PLAINTIFF'S
EXHIBIT
GF-1987

The RUBEROID Co.

ANNUAL REPORT 1935

GAF 13554

ANNUAL REPORT

1935

The RUBEROID Co.

Manufacturers of Asphalt and Asbestos
Building and Roofing Products

Main Offices

500 Fifth Avenue, New York, N. Y.

Divisional Offices and Plants

CHICAGO, ILL. MILLIS, MASS. BALTIMORE, MD. MOBILE, ALA.
ERIE, PA. JOLIET, ILL. ST. LOUIS, MO. SO. BOUND BROOK, N. J.

The data herein are published solely for the information of the Company's stockholders. No statement in this booklet is made for the purpose of inducing the purchase of any security issued by the Company

ANNUAL REPORT
The RUBEROID Co.

February 19, 1936

To the Stockholders of The Ruberoid Co.:

There are submitted herewith the following statements reflecting the financial status of The Ruberoid Co. and subsidiaries at the close of its forty-ninth fiscal year:

Exhibit A: Apportionment of the balance sheet items per share of common stock, of which 132,602 shares were outstanding in the hands of the shareholders as of December 31, 1935.

Exhibit B: Consolidated balance sheet of The Ruberoid Co. and its domestic subsidiary companies (except The Ruberoid Purchase Corporation) as of December 31, 1935.

Exhibit C: Consolidated statements of profit and loss and earned surplus of The Ruberoid Co. and its domestic subsidiary companies (except The Ruberoid Purchase Corporation) for year ended December 31, 1935

Exhibit D: Certification by the company's accountants, Price, Waterhouse & Co., of consolidated accounts of The Ruberoid Co. (Exhibits B and C.)

Exhibit E: Balance sheet as of December 31, 1935, and profit and loss statement for year ended December 31, 1935, of The Ruberoid Purchase Corporation

Exhibit F: Certification by the company's accountants, Price, Waterhouse & Co., of accounts of The Ruberoid Purchase Corporation (Exhibit E).

Exhibit G: Summary of the capital structure of The Ruberoid Co. and its predecessor companies

The Consolidated Income Account shows net profits of The Ruberoid Co. for the year 1935, after provision for depreciation and taxes, of $505,746.52, equal to $3.81 per share on the 132,602 shares of common stock in the hands of the shareholders on December 31, 1935; and in addition for The Ruberoid Purchase Corporation (a wholly owned subsidiary of The Ruberoid Co.) net profits of $18,509.55 for the year 1935. This compares with net profits of The Ruberoid Co. of $115,807.41, equal to $3.13 per share, in 1934, and $146,-968.63 or $1.11 per share, in 1933.

Depreciation has been provided on the appraised reproductive values on the basis of rates furnished by The American Appraisal Company, conservatively adjusted to reflect the reduction of operations for the year under review.

Dividends

Cash dividends during 1935 totaled $2.50 a share, made up of four quarterly distributions of 25 cents each and an extra dividend of $1.50 toward the close of the year.

Your company has no preferred stock and no bonded indebtedness. Registration of the common stock on the New York Stock Exchange was effected on November 18, 1935, under the Rules and Regulations of the Securities and Exchange Commission.

Sales Volume

The net dollar volume of the sales of your company and its domestic subsidiary companies showed an increase of 38.1 per cent in 1935 over 1934.

Plant Extensions

As part of the general program of plant extension and modernization inaugurated more than two years ago, construction work has been started on an extension to the company's plant at Mobile, Alabama, for the manufacture of asbestos products, including asbestos-cement shingles and

sidings. On completion of the extension, expected about the middle of this year, the Mobile plant will be in position to serve the Southern trade with more than one hundred Ruberoid building products, insuring rapid deliveries at advantageous freight rates.

At the Bound Brook, N. J. plant, extensions have included a plant for the manufacture of asbestos cement shingles and sidings and a plant for the production of wall tile and imitation marble, two of the company's newer products which are gaining wide acceptance as attractive and economical means of modernizing homes.

At the Joliet, Ill. plant there has been put into operation the first unit of a plant for the manufacture of mineral-wool products, used principally for home insulation.

At the St. Louis plant additions have been made to the production equipment which have increased the potential capacity by approximately 25 per cent.

At Erie, Pa., plant improvements have included construction of a new asbestos pipe-covering and insulation department and remodeling of the asbestos millboard facilities.

Asbestos Mine Acquired by Subsidiary

As a matter of interest to stockholders, it seems appropriate to report at this time the acquisition by a subsidiary of The Ruberoid Co. on February 5, 1936, of the mining properties of the Vermont Asbestos Corporation, located at Eden, Vermont, through the Vermont Production Co., Inc., a Vermont corporation, which will have sales offices at 500 Fifth Avenue, New York City. This property, comprising with prospective additions about 1700 acres at Belvidere Mountain, Lamoille County, Vt., contains the only operating chrysotile asbestos mine in the United States, and will thus assure the company of a controlled domestic source of supply of this important raw material.

Wide Diversity of Products

Reference to the list of the company's more important products, which will be found on another page, will show that they are adapted to an exceptionally wide range of building needs. Experience has shown that they can be used to advantage in virtually every form of modern building project—both new construction and building repair and modernization.

By reason of their great diversity and the fact that they are used by a *large proportion of home owners, Ruberoid* products offer an exceptional opportunity to stockholders to increase their company's sales, both by direct patronage and by favorable representations to others.

Fiftieth Anniversary

On the eve of the fiftieth anniversary of the inception of your company, which will be observed in 1936, the officers deem it fitting that a tribute of sincere appreciation be paid to the sales and operating forces in all the plants and offices. For, *in the final analysis*, it is due in large measure to their loyal and conscientious efforts that your company has progressed to the point where it is able today to supply, promptly and in virtually every section of the country, many of the most important building needs of American home owners and business and industrial organizations.

The management at all times welcomes suggestions by stockholders and will consider it a privilege to correspond with them on subjects that may enable it to discharge more effectively its obligations to them and to the public.

Respectfully submitted,

Herbert Abraham

President

EXHIBIT A

Apportionment of the Balance Sheet Items per Share of Common Stock, of which 132,602 Shares Were Outstanding

December 31, 1935

The 132,602 shares in the hands of stockholders on December 31, 1935, are backed by:

			Value per share of Stock Outstanding
Current Assets:			
Cash	$ 1,507,558.41	$11.37	
Marketable securities	587,414.17	* 4.43	
Accounts and notes receivable (less reserves)	1,041,729.49	7.88	
Inventories (at the lower of cost or market)	2,341,072.25	17.68	
Total current assets	$ 5,483,801.32		$41.36
Current Liabilities (deduct)	628,326.12		4.74
Net current assets	$ 4,855,478.20		$36.62
Other Liabilities and Reserves:			
Interest of minority stockholders in subsidiary company	$ 137,336.96	$ 1.03	
Serial note payable September 1, 1937	50,000.00	.38	
Reserves	299,616.69	2.26	
Total other liabilities (deduct)	$ 486,903.65		$ 3.67
Excess Current Assets over all Liabilities	$ 4,368,491.55		$32.95
Permanent Assets, etc.:			
Properties (less depreciation)	$ 9,377,558.75	$70.72	
Investments and advances	1,119,626.75	** 8.44	
Deferred charges	228,354.67	1.72	
Total permanent assets, etc.	$10,725,540.17		$ 80.88
Net Book Value	$15,094,031.72		$113.83

*The excess of book value of marketable securities over approximate quoted market values at December 31, 1935, was $73,691.17, equivalent to $.56 per share of stock outstanding.

**The investment in capital stock of a foreign subsidiary company is carried at $116,663.11 less than the approximate book value of the company's equity in the underlying net tangible assets at December 31, 1935, which is equivalent to $.88 per share of stock outstanding.

EXHIBIT B

The RUBEROID Co.

(A New Jersey Corporation)

AND DOMESTIC SUBSIDIARY COMPANIES (EXCEPT THE RUBEROID PURCHASE CORPORATION)

CONSOLIDATED BALANCE SHEET — DECEMBER 31, 1935

ASSETS

CURRENT ASSETS:			
Cash on hand and in banks	$ 1,307,338.41		
Marketable securities at quoted market value June 30, 1933, subsequent purchases at cost (quoted market value December 31, 1935, $513,750)	387,443.17		
Trade accounts and notes receivable (less reserves $165,914.99)	1,000,311.32		
Sundry accounts and notes receivable (less reserves $10,212.36)	27,332.03		
Advances to officers and employees	16,886.14		
Inventories of raw materials, finished products, factory supplies and goods in process of manufacture, at the lower of cost or market (quantities and condition determined under direction of responsible officials)	2,344,032.25		
		$ 5,483,804.32	
INVESTMENTS AND ADVANCES:			
Subsidiary companies not consolidated:			
The Ruberoid Purchase Corporation — Investment in capital stock, at cost (see Exhibit E)	$ 1,000.00		
Advances secured by instalment notes receivable insured under Title I of The National Housing Act	750,500.00		
Investment in capital stock of foreign subsidiary company, at cost (the book value of the company's equity in the underlying net tangible assets at December 31, 1935, amounted to approximately $700,000)	255,136.39		
	$ 1,001,636.39		
Miscellaneous investments, at cost (less reserve $15,171.75)	21,323.08		
Advance for construction of railroad siding	93,667.08		
		1,119,626.75	
LAND, BUILDINGS AND EQUIPMENT, MACHINERY AND TOOLS, OFFICE REAL ESTATE, ETC.:			
Reproductive values as appraised by The American Appraisal Company at December 31, 1927, exclusive of properties acquired through the acquisition of Ebont, Inc. which are included at reproductive values as appraised by The American Appraisal Company at June 30, 1932; subsequent additions, at cost	$14,469,133.78		
Reserve to reduce reproductive values to sound values as appraised together with subsequent provision for depreciation	5,091,795.03		
		9,377,338.75	
DEFERRED CHARGES:			
Unexpired insurance, advertising supplies and deferred expenses in course of amortization		228,331.67	
		$16,209,344.49	

LIABILITIES

CURRENT LIABILITIES:			
Serial note payable September 1, 1936		$ 30,000.00	
Trade accounts payable		300,307.63	
Accrued salaries, wages, commissions, etc.		125,658.54	
Sundry accrued liabilities		51,028.14	
Provision for Federal income tax		101,135.79	
			$ 628,326.11
SERIAL NOTE PAYABLE SEPTEMBER 1, 1937			30,000.00
RESERVES:			
For contingencies, roof maintenance, etc.			299,646.69
INTEREST OF MINORITY STOCKHOLDERS IN SUBSIDIARY COMPANY			137,336.96
CAPITAL STOCK:			
Authorized	150,000 shares of no par value		
Issued	146,314 shares of no par value	$13,493,558.18	
Less	13,712 shares reacquired and held in treasury, at cost	459,394.58	
Outstanding	132,602 shares of no par value		13,034,163.60
EARNED SURPLUS, per statement attached			2,079,871.13
			$16,209,344.49

EXHIBIT C

The RUBEROID Co.

(A New Jersey Corporation)

AND DOMESTIC SUBSIDIARY COMPANIES

(Except The Ruberoid Purchase Corporation)

Consolidated Statement of Profit and Loss for the Year Ending December 31, 1935

Sales, less returns, discounts and allowances		$11,834,508.55
Cost of goods sold		8,902,373.42
Gross profit		$ 2,932,135.13
Selling, advertising, administrative and general expenses		2,304,660.31
Trading profit		$ 627,474.82
Other Income		
Dividend on investment in foreign subsidiary company	$32,543.78	
Interest on marketable securities, etc.	40,205.02	
Profit on sale of marketable securities	2,580.04	
Miscellaneous other income	33,701.41	109,030.25
		$ 736,505.07
Other Charges		
Loss on disposal of machinery and equipment	$87,385.12	
Interest paid	8,851.77	
Miscellaneous other charges, including idle plant expense	36,163.82	132,400.71
Profit before provision for Federal income tax		$ 604,104.36
Deduct Provision for Federal income tax		90,810.00
Profit for the year		$ 513,294.36
Proportion of subsidiary company profits applicable to minority interest		7,547.84
Profit accrued to company for the year ending December 31, 1935, carried to earned surplus account		$ 505,746.52

Note: Depreciation provided during 1935 amounted to $167,290.70.

Consolidated Statement of Earned Surplus for the Year Ending December 31, 1935

Balance, December 31, 1934	$ 1,885,629.60
Add Profit for the year ending December 31, 1935, per consolidated statement of profit and loss	505,746.52
	$ 2,391,376.12
Deduct Dividends paid in Cash	331,505.00
Earned surplus, December 31, 1935, per balance sheet	$ 2,059,871.12

EXHIBIT D

Accountants' Certification

PRICE, WATERHOUSE & CO.

56 PINE STREET
NEW YORK

February 17, 1936

To the Board of Directors of

The RUBEROID Co.

We have made an examination of the consolidated balance sheet as at December 31, 1935, of The RUBEROID Co. and its domestic subsidiary companies consolidated and of the related consolidated statements of profit and loss and earned surplus for the year 1935. In connection therewith, we examined or tested accounting records of the companies and other supporting evidence and obtained information and explanations from officers and employees of the companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

The marketable securities are carried at market quotation values at June 30, 1931, or at cost if subsequently acquired. Profits or losses of subsidiary companies not consolidated are not taken up in the accounts except as profits are distributed as dividends. Depreciation has been provided on the appraised reproductive values on the basis of rates furnished by The American Appraisal Company and adjusted to reflect the reduction in operations for the year under review.

In our opinion, based upon our examination, and subject to the remarks above, the accompanying consolidated balance sheet and the relative statements of profit and loss and earned surplus fairly present, in accordance with accepted principles of accounting consistently maintained by the companies during the year under review, the position of the consolidated companies as at December 31, 1935, and the results of their operations for the year ending on that date.

Price, Waterhouse & Co.

PRICE, WATERHOUSE & CO.

EXHIBIT F

THE RUBEROID PURCHASE CORPORATION

BALANCE SHEET, DECEMBER 31, 1935

ASSETS

Cash in banks and on hand (including $1,753.06 deposited in collateral cash account in January, 1936)		$ 6,870.57
Instalment notes receivable (substantially all pledged to secure notes payable)		
Notes insured under Title I of The National Housing Act	$ 1,968,216.20	
Notes not insured (guaranteed by The Ruberoid Co.)	22,201.68	
Total notes receivable (including instalments of $1,078,726.09 maturing subsequent to December 31, 1936)		1,990,417.88
Accounts receivable		1,605.96
Office equipment, furniture and fixtures, at cost	$ 2,402.63	
Less Reserve for depreciation	139.39	
		2,263.24
Prepaid expenses		717.98
		$ 2,001,875.63

LIABILITIES

Notes payable to bank (secured by $1,001,078.13 of instalment notes receivable)	$ 1,000,000.00		
Less Collateral cash deposits	14,192.18		
		$ 985,807.82	
Notes payable to The Ruberoid Co. (secured by instalment notes receivable)		750,000.00	
Account payable to The Ruberoid Co.		300.00	
Accounts payable and accrued liabilities		1,414.57	
Provision for Federal income tax		3,000.00	
			$ 1,740,522.39
Unearned discount			241,843.69
CAPITAL STOCK:			
Authorized and issued 200 shares of no par value			1,000.00
Profit for the year ending December 31, 1935, per statement below			18,509.55
			$ 2,001,875.63

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING DECEMBER 31, 1935

Discount earned	$ 66,253.99	
Miscellaneous income	227.79	
Gross income		$ 66,481.78
EXPENSES		
Salaries, credit agency, collection and general expenses		44,972.23
Profit before provision for Federal income tax		$ 21,509.55
Deduct Provision for Federal income tax		3,000.00
Profit for the year ending December 31, 1935, per balance sheet		$ 18,509.55

EXHIBIT F

ACCOUNTANTS' CERTIFICATION

PRICE, WATERHOUSE & CO.

56 PINE STREET
NEW YORK

February 17, 1936

To the Board of Directors of
THE RUBEROID PURCHASE CORPORATION

We have made an examination of the balance sheet as at December 31, 1935, of The Ruberoid Purchase Corporation and of the related statement of profit and loss for the year 1935. In connection therewith, we examined or tested accounting records of the company and other supporting evidence and obtained information and explanations from officers and employees of the company; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying balance sheet and related statement of profit and loss fairly present, in accordance with accepted principles of accounting consistently maintained by the company during the year under review, its position as at December 31, 1935, and the result of its operations for the year ending on that date.

Price, Waterhouse & Co.
PRICE, WATERHOUSE & CO.

EXHIBIT G

Summary of the Capital Structure of The RUBEROID Co. and Predecessor Companies*

Calendar Year	Fiscal Year	Dividends paid per share during year	Equivalent shares outstanding during year	Calendar Year	Fiscal Year	Dividends paid per share during year	Equivalent shares outstanding during year
1889	3	$3.00	10,000‡	1913	27	$7.00	46,810§
1890	4	3.00	10,000‡	1914	28	3.00	47,758§
1891	5	3.00	10,000‡	1915	29	4.25	47,758§
1892	6	3.00	10,000‡	1916	30	5.25	47,758§
1893	7	1.50	10,000‡	1917	31	6.00	49,411§
1894	8	1.50	10,000‡	1918	32	5.00	49,893§
1895	9	2.00	10,000‡	1919	33	2.00	49,962§
1896	10	2.00	10,000‡	1920	34	4.00	49,962§
1897	11	2.00	10,638‡	1921	35	4.00	49,962§
1898	12	2.50	11,817‡	1922	36	4.00	33,142§
1899	13	3.75	11,821‡	1923	37	4.00	33,142§
1900	14	3.00 3.00	11,826‡ 11,826§	1924	38	4.00	33,142§
1901	15	12.00	11,826§	1925	39	4.00	33,142§
1902	16	15.00	11,828§	1926	40	4.00	33,142§
1903	17	20.00	11,833§	1927	41	2.00 2.00	33,142§ 33,376‖
1904	18	18.00	11,900§	1928	42	4.00	118,732‖
1905	19	10.00	23,995§	1929	43	4.00	141,541‖
1906	20	9.00	41,397§	1930	44	4.00	143,251‖
1907	21	9.00	41,397§	1931	45	4.00	139,847‖
1908	22	7.00	41,397§	1932	46	2.00	132,602‖
1909	23	9.00	41,197§	1933	47	1.00	132,602‖
1910	24	9.00	41,397§	1934	48	1.25	132,602‖
1911	25	9.00	41,360§	1935	49	2.50	132,602‖
1912	26	8.00	11,150§				

* Assets of "The Standard Paint Company" of West Virginia were acquired in 1905 by "The Standard Paint Company" of New Jersey and in 1921 the name of the latter was changed to "The RUBEROID Co." of New Jersey.

‡Par Value $25.00

§Par Value $100.00

‖No Par Value

RUBEROID BUILDING PRODUCTS

Shingles and Sidings:
- Asphalt Shingles and Sidings — Mineral Surfaced
- Cement Top Shingles and Sidings
- Asbestos Cement Shingles and Sidings, including Brick Type Siding

Ready-to-Lay Roll-Roofings:
- Rag Felt Base, Waterproofed with Asphalt — Smooth Surfaced and Mineral Surfaced
- Asbestos Felt Base, Waterproofed with Asphalt

Built-Up Roofing and Waterproofing Materials:
- Asphalt Impregnated Felts (Rag or Asbestos Base)
- Coal Tar Impregnated Felts (Rag or Asbestos Base)
- Roofing Asphalt, Coal Tar Pitch, Crude and Refined Coal Tar
- Concrete Primer and Saturated Cotton Fabrics
- Cap Sheets and Flashing Materials

Building Boards:
- Flat Panellings of Asbestos Cement
- Corrugated Sheets of Asbestos Cement
- Wall Tiling in sheet form and Imitation Marble

Building and Packing Papers:
- Plain and Reinforced, likewise Single and Multiple Layered

Rag Felt Products:
- Deadening Felt and Carpet Linings
- Acoustical Felts for Automobiles and Insulating Felt for Buildings

Asbestos Papers and Boards:
- Commercial Paper — Plain and Corrugated
- Heavy Roll Board and Millboard

Products for Oil and Gas Pipe Lines:
- Pipe Line Primer, Pipe Line Enamel and Impregnated Pipe Line Felts

Paving Materials: Road Tars and Pitches

Asbestos Fibres: Chrysotile Asbestos in various grades

Paints, Roof Coatings and Plastic Cements

Insulating Tape

Cement Waterproofing Compounds

Miscellaneous: Creosote Oils, Tar Acid Oils and Naphthalene

Insulation Products:
- Air Cell Pipe Coverings and 85% Magnesia Pipe Coverings
- Sponge Felt and Wool Felt; Range Boiler Jackets
- Fireproof Insulating Board and High Temperature Products
- Mineral Wool — Granulated, loose and in bats
- Asbestos Insulating Cements

GAF 13562

DIRECTORS

Herbert Abraham	A. Jarecki
C. F. Batchelder	E. H. Morris
[illegible] Lasselles	E. Q. Potter
V. Gallie	T. M. Richard
W. B. Harris	L. C. Rogen
J. C. Head	M. C. Whitaker

S. Woodward

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OFFICERS

Herbert Abraham
President and Chairman of Executive Committee

W. B. Harris *Vice President and Treasurer*	L. C. Rogen *Vice President*
T. M. Richard *Vice President*	S. Woodward *Vice President*
E. H. Morris *Vice President*	G. F. Bahrs *Assistant Treasurer*

E. M. Johnson
Secretary

•

EXECUTIVE COMMITTEE

Herbert Abraham	W. B. Harris
T. M. Richard	C. F. Batchelder

M. C. Whitaker

•

Stock Transfer Agent
The Equitable Trust Company
New York

Stock Registrar
The Chase National Bank
New York

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