Hammond, Indiana   November 25, 1931   Mr. W. J. O'Brien

FINAL CLOSING INVENTORY LOSSES

NOV 27 1931

Dear Mr. O'Brien:

We sent through last night to Mr. Cole detailed figures on our inventory write-off due to the metal markets on October 31st.

I am giving you below an analysis of these losses, from which it is interesting to note that the write-off amounts to 6% of the value of the inventory, and illustrates again the tremendous effect upon our operations of market movements:

	TONS	VALUE	WRITE-OFF
Raw Materials	1708	$101,151.27	$5,290.27
In Process	464	39,827.40	2,612.28
Warehouse Stock	192	19,887.15	3,524.81
Consignment Stock	190	17,391.75	1,319.19
Finished Stock	1341	113,727.49	5,534.05
	3895	$291,985.06	$18,280.60
Ink Remover		49.41	22.81
In Transit		36,817.24	
Storeroom		4,654.94	
		$335,054.10	$18,303.41

Our inventory was taken at the October 31st market, which, in the case of lead, was 4¢ New York. Lead is now 3.85¢ New York, and weak, so if we were to take an inventory today on the same stocks, we would have an additional write-off of about $10,000.00.

It would appear, therefore, that our real and actual loss for the fiscal year 1931 was approximately $83,000.00. Of this, we must bear in mind that our inventory write-off of $18,000.00 is not an actual loss, but a paper loss until sales are made on the current markets. In other words, there is a possibility of wiping out this $18,000.00 in the event markets get back to the equivalent of 4¢ New York for Lead before the inventory is transferred to Accounts Receivable.

The substantial purchases of Pig Lead that we have made recently are not involved in this inventory, because practically all of that which was shipped was dated after November 1st, and does not appear either on hand or in transit.

It is almost impossible to make predictions as to the outlook for 1932 except to say that regardless of the deliveries and of the markets, the secondary metal business is always restricted and in distress during those periods in the business cycle when primary metals are low! In other words, during these periods, the price of secondary metals, residues and wastes are higher in proportion to the primary or virgin metals than they are during periods of high priced virgin metals.

This operates to continuously narrow the operating margin, to restrict profits and the potentialities of profits.

It has been the experience of the secondary lead business that profits are impossible at such times, and it becomes imperative, in operating a secondary metal business, to create and lay aside during the prosperous times a sufficient reserve to see the business through the rainy days.

Our problem is augmented by the fact that our business was acquired during the prosperous times at the prosperous prices.

I feel that we will not come into a period of rising metal prices until the basic world-wide adjustments that are going to be necessary are in fact made and accomplished, and the stability resulting therefrom actually realized. It appears to me that these re-adjustments are so involved and so extensive in character and scope that we have little right to look for them in a hurry.

Very truly yours,

PES:BB

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THE GLIDDEN COMPANY
GENERAL ACCOUNTING DEPARTMENT
CLEVELAND, OHIO

GENERAL ACCOUNTING NO. 104214

DATE SHIPPED- 10-31-31

LOCAL OFFICE NO. 30

№ 26633

CHARGE DIVISION	G. A. Dept. Reserve for Commission & Bonuses	CREDIT DIVISION	G. A. Dept. Local Administration Administrative Exp.	3,300.00 16,700.00
SHIPPED TO		OUR ORDER NO.		
		YOUR ORDER NO.		
SHIPPED VIA		CUSTOMER'S ORDER NO.	DATE ENTERED	

DESCRIPTION	EXTENSION	TOTAL
Reserve for Commission & Bonuses		
Durkee - Elston Ave.	10,000.00	
" - Portland	1,800.00	
Adams & Elting Co.	1,500.00	
Cleveland Merchants	1,000.00	
" Admin.	5,700.00	
	20,000.00	

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To reduce excess amount in Reserve.

CLC:EC

DO NOT WRITE HERE—BINDING MARGIN

ORIGINAL

GLD014562

Goodwill, Patents, Trade Marks, Reorganization and Development Expense, and Unamortized Portion of Bond Discount and Expense, Etc.

October 31, 1931

ReorganizationExpense			
Durkee Famous Foods,Inc.,Elston Ave., Chicago		112,594.34	
Glidden Co., Cleveland		252,615.75	
Durkee Famous Foods,Inc., #19-Portland		255.00	
Durkee Famous Foods,Inc., Iron St., Chicago		20.00	
Durkee Famous Foods,Inc.,Berkeley		46.75	
Coast Food Distributors Ltd.,Berkeley		84.25	
Metals Refining Co.		255.00	
Euston Lead Co.		963.92	366,835.01
Goodwill			
A. WilhelmCo.		256,900.00	
Adams & Elting Co.		51,000.00	
Forest City Pt. & Varnish		1.00	
Glidden Co.,Minneapolis		5,000.00	
Chemical & Pigment Co.,Collinsville		7,508.14	
Euston Lead Co.		93,258.51	
Glidden Co.,Atlanta		5,000.00	
Glidden Co.,Beaumont		5,000.00	
Glidden Co.,Dallas		5,000.00	
Glidden Co.,Evansville		48,882.82	
Durkee Famous Foods,Inc.,Elmhurst(Dunham)	239,071.51		
Durkee Famous Foods,Inc.,Elmhurst	81,383.39	320,454.90	
Metals Refining Co.		500,000.00	
Wisconsin Food Products Ohio Co.,Norwalk		378,441.15	
WisconsinFood Products Co.,Jefferson		378,441.15	
Durkee FamousFoods,Inc.,Iron St.,Chicago		346,033.52	
Durkee Famous Foods,Inc., #20 - Portland		45,000.00	
Durkee FamousFoods,Inc., #19 - Portland		11,830.00	
Durkee Famous Foods,Inc.,Berkely		26,342.81	2484,094.00
Patents & Trade Marks			
The GliddenCompany, Cleveland Right to Manufacture and Sell Brushing Lacq		10,000.00	
Euston Lead Co.		129,420.63	
WisconsinFood Products Co., Jefferson		1.00	
Wisconsin Food Products Ohio Co.,Norwalk		1.00	
Chemical & Pigment Co., St. Helena		143.07	
Glidden Co. of California		150.00	139,715.70
Ripolin Rights			
The Glidden Co., Cleveland			61,417.61
			3052,062.32
Bond Discount & Expense			
Chemical & Pigment Co., Collinsville	5,732.59		
Note Discount & Expense			
The GliddenCo., Cleveland	124,320.31		130,052.90

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THE GLIDDEN COMPANY
CHANGES IN FINANCIAL POSITION DURING THE FISCAL YEAR
ENDED OCTOBER 31, 1931

rrent Assets October 31, 1930	14,587,284.06	
rrent Liabilities "	1,729,253.75	
NET		12,858,030.31
rrent Assets October 31, 1931	12,637,043.81	
rrent Liabilites "	856,059.03	
NET		11,780,984.78
Decrease in Net Current Assets		1,077,045.53
t Profit During Period	201,380.34	
serve for Depreciation	606,776.21	
pletion - Ore Lands and Leases	22,864.22	
ferred Charges	118,265.10	949,285.87
TOTAL		2,026,331.40
vidends Paid - Glidden Prior Preference	506,138.50	
vidends Paid - Metals Refining Preferred	29,130.00	
ant Additions	302,109.65	
idden - Prior Preference purchased	397,828.65	
" Common Stock "	312,965.95	
" 5½% Gold Bonds "	279,037.50	
emical & Pigment Co. 6% Bonds "	35,000.00	
berty Bonds- deposited State of Pennsylvania	15,000.00	
sh Surrender Value of Life Insurance	28,468.25	
vance to California Zinc Co.	43,924.91	
OVISION TO REDUCE ASSETS IN CANADA TO OCT. 31 EXCHANGE	53,989.57	
SCEL. NOTES AND ACCOUNTS	22,738.42	
TOTAL		2,026,331.40

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Accrued Commissions & Bonuses

October 31, 1931

	DR.	CR.
Cleveland Factory	100.00	
Cleveland Merchants		1,000.00
A. Wilhelm		1,000.00
Adams & Elting Co.		1,500.00
American Paint Works		500.00
Campbell Pt. & Var. Co.		500.00
Minneapolis		700.00
Forest City Pt. & Varn.		126.16
Chem. & Pigment Co., St. Helena		2,800.00
Glidden Co.,Limited	1,400.00	
Durkee Famous Foods - Elston Ave.		2,625.00
GliddenCo., California		200.00
Glidden Co.,Massachusetts		500.00
GliddenCo.,Long Island City		500.00
Chicago Industrial		503.29
Durkee Famous Foods,Portland		1,800.00
Euston Lead Co.	573.87	
Administrative - Glidden Co.,Cleveland		6,274.97
Administrative - Pace Makers		1,000.00
Administrative - Durkee Famous Foods		10,022.37
Chemical & Pigment Co., Oakland, Calif.		1,000.00
Chemical & Pigment Co., Collinsville		1,500.00
Glidden Stores Co.		1,802.24
	2,073.87	35,854.03
	CREDIT BALANCE	33,780.16

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COMPARATIVE REPORT OF FACTORY SURPLUS (DEFICIT)
TWELVE MONTHS ENDED OCTOBER 31, 1931

	GROSS Month	GROSS Year to Date	CAPITALIZED	NET
e Glidden Co., Cleveland	(15,979.26) (21,661.76)	(152,297.81) (161,662.00)	(152,297.81) (140,000.00)	-0- (21,662.00)
Wilhelm Co.	4,870.58 9,623.16	92,308.72 9?,451.48	92,000.00 50,000.00	308.72 47,451.48
ams & Elting Co.	(13,343.68) (12,522.35)	(83,498.20) (39,033.78)	(83,498.20) (30,000.00)	-0- (9,033.78)
erican Paint Works	(219.01) (223.14)	16,865.36 9,535.58	16,000.00	865.36 9,535.58
mbell Paint & Varnish Co.	1,822.39 (591.43)	8,064.08 (930.68)	8,000.00	64.08 (930.68)
e Glidden Co., Minneapolis	(1,922.65) (5,691.46)	17,324.59 11,153.99	17,000.00 10,000.00	324.59 1,153.99
bian Paint & Varnish Co.	(6,700.05) (2,584.42)	(37,612.78) (7,725.04)	(37,612.78)	-0- (7,725.04)
e Glidden Co., Ltd.	(1,391.97) 15.38	3,568.43 4,172.65	3,000.00	568.43 4,172.65
e Glidden Co. of California	(884.19) (3,531.38)	(1,811.14) (16,039.05)	(1,811.14) (16,039.05)	-0- -0-
TOTAL PAINT AND VARNISH DIVISIONS	(33,747.34) (37,147.40)	(137,088.75) (103,073.85)	(139,219.93) (126,039.05)	2,131.18 22,965.20

REPORT OF INVENTORY INCREMENTS CAPITALIZED
TWELVE MONTHS ENDED OCTOBER 31, 1931

		MONTH	YEAR TO DATE
he Glidden Co., Cleveland	2% 2%	3,300.00 -0-	46,700.00 52,500.00
A. Wilhelm Co.	2% 2%	2,400.00 2,800.00	29,500.00 34,800.00
Adams & Elting Co.	1% 1%	400.00 400.00	8,100.00 14,200.00
Nubian Paint & Varnish Co.	2% 2%	700.00 500.00	9,200.00 18,900.00
		6,800.00 4,000.00	93,500.00 120,400.00

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