Semi-Annual Report

National Lead Company

for Period Ending

June 30, 1933

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For Period Ending

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Principal Office:

15 Exchange Place, Jersey City, N. J.

Executive Offices:

111 Broadway, New York City

To the Stockholders of National Lead Company:

The following consolidated Balance Sheet shows the condition of the Company on June 30, 1933:

ASSETS

Plant Investment		$68,146,972.87	
Less—Depreciation and Depletion Reserves		28,929,999.93	
			$ 39,216,972.94
Other Investments:			
Domestic Investments:			
U. S. Government Securities	$ 2,561,465.79		
Bonds	1,005,840.30		
Stocks of Companies not entirely owned	7,695,047.72		
*Stocks of National Lead Co.	10,751,824.39		
Due from Employees on Stock Purchase Contracts	1,687,031.82		
Total Domestic Investments		$23,701,210.02	
Foreign Investments:			
Bonds	$ 607,945.30		
Stocks (including Foreign Subsidiaries)	11,707,169.05		
Total Foreign Investments		$12,315,114.35	
Total			36,016,324.37
†Inventories			14,383,249.20
Accounts Receivable		$10,053,902.19	
Less Bad Debt Reserve		458,626.55	
			9,595,275.64
Notes Receivable			1,021,041.18
Cash			3,923,784.56
Total Assets			$104,156,647.89

LIABILITIES

	Authorized	Issued	
Capital Stock:			
Preferred—Class "A"	$25,000,000	$24,367,600	
Preferred—Class "B"	25,000,000	10,327,700	
Common	50,000,000	30,983,100	
Total			$ 65,678,400.00
Employees Life Insurance Reserve			3,000,000.00
Fire Insurance Reserve			4,797,284.02
Employers' Liability Reserve			426,664.30
Plant Reserve			2,500,000.00
Promotion Reserve			1,500,000.00
Tax Reserve			912,486.26
Dividend Payable on Class "B" Preferred Stock, Aug. 1, 1933		$154,915.50	
Less: Payable on shares owned by the Company		39,007.50	
			115,908.00
Accounts Payable, audited but not due			3,003,781.58
Notes Payable			1,175,000.00
Earned Surplus, June 30, 1933			21,047,123.73
Total Liabilities			$104,156,647.89

* See next page. † See next page.

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CONSOLIDATED EARNINGS STATEMENT

For the Six Months Ended June 30, 1933

Net Sales		$19,492,619.08
Cost of Goods Sold		13,245,980.69
Gross Profit on Sales		$ 6,246,638.39
Other Income		347,143.93
Total Gross Income		$ 6,593,782.32
Administrative, selling and other expenses, including Taxes	$4,147,925.82	
Depreciation and Depletion	747,504.20	
		4,895,430.02
Net Profit (not including Dividends on National Lead Company Stocks owned by the Company)		$ 1,698,352.30

*This figure represents 35,047 shares Class A Preferred Stock, 26,005 shares Class B Preferred Stock and 38,346 shares Common Stock owned by the Company.

†The present Normal Stocks of the Company are as follows:

Lead	49,687½ short tons	valued at	$0.03 per pound
Tin	1,124½ short tons	valued at	.21 per pound
Antimony	259 short tons	valued at	.05 per pound

Stocks in excess of these normals are valued at cost or market whichever is lower.

ANALYSIS OF CONSOLIDATED SURPLUS

Earned Surplus, December 31, 1932			$20,960,119.18
Net Earnings for the six months ended June 30, 1933 after deducting all Expenses, Reserves, etc.			1,698,352.30
			$22,658,471.48
Less Dividends Paid:			
Class "A" Preferred Stock at rate of 7% per annum	$852,866.00		
Less Paid on Stock owned by the Company	113,123.50		
		$ 739,742.50	
Class "B" Preferred Stock at rate of 6% per annum	$154,915.50		
Less Paid on Stock owned by the Company	77,757.00		
		77,158.50	
Common Stock at rate of 5% per annum	$774,577.50		
Less Paid on Stock owned by the Company	96,038.75		
		678,538.75	
		$1,495,439.75	
Class "B" Preferred Dividend Payable Aug. 1, 1933, at rate of 6%	$154,915.50		
Less Payable on shares owned by the Company	39,007.50	115,908.00	
			1,611,347.75
Earned Surplus, June 30, 1933			$21,047,123.73

A comparison with December 31, 1932 is given in the following statement:

ASSETS

	June 30, 1933	Dec. 31, 1932	Increase	Decrease
*Plant Investment	$ 39,216,972.94	$ 39,565,031.41	....	$348,058.47
Other Investments	36,016,324.37	35,959,236.48	$ 57,087.89	....
Inventories	14,383,249.20	14,342,343.71	40,905.49	....
Accounts Receivable	9,595,275.64	6,850,607.85	2,744,667.79	....
Notes Receivable	1,021,041.18	1,050,599.94	....	29,558.76
Cash	3,923,784.56	4,258,334.51	....	334,549.95
Total Assets	$104,156,647.89	$102,026,153.90	$2,842,661.17	$712,167.18

* Net

LIABILITIES

	June 30, 1933	Dec. 31, 1932	Increase	Decrease
Preferred Stock:				
Class "A"	$ 24,367,600.00	$ 24,367,600.00	....	....
Class "B"	10,327,700.00	10,327,700.00	....	....
Common Stock	30,983,100.00	30,983,100.00	....	....
Employees Life Ins. Reserve	3,000,000.00	3,000,000.00	....	....
Fire Ins. Reserve	4,797,284.02	4,797,284.02	....	....
Emp. Lia. Reserve	426,664.30	426,664.30	....	....
Plant Reserve	2,500,000.00	2,500,000.00	....	....
Promotion Reserve	1,500,000.00	1,500,000.00	....	....
Tax Reserve	912,486.26	465,978.04	$ 446,508.22	....
Dividends Payable (1933 Net)	115,908.00	154,915.50	....	$39,007.50
Accounts Payable	3,003,781.58	2,542,792.86	460,988.72	....
Notes Payable	1,175,000.00	....	1,175,000.00	....
Earned Surplus	21,047,123.73	20,960,119.18	87,004.55	....
Total Liabilities	$104,156,647.89	$102,026,153.90	$2,169,501.49	$ 39,007.50

DETAILS OF PLANT INVESTMENT

	June 30, 1933	Dec. 31, 1932	Increase	Decrease
Gross Property	$ 68,146,972.87	$ 67,747,527.14	$ 399,445.73	....
Less Depr. & Depl. Res.	28,929,999.93	28,182,495.73	747,504.20	....
Net Property	$ 39,216,972.94	$ 39,565,031.41	....	$348,058.47

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Semi-Annual Report of National Lead Company
June 30, 1933

The foregoing is a consolidated statement of the National Lead Company and all its domestic subsidiary companies in which it owns all of the capital stock, for the six months ended June 30, 1933, following the form of and based upon the consolidated report for 1917 and subsequent years.

This is the first time that the National Lead Company has made other than an annual report. Some time ago the New York Stock Exchange requested the Company to issue quarterly reports, but when presented with all the facts of the case, the Stock Exchange officials agreed "that the circumstances surrounding your Company's business were such that the publication of quarterly reports did not appear to be desirable." The Committee on Stock List of the New York Stock Exchange went on to say that since it was their understanding "that your painting season is pretty well divided between the first and second half of the year, it may be practicable for you to issue semi-annual reports, which would add greatly to the information of stockholders, and, at the same time, would not in any way be misleading." We desire to cooperate with the New York Stock Exchange to the fullest extent and are therefore issuing a semi-annual report.

The production of materials used for painting is a very important phase of the business of the National Lead Company and because the use of these products is subject to seasonal influences, our figures are considerably affected by the results of that department.

For the first three and one-half months of the current year, the business of the Company was the poorest for many years. Beginning in the middle of April there has been a pronounced improvement in business, with the result that for the first six months of the year, the Company has covered its usual dividends on the preferred stocks and also on the common stock. This illus-

trates in a concrete way the undesirability of quarterly reports under the peculiar conditions affecting the National Lead Company. Had we made a quarterly report on March 31, we would have shown a loss, due principally to the effect of seasonal influences upon the white lead department.

Changes in Assets and Liabilities

As it is the custom of the Company to borrow in the Spring and repay our loans in the Fall, our balance sheet will usually show an item of Notes Payable in the midyear period. The item of $1,175,000.00 Notes Payable currently shown is representative of normal conditions. As an offset to this item, we show an increase in Accounts Receivable amounting to $2,744,667.79. In effect, therefore, we borrow money to finance our customers during the active season. As soon as our customers repay us, we promptly repay our loans at the bank.

Other Income

In conformity with the Stock Exchange requirements, and in order to give more complete and detailed information to our stockholders, we have changed our previous practice of including dividends received on National Lead Company stock owned by the Company in Other Income. In this report we do not include this item in Income, but deduct it from the dividends paid out to stockholders. The resulting effect on Surplus is exactly the same under either method.

Income from foreign companies wholly or partly owned by the National Lead Company is included only to the extent that it has been declared and paid as dividends. Such dividends when received appear under the item of Other Income. Since dividends are not usually paid until the end of the year, this item does not become truly representative until the close of the year. We are pleased to report, however, that all of our foreign investments are satisfactory.

National Industrial Recovery Act

The business of the National Lead Company is essentially connected with pig lead, whether it is in the sale of white lead, oxides, pipe, traps and bends, solder, babbitt, sheet lead or miscellaneous products. It is therefore considered by the Board of Directors that the Company should consider itself as logically connected with the Lead Industries Association, of which we have long been a part. This Association is interested in tariffs on pig lead and compensating tariffs on manufactured lead products. It has incurred great expense and done very commendable work in improving sanitary conditions, both in mines, manufacturing and in the use of lead, and is doing educational work to prevent ignorant restrictions upon the use of lead in its various forms.

The Company does not desire to do anything that would tend to create a monopoly, restrain trade, artificially fix prices, or be in any way opposed to the Sherman Law and Clayton Act during the period of suspension of those Acts.

Conclusion

Your Company has participated in the business revival which has been so evident during the past few months, it continues to receive the loyal support of its employees who have served it so faithfully through the trying period of depression, and your management looks forward to the future with a considerable measure of confidence.

FRED M. CARTER,
President.

EDWARD J. CORNISH,
Chairman of the Board of Directors.

Products Manufactured by National Lead Company

Painters' Materials

White Lead, Dry
White Lead in Oil
Red Lead, Dry
Red Lead in Oil
Flatting Oil
Titanox
Colors, Dry and in Oil
Linseed Oil, American and Calcutta, Raw, Boiled, Refined, Varnishmakers'
Wall Primer
Pure Titanium Oxide
Liquid Drier

Bearing Metals

Babbitt Metals
Frary Metal
Pressure Die Castings
Satco Metal

Plumbers' Materials

Lead Pipe
Block Tin Pipe
Tin-lined Pipe
Soldering Flux
Leadamant Pipe
Lead Traps and Bends
Solder

Printers' Metals

Linotype Metal
Monotype Metal
Impression Lead
Stereotype Metal
Electrotype Metal

Canners' Materials

Bar Solder
Wire Solder
Soldering Flux
Ribbon Solder
Triangular Solder

Lead Oxides

Red Lead
Litharge
Orange Mineral
Glassmakers' Oxides
Colormakers' Oxides
Rubbermakers' Oxides
Varnishmakers' Oxides
Enamelmakers' Oxides
Potters' Oxides
Storage Battery Oxides

Miscellaneous Metal Products

Sheet Lead
Glaziers' Lead
Bar Lead
Antimonial Lead Products
Lead Lined Valves
Lead for Architectural Purposes
Lead Wool
Lead Wire
Lead Sash Weights
Piano Key Leads
Cinch Expansion Bolts
Britannia Metal

General Products

Brown Sugar of Lead
White Sugar of Lead
Linseed Oil Cake and Meal
Castor Oil