NOTES FOR ANNUAL MEETING

December 12, 1963

N 2264

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December 12, 1963

NOTES FOR ANNUAL MEETING
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I. Balance Sheet Review

A. Cash and Banking

The Glidden Company maintains the following bank relationships:

	Glidden	Ltd.	Int'l.
Major Accounts and Credit Line Banks	25	3	5
Other Bank Relationships	152	1	7
Total	177	4	12
Total Number of Bank Accounts	226	9	25

Cash is collected at 207 collection points in the U.S. and Canada, and is deposited in local bank accounts. In addition, 24 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 27 regional collection centers and are under the control of the Headquarters' Banking Department.

Invoices are paid by a central Accounts Payable Department and Division Accounts Payable Department which maintain working fund accounts. Funds are transferred to working fund accounts periodically by the Headquarters' Banking Department, using bank wire and check transfers. Accounts payable is in process of being regionalized with computer centers at Cleveland, Chicago and Millbrae, California. 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, 1963, we reflected $5,964,509.00 of short-term securities at cost on the Balance Sheet. These consisted of the following:

U. S. Treasury Bills	$2,973,345.00
Commercial Paper	2,990,764.00
Telephone Company of Mexico Stock (GICA)	400.00
	$5,964,509.00

I. Balance Sheet Review

B. Short-Term Securities - continued

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.

During the year, our average short-term portfoloio was $3,151,659.00. The average after-tax interest income was 1.52% (3.17% equivalent before tax). Our liquid position at fiscal year end enabled us to invest heavily and take advantage of favorable short-term money market rates which began to rise significantly at mid-summer.

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

	8/31/63	8/31/62	8/31/61	8/31/60
Accounts Receivable	$24,835	$23,884	$21,933	$18,919
Notes Receivable	406	685	323	374
Total	$25,241*	$24,569*	$22,256	$19,293
Reserve for Bad Debts and Allowances	$ 510	$ 502	$ 419	$ 565
Net per Annual Report	$24,731	$24,066	$21,836	$18,728
%Bad Debt Reserve to Receivables	2.1%	2.1%	1.9%	2.9%
Past Due Receivables:				
Dollar Amount	$ 2,465	$ 2,492	$ 2,114	$ 1,864
% of Gross Receivables	9.8%	10.1%	9.5%	9.7%
Receivables Charged Off	$ 527**	$ 367	$ 407	$ 271
Recoveries Against Receivables Charged Off	$ 160**	$ 124	$ 91	$ 110
Net Bad Debt Loss	$ 366**	$ 243	$ 316	$ 161

Bad Debt Loss as % of Sales:

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

* Includes $1,207 International Receivables in 1962 and $1,530 in 1963.
** Includes International chargeoffs $33, recoveries $6, net loss $27.

I. Balance Sheet Review

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

Accounts receivable turnover for entire company approximately 38 days. This compares to 37 days in 1962 and 39 days in 1961. Slightly slower turnover reflects the generally slower collection of receivables by all business. National median approximately 35 days for manufacturers compared to 34 days in 1962.

Net bad debt losses of $366,000 represent an increase of $123,000 or 50% over the prior year on a sales increase of $3,000,000. However, this for the first time includes International losses which were $27,000. In 1961, we had net losses of $316,000 on sales of $206,000,000 or $34,000,000 less sales than the current year. Dun and Bradstreet reports failure liabilities for all business continued at historical peaks during the year, exceeding previous records set in 1962.

In addition to general business conditions, trend of company to sales through branches influences our bad debt losses and turnover of receivables. Instead of dealing with a smaller number of larger firms performing a distribution function, we now deal directly with wide range of accounts formerly serviced by distributors, and this tends to lead to increased losses and slower turnover. Additionally, we are aggressively expanding our sale activities in the painter-maintenance field where receivables are inherently slower turning as most contractors, through long-established trade practice, pay suppliers from the final job settlement. Secondly, branch credit functions are performed by less competent and well qualified personnel than those employed in regional offices, and this has had similar effects.

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

	1963	1962	1961	1960
Coatings & Resins	59%	60%	63%	64%
Foods	19%	19%	24%	23%
Chemicals	16%	17%	13%	12%
International	6%	4%		
Private Ledger	Nominal	Nominal	Nominal	1%
	100%	100%	100%	100%

D. Inventories

Published total inventory increased $3,827,000 over Fiscal 1962. Changes by Group were as follows in thousands:

	August 1963	August 1962	Increase (Decrease)
Coatings and Resins	$18,767	$19,205	$ (438)
Foods	20,305	16,433	3,872
Chemicals	12,941	12,726	215

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I. Balance Sheet Review

D. Inventories (Continued)

	August 1963	August 1962	Increase (Decrease)
Development	$ 87	$ 131	$ (44)
International	762	637	125
	$52,862	$49,132	$ 3,730
LIFO Reserve	(254)	(330)	76
Canadian Devaluation	(159)	(180)	21
	$52,449	$48,622	$ 3,827

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

Coatings and Resins - The total decrease of $438,000 consisted of decreases of $215,000 in raw materials and $223,000 in finished stock. The raw materials decrease reflects an improvement in our purchasing and control techniques. The reduction of finished stocks was attributed to improved coordination between the production and sales department keeping inventory investment in line with current needs.

Foods - Inventories in the Foods Group have increased $3,872,000 over last year. The major portion of this increase, or $3,368,000, was attributed to Durkee Trading. The remainder of the increase was reflected in moderately higher levels of both raw materials and finished stocks at most of the Divisions.

Chemicals - The Chemicals Group inventory was $215,000 higher than a year ago. Raw material stocks at Adrian Joyce have been reduced $597,000 chiefly due to the availability of Lakehurst Ore. However, this decrease was more than offset by a $1,298,000 increase in finished stocks at this location resulting from higher operating requirements and the maintaining of more grades of TiO_2 for competitive purpose. Stocks at Hammond have been reduced $246,000 due to the use of the new fluo-solids process.

International - The reported increase over last year was $125,000. This increase was primarily the result of increased operating requirements at all of the overseas units.

LIFO Reserve - Lower price levels in various Foods Group oil stocks resulted in a decrease of $76,000 in the LIFO Reserve.

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I. Balance Sheet Review

D. Inventories (Continued)

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

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.

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 also projected into requirements on a daily basis.

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:	1963	1962
Margin Advances (Durkee)	$ 344,635	$ 254,893
Material Deposits (Chemicals)	3,865	79,539
Creditors' Debit Balances	-	74,511
Hellenic Lines	-	302,678

NOTES FOR ANNUAL MEETING

I. Balance Sheet Review

E. Other Current Accounts and Investments - continued

	1963	1962
Installment Sales	$ 11,071	$ 20,323
Wood & Selick Coconut Co. (Bethlehem)	36,402	39,181
Billiton (G.I.C.A.)	-	182,889
Treasurer of U.S.	31,753	-
Pincasa - Guatemala & Costa Rica	100,676	
Shedd-Bartush Payments (Berkeley)	423	13,065
Misc. Notes and Accounts	491,640	465,601
	$1,020,465	$1,432,680

F. Prepaid Insurance and Other Expenses

Detail at August 31 was:	1963	1962
Prepaid Insurance	$ 294,119	$ 523,575
Prepaid Taxes	146,838	169,652
Prepaid Royalties	15,000	31,940
Other Prepaids	51,022	55,780
	$ 506,979	$ 780,947

G. Property

For schedule of major capital expenditures and 1964 forecast, see pages 27.

Depreciation is covered on page 13.

Insurable value of all buildings, machinery and equipment is $113,000,000
Rental obligations for buildings occupied by company units are covered on page 8.

H. Other Assets and Deferred Charges

Detail at August 31 was:	1963	1962
Prepaid Bond Discount and Expense	$ 621,415	$ 652,231
Investments -		
Chicago Board of Trade	34,701	34,701
A/S Fjord-Plast - Norway	-	47,595
Industrias Glidden de Puerto Rico	-	1,000
International Subsidiaries (detail P39)	2,520,508	1,294,387
Miscellaneous	9	107
Deferred Research and Engineering Costs	570,960	485,649
Employee Loans	115,385	92,208
Loan to Pincasa - Guatemala	65,000	125,000
Trans-Caribe Supply Co., Reliable Water Heater Company	661,422	500,000
Patents and Patent Rights	303,504	325,992
Misc. Notes and Accts. Receivable	92,956	170,631
	$4,985,860	$3,729,501

NOTES FOR ANNUAL MEETING

I. Balance Sheet Review

I. Short and Long-Term Financing

1. Short-Term Borrowing and Bank Lines of Credit

	Fiscal 1963	Fiscal 1962
Average Short-Term Borrowing	$ 765,753	-0-
Maximum Short-Term Borrowing		
Amount	3,000,000	-0-
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	4.5%	-0-
Date of Pay-Off of Last Short-Term Borrowing	6/20/63	-0-

At August 31, 1963, 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	11,000,000
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 1964 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 - continued

2. Debenture Issue

The entire 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.

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 a 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, 1963, market price of debentures has varied from a high of 103 3/8 to a low of 101 1/2. Market price as 101 1/2 on 8/31/63 and was ______ on December 11, 1963.

J. Contingent Liability

Federal income tax returns have been examined through 1958 and final settlement made. The use of the new "Guide Line" lives of fixed assets in computing our tax depreciation resulted in an excess of $2,193,373 over book depreciation. Provision for the tax on this difference amounting to $1,140,554 was made in 1963. No problem in government contracts through renegotiation or otherwise.

The detail of major real estate lease commitments at August 31, 1962 is (CONFIDENTIAL - DO NOT RELEASE):

	Total Contract	Fiscal 1964
Paint Branches		
Active	$5,875,417	$1,355,191
Pending	327,375	22,520
	$6,202,792	$1,377,711
Bethlehem Plant	939,375	67,500
Cleveland Executive Offices	1,813,675	217,640
Miscellaneous Facilities	801,717	190,065
	$9,757,559	$1,852,916

In 1963 a reserve of $90,000 was provided for contingent liability of pending litigation.

I. Balance Sheet Review

K. Stock and Stockholders

1. Common Stock (2,332,485 shares o/s at 8/31/63)
   Preferred stock (197,270 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, 1963 through November 12, 1963, the price of the Company's stock ranged between a high of 44-5/8 and a low of 36-1/8, (See Annual Report, Pages 10-11, for prior years). During this same period, an average of 982 shares were traded each day on the New York Stock Exchange.

The closing price of Glidden Common Stock on December 11, 1963, was ________________.

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.

      (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 4, 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) 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.

      (5) The Company is obligated to set aside on or before November 15 of each year out of the earnings of the

NOTES FOR ANNUAL MEETING

I. Balance Sheet Review

K. Stock and Stockholders - Continued

previous fiscal year the sum of $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, 1962, 1630 preferred shares were bought in at an average cost of $49.99 per share.

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 preemptive 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 is now in the process of converting stockholder records to electronic data processing on Glidden's own IBM 1401 computer. It is anticipated that conversion will be completed by January, 1964, and that thereafter, commencing with the April quarterly disbursement, all dividend payments and other stockholder mailings will be completely automated at a considerable cost saving to the Company.

3. Holdings of shares as follows:

	August 31, 1963			August 31, 1962		
	No. of Shareholders	% Shares Held	Avg. Shs. Held	No. of Shareholders	% Shares Held	Avg. Shs. Held
Individuals	19,942	60.27%	71	20,181	61.69%	71
Institutions	362	5.68%	366	359	5.35%	347
Brokers	172	9.74%	1,320	173	10.00%	1,346
Nominees	333	24.31%	1,703	330	22.96%	1,621
Total	20,809	100.00%	113	21,043	100.00%	111

NOTES FOR ANNUAL MEETING

II. Operating Statement

A. Gross Profit

	Published 1963	1962
Ratio to Net Sales	28.92%	27.35%
Dollars	$69,694,797	$65,063,802

Increase 1963 over 1962	
Due to Net Sales Increase	$ 840,300
Due to Gross Margin	3,790,695
Net 1963 Increase	$4,630,995

B. Selling and Administrative Expense

The Annual Report shows a Selling and Administrative Expense increase of $4,082,000 or 8.0% on a net sales increase of 1.3% in 1963.

The major increases (decrease) by caption in 1963 are as follows:

Sales Compensation	$ 438,000
Salesmen's Expense	(104,000)
Sales Administrative Salaries	(14,000)
Travel	(123,000)
Storage	120,000
Advertising (local and national)	449,000
Samples and Allowances	82,000
Product Development, Technical Service	410,000
Research	523,000
Office Salaries	584,000
Office Supplies	29,000
Communications	44,000
Occupancy	166,000
Employee Benefits, Payroll Taxes	154,000
Professional Services	66,000
Retirement, Bonus	638,000
Development Costs	382,000
Donations, Organization Dues	61,000
Data Processing	139,000
All Other	38,000
Total	$4,082,000

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

	Increase over prior year 1963	1962
Coatings and Resins	$ (298,000)	$2,318,000
Foods	1,958,000	1,542,000
Chemicals	1,680,000	1,779,000
International	390,000	897,000
Headquarters	201,000	360,000
Development	151,000	-
Total	$4,082,000	$6,896,000

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II. Operating Statement

No single item stands out significantly to account for the decrease in the Coatings and Resins Group.

In Foods the Wolcott Division accounts for $970,000 of the over-all increase. Other items, after excluding Wolcott, were Corporate and Group Administration up $347,000; Sales Compensation up $139,000; and Advertising up $91,000.

In the Chemicals Group increases of $505,000 in Research, $480,000 in Development Costs and $377,000 in Technical Service account for 81% of the total increase.

Increases in International Selling and Administrative Expense amounting to 42.5% were in line with a 46.2% increase in sales.

Headquarters

Headquarters Administrative expenses were $8,860,000 this year, compared to $7,340,000 last year and $6,345,000 in 1961. The following schedule separates Pension Costs and Professional Services from other administrative expenses.

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

The increase in other Administrative expenses was $689,000 in 1963 and $723,000 in 1962 over the preceding year. This other Administrative expense is further broken down among the four Groups and the Corporate Administrative functions in the following schedule: (In Thousands)

	1963	1962	1961
Coatings and Resins Group Administration	$1,535	$1,953	$1,808
Foods Group Administration	660	466	441
Chemicals Group Administration	347	269	255
International Group Administration	296	158	51
Corporate Administration	4,502	3,805	3,373
Total	$7,340	$6,651	$5,928

Office Salaries, up $432,000; Data Processing, up $118,000; and Occupancy, up $64,000 were the principal increases.

C. Other Income - Published P & L - The major items this year and last were:

	1963	1962
Interest Earned	$236,601	$207,139
Gain (Loss) - Disposal of Capital Assets:		
Fjord-Plast Common Stock & Surplus	(47,315)	
Minneapolis Land	9,887	
Baltimore Abandonment Loss	(19,021)	
Other	364	(4,952)
Sale of Blue Chevron Trademark		25,000
Sale of Tulsa Fixed Assets		(7,813)
Other:		
Board of Trade (Chicago) Net Profit	127,293	154,216
Scrap and Residue Sales	119,849	91,659
Miscellaneous	134,364	135,661
	$562,022	$600,910

NOTES FOR ANNUAL MEETING

II. Operating Statement

D. Depreciation

Book Depreciation charges for 1963 were $6,750,383 compared to $6,099,337 in 1962.

Additional depreciation of approximately $2,193,000 will be claimed for Federal Tax purposes in 1963 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:

	1963	1964
Interest on long-term debt	$1,425,000	$1,425,000
Estimated Real Estate Lease Liability (Confidential) See Page	1,897,288	1,852,916
	$3,322,288	$3,277,916

Based on the 197,270 shares of preferred stock issued and outstanding at August 31, 1963, preferred dividends of $419,199 will become payable in 1964.

F. Advertising Expense

By Group

	C & R *	Foods	Chemical	Int'l.	Devel. Group	Corpo-rate	Total	% to Sales
1963	$3,518,797	$2,417,437	$191,393	$62,930	$16,600	$10,627	$6,217,784	2.48%
1962	3,455,326	2,061,368	162,742	58,012	- .	31,416	5,768,864	2.43%

* - Includes Canadian Devaluation

G. Research and Development

	1962 Actual	1963 Actual	1963 Budget	Proposed 1964 Budget	Incr. 1964 Budget Over 1963 Actual
Research	$2,446,106	$3,129,573	$3,395,757	$3,928,000	$509,398
Administrative	208,466	187,800	210,645	231,000	43,200
Tech. Service to Mfg.	212,733	341,200	409,778)	2,827,000	231,553
Sales Service	2,415,369	2,232,526	2,185,669)		
	$5,282,674	$5,891,099	$6,201,849	$6,986,000	$784,151
Control Lab	1,232,832	1,536,559	-	-	-
Total	$6,515,506	$7,427,658	-	-	-
% to Net Sales	2.65%	3.08%			

NOTES FOR ANNUAL MEETING

II. Operating Statement

H. Average Assets and Profit Return

	1963 Average Assets	1963 Profit	1963 % Return
Coatings and Resins	$ 52,102,513	$ 6,349,832	12.2%
Foods	39,244,895	4,181,248	10.7%
Chemicals	47,106,318	6,205,718	13.2%
International	7,314,636	651,798	8.9
Total Groups	$145,768,362	$17,388,596	11.9%
Total Company	$154,371,988	$14,467,335	9.4%

I. Miscellaneous

It may be pointed out, on inquiry, that all Divisions of the Company were operated profitably in 1963 with the exception of: The Carrollton Division of the Southwest Region, the Portland Division of the Pacific Region, the Berkeley Food Division and the Collinsville Chemical plant.

J. Outside Consultant Fees

Legal Department:		
Dow & Stonebridge - Glidden vs. Hellenic Lines, Ltd.	$23,845	
Overton, Lyman & Prince - Grand Jury Investigation, Industrial Fats and Oils	26,913	
U.S. vs. Corn Products & U.S. vs. Armour	59,214	
Other	79,820	$189,792
Patent Department		39,686
Executive Department:		
E&E Audit Provision (1962 Bill was $73,000)	$72,000	
Mackay-Shields ($37,319 Re Pension Plans)	47,519	
Other	39,485	159,004
Controller's Department		58,743
Other Administrative Departments		111,070
Development Cost:		
A. D. Little	$80,339	
Stanford Research Institute	13,000	
Roy G. Peers	26,011	
Research Consultant Fees	18,919	138,269
		$696,564

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NOTES FOR ANNUAL MEETING

II. Operating Statement

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 1963 of $2,193,373 and in 1962 of $2,399,059. The higher tax deduction thus obtained has brought about a deferment of taxes payable in 1962 of $1,247,511, and in 1963 of $1,140,554. 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 1962 this credit amounted to $325,663 and in 1963 the credit was $194,427. Of these amounts, 48% or $156,318 and $93,325, respectively, represent permanent tax savings. The remaining 52% (representing a reduced depreciation allowance in future years) will be a deferred tax payable and as such gives a current cash flow advantage.

On the Company's financial reports the 48% permanent tax savings is reflected by a reduced Federal Tax provision. The remaining 52% is currently provided for and the liability is reflected in Deferred Federal Income Taxes.

Deferment of taxes in 1963 for future years amounted to $1,396,000. This deferment of taxes provided an additional cash flow amounting to $.60 per common share and is made up as follows:

Deferment of Taxes (applicable to 1963 Guideline Depreciation)	$1,140,554
Additional Deferment applicable to 1962 Guideline Depreciation which was under provided for in 1962	30,511
Investment Credit Deferment - 1962	169,344
Investment Credit Deferment - 1963	101,102
52% of Depreciation applicable to Investment Credit - 1963	(31,942)
52% of Depreciation applicable to Investment Credit - 1962	(8,209)
52% of Rent Reduction applicable to Investment Credit - 1963	(3,590)
52% of Rent Reduction applicable to Investment Credit - 1962	(1,770)
Total Deferment of 1963 Taxes	$1,396,000

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NOTES FOR ANNUAL MEETING

II. Operating Statement

L. Comparative Operating Profit Schedule (Thousands Omitted)

	1963 Before Taxes	1963 After Taxes*	1962 Before Taxes	1962 After Taxes*
Coatings and Resins	6,350	3,048	4,947	2,375
"B" Branch Profit Provision	295	142	-	-
Net Operating Profit	6,645	3,190	4,947	2,375
Foods	4,181	2,007	4,363	2,094
Wolcott	(176)	(84)	(81)	(39)
Net Market (Gain) Loss	(216)	(104)	435	209
Safflower Market Loss	245	118	-	-
Net Operating Profit	4,034	1,937	4,717	2,264
Chemicals	6,206	2,979	5,674	2,724
Hellenic Lines Claim (Prior Year)	-	-	(123)	(59)
St. Helena Ore Transfer Adj.	-	-	(42)	(20)
St. Helena RAR on Depreciation	-	-	(39)	(39)**
Net Operating Profit	6,206	2,979	5,470	2,606
International	652	346**	888	478**
Billiton	-	-	(380)	(182)
Net Operating Profit	652	346	508	296
Development				
Architectural Products	(384)	(184)	(122)	(59)
Corporate Development Costs	(641)	(308)	(611)	(293)
Net Operating Loss	(1,025)	(492)	(733)	(352)
Other Income (Deductions)	(1,516)	(728)	(1,056)	(507)
Pension Cutback	(150)	(72)	(803)	(385)
Net Operating Loss	(1,666)	(800)	(1,859)	(892)
To Adjust for Effective Tax Rate	-	517	-	61
Net Operating Profit	14,846	7,677	13,050	6,358
Adjustments Itemized Above	2	1	1,033	515
LIFO (Provision) Reversal	76	36	271	130
Loss on Loan	(341)	(164)	-	-
Loss on Fjord Plast Assets	(47)	(23)	-	-
Canadian Devaluation	(69)	(33)**	(329)	(313)**
Total Published Profit	14,467	7,494	14,025	6,690

* Computed at 48% of before tax amount except those noted with a (**) double asterisk.

NOTES FOR ANNUAL MEETING

II. Operating Statement

L. Comparative Operating Profit Schedule (Thousands Omitted) - (continued)

	1963		1962	
	After Taxes	Per Share	After Taxes	Per Share
Published Final Net Profit	7,494	3.03	6,690	2.72
"B" Branch Profit Provision	142	.06	-	-
Wolcott	(84)	(.04)	(39)	(.02)
Net Market (Gain) Loss	(104)	(.04)	209	.09
Safflower Market Loss	118	.05	-	-
Pension Cutback	(72)	(.03)	(385)	(.16)
LIFO Provision (Reversal)	(36)	(.02)	(130)	(.05)
Loss on Loan	164	.07	-	-
Loss on Fjord Plast Assets	23	.01	-	-
Canadian Devaluation	33	.01	313	.13
Hellenic Lines Claim (Prior Year Portion Only)	-	-	(59)	(.03)
St. Helena Ore Transfer Adjustment	-	-	(20)	(.01)
St. Helena RAR on Depreciation	-	-	(39)	(.02)
	7,678	3.10	6,540	2.65

Number of Shares 2,332,485 2,329,872

NOTES FOR ANNUAL MEETING

III. Cash Use and Projection

A. Application of Funds (In thousands)

	1963	1962
Source of Funds		
Net Income	$ 7,494	$ 6,690
Depreciation	6,751	6,099
Provision for deferred income taxes	1,396	1,217
Total from Operations	$15,641	$14,006
Sale of Common Stock under option plans (1963-2,613 shares; 1962-17,570 shares)	100	630
Net current assets acquired from Pemco Corporation for Preferred Stock	-	3,381
Other Sources (applications):		
Disposition of fixed assets	73	156
Prepaid bond discount and expense-Decrease	30	31
Prepaid development costs-(Increase)	(75)	(64)
Other non-current receivables-(Increase) Decrease	116	(888)
All other - net	21	275
	$15,906	$17,527
Application of Funds		
Dividends declared	$ 5,083	$ 4,968
Expenditures for property, plant and equipment	4,024	11,755
Additional investments in and advances to associated companies	1,328	895
Redemption of $2,125 Cumulative Preferred Stock (1,630 shares)	82	-
Increase (decrease) in working capital	5,389	(91)
	$15,906	$17,527

III. Cash Use and Projection

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

	1961	1962	1963 Actual	1963 Forecast	1964	1965	1966	1967	1968
Profit Before Taxes	12,738	14,025	14,467	16,854	17,294	20,183	23,260	27,024	30,629
Profit After Taxes	6,417	6,690	7,494	8,040	8,647	10,091	11,630	13,512	15,315
Profit per Share	$2.78	$2.72	$3.03	$3.21	$3.50	$4.07	$4.67	$5.40	$6.08
Depreciation - Regular	5,467	6,099	6,751	6,749	6,966	7,677	8,089	8,191	8,242
Chemurgy	1,974	-	-	-	-	-	-	-	-
Tax on Depreciation-not booked	-	1,217	1,396	1,050	904	740	553	318	62
Major Disposition-capital	7,642	-	-	-	-	-	-	-	-
Increase in Current Liabilities	187	3,495	2,009	2,606	2,455	1,967	2,282	1,752	1,967
Other (Net) Incl. sale of stock	285	1,850	(458)	1,564	(101)	215	230	230	200
Total Cash In-Flow	21,972	19,351	17,192	20,009	18,871	20,690	22,784	24,003	25,786
Less Dividends - Common	4,622	4,650	4,663	4,750	4,700	4,750	4,800	4,850	4,900
Preferred	-	318	420	425	419	419	419	419	419
	17,350	14,383	12,109	14,834	13,752	15,521	17,565	18,734	20,467
Add Beginning Cash Balance	13,880	10,068	11,946	11,946	15,540	13,281	9,588	14,234	20,435
Cash Available	31,230	24,451	24,055	26,780	29,292	28,802	27,153	32,968	40,902
Less Increases:									
Payment on Loan	-	-	-	-	-	1,500	1,500	1,500	1,500
Capital Additions	7,823	11,755	4,024	7,707	11,910	12,667	6,545	5,560	4,880
Acc. Rec. and Inv.	4,839	9,250	4,491	3,931	4,101	5,047	4,874	5,473	5,901
Acc. Rec. (Chem. Prop.)	8,500	(8,500)	-	-	-	-	-	-	-
	21,162	12,505	8,515	11,638	16,011	19,214	12,919	12,533	12,281
Net Available - Per Plan (Cumulative)	10,068	11,946	15,540	15,142	13,281	9,588	14,234	20,435	28,621

NOTES FOR ANNUAL MEETING

IV. Employee Benefits

A. Pension Plans

	Expense Per Books	7/31/63 Trust Funds on Deposit	No. of Empl. Funded	Retired Employees Receiving Benefits
U. S. Salary	$ 854,927	$15,507,232	1,588	281
U. S. Hourly	298,873	3,391,215	1,158	335
Pemco Hourly	-0-	298,940	80	7
Canadian Salary	69,120	894,826	272	15
Canadian Hourly	30,900	265,829	131	14
Total Funded	$1,253,820	$20,358,042	3,229	652
Supplemental	116,941			
Total	$1,370,761			

Total Assets @ 7/31/63 $20,358,042 (does not include $1,169,220 to be deposited to complete 1963 requirements.)

Unfunded Past Service Liability in Annual Report $ 5,621,365

Annual Current Service Cost per Annual Report $ 1,177,430

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UNITED STATES SALARIED AND HOURLY PENSION PLANS
AMENDED JANUARY 1, 1963

	Old Plan	Revised Plan
Salary		
1. Benefit formula	1. Based on average highest ten consecutive years.	1. Based on average highest five consecutive years.
2. Vested right to benefits	2. Age 45 and 15 years of service.	2. Fifteen years of service only.
3. Early Retirement	3. Early Retirement	3. Early Retirement
a. Voluntary retirement	a. Age 50 with consent of Company. Age 60 without consent of Company.	a. Age 50 without consent of Company.
b. Reduction Factor	b. Actuarial table	b. Liberalized table--not related to actuarial formula
4. Family Benefit	4. None	4. Benefit payable to widows or dependent children of deceased employee.
5. Minimum Pension	5. $750.00 per year.	5. $900.00 per year.
Hourly		
1. Changes negotiated at seven locations.		
2. Increase in benefits	2. $25.00 per year for each year of service.	2. $30.00 per year for each year of service.
3. Vested right to benefit	3. Age 45 and 15 years of service.	3. Fifteen years of service only.

NOTES FOR ANNUAL MEETING

IV. Employee Benefits (continued)

B. Bonus Plan

Original plan adopted February 8, 1951, and amended February 14, 1952. 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 1963 computation was:

Capital Stock, Debentures, Surplus (Bonus Net Capital)			$ 132,189,011
12% Bonus Net Capital			15,862,681
Consolidated Net Income	$ 7,494,335		
Add: Provision for Taxes, Bonus, Interest on Debt	8,410,000		
Less: Dividends and Interest from unconsol. subs.		$370,955	$ 15,533,380
Less: 12% Bonus Net Capital			15,862,681
Net Bonus Income			$ (329,301)
7% Net Bonus Income (Maximum Provision)			-0-
Consolidated Net Income			$ 7,494,335
Less: 6% Bonus Net Capital			7,931,341
Maximum Provision			$ (437,006)
Actual Provision			-0-

Since 1951, the maximum allowable provision was $2,557,863. We have returned to profit $952,163 leaving $1,605,700 for bonus payout.

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.

No bonus awards were made either in 1960, 1961, 1962, or 1963.

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

IV. Employee Benefits

B. Bonus Plan (continued)

Nine officers of the Company who serve as directors, and approximately 850 other employees (including nine 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, 1963, 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 39,498 shares had been exercised (11,700 by officers and directors). There were outstanding under the 1952 Plan as of August 31, 1963 options for 46,255 shares (34,800 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 25 officers and directors and 72 other employees held options under the 1952 Plan. Officers and directors held options as follows:

	Option Price of $ 38 Expiring 12-27-64	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	--	--
Alexander D. Duncan	2,000	1,000	--	--
Beauford W. Maxey	2,000	1,000	--	--
John H. Weeks	2,000	1,000	--	--
Robert D. Horner	2,000	2,000	--	300
William G. Phillips	2,000	2,000	--	500
George M. Halsey	200	2,000	--	1,000
George S. Warner	2,000	2,000	--	500
Paul W. Neidhardt	300	300	--	--
All Directors and Officers as a group (including those named above)	16,700	14,300	500	3,500

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IV. Employee Benefits

C. Stock Options (Continued)

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.

2. 1959 Option Plan

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

Principal differences from old plan:

a. Option price not less than 100% of Market (old plan 95%). Both not less than book value.

b. No option to employee after age 60 (old plan 65).

c. May not be terminated and reissued at lower price.

d. 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).

Under the 1959 Plan, options to purchase a total of 76,700 shares have been granted to 117 employees (including 36,200 shares to 29 officers). Directors and officers held options as follows:

	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
R. D. Horner	--	--	2,000
George M. Halsey	1,400	--	2,000
John H. Weeks	--	--	2,000
Paul W. Neidhardt	400	1,000	2,000
W. G. Phillips	--	--	2,000
G. S. Warner	--	--	2,000
All Directors and Officers as a group (including those named above)	7,000	4,400	24,800

At August 31, 1963, options for 72,900 shares were outstanding and there were 26,500 shares of unissued Common Stock reserved for options which may be granted in the future under the 1959 Plan.

NOTES FOR ANNUAL MEETING

IV. Employee Benefits

D. Wage and Salary Ratios

	1963	1962
Manufacturing Wages to Cost of Products Manufactured	13.7%	12.2%
Total Wages and Salaries to Net Sales	19.5%	17.9%
	$ 46,902,954	$ 42,684,499
Total Wages, Salaries and Benefit Costs to Net Sales	21.4%	19.4%
	$ 51,579,482	$ 46,053,835

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 $1,043,455 in 1962 to $1,219,539. This increase is the result of the addition of other officers.

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.

NOTES FOR ANNUAL MEETING

V. Acquisitions, Dispositions and Capital Expenditures

A. Acquisitions

Although no acquisitions were consumated during fiscal 1963, it is pertinent to mention the 1963 and forecast 1964 financial results of our two major acquisitions in fiscal 1962, Pemco and Olney and Caprenter.

Pemco	1963	1964* Forecast
Net Sales	$ 9,596,410	$10,108,000
Net Profit Before Taxes	$ 1,290,352	$ 1,435,000
Profit Per Share **	$ .09	$ .12
Olney and Carpenter		
Net Sales	$ 6,218,867	$ 6,807,000
Net Profit Before Taxes	$ 176,150	$ 324,000
Profit Per Share	$ .04	$ .07

* 1964 forecast per share based on 2,350,000 common shares outstanding.

** After allowing for preferred dividends.

B. Dispositions and Shutdowns - No Dispositions in Fiscal 1963

	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

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NOTES FOR ANNUAL MEETING

V. Acquisitions, Dispositions and Capital Expenditures

B Dispositions and Shutdowns - No Dispositions in Fiscal 1963 (Continued)

	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)	38,219
Total	$70,547,691	$ 1,297,929	$ 1,063,454	$ 362,078	$43,858,731

	Book Value	After Tax Cash Received	Excess Cash Over Book Value
Fixed Assets - Sold	$11,275,722	$18,890,121	
- Abandoned	2,423,837	1,260,395	
	$13,699,559	$20,150,516	$ 6,450,957

C. Mining Activity

The mining of Ilmenite Ore at Lakehurst, New Jersey, which was begun in August, 1962, produced 31,153 tons of ore in fiscal 1963.

Development Cost in 1963 of $1,181,379 was $661,879 more than fiscal 1962 and for the project to-date totaled $2,241,878. Capital expenditures to-date for the mine as of August 31, 1963 were $5,060,727. Capital expenditures in fiscal 1963 for the mine were $431,819.

D. Major Expenditures Over $50,000 (Capital & Expense) - 1963
(Thousands of Dollars)

Coatings and Resins:	Expended Prior to 1963	Expended in 1963	To Be Expended in 1964
Central - Project X Lab	-	-	$ 95
Eastern - Phase 1 Modernization	-	33	29
Eastern - Finished Goods Warehouse	-	-	153
Nubian - Metal Decorating Lab	-	-	65
Nubian - Big Batch Dept.	-	-	100
Montreal - Real Estate	-	-	75
Midwest - Plant Modifications	245	66	-
Pressure Plant	-	-	400
Elmwood - Continuous Reactor	-	-	106
Equipment Evaluation Lab - Bldg. Add'n. & Equip.	-	22	80

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NOTES FOR ANNUAL MEETING

V. Acquisitions, Dispositions and Capital Expenditures

D. Major Expenditures Over $50,000 (Capital & Expense) - 1963 (Continued)
(Thousands of Dollars)

	Expended Prior to 1963	Expended in 1963	To Be Expended in 1964
Coatings and Resins: (Continued)			
Elmwood - Continuous Reactor	-	-	$ 106
Elmwood - Parking Lot	-	-	70
Other	1,271	522	1,397
Total Coatings & Resins	$ 1,516	$ 643	$ 2,676
Foods:			
Logan - Solvent Fractionation Plant	$ 1,797	$ 101	$ -
Logan - Gas Plant	-	208	-
Logan - Research Lab	-	69	-
Logan - Refining, Bleaching, Acidulation Fac.	-	-	235
Logan - Continuous Hydrogenation	-	-	80
Logan - Power Beading Equipment	-	-	100
Logan - Fractionation Storage	-	-	50
Louisville - Filling, Packing Whse.	1,242	127	-
Louisville - Four Scale Tanks	-	50	38
Louisville - Continuous Acidulation	-	-	100
Louisville - New Refining Equipment	-	-	300
Berkeley - Move and Improve Filling Operations	-	-	50
Bethlehem - Extract Manufacturing	15	165	2
Bethlehem - Coconut Manufacturing Modernization	4	56	108
Bethlehem - Sauce Mix Blender, Filling & Cartoning	-	-	103
All Other Foods	155	400	932
Total Foods	$ 3,213	$ 1,176	$ 2,098
Chemicals:			
Hammond Oxide Production	$ -	$ 121	$ 50
Pemco Jet Milling Equipment	22	56	-
Pemco Dispersion Mixer	3	68	-
Pemco Building Addition	-	-	215
Adrian Joyce Works - Ore Handling	-	-	50
Adrian Joyce Works - Airveyors to Bins	-	-	50
Adrian Joyce Works - Increase Capacity of Swamp	-	-	75
Adrian Joyce Works - Expand Finishing Bldg.	-	-	1,700
Adrian Joyce Works - TiO_2 Manufacturing	3,624	130	-
Lakehurst Mine	5,007	230	30
Lakehurst Mine - Caustic Scrubbing System	-	66	-
Lakehurst Mine - Tractor	-	56	-
Lakehurst Mine - Motors & Scavenging Systems	-	-	50
Lakehurst Mine - Replace Wet Mill Vibrating Screens	-	-	70
Organic - Power House	-	9	150
Organic - Research Office	-	77	140
Organic - Pyrolizers	-	9	145
Organic - Fine Chemical Blending Facilities	-	-	77
Organic - Column Modifications	-	-	188
Organic - S. S. Col. with Stillpot	-	-	250
Organic - Odor Improvement Equipment	-	-	60

NOTES FOR ANNUAL MEETING

V. Acquisitions, Dispositions and Capital Expenditures

D. Major Expenditures Over $50,000 (Capital & Expense) - 1963 (Continued)

Chemicals: (Continued)	Expended Prior to 1963	Expended in 1963	To Be Expended in 1964
Organic - Addition to Main Office Bldg.	$ -	$ -	$ 55
Organic - Oil Saponification & Storage	-	-	200
Organic - Soap Skimmings	-	-	50
All Other Chemicals	2,636	959	2,489
Total Chemicals	$10,292	$ 1,781	$ 6,094
International Group:			
Mexico - Paint Manufacturing Plant	$ -	$ -	$ 231
Panama - Whse and Plant Equipment	-	-	58
Pemco Belgium - Plant, Equip., Office, etc.	-	676	920
All Other International	120	303	68
Total International	$ 120	$ 979	$ 1,277
Development Group	$ 63	$ 53	$ 22
Headquarters:			
Reading Data Center (1964 Appropriation in C&R)	$ -	$ -	$ 61
All Other Headquarters	12	155	123
Total Headquarters	$ 12	$ 155	$ 184
Total Company	$15,216	$ 4,787	$12,351

E. Extraneous Expenses

	1963		1962	
	Before Tax	After Tax	Before Tax	After Tax
Lakehurst Mine	1,181,379	567,062	519,500	249,360
St. Helena - Idle Plant	52,358	25,132	145,423	69,803
Adrian Joyce Works	-	-	5,972	2,867
Carrollton Plant	-	-	92,636	44,465
St. Louis Expansion	-	-	6,538	3,138
Emery Plant	-	-	58,080	27,878
Stauffer Property	-	-	5,592	2,684
Midwest Trade Modernization	2,458	1,180	19,074	9,156
Johnstown S.S. Powder	7,622	3,658	43,243	20,757
Johnstown Thin Layer Furnace	10,606	5,091	14,778	7,093
Abandonments	19,021	9,130	72,748	34,919
Capital (Gains) Losses	56,085	42,064	27,288	20,466
Hammond - Filter Powder	4,351	2,088	-	-
Hammond - Fluosolids	4,877	2,341	-	-
LIFO Reversal	(76,393)	(36,669)	(270,731)	(129,951)
	1,262,364	621,077	740,141	362,635

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. 1963 winners were: Charles G. Churchman (Georgia Tech), Richard J. Toll (Purdue), Deana L. Astle (Pembroke), Howard M. Slyter (Harvard). The latter three 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 1963 - $18,057 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.

	1963	1962	1961	1960
Education	41%	45%	48%	48%
Health and Welfare	36%	36%	45%	45%
Other	23%	19%	7%	7%
Total Donations	$171,690*	$157,873	$120,571	$108,233
% of Net Profit	2.29%	2.36%	1.88%	1.62%
Per Employee	$22.87	$22.19	$18.92	$17,60

* Includes $17,671 in contributions of merchandise (C & R) not included in prior years - Cash Donations totaled $154,019 or 2.05% of Net Profit.

NOTES FOR ANNUAL MEETING

VI. Other Major Functions and Items

B. Audit

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

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

C. Insurance

1. Fire

a. Factory Insurance Association (FIA) covers for 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.

(2) Plants covered are all manufacturing properties except Toronto, Montreal, San Francisco, New Orleans, St. Louis, Varnish Dept. at Minneapolis, Iron Street, Collinsville, APD Atlanta, Wolcott and Eden.

b. Industrial Property Floater (IPF) covers for the same perils.

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

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

c. Blanket Insurance covers for the same perils in Canada.

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

(2) Plants covered are Toronto, Montreal and H. J. Mayer, Windsor.

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.

b. Canadian Plants, Montreal and Toronto, are under a blanket policy.

(1) Coverage on a reporting basis subject to over-all limit.

VI. Other Major Functions and Items

C. Insurance (Continued)

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

c. Canners Exchange covers for the same perils as in the fire policy for O & C locations.

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

(2) Plants covered are Wolcott and Eden.

d. Specific Insurance covers for the same perils.

(1) Coverage is on a co-insurance basis.

(2) Plants covered are San Francisco, Iron Street, APD Atlanta.

e. Extra Expense Insurance only.

(1) Coverage subject to limit only, no co-insurance.

(2) Plants covered are New Orleans and St. Louis as we can make up lost production at increased cost at other remaining plants.

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

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

5. Fidelity

a. 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.

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

NOTES FOR ANNUAL MEETING

VI. Other Major Functions and Items

C. Insurance (Continued)

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

a. 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 Reading amounted to $6,941.78 and one at Nubian $9,636.28, both involved solvent handling. We also had a small field fire at Adrian Joyce Works for $2,805.36 and in a boxcar at a California Warehouse for $1,718.45. Total Fire Losses were $21,101.87.

b. We had a windstorm loss at Adrian Joyce Works costing $4,617.12 and one at Cleveland for $1,353. Total windstorm $5,970.12.

c. Lightning caused two losses at the Lakehurst mine for $2,971.80 and $1,239.59 and one at Adrian Joyce Works for $1,581.01. The second lightning loss at Lakehurst shut down the dragline for 3½ days resulting in a business interruption loss which is still being negotiated with the insurance adjustors. This is estimated at $9,272.89. Collected and estimated lightning losses total $15,065.29.

10. Insurance Cost

a. 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 was $313,525. for the past fiscal year. (This figure should not be given out.)

VI. D. Foreign Business

The Glidden Company

Offshore sales (excluding Canada) totaled $1,965,780 in 1963 compared to $6,906,400 the previous year. The sharp decline was the result of reduced sales by the Louisville Division. Glidden domestic divisions realized $233,142, 12% of gross profit on these sales in fiscal year 1963 compared to $372,548, 5.4%, in 1962. In addition, Glidden International consolidated sales in 1963 were $5,832,789 compared to $3,989,066 in 1962.

The Glidden Company had two active licensees during 1963 and received technical service fees of $13,236 as compared to $9,035 in 1962.

During 1963, the investment of $47,595 in A/S Fjord-Plast (Norway) was written off.

A direct stock interest was held in the following companies at August 31, 1963:

Name	% of Interest	Net Book Cost
Consolidated -		
The Glidden Company, Ltd. - Canada	100%	$ 50,000
Glidden International, C.A. - Venezuela	100	18,018
Industrias Glidden de Puerto Rico, Inc.	100	1,000
		$ 69,018
Unconsolidated -		
Fabrica Nacional de Pinturas, S.A. - Cuba	15.1	-
Trans-Caribe Supply Co. *	100	-
Reliable Water Heater Co. *	100	-
		-
Total		$ 69,018

* Equity through Industrias Glidden de Puerto Rico

1) The Glidden Company, Ltd. (Canada) - Glidden holds 100% (4,200 shares) at a book cost of $50,000. Shareholder equity at August 31, 1963 was $7,390,112, which is included in the consolidated balance sheet in the Annual Report for 1963.

2) Glidden International, C.A. - Glidden holds 99 shares (1 held by Glidden, Ltd.) which represents effective 100% control. Glidden International's consolidated shareholder equity at August 31, 1963 was $2,491,686. Included in the consolidated equity of Glidden International are its consolidated subsidiaries, Glidden Panama, General Paint de Mexico and Glidden Chemie GmbH.

VI. Other Major Functions and Items

D. Foreign Business - continued

The Glidden Company

3) Industrias Glidden de Puerto Rico, Inc. - At August 31, 1963, Glidden held 100 shares at a value of $1,000 which represented 100% control. 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 was as holder of Glidden's 100% interest in Trans-Caribe Supply Co. and Reliable Water Heater Company. On September 1, 1963, Industrias Glidden purchased at book value the assets of the Puerto Rican paint branches from Glidden International, C.A, Also, an additional 24,900 shares of common stock at a cost of $249,000 were issued to The Glidden Company.

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.

5) Trans-Caribe Supply and Reliable Water Heater Company (Puerto Rico) - On July 1, 1963, Glidden, through Industrias Glidden de Puerto Rico, acquired the remaining 6,250 shares in each company, for a total of 12,500 shares in each company for 100% control of each. The original 50% interest in each company was acquired in August, 1962. There has been no direct payment for equity since such payments were dependent on future profits of the companies. Glidden's original loan of $500,000 was written down to $209,344 during 1963. International loaned the companies an additional $452,079 during the year.

Glidden International, C.A.

The company was headquartered in San Juan, Puerto Rico. It included an export department, selling Glidden products in the world market and through Puerto Rican paint branches. As it did in 1962, Glidden International consolidated its operations for fiscal 1963 with the operations of its paint subsidiaries, Glidden Panama, S.A. and General Paint Co. de Mexico, and its German holding company, Glidden Chemie GmbH.

Effective on September 1, 1963, the Puerto Rican paint branches were sold to Industrias Glidden de Puerto Rico at net book value. The operations of the Export Division were sold at net book value to The Glidden Company and moved to Jacksonville, Florida.

During 1963, International purchased a shipyard in Bruges, Belgium for conversion into a frit manufacturing plant to produce Pemco products in Europe. As of August 31, approximately one-half of the $1,500,000 authorized for the project had been expended. The plant was expected to begin operations in early 1964.

VI. Other Major Functions and Items

D. Foreign Business - continued

Glidden International, C.A.- continued

In fiscal 1963, International also acquired a 51% interest in Salchi SpA, an Italian paint company; a 50% interest in Pinucasa-Costa Rica, a Costa Rican paint company; a 25% interest in Sekisan Kako, a Japanese paint company. Further information with regard to these acquisitions may be noted following the Glidden International investment schedule.

Glidden International had twenty active foreign licensees and received $251,021 in fees from these sources in 1963. These fees were approximately $400,000 below fees received in 1962. The 1962 fees included technical fees based on construction costs involved in TiO2 plant of Billiton which amounted to $380,000.

In 1963, for the second year, Glidden International was consolidated with The Glidden Company for reporting purposes. Sales and net profits after local tax are as follows:

	Sales	Profits
Fiscal 1963	$5,832,789	$646,261
1962	3,989,066	929,802
1961	2,644,641	288,319
1960	3,255,946	335,071
1959	2,904,516	82,370
1958	3,012,840	68,190
1957	1,684,178	56,603
1956	560,112	32,709

In addition, Industrias Glidden de Puerto Rico had a profit of $11,333 for fiscal year 1963.

All operating units increased sales during 1963 as compared to 1962:

	Sales (In Thousands)		Variance	
	1963	1962	Amount	%
Export Office	3,273	2,015	1,258	62
Puerto Rican Br.	1,460	1,082	378	35
Panama	458	353	105	30
Mexico	642	539	103	19
Totals	5,833	3,989	1,844	46%

VI. Other Major Functions and Items

D. Foreign Business - continued

Glidden International, C.A. - continued

With the exception of Mexico, the operating units increased profits over last year. Mexico accrued $13,000 in technical service fees in 1963 and no such charges were included in 1962.

The comparison of net profits after local tax is noted below:

	Profit (In Thousands)		Variance	
	1963	1962	Amount	%
Export Office	213	98	115	117
Puerto Rican Branches	106	78	28	36
Panama	40	33	7	21
Mexico	11	26	(15)	(58)
Operating Totals	370	235	135	57
Glidden Chemie	151	102	49	48
International License Income	251	646	(395)	(61)
International Adm. Office	(126)	(53)	(73)	(138)
Total Glidden Int'l.	646	930	(284)	(31)

Glidden International funds have been provided from accumulated earnings, bank borrowings and borrowings from related companies. At August 31, 1963 the following were the borrowings outstanding:

The Glidden Company	$ 900,000
The Glidden Company, Ltd.	730,500
Industrias Glidden - Mexico	25,000
Industrias Glidden - Puerto Rico	444,037
Union Commerce Bank	725,000
First National City Bank-Belgium	154,646
Banque Lambert, Belgium	243,337
Banque de Bruxelles, Belgium	219,985
	$3,442,505

On September 1, Glidden International, C.A. sold its Puerto Rican paint branches to Industrias Glidden de Puerto Rico. It used a portion of the cash proceeds of the sale to repay the bank loan from Union Commerce Bank.

Glidden International, C.A. also sold other assets to The Glidden Company in satisfaction of its note payable and reduction of its August 31 account payable to Glidden of $899,349.

VI. Other Major Functions and Items

D. Foreign Business - continued

Glidden International, C.A. - continued

As a result of the reorganization of the International operations, the borrowings outstanding as of October 31, 1963, were as follows:

Glidden International, C.A. - Consolidated		
The Glidden Company		$ 456,000
To Fabrica de Pinturas-Panama	$356,000	
To Glidden Panama, S.A.	100,000	
The Glidden Company, Ltd.		730,500
Industrias Glidden-Mexico		25,000
Industrias Glidden-Puerto Rico		444,037
First National City Bank-Belgium		192,737
Banque Lambert, Belgium		291,637
Banque de Bruxelles, Belgium		261,431
		$2,401,342
Industrias Glidden de Puerto Rico		
The Glidden Company, Ltd.		$ 832,500
The Glidden Company		182,000
		$1,014,500

Glidden International had sixteen banking associations at August 31, 1963:

American Express Company	Paris, France
Banca d'America e d'Italia	Milan, Italy
Banque de Bruxelles	Bruges, Belgium
Banque Lambert	Brussels, Belgium
Chase Manhattan Bank	Frankfurt, Germany
Chase Manhattan Bank	San Juan, Puerto Rico
Chase Manhattan Bank	Panama City, Panama
Den Danske Landmandsbank	Rungsted Afdeling
First National City Bank	Brussels, Belgium
First National City Bank	Osaka, Japan
First National City Bank	San Juan, Puerto Rico
Union Commerce Bank	Cleveland, Ohio
Banco de Comercio	Caracas, Venezuela
Banco Nacional de Mexico	Mexico City, Mexico
Banco de Comercio	Mexico City, Mexico
Commerzbank	Dusseldorf, Germany

VI. Other Major Functions and Items

D. Foreign Business - continued

Glidden International, C.A. - continued

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
General Paint Co. de Mexico-Mexico	100	246,356
Glidden Chemie, GmbH-Germany	100	250,000
		$ 516,356
Unconsolidated -		
Glidden Curacao, N.V.-Curacao	100	$ 200
Industrias Glidden, S.A. de C.V.-Mexico	100	32,000
Glidden-Salchi, S.p.A. - Italy	51	1,005,000
Pinturas Centro-Americanas-Costa Rica	50	151,057
Pinturas Centro-Americanas - Guatemala	33-1/3	64,850
Pinturas Ecuatorianas, S.A. and Distribuidora Americanas, C.A.-Ecuador	33-1/3	62,837
Sekisan Kako - Japan	25	-
Red V Coconut - Phillippines	4	47,000
Ishihara Sangyo Kaisha, Ltd.-Japan	2.24	70,064
Wulfing, KG - Germany	33-1/3	1,087,500
		2,520,508
		$3,036,864

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. Earnings of $39,730 for fiscal year 1963 were paid to Glidden International, C.A. at the end of the year. The financial results of this operation were consolidated with those of Glidden International, C.A. A sister company, Fabrica de Pinturas Glidden, S.A., will become active in fiscal year 1964 as a small paint manufacturing plant.

2) General Paint Co. de Mexico, S.A. - Glidden International held all 50,000 outstanding shares with a book cost basis of $246,356. Shareholder equity at August 31, 1963 totaled $351,036. The financial statements of this operation were consolidated with those of Glidden International for fiscal year 1963.

VI. Other Major Functions and Items

D. Foreign Business - continued

Glidden International, C.A. - continued

3) 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 of $250,000 represented approximately one-quarter 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. In September, 1963 the remaining financing of $356,000 was transferred to Fabrica de Pinturas Glidden, S.A. in Panama. The financial statements of this holding company were consolidated with those of Glidden International, C.A.

4) Glidden Curacao, N.V. - Glidden International held all 20 shares of the outstanding stock of this company with a book investment cost of $200. At August 31, 1963, the company had shareholder equity of $123. 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.

5) Industrias Glidden, S.A. de C.Y. (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, 1963 totaled $33,354.

6) 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 February 28, 1963, plus subsequent capital contributions, was $981,861. The financial statements of this company have not been consolidated with those of Glidden International, C.A.

VI. Other Major Functions and Items

D. Foreign Business - continued

Glidden International, C.A. - continued

7) Pinturas Centro-Americanas (Costa Rica) - On May 27, 1963, Glidden International, C.A. purchased 100 shares of the common stock of Pinturas Centro-Americanas Costa Rica, Ltda., giving International a 50% interest in this corporation at a cost of $151,057. International's share of the equity at September 30, 1963 was $157,819. At August 31, 1963, Pincasa Costa Rica had a loan of $34,180 from Glidden International, C.A. The financial statements of this company have not been consolidated with Glidden International, C.A.

8) Pinturas Centro-Americanas (Guatemala) - Glidden International holds 154 shares representing a 1/3 interest at a cost of $64,850 at August 31, 1963. Glidden International's share of shareholder equity at July 31, 1963 was $186,852. At August 31, 1963, Pincasa had loans of $12,755 from Glidden International and $105,000 from Glidden.

9) Pinturas Ecuatorianas, S.A. and Distribuidora Americanas, C.A.(Ecuador) - Glidden International holds a combined 320 shares representing a 1/3 interest in both companies at a cost of $62,837. A net-after-tax dividend of $8,953 was paid by the companies to Glidden International during fiscal 1963. At August 31, 1963, after payment of these dividends, Glidden International's share of shareholder equity was $72,998.

10) Sekisan Kako (Japan) - Glidden International, C.A. acquired 50,000 shares of common stock, a 25% interest, from Sekisan Kako on November 29, 1962. The stock was received in exchange for technical service information and has been recorded at no cost. In calendar year 1964, Sekisan will increase its capitalization and International will have the right to maintain its 25% interest by purchasing an additional 50,000 shares for approximately $69,500. At September 30, 1963, Glidden International's share of stockholders' equity was $94,887.

11) Red V Coconut (Phillippines) - Glidden International, C.A. held 1,200 shares, a 4% interest, at August 31, 1963. The investment was recorded at our cost of $47,000. International's share of the stockholders' equity at December 31, 1962 was $38,231.

VI. Other Major Functions and Items

D. Foreign Business - continued

Glidden International, C.A. - continued

12) Ishihara Sangyo Kaisha, Ltd. (Japan) - As of November 1, 1962, Glidden International, C.A. acquired an additional 504,458 shares of stock as our allotment of new shares issued. These additional shares were recorded at our cost of $70,064. Before the new issue, we held 870,764 shares at no book cost because they were obtained at no cost under a licensing agreement. The total of 1,375,222 shares now held represented a 2.24% interest and had a market value at October 26, 1963, of $313,245.

13) Lackwerke Wulfing GmbH & Co. (Germany) - Glidden International, through Glidden Chemie, holds a 1/3 interest in this company at a cost of $1,087,500. Glidden Chemie share of partnership equity at August 31, 1963 was $850,251. The difference between equity and investment cost was occasioned by side payments to the Wulfing family for the excess of fair value over book value of KG assets, goodwill and agreement not to compete. Chemie's share of the understatement of fixed assets was calculated to be $250,000.

E. Miscellaneous

Cost of the Annual Report this year was 20 cents each which was 2 cents less than last year. Our 1962 Annual Report was judged second best in the Paint and Coatings Industry by Financial World.

D. E. ERSKINE

Distribution:

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Mr. B. W. Maxey
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