THE GLIDDEN COMPANY
1396 UNION COMMERCE BUILDING
CLEVELAND 14, OHIO

February 25, 1953

Report to the Shareholders on the
Annual Meeting of The Glidden Company
held on Friday, February 13, 1953:

For the benefit of those shareholders who were not present at the Annual Meeting I am giving herewith a report of this meeting so that every shareholder will be fully informed.

At the meeting 74.6% of the outstanding capital stock of the Company was represented either by proxy or in person.

The Secretary read the Notice of the meeting and submitted copies of the Proxy, Proxy Statement and Annual Report which had been mailed to each shareholder.

The following directors were elected unanimously: Adrian D. Joyce; Dwight P. Joyce; William J. O'Brien; Paul E. Sprague; John A. Peters; John P. Ruth; Alexander D. Duncan; Ralph G. Golseth; Beauford W. Maxey; John H. Weeks; Robert D. Horner.

The Chairman then called on the President to report on the results of operations for the past year and to discuss the prospects for the new year. The President reported that the year 1952 was another good year for our organization and that the highlight was the greatest unit volume of sales in the Company's history. He stated that while the 1952 profit was equal to $3.04 per share, these earnings would have been considerably higher if the government's unsound price ceilings on soya bean and linseed meal, combined with the steadily declining oil prices, had not made vegetable oil processing unprofitable for a large part of the year. Another basic factor in the lower earnings was federal and state income taxes, which in 1952 amounted to $3.18 per share on the stock outstanding.

He commented on the fact that the net worth of the Company increased during the year to $71,643,893, and that the total assets employed in the Company exceeded $100,000,000.

While the year-end inventories were higher than the previous year, the increase was largely due to the soya bean crop coming in earlier this year as compared with the previous year. All of this inventory is completely hedged in the forward sales.

Commenting on the various Divisions of the Company the President reported as follows:

Chemicals-Pigments-Metals Division

This Division is in the best condition in its history from the standpoint of efficiency and morale of personnel and should show an improved net profit figure in 1953 as compared with 1952.

During 1952 surface exploration at the Rising Star Zinc mine and the Bully Hill Copper mine in Shasta County, California was completed and we plan to open these mines up and start producing before the end of this year.

Our research in the titanium metal field has shown progress and tentative plans have been made for entering into production during 1953.

The decontrol of lead and the increased production for one of our good customers will insure one of the best years for our Euston Lead plant at Scranton, Pa.

Our metal powder division at Hammond, Indiana did a fine job during the past year and with the decontrol of copper we should show a substantial improvement from now on.

Our operations at the lithopone plant at Collinsville, Illinois and our titanium dioxide plant at Baltimore, made a satisfactory showing and both will show to better advantage profitwise this year.

We have now completely converted our titanium plant to the use of titanium slag instead of ilmenite for the manufacture of titanium pigments. As a result we have discontinued our ilmenite mining and refining, but we are holding this property with its ilmenite reserves for future contingencies and for the development of titanium metal manufacture. The known remaining tonnage is greater than that already removed and this proposition has proven to be a very profitable one.

Soya Products Division

The last fiscal year was a difficult one for the soybean processor, as has been well publicized in the financial journals. Owing to the low and unrealistic ceilings on soybean meal which the government established and the high support price on soybeans with its consequent speculation, coupled with no support on oil and meal products, it was impossible to make a reasonable profit. Fortunately, synthetic and pharmaceutical products manufactured from soybeans and soybean oil enabled us to show a profit in this Division.

Linseed Oil Division

In our linseed oil plant at Buena Park, California we suffered through the effect of government regulations and the operations for the year were not as profitable as heretofore.

Naval Stores Division

During the first half of our fiscal year we continued to enjoy the seller's market which prevailed during the previous year but during the last part of the year the whole Naval Stores Industry suffered primarily due to the government's arbitrary price support policy. The same basic condition will probably continue during at least a portion of this year. Fortunately we have a policy of developing chemical products from basic naval stores items and among other things we introduced our synthetic Pine Oil 230, which equals any natural product on the market. We have also completed our new rosin-based synthetic resin plant at Valdosta, Georgia and this will enable us to make a substantial addition to our terpene operations, and will make us less dependent on the turpentine and rosin markets.

Feed Mill Division

The results in the Feed Mill Division for 1952 were not satisfactory because of the ceiling price controls in the industry and also due to credit losses brought about by the accelerated production of broiler chickens and turkeys and the depressed market prices which resulted in ruining some of the people engaged in this industry. We have revised our credit policy in this Division and have reduced operating costs and improved our gross profit position so that we expect a satisfactory year for the Feed Mill Division.

Durkee Famous Foods Division

This Division showed considerable improvement in profit over the previous year and the shortening and treated oil end of the business continued to show fine progress. Our Spice business and Salad Dressing business have developed and our Shred Coconut business showed splendid improvement. During the year we disposed of our vegetable oil crushing plant at Portland, Oregon and received approximately the book value for the machinery and equipment. It was impossible to continue to operate this plant profitably because of the decline in the consumption of coconut oil and the difficulty in obtaining a satisfactory hedging market.

Paint and Varnish Division

Our 1952 fiscal year produced another all-time record in sales and profits for this Division. We showed a seven per-cent gain in sales over the previous year as against a loss for the industry as a whole. For the last three years we have done much better than the industry from the standpoint of volume of sales.

We are now launching SPRED GLOSS, a new latex enamel paint, and this together with SPRED SATIN should result in additional profit. Our silicone products such as NUBELON S and NUBELON HR are now being sold in quantity and new uses are being found for them every day. In the appliance industry our Nupon coatings made from epoxy resins are being sold in heavy quantities.

We have added a fine new paint plant in Atlanta, Georgia to take care of our rapidly expanding sales in the Southeast. We believe this will prove to be a splendid investment.

General

We continue our emphasis on research activities and are looking for more important developments from the good work done in our twenty-six laboratories.

We have a number of fine young men coming along in all Divisions of the Company and our whole personnel set-up is in the best shape it has ever been.

During the last year we had no strikes or any other serious labor difficulties and don't anticipate any for the coming year.

The President continued "All in all, barring something entirely unforeseen at present, I feel that this year's operations should show considerable improvement over last year."

At the meeting the Secretary read a letter of criticism which indicated a dissatisfaction because certain comparative figures were not shown on the annual report. There were many letters of commendation on the progress of the company.

The President was questioned as to the total number of manufacturing plants owned by the company, the advantages and disadvantages of diversification, and whether or not The Glidden Company might properly be referred to as a "chemical company." Mr. Dwight P. Joyce replied that the Company owned 37 manufacturing plants; that the diversification of its activities was an important factor in the stability of the Company's profit picture, as well as a means, which was not generally available to other companies, for our management to obtain a broader view of the whole field of industry and trade; and that in view of the increasing number of industrial chemicals manufactured and sold by the Company, it was his opinion that the Company might well be called a "chemical company."

In reply to a question by a stockholder as to the possibility of the Company's developing production of metals other than zinc at Shasta County, California, Mr. Dwight P. Joyce stated that the Company planned to develop established copper deposits in this area and to commence mining operations before the end of the current year.

One stockholder asked several questions concerning the future of our Company's hormone business. It was pointed out that there were definite indications of continued possibilities for growth not only in the sale of hormones, but also in the sale of other pharmaceutical materials manufactured by the Company. Our Company, the President said, contemplated further expansion of its manufacturing facilities to meet increased demand for these products.

In reply to a question as to the effect of depressed foreign markets on the Company's business, Mr. Dwight P. Joyce replied that the Company's principal activity in foreign markets involved foreign licenses and technological assistance contracts under which the Company received appreciable royalties and other considerations for the sale of technical knowledge.

At the close of the meeting a stockholder congratulated the officers and Directors of the Company on the splendid showing made by the Company in its 1952 fiscal year. He asked that his comments be considered as having been offered in the form of a resolution, which resolution was, upon motion duly made and seconded, unanimously adopted by those shareholders present at the meeting.

Very truly yours,

ADRIAN D. JOYCE,
Chairman of the Board

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