THE GLIDDEN COMPANY
1396 UNION COMMERCE BUILDING

DWIGHT P. JOYCE
PRESIDENT

CLEVELAND 14, OHIO

January 14, 1952

Dear Mr. Stalker:

I am enclosing your copy of our Annual Report for the fiscal year ending October 31, 1951. If you are a stockholder, you, of course, will receive an additional copy. We believe our key people are interested in receiving this report, and want to be familiar with it.

The report, including the letter to the stockholders, is self-explanatory, and gives you a clear picture of the strongest financial position we have ever enjoyed. It also shows the gratifying results of last year's operations.

If you have any questions about this report, please do not hesitate to let me know.

Yours very truly,

Dwight P. Joyce

Dwight P. Joyce
President

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Enc.

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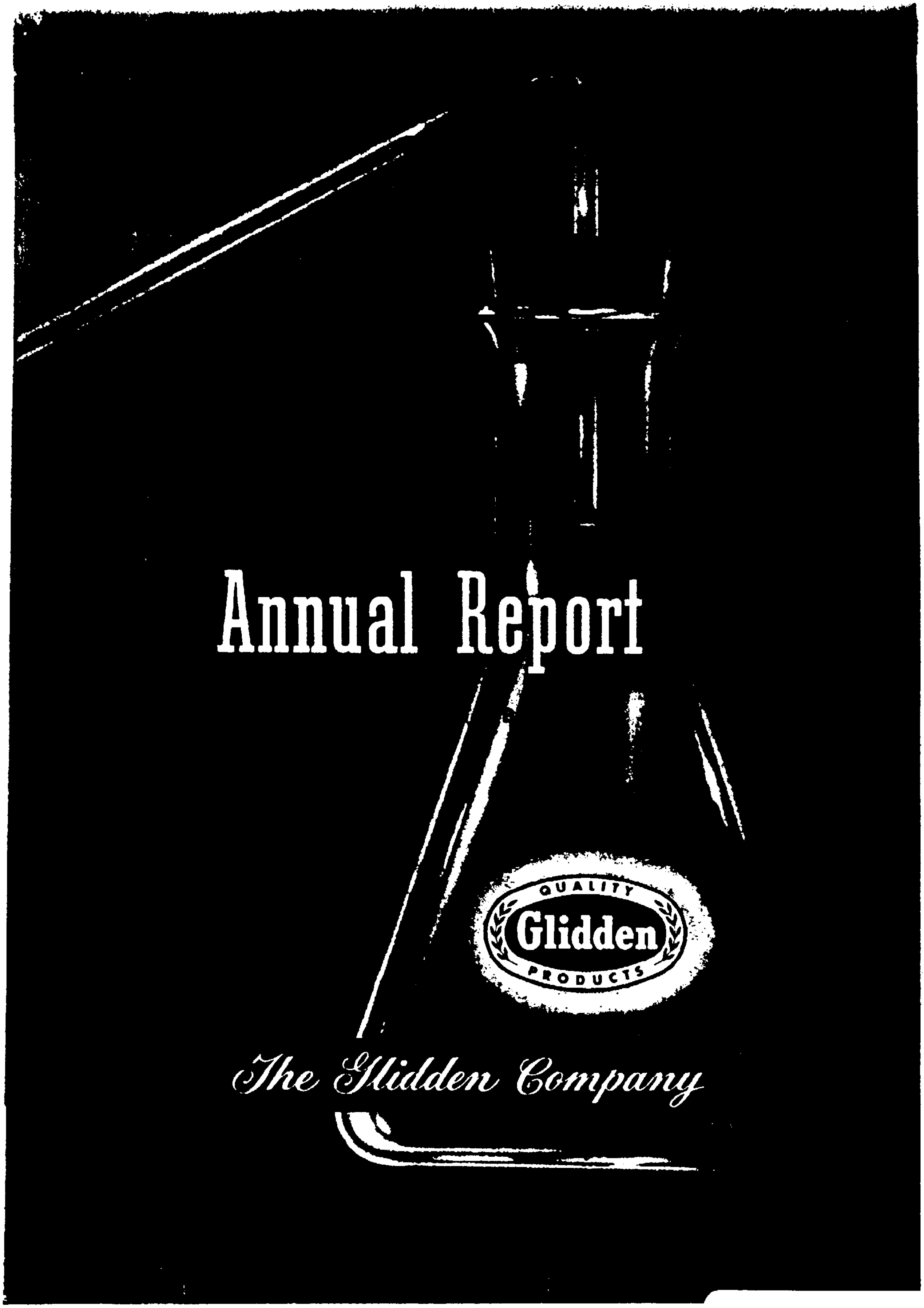

Annual Report
QUALITY
Glidden
PRODUCTS
The Glidden Company

Annual Report of The Glidden Company

Transfer Agents

THE NEW YORK TRUST COMPANY
New York City

THE CLEVELAND TRUST COMPANY
Cleveland, Ohio

Registrars

THE CHASE NATIONAL BANK
New York City

CENTRAL NATIONAL BANK OF CLEVELAND
Cleveland, Ohio

Year of 1951

To the Stockholders

January 15, 1952

YOUR COMPANY'S net sales in 1951 reached a record level of $228,522,503, which is a gain of 21.2 per cent above last year and 13 per cent above the total for 1948, the previous high sales year. Unit volume of sales also was the highest on record.

From this gratifying volume of business, the company achieved the largest operating profit before taxes in its history. Profits before taxes amounted to $16,000,868, an increase of $1,563,208 over 1950 and the second highest on record. Provision for income taxes, however, was $7,687,000 or 31% above the 1950 provision and resulted in a slightly lower net.

Net profit after taxes and all charges was $8,313,868, compared to $8,561,660 in 1950. This was equal to $3.65 per share on the 2,280,238 shares outstanding at October 31, 1951.

Two major financial accomplishments were realized during the year. The first of these was the successful negotiation of a long-term loan of $10,000,000, at a rate of 3 per cent, evidenced by unsecured serial notes with the first note maturing in 1953. This made possible the retirement of short term borrowings and placed the company in excellent position to meet the increased demands for working capital.

A SECOND MAJOR achievement was the redemption on October 1, 1951, of the 4½ per cent convertible preferred stock. Of the 199,540 shares outstanding at October 31, 1950, there were 199,264 shares converted by the issuance of 296,745 common shares. Only 276 shares were redeemed for cash.

These moves immeasurably strengthened your company by stabilizing interest rates at a favorable level, at a time when interest rates are rising, and by the removal of the senior stock issue.

The company's 1952 excess profits tax base is approximately $19,000,000, which at current tax rates will allow earnings of approximately $4.00 per share on 2,280,238 shares now outstanding before excess profits rates apply.

Our inventories are well balanced and exceptionally low in relation to sales volume. Gross inventories of $34,337,126, before deduction of LIFO Reserve, are $759,080 below last year.

Under the LIFO plan the company has a reserve of $3,226,652 to take care of market variations.

WORKING CAPITAL at October 31, 1951 totalled $46,416,236, an increase of $7,996,199 over a year ago. The net worth of the company increased $3,544,492 to $69,738,651.

Net plant additions during the year amounted to $4,499,196, and maintenance expenditures were $2,782,457. Since the beginning of 1946, net plant additions have amounted to $21,456,383. Your company's properties are all in excellent condition and no large expenditure for plant is contemplated for 1952. Among the important additions in 1951 was the new titanium plant at Baltimore, which is now in full production.

During the year a favorable settlement was effected with the federal government on our open tax matters through the year 1947. We do not anticipate any major adjustments in the remaining open years.

The company's retirement funds for employees now total $3,798,805, deposited with bank trustees.

Our wholly owned Canadian subsidiary enjoyed a highly satisfactory year, with a profit gain before taxes of 42 per cent.

One of the most promising of the year's developments was the agreement made with the Defense Minerals Administration for exploratory diamond drilling on the company's zinc properties in California, with an accompanying plan for opening up these mines. Half the cost of this exploratory drilling will be borne by the government. These mines were closed in 1927 because zinc concentrates were selling at $30 a ton, and to have continued operations would have meant depleting the ore at no profit to the company. The price of zinc concentrates is now approximately $135 per ton and the prospects for these properties are very bright. Diamond drilling started on December 17th.

YOUR COMPANY, like other large users of soya beans, was affected by the Chinese speculation in this commodity early in 1951. During the first half of the fiscal year markets advanced sharply and then reacted, creating a number of difficulties which were ultimately surmounted by our fine organization.

Completed last summer was a new soya extraction unit in Buena Park, California, one of the first of its kind on the Pacific Coast. A highly flexible operation, it can process soybeans, flaxseed and safflower seed. It is the first to produce 44 per cent meal for the West Coast's rapidly expanding poultry industry and will help cut poultry losses when floods and other transportation tie-ups delay shipments from midwestern soya meal producers. Production rate exceeds rated capacity, since Glidden engineers were able to incorporate several features previously used in your company's Chicago and Indianapolis solvent extraction plants.

LATE IN the 1951 calendar year your company achieved a major victory both for Glidden and for all of American industry when a jury in a Pittsburgh federal court cleared The Glidden Company and E. I. du Pont de Nemours & Co. of charges of price fixing. Vindicating your company's stand, this just and highly gratifying verdict ended litigation which began in 1948 and which not only caused great expense but interfered materially with the conduct of our regular business.

This victory was especially noteworthy because most other major paint manufacturers and a number of individuals had been similarly charged. All of these concerns, except Glidden and du Pont, pleaded nolo contendere and accepted relatively small fines.

Your company's determination to defend its splendid name and reputation proved to be more than sound and The Glidden Company has been extolled by editorial and financial observers throughout the country as a courageous defender of the American system.

This case has also brought into sharp focus the great need for Congressional legislation which will enable innocent defendants to recover their expenses.

During the fiscal year just ended all divisions of your company maintained or improved their position. Although we face another year which is difficult to forecast, your officers and directors are confident your company will continue to make substantial progress.

The loyal cooperation of all executives and employees is gratefully acknowledged.

DWIGHT P. JOYCE,
President

ADRIAN D. JOYCE,
Chairman of the Board.

GLD38431

quality products through Research

EVER SINCE The Glidden Company was founded by Adrian D. Joyce in 1917, research has been one of the most important factors in the growth and prosperity ol the company.

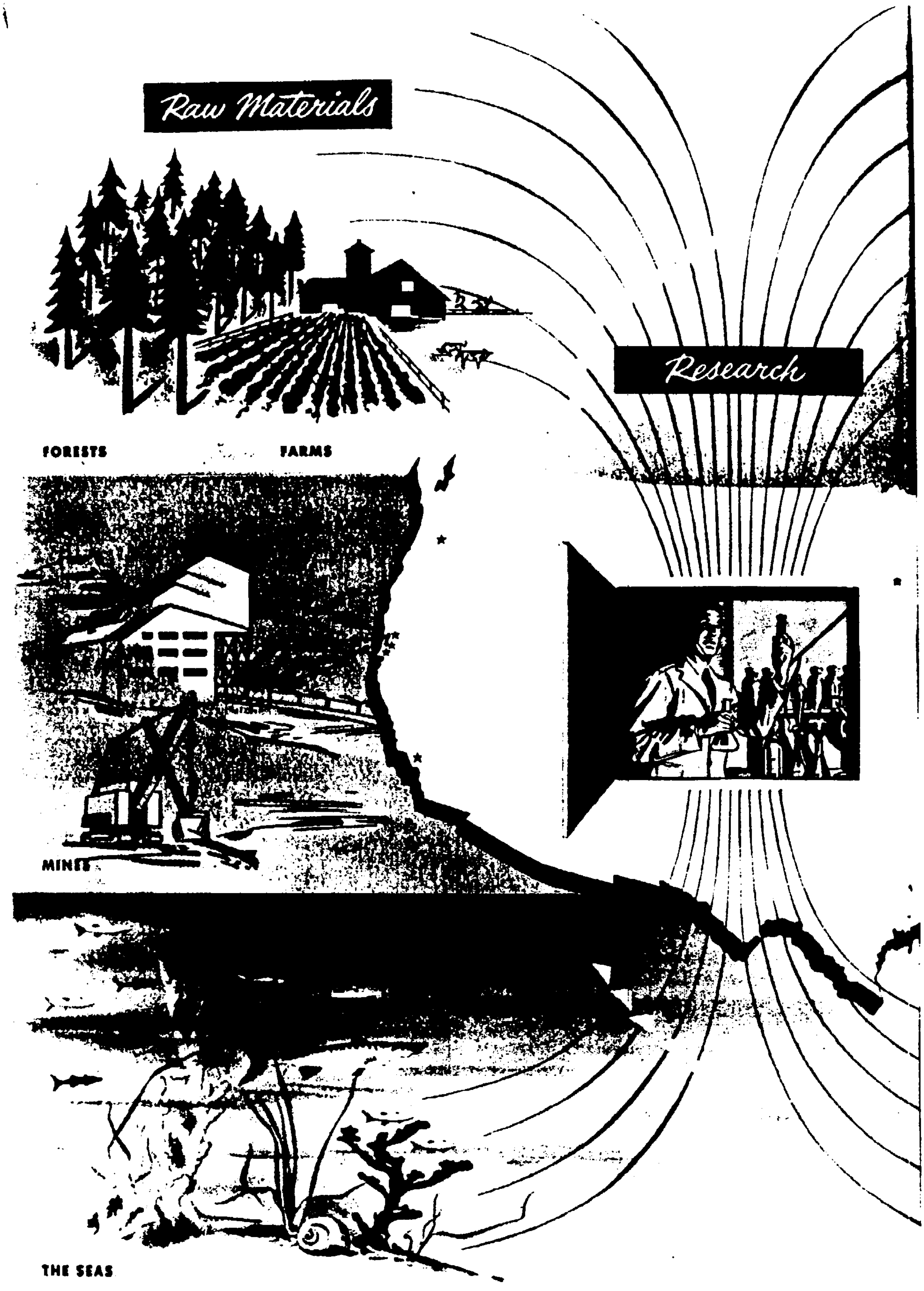
From your company's faith in imaginative, creative research, in development of new and better raw materials and better production methods, have come the fine products which have made the name "Glidden" a household word and which have made your company one of the world's most important producers of materials and products for industry.

Among the most famous Glidden products are: Spred Satin, the rubber base interior paint which almost overnight revolutionized the paint industry; cortisone, vital sex hormones, growth factors from fish solubles, alpha protein, cadmium colors, camphene and countless others.

During 1951 the energies of some 300 scientific workers were devoted to research. Their resourcefulness was largely responsible for increased output despite serious shortages in vital raw materials. Their work was invaluable.

Glidden now operates twenty-eight laboratories in which the search for improvement goes on continually. The raw materials used — many of them produced by Glidden — and each of the thousands of Glidden products are carefully checked to assure the highest possible quality at all times.

On the following two pages is an illustration of the nature and extent of The Glidden Company's research activities. Materials from the farm, the mine, the forest and the sea are analyzed, refined, combined and, in a sense, created to provide the nation with the finest products of their kind obtainable.



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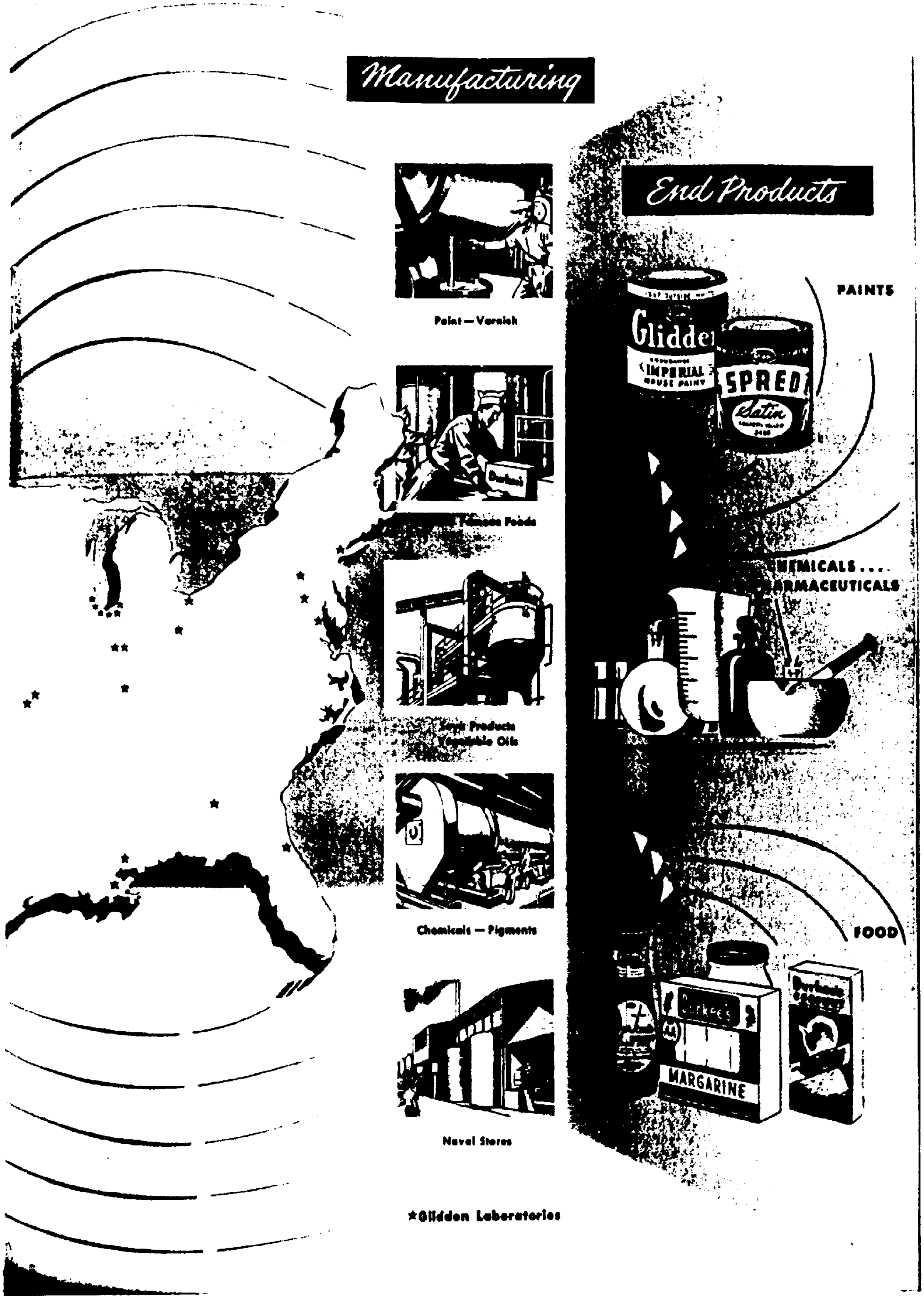
Manufacturing
End Products
Paint — Varnish
Famous Foods
Products
Oils
Chemicals — Pigments
Naval Stores
PAINTS
Glidden
IMPERIAL
HOUSE PAINT
SPRED
Satin
CHEMICALS....
PHARMACEUTICALS
FOOD
MARGARINE
★Glidden Laboratories

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Consolidated Balance Sheet THE G

ASSETS

CURRENT ASSETS

Cash		$13,036,143.43
Trade accounts receivable, less allowances of $523,330.98 for doubtful accounts		15,618,863.92
Inventories—raw materials, in process, and finished goods		
Principal raw materials are stated at cost (last-in, first-out method) which did not exceed replacement market; other items are stated at the lower of cost (accumulated average) or replacement market		31,110,474.20
Other current notes and accounts receivable, advances and investments		2,787,281.79
TOTAL CURRENT ASSETS		$62,552,763.34

OTHER ASSETS

Prepaid insurance and expenses	$ 865,515.68	
Cash surrender value of life insurance	791,199.50	
Miscellaneous notes and accounts receivable, advances and investments	771,718.81	2,428,433.99

PROPERTY, PLANT, AND EQUIPMENT

Gross amounts represent cost less write-down in 1932		
Land	$ 2,927,117.31	
Buildings, machinery, and equipment	47,244,526.12	
	$50,171,643.43	
Less accumulated depreciation, depletion, and amortization	19,277,661.72	30,893,981.71
		$95,875,179.04

GLD38435

GLIDDEN COMPANY AND SUBSIDIARIES • OCTOBER 31, 1951

LIABILITIES, CAPITAL STOCK, AND SURPLUS

CURRENT LIABILITIES

Accounts payable	$ 5,558,420.67
Accrued taxes, insurance, royalties, and interest	1,195,005.79
Federal, state, and dominion taxes on income — estimated	9,383,101.17
TOTAL CURRENT LIABILITIES	$16,136,527.63

LONG-TERM DEBT

Serial notes payable, maturing $1,500,000.00 annually July 1, 1953, to 1956, inclusive, and $4,000,000.00 on July 1, 1957, interest 3%	10,000,000.00

CAPITAL STOCK AND SURPLUS

Capital stock:			
Common without par value:			
Authorized 3,000,000 shares			
Outstanding including treasury shares, 2,291,330 shares			
Stated capital		$ 5,728,325.00	
Capital surplus		26,875,642.41	
		$32,603,967.41	
Earned surplus (includes $3,023,780.35 of surplus of Canadian subsidiary)	$37,387,789.87		
Less 11,092 treasury shares, at cost (including 9,261 shares reserved for sale to certain officers and key employees)	253,105.87	37,134,684.00	69,738,651.41
			$95,875,179.04

Note — Assets of Canadian subsidiary included herein comprise net current assets and miscellaneous other assets, $2,110,591.31, after adjusting for exchange at October 31, 1951, and property, plant, and equipment, $585,454.62, at cost to the subsidiary.

Consolidated Income and Surplus

THE GLIDDEN COMPANY AND SUBSIDIARIES

Fiscal year ended October 31, 1951

INCOME

Net sales		$228,522,503.18
Cost of goods sold, selling, administrative and general expenses, including provision of $1,730,546.56 for depreciation and depletion		212,614,663.72
		$ 15,907,839.46
Other income		427,181.71
		$ 16,335,021.17
Interest expense		334,152.81
INCOME BEFORE TAXES ON INCOME		$ 16,000,868.36
Taxes on income—estimated:		
Federal normal income tax and surtax	$7,230,000.00	
Dominion and state taxes	457,000.00	7,687,000.00
CONSOLIDATED NET INCOME		$ 8,313,868.36

Note A — Consolidated net income includes $346,435.83 for the Canadian subsidiary representing that subsidiary's net income for the year after giving effect to adjustment of its net current assets and miscellaneous other assets to rate of exchange at October 31, 1951.

SURPLUS

CAPITAL SURPLUS		
Balance at November 1, 1950		$ 17,732,104.40
Add credit arising from conversion of convertible preferred 4½% cumulative $50.00 par value shares, to common shares without par value		9,143,538.01
BALANCE AT OCTOBER 31, 1951		$ 26,875,642.41
EARNED SURPLUS		
Balance at November 1, 1950		$ 33,988,203.01
Add net profit for the fiscal year		8,313,868.36
		$ 42,302,071.37
Deduct dividends paid:		
Convertible preferred — $2.25 per share	$ 402,154.75	
Common — $2.25 per share	4,512,126.75	4,914,281.50
BALANCE AT OCTOBER 31, 1951		$ 37,387,789.87

GLD38437

PAINT

The Glidden Company
Cleveland, Ohio

The A. Wilhelm Company
Reading, Pennsylvania

The American Paint Works
New Orleans, Louisiana

The Campbell Paint & Varnish Company
St. Louis, Missouri

The Glidden Company
Minneapolis, Minnesota

Nubian Paint & Varnish Co.
Chicago, Illinois

The Glidden Company, Ltd.
Toronto, Ontario, Canada

The Glidden Company
San Francisco, California

Adams & Elting Company
Chicago, Illinois

FOOD

One of the newest and most modern of The Glidden Company's facilities is this Durkee's Margarine plant at Macon, Georgia.

Durkee Famous Foods
Elston Avenue, Chicago, Ill.

Durkee Famous Foods
Iron Street, Chicago, Illinois

Durkee Famous Foods
Norwalk, Ohio

Durkee Famous Foods
Portland, Oregon

Durkee Famous Foods
Louisville, Kentucky

Durkee-McCadam
Cambridge, Massachusetts

Durkee Famous Foods
Berkeley, California

Durkee Famous Foods
Elmhurst, Long Island, N. Y.

Durkee Famous Foods
Macon, Georgia

CHEMICALS, PIGMENTS AND METALS

The Glidden Company
Chemical & Pigment Division
St. Helena (Baltimore), Maryland

The Glidden Company
Chemical & Pigment Division
Collinsville, Illinois

The Glidden Company
Chemical & Pigment Division
Oakland, California

The Glidden Company
Chemical & Pigment Division
Hammond, Indiana

The Glidden Company
Euston Lead Division
Scranton, Pennsylvania

SOYA PRODUCTS

The Glidden Company
Chicago, Illinois

The Glidden Company
Indianapolis, Indiana

The Glidden Company
Buena Park, California

NAVAL STORES

The Glidden Company
Jacksonville, Florida

~~The Glidden Company~~
Valdosta, Georgia

E. W. Colledge, General Sales Agent, Inc.
Jacksonville, Florida

FEED MILL

The Glidden Company
Indianapolis, Indiana

VEGETABLE OILS

The Glidden Company
Buena Park, California

The Glidden Company
Chicago, Illinois

The Glidden Company
Portland, Oregon

MINES

Glidden Consolidated Zinc Mine
Shasta County, California

The Glidden Company
Barytes Mines
Battle Mountain, Nevada

The Glidden Company
Yadkin Mica & Ilmenite Mines
Lenoir, North Carolina

Retail Stores and Warehouses in the Principal Cities

AFFILIATED CORPORATIONS

Growth Products Company
Pascagoula, Mississippi

Jacksonville Processing Corporation
Jacksonville, Florida

GLD38438

Accountants Report

ERNST & ERNST
CLEVELAND
UNION COMMERCE BUILDING

Board of Directors,
The Glidden Company,
Cleveland, Ohio.

We have examined the consolidated balance sheet of The Glidden Company and subsidiaries as of October 31, 1951, and the related statements of consolidated income and surplus for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of income and surplus present fairly the consolidated financial position of The Glidden Company and subsidiaries at October 31, 1951, and the consolidated results of their operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST
Certified Public Accountants

Cleveland, Ohio
December 14, 1951

GLD38439

DIVERSIFIED PRODUCTS BY [illegible]

[illegible]

- Durkee's Grade AA Margarine
- Durkee's Mayonnaise
- Durkee's Whipped Salad Dressing
- Durkee's Shortening
- Durkee's Bakers Margarine
- Durkee's Coconut
- Durkee's Spices and Extracts
- Durkee's Famous Dressing
- Durkee's Worcestershire Sauce
- Special Ingredients for Bakers and Confectioners

SOYBEAN PRODUCTS

- Alpha* Protein
- Prosein*
- Soya Meal — Flour — Flakes
- Lecithin
- Fine Chemicals — Steroids
- Soya Sterols
- Cortical and Sex Hormones
- Edible Emulsifiers

LIVE STOCK AND POULTRY FEEDS

- Glidden Cattle and Hog Feeds
- Glidden Poultry Feeds
- Glidden Feed Concentrates

PAINTS, VARNISHES AND LACQUERS

- SPRED SATIN
- SPRED Flat
- SPRED Luster
- Endurance* House Paint
- Endurance* Imperial House Paint
- Japalac*
- Ripolin* Enamel
- Spray-Day-Lite
- Brush-Day-Lite
- Speed-Wall*
- Gliddenspar Varnish
- Florenamel
- Pli-namel
- Glidair Aviation Finishes
- Nubelite
- Nubelon
- Glid-Tone Stains
- Industrial Paints, Lacquers, Enamels and Varnishes

VEGETABLE OILS

- Soybean Oils
- Cottonseed Oils
- Coconut Oils
- Peanut Oils
- Corn Oils
- Palm Oils
- Linseed Oils

CHEMICALS AND PIGMENTS

- Zopaque* Titanium Dioxide
- Sunolith* Lithopone
- Cadmolith* Cadmium Colors
- Euston* White Lead
- Bleached Barytes
- Copperas
- Zinc Sulphate Crystals
- Coal Tar Products

METALS AND MINERALS

- Powdered Copper and Lead
- Cuprous Oxide
- Cupric Oxide
- Cubond* Brazing Compound
- Barite
- Ilmenite

NAVAL STORES

- Nelio* Rosin
- Sunny South* Turpentine
- Pigmentar (Pine Tar)
- Alpha Pinene
- Guai-a-phene*
- Glidcol Anti-Skinning Agents
- Terpene Chemicals
- Camphene
- Rosin Oils
- Gloss Oils
- Terpex
- Merez Metal Resinates
- Pine Wood Charcoal
- Rubber Compounding Agents

**Trade Mark Registered*

Much of The Glidden Company's business comes from the processing and production of raw materials for sale to other industries.

QUALITY **Glidden** PRODUCTS

GLD38440