PLAINTIFF'S
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K-1753

MOODY'S MANUAL OF INVESTMENTS

AMERICAN AND FOREIGN

INDUSTRIAL SECURITIES

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1946

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CORNING GLASS WORKS

CAPITAL STOCK Issue	Par Value	Amount Outstanding	Earned per Sh. 1945	Earned per Sh. 1944	Divs. per Sh. 1945	Divs. per Sh. 1944	Call Price	Price Range 1945	Price Range 1932-45
1. 3½% cumulative preferred	$100	50,000 shs.	$47.70	----	$1.60½	----	[1]103	108 -101¾	[2]108 -101¾
2. Common	5	2,634,708 shs.	0.85	$3.06	0.37½	----	---	38½- 30	[2]38½- 30

[1]To Apr. 1, 1951, incl. See text. [2]1945 range.

HISTORY

Incorporated in New York Dec. 24, 1936, as a consolidation of a New York company of same name originally incorporated in 1875 and Macbeth-Evans Glass Co. incorporated in Pennsylvania in 1899. Business established in 1851 and 1869.

On Sept. 12, 1945, merged Corning Realty Co., a wholly-owned subsidiary owning Corning Building at Fifth Ave. and 56th St., New York and certain realty at Corning, N. Y.

SUBSIDIARIES & AFFILIATES

Steuben Glass, Inc. (wholly-owned): Incorporated in New York in 1933. Designs and distributes fine glass tableware and art glass.

Corhart Refractories Co. (66 2/3% owned): Organized in Delaware in 1927. Owns and operates refractories plant at Louisville, Ky.

Corning Glass Works of Canada, Ltd. (wholly-owned:) Organized in 1945 to operate a plant, purchased from Canadian government, at Leaside, Ont. for manufacture of glass baking ware. After extensive reconversion work necessary to adopt plant's facilities to glass-making, production was expected to begin in spring of 1946 with initial activities centered about manufacture of Pyrex brand ovenware.

Corning Glass Works of So. America (Cristalerias Corning de Sud America) (wholly-owned): Incorporated under Argentine laws in 1942. Owns Argentinian and Chilean patents of company and 26.04% of Cristalerias Rigolleau. Latter operates glass plant near Buenos Aires, Argentina licensed under company patents. Also owns 22.46% of Cristalerias de Chile which operates a glass plant at Santiago, Chile.

Vidros Corning Brasil, S. A. (wholly-owned): Organized in Brazil in 1944. Owns Brazilian patents and patent rights and 27.5% of ordinary shares of Cia Vidraria Santa Marina which operates a glass plant at Sao Paulo, Brazil, licensed under company patents.

Pittsburgh Corning Corp. (50% owned): Organized in Pennsylvania in 1937 in association with Pittsburgh Plate Glass Co. Owns and operates plant at Port Allegheny, Pa. for manufacture of hollow glass building blocks, also cellular glass products sold under trade name of Foamglas used in refrigeration chambers and as a flotation material.

Owens-Corning Fiberglas Corp. (46% of common owned): Organized in Delaware in 1938 in association with Owens-Illinois Glass Co. Owns and operates Fiberglas plants at Newark, O., Ashton, R. I. and Huntingdon, Pa. Latter, operated under lease from Defense Plant Corp. from 1943 was purchased early in 1946 for $910,000. Also see general index.

Dow Corning Corp. (50% owned): Incorporated in Michigan in 1943 in association with Dow Chemical Co. Operates plant at Midland, Mich. for manufacture of electrical insulating resins, greases, fluids and elastomers resembling natural or artificial rubber, all generally known as silicones.

BUSINESS & PRODUCTS

Engaged in manufacture of glass products, including fluorescent and radio bulbs, tree ornaments, tumblers, lamp chimneys, tubing, vacuum bottle liners, tableware and lighting ware Steuben line of stemware and art glass cooking ware, laboratory ware, insulators, lantern globes, optical glass, etc. Most of company's products are sold under trade names, Corning, Pyrex and Vycor.

PRINCIPAL PLANTS & PROPERTIES

Plants at Corning, N. Y. contain 1,526,000 sq. ft. of floor area. Other plants located at Wellsboro, Pa., Central Falls, R. I., Charleroi, Pa., Bradford, Pa. (leased), and Parkersburg, W. Va. (purchased from RFC in Apr., 1946) Total floor area of all plants, 2,857,000 sq. ft

MANAGEMENT

Officers:
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Glen W. Cole, Vice-Chairman
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Alexander D. Falck
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C. D. LaFollette
George D. MacBeth
George Murnane
Gordon S. Rentschler
E. W. Ritter
Halsey Sayles
Eugene C. Sullivan

Annual Meeting: Second Tuesday in Apr. **Number of Stockholders:** Dec. 31, 1945: Preferred, 497; common, 4,246.
Number of Employees, Dec. 31, 1945, 10,000.
Main Office: Corning, N. Y.

COMPARATIVE CONSOLIDATED INCOME ACCOUNT, YEARS ENDED DEC. 31

INCOME ACCOUNT	1945	1944	[2]1943	[1]1942
Net sales	$48,202,201	$52,398,020	$51,000,281	$43,277,815
Cost of sales	38,511,651	38,631,265	36,450,849	28,815,648
Selling, gen. & administrative exps.	4,120,452	3,875,446	3,725,398	3,601,766
Reserach & experimental expenses	1,410,921	1,579,580	1,396,008	1,362,799
Provision for doubtful accounts	98,265	104,146	116,963	107,119
Net earnings	4,060,912	8,207,583	9,311,063	9,390,483
[1]Other income	[3]1,604,650	158,077	196,890	122,428
Total income	5,665,562	8,365,660	9,507,953	9,512,911
Interest	156,067	50,616	36,221	12,504
Foreign exchange loss	74,192	76,996	72,351	66,982
[2]Royalties	--------	108,404	113,288	29,411
[4]Pension plan	1,079,387	1,001,760	----------	----------
Contingency reserve	--------	100,000	250,000	150,000
[5]Settlement	*dr* 592,686	----------	----------	----------
Miscellaneous deductions	10,425	5,775	5,909	[6]118,422
Minority interest	75,778	69,698	69,686	99,108
Federal income tax	1,132,580	1,428,125	1,432,114	1,439,162
Federal excess profits tax	116,000	3,834,877	5,307,338	5,349,703
Post-war excess profits tax refund	--------	*cr* 379,488	*cr* 437,736	*cr* 411,970
State income tax	43,500	76,204	64,414	40,813
[6]**Net income**	2,384,947	1,992,692	2,594,367	2,618,778
Preferred dividends	124,000	--------	71,322	142,644
Common dividends	1,317,654	1,285,536	1,285,536	1,285,536
Surplus for year	943,293	707,156	1,237,509	1,190,595
Earned surplus, Jan. 1	7,669,299	[9]6,962,143	5,874,634	4,684,040
[7]Surplus charges	926,156	----------	----------	----------
Earned surplus, Dec. 31	$7,686,436	$7,669,299	$7,112,143	$5,874,634

[1]Includes dividends from affiliated and other companies: 1945, $34,896; 1944, $26,381; 1943, 46,110; 1942, $46,620.

[2]Excluding royalties charged to cost of sales: 1945, $371,563; 1944, $335,831; 1943, $327,166; 1942, $378,791.

[3]Includes $761,570 installments under contract for assignment of patents and adjustment of royalties and $518,752 release of reserves for doubtful accounts and furnace repairs.

[4]Estimated costs under pension plan (including past service costs applicable to 1945 of $577,910 [1944, $566,493]).

[5]Settlement of legal actions and claims.

[6]After depreciation and amortization: 1945, $949,412; 1944, $900,269; 1943, $866,990; 1942, $882,048.

[7]Transferred to capital in connection with subdivision and change in par value of common shares, $684,483; refinancing expenses, $241,673; total, $926,156.

[8]Taken from reports filed with Securities and Exchange Commission.

[9]As reported.

General Note: Renegotiation proceedings for 1942 resulted in a refund by company of $750,000. After giving effect to Federal income taxes, net refund was $75,000.

Renegotiation for 1943 resulted in a net refund (after Federal income taxes) of $64,862.

Renegotiation of war contracts for 1944 resulted in a finding that no refund was required.

Company is subject to renegotiation of contracts for 1945 but believes no excessive profits were realized.

BALANCE SHEET

Consolidated Balance Sheet, as of Dec. 31:

Assets:	1945	1944
Cash	$3,588,723	$3,835,257
U. S. Govt. secur.	5,063,870	4,033,156
Receivables, net	3,952,309	3,774,801
Other receivables	489,234	99,943
[1]Inventories	6,730,781	6,426,352
Total current	$19,824,917	$18,169,509
Plant & equip.	17,882,552	16,730,167
Depreciation	8,428,484	7,699,163
Net property	9,454,068	9,031,004
Patents, net	66,619	76,226
Inv. fgn. subs.	326,342	324,343
[2]Inv. in affil.	4,755,253	4,471,736
Other invests.	791,051	791,051
Post-war tax ref.	--------	1,229,194
Ins. deposit	208,942	211,223
Other assets	104,001	106,062
Deferred charges	265,331	249,086
Total	$35,796,524	$34,659,432
Liabilities:		
Accounts payable	$1,662,294	$1,188,121
Accr. inc. taxes	1,450,657	6,003,173
Liabilities (cont'd)	1945	1944
Pay. pens. plan	1,063,387	1,000,760
Other accruals	1,462,501	1,831,513
Div. payable	43,750	--------
Total current	$5,682,589	$10,023,567
Notes payable	1,500,000	1,700,000
Mortgage pay.	236,250	271,250
Deferred recs.	67,218	85,642
Furn. repair res.	939,641	1,001,510
Conting. reserve	550,000	550,000
Minority interest	466,738	451,993
3½% pfd. ($100)	5,000,000	----------
[3]Common stock	13,173,540	6,507,770
Capital surplus	[4]344,112	6,248,399
Approp. earn. surp.	150,000	150,000
Earned surplus	7,686,436	7,669,299
Total	$35,796,524	$34,659,432
Net current assets	$14,142,328	$8,145,942

[1]At lower of standard or actual cost or market.

[2]Company's total equity in net assets of affiliated companies at Dec. 31, 1945, was $2,952,286 more than the total book value of company's investment in such companies as follows: Owens-Corning Fiberglas Corp., $2,959,359; Dow Corning Corp., *d* $164,160; Pittsburgh Corning Corp., $157,087; total, $2,952,286.

[3]Par value: 1945, $5; 1944, $10.

[4]After deducting $5,904,287 transferred to capital.

Accounts certified, Price, Waterhouse & Co.

FINANCIAL & OPERATING RATIOS

Statistical Record

	1945	1944	1943	1942
Earned per share—preferred	$47.70	----------	----------	----------
—common	0.85	[1]$3.06	[1]$3.88	[1]$3.89
Price range—preferred	108-101¾	---------	---------	---------
—common	38½-30	---------	---------	---------
Net tangible assets per share—pfd.	$525.75	---------	---------	---------
—com.	$8.08	$31.50	---------	---------
Number of preferred shares	50,000	----------	---------	---------
Number of common shares	2,634,708	650,777	---------	---------

[1]Based on 650,777 common shares.

VOTING RIGHTS—One vote per share. No bond or debenture issue or other security covering the whole of company's assets shall be issued without consent of at least 50% of outstanding preferred and common. Consent of holders of two-thirds of outstanding stock is required in connection with sale or other disposition of property in its entirety.
LIQUIDATION RIGHTS—In any liquidation, has preference as to par.
PREEMPTIVE RIGHTS—None.
CALLABLE—Not callable.
LEGAL—For trust funds in Virginia.
LISTED—New York and London Stock Exchanges.
TRANSFER AGENTS—Guaranty Trust Co., New York; Lincoln-Alliance Bank & Trust Co., Rochester, N. Y.; First National Bank, Jersey City, N. J.
REGISTRARS—Bankers Trust Co., New York; Security Trust Co., Rochester, N. Y.

PRICE RANGE—	1945	1944	1943
Preferred	200-185	195-175	184-173

2. Eastman Kodak Co. common; no par:
AUTHORIZED—2,500,000 shares, issued, 2,488,242 shares; in treasury, 12,229 shares; outstanding, Dec. 29, 1945, 2,476,013 shares; no par (changed from $100 par in April, 1922; 10 no par shares issued for each $100 share).

Dividend Record (in $)
(Old $100 par shares)

1902	2.50	1903-05	10.00	1906	19.50
1907	20.00	1908	25.00	1909	30.00
1910	37.50	1911	42.50	1912-13	40.00
1914	30.00	1915	62.50	1916	47.50
1917	50.00	1918	37.50	1919	40.00
1920	45.00	1921	35.00	[1]1922	20.00

(No par shares after 10 for 1 stock split)

1922	3.00	1923	7.50	1924	8.50
1925-31	8.00	1932	5.25	1933	3.00
1934	3.50	1935	5.75	1936	6.75
1937	7.50	1938	6.50	1939-41	6.00
1942	6.75	1943-44	5.00	1945	6.50
[2]1946	4.00				

[1]Paid prior to stock split.
[2]To Apr. 2.

Dividends payable quarterly Jan. 1, etc. to stock of record about Dec. 5, etc.
VOTING RIGHTS—One vote for each 10 shares; holder of less than 10 shares has no vote.
PREEMPTIVE RIGHTS—None.
LISTED—New York and London Stock Exchanges. Unlisted trading on San Francisco, Philadelphia and Boston Stock Exchanges.
TRANSFER AGENTS—Guaranty Trust Co., New York; Lincoln-Alliance Bank & Trust Co., Rochester and First National Bank, Jersey City.
REGISTRARS—Bankers Trust Co., New York and Security Trust Co., Rochester.

PRICE RANGE—	1945	1944	1943
Common	229-170	178-157	170-146½

Subscription Rights: Stockholders of record Aug. 30, 1929, had the right to subscribe for additional common stock at $150 a share on basis of one new share for each ten shares held. Rights expired Sept. 28, 1929.

Common stockholders of record April 6, 1939 had right to subscribe for 225,092 additional shares no par common stock at $127.50 per share on basis of one new share for every 10 held. Rights expired April 27, 1939. Underwritten by a syndicate headed by Morgan Stanley & Co., Inc., New York.

OWENS-ILLINOIS GLASS COMPANY

CAPITAL STRUCTURE
CAPITAL STOCK

Issue	Par Value	Amount Outstanding	Earned per Sh. 1945	Earned per Sh. 1944	Divs. per Sh. 1945	Divs. per Sh. 1944	Call Price	Price Range 1945	Price Range 1932-45
1. Common	$12.50	2,661,204 shs.	$3.30	$3.06	$2.00	$2.00	---	79½-58	[1]103¾-38¾

[1]$12.50 par common—after 2 for 1 split-up in 1937.

HISTORY
Incorporated in Ohio, Dec. 13, 1907 as The Owens Bottle Machine Corp., successor to a New Jersey corporation of the same name, incorporated Sept. 3, 1903. Charter is perpetual. Name changed to The Owens Bottle Co. May 1, 1919 and to Owens-Illinois Glass Co. Apr. 17, 1929.

During 1912 acquired assets of The Owens West Virginia Bottle Co. and Northwestern Ohio Bottle Co., and on Jan. 1, 1915, assets of The Owens Eastern Bottle Co., wholly-owned subsidiaries. In 1916 acquired control of American Bottle Co. and Graham Glass Co. In 1917 acquired Kanawha Manufacturers Gas Co. During 1918 acquired assets of subsidiary Whitney Glass Works. In 1919 acquired control of Charles Boldt Glass Co., manufacturing bottles, cartons, etc. During 1923 acquired control of Closure Service Co. On Jan. 1, 1926 took over assets and control of Charles Boldt Glass Co. In May, 1929 merged assets of Illinois Glass Co. (Ill. 1873) and Chicago Heights Bottle Co., including stock of Carlyle Paper Co., Tavern Rock Sand Co. and Madison Warehouse Co. In Apr., 1929 absorbed assets of subsidiaries, American Bottle Co. and Graham Glass Co.

On Jan. 1, 1930 acquired assets except certain natural gas properties of Berney-Bond Glass Co. In Nov., 1930 acquired principal assets of Atlantic Bottle Co.

As of Nov. 30, 1931 purchased assets of Illinois Pacific Coast Co.; properties were transferred June 1, 1932, Owens-Illinois Pacific Coast Co. being organized to operate them.

In Oct., 1932 purchased, as of July 31, 1932, Root Glass Co. of Terre Haute, Ind. In 1932 absorbed business of subsidiary Carlyle Paper Co.

As of Jan. 31, 1933 acquired substantially entire assets and business of O'Neill Machine Co., developing automatic bottle blowing machinery, using the vacuum process. As of Mar. 31, 1933 acquired Hemingray Glass Co. specializing in glass insulators. In Apr., 1933 exercised option on 16,000 shares of Container Corp. of America (see general index) 7% cumulative preferred, subsequently receiving through recapitalization 50,000 common shares for part of this holding. In May, 1933 purchased entire assets of Illinois Glass Co. During 1933 organized in Ohio Owens-Illinois Distributors, Inc., engaged in warehousing and sale of certain products.

On Dec. 31, 1935 purchased entire assets of Libbey Glass Mfg. Co., Toledo (founded in 1888), transferring properties to new subsidiary, Libbey Glass Co. (Ohio 1935).

In Feb., 1936 acquired Enterprise Can Co., McKees Rocks, Pa., through exchange of stock, and assets of Tin Decorating Co. of Baltimore (subsidiary of American Tobacco Co.) for cash, forming, to operate these properties, Owens-Illinois Can Co., which bought for cash assets of St. Louis Can Co.

In Aug., 1936 sold entire stock of Tavern Rock Sand Co. for 15,309 common shares of Pennsylvania Glass Sand Corp., etc. Subsequently company bought sand requirements from outside interests.

In 1936 the name of Closure Service Co. was changed to Owens-Illinois Closure Co.

In Apr., 1937 acquired Lauterbach Corp.

On Nov. 1, 1938 company transferred substantially all of its assets for development and production of glass fiber products to Owens-Corning Fiberglas Corp. for 49.77% of latter's common and 17,586 preferred shares.

During 1939 sold Chicago Heights, Ill. factory to Kimble Glass Co. for cash.

During 1941 sold Brackenridge, Pa. factory.

In 1943, two former subsidiaries, Owens-Illinois Pacific Coast Co. and Libbey Glass Co., were dissolved and their businesses consolidated with that of Owens-Illinois Glass Co. as divisions.

In 1944, company purchased entire stock of Toledo Automatic Brush Machine Co., and acquired from latter remaining 50% interest in Owens Staple-Tied Brush Co. (now Owens Brush Co.). Also, Madison Warehouse Co., former wholly-owned subsidiary, was liquidated and dissolved in 1944. In Oct., 1944, all of business, property and assets of Owens-Illinois Can Co., former wholly-owned subsidiary were sold to Continental Can Co., Inc. (N. Y.).

SUBSIDIARIES
Company is primarily an operating company.

On Dec. 31, 1945, held 100% voting power in the following subsidiaries:

Name, place of incorporation and business:
Owens Brush Co., formerly Owens Staple-Tied Brush Co. (Ohio)—Brushes.
Owens-Illinois Distributors, Inc. (Ohio)—Warehouse
Lauterbach Corp. (Del.)—Plastic molding machinery
Toledo Automatic Brush Machine Co. (Ohio)—Brush machine patent rights

Company owns 2,991 preferred shares and 95,278 common shares of Owens-Corning Fiberglas Corp. (see below).

Owens-Corning Fiberglas Corp.: Incorporated under Delaware laws Oct. 31, 1938, and acquired all the assets of Owens-Illinois Glass Co. and Corning Glass Works which had been devoted to production and development of glass in fibrous forms. Engaged in production of "Fiberglas" materials for a wide variety of applications, including insulation, dust-stop air filters, and decorative and industrial service fabrics. Company has developed a glass reinforced plastic that will fill many uses of steel, but also can be used for making either soft or hard fabrics.

Plants at Newark, O., Ashton, R. I., Corning, N. Y. and Huntingdon, Pa. Latter, formerly operated under lease from Defense Plant Corp., was purchased for $910,000 early in 1946. About same time purchased, and will complete construction of, an unfinished plant at Kansas City, Kan. from RFC for $650,000.

Common stock owned in equal percentages by Owens-Illinois Glass Co. and Corning Glass Works.

BUSINESS AND PRODUCTS
Directly and through subsidiaries manufactures, warehouses and sells a general line of bottles and other containers for medicinal, toilet, pharmaceutical and proprietary preparations; for products of manufacturing chemists; and for foods, condiments and beverages; also for other purposes. Also manufactures and sells glass insulators used in electrical and telephone wiring; Insulux glass blocks for industrial and residential construction; caps and closures for glass containers; and plastics. Company also engages in fabrication of strawboard into corrugated cartons for shipping glass articles, and makes wood packages. Subsidiaries manufacture, warehouse and sell thin blown (paste mold) tumblers (Libbey Safedge and Libbey No-Nik), used as drinking glasses and as jars for packing food products; stemware; glassware for hotels, restaurants, cafes, clubs, bars and soda fountains; cut and engraved glassware; and tin cans and related metal products.

Owns interests in natural gas properties which supply some of the plants with fuel. Glass sand requirements are purchased from outside interests.

Also see Owens-Corning Fiberglas Corp. under "Subsidiaries" above.

Company's operations are carried on through the Glass Container Division and Libbey Glass Division. The Glass Container Division comprises all glass container, corrugated and wood package and closure business. Business formerly carried on by Owens-Illinois Pacific Coast Co. has been consolidated with other glass container business in this division. The Libbey Glass division comprises all tumbler, stemware, tableware, glass block, and glass insulator business. It includes business formerly carried on by Libbey Glass Co. and by the Insulux Products Division. The subsidiaries function as follows: Owens-Illinois Distributors, Inc. services its glass container customers from its warehouse in Long Island City, New York; Owens Brush Co. manufactures all kinds of tooth brushes, hair brushes, nail brushes and other toilet brushes; Lauterbach Corp. supplies automatic machines for molding plastics; Toledo Automatic Brush Machine Co. is a small company owning United States and foreign patent rights on brush machines.

PRINCIPAL PLANTS & PROPERTIES
Glass factories are located as follows:

Alton, Ill.	Waco, Texas
Bridgeton, N. J.	Charleston, W. Va.
Clarion, Pa.	Terre Haute, Ind.
Columbus, O.	Gas City, Ind.
Fairmont, W. Va.	Huntington, W. Va.
Glassboro, N. J.	Muncie, Ind.
Los Angeles, Cal.	Toledo, O.
Oakland, Cal.	Streator, Ill.

All of the above active plants except Muncie are used for manufacture of glass containers, and contain automatic machinery and other equipment for that purpose. An 80-acre site is owned at Atlanta, Ga., where it is planned to construct a factory for manufacture of glass containers when circumstances permit.

The Muncie plant is used for products of the Insulux Division. Plant of the Libbey Glass Co. is located at Toledo, O., where company also manufactures caps and closures for glass containers. Metal bottle cap manufacture is conducted at the Glassboro plant.

Owens-Illinois Distributors, Inc. operates warehouse in Long Island City, New York, Lauterbach Corp. operates plant at Toledo, O.

Jointly with Libbey-Owens-Ford Glass Co (see general index), company owns gas properties in West Virginia, supplying fuel to the Charleston plants of both companies. On Dec. 31, 1945, total territory so owned or held under lease comprised 180,986 acres, on which there were 588 producing wells.

Company has wholly-owned natural gas fields in Clarion, Pa. and Fairmont, W. Va., supplying fuel to bottle manufacturing plants at those points. Clarion field consists of 11,248 acres of gas rights owned or under lease with 144 producing wells; Fairmont field consists of 3,367 acres under lease, with 80 producing wells.

MANAGEMENT
Officers
W. E. Levis, Chairman
J. P. Levis, President
C. B. Belknap, Executive Vice-President
W. I. Cole, Vice-President
F. J. Solon, Vice-President
F. T. Nesbitt, Vice-President
C. R. Megowen, Vice-President & Compt.
C. G. Bensinger, Vice-President
Garland Lufkin, Vice-President
S. L. Rairdon, Vice-President
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E. F. Martin, Asst. Sec. & Asst. Treasurer
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R. A. Cosh, Chief Engineer
H. A. Trumbull, Advertising Manager
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Harold Boeschenstein, Toledo
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W. E. Levis, Toledo
G. N. Maxwell, Terre Haute, Ind.
F. H. McAdoo, New York
F. W. Schwenck, Cincinnati
C. J. Wilcox, Toledo

General Counsel: Williams, Eversman & Morgan.

Annual Meeting: Third Wednesday in April at Toledo, O.

No. of Stockholders: Dec. 31, 1945, 12,437.

No. of Employees: 1945 (average), 18,324.

General Office: Ohio Bldg., Toledo, O.

Management Profit-Sharing: Executives and department heads receive additional compensation under plan adopted Jan. 20, 1930, as determined by the company's president out of a fund representing up to 8% of earnings in excess of 10% of capital and surplus at the beginning of the year. Total of the participating salaries shall not exceed 10% of the earnings for each year. Total bonus participant in any year shall not exceed salary for that year.

Payments made under the plan since it follow:

1936	$526,958	1941	[illegible]
1937	342,192	1942	[illegible]
1938	Nil	1943	[illegible]
1939	188,750	1944	[illegible]
1940	48,644	1945	[illegible]

INCOME ACCOUNTS

COMPARATIVE CONSOLIDATED INCOME ACCOUNT, YEARS ENDED DEC. 31
(1945 figures from report to stockholders; prior years from reports to Securities and Exchange Commission)

	1945	1944	1943	1942	1941	1940	[illegible]
[1]Net sales, royalties & oth. op. rev.	$168,671,142	$174,584,241	$172,132,405	$152,230,527	$125,555,157	$89,297,206	[illegible]
[4][7]Cost of sales, royalties paid, etc.	131,086,759	135,210,244	129,386,861	111,435,602	95,231,868	70,629,458	[illegible]
[5]Selling, general & adm. expenses	12,298,371	12,655,683	11,866,729	10,087,709	9,381,017	8,282,790	[illegible]
Operating profit	25,286,012	26,718,414	30,878,814	30,707,215	20,942,272	10,384,958	[illegible]
Dividends received	104,825	121,453	134,386	139,086	153,873	212,175	[illegible]
Interest received	368,020	255,132	139,560	88,609	77,507	81,249	[illegible]
Discount & commissions	[7]	455,958	429,677	414,083	473,766	300,039	[illegible]
[6]Miscellaneous other income	3,237,096	82,819	81,786	43,023	5,946	dr 40,328	[illegible]
Total	28,995,954	27,633,776	31,664,224	31,392,016	21,653,363	10,938,093	[illegible]
Provision for management bonus	642,500	599,042	588,500	579,000	628,250	48,644	[illegible]
Discount on sales	[1]	1,625,993	1,590,903	1,375,072	1,096,624	789,697	[illegible]
Provision for bad debts		848	1,745	26,754	195,271	146,107	[illegible]
Interest on bonds, debentures, etc.	43,964	16,942	60,647	217,851	306,569	308,837	[illegible]
Premium, debentures retired			7,431	77,564			[illegible]
[10]Sundry expenses & losses (net)	19,686	18,335	651,512	94,495	326,576	87,748	[illegible]
Balance	28,289,804	25,372,615	28,763,486	29,021,279	19,100,072	9,557,060	[illegible]
Cash from sale of patent rights, etc.					37,500	49,000	[illegible]
Balance	28,289,804	25,372,615	27,763,486	29,021,279	19,137,572	9,606,060	[illegible]
[2]Employees' annuities	1,580,950	1,663,137	1,409,363	1,400,000	1,389,127		[illegible]
Total income before taxes	26,708,854	23,709,478	27,354,123	27,621,279	17,748,445	9,606,060	[illegible]
Provision for Federal income tax	4,343,800	4,338,100	4,387,400	4,158,600	4,094,300	2,360,400	[illegible]
[11]Federal excess profits tax	13,545,400	11,210,400	13,406,400	14,220,270	4,595,000		[illegible]
State & foreign income taxes	26,047	25,622	20,846	47,861	18,996	22,626	[illegible]
Renegotiation refund for prior yr.			61,180				[illegible]
Net income to surplus	8,793,807	8,135,356	9,478,297	9,194,548	9,040,149	7,223,034	[illegible]
Earned surplus beginning of year	42,182,131	38,568,043	31,771,564	27,899,424	25,512,286	23,611,660	[illegible]
[3]Other surplus credits		3,119,336	3,333,799				[illegible]
Common dividends	6,653,010	5,322,408	5,322,408	5,322,408	6,653,010	5,322,408	[illegible]
[12]Other surplus debits		2,318,196	693,209				[illegible]
Earned surplus, end of year	$44,322,928	$42,182,131	$38,568,043	$31,771,564	$27,899,424	$25,512,286	[illegible]
SUPPLEMENTARY P. & L. DATA							
Deprec., depl. & amortization	Not stated	$3,985,732	$3,978,938	$4,008,161	$3,824,308	$3,749,741	[illegible]
[9]Molds charged to expense		1,707,358	1,737,439	1,491,809	1,801,248	2,051,766	[illegible]
Maintenance & repairs		6,743,712	3,593,576	3,071,736	3,115,897	2,394,592	[illegible]
Taxes (other than income)		2,184,931	2,481,459	2,389,274	2,238,732	1,818,601	[illegible]
Rents		366,619	379,655	328,544	299,117	291,422	[illegible]
Royalties		1,795,115	1,661,713	1,310,419	1,213,562	805,737	[illegible]
Parent company's net income	Not stated	$7,910,160	$8,792,370	$8,987,321	$8,158,031	Not stated	[illegible]

[1]1945: Discount on sales, $1,660,680 deducted from net sales; prior years shown separately.

[2]Payment to service retirement trust.

[3]Restated for comparative purposes.

[4]Cost of sales, royalties paid, patent, development and other operating expenses (including depreciation and amortization—1945, $3,107,170; 1944, $3,701,420; 1943, $3,712,791; 1942, $3,678,741; 1941, $3,516,156; 1940, $3,435,222).

[5]Includes related portions of items shown under "Supplementary P & L Data" below statement.

[6]1945: Includes $2,872,128 proceeds from settlement of equity suit.

[7]1945: Discount on purchases applied to related cost of sales and other expense accounts (amount not stated); prior years shown separately.

[8]Principal "other surplus credits" follow:
1944: Reduction in Federal excess profits tax liability for year ended Dec. 31, 1944, resulting from liquidation of subsidiary ($3,322,222 less reduction in post-war tax credit $332,222), $2,990,000; credit arising through acquisition and inclusion in consolidation during current year of 100% owned subsidiary formerly 50% owned, $129,336; total, $3,119,336.

1943: Adjustments applicable to years 1929 to 1942, to conform with principles followed by Bureau of Internal Revenue in determining company's tax liability for 1929-36 (excess depreciation taken, $2,430,805; property losses disallowed and other property adjustments, $1,104,265), $3,535,070; less federal taxes on income and interest paid and accrued on same, $201,271; balance, $3,333,799.

[9]No depreciation is provided on molds, jigs, etc. Amount at which molds, etc., are carried in companies' accounts represents value thereof at Dec. 31, 1930 as determined by independent appraisal plus (a) certain additions for molds acquired from companies whose assets were purchased and (b) additions for molds for new products, minus (c) molds specifically allocated to plants sold in their entirity. All other new molds of mold replacements are charged to expense.

[10]1939: Includes damages paid re breach of contracts, $299,771.

[11]After deducting (1943, $1,323,000; 1942, $1,529,400) credit for debt retirements and (1944, $1,245,600; 1943, $166,600; 1942, $50,630) for post-war tax refund.

[12]Principal "other surplus debits" follow:
1944: Loss incurred by subsidiary company on sale of assets, $2,318,196.
1943: Write-off of intangibles, $693,209.

Depreciation Policy: The policy of company and subsidiaries consolidated with respect to provision for depreciation, depletion and amortization of physical properties is as follows:

Depreciation is computed on straight-line method at rates based upon expected life of individual groups of property.

Depletion of gas properties is computed on straight-line method on cost over the estimated gas content of leased or owned properties.

Amortization of leased machinery is, in some instances, computed on basis of period of license or lease, i.e., 8 years. In other instances it is computed at 8% per annum on initial full payment, it being anticipated that all leases expiring prior to termination of estimated useful life of machinery will be renewed.

No depreciation is provided on molds (see footnote [9] under Consolidated Income Account).

Rates used are, in general, as follows: Land improvements, 3% to 10%; buildings, 2½ to 6 1/3%; machinery and equipment, 5% to 10%; motor trucks and cars, 16 2/3% to 25%; diemetal products, 10% to 20%; leased machinery, 8% to 12½%.

General Notes

(a) Renegotiation of war contracts for 1943 resulted in a net refund of $61,180 (gross refund, $322,000) provision for which was made in accounts for year ended Dec. 31, 1943.

Renegotiation of war contracts for 1943 and 1944 resulted in a finding that no refund was required.

Company is subject to renegotiation of war contracts for 1945 but believes refund, if any, will not be material.

(b) Assets and business of Owens-Illinois Can Co., a subsidiary, were sold in 1944 and company was dissolved. Operating results have been taken up each year in consolidated statements. Net operating loss from date of organization and loss of $2,318,196 incurred on sale of assets, result in a loss on liquidation which is deductible for tax purposes in 1944 and cause a reduction of $2,990,000 in tax liability for this year. This reduction is not reflected in provision for Federal excess profits tax in consolidated profit and loss statement but is shown in earned surplus account, as is the loss on sale of assets.

BALANCE SHEETS

COMPARATIVE CONSOLIDATED BALANCE SHEET, AS OF DEC. 31
(1945 figures from report to stockholders; prior years from reports to Securities and Exchange Commission)

ASSETS	1945	1944	1943	1942	1941	1940	[illegible]
Cash on hand & demand deposits	$23,020,965	$14,965,855	$12,023,905	$11,216,067	$7,470,899	$9,884,208	[illegible]
Time dep. with bks. & insurance cos.		440,000	440,000	1,000,000	1,000,000	1,000,000	[illegible]
U. S. Treasury tax notes	5,000,000	15,000,000	19,000,000	5,110,000	2,000,000		[illegible]
Other U. S. Govt. securities	25,099,900	10,099,900	99,900	5,119,846	1,549,950		[illegible]
[6]Marketable securities (cost)	511,807	511,807	511,807	511,807	511,807	511,807	[illegible]
[7]Notes & accounts receivable (net)	10,130,779	9,574,496	9,712,259	10,346,468	10,619,394	7,788,808	[illegible]
[8]Raw material inventory	3,745,123	3,713,971	5,638,393	5,937,456	5,793,462	2,707,133	[illegible]
[9]Work in process & fin. goods	6,379,659	7,423,325	8,175,572	10,601,638	13,091,930	12,111,000	[illegible]
Total current assets	$73,888,233	$61,729,353	$55,601,837	$49,843,283	$42,037,441	$34,002,956	[illegible]
[1]Other security investments	$3,389,660	$3,545,257	$3,894,658	$3,905,933	$4,054,751	$4,142,378	[illegible]
Mutual insurance & other deposits	375,541	347,556	387,645	368,841	361,071	328,962	[illegible]
Post-war refund—excess profit tax		1,191,509	195,445	50,630			[illegible]
Sundry loans, notes & accounts rec.	84,942	98,827	127,578	268,651	330,040	326,492	[illegible]
Invested in natural gas property	914,917	879,433	930,409	979,275	1,006,415	797,382	[illegible]
[2]Property, plant & equipment	77,580,460	76,242,918	84,898,041	84,091,486	81,061,549	78,859,579	[illegible]
[3]Less: Deprec., depl. & amortization	38,400,157	37,315,960	38,817,819	38,489,016	35,375,181	33,086,015	[illegible]
[2]Net property account	39,180,303	38,926,958	46,080,222	45,602,470	45,686,369	45,773,564	[illegible]
Licenses & patent rights (net)	519,620	587,898	579,772	641,195	729,568	842,290	[illegible]
Patents & goodwill	1	1	1	1	1	1	[illegible]