

Capital Expenditures: In 1959 totaled \$7,607,000, over 50% of which was for titanium dioxide facilities. Capital expenditures in 1960 are expected to reach \$10,000,000.

MANAGEMENT

Officers:

Dwight P. Joyce, Chmn. & President
W. C. Lighter, Executive Vice-Pres.
A. D. Duncan, Vice-President
E. L. Slaughter, Vice-President
B. W. Maxey, Vice-President, Finance
J. H. Weeks, Vice-President, Personnel
G. M. Halsey, Vice-President

G. S. Warner, Vice-President
W. D. Stallcup, Vice-President
W. von Fischer, Vice-Pres., Research
J. W. Pollard, Jr., Vice-Pres., Eng.
R. D. Horner, Sec. & Gen. Counsel
W. G. Phillips, Treasurer
D. E. Erskine, Controller
R. K. Dutton, Asst. Secretary

Directors:

Dwight P. Joyce, Cleveland
H. L. Slaughter, Cleveland
John H. Weeks, Cleveland
A. D. Duncan, Cleveland
B. W. Maxey, Cleveland

R. D. Horner, Cleveland
W. G. Phillips, Cleveland
W. C. Lighter, Cleveland
G. M. Halsey, Baltimore
W. D. Stallcup, Jacksonville, Fla.
G. S. Warner, Cleveland
W. P. Smith, Washington

General Counsel: R. D. Horner.

Auditors: Ernst & Ernst.

Annual Meeting: Second Thursday in Dec.

No. of Stockholders: Aug. 31, 1959, 20,993.

No. of Employees: Aug. 31, 1959, 6,023.

Executive Office: 900 Union Commerce

Bldg., Cleveland 14, O.

INCOME ACCOUNTS COMPARATIVE CONSOLIDATED INCOME ACCOUNT FOR STATED PERIODS

(Taken from reports to Securities and Exchange Commission)
(Excluding California mining companies)

	Year to Aug. 31, '59	Year to Aug. 31, '58	Year to Aug. 31, '57	Year to Aug. 31, '56	10 mos. to Aug. 31, '55	Year to Oct. 31, '54	Year to Oct. 31, '53
Sales, less returns, discounts, & allow.	\$195,764,389	\$217,352,681	\$225,537,291	\$226,290,387	\$180,524,822	\$209,083,579	\$211,758,522
(1) Cost of sales	142,534,797	168,979,340	177,151,928	177,764,374	142,243,394	168,032,940	170,492,456
(2) Selling, general & admin. expenses	36,803,888	34,148,467	33,168,829	31,947,320	24,144,648	27,303,224	26,686,577
Prov. for doubtful accounts less rec.					Not stated	210,312	102,430
Operating profit	16,425,704	14,224,874	15,216,534	16,578,693	14,136,780	13,537,103	14,527,059
(3) Other income	839,745	902,452	1,448,679	673,148	480,287	1,078,858	664,985
Total	17,265,449	15,127,326	16,665,213	17,251,841	14,617,067	14,615,961	15,192,044
Interest on long term debt	1,339,918	1,562,025	1,277,776	801,104	292,500	380,918	357,772
(4) Other income deductions		1,215,239					
Balance	15,925,531	12,350,062	15,387,437	16,450,737	14,324,567	14,235,043	14,834,272
Provision for Federal taxes	7,696,000	5,818,000	7,620,000	7,834,000	6,865,000	6,734,000	7,150,000
Dominion & state income taxes	596,000	469,000	503,000	470,000	347,000	408,000	575,000
Net income to surplus	7,633,531	6,068,062	7,264,437	8,146,737	7,112,567	7,093,043	7,109,272
Earned surplus beginning of year	54,460,366	52,993,644	50,323,547	46,768,245	44,244,266	41,733,083	39,202,349
Preferred dividends	4,609,795	4,596,340	4,594,340	4,591,435	4,588,588	4,581,860	4,578,538
Common dividends	\$57,484,102	\$54,460,366	\$52,993,644	\$50,323,547	\$46,768,245	\$44,244,266	\$41,733,083
Earned surplus end of year							
SUPPLEMENTARY P. & L. DATA							
Maintenance & repairs	\$3,085,590	\$3,262,923	\$3,371,291	\$2,756,570	\$2,251,347	\$2,501,057	\$2,311,790
Depreciation & depletion	6,579,313	5,838,032	5,046,378	2,870,339	2,234,969	2,332,685	2,185,184
(5) Taxes other than income	1,757,647	1,944,432	1,843,283	1,597,655	1,319,000	1,408,960	1,422,505
Rents	1,300,897	1,120,468	871,550	692,148	447,452	556,458	541,908
Royalties	140,485	158,586	182,034	130,893	130,171	132,639	114,186

(1) Includes related portions of items shown under "Supplementary P. & L. Data" below statement.

(2) 1958: Abandonment of St. Helena plant.
(3) 1959: Includes \$2,175,000 rental income

from Chemurgy properties, after \$2,100,056 depreciation.

(4) Includes payroll taxes: (1959, \$732,062).

General Notes

(a) Inter-company sales have been elimi-

nated.

(b) In 1955, fiscal year changed to Aug. 31.

(c) Principles of consolidation (see note (a) under balance sheet).

Record of Earnings, years ended Oct. 31 (in \$):

Year	Net Sales	Cost and Expenses	Operating Profit	Oth. Inc. & Ded. (Net)	Inc. Bef. Taxes	Income Taxes	Net Income	Common Dividends	Com. Shs. Outstanding	Earn. Per Com. Sh.
1941	68,901,706	64,722,927	4,178,779	4,133,389	4,165,390	1,155,000	3,010,390	1,143,788	830,543	3.08
1942	81,705,732	77,357,361	4,338,371	4,192,618	4,145,753	2,292,000	1,853,753	1,077,206	827,243	1.90
1943	97,144,617	90,545,686	6,598,931	4,217,732	4,471,199	4,473,000	1,998,199	743,979	825,443	1.88
1944	111,897,815	106,085,525	5,812,290	4,140,001	4,402,289	2,285,000	2,117,289	742,399	825,443	2.02
1945	111,616,438	104,618,321	6,998,117	4,248,479	6,749,644	4,402,000	2,347,644	1,043,986	892,000	2.13
1946	122,439,119	112,208,590	10,230,529	199,986	10,430,515	4,715,500	5,715,015	1,781,920	887,700	5.93
1947	185,753,246	163,450,770	22,302,476	228,508	22,530,984	8,773,000	13,757,984	1,938,950	1,757,800	7.57
1948	202,318,794	187,265,191	15,053,603	389,216	15,442,819	6,166,000	9,276,819	3,336,675	1,752,717	5.04
1949	160,143,276	150,005,994	10,137,282	11,641	10,148,923	3,957,000	6,191,923	1,368,637	1,780,536	3.23
1950	188,607,966	174,259,593	14,348,373	89,287	14,437,660	5,876,000	8,561,660	3,910,279	1,971,623	4.11
1951	228,522,503	212,614,664	15,907,839	93,029	16,000,868	7,687,000	8,313,868	4,512,127	2,280,238	3.65
1952	205,113,304	191,128,106	13,985,198	218,607	14,203,805	7,255,000	6,948,805	5,134,246	2,284,739	3.04
1953	211,758,522	287,231,463	14,527,059	307,213	14,834,272	7,725,000	7,109,272	4,578,538	2,290,794	3.10

(1) Includes \$841,787 representing 2% paid in stock.

BALANCE SHEETS

(Taken from reports to Securities and Exchange Commission; excluding California mining companies)

	Aug. 31, '59	Aug. 31, '58	Aug. 31, '57	Aug. 31, '56	Aug. 31, '55	Oct. 31, '54	Oct. 31, '53
ASSETS							
Cash	\$8,868,172	\$9,295,760	\$9,581,466	\$5,512,638	\$13,233,718	\$16,061,456	\$8,230,545
Short-term securities (cost)	7,957,140						
(1) Notes & accounts receivable	16,904,805	20,175,792	18,343,022	18,244,642	17,080,926	15,914,940	17,511,525
(2) Inventories	39,588,415	36,771,649	42,125,263	36,482,240	33,701,460	32,454,157	33,307,058
(3) Inventories of Chemurgy Div.		3,756,249	5,262,342				
Other current receivables	1,094,742	1,900,305	4,022,319	1,593,612	1,388,986	2,042,268	8,380,845
Prepaid insurance, expenses	708,912	608,840					
Total current assets	\$75,122,186	\$72,508,595	\$79,334,412	\$63,843,132	\$65,405,090	\$66,472,821	\$67,429,973
Cash surrender value of life insurance							840,678
Receivables & other assets	1,523,549	739,536	720,023	617,923	710,992	741,881	404,433
(4) Property, plant & equipment	96,799,892	89,963,169	89,176,622	79,840,016	64,421,382	57,207,100	55,527,573
Less: (5) Deprec. & depletion res.	35,893,175	29,971,238	29,659,661	26,426,284	24,427,903	22,713,954	22,293,330
Net property account	60,906,717	59,991,931	59,516,961	53,413,732	39,993,479	34,493,146	33,234,243
Prepaid insurance, expenses, etc.			798,459	863,216	652,563	961,907	840,270
Total	\$137,552,452	\$133,240,062	\$140,369,855	\$118,738,003	\$106,762,124	\$102,669,755	\$102,749,597
LIABILITIES							
Notes payable		\$5,500,000	\$9,000,000	\$11,000,000	\$1,500,000	\$1,500,000	\$5,500,000
Dividend payable	\$1,153,925	1,149,085	1,149,085	1,147,995	1,147,675		
Accounts payable	7,676,924	6,467,609	8,002,714	6,824,354	6,346,925	5,480,190	6,358,282
Accrued taxes, ins., etc.	1,549,489	1,439,805	1,639,224	1,429,106	1,307,975	1,134,542	1,692,162
Fed. Dom. & State income taxes	6,493,507	5,379,725	7,241,716	7,745,829	7,946,532	7,132,415	7,874,832
Total current liabilities	\$16,873,845	\$19,936,224	\$27,032,739	\$28,147,284	\$18,249,107	\$15,247,147	\$21,425,276
Long term debt	30,000,000	26,000,000	27,500,000	7,500,000	9,800,000	10,500,000	7,000,000
(6) Common stock	23,078,500	22,981,700	22,981,700	22,959,900	22,953,500	5,733,633	5,728,325
(7) Capital surplus	10,116,005	9,861,772	9,861,772	9,807,272	9,791,272	26,944,704	26,875,642
Earned surplus	\$7,484,102	\$5,460,366	\$5,993,644	\$5,323,547	\$4,768,245	\$4,244,266	\$4,173,083
Total capital stock & surplus	90,678,607	87,303,838	85,837,116	83,090,719	79,513,017	76,822,608	74,337,050
(8) Less: Treasury stock (cost)							12,729
Net capital stock & surplus	\$90,678,607	\$87,303,838	\$85,837,116	\$83,090,719	\$79,513,017	\$76,822,608	\$74,324,321
Total	\$137,552,452	\$133,240,062	\$140,369,855	\$118,738,003	\$106,762,124	\$102,669,755	\$102,749,597
Net current assets	\$58,248,341	\$52,572,371	\$52,301,673	\$35,695,848	\$47,155,983	\$31,225,674	\$46,004,697
PROPERTY ACCT.—ANALYSIS							
Additions at cost	\$7,607,001	9,214,395	\$12,452,811	\$16,630,003	\$8,155,750	\$4,020,936	\$4,149,573
Retirements or sales	818,907	8,427,848	3,116,205	1,211,369	941,468	2,341,409	1,545,694
DEPREC. RESERVE—ANALYSIS							
Additions charged to income	\$6,579,313	\$6,524,801	\$5,046,379	\$7,870,339	\$2,234,960	\$2,332,685	\$2,185,184
Retirements, renewals chgd. to res.	693,512	6,213,224	1,800,397	871,958	\$21,011	1,912,854	1,421,694
Other additions	40,893				107,396	793	
Other reductions	4,757		12,604				
REVAL. RESERVE—ANALYSIS							
Reductions					107,396		

(1) After reserves (1959, \$511,868).

(2) Priced at lower of cost (accumulated average) or replacement market except for

certain edible oils, and other commodities stated at cost (last-in, first-out method) not in excess of replacement market.

1959: Raw materials and work in process, \$19,212,522; finished goods, \$20,375,893; total, \$39,588,415.

At amount realized from sale thereof on Sept. 1, 1958; 1957, at lower of cost or market.

Principal "capital surplus" changes follow:
1955: After debiting \$17,203,725 transferred to capital stock account resulting from change of common shares from no par to \$10 par.

1959	Book Value	Reserves
Ore, ld. & lease...	\$229,535	\$177,329
Land	2,936,587	
Land improve.	1,022,953	438,298
R.R. sidings	243,937	56,513
Buildings	23,163,987	7,624,919
Mach. & equip.	41,278,713	14,092,395
Furn. & fixtures	3,665,730	1,780,589
Auto equip.	269,977	161,596

FINANCIAL & OPERATING DATA

Statistical Record, Fiscal Years

Earned per share—common

Dividends per share—common

Deb. 4 3/4s, 1983

Price range—common

Net tangible assets per sh.—common

Times charges earned:

Before income taxes

After income taxes

Net tang. assets per \$1,000 lg. tm. debt

Net curr. assets per \$1,000 lg. tm. debt

Number of shares—common

Financial and Operating Ratios

Curr. assets ÷ curr. liab.

% cash & sec. to curr. assets

% inventory to curr. assets

% net curr. assets to net worth

% property depreciated

% annual depr. to gross property

Capitalization:

% long term debt

% common stock & surp.

Sales ÷ inventory

Sales ÷ receivables

% sales to net property

% sales to total assets

% net income to total assets

% net income to net worth

Analysis of Operations

Net sales

Cost of sales

Sell., gen. & other exp.

Operating profit

Other income

Total income

Interest on long term debt, etc.

Income deductions

Net income before inc. taxes

Income taxes

Net income

Range on N.Y.S.E. Calendar years.

Disregarding preferred dividends due to conversion or redemption of entire issue.

less thereafter funded debt would not exceed 35% of net tangible assets.

DIVIDEND RESTRICTIONS—Company may not pay cash dividends on or acquire stock in excess of consolidated net income after Aug. 31, 1958, plus \$1,000,000, net proceeds of stock sold and debt converted into stock after that date not in excess of cost of stock acquired or unless thereafter consolidated funded debt would not exceed 35% of consolidated net tangible assets.

RIGHTS ON DEFAULT—In event of default (30 day grace period for interest payment), trustee or 25% of debentures may declare principal due and payable.

INDENTURE MODIFICATION—Indenture may be modified, except as provided, with consent of 66 2/3% of debentures.

LISTED—On New York Stock Exchange.

LEGAL—For savings banks in New Jersey.

PURPOSE—Proceeds to reduce bank loans by \$15,000,000; to retire \$6,000,000 notes due 1959-62 and reimburse treasury for debt incurred in financing working capital.

OFFERED—(\$30,000,000) at 99 (proceeds to company, 97 3/4%) on Oct. 29, 1958, by Blyth & Co., Inc., New York, and associates.

Constr. in process.	Book Value	Reserve
Abandon. allow.	1,483,531	586,769
Chemurgy props.	22,504,942	10,874,767

Total \$96,799,892 \$35,893,175

Represented by: 1959, 2,307,850; 1958-57, 2,298,170; 1956, 2,295,990; 1955, 2,295,350 \$10 par shares; 1954 and prior years by no par shares; 1954, 2,293,455; 1953, 2,291,330. Includes treasury shares (see note below).

Common shares; 1953, 536.

Depreciation Policy: Depreciation is provided by amounts considered by company as fair and reasonable to amortize cost of depreciable properties over estimated useful life, on basis of anticipated wear, tear, obsolescence, and deterioration of properties. As to

principal assets classifications, depreciation rates are predicated, in general, on estimated life of 20 to 25 years for machinery and equipment and of 40 years for buildings.

of grain-storage facilities placed in service in 1954 is being amortized over 5-year period. Rates have been applied by straight-line method to properties acquired prior to Jan. 1, 1954, and to grain storage facilities acquired after that date, and by sum-of-years-digits method to other properties acquired prior to after that date.

General Notes

(a) Glidden Co., Ltd., included in consolidated statements.

(b) Equity of company in net assets of subsidiaries at Aug. 31, 1959, exceeded parent company's investment by \$5,072,840.

10 mos. to Aug. 31, '55

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