Annual Report

NATIONAL LEAD COMPANY

for Fiscal Year Ending

December 31, 1896

Principal Office:

1 Exchange Place, Jersey City, N. J.

Executive Offices:

111 Broadway, New York City

NATIONAL LEAD COMPANY
1 Exchange Place, Jersey City, N. J.

Report Presented to the Stockholders at their Fifth Annual Meeting, February 18, 1897, For the Fiscal Year Ending December 31, 1896.

To the Stockholders of National Lead Company:
The following Balance Sheet shows the condition of the Company on December 31, 1896:

ASSETS

Plant Investment.............	23,750,819.12	
Less charged Surplus for depreciation............	288,145.50	$23,462,673.62
Other Investments.........................		236,217.89
Stock on hand, manufactured, in process and raw.....................		4,587,594.22
Treasury Stock-Common........	94,600.00	
-Preferred.....	96,000.00	190,600.00
Cash in Banks............................		503,394.70
Notes Receivable.........................		246,286.73
Accounts Receivable......................		1,465,408.39
Total Assets........................		$30,692,175.55

LIABILITIES

Capital Stock-Common.........	15,000,000.00	
-Preferred.....	15,000,000.00	$30,000,000.00
Surplus, Dec. 31, 1896.......	892,813.52	
Less credited Plant for depreciation..............	288,145.50	604,668.02
Mortgages................................		12,603.25
AccountsmPayable.........................		74,904.28
Total Liabilities...................		$30,692,175.55

In order that Stockholders may conveniently compare the condition of the Company with that of 1895, the following comparative sheet is presented herewith:

ASSETS

	Dec. 31, 1895	Dec. 31, 1896	Increase	Decrease
Plant Investment.........	$23,613,465.65	$23,462,873.62	$	$150,792.03
Other Investments........	435,663.48	236,217.89	....	199,445.59
Stock on Hand............	4,801,231.33	4,587,594.22	....	213,637.11
Treasury Stock...........	190,600.00	190,600.00	....	....
Cash in Banks............	338,209.52	503,394.70	165,185.18	....
Notes Receivable.........	217,857.93	246,286.73	28,428.80	....
Accounts Receivable......	1,281,838.98	1,465,408.39	183,569.41	....
Total Assets........	$30,878,866.89	$30,692,175.55	$377,183.39	$563,874.73

LIABILITIES

	Dec. 31, 1895	Dec. 31, 1896	Increase	Decrease
Capital Stock............	$30,000,000.00	$30,000,000.00		$ ....
Surplus..................	761,099.82	604,668.02		156,431.80
Mortgages................	12,603.25	12,603.25		....
Accounts Payable.........	105,163.82	74,904.28		30,259.54
Total Liabilities...	$30,878,866.89	$30,692,175.55		$186,691.34

SURPLUS ACCOUNT

Surplus, December 31, 1895		$ 761,099.82
Net Earnings during 1896		1,174,993.70
		$1,936,093.52

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DIVIDENDS PAID DURING 1896

On Preferred Stock

March 16	Dividend No. 17	$260,820.00		
June 15	" No. 18	260,820.00		
Sept. 15	" No. 19	260,820.00		
Dec. 15	" No. 20	260,820.00	$1,043,280.00	
Charged for Depreciation of Plant			288,145.50	$1,331,425.50
Surplus, December 31, 1896				$ 604,668.02

The foregoing statement discloses accurately the result of the business of the Company for the year 1896, the fifth in its history. The conditions surrounding commercial interests in that period are familiar to all, and need review only as they may apply to this business. Continually falling prices limited the margin of profit, and although consumption was stimulated, making the tonnage distributed the largest in our history, the net earnings were but $1,174,993.70.

While competition has been active, it will be observed that no demoralization has resulted and that a profit, although small and inadequate to the capital involved, has followed on the conduct of the business. Our relations to the trade continue harmonious.

"Plant Investment" account shows for the five years ending with this Report, a net increase of $799,247.88 (for the current year, $137,353.47) representing expenditures for permanent improvements and for new properties, less amount received for properties sold. This sum has been paid from undistributed earnings, represented on the Balance Sheet by "Surplus" account, thus largely employing it. The policy of modernizing the factories has been continued and its wisdom demonstrated in lower manufacturing costs. The smelting and refining plants of the Company have not been operated during the year.

It will be noted that from "Plant Investment" account has been deducted $288,145.50 for depreciation and a like amount charged to "Surplus" account. This is done in pursuance of a conservative policy and in no manner affects the net earnings shown for 1896.

Attention is called to the decrease in the item of "Other Investments", many of the assets heretofore included under that head having properly been transferred to "Stock on hand". Shareholders will note the stock on hand is less this year than last, partly attributable to the values at which inventories have been taken, all being the lowest ever recorded.

Working capital is ample for present needs and has been less actively employed only because our large stocks cost less money. The accounts payable are less and as usual represent current matters awaiting audit before payment. The mortgage indebtedness remains at $12,600.25.

Mr. John H. McKelvy, for many years an active manufacturer, and since the organization of this Company a useful member of the Board of Directors and Manager of its interests at Pittsburgh, died on April 12, 1896, generally lamented in the community where his life has been spent, and mourned by his business associates.

In conclusion it may be said that there has been no occasion to depart from the established policy of the Company as respects the conservation, protection and extension of its trade and the distribution of profits earned. Both classes of the stock are largely held by those to whom originally issued, and all holders have an undivided interest in its prosperity. We feel reasonably confident in our belief that the bottom was touched in 1896, and in predicting that the year on which we have entered will be fairly prosperous for the Company.

Respectfully,

L. A. Cole,

President.