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NOTES FOR ANNUAL MEETING
December 10, 1959

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Notes For Annual Meeting
December 10, 1959

NOTES FOR ANNUAL MEETING
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I BALANCE SHEET REVIEW

A. CASH AND BANKING

The Glidden Company maintains the following bank relationships:

	Glidden	Ltd.	Intl.
Major Account And Credit Line Banks	18	3	4
Other Bank Relationships	116	2	-
Total	134	5	4
Total Number Of Bank Accounts	168	6	10

Cash is collected at 119 collection points in the United States and in Canada and is deposited in local bank accounts. In addition, 14 post office lock boxes are operated under arrangement with banks for servicing and deposit of funds received. Funds are then moved by depository transfer check and bank wire to 12 regional collection centers and are under the control of the Headquarters Banking Department.

Bills are paid by a central accounts payable department and division accounts payable departments which maintain working fund accounts. Small items are paid by issuance of envelope draft. Funds are transferred to Working Fund accounts periodically by the Headquarters Banking Department, using bank wire and check transfers.

Freight payment plans are used at two banks. Night depository arrangements are in effect where beneficial.

B. SHORT-TERM SECURITIES

At August 31, 1959 we reflected $7,957,140 of short-term securities, at cost, on our Balance Sheet. These consisted of the following:

U. S. Government Tax Bills, Notes and Certificates	$2,990,761.20
Commercial Paper	2,965,597.21
Government Agency Obligations	500,468.75
Public Housing Authority Notes	1,500,313.08
	$7,957,140.24

All of these securities had maturities of less than one year. The total amount of the investment portfolio approximately equaled the Chemurgy Division inventories and receivables liquidated by sale of the Division. These funds will be reinvested at a later date.

During the year our average short-term portfolio was $6,382,000. The average after-tax interest income was 1.84% (3.83% equivalent before tax). Average rate includes return on some very short-term investments.

I BALANCE SHEET REVIEW

C. ACCOUNTS AND NOTES RECEIVABLE - TRADE (000 omitted)

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

Bad Debt Loss as % of Sales:

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

The accounts receivable turnover for the entire Company was approximately 32 days. This compares to 35 days in 1958 (30 days for 1958 excluding Chemurgy, and 32 days in 1957 and 1956 excluding Chemurgy.) The national median is approximately 34-35 days for all types of business.

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

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

The Chemurgy Division receivables were all collected and the $10,000 reserve carried at August 31, 1958 more than covered any losses and allowances.

I BALANCE SHEET REVIEW

D. INVENTORIES

Published inventory up $2,816,766 from $36,771,649 to $39,588,415 at August 31, 1959. Detail is (000 omitted):

	August 31, 1959	August 31, 1958	Increase (Decrease)
Paint	$18,441	$16,662	$1,779
Food	12,235	11,383	852
C-P-M	6,578	7,328	(750)
Organic Chemical	3,023	2,076	947
	$40,277	$37,449	$2,828
LIFO Reserve	(689)	(677)	(12)
	$39,588	$36,772	$2,816

The principal items bringing about this increase of $2,816,000 were:

Paints - Branches Finished Stock up $670,000; and Division Raw Material up $441,000 and Finished Stock up $668,000 due to over-all increased volume.

Food - Chicago and Berkeley Raw Material up $800,000 due to necessary additions of palm kernel at Chicago for specialty business and cottonseed at Berkeley for sufficient supply level.

C-P-M - Decreased Raw Material of $1,260,000 at Baltimore with working off of St. Helena ore piles.

Organic Chemical - General re-alignment on increased volume.

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

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

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

I BALANCE SHEET REVIEW

D. INVENTORIES (continued)

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

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

E. OTHER CURRENT ACCOUNTS AND INVESTMENTS

Detail at August 31 is:

	1959	1958
Marketable Securities (Canada)	$ 40,000	$ 43,750
Margin Advances - Durkee and Hammond	135,572	373,925
Misc. Notes and Accounts (G-I.C.A. and from sales of property, etc.)	919,170	1,482,630
	$1,094,742	$1,900,305

F. PREPAID INSURANCE AND OTHER EXPENSES

Detail at August 31 is:

	1959	1958
Prepaid Insurance	$460,866	$388,192
Prepaid Taxes	113,127	54,948
Prepaid Royalties	105,046	122,122
Other Prepaids	29,873	43,578
	$708,912	$608,840

G. PROPERTY

For schedule of major capital expenditures and 1960 projection, see page 24.

Detail of lease of property to Central Soya is on page22.

Depreciation is covered on page 11.

Insurable value of all buildings, machinery and equipment owned by the Company, but excluding land and foundations, is $109,000,000.

Rental obligations for buildings occupied by Company units are covered on page 8.

I BALANCE SHEET REVIEW

H. OTHER ASSETS

Detail at August 31 is:

	1959	1958
Prepaid Bond Discount and Expense	$ 744,679	-0-
Sundry Investments	40,201	$ 36,075
Advances, Deposits and Claims	175,369	209,185
Misc. Notes and Accounts Receivable	563,300	494,276
	$1,523,549	$739,536

I. SHORT AND LONG TERM FINANCING

1. Short Term Borrowing And Bank Lines Of Credit

	Fiscal 1959	Fiscal 1958
Average Short Term Borrowing	87,500	12,278,082
Maximum Short Term Borrowing		
- Amount	4,000,000	22,000,000
- Date	9/1-9/5/58	11/29-12/4/57
Minimum Short Term Borrowing		
- Amount	-0-	2,500,000
- Date	9/12/58-8/31/59	8/21-8/28/58
Year-end Balance	-0-	4,000,000
Average Interest Rate Paid	3.5%	3.8%
Date of Payoff of Last Short Term Borrowing	9/12/58	

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I BALANCE SHEET REVIEW

I. SHORT AND LONG TERM FINANCING

1. Short Term Borrowing And Bank Lines of Credit (continued)

We maintain a line of credit of $10,000,000 for Glidden (plus $1,000,000 for International). This is carried at major banks across the country as follows:

Bank	City and State	Amount
The Citizens and Southern National Bank	Atlanta, Georgia	$ 500,000
Continental Illinois National Bank and Trust Company of Chicago	Chicago, Illinois	1,000,000
The First National Bank of Chicago	Chicago, Illinois	500,000
The Cleveland Trust Company	Cleveland, Ohio	500,000
The National City Bank of Cleveland	Cleveland, Ohio	1,000,000
Atlantic National Bank of Jacksonville	Jacksonville, Florida	500,000
The Florida Nat'l. Bank of Jacksonville	Jacksonville, Florida	500,000
Bank of America, Bell Branch	Los Angeles, Calif.	500,000
The Louisville Trust Company	Louisville, Kentucky	500,000
The Chase Manhattan Bank	New York, New York	1,000,000
Chemical Bank New York Trust Company	New York, New York	1,000,000
The First Nat'l. City Bank of New York	New York, New York	1,000,000
The Boatmen's Nat'l. Bank of St. Louis	St. Louis, Missouri	500,000
Mercantile Trust Company	St. Louis, Missouri	500,000
Wells Fargo Bank	San Francisco, Calif.	500,000
Union Commerce Bank	Cleveland, Ohio	1,000,000*

* International

Since we sold Chemurgy at August 31, 1958 and issued debentures dated November 1, 1958, we have substantially eliminated our short term borrowing.

I BALANCE SHEET REVIEW

I. SHORT AND LONG TERM FINANCING

2. Term Bank Borrowing

At August 31, 1959 we had no term bank loans. Balances carried at the end of fiscal 1958 were paid off as follows:

	Balance 8-31-58	Paid in 1958 September	October	November	Balance 11-30-58
Notes payable to 5 banks payable $1,500,000 annually 9-1-58 through 9-1-62 Interest Rate 3-1/4%	$ 7,500,000	$1,500,000		$ 6,000,000	-0-
Notes payable to 10 banks under revolving credit agreement due 10-31-60 Interest Rate 4-1/4%	20,000,000	4,000,000	1,000,000	15,000,000	-0-
	$27,500,000	$5,500,000	$1,000,000	$21,000,000	-0-
				(Note 1)	

Note 1 - Payment concurrent with receipt of proceeds of debenture issue. (Closing 11-6-58)

3. Debenture Issue

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

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

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

Total Issue		$30,000,000
Bond Discount (1%)	300,000	
Miscellaneous Expenses	96,277*	
Underwriting Commission 1-1/4%	375,000	771,277
Net Proceeds		$29,228,723

* 918 charged directly to expense

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I BALANCE SHEET REVIEW

I. SHORT AND LONG TERM FINANCING

3. Debenture Issue (continued)

Annual Interest Cost:

	Year	Month
Interest @4-3/4%	$1,425,000	$118,750
Amortization of Discount and Expense	30,816	2,568
	$1,455,816	$121,318
Expense for 10 months included in 1959 fiscal year		$1,213,180

Market price of debentures has varied from a high of 104-5/8 to a low of 98-5/8. Market price was 100 on 8/31/59 and is on December 9, 1959.

J. CONTINGENT LIABILITY

Federal income tax returns have been audited and final settlement made through our 1957 fiscal year. We know of no unusual items for the 1958 and 1959 fiscal years and have made no special reserve allowance for federal income taxes.

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

A major study of lease commitments for both real and personal property (i.e. transportation equipment, electronic and mechanical office equipment, etc.) is now being made by the Company. Detail of the major real estate lease commitments at August 31, 1959 is (confidential - DO NOT RELEASE):

	Total Contract	Fiscal 1960
Paint Branches		
Active	$4,914,708	$ 920,099
Pending	940,480	100,992
Total	$5,855,188	$1,021,091
Bethlehem plant	540,000	67,500
Cleveland executive offices	1,866,477	151,336
Portland office and warehouse	129,195	19,140
	$8,390,860	$1,259,067

Sale and leaseback arrangements have not been used by the Company. Whenever such may be used advantageously, they will be given full consideration.

I BALANCE SHEET REVIEW

K. STOCK AND STOCKHOLDERS

1. Common Stock (2,307,850 shares o/s 8-31-59)

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

From January 1, 1959 through November 15, 1959, the price of the Company's stock ranged between a high of 50-1/4 and a low of 41-7/8. (See Annual Report, page 18, for prior years.) During this same period an average of 1,300 shares were traded each day on the New York Stock Exchange.

The closing price of Glidden common December 9, 1959 was

2. Other Comments on Stock

a. We have no Treasury stock.

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

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

3. Holdings of Shares as Follows:

	August 31, 1959			August 31, 1958		
	No. of Shareholders	% Shares Held	Av. Shares Held	No. of Shareholders	% Shares Held	Av. Shares Held
Individuals	20,253	64.26%	73	21,665	68.52%	73
Institutions	288	4.21	337	299	3.55	273
Brokers	179	11.30	1,456	199	14.65	1,692
Nominees	273	20.23	1,710	242	13.28	1,261
Total	20,993	100.00%	110	22,405	100.00%	103

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

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II OPERATING STATEMENT

A. GROSS PROFIT

	Published 1959	Excluding Chemurgy 1958	Published 1958
Ratio to Net Sales	27.2%	24.0%	22.3%
Dollars	$53,229,592	$44,442,605	$48,373,341

Increase 1959 over 1958 Excluding Chemurgy	$8,787,000
Due to Net Sales Increase	$2,523,000
Due to Gross Margin Increase	6,264,000
	$8,787,000

B. INCREASE IN SELLING AND ADMINISTRATIVE EXPENSE

The Annual Report shows an increase of $2,655,421, or 7.8% on Net Sales decrease of 9.9%. The dollar increase was explained in Report by mention of Advertising and Salaries, each up $1,100,000, for $2,200,000 of the $2,655,421. Eliminating Chemurgy, the Expense increase was $4,238,367, or 13.0% on a Net Sales increase of 5.6%. Major items of increase were:

Advertising and Promotion	$1,200,000
Sales and Office Salaries	1,600,000
Cash Discount	100,000
Maintenance	60,000
Rent	150,000
Sales Development Letters	180,000
Travel	200,000
Pension	250,000
Bonus	200,000
	$3,940,000

Both Paints and Foods had substantial dollar and % to Sales increases in Advertising and Promotion which were planned for development of sales volume. Paint Advertising was merely being restored to pre-recession level.

The Salary increase is found in Paint, Food, C-P-M and Headquarters with all four Divisions of the Company and Headquarters showing more people on the payroll. Paint is up $1,350,000 with $200,000 due to non-Branch General Paint and the balance in total Branches. About 75 people have been added to direct Branch payrolls with most of them not classified in either inside or outside sales. Food is up $80,000 with a total of approximately 25 added primarily to office staffs except Bethlehem. C-P-M is up $120,000 with about 40 people added at Baltimore, 10 sales and 30 salary, by August 31, 1959. Headquarters up $90,000 with about 50 more people - Engineering, Executive and Food account for dollars.

Cash Discount and Maintenance increases in Paint and C-P-M - not out of line. Rent entirely in Branches. Sales Development in Paints and Foods - Paint in line with sales; Food is plan for sales development. Travel mostly Paint but Food and Headquarters up substantially. Pension and Bonus restored to pre-recession levels.

II OPERATING STATEMENT

B. INCREASE IN SELLING AND ADMINISTRATIVE EXPENSE (continued)

A brief statement as to cause of increase and comparative high level of Selling and Administration Expenses should admit to creeping increase largely tied to Salaries and other expenses of added people which are integral part of our growth program. (A gradual increase from 11.5% to Net Sales in 1951 to 15.7% in 1958) The jump in 1959 to published 18.8% is due primarily to Chemurgy which as a division had ratio well below 10% so elimination raises over-all level and also leaves unabsorbed overhead due to non-reinvestment of capital freed.

C. OTHER INCOME - PUBLISHED P & L

The major items this year and last year were:

	1959	1958
Royalties	$332,131	$413,654
Interest Earned	209,376	107,483
Gain - Disposal Capital Assets	75,378	54,731
Gain - Disposal of Securities	27,528	-0-
Organic Chemical Trading Income	76,214	37,479
Other	44,174	289,105
	$764,801	$902,452

Royalty decrease due to 1958 sale of Chemurgy patent to Pfizer. The largest single item in 1958 "Other" was the Chemurgy Use and Occupancy Fire Loss Recovery of $76,726. G.I.C.A. Royalty Income up from $60,000 in 1958 to $68,000 in 1959.

D. DEPRECIATION

Depreciation and amortization charges for 1959 were $6,579,313 against $5,838,032 in 1958. The charge on Chemurgy properties was $2,100,056 which was more than covered by the rental income of $2,175,000 from Central Soya. Most property acquired since 1954 is depreciated for tax and book purposes on the Sum-of-the-Years' Digits method.

	1959	1958
Total Depreciation and Amortization	$6,579,313	$5,838,032
Chemurgy Property	2,100,056	2,121,810
	$4,479,257	$3,716,222
Estimated S-Y-D Excess	1,516,519	1,135,863
Straight Line Charge - Excluding Chemurgy	$2,962,738	$2,580,359

E. FIXED CHARGES

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

Total Interest Expense - 1959	$1,339,918	
Real Estate Lease Liability - 1960	1,259,067	see page 8
	$2,598,985	

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II OPERATING STATEMENT

F. ADVERTISING EXPENSE

	Advertising	% to Sales	Promotion	% to Sales	Total	% to Sales
1959	4,753,263	2.43%	691,547	.35%	5,444,810	2.78%
1958	3,911,358	1.79	529,028	.24	4,440,386	2.03
1957	4,089,903	1.81	598,953	.26	4,688,856	2.07
1956	4,192,647	1.85	923,723	.41	5,116,370	2.26

G. RESEARCH AND DEVELOPMENT - CONTINUING DIVISIONS

	1958 Actual	1959 Actual	1959 Budget	1960 Budget	Incr. 1960 Budget Over Actual 1959
Research	$1,013,666	$1,066,756	$1,175,245	$1,259,250	18.0%
Sales Service	1,433,780	1,570,902	1,591,313	1,851,285	17.8
Research and Sales Service	$2,447,446	$2,637,658	$2,766,558	$3,110,535	17.9%
Control Lab.	927,648	982,882	1,014,298	1,136,175	15.6
Total Research and Lab.	$3,375,094	$3,620,540	$3,780,856	$4,246,710	17.3%

H. AVERAGE ASSETS AND PROFIT RETURN

	1959 Average Assets	1959 % Return
Paint	$ 44,298,000	19.4%
Food	24,213,000	15.2
C-P-M	29,561,000	15.4
Organic Chemical	8,467,000	7.8
Total Division	$106,539,000	16.4%
Total Company	$133,371,000	11.9%

I. MISCELLANEOUS

Attention may be called to ten year statistics in Annual Report. It may be pointed out, on inquiry, that all departments of the Company were operated profitably in 1959 except the new tall oil unit at Port St. Joe in which there have been some process difficulties in getting into full operation.

III CASH USE AND PROJECTION

A. APPLICATION OF FUNDS

		1959		1958
Source of Funds				
Net Income		$ 7,633,531		$ 6,063,062
Depreciation		6,579,313		5,838,032
Abandonment of St. Helena		-0-		1,215,239
Total from Operations		$14,212,844		$13,116,333
Sale of Debentures	$30,000,000		$ -0-	
Less Bank Loan Payments	26,000,000	4,000,000	1,500,000	(1,500,000)
Sale of 9,680 shares of Common Stock under option		351,033		-0-
Disposition of Fixed Assets		201,724		1,565,831
Other Sources - Net		(872,835)		100,810
		$17,892,766		$13,282,974
Disposition of Funds				
Dividends Declared		$ 4,609,795		$ 4,596,340
Expenditures for Property Plant and Equipment		7,607,001		9,214,395
Increases (Decreases) in Working Capital:				
Cash - Incr. (Decr.)	$ (427,588)		$ (285,706)	
Short Term Securities - Incr.	7,957,140			
	$ 7,529,552		$ (285,706)	
A/C Receivable - Net - Incr. (Decr.)	(3,270,987)*		1,832,770	
Inventory - Incr. (Decr.)	(939,483)*		(6,859,707)	
Other Accounts - (Decr.)	(805,563)		(2,013,925)	
Notes Payable - (Decr.)	5,500,000		3,500,000	
A/C Payable (Incr.) Decr.	(1,209,315)		1,535,105	
Accrued Taxes (Incr.) Decr.	(1,113,782)		1,861,991	
Other Changes	(14,452)	5,675,970	(98,289)	(527,761)
		$17,892,766		$13,282,974

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

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III CASH USE AND PROJECTION

B. FIVE-YEAR FORECAST - CASH BASIS

	As of 8/31 - 000 Omitted		
	Fiscal 1960	Next Five Years 1960-1964	Last Five Years 1955-1959 (Actual)
Estimated Funds from Profit, Depreciation, Chemurgy Disposition and Miscellaneous Sources	$15,661	$95,311	$65,697
Less Estimated Dividends	4,616	26,361	22,980
Net Cash in Flow	$11,045	$68,950	$42,717
Add Cash Balance	16,825	16,825	16,061
Net Cash Available	$27,870	$85,775	$58,778
Needed for Receivable & Inventory Growth	3,600	19,000	12,526
Needed for Receivable & Inventory Chemurgy	-	-	(6,624)
Normal Capital Replacement	5,066	20,351	11,630
Normal Capital Replacement-Chemurgy	-	-	1,078
Operational Cash Required	6,000	7,000	6,000
Remaining Funds for Growth Usage	$13,204	$39,424	$34,168
Growth Capital - Mostly Approved	7,479	13,790	33,111
Chemurgy			8,232
Balance of Funds Available for Future Growth	$ 5,725	$25,634	$(7,175)

Capital Projections:

	Paint	Food	CPM	Organic Chemical	Total (incl. Hdq.)
Actual 5 Yrs. (1955-59)	$7,900	$4,086	$26,499	$5,396	$44,741
1960	3,261	2,345	5,308	1,425	12,545
1961	2,660	1,800	3,461	600	8,571
1962	2,235	800	800	300	4,185
1963	1,920	900	900	400	4,170
1964	2,120	1,000	1,000	500	4,670
Estimated 5 Yrs. (1960-64)	$12,196	$6,845	$11,469	$3,225	$34,141

Working Capital

Estimated 5 Yrs. (1960-64)	$10,000	$4,000	$ 2,000	$1,600	$19,000

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IV EMPLOYEE BENEFITS

A. PENSION PLANS

	Expense per Books	8/31/59 Trust Funds on Deposit	No. of Empl. Funded	Retired Employees Receiving Benefits	Yield Excluding Capital Gain or Loss	Yield Including Capital Gain (Loss*) (On Cost)
U. S. Salary	$ 754,978	$10,044,874	1,324	194	4.74%	4.11%*
U. S. Hourly	300,000	2,486,876	948	299	4.73%	4.98%
Canadian Salary	60,500	585,102	195	9	N.A.	4.49%
Canadian Hourly	25,440	145,471	120	8	N.A.	4.80%
Total Funded	$1,140,918	$13,262,323	2,587	510		
Supplemental	95,844			114		
Total	$1,236,762					

Total Assets @ 7/31/59 and in Annual Report $12,934,346 (difference is $327,978 deposited 8/27/59)
Unfunded Past Service Liability in Annual Report $ 4,700,000
Annual Current Service Cost per Annual Report $ 890,000

IV EMPLOYEE BENEFITS

A. PENSION PLANS (continued)

As of October 31, 1959, the cost and market values of our trust investments were as follows:

Cost:	U.S. Salary	U. S. Hourly	Canadian Salary	Canadian Hourly
Dollar Amount	$10,064,842	$2,519,550	$604,571	$157,195
% Equities	38.06%	32.53%	40.8%	40.8%
Incl. Glidden Stock	(4.38%)	(3.78%)		
Fixed Income	53.15%	56.72%	59.2%	59.2%
Convertibles	8.79%	10.75%		
Market:				
Dollar Amount	11,763,099	2,912,879	559,218	148,716
% Equities	51.93%	44.04%	42.1%	41.2%
Incl. Glidden Stock	(4.43%)	(3.82%)		
Fixed Income	40.23%	45.67%	57.9%	58.8%
Convertibles	7.84%	10.29%		

Total Dollar Amount in Funds - At Cost	$13,346,158
- At Market	$15,383,912

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

B. BONUS PLAN

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

Formula provides 12% must be earned - pre tax - on bonus net capital (capital and term debt, etc.) before calculating a bonus provision of 7% of profit. The 1959 calculation of provision was as follows:

Capital Stock, Debentures, Surplus		$120,660,589
12% of ~~above equals~~ Bonus Net Capital		14,479,271
Consolidated Net Income	7,633,531	
Add: Provision for Taxes Bonus and Interest on Debt	9,621,118	17,254,649
Less 12% of Bonus Net Capital		14,479,271
Bonus Net Income		2,775,378
7% Equals Maximum Allowable Provision		194,276
Used		194,200

IV EMPLOYEE BENEFITS

B. BONUS PLAN (continued)

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

In 1958 no provision was made to the bonus reserve because of depressed profits. Forty-eight awards were made from reserve and totalled $48,500 (none to senior officers). A total of 1,072 awards have been made from 1951 through 1958. Maximum in any one year was 212, lowest 48. The highest individual amount awarded was $12,000 (to Duncan, Sprague, Ruth and Goldseth in 1951).

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

The 1959 awards will be made December 11, 1959. Approximately awards will be made totalling $

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

Ten officers of the Company who serve as directors, and approximately 460 other employees (including eight officers) who receive salaries of $750 or more per month, are currently eligible for consideration for bonus awards. The Chairman of the Board of Directors and President may not be awarded a bonus under the Plan.

C. STOCK OPTIONS

1. Old Stock Option Plan

a. 1952 Stock Option Incentive Plan Adopted February 14, 1952

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

IV EMPLOYEE BENEFITS

C. STOCK OPTIONS

1. Old Stock Option Plan

a. 1952 Stock Option Incentive Plan Adopted February 14, 1952 (continued)

As of October 15, 1959, options to purchase 118,870 shares (55,200 by officers and directors) had been granted under the 1952 Plan. (Options for 19,710 shares had expired by reason of termination of employment, of which options for 18,870 shares were reissued, as authorized by the Plan, to qualifying employees.) Options representing 17,820 shares had been exercised (3,380 by officers and directors). There were outstanding under the 1952 Plan as of October 15, 1959, options for 81,340 shares (51,820 for officers and directors), exercisable over a period of ten years from the date granted but not more than three months after termination of a participant's employment. A total of fifteen officers and directors and 113 other employees held options under the 1952 Plan. Officers and directors named in the remuneration table on page 5 held options as follows: 17

	Option Price of $35 Expiring 6-24-62	Option Price of $38 Expiring 12-27-64	Option Price of $37 Expiring 11-29-66	Option Price of $37.50 Expiring 9-29-67	Option Price of $41.50 Expiring 12-28-68
Dwight P. Joyce	2,000	2,000	1,000	---	---
Alexander D. Duncan	1,220	2,000	1,000	---	---
Beauford W. Maxey	2,000	2,000	1,000	---	---
John H. Weeks	1,500	2,000	1,000	---	---
Robert D. Horner	700	2,000	2,000	---	300
William G. Phillips	500	2,000	2,000	---	500
Willard C. Lighter	---	2,000	2,000	---	1,000
Harvey L. Slaughter	---	2,000	2,000	---	---
George M. Halsey	400	200	2,000	---	1,000
W. David Stallcup	---	800	800	---	1,000
George S. Warner	500	2,000	2,000	---	500
All Directors and Officers as a group (including those named above)	8,970	19,500	17,800	350	5,200

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

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IV EMPLOYEE BENEFITS

C. STOCK OPTIONS

2. New Option Plan

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

Principal differences from old plan:

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

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

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

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

The selection of key employees who will participate in, and the determination of the number of shares to be offered, will be made by the Stock Option Committee, elected annually by the Board of Directors. Employees who have received options under the 1952 Plan will be eligible to receive additional options. If the proposed 1959 Plan had been in effect as of October 15, 1959, fifteen officers and directors and an estimated 100 other employees would probably have been considered eligible to participate in the Plan. No participant may receive options covering more than 5,000 shares. Directors who are not officers or employees of the Company are not eligible to participate.

D. WAGE AND SALARY RATIOS

	1959	1958
Manufacturing Wages to Cost of Products Sold	8.09%	7.31%
Total Wages and Salaries to Net Sales	17.3 % $33,932,101	16.2 % $35,203,072
Total Wages, Salaries and Benefit Costs to Net Sales	18.6 % $36,436,403	17.2 % $37,278,752

E. SALARIES

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

IV EMPLOYEE BENEFITS

F. OTHER BENEFITS

Other than group insurance plans, we do not have any major program or plan of the so-called welfare benefit or key employee type. We have considered stock purchase plan for employees, but the Board has felt that matters of personal investment should rest with the individual.

V ACQUISITIONS, DISPOSITIONS AND CAPITAL EXPENDITURES

A. ACQUISITIONS

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

During the last year, we reviewed in excess of one hundred acquisition possibilities. We seriously considered twelve and acquired two. These two acquisitions were related to our paint operations in Canada.

1. R. C. Pauli & Sons - November 1, 1958

Bulk spice business consolidated with Berkeley C & C, in quarters leased at $21,600 per year until January 1961 with two year renewal option.

Purchase Price	$182,995
Additional Expenditures for Moving and New Equipment	57,730
	$240,725

Consultants' contracts with H. and T. Pauli at total of $25,000 per year to November, 1963.

2. Canadian Branches - October 1, 1959

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

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

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V ACQUISITIONS, DISPOSITIONS AND CAPITAL EXPENDITURES

A. ACQUISITIONS

2. Canadian Branches - October 1, 1959 (continued)

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

3. General Paint Co. - June 1, 1958

Original investment totaled $785,318. Investment at August 31, 1959 (does not include San Francisco):

Plant and Equipment (net) - Tulsa, Portland & Branches	$ 134,170
Accounts Receivable	600,652
Inventory (except San Francisco)	1,001,057
	$1,735,879

Recorded operating results are:

	Net Sales	Net Profit
Three months - 1958	$1,283,727	$158,365
Fiscal - 1959	4,816,425	161,963
	$6,100,152	$320,328

V ACQUISITIONS, DISPOSITIONS AND CAPITAL EXPENDITURES

B. DISPOSITIONS AND SHUTDOWNS

	Annual Sales Last Full Year	Profit or (Loss) Last Full Year	Avg. Profit or (Loss) Last 4 Yrs. Operated	Pre-Tax Profit or (Loss) on Sale or Abandonment	After Tax Cash & Asset Utilization Last Full Year Basis
Hammond 7/16/51	$ 4,076,147	$ (234,346)	$ (373,225)	$ 142,235	$ 2,044,710
Oakland 10/25/54	627,505	(226,221)	39,296	96,376	997,955
Feed Mill 8/10/54	4,423,653	65,538	15,608	(290,471)	2,417,154
Portland 9/18/52	2,941,393	92,554	13,771	(19,369)	1,224,149
Cambridge 7/1/55	1,308,738	(60,579)	(9,537)	(6,542)	851,472
Yadkin	-	-	-	(8,149)	58,673
Jojaba - Castella	-	-	-	50,597	125,640
Barytes Mines	-	-	-	-	11,679
Buena Park 8/31/56	4,033,465	(11,032)	(67,338)	(253,580)	1,095,247
Eastern Marg. & Salad Prod. 2/1/57	9,996,668	(372,378)	(414,580)	(197,934)	2,383,320
Elmhurst Building A,8/31/57:S,8/1/58	-	-	-	(252,240)	1,269,854
Scranton 6/9/58	1,100,590	52,028	66,056	30,690	455,467
St. Helena 3/31/58	-	-	-	(1,215,239)	925,924
Buena Park Land 1/28/58	-	-	-	174,957	136,635
Chemurgy 9/1/58	31,982,480	1,477,859	1,503,501	1,258,763	27,555,267*
Southern Pine 2/28/58	1,070,947	103,448	68,240	(76,237)	292,555
TOTAL	$61,561,585	$ 886,871	$ 841,792	$ (566,143)	$41,845,701

After Tax Profit on Sales and Abandonments $ 197,529

	Book Value	After Tax Cash Received	Excess Cash Over Book Value
Fixed Assets - Sold	$17,072,644	$18,440,613	
Fixed Assets - Abandoned	2,304,320	1,198,246	
	$19,376,964	$19,638,859	$261,895

1958 Abandonments

1958 Sales of Units Abandoned - $32,937,052 (Will not have in 1959)

Pre-Tax Profit (Loss) on 1958 Abandonments:	St. Helena (Published)	$(1,215,239)
	All Others	43,618
		$(1,171,621)

After Tax Cash Profit Flow from Sales and Abandonments	$ 831,438
Profits Applicable to Future Years (Chemurgy) Pre-Tax $1,337,631; After Tax	$ 1,003,223

* Estimated on exercise of option to buy property September 1, 1961

V ACQUISITIONS, DISPOSITIONS AND CAPITAL EXPENDITURES

B. DISPOSITIONS AND SHUTDOWNS

1. Sale of Eastern Margarine and Salad Products

Norwalk equipment and business and Iron Street business sold to Miami Margarine on February 1, 1957. Macon plant and business sold to J. H. Filbert on March 1, 1957. Total cash freed up on basis of last four-year average assets was $2,248,600 and total Net Loss eliminated on basis of last four-years' average was $414,580.

Tonnage of oil sold to Miami and Filbert in 1959 dropped from 57,000,000 lbs. in 1958 to 53,400,000 lbs. which is the same volume as the total sold to these companies and used in our own margarine and salad products in the 12 months before the sale. Royalty income from Miami dropped from $73,192 in 1958 to $50,053 in 1959.

2. Move of Elmhurst

Total cost of the Elmhurst shutdown, sale and the move to Bethlehem was $970,676. Rental on the Bethlehem buildings and land is $67,500 per year to August 1, 1977 with option for ten more years at $54,000 per year. In addition, there is a total net property investment at August 31, 1959 of $1,126,010.

3. St. Helena Abandonment

The abandonment of St. Helena in fiscal 1958 was of a physical plant only, with the business being taken over by the new Adrian Joyce Works. Thus, there was no elimination of sales and profits.

The loss of $1,215,239 recorded in 1958 is a total of the loss taken on the sale of the equipment, $451,428; the loss on writedown of inventory, $77,042; and the loss on writedown of land and buildings to a sound appraised value, $686,769. The idle buildings and land are still owned by the Company and carried at the same appraised value of $318,742. The soundness of this appraisal has been re-affirmed and sale of the property will be made at the most advantageous opportunity.

4. Chemurgy

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

Inventory Sold at Book Value	$3,756,249
Receivables Assigned - Net	2,898,438
	$6,654,687
1959 Rental Income - (per year)	$2,175,000
1959 Depreciation Expense	(2,100,056)
1959 Misc. Expenses - Net	(41,993)
Net Gain	$ 32,951

V ACQUISITIONS, DISPOSITIONS AND CAPITAL EXPENDITURES

B. DISPOSITIONS AND SHUTDOWNS

4. Chemurgy (continued)

The net book value of property leased at September 1, 1958 was $13,737,369 which will be reduced in each of the three years of the lease by approximately $2,100,000 depreciation and amortization. The estimated net book value at September 1, 1961 will be $7,437,000, whereas the option price is $8,550,000.

C. MINING ACTIVITY

The zinc mine exploration commenced in 1951 was abandoned in 1956 at an after-tax cost of $563,772.

A 20 year supply of ilmenite ore, representing a substantial portion of requirements, was acquired in October, 1959 at Lakewood, New Jersey. A concentrating and separating plant is slated for completion late in 1961. Capital requirements per B.A.R. are (do not disclose):

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

V ACQUISITIONS, DISPOSITIONS AND CAPITAL EXPENDITURES

D. MAJOR CAPITAL EXPENDITURES - 1959 (in thousands of dollars)

		Expended Prior to 1959	Expended in 1959		To Be Expended In 1960	
Paint:						
5	St. Louis Warehouse	$ -	$ -		$ 380	
14	Pacific Expansion	-	15		235	
1-9-12-14	Universal Reactors (4)	-	47		1,186	
	Branches		200		353	
	All Other Paint		714		1,107	
	Total Paint			$ 976		$ 3,261
Food:						
12-21-22	Deodorizers (3)	$ -	$ 536		$ 144	
13	Boiler Plant	-	-		423*	
13	Land	-	-		245	
21	Land & Warehouse	-	-		250*	
22	Land and Building		31		657	
	All Other Food		265		626	
	Total Food			$ 832		$ 2,345
C-P-M:						
32	ADJ - Phase 2 & 3	$11,520	$ 383		$ -	
32	ADJ - Expansion		926		3,211	
32	Ilmenite Handling	348	2,143		-	
33	New Jersey Mine		572		1,000*	
32	Baltimore Lab.		568		147	
	All Other C-P-M		258		950	
	Total C-P-M			$4,850		$ 5,308
Organic Chemical:						
71	Port St. Joe Tall Oil	$ 3,411	$ 69		$ -	
	Terpene Plant	253	18		-	
	Menthol Plant		378		1,007*	
	All Other Organic Chem.		264		418	
	Total Organic Chemical			$ 729		$ 1,425
Headquarters:				192		206
	Total Company			$7,579		$12,545
	Used in Annual Report				9 - 10 Million	

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V ACQUISITIONS, DISPOSITIONS AND CAPITAL EXPENDITURES

E. EXTRANEOUS EXPENSES

Start-up and development expenses at Adrian Joyce, Pauli and Jacksonville, plus shutdown expenses, principally at St. Helena reduced 1959 earnings .05 cents per share - net.

	Before Tax	After Tax	Per Share
Pauli	$ 9,901	$ 4,752	
St. Helena	109,697	52,655	
Adrian Joyce	170,993	82,076	
Jax. Development	113,269	54,369	
Misc. Other Gains and Expenses - Net	(97,549)	(73,866)	
	$306,311	$119,986	.05¢

Comparable extraneous items reduced earnings 58 cents in 1958 and 29 cents in 1957. (These expenses were published in 1957 and 1958 but not in 1959.)

VI OTHER MAJOR FUNCTIONS AND ITEMS

A. DONATIONS

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

Educational support has been given through the following:

1. Awarding of five scholarships under the auspices of the National Merit Scholarship Foundation. 1959 winners were: David C. Danaker (Haverford); Donald A. Eidam (M.I.T.); Gary J. Elwell (Stanford); Wm. R. Lowery (Wabash); Robert W. Templeton (Carleton).

2. Cooperative Contribution Plan, under which the Company makes unrestricted grants to degree-granting universities in an equal amount to the donations made by employees of the Company to such colleges and universities. Contributed 1959 fiscal - $3,452 to 39 colleges.

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

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

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

VI OTHER MAJOR FUNCTIONS AND ITEMS

A. DONATIONS (continued)

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

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

	1959	1958	1957	1956
Education	54%	34%	22%	31%
Health & Welfare	41	57	70	61
Other	5	9	8	8
Total Donations	$104,526	$69,066	$70,811	$69,812
[illegible]	62,000			
% of Net Profit	1.37%	1.14%	.97%	.86%
Per Employee	$ 17.35	$ 10.95	$ 10.97	$ 10.93

B. GLIDDEN'S PURCHASING POLICIES

Glidden's Management has full control of the purchasing of all raw materials, packages, equipment, etc. Certain major commodities such as edible oils, spices, coconut, ilmenite ore, gum rosin and turpentine are under the direct control of the operating Vice President. All other raw materials, packages, equipment and operating supplies are under the control and supervision of the General Purchasing Department.

On most items the purchase orders are issued locally by Divisional Purchasing Agents following the pattern established by the General Purchasing Department. We issue the purchase orders locally to eliminate a great deal of paper work and to enable our plants to run on smaller inventories and get a better turnover.

We think it good business to buy from our customers. In doing so we expect them to be competitive on service, quality and price.

C. AUDIT

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

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

VI OTHER MAJOR FUNCTIONS AND ITEMS

D. INSURANCE

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

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

Locations excluded are under separate policies for fire, extended coverage and sprinkler leakage. Are on co-insurance basis - no agreed amount.

Elevators under Underwriters Grain Ass'n. policy.

Use and occupancy insurance also in FIA for locations they cover for fire, etc.

Use and occupancy insurance other divisions specific with co-insurance.

Also carry ocean marine and cargo insurance to extent necessary.

Carry boiler and pressure vessel insurance where necessary.

All employees bonded in substantial amount.

Workmen's Compensation - We self-insure in states where possible (11), with an override $1,000,000 policy for catastrophe. Self-insurance on Workmen's Compensation has saved us over $1,000,000 in the last 28 years.

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

There were no major fires in the 1959 fiscal year. Three small fires resulted in total recoverable losses of $10,466.

Total cost of insurance premiums for fire and extended coverage on buildings, machinery and equipment and inventory, plus use and occupancy, was $265,903 for the fiscal year 1959. (This figure should not be given out.)

E. FOREIGN BUSINESS

The headquarters office of Glidden International is in San Juan, Puerto Rico. Collection of accounts is made through the Chase Manhattan Bank, San Juan, Puerto Rico.

Glidden International, at present, has retail branch operations in San Juan, Puerto Rico; Ponce, Puerto Rico; and Panama, Republic of Panama.

International funds have basically been secured from bank borrowings at the Union Commerce Bank, Cleveland, Ohio. At August 31, 1959, the borrowed amount was $850,000. At present, the amount stands at $625,000. The current rate of interest on this loan is 5%. The loan is guaranteed by The Glidden Company.

VI OTHER MAJOR FUNCTIONS AND ITEMS

E. FOREIGN BUSINESS (continued)

Glidden International, C. A. has four banking associations throughout the world. They maintain four Collection Accounts and six Working Fund Accounts for their operations. Their major relationships are as follows:

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

Glidden's investment in International is $18,018. At August 31, 1959, International owed The Glidden Company $139,051 for merchandise purchased from Glidden during the month of August.

International's investments at August 31, 1959 were as follows:

Columbia - Pinturas Ico - 1/3 interest - Paint	$315,504
Ecuador - Pinturas Ecuatorianas and Distribudora Americana - 1/3 interest - Paint	62,837
Guatemala - Pinturas Centro-Americanas 1/3 interest - Paint	14,850
	$393,191

In addition, International has the following wholly-owned subsidiaries which have been consolidated in the International Audited Financial Reports.

Mexico - Industrias Glidden, S. A. (Inactive)
Panama - Paint Branch

International still maintains a minority stock interest in Soja Glidden Argentina.

Glidden International has seven foreign Licensees.

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

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

Sales declines were recorded in the Direct Export business in Paint, Organic Chemical and Chemicals-Pigments-Metals. Increases were accomplished in the retail sales of the Puerto Rican and Panamanian Branches. A very slight increase was also noted in the Durkee sales. Direct export sales of paint have decreased in the Central and South American countries as a result of the addition of licensees in these areas.