Thirty-Third

Annual Report

Fiscal Year Ended October 31st,

1950

THE GLIDDEN COMPANY

QUALITY Glidden PRODUCTS

GLD002778

THE GLIDDEN COMPANY

CLEVELAND, OHIO

BOARD OF DIRECTORS

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JOHN A. PETERS, Treasurer

B. W. MAXEY, Controller

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THE NEW YORK TRUST COMPANY
New York City

THE CLEVELAND TRUST COMPANY
Cleveland, Ohio

Registrars

THE CHASE NATIONAL BANK
New York City

CENTRAL NATIONAL BANK OF CLEVELAND
Cleveland, Ohio

THE GLIDDEN COMPANY

CLEVELAND, OHIO

January 9, 1951

To the Stockholders of
The Glidden Company:

Your company continued to progress during the last fiscal year which ended October 31, 1950.

An excellent illustration of this progress is the unit volume of production and sales, which rose more than 20% above that for any previous year in your company's history. Total sales volume in dollars, of course, did not reflect a similar increase because selling prices per unit were lower.

Fiscal highlights of 1950 were the following:

Net sales amounted to $188,607,965.92, compared to $160,143,275.90 for the year 1949.

Net profits, after taxes and all charges, totaled $8,561,660.08, compared to $6,191,923.16 for the previous year. Profit per common share amounted to $4.11 on 1,971,623 shares, compared to a profit of $3.23 per share on 1,780,536 shares last year.

Net worth of your company increased during the year from $56,837,492.20 to $66,194,159.66. This is almost double the $35,115,554.33 net worth of the company in 1945.

At the end of the year the company was free from bank loans and funded debt.

The company has a reserve under the LIFO plan of $4,001,193.57 to take care of market fluctuations.

Comparison of sales and inventory at the close of the fiscal year shows more than $28,000,000 increase in sales and less than $2,000,000 increase in inventory.

The company's retirement funds for employees now total $2,998,153.16, deposited with Trustees. Our pension plans are non-contributory, the company paying the entire cost.

For the fiscal year just closed, each of the company's divisions showed satisfactory profits. The Paint and Varnish Division, in fact, attained the largest sales and profits in the history of this division, largely due to the splendid success of our wonderful new washable wall paint, Spred SATIN. This division is finding it difficult to keep up with the demand for this excellent product.

The Durkee Famous Foods, Chemical and Pigment, Soya Products, Vegetable Oil, and Naval Stores Divisions also showed gains over the results for 1949. Our Soya research laboratories succeeded during the year in improving a synthesis and completing the initial production of Cortisone. Satisfactory costs, however, have not yet been attained. Sales of the Soya Division's Alpha Protein are the highest in history.

Bulk production of related hormones and steroid compounds from soybeans set new high records and raised the gross profits earned to date in this field by our Fine Chemicals Department above a million and a half dollars.

In pursuing our work on cortical compounds, our Soya research laboratories have succeeded in developing other important hormones and fine chemicals which will broaden the scope of the Fine Chemicals Department.

In addition to the foregoing highly satisfactory results, our wholly owned Glidden Company of Canada showed a 25% increase in sales and a 35% increase in profits.

During 1950 the Company invested $2,632,692 in plant additions and spent $2,377,833 for maintenance expenditures. Our policy of producing our own important raw materials, the diversification of manufactured products, and the decentralization of manufacturing plants has proven wise and profitable.

Your company is in a very sound position to meet the changes in our economy which will result from partial mobilization. During the years since the close of World War II we have spent approximately $20,000,000 in rebuilding and modernizing our productive units and research laboratories, and all of our facilities are now in excellent condition.

Our $3,500,000 soybean processing plant in Indianapolis was completed early in 1950, bringing to 37 the number of manufacturing units operated by your company through the United States and Canada.

Our new Titanium pigment plant at St. Helena, Maryland is expected to be in operation in March enabling us to more than double our production of this essential white pigment.

Our experience in World War II clearly indicates that all of our main divisions can easily be converted to a wartime status. The demand for food products is ever increasing, our other regular products have many military applications, and we can readily manufacture many special products needed in the mobilization effort.

In addition to these physical assets, the Company's working force, at all levels, is of top caliber. New personnel policies initiated since the war have enabled us to improve our already high standards of employment and to reach a new peak in quality of personnel. Some of our people have already been called into the Service of our country. When they return, they will find their jobs awaiting them.

These highly encouraging factors indicate your company will continue its progress during the coming year even though it will be a period of mobilization.

The loyal cooperation of all the executives and the employees is gratefully acknowledged.

DWIGHT P. JOYCE
President.

ADRIAN D. JOYCE
Chairman of the Board.

CONSOLIDATED PROFIT AND LOSS AND SURPLUS

The Glidden Company and Subsidiaries

Fiscal year ended October 31, 1950

STATEMENT OF PROFIT AND LOSS

Net sales		$188,607,965.92
Cost of goods sold, selling, administrative and general expenses, including provision of $1,753,845.41 for depreciation and depletion		174,259,592.85
		$14,348,373.07
Other income		384,864.23
		$14,733,237.30
Other deductions:		
Loss on advances to and investments in affiliated companies	$ 214,966.13	
Interest on notes and loans	80,611.09	295,577.22
PROFIT BEFORE TAXES ON INCOME		$14,437,660.08
Taxes on income—estimated		
Federal income taxes	$ 5,600,000.00	
Dominion and state taxes	276,000.00	5,876,000.00
CONSOLIDATED NET PROFIT		$ 8,561,660.08

Note A—Consolidated net profit includes $374,331.91 for the Canadian subsidiary representing that subsidiary's net profit for the year after giving effect to adjustment of its net current assets and miscellaneous other assets to rate of exchange at October 31, 1950.

Note B—Federal taxes on income have been estimated in accordance with provisions of the Revenue Act of 1950. The Company does not anticipate that retroactive tax legislation will require any significant change in such estimate.

SURPLUS

CAPITAL SURPLUS			
Balance at November 1, 1949			$13,270,513.41
Add proceeds of sale of 173,535 shares of common stock in excess of stated value of shares issued			4,461,590.99
Balance at October 31, 1950			$17,732,104.40
EARNED SURPLUS			
Balance at November 1, 1949		$29,785,805.32	
Add net profit for the fiscal year		8,561,660.08	
		$38,347,465.40	
Deduct dividends paid:			
Convertible preferred—$2 25 per share	$ 448,983.29		
Common—$2.10 per share	3,910,279.10	4,359,262.39	
Balance at October 31, 1950			33,988,203.01
TOTAL SURPLUS AT OCTOBER 31, 1950			$51,720,307.41

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CONSOLIDATED

The Glidden Compa

October

ASSETS

Current Assets		
Cash		$ 5,412,295.09
Dominion of Canada Victory Loan Bonds		143,898.34
Trade accounts receivable (includes notes $242,736.94)	$15,243,061.24	
Less allowances for doubtful accounts	495,510.77	14,747,550.47
Inventories—raw materials, in process, and finished goods:		
Principal raw materials are stated at cost (last-in, first-out method) which did not exceed replacement market; other items are stated at the lower of cost (accumulated average) or replacement market		31,095,011.92
Other current notes and accounts receivable, advances and investments		2,638,375.09
Total Current Assets		$54,037,130.91
Other Assets		
Advance payment on account of possible federal income tax assessment	$ 1,000,000.00	
Cash surrender value of life insurance	765,605.00	
Miscellaneous notes and accounts receivable, advances and investments	687,996.02	
Estimated refund of federal and dominion taxes on income of prior years	248,511.17	2,702,112.19
Property, Plant, and Equipment		
Gross amounts represent cost less write-down in 1932		
Land	$ 2,881,330.13	
Buildings, machinery, and equipment	42,672,851.51	
	$45,554,181.64	
Less accumulated depreciation, depletion, and amortization	18,632,139.78	26,922,041.86
Deferred Charges		
Prepaid insurance and expenses		649,968.61
		$84,311,253.57

BALANCE SHEET

ny and Subsidiaries

31, 1950

LIABILITIES, CAPITAL STOCK, AND SURPLUS

CURRENT LIABILITIES			
Accounts payable			$ 8,520,441.14
Accrued taxes, royalties, and insurance			769,068.18
Federal, state, and dominion taxes on income—estimated			6,327,584.59
TOTAL CURRENT LIABILITIES			$15,617,093.91
RESERVE			
For contingencies			2,500,000.00
CAPITAL STOCK AND SURPLUS			
Capital stock:			
Convertible preferred 4½% cumulative, par value $50.00 a share redeemable at $52.50 a share, each share convertible into approximately 1.498 shares of common stock:			
Authorized 200,000 shares			
Issued and outstanding 199,540 shares		$ 9,977,000.00	
Common without par value:			
Authorized 3,000,000 shares			
Outstanding including treasury shares, 1,994,585 shares			
Reserved for conversion 298,911 shares			
Stated capital		4,986,462.50	
Capital surplus		17,732,104.40	
		$32,695,566.90	
Earned surplus (includes $2,677,344.52 of surplus of Canadian subsidiary)	$33,988,203.01		
Less common stock in treasury 22,962 shares, at cost (including 19,197 shares reserved for sale to certain officers and key employees)	489,610.25	33,498,592.76	66,194,159.66
			$84,311,253.57

Note—Assets of Canadian subsidiary included herein comprise net current assets and miscellaneous other assets, $1,896,553.77, after adjusting for exchange at October 31, 1950, and property, plant, and equipment, $563,989.03, at cost to the subsidiary.

GLD002784

ERNST & ERNST
CLEVELAND
UNION COMMERCE BUILDING

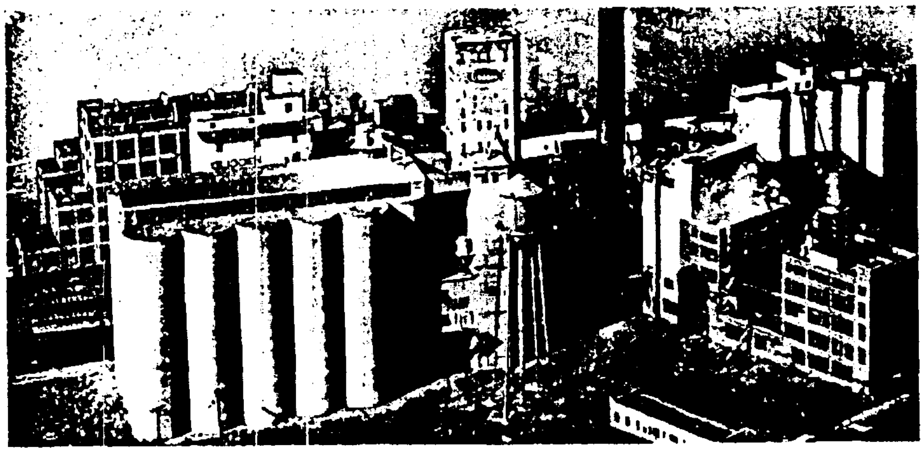
Board of Directors,
The Glidden Company,
Cleveland, Ohio.

We have examined the consolidated balance sheet of The Glidden Company and subsidiaries as of October 31, 1950, and the related statements of consolidated profit and loss and surplus for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of profit and loss and surplus present fairly the consolidated financial position of The Glidden Company and subsidiaries at October 31, 1950, and the consolidated results of their operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST
Certified Public Accountants

Cleveland, Ohio
December 18, 1950



The Glidden Company's efficient new soya processing plant in Indianapolis, completed in 1950, is representative of the company's thirty-seven modern operating units.

GLIDDEN DIVISIONS

PAINT

The Glidden Company
Cleveland, Ohio
The A. Wilhelm Company
Reading, Pennsylvania
The American Paint Works
New Orleans, Louisiana

The Campbell Paint & Varnish Co.
St. Louis, Missouri
The Glidden Company
Minneapolis, Minnesota
Nubian Paint & Varnish Company
Chicago, Illinois

The Glidden Company, Ltd.
Toronto, Ontario, Canada
The Glidden Company
San Francisco, California
Adams & Elting Company
Chicago, Illinois

FOOD

Durkee Famous Foods
Elston Avenue, Chicago, Illinois
Durkee Famous Foods
Iron Street, Chicago, Illinois
Durkee Famous Foods
Norwalk, Ohio

Durkee Famous Foods
Portland, Oregon
Durkee Famous Foods
Louisville, Kentucky
Durkee-McCadam Company
Cambridge, Mass.

Durkee Famous Foods
Berkeley, California
Durkee Famous Foods
Elmhurst, Long Island, New York
Durkee Famous Foods
Macon, Georgia

CHEMICALS, PIGMENTS AND METALS

The Chemical & Pigment Company
St. Helena (Baltimore), Maryland

The Chemical & Pigment Company
Oakland, California

The Chemical & Pigment Company
Collinsville, Illinois

Metals Refining Company
Hammond, Indiana

Euston Lead Company
Scranton, Pennsylvania

SOYA PRODUCTS

The Glidden Company
Chicago, Illinois
The Glidden Company
Indianapolis, Indiana

NAVAL STORES

The Glidden Company
Jacksonville, Florida
The Glidden Company
Valdosta, Georgia
E. W. Colledge, General Sales Agent, Inc
Jacksonville, Fla.

FEED MILL

The Glidden Company
Indianapolis, Indiana

VEGETABLE OILS

The Glidden Company
Buena Park, California

The Glidden Company
Berkeley, California

The Glidden Company
Portland, Oregon

MINES

The Chemical & Pigment Company
Barytes Mines
Battle Mountain, Nevada

Yadkin Mica and Ilmenite Company
Lenoir, North Carolina

Retail Stores and Warehouses in the Principal Cities

AFFILIATED CORPORATIONS

Growth Products Company
Pascagoula, Mississippi

Jacksonville Processing Corporation
Jacksonville, Florida

DIVERSIFIED PRODUCTS BY GLIDDEN

FOODS

Durkee's Grade AA Margarine
Durkee's Mayonnaise
Durkee's Whipped Salad Dressing
Durkee's Shortening
Durkee's Bakers Margarine
Durkee's Coconut
Durkee's Spices and Extracts
Durkee's Famous Dressing
Durkee's Worcestershire Sauce
Special Ingredients for Bakers and Confectioners

SOYBEAN PRODUCTS

Alpha* Protein
Prosein*
Soya Meal
Lecithin
Fine Chemicals—Steroids
Soya Sterols
Cortical and Sex Hormones
Soya Flour
Soya Flakes
Edible Emulsifiers

LIVE STOCK AND POULTRY FEEDS

Glidden Cattle and Hog Feeds
Glidden Poultry Feeds
Glidden Feed Concentrates

PAINTS, VARNISHES AND LACQUERS

SPRED SATIN
SPRED Flat
SPRED Luster
Endurance* House Paint
Endurance* Imperial House Paint
Japalac*
Ripolin* Enamel
Spray-Day-Lite
Brush-Day-Lite
Speed-Wall*
Gliddenspar Varnish
Florenamel
Pli-namel
Glidair Aviation Finishes
Nubelite
Nubelon
Glid-Tone Stains
Industrial Paints
Industrial Lacquers, Enamels and Varnishes
Finishes for all Manufactured Products

GLID-N Specialties:

Insecticides
Liquid Cleaners
Floor Wax
Furniture Polish
Brush Restorer

VEGETABLE OILS

Soybean Oils
Cottonseed Oils
Coconut Oils
Peanut Oils
Corn Oils
Palm Oils
Linseed Oils

CHEMICALS AND PIGMENTS

Zopaque* Titanium Dioxide
Sunolith* Lithopone
Cadmolith* Cadmium Colors
Litharge
Red Lead
Euston* White Lead
Cuprous Oxide
Bleached Barytes
Zinc Sulphate Crystals
Copperas
Coal Tar Products

METALS AND MINERALS

Cubond* Brazing Compounds
Powdered Iron, Copper, Lead and Tin
Glidden Type Metal
Babbitt Metal
Barite
Ilmenite

NAVAL STORES

Nelio* Rosin
Sunny South* Turpentine
Pigmentar (Pine Tar)
Alpha Pinene
Beta Pinene
Guai-a-phene*
Glidcol Anti-Skinning Agents
Terpene Chemicals
Camphene
Anethole
Nopol
Rosin Oils
Gloss Oils
Sunny South* Pine Oil
Terpex
Merez Metal Resinates
Nelio* Resin
Pine Wood Charcoal
Pinap Solvents
Rubber Compounding Agents

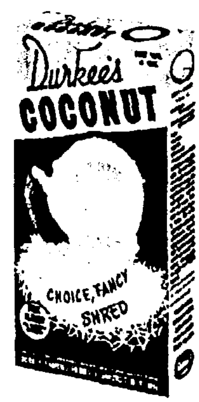
**Trademark Registered*

Much of The Glidden Company's business comes from the processing and production of raw materials for sale to other industries.

SOME LEADING CONSUMER PRODUCTS BY GLIDDEN

Durkee's Own Grade AA Margarine is made under the most exacting standards. Comes in yellow, quarter-pound prints in states permitting sale of the pre-colored product. Elsewhere, the convenient Color-Ease package is available.

Durkee's Spices have been favorites with the best cooks for more than one hundred years. Carefully ground and blended from the finest ingredients in the world, Durkee's spices have always been leaders in quality, flavor and purity.



Durkee's Famous Dressing, made from a secret recipe, has been America's favorite for generations. It adds zest to countless dishes, from salads to meats.

Durkee's Coconut, with its natural coconut flavor, comes two ways: fancy-shredded in the familiar blue and yellow carton and extra-moist in air-tight tins.

Spred Satin, with its synthetic rubber emulsion base, is the first truly washable interior paint.

Endurance Imperial was the first and is the leading one-coat outside white house paint.

Ripolin is famous throughout the world as the finest interior white enamel ever produced.

Japalac Enamel is the perfect quick drying, high gloss finish for most interior or exterior surfaces.

These are typical of the many top-quality consumer products made by The Glidden Company. Ask for them at your retail store.

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