Thirty-Second

Annual Report

Fiscal Year Ended October 31st,

1949

QUALITY Glidden PRODUCTS

THE GLIDDEN COMPANY

THE GLIDDEN COMPANY

CLEVELAND, OHIO

January 12, 1950

TO THE STOCKHOLDERS OF
THE GLIDDEN COMPANY:

The last fiscal year of your Company which ended October 31, 1949 was a year of great progress in research and development. During this period large expenditures were made in order to bring to a fruition some of the projects on which our organization has been working for some time. To illustrate, our Paint and Varnish Division succeeded in producing Spred SATIN, a wonderful new washable wall paint which is an exclusive Glidden formulation consisting of the finest pigments of our own manufacture, plus the same ingredients used in making synthetic rubber. This development marks a new era in paint formulation.

In the Food Division, coincident with the passage of the Yellow Margarine Bill in Ohio, this Division has perfected our Durkee Grade AA Margarine which is of the highest quality.

In the Soybean Division, because of their experience in our Research Laboratories in the development of hormones, including progesterone and testosterone from soybean sterols, our steroid research chemists were well equipped to participate actively in the development of the cortical hormones. Work along this line is proceeding rapidly and we hope to be able to produce cortisone and its allied compounds in quantity before the end of 1950. The work of this laboratory on hormones established a new record in this direction, and in view of the great need for cortisone for the more than seven million sufferers from arthritis, it is evident that if our plans are realized, this will result in an important development for our fine chemical department.

Throughout the year special emphasis has been placed on the reduction of costs and the improvement of our materials handling. This has resulted in greater efficiency and the saving of labor costs.

Our program for the rehabilitation and improvement of our various factories has been practically completed and our expenses in this direction for the new year will be greatly reduced as all of the various plants are now in first class condition. In the four years since November 1, 1945, our Company has expended a total of $14,334,502.42 in net plant and capital additions, and through these capital expenditures we have greatly increased our productive capacity. Major units added last year are a new soybean processing plant and storage silos at Indianapolis, a margarine manufacturing plant at Macon, Georgia, a new soybean extraction plant at Chicago, and a margarine distribution warehouse at Cambridge, Massachusetts. At the present time we have no plans for any large major expansion, and our construction program that has been under way for the last four years is nearly completed.

Our net dollar sales for the year declined approximately 20% due to the big drop in prices of raw materials and finished products. In units of output, our volume was within 5% of the previous year.

The net profit, after taxes and all charges, was $6,191,923.16, equivalent after preferred dividends, to $3.23 on the present outstanding common stock, and after deducting treasury shares.

Our gross inventory was very substantially decreased in 1949. Under the LIFO method of inventory accounting, the principal raw materials were carried on our books at the close of the year at a valuation of $3,537,319.99 less than replacement cost at that time. The balance of the inventories were priced at the lower of cost or market. The Company continues its policy of protecting inventories by hedging on the commodity markets, so far as possible, our stocks of soybeans and edible oils. In the case of flaxseed and linseed oil, our commodity contracts with the Government afford inventory protection.

The net worth of your Company, excluding treasury shares, at October 31, 1949 was $56,837,492.20, or $26.32 per common share on the shares outstanding at that date. This compares with a net worth per common share on October 31, 1947 of $21.93 and on October 31, 1948 of $25.05. This increasing value of our stock reflects the policy of having plowed back a portion of our earnings each year into income producing properties.

Our labor relations at our various plants are cooperative and friendly and we find that labor is more efficient than it has been for some time.

On behalf of the Board of Directors we extend our thanks and sincere appreciation to all the members of the organization for their cooperation during the past year.

DWIGHT P. JOYCE
President

ADRIAN D. JOYCE
Chairman of the Board

GLD002791

CONSOLIDATED PROFIT AND LOSS AND SURPLUS

The Glidden Company and Canadian Subsidiary

Fiscal year ended October 31, 1949

PROFIT AND LOSS STATEMENT

Net sales		$160,143,275.90
Cost of goods sold, selling, administrative and general expenses, including provision of $1,618,226.11 for depreciation and depletion		150,005,994.01
		$ 10 137,281.89
Other income		310,677.13
		$ 10,447,959.02
Other deductions:		
Adjustment of net current assets and miscellaneous other assets of Canadian subsidiary to Control Board rate of exchange	$ 145,120.68	
Loss on disposal of properties	103,982.84	
Interest on notes and loans	49,932.34	299,035.86
PROFIT BEFORE TAXES ON INCOME		$ 10,148,923.16
Taxes on income—estimated:		
Federal income taxes	$ 3,900,000.00	
Dominion and state taxes	57,000.00	3,957,000.00
CONSOLIDATED NET PROFIT		$ 6,191,923.16

Note A—Consolidated net profit includes $74,588.59 for the Canadian subsidiary, representing that subsidiary's net profit for the year after giving effect to adjustment of its net current assets and miscellaneous other assets to Control Board rate of exchange in effect at October 31, 1949.

SURPLUS

CAPITAL SURPLUS

Balance at November 1, 1948	$ 12,581,438.41
Add portion of common stock dividend in excess of stated value of shares issued	689,075.00
Balance at October 31, 1949	$ 13,270,513.41

EARNED SURPLUS

Balance at November 1, 1948		$27,530,177.07	
Add:			
Net profit for the fiscal year	$6,191,923.16		
Recovery on investments previously charged off	193,326.10	6,385,249.26	
		$33,915,426.33	
Deduct dividends:			
Paid in cash:			
Convertible preferred—$2.25 per share	$ 448,984.21		
Common—$1.60 per share	2,838,850.00		
	$3,287,834.21		
Paid in common stock and cash:			
2% on common stock—32,050 shares at approximate quoted market price, plus $72,586.80 cash in lieu of issuance of fractional shares	841,786.80	4,129,621.01	
Balance at October 31, 1949			29,785,805.32
TOTAL SURPLUS AT OCTOBER 31, 1949			$ 43,056,318.73

GLD002792

CONSOLIDATED

The Glidden Company a

October

ASSETS

CURRENT ASSETS		
Cash		$ 6,561,251.18
Dominion of Canada Victory Loan Bonds		91,761.36
Trade accounts receivable (includes notes $238,175.23)	$10,924,605.80	
Less allowances for doubtful accounts	364,738.81	10,559,866.99
Inventories—raw materials, in process, and finished goods: Principal raw materials are stated at cost (last-in, first-out method) less reserve to reduce certain items to replacement market; other items are stated at the lower of cost (accumulated average) or replacement market		29,124,601.28
Other current notes and accounts receivable and advances		1,418,203.13
TOTAL CURRENT ASSETS		$47,755,683.94
OTHER ASSETS		
Advance payment on account of possible federal income tax assessment	$ 1,000,000.00	
Cash surrender value of life insurance	740,207.50	
Miscellaneous notes and accounts receivable, advances, and investments	798,990.75	
Estimated refund of federal and dominion taxes on income of prior years	248,310.63	2,787,508.88
PROPERTY, PLANT, AND EQUIPMENT		
Gross amounts represent cost less write-down in 1932		
Land	$ 2,831,977.08	
Buildings, machinery, and equipment	40,089,513.28	
	$42,921,490.36	
Less accumulated depreciation, depletion, and amortization	17,473,266.36	25,448,224.00
DEFERRED CHARGES		
Prepaid insurance and expenses		785,346.92
		$76,776,763.74

BALANCE SHEET

nd Canadian Subsidiary

31, 1949

LIABILITIES, CAPITAL STOCK, AND SURPLUS

CURRENT LIABILITIES			
Notes payable to banks			$ 5,000,000.00
Accounts payable			7,122,075.42
Accrued taxes, royalties, and insurance			914,420.98
Federal, state, and dominion taxes on income—estimated			4,402,775.14
TOTAL CURRENT LIABILITIES			$17,439,271.54
RESERVE			
For contingencies			2,500,000.00
CAPITAL STOCK AND SURPLUS			
Capital stock:			
Convertible preferred 4½% cumulative, par value $50.00 a share redeemable at $52.50 a share, each share convertible into approximately 1.478 shares of common stock:			
Authorized 200,000 shares			
Issued and outstanding 199,540 shares		$ 9,977,000.00	
Common without par value:			
Authorized 3,000,000 shares			
Outstanding including treasury shares, 1,816,050 shares			
Reserved for conversion 294,920 shares			
Stated capital		4,540,125.00	
		$14,517,125.00	
Surplus:			
Capital surplus	$13,270,513.41		
Earned surplus (includes $2,303,012.61 of surplus of Canadian subsidiary)	29,785,805.32		
	$43,056,318.73		
Less common stock in treasury 35,514 shares, at cost (including 29,835 shares reserved for sale to certain officers and key employees)	735,951.53	42,320,367.20	56,837,492.20
			$76,776,763.74

Note—Assets of Canadian subsidiary included herein comprise net current assets and miscellaneous other assets, $1,451,206.61, at the Control Board rate of exchange, and property, plant and equipment, $522,740.76, at cost to the subsidiary.

GLD002794

ERNST & ERNST
CLEVELAND
UNION COMMERCE BUILDING

Board of Directors,
The Glidden Company,
Cleveland, Ohio.

We have examined the consolidated balance sheet of The Glidden Company and Canadian subsidiary as of October 31, 1949, and the related statements of consolidated profit and loss and surplus for the fiscal year then ended. 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.

In our opinion, the accompanying balance sheet and statements of profit and loss and surplus present fairly the consolidated financial position of The Glidden Company and Canadian subsidiary at October 31, 1949, and the results of their operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST
Certified Public Accountants

Cleveland, Ohio
December 15, 1949

BOARD OF DIRECTORS

OFFICERS

ADRIAN D. JOYCE, Chairman Board of Directors
DWIGHT P. JOYCE, President
CLIFTON M. KOLB, Senior Vice Pres. and Secy.
PAUL E. SPRAGUE, Vice President
WILLIAM J. O'BRIEN, Vice President
NEWELL BEATTY, Vice President
ALEXANDER D. DUNCAN, Vice President
LOVELL Y. PULLIAM, Vice President
JOHN P. RUTH, Vice President
RALPH G. GOLSETH, Vice President
JOHN A. PETERS, Treasurer
B. W. MAXEY, Controller
W. W. CONANT, Assistant Secretary
R. D. HORNER, Assistant Secretary

Transfer Agent
THE NEW YORK TRUST COMPANY
New York City

Registrar
THE CHASE NATIONAL BANK
New York City

GLIDDEN DIVISIONS

PAINT

The Glidden Company
Cleveland, Ohio

The A. Wilhelm Company
Reading, Pennsylvania

The American Paint Works
New Orleans, Louisiana

The Campbell Paint & Varnish Co.
St. Louis, Missouri

The Glidden Company
Minneapolis, Minnesota

Nubian Paint & Varnish Company
Chicago, Illinois

The Glidden Company, Ltd.
Toronto, Ontario, Canada

The Glidden Company
San Francisco, California

Adams & Elting Company
Chicago, Illinois

FOOD

Durkee Famous Foods
Elston Avenue, Chicago, Illinois

Durkee Famous Foods
Iron Street, Chicago, Illinois

Durkee Famous Foods
Norwalk, Ohio

Durkee Famous Foods
Portland, Oregon

Durkee Famous Foods
Louisville, Kentucky

Durkee-McCadam Company
Cambridge, Mass.

Durkee Famous Foods
Berkeley, California

Durkee Famous Foods
Elmhurst, Long Island, New York

Durkee Famous Foods
Macon, Georgia

CHEMICALS, PIGMENTS AND METALS

The Chemical & Pigment Company
St. Helena (*Baltimore*), Maryland

The Chemical & Pigment Company
Oakland, California

The Chemical & Pigment Company
Collinsville, Illinois

Metals Refining Company
Hammond, Indiana

Euston Lead Company
Scranton, Pennsylvania

SOYA PRODUCTS

The Glidden Company
Chicago, Illinois

The Glidden Company
Indianapolis, Indiana

NAVAL STORES

The Glidden Company
Jacksonville, Florida

The Glidden Company
Valdosta, Georgia

FEED MILL

The Glidden Company
Indianapolis, Indiana

VEGETABLE OILS

The Glidden Company
Buena Park, California

The Glidden Company
Berkeley, California

The Glidden Company
Portland, Oregon

MINES

The Chemical & Pigment Company
Barytes Mines
Battle Mountain, Nevada

Yadkin Mica and Ilmenite Company
Lenoir, North Carolina

Retail Stores and Warehouses in the Principal Cities

AFFILIATED CORPORATIONS

Growth Products Company
Pascagoula, Mississippi

Jacksonville Processing Corporation
Jacksonville, Florida

Zinc Chemical Company, Inc.
New York, New York

GLD002796

DIVERSIFIED PRODUCTS BY GLIDDEN

FOODS
Durkee's Famous Dressing
Durkee's Grade AA Margarine
Durkee's Margarine
Durkee's Shortening
Durkee's Salad Dressing
Durkee's Shred Cocoanut
Durkee's Spices
Durkee's Worcestershire Sauce
Special ingredients for Bakeries and Confectioners

SOYBEAN PRODUCTS
"Alpha" Protein*
Procein
Fine chemicals
Lecithin
Soya Meal
Sterols
Hormones
Soya Flour
Soya Flakes

LIVE STOCK AND POULTRY FOODS
Glidden Cattle and Hog Feed
Glidden Poultry Feed
Vitamin and Growth Products

PAINTS, VARNISHES AND LACQUERS
SPRED
SPRED Luster
Spred SATIN
Jap-A-Lac
Ripolin Enamel
Spray-Day-Lite
Glidair Aviation Finishes
Endurance House Paint
Endurance Imperial House Paint
Gliddenspar Varnish
Nubelite
Industrial Paints
Industrial Lacquers, Enamels and Varnishes
Finishes for all Manufactured Products

GLID-N Specialties:
5% DDT
Liquid Cleaners
Floor Wax
Weed Killers

VEGETABLE OILS
Soybean Oils
Cocoanut Oils
Cottonseed Oils
Peanut Oils
Corn Oils
Palm Oils
Linseed Oils

CHEMICALS AND PIGMENTS
Titanium Dioxide
Lithopone
Cadmium Colors
Litharge
Red Lead
Euston White Lead
Cuprous Oxide
Dry Colors
Zinc Sulphate Crystals
Copperas
Coal Tar Products

METALS AND MINERALS
Powdered Iron and Copper
Powdered Lead and Tin
Glidden Type Metal
Barytes
Barium Products
Ilmenite

NAVAL STORES
Pigmentar
Rosins
Guai-a-phene
Camphene
Metal Resinates
Alpha Pinene
Beta Pinene
Turpentine
Nelio Resin
Charcoal
Solvents
Synthetic Rubber Compounds

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