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NEW YORK
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CINCINNATI
ATLANTA

ERNST & ERNST
AUDITS AND SYSTEMS
TAX SERVICE

CLEVELAND

UNION TRUST BUILDING

CHICAGO
MILWAUKEE
MINNEAPOLIS
ST. PAUL
INDIANAPOLIS
DENVER
ST. LOUIS
KANSAS CITY
NEW ORLEANS
DALLAS
FORT WORTH
HOUSTON
SAN FRANCISCO
LOS ANGELES

December 24, 1924.

Mr. Adrian D. Joyce,
President, The Glidden Company,
Cleveland.

Dear Sir:-

Submitted herewith is Condensed Consolidated Balance Sheet of THE GLIDDEN COMPANY - CLEVELAND, and SUBSIDIARIES, as of the close of business October 31, 1924; our examination of the Companies' records having been made for the principal purpose of ascertaining the financial position of the combined Companies at that date.

Cash on deposit was verified by direct correspondence with the depository banks and Cash on hand and Customers' Notes Receivable were independently accounted for by us, with the exception of Cash Funds and Notes at certain Branches and Stores which are included at the amounts shown by the records. Customers' Accounts Receivable are stated as shown by trial balances submitted, the accuracy of which has been thoroughly tested by comparison with the recorded ledger balances. The Reserves provided for doubtful accounts, discounts, etc., are sufficient, in our opinion, based upon the information obtained by us, to cover any reasonably anticipated shrinkage at the date of this report. Physical Inventories of Raw Materials, In Process and Finished Merchandise have been priced on the general basis of cost or market, whichever was lower at October 31, 1924, and certified to us by a responsible official as to quantities, salability and method of valuation.

Full provision has been made for all ascertained Liabilities at October 31, 1924, the liability for notes payable and outstanding First Mortgage Bonds having been verified by us through direct correspondence.

Subject to the foregoing, WE HEREBY CERTIFY, that, in our opinion, based upon the records examined and information obtained by us and subject to any necessary adjustment upon determination of final liability for Federal Taxes, the accompanying Condensed Consolidated Balance Sheet is drawn up so as to correctly set forth the financial position of THE GLIDDEN COMPANY - CLEVELAND, and SUBSIDIARIES, as of the close of business October 31, 1924.

Very truly yours,

(SEAL) ERNST & ERNST

Certified Public Accountants.

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THE GLIDDEN COMPANY

GLIDDEN

CLEVELAND, OHIO

January 6, 1925.

TO THE STOCKHOLDERS:

You will find herewith the Condensed Consolidated Balance Sheet and Operating Statement of Company and subsidiaries as of the close of business October 31st, 1924.

It is gratifying to report that after all charges, excepting reserve for federal income taxes, the C pany shows a substantial improvement in profit over the previous year. It was necessary, however the Company to set up a reserve for income taxes against the 1924 earnings, which was not necessary year.

The second and third quarters of 1924 were characterized by a severe and general industrial de sion, and the Paint and Varnish industry was naturally affected. However, because of our aggressive policy and new lines of products added to our general line, the Company finished the fiscal year wit increase in its sales. All of the sales reflected in the Operating Statement are direct sales to the trade do not include any so-called "Interhouse" business.

Notwithstanding the fact that during the year a large amount representing accumulated preferred dends was adjusted and a liberal amount expended for improved production facilities, our working ca position shows an improvement. At the same time, the bonded and deferred indebtedness has been l ally reduced.

In pursuance of the policy to control the manufacture of the more important raw materials ent into our manufacturing operations, the Company has acquired the entire property, patents and right the Euston Lead Company, of Scranton, Pennsylvania, producer of the highest quality of White Lead der a patented, quick and continuous process.

An arrangement has also been completed, through limited investment and without undue burden t the working capital of the Company, whereby it has obtained control of important Zinc mines and sme which will enable it to supply not only its own requirements of Zinc Oxide, but to serve the consuming t as well.

In view of the rapid advance in Lead and Zinc markets, these acquisitions are of great interest to stockholders, and a little later definite announcement of details will be made. Suffice it to say at this that it is expected that these properties will be a source of very satisfactory and increasing profits du the present fiscal year.

The Company is well equipped to handle a greatly increased volume of business with its present fa ties, and there has been a rapid increase in sales since November 1st. Prospects for this organiz never looked better. The Officers and Directors look to the future with full confidence that the re will measure up to their most sanguine expectations.

Yours very truly,

ADRIAN D. JOYCE,
President.

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CONDENSED CONSOLIDATED BALANCE SHEET
THE GLIDDEN COMPANY - CLEVELAND, AND SUBSIDIARIES
AS OF THE CLOSE OF BUSINESS OCTOBER 31, 1924

ASSETS			
Permanent			
Land		$1,332,283.32	
Buildings, Machinery, Equipment, etc.	$7,769,940.33		
Less: Allowance for Depreciation	1,398,508.35	6,371,431.98	$ 7,703,715.30
Good Will, Trade Marks, Reorganization and Development Expense and Unamortized Portion of Bond Discount, Etc.			1,314,901.55
Current			
Cash on Hand, on Deposit and in Transit		$ 351,269.91	
Customers' Notes and Trade Acceptances Receivable	$ 167,989.61		
Customers' Accounts Receivable	3,214,924.14		
	$3,382,913.75		
Less: Allowance for Doubtful Accounts, Discounts, etc.	78,390.32	3,304,523.43	
Miscellaneous Current Accounts Receivable, Creditors' Debit Balances, etc.		22,484.34	
Inventories—Raw, In Process and Finished Merchandise on Hand and In Transit (Certified by Management)		4,677,766.46	8,356,044.14
Other Assets			
Expenditures in connection with lease agreement—California mining property		$ 255,800.00	
Notes Receivable for sale of property—due subsequent to year 1925		58,500.00	
Cash Surrender Value of Life Insurance Policies		45,889.00	
Miscellaneous Notes and Accounts, Salesmen's Advances, etc.		77,199.75	437,388.75
Deferred			
Inventory of Advertising Stock, Stationery, Factory Supplies, Prepaid Interest, Taxes, Unexpired Insurance Premiums, etc.			376,730.85
			$18,188,780.59

LIABILITIES				
Capital Stock (The Glidden Company)				
Prior Preference—7% Cumulative				
Authorized	$7,500,000.00			
Shares Issued		$6,896,400.00		
Interim Certificates and Scrip		208,720.00	$7,105,120.00	
Preferred—7% Cumulative				
Issued and Outstanding			70,500.00	
Common (No Par Value)				
Authorized	360,000 shares			
Issued	322,955 shares			
Declared Value			1,614,775.00	$ 8,790,395.00
Current				
Notes Payable—For Money Borrowed:			$1,650,000.00	
Accounts Payable			793,292.56	
Customers' Credit Balances and Miscellaneous			110,617.50	
Accrued Local Taxes, Bond Interest, Insurance, Royalties, etc.			175,829.62	2,729,739.68
Deferred				
Notes given in connection with acquisition of Subsidiary Company and purchase of property				250,096.28
Reserves				
For Federal Income Taxes and for Contingencies, etc.			$ 223,538.72	
For adjustment of dividends on Preferred Stock not yet exchanged for Prior Preference Stock			13,937.85	237,476.57
Bonded Indebtedness				
The Glidden Company—First Mortgage 8% Sinking Fund Gold Bonds:				
Authorized		$3,350,000.00		
Less:				
Bonds Retired	$480,000.00			
Held for Retirement	2,500.00	482,500.00	$2,867,500.00	
Euston Lead Company—First Mortgage 6% Sinking Fund 20 Year Bonds				
Authorized and Issued			200,000.00	3,067,500.00
Capital Stock—Minority Interest (The Glidden Stores Company)				28,770.00
Surplus				
Balance October 31, 1924				3,084,803.06
				$18,188,780.59

(Note A) This Balance Sheet is subject to any adjustment found necessary upon determination of final liability for Government Taxes.

(Note B) This Balance Sheet is subject to the comments contained in our "Certificate," included in and made a part of this report.

CONDENSED CONSOLIDATED OPERATING STATEMENT
THE GLIDDEN COMPANY—CLEVELAND, AND SUBSIDIARIES
For the Fiscal Year Ended October 31, 1924

Net Sales		$19,614,396.78
Cost of Sales		13,474,207.70
	Gross Profit	$ 6,140,189.08
Selling, General and Administrative Expense		4,120,824.41
Net Profit before interest, depreciation, Federal taxes and other deductions		$ 2,019,364.67
Interest on Bonds, Borrowed Money and Other Deductions—Net		533,900.04
Profit before providing for depreciation and estimated Federal taxes		$ 1,485,464.63
Provision for Depreciation		276,557.89
Profit before providing for estimated Federal taxes		$ 1,208,906.74
Provision for Estimated Federal Taxes		130,000.00

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