THE GLIDDEN COMPANY
GLIDDEN
FACTORIES:
CLEVELAND NEW YORK CHICAGO ST. LOUIS SAN FRANCISCO
NEW ORLEANS SCRANTON READING BALTIMORE MINNEAPOLIS TORONTO
CLEVELAND, OHIO

June 3, 1930

TO OUR STOCKHOLDERS:

It is our policy to keep our Stockholders fully informed of the progress of the company and inasmuch as our six months' statement of operations is now being published, I am giving you the information, together with the necessary comments to make the statement entirely clear to you.

Our fiscal year begins with November 1st—which this year was coincident with the stock market panic. Ordinarily, and in normal years, the first six months of our business year show very narrow margins of profit. This is the off season for the Paint and Varnish business, and our other lines are much more active in the Spring and Summer season.

This year the Industrial Sales of our Paint and Varnish Division, owing to the decrease in manufacturing activity and particularly to the curtailment of automobile production, have suffered seriously. While the automobile and motor accessory business is less than 15% of our total Paint and Varnish business, yet the loss in volume in the Winter months materially affected our profit showing.

The steady decline in the price of basic commodities such as lead and zinc, vegetable oils and other bulk materials used in our business has made it necessary for us to continually absorb inventory losses during the first six months of the year. Fortunately, this period is now behind us and our prices on raw materials of practically all lines are very close to the present low market quotations.

It is apparent, therefore, that with the coming of the Summer season we may expect a constantly improved showing. In fact, the second quarter of our fiscal year shows an increase in profit of over 60% as compared with the first quarter. The operating profit for the entire company for the first six months, after taxes but before depreciation, was $811,694.12 compared with $1,502,152.40 for the same period last year. After deducting depreciation on all of our properties the final net profit, after all charges, for the six months' period ending April 30, 1930, was $485,018.56 as compared with $1,294,042.63 for last year.

The difference in the profit showing is very largely accounted for by price declines which have amounted to approximately $625,000.00 for the six months' period, and also by the increased advertising and sales expense that was necessary to maintain our position in the trade. As result of our advertising and sales effort we have added many new accounts and have succeeded in maintaining our general sales volume. In the Paint and Varnish Division alone we have added 3,722 new customer accounts.

Our new Food Plants are now all completed and in operation, and with conditions becoming more normal this business will give a good account of itself.

The management feels that the fact that we have made a profit each month of the year, in spite of declining prices and in spite of the delay in completing some of our manufacturing units, is very good evidence that for the balance of the year the results should be very satisfactory to our stockholders.

After giving effect as of April 30th to our recent sale of $6,000,000 five-year 5½% Debentures, our Balance Sheet will show a ratio of current assets to current liabilities of over seven and one-half to one.

Yours truly,

ADRIAN D. JOYCE

President.

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