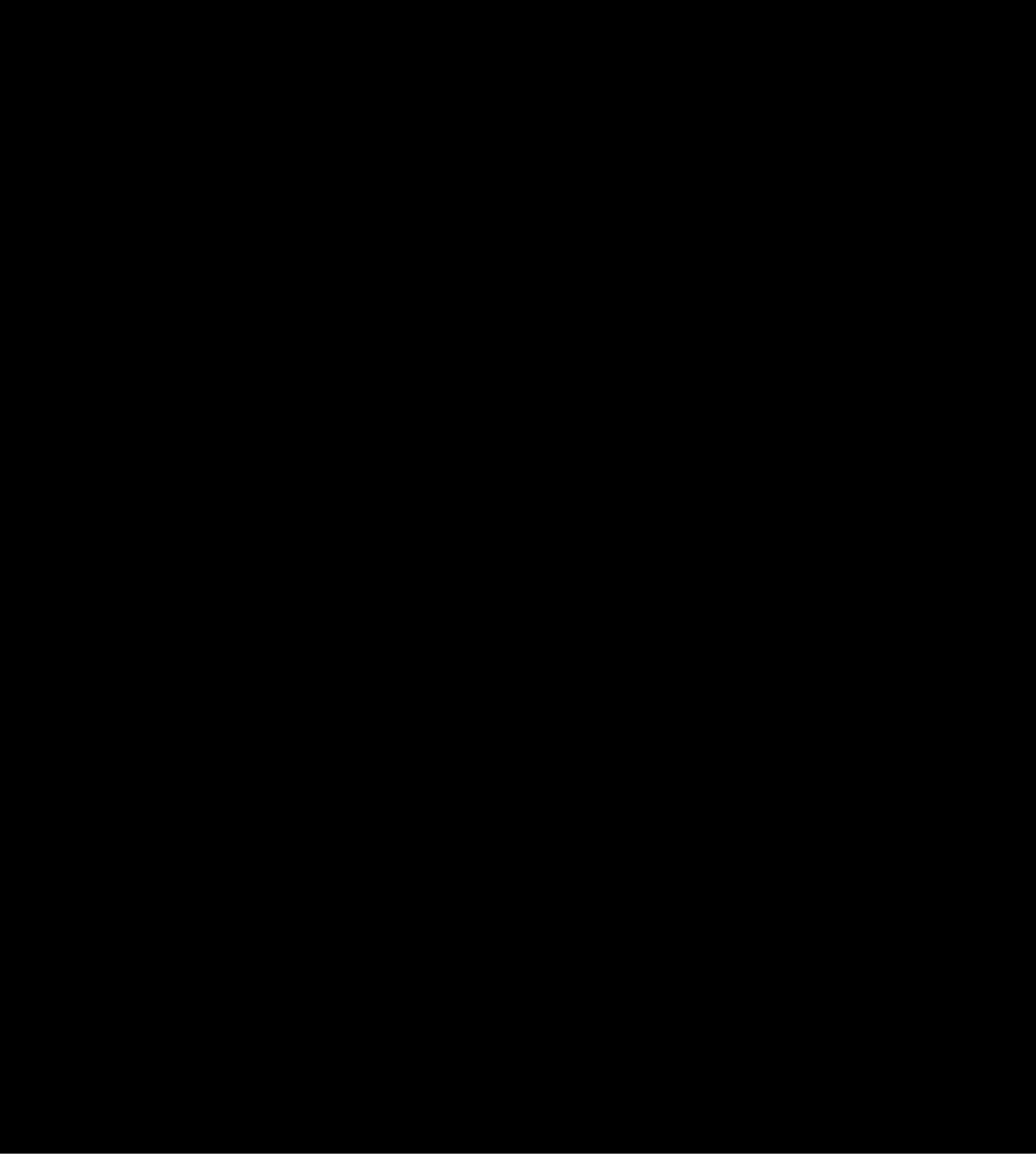




SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C.

FORM 10-K
FOR CORPORATIONS

ANNUAL REPORT

For Fiscal Year Ended October 31, 1939The Glidden Company
(Name of registrant)Cleveland, Ohio
(Address of principal executive offices)Ohio - December 11, 1917
(The State or other sovereign power under which incorporated and date of incorporation)Perpetual
(Date of termination of charter)Third Thursday in January at Cleveland, Ohio
(Date and place of annual meetings)SEC. & EXCH. COMM.
REC'D 2ND MAIL

FEB 28 1940

DOCKET MAIL & FILES

TABLE OF SECURITIES REGISTERED

ACKNOWLEDGED

BY RP

SECURITIES REGISTERED			BY <i>KLP</i>
Title of issue	Amount as of close of fiscal year		Names of exchanges on which registered
	Amount as to which registration is effective	Amount to be registered upon notice of issuance	
Common Stock without par value	835,591	199,940	New York Stock Exchange
Convertible Preferred Stock, 1 1/2% cumulative, \$50.00 par value	199,940	None	New York Stock Exchange

Name and address of person authorized to receive notices and communications from the Securities and Exchange Commission:

Clifton M. Kolb, Secretary, 11601 Madison Ave., Cleveland, Ohio.

is more specifically defined in the Instruction Book for Form 10-K for Corporations.

The instruction book also sets forth requirements as to exhibits which are to accompany the annual report.

AFFILIATIONS

1. List the following and indicate the respective percentages of voting power, or other basis of control, as required by the instructions:

- (a) All subsidiaries of the registrant.
(b) All parents of the registrant.

	<u>State of Incorporation</u>	<u>Stock Owned</u>
(a) Afterthought Zinc Mining Company ¹	California	All
The California Zinc Company ¹	Ohio	All
Sacramento Valley & Eastern Ry. Co. ¹	California	All
The Ripolin Company ²	Ohio	All
Troco Company of Illinois ²	Illinois	All
The Glidden Company, Limited ³	Ontario, Canada	All

- 1 Afterthought Zinc Mining Company, The California Zinc Company and Sacramento Valley & Eastern Railway are carried as investments because they have not been audited and aggregate investments are insignificant. Sales and operating revenues of such corporations are also unimportant, as they are inactive.

- 2 Inactive subsidiaries included in all statements.

- 3 The Glidden Company, Limited, is a Canadian Corporation and is, therefore, carried as an investment. It is active, however, and is included in consolidated statements.

- (b) None

MANAGEMENT AND CONTROL

2. List the names and addresses of all directors and officers of the registrant. Indicate the office or offices held. If any person is both an officer and director, so state.

NAME	ADDRESS	OFFICE
Adrian D. Joyce	1396 Union Commerce Building Cleveland, Ohio	President and Director
R. H. Horsburgh	1396 Union Commerce Building Cleveland, Ohio	Senior Vice President and Director
R. W. Levenhagen	1396 Union Commerce Building Cleveland, Ohio	Vice President and Director
W. J. O'Brien	1396 Union Commerce Building Cleveland, Ohio	Vice President and Director
Dwight P. Joyce	11001 Madison Avenue Cleveland, Ohio	Vice President and Director
P. E. Sprague	1396 Union Commerce Building Cleveland, Ohio	Vice President and Director
Clifton M. Kolb	11001 Madison Avenue Cleveland, Ohio	Secretary and Director
J. A. Peters	11001 Madison Avenue Cleveland, Ohio	Treasurer
Howard Beatty	Elston Ave. & Logan Blvd. Chicago, Illinois	Director and appointed Vice President
W. W. Conant	11001 Madison Avenue Cleveland, Ohio	Assistant Secretary

3. Give the information required below for all persons owning of record more than 10 percent of any class of equity securities of

As of December 28, 1939 (insert date within 93 days)

Name and address	Title of issue	Amount owned
Of record, none. Beneficially, none to knowledge of the registrant.		

4. Give the following information as to the registrant's securities, other than equity securities, owned by each director and each officer of the registrant. The statements are to be made both as to the securities owned of record and those owned beneficially.

As of October 31, 1939

Name	Office	Securities owned		
		Title of issue	Amount of record	Amount beneficially
None				

previously reported, in contracts and arrangements of the categories enumerated below which have been previously reported; (b) such contracts and arrangements, made or in effect within the fiscal year and not previously reported, including the dates thereof and names of parties thereto.

- (i) Material management or general supervisory contracts providing for management of, or services to, the registrant or any of its subsidiaries.
 - (ii) Material advisory, construction or service contracts with affiliates providing for management of, or services to, the registrant or any of its subsidiaries.
 - (iii) Material contracts, except as provided by the instructions, between the registrant or any affiliate of the registrant on the one hand, and, on the other hand, any director or officer of the registrant, any principal underwriter of any securities of the registrant sold by the registrant within the past 3 fiscal years, or any security holder named in answer to item 3.
 - (iv) Material bonus and profit-sharing arrangements.
- (a) (i) There have been no material changes in contracts previously reported and no contracts made or in effect not previously reported.
- (ii) There have been no material changes in contracts previously reported and no contracts made or in effect not previously reported.
- (iii) There have been no material changes in contracts previously reported and no contracts made or in effect not previously reported.
- (iv) There have been no material changes in contracts previously reported and no contracts made or in effect not previously reported.
- (b) (i) There have been no material changes in contracts previously reported and no contracts made or in effect not previously reported.
- (ii) There have been no material changes in contracts previously reported and no contracts made or in effect not previously reported.
- (iii) There have been no material changes in contracts previously reported and no contracts made or in effect not previously reported.
- (iv) There have been no material changes in contracts previously reported and no contracts made or in effect not previously reported.

6. As to any options outstanding at the close of the fiscal year to purchase securities of the registrant from the registrant: (a) State the amount, with the title of the issue, called for by such options; (b) outline briefly the prices, expiration dates, and other material conditions on which such options may be exercised; (c) give the name and address of each person holding such options calling for more than 5 percent of the total amount subject to option, and give the amount called for by the options of each such person; and (d) for each class of such options not previously reported state the consideration for the granting thereof.

There were no options outstanding on October 31, 1939 to purchase securities of the registrant from the registrant.

7. Describe briefly the material changes which may have occurred within the fiscal year in the general character of the business done by the registrant and its subsidiaries.

There have been no material changes within the fiscal year ending October 31, 1939, in the general character of the business done by the registrant and its subsidiaries.

FINANCIAL STATEMENTS

8. Submit financial statements in accordance with the instructions and the rules and regulations of the Commission supplementary thereto.

(The financial statements and schedules are to be inserted at this point in the annual report.)

Accountants' Certificate together with the following Financial Statements and Schedules:

THE GLIDDEN COMPANY

Balance Sheet - October 31, 1939
 Schedule I - Investments in securities of affiliates
 Schedule II - Property, plant and equipment
 Schedule II-A - Reserves for revaluation of property, plant and equipment
 Schedule III - Reserves for depreciation, depletion and amortization
 Schedule IV - Intangible assets
 Schedule VI - Funded debt
 Schedule VII - Reserves
 Schedule VIII - Capital stock
 Schedule IX - Surplus

THE GLIDDEN COMPANY AND CONSOLIDATED CANADIAN SUBSIDIARY

Balance Sheet - October 31, 1939
 Profit and Loss Statement - October 31, 1939
 Schedule I - Investments in securities of affiliates
 Schedule II - Property, plant and equipment
 Schedule II-A - Reserves for revaluation of property, plant and equipment
 Schedule III - Reserves for depreciation, depletion and amortization
 Schedule IV - Intangible assets
 Schedule VI - Funded debt
 Schedule VII - Reserves
 Schedule VIII - Capital stock
 Schedule IX - Surplus
 Schedule X - Supplementary profit and loss information
 Schedule XI - Income from dividends

Accountants' Certificate

The following financial statements and schedules have been omitted for the reasons stated:

THE GLIDDEN COMPANY

Profit and Loss Statement, Schedules X and XI.

The conditions outlined under the instructions for item 8 (2) (a) are met.

Schedules IA and V.

The subject matter is not present.

THE GLIDDEN COMPANY AND CONSOLIDATED CANADIAN SUBSIDIARY

Schedules IA and V.

The subject matter is not present.

ERNST & ERNST
UNION COMMERCE BUILDING
CLEVELAND

The Glidden Company,
Cleveland, Ohio.

We have examined the balance sheet of The Glidden Company and the consolidated balance sheet of The Glidden Company and its subsidiary, The Glidden Company, Ltd. (California mining companies excluded), as of October 31, 1939, and the consolidated statement of profit and loss for the fiscal year then ended, have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate.

The balance sheets and profit and loss statement referred to, together with supporting schedules which have also been examined by us, have been prepared for inclusion in Form 10-K for annual reports of corporations pursuant to Section 13 of the Securities Exchange Act of 1934. The supporting schedules referred to are enumerated as follows:

The Glidden Company:

- Schedule I - Investments in securities of affiliates
- Schedule II - Property, plant and equipment
- Schedule II-A - Reserves for revaluation of property, plant and equipment
- Schedule III - Reserves for depreciation, depletion and amortization
- Schedule IV - Intangible assets
- Schedule VI - Funded debt
- Schedule VII - Reserves
- Schedule VIII - Capital stock
- Schedule IX - Surplus

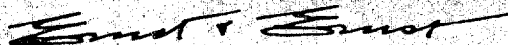
The Glidden Company and consolidated Canadian subsidiary:

- Schedule I - Investments in securities of affiliates
- Schedule II - Property, plant and equipment
- Schedule II-A - Reserves for revaluation of property, plant and equipment
- Schedule III - Reserves for depreciation, depletion and amortization
- Schedule IV - Intangible assets
- Schedule VI - Funded debt
- Schedule VII - Reserves
- Schedule VIII - Capital stock
- Schedule IX - Surplus
- Schedule X - Supplementary profit and loss information
- Schedule XI - Income from dividends

We made tests of trade receivables by communication with debtors, and we reviewed inventory records of the companies and made tests of the basis of pricing and of the computations. Our examination of inventories also included observation of procedures followed by the companies at certain of the principal locations in ascertaining quantities at October 31, 1939.

ERNST & ERNST

In our opinion, the accompanying balance sheets and profit and loss statement, together with the supporting schedules above referred to, excluding the California mining companies, present fairly the position of The Glidden Company, and the consolidated position of The Glidden Company and The Glidden Company, Ltd., at October 31, 1939, and the results of their operations for the fiscal year, in conformity with generally accepted accounting principles maintained by the companies during the fiscal year on a basis consistent with that of the preceding fiscal year.



ERNST & ERNST

Certified Public Accountants

Cleveland, Ohio
December 19, 1939

BALANCE SHEETTHE GLIDDEN COMPANY

October 31, 1939

ASSETSCURRENT ASSETS

Cash on hand		\$	12,585.16	
Cash on deposit-demand			3,696,623.06	\$ 3
Trade notes and acceptances receivable	\$	99,143.05		
Trade accounts receivable		4,502,990.33	\$	4,602,133.38
Trade reserves-Schedule VII			116,850.05	4
Inventory-at lower of cost or market:				
Raw materials and supplies			\$ 3,722,150.67	
Finished merchandise (includes minor amount for work in process)			5,803,974.28	9
Other current assets:				
Account receivable, affiliated company-not consolidated			\$ 9,022.20	
Other current accounts receivable			310,850.70	
			<u>TOTAL CURRENT ASSETS</u>	<u>\$18</u>

INVESTMENTS IN SUBSIDIARY AND AFFILIATED

<u>Investment - Note A</u>				
Subsidiary company, consolidated:				
Capital stock-100% owned-Schedule I			\$	50,000.00
California mining companies not consolidated-at less than cost:				
Capital stock-100% owned-Schedule I	\$	15,000.00		
Bonds-principal amount \$500,000.00-Schedule I		137,500.00		
Advances		896,958.60		1,099,458.60
Affiliated company, not consolidated-at cost:				
Capital stock-Schedule I				690,001.00

OTHER ASSETS AND INVESTMENTS

Surrender value of life insurance			\$	464,186.50
Other investments - Note B				78,620.47
Reserve against closed banks	\$	77,891.45		
Reserve-Schedule VII		65,142.19		12,749.26
Miscellaneous notes and accounts, advances				
Salesmen and sundry deposits	\$	80,990.12		
Reserve-Schedule VII		9,561.26		71,428.86

PROPERTY, PLANT AND EQUIPMENT - Note C

Buildings, machinery and equipment, at cost or appraisal value-Schedule II		\$24,912,495.09		
Reserves for revaluation as determined by Board of Directors-Schedule II-A		3,369,138.60	\$21,543,356.49	
Reserves for depreciation and depletion-Schedule III			7,055,597.31	14

INTANGIBLES-Schedule IV

Patents and trade-marks, at cost less amortization	\$	69,364.88		
Rights to manufacture, at cost less amortization		15,852.45		

OTHER ASSETS

Reserves for advertising stock and stationery	\$	149,696.77		
Paid insurance and expenses		276,112.30		
Reserves for new products development		115,916.91		

\$35

LIABILITIES, CAPITAL STOCK AND SURPLUS

CURRENT LIABILITIES

16		Notes payable-through broker	\$ 500.0
06	\$ 3,709,213.22	Accounts payable-trade	1,079.2
38		Wages and commissions	179.2
05	4,485,283.33	Processing taxes-federal	84.7
67		Pay roll taxes	42.5
		Accrued liabilities:	
		Taxes	\$ 205.1
88	9,592,125.55	Interest	33.1
20		Royalties, water rent, etc.	79.0
70	319,678.90	Insurance	33.4
		Provision for federal and state taxes on income-estimated	
	\$19,106,301.00		<u>TOTAL CURRENT LIABILITY</u>

ACCOUNT PAYABLE-SUBSIDIARY COMPANY-CONSOLIDATED The Glidden Company, Ltd.

LONG TERM NOTES PAYABLE-Schedule VI

00		Bank loans-principal amounts maturing \$250,000.00 on July 1, 1941, and \$500,000.00 annually on July 1, 1942, July 1, 1943, and July 1, 1944-interest at 2-1/4%	\$ 1,750.0
		Serial note-maturing July 1, 1945-interest at 3%	<u>2,000.0</u>

RESERVES-Schedule VII

60		For adjustment of open contracts to market	\$ 200.0
00	1,839,459.60	For contingencies	<u>47.3</u>

CAPITAL STOCK AND SURPLUS

50		Capital stock-Schedule VIII:	
47		Convertible preferred 4-1/2% cumulative, par value \$50.00 a share (redeemable at \$53.75 per share through July 1, 1940, and \$52.50 per share thereafter-each share convertible through March 1, 1941, into eight-tenths share of common stock and thereafter into seven-tenths share of common stock):	
		Authorized	200,000 shares
		Converted	60 shares
		Issued and outstanding	199,940 shares \$9,997,000.00
		Common, without par value:	
49		Authorized	1,200,000 shares
31	14,487,759.18	Outstanding including treasury shares	835,591 shares
		Reserved for conversion	159,952 shares
		Stated capital	<u>4,180,635.00</u> \$14,177.6
88		Surplus-Notes D and E and Schedule IX:	
45	85,217.33	Capital surplus	\$8,374,036.92
		Earned surplus	<u>5,969,181.01</u> 14,343.2
			<u>\$28,520.8</u>
77		Less capital stock in treasury-at cost-Schedule VIII:	
30		Common-10,170 shares	<u>208.9</u>
91	541,725.98		
	\$35,687,467.18		

CONTINGENT LIABILITIES

Letters of credit outstanding	\$580,504.50
Endorser of uncollected drafts	1,286.64

See notes on following pages.

LIABILITIES, CAPITAL STOCK AND SURPLUS

CURRENT LIABILITIES

Accounts payable-through broker	\$ 500,000.00	
Accounts payable-trade	1,079,282.92	
Fees and commissions	179,280.89	
Processing taxes-federal	84,752.33	
Payroll taxes	49,552.12	\$ 1.00
Accrued liabilities:		
Taxes	\$ 295,190.72	
Interest	33,124.99	
Royalties, water rent, etc.	79,053.41	
Insurance	33,406.89	35
Provision for federal and state taxes on income-estimated		43
TOTAL CURRENT LIABILITIES		\$ 3,500,000.00

DEBT PAYABLE-SUBSIDIARY COMPANY-CONSOLIDATED

Glidden Company, Ltd.

63

TERM NOTES PAYABLE-Schedule VI

Bank loans-principal amounts maturing \$250,000.00 on July 1, 1941, and \$500,000.00 annually on July 1, 1942, July 1, 1943, and July 1, 1944-interest at 4-1/4%

\$ 1,750,000.00
2,000,000.00 3.75

Official note-maturing July 1, 1945-interest at 3%

OTHER LIABILITIES-Schedule VII

Adjustment of open contracts to market
Contingencies

\$ 270,000.00
67,885.56 25

CAPITAL STOCK AND SURPLUS

Capital stock-Schedule VIII:

Convertible preferred 4-1/2% cumulative, par value \$50.00 a share (redeemable at \$53.75 per share through July 1, 1940, and \$52.50 per share thereafter-each share convertible through March 1, 1941, into eight-tenths share of common stock and thereafter into seven-tenths share of common stock):

Authorized	200,000 shares	
Converted	60 shares	
Issued and outstanding	199,940 shares	\$9,997,000.00

Common, without par value:

Authorized	1,200,000 shares	
Outstanding including		
treasury shares	835,591 shares	
Reserved for conversion	159,952 shares	

Stated capital

4,180,655.00 \$14,177,655.00

Surplus-Notes D and E and Schedule IX:

\$8,374,036.92

Capital surplus

5,969,181.01 14,343,217.93

Earned surplus

\$28,520,872.93

Common capital stock in treasury-at cost-Schedule VIII:

Common-10,170 shares

208,952.23 20,311.23

\$35,680,000.00

DEFERRED LIABILITIES

Letters of credit outstanding - \$580,504.50
Endorser of uncollected drafts 1,286.64

Notes on following pages.

NOTES TO BALANCE SHEET

THE GLIDDEN COMPANY

October 31, 1939

Note A - Investments in subsidiary and affiliated companies consist of the following:

(1) Investment in consolidated Canadian subsidiary. This investment is carried on The Glidden Company's books as recorded at date of acquisition and is \$1,109,764.33 less than The Glidden Company's equity in net assets as shown by the Canadian company's books after deducting charge resulting from reduction of its net current assets to rate of exchange in effect at October 31, 1939. The difference represents undistributed accumulated net earnings of the Canadian company since date of acquisition by The Glidden Company and is included in earned surplus in consolidation of the accounts.

(2) Investments in California mining companies. The assets of these companies consist almost entirely of properties not being operated. The investments in the California mining companies are carried on the books of The Glidden Company at less than cost and aggregate \$67,557.38 more than The Glidden Company's equity in net assets as shown by unaudited balance sheets of these companies. Unaudited profit and loss statements of the companies show accumulated losses of \$1,199,351.50 from date of acquisition by The Glidden Company, exclusive of depreciation on appreciation and unpaid interest on bonds held by The Glidden Company, which interest has not been taken into income by the latter. Against these accumulated losses The Glidden Company has provided, in prior years, the sum of \$581,671.76 out of surplus and contingency reserve, and has a credit of \$312,500.00 arising from its reacquisition of \$450,000.00 principal amount of bonds of The California Zinc Company at a cost of \$137,500.00. The operation of the properties of the California mining companies was discontinued in 1927 and the value of the investments is indeterminable at this time.

(3) Investment in affiliated company. This investment represents a one hundred percent interest in 7% preferred stock of American Zirconium Corporation, having a par value of \$600,000.00, the dividends on which have been paid to October 1, 1939, and a forty-five percent interest in the common stock of the same company. The unaudited statement of the company shows accumulated undistributed earnings of \$74,982.54, of which \$32,167.15 is applicable to The Glidden Company's investment therein.

Note B - Sundry investments are included at cost or less. Securities carried at a cost of \$45,200.00 had a quoted market value of \$43,080.43; the U. S. Government securities included therein at a cost of \$15,000.00 were deposited with a bank in connection with workmen's compensation insurance requirements. The market value of the remaining securities is unknown.

NOTES TO BALANCE SHEET-CONTINUED

Note C - Property, plant and equipment are stated on the basis of cost or appraisal value less reserves provided for revaluation, depreciation and depletion. The remaining portion of unrealized appreciation included in the gross amount of these assets is offset by a portion of the revaluation reserve and that reserve was also provided to reduce the carrying amount of certain assets from cost to estimated basis of values prevailing during the year 1932 as determined by the Board of Directors. Cost of property, plant and equipment represents, principally, cash expenditures, although certain properties were acquired for stock. The net book carrying amount is not intended to represent the present values of the properties.

Note D - The indenture, dated July 1, 1938, relating to serial notes of the Company contains an agreement that so long as any of the notes shall be outstanding the Company will not declare or pay any dividends, other than stock dividends, on any shares of its common stock (subject to modification that the Company may use not exceeding \$200,000.00 in the purchase or retirement of its common stock) or make any distribution in respect thereto, except out of consolidated net earnings, as defined in the indenture, subsequent to October 31, 1937.

Note E - In prior years certain items of discount and expense, provision for contingencies and losses on dismantlements have been charged to capital surplus. If such items together with additional depreciation claimed for federal income tax purposes for the years 1932 to 1939, inclusive, had been charged against earned surplus instead of capital surplus the respective amounts of such surplus accounts would be \$4,847,609.51 and \$9,495,608.42 as at October 31, 1939.

Note F - Officers of the companies have expressed the opinion that pending lawsuits are of minor importance and that no material losses will result therefrom.

Note G - General reference is made to consolidated balance sheet submitted herewith.

ERNST & ERNST

SCHEDULE I-INVESTMENTS IN SECURITIES OF AFFILIATESTHE GLIDDEN COMPANY

Fiscal year ended October 31, 1939

COLUMN A		COLUMN B		C
		BALANCE AT THE BEGINNING OF THE FISCAL YEAR AS PER ACCOUNTS		
NAME OF ISSUER	TITLE OF ISSUE	NUMBER OF SHARES PRINCIPAL AMOUNT OF BONDS AND NOTES	AMOUNT IN DOLLARS	NUMBER OF SHARE PRINCIPAL AMOUNT C BONDS AN NOTES
<u>SUBSIDIARY COMPANIES CONSOLIDATED</u>				
Glidden Company, Ltd.	Common capital stock	500	\$ 50,000.00	
Holland Mills, Inc.	Common capital stock	250	500.00 \$ 50,500.00	
<u>SUBSIDIARY AND AFFILIATED COMPANIES, NOT CONSOLIDATED</u>				
100% owned:				
California Zinc Company	Common capital stock	1,000	\$ 5,000.00	
Afterthought Zinc Mining Company	Common capital stock	100	10,000.00	
California Zinc Company	Bonds-Vote B	\$500,000.00	137,500.00	
Other:				
American Zirconium Corperation	Common capital stock	6,800	90,001.00	
American Zirconium Corperation	Preferred capital stock	6,000	600,000.00 \$892,501.00	

Note A - As of December 31, 1938, The Glidden Company surrendered the capital of Holland Mills, Inc., in complete liquidation of that company. The assets and liabilities were recorded on the books of The Glidden Company at amounts shown by the subsidiary company's books and the deficit in the amount of \$24,062.01, accumulated since date acquisition, was charged to earned surplus account of The Glidden Company.

Note B - Interest on the bonds of California Zinc Company is in default.

COLUMN C		COLUMN D		COLUMN E	
ADDITIONS		REDUCTIONS		BALANCE AT CLOSE OF FISCAL YEAR	
NUMBER OF SHARES OF SHARES PRINCIPAL AMOUNT OF BONDS AND NOTES	AMOUNT IN DOLLARS	NUMBER OF SHARES OF SHARES PRINCIPAL AMOUNT OF BONDS AND NOTES	AMOUNT IN DOLLARS	NUMBER OF SHARES OF SHARES PRINCIPAL AMOUNT OF BONDS AND NOTES	AMOUNT IN DOLLARS

(Note A)

				500	\$ 50,000.00
		250	\$ 500.00	-0-	-0-
			\$ 500.00		\$ 50,000.00
				1,000	\$ 5,000.00
				100	10,000.00
				\$500,000.00	187,500.00
				6,800	90,001.00
				6,000	600,000.00
					\$697,501.00

no capital stock
sets and liabilities
subsidiary
since date of

7.
mult.

SCHEDULE II-PROPERTY, PLANT AND EQUIPMENT**THE GLIDDEN COMPANY**

Fiscal year ended October 31, 1939

COLUMN A	COLUMN B	COLUMN C
CLASSIFICATIONS	BALANCE AT THE BEGINNING OF THE FISCAL YEAR AS PER ACCOUNTS	ADDITIONS AT COST (NOTE A)
Ore lands and leases	\$ 90,977.44	\$ 1,158.52
Land	2,433,378.59	12,643.84
Land improvements	47,953.78	48,399.08
Railroad sidings	68,839.60	5,043.03
Buildings	8,936,613.39	160,779.97
Machinery and equipment	11,815,856.54	669,288.23
Furniture and fixtures	662,374.03	39,374.64
Automotive equipment	96,698.24	17,346.54
Construction in process	184,764.73	296,651.84
	<u>\$24,337,456.34</u>	<u>\$1,250,685.74</u>

Note A - Additions include the amounts of \$35,167.93 for plant and equipment at Inc., subsidiary company, and \$61,061.65 for plant and equipment acquired in liquidation. The assets acquired have been recorded on the books of The Glidden Company at amounts of the companies.

The Glidden Company's investment in Holland Mills, Inc., was \$24,062.00 for assets of the subsidiary, and this difference, representing accumulated net losses of the Company, was charged to earned surplus account.

During 1939, all of the outstanding stock of Liberty Vegetable Oil Company was purchased by shares of The Glidden Company common treasury stock, the cost of which was \$10,568.10 for assets of that company. This difference was charged to capital surplus account.

ERNST & ERNST

RULE II-PROPERTY, PLANT AND EQUIPMENT

THE GLIDDEN COMPANY

fiscal year ended October 31, 1939

COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F
BALANCE AT THE BEGINNING OF THE FISCAL YEAR AS PER ACCOUNTS	ADDITIONS AT COST (NOTE A)	RETIREMENTS OR SALES	OTHER CHANGES DEBIT AND/ OR CREDIT*	BALANCE AT CLOSE OF THE FISCAL YEAR
\$ 90,977.44	\$ 1,158.52	\$ 7,244.42		\$ 84,891.54
2,433,378.59	12,643.84	78,208.18		2,367,814.25
47,953.78	48,399.08	6,799.00		89,553.86
68,839.60	5,043.03	2,326.00		71,556.63
8,936,613.39	160,779.97	94,976.95		9,002,416.41
11,815,856.54	669,288.23	458,313.93		12,026,830.84
662,374.03	39,374.64	15,252.67		686,496.00
96,698.24	17,346.59	12,525.88		101,518.95
184,764.73	296,651.88			481,416.61
\$24,337,456.34	\$1,250,685.78	\$ 675,647.03	-o-	\$24,912,495.09

\$35,167.93 for plant and equipment acquired in liquidation of Holland Mills, and equipment acquired in liquidation of Liberty Vegetable Oil Company. Books of The Glidden Company at amounts shown by statements of the liquidated

in Holland Mills, Inc., was \$24,062.01 more than book amounts of the net representing accumulated net losses since date of acquisition by The Glidden

ing stock of Liberty Vegetable Oil Company was acquired in exchange for 1,844 stock, the cost of which was \$10,568.10 more than the book amounts of the net charged to capital surplus account.

ERNST & ERNST

SCHEDULE II-A-RESERVES FOR REVALUATION**THE GLIDDEN COMPANY****Fiscal year ended October 31, 1939**

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
CLASSIFICATIONS	BALANCE AT BEGINNING OF THE FISCAL YEAR AS PER ACCOUNTS	ADDITION TO RESERVE	RETIREMENTS, RENEWALS AND MAJOR REPAIRS	BALANCE AT CLOSE OF THE FISCAL YEAR
Land	\$ 478,767.77		\$ 45,140.00	\$ 433,627.77
Buildings	1,607,008.46		46,492.38	1,560,516.08
Machinery and equipment	1,430,333.01		93,271.80	1,337,061.21
Furniture and fixtures	31,598.86		5.09	31,593.77
Railroad sidings	6,339.77			6,339.77
	\$3,554,047.87		\$184,909.27	\$3,369,138.60

Note - These reserves were provided by charges to capital surplus and reserves for depreciation, to eliminate appreciation of property, plant and equipment, and to reduce recorded amounts to estimated basis of values during 1932 as determined by the Board of Directors.

**SCHEDULE III-RESERVES FOR DEPRECIATION, DEPLETION
AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT**

THE GLIDDEN COMPANY

Fiscal year ended October 31, 1939

COLUMN A CLASSIFICATIONS	COLUMN B BALANCE AT BEGINNING OF THE FISCAL YEAR AS PER ACCOUNTS	COLUMN C ADDITIONS		COLUMN D TOTAL OF COLUMN B AND COLUMN C
		CHARGED TO PROFIT AND LOSS	CHARGED TO OTHER ACCOUNTS (NOTE A)	
Ore lands and leases	\$ 30,197.25	\$ 7,482.15		\$ 37,679.40
Land improvements	3,900.76	5,542.45		9,443.21
Railroad siding	10,113.70	1,268.64	\$ 46.24	11,428.58
Buildings	1,846,944.11	182,965.06	967.12	2,030,876.29
Machinery and equipment	4,394,959.98	550,190.65	4,735.25	4,949,885.88
Furniture and fixtures	358,521.25	31,252.40	76.10	389,849.75
Automotive equipment	66,005.57	15,893.50	185.80	82,084.87
	\$6,710,642.62	\$ 794,594.85	\$ 6,010.51	\$7,511,247.98

Note A - Acquired in liquidation of Holland Mills, Inc., and Liberty Vegetable Co. Reference is made to Note A to Schedule II.

Depreciation and depletion policy:

The policy of the Company with respect to depreciation is to provide amounts commensurate and reasonable to cover wear, tear and deterioration of the property on a basis of specific charges certain to what extent obsolescence is covered in these provisions as changes in the life of the property. The rate for depletion is based on the estimated amount of revaluation to be claimed in the Company's federal income tax return for the year 1939 will be \$1.00 per ton of this schedule due to depreciation claimed on costs written off or credited to revaluation.

SCHEDULE III-RESERVES FOR DEPRECIATION, DEPLETION
AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT

THE GLIDDEN COMPANY

Fiscal year ended October 31, 1939

ERNST & ERNST

B E AT NG OF SCAL PER ENTS	COLUMN C ADDITIONS		COLUMN D TOTAL OF COLUMN B AND COLUMN C		COLUMN E CHARGES TO RESERVES RETIREMENTS, RENEWALS AND REPLACEMENTS OTHER		COLUMN F BALANCE AT THE CLOSE OF THE FISCAL YEAR	
	CHARGED TO PROFIT AND LOSS	CHARGED TO OTHER ACCOUNTS (NOTE A)						
97.25	\$ 7,482.15		\$	37,679.40			\$	37,679.40
00.76	5,542.45			9,443.21	\$	1,019.85		8,423.36
13.70	1,268.64	\$ 46.24		11,428.58				11,428.58
44.11	182,965.06	967.12	2,030,876.29		36,269.60			1,994,606.69
59.98	550,190.65	4,735.25	4,949,885.88		394,764.45			4,555,121.43
21.25	31,252.40	76.10	389,849.75		12,955.79			376,893.96
05.57	15,893.50	185.80	82,084.87		10,640.98			71,443.89
42.62	\$ 794,594.85	\$ 6,010.51	\$7,511,247.98		\$ 455,650.67			\$7,055,597.31

of Holland Mills, Inc., and Liberty Vegetable Oil Company.
II.

spect to depreciation is to provide amounts considered by the management as fair and
rioration of the property on a basis of specific rates as determined. It is not
covered in these provisions as changes in the art may result in shortening the useful
pletion is based on the estimated amount of remaining recoverable ore. Depreciation
income tax return for the year 1939 will be \$97,890.20 more than the provision in
med on costs written off or credited to revaluation reserve during 1932.

SCHEDULE IV-INTANGIBLE ASSETS

THE GLIDDEN COMPANY

Fiscal year ended October 31, 1939

COLUMN A	COLUMN B	COLUMN C	COLUMN D
DESCRIPTION	BALANCE AT BEGINNING OF THE FISCAL YEAR AS PER ACCOUNTS	ADDITIONS AT COST	DEDUCT CHARGED TO PROFIT AND LOSS
Patents and trade-marks	\$ 74,155.37	\$ 1,403.74	\$ 6,199.23
Rights to manufacture	18,715.77		2,863.32
	\$ 92,871.14	\$ 1,403.74	\$ 9,062.55

Note - The cost of intangibles is amortized over the remaining lives of such assets.

SCHEDULE IV-INTANGIBLE ASSETS

THE GLIDDEN COMPANY

Fiscal year ended October 31, 1939

COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F
BALANCE AT BEGINNING OF THE FISCAL YEAR AS PER ACCOUNTS	ADDITIONS AT COST	DEDUCTIONS CHARGED TO PROFIT AND LOSS	OTHER CHARGES- DEBIT AND/OR CREDIT*	BALANCE AT CLOSE OF THE FISCAL YEAR
\$ 74,155.37	\$ 1,408.74	\$ 6,199.23		\$ 69,364.83
18,715.77		8,863.32		15,852.45
\$ 92,871.14	\$ 1,408.74	\$ 9,062.55		\$ 85,217.33

6-11

mortized over the

ERNST & ERNST

SCHEDULE VI-FUNDED DEBT

THE GLIDDEN COMPANY

October 31, 1939

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
NAME OF ISSUER AND TITLE OF ISSUE	AMOUNT AUTHORIZED BY INDENTURE	AMOUNT OUTSTANDING EXCLUSIVE OF THAT IN TREASURY	AMOUNT OUTSTANDING AS PER BALANCE SHEET	AMOUNT OUTSTANDING AS PER BALANCE SHEET
The Glidden Company-long term bank loans-principal amounts maturing \$250,000.00 on July 1, 1941, and \$500,000.00 annually on July 1, 1942, July 1, 1943, and July 1, 1944-interest at 2½%	\$1,750,000.00	\$1,750,000.00	\$1,750,000.00	1
The Glidden Company-serial note-maturing July 1, 1945-interest at 3%	2,000,000.00	2,000,000.00	2,000,000.00	1

Note - Under provisions of the Serial Note Indenture, The Glidden Company has any of these notes shall be outstanding not to create, assume or incur any funded money mortgages on real property, in addition to the \$3,750,000.00 of notes which thereunder, unless the consolidated net income of the Company and its subsidiaries 12 calendar months next preceding the date upon which additional funded debt is to be incurred and the average of the consolidated net income of the Company and its subsidiaries for the immediately preceding period of 12 calendar months shall both be not less than the annual interest charges on all consolidated indebtedness of the Company and will be outstanding upon the creation, assumption or incurring of such additional debt. In determining the consolidated net income, no deduction shall be made for interest on consolidated indebtedness or for amortization of debt discount and expenses with respect to consolidated indebtedness. The Company is entitled to extend, renew or refund bank loans not maturing within one year after the making thereof with other unsecured bank loans provided that in any case loans not maturing within one year after the making thereof so extended, renewed or refunded at any time exceed an aggregate principal amount of \$750,000.00.

COLUMN C	COLUMN D	COLUMN E	COLUMN F	COLUMN G	COLUMN H	COLUMN I
AMOUNT STANDING PLUSIVE THAT TREASURY	AMOUNT OUTSTANDING AS PER BALANCE SHEET	AMOUNT PLEDGED	AMOUNT IN TREASURY	AMOUNT HELD BY PERSONS WHOSE STATEMENTS ARE FILED HEREWITH	AMOUNT IN SINKING AND OTHER FUNDS	STATE WHETHER ADDITIONAL AMOUNTS MAY BE ISSUED

\$0,000.00	\$1,750,000.00	None	None	None	None	(See note)
------------	----------------	------	------	------	------	------------

\$0,000.00	2,000,000.00	None	None	None	None	(See note)
------------	--------------	------	------	------	------	------------

sure, The Glidden Company has agreed so long as assume or incur any funded debt, except purchase \$3,750,000.00 of notes which have been issued Company and its subsidiaries for the period of additional funded debt is to be created, assumed none of the Company and its subsidiaries for such similar months shall both be not less than three indebtedness of the Company and its subsidiaries which incurring of such additional funded debt; in shall be made for interest on outstanding discount and expenses with respect to such or refund bank loans not maturing within one year and provided that in any case the amount of such hereof so extended, renewed or refunded shall not \$50,000.00.

SCHEDULE VII-RESERVES**THE GLIDDEN COMPANY****Fiscal year ended October 31, 1939**

COLUMN A	COLUMN B	COLUMN C			
DESCRIPTIVE NAMES OF RESERVES	BALANCE AT BEGINNING OF THE FISCAL YEAR AS PER ACCOUNTS	ADDITIONS			CHA I RES
		CHARGED TO PROFIT AND LOSS	CHARGED TO OTHER ACCOUNTS		

<u>RESERVES DEDUCTED FROM ASSETS</u>					
For doubtful accounts, discounts, etc.	\$114,688.68	\$104,382.24			\$102,
For claims against closed banks	65,161.32				
For miscellaneous notes, etc.	9,561.26				
<u>OTHER RESERVES</u>					
For contingencies	67,835.56				
For adjustment of open contracts to market		200,000.00			

SCHEDULE VII-RESERVES

THE GLIDDEN COMPANY

Fiscal year ended October 31, 1939

COLUMN B	COLUMN C		COLUMN D		COLUMN E
BALANCE AT BEGINNING OF FISCAL YEAR AS PER ACCOUNTS	ADDITIONS		CHARGES TO RESERVES	DESCRIPTION	BALANCE AT CLOSE OF THE FISCAL YEAR
	CHARGED TO PROFIT AND LOSS	CHARGED TO OTHER ACCOUNTS			
14,683.63	\$104,382.24		\$102,220.87	Accounts charged off	\$116,850.05
65,161.32			19.13	Accounts written off	65,142.19
9,561.26					9,561.26
67,885.56					67,885.56
	200,000.00				200,000.00

SCHEDULE VIII-CAPITAL STOCK**THE GLIDDEN COMPANY****October 31, 1939**

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F
NAME OF ISSUER AND TITLE OF ISSUE	NUMBER OF SHARES AUTHORIZED BY CHARTER	NUMBER OF SHARES OUTSTANDING EXCLUSIVE OF NUMBER HELD IN TREASURY	AMOUNT IN DOLLARS	NUMBER OF SHARES IN TREASURY	NUMBER OF SHARES HELD BY PERSONS WHOSE STATEMENTS ARE FILED HEREWITH
THE GLIDDEN COMPANY					
Convertible preferred stock, 4-1/2% cumulative-par value \$50.00 a share	200,000	199,940	\$9,997,000.00	None	None
Common-without par value	1,200,000	825,421	4,180,655.00	10,170	None

SCHEDULE VIII-CAPITAL STOCK

THE GLIDDEN COMPANY

October 31, 1939

ERNST & ERNST

COLUMN C	COLUMN D	COLUMN E	COLUMN F	COLUMN G	COLUMN H	COLUMN I
NUMBER OF SHARES OUTSTANDING EXCLUSIVE OF NUMBER HELD IN TREASURY	AMOUNT IN DOLLARS	NUMBER OF SHARES IN TREASURY	NUMBER OF SHARES HELD BY PERSONS WHOSE STATEMENTS ARE FILED HEREWITH	NUMBER OF SHARES HELD BY PARENTS	NUMBER OF SHARES RESERVED FOR OFFICERS AND EMPLOYEES	NUMBER OF SHARES RESERVED FOR OPTIONS, WARRANTS, CONVERSIONS AND OTHER RIGHTS
199,940	\$9,997,000.00	None	None	None	None	None
825,421	4,180,655.00	10,170	None	None	None	159,952

ERNST & ERNST

SCHEDULE IX-SURPLUS

THE GLIDDEN COMPANY

Fiscal year ended October 31, 1939

CAPITAL SURPLUS

Balance November 1, 1938, as per accounts	\$8,374,605.02
Adjustment of expenses in connection with common stock sold in 1938	<u>10,000.00</u>
	\$8,384,605.02

Excess of cost of 1,844 shares of common treasury stock, exchanged for capital stock of Liberty Vegetable Oil Company, over the book amounts of net assets of that company	<u>10,568.10</u>
--	------------------

BALANCE OCTOBER 31, 1939	\$8,374,036.92
--------------------------	----------------

EARNED SURPLUS

Balance November 1, 1938, as per accounts	\$4,668,314.84
Add net profit for fiscal year ended October 31, 1939	<u>1,774,814.60</u>
	\$6,443,129.44

Deduct:

Dividends paid:

Convertible preferred-\$2.25 a share	\$ 449,886.42
---	---------------

Accumulated net losses of subsidiary from date of acquisition to date of liquidation	<u>24,062.01</u>	<u>473,948.43</u>
--	------------------	-------------------

BALANCE OCTOBER 31, 1939	\$5,969,181.01
--------------------------	----------------

Note - In prior years certain items of discount and expense, provision for contingencies and losses on dismantlements have been charged to capital surplus. If such items together with additional depreciation claimed for federal income tax purposes for the years 1932 to 1939, inclusive, had been charged against earned surplus instead of capital surplus the respective amounts of such surplus accounts would be \$4,847,609.81 and \$9,495,608.42 as at October 31, 1939.

ERNST & ERNST

CONSOLIDATED BALANCE SHEETTHE GILDEEN COMPANY AND CONSOLIDATED CANADIAN SUBSIDIARY

October 31, 1939

ASSETSCURRENT ASSETS

Cash on hand		\$	13,179.13	
Cash on deposit-demand			3,708,405.87	\$
Notes and acceptances receivable	\$	102,424.82		
Accounts receivable		4,699,065.47	\$	4,801,490.29
Reserves-Schedule VII			120,823.31	
Materials and supplies			\$	3,876,090.86
Finished merchandise (includes minor amount for work in process)			5,903,510.44	
Other current assets:				
Account receivable, affiliated company-not consolidated			\$	9,028.20
Other current accounts receivable			318,092.95	
			<u>TOTAL CURRENT ASSETS</u>	<u>\$1</u>

IN SUBSIDIARY AND AFFILIATED

(see principles of consolidation)				
California mining companies-at less than cost:				
Capital stock-100% owned-Schedule I	\$	15,000.00		
Bonds-principal amount \$500,000.00-Schedule I		187,500.00		
Advances		396,958.60	\$	1,099,458.60
Affiliated company-at cost:				
Capital stock-Schedule I			690,001.00	

OTHER ASSETS AND INVESTMENTS

Unsurrender value of life insurance			\$	464,196.50
Other investments - Note A			78,629.47	
Against closed banks	\$	77,891.45		
Reserves-Schedule VII		65,142.19		12,749.26
Business notes and accounts, advances				
Savings and sundry deposits	\$	82,139.69		
Reserve-Schedule VII		9,561.26		72,578.43

PLANT AND EQUIPMENT - Note B

Buildings, machinery and equipment,				
at cost or appraisal value-Schedule II	\$25,270,260.70			
Less reserves for revaluation as determined				
Board of Directors-Schedule II-A	3,452,249.30	\$21,818,011.40		
Less reserves for depreciation and depletion-Schedule III		7,203,788.31		1

INTANGIBLES-Schedule IV

Patents and trade-marks, at cost less amortization	\$	69,364.88		
Rights to manufacture, at cost less amortization		15,852.45		

DEFERRED CHARGES

Expenses of advertising stock and stationery	\$	154,846.98		
Prepaid insurance and expenses		276,196.44		
Special new products development		116,916.91		

LIABILITIES, CAPITAL STOCK AND SURPLUS

CURRENT LIABILITIES

	Notes payable-through broker	\$	500,000.00	
85.00	Accounts payable-trade		1,115,274.81	
	Wages and commissions		123,503.39	
	Processing taxes-federal		84,752.33	
66.98	Pay roll taxes		49,550.12	\$ 1,933
	Accrued liabilities:			
	Taxes	\$	200,322.80	
	Interest		33,124.99	
61.30	Royalties, water rent, etc.		79,653.41	
	Insurance		33,400.89	351
	Provision for federal, dominion and state taxes on income-estimated			434

TOTAL CURRENT LIABILITIES \$ 2,731

LONG TERM NOTES PAYABLE-Schedule VI

21.18	Bank loans-principal amounts maturing \$250,000.00 on July 1, 1941, and \$500,000.00 annually on July 1, 1942, July 1, 1943, and July 1, 1944-interest at 2-1/4%	\$	1,750,000.00	
74.43	Serial note-maturing July 1, 1945-interest at 3%		2,000,000.00	3,751

RESERVES-Schedule VII

	For adjustments of open contracts to market	\$	200,000.00	
59.60	For contingencies		67,525.56	267

CAPITAL STOCK AND SURPLUS

Capital stock-Schedule VIII:

	Convertible preferred, 4-1/2% cumulative, par value \$50.00 a share (redeemable at \$53.75 per share through July 1, 1940, and \$52.50 per share thereafter-each share convertible through March 1, 1941, into eight-tenths share of common stock and thereafter into seven-tenths share of common stock):			
	Authorized	200,000 shares		
	Converted	60 shares		
	Issued and outstanding	199,940 shares	\$9,997,000.00	
	Common, without par value:			
	Authorized	1,200,000 shares		
	Outstanding including			
153.66	Treasury shares	835,591 shares		
	Reserved for conversion	159,952 shares		
123.09	Stated capital		4,180,655.00	\$14,127,655.00
	Surplus-Notes C and D and Schedule IX:			
217.33	Capital surplus		\$2,374,036.92	
	Earned surplus		7,078,945.34	15,452,637.26
				\$29,636,237.26
	Less capital stock in treasury-at cost-Schedule VIII:			
	Common-10,170 shares		200,000.00	20,000

CONTINGENT LIABILITIES

	Letters of credit outstanding -	\$580,504.50	
	Endorser of uncollected drafts	1,286.64	

See principles of consolidation and notes on following pages.

		<u>LIABILITIES, CAPITAL STOCK AND SURPLUS</u>	
		<u>CURRENT LIABILITIES</u>	
179.13		Notes payable-through broker	\$ 5
405.87	\$ 3,721,585.00	Accounts payable-trade	1,1
490.29		Wages and commissions	1
823.31	4,680,666.93	Processing taxes-federal	
090.83		Pay roll taxes	
510.44	9,779,601.30	Accrued liabilities:	
		Taxes	\$ 2
		Interest	
		Royalties, water rent, etc.	
		Insurance	
028.20		Provision for federal, dominion and state	
092.95	327,121.15	taxes on income-estimated	
2575	\$18,508,974.43		<u>TOTAL CURRENT LIAB</u>
		<u>LONG TERM NOTES PAYABLE-Schedule VI</u>	
		Bank loans-principal amounts maturing \$250,000.00	
		on July 1, 1941, and \$500,000.00 annually on	
		July 1, 1942, July 1, 1943, and July 1, 1944-	
		interest at 2-1/4%	\$ 1,1
		Serial note-maturing July 1, 1945-interest at 3%	2,1
458.60			
001.00	1,789,459.60	<u>RESERVES-Schedule VII</u>	
		For adjustments of open contracts to market	\$ 1
		For contingencies	
		<u>CAPITAL STOCK AND SURPLUS</u>	
196.50		Capital stock-Schedule VIII:	
629.47		Convertible preferred, 4-1/2% cumulative, par	
749.26		value \$50.00 a share (redeemable at \$53.75	
		per share through July 1, 1940, and \$52.50	
		per share thereafter-each share convertible	
578.43	628,153.66	through March 1, 1941, into eight-tenths	
		share of common stock and thereafter into	
		seven-tenths share of common stock):	
		Authorized	200,000 shares
		Converted	60 shares
		Issued and outstanding	199,940 shares \$9,997,000.00
011.40		Common, without par value:	
788.31	14,614,223.09	Authorized	1,200,000 shares
		Outstanding including	
		treasury shares	835,591 shares
		Reserved for conversion	159,952 shares
		Stated capital	4,130,655.00 \$14,1
364.83		Surplus-Notes C and D and Schedule IX:	
852.45	85,217.33	Capital surplus	\$3,374,036.92
		Earned surplus	7,078,945.34 15,1
846.98			29,1
196.44		Less capital stock in treasury-at cost-Schedule VIII:	
916.91	548,960.33	Common-10,170 shares	
	\$36,174,988.44		
		<u>CONTINGENT LIABILITIES</u>	
		Letters of credit outstanding -	\$580,504.50
		Endorser of uncollected drafts	1,286.64

LIABILITIES, CAPITAL STOCK AND SURPLUS

LIABILITIES

able-through broker	\$ 500,000.00	
payable-trade	1,115,274.81	
commissions	183,593.39	
g taxes-federal	84,753.33	
taxes	49,553.12	\$ 1,936,174.65
liabilities:		
	\$ 206,132.89	
it	33,124.99	
les, water rent, etc.	79,053.41	
Mc	33,406.89	357,685.29
for federal, dominion and state		
n income-estimated		45,000.00

TOTAL CURRENT LIABILITIES \$ 2,730,000.00

NOTES PAYABLE-Schedule VI

is-principal amounts maturing \$250,000.00		
1, 1941, and \$500,000.00 annually on		
1942, July 1, 1943, and July 1, 1944-		
it at 2-1/4%	\$ 1,750,000.00	
ote-maturing July 1, 1945-interest at 3%	2,000,000.00	3,750,000.00

Schedule VII

stments of open contracts to market	\$ 200,000.00	
agencies	67,325.56	267,325.56

STOCK AND SURPLUS

Stock-Schedule VIII:

ible preferred, 4-1/2% cumulative, par		
\$50.00 a share (redeemable at \$53.75		
share through July 1, 1940, and \$52.50		
share thereafter-each share convertible		
igh March 1, 1941, into eight-tenths		
of common stock and thereafter into		
a-tenths share of common stock):		
thorized 200,000 shares		
verted 60 shares		
used and outstanding 199,940 shares	\$9,997,000.00	
, without par value:		
orized 1,200,000 shares		
tanding including		
asury shares 836,891 shares		
rved for conversion 159,952 shares		
ed capital	4,130,655.00	\$14,127,655.00

Notes C and D and Schedule IX:

l surplus	\$8,374,036.92	
surplus	7,078,945.34	15,452,982.26
		\$29,630,637.26

ital stock in treasury-at cost-Schedule VIII:

-10,170 shares	208,858.23	29,630,637.03
----------------	------------	---------------

\$34,174,533.44

LIABILITIES

of credit outstanding -	\$730,504.50
of uncollected drafts	1,286.64

amples of consolidation and notes on following pages.

PRINCIPLES OF CONSOLIDATION

THE GLIDDEN COMPANY AND CONSOLIDATED CANADIAN SUBSIDIARY

October 31, 1939

- (a) The inventories include no inter-company profits.
- (b) Net assets located in Canada consist of (1) net current assets of \$474,674.74 which have been included herein at the prevailing rate of exchange, and (2) property, plant and equipment and sundry deferred items of \$134,847.83 which have been included at amounts shown on the books of the Canadian subsidiary.
- (c) The investment in the consolidated Canadian subsidiary is carried on the parent Company's books as recorded at date of acquisition and is \$1,109,761.33 less than the parent Company's equity in net assets as shown by the Canadian Company's books after deducting charge resulting from reduction of its net current assets to rate of exchange in effect at October 31, 1939. The difference represents undistributed accumulated net earnings of the Canadian company since date of acquisition by the parent Company and is included in earned surplus in consolidation of the accounts.
- (d) The practice of the parent Company, with reference to consolidation of subsidiaries, has been to exclude from annual reports to shareholders the California mining companies. The assets of these companies consist almost entirely of properties not being operated. Separate statements are not included herein for these companies as the aggregate investments are not believed to be significant in respect of (1) the assets they represent and (2) the sales or operating revenues of such companies. The investments in the California mining companies are carried on the books of the parent Company at less than cost and aggregate \$67,557.38 more than the parent Company's equity in net assets as shown by unaudited balance sheets of these companies. Unaudited profit and loss statements of the companies show accumulated losses of \$1,199,351.50 from date of acquisition by the parent Company, exclusive of depreciation on appreciation and unpaid interest on bonds held by the parent Company, which interest has not been taken into income by the latter. Against these accumulated losses the parent Company has provided, in prior years, the sum of \$581,671.76 out of surplus and contingency reserve, and has a credit of \$312,500.00 arising from its reacquisition of \$450,000.00 principal amount of bonds of The California Zinc Company at a cost of \$157,500.00. The operation of the properties of the California mining companies was discontinued in 1927 and the value of the investments is indeterminable at this time.
- (e) The investment in affiliated company represents one hundred percent interest in 7% preferred stock of American Zirconium Corporation, having a par value of \$600,000.00, the dividends on which have been paid to October 1, 1939, and a forty-five percent interest in the common stock of the same company. The unaudited statement of the company shows accumulated undistributed earnings of \$74,982.54, of which \$32,167.15 is applicable to The Glidden Company's investment therein.

ERNST & ERNST

NOTES TO CONSOLIDATED BALANCE SHEET

THE GLIDDEN COMPANY AND CONSOLIDATED CANADIAN SUBSIDIARY

October 31, 1939

Note A - Sundry investments are included at cost or less. Securities carried at a cost of \$45,200.00 had a quoted market value of \$43,080.63; the U. S. Government securities included therein at a cost of \$15,000.00 were deposited with a bank in connection with workmen's compensation insurance requirements. The market value of the remaining securities is unknown.

Note B - Property, plant and equipment are stated on the basis of cost or appraisal value less reserves provided for revaluation, depreciation and depletion. The remaining portion of unrealized appreciation included in the gross amount of these assets is offset by a portion of the revaluation reserve and that reserve was also provided to reduce the carrying amount of certain assets from cost to estimated basis of values prevailing during the year 1932 as determined by the Board of Directors. Cost of property, plant and equipment represents, principally, cash expenditures, although certain properties were acquired for stock. The net book carrying amount is not intended to represent the present values of the properties.

Note C - The indenture, dated July 1, 1938, relating to serial notes of the Company contains an agreement that so long as any of the notes shall be outstanding the Company will not declare or pay any dividends, other than stock dividends, on any shares of its common stock (subject to modification that the Company may use not exceeding \$200,000.00 in the purchase or retirement of its common stock) or make any distribution in respect thereto, except out of consolidated net earnings, as defined in the indenture, subsequent to October 31, 1937.

Note D - In prior years certain items of discount and expense, provision for contingencies and losses on dismantlements have been charged to capital surplus. If such items together with additional depreciation claimed for federal income tax purposes for the years 1932 to 1939, inclusive, had been charged against earned surplus instead of capital surplus the respective amounts of such surplus accounts would be \$5,937,373.84 and \$9,495,600.42 as at October 31, 1939.

Note E - Officers of the companies have expressed the opinion that pending lawsuits are of minor importance and that no material losses will result therefrom.

ERNST & ERNST

CONSOLIDATED PROFIT AND LOSS STATEMENTTHE CLYDELL COMPANY AND CONSOLIDATED CANADIAN SUBSIDIARY

Fiscal year ended October 31, 1939

<u>GROSS SALES LESS DISCOUNTS, RETURNS AND ALLOWANCES, ETC.</u>		\$47,824,047.45
<u>LESS: COST OF GOODS SOLD-Notes A and B</u>		37,746,869.63
<u>MANUFACTURING PROFIT</u>		\$10,077,177.82
<u>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</u>		7,662,700.92
<u>OPERATING PROFIT</u>		\$ 2,414,476.90
<u>OTHER INCOME</u>		
Miscellaneous commissions and profits on merchandise purchased and sold	\$ 231,018.13	
Dividends received-Schedule XI	71,659.00	
Recovery on accounts previously charged off	52,620.67	
Interest earned	22,532.70	
Rental income	13,346.00	
Miscellaneous	19,817.12	
		<u>390,993.72</u>
		\$ 2,805,470.62
<u>OTHER DEDUCTIONS</u>		
Interest on long term debt	\$ 123,617.19	
Other interest	14,246.20	
Provision for doubtful accounts-Schedule VII	106,815.37	
Idle plant expense	32,524.92	
Amortization of note expense	22,229.76	
Life insurance expense	19,456.02	
Loss on disposal of fixed assets	9,455.03	
Miscellaneous	19,824.01	
		<u>351,142.42</u>
		\$ 2,454,328.20
<u>PROFIT BEFORE SPECIAL CHARGES AND TAXES ON INCOME</u>		\$ 2,454,328.20
<u>PERMANENT CHARGES</u>		
Provision for adjustments of open contracts to market-Schedule VII	\$ 200,000.00	
Reduction of net current assets in Canada to rate of exchange in effect at October 31, 1939	40,842.21	
		<u>240,842.21</u>
		\$ 2,213,486.00
<u>TAXES ON INCOME-REVENUE</u>		
Provision for federal income tax	\$ 400,000.00	
Provision for Dominion and state taxes on income	15,742.22	
		<u>415,742.22</u>
		\$ 1,800,000.00
<u>NET PROFIT-Notes C and D</u>		\$ 1,800,000.00

Explanation of consolidation:

1. Companies include no inter-company profit.
 2. Inter-company sales are not included.
 3. Operating accounts of the parent and subsidiary are included on a dollar for dollar basis. Special provision is made for currency exchange in Canada to rate of exchange in effect at October 31, 1939.

See Notes on following page.

NOTES TO CONSOLIDATED PROFIT AND LOSS STATEMENT

THE GLIDDEN COMPANY AND CONSOLIDATED CANADIAN SUBSIDIARY

Fiscal year ended October 31, 1939

Note A - Inventories at the beginning and end of the fiscal year are stated at the lower of cost or market.

Note B - Depreciation to be claimed in the Company's federal income tax return for the year 1939 will exceed the provision in this statement by the amount of \$97,890.20, due to depreciation claimed on costs written off or credited to revaluation reserve during 1932.

Note C - No provision has been made in this statement for losses of wholly owned, non-operating California mining companies for the year, amounting to \$48,428.91 including provision of \$8,798.90 for depreciation on cost and provision of \$19,097.18 for depreciation on appreciation.

Note D - The net profit shown in this statement includes \$79,682.24 for the Canadian subsidiary, representing that subsidiary's net profit for the year, less charge resulting from reduction of its net current assets to rate of exchange in effect at October 31, 1939.

Note E - Reference is made to Schedule X submitted herewith for information as to charges for maintenance and repairs, depreciation, depletion and amortization, taxes (other than federal income and excess-profits taxes), management and service contract fees, rents and royalties.

ERNST & ERNST

SCHEDULE I-INVESTMENTS IN SECURITIES OF AFFILIATES
THE GLIDDEN COMPANY AND CONSOLIDATED CANADIAN SUBSIDIARY

Fiscal year ended October 31, 1939

COLUMN A		COLUMN B		
		BALANCE AT THE BEGINNING OF THE FISCAL YEAR AS PER ACCOUNTS		
NAME OF ISSUER	TITLE OF ISSUE	NUMBER OF SHARES PRINCIPAL AMOUNT OF BONDS AND NOTES	AMOUNT IN DOLLARS	
<u>STOCKS AND BONDS OF AFFILIATES</u>				
<u>NOT CONSOLIDATED-100% OWNED</u>				
The California Zinc Company	Common stock	1,000	\$ 5,000.00	
Afterthought Zinc Mining Company	Common stock	100	10,000.00	
The California Zinc Company	Bonds	\$500,000.00	137,500.00	
<u>STOCKS OF OTHER AFFILIATES</u>				
American Zirconium Corporation	Common stock	6,800	90,001.00	
American Zirconium Corporation	Preferred stock	6,000	600,000.00	
			<u>\$392,501.00</u>	

BEGINNING YEAR AS IS	COLUMN C		COLUMN D		COLUMN E	
	ADDITIONS		REDUCTIONS		BALANCE AT CLOSE OF FISCAL YEAR	
	NUMBER OF SHARES PRINCIPAL AMOUNT OF BONDS AND NOTES	AMOUNT IN DOLLARS	NUMBER OF SHARES PRINCIPAL AMOUNT OF BONDS AND NOTES	AMOUNT IN DOLLARS	NUMBER OF SHARES PRINCIPAL AMOUNT OF BONDS AND NOTES	AMOUNT IN DOLLARS
					1,000	\$ 5,000.00
					100	10,000.00
					\$500,000.00	187,500.00
					6,800	90,001.00
					6,000	600,000.00
						<u>\$892,501.00</u>

SCHEDULE II-PROPERTY, PLANT AND EQUIPMENT

THE GLIDDEN COMPANY AND CONSOLIDATED CANADIAN SUB

Fiscal year ended October 31, 1939

COLUMN A	COLUMN B	COLUMN C
CLASSIFICATIONS	BALANCE AT THE BEGINNING OF THE FISCAL YEAR AS PER ACCOUNTS	ADDITIONS AT COST (NOTE A)
Ore lands and leases	\$ 90,977.44	\$ 1,158.4
Land	2,490,178.55	12,643.0
Land improvements	47,953.78	48,399.0
Railroad sidings	68,839.60	5,043.0
Buildings	9,068,779.26	163,603.0
Machinery and equipment	11,993,147.98	669,794.1
Furniture and fixtures	679,071.08	44,824.1
Automotive equipment	99,049.29	18,744.0
Construction in process	184,954.35	296,462.1
	\$24,722,951.33	\$1,260,673.1

Note A - Additions include the amount of \$61,061.65 for plant and equipment Vegetable Oil Company. The assets acquired have been recorded on the books of The by statements of the liquidated company. During 1939 all of the outstanding capital Oil Company was acquired in exchange for 1,844 shares of The Glidden Company company was \$10,568.10 more than the book amounts of the net assets of that company. This surplus account.

SCHEDULE II-PROPERTY, PLANT AND EQUIPMENT

GLIDDEN COMPANY AND CONSOLIDATED CANADIAN SUBSIDIARY

Fiscal year ended October 31, 1939

ERNST & ERNST

COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F
BALANCE AT THE BEGINNING OF THE FISCAL YEAR AS PER ACCOUNTS	ADDITIONS AT COST (NOTE A)	RETIREMENTS OR SALES	OTHER CHANGES DEBIT AND/ OR CREDIT*	BALANCE AT CLOSE OF THE FISCAL YEAR
\$ 90,977.44	\$ 1,158.52	\$ 7,244.42		\$ 84,891.54
2,490,178.55	12,643.84	78,208.18		2,424,614.21
47,953.78	48,399.08	6,799.00		89,553.86
68,839.60	5,043.03	2,326.00		71,556.63
9,068,779.26	163,603.90	97,077.55		9,135,305.61
11,993,147.98	669,794.70	488,658.63		12,174,284.05
679,071.08	44,824.20	18,173.49		705,721.79
99,049.29	18,744.04	14,876.93		102,916.40
184,954.35	296,462.26			481,416.61
\$24,722,951.33	\$1,260,673.57	\$ 713,364.20		\$25,270,260.70

Amount of \$61,061.65 for plant and equipment acquired in liquidation of Liberty Vegetable Products Company have been recorded on the books of The Glidden Company at amounts shown. During 1939 all of the outstanding capital stock of the Liberty Vegetable Products Company for 1,844 shares of The Glidden Company common treasury stock, the cost of which was \$61,061.65, was transferred to the net assets of that company. This difference was charged to capital.

ERNST & ERNST

SCHEDULE II-A-RESERVES FOR REVALUATION

THE GLIDDEN COMPANY AND CONSOLIDATED CANADIAN SUBSIDIARY

Fiscal year ended October 31, 1939

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
CLASSIFICATIONS	BALANCE AT BEGINNING OF THE FISCAL YEAR AS PER ACCOUNTS	ADDITIONS TO RESERVES	RETIREMENTS, RENEWALS AND MAJOR REPAIRS	BALANCE AT CLOSE OF THE FISCAL YEAR
Land	\$ 800,937.77		\$ 45,140.00	\$ 455,797.77
Buildings	1,645,443.42		46,492.38	1,598,951.04
Machinery and equipment	1,455,404.93		93,271.80	1,362,133.13
Furniture and fixtures	29,032.68		5.09	29,027.59
Railroad sidings	6,339.77		-0-	6,339.77
	\$3,637,158.57		\$184,909.27	\$3,452,249.30

Note - These reserves were provided by charges to capital surplus and reserves for depreciation, to eliminate appreciation of property, plant and equipment, and to reduce recorded amounts to estimated basis of values during 1932 as determined by the Board of Directors.

**SCHEDULE III-RESERVES FOR DEPRECIATION, DEPLETION
AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT**

THE GLIDDEN COMPANY AND CONSOLIDATED CANADIAN SUBS.

Fiscal year ended October 31, 1939

COLUMN A CLASSIFICATIONS	COLUMN B BALANCE AT BEGINNING OF THE FISCAL YEAR AS PER ACCOUNTS		COLUMN C ADDITIONS CHARGED TO OTHER ACCOUNTS (NOTE A)		COLUMN D TOTAL OF COLUMN B AND COLUMN C
		CHARGED TO PROFIT AND LOSS			
Ore lands and leases	\$ 30,197.25	\$ 7,432.15			\$ 37,679.40
Land improvements	3,900.76	5,542.45			9,443.21
Railroad sidings	10,113.70	1,268.64	\$	46.24	11,428.58
Buildings	1,885,106.01	185,170.10		620.36	2,070,896.47
Machinery and equipment	4,485,389.59	556,565.55		3,986.75	5,045,941.89
Furniture and fixtures	370,899.73	32,100.63		21.44	403,021.80
Automotive equipment	67,221.03	16,387.06			83,608.09
	\$6,852,828.07	\$ 804,516.58	\$	1,674.79	\$7,662,019.44

Note A - Acquired in liquidation of Liberty Vegetable Oil Company.
Reference is made to Note A to Schedule II-consolidated.

Depreciation and depletion policy:

The policy of the companies with respect to depreciation is to provide amounts reasonable to cover wear, tear and deterioration of the property on a basis of specific certain to what extent obsolescence is covered in these provisions as changes in the useful life of the property. The rate for depletion is based on the estimated amount of depletion to be claimed in the Company's federal income tax return for the year 1939 will in this schedule due to depreciation claimed on costs written off or credited to revaluation.

**SCHEDULE III-RESERVES FOR DEPRECIATION, DEPLETION
AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT**

OF GLIDDEN COMPANY AND CONSOLIDATED CANADIAN SUBSIDIARY

Fiscal year ended October 31, 1939

ERNST & ERNST

COLUMN B BALANCE AT BEGINNING OF FISCAL YEAR PER ACCOUNTS	COLUMN C ADDITIONS CHARGED TO PROFIT AND LOSS	COLUMN C CHARGES TO OTHER ACCOUNTS (NOTE A)	COLUMN D TOTAL OF COLUMN B AND COLUMN C	COLUMN E CHARGES TO RESERVES RETIREMENTS, RENEWALS AND REPLACEMENTS OTHER	COLUMN F BALANCE AT THE CLOSE OF THE FISCAL YEAR
197.25 \$	7,482.15		\$ 37,679.40		\$ 37,679.40
890.76	5,542.45		9,443.21 \$	1,019.85	8,423.36
113.70	1,268.64 \$	46.24	11,428.58		11,428.58
188.01	185,170.10	620.36	2,070,896.47	36,269.60	2,034,626.87
389.59	586,565.55	3,986.75	5,045,941.89	395,074.45	4,650,867.44
899.73	32,100.63	21.44	403,021.80	14,122.25	388,899.55
21.03	16,387.06		83,608.09	11,744.98	71,863.11
828.07 \$	804,516.58 \$	4,674.79	\$7,662,019.44	\$ 458,231.13	\$7,203,788.31

of Liberty Vegetable Oil Company.
is II-consolidated.

respect to depreciation is to provide amounts considered by the management as fair and
terioration of the property on a basis of specific rates as determined. It is not
covered in these provisions as changes in the art may result in shortening the use-
er depletion is based on the estimated amount of remaining recoverable ore. Depreci-
federal income tax return for the year 1939 will be \$97,890.20 more than the provision
claimed on costs written off or credited to revaluation reserve during 1932.

SCHEDULE IV-INTANGIBLE ASSETS

THE GLIDDEN COMPANY AND CONSOLIDATED CANADIAN SUBSIDIARIES

Fiscal year ended October 31, 1939

COLUMN A	COLUMN B BALANCE AT BEGINNING OF THE FISCAL YEAR AS PER ACCOUNTS	COLUMN C ADDITIONS AT COST	COLUMN D DEDUCTIONS CHARGED TO PROFIT AND LOSS
DESCRIPTION			
Patents and trade-marks	\$ 74,155.37	\$ 1,408.74	\$ 6,199.23
Rights to manufacture	18,715.77		2,843.32
	\$ 92,871.14	\$ 1,408.74	\$ 9,062.55

Note - The cost of intangibles is amortized over the remaining lives of such assets.

SCHEDULE IV-INTANGIBLE ASSETS

IDDEEN COMPANY AND CONSOLIDATED CANADIAN SUBSIDIARY

Fiscal year ended October 31, 1939

COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F
BALANCE AT BEGINNING OF THE FISCAL YEAR AS PER ACCOUNTS	ADDITIONS AT COST	DEDUCTIONS CHARGED TO PROFIT AND LOSS	OTHER CHANGES- DEBIT AND/OR CREDIT	BALANCE AT CLOSE OF THE FISCAL YEAR
\$ 74,155.37	\$ 1,408.74	\$ 6,199.23		\$ 69,364.88
18,715.77		2,863.32		15,852.45
\$ 92,871.14	\$ 1,408.74	\$ 9,062.55		\$ 85,217.33

amortized over the

ERNST & ERNST

SCHEDULE VI-FUNDED DEBT

THE GLIDDEN COMPANY AND CONSOLIDATED CANADIAN SUBSIDIARY

October 31, 1939

COLUMN A	COLUMN B	COLUMN C	COLUMN D
NAME OF ISSUER AND TITLE OF ISSUE	AMOUNT AUTHORIZED BY INDENTURE	AMOUNT OUTSTANDING EXCLUSIVE OF THAT IN TREASURY	AMOUNT OUTSTANDING AS PER BALANCE SHEET
The Glidden Company-long term bank loans-principal amounts maturing \$250,000.00 on July 1, 1941, and \$500,000.00 annually on July 1, 1942, July 1, 1943, and July 1, 1944-interest at 2½%	\$1,750,000.00	\$1,750,000.00	\$1,750,000.00
The Glidden Company-serial note- maturing July 1, 1945-interest at 3%	2,000,000.00	2,000,000.00	2,000,000.00

Note - Under provisions of the Serial Note Indenture, The Glidden Company any of these notes shall be outstanding not to create, assume or incur any fund money mortgages on real property, in addition to the \$3,750,000.00 of notes whi thereunder, unless the consolidated net income of the Company and its subsidiar 12 calendar months next preceding the date upon which additional funded debt is or incurred and the average of the consolidated net income of the Company and i peried and the immediately preceding period of 12 calendar months shall both be times annual interest charges on all consolidated indebtedness of the Company a will be outstanding upon the creation, assumption or incurring of such addition determining the consolidated net income, no deduction shall be made for interes consolidated indebtedness or for amortization of debt discount and expenses wit indebtedness. The Company is entitled to extend, renew or refund bank loans no year after the making thereof with other unsecured bank loans provided that in such loans not maturing within one year after the making thereof so extended, r not at any time exceed an aggregate principal amount of \$750,000.00.

DEB ENDING ER SHEET	COLUMN E AMOUNT PLLEDGED	COLUMN F AMOUNT IN TREASURY	COLUMN G AMOUNT HELD BY PERSONS WHOSE STATEMENTS ARE FILED HEREWITH	COLUMN H AMOUNT IN SINKING AND OTHER FUNDS	COLUMN I STATE WHETHER ADDITIONAL AMOUNTS MAY BE ISSUED
------------------------------	--------------------------------	-----------------------------------	--	--	---

000.00 None None None None (See note)

000.00 None None None None (See note)

Company has agreed so long as any funded debt, except purchase notes which have been issued subsidiaries for the period of 1 debt is to be created, assumed any and its subsidiaries for such 1 both be not less than three Company and its subsidiaries which additional funded debt; in r interest on outstanding assets with respect to such loans not maturing within one that in any case the amount of tended, renewed or refunded shall

SCHEDULE VII-RESERVES

THE GLIDDEN COMPANY AND CONSOLIDATED CANADIAN SUBS

Fiscal year ended October 31, 1939

COLUMN A	COLUMN B	COLUMN C		
DESCRIPTIVE NAMES OF RESERVES	BALANCE AT BEGINNING OF THE FISCAL YEAR AS PER ACCOUNTS	ADDITIONS		
		CHARGED TO PROFIT AND LOSS	CHARGED TO OTHER ACCOUNTS	CHARG TO RESER
<u>RESERVES DEDUCTED FROM ASSETS</u>				
For doubtful accounts, discounts, etc.	\$117,919.78	\$108,815.37		\$105,911
For claims against closed banks	65,161.32			11
For miscellaneous notes, etc.	9,561.26			
<u>OTHER RESERVES</u>				
For contingencies	67,885.56			
For adjustment of open contracts to market		200,000.00		

SCHEDULE VII-RESERVES

GLIDDEN COMPANY AND CONSOLIDATED CANADIAN SUBSIDIARY

Fiscal year ended October 31, 1939

COLUMN B	COLUMN C		COLUMN D		COLUMN E
BALANCE AT BEGINNING OF THE FISCAL YEAR AS PER ACCOUNTS	ADDITIONS		CHARGES		BALANCE AT CLOSE OF THE FISCAL YEAR
	CHARGED TO PROFIT AND LOSS	CHARGED TO OTHER ACCOUNTS	TO RESERVES	DESCRIPTION	
\$117,919.78	\$108,815.37		\$105,911.84	Accounts charged off	\$120,823.31
65,161.32			19.13	Accounts written off	65,142.19
9,561.26					9,561.26
67,885.56					67,885.56
	200,000.00				200,000.00

SCHEDULE VIII-CAPITAL STOCK

THE GLIDDEN COMPANY AND CONSOLIDATED CANADIAN SUBSIDIARIES

October 31, 1939

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F
NAME OF ISSUER AND TITLE OF ISSUE	NUMBER OF SHARES AUTHORIZED BY CHARTER	NUMBER OF SHARES OUTSTANDING EXCLUSIVE OF NUMBER HELD IN TREASURY	AMOUNT IN DOLLARS	NUMBER OF SHARES IN TREASURY	NUMBER OF SHARES HELD BY PERSONS WHOSE STATEMENTS ARE FILED HEREWITH
THE GLIDDEN COMPANY					
Convertible preferred stock, 4-1/2% cumulative-par value \$50.00 a share	200,000	199,940	\$9,997,000.00	None	None
Common-without par value	1,200,000	825,421	4,180,655.00	10,170	None
SUBSIDIARIES CONSOLIDATED					
The Glidden Company, Ltd.- common-par value \$100.00 a share	500	500	None	None	500

SCHEDULE VIII-CAPITAL STOCK

THE GLIDDEN COMPANY AND CONSOLIDATED CANADIAN SUBSIDIARY

October 31, 1939

ERNST & ERNST

COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F	COLUMN G	COLUMN H	COLUMN I
NUMBER OF SHARES AUTHORIZED BY CHARTER	NUMBER OF SHARES OUTSTANDING EXCLUSIVE OF NUMBER HELD IN TREASURY	AMOUNT IN DOLLARS	NUMBER OF SHARES IN TREASURY	NUMBER OF SHARES HELD BY PERSONS WHOSE STATEMENTS ARE FILED HEREWITH	NUMBER OF SHARES HELD BY PARENTS	NUMBER OF SHARES RESERVED FOR OFFICERS AND EMPLOYEES	NUMBER OF SHARES RESERVED FOR OPTIONS, WARRANTS, CONVERSIONS AND OTHER RIGHTS

200,000	199,940	\$9,997,000.00	None	None	None	None	None
200,000	825,421	4,180,655.00	10,170	None	None	None	159,952

500	500	None	None	500	None	None	None
-----	-----	------	------	-----	------	------	------

ERNST & ERNST

SCHEDULE IX-SURPLUS

THE GLIDDEN COMPANY AND CONSOLIDATED CANADIAN SUBSIDIARY

Fiscal year ended October 31, 1939

CAPITAL SURPLUS

Balance November 1, 1938, as per accounts

\$8,374,605.02

Add:

Adjustment of expenses in connection with common stock sold in 1938

10,000.00

\$8,384,605.02

Deduct:

Excess of cost of 1,844 shares of common treasury stock, exchanged for capital stock of Liberty Vegetable Oil Company, over the book amounts of net assets of that company

10,568.10

BALANCE OCTOBER 31, 1939

\$8,374,036.92

EARNED SURPLUS

Balance November 1, 1938, as per accounts

\$5,675,232.64

Add net profit for the fiscal year ended October 31, 1939

1,853,549.12

\$7,528,831.76

Less dividends paid:

Convertible preferred-\$2.25 a share

449,804.42

BALANCE OCTOBER 31, 1939

\$7,078,945.34

Note - In prior years certain items of discount and expense, provision for contingencies and losses on dismantlements have been charged to capital surplus. If such items together with additional depreciation claimed for federal income tax purposes for the years 1932 to 1939 inclusive, had been charged against earned surplus instead of capital surplus the respective amounts of such surplus accounts would be \$5,957,373.84 and \$9,495,608.42 as at October 31, 1939.

SCHEDULE I-SUPPLEMENTARY PROFIT AND LOSS INFORMATION
THE GLIDDEN COMPANY AND CONSOLIDATED CANADIAN SUBSIDI
Fiscal year ended October 31, 1939

COLUMN A ITEM	COLUMN B CHARGED DIRECTLY TO PROFIT AND LOSS		CHAR ACCOU
	COSTS	OTHER	
Maintenance and repairs	\$ 565,017.79	\$ 35,036.56	
Depreciation and depletion-Note A	804,516.58		
Taxes (other than federal income and excess-profits taxes)	341,204.51	281,085.98	
Rents	4,405.01	154,286.35	
Royalties	111,063.22		
Amortization of patents, trade-marks and rights to manufacture	9,062.55		
Management and service contract fees			

Note A - Depreciation to be claimed in the Company's federal income tax return more than the amount shown in this schedule, due principally to depreciation charges credited to revaluation reserve during 1932.

X-SUPPLEMENTARY PROFIT AND LOSS INFORMATION
IN COMPANY AND CONSOLIDATED CANADIAN SUBSIDIARY

Fiscal year ended October 31, 1939

COLUMN B		COLUMN C		COLUMN D
CHARGED DIRECTLY TO		CHARGED TO OTHER		
PROFIT AND LOSS		ACCOUNTS		
COSTS	OTHER	ACCOUNT	AMOUNT	TOTAL
\$ 565,017.79	\$ 35,036.56			\$ 600,054.35
804,516.58				804,516.58
341,204.51	281,085.98			622,290.49
4,405.01	154,286.35			158,691.36
111,063.22				111,063.22
9,062.55				9,062.55
				None

67

claimed in the Company's federal income tax return for 1939 will be \$97,890.20
 schedule, due principally to depreciation claimed on costs written off or
 long 1932.

SCHEDULE XI-INCOME FROM DIVIDENDS

THE GLIDDEN COMPANY AND CONSOLIDATED CANADIAN SUBSIDIARY

Fiscal year ended October 31, 1939

COLUMN A

COLUMN B

NAME OF ISSUER

TITLE OF ISSUE

**AMOUNT OF DIVIDEND
CASH OTHER**

SUBSIDIARIES NOT CONSOLIDATED
California mining companies

Common stock

\$ -0-

AFFILIATED COMPANIES

American Zirconium Corporation
American Zirconium Corporation

Preferred stock
Common stock

42,000.00
-0-

OTHER SECURITIES INVESTMENTS

29,659.00

\$ 71,659.00

SCHEDULE XI-INCOME FROM DIVIDENDS

THE GLIDDEN COMPANY AND CONSOLIDATED CANADIAN SUBSIDIARY

Fiscal year ended October 31, 1939

COLUMN A		COLUMN B			COLUMN C
TITLE OF ISSUE		AMOUNT OF DIVIDENDS			AMOUNT OF EQUITY IN NET PROFIT AND LOSS* FOR THE FISCAL YEAR
		CASH	OTHER	TOTAL	
RED	Common stock	\$ -0-		\$ -0-	\$ 48,428.91*
LES					
ration	Preferred stock	42,000.00		42,000.00	} 48,007.45
ration	Common stock	-0-		-0-	
RE		29,659.00		29,659.00	Not applicable
		\$ 71,659.00		\$ 71,659.00	

REMUNERATION OF DIRECTORS, OFFICERS, AND OTHERS

9. Give the information required below in tabular form concerning the aggregate remuneration paid by the registrant and its subsidiaries, directly or indirectly, to the following persons in all of their capacities:
- (a) The name and aggregate remuneration of each person among the officers, directors, and employees of the registrant receiving one of the three highest aggregate amounts of remuneration.
 - (b) The aggregate remuneration of all directors of the registrant; indicate the number of such directors without naming them.
 - (c) The aggregate remuneration of all officers, other than those who are directors, of the registrant; indicate the number of such officers without naming them.
 - (d) The aggregate remuneration of all employees of the registrant who, respectively, received remuneration from the registrant in excess of \$20,000 within the fiscal year; indicate the number of such employees without naming them.

Name, or number of persons not named	Capacities in which remuneration was received	Aggregate remunera- tion within regis- trant's fiscal year
(a) Adrian D. Joyce R. E. Horsburgh R. W. Levenhagen W. J. O'Brien	President and Director Senior Vice President and Director Vice President and Director Vice President and Director	\$ 96,040.00 30,040.00 30,030.00 30,040.00
(b) Eight Directors	Salaries Directors' Fees	\$250,200.00 250.00 <u>\$250,450.00</u>
(c) One Officer	Treasurer	\$ 8,500.00
(d) Two	Salesmen	\$ 51,098.28
	-	
	-	
	-	
	-	
	-	

10. State the names of, and amount received by, each person who received as bonuses or shares in profits \$50,000, or more, from the registrant or its wholly-owned subsidiaries, during the fiscal year.

1000

13. As to any securities for which application for registration under the Securities Exchange Act of 1934 had been filed and which remained unissued at the close of the fiscal year, furnish the following information:

- (a) Title of issue.
- (b) The total amount unissued at the close of the fiscal year.
- (c) A brief description of the proposed transactions for the issuance of such securities.
 - (a) Common stock without par value.
 - (b) 199,940 shares.
 - (c) 159,952 shares of common stock reserved for the conversion of 199,940 shares of the convertible preferred stock, $4\frac{1}{2}\%$ cumulative, \$50.00 par value, of the registrant. The difference between 159,952 and 199,940 or 39,988 are not currently required at the conversion rate now prevailing to meet the conversion privileges of the holders of the convertible preferred stock.

DESCRIPTION OF SECURITIES

- 14. (a) If any material modifications, not previously reported, have been made in any security a description of which has previously been reported, or in the indenture, charter, or other constituent instrument defining rights of the holders of such security, give the title of the issue and state briefly the general effect of such modifications.
- (b) For each class of capital stock of the registrant a description of which has not previously been reported, and which, either as to dividends or on liquidation, ranks equal or prior to any stock registered on a national securities exchange, outline briefly: (1) Dividend rights; (2) limitations in any indentures or other agreements on the payment of dividends; (3) voting rights; (4) liquidation rights; (5) preemptive rights; (6) subscription rights; (7) conversion rights; (8) redemption provisions applicable thereto; and (9) liability to further calls.
 - (a) By agreement and supplemental indenture dated June 14, 1939, the indenture dated July 1, 1938, defining the rights of the holders of the serial notes, the issuance of which was reported in paragraphs (a) to (f) inclusive of section 3 of item 12 of the annual report of the registrant for its fiscal year ending October 31, 1938, has been modified to the extent that the interest rate of $3\frac{3}{8}\%$ per annum on the note for \$2,000,000.00 maturing July 1, 1945, provided for in said indenture, has been reduced to 3% per annum from July 1, 1939 until maturity. All of the other notes covered by said indenture were redeemed on July 3, 1939.
 - (b) The registrant does not have any class of capital stock which has not been previously described and which either as to dividends or on liquidation ranks equal or prior to any stock registered on a National Securities exchange.

11. Give the information required below in tabular form concerning the aggregate remuneration paid by the registrant, directly or indirectly, to any person, other than a director, officer, or employee, whose aggregate remuneration from the registrant, in all capacities, exceeded \$20,000 during the fiscal year.

Name	Capacities in which remuneration was received from the registrant	Aggregate remuneration during registrant's fiscal year
None		

SALES OF SECURITIES BY REGISTRANT

12. Furnish the following information as to all securities of the registrant sold by the registrant within the fiscal year:

- Title of issue; and, if stock, the par value, or, if no par, stated value, if any.
- Amount sold.
- Date of sale.
- Aggregate net cash proceeds, or the nature and aggregate amount of any consideration other than cash, received by the registrant.
- Names of principal underwriters, if any, indicating any such underwriters as were affiliates of the registrant.
- A statement that such securities were registered under the Securities Act of 1933, or a brief statement of the facts necessary to establish that such registration was not required.

- (a) Long Term Notes Payable to Banks and maturing as follows:

\$250,000.00	● 2-1/4% annually	July 1, 1940
250,000.00	● 2-1/4% annually	July 1, 1941
500,000.00	● 2-1/4% annually	July 1, 1942
500,000.00	● 2-1/4% annually	July 1, 1943
500,000.00	● 2-1/4% annually	July 1, 1944

- (b) \$2,000,000.00

- (c) July 3, 1939

- (d) \$2,000,000.00

- (e) Issue was not underwritten.

- (f) Long Term Notes Payable to Banks were not registered under the Securities Act of 1933 because they were sold to private corporations for investment by previous arrangement and did not involve a public offering.

15. State briefly the general effect of—

- (a) Any material modifications, made within the fiscal year and not previously reported, in contracts of guarantee by the registrant of the securities of other issuers, which have been previously reported.
- (b) Any such contracts made within the fiscal year and not previously reported.

(a) None

(b) None

This annual report comprises—

(1) Pages numbered 1 to 11, consecutively, and insert pages numbered 6-1 to 6-31 consecutively, including the following financial statements and schedules:

None

(2) The following exhibits:

None

SEC. 3 EXCH. COMM.
RECD 2ND MAIL

FEB 28 1940

DOCKET MAIL & FILES

This annual report is filed subject to the instructions contained in the Instruction Book for Form 10-K for Corporations, and amendments numbered None

SIGNATURE

In pursuance of the requirements of the Securities Exchange Act of 1934, the registrant The Glidden Company, a corporation organized and existing under the laws of the State of Ohio, has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, and its seal to be hereunto affixed and attested, all in the city of Cleveland and State of Ohio on the 20th day of February, 1940

THE GLIDDEN COMPANY

(Signature of registrant)

By

R. H. Horsburgh, Senior Vice President

(Name and title)

[SEAL]

Attest:

Clifton M. Kolb.

(Name and title)

Clifton M. Kolb, Secretary