NOTES FOR ANNUAL MEETING

December 10, 1964

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I. Balance Sheet Review

A. Cash and Banking

The Glidden Company maintains the following bank relationships:

	Glidden	Ltd.	Intl.
Major Accounts & Credit Line Banks	21	3	7
Other Bank Relationships	167	1	3
Total	188	4	10
Total Number of Bank Accounts	245	8	24

Cash is collected at 214 collection points in the U.S. and Canada, and is deposited in local bank accounts. In addition, 25 post office lock boxes are operated under arrangements with banks for servicing and depositing of funds received. Funds are then moved by depository transfer check and bank wire to 21 regional collection centers and are under the control of the Headquarters Cash Control Department.

Invoices are paid by Regional Accounts Payable Computer Centers and Division Accounts Payable Departments which maintain working fund accounts. Funds are transferred to working fund accounts periodically by the Headquarters' Cash Control Department, using bank wire and check transfers. Accounts Payable has been regionalized with computer centers at Cleveland, Chicago, Millbrae, California and Reading, Penna. It is anticipated that such regionalization will reduce the number and size of various Division Working Funds required.

Freight Payment Plans are used at three banks. Night depository arrangements are in effect where beneficial.

B. Short-Term Securities

At August 31, 1964, we reflected $8,411,170.00 of short-term securities at cost on the Balance Sheet. These consisted of the following:

U.S. Treasury Bills	$2,000,000.00
Commercial Paper	6,408,010.00
Telephone Company of Mexico Stock (GICA)	3,160.00
	$8,411,170.00

All of these securities had maturities of less than one year and were, in general, placed to mature coincidentally with Dividend, Interest and Tax payments. The Telephone Company of Mexico was required to be purchased in order to secure telephones for General Paint Company de Mexico.

I. Balance Sheet Review

B. Short-Term Securities (Cont'd)

During the year, our average short-term portfolio was $8,004,723.00, which was an increase of $4,853,064.00 over fiscal 1963. The average after-tax interest income was 1.93% (3.87% equivalent before tax) as compared to 1.52% and 3.17% for fiscal 1963. Our liquid position enabled us to be invested all of the 366 days of fiscal 1964. It appears that this condition will prevail throughout fiscal 1965.

Although not indicated as short-term securities on the Balance Sheet, the following were interest-bearing and classified as cash.

Certificates of Deposit	$3,000,000.00
Cash in Foreign Banks	794,134.00
Total	$3,794,134.00

C. Accounts and Notes Receivable - Trade (000 omitted)

	8/31/64	8/31/63	8/31/62	8/31/61
Accounts Receivable	$27,893	$24,835	$23,884	$21,933
Notes Receivable	507	406	685	323
Total	$28,400	$25,241	$24,569	$22,256
Reserve for Bad Debts and Allowances	614	510	502	419
Net per Annual Report	$27,786	$24,731	$24,066	$21,836
% Bad Debt Reserve to Receivables	2.2%	2.1%	2.1%	1.9%
Past Due Receivables:				
Dollar Amount	$ 3,059	$ 2,465	$ 2,492	$ 2,114
% of Gross Receivables	10.8%	9.8%	10.1%	9.5%
*Receivables Charged Off	$ 377	$ 527	$ 367	$ 407
Recoveries Against Receivables Charged Off	127	160	124	91
Net Bad Debt Loss	$ 250	$ 366	$ 243	$ 316

Bad Debt Loss as % of Sales:

1964	.10%
1963	.16%
1962	.10%
1961	.15%
1960	.08%
1959	.06%
1958	.06%

* Excludes $13,617 of Trans-Caribe Supply Co. and Reliable Water Heater Co. charge-off which was not a Trade Receivable.

I. Balance Sheet Review

C. Accounts and Notes Receivable - Trade (Cont'd)

Accounts Receivable turnover for the entire Company was 40 days. This compares to 38 days in 1963 and 37 days in 1962. The increase is attributable to expansion of our International operations as our investment in these receivables increase. Domestic turnover was equal to 1963 at 36 days.

Net bad debt losses of $250,000 on trade receivables represent a decrease of $114,000 from the prior year on a sales increase of $16,700,000. National industry surveys report fewer business failures but record levels of dollar losses, and we, therefore, consider our 1964 bad debt performance good. Our program of continued sales through branches influences both bad debt losses and turnover of accounts receivable. Instead of dealing with a smaller number of larger firms performing a distribution function, we now deal directly with a wide range of accounts formerly serviced by distributors, and this tends to increase losses and slow turnover. Additionally, we are aggressively expanding our sales activities in the painter maintenance field where the marginal risk is characteristic of the industry. Painters represented 34% of our C & R Group dollar losses in fiscal 1963-64. Another 34% of C & R losses came from our dealer accounts.

A percentage breakdown of total receivables by major division is as follows:

	1964	1963	1962	1961
Coatings & Resins	57%	59%	60%	63%
Foods	19%	19%	19%	24%
Chemicals	15%	16%	17%	13%
International	9%	6%	4%	
Private Ledger	-	Nominal	Nominal	Nominal
	100%	100%	100%	100%

D. Inventories

Published total inventory increased $2,901,000 over Fiscal 1963. Changes by Group were as follows in thousands:

	August 1964	August 1963	Increase (Decrease)
Coatings & Resins	$19,387	$18,767	$ 620
Foods	20,373	20,305	68
Chemicals	13,370	12,941	429
Development	42	87	(45)
International	2,533	762	1,771
	$55,705	$52,862	$2,843
LIFO Reserve	(185)	(254)	69
Canadian Devaluation	(170)	(159)	(11)
	$55,350	$52,449	$2,901

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I. Balance Sheet Review

D. Inventories--(Cont'd)

The principal factors contributing to these increases (decreases) by Group were:

Coatings & Resins - The total increase of $620,000 consisted of decreases of $341,000 in raw materials and increases of $961,000 in finished stock. The raw materials decrease reflects an improvement in our purchasing and control techniques. The increase of finished stocks was attributed to the acquisitions of Macco, Gates and Walker Bros. as well as a 9.8% increase in sales which resulted in a more rapid turnover or days supply of four days less than last year.

Foods - Inventories in the Foods Group have increased $68,000 over last year. The acquisition of H. J. Mayer and Gretchen Grant have increased inventories by $417,000. The difference is due to a reduced finished stock inventory at Wolcott. This reduction represents an abandonment of frozen food lines. The over-all change in inventories also represents a change in buying policy with regard to potatoes and onions.

Chemicals - The Chemicals Group inventory was $429,000 higher than a year ago. Raw material stocks at Adrian Joyce have increased $1,593,000. This basically represents Lakehurst ore which stockpiled during the shutdown at Adrian Joyce. However, this increase was partially offset by a $697,000 decrease in finished stocks resulting from increased sales and decreased production due to a somewhat longer plant shutdown than last year. This decrease is also the result of an extremely high level of finished stock at the previous year end. Other decreases were reflected in lower levels of finished stock at most of the divisions.

International - The increase over last year was $1,771,000. The consolidation of Trans-Caribe Supply and Reliable Water Heater Co. accounts for $980,000 of this increase. The start-up of operations at Pemco - Bruges added $650,000. The remainder of the increase was primarily the result of increased operating requirements at all of the remaining overseas units.

LIFO Reserve - Lower price levels in various Foods Group oil stocks resulted in a decrease of $69,000 in the LIFO Reserve.

Turnover - Published Net Sales to year-end net inventory:

1964	-	4.66 to 1
1963	-	4.59 to 1
1962	-	4.89 to 1
1961	-	4.97 to 1
1960	-	4.86 to 1

Control over the inventory investment is achieved through the joint efforts of management and operating personnel.

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I. Balance Sheet Review

D. Inventories (Cont'd)

The Coatings and Resins Group semi-annually establishes monthly monetary inventory goal levels by Regions. These goals are reviewed monthly by a Headquarters' Inventory Committee and necessary action is promptly initiated to correct any out-of-line occurrences. The goals for both raw materials and finished stock are established only after careful study and consultation with Regional management, and it is the responsibility of Regional management to allocate by operating unit and by product within its goal. Each month, inventory performance is compared to goal with explanations of variances determined and any necessary correction action taken.

Inventory control in the Foods Group is established through the joint efforts of Headquarters and Division Management. An important aspect is the daily control exercised over raw materials based upon the market quotations of edible oils and condiment raw materials. The Durkee Trading Office projects market conditions as they relate to raw material requirements and communicates with Headquarters and Division management. Market conditions of spices and other materials are reviewed on a daily basis and material requirements are projected into the future.

Control of inventories in the Chemicals Group is maintained by the respective Division Managers who determine their inventory needs on the basis of individual market sources and operating requirements.

The individual managers of the various International operations overseas, subject to the review and coordination of International Group management, determine necessary inventory levels through anticipation of planned sales levels with recognition of the problems caused by their overseas supply situations.

E. Other Current Accounts and Investments

Detail at August 31 was:

	1964	1963
Margin Advances (Durkee)	$ 273,225	$ 344,635
Material Deposits (Chemicals)	-	3,865
Glidden-Salchi	18,934	-
Claims Against Common Carriers	112,914	99,754
Employees' Accounts	11,700	11,299
Salesmen's Advances	88,215	74,147
Installment Sales	24,592	11,071
Wood & Selick Coconut Co. (Beth.)	76,665	36,402
Alcohol refund on Extract Business	80,900	31,753
Pincasa-Guatemala & Costa Rica	22,784	100,676
Misc. Notes and Accounts	428,429	306,863
	$1,138,358	$1,020,465

I. Balance Sheet Review

F. Prepaid Insurance and Other Expenses

Detail at August 31 was:

	1964	1963
*Prepaid Insurance	$597,129	$294,119
Prepaid Taxes	196,443	146,838
Prepaid Royalties	7,500	15,000
Other Prepaids	47,658	51,022
	$848,730	$506,979

* The increase in Prepaid Insurance results from a renewal of major fire, and use and occupancy policies in March of 1964 for a three year period.

G. Property

For schedule of major capital expenditures and 1965 forecast, see page 32.

For Depreciation, see page 13.

Insurable value of all buildings, machinery and equipment is $114,062,000.

Lease obligations for buildings occupied by company units are covered on page 8.

H. Other Assets and Deferred Charges

Detail at August 31 was:

	1964	1963
Prepaid Bond Discount & Expense	$ 590,599	$ 621,415
Investments -		
Chicago Board of Trade	34,701	34,701
International Subsidiaries (detail on page 43)	3,202,180	2,520,508
Miscellaneous	9	9
Deferred Research & Engineering Cost	736,942	570,960
Employee Loans	51,694	115,385
Loan to Pincasa - Guatemala	-	65,000
*Trans-Caribe Supply Co., Reliable Water Heater Company	-	661,422
Patents and Patent Rights	281,016	303,504
Misc. Notes & Accts. Receivable	182,887	92,956
	$5,080,028	$4,985,860

* Trans-Caribe Supply Co. and Reliable Water Heater Company were consolidated as of August 31, 1964. Outstanding notes of $495,727 on that date were eliminated in the consolidation.

I. Balance Sheet Review

I. Short and Long-Term Financing

1. Short-Term Borrowing and Bank Lines of Credit:

	Fiscal 1964	Fiscal 1963
Average Short-Term Borrowing	-0-	$ 765,753
Maximum Short-Term Borrowing		
Amount	-0-	3,000,000
Date		3/4-4/24
Minimum Short-Term Borrowing		
Amount	-0-	-0-
Date		9/1-2/18; 6/20-8/31
Year-End Balance	-0-	-0-
Average Interest Rate Paid	-0-	4.5%
Date of Pay-Off of Last Short-Term Borrowing		6/20/63

At August 31, 1964, we maintained a line of credit of $12,000,000 for Glidden (plus $1,000,000 for International). These were carried at major banks across the country as follows:

Bank	City and State	Amount
The Citizens & Southern National Bank	Atlanta, Georgia	$ 500,000
Union Trust Company of Maryland	Baltimore, Maryland	500,000
Continental Illinois National Bank & Trust Company of Chicago	Chicago, Illinois	1,000,000
The First National Bank of Chicago	Chicago, Illinois	1,000,000
The Cleveland Trust Company	Cleveland, Ohio	500,000
The National City Bank of Cleveland	Cleveland, Ohio	1,000,000
Society National Bank of Cleveland	Cleveland, Ohio	500,000
Republic National Bank of Dallas	Dallas, Texas	500,000
Bank of America, N. T. & S. A.	Los Angeles, Calif.	500,000
The Louisville Trust Company	Louisville, Kentucky	500,000
The Chase Manhattan Bank	New York, New York	1,500,000
Chemical Bank New York Trust Company	New York, New York	1,000,000
First National City Bank of New York	New York, New York	1,500,000
The Boatmen's National Bank of St. Louis	St. Louis, Missouri	500,000
Mercantile Trust Company	St. Louis, Missouri	500,000
United California Bank	San Francisco, Calif.	500,000
Union Commerce Bank	Cleveland, Ohio	1,000,000*

* International

Our present credit lines of $12,000,000 (plus $1,000,000 for International) will be renewed in fiscal 1965 at $12,000,000 (plus $1,000,000 for International). However, it is not now anticipated that any short-term borrowing will be required in this fiscal year.

I. Balance Sheet Review

I. Short and Long-Term Financing (Cont'd)

2. Debenture Issue

The indebtedness of The Glidden Company (excluding normal accounts payable, interest and taxes) is represented by the $30,000,000 of 4-3/4% sinking fund debentures dated November 1, 1958, and due on November 1, 1983 and loans to subsidiaries from banks of $1,422,726.

The indenture provides for a sinking fund commencing November 1, 1964, to retire $1,500,000 of debentures annually and 100% by maturity.

The debentures were offered publicly on October 28, 1958, at 99, and the effective interest cost is 4.98% based on the net proceeds after all expenses.

Annual Interest Cost	Year	Month
Interest at 4-3/4%	$1,425,000	$118,750
Amortization of Discount and Expense	30,816	2,568
	$1,455,816	$121,318

Since January 1, 1964, market price of debentures has varied from a high of 102 to a low of 100. Market price was 101-1/4 on 8/31/64 and was _______ on December 9, 1964.
18 / 150.00 on Nov. 20

J. Contingent Liability

Federal income tax returns have been examined through 1958 and final settlement made. All issues except the Chemurgy transaction with Central Soya have been resolved for 1959, which item is now in litigation on our claim for refund. We are nearing the end of IRS examination of 1960-1963 on both domestic and International Group activities on which adequate and proper provisions for tax liability have been made.

The use of the new "Guide Line" lives of fixed assets in computing our tax depreciation resulted in an excess of $1,908,327 over book depreciation. Provision for the tax on this difference amounting to $966,892 was made in 1964. No problem in government contracts through renegotiation or otherwise.

The detail of major real estate lease commitments at August 31, 1964 is (CONFIDENTIAL - DO NOT RELEASE):

	Total Contract	Fiscal 1965
Paint Branches	$5,712,541	$1,532,656
Bethlehem Plant	871,877	67,500
Cleveland Executive Offices	3,513,222	233,351
Miscellaneous Facilities	894,941	219,352
	$10,992,581	$2,052,859

At 8/31/64 a reserve of $169,795 was available for contingent liability for claims and fees.

I. Balance Sheet Review

K. Stock and Stockholders

1. Common Stock (2,347,572 shares o/s at 8/31/64)
Preferred stock (254,083 shares, cumulative $2.125 per share)

The Company's common stock is listed on the New York Stock Exchange and has unlisted trading privileges on the Midwest, Pacific Coast and Philadelphia-Baltimore Stock Exchange. The Preferred Stock is not listed.

From January 1, 1964 through October 31, 1964, the price of the Company's stock ranged between a high of 54-3/8 and a low of 42-5/8 (See Annual Report, Pages 14-15, for prior years). During this same period, an average of 1,544 shares were traded each day on the New York Stock Exchange.

The closing price of Glidden Common Stock on December 9, 1964 was 50 1/4.

2. Other Comments on Stock:

a. We have no treasury stock.

b. The $2.125 cumulative preferred stock was issued incident to the agreement of merger of Pemco Corporation into The Glidden Company and subsequent merger of the Macco Chemical Company and subsidiaries into The Glidden Company.

(1) Holders of the shares are entitled to dividends of $2.125 per annum payable quarterly on the first days of February, May, August and November.

(2) Holders have no voting rights, except under certain conditions. (See Paragraph 8, Page 7, Special Meeting Proxy Statement.)

(3) The stock is not redeemable prior to August 31, 1966, and is thereafter redeemable at the following prices:

$55.00 per share prior to 9/1/71
53.00 per share prior to 9/1/76
52.00 per share prior to 9/1/81
51.00 after 9/1/81

(4) Holders of the shares are entitled to $50.00 per share plus unpaid cumulative dividend in case of an involuntary liquidation and to redemption price current at the time of the distribution or payment date in case of voluntary liquidation.

I. Balance Sheet Review

K. Stock and Stockholders (Cont'd)

(5) The Company is obligated to set aside on or before November 15 of each year out of the earnings of the previous fiscal year a sum equal to the larger of $1.00 for each share outstanding or $200,000, to be used to purchase the $2.125 preferred stock if and to the extent obtainable at a price not exceeding $50.00 per share. Any monies remaining at December 31 are released and repaid to the general funds of the Company. During the period of November 15 to December 31, 1963, no preferred shares were tendered.

(6) Each share is convertible into common stock of the Company at the conversion ratio of 1.125 shares of common for each share of preferred.

(7) Holders of cumulative preferred stock have no pre-emptive rights in any stock or securities convertible into stock.

c. Stock dividends are always under consideration, but we have no plans now for such. It is felt that stock dividends only spread earnings and value over a larger number of shares with price adjusting accordingly.

d. The Company has converted Stockholder Records to Electronic Data Processing on Glidden's IBM 1401 computer. The conversion enabled the printing of the April, 1964 common dividend checks and all subsequent dividend payments to be on the computer. The final step of the conversion was proxy solicitation and this was completed to facilitate the preparation for the Annual Meeting and represented additional savings to the Company.

3. Holdings of shares as follows:

	August 31, 1964			August 31, 1963		
	No. of Share-holders	% Shares Held	Avg. Shs. Held	No. of Share-holders	% Shares Held	Avg.Shs Held
Individuals	19,498	59.86%	72	19,942	60.27%	71
Institutions	380	4.79	296	362	5.68	366
Brokers	162	10.00	1,449	172	9.74	1,320
Nominees	377	25.35	1,579	333	24.31	1,703
Total	20,417	100.00%	115	20,809	100.00%	113

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II. Operating Statement

A. Gross Profit

	Published 1964	Published 1963
Percent to Net Sales	29.84%	28.92%
Dollars	$76,876,193	$69,694,797

Increase 1964 over 1963	
Due to Net Sales Increase	$4,984,370
Due to Gross Margin	2,197,026
Net 1964 Increase	$7,181,396

B. Selling and Administrative Expense

The Annual Report shows a Selling and Administrative Expense increase of $3,715,000 or 6.8% on a net sales increase of 6.9% in 1964.

The major increases (decrease) by caption in 1964 are as follows:

Sales Compensation	$ 856,000
Salesmen's Expense & Other Terr. Charges	137,000
Sales Administrative Salaries	304,000
Travel	289,000
Storage	(108,000)
Advertising (local and national)	135,000
Bad Debt Provision	(61,000)
Product Development, Technical Service	141,000
Research	532,000
Office Salaries	1,244,000
Communications	140,000
Occupancy	236,000
Moving	(24,000)
Retirement, Bonus	202,000
Development Costs	(522,000)
Data Processing	279,000
All Other	(65,000)
Total	$3,715,000

The Group breakdown of Selling and Administrative Expense increases over the prior year is:

	Increase over Prior Year 1964	Increase over Prior Year 1963
Coatings and Resins	$2,826,000	$ (298,000)
Foods	677,000	1,958,000
Chemicals	(332,000)	1,680,000
International	284,000	390,000
Headquarters	19,000	201,000
Development	241,000	151,000
Total	$3,715,000	$4,082,000

II. Operating Statement

Increases and decreases in Selling and Administrative Expenses on a published basis by Group are as follows:

C & R - Walker Brothers together with Macco and Gates acquired by the C & R Group during fiscal 1964 accounted for $832,000 of the increase. Other significant expense increases over 1963 for the C & R Group exclusive of Walker Brothers and Macco and Gates were Advertising up $155,000 Conference up $75,000, Office Salaries up $263,000, Data Processing up $252,000, Research up $229,000, Group Administration up $149,000 and Corporate Administration up $133,000. Excluding Walker Brothers, Macco and Gates, the C & R Group Net Sales increased 6.4% over fiscal 1963, while the Selling and Administrative expenses increased 6.6%.

Foods - The Mayer and Gretchen Grant acquisitions in the Foods Group accounted for $199,000 of Selling and Administrative expenses. Other significant increases excluding Mayer and Gretchen Grant were Sales Compensation up $444,000, Salesmen's expenses up $116,000 and Development Costs up $418,000. Excluding Mayer and Gretchen Grant, Foods Group Net Sales were up 3.2% while their Selling and Administrative expenses were up 3.7%.

Chemicals - In the Chemicals Group, Development Costs decreased $1,208,000 while Research increased by $288,000, Group Administration increased by $125,000, Corporate Administration increased by $188,000, Sales Administrative Salaries increased by $99,000, Allowances increased by $91,000 and Donations increased by $45,000. Chemicals Group Net Sales increased 6.4% over fiscal 1963 while the Selling and Administrative expenses decreased 3.9%.

International - Increases in International Group Selling and Administrative expenses were Sales Administrative Salaries up $63,000, Travel up $29,000, Bad Debt Provision up $16,000, Advertising up $10,000, Technical Service up $42,000, Office Salaries up $55,000 and Development Costs up $68,000. Net Sales for the International Group increased 13.7% over 1963 while the Selling and Administrative expenses increased 21.9%.

Headquarters - Total Headquarters Administrative expenses were $9,730,000 in fiscal 1964 compared to $8,860,000 in fiscal 1963 and $7,340,000 in fiscal 1962. Pension costs and Professional Services are detailed as follows:

	1964	1963	1962	1961
Pension Costs	$1,049,000	$ 999,000	$ 246,000	$ 272,000
Professional Services	521,000	521,000	443,000	145,000
Other Administrative Expenses	8,160,000	7,340,000	6,651,000	5,928,000
Total	$9,730,000	$8,860,000	$7,340,000	$6,345,000

Increases in Other Administrative expenses were $820,000 over 1963 and $1,509,000 over 1962. Other Administrative Expense by Group is summarized as follows:

	1964	1963	1962	1961
C&R Group Administration	$1,683,000	$1,535,000	$1,953,000	$1,808,000
Foods Group Administration	796,000	660,000	466,000	441,000
Chemicals Group Admin.	425,000	347,000	269,000	255,000
International Group Admin.	331,000	296,000	158,000	51,000
Corporate Administration	4,925,000	4,502,000	3,805,000	3,373,000
Total	$8,160,000	$7,340,000	$6,651,000	$5,928,000

II. Operating Statement

Office Salaries were up $498,000, Travel up $107,000, Bonus up $192,000 and Want Ads & Agency Fees up $22,000 accounting for the major increases.

C. Other Income - Published P & L

The major items this year and last were:

	1964	1963
Interest Earned	$423,565	$236,601
Gain (Loss) - Disposal of Capital Assets:		
Fjord-Plast Common Stock & Surplus	-	(47,315)
Minneapolis Land	-	9,887
Baltimore Abandonment Loss	-	(19,021)
Other	11,808	364
Sale of Buena Park Land	568,768	-
Provision for Frozen Foods Abandonment	(550,393)	-
Other:		
Board of Trade (Chicago) Gross Profit	234,314	-
Board of Trade (Chicago) Net Profit	-	127,293
Scrap and Residue Sales	194,916	119,849
Provision for Collinsville Abandonment	(160,499)	-
Good Will Amortization	(285,606)	-
Stationery Write-Off	(37,018)	(21,770)
LIFO Adjustment	68,940	76,393
Insurance Reserve Adjustments and Dividends	99,471	101,859
Miscellaneous	91,069	(22,118)
	$659,335	$562,022

D. Depreciation

Book Depreciation charges for 1964 were $6,735,858 compared to $6,750,383 in 1963.

Additional depreciation of approximately $1,908,327 will be claimed for Federal Tax purposes in 1964 as a result of the new "Guide Lines" adjustment of asset lives.

E. Fixed Charges

The two major items of this nature which may be of concern to shareholders are:

	1964	1965
Interest on long-term debt	$1,425,000	$1,366,000
Estimated Real Estate Lease Liability (Confidential) See Page 8	1,852,916	2,052,859
	$3,277,916	$3,418,859

Based on the 254,083 shares of preferred stock issued and outstanding at August 31, 1964, preferred dividends of $539,926 will become payable in 1965.

II. Operating Statement

F. Advertising Expense

By Group

	C & R*	Foods	Chemical	Int'l.	Devel. Group	Corporate	Total	% to Sales
1964	$3,741,360	$2,739,143	$236,191	$73,356	$14,728	$26,704	$6,831,482	2.65%
1963	3,518,797	2,417,437	191,393	62,930	16,600	10,627	6,217,784	2.48%

* Includes Canadian Devaluation

G. Research and Development

	1963 Actual	1964 Actual	1964 Budget	Proposed 1965 Budget	Incr. 1965 Budget Over 1964 Actual
Research	$3,129,573	$3,620,328	$3,928,000	$4,300,000	$679,672
Administrative	187,800	216,032	231,000	248,000	31,968
Tech. Service to Mfg.	341,200	400,211	464,000	347,000	(53,211)
Sales Service	2,232,526	2,287,127	2,363,000	2,433,000	145,873
	$5,891,099	$6,523,698	$6,986,000	$7,328,000	$804,302
Control Lab.	1,536,559	1,625,747	-	-	-
Total	$7,427,658	$8,149,445	$ -	$ -	$ -
% to Net Sales	3.08%	3.16%			

H. Average Assets and Profit Return

	1964 Average Assets	1964 Profit	1964 % Return
Coatings and Resins	$ 54,133,780	$ 8,172,548	15.1%
Foods	39,943,901	5,090,665	12.7%
Chemicals	45,503,290	7,756,253	17.0%
International	8,593,169	488,009	5.7%
Total Groups	$148,174,140	$21,507,475	14.5%
Total Company	$163,511,767	$18,015,735	11.0%

I. Miscellaneous

It may be pointed out, on inquiry, that all Divisions of the Company were operated profitably in 1964 with the exception of: The Carrollton Division of the Southwest Region, the Portland Division of the Pacific Region, the Midwest Trade Sales Division, the H. J. Mayer - U.S. Food Division, the Gretchen Grant Food Division, General Paint - Mexico, Pemco Division - Belgium, the Berkeley Food Division and the Collinsville Chemical plant.

II. Operating Statement

J. Outside Consultant Fees

Legal Department:		
Overton, Layman & Prince - U.S. vs Armour & Co. and Corn Products	$84,605	
Jones, Day, Cockley & Reavis - Zdanok & Alexander vs Glidden	22,754	
Squire, Sanders & Dempsey - Macco vs Syracuse Adhesives Co.	19,766	
Other	66,802	$193,927
Patent Department		28,599
Executive Department:		
E&E Audit Provision	$72,000	
MacKay Shields	44,763	
Other	54,200	170,963
Controller's Department		48,240
Other Administrative Departments		116,088
Development Cost:		
A. D. Little	$77,898	
Standard Research Institute	7,891	
Roy G. Peers	15,978	
Research Consultants Fee	15,808	117,575
		$675,392

K. Taxes

1. Guideline Tax Depreciation

Revenue Procedure 62-21 permits, for a limited period of time, the deduction of depreciation based on arbitrary useful lives which may be substantially less than actual. This has resulted in an excess of tax depreciation over book depreciation in 1964 of $1,908,327 and in 1963 of $2,193,373. The higher tax deduction thus obtained has brought about a deferment of taxes payable in 1963 of $1,140,554 and in 1964 of $966,892. The Glidden Company will continue to employ for financial reporting purposes the asset lives based on statistical studies of our own replacement experience. The advantage obtained by the application of Revenue Procedure 62-21 lies in the immediate availability of cash that would otherwise be payable for current taxes.

2. Investment Credit

The Revenue Act of 1962 allows a credit against the tax liability of up to 7% of investment in property other than buildings since January 1, 1962. In 1963 this credit amounted to $194,427 and in 1964 the credit was $303,911.

II. Operating Statement

The Revenue Act of 1964 amended the investment credit provision by eliminating the requirement that the depreciable basis of qualifying property be reduced by the amount of the investment credit. Such amendment also provided for the restoration of the basis reduction which recurred in prior years.

It is no longer necessary, therefore, to provide for a deferred tax amount due to investment credit. The amount of such deferred tax reserve accumulated in prior years ($224,935) has, therefore, been returned to income in 1964 by reducing the current tax provision by such amount.

For 1964 and subsequent years, the total amount of the investment credit will flow through to earnings by a direct reduction of the current Federal tax provision.

Deferment of taxes in 1964 for future years amounted to $742,000. This deferment of taxes provided an additional cash flow amounting to $.32 per common share and is made up as follows:

Deferment of Taxes (applicable to 1964 Guideline Depreciation)	$966,892
Reversal of Investment Credit Deferment	(224,935)
To round to even thousands	43
Total Deferment of 1964 Taxes	$742,000

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II. Operating Statement

L. Comparative Operating Profit Schedule (Thousands Omitted)

	1964		1963	
	Before Taxes	After Taxes*	Before Taxes	After Taxes*
Coatings and Resins	$ 8,173	$4,032	$ 6,350	$3,048
Gain on Buena Park Land	(157)	(118)**	-	-
Inventory Increment	(108)	(53)	(193)	(93)
Universal Color System	165	81	-	-
Net Operating Profit	$ 8,073	$3,942	$ 6,157	$2,955
Foods	5,091	2,512	4,181	2,007
Net Market (Gain) Loss	(280)	(138)	(216)	(104)
Safflower Market Loss	-	-	245	118
Provision for Frozen Foods	550	334**	-	-
Net Operating Profit	$ 5,361	$2,708	$ 4,210	$2,021
Chemicals	7,756	3,826	6,206	2,979
Collinsville Abandonment	161	79**	-	-
Net Operating Profit	$ 7,917	$3,905	$ 6,206	$2,979
International	488	182**	652	346**
Development				
Architectural Products	(414)	(204)	(384)	(184)
Corporate Development Costs	(843)	(416)	(641)	(308)
Partial A.P.D. Abandonment	83	41		
Net Operating Loss	$(1,174)	$ (579)	$(1,025)	$ (492)
Other Income (Deductions)	(1,925)	(950)	(1,585)	(761)
Pension Cutback	(100)	(49)	(150)	(72)
Net Operating Loss	$(2,025)	$ (999)	$(1,735)	$ (833)
To Adjust for Effective Tax Rate	-	275	-	518
Net Operating Profit	$18,640	$9,434	$14,465	$7,494
Adjustments Itemized Above	(314)	(177)	314	151
LIFO (Provision) Reversal	69	34	76	36
Loss on Loan	-	-	(341)	(164)
Loss on Fjord Plast Assets	-	-	(47)	(23)
Provision for Claims and Fees	(396)	(195)	-	-
Gain on Buena Park	412	309	-	-
Goodwill and Intangibles Amortization	(286)	(286)	-	-
Insurance Adjustments	91	45	-	-
Special Bonus Provision	(200)	(99)	-	-
Total Published Profit	$18,016	$9,065	$14,467	$7,494

* Computed at 49 1/3% (48% in 1963) of before tax amount except those noted with a (**) double asterisk.

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II. Operating Statement

M. Summary of Extraneous Items (Thousands Omitted)

	1964 After Taxes	1964 Per Share	1963 After Taxes	1963 Per Share
Published Final Net Profit	$9,065	$3.630	$7,494	$3.03
Foods Market Reserves	(138)	(.059)	(104)	(.04)
Safflower Market Loss	-	-	118	.05
Pension Cutback	(49)	(.021)	(72)	(.03)
LIFO Provision (Reversal)	(34)	(.014)	(36)	(.02)
Loss on Loan	-	-	164	.07
Loss on Fjord Plast Assets	-	-	23	.01
Provision for Claims & Fees	195	.083	-	-
Provision for Frozen Foods	334	.142	-	-
Gain on Buena Park	(309)	(.132)	-	-
Goodwill & Intangibles Amortization	286	.122	-	-
Collinsville Abandonment	79	.034	-	-
Insurance Adjustments	(45)	(.019)	-	-
Partial A.P.D. Abandonment	41	.017	-	-
C&R Inventory Increment	(53)	(.023)	(93)	(.04)
Special Bonus Provision	99	.042	-	-
Universal Color System	81	.035	-	-
Additional Gain-Buena Park Sale	(118)	(.050)	-	-
	$9,434	$3.787	$7,494	$3.03
Number of Shares	2,347,572		2,332,485	

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III. Cash Use and Projection

A. Application of Funds (In thousands)

	1964	1963
Source of Funds		
Net Income	$ 9,065	$ 7,494
Depreciation	6,736	6,751
Provision for deferred income taxes	742	1,396
Total from operations	$16,543	$15,641
Sale of Common Stock under option plans (1964-13,260 shares; 1963-2,613 shares)	506	100
Net current assets acquired from Macco Chemical Co. for Preferred Stock	630	-
Other Sources (applications):		
Disposition of fixed assets	1,550	73
Prepaid bond discount and expense-Decrease	31	30
Prepaid development costs-(Increase)	(166)	(75)
Other non-current receivables - (Increase) Decrease	723	116
All other - net	(1,876)	21
	$17,941	$15,906
Application of Funds		
Dividends declared	$ 5,163	$ 5,083
Expenditures for property, plant and equipment	6,904	4,024
Additional investments in and advances to associated companies	682	1,328
Redemption of $2.125 Cumulative Preferred Stock (1,630 shares)	-	82
Increase (decrease) in working capital	5,192	5,389
	$17,941	$15,906

III. Cash Use and Projection

B. Five-Year Forecast - Cash Basis
(In Thousands of Dollars)

	1962	1963	1964 Forecast	1964 Actual	1965	1966	1967	1968	1969
Profit Before Taxes	14,025	14,467	17,294	18,016	20,660	23,805	26,799	31,058	34,681
Profit After Taxes	6,690	7,494	8,647	9,065	10,605	12,379	13,935	16,150	18,034
Profit Per Share	$2.72	$3.03	$3.50	$3.63	$4.26	$4.98	$5.61	$6.52	$7.29
Depreciation - Regular	6,099	6,750	7,966	6,736	7,117	7,722	8,319	8,624	8,890
- Retirements	904	(1,711)	(1,000)	(1,202)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Net	7,003	5,039	6,966	5,534	6,117	6,722	7,319	7,624	7,890
Tax on Depreciation Not Booked	-	2,613	904	742	487	384	288	240	192
Increase in Current Liabilities	3,505	2,009	2,455	5,450	3,673	2,103	2,345	2,736	2,574
Increase in Capital Stock and Add'l. Capital Paid In	6,574	18	561	1,810	482	619	194	194	(6)
Total Cash In-Flow	23,772	17,173	19,533	22,601	21,364	22,207	24,081	26,944	28,684
Less Dividends - Common	4,650	4,663	4,700	4,682	4,715	4,760	4,780	4,800	4,810
- Preferred	318	420	419	481	540	531	521	510	499
Net Cash Flow After Dividends	18,804	12,090	14,414	17,438	16,109	16,916	18,780	21,634	23,375
Add Beginning Cash Balance	10,067	11,947	15,540	15,540	19,767	17,128	18,606	20,171	28,076
Cash Available	28,871	24,037	29,954	32,978	35,876	34,044	37,386	41,805	51,451
Less Cash Utilization									
Capital Additions - Regular	11,755	4,024	12,910	6,905	14,520*	10,797	10,113	6,738	9,312
- Retirements	1,818	(588)	(1,000)	(1,703)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Net	13,573	3,436	11,910	5,202	13,520	9,797	9,113	5,738	8,312
Retirements of Debentures **	-	-	-	1,500	1,500	1,500	1,500	1,500	1,500
Increase In Accts. Rec. & Inv.	9,250	4,491	4,101	5,956	3,624	4,031	6,492	6,381	6,750
Increase In Other-Current Assets	(7,715)	(686)	648	459	89	80	80	80	80
Increase In All Other Assets	1,816	1,256	14	94	15	30	30	30	30
Total Cash Utilization	16,924	8,497	16,673	13,211	18,748	15,438	17,215	13,729	16,672
Net Available Per Plan (Cumulative)	11,947	15,540	13,281	19,767	17,128	18,606	20,171	28,076	34,779

* Per Capital Plans as submitted by Groups, but current appraisal indicates a level between $9 and $10 million for 1965.

** Interest expense applicable to Debentures is charged against operations yearly and, as such, has been reflected in the "Profits After Taxes" amounts.

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IV. Employee Benefits

A. Pension Plans

	Expense Per Books	7/31/64 Trust Funds on Deposit	Number of Employees Funded	Retired Employees Receiving Benefits
U.S. Salaried	$ 860,000	$17,882,848	1,638	331
U.S. Hourly	337,800	4,072,048	1,182	351
Pemco Hourly	-o-	262,475	80	7
Canadian Salaried	72,000	977,699	270	14
Canadian Hourly	30,000	300,497	140	14
Total Funded	$1,299,800	$23,495,567	3,310	717
Supplemental	124,719			
Total	$1,424,519			

Total Assets @ 7/31/64 $23,495,567 (does not include $317,300 to be deposited to complete 1964 requirements.)

Unfunded Past-Service Liability in Annual Report $ 5,636,851

Annual Current Service Cost per Annual Report $ 1,580,946

There were no amendments to our retirement plans during the past year.

B. Bonus Plan

Original plan adopted February 8, 1951 and amended through August 31, 1956. Administered by a Bonus Committee elected by the Board of Directors. In 1955, Gilbert suggested provision preventing bonus to top officers until a certain dividend has been paid.

Formula provides 12% must be earned (pretax) on bonus net capital (capital, term debt, etc.) before providing a bonus of 7% of profit. Net income must exceed 6% bonus net capital employed also. The 1960 computation was:

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IV. Employee Benefits

B. Bonus Plan (Cont'd)

Consolidated Net Income (After Taxes)		$ 9,064,735
Less: 12% Bonus Net Capital Employed		16,545,248
Add: - Interest on Debt	$1,425,000	
Bond Discount Paid	12,000	
Bonus Provision	200,000	
Provision for Income Taxes	8,951,000	$10,588,000
Less: -Dividends and Interest from Unconsolidated Subsidiaries and Affiliated Companies		246,521
Net Bonus Income		$ 2,860,966
Bonus Provision - Maximum Amount 7%		$ 200,268
Consolidated Net Income (After Tax)		$ 9,064,735
Less: 6% Bonus Net Capital Employed		8,272,624
Bonus Provision - 6% Bonus Net Capital Employed Maximum Amount		$ 792,111
Actual Provision		$ 200,000

Since 1951, the maximum allowable provision was $2,757,863. We have returned to profit $952,163 leaving $1,805,700 for Bonus payout.

In 1964, we provided, as indicated above, $200,000 for Bonuses. In fiscal 1965 $115,500 was awarded to forty-nine (49) individuals. The highest individual amount was $8,000 to Mr. P. W. Neidhardt.

No Bonus provisions or awards were made for the years 1960, 1961, 1962 or 1963.

In 1959, 124 awards were made, totaling $209,750. The highest individual amount awarded was $8,000 (to Duncan and Halsey). A total of 1,196 awards have been made from 1951 through 1959. Maximum in any one year was 212, lowest 48. The highest individual amount awarded was $12,000 (to Duncan, Sprague, Ruth and Goldseth in 1951).

Gilbert suggested resubmitting plan every five years to stockholders. We feel we need to do so only when there is a material change.

The purpose of the Bonus Plan is to provide reward and incentive to those employees and officers, except the Chairman of the Board of

IV. Employee Benefits

B. Bonus Plan (Cont'd)

Directors and the President, who, beyond the call of duty, contribute to the success of the Company. As provided in the Plan, each award of more than $1,000 is paid in annual installments of 25% of the amount awarded or $1,000, whichever is greater, and the Bonus Committee determines what part of any award is to be paid in cash or stock. No bonus awarded to an employee for any fiscal year may exceed 50% of the basic annual salary of such employee at the end of such fiscal year.

Eight officers of the Company who serve as directors, and approximately 900 other employees (including eight officers) who receive salaries of $750 or more per month, are currently eligible for consideration for bonus awards. The Chairman of the Board of Directors and President may not be awarded a bonus under the Plan.

C. Stock Options

Under the 1952 Plan 100,000 shares of authorized and unissued Common Stock were made available. The Plan provided that no option could be granted to an employee after age 65, and no participant could receive options covering more than 5,000 shares. The Plan also provided that the option price could not be less than 95% of the fair market value of the stock on the day the option was granted, and the option period could not exceed ten years from the date the option was granted nor more than three months after retirement of a participant. All rights to exercise options terminate when an employee ceases to be an employee for any cause other than death or retirement.

As of August 31, 1964, options to purchase 118,870 shares (48,000 to officers and directors) had been granted under the 1952 Plan. (Options for 33,117 shares had expired by reason of termination of employment or lapse, of which options for 18,870 shares were reissued, as authorized by the Plan, to qualifying employees).

Options representing 51,438 shares had been exercised (19,400 by officers and directors). There were outstanding under the 1952 Plan as of August 31, 1964 options for 34,315 shares, (27,100 for officers and directors) exercisable over a period of ten years from the date granted but not more than three months after termination of a participant's employment. A total of 22 officers and directors and 42 other employees held options under the 1952 Plan. Officers and directors held options as follows:

IV. Employee Benefits

C. Stock Options (Cont'd)

	Option Price of $38 Expiring 12/26/64	Option Price of $37 Expiring 11/29/66	Option Price of $37.50 Expiring 9/29/67	Option Price of $41.50 Expiring 12/28/68
Dwight P. Joyce	2,000	1,000		
B. W. Maxey	2,000	1,000		
W. G. Phillips		2,000		500
G. M. Halsey	200	2,000		1,000
R. D. Horner		2,000		300
J. H. Weeks	2,000	1,000		
G. S. Warner	2,000	2,000		500
P. W. Neidhardt	100	300		
All Directors & Officers as a group (Including those named above)	10,000	13,100	500	3,500

On September 29, 1959, the authority of the Company's Stock Option Committee to grant options under the 1952 Stock Option Incentive Plan was terminated by action of the Board of Directors.

1959 Option Plan

Provides Committee may option 100,000 shares of authorized and unissued Common Stock.

Principal differences from old plan:

1. Option price not less than 100% of Market (old plan 95%). Both not less than book value.
2. No option to employee after age 60 (old plan 65).
3. May not be terminated and reissued at lower price.
4. Term of option set by Committee up to 10 years and may not be exercised for two years after grant (old plan all for ten years). Options issued in 1964 and subsequent years are for 5 year term.

Under the 1959 Plan, options to purchase a total of 84,700 shares have been granted to 90 employees (including 42,200 shares to 32 officers). Directors and officers held options as follows:

IV. Employee Benefits

C. Stock Options (Cont'd)

	Option Price of $45.125 Expiring 3/1/69	Option Price of $53 Expiring 8/2/69	Option Price of $40 Expiring 5/25/70	Option Price of $41 Expiring 7/23/71	Option Price of $42.50 Expiring 12/21/71
Dwight P. Joyce			2,000		
B. W. Maxey					2,000
W. G. Phillips					2,000
G. M. Halsey			1,400		2,000
R. D. Horner					2,000
J. H. Weeks					2,000
G. S. Warner					2,000
P. W. Neidhardt			400	1,000	2,000
W. A. Bittenbender				1,000	1,000
All Directors & Officers as a group (Including those named above)	3,000	2,000	7,000	5,200	25,000

At August 31, 1964, options for 78,580 shares were outstanding and there were 19,500 shares of unissued Common Stock reserved for options which may be granted in the future under the 1959 Plan.

D. Wage and Salary Ratios

	1964	1963
Manufacturing Wages to Cost of Products Manufactured	14.7%	13.7%
Total Wages and Salaries	$49,786,213	$46,902,954
% to Net Sales	19.3%	19.5%
Total Wages, Salaries and Benefit Costs	$55,091,973	$51,579,482
% to Net Sales	21.4%	21.4%

E. Salaries

Our salary rates, including those for officers and other key employees, including bonus, are fully in line with studies on this subject, such as by AMA. We must be competitive in salaries and other inducements such as stock options, to attract and hold good men.

The proxy statement reports that total remuneration of all directors and officers as a group increased from $1,219,539 in 1963 to $1,390,744. This increase is the result of the addition of officers from 34 to 40.

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IV. Employee Benefits

F. Other Benefits

In addition to the Retirement Plan, employees are eligible to participate in a group life insurance, hospital and surgical benefit plan, a major medical plan, and an accidental death insurance plan. The Company has a formalized disability benefit plan whereby employees receive a portion of their salary or wages during prolonged illness - the amount and duration of benefits depending upon the employee's length of service.

V. Acquisitions, Dispositions, and Capital Expenditures

A. Acquisitions

During fiscal 1964, the following acquisitions took place.

H. J. Mayer and Sons Company (Canada) - September 1, 1963

Acquired from H. J. Mayer and Sons Company, all the inventory and equipment of their specialty spice and seasoning operation. Mayer maintained a plant at Chicago which was transferred to Bethlehem about April 1, 1964. The transfer was prompted due to the production similarities at Bethlehem.

A warehouse is also maintained at Toronto, Ontario, Canada. The Canadian operation produces the seasonings and spices on an as needed basis thus accounting for the relatively high ratio of Net Profit to Net Sales.

Two of the principal developers of Mayer were retained to provide the necessary technological know-how during the period of transition.

Acquired as of September 1, 1963:

Inventory	$54,601
Equipment	12,000
Total Expended for Assets	$66,601

H. J. Mayer and Sons Company (U.S.) - September 1, 1963

Acquired from H. J. Mayer and Sons Company, all the inventory and equipment of their specialty spice and seasoning operation. Mayer maintained a plant at Chicago as well as a warehouse at Toronto, Canada. Their specialty is in seasonings and spices for meat products.

The Chicago plant inventory and equipment was transferred to Durkee's Bethlehem plant about April 1, 1964. This was due primarily to the operations being quite similar.

Two of the principal developers of Mayer are being retained to provide the necessary technological know-how during the period of transition.

Acquired as of September 1, 1963:

Inventory	$68,219
Equipment	52,865
Total Expended for Assets	$121,084

V. Acquisitions, Dispositions, and Capital Expenditures

A. Acquisitions (Cont'd)

Macco Chemical Company - March 1, 1964

At a special meeting held February 19, 1964, the Glidden shareholders approved a plan to merge the Macco Chemical Company into The Glidden Company. The merger was accomplished through an exchange of Glidden $2.125 Cumulative Preferred Stock for Macco Common Stock. Glidden exchanged 58,445 of its preferred shares for all outstanding Macco common shares. The Glidden stock was of the same series as that of the Pemco Corporation merger of November 5, 1961.

Macco is composed of two Divisions:

1. Macco Adhesives Division - manufactures adhesives, grouts and associated items for the ceramic and plastic tile industry. Through the former, Keller Products, Inc. - produces an extruded vinyl strip, of patented design, which is used with a special adhesive for sealing joints around tubs, sinks, and shower stalls.

2. Gates Engineering Company - manufactures, sells, and applies highly specialized protective linings and coatings based largely on neoprene and Hypalon.

Acquired through merger as of March 1, 1964:

Assets and Liabilities		Net Worth	
Cash	$ 59,350	Common Stock	$ 195,000
Certificates of Deposit	250,000	Paid in Surplus	582,380
U.S. Treasury Bills	168,985	Earned Surplus	593,749
Receivables	339,153	Profit and Loss	34,489
Inventory	393,381		
Prepayments	24,862		
Net Fixed Assets	464,200		
Deferred Charges	4,133		
Payables	(86,441)		
Accruals	(212,005)		
	$1,405,618		$1,405,618

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V. Acquisitions, Dispositions, and Capital Expenditures

A. Acquisitions (Cont'd)

Walker Brothers, Limited - May 1, 1964

Acquired all the capital stock of Walker Brothers, Limited, Vancouver, British Columbia for $500,000.

Walker Brothers was a leading Canadian manufacturer of wood coatings and maintenance-trade sales paints. The success of the wood finishes is attributed to Walker's concentration on a small segment of this market. Finishes for plywood, sealers, shingle and shake now account for approximately 67% of sales while the maintenance-trade sales paints account for the other 33%.

A one acre site adjacent to the existing factory building is to be purchased to provide the needed space for anticipated future expansion.

There are three year employment contracts with each of the four principals of the company. These salaries will amount to $53,000 per year. Also, two of the principals will be paid $5,000 per year from the time employment terminates to age 65 or death, whichever occurs first. Under this provision, Glidden's maximum obligation is $80,000.

Acquired as of May 1, 1964:

Assets and Liabilities		Net Worth	
Cash	$ 7,270	Common Stock	$ 25,000
Bank Deposits	(33,904)	Paid in Surplus	4,290
Receivables	107,340	Earned Surplus	266,768
Inventory	102,032	Profit and Loss	(3,198)
Prepayments	2,477	Federal Income Tax Provision	1,000
Goodwill	20,039		
Other Assets	2,011		
Net Fixed Assets	136,375		
Payables	(28,725)		
Accruals	(21,055)		
	$293,860		$293,860

Gretchen Grant Kitchens, Inc. - July 1, 1964

Acquired from Gretchen Grant Kitchens, Inc., the assets (with the exception of receivables) and business of their specialized frozen pastry operation. Gretchen Grant is a major producer of frozen French pastry hors d'oeuvres. They are being operated as a part of the Foods Group.

V. Acquisitions, Dispositions, and Capital Expenditures

A. Acquisitions (Cont'd)

Gretchen Grant Kitchens, Inc. (Cont'd)

Gretchen Grant products are marketed to the institutional trade and to quality grocery and department stores throughout the country. The product line consists of 18 separate items.

Louis and Michael Midler, founders and developers of Gretchen Grant, will be retained as independent contractors in a consulting capacity. They will help to facilitate the changeover to Glidden and the development of new French hors d'oeuvres.

Acquired as of July 1, 1964:

Inventory	$219,890
Intangibles	61,425
Other Assets	44,140
Net Fixed Assets	380,696
Total Expended for Assets	$706,151 *

* Includes $33,625 of Brokerage Commissions which were prorated to the above asset purchases.

B. Dispositions and Shutdowns

	Annual Sales Last Full Year	Profit or (Loss) Last Full Year	Avg. Profit or (Loss) Last 4 Yrs. Operated	Pre-Tax Profit or (Loss) on Sales or Abandonment	After Tax Cash & Asset Utilization Last Full Year Basis
Hammond 7/16/51	$ 4,076,147	$ (234,346)	$ (373,225)	$ 142,235	$ 2,044,710
Oakland 10/25/54	627,505	(226,221)	39,296	96,376	997,955
Feed Mill 8/10/54	4,423,653	65,538	15,608	(290,471)	2,417,154
Portland 9/18/52	2,941,393	92,554	13,771	(19,369)	1,224,149
Cambridge 7/1/55	1,308,738	(60,579)	(9,537)	(6,542)	851,472
Yadkin	-	-	-	(8,149)	58,673
Jojaba - Castella	-	-	-	50,597	125,640
Barytes Mines	-	-	-	-	11,679
Buena Park 8/31/56	4,033,465	(11,032)	(67,338)	(253,580)	1,095,247
Eastern Marg. & Salad Prod. 2/1/57	9,996,668	(372,378)	(414,580)	(197,934)	2,383,320
Elmhurst Building A,8/31/57; S,8/1/58	-	-	-	(252,240)	1,269,854
Scranton 6/9/58	1,100,590	52,028	66,056	30,690	455,467

V. Acquisitions, Dispositions, and Capital Expenditures

B. Dispositions and Shutdowns (Cont'd)

	Annual Sales Last Full Year	Profit or (Loss) Last Full Year	Avg. Profit or (Loss) Last 4 Yrs. Operated	Pre-Tax Profit or (Loss) on Sales or Abandonment	After Tax Cash & Asset Utilization Last Full Year Basis
St. Helena 3/31/58	$ -	$ -	$ -	$(1,215,239)	$ 925,924
Buena Park Land 1/28/58	-	-	-	174,957	136,635
Chemurgy 9/1/58	31,982,480	1,477,859	1,503,501	1,156,164	27,415,123
Southern Pine 2/28/58	1,070,947	103,448	68,240	(76,237)	292,555
Valdosta 3/28/60	2,941,738	320,127	156,671	275,301	1,430,042
Berkeley M & SP 4/30/60	5,645,470	98,726	66,787	39,176	684,913
Tulsa-Gen.Paint 6/1/62	398,897	(7,795)	(1,796)	(7,813)	314,422
Architectural Products Division 6/23/64	2,757	(16,255)	(12,900) (1)	(58,732) (3)	154,851
Collinsville 8/24/64	-	-	-	(160,499)	81,117
Frozen Food Aband. 4/8/64 to 8/31/64	1,110,209	(243,575)	(143,031) (2)	(416,538) (4)	821,100
Buena Park Land 11/29/63 & 2/28/64	-	-	-	568,768	445,399
Total	$71,660,657	$ 1,038,099	$ 907,523	$ (429,129)	$45,637,401

	Book Value	After Tax Cash Flow	Excess - Cash Over Book Value
Fixed Assets - Sold	$11,667,440	$19,514,820	$7,847,380
- Abandoned	2,803,925	1,452,771	(1,351,154)
	$14,471,365	$20,967,591	$6,496,226

(1) Two Year Average 1962-63

(2) Two Year Average 1963-64

(3) Loss on Disposition of Fixed Assets only. Additional Inventory Loss of $23,524 resulted in Total Loss on Disposition of $82,256.

(4) Loss on Disposition of Fixed Assets only. In addition, Excess Cost of $86,511 and Other Expense (including Inventory Write-Down) of $47,294 was incurred to arrive at the Total Loss on Disposition of $550,393.

Architectural Products 6/23/64

The flat sheet operation of Architectural Products Division was both abandoned and sold. The abandoned assets had a net book value of $57,490 and the assets sold had a book value of $2,600. Proceeds of this sale were $1,358.

V. Acquisitions, Dispositions, and Capital Expenditures

B. Dispositions and Shutdowns (Cont'd)

Collinsville 8/24/64

The Collinsville chemical operation was also abandoned with only administrative buildings and a warehouse being retained. The net book value of these assets abandoned was $160,499.

Frozen Food Abandonment 4/8/64 to 8/31/64

The frozen food operation at Eden and Wolcott was abandoned and sold. Assets of $162,099 were abandoned while assets of $370,628 were sold to the Growers and Packers Cooperative of New York for $116,139.

Buena Park 11/29/63 & 2/28/64

Buena Park land costing $18,490 was sold to the City of Buena Park and the Movieland Wax Museum for a total of $587,258.

C. Mining Activity

The mining of Ilmenite Ore at Lakehurst, New Jersey, which was begun in August, 1962, produced 77,662 tons of ore in fiscal 1964.

There was no Development Cost in 1964. Development Cost for the project to date totaled $2,241,878. Capital expenditures todate for the mine as of August 31, 1964 were $5,421,541. Capital expenditures in fiscal 1964 for the mine were $360,814.

D. Major Expenditures Over $50,000 (Capital & Expense) 1964
(Thousands of Dollars)

	Expended Prior To 1964	Expended In 1964	Appropriations $100,000 And Over 1965
Coatings & Resins:			
Eastern - Phase I Modernization	$ 33	$ 74	$ -
Eastern - Data Processing Center	-	93	-
Eastern - Finished Goods Whse.	-	72	-
Nubian - Metal Decorating Lab	-	77	-
Nubian - Cowles Attritor Mill	-	98	-
Toronto - Construct Plant	-	-	275
Polymer Plant - Land & Minor Development	-	101	-
Polymer Plant - Construct Plant	-	-	2,000
Walker Bros. - Acquisition	-	143	-
Research Center - Parking Lot	-	68	-
Pilot Plant - Addition & Equipment	22	105	-
Other	350	1,006	1,639
Total Coatings & Resins	$ 405	$1,837	$ 3,914

V. Acquisitions, Dispositions, and Capital Expenditures

D. Major Expenditures Over $50,000 (Capital & Expense) 1964 (Cont'd)
(Thousands of Dollars)

	Expended Prior To 1964	Expended In 1964	Appropriations $100,000 And Over 1965
Foods:			
Logan - Acidulation Facilities	$ -	$ 240	$ -
Logan - Purchase & Equip. Bldg.	-	341	-
Logan - Crude Storage Tanks, Fractionation Storage and Tank Unloading Area	-	81	-
Logan - Hydrogen Gas Plant	-	-	350
Louisville - New Refining Equipment	-	136	-
Louisville - Equip. Refining & Bleaching Plant	-	105	-
Louisville - Esterfication Plant	-	-	110
Wolcott - Boiled Onion Line & Plant Improve.	-	60	-
Berkeley - Replace Boiler	-	-	131
Bethlehem - Sauce Filling & Cartoning Line	-	104	-
Chicago - Continuous Hydration	-	-	110
Gretchen Grant Kitchens - Acquisition	-	413	-
Purchase H. J. Mayer Equipment	-	65	-
Other	499	603	972
Total Foods	$ 499	$2,148	$ 1,673
Chemicals:			
Hammond - Iron Powder Plant	$ -	$ -	$ 2,280
Hammond - Oxide Production	121	55	-
Pemco - Hardinge Mill & Bldg.	-	-	160
Lakehurst Mine - New Mining Area	-	84	-
Lakehurst Mine - Field Screening	-	-	120
Organic - Power House	9	168	-
Organic - Research Offices	77	134	-
Organic - Fine Chemical Blending Facilities	-	81	-
Organic - Column Modifications, Well & Storage Tanks	-	218	-
Organic - No. 7 Column - Major Production of Beta Pinene from Alpha Pinene	-	-	500
Organic - Pilot Plant Equipment	-	-	100
Organic - O Column Additional Capacity	-	-	300
Port St. Joe - Convert 25% of Plant Capacity to VOF Feed	-	-	250
AJW - Increase Whse. Facilities	-	-	200
AJW - Reduce Lakehurst Ore	-	-	350
Other	5,871	1,481	2,037
Total Chemicals	$6,078	$2,221	$ 6,297
International Group:			
Industrias, P.R.	$ -	$ -	$ 819
Mexico	-	312	-
Bruges	676	538	143
Fabrica	-	72	-
Other	234	321	636
Total International	$ 910	$1,243	$ 1,598
Development Group	40	23	-
Headquarters	26	92	189
Total Company	$7,958	$7,564	$13,671

Published 1965 Expenditure Forecast -- "Over $9 Million".

VI. Other Major Functions and Items

A. Donations

The donations policy of the Company provides for reasonable support to educational; health and welfare; and charitable organizations. This policy is administered by the Donations Committee, under the direction and guidance of the President and Board of Directors.

Educational support has been given through the following:

1. Awarding of four scholarships under the auspices of the National Merit Scholarship Corporation. 1964 winners were: Wm. D. Kraus (Missouri School of Mines), Fred E. Brickman (Washington University), Wm. B. Stallcup (Stanford), Richard G. Corey (Yale). None are children of employees.

2. Cooperative Contribution Plan, under which the Company makes unrestricted grants to degree-granting universities in an amount equal to the donations made by employees of the Company to public colleges and universities, and twice amounts donated to private colleges and universities. Contributed in fiscal 1964 - $20,342 to 111 colleges.

3. Chemistry lectureship grants provided to six United States universities to provide for lectures by outstanding individuals and to help promote understanding and interest in scientific achievement.

4. Outright grants to selected colleges and universities in the state of Ohio such as Case and Western Reserve and to the Ohio Foundation for Independent Colleges.

In the Health and Welfare Category, the Company has supported the United Fund, Community Chest, Red Cross and United Health Fund programs in the communities where it has plants or branches.

In addition, selective support has been given to other service organizations and foundations. Contributions are not given to sectarian groups, labor organizations, etc.

	1964	1963	1962	1961
Education	42%	41%	45%	48%
Health and Welfare	48%	36%	36%	45%
Other	10%	23%	19%	7%
Total Donations	$220,314*	$171,690*	$157,873	$120,571
% of Net Profit	2.43%	2.29%	2.36%	1.88%
Per Employee	$28.24	$22.87	$22.19	$18.92

* Includes in 1964-$4,150 and in 1963-$17,672 in contributions of merchandise (C & R) not included in prior years.

VI. Other Major Functions and Items

B. Audit

Ernst & Ernst representatives present at the meeting will be Messrs. N. T. Halvorsen, Partner and George M. Walters, Partner.

It is anticipated that Mr. Gilbert will ask Mr. Halvorsen to comment on the adequacy of Glidden's reporting system's sufficiency to inform management properly for the conduct of the business (re: Mr. Gilbert's letter of 2-28-64 to Mr. Joyce referring to Cudahy). Ernst & Ernst has and does review manual and EDP systems in course of audit tracking and will respond to such a question in strong affirmative.

Company internal audit staff conducts surprise audits of all operating units on a schedule calling for examinations as required. Audit verification is obtained on all acquisitions and investments.

C. Insurance

1. Fire

a. Factory Insurance Association (FIA) covers Fire, Lightning, Windstorm, Hail, Explosion, Aircraft Damage, Vehicle Damage, Smoke Damage, Vandalism and Sprinkler Leakage.

(1) Coverage is agreed amount basis, with no co-insurance requirement, and with a small deductible.

(2) Plants covered are all manufacturing properties except Toronto, Montreal, Burnaby, H. J. Mayer at Windsor, San Francisco, New Orleans, St. Louis, Varnish Dept. at Minneapolis, Iron Street, Collinsville, APD Atlanta, Wolcott, Wilmington, Wickliffe and Jersey City.

b. Factory Mutuals covers for the same perils as described in "a" above.

(1) Coverage is agreed amount basis, with no co-insurance requirement.

(2) The one plant covered under this policy is Wickliffe.

c. Industrial Property Floater (IPF) covers for the same perils as described in "a" above.

(1) Coverage is agreed amount basis, with no co-insurance requirement, and with a small deductible.

(2) Plants covered are San Francisco, New Orleans, Varnish Dept. at Minneapolis, Iron Street, Collinsville, St. Louis, Wolcott, APD at Atlanta, Wilmington and Jersey City.

VI. Other Major Functions and Items

C. Insurance (Cont'd)

d. Blanket Insurance covers for the same perils as described in "a" above in Canada.

(1) Coverage is agreed amount basis, with no co-insurance requirement.

(2) Plants covered are Toronto, Montreal, H. J. Mayer in Windsor, Walker Brothers, Ltd., and Burnaby, B.C.

2. Use & Occupancy (U & O) or Business Interruption

a. FIA covers for the same perils for all the manufacturing locations that cover for the Property Damage Perils.

(1) Coverage is agreed amount basis, with no co-insurance requirement, and with a small deductible.

b. Factory Mutuals covers for the same perils as described in Section 2 "a" above.

(1) Coverage is agreed amount basis, with no co-insurance requirement.

(2) The one plant covered under this policy is Wickliffe.

c. IPF covers for the same perils as described in Section 2 "a".

(1) Coverage is agreed amount basis with no co-insurance requirement, and with a small deductible.

(2) Plants covered for U & O are Wilmington, San Francisco, APD Atlanta, Wolcott, Iron Street and Jersey City.

(3) Plants covered for Extra Expense are New Orleans and St. Louis.

3. Boiler

a. We carry boiler and pressure vessel insurance including U & O where necessary.

(1) Coverage subject to limit only - has deductible provision to exclude small claims.

4. Transportation - We carry blanket policies for Ocean and Inland Transportation Cargo losses. Small deductible applies to inland cargo losses.

5. Fidelity - All employees are bonded in substantial amount under a blanket fidelity bond. Small deductible applies to exclude small claims.

6. Liability

a. We carry Comprehensive Bodily Injury and Product Liability Insurance and Property Damage Liability.

VI. Other Major Functions and Items

C. Insurance (Cont'd)

(1) Property Damage Liability is written with a sizeable deductible to give our sales force and legal department latitude in settling customer complaints.

7. Workmen's Compensation

a. We self-insure Workmen's Compensation in twelve (12) states.

(1) The self-insured states are California, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maryland, Minnesota, Missouri, Ohio and Pennsylvania.

(2) We have excess insurance in case of a catastrophe to cover accidents excess of $25,000 up to $1,000,000.

(3) Self-insurance has saved us over $1,000,000 in the last thirty-two (32) years.

b. Other states are insured for Workmen's Compensation except where there is a Compulsory State Fund.

8. Automobile - We insure company-owned and leased cars and trucks for liability and physical damage in adequate amounts.

9. Losses

a. There were no major fires in the last fiscal year. A fire at Port St. Joe in Resin treating amounted to $20,302 for property loss and $32,988 for business interruption. We had two (2) small losses in warehouse fires - one for $12,535 to a Durkee warehouse stock at Waterbury, Conn. and one for $2,072 to a C & R stock at Blair, Nebraska.

These significant Fire Losses amounted to $67,897 in claims.

b. We had a windstorm loss to roofs at Cleveland amounting to $1,767. We had a windstorm loss at St. Louis when wind blew over a metal smokestack. This loss was $700. We also lost some Branch identification signs in windstorms and the hurricanes. These losses were self-insured.

c. The most serious loss occurred when there was an unusual occurrence in the large refining column at Port St. Joe Tall Oil Plant. This loss amounted to $11,511 for property damage, but due to the tower being inoperable the business interruption amounted to $107,500. The fire insurance and boiler insurance shared this loss.

d. We have a pending boiler explosion loss claim for the No. 4 Boiler at the Adrian Joyce Works. The anticipated claim is about $50,000 Property and $15,000 Business Interruption.

10. Insurance Cost - Total cost of insurance premiums for fire and extended coverage and vandalism on buildings, machinery, equipment and inventory, plus use and occupancy (business interruption) and extra expense, as well as boiler insurance, was $320,191. for the past fiscal year. (This figure should not be given out.)

VI. Other Major Functions and Items

D. Foreign Business

The Glidden Company

On September 1, 1963 the Export Division operations of Glidden International, C.A. were sold to The Glidden Company at net book value. Offshore sales of the parent Company, excluding those transacted by the Export Division, aggregated $3,323,556 in 1964 compared with $1,965,780 in 1963. The increase was attributed principally to increased export sales of the Louisville Division ($1,664,984 vs. $613,658). Glidden domestic divisions realized $377,447 (11% of net sales) gross profit on these sales in 1964 compared with $233,142 (12% of sales in 1963)

Included in consolidated Glidden sales and net earnings in 1964 and 1963 were the following:

	1964	1963
Net Sales		
Glidden International, C.A. (including its subsidiaries)	$1,569,035	$5,832,789
Export Division	3,425,743	(a)
Industrias Glidden de Puerto Rico, Inc.	1,638,143	(b)
TOTAL	$6,632,921	$5,832,789
Net Profit (after foreign income taxes)		
Glidden International, C.A. (including its subsidiaries)	215,378	646,261
Export Division	268,275	(a)
Industrias Glidden de Puerto Rico, Inc.	128,452	11,333
Headquarters Allocations	(273,932)	(194,626)
TOTAL	$338,173	$462,968

(a) - For 1963 results see page 41.
(b) - For 1963 results see page 41.

The Glidden Company had one active foreign licensee during 1964 and received a technical service fee of $2,906 compared with foreign technical service fees of $13,236 in 1963 and $9,035 in 1962.

VI. Other Major Functions and Items

D. Foreign Business - continued

The Glidden Company

A direct stock interest was held in the following companies at August 31, 1964:

Name	% of Interest	Net Book Cost
Consolidated -		
The Glidden Company, Ltd. - Canada	100.0%	$ 50,000
Glidden International, C. A.	100.0	18,018
Industrias Glidden de Puerto Rico	100.0	250,000
		$318,018
Unconsolidated -		
Fabrica Nacional de Pinturas, S.A. Cuba	15.1	-
TOTAL		$318,018

1) The Glidden Company, Ltd. (Canada) - Glidden holds 100% (4,200 shares) at a book cost of $50,000. Shareholder equity at August 31, 1964 was $6,744,858 (including its newly-acquired subsidiary, Walker Brothers Limited), which is included in the consolidated balance sheet in the 1964 Annual Report.

2) Glidden International, C. A. - Glidden holds 99 shares (one held by The Glidden Company, Ltd. - Canada) which represents effective 100% control. Consolidated shareholder equity at August 31, 1963 and 1964 is shown below:

	August 31 1964	August 31 1963
Glidden International, C. A.	$2,453,934	$2,360,070
General Paint Co. de Mexico, S.A.	95,717	104,680
Glidden Panama, S.A.	59,783	-0-
Fabrica de Pinturas Glidden, S.A. Panama	6,494	
Glidden Chemie GmbH	91,136	26,936
	$2,707,064	$2,491,686

VI. Other Major Functions and Items

D. Foreign Business - continued

The Glidden Company

3) Industrias Glidden de Puerto Rico, Inc. - At August 31, 1964, Glidden held 25,000 shares representing all the shares issued and outstanding, at a value of $250,000. This company was organized in fiscal 1962 to be available as a holding and/or operating company for the various Glidden operations in Puerto Rico. The extent of its operations at August 31, 1963 was as holder of Glidden's 100% interests in Trans-Caribe Supply Company and Reliable Water Heater Company, Incorporated, a plumbing supply business and a water heater manufacturer, respectively, both located in Puerto Rico. There has been no direct payment for equity in either of these companies since such payment is dependent on future profits. Glidden's original loan of $500,000 was written down to $209,344 during 1963. A further write-off to $195,727 was made in 1964. Owing to Industrias Glidden at August 31, 1964 was an additional $614,000 by Trans-Caribe Supply. Balance sheets for these companies were consolidated for the first time with Glidden at August 31, 1964. Operations were not consolidated, but will be consolidated starting with fiscal 1965. On September 1, 1963 Industries Glidden purchased at book value the assets of the Puerto Rican paint branches from Glidden International, C. A.

4) Fabrica Nacional de Pinturas, S.A. (Cuba) - Glidden holds 31,421 shares which represented a 15.1% interest. The company was intervened by the Cuban Government in October, 1960. Both Glidden and Glidden International were adequately provided to cover the rather nominal accounts receivable balances outstanding. Since the shares were acquired by Glidden at no direct cost, no investment loss was suffered through this intervention.

Glidden International, C. A.

At August 31, 1964, Glidden International, C.A. acted as a holding company for the stock of Glidden's foreign subsidiaries except for The Glidden Company, Limited (Canada); Industrias Glidden de Puerto Rico, Inc.; and Fabrica Nacional de Pinturas, S. A. (Cuba). Details of the direct stock interest are shown on page

In addition to acting as a holding company, the Belgian branch of the company commenced frit manufacturing operations in 1964 in Bruges, Belgium.

In fiscal 1964, International increased its direct stock interest in Pinturas Centro-Americanas, S.A. (Guatemala) from 33-1/3% to 65.3% by purchasing an additional 250 shares for cash amounting to $177,500.

VI. Other Major Functions and Items

D. Foreign Business - continued

Glidden International, C. A.

In July 1964, by contribution of cash and notes in the amount of $270,000, Glidden International participated in the establishment of a sheet steel galvanizing company in Guatemala, Galvanizadora Centro-Americana, S. A. GICA held 45% of the issued and outstanding capital stock at August 31, 1964.

Glidden International, C.A. had twenty-three active foreign licensees and received $336,155 in fees from these sources in 1964, compared with $252,021 in 1963 (nineteen licensees).

In 1964, for the third year, Glidden International, C. A. was consolidated with The Glidden Company for reporting purposes. Sales and net profits after foreign income tax are shown below:

Sales (Amounts in thousands)	1964	1963	1962
Bruges	$ 265	$ (a)	$ (a)
Export Office	(b)	3,273	2,015
Puerto Rican Branches	(c)	1,460	1,082
Panama	550	458	353
Mexico	754	642	539
TOTAL	$1,569	$5,833	$3,989

(a) - First started operations in 1964
(b) - Sold to The Glidden Company (U.S.) on September 1, 1963.
(c) - Sold to Industrias Glidden de Puerto Rico, Inc. on September 1, 1963.

Net Profits

	1964	1963	1962
Bruges	$ (237)	$ (a)	$ (a)
Export Office	(b)	213	98
Puerto Rican Branches	(c)	106	78
Panama	66	40	33
Mexico	(9)	11	26
OPERATING TOTALS	$ (180)	$ 370	$ 235
Glidden Chemie	73	151	102
International Licensee Income	336	252	646
Other	(6)	74	46
SUBTOTAL	223	847	1,029
Intracompany Dividend Elimination	(8)	(201)	(99)
TOTAL GICA	$ 215	$ 646	$ 930

(a) - First started operations in 1964.
(b) - Sold to The Glidden Company (U.S.) on September 1, 1963.
(c) - Sold to Industrias Glidden de Puerto Rico, Inc. on September 1, 1963.

VI. Other Major Functions and Items

D. Foreign Business - continued

Glidden International, C. A.

Glidden International, C. A. funds have been provided from accumulated earnings, bank borrowings, and borrowings from related companies. At August 31, 1964, the following were borrowings outstanding:

The Glidden Company	
To Glidden Panama S. A.	$ 606,000
To Fabrica de Pinturas, S.A. (Panama)	150,000
The Glidden Company, Ltd. (Canada)	730,500
Industrias Glidden S. A. de C.V. (Mexico)	25,000
Galvanizadora Centro-Americana, S.A. (for stocks) (Guatemala)	125,000
Banque de Bruxelles (Belgium)	468,743
Banque Lambert (Belgium)	511,517
First National City Bank (Belgium)	334,790
Banco de Comercio, S.A. (Mexico)	107,676
Industrias Glidden de Puerto Rico, Inc.	
To General Paint Company de Mexico, S. A.	388,500
To Glidden Chemie GmbH	444,037
	$3,891,763

Glidden International, C. A. had twelve banking associations at August 31, 1964:

Banca d'America e d'Italia	Milan, Italy
Banque de Bruxelles	Brussels, Belgium
Chase Manhattan Bank	Frankfurt, Germany
Chase Manhattan Bank	Panama City, Panama
Banco de Comercio	Mexico City, Mexico
Banco de Comercio	Caracas, Venezuela
Commerzbank	Dusseldorf, Germany
Den Danske Landmandsbank	Rungsted Afdeling, Denmark
First National City Bank	Osaka, Japan
First National City Bank	Panama City, Panama
Banque Lambert	Brussels, Belgium
Union Commerce Bank	Cleveland, Ohio

At the end of the fiscal year, a direct stock interest was held in the following companies:

Name	% of Interest	Net Book Cost
Consolidated		
Glidden Panama, S.A. (Panama)	100%	$ 20,000
Fabrica de Pinturas Glidden, S A. (Panama)	100	25,000
General Paint Co. de Mexico, S.A. (Mexico)	100	246,356
Glidden Chemie GmbH (Germany)	100	250,000
Total Consolidated		$541,356

VI. Other Major Functions and Items

D. Foreign Business - continued

Glidden International, C.A.

Name	% of Interest	Net Book Cost
Unconsolidated		
Glidden Curacao N.V. (Curacao)	100%	$ 200
Industrias Glidden S.A. de C.V. (Mexico)	100	32,000
Ishihara Sangyo Kaisha Ltd. (Japan)	2.24	70,064
Pinturas Ecuatorianas S.A. and Distribuidora Americanas C.A. (Ecuador)	33-1/3	62,837
Pinturas Centro-Americanas (Costa Rica)	50	151,057
Pinturas Centro-Americanas (Guatemala)	65.3	307,472
Red V Coconut Products Ltd. (Philippines)	4	47,000
Sekisan Paint Mfg. Co. (Japan)	25	-
Glidden-Salchi S.p.A. (Italy)	51	1,005,000
Shave Holdings Limited (South Africa)	10	19,050
Galvanizadora Centro-Americana S.A. (Guatemala)	45	270,000
Lackwerke Wulfing GmbH & Co. (Germany)	33-1/3	1,237,500
Total Unconsolidated		$3,202,180

1) Glidden Panama, S.A. - Glidden International, C.A. held 1,000 shares representing 100% control. The company was operated as a paint branch and was carried at an investment cost of $20,000. The company earned $59,783 in 1964 compared with $39,730 in 1963. In addition to purchases from U. S. paint plants, the company is also supplied by a sister company, Fabrica de Pinturas Glidden, S. A.

2) Fabrica de Pinturas Glidden, S.A. first started operations in 1964 supplying part of the paint needs of Glidden Panama, S.A. Glidden International, C.A. holds 1,250 shares of stock, representing 100% control. The retained profit of this company, after deduction of certain expenses (principally interest on its indebtedness to The Glidden Company) amounted to $6,494 in 1964.

3) General Paint Company de Mexico, S.A. - Glidden International, C.A. held all 50,000 issued and outstanding shares of stock of this company having a net book cost of $246,356. The company incurred a net loss of $8,963 in 1964 compared with a profit of $11,315 in 1963. Deteriorating prices in the Mexican paint market, increased raw material prices, and a technical service fee arrangement with Industrias Glidden de Puerto Rico, Inc. contributed to the unfavorable results.

VI. Other Major Functions and Items

D. Foreign Business - continued

Glidden International, C.A.

4) Glidden Chemie GmbH (Germany) - This German holding company was formed in fiscal 1961 to hold Glidden International's one-third interest in Lackwerke Wulfing GmbH & Co. Chemie's capitalization represented approximately one-fifth of its investment in Wulfing. The remainder of Chemie's investment in Wulfing originally was financed through loans from Glidden International, C.A. but in April 1963 $444,037 of this financing was transferred to Industrias Glidden de Puerto Rico, Inc. In fiscal 1964, the then remaining financing of $356,000 was transferred to Glidden Panama, S.A. and an additional $150,000 financing was extended to Chemie by Glidden Panama.

5) Glidden Curacao N.V. - Glidden International, C.A. held all 20 shares of the outstanding stock of this company with a net book cost of $200. The company was used in 1962 to receive technical service fees from Group Developments, Ltd. of England. It currently is holding $25,000 from British Paints as deferred technical service fees pending outcome of the Ford Development work.

6) Industrias Glidden S.A. de C.V. (Mexico) - Glidden International held all 20,000 outstanding shares and this investment was carried at its cost of $32,000. This corporate entity has never assumed an operating status. Shareholders' equity at August 31, 1964 totaled $34,150.

7) Ishihara Sangyo Kaisha, Ltd. (Japan) - At August 31, 1964, Glidden International, C.A. held 1,375,222 shares of this company's stock,a 2.24% interest. These shares are carried at a net cost of $70,064, the cost of an allotment of 504,458 shares acquired on November 1, 1962. The shares now held had a market value at August 29, 1964 of $343,779. A dividend of $14,823 was received by Glidden International, C.A. in 1964.

8) Pinturas Ecuatorianas S.A. and Distribuidora Americanas C.A. (Ecuador) - Glidden International, C.A. holds a combined 320 shares representing a one-third interest in both companies at a cost of $62,837. A dividend of $20,963 was received by Glidden International, C.A. in 1964. At August 31, 1964, Glidden International's share of stockholder equity was approximately $86,376.

VI. Other Major Functions and Items

D. Foreign Business - continued

Glidden International, C.A.

9) Pinturas Centro-Americanas Costa Rica, Ltda. - On May 27, 1963, Glidden International, C.A. purchased 100 shares of the common stock of the company, resulting in a fifty per cent ownership at a cost of $151,057. International's share of equity at August 31, 1964 aggregated $175,525. At August 31, 1964, Pintica had a loan of $22,784 from Glidden International, C.A. It is anticipated that during fiscal 1965 we will obtain an additional 10% of equity from Mr. J. L. Prem, increasing our participation to 60%.

10) Pinturas Centro-Americanas (Guatemala) - During 1964, Glidden International, C. A. increased its equity in Pincasa from 154 shares of 462 issued and outstanding (33.3%) at August 31, 1963 to 65.3% at year end 1964 as follows:

	Number of Shares		GICA Net
	GICA	Others	Book Cost
August 31, 1963	154	308	$ 64,850
January 1964 stock dividend	121	241	167
February 1964 loan conversion	115	-	64,955
Additional stock subscription by third parties	-	41	-
August 1964 purchase of shares of R. A. Camacho	250	(250)	177,500
	640	340	$307,472

Glidden International's share of shareholder equity at July 31, 1964 (on an August 31, 1964 ownership basis) was $397,941.

11) Red V Coconut Products Ltd. (Philippines) - Glidden International, C.A. held 1,200 shares, a 4% interest, at August 31, 1964. The investment was recorded at our cost of $47,000. International's share of the stockholders' equity at December 31, 1963 was $38,596.

12) Sekisan Paint Mfg. Co. (Japan) - Glidden International, C.A. acquired 50,000 shares of common stock, a 25% interest, from Sekisan on November 29, 1962. The stock was received in exchange for technical service income and has been recorded at no cost. At March 31, 1964, Glidden International's equity was $98,417.

VI. Other Major Functions and Items

D. Foreign Business - continued

Glidden International, C. A.

13) Glidden-Salchi S.p.A. (Italy) - As of May 31, 1963, Glidden International, C.A. acquired 13,995 shares of stock for a 51% interest in this Italian paint manufacturing plant. The investment was recorded at its cost of $1,005,000. In accordance with the contract, International will pay, as part of the purchase price, an additional $250,000 during 1965. International will also make an additional payment to the previous owners based on three times the annual increase of net earnings for each of the calendar years 1964 through 1967 over the previous highest net earnings. International's share of stockholders' equity at August 31, 1964 was approximately $805,000. The financial statements of this company have not been consolidated with those of Glidden International, C. A.

14) Shave Holdings Limited (South Africa) - In July 1963, Glidden International, C.A. received 44,600 shares of this company (10% ownership) as down payment under terms of a technical service agreement. In fiscal 1964, International recognized as cost of these shares a 9% withholding tax payment amounting to $19,050 on a dividend paid in December 1963.

15) Galvanizadora Centro-Americana S.A. (Guatemala) - Late in fiscal 1964, for cash and notes, Glidden International, C. A. purchased 2,700 shares of this company (45%). With Japanese technical know-how and machinery, a hot-dip sheet steel galvanizing plant will be erected and it is anticipated that operations will begin in the spring of 1965.

16) Lackwerke Wulfing GmbH & Co. (Germany) - Glidden International, through Glidden Chemie, holds a one-third interest in this company. In 1964, additional equity capital of $150,000 was invested in Wulfing, bringing International's total investment to $1,237,500. Glidden Chemie share of partnership equity at August 31, 1964 was $1,173,939. The difference between equity and net investment cost was occasioned by side payments to the Wulfing family for the excess of fair value over book value of assets, goodwill, and agreement not to compete. Chemie's share of the understatement of fixed assets was calculated to be $250,000.

VI. Other Major Functions and Items

D. Foreign Business - continued

Industrias Glidden de Puerto Rico, Inc.

Other comments concerning Industrias Glidden de Puerto Rico, Inc. may be found on page

Sales of Industrias in 1964 amounted to $1,638,143 and net profits were $124,672. Operating results of years before 1964 were reported with those of Glidden International, C. A. In future years, operations of Industrias' two active subsidiaries, Trans-Caribe Supply Company and Reliable Water Heater Manufacturing Company will be consolidated with Industrias . Balance sheet accounts of the three companies were consolidated as of August 31, 1964.

Industrias Glidden funds have been provided from borrowings from related companies and a supplier. At August 31, 1964, the following were borrowings outstanding:

The Glidden Company	
To Industrias Glidden de Puerto Rico	$1,822,500
To Trans-Caribe Supply Company	700,000
To Reliable Water Heater Manufacturing Co.	100,000
Eljer Company (Trans-Caribe)	27,776
	$2,650,276

Industrias Glidden de Puerto Rico, Inc. had two banking associations at August 31, 1964:

First National City Bank	San Juan, Puerto Rico
Union Commerce Bank	Cleveland, Ohio

As mentioned earlier, Industrias had 100% ownership of Trans-Caribe Supply Company and Reliable Water Heater Manufacturing Company. The stock of these subsidiaries was carried at no net book value to Industrias.

VI. Other Major Functions and Items

E. Miscellaneous

Cost of the Annual Report this year was 26 cents each which was 6 cents more than last year. However, our Annual Report costs remain lower than companies of comparable size. Our 1963 Annual Report was judged first in the Paint and Coatings Industry by Financial World.

D. E. ERSKINE

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