BOWERS, millwrights, December 12

30 Years

HAROLD CRAIG, industrial products sales, L.A., December 13

WILLIAM DULANEY, industrial products sales, Atlanta, December 1

DOROTHY RAY, 17 Bldg., December 14

25 Years

CHARLES BAKER, corporate engineering, December 28

HARVEY BAKER, 20 Bldg., December 28

MORRIS BIRKHEAD, corporate engineering, December 1

MARK BONE, syrup refinery, December 7

ROBERT BYRUM, extra board, December 10

EUGENE COLLINS, extraction plant, December 4

ROBERT COOLEY, extraction plant, December 10

GENE COTTLE, grain division, agri-products, December 10

LEWIS FUQUA, feed house, December 4

DEWEY HENDERSON, sheet metal shop, December 11

BERNARD INCARNATO, millwright, December 1

ANDREW JAMES, boiler house, December 18

CHESTER JONES, starch shipping and packaging, December 12

ALVA JORDAN, syrup refinery, December 3

FRED KARASCH, inositol plant, December 3

FRED KELLEY, steep house, December 7

JAMES LONG, syrup refinery, December 4

EDWARD MC KEY, extraction plant, December 10

GEORGE NICKELL, corn oil and germ dryer, December 21

MYRL NORCUTT, boiler house, December 10

HAROLD PARRISH, black warehouse, December 31

LEONARD PARRISH, Staley/Graphics, December 10

HAROLD PIEPER, administration, industrial products, December 17

GEORGE PINNEY, research and development, December 1

GERALD REECE, purchasing, December 7

RALPH SHINNEMAN, painters and roofers, December 13

MAURICE SMITH, control lab, December 12

WILLIAM VAN FOSSAN, lubricators and oilers, December 31

JOHN WALLER, extraction plant, December 11

KERMIT WRIGHT, extra board, December 5

20 Years

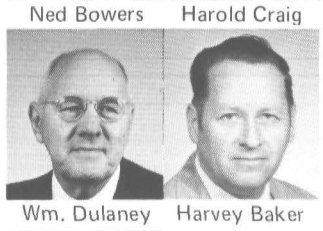
LEWIS CARR, starch process, December 4

10 Years

HENRY BITLER, consumer products research, December 7

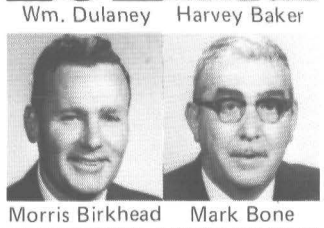
Ned Bowers Harold Craig

Fred Karasch Paul Kelley

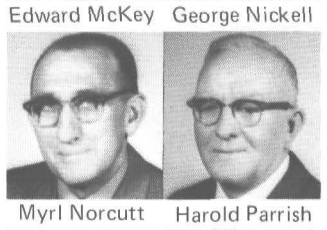


Wm. Dulaney Harvey Baker

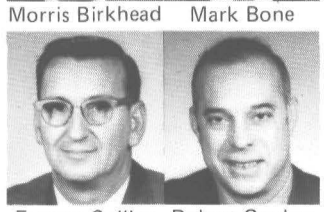
Edward McKey George Nickell



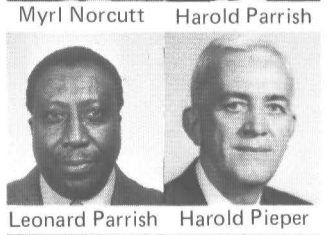
Morris Birkhead Mark Bone



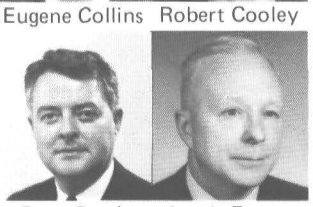
Myrl Norcutt Harold Parrish



Eugene Collins Robert Cooley



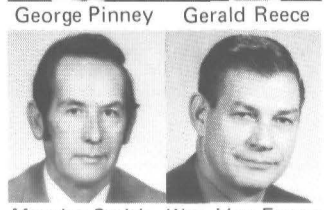
Leonard Parrish Harold Pieper



Gene Cottle Lewis Fuqua

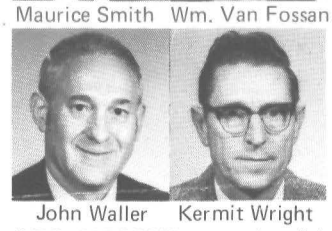
George Pinney Gerald Reece

Bernie Incarnato Andrew James



Maurice Smith Wm. Van Fossan

Chester Jones Alva Jordan



John Waller Kermit Wright

RUE COPELAND, corporate engineering, December 27

JUDY SADOWSKI, executive division, December 12

Retirements

MANUEL DUARTE, shift foreman, solvents, November 30

OTTO KREUZBERG, Consumer Products territory manager, New York, December 15

HERBERT WALLNER, Consumer Products territory manager, New York, October 31

Reorganization

Continued from Page 1

managers who are closest to the realities of our various markets, it will yield objectives which are conceived and discharged on a more enlightened bases, inasmuch it is out there where the purchases are made, that needs are articulated, and success or failure finally determined.

"Fifth, the decentralized form will create multiple decision centers, to multiply the number of decisions which can be made and thus maximize the odds that more will be made, more will be right, and more growth will ensue.

"And finally it makes the development of tomorrow's managers much easier and more probable.

On Establishing Objectives

"Thus, having begun to define and understand our business, we are ready to begin to set goals as individuals, as operating units, and as a corporation.

"In the process, we are demonstrating to ourselves a lesson that is easily lost and difficult to retrieve: that each function along the product channel—manufacturing, research, distribution, marketing, finance—has one thing in common—all will be judged in the final analysis on the overall success of the operating unit, namely the bottom profit line.

"And instead of contributing to the profit of the Company, each operating group will contribute a profit to the Company."

Operating units, with guidance and direction of broad corporate directives and general organizational definitions, are now in the process of mapping five-year plans, the President said.

Divisional Evaluations

"Now that our operating groups are split out on a divided assets basis, this year for the first time we will have an opportunity to evaluate our four businesses against comparable enterprises. Consumer Products, for example, will be considered against purely consumer competition. AgriProducts can gain a measure of its effectiveness compared to similar soybean processors. And Industrial Products can measure its performance against corn wet milling competition with a similar product mix.

In defining the corporate role from this point forward, the President said, "We will set overall policy, offer guidance and assistance to the operating groups in meeting objectives and establishing new ones, assess the long-range future of the Company, and evaluate new ventures outside of our current interests."

In closing, he said "Accountability forms the thread of cohesion which welds an organization. Accountability starts on the individual level with your personal objectives and how you personally intend to contribute to the overall goals of the business.

"The countdown is in its final phase. I am personally of the firm belief that we have the craft and the crew for a successful lift-off, an exciting journey to new peaks of profitability, and the satisfaction of a mission accomplished."

Machinist Paul Jelks Measures Flaking Mill Roll after Turning It on Giant Lathe

Central Shops Remain the Hub of Activity

STALEY NEWS

DECATUR NEWS FOR DECATUR EMPLOYEES

Because of their involvement with all facets of production, Central Shops play a major role in helping the Decatur Plant reach its goal of sustained output records.

"This goal cannot be reached without a yeoman effort from our mechanics," section head Jim Galloway said. "Our production goal depends on the full availability of equipment with it operating as efficiently as possible.

"For example, the extraction plant isn't going to get the oil it could unless our machinists turn the flaking mill rolls to tolerances of one-ten thousandth of an inch. And no production unit will meet its goals unless our Pipe Shop and Electric Shop maintain a constant supply of steam, water, and electricity.

"In short, Central Shops are a key element in production and the springboard from which we can base our output goals."

A look at the responsibilities of each of the eight Central Shops reveals how closely their efforts are associated with production.

The Machine Shop is responsible for repairing the countless gears and pumps used in a variety of applications. This shop also rebuilds spare units and assembles units onto equipment fabricated in other shops.

The Instrument and Control Shop has the plant-wide responsibility of maintaining, calibrating, and installing all instruments and controls.

The Electric Shop maintains all electrical utilities throughout the plant, including circuit breakers, motors, and turbines.

The Millwright Shop maintains the variable speed drives and belts plus handling the in-shop woodworking.

The Pipe Shop cares for all steam mains up to where they enter a building in addition to maintaining all fire and water mains.

The Sheetmetal-Boilermaker Shops rebuild and balance fans and fabricate from the basic metal a variety of process equipment.

The Riggers operate and maintain the cranes. They also move the large, hard-to-handle units in and out of buildings.

"You can see from these responsibilities the important role our highly-skilled mechanics have," Galloway said.

"We must constantly find better ways to make them even more efficient, and one way we do this is through the evaluation and improvement of tools and equipment."

Some of the recent aids Galloway and his foremen have provided for the mechanics are:

A portable electronic vibration analyzer to pinpoint the source of vibration in rotating equipment such as pumps, motors, fans, and mills.

An infrared thermometer that allows an electrician to find a "hot spot" in a circuit from as far away as 35 feet.

A new constant temperature silica measuring device for better calibration of instruments and controls.

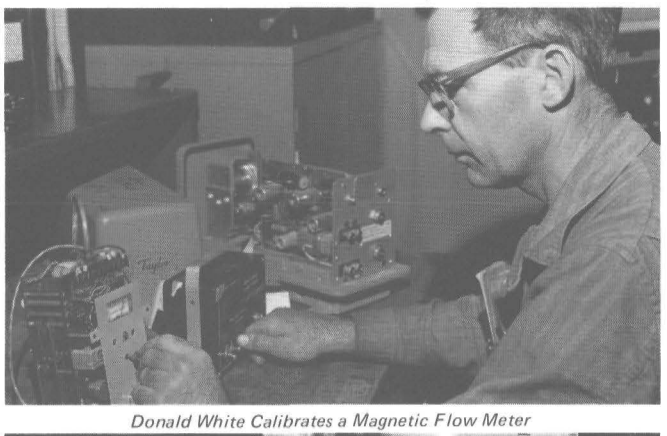
A new oscilloscope and variable D. C. voltage source for more efficient troubleshooting of electrical problems.

And Central Shops is planning to purchase a $10,000 multi-amp circuit breaker test unit that will make testing, calibrating, and coordinating electrical power easier.

When all these responsibilities are lumped together with those of the shop foremen—supervision, administration, technical assistance, and practical training for apprentices—it's easy to see why Central Shops have a vital role in manufacturing.

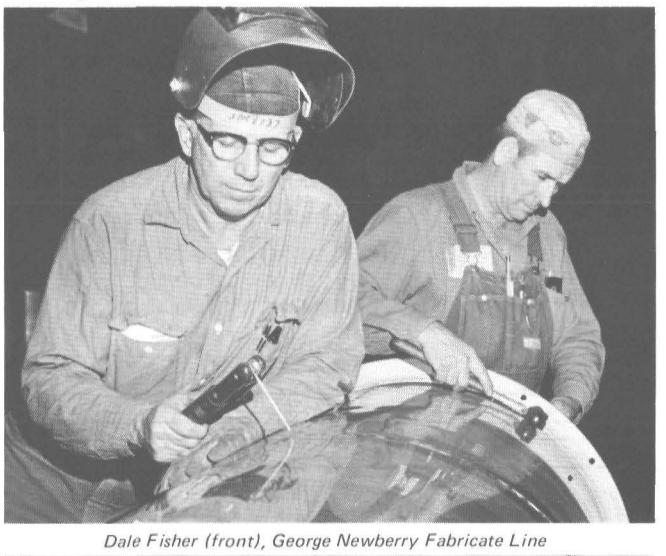
Electrician Robert Bohn Moves Large Motor

Millwright Ed Ginder Repairs Transmission

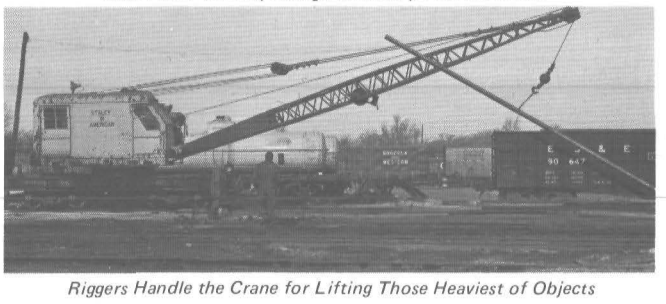


Donald White Calibrates a Magnetic Flow Meter

William Morgan (L), George McFarland Prepare Water Softener



Dale Fisher (front), George Newberry Fabricate Line



Riggers Handle the Crane for Lifting Those Heaviest of Objects

Staley Morrisville Starts Final Construction Phase

MORRISVILLE, Pa.—Residents of this section of the country are beginning to see some sights and hear some words they didn't know existed.

It all has to do with the ongoing construction of Staley Morrisville—the first corn refining plant in the East.

Previously the nearby residents knew the lingo of the chemical industry since Calgon, Stauffer Chemical, Minnesota Mining and Manufacturing, Rohm and Haas all are neighbors of the new Staley plant on the Delaware River.

Now, for the first time, you can hear words like "silos", "germ dryers", "steep water tanks", and "enzyme tanks" being spoken on the streets of this city.

Hardly a week goes by now without some new piece of process equipment being installed. Like the cooling towers, the elevating equipment for the silos, the evaporator for the steep house, not to mention the gigantic, gas-fired boilers.

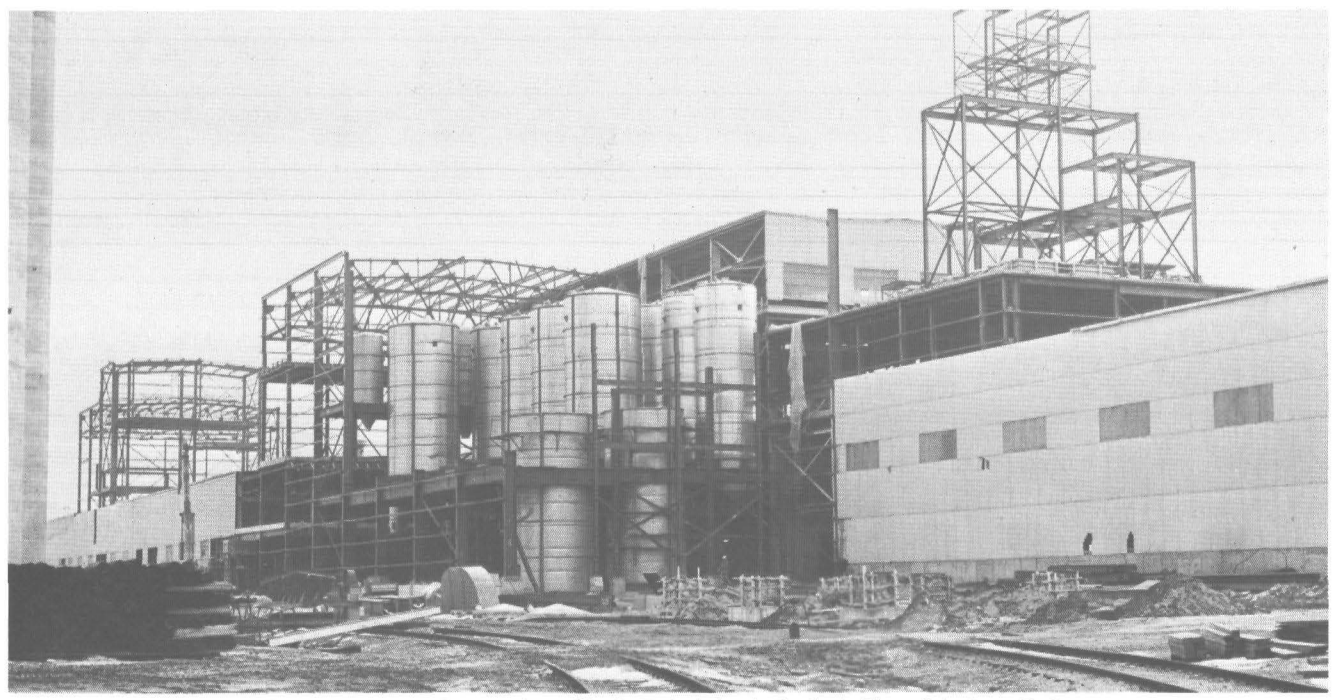
There's a bustle of activity going on daily as new equipment arrives and is set in place. This new activity revolves around a thing our engineers call "phase three construction." Simply stated, this means that Morrisville is in its final construction phase.

Elmer Tomlinson, resident engineer, reports that most of the site and structural work is finished. In addition, he says the process waste treatment plant will soon be completed.

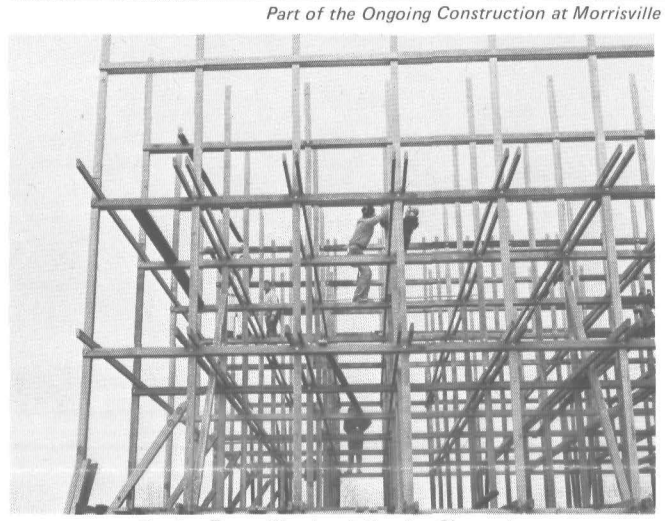
Of all the process equipment being installed, perhaps the most unique is the dewatering system for gluten and starch. Instead of using presses and vacuum filters, this new plant will use centrifuges. Gone will be the days of pulling presses in the mill house.

If this phase three construction goes according to plans, shakedown of the new facility is scheduled for December, according to plant manager John Homan.

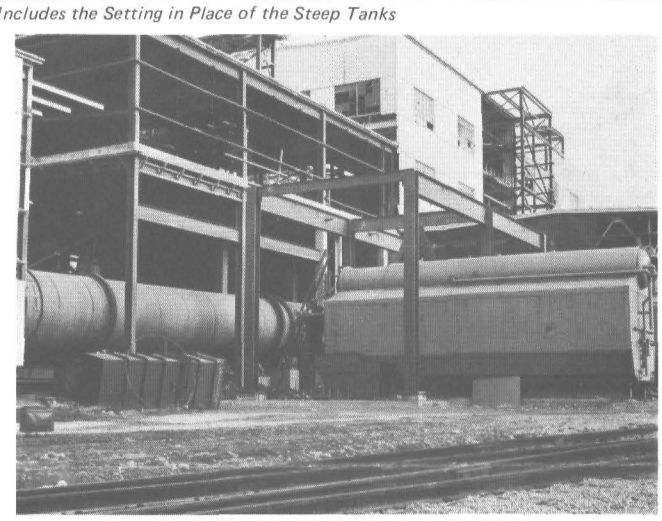
And then residents will have some new terms to grapple with. Such as "fructose" (sweeter syrup), "specialty sweeteners", and "specialty starches", all of which will be products of Staley Morrisville.



Part of the Ongoing Construction at Morrisville Includes the Setting in Place of the Steep Tanks



Cooling Tower Woodwork Reaches Skyward



Dryer (Left), Gas-Fired Boiler Ready for Installation

Monte Vista's New Starch Dryer Is Humming Along

MONTE VISTA, Colo.—Staley designed, Staley installed, Staley operated. That's the story on the new starch dryer in operation here at the Company's Sta-Lok 400 potato starch plant.

The new flash dryer was designed in Decatur by a Staley engineering team, headed by Jim Dustin. It was installed by plant manager Paul Neumann and his men. And it's now drying Sta-Lok 400, 24 hours a day, seven days a week for paper manufacturers throughout the country.

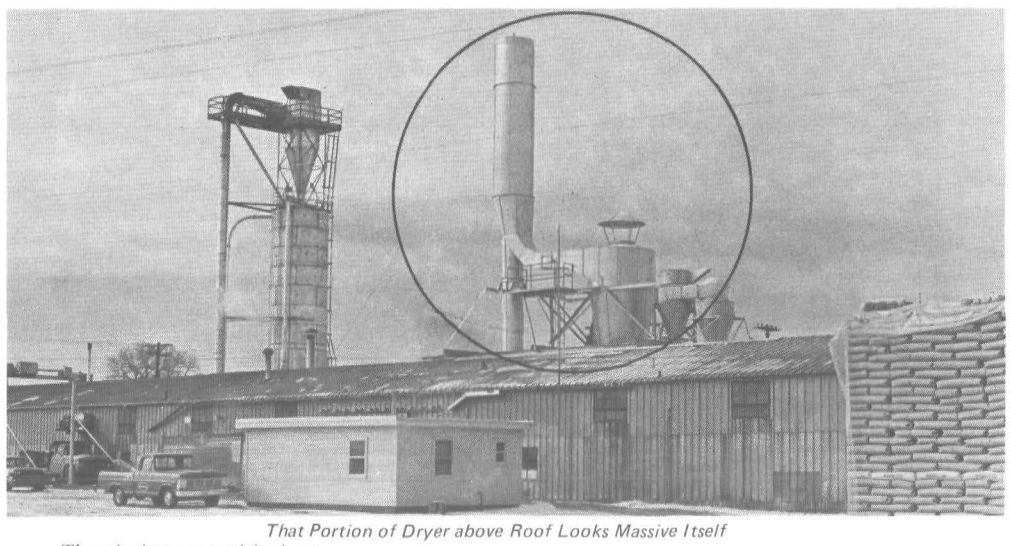
The new dryer, nicknamed "Dustin Number One" by the men at Monte Vista, replaces an older model that had become a serious bottleneck to production.

"We surveyed the old dryer and decided it was too far gone. So we decided to start designing a new one from scratch," Dustin said.

The engineering team designed the dryer so that it could use the remaining steam-generating capacity from the gas-fired boiler. The new equipment will also accommodate an increased drying load as more heat-generating capacity becomes available.

It took the group of engineers two months to design the equipment. Installed, the total cost was $50,000. According to Dustin a similar dryer is available commercially at a cost of $150,000—not installed.

Don Barringer assisted on the project, handling most of the onsite engineering. Don Thompson helped in designing the drying coil, the air flow, and the condensate return. Howard Larcom furnished the control system design.



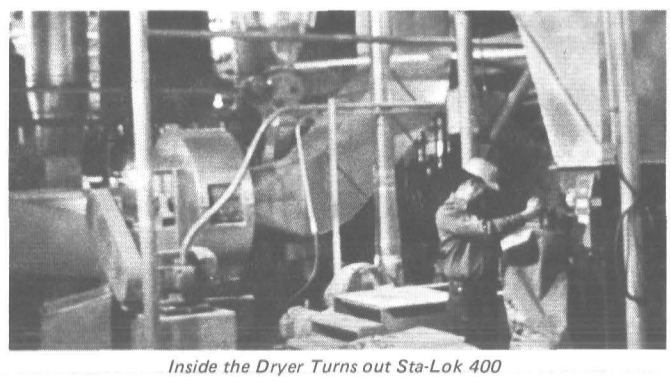
That Portion of Dryer above Roof Looks Massive Itself

The timing was critical on tearing out the old equipment and installing the new. The plan called for the plant to be down four weeks for the changeover. Customer demands and the oncoming peak potato season made it essential that the plan be adhered to.

On July 8 the plant shut down, and on August 10, approximately four weeks later, the first batch of Sta-Lok 400 came through the dryer.

"It was so critical," Neumann commented, "that the first 300 bags of starch were loaded directly into a waiting boxcar. We'd shipped all the inventory that we'd stockpiled for the shutdown."

With the new equipment installed, the potato grind is increased by approximately 33%. This increased grind is particularly important since the supply of potatoes in the area lasts from September through June. So Monte Vista purchases raw starch from competitors in the off months, a factor that decreases the margin.



Inside the Dryer Turns out Sta-Lok 400

No startup problems of consequence were encountered. And six months after installation, the new dryer is humming along with few problems.

Waste Treatment

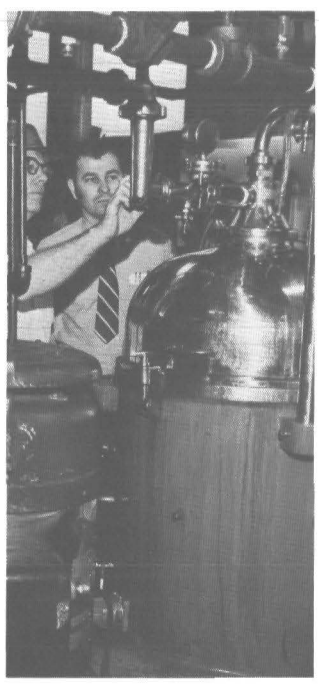
Continued from Page 1

construction around nine tanks at the inositol plant (111 bldg.) and around the muriatic acid tanks at the syrup refinery.

As part of a long-range plan, Mauterer's engineers have started preliminary work in designing a closed circuit cooling water system. Ultimately the aim of this project is to eliminate the necessity for returning warm water to Lake Decatur, under the assumption that regulations will be tightened in the future and require some action.

The Company has received notice from the state that the present warm water return "may constitute a violation" in terms of temperature. They indicated that the outflow of the hot water ditch was only one-half degree above the 90° limit, so close that no action was planned. But the state suggested that the Company go ahead with its plan for the cooling water system. The engineering, which is going forward now, will include studies of other approaches that may reduce the temperature of this water return as either a temporary or a long-range remedy.

So, short-term and long-range improvements are underway as the Company continues to meet and exceed regulations in an era when nobody really knows just what the future regulations will be. However, the stakes are high. The Company has already invested or committed over $7 million in air and water pollution control, and the total will continue to climb as new requirements are continually met.



New Centrifuge In Oil Refinery

Operator Harry Becker (L) and chemical engineer Tom Scott check out the new centrifuge in the oil refinery. The new equipment is used in making the first separation of soap stock from the crude cottonseed or corn oil. Installed at a cost of $75,000, the new centrifuge produces a cleaner oil than the one it replaced. Process engineering for the changeover was handled by Scott. Chris Greanias supplied the mechanical engineering, and George Finch coordinated the installation.

TEAM Project Solves the Mystery of Foam Appearing in Syrup Batches

Foam standing on beer is fine, but the fluffy stuff standing on corn syrup ruins a whole batch. And until recently, on occasion foam did appear in syrup batches.

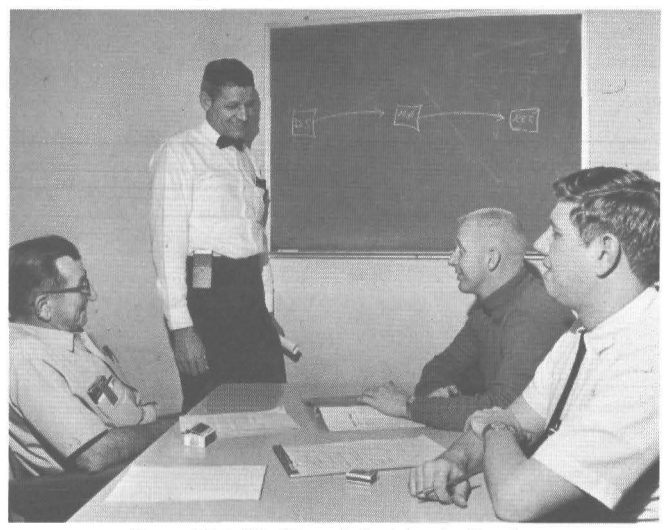
To make matters worse it was a mystery. But no more, thanks to a TEAM investigation which successfully identified and eliminated the source of the mysterious foam. Net savings: $118,000 annually.

The solution to the foam mystery came about this way. Wayne Blick, wet processing foreman, and Bob Cowgill, shift foreman, wet processing, along with their TEAM advisors Don Brown and Dick Hanson, decided to tackle the problem.

They found that each time the foam occurred in the syrup, it also occurred in the gluten filtration system in 9 bldg. So they concluded something was being introduced intermittently into the process before the starch was sent to the syrup refinery for conversion.

Blick and Cowgill then decided to take samples from the gluten system and waste starch stream each shift. They labeled the samples and held them, hoping that the next time the foam appeared they would have a sample for analysis.

Sure enough, the foam appeared on the syrup again, and samples from the gluten system and waste starch stream were sent to the lab for analysis. Process research engineer Ernie Allen tested the samples and found that they produced a paste at 120°, a condition that causes filtration problems in the syrup refining process.



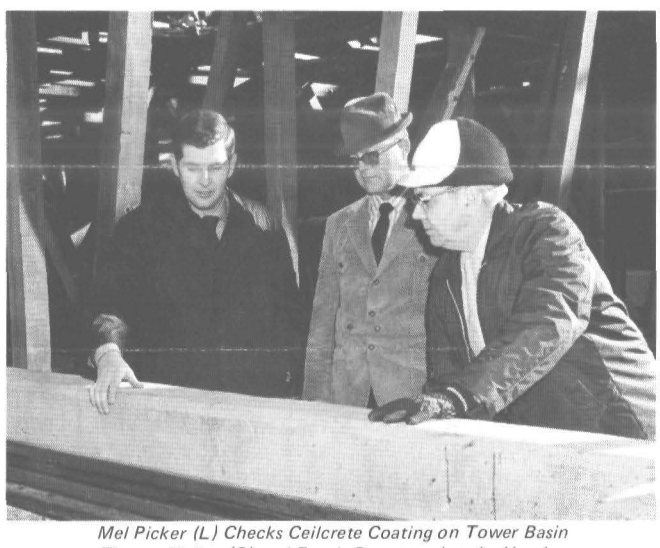
Wayne Blick (Chalkboard) Explains the Details
(L-R) Bob Cowgill, Don Brown, Dick Hanson Listen

By correlating the time the sample was taken with what waste starch was recycled into the starch stream, Blick and Cowgill discovered that a waste starch from Mira-Cleer was the culprit.

Now the Mira-Cleer waste starch (and all other waste starches) are dried and disposed of and not recycled.

As a result of the investigation by the two TEAM'S, the syrup refinery can now consistently make syrup without reprocessing foamy batches. With improved starch quality, regular processing time has been saved as well as a considerable reduction in carbon usage.

"It's one of those solutions we dream about," industrial engineer Dick Hanson said. "There's no equipment installation cost to solve the problem since an existing dryer is used to dry the waste starch, and it solves a problem that has been plaguing us for some time."



Mel Picker (L) Checks Ceilcrete Coating on Tower Basin
Theron Tinker (C) and Frank Grossman Lend a Hand

Engineers Use New Material To Solve Corrosion Problems

Staley engineers are using a new construction material that may help solve one of the corn wet miller's nightmares—corrosion.

Called Ceilcrete, the new material is a fiberglass reinforced polyester coating that can be used in a variety of concrete construction projects. The latest application of the Ceilcote Company product is as a lining for the old concrete basin for one of the 5-10 building cooling towers, currently being replaced.

One of Ceilcrete's assets is its usefulness in repairing existing concrete structures, saving construction time and money. Such is the case for the new cooling tower basin.

"We found that by coating the old concrete basin with Ceilcrete, we could repair it and use it as a platform for the new cooling tower," senior maintenance engineer Theron Tinker said. "Acid has corroded the old concrete basin. With this new Ceilcrete lining, the acid action will be reduced and we'll get about 30 years effective life. That's about 10 more than the former basin."

Ceilcrete must be applied with meticulous preparation, as construction supervisor Frank Grossman attests. First, Grossman said, you have to sandblast the old concrete, and then you apply Ceilcrete at a warm temperature. Unfortunately, warm temperatures are rare in Illinois during December.

Grossman had a temporary structure built over the basin so the proper temperature could be maintained. Once applied, the material can withstand a wide range of temperatures, from subzero to 160 degrees.

Project engineer Mel Picker explains that Ceilcrete is relatively easy to apply. First a prime coat is sprayed on the concrete surface. Then a base coat is troweled onto the concrete. Next a woven fiberglass cloth is laid over the first coat. Finally, another coat of Ceilcrete is applied. The finished thickness is approximately 1/8 inch.

The result is a longer-lasting structure. And in the case of the new cooling tower, a structure that takes less time to rebuild.

Admin. Bldg. Running Ahead of Schedule

Due to extremely good cooperation from the employees involved, renovation of floors 1-5 in the Administration Building is running ahead of schedule.

Projected completion date of the last main wing (1-W) is now May 14, almost one month earlier than the original completion date announced last June.

"The time we've gained is the result of tremendous cooperation from our employees," Bob West, engineer in charge of the project, said.

"They have helped us to make available and use space for temporary moves that we didn't know existed."

In some areas, original plans have been modified. One such change is scheduled for the basement where an expanded capability, corporate data processing center will be located. This change means that the print shop, mail room, central supplies, and the records vault will all be relocated within the basement.

One of the most pleasant results of the renovation will be a year-round air conditioning system. West said a consulting firm has been placed under contract to make final balance adjustments to the system when all components have been installed.

In the meantime, there may be some days when the air is too hot or too cold due to temporary balance work on the system. Every effort will be made to correct these problem areas during the construction period as they become known.

TEAM Banquet Set for Feb. 3

The annual methods change TEAM banquet will be held Feb. 3 at the Decatur Club.

All TEAM's making their goal are invited to attend.

New Bargaining Committee

Three new members have been elected to the bargaining committee for Local 837 of the Allied Industrial Workers, joining four hold-over members. The committee is now made up of (seated front to rear) Claude Stine, Bob Hull (new), Clyde Beck, William Strohl (new), Russ Smith, Bob Reinhold (new), and chairman Bob Nihiser (standing right). Also pictured is president Ted Taylor.

Vince: 'Forget Today, Look to Tomorrow'

CICERO, ILL.–"Forget today," Vince Russo says, "because today is history. Set your sights on tomorrow."

And that's just what Vince is doing. When most men his age would be slowing down and taking things easy, he's thinking about tomorrow and the opportunities tomorrow holds. Slowing down just is not his lifestyle.

"Your brain is like a muscle," he philosophizes, "if you don't use it, it withers. The Lord willing, I intend to greet the 1980's and see what opportunities the next decade holds."

With this philosophy, it's little wonder that Russo has taken on a new, long-range assignment as general manager, health foods for our Consumer Products Group. In his new position he has complete responsibility for production and marketing of the Company's line of papaya products, sunflower kernels and meal, and other health food specialties. Presently these products are sold under the Wagner label.

"Health foods have a healthy future," Russo says with tongue in cheek. " Our sales have been anemic, but we intend to remedy that by better penetrating the general health food market."

If anybody knows how to penetrate a new market, it should be Russo. He's had the business experience. In 1890 his father started a wholesale produce business in Chicago that grew into a nationwide operation, grossing $5-10 million annually. Russo joined his father in the business in 1928. And P. F. Russo and Son on South Water Market became the schooling for 23 year-old Vince Russo.

As it turned out, 1928 was a bad year for anybody to enter business. Next year the stock market crashed and depression gripped the country. But P. F. Russo and Son survived, and young Vince learned the basics of business he applies today.

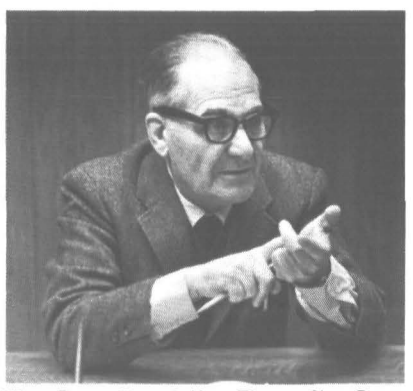
Long hours were a way of life for him. "Six days a week I was at the produce auction at 3 a.m. buying fruits and vegetables. Often I didn't leave until 5 p.m.

"Each purchase was a gamble. Some days I bought cauliflower and customers wanted lettuce. So I sold the cauliflower wherever I could and bought lettuce.

"One day was as long as I had to find a customer. There's nothing less marketable than overripe produce."

So young Vince learned the law of supply and demand, and he learned that business was a gamble.

In 1940 Russo's father died and Vince took over the reins. For 25 years P. F. Russo and Son existed only because Vince Russo wanted it to exist. Eventually, in 1967 he decided to turn the business over to his 20 employees.



Vince Russo: Doesn't Have Time to Slow Down

"I was more interested in perpetuating the name of P. F. Russo and Sons than in being personally involved," he said. "And I wanted to perpetuate my employees' jobs. For three years, I let them run the business. But things went downhill steadily. So I decided to close up shop. I still maintain a banking account in the name of P. F. Russo and Son. I intend to keep the name active as long as I live."

Russo's first encounter with the Wagner family came in 1955. The senior Wagner, who had already built a reputation in fruit drinks and health foods, was looking for new quarters for his expanding business. He looked at a 10,000-square-foot building Russo owned.

"He balked at my asking price," Russo said, "but I told him to take the building and we'd work out a price later."

So the Wagner-Russo relationship began with Russo becoming a consultant-partner with Wagner Industries.

"Frank Wagner's father was truly an innovative individual," Russo recalls. "He always took pride in his products and wouldn't compromise with quality. His death was certainly a sad moment for those of us who had worked with him."

Ten years later Russo was devoting full time as a special assistant to the senior Wagner's son, Frank. This relationship continued to exist after the Staley-Wagner merger in 1968.

With characteristic enthusiasm, Russo is now making plans for the Company's expanded entry into the health foods market. He's bouncing around some new ideas for toasted sunflower seeds, papaya drinks, a health-food cereal, boysenberry, strawberry, honey-cinnamon, and blueberry juices.

So after 42 years of active business life, he's embarking on a new assignment. The fact that Uncle Sam has a Social Security check awaiting him doesn't slow him down one bit.

"Young men seek knowledge," he said, "and old men use it."

On The Move

DECATUR

AgriProducts

GEORGE FINCH, JR., from assistant foreman, commodity to maintenance supervisor, 77 Bldg.
ROBERT KELLY from sanitation assistant to assistant foreman maintenance, extraction plant

Purchasing

WILLIAM ANDERSON from assistant purchasing agent to purchasing agent, manufacturing supplies
RICHARD FISCHER from assistant purchasing agent to purchasing agent, construction and equipment

Corporate Information Systems

JOHN ALBERS from junior programmer to programmer
GINNY MC ADAMIS from messenger-office to coupon clerk.

Corporate Engineering

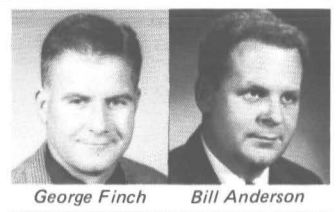
RANDALL COOK from technician to shift foreman, plant lab

Industrial Products

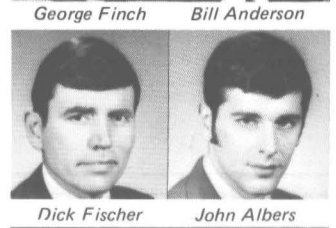
RAYMOND BOMBALL from shift foreman to production department assistant foreman, starch packing
CONNIE CUTLER from messenger-office to file clerk, administration
LINDA LYONS from data card control clerk to senior utility clerk, administration
RALPH MC LAUGHLIN from maintenance planner, extraction plant to planner, industrial maintenance
JUDY STEELE from code clerk to freight clerk, administration

Research and Development

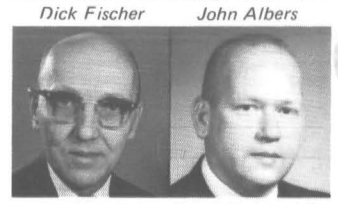
KENNETH BROBST from lab head-analytical methods to group leader, analysis
KENNETH MOSER from senior research chemist to lab head, industrial starch development



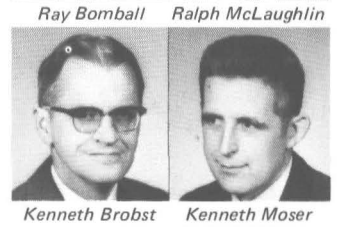
George Finch *Bill Anderson*



Dick Fischer *John Albers*



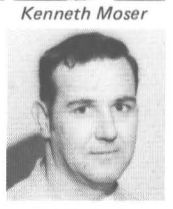
Ray Bomball *Ralph McLaughlin*



Kenneth Brobst *Kenneth Moser*

STALEY CHEMICAL

FRANK BURKE from technician to field service technical representative
ROBERT JAMES from technician to senior technician
R. F. SMITH from product development technician to product development technologist, leather lab
K. D. FRASER from product development technician to product development technologist, leather lab



Frank Burke

Hopkins, Lane Get New Posts

David Hopkins and Ed Lane have been assigned to new positions in the AgriProducts Group.

Hopkins has been named director of marketing with overall marketing responsibility for refined and crude oil sales as well as soybean meal, corn feeds, and specialty feed products.

Lane's new assignment is director of administration, which includes a newly-created planning activity in addition to accounting and control, systems, and traffic functions.

Hopkins had been director of administration since last year. Previously, he was general manager of the Painesville, Ohio soybean plant.

Lane had been director of feed marketing since 1964, and prior to that served as manager of meal sales.

David Hopkins *Ed Lane*

Employees Can Win up to 18 Shares of Staley Stock in Annual Report Quiz

Up to 18 shares of Staley common stock will be awarded to winners in the Annual Report Quiz, a contest open to employees at all Company locations.

To win, an employee must answer more questions correctly than any other entry from his location. In case of ties, answers to a write-in question will be evaluated by the judges, and a winner from the location will be determined.

All entries must bear a U.S. mail postmark no later than midnight Feb. 12.

Employees in the following locations are eligible to enter: Charlotte Laboratories; Consumer Products-Cicero; Consumer Products-Chattanooga; Vico-Chicago; Asmus-Detroit; Decatur; Sno-Bol at Pontiac, Mich.; Keever at Columbus, Ohio; Staley/Graphics at Columbus, Ohio; Gunther Products at Galesburg, Ill.; Monte Vista, Colo.; Houlton, Maine; Staley Chemical-Kearny; Staley Chemical-Marlboro, Mass.; Staley Chemical-Lemont, Ill.; the Redd operations in Florida; Staley Morrisville; and a group consisting of all outside sales and sales support personnel.

Circle The Correct Answer(s)

1. Net sales for fiscal 1970
   a. dipped slightly
   b. moved upward to a new record
   c. remained about the same

The Answers Are Here

2. A new Staley corn refining plant was completed in:
   a. Honduras
   b. Mexico
   c. Argentina
3. The name of the Company's new textured vegetable protein used in a variety of foods is:
   a. tvp
   b. Mira-Tex
   c. Vytal
4. By the fall of 1971 a new Staley corn refining plant will be in operation in:
   a. Charlotte, N. C.
   b. Morrisville, Pa.
   c. Lakeland, Fla.
5. The largest consumer of Staley-made starches is:
   a. paper industry
   b. food industry
   c. textile industry
6. Increased synthetic polymer and adhesive capacity was made possible by the completion of new Staley Chemical facilities at:
   a. Cambridge, Mass.
   b. Kearny, N. J.
   c. Charlotte, N. C.
7. Elected to the Board of Directors was Staley attorney:
   a. Art Hanson
   b. Tom Fischer
   c. Newton Krisler
8. How much has the Company invested in environmental control:
   a. $5 million
   b. $7 million
   c. $10 million
9. Net sales for fiscal 1970 were:
   a. $100 million
   b. $200 million
   c. $300 million
10. The pension plan for most employees was improved by the addition of:
    a. vested rights
    b. a cost-plus clause
    c. actuarial values
11. Expenditures for property and equipment during fiscal 1970 were a record:
    a. $7,890,000
    b. $14,660,000
    c. $21,439,000
12. At year-end the Company has $_____ invested in domestic inventories of corn and soybeans:
    a. $600,000
    b. $1,000,000
    c. $12,139,000
13. Leading the sales gains in Consumer Products was:
    a. Staley syrup
    b. "Wagner" fruit drinks
    c. Hip-O-Lite marshmallow creme
14. New headquarters for Consumer Products will be located in:
    a. Alsip, Ill.
    b. Cicero, Ill.
    c. Oakbrook, Ill.
15. The Company's soybean operations operated at:
    a. capacity levels
    b. levels slightly below last year
    c. several new locations
16. What contribution did export sales make to overall international development:
    a. slight
    b. significant
    c. no sales were recorded
17. How much money did the Company raise through its sinking fund debentures early in fiscal 1971:
    a. $10 million
    b. $15 million
    c. $25 million
18. The leading source of sales revenue for fiscal 1970 was:
    a. AgriProducts
    b. Consumer Products
    c. food ingredients
19. Colored printing is used on _____ pages in the annual report?
    a. 8
    b. 12
    c. 22 of the 24 pages
20. Write-in question. In your opinion, what was the Company's most important achievement during fiscal 1970? Why?

(Your name and location)

(Your signature)

Mail entries to:
Annual Report Quiz
A. E. Staley Mfg. Co.
P. O. Box 151
Decatur, Ill. 62525

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