The accompanying report and financial statements are respectfully submitted for the general information of the stockholders of Tide Water Associated Oil Company, and are not intended for use in connection with any sale or purchase of, or offer or solicitation of offers to buy or sell, any securities.
To the Stockholders of

Tide Water Associated Oil Company:

Your Directors submit with this annual report the Company's Consolidated Balance Sheet as at December 31, 1934, and related Income Statement showing the result of operations for the year ended that date. These statements include the assets, liabilities and operating results of Tide Water Oil Company and Associated Oil Company, operating subsidiaries of which your Company owns respectively 99.10% and 97.98% of the common capital stock. The accounts of those companies and of their proprietary subsidiaries, as well as the accounts of your Company, have been examined and certified by Price, Waterhouse & Co. The Balance Sheet and Income Account are presented substantially in the form in which they will appear in the application for the permanent registration of your Company's securities which will be filed with the Securities and Exchange Commission in compliance with the Securities Exchange Act of 1934.

General Conditions:

The Code of Fair Competition for the Petroleum Industry became effective in September, 1933, and continued in effect throughout the year 1934. Included among its objectives were the curtailment and proration of the production of crude oil, the control of inventories and of the manufacture of gasoline and the elimination of undesirable marketing practices. Notwithstanding its general beneficial regulatory provisions, improvements in marketing conditions were not realized to the extent anticipated. On the Atlantic Coast where Tide Water Oil Company conducts extensive marketing operations, favorable ratios between crude and product prices were maintained the first part of the year but during the latter part they became unfavorable, retail gasoline prices becoming so low in many localities as to prevent realizing even the cost of manufacture. In the Mid-Continent, where that Company also markets its products, such ratios were unfavorable throughout most of the year. On the Pacific Coast, where the major portion of Associated Oil Company’s business is conducted, retail prices for gasoline in certain areas not only continued to be lower than were justified by the field market prices of California crude oil, but in some localities for several months gasoline sold below the reasonable cost of its manufacture.

Representatives of the petroleum industry on the Pacific Coast, in an effort to correct these unsound economic conditions through an agency supplementary to the Code of Fair Competition for the Petroleum Industry, developed the "Pacific Coast Petroleum Agency Agreement." This agreement was designed to prevent the continuation of unstable conditions resulting from uncontrolled and unfair competition, to insure to consumers adequate supplies of petroleum products at fair prices, and to terminate undesirable marketing practices. In June, 1934, this Agreement was signed by more than ninety-five percent of all marketing and refining companies operating on the Pacific Coast and approved by the Petroleum Administrator. It classified the parties to the Agreement into two groups, namely, "Agency Members" and "Refiners." Associated Oil Company accepted membership in the former group composed of fourteen companies including all the major companies, and there were twenty-one companies in the "Refiners" group.

The "Refiners" were assured outlets at current field market prices for all crude oil produced within the allowables established by the curtailment program of the Petroleum Administrator whenever such allowables were in excess of their refineries' requirements. "Refiners" also were assured of an adequate supply of crude oil at current field market prices whenever their allowables were less than their requirements. Each "Refiner" was also given a quota representing a definite percentage of each month's total gasoline sales in the State of
California and was assured of a market to "Agency Members" for all gasoline within the quota not sold through normal sales outlets. The operations under this Agreement improved marketing conditions during the last six months of the year. This improvement, however, was not sufficient to establish a sound economic relationship between the realization from sales of gasoline and the field market price of California crude oil purchased for the manufacture of such gasoline. To afford the "Refiners" outlets for their surplus crude oil and excess gasoline, the "Agency Members" were required to purchase crude oil and gasoline in excess of their normal requirements at prices higher than the cost of producing their own crude oil and manufacturing gasoline therefrom. However, while the Agency Agreement did not accomplish everything that was anticipated, its benefits compensated Associated Oil Company for the burdens it assumed as an "Agency Member."

Earnings:

Your Company's consolidated net income from operations for the year 1934, after provision for Federal Taxes, was $5,810,657. Dividends accrued during the year on the 6% preferred stock in the amount of $3,817,326, and the earnings applicable to common stock were $1,993,331, or 35 cents per share. In comparison, its net income for the year 1933 was $7,265,301, and of this amount $3,404,766, or 61 cents per share, was applicable to the common stock. The accounting and inventory valuation methods for the two years were identical.

The gross revenue from sales and other operations for the year 1934 amounted to $95,666,725, an increase of $8,063,756 or 9.2% over gross revenue of the preceding year. Sales volume of branded gasoline in domestic markets increased, and while there was a decrease in sales of unbranded gasoline in the wholesale and export markets, total gasoline sales substantially increased.

Operating costs for the year 1934 were $75,288,606, an increase of $12,126,898, or 19.2% over the year 1933. This increase is attributable to the increased volume of business, the higher average prices paid for crude oil and gasoline purchased and increased costs of labor and materials resulting from the application of the Code of Fair Competition for the Petroleum Industry and the National Industrial Recovery Act. The combined payrolls for the year were $1,379,109 higher than for the previous year due principally to increases in daily wages and the net addition of approximately 1,000 employees.

Provisions for depreciation, depletion and amortization of investments in properties and equipment deducted from gross income in 1934 amounted to $13,115,089, a decrease of $601,102 as compared with similar charges in 1933 caused principally by certain assets becoming fully depreciated. The same conservative depreciation and depletion methods and rates were applied in both years except for minor revisions in several individual rates the net of which served to reduce depreciation and depletion charges for the year by a net amount approximating $51,000. The total depreciation, depletion and amortization reserves at December 31, 1934, equaled 55.9% of the total gross book value of all properties and equipment.

Taxes:

Federal, State and County taxes, exclusive of Federal Income Taxes, paid by your Company and its subsidiaries for the year 1934 amounted to $3,074,758. In addition thereto the subsidiaries collected from consumers and paid to Federal and State treasuries the sum of $21,148,220 as taxes on sales of gasoline, lubricating oils and other products. This amount is equal to 38% of the gross revenue, exclusive of these taxes, realized by your Company from sales of products subject to such taxes.

During the year 1934 the subsidiary companies also paid to the United States Government $690,000 representing payments on account of income taxes for the year 1918, with interest thereon. This payment was charged to the reserve created in prior years to provide for Federal taxes in process of adjustment, and after the aforesaid payment there remained in this reserve at the year-end the sum of $891,768.

Current Assets and Liabilities:

At December 31, 1934, cash in banks and on hand amounted to $7,893,889 and United States Government and other marketable securities at current market quotations amounted to
$5,200,574. The balance in accounts receivable after deduction of reserves for uncollectable accounts was $7,143,875. Pursuant to the policy of valuing inventories of crude oil and products at the lower of cost or market, they were valued at cost, namely $26,860,485, which amount is approximately $3,500,000 or 13% below the estimated market value. Total current assets amounted to $50,887,908. Total current liabilities aggregated $9,667,408 and net working capital amounted to $41,220,500. The ratio of the Company's current assets to its current liabilities was 5.26 to 1.

**Funded Debt:**

During the year 1934 your Company's proprietary subsidiaries retired the balance of their funded debts. Associated Oil Company retired the outstanding notes of its twelve-year 6% Gold Notes issued in September, 1923, involving an expenditure of $4,799,050, including principal and premium. Tide Water Oil Company retired the balance of the Tide Water Associated Transport Corporation ten-year 5% Sinking Fund Gold Bonds amounting to $1,035,000 by the payment of $1,048,107, including principal and premium.

At December 31, 1934, neither your Company nor its subsidiaries had any funded debt or bank loans outstanding. Purchase money obligations of your Company's subsidiaries aggregated $3,332,808.

**Properties and Equipment:**

Tide Water Associated Oil Company was incorporated in Delaware on March 5, 1926, with a perpetual charter. Tide Water Oil Company, a New Jersey corporation, and Associated Oil Company, a California corporation, your Company's operating subsidiaries, are both integrated units of the petroleum industry, engaging in the production, refining, transportation and marketing of petroleum and petroleum products. Tide Water Oil Company operates in the East and Mid-Continent, conducting its business extensively in thirty States comprising principally the New England, Middle Atlantic and general Mid-Continent and Southwestern areas, although it sells some of its lubricating products in practically all of the States of the Union. Associated Oil Company operates on the Pacific Coast, principally in the States of California, Washington, Oregon, Nevada, Idaho and Utah, and in the Hawaiian and Philippine Islands. The products of both subsidiaries are also sold in many foreign countries.

At the end of 1934 these operating subsidiaries owned in fee or had under lease 69,289 acres of proven oil lands, principally in the States of California, Oklahoma, Texas, Pennsylvania and Illinois, and owned in fee or had under lease 403,590 acres of unexploited properties, or a total of 472,879 acres. They had, on December 31, 1934, a total of 3,109 oil wells and 22 gas wells in operation, from which the daily average production for the year was 44,360 net barrels of crude oil and 53,542,000 cubic feet of gas. Your subsidiaries' production of crude oil is materially curtailed below their potential production in conformity with State and National programs, to which general adherence is given by producers representing the major percentage of the total crude oil production in this country. An outstanding example of the effect of curtailment is shown by conditions in the East Texas field, in which Tide Water Oil Company has extensive holdings, where competitive drilling conditions make a continuing program of drilling necessary merely to maintain the current allowable figure of production. Even though a well so drilled may have a potential production of thousands of barrels daily its production is curtailed to an average figure for the field which has presently been reduced to 27 barrels per well per day. The gross investment in oil properties at December 31, 1934, amounted to $113,127,885, against which a reserve of $60,662,353 has been accumulated, leaving a net investment in such properties of $52,465,532.

The combined pipe line facilities of your Company's principal subsidiaries aggregate 1,993 miles of trunk lines and 852 miles of gathering lines for transporting crude oil and gasoline from the producing fields to their refineries. Through the trunk lines 28,154,900 barrels of crude oil were moved during 1934, including 5,557,400 barrels transported for the account of other companies at current tariff rates. In addition thereto Tide Water Oil Company owns a 50% interest in Bradford Transit Company operating 689 miles of gathering lines in Pennsylvania and New York, and a 25% interest in The Texas-Empire Pipe
Line Company of Texas operating a 203 mile 12" trunk line from the East Texas oil field to a marine terminal at Port Arthur, Texas. The subsidiaries also have 17 ocean-going tankers with a total bulk carrying capacity of 1,396,500 barrels, and these vessels moved 33,077,100 barrels of crude oil and refined products during 1934. In addition thereto the marine equipment of subsidiaries consists of 7 harbor tankers and 22 barges, supplying marine terminals and facilities along the Atlantic and Pacific Coasts. The railroad facilities of the subsidiaries consist of 6 locomotives, 1,955 tank cars and 74 other cars. Their automotive equipment consists of 1,037 trucks, 70 trailers, 29 tractors and 297 passenger cars. The gross investment in transportation facilities including pipe line, marine, railroad and automotive equipment at December 31, 1934, amounted to $57,279,752, against which a reserve of $34,443,056 has been accumulated, leaving a net investment in such properties of $22,836,696.

The combined tankage capacity of all operating divisions of these subsidiaries for the storage of crude oil, fuel oil and refined products totals 40,189,200 barrels.

The subsidiary companies own and operate refineries at Bayonne, New Jersey; Drumright, Oklahoma; and Avon and Watson, California. Crude Oil refined at all plants during 1934 totaled 32,211,500 barrels, or 88,251 barrels daily average, and in addition thereto 15,275,000 barrels of oil, or 41,849 barrels daily, were charged to cracking units. The gross investment in refinery sites and facilities at December 31, 1934, amounted to $50,172,016, against which a reserve of $29,900,371 has been accumulated, leaving a net investment in such properties of $20,271,645.

Associated Oil Company also owns a 50% interest in the Mitsubishi Oil Company, Ltd., which operates a refinery near Tokio, Japan, with a refining and cracking capacity of 3,000 barrels of crude oil per day and facilities for the manufacture of gasoline, kerosene, lubricating oils and asphalt.

For the distribution of their petroleum products the subsidiaries had at the end of the year 273 bulk stations and 1,235 owned or controlled service stations. Their distributors and dealers provide thousands of additional outlets. Combined sales of refined products and fuel oils through all outlets during the year 1934 totaled 1,583,700,000 gallons. The gross investment in marketing facilities at December 31, 1934, amounted to $32,969,571, against which a reserve of $16,078,831 has been accumulated, leaving a net investment in such properties of $16,890,740.

**Capital Expenditures:**

The policy of making expenditures and investments required for necessary additions and for the development of their producing properties and the exploration of new oil fields was continued on a conservative basis by the operating subsidiaries during the past year. The gross expenditures for such purposes amounted to $11,792,200, distributed among the principal divisions of the business as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Producing properties and equipment</td>
<td>$7,149,800</td>
</tr>
<tr>
<td>Transportation facilities</td>
<td>1,702,800</td>
</tr>
<tr>
<td>Refining facilities</td>
<td>883,000</td>
</tr>
<tr>
<td>Marketing facilities</td>
<td>2,049,500</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>7,100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$11,792,200</strong></td>
</tr>
</tbody>
</table>

The Producing Divisions of the subsidiary companies expended $7,149,800 during the year 1934, concentrating their investments, representing 60% of the total capital expenditures by all divisions for the year, primarily in the purchase and further development of proven properties and in exploratory work, to provide production of a substantial proportion of crude oil for future refining requirements. Expenditures of this character during recent years have very materially strengthened your Company's position and especially has Tide Water Oil Company's earning capacity been increased in a substantial degree through the acquisition of crude oil reserves in several of the major oil fields in Texas.
During the year 1934 Tide Water Oil Company in joint partnership with Texas-Sea-
board Oil Company, discovered a new and substantial crude oil and gas reserve in the Cayuga
Pool, Anderson County, Texas. The discovery well was completed in March, 1934, and since
then 32 oil wells and 12 gas wells have been completed in a portion of the acreage acquired,
proving productive 3,000 acres of the 14,800 acres jointly held. Under proration the allowable
outlet of this pool is 3,000 barrels per day, of which Tide Water-Texas-Seaboard is producing
about 2,700 barrels per day. The Producing Divisions of both subsidiaries conducted extensive
geophysical prospecting for oil in California, Texas and Louisiana.

During the year 1934 a total of 128 commercially productive oil wells were completed
and seven wells were deepened or redrilled, and at the year-end 24 new wells were in the
process of drilling and one well was being redrilled.

The operating divisions, excepting the Producing Division, confined the major portion
of their capital expenditures to improvements of or additions to existing facilities and to the
construction of facilities necessary to reduce materially unit operating costs.

Transportation Division expenditures were restricted to minor items except for the pur-
chase of pipe line transportation facilities from Associated Pipe Line Company, hereinafter
reported.

The Marketing Division's expenditures included the construction of water terminals at
Revere, Massachusetts (adjacent to Boston), and Syracuse, New York, to permit shipment of
products to those points by marine equipment instead of by rail as heretofore, thus mate-
rially reducing the cost of marketing products in those areas.

Changes in Investments:

Associated Pipe Line Company

Associated Pipe Line Company owned and operated an oil transportation system con-
structed twenty-five years ago for the purpose of transporting crude oil from the producing
fields in the San Joaquin Valley, California, to its marine terminal at Port Costa and Asso-
ciated Oil Company's refinery at Avon. This system has a daily pumping capacity of 55,000
barrels of oil and consists of 561 miles of eight-inch pipe line, thirty-six pumping stations,
steel tankage of 2,960,000 barrels total capacity, and terminal facilities at Port Costa. All
facilities have been maintained in good operating condition. The capital stock of Associ-
ated Pipe Line Company was owned equally by Standard Oil Company of California, South-
ern Pacific Company and Associated Oil Company. Since 1926, neither of the first two co-
owners required the transportation facilities of Associated Pipe Line Company and such facili-
ties were therefore principally used in the transportation of oil for Associated Oil Company
at rates higher than it would have been required to pay if it were the sole owner of the system.
For several years Associated Oil Company carried on negotiations for purchase of all the
assets of Associated Pipe Line Company, and in December, 1934 these negotiations ended
in an agreement to sell all such assets to Associated Oil Company for $1,100,000. In the dis-
tribution of this amount to the stockholders, $400,000 was returned by Associated Pipe Line
Company as Associated Oil Company's share of the liquidating dividend paid at the time
when Associated Pipe Line Company was dissolved resulting in a net additional out-of-
pocket cost of $700,000 to vest in Associated Oil Company 100% ownership of such assets.
The sale was finally concluded on December 28, 1934, and thereafter Associated Pipe Line
Company was dissolved. The transportation facilities acquired by Associated Oil Company
are carried on its books as at December 31, 1934, at the aggregate of net book value of the
original one-third interest and the aforementioned additional $700,000. The total is approxi-
mately $1,862,000 less than Associated Pipe Line Company's net book value of the facilities
at the time of the sale. This system is now one of Associated Oil Company's several units of
trunk pipe lines, and through a coordination and consolidation of pipe line operations it will
be able to effect substantial economies in the transportation of crude oil and gasoline, with
a resulting saving estimated at not less than $150,000 annually.

Sunset Pacific Oil Company

In the year 1926, Associated Oil Company was one of the secured creditors of Julian
Petroleum Corporation. In 1927, Receivers were placed in charge of the properties of Julian
Petroleum Corporation and its operations by an order of the United States District Court in and for the Southern District of California. During the Receivership a plan for its reorganization was submitted by the interested parties and approved by the Court, pursuant to which all the properties of the former company, subject to a lien of a 6½% First Mortgage Bond Issue in the sum of $10,000,000, were transferred to Sunset Pacific Oil Company, a corporation organized in accordance with the provisions of the approved plan. All secured creditors, including Associated Oil Company, accepted bonds of said issue at their face value, in payment of their claims. On the first day of July, 1930, the Sunset Pacific Oil Company defaulted in the payment of interest on the bonds. Subsequently, Associated Oil Company acquired the balance of the bonds of said issue of $10,000,000 and also $1,480,000 unsecured notes of Sunset Pacific Oil Company. Within a few months thereafter a Receiver was appointed for the Company by the above mentioned Court. After years of negotiations a plan of reorganization was effected whereby its assets were transferred to Sunset Oil Company, a corporation newly organized, and a bond issue created by that Company in the sum of $2,965,000. Associated Oil Company then exchanged the securities of Sunset Pacific Oil Company owned by it for (a) $1,935,000 in cash; (b) properties valued at approximately $100,000; and (c) the entire issue of the Company's First Mortgage and Collateral Trust 6% fifteen year bonds aggregating $2,965,000. The value of the properties covered by the Deed of Trust which secures the bonds is reasonable assurance that Associated Oil Company will recover the remainder of its original claim, its subsequent investment, with interest, and costs.

In accordance with the provisions of the reorganization plan, and to insure the Sunset Oil Company an adequate supply of petroleum products, Associated Oil Company entered into a contract whereby it agreed to furnish to the reorganized company, for a period of years, a substantial part of its requirements.

Contingent Liabilities:

The Balance Sheet item “Cash Deposited in Escrow, against judgments on appeal for which no liability is included herein” represents contingent liabilities on two judgments rendered against Associated Oil Company in the Superior Courts of the State of California, to which reference was made in the annual report for the year 1933. Appeals to the Supreme Court of the State of California have been taken from these judgments and in lieu of supersedeas bonds on appeal the sums of $600,000 and $90,000 were deposited in escrow, drawing interest at 7% and 1½% per annum, respectively. This obviated the necessity of filing such bonds and paying annual premium charges of approximately $12,000. One of the judgments is based on the claim that through the operations on one of its leaseholds Associated Oil Company has drained oil from an adjoining leasehold also operated by it. The other judgment is for Associated Oil Company's alleged failure to determine properly the quantity and gravity of the royalty oil due certain lessors. Associated Oil Company, in common with other producing companies, in determining the quantity and gravity of oil purchased from lessors, as well as others, followed recognized practices that had prevailed in California and elsewhere for over twenty years. However, plaintiffs claimed that new and more exact methods were available and insisted that such methods should have been employed in accounting for the past as well as for the present and future royalties. Associated Oil Company's counsel advise that both judgments should be reversed. However, in the event of affirmance of either or both judgments, the money on deposit will be used for the payment thereof and a corresponding charge will be made against earned surplus.

Investment in Subsidiaries:

During the year 1934 your Company increased its equities in its two operating subsidiaries by purchases involving a total expenditure of $192,800. Through these purchases the percentage of ownership in Associated Oil Company was increased from 97.93% to 97.98%, and ownership in Tide Water Oil Company common stock was increased from 98.79% to 99.10%.

Capital Stock and Surplus:

At December 31, 1933, there were 644,223 shares of your Company's 6% preferred
stock issued, and 1,200 shares thereof which had been reacquired by purchase were then in the treasury. During the early part of the year 1934 an additional 6,800 shares were purchased for $474,340, and these together with the aforementioned 1,200 shares, a total of 8,000 shares, were cancelled and retired on March 28, 1934. Fractional scrip representing one full share was voided during the year by reason of expiration of period for conversion. At December 31, 1934, there were 636,222 shares of your Company's 6% preferred stock issued and outstanding.

On December 31, 1934, there were 5,631,341 shares of common stock outstanding, exclusive of 367,609 shares held in the treasuries of your Company and its subsidiaries, an increase of 12,669 shares over the number outstanding December 31, 1933. This increase in common stock outstanding includes 6,036 shares of the treasury holdings issued in exchange for shares of the common stocks of Tide Water Oil Company and Associated Oil Company, and also 6,649 shares sold to the participants in the hereinafter reported stock plan for the subscription price of $10.00 per share. Outstanding fractional scrip certificates representing 16 shares of your Company’s common stock were voided during the year by reason of expiration of the period for conversion.

Consolidated Surplus Account:

The consolidated surplus at December 31, 1934, was $20,620,669, compared with $20,967,674 reported at the end of 1933. The decrease of $347,005 is the result of the following:

Additions to surplus:
Net income from operations ........................................... $ 5,810,657
Deductions from surplus:
Preferred stock dividends paid in cash ......................... $ 5,407,879
Other charges (net) ................................................. 749,783

Net decrease in surplus account ................................... $ 347,005

The other charges above mentioned, resulting in a net decrease of $749,783 in the surplus account, include the following items:

Provision for reduction of marketable securities to market quotations ........................................... $ 362,267
Provision for unrealized loss on other investments ............. 403,262
Net loss on sale of securities in 1934 .......................... 52,841
Excess of cost over book value of subsidiaries at date of acquisition ........... 78,353
Additional Federal income taxes for prior years ................. 102,298

$ 999,021

Less:
Excess of par value over cost of 8,000 shares of preferred stock retired .................. 249,238
Total other charges (net) ........................................... $ 749,783

During the year 1934 your Company expended $8,641,897 for the retirement of funded debt, for the acquisition of shares of the capital stocks of your Company and its subsidiaries, and for payment of other obligations as follows:

Cost of Elimination of Funded Debt
Retirement of 4,682 Associated Oil Company 6% Gold Notes .................. $ 4,799,050
Retirement of 1,035 Tide Water Associated Transport Corporation 5% Gold Bonds .................. 1,048,107 $ 5,847,157

Cost of Capital Stock Purchases
Purchase of 6,800 shares of your Company's 6% Preferred stock ................ $ 4,434,340
Purchase of common stocks of Tide Water Oil Company and of Associated Oil Company .................. 192,800 667,140

Reduction of Purchase Money Obligations ...................... 1,437,600
Payment on Account of Federal income tax of prior year ............. 690,000

Total expenditures ................................................. $ 8,641,897
**Dividends:**

It is the desire of the Board of Directors to resume payment of dividends on the common stock whenever warranted by the financial position of the Company. However, no dividends may be paid on the Company’s common stock while any dividend on its preferred stock is in arrears as the agreement pursuant to which the preferred stock was issued prohibits the payment of any dividend on the common stock until all accrued dividends on the preferred stock have been paid.

As at December 31, 1933, the preferred stock dividends in arrears aggregated $2,893,603, or $4.50 per share on 643,023 shares reported as outstanding on that date. Preferred stock dividends declared and paid during the year 1934 amounted to $5,407,879, or $8.50 per share. There was a total of $1,272,442 preferred stock dividends in arrears on December 31, 1934, or $2.00 per share on 636,222 shares (one share represented by fractional scrip) outstanding on that date. On February 27, 1935, the Board of Directors of your Company declared a dividend of $2.00 per share in payment of that arrearage, payable April 1, 1935. On this latter date an additional dividend of $1.50 per share will accrue but the Board of Directors has not as yet fixed the time for its payment. The dividend payments of $5,407,879 during the year 1934 approximated the consolidated net income from operations for the year 1934 of $5,810,657.

It is interesting to note that during the five years from January 1, 1930, to December 31, 1934, your Company’s net income amounted to $20,726,895 and that it paid during the same period in preferred dividends $19,078,777 and in common dividends $1,736,589, or a total of $20,815,366. It passed dividends on the common stock only when the earnings were insufficient to allow the payment of dividends on both its preferred and common stocks.

**Finances:**

Your Company’s financial position has been appreciably improved by the elimination of funded debt and reduction in other interest bearing obligations. Liabilities of this description have been reduced by $12,220,902 during the past two years, and annual interest charges which amounted to $796,700 two years ago have been reduced to $133,300 at the end of 1934. A corresponding improvement is also reflected in a comparison of the total liabilities of all descriptions and minority interests included in the Balance Sheet, which two years ago amounted to $53,212,299 and at the end of 1934 had been reduced to $38,233,779, a decrease of $14,978,520 during the years 1933 and 1934.

During these two years the number of outstanding shares of your Company’s 6% preferred stock has also been decreased by 30,302 shares, resulting in a further reduction of $181,812 in annual dividend charges. Thus the reductions in funded debt, purchase money obligations and outstanding preferred stock have decreased fixed charges by $845,200 per annum.

**General:**

**Directors and Officers**

The resignation of Mr. William A. Coulter as a Director of your Company recently has been accepted with acknowledgment of long and valuable service, and Mr. Adolphe Boissevain, representing a large stockholder of your Company, has been elected to fill the vacancy caused by his resignation.

Mr. Paul Shoup, who served as an officer of your Company since its organization, resigned as Vice President, but will continue as a member of the Board of Directors.

There have been no other changes in the personnel of the Board of Directors or officers of your Company.

There were no loans to any officer of your Company or of its subsidiaries. Small loans to employees, made in emergency cases only, amounted to the sum of $8,888 on January 1, 1934, and were increased by $1,534 during the year 1934. No bonus is paid to any officer of your Company or of either of its subsidiaries.

In the year 1927, your Company instituted a stock purchase plan for operating officials of Tide Water Oil Company and of Associated Oil Company. Pursuant to the terms of the
plan, which was approved and ratified by the stockholders, participants were entitled to purchase a limited number of shares of your Company’s common stock at a price fixed annually by the Directors but never less than $10.00 per share, the minimum price permitted by the plan. The Trustees have the privilege of buying such shares in the open market if available at a price lower than the minimum price fixed by the plan and applying such purchases against current subscriptions. The plan by its terms ends on December 31, 1937, but no subscriptions for shares may be entered by any participant after December 31, 1936. A total of 338,183 shares has been subscribed pursuant to the plan and the subscription price for same is $10.00 per share.

Pursuant to plans that have been in effect for many years insurance is provided on the lives of operating officials and employees of your Company’s subsidiaries, and the premium on such insurance to the extent not paid by the employee is charged to and paid by the subsidiary which the employee serves.

At December 31, 1934, there were a total of 10,497 employees in the service of your Company’s operating subsidiaries.

National Industrial Recovery Act:

Your Company and its operating subsidiaries have continued to comply with the Code of Fair Competition for the Petroleum Industry and the National Recovery Program in letter and spirit. Increases in wages, number of employees and many other operating costs and unusual charges against income have resulted. The operations for the past year reflect the effect of most of these increases in costs of labor and materials, but several adjustments in rates of pay did not become effective until December 1, 1934, and consequently only one month’s operations are charged with such adjustments against the income for the year under review.

The curtailment of production of crude oil so that the supply will not exceed the demand is of benefit to the industry. The officials of your Company believe that the voluntary cooperation of refiners and marketers on the Pacific Coast, through the medium of the Pacific Coast Petroleum Agency Agreement, made pursuant to the Code of Fair Competition for the Petroleum Industry, assisted in establishing some degree of stability in marketing conditions.

In the past your Company has given its whole-hearted support to these constructive programs and it will endeavor to do so in the future.

Respectfully submitted,

BOARD OF DIRECTORS,

By William F. Humphrey,
President.
TIDE WATER ASSOCIATION AND SUBSIDIARIES
Consolidated
December 31, 1931

ASSETS

CURRENT AND WORKING ASSETS:

Cash in Banks and on Hand .............................................. $  7,893,889.73
United States Government and other marketable securities, at cost .................... $  5,568,225.38
  Less—Reserve for reduction to market quotations .......................... 367,650.88
  Accounts receivable (less reserve $443,798.45) ...................... 7,143,875.80
  Notes and trade acceptances receivable ................................. 413,834.96
  Due from employees ....................................................... 10,421.85
  Inventories, certified by responsible officials as to quantities and condition:
    Crude and fuel oil (at cost, lower than market) ..................... $ 13,983,691.68
    Refined oil products, finished and in process (at cost, lower than market) .. 12,876,793.37
    Materials and supplies (at book values based on cost) ............... 26,860,485.05
  CASH DEPOSITED IN ESCROW, against judgments on appeal for which no liability is included herein ..................... 690,000.00

DUE FROM AFFILIATED COMPANIES ........................................ 698,004.35

INVESTMENTS IN CAPITAL STOCKS OF AFFILIATED COMPANIES, (at cost or below)

  More than 50% owned:
    Foreign ........................................... $  282,892.30
    Domestic ........................................... 3,262,017.96
  Not more than 50% owned:
    Foreign ........................................... 1,512,655.60
    Domestic ........................................... 3,157,636.50

OTHER INVESTMENTS AND RECEIVABLES, (at cost or below) .................. 3,732,672.84

PROPERTIES AND EQUIPMENT ............................................. 113,226,094.66

<table>
<thead>
<tr>
<th>Property Type</th>
<th>Gross Book Value*</th>
<th>Depreciation, Depletion and Amortization Reserves</th>
<th>Net Book Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil Producing</td>
<td>$113,127,885.20</td>
<td>$ 60,662,353.62</td>
<td>$  52,465,531.58</td>
</tr>
<tr>
<td>Refining</td>
<td>50,172,016.44</td>
<td>29,900,371.29</td>
<td>20,271,645.15</td>
</tr>
<tr>
<td>Transportation</td>
<td>57,279,752.82</td>
<td>34,443,056.96</td>
<td>22,836,695.86</td>
</tr>
<tr>
<td>Marketing</td>
<td>32,969,571.76</td>
<td>16,078,831.83</td>
<td>16,890,739.93</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>3,223,766.23</td>
<td>2,462,284.09</td>
<td>761,482.14</td>
</tr>
<tr>
<td></td>
<td>$256,772,992.45</td>
<td>$143,546,897.79</td>
<td>$113,226,094.66</td>
</tr>
</tbody>
</table>

*Gross book value of individual properties or units of equipment represents actual cost to the subsidiary companies, or appraised value approved by the Board 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, insurance and rents .................................. $  1,641,411.71
Other deferred expenses .................................................. 346,170.65

$179,437,464.80
##平衡表

###负债

####当前负债

- 购买金钱义务，到期一年内：
  - 购买金钱义务，到期一年内：$827,916.90
- 账款应付，贸易：$4,456,367.34
- 工资和各种事故应付：$1,169,156.03
- 税费应付款：
  - 税费应付款：$2,765,468.06
- 1934年估计联邦所得税：$448,500.00

####由于关联公司

- $2,251,410.50

####递延负债

- 购买金钱义务：$2,504,891.10

####储备金

- 检查和联邦税调整等：$1,960,518.46

####递延信用

- 面值股票折扣和共同股票在库：$599,285.58
- 其他项目：$138,121.17

###子公司资本股票

####淡水石油公司

- 优先股 5% 累积可转换 $100 面值：
  - 优先股 5% 累积可转换 $100 面值：$19,624,600.00
- 普通股—19,698股无面值：
  - 普通股—19,698股无面值：$77,704.53

####关联公司

- 资本股—46,259股 $25 面值：
  - 资本股—46,259股 $25 面值：$1,156,475.00

###资本股票和储备金

- 优先股 6% 累积可转换 $100 面值：
  - 优先股 6% 累积可转换 $100 面值：
    - 授权：$1,500,000股
    - 已发行：$636,222股

###附注

- 1934年12月31日，优先股2%(414,800股)股息未支付。
TIDE WATER ASSOCIATED OIL COMPANY
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF INCOME AND SURPLUS
FOR THE YEAR ENDING DECEMBER 31, 1934

Sales of petroleum products, together with revenue from other operations (exclusive of intercompany transactions) .......................................................... $93,666,723.05
Cost of products sold, including selling expenses .................................................. 68,640,117.35

$27,026,607.70

Other income:
Interest and miscellaneous dividends ................................................................. $453,654.86
Dividends received, affiliated companies (see foot-note) ................................ 354,895.07
Miscellaneous income ............................................................................... 244,925.45

$1,053,475.38

Other deductions:
General and administrative expenses ............................................................... $2,554,627.15
Taxes, other than income taxes ........................................................................ 3,074,757.55
Insurance ........................................................................................................ 1,019,104.33
Interest and discount on funded debt ............................................................... 356,201.01
Other interest paid ......................................................................................... 183,852.46
Amortization and rentals of undeveloped leases ........................................... 668,818.34
Provision for depreciation and depletion ....................................................... 12,636,581.25
Property retirements (net) ............................................................................. 262,021.89

$28,080,083.08

Provision for Federal tax on 1934 income ....................................................... $448,500.00

Net income from operations ........................................................................... $6,875,619.10

Equities of preferred and common stockholders, other than Tide Water
Associated Oil Company, in net income of subsidiary companies ....................... $1,064,961.61

Net income from operations for the year applicable to interest
of Tide Water Associated Oil Company ............................................................. $5,810,657.49

Deduct:
Provision for reduction of marketable securities to market quotations $362,267.09
Provision for unrealized loss on other investments ...................................... 403,261.52
Net loss on sale of securities in 1934 .............................................................. 52,840.75
Excess of cost over book value of subsidiaries at date of acquisition ............ 78,353.30
Additional Federal income taxes for prior years ........................................ 102,298.13

$999,020.79

Balance added to surplus .............................................................................. $4,811,636.70
Surplus at January 1, 1934 ............................................................................ 20,967,673.69
Excess of par value over cost of 8,000 shares of preferred stock retired ........... 249,737.50

$26,028,547.89

Dividends on preferred stock paid in cash .................................................... 5,407,878.50

Surplus at December 31, 1934, per balance sheet .......................................... $20,620,669.39

NOTE:
The dividends received in 1934 from affiliated companies as shown above exceeded the company's proportionate share of the net earnings of such companies by an amount of approximately $90,000.00.

Taxes on gasoline, lubricating oils, and other products, collected for the Federal Government and State Governments, are not included in the above statement. These taxes amounted to $21,148,220.23, or about 38% of gross revenue, exclusive of these taxes, realized by your company from sales of products subject to such taxes.
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, 1934, and of the consolidated statement of income and surplus for the year 1934. 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 certain of the affiliated companies not consolidated, and accounts prepared by the companies 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 statement of income and surplus fairly present, in accordance with accepted principles of accounting, the position of the combined companies at December 31, 1934, and the results of operations for the year.

Price, Waterhouse & Co.


Tide Water Associated Oil Company

Board of Directors

Alden Anderson       William F. Humphrey
George N. Armsby      Robert McKelvy
Adolphe Boissevain    Edward H. Salrin
Henry W. de Forest    Edward L. Shea
J. Paul Getty         Paul Shoup
H. Paul Grimm         Elisha Walker

Executive Officers

William F. Humphrey ...................... President
Robert McKelvy ......................... Vice-President
Edward L. Shea ......................... 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 are:—

TYDOL GASOLINE
Available in the Eastern States and Mid-Continent

VEEDOL MOTOR OILS—GREASES
100% PENNSYLVANIA
SOLD NATIONALLY

TYCOL INDUSTRIAL LUBRICANTS
Available in the Eastern States and Mid-Continent.

ASSOCIATED GASOLINE
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.