SEMI-ANNUAL REPORT

NATIONAL LEAD COMPANY

FOR PERIOD ENDING
JUNE 30, 1940

Principal Office:
15 EXCHANGE PLACE - - JERSEY CITY, N. J.
Executive Offices:
111 BROADWAY, NEW YORK CITY

To the Stockholders of National Lead Company:

The following is a Consolidated Balance Sheet of National Lead Company as of June 30, 1940 and a Statement of Consolidated Income and Surplus for the first six months of 1940. The consolidation includes only domestic subsidiaries in which National Lead Company owns all of the outstanding capital stock. Dividends received from domestic corporations not wholly owned, as well as interest on bonds and miscellaneous items not directly connected with current operations, are included in the item of "Other Income." During the period dividends amounting to $192,518.10, were received from foreign subsidiaries. However, in view of the European situation, instead of including this amount in "Other Income" as has been done heretofore, it was decided to set this amount aside and add it to our existing reserve for foreign investments. Dividends on National Lead Company Preferred and Common Stocks owned by the Company itself are not included in this statement, either as disbursements or as income.

H. T. WARSHOW, *Vice President and Comptroller.*

ASSETS

Current Assets:			
Cash		$ 9,857,551.32	
U. S. Government Securities (Market Value $1,214,441.29)		1,159,928.90	
Other Marketable Securities, Domestic (Market Value $ 720,362.50)	$ 516,928.53		
Other Marketable Securities, Foreign (Market Value $1,407,929.78)	1,403,222.86	1,920,151.89	
Accounts and Notes Receivable	$10,343,940.40		
Less Bad Debt Reserve	819,640.49	9,524,299.91	
Notes Receivable from Employees		241,239.33	
*Inventories (at Normal Prices, Excess at Cost or Market)		20,646,669.26	
Total Current Assets			$ 43,349,835.11
Investments and Advances:			
Affiliated Companies (at book value in no case exceeding cost)			
Domestic	$ 5,972,748.04		
Foreign	5,515,551.95	$11,488,299.99	
National Lead Company Capital Stock (29,883 shares Preferred A; 25,815 shares Preferred B; 3,210 shares Common) (Market Value $8,437,620.00)		6,950,229.77	
Miscellaneous Investments (not listed on any exchange)			
Domestic	$ 358,288.33		
Foreign	77,840.00	436,128.33	
Total Investments and Advances			18,874,658.09
Fixed Assets:			
Plant Properties and Equipment—Gross Property		$78,274,941.23	
Less: Depreciation and Depletion Reserve		31,947,339.58	46,327,601.65
Patents and Licenses			729,807.51
Deferred Charges			491,706.25
			$109,773,608.61

LIABILITIES

Current Liabilities:			
Accounts Payable, audited but not due		$ 3,776,935.05	
Tax Reserve		2,296,782.81	
Dividend Payable August 1, 1940 on Class B Preferred Stock		116,193.00	
Total Current Liabilities			$ 6,189,910.86
Reserves:			
Fire Insurance Reserve		$ 4,797,284.02	
Employers Liability Reserve		426,664.30	
Pension Reserve		2,803,909.55	
Reserve for Contingencies		1,000,000.00	
Foreign Exchange and Miscellaneous		166,542.67	9,194,400.54
Capital Stock and Surplus:			
Capital Stock:	Authorized	Issued	
Preferred Class A—Par Value $100	$ 25,000,000.00	$24,367,600.00	
Preferred Class B—Par Value $100	25,000,000.00	10,327,700.00	
Common —Par Value $ 10	50,000,000.00	30,983,100.00	
	$100,000,000.00	$65,678,400.00	
Earned Surplus		28,590,178.01	
Capital Surplus		120,719.20	94,389,297.21
			$109,773,608.61

DETAILS OF PLANT INVESTMENT

	June 30, 1940	Dec. 31, 1939	Increase or *Decrease*
Gross Property	$78,274,941.23	$77,867,229.55	$407,711.68
Less Depreciation and Depletion Reserves	*31,947,339.58*	*31,313,825.75*	*633,513.83*
Net Property	$46,327,601.65	$46,553,403.80	*$225,802.15*

* The present normal stocks of the Company are as follows:

Lead	49,687½ short tons valued at	$0.03 per pound
Tin	1,124½ short tons valued at	.21 per pound
Antimony	259 short tons valued at	.05 per pound

Stocks in excess of normals are valued at cost or market, whichever is lower.

Contingent Liabilities: Guarantee Norwegian	Bank Loan—1,500,000 Kroner	(Value of N. Kroner	4/10/40	22.71¢)
Guarantee Swedish	Bank Loan— 100,000 Kroner	(Value of S. Kroner	6/29/40	23.90¢)
Guarantee French	Bank Loan—1,500,000 Francs	(Value of F. Franc	6/15/40	2.18¢)
Guarantee Belgian	Bank Loan—1,000,000 Francs	(Value of B. Franc	5/ 9/40	3.313¢)
Guarantee Holland	Bank Loan— 50,000 Guilders	(Value of Guilder	5/ 9/40	53.08¢)

CONSOLIDATED EARNINGS STATEMENT

		Six Months Ended June 30th 1940		1939
Sales		$41,455,769.36		$35,916,258.97
Cost of Goods Sold, Taxes, Depreciation and Other Expenses		38,498,544.04		33,101,411.27
Net Operating Profit		$ 2,957,225.32		$ 2,814,847.70
Other Income		162,585.17		203,109.20
Total Net Income		$ 3,119,810.49		$ 3,017,956.90
Dividends on Preferred Stock Outstanding:				
Class A	$748,275.50		$748,275.50	
Class B	232,386.00	980,661.50	232,386.00	980,661.50
Amount Earned on Common Stock		$ 2,139,148.99		$ 2,037,295.40
Amount Earned per share of Common Stock Outstanding		$.691		$.658

ANALYSIS OF CONSOLIDATED SURPLUS

		1940		1939
Earned Surplus—At beginning of year		$27,224,804.02		$26,113,839.82
Add: Net Income for Six Months		3,119,810.49		3,017,956.90
		$30,344,614.51		$29,131,796.72
Deduct: Dividends Paid During Period—				
Preferred Stock Outstanding:				
Class A	$748,275.50		$748,275.50	
Class B	232,386.00	$ 980,661.50	232,386.00	$ 980,661.50
Common Stock Outstanding		773,775.00		773,775.00
Total Dividends Paid		$ 1,754,436.50		$ 1,754,436.50
Earned Surplus—June 30th		$28,590,178.01		$27,377,360.22
Capital Surplus—June 30th		120,719.20		120,719.20
Total Surplus—June 30th		$28,710,897.21		$27,498,079.42