

Brake lining prices were increased 10% throughout our line on March 15, 1948.

Our selling prices for purchased rubber items were increased from 7% to 12% on October 15, 1948, with the weighted increase being approximately 9%.

Listed below are the changes in the number of wholesale outlets through N.A.P.A. for the years 1941, 1946, 1947 and 1948:

	<u>1948</u>	<u>1947</u>	<u>1946</u>	<u>1941</u>
No. of Warehouses	39	39	39	37
No. of Warehouse Branches	88	87	69	47
No. of Contract Jobbers	1,557	1,504	1,305	900

While we had some cancellations of contract jobbers, the number of new contract jobbers signed exceeded by 53 the number of cancellations. The N.A.P.A. program for acquiring new jobber outlets was disappointing.

On December 31, 1948, we discontinued our Division's participation in the volume rebate paid to jobbers. The cost of this rebate was shared equally by the National Automotive Parts Association and us. The cost of our participation for 1948 has not as yet been determined, but will approximate \$65,000 to \$70,000.

It is our understanding now that practically all N.A.P.A. Warehouses propose to continue to pay a volume rebate to our contract jobbers comparable to that paid by competitive manufacturers.

Consistent with our policy to sell those large fleet accounts direct which could not be sold by the N.A.P.A. warehouses, we added the Transcontinental Bus System, whose potential annual requirements we estimate at \$75,000, and the Philadelphia Transportation Company, estimated at \$30,000 per year. A great deal of credit is due the Brake Shoe and Castings Division Sales Department in obtaining the latter account.

On the other hand, we lost - temporarily, we hope - the Greyhound Motors and Supply business due to our price increase in November of approximately 9%. This account has amounted to over \$150,000 annually in recent years. Even with this price increase, this account receives the lowest price of any replacement customer.

	<u>DIRECT ACCOUNTS</u>	
	<u>1948</u>	<u>1947</u>
Greyhound Motors & Supply	\$153,104	\$161,442
Capitol Transit	34,409	28,999
Transcontinental Bus System	27,681	--