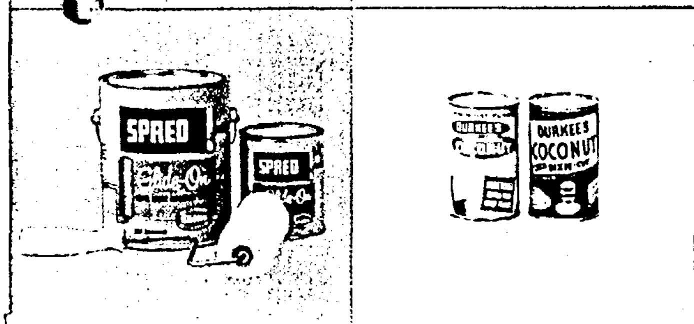
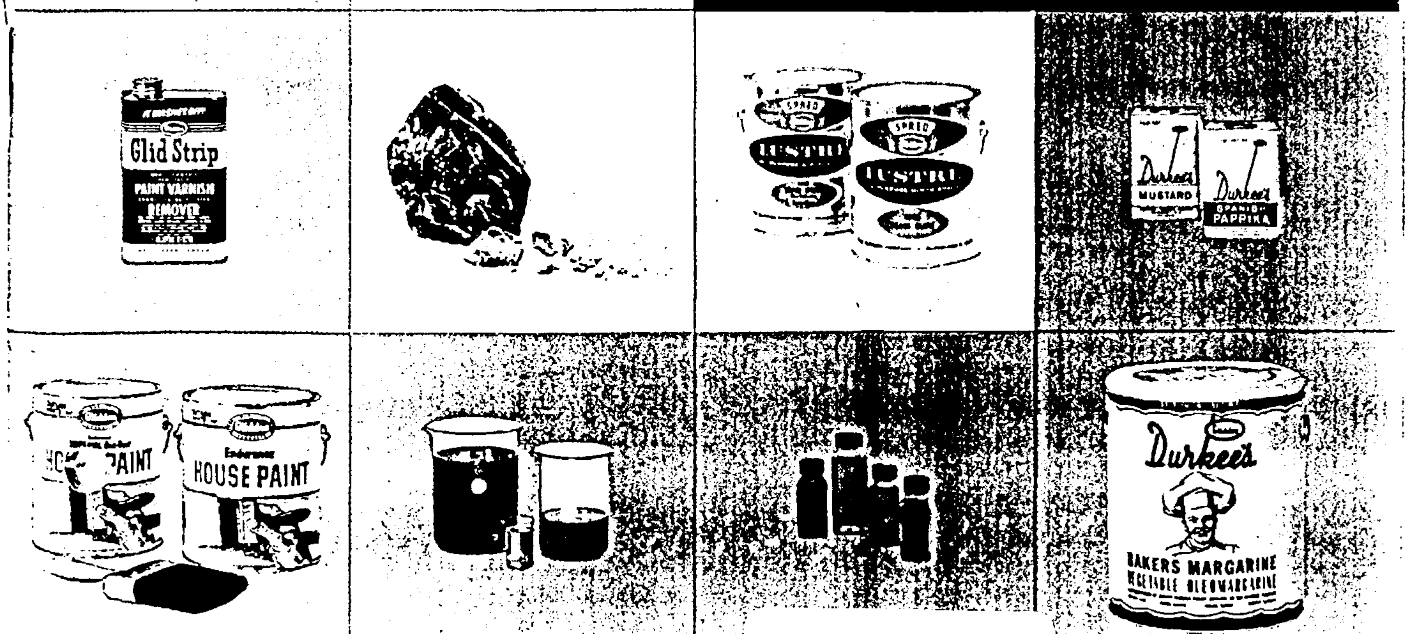
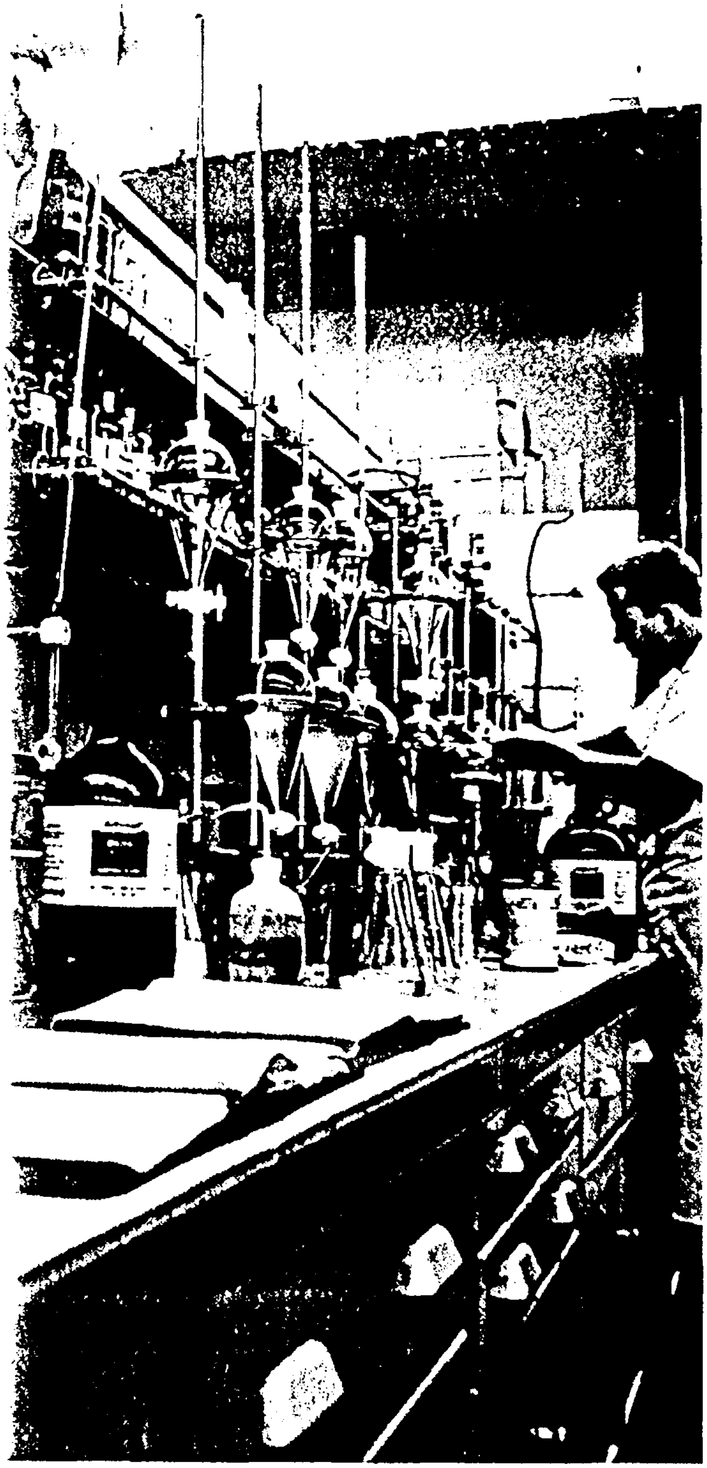


the Glidden company annual report 1961





RESEARCH . . . QUALITY CONTROL—THE KEYS TO "QUALITY PRODUCTS."

the Glidden *company*

The Meaning of Quality

When we use the words "Quality Products" on the Glidden trademark, we impose a special obligation on ourselves, and we offer ourselves a special challenge.

The obligation is to make high quality products, ones which will give the customer a dollar's worth of value for every dollar he spends with us, and satisfaction when he uses the products. This demands quality from start to finish—using good raw materials... exercising rigid controls in every stage of manufacture... standing behind every product we make.

The challenge is to improve even further the products we now make, and to develop new and different ones to meet changing customer needs. This requires diligent and fruitful research, high manufacturing standards, and aggressive marketing to get the new products to customers.

Only in these ways can we fulfill the obligation and meet the challenge of furnishing "Quality Products." With the rise of inferior products in some competitive lines, it seems timely to re-emphasize that Glidden makes "Quality Products," and will continue to do so.

GLD010254

Quality Products Glidden

annual report . . . . . fiscal year ended august 31, 1961

financial highlights

	1961	1960	Change
Net sales	$206,702,216	$197,490,831	+ 4.7%
Income before taxes	$ 12,737,983	$ 13,638,356	− 6.6%
Net income	$ 6,416,983	$ 6,690,356	− 4.1%
Per share	$2.78	$2.90	
Dividends	$ 4,621,743	$ 4,620,700	—
Per share	$2.00	$2.00	
Depreciation and amortization	$ 7,440,940	$ 6,959,971	+ 6.9%
Per share	$3.22	$3.01	
Expenditures for plant and equipment	$ 7,823,199	$ 8,764,000	−10.7%
Working capital	$ 68,061,010	$ 59,721,934	+14.0%
Current ratio	5.43 to 1	4.93 to 1	
Shareholders' equity	$ 94,665,592	$ 92,846,742	+ 2.0%
Per share	$40.96	$40.18	
Number of shareholders	20,873	20,969	—
Number of employees	6,372	6,151	+ 3.6%

contents

GLD010255

DWIGHT P. JOYCE

the president's report

the long view

For some time now, we have been taking a long look at Glidden's operations, and as we move into fiscal 1962, we have in mind some basic long term objectives.

First, we intend to deepen penetration of our present markets by improving present products and developing new products to meet new customer needs. We have been laying the groundwork for this by stepping up our research efforts, expanding and modernizing our plant facilities, and enlarging our distribution system.

Second, we intend to diversify further into areas allied to ones we are now in . . . those which are particularly suited to our research know-how, our manufacturing methods, and our marketing abilities. The most recent example of this is the merger into Glidden of Pemco Corporation, a leading producer of porcelain enamel frits, ceramic frits and inorganic colors. This merger enables Glidden to offer a full line of coating materials to meet varying customer needs. It also combines the talents of two excellent research organizations to work in the fields of high temperature coatings, ceramic-metal combinations and the use of ceramics in electronics.

Another example is the acquisition of a plant at Johnstown, Pennsylvania, which manufactures ferrous and other metal powders. This complements our already successful non-ferrous metal powders operation, and enables us to offer a full line of these powders to industry. Purchase of the assets of a small maker of fiber glass reinforced paneling has given us our first entry into the building products field. We are considering further expansion of our grocery products line. Together, these moves—with others we plan in the near future—should take us far down the road toward our long range objectives.

sales up; profits down

For fiscal 1961, sales were $206,702,216, a 4.7 per cent increase over the previous fiscal year. Because of the sluggish economy, sales in the first half ran behind the first half of the previous year. In the third quarter, we had a slight increase over the same period in 1960. With the gathering steam of the national economy during the spring and summer, fourth quarter sales were 13 per cent higher than the fourth quarter of 1960. Nearly all product lines contributed to this gain.

Earnings per share were $2.78, including a non-recurring gain of 31 cents per share from sale of the company's soybean processing and grain storage facilities. Net income was $6,416,983, compared with $6,690,356 for fiscal 1960. This decrease was due to two major factors:

1. Current expense budgets for the year were based on higher sales levels than we reached.

2. Expenditures designed to improve our long term profit potential were not reduced, and in most cases were increased. We continued to place greater emphasis on broader research and development programs and expansion of our marketing and production facilities.

Capital expenditures for the year were $7.8 million, down slightly from the previous year. The money was used mainly for the new Carroll-

GLD010256

the Glidden *company • november 13, 1961*

ton, Texas, coatings plant; the Lakehurst, New Jersey, ilmenite mine; the Jacksonville, Florida, terpene chemicals plant; expansion of edible oil refineries and coatings and resins production facilities. Capital outlays for fiscal 1962 will run between $7 and $9 million.

organizational changes

During the year, a fourth major group—International—was formed in the company, which is responsible for Glidden's interest in foreign markets, including the operation of Glidden International, an unconsolidated subsidiary. Mr. Alexander D. Duncan is vice president in charge.

You will note the use of the word "Group." This year, the company's four major divisions were re-named, and are now known as the Foods Group; the Chemicals Group; the Coatings and Resins Group, and the International Group. This change was made for reasons of organizational clarity, and we believe the new designations will better serve our long range organizational needs. The former Paint Division was also re-named the Coatings and Resins Group, to reflect the broader scope of its research, production and marketing activities. Mr. Paul W. Neidhardt was elected vice president of the Coatings and Resins Group, succeeding Mr. Duncan.

the years ahead

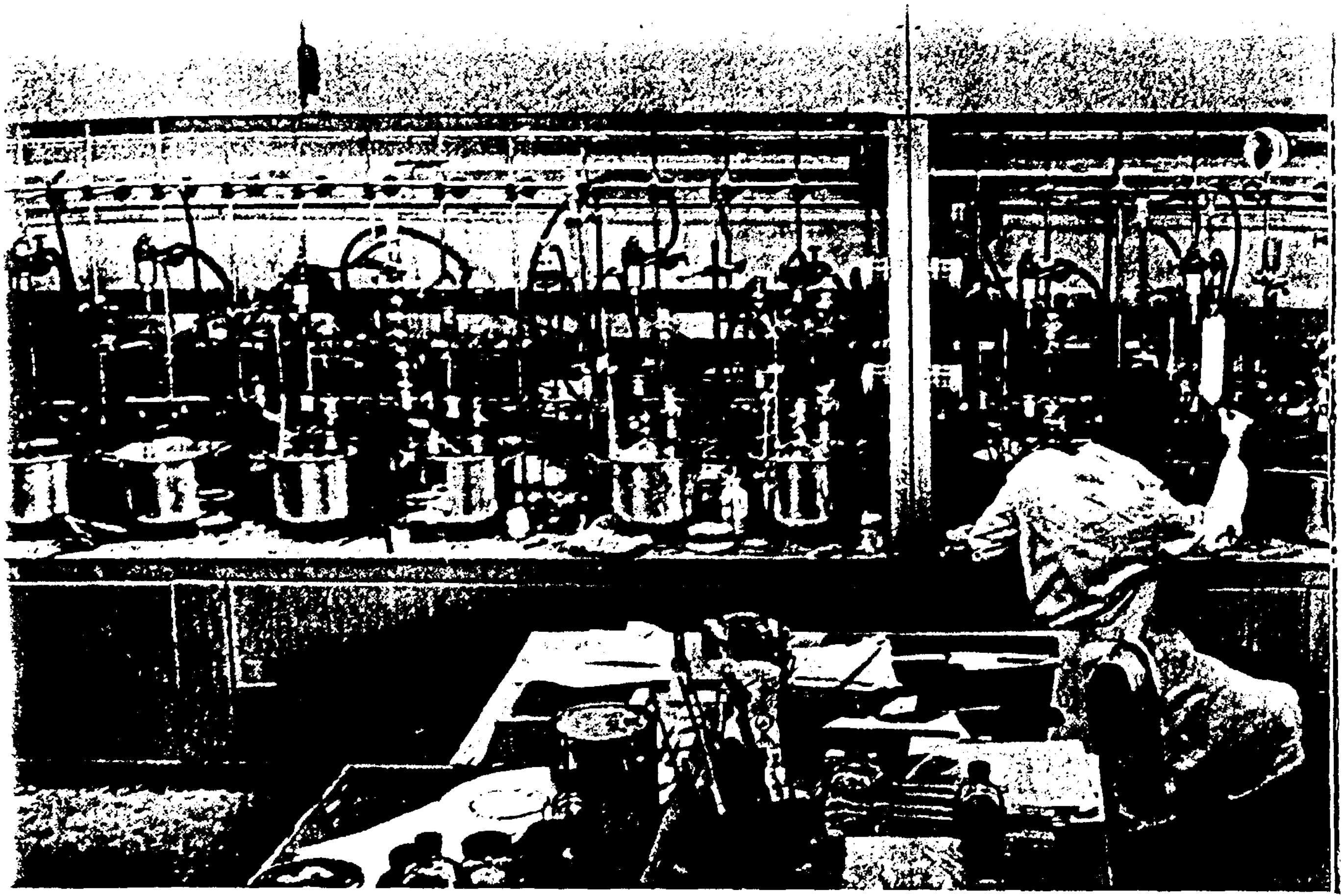
If the nation's economy continues to improve and our long range plans begin to unfold, we expect that the coming year will be better than the last one. Proceeds from the sale of the soybean processing and grain storage facilities amounted to $8,550,000, and greatly strengthened the company's financial position. No new financing should be necessary to take advantage of growth opportunities. We intend to continue, and increase where necessary, our research and development work and other activities connected with long range growth. Though this policy means sacrificing short term profit, we believe it is in the best interests of the company and its shareholders.

We face the future with a strong management team. I have just completed 40 years of service with Glidden, and in recent years, I have concentrated on developing younger men for key management jobs. We now have a number of aggressive young men in their 40's, who have gained several years experience as top corporate officers in the company. These men are bringing in new ideas and fresh approaches. As they continue to develop under the guidance of our present senior executives, I am confident that The Glidden Company will be in good hands in the years to come.

Dwight P. Joyce

Chairman and President

GLD010257



STUDY. TEST. IMPROVE. INNOVATE—THESE ARE FOUR KEY WORDS WHICH GUIDE WORK AT GLIDDEN'S COATIN[illegible] AND

Coatings and Resins *group*

PAUL W. NEIDHARDT, Vice President

REGIONAL VICE PRESIDENTS

T. N. Armel	J. L. Beauchamp
R. B. Simpson	H. F. Winger

PLANTS

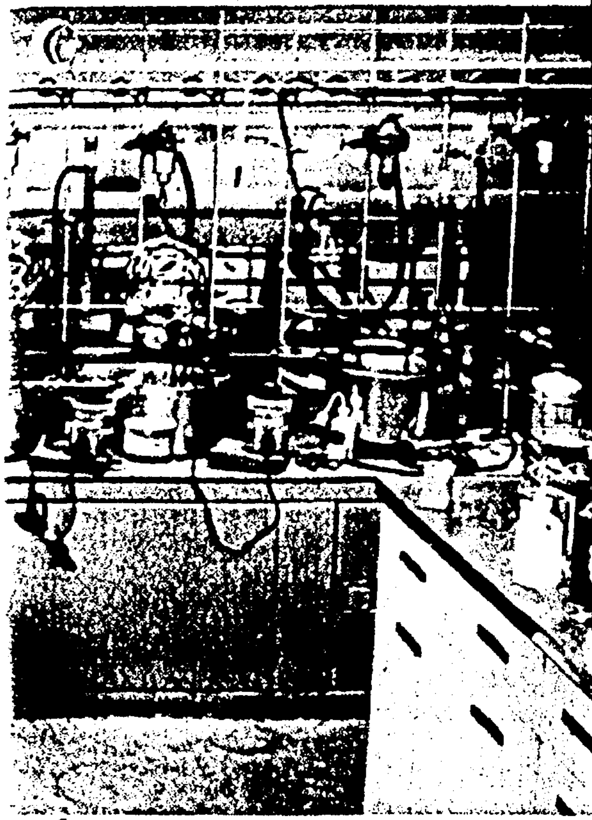
Atlanta, Georgia	New Orleans, Louisiana
Carrollton, Texas	Portland, Oregon
Chicago, Illinois (2)	Reading, Pennsylvania
Cleveland, Ohio	St. Louis, Missouri
Los Angeles, California	San Francisco, California
Marietta, Georgia	Tulsa, Oklahoma
Minneapolis, Minnesota	Montreal, Quebec

Toronto, Ontario

Total sales for the Coatings and Resins Group reached an all-time high for the seventh year in a row—$91,367,016 for fiscal 1961, compared with $89,914,001 for the previous year. Sales of consumer products increased, while industrial sales, hit by the economic downturn, ended the year slightly below 1960.

Profits, however, were down from the previous year. This is mainly because, despite the recession, we continued or increased expenditures relating to long range growth and profit potential.

We intensified research efforts and marketing on coatings of various kinds—acrylic, water-reducible, organosol, steel coil, paper, container, mill-applied primers and top coats for the lumber industry, and others. We stepped up research, production and marketing on polyester resins and polyurethane foams and are selling increasing quantities of both for a greater variety of industrial uses, including insulations, seals and protective coatings. Last year, we established a market development group, which is developing new specialty markets, as well as pointing the way to wider and more efficient distribution of industrial coatings and resins.



ESI RESEARCH CENTER.

Quality Products

Interior Paints and Enamels
House Paints
Floor Paints and Enamels
Stains
Varnishes
Lacquers
Tinting Bases
Coatings for Metal, Wood and Other Surfaces
Maintenance and Anti Corrosive Coatings
Marine and Yachting Coatings
Polyester Resins and Coatings
Butoxy Resins
Polyurethane Foams
Fiber Glass Reinforced Paneling

We improved and expanded the distribution system. During the past two years, we have added 50 new branches, and we are continuing this program. Because it takes time to build volume in a new operation, we have temporarily had an increase in costs without a corresponding sales increase. We have added personnel to broaden coverage of the maintenance and painting contractor markets.

Capital outlays to reduce costs and increase productivity have continued. A major improvement project on the St. Louis, Missouri, plant was completed last year, and additional work is now being started. A new coatings plant at Carrollton, Texas, near Dallas, is starting production, to take advantage of the growing markets in the Southwest. This plant is the latest design and houses the most modern equipment, to manufacture coatings products at the lowest possible cost. We have begun major improvement programs involving more than $1 million at Chicago, Toronto and Atlanta, and these will be completed in fiscal 1962.

Spred House Paint, the new latex-base exterior coating, gained much wider customer acceptance during the year, and we plan to promote this and other consumer paint products extensively during the year.

Glidden has made its first entry into the building products field with the purchase of the assets of the McPhran Corporation of Marietta, Georgia, a manufacturer of fiber glass reinforced panels. This operation is known as the Architectural Products Division. We are now marketing these panels through our distribution outlets in that part of the country. Though this step is a modest one, it is in line with the company's long range growth and diversification objectives. We are now studying additional opportunities for distributing building products and home decorating materials through our marketing channels.

There is every reason to believe that the investments and programs of the past two years, along with the rising economy, will enable the Coatings and Resins Group to produce increased net profit in 1962—even though such projects as the Carrollton plant and additional branch expansion will exert temporary downward effect.

Foods *group*

HARVEY L. SLAUGHTER, Vice President

DIVISIONAL VICE PRESIDENTS
George F. Atkinson, Edible Oil Products
Paul D. Hursh, Grocery Products

PLANTS
Berkeley, California
Bethlehem, Pennsylvania
Chicago, Illinois (2)
Louisville, Kentucky

During fiscal 1961, the Durkee Famous Foods Group made substantial gains, both in sales and profits. Total sales were $88,024,008, compared with $79,433,510 for 1960, an increase of nearly 11 per cent.

These gains were accomplished by more intensive sales effort and the benefits of an expanding line of products, backed by increased advertising and sales promotion. We intensified sales efforts to institutions, hospitals, restaurants and other mass food preparation establishments, and will continue to do so in the future.

Also contributing to the higher sales and profits were large capital expenditures to expand and modernize food processing plants, and reduce operating costs. Capacities were increased at all three edible oil refineries—Chicago, Louisville and Berkeley. A new boiler installation at Chicago has reduced fuel costs of refining oils. A new building was completed at Berkeley, to house both bulk and consumer spice processing operations. This facility has reduced both handling and processing costs of these products.

During 1961, construction was begun on a new filling, packing and warehousing facility adjacent to the Louisville refinery, which will be in use

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BETTER INGREDIENTS MAKE BETTER PASTRIES . . .

in the second quarter of the current fiscal year. This will improve efficiency of filling and handling operations, and free space in the present plant for installation of additional production equipment. Construction of a major edible oil refining addition to the Chicago plant is moving on schedule, and it should be in production also in the second quarter. This addition will house the latest equipment for processing a variety of edible oils.

The Foods Group is placing additional emphasis on research, to develop new and improved food products. We expanded laboratory facilities at all locations, including a major addition to the research center at Chicago. A newer, more modern home economics facility was completed at the grocery products operation at Bethlehem, Pennsylvania. In addition to expanding research laboratories, we added a number of personnel to research and development staffs in all locations. We are working on specialty edible oil products for the bakery trade, and convenience food items for institutional and household use.

Last summer, Glidden and Pacific Vegetable Oil Corporation entered into an agreement to develop and market a safflower margarine oil. This oil has been recognized as the most highly poly-unsaturated edible vegetable oil available. It has been receiving attention from the edible oil industry because of recent medical research which indicates that substitution of poly-unsaturated oil for saturated fats in the diet is beneficial as a means of controlling serum cholesterol. Research and development on safflower oil is high on the priority list of the Foods Group.

Effective September 1, 1961, we made major organizational realignments in the Foods Group, to improve efficiency and management control of the entire operation. The group was organized into two major divisions. George F. Atkinson was appointed vice president of the new Edible Oil Products Division, and will be in charge of refinery operations, including marketing of institutional and retail bakery products. Paul D Hursh was appointed vice president of the Grocery Products Division and will be in charge of all grocery products sales.

The food industry is extremely competitive. But with continued efforts to strengthen the organization, expand research activities and increase operating efficiency, we feel the prospects are good for continued sales and profit improvement during the current year.

Quality Products

Bulk Shortenings
Baker's Margarine
Hard Butters
Specialty Edible Oil Products
Food Emulsifiers
Margarine Oils
Refined Vegetable Oils
Packaged and Bulk Coconut
Consumer and Bulk Spices
Dehydrated Onion Products
Flavor Extracts
Food Colors
Cake Decoration
Durkee's Famous Sauce
Salad Oils
Package Shortening

. . . AND LIGHTER, TASTIER CAKES, TOO.

Chemicals *group*

GEORGE M. HALSEY, Vice President

VICE PRESIDENTS
George S. Warner
Richard H. Turk

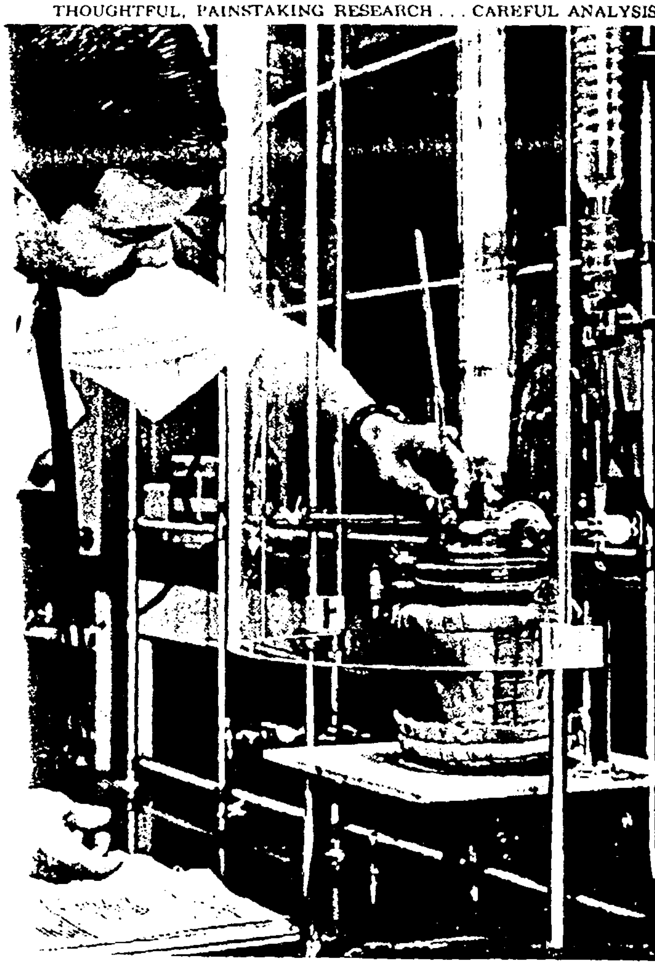
PLANTS
Baltimore, Maryland (3)
Hammond, Indiana
Jacksonville, Florida
Johnsonburg, Pennsylvania
Johnstown, Pennsylvania
Port St. Joe, Florida

Sales of the Chemicals Group were $27,311,192, compared with sales of $28,143,320 in fiscal 1960. Existing operations showed an increase over the previous year, as sales in 1960 included $1,750,000 from the gum naval stores operation, which was disposed of during the third quarter of that year.

All operations except fine terpene chemicals showed a profit improvement. Continued large development costs at the new ilmenite mine and the synthetic menthol plant resulted in lower earnings for the Chemicals Group than those of the previous year. Profits were also affected by increased research and development work, as we are continuing to expand our research efforts in every phase of operation.

Sales of titanium dioxide and other pigments improved, and resulted in an increase over 1960. We reorganized the research and sales organizations to place greater emphasis on these efforts and make more efficient use of personnel. Several improved pigments introduced during the year are already gaining excellent customer acceptance.

THOUGHTFUL, PAINSTAKING RESEARCH . . . CAREFUL ANALYSIS



Quality Products

Titanium Dioxide Pigments
Cadmium Red and Yellow Pigments
Lithopone
Metal Powders
  Copper, Lead, Tin, Iron,
  Nickel, Manganese, Silicon,
  Alloys
Copper Oxides
Copper Pigment
Brazing Compound
Perfumery and Aromatic Chemicals
Laevo Menthol
Terpene Chemicals
Distilled Tall Oil
Tall Oil Resin
Tall Oil Fatty Acids
Pine Oils
Solvents
Porcelain Enamel Frits
Ceramic Frits
Inorganic Colors

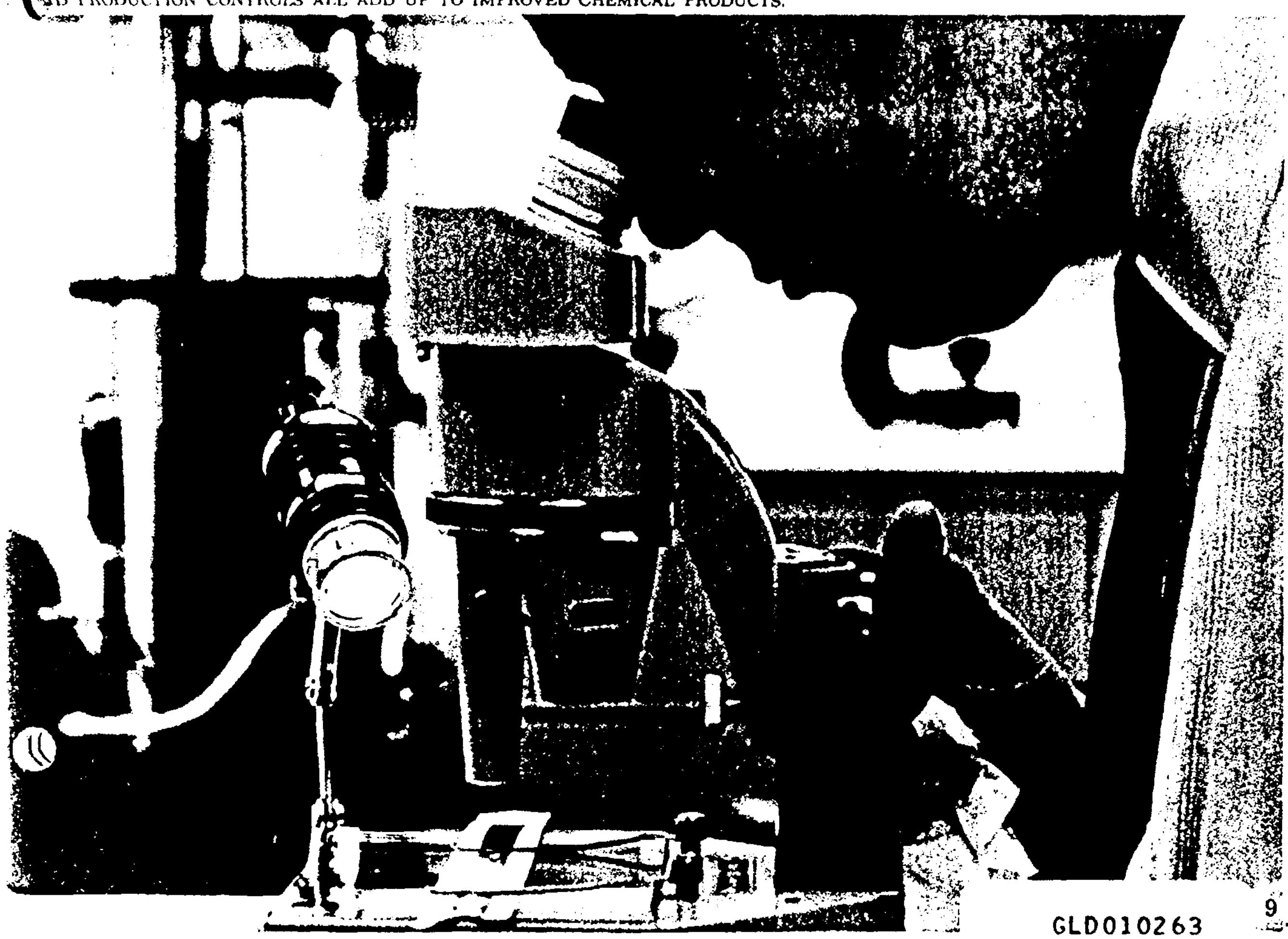
Construction has begun on production facilities for the new ilmenite ore mine at Lakehurst, New Jersey, and we expect the mine to be in operation by the summer of 1962. This mine will supply ore required for production of titanium dioxide.

On February 1, 1961, Glidden acquired the assets of the Metals Division of Crane Company, consisting of a plant at Johnstown, Pennsylvania, which produces metal powders of various kinds, chiefly iron, nickel, silicon, manganese and ferro-alloys. The Johnstown plant has returned an excellent profit to the company—in fact, considerably better than originally forecast. Because of this, we plan to add productive capacity for new products and increased volume. Glidden also acquired Magnetic Powders, Inc., Johnsonburg, Pennsylvania, a producer of powders for use in cores for radio, television, sonar, radar and other types of electronic equipment. The Hammond, Indiana plant, where non-ferrous metal powders and chemicals are made, had a good year and showed both a sales and profit improvement over fiscal 1960.

Total sales of organic chemical products were slightly below 1960, because of a decline in sales of basic terpene chemicals. Sales of tall oil refinery products were about the same as the previous year, due to a raw material shortage in the first half of the year. Profit in the tall oil operations increased substantially, however, because of improved productive efficiency. We have encountered technical problems in connection with certain phases of terpene synthesis at the Jacksonville, Florida, plant. Some of these were overcome in the closing months of the year, when we accomplished commercial scale production of synthetic menthol. This operation still requires large development and research expenditures.

During the year, we made progress in strengthening and developing the research, operating and sales organization of the Chemicals Group, and we should have a considerable improvement in operating results during the year. The addition of Pemco will complement and further strengthen our research and sales activities, and make a substantial contribution to the long range objectives of the Group.

D PRODUCTION CONTROLS ALL ADD UP TO IMPROVED CHEMICAL PRODUCTS.



GLIDDEN "QUALITY PRODUCTS"
ARE PRODUCED THROUGHOUT
THE FREE WORLD.

International *group*

ALEXANDER D. DUNCAN, Vice President

The International Group was formed in fiscal 1961, to be responsible for all company activities outside the United States and Canada. This includes export sales of our products, licensing agreements, capital investments, and all of the operations of our wholly-owned subsidiary, Glidden International, C.A.

As economies grow throughout the free world, they offer excellent outlets for Glidden products, and International is developing long range plans for expansion in these areas. However, we are examining each opportunity carefully, as we want to move only into countries which offer political stability, and which we can enter on terms favorable to The Glidden Company.

During the year, we made our first direct entry into the European Common Market with the purchase of a one-third interest in Hermann Wulfing Wings-Lackfabrik, one of the leading paint companies in West Germany. We also own a 25 per cent interest in A/S Fjord-Plast, a Norwegian firm which manufactures polyester boats and other plastic products.

We now have financial investments in West Germany, Norway, Mexico, Panama, Ecuador, Guatemala, Japan and Puerto Rico. In addition, companies are licensed to produce Glidden paint and chemical products in Australia, British West Indies, Chile, Columbia, Guatemala, Peru, Denmark, Norway, Sweden, Ecuador, Finland, France, Germany, Iceland, Japan, The Netherlands, Spain and the United Kingdom.

Quality Products

DWIGHT P. JOYCE
Chairman of the Board and President

Corporate Officers

B. W. MAXEY
Vice President Finance

ALEXANDER D. DUNCAN
Vice President

HARVEY L. SLAUGHTER
Vice President

JOHN H. WEEKS
Vice President Personnel

G. M. HALSEY
Vice President

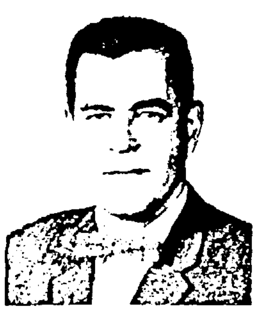
G. S. WARNER
Vice President

PAUL W. NEIDHARDT
Vice President

RICHARD H. TURK
Vice President

J. W. POLLARD, JR.
Vice President Engineering

R. D. HORNER
Secretary and General Counsel



W. G. PHILLIPS
Treasurer

D. E. ERSKINE
Controller

R. K. DUTTON
Assistant Secretary

GLD010265

financial review . . . . the Glidden *company*

sales

Net sales for the fiscal year ended August 31, 1961, were $206,702,216 compared with sales of $197,490,831 for the previous year. The source of 1961 sales by Groups was:

	Amount (000)	Per Cent of Total
Coatings and Resins	$91,367	44.2%
Foods	$88,024	42.6%
Chemicals	$27,311	13.2%

gross profit

Gross profit in 1961 was $56,529,709, and gross profit margin to sales was 27.3 per cent. The comparable figures for the 1960 fiscal year were $54,681,558 and 27.7 per cent.

income from operations

The gain in gross profit was offset by increases in selling and administrative expenses. As a result, income from operations declined from $14,066,045 in 1960 to $12,679,387.

The addition of personnel, required by expansion of marketing and distribution programs, resulted in an increase in selling and administrative salaries of $1,100,000. Research and development expenses increased $550,000 and technical service expenses increased $300,000.

net income

Net income after all taxes and charges was $6,416,983, equal to $2.78 per share, compared with $6,690,356 or $2.90 a share in 1960. On a comparative quarterly basis, net income was:

	1961		1960	
Quarter Ended	Amount (000)	Per Share	Amount (000)	Per Share
Nov. 30	$1,077	$ .47	$1,415	$.61
Feb. 28	686	.29	1,011	.44
May 31	1,623	.71	2,002	.87
Aug. 31	3,031	1.31	2,262	.98

The fourth quarter of 1961 includes non-recurring net income of $716,000, equal to 31 cents a share from sale of the company's soybean processing and grain storage facilities.

depreciation

Depreciation and amortization charges against income increased to $7,440,940 in 1961 from $6,959,971 in 1960. These charges included $5,466,680 taken against properties operated by the company and $1,974,260 taken against the soybean processing and grain storage facilities which were sold on August 31, 1961.

dividends

Dividends totalled $4,621,743, based upon the regular $2.00 annual rate. In fiscal 1961, 72 per cent of net income was distributed to shareholders as dividends.

During the 1961 calendar year, the following quarterly dividend payments were made:

Record Date	Date Paid	Amount Per Share
December 8	January 3	$.50
March 10	April 3	.50
June 8	July 3	.50
September 8	October 2	.50

The indenture, under which the company's 4¾ per cent Sinking Fund Debentures are issued, restricts the payment of dividends after August 31, 1958, to consolidated net income earned subsequent to that date plus $10,000,000. At August 31, retained earnings of $16,888,632 were free of such restriction.

working capital

Working capital of $68,061,010 at the year-end represented a new all-time high. The ratio of current assets to current liabilities was 5.4 to 1.

inventories

Inventories at August 31, totalled $41,602,106, compared with $40,665,766 at the end of the

GLD010266

1960 fiscal year. Inventories are valued at the lower of cost or market, using the average cost method on the major portion, and the last-in, first-out method on certain edible oils and other commodities. At August 31, 1961, inventories carried on a LIFO basis amounted to $1,366,956, which was approximately $601,000 less than replacement market. All obsolete stocks have been eliminated or written down to disposable value.

property, plant and equipment

Capital expenditures for new property, plant and equipment were $7,823,199 in 1961, compared with $8,764,000 in 1960. The percentage of the 1961 total invested in each Group was:

Coatings and Resins	35.7%
Foods	30.3%
Chemicals	34.0%

On August 31, 1961, Central Soya Company exercised an option it held to purchase Glidden's soybean processing and grain storage facilities. Sale price was $8,550,000, and payment has been received.

stock options

At the beginning of the 1961 fiscal year, options were outstanding for 98,300 shares of common stock pursuant to restricted stock option plans for key personnel. During the year, options for 10,000 shares were granted; options for 655 shares were exercised, and options for 4,100 shares were cancelled. At August 31, 1961, options were held by key employees for 103,545 shares under the plans, and 71,300 shares were available for the granting of future options.

merger of Pemco Corporation

On November 3, Glidden shareholders approved the merger of Pemco Corporation into Glidden. The merger agreement provides for the exchange of 199,840 shares of a new $2.125 Cumulative Preferred Stock of Glidden for the 99,920 outstanding shares of Pemco common stock. The new preferred stock will be convertible into Glidden common at a conversion ratio of 1.125 shares of common stock for each share of preferred stock.

wages and salaries

Total wages, salaries and employee benefits amounted to $41,798,041 in 1961 and were 20.2 per cent of sales. The comparable figures for fiscal 1960 were $39,484,429 and 20.0 per cent. The retirement plans for salaried and hourly employees are non-contributory, the company paying the entire cost. At August 31, 1961, the unfunded liability for past service costs under the plans was estimated to be $3,600,000, and the annual current service cost (which does not include funding of the past service cost) was estimated to be $1,044,000.

taxes

Taxes on income were $6,321,000, equal to $2.73 per share. Taxes other than on income amounted to $2,366,469.

litigation

In 1958, two legal proceedings were brought against the company by approximately 125 former employees, who alleged that they had been denied seniority rights under their union contract when the company closed down its coconut and condiment plant at Elmhurst, Long Island, and established new operations at Bethlehem, Pennsylvania. One of these cases proceeded to trial, and the court held that the employees' seniority rights had expired. The appellate court reversed this decision, ruling that employees have the right to employment with seniority at a new location even though the contract which created seniority rights has expired and their employment has been terminated.

The appellate court's decision has received considerable national publicity because of its potential effects upon future labor-management relations, and an appeal is now pending before the Supreme Court of the United States. Even if the ultimate decision is adverse to the company, it is the opinion of counsel that the company's potential financial liability under these cases will not be material.

consolidated balance sheets • the Glidden *company and*

assets

	1961	1960
CURRENT ASSETS		
Cash	$ 8,076,305	$ 7,395,990
Short-term securities – at cost	1,991,447	6,484,490
Amount receivable from sale of Chemurgy properties	8,500,000	– 0 –
Trade accounts receivable, less allowances of $419,879 (1960 – $433,521)	21,836,602	18,859,483
Inventories – generally at the lower of accumulated-average cost or replacement market:		
Raw materials and work in process . . .	$ 18,982,647	$ 18,433,436
Finished products	22,619,459	22,232,330
	$ 41,602,106	$ 40,665,766
Other current accounts and investments . .	932,380	904,054
Prepaid insurance and other expenses . . .	496,056	599,013
TOTAL CURRENT ASSETS	$ 83,434,896	$ 74,908,796
PROPERTY, PLANT, AND EQUIPMENT		
Land and mineral deposits – at cost	$ 5,109,153	$ 4,933,451
Buildings – at cost	26,177,778	24,559,667
Machinery and other equipment – at cost . .	57,328,330	52,026,932
	$ 88,615,261	$ 81,520,050
Less accumulated depreciation, depletion, and amortization	33,924,289	29,030,133
	$ 54,690,972	$ 52,489,917
Chemurgy properties leased to Central Soya Company – net	– 0 –	9,616,328
TOTAL PROPERTY, PLANT, AND EQUIPMENT – NET	$ 54,690,972	$ 62,106,245
DEFERRED CHARGES AND OTHER ASSETS	1,913,610	1,018,563
	$140,039,478	$138,033,604

GLD010268

Quality Products

Canadian subsidiary • august 31, 1961 and august 31, 1960

liabilities and shareholders' equity

	1961	1960
CURRENT LIABILITIES		
Accounts payable	$ 7,647,668	$ 7,485,283
Accrued taxes, interest, and other expenses . .	1,708,550	1,535,204
Dividend payable	1,155,633	1,155,295
Income taxes payable – estimated	4,862,035	5,011,080
TOTAL CURRENT LIABILITIES	$ 15,373,886	$ 15,186,862
4¾% SINKING FUND DEBENTURES		
– payable $1,500,000 annually 1964-1983 . .	$ 30,000,000	$ 30,000,000
SHAREHOLDERS' EQUITY		
Common Stock, par value $10 per share:		
Authorized – 3,000,000 shares		
Reserved for options – 174,845 shares (1960 – 179,400)		
Outstanding – 2,311,245 shares (1960 – 2,310,590)	$ 23,112,450	$ 23,105,900
Additional capital paid in	10,204,144	10,187,084
Earnings retained for use in the business, including retained earnings of Canadian subsidiary $5,728,730 (1960 – $5,468,246)	61,348,998	59,553,758
TOTAL SHAREHOLDERS' EQUITY	$ 94,665,592	$ 92,846,742
	$140,039,478	$138,033,604

See "Financial Review" in this report for information regarding sale of Chemurgy properties, dividend restrictions, stock options, retirement plans, and merger of Pemco Corporation.

GL D010269

consolidated income and earnings retained for use in the business

the Glidden *company and Canadian subsidiary*

Years ended August 31, 1961, and August 31, 1960

income	1961	1960
Net sales	$206,702,216	$197,490,831
Operating costs:		
Cost of products sold	$150,172,507	$142,809,273
Selling and administrative expenses	43,850,322	40,615,513
	$194,022,829	$183,424,786
INCOME FROM OPERATIONS	$ 12,679,387	$ 14,066,045
Other income and (deductions):		
Interest on long-term debt	$ (1,425,000)	$ (1,425,000)
Other interest expense	(47,687)	– 0 –
Rental income – Chemurgy properties	2,175,000	2,175,000
Depreciation – Chemurgy properties	(1,974,260)	(2,013,837)
Gain on sale of Chemurgy properties	907,932	– 0 –
Other items – net	422,611	836,148
	$ 58,596	$ (427,689)
INCOME BEFORE INCOME TAXES	$ 12,737,983	$ 13,638,356
Provision for income taxes:		
Federal	$ 5,920,000	$ 6,390,000
Dominion and state	401,000	558,000
	$ 6,321,000	$ 6,948,000
NET INCOME	$ 6,416,983	$ 6,690,356

Provision for depreciation and amortization, including Chemurgy properties, was $7,440,940 (1960 – $6,959,971)

earnings retained for use in the business		
Balance at beginning of year	$ 59,553,758	$ 57,484,102
Net income	6,416,983	6,690,356
	$ 65,970,741	$ 64,174,458
Cash dividends declared – $2.00 per share	4,621,743	4,620,700
Balance at end of year	$ 61,348,998	$ 59,553,758

GLD010270

summary of source and application of funds

the Glidden *company and Canadian subsidiary*

Years ended August 31, 1961, and August 31, 1960

source of funds

	1961	1960
From operations:		
Net income	$ 6,416,983	$ 6,690,356
Provision for depreciation and amortization, which did not involve current expenditures	7,440,940	6,959,971
TOTAL FROM OPERATIONS	$13,857,923	$13,650,327
Sale of Chemurgy properties	$ 8,550,000	$ – 0 –
Less gain on sale (recognized in determination of net income shown above)	907,932	– 0 –
	$ 7,642,068	$ – 0 –
Sale of Common Stock under option plan (1961 – 655 shares; 1960 – 2,740 shares)	23,610	98,479
	$21,523,601	$13,748,806

application of funds

	1961	1960
Dividends declared	$ 4,621,743	$ 4,620,700
Expenditures for property, plant, and equipment	7,823,199	8,764,000
Loan to unconsolidated subsidiary	400,000	– 0 –
Other applications (sources) – net	339,583	(1,109,487)
Increase in working capital	8,339,076	1,473,593
	$21,523,601	$13,748,806

accountants' report

Shareholders and Board of Directors
The Glidden Company
Cleveland, Ohio

We have examined the consolidated financial statements of The Glidden Company and its Canadian subsidiary for the year ended August 31, 1961. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We made a similar examination of the financial statements for the preceding year.

In our opinion, the accompanying balance sheet, statements of income and earnings retained for use in the business, and summary of source and application of funds present fairly the consolidated financial position of The Glidden Company and Canadian subsidiary at August 31, 1961, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Cleveland, Ohio
October 11, 1961

Ernst & Ernst

GLD010271

a ten year comparison

(All dollar amounts are expressed in thousands, except figures given on a per share basis)

	1961	1960	12 Months 1959
INCOME			
Net sales	$ 206,702	$ 197,491	$ 195,764
Cost of products sold	150,173	142,809	142,535
Selling and administrative expenses	43,850	40,616	36,803
Income from operations	12,679	14,066	16,426
Income before taxes	12,738	13,638	15,926
Taxes on income	6,321	6,948	8,292
Net income	6,417	6,690	7,634
Dividends on common shares	4,622	4,621	4,610
Earnings reinvested	1,795	2,069	3,024
Depreciation, depletion and amortization	7,441	6,960	6,579
FINANCIAL POSITION			
Working capital	$ 68,061	$ 59,722	$ 58,248
Property, plant and equipment – net	54,691	62,106	60,907
Total assets	140,039	138,034	1[illegible]5,552
Long-term debt	30,000	30,000	30,000
Shareholders' equity	94,666	92,847	90,679
PER COMMON SHARE			
Net sales	$ 89.43	$ 85.47	$ 84.82
Net income	2.78	2.90	3.31
Depreciation, depletion and amortization	3.22	3.01	2.85
Dividends	2.00	2.00	2.00
Shareholders' equity	40.96	40.18	39.29
Price of Glidden common shares* – High	45.75	45.63	50.25
– Low	35.75	34.75	41.88
OTHER STATISTICS			
Expenditures for property, plant and equipment	$ 7,823	$ 8,764	$ 7,607
% net income to shareholders' equity	6.8%	7.2%	8.4%
% dividends to net income	72.0%	69.1%	60.4%
Ratio of current assets to current liabilities	5.43	4.93	4.45
Common shares outstanding	2,311,245	2,310,590	2,307,850
Number of shareholders	20,873	20,969	20,993
Number of employees	6,372	6,151	6,023
PRO FORMA *(excluding operations of Chemurgy Division for the fiscal years 1952–1958)*			
Net sales	$ 206,702	$ 197,491	$ 195,764
Income from operations	12,679	14,066	16,426
Income before taxes	12,738	13,638	15,926
Net income	6,417	6,690	7,634

*Calendar years, except 1961 which is to October 13, 1961

GLD010272

Quality Products

August 31 1958	1957	1956	10 Months August 31 1955	12 Months – October 31 1954	1953	1952
$ 217,353	$ 225,537	$ 226,290	$ 180,525	$ 209,084	$ 211,758	$ 205,113
168,979	176,874	177,538	142,047	167,845	170,492	164,890
34,149	32,995	31,974	24,047	27,701	26,739	26,238
14,225	15,668	16,778	14,431	13,538	14,527	13,985
12,350	15,387	16,451	14,325	14,235	14,834	14,204
6,287	8,123	8,304	7,212	7,142	7,725	7,255
6,063	7,264	8,147	7,113	7,093	7,109	6,949
4,596	4,594	4,592	4,589	4,582	4,578	5,134
1,467	2,670	3,555	2,524	2,511	2,531	1,815
5,838	5,046	2,870	2,235	2,333	2,185	1,965
$ 52,572	$ 53,100	$ 35,696	$ 47,156	$ 51,226	$ 46,005	$ 46,475
59,992	59,517	53,414	39,993	34,493	33,234	31,394
133,240	140,370	118,738	106,762	102,670	102,750	101,958
26,000	27,500	7,500	9,000	10,500	7,000	8,500
87,304	85,837	83,091	79,513	76,923	74,324	71,644
$ 94.58	$ 98.14	$ 98.56	$ 78.65	$ 91.16	$ 92.44	$ 89.78
2.64	3.16	3.55	3.10	3.09	3.10	3.04
2.54	2.20	1.25	.97	1.02	.95	.86
2.00	2.00	2.00	2.00	2.00	2.00	2.25
37.99	37.35	36.19	34.64	33.54	32.44	31.36
47.00	37.50	41.12	44.50	42.50	38.12	42.62
28.00	29.50	34.50	36.12	28.75	27.88	32.88
$ 9,214	$ 12,465	$ 16,637	$ 8,155	$ 4,021	$ 4,150	$ 3,043
6.9%	8.5%	9.8%	8.9%	9.2%	9.6%	9.7%
75.8%	63.2%	56.4%	64.5%	64.6%	64.4%	73.9%
3.64	2.96	2.27	3.58	4.36	3.15	3.13
2,298,170	2,298,170	2,295,990	2,295,350	2,293,455	2,290,794	2,284,739
22,405	21,686	20,758	20,019	19,174	18,726	18,310
6,353	6,455	6,387	6,397	6,198	6,120	6,127
$ 185,380	$ 190,424	$ 190,483	$ 151,752	$ 169,823	$ 170,717	$ 164,283
11,923	13,590	13,956	12,706	11,362	12,414	11,779
10,294	13,590	14,252	13,102	12,271	12,907	12,249
5,076	6,402	7,091	6,526	6,150	6,184	6,010

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Board of Directors

DWIGHT P. JOYCE
ALEXANDER D. DUNCAN
B. W. MAXEY
JOHN H. WEEKS
R. D. HORNER
W. G. PHILLIPS
HARVEY L. SLAUGHTER
G. M. HALSEY
G. S. WARNER
W. P. SMITH
PAUL W. NEIDHARDT
RICHARD H. TURK

Corporate Data

Executive Offices
900 Union Commerce Building
Cleveland, Ohio

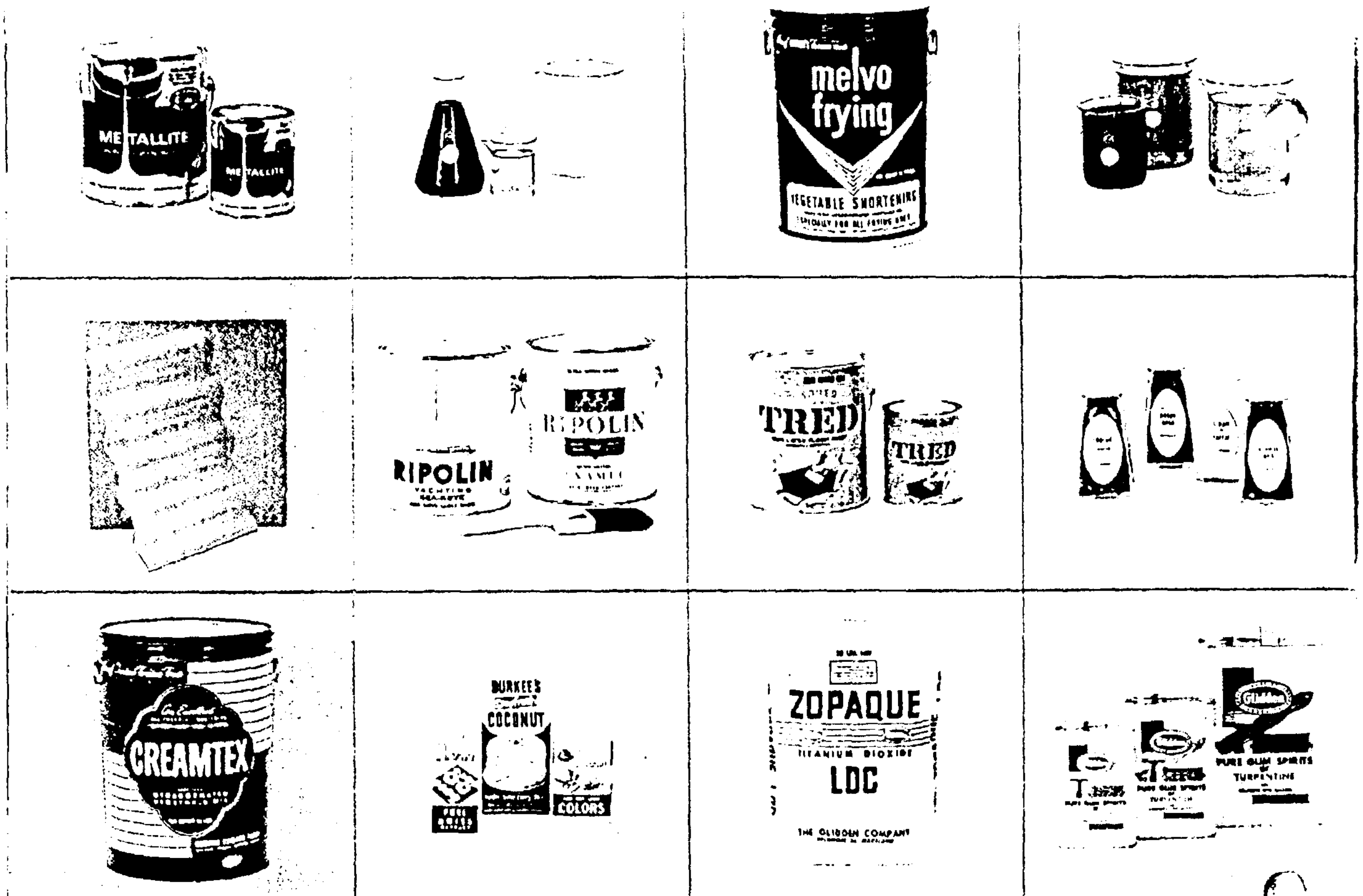
Trustee – Sinking Fund Debentures
First National City Bank of New York
New York, New York

Transfer Agents – Common Stock
Chemical Bank New York Trust Company
New York, New York
The Cleveland Trust Company
Cleveland, Ohio

Registrars – Common Stock
The Chase Manhattan Bank
New York, New York
Central National Bank of Cleveland
Cleveland, Ohio

The debentures and common stock of the Company are listed on the New York Stock Exchange and the common stock has trading privileges on other major stock exchanges.

The annual meeting of stockholders will be held on Thursday, December 14, 1961, at ten o'clock in the morning, in the Euclid Ballroom of the Hotel Statler-Hilton, Cleveland, Ohio.



the Glidden *company*
annual report 1961
Glidden