Annual Report

NATIONAL LEAD COMPANY

for Fiscal Year Ending

December 31, 1911

Principal Office:

1 Exchange Place, Jersey City, New Jersey

Executive Offices:

111 Broadway, New York City

National Lead Company

1 Exchange Place, Jersey City, N. J.

Report Presented to the Stockholders at their Twentieth Annual Meeting, April 18, 1912, for Fiscal Year Ending December 31, 1911.

To the Stockholders of National Lead Company—

The following Balance Sheet shows the condition of the Company on December 31, 1911:

Assets

Plant Investment	$24,327,472.08
Other Investments	14,365,277.26
Stock on hand, manufactured, in process and raw	7,173,439.28
Cash in Banks	1,057,221.81
Notes Receivable	104,555.37
Accounts Receivable	3,142,255.88
	$50,170,221.68

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, 1911		4,901,581.11	
Accounts Payable		245,640.57	$50,170,221.68

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

Assets

	Dec. 31, 1910	Dec. 31, 1911	Increase	Decrease
Plant Investment	$24,594,998.83	$24,327,472.08		$267,526.75
Other Investments	14,302,131.33	14,365,277.26	$63,145.93	
Stock on hand	7,252,296.60	7,173,439.28		78,857.32
Cash in Banks	214,354.33	1,057,221.81	842,867.48	
Notes Receivable	592,677.92	104,555.37		488,122.55
Accounts Receivable	3,141,054.16	3,142,255.88	1,201.72	
	$50,097,513.17	$50,170,221.68	$907,215.13	$834,506.62

Liabilities

	Dec. 31, 1910	Dec. 31, 1911	Increase	Decrease
Common Stock	$20,655,400.00	$20,655,400.00		
Preferred Stock	24,367,600.00	24,367,600.00		
Surplus	4,779,627.63	4,901,581.11	$121,953.48	
Accounts Payable	294,885.54	245,640.57		$49,244.97
	$50,097,513.17	$50,170,221.68	$121,953.48	$49,244.97

Surplus

Surplus, December 31, 1910	$4,779,627.63
Net Earnings during 1911	2,447,347.48
	$7,226,975.11

Dividends Paid During 1911

On Preferred Stock—				
March 15, Dividend	No. 77	$426,433.00		
June 15 "	No. 78	426,433.00		
Sept. 15 "	No. 79	426,433.00		
Dec. 15 "	No. 80	426,433.00	$1,705,732.00	
On Common Stock—				
March 31, Dividend	No. 29	$154,915.50		
June 30 "	No. 30	154,915.50		
Sept. 30 "	No. 31	154,915.50		
Dec. 30 "	No. 32	154,915.50	619,662.00	$2,325,394.00
Surplus, December 31, 1911				$4,901,581.11

The foregoing statements show the financial condition of the Company at the close of its 20th fiscal year, December 31, 1911. The net earnings for 1911 were $150,855.44 less than the preceding year. The regular dividend of seven per cent. was paid on preferred stock, and the dividends on the common stock aggregated three per cent. for the year, leaving $121,953.48, which has been added to the surplus account.

Maintenance and Repairs

The cost of Maintenance and Repairs for the year is as follows:

Maintenance	$480,904.77
Machinery Repairs	114,743.77
Building Repairs	32,267.77
Total	$627,916.31

This amount has been deducted before the results shown are reached. The charge to Maintenance as above for the most part relates to the new plants at St. Louis and Chicago, now practically completed, and follows the established policy of the Company of putting under the head of Maintenance such reconstruction, and writing it off gradually as earnings permit, instead of charging the same to Plant Account.

Plant Investment

The Plant Account shows a net decrease of $267,526.75, which is explained by the following transactions:

CHANGES DURING 1911

Chicago Branch—		
Net proceeds from sale of Shipman Works, Chicago,		$282,026.75
St. Louis Branch—		
Real Estate added to the property of the St. Louis Lead & Oil Works	$6,000	
John T. Lewis & Bros. Co.—		
Increase of Baltimore Metal Plant	8,500	14,500.00
Net Decrease		$267,526.75

The Shipman Works, Chicago, one of the oldest plants of the Company, ceased operations during the year 1911, all the business at Chicago having been concentrated at the new Southern Works, Chicago. An opportunity occurred to sell this property, which sale was consummated in December, 1911, at a price which your Directors considered advantageous.

All your operated properties have been maintained at their full efficiency.

Other Investments

The increase in the item "Other Investments" is in part accounted for by further payments on account of the interest acquired in the business of the U. S. Cartridge Co. to which reference has been made in previous reports.

Volume of Business

Your Company has not escaped the effects of the general depression that has prevailed during the year 1911. The volume of business has been less but the percentage of decrease, comparatively speaking, is so small that when the various conditions which we have encountered are carefully considered, we feel that the Company may congratulate itself on having so well maintained its position in the various branches in which we are interested. In the report of last year allusion was made to the shrinkage in volume of white lead sales, influenced by the largely increased cost of Linseed Oil. An outline was given of the plans formulated for meeting that situation. In another paragraph is reviewed separately the result of these plans. Entirely outside and beyond these influences, the volume of business has decreased particularly because of lessened consumption throughout the whole country of the products of the Company. We have also encountered competition in a severe form which your Managers did not think it wise or prudent to meet.

Insurance Fund

Some years ago a conservative plan was adopted under which the Company carries certain portions of its Fire Insurance. The premiums thereby accruing have been paid into a separate fund; this fund has also been increased from time to time from other sources, so that now the Company has an Insurance Fund, invested in interest-bearing securities, amounting in value to $627,953.41.

It was deemed best at the time of the creation of this fund that it be kept separate and therefore it is not shown in the balance sheet of the Company.

Insurance Department

From the point of view of protection against loss by fire, your Insurance Department supplies most efficient service. Properties are maintained at the highest possible point; not only with regard to their equipment for extinguishing fires should they occur, but more particularly with a view to preventing their occurrence. All new construction is made practically fire-proof.

Maintenance of Properties

Concentration and Reconstruction

The style of construction of manufacturing properties has vastly changed during the past twenty years which measures the corporate life of your Company: and plants that were then considered first-class in their construction would not now be so considered. During this period there has been charged to Maintenance $2,350,755.94.

Your Managers have a definite policy regarding what may be termed extraordinary repairs and replacements.

The policy of concentration of manufacture in fewer plants is being followed wherever it is wise and possible, and all replacement or extraordinary repairs are of the most approved concrete, fireproof type. In this manner, gradually, the older plants, small in capacity and more or less costly to maintain and run, are being replaced by new plants of modern construction with large capacity and greater efficiency.

In this manner, as has been referred to in a previous report, we now have in Chicago one plant where we had two, at St. Louis two plants where we had three, and at Pittsburgh by June of this year, at the newly reconstructed Sterling Works will be manufactured enough White Lead to supply a demand which in the early history of the Company was met by no less than six separate factories.

In addition to the reconstruction of the Sterling Works, to which allusion has been made, other important work on similar lines has been planned. These changes will be accomplished gradually, without interruption to business and so as not to make too severe a drain on the income of the Company.

Sanitary Precautions

The Company has always felt the responsibility of guarding the health of the workmen by ensuring sanitary conditions. New construction work, and the remodeling of some of the older factories, have afforded opportunity to modernize the sanitary, as well as the mechanical, installation, and care has been taken to provide lavatories, bathing facilities and general welfare equipment thoroughly practical and complete in all details. It is believed these improvements anticipate any possible future requirement.

Medical supervision has been provided for the various factories, and medical attendance, when needed, is supplied without cost to our employees.

The operating department understands that the policy of the Company is broad in matters looking to more sanitary conditions. As a result, the machinery in the factories has been greatly improved, from the hygienic, as well as from the purely manufacturing, standpoint. Suggestions for improvements, whether in equipment or practice, are considered by our manufacturing experts, and those of practical value adopted.

Flaxseed and Linseed Oil

The result of the lessening supplies of flaxseed during several years preceding was a continuance during 1911 of high cost linseed oil. However, the trend of prices has been downward

and the present level is approximately 20 per cent. below the average of that year.

Owing to early droughts and untimely rains during harvesting periods, a partial failure of the 1911 flaxseed crops of North America, Russia and Argentina is to be recorded; still, moderately increased supplies are obtained from good sized areas.

The campaign that was instituted for the proper culture and rotation of flaxseed cropping has already produced much unmistakable evidence of an extensive and effectual interest taken by our farmers. Even under adverse weather conditions which obtained during the past season, the initial success attained in the considerable application of the scientific yet simple principles set forth to the growers affords much encouragement for the future to producers and consumers, justifying our further co-operation in the work.

St. Louis Smelting & Refining Co.

In the annual report to stockholders for the fiscal year 1905, the following statement occurs:

> "A mining property acquired by one of your constituent companies in 1897, and which became productive in 1899, has proven of great value and usefulness, and an investment of nearly $1,500,000 had at the close of the year 1905 paid one-half of its cost in net earnings. The preliminary and exhaustive examination of this property justified the investment but the directors of that company (St. Louis Smelting & Refining Co.) have thought it wise to apply all earnings to a sinking fund, until the initial cost of the property shall have been paid off."

The property to which reference is made has been continuously operated to advantage. It has been found advisable to reconstruct in part the concentrating plant at the mines (situated in St. Francois Co., Missouri) which has all been paid for out of earnings. A modern smelter has been constructed at Collinsville, Ill., (14 miles from St. Louis) where the concentrates from your mines are treated, thus saving to your Company the smelting profit. In addition to and in connection with the smelter has been erected and is now in successful operation a plant for the manufacture of Basic Sulphate of Lead. This product, a white pigment, has certain properties of value, and your Company is conservatively building up a business for it which will no doubt in time add both to the tonnage and revenues of your Company. The policy outlined as quoted from the report of the year 1905 is being followed with respect to the plant at Collinsville as well as the mines at St. Francois, and your Directors confidently expect at no distant date that the St. Louis Smelting & Refining Co. will commence to contribute directly and regularly to the profits of the National Lead Co.

United States Cartridge Co.

During the past year the new plant of this Company commenced the production of Loaded Shells for Shot-guns. This part of the Cartridge Company's business being new, considerable time has been required not only for the building of the plant for this department, but also for the construction of the machinery necessary for its equipment. The *Black Shells* as they are popularly known, have met with a gratifying reception, and it is confidently expected to find a market for the entire output of this plant during the coming year. The policy for the development of the business is conservative and the Company relies upon the reputation of its metallic ammunition to assure buyers of the high standard of its Black Shells. It is expected to establish this business by gradual growth, relying on high quality to secure a fair share of the business. The necessity for increased capital to take care of the increased plant investment and larger business has made it seem wise to the Directors of the U. S. Cartridge Co. to increase its Capital Stock from $400,000 to $800,000, of which increase the National Lead Company will take its pro rata proportion.

Heath & Milligan Manufacturing Co.

Your Company became the owner of this business following the panic of 1907. It is the largest paint manufacturing business in the West; has an enviable reputation for its products, established by half a century's growth; its future success is assured. The plant of this Company is entirely new, of concrete, fireproof construction; well adapted for a very large output.

This Company has passed successfully through a period of

reorganization, and it is confidently looked to in the near future as an additional source of profit to your Company.

Metallic Interests

Those companies whose business lies almost wholly in the field of what may be termed metallic manufactures, such as lead pipe, sheet lead, plumbers' articles, shot, etc., have felt the effect of depressed business, more particularly where their trade has been with large consumers such as railways. They have, however, taken as a whole, maintained their position in the trade, received their fair share of such business as was to be had, and contributed materially to the revenues of your company.

Stockholders

The total number of stockholders as shown by the Company's records on December 31, 1911, was 7,281.

Of this number, 45% are women, being 3,050 in number.

As has been previously stated, there are no stockholders who have exceptionally large holdings.

Mr. Augustus P. Thompson

We record the death, on November 24, 1911, of Mr. Augustus P. Thompson, a Director of the Company for nearly twenty years, and Manager at Buffalo. Mr. Thompson was descended from notable ancestors who were potent in this country's development, and in his turn assumed and faithfully performed throughout an unusually long life the duties of a citizen, and contributed freely of his time, his means, and his influence to benefit the people of the city of which he was one of the most distinguished citizens.

Standing as it does for all that is highest in quality in its products and best in business in its practice, the fact that an *esprit de corps* exists among the men who are charged with the conduct, the expansion and the conservation of your Company's business, can hardly be thought remarkable; but it is as gratifying to your Managers to record that fact as it must be to the stockholders to know it.

Respectfully submitted,

William W. Lawrence,

President.

Directors
National Lead Company

EDWARD F. BEALE,	Philadelphia
GEO. O. CARPENTER,	St. Louis, Mo.
FRED M. CARTER,	Chicago, Ill.
R. R. COLGATE,	New York City
E. J. CORNISH,	New York City
G. D. DORSEY,	Madison, N. J.
CHAS. E. FIELD,	Chicago, Ill.
GEO. W. FORTMEYER,	Orange, N. J.
E. C. GOSHORN,	Cincinnati, O.
WILLIAM W. LAWRENCE,	New York City
A. J. MEIER,	St. Louis, Mo.
R. P. ROWE,	Brooklyn, N. Y.
W. N. TAYLOR,	Pittsburgh, Pa.
WALTER TUFTS,	Boston, Mass.
J. R. WETTSTEIN,	Mt. Vernon, N. Y.

Executive Committee

WILLIAM W. LAWRENCE, Chairman.

E. F. BEALE, E. J. CORNISH, R. P. ROWE.

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
165 Broadway, New York City

Registrar of Stocks

THE MERCANTILE TRUST CO.
115 Broadway, New York City

Departments

National Lead Company

Manufacturing Committee

C. P. TOLMAN, Chairman

L. T. BEALE	E. C. GOSHORN
H. P. CAVARLY	A. J. MEIER
E. J. CORNISH	G. W. THOMPSON

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

ATLANTIC BRANCH, New York City
B. P. ROWE, Manager, 111 Broadway

BUFFALO BRANCH, Buffalo, N. Y.
SHELDON THOMPSON, Manager, Cor. Clinton and Oak Streets

CLEVELAND BRANCH, Cleveland, Ohio
C. C. FOERSTNER, Manager, Champlain Avenue and Canal Road

CINCINNATI BRANCH, Cincinnati, Ohio
E. O. GOSHORN, Manager, Freeman Avenue, cor. Seventh Street

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

ST. LOUIS BRANCH, St. Louis, Mo.
GEO. O. CARPENTER, Manager, Liggett Building, 722 Chestnut Street

JOHN T. LEWIS & BROS. CO., Philadelphia, Pa.
EDWARD F. BEALE, Pres., Lafayette Bldg., cor. Fifth and Chestnut Sts.

NATIONAL LEAD & OIL CO., OF PENNSYLVANIA, Pittsburgh, Pa.
W. N. TAYLOR, President, Commonwealth Building, 316 Fourth Avenue

NATIONAL LEAD CO., OF MASSACHUSETTS, Boston, Mass.
WALTER TUFTS, Treasurer, Ounard Building, 126 State Street

NATIONAL LEAD CO., OF CALIFORNIA, San Francisco, Cal.
JOHN P. NEVILLE, Vice-President, 640 Merchants Exchange Building

ST. LOUIS SMELTING & REFINING CO., St. Louis, Mo.
A. J. MEIER, 2d Vice-Pres. & Gen. Mgr., 618 and 614 Frisco Building

Warehouses

National Lead Company

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

Corporations in Which This Company is Interested

CARTER WHITE LEAD COMPANY, Chicago and Omaha
FRED. M. CARTER, President.

HEATH & MILLIGAN MANUFACTURING CO., Chicago
NORRIS B. GREGG, President.

MAGNUS METAL COMPANY, New York
H. H. HEWITT, President.

UNITED LEAD COMPANY, New York
J. R. WETTSTEIN, President.

UNITED STATES CARTRIDGE COMPANY, Lowell, Mass.
PAUL BUTLER, Treasurer.

Products Manufactured by National Lead Company

Painters' Materials

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

Bearing Metals

Phœnix Metal — Babbitt Metals
Pressure Die Castings

Plumbers' Materials

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

Printers' Metals

Linotype Metal — Stereotype Metal
Monotype Metal — Electrotype Metal

Canners' Materials

Bar Solder — Ribbon Solder
Wire Solder — Triangular Solder
Soldering Flux

Lead Oxides

Red Lead — Rubbermakers' Oxides
Litharge — Varnishmakers' Oxides
Orange Mineral — Enamelmakers' Oxides
Glassmakers' Oxides — Potters' Oxides
Colormakers' Oxides — Accumulator Oxides

Miscellaneous Lead Products

Sheet Lead — Lead Wire
Glaziers' Lead — Lead Sash Weights
Bar Lead — Piano Key Leads

General Products

Brown Sugar of Lead — Linseed Oil Cake and Meal
White Sugar of Lead — Castor Oil
Nitrite of Soda

National Lead Company Brands
Pure White Lead

(Dutch Boy Painter Trade-Mark)

Anchor	Cornell	Salem
Armstrong & McKelvy	Davis-Chambers	Selby
Atlantic	Fahnestock	Shipman
Beymer-Bauman	Jewett	Southern
Bradley	Lewis	Sterling
Brooklyn	Morley	Ulster
Collier	Phœnix (Eckstein)	Union
	Red Seal	