**Analysis of Operations**

| | 1941 % | 1940 % | 1939 % | 1938 % | 1937 % | 1936 % | 1935 % |
|---|---|---|---|---|---|---|---|
| Sales | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| Costs & operating expenses | 71.18 | 69.60 | 70.75 | 72.50 | 72.58 | 70.02 | 77.47 |
| Selling, general & admin. expenses | | 4.22 | 4.20 | 4.74 | 3.60 | 4.13 | 4.32 |
| Depreciation | 4.20 | 4.94 | 5.41 | 5.74 | 4.83 | 5.53 | 5.21 |
| Other operating expenses | | .09 | .08 | .76 | 1.13 | .40 | .75 |
| Operating profit | 24.62 | 21.14 | 19.56 | 16.26 | 17.85 | 19.92 | 12.24 |
| Other income | 0.61 | 0.69 | .97 | 1.22 | .84 | 1.21 | 1.64 |
| Total income | 25.23 | 21.83 | 20.53 | 17.49 | 18.69 | 21.13 | 13.88 |
| Debt interest, amort. & expense | 0.67 | 0.95 | 1.08 | 1.23 | .48 | ------ | ------ |
| Other deductions | | 0.40 | .43 | .74 | .31 | .69 | 1.23 |
| Post-war adjustment reserve | 0.48 | | | | | | |
| Net income before income taxes, etc. | .... | 20.48 | 19.02 | 15.47 | 17.89 | 20.44 | 12.65 |
| Income taxes & surtax | 10.51 | 4.72 | 2.76 | 1.64 | 2.57 | 2.89 | 1.26 |
| Net income before depletion | 13.57 | 15.76 | 16.26 | 13.83 | 15.32 | 17.55 | 11.39 |

[1]Depreciation includes depletion figure from surplus account.
[2]Receivables include metals sold under firm contract.

## FUNDED DEBT

**1. Phelps Dodge Corp. convertible debenture 3½s, 1952:**

**Rating—Baa**

AUTHORIZED—$20,285,000; issued, $20,285,000; outstanding, Dec. 31, 1941, $15,331,900; retired, $4,952,100; converted, $1,000.

DATED—June 15, 1937.

MATURITY—June 15, 1952.

INTEREST—June & December 15 at J. P. Morgan & Co., Inc., New York. Principal and interest payable in lawful money of the United States.

TRUSTEE—Central Hanover Bank & Trust Co., New York.

REGISTRAR—J. P. Morgan & Co., Inc., New York.

DENOMINATION—Coupon $100, $500 and $1,000, registerable as to principal; fully registered $1,000, $5,000, $10,000 and authorized multiples of $10,000. Coupon bonds and fully registered bonds in the several denominations are interchangeable.

CONVERTIBLE—On or before June 15, 1952 or date of prior redemption at the option of holder into capital stock at the rate of 1 share for each $50 principal amount of bonds. Conversion price subject to adjustment upon issuance of additional shares, subdivision or combination of shares, stock dividend, etc. Continuity of conversion, provided for in event of consolidation or merger. Fractional shares will not be issued but will be settled in cash. Interest payable to conversion date. Debentures converted will be surrendered to the Trustee for cancellation. J. P. Morgan & Co., Inc., New York, is the conversion agent.

CALLABLE—As a whole or in part at any time on 40 days' notice at 105 to June 15, 1942, incl., thereafter at 103 to June 15, 1946, incl., thereafter at 101 to June 15, 1949, incl., and thereafter at 100. Debentures redeemed shall be cancelled. Debentures may be purchased or called for the sinking fund (which see).

SINKING FUND—Company will pay to sinking fund agent on or before October 20th, 1938-41, incl., a sum of $400,000 and on or before October 20th, 1942-51, incl., a sum of $800,000, provided, however, that any payment due will be reduced by the percentage that the original principal amount of debentures has been reduced by conversion or call for redemption at the option of the company and provided further that the company may deliver bonds at their purchase price (but not in excess of prevailing redemption price) instead of cash. Also as additional sinking fund company will pay on or before each April 20th, 1939-51, incl., a sum equal to 20% of consolidated net income for the previous calendar year provided, however, that this shall not exceed $1,200,000 in any year and that such maximum shall also be reduced by the percentage that the original principal amount shall have been reduced by conversion or by redemption at the option of the company. Sinking fund agent is to apply cash to redemption of bonds on next succeeding June 15th or December 15th, if sinking fund monies amount to at least $25,000. Debentures acquired by the sinking fund are to be cancelled. J. P. Morgan & Co., Inc., New York, is the sinking fund agent.

SECURITY—A general obligation not secured by lien. If upon merger or sale of substantially all property, any property would become subject to a new mortgage, company will secure debentures by lien on such property prior to merger or sale.

CREATION OF ADDITIONAL DEBT—Indenture does not limit the amount of other securities which may be issued but if company places any lien upon assets, it agrees to secure the debentures equally, except that this does not apply to purchase money mortgages, liens and renewals thereof, or to loans in any amount for not more than one year and loans not in excess of $5,000,000 for more than one year secured by pledge of metals, or to deposits with any government agency in connection with general conduct of the business. Except for purchase money mortgages, company will not permit any subsidiary, as defined, to place any lien on its assets unless the obligations secured thereby are acquired and held by company or another subsidiary. Company will not guarantee any obligations, except for obligations of subsidiaries issued in the ordinary course of business for not more than one year and not in excess of $1,500,000.

RIGHTS UPON DEFAULT—Following an event of default (90 day period of grace provided on interest payments) holders of 25% of outstanding debentures can cause the Trustee to declare principal immediately due and payable and to proceed with enforcement of bondholders' rights.

INDENTURE MODIFICATION—May be made by the company and Trustee with the consent of holders of 75% of principal amount of debentures outstanding except as to extension of maturity, reduction in interest rate or modification of terms of payment of principal or interest.

PURPOSE—To provide funds for payment in part of cost of an expansion program including opening and equipping of mine at Morenci, Arizona, enlarging of plant and operating facilities at Ajo, Arizona, and other improvements.

TAX STATUS—No provision for assumption or refund of federal or state taxes.

LEGAL—For trust funds in New Jersey.

LISTED—New York Stock Exchange.

OFFERED—To stockholders of record June 7, 1937, at 100 on the basis of $4 principal amount for each share held, but subscription rights were exercisable only in amounts of $100 and multiples thereof. Rights expired June 28, 1937. Stockholders subscribed to $19,968,300 and the $316,700 balance of the issue was taken up by an underwriting syndicate headed by Morgan Stanley & Co., Inc., New York.

| PRICE RANGE— | 1941 | 1940 | 1939 |
|---|---|---|---|
| 3½s, 1952 .. | 108⅛-105 | 111⅞-106½ | 115¼-106⅝ |

## CAPITAL STOCK

**1. Phelps Dodge Corp. capital stock; par $25:**

AUTHORIZED—6,000,000 shares (increased from 500,000 shares to 2,000,000 shares in Feb., 1929 when stock was split; to 3,000,000 shares Sept. 22, 1930 and to present figure Sept. 21, 1931); issued, 5,427,761 shares; in treasury, 356,501 shares; outstanding, Dec. 31, 1941, 5,071,260 shares; par $25 (changed from $100 Feb. 25, 1929; 4 $25 shares issued for each $100 share).

**Dividend Record (in $)**

| | | | | | |
|---|---|---|---|---|---|
| (Phelps Dodge & Co., Inc. $100 par) | | | | | |
| 1909-11 | 12.00 | 1912... | 15.00 | 1913... | 16.50 |
| 1914... | 14.00 | 1915... | 20.00 | 1916... | 32.50 |
| 1917... | 6.00 | | | | |
| (Present company $100 par) | | | | | |
| 1917... | 26.00 | 1918... | 22.00 | 1919... | 15.50 |
| 1920... | 10.00 | 1921... | 5.50 | 1922-25 | 4.00 |
| 1926... | 3.00 | 1927... | 6.00 | 1928... | 7.00 |
| [1]1929... | 5.00 | | | | |
| (Present stock after 4 for 1 split) | | | | | |
| 1929... | 1.50 | 1930... | 3.00 | 1931... | 1.25 |
| 1932-33 | Nil | 1934... | 0.75 | 1935... | 0.50 |
| 1936... | 1.25 | 1937... | 1.60 | 1938... | 1.00 |
| 1939... | 1.50 | 1940-41 | 1.50 | [2]1942... | 0.80 |

[1]Paid prior to stock split.
[2]Mar. 10 and June 10, 40 cents.

Dividends payable quarterly March 8th, etc., to stock of record about February 23rd, etc.

PREEMPTIVE RIGHTS—Such as may exist under the common law of New York.

LISTED—New York Stock Exchange; unlisted trading on San Francisco and Amsterdam Stock Exchanges.

TRANSFER AGENT—Central Hanover Bank & Trust Co., New York.

REGISTRAR—City Bank Farmers Trust Co., New York.

| PRICE RANGE— | 1941 | 1940 | 1939 |
|---|---|---|---|
| Stock.......... | 35⅞-23⅜ | 40½-25⅛ | 47⅞-28⅛ |

**Subscription Rights:** See offering of convertible debenture 3½s, 1952, above.

# PITTSBURGH PLATE GLASS COMPANY

## CAPITAL STRUCTURE

CAPITAL STOCK

| Issue | Par Value | Amount Outstanding | Earned per Sh. 1941 | Earned per Sh. 1940 | Divs. per Sh. 1941 | Divs. per Sh. 1940 | Call Price | Price Range 1941 | Price Range 1932-41 |
|---|---|---|---|---|---|---|---|---|---|
| 1. Common | $25 | 2,198,438 shs. | $6.82 | $6.30 | $5.00 | $5.00 | --- | 96¼-15 | 147½-12½ |

## HISTORY

Incorporated in Pennsylvania Aug. 24, 1883 and reincorporated in Pennsylvania Nov. 3, 1920 upon merger with the Patton-Pitcairn Co. and Columbia Chemical Co., both incorporated in Pennsylvania in Nov., 1920. For details of stock issued in 1920 see Capital Stock—Issued. The Patton-Pitcairn Co. was a holding company owning all of the outstanding stocks of (1) Patton Paint Co. of Milwaukee, in which Pittsburgh Plate Glass purchased a 49% stock interest in 1900 and subsequently acquired a majority (2) Rennous, Kleinle & Co., brush manufacturers of Baltimore, in which Pittsburgh Plate Glass acquired a 48% stock interest in 1900 and subsequently acquired a majority (3) Pitcairn Varnish Co. and (4) Corona Chemical Co. In the latter two concerns, Pittsburgh Plate Glass acquired a majority stock interest as a result of stock dividends received. These subsidiaries owned the entire capital stocks of Red Wing Linseed Oil Co. and several smaller sub-companies. At the time of merger, Pittsburgh Plate Glass owned 54% of the capital stock of Patton-Pitcairn Co. Columbia Chemical Co. was first organized in 1898 by John Pitcairn, then Chairman of the Board of Directors of Pittsburgh Plate Glass Co. Its alkali plant at Barberton, O. began production in 1900.

Upon formation of the company in 1883 the first commercial plate glass factory in the United States was constructed at Creighton, Pa.

In 1895 additional plate glass factories were acquired, including those of Diamond Plate Glass Co., with factories at Kokomo and Elwood, Ind.

Seven branch warehouses were inaugurated in 1896 and shortly thereafter the business was expanded to include the distribution of all kinds of sheet and window glass purchased from others.

In 1902 began the production of plate glass at Courcelles, Belgium. (Closed early in 1940, after German invasion of Belgium.)

In 1907 began operation of a plate glass factory at Ford City, Pa. and in 1909 at Crystal City, Mo.

Production of sheet and window glass began in 1907 at Mount Vernon, O., through acquisition of the plant of Chambers Window Glass Co. Additional sheet and window glass factories were built in 1914 at Clarksburg, W. Va.

In 1922 dissolved Red Wing Linseed Oil Co. and acquired its linseed oil and other properties.

At Creighton, Pa. late in 1924 completed the first unit of a new polished plate glass plant operating by a continuous process and in 1926 completed the second unit.

In May, 1924 completed construction of a Portland cement plant at Fultonham, O., with a daily capacity of 2,500 barrels. In May, 1927 plant capacity was increased to 5,000 barrels daily at a cost of about $1,500,000.

In early 1924 began the sale of nitrocellulose lacquers. In the same year increased the productive capacity of its Portland, Ore. paint factories and acquired the factories of Sunset Paint Co. of Los Angeles. In 1027 completed a four-year expansion program at the

PLAINTIFF'S EXHIBIT U-679

Milwaukee lacquer plant. In 1929 began operation of a lacquer plant at Newark, N. J.

In late 1927 the company and a subsidiary of E. I. du Pont de Nemours each acquired a 50% stock interest in Pittsburgh Safety Glass Co. (name subsequently changed to Duplate Corp.), which constructed a $1,000,000 plant at Creighton, Pa. for the manufacture of safety glass, using the company's plate glass and du Pont's plastic interlayer. In 1931 acquired full control of Duplate Corp.

In June, 1928 acquired Ditzler Color Co. of Detroit, manufacturers of automobile finishes.

In July, 1929 completed the rebuilding and modernization of its Ford City, Pa. plate glass plant at a cost of $5,500,000 and in Mar., 1930 completed a similar program at the Crystal City, Mo. plate glass plant. These plants replaced old ones at these locations. In June, 1931 completed a plant at Ford City to manufacture Carrara glass, heavy polished plate glass and spectacle and special glasses.

In 1928-29 began production of sheet and window glass under a new process at Clarksburg, W. Va., and Mt. Vernon, O. In 1929 began operation of a new sheet and window glass plant at Henryetta, Okla. In 1934 additions were made to all three window glass plants.

In 1929 began production of "Wallhide," a new interior paint.

In 1931, jointly with American Cyanamid Co., formed Southern Alkali Corp. (see appended statement) (in which the company owns a 51% stock interest and American Cyanamid 49%). This company completed a $7,000,000 soda ash and caustic soda plant at Corpus Christi, Tex. in Oct., 1934. In Mar., 1938 Southern Alkali completed construction of a liquid chlorine plant at this location.

In Aug., 1936 began operation of a new liquid chlorine plant at the Barberton, O., factory of the Columbia Chemical Division and in Nov., 1936 at this location began operation of a bicarbonate of soda factory. In Oct., 1937 capacity of the liquid chlorine plant at Barberton was doubled.

In 1936 began fabricating safety glass at Crystal City, Mo.

In 1937 constructed a resin plant at Milwaukee and acquired the factory and business of The Thresher Varnish Co. at Dayton, O.

In Mar., 1937, jointly with Corning Glass Works (see general index) formed Pittsburgh Corning Corp. to manufacture glass building blocks, glass tile, etc., at a newly-constructed plant at Port Allegany, Pa. Each company owns 50% of the $900,000 outstanding capital stock of this concern.

In 1938 exercised an option to purchase 98,000 shares of American Cyanamid Co. class B stock at $20 per share under an option issued in 1931.

On June 10, 1938 dissolved Duplate Corp., a wholly-owned subsidiary, manufacturing safety glass, and acquired its assets.

## SUBSIDIARIES

Parent functions chiefly as an operating company, the principal subsidiaries being Columbia Development Corp., which holds securities (incl. those of Southern Alkali Corp.), non-current receivables, etc.; Ditzler Color Co., which operates the plant at Detroit; and the Belgian subsidiary, which operates the plate glass plant in that country. As of Dec. 31, 1941, owned 100% of the voting control of the following:

Allied Paint & Glass Co.
American Glass Corp. (Inactive)
Altoona Glass & Paint Co., Inc.
Canonsburg Paint & Glass Co.
Charleroi & Belle Vernon R.R. Co. (Inactive)
Crystal City Mining Co. (Inactive)
Columbia Development Corp.
Southern Alkali Corp. (51%). See appended statement.
Southern Minerals Corp. (100%)
Southern Pipeline Corp. (100%)
Ditzler Color Co.
Ivoroid Mixed Paint Co. (Inactive)
H. W. Johns Paint Mfg. Co. (Inactive)
Kingston Paint & Glass Co., Inc.
Nevius Paints, Inc.
Patton Paint Corp. (Inactive)
Pittsburgh Plate Glass Co. of Michigan
Pittsburgh Plate Glass Co. (Tenn.)
Poughkeepsie Paint & Glass Co., Inc. (formerly Thomas V. Lackoye Paint & Glass Co.)
The Rainey Stores, Inc.
The Regal Mirror Co.
Sewickley Hardware & Paint Co.
Societe Anonyme des Glaces de Courcelles (Belgium)
Sunset Paint Corp. (Inactive)
The Thresher Varnish Co.
Triplex Corp.
Uniontown Paint & Glass Co.
Wesco Paint & Glass Co., Inc.

As of Dec. 31, 1941, owned less than 100% of the voting control of the following subsidiaries:

Geneva Paint & Glass Co. (94.76%)
Gurley-Comstock Corp. (53.125%)
Walter D. Henne Paint & Wallpaper Co. (99.17%)
Queen City Paint & Glass Co. (90%)
Southern Condensate Corp. (51%)
E. J. White Paint & Glass Co., Inc. (87.5%)

In addition, had voting control of Joseph J. Ball, Inc. (inactive), by reason of holding all its preferred stock. This preferred assumed voting control upon dividend default.

Owns 50% of voting control of Pittsburgh Corning Corp. (see History).

## BUSINESS & PRODUCTS

Principal industries served are the automobile, which consumes the company's safety glass and finishes, and the building, which uses paints, varnishes, brushes, window glass, plate glass and mirrors.

Ranks as one of the two leading producers of plate glass (capacity 100,000,000 sq. ft. yearly), which is used principally by the automobile industry in the form of safety glass which comprises two sheets of plate glass pressed together with a plastic interlayer. Plate glass is also used for store fronts, mirrors, etc. Ranks as one of the leading producers of sheet or window glass, sold under the trade name Pennvernon. Chief raw materials of this division are soda ash, sand, limestone and vinyl plastic.

Ranks as one of the leading producers of paint, varnish, lacquer and brushes, which are sold in large quantities to automobile companies and other industrial consumers as well as for general trade purposes in painting of new houses and in home rehabilitation. Chief raw materials of this division are linseed oil and other solvents, colors, metallic pigments, etc.

Ranks as one of the leading producers of soda ash, which is used in the manufacture of glass, soap, oil, textiles, drugs, pulp and paper, and in water softening, purification processes and cleaning operations, and of caustic soda, which is used in the manufacture of soap, chemicals, rayon, lye, textiles, and in petroleum refining and rubber reclaiming. Other products of the chemical division include (1) liquid chlorine, used largely in the production of chemicals, textiles and pulp, and in water purification (2) modified sodas (3) special alkalis (4) calcium chloride (5) whiting (6) Hennig's purifier, used for desulphurizing pig and cast iron (7) salt for industrial uses (8) Col-Rec, used for coal treatment, and (9) Calcene, used for rubber compounding. Principal raw materials of this division are salt and limestone.

Relatively minor divisions of the business comprise the manufacture of Portland cement, dry colors, insecticides, fungicides and seed grain disinfectants. Products are distributed through 111 warehouses and stores located throughout the country.

Although company is primarily a producer of civilian goods, the production of direct and indirect war materials has, since the outbreak of the war, become a substantial portion of its business.

## PRINCIPAL PLANTS & PROPERTIES

For details on property acquisition, construction, etc., see History.

Plate glass manufacturing plants are located at Creighton and Ford City, Pa.; Crystal City, Mo., and Courcelles, Belgium (closed early in 1940, after German invasion of Belgium). Plate glass from the Creighton and Crystal City plants is used in the fabrication of the company's safety glass. Window glass factories are located at Henryetta, Okla.; Mount Vernon, O., and Clarksburg, W. Va.

Paints are manufactured at Milwaukee, Wis., Detroit, Mich., Newark, N. J.; Portland, Ore., Dayton, O., Houston, Texas, and Los Angeles, Cal. Varnishes and lacquers are produced at Milwaukee, Dayton, Detroit, Newark, Houston and Los Angeles. Linseed oil mills are operated at Red Wing, Minn., and Newark, N. J. Paint and other brushes are produced at Baltimore, Md., and Keene, N. H. A store front metal factory is located at Kokomo, Ind.

Alkalis and other chemicals are produced at Barberton, O. and through a subsidiary, Southern Alkali Corp., at Corpus Christi, Tex.

Other activities include a cement plant at Zanesville, O. (2,000,000 bbls. yearly capacity), the manufacture of dry colors, insecticides, fungicides and seed germ disinfectants at Milwaukee; coal mines at Creighton, Pa.; sand mines at Crystal City, Mo.; limestone quarries at Fultonham, O., and gas properties and gas lines at Ford City, Pa. In addition, 113 warehouses and stores are operated for the distribution of glass, paint, etc. Research laboratories are located as follows: Glass at Creighton, paints at Milwaukee, Newark and Detroit, chemicals at Barberton.

Pittsburgh Corning Corp., a 50% owned company, has a glass block producing plant at Port Allegany, Pa.

**Status of Belgian Property and Business:** Concerning the condition of the Belgian subsidiary's property, the following statement was made in the annual report for 1941:

"The company's foreign plate glass plant at Courcelles, Belgium, which has been carried on the company's books at $1, is still in enemy-occupied territory. Little can be learned about actual conditions at this plant but meager reports indicate that its organization is intact."

## MANAGEMENT

**Officers**

[E]Clarence M. Brown, Chairman
[E]H. S. Wherrett, Vice-Chairman
[E]R. L. Clause, President
[E]H. B. Higgins, Exec. Vice-President
[E]E. T. Asplundh, Vice President
J. H. Heroy, Vice-President
F. W. Judson, Vice-President
[E]E. D. Griffin, Vice-President
J. A. Wilson, Mgr. Glass Mfg.
F. W. Currier, Treasurer
H. B. Brown, Secretary
S. M. Campbell, Comptroller
Leland Hazard, General Counsel

[E]Member of Executive Committee.

**Directors**

Clarence M. Brown, Chairman, Philadelphia
E. T. Asplundh, Barberton, O.
R. L. Clause, Pittsburgh
E. D. Griffin, Pittsburgh
J. H. Heroy, New York
H. B. Higgins, Pittsburgh
Richard K. Mellon, Pittsburgh
Harold F. Pitcairn, Philadelphia
Raymond Pitcairn, Philadelphia
R. B. Tucker, Pittsburgh
H. S. Wherrett, Pittsburgh

**General Counsel:** Leland Hazard.

**Annual Meeting:** First Wednesday in April.

**Number of Stockholders:** Dec. 31, 1941, 7,371.

**No. of Employees:** Average for 1941, 18,878.

**General Office:** Grant Bldg., Pittsburgh.

## INCOME ACCOUNTS

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

| | 1941 | 1940 | 1939 | 1938 | 1937 | 1936 | 1935 |
|---|---|---|---|---|---|---|---|
| [T]Net sales | $128,004,011 | $97,940,631 | $83,189,621 | $64,355,034 | $93,315,307 | $86,110,486 | $68,526,174 |
| [T]Cost of goods sold | 63,245,845 | 48,932,785 | 45,366,945 | 36,404,244 | 48,133,452 | 44,698,676 | 35,028,297 |
| Other manufacturing costs | 17,190,218 | 14,427,406 | 9,927,435 | 10,020,006 | 9,742,449 | 9,670,414 | 8,036,664 |
| [T]Selling, general & admin. expenses | 18,788,709 | 16,247,149 | 15,107,549 | 13,026,900 | 15,307,672 | 14,896,702 | 12,665,831 |
| Operating profit | 28,778,239 | 18,333,291 | 12,787,692 | 4,903,884 | 20,131,735 | 16,843,693 | 12,795,582 |
| Interest and dividends received | 1,298,354 | 1,037,223 | 822,293 | 770,923 | 856,204 | 650,011 | 586,955 |
| Royalties received | 98,262 | 118,535 | 146,701 | 326,460 | 776,381 | 604,256 | 544,233 |
| Proceeds, sale of license rights | - | -------- | -------- | 1,582,500 | -------- | -------- | -------- |
| [T]Other income | 205,017 | 834,091 | 756,588 | 608,246 | 880,006 | 712,156 | 474,900 |
| Gross income | 30,479,852 | 20,323,140 | 14,513,274 | 8,192,015 | 22,644,327 | 18,810,116 | 14,401,670 |
| [T]Income deductions | 307,674 | 687,729 | 1,227,539 | 159,445 | 74,385 | 39,528 | 684,809 |
| Balance | 30,172,178 | 19,635,411 | 13,285,734 | 8,032,570 | 22,569,942 | 18,770,588 | 13,716,861 |
| Federal excess profits tax | 7,250,000 | 700,000 | -------- | -------- | -------- | -------- | -------- |
| Income taxes, Federal and state | 7,933,000 | 5,141,474 | 2,519,323 | 1,543,663 | 3,793,960 | 3,185,727 | 2,318,122 |
| Surtax on undistributed profits | - | -------- | -------- | -------- | 488,013 | 263,027 | -------- |
| Net income to surplus | 14,989,178 | 13,793,937 | 10,766,412 | 6,488,907 | 18,287,969 | 15,321,834 | 11,398,739 |

| INCOME ACCOUNTS (cont'd) | 1941 | 1940 | 1939 | 1938 | 1937 | 1936 | 1935 |
|---|---|---|---|---|---|---|---|
| [10]Earned surplus beginning of year | 51,056,658 | 48,420,987 | 47,313,306 | 44,406,388 | 41,140,663 | 37,198,836 | 32,098,942 |
| [5]Other surplus credits | -------- | -------- | 36,170 | 188,283 | -------- | 435,238 | 177,191 |
| Dividends | 10,961,175 | 10,909,174 | 8,672,611 | 3,770,272 | 13,028,415 | 11,783,121 | 6,426,970 |
| [6]Other surplus charges | 1,317,505 | 249,092 | 659 | -------- | 1,093,328 | 32,124 | 49,368 |
| Earned surplus, end of year | $53,767,156 | $51,056,658 | $49,442,809 | $47,313,307 | $44,406,388 | $41,140,663 | $37,198,836 |
| SUPPLEMENTARY P. & L. DATA | | | | | | | |
| [7]Depreciation, depletion & amort. | $4,966,610 | $4,840,643 | $4,427,430 | $4,192,317 | $3,839,401 | $3,592,502 | $3,582,100 |
| [8]Maintenance and repairs | 4,621,271 | 3,306,036 | 3,599,361 | 3,466,080 | 4,239,289 | 3,648,534 | 3,928,848 |
| Taxes, other than income | 3,158,159 | 2,431,767 | 2,368,451 | 2,343,674 | 2,412,060 | 1,403,789 | 682,237 |
| Rents | 469,034 | 510,290 | 475,149 | 457,657 | 403,383 | 368,510 | 322,183 |
| Royalties | 194,651 | 166,559 | 115,534 | 109,758 | 144,861 | 123,106 | 191,676 |
| Provision for bad debts (net) | 275,495 | 208,905 | 264,610 | 192,359 | 165,120 | 88,948 | 107,180 |
| Losses from retirement of property | Not stated | Not stated | 499,978 | -------- | 513,952 | 842,282 | 530,710 |
| Parent company's net sales | $116,028,062 | $88,637,378 | $78,306,395 | $58,498,638 | $84,702,218 | $77,888,003 | $86,271,416 |
| Parent company's net income | 14,437,062 | 13,063,369 | 10,054,832 | 6,030,247 | 17,511,685 | 14,776,696 | 11,226,576 |
| Equity in earnings of subs. consol. | 1,816,351 | 1,686,187 | 1,647,403 | 1,398,832 | 2,552,971 | 2,024,847 | 1,863,073 |
| Dividends from subs. consolidated | 1,244,221 | 1,042,752 | 744,452 | 860,824 | 2,191,984 | 1,474,365 | 1,691,544 |
| [3]Equity in earnings of subs. not cons. | 675,720 | 585,933 | 502,614 | 395,103 | 686,351 | 267,681 | d 46,489 |
| Dividends from subs. not consolidated | 287,335 | 158,050 | 87,325 | -------- | 531,760 | 201,244 | 3,390 |

[1]Gross sales less discounts, returns and allowances and includes following sales to unconsolidated subsidiaries: 1935, $220,075; 1936, $136,500; 1937, $242,256; 1938, $108,431; 1939, $61,704; 1940, $25,059; 1941, $28,874.

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

[3]Includes equity in aggregate net earnings of non-consolidated subsidiaries: 1936, $267,681; 1937, $686,351; 1938, $395,103; 1939, $502,614; 1940, $427,883 (1935 proportion of losses of non-consolidated subsidiaries of $46,489 are included in "Income deductions".) As of Jan. 1, 1941, company adopted policy of taking up income from subsidiaries only when received as dividends, and eliminated previously recorded equity in undistributed surplus of such subsidiaries. Company's share of undistributed net profits of non-consolidated subsidiaries for 1941 was $788,385, which amount was not included in income account. Also see note [6].

[4]In 1940 included $500,000 and in 1939, $1,000,000 provision for pensions and relief; in 1935 includes $500,000 provision for pensions and relief to be expended in future years. See also note [3], above.

[5]In 1936, 1938 and 1939 represents net adjustments of securities and investments.

[6]In 1941, consisted of adjustment to eliminate equity in undistributed surplus of subsidiaries not consolidated. Also see note [3].

In 1939 comprised: Net adjustment of value of marketable securities and miscellaneous investments, $233,373; Wisconsin dividend privilege tax paid for stockholders, $15,720; total, $249,092.

In 1937, comprised: Adjustment of foreign subsidiary's property, $563,895; net adjustment of marketable securities and miscellaneous investments, $489,238; miscellaneous surplus charges, $40,696; total, $1,093,829.

[7]Including amortization but excluding depreciation charged to reserve for contingencies: 1935, $236,015; 1936, $3,890; 1937, $7,556; 1938, $8,891; 1939, $4,081; 1940 and 1941, none. 1941 excludes $1,521, representing patents written down or written off.

[8]Includes provisional charges for repairs and maintenance: 1935, $1,308,560; 1936, $1,234,881; 1937, $1,346,365; 1938, $1,154,982; 1939, $1,499,473; 1940, $1,638,517; 1941, $1,991,247. Does not include amounts charged to reserve for contingencies as follows: 1935, $48,315; 1936, $38,270; 1937, $52,143; 1938, $29,390; 1939, $52,117; 1940 and 1941, none.

[9]1940 and prior years reflected in above accounts in other income or income deductions. See note [3].

[10]1940: After excluding $1,021,822 surplus of foreign subsidiary previously consolidated.

**General Note:** Foreign subsidiary (Belgian), previously consolidated, was not consolidated in 1940 or 1941. In 1939 the operations of this subsidiary were included for only eleven months to Nov. 30 as company's fiscal year was changed. The results were converted at the average of semi-monthly rates of exchange prevailing during the twelve months ended Nov. 30, 1939. The difference arising through conversion of the accounts is shown in this statement under income deductions.

**BALANCE SHEETS**

COMPARATIVE CONSOLIDATED BALANCE SHEET, AS OF DEC. 31
(Taken from reports to Securities and Exchange Commission)

| ASSETS | 1941 | 1940 | 1939 | 1938 | 1937 | 1936 | 1935 |
|---|---|---|---|---|---|---|---|
| Cash | $11,289,770 | $12,280,694 | $10,476,680 | $12,125,917 | $8,256,410 | $7,738,864 | $10,773,808 |
| [a]U. S. Government securities | 5,836,730 | 2,511,372 | 5,321,656 | 614,812 | 3,138,585 | 10,261,343 | 7,988,384 |
| [b]Other marketable securities | 7,607,600 | 11,356,991 | 8,673,209 | 6,912,852 | 4,940,737 | 4,881,427 | 2,873,981 |
| [c]Notes & accts. receiv. accrued, etc. | 11,608,068 | 9,689,979 | 8,609,286 | 7,274,797 | 6,965,104 | 7,747,706 | 7,175,557 |
| [d]Inventories | 25,455,005 | 21,539,920 | 20,385,039 | 19,742,728 | 23,890,164 | 16,528,772 | 16,397,560 |
| Total current assets | $61,797,173 | $57,384,056 | $53,465,871 | $46,671,107 | $45,191,000 | $47,158,112 | $45,013,988 |
| [e]Sec. & advances to unconsol. subs. | $7,809,792 | $7,743,511 | $7,127,810 | $6,242,823 | $6,875,190 | $4,896,272 | $3,968,073 |
| [10]Invest. in foreign subs. not consol. | 1 | 1 | -------- | -------- | -------- | -------- | -------- |
| Miscellaneous investments | 3,805,987 | 948,131 | 1,114,251 | 1,375,126 | 1,081,457 | 677,438 | 672,340 |
| Non-current notes & accounts (net) | 1,170,890 | 1,051,062 | 742,380 | 501,978 | 539,779 | 576,857 | 683,179 |
| [f]Property, plant & equip. | 121,174,100 | -------- | -------- | -------- | -------- | -------- | -------- |
| [f]Less: Deprec., depl. & amort. res. | 54,720,350 | -------- | -------- | -------- | -------- | -------- | -------- |
| Less: Extraord. obsol. res. | 1,353,949 | -------- | -------- | -------- | -------- | -------- | -------- |
| Net property | 65,099,801 | 61,419,995 | 60,603,223 | 62,358,538 | 63,391,636 | 60,271,439 | 58,588,758 |
| Patents | 1 | 22 | 6,486 | 8,958 | 11,490 | 13,783 | 16,286 |
| Deferred charges | 1,705,065 | 1,095,934 | 1,090,529 | 988,577 | 1,033,442 | 845,073 | 723,857 |
| Total | $141,388,710 | $129,642,713 | $124,150,550 | $118,147,136 | $118,123,994 | $114,438,975 | $109,650,488 |
| LIABILITIES | | | | | | | |
| Accounts payable, trade | $3,383,172 | $3,051,028 | $2,992,189 | $2,387,441 | $2,486,016 | $3,518,699 | $3,431,830 |
| Notes payable | 18,500 | 204,600 | 121,113 | 146,360 | 183,808 | 221,717 | 93,500 |
| Dividend payable | -------- | -------- | -------- | -------- | -------- | -------- | 1,071,176 |
| Accrued taxes | 17,685,013 | 7,169,334 | 3,853,089 | 2,731,004 | 5,348,255 | 4,386,830 | 2,680,573 |
| Other payables and accruals | 1,418,353 | 1,516,927 | 1,425,941 | 1,255,973 | 1,453,746 | 1,320,494 | 1,784,800 |
| Total current liabilities | $22,505,037 | $11,941,888 | $8,392,332 | $6,520,778 | $9,471,823 | $9,447,740 | $9,061,480 |
| [g]Collected on instalment sales | $369,092 | $639,708 | $909,113 | $1,114,177 | $1,407,218 | $1,152,703 | $685,347 |
| Deferred credits | 188,043 | 174,710 | 173,155 | 122,132 | 145,508 | 48,810 | 51,840 |
| Reserve for contingencies | 4,931,365 | 4,931,365 | 4,931,365 | 5,003,107 | 4,611,442 | 4,687,613 | 4,746,495 |
| Insurance reserve | 2,208,691 | 1,983,316 | 1,796,324 | 1,674,211 | 1,998,995 | 1,855,143 | 1,705,685 |
| Pension and relief reserve | -------- | 2,042,188 | 2,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Reserve for maint. & repairs, etc. | 1,930,079 | 1,641,053 | 1,544,132 | 1,424,472 | 1,506,322 | 1,538,418 | 1,634,736 |
| Minority interest | 3,297 | 5,826 | 5,920 | 5,852 | 5,870 | 6,810 | 6,635 |
| Capital stock (par $25) | 54,960,950 | 54,701,000 | 54,430,600 | 53,969,100 | 53,570,825 | 53,561,075 | 53,558,825 |
| [h]Surplus | 54,292,156 | 51,381,658 | 49,967,609 | 47,313,307 | 44,406,388 | 41,140,663 | 37,198,836 |
| Total | $141,388,710 | $129,642,713 | $124,150,550 | $118,147,136 | $118,123,991 | $114,438,975 | $109,650,488 |
| Net current assets | $39,292,136 | $45,442,168 | $45,073,539 | $40,150,329 | $35,719,375 | $37,710,372 | $35,952,509 |
| PROPERTY ACCT.—ANALYSIS | | | | | | | |
| Additions at cost | $8,931,543 | $7,648,180 | $3,191,739 | $3,633,490 | $8,489,151 | $6,554,145 | $7,239,040 |
| Retirements or sales | 1,876,934 | 1,990,764 | 518,043 | 469,874 | 889,735 | 1,282,571 | 1,797,748 |
| [i]Depreciation and depletion | 52,705,620 | 4,840,643 | 4,429,009 | 4,196,716 | 3,915,323 | 3,593,891 | 3,815,633 |
| Other additions | cr 6,123 | -------- | -------- | -------- | cr 563,895 | -------- | 104,342 |
| DEPR., DEPL. & AMORT. RES.—ANALYSIS | | | | | | | |
| Charged to profit & loss | $4,966,610 | -------- | -------- | -------- | -------- | -------- | -------- |
| [i]Charged to other accounts | 51,351,671 | -------- | -------- | -------- | -------- | -------- | -------- |
| Retirements, renewals & replace | 1,508,170 | -------- | -------- | -------- | -------- | -------- | -------- |
| Other additions | 239 | -------- | -------- | -------- | -------- | -------- | -------- |

[a]Lower of cost or market. Market value, Dec. 31, 1941, $5,841,613.

[b]Lower of cost or market. Market value Dec. 31, 1941, $7,829,981.

[c]After reserves (1941, $1,184,642).

[d]At less than cost or market. At Dec. 31, 1941, consisted of: Finished goods, $11,013,823; work in process, $2,052,299; raw materials, $6,772,353; supplies (including repair parts), $5,616,530; total, $25,455,005.

[e]1941: Consists of: Securities of subsidiaries not consolidated, $3,384,955; due from subsidiaries not consolidated (after $10,000 reserve), $4,424,837; total, $7,809,792.

[f]1941:

| Used in business: | Property | Reserves |
|---|---|---|
| Land | $6,285,611 | $1,452,906 |
| Buildings | 33,793,057 | 13,741,405 |
| Mach. & equip. | 70,453,534 | 37,001,839 |
| Construction | 5,878,984 | -------- |
| Unused facilities | 951,857 | 514,546 |
| Other property | 3,811,056 | 2,009,653 |
| Total | $121,174,100 | $54,720,350 |

1940 and prior years property carried at depreciated cost. Annual provisions for depreciation and depletion were credited to asset accounts (see changes shown below balance sheet). See note (c) below.

[g]Includes subscriptions under officers and employees' stock purchase plan: 1935, $518,271; 1936, $982,182; 1937, $1,251,128; 1938, $974,192; 1939, $787,475; 1940, $517,075; 1941, $257,125.

[h]Includes capital surplus: 1935, $3,003; 1936, $2,862; 1937, written off; 1938, nil; 1939 (paid-in), $525,000; 1940 and 1941 (paid-in), $525,000. Amounts invested in treasury stock: 1935, $754,275; 1936, $752,025; 1937, $742,275; 1938, $520,000; 1939, $390,000; 1940, $260,000; 1941, $130,000.

[i]1941: Represents adjustments to restate property accounts at appraised value at Dec.

31, 1936, plus subsequent additions at cost; credits to depreciation reserve, $51,351,671; net credit to reserve for extraordinary obsolescence reserve, $1,353,949.

1940 and prior years: Credited to asset accounts. Includes amounts charged to contingency reserve (note (7) to consolidated income account).

(4)At net carrying value of investment in and advances to and from subsidiary (see General Note (b) below).

**Depreciation Policy:** Provision for depreciation of depreciable assets was made at various annual rates, which are based on the estimated useful lives of the respective items. Computed composite annual depreciation rates for 1941, based on provisions for year and balances in adjusted property accounts at beginning of year, plus one-half of net additions for year, follow: Used in business: Buildings, 3.01%; machinery and equipment, 5.43%; not in operation: buildings, 0.88%; machinery and equipment, 4.86%; other real estate land and dwellings for employees (including land and dwellings under contract of sale), and investment property: buildings, 2.36%; machinery and equipment, 0.21%.

Provision for depletion of salt, limestone, clay and coal deposits for 1941 was equivalent to cost of such resources recovered during year, that cost being computed on basis of ratio of resources recovered to total recoverable resources estimated by company's engineers.

**General Notes**

(a) Accounts certified by Haskins & Sells.

(b) Above consolidated statements include all subsidiaries whose business policies and operations are directed by the parent through its organization (excludes Southern Alkali Corp. 51% owned). In 1937, 1938 and 1939 accounts of one foreign subsidiary included as of Nov. 30th. In 1939 net current assets of foreign subsidiary were converted at rate of exchange prevailing at Nov. 30, 1939. The fixed assets were converted generally on the basis of dollar cost.

Company's only foreign subsidiary (Belgian) was not consolidated in 1940 and 1941. Earned surplus of this subsidiary was eliminated from consolidated earned surplus as of Dec. 31, 1939, and net carrying value of the investment and advances to and from this subsidiary is now stated at $1.

(c) Prior to 1941, it was general policy of company and subsidiaries to credit provision for depreciation, provided for on basis of cost of the property, direct to related property accounts. In 1941, company and subsidiaries completed major portion of analyses of their accounts so as to restate property at cost, and to segregate amounts of accrued depreciation.

## FINANCIAL & OPERATING DATA

| Statistical Record | 1941 | 1940 | 1939 | 1938 | 1937 | 1936 | 1935 |
|---|---|---|---|---|---|---|---|
| Earned per share | $6.82 | $6.30 | $4.94 | $3.01 | $8.53 | $7.15 | $5.32 |
| Dividends per share | $5.00 | $5.00 | $4.00 | $1.75 | $6.50 | $6.00 | $2.90 |
| Price range | 96¼-55 | 104¼-65 | 117-90 | 115½-55 | 147⅛-77 | 140-98¼ | 99¾-46¾ |
| Net assets per share | $49.70 | $48.57 | $47.95 | $46.92 | $45.72 | $44.20 | $42.36 |
| Number of shares | 2,198,438 | 2,188,040 | 2,177,224 | 2,158,764 | 2,142,833 | 2,142,443 | 2,142,353 |
| **Financial and Operating Ratios** | | | | | | | |
| Current assets÷curr. liabilities | 2.75 | 4.81 | 8.37 | 7.16 | 4.77 | 4.99 | 4.97 |
| % cash & securities to curr. assets | 40.02 | 45.58 | 45.77 | 42.11 | 31.72 | 48.52 | 47.63 |
| % inventory to curr. assets | 41.19 | 37.54 | 38.13 | 42.30 | 52.86 | 35.05 | 38.43 |
| % net curr. assets to net worth | 35.96 | 42.76 | 43.17 | 39.64 | 36.45 | 39.82 | 39.61 |
| Capitalization: | | | | | | | |
| % common stock & surplus | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| Sales÷inventory | 5.03 | 4.55 | 4.08 | 3.26 | 3.91 | 5.21 | 4.18 |
| Sales÷receivables | 11.03 | 10.11 | 9.66 | 8.85 | 13.40 | 11.11 | 9.55 |
| % sales to net property | 196.63 | 159.46 | 137.27 | 103.20 | 147.21 | 142.87 | 118.95 |
| % sales to total assets | 90.53 | 75.55 | 67.01 | 54.47 | 79.00 | 75.23 | 62.50 |
| % net income to total assets | 10.60 | 10.64 | 8.67 | 5.49 | 15.48 | 13.39 | 10.40 |
| % net income to net worth | 13.72 | 12.98 | 10.31 | 6.41 | 18.66 | 16.18 | 12.56 |
| **Analysis of Operations** | % | % | % | % | % | % | % |
| Net sales | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| Costs, goods & mfg. | 62.84 | 64.69 | 66.47 | 72.14 | 62.02 | 63.14 | 62.84 |
| Sell., gen. & adm. exp. | 14.68 | 16.59 | 18.16 | 20.24 | 16.40 | 17.30 | 18.48 |
| Operating profit | 22.48 | 18.72 | 15.37 | 7.62 | 21.57 | 19.56 | 18.67 |
| Proceeds, sale of license rights | ------- | ---- | ---- | 2.46 | ---- | ---- | ---- |
| Other income | 1.33 | 2.03 | 2.08 | 2.65 | 2.69 | 2.28 | 2.34 |
| Gross income | 23.81 | 20.75 | 17.45 | 12.73 | 24.27 | 21.84 | 21.02 |
| Income deductions | 0.24 | 0.70 | 1.48 | .25 | .08 | .05 | 1.00 |
| Net income before income taxes, etc. | 23.57 | 20.05 | 15.97 | 12.48 | 24.19 | 21.80 | 20.02 |
| Cap. stock & income tax | 11.86 | 5.96 | 3.03 | 2.40 | 4.59 | 4.00 | 3.38 |
| Net income | 11.71 | 14.09 | 12.94 | 10.08 | 19.60 | 17.79 | 16.63 |

## CAPITAL STOCK

**1. Pittsburgh Plate Glass Co. stock; par $25:**

AUTHORIZED—2,600,000 shares; issued, 2,203,638 shares; outstanding, Dec. 31, 1941, 2,198,438 shares, excl. in treasury, 5,200 shares; par $25 (changed from $100 par Oct. 9, 1928, four $25 par shares issued in exchange for each $100 par share).

**Dividend Record (in $)**

($100 par shares)

| | | | | | |
|---|---|---|---|---|---|
| 1883-98 | Nil | 1899... | 5.00 | 1900-06 | 6.00 |
| [1]1907-17 | 7.00 | 1918... | 10.00 | 1919... | 7.25 |
| [2]1920. | 13.00 | 1921... | 8.00 | 1922... | 13.00 |
| [3]1923-26 | 18.00 | 1927... | 13.00 | 1928... | 6.00 |

($25 par shares)

| | | | | | |
|---|---|---|---|---|---|
| [4]1928. | 0.50 | 1929... | 3.00 | 1930... | 2.00 |
| 1931... | 1.75 | 1932... | 0.75 | 1933... | 0.70 |
| 1934... | 1.30 | 1935... | 2.90 | 1936... | 6.00 |
| 1937... | 6.50 | 1938... | 1.75 | 1939... | 4.00 |
| 1940-41 | 5.00 | [5]1942. | 1.50 | | |

[1]Plus 10% in stock Apr., 1917.
[2]Plus 20% in stock Dec., 1920.
[3]Plus 30% in stock Jan., 1923.
[4]Plus 10% in stock Dec. 1, 1928.
[5]To July 2.

Dividends payable quarterly Apr. 1, etc., to stock of record about Mar. 10, etc.

PREEMPTIVE RIGHTS—As provided by the statutes of the Commonwealth of Pennsylvania.

LISTED—Pittsburgh Stock Exchange; also traded in unlisted section of New York Curb Exchange.

TRANSFER AGENTS — Peoples - Pittsburgh Trust Co., Pittsburgh; City Bank Farmers Trust Co., New York.

REGISTRARS—Union Trust Co., Pittsburgh; Guaranty Trust Co., New York.

ISSUED—Upon reincorporation in 1920, 307,342 shares of new $100 par stock were issued as follows: 247,500 shares to holders of old $100 par common on a share for share basis; 1,540 shares to holders of old 12% preferred on the basis of two shares for each share held; 47,728 shares to stockholders of Columbia Chemical Co. on the basis of 8/10 of a share for each share held; 10,574 shares to minority stockholders (46%) of Patton-Pitcairn Co. on a share for share basis.

| PRICE RANGE— | 1941 | 1940 | 1939 |
|---|---|---|---|
| Stock | 96¼-55 | 104¼-65 | 117-90 |

**Stock Options:** On May 17, 1933 directors allocated 67,120 shares to certain executive officers and key employees to be sold at $25 per share with payments of at least 50c per share quarterly on account of the purchase price. As of Dec. 31, 1941 there were approximately 10,285 shares under this option of which 5,200 shares will be issued from treasury stock and the balance from unissued stock.

# SOUTHERN ALKALI CORPORATION

**(Controlled jointly by Pittsburgh Plate Glass Co. (51%) and American Cyanamid Co. (49%))**

**History:** Incorporated in Delaware on April 20, 1931.

**Business:** Manufactures heavy chemicals.

**Property:** Plants, located in Corpus Christi, Texas, are served by 3 railroad trunk lines. Plant for the production of soda ash, caustic soda and other alkalis went into operation in the fall of 1934; liquid chlorine plant and the refined salt plant opened in 1938. Salt brine for manufacture is piped from company's own wells and natural gas for power is provided from company's near-by field.

**Control:** Capital stock jointly owned (51% and 49%, respectively) by Pittsburgh Plate Glass Co. (see preceding statement) (through Columbia Development Corp., wholly-owned subsidiary) and American Cyanamid Co. (see general index). Entire issue of bonds of Southern Alkali Corp. is also jointly owned by said companies.

**Subsidiaries** (wholly-owned): Southern Minerals Corp. and Southern Pipe Line Corp.

**Officers:** H. F. Pitcairn, Pres.; C. M. Brown, W. B. Bell, H. L. Derby, H. S. Wherrett, O. N. Stephens, Vice-Pres.; J. H. Heroy, Sec.; F. W. Currier, Treas.

**Directors:** C. M. Brown, Raymond Pitcairn, K. F. Cooper, J. H. Heroy, W. S. Landis, H. F. Pitcairn, E. W. Winkler, W. B. Bell, H. L. Derby, H. S. Wherrett, Frederick Pope.

**Annual Meeting:** Third Wednesday in April.

**No. of Employees:** Dec. 31, 1939: Southern Alkali Corp., 387; Southern Minerals Corp., 103; Southern Pipe Line, 54.

**Office:** Corpus Christi, Texas.

**Consolidated Income Account, years ended Dec. 31** (as reported to the SEC):

| | 1940 | 1939 |
|---|---|---|
| Net sales | $7,509,119 | $6,957,541 |
| Cost of sales | 3,604,319 | 3,632,815 |
| Depreciation | 851,737 | 825,860 |
| Depletion | 414,225 | 362,605 |
| Sell., exp., etc. | 428,173 | 377,643 |
| Net oper. profit | 2,210,666 | 1,758,618 |
| Other income | 75,313 | 24,380 |
| Gross income | 2,285,978 | 1,782,998 |
| Bond interest | 271,285 | 288,008 |
| Other interest | 232,590 | 195,007 |
| Prop. retirement. | 150,362 | 54,119 |
| Other deduction. | 24,497 | 10,288 |
| Income taxes | 379,181 | 204,337 |
| Excess prof. tax. | 93,103 | -------- |
| **Net income** | 1,124,960 | 1,033,238 |
| Dividends paid | 300,000 | 150,000 |
| Surplus for year. | 828,960 | 883,238 |
| Earn. surpl., 1-1 | 1,707,972 | 884,690 |
| Credit | -------- | 22,513 |
| Charges | -------- | 82,469 |
| Earn. surp., 12-31 | 2,536,932 | 1,707,972 |
| Times chgs. earn | 3.99 | 3.57 |

| | 1940 | 1939 |
|---|---|---|
| Earned per share | $11.29 | $10.33 |
| No. of shares | 100,000 | 100,000 |

**Consolidated Balance Sheet, as of Dec. 31** (as reported to the SEC):

| Assets: | 1940 | 1939 |
|---|---|---|
| Cash | $800,074 | $318,904 |
| Working funds | 1,750 | 1,750 |
| Receivables, net | 311,618 | 627,494 |
| [1]Finished chem. | 228,074 | 175,461 |
| [1]Crude oil | 875,429 | 343,813 |
| [1]Mater. & suppl. | 489,705 | 368,922 |
| Total current. | $2,506,649 | $1,836,345 |
| Plant & equip. | 18,667,068 | 16,411,754 |
| Deprec. & deplet. | 5,518,760 | 4,265,740 |
| Net property | 13,148,308 | 12,146,014 |
| Investment | 3,251 | 3,251 |
| Notes receivable | 100,000 | 175,000 |
| Deferred charges. | 102,616 | 74,442 |
| Total | $15,860,825 | $14,236,052 |
| **Liabilities:** | | |
| Notes payable | $2,006,550 | $1,995,000 |
| Due affil. co. | 2,627,632 | |
| Accts. payable | 1,184,591 | 3,021,985 |
| Accrued interest. | 61,714 | 64,363 |
| Accrued taxes | 515,349 | 232,733 |
| Accr. sal. & wages | 23,690 | 22,380 |
| Bonds due | 230,000 | -------- |
| Total current. | $6,649,526 | $5,336,463 |