As filed with the Securities and Exchange Commission on January 14, 1971

$100,000,000 Debentures

Registration No. 2-38999

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

AMENDMENT NO. 1

to

Form S-7

REGISTRATION STATEMENT

under

THE SECURITIES ACT OF 1933

National Lead Company

(Exact name of registrant as specified in its charter)

Organized under the laws of New Jersey

I.R.S. Employer Identification No. 13-5267260

111 Broadway
New York, New York 10006

(Address of principal executive offices)

ALEXANDER & GREEN
120 Broadway
New York, New York 10005

THOMAS P. MESICK, *Secretary*
111 Broadway
New York, New York 10006

(Names and addresses of agents for service)

Copy to:

Melvin L. Bedrick, Esq.
Cravath, Swaine & Moore
One Chase Manhattan Plaza
New York, New York 10005
Counsel for Underwriters

National Lead Company

Registration Statement on Form S-7

Cross Reference Sheet Required by Rule 404(c)

Item Number in S-7	Heading in Prospectus
1	Cover Page
2	Underwriting
3	Use of Proceeds
4	*
5	Business
6	National Lead Consolidated Statement of Income and Consolidated Statement of Retained Earnings; Timet Statement of Operations and Retained Earnings
7	*
8	Description of Debentures
9	*
10	Index to Financial Statements
11	Available Information

* Omitted as item inapplicable or answer negative.

NL 000040234

Kuhn, Loeb's Minimum Probable
Compensation for Managing National Lead's
$100,000,000 debenture issue.

Management Fee	165,000
Underwriting Fee (17% · 6310,000)	52,700
Probable Minimum Selling Concession (17% · $400,000)	68,000
	$285,700

NL 000040236

NATIONAL LEAD COMPANY
Treasurer Bank Borrowings & New $100M Debenture Issue
Actual Borrowings at January 28, 1971 and Projected Borrowings After
Receipt of $100M Debenture Proceeds and Annual Estimated Interest Cost

(Thousands of Dollars)

Source	Usable Funds	Compensating Balance Or Bond Issue Cost	Gross	Annual Interest Cost Rate*	Annual Interest Cost Amount
Actual January 18, 1971					
$135M Credit Agreement	$ 90.800	$ 22.700	$113.500	6.0%	$ 6.810
38M Term Loan	36.000	2.000**	38.000	6.25%	2.375
Total Borrowings	$126.800	$ 24.700	$151.500		
Commitment Fee			21.500	1/2%	.108
$173M Total Available			$173.000		
Total Interest Cost					$ 9.293
Projected After Receipt of $100M Debenture Proceeds					
$100M Debenture	$ 98.875	$ 1.125	$100.000	7.5%	$ 7.500
100M Proposed Credit Agreement	27.925	- **	27.925	6.0%	1.676
Total Borrowings	$126.800	$ 1.125	$127.925		
Commitment Fee			45.075	1/2%	.225
Total			$173.000		$ 9.401
Additional Commitment			27.000	1/2%	.135
$200M			$200.000		
Amortization of Bond Issue Cost					.055
Total Interest Cost					$ 9.591

*Uniform Prime Rate Used.
**Policy Balances Used For Compensation.

January 20, 1971

NL 000040237

Prices of Recent Issues

Current quotations are indicated below for recent issues of senior securities that are not listed on a principal exchange.

STRAIGHT DEBT

Issue		Offering Price	Current Bid	Current Asked	Chg.	Yield %
UTILITIES						
CaroP&L	7⅜s '01	100.5	102	102½	− ½	7.18
ComEd	7½s '01	100.596	103	103½	+ ½	7.20
ConsNGas	7⅞s '95	100.272	104½	105¼	+ ¼	7.40
Det Ed	7s '76	100.45	102¾	103½	+ ¼	6.30
Det Ed	8.15s '00	100	106	106¾	+ ¼	7.57
FlaP&L	7⅝s '01	101	103	103½	− ⅛	7.34
NwstBell	7⅞s '11	100.303	105	105¾	+ ¼	7.42
PhilaEl	7¾s '00	100	103¾	104½	+ ½	7.38
SoCalEd	7⅞s '95	100.272	104¾	105¼	.....	7.40
UnElec	7⅞s '01	101.448	104¾	105¼	.....	7.44
INDUSTRIALS						
CitSvc	7s '78	100.25	101¾	102½	− ¾	6.55
CitSvc	7.65s '01	100	103½	104¼	+ ¼	7.30
NatLead	7½s '96	99.75	102¼	103	+ ½	7.24
Nat Stl	8s '95	100	105	105½	− ½	7.32
WstnAuto	7.85s '96	100	101½	102¼	.....	7.66
CANADIANS						
QueHydro	8¾s '99	100	104½	104⅞	+ ⅛	8.32

Wall Street Journal 1/26/71

PROSPECTUS

$100,000,000

National Lead Company

7½% Debentures, Due December 15, 1995

The Debentures are entitled to an annual sinking fund commencing in 1976 which is calculated to retire 95% of the Debentures prior to maturity and are redeemable for such fund at 100%. In addition, the Company may at its option redeem Debentures (i) in whole or in part, at any time, at 107.25% to December 15, 1971, and at declining prices thereafter, but not, prior to December 15, 1980, from or in anticipation of moneys borrowed at an interest cost of less than 7.52% per annum and (ii) in an annual amount, commencing in 1976, up to the annual sinking fund, at the sinking fund redemption price. Debentures redeemed at the option of the Company may be credited against future sinking fund obligations.

The Debentures are issuable only in fully registered form. Interest is payable semiannually June 15 and December 15.

Application has been made to list the Debentures on the New York Stock Exchange.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public(1)	Underwriting Discounts and Commissions(2)	Proceeds to Company(1)(3)
Per Debenture	99¾%	⅞%	98⅞%
Total	$99,750,000	$875,000	$98,875,000

(1) Plus accrued interest, if any, from date of delivery to Underwriters.
(2) The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933 (see "Underwriting").
(3) Before deduction of expenses payable by the Company estimated at $235,000.

The Debentures are offered by the Underwriters named herein, subject to prior sale and to withdrawal of the offer without notice, when, as, and if accepted by them; and the Underwriters reserve the right to reject any orders for the purchase of Debentures, in whole or in part. They are also being offered to certain institutions by the Company through the several Underwriters pursuant to Delayed Delivery Contracts (see "Delayed Delivery Arrangements"). It is expected that delivery of Debentures purchased by the Underwriters will be made at the office of Kuhn, Loeb & Co., 40 Wall Street, New York, N. Y. 10005, on or about January 26, 1971 and that Delivery of Debentures purchased pursuant to Delayed Delivery Contracts will be made on May 18, 1971.

Kuhn, Loeb & Co.

January 14, 1971

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE DEBENTURES OFFERED HEREBY AND OTHER DEBENTURES OF NATIONAL LEAD COMPANY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE, IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

AVAILABLE INFORMATION

National Lead Company (the "Company" or "National Lead"), organized under the laws of New Jersey in 1891, is subject to the informational requirements of the Securities Exchange Act of 1934 and in accordance therewith files reports and other information with the Securities and Exchange Commission. Information concerning directors and officers, their remuneration, options granted to them, the principal holders of securities of the Company and any material interest of such persons in transactions with the Company, as of particular dates, is disclosed in proxy statements of the Company distributed to shareholders of the Company and filed with the Commission. Such reports, proxy statements and other information can be inspected at the principal office of the Commission at 500 North Capitol Street, N.W., Washington, D. C. Copies of such material can be obtained from the Commission at prescribed rates. The Company's executive offices are located at 111 Broadway, New York, New York 10006, telephone number (212) 732-9400. Reports, proxy material and other information concerning the Company can also be inspected at the offices of the New York Stock Exchange, 11 Wall Street, New York, New York, and the Pacific Coast Stock Exchange, 301 Pine Street, San Francisco, California.

THE COMPANY

National Lead is an international manufacturer of a varied line of chemical and metal products used by many industries including the aerospace, automotive, chemical, construction, furniture, glass, paint, paper, petroleum, plastics, rubber and transportation industries. Its principal products may be classified as metals and bearings, titanium pigments, die castings, chemicals and plastics and oil well materials and services. Its other products include "Dutch Boy" paints, specialized chemicals and refractories.

USE OF PROCEEDS

The net proceeds to the Company from the sale of the Debentures will be used to repay indebtedness to United States banks (see Note 7 to consolidated financial statements of the Company appearing elsewhere in this Prospectus). As of November 30, 1970, the principal amount of such indebtedness was $139,500,000.

The bank debt was incurred during 1969 and 1970 to finance capital expenditures, investments and increases in working capital. Capital expenditures of the Company amounted to approximately $39,800,000 in 1969 and are estimated at $55,000,000 for 1970. The principal investment was the acquisition in 1969 of Lake View Trust and Savings Bank for approximately $38,000,000.

NATIONAL LEAD COMPANY AND ITS CONSOLIDATED SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

The following statement of income of National Lead Company and its consolidated subsidiaries for the five years ended December 31, 1969 has been examined by Lybrand, Ross Bros. & Montgomery, independent certified public accountants, as set forth in their opinion (based in part on reports of other public accountants) which appears elsewhere in this Prospectus. This statement should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this Prospectus. The statement for the nine month periods ended September 30, 1970 and September 30, 1969, which is unaudited, has been prepared from the records of the Company and, in the opinion of the Company, reflects all adjustments (consisting only of normal recurring items) necessary to present fairly the results of operations for such periods.

	Nine Months Ended September 30		Years Ended December 31				
	1970	1969	1969	1968	1967	1966	1965
	(Unaudited)						
	(000's omitted, except per share amounts)						
Net sales	$702,555	$690,996	$929,785	$858,195	$818,905	$865,687	$837,215
Cost of sales (Note 3)	536,066	515,051	695,959	638,880	609,469	638,046	614,186
	166,489	175,945	233,826	219,315	209,436	227,641	223,029
Selling, administrative and general expenses	109,157	104,266	139,795	127,360	120,472	118,037	112,140
	57,332	71,679	94,031	91,955	88,964	109,604	110,889
Equity in majority-owned foreign subsidiaries (Note 2)	1,201	918	1,435	1,348	744	433	509
Equity in Lake View Trust and Savings Bank (Note 1)	2,062	2,019	3,004	—	—	—	—
	60,595	74,616	98,470	93,303	89,708	110,037	111,398
Other income:							
Dividends:							
Unconsolidated foreign subsidiaries	253	218	468	456	484	626	567
Other investments (Note 4)	423	285	434	770	1,496	1,687	1,089
Miscellaneous, net (Note B)	781	2,280	3,085	6,186	5,452	3,680	3,945
	62,052	77,399	102,457	100,715	97,140	116,030	116,999
Interest expense:							
On bonds	1,614	1,553	2,076	2,103	1,792	1,258	1,334
Other, principally on loans (Note 1)	6,177	2,755	4,501	1,650	969	567	337
	54,261	73,091	95,880	96,962	94,379	114,205	115,328
Minority interests in net income of subsidiaries	195	478	612	664	839	826	691
Income before provision for United States and foreign income taxes	54,066	72,613	95,268	96,298	93,540	113,379	114,637
Provision for United States and foreign income taxes (Note 9)	23,347	34,456	44,593	46,313	42,280	51,745	53,385
Income before extraordinary credit	30,719	38,157	50,675	49,985	51,260	61,634	61,252
Extraordinary credit net of applicable income tax (Note A)	—	—	—	—	3,049	—	—
Net income	$30,719	$38,157	$50,675	$49,985	$54,309	$61,634	$61,252
Net income per common share (Note A)	$1.29	$1.60	$2.12	$2.08	$2.27	$2.56	$2.54
Ratio of earnings to fixed charges (Note C)	6.0	10.8	9.9	21.8	27.8	45.5	49.9
Supplemental ratio of earnings to fixed charges (Notes C and D)	5.4	9.6	8.8	17.0	24.3	42.5	46.9

CONSOLIDATED STATEMENT OF INCOME — (Continued)

Notes:

(A) Net income per common share is based on the average number of shares outstanding during each year, after giving retroactive effect to shares issued for Amos-Thompson Corporation in a pooling of interests acquisition and the two-for-one stock split which became effective April 18, 1969. Net income per common share for 1967 includes an extraordinary credit, net of tax, of $.13 reflecting the sale by the Company of certain fixed property and related assets, on which it realized a profit of $3,049,000, after applicable federal income taxes of $1,083,000.

(B) Includes, for the nine months ended September 30, 1970, a gain on the sale of land in the amount of $1,727,000 and provisions for losses in connection with the sale or disposal of certain properties in the amount of $2,750,000.

(C) For the purpose of these ratios: (1) earnings consist of income before provision for United States and foreign income taxes and fixed charges and exclude, in 1967, the extraordinary credit, and (2) fixed charges consist of interest on indebtedness, amortization of debt discount and expense, and one third of rental expense. The pro forma ratio for the year 1969 is 8.5 after reflecting interest and amortization of debt discount on the Debentures and adjustment of interest on bank loans to be repaid from the net proceeds of the sale of the Debentures.

(D) The Company does not reflect in its consolidated statement of income any portion of the net income (other than dividends received) or losses of Titanium Metals Corporation of America, a 50 per cent-owned company. The supplemental ratio of earnings to fixed charges gives pro forma effect to the inclusion of 50 per cent of the net income or losses of this corporation and the appropriate portion of such corporation's fixed charges. After reflecting interest and amortization of debt discount on the Debentures and adjustment of interest on bank loans to be repaid from the net proceeds of the sale of the Debentures, the pro forma supplemental ratio for the year 1969 is 7.7.

Numerical note references are to notes to consolidated financial statements of the Company appearing elsewhere in this Prospectus.

In 1967 reduced automotive production, the unseasonable spring and summer weather and the continued pressure of higher costs for raw materials and labor in an increasingly competitive market contributed to depressed sales and earnings in some of the Company's lines of business including titanium pigments.

Sales for 1968 exceeded those for 1967. However, earnings for 1968 were adversely affected by a seven-week strike at the domestic die casting plants of the Company, by a four-week strike at the St. Louis titanium pigment plant and by the 10% Federal income surtax.

While sales for the nine months ended September 30, 1970 exceeded those for the nine months ended September 30, 1969, earnings were lower owing primarily to (1) the prolonged slowdown in the national economy; (2) a cost/price squeeze experienced in several of the Company's operations, including titanium pigment products and divisions supplying the automotive industry; (3) higher interest charges; and (4) strikes of tugboat crews on the East Coast, of truckers in the Midwest and of automobile workers. Although the tugboat and truckers' strikes were settled prior to the end of the third quarter, the other factors and their effect continued into the fourth quarter of 1970. For the eleven months ended November 30, 1970, consolidated net sales and consolidated net income were $842,917,000 and $35,457,000 ($1.49 per share), respectively; and for the eleven months ended November 30, 1969, consolidated net sales and consolidated net income were $851,469,000 and $46,098,000 ($1.93 per share), respectively. In the opinion of the Company such eleven month figures, which are unaudited, reflect all adjustments (consisting only of normal recurring items) necessary to present fairly the results of operations for such periods.

On November 24, 1970 the Board of Directors of the Company reduced the dividend for the fourth quarter of 1970 to $.25 per share from $.42½ per share, the dividend paid in each of the three preceding quarters of 1970. Dividend payments per share for 1970 totaled $1.52½ as compared with $1.70 for 1969.

TITANIUM METALS CORPORATION OF AMERICA (NOTE A)

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

The following statement of operations and retained earnings of Titanium Metals Corporation of America, insofar as it relates to the five years ended December 31, 1969, has been examined by Peat, Marwick, Mitchell & Co., independent certified public accountants, as set forth in their opinion which appears elsewhere in this Prospectus. This statement should be read in conjunction with the financial statements of Titanium Metals Corporation of America and the notes thereto appearing elsewhere in this Prospectus. The statement for the nine month periods ended September 30, 1970 and September 30, 1969, which is unaudited, has been prepared from the records of Titanium Metals Corporation of America and, in the opinion of management of Titanium Metals Corporation of America, includes all adjustments (consisting only of normal recurring items) necessary to present fairly the results of operations for such periods.

	Nine months ended September 30		Years ended December 31				
	1970	1969	1969	1968	1967	1966	1965
	(Unaudited)						
	(000's omitted, except per share amounts)						
Net sales	$38,755	$44,558	$59,136	$49,147	$63,651	$63,787	$45,517
Cost and expenses:							
Cost of sales before depreciation and amortization	34,541	36,696	49,278	43,347	48,044	46,616	38,504
Depreciation and amortization (Note C)	2,898	2,693	3,541	2,742	4,530	3,608	2,518
Research and development expense	1,169	1,272	1,654	1,881	1,798	1,666	1,553
Selling Expense	1,479	1,400	1,902	2,204	2,240	1,816	1,861
General and administrative expense	739	666	1,085	1,027	1,076	1,157	858
Interest	2,238	2,258	2,981	2,660	1,148	373	167
	43,064	44,985	60,441	53,861	58,836	55,236	45,461
	(4,309)	(427)	(1,305)	(4,714)	4,815	8,551	56
Other income (expense) — net	(96)	125	211	34	141	(45)	1,565 (Note B)
Earnings (loss) before Federal income tax	(4,405)	(302)	(1,094)	(4,680)	4,956	8,506	1,621
Provision for Federal income tax (Note D)	—	(163)	(592)	(2,135)	1,682	3,527	192
Net earnings (loss) (Note C)	(4,405)	(139)	(502)	(2,545)	3,274	4,979	1,429
Retained earnings at beginning of period	19,826	20,328	20,328	22,873	21,099	17,620	17,191
	15,421	20,189	19,826	20,328	24,373	22,599	18,620
Less: Cash dividends	—	—	—	—	1,500	1,500	1,000
Retained earnings at end of period (Note 3)	$15,421	$20,189	$19,826	$20,328	$22,873	$21,099	$17,620
Earnings (loss) per share based on 100,000 shares outstanding during each period	($44.05)	($1.39)	($5.02)	($25.45)	$32.74	$49.79	$14.29

Notes:

(A) Titanium Metals Corporation of America is owned 50 per cent each by National Lead Company and Allegheny Ludlum Industries, Inc.

(B) Includes gain on sale of machinery and equipment of $1,514,000.

(C) Changes in depreciation rates and revision of depreciable lives resulted in reductions of depreciation expense of $472,000 in 1967 and $2,654,000 in 1968. The after tax effect of the changes was to increase net income for 1967 by $246,000 and to decrease the net loss for 1968 by $1,253,000. See note 2 to financial statements.

(D) The provision for Federal income tax has been reduced by investment tax credits of $640,000 in 1967; $480,000 in 1966; and $300,000 in 1965. The 1968 and 1969 operating losses have been carried back and applied against taxable income of prior years resulting in tax credits of $4,179,000 and $890,000, respectively. (See note 4 to financial statements.)

Numerical note reference is to notes to financial statements of Titanium Metals Corporation of America appearing elsewhere in this Prospectus.

The titanium metals industry has historically experienced alternating periods of over-capacity and short supply caused by changes in aircraft construction programs, both military and commercial. Starting in 1966, the industry expanded capacity partially in preparation for the supersonic transport program, the timetable for which has been delayed. The resulting over-capacity has had an adverse effect on Titanium Metals Corporation of America ("Timet"). In addition, operations for the 1968 fourth quarter and the first quarter of 1969 were adversely affected by a three and one-half month strike at the Toronto, Ohio, plant, which ended in January 1969. A decrease in the production schedules of commercial and military aircraft, lower selling prices, an unfavorable mix of products and increased interest and depreciation charges due to plant expansion were additional factors which adversely affected operations for 1969 and the nine months ended September 30, 1970. These factors, and resulting losses, are continuing. In addition, the supersonic transport program depends on a government subsidy, which was extended only through March 1971 by the 91st Congress after the Senate voted to terminate it. The 92nd Congress will decide whether to continue the supersonic transport program. For the eleven months ended November 30, 1970, net sales and net loss were $46,496,000 and $5,361,000, respectively; and for the eleven months ended November 30, 1969, net sales and net loss were $53,612,000 and $476,000, respectively. In the opinion of Timet, such eleven month figures, which are unaudited, reflect all adjustments (consisting only of normal recurring items) necessary to present fairly the results of operations for such periods.

CAPITALIZATION

The capitalization of the Company and its consolidated subsidiaries at September 30, 1970, and as adjusted to give effect to the issuance of the Debentures and the repayment of $100,000,000 of long-term bank loans, is as follows:

	Outstanding	As Adjusted
	(000's omitted)	
Short-Term Debt (Note 7)	$ 19,386	$ 19,386
Long-Term Debt (Note 7):		
Senior Debt:		
7½% to 8% bank loans at prime rates	131,700	31,700
5½% to 9% bank loans, principally of foreign subsidiaries	7,762	7,762
6½% Deutsche Mark Bonds, Due June 1, 1979	16,275	16,275
5% to 8⅞% miscellaneous loans	6,406	6,406
7½% Debentures, Due December 15, 1995	—	100,000
Total Senior Debt	162,143	162,143
Subordinated Debt:		
4⅜% Subordinated Debentures, Due April 1, 1988	24,798	24,798
Total Long-Term Debt	186,941	186,941
Shareholders' Equity (Notes 1, 7, 8 and 13):		
Common Stock, par value $2.50; shares authorized 60,000,000; issued 24,177,168	60,443	60,443
Capital surplus	32,158	32,158
Retained earnings	326,738	326,738
	419,339	419,339
Less, Treasury stock, at cost, 360,706 shares	11,814	11,814
Total Shareholders' Equity	407,525	407,525
Total Long-Term Debt and Shareholders' Equity	$594,466	$594,466

References are to notes to consolidated financial statements of the Company appearing elsewhere in this Prospectus.

BUSINESS

The lines of business of National Lead, its wholly owned and majority owned domestic subsidiaries (except Lake View Trust and Savings Bank) and major wholly owned foreign subsidiaries may generally be grouped into six classifications. During the past three years, these lines of business accounted for approximately the following percentages of the total consolidated sales ("Net Sales") of the Company and approximately the following percentages of income before income taxes, and before the extraordinary credit, allocation of net corporate expense, interest expense on parent company borrowings and the net contribution of the Lake View Trust and Savings Bank, ("Pre-tax Operating Income") of the Company:

	1969	1968	1967
Lines of Business	*Percentage of Net Sales*		
Metals and Bearings	32%	32%	34%
Titanium Pigments	23	23	23
Die Castings	18	18	18
Chemicals and Plastics	11	11	10
Oil Well Materials and Services	9	8	8
Other	7	8	7
	100%	100%	100%

	1969	1968	1967
Lines of Business	*Percentage of Pre-Tax Operating Income*		
Metals and Bearings	26%	23%	20%
Titanium Pigments	33	36	36
Die Castings	15	14	18
Chemicals and Plastics	8	8	8
Oil Well Materials and Services	12	14	12
Other	6	5	6
	100%	100%	100%

The principal products of the Company, produced at 155 plants and mines throughout the world, are as follows:

Metals and Bearings: The Company is a leading United States producer of fabricated lead products such as pipe, sheet, wire, ingot and shot as well as alloys. It is a large domestic producer of secondary (reclaimed) lead with principal plants located at Perth Amboy, New Jersey; Beech Grove, Indiana; Chicago, Illinois; Cleveland, Ohio; and Los Angeles, California. It also produces commercial grade antimony metal at Laredo, Texas. It also is a prime distributor of zinc for the die casting industry. National Lead manufactures and processes in Chicago, Illinois, precious metals and salts such as gold, silver, platinum and rhodium for the electronic, jewelry, photographic and other industries. The Company manufactures screws, bolts and metal fasteners in Statesville, North Carolina, and Puerto Rico for use by the appliance, automotive and furniture industries.

National Lead produces at various locations throughout the United States precision bearings for various industrial uses and journal, roller, and diesel engine bearings for the railroad industry. It is also a distributor of aluminum extrusions and sheet for the aerospace industry and is a producer of cast aluminum tooling plate.

Titanium Pigments: The Company is one of the leading worldwide producers of titanium pigments used principally by the paint, paper, plastics and rubber industries. Sold under the "Titanox" and "Kronos" trademarks, the pigments impart whitening, brightening and hiding power to many products. This sector of the Company also makes strontium titanate boules which are cut and polished into synthetic gemstones by jewelers and into prisms and lenses by the optical industry.

The titanium pigment plants of the Company are located at Sayreville, New Jersey; St. Louis, Missouri; Varennes, Quebec, Canada; Leverkusen and Nordenham, West Germany; Langerbrugge, Belgium; and Fredrikstad, Norway.

Die Castings: National Lead is a leading producer of custom die castings in zinc, aluminum, magnesium and brass. Die castings are made by converting molten metal under high pressure into finished die cast parts for automobiles and trucks, electrical appliances, office machines, hand tools, hardware and other diversified products. The Company also performs metal finishing and assembly operations for original equipment and parts manufacturers in these industries. In addition, it makes elevated flooring panels and site environmental systems for computer rooms and other applications where closely controlled conditions are necessary.

Principal die casting operations are located in Toledo, Ohio. Other plants are at Pottstown, Pennsylvania; Grand Rapids, Michigan; Batavia, New York; Guelph and Hamilton, Ontario, Canada; and Worcester, England.

Chemicals and Plastics: National Lead is one of the leading domestic suppliers of anti-corrosive pigments, stabilizers, flame retardants, extender pigments, castor oil derivatives and chemical specialties which are used by the plastics, paint, ink, and adhesive industries. These products are manufactured at many locations throughout the country. It also manufactures and markets battery oxides for the storage battery industry and gellants for paint, grease, pharmaceutical and cosmetic makers. The Company is also a custom injection molder of plastics for the office machine, automotive, electrical appliance and other industries.

Oil Well Materials and Services: The Company supplies the petroleum industry with drilling muds and other weighted compounds to control oil and gas pressures. From its headquarters in Houston, Texas, this division directs operations which service the petroleum drilling industry throughout the United States and the free world.

The Company also furnishes extensive services and equipment for well logging and testing. It makes specialized water treating and corrosion inhibiting chemicals for the petroleum and pollution control industries.

Other Lines of Business: Paints have been sold under the Company's "Dutch Boy" trademark for more than 60 years. Principal plants are located at Chicago, Illinois; Perth Amboy, New Jersey; Los Angeles, California; and Seattle, Washington.

National Lead produces zirconium and titanium chemicals for the ceramic and electronic industries and makes process alloys for the aerospace industry. The Company fabricates products from depleted uranium and provides testing, shipping and consultative services to the nuclear industry.

Specialized high temperature refractories for the metal, glass and chemical industries are manufactured and sold by the Company in the United States and exported to a large number of countries.

National Lead is the contract-operator for the United States Atomic Energy Commission of the feed materials production center at Fernald, Ohio. The plant produces pure uranium and thorium compounds and metal and fabricates uranium fuel elements for AEC reactors.

Recent Developments

The Company is presently constructing at an estimated cost of $70 million a magnesium metal plant in Utah with a rated annual capacity of 45,000 tons of magnesium metal together with 80,000 tons of chlorine byproduct as well as other byproducts. It is expected that the plant will be completed in late 1971. Raw material for this plant will be supplied by brine waters from the Great Salt Lake. In the Great Salt Lake area the Company has leased or has options to lease from the State of Utah over 100,000 acres, part of which is for evaporation ponds, and owns approximately 4,800 acres for the plant site. It is estimated that the supply of such raw material, based on anticipated requirements, is sufficient for more than 50 years of operations.

During the past three years, new chloride process plants for the production of titanium pigment were completed at Sayreville, New Jersey; Varennes, Quebec, Canada; and Leverkusen, West Germany. A sulfate process plant was completed at Nordenham, West Germany, in 1969. An expansion of a sulfate process plant at Langerbrugge, Belgium, was started in 1970.

In 1967, a new plant was completed in Houston, Texas, to produce and blend chemicals used in oil well drilling. Expansion of the Houston facility in 1969 enabled National Lead to produce treating chemicals such as anti-corrosive chemicals, corrosion and scale inhibitors, biocides, defoamers and water and emulsion treating chemicals for the mining and oil production industries.

The Company completed construction in 1970 of a $4.5 million mineral synthesis plant in Houston to produce a fluid catalyst for cracking petroleum into high quality gasoline and a synthetic clay mineral for the preparation of specialty catalysts.

Construction was started in 1970 of a new plant in West Germany which will manufacture gellants used for flow control and as thickening agents in paints and cosmetics. Plans call for the construction of a plant at Langerbrugge, Belgium, which will be the first Company facility in Europe to produce its anticorrosive pigment.

An $8 million expansion program was completed in 1969 to increase production of specialized high-temperature refractories at South Shore, Kentucky, and Cincinnati, Ohio.

A $20 million environmental control program designed to be completed in 1972 was launched during 1970. This capital expenditure program, which is being funded from general revenues, is intended to enable the Company to comply more fully with anti-pollution requirements concerning atmospheric emissions and water treatment.

During the past five years, in addition to the acquisition of the Lake View Trust and Savings Bank, the Company has acquired 13 manufacturing or processing businesses in exchange for approximately 1.1 million shares of Common Stock of the Company and cash payments totaling approximately $9 million. These acquisitions have served to further the Company's objectives of broadening its business and of complementing existing operations by entry into such fields as the manufacture of precision slide guide mechanisms, injection molded plastics, sintered bronze and iron products, and kaolin clays for china and other ceramic materials, and by expansion of oil well drilling services.

Raw Materials

Raw materials used in the manufacture of the Company's products are, to a great extent, bought from primary producers. However, a large part of the Company's requirements of titanium ores (ilmenite and rutile), used in the manufacture of titanium pigment and metal, is mined at properties owned or controlled by the Company, although some is purchased from others; barytes and bentonite for oil well drilling materials are produced largely from Company owned or controlled properties; and in 1969 approximately 64% of the Company's lead requirements was reclaimed from scrap metal in the Company's secondary lead plants. There are no foreseeable material changes in future mining conditions at the Company's mines and mining properties. In order to assure a continuing reliable source of supply for its manufacturing operations, the Company agreed to purchase, beginning in January, 1961, substantially all (later changed to a major portion) of The Bunker Hill Company's production of primary lead, zinc and cadmium. These metals are also being sold by the Company through its present sales offices. In 1969, approximately 22% of the Company's lead requirements was furnished by The Bunker Hill Company. The agreement with The Bunker Hill Company provides that it shall remain in effect for a term of 10 years from January 1, 1966 and for consecutive terms of 10 years each thereafter unless terminated as provided in the agreement. It is provided that either party may terminate the agreement at the conclusion of any term by giving written notice to the other party at least 5 years prior to the end of the last calendar year of the then effective term and that either party may terminate the agreement at the conclusion of the initial 5 years of any renewing term by giving written notice to the other party prior to the commencement of such renewing term.

The Company's ilmenite properties are located in Norway; in Tahawus, New York; and in certain counties of Florida and North Carolina.

Production of ilmenite for the period from 1965 to 1969, inclusive, at these various properties has been as follows:

	1965	1966	1967	1968	1969
Norway					
Metric tons of ore (2,204 lbs. per ton)	911,383	1,223,030	1,418,616	1,303,265	1,575,015
Metric tons of ilmenite	278,481	367,011	420,967	393,855	480,453
Titanium dioxide content	44.7%	44.7%	44.8%	44.7%	44.7%
Tahawus, N. Y.					
Gross tons of ore (2,240 lbs. per ton)	2,531,141	2,381,425	2,487,954	2,760,260	2,195,700
Gross tons of ilmenite	525,616	508,253	490,757	500,705	474,860
Titanium dioxide content	45.3%	45.1%	44.8%	44.5%	45.1%

There has been no production of ilmenite from the Company-controlled properties located in Florida since 1962 and no production in North Carolina.

The following ore reserves are estimated by the Company as of December 31, 1969:

In Norway the Company has proven ilmenite ore reserves consisting of approximately 242,100,000 metric tons of ore with a titanium dioxide content of approximately 18% which, under present processing methods, would yield approximately 72,000,000 metric tons of ilmenite concentrates averaging approximately 45% titanium dioxide. The Company's proven ore reserves at its Tahawus, New York properties are estimated at 130,000,000 gross tons of ore with a titanium dioxide content of approximately 17% which, under present processing methods, would yield approximately 36,000,000 gross tons of ilmenite concentrates averaging approximately 45% titanium dioxide. The Company's proven ilmenite reserves in its properties in Florida (contained in sand) may be expected to yield, after processing, approximately 2,950,000 short tons of ilmenite concentrates averaging approximately 64% titanium dioxide contained in approximately 270,000,000 short tons of mineralized sand. In North Carolina the Company owns or leases properties containing probable ilmenite reserves (contained in sand) which may be expected to yield, after processing, approximately 3,000,000 short tons of ilmenite concentrates averaging approximately 58% titanium dioxide contained in approximately 100,000,000 tons of mineralized sand.

Company-controlled rutile properties are located in Florida, North Carolina and Australia. There has been no production from these properties in Florida since 1962 and no production in North Carolina.

Production of rutile for the period from 1965 to 1969, inclusive, in Australia has been as follows:

	1965	1966	1967	1968	1969
*Mineral Deposits, Ltd.**					
Short tons of sand	6,630,000	7,670,000	9,855,000	10,137,000	15,074,000
Short tons of rutile	34,788	40,888	45,546	48,414	60,581
Titanium dioxide content	95%	95%	95%	95%	95%
*Queensland Titanium Mines Pty., Ltd.***					
Short tons of sand	300,000	1,277,000	4,844,000	4,897,000	4,888,000
Short tons of rutile	1,208	11,129	18,599	17,401	17,161
Titanium dioxide content	95%	95%	95%	95%	95%

* 85% owned by Company.

** 50% owned by Company and 50% owned by Titanium Metals Corporation of America (50% owned by Company).

As of December 31, 1969, proven reserves held by Mineral Deposits were estimated by the Company to be 453,089,000 short tons of sand, sufficient to produce approximately 1,359,000 short tons of rutile averaging approximately 95% titanium dioxide.

In the case of Queensland Titanium Mines, as of September 30, 1970, the proven ore reserves were estimated by the Company to be 35,700,000 short tons of sand containing approximately 100,000 short tons of rutile averaging approximately 95% titanium dioxide.

As of December 31, 1969, the Company's proven ore reserves in Florida were estimated by the Company to be 270,000,000 short tons of sand sufficient to produce approximately 200,000 short tons of rutile containing approximately 94% titanium dioxide, and its probable ore reserves in North Carolina were estimated by the Company to be 100,000,000 short tons of sand sufficient to produce approximately 59,000 short tons of rutile containing approximately 93% titanium dioxide.

The Company owns, or leases, or has options on, or controls, deposits of barytes located in Arkansas, Missouri, Tennessee, Nevada, Brazil, Canada, Peru and Italy, containing proven reserves which, based on normal anticipated requirements, the Company estimates to be sufficient for approximately 10 years of operations. The Company's proven ore reserves of bentonite are located in California, Montana, South Dakota, Texas, Wyoming, Italy and Canada, which, based on normal anticipated requirements, the Company estimates to be sufficient for approximately 30 years of operations.

Foreign Sales

Included in the consolidated net sales and the consolidated net income of the Company are the following net sales and net income attributable to foreign operations of the Company for the years 1965 through 1969, inclusive, and the nine month periods ended September 30, 1969 and September 30, 1970:

	Sales	Net Income*
	(000's omitted)	
Nine months ended September 30, 1970	$101,746	$ 8,204
Nine months ended September 30, 1969	96,845	8,505
1969	133,414	12,569
1968	114,936	10,575
1967	93,245	10,408
1966	90,049	9,003
1965**	117,167	11,915

* Includes equity in net income of major majority-owned unconsolidated foreign subsidiaries as follows:

Nine months ended September 30, 1970	$1,201,000
Nine months ended September 30, 1969	918,000
Year ended December 31, 1969	1,435,000

** In November 1965, the Company sold one-half of its interest in certain Canadian subsidiaries. Sales and net income of such subsidiaries have been included only to the date of sale.

Research and Development

The Company employs more than 1,000 scientists, engineers and supporting staff engaged in research and development work at more than 30 laboratories located in the United States and overseas. In the past the primary objectives of this work have been to improve the Company's position in established lines of business and to provide a broad technical foundation intended to assure growth and expansion into new fields. Research and development expenses, included in selling, administrative and general expenses, approximated $13,000,000 in 1967, $15,000,000 in 1968 and $17,000,000 in 1969.

During 1969, a new laboratory was built, one was purchased, and one was expanded. In addition, as a part of a plan of modernization and expansion of research activities, advanced scientific equipment was purchased. In the same year, research and development objectives were redefined to place increased emphasis on work related to new products and new businesses.

Lake View Trust and Savings Bank

In January 1969, the Company acquired for approximately $38 million in cash 99.85% of the outstanding capital stock of Lake View Trust and Savings Bank, Chicago (the "Bank"; see financial statements of the Bank appearing elsewhere in this Prospectus). On the basis of total deposits, the Bank was on December 31, 1969 the eighth largest commercial bank in Chicago. The Bank, which conducts a full service banking business, contributed to the Company's consolidated net income, after certain adjustments, $3,004,000 for 1969 and $2,019,000 and $2,062,000, respectively, for the nine month periods ended September 30, 1969 and September 30, 1970 (see Note 1 to the consolidated financial statements of the Company appearing elsewhere in this Prospectus). The Bank Holding

Company Act Amendments of 1970 provide that a bank holding company such as the Company shall not after December 31, 1980 engage in any activities other than banking or activities closely related to banking, subject to conditions that the Federal Reserve Board may impose. While the Company must divest itself of control of the Bank by December 31, 1980, it might be necessary or advisable to do so prior to that date if the Federal Reserve Board objected to acquisitions or new activities of the Company.

Titanium Metals Corporation of America

Titanium Metals Corporation of America ("Timet"), 50 per cent owned by the Company, with plants at Henderson, Nevada, and Toronto, Ohio, is a leading manufacturer of titanium metal sponge, ingot and mill products with its principal market in the aerospace industry and a growing market in the chemical processing industry (see financial statements of Titanium Metals Corporation of America appearing elsewhere in this Prospectus).

Litigation

An action has been instituted against the Company in the Circuit Court of the City of St. Louis, Missouri, alleging that the Company's St. Louis titanium pigment plant polluted the atmosphere, thus allegedly creating a nuisance. Compensatory damages, totaling in the aggregate $1,750,000, and punitive damages, totaling in the aggregate $7,000,000, for 350 plaintiffs are sought. The Company has denied the allegations of the complaint, motions have been filed, and the suit is awaiting disposition. The Company believes it is covered in this action by adequate insurance. The insurance carrier has taken the position that any award of punitive damages would be outside the coverage of the policies and it has reserved its right to disclaim liability for compensatory damages. The carrier has undertaken defense of the action with a full reservation of its rights.

In the opinion of Boyle, Priest, Elliott & Weakley, Suite 1400, 705 Olive Street, St. Louis, Missouri 63101, local counsel for the Company, dispositon of the above-mentioned action will not have a substantial effect upon the earnings or the financial condition of the Company.

MANAGEMENT

The principal officers and the directors of the Company are as follows:

Edward R. Rowley, Chairman of the Board, Chief Executive Officer and Director
John B. Henrich, President and Director
Alfred F. Bauer, Vice-President and Director
J. Murray Johnston, Vice-President and Director
Claude M. Merrell, Vice-President and Director
Eric G. Orling, Vice-President and Director
Harry W. Siefert, Vice-President — Finance and Director
Edward J. Hanley, Director
Joseph A. Martino, Director
David A. Merson, Director
Richard M. Paget, Director
Morris H. Wright, Director
Edward F. Beale, Vice-President
Richard A. Donovan, Vice-President
Edgar J. Hagstette, Jr. Vice-President
James MacGuffie, Vice-President
John A. Mardick, Vice-President
Kenneth C. Specht, Vice-President
Henry J. Whitson, Vice-President
Thomas P. Mesick, Secretary
Vincent R. McLean, Treasurer
Edward J. Galvin, Controller

DESCRIPTION OF DEBENTURES

The Debentures are to be issued under an Indenture dated as of December 15, 1970 (the "Indenture"), between the Company and The Chase Manhattan Bank (National Association), as Trustee (the "Trustee"), a copy of which is filed as an exhibit to the Registration Statement. The statements under this caption are brief summaries of certain provisions of the Indenture, do not purport to be complete and are qualified in their entirety by reference to the Indenture.

The Debentures will be limited to $100,000,000 aggregate principal amount and will be direct, unsecured obligations of the Company. The Debentures are to mature December 15, 1995, and will bear interest from the earliest date on which any of the Debentures shall have been authenticated and delivered (see cover page), payable semiannually on each June 15 and December 15. Interest will be payable to the registered holders of Debentures at the close of business on the fifteenth day next preceding the interest payment date, by checks mailed to their addresses as shown on the Debenture register, except for interest payable on any redemption of Debentures other than on a June 15 or December 15. The principal of and premium, if any, on the Debentures and interest payable on redemption of Debentures other than on a June 15 or December 15 will be payable at the office or agency of the Company maintained for such purpose, which will initially be the office of The Chase Manhattan Bank (National Association) at 1 New York Plaza, New York, N. Y.

The Debentures will be issued in fully registered form only, in denominations of $1,000 and any multiple thereof, and may be transferred, combined or split up without payment of any charge other than stamp taxes or other governmental charges.

Redemption

The Debentures may, at the option of the Company, be redeemed as a whole at any time or in part from time to time, on at least 30 days' notice, at the following redemption prices (expressed in percentages of principal amount):

If redeemed during the 12-month period beginning December 15,

1970	107.25%	1976	104.25%	1982	102.00%	1988	100.50%
1971	106.75	1977	103.75	1983	101.75	1989	100.25
1972	106.25	1978	103.25	1984	101.50	1990	100.00
1973	105.75	1979	102.75	1985	101.25	1991	100.00
1974	105.25	1980	102.50	1986	101.00	1992	100.00
1975	104.75	1981	102.25	1987	100.75	1993	100.00
						1994	100.00

together in each case with interest accrued to the date fixed for redemption. The Company may not, however, so redeem Debentures prior to December 15, 1980, directly or indirectly from or in anticipation of moneys borrowed at an interest cost (calculated in accordance with generally accepted financial practice) of less than 7.52% per annum. (*Section 4.01*)

Sinking Fund

Prior to December 15, 1976, and prior to each December 15 thereafter to and including December 15, 1994, the Company will pay to the Trustee, for a sinking fund, cash sufficient to redeem on such December 15 at 100% of the principal amount thereof together with interest accrued to such December 15, $5,000,000 principal amount of Debentures; provided that Debentures acquired or redeemed otherwise than through the mandatory sinking fund may be used, at the sinking fund redemption price, to reduce the amount of any mandatory sinking fund payment. The Company may, at its option, make additional sinking fund payments in cash in any year commencing in 1976 in an amount sufficient to redeem up to an additional $5,000,000 principal amount of Debentures, which right is not cumulative. Cash payments for the sinking fund (subject to carryover of amounts less than $25,000) are to be applied to redeem Debentures. (*Sections 4.04, 4.05, 4.06 and 4.07*)

Certain Covenants of the Company

Limitations on Liens. The Debentures are not secured by any mortgage, pledge or other lien. The Company covenants that neither it nor any Restricted Subsidiary will incur, assume or guarantee any indebtedness for borrowed money ("debt"), if such debt is secured by a pledge of or mortgage or other lien on or security interest in ("mortgage") all or any part of the Principal Properties or any shares of stock or debt of any Restricted Subsidiary, without effectively providing that the Debentures (together with, if the Company so determines, any other debt of the Company ranking equally with the Debentures, including guarantees of indebtedness of others) shall be secured equally and ratably with such debt. Such limitation does not apply to: (i) debt secured by mortgages on property, stock or debt of a corporation existing at the time such corporation becomes a Restricted Subsidiary; (ii) debt secured by mortgages existing on property, stock or debt at the time of the acquisition thereof, or mortgages on property, stock or debt to secure the payment of any part of or all the purchase price thereof, and similar mortgages; (iii) debt secured by mortgages on property, stock or debt of a corporation existing at the time such corporation is merged into or consolidated with the Company or a Restricted Subsidiary or existing at the time of any sale, lease or other disposition of all, or substantially all, the assets of a corporation, partnership, joint venture or sole proprietorship to the Company or a Restricted Subsidiary; (iv) debt secured by mortgages on Principal Properties in favor of the United States or any state or political subdivision thereof, incurred for the purpose of financing all or any part of the purchase price or the cost of construction of the property subject to such mortgages; (v) extensions, renewals or replacements of any such mortgages or of any debt secured thereby; and (vi) debt secured by mortgages held by the Company or any "wholly owned subsidiary". The sale or other transfer of the following shall not be deemed to create debt secured by a mortgage: (a) minerals in place for a period of time until, or in an amount such that, the purchaser will realize therefrom a specified amount of money (however determined) or a specified amount of such minerals; or (b) any other interest in property of the character commonly referred to as a "production payment". The term "Principal Properties" is defined in the Indenture to mean the principal properties in the United States of the Company and its Subsidiaries as a group, except any property which, in the opinion of the Board of Directors of the Company, is not one of the principal properties used by such group. The term "Subsidiary" is defined in the Indenture to mean any corporation more than 50% of the outstanding voting securities of which shall at the time be owned directly or indirectly by the Company. The term "Restricted Subsidiary" is defined in the Indenture to mean any Subsidiary organized and existing under the laws of the United States or any state thereof which is engaged in manufacturing, the greater portion of the business of which is transacted, or the greater portion of the assets of which are located, within the United States. (*Sections 1.02 and 5.04*)

Limitations on Mergers and Sales of Assets. The Company covenants that it will not enter into a merger or consolidation with another corporation, or permit any Restricted Subsidiary to allow any other corporation to merge into, or be consolidated with, such Restricted Subsidiary, or sell all or substantially all the assets of the Company to another corporation otherwise than for cash, or purchase, or permit any Restricted Subsidiary to purchase, all or substantially all the assets of another corporation, if any property owned by the Company or such Restricted Subsidiary immediately prior thereto would thereupon become subject to any mortgage, unless prior to such merger, consolidation, sale or purchase the Company or such Restricted Subsidiary, as the case may be, shall create, as security for the Debentures (together with, if the Company so determines, any other debt of the Company ranking equally with the Debentures, including guarantees of indebtedness of others) a valid mortgage constituting a lien upon all property and assets then owned or thereafter acquired by the Company or such Restricted Subsidiary which, upon completion of such merger, consolidation, sale or purchase, will rank prior to the mortgage to which such property would become subject upon such merger, consolidation, sale or purchase. (*Section 5.05*)

Limitations on Subsidiary Debt. The Company covenants that it will not permit any Restricted Subsidiary to incur, assume or guarantee any debt except (i) secured debt incurred, assumed or guaranteed in accordance with the second preceding paragraph, (ii) unsecured debt of a corporation existing at the time such corporation becomes a Restricted Subsidiary, (iii) unsecured debt of a corporation existing at the time such corporation is merged into or consolidated with a Restricted Subsidiary or existing at the time of any sale, lease or other disposition of all, or substantially all, the assets of a corporation, partnership, joint venture or sole proprietorship to a Restricted Subsidiary, (iv) unsecured short-term debt incurred in the ordinary course of business and (v) unsecured debt owed to a "wholly owned subsidiary" or the Company, except that the Company may permit Restricted Subsidiaries to incur, assume or guarantee unsecured debt which would otherwise be prohibited by such covenant in an aggregate amount not exceeding 5% of the shareholders' equity in the Company. The term "shareholders' equity" is defined in the Indenture to mean the consolidated capital and surplus of the Company, after deducting intangible assets and the cost of treasury stock. (*Section 5.06*)

Limitations on Sale and Leaseback Transactions. The Company covenants that neither it nor any Restricted Subsidiary will enter into any arrangement with any person providing for the leasing to the Company or such Restricted Subsidiary of any real property constituting all or any part of the Principal Properties (except for temporary leases for a term of not more than three years) which real property has been or is to be sold or transferred by it or such Restricted Subsidiary to such person, unless (i) it or such Restricted Subsidiary would be entitled, by the terms of the third preceding paragraph, to incur debt secured by a mortgage on the real property to be leased without equally and ratably securing the Debentures or (ii) the Company applies an amount equal to the fair value of the property so leased to the retirement (other than any mandatory retirement) of the Debentures or other debt of the Company which matures more than 12 months after its creation. (*Section 5.07*)

Modification of the Indenture

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the holders of not less than 66⅔% in principal amount of the Debentures at the time outstanding, to modify the Indenture or any supplemental indenture or the rights of the holders of the Debentures, provided that no such modification shall (i) extend the fixed maturity of any Debentures, reduce the rate or extend the time of payment of interest thereon, reduce the principal amount thereof or reduce any premium payable upon the redemption thereof without the consent of the holder of each Debenture so affected or (ii) reduce the aforesaid percentage of Debentures the consent of the holders of which is required for any such modification without the consent of the holders of all Debentures then outstanding. (*Section 13.02*)

Defaults

The Indenture provides that an event of default will be (i) default for 30 days in payment of interest on the Debentures; (ii) default in payment of principal of (including any sinking fund payment), and premium, if any, on the Debentures; (iii) default, for 60 days after notice, in performance of any other covenant in the Indenture; (iv) certain events of insolvency; and (v) failure to pay interest or failure to pay principal, and expiration of any applicable period of grace, on any other indebtedness of the Company. (*Section 6.01*) The Company will be required to file annually with the Trustee a certificate of officers of the Company as to the existence or nonexistence of any default under the Indenture. (*Section 5.08*)

Holders of a majority in principal amount of the outstanding Debentures will be entitled to control certain actions of the Trustee under the Indenture and to waive past defaults. (*Sections 6.02 and 6.08*)

Concerning the Trustee

The Chase Manhattan Bank (National Association) will be the Trustee under the Indenture. The Chase Manhattan Bank (National Association) is one of the lending banks, with a total commitment of $37,000,000, under the terms of a $135,000,000 credit agreement with the Company and is also one of the lending banks, with a total commitment of $13,000,000, under the terms of a $38,000,000 credit agreement with the Company (see Note 7 to consolidated financial statements of the Company appearing elsewhere in this Prospectus). The net proceeds from the sale of the Debentures will be used to reduce outstanding loans under these agreements. The Chase Manhattan Bank (National Association) is a Transfer Agent for the Common Stock of the Company. In addition, it acts as depository of, makes loans to, and performs other services for the Company in the normal course of business.

UNDERWRITING

The Underwriters named below have severally agreed to purchase the respective principal amounts of Debentures indicated below. Those amounts are subject to reduction as described under "Delayed Delivery Arrangements". The Purchase Agreement, a copy of which is filed as an exhibit to the Registration Statement, provides that the several obligations of the Underwriters are subject to certain conditions as therein set forth. The Underwriters will be obligated to purchase all the Debentures not covered by contracts referred to under "Delayed Delivery Arrangements" if any such Debentures are purchased. Kuhn, Loeb & Co. is the managing Underwriter (the "Representative").

Name	Principal Amount of Debentures
Kuhn, Loeb & Co.	$ 17,100,000
Abraham & Co.	200,000
American Securities Corporation	600,000
Anderson & Strudwick	200,000
Arnhold and S. Bleichroeder, Inc.	600,000
Bache & Co. Incorporated	1,800,000
Bateman Eichler, Hill Richards Incorporated	400,000
Bear, Stearns & Co.	1,000,000
William Blair & Company	400,000
Blyth & Co., Inc.	1,800,000
Boettcher and Company	350,000
Burnham and Company	1,000,000
CBWL-Hayden, Stone Inc.	1,000,000
The Chicago Corporation	200,000
Clark, Dodge & Co. Incorporated	1,000,000
Craigie Incorporated	200,000
Dain, Kalman & Quail, Incorporated	400,000
Deutsche Bank Aktiengesellschaft	1,000,000
Dick & Merle-Smith	600,000
R. S. Dickson, Powell, Kistler & Crawford	350,000
Dillon, Read & Co. Inc.	2,200,000
Dominick & Dominick, Incorporated	1,000,000
Drexel Harriman Ripley, Incorporated	1,800,000
duPont Glore Forgan Incorporated	1,800,000
Eastman Dillon, Union Securities & Co.	1,800,000
Elkins, Morris, Stroud & Co.	350,000
Eppler, Guerin & Turner, Inc.	350,000
Equitable Securities, Morton & Co. Incorporated	1,000,000
Faulkner, Dawkins & Sullivan Securities Inc.	600,000
Ferris & Company	200,000
The First Boston Corporation	2,200,000
First of Michigan Corporation	350,000
First Mid America Corporation	200,000
Robert Garrett & Sons, Inc.	400,000
Goldman, Sachs & Co.	1,800,000
Halle & Stieglitz, Inc.	400,000
Halsey, Stuart & Co. Inc.	1,800,000
J. J. B. Hilliard, W. L. Lyons & Co.	200,000
Hornblower & Weeks-Hemphill, Noyes	1,800,000
E. F. Hutton & Company Inc.	1,000,000
W. E. Hutton & Co.	1,000,000
Interstate Securities Corporation	200,000
Edward D. Jones & Co.	200,000
Kidder, Peabody & Co. Incorporated	1,800,000
Kohlmeyer & Co.	400,000
Lazard Frères & Co.	1,800,000
Lehman Brothers Incorporated	1,800,000
Loeb, Rhoades & Co.	1,800,000
Loewi & Co. Incorporated	400,000
McDonald & Company	400,000
McMaster Hutchinson & Co.	200,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	2,200,000
Model, Roland & Co., Inc.	600,000
Morgan Stanley & Co. Incorporated	2,200,000
Moroney, Beissner & Co., Inc.	200,000
New York Hanseatic Corporation	600,000

Name	Principal Amount of Debentures
Paine, Webber, Jackson & Curtis Incorporated	1,800,000
Wm. E. Pollock & Co., Inc.	600,000
Prescott, Merrill, Turben & Co.	350,000
Putnam, Coffin, Doolittle, Newburger — Division of Advest Co.	400,000
Rauscher Pierce Securities Corporation	350,000
Reynolds & Co.	1,000,000
Riter, Pyne, Kendall & Hollister	400,000
The Robinson-Humphrey Company, Inc.	400,000
N. M. Rothschild & Sons Limited	1,800,000
Salomon Brothers	2,200,000
Schmidt, Roberts & Parke, Inc.	200,000
Shearson, Hammill & Co. Incorporated	1,000,000
Shields & Company Incorporated	1,000,000
Shuman, Agnew & Co., Inc.	350,000
I. M. Simon & Co.	350,000
Singer, Deane & Scribner	350,000
Smith, Barney & Co. Incorporated	1,800,000
F. S. Smithers & Co. Inc.	1,000,000
Stone & Webster Securities Corporation	1,800,000
Thomas & Company, Inc.	350,000
Spencer Trask & Co. Incorporated	1,000,000
Tucker, Anthony & R. L. Day	1,000,000
Underwood, Neuhaus & Co. Incorporated	200,000
G. H. Walker & Co.	1,800,000
S. G. Warburg & Co. Limited	1,800,000
Watling, Lerchen & Co.	350,000
Weeden & Co. Incorporated	600,000
Weis, Voisin & Co., Inc.	350,000
Wertheim & Co.	1,800,000
Westdeutsche Landesbank Girozentrale	1,000,000
Wheat & Co., Inc.	350,000
White, Weld & Co.	1,800,000
Dean Witter & Co. Incorporated	1,800,000
Wood, Struthers & Winthrop Inc.	1,000,000
Wood, Walker & Co.	400,000
Total	$100,000,000

The Company has been advised by the Representative that the Underwriters propose to offer the Debentures to the public initially at the offering price set forth on the cover of this Prospectus and to certain dealers at such price less a selling concession of 0.400% of the principal amount of the Debentures, that the Underwriters may allow and each such dealer may reallow to other dealers a concession not exceeding 0.250% of such principal amount, and that, after the initial public offering, such public offering price and such concessions may be changed. The Company has agreed in the Purchase Agreement to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

Mr. Morris H. Wright, a director of the Company, is a general partner of Kuhn, Loeb & Co.

DELAYED DELIVERY ARRANGEMENTS

The Company has authorized the Underwriters to solicit offers by certain institutions to purchase the Debentures from the Company, at the offering price set forth on the cover of this Prospectus, pursuant to Delayed Delivery Contracts providing for payment and delivery on May 18, 1971. Such contracts are to be with institutions and in amounts approved by the Company, but in no event less than $250,000 principal amount of Debentures per Delayed Delivery Contract.

Institutions with which Delayed Delivery Contracts may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and such others as may be approved by the Company. The Underwriters will receive from the Company, at the time of delivery to the Underwriters of the Debentures to be purchased by them, a fee of 0.875% of the aggregate principal amount of the Debentures contracted to be sold pursuant to Delayed Delivery Contracts. Delayed Delivery Contracts will not be subject to any conditions, except that (1) the purchase by an institution of the Debentures covered by its Delayed Delivery Contract shall not at the time of delivery be prohibited under the laws of jurisdictions to which such institution is subject, and (2) the sale of Debentures to Underwriters pursuant to the Purchase Agreement shall have been completed. The Underwriters will not have any responsibility in respect of the validity or performance of Delayed Delivery Contracts.

The principal amount of Debentures to be purchased by each Underwriter shall be reduced by an allocable part of the Debentures contracted to be sold pursuant to Delayed Delivery Contracts, except as otherwise provided in the Agreement Among Underwriters, a copy of which is filed as an exhibit to the Registration Statement. The Underwriters may allow a commission of 0.400% of the principal amount to dealers in respect of Debentures for which Delayed Delivery Contracts entered into by the Company are arranged by such dealers through the Representative.

LEGAL OPINIONS

The legality of the Debentures offered hereby will be passed upon for the Company by its counsel, Alexander & Green, 120 Broadway, New York, New York 10005, and its local counsel in New Jersey, Pitney, Hardin & Kipp, 570 Broad Street, Newark, New Jersey 07102, and for the Underwriters by Cravath, Swaine & Moore, 1 Chase Manhattan Plaza, New York, New York 10005. As to matters of New Jersey law, Alexander & Green and Cravath, Swaine & Moore will rely upon the opinion of Pitney, Hardin & Kipp.

EXPERTS

The financial statements, except such statements as have been designated as unaudited, included in this Prospectus have been examined, as set forth in their opinions, by Lybrand, Ross Bros. & Montgomery, and Peat, Marwick, Mitchell & Co., independent certified public accountants. With respect to the financial statements of National Lead Company and its consolidated subsidiaries, Lybrand, Ross Bros. & Montgomery relied in part upon the respective examinations and opinions of other independent public accountants, as set forth in the respective opinions of such latter firms which are filed elsewhere in this Registration Statement. The financial statements referred to are included in this Prospectus in reliance upon the opinions of such firms contained in this Prospectus and in the Registration Statement and upon their authority as experts in accounting and auditing.

The statements included under "Business — Litigation" as to the ultimate liability of the Company in respect of the litigation thereunder described have been included in reliance on the opinion of Boyle, Priest, Elliott & Weakley, St. Louis, Missouri, and upon their authority as legal experts.

ADDITIONAL INFORMATION

Additional information regarding the Company and the Debentures offered hereby is contained in the Registration Statement which the Company has filed with the Commission in respect of such Debentures under the Securities Act of 1933. The Registration Statement may be inspected by anyone without charge at the principal office of the Commission in Washington, D.C. and copies of all or any part of it may be obtained from the Commission upon payment of the prescribed fees.

INDEX TO FINANCIAL STATEMENTS

OPINIONS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Shareholders of
NATIONAL LEAD COMPANY,
New York, New York

We have examined the consolidated balance sheet of NATIONAL LEAD COMPANY and its Consolidated Subsidiaries as of December 31, 1969 and the related consolidated statements of income and retained earnings for the five years then ended. We have also examined the balance sheet of LAKE VIEW TRUST AND SAVINGS BANK as of December 31, 1969 and the related statement of income and undivided profits for the year then ended. 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. We were furnished reports of other public accountants upon their examinations of the financial statements of certain consolidated and unconsolidated subsidiaries and fifty per cent-owned companies for their respective five fiscal years ended in 1969. Our opinion expressed herein, insofar as it relates to the amounts included for such subsidiaries and companies, is based solely upon such reports.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of National Lead Company and its consolidated subsidiaries at December 31, 1969 and the results of their operations for the five years then ended and the financial statements of Lake View Trust and Savings Bank referred to above present fairly the financial position of Lake View Trust and Savings Bank at December 31, 1969 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis, after giving retroactive effect to the adoption by the Bank of the policy of amortizing bond discounts as described in Note A to the Bank's financial statements, with which change in policy we concur.

LYBRAND, ROSS BROS. & MONTGOMERY

New York, February 18, 1970.

THE BOARD OF DIRECTORS
TITANIUM METALS CORPORATION OF AMERICA:

We have examined the balance sheet of Titanium Metals Corporation of America as of December 31, 1969 and the related statement of operations and retained earnings for the five years then ended. Our examination was 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.

In our opinion, such financial statements present fairly the financial position of Titanium Metals Corporation of America at December 31, 1969 and the results of its operations for the five years then ended, in conformity with generally accepted accounting principles which, except for the changes, which we approve, in the methods of providing depreciation for the years 1967 and 1968 as described in Note 2 of the notes to financial statements, have been applied on a consistent basis.

PEAT, MARWICK, MITCHELL & CO.

New York, N. Y.
January 30, 1970.

NATIONAL LEAD COMPANY AND ITS CONSOLIDATED SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

September 30, 1970 (Unaudited) and December 31, 1969

ASSETS

	September 30, 1970 (Unaudited)	December 31, 1969
	(000's omitted)	
Current assets:		
Cash, including time deposits	$ 27,274	$ 23,489
Marketable securities, at cost, less reserve of $700,000 at December 31, 1969, which approximates market	2,342	3,160
Accounts and notes receivable:		
Trade	140,971	132,956
Other	17,501	10,615
	158,472	143,571
Less, reserve for losses	2,211	1,991
	156,261	141,580
Inventories (Note 3)	185,863	176,130
Prepaid expenses	5,589	3,974
Total current assets	377,329	348,333
Investments in unconsolidated subsidiaries:		
Lake View Trust and Savings Bank (Note 1)	44,431	41,535
Foreign subsidiaries, including advances — 1970, $2,465,000; 1969, $1,897,000 (Note 2)	12,103	10,645
	56,534	52,180
Investments in and advances to associated companies (Note 4) and other investments, at cost, less reserve of $673,000	15,276	15,944
Property, plant and equipment, at cost (Note 5)	600,767	571,803
Less, reserves for depreciation, depletion and amortization	337,963	321,126
	262,804	250,677
Intangibles (Note 6)	22,492	22,492
Other assets	5,726	5,634
	$740,161	$695,260

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

NATIONAL LEAD COMPANY AND ITS CONSOLIDATED SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

September 30, 1970 (Unaudited) and December 31, 1969

LIABILITIES

	September 30, 1970 (Unaudited)	December 31, 1969
	(000's omitted)	
Current liabilities:		
Loans payable, principally to banks (Note 7)	$ 19,386	$ 68,766
Accounts payable	39,074	41,890
Accrued liabilities:		
Taxes on income	12,900	17,938
Compensation	14,266	13,904
Interest	2,851	2,196
Other	22,808	16,763
	52,825	50,801
Total current liabilities	111,285	161,457
Bonds payable (Note 7)	41,073	41,073
Other long-term debt (Note 7)	145,868	53,615
Deferred taxes on income (Note 9)	22,677	19,781
Other long-term liabilities and reserves (Note 2)	7,878	8,093
Minority interests:		
Capital stock	7	1,481
Retained earnings	3,848	5,785
	3,855	7,266
SHAREHOLDERS' EQUITY (Notes 1, 7, 8 and 13)		
Common stock, par value $2.50; shares authorized 60,000,000; issued 24,177,168	60,443	60,443
Capital surplus	32,158	32,104
Retained earnings	326,738	327,683
	419,339	420,230
Less, Treasury stock, at cost — 1970, 360,706 shares; 1969, 495,787 shares	11,814	16,255
	407,525	403,975
	$740,161	$695,260

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

NATIONAL LEAD COMPANY AND ITS CONSOLIDATED SUBSIDIARIES

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	Nine Months Ended September 30		Year Ended December 31				
	1970	1969	1969	1968	1967	1966	1965
	(Unaudited)		(000's omitted)				
Retained Earnings:							
Balance at beginning of period	$327,683	$323,286	$323,286	$309,873	$294,350	$271,011	$252,071
Net income	30,719	38,157	50,675	49,985	54,309	61,634	61,252
Companies acquired in poolings of interests (Note 1)	—	266	266	5,607	—	—	—
Total	358,402	361,709	374,227	365,465	348,659	332,645	313,323
Dividends and Adjustments*:							
Cash dividends paid by National Lead Company, common stock, $1.62½ per share 1965-1968, $1.70 per share 1969, $1.27½ per share nine months ended September 30, 1969 and September 30, 1970	30,307	30,187	40,272	38,880	38,410	37,982	38,072
Cash dividends paid by companies acquired, prior to acquisition	—	—	—	182	376	313	306
Adjustments relating to changes in ownership of certain Canadian subsidiaries**	—	—	—	—	—	—	3,934
Adjustments relating to acquisitions (Note 1)	1,357	6,272	6,272	3,117	—	—	—
Retained earnings at end of period	$326,738	$325,250	$327,683	$323,286	$309,873	$294,350	$271,011

* Dividends per common share are after giving effect to the two-for-one stock split which became effective April 18, 1969.

** In November 1965, the Company sold one-half of its interest in certain Canadian subsidiaries and the accounts of such subsidiaries have been included in consolidated operations only to the date of sale.

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

NATIONAL LEAD COMPANY AND ITS CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Financial statements for years ended December 31 have been examined by independent public accountants; those for nine month periods ended September 30, are unaudited)

(1) Consolidation principles and acquisitions.

The consolidated financial statements include the accounts of the Company, all domestic subsidiaries (except Lake View Trust and Savings Bank) and major wholly-owned foreign subsidiaries. Changes in companies included in the consolidation during the five years ended December 31, 1969 and the nine months ended September 30, 1970 did not have a material effect on net income during such periods.

During 1968, the Company exchanged a total of 133,063 shares of its treasury stock for all of the outstanding stock of Edgar Plastic Kaolin Co., Inc., Cochrane Foundry, Inc. and The Bunting Brass and Bronze Company. These acquisitions have been accounted for as poolings of interests and, accordingly, the results of operations for 1968 include the net income of these companies for the entire year. No adjustment has been made for the prior years since the effect would not be material. As a result of these transactions, capital surplus and retained earnings were charged $3,590,000 and $3,117,000, respectively, representing principally the appropriate portion of the excess of the cost of treasury shares issued over the aggregate paid-in capital of the acquired companies.

During 1969, the Company exchanged a total of 207,904 shares of its treasury stock for all of the outstanding stock of Jonathan Manufacturing Company and H-K, Inc. These acquisitions have been accounted for as poolings of interests and, accordingly, the results of operations for 1969 include the net income of these companies for the nine months ended September 30, 1969 and the year ended December 31, 1969. No adjustment has been made for the prior years since the effect would not be material. As a result of these transactions, capital surplus and retained earnings were charged $390,000 and $6,272,000, respectively, representing principally the appropriate portion of the excess of the cost of treasury shares issued over the aggregate paid-in capital of the acquired companies. The agreement with Jonathan Manufacturing Company provides for the delivery of additional Company stock, not to exceed 135,904 shares, contingent on the amount of Jonathan Manufacturing Company's net income (as defined) for the years 1969, 1970 and 1971.

During the nine months ended September 30, 1970, the Company exchanged 138,091 shares of its treasury stock for all of the outstanding stock of Regal Molds, Inc. and the outstanding stock held by the minority interest of The Baker Castor Oil Company. The acquisition of Regal Molds, Inc. has been accounted for as a pooling of interests and, accordingly, the results of operations for the nine months ended September 30, 1970 include the net income of Regal Molds, Inc. for the entire period. No adjustment has been made for the prior years since the effect would not be material. The acquisition of the minority interest of The Baker Castor Oil Company has been accounted for as a purchase and includes, for the nine month period ended September 30, 1970, the results of operations since the date of purchase. As a result of these transactions, capital surplus was credited $54,000 and retained earnings was charged $1,357,000, representing principally the appropriate portion of the excess of the cost of treasury shares issued over the fair or carrying value of the net assets acquired.

In early January, 1969, the Company acquired, for cash, 99.85% of the outstanding stock of the Lake View Trust and Savings Bank. The Company's investment in the Bank is reflected at cost, plus subsequent changes in equity. Separate financial statements of the Bank are included elsewhere in this Prospectus. The Company's equity in the net income of the Bank is as follows:

NATIONAL LEAD COMPANY AND ITS CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Financial statements for years ended December 31 have been examined by independent public accountants; those for nine month periods ended September 30, are unaudited)

	Nine Months Ended September 30		
	1970	1969	Year 1969
		(000's omitted)	
Equity in Bank's net income	$3,346	$3,109	$4,246
Add, Amortization of the excess of the Bank's cost of securities over the market values on the date of acquisition, less applicable income tax of $268,000	—	—	268*
Less, Interest cost to National Lead, after applicable income tax effect of $1,244,000 for the nine months 1970, $1,221,000 for the nine months 1969 and $1,690,000 for the year 1969, on funds borrowed to purchase Bank	1,284	1,090	1,510
Net income attributable to Bank	$2,062	$2,019	$3,004

The Company's investment in the Bank exceeded its equity in the net assets (adjusted to reflect the excess of the Bank's cost of securities over the aggregate market values at date of acquisition by the Company) of the Bank by $19,683,000 at September 30, 1970 and at December 31, 1969. In the opinion of management, no amortization of this amount is required.

The consolidated financial statements include net assets of consolidated foreign subsidiaries in the amount of $103,282,000 at September 30, 1970 and $100,721,000 at December 31, 1969 (including net current assets of $46,673,000 and $42,517,000, respectively). Net income of these subsidiaries was as follows: September 30, 1970, $8,204,000; September 30, 1969, $8,505,000; 1969, $12,569,000 (including equity in net income of major majority-owned unconsolidated foreign subsidiaries of $1,201,000, $918,000 and $1,435,000, respectively); 1968, $10,575,000; 1967, $10,408,000; 1966, $9,003,000; 1965, $11,915,000. The financial statements of the foreign subsidiaries have been translated at approximately the period-end rates of exchange, except that fixed assets and related depreciation have been translated at approximate historical rates of exchange. Except for the gain resulting from the French and German currency adjustments and the loss resulting from the Philippine currency devaluation, both of which have been credited and charged, respectively, to a reserve for foreign operations (see Note 2), the amounts of net foreign exchange gains and losses (not considered material) are included in miscellaneous other income, net, in the consolidated statements of income.

The equity of the Company in the net assets of its consolidated subsidiaries, as shown by the books of the latter, was in excess of the investment in such subsidiaries as shown by the books of the parent company in the amount of $128,131,000 at September 30, 1970 and $117,405,000 at December 31, 1969. Such amounts have been treated in consolidation as follows:

* In accordance with generally accepted accounting principles, the excess of the par value of the securities held by the Bank for investment over the cost of such securities is being amortized by the Bank into income over the remaining lives of such securities. At the date the Company acquired the Bank, the aggregate market value of these securities was less than the Bank's cost. Accordingly, this difference is being amortized over the remaining lives, at date of acquisition, of the securities, and such amortization less related income tax is added to the Company's equity in the Bank's net income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Financial statements for years ended December 31 have been examined by independent public accountants; those for nine month periods ended September 30, are unaudited)

	September 30, 1970	December 31, 1969
	(000's omitted)	
Debits to property, plant and equipment (land)	$ (447)	$ (447)
Debits to other assets (being amortized in consolidation)	(511)	(1,085)
Credits to retained earnings	129,089	118,937
	$128,131	$117,405

(2) **Unconsolidated foreign subsidiaries and reserve for foreign operations.**

Commencing in 1969, the Company stated its investments in major unconsolidated majority-owned foreign subsidiaries to reflect its equity in their underlying net assets, and included in income its equity in the net income of such subsidiaries. Previously, these investments had been carried at cost, and income thereon was reflected to the extent received as dividends. The dividends received from such companies totalled $1,348,000 in 1968, $744,000 in 1967, $433,000 in 1966 and $509,000 in 1965 and such amounts have been included in the income statement caption "Equity in majority-owned foreign subsidiaries". The effect on previously reported net income was not material. At December 31, 1968, the Company's equity in the underlying net assets of these subsidiaries exceeded the cost of its investment by approximately $1,814,000, and such amount was transferred to a reserve for foreign operations in 1969.

Also transferred to this newly created reserve in 1969 was the amount of $3,628,000, which included a reserve previously deducted from the investments in unconsolidated subsidiaries and a gain resulting from French and German currency adjustments. It is intended that this reserve will absorb losses and be credited with gains resulting from major foreign exchange adjustments and other major unpredictable occurrences involving foreign operations. In the nine months ended September 30, 1970, a loss resulting from a Philippine currency devaluation, amounting to $300,000, was charged to this reserve.

(3) Inventories.

Inventories entering into the computation of cost of sales are as follows:

	September 30		December 31					
	1970	1969	1969	1968	1967	1966	1965	1964
				(000's omitted)				
Raw materials	$ 48,344	$ 42,531	$ 41,003	$ 40,407	$ 36,254	$ 35,504	$ 35,271	$ 29,598
Finished and in process	118,016	110,018	115,905	99,068	101,106	97,559	90,725	94,466
Supplies	19,503	18,107	19,222	14,947	15,411	14,119	12,253	11,299
	$185,863	$170,656	$176,130	$154,422	$152,771	$147,182	$138,249	$135,363

Inventories are valued at the lower of cost (principally average cost) or market. Certain metal inventories are valued using the last-in, first-out method, which results in such inventories being stated at less than current replacement cost at September 30, 1970 and December 31, 1969.

The Company also maintains an inventory reserve, amounting to $12,070,000 at September 30, 1970 and $10,572,000 at December 31, 1969, on the basis of specific quantities and fixed prices for certain normal stocks, which is deducted from inventories. The inventories for December 31, 1968 and prior years have been restated to reflect the reserve balance as a deduction from inventories. In prior years, this reserve balance was included in other long-term liabilities and reserves.

(Financial statements for years ended December 31 have been examined by independent public accountants; those for nine month periods ended September 30, are unaudited)

Due to changes in operating conditions, and as part of a program to more effectively control the investment in inventories, the previously established normal quantities were reduced during 1969, resulting in an increase in net income of $2,267,000. During 1969, net income was reduced by $1,750,000 under the last-in, first-out method.

(4) Associated companies.

The equity of the Company in the net assets of Titanium Metals Corporation of America, a 50 per cent-owned company, exceeded the investment in such company, included in investments in and advances to associated companies and other investments, by $12,685,000 at September 30, 1970 and $14,888,000 at December 31, 1969. The Company's share of the net income (losses) of Titanium Metals Corporation of America (which is not included in the Company's consolidated statement of income) was as follows: nine months ended September 30, 1970, $(2,203,000); nine months ended September 30, 1969, $(69,000); years ended December 31, 1969, $(251,000); 1968, $(1,273,000); 1967, $1,637,000; 1966, $2,490,000; 1965, $715,000. Dividends received, and included in other income, totalled $750,000 in each of the years ended December 31, 1967 and 1966 and $500,000 in the year ended December 31, 1965. The equity of the Company in the net assets of the other 50 per cent-owned companies exceeded the cost of the Company's investment by approximately $4,294,000 at September 30, 1970 and $3,778,000 at December 31, 1969.

Separate financial statements of Titanium Metals Corporation of America are included elsewhere in this Prospectus.

(5) Fixed assets.

Property, plant and equipment consists of the following:

	September 30, 1970	December 31, 1969
	(000's omitted)	
Manufacturing properties:		
Land and land improvements	$ 14,721	$ 13,785
Buildings and building improvements	143,980	142,208
Machinery and equipment	363,423	341,854
Miscellaneous	38,742	34,699
Mining properties	39,901	39,257
	$600,767	$571,803

Provisions for depreciation, depletion and amortization are charged to income on the following bases:

On the straight-line method, over estimated useful lives at the following rates (per cent per annum):

Buildings and building improvements	2½ to 10
Machinery and equipment	5 and 10
Furniture and fixtures	10
Autos and trucks	10 to 25

Leasehold improvements, over the lives of the related leases.

Mining facilities, including land, buildings and machinery and equipment, at rates per ton of material produced, or on the straight-line method at varying rates, based on the shorter of estimated physical or economic life of the property.

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(Financial statements for years ended December 31 have been examined by independent public accountants; those for nine month periods ended September 30, are unaudited)

Maintenance, repairs, renewals and minor betterments are charged to income.

Reserves for depreciation, depletion and amortization are generally relieved of the accumulated amounts applicable to properties retired or otherwise disposed of at the time of disposition of such properties, and profit or loss is recognized currently.

Commencing in 1970, depreciation expense on miscellaneous fixed assets is being credited to a reserve account. In prior years such depreciation was credited directly to the asset account. Depreciation expense for the year 1969 has been restated but prior years have not, since the segregation of such depreciation is not practicable without undue effort and expense. (See Note 12.)

(6) Intangibles.

Intangibles comprise principally "Trade-marks and good will" representing substantially the excess of book amounts of fixed assets in 1915 over the amounts thereof as shown by appraisals made in that year. No amortization of such intangibles has been provided. As explained on several occasions in annual reports to shareholders of the Company, no attempt was made prior to 1915 to determine the amounts of such intangibles, since in most cases going concerns (including tangible assets, business, trade-marks and good will) were acquired through the issuance of shares of capital stock of the Company. The properties so acquired, including intangibles, were recorded on the books of the Company at an aggregate amount equal to the par value of the shares issued.

(7) Long-term debt.

Bonds payable comprise:

	September 30, 1970	December 31, 1969
	(000's omitted)	
4⅜% subordinated debentures, due in annual installments of $850,000 through 1973 and $1,297,000 thereafter to April, 1988	$24,798	$24,798
6½% deutsche mark bearer bonds, due in equal annual installments from 1972 through 1979	16,275	16,275
	$41,073	$41,073

The debentures outstanding are after deducting $1,665,000 and $2,515,000 principal amount of debentures held by the Company at September 30, 1970 and December 31, 1969, respectively.

Other long-term debt comprises:

	September 30, 1970	December 31, 1969
	(000's omitted)	
Bank loans incurred for purchase of Bank, at prime interest rates, due in equal semiannual installments from 1971 through 1976	$ 34,200	$38,000
Loans from banks under the terms of a $135,000,000 credit agreement, at prime interest rates, due in equal semiannual installments from 1971 through 1975	97,500	—
5½% to 9% bank loans, principally of foreign subsidiaries, due as follows: At September 30, 1970: 1972, $1,923,000; 1973, $1,913,000 and balance thereafter through 1987. At December 31, 1969: 1971, $3,895,000; 1972, $2,044,000 and balance thereafter through 1986	7,762	8,694
Miscellaneous loans	6,406	6,921
	$145,868	$53,615

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In January 1970, the Company entered into a credit agreement with 18 banks which provides for the borrowing of up to a maximum of $135,000,000. Initial borrowings were used to settle short-term loans outstanding at December 31, 1969 under the terms of a previous credit agreement. The Company may, on or before May 1, 1971, convert such borrowings as it may have made to a long-term loan repayable over a 4-year period in eight equal semiannual installments. The amount borrowed as of September 30, 1970 was classified as a long-term obligation because of such conversion privilege (see "Use of Proceeds" appearing elsewhere in this Prospectus).

The agreement provides that the Company must maintain consolidated working capital of at least $100,000,000 and contains certain restrictions on additional borrowings. Application of these restrictions would limit the amount of retained earnings available for cash dividends to approximately $166,000,000 and $86,000,000 at September 30, 1970 and December 31, 1969, respectively.

At September 30, 1970 and December 31, 1969, the current portion of long-term debt included in current liabilities aggregated approximately $4,730,000 and $1,566,000, respectively.

At September 30, 1970 the aggregate maturities of long-term debt in each of the next five years are as follows (without giving effect to prepayment of any of such debt from the proceeds of the Debentures offered hereby): twelve months ending September 30: 1971, $4,730,000; 1972, $36,564,000; 1973, $37,268,000; 1974, $35,734,000; and 1975, $35,706,000.

(8) **Common stock and stock options.**

On April 17, 1969 the shareholders approved a two-for-one common stock split. All per share data reflect the stock split.

The Company is authorized to issue 5,000,000 shares of preferred stock without par value. The rights of this preferred stock as to dividends, redemption, liquidation and conversion, if any, will be determined upon issuance.

Under the Stock Option Incentive Plan adopted in 1968, 700,000 shares of the Company's common stock have been reserved for issuance to officers and to other key employees. Under the plan, options may be granted to purchase common stock at 100 per cent of the market price at the date of grant and are exercisable at any time during a period of five years from the date of grant.

Under the Stock Option Incentive Plan adopted in 1958, options were granted to certain officers and other key employees to purchase 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 were exercisable in whole or in part at any time during a period of seven years from date of grant. The period during which options could be granted expired in 1963 and all options expired in or before March 1970.

Data with respect to options for the nine months ended September 30, 1970 and the years 1965 to 1969 are as follows:

	Number of Shares	Average Option Price — Per Share	Average Option Price — Total (000's omitted)	Average Market Value — Per Share	Average Market Value — Total (000's omitted)
Options outstanding (all exercisable) at September 30, 1970:					
1958 Plan	None				
1968 Plan	395,400	$25	$9,895	$25(a)	$9,895
Options granted and becoming exercisable:					
1958 Plan	None				
1968 Plan					
1968	142,000	31	4,378	31(a)	4,378
1969	37,400	33	1,217	33(a)	1,217
Nine months ended September 30, 1970	216,400	20	4,312	20(a)	4,312

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NATIONAL LEAD COMPANY AND ITS CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Financial statements for years ended December 31 have been examined by independent public accountants; those for nine month periods ended September 30, are unaudited)

	Number of Shares	Average Option Price		Average Market Value	
		Per Share	Total (000's omitted)	Per Share	Total (000's omitted)
Options exercised:					
1958 Plan					
1965	13,600	$34	$459	$38(b)	$520
1966	None				
1967	None				
1968	1,700	34	57	38(b)	64
1969	7,550	34	255	36(b)	268
Nine months ended September 30, 1970	None				
1968 Plan					
1968	400	31	12	38(b)	15
1969	None				
Nine months ended September 30, 1970	None				

(a) At dates options were granted.

(b) At dates options were exercised.

Options previously granted expired as follows: 1958 Plan — 1965, 223,970; 1966, 14,030; 1967, 10,500; 1968, 26,850; 1969, 94,480; 1970, 1,400.

In connection with the acquisition of The Bunting Brass and Bronze Company in 1968, the Company granted to holders of stock options previously granted by Bunting, substitute stock options to purchase 3,134 shares of common stock of the Company at $20.50 per share. During 1969, options were exercised to purchase 2,658 of these shares and the remaining options are exercisable.

There were no other shares of the Company or its subsidiaries reserved for (1) officers and employees or (2) options, warrants, conversions and other rights except as mentioned in Note 1 to the consolidated financial statements. No amounts are reflected in income in connection with the grant or exercise of options.

(9) Income taxes.

Provisions for United States and foreign income taxes include the following:

	Nine Months Ended September 30		Years Ended December 31				
	1970	1969	1969	1968	1967	1966	1965
				(000's omitted)			
United States:							
Currently payable	$16,628	$26,626	$34,437	$38,195	$34,848	$40,479	$38,487
Deferred	954	834	886	(959)	(1,823)	3,187	3,048
Foreign:							
Currently payable	3,823	4,960	6,588	7,878	7,652	8,079	11,850
Deferred	1,942	2,036	2,682	1,199	1,603	—	—
	$23,347	$34,456	$44,593	$46,313	$42,280	$51,745	$53,385

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Financial statements for years ended December 31 have been examined by independent public accountants; those for nine month periods ended September 30, are unaudited)

Deferred taxes relate principally to the excess of depreciation claimed for income tax purposes over amounts provided in the financial statements.

Investment tax credits, not material in amounts, have been applied as a reduction of income tax provisions.

(10) Pensions.

The Company and its subsidiaries have various pension plans covering the majority of their employees. The plans provide for retirement benefits commencing, generally, at a normal retirement age of 65; early retirement benefits are available to qualified employees under stipulated conditions. The amounts of the benefits are based generally upon compensation and length of service.

The aggregate cost of these plans approximated $7,200,000 in the nine months ended September 30, 1970, $6,900,000 in the nine months ended September 30, 1969, $9,400,000 in 1969, $8,500,000 in 1968, $7,900,000 in 1967, $7,300,000 in 1966 and $6,500,000 in 1965. Current service costs under the plans are charged to income as they accrue and are funded as to the major plans. The unfunded prior service costs at December 31, 1969, the date of most recent valuation for all significant pension plans, approximated $65,464,000, the major portion of which is being charged to income and funded over a period of thirty years. Unfunded vested benefits amounted to approximately $24,200,000.

(11) Restatements.

Certain amounts in the 1969 financial statements have been restated to conform to classifications used in 1970, with no effect on net income or shareholders' equity.

(12) Supplemental profit and loss information.

Supplemental profit and loss information for the nine months ended September 30, 1970 and for the years 1969, 1968, 1967, 1966 and 1965 is set forth below:

	Nine Months Ended September 30, 1970	Years Ended December 31 1969	1968	1967	1966	1965
			(000's omitted)			
Maintenance and repairs charged to:						
Cost of goods sold	$31,591	$41,443	$32,628	$31,110	$32,036	$26,733
Other profit and loss accounts	1,832	2,108	1,931	1,421	1,658	1,705
Total	$33,423	$43,551	$34,559	$32,531	$33,694	$28,438
Depreciation, depletion and amortization (Note 5) charged to:						
Cost of goods sold	$15,856	$19,034	$15,576	$17,014	$16,034	$15,389
Other profit and loss accounts	3,245	3,617	2,611	3,106	2,268	1,860
Total	$19,101	$22,651	$18,187	$20,120	$18,302	$17,249

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Financial statements for years ended December 31 have been examined by independent public accountants; those for nine month periods ended September 30, are unaudited)

	Nine Months Ended September 30, 1970	Years Ended December 31 1969	1968	1967	1966	1965
			(000's omitted)			
Taxes, other than United States and foreign taxes on income, charged to:						
Cost of goods sold	$10,064	$12,418	$11,304	$10,637	$10,465	$ 8,941
Other profit and loss accounts	5,920	6,686	6,307	6,378	6,911	6,150
Total	$15,984	$19,104	$17,611	$17,015	$17,376	$15,091
Detail of taxes included above:						
Real estate and personal property	$ 5,098	$ 6,073	$ 5,801	$ 5,632	$ 5,454	$ 5,016
Social security and unemployment	8,537	9,604	7,800	7,248	7,638	5,790
Sales, state franchise and income, licenses and miscellaneous	2,349	3,427	4,010	4,135	4,284	4,285
Total	$15,984	$19,104	$17,611	$17,015	$17,376	$15,091

Rents and royalties are not material.

(13) Capital surplus.

Changes in capital surplus during the five years ended December 31, 1969 and the nine months ended September 30, 1970 were as follows:

		(000's omitted)
Balance, January 1, 1965		$35,744
Add: Excess of net proceeds over par value of common stock issued or carrying value of treasury shares sold upon exercise of stock options (Note 8):		
1965	$ 425	
1968	65	
1969	33	523
		36,267
Less:		
Cost of issuing common stock on acquisition of Amos-Thompson Corporation in 1967	54	
Expenses relating to the common stock split in 1969 (Note 8)	129	
Changes in connection with poolings of interests (Note 1):		
1968	3,590	
1969	390	
Nine months ended September 30, 1970	(54)	4,109
Balance, September 30, 1970		$32,158

(14) Litigation.

For information regarding pending litigation see "Business — Litigation" appearing elsewhere in this Prospectus.

LAKE VIEW TRUST AND SAVINGS BANK

BALANCE SHEET

September 30, 1970 (Unaudited) and December 31, 1969

ASSETS

	September 30, 1970 (Unaudited)	December 31, 1969
	(000's omitted)	
Cash and due from banks	$ 24,698	$ 46,429
Investment securities (Note A):		
U. S. Government obligations	82,655	66,078
Obligations of states and political subdivisions	24,705	25,164
Other securities	12,194	3,088
Loans	161,124	165,821
Bank premises and equipment (Note C)	1,255	1,280
Other assets, principally accrued interest receivable	3,772	3,318
Total assets	$310,403	$311,178

LIABILITIES

Deposits:		
Demand	$ 44,195	$ 52,099
Savings	192,230	189,957
Other time	36,945	35,318
Total deposits	273,370	277,374
Other liabilities	2,873	2,565
Total liabilities	276,243	279,939

RESERVE

Reserve for possible loan losses (Note B)	8,796	8,775

CAPITAL ACCOUNTS

Common stock, par value $20 per share, authorized, issued and outstanding, 375,000 shares	7,500	7,500
Surplus	7,500	7,500
Undivided profits	10,364	7,464
Total capital accounts	25,364	22,464
Total liabilities, reserve and capital	$310,403	$311,178

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

LAKE VIEW TRUST AND SAVINGS BANK

STATEMENT OF INCOME AND UNDIVIDED PROFITS

	Nine Months Ended September 30* 1970 (Unaudited)	Nine Months Ended September 30* 1969 (Unaudited)	Year Ended December 31, 1969
	(000's omitted)		
Operating income:			
Interest and fees on loans	$10,016	$ 9,703	$13,157
Income on federal funds sold	1,235	581	1,012
Interest and dividends on securities (Note A):			
U. S. Government obligations	3,324	3,399	4,446
Obligations of states and political subdivisions	774	715	977
Other securities	614	187	166
Service charges on deposit accounts	158	222	283
Other operating income	268	244	325
Total operating income	16,389	15,051	20,366
Operating expenses:			
Salaries, profit sharing and other employee benefits	1,530	1,371	1,866
Interest on deposits	7,886	7,083	9,436
Occupancy expenses of bank premises, net of rental income of $42,000, $35,000 and $45,000 for September 30, 1970, September 30, 1969 and December 31, 1969, respectively	266	235	345
Furniture and equipment expense	361	184	251
Provision for loan losses (Note B)	21	21	29
Other operating expenses	416	444	603
Total operating expenses	10,480	9,338	12,530
Income before income taxes and securities losses	5,909	5,713	7,836
Less applicable income taxes:			
Currently payable	2,297	1,834	2,839
Deferred	262	734	692
	2,559	2,568	3,531
Income before securities losses	3,350	3,145	4,305
Securities losses, less related tax effects of $19,000 at September 30, 1969 and $38,000 at December 31, 1969	—	32	53
Net income	3,350	3,113	4,252
Undivided profits at beginning of period	7,464	4,401	4,401
Retroactive adjustment for amortization of bond discount to January 1, 1969, after tax effect of $176,000 (Note A)	—	411	411
	10,814	7,925	9,064
Less: Cash dividends paid	450	450	600
Transfer to surplus**	—	1,000	1,000
Undivided profits at end of period	$10,364	$ 6,475	$ 7,464

* The statement for the nine month periods ended September 30, 1970 and September 30, 1969, which is unaudited, has been prepared from the records of the Bank and, in opinion of the Bank, reflects all adjustments (consisting only of normal recurring items) necessary to present fairly the results of operations for such periods.

** There were no other changes in surplus during the above periods.

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

LAKE VIEW TRUST AND SAVINGS BANK

NOTES TO FINANCIAL STATEMENTS

(Financial statements for the year ended December 31 have been examined by independent public accountants; those for nine month periods ended September 30 are unaudited.)

(A) Investment securities.

Securities are stated at cost, adjusted for amortization of premiums and discounts. The market values of securities at September 30, 1970 and December 31, 1969 were as follows:

	September 30, 1970		December 31, 1969	
	Market Value	Book Value	Market Value	Book Value
	(000's omitted)			
U. S. Government obligations	$ 81,740	$ 82,655	$62,184	$66,078
Obligations of states and political subdivisions	23,349	24,705	22,108	25,164
Other securities	12,509	12,194	2,949	3,088
	$117,598	$119,554	$87,241	$94,330

As of January 1, 1969, the Bank retroactively adopted the policy of amortizing bond discounts. The effect of the change was to increase undivided profits as of January 1, 1969 by $411,000; net income for the nine months ended September 30, 1969 and the year ended December 31, 1969 was increased as follows:

	Nine months ended September 30, 1969	Year ended December 31, 1969
	(000's omitted)	
Amortization of discounts	$382	$502
Deferred income taxes	143	206
Increase in net income	$239	$296

Securities carried at $24,509,000 on September 30, 1970 and $24,422,000 on December 31, 1969 were pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

(B) Reserve for possible loan losses.

Changes in the reserve for possible loan losses were as follows:

	Nine months ended September 30, 1970	Year ended December 31, 1969
	(000's omitted)	
Balance at beginning of period	$8,775	$8,772
Provision charged to operating expense	21	29
	8,796	8,801
Loans charged off	—	26
Balance at end of period	$8,796	$8,775

The loan loss provision charged to operating expenses is based upon the loss experience of the Bank for the last five years.

(Financial statements for the year ended December 31 have been examined by independent public accountants; those for nine month periods ended September 30 are unaudited.)

The balance in the reserve at the end of each period approximates the maximum allowable for federal income tax purposes.

(C) Fixed assets.

Bank premises and equipment are stated at cost less accumulated depreciation and amortization of $1,536,000 at September 30, 1970 and $1,468,000 at December 31, 1969. Depreciation and amortization, computed on a straight-line method and charged to operating expenses, amounted to $68,000 in the nine months 1970, $63,000 in the nine months 1969 and $84,000 in 1969. The rates used in computing depreciation are as follows:

Buildings	2.5% to 9%
Equipment	10% to 20%

Current maintenance and repairs are charged to expense as incurred, and major renewals and improvements are capitalized.

(D) Fiduciary assets.

Property (other than cash assets) held by the Bank in fiduciary or agency capacities for its customers is not included in the accompanying balance sheet, since such items are not assets of the Bank.

(E) Commitments and contingent liabilities.

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to extend credit, etc., which are not reflected in the accompanying financial statements. The Bank does not anticipate losses as a result of these transactions.

(F) Other reserves.

There are no reserves for losses on bank premises, other real estate or other assets, and none is considered to be necessary.

(G) Other loans.

There were no loans to officers, directors, or principal holders of equity securities of the Company.

(H) Restatements.

Certain amounts in the 1969 financial statements have been restated to conform to classifications used in 1970, with no effect on net income or capital.

TITANIUM METALS CORPORATION OF AMERICA

BALANCE SHEETS

September 30, 1970 (Unaudited) and December 31, 1969

ASSETS

	September 30, 1970 (Unaudited)	December 31, 1969
	(000's omitted)	
Current assets:		
Cash in banks and on hand	$ 577	$ 476
Accounts receivable:		
Customers	7,615	9,026
Miscellaneous	436	613
	8,051	9,639
Less allowance for doubtful accounts	117	138
	7,934	9,501
Federal income tax refundable	3	911
Inventories, at the lower of average cost or market (Note 1):		
Raw material	2,414	3,236
Work in process	12,687	12,979
Finished goods	2,163	2,399
Manufacturing supplies	1,420	1,138
	18,684	19,752
Prepaid insurance, deposits, etc.	852	878
Total current assets	28,050	31,518
Investments and advances, at cost:		
Foreign companies — 50% owned (underlying equity: September 30, 1970 — $430,000, December 31, 1969 — $492,000)	547	547
Other investments	243	243
	790	790
Fixed assets, at cost (Note 2):		
Land	578	578
Buildings	17,832	17,832
Machinery and equipment	72,704	72,756
Construction in progress	2,880	2,098
	93,994	93,264
Less accumulated depreciation and amortization	46,743	43,884
	47,251	49,380
Unamortized loan expense	160	166
	$76,251	$81,854

See accompanying notes to financial statements.

TITANIUM METALS CORPORATION OF AMERICA

BALANCE SHEETS

September 30, 1970 (Unaudited) and December 31, 1969

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30, 1970 (Unaudited)	December 31, 1969
	(000's omitted)	
Current liabilities:		
Notes payable to banks	$ 5,800	$ 6,200
Accounts payable:		
Trade	1,163	2,732
Miscellaneous	212	330
	1,375	3,062
Accrued liabilities:		
Salaries, wages, vacations and pensions	2,923	2,293
Taxes, other than Federal taxes on income	1,336	960
Interest	567	1,085
Sundry	308	209
	5,134	4,547
Due to stockholders, current account (Note 3)	857	558
Total current liabilities	13,166	14,367
Long-term debt (Note 3)	34,839	34,839
Reserves:		
Deferred Federal income tax (Note 4)	2,632	2,632
Supplemental unemployment benefits	193	190
	2,825	2,822
Stockholders' equity:		
Capital stock:		
Authorized, 200,000 shares common stock, par value $100 per share.		
Issued, 100,000 shares (owned 50% each by National Lead Company and Allegheny Ludlum Industries, Inc.)	10,000	10,000
Retained earnings (Note 3)	15,421	19,826
	25,421	29,826
Commitments (Notes 3 and 5).		
	$76,251	$81,854

See accompanying notes to financial statements.

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TITANIUM METALS CORPORATION OF AMERICA

NOTES TO FINANCIAL STATEMENTS

(Information relating to the Nine Month Periods Ended September 30, 1970 and 1969 is unaudited)

(1) Inventories:

Inventories at the beginning and end of the period used in determining cost of goods sold in the statement of operations and retained earnings are as follows:

	(000's omitted)
September 30, 1970	$18,684
September 30, 1969	17,826
December 31, 1969	19,752
December 31, 1968	22,905
December 31, 1967	25,998
December 31, 1966	17,580
December 31, 1965	15,547
December 31, 1964	14,995

(2) Fixed assets:

Fixed assets are being depreciated over the following estimated lives:

	Number of Years
Buildings	30-40
Machinery and equipment	5-15
Furniture and fixtures	10

As of January 1, 1968, the corporation revised the depreciable lives of machinery and equipment, other than automobiles and trucks, from 10 years to 15 years based on operating experience.

Prior to 1967, depreciable assets were depreciated on the sum-of-the-years-digits basis, except for automobiles and trucks and certain buildings and improvements for which straight-line basis was used. In 1967, the corporation changed from the accelerated method to the straight-line method for all assets acquired after December 31, 1966; and in 1968 the straight-line method was adopted throughout the corporation.

These changes, for accounting purposes only, resulted in reductions of depreciation expense of $472,000 in 1967 and $2,654,000 in 1968. The after tax effect of the changes was to increase net earnings for 1967 by $246,000 and decrease the net loss for 1968 by $1,253,000.

Maintenance and repairs are charged against earnings as incurred. It is the policy of the corporation to capitalize the cost of renewals and betterments by charges to the related fixed assets accounts and to eliminate the cost and accumulated depreciation and amortization in respect of assets sold, abandoned or otherwise disposed of; any resulting profit or loss is credited or charged to earnings.

(3) Long-term debt:

The corporation was indebted at September 30, 1970 and at December 31, 1969, to two insurance companies for an aggregate amount of $30,000,000. Borrowings under the loan agreement bear interest at 6¾% per annum and are payable in annual installments of $1,600,000 from 1972 through 1988, with the balance of $2,800,000 payable on July 1, 1989. The loan agreement contains certain restrictions including a provision that dividends, interest, and principal payments on subordinated debt, including the debt described below, and certain other payments may not exceed certain proceeds from the sale of stock or subordinated debt of the corporation, plus its earnings since January 1, 1967 and a provision that for each year commencing with 1970 the corporation shall have no current borrowings for at least 45 consecutive days during such year. The latter provision has been waived by the lenders for the calendar year 1970. Under the provisions of the insurance loan agreement none of the corporation's retained earnings at December 31, 1969 or September 30, 1970 were available for dividends or other "restricted" payments.

NOTES TO FINANCIAL STATEMENTS — (Continued)

(Information relating to the Nine Month Periods Ended September 30, 1970 and 1969 is unaudited)

The corporation is indebted to a 50% stockholder for $4,839,300 under terms of a 6¾% subordinated note payable July 2, 1989. Interest payments have been deferred because of the restrictions under the loan agreement described above, and are included in current liabilities on the accompanying balance sheets.

(4) **Federal income taxes:**

The provisions for Federal income taxes include the following:

	Currently Payable	Deferred	Total Provision
		(000's omitted)	
Nine months ended September 30, 1970	$ —	$ —	$ —
Nine months ended September 30, 1969	(890)	727	(163)
Year ended December 31, 1969	(890)	298	(592)
Year ended December 31, 1968	(4,243)	2,108	(2,135)
Year ended December 31, 1967	1,455	227	1,682
Year ended December 31, 1966	3,527	—	3,527
Year ended December 31, 1965	192	—	192

The provision for Federal income tax includes deferred tax due to the use of accelerated depreciation for tax purposes. For financial accounting purposes, straight-line depreciation is used. The provision for Federal income tax has been reduced by investment tax credits of $640,000 in 1967; $480,000 in 1966; and $300,000 in 1965. The 1968 and 1969 operating losses have been carried back and applied against taxable income of prior years resulting in tax credits of $4,179,000 and $890,000, respectively. The corporation's Federal income tax returns have been examined and settled through December 31, 1967. The Internal Revenue Service has examined the corporation's Federal income tax returns for the years 1968 and 1969 and has proposed additional assessments aggregating $748,000 after application of $634,000 of investment credit. The corporation will recover this additional tax through carryback of 1970 net operating loss. After giving effect to the proposed additional assessments the corporation will have unused investment credits of approximately $1,304,000 available to offset Federal income taxes of future years.

(5) **Retirement plans:**

The corporation has in effect several non-contributory pension plans covering all eligible employees. Total pension expense, which includes amortization of past service costs over a maximum of 30 years, was as follows:

	(000's omitted)
Nine months ended September 30, 1970	$868
Nine months ended September 30, 1969	653
Year ended December 31, 1969	853
Year ended December 31, 1968	948
Year ended December 31, 1967	905
Year ended December 31, 1966	687
Year ended December 31, 1965	619

The corporation's policy is to fund pension cost accrued. As of December 31, 1969, the pension fund's assets were in excess of the actuarially computed value of the vested benefits and unfunded past service costs, after giving effect to 1969 amendments, were approximately $2,192,000.

TITANIUM METALS CORPORATION OF AMERICA

NOTES TO FINANCIAL STATEMENTS — (Continued)

(Information relating to the Nine Month Periods Ended September 30, 1970 and 1969 is unaudited)

(6) Supplementary profit and loss information:

The amounts charged to profit and loss with respect to depreciation and amortization, maintenance and repairs, taxes, rents and royalties are set forth in the following table:

	Nine Months Ended September 30, 1970	Years Ended December 31				
		1969	1968	1967	1966	1965
	(000's omitted)					
Depreciation and amortization:						
Per statement of operations	$2,898	$3,541	$2,742	$4,530	$3,608	$2,518
Maintenance and repairs:						
Cost of goods sold	$3,829	$4,301	$3,983	$5,182	$4,477	$4,203
Taxes, other than income taxes:						
Payroll	$ 700	$ 871	$ 804	$ 859	$ 747	$ 476
Property	681	1,169	1,102	1,066	526	476
Franchise	33	15	97	132	78	79
Other	16	16	35	21	6	8
Total taxes	$1,430	$2,071	$2,038	$2,078	$1,357	$1,039
Cost of goods sold	$1,320	$1,974	$1,855	$2,031	$1,227	$ 913
Other	110	97	183	47	130	126
	$1,430	$2,071	$2,038	$2,078	$1,357	$1,039
Rents:						
Cost of goods sold	$ 362	$ 444	$ 426	$ 495	$ 431	$ 417
Other	39	46	107	116	68	65
	$ 401	$ 490	$ 533	$ 611	$ 499	$ 482
Royalties:						
Cost of goods sold	$ 180	$ 263	$ 227	$ 328	$ 299	$ 282

There were no management and service contract fees.

No person is authorized to give any information or to make any representations other than those contained in this Prospectus in connection with the securities to which this Prospectus relates; and, if any such other information or representations shall be given or made, they must not be relied upon. This Prospectus is not an offering of the securities to which this Prospectus relates in any State in which such offering is unauthorized.

TABLE OF CONTENTS

$100,000,000

NATIONAL LEAD COMPANY

7½% Debentures, Due December 15, 1995

PROSPECTUS

Dated January 14, 1971

Kuhn, Loeb & Co.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 12. Marketing Arrangements.

None.

Item 13. Other Expenses of Issuance and Distribution.

Securities Act Registration fee	$ 20,000
Rating agencies' fees	5,000
Stock Exchange listing fee	12,000
Fees and expenses of Trustee	27,500
Printing	62,000
Engraving and printing of debentures	18,000
Qualifications under state Blue Sky laws	1,500
Accounting fees	50,000
Attorneys' fees	32,000
Miscellaneous	7,000
Total	$235,000

All the above items, except the first three, are estimated.

Item 14. Relationship with Registrant of Experts Named in Registration Statement.

None.

Item 15. Indemnification of Directors and Officers.

Section 14A:3-5 of the New Jersey Business Corporation Act provides:

"(1) As used in this section,

(a) 'corporate agent' means any person who is or was a director, officer, employee or agent of the indemnifying corporation and any person who is or was a director, officer, trustee, employee or agent of any other enterprise, serving as such at the request of the indemnifying corporation, or the legal representative of any such director, officer, trustee, employee or agent;

(b) 'other enterprise' means any domestic or foreign corporation, other than the indemnifying corporation, and any partnership, joint venture, sole proprietorship, trust or other enterprise, whether or not for profit, served by a corporate agent;

(c) 'expenses' means reasonable costs, disbursements and counsel fees;

(d) 'liabilities' means amounts paid or incurred in satisfaction of settlements, judgments, fines and penalties;

(e) 'proceeding' means any pending, threatened or completed civil, criminal, administrative or arbitrative action, suit or proceeding, and any appeal therein and any inquiry or investigation which could lead to such action, suit or proceeding.

"(2) Any corporation organized for any purpose under any general or special law of this State shall have the power to indemnify a corporate agent against his expenses and liabilities in connection with any proceeding involving the corporate agent by reason of his being or having been such a corporate agent, other than a proceeding by or in the right of the corporation, if

(a) such corporate agent acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation; and

(b) with respect to any criminal proceeding, such corporate agent had no reasonable cause to believe his conduct was unlawful.

The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of *nolo contendere* or its equivalent, shall not of itself create a presumption that such corporate agent did not meet the applicable standards of conduct set forth in paragraphs 14A:3-5(2) (a) and 14A:3-5(2) (b).

"(3) Any corporation organized for any purpose under any general or special law of this State shall have the power to indemnify a corporate agent against his expenses in connection with any proceeding by or in the right of the corporation to procure a judgment in its favor which involves the corporate agent by reason of his being or having been such corporate agent, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation. However, in such proceeding no indemnification shall be provided in respect of any claim, issue or matter as to which such corporate agent shall have been adjudged to be liable for negligence or misconduct, unless and only to the extent that the court in which such proceeding was brought shall determine upon application that despite the adjudication of liability, but in view of all circumstances of the case, such corporate agent is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

"(4) Any corporation organized for any purpose under any general or special law of this State shall indemnify a corporate agent against expenses to the extent that such corporate agent has been successful on the merits or otherwise in any proceeding referred to in subsections 14A:3-5(2) and 14A:3-5(3) or in defense of any claim, issue or matter therein.

"(5) Any indemnification under subsection 14A:3-5(2) and, unless ordered by a court, under subsection 14A:3-5(3), may be made by the corporation only as authorized in a specific case upon a determination that indemnification is proper in the circumstances because the corporate agent met the applicable standard of conduct set forth in subsection 14A:3-5(2) or subsection 14A:3-5(3). Such determination shall be made

(a) by the board of directors acting by a quorum consisting of directors who were not parties to the proceeding; or

(b) if such a quorum is not obtainable, or, even if obtainable and a quorum of the disinterested directors so directs, by independent legal counsel in a written opinion; or

(c) by the shareholders.

"(6) Expenses incurred by a corporate agent in connection with a proceeding may be paid by the corporation in advance of the final disposition of the proceeding upon receipt of an undertaking by or on behalf of the corporate agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified as provided in this section.

"(7) (a) If a corporation upon application of a corporate agent has failed or refused to provide indemnification as required under subsection 14A:3-5(4) or permitted under subsections 14A:3-5(2), 14A:3-5(3) and 14A:3-5(6), a corporate agent may apply to a court for an award of indemnification by the corporation, and such court

(i) may award indemnification to the extent authorized under subsections 14A:3-5(2) and 14A:3-5(3) and shall award indemnification to the extent required under subsection 14A:3-5(4), notwithstanding any contrary determination which may have been made under subsection 14A:3-5(5); and

(ii) may allow reasonable expenses to the extent authorized by, and subject to the provisions of, subsection 14A:3-5(6), if the court shall find that the corporate agent has by his pleadings or during the course of the proceeding raised genuine issues of fact or law.

(b) Application for such indemnification may be made

(i) in the civil action in which the expenses were or are to be incurred or other amounts were or are to be paid; or

(ii) to the Superior Court in a separate proceeding. If the application is for indemnification arising out of a civil action, it shall set forth reasonable cause for the failure to make application for such relief in the action or proceeding in which the expenses were or are to be incurred or other amounts were or are to be paid.

The application shall set forth the disposition of any previous application for indemnification and shall be made in such manner and form as may be required by the applicable rules of court or, in the absence thereof, by direction of the court to which it is made. Such application shall be upon notice to the corporation. The court may also direct that notice shall be given at the expense of the corporation to the shareholders and such other persons as it may designate in such manner as it may require.

"(8) The indemnification provided by this section shall not exclude any other rights to which a corporate agent may be entitled under a certificate of incorporation, by-law, agreement, vote of shareholders, or otherwise.

"(9) Any corporation organized for any purpose under any general or special law of this State shall have the power to purchase and maintain insurance on behalf of any corporate agent against any expenses incurred in any proceeding and any liabilities asserted against him in his capacity as corporate agent, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this section.

"(10) The powers granted by section 14A:3-5 may be exercised by the corporation notwithstanding the absence of any provision in its certificate of incorporation or by-laws authorizing the exercise of such powers."

Article XVII of the Company's By-Laws provides:

"Each director and each officer of the Company (and his heirs, executors and administrators) shall be indemnified by the Company against all costs and expenses or liability therefor (including counsel fees) reasonably incurred by or imposed upon him in connection with or resulting from any action, suit, proceeding or claim to which he may be made a party by reason of his being or having been a director or officer of the Company, or any settlement thereof (whether or not he continues to be a director or officer at the time of incurring such cost or expenses and whether or not the action or omission to act on the part of such diretcor or officer which is the basis of such suit, action, proceeding or claim occurred before or after the adoption of this article of the By-laws), except in relation to matters as to which he shall have been finally adjudged in such action, suit or proceeding, or determined in such settlement, to have been derelict in the performance of his duty as such director or officer. The foregoing right of indemnification shall not be exclusive of other rights to which any director or officer may be entitled as a matter of law."

Insofar as indemnification for liabilities or expenses incurred by a director or officer in legal proceedings arising under the Securities Act of 1933 may be permitted by the foregoing section of the New Jersey Business Corporation Act or by the foregoing provisions of the By-Laws or otherwise, the registrant understands that the Securities and Exchange Commission is of the opinion that such indemnification may be against public policy as expressed in the Act and therefore unenforceable. If a claim for such indemnification (except insofar as it provides for the payment by the Company of expenses incurred or paid by a director or officer in the successful defense of any action, suit or proceeding) pursuant to such provisions or otherwise is asserted against the Company by a director or officer of the Company in respect of the securities being registered and the Securities and Exchange Commission is still of the same opinion, the registrant will, unless in the opinion of its counsel the question has already been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether or not such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

Item 16. Treatment of Proceeds from Stock to be Registered.

Inapplicable.

Item 17. Other Documents Filed as a Part of the Registration Statement.

(a) Amended Statement of Eligibility and Qualifications on Form T-1 of The Chase Manhattan Bank (National Association).

(b) Exhibits:

Exhibit 1	— Form of Agreement Among Underwriters, Purchase Agreement and Delayed Delivery Contract.
Exhibit 2.1	— Form of Debentures (included in Exhibit 2.2).
Exhibit 2.2	— Form of Indenture between National Lead Company and The Chase Manhattan Bank (National Association), Trustee, dated as of December 15, 1970, providing for the Debentures, Due December 15, 1995 (such Indenture includes therein the form of Debentures being registered and a Table of Contents and has annexed thereto a Cross Reference Sheet).
Exhibit 3.1	— Opinion of Alexander & Green, dated January 13, 1971.
Exhibit 6	— Computation of Ratios of Earnings to Fixed Charges.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this amendment to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, and State of New York, on the 13th day of January, 1971.

NATIONAL LEAD COMPANY

By EDWARD R. ROWLEY
(Edward R. Rowley)
(Chairman of the Board)

Pursuant to the requirements of the Securities Act of 1933, this amendment to the registration statement has been signed below by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
EDWARD R. ROWLEY (Edward R. Rowley)	Chairman of the Board and Director (Principal Executive Officer)	January 13, 1971
JOHN B. HENRICH (John B. Henrich)	President and Director	January 13, 1971
.... (Alfred F. Bauer)	Vice-President and Director	
J. MURRAY JOHNSTON (J. Murray Johnston)	Vice-President and Director	January 13, 1971
CLAUDE M. MERRELL (Claude M. Merrell)	Vice-President and Director	January 13, 1971
.... (Eric G. Orling)	Vice-President and Director	
HARRY W. SIEFERT (Harry W. Siefert)	Vice-President — Finance and Director (Principal Financial Officer)	January 13, 1971
.... (Edward J. Hanley)	Director	
JOSEPH A. MARTINO (Joseph A. Martino)	Director	January 13, 1971
.... (David A. Merson)	Director	
.... (Richard M. Paget)	Director	
MORRIS H. WRIGHT (Morris H. Wright)	Director	January 13, 1971
EDWARD J. GALVIN (Edward J. Galvin)	Controller	January 13, 1971

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We consent to the inclusion of our opinion dated February 18, 1970 with respect to the financial statements of National Lead Company and its Consolidated Subsidiaries and to the financial statements of Lake View Trust and Savings Banks in the Registration Statement on Form S-7 (No. 2-38999) and related Prospectus of National Lead Company in connection with the Registering under the Securities Act of 1933, as amended, of $100,000,000 of Debentures, Due December 15, 1995.

We also consent to the references to our firm under the captions "National Lead Company and its Consolidated Subsidiaries — Consolidated Statement of Income" and "Experts" in the Prospectus.

LYBRAND, ROSS BROS. & MONTGOMERY

New York, January 13, 1971

We consent to the inclusion of our opinion dated January 30, 1970 with respect to the financial statements of Titanium Metals Corporation of America in the Registration Statement on Form S-7 (No. 2-38999) and related Prospectus of National Lead Company in connection with the registering under the Securities Act of 1933, as amended, of $100,000,000 of Debentures, Due December 15, 1995.

We also consent to the references to our firm under the captions "Statement of Operations and Retained Earnings" of Titanium Metals Corporation of America and "Experts" in the Prospectus.

PEAT, MARWICK, MITCHELL & CO.

New York, January 13, 1971

CONSENT OF PITNEY, HARDIN & KIPP

We hereby consent to the reference to our firm in the Registration Statement on Form S-7 (No. 2-38999) and related Prospectus in connection with the registering under the Securities Act of 1933 of National Lead Company's $100,000,000 of Debentures, Due December 15, 1995, under the caption "Legal Opinions".

PITNEY, HARDIN & KIPP

Newark, N. J.
January 12, 1971

Exhibit 6

NATIONAL LEAD COMPANY AND ITS CONSOLIDATED SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Years Ended December 31					Nine Months Ended September 30	
	1965	1966	1967	1968	1969	1969	1970
	(000's Omitted)					(Unaudited)	
Income before extraordinary credit	$ 61,252	$ 61,634	$51,260	$ 49,985	$ 50,675	$38,157	$30,719
Taxes on income (Note A)	53,385	51,745	42,280	46,313	47,188	36,301	25,433
Fixed charges (Note A):							
Interest and amortization of debt discount (Note B) ..	1,671	1,825	2,800	3,820	9,973	6,786	10,466
One third rental expense	673	723	690	804	1,087	804	847
Total fixed charges	2,344	2,548	3,490	4,624	11,060	7,590	11,313
Earnings before taxes on income and fixed charges	$116,981	$115,927	$97,030	$100,922	$108,923	$82,048	$67,465
Ratio of earnings to fixed charges	49.9	45.5	27.8	21.8	9.9	10.8	6.0

COMPUTATION OF SUPPLEMENTAL RATIO OF EARNINGS TO FIXED CHARGES (Note C)

	Years Ended December 31					Nine Months Ended September 30	
	1965	1966	1967	1968	1969	1969	1970
	(000's Omitted)					(Unaudited)	
Income before extraordinary credit	$ 61,467	$ 63,373	$52,147	$ 48,712	$ 50,424	$38,088	$28,516
Taxes on income (Note A)	53,481	53,508	43,121	45,246	46,892	36,219	25,433
Fixed charges (Note A):							
Interest and amortization of debt discount (Note B) ..	1,754	2,011	3,292	4,987	11,301	7,790	11,463
One third rental expense	753	806	792	893	1,169	866	914
Total fixed charges	2,507	2,817	4,084	5,880	12,470	8,656	12,377
Earnings before taxes on income and fixed charges	$117,455	$119,698	$99,352	$ 99,838	$109,786	$82,963	$66,326
Supplemental ratio of earnings to fixed charges	46.9	42.5	24.3	17.0	8.8	9.6	5.4

Notes:

(A) Includes amounts for companies consolidated on an equity basis.

(B) Excludes interest paid on deposits of Lake View Trust and Savings Bank.

(C) Computation gives pro forma effect to the inclusion of 50 per cent of the net income (losses) of Titanium Metals Corporation of America and the appropriate portion of such corporation's fixed charges.

COMPUTATIONS OF PRO FORMA RATIO AND PRO FORMA SUPPLEMENTAL RATIO OF 1969 EARNINGS TO FIXED CHARGES AFTER ADJUSTMENTS FOR ISSUANCE OF DEBENTURES AND REDUCTION IN BANK DEBT

(000's Omitted)

	Pro Forma Ratio	Pro Forma Supplemental Ratio
Earnings before taxes on income and fixed charges, as above	$108,923	$109,786
Fixed charges, as above	$ 11,060	$ 12,470
Pro forma adjustments to fixed charges:		
Add: Interest and amortization of debt discount on Debentures being registered ($100,000,000 at 7½%)	7,510	7,510
Deduct: Interest incurred during the year on debt to be repaid (see "Use of Proceeds" appearing in the Prospectus)	(5,777)	(5,777)
Pro forma total fixed charges	$ 12,793	$ 14,203
Pro forma ratio and pro forma supplemental ratio of earnings to fixed charges	8.5	7.7