

that one major factor causing this was the 'failure of color television to live up to expectations.' (*The Evening Star*, April 20, 1967). (Petition, p. 6). The body of the news item referred to reads as follows:

"Failure of color television to live up to expectations in the first quarter of 1967 was one of the factors leading to a decrease in earnings for Owens-Illinois, Inc., compared with the first three months of 1966, shareholders were told.

"Not only was the TV bulb market soft, but the attrition was particularly severe on the items in which our company had established itself as the principal supplier,' chairman J. P. Lenis said." (*The Evening Star*, Washington, D.C., April 20, 1967, p. A22.)

At the outset, the failure of color television to live up to expectations is not cited as a "major" factor in the depressed earnings of Owens-Illinois for the first quarter of 1967; it is "one of the factors". Moreover, whatever problems this company is having with sales of glass tubes for color t.v. picture tubes, they are not import-caused:

"* * * Costly problems in the manufacture of color TV tube envelopes, a temporary imbalance in bottle inventories, and start-up costs related to new plastic and paper facilities, are the principal factors accounting for the decline. By far the most significant of these difficulties is the TV tube envelope situation. Production problems now seem to be resolved, however, and Owens-Illinois expects to regain quickly its position in this field, which is second to Corning Glass works * * *." ¹⁸

In its 1966 Annual Report to its shareholders Owens-Illinois discussed the 4th quarter 1966 decline in earnings, a situation which no doubt continued into the 1st quarter of 1967:

"While total sales for 1966 were 10% ahead of 1965, net earnings increased only moderately over last year and did not fully reflect the increased sales volume. Earnings for the first three quarters exceeded those of last year, but fourth quarter earnings were lower than the comparable period of 1965. This was due to reduced efficiencies and higher labor costs at several key locations caused by efforts to operate at maximum capacity in areas of extremely tight labor availability, to preoperating and start-up costs on new facilities, and to interest expense in financing the expansion program." ¹⁹

A number of news reports in the Wall Street Journal are summarized as follows:

"General Electric laid off 1,350 workers in December 1966 and 1,075 workers in February 1967 at its Syracuse, New York, television and electronic components plants, and shut the entire television plant down for a week in February. GE furloughed an additional 300 workers at its Portsmouth, Virginia, television plant in January 1967. (*The Wall Street Journal*, January 26, 1967; January 12, 1967; February 24, 1967)" ²⁰

The cited news items contain these additional points which, while omitted from the summary set forth in the petition, are quite relevant to the matter at hand and must be included if the record is to be complete and accurate:

"* * * A GE spokesman at Portsmouth added that the layoffs there were due to a 'slump' in black-and-white TV sales. . . ." (*The Wall Street Journal*, January 12, 1967, p. 2).

"The February closedown will affect production of color and monochrome TV sets in screen sizes 18 inches and larger. . . .

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"In Syracuse, Gilbert Dwyer, GE manager of relations and utilities, said, 'The unusually high levels of business activity in the first three quarters of 1966 led to employment levels far exceeding what GE believes to be optimum for Syracuse. . . .

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"'Broad seasonal fluctuations are a way of life in TV manufacturing, 'Mr. Dwyer said. 'Notwithstanding the annual adjustments, GE's TV employment has shown a steady increase in recent years.'" (*The Wall Street Journal*, January 26, 1967, p. 5).

Manifestly, the bare reference to "lay offs" is meaningless without these significant qualifying comments. Moreover, it is somewhat disingenuous to use

¹⁸ Investment Opinion Letter, Johnston, Leman & Co., July 21, 1967, dealing with Owens-Illinois.

¹⁹ *Annual Report 1966 Owens-Illinois*, p. 2.

²⁰ Petition, pp. 6-7.