PLAINTIFF'S
EXHIBIT
GF-1970

The RUBEROID Co.

ANNUAL REPORT 1942

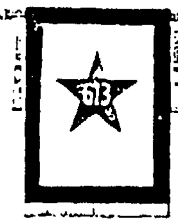
TO STOCKHOLDERS
AND EMPLOYEES

[redacted]

fifty-sixth year

GAF 12598

[redacted]



★ ★ ★ ★ ★ ★ ★ ★ **The RUBEROID Co.** ★ ★ ★ ★ ★ ★

Roll of Honor

The following employees, representing every department of the company, had been inducted into military or naval service up to December 31, 1942.

Mark E. Abrams
Paul L. Ahlberg
Arthur Ainley
Fred Alberico
Onofrio Paul Allegra
Victor Ailman
John M. Andrews
Anthony Andros
Charles J. Androsky
Anthony T. Angellotti
August J. Angelo
Michael Anthenilli
James Armagost
Robert L. Arnold
Goodwin Y. Atlee
John E. Atwell
Clifford Aubuchon
James Aubuchon
Andrew Augustine

George Henry Babbie
Joseph V. Babich
Edward Babo
Anton Baans
Stephen P. Bakos
Edward Bambic
Frank Bambic
John Banks
Casimir Barch
Harold Barnett
Richard C. Barrett
Leo W. Barth
Joseph J. Bascameh.an
Luther Bass
Craven Beamon
Raymond W. Bebar
Willard Belinowicz
Frederick M. Benuer
Harold W. Benson
Andrew R. Berdis
J. Bialecki
Victor Binetti
George Billie
Herman Bluckman

Thomas C. Crnkovich
William Cryer
Joseph B. Csengery
Michael Csengery
Richard Cullen
William Cumberland
Anthony J. Cupano
P. J. Curley
Edward Cyparski

Joseph Daniels
John A. Danser
Milton W. Davis
Charles De Angelis
Leo Frank Debish, Jr.
Judson M. De Cew
Frank Deckman
Stanley J. Deeman
Thomas Delaney
Harry E. Derfinger, Jr.
Henry Derhake
Walter J. Derlinga
Benjamin Di Dionisio
Jock R. Dizas
Amedio Di Giovanni
John Dillon
Walter Dobrychlop
Edward J. Dombrowski
Elmer Donovan
Victor Dornik
Thomas J. Dougherty, Jr.
Dayton Douglass
John D. Dovan
Francis Downey
Edward Dreher
Frank J. Duda
Wassel Duda
Joseph Duha
Philip Duick, Jr.
Joseph L. Dumovich
Henry Durkiewicz
Louis Dwenger

Earl Ebert

Thomas Haggerty
Paul Hajduk
John Halcum
James G. Hale
Maurice Hall
Donald V. Hamilton
William J. Hamilton
Thomas Hammac
Hassib Handy
Robert Hansell
Frank Hansen
John Harbist
Hartwell Harris
William E. Haslam
Carl Hawkins
David Hawkins
Thomas Heard
Tom Hebnetts
Ernest Heitaler, Jr.
Hiram H. Hellyer
Christian Hettick
Robert S. Hillas
Robert Hinds
Archie Hines
William Hoagland
Fred Hofer
Robert Holmes
Harold Holston
Albert Homall
George Hornichak
Charles Hourell
William T. Hovan
Norman Hrehtya
Joseph G. Bromey
Ernest Huard
James A. Hudson
Harry Huerel
Harry Hutchinson
Joseph R. Hylka

Elven J. Iambeth
Clement J. Intrieri
Joseph Leo Ivnik

Daniel Jaksetich

Alfred Lex
Jack Linendoll
Ernest Little
George Locke
Lewis Lofty
Daniel Logan
Howard D. Loughry
Clarence Lowery
Rudolph Lubich
Roland Lumbra
George Lyons

Andrew Macindoe
Donald Maddux
Laurel Madson
Albert Maier
Oiva E. Maki
Frank Malandro
Joseph E. Maleski
Joseph J. Mance
Everett Manning
John Marabito
Richard Marietta
Fred Markin
Stephen Marolt
Walter Marquardt
Joseph Marsala
H. L. Marsh
Floyd Martin
John Masilak
Robert Mason
Russell Mason
Herman Matlock
J. Mayeski
Patrick McConnell
David T. McCullough
Earl T. McCutcheon
Washington McKenzie
Kenneth McManus
David McMillan
Cornelius McMorrine
Frank Medltz
Edwin Messinger
Clarence Meyer

Carl Parks
Donald Parsons
Andrew Patrick
Leslie H. Patton
Method K. Pavnica
John Pease
Arthur Perdue
Maran A. Perepolka
Fiorentino Petti
Alex Philipcheck
Gerard Predilato
William Pierce
Clyde Pinkston
William F. Plute
Dudley L. Poe, Jr.
A. Poleski
Joseph Polvak
Frank C. Ponas
Jimmie Lee Pope
Melbourne Pope
Chester Poplawski
Steve Popovich
Kenneth Power
Myron Pratt
Pink Presnell
Andrew Prieboy
Stephen Prieboy
Paul Pristash
Raymond Pritzke
Edward J. Przybylkowski
Stuart T. Putnam
Albert Puz

Denis K. Quinn

Andrew P. Rafac
★Joseph P. Ra...
Lawrence Randich
Peter Raskie
Eddie Ray
Herbert F. Read
Elmer Reed
George Reed
Milton Reim

John Staresinic
Vincent Stawnisk
Frank Stefanich
John Stepanours
Claxton Stephens
Stanley Stevens
George Stevenson
Raymond T. Stevenson
Floyd Stiehl
William Stockman
Burton W. Storey
Harold Storey
Vincent Stumpo
Joseph P. Sullivan
Joseph Surinak
Walter Swaney
F. K. Sweeney
Fred Sweeney
Tony F. Sylvester
Edward Szchmanski

Merrill Tatro
Lyman Tefft
Harold Tharp
Clyde Thomas
Frank Thomas
James Thomas
Charles Thompson
Ray C. Thompson
Wilson Edward Thompson
Coamy Threlkeld
Michael G. Tirello
Michael Tirpak
Anton Tomac
John Tomaszewski
Michael Tomaszewski
Marion L. Tonelli
Preston L. Townsend
Romeo Joseph Trahan
William Trautwein
Roscoe C. Turner

Otto Uhle
Melvin Ulery

ANNUAL REPORT

1942

The RUBEROID Co.

Manufacturers of Asphalt and Asbestos
Building and Roofing Products

> **Proxies for use at the annual meeting of stockholders to be held at the office of the company, South Bound Brook, N. J. on April 30, 1943, at 1:30 P. M. will be requested by the management of the corporation at a later time. Beginning on or about April 1, 1943, proxies and proxy statements will be mailed to stockholders.**

[redacted]

The data herein are published solely for the [illegible] of the company's stockholders and employees. No statement in this booklet is made for the purpose of inducing the purchase of any [illegible] the company.

Executive Offices

500 Fifth Avenue, New York, N. Y

GAF 12600

Table of Contents

PRESIDENT'S LETTER

To the Stockholders and Employees
of The Ruberoid Co.:

Your company's activities in 1942 had but one objective —production for victory. Over 80 per cent of Ruberoid's production was utilized for purposes directly and indirectly connected with the war effort, and the tonnage output increased 9 per cent over 1941, the best previous year in the company's history. An accomplishment such as this can only be the result of mutual understanding and unstinted cooperation on the part of everyone in the company's organization.

Financial Summary*

Net profit in 1942, after providing for all taxes and a reserve for wartime contingencies, but without taking into consideration the post-war refund of excess profits tax, amounted to $788,288, or $1.98 per share, compared with $1,563,099, or $3.93 per share in 1941. Net profit in 1942, after providing for all taxes and wartime contingencies, and after including the post-war refund of excess profits tax, amounted to $988,288, or $2.48 per share.

The company is entitled to a "post-war refund" estimated at $200,000, equal to 10 per cent of its 1942 Federal excess profits tax liability. This will be received within three months after payment in full of our excess profits tax due for the year 1942, in the form of non-interest bearing government obligations, maturing at the end of the second cal

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* The certified annual financial statements will be found on pages 12 to 16. A simplified balance sheet appears on page 11.

endar year beginning after the date of cessation of hostilities in the present war (which date must be fixed by proclamation of the President or by Congress) and not transferable until after such date. In our Balance Sheet we have therefore shown this post-war tax refund as a non-current asset and have reflected the full amount of the Federal taxes as a current liability, since they must presently be paid out of our 1942 earnings.

In our Profit and Loss Statement we have reported our 1942 profits in two ways, namely: (1) before taking into consideration the "post-war refund" applicable to 1942 excess profits taxes, and (2) after reflecting the right to receive this "post-war refund." This dual treatment will in our opinion present a correct picture of our 1942 profit showing.

Provision for payment in full of Federal income and excess profits taxes in 1942 based on the Revenue Act of 1942, amounted to $2,597,169, compared with $1,365,156 in the preceding year. The effect of Federal taxes on Ruberoid earnings is illustrated in *Figure 1* — "Disposition of Profits" — on page 4.

A reserve of $175,000 was set aside out of 1942 earnings for wartime contingencies, such as a decline in the stated values of inventories, and other expenses which may be encountered during the war period, but which cannot now be definitely determined. The company has not set up any reserve against a refund of profits resulting from the possible renegotiation of government contracts under the provisions of Section 403 of the Sixth Supplemental National Defense Appropriation Act, 1942, since it does not believe that the profit realized on such contracts was excessive.

COMPARISON OF THE COMPANY'S BUSINESS FOR 1942 AND 1941

	1942	1941
Net Sales:		
Dollars (net)	$29,136,576.37	$25,778,660.98
Tonnage	605,416 tons	557,650 tons
Price realized per ton	$48.66	$46.25
Net Profits:		
Total (Note 1)	$788,288.96	$1,565,099.29
Percentage of sales (Note 1)	2.7 per cent	6.1 per cent
Per share of stock (Note 1)	$1.98	$3.93
Total (Note 2)	$988,288.96	$1,565,099.29
Percentage of sales (Note 2)	3.4 per cent	6.1 per cent
Per share of stock (Note 2)	$2.48	$3.93
Dividends:		
Total	$457,476.90	$690,160.50
Percentage of net profits	46.3 per cent	44.1 per cent
Per share of stock	$1.15	$1.75
Wages and Salaries:		
Total	$7,563,790.16	$6,275,044.52
Percentage of sales	25.7 per cent	24.3 per cent
Average number of employees	3,425	3,395
Direct Taxes:		
Total	$2,890,041.11	$1,817,153.27
Per share of stock	$7.27	$4.57
Percentage of dividends	633 per cent	263 per cent
Percentage of net profits	292 per cent	116 per cent
Per employee	$855.81	$535.65
Break-down of Direct Taxes:		
Federal Normal and Surtax	$ 597,469.38	$788,156.22
Federal Excess Profits Tax (Note 2)	1,800,000.00	577,500.00
Foreign Taxes	27,916.60	24,800.56
Social Security Taxes	231,852.82	224,088.95
Property Taxes	110,108.85	114,051.70
Franchise Taxes	27,836.12	20,287.81
Other Miscellaneous Direct Taxes	93,857.36	68,189.02
Total	$2,890,041.11	$1,817,153.27

Note 1: Not including the post war refund of excess profits tax estimated at $200,000.
Note 2: Including the post war refund of excess profits tax estimated at $200,000.

The Ruberoid Co. does not enter into future commitments for the sale or purchase of commodities to an extent that might at any time become a material item in the company's financial position.

[redacted]

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Dividends paid in 1942 amounted to $1.75 per share (compared with $1.75 per share in 1941). The number of stockholders increased during 1942 from 1,683 to 1,771, or 5.2 per cent.

Net sales in 1942 were $29,156,576, representing an increase of $3,077,915, or 11.5 per cent over 1941, as shown in *Figure 2* and *Figure 3*. The total of trade accounts and notes receivable as of December 31, 1942 was equivalent to the amount of billings to customers during the preceding 38 days, compared with 40 days at the close of 1941.

"How Our Sales Dollar Was Used in 1942" is illustrated in *Figure 4*.

Production Aims

The company's manufacturing activities in 1942 were directed towards the maximum possible output of three classes

Figure 1

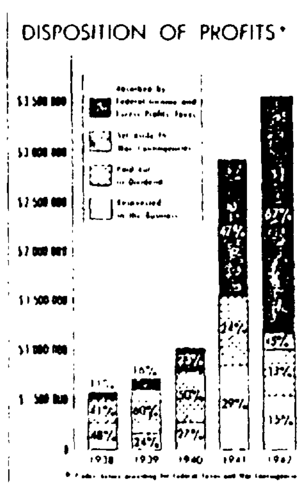
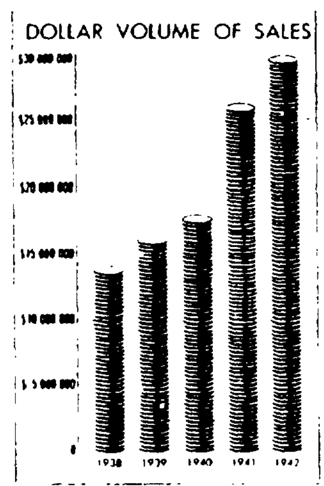


Figure 2



of products — those used in war construction, including cantonments, airports, plants for war industries, and housing for war workers; those used in the fabrication of war equipment, such as ships and industrial machinery; and those used to protect and package war supplies and food during transport.

The program of plant additions and improvements inaugurated at the beginning of the war emergency in 1939 was continued. During 1942 appropriations totalling $821,596 were made for this purpose — compared with a depreciation charge of $765,667.

In 1942 we sold our property at Chicago, Illinois, comprising 7 acres and buildings (formerly used by us as warehouse and office space) to the U. S. Defense Plant Corporation, on which we realized $233,950, representing substantially our depreciated book value.

As an additional safeguard, our plants have been covered with war damage insurance through U. S. War Damage Corporation.

Figure 3

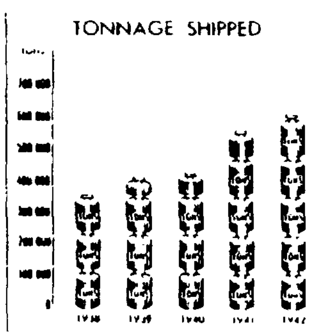
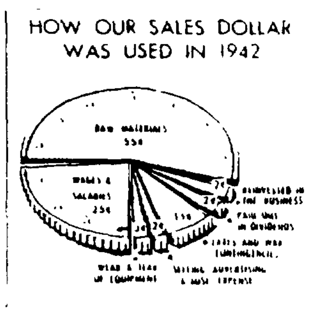


Figure 4



Research Activities

The company's research program for 1942 had three main objectives — to effect economies in manufacture, to develop new products to replace critical or restricted materials, and to discover new uses for existing products and manufacturing facilities, with emphasis on the war's requirements. As a result of this research program, several new products were developed and introduced during 1942, including among others:

An asbestos-cement building board known as "STONEWALL," which because of its qualities is being substituted for metal and lumber; high-pressure asbestos-cement pipes for replacing cast iron and other metal pipes; and a line of heavy-duty laminated waterproof papers used as a protective wrapping for war equipment and supplies.

Research and development will be further intensified. There are excellent possibilities of improving present products and developing new ones in 1943.

Operating Problems

Three operating difficulties arose through wartime conditions, namely, shortage of manpower, inadequate supplies of critical raw materials, and governmental restrictions on equipment for factory maintenance and improvements.

The manpower shortage was particularly acute in communities having large war industries. Moreover, up to the end of 1942, 613 men representing 17.9 per cent of our average working force had entered the military and naval services, of whom we deeply regret to state, two have been reported killed in the line of duty and one "missing in action."

Among the methods pursued to maintain our organization were the following: continuous search for new employees not already engaged in war industries, employment of women, training courses to increase productive skill and open the way for advancement, installation of mechanical devices to reduce physical effort, and the maintenance of equitable wages, salaries and working conditions.

Inadequacy of supplies of raw materials was countered by the efforts of our research department to locate or devise substitutes, also by ways and means formulated by the management in cooperation with the working staff to reduce waste. During the year certain of our eastern factories were compelled temporarily to curtail production because of a shortage in the supply of roofing asphalt. In meeting this situation, the company was aided by the fact that its plants are widely separated geographically, thus making it possible to shift tonnage to the factory nearest the source of available supply. Heeding the early warnings of a possible wartime shortage of fuel oil, we converted our eastern plants to coal during the summer of 1942.

Difficulties involved in obtaining equipment were met by the resourcefulness of our engineering staff and by the successful efforts of our purchasing department, with the approval of the War Production Board.

Employee Relations

Agreements involving rates of pay and working conditions were amicably reached at conferences between management and union and employee representatives. Labor and management evidenced throughout the year a complete un derstanding on mutual problems and both contributed their fullest cooperation.

The average number of employees was 3,425, an increase of 9.1 per cent over 1941. Wages and salaries aggregated $7,565,790, an increase of 20.5 per cent over 1941, due in part to the rise in wage rates and to overtime payments, which in 1942 totalled approximately $650,000.

The number of employees and the wages and salaries paid during the past five years are shown in *Figure 5* and *Figure 6*, respectively.

At the close of the year about 90 per cent of our employees were regularly participating in a payroll savings plan for the purchase of U. S. War Bonds involving 9.3 per cent of their wages and salaries.

Figure 5

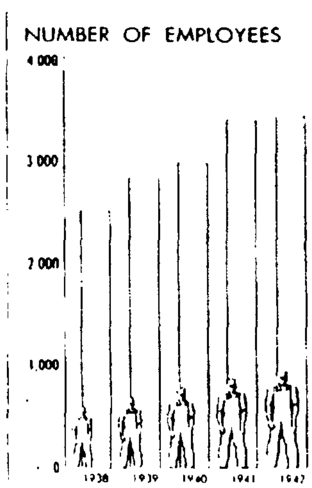
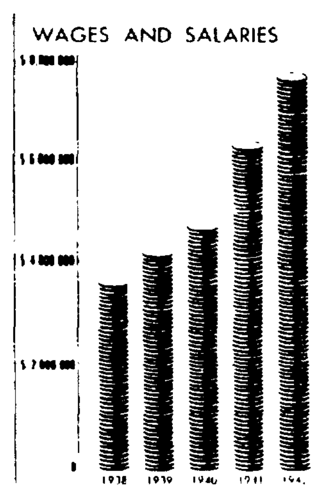


Figure 6



Employee Welfare

Due to the necessity of hiring unusual numbers of new employees and the greatly increased factory operations, emphasis was placed on the company's safety program. The training of selected men for supervisory and safety work was intensified; several of the plant safety committees developed valuable new safeguards to meet the unprecedented conditions, and every possible advantage was taken of suggestions emanating from every source.

Ruberoid factory and office workers are protected by unemployment insurance. During 1942, 68 per cent of all employees participated in the company's voluntary group disability and life insurance plan, and under the vacation plan inaugurated six years ago 64 per cent received either vacations with pay or, at their option, extra wages in lieu of vacation.

In carrying out these phases of its employee welfare program, the company expended in 1942 a total of $584,105, for the following items:

Company's Voluntary Plans:	
Vacations with pay	$120,566
Physical examinations of employees, provisions for first aid, and the company's contribution to employees' group disability and life insurance	55,231
Pensions	26,166
Extra compensation paid men inducted into military service	56,075
Additional compensation paid salaried employees (other than officers, directors and salesmen) in December	61,225
Federal and State Statutes:	
Provision under the Workmen's Compensation Laws for accident compensation and disability benefits	8,590
Social security taxes (unemployment insurance and old age benefits)	231,852
Total	$584,105

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The Industry Outlook

In viewing the industry's possibilities for the immediate future, it is important to note that, although construction is still at a high level, recent reports from authoritative sources indicate that a substantial falling off may be anticipated during 1943 as a whole, as compared with 1942. The two principal reasons advanced for such a decline are the existing limitations on civilian building and the fact that the peak of governmental war construction has been passed. It is pointed out, however, that 1942 marked an all-time high in construction volume and that, allowing for a drop of as much as 50 per cent in permissible new building, your company should operate at a satisfactory level during the present year on the backlog required for essential civilian and farm use, plus the introduction of new products as substitutes for scarce and critical materials.

In conclusion, I wish to express my sincere thanks to our shareholders for their continued loyal support, and to the men and women of the Ruberoid organization for their outstanding accomplishments during this most difficult period.

Respectfully submitted,

President

March 5, 1943

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Simplified Balance Sheet

The RUBEROID Co. and Wholly Owned Subsidiaries as of December 31, 1942

WHAT WE OWNED OR HAD DUE US

(ASSETS)

Cash		$ [illegible]
U. S. Treasury [illegible] bonds at cost		250,000.00
Due us from customers and others		[illegible]
Inventories (raw materials on hand, semi-finished and finished products in stock that have not yet been sold)		[illegible]
Miscellaneous investments and advances, etc.		[illegible]
Land on which our plants are located, mineral properties, etc.	$1,105,328.5[illegible]	
Factories, warehouses and other buildings	[illegible],061,236.45	
Machinery, tools and other equipment	[illegible],076,107.59	
Total capital assets		9,215,672.25
Deferred charges (namely, payments made for goods or services we haven't yet used, such as prepaid insurance, advertising supplies, etc.)		[illegible]
Total		$20,110,[illegible]

WHAT WE OWED OR WERE LIABLE FOR

(LIABILITIES)

Unpaid bills for purchases of raw materials, supplies and other services	$ [illegible]
Wages and salaries due for payment	[illegible]
Federal taxes to be paid	2,0[illegible],000.00
Reserves (for compensation insurance and unexpected expense that might arise)	[illegible]
Total Liabilities and Reserves	$ [illegible]
The difference between what we own and what we owe (this represents the equity of our stockholders which is required to produce and distribute Ruberoid products)	$16,[illegible]
Total	$20,[illegible]

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THE RUBEROID CO. AND W[illegible]

COMPARATIVE CONSOLIDATED BALANCE SHEET,

ASSETS

	December 31, 1942	December 31, 1941
Current Assets:		
Cash	$ 3,722,115.95	$ 2,189,218.5[illegible]
Investment in U. S. Treasury 1½% bonds at cost	250,000.00	
Trade accounts and notes receivable (less reserves: 1942 $[illegible]; 1941 $21,[illegible])	3,157,67[illegible]	3,196,117.[illegible]
Sundry accounts receivable (less reserves: 1942 [illegible]; 1941 $[illegible])	[illegible]	[illegible]
Receivable from employees	10,099.90	[illegible]
Inventories of raw materials and factory supplies, products in process of manufacture and finished products at the lower of cost or market (Note 1)	3,650,600.95	3,721,225.19
Total current assets	$10,775,669.45	$ 9,462,882.93
Investments and Advances:		
The Ruberoid Company Limited (England), subsidiary company not consolidated:		
Investment in ordinary shares at nominal value	1.00	1.00
Miscellaneous investments at cost and advances (less reserves: 1942 $26,492.92; 1941 $26,492.92)	18,186.95	25,279.40
Advance for construction of railroad siding		16,958.79
Post War Refund of Excess Profits Tax (estimated)	200,000.00	
Land, Mineral Properties, Buildings and Equipment, Machinery and Tools, Other Real Estate, Etc. (less reserves) (Note 2)	9,215,672.25	9,20[illegible]
Deferred Charges:		
Unexpired insurance, prepaid advertising and deferred expenses in course of amortization	110,778.6[illegible]	155,858.5[illegible]
	$20,110,308.29	$18,868,517.[illegible]

... D SUBSIDIARY COMPANIES

DECEMBER 31, 1942 AND DECEMBER 31, 1941

LIABILITIES

	December 31, 1942	December 31, 1941
CURRENT LIABILITIES		
Trade accounts payable	$ 605,895.21	$ 638,211.98
Accrued salaries, wages, commissions, etc.	183,531.90	205,521.70
Sundry accrued liabilities	281,001.86	[illegible]
Reserve for Federal income and excess profits taxes (1942 provision is after deducting U. S. Treasury tax notes, Series B, in the amount of $600,000.00)	2,062,000.00	1,500,000.00
Total current liabilities	$ 3,135,229.97	$ 2,536,607.77
RESERVES		
For roof maintenance, compensation insurance, and other contingencies	750,116.01	601,760.00
For wartime contingencies (Note 3)	175,000.00	
CAPITAL STOCK		
Authorized 1,000,000 shares of no par value		
Issued 438,912 shares ($13,494,558.18)		
Less 41,136 shares ($ 459,391.58) reacquired and held in treasury, at cost		
Outstanding 397,806 shares of no par value	13,035,166.60	13,035,166.60
EARNED SURPLUS, per statement on page 14	3,535,098.08	2,801,286.0[illegible]
	$20,410,308.29	$18,868,517.[illegible]

GAF 12614

THE RUBEROID CO.
AND WHOLLY OWNED SUBSIDIARY COMPANIES

Comparative Consolidated Statement of Profit and Loss for the Years ended December 31, 1942 and December 31, 1941

	1942	1941
Sales [illegible]	[illegible]	$25,778,660.98
Cost [illegible]	[illegible]	19,5[illegible]7,307.15
Gross profit	$6,880,129.82	$6,201,353.83
Selling, [illegible] administrative and general expenses	3,334,630.15	3,231,549.26
Trading profit	$3,545,499.67	$2,969,804.57
Other income:		
[illegible] received from The Ruberoid Company Limited (England), a [illegible] subsidiary company not consolidated [illegible]	[illegible]91.03	31,079.[illegible]
Miscellaneous [illegible]	20,0[illegible]1.10	22,600.36
Trading profit and other income	$3,595,717.80	$3,023,484.40
Other charges [illegible]	207,989.46	94,928.89
Profit before provision for Federal income and excess profits [illegible]	$3,385,728.34	$2,928,555.51
Deduct—Provision for Federal income and excess profits taxes [illegible]	2,597,169.38	1,365,456.22
[illegible] including post-war refund of excess profits tax	$788,288.96	$1,563,099.29
[illegible] post-war refund of excess profits tax (estimated)	200,000.00	
[illegible] including post-war refund of excess profits tax [illegible] earned surplus	$988,288.96	$1,563,099.29

THE RUBEROID CO.
AND WHOLLY OWNED SUBSIDIARY COMPANIES

Comparative Consolidated Statement of Earned Surplus for the Years Ended December 31, 1942 and December 31, 1941

	1942	1941
Earned surplus at beginning of the year	$2,804,280.0[illegible]	$1,937,[illegible]
Add—Net profit for the year including post-war refund of excess [illegible]	988,288.96	1,563,099.29
	$3,792,5[illegible]7.98	$3,500,146.32
[illegible] Dividends [illegible]	[illegible]	696,160.30
Earned surplus [illegible]	$3,3[illegible]098.08	$2,804,280.0[illegible]

Explanatory Notes to Consolidated Financial Statements

Note 1. Inventories and Basis of Valuation

Inventories	Valuation basis applied to individual products	December 31, 1942	December 31, 1941
Raw materials and factory supplies	Average cost or quoted prices	$1,518,[illegible]	$1,8[illegible]
Products in process of manufacture	Approximate cost based on standards	530,560.51	505,165.[illegible]
Finished products	Approximate cost based on standards or net selling prices	1,522,205.52	1,60[illegible]
Totals		$3,650,600.05	$3,7[illegible]1,225.10

Note 2. Land, Mineral Properties, Buildings and Equipment, Machinery and Tools, Other Real Estate, Etc.

	December 31, 1942	December 31, 1941
At reproductive values as appraised by The American Appraisal Company in 192[illegible], 1932 and 1936, subsequent additions at cost	$15,182,034.85	$14,369,710.49
At sale and salvage or useful values as determined by The American Appraisal Company December 31, 1938	719,791.12	998,276.19
	$15,901,825.97	$15,367,986.68
Less Reserves to reduce reproductive values to sound values as appraised, together with subsequent provision for depreciation and depletion	6,656,153.72	6,160,429.95
Totals	$9,245,672.25	$9,207,556.73

Note 3. The company has not set up any reserve against a refund of profits resulting from possible renegotiation of government contracts under provisions of Section 403 of the Sixth Supplemental National Defense Appropriation Act, 1942, since it does not believe that the profit realized on such contracts was excessive.

Note 4. Cost of goods sold was computed on the basis of standard costs and adjusted at the year end when establishing the value of inventories.

Note 5. The equity of The Ruberoid Co. in the profit of The Ruberoid Company Limited (England), a subsidiary company not consolidated, exceeded the dividends received from that company for the year 1942 by approximately £18,0[illegible], 1941 by approximately £13,000.

Note 6. Other charges

	1942	1941
Loss on disposal of capital assets	$[illegible]	$[illegible]
Interest paid	[illegible]	1,158.95
Idle plant expense	[illegible]	[illegible]
Provision for wartime contingencies	1[illegible]	
Totals	$[illegible]	$[illegible]

*Gain

Note 7. Depreciation and depletion provided during the year 1942 $[illegible]; 1941, $680,171.10.

Note 8. Provision for excess profits tax for the year 1942 $[illegible]; 1941 $[illegible].

PRICE, WATERHOUSE & CO.

56 PINE STREET
NEW YORK

February 23, 1943

To the Board of Directors of
The RUBEROID Co.

We have examined the consolidated balance sheet of The Ruberoid Co. and its wholly owned subsidiary companies as at December 31, 1942, and the related statements of profit and loss and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included such tests of the accounting records and their supporting evidence and such other procedures as we considered necessary.

Effective as of January 1, 1942, the companies adopted a group system of depreciation whereas previously the computation of depreciation had been made on specific units. This change did not materially affect a comparison of the operating results for the years 1941 and 1942.

In our opinion, the accompanying consolidated balance sheet and the related statements of profit and loss and earned surplus present fairly the position of the consolidated companies as at December 31, 1942, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PRICE, WATERHOUSE & CO.

Book Value of Capital Stock

Apportionment of Balance Sheet Items per Share of Capital Stock, of Which 397,806 Shares Were Outstanding December 31, 1942

			Book value per share of stock outstanding
Current Assets			
Cash	$ 3,722,415.95	$ 9.36	
U. S. Treasury 1¼% bonds at cost	250,000.00	.63	
Accounts and notes receivable (less reserves)	3,152,652.55	7.92	
Inventories	3,650,600.95	9.18	
Total Current Assets	$10,775,669.35		$27.09
Current Liabilities (deduct)	3,135,729.97		7.88
Net Current Assets	$ 7,639,939.38		19.21
Reserves	905,316.61		2.28
Excess of Current Assets over Liabilities and Reserves	$ 6,734,622.81		$16.93
Other Assets			
Properties (less reserves)	$ 9,215,672.25	$23.21	
Investments and advances	18,187.95	.12	
Post-War Refund of Excess Profits Taxes	200,000.00	.50	
Deferred Charges	110,278.61	.36	
Total Other Assets	$ 9,633,638.81		24.22
Net Book Value	$16,369,261.68		$41.15

Summary of Capital Structure and Dividend Record of
The RUBEROID Co. and Predecessor Companies[4]

Year	Shares Outstanding	Dividends Per Share	Total Dividends	Year	Shares Outstanding	Dividends Per Share	Total Dividend
1889	10,000‡	$5.00	$50,000	1916	47,758§	$5.25	$250,729
1890	10,000‡	5.00	50,000	1917	49,441§	6.00	296,646
1891	10,000‡	5.00	50,000	1918	49,893§	5.00	249,465
1892	10,000‡	5.00	50,000	1919	49,962§	2.00	99,924
1893	10,000‡	1.50	15,000	1920	49,962§	4.00	199,848
1894	10,000‡	1.50	15,000	1921	49,962§	4.00	199,848
1895	10,000‡	2.00	20,000	1922	35,142§	4.00	140,568
1896	10,000‡	2.00	20,000	1923	35,142§	4.00	140,568
1897	10,638‡	2.00	21,276	1924	35,142§	4.00	140,568
1898	11,817‡	2.50	29,512	1925	35,142§	4.00	140,568
1899	11,821‡	3.75	44,328	1926	35,142§	4.00	140,568
1900	11,826‡ 11,826§	10.00	118,260	1927	35,142§ 55,576#	2.00 2.00	70,284 111,152
1901	11,826§	12.00	141,912	1928	118,732#	4.00	174,928
1902	11,828§	15.00	177,420	1929	141,541#	4.00	566,164
1903	11,833§	20.00	236,660	1930	143,251#	4.00	573,004
1904	11,980§	18.00	215,640	1931	139,847#	4.00	559,388
1905	23,995§	10.00	239,950	1932	132,602#	2.00	265,204
1906	44,397§	9.00	399,573	1933	132,602#	1.00	132,602
1907	44,397§	9.00	399,573	1934	132,602#	1.25	165,752
1908	44,397§	7.00	310,779	1935	132,602#	2.50	331,505
1909	44,397§	9.00	399,573	1936	132,602#	4.00	530,408
1910	44,397§	9.00	399,573	1937	132,602# 397,806#	.45† 1.85†	59,670 735,941
1911	44,360§	9.00	399,240	1938	397,806#	.60	238,683
1912	44,450§	8.00	355,600	1939	397,806#	.40	137,586
1913	46,810§	7.00	327,670	1940	397,806#	1.30	517,148
1914	47,558§	3.00	[illegible]	1941	397,806#	1.75	696,161
1915	47,758§	4.25	202,971	1942	397,806#	1.15	457,476
							$13,6[illegible],990

[4] Assets of The Standard Paint Company of West Virginia were acquired in 1903 by The Standard Paint Company of New Jersey and in 1921 the name of the latter was changed to The RUBEROID Co. of New Jersey.

§Par Value $25.00

‡Par Value $100.00

#No Par Value

†Total dividends paid in 1937, on the basis of the 397,806 shares outstanding at the end of the year, were equivalent to $2.00 per share, which included $1.40 in 4% Series A Dividend Notes.

[redacted]

The RUBEROID Co.

[illegible]

EXECUTIVE OFFICES

500 Fifth Avenue, New York

SALES OFFICES

Baltimore, Md.
1500 South Ponca St.

Millis, Mass.
[illegible] Street

Chicago, Ill.
[illegible] North Michigan Ave.

Minneapolis, Minn.
[illegible] Ave., North

Erie, Pa.
[illegible] St.

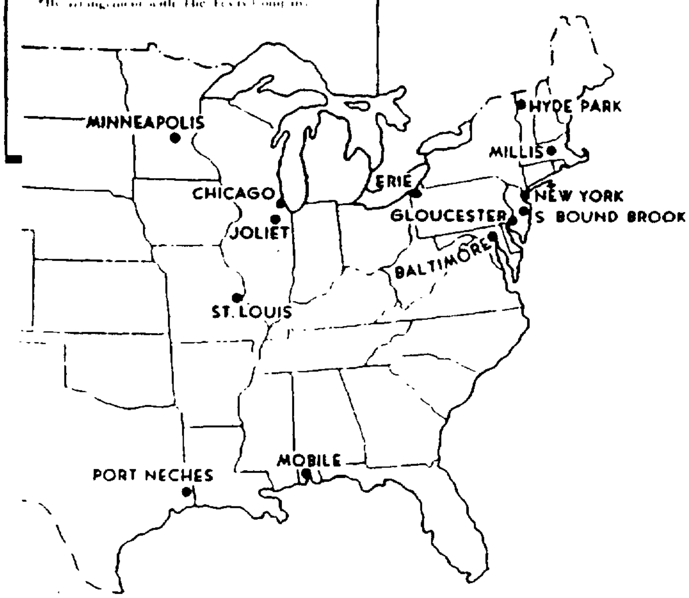
Mobile, Ala.
[illegible] Station

New York, N. Y.
500 Fifth Avenue

FACTORIES

Baltimore, Md.
South Bound Brook, N. J.
Erie, Pa. (Lake)
Erie, Pa. ([illegible] Street)
Gloucester City, N. J.
Hyde Park, Vt.
Joliet, Ill.
Millis, Mass.
Minneapolis, Minn.
Mobile, Ala.
*Port Neches, Texas
St. Louis, Mo.

*By arrangement with The Texas Company.



[redacted]

RUBEROID PRODUCTS

Asbestos (Chrysotile) Fibers for:

- [illegible]
- Brake lining
- Cement
- Clutch facings
- Felt
- Millboard
- Molded products
- [illegible]
- Paper
- [illegible]

Automotive Products:

- Floor insulation
- Panel board
- Sound deadening felts

Boards:

- Corrugated asbestos cement sheets
- Flat sheets of asbestos cement
- Stone wall asbestos cement board
- Fiber board roof insulation

Building Papers:

- Blue sheathing
- Red sheathing
- Waterproof sheathings
- Weatherproof insulator

Built-up Roofing Products:

- Asphalt adhesive
- Asphalt impregnated asbestos felt
- Asphalt impregnated rag felt
- Base sheets
- Cap sheets
- Coal tar (refined)
- Coal tar impregnated rag felt
- Coal tar pitch adhesive
- Concrete [illegible]
- Flashing strips
- Roof insulation board

Chemicals:

- Creosote oil
- Naphthalene
- Tar acid oil

Felts:

- Asbestos felts
- Automotive felts
- Carpet linings
- Deadening felts
- Linoleum felts
- Rag felts for felt base floorings
- Rag felts for roofing products
- Slaters' felt
- String felt

Floor Coverings:

- Carpet linings
- Felt base flooring felt
- Linoleum felts

Insulating Materials — Building:

- House felts
- Indented felts
- Rock wool products

Insulating Materials — Thermal:

- Asbestos cellular pipe coverings and blocks
- Asbestos cement
- Asbestos laminated pipe coverings
- Asbestos millboard
- Asbestos paper (plain and corrugated)
- Asbestos roll board
- Fire proof insulating board

Insulating Materials — Thermal *(continued)*

- High temperature pipe coverings and blocks
- Magnesia (85%) pipe coverings and blocks
- Range boiler insulating jackets
- Mineral wool (rock fiber) blankets, blocks, felts, boards, and cements
- Sponge felt pipe coverings
- Wool felt pipe coverings

Insulating Materials — Electrical:

- Asbestos boards — plain and fabricated
- Asbestos molded boards
- Enamels
- Paints
- Tape

Packing-Papers

- Laminated papers
- Reinforced papers
- Waterproof kraft papers

Paints, etc

- Boiler and stack coatings
- Concrete primer
- Electrical lacquers
- Liquid fiber coatings
- Non corrosive paints for metals
- Pipe primer
- Plastic roof cement
- Roof coatings

Pipe and Pipe line Products

- Asbestos cement pressure pipe
- Enamels
- Primer
- Waterproof felts (rags and asbestos base)

Road Materials

- Pitch
- Road tar

Rock wool Products

- Bats
- Blankets
- Granulated Wool
- Loose wool

Roofings in Roll form:

- Asbestos felt base
- Asphalt roll roofings
- Cap sheets
- Flashing strips
- Mica surfaced
- Mineral surfaced
- Rag felt base
- Serrated edge rolls
- Smooth surfaced
- Starting strips

Shingles:

- Asbestos cement
- Asphalt (mineral surfaced)

Sidings

- Asbestos cement
- Asphalt (mineral surfaced)
- Insulated asphalt brick

Waterproofing Products

- Cotton fabric impregnated with asphalt or coal tar pitch
- Integral compounds for portland cement
- Membrane waterproofing
- See also Built-up Roofing Products
- Subway fabrics

DIRECTORS

Herbert Abraham	S. P. Moffitt
C. F. Batchelder	F. Q. Potter
W. C. [illegible]	E. M. Railton
[illegible]	I. C. Rogen
[illegible] Herscovitz	M. C. Whitaker
[illegible] Kirk	Stanley Woodward

•

OFFICERS

Herbert Abraham
President and Chairman of Executive Committee

Stanley Woodward *Vice President*	E. M. Railton *Vice President*
I. C. Rogen *Vice President*	G. F. Bahrs *Treasurer*
S. P. Moffitt *Vice President*	S. D. Van Vleet *Secretary*

•

EXECUTIVE COMMITTEE

Herbert Abraham	S. P. Moffitt
C. F. Batchelder	I. C. Rogen

M. C. Whitaker

•

Stock Transfer Agent
Bank of New York
New York

Stock Registrar
The Chase National Bank
New York

[redacted]

[illegible]
[illegible]
John A. [illegible]
Amos Bliss
William A. Blount
[illegible]
Carmen Bonito
Theodore Boss
Fred Boyce Jr
Clifton Boyer
Howard Brammann
John Brandolino
Arnold J. Breck
William Bride
Charles H. Brigham
Jules Brodowski
Alfred Broskow
Melvin Brougham
Bennie Brown
[illegible] Brown Jr
Richard M. Brown
William Brown
Harold Brunner
Edward H. Brunner
Edward Buckwood
Cecil A. Bundy
Raymond Burgeson
[illegible]
[illegible]
[illegible] Bush
Robert Bush

Michael Cavanaugh
[illegible] Canning
Andrew Cardola
William Carmen
Conrad J. Cazalse
John W. Chase Jr
[illegible]
Bernard Christian
John Cimich
[illegible] Clark Jr
[illegible]
Gordon Cimmer
Raymond Cole
[illegible]
[illegible] Coleman
[illegible] Compton Jr
[illegible]
[illegible]
[illegible]
[illegible]
[illegible]
[illegible]
[illegible]
[illegible]
[illegible]
[illegible]
[illegible]
[illegible]

John [illegible]
John Elsesser
Leslie Ericksen
Albert Erickson
Robert Ernest
Leo A. Eubanks
Evan Evans
Leo Evans
Robert Everton

Earl Fair
Keith M. Faulkner
Charles Harvey Felo
Richard Fennessey
Clifford Fenwick
Jerome P. Fields
Joseph Fillback
Frank Fischer
John Fitzgerald
Arthur Force
Raymond Fordonski
John Foull
Willie Fowlks
Kenneth Frazier
Jack L. Freed
Clarence Freeman
Anthony A. Freitas
Wilmer Frison
Paul Fuller

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Arthur Gallaway
John Gallo
F. J. Gardner
Carl Garrett
George Garthwaite
Frank Gasperich
Charles Gawenda
Russell Genter
Christ George
Elmer Gill
Dellmar Gillespie
Frederick Godfrey
Frederick M. Godwin
Louis J. Goetz
Joseph Golis
Walter Good
Harry Goslee
William A. Gourley
Frank E. Granger
Andrew Grabowich
Louis Grabowicz
Angelo J. Gram[illegible]
[illegible] Grate
William P. Gregor
Joseph Grover
John Gregory
Joseph Greco
George Gould

[illegible]
Paul Janné
Walter Jaskiewicz
C. Jaskovink
Walter L. Jebb
Frank J. Jevitz Jr
Stanley Jeziorski
Charles Little John
Chester Johnson
Jerome Johnson
Nathaniel Johnson
Vincent Johnson
William H. Johnson
Arthur Jones
John Thomas Jones
Maurice Jones
Murray Jones
Alfred Juenger

Henry Kasper
Stanley Katz
Burton Kauffman
Edwin John Kavanaugh
John Keil
James Kenney
Stanley Kieslak
V. B. Kirk
Joseph Klobutcher
Martin Knetsler Jr
Peter Kocanowski Jr
Theodore Kobildziej
W. S. Kondratovich Jr
Joseph Konecko
William M. Kostelc
Albert J. Kowalcik
Fred Koslevcar
Aloysius L. Kramer[illegible]
Alex Krawchuck
Frank Krewetz
William Krewetz
John Kreevich
Albert Kreiger
T. Kress
Walter Kropinski
Theodore Krulisowski
Michael Kevce
Chester Kucharek
Fred Kuzlich
Sigmund J. Kul[illegible]
Anton Kunsteck
William Kunstek
Andrew Kurimer[illegible]
William Kuzmu
Andrew Kwasniewski

Ernest Lamphear
★ Willis S. Leesfeld
George Lehr
Peter C. Lemon
Joseph Lesnevich
William Lewandowski

[illegible]
Edward Mielnicki
Stanley Mikulich
Andrew Mileenick
Donald Miller
Leo Miller
Carl J. Minkiewicz
Joseph Mishak
John Mitchell
Robert Mitchell
Jack Mitok
Donald Moare
Robert Moare
Richard Mondrella
Edward Joseph M[illegible]
Michael Montague
Daniel Montone
Raymond Morer
John A. Morris
Henry F. Mullen Jr
Patrick John Mullervy
Donald Mullican
Raymond Murdie
Anthony Muren
Jay Owen Murley
John Murphy
Michael Myer
Harold K. Myers

Joseph Nadbielny
William Jack Nadon
H. Greeley Neal
John R. Nelson
Norman Augusta Nelson
Harold L. Newbourn
Herman Newcomb
Frank Nicholson
John Nick
Ralph C. Nickerson
Stanley Niziak
Charles Nizioles
Raymond Noble
Al Nolan
Joseph M. Nose
Edward J. Novack
Steven Nurczyk

Bernard O'Brien
Ray O'Connor
Lester Oetker
Robert Oetter
Hayland O'Hear
Peter O'Keefe
Leo E. O'Leary
Noel Oerend
Samuel [illegible]

George Palm
Joseph Petach
Harold E. Parker

[illegible]
Edward Richard
Albert Riffel
Lawrence [illegible]
John Rink Jr
John Robert
Joseph [illegible] Robinson
Frank Rogers
Nicko [illegible] Roman
Stanley Ross
Richard Rothl[illegible]berger
Ed Rukas
Joseph Ruse
J. R. [illegible]
[illegible]
[illegible] Jr

Fred Gerrard Sakowicz
Salvatore P. Sardo
George L. [illegible] Jr
Woodrow W. [illegible]
William Sautter
John Scattitt
Edward Schmuckal
Frederick E. Schollfield
Charles Schroeder
Elmer W. Schumaker
Louis Sciarra
Joseph Scotty Jr
Milton Segur
J. [illegible]
William Seffner
Frank Senna
William Senna
William Shell
S. Shepherd
Emil Siebert
Edwin A. Siewicki
Walter Sikora
John Sikorski
Nicholas Simatic
E. Siminski
Samuel Simoncelli
Ed Simonich
Walter Simonson
Delois Skaggs
Bernard Skapley
Louis Skodi
Frank J. Skufca
Louie Slufes
Stanley [illegible]
Harry Smith
Leon [illegible]
Edward W. Smuthe
Ervol [illegible]
Henry [illegible]
Eugene [illegible]
[illegible] Reed
William [illegible]
L. [illegible]

[illegible]
[illegible]
John Van Der Veer
J[illegible] Van Der Veer
William Vars
Raymond Vassille
Joseph D. Verbeck
John Vercelli
R[illegible] Verdi
[illegible]
Charles Vosahak

H. W. Wagner
John Walters
John W[illegible]
John E. Wallace
[illegible] Ward
Herbert Warner
Jerrell Watson
Roy Webb
[illegible] Webb
[illegible] Wescomb
Herbert Westerfield
[illegible]
John [illegible] Weisheimer
[illegible]
[illegible]
J[illegible] Wheeler
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[illegible] White
[illegible] Whitlas
W[illegible] Whitmore
M. Wiegeck
Frederick Wiggins
John W. Bunso
Floyd Wilson
John V. Wilson
Woodrow Wilson
F[illegible] Wing
Lester F. Wise
John R. Wissenzental
John E. Widgren
★ Stephen Wisdarek
Joseph P. Wodzilas
Robert Woods
[illegible] Woolf
Daniel Wool
Frank John W[illegible]

[illegible] Y[illegible]
[illegible] Young

[illegible]
[illegible]
[illegible] Jr
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★ [illegible]