MEMORANDUM FOR DIRECTORS

WETHERILL & BROTHER, INC.

YEAR 1936

The sales office and headquarters of Wetherill & Brother, Inc. have been continued at Room 601 Penfield Building, although effective May 1st, the office was used largely for sales work, all accounting and credit routine, except preparation of orders and invoicing, being handled by John T. Lewis & Bros. Co. The Wetherill & Brother, Inc. books and other records, however, are being kept separate as heretofore.

Also effective May 1st, the merchandise stock of Wetherill & Brother, Inc. was sold to John T. Lewis & Bros. Co., subsequent shipments of white-lead and oxides being purchased at inter-branch prices from the Lewis Company as required. Shipping requirements are provided by the Lewis Company.

Our staff now consists of two salaried employees, - one at the office and an outside salesman, in addition to the managing officers serving without remuneration from Wetherill & Brother, Inc.

This change in personnel is responsible for a substantial reduction in operating expenses reflecting in the increased net profits for the year.

Our sales totalled 872 tons which compares with a total of 640 tons for 1935. The yearly sales for 1936 comprise -

Dry White Lead	-	151	tons
White Lead in Oil	-	537	"
Oxides	-	184	"
Total	-	872	"

(250 tons of white-lead-in-oil shipped to Panama Canal included).

This compares favorably with our budget estimate of 725 tons (including Panama Canal). In keeping with the general trend of business, 1937 should be equally favorable, although the effects of the Agency Plan of distribution in effect January 1st, 1937 are problematical. Our budget for the ensuing year has

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therefore been prepared on the basis of sales approximating 600 tons.

The books reflected an operating profit of $ 15,712.55 for the year, prior to the deduction of General Office Expense, compared with $2,408.88 for 1935. The final net profit shown on the books December 31st, 1936, in the amount of $ 7,249.55 was transferred to the National Lead Company in the form of a dividend declared by the Board of Directors.

Briefly, our 1936 picture is as follows :

Sales	$ 136,822.47
Cost of Goods Sold	104,296.18
Gross Profit	32,526.29
Selling & Administrative Expense....	16,813.74
Net Profit	15,712.55
General Office Expense..............	8,463.00
Final Net Profit	$ 7,249.55

Excluding Panama Canal shipments (250 tons) and comparing these figures with our Budget Estimate prepared at the beginning of the year, the results are, essentially, that our sales were 147 tons in excess of expectation and we realised approximately $1.50 per ton more on sales made. Cost of sales amounted to $4.00 per ton more than anticipated so our Gross Profit was $2.50 per ton under the Budget. Our expenses, however, were about $10.00 per ton less than the Budget, the net result being that we realised in the form of Net Profit $7.50 per ton more than the Budget estimate in tons sold.

During the year we purchased from John T. Lewis & Bros. Co. merchandise in the amount of approximately $104,000.

Additional and more complete statistics covering the year 1936 are attached.

The continued loyalty and perseverance of our employees is reflected in the accomplishment above summarised.

W. Bosher
Secy-Treas.

WETHERILL & BROTHER, INC.

BUDGET COMPARISON

YEAR - 1936

		BUDGET	ACTUAL
1.	SALARIES	$ 7,368.	$ 4,696.
2.	OFFICE EXPENSE	947.	632.
3.	INSURANCE	223.	150.
4.	SALESMEN'S EXPENSES (CAR, ETC.)............	1,000.	1,053.
5.	ADVERTISING	300.	280.
6.	FREIGHT & CARTAGE	2,500.	2,506.
7.	RENT	600.	600.
8.	TAXES, OTHER THAN FEDERAL INCOME...........	685.	1,091.
9.	DISCOUNT	500.	555.
10.	BAD & DOUBTFUL ACCOUNTS	1,200.	1,200.
11.	SHIPPING & WAREHOUSE	100.	81.
12.	MISCELLANEOUS SALES EXPENSE	300.	582.
13.	FEDERAL INCOME TAX	766.	2,621. *
14.	UNFORESEEN	500.	--
	TOTAL	$ 16,989.	$ 16,041.
	Per Ton of Sales	$ 36.	$ 26.
	Sales in Tons	475	622

(Panama Canal Expense Eliminated.)
(General Office Expense not included.)

* Panama Canal Profit - $10,000.

WETHERILL & BROTHER, INC.

OPERATING COMPARISONS

YEAR - 1936 -

	Actual Price per ton	Budget Price per ton	Difference per ton
*SALES	$ 149.00	$ 147.50	$ 1.50
COST OF SALES	118.40	114.40	- 4.00
GROSS PROFIT	30.60	33.10	- 2.50
EXPENSE	26.00	36.00	10.00
NET PROFIT	4.60	- 2.90	7.50

*All figures exclude Panama Canal shipments amounting to 250 tons white-lead-in-oil, resulting in a net profit of $9950.