

OPERATING PROFIT - THREE-YEAR
COMPARATIVE OPERATING STATEMENT

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Attached is our three-year comparative operating statement which adjusts published net profit before taxes to an operating profit before taxes. This report has been prepared on a basis consistent with that for the prior two years which adjusts our published net profit by the several items which are considered to be income or expense items not arising from operations.

With the change in our published operating statement in 1958 so as to arrive at an item "income from operations" it is important that a great deal of care be exercised in our reference to an operating profit or by similar terms.

This year we have not referred to the published unusual items that we had in 1958. However, the adjustments that have been made to arrive at an operating profit are consistent with those made for the two prior years shown on this schedule. The schedule below details what these unusual items are for the three years:

	<u>1960</u>	<u>1959</u>	<u>1958</u>
<u>PAINT</u>			
Capital Gains - Honolulu	49,768		
- Miscellaneous	3,985		(217)
Fire Loss - Unrecovered Expense			(73,020)
<u>Total Paint</u>	<u>53,753</u>	<u>-</u>	<u>(73,237)</u>
<u>FOOD</u>			
Capital Gains - Hillside	1,091		
- Norwalk	(29,768)		
- Berkeley	39,176		
Start-up Expense - Pauli		(9,901)	
- Bethlehem			(187,503)
Shut-down Expense - Elmhurst			(33,297)
<u>Total Food</u>	<u>10,499</u>	<u>(9,901)</u>	<u>(220,800)</u>
<u>CHEMICAL-PIGMENTS-METALS</u>			
Capital Gains - Miscellaneous			(1,355)
Start-up Expense - Adrian Joyce Works			
Regular	(257,714)	(170,993)	(166,026)
Depreciation	(159,080)		(514,709)
Idle Plant			(112,264)
- Lakehurst Mine	(163,604)		
Shut-down Expense - St. Helena	(60,363)	(109,697)	(110,932)
- Euston Lead		(1,322)	(39,943)
<u>Total C-P-M</u>	<u>(640,761)</u>	<u>(282,012)</u>	<u>(945,229)</u>
<u>ORGANIC CHEMICAL</u>			
Capital Gains - Valdosta	274,595		
- Miscellaneous	8,040		3,050
Development Expense - Fine Terpenes	(479,885)	(113,269)	
Start-up Expense - Port St. Joe			(222,599)
Shut-down Expense - Southern Pine		9,651	(31,407)
<u>Total Organic Chemical</u>	<u>(197,250)</u>	<u>(103,618)</u>	<u>(150,956)</u>

	<u>1960</u>	<u>1959</u>	<u>1958</u>
<u>CHEMURGY</u>			
Shut-down Expense - Engineering and Architect Fees			(125,053)
Fire Loss - U & O Recovery			<u>76,726</u>
<u>Total Chemurgy</u>	<u>-</u>	<u>-</u>	<u>(48,327)</u>
<u>HEADQUARTERS</u>			
LIFO Reversal	263,662	(12,606)	367,528
Capital Gains - Euston Lead	43,579		30,690
- Hillside		41,742	
- Elmhurst		(4,512)	(3,528)
- Evansville		23,643	
- Iron Street			(18,869)
- Metals Refining			6,641
- Buena Park		3,261	182,336
- Miscellaneous		(1,154)	(25)
- Securities		27,528	
Start-up Expense - Port St. Joe			(184,419)
Shut-down Expense - St. Helena			(1,215,239)
- Iron Street			(7,452)
- Elmhurst			(113,490)
- Scranton			(2,258)
- Sterol - Chemurgy			(78,868)
- Southern Pine			(44,830)
- Norwalk			2,614
- Miscellaneous		11,318	
Loss on Default of Contractor	(72,421)		
Dumont Write-off	(109,326)		
<u>Total Headquarters</u>	<u>125,494</u>	<u>89,220</u>	<u>(1,079,169)</u>
<u>Total Company</u>	<u>(648,265)</u>	<u>(306,311)</u>	<u>(2,617,718)</u>

K. E. Johnson

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OPERATING PROFIT

	1960				1959				1958			
	Published Profit		Extraneous Profit (Loss)		Published Profit		Extraneous Profit (Loss)		Published Profit		Extraneous Profit (Loss)	
	Net Profit	Market Profit (Loss)	Operating Profit	Before Taxes	Net Profit	Market Profit (Loss)	Operating Profit	Before Taxes	Net Profit	Market Profit (Loss)	Operating Profit	Before Taxes
Central Region	869,638		869,638		1,086,193		1,086,193		658,444		(73,080)	731,464
Eastern Region	1,461,825		1,461,825		1,447,504		1,447,504		1,191,966		(217)	1,192,213
Southeast Region	511,704		511,704		110,029		110,029		814,780			814,780
Mississippi Region	428,651		428,651		615,774		615,774		544,608			544,608
Northwestern Region	**		**		200,278		200,278		161,555			161,555
Southeastern Region	1,134,405		1,134,405		1,515,096		1,515,096		1,015,253			1,015,253
Midwestern Region	**		**		1,110,667		1,110,667		364,891			364,891
Canadian Region (Incl. T102 Traf.)	1,617,595		1,617,595		336,833		336,833		567,444			567,444
Pacific Region	786,888		786,888		831,229		831,229		801,238			801,238
Over (Under) Absorbed Hdqrs. Admin. Technical Service Fees	(38,988)		(38,988)		(26,014)		(26,014)		82,159			82,159
Price Adj. on Raw Material	107,949		107,949		171,541		171,541		122,616			122,616
Capital Gains (Losses)	53,753		53,753		33,771		33,771					
Total Profit	6,961,782		6,907,999		8,486,845		8,586,845		6,599,978		(73,257)	6,673,215
Chicago	2,085,515	186,512	1,899,203		1,763,759	210,105	1,553,654		2,120,848	72,354	(848)	2,048,332
Louisville	1,356,493	104,941	1,251,552		1,173,644	10,190	1,163,454		1,351,668	(240,358)	(5,282)	1,597,288
Bethlehem	206,608	133,380	73,228		287,374	84,707	212,566		439,898	(9,153)	(381)	449,432
Bethlehem	496,202	(21,739)	517,941		479,072	(17,260)	496,332		190,752	29,828	(187,503)	348,427
Shutdown and Discontinued Items												
Over (Under) Absorbed Hdqrs. Admin. Technical Service Fees	22,162		22,162		(72,862)		(72,862)		(26,786)		(26,786)	(5,303)
Capital Gains (Losses)	54,805		54,805		50,053		50,053		73,192			73,192
Total Profit	4,232,284	402,894	3,818,891		3,681,040	287,742	3,403,199		4,144,269	(147,299)	(220,800)	4,512,368
Adrian Joyce Works	3,104,196		3,323,639		3,761,003		3,872,022		734,793		(533,341)	1,368,134
St. Helena	302,643	(219,443)	302,643		573,774		573,774		1,170,628		(110,932)	1,281,560
Hammond	35,482		35,482		224,535		224,535		111,280		(39,943)	111,280
Collinsville									10,523			50,466
Over (Under) Absorbed Hdqrs. Admin. Technical Service Fees	(242,925)	(421,318)	178,393		(59,261)	(170,993)	111,732		(111,570)	(161,013)		49,443
Start-Up Expense - Depreciation	17,638		17,638		100,135		100,135		69,423			69,423
Premium on T102 Transformers - A.D.J.	(6,482)		(6,482)		(11,356)		(11,356)		(514,709)			(514,709)
Total C-P-W	3,210,372	(640,761)	3,851,333		4,558,830	(282,012)	4,840,842		1,717,120	(945,229)		2,662,349

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