SEMI-ANNUAL REPORT

NATIONAL LEAD COMPANY

FOR PERIOD ENDING
JUNE 30, 1946

Principal Office:
FOOT OF CHEVALIER AVENUE, SAYREVILLE, N. J.

Executive Offices:
111 BROADWAY, NEW YORK 6, N. Y.

To the Stockholders of National Lead Company:

The following is a Consolidated Balance Sheet of National Lead Company as of June 30, 1946 and a Statement of Consolidated Income and Surplus for the first six months of 1946. The consolidation includes only domestic subsidiaries in which National Lead Company owns all of the outstanding capital stock. Dividends received from foreign corporations owned in part or in whole, 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". 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.

FLETCHER W. ROCKWELL, *President.*

NATIONAL LEAD COMPANY
And Its Wholly Owned Domestic Subsidiaries
CONSOLIDATED BALANCE SHEET
JUNE 30, 1946

ASSETS

Current Assets:		
Cash		$ 15,562,233.42
United States Government Securities at cost (approximately equivalent to amount at market quotations)		17,241,302.62
Other Marketable Securities at cost (at market quotations $3,305,270.71)	$ 1,055,008.27	
Less, Reserves	522,891.57	532,116.70
Accounts and Notes Receivable	$ 13,623,523.89	
Less, Reserves	1,357,381.20	12,266,142.69
Notes Receivable from Employees		32,899.64
Inventories		22,916,096.77
Total Current Assets		$ 68,550,791.84
Fund for deferred expenditures on expansion and development:		
United States Government Securities at cost (approximately equivalent to amount at market quotations)		10,000,000.00
Investments in and advances to Unconsolidated Subsidiaries:		
Investments, at cost or below	$ 5,414,700.66	
Advances	2,027,859.44	
	$ 7,442,560.10	
Less, Reserves	3,832,413.11	3,610,146.99
Miscellaneous Investments, at cost or below	$ 2,002,907.18	
Less, Reserves	1,028,778.99	974,128.19
Plant Property and Equipment (including intangibles)	$103,266,413.27	
Less, Reserves for Depreciation, Depletion and Amortization	56,607,995.76	46,658,417.51
Patents and Licenses, less Amortization		341,175.65
Prepaid Expenses, Deferred Charges, etc.		985,991.04
		$131,120,65

LIABILITIES

Current Liabilities:		
Accounts Payable and Accrued Liabilities		$ 6,298,261.61
Payable to Unconsolidated Subsidiaries		120,963.18
Provisions for Taxes, including Federal Income and Excess Profits Taxes		10,368,679.05
Dividend Payable August 1, 1946 on Class B Preferred Stock		116,193.00
Total Current Liabilities		$ 16,904,096.84
Reserves:		
Fire Insurance	$ 4,797,284.02	
Employer's Liability	426,664.30	
Pension	5,475,594.88	
Contingencies	4,080,357.52	
General Inventory	700,339.71	15,480,240.43

CAPITAL

Capital Stock:	Authorized	Issued	
Preferred Class A, 7 pct. cumulative, non-callable, $100 Par Value	$ 25,000,000.00	$ 24,367,600.00	
Preferred Class B, 6 pct. cumulative, non-callable, $100 Par Value	25,000,000.00	10,327,700.00	
Common, $10 Par Value	50,000,000.00	30,983,100.00	
	$100,000,000.00	$ 65,678,400.00	
Capital Surplus		485,295.18	
Earned Surplus		37,620,866.66	
		$103,784,561.84	
Less, Reacquired Capital Stock at cost		5,048,247.89	98,736,313.95
			$131,120,651.22

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STATEMENT OF INCOME

		Six Months Ended June 30th 1946		1945
Sales		$78,910,059.47		$90,006,931.47
Cost of Goods Sold, Taxes (except Federal Income and Excess Profits Taxes) and Other Expenses		70,397,844.50		78,071,083.96
		$ 8,512,214.97		$11,935,847.51
Depreciation, Depletion and Amortization		1,518,318.95		2,570,766.21
		$ 6,993,896.02		$ 9,365,081.30
Other Income		1,656,327.82		621,106.13
		$ 8,650,223.84		$ 9,986,187.43
Federal Income and Excess Profits Taxes		3,580,768.45		6,447,841.80
		$ 5,069,455.39		$ 3,538,345.63
Additions to Reserves:				
Pension		———		62,500.00
Total Net Income		$ 5,069,455.39		$ 3,475,845.63
Dividends on Preferred Stock Outstanding:				
Class A	$797,275.50		$797,275.50	
Class B	232,386.00	1,029,661.50	232,386.00	1,029,661.50
Amount Earned on Common Stock		$ 4,039,793.89		$ 2,446,184.13
Amount Earned per share of Common Stock Outstanding		$1.307		$.791

ANALYSIS OF CONSOLIDATED SURPLUS

		Six Months Ended June 30th 1946		1945
Earned Surplus—At beginning of year		$35,126,404.77		$33,737,883.76
Add: Net Income for Six Months		5,069,455.39		3,475,845.63
		$40,195,860.16		$37,213,729.39
Deduct: Dividends Paid During Period—				
Preferred Stock Outstanding:				
Class A	$797,275.50		$797,275.50	
Class B	232,386.00	1,029,661.50	232,386.00	1,029,661.50
Common Stock Outstanding		1,545,332.00		772,666.00
Total Dividends Paid		$ 2,574,993.50		$ 1,802,327.50
Earned Surplus—June 30th		$37,620,866.66		$35,411,401.89
Capital Surplus—June 30th		485,295.18		485,295.18
Total Surplus—June 30th		$38,106,161.84		$35,896,697.07