TIDE WATER ASSOCIATED OIL COMPANY

AND

SUBSIDIARY COMPANIES

ANNUAL REPORT

1933
To the Stockholders of

Tide Water Associated Oil Company:

Your directors submit with this annual report for the year ended December 31, 1933, the Consolidated Balance Sheet and Income Statement. These statements include the figures of Tide Water Oil Company and Associated Oil Company, two operating units of which your Company owns respectively 98.79% and 97.93% of the common stock. In accordance with the policy of having one auditing firm examine the accounts of all Companies, the accounts of these Companies and of their consolidated subsidiaries have been audited by Price, Waterhouse & Co.

General Conditions in the Industry:

The petroleum industry in 1933 suffered wide fluctuations in its price structure, with low price conditions prevailing particularly during the first half of year. In the summer and fall conditions became more stabilized and prices advanced toward more normal levels.

During the year the petroleum industry underwent a notable change when its operation in early September passed under the regulations imposed by the Petroleum Code. In this transition the administration of the Code was entrusted to Secretary of Interior, Honorable Harold L. Ickes, as Oil Administrator, and to a Planning and Coordination Committee appointed by the President. The Petroleum Code carried three main provisions; (a) reduction in working hours and an increase in rate of pay; (b) regulation of crude production by means of a centralized quota system, and (c) standardization of trade practices.

Earnings:

In the year 1933 your Company earned $7,265,301, and after allowing for dividends paid and accrued on the preferred stock the earnings applicable to the common stock amounted to $3,404,766 or $.61 per share. In 1932 the Company earned $4,718,694, and of this amount $701,419 or $.13 per share was applicable to the common stock. The increase over the preceding year in total consolidated net income amounted to $2,546,607. The accounting methods employed in determining net income were identical during the two years, with the exception that crude and product inventories held by Tide Water Oil Company were valued at cost, below market, from January 1, 1933, but were carried at less than cost during the previous year. It is the policy of the Company's operating subsidiaries to price inventories of crude oil and products at the lower of cost or market.

The gross income of your Company in 1933 was $87,602,900 against $90,773,700 in 1932, a decline of $3,170,800 or 3.5%. The decrease was largely due to the lower prices that prevailed in 1933 as compared with 1932. Sales of branded gasoline in domestic markets increased 1.8% in 1933, but sales of unbranded gasoline in the wholesale and export markets were less, resulting in a net decline in total gasoline sales of 2.6%. Operating expenses were $63,161,700 compared with $72,253,600 in 1932, a decrease of $9,091,900 or 12.6%. This reduction in the costs of running the business is attributable principally to lower prices paid for purchased crude, to savings in the cost of crude resulting from your Company's producing
at less than purchased crude costs a larger proportion of its total crude requirements and
transporting all such crude by its own facilities, and to other operating economies.

The depreciation and depletion charges deducted from gross income in 1933 amounted
to $13,185,100, an increase of $966,200 over similar charges in 1932, due principally to
the addition of charges on newly acquired assets and development of properties. The total
depreciation, depletion and amortization reserves on December 31, 1933, represent 54.0%
of the total gross book value of all properties and equipment.

Other charges have been made against current earnings totaling $1,311,371, composed
of the following items:—loss on exchange resulting from liquidation of cash balances in
South American countries $422,000, loss on sale of securities $291,600, interest and discounts
$386,900, and miscellaneous non-recurring charges amounting to $210,800.

**Current Assets:**

In comparison with cash and Government and other short term securities amounting to
$11,169,997 at the end of the preceding year, your Company on December 31, 1933, had
$13,791,347 with no bank loans outstanding. Inventories at the close of 1933 were carried at
$27,221,797, over $4,500,000 lower than their estimated market value.

Total current assets on December 31, 1933 amounted to $52,872,485 against current
liabilities of $9,631,159, a ratio of 5.49 to 1.

The fire reserve fund, consisting of marketable securities purchased in former years,
was discontinued in the year 1931 upon the placing of adequate insurance with outside com-
npanies. These securities are carried at $2,955,697, in comparison with a market value of
$2,105,632. They are not included in the current assets on the balance sheet.

**Consolidated Surplus Account:**

The consolidated surplus on December 31, 1933, was $20,967,674, compared with
$13,694,605 reported a year ago. The net increase of $7,273,069 is the result of the follow-

ing principal changes during the year:

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated net income</td>
<td>$7,265,301</td>
</tr>
<tr>
<td>Surplus adjustments—net credit</td>
<td>974,700</td>
</tr>
<tr>
<td><strong>Less:</strong> Preferred Stock Dividends paid in cash</td>
<td>966,932</td>
</tr>
<tr>
<td>Net increase in surplus account</td>
<td>$7,273,069</td>
</tr>
</tbody>
</table>

Surplus adjustments resulting in the above net credit of $974,700 included the following
major items:

1. Tide Water Oil Company charged surplus $979,979, representing reductions in book values
   of investments in certain affiliated companies not consolidated and in other investments and
   receivables. A credit of $879,389 to surplus resulted from a restatement to a cost basis of
   crude oil and product inventories as of January 1, 1933.
2. Associated Oil Company charged surplus $1,553,844, representing reductions in book values
   of investment in certain affiliated companies not consolidated and in other investments. It
   credited surplus $560,588 covering adjustments of accounts of former years.
3. Tide Water Associated Oil Company credited surplus $2,339,810, representing the difference
   between par value and the net purchase price of 51,282 shares of its 6% preferred stock
   retired during the year 1933.

During the year your Company expended out of current gross earnings for replacements,
expansion of facilities, acquisition of stock of your Company and subsidiaries, and retirement
of obligations, the following:
Investments in properties and equipment:

The investments in properties and equipment made during the year were distributed among the principal operating divisions as follows:

<table>
<thead>
<tr>
<th>Division</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Producing</td>
<td>$6,303,400</td>
</tr>
<tr>
<td>Transportation</td>
<td>772,700</td>
</tr>
<tr>
<td>Refining</td>
<td>2,581,200</td>
</tr>
<tr>
<td>Marketing</td>
<td>952,000</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>7,400</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$10,616,700</strong></td>
</tr>
</tbody>
</table>

The Producing Divisions concentrated their investments, constituting 60% of the total capital expenditures, primarily in the purchase and further development of proven properties in California, in the East Texas field and in the Conroe field in the State of Texas. In addition they conducted an extensive geophysical campaign of prospecting on the Pacific Coast and in Texas. As a result a half interest in several large blocks of undeveloped acreage has been acquired in the eastern part of Texas, on one of which five wells have proven a large gas reserve, and on another block one oil well drilled to date indicates a crude reserve that may prove substantial.

The Company is continuing its policy of purchasing proven properties partly in cash and partly out of oil. At December 31, 1933, future oil payments on account of such purchases totaled $1,900,000 which is in the nature of a limited royalty to be paid only out of part of the oil if, as and when produced.

Capital expenditures by the Transportation Divisions included the completion of a gathering system serving the Conroe field in Texas, construction of a pipe line for the movement of Conroe crude to the Gulf Coast, and the partial replacement and modernization of automotive equipment used for the delivery of oil products.

The Refining Divisions confined their outlays chiefly to the construction of additional cracking facilities in the refinery at Avon, California, to increase the capacity for the conversion of heavy oil into anti-knock gasoline, and to the installation of a steam and electric generating plant in the refinery at Bayonne, New Jersey, to lower the cost of electric power heretofore purchased. Numerous minor replacements and betterments were made in all plants in order to maintain the highest quality products, to increase efficiency and to lower costs of operations.

Disbursements by the Marketing Divisions were limited to the installation of bulk storage facilities for kerosene and fuel oil at a number of eastern plants and gasoline dispensing equipment and other facilities necessary to insure improved distribution of the Company's products.

Capital Structure:

In 1933, by the expenditure of $673,000, your Company increased its share equities in the operating units, Associated Oil Company and Tide Water Oil Company, from 97.86% to 97.93% and from 97.98% to 98.79% respectively.
The expenditure of $7,323,000 by your Company during the year reduced its capital and other financial obligations $8,346,000 and eliminated annual dividend requirements amounting to $157,000 and annual interest charges amounting to $260,000 or total annual charges against earnings of $417,000. The following is an analysis of such expenditures:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement of all bank loans</td>
<td>$ 750,000</td>
</tr>
<tr>
<td>Reduction of purchase money obligations as follows:</td>
<td></td>
</tr>
<tr>
<td>Marketing and Refining Division facilities</td>
<td>$1,210,000</td>
</tr>
<tr>
<td>Producing Division facilities</td>
<td>862,000</td>
</tr>
<tr>
<td>Tide Water Associated Transport Corp.—U. S. Shipping Board notes</td>
<td>130,000</td>
</tr>
<tr>
<td></td>
<td>2,202,000</td>
</tr>
<tr>
<td>Reduction of funded debt as follows:</td>
<td></td>
</tr>
<tr>
<td>Associated Oil Co. 6% Gold Notes</td>
<td>$2,400,000</td>
</tr>
<tr>
<td>Tide Water Associated Transport Corp. 5% Bonds</td>
<td>267,000</td>
</tr>
<tr>
<td></td>
<td>2,667,000</td>
</tr>
<tr>
<td>Acquisition of 23,500 shares of your Company’s 6% preferred stock and 3,200 shares of Tide Water Oil Company’s 5% preferred stock</td>
<td>$7,323,000</td>
</tr>
</tbody>
</table>

Of the 23,500 shares of your Company’s preferred stock so purchased, 22,300 shares, together with 28,982 shares in the treasury acquired prior to December 31, 1932, or a total of 51,282 shares were retired during the year. The retirement of these shares reduced the number issued as of December 31, 1933, to 644,223 shares. As the 51,282 shares cancelled were acquired at an average cost of $54.46 per share, the difference between the average cost and the par value of $100 totalling $2,339,810 was added to the consolidated surplus account, and the equities of the outstanding shares of preferred stock as well as the book value of the common stock were correspondingly increased. The balance of 1,200 shares acquired in 1933 and 6,800 shares subsequently acquired were retired on March 28, 1934.

In addition to the 59,282 shares of preferred stock retired at the times above stated there were also retired on the 31st day of December, 1931, 37,155 shares, increasing the total shares retired to the date of this report (exclusive of voided scrip representing 185 shares) to 96,437 shares, and thereby reducing the preferred capital liability from 732,845 shares with a par value of $73,284,500 as of January 1, 1931, to 636,223 shares now outstanding with a par value of $63,622,300, or a reduction in capital liability of $9,662,200 and in annual dividend requirements of $579,732.

**Dividends:**

Owing to the conditions prevailing in the industry in the early part of the year no dividend was paid on the preferred stock until the payment on December 23, 1933, of the quarterly dividend of $1.50 per share, due April 1, 1933. On March 16, 1934, the directors after a review of the operations of the previous year declared a dividend of $2.50 per share on the preferred stock, applying to the quarterly dividend due July 1, 1933, amounting to $1.50 per share, and also $1.00 per share on account of the dividend of $1.50 per share due October 1, 1933. The accrued and unpaid preferred dividends, after the above payments, amounted as of April 1, 1934, to $2,726,780 on the 636,223 shares of the preferred stock outstanding, or the equivalent of $3.50 per share.

**General:**

The salaries of executive officials of many industrial corporations have been the subject of discussion following the submission of salary schedules to the Federal Trade Commission. Published reports of the salaries paid officials of your Company were erroneous. Your Com-
pany is a holding company and its principal operating units are Tide Water Oil Company and Associated Oil Company and their subsidiaries. Except for a portion of the salary of your President charged directly to your Company, all salaries of all the executive officers including those of your Company are paid by the respective operating companies. There is no overlapping or duplication of salaries. Only two officials receive annual salaries in excess of $25,000, and the highest combined annual salary paid for services rendered your Company and its subsidiaries is $60,000.

The total payrolls for officials and other employees receiving $10,000 or more annually amounted in the year 1929 to $843,357 and in the year 1933 to $440,183. This difference is due partly to a reduction in salaries and partly to a decrease in the number of employees in this salary bracket. Such 1933 salaries are 2.75% of the total annual payroll including salaries and wages of every character and description, 0.5% of the annual gross business, 0.7% of the total operating expenses, and distributed over the outstanding shares of common stock are equivalent to $.08 per share.

No cash bonus is paid to any officer or employee. Your Company does provide insurance on the lives of its executives and employees and the total annual premium paid by the Company approximates $162,000.

Your Company established stock purchase plans for the operating officials and all other employees, pursuant to which participants were entitled to purchase a limited number of shares of the common stock at a price to be fixed annually by the Directors but never less than $10 per share, the minimum price permitted by the plan. The employees' stock purchase plan was discontinued by the Board of Directors in the early part of 1932, as the minimum price of $10 per share had been for a considerable period of time greatly in excess of the price at which the stock sold in the open market. December 31, 1936, will be the last date on which any subscriptions may be made under the terms of the plan now in effect. This plan, of course, requires the full payment in cash by the participants of the subscription price fixed by the Board of Directors. The Company does not contribute any part of the purchase price.

The total loans to employees at the close of last year amounted to $8,888. There are no loans or advances to any officer of your Company or of its subsidiaries.

Conclusion:

The early adoption of the "Share-the-Work" movement by your operating subsidiaries, Tide Water Oil Company and Associated Oil Company, permitted them to retain on their payrolls many employees who otherwise would have been released. This action on their part during the period of 1930 to 1932 largely anticipated the reduction in hours required by the Code of Fair Competition for the Petroleum Industry. Where required working hours were further shortened to comply with this Code and several hundred additional employees were added to the payroll and in many instances rates of wages were increased. The National Recovery program also added to the cost of materials and other elements entering into the Company's operations but the increased payroll and other increased costs affected operating expenses only for the last four months of 1933.

On the 27th of May, 1933, Axtell J. Byles, who had been President of your Company since its organization and also President of the Tide Water Oil Company, resigned his offices to accept the honor and responsibility of the Presidency of the American Petroleum Institute. William F. Humphrey, then President of Associated Oil Company, was elected President of Tide Water Associated Oil Company and Chairman of the Board of Directors of Tide Water Oil Company, and Edward L. Shea, then Executive Vice-President of Tide Water Oil Company and Vice-President of Tide Water Associated Oil Company, was elected President of Tide Water Oil Company.

By order of the Board of Directors.  WILLIAM F. HUMPHREY, President.
ASSETS

CURRENT AND WORKING ASSETS:

Cash in Banks and on Hand ........................................... $ 9,025,012.86
United States Government and Other Short Term Securities, at Cost
  (Market value $4,749,350) ......................................... 4,766,334.50
Accounts Receivable ........................................ $ 8,893,358.41
Notes and Trade Acceptances Receivable ......................... 896,529.94
  Less—Reserve for Doubtful Accounts ............................ 581,331.65

Due from Employees .................................................. 8,887.83
Crude Oil and Products, at cost, lower than market ............. 27,221,796.82
Materials and Supplies, at book values based on cost .......... 2,641,896.72

$ 9,789,888.35

OTHER MARKETABLE SECURITIES, at cost (Market value $2,105,632) ........................................... 2,955,696.73
DUE FROM AFFILIATED COMPANIES ........................................ 1,437,351.21

INVESTMENTS IN AFFILIATED COMPANIES, at cost or lower:

More than 50% owned:
  Domestic ......................................................... $ 3,261,711.21
  Foreign .......................................................... 250,001.00

Not more than 50% owned:
  Domestic ......................................................... 4,716,043.80
  Foreign .......................................................... 1,497,918.75

9,725,674.76

OTHER INVESTMENTS AND RECEIVABLES, at cost or lower ....... 4,807,840.37

PROPERTIES AND EQUIPMENT ........................................ 114,383,791.58

  Gross  Depreciation and  Net
  Book Value*  Depletion Reserves  Book Value

  Oil Producing .................. $107,281,009.31  $ 56,853,415.75  $ 50,427,593.56
  Refining ...................... 50,214,180.35  27,182,877.03  23,031,303.32
  Transportation ............... 55,821,265.52  32,720,416.00  23,031,849.52
  Marketing ................... 32,019,905.70  15,092,870.90  16,927,034.80
  Miscellaneous ...............  3,319,516.44   2,422,506.06   897,010.38

$248,655,877.32  $134,272,085.74  $114,383,791.58

*Gross book value of individual properties or units of equipment represents actual cost, or appraised
  value approved by the Boards of Directors of the appropriate companies as of January 1, 1932, the
  aggregate gross book value of all properties and equipment being less than aggregate actual cost.

DEFERRED CHARGES:

Prepaid Taxes, Rents and Insurance and Deferred Expenses .................. 1,854,642.09

$188,057,482.17
**IATED OIL COMPANY**  
**ASSOCIATED COMPANIES**  
**Balance Sheet**  
**DECEMBER 31, 1933**

### LIABILITIES

<table>
<thead>
<tr>
<th>Liabilities Category</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT LIABILITIES:</strong></td>
<td>Purchase Money Obligations, due within one year</td>
<td>$751,233.26</td>
</tr>
<tr>
<td></td>
<td>Accounts Payable, Trade</td>
<td>$4,170,801.41</td>
</tr>
<tr>
<td></td>
<td>Wages and Miscellaneous Accounts Payable</td>
<td>$1,097,868.77</td>
</tr>
<tr>
<td></td>
<td>Accrued Interest and Taxes</td>
<td>$2,976,255.43</td>
</tr>
<tr>
<td></td>
<td>Estimated Federal Tax on 1933 Income</td>
<td>$635,000.00</td>
</tr>
<tr>
<td><strong>DUE TO AFFILIATED COMPANIES:</strong></td>
<td></td>
<td>$9,631,158.87</td>
</tr>
<tr>
<td><strong>FUNDED DEBT OF SUBSIDIARY COMPANIES:</strong></td>
<td>Associated Oil Company Twelve-Year 6% Sinking Fund Gold Notes, Maturing in 1935</td>
<td>$4,682,000.00</td>
</tr>
<tr>
<td></td>
<td>Tide Water Associated Transport Corporation Ten-Year 5% Sinking Fund Gold Bonds, maturing in 1937</td>
<td>$1,035,000.00</td>
</tr>
<tr>
<td><strong>DEFERRED LIABILITIES:</strong></td>
<td>Purchase Money Obligations</td>
<td>$3,563,790.00</td>
</tr>
<tr>
<td></td>
<td>Miscellaneous</td>
<td>$393,015.75</td>
</tr>
<tr>
<td><strong>RESERVE FOR CONTINGENCIES:</strong></td>
<td>including Federal Taxes in process of adjustment</td>
<td>$3,956,805.75</td>
</tr>
<tr>
<td><strong>deferred credits:</strong></td>
<td>Discount on Preferred and Common Stocks in Treasury</td>
<td>$552,863.08</td>
</tr>
<tr>
<td></td>
<td>Other Items</td>
<td>$167,889.91</td>
</tr>
</tbody>
</table>

### CAPITAL STOCK OF SUBSIDIARY COMPANIES

<table>
<thead>
<tr>
<th>Stock Type</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IN HANDS OF PUBLIC:</strong></td>
<td>Tide Water Oil Company:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5% Cumulative Convertible Preferred Stock, $100 Par Value</td>
<td>$19,624,600.00</td>
</tr>
<tr>
<td></td>
<td>Common Stock—26,491 shares of no par value</td>
<td>$662,275.00</td>
</tr>
<tr>
<td></td>
<td>Surplus applicable thereto</td>
<td>100,352.63</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stock Type</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Associated Oil Company:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Capital Stock—47,385 Shares of $25 Par Value</td>
<td>$1,184,625.00</td>
</tr>
<tr>
<td></td>
<td>Surplus applicable thereto</td>
<td>517,767.85</td>
</tr>
</tbody>
</table>

### CAPITAL STOCK AND SURPLUS:

<table>
<thead>
<tr>
<th>Stock Type</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Preferred Stock 6% Cumulative Convertible of $100 Par Value:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Authorized</td>
<td>1,500,000 shares</td>
</tr>
<tr>
<td></td>
<td>Issued</td>
<td>644,223</td>
</tr>
<tr>
<td></td>
<td>Less—Held in Treasury</td>
<td>1,200</td>
</tr>
<tr>
<td></td>
<td>Outstanding (See Note)</td>
<td>643,023</td>
</tr>
<tr>
<td></td>
<td>Surplus, per attached statement</td>
<td>$64,302,300.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stock Type</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Common Stock of No Par Value, Stated at $10 per Share:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Authorized</td>
<td>10,000,000 shares</td>
</tr>
<tr>
<td></td>
<td>Issued</td>
<td>5,998,966</td>
</tr>
<tr>
<td></td>
<td>Less—Held in Treasury</td>
<td>380,294</td>
</tr>
<tr>
<td></td>
<td>Outstanding</td>
<td>5,618,672</td>
</tr>
<tr>
<td></td>
<td>Surplus, per attached statement</td>
<td>$56,186,720.00</td>
</tr>
</tbody>
</table>

**Note:** Dividends in arrears on Preferred Stock, $4.50 per share, $2,893,605.30.

**Total Liabilities:** $188,057,482.17
TIDE WATER ASSOCIATED OIL COMPANY
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF INCOME AND SURPLUS
FOR THE YEAR ENDING DECEMBER 31, 1933

INCOME ACCOUNT

Total Volume of Business, Exclusive of Intercompany Sales and Transactions $87,602,968.88
Total Expenses Incident to Operations (excluding depreciation and depletion) 63,161,707.65

Interest, Dividend and Net Miscellaneous Income

Together $24,441,261.23

Deduct:

Interest and Discount on Funded Debt $491,572.99
Other Interest, Losses on Sale of Securities and on Foreign Exchange, etc. 1,311,371.33
Property Retirements (net) 165,094.68
Amortization of Investments and Undeveloped Leases 1,373,547.11
Provision for Depreciation and Depletion 13,185,100.45

Net Income before Federal Income Tax $9,010,205.16

Provision for Federal Income Tax 635,000.00

Net Income $8,375,205.16

Equities of Preferred and Common Stockholders, other than Tide Water Associated Oil Company, in Net Income of Subsidiary Companies 1,109,904.21

Net Income for the Year Applicable to Interest of Tide Water Associated Oil Company, per Surplus Account $7,265,300.95

SURPLUS ACCOUNT

Balance at January 1, 1933 $13,694,604.61

Credits:

Net Income for the Year, as above $7,265,300.95
Excess of Par Value over Cost of 51,282 Shares of Preferred Stock Retired 2,339,809.51
Adjustments Applicable to Surplus of Prior Years 1,124,722.61

Charges:

Additional Provision for Reduction in Value of Investments and Properties $2,489,832.49
Dividends Paid—Preferred 966,931.50

Surplus at December 31, 1933, per Balance Sheet $20,967,673.69

Notes:

The dividends received in 1933 from non-consolidated affiliated companies exceeded the company's proportionate share of the net earnings of such companies by the amount of $151,748.71.

Beginning in 1931 the company adopted the policy of capitalizing intangible drilling costs of producing wells when completed, and during 1933 such net costs capitalized amounted to approximately $2,070,000. Depreciation of approximately $700,000 was charged against income in 1933 on amounts capitalized during 1931, 1932, and 1933.

In addition to taxes aggregating $5,857,625.59 included in the above statement an amount of $22,128,744.12 or slightly more than 25% of the gross sales was collected for the Federal Government and the State Governments in the form of taxes on gasoline, lubricating oils and other products.
New York, March 19, 1934.

To the Board of Directors of
Tide Water Associated Oil Company:

We have made an examination of the consolidated balance sheet of Tide Water Associated Oil Company and subsidiary companies as at December 31, 1933, and of the consolidated statements of income and surplus for the year 1933. In connection therewith, we examined or tested accounting records of the companies consolidated and other supporting evidence, and obtained information and explanations from officers and employees of the companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions. We also made similar examinations of the accounting records of affiliated companies not consolidated, representing over 50% of the total investment therein shown on the balance sheet, and accounts prepared by the companies or by other accountants were produced to us for the remainder.

In our opinion, based upon such examination, subject to the sufficiency of the reserve for Federal taxes in process of adjustment, the accompanying balance sheet and related statements of income and surplus fairly present, in accordance with accepted principles of accounting, the position of the combined companies at December 31, 1933, and the results of operations for the year.

PRICE, WATERHOUSE & CO.
Tide Water Associated Oil Company

Board of Directors

Alden Anderson
George N. Armsby
William A. Coulter
Henry W. de Forest
J. Paul Getty
William F. Humphrey

Robert McKelvy
Edward H. Salrin
Edward L. Shea
Paul Shoup
Henry S. Sturgis
Elisha Walker

Executive Officers

William F. Humphrey ....................... President
Robert McKelvy ........................... Vice-President
Edward L. Shea ........................... Vice-President
Paul Shoup ................................. Vice-President
K. R. Hankinson ........................... Treasurer
William J. Burker ......................... Secretary

Transfer Agents

Tide Water Associated Oil Company, New York, N. Y.
The Anglo California National Bank of San Francisco,
San Francisco, Calif.

Registrars

The Chase National Bank of the City of New York,
New York, N. Y.
Bank of America National Trust and Savings Association,
San Francisco, Calif.
TIDE WATER ASSOCIATED PRODUCTS

The branded products of this company which are used extensively are:

VEEDOL MOTOR OILS—GREASES
100% PENNSYLVANIA
SOLD NATIONALLY
TRIPLE "X" TYDOL GASOLINE
TYDOL GASOLINE WITH ETHYL
TYCOL INDUSTRIAL LUBRICANTS
Available in the Eastern States and Mid-Continent

ASSOCIATED GASOLINE, ASSOCIATED ETHYL
CYCOL MOTOR OILS
AVON INDUSTRIAL LUBRICANTS
Available in the Pacific Coast and Rocky Mountain States

It is hoped that stockholders of the Company will use such of the products of Tide Water Associated companies as are available to them, and that they will interest their acquaintances and friends to do likewise. The best of materials and technical skill and a long established reputation for quality underlie these products.