CONDENSED CONSOLIDATED OPERATING STATEMENT

THE GLIDDEN COMPANY—CLEVELAND, AND SUBSIDIARIES

For the Fiscal Year Ended October 31, 1929

Profit before Interest, Depreciation, Income Taxes and Other Deductions		$4,221,864.59
Interest on Bonds, Borrowed Money and Other Deductions—Net		382,728.20
Profit before providing for Depreciation and Income Taxes		$3,839,136.39
Provision for Depreciation		520,526.34
Profit before providing for Income Taxes		$3,318,610.05
Provision for Estimated U. S. and Canadian Income Taxes		359,500.00
	Net Profit	$2,959,110.05

CONSOLIDATED SURPLUS ACCOUNT

THE GLIDDEN COMPANY—CLEVELAND, AND SUBSIDIARIES

October 31, 1929

Balance October 31, 1928—as shown by Audit Report				$ 9,723,997.41
Additions				
Net Profit from operations for the fiscal year ended October 31, 1929, less portion applicable to minority interest in Subsidiary Company			$ 2,959,073.24	
Excess of amount received over declared value of $5.00 per share on 175,000 shares of No Par Value Common Stock sold during the current fiscal year together with premium obtained from issuance of 5,276 shares of Prior Preference Stock over the par value thereof, less expenses in connection therewith			6,201,588.55	
Appreciation of Permanent Assets due to appraisal of plants acquired			76,634.58	
			$ 9,237,296.37	
Deductions				
Dividends Paid:				
Subsidiary Company—Preferred		$ 17,500.00		
The Glidden Company:				
Prior Preference—7%		505,712.66		
Common:				
Cash $2.00 per share	$1,137,147.00			
Stock (6,750 shares)	33,750.00	1,170,897.00	1,694,109.66	
			Net Addition	7,543,186.71
			Surplus October 31, 1929	$17,267,184.12

THE GLIDDEN COMPANY

GLIDDEN

CLEVELAND, OHIO

January 4, 1

TO THE STOCKHOLDERS:

On behalf of the Board of Directors, I present herewith the Annual Report of the Company anc subsidiaries as of the close of business October 31, 1929.

The final figures for the year show a volume of net sales of $38,319,739.03. The final net profit $2,959,110.05 after depreciation charges of $520,526.34, and reserve for Federal Taxes of $359,500.00. A deducting Prior Preference Dividends and Preferred Dividends on stock of subsidiary company, these e ings are equivalent to $3.57 per share on 681,750 shares of Common Stock, which is the total numbe shares outstanding. On the average number of shares outstanding for the last fiscal year these earn amount to $4.33 per share.

In considering these figures it should be remembered that for approximately the first half of the y there were only 500,000 shares of common capital stock outstanding, and that of the additional shares iss during the last half of the year, 81,750 shares were issued during the last sixty days of the fiscal year.

The proceeds received from the new stock issued and sold during the last half of the year were for acquisition of subsidiaries, principally Food Plants, and for the cost of adding equipment and of buil additional Food Plants. Naturally the cost of carrying the investment in these properties and extensi until the plants were in position to operate, materially increased our expense. Owing to the usual delay getting the new plants completed and efficiently tied into the organization, only a comparatively s portion of our increased earnings was derived from the new acquisitions.

During the last half of the year the Company has invested in the Food Division $4,150,000.00 in nection with the acquisition of new plants and equipment. Our new fiscal year should add very subs tially to our earnings by reason of the rounding out of our whole food proposition.

As a result of the completion of our plans to make our Food Division, Durkee Famous Foods, In national concern, we now have complete facilities at Portland, Oregon; Berkeley, California; Chic Illinois; Jefferson, Wisconsin; Norwalk, Ohio; and Elmhurst, Long Island. Our new margarin and butter plant at Berkeley, California, went into operation on November 15, and our new plant at Elmhu Long Island, will start operating in January. Inasmuch as these units will enable us to manufacture distribute our products economically, we are looking forward optimistically to good results from t operation.

Attention should be called to the fact that the inventories shown on our Annual Report are higher t those shown on our last Annual Report. This is explained by the fact that it was necessary to purchase put in stock raw materials necessary for the operation of the new plants.

The profits from the Paint, Varnish and Lacquer business were higher than for the preceding year, were the profits from the Chemical, Lead and Metal Refining Divisions.

In presenting this Annual Report, the Officers and Directors wish to again express their sincere appre tion of the cooperation they have received from the employees of the Company.

Yours truly,

ADRIAN D. JOYCE,
President

CONDENSED CONSOLIDATED BALANCE SHEET

THE GLIDDEN COMPANY - CLEVELAND, AND SUBSIDIARIES

AS OF THE CLOSE OF BUSINESS OCTOBER 31, 1929

ASSETS

Current			
Cash on Hand, on Deposit and in Transit		$ 747,597.47	
Customers' Notes and Trade Acceptances Receivable	$ 369,832.15		
Customers' Accounts Receivable	5,055,633.94		
	$ 5,425,466.09		
Less: Allowance for Doubtful Accounts, Discounts, etc.	162,861.04	5,262,605.05	
Miscellaneous Current Accounts Receivable and Creditors' Debit Balances		47,443.33	
Inventories—Raw Material, in Process and Finished Merchandise on Hand and in Transit on basis of lower of cost or market value (Certified by Management)		8,640,114.45	$14,697,760.30
Other Assets			
Common Capital Stock purchased for resale to Employees—13,088.62 shares at cost		$ 402,118.47	
Cash Surrender Value of Life Insurance Policies		162,050.25	
Miscellaneous Notes and Accounts, Salesmen's Advances, etc.		148,413.63	712,582.35
Permanent			
Land		$ 2,215,452.65	
Building, Machinery, Equipment, etc.	$15,233,522.28		
Less: Allowance for Depreciation	3,348,680.11	11,884,842.17	14,100,294.82
Investments in California Mining Companies and Ore Lands			
Mining Companies—Fully Owned (Not operated during current year):			
Investment in and Advances to The California Zinc Company and Afterthought Zinc Mining Company		867,276.87	
Ore Lands, less allowance for Depletion		397,747.41	1,265,024.28
Good-Will, Patents, Trade-Marks, Reorganization and Development Expense, etc.			2,972,489.82
Deferred			
Inventory of Advertising Stock, Stationery, Factory Supplies, Unexpired Insurance Premiums, Prepaid Taxes, etc.			570,314.23
			$34,318,465.80

(Note A) The Companies were reported as being contingently liable at October 31, 1929 on letters of credit in the amount of $411,000.00 and discounted items of a subsidiary recently acquired in the amount of $24,585.34.

LIABILITIES

Current				
Notes Payable, Bankers Acceptances and Drafts in Transit			$ 2,682,051.00	
Notes Payable—Assumed in connection with acquisition of Subsidiary Company			150,000.00	
Accounts Payable for Purchases, Pay Rolls, etc.			1,671,185.29	
Accrued Taxes, Interest, Insurance, Royalties, etc.			566,406.78	$ 5,069,643.07
First Mortgage 6% Bonds				
Subsidiary Companies: Outstanding ($35,000.00 Due April 15, 1930)				470,000.00
Reserve				
For General Contingencies				155,851.80
Minority Interest—Subsidiary Companies				
Portland Vegetable Oil Mills Company—Common Stock 27 shares				2,736.81
Nominal				
Capital Stock—Subsidiary Company				
Metals Refining Company 6% Cumulative Preferred—5,000 shares			$ 500,000.00	
Capital Stock (The Glidden Company)				
Prior Preference 7% Cumulative				
Authorized	75,000 shares	$ 7,500,000.00		
Less: Unissued and Retired	557 shares	55,700.00	7,444,300.00	
Common (No Par Value)				
Authorized	700,000 shares			
Issued—Stock 681,143				
Issued—Scrip 607	681,750 shares			
Stated Capital $5.00 per share			3,408,750.00	
Surplus				
Balance October 31, 1929:				
Capital Surplus		$10,842,092.78		
Unearned Surplus		1,451,736.37		
Profit and Loss—Surplus		4,973,354.97	17,267,184.12	28,620,234.12
				$34,318,465.80

(Note B) This Balance Sheet is subject to any adjustment found necessary, upon determination of final liability of the Companies for Taxes and to the comments in our "Certificate," included in and made a part of this report.

Board of Directors and Stockholders,
The Glidden Company,
Cleveland.

Cleveland, Ohio.
January 4, 1930.

Gentlemen:—

We have examined the books of account and record pertaining to the Assets and Liabilities of THE GLIDDEN COMPANY—CLEVELAND, and its principal Subsidiaries, as of the close of business October 31, 1929, and submit herewith Consolidated Balance Sheet as of that date. The Assets and Liabilities of Subsidiary Companies not audited by us are included herein on the basis of information obtained from data submitted to the Cleveland Office relative thereto.

Cash Funds and Customers' Notes and Trade Acceptances Receivable were satisfactorily verified by us, with the exception of Funds and Notes at certain branches and stores, which are included as shown by the records. The Customers' Accounts Receivable were evidenced by trial balances of the individual accounts, sufficient tests having been made to prove the accuracy of the total represented, and in our opinion sufficient allowance has been made for doubtful accounts, discounts, etc. Merchandise Inventories taken and [illegible] under the direction of the management on the basis of the lower of cost or market [illegible]es at October 31, 1929, were certified to us by a responsible official as to quantities, salability and basis of valuation. We thoroughly tested the inventories as to mathematical accuracy and method of pricing.

The increase in the investment in California Mining Companies, amounting to $115,606.43, represents cash advanced during the current fiscal year for the development and maintenance of the properties. Reports submitted to the Cleveland Office show that the sum of $57,489.14 was charged to development of mines during the year ended October 31, 1929.

The liabilities stated include provision for all ascertained obligations of the Companies as of October 31, 1929

Subject to the foregoing, WE HEREBY CERTIFY, that in our opinion, based upon the records examined and information obtained by us and subject to any necessary adjustment upon determination of final liability for taxes, the accompanying Balance Sheet sets forth the financial position of THE GLIDDEN COMPANY—CLEVELAND, and SUBSIDIARIES, excepting the California Mining Companies, as of the close of business October 31, 1929.

Very truly yours,
Ernst & Ernst
Certified Public Accountants.

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