THE GLIDDEN COMPANY

1396 UNION COMMERCE BUILDING

CLEVELAND 14, OHIO
February 15, 1952

Report to the Stockholders on the
Annual Meeting of The Glidden Company
held on Thursday, February 14, 1952

For the benefit of those stockholders who were not present at the Annual Meeting of our stockholders I am giving you a brief report of this meeting so that every stockholder will be fully informed.

At the meeting 74.3% of the outstanding stock of the Company was represented either by proxy or in person.

The Secretary read the notice of the meeting and produced the Proxy Statement and Annual Report, copies of all of which had been mailed to each stockholder.

The following directors were elected unanimously: Adrian D. Joyce; Wm. J O'Brien; Dwight P. Joyce; Paul E. Sprague; Clifton M. Kolb; John A. Peters; John P. Ruth; Ralph G. Golseth; Alexander D. Duncan; B. W. Maxey and John H. Weeks.

Inspectors were appointed to report on the votes for or against the three propositions submitted to our stockholders for vote, with the following results:

Proposal to Amend the Bonus Plan—	For—	1,588,576 votes
	Against—	90,909 votes
Proposal for approval of a Stock Option Incentive Plan—	For—	1,541,235 votes
	Against—	87,669 votes
Proposal to Amend Articles of the Company—	For—	1,621,200 votes
	Against—	54,903 votes

Inasmuch as these votes indicated that the proposals were approved by more than a majority of the stock, the Chairman declared these proposals adopted.

The Chairman then called on the President to report on the results of operations for the past year and to discuss the prospects for the new year. The President reported that the year 1951 showed that the Company's net sales were the highest on record and the operating profit, before taxes, was the highest on record, but the net profit was slightly lower because of the tremendous increase in taxes. He stated that in his opinion our Company faces another good year;—at the present time the situation looks confused because it is a mixture of boom and hardship, depending upon the character of the business and the products produced.

The President stated that owing to the diversification in the manufactured products of the Company and the decentralization of our plants, that he was convinced that while some lines might not do as well, other lines would do even better than in 1951 so that on the whole he anticipated a good year. He stated that the controls by the Government over uses of materials and the various restrictions imposed by the Government in connection with allotments of certain materials, posed a difficult problem. It was his opinion that the first six months of 1952 would not compare favorably with the first six months of 1951, because in the first six months of 1951 individuals and corporations were on a buying spree, inventories were built up in anticipation of a big war and shortages, and retailers and wholesalers did the same, with the result that raw materials skyrocketed.

The President explained that in our company a very large segment of our Food Division business is in supplying basic raw materials to other food industries, with the result that the great slump in vegetable oil prices which occurred in the last six months of the year resulted in a very serious loss. Fortunately this loss was overcome largely by our energetic sales program and by the fact that we had a well established LIFO Reserve. This year we are starting out with low inventories and the opportunities for hedging basic materials is very satisfactory.

In previous years our first six months have usually not been as satisfactory profitwise as the last six months. He expressed the belief that the last six months of this year would be very profitable. Retail merchants and wholesalers have been reducing their stocks and will be ready to replenish them with the coming of spring and altogether the prospects for 1952 look favorable. Our several Vice Presidents now reported on those lines for which they are directly responsible, which will give a clear picture as we see it.

Mr. Paul E. Sprague, our Vice President, who is Chairman of the Research and Patent Committee, and is also responsible for the Glidden Feed Division and for our Naval Stores Division, was called on to report concerning the prospects for 1952. He stated that our various Research Laboratories had developed several important products which would be marketed in 1952 and that they were continuing on the development of synthetic materials that would eventually command a large market. He referred particularly to developments in our Soya Bean Division, our Food Division and Naval Stores Division. He remarked that the close cooperation between our twenty-eight laboratories was resulting in bringing to the front many new and valuable ideas.

Referring to the Feed Division, Mr. Sprague called attention to the development of a new product called Fish Concentrate, which contains very valuable vitamins and which is now added to certain of our feed brands, producing products that are greatly in demand. He dwelt particularly on Pig Starter, which has had a very general acceptance.

In connection with the Naval Stores Division he reported that this Division is really a new chemical industry; that we supply some of the leading chemical concerns in the country with products which are proving of great value and which give us a large volume of business. Among these products are Camphene, the base for camphor and insecticides, and Nopol, the base for important perfumes and cosmetics. Mr. Sprague stated one of the new projects which will get into operation early this year is a plant for the manufacture of protective synthetic coatings, for which there is a large demand.

Mr. Ralph G. Golseth, Vice President in charge of the Soya Bean Processing Division, reported that last year was a very good year for his Division but that this year, owing to the fact that the Government has advised farmers to hold their soya beans for higher prices, and that the Government Price Control authorities have refused to raise the ceiling on soya bean meal, they have made it very difficult for processors to show a fair profit. He stated that fortunately the pharmaceutical business that we have developed in his Division, including such products as Cortisone, Lecithin and Hormones, and the manufacture of Alpha Protein for the paper and allied trades, has enabled our soya bean division to more than hold its own. He reported that certain new developments in soya bean by-products are now coming on the market and he anticipates that the Government must soon take action regarding price ceilings, and he is hopeful that the last six months of the year will prove to be profitable ones. He stated, however, that the profits from the Soya Bean Division will not be as good as those of 1951. He called attention to the fact that our new power plant, which has just been completed, will enable our Chicago plant to run at full capacity with the result that manufacturing costs will be reduced.

Mr. John P. Ruth, Vice President in charge of the Chemical and Pigment Division, reported that prospects for 1952 are very favorable for our Titanium Dioxide plant; that he has been assured of ample supplies of ilmenite, and while the supply of sulphuric acid is somewhat of a problem, it is his opinion that we will have sufficient to operate our Titanium Dioxide plant at capacity.

In connection with the manufacture of Lithopone, he stated that the increase in the paint business, which is anticipated with the coming of spring, should result in a large demand for this commodity and that the last six months of 1952 would tax our lithopone plant to capacity.

He reported that our Metals Refining Division at Hammond, Indiana is on much better profit basis than heretofore and we can expect good results for the year.

In connection with our White Lead plant at Scranton, Pa. he stated that the Government control of lead and the difficulty of getting ample supplies was working against the right kind of a showing. He explained, however, that there were some indications now that more lead would be available from this time forward and while the profits of the Lead Division would not be fully equal to those of last year, he anticipated that the plant would make a fair showing.

Mr. Alexander D. Duncan, Vice President in charge of the Paint and Varnish Division, reported that last year was a banner year for his Division because of the fine acceptance of Spred SATIN. He stated that during the year we were unable to supply our customers with their requirements but that conditions have changed now and he anticipates that during 1952 we will have ample supplies of Spred SATIN and that because of the large number of new accounts put on our books in 1951 we should have a very satisfactory year in the Paint and Varnish Division.

Owing to the inclement weather prevailing throughout the United States the Paint and Varnish business has suffered in volume for the first three months of the year but forward orders indicate that there will be a good volume with the coming of spring.

In connection with the Industrial Sales Department he stated that the difficulty in securing sufficient steel and other essential metals interfered with the production of many manufactured products for which we supply protective coatings. This is partially offset by Government orders but with the easing of steel supplies, the Industrial Sales demand will doubtless increase.

Mr. Duncan stated that in the Trade Sales line this Division was not dependent upon new building for the largest volume of output comes from maintenance and repairs.

In the Food Division, Mr. Harvey L. Slaughter, General Manager, was not present because he is just recovering from a successful appendectomy, however, in his report he states that the plans for the development of the package goods business, particularly on Margarine, Spices and Coconut, have been well worked out and the sales staff is planning on a campaign which he feels very sure will be successful. Owing to the decline in prices of vegetable oils and other raw materials, the sales figures for the Food Division will be lower than last year but taking the year as a whole he anticipates that the profits will be much better because in 1951, in the last half of the year, a very serious loss was sustained due to the big drop in prices of all these commodities.

Mr. John A. Peters, the Treasurer, reported that our financial situation was never better. The arrangement for a long term loan on favorable terms and the retirement of our Convertible Preferred stock places the Company in an excellent position. He stated that our capital structure and earnings record for the past three years has given us a fine Excess Profits Tax base of approximately $19,000,000. We have open bank lines for more than our requirements and collections have been unusually good. At the end of January 1952 our current loans are $2,000,000, and we have already paid an Income Tax payment due January 15th of over $2,000,000.

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Mr. B. W. Maxey, our Controller, outlined the functions of the Controller's office and stated that our Accounting Departments are on a most efficient basis; that expenses are well under control and that our staff throughout the country that comes under his direction is of the highest calibre.

Mr. John H. Weeks, Director of Personnel Relations, stated that 1951 was another year in which there were no strikes or walkouts at any of our plants. He stated that our company enjoys an enviable reputation for absolute fairness in dealing with the employees and has one of the best labor records in the country. He reported that we have had the fewest number of grievances reported to headquarters in recent years. There was only one arbitration case and that was settled in favor of the company. He reported that increased attention was given to the recruiting of outstanding young men with good potential development for the future by his visiting twenty-five colleges and universities during the year. Our objective is to keep our organization strong and to fill all important positions of responsibility from within the organization.

Your Chairman reported that as of January 15th we had 17,990 stockholders and that these stockholders are cooperating with the Company in the exploitation and sales of products in a splendid manner. Accompanying the proxies there were many letters of commendation of our policies and our progress and many suggestions as to where and how additional business could be developed. There was only one stockholder who requested that his letter be read at the meeting, and this was a very small stockholder, but the letter was read without comment.

Very truly yours,

Adrian D. Joyce,
Chairman of the Board of Directors