1950

	1949	1948
Net profit	4,193,086	2,745,166
Brought forward	210,430	193,458
Reval. surplus	....	222,186
Prov. for tax	....	cr 450,000
Pension fund	....	cr 105,908
Total	4,403,516	3,716,718
General reserve	553,000	850,000
Dividends	1,142,771	1,008,330
Ln. stk. red. res.	35,700	35,700
Carried forward	205,318	210,430

Balance Sheet, as of June 30:

Assets:	1949	1948
Cash	£6,398,549	£5,277,252
Tax res. ctfs.	490,000	400,000
Brit. Gov. sec.	172,400	....
Sundry debtors	1,247,823	683,175
Copper stks., etc.	605,202	651,840
Materials, etc.	1,182,514	975,676
Total current	£10,006,533	£7,987,943
[1]Prop. (cost)	34,461	34,461
[2]Explor. & dev.	5,715,096	5,637,285
Sundry invest.	20,399	8,361
Total	£15,785,544	£13,668,050
Liabilities:		
Creditors, etc.	£836,203	£635,181
Reserve for tax	2,902,589	1,655,264

Liabilities (cont'd)	1949	1948
Prov. for accruals	106,245	35,309
Divs. payable	672,220	1,008,330
Total current	£4,517,257	£3,334,084
Capital stock	£4,888,874	£4,888,874
4½% loan stock	700,000	700,000
Redemption res.	172,550	136,850
Replace. reserve	1,631,154	1,596,671
Revenue reserve	2,901,391	2,351,391
U. K. inc. tax	769,000	449,750
Appropr. account	205,318	210,430
Total	£15,785,544	£13,668,050
Net current assets	£5,489,331	£4,653,859

[1]Represented by mining leases and special grants, etc., in Northern Rhodesia.

[2]Represents expenditures on exploration development and equipment of properties at cost less proceeds of sales and after deduction of contribution from H. M. Ministry of Supply and amounts charged to provision for replacement.

Accounts certified by Deloitte, Plender, Griffiths & Co.

Debenture Stock: On Aug. 23, 1944, company issued £700,000 unsecured 4½% debenture stock at 101, for development work at mines in Rhodesia. Interest payable M&S 1. Callable as a whole or in part by lot on 3 months' notice in years ending Jan. 9, as follows: To and including 1949 at 105; thereafter at 104 to and including 1954; thereafter at 103 to and including 1959; thereafter at 102 to 1964. Unless previously redeemed stock will be repaid at 102 Sept. 1, 1964. Company has power to issue £1,500,000 additional stock subject to same provisions and conditions.

Capital Stock: Mufulira Copper Mines, Ltd. stock; par £1:

AUTHORIZED—5,000,000 shares; issued and outstanding, 4,888,874 shares; par £1, fully paid.

Initial capital of 6,000,000 par 2s shares was increased to 9,000,000 2s par shares in Dec. 1930 and increased and changed to 5,000,000 £1 par shares on May 25, 1937.

OWNERSHIP—As of June 30, 1949, Rhodesian Selection Trust, Ltd. owned 64.07% of entire outstanding stock; balance owned by Rhokana Corp., Ltd., British South Africa Co. and public.

DIVIDENDS (Before tax)—Initial dividend of 1s per share, paid Sept. 23, 1937; Sept. 29, 1938, 2s 9d; 1939, 2s 9d; 1940, 2s 3d; 1941, none; 1942, 2s 3d; 1943, none; 1944 and 1945, 1s 6d; 1946, 3s 6d; 1947, 12s 6d; 1948, 7s 6d; 1949, 8s 6d.

In May, 1937, stockholders received a stock dividend of five fully paid £1 par shares for each two £1 par shares held.

PITTSBURGH PLATE GLASS COMPANY

CAPITAL STRUCTURE

CAPITAL STOCK

Issue	Par Value	Amount Outstanding	Earned per Sh. 1949	Earned per Sh. 1948	Divs. per Sh 1949	Divs. per Sh 1948	Call Price	Price Range 1949	Price Range 1932–49
1. Common	$10	9,030,182 shs.	[1]$3.75	[1]$3.33	$1.75	$1.75	---	37⅞–28¾	[2]48¼–28¾

[1]After appropriation to increase charges for depreciation to replacement cost rather than an original cost basis. Before such appropriation earned per share was: 1949, $4.22; 1948, $3.65. [2]Range since 4-for-1 split in 1945; range from 1932 and to the split in 1945, 160½–12⅛.

HISTORY

Incorporated in Pennsylvania Aug. 24, 1883 and reincorporated in Pennsylvania Nov. 3, 1920 upon merger with the Patton-Pitcairn Co. and Columbia Chemical Co., both incorporated in Pennsylvania in Nov., 1920. For details of stock issued in 1920 see Capital Stock—Issued. The Patton-Pitcairn Co. was a holding company owning all of the outstanding stocks of (1) Patton Paint Co. of Milwaukee, in which Pittsburgh Plate Glass purchased a 49% stock interest in 1900 and subsequently acquired a majority (2) Renneus, Kleinle & Co., brush manufacturers of Baltimore, in which Pittsburgh Plate Glass acquired a 48% stock interest in 1900 and subsequently acquired a majority (3) Pitcairn Varnish Co., and (4) Corona Chemical Co.

Upon formation of the company in 1883 the first commercial plate glass factory in the United States was constructed at Creighton, Pa.

In late 1927 the company and a subsidiary of E. I. du Pont de Nemours each acquired a 50% stock interest in Pittsburgh Safety Glass Co. (name subsequently changed to Duplate Corp.), which constructed a $1,000,000 plant at Creighton, Pa. for the manufacture of safety glass, using the company's plate glass and du Pont's plastic interlayer. In 1931 acquired full control of Duplate Corp.

In June, 1928 acquired Ditzler Color Co. of Detroit, manufacturers of automobile finishes, now operating as Ditzler Color Division, a unit of the Paint Division.

In 1929 began production of "Wallhide," a new interior paint.

In 1931, jointly with American Cyanamid Co., formed Southern Alkali Corp. (in which the company owns a 51% stock interest and American Cyanamid, 49%). See statement appended.

In Mar., 1937, jointly with Corning Glass Works (see general index) formed Pittsburgh Corning Corp. to manufacture glass building blocks, [illegible], etc., at a newly-constructed plant at Port Allegany, Pa. Each company owns 50% of the $1,000,000 outstanding capital stock of this concern.

In 1938 exercised an option to purchase 98,000 shares of American Cyanamid Co. class B stock at $[illegible] per share under an option issued in 1931. This stock was sold in 1949.

In 1944 acquired majority interest in Murphy Paint Co., Ltd., and the business and factory of Pacific Alkali Co.

In May, 1946, acquired Moreck Brush Mfg. Co., San Francisco, and in Mar., 1946, M. B. Suydam Co. (Pa.), a manufacturer of paint products, in exchange for 31,031 $10 par common shares of Pittsburgh Plate Glass Co. Both are now operated as divisions.

In Apr., 1947, acquired Forbes Varnish Co., now operated as Forbes Finishes Division, a unit of the Paint Division.

During 1947 Pittsburgh Plate Glass Co. of Mich., Pittsburgh Plate Glass Co. of Tenn., and Charleston & Bell [illegible] R.R. Co., wholly-owned subsidiaries, were liquidated and dissolved.

In 1947, jointly with Koppers Co., Inc. (see general index) formed Koppers Pittsburgh Co. for production of [illegible] (used for producing [illegible]) with plant located at Kobuta, Pa., operation of which began in Jan. [illegible].

On Jan. [illegible] 1949, Southern Phillips Corp. (51% owned) was merged into Southern Pipe Line Corp. ([illegible] owned).

During 1948, following wholly-owned subsidiaries were liquidated: Allied Paint & Glass Co., Altoona Glass & Paint Co., Anthony Wayne Glass Co., Canonsburg Paint & Glass Co., Columbia Development Corp., Queen City Paint & Glass Co. and Uniontown Paint & Glass Co. Also, in 1948, purchased Micronizer Processing Co., Moorestown, N. J., manufacturer of insecticides, and acquired a controlling interest in Midvale Coal Co., Midvale, O., which was subsequently liquidated and now operated as a division.

In 1949 acquired plant and property of a window glass factory at St. Laurent, Quebec, Canada, through Canadian Industrial Glass Co., Ltd., a wholly-owned subsidiary.

During 1949 sold interest in Gurley-Comstock Corp., a partly owned subsidiary, and liquidated Geneva Paint & Glass Co., a wholly-owned subsidiary.

SUBSIDIARIES

Parent functions chiefly as an operating company. As of Dec. 31, 1949, owned 100% of the voting control of the following:

C. A. Michel Co. (Pa.)
Canadian Industrial Glass Co., Ltd. (Canada)
Cia Pittsburgo de Vidros e Cristais (Brazil)
Indiana Manufacturing Co.
Kingston Paint & Glass Co., Inc.
Nevius Paints, Inc.
T. H. Nevin Corp.
Poughkeepsie Paint & Glass Co., Inc. (formerly Thomas V. Lackaye Paint & Glass Co.)
The Rainey Stores, Inc.
Sewickley Hardware & Paint Co.
Societe Anonyme des Glaces de Courcelles (Belgium)
Thresher Paint & Varnish Co. (O.)
Wesco Paint & Glass Co., Inc.

As of Dec. 31, 1949, owned less than 100% of the voting control of the following subsidiaries:

Southern Petroleum Corp. (51%)
Duplate Canada, Ltd. (61.69%)
  Duplate (Windsor), Ltd. (Canada) (100%)
  Duplate Tool & Die, Ltd. (Canada) (100%)
  Smith & Stone, Ltd. (Canada) (100%)
  Safety Glass Standards, Ltd. (Canada) (100%)
Southern Alkali Corp. (51%) [2]
  Southern Pipe Line Corp. (89.272%) [3]
  Southern Minerals Corp. (26.32%) [1]
Southern Minerals Corp. (37.53%) [1]
Southern Pipe Line Corp. (5.471%) [3]
Murphy Paint Co., Ltd. (Canada) (78.083%)
  Thorp-Hambrock, Ltd. (Canada) (100%)

As of Dec. 31, 1949, owned about 18 inactive subsidiaries.

[1]Equity of Pittsburgh Plate Glass Co. in capital stock of Southern Minerals Corp. is [illegible].

[2]See appended statement.

[3]Equity of Pittsburgh Plate Glass Co. in capital stock of Southern Pipe Line Corp. is [illegible].

Note: Owns 50% of voting control of Pittsburgh Corning Corp. and Koppers Pittsburgh Co. (see History).

In 1941, acquired a minority interest in Companhia Paulista de Vidro Plano with a window glass plant at Sao Paulo, Brazil. Also, together with Corning Glass Works, acquired minority interest in two other South American glass producing enterprises, Cristalerias Rigolleau (Buenos Aires) and Santa Marina Co. (Sao Paulo).

BUSINESS & PRODUCTS

Principal industries served are the automobile, which consumes the company's safety glass and finishes, and the building, which uses paints, varnishes, brushes, window glass, plate glass and mirrors.

Ranks as one of the two leading producers of plate glass (capacity in excess of 130,000,000 sq. ft. yearly), which is used principally by the automobile industry in the form of safety glass which comprises two sheets of plate glass pressed together with a plastic interlayer. Plate glass is also used for store fronts, mirrors, etc. Ranks as one of the leading producers of sheet or window glass, sold under the trade name Pennvernon. Chief raw materials of this division are soda ash, sand, limestone and vinyl plastic.

Ranks as one of the leading producers of paint, varnish, lacquer and brushes, which are sold in large quantities to automobile companies and other industrial consumers as well as for general trade purposes in painting of new houses and in home rehabilitation. Chief raw materials of this division are linseed oil and other solvents, colors, metallic pigments, etc.

Ranks as one of the leading producers of soda ash, which is used in the manufacture of glass, soap, oil, textiles, drugs, pulp and paper, and in water softening, purification processes and cleaning operations, and of caustic soda, which is used in the manufacture of soap, chemicals, rayon, lye, textiles, and in petroleum refining and rubber reclaiming. Other products of the chemical division include (1) liquid chlorine, used largely in the production of chemicals, textiles and pulp, and in water purification (2) modified sodas (3) special alkalis (4) calcium chloride Hennig's purifier and soda briquettes, used for desulphurizing pig and cast iron (6) salt for industrial uses (7) calcium hypochlorite, used for water purification (8) Calcene or Silene, used for rubber compounding, and (9) Borax used in cleaning. Principal raw materials of this division are salt and limestone.

Relatively minor divisions of the business comprise the manufacture of Portland cement, dry colors, insecticides, fungicides and seed grain disinfectants. Products are distributed through 241 sales offices, stores and warehouses located throughout the country.

PRINCIPAL PLANTS & PROPERTIES

Plate glass manufacturing plants are located at Creighton and Ford City, Pa.; Crystal City, Mo., and Courcelles, Belgium (closed early in 1940, after German invasion of Belgium). Plate glass from the Creighton and Crystal City plants is used in the fabrication of the company's safety glass. Window glass factories are located at Henryetta, Okla.; Mount Vernon, O., and Clarksburg, W. Va.

All types of home, industrial, automotive, marine and other paints and finishes are made by the Paint Division in ten plants located at Milwaukee, Wis.; Detroit, Mich.; Newark, N. J.; Portland, Ore.; Dayton and Cleveland, O.; Houston, Texas; Los Angeles, Cal.; Pittsburgh and Springdale, Pa., and by subsidiary at Montreal. Linseed oil is made at Red Wing, Minn., and by subsidiary at Montreal. Paint and other brushes are produced at Baltimore, Md., Keene, N. H., and San Francisco, Cal. Paint proving grounds are located at Ft. Lauderdale, Fla., Newark, N. J., and Milwaukee, Wis.

A store front metal factory is located at Kokomo, Ind.

Alkalis and other chemicals are produced at Barberton, O., Bartlett, Calif., and at Natrium (near New Martinsville), W. Va. (plant purchased from RFC in exercise of option), also through a subsidiary, Southern Alkali Corp. with plants at Lake Charles, La., and Corpus Christi, Tex.

Other activities include a cement plant at Zanesville, O. (2,000,000 bbls. yearly capacity); the manufacture of dry colors, insecticides, fungicides and seed germ disinfectants at Mil-

PLAINTIFF'S EXHIBIT

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waukee and Moorestown, N. J.; sand mines at Crystal City, Mo.; limestone quarries at Fultonham, O.; coal mines near New Philadelphia, O., and gas properties and gas lines at Ford City, Pa. In addition, 241 sales offices, warehouses and stores are operated for the distribution of glass, paint, etc. Research laboratories are located as follows: Glass at Creighton, paints at Milwaukee, Newark and Detroit, chemicals at Barberton.

Pittsburgh Corning Corp., a 50% owned company, has a glass block producing plant at Port Allegany, Pa., and a foamglass and glass block plant at Sedalia, Mo.

MANAGEMENT

Officers

C. M. Brown, Chairman of Board and of Finance Comm.
H. B. Higgins, Pres. & Chmn. of Exec. Com.
R. B. Tucker, Exec. Vice-President
E. T. Asplundh, Vice-Pres. (Chemical and Cement Divs.)
D. C. Burnham, Vice-Pres. (Merchandising Div.)
Leland Hazard, Vice-Pres. & Gen. Couns.
J. H. Heroy, Vice-Pres. (Brush Div.)
F. W. Judson, Vice-President
E. D. Griffin, Vice-Pres. (Paint Div.)
J. A. Wilson, Vice-Pres. (Glass Manufacture)
W. [illegible] Simmons, Treasurer
H. [illegible] Brown, Secretary
S. H. L. Burk, Dir. of Ind. Relations
C. R. Fay, Comptroller
M. E. Carlisle, Purchasing Agent
R. D. Bole, Chief Engineer
Guy Berghoff, Dir. of Public Relations
J. H. Henshaw, Export Manager
W. R. Harper, Sales Mgr.—Glass Div.
W. I. Galliher, Sales Mgr.—Chem. Div.
E. D. Peck, Sales Mgr.—Paint Div.

Directors

Clarence M. Brown, Philadelphia
Howard B. Brown, Philadelphia
E. T. Asplundh, Pittsburgh
E. D. Griffin, Pittsburgh
Leland Hazard, Pittsburgh
J. H. Heroy, New York
H. B. Higgins, Pittsburgh
Richard K. Mellon, Pittsburgh
Harold F. Pitcairn, Philadelphia
Raymond Pitcairn, Philadelphia
R. B. Tucker, Pittsburgh

General Counsel: Leland Hazard.

Annual Meeting: First Wednesday in April.

No. of Stockholders: Mar. 15, 1950, 14,031.

No. of Employees: Dec. 31, 1949, 26,257.

General Office: Grant Bldg., Pittsburgh 19.

INCOME ACCOUNTS

COMPARATIVE CONSOLIDATED INCOME ACCOUNT, YEARS ENDED DEC. 31

(Taken from reports to Securities and Exchange Commission)

	1949	1948	1947	1946	1945	1944	1943
Net sales	$281,462,159	$290,037,351	$262,520,489	$184,660,940	$144,109,141	$142,846,865	$119,383,530
Cost of goods sold	162,216,925	165,039,617	146,402,779	101,319,218	82,261,151	78,826,439	67,958,181
Other manufacturing costs	14,494,924	21,843,780	24,056,267	25,508,536	20,476,965	21,927,224	14,303,718
Gross profit from regular products	104,750,310	93,153,954	92,070,443	57,833,187	41,371,028	42,093,202	37,121,631
Gross profit from auxiliary oper.	--------	--------	--------	--------	63,911	254,523	574,289
Total profit	104,750,310	93,153,954	92,070,443	57,833,187	41,434,937	42,347,725	37,695,920
Selling, general & admin. expenses	50,310,212	41,708,728	35,987,378	26,233,242	23,079,716	18,562,173	16,392,378
Operating profit	54,440,098	51,445,226	56,083,065	31,599,945	18,355,221	23,785,552	21,303,542
Interest and dividends received	1,824,839	2,230,046	1,794,410	1,561,791	1,719,127	1,634,791	1,117,450
Royalties received	213,982	161,175	264,033	137,092	142,911	161,940	46,977
Other income	3,300,489	704,495	452,521	2,407,516	381,667	431,404	1,336,044
Gross income	59,779,408	54,540,943	58,594,028	35,706,344	20,598,927	26,013,687	23,804,013
Income deductions	344,320	592,043	2,346,208	4,645,245	192,601	101,499	249,825
Balance	59,435,089	53,948,900	56,247,820	31,061,099	20,406,325	25,912,188	23,554,188
Federal income taxes	20,230,000	20,122,532	23,897,217	13,377,187	7,186,643	7,124,099	7,100,000
State income taxes	1,070,000	1,077,468	1,102,783	622,813	347,166	319,551	384,800
Federal excess profits tax	--------	--------	--------	--------	513,357	5,353,223	3,000,000
Prior years tax adjustment, net	--------	--------	--------	--------	cr 1,180,000	--------	--------
Post-war refund—excess profit tax	--------	--------	--------	--------	--------	cr 835,322	cr 300,000
Pension, etc., reserve	--------	--------	3,476,675	--------	--------	--------	--------
Replacement cost provision	3,322,300	2,865,700	--------	--------	--------	--------	--------
Net income to surplus	34,252,788	29,883,200	27,771,145	17,001,099	13,539,160	13,450,637	13,389,566
Earned surplus beginning of year	71,277,984	55,823,528	43,241,741	36,850,709	65,908,940	61,851,595	57,298,599
Dividends	15,790,319	15,084,898	15,189,357	10,670,067	9,401,551	9,393,292	8,834,892
Other surplus adjustments	--------	cr 1,356,155	--------	--------	dr 33,195,840	--------	--------
Earned surplus, end of year	$89,840,453	$71,277,984	$55,823,528	$43,241,741	$36,850,709	$65,908,940	$61,851,595
SUPPLEMENTARY P. & L. DATA							
Depreciation, depletion & amort.	$6,773,126	$6,229,817	$5,977,657	$5,694,813	$5,525,125	$5,460,344	$5,679,101
Maintenance and repairs	15,050,559	17,050,124	13,835,296	9,929,833	7,811,632	7,305,452	5,809,885
Taxes, other than income	4,163,484	3,915,929	3,543,978	2,570,199	2,355,505	2,876,089	2,441,942
Rents	1,498,776	1,264,750	1,083,373	1,211,648	2,932,810	2,929,473	1,184,972
Royalties	530,800	430,668	352,146	226,579	176,131	242,013	227,418
Provision for bad debts (net)	--------	395,934	476,326	284,149	477,054	118,586	92,525
Parent company's net sales	Not stated	Not stated	Not stated	$175,509,209	$136,551,180	$138,596,836	$109,260,825
Parent company's net income	--------	--------	--------	16,435,968	12,651,850	13,194,920	12,816,118
Equity in earnings of subs. consol.	--------	--------	--------	2,576,198	1,654,003	1,390,865	1,263,641
Dividends from subs. consolidated	--------	--------	--------	1,001,159	763,589	1,107,605	769,330
Equity in earn. of subs. not cons.	$3,053,127	$5,442,022	$3,314,142	2,005,463	1,568,547	1,281,737	1,140,482
Dividends from subs. not consolidated	886,289	1,379,355	923,953	442,176	743,095	587,458	323,556

Gross sales less discounts, returns and allowances and includes following sales to unconsolidated subsidiaries: 1943, $19,158; 1944, $22,477; 1945, $125,201; 1946, $110,848; 1947, $334,538; 1948, $272,927; 1949, $1,347,147.

Includes related portions of items shown under "Supplementary P & L Data" below statement.

1949: Includes gain on sales of securities, $3,[illegible].

1947: Includes $992,254 write-off of excess of cost of investments in subsidiaries over net worth at dates of acquisition; $466,412 write-off of unrecovered cost of depletable property and $540,[illegible] interest on additional prior years Federal income taxes.

1946: Includes $4,000,000 provision for possible market decline in inventories and $360,648 write-off of excess of cost of two subsidiaries purchased in 1946 over net worth at dates of acquisition.

Appropriation required to change from cash to reserve basis of providing for uninsured pensions and relief.

1948: Transfer of reserve for extraordinary obsolescence (representing adjustment of net book value of property resulting from an inventory of properties in prior years.

1945: Consisted of transfer to stated capital in connection with exchange of four $10 par shares for each former $25 par share.

Includes social security taxes: 1949, $1,670,020; 1948, $1,631,183; 1947, $1,597,760; 1946, $1,271,018; 1945, $897,041; 1944, $1,120,106; 1943, $1,[illegible].

Includes provisional charges for repairs and maintenance: 1943, $111,477; 1944, $133,066; 1945, $123,677; 1946, $186,505; 1947, $416,896.

Appropriation of income to increase charges for depreciation to a replacement cost rather than on original cost basis.

1944: Includes $750,000 provision for contingencies.

Refunds for prior years of Federal income and excess profits taxes, resulting from accelerated amortization.

General Note: Company follows policy of taking up income from subsidiaries only when received as dividends. Company's share of undistributed net profits of domestic and Canadian subsidiaries, not consolidated, was $3,053,127 in 1949 (1948, $5,074,980; 1947, $2,838,251; 1946, $2,033,349; 1945, $1,011,375; 1944, $887,662; 1943, $750,120) which amount was not included in above income account. Equity in net profits of company's Belgian and Brazilian subsidiaries are not considered significant.

Record of Earnings, years ended Dec. 31 (in $):

Year	Net Sales	Cost and Expenses	Operating Profit	Oth. Inc. & Ded. (Net)	Inc. Bef. Taxes	Income Taxes	Net Income	Common Dividends	Com. Shs. Outstand.	Earn. Per Com. Sh.
1936	86,110,483	69,266,793	16,843,693	1,926,895	18,770,588	3,448,754	15,321,834	11,783,121	2,142,443	7.15
1937	93,315,307	73,183,572	20,131,735	2,438,207	22,569,942	4,281,973	18,287,969	13,928,415	2,142,833	8.53
1938	64,355,034	59,451,150	4,903,884	3,128,686	8,032,570	1,543,663	6,498,907	3,770,272	2,158,764	3.01
1939	83,189,621	70,401,929	12,787,692	498,043	13,285,735	2,519,323	10,766,412	8,672,611	2,177,224	4.94
1940	97,930,631	79,597,340	18,333,291	1,302,120	19,635,411	5,841,474	13,793,937	10,909,174	2,188,040	6.30
1941	[illegible]	99,225,772	28,778,239	1,393,939	30,172,178	15,183,000	14,989,178	10,961,175	2,198,438	6.82
1942	[illegible]	89,918,207	17,888,128	859,994	18,748,132	7,511,000	11,237,132	7,707,289	2,208,723	5.09

BALANCE SHEETS

COMPARATIVE CONSOLIDATED BALANCE SHEET, AS OF DEC. 31

(Taken from reports to Securities and Exchange Commission)

ASSETS	1949	1948	1947	1946	1945	1944	1943
Cash	$23,850,012	$12,901,615	$20,014,780	$19,512,562	$12,105,962	$12,516,606	$16,212,532
U. S. Government securities	19,262,830	11,109,961	8,150,401	7,344,630	23,176,765	23,551,896	13,132,679
Other marketable securities	233,030	576,028	3,388,426	5,096,291	5,420,724	5,190,492	5,706,773
Notes & accts. receiv., accrued, etc.	21,769,696	22,359,172	18,678,299	15,450,973	9,403,707	10,465,[illegible]	9,911,285
Refund of prior Federal inc. taxes	--------	--------	--------	--------	1,180,000	--------	--------
Inventories	65,003,009	63,579,777	51,496,448	37,321,978	28,538,732	27,191,672	24,266,529
Total current assets	$130,113,487	$110,527,137	$101,737,357	$80,736,302	$79,915,281	$79,936,110	$71,529,799
Sec. & advances to unconsol. subs.	3,801,601	3,801,601	5,167,001	5,276,000	5,233,000	7,293,024	6,937,819
Invest. in foreign subs. not consol.	5,921,758	3,377,583	2,726,065	1,327,277	920,474	1	1
Miscellaneous investments	3,102,496	5,147,510	7,863,115	7,736,836	7,927,067	7,109,529	4,383,454
Non-current notes & accounts (net)	2,552,287	3,004,205	3,453,932	1,851,043	1,422,060	1,182,051	1,054,675
Property, plant & equip.	192,791,925	182,066,737	164,472,925	150,252,866	132,164,100	128,568,276	125,970,568
Less: Reserves depl. & amort. res.	91,667,027	86,112,078	82,675,989	77,584,019	73,809,995	68,905,693	64,326,175
Less: Extraord. obsol. res.	--------	--------	1,356,153	1,356,153	1,353,949	1,353,946	1,353,949
Net property	101,123,508	95,954,709	80,440,781	71,413,692	57,000,156	58,308,624	60,290,444
Patents	1	1	1	1	1	1	1
Deferred charges	1,022,528	3,011,053	3,281,675	2,698,984	1,906,716	1,645,767	1,301,977
Total	$251,612,180	$227,313,620	$206,670,828	$174,003,207	$154,425,374	$155,465,350	$149,205,162

BALANCE SHEETS (cont'd)

LIABILITIES	1949	1948	1947	1946	1945	1944	1943
Accounts payable, trade	$9,543,422	$11,669,569	$10,285,542	$7,024,766	$5,157,077	$4,843,507	$4,572,902
Notes payable	282,800	340,000	346,481	376,987	417,508	17,251	18,315
Accrued taxes	26,315,504	25,323,481	27,261,335	17,768,595	9,853,339	15,600,506	13,227,767
Other payables and accruals	8,675,038	8,014,568	6,565,680	4,530,836	2,688,246	2,768,271	1,408,402
Total current liabilities	$45,446,764	$45,347,618	$44,459,046	$29,701,183	$18,116,767	$23,230,132	$19,227,386
Collected on installment sales	--------	--------	--------	--------	43,949	80,418	79,207
Deferred credits	263,019	208,902	109,224	109,503	28,947	155,077	172,878
Reserve for contingencies	5,681,365	5,681,365	5,681,365	5,631,365	5,681,365	5,681,365	4,931,365
Insurance reserve	2,651,553	2,511,106	2,322,468	2,319,988	2,353,291	2,368,458	2,462,118
Pension and relief reserve	3,531,613	3,354,446	3,420,646	--------	--------	--------	--------
Reserve for maint & repairs, etc.	1,622,224	1,663,253	2,141,826	1,651,782	1,864,994	1,987,927	1,738,130
Replacement cost reserve	6,748,000	2,865,700	--------	--------	--------	--------	--------
Minority interest	--------	--------	--------	--------	--------	--------	2,407
Capital stock (par $25)	90,301,820	89,801,820	89,396,220	88,996,220	88,522,240	55,282,650	55,218,078
[1]Paid-in surplus	5,555,375	4,411,625	3,316,505	2,301,505	360,121	770,385	525,000
Earned surplus	81,840,453	71,377,984	55,823,528	43,241,741	36,850,709	65,908,940	61,851,593
Total	$251,642,186	$227,313,820	$206,670,828	$174,003,267	$154,425,374	$155,465,350	$148,208,161
Net current assets	$84,666,723	$65,479,539	$57,278,311	$54,055,119	$61,798,513	$56,695,978	$52,602,412
PROPERTY ACCT.—ANALYSIS							
Additions at cost	$12,439,261	$20,997,952	$15,464,600	$19,725,033	$4,341,513	$3,665,751	$2,375,469
Retirements or sales	1,630,912	3,404,091	2,057,958	2,435,974	797,080	1,089,893	1,281,497
Other additions	--------	--------	712,417	900,707	51,291	21,850	48,922
Other reductions	53,311	--------	--------	--------	--------	--------	--------
DEPR., DEPL. & AMORT. RES.—ANALYSIS							
Charged to profit & loss	$6,773,126	$6,229,817	$5,977,657	$5,694,813	$5,439,206	$5,460,344	$5,662,527
Charged to other accounts	--------	--------	324,589	315,065	133,102	6,838	54,135
Retirements, renewals & replace.	1,191,466	2,793,727	1,210,306	2,233,619	667,919	887,753	833,204
[7]Other changes	dr 25,811	dr 1,356,155	--------	--------	--------	--------	cr 1,399

[1]1949: After crediting excess of proceeds over par value of capital stock issued in 1949, $1,143,750.

1948: After crediting excess of proceeds over par value of capital stock issued in 1948, $1,095,120.

[7]1948: Represents reserve for extraordinary obsolescence transferred to earned surplus.

[4]Lower of cost or market. Market value, 1949, $29,166,891.

[5]Lower of cost or market. Market value, 1949, [illegible].

[6]After reserves (1949, $2,306,776).

[8]1949:

Used in business:	Property	Reserves
Land	$4,564,034	--------
Land improve.	3,012,738	$1,121,428
Salt, etc., depos. & gas res.	2,583,870	858,650
Buildings	50,245,733	22,031,729
Mach. & equip.	123,317,268	66,480,071
Construction	6,699,354	--------
Other property	2,298,748	1,146,049
Total	$192,821,825	$91,667,927

[3]At less than cost or market. 1949: Finished goods, $29,715,232 (1948, $34,196,058); work in process, $3,728,410 (1948, $3,729,728); raw materials, $10,708,676 (1948, $13,580,187); supplies (including repair parts), $10,912,691 (1948, $12,072,904); total, $55,065,009 (1948, $63,579,777).

Depreciation Policy: Provision for depreciation of depreciable assets was made at various annual rates, which are based on the estimated useful lives of the respective items. Computed composite annual depreciation rates for 1949, based on provisions for year and balances in adjusted property accounts at beginning of year, plus one-half of net additions for year, follow: Used in business: land improvements, 4.22%; buildings and building equipment, 2.49%; machinery and equipment, 4.52%; other real estate, land and dwellings for employees (including facilities not in operation): Residential buildings, 3.13%; buildings held for future disposition, none; machinery and equipment (all fully depreciated), none.

Provision for depletion of salt, limestone, clay and coal deposits, etc., for 1949 was equivalent to cost of such resources recovered during year (that cost being computed on basis of ratio of resources recovered to total recoverable resources estimated by company's engineers).

General Notes

(a) Accounts certified by Haskins & Sells.

(b) Above consolidated statements include all domestic subsidiaries whose business policies and operations are directed by the parent through its organization, except Southern Alkali Corp., Southern Pipe Line Corp. and Southern Minerals Corp. Company's Belgian subsidiary is not included in accordance with practice established in 1940. Company's other foreign subsidiaries (4 in 1949, 3 in 1948 and 2 in prior years) are not included on basis of being considered not significant.

Net excess of equity of company and consolidated subsidiaries in net assets of domestic and Cannadian subsidiaries not consolidated over carrying value of investments therein amounted to $18,538,687 at Dec. 31, 1949.

FINANCIAL & OPERATING DATA

Statistical Record	1949	1948	1947	1946	[1]1945	1944	1943
Earned per share	[4]$3.79	[4]$3.33	$3.11	$1.92	$1.83	$6.08	$6.06
Dividends per share	$1.75	$1.75	$1.70	$1.20	[2]$4.25	$4.25	$4.00
Price range	37⅞-28¾	39⅛-30	42⅞-32¼	48¾-30	[3]44¾-39⅛	125¾-95	98-84¾
Net tangible assets per share	$20.56	$18.44	$16.62	$15.12	$14.27	$58.15	$53.24
Number of shares	9,030,182	8,980,182	8,939,622	8,899,622	8,852,224	2,211,306	2,208,723
Financial and Operating Ratios							
Current assets ÷ curr. liabilities	2.86	2.44	2.29	2.82	4.41	3.44	3.74
% cash & securities to curr. assets	40.95	22.46	31.02	36.99	52.52	52.98	51.58
% inventory to curr. assets	42.32	57.37	60.62	44.56	35.71	34.02	34.62
% net curr. assets to net worth	45.50	39.54	38.56	40.18	48.92	46.49	44.73
% property depreciated	47.54	47.30	[5]51.09	[5]52.50	[5]56.87	[5]54.65	[5]52.14
% ann. deprec. to gross property	3.51	3.42	3.63	3.79	4.18	4.25	4.51
Capitalization: % common stock & surplus	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Sales ÷ inventory	5.21	4.40	5.09	4.95	5.05	5.25	4.80
Sales ÷ receivables	12.93	12.52	14.06	11.95	15.32	13.65	12.06
% sales to net property	278.25	291.84	326.36	258.58	252.82	244.98	196.01
% sales to total assets	111.85	123.19	127.02	106.13	9.33	91.89	81.65
% net income to total assets	13.61	13.15	13.44	9.80	8.77	8.65	9.16
% net income to net worth	18.45	18.05	18.70	12.68	10.72	11.03	11.39
Analysis of Operations	%	%	%	%	%	%	%
Net sales	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Costs, goods & manufacturing	62.78	66.74	64.93	68.68	71.29	70.53	68.91
Gross profit from products	37.22	33.26	35.07	31.32	28.71	29.47	31.09
Gross profit from aux. operations	--------	--------	--------	--------	0.04	0.17	0.48
Total profit	37.22	33.26	35.07	31.32	28.75	29.64	31.57
Sell., gen. & adm. expenses	17.88	14.89	13.71	14.21	16.01	12.95	13.73
Operating profit	19.34	18.37	21.36	17.11	12.74	16.69	17.84
Other income	1.90	1.11	0.96	2.22	1.56	1.56	2.09
Gross income	21.24	19.48	22.32	19.33	14.29	18.21	19.93
Income deductions	0.12	0.21	0.89	2.51	0.13	0.07	0.21
Net income before income taxes, etc.	21.12	19.27	21.43	16.82	14.16	18.14	19.72
Provision for taxes on income	7.57	7.57	9.52	7.58	4.76	8.72	8.51
Pension, etc. res.	--------	--------	1.32	--------	--------	--------	--------
Replacement cost reserve	1.38	1.03	--------	--------	--------	--------	--------
Net income	12.17	10.67	10.59	9.24	9.40	9.42	11.21

[1]On Dec. 15, 1945, four $10 par shares were issued in exchange for each $25 par share. Statistical record for 1945 applies to $10 par shares except for dividends.

[2]Applies to $25 par shares.

[3]$10 par shares, $25 par shares, 160¼-117.

[4]After appropriation to increase charges for depreciation to a replacement cost rather than an original cost basis. Before such appropriation earned per share was: 1949, $1.22; 1948, $3.65.

[5]Including extraordinary obsolescence reserve.

CAPITAL STOCK

1. Pittsburgh Plate Glass Co. stock; par $10:

AUTHORIZED—12,500,000 shares (increased from 2,500,000 shares Dec. 15, 1945); outstanding [illegible] shares, par $10 (changed from $100 par Oct. 9, 1925, four $25 par shares issued in exchange for each $100 par share; changed from $25 par Dec. 15, 1945, four $10 shares issued for each $25 share).

[illegible] owned 2,971 [illegible]

Dividend Record (in $)

($100 par shares)

[illegible]	[illegible]	[illegible]	[illegible]	1899-06	6.00
[illegible]	[illegible]	[illegible]	[illegible]	1919	7.25
[illegible]	[illegible]	[illegible]	[illegible]	1922	13.00
[illegible]	[illegible]	[illegible]	[illegible]	1924	6.00

($25 par shares)

[illegible]	0.50	1929...	3.00	1930...	2.00
1931...	1.75	1932...	0.75	1933...	0.70
1934...	1.20	1935...	2.00	1936...	6.00
1937	6.50	1938...	1.75	1939...	4.00
1940-41	5.00	1942...	3.50	1943...	4.00
1944-45	4.25				

($10 par shares)

[illegible]	1.20	1947	1.70	1948-49	1.75
[illegible]	0.25				

Plus 10% in stock Apr., 1917.

[7]Plus 20% in stock Dec., 1920.

Plus 20% in stock Jan., 1923.

Plus 10% in stock Dec. 1, 1928.

[illegible] April 1.

Dividends payable quarterly Apr. 1, etc., to stock of record about Mar. 10, etc.

PREEMPTIVE RIGHTS—As provided by the statutes of the Commonwealth of Pennsylvania.

LISTED—On New York and Pittsburgh Stock Exchanges.

TRANSFER AGENTS—Peoples First National Bank & Trust Co., Pittsburgh; City Bank Farmers Trust Co., New York.

REGISTRARS—Mellon National Bank & Trust Co., Pittsburgh; Guaranty Trust Co., New York.

DIVIDEND PAYING AGENT—Peoples First National Bank & Trust Co., Pittsburgh.

ISSUED—Upon reincorporation in 1920, 397,342 shares of new $100 par stock were issued as follows: 247,500 shares to holders of old

$100 par common on a share for share basis 1,540 shares to holders of old 12% preferred on the basis of two shares for each share held; 47,728 shares to stockholders of Columbia Chemical Co. on the basis of 8/10 of a share for each share held; 10,574 shares to minority stockholders (46%) of Patton-Pitcairn Co. on a share for share basis.

SOUTHERN ALKALI CORPORATION

[Controlled jointly by Pittsburgh Plate Glass Co. (51%) and American Cyanamid Co. (49%)]

History: Incorporated in Delaware Apr. 20, 1931.

Business: Manufactures heavy chemicals.

Property: Plants located in Corpus Christi, Tex. and Lake Charles, La. Salt brine for manufacture at Corpus Christie plant is piped from company's own wells and natural gas for power is provided from company's nearby field.

Control: Capital stock jointly owned (51% and 49% respectively) by Pittsburgh Plate Glass Co. (see preceding statement) and American Cyanamid Co. (see general index).

Subsidiary: Southern Pipe Line Corp. (99.-272% owned).

Also owns a 26.32% interest in Southern Minerals Corp. (37.58% owned by Pittsburgh Plate Glass Co.).

Officers: H. F. Pitcairn, Pres.; C. M. Brown, W. B. Bell, F. M. Fargo, Jr., E. T. Asplundh, O. N. Stevens, Vice-Pres.; J. H. Heroy, Sec.; W. V. Simmons, Treas.; H. B. Brown, M. A. Burke, Mrs. E. L. Ellis, Asst. Sec.; J. G. Fleming, Asst. Treas.; C. R. Fay, Comptr.

Directors: C. M. Brown, Raymond Pitcairn, H. F. Pitcairn, E. W. Winkler, W. B. Bell, E. T. Asplundh, H. P. Eastman, F. M. Fargo, Jr., R. C. Gangler, J. H. Heroy, K. C. Towe.

Annual Meeting: Third Wednesday in April.

Office: Corpus Christi, Tex.

[1] **Combined Income Account, years ended Dec. 31:**

	1949	1948
Net sales	[2]$45,431,075	$61,907,448
Rentals & services	112,132	117,510
Gross oper. inc.	45,543,207	62,024,958
Cost of sales	29,493,277	39,233,529
Selling, etc., exp.	1,338,513	1,265,480
Taxes (other than inc.)	941,939	1,024,728
Depreciation	1,932,570	2,043,094
Depletion	634,001	833,393
[3]Retirement loss	941,452	1,182,388
Undev. lshld. rent.	90,250	95,956
Net oper. income	10,170,905	16,346,392
Other income	135,902	50,198
Total income	10,306,807	16,396,590
Debt interest	177,876	125,000
Other interest	25,474	206,008
Sundry deducts.	121,221	91,861
Fed. income tax	3,164,411	5,154,720
Fed. tax adjust.	--------	--------
State income tax	70,000	112,291
Net income	6,747,825	10,706,710
Surplus, 1-1	21,205,406	17,732,028
Surplus credit	--------	266
Cash dividends	1,481,412	[4]2,233,598
[5]Stock dividend	--------	5,000,000
[6]Surplus debit	418,583	--------
Surplus, 12-31	26,050,237	21,205,406
Earned per share	$67.48	$107.07
Number of shares	100,000	100,000

[1]Southern Alkali Corp., Southern Pipe Line Corp. and Southern Minerals Corp. in 1949; Southern Alkali Corp. and subsidiary consolidated and Southern Minerals Corp. (affiliated company) in 1948. Taken from reports to SEC.

[3]Dry holes and abandonments.

[4]Southern Minerals Corp. (1949, $1,474,684; 1948, $2,210,526) and Southern Pipe Line Corp., (1949, $10,728; 1948, $23,072). Amount charged against surplus (1949, $1,484,412; 1948, $2,233,598) excludes (1949, $526,316; 1948, $789,474) for Southern Minerals and (1949, $89,272; 1948, $192,000) for Southern Pipe Line paid to Southern Alkali eliminated against income of that company.

[5]100% stock dividend (50,000 shares) paid by Southern Minerals Corp. (see "Note" to balance sheet).

[2]1949: Comprises sales to outside customers, $43,902,525; to affiliates not combined, $1,528,-550; total, $45,431,075.

[6]Par value of Southern Pipe Line Corp. stock distributed to stockholders in a prior year, $500,000; less portions of Southern Pipe Line Corp. balance of retained earnings, $81,-417; balance, $418,583.

[1]**Combined Balance Sheet, as of Dec. 31:**

Assets:	1949	1948
Cash	$10,258,923	$8,971,876
Working funds	--------	2,713
U. S. Govt. secur.	5,297,100	5,197,100
Other securities	255,000	195,000
Receivables, net	3,683,208	5,606,288
[2]Finished chem.	449,632	439,110
[2]Crude oil	1,524,529	1,163,571
[2]Refined prod.	853	2,283
[2]Work in proc.	11,824	--------
[2]Mater. & suppl.	2,128,532	2,314,399
Raw mat. adv.	--------	2,800
Total current	$23,609,611	$23,895,140
Investments	206,822	103,251
Other receivables	6,695	--------
Plant & equip.	48,606,958	45,868,049
Depreciation	14,486,626	12,756,649
Depletion	6,429,569	5,862,407
Net property	27,690,763	27,248,993
Deferred charges	1,326,029	1,689,176
Total	$52,839,920	$52,936,560
Liabilities:		
Notes payable	$3,000,000	$3,000,000
Accounts payable	2,691,851	2,803,970
Due parent	70,361	113,808
Due affiliates	3,257	3,256
Fed. income tax	3,550,822	5,600,962
Other accruals	1,066,543	1,236,528
Total current	$10,382,834	$12,758,524
Notes payable	3,000,000	6,000,000
Extraord. maint. res.	206,609	183,212
Deferred credit	240	108,000
Minority interest	--------	181,417
[3]So. Alk. Corp. common stock	2,125,000	2,125,000
[4]So. Pipe Ln Corp. com. stk. ($100)	672,100	--------
[5]So. Min. Corp. com. stk. ($100)	10,000,000	10,000,000
Paid-in surp.—So. Alk. Corp.	375,000	375,000
[6]Capital surp.—So. Pipe L. Corp.	27,000	--------
Earned surplus	26,050,237	21,205,406
Total	$52,839,920	$52,936,560
[7]Net curr. assets	$13,226,777	$11,136,616

[1]Southern Alkali Corp., Southern Pipe Line Corp. and Southern Minerals Corp. in 1949; Southern Alkali Corp. and subsidiary consolidated and Southern Minerals Corp. (affiliated company) in 1948. Taken from reports to SEC.

[2]Finished chemicals, refined products, work in process and materials and supplies, at lower of average cost or market; crude oil, at approximate market—field posted market prices plus transportation charges.

[3]100,000 no par shares. Represents proceeds of sale ($2,500,000) after deducting $375,000 credited to paid-in surplus.

[5]Includes 26,315 30/38 shares held by Southern Alkali Corp.

[4]Includes 6,000 shares held by Southern Alkali Corp.

[6]Excess of par value of Southern Phillips Corp. stock over par value of Southern Pipe Line Corp. stock issued at date of merger.

Note: During 1948, Southern Minerals Corp. paid a 100% stock dividend amounting to $5,-000,000 which was not taken up as income in books of Southern Alkali Corp. or Pittsburgh Plate Glass Co. This dividend reduced earned surplus and increased combined capital stock by $5,000,000. As investment of Southern Alkali in Southern Minerals is not eliminated in consolidated balance sheet, no adjustment of combined earned surplus was made. If adjustment were made, combined earned surplus would be increased $1,315,789.

Accounts certified by Haskins & Sells.

Bank Loan: Outstanding, Dec. 31, 1949, $6,-000,000 payable quarterly to Dec. 31, 1951 with interest from 1.75% to 2.625% per annum. Under terms of loan agreement, dividends cannot be paid (except in stock) until notes are paid.

Capital Stock: Southern Alkali Corp. stock; no par:

AUTHORIZED — And outstanding, 100,000 shares; no par.

OWNERSHIP—51% of stock owned by Pittsburgh Plate Glass Co. and 49% by American Cyanamid Co.

DIVIDEND RESTRICTIONS—See bank loan above.

DIVIDENDS PAID—

1936	$12.50	1937	$46.25	1938	nil
1939	1.50	1940	3.00	1941	5.50
1942	3.75	1943	2.50	1944–45	6.50
1946–49	nil				

STANDARD OIL COMPANY OF CALIFORNIA

CAPITAL STRUCTURE

FUNDED DEBT

Issue	Rating	Amount Outstanding	Times Charges Earned 1949	Times Charges Earned 1948	Interest Dates	Call Price	Price Range 1949	Price Range 1932–49
1. Debenture 2¾s, due 1966	Aaa	$25,000,000	61.05	133.05	F&A 1	[1]103	104½–102¼	[4]107¼–99
2. 1.85% bank loan, due Aug 1, 1958	---	75,000,000			--------	Text	[5]--------	--------

CAPITAL STOCK

Issue	Par Value	Amount Outstanding	[3]Earned per Sh. 1949	Earned per Sh. 1948	Divs. per Sh. 1949	Divs. per Sh. 1948	Call Price	Price Range 1949	Price Range 1932–49
1. Capital stock	No par	[2]14,336,596 shs.	$9.62	$11.83	[6]$1.00	$4.00	---	70–55	73–15⅛

[1]To Aug. 1, 1953, incl., 102 thereafter to Aug. 1, 1957. Also for sinking fund at 100—see text. [2]As of Jan. 28, 1950. [3]Based on shares outstanding after payment of stock dividend in following January. [4]Range since 1941. [5]Privately placed. [6]Also 5% in stock.

HISTORY

Incorporated in Delaware, January 27, 1926, to acquire, subject to liabilities, properties and business of the Standard Oil Co. (a California corporation which was organized in 1910) and to acquire all producing properties, certain contracts and investments of the Pacific Oil Co. Issued 9,119,434 shares to stockholders of Standard Oil Co. on the basis of share for share and issued 3,500,000 shares to Pacific Oil Co. for distribution to its stockholders on a share for share basis. Both predecessors had been established units in the oil industry.

In September, 1929, acquired control of Pacific Public Service Co. in order to further development of and afford an additional market for natural gas.

In 1930, joined with other holders of government leases in the formation of the Kettleman North Dome Association to operate as a unit certain properties in the Kettleman Hills area of California. Company's extensive fee lands at Kettleman Hills were not included but company entered into a contract with the association for the cooperative development of the field as a whole.

In 1920, joined with the Beacon Sun Co. in the formation of the Coro Petroleum Co. which as of Jan. 1, 1930, took over the Urumaco concessions on about 200,000 acres in the state of [illegible], Venezuela.

In July, 1931, acquired a substantial share in California Spray-Chemical Corp. which represented a reorganization of the California Spray Chemical Co. During 1939, company increased its share interest to approximately half and in 1948 to 100%.

On July 1, 1935, organized a wholly owned subsidiary, Standard Oil Co. of British Columbia, Ltd. for operation in Canada.

During 1936, company arranged with The Texas Corp. for the consolidation of certain of their foreign interests. Company's wholly owned subsidiary, Bahrein Petroleum Co., Ltd., had previously developed an oil field on Bahrein Island in the Persian Gulf and had erected a refinery but had no direct marketing outlets. The Texas Corp. had subsidiaries, The Texas Co. (Australasia) Ltd., The Texas Co. (China) Ltd., The Texas Co. (India) Ltd., The Texas Co. (Philippine Is.) Inc., The Texas Co. (South Africa) Ltd., which owned extensive marketing facilities in China, India, Australasia, Philippines, Africa and elsewhere but were without sources of supply nearer than United States. Under the agreement the Bahrein Petroleum Co., Ltd., doubled its outstanding capital stock and issued the additional stock to The Texas Corp., which in turn transferred to Bahrein ownership of the marketing subsidiaries previously mentioned. (Such units Bahrein subsequently transferred to a new wholly owned subsidiary, California Texas Oil Co., Ltd.)

Also in 1936, company made an additional arrangement with The Texas Corp. by which the latter acquired a half share in company's producing interests in Arabia, Netherlands East Indies and New Guinea. In December The Texas Corp. acquired from company's subsidiary, Far Eastern Petroleum Co., Ltd., a 30% interest in California Arabian Standard Oil Co. (now Arabian American Oil Co.), which was operating a concession on the east coast of Arabia (about 40 miles from Bahrein Island) and a 50% interest in N. V. Nederlandsche Pacific Petroleum Maatschappij, which had crude oil concessions in Sumatra and Java and also had a 20% interest in Netherlands New Guinea Petroleum Co., owner of a large concession in Netherlands New Guinea. In Dec., 1948, Standard Oil Co. (N. J.) and Socony-Vacuum Oil Co. acquired an interest in Arabian American Oil Co. Interests of the four companies is now 30% owned each by Standard of California, Standard of New Jersey, and Texas Co. and 10% by Socony-Vacuum.

As consideration, The Texas Corp. agreed to pay to the Far Eastern Petroleum Co., Ltd. $3,000,000 cash and $18,000,000 in deferred payments (to be made when and as oil is produced from the Arabian or the Netherlands New Guinea concession) at the rate of 25 cents per barrel. It also granted an option until July 1, 1939, on a half interest in nine of its marketing subsidiaries operating in European countries, one in the Canary Islands, and consignment agencies in Madeira and on the west coast of Africa. However, the right to exercise the option was contingent upon the development in the Arabian and Netherland New Guinea concessions of 72,000,000 barrels of crude oil reserves. The consideration to be paid was to be the release of The Texas Corp. from its contingent obligation to pay the $18,-000,000 previously referred to for the oil producing properties. This option was never exercised.