SEMI-ANNUAL REPORT

NATIONAL LEAD COMPANY

FOR PERIOD ENDING
JUNE 30, 1943

Principal Office:
FOOT OF CHEVALIER AVENUE, SAYREVILLE, N. J.

Executive Offices:
111 BROADWAY, NEW YORK 6, N. Y.

To the Stockholders of National Lead Company:

The following is a Consolidated Balance Sheet of National Lead Company as of June 30, 1943 and a Statement of Consolidated Income and Surplus for the first six months of 1943. The consolidation includes only domestic subsidiaries in which National Lead Company owns all of the outstanding capital stock. Dividends received from foreign corporations owned in part or in whole, domestic corporations not wholly owned, as well as interest on bonds and miscellaneous items not directly connected with current operations, are included in the item of "Other Income." During the period the company received foreign dividends amounting to $270,276.62. This amount was added to the existing Reserve for Foreign Investments. Dividends on National Lead Company Preferred and Common Stocks owned by the Company itself are not included in this statement, either as disbursements or as income.

FLETCHER W. ROCKWELL, *President.*

ASSETS

Current Assets:		
Cash		$ 11,948,938.06
United States Government Securities at cost (at market quotations $9,809,050.33)		9,786,926.89
Other Marketable Securities (at market quotations $5,225,980.79)		1,142,760.60
Accounts and Notes Receivable	$13,853,494.94	
Less, Reserve for losses	1,058,546.22	12,794,948.72
Notes Receivable from Employees		237,474.96
Inventories		20,590,981.05
Total Current Assets		$ 56,497,025.28
Investments in and Advances to Affiliated Companies less Reserves		7,710,663.12
Miscellaneous Investments less Reserves		1,337,955.89
Plant Property and Equipment (including intangibles)	$94,193,648.78	
Less, Reserves for Depreciation and Depletion	39,211,942.02	54,981,706.76
Patents and Licenses, less amortization		73,440.79
Prepaid expenses, deferred charges, etc.		689,795.50
Post-war Refund of Excess Profits Taxes		480,000.00
		$121,770,587.34

LIABILITIES

Current Liabilities:		
Accounts Payable and Accrued Liabilities		$ 4,553,749.60
Payable to Affiliated Companies		165,052.48
*Provisions for Taxes, including Federal Income and Excess Profits Taxes		13,233,607.83
Dividend Payable August 2, 1943 on Class B Preferred Stock		116,193.00
Total Current Liabilities		$18,068,602.91
Reserves:		
Fire Insurance	$4,797,284.02	
Employer's Liability	426,664.30	
Pension	2,185,194.83	
*Contingencies	3,425,000.00	
General Inventory	700,339.71	
Amount Equal to Post-war refund of excess profits taxes	480,000.00	
Miscellaneous	81,634.37	12,096,117.23

CAPITAL

	Authorized	Issued	
Capital Stock:			
Preferred Class A, 7 pct. cumulative, non-callable, $100 Par Value	$ 25,000,000.00	$24,367,600.00	
Preferred Class B, 6 pct. cumulative, non-callable, $100 Par Value	25,000,000.00	10,327,700.00	
Common, $10 Par Value	*50,000,000.00*	*30,983,100.00*	
	$100,000,000.00	$65,678,400.00	
Capital Surplus		336,672.92	
Earned Surplus		31,203,419.91	
		$97,218,492.83	
Less, Reacquired Capital Stock		5,612,625.63	91,605,867.20
			$121,770,587.34

* An agreement covering renegotiation of profits for 1942 has been reached with the U. S. Government under which an assessment of $600,000 will be made. After receiving a credit of $540,000 against Excess Profits taxes due for 1942, a net amount of $60,000 will have to be paid. Since the agreement was reached in July, the entry to cover this transaction will be reflected in the financial statements to be submitted to the stockholders as of December 31, 1943. The payment of the $60,000 will be charged to the Reserve for Contingencies.

CONSOLIDATED STATEMENT OF INCOME

		Six Months Ended June 30th 1943		1942
Sales		$70,371,271.28		$66,892,971.07
Cost of Goods Sold, Taxes (except Federal Income and Excess Profits taxes), and Other Expenses		61,045,498.64		57,159,269.09
		$ 9,325,772.64		$ 9,733,701.98
Depreciation and Depletion		2,550,885.65		1,464,517.33
		$ 6,774,886.99		$ 8,269,184.65
Other Income		499,260.11		446,254.22
		$ 7,274,147.10		$ 8,715,438.87
Other Charges		—		228,587.62
		$ 7,274,147.10		$ 8,486,851.25
Federal Income and Excess Profits Taxes		4,754,916.57		5,618,549.78
		$ 2,519,230.53		$ 2,868,301.47
Additions to Reserves:				
Reserve for Foreign Investments	$270,276.62		$265,473.89	
Reserve for Contingencies	—	270,276.62	625,000.00	890,473.89
Total Net Income		$ 2,248,953.91		$ 1,977,827.58
Dividends on Preferred Stock Outstanding:				
Class A	$783,275.50		$783,275.50	
Class B	232,386.00	1,015,661.50	232,386.00	1,015,661.50
Amount Earned on Common Stock		$ 1,233,292.41		$ 962,166.08
Amount Earned per share of Common Stock Outstanding		$.399		$.311

ANALYSIS OF CONSOLIDATED SURPLUS

		1943		1942
Earned Surplus—At beginning of year		$30,742,793.50		$30,320,201.24
Add: Net Income for Six Months		2,248,953.91		1,977,827.58
		$32,991,747.41		$32,298,028.82
Deduct: Dividends Paid During Period—				
Preferred Stock Outstanding:				
Class A	$783,275.50		$783,275.50	
Class B	232,386.00	$ 1,015,661.50	232,386.00	$ 1,015,661.50
Common Stock Outstanding		772,666.00		772,666.00
Total Dividends Paid		$ 1,788,327.50		$ 1,788,327.50
Earned Surplus—June 30th		$31,203,419.91		$30,509,701.32
Capital Surplus—June 30th		336,672.92		120,719.20
Total Surplus—June 30th		$31,540,092.83		$30,630,420.52