THIRTIETH
ANNUAL REPORT

FISCAL YEAR ENDED OCTOBER 31st,

1947

QUALITY
Glidden
PRODUCTS

THE GLIDDEN COMPANY

THE GLIDDEN COMPANY

CLEVELAND, OHIO

December 26, 1947

To the Stockholders of
The Glidden Company:

The Thirtieth Anniversary year of your Company was a record year in both sales and profits. The net sales for the year amounted to $185,753,245.89 as compared with sales of $122,439,118.69 for the previous year. The net profit for the year, after taxes and all charges except Reserve for possible additional Federal Taxes on income for prior years of $1,000,000, amounted to $13,757,984.41. This net profit, after Preferred dividends, amounts to $7.57 per share on the present outstanding Common stock after the split-up on a two for one basis, and after deducting Treasury shares. The earnings for the previous year on the same basis amounted to $2.95 per share.

An extra dividend of fifty cents per share has been declared on the Common stock of record December 5, 1947, payable January 2, 1948, in addition to the regular quarterly dividend of thirty-five cents per share.

Under the Last-In, First-Out method of inventory accounting, the principal raw materials were carried on the books at a valuation of $10,279,078.22 less than replacement cost on October 31, 1947. On October 31, 1946 this figure was $6,697,761.68. Other items are stated at the lower of cost or replacement market.

During 1947 our Executive Committee authorized the prepayment of the Company's term debt of $8,000,000 due a group of banks, of which the first maturity was July 1, 1948. This is the first time in many years that the Company has been entirely free of bank or long term indebtedness.

In one of the early annual reports the Founder of this Company (now Chairman of the Board) expressed his concept of the organization in the following words:

> "A corporation organized for profit, conceived and developed in the fixed belief that an adequate and deserved profit can only come to its stockholders through supplying a recognized demand for merchandise of merit, at just and reasonable prices, is bound to prosper. Such an organization, headed by officers with vision, initiative and determination, and with a staff of loyal employees striving earnestly to maintain the basic ideals of the institution, is sure to be a permanent and important factor in the industrial and economic development of our country."

The results for the past year definitely indicate that the organization is carrying out this concept.

On the last page of this report there is given a list of the Glidden Divisions and on the seventh page of the report a list of Glidden's diversified products. The policy of diversification adopted by the Company many years ago has proven to be a determining factor in its growth and development.

Each of the various divisions of the Company is operating satisfactorily and during the past year there have been many promotions throughout the organization, bringing the younger men into positions of administrative and executive importance. All these young men have been well trained in the organization and fully visualize the opportunities that lie before them.

Some of the outstanding developments of the last year may be listed as follows:

Our Barytes mine at Battle Mountain, Nevada has been carefully surveyed and we are pleased to report that the survey shows there is a minimum of 500,000 tons of recoverable Barytes ore in this property.

Our Ilmenite mine in the Yadkin River Valley of North Carolina has been diamond drilled and shows proven Ilmenite ore in excess of our requirements for the next ten years. The fact that Ilmenite is a raw material from which Titanium pigments are manufactured and that it has been necessary heretofore to import this ore from India, will indicate the tremendous benefit the company will derive from this mining operation.

In the Chemical and Pigment Division at St. Helena, Maryland, a complete new process for recovering Cadmium Metal from zinc and copper slags has been installed and is working satisfactorily, producing the necessary cadmium liquors for use in our manufacture of Cadmium Colors. There has also been installed at that plant a complete battery of Black Ash Roasters, producing Barium Sulphide at a considerable saving in cost.

In the Durkee Famous Foods Division new additions have been completed at our plant at Elmhurst, New York and at our plant in Berkeley, California. New Mayonnaise and Salad Dressing plants have been put into operation at Norwalk, Ohio and Chicago, Illinois.

In the Soya Bean Division a new extraction plant is now being installed.

In the Naval Stores Division a Synthetic Resin plant has been completed at Jacksonville, Florida, and a new Destructive Wood Distillation plant put into operation.

In the Paint and Varnish Division several new products have been added to the list and additional manufacturing facilities provided.

In the Metals Refining Division a new reduction furnace has been devised which results in great savings in operation.

In the Glidden Feed Mill Division new and more efficient processing machinery has been installed.

In the Vegetable Oil Division a new Linseed Oil refining plant has been installed at our plant in Buena Park, California. This plant will produce all the necessary grades of treated and refined Linseed Oil.

In all of the thirty-five plants operated by the Company large sums have been expended in maintenance and repairs and in mechanization of the various operations.

The Company is continuing its policy of Industrial Research in all Divisions and a new Soya Bean Research Laboratory is now being constructed in Chicago which will incur the expenditure of approximately $800,000.

It is the company's policy to hedge its position on important commodities such as cottonseed oil, soya bean oil, soya beans, etc. insofar as possible, outside of the regular working inventories, which are partly hedged by customers' orders on hand.

Our diversified operations are concerned with the production of essential materials and as our plants are modern and efficient and our organization well coordinated, we look forward to satisfactory results for the new fiscal year.

Our labor relations throughout the year have been cooperative and friendly, and during the year the Company has extended its Disability Benefit Plan for Hourly Employees to additional plants and has provided Accidental Death and Dismemberment Group Insurance in an amount equal to its Gratis Group Life Insurance for both hourly and salaried employees.

On behalf of the Board of Directors we desire to express our appreciation of the fine cooperation of the whole organization during the past year.

Yours truly,

DWIGHT P. JOYCE
President

ADRIAN D. JOYCE
Chairman of the Board

GLD002808

CONSOLIDATED

The Glidden Company

October

ASSETS

CURRENT ASSETS		
Cash		$ 5,633,490.02
Dominion of Canada Victory Loan Bonds		175,000.00
Trade accounts receivable (includes notes $102,398.09)	$11,899,776.60	
Less reserves	278,936.39	11,620,840.21
Inventories—raw materials, in process, and finished goods: Principal raw materials are stated at cost (last-in, first-out method) which did not exceed replacement market; other items are stated at the lower of cost (accumulated average) or replacement market		28,104,527.11
Other current notes and accounts receivable and advances, less reserve of $8,985.55		887,499.96
Total Current Assets		$46,421,357.30
OTHER ASSETS		
Cash surrender value of life insurance	$ 700,579.75	
Miscellaneous notes and accounts receivable, advances and investments, less reserve of $13,430.43	553,314.44	
Estimated refund of federal and dominion taxes on income of prior years	300,284.83	1,554,179.02
PROPERTY, PLANT, AND EQUIPMENT		
Gross amounts represent cost less write-down in 1932		
Land	$ 2,538,803.74	
Buildings, machinery, and equipment	30,295,088.56	
	$32,833,892.30	
Less reserves for depreciation, depletion, and amortization	15,209,800.42	17,624,091.88
DEFERRED CHARGES		
Prepaid insurance and expenses		653,258.11
		$66,252,886.31

GLD002809

BALANCE SHEET
ınd Canadian Subsidiary
31, 1947

LIABILITIES, CAPITAL STOCK, AND SURPLUS

CURRENT LIABILITIES			
Accounts payable			$ 7,400,850.42
Accrued taxes, royalties, interest, and insurance			541,996.58
Federal, state, and dominion taxes on income—estimated		$ 8,766,936.62	
Less United States Treasury Savings Notes		1,500,000.00	7,266,936.62
TOTAL CURRENT LIABILITIES			$15,209,783.62
RESERVE			
For contingencies			2,525,000.00
CAPITAL STOCK AND SURPLUS			
Capital stock:			
Convertible preferred 4½% cumulative, par value $50.00 a share redeemable at $52.50 a share, each share convertible into approximately 1.45 shares of common stock:			
Authorized 200,000 shares			
Issued and outstanding 199,540 shares		$ 9,977,000.00	
Common, without par value:			
Authorized 3,000,000 shares			
Outstanding, including treasury shares, 1,784,000 shares after 2 for 1 split-up, October 24, 1947			
Reserved for conversion 289,373 shares			
Stated capital		4,460,000.00	
		$14,437,000.00	
Surplus:			
Capital surplus	$12,581,438.41		
Earned surplus (includes $2,0[illegible]5,163.36 of surplus of Canadian subsidiary)	22,039,017.59		
	$34,620,456.00		
Less common stock in treasury (reserved for sale to certain officers and key employees)—26,200 shares, at cost	539,353.31	34,081,102.69	48,518,102.69
			$66,252,886.31
CONTINGENT LIABILITIES			
Letters of credit outstanding	$ 1,968,707.48		

GLD002810

CONSOLIDATED PROFIT AND LOSS AND SURPLUS

The Glidden Company and Canadian Subsidiary

Fiscal Year ended October 31, 1947

PROFIT AND LOSS STATEMENT

Net sales		$185,753,245.89
Cost of goods sold, selling, administrative and general expenses, including provision of $1,198,031.40 for depreciation and depletion		163,450,770.37
		$22,302,475.52
Other income		585,361.72
		$22,887,837.24
Other deductions:		
Interest, principally on long-term debt retired during the year	$ 136,980.33	
Provision for contingencies	183,000.00	
Miscellaneous	36,872.50	356,852.83
PROFIT BEFORE TAXES ON INCOME		$22,530,984.41
Taxes on income:		
Provision for the year—estimated:		
Federal income taxes	$ 8,500,000.00	
Dominion and state taxes	273,000.00	8,773,000.00
CONSOLIDATED NET PROFIT		$13,757,984.41
Appropriation for possible additional assessment of federal taxes on income of prior years (added to reserve for contingencies)		1,000,000.00
AMOUNT TRANSFERRED TO EARNED SURPLUS		$12,757,984.41

SURPLUS

CAPITAL SURPLUS			
Balance at November 1, 1946 and October 31, 1947			$12,581,438.41
EARNED SURPLUS			
Balance at November 1, 1946		$11,668,968.63	
Add portion of net profit transferred from profit and loss		12,757,984.41	
		$24,426,953.04	
Deduct cash dividends paid:			
Convertible preferred—$2.25 per share	448,985.45		
Common—$2.20 per share (prior to stock split-up)	1,938,950.00	2,387,935.45	
Balance at October 31, 1947			22,039,017.59
TOTAL SURPLUS AT OCTOBER 31, 1947			$34,620,456.00

GLD002811

ERNST & ERNST

CLEVELAND

UNION COMMERCE BUILDING

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

We have examined the consolidated balance sheet of The Glidden Company and its Canadian subsidiary as of October 31, 1947, and the consolidated statements of profit and loss and surplus for the fiscal year then ended, have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the consolidated position of The Glidden Company and its Canadian subsidiary at October 31, 1947, and the consolidated results of their operations for the fiscal year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST
Certified Public Accountants

Cleveland, Ohio
December 15, 1947

DIVERSIFIED PRODUCTS BY GLIDDEN

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

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

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

PAINTS, VARNISHES AND LACQUERS
SPRED
SPRED LUSTER
Jap-A-Lac
Ripolin Enamel
Spray-Dry-Lite
Glidair Aviation Finishes
Endurance House Paint
Gliddenspar Varnish
Nubelite
Industrial Paints
Industrial Lacquers, Enamels and Varnishes
Finishes for all Manufactured Products
GLID-N Specialties
5% DDT
Liquid Cleaners
Floor Wax
Weed Killers

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

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

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

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

**Trademark Registered*

GL0002812

BOARD OF DIRECTORS

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ROBERT H. HORSBURGH
WILLIAM J. O'BRIEN
DWIGHT P. JOYCE
PAUL E. SPRAGUE
CLIFTON M. KOLB
JOHN A. PETERS
JOHN P. RUTH
LOVELL Y. PULLIAM
ALEXANDER D. DUNCAN
NESTOR B. BETZOLD

OFFICERS

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ROBERT H. HORSBURGH, Vice Chairman Board of Directors
DWIGHT P. JOYCE, President
PAUL E. SPRAGUE, Vice President
WILLIAM J. O'BRIEN, Vice President
NEWELL BEATTY, Vice President
ALEXANDER D. DUNCAN, Vice President
LOVELL Y. PULLIAM, Vice President
JOHN P. RUTH, Vice President
RALPH G. GOLSETH, Vice President
JOHN A. PETERS, Treasurer
CLIFTON M. KOLB, Secretary
C. L. COLE, Controller
W. W. CONANT, Assistant Secretary

Transfer Agent
THE NEW YORK TRUST COMPANY
New York City

Registrar
THE CHASE NATIONAL BANK
New York City

GLIDDEN DIVISIONS

PAINT

The Glidden Company
Cleveland, Ohio

The A. Wilhelm Company
Reading, Pennsylvania

The American Paint Works
New Orleans, Louisiana

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

The Glidden Company
Minneapolis, Minnesota

Nubian Paint & Varnish Company
Chicago, Illinois

The Glidden Company, Ltd.
Toronto, Ontario, Canada

The Glidden Company
San Francisco, California

Adams & Elting Company
Chicago, Illinois

FOOD

Durkee Famous Foods
Elston Avenue, Chicago, Illinois

Durkee Famous Foods
Iron Street, Chicago, Illinois

Durkee Famous Foods
Portland, Oregon

Durkee Famous Foods
Louisville, Kentucky

Durkee Famous Foods
Norwalk, Ohio

Durkee Famous Foods
Berkeley, California

Durkee Famous Foods
Elmhurst, Long Island, New York

CHEMICALS, PIGMENTS AND METALS

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

The Chemical & Pigment Company
Oakland, California

The Chemical & Pigment Company
Collinsville, Illinois

Metals Refining Company
Hammond, Indiana

Euston Lead Company
Scranton, Pennsylvania

SOYA PRODUCTS

The Glidden Company
Chicago, Illinois

NAVAL STORES

The Glidden Company
Jacksonville, Florida

The Glidden Company
Valdosta, Georgia

FEED MILL

The Glidden Company
Indianapolis, Indiana

VEGETABLE OILS

The Glidden Company
Buena Park, California

The Glidden Company
Berkeley, California

The Glidden Company
Portland, Oregon

MINES

The Chemical & Pigment Company
Barytes Mines
Battle Mountain, Nevada

Yadkin Valley Ilmenite Company
Lenoir, North Carolina

Retail Stores and Warehouses in the Principal Cities

AFFILIATED CORPORATIONS

Growth Products Company
Pascagoula, Mississippi

Zinc Chemical Company, Inc.
New York, New York