NOTES FOR ANNUAL MEETING
December 8, 1960

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December 8, 1960

I Balance Sheet Review

A. Cash and Banking

The Glidden Company maintains the following bank relationships:

	Glidden	Ltd.	Int'l.
Major Account and Credit Line Banks	21	3	4
Other Bank Relationships	124	2	2
Total	145	5	6
Total Number of Bank Accounts	188	9	10

Cash is collected at 145 collection points in the U. S. and Canada, and is deposited in local bank accounts. In addition, 15 post office lock boxes are operated under arrangements with banks for servicing and depositing of funds received. Funds are then moved by depository transfer check and bank wire to 19 regional collection centers and are under the control of the Headquarters Banking Department.

Invoices are paid by a central Accounts Payable Department and Division Accounts Payable Departments which maintain working fund accounts. Small items in the branches are paid by issuance of an envelope draft. Funds are transferred to working fund accounts periodically by the Headquarters Banking Department, using bank wire and check transfers.

Freight Payment Plans are used at two banks. Night depository arrangements are in effect where beneficial.

B. Short-Term Securities

At August 31, 1960 we reflected $6,484,490. of short-term securities at cost on the Balance Sheet. These consisted of the following:

U. S. Government Bonds and Certificates	$ 3,005,074.
Commercial Paper	2,977,385.
Government Agency Obligations	502,031.
	$ 6,484,490.

All of these securities had maturities of less than one year and were, in general, placed to mature coincidentally with Dividend, Interest and Tax payments.

During the year our average short-term portfolio was $4,558,000. The average after-tax interest income was 2.19% (4.54% equivalent before tax).

GLD018888

I BALANCE SHEET REVIEW

C. Accounts and Notes Receivable - Trade (000 omitted)

	8/31/60	8/31/59	August 31, 1958 Excluding Chemurgy	August 31, 1958 Total
Accounts Receivable	$18,919	$17,194	$17,448	$20,357
Notes Receivable	374	223	348	348
Total	$19,293	$17,417	$17,796	$20,705
Reserve for Bad Debts and Allowances	565	512	519	529
Net per Annual Report	$18,728	$16,905	$17,277	$20,176
% Bad Debt Reserve to Receivables	2.9%	2.9%	2.9%	2.6%
Past Due Receivables:				
Dollar Amount	$ 1,864	$ 1,215	$ 1,108	$ 1,113
% of Gross Receivables	9.7%	7.1%	6.4%	5.4%
Receivables Charged Off	$ 271	$ 222	$ 198	$ 198
Recoveries Against Receivables Charged Off	110	102	74	74
Net Bad Debt Loss	$ 161	$ 120	$ 124	$ 124

Bad Debt Loss as % of Sales:

1960	.08%
1959	.06%
1958	.06%
1957	.09%
1956	.04%
1955	.02%

Accounts receivable turnover for entire company approximately 36 days. This compares to 32 days in 1959 and 35 days in 1958. Somewhat slower turnover reflects continuing trend over recent years affecting all industry and accelerated during recent period of tight money and high interest rates. National median approximately 35 days for all types of business.

Bad debt losses of $271,000 represent 23% increase over prior year. Dun & Bradstreet reports increase of 23% in failure liabilities for all business for first 6 months of 1960. Reports failure rate per 10,000 concerns for period was 56, the highest rate since 1941.

In addition to general business conditions, trend of company to sales through branches influences our bad debt losses and turnover of receivables. Instead of dealing with a smaller number of larger firms performing a distribution function, we now deal directly with wide range of accounts formerly serviced by distributors, and this leads to increased losses and slower turnover. Secondly, branch credit functions performed by less competent and well qualified personnel than those employed in regional

NOTES FOR ANNUAL MEETING

I BALANCE SHEET REVIEW

C. Accounts and Notes Receivable - Trade (000 omitted) - continued

offices, and this has had similar effects.

A percentage breakdown of total receivables by major division is as follows:

	1960	1959	1958 (Excluding Chemurgy)
Paint	64%	64%	62%
Food	23%	23%	27%
C-P-M	9%	9%	6%
Organic Chemical	3%	3%	4%
Private Ledger	1%	1%	1%
	100%	100%	100%

D. Inventories

Published inventory was up $1,077,351 from $39,588,415 to $40,665,766 at August 31, 1960. Detail is (000 omitted):

	August 31, 1960	August 31, 1959	Increase (Decrease)
Paint	$19,297	$18,441	$ 856
Food	12,147	12,235	(88)
C-P-M	7,750	6,578	1,172
Organic Chemical	1,897	3,023	(1,126)
	$41,091	$40,277	$ 814
LIFO Reserve	425	689	264
	$40,666	$39,588	$1,078

The principal items bringing about this increase of $1,077,351 were:

Paints - Branch finished stock up $1,112,000 of which $892,000 represented stocks in new branches opened in fiscal 1960. With sales volume at year end slightly below expectations, the Paint Division was $237,000 over its finished stock goals at year end.

Foods - Little net change with oil inventory reductions at Chicago and coconut stock reductions at Bethlehem not completely offset by increased oil stocks at Louisville.

C-P-M - Greatly increased finished stock at Adrian Joyce along with a small increase at Collinsville.

Organic Chemical - The lack of Valdosta inventories at August 31, 1960 which totaled about $1,000,000 at August 31, 1959 is the principal reason for the reduced total. Inventories at Port St. Joe were down slightly at August 31, 1960 compared to the previous year end.

I BALANCE SHEET REVIEW

D. Inventories - continued

LIFO Reserve - Of the LIFO Reserve reduction of $264,000, $195,000 is the result of the sale of the Organic Chemical Division's Valdosta operation.

Turnover - Published Net Sales to year-end net inventory:

1960 - 4.86 to 1
1959 - 4.94 to 1
1958 - 5.91 to 1
1957 - 5.38 to 1

Inventory control is brought about through the joint efforts of management and operating personnel. In the Paint Division on a semi-annual basis, Finished Stock dollar goals are set up by a Headquarters Inventory Committee on a Regional basis after careful study and consultation with Regional management. It is the responsibility of Regional management to allocate geographically and by product within its goal. Results are compared to goal each month, both at Headquarters and each Region; and reasons for variances are determined and resolved. Raw material control is brought about by a translation of Finished Stock goals by the joint effort of production management and purchasing personnel at both Headquarters and each Region.

Inventory control in the Food Division also has pars set for total inventory by Division through the joint effort of Headquarters and Division management. Of greater importance is the daily control exercised for Raw Materials based on market quotations of edible oils and condiment raw materials. The Durkee Trading Office is constantly projecting market conditions into material requirements by means of teletype communication with Headquarters and Division management. Market conditions on pepper and other materials are also projected into requirements on a daily basis.

The respective division managers in C-P-M and Organic Chemical exercise control of inventories as required by their individual market sources and operating requirements situations.

E. Other Current Accounts and Investments:

Detail at August 31 was:	1960	1959
Marketable Securities (Canada)	$43,750	$40,000
Margin Advances - Durkee & Hammond	62,970	135,572
Misc. Notes and Accts. (G.I.C.A. and from sales of property, etc.)	797,334	919,170
	$ 904,054	$1,094,742

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I BALANCE SHEET REVIEW

F. Prepaid Insurance and Other Expenses

Detail at August 31 was:	1960	1959
Prepaid Insurance	$ 330,343	$ 460,866
Prepaid Taxes	147,572	113,127
Prepaid Royalties	76,887	105,046
Other Prepaids	44,211	29,873
	$ 599,013	$ 708,912

G. Property

For schedule of major capital expenditures and 1961 projection, see page 25.

Detail of lease of property to Central Soya is on page 23.

Depreciation is covered on page 12.

Insurable value of all buildings, machinery, and equipment owned by the Company but excluding land and foundation is $115,000,000. Rental obligations for buildings occupied by Company units are covered on page 8.

H. Other Assets

Detail at August 31 is:	1960	1959
Prepaid Bond Discount and Expense	$ 713,863	$ 744,679
Sundry Investments	74,014	40,201
Advances, Deposits and Claims	148,914	175,369
Misc. Notes and Accts. Receivable	81,772	563,300
	$1,018,563	$1,523,549

I. Short and Long Term Financing

1. Short Term Borrowing and Bank Lines of Credit

Average Short Term Borrowing	Fiscal 1960	Fiscal 1959
Average Short Term Borrowing	-0-	$ 87,500
Maximum Short Term Borrowing		
Amount	-0-	4,000,000
Date		9/1 - 9/5/58
Minimum Short Term Borrowing		
Amount	-0-	-0-
Date		
Year End Balance	-0-	-0-
Average Interest Rate Paid	-0-	3.5%
Date of Pay-off of Last Short Term Borrowing		9/12/58

At August 31, 1960, we maintained a line of credit of $10,000,000 for Glidden

I BALANCE SHEET REVIEW

I. Short and Long Term Financing (Continued)

1. Short Term Borrowing and Bank Lines of Credit (Continued)

(plus $1,000,000 for International). These were carried at major banks across the country as follows:

Bank	City & State	Amount
The Citizens & Southern National Bank	Atlanta, Georgia	$ 500,000
Continental Illinois National Bank & Trust Company of Chicago	Chicago, Illinois	1,000,000
The First National Bank of Chicago	Chicago, Illinois	500,000
The Cleveland Trust Company	Cleveland, Ohio	500,000
The National City Bank of Cleveland	Cleveland, Ohio	1,000,000
Atlantic National Bank of Jacksonville	Jacksonville, Florida	500,000
The Florida National Bank of Jacksonville	Jacksonville, Florida	500,000
Bank of America, N.T.& S.A., Bell Branch	Los Angeles, California	500,000
The Louisville Trust Company	Louisville, Kentucky	500,000
The Chase Manhatten Bank	New York City	1,000,000
Chemical Bank New York Trust Company	New York City	1,000,000
The First National City Bank of New York	New York City	1,000,000
The Boatmen's National Bank	St. Louis, Missouri	500,000
Mercantile Trust Company	St. Louis, Missouri	500,000
Wells Fargo Bank	San Francisco, California	500,000
Union Commerce Bank	Cleveland, Ohio	1,000,000*

* International

Since we have not used our Credit Lines in two years, and it is not anticipated at present that we will have need of short-term borrowing in 1960, we have, since August 31, 1960, reduced our lines to $7,500,000 (plus $1,000,000 for International).

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I BALANCE SHEET REVIEW

I. Short and Long Term Financing (Continued)

1. Short Term Borrowing and Bank Lines of Credit (Continued)

The Following lines have been eliminated:

Bank	City & State	Amount
Atlantic National Bank of Jacksonville	Jacksonville, Florida	$ 500,000
The Florida National Bank of Jacksonville	Jacksonville, Florida	500,000
The Boatmen's National Bank	St. Louis, Missouri	500,000
Mercantile Trust Company	St. Louis, Missouri	500,000
Wells Fargo Bank	San Francisco, California	500,000
	Total Eliminated	$2,500,000

2. Debenture Issue

The entire indebtedness of The Glidden Company (excluding normal accounts payable, interest, and taxes) is represented by the $30,000,000 of 4-3/4% sinking fund debentures dated November 1, 1958 and due November 1, 1983.

The indenture provides for a sinking fund commencing November 1, 1964 to retire $1,500,000 of debenture annually and 100% by maturity.

The debentures were offered publicly on October 28, 1958 at 99, and the effective interest cost is 4.98% based on the net proceeds after all expenses.

Annual Interest Cost	Year	Month
Interest at 4-3/4%	$1,425,000.	$118,750.
Amortization of Discount and Expense	30,816.	2,568.
	$1,455,816	$121,318

Market price of debentures has varied from a high of 104-5/8 to a low of 96-3/4. Market price was 103 on 8/31/60, and was on December 7, 1960.

J. Contingent Liability

Federal income tax returns have been audited and final settlement made through our 1959 fiscal year. We know of no unusual items for the 1960 fiscal year, and have made no special reserve allowance for federal income taxes.

I BALANCE SHEET REVIEW

J. Contingent Liability (continued)

No problem in government contract through renegotiation or otherwise. Total government volume of business, including state and local, is only about one percent of Net Sales.

The detail of major real estate lease commitments at August 31, 1960 is (CONFIDENTIAL -- DO NOT RELEASE):

	Total Contract	Fiscal 1961
Paint Branches		
Active	$ 6,298,357	$ 1,116,674
Pending	555,201	50,655
Total	$ 6,853,558	$ 1,167,329
Bethlehem Plant	354,375	67,500
Cleveland Executive Offices	1,723,294	262,175
Miscellaneous Offices and Warehouses	353,980	112,702
	$ 9,285,207	$ 1,609,706

K. Stock and Stockholders

1. Common Stock (2,310,590 shares o/s at 8/31/60)

The Company's common stock is listed on the New York Stock Exchange, and has unlisted trading privileges on the Midwest, Pacific Coast, and Philadelphia-Baltimore Stock Exchange.

From January 1, 1960 through November 9, 1960, the price of the Company's stock ranged between a high of 45-1/8 and a low of 34-5/8. (See Annual Report, Page 14, for prior years). During this same period, an average of 925 shares were traded each day on the New York Stock Exchange.

The closing price of Glidden Common Stock on December 7, 1960 was

2. Other Comments on Stock

a. We have no treasury stock.

b. With debentures out, we do not now see any financing with stock.

c. Stock dividends are always under consideration, but we have no plans now for such. It is felt that stock dividends only spread earnings and value over a larger number of shares, with price adjusting accordingly.

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NOTES FOR ANNUAL MEETING

I BALANCE SHEET REVIEW

K. Stock and Stockholders (Continued)

3. Holdings of shares as follows:

	August 31, 1960			August 31, 1959		
	No. of Shareholders	% Shares Held	Avg. Shs. Held	No. of Shareholders	% Shares Held	Avg. Shs. Held
Individuals	20,175	63.12%	72	20,253	64.26%	73
Institutions	315	4.86	357	288	4.21	337
Brokers	182	10.65	1,353	179	11.30	1,456
Nominees	297	21.37	1,662	273	20.23	1,710
Total	20,969	100.00%	110	20,993	100.00%	110

4. Stockholders are not given special opportunity to buy Company products, as it is difficult to handle, impractical and unfair.

GLD018896

NOTES FOR ANNUAL MEETING

II OPERATING STATEMENT

A. GROSS PROFIT

	Published 1960	1959
Ratio to Net Sales	27.7%	27.2%
Dollars	$54,681,588	$53,229,592

Increase 1960 over 1959:

Due to Net Sales Increase	$ 476,000
Due to Gross Margin Increase	986,000
Total 1960 Increase	$ 1,462,000

B. INCREASE IN SELLING AND ADMINISTRATIVE EXPENSE

The Annual Report shows an increase of $3,811,625, or 10.4% on a Net Sales increase of .9%. The Annual Report stated that the increase of almost $2,000,000 in selling and administrative salaries was the result of expansion of marketing and distribution programs with other contributing increases including research and development, rental of distribution facilities, and advertising and promotion.

The changes broken down by major operating unit are as follows:

Paint	$2,125,000
Food	735,000
C-P-M	85,000
Organic Chemical	(25,000)
Headquarters	860,000
	$3,780,000

PAINT - Within the Paint Division, the continued branch expansion accompanied by increased promotion and research occasioned the 1960 increase. Within 1960, compensation to employees of the Paint Division increased $950,000. The breakdown of this increase is as follows:

Office Salaries at new branches opened in 1960	$371,000
Office Salaries increase in 1960 of new branches opened in 1959	120,000
Salesmen's Compensation at new branches opened in 1960	117,000
Salesmen's Compensation increase in 1960 of new branches opened in 1959	70,000
Regional Headquarters' Salary increases primarily as a result of the creation of various Regional Sales Managers, District Managers and other required accounting and stockkeeping personnel to supervise the expanded distribution system	250,000
Other	22,000
	$950,000

II OPERATING STATEMENT

The above shows the result of the branch expansion program on employee compensation. Rent increased $219,000 in 1960 over 1959, of which $177,000 can be directly related to new branches opened in 1960 and the impact of a full year's expense in 1960 of new branches opened in 1959. Other operating expenses showed increases related to this branch expansion. Research expense increased $176,000 and national advertising $53,000.

FOOD - Within increased sales volumes at both Louisville and Bethlehem, salesmen's compensation and expenses increased $221,000, but these increases were not out of line with the volume increases. Through a change in distribution methods by increased use of consignment jobbers by the refinery operations, storage charges increased $70,000. Expanded use by Bethlehem of free and reduced price deals in coconut promotion resulted in a $100,000 increase which was partly offset by a $50,000 reduction at Berkeley. Promotional allowances granted as an inducement for the introduction of the Durkee spice line resulted in a $145,000 increase in Bethlehem sample and allowance expense. The operation of the RAMAC data processing unit at Chicago and the first full year of operation of a similar installation at Bethlehem resulted in a $115,000 increase in tabulating expense. Appreciable results of these operations are already being seen in the reduction of administrative salaries, etc., and further results are expected.

C-P-M - Compensation to office and sales personnel increased $24,000 and is considered the full effect of 40 people, 10 sales and 30 salary, added in 1959. The other major factor in $85,000 total increase was a $27,000 increase in salesmen's expense which was again the result of the staff increases in 1959.

ORGANIC CHEMICAL - Little change with slight reduction due to Valdosta disposal.

HEADQUARTERS -

Engineering - Salary increase of $121,000 resulting from full impact of 1959 personnel additions making necessary many project engineers.

Chemical Administration - Increased Adrian Joyce Works costs of $87,000 plus $164,000 of pre-operating costs at Lakehurst Mine.

Paint Administration - Impact of the addition of nine people in 1959 plus increased costs of Central Region E.D.P. study and Training Program Salaries.

Controller's - Almost $80,000 salary increase due, necessary field subsidization of accounting trainees' salaries plus six men added to Special Services for continuing E.D.P. program.

A brief statement as to cause of increase and comparative high level of Selling and Administration Expenses should admit to creeping increase largely tied to salaries and other expenses of added people which are integral part of our growth program. The jump in 1959 to published 18.8% is due primarily to Chemurgy which as a division had ratio well below 10% so elimination raises overall level and also leaves unabsorbed overhead due to nonreinvestment of capital freed.

II OPERATING STATEMENT

C. OTHER INCOME - PUBLISHED P & L

The major items this year and last year were:

	1960	1959
Technical Service Fees	$195,006	$332,131
Interest Earned	217,436	209,376
Gain - Disposal Capital Assets	396,107	75,378
Gain - Disposal of Securities	(2,844)	27,528
Other	30,443	120,388
	$836,148	$764,801

The decrease in "Technical Service Fees" is the result of the transfer of the Glazebrooks--Australia and Ishihara--Japan contracts to Glidden International. Included in "Gain - Disposal Capital Assets" is the $275,000 gain realized on the sale of the Valdosta operation.

D. DEPRECIATION

Depreciation and amortization charges for 1960 were $6,959,971 compared to $6,579,313 in 1959. The charge on Chemurgy properties was $2,013,837 which was more than covered by the rental income of $2,175,000 from Central Soya. Most property acquired since 1954 is depreciated for tax and book purposes on the Sum-of-the-Years' Digits method of accelerated depreciation using the following average lives: Buildings, 40 years; Machinery and Equipment, 20 years; and Furniture and Fixtures, 15 years.

	1960	1959
Total Depreciation and Amortization	$6,959,971	$6,579,313
Chemurgy	2,013,837	2,100,056
	$4,946,134	$4,479,257
Estimated S-Y-D Excess	1,947,714	1,516,519
Straight Line Charge--Excluding Chemurgy	$2,998,420	$2,962,738

E. FIXED CHARGES

The two major items of this nature which may be of concern to shareholders and others are:

Total Interest Expense - 1960	$1,425,000	
Real Estate Lease Liability - 1960	1,609,706	see page 8
	$3,034,706	

GLD018899

NOTES FOR ANNUAL MEETING

II OPERATING STATEMENT

F. ADVERTISING EXPENSE

Total Company

	Advertising	% to Sales	Promotion	% to Sales	Total	% to Sales
1960	$4,781,861	2.41%	$734,411	.37%	$5,516,272	2.78%
1959	4,753,263	2.41	691,547	.35	5,444,810	2.76

By Division

	Paint	Food	Chemical	Corporate	Total
1960	3,541,064	1,759,236	84,879	131,093	5,516,272
1959	3,448,963	1,723,816	78,281	193,750	5,444,810

G. RESEARCH AND DEVELOPMENT

	1960 Actual	1959 Actual	1960 Budget	1961 Budget	Incr. 1961 Budget Over Actual 1959
Research	$1,225,340	$1,066,756	$1,264,250	$1,474,200	20.0%
Sales Service	1,744,961	1,570,902	1,851,285	1,998,500	14.5
	$2,970,301	$2,637,658	$3,115,535	$3,472,700	16.9%
Control Lab.	1,162,209	982,882	1,136,175	1,231,000	5.9
Total	$4,132,510	$3,620,540	$4,251,710	$4,703,700	13.8%

H. AVERAGE ASSETS AND PROFIT RETURN

	1960 Average Assets	1960 Profit	1960 % Return
Paint	$47,251,732	$6,961,752	14.7%
Food	24,546,645	4,232,284	17.2
C-P-M	33,142,759	3,210,572	9.7
Organic Chemical	8,755,049	511,663	5.8
Total	$113,696,185	$14,916,271	13.1%
Total Company	$136,439,873	$13,638,356	10.0%

I. MISCELLANEOUS

GLD018900

Attention may be called to ten year statistics in Annual Report. It may be pointed out, on inquiry, that all departments of the Company were operated profitably in 1960 except that the fine terpene development program at Jacksonville caused that operation to show a operating loss for 1960. Port St. Joe, which was the company's only unit operating at a loss in 1959, showed a small profit in 1960.

III CASH USE AND PROJECTION

A. Application of Funds (In Thousands)

		1960		1959
Source of Funds				
Net Income		$ 6,690		$ 7,634
Depreciation		6,960		6,579
Total from Operations		$ 13,650		$ 14,213
Sale of Debentures	$ -		$ 30,000	
Less Bank Loan Payments	-	-	26,000	$ 4,000
Sale of Common Stock under Option Plans (1960-2,740 shares; 1959-9,680 shares.)		98		351
Disposition of Fixed Assets		965		202
Other Sources - Net		145		(873)
		$ 14,858		$ 17,893
Disposition of Funds				
Dividends Declared		$ 4,621		$ 4,610
Expenditures for Property, Plant, and Equipment		8,764		7,607
Changes in Working Capital:				
Cash (Decr.)	$ (1,472)		$ (428)	
Short Term Securities-Incr. (Decr.)	(1,473)		7,957	
	$ (2,945)		$ 7,529	
A/C Receivable-Net;Incr. (Decr.)	1,823		(3,271)*	
Inventory-Incr.(Decr.)	1,077		(939)*	
Other Accts.-(Decr.)	(122)		(806)	
Notes Payable-Decr.	-		5,500	
A/C Payable-(Incr.) Decr.	323		(1,209)	
Accrued Taxes-(Incr.) Decr.	1,482		(1,114)	
Other Charges	(165)	1,473	(14)	5,676
		$ 14,858		$ 17,893

* Changes due to Chemurgy disposition are Accounts Receivable decrease of $2,898,438 and Inventory decrease of $3,756,249.

NOTES FOR ANNUAL MEETING

III CASH USE AND PROJECTION

B. FIVE-YEAR FORECAST - CASH BASIS

	As of 8/31 - 000 Omitted		
	Fiscal 1961	Next Five Years 1961-1965	Last Five Years 1956-1960 (Actual)
Estimated Funds from Profit, Depreciation, Chemurgy Disposition and Miscellaneous Sources	$23,589	$88,189	$66,201
Less Estimated Dividends	4,621	23,841	23,012
Net Cash in Flow	$18,968	$64,348	$43,189
Add Cash Balance	13,880	13,880	13,234
Net Cash Available	$32,848	$78,228	$56,423
Needed for Receivable & Inventory Growth	900	12,000	11,886
Needed for Receivable & Inventory Chemurgy	-	-	(4,503)
Normal Capital Replacement	5,240	20,905	13,040
Normal Capital Replacement-Chemurgy	-	-	921
Operational Cash Required	6,000	7,000	6,000
Remaining Funds for Growth Usage	$20,708	$38,323	$29,079
Growth Capital - Mostly Approved	6,417	9,319	36,623
Chemurgy			4,076
Balance of Funds Available for Future Growth	14,291	29,004	$(11,620)

Capital Projections:

	Paint	Food	CPM	Organic Chemical	Total (Incl. Hdq.)
Actual 5 Yrs. (1956-60)	$ 9,341	$4,855	$28,364	$6,236	$49,663
1961	4,458	2,038	3,956	987	11,657
1962	1,888	2,482	1,197	200	5,967
1963	1,650	800	800	300	3,650
1964	1,900	900	900	400	4,200
1965	2,150	1,000	1,000	500	4,750
Estimated 5 Yrs. (1961-65)	$12,046	$7,220	$ 7,853	$2,387	$30,224

Working Capital

Estimated 5 Yrs. (1961-65)	$ 7,400	$2,350	$ 600	$1,050	$12,000

NOTES FOR ANNUAL MEETING

IV EMPLOYEE BENEFITS

A. Pension Plans

	Expense per Books	8/31/60 Trust Funds on Deposit	No. of Empl. Funded	Retired Employees Receiving Benefits	Yield: Excluding Capital Gain or Loss	Yield: Including Capital Gain (on Cost)
U. S. Salary	$ 803,151	$11,475,397	1,355	217	4.55	9.97
U. S. Hourly	250,000	2,829,028	987	314	4.66	7.42
Canadian Salary	55,000	666,338	216	9	N.A.	4.52
Canadian Hourly	22,000	181,019	112	9	N.A.	4.85
Total Funded	$1,130,151	$15,151,782	2,670	549		
Supplemental	100,528			132		
Total	$1,230,679					

Total Assets @ 7/31/60 and in Annual Report — $15,151,782 (does not include $178,151 to be deposited to complete 1960 requirements.)

Unfunded Past Service Liability in Annual Report — $ 4,200,000

Annual Current Service Cost per Annual Report — $ 960,000

GLD018903

IV EMPLOYEE BENEFITS

A. Pension Plans (Continued)

As of October 31, 1960, the cost and market values of our trust investments were as follows:

	U.S. Salary	U.S. Hourly	Canadian Salary	Canadian Hourly
Cost:				
Dollar Amount	$11,524,105	$2,835,039	$669,461	$183,524
% Equities	37.18%	34.87%	40.3%	40.3%
Incl. Glidden Stock	(3.83%)	(3.36%)		
Fixed Income	56.42%	56.96%	59.7%	59.7%
Convertibles	6.40%	8.17%		
Market:				
Dollar Amount	$12,505,516	$3,105,720	$626,128	$175,013
% Equities	45.28%	41.66%	38.2%	37.6%
Incl. Glidden Stock	(3.45%)	(2.97%)		
Fixed Income	48.78%	50.12%	61.8%	62.4%
Convertibles	5.94%	8.22%		

Total Dollar Amount in Funds	- At Cost	$15,212,129
	- At Market	$16,412,377

Glidden shares held by Pension Fund are voted by Hafner & Co., as Nominee of The Cleveland Trust Company, Trustee.

B. Bonus Plan

Original plan adopted February 8, 1951 and amended February 14, 1952. Administered by a Bonus Committee elected by the Board of Directors. In 1955 Gilbert suggested provision preventing bonus to top officers until a certain dividend has been paid.

Formula provides 12% must be earned (pre tax) on bonus net capital (capital, term debt, etc.) before providing a bonus of 7% of profit. Net income must exceed 6% bonus net capital employed also. The 1960 computation was:

Capital Stock, Debentures, Surplus (Bonus Net Capital)		122,800,684
12% Bonus Net Capital		14,736,082
Consolidated Net Income	6,690,356	
Add: Provision for Taxes, Bonus, Interest on Debt	8,385,000	15,075,356
Less: 12% Bonus Net Capital		14,736,082
Net Bonus Income		339,274
7% Net Bonus Income (Maximum Provision)		23,749
Consolidated Net Income		6,690,356
Less: 6% Bonus Net Capital		7,368,041
Maximum Provision		(677,685)
Actual Provision		-0-

GL0018904

IV EMPLOYEE BENEFITS

B. Bonus Plan (Continued)

Since 1951 the maximum allowable provision was $2,557,863. We have returned to profit $952,163 leaving $1,605,700 for bonus pay out.

In 1959, 124 awards were made, totalling $209,750. The highest individual amount awarded was $8,000 (to Duncan and Halsey). A total of 1,196 awards have been made from 1951 through 1959. Maximum in any one year was 212, lowest 48. The highest individual amount awarded was $12,000 (to Duncan, Sprague, Ruth and Goldseth in 1951.)

Gilbert suggested resubmitting plan every five years to stockholders. We feel we need do so only when there is a material change

No bonus awards were made in 1960.

The purpose of the Bonus Plan is to provide reward and incentive to those employees and officers, except the Chairman of the Board of Directors and the President, who, beyond the call of duty, contribute to the success of the Company. As provided in the Plan, each award of more than $1,000 is paid in annual installments of 25% of the amount awarded or $1,000, whichever is greater, and the Bonus Committee determines what part of any award is to be paid in cash or stock. No bonus awarded to an employee for any fiscal year may exceed 50% of the basic annual salary of such employee at the end of such fiscal year.

Ten officers of the Company who serve as directors, and approximately 500 other employees (including seven officers) who receive salaries of $750 or more per month~~, are currently eligible for consideration for bonus awards. The Chairman of~~ the Board of Directors and President may not be awarded a bonus under the Plan.

C. Stock Options

1. 1952 Stock Option Plan

Under this Plan 100,000 shares of authorized and unissued Common Stock were made available. The Plan provided that no option could be granted to an employee after age 65, and no participant could receive options covering more than 5,000 shares. The Plan also provided that the option price could not be less than 95% of the fair market value of the stock on the day the option was granted, and the option period could not exceed ten years from the date the option was granted nor more than three months after retirement of a participant. All rights to exercise options terminate when an employee ceases to be an employee for any cause other than death or retirement.

As of August 31, 1960, options to purchase 118,870 shares (58,900 by officers and directors) had been granted under the 1952 Plan. (Options for 20,210 shares had expired by reason of termination of employment, of which options for 18,870 shares were reissued, as authorized by the Plan, to qualifying employees.)

IV EMPLOYEE BENEFITS

Options representing 19,260 shares had been exercised (4,005 by officers and directors). There were outstanding under the 1952 Plan as of August 31, 1960, options for 79,400 shares (54,895 for officers and directors) exercisable over a period of ten years from the date granted but not more than three months after termination of a participant's employment. A total of twenty officers and directors and 105 other employees held options under the 1952 Plan. Officers and directors named in the renumeration table on page held options as follows:

	Option Price of $35 Expiring 6-24-62	Option Price of $38 Expiring 12-27-64	Option Price of $37 Expiring 11-29-66	Option Price of $37.50 Expiring 9-29-67	Option Price of $41.50 Expiring 12-28-68
Dwight P. Joyce	2,000	2,000	1,000	---	---
Alexander D. Duncan	1,120	2,000	1,000	---	---
Beauford W. Maxey	2,000	2,000	1,000	---	---
John H. Weeks	1,500	2,000	1,000	---	---
Robert D. Horner	700	2,000	2,000	---	300
William G. Phillips	500	2,000	2,000	---	500
Willard C. Lighter	---	2,000	2,000	---	1,000
Harvey L. Slaughter	---	2,000	2,000	---	---
George M. Halsey	400	200	2,000	---	1,000
W. David Stallcup	---	800	800	---	1,000
George S. Warner	500	2,000	2,000	---	500
All Directors and Officers as a group (including those named above)	9,645	20,800	18,700	350	5,400

On September 29, 1959, the authority of the Company's Stock Option Committee to grant options under the 1952 Stock Option Incentive Plan was terminated by action of the Board of Directors.

2. 1959 Option Plan

Provides Committee may option 100,000 shares of authorized and unissued Common Stock.

Principal differences from old plan:

a. Option price not less than 100% of market (old plan 95%). Both not less than book value.

b. No option to employee after age 60 (old plan 65).

c. May not be terminated and reissued at lower price.

d. Term of option set by Committee up to 10 years and may not be exercised for two years after grant (old plan all for ten years).

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IV EMPLOYEE BENEFITS

C. STOCK OPTIONS (continued)

Under the 1959 Plan, options to purchase a total of 18,900 shares were granted to 77 employees (including 9 officers) on May 25, 1960, at a price of $40 per share. Officers and directors receiving options were Dwight P. Joyce, 2000; Harvey L. Slaughter, 1000; G. M. Halsey, 1400; P. W. Neidhardt, 400. Total options granted to all directors and officers as a group on that date amounted to 6000 shares.

D. WAGE AND SALARY RATIOS	1960	1959
Manufacturing Wages to Cost of Products Sold	8.5%	8.2%
Total Wages and Salaries to Net Sales	18.6% $36,708,653	17.3% $33,932,101
Total Wages, Salaries and Benefit Costs to Net Sales	20.0% $39,484,429	18.6% $36,436,403

E. SALARIES

Our salary rates, including those for officers and other key employees, including bonus, are fully in line with studies on this subject, such as by AMA. We must be competitive in salaries and other inducements such as stock options, to attract and hold good men.

The Proxy Statement reports that total remuneration of all directors and officers as a group increased from $640,557 in 1959 to $817,180. The principal reason for the increase is the addition of four regional vice presidents to the officer group. These additions accounted for $111,416 of the increase.

F. OTHER BENEFITS

In addition to the Retirement Plan, employees are eligible to participate in a group life insurance and hospital and surgical benefit plan. During 1960, the company offered employees the opportunity to participate in a major medical plan and an accidental death insurance plan. Also in 1960, the company formalized a previously existing salary continuation policy whereby salaried employees receive a portion of their salary in the event of prolonged illness--the length of continuation depending upon the employee's length of service.

V ACQUISITIONS, DISPOSITIONS AND CAPITAL EXPENDITURES

A. ACQUISITIONS

Our acquisition program is an important part of our future plans. We are emphasizing and will follow certain basic product approaches in our growth. First, research and development to improve existing products; second, create and introduce new products; and third, acquisition of established companies and products in the same or related fields of interest. Acquisition of companies and products in the same or related fields gives us maximum benefit from the abilities of our management, marketing, manufacturing and research people, and from our production facilities.

Canadian Branches - October 1, 1960

In two separate transactions purchased paint business of Humphrey Paint and of Mowat-Grant Ltd. and Douglass Paint Ltd., both effective October 1, 1959. Purchase prices are:

	Inventory	Eqpt.	Total
Mowat-Grant & Douglass			
Vancouver, British Columbia	$112,139	$40,312	$152,451
Victoria, British Columbia	24,541	10,247	34,788
Humphrey			
St. Thomas, Ontario	11,995	3,640	15,635
Windsor, Ontario	19,960	3,136	23,096
London, Ontario	36,925	2,187	39,112
	$205,560	$59,522	$265,082

Total Net Sales of these five units in their 1959 fiscal years was $1,372,355 of which a substantial portion was sales of Glidden materials purchased from our Toronto Division.

GLD018908

V ACQUISITIONS, DISPOSITIONS AND CAPITAL EXPENDITURES

B. DISPOSITION AND SHUTDOWNS

	Annual Sales Last Full Year	Profit or (Loss) Last Full Year	Avg. Profit or (Loss) Last 4 Yrs. Operated	Pre-Tax Profit or (Loss) on Sale or Abandonment	After Tax Cash & Asset Utilization Last Full Year Basis
Hammond 7/16/51	$ 4,076,147	$ (234,346)	$ (373,225)	$ 142,235	$ 2,044,710
Oakland 10/25/54	627,505	(226,221)	39,296	96,376	997,955
Feed Mill 8/10/54	4,423,653	65,538	15,608	(290,471)	2,417,154
Portland 9/18/52	2,941,393	92,554	13,771	(19,369)	1,224,149
Cambridge 7/1/55	1,308,738	(60,579)	(9,537)	(6,542)	851,472
Yadkin	-	-	-	(8,149)	58,673
Jojaba - Castella	-	-	-	50,597	125,640
Barytes Mines	-	-	-	-	11,679
Buena Park 8/31/56	4,033,465	(11,032)	(67,338)	(253,580)	1,095,247
Eastern Marg. & Salad Prod. 2/1/57	9,996,668	(372,378)	(414,580)	(197,934)	2,383,320
Elmhurst Building A,8/31/57:S,8/1/58	-	-	-	(252,240)	1,269,854
Scranton 6/9/58	1,100,590	52,028	66,056	30,690	455,467
St. Helena 3/31/58	-	-	-	(1,215,239)	925,924
Buena Park Land 1/28/58	-	-	-	174,957	136,635
Chemurgy 9/1/58	31,982,480	1,477,859	1,503,501	1,258,763	27,555,267*
Southern Pine 2/28/58	1,070,947	103,448	68,240	(76,237)	292,555
Valdosta 3/28/60	2,941,738	320,127	156,671	275,301	1,430,042
Berkeley M. & SP.4/30/60	5,645,470	98,726	66,787	39,176	684,913
TOTAL	$70,148,794	$1,305,724	$1,065,250	$ (251,666)	$43,960,656

	Book Value	After Tax Cash Received	Excess Cash Over Book Value
Fixed Assets - Sold	$17,457,727	$19,061,554	
- Abandoned	2,304,320	1,198,246	
	$19,762,047	$20,259,800	$497,753

* Estimated on exercise of option to buy property August 31, 1961

GLD018909

V ACQUISITIONS, DISPOSITIONS AND CAPITAL EXPENDITURES

B. DISPOSITIONS AND SHUTDOWNS

1. Chemurgy

Business of entire Chemurgy Division sold to Central Soya Co. at September 1, 1958, with real estate leased for three years with option to buy at August 31, 1961.

Inventory Sold at Book Value	\$3,756,249
Receivables Assigned - Net	2,898,438
	\$6,654,687
1960 Rental Income - (per year)	\$2,175,000
1960 Depreciation Expense	(2,013,837)
1960 Misc. Expense - Net	(5,822)
Net Gain	\$ 155,341

The net book value of property leased at September 1, 1958 was \$13,737,369 which will be reduced in each of the three years of the lease by approximately \$2,100,000 depreciation and amortization. The estimated net book value at August 31, 1961 will be \$7,624,000 whereas the option price is \$8,550,000.

It is estimated that the exercise of this option will result in a capital gain equivalent to \$.27 per share in fiscal 1961.

2. Sale of Valdosta Operation

This operation with its fixed assets and inventories was sold to Nelio Resins, Inc. on March 28, 1960. Total assets freed through this disposition on basis of last four-year average assets was \$1,133,000. Fixed assets with a net book value of \$225,000 were sold for \$500,000 resulting in a long term capital gain of \$275,000. Inventories were sold at their book value of \$788,000.

3. Sale of Berkeley Margarine and Salad Products Business

Berkeley Margarine and Salad Products business and its related machinery and equipment were sold to Beatrice Foods on April 30, 1960. Total assets freed on the basis of last four-year average assets were \$555,818. Machinery and equipment with a net book value of \$161,000 were sold for \$200,000 resulting in a long term capital gain of \$39,000. Inventories were sold at their book value of \$234,000. Certain warehouse space at the Berkeley plant has been leased to Beatrice Foods for a period of three years beginning May 1, 1960 at \$1,900 per month.

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V ACQUISITIONS, DISPOSITIONS AND CAPITAL EXPENDITURES

C. MINING ACTIVITY

A twenty-year supply of ilmenite ore, representing a substantial portion of requirements, was acquired in October, 1959 at Lakewood, New Jersey. A concentrating and separating plant is planned for completion in late 1961. Capital requirements per B.A.R. are (do not disclose):

Land and Mineral Rights	$ 700,162
Plant	3,633,080
Authorized Capital	$4,333,242
Mine Working Capital	540,000
Total Required for Mine	4,873,242
Adrian Joyce Works Inventory Reduction	(3,300,000)
Net Required for Project	$1,573,242

At August 31, 1960, capital expenditures to date in connection with the Lakehurst Mine were $946,630. During fiscal 1960, pre-operating expenses which were absorbed in Headquarters Chemical Administration were $163,604.

GL0018911

D. MAJOR CAPITAL EXPENDITURES - 1960 (In Thousands of Dollars)

	Expended Prior to 1960	Expended in 1960		To Be Expended In 1961	
Paint:					
5 St. Louis Warehouse	$ -	$ 22		$ 456	
14 Pacific Expansion	15	221		14	
1-2-9-12-14 Universal Reactors (5)	47	1,187		372	
16 Southwest Plant	-	134		988	
Cleve. Res. Lab. - Paint	379	38		287	
9 Plant Expansion	-	-		234	
Branches		381		591	
All Other Paint		637		1,516	
Total Paint			$2,620		$4,458
Food:					
13-21-22 Deodorizers (3)	$ 536	$ 132		$ -	
13 Boiler Plant	-	438		85	
21 Packing, Filling, & Whse.	-	-		563	
22 Land and Building	31	280		26	
22 Spice Building	-	-		138	
13 Solvent Fractionation	-	9		119	
13 Semi-Continuous Deodorizer	-	-		125	
22 Plant Expansion	-	68		344	
All Other Food		579		638	
			$1,506		$2,038
C-P-M:					
32 A.D.J. - Expansion	$ 926	$ 2,445		$ 205	
33 New Jersey Mine	572	375		2,886	
32 Balt. Research Lab	568	107		40	
32 Calcium Ext. Pig. Mfg.	-	-		200	
All Other C-P-M		650		625	
			$3,577		$3,956
ORGANIC CHEMICAL:					
71 Menthol Plant	$ 378	$ 961		$ 707	
Pitch Stripping Column	-	-		100	
All Other Org. Chem.		20		180	
			$ 981		$ 987
Headquarters:			80		218
Total Company			$8,764		$11,657
Used in Annual Report				8-10 million	

GLD018912

V ACQUISITIONS, DISPOSITIONS AND CAPITAL EXPENDITURES

E. Extraneous Expenses

Start-up and development expenses at Jacksonville, Adrian Joyce Works, and Lakehurst Mine were the major contributing factors to the .09 cents per share net reduction in 1960 (.05 in 1959).

	1960		1959	
	Before Tax	After Tax	Before Tax	After Tax
Lakehurst Mine	163,604	78,530	-	-
St. Helena	60,363	29,105	109,697	52,655
Adrian Joyce Works	416,794	200,061	170,993	82,076
Jax. Development	479,885	230,345	113,269	54,369
Loss or Default of Contractor	72,421	34,762	-	-
Dumont Write-Off	109,326	52,476	-	-
Pauli	-	-	9,901	4,752
Capital Gains	(390,466)	(292,850)	(90,508)	(67,881)
LIFO Reversal	(263,662)	(126,558)	12,606	6,051
Other			(19,647)	(12,036)
	648,265	205,871	306,311	119,986

GLD018913

VI OTHER MAJOR FUNCTIONS AND ITEMS

A. Donations

The donations policy of the Company provides for reasonable support to educational, welfare and charitable organizations. This policy is administered by the Donations Committee under the direction and guidance of the President and Board of Directors.

Educational support has been given through the following:

1. Awarding of four scholarships under the auspices of the National Merit Scholarship Foundation. 1960 winners were: Edward A. Kucler (Case); Charles J. Savoca (Georgetown); Taylor R. Durham (Oberlin); John T. Moter (MIT).

2. Cooperative Contribution Plan, under which the Company makes unrestricted grants to degree-granting universities in an equal amount to the donations made by employees of the Company to such colleges and universities. Contributed 1960 fiscal - $3,730 to 45 colleges.

3. Chemistry lectureship grants provided to six United States universities and one Canadian university to provide for lectures by outstanding individuals and to help promote understanding and interest in scientific achievement.

4. Outright grants to selected colleges and universities, such as Case and Western Reserve.

5. Grants to selected foundations, including Ohio Foundation for Independent Colleges.

In the Welfare and Health category, the Company has supported United Fund, Community Chest and Red Cross programs in the communities where it has plants or branches.

In addition, selective support has been given to other service organizations and foundations. Contributions are not given to sectarian groups, labor organizations, etc.

	1960	1959	1958	1957
Education	48%	44%	34%	22%
Health & Welfare	45	51	57	70
Other	7	5	9	8
Total Donations	$108,233	$104,526	$69,066	$70,811
% of Net Profit	1.62%	1.37%	1.14%	.97%
Per Employee	$ 17.60	$ 17.35	$10.95	$ 10.97

VI OTHER MAJOR FUNCTIONS AND ITEMS (Continued)

B. AUDIT

1. Ernst & Ernst representatives present at the meeting will be Messrs. N. T. Halvorsen, Partner, and A. A. Wilhelm, Assistant Manager.

2. Company internal audit staff conducts surprise audits of all operating units on a schedule calling for visits about once each year.

C. INSURANCE

FIA coverage on all manufacturing properties except Canada, Buena Park, San Francisco, New Orleans, St. Louis, Minneapolis Varnish only, Portland, Tulsa, Iron Street, Collinsville and Calumet and River Elevators. This FIA policy for fire, wind, hail, explosion, aircraft, smoke, vandalism and sprinkler leakage.

FIA coverage is on agreed amount basis, with no co-insurance requirement.

Locations excluded except St. Louis and Portland are under an Industrial Property Floater for fire, extended coverage and sprinkler leakage. Are on co-insurance basis - no agreed amount. St. Louis and Portland are under separate policies for fire, extended coverage and sprinkler leakage. Co-insurance basis.

Elevators under Underwriters Grain Ass'n. policy.

Use and occupancy insurance also in FIA for locations they cover for fire, etc., except Minneapolis, Atlanta, and A&E where we have extra expense since other paint plants can make up lost production at increased cost.

Use and occupancy insurance other divisions specific with co-insurance except New Orleans, St. Louis, Tulsa and Portland where we have extra expense since other paint plants can make up lost production at increased cost.

Also carry ocean marine and cargo insurance to extent necessary.

Carry boiler and pressure vessel insurance where necessary.

All employees bonded in substantial amount.

Workmen's Compensation - We self-insure in states where possible (11), with an override $1,000,000 policy for catastrophe. Self-insurance on Workmen's Compensation has saved us over $1,000,000 in the last 29 years.

Also carry comprehensive bodily injury, product liability, and property damage liability.

VI OTHER MAJOR FUNCTIONS AND ITEMS (Continued)

C. Insurance - continued

There was one major fire in the 1960 fiscal year. The Los Angeles Chemical Pigment and Metals Division warehouse stock in a leased location was total loss. Recovering $55,490. Three small fires resulted in total recoverable losses of $5,392. One lightning loss $1,911. Two windstorm losses $2,635. One explosion of paint mill $9,151.

Total cost of insurance premiums for fire and extended coverage on buildings, machinery and equipment and inventory, plus use and occupancy and extra expense, was $280,080 for the fiscal year 1960. (This figure should not be given out.)

D. FOREIGN BUSINESS

a. The Glidden Company -

Export sales (both direct and indirect) totalled $2,147,251 in 1960 compared to $1,811,596 the previous year. In addition, in 1960 sales to Glidden International were $2,489,933.

The Glidden Company has eleven active foreign licensees and received $136,866 in technical service fees from these licensees in 1960. This amount represented a reduction from the previous year, primarily due to transfer of licensees to Glidden International during the course of 1960.

A direct stock interest is held in the following companies:

Name	% of Interest	Net Book Value
Unconsolidated -		
Glidden International, C. A.	99%	$ 18,018
Ishihara, Sangyo Kaisha, Ltd.	2.24%	Memo
A/S Fjord-Plast	25%	28,040
Fabrica Nacional De Pinturas, S. A.	15.1%	Memo
		$ 46,058
Consolidated -		
The Glidden Company Limited	100%	50,000
		$ 96,058

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VI OTHER MAJOR FUNCTIONS AND ITEMS (Continued)

D. Foreign Business - Continued

1) Glidden International, C. A. - Glidden holds 99 shares (1 share held by The Glidden Company, Ltd.) representing a 99% interest. Glidden International had a consolidated shareholder equity of $594,796 at August 31, 1960 with a book cost to Glidden of $18,018.

2) Ishihara Sangyo Kaisha, Ltd. - Glidden holds 870,764 shares representing a 2.24% interest. These shares have a current market value in Japan of $286,000 at November 14, 1960 on which Glidden has a tax basis of $108,446 for taxes paid through August 31,1960.

3) A/S Fjord-Plast (Norway) - Glidden holds 200 shares representing a 25% interest which was acquired on July 29, 1960 at a cost of $28,040.

4) Fabrica Nacional de Pinturas, S. A. (Cuba) - Glidden holds 31,421 shares which represented a 15.1% interest. The company was intervened by the Cuban government in October, 1960. Accounts receivable due Glidden at this date total $28,271 and due Glidden International $17,248. Bad debt reserve of both companies are completely adequate to cover any loss on these accounts. Glidden International received technical service fees of $64,264 from Fabrica in 1960 and additional fees of $21,701 have been reported as due but have not been paid and have not been taken into income. No collection of this latter amount is anticipated.

5) The Glidden Company, Ltd., (Canada) - Glidden holds 100% (4,200 shares) with a book cost of $50,000. Shareholder equity at August 31, 1960, was $5,518,246 which is included in the consolidated financial statements in the annual report for 1960. Following are highly condensed financial statements for the periods indicated:

GLD018917

The Glidden Company Limited
Balance Sheet
August 31, 1960

Current Assets	$4,779,031	Current Liabilities	$ 622,249
Property, Plant & Equipment, Net	1,358,673	Stockholders Equity	5,518,246
Deferred Charges & Other Assets	2,791		
	$6,140,495		$6,140,495

Income Statement & Retained Earnings

	1960	1959
Net Sales	$9,618,916	$8,358,782
Cost of Sales	5,933,530	5,322,453
Operating Costs	2,939,645	2,292,475
Income from Operations	$ 745,741	$ 743,854
Other Income	34,665	46,019
Income before Taxes	$ 780,406	$ 789,873
Provision for Income Taxes	385,000	391,000
Net Income for the Period	$ 395,406	$ 398,873
Retained Earnings, beginning of year	$5,072,840	$4,673,967
Retained Earnings, end of year	$5,468,246	$5,072,840

- - - - -

b. Glidden International, C. A. -

The company is headquartered in San Juan, Puerto Rico, with retail branch operations in San Juan and Ponce, Puerto Rico, and Panama, Republic of Panama. Collection of accounts is made through the Chase Manhatten Bank, San Juan, Puerto Rico.

Glidden International funds have been primarily secured from accumulated earnings and through bank borrowings at the Union Commerce Bank, Cleveland, Ohio. At August 31, 1960, this loan amounted to $425,000 with subsequent payments to date bringing the balance to $300,000. The current rate of interest is 4-1/2%. The loan is guaranteed by The Glidden Company.

VI OTHER MAJOR FUNCTIONS AND ITEMS (Continued)

D. Foreign Business - Continued

b. Glidden International, C. A. - Continued

Glidden International has four banking associates:

Union Commerce Bank, Cleveland, Ohio (Borrowing)
Chase Manhatten Bank, San Juan, Puerto Rico
Chase Manhatten Bank, Panama, Republic of Panama
First National City Bank of New York, San Juan, Puerto Rico

The accounts maintained include four Collection Accounts and six Working Fund Accounts.

At August 31, 1960, Glidden International owed The Glidden Company $190,682 for merchandise purchased during August, 1960.

Glidden Internationals investments at August 31, 1960 were as follows:

Name	% of Interest	Net Book Value
Unconsolidated -		
Soja Glidden Argentina, S. A.	25%	Memo
Pinturas Ico, S. A.	33-1/3%	$47,504
Pinturas Ecuatorianas, S. A. and Distribuidora Americanas, C. A.	33-1/3%	62,837
Pinturas Centro - Americanas	33-1/3%	64,850
		$ 175,191
Consolidated -		
Industrias Glidden, S. A.	99.98%	$ 32,000
Glidden Panama, S. A.	100%	20,000
		$ 227,191

1) Pinturas Ecuatorianas, S. A. and Distribuidora Americana, C. A. (Ecuador) - Glidden International holds 320 shares representing a 1/3 interest at a cost of $62,837. Glidden International's share of shareholder equity at September 30, 1960 was $60,377.

2) Pinturas Ico, S. A. (Colombia) - Glidden International holds 155,400 shares representing a 1/3 interest at a current cost of $47,504. This current cost at August 31, 1960 is the balance remaining after a writedown of $268,000 in August, 1960. This writedown was necessitated as a result of continuing operating losses of this company. This writedown included recognition of Glidden's portion of losses to date and writeoff of book goodwill.

VI OTHER MAJOR FUNCTIONS AND ITEMS (CONTINUED)

D. Foreign Business - Continued

3) Pinturas Centro-Americanas (Guatemala) - Glidden International holds 154 shares, representing a 1/3 interest at a cost of $64,850. Glidden International's share of shareholder equity at August 31, 1960 was $94,342. At August 31, 1960, Pincasa owed Glidden International $1,640, on open account. Pincasa also owed The Glidden Company $8,343 on open account and $50,000 as a note payable at that date.

4) Soja Glidden Argentina, S. A. - Glidden International holds 10,970 shares representing a 1/4 interest (no cost basis). This company is currently inactive. This interest has been assigned to Central Soya under the option agreement for the Chemurgy Division and upon exercise of that option by Central Soya, these shares will be transferred to them.

5) Industrias Glidden, S. A. (Mexico) - Glidden International holds 19,996 shares representing a 99.98% interest. This company is currently inactive and is carried at a cost of $32,000. In consolidation with Glidden International at August 31, 1960, shareholders equity totalled $31,537.

6) Glidden Panama, S. A. - Glidden International holds 1,000 shares representing 100% control. This company is a paint branch and is carried at a cost of $20,000.

7) In September, 1960, Glidden International purchased all of the outstanding stock of General Paint Company de Mexico for $4,900. An additional $60,000 was invested through the purchase of an advance account between General-Mexico and its former parent.

The latter three companies are consolidated with Glidden International for the purposes of monthly financial statements. All others are carried on Glidden International's balance sheet at cost.

Glidden International has nine active foreign licensees and received $434,571 in technical service fees from these sources in 1960. This compares with $67,893 for 1959. This increase results from larger payments from the previsus year's paint licensees, addition of three new paint licensees, and two new chemical licensees, Billiton, Netherlands with initial contract fees of $200,000 in 1960 and Ishihara, Japan's TiO_2 contract. This latter transfer from The Glidden Company in 1960 added $89,136 to Glidden International's technicals service fees in 1960. Receipts from the Ishihara (Japan) TiO_2 contract and Fabrica (Cuba) are not anticipated in fiscal 1961.

Sales and profits of Glidden International are not consolidated with The Glidden Company for reporting purposes. Sales and profits of Glidden International are as follows:

NOTES FOR ANNUAL MEETING

VI OTHER MAJOR FUNCTIONS AND ITEMS (CONTINUED)

D. Foreign Business - Continued

	Sales	Profits
Fiscal 1960	3,255,946	335,071
1959	2,904,516	82,370
1958	3,012,840	68,190
1957	1,684,178	56,603
1956	560,112	32,709

The sales increase of $400,000 in Organic Chemical business and of $130,000 in total Paint business was partly offset by decreases in both Durkee and Chemicals-Pigments-Metals business. With the Direct Export Paint business net profit in 1960 was $35,450, compared to a loss of $49,134 in 1959. The Hato Rey paint branch increased its net profit $23,000. With an improvement of $50,000 in the net result from Organic Chemical business, total net profit, before technical service fees and the special charge of $268,000 writing down the Colombian investment, was $235,939 in 1960 compared to $14,477 the previous year.

E. MISCELLANEOUS

Cost of the Annual Report this year was 23 cents per copy which was the same as last year. Our 1958 Annual Report was judged best of the Paint and Coatings Industry by FINANCIAL WORLD.

D. E. ERSKINE

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