1917

Factories

The Glidden Company
Cleveland, Ohio

The Glidden Company, Ltd.
Toronto, Ontario, Canada

Warehouses

The Glidden Company
Chicago, Illinois

The Glidden Company
New York, N. Y.

ANNUAL REPORT
THE GLIDDEN COMPANY
Fiscal Year Ended October 31, 1945

Progress

1945

FACTORIES

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 & 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

NAVAL STORES

The Glidden Company
Jacksonville, Florida

Southern Pine Chemical Company
Jacksonville, Florida

Nelio Resin Processing Corporation
Jacksonville, Florida

Nelio Resin Processing Corporation
Valdosta, Georgia

SOYA PRODUCTS

The Glidden Company
Chicago, Illinois

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

Afterthought Zinc Mining Company
Ingot, California

Yadkin Valley Ilmenite Company
Lenoir, North Carolina

OFFICES & WAREHOUSES

FOOD

Durkee Famous Foods
Cleveland, Ohio

Durkee Famous Foods
Pittsburgh, Pennsylvania

PAINT

The Glidden Company
Cleveland, Ohio

The Glidden Company
Boston, Massachusetts

The Glidden Company
North Bergen, New Jersey

The Glidden Company
New York, N. Y.

RETAIL PAINT STORES

Atlanta, Georgia
Birmingham, Alabama
Evansville, Indiana
Scranton, Pennsylvania
Miami, Florida
West Palm Beach, Florida
Oklahoma City, Oklahoma
Dallas, Texas
El Paso, Texas
Houston, Texas
San Antonio, Texas
St. Petersburg, Florida
Jacksonville, Florida
Washington, D. C.
Fort Worth, Texas
Knoxville, Tennessee
Cleveland, Ohio
Columbus, Ohio
Honolulu, Hawaii
Baltimore, Maryland
Richmond, Virginia
Tampa, Florida
Buffalo, New York
Toledo, Ohio
Detroit, Michigan
Orlando, Florida
Charlotte, North Carolina
Mobile, Alabama
Montreal, Quebec
Huntington Park, California
Boston, Massachusetts

THE GLIDDEN COMPANY
CLEVELAND, OHIO

Cleveland, Ohio,
December 28, 1945.

To the Shareholders of
The Glidden Company:

The Annual Report of your Company for the fiscal year ended October 31, 1945, is submitted herewith. The net sales for the year amounted to $111,616,438.39. The net profit before taxes on income was $6,749,643.89. The taxes on income amounted to $4,402,000.00. The net profit after taxes amounted to $2,347,643.89, which, after preferred dividends, is equivalent to $2.13 on the common stock as compared to $2.02 per share for the previous year. Attention is directed to the fact that this year there are 66,557 more shares outstanding than last year.

The inventories were priced at the lower of cost or market. The Company's policy of using the last-in, first-out method of inventory pricing continues in effect with result that inventories are carried on the books of the Company as of October 31, 1945, at a valuation of $3,425,275.26 less than replacement cost at that date.

Dividends of $1.20 per share were declared and paid during the fiscal year on the common stock, as were dividends of $2.25 per share on the preferred stock. These dividends amounted to $1,492,763.57, and after their payment there remained a balance of $854,880.32 for earned surplus.

Renegotiation for the period ended October 31, 1944, resulted in no assessment, and inasmuch as the general policy of the Company did not change during 1945, we do not anticipate any assessment against 1945 profits when and as renegotiation is completed.

It is the basic policy of the Company in its Annual Reports and other messages to shareholders, to provide information which will give the fullest possible understanding of our business. Following this policy during this year, copies of our institutional advertising have been mailed to our stockholders. This institutional advertising is done for the purpose of explaining to the public and our customers, the scope of our enterprise and information concerning our products. Our regular product advertising to the consuming trade was continued throughout the year.

We are outlining below the outlook for the various divisions of our business for the new fiscal year as follows:

Food Products Division: This division of our business has been operated at capacity all during the war period, and from present prospects, will continue to operate at capacity throughout the current fiscal year.

Vegetable Oil Division: All over the world there is a demand for more vegetable oils than it is possible to produce. Our Vegetable Oil Division produces linseed oil, and such edible oils as soybean oil, cocoanut oil, palm kernel oil, etc. A large portion of these oils is used in other divisions of our Company in further manufacturing.

Chemical and Pigment Division: This division has suffered throughout the year because of shortage of raw materials and because of Government restrictions. Inasmuch as ores and raw materials for the manufacture of these products are now being released from Government quotas, it is anticipated that full volume production can be maintained from this time forward.

Metals Refining Division: During the war years this division was extremely busy producing necessary materials for the Navy, with the result that at the present time there is a large backlog of orders for future delivery from domestic sources. Prospects for production of iron powder, copper powder, lead powder and various lead products are very encouraging.

Naval Stores Division: During the year the Company acquired the minority interest in Nelio Resin Processing Corporation and is now engaged not only in the production of nelio resin, but a number of its chemical derivatives. In the Southern Pine Chemical Company much research work has been done with result that new products have been developed from our processes of destructive distillation. The plant of the Nelio Resin Processing Corporation at Jacksonville, Florida, was badly damaged by fire, but this property was fully insured and is now being rebuilt.

Paint and Varnish Division: The pent-up demand for paints and varnishes insures capacity operation through 1946. This division of our Company has been seriously handicapped by restrictions on various raw materials but regardless of this fact, this division shows a substantial gain in sales for the year just closed. An outstanding development of this division that is just now being put into production is *Spred Luster*. This is a remarkable water thinned paint made on a soybean base that promises to revolutionize the decoration of home interiors where a glossy, enamel-like finish is required and where quick drying and absence of odor is essential.

Glidden Feed Mill: During the year a great deal of development work has been done in connection with our line of stock and poultry feeds and at the present time we are producing a full line of high quality products which is meeting a fine acceptance with the trade. Our Feed Mill utilizes certain important products from our vegetable oil processing plants.

Our Production and Research Departments are continuing their efforts in the development of new products, and during the next few months announcement will be made of new lines which will add to our volume of sales. In the war years the value of our diversified industry has been proven, and the fine way in which the various divisions of the business have cooperated to the good of all has been most encouraging.

Fortunately, our Company has no reconversion problems, and when our country has fully returned to peacetime pursuits, there will come a new challenge and a new opportunity to all the members of our organization.

On behalf of the Board of Directors, I desire to express our appreciation for the fine cooperative efforts of our organization in the year just closed.

Yours very truly,

ADRIAN D. JOYCE,
President.

CONSOLIDATED
The Glidden Compa
October

ASSETS

CURRENT ASSETS		
Cash		$ 5,169,542.99
Government securities:		
U. S. Treasury Certificates of Indebtedness—at cost	$ 1,500,612.00	
Excess Profits Tax Refund Bonds	417,120.12	
Dominion of Canada Victory Loan Bonds	180,995.48	2,098,727.60
Trade notes receivable	$ 27,582.65	
Trade accounts receivable	6,172,376.41	
	$ 6,199,959.06	
Less reserves	246,606.97	5,953,352.09
Inventories—raw materials, in process, and finished goods—Note A		25,010,799.46
Other current accounts receivable and advances, less reserve of $25,426.24		295,639.76
TOTAL CURRENT ASSETS		$38,528,061.90
OTHER ASSETS		
Cash surrender value of life insurance	$ 645,333.00	
Claim for refund of federal taxes on income of prior years	230,341.85	
Miscellaneous notes and accounts receivable and advances, less reserve of $11,542.79	60,835.40	
Estimated Canadian postwar refund of excess profits tax	51,000.00	
Other investments	35,893.47	1,023,403.72
PROPERTY, PLANT, AND EQUIPMENT		
Land—Note B	$ 2,298,685.48	
Buildings, machinery, and equipment—Note B	26,144,607.79	
	$28,443,293.27	
Less reserves for depreciation, depletion, and amortization	13,379,029.82	15,064,263.45
DEFERRED CHARGES		
Prepaid insurance and expenses		420,108.69
		$55,035,837.76

GLD002844

BALANCE SHEET
ny and Subsidiaries
31, 1945

LIABILITIES, CAPITAL STOCK, AND SURPLUS

CURRENT LIABILITIES			
Serial notes payable (maturing July 1, 1946)			$ 1,000,000.00
Accounts payable			5,774,881.56
Accrued taxes, royalties, interest, and insurance			476,065.75
Federal, state, and dominion taxes on income—estimated		$ 4,469,336.12	
Less U. S. Treasury Notes—Tax Series		2,000,000.00	2,469,336.12
TOTAL CURRENT LIABILITIES			$ 9,720,283.43
LONG-TERM DEBT			
Serial notes payable, maturing $1,000,000.00 annually July 1, 1947, to 1951, inclusive, and $4,000,000.00 on July 1, 1952, interest 1½% to 2%			9,000,000.00
RESERVE			
For contingencies			1,200,000.00
CAPITAL STOCK AND SURPLUS			
Capital stock:			
Convertible preferred, 4½% cumulative, par value $50.00 a share redeemable at $52.50 a share, convertible into common stock as provided by Amended Articles of Incorporation (current rate approximately .73 share of common stock per share):			
Authorized 200,000 shares			
Issued and outstanding 199,540 shares		$ 9,977,000.00	
Common, without par value:			
Authorized 1,200,000 shares			
Outstanding 892,000 shares			
Reserved for conversion 145,505 shares			
Stated capital		4,460,000.00	
		$14,437,000.00	
Surplus—Notes C, D, E, and F:			
Capital surplus	$ 9,961,116.97		
Earned surplus	10,717,437.36	20,678,554.33	35,115,554.33
			$55,035,837.76
CONTINGENT LIABILITY			
Letter of credit outstanding	$ 35,110.37		

See notes to financial statements on second following page.

GLD002845

CONSOLIDATED PROFIT AND LOSS AND SURPLUS

The Glidden Company and Subsidiaries

Fiscal year ended October 31, 1945

PROFIT AND LOSS STATEMENT

Net sales		$111,616,438.39
Cost of goods sold, selling, administrative and general expenses, including provision of $1,441,078.59 for depreciation, depletion, and amortization—Note B		104,602,964.37
		$ 7,013,474.02
Other income		318,850.96
		$ 7,332 324.98
Other deductions:		
Interest on long-term debt (including premium of $30,000.00 for payment of note prior to maturity)	$ 260,472.24	
Other interest	37,204.87	
Loss on disposal of properties	193,839.28	
Miscellaneous	91,164.70	582,681.09
PROFIT BEFORE TAXES ON INCOME		$ 6,749.643.89
Estimated taxes on income:		
Federal normal income tax and surtax	$ 950,000.00	
Federal excess profits tax	3,302,000.00	
Dominion and state taxes (after deducting $20,000.00 for postwar refund)	150,000.00	4,402,000.00
CONSOLIDATED NET PROFIT		$ 2,347,643.89

SURPLUS

CAPITAL SURPLUS			
Balance at November 1, 1944			$ 8,444,162.99
Add:			
Proceeds from sale of 63,148 common shares in excess of amount credited to stated capital		$ 1,565,125.91	
Amount assigned to properties acquired by issuance of 3,409 common shares in excess of amount credited to stated capital		57,953.00	
Excess of par value over cost of 400 shares of convertible preferred stock retired		2,741 96	1,625,820.87
			$10,069,983.86
Deduct:			
Excess of cost over stated value of 10,088 common treasury shares retired			108,866.89
Balance at October 31, 1945			$ 9,961,116.97
EARNED SURPLUS			
Balance at November 1, 1944		$ 9,906,670.17	
Add net profit for the year		2,347,643.89	
		$12,254,314.06	
Deduct:			
Cash dividends paid:			
Convertible preferred—$2.25 per share	$ 448,986.37		
Common—$1.20 per share	1,043,777.20		
	$ 1,492,763.57		
Additional amortization of emergency facilities for prior years, less federal income taxes recoverable—Note B:			

Year	Amortization	Applicable Taxes
1941	$ 204.60	$ 103.53
1942	15,511.34	11,684.32
1943	123,986.70	104,041.46
1944	134,752.34	114,512.54
	$ 274,454.98	$ 230,341.85

(Additional amortization, net)	44,113.13	1,536,876.70	
Balance at October 31, 1945			10,717,437.36
TOTAL SURPLUS AT OCTOBER 31, 1945			$20,678,554.33

See notes on following page.

NOTES TO FINANCIAL STATEMENTS

The Glidden Company and Subsidiaries

October 31, 1945

Note A — Inventories of principal raw materials are stated at cost (last-in, first-out method) which did not exceed replacement market; other inventories are stated at the lower of cost (accumulated average) or replacement market.

Note B — Property, plant, and equipment are stated at cost or less, reduction having been made in 1932 to eliminate appreciation and to provide for further write-downs. Depreciation claimed in the Company's federal income tax return for the year 1945 exceeded the amount included in this statement by $68,962.08 due to depreciation claimed on costs written off or credited to revaluation reserve during 1932. The amount stated for property, plant, and equipment includes emergency facilities acquired at a cost of $889,553.83, which cost has been fully amortized in accordance with provisions of the Internal Revenue Code.

Note C — The agreement relating to long-term notes payable provides that the Company will not declare or pay dividends (other than dividends payable in common stock) on any shares of its common stock if in the aggregate such dividends would exceed an amount equal to the consolidated net earnings accumulated subsequent to the fiscal year ended October 31, 1942, nor expend in excess of an aggregate of $200,000.00 in the acquisition or retirement of outstanding stock of any class except out of such consolidated net earnings so accumulated. Consolidated net earnings (as defined in the agreement) since October 31, 1942, less dividends paid, amount to $2,545,333.01.

Note D — Net assets of Canadian subsidiary included herein comprise net current assets, $787,798.09, included at the Control Board rate of exchange, and property, plant, and equipment and other assets, $353,827.51, included at amounts shown by the books of that subsidiary. Consolidated net profit includes $132,919.31 for the Canadian subsidiary, representing that subsidiary's net profit for the year after giving effect to adjustment of its net current assets to Control Board rate of exchange in effect at October 31, 1945. Consolidated earned surplus includes $1,676,765.94 of surplus of the Canadian subsidiary.

Note E — Profits of the companies include those from transactions subject to the provisions of the Renegotiation Act providing for the recapture of any profits found as a result of renegotiation to be excessive. In renegotiation proceedings for the years ended October 31, 1943, and 1944, it was determined that profits realized from such transactions were not excessive, and it is believed that the effect, if any, that renegotiation proceedings may have upon the financial statements of the companies for the year ended October 31, 1945, will not be material.

Note F — In prior years certain items of discount and expense, provision for contingencies, and losses on dismantlements have been charged to capital surplus. If such items together with additional depreciation claimed for federal income tax purposes for the year 1932 to 1945 inclusive, had been charged against earned surplus instead of capital surplus, the respective amounts of such surplus accounts would be $9,188,055.20 and $11,190,499.13 at October 31 1945

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 subsidiaries as of October 31, 1945, 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. Such procedures included test confirmation of trade receivables and observation of procedures employed by the companies in ascertaining inventory quantities at locations selected by us.

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 subsidiaries at October 31, 1945, 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 20, 1945

GLD002847

DIVERSIFIED PRODUCTS BY GLIDDEN

FOODS

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

SOYBEAN PRODUCTS

"Alpha" Protein*
Gamma Protein
Fine Chemicals
Lecithin
Soya Meal
Soya Flour
Soya Flakes
Poultry and Live Stock Feeds

PAINTS

SPRED
Jap-A-Lac
Ripolin Enamel
Spray-Day-Lite
Glidair Aviation Finishes
Endurance House Paint
Gliddenspar Varnish
Nubelite
Industrial Paints
Industrial Lacquers, Enamels and Varnishes

VEGETABLE OILS

Soybean Oils
Cocoanut Oils
Cottonseed Oils
Peanut Oils
Corn Oils
Palm Oils
Linseed Oil

CHEMICALS AND PIGMENTS

Titanium Dioxide
Lithopone
Cadmium Colors
Litharge
Red Lead
Euston White Lead
Cuprous Oxide
Micalith-G
Dry Colors

METALS AND MINERALS

Powdered Iron and Copper
Powdered Lead and Tin
Wilkes Type Metal

NAVAL STORES

Tars and Resins
Turpentine
Solvents
Synthetic Rubber Compounds
Compounds for Plastics

**Trademark Registered*

BOARD OF DIRECTORS

ADRIAN D. JOYCE
ROBERT H. HORSBURGH
RICHARD W. LEVENHAGEN
WILLIAM J. O'BRIEN
DWIGHT P. JOYCE
PAUL E. SPRAGUE
CLIFTON M. KOLB
JOHN A. PETERS

OFFICERS

ADRIAN D. JOYCE, President
ROBERT H. HORSBURGH, Executive Vice-President
RICHARD W. LEVENHAGEN, Vice-President
WILLIAM J. O'BRIEN, Vice-President
DWIGHT P. JOYCE, Vice-President
PAUL E. SPRAGUE, Vice-President
JOHN A. PETERS, Treasurer
CLIFTON M. KOLB, Secretary
WILLIAM W. CONANT, Assistant Secretary
CLARENCE L. COLE, Controller

Transfer Agent
THE NEW YORK TRUST COMPANY
New York City

Registrar
THE CHASE NATIONAL BANK
New York City