MINUTES OF MEETING OF THE
EXECUTIVE COMMITTEE
OF THE GLIDDEN COMPANY

Minutes of the meeting of the Executive Committee of The Glidden Company, held at the office of the Company, 1396 Union Commerce Building, Cleveland 14, Ohio, on Thursday, July 20, 1950, at 9:30 o'clock A.M.

The following members of the Committee were present:

Adrian D. Joyce
Dwight P. Joyce
Clifton K. Kolb
P. E. Sprague

Mr. W. J. O'Brien was not present at the meeting.

Mr. J. P. Ruth also attended the meeting.

Mr. Adrian D. Joyce, Chairman, presided and Mr. R. D. Horner, Secretary, recorded the minutes.

The Committee continued its discussion of the shortage of titanium dioxide pigments which confronted the Paint Division and Chemicals, Pigments and Metals Division.

Mr. Ruth reported that titanium dioxide production at the Company's Baltimore plant was expected to approximate 950 tons during the month of July, provided the plant's present production rate could be maintained. Present allocations, said Mr. Ruth, had been set up on a basis of 825 tons of monthly production. This anticipated increase, he pointed out, would inure to the benefit of the Paint Division. He stated unequivocally that any further reduction in titanium dioxide allotments scheduled for shipment to the Chemicals, Pigments and Metals Division's outside customers would have a serious effect upon the reputation and volume of business which the Company had built up over a period of many years through the manufacture and sale of industrial pigments. These consequences, he stated further, would apply not only to the sale of titanium dioxide but

would extend to the Company's sales of lithopone, white lead, red lead and cadmium.

The Chemicals, Pigments and Metals Division's estimate as to its earning for the current fiscal year, said Mr. Ruth, was approximately $2,500,000, excluding any estimate of profit or loss for the Metals Refining Plant at Hammond, Indiana.

Mr. Ruth predicted that the Division's new Baltimore plant would begin production in December. Three thousand tons of slag expected in the fall from the plant being constructed in Quebec by Kennecott and New Jersey Zinc, said Mr. Ruth, would augment the Division's present ilmenite supply at Baltimore. An increase in richness of raw material presently running at approximately 47-48%, to approximately 62-63% could be expected, he stated, at that time. Increased production, estimated at 15 to 25%, would naturally result from the use of this slag, he pointed out, and further subsequent improvement could be anticipated.

It was Mr. Sprague's opinion that the value of maintaining the Company's reputation as a dependable supplier of good grades of pigment at good prices was more important to the Company at this time than the value of expanding sales and trade prestige with Spred Satin. Mr. Sprague supported Mr. Ruth's statements as to the consequences which would ensue from further cuts in titanium dioxide allotted the Company's outside customers.

Mr. Dwight P. Joyce pointed out that the Paint Division's increased titanium dioxide demand was not due merely to increased sales of Spred Satin. The Division, he stated, was making a better showing than its competitors in many lines. The Trade Sales Department, said Mr. Joyce, had done a magnificent job and was currently selling between 15,000 and 20,000 new accounts. Present allocations of titanium dioxide, he said, would not permit the Division to take

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care of these customers. An increase in monthly titanium dioxide allowance to 600 tons, said Mr. Joyce, would not only maintain the lead which the Company had succeeded in acquiring over its competitors in the paint and varnish industry, but would also insure continued profitable operation of both the Paint Division and the Chemicals, Pigments and Metals Division. The Company as a whole would be in a stronger position ten years hence, predicted Mr. Joyce, if the Committee elected to support the Paint Division's expanded sales and production at this time.

Mr. Kolb urged that the Committee adopt a policy which would prorate present titanium dioxide production between the Paint Division and outside customers on the basis of allocations made by the Chemicals, Pigments and Metals Division prior to the synthetic latex shortage which had temporarily reduced the Paint Division's titanium dioxide requirements. Such a policy, he pointed out, would satisfy outside customers and would give the Paint Division the titanium dioxide needed to continue its Spred Satin program. Mr. Kolb also advanced the proposition that the Paint Division could find greater uses for Chemicals, Pigments and Metals Division's pigments in the future. Better co-operation and increased efforts directed toward coordination of the two Divisions, he predicted, would accomplish this end.

The Chairman stated that while the Company possessed an excellent opportunity to increase its trade prestige through the sale of Spred Satin and to thereby maintain the leadership which it had succeeded in acquiring in the paint field, the safety of the Company's business depended upon diversity. Maintenance of good over-all year-to-year earnings, he said, depended upon continued diversity. It was the Chairman's opinion that the Committee could not afford to jeopardize any particular part of the Company's business for immediate advantage.

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Industrial pigment business, he said, would be more difficult to rebuild, once lost, than would paint sales, which could always be augmented by proper sales and advertising efforts. A set back in Agred Satin production, he pointed out, would not be fatal, and the Company could continue to maintain its reputation as a manufacturer of quality paint products in spite of a paint shortage.

After carefully considering the views which had been expressed, the Committee upon motion duly made and seconded, unanimously decided to maintain the Chemicals, Pigments and Metals Division's allocation of titanium dioxide to the Paint Division at 400 tons per month plus all additional titanium dioxide production which Mr. Ruth was able to produce for the Division over and above present allotments totalling 825 tons per month. Mr. Ruth was also requested to scrutinize carefully all future orders from customers who might have adequate supplies of titanium dioxide on hand, or who could be refused shipment without interfering with the future sales of the Chemicals, Pigments and Metals Division, and to allocate to the Paint Division such reductions in outside shipments.

The Chairman requested that the Committee consider for future Committee action possible changes in the Company's organization affecting continued maintenance of a separate Engineering Department. The Committee briefly discussed possibilities for making such organizational changes and agreed to give the matter further study.

Upon motion duly made, seconded and unanimously carried the Committee authorized the Engineering Department to obtain specifications and drawings and to secure bids upon the construction of a new warehouse by the Paint Division at New Orleans. The Engineering Department was directed to submit the bids which it obtained to the Board of Directors for further approval before proceeding with the proposed warehouse.

There being no further business to come before the Committee, the meeting was upon motion duly made, seconded and unanimously carried, adjourned.

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