NATIONAL LEAD COMPANY

REPORT

FOR FISCAL YEAR ENDING DECEMBER 31st, 1905.

PRINCIPAL OFFICE:
1 EXCHANGE PLACE, JERSEY CITY, N. J.

EXECUTIVE OFFICES:
100 WILLIAM STREET, NEW YORK CITY.

NATIONAL LEAD COMPANY.

L. A. Cole,	President.
F. W. Rockwell,	Vice-President.
R. P. Rowe,	Vice-President.
Charles Davison,	Secretary.
John B. Frothingham,	Assistant Secretary.
Fred. R. Fortmeyer,	Assistant Treasurer.

DIRECTORS.

E. F. Beale,	Philadelphia, Pa.
E. Brush,	New York City.
G. O. Carpenter,	St. Louis, Mo.
L. A. Cole,	East Orange, N. J.
R. R. Colgate,	New York City.
E. C. Goshorn,	Cincinnati, O.
D. Guggenheim,	New York City.
M. Guggenheim,	New York City.
W. W. Lawrence,	New York City.
H. M. McChesney,	St. Louis, Mo.
F. W. Rockwell,	Chicago, Ill.
R. P. Rowe,	Brooklyn, N. Y.
A. P. Thompson,	Buffalo, N. Y.
W. Tufts,	Boston, Mass.
C. F. Wells,	Pittsburg, Pa.

EXECUTIVE COMMITTEE.

L. A. Cole, Chairman.

F. W. Rockwell, E. F. Beale,
R. P. Rowe, Murry Guggenheim.

GENERAL COUNSEL.

Messrs. Alexander & Green, 120 Broadway, New York City.

REGISTRAR OF STOCKS.

The Mercantile Trust Co., 120 Broadway, New York City

Among the 3200 or more stockholders of National Lead Company it is scarcely conceivable that there should not be a large number of users of paint.

It seems entirely within the province of this report to remind the owners of the business to use their own product in preference to all others. This can be done with all the more grace because your White Leads are the best that can be secured, the admitted standards of the trade.

For his own sake as a house owner, every National Lead Company stockholder should make it a personal matter with his painter to see that a National Lead Company brand is used whenever he has painting done.

For the convenience of those who may not be familiar with the brands, a full list of them follows:

Anchor	Cornell	Red Seal
Armstrong & McKelvy	Davis-Chambers	Salem
Atlantic	Eckstein	Shipman
Beymer-Bauman	Fahnestock	Southern
Bradley	Jewett	Sterling
Brooklyn	Lewis	Ulster
Collier	Morley	Union

Among the stockholders are probably some users of Linseed Oil, Red Lead, (for painting iron, steel, metal roofing, etc.); Litharge and Orange Mineral; Lead Pipe, Sheet Lead, Solder, and Babbitt, Stereotyping and Linotype Metals. To them the same message is due: they can get no better products in the named lines than are produced by the National Lead Company.

Requests for literature about these various products will be welcomed.

NATIONAL LEAD COMPANY

MANUFACTURERS OF

WHITE LEAD, DRY AND IN OIL,

TINTING COLORS,

Litharge,	Orange Mineral,
Red Lead,	Colors, dry and in oil,
Glassmakers' Oxides,	Varnishers' Oxides,
Colormakers' Oxides,	Enamelers' Oxides,
Rubbermakers' Oxides,	Potters' Oxides,
Brown Sugar of Lead,	White Sugar of Lead,
Lead Pipe,	Glaziers' Lead,
Block Tin Pipe,	Bar Lead,
Tin Lined Pipe,	Lead Sash Weights,
Sheet Lead,	Lead Wire,
Solder,	Solder Wire,
Lead Traps and Bends,	Solder Ribbon,
Babbitt Metal,	Nitrite of Soda

CASTOR OIL,

AMERICAN AND CALCUTTA LINSEED OIL,

Raw, Boiled, Refined and Varnish,

LINSEED-OIL Cake and Meal.

NATIONAL LEAD COMPANY
BRANCHES.

ATLANTIC BRANCH,	*NEW YORK CITY,* *100 William Street.*
BUFFALO BRANCH,	*BUFFALO, N. Y.,* *Cor. Clinton and Oak Sts.*
BALTIMORE BRANCH,	*BALTIMORE, MD.,* *410 Hanover Street.*
CLEVELAND BRANCH,	*CLEVELAND, OHIO,* *Canal and Champlain Sts.*
CINCINNATI BRANCH,	*CINCINNATI, OHIO,* *Freeman Ave., cor. 7th St.*
CHICAGO BRANCH,	*CHICAGO, ILL.,* *Cor. State and 15th Sts.*
ST. LOUIS BRANCH,	*ST. LOUIS, MO.,* *Clark Ave. and 10th St.*

JOHN T. LEWIS & BROS. CO., PHILADELPHIA, PA.,
231 South Front St.

NATIONAL LEAD & OIL CO., OF PENNSYLVANIA,
PITTSBURG, PA.,
Second National Bank Building.

NATIONAL LEAD CO., OF MASS., BOSTON, MASS.,
57 Broad Street.

ST. LOUIS SMELTING & REFINING CO.,
ST. LOUIS, MO.,
St. Francois, Mo., and Collinsville, Ill. *620 Frisco Building.*

NATIONAL LEAD COMPANY WAREHOUSES.

ST. PAUL, MINN., 354 to 360 East 6th Street.

DETROIT, MICH., cor. Wayne and Woodbridge Streets.

OMAHA, NEB., 1415 Dodge Street.

KANSAS CITY, MO., 1313 and 1315 W. 10th Street.

LOUISVILLE, KY., 9th St., bet. Main St. and the River.

NASHVILLE, TENN., 99, 101 and 103 Broad Street.

NEW ORLEANS, LA., 516 Natchez Street.

NATIONAL LEAD COMPANY.

1 Exchange Place, Jersey City, N. J.

REPORT PRESENTED TO THE STOCKHOLDERS AT THEIR FOURTEENTH ANNUAL MEETING, APRIL 19, 1906, FOR THE FISCAL YEAR ENDING DECEMBER 31, 1905.

To the Stockholders of National Lead Company:

The following Balance Sheet shows the condition of the Company on December 31, 1905:

ASSETS.

Plant Investment		$24,104,513.19
Other Investments		979,812.42
Stock on hand, manufactured, in process and raw		6,104,601.54
Treasury Stock—Common	$94,600.00	
—Preferred	96,000.00	190,600.00
Cash in Banks		818,300.75
Notes Receivable		133,354.55
Accounts Receivable		1,434,075.82
		$33,765,258.27

LIABILITIES.

Capital Stock—Common	$25,000,000.00		
—Unissued	10,000,000.00	15,000,000.00	
—Preferred	25,000,000.00		
—Unissued	10,000,000.00	15,000,000.00	$30,000,000.00
Surplus, December 30th, 1905			3,554,596.20
Mortgages			12,603.25
Notes Payable			67,000.00
Accounts Payable			131,058.82
			$33,765,258.27

A comparison with the preceding year is given in the following statement:

ASSETS.

	Dec. 31, 1904.	Dec. 30, 1905.	Increase.	Decrease.
Plant Investment	$24,133,521.95	$24,104,513.19	. . . . . .	$ 29,008.76
Other Investments	893,723.82	979,812.42	$ 86,088.60	. . . .
Stock on Hand	6,307,951.58	6,104,601.54	. . . . . .	203,350.04
Treasury Stock	190,600.00	190,600.00	. . . . . .	. . . . .
Cash in Bank	396,215.84	818,300.75	422,084.91	. . . . .
Notes Receivable	154,750.20	133,354.55	. . . . . .	21,395.65
Accounts Receivable	1,631,441.66	1,434,075.82	. . . . . .	197,365.84
	$33,708,205.05	$33,765,258.27	$508,173.51	$451,120.29

LIABILITIES.

	Dec. 31, 1904.	Dec. 30, 1905.	Increase.	Decrease.
Capital Stock	$30,000,000.00	$30,000,000.00	. . . . . .	. . . . .
Surplus	2,515,243.87	3,554,596.20	$1,039,352.33	. . . . .
Mortgages	12,603.25	12,603.25	. . . . . .	. . . . .
Notes Payable	1,052,000.00	67,000.00	. . . . . .	$985,000.00
Accounts Payable	128,357.93	131,058.82	2,700.89	. . . . .
	$33,708,205.05	$33,765,258.27	$1,042,053.22	$985,000.00

SURPLUS ACCOUNT.

Surplus, December 31st, 1904	$2,515,243.87
Net Earnings during 1905	2,082,632.33
	$4,597,876.20

DIVIDENDS PAID DURING 1905.

On Preferred Stock.

March 15.	Dividend No. 53.	$260,820.00	
June 15.	" No. 54.	260,820.00	
Sept. 15.	" No. 55.	260,820.00	
Dec. 15.	" No. 56.	260,820.00	1,043,280.00
Surplus, December 30, 1905	- - -	- -	$3,554,596.20

The preceding statements accurately present the financial condition of your Company at the close of its fourteenth fiscal year, December 31, 1905, and disclose profits for the same period. The volume of business done shows an increase over that of the preceding year (which had previously been the largest) and the net earnings of $2,082,632.33 were also the best in our history. After payment of the usual quarterly dividends on preferred stock, amounting to $1,043,280.00, the sum of $1,039,352.33 was added to surplus, which at the close of the period under review amounted to $3,554,596.20.

While raw materials advanced twenty per cent. during the year, all inventories were taken on the basis of former values. Our practice in this respect has the effect of creating a reserve which safeguards against depreciation and ensures future profits. Following our uniform policy all plants have been maintained at a high standard of efficiency by liberal appropriations for repairs and maintenance, which during the year entailed an expenditure of $234,125.24, all of which was charged to operating expense. Sales of properties not necessary for the conduct of our business were made, and your plant investment thereby shows a decrease of $29,008.76 for the period. A brief comparison of the assets and liabilities with that of the preceding year will show that the surplus of net earnings was added to the Company's working capital by applying the same to the payment of accounts and notes payable. With the close of the year every obligation which had reached maturity had been discharged, and the total direct indebtedness was but $210,662.07, representing chiefly bills in process of settlement.

A mining property acquired by one of your constituent companies in 1897, and which became productive in 1899, has proven of great value and usefulness, and an investment of nearly $1,500,000.00 had at the close of the year 1905 paid one-half of its cost in net earnings. The preliminary and exhaustive examination of this property justified the investment, but the directors of that company have thought it wise to apply all earnings to a sinking fund until the initial cost of the property shall have been paid off. We are amply justified in the belief that this property will have paid for itself within the next few years and will be thereafter a source of annual distributable revenue.

At a special meeting of the stockholders held June 26, 1905, a recommendation of the directors that the capital stock of your Company be increased from $30,000,000.00 to $50,000,000.00 was approved and authorized. Negotiations pending for the acquisition of other properties which would require additional working capital moved your directors on December 28, 1905, to offer to the stockholders $3,000,000.00 of the new preferred capital stock of the Company at par. The stockholders availed themselves of the privilege, the total amount of stock was subscribed, and $3,000,000.00 paid into the treasury of the Company and added to its working capital on January 31, 1906. The negotiations referred to have since been concluded and a further issue of $2,713,600.00 preferred stock and $5,750,000.00 common stock has been made to complete payment for the new properties. These additional issues of stock having been made since the close of the fiscal year the foregoing particulars do not appear in the financial statement. The properties so acquired have demonstrated an earning capacity sufficient to take care of the fixed charges incurred by the issue and leave a handsome addition to the net revenue of your Company. Their acquisition will also add largely to the tonnage and scope of your Company's business. Favorable contracts for raw material have also been made extending over a period of years, and it is believed that all these steps will materially contribute to our prosperity.

The Company has agreed with its preferred stockholders that the charter right of redemption at par shall not be exercised before Jan. 1, 1910, and this agreement will be expressed in certificates issued on and after April 2, 1906. This applies to all preferred stock, and no transfer of outstanding certificates is necessary to confirm stockholders in this right.

Ample provision has now been made for the large working capital required to conduct our business. Your directors now hope and expect that, commencing with July 1st next, dividends will be earned and regularly paid upon our common stock.

An annual report would be incomplete that failed to acknowledge the continued, faithful and intelligent service of your employees.

Respectfully,

L. A. COLE, President.