

ORIGINAL INVESTMENTS
IN TITANIUM PATENTS

On Dec. 31, 1937, 5,000 shares of common stock of The Sherwin-Williams Company was given in exchange for the patents and property of the Burgess Titanium Company. (This exchange was approved by the Board of Directors on December 14, 1937.) On December 31, 1937 - the date on which the exchange was consummated, Sherwin-Williams Common Stock sold on the New York Curb Exchange at a price of \$84.00 per share - book value was \$55.77.

The transaction was recorded at the par value of common stock - 5,000 shares at \$25.00 per share, or \$125,000.00.

Property received from Burgess Titanium Company was:

Machinery and Equipment	\$ 17,374.91
Raw Materials	1,598.56
Laboratory and Miscellaneous	
Supplies	510.52
Virginia Ore Property	<u>5,500.00</u>
Total Tangible Property	24,983.99
Value of Intangible Assets (Patents)	<u>100,016.01</u>
	<u>\$ 125,000.00</u>

The \$24,983.99 is still carried on the books of the Company.
\$100,016.01 was charged off to Profit & Loss at August 31, 1938.

GLOUCESTER TITANIUM
Record of Losses in Operation.

<u>Year Ending</u>	<u>Factory</u> <u>Deficits</u>	<u>Federal Tax</u> <u>Reduction</u> <u>a/c</u> <u>Deficits</u>	<u>Federal</u> <u>Tax</u> <u>Rate</u>	<u>Value of</u> <u>Output</u> <u>at Market</u> <u>Prices</u>
1937	\$ 14,520	\$ 2,323	Normal 16%	None
1938	86,913	13,906	" 16	"
1939	215,724	34,516	" 16	\$ 45
1940	249,607	47,425	" 19	None
1941	309,259	154,630	Excess-Profits 50%	10,706
1942	550,069	330,041	" 60	223,242
1943	419,662	377,696	" 90	14,785
1944	563,102	534,947	" 95	362,138
1945	173,177	164,518	" 95	349,471
	<u>\$ 2,582,033</u>	<u>\$ 1,660,002</u>		<u>\$ 960,387</u>

Present cost of manufacture is \$25.012 per CWT, f.o.b. Gloucester.

Market Price - \$14.50 carload - delivered.

0007-SWP-000005304

N14280.01

LOUCESTER TITANIUM
Plant Account

	<u>Plant Values at End of Each Year</u>		
	<u>Gross</u>	<u>Depreciation Reserve</u>	<u>Net</u>
Dec 31, 1938	197,682	10,253	187,429
Dec 31, 1939	306,123	28,857	277,266
Dec 31, 1940	347,783	67,634	280,149
Dec 31, 1941	1,850,382	175,285	1,675,097
Dec 31, 1942	1,899,994	325,763	1,574,231
Dec 31, 1943	1,962,959	485,172	1,477,787
Dec 31, 1944	1,944,741	637,843	1,306,898
Mar 31, 1945	1,940,168	726,355	1,213,813

March 31, 1945 Plant Values Classified

	<u>Gross</u>	<u>Depreciation Reserve</u>	<u>Net</u>
Buildings and Wharf	336,331.75	53,328.36	283,011.39
Machinery and Equipment	1,271,703.73	509,547.73	762,156.00
Office Fixtures	11,307.90	6,040.72	5,267.18
Electrical Equipment, Plumbing and Heating	173,493.14	59,193.19	114,299.95
Tools	2,123.28	728.35	1,394.93
Real Estate	27,271.86	-	27,271.86
	1,822,231.66	628,830.35	1,193,401.31
Net Plant	117,935.95	97,524.49	20,411.46
	<u>1,940,167.61</u>	<u>726,354.84</u>	<u>1,213,812.77</u>