Annual Report

NATIONAL LEAD COMPANY

For Fiscal Year Ended

December 31, 1934

Principal Office:

15 Exchange Place, Jersey City, N. J.

Executive Offices:

111 Broadway, New York City

NATIONAL LEAD COMPANY

15 Exchange Place, Jersey City, N. J.

Report to be Presented to the Stockholders at their Forty-third Annual Meeting, April 18, 1935, for the Fiscal Year Ended December 31, 1934

To the Stockholders of National Lead Company:

The following consolidated Balance Sheet shows the condition of the Company on December 31, 1934:

ASSETS

Current Assets:			
Cash			$5,387,250.33
U. S. Government Securities (Market Value $2,649,955.71)			2,553,279.67
Other Marketable Securities, Domestic (Market Value $3,771,811.37)		$3,363,796.63	
Other Marketable Securities, Foreign (Market Value $4,776,663.09)		4,560,496.87	
			7,924,293.50
Accounts and Notes Receivable		$7,586,355.97	
Less Bad Debt Reserve		490,601.62	
			7,095,754.35
Notes Receivable Employees			892,440.35
*Inventories (at Normal Prices, Excess at Cost or Market)			16,995,264.28
Total Current Assets			$40,848,282.48
Investments:			
Securities of Affiliated Companies (at book value, in no cases exceeding cost)			
Domestic	$4,734,255.93		
Foreign	6,142,168.40		
		$10,876,424.33	
†National Lead Company Capital Stock (34,883 shares Preferred A; 25,815 shares Preferred B; 38,331 shares Common)		10,714,054.33	
Miscellaneous Investments (not listed on any exchange)			
Domestic	$390,340.21		
Foreign	554,710.35		
		945,050.56	
Total Investments			$22,535,529.22
Fixed Assets:			
Plant Properties and Equipment (net)			41,396,987.03
Deferred Charges			145,072.82
			$104,925,871.55

LIABILITIES

Current Liabilities:			
Accounts Payable, audited but not due			$3,475,159.07
Tax Reserve			841,747.49
Dividend Payable February 1, 1935, on Class B Preferred Stock			116,193.00
Total Current Liabilities			$4,433,099.56
Reserves:			
Employees Life Insurance Reserve		$3,000,000.00	
Fire Insurance Reserve		4,797,284.02	
Employers Liability Reserve		426,664.30	
Plant Reserve		2,500,000.00	
Promotion Reserve		1,500,000.00	
Foreign Exchange and Miscellaneous		176,616.68	
			12,400,565.00
Capital Stock and Surplus:			
Capital stock: Par Value $100.	Authorized	Issued	
Preferred—Class A	$25,000,000.00	$24,367,600.00	A
Preferred—Class B	25,000,000.00	10,327,700.00	
Common	50,000,000.00	30,983,100.00	
	$100,000,000.00	$65,678,400.00	
Surplus		22,413,806.99	
Total Capital Stock and Surplus			88,092,206.99
			$104,925,871.55

DETAILS OF PLANT INVESTMENT

	1934	1933	Increase
Gross Property	$71,479,118.48	$68,488,636.86	$2,990,481.62
Less Depreciation and Depletion Reserves	30,082,131.45	29,058,496.41	1,023,635.04
Net Property	$41,396,987.03	$39,430,140.45	$1,966,846.58

† See page 4. * See page 4.

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CONSOLIDATED EARNINGS STATEMENT

		1934		1933
Sales		$56,350,470.55		$46,412,585.92
Cost of Goods Sold, Taxes, Depreciation and Depletion, and Other Expenses		53,591,440.43		43,443,618.55
Net Operating Profit		$ 2,759,030.12		$ 2,968,967.37
Other Income		1,441,158.01		859,361.56
Total Income		$ 4,200,188.13		$ 3,828,328.93
Dividends on Preferred Stock Outstanding—Class A	$1,461,517.75		$1,469,781.25	
—Class B	464,772.00	1,926,289.75	464,074.50	1,933,855.75
Amount Earned on Common Stock		$ 2,273,898.38		$ 1,894,473.18
Amount Earned Per Share of Common Stock Outstanding		$ 8.37		$ 6.98

ANALYSIS OF CONSOLIDATED SURPLUS

		1934		1933
Surplus—Beginning of Year		$21,497,258.61		$20,960,119.18
Add: Net Income for the Year		4,200,188.13		3,828,328.93
		$25,697,446.74		$24,788,448.11
Deduct Dividends: Preferred Stock Outstanding—Class A	$1,461,517.75		$1,469,781.25	
Class B	464,772.00	$ 1,926,289.75	464,074.50	$ 1,933,855.75
Common Stock Outstanding		1,357,350.00		1,357,333.75
Total Dividends		$ 3,283,639.75		$ 3,291,189.50
Surplus—End of Year		$22,413,806.99		$21,497,258.61

Note: Dividends on National Lead Company Preferred and Common Stock owned by the Company itself are not included in above figures, either as payments or as income.

†A Stock Dividend of 14% payable in Common Stock was declared in December 1934, but not paid until January 15, 1935. Entries giving effect to the payment of this dividend were made on the books in January and will be reflected in the report issued as of June 30, 1935.

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

Lead	49,687½ short tons valued at	$0.03 per pound.
Tin	1,124⅓ short tons valued at	.21 per pound.
Antimony	259 short tons valued at	.05 per pound.

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

The foregoing is a consolidated statement of National Lead Company and all of its domestic subsidiary companies in which it owns all of the capital stock, for the year ended December 31, 1934. The dividends received from foreign corporations owned in part or in whole, domestic corporations not wholly owned, interest on bonds and miscellaneous items not directly connected with current operations, are included in the item "Other Income."

Net Income for the year, after deducting depreciation, taxes of every description and all of the expense incident to the operation of the business, amounted to $4,200,188.13. After paying dividends on both classes of Preferred Stock outstanding, amounting in all to $1,926,289.75, earnings applicable to the Common Stock amounted to $2,273,898.38, equal to $8.37 on 271,500 shares outstanding on December 31, 1934. In the preceding year, Net Income amounted to $3,828,328.93, with a balance of $6.98 per share on 271,485 shares of Common Stock outstanding on December 31, 1933.

Sales for the year amounted to $56,350,470.55 compared with $46,412,585.92 in 1933, an increase of 21.41 percent. The year has been one of narrower profit margins, selling prices not having increased in proportion to the higher costs of operation. The gain in Other Income, however, more than offsets the decline in operating profits. At the time this report is being written, the sales outlook for 1935 is quite reassuring.

The Balance Sheet continues to reflect a strong financial condition. Current Assets amounted to $40,848,282.48, being 9.21 times Current Liabilities of $4,433,099.56. Net working capital amounted to $36,415,182.92. Cash, U. S. Government and other readily Marketable Securities, aggregate $15,864,823.50. The market value of these Marketable Securities as of December 31, 1934, was $720,857.00 in excess of book value. The Marketable Securities, Foreign and Domestic, largely represent investments where the Company's best interest is fostered through business affiliations.

The inventory position, which continues on a conservative basis, is shown in some detail in footnote on Page 4.

Earned Surplus is now $22,413,806.99, having been increased $916,548.38 during the year.

The Plant Account shows a net increase of $1,966,846.58. This reflects the net effect of applying the usual rates of depreciation to buildings and machinery, setting up reserves therefor out of earnings, and adding expenditures over the year for replacements, improvements and additions. The new plant being built by the Titanium Pigment Company, at Sayreville, N. J., and the expansion of production facilities in its plant at St. Louis, Mo., both of which are large scale operations, account for the largest portion of this increase. All of these improvements are being financed out of earnings.

Authorized Capital Stock remains unchanged but the amount which will be outstanding after January 15th will be altered by the distribution of 38,010 shares of Common Stock in accordance with the 14 per cent Common Stock Dividend declared on December 20, 1934, and payable January 15, 1935.

Dividends on both classes of Preferred Stocks have been paid quarterly at the rates specified since the issuance of the 7% Preferred in 1892, and the 6% Preferred in 1927. Quarterly dividends of $1.25 per share were paid on the Common Stock during the current year.

The Tax Reserve of $841,747.49 is less than shown a year ago, but it is considered adequate to cover all liabilities.

Contingent liabilities have been affected both by a reduction in amount of stock carrying such contingent liability and a higher market price for the issue involved. It relates to stock paid for properties purchased with option privilege of resale to the Company at the prices named. Options outstanding on December 31, 1934, were as follows:

3,802 Shares Preferred A, at $140, option expiring October 31, 1936.

3,400 Shares Preferred A, at $130, option expiring December 31, 1935. (Since December 31, 1934, 1,000 shares of the $130 option have been disposed of by the original holders, thereby relieving the Company of any further obligation on the shares so sold.)

The Company should share in the results obtained from the activities of the Federal Housing Administration, and we are

spending considerable time and money in co-operative effort with the Administration.

We are operating under a Code of Fair Competition for the industries in which this Company and its subsidiaries are engaged, most of our operations coming within the Code of Lead Industries.

It is with deep regret that we chronicle the sudden death of Mr. A. H. Brodrick, President of the National-Boston Lead Company. Active up to the day of his death, his service extended over a period of sixty years, including nine years on the Board of Directors of National Lead Company.

The Board of Directors again registers its sense of obligation to the employees of the Company for their loyal service and devotion to the Company's interest.

Respectfully submitted,

FRED M. CARTER,
President.

Stock Holdings in National Lead Company

December 31, 1934

	*Number of Holders	Number of Shares Common	Held Class B Preferred	Class A Preferred	Per Cent of Holders	Per Cent of Stock
Individuals Owning 1,000 shares or more	25	42,894	11,191	23,956	.27	11.88
Individuals Owning 500 and less than 1,000 shares	43	17,085	1,800	8,264	.46	4.01
Individuals Owning more than 100 and less than 500 shares	632	59,081	17,468	52,093	6.77	19.59
Individuals Owning 100 shares	423	13,400	9,000	19,900	4.54	6.44
Individuals Owning less than 100 shares	7,758	51,182	25,564	67,643	83.18	21.98
All Other Accounts	446	126,189	39,054	71,820	4.78	36.10
Total	9,327	309,831	103,277	243,676	100.00	100.00

Average Holdings Common Stock .... 93 Shares
Average Holdings Class B Pfd. Stock .... 54 Shares
Average Holdings Class A Pfd. Stock .... 60 Shares
Average Holdings All Stock .... 70 Shares

The number of women owning stock is as follows:

	*Number of Holders	Number of Shares	Average Holdings
Common	1,271	70,442	55 Shares
Preferred—Class B	918	29,582	32 Shares
Preferred—Class A	2,213	86,966	39 Shares
	4,402	186,990	42 Shares

Per Cent of Total Stockholders 47.92%
Per Cent of Outstanding Stock 28.47%

The number of accounts closed and opened during 1934 were as follows:

	Total	Common	Class B Pfd.	Class A Pfd.
Closed	1,380	664	252	464
Opened	1,239	605	249	385

*Where the same person owns more than one class of stock there is a duplication in the number of holders.

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Directors

EDWARD J. CORNISH, Chairman of the Board
New York, N. Y.

EDWARD F. BEALE, Philadelphia, Pa.
LEONARD T. BEALE, Philadelphia, Pa.
WILLIAM C. BESCHORMAN, New York, N. Y.
FRED M. CARTER, New York, N. Y.
JAMES A. CASELTON, St. Louis, Mo.
WILLIAM H. CROFT, Chicago, Ill.
KENDALL MARSH, New York, N. Y.
WILLIAM F. MEREDITH, New York, N. Y.
FLETCHER W. ROCKWELL, Greenwich, Conn.
HENRY G. SIDFORD, Maplewood, N. J.
WILLIAM N. TAYLOR, Pittsburgh, Pa.
GUSTAVE W. THOMPSON, Brooklyn, N. Y.

HERMAN T. WARSHOW,
New York, N. Y.

Executive Committee

EDWARD J. CORNISH, Chairman

EDWARD F. BEALE
W. C. BESCHORMAN
FRED M. CARTER
FLETCHER W. ROCKWELL
HENRY G. SIDFORD
GUSTAVE W. THOMPSON
W. H. CROFT

Executive Officers

President
FRED M. CARTER

Executive Vice President
WILLIAM C. BESCHORMAN

Vice Presidents
EDWARD F. BEALE WILLIAM H. CROFT JAMES B. KEISTER

Assistant to the President
HAROLD ROWE

Secretary
M. DOUGLAS COLE

Treasurer
CHARLES SIMON

Comptroller
H. T. WARSHOW

Asst. Sec. Treas. Compt.
HENRY O. BATES

Assistant Comptroller
J. A. MARTINO

General Counsel

ALEXANDER & GREEN, 120 Broadway, New York, N. Y.

Departments

Advertising	WM. KNUST, Manager
Engineering	A. S. MOSES, Chief Engineer
Farm Lands	NORRIS B. GREGG, Manager
Flaxseed	J. A. JOHANSEN, Manager
Insurance	HAMLIN & CO., Managers
Laboratory	G. W. THOMPSON, Chief Chemist
Manufacturing	F. W. ROCKWELL, Production Manager
Metal Purchases	A. B. HALL, Manager
Metal Sales	L. T. WILSON, Manager
Sales Promotion	A. B. TIBBETS, Manager
Traffic	D. R. NORRIS, Manager

Committees

Manufacturing Committee

F. W. ROCKWELL, Chairman

H. P. CAVARLY — G. W. THOMPSON
J. J. MORSMAN — H. O. BATES, Secretary

Metal Sales Committee

L. T. WILSON, Chairman

W. P. CARROLL — C. A. GEATTY
G. A. COLEMAN — H. J. IRVIN
W. A. COWAN — F. C. JUSSEN
W. A. DAIL — E. A. MUELLER

F. W. ROCKWELL
J. A. MARTINO, Secretary

Oxide Sales Committee

HAROLD ROWE, Chairman

W. P. CARROLL — O. H. GREENE
R. M. EVANS — F. M. HARTLEY, JR.
J. W. GARDINER — R. M. ROWE

A. B. TIBBETS, Secretary

White Lead Sales Committee

HAROLD ROWE, Chairman

W. G. BISBEE — M. R. PAUL
W. A. DAIL — R. J. PETERS
C. C. FOERSTNER — S. F. REEVES
O. H. GREENE — J. L. REQUE
R. L. HALLETT — A. W. SCOTT
J. G. C. McNAIR — W. H. TAYLOR
W. R. MELVILLE — B. G. LEHMAN

A. B. TIBBETS, Secretary

Pension Board

G. W. THOMPSON, Chairman
F. M. CARTER — F. W. ROCKWELL
M. D. COLE, Secretary

Stock Transfer Agent	**Registrar of Stock**
THE CHASE NATIONAL BANK 11 Broad St., New York, N. Y.	BANKERS TRUST CO. 14 Wall St., New York, N. Y.

Branches

National Lead Company

ATLANTIC BRANCH, H. G. SIDFORD, C. A. GEATTY, Managers,	New York, N. Y. 111 Broadway
BALTIMORE BRANCH, C. E. McPHAIL, Manager,	Baltimore, Md. 214 West Henrietta Street
BUFFALO BRANCH, W. R. MELVILLE, Manager,	Buffalo, N. Y. 116 Oak Street
CHICAGO BRANCH, E. A. de CAMPI, Manager, DETROIT, MICH., Cor. Howard & Tenth Streets MILWAUKEE, WIS., 1534 S. First Street	Chicago, Ill. 900 West Eighteenth Street
CINCINNATI BRANCH, W. A. DAIL, Manager, LOUISVILLE, KY., 1320 Heyburn Building	Cincinnati, Ohio 659 Freeman Avenue
CLEVELAND BRANCH, C. C. FOERSTNER, Manager,	Cleveland, Ohio 820 West Superior Avenue
PACIFIC COAST BRANCH, R. P. PRENTYS, Manager, LOS ANGELES, CAL., 932 Wilson Street SEATTLE, WASH., 973 John Street	San Francisco, Cal. 2240 Twenty-fourth Street
ST. LOUIS BRANCH, O. H. GREENE, Manager, DALLAS, TEX., 959 Terminal Street KANSAS CITY, MO., 1406-1408 W. Thirteenth Street NEW ORLEANS, LA., 516 Tchoupitoulas Street OMAHA, NEB., 2810 A Street ST. PAUL, MINN., 102 W. Fairfield Avenue	St. Louis, Mo. 722 Chestnut Street
ST. LOUIS SMELTING & REFINING WORKS, J. A. CASELTON, Manager,	St. Louis, Mo. 722 Chestnut Street
E. W. BLATCHFORD CO., BRANCH, JOHN J. NICKELS, Manager,	New York, N. Y. 63 Park Row
GIBSON & PRICE CO., BRANCH, C. L. V. EVANS, Manager,	Cleveland, Ohio Swetland Building
CARTER WHITE LEAD COMPANY, J. J. MORSMAN, President,	Chicago, Ill. 12042 So. Peoria Street
GEORGIA LEAD COMPANY, C. F. EVANS, Treasurer,	Atlanta, Ga. Bishop Street
JOHN T. LEWIS & BROS. CO., EDWARD F. BEALE, President,	Philadelphia, Pa. Widener Bldg., South Penn Square
NATIONAL LEAD & OIL CO. OF PENNA., W. H. TAYLOR, President,	Pittsburgh, Pa. Commonwealth Bldg., 316 Fourth Avenue
NATIONAL-BOSTON LEAD CO., G. A. COLEMAN, President,	Boston, Mass. 800 Albany Street
NATIONAL LEAD CO. OF ARGENTINA, M. L. SHOEMAKER, President,	Buenos Aires Calle San Martin 235

Corporations in which National Lead Company Is Interested Through Ownership of All or Part of the Capital Stock

AMERICAN LEAD CORPORATION, — Indianapolis
W. A. DAIL, Vice-President
Smelters of Secondary Metals

BAKER CASTOR OIL COMPANY, — New York
KENDALL MARSH, President
Manufacturers of Castor Oil

EVANS LEAD COMPANY, — Charleston, W. Va.
R. M. EVANS, Vice-President and General Manager
Manufacturers of Lead Oxides

HOYT METAL COMPANY OF GREAT BRITAIN, LTD., — London, Eng.
C. J. KNIGHT, Director
Manufacturers of Anti-Friction Metals

MORRIS P. KIRK & SON, INC., — Los Angeles, Cal.
MORRIS P. KIRK, President
Manufacturers of Lead Alloys and Oxides

MAGNUS COMPANY, INCORPORATED, — New York
W. H. CROFT, President
Brass Founders

MASTER METALS, INC., — Cleveland
T. C. HOELZER, Manager
Smelters of Secondary Metals

MIDWEST CARBIDE CORPORATION, — Keokuk, Iowa
L. F. LOUTREL, Vice-President and General Manager
Manufacturers of Calcium Carbide

NATIONAL LEAD COMPANY OF CANADA, LTD., — Toronto
G. F. ALLEN, Vice-President
THE CANADA METAL COMPANY, LTD.
Toronto, Montreal, Winnipeg, Vancouver
HOYT METAL COMPANY OF CANADA, LTD., Toronto
THE ROBERTSON LEAD MANUFACTURING COMPANY, LTD.,
Montreal
Manufacturers of Lead Products, Brass and Bronze, Dross Smelters

NATIONAL PIGMENTS & CHEMICAL COMPANY, — St. Louis
J. A. CASELTON, Vice-President
Miners and Manufacturers of Barytes

ST. LOUIS SMELTING & REFINING COMPANY, — St. Louis
J. A. CASELTON, 2nd Vice-President and Manager
Miners, Smelters and Refiners of Lead

TITAN CO. A/S, — Fredrikstad, Norway
DR. G. JEBSEN, Managing Director
Manufacturers of Titanium Oxide Pigments

TITAN COMPANY, INC., — Wilmington, Del.
W. C. BESCHORMAN, Vice-President, New York
Dr. G. JEBSEN, Vice-President, Paris
TITANGESELLSCHAFT m. b. H., Leverkusen, Germany
SOCIETE INDUSTRIELLE DU TITANE, Paris, France
BRITISH TITAN PRODUCTS CO., LTD., London, England
Manufacturers and Distributors of Titanium Oxide Pigments

TITANIUM PIGMENT COMPANY, INC., — New York
WILLIAM F. MEREDITH, President
Manufacturers of Titanium Oxide Pigments

UNITED STATES CARTRIDGE COMPANY, — New York
ELLIOTT C. DILL, General Manager
Manufacturers of Metallic and Sporting Ammunition

VIRGINIA LEAD SMELTING CORPORATION, — Norfolk
C. A. GEATTY, Manager
Smelters of Secondary Metals

Products Manufactured by National Lead Company and Affiliated Companies

Painters' Materials

White Lead, Dry	Flatting Oil
White Lead in Oil	Colors, Dry and in Oil
Red Lead, Dry	Linseed Oil, American and Calcutta, Raw, Boiled, Refined, Varnishmakers'
Red Lead in Oil	Wall Primer
Titanium Products	
Liquid Drier	

Bearing Metals

Babbitt Metals	Pressure Die Castings
Frary Metal	Satco Metal

Plumbers' Materials

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

Printers' Metals

Linotype Metal	Stereotype Metal
Monotype Metal	Electrotype Metal
Impression Lead	

Canners' Materials

Bar Solder	Ribbon Solder
Wire Solder	Triangular Solder
Soldering Flux	

Lead Oxides

Red Lead	Rubbermakers' Oxides
Litharge	Varnishmakers' Oxides
Orange Mineral	Enamelmakers' Oxides
Glassmakers' Oxides	Potters' Oxides
Colormakers' Oxides	Storage Battery Oxides

Miscellaneous Metal Products

Sheet Lead	Lead Wool
Glaziers' Lead	Lead Wire
Bar Lead	Lead Sash Weights
Antimonial Lead Products	Piano Key Leads
Lead Lined Valves	Cinch Expansion Bolts
Lead for Architectural Purposes	Britannia Metal
Tellurium Lead Products	Tellurium Sheet Lead

General Products

Brown Sugar of Lead	Linseed Oil Cake and Meal
White Sugar of Lead	Castor Oil