FILE NAME: Owens Illinois (OWILL)

DATE: 1942

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OWENS-ILLINOIS GLASS COMPANY

CAPITAL STRUCTURE

FUNDED DEBT

Issue	Rating	Amount Outstanding	Times Charges Earned 1941	Times Charges Earned 1940	Interest Dates	Call Price	Price Range 1941	Price Range 1942-43
1. Sinking fund deb. 3¾s, 1952	----	$8,000,000	52.89	32.10	F & A 1	Not stated	----	----

CAPITAL STOCK

Issue	Par Value	Amount Outstanding	Earned per Sh. 1941	Earned per Sh. 1940	Divs. per Sh. 1941	Divs. per Sh. 1940	Call Price	Price Range 1941	Price Range 1942-43
1. Common	$12.50	2,061,204 shs.	$3.40	$2.71	$2.50	$2.00	---	52⅝–38¾	[1]103¾–38¾

[1]$12.50 par common—after 2 for 1 split-up in 1937. [2]Before income taxes and after depreciation, depletion and amortization.

HISTORY

Incorporated in Ohio Dec. 16, 1907 as The Owens Bottle Machine Corp., successor to a New Jersey corporation of the same name, incorporated Sept. 3, 1903. Charter is perpetual. Name changed to The Owens Bottle Co. May 1, 1919 and to Owens-Illinois Glass Co. Apr. 17, 1929.

During 1912 acquired assets of The Owens West Virginia Bottle Co. and Northwestern Ohio Bottle Co., and on Jan. 1, 1915, assets of The Owens Eastern Bottle Co., wholly-owned subsidiaries. In 1916 acquired control of American Bottle Co. and Graham Glass Co. In 1917 acquired Kanawha Manufacturers Gas Co. During 1918 acquired assets of subsidiary Whitney Glass Works. In 1919 acquired control of Charles Boldt Glass Co., manufacturing bottles, cartons, etc. During 1923 acquired control of Closure Service Co. On Jan. 1, 1926 took over assets and control of Charles Boldt Glass Co. In May, 1929 merged assets of Illinois Glass Co. (Ill. 1873) and Chicago Heights Bottle Co., including stock of Carlyle Paper Co., Tavern Rock Sand Co. and Madison Warehouse Co. In Apr., 1929 absorbed assets of subsidiaries, American Bottle Co. and Graham Glass Co.

On Jan. 1, 1930 acquired assets except certain natural gas properties of Berney-Bond Glass Co. In Nov., 1930 acquired principal assets of Atlantic Bottle Co.

As of Nov. 30, 1931 purchased assets of Illinois Pacific Coast Co.; properties were transferred June 1, 1932, Owens-Illinois Pacific Coast Co. being organized to operate them.

In Oct., 1932 purchased, as of July 31, 1932, Root Glass Co. of Terre Haute, Ind. In 1932 absorbed business of subsidiary Carlyle Paper Co.

As of Jan. 31, 1933 acquired substantially entire assets and business of O'Neill Machine Co., developing automatic bottle blowing machinery, using the vacuum process. As of Mar. 31, 1933 acquired Hemingray Glass Co. specializing in glass insulators. In Apr., 1933 exercised option on 16,000 shares of Container Corp. of America (see general index) 7% cumulative preferred, subsequently receiving through recapitalization 50,000 common shares for part of this holding. In May, 1933 purchased entire assets of Illinois Glass Co. During 1933 organized in Ohio Owens-Illinois Distributors, Inc., engaged in warehousing and sale of certain products.

On Dec. 31, 1935 purchased entire assets of Libbey Glass Mfg. Co., Toledo (founded in 1888), transferring properties to new subsidiary, Libbey Glass Co. (Ohio 1935).

In Feb., 1936 acquired Enterprise Can Co., McKees Rocks, Pa., through exchange of stock, and assets of Tin Decorating Co. of Baltimore (subsidiary of American Tobacco Co.) for cash, forming, to operate these properties, Owens-Illinois Can Co., which bought for cash assets of St. Louis Can Co.

In Aug., 1936 sold entire stock of Tavern Rock Sand Co. for 15,309 common shares of Pennsylvania Glass Sand Corp., etc. Subsequently company bought sand requirements from outside interests.

In 1936 the name of Closure Service Co. was changed to Owens-Illinois Closure Co.

In Apr., 1937 acquired Lauterbach Corp.

On Nov. 1, 1938 company transferred substantially all of its assets for development and production of glass fiber products to Owens-Corning Fiberglas Corp. for 49.77% of latter's common and 17,586 preferred shares.

During 1939 sold Chicago Heights, Ill. factory to Kimble Glass Co. for cash.

During 1941 sold Brackenridge, Pa. factory.

SUBSIDIARIES

Company is primarily an operating company.

On Dec. 31, 1941, held 100% voting power in the following subsidiaries:

Name, place of incorporation and business:

Owens-Illinois Pacific Coast Co. (Del.)—Pacific Coast sales

Owens-Illinois Can. Co. (Del.)—Metal containers, etc.

Libbey Glass Co. (Ohio)—Glass tumblers, etc.

Madison Warehouse Co. (Mass.)—Warehouse

Owens-Illinois Distributors, Inc. (Ohio)—Warehousing and sales

Lauterbach Corp. (Del.)—Plastic molding machinery

Company owns 50% of capital stock of the Owens Stapletied Brush Co. and 49.77% of common and 11,331 preferred shares of Owens-Corning Fiberglas Corp. (see below).

Owens-Corning Fiberglas Corp.: Incorporated under Delaware laws Oct. 31, 1938, and acquired all the assets of Owens-Illinois Glass Co. and Corning Glass Works which had been devoted to production and development of glass in fibrous forms. Engaged in production of "Fiberglas" materials for a wide variety of applications, including insulation, dust-stop air filters, and decorative and industrial service fabrics. Plants at Newark, O., Ashton, R. I., and Corning, N. Y. Capital stock all owned by Owens-Illinois Glass Co. and Corning Glass Works.

BUSINESS AND PRODUCTS

Directly and through subsidiaries manufactures, warehouses and sells a general line of bottles and other containers for medicinal, toilet, pharmaceutical and proprietary preparations; for products of manufacturing chemists; and for foods, condiments and beverages (including "Stubby" and "Steinie" bottles); also for other purposes. Company shipments in 1937 were 38.03% of U. S glass container industry shipments. Also manufactures and sells glass insulators used in electrical and telephone wiring, and Insulux glass blocks for industrial and residential construction. A subsidiary manufactures, warehouses and sells thin blown (paste mold) tumblers (Libbey Safedge and Libbey No-Nik), used as drinking glasses and as jars for packing food products; stemware; glassware for hotels, restaurants, cafes, clubs, bars and soda fountains; and cut and engraved glassware. A subsidiary manufacture, warehouse and sells tin cans and related metal products. Another subsidiary manufactures caps and closures for glass containers. Company engages in fabrication of strawboard into corrugated cartons for shipping glass articles, and also makes wood packages. Company also manufactures plastics.

Owns interests in natural gas properties which supply some of the plants with fuel. Glass sand requirements are purchased from outside interests. Company owns a substantial interest (book value $3,275,296 on Dec. 31, 1941) in Owens-Corning Fiberglas Corp., interested in glass fibers for air filters, insulation and other purposes.

Business is handled through 5 operating units, consisting of 2 divisions of Owens-Illinois Glass Co.—Glass Container Division and Insulux Products Division—and 3 wholly-owned subsidiaries, Owens-Illinois Pacific Coast Co., Libbey Glass Co. and Owens-Illinois Can Co.

PRINCIPAL PLANTS & PROPERTIES

Glass factories are located as follows:

Alton, Ill.	Waco, Texas
Bridgeton, N. J.	Charleston, W. Va.
Clarion, Pa.	[1]Clarksburg, W. Va.
Columbus, O.	[1]Terre Haute, Ind.
Fairmont, W. Va.	Gas City, Ind.
Glassboro, N. J.	Huntington, W. Va.
Los Angeles, Cal.	Muncie, Ind.
Oakland, Cal.	Toledo, O.
San Francisco, Cal.	Streator, Ill.

[1]Inactive during 1939-41.

All of the above active plants except Muncie are used for manufacture of glass containers, and contain automatic machinery and other equipment for this purpose.

The Muncie plant is used for products of the Insulux Division. Plant of the Libbey Glass Co. is located at Toledo, O., where company also manufactures caps and closures for glass containers. Metal bottle cap manufacture is conducted at the Glassboro plant.

Owens-Illinois Can Co. has plants at Baltimore, Md., Clearing, Ill. and McKees Rocks, Pa.

Madison Warehouse Co. operates warehouse in Boston, Mass. Branch warehouses are located in Cincinnati and St. Paul. Lauterbach Corp. operates plant at Toledo, O.

Jointly with Libbey-Owens-Ford Glass Co. (see general index), company owns gas properties in West Virginia supplying fuel to the Charleston plants of both companies. On Dec. 31, 1941 total territory so owned or held under lease comprised 145,701 acres, on which there were 505 producing wells (book value was $1,006,415). Company has other natural gas fields in Clarion, Pa. and Fairmont, W. Va., supplying fuel as a service to bottle manufacturing plants at those points. Clarion field comprises 14,697 acres and 125 producing wells; Fairmont field comprises 3,569 acres and 58 producing wells; book value of the two on Dec. 31, 1941 was $279,078.

MANAGEMENT

Officers

W. E. Levis, Chairman
J. P. Levis, President
C. B. Belknap, Vice-Chairman of Board
R. H. Barnard, Executive Vice-President
F. J. Solon, Vice-President
F. T. Nesbitt, Vice-President
C. R. Megowen, Vice-President & Compt.
C. G. Bensinger, Vice-President
G. Lufkin, Vice-Pres. & Gen. Mgr., Glass Container Division
S. L. Rairdon, Vice-Pres. & Gen. Sales Mgr., Glass Container Div.
J. H. McNerney, Secretary & Treasurer
E. F. Martin, Asst. Sec. & Asst. Treasurer
F. G. Morfoot, Asst. Sec. & Asst. Treasurer
A. J. Riedmayer, Asst. Sec. & Asst. Treas.
C. B. Rairdon, Assistant Treasurer.

Directors

R. H. Barnard, Toledo
C. B. Belknap, Toledo
Harold Boeschenstein, Toledo
W. H. Boshart, Miami Beach, Fla.
H. E. Collin, Toledo
G. P. Greenhalgh, Berryville, Va.
W. W. Knight, Toledo
J. P. Levis, Toledo
W. E. Levis, Toledo
F. H. McAdoo, New York
C. J. Root, Terre Haute, Ind.
F. W. Schwenck, Cincinnati
C. J. Wilcox, Toledo

General Counsel: Williams, Eversman & Morgan.

Annual Meeting: Third Wednesday in April at Toledo, O.

Number of Stockholders: Dec. 31, 1941, 10,700.

Number of Employees: Dec. 31, 1941, 19,000.

General Office: Ohio Bldg., Toledo, O.

Management Profit-Sharing: Executives and department heads receive additional compensation under plan adopted Jan. 20, 1936, as determined by the company's president out of a fund representing up to 8% of earnings in excess of 10% of capital and surplus at the beginning of the year. Total of the participating salaries shall not exceed 10% of the annual earnings for each year. Total bonus to any participant in any year shall not exceed his salary for that year.

Payments made under the plan follow:

1932	Nil	1933	[illegible]
1934	$223,000	1935	[illegible]
1936	526,958	1937	[illegible]
1938	Nil	1939	[illegible]
1940	48,644	1941	[illegible]

INCOME ACCOUNTS

COMPARATIVE CONSOLIDATED INCOME ACCOUNT, YEARS ENDED DEC. 31
(Taken from reports to Securities and Exchange Commission)

	1941	1940	[2]1939	1938	1937	1936
Net sales, royalties & other op. rev.	$125,555,157	$89,297,206	$82,025,093	$75,106,756	$91,581,004	$78,714,[illegible]
[2][1]Cost of sales, royalties paid, etc.	95,231,868	70,629,458	62,915,967	59,655,604	72,296,682	60,469,[illegible]
[2]Selling, general & adm. expenses	9,381,017	8,282,790	7,525,983	6,874,536	7,613,153	6,341,[illegible]
Operating profit	20,942,272	10,384,958	11,583,137	8,576,616	11,677,169	11,903,[illegible]
Dividends received	153,873	212,175	50,576	22,852	89,141	138,[illegible]
Interest received	77,507	81,249	81,348	81,358	79,563	85,7[illegible]
Discount & commissions	473,766	300,039	253,864	187,867	382,068	254,[illegible]
Miscellaneous other income	5,946	*dr* 40,328	56,673	64,996	[2]590,849	387,[illegible]
Total	21,653,363	10,938,093	12,035,598	8,933,689	12,818,790	12,829,[illegible]

ACCOUNTS (cont'd)	1941	1940	1939	1938	1937	1936	1935
...sion re management bonus	628,250	48,644	188,750	----	342,192	526,958	348,910
...unt on sales	1,096,624	789,697	723,471	637,136	957,272	705,540	506,154
...sion for bad debts	195,271	146,107	78,660	195,777			132,914
...est on bonds, debentures, etc.	306,569	308,837	432,277	540,264	234,271	----	----
...ndry expenses & losses (net)	326,576	87,748	332,285	146,301	129,954	151,155	47,770
...lance	19,100,072	9,557,060	10,280,156	7,414,211	11,155,102	11,448,181	8,572,635
...t from sale of patent rights, etc.	37,500	49,000	37,500	303,219	1,055,972	1,057,500	580,000
...lance	19,137,572	9,606,060	10,317,656	7,717,431	12,211,074	12,505,681	9,152,635
...loyees' annuities	1,389,127	----	----	----	----	----	----
...tal income before taxes	17,748,445	9,606,060	10,317,656	7,717,431	12,211,074	12,505,681	9,152,635
...al security tax	----	----	Not stated	918,247	852,180		
...ital stock tax	----	----	----	114,014	147,055	2,193,314	1,269,139
...sion for Federal income tax	4,094,300	2,360,400	1,853,565	1,301,365	1,760,155		
...al excess profits tax	4,595,000	----	----	----	----	----	----
...x on undistributed profits	----	----	----	----	100,057	213,236	----
...& foreign income taxes	18,996	22,626	29,176	----	----	----	----
...t income to surplus	9,040,149	7,223,034	8,434,915	5,383,805	9,351,627	10,099,131	7,883,496
...d surplus beginning of year	25,512,286	23,611,660	20,499,153	19,107,155	18,430,943	16,102,974	13,019,477
...ion dividends	6,653,010	5,322,408	5,322,408	3,991,806	8,648,913	7,771,162	4,800,000
...r surplus debits	----	----	----	----	26,503	----	----
...rned surplus, end of year	$27,899,424	$25,512,286	$23,611,660	$20,499,153	$19,107,155	$18,430,943	$16,102,974
SUPPLEMENTARY P. & L. DATA							
...rec., depl. & amortization	3,824,308	$3,749,741	$3,744,687	$3,672,649	$2,923,500	$2,603,588	$2,286,183
...olds charged to expense	1,801,248	2,051,766	2,061,024	2,102,392	2,028,898	Not stated	Not stated
...tenance & repairs	3,115,897	2,394,592	1,933,817	1,973,916	2,876,964	2,052,452	2,031,881
...s (other than income)	2,238,732	1,818,601	1,784,857	1,552,214	1,293,467	482,259	472,967
...ats	299,117	291,422	314,375	271,453	251,156	251,118	131,270
...alties	1,213,562	805,737	748,270	719,447	962,783	846,286	611,458
...t company's net income	$8,158,031	Not stated	$7,366,823	$5,060,164	$9,990,625	Not stated	$5,556,377

...ocial security taxes of $980,918 in 1940, ...178 in 1941 and of unstated amount in ...cluded in cost of sales, selling expenses, ...bove. In 1939-41, Federal capital stock ...were also included in latter accounts.

...st service annuities covering certain em...es, purchased under insurance company ...ct.

...stated for comparative purposes.

...st of sales, royalties paid, patent, de...ent and other operating expenses (including depreciation and amortization—1941, $3,516,156; 1940, $3,435,222).

[5] Includes related portions of items shown under "Supplementary P & L Data" below statement.

[6] Includes $23,313 recovery of deposits in closed banks and $473,265 profit on sale of securities.

[7] See note [14] under Consolidated Balance Sheet below. Sale of patent rights and licenses entails a diminution of royalty receipts from other companies in 1935 and subsequent years.

[8] No depreciation is provided on molds, jigs, etc. Amount at which molds, etc., are carried in companies' accounts represents value thereof at Dec. 31, 1930 as determined by independent appraisal. All new molds or mold replacements are charged to expense.

[10] 1939: Includes damages paid re breach of contracts, $299,771.

...NCE SHEETS — COMPARATIVE CONSOLIDATED BALANCE SHEET, AS OF DEC. 31

(1941 from report to stockholders; 1935-40 from reports to Securities and Exchange Commission)

SETS	1941	1940	1939	1938	1937	1936	[4] 1935
...n hand & demand deposits	$7,470,899	$9,884,208	$9,940,939	$6,276,525	$4,174,955	$9,513,735	$8,169,999
...dep. with bks. & insurance cos.	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,550,000	1,550,000
...Treasury tax notes	2,000,000	----	----	----	----	----	----
...U. S. Govt. securities	1,549,950	----	----	----	----	----	----
...ketable securities (cost)	511,807	511,807	511,807	511,807	513,680	512,500	209,053
...s & accounts receivable (net)	10,619,394	7,788,808	6,835,519	6,194,884	7,307,726	8,205,763	6,469,283
...material inventory	5,793,462	2,707,133	2,535,872	2,542,993	4,687,613	2,377,609	1,157,011
...k in process & fin. goods	13,091,930	12,111,000	11,309,120	10,439,503	12,128,229	9,461,131	9,084,907
...sup. & repair parts	----	----	----	1,703,503	2,259,419	2,108,100	1,425,363
...al current assets	$42,037,441	$34,002,956	$32,133,256	$28,669,214	$32,071,622	$33,728,838	$28,065,616
...r security investments	$4,054,751	$4,142,378	$4,078,901	$3,971,627	$826,723	$756,346	$1,076,947
...surance cash surrender value	----	----	----	----	----	173,270	220,465
...l insurance & other deposits	361,071	328,962	320,000	329,384	366,307	359,980	220,844
...loans, notes & accounts rec.	330,040	326,492	275,682	397,213	403,109	679,968	1,666,497
...d in natural gas property	1,006,415	797,382	785,455	926,097	937,385	888,705	573,829
...erty, plant & equipment	81,061,549	78,859,579	77,270,444	78,423,835	78,782,366	63,833,524	54,276,937
...Deprec., depl. & amortization	35,375,181	33,086,015	31,009,971	29,613,979	28,247,379	29,484,664	27,821,407
...t property account	45,686,369	45,773,564	46,260,473	48,809,856	50,534,988	34,348,860	26,455,531
...s & patent rights (net)	729,568	842,290	940,714	1,035,536	1,498,115	1,234,482	1,247,239
...& goodwill	1	1	1	1	1	1	1
...ent & imp. to leased property	----	48,548	321,880	382,901	463,140	466,673	522,545
...red insurance	143,920	161,390	171,335	171,329	191,815	173,849	160,546
...d taxes, advertising, etc.	601,363	282,147	329,759	364,807	269,045	164,541	126,711
...sup. & repair parts	3,081,546	1,812,443	1,719,978	----	----	----	----
...al	$98,032,486	$88,518,553	$87,337,453	$85,057,974	$87,562,251	$72,975,512	$60,336,766
LIABILITIES							
...nts payable	$5,017,507	$3,045,235	$2,395,738	$1,756,876	$3,393,068	$3,982,888	$1,450,613
...mers' credit balances	266,899	180,042	92,159	170,435	504,649	93,719	95,330
...d wages	1,184,299	789,062	757,573	622,292	650,985	733,838	468,393
...d general taxes	359,610	363,241	329,467	273,679	258,006	232,047	194,511
...d management bonus	314,125	48,644	188,750	----	342,192	526,958	348,910
...d estimated Federal taxes	9,398,785	2,851,951	2,280,726	1,723,939	2,289,191	2,354,788	1,291,036
...d bond interest	91,667	114,583	137,500	204,167	218,750	----	----
...t fund payment	1,000,000	1,000,000	1,000,000	----	----	----	----
...al current liabilities	$17,632,892	$8,392,758	$7,181,913	$4,751,387	$7,656,841	$7,924,238	$3,848,794
...rred income	$90,000	$120,000	$150,000	$180,000	$460,000	$1,490,000	$2,520,000
...d debt	7,000,000	9,000,000	11,000,000	14,000,000	15,000,000	----	----
...long term debt	106,500	148,500	191,500	259,500	335,833	210,000	240,000
...for rebuilding furnaces	1,126,969	1,118,672	985,043	1,118,195	873,784	795,094	710,272
...for contingencies	161,300	160,400	151,400	237,000	115,900	112,500	94,608
...ears' income tax reserve	53,200	102,737	102,738	49,538	49,538	49,538	40,053
...non stock	33,265,050	33,265,050	33,265,050	33,265,050	33,265,050	33,265,050	31,180,000
...in surplus	10,698,150	10,698,150	10,698,150	10,698,150	10,698,150	10,698,150	5,500,000
...surplus	27,899,424	25,512,286	23,611,660	20,499,153	19,107,155	18,430,943	16,102,974
...al	$98,032,486	$88,518,553	$87,337,453	$85,057,974	$87,562,251	$72,975,512	$60,336,766
...rrent assets	$24,404,549	$25,610,196	$24,951,343	$23,917,827	$24,414,781	$25,804,600	$24,216,826
...TY ACCT.—ANALYSIS							
...ions at cost	$4,525,403	$3,470,175	$1,814,389	$4,159,515	$19,773,111	$13,712,033	$5,193,953
...ements or sales	2,323,433	1,881,040	2,967,780	4,518,047	4,824,268	4,155,447	3,484,538
...C. RESERVE—ANALYSIS							
...ions charged to income	$3,628,743	$3,548,246	$3,536,402	$3,458,225	$2,678,056	$2,374,668	$2,095,691
...e, renewals charged to reserve	1,339,578	1,475,846	2,140,411	2,091,625	3,956,275	3,117,604	2,468,209
...e additions	----	3,645	----	----	40,940	2,406,193	1,302,378

...1938-41 includes investment in Owens-... Fiberglas Corp.

...udes the assets of Libbey Glass Manu...ng Co. acquired Dec. 31, 1935 (see Note ...).

[9] Market value: 1941, $645,292.

[7] After reserve for doubtful accounts and for claims and allowances (1941, $1,290,768).

[8] Finished products priced at standard costs developed by company on basis of normal operations. Work in process carried at cost. Raw materials and supplies at cost in 1938 and subsequent years; prior years at lower of cost or market.