AGREEMENT AND PLAN OF REORGANIZATION

This Agreement and Plan of Reorganization dated January 2, 1953, between NATIONAL LEAD COMPANY, a corporation organized and existing under the laws of the State of New Jersey (hereinafter called National), party of the first part, and DOEHLER-JARVIS CORPORATION, a corporation organized and existing under the laws of the State of Michigan (hereinafter called Doehler), party of the second part,

WITNESSETH:

WHEREAS the parties hereto desire that National shall acquire all of the assets, property, business and good will of Doehler through the exchange of all of said assets, property, business and good will for Common Stock of National and the assumption by National of all liabilities of Doehler, and the distribution of such stock of National to the stockholders of Doehler, for the purpose of carrying out a reorganization within the meaning of the provisions of the Internal Revenue Code, pursuant to the plan of reorganization hereinafter set forth,

NOW THEREFORE, in consideration of the premises and the covenants and agreements hereinafter set forth the parties hereto covenant and agree as follows:

I. REPRESENTATIONS BY NATIONAL

National represents that:

1. It is a corporation duly organized and existing under the laws of the State of New Jersey with an authorized capital stock consisting of 20,500,000 shares, of which 250,000 shares are Class A Preferred Stock of the par value of $100 each, 250,000 shares are Class B Preferred Stock of the par value of $100 each, and 20,000,000 shares are Common Stock of the par value of $5 each; of the Class A Preferred Stock 234,293 shares are issued and outstanding and 9,383 shares are held in its treasury; of the Class B Preferred Stock 90,185 shares are issued and outstanding and 13,092 shares are held in its treasury; and of the Common Stock 10,158,375 shares are issued and outstanding, of which, at December 12, 1952, 304,100 shares have been issued pursuant to National's Employees Stock Purchase Plan and are pledged to secure the unpaid balance of the purchase price thereof.

2. Said Preferred Stock, Class A and Class B, is listed on the New York Stock Exchange and said Common Stock is listed on the New York Stock Exchange and an application is pending for its listing on the Toronto Stock Exchange.

3. Attached hereto and marked Exhibit 1 are the Consolidated Balance Sheets of National Lead Company and its wholly owned domestic subsidiaries as of June 30, 1952 and December 31, 1951 and the related statements of Income and Surplus for the six months ended June 30, 1952 and years ended December 31, 1949, 1950 and 1951; and the Balance Sheet of unconsolidated subsidiaries of National Lead Company as of the close of their 1951 fiscal year and the related statements of Income and Surplus for the respective 1949, 1950 and 1951 fiscal years; together with a report of Lybrand, Ross Bros. & Montgomery, Certified Public Accountants, with respect to the financial statements as of December 31, 1951 and the related statements of Income and Surplus for the years ended December 31, 1949, 1950 and 1951; said financial statements have been prepared in accordance with the applicable rules of the Securities and Exchange Commission, and correctly set forth the financial condition (including all contingent liabilities) of National and its subsidiaries at the dates mentioned and the earnings and surplus of National and its subsidiaries for the periods specified therein; and since June 30, 1952 there have been no substantial changes in the financial condition of National and its subsidiaries except changes occurring in the ordinary course of business.

4. National has not done any of the following acts since June 30, 1952 and will not until the closing or abandonment of this agreement as hereinafter provided (a) enter into any contracts outside

the ordinary course of business which might materially and disadvantageously affect the value of its assets or business, or (b) without the prior written consent of Doehler, issue any additional shares of its stock or other securities (except such shares as are necessary to carry out this agreement and except treasury stock) or (c) authorize any distribution to the holders of its stock of any assets by way of dividend or otherwise, except by way of the regular dividends on its Preferred Stocks, dividends heretofore declared and quarterly dividends on its Common Stock in cash not in excess of fifty cents each per share thereof.

5. National is acquiring the assets and property contemplated to be transferred to it by Doehler hereunder for its own account and not for the account of any subsidiary or other corporation presently in existence or to be formed.

6. This agreement has been duly approved and authorized by its Board of Directors or Executive Committee.

II. REPRESENTATIONS BY DOEHLER

Doehler represents that:

1. It is a corporation duly organized and existing under the laws of the State of Michigan with an authorized capital stock consisting of 1,500,000 shares of Common Stock of the par value of $5 each, of which 1,067,642 shares are duly issued and outstanding (excluding 6,902 shares held in its treasury).

2. Said Common Stock is listed on the New York Stock Exchange and on the Midwest Stock Exchange.

3. Attached hereto and marked Exhibit 2 are the Balance Sheets as at December 31, 1951 and June 30, 1952 and Statements of Operations and Earned Surplus for the three years ended December 31, 1951 and for the six months ended June 30, 1952, of Doehler, together with the report of Messrs. Arthur Young & Company, Auditors, with respect to said Balance Sheet as at December 31, 1951 and Statements of Operations and Earned Surplus for the three years ended December 31, 1951; said Balance Sheets and Statements of Operations and Earned Surplus have been prepared in accordance with the applicable rules of the Securities and Exchange Commission, and, respectively, correctly set forth the financial condition (including all contingent liabilities) of Doehler at the dates mentioned and the earnings and earned surplus of Doehler for the periods specified therein; and since June 30, 1952 there have been no substantial changes in the financial condition of Doehler except changes occurring in the ordinary course of business.

4. Doehler has not done any of the following acts since June 30, 1952 and, without the prior written consent of National, will not until the closing or abandonment of this agreement as hereinafter provided (a) enter into any contracts outside the ordinary course of business which might materially and disadvantageously affect the value of its assets or business, or (b) issue any additional shares of its stock or other securities or (c) authorize any distribution to the holders of its stock of any assets by way of dividend or otherwise, except dividends heretofore declared and except that if National shall after the date hereof declare any dividend upon its Common Stock payable to its Common Stockholders of record on a date prior to the closing hereunder, Doehler may declare a dividend on its Common Stock to stockholders of record on the same record date, not exceeding per share of its Common Stock 115% of the dividend per share declared by National on National's Common Stock.

5. This agreement has been duly approved and authorized by its Board of Directors subject to obtaining the requisite authorization of its stockholders.

III. PRELIMINARY STEPS TO BE TAKEN BY NATIONAL

1. National will supply Doehler with whatever information is necessary or appropriate in order to enable Doehler to present to the Commissioner of Internal Revenue such data as the Commissioner may require in connection with Doehler's application for a ruling that the proposed reorganization will be free of tax and to comply with all statutory requirements in carrying out the terms of this agreement and the rules and regulations of the Securities and Exchange Commission governing the Proxy State-

ment to be used by Doehler in soliciting proxies for the meeting at which the transactions contemplated by this agreement are to be submitted to Doehler stockholders for approval. National hereby agrees to indemnify and hold harmless Doehler and each of its directors and officers against any liability arising out of or based upon any untrue statement contained in the Proxy soliciting material used by Doehler or arising out of or based upon the omission of a material fact, to the extent that such untrue statement or omission was made in reliance upon information furnished by National.

2. National will make due and timely application for the listing of its Common Stock to be issued hereunder on the New York Stock Exchange and the Toronto Stock Exchange and the registration thereof under the Securities Exchange Act of 1934.

3. National will take any other action necessary to enable it to carry out this agreement and will vote all shares of Common Stock of Doehler owned by it in favor of the transactions contemplated hereby.

IV. Preliminary Steps to be Taken by Doehler

1. Doehler will at all times prior to the closing hereunder open its plants, books, accounts and records for full and unrestricted examination and inspection by National, its officers, employees, engineers, accountants and agents, all subject to restrictions imposed by law or Governmental regulations.

2. Doehler will supply National with whatever information is necessary to comply with statutory requirements and the rules and regulations of the Securities and Exchange Commission, the New York Stock Exchange and the Toronto Stock Exchange for the listing on such exchanges of the additional shares of National's Common Stock to be issued pursuant to this agreement.

3. Doehler will call a special meeting of its stockholders to be held on or before the ninetieth day after the date of this agreement and will duly submit to such meeting this agreement and recommend that its stockholders approve the transactions contemplated hereby and authorize the dissolution of Doehler and the distribution of the stock of National received hereunder to the stockholders of Doehler entitled thereto as provided herein.

4. Doehler will notify National promptly as to the result of the action taken at such meeting of stockholders of Doehler.

5. If requested in writing by National, Doehler shall take all actions necessary to its compliance with any applicable Bulk Sales Laws.

6. For the purpose of effecting distribution of the stock of National to which Doehler shall become entitled on the carrying out of this agreement Doehler shall appoint Chemical Bank & Trust Company, or another bank or trust company satisfactory to National, to act as depositary and distributing agent (hereinafter referred to as the "Depositary").

7. Doehler will take any other action necessary to enable it to carry out this agreement.

V. Conditions Precedent to Closing

The closing of this agreement shall be subject to the following conditions precedent:

1. The transactions contemplated hereby shall have been approved by the requisite statutory vote of the stockholders of Doehler.

2. The number of shares of Doehler stock, the holders of which shall have voted against the sale of assets and shall have demanded payment of the fair cash value of their shares within the time and in the manner provided by the Michigan General Corporation Act, shall not be greater than shall be acceptable to National in its sole judgment, provided that if such number be not acceptable National shall notify Doehler to that effect within ten days after such number shall have been determined, or such later date as may be mutually agreed upon.

3. The shares of Common Stock of National deliverable hereunder shall have been authorized by the New York Stock Exchange for admission to the List on notice of issuance and registered under the Securities Exchange Act of 1934.

4. The Federal Bureau of Internal Revenue shall have issued a ruling, satisfactory to National and Doehler, to the effect that the transactions contemplated hereby will result in neither gain nor loss for Federal income tax purposes to Doehler and that the distribution of National's shares to the stockholders of Doehler will result in neither gain nor loss for Federal income tax purposes to the stockholders of Doehler.

5. National shall have received on the closing date the written opinion of Messrs. Beekman & Bogue, counsel for Doehler, in form and substance satisfactory to counsel for National, that Doehler has been duly incorporated and is then validly existing as a corporation under the laws of the State of Michigan with a capitalization as represented in this agreement; that all action has been taken necessary to the due authorization of the execution and performance by it of this agreement, including the due authorization of the transfer and conveyance of all of the property and assets of Doehler to National and the due authorization of the dissolution of Doehler and the distribution of the stock of National to the stockholders of Doehler entitled thereto; that the deeds, conveyances, assignments, bills of sale, drafts, cheques and other instruments of assignment and endorsement tendered to National are in all respects in compliance with this agreement and are sufficient to vest in National such title to all the property, assets, business and good will of Doehler as a going concern as was vested in Doehler immediately prior to the delivery thereof.

In rendering such opinion, it is understood that Messrs. Beekman & Bogue may rely upon the opinions of other counsel in connection with the transfer by Doehler of its assets to National. To the extent that such opinions are relied upon, signed copies thereof shall be furnished to National and the opinion of Messrs. Beekman & Bogue shall state that in their opinion they and National are entitled to rely upon such other opinions.

6. On the closing date, National shall have received a certificate of an officer of Doehler that the financial condition of Doehler is then as herein provided and Doehler shall have received a certificate of an officer of National that the financial condition of National is then as herein provided.

7. Doehler shall have received on the closing date the written opinion of Messrs. Alexander & Green, counsel for National, in form and substance satisfactory to counsel for Doehler, stating that National has been duly incorporated and is then validly existing as a corporation under the laws of the State of New Jersey with a capitalization in compliance with this agreement; that all action has been taken necessary to the due authorization of the execution and performance by it of this agreement, including the due authorization and issue of the stock of National to be delivered hereunder and that the same will be fully paid and nonassessable; and that the instrument or instruments of assumption by National of the liabilities of Doehler are in all respects in compliance with this agreement.

8. The validity and legality of the incorporation and existence of National and Doehler and of the authorization and execution of this agreement and of all other transactions herein referred to, as well as the form and substance of all legal proceedings and of all papers and documents used hereunder, shall be subject to the approval of Messrs. Alexander & Green, counsel for National, and Messrs. Beekman & Bogue, counsel for Doehler.

VI. CLOSING

1. This agreement shall be consummated at a closing to be held at the principal corporate trust office of the Depositary on the fifth full business day following the satisfaction of the conditions precedent set forth in paragraphs 1, 2, 3 and 4 of Article V hereof, or at such other time and place as the parties shall agree.

2. Doehler shall transfer to National all of its business, good will, property and assets, real, personal or mixed of every kind and description, wheresoever situated, except only its franchise to be a corporation and its rights under this agreement. Doehler shall cause to be executed and delivered to National all conveyances, deeds, assignments, bills of sale and other documents or instruments of transfer, and all other papers necessary to vest in National such title to all property and assets of

Doehler as was vested in Doehler immediately prior to such delivery. Doehler shall deliver to National such consents or other documents as may be required so that National may use the names "Doehler," "Jarvis," "Doehler-Jarvis" or any variation thereof alone or in combination with other words, in its business or in the business or corporate title of any subsidiary, provided that Doehler shall not be obliged to take corporate action to change its name.

3. National shall make irrevocable arrangements on the closing date with its Transfer Agent and Registrar and with the Depositary so that shares of National's Common Stock will be issued in names and amounts as certified by Doehler and in proper form for delivery to each stockholder of Doehler

(a) who shall be such stockholder on a date, to be selected by Doehler, on or prior to the date of closing, and

(b) if the closing takes place within 20 days after the date of the aforesaid special meeting of Doehler stockholders, who shall not have voted against the sale of assets contemplated by this agreement; or

(c) if the closing takes place more than 20 days after such meeting, who shall not have demanded payment of the fair cash value of his stock, or who shall have validly withdrawn any such demand, in the manner provided in the Michigan General Corporation Act,

at the rate of 1.15 shares of National Common Stock for each share of Doehler Common Stock standing in his name on such record date. No fractional shares of National Common Stock shall be issued but stockholders of Doehler who would otherwise be entitled to fractional shares will receive in lieu thereof scrip certificates in form substantially as hereto annexed as Exhibit 3. The certificates for such National Common Stock and scrip in lieu of fractional shares shall be delivered by National promptly after the closing date to the Depositary, which shall act as agent of Doehler in receiving such stock certificates and scrip from National in completion of the exchange of assets of Doehler for stock of National, and simultaneously National shall deliver to the Scrip Agent certificates for National Common Stock deliverable upon the surrender of scrip certificates.

4. National shall assume all obligations of Doehler of every nature both fixed and contingent and whether or not ascertained or in existence at the date of closing and shall deliver to Doehler an instrument or instruments evidencing such assumption.

VII. AFTER THE CLOSING.

1. Doehler shall promptly effect its liquidation and dissolution as a Michigan corporation and take all necessary steps to terminate its qualification to do business in all states where it is now so qualified.

2. National shall, from time to time, cause additional shares of its Common Stock to be issued at the rate of 1.15 shares of National Common Stock (with scrip in lieu of fractional shares as aforesaid) for each share of Doehler Common Stock standing in the name of stockholders of Doehler on the date selected by Doehler as provided in paragraph 3(a) of Article VI above, for whom certificates for shares of National Common Stock or scrip have not been made available as provided in paragraph 3 of Article VI, who become entitled thereto because of their failure to demand payment of the fair cash value of their shares or because they shall have validly withdrawn any such demand. Simultaneously with the issue of additional scrip, pursuant to this paragraph, National shall deliver to the Scrip Agent certificates for National Common Stock deliverable upon the surrender of such scrip certificates.

Doehler shall keep National fully advised as to stockholders who shall have duly demanded payment of the fair cash value of their shares or who shall have validly withdrawn such demands. Doehler will authorize National, in the name of and on behalf of Doehler, to enter into agreements with Doehler stockholders who have demanded payment of the fair cash value of their shares and to institute, defend and participate in any proceedings before appraisers or in court under the provisions of the Michigan General Corporation Act so that National may, in the name of Doehler or otherwise, take all such action with respect to dissenting stockholders as Doehler could take itself, and Doehler will take such steps as National may require in connection with such proceeding.

3. The Depositary shall deliver the certificates for Common Stock and scrip of National received under the provisions of paragraph 3 of Article VI and paragraph 2 of this Article VII to the persons in whose names such certificates are registered against proper surrender to such Depositary of corresponding certificates of Common Stock of Doehler.

4. All certificates of Common Stock of Doehler surrendered by its stockholders or acquired from its stockholders under the provisions of the Michigan General Corporation Act or held in its treasury shall be delivered to its Transfer Agents for cancellation and cancelled.

VIII. Abandonment of Agreement

1. Either party may elect to terminate this agreement and abandon the plan of reorganization if prior to the closing:

(1) representations made by the other party shall prove substantially untrue or

(2) the other party shall suffer loss by fire, flood, tornado, riot, accident or other calamity, whether or not insured, which shall substantially and adversely affect the value of its assets or business.

2. The party electing to terminate this agreement and abandon the plan of reorganization shall give written notice to the other party to that effect and thereupon all obligations hereunder shall cease except that each party shall bear the legal and accounting charges incurred by it and all other expense shall be borne by National.

3. This agreement shall terminate absolutely and the plan of reorganization shall be abandoned if and when it is determined that any one or more of the conditions precedent set forth in paragraphs 1, 2, 3 and 4 of Article V hereof cannot or will not be complied with, and in any event if the closing does not take place prior to April 1, 1953 or such later date as the parties may agree, and thereupon all obligations hereunder shall cease except that each party shall bear the legal and accounting charges incurred by it and all other expense shall be borne by National.

IX. Notices

All notices under this Agreement shall be in writing and if to National shall be sufficient in all respects if delivered in person or sent by mail to National at 111 Broadway, New York 6, New York, and if to Doehler shall be sufficient in all respects if delivered in person or sent by mail to Doehler at Smead Avenue, Toledo 1, Ohio.

In Witness Whereof, the parties hereto have, respectively, duly executed this agreement and plan of reorganization as of the day and year first above written.

NATIONAL LEAD COMPANY,

Attest:

By ....

President

....

Secretary

DOEHLER-JARVIS CORPORATION,

Attest:

By ....

President.

....

Secretary

Exhibit 1

AUDITORS' REPORT

To the stockholders of
NATIONAL LEAD COMPANY,
New York, N. Y.

We have examined the consolidated and individual balance sheets of NATIONAL LEAD COMPANY and its wholly owned domestic subsidiaries (other than one wholly owned domestic subsidiary) as of December 31, 1951 and the related statements of income and surplus for the years ended December 31, 1949, 1950 and 1951. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have also examined or reviewed, or have received reports of other independent public accountants upon their examinations of, the balance sheets of the afore-mentioned wholly owned domestic subsidiary, the major domestic subsidiaries more than 50, but less than 100 per cent owned and the major foreign subsidiaries other than Continental European, as of the close of their respective 1951 fiscal years and the related statements of income and surplus for the respective 1949, 1950 and 1951 fiscal years.

In our opinion, based upon the above-outlined examinations and the above-mentioned reports of other independent public accountants, the accompanying financial statements present fairly the consolidated financial position of National Lead Company and its wholly owned domestic subsidiaries at December 31, 1951 and the consolidated results of their operations for the years ended December 31, 1949, 1950 and 1951, and the combined financial position of National Lead Company's major domestic subsidiaries more than 50, but less than 100 per cent owned and major foreign subsidiaries (other than Continental European) at the close of their respective 1951 fiscal years and the combined results of their operations for the respective 1949, 1950 and 1951 fiscal years, in conformity with generally accepted accounting principles applied on a consistent basis, except for the changes, which we approve, in the method of pricing inventories explained in Note 2 to the consolidated financial statements and Note 1 to the combined financial statements.

LYBRAND, ROSS BROS. & MONTGOMERY

New York, March 6, 1952.

Exhibit 1—(Continued)

NATIONAL LEAD COMPANY
and its Wholly Owned Domestic Subsidiaries

CONSOLIDATED BALANCE SHEETS

June 30, 1952

(Not Examined by Independent Certified Public Accountants)

December 31, 1951

(Examined by Independent Certified Public Accountants)

ASSETS:

	June 30, 1952		December 31, 1951	
Current Assets:				
Cash		$ 21,357,536		$ 23,418,857
United States Government securities at cost (approximately equivalent to amounts at market quotations) (Note 1)		9,784,993		22,762,718
Other marketable securities, at cost, less reserves of: 1952, $109,181; 1951, $129,960 (at market quotations: 1952, $3,756,292; 1951, $3,129,564)		1,594,811		817,964
Notes receivable, trade	$ 81,810		$ 55,468	
Accounts receivable, trade	27,623,403		30,799,447	
Accounts and notes receivable, other	2,608,951		2,119,832	
	30,314,164		32,974,747	
Less, Reserves for losses	2,067,754	28,246,410	2,047,334	30,927,413
Inventories (Note 2)		59,505,764		55,404,739
Notes receivable from employees		299,579		302,519
Total current assets		120,789,093		133,634,210
Investments in and Advances to Unconsolidated Subsidiaries (Note 3):				
Investments, at cost or below	11,947,753		11,504,976	
Advances	3,624,503		3,614,155	
	15,572,256		15,119,131	
Less, Reserves	4,724,152	10,848,104	4,776,385	10,342,746
Miscellaneous Investments and Advances, at Cost or Below	1,804,124		1,806,529	
Less, Reserves	45,826	1,758,298	45,826	1,760,703
Plant, Property and Equipment, at 1915 Appraised Values, Subsequent Additions at Cost (Note 4)	137,560,495		133,320,357	
Less, Reserves for depreciation, depletion and amortization	73,665,149	63,895,346	71,215,202	62,105,155
Intangibles (Note 5)	20,769,088		20,770,904	
Less, Reserve for amortization	40,584	20,728,504	38,566	20,732,338
Prepaid Expenses, Deferred Charges, Etc.		2,456,692		1,740,516
		$220,476,037		$230,315,668

The accompanying notes are an integral part of the consolidated financial statements.

Exhibit 1—(Continued)

NATIONAL LEAD COMPANY
and its Wholly Owned Domestic Subsidiaries

CONSOLIDATED BALANCE SHEETS

June 30, 1952
(Not Examined by Independent Certified Public Accountants)

December 31, 1951
(Examined by Independent Certified Public Accountants)

LIABILITIES:	June 30, 1952		December 31, 1951	
CURRENT LIABILITIES:				
Notes payable, miscellaneous		$ 564,297		$ 129,990
Accounts payable		13,094,899		13,773,217
Accrued liabilities:				
Taxes	$ 34,704,304		$ 50,283,364	
Other	4,588,062	39,292,366	1,498,103	51,781,467
Dividend payable August 1, 1952 and February 1, 1952 on Class B preferred stock		135,277		135,277
Due to unconsolidated subsidiaries		275,076		231,162
Total current liabilities		53,361,915		66,051,113
RESERVES:				
Pension (Note 6)	730,416		1,679,060	
Inventory (Note 2)	13,746,400	14,476,816	15,011,777	16,690,837
CAPITAL:				
CAPITAL STOCK (Notes 7 and 8):				
Preferred Class A, 7 pct cumulative, noncallable, $100 par value, shares authorized 250,000; issued and outstanding 243,676	24,367,600		24,367,600	
Preferred Class B, 6 pct cumulative, noncallable, $100 par value, shares authorized 250,000; issued and outstanding 103,277	10,327,700		10,327,700	
Common, $5 par value, shares authorized 20,000,000; issued and outstanding 10,158,375 (including shares issued under Stock Purchase Plan, Note 8)	50,791,875		50,791,875	
	85,487,175		85,487,175	
EARNED SURPLUS:				
Appropriated (Note 9):				
Fire insurance reserve	4,797,284		4,797,284	
Employer's liability reserve	426,664		426,664	
Contingencies reserve	4,080,358		4,080,358	
Unappropriated	65,181,822		60,276,950	
	$159,973,303		$155,068,431	
Less:				
Reacquired capital stock (Note 10)	$ 2,583,081		$ 2,583,081	
Employees' notes receivable under Stock Purchase Plan (Note 8)	4,752,916		4,911,632	
	$ 7,335,997	152,637,306	$ 7,494,713	147,573,718
		$220,476,037		$230,315,668

The accompanying notes are an integral part of the consolidated financial statements.

Exhibit 1—(Continued)

NATIONAL LEAD COMPANY
and its Wholly Owned Domestic Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

For the Six Months Ended June 30, 1952
(Not Examined by Independent Certified Public Accountants)

For the Years 1951, 1950 and 1949
(Examined by Independent Certified Public Accountants)

	Six Months Ended June 30, 1952†	1951	1950	1949
SALES, LESS RETURNS AND ALLOWANCES (Note 11)	$176,185,388	$389,941,313	$342,727,911	$257,461,599
COST OF SALES (Note 2)	153,603,633*	291,068,193	254,498,120	205,614,738
GROSS PROFIT		98,873,120	88,229,791	51,846,861
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		41,708,706	37,367,616	31,271,069
	22,581,755	57,164,414	50,862,175	20,575,792
OTHER INCOME:				
Dividends (Note 3):				
Securities of unconsolidated subsidiaries	430,560	2,364,733	2,694,206	1,035,234
Marketable securities	76,768	218,270	213,558	220,666
Other security investments	380,468	390,691	380,080	388,116
Group life insurance dividend				302,290
Interest	225,623	482,443	426,940	†
Investment reserves no longer required		640,495		
Miscellaneous	48,936	31,667	100,840	83,690
	$ 23,744,110	$ 61,292,713	$ 54,677,799	$ 22,605,788
OTHER DEDUCTIONS:				
Additions to reserves:				
Investments in and advances to unconsolidated foreign subsidiaries		$ 42,945	$ 120,000	$ 770,674
Inventory, net (Note 2)		1,345,147		
Pension reserve, to cover estimated additional past service requirements				216,387
Excess of cost of subsidiaries' stocks acquired during year over book amounts of net assets thereof at dates of acquisition		201,098		
Net loss on sales and other retirements of fixed assets		35,834		427,147
Miscellaneous	$ 10,761	60,149		
	$ 10,761	$ 1,685,173	$ 120,000	$ 1,414,208
	$ 23,733,349	$ 59,607,540	$ 54,557,799	$ 21,191,580
PROVISIONS FOR FEDERAL TAXES ON INCOME (including excess profits taxes, $2,135,000 in 1952, $8,770,000 in 1951 and $4,245,000 in 1950) (Notes 2 and 12)	12,658,709	36,613,823	28,067,155	6,442,568
NET INCOME FOR THE PERIOD (Note 2)	$ 11,074,640	$ 22,993,717	$ 26,490,644	$ 14,749,012
SPECIAL ITEM:				
Adjustment of December 31, 1949 inventory ($766,276) less applicable federal taxes on income incident to adoption of "last-in, first-out" inventory valuation method (Note 2)			475,091	
NET INCOME AND SPECIAL ITEM			$ 26,965,735	

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† In the opinion of the company all known adjustments necessary to a fair statement of income for the six months ended June 30, 1952 have been included.

* Includes selling, general and administrative expenses the segregation of which is not practicable for inclusion in June 30, reports.

The accompanying notes are an integral part of the consolidated financial statements.
See accompanying schedule for distribution of supplementary profit and loss information.

Exhibit 1—(Continued)

NATIONAL LEAD COMPANY
and its Wholly Owned Domestic Subsidiaries

CONSOLIDATED STATEMENTS OF EARNED SURPLUS UNAPPROPRIATED
For the Six Months Ended June 30, 1952
(Not Examined by Independent Certified Public Accountants)
For the Years 1951, 1950 and 1949
(Examined by Independent Certified Public Accountants)

	Six Months Ended June 30, 1952	1951	1950	1949
Balance at beginning of period	$60,276,950	$61,343,176	$49,942,543	$44,645,882
Add:				
Net income, per accompanying statement	11,074,640	22,993,717		14,749,012
Net income and special item, per accompanying statement			26,965,735	
	$71,351,590	$84,336,893	$76,908,278	$59,394,894
Deduct:				
Cash dividends declared:				
Preferred, Class A, $7 per share	$ 820,026	$ 1,640,051	$ 1,640,051	$ 1,640,051
Preferred, Class B, $6 per share	270,555	517,755	494,400	494,400
Common, $.50 per share in 1952, $1.41⅔ in 1951, $1.33⅓ in 1950 and $.75 in 1949 (adjusted to reflect the 1951 stock split)	5,079,187	14,381,756	13,430,651	7,317,900
	6,169,768	16,539,562	15,565,102	9,452,351
Transfer to common capital stock account in connection with reduction in par value and split of the common stock (Note 7)		7,520,381		
	$ 6,169,768	$24,059,943	$15,565,102	$ 9,452,351
Balance at end of period	$65,181,822	$60,276,950	$61,343,176	$49,942,543

The accompanying notes are an integral part of the consolidated financial statements.

Exhibit 1—(Continued)

NATIONAL LEAD COMPANY
and its Wholly Owned Domestic Subsidiaries

CONSOLIDATED STATEMENTS OF CAPITAL SURPLUS
For the Years 1951, 1950 and 1949
(Examined by Independent Certified Public Accountants)

	1951	1950	1949
Balance at beginning of year	$8,102,965	$4,523,071	$4,523,071
Excess of aggregate subscription amount over aggregate par value of common stock issued under Stock Purchase Plan (Note 8)	1,082,488	3,579,894	
Excess of amount based on market quotation over cost of 7,785 shares of Preferred Class B treasury stock issued for capital stock of another company	224,791		
	9,410,244	8,102,965	
Transfer to common capital stock account in connection with reduction in par value and split of the common stock (Note 7)	9,410,244		
Balance at end of year	—	$8,102,965	$4,523,071

The accompanying notes are an integral part of the consolidated financial statements.

Exhibit 1—(Continued)

NATIONAL LEAD COMPANY
and its Wholly Owned Domestic Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. United States Government securities include cost amounts on deposit as follows:

	1952	1951
In connection with self-insurance of workmen's compensation risks, etc.	$1,010,262	$1,010,345
As collateral for bank loan of an unconsolidated subsidiary	750,259	750,275
	$1,760,521	$1,760,620

2. Inventories consist of metals and other raw materials on hand and in process, finished stocks, etc. (it is not practicable to state the classifications separately) the amounts of which enter into the computation of cost of sales; and materials and supplies; as follows:

	June 30, 1952	December 31, 1951	1950	1949	1948
Metals, etc.	$52,874,410	$48,478,172	$43,287,406	$40,977,094	$53,033,532
Materials and supplies	6,631,354	6,926,567	5,537,074	4,279,216	6,084,781
	$59,505,764	$55,404,739	$48,824,480	$45,256,310	$59,118,313

Inventories are priced at the lower of cost (on various "average", "first-in, first-out" or "last-in, first-out" bases) or market.

During 1950 the company adopted the Lifo method of pricing with respect to certain basic inventories. In accordance with income tax requirements inventories as of December 31, 1949 were increased by $1,399,178, with compensating credits to the normal stock reserve and to earned surplus. In these financial statements the last named credit is shown on the income statement as a special item.

As a result of the adoption of the Lifo method, income for 1950 before provision for federal taxes on income was $2,317,496 less, provision for federal taxes on income was $3,843,948 less, and net income was $1,526,452 more than would otherwise have been the case.

The inventory reserve has been maintained on the basis of the following quantities and prices of normal stocks:

	Normal Quantities (Short Tons)	Fixed Inventory Price per Pound
Lead	49,687½	$ .03
Tin	1,124½	.21
Antimony	1,400	.05
Linseed oil	3,125	.06

A charge of $507,745 was made to income for 1949 in connection with an increase in the normal quantity of antimony and a credit of $430,000 was made to income for 1951 in connection with the elimination of the normal quantity of flaxseed.

Physical quantities of certain metals were lower at the end than at the beginning of 1951. A provision of $1,775,147, representing the difference between year-end market prices and cost (determined under the last-in, first-out method), for replacement of such quantities is included in the inventory reserve at December 31, 1951. Partial replacement was made during the six months ended June 30, 1952.

The inventory reserves include, in addition to the normal stock reserves, general inventory reserves of $800,000 at both June 30, 1952 and December 31, 1951. There were no changes in the general inventory reserves during the periods covered by these financial statements.

Intercompany profits in inventories are not considered to be material in amount.

3. Unconsolidated subsidiaries comprise foreign subsidiaries, which are subject to various exchange and other controls of the respective foreign governments, and domestic subsidiaries more than 50, but less than 100 per cent owned.

NATIONAL LEAD COMPANY
and its Wholly Owned Domestic Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — Continued

Combined financial statements at December 31, 1951 of the major unconsolidated subsidiaries (other than Continental European) are attached. Changes in this group of subsidiaries are described in Note 2 of notes to combined financial statements.

The equity of National Lead Company and its wholly owned domestic subsidiaries, consolidated, in the net assets of unconsolidated subsidiaries included in the accompanying combined financial statements exceeded its investments in and advances to such subsidiaries, after deducting applicable reserves on the books of National Lead Company, by $16,641,268 at December 31, 1951. Financial statements at June 30, 1952 of unconsolidated subsidiaries are not available. The equity of National Lead Company and its consolidated subsidiaries in net income of the combined subsidiaries as a group, and the cash dividends received from this group of subsidiaries and included in consolidated income, are as follows:

	Equity in Net Income	Cash Dividends Received
Six months ended June 30, 1952	(not available)	$ 381,693
Year ended December 31, 1951	$3,435,649	2,364,733
Year ended December 31, 1950	2,450,106	2,596,477
Year ended December 31, 1949	26,777	879,274

During 1950 certain domestic unconsolidated subsidiaries adopted the Lifo method of inventory pricing. As a result of this change the equity of National Lead Company, consolidated, in the net income of subsidiaries included in the combined statement of income for 1950 was $850,445 less than would otherwise have been the case.

The accompanying combined financial statements do not include the financial statements of The Titanium Alloy Manufacturing Co. Pty. Limited (an Australian subsidiary) organized in October, 1951. The investment therein of National Lead Company is not material.

Unaudited financial statements received from the Continental European subsidiaries (other than the German subsidiary) indicate that the equity of the National Lead Company interests in the net assets thereof at September 30, 1951 approximated the following foreign currency amounts:

Norwegian kroner	11,420,000
Belgian francs	17,680,000
Dutch florins	1,300,000
French francs	36,480,000

National Lead Company's investments in and advances to Continental European subsidiaries, less applicable reserves, amounted to $136,120 at June 30, 1952 and December 31, 1951.

Cash dividends paid to National Lead Company by a Norwegian subsidiary are included in consolidated income at the U. S. dollar amount received, as follows:

Six months ended June 30, 1952	$48,867
Year ended December 31, 1950	97,729
Year ended December 31, 1949	70,264

The equity of National Lead Company in net income (based on unaudited financial statements) of companies of which exactly 50 per cent of the outstanding capital stock is owned by National Lead Company, and the cash dividends received from such companies are as follows:

	Equity in Net Income	Cash Dividends Received
Six months ended June 30, 1952	(not available)	$360,000
Year ended December 31, 1951	$164,823	360,000
Year ended December 31, 1950	149,159	360,000
Year ended December 31, 1949	318,480	360,000

Exhibit 1—(Continued)

NATIONAL LEAD COMPANY
and its Wholly Owned Domestic Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — Continued

4. Plant, property and equipment at June 30, 1952 and December 31, 1951 comprise the following:

	1952	1951
Manufacturing properties:		
Land	$ 4,020,895	$ 4,057,035
Buildings	29,415,288	26,422,888
Machinery and equipment	81,934,647	67,079,724
Mining properties	17,728,155	17,739,954
Construction in process	1,340,395	15,215,946
Miscellaneous	3,121,115	2,804,810
	$137,560,495	$133,320,357

Provisions for depreciation, depletion and amortization are charged to income on the following bases:

Manufacturing facilities (except as set forth in the following paragraph) on the straight-line method at the following rates:

Buildings:
2½ per cent to 5 per cent per annum

Machinery and equipment:
4 per cent to 10 per cent per annum

During 1949, the company adopted the diminishing balance method of computing depreciation on the manufacturing facilities of its Titanium Division, at a 20 per cent rate, in lieu of the straight-line method theretofore employed. (As a result of the change in 1949 in the method of computing depreciation on manufacturing facilities of the Titanium Division, depreciation charges were approximately $2,571,000 higher, and consolidated net income was approximately $2,571,000 lower, for that year, than would have been the case if the company had continued the use of the straight-line method.) The diminishing balance method was continued, during 1950, 1951 and the six months ended June 30, 1952, as applied to facilities acquired prior to December 31, 1948 and subsequent normal acquisitions. The company has adopted the straight-line method of computing depreciation with respect to the costs of manufacturing facilities put into operation in 1952 in connection with a material expansion program of the Titanium Division.

Mining facilities, including land, buildings and machinery and equipment—at rates per ton of material produced, or on the straight-line method at varying rates, based on the shorter of estimated physical or economic life of the property.

Furniture and fixtures—at 10 per cent per annum.

Autos and trucks—at 40 per cent for the first year of service and 20 per cent for each of the next three years of service.

Patents, licenses, etc. — over their respective lives.

Trade-marks and good will — none, see Note 5.

Some properties whose values are considered to be contingent upon such factors as patents, licenses, leaseholds, etc., are amortized over the lives of such factors.

Maintenance, repairs, renewals and minor betterments are charged to income.

Reserves for depreciation, depletion and amortization are generally relieved of the accumulated amounts applicable to properties retired or otherwise disposed of at the time of disposition of such properties and profit or loss is currently recognized.

5. Intangibles include "trade-marks and good will" of $20,692,311, representing substantially the excess of book amounts of fixed assets in 1915 over the amounts thereof as shown by appraisals made in that year. No reserves for amortization of such intangibles have been provided. As explained on several occasions in annual reports to shareholders of the company, no attempt was made prior to 1915 to determine the amounts of such intangibles, since in most cases going concerns (including tangible assets, business, good will and trade-marks) were acquired through the issuance of shares of capital stock of National Lead Company. The properties so acquired, including intangibles, were recorded on the books of the company at an aggregate amount equal to the par value of the shares so issued.

Patents and licenses are included at amortized cost.

Exhibit 1—(Continued)

NATIONAL LEAD COMPANY
and its Wholly Owned Domestic Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — Continued

6. The company's Retirement Annuity Plan became effective January 1, 1937 and covers service subsequent to that date. All full time employees under age 64 are eligible on completion of one year of service before reaching that age.

Employees are required to make monthly contributions under the plan and such contributions, together with the company's, are paid to an insurance company which assumes responsibility for retirement annuities purchased thereby. National Lead Company has reserved the right to change or discontinue the plan at any time. The annual cost to the company is presently estimated to be $1,200,000.

The company's Plan of Past Service and Minimum Pensions (non-contributory) provides for pensions for qualified employees who were in the company's service on December 31, 1936 and covers service prior to that date. Such pensions are not part of the plan underwritten by the insurance company. National Lead Company has, however, reserved the right to purchase from an insurance company annuities for past service and minimum pensions and has provided a reserve for the cost of such annuities which cost at June 30, 1952 is estimated to be $905,000.

Under both plans, the annual retirement benefits are based on average annual salaries and periods of service; the combined annual retirement benefits of no officer or employee may exceed $37,500.

7. In October, 1951, the stockholders approved an increase in the authorized common stock of the company from 5,000,000 shares of $10 par value to 20,000,000 shares of $5 par value, and also approved the exchange of three shares of $5 par value common stock for each share of $10 par value common stock then outstanding. The split of the common stock and reduction of par value resulted in an increase of $16,930,625 in the aggregate par value of common stock issued, which increase was provided by the transfer of $9,410,244 from the capital surplus account, being all of the then existing capital surplus, and $7,520,381 from earned surplus unappropriated.

The stockholders also approved an increase in the number of votes to which each share of Class A preferred stock and each share of Class B preferred stock, of the par value of $100 each, shall be entitled, except as otherwise provided by law, at all meetings and for all purposes, from 10 votes per share to 30 votes per share.

8. Under the company's Stock Purchase Plan for Officers and Other Key Employees, adopted in 1950, certain officers and employees contracted to purchase common stock of the company. The purchase prices (market prices at the dates of execution of the purchase contracts) are evidenced by promissory notes bearing interest at 3 per cent payable within 10 years from dates thereof, the shares serving as collateral. Payments against interest and principal of the notes shall be not less than fifty per cent of the dividends paid on such collateral shares. The employees have the option to, and the company may require that they, withdraw the collateral in hundred-share lots as payments become equal to the purchase price thereof.

Upon death or retirement of an employee, the company shall, if requested, repurchase at the original sales price shares not then fully paid for. Under other circumstances if the employee shall not complete payments, the company shall have the option of so repurchasing shares not then fully paid for but may exercise any legal right to compel completion of the contract.

Shares issued in accordance with the plan aggregated 19,050 in 1951 and 113,850 in 1950. Shares held as collateral aggregated 321,000 at June 30, 1952 and 333,100 at December 31, 1951, after giving effect to the split of the common stock.

No further purchases may be made under the plan.

9. Reserve balances at January 1, 1951 transferred to and reclassified as earned surplus appropriated. There were no other changes in these accounts during the periods covered by these financial statements.

10. Reacquired capital stock, carried at first-in, first-out cost, comprises:

	Number of Shares	Cost
Preferred Class A	9,383	$1,147,727
Preferred Class B	13,092	1,435,354
		$2,583,081

Exhibit 1—(Continued)

NATIONAL LEAD COMPANY
and its Wholly Owned Domestic Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — Continued

11. Intercompany transactions among consolidated companies have been eliminated from sales and cost of sales. Sales to unconsolidated subsidiaries are included in the following approximate amounts:

Six months ended June 30, 1952	$ 4,204,000
Year ended December 31, 1951	10,701,000
Year ended December 31, 1950	9,430,000
Year ended December 31, 1949	7,227,000

12. Numerous differences exist between taxable income and book income, including certain fluctuations in the inventory reserves; percentage depletion; depreciation charges; and purchases of past service annuities deductible for tax purposes but charged on the books to reserve for pensions.

General:

The consolidated financial statements include all wholly owned domestic subsidiaries of National Lead Company operating in the United States. The companies included in consolidation were the same during the six months ended June 30, 1952 and the years 1951, 1950 and 1949 except as follows:

American Lead Corporation and John T. Lewis & Bros. Company were liquidated as of June 30 and December 31, 1949, respectively, and as of those dates their assets were transferred to and liabilities assumed by National Lead Company.

In November, 1950, National Lead Company acquired all of the capital stock of Sayre and Fisher Land Company and the latter company is included since December 31, 1950.

The following companies are included from the dates of their formation or from the dates of acquisition of all their capital stock by National Lead Company, in 1951:

Titanium Pigment Export Corporation
Cobalt Nickel Reduction Company
The Chas. Taylor's Sons Company
National Lead Company of Hawaii, Ltd.

Baroid Sales Export Corporation is included from the date of its formation in 1952.

The equity of National Lead Company in the net assets of consolidated subsidiaries, as shown by the books of the latter, was $1,170,886 and $596,432 in excess of the investment in such subsidiaries shown by the books of the parent company at June 30, 1952 and December 31, 1951, respectively. Such excesses have been adjusted in consolidation by a debit to land in the amount of $536,956 and credits to earned surplus in the amounts of $1,707,842 at June 30, 1952 and $1,133,388 at December 31, 1951.

Under agreements with the Atomic Energy Commission, two consolidated subsidiaries are operating plants constructed with funds supplied by the Commission. Neither the assets, liabilities, nor results of operations of such plants are included in the accompanying financial statements. Annual fixed fees received by such subsidiaries as contract-operators are included in miscellaneous other income in the accompanying consolidated statements of income.

Refunds under the Renegotiation Act of 1951, if any, are not considered to be material and no provisions have been made therefor.

No provisions have been made for such taxes as may be paid if and when accumulated earnings of subsidiaries are distributed to the parent company, since such taxes may never accrue.

In connection with the final decree heretofore entered in the civil antitrust suit brought by the government, the company now has an extension of time to January 1, 1953 within which to submit a plan either for the sale of the company's interests in its partly owned company in Japan or for the purchase by the company of the interests of others in that company. Also in connection with the plan submitted by the company and approved by the court Titangesellschaft m.b.H. of Leverkusen, Germany, in which the company formerly had a fifty per cent interest, became wholly owned through purchase, during the six months ended June 30, 1952, of the remaining capital stock.

NATIONAL LEAD COMPANY

and its Wholly Owned Domestic Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — Continued

National Lead Company is a party to the following suits or proceedings:

A proceeding by the Federal Trade Commission against National Lead Company and four other companies concerning lead pigments. Proceeding still pending.

Anti-trust actions instituted by the Government in the United States District Court for the Western District of Missouri against National Lead Company and a number of other companies with respect to the sale and distribution of used storage batteries and lead salvaged therefrom. Actions still pending.

Declaratory judgment action instituted by the Dutch Paint Company in the United States District Court for the Northern District of California involving alleged infringement of National Lead Company's "Dutch Boy" trade-mark. Action still pending.

Treble damage anti-trust action instituted by Dutch Paint Company in the United States District Court for the Northern District of California against National Lead Company and another company in regard to the sale and distribution of titanium pigments. Action still pending.

Two actions instituted by individual patent owners against National Lead Company in the United States District Court for the Southern District of Texas alleging that the well logging activities of one of National Lead Company's divisions infringe certain United States Letters Patent. Action still pending.

Suit instituted by the Government in the United States District Court for the Southern District of New York under the Defense Production Act to enjoin National Lead Company's alleged violations of price stabilization regulations and to recover alleged damages therefor. Suit still pending.

Exhibit 1—(Continued)

NATIONAL LEAD COMPANY
and its Wholly Owned Domestic Subsidiaries

SUPPLEMENTARY PROFIT AND LOSS INFORMATION
For the Years Ended December 31, 1951, 1950 and 1949

	Charged Directly to Profit and Loss		
Item	**To Cost of Goods Sold**	**Other**	**Totals**
Maintenance and repairs:			
1951	$10,866,039	$ 154,529	$11,020,568
1950	8,102,029	121,313	8,223,342
1949	8,050,921	101,580	8,152,501
Depreciation, depletion, and amortization of fixed and intangible assets (or charges in lieu thereof) (Note A):			
1951	4,738,400	163,685	4,902,085
1950	5,726,284	170,411	5,896,695
1949	6,644,586	124,857	6,769,443
Taxes, other than income and excess profits taxes (Note B):			
1951	2,083,978	1,245,940	3,329,918
1950	1,725,709	1,134,013	2,859,722
1949	1,455,982	884,722	2,340,704
Management and service contract fees			None
Rents:			
1951	406,228	539,763	945,991
1950	304,402	528,934	833,336
1949	273,121	455,272	728,393
Royalties:			
1951	838,476		838,476
1950	493,353		493,353
1949	585,755		585,755

Notes:

(A) Exclusive of depreciation on miscellaneous assets which is credited directly to the asset accounts. The segregation of such depreciation is not practicable.

(B) Taxes:

	1951	1950	1949
Real estate and personal property	$1,089,745	$1,073,292	$ 915,024
State franchise, etc.	564,420	432,647	441,565
Foreign withholding taxes	31,696	115,824	46,702
Social security taxes	1,309,786	1,045,991	722,165
Sales taxes, licenses and miscellaneous	334,271	191,968	215,248
Total, as above	$3,329,918	$2,859,722	$2,340,704

The accumulation of supplementary profit and loss information for the six months ended June 30, 1952 is not practicable.

Exhibit 1—(Continued)

UNCONSOLIDATED SUBSIDIARIES
of
NATIONAL LEAD COMPANY

(Domestic Subsidiaries More than 50, but Less than 100 Per Cent Owned and Foreign Subsidiaries (other than Continental European))

COMBINED BALANCE SHEET, December 31, 1951

ASSETS:

Current Assets:		
Cash		$ 7,855,665
United States Government securities, at cost plus accrued interest (approximately equivalent to amounts at market quotations)		998,776
Other marketable securities at cost (at market quotations $52,697)		40,841
Notes receivable, trade	$ 5,429	
Accounts receivable, trade	9,501,168	
Accounts receivable, other	833,912	
	10,340,509	
Less, Reserve for losses	389,378	9,951,131
Inventories (Note 1):		
Ores, concentrates, scrap metals, finished products, etc.	13,088,824	
Materials and supplies	1,303,273	14,392,097
Receivable from National Lead Company		231,162
Net reduction between July 31, and December 31, 1951, in amount receivable from National Lead Company by a subsidiary included in the combined statements as of July 31, 1951 (Note 3)		236,703
Total current assets		33,706,375
Receivables, Deferred		1,421,190
Investments in (at Cost) and Advances to Unconsolidated Subsidiaries		1,278,604
Miscellaneous Investments, Etc., at Cost	1,475,716	
Less, Reserve	236,400	1,239,316
Plant, Property and Equipment (Note 4)	17,340,301	
Less, Reserves for depreciation	6,248,725	11,091,576
Good Will		2,220,134
Prepaid Expenses, Deferred Charges, Etc.		522,967
		$51,480,162

The accompanying notes are an integral part of the combined financial statements.

Exhibit 1—(Continued)

UNCONSOLIDATED SUBSIDIARIES
of
NATIONAL LEAD COMPANY

(Domestic Subsidiaries More than 50, but Less than 100 Per Cent Owned and Foreign Subsidiaries (other than Continental European))

COMBINED BALANCE SHEET, December 31, 1951

LIABILITIES:

CURRENT LIABILITIES:		
Bank loans		$ 1,209,151
Dividend payable		600,000
Accounts payable		5,679,612
Accrued liabilities:		
Taxes	$ 4,958,027	
Compensation	197,291	
Other	166,634	5,321,952
Total current liabilities		12,810,715
ADVANCES FROM NATIONAL LEAD COMPANY		3,614,155
7 PER CENT REDEEMABLE GENERAL BONDS OF CANADIAN TITANIUM PIGMENTS LIMITED, due January 1, 1967; authorized $1,100,000, issued and outstanding $100,000 (all held by National Lead Company)		100,000
RESERVES (Note 5):		
Contingencies	134,894	
Statutory	24,742	159,636
MINORITY INTERESTS IN:		
Capital stock	5,406,584	
Earned surplus	5,848,501	
Surplus reserves, appropriated surplus (Note 5)	436,081	11,691,166
NATIONAL LEAD COMPANY INTEREST IN CAPITAL:		
CAPITAL STOCK	12,255,769	
EARNED SURPLUS	10,156,942	
SURPLUS RESERVES, APPROPRIATED SURPLUS (Note 5)	691,779	23,104,490
		$51,480,162

The accompanying notes are an integral part of the combined financial statements.

Exhibit 1—(Continued)

UNCONSOLIDATED SUBSIDIARIES
of
NATIONAL LEAD COMPANY

(Domestic Subsidiaries More than 50, but Less than 100 Per Cent Owned and Foreign Subsidiaries (other than Continental European))

COMBINED STATEMENTS OF INCOME
For the Years Ended December 31, 1951, 1950 and 1949

	1951	1950	1949
Sales, less returns and allowances (Note 7)	$120,756,852	$98,757,735	$74,086,667
Cost of sales (Note 1)	106,424,523	87,639,896	66,722,292
Gross profit	14,332,329	11,117,839	7,364,375
Selling, general and administrative expenses	5,314,806	4,286,945	3,482,384
	$ 9,017,523	$ 6,830,894	$ 3,881,991
Other income:			
Dividends:			
Securities of unconsolidated subsidiaries	$ 47,132	$ 11,331	
Other security investments	78,873	73,068	$ 324,138
Miscellaneous	464,958	213,281	220,560
	$ 590,963	$ 297,680	$ 544,698
	$ 9,608,486	$ 7,128,574	$ 4,426,689
Other deductions:			
Foreign exchange losses, net (gains*)	$ 157,630*	$ 400,053	$ 1,736,350
Provisions for reserves for investments in and advances to unconsolidated subsidiaries	197,640	120,000	300,000
Miscellaneous	879	32,614	229,585
	$ 40,889	$ 552,667	$ 2,265,935
Income before provisions for taxes on income (Note 1)	$ 9,567,597	$ 6,575,907	$ 2,160,754
Provisions for taxes on income:			
United States income taxes (Note 1)	$ 3,243,572	$ 1,840,729	$ 904,314
Foreign taxes on income	1,406,511	1,156,197	599,346
	$ 4,650,083	$ 2,996,926	$ 1,503,660
Net income for the year (Note 1):			
National Lead Company's portion	$ 3,435,649	$ 2,450,106	$ 26,777
Minority interests' portion	1,481,865	1,128,875	630,317
Total net income for the year	4,917,514	3,578,981	$ 657,094
Special item:			
Recoveries of Continental European assets charged off in prior years	378,832	174,529	
Net income and special item	$ 5,296,346	$ 3,753,510	

The accompanying notes are an integral part of the combined financial statements.
See accompanying schedule for distribution of supplementary profit and loss information.

Exhibit 1—(Continued)

UNCONSOLIDATED SUBSIDIARIES

of

NATIONAL LEAD COMPANY

(Domestic Subsidiaries More than 50, but Less than 100 Per Cent Owned and Foreign Subsidiaries (other than Continental European))

COMBINED STATEMENTS OF EARNED SURPLUS

for the years ended December 31, 1951, 1950 and 1949

	1951		1950		1949	
	National Lead Company Interests	Minority Interests	National Lead Company Interests	Minority Interests	National Lead Company Interests	Minority Interests
Balance at beginning of year	$ 8,425,874	$5,465,191	$ 9,730,982	$5,231,534	$ 6,882,575	$1,364,135
Add:						
Earned surplus at June 30, 1949 of company in which majority interest was attained during July, 1949 (Note 2)					3,358,253	3,369,017
Elimination of deficit of subsidiary liquidated (Note 2)	465,345	1,600				
Net income, per accompanying statement		1,481,865		1,128,875	26,777	630,317
Net income and special item, per accompanying statement	3,814,481		2,624,635			
	$12,705,700	$6,948,656	$12,355,617	$6,360,409	$10,267,605	$5,363,469
Deduct:						
Dividends:						
Cash	$ 2,364,733	$1,091,427	$ 2,596,476	$ 877,415	$ 879,274	$ 469,712
Stock, capitalized at	149,000				95,207	104,793
Transferred to surplus reserves	35,025	8,728	33,267	17,803	437,858*	442,570*
Adjustment to restore capital of Titan Company, Incorporated (Note 8)			1,300,000			
	$ 2,548,758	$1,100,155	$ 3,929,743	$ 895,218	$ 536,623	$ 131,935
Balance at end of year	$10,156,942	$5,848,501	$ 8,425,874	$5,465,191	$ 9,730,982	$5,231,534

* Indicates red figure.

The accompanying notes are an integral part of the combined financial statements.

Exhibit 1—(Continued)

UNCONSOLIDATED SUBSIDIARIES
of
NATIONAL LEAD COMPANY

(Domestic Subsidiaries More than 50, but Less than 100 Per Cent Owned and Foreign Subsidiaries (other than Continental European))

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Inventories consist of metals and other raw materials on hand and in process, finished stocks, etc. (it is not practicable to state the classifications separately) the amounts of which enter into the computation of cost of sales; and materials and supplies, as follows:

	December 31			
	1951	1950	1949	1948
Metals, etc.	$13,088,824	$11,611,928	$12,058,973	$12,352,449
Materials and supplies	1,303,273	1,063,802	666,488	669,261
	$14,392,097	$12,675,730	$12,725,461	$13,021,710

Inventories are priced generally at the lower of cost (on various bases) or market. Inventories of the Argentine subsidiary include the following quantities of base stocks valued at fixed prices:

	Base Quantities (Kilos)	Average Fixed Price per 100 Kilos (Argentine Paper Pesos)
Lead	2,076,000	30.65
Tin	68,000	208.52
Antimony	10,000	51.38

During 1950 certain combined domestic subsidiaries of National Lead Company adopted the Lifo method of pricing with respect to certain of their basic inventories.

As a result of the adoption of the Lifo method, income of these combined domestic subsidiaries for 1950 before provision for federal taxes on income was $3,069,498 less, provision for federal taxes on income was $1,435,370 less, and net income was $1,634,128 less than would otherwise have been the case.

2. The combined financial statements include all major domestic subsidiaries of National Lead Company more than 50, but less than 100 per cent owned and all major foreign subsidiaries other than Continental European.

Subsidiaries included in the combined statements for 1951, 1950 and 1949 are the same except as follows:

Baker Castor Oil Company, in which a minority interest was previously held, became majority owned in 1949 and is included since June 30, 1949.

Antilles Minerals, S. A. was liquidated as of December 31, 1951.

3. The combined balance sheet includes the assets and liabilities at June 30, 1951 (adjusted generally for miscellaneous interim transactions with National Lead Company to December 31, 1951), and the accompanying combined statements of income and earned surplus include the statements of income and earned surplus for the respective fiscal years ended June 30, of the Argentine subsidiary.

The combined balance sheet includes the assets and liabilities at July 31, 1951, and the accompanying combined statements of income and earned surplus include the statements of income and earned surplus for the respective fiscal years ended July 31, of Minnesota Linseed Oil Company, adjusted to reflect cash dividends declared and paid subsequent to July 31, 1951. The amount of such dividends received by National Lead Company has been included in consolidated net income. Since this subsidiary is an active supplier of materials to National Lead Company, it is not feasible to adjust its balance sheet for other interim transactions (sales, collections, etc.) with National Lead Company, and the net difference (reduction) in the amount receivable by it from National Lead Company between July 31, and December 31, 1951 has been shown as a separate item in the combined balance sheet.

Exhibit 1—(Continued)

UNCONSOLIDATED SUBSIDIARIES
of
NATIONAL LEAD COMPANY

(Domestic Subsidiaries More than 50, but Less than 100 Per Cent Owned and Foreign Subsidiaries (other than Continental European))

NOTES TO COMBINED FINANCIAL STATEMENTS — Continued

4. Plant, property and equipment comprise the following:

Manufacturing properties:	
Land	$ 876,176
Land improvements	211,806
Buildings	6,640,067
Machinery and equipment	8,569,887
Construction in process	69,044
Miscellaneous	405,074
Mining properties:	
Mining claims, buildings, equipment, etc.	543,292
Miscellaneous	24,955
	$17,340,301

Provisions for depreciation, depletion and amortization generally are made in accordance with the following methods and rates:

Manufacturing facilities, on the straight-line method at the following rates:

Buildings, 2 per cent to 5 per cent per annum

Machinery, 5 per cent to 20 per cent per annum

Miscellaneous:

Furniture and fixtures, 10 per cent to 20 per cent per annum

Autos and trucks, 15 per cent to 33 per cent per annum.

Mining facilities, on the straight-line method, variously at 5 per cent to 50 per cent per annum, based on the estimated useful lives of the individual items.

No policy for amortizing good will has been adopted.

In addition, such special depreciation as is allowed for Canadian corporate tax purposes has been provided by a Canadian subsidiary.

In general, depreciation is first provided for in the year following that in which the asset is acquired, except that provisions relating to autos and trucks are usually commenced during the year of acquisition.

Maintenance, repairs, renewals and minor betterments are charged to income.

Reserves for depreciation are generally relieved of the accumulated amounts applicable to properties retired or otherwise disposed of at the time of disposition of such properties and any resulting profit or loss is included in income.

5. Reserves are included in the combined balance sheet in accordance with the classifications shown in the balance sheets of the several subsidiaries.

6. The combined balance sheet includes the following amounts of foreign assets and liabilities (excluding amounts receivable from and due to National Lead Company) translated at appropriate rates of exchange: current assets and deferred charges, $12,029,049; current liabilities, $4,098,638; plant, property and equipment, net, plus other assets, $5,556,896; reserves, other than surplus reserves, $159,637. The realization of foreign assets is subject to various exchange and other restrictions imposed by the respective foreign governments.

Although the assets and liabilities of the Argentine subsidiary have been included in the combined balance sheet as of June 30, 1951, the current assets and deferred charges and the current liabilities of that company have been translated at the rate prevailing at December 31, 1951.

UNCONSOLIDATED SUBSIDIARIES
of
NATIONAL LEAD COMPANY

(Domestic Subsidiaries More than 50, but Less than 100 Per Cent Owned and Foreign Subsidiaries (other than Continental European))

NOTES TO COMBINED FINANCIAL STATEMENTS — Continued

All income and expense items of the foreign subsidiaries, except depreciation, have been translated into U. S. dollars generally at the average rates of exchange prevailing during the periods. Depreciation charges are based on the U. S. dollar amounts of the related fixed assets. The item "Foreign exchange losses, net (gains*)" included in the combined statements of income reflects generally the losses or gains (in terms of U. S. dollar equivalents of net current assets and deferred charges) resulting from foreign exchange adjustments. See also Note 3.

The amounts of net foreign exchange losses or gains and the net income of foreign subsidiaries (after such foreign exchange losses or gains) included in the combined statements of income are as follows:

	1951	1950	1949
Foreign exchange losses, net (gains*)	$ 157,630*	$ 400,053	$1,736,350
Net income (losses*) of foreign subsidiaries	1,720,021	1,036,289	976,722*

7. Profits arising from transactions between the companies included in these statements or between such companies and National Lead Company are not considered to be material in amount. Sales include sales to National Lead Company in the following approximate amounts:

1951	$14,365,000
1950	10,727,000
1949	8,876,000

8. At December 31, 1950 the capital of Titan Company, Incorporated which had been previously credited to the deficit resulting from write-off of foreign assets was restored due to subsequent recoveries of such assets.

Exhibit 1—(Continued)

UNCONSOLIDATED SUBSIDIARIES
of
NATIONAL LEAD COMPANY

(Domestic Subsidiaries More than 50, but Less than 100 Per Cent Owned and Foreign Subsidiaries (other than Continental European))

SUPPLEMENTARY PROFIT AND LOSS INFORMATION

For the Years Ended December 31, 1951, 1950 and 1949

	Charged Directly to Profit and Loss		
Item	To Cost of Goods Sold	Other	Total
Maintenance and repairs:			
1951	$929,778	$31,380	$961,158
1950	714,279	19,108	733,387
1949	657,767	5,916	663,683
Depreciation, depletion and amortization of fixed and intangible assets (or charges in lieu thereof) (Note A):			
1951	675,428	46,802	722,230
1950	605,060	99,828	704,888
1949	564,549	86,455	651,004
Taxes, other than income and excess profits taxes (Note B):			
1951	893,558	85,157	978,715
1950	687,508	87,983	775,491
1949	536,001	70,324	606,325
Management and service contract fees:			
1951	3,519		3,519
1950	6,322	18,000	24,322
1949	8,981	50,400	59,381
Rents and royalties:			
1951			Not significant
1950			Not significant
1949	199,577	24,575	224,152

Notes:

(A) Exclusive of depreciation on miscellaneous assets which is credited directly to the asset accounts. The segregation of such depreciation is not practicable.

(B) Taxes:

	1951	1950	1949
Real estate and personal property	$288,357	$263,541	$151,111
State franchise, etc.	71,413	60,935	30,380
Sales tax	178,142	195,866	137,355
Foreign mining production and export taxes	231,498	54,788	147,940
Social security	136,381	132,153	77,231
Miscellaneous licenses, etc.	72,924	68,208	62,308
Total, as above	$978,715	$775,491	$606,325

Exhibit 2

ACCOUNTANTS' REPORT

December 8, 1952.

To the Board of Directors and Shareholders of
DOEHLER-JARVIS CORPORATION:

We have examined the balance sheet of Doehler-Jarvis Corporation, at December 31, 1951 and the related statements of operations and earned surplus for the three years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of operations and earned surplus present fairly the financial position of Doehler-Jarvis Corporation at December 31, 1951 and the results of its operations for the three years then ended, in conformity with generally accepted accounting principles applied on a consistent basis during the period.

ARTHUR YOUNG & COMPANY.

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Exhibit 2—(Continued)

DOEHLER-JARVIS CORPORATION

BALANCE SHEET

ASSETS

	December 31, 1951		June 30, 1952 (Unaudited)	
CURRENT ASSETS:				
Cash		$ 5,558,385		$ 2,897,019
U. S. Government short-term securities at cost and accrued interest, which approximates market (excluding amount deducted from liability for Federal taxes on income)		1,532,012		—
Accounts receivable	$ 6,330,551		$ 8,894,489	
Less: Allowance for doubtful accounts	231,114	6,099,437	231,114	8,663,375
Inventories at the lower of cost or market (Note 1):				
Finished product	$ 991,800		$ 1,599,899	
Work in process	2,157,229		2,674,444	
Raw material and supplies	4,555,086	7,704,115	4,755,284	9,029,627
Prepaid expenses and tools		1,162,836		1,049,639
Total current assets		$22,056,785		$21,639,660
PROPERTY, PLANT AND EQUIPMENT, AT COST:				
Land	$ 379,682		$ 399,362	
Buildings and building equipment	9,962,113		10,980,083	
Machinery and equipment	15,864,032		16,820,535	
	$26,205,827		$28,199,980	
Less: Accumulated depreciation	6,202,076	20,003,751	7,004,800	21,195,180
PATENTS		1		1
DEFERRED CHARGES		226,969		80,408
		$42,287,506		$42,915,249

Exhibit 2—(Continued)

DOEHLER-JARVIS CORPORATION

BALANCE SHEET

LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31, 1951		June 30, 1952 (Unaudited)	
CURRENT LIABILITIES:				
Notes payable		—		$ 1,000,000
Accounts payable		$ 3,913,654		1,623,018
Federal taxes on income (Note 2)	$ 5,516,294		$ 2,618,835	
Less: U. S. Government short term securities	5,516,294	—	1,617,148	1,001,687
Other taxes		446,853		513,489
Payrolls		1,251,781		2,174,435
Other accrued liabilities		498,983		842,283
Liability for replacement of customers' dies		720,055		287,965
Total current liabilities		$ 6,831,326		$ 7,442,877
SHAREHOLDERS' EQUITY:				
Common Stock, $5 par value: Authorized—1,500,000 shares Issued—1,074,544 shares	$ 5,372,720		$ 5,372,720	
Paid-in surplus (No change)	634,375		634,375	
Reserve for contingencies (1951—$300,000, 1952—$310,735 restored to earned surplus)	400,000		89,265	
Earned surplus	29,076,693		29,403,620	
	$35,483,788		$35,499,980	
Less 6,902 shares of common stock held in treasury, at cost	27,608	35,456,180	27,608	35,472,372
		$42,287,506		$42,915,249

Exhibit 2—(Continued)

DOEHLER-JARVIS CORPORATION

STATEMENT OF OPERATIONS AND EARNED SURPLUS

	Year 1949	Year 1950	Year 1951	Six Months Ended June 30, 1952 (Unaudited)
GROSS SALES, less returns and allowances	$65,019,856	$83,307,486	$85,861,763	$39,873,348
COST OF GOODS SOLD, including $1,113,766—1949; $543,226—1950; $732,224—1951; $439,407—1952 of preproduction expenses in new plants and costs of rearranging plant facilities (Notes 3 & 4)	52,691,553	64,925,076	68,100,693	34,419,687
GROSS PROFIT FROM SALES	$12,328,303	$18,382,410	$17,761,070	$ 5,453,661
SHIPPING, SELLING, ADMINISTRATIVE AND GENERAL EXPENSES (Notes 3 & 4)	5,669,559	6,267,360	6,962,337	3,540,101
OPERATING PROFIT	$ 6,658,744	$12,115,050	$10,798,733	$ 1,913,560
OTHER INCOME:				
Interest (less interest expense)	65,261	64,072	81,887	41,814
Royalties and rent	26,099	29,449	30,985	12,481
	$ 91,360	$ 93,521	$ 112,872	$ 54,295
INCOME BEFORE FEDERAL TAXES ON INCOME	$ 6,750,104	$12,208,571	$10,911,605	$ 1,967,855
PROVISION FOR FEDERAL TAXES ON INCOME:				
Normal tax and surtax	2,525,000	5,130,000	5,535,000	884,021
Excess profits tax	—	360,000	165,000	—
	$ 2,525,000	$ 5,490,000	$ 5,700,000	$ 884,021
NET INCOME	$ 4,225,104	$ 6,718,571	$ 5,211,605	$ 1,083,834
RESTORATION OF PORTION OF RESERVE FOR CONTINGENCIES	1,550,000	250,000	300,000	310,735
	$ 5,775,104	$ 6,968,571	$ 5,511,605	$ 1,394,569
DIVIDENDS PAID	2,669,105	2,669,105	2,669,105	1,067,642
	$ 3,105,999	$ 4,299,466	$ 2,842,500	$ 326,927
EARNED SURPLUS AT BEGINNING OF PERIOD	18,828,728	21,934,727	26,234,193	29,076,693
EARNED SURPLUS AT END OF PERIOD	$21,934,727	$26,234,193	$29,076,693	$29,403,620

Exhibit 2—(Continued)

DOEHLER-JARVIS CORPORATION

SUPPLEMENTARY PROFIT AND LOSS INFORMATION

Year 1949

	Charged directly to profit and loss		
Item	To cost of goods sold	Other	Total
MAINTENANCE AND REPAIRS	$2,506,186	$ 7,557	$2,513,743
DEPRECIATION	$1,008,819	$ 38,731	$1,047,550
TAXES—Other than taxes on income:			
Social security	$ 396,275	$ 23,668	$ 419,943
Real and personal property	78,458	69,179	147,637
State and city income	—	11,554(A)	11,554
State franchise and miscellaneous	—	50,612(B)	50,612
	$ 474,733	$155,013	$ 629,746
RENTS	$ 19,980	$ 43,903	$ 63,883
ROYALTIES	$ 4,084	$ 1,082(C)	$ 5,166

Note (A) After deduction of $23,594 for refunds and adjustment of previous accruals.
Note (B) After deduction of $94,945 for refunds and adjustment of previous accruals.
Note (C) Charged against sales.

Year 1950

MAINTENANCE AND REPAIRS	$3,193,829	$ 9,517	$3,203,346
DEPRECIATION	$1,001,679	$ 57,751	$1,059,430
TAXES—Other than taxes on income:			
Social security	$ 644,067	$ 31,314	$ 675,381
Real and personal property	92,679	95,192	187,871
State and city income	—	171,000	171,000
State franchise and miscellaneous	—	80,922	80,922
	$ 736,746	$378,428	$1,115,174
RENTS	$ 25,209	$ 46,066	$ 71,275
ROYALTIES	$ 4,077	$ 2,596(A)	$ 6,673

Note (A) Charged against sales.

Year 1951

MAINTENANCE AND REPAIRS	$3,816,617	$ 8,623	$3,825,240
DEPRECIATION	$1,171,571	$ 59,437	$1,231,008
TAXES—Other than taxes on income:			
Social security	$ 732,393	$ 38,938	$ 771,331
Real and personal property	118,914	101,633	220,547
State and city income	—	166,251	166,251
State franchise and miscellaneous	—	100,719	100,719
	$ 851,307	$407,541	$1,258,848
RENTS	$ 20,124	$ 55,897	$ 76,021
ROYALTIES	$ 4,831	364(A)	5,195

Note (A) Charged against sales.

Exhibit 2—(Continued)

DOEHLER-JARVIS CORPORATION

SUPPLEMENTARY PROFIT AND LOSS INFORMATION

1st 6 Months 1952 (Unaudited)

Item	Charged directly to profit and loss		
	To cost of goods sold	Other	Total
MAINTENANCE AND REPAIRS	$2,015,259	$ 6,497	$2,021,756
DEPRECIATION	$ 763,865	$ 39,357	$ 803,222
TAXES—Other than taxes on income:			
Social security	$ 572,476	$ 27,405	$ 599,881
Real and personal property	76,370	50,692	127,062
State and city income	—	31,950	31,950
State franchise and miscellaneous	—	66,225	66,225
	$ 648,846	$176,272	$ 825,118
RENTS	$ 9,930	$ 22,214	$ 32,144
ROYALTIES	$ 184	—	$ 184

Exhibit 2—(Continued)

DOEHLER-JARVIS CORPORATION

NOTES TO FINANCIAL STATEMENTS

Note 1—*Inventories:*

Inventories were priced as follows:

Raw materials at the lower of actual or average purchase cost (first-in, first-out) or replacement market value. Supplies at average purchase cost.

Work in process and finished product at the lower of average purchase cost or replacement market value as to material, with labor at actual and overhead at standards which approximated actual.

Note 2—*Federal taxes on income:*

Claims for refunds of Federal income and excess profits taxes for 1940 and subsequent years are not reflected in the balance sheet pending final determination of amounts to be allowed. Federal tax returns have been examined through the year 1949.

Note 3—*Pensions and Retirement Plan expense:*

A non-contributory pension plan for hourly-wage employees, adopted in 1947 and incorporated in a five-year Union Agreement dated July 1, 1950, requires annual payments for benefits based on current services and payment before August 31, 1955 of an amount equal to five yearly payments of the level amount required to fund benefits based on past services over a period of 30 years. The estimated cost of funding the total past service benefits by a single payment at June 30, 1952 would be approximately $3,500,000. The Union Agreement also provides for a contributory insurance program.

The Corporation has a contributory Retirement Plan for salaried employees, under which there is no past service liability, and a non-contributory insurance plan. The Corporation also pays certain supplemental pensions.

The plans for hourly-wage employees are subject to termination on July 1, 1955 and the plans for salaried employees may be discontinued at any time; however, it is intended that all plans will be continued indefinitely.

The costs of the foregoing plans included in the statement of income are as follows:

	1949	1950	1951	Six Months to June 30, 1952
Hourly-wage employees pension plan:				
Current Service	$185,000	$187,000	$376,000	$201,000
Past Service	54,000	33,000	65,000	24,000
Hourly-wage employees insurance program	9,000	132,000	380,000	210,000
Salaried employees retirement plan	653,000	733,000	980,000	532,000
Salaried employees insurance plan	64,000	109,000	182,000	132,000
Supplemental pensions	24,000	27,000	43,000	23,000

Note 4—*Profit and Loss Information:*

Depreciation of property, plant and equipment is provided, in general, on the basis of the estimated useful life, as periodically reviewed, of the individual assets or minor group classifications. The periodic reviews limit fully depreciated assets to items within minor group classifications. The cost and reserve accounts are relieved of fully depreciated items and disposals. The profit or loss resulting from disposals is included in the income account. The method of providing depreciation results in a wide variation of rates which cannot be reasonably stated in tabular form by asset classification.

Substantially all expenditures for maintenance, renewals and betterments are charged to expense. Betterments which materially prolong the life of the related assets are capitalized.

Bonuses or additional compensation, exclusive of factory production bonuses, were paid or accrued as follows:

	1949	1950	1951	Six Months to June 30, 1952
To elected officers	$156,309.39	$211,000.	$204,000.	None
To appointed officers, plant executives, department heads, salesmen and other salaried employees	515,520.00	576,755.	613,405.	$179,507.
	$671,829.39	$787,755.	$817,405.	$179,507.

Exhibit 2—(Continued)

DOEHLER-JARVIS CORPORATION

NOTES TO FINANCIAL STATEMENTS — (Continued)

Additional compensation was determined by the Executive Committee. Of the foregoing, the following amounts were paid or accrued pursuant to a plan under which both the amount as to each participant and the aggregate total were subject to formula limitations:

1949	$478,234.39
1950	672,755.00
1951	702,405.00

Note 5—

At June 30, 1952 the Corporation had no known contingent liabilities which would aggregate a material amount.

Note 6—

In the opinion of the Corporation all known adjustments necessary to a fair statement of income for the six months ended June 30, 1952 have been included.

Exhibit 3

The Right to Exchange this Scrip Certificate for Common Stock Expires
at 3 P.M. E.S.T. , 1955

This Scrip Certificate will be Void for All Purposes
after 3 P.M. E.S.T. , 1959

SCRIP CERTIFICATE — SERIES D-J

No. S0000000 **/100ths of One Share**

IN RESPECT OF COMMON STOCK

of

NATIONAL LEAD COMPANY

(Incorporated under the Laws of the State of New Jersey)

THIS IS TO CERTIFY that the bearer of this Scrip Certificate, upon surrender hereof to National Lead Company (hereinafter called the "Company") *at the office of The Chase National Bank of the City of New York* (hereinafter called the "Scrip Agent"), 11 Broad Street, in the Borough of Manhattan, City of New York, before 3:00 o'clock P.M. Eastern Standard Time , 1955, together with other Scrip Certificates of like tenor, representing in the aggregate one or more full shares of Common Stock, $5 par value, of the Company, will be entitled to receive in exchange therefor a certificate for the number of shares of such Common Stock equal to the aggregate number of full shares represented by the Scrip Certificates so surrendered, together with (1) all dividends paid to the Scrip Agent on such number of shares of such Common Stock since , 1953, and (2) a new Scrip Certificate of like tenor for the difference, if any, between the aggregate number of full shares and fractions thereof represented by the Scrip Certificates so surrendered and the number of full shares represented by the stock certificate so received.

This Scrip Certificate does not entitle the bearer hereof to any rights to dividends or any voting rights or any other rights of a stockholder of the Company or any other rights, except as herein expressly provided.

As soon as practicable after 3:00 o'clock P.M. Eastern Standard Time , 1955, there will be sold for cash, for the account of the holders of the Scrip Certificates then outstanding, in such manner and on such terms as the Board of Directors of the Company shall determine, the shares of Common Stock of the Company represented by such Scrip Certificates then outstanding; and thereafter and until 3:00 o'clock P.M. Eastern Standard Time , 1959 each holder of such Scrip Certificates upon surrender thereof to the Company at said office of the Scrip Agent, will be entitled to receive his pro rata portion of (1) the net proceeds of such sale, and (2) all dividends paid to the Scrip Agent on such shares of such Common Stock since , 1953 (but without interest thereon).

THIS SCRIP CERTIFICATE WILL BE VOID FOR ALL PURPOSES AFTER 3:00 O'CLOCK P.M. EASTERN STANDARD TIME , 1959.

Every bearer of this Scrip Certificate by receiving and accepting the same consents and agrees with the Company and with every subsequent bearer hereof as follows: (a) to be bound by all of the terms herein contained, (b) title to this Scrip Certificate shall be transferred by delivery, and (c) the Company and the Scrip Agent may treat any bearer as the absolute owner hereof for all purposes, without being affected by any notice to the contrary; and delivery to any bearer hereof of a stock certificate or certificates, if any, called for by this and other Scrip Certificates of like tenor, or payment to any bearer hereof of his pro rata portion of the cash proceeds of sale of shares of Common Stock as above provided, shall be a complete discharge to the Company and the Scrip Agent.

Dated: , 1953.

NATIONAL LEAD COMPANY

By THE CHASE NATIONAL BANK OF THE CITY
OF NEW YORK, as Scrip Agent

By ....
Vice President