TWENTY-NINTH ANNUAL REPORT

OF

Lee Rubber & Tire Corporation

FOR THE

FISCAL YEAR ENDED OCTOBER 31, 1944
GENERAL OPERATING OFFICE
CONSHOHOCKEN, PA.

FACTORIES
Conshohocken, PA.

Youngstown, Ohio
DIRECTORS
1944

*JOHN G. BATES
JAMES CARSTAIRS
ALBERT A. GARTHWAITE
STANTON GRIFFIS
WALTER R. HERRICK

HENRY HOPKINS, Jr.
AMBROSE E. IMPEY
GEORGE S. MAHANA
THORPE NESBIT
PAUL VAN ANDA

OFFICERS

President
ALBERT A. GARTHWAITE

Executive Vice-President
W. W. BENNER

Vice-President in Charge of Sales, Republic Division
O. S. DOLLISON

Vice-President in Charge of Manufacturing, Republic Division
HERBERT W. CROYSDALE

Vice-President, Lee Tire & Rubber Co. of N.Y., Inc.
H. LAWTON PETTINGELL

Comptroller
ARTHUR S. POUCHOT

Treasurer & Assistant Secretary
WILLIAM B. DUNLAP

Secretary
HENRY HOPKINS, Jr.

Assistant Treasurer
JOSEPH J. ROONEY

Assistant Treasurer, Republic Division
ERNEST M. IKIRT

Assistant Secretary, Republic Division
T. C. BOASE

*Deceased February 1944.

Transfer Agent:
Guaranty Trust Company of New York
New York, N. Y.

Registrar:
Lawyers Trust Company
New York, N. Y.
To the Stockholders of

Lee Rubber & Tire Corporation:

The Consolidated Balance Sheet of your Corporation and Subsidiary as of October 31, 1944, and the Consolidated Profit and Loss and Surplus Accounts for the year ended October 31, 1944, are submitted herewith, together with the report of our auditors, Messrs. Peat, Marwick, Mitchell and Company.

Consolidated Net Sales for the fiscal year ended October 31, 1944, after all discounts and allowances and after deduction of Federal excise taxes, amounted to $27,448,418.42 as compared with sales of $25,236,488.91 for the previous year, an increase of 8.8%.

Net Profit for the year was $1,299,849.46, equal to $5.38 per share on the 241,509 shares of stock outstanding. In the 1943 fiscal year Net Profit amounted to $1,241,933.76.

Before arriving at the Net Profit for the 1944 fiscal year a charge of $250,000.00 was made against operations in order to increase the Reserve for Contingencies to $1,250,000.00.

Current Assets were $15,115,953.39, of which $9,140,057.55 was in cash and Government Securities. Current Liabilities, including Federal and State taxes payable, were $5,790,253.93 and the ratio of Current Assets to Current Liabilities was 2.6 to 1.

Federal income and excess profits taxes were $3,600,745.00 in the 1944 fiscal year as compared with $2,529,039.67 in the preceding year.

Renegotiation of Government business for 1943 under the War Profits Control Act was undertaken late in the past fiscal year and has not yet been settled. When such settlement has been effected it will afford a measure by which to judge the approximate effect of any renegotiation for 1944 as well.
Your Corporation paid dividends during the year as follows: 75 cents per share on February 1st, 50 cents per share May 1st, 50 cents per share August 1st and 50 cents per share October 31st, making a total of $2.25 for the 1944 fiscal year.

On December 14, 1944, a regular quarterly dividend of fifty cents per share and an extra dividend of fifty cents per share were declared, payable February 1, 1945, to stockholders of record January 15, 1945.

In this year of war, the Management wishes to express its appreciation of the loyal devotion to the Corporation which has been shown by the entire force, especially the factory workers and supervisors, who have put in extremely long hours in a most energetic and cooperative manner to provide a larger tonnage of tires, tubes and mechanical rubber goods than in any other year of the Corporation's history.

This objective was accomplished by the organization with synthetic rubber, which is much more difficult to process than natural rubber, and we want all of our stockholders to know that our employees on the home front have done a splendid job in support of their fellow workers in the armed forces.

By order of the Board of Directors.

Respectfully submitted,

A. A. GARTHWAITE
President
### ASSETS

**Current Assets:**
- Cash in Banks and on Hand: $4,925,972.70
- U.S. Treasury Certificates - at Cost and Accrued Interest: 4,214,084.85

**Notes and Accounts Receivable:**
- Customers' Notes Receivable: $806.83
- Customers' Accounts Receivable: 2,161,787.72
- Miscellaneous (Including $12,044.00 due from Officers and Employees): 65627.75

Less Reserves for Doubtful Accounts and Cash Discounts:
- $191,279.16
- 224,908.86
- 2,003,313.44

**Inventories (Note 1):**
- Raw Materials (in Transit): $391,018.91
- Work in Process: 580,777.01
- Finished Goods: 1,552,162.65
- Supplies: 335,956.12

Less Valuation Reserve: 450,000.00
Total Current Assets: 15,115,953.39

**Post-War Refund of Federal Excess Profits Tax:** 519,139.62

**Investments:**
- Investment in Capital Stock of National Synthetic Rubber Corporation - at Cost: 105,000.00
- Real Estate not used for Manufacturing Purposes: 30,744.67
- Miscellaneous: 1,891.69

Total Property, Plant and Equipment (Note 2): 7,301,326.07
Less Reserve for Depreciation: 3,782,067.99
Charges Deferred to Future Operations: 54,097.75
Total Property, Plant and Equipment: 3,519,258.08

**Excess Profits Tax:** 519,139.62

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(1) **Inventories:**
- The inventories shown in the balance sheet and those used in computing cost of sales are, in general, market if lower, except as applied to materials and supplies in transit, which are stated at actual cost. Profit is included in inventories.

(2) **Property, Plant and Equipment:**
- The property, plant and equipment valuations are based, as to the plant located at Youngstown, Ohio in 1923 and 1925, plus subsequent additions at cost, and as to the plant at Conshohocken, Pa., on C.C. Valuation.
- The provision for depreciation for the year amounts to $295,730.91 which has been charged $274,305.80.

(3) **Surplus:**
- The balance in this account represents undistributed earnings (earned surplus) and surplus of $2,204,521.

(4) **Contingencies:**
- The reserve for contingencies, as authorized by the Board of Directors, has been provided to cover possible additional tax liabilities or other contingencies not otherwise provided for.
- Statutory renegotiation proceedings have been completed for the fiscal year 1942 with no liability for the effect of renegotiation upon the profits reported for the two years ended October 31, 1940.
R'S REPORT
RATION AND SUBSIDIARY
et al
of October 31, 1944

LIABILITIES

Current Liabilities:

Accounts Payable ........................................ $ 790,102.03
Accrued Expenses and Withholding Taxes
  Payable .................................................. 993,190.90
Provision for Federal and State Income Taxes
  and Federal Excess Profits Tax (Subject to
  Review by Treasury Department) .................... 4,006,961.00

Total Current Liabilities .......................... 5,790,253.93

Operating Reserves:

Workmen's Compensation Insurance $144,683.06
Miscellaneous Reserves for Claims, etc. 121,995.20 266,678.26

Reserve for Contingencies ....................... 1,250,000.00

Capital Stock and Surplus:

Capital Stock-Authorized and Issued,
  300,000 Shares-Par Value $5.00
  per Share ............................................. 1,500,000.00
Capital Surplus ............................. 5,364,384.09
Surplus (Note 3) .............................. 5,995,205.70

12,859,589.79

Less Reacquired Capital Stock—
  58,491 Shares, at Cost .......................... 820,646,7812,039,153.01

Contingencies (Note 4) ..............................

$19,346,085.20

stated at cost (approximate average recent costs of raw materials, labor and overhead) or replacement cost. Reduced valuations are used in respect of inactive or obsolescent merchandise. No inter-company

\( \text{cost of production, } $20,603.26 \text{ to selling, administrative and general expenses and } $621.85 \text{ to other income.} \)

\( \text{3 credited in 1923 and arising from acquisition of properties for a consideration less than their book value.} \)

\( \text{ordinary costs or losses which may be incurred in conversion to normal peace-time operations, also post-fund.} \)

Similar proceedings for the fiscal year 1943 have not been concluded and the company is unable to

1944.
# Consolidated Profit and Loss Account

**For the Year ended October 31, 1944**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales after all Discounts and Allowances</td>
<td>$27,448,418.42</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>$18,956,207.98</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>$8,492,210.44</td>
</tr>
<tr>
<td>Selling, Administrative and General Expenses</td>
<td>$3,310,435.04</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>$5,181,775.40</td>
</tr>
</tbody>
</table>

**Other Income (Net):**

- Service Fees Received-National Synthetic Rubber Corporation: $37,163.99
- Interest Earned: $30,085.24
- Miscellaneous Income Credits, Salvage, etc.: $39,094.58

**Less:**

- Loss (Net) on Disposal of Assets: $21,293.60
- Additional Taxes on Income of Prior Years ($20,853.59) and Miscellaneous Interest Charges: $24,268.15

**Net Income, before Provision for Income Taxes:**

$424,268.15

**Provisions for Income Taxes:**

- Federal Normal Income Tax and Surtax: $772,466.00
- Federal Excess Profits Tax (less Post-War Refund, $314,253.00): $2,828,279.00
- State Income Taxes: $91,963.00

**Net Income for Year:** $1,549,849.46

**Appropriation for Contingencies:** $250,000.00

**Balance of Net Income, transferred to Surplus:** $1,299,849.46

*(See accompanying notes to financial statements)*
LEE RUBBER & TIRE CORPORATION
AND SUBSIDIARY

Consolidated Surplus Accounts
For the Year ended October 31, 1944

Capital Surplus
Balance as of October 31, 1943 and 1944 ........ $5,364,384.09

Surplus (Note 3)
Balance as of October 31, 1943 ................. $5,238,751.49
Add Balance of Net Income for year ended
   October 31, 1944 .......................... $1,299,849.46
   6,538,600.95
Deduct Cash Dividend Paid- 52.25 per share .... 543,395.25
Balance as of October 31, 1944 ............... $5,995,205.70

(See accompanying notes to financial statements)

A. S. POUCHOT
Comptroller
ACCOUNTANTS' REPORT

December 23, 1944

To the Board of Directors,

Lee Rubber & Tire Corporation,
Conshohocken, Pa.

We have examined the consolidated balance sheet of Lee Rubber & Tire Corporation and subsidiary as of October 31, 1944, and the statements of consolidated profit and loss and surplus 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. It was not practicable to confirm receivables from United States Government departments, amounting to $377,033.80, but we have satisfied ourselves as to these balances by means of other auditing procedures. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, subject to any adjustments resulting from possible renegotiation proceedings referred to in note “4” to the financial statements, the accompanying consolidated balance sheet and related statements of consolidated profit and loss and surplus present fairly the consolidated position of Lee Rubber & Tire Corporation and subsidiary at October 31, 1944, and the results of their operations for the fiscal year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.
LEE BRANCHES, WAREHOUSES AND DISTRIBUTORS

Alameda, Calif. 2301 Blanding Ave.
Albany, N. Y. 130 Sheridan Ave.
Allentown, Pa. 113 S. 7th St.
Amarillo, Texas  Rule Building
Asbury Park, N. J. 706 Main St.
Atlanta, Ga. 312-18 Spring St., N. W.
Baltimore, Md. 1101-03 Cathedral St.
Bartlesville, Okla. 511 First Ave., S.
Birmingham, Ala. Ave. B & 18th St., So.
Boston, Mass. 76 Brookline Ave.
Bridgeport, Conn. 267 Bishop Ave.
Bristol, Va. Commonwealth Ave.
Brooklyn, N. Y. 1119 Atlantic Ave.
Bryn Mawr, Pa. 900 Lancaster Ave.
Buffalo, N. Y. 1433 Main St.
Butte, Mont. 610 E. Platinium St.
Camden, N. J. 1311 Federal St.
Charlotte, N. C. 1112 So. Boulevard
Chattanooga, Tenn. 717 Pine St.
Chicago, Ill. 3666 Archer Ave.
Cincinnati, Ohio. 4015 River Road
Cleveland, Ohio. 1850 Colton Rd.
Columbia, S. C. 1315 Taylor St.
Columbus, Ohio. 10 Long at Fifth Street
Dallas. 2107 Main St.
Dayton, Ohio. 737 Watervliet Ave.
Denver, Colo. 1325 W. 9th St.
Des Moines, Iowa. 9th & Walnut Sts.
Detroit, Mich. 1601 La Salle Blvd.
Detroit, Mich. 3307-29th St.
Easton, Md. & Penna. R.R.
Easton, Pa. 9th & Northampton Sts.
Eugene, Ore. 89-10th Ave.
Fall River, Mass. 136 Bedford St.
Flint, Mich. 1512 S. Dort Highway
Floral Park, L. I. 140 Jericho Turnpike
Florence, S. C. 407 W. Front St.
Glen Falls, N. Y. 52 Park St.
Grand Rapids, Mich. 1619 Chicago Ave.
Great Falls, Mont. 807 2nd St., So.
Greenville, S. C. Court & Fall Sts.
Greenville, S. C. 118 E. Washington St.
Hagerstown, Md. 24 W. Antiem St.
Hanover, Pa. 17-19 W. Walnut St.
Harrisburg, Pa. 121 N. Cameron St.
Hartford, Conn. 364 Hudson St.
Hazelton, Pa. 15 W. Chestnut St.
Hollywood, Calif. 7318 Sunset Blvd.
Houston, Texas 7402 Washington Ave.
Indianapolis, Ind. 544 E. 38th St.
Jackson, Miss. Mill & Amite Sts.
Jacksonville, Fla. 550 Lynch Bldg.
Jamestown, N. Y. 1316 E. 2nd St.
Kansas City, Mo. 4705 Central Ave.
Kingston, Pa. 901 Wyoming Ave.
Lancaster, Pa. 214 W. Orange St.
Long Beach, Calif. 2700 Atlantic Blvd.
Los Angeles, Calif. 811 W. 7th St.
Louisville, Ky. 553 S. 3rd St.
Lowell, Mass. 150 Chelmsford St.
Madisonville, Ky. Court St.
Memphis, Tenn. 156 Union Ave.
Miami, Fla. 7290 N. W. 7th Ave.
Minneapolis, Minn. 280 Second Ave., N.
Milwaukee, Wis. 233 E. Juneau Ave.
Nashville, Tenn. 300 2nd Ave., S.
Newark, N. J. 52 Dickerson St.
New Bedford, Mass. 510 County St.
New Brunswick, N. J. 191-93 Easton Ave.
New Haven, Conn. 685 Chapel St.
New Orleans, La. 1013 camp St.
New York City, N. Y. 655 Eleventh Ave.
Norfolk, Va. 318-15 Granby St.
Norristown, Pa. 624 W. Airy St.
Oakland, Calif. 3020 Broadway
Omaha, Neb. 1441 N. 11th St.
Paterson, N. J. 807 Market St.
Peoria, Ill. 2301 N. Adams St.
Philadelphia, Pa. 8 Broad & Spring Garden Sts.
Pittsburgh, Pa. 953 Liberty Ave.
Pocomoke City, Md. Front & Market Sts.
Portland, Me. 492 Forest Ave.
Portland, Ore. 327 N. W. Broadway
Pottsville, Pa. 301 Mohantongo St.
Providence, R. I. 28 Warren Ave.
Reading, Pa. 3rd & Penn Sts.
Richmond, Va. 1300 Hull St.
Rochester, N. Y. 1840 Lyell Ave.
Sacramento, Calif. 19th & Y Sts.
San Antonio, Texas 729 E. Houston St.
San Diego, Calif. 946 W. Hawthorne St.
Scranton, Pa. 328 N. Washington St.
Seattle, Wash. 500 Securities Bldg.
Spartanburg, S. C. 200 Ezzell St.
Spokane, Wash. 222 E. Trent Ave.
Springfield, Mass. 84 Howard St.
Springfield, Ohio. 722 E. Main St.
St. Louis, Mo. 3323-28 Washington Blvd.
St. Louis, Mo. 4251 Lindell Blvd.
St Paul, Minn. 461 Main Ave.
Syracuse, N. Y. 735-57 Genessee St.
Syracuse, N. Y. 540 Solar St.
Tacoama, Wash. 711 East "D" St.
Tamaqua, Pa. 234 Center St.
Tampa, Fla. 311 S. Morgan St.
Toledo, Ohio. 2315 Madison Ave.
Trenton, N. J. Chester St.
Tulsa, Okla. Philtower Bldg.
Utica, N. Y. 125 Oriskany St.
Vestal, N. Y. R. F. D. No. 1 of Route 17
Washington, D. C. 627-29 K St., N. W.
Watertown, N. Y. 461 Poplar St.
Wichita, Kans. 400 Ellis Singleton Bldg.
Williamsport, Pa. Grant St.
Wilmington, Del. 10th & Washington Sts.
Worcester, Mass. 122 Main St.
Yakima, Wash. 505 S. 1st Ave.
York, Pa. 333-35 N. George St.
Youngstown, Ohio. 225 Belmont Ave.