	54-55 Expenditure	55-56 Budget
47-12 TRADE SALES PRODUCTS	$ 14,310.00	$ 20,000.00

The most important change during the past year has been an unusually successful introduction of the new quality of Speed-Wall Flat and Speed-Wall Semi-Gloss. These represent the easiest working and best performing products that we have ever had for interior wall finishing of a solvent thinned type. Essentially they represent the departure from wall paints to an enamel type finish. Since they are matched in colors to Spred Satin a very considerable proportion of the interest has been for woodwork and trim with Spred Satin on the walls. They require no primer since two coats give adequate holdout on porous surfaces.

The Semi-Gloss gives a rich low luster in line with current trends away from high gloss enamels and is equal to practically all of our competition with superior sheen control and better brushing properties together with a much lower price.

HOUSE PAINTS - Our Endurance exterior paints continue to be the largest single volume conventional paint. During the past year we have investigated color variation of the white and found it to be a function of raw material fluctuations. Work is under way to investigate the probable economy of lead silicate and monobasic lead sulphate without the sacrifice of any durability.

Our Y-1867 Endurance Imperial White continues to grow in proportionate demand and we believe indicates the future trend toward one coat finishes. We still get occasional complaints on wrinkling tendencies when applied in heavy films during damp and wet weather. A change was made during the past year to reduce this tendency but current tests will probably bring about a further change this coming year. Tests on both the Endurance White and Endurance Imperial products on raw material suppliers test fences indicate that we are among the very top for quality in the industry. However, cost analysis of principal competitive products indicate costs ranging 10 to 20 cents per gallon less than our costs. This indicates we need to do more experimental work in examination of new ideas and new combinations in order to keep abreast of the industry. Competition is starting to use titanium calcium pigment as one means of lowering their costs.

Our Y-2200 Everon grade is being produced as a calcium carbonate extended lead-free paint giving very high hiding with good durability at low cost. Uncertainties of dirt collection and possible cracking tendencies on severe exposures are the only problems which keep us from making this a first grade paint. Our future work on this quality will include the formulations with titanium calcium pigments as a means of further reducing our costs. Nearly all of our first line competitors are using titanium calcium pigments in their first grade products.

No work has been done during the past year on our mildew resistant first grade Y-1850 Titan-O-Zinc. This product should be an especially large seller in the warmer areas of the country where lead is not essential for permanent cold weather flexibility. Our future aims

for this product will be to make it our non-staining, blister resistant, lead-free, one-coat house paint. There appears to be a great deal of interest in this particular type at present.

We are continuing to field test our blister resistant quality GL-64260 and have received some encouraging testimonials to its effectiveness. About a year ago this quality was changed from the slow drying soya alkyd base to the faster drying isophthalic linseed alkyd form to eliminate splotchy dirt collection.

The one group of our house paints which definitely need improvement is in our tints of Endurance grade. We are not as good as we would like to be in tint retention and chalk control. While we are among the better producers we feel that improvements can be made. Preliminary data indicates that titanium dioxide calcium carbonate extended paints should be an improvement. There is also the possibility that the titanium calcium pigment will again prove more economical as well as equal for durability.

Our Y-1851 Base Coat continues to be tops in quality but the general complaint is that it needs easier brushing. Work is under way to ease it through the use of puffing agents and lead silicate.

There have been no changes in our Nev-A-Rust quality since it was converted to the alkyd type but work is under way to determine the best possible primer for general sale under this name. We are particularly interested here in paints for over rusty surfaces.

Our Florenamel quality needs some improvement to keep pace with industry changes. Work is now under way and a change to alkyd-modified phenolic type should be consumated some time in the near future.

Quality-wise, Japalac is still tops but there is considerable discussion about the need of modernization of our color ranges. This should give us some problems in formulating satisfactory pastel shades for limited outdoor usage.

Our Spray-Day-Lite remains unchanged but some investigation work has been done toward the use of reduced odor solvents and a better drying type of film. We also need to develop satisfactory wet wall primers for this product. Our work will be guided by our experience in the industrial maintenance field.

Experimental work is under way on lower cost vehicles and vehicles having improved durability.

Long range planning for exterior finishes in this department will stress the trend towards a one coat, completely stain free, blister resistant house paint with lower gloss and brighter, more permanent colors. Raw material suppliers that operate test fence farms indicate that it takes ten years to introduce satisfactorily a new quality in house paint.

Our future aims on interior finishes will be to increase professional painter appeal at the same time making the products more adaptable for "do it yourself" application. It is our belief that faster drying finishes, fire retardant finishes, and paints producing some sort of a novelty patterned effect will be the items of major interest.