Annual Re

NATIONAL LEAD

for Fiscal Year

December 31,

Principal Offic
15 Exchange Place, Jers

Executive Offic
111 Broadway, New

0000-NLI-0000181

National Lead Company

15 Exchange Place, Jersey City, N. J.

Report to be Presented to the Stockholders at their Thirty-ninth Annual Meeting, April 16, 1931, for the Fiscal Year Ending December 31, 1930

To the Stockholders of National Lead Company:

The following consolidated Balance Sheet shows the condition of the Company on December 31, 1930:

ASSETS

Plant Investment		$63,224,190.94	
Less Depreciation and Depletion Reserves		25,280,944.52	
			$ 37,943,246.42
Other Investments:			
U. S. Government Securities		$ 3,161,465.79	
Bonds		758,312.30	
Stocks of Foreign Subsidiaries and Companies not entirely owned		15,161,168.53	
			19,080,946.62
Current Assets:			
*Inventories		$17,437,173.66	
Accounts Receivable	$22,601,870.60		
Less Bad Debt Reserve	295,556.20		
		22,306,314.40	
Notes Receivable		2,259,848.89	
Cash		6,799,835.55	
			48,803,172.50
Total Assets			$105,827,365.54

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	
			$ 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
Metal Reserve			1,000,000.00
Tax Reserve			1,544,223.16
Dividend Payable on Class "B" Preferred Stock, February 1, 1931			154,915.50
Accounts Payable, audited but not due			3,763,236.75
Surplus, December 31, 1930			21,462,641.81
Total Liabilities			$105,827,365.54

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

Lead	94133	short tons valued at	$0.034 per pound
Tin	1561½	short tons valued at	.25 per pound
Antimony	1195	short tons valued at	.05 per pound

Stocks in excess of these normals are valued at cost of latest purchases to the requisite amount.

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CONSOLIDATED EARNINGS STATEMENT

For the Year Ended December 31, 1930

Net Sales		$76,712,337.47
Cost of Goods Sold		61,977,312.44
Gross Profit on Sales		$14,735,025.03
Other Income		3,164,659.37
Total Gross Income		$17,899,684.40
Administrative, selling and other expenses, including Taxes	$11,535,015.11	
Depreciation and Depletion	1,689,570.84	
		13,224,585.95
Net Profit		$ 4,675,098.45

ANALYSIS OF CONSOLIDATED SURPLUS

Surplus, December 31, 1929			$21,591,585.36
Net Earnings for 1930, after deducting all Expenses, Reserves, etc.			4,675,098.45
			$26,266,683.81
Less Dividends Paid:			
Class "A" Preferred Stock at rate of 7%	$1,705,732.00		
Class "B" Preferred Stock at rate of 6%	464,746.50		
Common Stock—Regular, at rate of 5%	1,549,155.00		
Common Stock—Extra 3%	929,493.00		
		$4,649,126.50	
Class "B" Preferred Dividend Payable February 1, 1931, at rate of 6%		154,915.50	
			4,804,042.00
Surplus, December 31, 1930			$21,462,641.81

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A comparison with the preceding year is given in the following statement:

ASSETS

	Dec. 31, 1930	Dec. 31, 1929	Increase	Decrease
*Plant Investm't.	$ 37,943,246.42	$ 37,834,975.93	$ 108,270.49	....
Other Investm'ts	19,080,946.62	16,407,093.61	2,673,853.01	....
Inventories	17,437,173.66	18,314,892.70	....	$ 877,719.04
Acc'ts Receivable	22,306,314.40	28,873,775.55	....	6,567,461.15
Notes Receivable	2,259,848.89	1,602,887.31	656,961.58	....
Cash	6,799,835.55	5,425,258.39	1,374,577.16	....
Total Assets..	$105,827,365.54	$108,458,883.49	$4,813,662.24	$7,445,180.19

*Net

LIABILITIES

	Dec. 31, 1930	Dec. 31, 1929	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 Insur. Reserve	3,000,000.00	3,000,000.00	....	....
Fire Insurance Reserve	4,797,284.02	4,797,284.02	....	....
Emp. Lia. Res...	426,664.30	426,664.30	....	....
Plant Reserve...	2,500,000.00	2,500,000.00	....	....
Promotion Res..	1,500,000.00	1,500,000.00	....	....
Metal Reserve..	1,000,000.00	1,000,000.00	....	....
Tax Reserve....	1,544,223.16	2,089,425.36	....	$ 545,202.20
Divs. Payable...	154,915.50	154,915.50	....	....
Acc'ts Payable..	3,763,236.75	5,720,608.95	....	1,957,372.20
Surplus	21,462,641.81	21,591,585.36	....	128,943.55
Total Liab...	$105,827,365.54	$108,458,883.49	....	$2,631,517.95

DETAIL OF PLANT INVESTMENT

	Dec. 31, 1930	Dec. 31, 1929	Increase	Decrease
Gross Property..	$ 63,224,190.94	$ 61,590,809.29	$1,633,381.65	....
Less Depreciation and Depletion Reserves	25,280,944.52	23,755,833.36	1,525,111.16	....
Net Property	$ 37,943,246.42	$ 37,834,975.93	$ 108,270.49	....

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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 year ending December 31, 1930, following the form of and based upon the consolidated report for 1917 and subsequent years. The investments of the Company in foreign corporations and domestic corporations in which it does not own all of the capital stock appear in the foregoing report under the heading of *Other Investments.* Only the dividends received from them appear in the net earnings.

Business Conditions

Following the most prosperous year in the history of the Company, the business in 1930 showed large declines in tonnage in every department, as compared with the year 1929, as follows:

White Lead, in oil....................	31%
White Lead, dry.....................	22%
Lead Oxides	28%
Linseed Oil	18%
Pipe Department	26%
Solder Department	22%
Sheet Lead	24%
Babbitt Metal	39%
Battery Metal	33%
Type Metal	9%
All Products (including above)........	24%

The decline in sales in all departments, although each department has a separate and distinct class of customers, indicates a common cause. The only thing that is common to all the industries that buy our products is "decreased consumption." We have reduced our prices of manufactured products as the prices of pig lead, pig tin and other metals have declined.

Future Prospects

We have reason to believe that during 1930 our customers have uniformly reduced their stocks of merchandise. Ordinarily we would manufacture and sell what is consumed; the orders from our customers being in close keeping with their sales. We believe that during the year just closed our sales were affected not only by decreased consumption by the ultimate consumers, but by the decreased inventories carried by our customers. It is therefore a reasonable expectation that our customers' stocks being low, we will be called upon to supply all of our products that are consumed by the ultimate consumer, and that our immediate customers may (if times improve) increase their inventories, which would add to our sales.

Any other expression of our expectations or hopes would involve a discussion of world conditions and universal business troubles not within the province of this report.

Price of Metals

Normal Stocks

The market price of metals on December 31, 1929, and December 31, 1930, varied as follows:

	—1929—	—1930—	Normal Stock Value, Dec. 31/30
Lead	$.0625 per pound	$.0510 per pound	$.0340 per pound
Tin	.3975 per pound	.2625 per pound	.25 per pound
Zinc	.0545 per pound	.04125 per pound	No Normal
Copper	.17775 per pound	.10275 per pound	No Normal
Antimony	.0850 per pound	.07125 per pound	.05 per pound

Inasmuch as the Normal Stock of tin has for many years been inventoried at 27½c per pound, it has been deemed proper to reduce the inventory price, for the purpose of Normal Stock, to 25c per pound; the loss resulting therefrom being a charge against net earnings for the year 1930. Since 1914 the Normal Stocks of lead have been valued at $3.40 per hundred pounds, the lowest price reached that year. There seems to be no occasion, therefore, to change the value of lead for the purposes of the Normal Stock System.

Stockholders have heretofore been repeatedly advised that the Normal Stock System of valuing inventories avoids extreme fluctuations in the value of inventories that frequently result in fictitious and misleading reports of profits that are not made and

losses that are not suffered. Nothing in the Normal Stock System of valuing inventories precludes the management from increasing or decreasing at will the actual stocks of raw metal, metal in process or manufactured product.

When the management for any reason concludes to reduce inventories below the amount included in the Normal Stock, a reserve is automatically created in the inventory itself, sufficient to buy the amount of such deficiency at the market price on the date when the deficiency is created. If at a later date a fall in the market price enables the Company to buy such deficiency at a lower price, a profit results. Such a profit actually resulted in 1930. On the other hand, if the Company errs in reducing its inventories and at a later date a rising market price results in a loss, such loss would be a charge against profits. Such fluctuations are therefore of necessity minimized, and limited to the relatively small amount of the deficiency created.

Federal Taxes

In our reports to the Bureau of Internal Revenue for the purpose of taxation, the Normal Stock System of valuing inventories is not permitted. Therefore a loss, due to the decreased value at cost of its inventories, will be reflected in the report to the Bureau of Internal Revenue. The reserve for taxes is therefore larger than needed at present, but over a term of years will prove to be proper.

Foreign Corporations

It has been a consistent practice of the National Lead Company since its organization not to ask new enterprises or subsidiary corporations to declare their earnings in dividends until such time as they are firmly and safely established on an independent footing. Some of these companies were called upon during 1930 to declare dividends in excess of their actual earnings in that year, payable out of their accumulated surplus. In addition to the need of these reserves to secure uniformity of earnings, there was an important saving in taxes.

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Investment Changes

During the year we bought all of the Preferred Stock and 60% of the Common Stock of the Morris P. Kirk & Sons, Inc., of Los Angeles, California, engaged in the purchase, treatment and sale of secondary metals. We also bought from the Evans-Wallower Lead Company of St. Louis, Missouri, its plant and physical assets located at Charleston, West Virginia, engaged in the manufacture of lead oxides using natural gas as a fuel. The Cinch Expansion Bolt & Engineering Company and the Williams-Harvey Corporation, both New York corporations, were dissolved; their assets being distributed to their several stockholders.

Conclusion

Every branch and subsidiary of the National Lead Company is showing increased efficiency. Without exception, they are discovering and eliminating the little wastes and bad practices that have grown up during the years of exceptional prosperity. Their morale is perfect. Their alertness and courage in resisting the depressing influences surrounding them is truly admirable.

Respectfully submitted,

EDWARD J. CORNISH,
President.

Stock Holdings in National Lead Company

December 31, 1930

	*Number of Holders	Common	Stock Held Class B Preferred	Class A Preferred	Per Cent of Holders	Per Cent of Stock
Owners of 1000 shares or more	41	63,652	13,839	51,537	.42	19.64
Owners of 500 and less than 1000 shares	62	21,635	4,850	12,022	.63	5.86
Owners of more than 100 and less than 500 shares	802	87,072	17,528	56,814	8.15	24.58
Owners of 100 shares	482	11,700	9,900	26,600	4.89	7.34
Owners of less than 100 shares	8,110	55,423	27,561	70,884	82.39	23.43
Corporations owning stock	347	70,349	29,599	25,819	3.52	19.15
Totals	9,844	309,831	103,277	243,676	100.00	100.00

Average Holdings Common Stock .... 84 Shares
Average Holdings Class B Preferred Stock .... 49 Shares
Average Holdings Class A Preferred Stock .... 56 Shares
Average Holdings All Stock .... 65 Shares

The number of women owning stock is as follows:

	*Number of Holders	Number of Shares	Avge. Holdings
Common	1,242	67,161	55 Shares
Preferred (Class B)	878	27,826	32 Shares
Preferred (Class A)	2,397	87,387	37 Shares
Total	4,517	182,374	40 Shares

Per Cent of Total Stockholders 45.89%
Per Cent of Outstanding Stock 27.77%

The number of accounts closed and opened during year 1930 was as follows:

	Total	Common	Class B Pfd.	Class A Pfd.
Closed	2,158	1,008	533	617
Opened	2,615	1,641	506	468

*Where the same person owns more than one class of stock, there is a duplication in the number of holders.

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Directors

EDWARD F. BEALE, Philadelphia, Pa.
W. C. BESCHORMAN, New York, N. Y.
ALFRED H. BRODRICK, Newton, Mass.
GEORGE O. CARPENTER, St. Louis, Mo.
FRED M. CARTER, New York, N. Y.
JAMES A. CASELTON, St. Louis, Mo.
EDWARD J. CORNISH, New York, N. Y.
W. H. CROFT, Chicago, Ill.
GRAFTON D. DORSEY, St. Petersburg, Fla.
CHARLES E. FIELD, Chicago, Ill.
EVANS McCARTY, New York, N. Y.
FLETCHER W. ROCKWELL, Greenwich, Conn.
HENRY G. SIDFORD, Maplewood, N. J.
WILLIAM N. TAYLOR, Pittsburgh, Pa.
GUSTAVE W. THOMPSON, Brooklyn, N. Y.

Executive Committee

EDWARD J. CORNISH, Chairman

EDWARD F. BEALE
W. C. BESCHORMAN
FRED M. CARTER
EVANS McCARTY
FLETCHER W. ROCKWELL
HENRY G. SIDFORD
GUSTAVE W. THOMPSON

Executive Officers

President
EDWARD J. CORNISH

Vice-Presidents
GEO. O. CARPENTER
E. F. BEALE
EVANS McCARTY
FRED M. CARTER
W. C. BESCHORMAN

Secretary
M. DOUGLAS COLE

Assistant Secretary
HENRY O. BATES

Comptroller
H. T. WARSHOW

Treasurer
CHARLES SIMON

Assistant Comptrollers
HARRY W. DICKERSON
HENRY O. BATES

General Counsel

ALEXANDER & GREEN, 120 Broadway, New York, N. Y.

Departments

Advertising....WM. KNUST, Manager
Flaxseed....J. A. JOHANSEN, Manager
Insurance....HAMLIN & CO., Managers
Laboratory....G. W. THOMPSON, Chief Chemist
Manufacturing....F. W. ROCKWELL, Production Manager
Metal....A. B. HALL, Manager
Traffic....D. R. NORRIS, Manager
Farm Lands....NORRIS B. GREGG, Manager

Committees

Metal Committee

W. C. BESCHORMAN, Chairman

L. T. BEALE
A. H. BRODRICK
W. P. CARROLL
W. A. COWAN
W. A. DAIL
C. A. GEATTY
E. T. MERRICK
E. A. MUELLER
F. W. ROCKWELL
W. H. TAYLOR
L. T. WILSON
G. H. WORRALL

H. W. DICKERSON, Secretary

Manufacturing Committee

F. W. ROCKWELL, Production Mgr.
H. P. CAVARLY
G. W. THOMPSON
L. T. BEALE
EVANS McCARTY
H. O. BATES, Secretary

Sales Committee

F. M. CARTER, Chairman

L. T. BEALE
W. G. BISBEE
A. F. CURTIS
W. A. DAIL
E. A. DE CAMPI
C. C. FOERSTNER
W. H. TAYLOR
O. H. GREENE
R. L. HALLETT
J. G. C. McNAIR
W. R. MELVILLE
S. F. REEVES
A. W. SCOTT
A. B. TIBBETS, Secretary

Pension Board

G. W. THOMPSON, Chairman
F. M. CARTER
F. W. ROCKWELL
M. D. COLE, Secretary

Stock Transfer Agent
THE CHASE NATIONAL BANK
11 Broad St., New York, N. Y.

Registrar of Stock
BANKERS TRUST CO.
14 Wall St., New York, N. Y.

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Branches

National Lead Company

ATLANTIC BRANCH, — New York, N. Y.
H. G. SIDFORD, E. T. MERRICK, Managers, — 111 Broadway

BALTIMORE BRANCH, — Baltimore, Md.
C. E. McPHAIL, Manager, — 214 Henrietta Street

BUFFALO BRANCH, — Buffalo, N. Y.
W. R. MELVILLE, Manager, — 116 Oak Street

CLEVELAND BRANCH, — Cleveland, Ohio
C. C. FOERSTNER, Manager, — 820 West Superior Avenue

CINCINNATI BRANCH, — Cincinnati, Ohio
W. A. DAIL, Manager, — 659 Freeman Avenue

CHICAGO BRANCH, — Chicago, Ill.
CHARLES E. FIELD, Manager, — 900 West Eighteenth Street

ST. LOUIS BRANCH, — St. Louis, Mo.
O. H. GREENE, Manager, — 722 Chestnut Street

ST. LOUIS SMELTING & REFINING WORKS, — St. Louis, Mo.
J. A. CASELTON, Manager, — 722 Chestnut Street

E. W. BLATCHFORD CO. (CHICAGO) BRANCH, — Chicago, Ill.
CHAS. N. RISLER, Manager, — 608 South Dearborn Street

E. W. BLATCHFORD CO. (NEW YORK) BRANCH, — New York, N. Y.
JOHN J. NICKELS, Manager, — 63 Park Row

GIBSON & PRICE CO. BRANCH, — Cleveland, Ohio
C. L. V. EVANS, Manager, — Swetland Building

JOHN T. LEWIS & BROS. CO., — Philadelphia, Pa.
EDWARD F. BEALE, President, — Widener Bldg., South Penn Square

NATIONAL LEAD & OIL CO. OF PENNA., — Pittsburgh, Pa.
W. N. TAYLOR, President, — Commonwealth Bldg., 316 Fourth Avenue

NATIONAL-BOSTON LEAD CO., — Boston, Mass.
A. H. BRODRICK, President, — 800 Albany Street

NATIONAL LEAD CO. OF CALIFORNIA, — San Francisco, Cal.
JAS. B. KEISTER, Vice-President, — 2240 Twenty-fourth Street

NATIONAL LEAD CO. OF ARGENTINA, — Buenos Aires
M. L. SHOEMAKER, Vice-President, — Calle San Martin 235

Local Offices

National Lead Company

DALLAS, TEX.,	959 Terminal Street
DETROIT, MICH.,	Corner Howard and Tenth Streets
KANSAS CITY, MO.,	1406-1408 West Thirteenth Street
LOUISVILLE, KY.,	Starks Building
MILWAUKEE, WIS.,	1534 S. First Street
NASHVILLE, TENN.,	303-305 Tenth Avenue, South
NEW ORLEANS, LA.,	519 South Peters Street
OMAHA, NEB.,	2810 A Street
ST. PAUL, MINN.,	102 West Fairfield Avenue

National Lead Co. of California

LOS ANGELES, CAL.,	932 Wilson Street
SEATTLE, WASH.,	1020 First Avenue, South

Corporations in which National Lead Company Is Interested Through Ownership of All or Part of the Capital Stock

BAKER CASTOR OIL COMPANY, — New York
F. C. MARSH, President
Manufacturers of Castor Oil

CARTER WHITE LEAD COMPANY, — Chicago and Omaha
J. J. MORSMAN, President
White Lead Corroders

EVANS LEAD COMPANY, — Charleston, W. Va.
R. M. EVANS, Vice-President and General Manager
Manufacturers of Lead Oxides

GEORGIA LEAD COMPANY, — Atlanta
C. F. EVANS, Treasurer
Manufacturers of Sheet Lead, Pipe and Alloys

MORRIS P. KIRK & SON, INC., — Los Angeles, Cal.
MORRIS P. KIRK, President
Manufacturers of Lead Alloys and Oxides

MAGNUS COMPANY, INCORPORATED, — New York
W. H. CROFT, President
Brass Founders

MIDWEST CARBIDE CORPORATION, — Keokuk, Iowa
L. F. LOUTREL, Vice-President and General Manager
Manufacturers of Calcium Carbide

NATIONAL LEAD COMPANY OF CANADA LTD., — Toronto
G. F. ALLEN, Vice-President
THE CANADA METAL COMPANY, LTD., Toronto, Montreal, Winnipeg, Vancouver
HOYT METAL COMPANY OF CANADA, LTD., Toronto
THE ROBERTSON LEAD MANUFACTURING COMPANY, LTD., Montreal, Winnipeg
Manufacturers of Lead Products, Brass and Bronze, Dross Smelters

NATIONAL PIGMENTS & CHEMICAL COMPANY, — St. Louis
EVANS McCARTY, President
Miners and Manufacturers of Barytes

NEWTON DIE CASTING CORPORATION, — New Haven, Conn.
W. G. NEWTON, President
Manufacturers of Pressure Die Castings

ST. LOUIS SMELTING & REFINING COMPANY, — St. Louis
J. A. CASELTON, 2nd Vice-President and Secretary
Miners, Smelters and Refiners of Lead

TITAN CO. A/S, — Fredriksstad, Norway
DR. G. JEBSEN, Managing Director
Manufacturers of Titanium Oxide Pigments

TITAN COMPANY, INC., — Wilmington, Del.
EVANS McCARTY, Vice-President, New York
DR. G. JEBSEN, Vice-President, Paris
TITANGESELLSCHAFT m. b. H., Leverkusen, Germany
SOCIETE INDUSTRIELLE DU TITANE, Paris, France
Manufacturers and Distributors of Titanium Oxide Pigments

TITANIUM PIGMENT COMPANY, INC., — New York
WILLIAM F. MEREDITH, President
Manufacturers of Titanium Oxide Pigments

UNITED STATES CARTRIDGE COMPANY, — New York
EVANS McCARTY, Vice-President
Manufacturers of Metallic and Sporting Ammunition

0000-NLI-000018124

Products Manufactured by National Lead Company

Painters' Materials

White Lead, Dry
White Lead in Oil
Red Lead, Dry
Red Lead in Oil
Flatting Oil
Colors, Dry and in Oil
Linseed Oil, American and Calcutta, Raw, Boiled, Refined, Varnishmakers'
Wall Primer

Bearing Metals

Babbitt Metals
Frary Metal
Pressure Die Castings

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
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 Lead 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

General Products

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

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