DEC 6 - 1957

Cleveland 14, Ohio December 4, 1957 Mr. B. W. Maxey

NOTES FOR ANNUAL MEETING
DECEMBER 12, 1957

Acquisitions

	5/1/54 Mound City	3/22/55 Zapon	Total
Paid for Inventory & Receivables	$442,690	$ 876,712	
Property & Equipment	116,250	-	
Total Paid	$558,940	$ 876,712	$1,435,652
Sales 12 Mo. 1957	$854,011	$2,017,973	$2,871,984
Net Profit 1957	$ 84,261	$ 154,439	$ 238,700
Return on Assets			17%
Personnel Still With Us	10	33	43

In brief--in 1957 we earned 17% on $1,435,000 invested in Mound City and Zapon.

Sale or Closing of Divisions

	Annual Sales Avg. Last 3 Yrs.	Avg. Profit (Loss) Last 4 Yrs. Operated	Profit or (Loss) on Sale or Aband.	After Tax Cash & Assets Freed Up Average Last 4 Yrs.
Hammond 7/16/51	$ 3,263,152	$ (373,225)	$ 142,235	$ 1,988,490
Oakland 10/25/54	1,089,667	39,296	96,376	960,471
Feed Mill 8/10/54	5,345,555	15,608	(290,471)	2,527,389
Portland 9/18/52	2,062,974	13,771	(19,369)	1,094,040
Cambridge 7/ 1/55	1,666,291	(9,537)	(6,542)	612,754
Yadkin		-	(8,149)	58,673
Jojaba - Castella		-	50,597	125,640
Barytes Mines		-	-	11,679
Buena Park 8/31/56	4,455,954	(67,338)	(253,580)	1,774,518
Eastern Marg. & Salad Prod. 2/1/57	9,892,768	(414,580)	(180,604)	2,248,600
Total	$27,776,361	$ (796,005)	$(469,507)	$11,402,254
Est. Elmhurst 8/31/57			138,540	1,437,714
Grand Total	$27,776,361	$ (796,005)	$(330,967)	$12,839,968

Since 1951 we have freed up and made available for other utilization almost $13,000,000 in cash which was not making money. Net loss on abandonment and sales

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reflects a book loss of $330,967, which is substantially below the average one year loss the disposed of operations were producing. The book loss is substantially below one year's interest on money freed up. Furthermore, while the books reflect a loss, after tax cash flow profit dollars of $1,055,779 were produced in claiming these book losses.

Move of Elmhurst

During fiscal 1957 we closed Elmhurst and moved refinery operations to Louisville and commenced movement of C & C to Bethlehem. Shutdown and moving expense incurred to date are:

	Fiscal 1957	September October	Total through 10/31/57
Shutdown Elmhurst	$268,906	$17,416	$286,322
Moving Refinery	98,678	2,089	100,767
Moving C & C and Start-up	16,562	36,363	52,925
Total Non-Recurring Oper. Costs	$384,146	$55,868	$440,014
Loss on Elmhurst Equip. Abandoned or Sold	267,959		267,959
	$652,105	$55,868	$707,973

At Bethlehem we have:

Investment new Equipment	$386,391 (does not incl. bldg. alterations)
Building Alterations & Installation	362,756
Annual Rental Cost	67,500
Lease Term	20 Years to Aug. 1, 1977 option for 10 more years at $54,000/year.

When the moves are completed and full operating benefits achieved, we anticipate annual savings in operations in Refinery $871,000 and in C & C $296,000 or a total annual operating cost savings of $1,067,000.

Sale of Eastern Margarine & Salad Products

Norwalk plant and business and Iron Street business sold to Miami Margarine on 2/1/57. Macon plant and business sold to J. H. Filbert on 3/1/57.

	Norwalk Iron St.	Macon	Total
Amounts Received for Bldgs. & Equip.	$ 388,918	$406,965	$ 795,883
Bldgs. & Equip. Retained	123,800	-0-	123,800
Plant Asset utilization & cash	$ 512,718	$406,965	$ 919,683
Book loss on sale	$ (8,771)	$(68,340)	$ (77,111)
Abandonment & writedown	(103,493)	-0-	(103,493)
Total Book loss & abandonment	$ (112,264)	$(68,340)	$ (180,604)
Total Cash & Asset Utilization:			
Average Inventory Freed Up	$ 426,218	$146,216	$ 572,434
Average Receivables Freed Up	469,183	139,929	609,112
Average Other Assets Freed Up	45,890	7,567	53,457
Total Fluid	$ 941,291	$293,712	$1,235,003
Cash for Plants	388,918	406,965	795,883
Cash Tax Recovery on Loss & Abandonment	58,377	35,537	93,914
Total Cash Freed	$1,388,586	$736,214	$2,124,800
Assets Transferred to other operations	123,800	-0-	123,800
Total Cash & Asset Utilization	$1,512,386	$736,214	$2,248,600

As the result of this move the Company actually enjoyed a tonnage increase at our refineries:

	Miami	Filbert	Total
Increased Refinery Sales Tonnage	19,546,957#	2,517,520#	22,064,477#
Less Interdivision tonnage to our plants in comparable period last year.	(17,748,389)	(3,520,156)	(21,268,545)
Net Tonnage Gain (Loss)	1,798,568#	(1,002,636)#	795,932#

Due to disposition there was, however, a sales dollar decrease since Margarine requires adding material, labor and profit dollars to value of oil received from refineries:

Sales of Margarine & Salad Products in comparable months of 1956 from 2/1 and 3/1/56 to 8/31/56	$5,539,154
Increased refinery sales to Miami and Filbert in comparable months of 1957	3,496,465
Published Sales Dollar decline due to disposition	$2,042,689

The profit and loss effect on 1957 operations was:

	Book Profit (Loss) Before Taxes	Net After Tax Cash Profit (Loss)
Refinery Sales Increase - Profit	$ 10,650	$ 5,112
Royalties Received	40,105	19,250
Increased Regular Oper. Profits	$ 50,755	$24,362
Shutdown, Idle Plant, Relocation Exp.	$(123,278)	$(59,173)
Loss on Sale of Assets & Abandonment	(180,604)	93,914
Non-Recurring (Loss) Profit	$(303,882)	$ 34,741
Bad Debt Close-out	13,918	6,681
Year 1957 Profit (Loss)	$(239,209)	$ 65,784

In view of conditions existing in the Margarine and Salad Products business after March 1, 1957, we estimate that had we remained in the business, our operating losses during the last six months of our fiscal year would have exceeded the $289,964 non-recurring disposition expense we absorbed. In same comparable period of 1956, the Company absorbed a loss before taxes of $387,209 on the Margarine and Salad Products operations sold.

Extraneous Expenses Reducing Income 29¢ per share

Start-up expenses on new facilities and non-recurring costs arising from relocation and discontinuance of certain operations reduced earnings 29¢ per share.

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	Before Tax	After Tax	Per Share
Elmhurst Moving, Shutdown & Loss on Equipment	$ 652,105	$313,010	14¢
Marg.-Sal. Prod. Loss on Sale, Moving & Shutdown	303,882	145,863	6¢
Buena Park & Other Capital Losses	60,715	29,144	1¢
Adrian Joyce Start-up	168,447	80,855	4¢
St. Joe Construction	188,184	90,328	4¢
	$1,373,333	$659,200	29¢

We had 13¢ start-up and expansion costs in 1956 as follows:

	Before Tax	After Tax	Per Share
Adrian Joyce Works Const. & Eng.	$328,890	$157,867	7¢
Branch Development Paint	243,720	116,986	5¢
St. Joe Construction	33,467	16,064	1¢
Construction Terminal & River Elevators	20,000	9,600	
	$626,077	$300,517	13¢

Product Advertising Expense

	Advertising	% To Sales	Promotion	% To Sales	Total	% To Sales
1957	$3,691,544	1.64%	$ 997,312	.44%	$4,688,856	2.08%
1956	3,597,920	1.59	1,518,450	.67	5,116,370	2.26
1955-10 Mo.	3,372,614	1.87	552,208	.30	3,924,822	2.17

Total Advertising Expense decreased $427,514, but Food Advertising was down $709,028 due to Margarine and Salad Products disposition, so that all other advertising efforts were increased in dollar expenditures.

Mine Exploration

	Pre-Tax	After Tax
Total Expenditures less Income	$1,329,834	
Less: Billed Government	127,255	
Glidden Cost	$1,202,579	$ 577,125
Sale of Assets	(17,804)	(13,353)
Net Glidden Cost 1951-1956	$1,184,775	$ 563,772

Bonus Plan

Original plan adopted 2/8/51, revised 2/14/52. At 1955 meeting Gilbert suggested provision preventing bonus to top officers until certain dividends have been paid.

In our plan we must earn 12% pre-tax on bonus net capital employed before we have any income on which to calculate a bonus reserve of 7%. In 1957 we had to earn almost $13,600,000 pre-tax before any funds for bonus.

In view of this, we feel stockholders are well protected.

Since 1951, with maximum bonus available of $2,363,587, we have returned to profit $952,087, leaving for bonus pay out $1,411,500. Lowest number of awards made in any year 79, highest 212.

Gilbert also suggested submitting bonus plan to stockholders every five years. We do not think this necessary. Only submit when fundamental changes.

Stock Option

Of 100,000 shares of stock set up for option on 2/14/52, all have been used. At 8/31/57, 3,770 shares remained which were optioned 9/30/57. Options were granted 6/24/52 @ $35.00; 12/27/54 @ $38.00; 11/30/56 @ $37.00; and 9/30/57 @ $37.50 per share.

169 people now hold options. No officers or directors have sold this option stock.

Analysis of 1957 Annual Report

Sales 1957 - E & E Basis	$225,537,291	
1956	226,290,387	
12 Mo. 1955 - Reconstructed	217,500,000 Unaudited	
Pre-Tax Profit - 1957 - E & E Basis	$ 15,387,437	
1956	16,450,737	
12 Mo. 1955 - Reconstructed	16,985,000 Unaudited	
After Tax Profit - 1957	$ 7,264,437	$3.16 per share
1956	8,146,737	$3.55 " "
12 Mo. 1955 Unaudited	8,413,358	$3.66 " "

Increase Other Income - Published P & L

The increase in Other Income from $673,148 to $1,448,679 was due to:

Increase in Royalty Income		$297,815
Cleveland Fire Loss Recovery	$486,414	
Soya Fire U & O Recovery	187,457	673,871
		$971,686

Fire losses were non-recurring income. Total Royalty Income for 1957 was $516,018.

Depreciation

Depreciation, depletion and amortization charges for 1957 totaled $5,046,378 versus $2,870,339 in 1956. Include rapid amortization on grain facilities and "sum-of-years-digits" depreciation on most other additions since 1954. Excess of these over straight-line depreciation was:

	1957	1956
Rapid Amortization Excess	$1,182,317	$ 98,714
S-Y-D Excess	946,188	195,986
	$2,128,505	$294,700

While this reduced 1957 Net Income, cash earnings were up.

	1957	Per Share	1956	Per Share
Net Income	$ 7,264,437	$3.16	$ 8,146,737	$3.55
Depreciation & Amortization	5,046,378	2.20	2,870,339	1.25
Cash Earnings	$12,310,815	$5.36	$11,017,076	$4.80

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Increase in Selling, Administration Expense and General Expense - Published P & L

Increased in Annual Report $1,221,509, from $31,947,320 to $33,168,829. Principal increases were:

Salaries - Admin., Salesmen, Office	$ 773,675
Research, Development & Control Lab.	342,004
Rent	183,214
St. Joe Engineering & Start-up	154,717
	$1,453,610

Major Capital Expenditures 1957

	Prior to 1957	1957	To Spend After 8/31/57
ADJ - First Unit	$8,768,300	$ 216,200	$ -0-
Second Unit	1,480,600	6,032,900	4,116,200
Chicago Elevator	6,253,000	53,700	-0-
River Houses	701,800	76,900	-0-
Elston Lab & Office	332,800	27,000	-0-
Louisville Refinery Expansion	298,800	-0-	-0-
Protein Exp. Indianapolis	103,000	116,800	5,172,100
Terpene	350,000	240,800	57,400
Port St. Joe	854,600	2,301,400	194,000
Paint Central Research Lab	-	266,000	75,100
Reading Expansion	5,200	168,400	461,300
Cumberland Island	-	31,000	1,000,000
		$ 9,531,200	
Other Regular Expenditures 1957		2,934,200	
Total Capital Expenditures		$12,465,400	

Research and Development

	1956 Actual	1957 Actual	1957 Budget	1958 Budget	Increase 1958 Budget over Actual 1957
Research	$ 866,882	$ 906,783	$1,085,000	$1,296,939	30.1%
Development	1,290,309	1,451,217	1,432,664	1,522,710	4.7
Research & Development	$2,157,191	$2,358,000	$2,517,664	$2,819,649	19.6%
Control Lab	897,828	1,039,023	993,793	1,155,260	10.1
Total Lab & Research	$3,055,019	$3,397,023	$3,511,457	$3,974,909	14.5%

Foreign

Glidden International, C.A. is not consolidated with Glidden.

We made no further investment in Glidden International during 1957 and at 8/31/57 Glidden carried as Investments under Other Assets $18,018 investment in Glidden International.

Glidden International had invested to 8/31/57 in:

Columbia	$315,484	Stock Investments - Net
Mexico	30,257	" " - Net
Ecuador	62,837	" " - Net
Panama	20,000	" "
Panama	35,373	Gross Assets less Stock
Puerto Rico	209,916	Gross Assets
Nassau	10,992	Gross Assets
	$684,859	

We should not give out sales, etc. of International at this time.

	1957	1956
International Sales	$1,684,178	$560,112
Net Pre-Tax Profit	$ 56,603	$ 32,709

The above is Glidden International, C.A. only sales, and does not include foreign sales by Glidden.

Inventories

Inventories up in 1957 to $47,387,605, compared to $38,492,240. Increase of $8,895,365. Two major factors contributed - (1) ADJ required stockpiling substantial quantities of imported Titanium ores and accounted for approximately $2,600,000 (2) market conditions in crude vegetable oils made it advantageous to purchase sizable quantities of old crop oil and hedge into new year and accounted for about $4,100,000. In addition, Finished Stock Titanium was up almost $2,000,000 and other inventories very well in line.

Pension Plans

Pension plan expense for funds:

U.S. Salary	$ 693,788
U.S. Hourly	360,000
Canadian Salary	48,600
Canadian Hourly	20,000
Total to Funds	$1,122,388
Salesmen's Retirement Plan	34,749
Total Pension Expense	$1,157,137

Total of $10,486,538 is on deposit with Trustee Banks.

At end of Fund Year 7/31/57, our funds on a cost basis were predominately invested in fixed income securities. Market value of securities was above cost.

	Cost Basis		Market Value	
		% of Total		% of Total
Fixed Income	$ 7,300,030	70.04%	$ 6,510,690	58.78%
Equity	3,122,605	29.96	4,566,043	41.22
Total	$10,422,635	100.00%	$11,076,733	100.00%

At July 31 the Pension Funds owned 14,800 shares of Glidden with a cost basis of $536,312 and a market value of $538,350.

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Application of Funds

		1957		1956
Sources of Funds:				
Net Income		$ 7,264,437		$ 8,146,737
Depreciation		5,046,378		2,870,339
Total From Operations		$12,310,815		$11,017,076
Long Term Borrowing		20,000,000		(1,500,000)
Other Sources:				
Disposition of Fixed Assets	$1,315,808		$ 346,408	
Exercise of Stock Options	76,300		22,400	
Other Assets	(37,343)	1,354,765	(117,584)	251,224
		$33,665,580		$ 9,768,300
Disposition of Funds:				
Dividends Declared		$ 4,594,340		$ 4,591,435
Expenditures for Property, Plant, Equip.		12,465,415		16,637,000
Increase (Decrease) in Working Capital:				
Cash - Incr. (Decr.)	$4,068,828		($7,721,080)	
Trade Receivables-Incr.	98,380		1,163,716	
Inventory-Increase	8,895,365		4,790,780	
Ins. Claims & Other Current a/c's	2,428,707		204,626	
Notes Payable-Decr.(Incr.)	2,000,000		(9,500,000)	
Accounts Payable-(Incr.)	(1,178,360)		(477,429)	
Accruals & Dividends (Incr.) Decre.	292,905		79,252	
		16,605,825		(11,460,135)
		$33,665,580		$ 9,768,300

Increase in Interest Expense

The Interest increase of $476,672 was due both to an effective ½% increase in interest cost and average borrowings $9,587,000 greater than last year.

	Average Daily Borrowing	Interest Charge	Average Interest Rate
Serial Notes	$ 8,750,000	$ 265,625	3.04%
Revolving Credit	12,667,000	538,313	4.25
Short Term Credit	12,503,000	473,838	3.79
Total 1957	$33,920,000	$1,277,776	3.77%
1956	$24,333,000	$ 801,104	3.29%
1955 - 12 Mo.	$11,750,000	$ 352,500	3.00%

We took down our $20,000,000 revolving credit $5,000,000 on 1/4/57; $10,000,000 on 1/10/57 and $5,000,000 on 1/24/57.

We paid our $1,500,000 serial note due 7/1/57 and refinanced the balance due of $7,500,000 at 3¼%, payable $1,500,000 annually starting 9/1/58.

Decrease of $2,788,000 in Cost of Products Sold

$ 582,000 due to decreased sales
2,206,000 due to 1.4% decrease in cost of raw materials, predominatedly in Chemurgy, Foods and Hammond
$2,788,000

Labor, Wage & Salary Ratios

	1957	1956
Cost of Products Sold	$172,105,550	$174,894,035
Manufacturing Labor & Wages	$ 13,162,132	$ 13,114,464
% to Cost of Sales	7.65%	7.50%
Sales	$225,537,291	$226,290,387
All Labor, Wages, Salaries, incl. Exec.	$ 34,621,792	$ 32,895,087
% to Sales	15.35%	14.54%

Average Assets and Profit Return

	Average Assets	% Return
Paints	$ 40,224,000	17.6%
Foods	26,439,000	14.9
Chemicals	25,490,000	14.2
Chemurgy	27,753,000	4.6
So. Chemical	6,521,000	11.6
	$126,427,000	13.2%

Comments on Typical Questions - Mr. Stetzelberger's letter 11/8/56 + 12/2/57

We voted Glidden Shares held by Pension Fund.

No divisions are in red. Only product operations in red were Grain Dept. and Gum Naval Stores.

Sub-normal units, but in profit were - over-all Chemurgy, Scranton White Lead, West Coast Margarine & Salad Products, Valdosta, Baltimore profits were sub-normal for year due to increased capacity and depreciation without immediate sales increase.

We have no treasury stock.

Elmhurst Refinery has now been closed.

Buena Park has been closed.

Directors ages in 1957:

Dwight P. Joyce	57	H. L. Slaughter	57
A. D. Duncan	56	G. M. Halsey	48
B. W. Maxey	48	W. D. Stallcup	44
J. H. Weeks	53	G. S. Warner	41
R. D. Horner	40		
W. O. Phillips	37	Average	48
W. C. Lighter	50		

Dividends

Our Annual Report shows we paid out 63.2% in 1957
56.4% in 1956
64.5% in 1955
64.6% in 1954
64.4% in 1953
73.9% in 1952

With our heavy expansion program before us, we do not feel an increase is now warranted.

Book value at 8/31/57 was $37.35, an increase from $36.19 at 8/31/56.

Investments do not include any publicly held company.

Employees - 8/31/57 - 6,455--5,281 male, 1,174 female.

Stockholders - 8/31/57 - Total 21,686.

		% Shares Held	Aver. Shares Held
Individuals	20,797	66.9%	74
Institutions	282	3.5	286
Brokers	192	13.6	1,634
Nominees	238	15.1	1,457
Foreign	177	.9	111
Total 8/31/57	21,686	100.0%	106
8/31/56	20,758		

Negligible amount of government sales - about $1,900,000 Paint. Some Food on regular bid basis.

Auditors

Representative of E & E will be there.

We maintain our internal auditing staff for regular audits of each division and detailed operations. Such audits are always on a surprise basis.

Stock Dividend

These do not add much, if anything. They spread earnings over a wider number of shares, and in the end the price per share will probably adjust accordingly. We certainly are not in favor now.

Contributions - are well controlled under Committee.

Sale and Leaseback - has been extensively investigated, but is not applicable to our manufacturing operations at present. We do not own our branches and generally lease them for 10 year renewable terms. Bethlehem is only factory building presently leased.

Salaries

Our officers' salary rates, including bonus, are fully in line with studies on this subject such as AMA. If, anything, slightly lower than companies in similar fields and size.

We must be competitive in total salary and in such things as stock options to attract and hold good men.

While we do not have an outside director to directly police these things, payments are public knowledge in our proxy, and being an inside Board we are probably more conscious of this feature than if salary rates, etc., were set by outside Board members.

Annual Report cost per copy 24 ¢.

Stockholders Buying Company Products - should not be granted special opportunities. Too difficult to handle and impractical. Also unfair.

Ratio of Assets Invested Outside Country

Direct foreign investment by Glidden is in Glidden International (see page 6 & 7 - we had $18,018 at 8/31/57). Such investment is small at present. International borrows for further foreign investment. Total of foreign investments is insignificant - under 1% - when compared to Glidden.

Non-Recurring Other Income - shown on page 5.

Selling Additional Common Stock to raise more capital. No plans at present.

Stock Purchase Plan for Employees

We have studied. While we would like to have as many employee stockholders as possible, the Board believes that the question of personal investment should rest with the individual and his financial advisors.

Product Diversification

No immediate plans for acquiring through outside purchase. Will continue to diversify our present line through our own Research. Cannot at present divulge any potential new products that are in development stages.

Insurance

FIA coverage on all manufacturing properties except Canada, Buena Park, San Francisco, New Orleans, St. Louis, Berkeley, Iron Street, Collinsville, Scranton, Jacksonville Southern Pine only, Valdosta and Calumet and River Elevators. This FIA policy for fire, wind, hail, explosion, aircraft, smoke, vandalism and sprinkler leakage.

FIA coverage is on agreed amount basis, with no co-insurance requirement.

Locations excluded are under separate policies for fire, extended coverage and sprinkler leakage. Are on co-insurance basis - no agreed amount.

Elevators under Underwriters Grain Ass'n. policy.

Use and occupancy insurance also in FIA for locations they cover for fire, etc.

Use and occupancy insurance other divisions specific with co-insurance.

Also carry ocean marine and cargo insurance to extent necessary.

Carry boiler and pressure vessel insurance where necessary.

All employees bonded in substantial amount.

Workmen's Compensation--we carry self-insurance in states where possible (12), with an override $1,000,000 policy for catastrophe. Self-insurance on Workmen's Compensation has saved us over $1,000,000 in the last 27 years.

Also carry comprehensive general liability, including product liability. Also liability and property damage.

Principle Fire Loss was Central on 2/25/57 and Soya Explosion on 7/5/57.

Central	Collected from Insurance Co.	Excess over Book Value	
Inventory	$1,588,000	$486,400	Taken to profits in 1957
Bldgs.-Mach. & Equip.	1,314,000	446,600	Treated as involuntary conversion and not picked up in profits.
U & O	512,000		
Total Recovery	$3,414,000		

The U & O Recovery had no profit element in it, since the Company was able to service all of its customers from our other plants and hence lost no business or profit. The U & O re-imbursed us for expediting expense and continuing fixed expenses.

By reinvesting the entire recovery on buildings and equipment, Company treated this as involuntary conversion and avoided paying out cash tax dollars on the profit over book value of property destroyed.

Soya - Final settlement not made as yet. We estimate as follows:

	Est. Recovery	Excess Recovery Over Cost	
Inventory	$115,000	$ 24,600	Taken in 1957 as Profit known
Bldg. & Equip.	275,000	None	
U & O	325,000	162,857	Estimate profit recovery due to shutdown & loss of business and taken in 1957 statement.
	$715,000	$187,457	-Total profit picked up in 1957.

In addition, we estimate a further $47,000 U & O profit recovery in fiscal 1958.

G. S. WARNER

GSW:des

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