Cleveland 14 December 3, 1958 Mr. Dwight P. Joyce

NOTES FOR ANNUAL MEETING
DECEMBER 11, 1958

cc: Mr. W. C. Lighter
Mr. B. W. Maxey
Mr. R. D. Horner
Mr. W. G. Phillips
Mr. G. S. Warner
Mr. R. K. Dutton
Mr. R. R. Augsburger
Mr. D. E. Erskine

RDH BWM

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Acquisitions

General Paint Co. - 6/1/58

Description of this is found in Annual Report under Paint Division. Detail of expenditures is:

Inventory	$647,037
Less: Inventory acquisition gain	(18,181)
	$628,856
Misc. Other Assets	7,186
Fixed Assets	149,276
	$785,318

Non-recurring acquisition expense was $ 49,865

Personnel taken over totaled 186.

R. C. Pauli & Sons - 10/1/58

Subsequent to the end of our fiscal year, we entered a contract for the purchase of the bulk spice business of R. C. Pauli & Sons effective November 1, 1958. This firm is well known on the West Coast and is active in foreign markets.

Under the contract, we purchased inventory and equipment which will be moved, no later than January 15, 1959, to a location in Berkeley which we have leased for the manufacturing operations.

Proposed costs of this operation are:

Purchased by contract		
Inventory	$132,995	
Equipment	50,000	$182,995
Additional expenditures		
Dismantling & moving eqpt.	$ 12,000	
New equipment	26,740	
Improvements-leased bldg.	7,115	$ 45,855
		$228,850

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The lease is for 2 years, with 2-year renewal option.

In addition to the contract of purchase, we have entered employment contracts for one year with Harold and Thomas Pauli at salaries of $12,000 and $10,000, respectively, and also consultant's contracts with both men for five years, at a total fee of $62,500 each.

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 Sale 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	1,308,733	(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	9,996,663	(372,378)	(414,580)	(197,934)	2,383,320
Elmhurst Bldg. 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
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	1,258,763	27,555,267*
Southern Pine 2/28/58	1,070,947	103,448	68,240	(76,237)	292,555
TOTAL	$61,561,586	$ 886,871	$ 841,792	$ (566,143)	$41,845,701
After Tax Profit on Sales and Abandonments				~~$ 632,103~~	195,592

	Book Value	After Tax Cash Received	Excess Cash Over Book Value
Fixed Assets - Sold	$17,072,644	$18,440,613	
Fixed Assets - Abandoned	2,304,320	1,198,246	
	$19,376,964	$19,638,859	$261,895

1958 Abandonments

1958 Sales of Units Abandoned - $32,937,052 (Will not have in 1959)

Pre-Tax Profit (Loss) on 1958 Abandonments:	St. Helena (Published)	$(1,215,239)
	All Others	43,618
		$(1,171,621)
After Tax Cash Profit Flow from Sales and Abandonments		$ 831,438
Profits Applicable to Future Years (Chemurgy) Pre-Tax $1,337,631; After Tax		$ 1,003,223

* Estimated on exercise of option to buy property 9/1/61.

Sale of Eastern Margarine and Salad Products

Norwalk equipment and business and Iron Street business sold to Miami Margarine on 2/1/57. Macon plant and business sold to J. H. Filbert on 3/1/57. Total cash freed up on basis of last 4-year average assets was $2,248,600 and total Net Loss eliminated on basis of last 4-year's average was $414,580.

In fiscal 1958, refinery tonnage sales of oil to Miami and Filbert were 3,600,000 pounds more than sold to these companies and used ourselves in margarine and salad production in the last full year before the sales. Gross Profit on these increased pounds was $51,000, against which there were only nominal selling expenses. In addition, we received $73,192 in royalty income from Miami.

Move of Elmhurst

During fiscal 1957 and 1958, we closed Elmhurst and moved the refinery operations to Louisville and the C&C operations to Bethlehem. Shutdown and moving expenses incurred were:

	Fiscal 1957	Fiscal 1958	Total
Shutdown Elmhurst & Idle Plant	$268,906	$140,276	$409,182
Moving Refinery	98,678	6,511	105,189
Moving C&C and Start-Up	16,562	187,503	204,065
Total Non-Recurring Oper. Costs	$384,146	$334,290	$718,436
Loss on Elmhurst Equip. Aban. or Sold	267,959	18,473	286,432
(Gain) on Elmhurst Bldg. Sold (Incls. two adjust. taken on books in f.y. '59)		(34,192)	(34,192)
Total	$652,105	$318,571	$970,676

At Bethlehem we have:

Investment in new equip. and install. of both new and old equip.	$470,012
Building Alterations	316,340
Annual Rental Cost	67,500

Lease Term - 20 years to August 1, 1977, with option for 10 more years at $54,000/year.

Final Net Profit for Louisville Eastern Region in 1958 was $283,140 compared to $60,405 loss for the Elmhurst Refinery in 1956. These increased profits resulted despite a 19% decrease in tonnage.

St. Helena Abandonment

The abandonment of St. Helena is of a physical plant only, with the business being taken over by the new Adrian Joyce Works. Thus, there is no elimination of sales and profits.

The loss of $1,215,239 recorded in 1958 is a total of the loss taken on the sale of the equipment, $451,428; the loss on writedown of inventory, $77,042; and the loss on writedown of land and buildings to a sound appraised value, $686,769.

Chemurgy

The disposition involving our entire Chemurgy Division on September 1, 1958 is described in detail in our Annual Report.

Extraneous Expenses Reducing Income 58¢ Per Share

The abandonment of St. Helena, start-up expenses at Adrian Joyce Works, Port St. Joe, Bethlehem, and other non-receiving costs reduced earnings 58¢ per share.

	Before Tax	After Tax	Per Share
St. Helena	$ 1,215,239	$ 583,315	25¢
Adrian Joyce Start-Up	792,999	380,640	17
Port St. Joe Start-Up	407,018	195,369	9
Bethlehem Start-Up	187,503	90,000	4
Misc. Shutdowns & Capital Losses	261,140	78,342	3
	$ 2,863,899	$1,327,666	58¢

We had 29¢ start-up and non-recurring expense in 1957 as follows:

	Before Tax	After Tax	Per Share
Elmhurst Moving, Shutdown and Loss on Equipment	$ 652,105	$ 313,010	14¢
Margarine-Salad Products Loss on Sale, Moving, and Shutdown	303,882	145,863	6
Buena Park & Other Capital Losses	60,715	29,144	1
Adrian Joyce Start-Up	168,447	80,855	4
St. Joe Start-Up	188,184	90,328	4
	$ 1,373,333	$ 659,200	29¢

Advertising Expense

	Advertising	% To Sales	Promotion	% To Sales	Total	% To Sales
1958	$3,911,358	1.79%	$529,028	.24%	$4,440,386	2.03%
1957	4,089,903	1.81	598,953	.26	4,688,856	2.07
1956	4,192,647	1.85	923,723	.41	5,116,370	2.26

The Annual Report states "Advertising expenses were $250,000 lower, due to elimination of certain margarine and salad products during preceding year.

Mine Exploration

The zinc mine exploration commenced in 1951 was abandoned in 1956 at an after-tax cost of $563,772. The lease entered for mining of ilmenite on Cumberland Island was cancelled in December, 1957, without any activity taking place due to the inability of the lessor to resolve estate and legal problems.

Bonus Plan

Original plan adopted 2/8/51, revised 2/14/52. At 1955 meeting Gilbert suggested provision preventing bonus to top officers until certain dividends have been paid.

In our plan we must earn 12% pre-tax on bonus net capital employed before we have any income on which to calculate a bonus provision of 7%. In 1958 we had to earn over $13,500,000 pre-tax before any provision could be made for bonus, so none was made. With this limitation it is felt our stockholders are well protected.

Since 1951, with maximum bonus available of $2,363,587, we have returned to profit $952,087, leaving $1,411,500 for bonus pay-out. Lowest number of awards made in any year 48, highest 212.

Gilbert also suggested submitting bonus plan to stockholders every five years, but we think this is only necessary when there is a material change.

Other Income - Published P & L

The major items this year and last year were:

	1958	1957
Royalties	$ 413,654	$ 516,780
Fire Recovery Gains	257,946	718,115
Interest Earned	107,483	64,108
Gain (Loss) Disposal Capital Assets	54,731	(448,563)
Other	68,638	146,152
	$ 902,452	$ 996,592

The $103,000 decrease in Royalty income is accounted for by the 1957 TiO_2 royalty of $200,000, which is only partly compensated for by the 1958 Pfizer royalty of $110,000. It also should be noted that International had $60,000 of royalty income in 1958 against $6,000 in 1957 much of which stems from former Glidden licenses.

Depreciation

Depreciation, depletion, and amortization charges for 1958 were $5,838,032 against $5,046,378 in 1957. Of the estimated total depreciation charge of $6,800,000 for 1959, there will be $2,200,000 for Chemurgy property leased to Central Soya which will be fully covered by rental payments from them.

Most additions since 1954 have had sum-of-years-digits method applied and there has been rapid amortization of grain storage facilities. These have given excess charges over straight-line depreciation of:

	1958	1957
Rapid Amortization	$1,233,558	$1,182,317
S-Y-D Excess	1,135,863	946,188
	$2,369,421	$2,128,505

Increase in Selling, Administrative and General Expense

Annual Report P & L shows an increase of $1,153,816, or 3.5% while Net Sales had a 3.6% decrease from 1957. Increased Salesmen's Salaries accounts for $1,000,000 of this increase with the bulk of this found in Paint Branches which had a 23% increase in the number of employees from 668 in 1957 to 821 in 1958. These additions of sales personnel are for future pay-off and our Branch Expansion Program has definitely justified itself. The other increase in expense worthy of note was Research, up $340,000.

Major Capital Expenditures - 1958

	Prior to 1958	1958	To Spend After 1958
ADJ Phases 2 and 3	$ 7,450,849	$ 4,068,951	$ 111,227
Reading Expansion	173,601	439,292	21,979
Cleveland Modernization	188,579	293,750	25,688
TiO_2 Ore Handling Facilities	-	347,840	2,069,429
Port St. Joe	3,156,038	254,700	125,678
Terpene Expansion	220,302	32,641	18,257
Jax Lab Addition	-	2,254	127,486
Geraniol and Linalool	-	86,227	23,773
Cleveland Fire Replacement	421,923	673,913	-
Elston Tanks & Piping	38	178,155	-
Bethlehem	183,556	597,089	-
Paint Central Research Lab	266,040	72,294	-
Indianapolis Protein	237,847	446,081	-
		$ 7,493,187	
Other Regular Expenditures - 1958		1,721,208	
		$ 9,214,395	

Research & Development
Including Chemurgy

	1957 Actual	1958 Actual	1958 Budget
Research	$ 809,438	$1,119,048	$1,296,939
Sales Development	1,479,718	1,509,312	1,522,710
Research & Sales Develop.	$2,289,156	$2,628,360	$2,819,649
Control Lab	1,010,522	1,170,393	1,155,260
Total Lab & Research	$3,299,678	$3,798,753	$3,974,909

4 Continuing Divisions Only	1957 Actual	1958 Actual	1958 Budget	1959 Budget	Inc. 1959 Budget Over Actual 1958
Research	$ 731,868	$1,013,666	$1,096,539	$1,186,245	17.0%
Sales Development	1,415,950	1,433,780	1,457,410	1,591,313	11.0
Research & Sales Develop.	$2,147,818	$2,447,446	$2,553,949	$2,777,558	13.5
Control Lab	855,273	927,648	999,760	1,003,298	8.2
Total Lab & Research	$3,103,091	$3,375,094	$3,553,709	$3,780,856	12.0%

Inventories

Total inventories down $6,860,000 from $47,388,000 in 1957 to $40,528,000.

In thousands of dollars	8/31/58	8/31/57	Increase (Decrease)
Paint	$ 16,662	$ 15,420	$ 1,242
Foods	11,383	15,086	(3,703)
C-P-M	7,328	9,825	(2,497)
Organic Chemical	2,076	2,602	(526)
Total Continuing Div.	37,449	42,933	(5,484)
L.I.F.O. Reserve	(677)	(1,044)	367
Published Total	$ 36,772	$ 41,889	$ (5,117)
Chemurgy	3,756	5,499	(1,743)
	$ 40,528	$ 47,388	$ (6,860)

The principal items bringing about this decrease of over $5,000,000 in inventory of continuing divisions were:

Paints -	Acquisition of General Paint ($800,000) and Finished Stock at Branches	$ 1,200,000
Food -	Trading Inventory down $3,100,000	(3,700,000)
C-P-M -	Shutdown of St. Helena and over-all realignment	(2,500,000)
Organic - Chemical	General re-aligament	(500,000)
		$ (5,500,000)

All divisions made substantial reductions in Raw Materials and obtained greatly improved control of all inventories.

Turnover - Ernst & Ernst basis sales to year-end net inventory of continuing divisions:

1958 - 5.91 to 1

1957 - 5.38 to 1

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Pension Plans

	Expense Per Books	8/31/58 Trust Funds on Deposit	No. of Employees Funded	Retired Employees Receiving Benefits	Yield Incl. Cap. Gains on Cost
U. S. Salary	$534,719	$ 9,007,565	1,289	152	4.60%
U. S. Hourly	240,000	2,164,220	911	266	4.89%
Canadian Salary	48,200	520,403	83	6	4.29%
Canadian Hourly	18,000	113,334	51	6	4.60%
Total Funded	$840,919	$11,805,522	2,334	430	
Suppl. Retirement Plan	82,687	-		46	
Total	$923,606	$11,805,522		476	

Total assets at 7/31/58 and in Annual Report - $11,712,422

As of 10/31/58, the cost and market values were as follows:

	Cost Value			Market Value		
		% Invested in			% Invested in	
	Amount	Fixed Income	Equities	Amount	Fixed Income	Equities
U. S. Salary	$ 9,104	63.6%	36.4%	$10,415	51.9%	48.1%
U. S. Hourly	2,217	69.2	30.8	2,521	59.4	40.6
Canadian Salary	530	82.3	17.7	519	79.0	21.0
Canadian Hourly	123	78.4	21.6	124	75.3	24.7
Total	$11,974			$13,579		

At the present time, the Pension Funds own 14,800 shares of Glidden stock with a cost basis of $536,312 ($36.24 per share) and $200,000 of 4-3/4% debentures purchased at offering price of 99%.

Application of Funds

		1958		1957
Source of Funds:				
Net Income		$ 6,063,062		$ 7,264,437
Depreciation		5,838,032		5,046,378
Abandonment of St. Helena Plant		1,215,239		-0-
Total From Operations		$13,116,333		$12,310,815
Long-term Borrowing		(1,500,000)		20,000,000
Disposition of Fixed Assets		1,565,831		1,315,808
Other Sources		100,810		837,416
		$13,282,974		$34,464,039
Disposition of Funds:				
Dividends Declared		$ 4,596,340		$ 4,594,340
Expenditures for Property, Plant and Equipment		9,214,395		12,465,415
Increases (Decreases) in Working Capital:				
Cash - Incr. (Decr.)	$ (285,706)		$4,068,828	
Receivables - Incr. (Decr.)	1,832,770		98,380	
Inventory - Incr. (Decr.)	(6,859,707)		8,895,365	
Other Current a/c's Incr. (Decr.)	(2,013,925)		2,428,707	
Notes Payable - Decr. (Incr.)	3,500,000		2,000,000	
Accounts Payable - Decr. (Incr.)	1,535,105		(1,178,360)	
Accrued Taxes on Income - Decr.	1,861,991		504,113	
Other Changes	(98,289)	(527,761)	587,251	17,404,284
		$13,282,974		$34,464,039

CASH AND BANKING

Bank Relations

The Glidden Company maintains 148 active accounts with 113 banks throughout the United States. Glidden, Ltd., has accounts with two banks in Canada; and Glidden International has accounts with eight banks in various parts of the world.

All cash is collected and deposited in local bank accounts by divisions and branches. Withdrawals from these accounts are controlled at Headquarters by the Treasurer. Major divisions maintain working fund accounts for payment of bills. Such accounts are reimbursed periodically by transfer from Headquarters' accounts.

Branch depository accounts are operated on the depository transfer plan, which provides for the automatic transfer of amounts in excess of fixed balances to regional banks.

Extensive use is made of the bank wire for rapid transfer of funds, and lock box arrangements for collection are used in a number of areas. This enables remittances to be forwarded directly to a post office box in the customer's geographical area, and they are serviced directly by a bank; thus, funds are available more rapidly. Fourteen lock box arrangements are in effect at the present time.

Short-Term Borrowing

A line of credit, for seasonal borrowing use, has been set up for the 1959 fiscal year in the total amount of $10,000,000 and is carried with 17 banks (schedule attached). For the 1958 fiscal year, the line of credit was $25,000,000 and was carried with 23 banks. In addition to bank borrowing, we have actively used the commercial paper market in order to obtain the advantages of lower interest rate and wide distribution of our paper. Such commercial paper is sold through Goldman Sachs & Co.

	Fiscal 1958	Fiscal 1957	Estimated 1959
Average Short-Term Borrowing	12,278,082	12,980,822	500,000
Maximum Short-Term Borrowing			
- Amount	22,000,000	26,000,000	5,000,000
- Date	(11/29-12/4/57)	(11/30-12/6/56)	
Minimum Short-Term Borrowing			
- Amount	2,500,000	500,000	-
- Date	(8/21-8/28/58)	(1/31-2/7/57)	
Year-end Balance	4,000,000	9,000,000	-
Average Interest Rate	3.8%	3.6%	

The outstanding $4,000,000 short-term loans on our balance sheet at 8/31/58 were paid off in full during September, 1958.

Term Bank Borrowing

No changes were made in our term borrowing within the 1958 fiscal year. Loans carried under these categories were as follows:

1. $7,500,000 notes payable to 5 banks. $1,500,000 payable annually 9/1/58 through 9/1/62. Interest rate 3-1/4%.

2. $20,000,000 notes payable to 10 banks under revolving credit agreement. Due 10/31/60. Interest rate 4-1/4%.

Since the close of the 1958 fiscal year, the following payments were made against these borrowings. It should be noted that the payments in November were made concurrently with the receipt of the proceeds of the $30,000,000 debenture issue of November 1, 1958.

	September	October	November	Balance
$7,500,000 notes payable 1958-1962	$1,500,000	-	$ 6,000,000	-
$20,000,000 notes revolving credit (Due 10/31/60)	$4,000,000	$1,000,000	$15,000,000	-

Interest Cost

Total interest expense and effective rates on short-term and long-term borrowing was as follows:

	1957	1958
Effective Short-Term Rate	3.6%	3.8%
Total Dollars	470,918	468,275
Effective Term Borrowing Rate	3.8%	4.0%
Total Dollars	806,858	1,093,750
Over-All Effective Rate	3.7%	3.9%
Total Interest Expense	1,277,776	1,562,025

Debenture Issue

At the present time, the entire indebtedness of the Company (other than normal accounts payable and accrued expenses) is represented by the $30,000,000 of 4-3/4% sinking fund debentures dated November 1, 1958, and due November 1, 1983. The indenture provides for a sinking fund commencing November 1, 1964, to retire $1,500,000 of these debentures annually and is calculated to retire 100% at or prior to maturity. The debentures were offered to the public on October 28, 1958. Net proceeds to the Company after deduction of discounts of 1% and underwriting commissions of 1-1/4% and expenses of issue were approximately $29,220,000. The effective interest cost to the Company will be 4.88%.

The indenture restricts the payment of dividends to net income earned subsequent to August 31, 1958 plus $10,000,000.

The indenture limits Funded Debt (which does not include subordinated debt convertible into common stock) to 35% of total capitalization. This would permit us to currently borrow an additional $13,000,000.

ACCOUNTS AND NOTES RECEIVABLE

	8-31-58	8-31-57
Accounts Receivable	$20,357,000	$18,378,000
Notes Receivable	348,000	471,000
Total	$20,705,000	$18,849,000
Reserve for Bad Debts and Allowances	529,000	506,000
Net Per Annual Report	$20,176,000	$18,343,000
%Bad Debt Reserve to Receivables	2.6%	2.7%
Past Due Receivables		
Dollar Amount	$1,113,000	$ 1,240,000
% of Gross Receivables	5.4%	6.6%
Receivables Charged Off	$ 198,000	$ 268,000
Recoveries Against Receivables Charged Off	74,000	76,000
Net Bad Debt Loss	$ 124,000	$ 191,000

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Bad Debt loss as a percentage of net sales has been as follows:

1958	.06%
1957	.09%
1956	.04%
1955	.02%
1954	.097%

The Accounts Receivable turnover for the entire Company based on year-end Receivables was approximately 35 days. For both 1956 and 1957, the turnover was approximately 30 days. The national median turnover is approximately 35 days. It should be noted that our figure is higher because of the inflation of Receivables due to the Chemurgy sale. Turnover, excluding the Chemurgy Division, was 30 days for 1958, compared to 32 days in both 1956 and 1957.

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

	1958	1957
Paints	53	55
Foods	23	23
Chemicals-Pigments-Metals	6	6
Chemurgy	14	11
Organic Chemicals	3	3
Private Ledger	1	2
	100%	100%

It is of significant importance that since August 31, 1958, over 97% of the Chemurgy Division receivables have been collected and the reserve is adequate to cover the uncollected balance.

Decrease of $7,895,000 in Cost of Products Sold

$6,418,000	due to decreased Net Sales
1,477,000	due to decreased cost of raw materials
$7,895,000	

Labor, Wage and Salary Ratios

	1958	1957
Cost of Products Sold	$168,979,340	$176,874,019
Manufacturing Labor & Wages	$ 12,344,327	$ 13,162,132
% Wages to Cost of Sales	7.31%	7.44%
Net Sales	$217,352,681	$225,537,291
All Wages & Salaries	$ 35,203,072	$ 34,621,792
% to Sales	16.20%	15.35%

Average Assets and Profit Return

	Average Assets	% Return
Paints	$ 39,957,855	16.5%
Foods	24,667,224	16.8
Chemicals	29,799,352	5.8
Organic Chemical	7,981,319	4.7
Chemurgy	27,300,225	5.4
Total Division	$129,705,975	11.0%
Total Company	$139,740,466	8.8%

Donations

The donations policy of the Company provides for reasonable support to educational, 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 Foundation. 1958 winners were: Ronald Lewis, Chicago (Harvard); Alan Block, Louisville (Antioch); Robert Berlo, San Francisco (University of San Francisco); and Douglas Chapin, Atlanta (Duke).

2. Cooperative Contribution Plan, under which the Company makes unrestricted grants to degree-granting universities in an equal amount to the donations made by employees of the Company to such colleges and universities.

3. Chemistry lectureship grants provided to five United States universities and one Canadian university 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, such as Case and Western Reserve.

5. Grants to selected foundations, including Ohio Foundation for Independent Colleges.

In the Welfare and Health category, the Company has supported United Fund, Community Chest and Red Cross 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.

	Donations		
	1958	1957	1956
Education	34%	22%	31%
Health & Welfare	57	70	61
Other	9	8	8
Total Donations	$69,066	$70,811	$69,812
% of Net Profit	1.14%	.97%	.86%
Per Employee	$10.95	$10.97	$10.93

Insurance

FIA coverage on all manufacturing properties except Canada, Buena Park, San Francisco, New Orleans, St. Louis, Minneapolis Varnish only, Portland, Tulsa, Berkeley, Iron Street, Collinsville, Scranton, Jacksonville Southern Pine only, Valdosta and Calumet and River Elevators. This FIA policy for fire, wind, hail, explosion, aircraft, smoke, vandalism and sprinkler leakage.

FIA coverage is on agreed amount basis, with no co-insurance requirement.

Locations excluded are under separate policies for fire, extended coverage and sprinkler leakage. Are on co-insurance basis - no agreed amount.

Elevators under Underwriters Grain Ass'n policy.

Use and occupancy insurance also in FIA for locations they cover for fire, etc.

Use and occupancy insurance other divisions specific with co-insurance.

Also carry ocean marine and cargo insurance to extent necessary.

Carry boiler and pressure vessel insurance where necessary.

All employees bonded in substantial amount.

Workmen's Compensation - We carry self-insurance in states where possible (11), with an override $1,000,000 policy for catastrophe. Self-insurance on Workmen's Compensation has saved us over $1,000,000 in the last 28 years.

Also carry comprehensive general liability, including product liability. Also liability and property damage.

There were no major fires in the 1958 fiscal year. Seven small fires resulted in total recoverable losses of $10,000.

Total cost of insurance premiums for fire and extended coverage on buildings, machinery and equipment and inventory, plus use and occupancy, was $257,444 for the fiscal year 1958. (This figure should not be given out.)

Insurable value of all buildings, machinery and equipment owned by the Company, but excluding land and foundations which are not insured, is $107,000,000.

Miscellaneous

Glidden shares held by Pension Fund are voted by Hafner & Co., as Nominee of The Cleveland Trust Company, Trustee.

No divisions are in red, and the newly started Port St. Joe tall oil department is the only department of continuing divisions which had a loss for the 1958 year.

We have eliminated all units considered to be returning less than normal profits and are closely watching the few which are marginal. (See Dispositions.)

We have no Treasury stock. See Cash section on Debentures for obvious answer to question on issuance of stock for financing.

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.

We have considered Stock Purchase Plan for Employees, but the Board feels that matters of personal investment should rest with the individual.

Stockholders - 8/31/58 - Total 22,405

		% Shares Held	Aver. Shares Held
Individuals	21,506	67.80%	72
Institutions	299	3.55	273
Brokers	199	14.65	1,692
Nominees	242	13.28	1,261
Foreign	159	.72	104
	22,405	100%	103
Total 8/31/57	21,686		

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Dividends, book value and number of employees all found in 10-year comparison in Annual Report. Attention should be called to the key statistics for period 1949-1958 found in Annual Report.

Directors and key employees - personal information found in "Meet Your Management," October dividend insert.

Auditors

Messrs. N. T. Halvorson, Resident Partner, and A. A. Wilhelm, Assistant Manager, of Ernst & Ernst will be present at the meeting.

Our internal audit staff conducts surprise audits of all operating units of the Company on a schedule calling for visits about once each year.

Foreign Business - International

Glidden International and its subsidiaries are not consolidated with Glidden. Basic reason is greater risk inherent in foreign investment.

Glidden investment in International is $18,018, which represents 100% of outstanding capital stock. In published Annual Report, this amount is included under Other Current Accounts, Advances and Investments. In addition, at 8/31/58 International owed Glidden $126,105 for merchandise purchases from Glidden during August.

International's funds have basically been secured from bank borrowing. At 8/31/58, total bank borrowing was $950,000. This note is guaranteed by Glidden. Interest rate is 3-1/2%.

At 8/31/58, International had investments as follows:

Colombia - Pinturas Ico - Paint - one-third interest	$315,504
Ecuador - Pinturas Ecuatorianas and Distribuidora Americana - Paint - one-third interest	$ 62,837

In addition, International had the following wholly-owned subsidiaries which were consolidated in the International Audited Financial Report (not in Glidden's Consolidated Report).

Mexico	Inactive subsidiary
Panama	Paint Branch

International also is holding a 25% interest in Soya Glidden Argentina, but this stock will be turned over to Central Soya if the option is exercised.

The main office of International is in San Juan, Puerto Rico, and a paint branch also is operated in Puerto Rico.

Glidden International has 7 foreign licensees.

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Sales and profits of International were as follows:

	Sales	Profits
Fiscal 1956	$ 560,112	$ 32,709
Fiscal 1957	$1,684,178	$ 56,603
Fiscal 1958	$3,012,840	$ 68,190

Foreign Business - The Glidden Company

In addition to these sales of International, Glidden sales, indirectly or directly, to overseas companies totaled $5,589,120 (this excludes Glidden sales to International).

The Glidden Company has 18 foreign licensees (in addition to International). Glidden owns 24,000 shares (15%) of capital stock of Fabrica (Cuba) and 777,406 shares (2-1/4%) of the common stock of Ishihara (Japan).

Government Business

Total in 1958, about $2,000,000, includes Federal agencies, state and local government. A small factor and has no problems in Renegotiation or other government control or adjustment. Mostly on bid basis.

Sale and Leaseback

Has been extensively investigated, but is not applicable to our manufacturing operations at present. We do not own our branches and generally lease them for 10-year renewable terms. Bethlehem is only factory building presently leased. (Pauli will be.)

Salaries

Our officers' salary rates, including bonus, are fully in line with studies on this subject, such as AMA. If, anything, slightly lower than companies in similar fields and size.

We must be competitive in total salary and in such things as stock options to attract and hold good men.

While we do not have an outside director to directly police these things, payments are public knowledge in our proxy, and being an inside Board, we are probably more conscious of this feature than if salary rates, etc., were set by outside Board members.

Annual Report

Cost per copy 21¢ (last year, 24¢).

Stockholders Buying Company Products

Should not be granted special opportunities. Too difficult to handle and impractical. Also unfair.

Product Diversification

No immediate plans for acquiring through outside purchase. Will continue to diversify our present line through our own Research. Cannot at present divulge any potential new products that are in development stages.

D. E. ERSKINE

DEE:mlh

THE GLIDDEN COMPANY
BANK CREDIT LINES
Fiscal Year 1959

City and State	Bank Names	Amount
Atlanta, Georgia	The Citizens and Southern National Bank	$ 500,000
Chicago, Illinois	Continental Illinois National Bank and Trust Company of Chicago	1,000,000
Chicago, Illinois	The First National Bank of Chicago	500,000
Cleveland, Ohio	The Cleveland Trust Company	500,000
Cleveland, Ohio	The National City Bank of Cleveland	1,000,000
Cleveland, Ohio	Union Commerce Bank	*
Jacksonville, Florida	Atlantic National Bank of Jacksonville	500,000
Jacksonville, Florida	The Florida National Bank of Jacksonville	500,000
Los Angeles, Calif.	Bank of America, Bell Branch	500,000
Louisville, Kentucky	The Louisville Trust Company	500,000
New York, New York	The Chase Manhattan Bank	1,000,000
New York, New York	Chemical Corn Exchange Bank	500,000
New York, New York	The First National City Bank of New York	1,000,000
New York, New York	The New York Trust Company	500,000
St. Louis, Missouri	The Boatmen's National Bank of St. Louis	500,000
St. Louis, Missouri	Mercantile Trust Company	500,000
San Francisco, Calif.	Wells Fargo Bank	500,000
	TOTAL	$10,000,000

* $1,000,000 available to subsidiary.

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