Annual Report

NATIONAL LEAD COMPANY

For Fiscal Year Ending

December 30, 1893

Principal Office:

1 Exchange Place, Jersey City, N. J.

Executive Offices:

111 Broadway, New York City

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

Report Presented to the Stockholders of National Lead Company at their Second Annual Meeting, February 15, 1894, for the Fiscal Year Ending December 30, 1893

To the Stockholders of National Lead Company:

The last Annual Report presented details of the organization of the Company and its operations for the fiscal year of 1892. The Balance Sheet showing condition of the Company on December 30, 1893, is as follows:

ASSETS

Plant Investment, 1/1/1893.	$23,241,920.58	
Additions to Plant and Construction during 1893......	426,224.15	$23,668,144.73
Other Investments........................		417,557.16
Stock on Hand, manufactured, in process and raw......................		4,203,043.28
Treasury Stock-Common......$	94,600.00	
-Preferred...	96,000.00	190,600.00
Cash in Banks...........................		1,232,003.04
Notes Receivable.........................		388,321.54
Accounts Receivable......................		1,100,802.90
Total Assets........................		$31,200,472.65

LIABILITIES

Capital Stock-Common.......	$15,000,000.00	
-Preferred....	15,000,000.00	$30,000,000.00
Surplus, December 30, 1893...............		950,355.81
Mortgages................................		37,603.25
Accounts Payable.........................		212,513.59
Total Liabilities..................		$31,200,472.65

To show the relation of the various accounts, a comparative sheet as they stood on the respective dates, December 31, 1892, and December 30, 1893, is presented herewith, together with a Statement of Surplus Account.

ASSETS

	Dec. 31, 1892	Dec. 30, 1893	Increase	Decrease
Plant Investment........	$23,241,820.58	$23,668,144.73	$ 426,324.15	$ ....
Other Investments......	431,526.40	417,557.16	....	13,969.24
Stock on Hand..........	5,492,999.54	4,203,043.28	....	1,289,956.26
Treasury Stock.........	190,600.00	190,600.00	....	....
Cash in Banks..........	444,140.57	1,232,003.04	787,862.47	....
Notes Receivable.......	202,849.18	388,321.54	185,472.36	....
Accounts Receivable....	1,287,262.42	1,100,802.90	....	186,459.52
Total Assets...........	$31,291,298.69	$31,200,472.65	$1,399,658.98	$1,490,385.02

LIABILITIES

	Dec. 31, 1892	Dec. 30, 1893	Increase	Decrease
Capital Stock..........	$30,000,000.00	$30,000,000.00	$	$ ....
Surplus................	863,706.36	950,355.81	86,649.45	....
Mortgages..............	153,728.35	37,603.35	....	116,125.00
Accounts Payable.......	273,864.08	212,513.59	....	61,350.49
Total Liabilities......	$31,291,298.69	$31,200,472.65	$ 86,649.45	$ 177,475.49

SURPLUS ACCOUNT

Surplus, December 31, 1892..	$ 863,706.36
Net Earnings during 1893..	1,428,037.45
	$2,291,743.81

DIVIDENDS PAID DURING 1893

On Preferred Stock

March 15..............	Dividend	No. 5	$260,820.00		
June 15..............	"	No. 6	260,820.00		
Sept. 15..............	"	No. 7	260,820.00		
Dec. 15..............	"	No. 8	260,820.00	$1,043,280.	

On Common Stock

May 1..............	Dividend	No. 1	$149,054.00		
Aug. 1..............	"	No. 2	149,054.00	298,108.	1,341,388.00
Surplus, December 30, 1893..............................					$ 950,355.81

RECAPITULATION

Assets Increased...........................	$1,399,558.98
Liabilities Decreased.....................	177,475.49
	$1,577,034.47
Assets Decreased...........................	1,490,385.02
Surplus added during 1893.................	$ 86,649.45

It will be observed that there has been a diminution of stock on hand of $1,289,956.26. This is occasioned mainly by the fact that preceding the year 1893 we had been very extensively engaged in the smelting business for the purpose of aiding in securing our supplies of pig lead, and, incident to this the smelting, refining and parting of silver ores. It became evident to the Board of Directors that, in operation, the Sherman Silver Purchase law had failed of its purpose, and that it was the desire of the English government to bring India to a gold basis, to escape from the threatened disaster of the over-production of silver. It was deemed wisest and best to curtail our operations in silver smelting as rapidly as possible and, after most careful consideration, it was determined that our smelters at Leadville should be closed in March, 1893, and, as soon as the various contracts we had for bullion and ores had expired, to also close our smelters at St. Louis, which was practically done in June, and the refining and parting plant soon thereafter.

In doing this, the stock of silver in ores at Leadville and St. Louis was converted into cash, which is now in the treasury of the company. The extraordinary depression in the price of silver has continued into the present year, and it is not the purpose of the Board to resume smelting operations on the former large scale until some substantial and reasonably fixed value for silver has been reached, and the business placed upon such stable foundations as will make it practicable to realize fair profits on the investment.

It will further be seen that the profits in the business were not so large as in the preceding year, mainly arising from the operations of the smelting plants, the fact that for quite a period of the year the prices for Linseed Oil were quite low, and the diminished out-put in all branches of the business the last half of the year. In July the financial panic occurred, the most extraordinary and far-reaching this country has ever seen, producing stagnation of business in all directions, the effects of which were severe upon this company. Added to the paralyzing effects of the panic, was the knowledge that a new tariff was to be formed, which would more or less affect all manufacturing and mercantile business, so that during the latter part of the year the volume of sales and deliveries was very greatly diminished.

Your Board of Directors, keenly alive to the condition of trade and impending changes, and being able to purchase supplies on a lower basis, gradually reduced the price of their commodities, so that at the time this report is being prepared our Lead products are being sold at a lower price than ever before known in the history of the country.

In May, having a surplus earned in the preceding year, and a reasonable prospect of continuous good business at the time, your Board thought it right to pay a dividend of 1% on the Common Stock, and, again, at their meeting in June, concluded to pay on August 1st, another dividend of 1% on the Common Stock. Finding that our trade continued on the basis of the preceding six months in former years, we quite justly, and with safety, did so. The damaging effects of the panic commencing in July were intensified in August, and your Board thought it wisest and most prudent that they should not pay further dividends on the Common Stock until the extraordinary depression in business had been overcome, the country again started on prosperous lines, and until tariff legislation then impending and now progressing should be fully determined.

It will be further observed that the surplus fund is $950,355.81, which is now wisely employed in the conduct of the business, but is applicable for the payment of dividends whenever it may be thought prudent.

It is also shown that our mortgage indebtedness has been reduced to $37,803.25, and I am glad to say that provision has been made for the early payment and cancellation of all mortgages, excepting some small annuities to which the company succeeded and which cannot at present be paid off.

The additions to Plant and Construction represent investments and enlargements at New York, Philadelphia, Chicago and St. Louis, and expenditures made necessary by the extension of our lines of manufacture to products not heretofore made, and from which we have a reasonable expectation of added profit.

It affords me pleasure to say that the officers of this company, and the entire managerial staff, have voluntarily consented to a reduction of their salaries 10% for the coming year, and have addressed themselves to the introduction of every conceivable economy.

The stockholders will be gratified to know that the month of January of this year shows the largest volume of business for the same month in the history of the company. We have so perfected our methods that we can state without question that the goods manufactured by the National Lead Company have no superior, and to such an extent have they succeeded in satisfying customers that scarcely a complaint has been made within the last year. I very strongly recommend to our large list of shareholders to take an active interest in extending and increasing our lines of business. We have demonstrated beyond question that the use of White Lead, in connection with our Tinting Colors, is the best, most durable and efficient covering of any paint; and the knowledge of this ought to very materially increase the volume of our sales.

Respectfully,

W. P. Thompson,

President.