

SEMI-ANNUAL REPORT
**NATIONAL LEAD
COMPANY**

**FOR PERIOD ENDING
JUNE 30, 1944**



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

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

N13826

0000-NLI-000018287

To the Stockholders of National Lead Company:

The following is a Consolidated Balance Sheet of National Lead Company as of June 30, 1944 and a Statement of Consolidated Income and Surplus for the first six months of 1944. 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". During the period the company received foreign dividends amounting to \$227,108.38, which amount was added to the existing Reserve for Foreign Investments. Additions out of earnings were made in the amount of \$122,928.00 and \$300,000.00 respectively to the existing Pension Reserve and Reserve for Contingencies. 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.

Included in this consolidation for the first time are the accounts of the American Bearing Corporation of Indianapolis, Indiana, manufacturers of precision bearings, of which the outstanding capital stock is now wholly owned by National Lead Company as the result of the acquisition of the holdings of minority interests early this year.

FLETCHER W. ROCKWELL, President.

ASSETS

Current Assets:

Cash		\$ 10,140,638.97
United States Government Securities at cost (at market quotations \$23,719,730.01).....		23,632,489.30
Other Marketable Securities (at market quotations \$4,064,720.43).....		519,435.48
Accounts and Notes Receivable.....	\$16,121,135.67	
Less, Reserve for losses.....	1,151,527.26	14,969,608.41
Notes Receivable from Employees.....		37,036.06
Inventories		21,117,698.36
Total Current Assets.....		\$ 70,466,901.58
Investments in and Advances to Affiliated Companies less Reserves.....		3,808,626.89
Miscellaneous Investments less Reserves.....		1,242,754.34
Plant Property and Equipment (including intangibles).....	\$96,377,209.27	
Less, Reserves for Depreciation and Depletion.....	48,813,677.40	52,563,531.87
Patents and Licenses, less amortization.....		68,824.53
Prepaid expenses, deferred charges, etc.....		1,157,067.43
Post-war Refund of Excess Profits Taxes.....		996,000.00
		<u>\$130,298,706.64</u>

LIABILITIES

Current Liabilities:

Accounts Payable and Accrued Liabilities.....	\$ 5,928,470.31
Payable to Affiliated Companies.....	276,359.65
Provisions for Taxes, including Federal Income and Excess Profits Taxes.....	18,032,227.72
Dividend Payable August 1, 1944 on Class B Preferred Stock.....	116,193.00
Total Current Liabilities.....	\$ 24,353,250.68

Reserves:

Fire Insurance	\$ 4,797,284.02
Employer's Liability	426,664.30
Pension	2,187,268.65
Contingencies	4,015,000.00
General Inventory	700,339.71
Amount Equal to Post-war refund of excess profits taxes.....	996,000.00
Miscellaneous	81,634.37
	<u>13,154,191.05</u>

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
	<u>\$100,000,000.00</u>	<u>\$65,678,400.00</u>
Capital Surplus		336,672.92
Earned Surplus		32,388,817.62
		<u>\$98,403,890.54</u>
Less, Reacquired Capital Stock.....		5,612,625.63
		<u>92,791,264.91</u>

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\$130,298,706.64

	Six Months Ended June 30th	
	1944	1943
Sales	\$80,450,640.55	\$70,371,271.28
Cost of Goods Sold, Taxes (except Federal Income and Excess Profits Taxes) and Other Expenses.....	69,236,740.43	61,045,498.64
Depreciation and Depletion.....	\$11,213,900.12	\$ 9,325,772.64
Other Income	2,379,528.16	2,550,885.65
Other Charges	\$ 8,834,371.96	\$ 6,774,886.99
Federal Income and Excess Profits Taxes.....	1,005,699.49	499,260.11
Additions to Reserves:	\$ 9,840,071.45	\$ 7,274,147.10
Foreign Investments	58,100.71	
Pension	\$ 9,781,970.74	\$ 7,274,147.10
Contingencies	6,250,905.74	4,754,916.57
Total Net Income.....	\$ 3,581,065.00	\$ 2,519,230.53
Dividends on Preferred Stock Outstanding:		
Class A	\$227,108.38	\$270,276.62
Class B	122,928.00	
Amount Earned on Common Stock.....	300,000.00	270,276.62
Amount Earned per share of Common Stock Outstanding.....	650,036.88	\$ 2,248,953.91
	\$ 2,881,028.62	
	\$783,275.50	\$783,275.50
	232,386.00	232,386.00
	\$ 1,015,661.50	\$ 1,015,661.50
	\$ 1,865,367.12	\$ 1,233,292.41
	\$.604	\$.399

ANALYSIS OF CONSOLIDATED SURPLUS

	Six Months Ended June 30th	
	1944	1943
Earned Surplus—At beginning of year.....	\$31,594,349.43	\$30,742,793.50
Add: Net Income for Six Months.....	2,881,028.62	2,248,953.91
Deduct: Adjustment *	\$34,475,378.05	\$32,991,747.41
Deduct: Dividends Paid During Period—	298,232.93	
Preferred Stock Outstanding:	\$34,177,145.12	\$32,991,747.41
Class A	\$783,275.50	\$783,275.50
Class B	232,386.00	232,386.00
Common Stock Outstanding.....	\$ 1,015,661.50	\$ 1,015,661.50
Total Dividends Paid.....	772,666.00	772,666.00
Earned Surplus—June 30th.....	\$ 1,788,327.50	\$ 1,788,327.50
Capital Surplus—June 30th.....	\$32,888,817.62	\$31,203,419.91
Total Surplus—June 30, 1944.....	336,672.92	836,672.92
	\$32,725,490.54	\$31,540,092.83

* This adjustment reflects payment made in excess of the book value of the net assets acquired in connection with the purchase of the outstanding minority interest in the American Bearing Corporation.