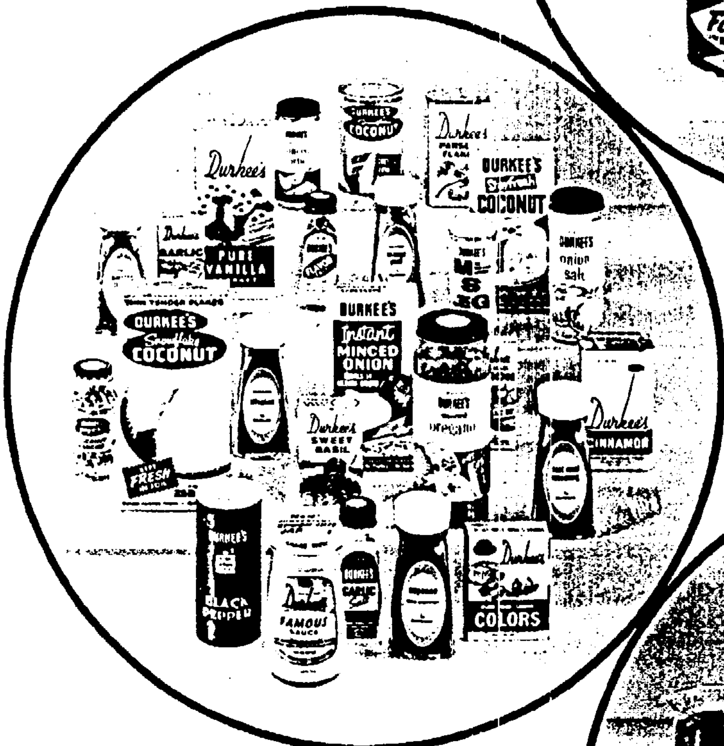

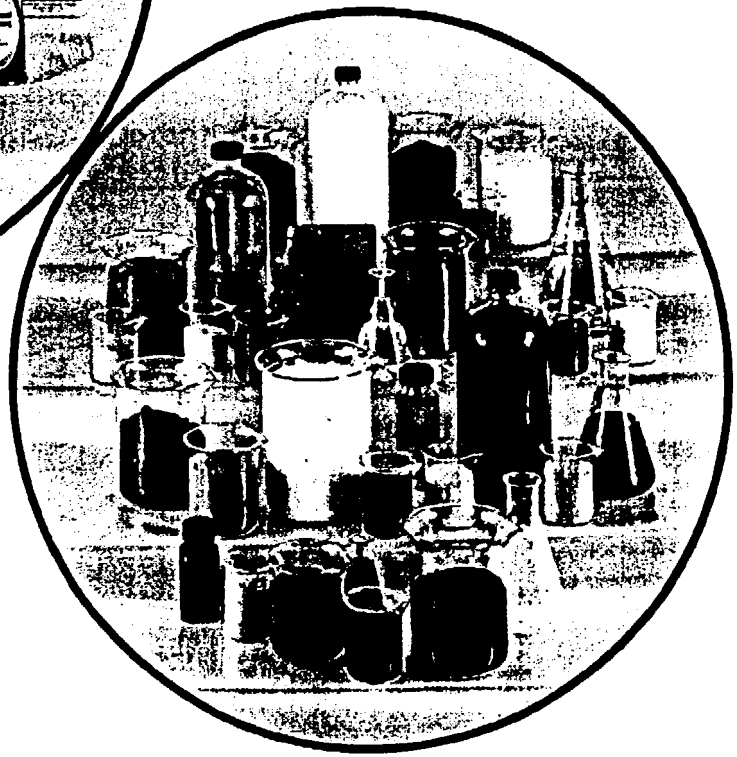

The Glidden Company Annual Report 1960

Financial Highlights

	1960	1959	Change
Net sales	$197,490,831	$195,764,389	+ 1%
Income before taxes	$ 13,638,356	$ 15,925,531	−14%
Net income	$ 6,690,356	$ 7,633,531	−12%
Per share	$2.90	$3.31	
Dividends	$ 4,620,700	$ 4,609,795	—
Per share	$2.00	$2.00	
Depreciation and amortization	$ 6,959,971	$ 6,579,313	+ 6%
Per share	$3.01	$2.85	
Expenditures for plant and equipment	$ 8,764,000	$ 7,607,001	+15%
Working capital	$ 59,721,934	$ 58,248,341	+ 3%
Current ratio	4.97 to 1	4.45 to 1	
Shareholders' equity	$ 92,846,742	$ 90,678,607	+ 2%
Per share	$40.18	$39.29	
Number of shareholders	20,969	20,993	—
Number of employees	6,151	6,023	+ 2%

Contents

Dwight P. Joyce

The Glidden Company

The President's Report

For the fiscal year which ended August 31, the company's net sales amounted to $197.5 million. This represents a marginal increase over the sales results of the prior year. Unsettled economic conditions and strong competition in certain product lines were contributing factors and prevented us from obtaining the sales gains forecast at the beginning of 1960.

Net income declined 12% to $6.7 million. Expenses for the year were budgeted for a much higher sales level than was reached. Those relating to current operations have been effectively brought under control. However, it is not our intention to reduce other expenses which are related to the development of longer term profit potential. Among the items included in this category are research and development, market studies, distribution growth and expansion of productive capacity. Increases in these activities accounted for more than half of the profit decline.

Both the Paint and Durkee Famous Foods Divisions registered a sales improvement, while sales of the Chemicals Division were off slightly. Only the Durkee Division produced a profit increase. A detailed review of the operations of each division begins on Page 3 of this report.

Capital expenditures for the year amounted to $8.8 million, which represents a 15% increase over the previous year. Principal projects included terpene chemicals, expansion of resin-producing facilities, additions to the titanium dioxide plant and further modernization of our edible oil refineries. On the basis of current plans, capital outlays for fiscal 1961 will be between $8 and $10 million.

Our long-range planning activities, which were started several years ago, have now been formalized under the guidance of a full-time staff. We have come a long way in recent years, strengthening and revamping the organization and product structure of this company—but we still have a great deal of work ahead of us in order to reach all our objectives. Expenses connected with this program undoubtedly will continue to have a substantial effect upon profits for at least the next two years.

Research and development expenditures for the year were increased \$300,000. To date, most of our technical activities have been devoted to creating new markets and to meeting the needs of our customers through new products and product improvement. As a part of our planning effort, we have concentrated on a review of our entire research, development, and related technical operations. With the help of outside consultants, we have confirmed many of our actions; we have found technical assets on which we can capitalize; and we have found areas where we can make improvements. To the extent consistent with sound financial policy, we will continue to broaden and build upon this vital function.

During the year, the former Chemicals-Pigments-Metals and Organic Chemical Divisions were consolidated into a single Chemicals Division to provide more effective and efficient management guidance and control. Mr. G. M. Halsey was appointed to head this new division; and Mr. G. S. Warner, who was formerly controller, was elected vice president—operations. In a similar move, Mr. P. W. Neidhardt was recently elected vice president—operations of the Paint Division. The creation of these new positions will permit the senior divisional executives to devote more of their time to corporate planning, rather than day-to-day operations. Mr. D. E. Erskine was elected controller to succeed Mr. Warner.

Operations of The Glidden Company, Ltd., showed substantial improvement during the year. With an expanding distribution system and greater production facilities, we are confident that our Canadian subsidiary will continue to grow at a faster rate than similar domestic operations.

Progress was made in the development of our overseas activities through Glidden International, an unconsolidated subsidiary. A technological assistance and licensing agreement was entered into with N. V. Titaandioxydefabriek for the construction of a titanium dioxide plant in the Netherlands. Another license agreement, covering paint products, was made with Courtaulds, Ltd., one of the leading chemical companies in Great Britain.

After the close of the fiscal year, Glidden International acquired General Paint de Mexico, a subsidiary of the General Pacific Corporation. It is our intention to use this operation, together with other acquisitions, to build our paint business in the growing Mexican economy. We have been investigating a number of opportunities in the European Common Market, and I am hopeful that one or more of these possibilities will materialize during the current year.

At this time, it is difficult to discern an upward or downward direction in our national economy. Thus, to forecast is not only difficult but also imprudent, as there are many cross-currents which can affect the many segments of our business. Nonetheless, I personally believe that this year will be at least as good as last, and there is a reasonable possibility that it will be considerably better.

Dwight P. Joyce

Chairman and President

November 8, 1960

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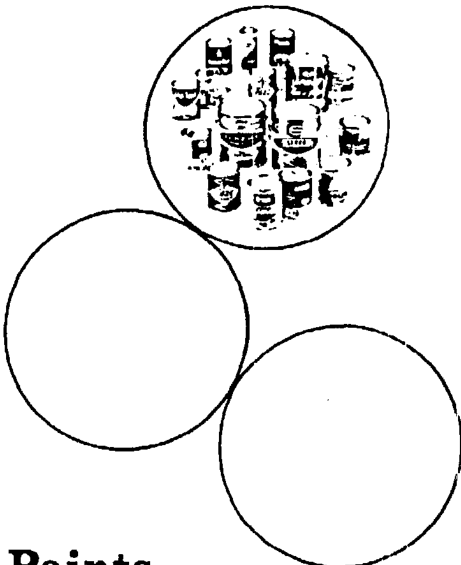


Paints

Both consumer and industrial paint sales increased in 1960, reaching a new high of $89,914,001, as compared to the 1959 figure of $88,664,828. Sales resulting from new products and new markets offset declines caused by a series of adverse economic factors.

The market for consumer paints was affected by poor weather conditions during key retail selling months and by competition from low-priced, low-quality interior paints. Earlier in the year, the steel strike slowed down demand for industrial coatings, and a sharp drop in the production of durable goods, particularly appliances, resulted in a lower sales potential during the last three months. Because of these factors, the division was unable to obtain the full benefit from marketing programs designed to better the growth rate of prior years.

Earnings Affected by Expansion Program

Divisional earnings were lower than the record set the previous year. This condition can be directly traced to costs connected with vital long-range growth programs, such as production and distribution expansion, research, and new-product introduction.

Continued emphasis has been placed upon enlargement of the distribution system for consumer products, including further acceleration in the opening of company-operated wholesale-retail units. During the past year, over 30 such units were added, bringing the total to 180 now in operation.

Latex House Paint Successfully Introduced

Spred House Paint, the new latex-emulsion paint for exterior wood siding, was successfully introduced last spring. In order to obtain the many advantages and to assure top performance from this product, a special primer must be used on the first application. While consumer interest was high, sales were somewhat limited because of this requirement. Once the consumer becomes more familiar with Spred House Paint, resistance will diminish. And, within a few years, exterior latex house paint will occupy as strong a market position as is now enjoyed by interior products such as Spred Satin.

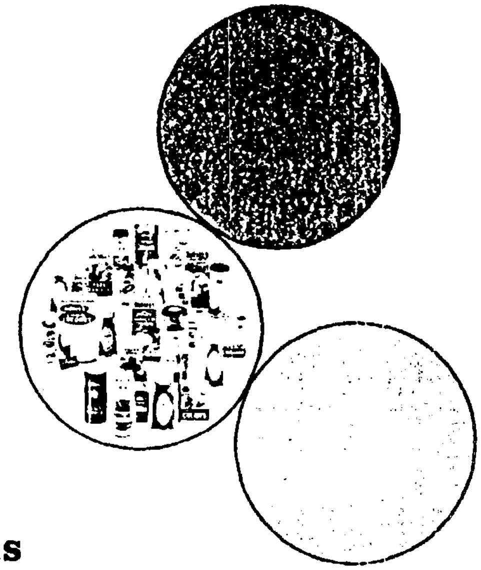
More attention is being given to the development of new markets for industrial resins and coatings. Research and development expenditures have been increased, and existing technical knowledge is being directed toward selected fields of special promise in which the company is not now active. As a part of this program, cooperative development projects have been started with companies in the paper, plastics and metal decorating industries. During the year, new acrylic enamels were introduced to the appliance industry and other metal fabricators; further improvement was made in water-reducible finishes for automotive and general industrial use; and a line of resins and coatings was developed for lumber-mill application on cedar siding, plywood, hardboard and particle board.

Plant Expansion Planned

Plans are now being drawn for a new paint plant to be located on a 34-acre tract at Carrollton, Texas, a suburb of Dallas. This facility is being designed to produce a full line of consumer and industrial paint products, and will enable the division to better serve the growing market in the Southwest.

Additional resin reactors were placed in operation at the Chicago, Cleveland, San Francisco and Toronto plants, and a similar reactor is now being installed at the Reading, Pennsylvania, plant. With the increasing importance of polyester resins and the development of new resins and latexes for use in the company's paint products, further resin expansion will undoubtedly be necessary in the near future.

While an improvement in sales volume is anticipated for 1961, near-term profit gains will be modest due to the costs involved in obtaining broader retail distribution and in accelerating research and development. These programs are essential in the creation of new markets and are expected to greatly improve the division's profit potential in future years.



Foods

Unit volume of the Durkee Famous Foods Division in 1960 increased 11%. Because of lower vegetable oil price levels, dollar sales were up only 1%, from $78,305,989 in 1959 to $79,433,510 in 1960. Durkee was able to increase its share of the market in all major categories, despite severe competition within the edible oil industry.

Divisional Profits Up 15%

Increased volume plus the cost savings from new processing equipment enabled the division to register a 15% gain in profits. This improvement also reflects continuing emphasis upon the development of specialty products and services as a means of maintaining satisfactory profit margins.

For example, a new pourable cake shortening, Fluid Flex, was introduced to the commercial baking industry this past year. Initial interest in this completely different product has been good, and market acceptance will improve as new techniques for its use are further developed. Another new edible oil product, Kaola Gold, is now being marketed to restaurants, drive-ins and other mass-feeding establishments. A yellow shortening made from vegetable oils by a patented process, it is specially designed for grill and pan frying and has a very sizable market potential for use in institutional food preparation.

Both sales and profits from retail food operations showed improvement. Instant Minced Onion was successfully placed in national distribution and is gradually gaining in consumer acceptance. A 72-item line of gourmet seasonings in decorator-styled glass jars was also introduced last year.

Research Activities Increased

In the future, even greater emphasis will be placed on research and market development activities. Additional key personnel have been employed for both functions, budgets have been increased, and more management attention is being devoted to directing these activities in an effort to maximize sales and profit opportunities. A new home economics department has been established at the Bethlehem plant to supplement existing facilities in Chicago. In addition to internal growth, an active search is being conducted for the acquisition of specialty food companies and grocery items to broaden the division's product line.

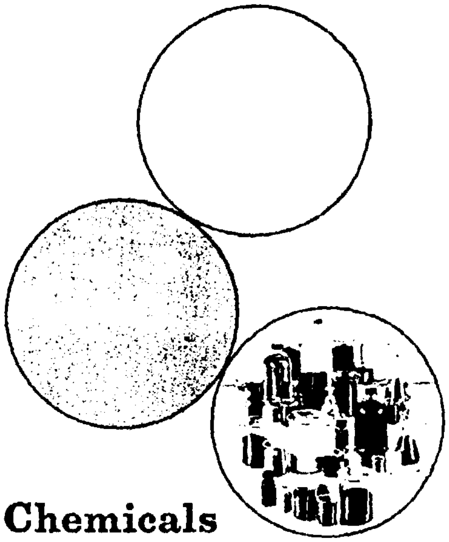
Refinery Expansion Continues

Additional land, adjacent to each of the three edible oil refineries, has been acquired for future expansion. Another semicontinuous deodorizer and other equipment are being installed at Berkeley, California, to modernize that plant fully. A new warehouse and packaging building is being erected at Louisville to free existing space for more production equipment.

In Chicago, construction of additional refinery capacity is now under way and is scheduled for completion by mid-1962. This addition represents a part of a long-range research program directed toward the development of new methods for processing vegetable oils. Utilizing technology derived from the chemical industry, the new process will permit the production of a series of new edible oil products.

The final step in the division's reorganization plan was completed when the remaining segment of the table margarine and salad products business was sold during the third quarter to Beatrice Foods, Inc. The elimination of this operation, which was carried on at the Berkeley plant, will permit personnel to concentrate on the further development of the bulk edible oil business on the West Coast.

The efforts of recent years to strengthen the division's personnel, products and production facilities have begun to pay off in terms of increased sales and profits. Although the food industry remains extremely competitive, the prospects for continued improvement during the current year are good.



Chemicals

Sales of the Chemicals Division were $28,143,320 compared to $28,793,572 in 1959. This reduction reflects the loss of volume provided by the former gum naval stores operation, which was sold in April.

Divisional profits were considerably lower than those of the previous year. The major portion of the profit decline was caused by start-up and development costs—amounting to more than $1 million. These costs were connected with the new ilmenite mining operation, expansion of titanium dioxide capacity, the new synthetic menthol and aromatic chemical plant plus increased research activities. Profits were also affected by higher depreciation and other fixed charges without a corresponding increase in sales.

Pigment Operations Satisfactory

Sales of titanium dioxide and other pigments showed a slight increase over the record level set in 1959. The construction of additional titanium dioxide capacity has been virtually completed and will provide more flexibility in producing the various pigment grades necessary to meet changing customer needs. A new cost-saving grade of titanium dioxide pigment for paper coating is now being introduced and should further strengthen the company's position as a major supplier to this industry.

After a year of extensive engineering development and testing, construction of mining and processing facilities has been started at the Lakehurst, New Jersey, ilmenite ore site, which was acquired in October of last year. Scheduled for completion by 1962, this operation will provide a major portion of the ore requirements for titanium dioxide production and should permit a substantial reduction in raw material inventories and operating costs.

A sharp decline in demand from the automotive and appliance industries during the latter part of the year resulted in lower sales and profits from the metal powder operation, which has historically been very cyclical. In order to diversify this business, research and development has been increased and is being conducted at a laboratory and pilot plant recently completed at Hammond, Indiana.

Menthol Plant Nears Completion

Construction of the new synthetic menthol and aromatic chemical plant at Jacksonville has proceeded on schedule. Limited quantities of menthol have been produced in recent months, and this output is being successfully marketed as a replacement for natural menthol. To date, the design of these facilities has permitted the production of only test or semicommercial quantities. During 1961, the plant will gradually be brought to full-scale commercial production.

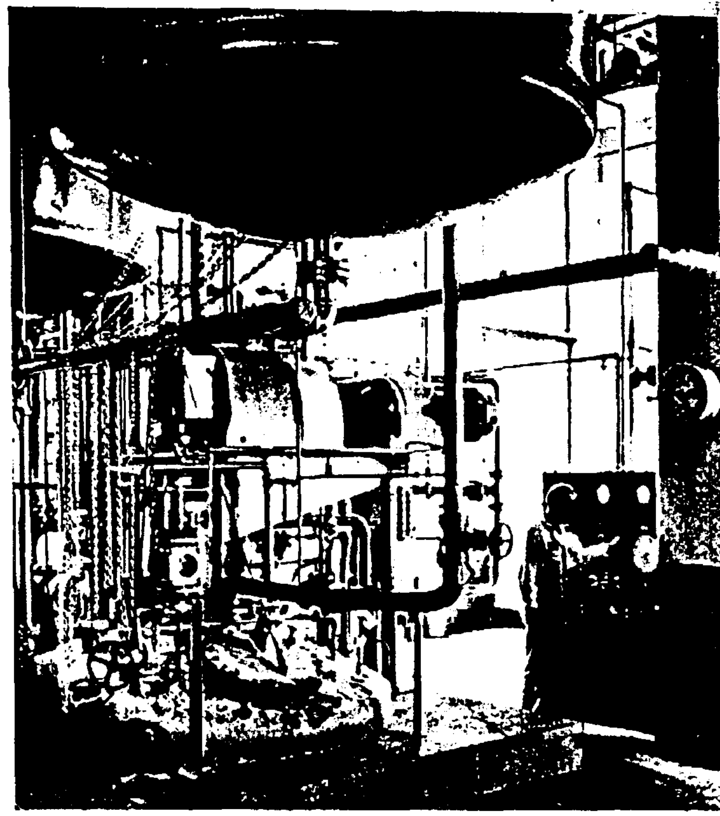
Tall Oil Now Profitable

Sparked by the introduction of several new items and a more aggressive marketing program, sales of tall oil products were almost double those of the previous year. Production problems, which had prevented profitable operation, have been solved, and month-to-month improvements in profit were made during the second half of the year. A more substantial gain in sales and earnings is expected for the current year.

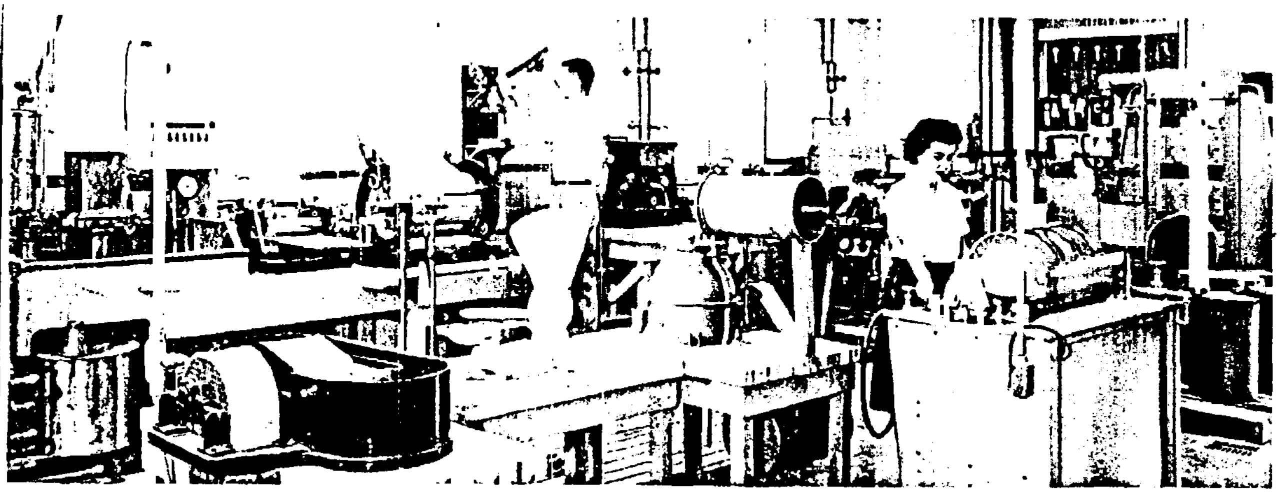
As previously mentioned, the gum turpentine and rosin plant at Valdosta, Georgia, was sold to Turpentine and Rosin Factors, Inc., during the third quarter. With the change in emphasis away from the historic naval stores business, the products and facilities of this plant no longer met the division's long-range needs.

Progress was made in rearranging and strengthening the division, although sales and profits for 1960 did not come up to expectations. The outlook is good, and with an anticipated reduction in start-up and development expenses, operating results for the current year should be considerably better.

Through dealer demonstrations, consumers were shown the many advantages of Spred House Paint. This new latex-emulsion paint for exterior wood siding was introduced nationally during 1960.

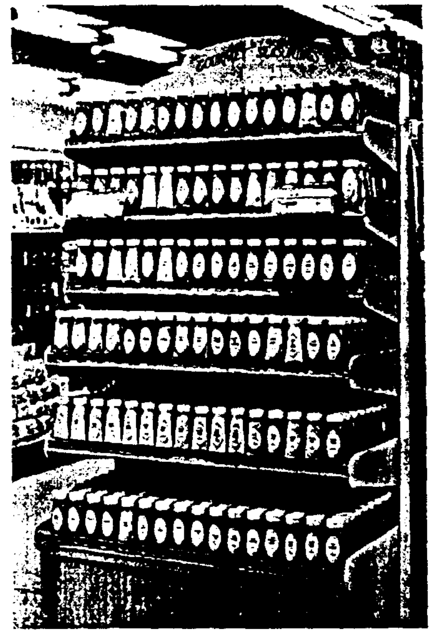


Additional reactors at five key plants will permit the Paint Division to meet the growing demand for polyester resins and to produce specially developed resins for its paint products.

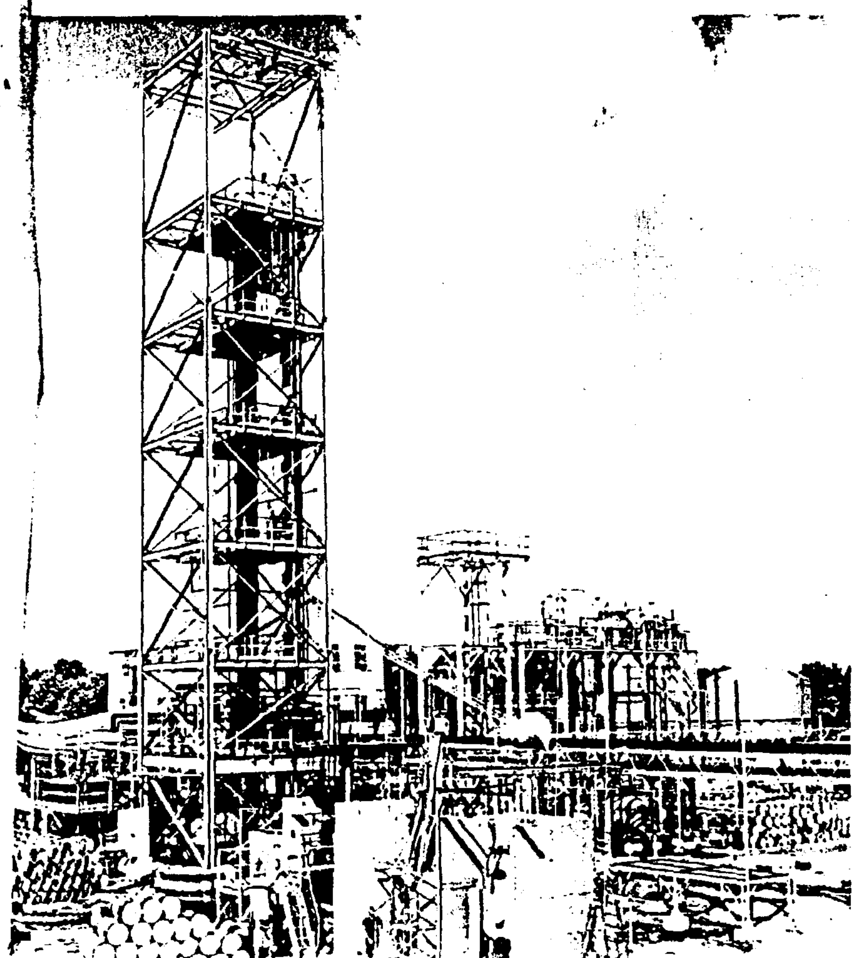


To aid in the development of improved pigments for the paper industry, the complete paper-making process can be duplicated in this section of the new Chemicals Division laboratory.

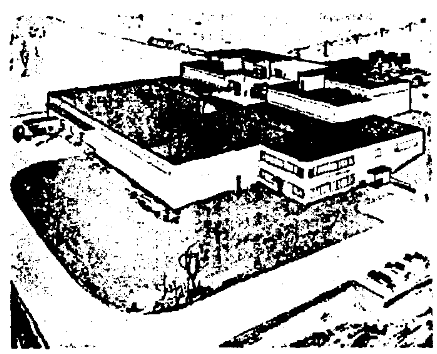
Kaola Gold, a new Durkee vegetable shortening now being introduced to the restaurant and drive-in trade, has been specially designed for institutional use in preparing pan- and grill-fried foods.



Among the new Durkee food products is this 72-item line of gourmet spices and seasonings packaged in decorator-styled jars.



The $2,000,000 synthetic menthol and aromatic chemical plant nears completion at Jacksonville.



Plans are being drawn for a new paint plant near Dallas, Texas, which will enable the company to better serve the growing market in the southwestern United States.

Financial Review

Sales

Net sales for the fiscal year ended August 31, 1960, were $197,490,831, compared to sales of $195,764,389 for the previous year. The source of 1960 sales by divisions was:

	Amount (000)	Per Cent of Total
Paint	$89,914	45.5%
Durkee Famous Foods	79,434	40.2
Chemicals	28,143	14.3

Gross Profit

Gross profit in 1960 increased to $54,681,558, providing a gross profit margin to sales of 27.7%. The comparable figures for the 1959 fiscal year were $53,229,592 and 27.2%.

Income from Operations

The gain in gross profit was offset by a substantial increase in selling and administrative expenses. As a result, income from operations declined from $16,425,704 in 1959 to $14,066,045.

The addition of personnel, required by expansion of marketing and distribution programs, resulted in an increase in selling and administrative salaries of almost $2,000,000. Other principal increases were for research and development, rental of distribution facilities, and advertising and promotion.

Net Income

Net income after all taxes and charges was $6,690,356, equal to $2.90 per share, compared to $7,633,531 or $3.31 a share in 1959. On a comparative quarterly basis, net income was:

	1960		1959	
Quarter Ended:	Amount (000)	Per Share	Amount (000)	Per Share
Nov. 30	$1,415	$ .61	$1,754	$ .76
Feb. 29	1,011	.44	1,278	.56
May 31	2,002	.87	2,137	.92
Aug. 31	2,262	.98	2,465	1.07

Depreciation

Depreciation and amortization charges against income increased to $6,959,971 in 1960 from $6,579,313 in 1959. These charges included $4,946,134 taken against properties operated by the company and $2,013,837 taken against the former Chemurgy Division properties now leased to the Central Soya Company.

Cash Flow

Cash flow generated from operations was $13,650,327, equivalent to $5.91 per share, compared to $14,212,844 or $6.16 a share for the previous year.

Dividends

Dividends totalled $4,620,700, based upon the regular $2.00 annual rate. In fiscal 1960, 69% of net income was distributed to shareholders as dividends.

During the 1960 calendar year, the following quarterly dividend payments were made:

Record Date	Date Paid	Amount Per Share
December 8	January 4	$ .50
March 8	April 1	.50
June 8	July 1	.50
September 8	October 3	.50

The indenture, under which the company's $4\frac{3}{4}\%$ Sinking Fund Debentures are issued, restricts the payment of dividends after August 31, 1958, to consolidated net income earned subsequent to that date plus $10,000,000. At August 31, 1960, $15,093,392 was free of such restriction.

Working Capital

Working capital of $59,721,934 at the year end represented a new all-time high. The ratio of current assets to current liabilities was 4.97 to 1.

Inventories

Inventories at August 31, totalled $40,665,766, compared to $39,588,415 at the end of the 1959 fiscal year. The increase in inventories was entirely due to higher finished products, primarily in the Paint Division for stocking new distribution outlets.

Inventories are valued at the lower of cost or market, using the average cost method on the major portion, and the last-in, first-out method on certain edible oils and other commodities. At August 31, 1960, inventories carried on a LIFO basis amounted to $1,665,437, which was approximately $426,000 less than replacement market. All dead and obsolete stocks have been eliminated or written down to disposable value.

Property, Plant and Equipment

Capital expenditures for new property, plant and equipment were $8,764,000 in 1960, compared with $7,607,001 in 1959. The percentage of the 1960 total invested in each division was:

Paint	30.1%
Durkee Famous Foods	17.6
Chemicals	52.3

The production and grain storage facilities of the former Chemurgy Division are being leased to the Central Soya Company under an agreement which provides that Central Soya pay an annual rental of $2,175,000, plus property taxes and insurance, during the three-year term which began September 1, 1958. Central also has an option to purchase these properties on August 31, 1961, for $8,550,000, payable in cash. At that time, the properties will have an unamortized cost on the company's books of approximately $7,624,000.

Common Stock

Common stock outstanding at August 31, 1960, consisted of 2,310,590 shares. At the beginning of the 1960 fiscal year, options were outstanding for 82,640 shares of common stock pursuant to a restricted stock option plan for key management employees approved by shareholders in 1952. During the year, options for 2,740 shares were exercised, and options for 500 shares were cancelled under the 1952 plan. On September 29, 1959, the Board of Directors terminated authority to grant options under the 1952 plan. On December 10, 1959, shareholders approved a new stock option incentive plan under which options may be granted to key personnel for the purchase of up to 100,000 shares of stock at a price not less than 100% of the market value of the shares at the time such options are granted. Under the 1959 plan, options are exercisable in whole or in part after two years from the date granted. During the year, options for 18,900 shares were granted under the 1959 plan. At August 31, 1960, options were held by key employees for 98,300 shares under both plans, and 81,100 shares were available for the granting of options under the 1959 plan.

Wages and Salaries

Total wages, salaries and employee benefits amounted to $39,484,429 in 1960 and were 20.0% of sales. The comparable figures for fiscal 1959 were $36,436,403 and 18.6%. Employee retirement funds deposited with bank trustees now total $15,151,782. The retirement plans are non-contributory, the company paying the entire cost. At August 31, 1960, the unfunded liability for past service costs under the plans was estimated to be $4,200,000, and the annual current service cost (which does not include funding of the past service cost) was estimated to be $960,000.

Taxes

Taxes on income were $6,948,000, equal to $3.01 per share. Taxes other than on income amounted to $2,085,530.

Consolidated Balance Sheets

THE GLIDDEN COMPANY AND CANADIAN SUBSIDIARY

August 31, 1960, and August 31, 1959

	1960	1959
CURRENT ASSETS		
Cash	$ 7,395,990	$ 8,868,172
Short-term securities—at cost	6,484,490	7,957,140
Trade accounts receivable, less allowances of $565,083 (1959—$511,868)	18,727,921	16,904,805
Inventories—generally at the lower of accumulated-average cost or replacement market:		
Raw materials and work in process	$ 18,433,436	$ 19,212,522
Finished products	22,232,330	20,375,893
	$ 40,665,766	$ 39,588,415
Other current accounts and investments	904,054	1,094,742
Prepaid insurance and other expenses	599,013	708,912
TOTAL CURRENT ASSETS	$ 74,777,234	$ 75,122,186
PROPERTY, PLANT AND EQUIPMENT		
Land and mineral deposits—at cost	$ 4,933,451	$ 4,189,075
Buildings—at cost	24,559,667	23,163,987
Machinery and other equipment—at cost	52,026,932	46,941,888
	$ 81,520,050	$ 74,294,950
Less accumulated depreciation, depletion and amortization	29,030,133	25,018,408
	$ 52,489,917	$ 49,276,542
Chemurgy properties leased to Central Soya Company—net	9,616,328	11,630,175
TOTAL PROPERTY, PLANT AND EQUIPMENT—NET	$ 62,106,245	$ 60,906,717
DEFERRED CHARGES AND OTHER ASSETS	1,018,563	1,523,549
	$137,902,042	$137,552,452

	1960	1959
CURRENT LIABILITIES		
Accounts payable	$ 7,353,721	$ 7,676,924
Accrued taxes, interest and other expenses	1,535,204	1,549,489
Dividend payable	1,155,295	1,153,925
Income taxes payable—estimated	5,011,080	6,493,507
TOTAL CURRENT LIABILITIES	$ 15,055,300	$ 16,873,845
4¾% SINKING FUND DEBENTURES		
—payable $1,500,000 annually 1964-1983	$ 30,000,000	$ 30,000,000
SHAREHOLDERS' EQUITY		
Common Stock, par value $10 per share:		
Authorized—3,000,000 shares		
Reserved for options—179,400 shares (1959—83,480)		
Outstanding—2,310,590 shares (1959—2,307,850)	$ 23,105,900	$ 23,078,500
Additional capital paid in	10,187,084	10,116,005
Earnings retained for use in the business, including retained earnings of Canadian subsidiary $5,468,246 (1959—$5,072,840)	59,553,758	57,484,102
TOTAL SHAREHOLDERS' EQUITY	$ 92,846,742	$ 90,678,607
	$137,902,042	$137,552,452

See earlier sections of this report for information regarding Chemurgy properties, dividend restrictions, stock options and retirement plans.

Consolidated Income
and earnings retained for use in the business

THE GLIDDEN COMPANY AND CANADIAN SUBSIDIARY

Years ended August 31, 1960, and August 31, 1959

	1960	1959
Net sales	$197,490,831	$195,764,389
Operating costs:		
Cost of products sold	$142,809,273	$142,534,797
Selling and administrative expenses	40,615,513	36,803,888
	$183,424,786	$179,338,685
INCOME FROM OPERATIONS	$ 14,066,045	$ 16,425,704
Other income and (deductions):		
Interest expense	$ (1,425,000)	$ (1,339,918)
Rental income—Chemurgy properties	2,175,000	2,175,000
Depreciation—Chemurgy properties	(2,013,837)	(2,100,056)
Other items—net	836,148	764,801
	$ (427,689)	$ (500,173)
INCOME BEFORE INCOME TAXES	$ 13,638,356	$ 15,925,531
Provision for income taxes:		
Federal	$ 6,390,000	$ 7,696,000
Dominion and state	558,000	596,000
	$ 6,948,000	$ 8,292,000
NET INCOME	$ 6,690,356	$ 7,633,531
Provision for depreciation and amortization, including Chemurgy properties, was $6,959,971 (1959—$6,579,313)		
Balance at beginning of year	$ 57,484,102	$ 54,460,366
Net income	6,690,356	7,633,531
	$ 64,174,458	$ 62,093,897
Cash dividends declared—$2.00 per share	4,620,700	4,609,795
Balance at end of year	$ 59,553,758	$ 57,484,102

Summary of Source and Application of Funds

THE GLIDDEN COMPANY AND CANADIAN SUBSIDIARY
Years ended August 31, 1960, and August 31, 1959

	1960	1959
From operations:		
Net income	$ 6,690,356	$ 7,633,531
Provision for depreciation and amortization, which did not involve current expenditures	6,959,971	6,579,313
TOTAL FROM OPERATIONS	$ 13,650,327	$ 14,212,844
Sale of debentures	$ -0-	$ 30,000,000
Less payments of bank loans	-0-	26,000,000
	$ -0-	$ 4,000,000
Sale of Common Stock under option plan (1960—2,740 shares; 1959—9,680 shares)	98,479	351,033
Other changes	1,109,487	(671,111)
	$ 14,858,293	$ 17,892,766
Dividends declared	$ 4,620,700	$ 4,609,795
Expenditures for property, plant and equipment	8,764,000	7,607,001
Increase in working capital	1,473,593	5,675,970
	$ 14,858,293	$ 17,892,766

Accountants' Report

Shareholders and Board of Directors
The Glidden Company
Cleveland, Ohio

We have examined the consolidated financial statements of The Glidden Company and its Canadian subsidiary for the year ended August 31, 1960. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We made a similar examination of the financial statements of the preceding year.

In our opinion, the accompanying balance sheet, statements of income and earnings retained for use in the business, and summary of source and application of funds present fairly the consolidated financial position of The Glidden Company and Canadian subsidiary at August 31, 1960, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Ernst & Ernst
Certified Public Accountants

Cleveland, Ohio
October 14, 1960

GL0002517

A Ten-Year Comparison

(All dollar amounts are expressed in thousands, except figures given on a per share basis)

	1960	1959	1958
			12 Months—August 31
INCOME			
Net sales	$ 197,491	$ 195,764	$ 217,353
Cost of products sold	142,809	142,535	168,979
Selling and administrative expenses	40,616	36,803	34,149
Income from operations	14,066	16,426	14,225
Income before taxes	13,638	15,926	12,350
Taxes on income	6,948	8,292	6,287
Net income	6,690	7,634	6,063
Dividends on common shares	4,621	4,610	4,596
Dividends on preferred shares	—	—	—
Earnings reinvested	2,069	3,024	1,467
Depreciation, depletion and amortization	6,960	6,579	5,838
FINANCIAL POSITION			
Working capital	$ 59,722	$ 58,248	$ 52,572
Property, plant and equipment—net	62,106	60,907	59,992
Total assets	137,902	137,552	133,240
Long-term debt	30,000	30,000	26,000
Shareholders' equity	92,847	90,679	87,304
PER COMMON SHARE			
Net sales	$ 85.47	$ 84.82	$ 94.58
Net income	2.90	3.31	2.64
Depreciation, depletion and amortization	3.01	2.85	2.54
Dividends	2.00	2.00	2.00
Shareholders' equity	40.18	39.29	37.99
Price of Glidden common shares[1]--High	45.63	50.25	47.00
--Low	34.75	41.88	28.00
OTHER STATISTICS			
Expenditures for property, plant and equipment	$ 8,764	$ 7,607	$ 9,214
% net income to shareholders' equity	7.2%	8.4%	6.9%
% dividends to net income	69.1%	60.4%	75.8%
Ratio of current assets to current liabilities	4.97	4.45	3.64
Common shares outstanding	2,310,590	2,307,850	2,298,170
Number of shareholders	20,969	20,993	22,405
Number of employees	6,151	6,023	6,353
PRO FORMA *(excluding operations of Chemurgy Division for the fiscal years 1951—1958)*			
Net sales	$ 197,491	$ 195,764	$ 185,380
Income from operations	14,066	16,426	11,923
Income before taxes	13,638	15,926	10,294
Net income	6,690	7,634	5,076

[1]Calendar years, except 1960 which is to October 14, 1960

		10 Months August 31	12 Months—October 31			
1957	**1956**	**1955**	**1954**	**1953**	**1952**	**1951**
$ 225,537	$ 226,290	$ 180,525	$ 209,084	$ 211,758	$ 205,113	$ 228,523
176,874	177,538	142,047	167,845	170,492	164,890	186,333
32,995	31,974	24,047	27,701	26,739	26,238	26,282
15,668	16,778	14,431	13,538	14,527	13,985	15,908
15,387	16,451	14,325	14,235	14,834	14,204	16,001
8,123	8,304	7,212	7,142	7,725	7,255	7,687
7,264	8,147	7,113	7,093	7,109	6,949	8,314
4,594	4,592	4,589	4,582	4,578	5,134	4,512
—	—	—	—	—	—	402
2,670	3,555	2,524	2,511	2,531	1,815	3,400
5,046	2,870	2,235	2,333	2,185	1,965	1,731
$ 53,100	$ 35,696	$ 47,156	$ 51,226	$ 46,005	$ 46,475	$ 46,416
59,517	53,414	39,993	34,493	33,234	31,394	30,894
140,370	118,738	106,762	102,670	102,750	101,958	95,875
27,500	7,500	9,000	10,500	7,000	8,500	10,000
85,837	83,091	79,513	76,923	74,324	71,644	69,739
$ 98.14	$ 98.56	$ 78.65	$ 91.16	$ 92.44	$ 89.78	$ 100.22
3.16	3.55	3.10	3.09	3.10	3.04	3.65
2.20	1.25	.97	1.02	.95	.86	.76
2.00	2.00	2.00	2.00	2.00	2.25	2.25
37.35	36.19	34.64	33.54	32.44	31.36	30.58
37.50	41.12	44.50	42.50	38.12	42.62	48.50
29.50	34.50	36.12	28.75	27.88	32.88	27.75
$ 12,465	$ 16,637	$ 8,155	$ 4,021	$ 4,150	$ 3,043	$ 5,918
8.5%	9.8%	8.9%	9.2%	9.6%	9.7%	11.9%
63.2%	56.4%	64.5%	64.6%	64.4%	73.9%	57.0%
2.96	2.27	3.58	4.36	3.15	3.13	3.88
2,298,170	2,295,990	2,295,350	2,293,455	2,290,794	2,284,739	2,280,238
21,686	20,758	20,019	19,174	18,726	18,310	17,989
6,455	6,387	6,397	6,198	6,120	6,127	6,130
$ 190,424	$ 190,483	$ 151,752	$ 169,823	$ 170,717	$ 164,283	$ 188,012
13,590	13,956	12,706	11,362	12,414	11,779	10,203
13,590	14,252	13,102	12,271	12,907	12,249	10,462
6,402	7,091	6,526	6,150	6,184	6,010	5,541

Board of Directors

DWIGHT P. JOYCE
ALEXANDER D. DUNCAN
B. W. MAXEY
JOHN H. WEEKS
R. D. HORNER
W. G. PHILLIPS
WILLARD C. LIGHTER
HARVEY L. SLAUGHTER
G. M. HALSEY
G. S. WARNER
W. P. SMITH
P. W. NEIDHARDT

Officers

DWIGHT P. JOYCE, *Chairman of the Board and President*
B. W. MAXEY, *Vice President—Finance*
ALEXANDER D. DUNCAN, *Vice President*
HARVEY L. SLAUGHTER, *Vice President*
WILLARD C. LIGHTER, *Vice President*
JOHN H. WEEKS, *Vice President—Personnel*
G. M. HALSEY, *Vice President*
G. S. WARNER, *Vice President*
J. W. POLLARD, JR., *Vice President—Engineering*
P. W. NEIDHARDT, *Vice President*
R. D. HORNER, *Secretary and General Counsel*
W. G. PHILLIPS, *Treasurer*
D. E. ERSKINE, *Controller*
R. K. DUTTON, *Assistant Secretary*

Corporate Data

EXECUTIVE OFFICES
900 Union Commerce Building
Cleveland, Ohio

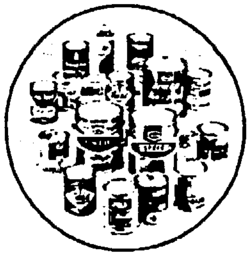
TRUSTEE—*Sinking Fund Debentures*
First National City Trust Company
New York City

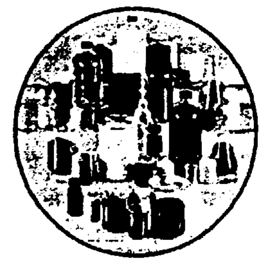
TRANSFER AGENTS—*Common Stock*
Chemical Bank New York Trust Company
New York City
The Cleveland Trust Company
Cleveland, Ohio

REGISTRARS—*Common Stock*
The Chase Manhattan Bank
New York City
Central National Bank of Cleveland
Cleveland, Ohio

The debentures and common stock of the Company are listed on the New York Stock Exchange and the common stock has trading privileges on other major stock exchanges.

The annual meeting of stockholders will be held on Thursday, December 8, 1960, at ten o'clock in the morning, in the Euclid Ballroom of the Hotel Statler-Hilton, Cleveland, Ohio.





Paints

Vice Presidents

Alexander D. Duncan
P. W. Neidhardt

Plants

Atlanta, Georgia
Chicago, Illinois (2)
Cleveland, Ohio
Los Angeles, California
Minneapolis, Minnesota
New Orleans, Louisiana
Portland, Oregon
Reading, Pennsylvania
St. Louis, Missouri
San Francisco, California
Tulsa, Oklahoma
Montreal, Quebec, Canada
Toronto, Ontario, Canada

Products

Interior Paints and Enamels
House Paints
Floor Paints and Enamels
Stains
Varnishes
Lacquers
Tinting Bases
Product Finishes for Metal, Wood and Other Surfaces
Maintenance and Anti-Corrosive Finishes
Marine and Yachting Finishes
Polyester Resins and Coatings
Butoxy Resins

Durkee Famous Foods

Vice President

Harvey L. Slaughter

Plants

Berkeley, California
Bethlehem, Pennsylvania
Chicago, Illinois (2)
Louisville, Kentucky

Products

Bulk Shortenings
Baker's Margarine
Hard Butters
Specialty Edible Oil Products
Food Emulsifiers
Margarine Oils
Refined Vegetable Oils
Coconut
Spices
Seasonings and Herbs
Dehydrated Onion Products
Flavor Extracts
Food Colors
Cake Decorations
Famous Sauce
Salad Oils
Package Shortening

Chemicals

Vice Presidents

G. M. Halsey
G. S. Warner

Plants

Baltimore, Maryland (2)
Collinsville, Illinois
Hammond, Indiana
Jacksonville, Florida
Port St. Joe, Florida

Products

Titanium Dioxide Pigments
Cadmium Red and Yellow Pigments
Lithopone
Copper Powders
Lead Powders
Tin Powders
Alloy Powders
Copper Oxides
Copper Pigment
Brazing Compound
Perfumery and Aromatic Chemicals
Laevo Menthol
Terpene Chemicals
Distilled Tall Oil
Tall Oil Rosin
Tall Oil Fatty Acids
Pine Oils
Solvents

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