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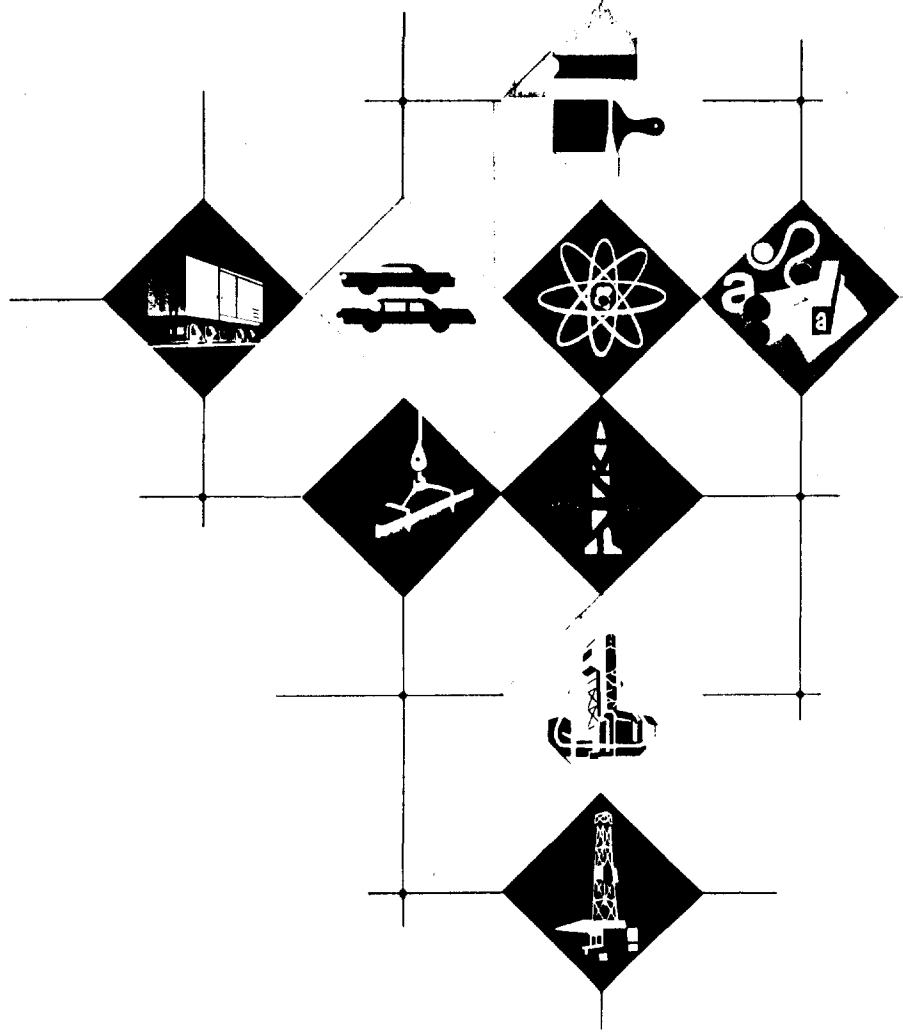
SIXTY NINTH
ANNUAL REPORT

National Lead Company 1960



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NATIONAL LEAD COMPANY | 1960 ANNUAL REPORT

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BOARD OF DIRECTORS

GEORGE B. COALE
GRAHAM W. CORDDRY
ALFRED H. DREWES
JOHN B. HENRICH
J. PAUL KIRK
FRANK J. KOEGLER
JOSEPH A. MARTINO
DAVID A. MERSON
JOSEPH H. REID
WINTHROP SARGENT, JR.
WILLIAM J. WELCH
HARRY C. WILDNER

EXECUTIVE COMMITTEE

JOSEPH A. MARTINO, *Chairman*
GRAHAM W. CORDDRY
ALFRED H. DREWES
JOHN B. HENRICH
DAVID A. MERSON
JOSEPH H. REID
WILLIAM J. WELCH
HARRY C. WILDNER

EXECUTIVE OFFICERS

President
JOSEPH A. MARTINO
Vice-Presidents
GEORGE B. COALE
ALFRED H. DREWES
FRANK J. KOEGLER
DAVID A. MERSON
JOSEPH H. REID
WILLIAM J. WELCH
Secretary
JOHN B. HENRICH
Treasurer
JOSEPH J. MORSMAN, JR.
Comptroller
GEORGE A. DEWEY
Assistant Secretary
JOHN J. LAWLOR
Assistant Treasurer
MICHAEL USS
Assistant Comptrollers
ALBERT H. HOFFMAN
THOMAS F. OWENS
ARCHER D. SARGENT

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

General Counsel:
ALEXANDER & GREEN
120 BROADWAY, NEW YORK 5, N. Y.

Stock Transfer Agents:
THE CHASE MANHATTAN BANK
40 WALL ST., NEW YORK 15, N. Y.

OLD COLONY TRUST COMPANY
45 MILK ST., BOSTON, MASS.

NATIONAL TRUST COMPANY, LIMITED
14 KING ST. EAST, TORONTO, CANADA

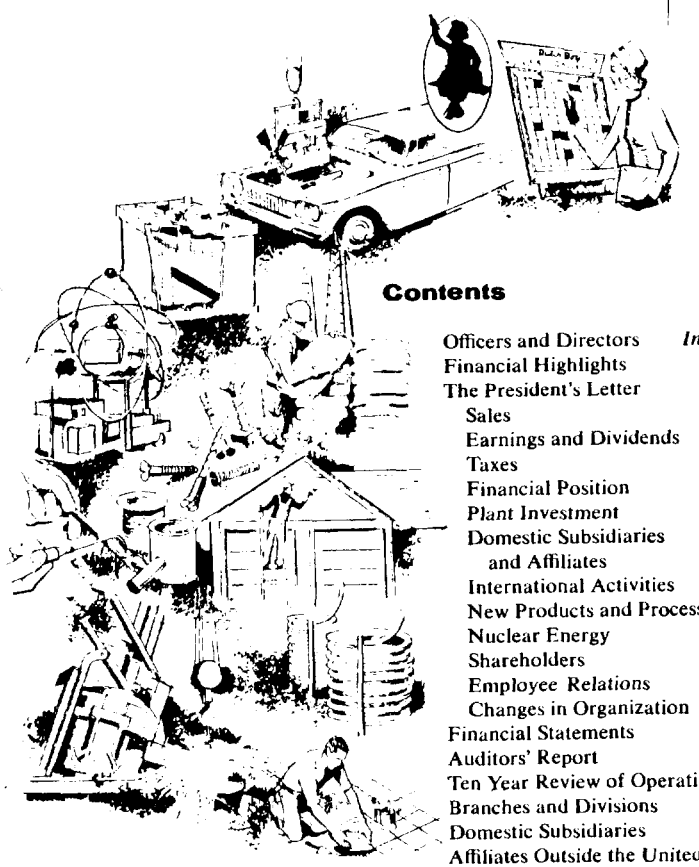
Registrars of Stock:
BANKERS TRUST COMPANY
16 WALL ST., NEW YORK 15, N. Y.

THE FIRST NATIONAL BANK OF BOSTON
45 MILK ST., BOSTON, MASS.

THE ROYAL TRUST COMPANY
66 KING ST. WEST, TORONTO, CANADA

NATIONAL LEAD COMPANY

69th annual report 1960

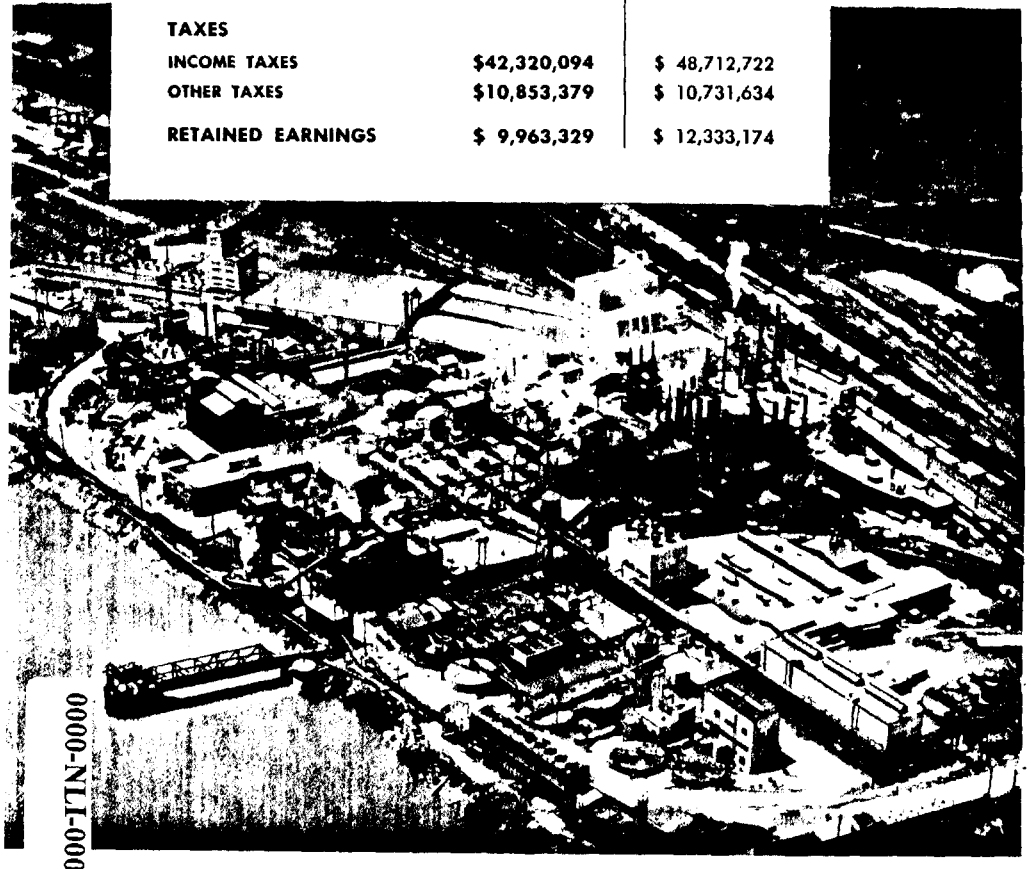


Contents

Officers and Directors	*Inside Front Cover*
Financial Highlights	2
The President's Letter	3
Sales	3
Earnings and Dividends	5
Taxes	6
Financial Position	6
Plant Investment	8
Domestic Subsidiaries and Affiliates	10
International Activities	12
New Products and Processes	15
Nuclear Energy	19
Shareholders	20
Employee Relations	20
Changes in Organization	22
Financial Statements	23
Auditors' Report	23
Ten Year Review of Operations	30
Branches and Divisions	33
Domestic Subsidiaries	34
Affiliates Outside the United States	35
Maps – Products	*Inside Back Cover*

FINANCIAL HIGHLIGHTS

	1960	1959
NET SALES	$522,689,118	$530,550,817
NET EARNINGS	$50,156,354	$ 52,461,511
PER COMMON SHARE	$4.10	$ 4.30
CASH DIVIDENDS	$40,193,025	$ 40,128,337
COMMON DIVIDENDS PER SHARE	$3.25	$ 3.25
TAXES		
INCOME TAXES	$42,320,094	$ 48,712,722
OTHER TAXES	$10,853,379	$ 10,731,634
RETAINED EARNINGS	$ 9,963,329	$ 12,333,174



St. Louis plant of the Titanium Division where titanium pigments are produced.

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To the Shareholders:

The general economy in 1960 did not achieve the growth pattern that was so widely predicted at the beginning of the year. Industrial production, after reaching a high point in January, fell off and then continued on a lower level until there was a further decline starting in late summer. National Lead Company, despite its diversified activities, was not entirely immune to the effects of these conditions.

Consolidated sales were slightly off from the preceding year while net income declined 4 per cent. Progress was made during the year in strengthening the Company's competitive position by increasing manufacturing efficiencies and by improving product quality as well as marketing and distribution methods.

Of special significance during the year was the first commercial production of die cast aluminum engine blocks for the automotive industry. Several years of intensive research and development preceded this accomplishment and by late summer the Company was producing and selling these die castings in quantity. Other important developments were a substantial improvement in the sales of titanium metal, and the continued increase in the earnings of the Company's foreign subsidiaries.

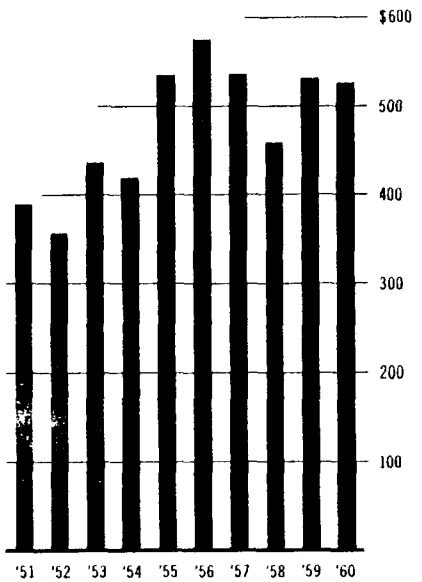
In the following pages this 69th Annual Report of National Lead Company will provide information regarding the 1960 operating results, the Company's financial position and important developments which took place during the year.

Sales

For the year 1960, National Lead Company's consolidated sales amounted to $522,689,118, a 1½ per cent decline from the $530,550,817 reported for 1959.

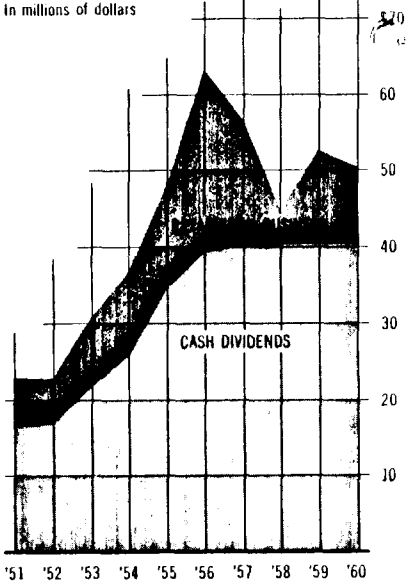
NET SALES

In millions of dollars



NET EARNINGS AND CASH DIVIDENDS

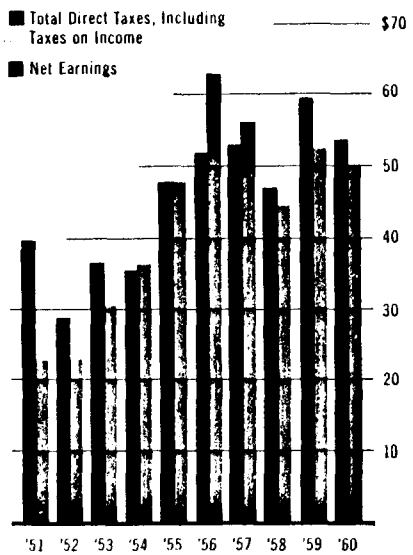
In millions of dollars



2% Stock Dividend Paid 1956

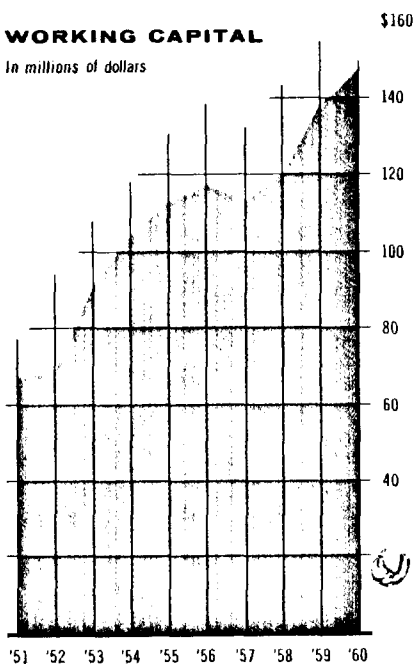
NET EARNINGS AND DIRECT TAXES

In millions of dollars



WORKING CAPITAL

In millions of dollars



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However, certain product lines experienced a substantial sales increase; namely, precision bearings, die castings, ready mixed paints, and certain chemicals. Sales of other product lines were less than in 1959 principally due to a fall off in activity in some consuming industries. Lower metal prices somewhat further reduced the dollar sales volume of fabricated metals and railroad journal bearings.

Drilling activity of the petroleum industry in 1960 was the lowest since 1952. Despite this adverse condition, the sales of oil well drilling materials by the Baroid Division declined only modestly from 1959. The development of a more effective sales and distribution organization made this possible. Sales of titanium dioxide, an important Company product used by manufacturers of paint, paper, rubber, plastics and ceramics, were again at a high level, although slightly less than in 1959.

Earnings and Dividends

Consolidated net income in 1960 amounted to $50,156,354, compared with $52,461,511 for the prior year. After requirements for dividends on preferred stock, 1960 net income amounted to $4.10 per share on the 11,696,812 common stock shares outstanding at year end. The corresponding figure for 1959 was $4.30 per share on the 11,691,912 shares then outstanding.

All Company divisions operated profitably during the year, and those product groups which had dollar sales increases generally showed improved earnings. Earnings from the sales of die castings were affected to some degree by charges related to the final development and initial production of the aluminum engine block.

During 1960, dividends amounting to $40,193,025 were paid to the Company's shareholders. Of this amount, $2,181,161 covered dividends on the outstanding Class A and Class B preferred stock, and the remaining $38,011,864 were paid to the holders of common stock. This latter amount was distributed in quarterly payments of 75¢ per share in March, June and September and

$1.00 per share in December. For the entire year, this amounted to $3.25 per share, the same rate as paid in 1959.

Taxes

Total tax provision in 1960 amounted to $53,173,473, or $4.55 per share of common stock, and absorbed more than one half the Company's pre-tax earnings. This amount was less than the $59,444,356 provided in 1959, reflecting a reduction in taxable income.

The major portion of the 1960 tax provision was set aside for United States and Canadian income taxes in the amount of $42,320,094. The remainder of $10,853,379 covered state, local and other direct taxes.

Financial Position

The Company maintained its traditionally strong financial position during 1960, and, at the end of the year, the common shareholders' equity amounted to $280,335,378, up $10,368,290 over their equity at December 31, 1959.

Working capital, the excess of current assets over current liabilities, increased $9,012,873 during the year and reached a record high of $147,674,293 at December 31, 1960. Cash and government, state and municipal obligations climbed $11,549,500 to $54,667,995. Accounts receivable were reduced $3,078,493 to $52,096,384 and inventories went down $4,162,698 during the year to $101,582,650, reflecting the lowered rate of business activity which existed at year end.

The Company's current financial position is one which will readily permit it to participate fully in an upturn in the general economy and to take advantage of investment opportunities as may occur.

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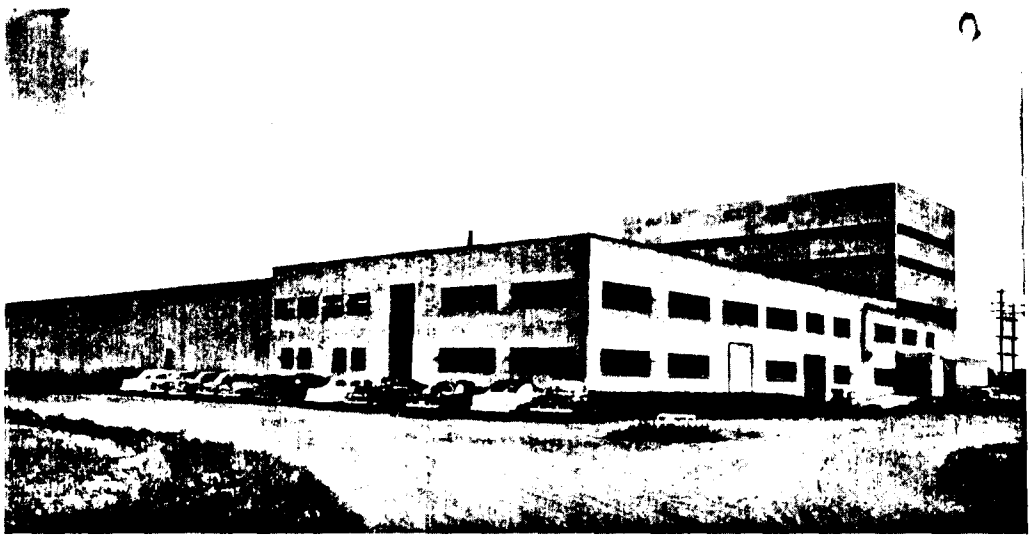
Finishing and inspecting aluminum engine blocks at Doehler-Jarvis Division's Toledo plant, where the first commercial production of die cast blocks for the automotive industry was begun in 1960.



Checking a die used in casting aluminum engine blocks. The six guide pins, at left center, position the gray iron cylinder liners, which are cast into the block and fixed permanently in place by the bi-metallic bond technique developed by Doehler-Jarvis.



Magnus Metal Division's new plant at Fremont, Nebraska, for the manufacture of journal bearings and motor support bearings.

Plant Investment

At the end of 1960, the Company's gross investment in plant, property and equipment was $304,310,074, showing an increase of $12,187,763 over the preceding year. Capital expenditures during 1960 amounted to $13,704,315 as compared with $8,044,875 for 1959. During the year facilities no longer required for Company operations were removed from the property account. The amount of these retirements was $1,516,552.

Certain capital improvements which were initiated during 1959 have been completed. The titanium dioxide plant at St. Louis is now equipped to manufacture the complete line of "Titanox" pigments. One of the die casting plants at Toledo, Ohio, was substantially expanded in order to provide facilities for die casting the aluminum engine blocks. At Niagara Falls the production capacity of titanate and zirconate compounds used by the electronics and other industries has been doubled.

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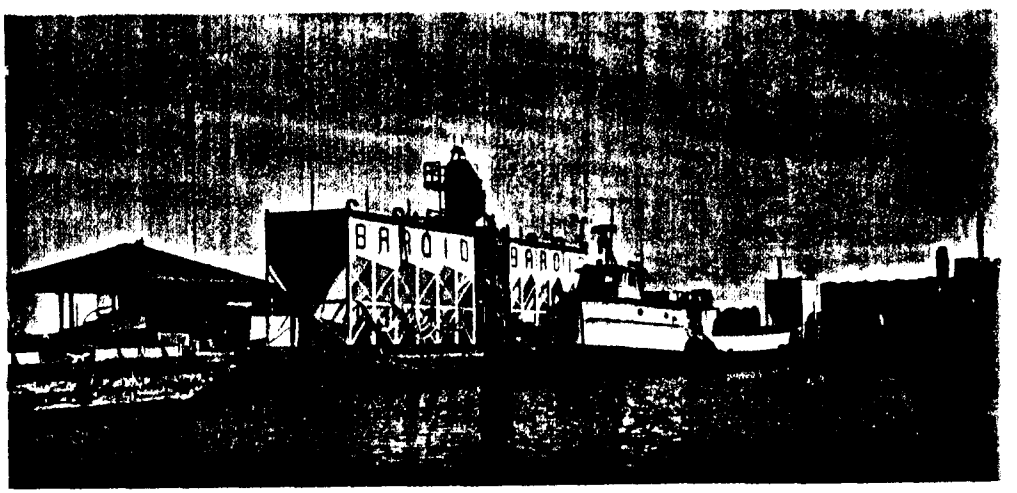
Additional capital projects were authorized during 1960, some of which are still under way. These include a new plant in Middlesex County, New Jersey, designed to produce materials encapsulated in polyethylene. Bulk handling equipment was installed by the Baroid Division to provide better service to users of oil well drilling muds. Special transportation equipment was acquired for the bulk delivery of lead oxides to the manufacturers of storage batteries and other consumers, thereby increasing efficiency in handling this material. At the titanium pigment plant at Sayreville, New Jersey, facilities have been installed which will result in reduced cost by utilizing molten sulphur instead of the solid material. Under a plan of consolidation and relocation, Magnus Metal Division is completing a new facility at Fremont, Nebraska. This plant, one of eleven operated by this division, has been designed and engineered to take advantage of the latest developments in material handling and production techniques.

During the year, the Company improved secondary lead refining facilities at several locations. Also, to assure a continuing

Baroid Division's stockpoint at Grand Isle, Louisiana, services offshore and inshore drilling operations with oil well drilling muds and materials. "Baroid Express," 85 foot delivery vessel, is tied alongside a barge mounted drilling mud bulk plant.



reliable source of supply for our manufacturing operations, the Company agreed to purchase, beginning January 1961, substantially all The Bunker Hill Company's production of primary lead, zinc and cadmium. These metals will also be sold by the Company through its present sales offices.

During 1960, the charge for depreciation, depletion and amortization was $11,284,775, approximately the same as in 1959.

Domestic Subsidiaries and Affiliates

The accounts of certain domestic subsidiaries and affiliates are not included in the Company's consolidated financial statements since they are not wholly owned. These subsidiaries and affiliates again experienced a satisfactory year.

Titanium Metals Corporation of America, jointly owned by the Company and Allegheny Ludlum Steel Corporation, made substantial progress in 1960. In comparison with the prior year, sales increased from $23,227,000 to $28,523,000 and net profit went up from $56,000 to $1,023,000.

In December 1960, TMCA paid a dividend of $600,000 with half of this amount coming to National Lead Company. This was the first cash dividend declared by TMCA and it reflects the satisfactory 1960 operating results as well as an improved outlook for their products.

There are strong indications that many of the conditions which favorably affected TMCA operations in 1960 will continue in 1961 and the foreseeable future. These include increased demand for mill products, the development of a technique for fastening titanium metal to steel, and an availability of new alloys for both military and civilian use. Specialized equipment for the production of titanium tubing has been authorized for the Toronto, Ohio, plant. This installation will place the Company in a position to take full advantage of the growing demand for titanium tubing on the part of the chemical industry.

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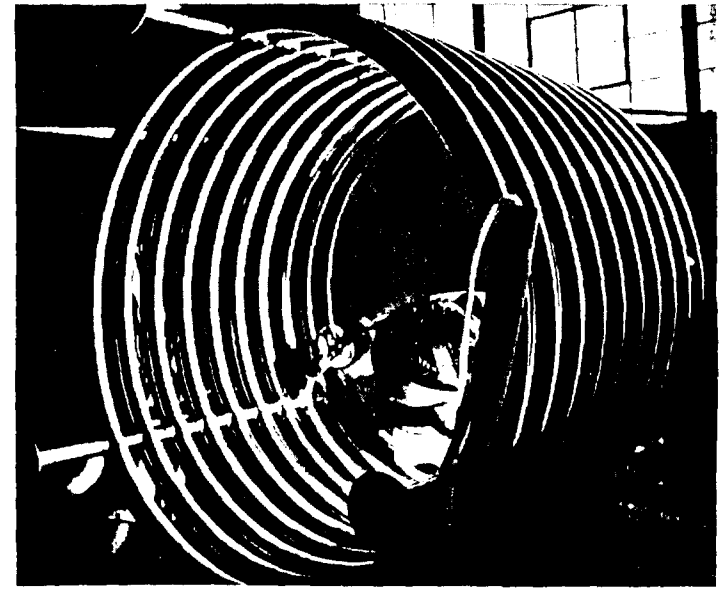
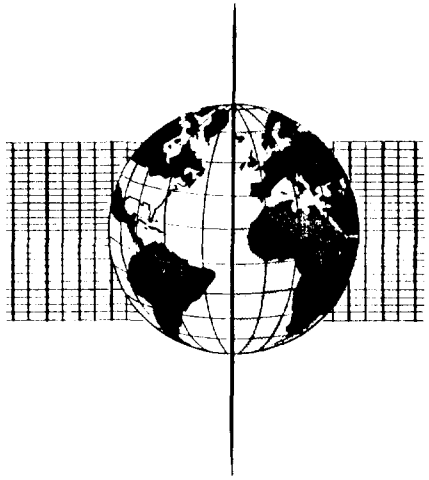


Fabricating a titanium tubing heat exchanger. Titanium's resistance to attack in highly corrosive environments has led to a marked increase in sales to the chemical industry.

Immediate domestic interest in the R-N process for the recovery of iron by the direct reduction of ore was adversely affected by diminished demand for iron and steel, and a sharp drop in the price of scrap. However, considerable interest in the process is still being manifested in foreign countries where different conditions exist. R-N Corporation, jointly owned by National Lead Company and Republic Steel Corporation, continues to contract for pilot plant tests of ores supplied by various domestic and foreign steel producers, on a fee basis.

Two other subsidiaries, Baker Castor Oil Company and Minnesota Linseed Oil Company, operated profitably during 1960. There was, however, a reduction in earnings because of some lessening in business activity on the part of the various consuming industries. Earnings of Morris P. Kirk and Son, Inc., and of its subsidiary, Pioneer Aluminum, Inc., continued at a satisfactory rate. In

August, Pioneer moved into their new office and warehouse building at Vernon, California. This centrally located facility has been designed and equipped to provide improved service to the aircraft industry, its major customer for aluminum and stainless steel products.



International Activities

National Lead Company's international activities continued to expand. Canada, Europe and Latin America are the areas in which these operations are primarily centered.

Earnings of the Company's Canadian operations were again satisfactory, although somewhat reduced from 1959 as a result of the current decline in the Canadian economy. In general, these operations, although not as large, are similar to the Company's domestic activities. The titanium pigment plant at Varennes, Quebec, is being expanded to meet the growing demands of the Canadian market.

The Company's European operations continued to show improved sales and earnings. In West Germany, the Company is engaged in the manufacture of titanium pigments, the smelting of secondary metals and the production of copper refinery shapes. Oil well drilling materials are produced in Italy for distribution in

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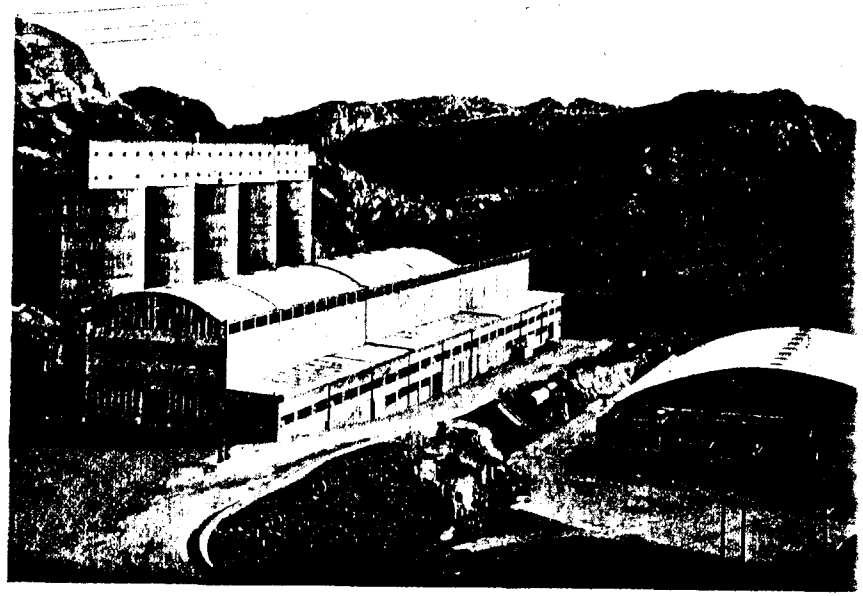
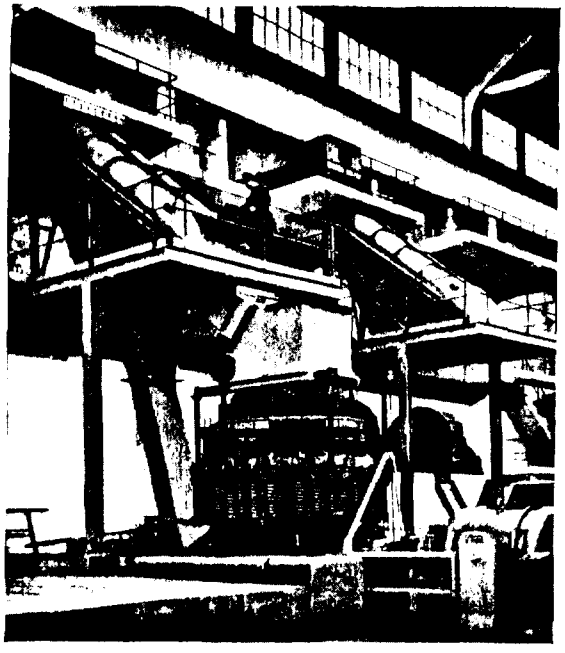


The Company's new Tellnes mine and mill near Hauge i Dalane, Norway. Shown above are the ilmenite (titanium ore) storage bins, and milling and flotation buildings.



Interior of milling building, showing one of the cone crushers used to prepare ore for milling.

North Africa and Middle East areas. Antifriction metals, gellants, and stabilizers for vinyl plastics are manufactured in England. Titanium pigments are also produced in Belgium. In Norway the Company makes paints and pigments, and operates ilmenite mining and milling facilities. A new mine and mill located there went into operation in 1960.

An increase in production capacity for titanium dioxide in both West Germany and Belgium has been authorized in expectation of a greater per capita consumption of titanium dioxide and continued European industrial expansion.

Arrangements recently have been completed for the acquisition of a majority interest in Metal Castings, Ltd., a producer of aluminum and zinc die castings, located at Worcester, England. This step will permit the Company to utilize its technical knowledge of die casting large and complex shapes to advantage in the growing British market. The facility will also provide better service for Doehler-Jarvis customers who operate plants in Great Britain.

In Latin America, the Company is engaged in a number of diverse activities. In Brazil die castings are produced and the mining of barytes is carried on. Oil well drilling materials are processed in Trinidad and Venezuela. Activities in Argentina include lead and zinc mining, the smelting of primary and secondary lead, and the production of lead oxides and fabricated lead products. Except for the slow-up of oil well drilling activity, which affected sales of drilling materials, our business in Latin America in 1960 was generally good.

The United States Government-owned nickel plant at Nicaro, Cuba, was nationalized by the Cuban government in October, 1960. Accordingly, effective December 31, 1960, the operating contract of Nickel Processing Corporation, a Company owned subsidiary, was terminated by the Government. The Company had no financial investment in this plant.

Activities in other parts of the world include the manufacture of paint in the Philippines and the mining of zircon and rutile in Australia. These units continued to be profitable in 1960.

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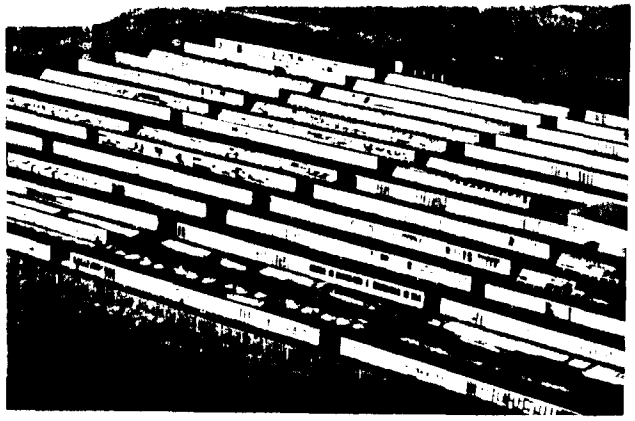
The total sales of the major foreign and domestic unconsolidated subsidiaries approximated $138,000,000 for the latest available twelve-month period. National Lead Company's equity in the total combined net income of these companies was approximately $10,200,000 and dividends received amounted to $7,348,953. The Company's equity in the net tangible assets of these subsidiaries exceeded the Company's net investment in and advances to them by approximately $32,700,000 at the end of 1960.

Because of the increased importance of foreign operations, the favorable long-term economic climate abroad and the substantial elimination of exchange restrictions, active consideration is being given to the inclusion of the financial results of all wholly owned significant foreign subsidiaries in the Company's consolidated statements. At the present time only such Canadian subsidiaries are so consolidated. The earnings of these unconsolidated foreign subsidiaries are now reflected in consolidated net income only when received as dividends.

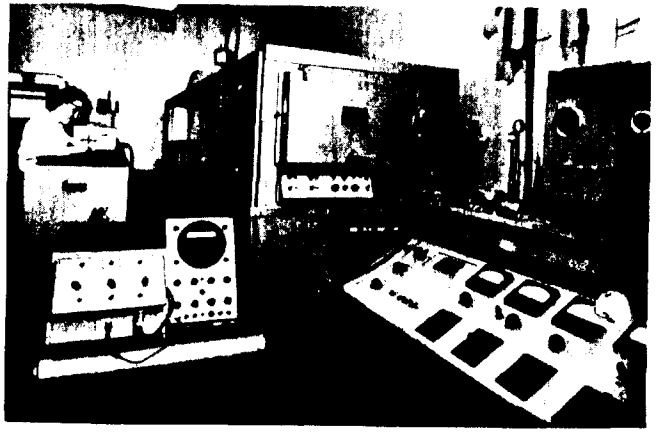
New Products and Processes

Aluminum engines are being used in increasing quantities by the automotive industry. In 1960, after an extensive development program, the first commercial die cast aluminum blocks were produced and sold in quantity by the Company's Doehler-Jarvis Division. The die casting method, because of its inherent accuracy, eliminates many machining operations. Faster machine speeds can be used due to the excellent cutting properties of the aluminum. The machined die cast aluminum block weighs less than one half of a comparable cast iron unit. It is believed that the cost savings involved, and the quality and performance of castings produced, will lead to increased demand for die cast aluminum engine blocks by automotive manufacturers.

Doehler-Jarvis has also developed a promising method for producing a heat and wear resistant surface on selected areas of die castings. The first commercial production of aluminum die castings with this new transplant coat occurred during 1960.



More than 2½ miles of test panels at the Company's Experimental Paint Station at Sayville, Long Island, New York, provide a continual flow of data for the development of new and improved pigments and paints.



Spectrographic analytical equipment in the research laboratories of Titanium Division at Sayreville, New Jersey, facilitates research on titanium pigments.

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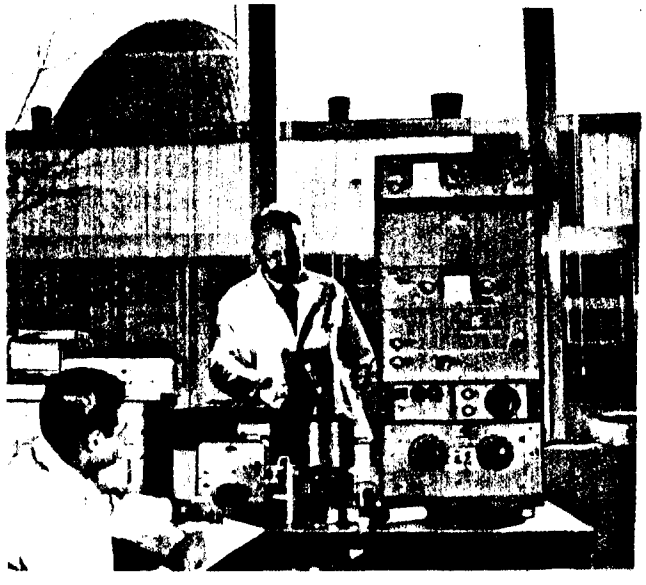


Radiation studies are conducted in the Company's laboratory at Industrial Reactor Laboratories, Inc., at Plainsboro, New Jersey. Dome of research reactor is visible in background.

The Baroid Division introduced a number of new products. Among them were two thickening agents for oil-base drilling muds, a corrosion inhibitor to protect oil well drilling pipe, an improved sand bonding material for the foundry industry, and a new gas detector for marine use.

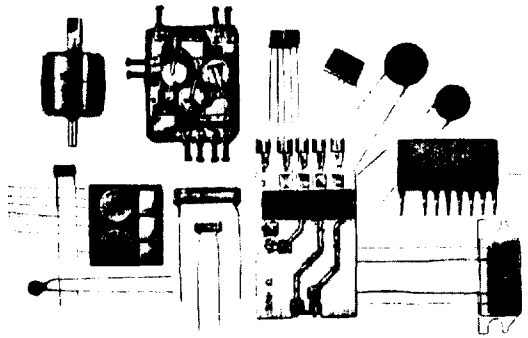
The Titanium Division made substantial quality improvements in its present product line, and successfully introduced two new pigments. For the paper industry, a coating grade titanium dioxide pigment has been developed which gives unusual smoothness, brightness and gloss to fine coated papers and paperboard. For the plastics industry, a special pigment has been offered which gives outstandingly clean, bright whites and sharp tints, especially in floor coverings. There appears to be a strong and growing demand for both products.

The optical instrument industry is using lenses cut from strontium titanate single crystals produced by the Titanium Division.

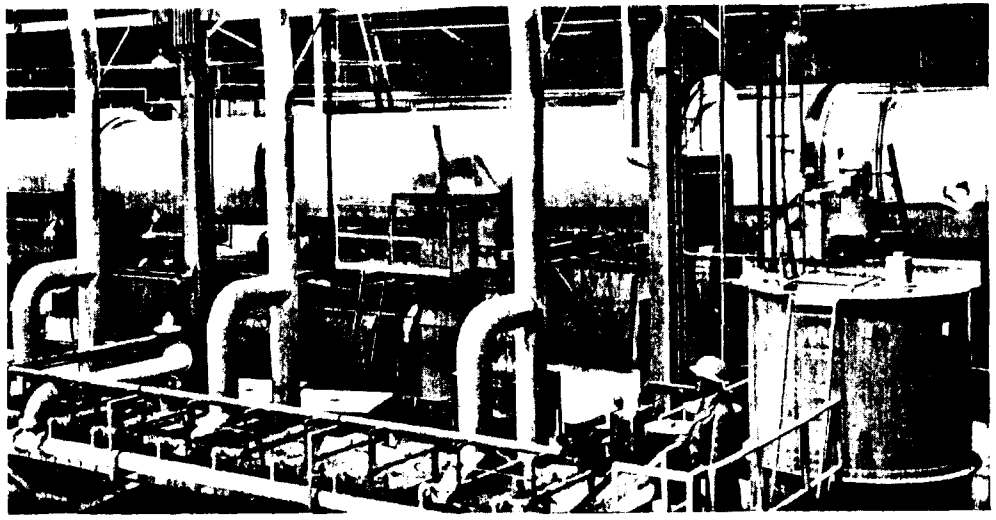
A number of new zirconium products were put on the market by the Company's Titanium Alloy Manufacturing Division. These included a chemical water repellent used by the textile industry, and a special master alloy for introducing zirconium into magnesium metals used in missile frames and other applications where high temperature resistance is important. Also introduced was a lead zirconate titanate to be used by the electronics industry in transducers and other products, and a special barium titanate for the manufacture of electro luminescent panels to provide effective light with very low wattage.

There was further progress by Company scientists in developing techniques for encapsulating various materials with polyethylene.

In addition to the developments previously mentioned, there has been a substantial amount of successful technical work devoted to improvements in existing processes and procedures. These improvements have often resulted in significant cost reductions.



TAM Division furnishes titanates and zirconates to manufacturers of capacitors. These are used by the millions (see picture at left) by the electronics industry. TAM recently doubled its titanate and zirconate production capacity at Niagara Falls. (Below) Newly installed equipment for calcining and drying electronic titanates and zirconates.



Your management has always devoted special attention to research because of its demonstrated importance to Company growth. Engineering of a new research center, to be located at Hightstown, New Jersey, has been completed, and construction is expected to begin in 1961.

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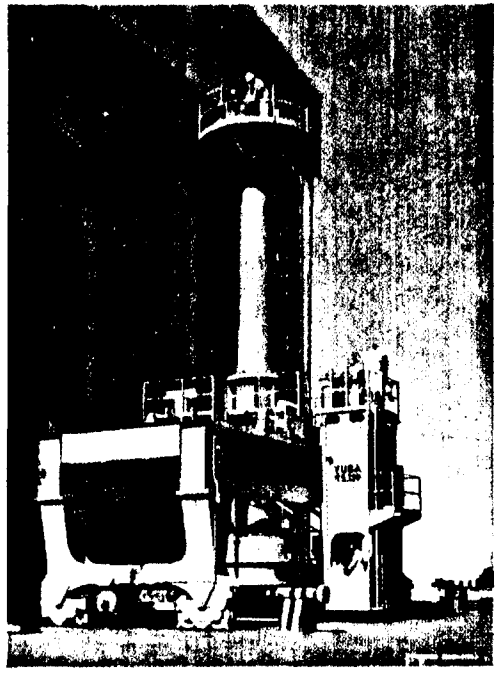
Nuclear Energy

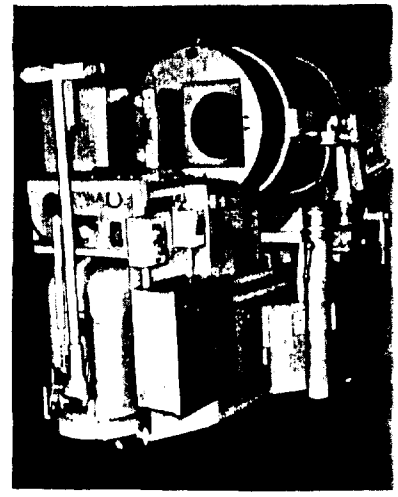
The Company continues its interest in nuclear energy and related activities, and believes that experience in these fields will prove valuable in attaining future growth.

At the Nuclear Metal Division's Albany, New York, plant highly satisfactory techniques have been developed for working with enriched, natural and depleted uranium. At other locations, lead shielding has been provided for an increasing number of large nuclear energy installations.



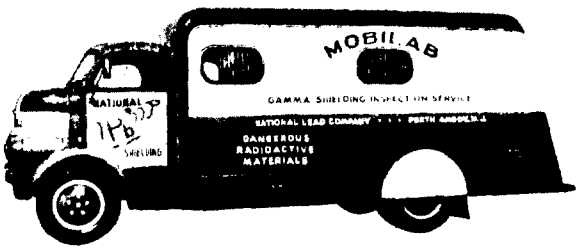
Fifty-four foot nuclear fuel charging machine for the Hallam Nuclear Power Facility at Hallam, Nebraska. The radiation shielding of the fuel handling cask consists of 236,000 pounds of National Lead Company lead shot. The Company's Nuclear Metals Division is furnishing enriched uranium fuel pins for the core of the reactor.

Heavily lead-shielded, electrically operated transfer coffin for handling radioactive materials in nuclear reactor plants and radiation laboratories. Designed and built by National Lead Company.



The Company operates Government-owned facilities at Fernald, Ohio, for producing atomic reactor feed material and at Winchester, Massachusetts, for research on control of radiological contaminations. The Company's contract to operate the Fernald plant has been extended through June 30th, 1965.

Nuclear research conducted by Company scientists at the Industrial Reactor Laboratories, Inc. installation at Plainsboro, New Jersey, gives great promise for future product and process developments.



The Company's "Mobilab" carries complete equipment and instrumentation for radiation probing of lead or depleted uranium shielding in our own testing areas and at customers' installations.

Shareholders

At the 1960 Annual Meeting, shareholders, representing 80.7 per cent of the outstanding stock, were present either in person or by proxy. Management appreciates this interest in Company affairs, and invites all shareholders to attend the next Annual Meeting which will be held on April 20th, 1961.

National Lead Company shareholders are found in every state of the Union and in many foreign countries. Approximately three out of every five owners of the common stock hold fewer than 100 shares. During the decade ending with 1960, the number of investors in the Company has risen from 19,129 to 40,949.

Employee Relations

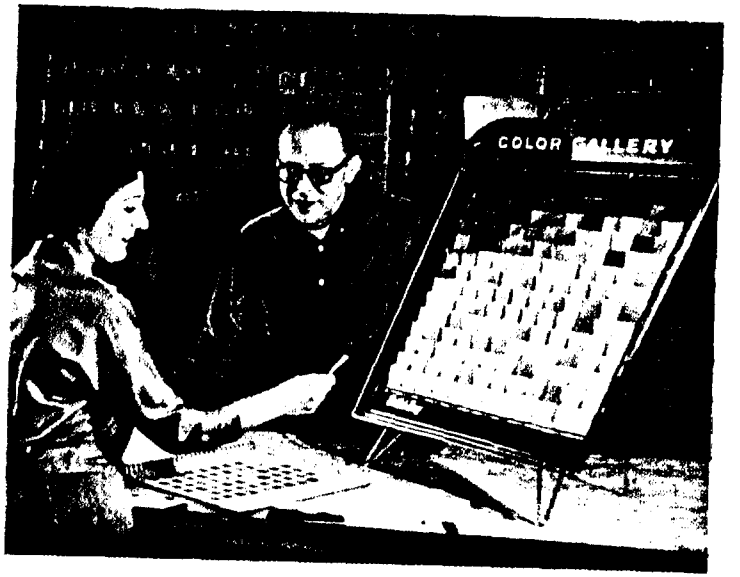
Labor relations during 1960 were generally satisfactory, with no important work-stoppages. A number of new agreements with

labor organizations were negotiated, with settlements following the current pattern of industry.

The Company has operated a suggestion system for the last ten years. During 1960, new records were made in the number of participating employees, the amount of awards paid, and the total savings derived from the useful suggestions. An employee of the Titanium Division at Tahawus, New York, received the maximum award of $2,500 for a suggestion which has markedly improved the speed of drilling operations at the ilmenite mine at that location.

The Company's employees numbered 20,017 at the end of the year.

The "Dutch Boy" color gallery provides paint purchasers a choice of over two thousand colors, available in all types of finishes for both interior and exterior use.



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Changes in Organization

John B. Henrich, Secretary of the Company, who was elected to the Board of Directors early in 1960, was appointed a member of the Executive Committee in April 1960.

Outlook

The reduced level of general business activity, which characterized the latter part of 1960, has continued during the first two months of this year. There are some indications that the decline has leveled off, but few if any signs of significant pickup. Consequently, as this report is being written, the immediate outlook is not too well defined.

From a long-term viewpoint, however, management remains highly optimistic and believes that a number of factors, including a widely diversified product line, a financial position of unusual flexibility and continued product development, will assure vigorous growth and progress for National Lead Company.

Obviously, success in taking full advantage of the Company's favorable position depends to a great degree upon the loyalty and cooperation of shareholders, employees and customers. We are very grateful for the continued support of these groups.

By Order of the Board of Directors

President

March 21, 1961.

The sixty-ninth Annual Meeting of the shareholders of National Lead Company will be held at the principal offices of the Company in Sayreville, New Jersey, at the foot of Chevalier Avenue on Thursday, April 20, 1961, at 11:00 o'clock A.M. All shareholders are cordially invited to attend.

0000-NLI-00001866

NATIONAL LEAD COMPANY

FINANCIAL STATEMENTS FOR 1960

LYBRAND, ROSS BROS. & MONTGOMERY
Certified Public Accountants
2 Broadway, New York City

To the Stockholders of
NATIONAL LEAD COMPANY,
New York, N. Y.

We have examined the consolidated balance sheet of NATIONAL LEAD COMPANY and its Consolidated Subsidiaries as of December 31, 1960 and the related statements of income and surplus for the year then ended. We have examined the 1960 financial statements of the consolidated domestic subsidiaries and have examined or have received reports of other public accountants upon their examinations of the consolidated Canadian subsidiaries and the major unconsolidated domestic and foreign subsidiaries, other than Continental European, for their respective 1960 fiscal years. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Similar examinations were made for the 1959 fiscal years.

In our opinion, based upon the above-outlined examinations and the above-mentioned reports of other public accountants, the accompanying consolidated balance sheets and related consolidated statements of income and surplus present fairly the consolidated financial position of National Lead Company and its consolidated subsidiaries at December 31, 1960 and 1959 and the consolidated results of their operations for the respective years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

LYBRAND, ROSS BROS. & MONTGOMERY

New York, February 24, 1961.

NATIONAL LEAD COMPANY
and its Consolidated Subsidiaries

Balance Sheets *nber 31, 1960 and 1959*

ASSETS	1960	1959
Current assets:		
Cash	**$ 39,485,440**	$ 37,598,705
Government, state and municipal obligations, at cost (at market quotations: 1960, $14,881,782; 1959, $5,054,147)	**15,182,555**	5,519,790
Other marketable securities, at cost, less reserve of $91,265 (at market quotations: 1960, $2,752,304; 1959, $2,488,310)	**1,412,177**	870,916
Accounts and notes receivable, less reserves of: 1960, $1,631,681; 1959, $1,601,305	**52,096,384**	55,174,877
Notes receivable from employees	**547,416**	440,858
Inventories (Note 2)	**101,582,650**	105,745,348
Total current assets	**210,306,622**	205,350,494
Notes receivable under Stock Option Incentive Plan (Note 3)	**597,811**	607,833
Investments in, at cost or below, and advances to unconsolidated subsidiaries, less reserve of $3,406,163 (Note 4)	**19,704,578**	19,685,502
Miscellaneous investments and advances, at cost or below, less reserve of $663,440 (Note 5)	**2,055,910**	3,459,306
Plant, property and equipment (including intangibles of $20,692,311 not being amortized) at cost, less reserves for depreciation, depletion and amortization of: 1960, $155,186,919; 1959, $145,220,190	**149,123,155**	146,902,121
Prepaid expenses, deferred charges, etc.	**4,965,275**	4,506,095
	$386,753,351	$380,511,351

LIABILITIES	1960	1959
Current liabilities:		
Accounts payable and accrued liabilities	**$ 26,422,787**	$ 27,699,420
Payable to unconsolidated subsidiaries	**90,009**	877,052
Provisions for taxes	**35,984,256**	37,977,325
Dividends on Class B preferred stock	**135,277**	135,277
Total current liabilities	**$ 62,632,329**	$ 66,689,074
Inventory reserve (Note 2)	**$ 11,337,844**	$ 11,407,389
CAPITAL		
Capital stock:		
Preferred Class A, 7 per cent cumulative, non-callable, par value $100; shares authorized 250,000, issued 243,676	**$ 24,367,600**	$ 24,367,600
Preferred Class B, 6 per cent cumulative, non-callable, par value $100; shares authorized 250,000, issued 103,277	**10,327,700**	10,327,700
Common, par value $5; shares authorized 20,000,000, issued: 1960, 11,701,772; 1959, 11,696,872 (Note 3)	**58,508,860**	58,484,360
	93,204,160	93,179,660
Capital surplus	**36,012,878**	35,632,417
Earned surplus:		
Appropriated:		
Fire insurance reserve	**4,797,284**	4,797,284
Employer's liability reserve	**426,664**	426,664
Contingencies reserve	**4,080,358**	4,080,358
Unappropriated	**176,894,437**	166,931,108
	315,415,781	305,047,491
Less, Reacquired capital stock, at cost (Note 6)	**2,632,603**	2,632,603
	$312,783,178	$302,414,888
	$386,753,351	$380,511,351

The accompanying notes are an integral part of the financial statements.

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Statements of Income and Earned Surplus Unappropriated

For the Years Ended December 31, 1960 and 1959

	1960	1959
Sales, less returns and allowances	$522,689,118	$530,550,817
Cost of sales (Note 2)	$339,791,367	$338,710,564
Depreciation, depletion and amortization	11,284,775	11,281,120
Administrative, selling and general expenses	78,116,460	77,675,259
Taxes, including state income taxes	10,853,379	10,731,634
	$440,045,981	$438,398,577
	$ 82,643,137	$ 92,152,240
Other income (Note 7)	9,833,311	9,021,993
Income before provisions for United States and Canadian income taxes	92,476,448	101,174,233
Provisions for United States and Canadian income taxes	42,320,094	48,712,722
Net income for the year	$ 50,156,354	$ 52,461,511
Earnings per share of common stock	$4.10	$4.30
Earned surplus unappropriated, January 1	$166,931,108	$154,597,934
Net income for the year	50,156,354	52,461,511
	$217,087,462	$207,059,445
Dividends:		
On Class A preferred stock, $7 per share	$ 1,640,051	$ 1,640,051
On Class B preferred stock, $6 per share	541,110	541,110
	2,181,161	2,181,161
On common stock, $3.25 per share	38,011,864	37,947,176
	$ 40,193,025	$ 40,128,337
Earned surplus unappropriated, December 31	$176,894,437	$166,931,108

The accompanying notes are an integral part of the financial statements.

Statements of Capital Surplus

For the Years Ended December 31, 1960 and 1959

	1960	1959
Capital surplus, January 1	$35,632,417	$31,405,238
Excess of amount based on market value over par value of common stock issued for property of another company	—	3,495,935
Excess of proceeds over par value of common stock sold under Stock Option Incentive Plan (Note 3)	380,461	731,244
Capital surplus, December 31	$36,012,878	$35,632,417

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

1. The consolidated financial statements include the accounts of the Company and all of its wholly owned domestic and Canadian subsidiaries.

2. Inventories are priced at the lower of cost (on various "average," "first-in, first-out" or "last-in, first-out" bases) or market.

The inventory reserve has been maintained on the basis of the following quantities and prices of normal stocks:

	Normal Quantities (Short Tons)	*Fixed Inventory Price Per Pound*
Lead	49,687½	$.03
Tin	1,124½	.21
Antimony	1,400	.05

3. The Stock Option Incentive Plan adopted in 1958 provides that options may be granted to certain officers and other key employees to purchase an aggregate of 250,000 shares of the common stock of the Company at 95 per cent of the fair market value of the stock on the dates of granting such options. The options are exercisable over a period of seven years from date of grant.

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Changes during 1960 under the Plan are summarized as follows:

	Range of Option Prices Per Share	*Shares*
Under option, January 1, 1960	$85.975 to $116.375	151,115
Options granted	75.644 to 92.150	3,600
		154,715
Less:		
Options exercised	85.975	4,900
Options terminated	85.975	90
Under option, December 31, 1960	75.644 to 116.375	149,725

Shares reserved for future options at the beginning and end of the year were 85,575 and 82,065, respectively. Options may be granted up to April 17, 1963.

At December 31, 1960, the unpaid balances of the purchase prices of 9,235 shares are evidenced by promissory notes bearing interest at 3 per cent and payable within 10 years from the dates thereof. These shares are pledged with the Company as collateral.

4. Unconsolidated subsidiaries comprise domestic subsidiaries more than 50, but less than 100 per cent owned, and foreign subsidiaries, other than wholly owned Canadian subsidiaries.

Based upon financial statements of the major unconsolidated subsidiaries (other than those in Continental Europe) as of the close of their respective fiscal years, the equity of the Company in the net tangible assets of those subsidiaries and amounts relating to such equity approximated the following:

	1960	*1959*
Equity in net tangible assets	$25,923,000	$25,740,000
Excess of equity over the Company's net investments and advances	12,859,000	12,514,000
Increase in excess equity during year	345,000	980,000

The equity in net tangible assets, shown in the preceding paragraph, includes $7,923,000 for 1960 and $7,445,000 for 1959, represented by foreign net tangible assets, translated into U. S. dollars at appropriate rates of exchange.

The Company's net investments in and advances to Continental European subsidiaries were $6,369,853 and $6,227,204 at December 31, 1960 and 1959, respectively. Unaudited financial statements as of September 30, 1960 and 1959 received from the Continental European subsidiaries indicate that the Company's equity in the net assets thereof approximated the following foreign currency amounts:

	1960	*1959*
Norwegian kroner	36,157,000	34,549,000
Belgian francs	121,826,000	122,488,000
Dutch florins	4,363,000	4,130,000
French francs	948,000	843,000
German deutsch marks	72,359,000	65,637,000

See Note 7 with respect to dividends received.

5. The equity of the Company in the net assets of Titanium Metals Corporation of America, 50 per cent owned, as shown by audited financial statements, exceeded the cost of the Company's investment, included in miscellaneous investments, by approximately $11,167,000 at December 31, 1960 and $10,956,000 at December 31, 1959.

6. Reacquired capital stock, carried at first-in, first-out costs comprises:

	No. of Shares	*Costs*
Preferred Class A	9,383	$1,147,727
Preferred Class B	13,092	1,435,354
Common	4,960	49,522
		$2,632,603

7. Other income comprises:

	1960	*1959*
Dividends received:		
Unconsolidated subsidiaries:		
Continental European	$5,849,008	$5,619,244
Other subsidiaries	1,499,945	1,101,331
Other investments	443,395	156,316
	7,792,348	6,876,891
Interest and miscellaneous, net	2,040,963	2,145,102
	$9,833,311	$9,021,993

General:

Numerous differences exist between taxable income and book income, including certain fluctuations in the inventory reserve, percentage depletion and depreciation charges. No provision has been made for such taxes as may be paid if and when accumulated earnings of subsidiaries are distributed to the parent company, since such taxes may never accrue.

Under agreements with the Atomic Energy Commission, certain consolidated subsidiaries operate plants owned by the Government under fixed fee contracts. The accompanying financial statements do not include the assets, liabilities or results of operations of such plants.

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NATIONAL LEAD COMPANY
and its Consolidated Subsidiaries

Ten Year Review of Operations

	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951
Net Sales	**$522,689,118**	$530,550,817	$457,592,886	$535,343,270	$576,292,383	$533,728,730	$419,333,961	$436,050,592	$358,048,435	$389,941,313
Net Income before Taxes	**92,476,448**	101,174,233	84,395,289	101,537,900	107,521,101	89,436,792	67,153,316	62,836,357	48,386,163	59,607,540
Taxes on Income	**42,320,094**	48,712,722	39,673,891	45,306,394	44,369,014	41,546,851	30,534,665	31,987,429	25,326,109	36,613,823
Net Income	**50,156,354**	52,461,511	44,721,398	56,231,506	63,152,087	47,889,941	36,618,651	30,848,928	23,060,054	22,993,717
Preferred Dividends	**2,181,161**	2,181,161	2,181,161	2,181,161	2,181,161	2,181,161	2,181,161	2,181,161	2,181,161	2,157,806
Common Dividends	**38,011,864**	37,947,176	37,865,038	37,857,956	37,074,569*	32,417,308	23,735,838	19,779,867	14,729,644	14,381,756
Total Cash Dividends	**40,193,025**	40,128,337	40,046,199	40,039,117	39,255,730	34,598,469	25,916,999	21,961,028	16,910,805	16,539,562
Retained Earnings	**9,963,329**	12,333,174	4,675,199	16,192,389	23,896,357	13,291,472	10,701,652	8,887,900	6,149,249	6,454,155
Earnings Per Common Share	**4.10**	4.30	3.65	4.64	5.34	4.02	3.05	2.58	2.06	2.05
Cash Dividends Per Common Share	**3.25**	3.25	3.25	3.25	3.25*	2.85	2.10	1.75	1.45	1.41⅔
Total Current Assets	**210,306,622**	205,350,494	184,392,427	183,995,439	198,413,275	196,758,738	178,569,448	164,812,640	122,870,494	133,634,210
Total Current Liabilities	**62,632,329**	66,689,074	64,240,475	70,175,917	80,925,260	83,598,897	73,980,730	72,983,811	53,767,414	66,051,113
Working Capital	**147,674,293**	138,661,420	120,151,952	113,819,522	117,488,015	113,159,841	104,588,718	91,828,829	69,103,080	67,583,097
Gross Property Account	**304,310,074**	292,122,311	287,800,726	260,592,510	238,609,305	228,267,837	210,718,867	203,511,823	161,540,936	154,012,668
Reserves for Depreciation, Depletion and Amortization	**155,186,919**	145,220,190	135,107,065	121,775,325	111,224,536	105,437,451	97,553,116	91,281,692	75,944,349	71,215,202
Net Property Account	**149,123,155**	146,902,121	152,693,661	138,817,185	127,384,769	122,830,386	113,165,751	112,230,131	85,596,617	82,797,466
Total Assets	**386,753,351**	380,511,351	361,213,437	358,369,280	353,176,014	336,411,632	310,468,896	294,647,263	223,910,550	230,315,668

*Plus 2% Stock Dividend.

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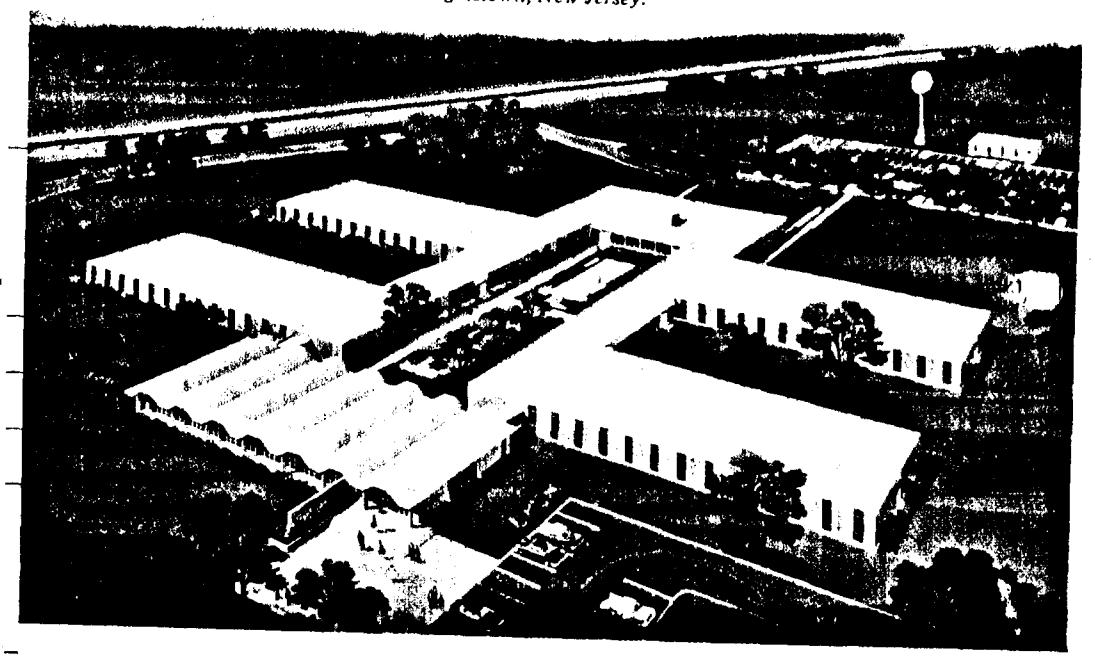
Architect's drawing
of the Company's new Research Center
to be constructed at Hightstown, New Jersey.



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BRANCHES

ATLANTA BRANCH

ATLANTIC BRANCH
New York

BALTIMORE BRANCH

CHICAGO BRANCH

CINCINNATI BRANCH

CLEVELAND BRANCH

NATIONAL LEAD COMPANY OF MASSACHUSETTS
Boston

PACIFIC COAST BRANCH
San Francisco

PHILADELPHIA BRANCH

ST. LOUIS BRANCH

SOUTHWESTERN BRANCH
Dallas

Paints, Paint Materials and Chemicals: Antimony oxide, basic carbonate white lead, basic silicate white lead, basic lead silico chromate, red lead and litharge, battery oxides, paints, varnishes, enamels, linseed oil, gellants, stabilizers for vinyl plastics.

Primary Metals: Antimony, cadmium, lead, tin and zinc.

Metal Products and Alloys: Lead pipe, sheet, traps, bends, wool, wire, ingot, shot; radiation shielding; battery grid, babbitt and type metals, solder, lead and zinc alloys; lead-lined valves and fittings; cinch anchors; pewter.

On Pacific Coast primary metals, metal products and alloys are sold by Morris P. Kirk & Son, Inc.

DIVISIONS

AMERICAN BEARING DIVISION
Indianapolis
Precision bearings
(Sold through American Bearing Corporation)

BAROID DIVISION
Houston, Texas
Oil well drilling materials, well logging services and testing equipment, gellants for greases

DeLORE DIVISION
St. Louis
Barium and calcium pigments

DOEHLER-JARVIS DIVISION
Toledo
Aluminum, brass, magnesium and zinc die castings

EVANS LEAD DIVISION
Charleston, West Virginia
Lead oxides

GOLDSMITH BROS. DIVISION
Chicago
Precious metals

MAGNUS METAL DIVISION
New York
Brass and bronze bearings and castings, stainless steel screening plates and special valves
(Sold through Magnus Metal Corporation)

NUCLEAR METALS DIVISION
New York
Uranium ore concentrates and nuclear feed materials, fuel elements, fabricated uranium products, nuclear research and development services

ST. LOUIS SMELTING & REFINING DIVISION
Fredericktown, Missouri
Metallic cobalt, copper and nickel

STEEL PACKAGE DIVISION
St. Louis
Small steel containers

TEXAS MINING AND SMELTING DIVISION
Laredo, Texas
Antimony and antimony oxide

DIVISIONS *(cont'd)*

TITANIUM ALLOY MANUFACTURING DIVISION
New York

Zirconium oxide, silicates and chemicals; electronic titanates, zirconates and stannates; ferrous and non-ferrous alloys

TITANIUM DIVISION
New York

Titanium pigments and chemicals, ilmenite and magnetite iron ore
(Sold through Titanium Pigment Corporation)

WHOLLY OWNED DOMESTIC SUBSIDIARIES

MASTER METALS, INC.
Cleveland

Lead and lead alloys

NATIONAL LEAD COMPANY, INC.
New York

Contract-operator, Atomic Energy Commission

NATIONAL LEAD COMPANY OF OHIO
New York

Contract-operator, Atomic Energy Commission

SOUTHERN SCREW COMPANY
Statesville, North Carolina

Wood and metal screws

THE CHAS. TAYLOR'S SONS COMPANY
Cincinnati

High temperature refractories

PARTIALLY OWNED DOMESTIC SUBSIDIARIES

BAKER CASTOR OIL COMPANY
Bayonne, New Jersey

Castor oil, chemicals derived from castor oil and other oils and fats, chemical specialties

MINNESOTA LINSEED OIL COMPANY
Minneapolis

Linseed and soybean oils and meals

MORRIS P. KIRK & SON, INC.
Los Angeles

Aluminum, lead and zinc alloys; fabricated lead products; lead oxides

Pioneer Aluminum, Inc. Los Angeles
Aluminum aircraft extrusions, zinc alloys, aluminum tooling plate

R-N CORPORATION
New York

Direct reduction and beneficiation of iron ores

TITANIUM METALS CORPORATION OF AMERICA
New York

Titanium metal sponge, ingot and mill products

AFFILIATES OUTSIDE THE UNITED STATES

BARITINA DE VENEZUELA, S.A. Caracas
Oil well drilling materials

BAROID-MAFFEI, S.p.A. Milan
Oil well drilling materials

BAROID OF CANADA, LTD.* Calgary
Oil well drilling materials, well logging services and testing equipment

BARYTES & MINERALS LIMITED Trinidad
Oil well drilling materials

CANADIAN TITANIUM PIGMENTS LIMITED* Montreal
Titanium pigments

HOYT METAL COMPANY OF GREAT BRITAIN, LTD.* London
Antifriction metals
Abbey Chemicals Limited London
Gellants; stabilizers for vinyl plastics

INDUSTRIAS DOEHLER DO BRASIL, S.A. São Paulo, Brazil
Aluminum and zinc die castings

METALMINA, S.A.* Buenos Aires
Lead, antimonial lead and antimony
Industrias Deriplom S.R.L.* Buenos Aires
Lead oxides

NATIONAL LEAD COMPANY (Philippines), INC. Manila
Paints, varnishes and enamels

NATIONAL LEAD COMPANY, S.A. Buenos Aires
Lead and lead products
Cia. Minera Castaño Viejo, S.A. Buenos Aires
Lead and zinc concentrates

SOCIETE BELGE DU TITANE, S.A.* Brussels
Titanium pigments

SOCIETE CHIMIQUE DES DERIVES DU TITANE, S.A. Langerbrugge, Belgium
Titanium pigments

SOCIETE INDUSTRIELLE DU TITANE Paris
Titanium pigments

THE CANADA METAL COMPANY, LTD.* Toronto
Lead oxides; fabricated lead products; lead and zinc alloys; brass and bronze products
Barber Die Casting Co., Limited* Hamilton, Canada
Aluminum, brass, magnesium and zinc die castings
Lakeshore Die Casting, Limited Oakville, Canada
Aluminum and zinc die castings

THE TITANIUM ALLOY MANUFACTURING CO. PTY. LIMITED* Tweed Heads, Australia
Rutile and zircon ores
Mineral Deposits Pty. Limited Sydney, Australia

TITAAN N. V.* Rotterdam
Titanium pigments

TITAN CO. A S* Fredrikstad, Norway
Titanium pigments and paints
Titania A/S* Hauge i Dalane, Norway
Ilmenite

TITANGESELLSCHAFT m.b.H.* Leverkusen, West Germany
Titanium pigments

ZINNWERKE WILHELMSBURG G.m.b.H. Hamburg, West Germany
Copper refinery shapes

* *Wholly owned*

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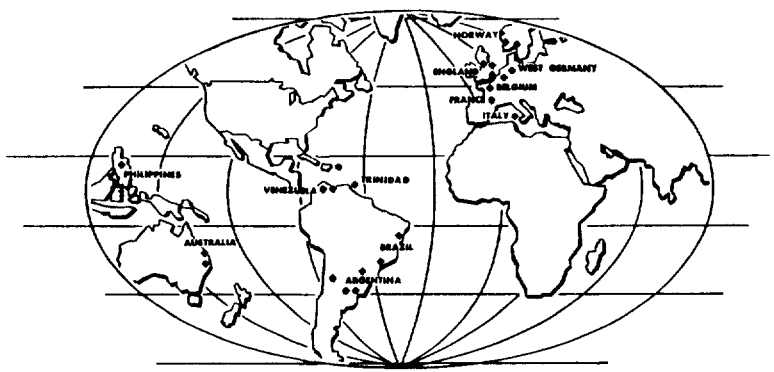
National Lead Overseas

The history of the Company's overseas operations dates back over forty years to the initial venture in 1917 when National Lead Company, S.A. was organized in Argentina. Establishment in Europe came ten years later with the acquisition of Titan Co. A/S of Norway, with affiliates in France and Germany.

Since these early days the Company has pursued a program designed to broaden its operations in South America and Europe and to initiate operations in other areas where economic production was feasible and markets were expanding. The Company's overseas manufacturing and mining operations are now located in twelve countries and their products correspond generally to those produced in the United States and Canada.



The paper on which this Annual Report is printed has been made whiter and more opaque by titanium dioxide pigment, a product manufactured by National Lead Company and marketed under the trademark "Titanox".

Printed in U.S.A.

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Major products of NATIONAL LEAD COMPANY serving industry

Atomic Energy
Cadmium, titanium and zirconium metals
Shielding materials
- Barytes, lead, magnetite
- Depleted uranium fabrications
- Lead-filled casks
- Lead-lined vessels and apparatus
- Lead sheet, bricks and shot
- Thorium metal fabrications

Uranium compounds, metal and fuel elements

Automotive
Barium and titanium pigments
Bearing metals
Die castings and die casting alloys
Forming dies and forming die alloys
Gelling agents
Prototype body parts
Solders and fluxes
Storage battery metals and oxides

Aviation
Aluminum bar, rod, plate and extrusions
Aluminum and zinc tooling plate
Bearings and bearing metals
Die castings and die casting alloys
Depleted uranium counterweights
Solders and brazing alloys
Storage battery metals and oxides
Titanium metal

Ceramic & Glass
Antimony, lead, titanium and zirconium oxides
High temperature refractories
Lead and zirconium silicates
Polishing compounds for lenses
Uranium compounds

Chemical
Acid concentrating plants
Acid handling equipment
Lead-lined pipe, valves and fittings
Lead oxides
Lead pipe and sheet
Lead, titanium and zirconium chemicals
Titanium and zirconium metals

Construction
"Dutch Boy" paints, enamels and varnishes
Expansion bolts
Lead pipe and sheet, caulking lead and lead wool
Solders and fluxes
Traps, bends, and roof flanges
Wood and metal screws

Electronics
Die castings
Solders and fluxes
Titanates, stannates and zirconates
Zirconium metal

Paint
Antimony, barium, calcium, lead and titanium pigments
Castor oils and chemical derivatives
Gelling agents
Linseed oils
Small steel containers

Petroleum
Acid concentrating plants
Gelling agents for greases
Lead-lined and hard lead pipe, valves and fittings
Lead pipe and sheet lead
Oil well drilling compounds and chemicals
Small steel containers

Plastics
Antimony and titanium pigments
Castor oils and chemical derivatives
Gelling agents
Stabilizers

Printing & Paper
Barium, lead and titanium pigments
Oils and gelling agents for inks
Printing base
Slotted paper and pulp mill filtering screens
Type metals and impression lead
Varnish paper stock finishes

Railroad
Bearing metals
Diesel engine bearings
Freight car paints
Journal bearings
Journal stops

Steel
Ferrous and non-ferrous alloys
High temperature refractories
Iron ore concentrates
Lead shot
Terne metal


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CALGARY
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MAN.
WINNIPEG
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QUE.
ME.
VT.
N.H.
MASS.
CONN.
R.I.
SEATTLE
WASH.
PORTLAND
OREG.
GREENOUGH
MONT.
N. DAK.
HAYNES
S. DAK.
MINN.
ST. LOUIS PARK
MINNEAPOLIS
WIS.
MICH.
GRAND RAPIDS
DETROIT
WINDSOR
TORONTO
OAKVILLE
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NIAGARA FALLS
SCARBOROUGH
BATAVIA
DEPEW
ALBANY
N. Y.
NEW YORK CITY
MONTREAL
VARENNES
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