ANNUAL REPORT

NATIONAL LEAD COMPANY

FOR FISCAL YEAR ENDING

DECEMBER 31st, 1910

PRINCIPAL OFFICE:

1 EXCHANGE PLACE, JERSEY CITY, N. J.

EXECUTIVE OFFICES:

111 BROADWAY, NEW YORK CITY

0000-NLI-000017936

ANNUAL REPORT

NATIONAL LEAD COMPAN

1 Exchange Place, Jersey City, N. J.

Presented to the stockholders at their nineteenth annu ing, April 20, 1911, for the fiscal year ending Dece 1910.

To the stockholders of National Lead Company :

The following balance sheet shows the condition Company on December 31, 1910 :

ASSETS

Plant investment	[illegible]
Other investments	[illegible]
Stock on hand, manufactured, in process and raw . .	[illegible]
Cash in banks	[illegible]
Notes receivable	[illegible]
Accounts receivable	[illegible]
	[illegible]

LIABILITIES

Capital stock—Common .	$25,000,000.00		
Unissued .	4,344,600.00	$20,655,400.00	
Preferred .	$25,000,000.00		
Unissued .	632,400.00	24,367,600.00	
Surplus, December 31, 1910		4,779,627.63	
Accounts payable		294,885.54	[illegible]

A comparison with the preceding year is given in t lowing statement :

ASSETS

	Dec. 31, 1909	Dec. 31, 1910	Increase	Decrease
Investment	$24,403,760.13	$24,594,998.83	$191,238.70	
investments	13,765,162.42	14,302,131.33	536,968.91	
on hand	6,776,509.29	7,252,296.60	475,787.31	
n banks	1,072,917.23	214,354.33	. . . .	$858,562.90
receivable	919,329.54	592,677.92	. . . .	326,651.62
nts receivable	3,043,368.89	3,141,054.16	97,685.27	
	$49,981,047.50	$50,097,513.17	$1,301,680.19	$1,185,214.52

LIABILITIES

	Dec. 31, 1909	Dec. 31, 1910	Increase	Decrease
on stock	$20,655,400.00	$20,655,400.00	$	$ . . . .
erred stock	24,367,600.00	24,367,600.00	. . . .	. . . .
lus . .	4,713,372.71	4,779,627.63	66,254.92	. . . .
unts payable	244,674.79	294,885.54	50,210.75	. . .
	$49,981,047.50	$50,097,513.17	$116,465.67	. . . .

SURPLUS

lus, December 31, 1909	$4,713,372.71
earnings during 1910	2,598,202.92
	$7,311,575.63

DIVIDENDS PAID DURING 1910

On Preferred Stock				
ch 15	Dividend No. 73	$426,433.00		
e 15	" No. 74	426,433.00		
t. 15	" No. 75	426,433.00		
Dec. 15	" No. 76	426,433.00	$1,705,732.00	
On Common Stock				
pril 1	Dividend No. 25	$258,192.50		
ly 1	" No. 26	258,192.50		
ct. 1	" No. 27	154,915.50		
Dec. 31	" No. 28	154,915.50	826,216.00	$2,531,948.00
Surplus, December 31, 1910				$4,779,627.63

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The foregoing statements show the financial condition [illegible] Company at the close of its 19th fiscal year, December 31 [illegible] The net earnings for 1910 were $395,216.78 less than the pre[illegible] year. The regular dividend of seven per cent. was paid on pr[illegible] stock, and the dividends on the common stock aggregated [illegible] cent. for the year, leaving $66,254.92 which has been added [illegible] surplus account.

Your properties have been maintained at the highest [illegible] efficiency, and all the cost of such maintenance has been cha[illegible] the expense of operation, amounting to $409,041.41, which ha[illegible] deducted before the above results are reached.

The increase in the plant account of $191,238.70, is acc[illegible] for by the erection of a new plant and warehouse in Pittsburg[illegible] the purchase of a metal plant in Baltimore. The increase in th[illegible] "Other Investments" is largely accounted for by the interest re[illegible] to in a previous report which we have acquired in the business [illegible] U. S. Cartridge Co. The item of "Accounts Payable," $294,[illegible] represents current accounts in process of liquidation. The [illegible] surplus account is actively employed as working capital. Inve[illegible] have been taken at all points on the same conservative basis [illegible] tofore, at such low figures as to be amply protective against p[illegible] changes in values; this being the established policy of the Co[illegible] for many years.

The volume of business has been normal and may be cons[illegible] satisfactory in comparison with 1909 in all our various lines [illegible] our principal product, white lead. The shrinkage in the volum[illegible] white lead business is caused by a decrease in its consumptio[illegible] painting: the reason for this being the largely increased cost o[illegible] seed oil which is used in preparing white lead for use as a [illegible] This high cost of linseed oil acts as a strong deterrent factor [illegible] encing those contemplating painting. This has become so impo[illegible] a factor in our business and the situation is such a serious one th[illegible]

[illegible]planation is brought to your attention. The following tables [illegible] by comparison of the years 1908, 1909 and 1910, the decrease [illegible] world's crop of flaxseed from which the linseed oil is expressed:

FLAXSEED CROPS

	1908 Bushels	1909 Bushels	1910 Bushels
[illegible]tates	22,000,000	19,000,000	8,500,000
[illegible]	2,300,000	3,600,000	3,600,000
[illegible]na	40,000,000	29,000,000	17,000,000*
[illegible]	6,600,000	11,600,000	17,000,000
[illegible]	20,000,000	22,500,000	20,000,000†
	90,900,000	85,700,000	66,100,000

Total for year 1907 . 105,000,000 bushels

The inevitable result of this shortage in the flaxseed crop is [illegible]n in the following:

PRICE OF FLAXSEED

For spot delivery in Duluth, Minn.

		May	September	November	The Year
[illegible]	High	$1.24½	$1.28⅝	$1.46⅞	$1.49⅜
	Low	1.19⅞	1.21½	1.28⅛	1.12¾
[illegible]	High	1.82	1.47	1.84¾	2.04½
	Low	1.64	1.40½	1.66½	1.36½
[illegible]	High	2.38½	2.89	2.74	2.89
	Low	2.08	2.35	2.50	1.83

The crops of the United States and Argentina, having always [illegible] greater influence upon the world's market values, obviously in-[illegible]ify price conditions by their continuous shrinkage to a point of [illegible]st practical failure in 1910. This condition of affairs has pro-[illegible]d a price for linseed oil which is practically *more than double* [illegible] price prevailing in preceding periods.

Your Company is meeting this situation in two ways:

[illegible]p matured in December 1910; available for consumption during year 1911.
[illegible]timated.

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First. By a carefully planned campaign, cond[illegible] operation with other interests such as manufacturers [illegible] paints, varnishes and linoleum, which has for its object [illegible] farmers of the greater profit to be made in raising fla[illegible] pared with that obtained from other crops, and (b) thr[illegible] of the agricultural colleges of the flaxseed-growing state[illegible] other channels, to instruct the growers as to the prope[illegible] seed for planting, its preparation before sowing to rend[illegible] from harmful influences, and the best methods of cultiva[illegible]

Considerable time must elapse before results ca[illegible] from this campaign, and without waiting for them, we [illegible] rated,

Second. An educational campaign of national sco[illegible] our own advertising department to inform all who have [illegible] paint that the increased cost of linseed oil, while great, real[illegible] small in percentage when compared with the former total co[illegible] it is remembered that the labor of applying paint is at least [illegible] of the total cost of painting, and that the remaining one-thi[illegible] not only the cost of all materials used, but also the pro[illegible] painter, it will be found that as related to the whole the [illegible] cost of linseed oil may safely be disregarded by the propert[illegible] For example, the property-owner who paid $100 several year[illegible] the painting of his house, today, as far as the increased cost [illegible] oil is concerned, will only be called upon to pay $105 t[illegible] small increase as compared with the large increase in cost [illegible] necessaries of life.

Your directors confidently hope that when the public has [illegible] more fully informed on this subject, it will readjust its view[illegible] business of painting will return to its normal volume. In con[illegible] with this, it is eminently proper to remind stockholders that th[illegible] of the Company, referred to in former reports, of promoting [illegible] tending the use of lead in as diversified character as possible [illegible]

[illegible]sdom amply justified in this emergency. While the revenues [illegible] these subsidiary interests have not been sufficient to completely [illegible] the shrinkage in profit through diminished consumption of [illegible] lead, yet they have been sufficiently large to approach very near [illegible]at end, and this fact should be a matter of congratulation to the [illegible]kholders.

[illegible] Stockholders are advised that at Chicago the new plant of our [illegible]thern works is completed and in successful operation,—the largest [illegible] most complete white lead manufacturing establishment in the [illegible]d. In its construction is embodied every improvement con[illegible]buting to the perfection of the product, while at the same time a [illegible]uction in the cost of manufacture is attained by the use of the best [illegible]chanical devices. Our new St. Louis works is rapidly approaching [illegible]pletion, and when in full operation will have no equal except in [illegible]own Chicago works. Both of these plants are, for the most part, [illegible] and the cost of their reconstruction has required a large amount [illegible]ur earnings as, following our usual policy, all such reconstruction, [illegible]ead of being charged to Plant account, is put under the head of [illegible]intenance. These and other material improvements of the physi[illegible] assets of the Company have been made without recourse to new [illegible]ncing.

[illegible] Competition in all lines is keen, and your managers have not [illegible] unmindful of the inroads on your trade sought to be made by [illegible]orous and well-equipped competitors; these have been met by a [illegible]ll-conducted advertising campaign which we believe with ever-[illegible]reasing force strengthens in the minds of the public the popularity [illegible]our well-known brands and gives them the preference wherever the [illegible]hest standard of quality is desired.

[illegible] The Company's records show a constantly increasing number of [illegible]ckholders, the total number December 31, 1910, being over 7,000. [illegible] It is interesting to note that 45% of these stockholders are [illegible]men, the number of women holders of preferred stock alone on

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December 31, 1910 being 2,343. As has been previously [illegible] there are no stockholders who have exceptionally large hold[illegible]

On August 25, 1910, Mr. Lucius A. Cole, the late Pr[illegible] the Company, died suddenly of heart failure at Carlsbad. [illegible] of the directors to Mr. Cole's memory will be found on the [illegible] page. Only those who have been closely associated with Mr[illegible] his management of your Company can appreciate to its full[illegible] his unwavering fidelity to the interests of its stockholders [illegible] wonderful ability which characterized his devotion to the [illegible] this enterprise.

In Mr. Cole's first annual report to the stockholders, [illegible] 20, 1896, he referred to a paragraph in the preceding annual [illegible] of his predecessor, President William P. Thompson, as express[illegible] his views of the management of the Company; as follows:

> "The policy of this Company remains precisely as it has been [illegible] inauguration, and it is very simple. First, the unqualified protection [illegible] property in all its departments and in its business, and, second, to make [illegible] reasonable profits and distribute same among its shareholders whenever [illegible] wise and prudent to do so."

This management reaffirms this expression, and advises [illegible] the policy of the Company in the future will continue to be a[illegible] above.

On November 30, 1910, Mr. Henry M. McChesney, a [illegible] of this Company, died at his home in St. Louis. Mr. McC[illegible] was in charge of the Company's mining and smelting operat[illegible] man of remarkable energy and ability.

Your Company has enlisted in the various branches of it[illegible] ness a body of men remarkable for their ability and consci[illegible] devotion to its success, and a mere formal mention of that fact [illegible] meagre recognition of the great value of their intelligent and [illegible] work.

Respectfully submitted,

WILLIAM W. LAWRENCE,

Presid[illegible]

NATIONAL LEAD COMPANY

Action of the Board of Directors, September 15, 1910

THE Directors of National Lead Company with profound sorrow record this appreciation of the loss the Company and the community have sustained in the death of Lucius A. Cole, their President.

Those who were intimately associated with Mr. Cole will cherish with [illegible]asure, though it be tinged with sadness, the remembrance of those fine [illegible]alities of heart and mind which distinguished him in his daily life.

In his personal relations he was kind and gentle; affectionate to those [illegible]ho were closely allied to him, and ever considerate of those who through [illegible] fault of their own had fallen behind in the race of life. His ear was [illegible]ttentive to all just pleas, and, while his decisions were just, they were so [illegible]mpered by his natural kindness that harshness was absent from them.

In the counsels of the Company he was noted for his keen judg[illegible]ent, indomitable courage and his habit of accurate thought, combined [illegible]ith prudence and fairness. It was by the exercise of these qualities [illegible]ay by day and year by year that he brought this Company to the high [illegible]lane it now occupies in the industrial community. This great business [illegible]ill remain an enduring monument to his untiring zeal and well-directed [illegible]fforts, built up and perpetuated with malice toward none and generous [illegible]onsideration for all.

To his family we offer our deepest sympathy, and for them our [illegible]earts are full of sadness in their bereavement.

In this modern day, crowded with strife, full of turmoil, criticism and [illegible]ccusation, the contemplation of a career without a shadow, of a reputa[illegible]ion without a blemish, and a life pure and noble, is an inspiration to Mr. Cole's associates and to those who come after, and, much more than this, [illegible]emains a cherished heritage to his widow and his sons and daughters which can never be taken away, but which, as time rolls on, will reflect with increased brilliancy to the source whence it emanated.

Lucius A. Cole

Mr. Cole was born in Columbus, Ohio, May 25, 1847; commenced his business [illegible]areer in Cincinnati at the age of 14; enlisted in 1863 with the Union forces and served to the end of the war. In 1872 he entered the service of the Camden Consolidated Oil Co. at Parkersburg, W. Va., later becoming its Vice-president. When the National Lead Company was formed, Mr. Cole became its Treasurer, later one of its Vice-presidents, and, in 1896, its President, continuing in that office until the time of his death.

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DIRECTORS

NATIONAL LEAD COMPANY

EDWARD F. BEALE,	Philadelphia
EDWARD BRUSH,	New York Ci
GEO. O. CARPENTER,	St. Louis, Mo
R. R. COLGATE,	New York C
E. J. CORNISH,	New York Ci
CHAS. E. FIELD,	Chicago, Ill
GEO. W. FORTMEYER,	Orange, N.
E. C. GOSHORN,	Cincinnati, O
DANIEL GUGGENHEIM,	New York C
MURRY GUGGENHEIM,	New York C
WILLIAM W. LAWRENCE,	New York C
R. P. ROWE,	Brooklyn, N
A. P. THOMPSON,	Buffalo, N.
WALTER TUFTS,	Boston, Mas
CHAS. F. WELLS,	Pittsburgh, P

EXECUTIVE COMMITTEE

WILLIAM W. LAWRENCE, Chairman

R. P. ROWE	MURRY GUGGENHEIM
E. F. BEALE	E. J. CORNISH.

EXECUTIVE OFFICERS

NATIONAL LEAD COMPANY

President:
WILLIAM W. LAWRENCE

Vice-Presidents:
GEO. O. CARPENTER
R. P. ROWE
E. J. CORNISH

Secretary:
CHARLES DAVISON

Treasurer:
M. D. COLE

Assistant Secretary:
JOHN B. FROTHINGHAM

Assistant Treasurer:
FRED R. FORTMEYER

General Counsel:
Messrs. ALEXANDER & GREEN
120 Broadway, New York City

Registrar of Stocks:
THE MERCANTILE TRUST CO.
120 Broadway, New York City

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DEPARTMENTS

NATIONAL LEAD COMPANY

Manufacturing Committee

C. P. TOLMAN, Chairman

L. T. BEALE	E. C. GOSHO
H. P. CAVARLY	A. J. MEIER
E. J. CORNISH	G. W. THOMPS

Laboratory

G. W. THOMPSON, Chief Chemist

A. H. SABIN, Consulting Chemist

Advertising Department

O. C. HARN, Manager

Metal Department

A. B. HALL, Manager

Flaxseed Department

CHAS. T. NOLAN, Manager

Insurance Department

I. M. STETTENHEIM, Manager

BRANCHES

NATIONAL LEAD COMPANY

TLANTIC BRANCH,	New York City 111 Broadway
UFFALO BRANCH,	Buffalo, N. Y. Cor. Clinton and Oak Streets
CLEVELAND BRANCH,	Cleveland, Ohio Champlain Avenue and Canal Road
CINCINNATI BRANCH,	Cincinnati, Ohio Freeman Avenue, cor. Seventh Street
CHICAGO BRANCH,	Chicago, Ill. 900 West Eighteenth Street
T. LOUIS BRANCH,	St. Louis, Mo. Liggett Building, 722 Chestnut Street
JOHN T. LEWIS & BROS. CO.,	Philadelphia, Pa. Lafayette Building, cor. Fifth and Chestnut Streets
NATIONAL LEAD & OIL CO., OF PENNSYLVANIA,	Pittsburgh, Pa. Commonwealth Building, 316 Fourth Avenue
NATIONAL LEAD CO., OF MASSACHUSETTS,	Boston, Mass. Cunard Building, 126 State Street
NATIONAL LEAD CO., OF CALIFORNIA	San Francisco, Cal. 640 Merchants Exchange Building
ST. LOUIS SMELTING & REFINING CO.,	St. Louis, Mo. 613 and 614 Frisco Building

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WAREHOUSES

NATIONAL LEAD COMPANY

ST. PAUL, MINN.,	354 to 360 East Sixt
DETROIT, MICH.,	Corner Fourth and Larned
OMAHA, NEB.,	1415 and 1417 Dodge
KANSAS CITY, MO.,	1406 and 1408 West Thirteenth
LOUISVILLE, KY.,	202 Equitable Bldg., Fourth and Jeffers
NASHVILLE, TENN.,	225 Tenth Avenue
NEW ORLEANS, LA.,	513 South Peters

PRODUCTS MANUFACTURE

NATIONAL LEAD COMPAN

PAINTERS' MATERIALS

White Lead, Dry — Red Lead

White Lead in Oil — Colors, Dr

Linseed Oil, American and Calcutta,

Raw, Boiled, Refined, Varnishmakers'

BEARING METALS

Phœnix Metal — Babbitt M

Pressure Die Castings

PLUMBERS' MATERIALS

Lead Pipe — Leadamant

Block Tin Pipe — Lead Trap

Tin-lined Lead Pipe — Solder

Soldering Flux

PRINTERS' METALS

Linotype Metal — Stereotype

Monotype Metal — Electrotyp

CANNERS' MATERIALS

Bar Solder — Ribbon Sol

Wire Solder — Triangular

Soldering Flux

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