beer, constitute the major industries in this locality. Golden is located twelve miles due west of Denver.

Foreign manufacturers

There are a number of manufacturers of chemical porcelain throughout the rest of the world. Those which have been indicated to us to be of the best quality are Haldenwanger and Royal Berlin, both from Germany. Rosenthal in Germany also produces this type of product as does a Czechoslovakian firm with whose name we are not familiar; Weta in Holland; and several in England, including K. L. G., Limited and Royal Worcester. There is also a Japanese firm known to us as SPC, which has entered the field during the past five years, who offer chemical porcelain but not of the highest quality at the present time. Except for the mention of the Czechoslovakian product, we know nothing of the activities in this area behind the Iron Curtain. At the present time, the sale of Coors porcelain are limited to the United States, Canada and Mexico with other manufacturers covering the remainder of the world. This situation exists because of price and competitive situations which will be discussed later.

Distribution

Our method of distribution of chemical porcelain is entirely through dealers. These dealers are laboratory supply houses who carry a general line of scientific apparatus which is required in research and control laboratories. They have distribution in all of the United States, plus Puerto Rico, Canada and Mexico. These dealers actually have main offices or branches in 36 of the United States plus the District of Columbia and Puerto Rico. A number of companies have their own branches in Canada and we have one strictly Canadian owned dealer. These dealers have our porcelain listed in their general catalogs and sell through the use of these catalogs plus direct sales forces. A list of these dealers is attached to this brief as Exhibit A.

Sales volume trends

The volume of sales of chemical porcelain by Coors Porcelain Company was $1,600,000 in 1967. This was the net value to Coors and accordingly, with our discount to dealers averaging approximately 47% of the list price, the sales volume of our dealers was approximately $3,000,000. The total number of pieces sold during 1967 was 2,557,000 and this is an increase of only 38% over the average number of 1,850,000 pieces sold during the period of 1940 to 1949. Although there has been a gradual and continual growth in volume since the concept of its manufacture in 1916, the actual usage has not increased anywhere nearly as fast as the growth of scientific endeavor in this country. Over the past twenty to thirty years there have been a number of competitive items of other materials which have tended to displace the use of chemical porcelain. Some of these are glassware which was particularly damaging with the advent of Pyrex; plastics such as polyethylene; and some of the better stainless steels which have been introduced and which are capable of replacing porcelain in some of its less severe applications. There has also been the growth of the electronic analytical equipment which has changed the methods in many laboratories over the past fifteen years particularly and has antiquated some of the older techniques which employed chemical porcelain. Since the unit costs of chemical porcelain are necessarily rather high compared to materials such as glass and plastics, and since the costs of chemists and chemical technicials are ever increasing, it certanly can be concluded that there will be continual inroads into the usage of chemical porelain from these other areas, and particularly from the more modern automated electronic analytical devices.

Pricing trends

On the following page is a chart showing the prices which have been charged for chemical porcelain by Coors Porcelain Company from the year 1916 through 1963. Although the actual prices for this product have increased significantly since 1946, the *real* prices have only gone up 20% in 53 years of operation. These real prices are the actual prices adjusted for the increase in the cost of living as provided by the Consumer Price Index of the U.S. Bureau of Labor Statistics. There has been practically no real price increase during the past fifteen years. This performance has been possible because of technological improvements in methods of manufacture, but also has been forced to a certain extent by the continual threat of foreign competition at lower prices.