

1940

N11779

Published December 16, 1935

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C.

FORM 10-K
FOR CORPORATIONS

ANNUAL REPORT

For Fiscal Year Ended **October 31, 1940****The Glidden Company**
(Name of registrant)**Cleveland, Ohio**
(Address of principal executive offices)**Ohio - December 11, 1917**
(The State or other sovereign power under which incorporated and date of incorporation)**Perpetual**
(Date of termination of charter)**Third Thursday in January at Cleveland, Ohio**
(Date and place of annual meetings)

TABLE OF SECURITIES REGISTERED

Title of issue	Amount as of close of fiscal year		Names of exchanges on which registered
	Amount as to which registration is effective	Amount to be registered upon notice of issuance	
Common Stock without par value	835,591	199,940	New York Stock Exchange
Convertible Preferred Stock, 4-1/2% cumulative, \$50.00 par value	199,940	None	New York Stock Exchange

Name and address of person authorized to receive notices and communications from the

The information required to be given under the items herein set forth is more specifically defined in the Instruction Book for Form 10-K for Corporations.

The instruction book also sets forth requirements as to exhibits which are to accompany the annual report.

AFFILIATIONS

1. List the following and indicate the respective percentages of voting power, or other basis of control, as required by the instructions:

- (a) All subsidiaries of the registrant.
(b) All parents of the registrant.

	<u>State of Incorporation</u>	<u>Stock Owned</u>
(a) Afterthought Zinc Mining Company ¹	California	All
The California Zinc Company ¹	Ohio	All
Sacramento Valley and Eastern Ry. Co. ¹	California	All
The Ripolin Company ²	Ohio	All
Troco Company of Illinois ²	Illinois	All
The Glidden Company, Limited ³	Ontario, Canada	All
The Glidden Company Incorporated ⁴	Virginia	All
Melie Resin Processing Corporation ⁵	Ohio	78.72%

- 1 Afterthought Zinc Mining Company, The California Zinc Company and Sacramento Valley and Eastern Railway are carried as investments because they have not been audited and aggregate investments are insignificant. Sales and operating revenues of such corporations are also unimportant, as they are inactive.

- 2 Inactive subsidiaries included in all statements.

- 3 The Glidden Company, Limited, is a Canadian Corporation and is, therefore, carried as an investment. It is active, however, and is included in consolidated statements.

- 4 The Glidden Company Incorporated is a Virginia corporation carried as an investment. It is active and is included in consolidated statements.

- 5 The Melie Resin Processing Corporation is an active Ohio corporation carried as an investment and is included in consolidated statements.

(b) None

MANAGEMENT AND CONTROL

2. List the names and addresses of all directors and officers of the registrant. Indicate the office or offices held. If any person is both an officer and director, so state.

Name	Address	Office
Adrian D. Joyce	1396 Union Commerce Building Cleveland, Ohio	President and Director
R. H. Horsburgh	1396 Union Commerce Building Cleveland, Ohio	Senior Vice President and Director
R. W. Levenhagen	1396 Union Commerce Building Cleveland, Ohio	Vice President and Director
W. J. O'Brien	1396 Union Commerce Building Cleveland, Ohio	Vice President and Director
Dwight P. Joyce	11001 Madison Avenue Cleveland, Ohio	Vice President and Director
P. E. Sprague	1396 Union Commerce Building Cleveland, Ohio	Vice President and Director
Clifton M. Kolb	11001 Madison Avenue Cleveland, Ohio	Secretary and Director
J. A. Peters	11001 Madison Avenue Cleveland, Ohio	Treasurer
Howard Beatty	Elston Ave. and Logan Blvd. Chicago, Illinois	Director and appointed Vice President
W. W. Conant	11001 Madison Avenue Cleveland, Ohio	Assistant Secretary

3. Give the information required below for all persons owning of record more than 10 percent of any class of equity securities of the registrant.

As of **December 12, 1940** (insert date within 93 days)

Name and address	Title of issue	Amount owned	Percent of the class
Of record, none. Beneficially, none to knowledge of the registrant.			

4. Give the following information as to the registrant's securities, other than equity securities, owned by each director and each officer of the registrant. The statements are to be made both as to the securities owned of record and those owned beneficially.

As of October 31, 1940

Name	Office	Securities owned		
		Title of issue	Amount of record	Amount beneficially
None				

5. State briefly the general effect of: (a) Material changes, made within the fiscal year and not previously reported, in contracts and arrangements of the categories enumerated below which have been previously reported; (b) such contracts and arrangements, made or in effect within the fiscal year and not previously reported, including the dates thereof and names of parties thereto.

(i) Material management or general supervisory contracts providing for management of, or services to, the registrant or any of its subsidiaries.

(ii) Material advisory, construction or service contracts with affiliates providing for management of, or services to, the registrant or any of its subsidiaries.

(iii) Material contracts, except as provided by the instructions, between the registrant or any affiliate of the registrant on the one hand, and, on the other hand, any director or officer of the registrant, any principal underwriter of any securities of the registrant sold by the registrant within the past 3 fiscal years, or any security holder named in answer to item 3.

(iv) Material bonus and profit-sharing arrangements.

- (a) (1) There have been no material changes in contracts previously reported and no contracts made or in effect not previously reported.
 (ii) There have been no material changes in contracts previously reported and no contracts made or in effect not previously reported.
 (iii) There have been no material changes in contracts previously reported and no contracts made or in effect not previously reported.
 (iv) There have been no material changes in contracts previously reported and no contracts made or in effect not previously reported.
- (b) (1) There have been no material changes in contracts previously reported and no contracts made or in effect not previously reported.
 (ii) There have been no material changes in contracts previously reported and no contracts made or in effect not previously reported.
 (iii) There have been no material changes in contracts previously reported and no contracts made or in effect not previously reported.
 (iv) There have been no material changes in contracts previously reported and no contracts made or in effect not previously reported.

6. As to any options outstanding at the close of the fiscal year to purchase securities of the registrant from the registrant: (a) State the amount, with the title of the issue, called for by such options; (b) outline briefly the prices, expiration dates, and other material conditions on which such options may be exercised; (c) give the name and address of each person holding such options calling for more than 5 percent of the total amount subject to option, and give the amount called for by the options of each such person; and (d) for each class of such options not previously reported state the consideration for the granting thereof.

There were no options outstanding on October 31, 1940 to purchase securities of the registrant from the registrant.

BUSINESS

7. Describe briefly the material changes which may have occurred within the fiscal year in the general character of the business done by the registrant and its subsidiaries.

There have been no material changes within the fiscal year ending October 31, 1940, in the general character of the business done by the registrant and its subsidiaries except that the registrant's subsidiary, the Helio Resin Processing Corporation, was incorporated in Ohio on August 31, 1940, for the conducting of the business of registrant's former Helio Resin Division, the assets of which were transferred to the Helio Resin Processing Corporation in exchange for 4550 shares, of 5000 issued shares of its common capital stock, delivered to the registrant on September 24, 1940.

FINANCIAL STATEMENTS

8. Submit financial statements in accordance with the instructions and the rules and regulations of the Commission supplementary thereto.

(The financial statements and schedules are to be inserted at this point in the annual report.)

Accountants' Certificate together with the following Financial Statements and Schedules:

THE GLIDDEN COMPANY

Balance Sheet - October 31, 1940
 Profit and Loss Statement
 Statement of Surplus
 Schedule III - Investments in securities of affiliates
 Schedule IV - Indebtedness of affiliates-not current
 Schedule V - Property, plant and equipment
 Schedule V-A - Reserves for revaluation of property, plant and equipment
 Schedule VI - Reserves for depreciation, depletion and amortization of property, plant and equipment
 Schedule VII - Intangible assets
 Schedule X - Indebtedness to affiliates-not current
 Schedule XII - Reserves
 Schedule XIII - Capital shares
 Schedule XVI - Supplementary profit and loss information
 Schedule XVII - Income from dividends

THE GLIDDEN COMPANY AND CONSOLIDATED SUBSIDIARIES

Consolidated Balance Sheet - October 31, 1940
 Consolidated Profit and Loss Statement
 Statement of Consolidated Surplus
 Schedule III - Investments in securities of affiliates
 Schedule IV - Indebtedness of affiliates-not current
 Schedule V - Property, plant and equipment
 Schedule V-A - Reserves for revaluation of property, plant and equipment
 Schedule VI - Reserves for depreciation, depletion and amortization of property, plant and equipment
 Schedule VII - Intangible assets
 Schedule IX - Funded debt
 Schedule XII - Reserves
 Schedule XIII - Capital shares
 Schedule XVI - Supplementary profit and loss information
 Schedule XVII - Income from dividends

The following Financial Statements and Schedules have been omitted for the reasons stated:

THE GLIDDEN COMPANY

Schedules I and II have been omitted because they are not required.
 Schedules VIII, XI, XIV and XV have been omitted because the subject matter is not present.
 Schedule IX has been omitted as the information required is set forth in a similar schedule for The Glidden Company and Consolidated Subsidiaries.

THE GLIDDEN COMPANY AND CONSOLIDATED SUBSIDIARIES

Schedules I and II have been omitted because they are not required.
 Schedules VIII, X, XI, XIV and XV have been omitted because the subject matter is not present.

ERNST & ERNST
UNION COMMERCE BUILDING
CLEVELAND

Board of Directors,
The Glidden Company,
Cleveland, Ohio.

We have examined the balance sheet of The Glidden Company as of October 31, 1940, and the statements of profit and loss and surplus for the fiscal year then ended; also the consolidated balance sheet of The Glidden Company and consolidated subsidiaries (California mining companies excluded) as of October 31, 1940, and the consolidated statements of profit and loss and surplus for the fiscal year then ended, have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate.

The financial statements referred to, together with supporting schedules which also have been examined by us, have been prepared for inclusion in Form 10-K for annual reports of corporations pursuant to Section 13 of the Securities Exchange Act of 1934. A list of the financial statements and schedules included is set forth on the following page.

We tested trade receivables by communication with debtors, and we observed procedures followed by the companies in ascertaining quantities at October 31, 1940, at locations selected by us. We also tested the basis of pricing the inventories and the computations.

In our opinion, the accompanying balance sheets and related statements of profit and loss and surplus and supporting schedules, excluding the California mining companies, present fairly the position of the companies at October 31, 1940, and the results of their operations for the fiscal year ended at that date, in conformity with generally accepted accounting principles consistently maintained by the companies during the year.

Ernst & Ernst

ERNST & ERNST

Certified Public Accountants

Cleveland, Ohio
December 23, 1940

FINANCIAL STATEMENTS AND SCHEDULES

The following financial statements and schedules are included:

THE GLIDDEN COMPANY

Balance sheet	
Profit and loss statement	
Statement of surplus	
Schedule III	- Investments in securities of affiliates
Schedule IV	- Indebtedness of affiliates-not current
Schedule V	- Property, plant and equipment
Schedule V-A	- Reserves for revaluation of property, plant and equipment
Schedule VI	- Reserves for depreciation, depletion and amortization of property, plant and equipment
Schedule VII	- Intangible assets
Schedule X	- Indebtedness to affiliates-not current
Schedule XII	- Reserves
Schedule XIII	- Capital shares
Schedule XVI	- Supplementary profit and loss information
Schedule XVII	- Income from dividends

THE GLIDDEN COMPANY AND CONSOLIDATED SUBSIDIARIES

Consolidated balance sheet	
Consolidated profit and loss statement	
Statement of consolidated surplus	
Schedule III	- Investments in securities of affiliates
Schedule IV	- Indebtedness of affiliates-not current
Schedule V	- Property, plant and equipment
Schedule V-A	- Reserves for revaluation of property, plant and equipment
Schedule VI	- Reserves for depreciation, depletion and amortization of property, plant and equipment
Schedule VII	- Intangible assets
Schedule IX	- Funded debt
Schedule XII	- Reserves
Schedule XIII	- Capital shares
Schedule XVI	- Supplementary profit and loss information
Schedule XVII	- Income from dividends

The following schedules have been omitted:

THE GLIDDEN COMPANY

- Schedules I and II have been omitted because they are not required.
- Schedules VIII, XI, XIV and XV have been omitted because the subject matter is not present.
- Schedule IX has been omitted as the information required is set forth in similar schedule for The Glidden Company and Consolidated Subsidiaries.

THE GLIDDEN COMPANY AND CONSOLIDATED SUBSIDIARIES

- Schedules I and II have been omitted because they are not required.
- Schedules VIII, X, XI, XIV and XV have been omitted because the subject matter is not present.

BALANCE SHEET

THE GLIDDEN COMPANY

October 31, 1940

ASSETSCURRENT ASSETS

Cash on hand and demand deposits		\$ 2,013,290.49	
Trade notes and acceptances receivable	\$ 68,744.24		
Trade accounts receivable	4,307,162.46	\$ 4,375,926.70	
Loss reserves-Schedule XII		127,965.52	4,247,961.18
Inventories, at lower of cost or market-Note A:			
Raw materials		\$ 3,727,920.79	
Finished merchandise (includes minor amount for work in process)		6,395,123.24	
Supplies		125,785.80	10,248,829.83
Other current assets:			
Account receivable, affiliated company not consolidated		\$ 25,203.86	
Other current accounts receivable		419,821.67	446,025.53
TOTAL CURRENT ASSETS			\$16,956,107.03

INVESTMENTS IN SUBSIDIARY AND AFFILIATED COMPANIES

(See principles of consolidation appended to consolidated balance sheet)

Subsidiary companies, consolidated:

Capital stock-Schedule III	\$ 556,000.00		
Advances-Schedule IV	212,316.42	\$ 768,316.42	

California mining companies, not consolidated-at less than cost:

Capital stock, 100% owned-Schedule III	\$ 15,000.00		
Bonds, principal amount \$500,000.00-Schedule III	187,500.00		
Advances-Schedule IV	915,062.71	1,127,562.71	

Affiliated company not consolidated, at cost:

Capital stock-Schedule III	690,001.00	2,575,880.13	
----------------------------	------------	--------------	--

OTHER ASSETS AND INVESTMENTS

Cash surrender value of life insurance	\$ 496,369.70		
Security investments, at cost or less-Note B	48,480.47		
Glidden against closed banks	\$ 70,944.49		
Loss reserve-Schedule XII	64,131.74	6,812.75	
Trade notes and accounts receivable and advances to salesman	\$ 54,698.48		
Loss reserve-Schedule XII	9,561.24	45,137.22	596,800.14

PROPERTY, PLANT AND EQUIPMENT-Note C

Land, buildings, machinery and equipment, at cost or appraisal value-Schedule V	\$25,468,581.93		
Loss reserves for revaluation as determined by Board of Directors-Schedule V-A	3,356,221.52	\$22,112,360.41	
Loss reserves for depreciation and amortization-Schedule VI		7,690,227.20	14,422,133.21
Patents and trade-marks, at cost less amortization	\$ 73,158.60		
Rights to manufacture, at cost less amortization	6,507.77	79,666.37	
DEFERRED CHARGES			
Library of advertising stock and stationery	\$ 145,734.99		
Prepaid insurance and expenses	224,626.26		
Special new products development	100,876.45	471,237.70	
			\$35,101,824.58

CUE

A

W

I

C

J

1

AC

LO

I

S

RE

I

CA

C

S

I

COM

I

S

I

S

I

S

I

S

I

COM

I

LIABILITIES, CAPITAL SHARES AND SURPLUS

CURRENT LIABILITIES

Accounts payable-trade	\$ 1,178,140.49
Processing taxes-federal	233,251.21
Wages and commissions	169,851.60
Pay roll taxes	45,162.92
Other	100,000.00 \$ 1,
Accrued liabilities:	
Taxes	\$ 199,179.14
Interest	38,993.75
Royalties, water rent, etc.	60,822.89
Insurance	38,569.35
Provision for federal and state taxes on income	

TOTAL CURRENT LIABILITIES \$ 2,

ACCOUNT PAYABLE-SUBSIDIARY COMPANY, CONSOLIDATED

The Glidden Company, Ltd.-Schedule X

LONG TERM NOTES PAYABLE-Schedule IX, consolidated

Bank loans-principal amounts maturing \$500,000.00 annually on July 1, 1942, July 1, 1943, and July 1, 1944, interest at 2½%

Serial note-maturing July 1, 1945, interest at 3%

RESERVES-Schedule XII

For adjustment of open contracts to market

For contingencies

CAPITAL SHARES AND SURPLUS-Notes D and E

Capital stock-Schedule XIII:

Convertible preferred, 4½% cumulative, par value \$50.00 a share (redeemable at \$52.50 per share, convertible through March 1, 1941, into eight-tenths share of common stock and thereafter into seven-tenths share of common stock):

Authorized 200,000 shares

Converted 60 shares

Issued and outstanding 199,940 shares \$ 9,997,000.00

Common, without par value:

Authorized 1,200,000 shares

Outstanding including treasury shares 835,591 shares

Reserved for conversion 189,952 shares

Stated capital 4,180,635.00 \$14,177,635.00

Surplus-see statement:

Capital surplus \$5,374,034.92

Earned surplus 4,325,165.25 \$14,669,202.25

Less capital stock in treasury, at cost-

Schedule XIII:

Common-16,671 shares 292,159.71 14,377,042.54 25,8

CONTINGENT LIABILITIES

Letters of credit outstanding-\$380,139.80

\$35.14

See notes on following page.

LIABILITIES, CAPITAL SHARES AND SURPLUS

-trade	\$ 1,178,140.49	
-federal	233,251.21	
sions	169,851.60	
	45,162.92	
	<u>100,000.00</u>	\$ 1,726,356.22

less:	\$ 199,179.14	
	35,993.75	
er rent, etc.	60,822.89	
	<u>38,569.38</u>	334,966.02

deral and state taxes on income		304,966.02
		<u>304,966.02</u>
TOTAL CURRENT LIABILITIES		\$ 2,366,286.22

BSIDIARY COMPANY, CONSOLIDATED

any, Ltd.-Schedule X 563,000.00

TABLE-Schedule IX, consolidated		
ipal amounts maturing \$300,000.00		
ly 1, 1942, July 1, 1943, and		
interest at 2½%	\$ 1,500,000.00	
ring July 1, 1945, interest at 3%	<u>2,000,000.00</u>	3,500,000.00
KII		
f open contracts to market	\$ 50,000.00	
	<u>57,825.56</u>	117,825.56

SURPLUS-Notes D and E

chedule XIII:

ferred, 4½% cumulative,
0.00 a share (redeemable at
hare, convertible through
1, into eight-tenths share of
and thereafter into seven-
of common stock):

	200,000 shares	
	40 shares	
outstanding	199,940 shares	\$ 9,997,000.00
t par value:		
	1,200,000 shares	
including treasury		
	835,591 shares	
conversion	159,982 shares	
al		<u>4,189,655.00</u>
ement:		\$14,177,655.00
	\$5,374,036.92	
	<u>4,324,101.35</u>	\$14,669,302.25
ok in treasury, at cost-		
1 shares	<u>293,159.71</u>	<u>14,377,042.54</u>
		\$9,854,697.71

TIES

t outstanding-

\$35,191,624.00

NOTES TO BALANCE SHEET

THE GLIDDEN COMPANY

October 31, 1940

Note A - Reference is made to Note A to the consolidated balance sheet.

Note B - Reference is made to Note B to the consolidated balance sheet.

Note C - Reference is made to Note C to the consolidated balance sheet.

Note D - Reference is made to Note D to the consolidated balance sheet.

Note E - In prior years certain items of discount and expense, provision for contingencies and losses on dismantlements have been charged to capital surplus. If such items together with additional depreciation claimed for federal income tax purposes for the years 1932 to 1939 inclusive, had been charged against earned surplus instead of capital surplus, the respective amounts of such surplus accounts would be \$5,173,593.83 and \$9,495,606.42 as at October 31, 1940. The Company's federal income tax return for the year 1940 was not completed at the date of issuing this statement but depreciation to be claimed therein will exceed provision charged to profit and loss for the year ended October 31, 1940.

Note F - General reference is made to consolidated balance sheet submitted herewith.

PROFIT AND LOSS STATEMENT

THE GLIDDEN COMPANY

Fiscal year ended October 31, 1940

<u>GROSS SALES-LESS DISCOUNTS, RETURNS AND ALLOWANCES, ETC.</u>		
To consolidated affiliates	\$ 120,630.35	
To others	48,782,700.16	\$48,903,330.51
<u>COST OF GOODS SOLD-Notes A and B</u>		<u>39,598,709.36</u>
	MANUFACTURING PROFIT	\$ 9,304,621.15
<u>SELLING, GENERAL AND ADMINISTRATIVE EXPENSE</u>		<u>7,391,014.98</u>
	OPERATING PROFIT	\$ 1,913,606.17
<u>OTHER INCOME</u>		
Sundry commissions and profits on merchandise purchased and sold	\$ 219,901.97	
Dividends received-Schedule XVII	83,596.00	
Recovery on accounts previously charged off	40,491.41	
Interest earned	14,359.41	
Rental income	11,098.29	
Profit on sale of securities-specific securities	150.40	
Sundry	<u>51,300.77</u>	<u>420,898.25</u>
		\$ 2,334,504.42
<u>OTHER DEDUCTIONS</u>		
Interest on long term debt	\$ 98,703.14	
Other interest	17,415.90	
Provision for doubtful accounts-Schedule XII	146,400.59	
Idle plant expenses	40,244.80	
Provision to adjust open contracts to market-Schedule XII	20,815.00	
Life insurance expense	15,449.42	
Sundry	<u>11,613.04</u>	<u>350,641.89</u>
	PROFIT BEFORE TAXES ON INCOME	\$ 1,983,862.53
<u>TAXES ON INCOME-ESTIMATED</u>		
Provision for federal income tax	\$ 292,000.00	
Provision for state taxes on income	<u>11,839.74</u>	<u>303,839.74</u>
	NET PROFIT-NOTES C AND D	\$ 1,680,022.79

Note A - Inventories at the beginning and end of the fiscal year, in the respective amounts of \$9,592,125.55 and \$10,848,829.83, have been used in the computation of Cost of Goods Sold and were determined on the bases set forth in Note A to the consolidated balance sheet.

Note B - Depreciation, depletion, obsolescence and amortization:

Reference is made to Note B to the consolidated profit and loss statement.

Note C - Estimated profits on sales to, and purchases from subsidiary companies have been eliminated in this statement.

Note D - General reference is made to consolidated profit and loss statement.

Note E - Reference is made to Schedule XVI for information as to charges for maintenance and repairs, depreciation and depletion, taxes (other than income taxes), rents and royalties.

STATEMENT OF SURPLUS

THE GLIDDEN COMPANY

Fiscal year ended October 31, 1940

CAPITAL SURPLUSBalance November 1, 1939, and
October 31, 1940

\$8,374,936.92

EARNED SURPLUSBalance November 1, 1939
Add net profit for fiscal year
ended October 31, 1940

\$8,969,181.61

1,432,033.73
\$7,537,147.88

Deduct cash dividends paid:

Convertible preferred - \$2.25
a share

\$ 449,886.47

Common - \$1.10 a share

294,152.92

1,354,033.47

BALANCE OCTOBER 31, 1940

\$6,295,165.33

Note - Reference is made to Notes D and E to the
balance sheet.

SCHEDULE III—INVESTMENTS IN SECURITIES OF AFFILIATES

THE GLIDDEN COMPANY

Fiscal year ended October 31, 1940

COL. A	COL. B		
NAME OF ISSUER AND TITLE OF ISSUE	BALANCE AT BEGINNING OF PERIOD		AD
	(1) Number of Shares or Units. Principal Amount of Bonds and Notes	(2) Amount in Dollars	(1) Number of Shares or Units. Principal Amount of Bonds and Notes
<u>CAPITAL STOCK OF SUBSIDIARY</u> <u>COMPANIES CONSOLIDATED</u>			
The Glidden Company, Ltd., common capital stock	500	50,000.00	
Helio Resin Processing Corporation, common stock	-0-	-0-	5,050
Glidden Company, Inc., Richmond, common stock	-0-	-0-	10
		<u>\$ 50,000.00</u> *****	
<u>CAPITAL STOCK AND BONDS OF SUBSIDIARY</u> <u>COMPANIES, NOT CONSOLIDATED</u>			
The California Zinc Company, common stock	1,000	\$ 5,000.00	
Afterthought Zinc Mining Company, common stock	100	10,000.00	
The California Zinc Company, bonds - Note A	3500,000.00	<u>187,500.00</u> \$ 202,500.00 *****	
<u>CAPITAL STOCK OF OTHER AFFILIATE</u>			
American Zirconium Corporation, common stock	6,800	\$ 90,001.00	
American Zirconium Corporation, preferred stock	6,000	<u>600,000.00</u> \$ 690,001.00 *****	

Note A - Interest on the bonds of The California Zinc Company is in default.

Note B - The Glidden Company acquired the common stock of Helio Resin Processing Corporation at par value, by transfer of properties (carried on the books of The Glidden Company at a net amount of \$398,881.73), certain other assets and cash.

COL. C		COL. D		COL. E	
ADDITIONS		DEDUCTIONS		BALANCE AT CLOSE OF PERIOD	
(1) Number of Shares or Units, Principal Amount of Bonds and Notes	(2) Amount in Dollars	(1) Number of Shares or Units, Principal Amount of Bonds and Notes	(2) Amount in Dollars	(1) Number of Shares or Units, Principal Amount of Bonds and Notes	(2) Amount in Dollars

				500	\$ 50,000.00
.050	\$ 505,000.00B			5,050	505,000.00
10	<u>1,000.00</u>			10	<u>1,000.00</u>
	\$ 506,000.00				\$ 556,000.00
	*****				*****

	1,000	\$ 5,000.00
	100	10,000.00
\$500,000.00	<u>187,500.00</u>	
	\$ 202,500.00	

	6,800	\$ 90,001.00
	6,000	<u>600,000.00</u>
	\$ 690,001.00	

18

18
22

SCHEDULE IV—INDEBTEDNESS OF AFFILIATES—NOT CURRENT

THE GLIDDEN COMPANY

Fiscal year ended October 31, 1940

COL. A	COL. B	COL. C
NAME OF AFFILIATE	Balance Receivable at Beginning of Period	Balance Receivable at Close of Period
<u>SUBSIDIARIES CONSOLIDATED</u>		
Nello Resin Processing Corperation	\$ -0-	\$ 155,134.72
Glidden Company, Inc.-Richmond	-0-	57,181.79
	\$ -0-	\$ 212,316.42
	=====	=====
<u>SUBSIDIARIES NOT CONSOLIDATED</u>		
The California Zinc Company	\$ 781,596.73	\$ 799,674.04
Afterthought Zinc Mining Company	115,361.87	115,327.07
	\$ 896,958.60	\$ 915,001.71
	=====	=====

SCHEDULE V—PROPERTY, PLANT, AND EQUIPMENT

THE GLIDDEN COMPANY

Fiscal year ended October 31, 1940

COL. A	COL. B	COL. C	COL. D
CLASSIFICATION	Balance at Beginning of Period	Additions at Cost	Retirements or Sales
Ore lands and leases	\$ 84,891.54	\$ 838.49	\$ -0
Land	2,367,814.25	3,232.05	285.
Land improvements	89,553.86	4,350.48	-0
Railroad sidings	71,556.63	14,787.11	3,279.
Buildings	9,002,416.41	482,711.77	17,706.
Machinery and equipment	12,026,830.84	832,518.42	148,344.
Furniture and fixtures	686,496.00	45,063.82	19,150.
Automotive equipment	101,518.95	9,223.84	25,215.
Construction in process	481,416.61	169,521.83*	-0
	\$24,912,495.09	\$1,223,204.13	\$ 214,581.

* Indicates red figures.

Note A - Represents items transferred to Melio-Resin Processing Corporation, consolidated subsidiary, in exchange for capital stock of that corporation.

SCHEDULE V—PROPERTY, PLANT, AND EQUIPMENT

THE GLIDDEN COMPANY

Fiscal year ended October 31, 1940

COL. B	COL. C	COL. D	COL. E	COL. F
Balance at Beginning of Period	Additions at Cost	Retirements or Sales	Other Changes— Debit and/or Credit*— Describe	Balance at Close of Period
(NOTE A)				
\$ 84,891.54	\$ 838.49	\$ -0-	\$ -0-	\$ 85,730.03
2,367,814.25	3,232.05	285.00	9,710.09*	2,361,051.21
89,553.86	4,350.46	-0-	10,037.96*	83,866.36
71,556.63	14,787.11	3,879.52	1,747.68*	80,716.54
9,002,416.41	482,711.77	17,706.64	126,270.01*	9,341,151.53
12,026,830.84	832,518.42	148,344.08	299,088.19*	12,411,916.99
686,496.00	45,063.82	19,150.80	4,714.35*	707,694.67
101,518.95	9,223.84	25,215.64	100.00*	85,427.15
481,416.61	169,521.83*	-0-	867.33*	311,027.45
\$24,912,495.09	\$1,223,204.13	\$ 214,581.68	\$ 452,535.61*	\$25,468,581.93

ferred to Helio-Resin Processing Corporation,
for capital stock of that corporation.

SCHEDULE VA-RESERVES FOR REVALUATION

THE GLIDDEN COMPANY

Fiscal year ended October 31, 1940

COL. A	COLUMN B
CLASSIFICATIONS	BALANCE AT BEGINNING OF THE FISCAL YEAR AS PER ACCOUNTS
Land	\$ 433,627.77 \$
Buildings	1,560,516.08
Machinery and equipment	1,337,061.21
Furniture and fixtures	31,593.77
Railroad sidings	6,339.77
	<u>\$3,369,138.60 \$</u>

Note - These reserves were provided by charges to capital surplus and reserves for depreciation, to eliminate appreciation of property, plant and equipment, and to reduce recorded amounts to estimated basis of values during 1932 as determined by the Board of Directors.

SCHEDULE VA-RESERVE FOR REVALUATION

THE GLIDDEN COMPANY

Fiscal year ended October 31, 1940

COLUMN B	COLUMN C	COLUMN D	COLUMN E
BALANCE AT BEGINNING OF THE FISCAL YEAR AS PER ACCOUNTS	ADDITIONS TO RESERVES	RETIREMENTS, RENTALS AND MAJOR REPAIRS	BALANCE AT CLOSE OF THE FISCAL YEAR
\$ 433,627.77	\$ -0-	\$ -0-	\$ 433,627.77
1,560,516.08	-0-	343.07	1,560,173.01
1,337,061.21	-0-	12,563.86	1,324,497.35
31,593.77	-0-	10.15	31,583.62
6,339.77	-0-	-0-	6,339.77
\$3,369,138.60	\$ -0-	\$ 12,917.08	\$3,356,221.52

provided by charges to capital
ation, to eliminate appreciation
t, and to reduce recorded amounts
ing 1932 as determined by the

**SCHEDULE VI—RESERVES FOR DEPRECIATION, DEPLETION, AND AMORTIZATION
OF PROPERTY, PLANT, AND EQUIPMENT
THE GLIDDEN COMPANY**

Fiscal year ended October 31, 1940

COL. A	COL. B	COL. C		
DESCRIPTION	Balance at Beginning of Period	ADDITIONS		DE
		(1) Charged to Profit and Loss or Income	(2) Charged to Other Accounts—Describe	Ret Ret Rep
Ore lands and leases	\$ 37,679.40	\$ 5,151.86	\$ -0-	\$
Land improvements	8,423.36	10,667.02	-0-	
Railroad sidings	11,423.58	1,430.47	-0-	
Buildings	1,994,606.69	188,418.43	-0-	1
Machinery and equipment	4,555,121.43	569,380.24	-0-	7
Furniture and fixtures	376,893.96	32,605.42	-0-	1
Automotive equipment	71,443.89	13,024.36	-0-	2
	\$7,055,597.31	\$ 820,677.82	\$ -0-	\$ 12

Note A - Reference is made to Note A Schedule V.

97

**RESERVES FOR DEPRECIATION, DEPLETION, AND AMORTIZATION
OF PROPERTY, PLANT, AND EQUIPMENT
THE GLIDDEN COMPANY**

Fiscal year ended October 31, 1940

OL. B	COL. C		COL. D		COL. E
at Beginning Period	ADDITIONS		DEDUCTIONS FROM RESERVES		Balance at Close of Period
	(1) Charged to Profit and Loss or Income	(2) Charged to Other Accounts—Describe	(1) Retirements, Renewals, and Replacements	(2) Other— Describe	
(NOTE A)					
37,679.40	\$ 5,151.86	\$ -0-	\$ -0-	\$ -0-	\$ 42,831.26
8,423.36	10,667.02	-0-	-0-	1,104.54	17,985.84
11,428.58	1,430.47	-0-	-0-	177.59	12,681.46
94,606.69	139,418.45	-0-	11,879.99	8,154.62	2,162,990.53
55,121.43	569,380.24	-0-	77,328.11	51,249.97	4,995,923.59
76,893.96	32,605.42	-0-	14,015.78	967.16	394,516.44
71,443.89	13,024.36	-0-	21,170.17	-0-	63,298.68
55,597.31	\$ 620,677.82	\$ -0-	\$ 124,394.05	\$ 61,653.88	\$ 7,690,227.20

• A Schedule V.

SCHEDULE VII—INTANGIBLE ASSETS

THE GLIDDEN COMPANY

Fiscal year ended October 31, 1940

COL. A DESCRIPTION	COL. B Balance at Beginning of Period	COL. C Additions at Cost— Describe	COL. D DEDUCTIONS	
			(1) Charged to Profit and Loss or Income	(2) Charged to Accounts—
Patents and trade-marks	\$ 69,364.88	\$ 10,000.00	\$ 6,206.28	\$
Rights to manufacture	15,852.45	-9-	2,034.76	
	\$ 85,217.33	\$ 10,000.00	\$ 8,241.04	\$

* Indicates red figures.

Note A - Transferred to Helio-Resin Processing Corporation together with other properties in exchange for capital stock of that company.

Note B - The cost of intangibles is amortized over the remaining lives of such assets.

SCHEDULE VII—INTANGIBLE ASSETS

THE GLIDDEN COMPANY

Fiscal year ended October 31, 1940

COL. B Balance at Beginning of Period	COL. C Additions at Cost— Describe	COL. D DEDUCTIONS		COL. E Other Changes— Debit and/or Credit— Describe	COL. F Balance at Close of Period
		(1) Charged to Profit and Loss or Income	(2) Charged to Other Accounts—Describe		
59,364.88	\$ 10,000.00	\$ 6,206.28	\$ -0-	\$ -0-	\$ 73,158.60
15,852.45	-0-	2,034.76	-0-	7,309.92*A	6,507.77
35,217.33	\$ 10,000.00	\$ 8,241.04	\$ -0-	\$ 7,309.92*	\$ 79,666.37
=====					

min Processing Corporation together with other
back of that company.

is amortized over the remaining lives of such

99

SCHEDULE X—INDEBTEDNESS TO AFFILIATES—NOT CURRENT

THE GLIDDEN COMPANY

Fiscal year ended October 31, 1940

COL. A	COL. B	COL. C
NAME OF AFFILIATE	Balance Payable at Beginning of Period	Balance Payable at Close of Period
The Glidden Company, Ltd.	\$ 683,163.14	\$563,537.97
	*****	*****

SCHEDULE XII—RESERVES

THE GLIDDEN COMPANY

Fiscal year ended October 31, 1940

COL. A	COL. B	COL. C
DESCRIPTION	Balance at Beginning of Period	ADDITIONS
		(1) Charged to Profit and Loss or Income
		(2) Charged to Accounts—
<u>RESERVES DEDUCTED FROM ASSETS</u>		
For doubtful accounts, discounts, etc.	\$ 116,850.05	\$ 146,400.59
For claims against closed banks	65,142.19	-0-
For miscellaneous notes, etc.	9,561.26	-0-
	<u>\$ 191,553.50</u>	<u>\$ 146,400.59</u>
=====		
<u>OTHER RESERVES</u>		
For contingencies	\$ 67,885.56	\$ -0-
For adjustment of open contracts to market	200,000.00	20,815.00
	<u>\$ 267,885.56</u>	<u>\$ 20,815.00</u>
=====		

Note A - Accounts charged off.

Note B - Losses on contracts open at the beginning of the year.

SCHEDULE XII—RESERVES

THE GLIDDEN COMPANY

Fiscal year ended October 31, 1940

	COL. B	COL. C		COL. D	COL. E
	Balance at Beginning of Period	ADDITIONS		Deductions from Reserves—Describe	Balance at Close of Period
		(1) Charged to Profit and Loss or Income	(2) Charged to Other Accounts—Describe		
ts, etc.	\$ 116,850.05	\$ 146,400.59	\$ -0-	\$ 135,285.12A	\$ 127,965.52
	65,142.19	-0-	-0-	1,010.45A	64,131.74
	9,561.26	-0-	-0-	-0-	9,561.26
	<u>\$ 191,553.50</u>	<u>\$ 146,400.59</u>	<u>\$ -0-</u>	<u>\$ 136,295.57</u>	<u>\$ 201,658.52</u>
=====					
ts to	\$ 67,885.56	\$ -0-	\$ -0-	\$ -0-	\$ 67,885.56
	<u>200,000.00</u>	<u>20,815.00</u>	<u>-0-</u>	<u>170,815.00B</u>	<u>50,000.00</u>
	<u>\$ 267,885.56</u>	<u>\$ 20,815.00</u>	<u>\$ -0-</u>	<u>\$ 170,815.00</u>	<u>\$ 117,885.56</u>
=====					

ff.

s open at the beginning of the year.

100

6-15

101

SCHEDULE XIII—CAPITAL SHARES

THE GLIDDEN COMPANY

October 31, 1940

COL. A NAME OF ISSUER AND TITLE OF ISSUE	COL. B Number of Shares Authorized by Charter	COL. C Number of Shares Issued and Not Retired or Cancelled	COL. D NUMBER OF SHARES INCLUDED IN COL. C WHICH ARE		SHARES SHOWN RELATIVE TO "CA" (1) Number
			(1) Held by or for Account of Issuer Thereof	(2) Not Held by or for account of Issuer Thereof	

THE GLIDDEN COMPANY

Convertible preferred stock,
4% cumulative-par value
\$30.00 a share

200,000

199,940

None

199,940

199,940

Common without par value

1,200,000

835,591

16,671

816,920

835,591

COL. D		COL. E		COL. F		COL. G	COL. H
NUMBER OF SHARES INCLUDED IN COL. C WHICH ARE		SHARES OUTSTANDING AS SHOWN ON OR INCLUDED IN RELATED BALANCE SHEET UNDER CAPTION "CAPITAL SHARES"		NUMBER OF SHARES HELD BY AFFILIATES FOR WHICH STATEMENTS ARE FILED HEREWITH		Number of Shares Reserved for Officers and Employees	Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights
(1) Held by or for Account of Issuer Thereof	(2) Not Held by or for account of Issuer Thereof	(1) Number	(2) Amount at Which Carried	(1) Persons Included in Consolidated Statements	(2) Others		

None	199,940	199,940	\$9,997,000.00	None	None	None	None
16,671	818,920	835,591	<u>4,180,655.00</u>	None	None	None	159,952
			<u>\$14,177,655.00</u>				

SCHEDULE XVI—SUPPLEMENTARY PROFIT AND LOSS INFORMATION

THE GLIDDEN COMPANY

Fiscal year ended October 31, 1940

COL. A ITEM	COL. B		
	CHARGED DIRECTLY TO PROFIT AND LOSS		CHARGE
	(1) To Costs or Operating Expenses	(2) Other	(1) Accounts
Maintenance and repairs	\$ 691,348.31	\$ 39,165.31	\$
Depreciation and depletion-Note A	820,677.82	-0-	
Taxes:			
Pay roll taxes	153,990.24	115,904.48	
Federal capital stock tax	-0-	38,799.10	
Real and personal and sundry taxes	196,629.17	79,109.01	
Rents	1,220.44	153,930.88	
Royalties	77,329.67	-0-	
Amortization of patents, trade-marks and rights to manufacture	8,241.04	-0-	
Management and service contract fees			

Note A - Reference is made to Note B to consolidated profit and loss statement.

Note B - At October 31, 1940, the amount of rentals upon all real property leased to the Company for terms expiring more than three years thereafter, aggregated \$54,376.00, represented by 18 leases.

XVI—SUPPLEMENTARY PROFIT AND LOSS INFORMATION

THE GLIDDEN COMPANY

Fiscal year ended October 31, 1940

COL. B		COL. C		COL. D
CHARGED DIRECTLY TO PROFIT AND LOSS		CHARGED TO OTHER ACCOUNTS		Total
(1) To Costs or Operating Expenses	(2) Other	(1) Account	(2) Amount	
\$ 691,348.31	\$ 39,165.31	\$ -0-	\$ -0-	\$ 730,513.62
820,677.82	-0-	-0-	-0-	820,677.82
153,990.24	115,904.48	-0-	-0-	269,894.72
-0-	38,799.10	-0-	-0-	38,799.10
196,629.17	79,109.01	-0-	-0-	275,738.18
1,220.44	153,930.88	-0-	-0-	155,151.32
77,329.67	-0-	-0-	-0-	77,329.67
8,241.04	-0-	-0-	-0-	8,241.04
				None

6-17

Note B to consolidated

the amount of rentals upon
any for terms expiring
pregrated \$54,376.00,

SCHEDULE XVII—INCOME FROM DIVIDENDS

THE GLIDDEN COMPANY

Fiscal year ended October 31, 1940

COL. A	CC
NAME OF ISSUER AND TITLE OF ISSUE	AMOUNT C
(1)	
Cash	C
<u>SUBSIDIARY COMPANIES, CONSOLIDATED</u>	
The Glidden Company, Ltd., common stock	\$ -0-
Nellie-Resin Processing Corporation-common stock	-0-
Glidden Company, Inc., common stock	-0-
<u>SUBSIDIARY AND AFFILIATED COMPANIES, NOT CONSOLIDATED</u>	
California mining companies, common stock	\$ -0-
American Zirconium Corporation, common stock	-0-
American Zirconium Corporation, preferred stock	31,500.00
<u>OTHER SECURITIES INVESTMENTS</u>	<u>52,096.00</u>
	\$ 83,596.00 \$

* Indicates red figures.

Note A - After giving effect to adjustment of that company's net current asset to Control Board rate of exchange in effect at October 31, 1940.

Note B - As shown by unaudited statements of those companies. The portion of net loss of American Zirconium Corporation applicable to The Glidden Company's investment in that corporation as shown above, includes proportionate charge for amortization of amount assigned to patents and licenses by American Zirconium Corporation, which patents and licenses were acquired by that corporation by issue of its common stock at date of organization. See paragraph (e) of principles of consolidation appended to consolidated balance sheet.

SCHEDULE XVII—INCOME FROM DIVIDENDS

193

THE GLIDDEN COMPANY

Fiscal year ended October 31, 1940

	COL. B			COL. C	
	AMOUNT OF DIVIDENDS				
	(1) Cash	(2) Other	(3) Total of Related Captions of Profit and Loss or Income Statement	Amount of Equity in Net Profit and Loss for the Period	
Common stock	\$ -0-	\$ -0-	\$ -0-	\$ 65,594.07A	
	-0-	-0-	-0-	2,044.23	
	-0-	-0-	-0-	<u>10,085.22*</u>	
				\$ 57,553.08	

Preferred stock	\$ -0-	\$ -0-	\$ -0-	\$ 47,483.76*B	
Common stock	-0-	-0-	-0-	32,702.42*B)	
Preferred stock	31,500.00	-0-	31,500.00)		
	<u>52,096.00</u>	-0-	<u>52,096.00</u>	Not applicable	
	\$ 83,596.00	\$ -0-	\$ 83,596.00		
	*****		*****		

Investment of that company's net current assets
at October 31, 1940.

Investments of those companies. The portion of
investment applicable to The Glidden Company's
above, includes proportionate charge for
patents and licenses by American Zirconium
Corporation were acquired by that corporation by issue
of stock. See paragraph (e) of principles of
accounting balance sheet.

CONSOLIDATED BALANCE SHEET

THE GLIDDEN COMPANY AND
CONSOLIDATED SUBSIDIARIES

October 31, 1940

ASSETS

Cash, bank and demand deposits			\$ 2,126,192.28
Trade notes and acceptances			
Trade accounts receivable	\$ 72,141.11		
Less reserve-Schedule XII	4,653,814.48	\$ 4,725,955.59	
Trade accounts receivable at lower of cost or market-A:		135,093.21	4,590,872.38
Less materials			
Less merchandise (includes minor work in process)		\$ 3,911,381.94	
Less supplies		6,564,222.60	
Other current assets:		136,426.12	10,612,030.66
Accounts receivable, affiliated company not consolidated		\$ 28,203.86	
Other current accounts receivable		497,042.04	525,245.90
TOTAL CURRENT ASSETS			17,882,341.22

INVESTMENTS IN SUBSIDIARY AND AFFILIATED COMPANIES

(on principles of consolidation)

California mining companies-at less than cost:

Capital stock, 100% owned-

Schedule III

\$ 15,000.00

Bonds, principal amount

\$400,000.00-Schedule III

187,500.00

Advances-Schedule IV

915,062.71

Affiliated company, at cost:

Capital stock-Schedule III

690,001.00

1,807,563.71

DEFERRED ASSETS AND INVESTMENTS

Cash surrender value of life insurance

\$ 496,369.70

Sundry investments, at cost or less-Note B

48,480.47

Sundry interest closed banks

\$ 70,944.49

Less reserve-Schedule III

64,131.74

6,812.75

Sundry notes and accounts receivable

Less advances to salesman

\$ 81,794.13

Less reserve-Schedule XII

9,361.26

72,432.87

623,893.79

FIXED ASSETS, PLANT AND EQUIPMENT-Note C

Land, buildings, machinery and

equipment, at cost or appraisal

Value-Schedule V

\$26,385,438.82

Less reserves for revaluation as

determined by Board of Directors-

Schedule V-A

3,432,322.22

\$22,946,106.50

Less reserves for depreciation

and depletion-Schedule VI

7,902,405.57

15,043,420.73

INTANGIBLES-Schedule VII

Patents and trade-marks, at cost less

amortization

\$ 73,159.30

Rights to manufacture, at cost less amortization

13,700.73

86,859.33

DEFERRED CHARGES

Inventories of advertising stock and stationery

\$ 169,135.00

Prepaid insurance and expenses

227,516.13

Special new products development

102,914.21

499,565.33

\$38,910,649.71

LIABILITIES, CAPITAL SHARES AND SURPLUS

CURRENT LIABILITIES

Accounts payable-trade
Processing taxes-federal
Wages and commissions
Pay roll taxes
Other
Accrued liabilities:
Taxes
Interest
Royalties, water rent, etc.
Insurance
Provision for federal, dominion and
state taxes on income-estimated

TOTAL CURREN

LONG TERM NOTES PAYABLE-Schedule IX

Bank loans-principal amounts maturing \$500,000.00
annually on July 1, 1942, July 1, 1943, and
July 1, 1944, interest at 2½%
Serial note-maturing July 1, 1943, interest at 3%

RESERVES-Schedule XII

For adjustment of open contracts to market
For contingencies

MINORITY INTEREST IN SUBSIDIARY COMPANY

Capital stock-Schedule XIII
Surplus

CAPITAL SHARES AND SURPLUS-Notes D and E

Capital stock-Schedule XIII:
Convertible preferred, 4½% cumulative, par value \$50.00
a share (redeemable at \$52.50 per share, convertible
through March 1, 1941, into eight-tenths share of
common stock and thereafter into seven-tenths share
of common stock):

Authorized 200,000 shares
Converted 60 shares
Issued and out-
standing 199,940 shares

\$ 9,997,000.00

Common, without par value:

Authorized 1,200,000 shares
Outstanding in-
cluding treasury
shares 835,591 shares
Reserved for con-
version 159,983 shares

4,189,665.00

Stated capital

Surplus-see statement:

Capital surplus

Earned surplus

Less capital stock in treasury, at
cost-Schedule XIII:
Common-16,671 shares

\$ 8,374,656.92

7,452,725.24 \$15,826,772.72

892,159.71

CONTINGENT LIABILITIES

Letters of credit outstanding - \$380,139.50

See principles of consolidation and notes on following pages.

LIABILITIES, CAPITAL SHARES AND SURPLUS

ES

e-trade
e-federal
sions

\$ 1,340,046.45
283,251.81
174,603.24
43,873.68
182,800.00

ties:

\$ 139,346.21
38,000.78
71,633.01
39,549.35

ter rent, etc.

sderal, dominion and
income-estimated

TOTAL CURRENT LIABILITIES

TABLE-Schedule IX

ipal amounts maturing \$500,000.00
ly 1, 1942, July 1, 1943, and
interest at 2½%
ring July 1, 1945, interest at 3%
XII

\$ 1,500,000.00
2,000,000.00

f open contracts to market

\$ 50,000.00
47,000.00

IN SUBSIDIARY COMPANY
chedule XIII

\$ 100,000.00
522.42

SURPLUS-Notes D and E

chedule XIII:

fferred, 4½% cumulative, par value \$50.00
ecmable at \$52.50 per share convertible
h 1, 1941, into eight-tenths share of
and thereafter into seven-tenths share
lock):

200,000 shares
60 shares

cut-

199,940 shares

\$ 9,997,000.00

t par value:

1,200,000 shares

in-

casury

835,891 shares

con-

159,932 shares

al

ment:

4,182,625.00 \$24,177,655.00

\$ 8,374,055.92

7,452,732.22

\$15,886,772.70

k in treasury, at

XII:

shares

202,182.71 10,534.615

ES

outstanding - \$380,139.99

nsolidation and notes on following pages.

PRINCIPLES OF CONSOLIDATION
THE GLIDDEN COMPANY AND CONSOLIDATED SUBSIDIARIES

October 31, 1940

- (a) The inventories include no inter-company profits.
- (b) The practice of the parent Company, with reference to consolidation of subsidiaries, has been to exclude from annual reports to shareholders the California mining companies. The assets of these companies consist almost entirely of properties not being operated. Separate statements are not included herein for these companies as the aggregate investments are not believed to be significant in respect of (1) the assets they represent and (2) the sales or operating revenues of such companies. The investments in the California mining companies are carried on the books of the parent Company at less than cost and aggregate \$115,041.14 more than the parent Company's equity in net assets as shown by unaudited balance sheets of these companies. Unaudited profit and loss statements of the companies show accumulated losses of \$1,227,613.08 from date of acquisition by the parent Company, exclusive of depreciation on appreciation and unpaid interest on bonds held by the parent Company, which interest has not been taken into income by the latter. Against these accumulated losses the parent Company has provided, in prior years, the sum of \$581,471.76 out of surplus and contingency reserve, and has a credit of \$312,500.00 arising from its reacquisition of \$430,000.00 principal amount of bonds of The California Zinc Company at a cost of \$137,500.00. The operation of the properties of the California mining companies was discontinued in 1937. Certain of the properties are located in areas that will be flooded as a result of the construction of Shasta Dam in the State of California by the United States Government, and the Company has filed a claim for damages in excess of the written-down amounts included in the balance sheet.
- (c) Investments in the consolidated subsidiaries are carried on the parent Company's books as recorded at date of acquisition and are \$1,187,570.53 less than the parent Company's equity in net assets as shown by the books of the subsidiaries after deducting charge resulting from reduction of the Canadian company's net current assets to Central Board rate of exchange at October 31, 1940. The difference represents undistributed accumulated net earnings of the subsidiaries since dates of acquisition by the parent Company and is included in earned surplus in consolidation of the accounts.
- (d) Net assets located in Canada consist of (1) net current assets of \$453,674.74 which have been included herein at the Central Board rate of exchange and (2) property, plant and equipment and sundry deferred items of \$141,706.70 which have been included at amounts shown on the books of the Canadian subsidiary.
- (e) Investment in affiliated company represents one hundred per cent interest in 7½ preferred stock of the American Sirocanian Corporation, having a par value of \$600,000.00, the dividends on which have been paid to July 1, 1940, and a forty-five per cent interest in the common stock of that corporation. Common stock received in exchange for patents and licenses assigned to that corporation at date of its organization is carried on the books of The Glidden Company at a nominal amount of one dollar; subsequent acquisitions of common and preferred stock are carried at cost. The total amount of the investment in that corporation as carried on the books of The Glidden Company is approximately \$85,000.00 less than The Glidden Company's equity in net assets of that corporation as shown by unaudited balance sheet after deducting unamortized portion of amounts assigned to patents and licenses by the corporation at date of its organization.

NOTES TO CONSOLIDATED BALANCE SHEET

THE GLIDDEN COMPANY AND CONSOLIDATED SUBSIDIARIES

October 31, 1940

Note A - The Company finds it essential to make future commodity commitments in order to maintain continuous operations of certain of its plants engaged in refining and processing nut and vegetable oils, and has adopted the practice of protecting its net position of materials on hand and purchase commitments for such plants against substantial decreases in market prices by contracts for future delivery of refined oils and processed merchandises to the extent circumstances permit making such contracts, and has designated specific purchases as being applicable to such contracts.

Designated purchases, to the extent they are included in the inventories, are priced at cost. Substantially all other inventories, except finished products of the paint divisions, are priced at the lower of accumulated average cost or replacement market. Finished products of the paint divisions are priced at the lower of average cost (eleven month average) or replacement market.

Note B - U. S. Government securities, included in sundry investments at a cost of \$18,000.00 were deposited with a bank in connection with workmen's compensation insurance requirements. Quoted market of such securities at October 31, 1940, is \$18,950.00; the market value of the remaining securities is not known.

Note C - Property, plant and equipment are stated on the basis of cost or appraised value less reserves provided for revaluation, depreciation and depletion. The remaining portion of unrealized appreciation included in the gross amount of these assets is offset by a portion of the revaluation reserve which reserve was also provided to further reduce the carrying amount of certain assets from cost to estimated values prevailing during the year 1932 as determined by the Board of Directors. Cost of property, plant and equipment represents, principally, cash expenditures, although certain properties were acquired for stock. The net book carrying amount is not intended to represent the present value of the properties.

Note D - The indenture, dated July 1, 1938, relating to serial notes of the Company contains an agreement that so long as any of the notes shall be outstanding the Company will not declare or pay any dividends, other than stock dividends on any shares of its common stock (subject to modification that the Company may use not exceeding \$200,000.00 in the purchase or retirement of its common stock) or make any distribution in respect thereto, except out of consolidated net earnings, as defined in the indenture, subsequent to October 31, 1937.

Note B - In prior years certain items of discount and expense, provision for contingencies and losses on dismantlements have been charged to capital surplus. If such items together with additional depreciation claimed for federal income tax purposes for the years 1932 to 1939 inclusive, had been charged against earned surplus instead of capital surplus, the respective amounts of such surplus accounts would be \$4,331,164.26 and \$9,493,608.42 as at October 31, 1940. The Company's federal income tax return for the year 1940 was not completed at the date of issuing this statement but depreciation to be claimed therein will exceed provision charged to profit and loss for the year ended October 31, 1940.

CONSOLIDATED PROFIT AND LOSS STATEMENT

THE GLIDDEN COMPANY AND CONSOLIDATED SUBSIDIARIES

Fiscal year ended October 31, 1940

<u>GROSS SALES-LESS DISCOUNTS, RETURNS AND ALLOWANCES, ETC.</u>		330,169,733.04
<u>COST OF GOODS SOLD-Notes A and B</u>		40,438,945.52
	<u>MANUFACTURING PROFIT</u>	289,730,787.52
<u>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</u>		7,722,690.73
	<u>OPERATING PROFIT</u>	282,008,096.79
<u>OTHER INCOME</u>		
Sundry commissions and profits on merchandise purchased and sold	\$ 219,980.12	
Dividends received-Schedule XVII- Note C	83,596.00	
Recovery on accounts previously charged off	40,491.41	
Interest earned	14,527.55	
Rental income	11,116.29	
Profit on sale of securities- specific securities	150.40	
Sundry	51,315.32	221,177.21
		282,229,273.94
<u>OTHER DEDUCTIONS</u>		
Interest on long term debt	\$ 98,703.14	
Other interest	17,893.99	
Provision for doubtful accounts- Schedule XII	149,129.73	
Idle plant expenses	40,244.59	
Provision to adjust open contracts to market	20,815.00	
Life insurance expense	15,449.42	
Sundry	14,347.65	334,582.73
	<u>PROFIT BEFORE TAXES ON INCOME</u>	281,646,691.21
<u>TAXES ON INCOME-ESTIMATED</u>		
Provision for federal income tax	\$ 292,000.00	
Provision for Dominion and state taxes on income	55,302.62	347,302.62
	<u>NET PROFIT</u>	281,304,388.59
<u>MINORITY INTEREST IN PROFIT OF SUBSIDIARY COMPANY</u>		522.42
	<u>NET PROFIT TO SURPLUS-NOTES D AND E</u>	281,304,910.99

Principles of consolidation:

- (a) Transactions between the parent Company and its subsidiaries include no inter-company profit.
- (b) Inter-company sales are not included.
- (c) Operating accounts of the Canadian subsidiary are included on a dollar for dollar basis. Net credit of \$4,700.49 arising from adjustment of net current assets located in Canada to the Central Board rate of exchange at October 31, 1940, is included in sundry other income.

See notes on following pages.

ERNST & ERNST

NOTES TO CONSOLIDATED PROFIT AND LOSS STATEMENT**THE GLIDDEN COMPANY AND CONSOLIDATED SUBSIDIARIES****Fiscal year ended October 31, 1940**

Note A - Inventories at the beginning and end of the fiscal year, in the respective amounts of \$9,779,601.30 and \$10,612,030.66, have been used in the computation of Cost of Goods Sold and were determined on the bases set forth in Note A to the consolidated balance sheet.

Note B - Depreciation, depletion, obsolescence and amortization:

The policy of the companies with respect to depreciation is to provide amounts considered by the management as fair and reasonable to cover wear, tear and deterioration of the property on a basis of specific rates as determined. It is not certain to what extent obsolescence is covered in these provisions as changes in the art may result in shortening the useful life of the property. The Company does not believe it practicable to set forth the rates in use as such rates have been determined generally as applicable to specific assets or groups of assets in various geographical locations.

Depletion is provided for at unit rates based upon estimated amount of remaining recoverable ore.

Amortization of intangibles is provided on a basis calculated to write off the cost of such assets over their remaining lives.

The Company's federal income tax return for the year 1940 was not completed at the date of issuing this statement but depreciation to be claimed therein will exceed the amount included in this statement due to depreciation claimed on costs written off or credited to revaluation reserve during 1932.

Expenditures for maintenance, repairs and renewals are charged to operating expenses and expenditures for betterments are added to the property accounts.

The recorded amounts of properties retired or otherwise disposed of are charged to related reserves for depreciation and revaluation if such retirements or disposals were contemplated in the determination of depreciation rates. If such retirements or disposals were not contemplated, the asset accounts and the related reserves for depreciation and revaluation are reduced by the amounts included therein for such properties.

Note C - Dividends in the amount of \$31,500.00, received on preferred stock of affiliated company not consolidated, are included in this statement. The Glidden Company's portion of net loss of this affiliate for the year ended October 31, 1940, as shown by its unaudited statements and after excluding provision for amortization of patents and licenses, aggregated \$16,201.53. Reference is made to paragraph (c) of principles of consolidation appended to consolidated balance sheet.

NOTES TO CONSOLIDATED PROFIT AND LOSS STATEMENT-CONTINUED

Note D - No provision has been made in this statement for leases of wholly owned, non-operating California mining companies for the year amounting to \$47,483.76 including provision of \$3,798.99 for depreciation on cost and provision of \$19,326.18 for depreciation on appreciation.

Note E - The net profit shown in this statement includes \$68,596.07 for the Canadian subsidiary, representing that subsidiary's net profit for the year after giving effect to adjustment of its net current assets to Central Board rate of exchange in effect at October 31, 1940.

Note F - Reference is made to Schedule XVI for information as to charges for maintenance and repairs, depreciation and depletion, taxes (other than income taxes), rents and royalties.

STATEMENT OF CONSOLIDATED SURPLUS

THE GLIDEN COMPANY AND CONSOLIDATED SUBSIDIARIES

Fiscal year ended October 31, 1940

CAPITAL SURPLUSBalance November 1, 1939, and
October 31, 1940

\$8,374,036.92

EARNED SURPLUS

Balance November 1, 1939

\$7,078,943.34

Add net profit for the fiscal year
ended October 31, 19401,727,522.92

\$8,806,466.26

Deduct cash dividends paid:

Convertible preferred - \$2.25
a share

\$ 449,886.47

Common - \$1.10 a share

924,152.001,354,032.47

BALANCE OCTOBER 31, 1940

\$7,452,433.86

Note - Reference is made to Notes D and E to consolidated
balance sheet.

SCHEDULE III—INVESTMENTS IN SECURITIES OF AFFILIATES

THE GLIDDEN COMPANY AND CONSOLIDATED SUBSIDIARIES

Fiscal year ended October 31, 1949

COL. A	COL. B		COL. C	
	BALANCE AT BEGINNING OF PERIOD		ADDITIONS	
	(1) Number of Shares or Units. Principal Amount of Bonds and Notes	(2) Amount in Dollars	(1) Number of Shares or Units. Principal Amount of Bonds and Notes	(2) Amount in Dollars
<u>CAPITAL STOCK AND BONDS OF</u>				
<u>SUBSIDIARIES NOT CONSOLIDATED</u>				
The California Zinc Company, common stock	1,000	\$ 5,000.00		
Afterthought Zinc Mining Company, common stock	100	10,000.00		
The California Zinc Company, bonds - Note A	\$500,000.00	<u>187,500.00</u>		
		<u>\$ 202,500.00</u>		
<u>CAPITAL STOCK OF OTHER AFFILIATE</u>				
American Zirconium Corporation, common stock	6,000	\$ 60,001.00		
American Zirconium Corporation, preferred stock	6,000	<u>600,000.00</u>		
		<u>\$ 660,001.00</u>		

Note A - Interest on the bonds of The California Zinc Company
is in default.

COL. C		COL. D		COL. E	
ADDITIONS		DEDUCTIONS		BALANCE AT CLOSE OF PERIOD	
(1) Number of Shares or Units. Principal Amount of Bonds and Notes	(2) Amount in Dollars	(1) Number of Shares or Units. Principal Amount of Bonds and Notes	(2) Amount in Dollars	(1) Number of Shares or Units. Principal Amount of Bonds and Notes	(2) Amount in Dollars

1,000	\$ 5,000.00
100	10,000.00
\$500,000.00	<u>187,500.00</u>
	<u>\$ 292,500.00</u>
	<u>-----</u>
6,000	\$ 90,001.00
6,000	<u>400,000.00</u>
	<u>\$ 690,001.00</u>
	<u>-----</u>

SCHEDULE IV—INDEBTEDNESS OF AFFILIATES—NOT CURRENT
THE GLIDDEN COMPANY AND CONSOLIDATED SUBSIDIARIES

Fiscal year ended October 31, 1940

COL. A	COL. B	COL. C
NAME OF AFFILIATE	Balance Receivable at Beginning of Period	Balance Receivable at Close of Period
<u>SUBSIDIARIES NOT CONSOLIDATED</u>		
The California Zinc Company	\$ 781,596.73	\$ 799,674.24
Afterthought Zinc Mining Company	<u>115,361.87</u>	<u>113,227.07</u>
TOTAL	\$ 896,958.60	\$ 912,901.31

ERNST & ERNST

**SCHEDULE V—PROPERTY, PLANT, AND EQUIPMENT
THE GLIDDEN COMPANY AND CONSOLIDATED SUBSIDIARIES**

Fiscal year ended October 31, 1940

COL. A	COL. B	COL. C	COL. D
CLASSIFICATION	Balance at Beginning of Period	Additions at Cost	Retirements or Sales
Ore lands and leases	\$ 84,891.54	\$ 838.49	\$ -
Land	2,424,614.21	3,232.03	285
Land improvements	89,553.86	4,350.46	-
Railroad sidings	71,556.63	14,787.11	3,879
Buildings	9,138,305.61	589,020.44	29,208
Machinery and equipment	12,174,284.05	853,942.03	150,355
Furniture and fixtures	705,721.79	54,003.54	19,285
Automotive equipment	102,916.40	9,223.84	25,215
Construction in process	481,416.61	155,990.55*	-
	\$25,270,260.70	\$1,343,407.41	\$ 228,229

* Indicates red figure.

SCHEDULE V—PROPERTY, PLANT, AND EQUIPMENT
 OF GLIDDEN COMPANY AND CONSOLIDATED SUBSIDIARIES

Fiscal year ended October 31, 1940

COL. B	COL. C	COL. D	COL. E	COL. F
Balance at Beginning of Period	Additions at Cost	Retirements or Sales	Other Changes— Debit and/or Credit— Describe	Balance at Close of Period
\$ 84,891.54	\$ 838.49	\$ -0-	\$ -0-	\$ 85,730.03
2,424,614.21	3,232.05	285.00	-0-	2,427,561.26
89,553.86	4,350.46	-0-	-0-	93,904.32
71,556.63	14,787.11	3,879.52	-0-	82,464.22
9,135,305.61	569,020.44	29,208.38	-0-	9,675,117.67
12,174,254.05	853,942.03	150,355.25	-0-	12,877,870.83
705,721.79	54,003.54	19,285.80	-0-	740,439.53
102,916.40	9,223.84	25,215.64	-0-	86,924.60
481,416.61	165,990.55	-0-	-0-	315,426.06
\$25,270,260.70	\$1,343,407.41	\$ 228,229.59	\$ -0-	\$26,385,438.52

SCHEDULE VA-RESERVES FOR REVALUATION
THE GLIDDEN COMPANY AND CONSOLIDATED SUBSIDIARIES
Fiscal year ended October 31, 1940

COLUMN A	COLUMN B BALANCE AT BEGINNING OF THE FISCAL YEAR AS PER ACCOUNTS	COLUMN C ADDITION TO RESERVE
CLASSIFICATIONS		
Land	\$ 458,797.77	\$
Buildings	1,598,951.04	
Machinery and equipment	1,362,133.13	
Furniture and fixtures	29,027.59	
Railroad sidings	6,330.77	
	\$3,452,249.30	\$

Note - These reserves were provided by charges to capital surplus and reserves for depreciation, to eliminate appreciation of property, plant and equipment, and to reduce recorded amounts to estimated basis of values during 1932 as determined by the Board of Directors.

REVENUE VA-RESERVES FOR REVALUATION

CLIDDER COMPANY AND CONSOLIDATED SUBSIDIARIES

Fiscal year ended October 31, 1940

COLUMN B	COLUMN C	COLUMN D	COLUMN E
BALANCE AT BEGINNING OF THE FISCAL YEAR AS PER ACCOUNTS	ADDITIONS TO RESERVES	RETIREMENTS, RENEWALS AND MAJOR REPAIRS	BALANCE AT CLOSE OF THE FISCAL YEAR
\$ 455,797.77	-0-	\$ -0-	\$ 455,797.77
1,598,981.04	-0-	343.07	1,598,607.97
1,362,133.13	-0-	12,863.86	1,349,569.27
29,027.99	-0-	10.15	29,017.44
6,332.77	-0-	-0-	6,332.77
\$3,452,243.30	-0-	\$ 12,917.08	\$3,439,332.22

6-30

provided by charges to capital
tion, to eliminate appreciation
and to reduce recorded amounts
ing 1932 as determined by the

ERNST & ERNST

**SCHEDULE VI—RESERVES FOR DEPRECIATION, DEPLETION, AND AMORTIZATION
OF PROPERTY, PLANT, AND EQUIPMENT
THE GLIDDEN COMPANY AND CONSOLIDATED SUBSIDIARIES**

Fiscal year ended October 31, 1940

COL. A DESCRIPTION	COL. B Balance at Beginning of Period	COL. C ADDITIONS		DEDUC (1) Retirement Renewals Replacement
		(1) Charged to Profit and Loss or Income	(2) Charged to Other Accounts—Describe	
Ore lands and leases	\$ 37,679.40	\$ 5,151.86	\$ -0-	\$
Land improvements	8,423.36	10,742.14	-0-	
Railroad sidings	11,428.58	1,436.31	-0-	
Buildings	2,034,626.87	192,300.99	-0-	22,1
Machinery and equipment	4,650,867.44	578,388.68	-0-	79,1
Furniture and fixtures	388,899.55	34,143.19	-0-	13,1
Automotive equipment	71,863.11	13,590.82	-0-	21,1
	\$7,203,788.31	\$ 835,753.99	\$ -0-	\$ 136,1

VI—RESERVES FOR DEPRECIATION, DEPLETION, AND AMORTIZATION
OF PROPERTY, PLANT, AND EQUIPMENT
THE GLIDDEN COMPANY AND CONSOLIDATED SUBSIDIARIES

Fiscal year ended October 31, 1940

COL. B Balance at Beginning of Period	COL. C ADDITIONS		COL. D DEDUCTIONS FROM RESERVES		COL. E Balance at Close of Period
	(1) Charged to Profit and Loss or Income	(2) Charged to Other Accounts—Describe	(1) Retirements, Renewals, and Replacements	(2) Other— Describe	
37,679.40	\$ 5,151.86	\$ -0-	\$ -0-	\$ -0-	\$ 42,831.26
8,423.36	10,742.14	-0-	-0-	-0-	19,165.50
11,428.58	1,436.31	-0-	-0-	-0-	12,864.89
2,034,626.87	192,300.99	-0-	22,769.91	-0-	2,204,157.95
4,650,867.44	578,388.68	-0-	79,233.78	-0-	5,150,022.34
388,899.55	34,143.19	-0-	13,682.87	-0-	409,359.87
71,843.11	13,590.82	-0-	21,170.17	-0-	64,283.76
17,203,788.31	\$ 835,753.99	\$ -0-	\$ 136,856.73	\$ -0-	\$ 7,902,685.57

ERNST & ERNST

SCHEDULE VII—INTANGIBLE ASSETS
THE GLIDDEN COMPANY AND CONSOLIDATED SUBSIDIARIES
Fiscal year ended October 31, 1940

COL. A DESCRIPTION	COL. B Balance at Beginning of Period	COL. C Additions at Cost— Describe	COL. D DEDUCTIONS	
			(1) Charged to Profit and Loss or Income	(2) Charged to Accounts—De
Patents and trade-marks	\$ 69,364.88	\$ 10,000.00	\$ 6,206.28	\$
Rights to manufacture	15,852.45	-0-	2,151.72	
	\$ 85,217.33	\$ 10,000.00	\$ 8,358.00	\$

Note A - The cost of intangibles is amortized over the remaining lives of such assets.

SCHEDULE VII—INTANGIBLE ASSETS
 GLIDDEN COMPANY AND CONSOLIDATED SUBSIDIARIES

Fiscal year ended October 31, 1940

COL. B at Beginning Period	COL. C Additions at Cost— Describe	COL. D DEDUCTIONS		COL. E Other Changes— Debit and/or Credit— Describe	COL. F Balance at Close of Period
		(1) Charged to Profit and Loss or Income	(2) Charged to Other Accounts—Describe		
9,364.88	\$ 10,000.00	\$ 6,206.28	\$ -0-	\$ -0-	\$ 73,158.60
5,852.45	-0-	2,151.72	-0-	-0-	13,700.73
5,217.33	\$ 10,000.00	\$ 8,358.00	\$ -0-	\$ -0-	\$ 86,859.33

is amortized over the

SCHEDULE IX—FUNDED DEBT
THE GLIDDEN COMPANY AND CONSOLIDATED SUBSIDIARIES

October 31, 1940

COL. A	COL. B	COL. C
NAME OF ISSUER AND TITLE OF EACH ISSUE	Amount Authorized by Indenture	Amount Noted C.
Glidden Company—long term bank loans— principal amounts maturing \$800,000.00 annually on July 1, 1942, July 1, 1943 and July 1, 1944—interest at 2½%	\$1,750,000.00	\$1,500,000.00
Glidden Company—serial note—maturing July 1, 1945—interest at 3½%	2,000,000.00	2,000,000.00

	COL. C	COL. D		COL. E	COL. F	COL. G
	Amount Issued and Not Retired or Cancelled	AMOUNT INCLUDED IN COL. C WHICH IS		Amount Included in Sum Extended Under Caption "Funded Debt" in Related Balance Sheet	Amount in Sinking and Other Special Funds of Issuer Thereof	Amount Pledged Issuer Thereof
Authorized Debt		(1) Held By or For Account of Issuer Thereof	(2) Not Held By or For Account of Issuer Thereof			

0.00	\$1,500,000.00	None	\$1,500,000.00	\$1,500,000.00	None	None
------	----------------	------	----------------	----------------	------	------

0.00	2,000,000.00	None	2,000,000.00	2,000,000.00	None	None
------	--------------	------	--------------	--------------	------	------

IN COL. C	COL. E	COL. F	COL. G	COL. H
	Amount Included in Sum Extended Under Caption "Funded Debt" in Related Balance Sheet	Amount in Sinking and Other Special Funds of Issuer Thereof	Amount Pledged by Issuer Thereof	AMOUNT HELD WHICH STATE HERE (1) Persons Included in Consolidated Statement
(2) Held By or For ount of Issuer Thereof				

500,000.00

\$1,500,000.00

None

None

None

000,000.00

2,000,000.00

None

None

None

ERNST & ERNST

SCHEDULE XII—RESERVES
THE GLIDDEN COMPANY AND CONSOLIDATED SUBSIDIARIES
Fiscal year ended October 31, 1940

COL. A	COL. B	COL. C
DESCRIPTION	Balance at Beginning of Period	ADDITIONS
		(1) Charged to Profit and Loss or Income
		Charged to Accounts
<u>RESERVES DEDUCTED FROM ASSETS</u>		
For doubtful accounts, discounts, etc.	\$ 120,823.31	\$ 149,129.78
For claims against closed banks	65,142.19	-0-
For miscellaneous notes, etc.	9,541.26	-0-
	<u>\$ 195,526.73</u>	<u>\$ 149,129.78</u>
<u>OTHER RESERVES</u>		
For contingencies	\$ 67,835.56	\$ -0-
For adjustment of open contracts to market	200,000.00	20,815.00
	<u>\$ 267,835.56</u>	<u>\$ 20,815.00</u>

Note A - Accounts charged off.

Note B - Losses on contracts open at the beginning of the year.

SCHEDULE XII—RESERVES
GLIDDEN COMPANY AND CONSOLIDATED SUBSIDIARIES

Fiscal year ended October 31, 1940

119

COL. B	COL. C		COL. D	COL. E
Balance at Beginning of Period	ADDITIONS		Deductions from Reserves—Describe	Balance at Close of Period
	(1) Charged to Profit and Loss or Income	(2) Charged to Other Accounts—Describe		
\$ 120,823.31	\$ 149,129.78	\$ -0-	\$ 134,869.88A	\$ 135,083.21
85,142.19	-0-	-0-	1,010.45A	64,131.74
9,561.26	-0-	-0-	-0-	9,561.26
<u>\$ 195,526.76</u>	<u>\$ 149,129.78</u>	<u>\$ -0-</u>	<u>\$ 135,880.33</u>	<u>\$ 208,776.21</u>
\$ 67,885.56	\$ -0-	\$ -0-	\$ -0-	\$ 67,885.56
200,000.00	20,815.00	-0-	170,815.00B	50,000.00
<u>\$ 267,885.56</u>	<u>\$ 20,815.00</u>	<u>\$ -0-</u>	<u>\$ 170,815.00</u>	<u>\$ 117,885.56</u>

6-34

at the beginning of the year.

120

SCHEDULE XIII—CAPITAL SHARES
THE GLIBSON COMPANY AND CONSOLIDATED SUBSIDIARIES

October 31, 1940

COL. A NAME OF ISSUER AND TITLE OF ISSUE	COL. B Number of Shares Authorized by Charter	COL. C Number of Shares Issued and Not Retired or Cancelled	COL. D NUMBER OF SHARES INCLUDED IN COL. C WHICH ARE		COL. E SHARES OUTS SHOWN ON OR RELATED BAL UNDER (1) CAPITAL
			(1) Held by or for Account of Issuer Thereof	(2) Not Held by or for account of Issuer Thereof	

THE GLIBSON COMPANY

Convertible preferred stock,

4 1/2% cumulative-par value

\$50.00 a share

Common-without par value

200,000

199,940

None

199,940

199,940

1,200,000

835,591

16,671

818,920

835,591

SUBSIDIARIES CONSOLIDATED

The Glibson Company, Ltd.-

common-par value \$100.00

a share

500

500

None

500

None

Helle Bros. Processing

Corporation-common-par

value \$100.00 a share

10,000

6,050

None

6,050

1,000

Glibson Company, Inc.,

Richmond, common-par

value \$100.00 a share

10

10

None

10

None

D	COL. E		COL. F		COL. G	COL. H
SHARES IN COL. C ARE	SHARES OUTSTANDING AS SHOWN ON OR INCLUDED IN RELATED BALANCE SHEET UNDER CAPTION "CAPITAL SHARES"		NUMBER OF SHARES HELD BY AFFILIATES FOR WHICH STATEMENTS ARE FILED HEREWITH		Number of Shares Reserved for Officers and Employees	Number of Shares Reserved for Options, Warrants, Convertible and Other Rights
(2) Not Held by or for account of issuer Thereof	(1) Number	(2) Amount at Which Carried	(1) Persons Included in Consolidated Statements	(2) Others		

199,940	199,940	\$ 9,997,000.00	None	None	None	None
818,920	835,891	<u>4,189,655.00</u>	None	None	None	219,920
		<u>\$14,177,655.00</u>				

500	None	None	500	None	None	None
-----	------	------	-----	------	------	------

5,050	1,000	\$ 100,000.00	5,050	None	None	None
-------	-------	---------------	-------	------	------	------

10	None	<u>None</u>	10	None	None	None
----	------	-------------	----	------	------	------

\$ 100,000.00

SCHEDULE XVI—SUPPLEMENTARY PROFIT AND LOSS INFORMATION
 THE GLIDDEN COMPANY AND CONSOLIDATED SUBSIDIARIES
 Fiscal year ended October 31, 1940

COL. A ITEM	COL. B		CHARGED DIRECTLY TO PROFIT AND LOSS	CHARGE Account
	(1)	(2)		
	To Costs or Operating Expenses	Other		
Maintenance and repairs	\$ 700,411.59	\$ 40,200.80		\$
Depreciation and depletion-Note A	835,753.99	-0-		
Taxes:				
Pay roll taxes	154,477.02	116,419.81		
Federal capital stock taxes	-0-	38,799.10		
Real and personal and sundry taxes	200,566.00	81,515.91		
Rents	2,301.76	163,649.72		
Royalties	84,874.67	-0-		
Amortization of patents, trade-marks and rights to manufacture	8,358.00	-0-		
Management and service contract fees	-0-	-0-		

Note A - Reference is made to Note B to consolidated profit and loss statement.

Note B - At October 31, 1940, the amount of rentals upon all real property leased to the Company for terms expiring more than three years thereafter, aggregated \$34,376.00, represented by 13 leases.

SCHEDULE XVI—SUPPLEMENTARY PROFIT AND LOSS INFORMATION

THE GLIDDEN COMPANY AND CONSOLIDATED SUBSIDIARIES

Fiscal year ended October 31, 1940

121

	COL. B		COL. C		COL. D
	CHARGED DIRECTLY TO PROFIT AND LOSS		CHARGED TO OTHER ACCOUNTS		Total
	(1) To Costs or Operating Expenses	(2) Other	(1) Account	(2) Amount	
ote A	\$ 700,411.59	\$ 40,200.80	\$ -0-	\$ -0-	\$ 740,612.39
	835,753.99	-0-	-0-	-0-	835,753.99
	154,477.02	116,419.81	-0-	-0-	270,896.83
	-0-	38,799.10	-0-	-0-	38,799.10
ry taxes	200,566.00	81,515.91	-0-	-0-	282,081.91
	2,301.76	163,649.72	-0-	-0-	165,951.48
	84,874.67	-0-	-0-	-0-	84,874.67
de-marks	8,358.00	-0-	-0-	-0-	8,358.00
net fees	-0-	-0-	-0-	-0-	None

ads to Note B to consolidated

, 1940, the amount of rentals upon
the Company for terms expiring more
, aggregated \$34,376.00, represented

SCHEDULE XVII—INCOME FROM DIVIDENDS

THE GLIDDEN COMPANY AND CONSOLIDATED SUBSIDIARIES

Fiscal year ended October 31, 1940

COL. A NAME OF ISSUER AND TITLE OF ISSUE	COL. B AMOUNT OF	
	(1) Cash	(2) Other
<u>SUBSIDIARIES NOT CONSOLIDATED</u>		
California mining companies-common stock	\$ -0-	\$
<u>AFFILIATED COMPANIES</u>		
American Zirconium Corporation-preferred stock	31,500.00	
American Zirconium Corporation-common stock	-0-	
<u>OTHER SECURITIES INVESTMENTS</u>	52,096.00	
	\$ 83,596.00	\$

* Indicates red figures.

Note A - As shown by unaudited statements of these companies. The portion of net loss of American Zirconium Corporation applicable to The Glidden Company's investment in that corporation as shown above, includes proportionate charge for amortization of amount assigned to patents and licenses by American Zirconium Corporation, which patents and licenses were acquired by that corporation by issue of its common stock at date of organization. See paragraph (c) of principles of consolidation appended to consolidated balance sheet.

SCHEDULE XVII—INCOME FROM DIVIDENDS

GLIDDEN COMPANY AND CONSOLIDATED SUBSIDIARIES

Fiscal year ended October 31, 1940

122

	COL. B			COL. C
	AMOUNT OF DIVIDENDS			
	(1)	(2)	(3)	Amount of Equity in Net Profit and Loss for the Period
	Cash	Other	Total of Related Captions of Profit and Loss or Income Statement	
test	\$ -0-	\$ -0-	\$ -0-	\$ 47,483.76*A
rrred stock	31,500.00	-0-	31,500.00	32,702.42*A
a stock	-0-	-0-	-0-	
	52,096.00	-0-	52,096.00	(Not applicable)
	\$ 83,596.00	\$ -0-	\$ 83,596.00	

statements of these companies. The portion
operation applicable to The Glidden Company's
in above, includes proportionate charge for
rents and licenses by American Zirconium
which were acquired by that corporation by issue
of stock. See paragraph (e) of principles of
balance sheet.

6-37

REMUNERATION OF DIRECTORS, OFFICERS, AND OTHERS

9. Give the information required below in tabular form concerning the aggregate remuneration paid by the registrant and its subsidiaries, directly or indirectly, to the following persons in all of their capacities:

- (a) The name and aggregate remuneration of each person among the officers, directors, and employees of the registrant receiving one of the three highest aggregate amounts of remuneration.
- (b) The aggregate remuneration of all directors of the registrant; indicate the number of such directors without naming them.
- (c) The aggregate remuneration of all officers, other than those who are directors, of the registrant; indicate the number of such officers without naming them.
- (d) The aggregate remuneration of all employees of the registrant who, respectively, received remuneration from the registrant in excess of \$20,000 within the fiscal year; indicate the number of such employees without naming them.

Name, or number of persons not named	Capacities in which remuneration was received	Aggregate remuneration within registrant's fiscal year
(a) Adrian D. Joyce	President and Director	\$ 96,040.00
B. H. Horsburgh	Senior Vice President and Director	30,030.00
R. W. Levenhagen	Vice President and Director	30,040.00
W. J. O'Brien	Vice President and Director	30,030.00
(b) Eight Directors	Salaries	252,533.30
	Directors' Fees	230.00
		\$252,763.30
(c) One Officer	Treasurer	\$ 9,749.96
(d) Four	Salesmen	\$101,079.51

10. Give the name of, and amount received by, each person who received as bonuses or shares in profits \$30,000, or more, from the registrant or its wholly-owned subsidiaries, during the fiscal year.

None

11. Give the information required below in tabular form concerning the aggregate remuneration paid by the registrant, directly or indirectly, to any person, other than a director, officer, or employee, whose aggregate remuneration from the registrant, in all capacities, exceeded \$20,000 during the fiscal year.

Name	Capacities in which remuneration was received from the registrant	Aggregate remuneration during registrant's fiscal year
Equire, Sanders & Dempsey	Attorneys' Fees	\$48,000.00

SALES OF SECURITIES BY REGISTRANT

12. Furnish the following information as to all securities of the registrant sold by the registrant within the fiscal year:
- (a) Title of issue; and, if stock, the par value, or, if no par, stated value, if any.
 - (b) Amount sold.
 - (c) Date of sale.
 - (d) Aggregate net cash proceeds, or the nature and aggregate amount of any consideration other than cash, received by the registrant.
 - (e) Names of principal underwriters, if any, indicating any such underwriters as were affiliates of the registrant.
 - (f) A statement that such securities were registered under the Securities Act of 1933, or a brief statement of the facts necessary to establish that such registration was not required.

No securities were sold by the registrant within the fiscal year.

13. As to any securities for which application for registration under the Securities Exchange Act of 1934 had been filed and which remained unissued at the close of the fiscal year, furnish the following information:

- (a) Title of issue.
- (b) The total amount unissued at the close of the fiscal year.
- (c) A brief description of the proposed transactions for the issuance of such securities.
 - (a) Common stock without par value.
 - (b) 199,940 shares.
 - (c) 159,952 shares of common stock reserved for the conversion of 199,940 shares of the convertible preferred stock, 4-1/2% cumulative, \$50.00 par value, of the registrant. The difference between 159,952 and 199,940 or 39,988 shares are not currently required at the conversion rate now prevailing to meet the conversion privileges of the holders of the convertible preferred stock.

DESCRIPTION OF SECURITIES

14. (a) If any material modifications, not previously reported, have been made in any security a description of which has previously been reported, or in the indenture, charter, or other constituent instrument defining rights of the holders of such security, give the title of the issue and state briefly the general effect of such modifications.
- (b) For each class of capital stock of the registrant a description of which has not previously been reported, and which, either as to dividends or on liquidation, ranks equal or prior to any stock registered on a national securities exchange, outline briefly: (1) Dividend rights; (2) limitations in any indentures or other agreements on the payment of dividends; (3) voting rights; (4) liquidation rights; (5) preemptive rights; (6) subscription rights; (7) conversion rights; (8) redemption provisions applicable thereto; and (9) liability to further calls.

(a) None

(b) None

13. As to any securities for which application for registration under the Securities Exchange Act of 1934 had been filed and which remained unissued at the close of the fiscal year, furnish the following information:

- (a) Title of issue.
- (b) The total amount unissued at the close of the fiscal year.
- (c) A brief description of the proposed transactions for the issuance of such securities.
 - (a) Common stock without par value.
 - (b) 199,940 shares.
 - (c) 159,952 shares of common stock reserved for the conversion of 199,940 shares of the convertible preferred stock, 4-1/2% cumulative, \$50.00 par value, of the registrant. The difference between 159,952 and 199,940 or 39,988 shares are not currently required at the conversion rate now prevailing to meet the conversion privileges of the holders of the convertible preferred stock.

DESCRIPTION OF SECURITIES

14. (a) If any material modifications, not previously reported, have been made in any security a description of which has previously been reported, or in the indenture, charter, or other constituent instrument defining rights of the holders of such security, give the title of the issue and state briefly the general effect of such modifications.
- (b) For each class of capital stock of the registrant a description of which has not previously been reported, and which, either as to dividends or on liquidation, ranks equal or prior to any stock registered on a national securities exchange, outline briefly: (1) Dividend rights; (2) limitations in any indentures or other agreements on the payment of dividends; (3) voting rights; (4) liquidation rights; (5) preemptive rights; (6) subscription rights; (7) conversion rights; (8) redemption provisions applicable thereto; and (9) liability to further calls.

(a) None

(b) None

15. State briefly the general effect of—

- (a) Any material modifications, made within the fiscal year and not previously reported, in contracts of guarantee by the registrant of the securities of other issuers, which have been previously reported.
- (b) Any such contracts made within the fiscal year and not previously reported.

(a) None

(b) None

This annual report comprises—

(1) Pages numbered 1 to 11, consecutively, and insert pages numbered 6-1 to 6-37 consecutively, including the following financial statements and schedules:

None

(2) The following exhibits:

None

SEC. EXCH. COMM.
RECEIVED
MAR 10 1953
WASHINGTON

This annual report is filed subject to the instructions contained in the Instruction Book for Form 10-K for Corporations, and amendments numbered None

SIGNATURE

In pursuance of the requirements of the Securities Exchange Act of 1934, the registrant The Glidden Company, a corporation organized and existing under the laws of the State of Ohio, has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, and its seal to be hereunto affixed and attested, all in the city of Cleveland and State of Ohio on the 26th day of February, 1953

THE GLIDDEN COMPANY

(Signature of registrant)

By _____

(Name and title)

E. H. Norburgh, Senior Vice President

[SEAL]

Attest:

(Name and title)
Clifton E. Kolb, Secretary