Annual Report

NATIONAL LEAD COMPANY

for Fiscal Year Ending

December 31, 1918

Principal Office:

1 Exchange Place, Jersey City, New Jersey

Executive Offices:

111 Broadway, New York City

National Lead Company

1 Exchange Place, Jersey City, N. J.

Report to be Presented to the Stockholders at their Twenty-Seventh Annual Meeting, April 17, 1919 for the Fiscal Year Ending December 31, 1918

To the Stockholders of National Lead Company—

The following consolidated Balance Sheet shows the condition of the Company on December 31, 1918:

ASSETS

Plant Account	$45,740,847.16		
Less Depreciation and Depletion Reserve	3,807,788.29		$41,933,058.87
Other Investments:			
Stocks and Bonds of Insurance Fund	$1,600,000.00		
Stocks and Bonds of Companies not entirely owned by National Lead Company and Other Investments	8,553,094.70		10,153,094.70
Current Assets:			
Inventories		$15,027,155.75	
Cash		2,788,743.17	
Customers' Accounts	$15,693,010.80		
Less Bad Debt Reserve	224,500.54	15,468,510.26	
Other Notes Receivable		2,005,682.03	35,290,091.21
			$87,376,244.78

LIABILITIES

Capital Stock:		
Preferred	$24,367,600.00	
Common	20,655,400.00	
Bonds of Subsidiary Companies	9,715,000.00	
Insurance Fund	1,607,207.53	
Metal Reserve	1,000,000.00	6,107,207.53
Plant Reserve	2,500,000.00	
Promotion Reserve	1,000,000.00	
Tax Reserve	1,996,259.39	
Accounts Payable, Audited but not due	7,874,870.79	
Surplus, December 31, 1918	16,659,907.07	$87,376,244.78

STATEMENT OF NET EARNINGS AND DISPOSITION OF SAME

Surplus, December 31, 1917		$15,015,424.93
Net Earnings, for 1918, after deducting all Expenses, Reserves, etc.		4,692,815.14
		$19,708,240.07
Less Dividends:		1,907,207.53
Dividends on Preferred Stock, 7%	$1,705,732.00	
Dividends on Common Stock, 5%	1,032,770.00	
Red Cross, Extra Dividend No. 2 on Common Stock, 1%	206,554.00	
United War Work Campaign Extra Dividend on Common Stock, ½%	103,277.00	3,048,333.00
Surplus, December 31, 1918		$16,659,907.07

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

ASSETS

	Dec. 31, 1918	Dec. 31, 1917	Increase	Decrease
Plant Investment	$41,933,058.87	$41,557,963.71	$375,095.16	
Other Investments	10,153,094.70	8,502,635.33	1,650,459.37	
Inventories	15,027,155.75	14,138,222.13	888,933.62	
Cash	2,788,743.17	1,702,083.79	1,086,659.38	
Customers' Accounts	15,468,510.26	12,680,953.41	2,787,556.85	
Other Notes Rec'ble	2,005,682.03	2,132,000.70		$126,318.67
	$87,376,244.78	$80,713,859.07	$6,788,704.38	$126,318.67

LIABILITIES

	Dec. 31, 1918	Dec. 31, 1917	Increase	Decrease
Preferred Stock	$24,367,600.00	$24,367,600.00		
Common Stock	20,655,400.00	20,655,400.00		
Bonds of Sub. Cos.	9,715,000.00	10,051,000.00		$336,000.00
Insurance Fund	1,607,207.53	1,400,000.00	$207,207.53	
Metal Reserve	1,000,000.00	300,000.00	700,000.00	
Plant Reserve	2,500,000.00	2,500,000.00		
Promotion Reserve	1,000,000.00		1,000,000.00	
Tax Reserve	1,996,259.39	1,698,713.87	297,545.52	
Accounts Payable	7,874,870.79	4,725,720.27	3,149,150.52	
Surplus	16,659,907.07	15,015,424.93	1,644,482.14	
	$87,376,244.78	$80,713,859.07	$6,998,385.71	$336,000.00

The foregoing is a consolidated statement of the National Lead Company proper and all its subsidiary companies in which it owns all of the capital stock, based upon the consolidated statement as reported to the stockholders and published last year. Technically the National Lead Company owns only the capital stock of the subsidiary corporations. This capital stock appears upon the books of the National Lead Company under the item of "Other Investments," at its cost value. Earnings of the subsidiary companies do not appear upon the books of the National Lead Company until after they have been formally declared as dividends. The published statements of the National Lead Company, therefore, have in the past only shown earnings of the National Lead Company proper and such dividends as have been declared by its subsidiary corporations. The foregoing consolidated statement, therefore, gives more detailed information regarding the Company than a statement taken from the books of the National Lead Company proper. The first "consolidated statement" was contained in the report for the fiscal year ending December 31, 1917, at which time it was said: "In making up this consolidated statement the assets of the several subsidiary companies have been determined by valuing the properties of such subsidiaries at the time they were acquired by the National Lead Company at their book value in all cases where the price paid therefor was more than the book value of such assets. In cases where the price actually paid for properties has been less than the book value thereof, as appearing upon the books of the companies so acquired, the assets have been depreciated to conform to the price actually paid therefor by the National Lead Company. Under the heading 'Other Investments' is included Government and other securities and also stock in the following corporations in which the National Lead Company owns only a part of the outstanding stock, viz: United States Cartridge Company, Baker Castor Oil Company, River Smelting & Refining Company, Williams Harvey Company, Limited, of England, Williams Harvey Corporation of New York, Cinch Expansion Bolt & Engineering Company. The values placed on such 'Other Investments' are the actual cost thereof to the National Lead Company." By reason of the premises comparison with former years is impossible except as the foregoing statement may be compared with the consolidated statement as of December 31, 1917, as contained in the last Annual Report.

Plant Account

The increase in plant investment represents new construction in Philadelphia, New York City, Cincinnati, San Francisco, Detroit, Denver, New Haven, and many other smaller items.

Other Investments

The purchase of Liberty Bonds explains the increase in the item of Other Investments.

Insurance Fund

The increase in the Insurance Fund is accounted for by the receipts in that fund from premiums and interest in excess of losses.

Metal Reserve

The National Lead Company must at all times have raw materials contracted for, in stock, and in process of manufacture, and manufactured products in stock, sufficient to supply the demands of its customers. On such stocks it cannot sell and take a profit when prices are high without impairing its ability to serve its customers and losing the value of its good will. The Metal Reserve is intended and believed to be adequate to provide for any losses in inventory values that may develop.

Tax Reserve

The amount of taxes that are a charge against the business of 1918 cannot be definitely stated. It is believed that the Tax Reserve created will be ample.

Promotion Reserve

Our preferred stockholders are content with a 7% dividend and in case of sale of stock usually ask and receive a premium. The common stock usually sells upon the market at a price that will yield from 6% to 8% on the investment. No small company with centralized stockholdings would embark in a new manufacturing business unless there was a reasonable expectation of very much larger profits than the National Lead Company seeks. Hence it happens that every new invention, or discovery, or business idea in the line of our business naturally seeks a connection with the National Lead Company. Our extensive acquaintance with the consuming trade and reputation for reliability and conservatism make it possible for us to exploit new products most advantageously. The Company, in addition to its research departments, which it maintains at great expense, frequently makes large investments in such development and promotion work. On the whole such investments have been very profitable. With the installation of the custom of publishing consolidated reports it is considered desirable to create a Promotion Reserve for such purposes and to take up such losses as may occur. Some such losses we can now reasonably anticipate.

Dividends

The Company was placed upon a 5% per annum regular dividend basis during the year. Two extra dividends on the common stock were declared, one of 1% denominated Red Cross Extra Dividend No. 2, and the other of ½ of 1% denominated the United War Work Campaign Extra Dividend. The stockholders receiving such extra dividends were informed that the officers of the Company considered it the peculiar province of the stockholders to individually contribute to these worthy and patriotic funds. The stockholders were requested to recognize both their individual duty and their obligation as stockholders of the Company in making their contributions. We believe that the amount realized by these patriotic funds through our stockholders was greater than any direct contribution the Directors would have felt free to make had they been willing to depart from the past practice of the Company.

Trade Conditions

The operations of the Company have been greatly influenced by the war. The commercial demand for some of our products fell off. In other cases the demand increased. Some of the increase in the demand for our products was for war purposes, so that the general result is that the total volume of business was the greatest in the history of the Company. With the signing of the armistice the war demand ceased. The return to peace conditions is progressing slowly. There never was a time when there was so much need for our products as at present. Painting was deferred during the war and there was little building except for war purposes. The stocks of merchandise in retailers' hands are the lowest ever known at this period of the year. However, the trade generally seems to be hopeful that a consuming demand will set in in the spring months that will speedily reestablish good business conditions. It is believed that the necessities of war have developed thrift; that the men shifted from peace work to war work have been educated by the diversity of their employment; that the soldier boys returning will be healthier, stronger, broader minded and ennobled by their experiences;

and that in consequence the United States will enter into an era of unusual productiveness and prosperity in which the National Lead Company will share.

Ulco Hard Metal

Practically all of the tin used in this country is imported, either in the form of ore or pig tin. During the war a serious shortage of tin existed. The National Lead Company was able to alleviate this condition to a certain extent by the introduction of Ulco Hard Metal, which is manufactured at the Keokuk, Iowa, plant of the United Lead Company. Ulco Hard Metal gave most satisfactory results in its use as a babbitt metal, where it displaced the use of much tin at a very great saving in cost to the Government and other users of it. It is one of the most promising of the new products developed by the National Lead Company.

National Lead Company (Argentina)

Although this Company, organized under the laws of Argentina, did not commence manufacturing until early in the year 1918, and the restrictions on the shipment of metals from America and England interfered materially with its operation, on the whole the results obtained were satisfactory. The well known and established policy of the National Lead Company, which is being followed by the Argentina Company, of fair dealing, will, it is believed, establish and maintain the same close and cordial relationship between it and its customers as the National Lead Company enjoys in the United States.

Williams Harvey Company, Limited, (England) Williams Harvey Corporation, (America)

The operations of the English company during the year were entirely satisfactory. Being the largest tin smelting plant in Europe, and its product distributed under the direction of the Ministry of Munitions, it may be said to have contributed its share to the success of the war.

The plant of the American company was completed sufficiently to enable it to commence operations in October, its completion having been delayed on account of the difficulty of obtaining delivery of the necessary materials. Since the plant commenced operations its output has been steadily increasing and as soon as the governmental restrictions in connection with the importation of tin ore and the sale of pig tin are removed it will be ready to produce at full capacity.

United States Cartridge Company

The activities of this company, in which the National Lead Company owns one-half of the capital stock, were greatly curtailed with the stopping of hostilities. During the war it made an enviable record, not alone in increasing its production to meet the Government requirements, but also in the uniform high quality of the small arms ammunition manufactured. The use to be made of its large plants and equipment has not yet been determined. The net profits cannot be known until final settlement with the Government. In all probability any profits made by it will be used to give permanency to its manufacturing operations.

Stockholders

The Company's records show the number of stockholders on December 31, 1918, as compared with the previous year as follows:

	1918	1917	Increase
Common Only	1,951	1,940	11
Preferred Only	4,871	4,770	101
Both (Com. and Pfd)	464	442	22
Total	7,286	7,152	134

The number of women owning stock is as follows:

Common Only	688
Preferred Only	2,831
Both (Common and Preferred)	200
	3,719

The number of accounts closed and opened during the year 1918 are as follows:

Closed	771
Opened	905

In one of the earlier annual reports President Cole stated that there were fewer than 150 stockholders in the 26 companies whose properties afterward passed into the ownership of the National Lead Company. The wide distribution of the Company's stock as contrasted with former conditions is a notable illustration of the popularization of large companies. The large number of women and estates appearing as stockholders and the small number of names dropped from the stockholders' lists during the year when the market price of the stock fluctuated greatly indicates that our stockholders in the main seek safe, permanent investments rather than speculative profits. Their desires will continue to dominate the policy of the Company.

Conclusion

The Company is taking back its officers and employees who entered the Government service without discharging those employed to replace them at a time when the Company was seriously embarrassed.

I must again commend the loyalty, resourcefulness, energy and ability with which our officers and employees have met the trying problems of the year.

Respectfully submitted,

EDWARD J. CORNISH,

President.

Directors

EDWARD F. BEALE,	Philadelphia, Pa.
GEORGE O. CARPENTER,	St. Louis, Mo.
FRED M. CARTER,	Chicago, Ill.
R. R. COLGATE,	New York, N. Y.
EDWARD J. CORNISH,	New York, N. Y.
GRAFTON D. DORSEY,	St. Petersburg, Fla.
CHARLES E. FIELD,	Chicago, Ill.
GEORGE W. FORTMEYER,	E. Orange, N. J.
EDWIN C. GOSHORN,	Cincinnati, O.
NORRIS B. GREGG,	St. Louis, Mo.
R. P. ROWE,	Brooklyn, N. Y.
WILLIAM N. TAYLOR,	Pittsburgh, Pa.
GUSTAVE W. THOMPSON,	Brooklyn, N. Y.
WALTER TUFTS,	Boston, Mass.
JOHN R. WETTSTEIN,	Mt. Vernon, N. Y.

Executive Committee

EDWARD J. CORNISH, Chairman

E. F. BEALE	J. R. WETTSTEIN
R. P. ROWE	G. D. DORSEY

Executive Officers

President
EDWARD J. CORNISH

Vice-Presidents
GEO. O. CARPENTER
R. P. ROWE
N. B. GREGG

Assistant to the President
M. D. COLE

Secretary
CHARLES DAVISON

Assistant Secretary
STRATFORD A. MILLER

Treasurer
FREDERICK R. FORTMEYER

Assistant Treasurer
CHARLES SIMON

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

Registrar of Stocks
BANKERS TRUST CO.
14 Wall St., New York, N. Y.

Committees

Metal Committee

E. J. CORNISH, Chairman	G. D. DORSEY
S. A. MILLER, Secretary	C. E. LINDSLEY
W. H. BAKER	H. J. McBIRNEY
L. T. BEALE	SHELDON THOMPSON
W. C. BESCHORMAN	C. F. WELLS, Jr.
A. F. CURTIS	J. R. WETTSTEIN

Manufacturing Committee	Sales Committee
C. P. TOLMAN, Chairman	O. C. HARN, Chairman
L. T. BEALE	L. T. BEALE
H. P. CAVARLY	C. C. FOERSTNER
EVANS McCARTY	O. H. GREENE
G. W. THOMPSON	W. N. TAYLOR

Departments

Laboratory	Metal Department
G. W. THOMPSON Chief Chemist	A. B. HALL, Manager
	Flaxseed Department
A. H. SABIN Consulting Chemist	CHAS. T. NOLAN, Manager
Advertising Department	Insurance Department
O. C. HARN, Manager	I. M. STETTENHEIM, Manager

Traffic Department

W. S. MELLEN, Manager

Branches

National Lead Company

ATLANTIC BRANCH, R. P. ROWE, Manager,	New York, N. Y. 111 Broadway
BUFFALO BRANCH, SHELDON THOMPSON, Manager,	Buffalo, N. Y. Cor. Clinton and Oak Streets
CLEVELAND BRANCH, C. C. FOERSTNER, Manager,	Cleveland, Ohio Champlain Avenue and Canal Road
CINCINNATI BRANCH, E. C. GOSHORN, Manager,	Cincinnati, Ohio Freeman Avenue, cor. Seventh Street
CHICAGO BRANCH, CHAS. E. FIELD, Manager,	Chicago, Ill. 900 West Eighteenth Street
ST. LOUIS BRANCH, GEO. O. CARPENTER, Manager,	St. Louis, Mo. 722 Chestnut Street
JOHN T. LEWIS & BROS. CO., EDWARD F. BEALE, Pres.,	Philadelphia, Pa. Lafayette Bldg., cor. Fifth and Chestnut Sts.
NATIONAL LEAD & OIL CO., OF PENNSYLVANIA, W. N. TAYLOR, Pres., Commonwealth Bldg., 816 4th Ave.,	Pittsburgh, Pa.
NATIONAL LEAD CO., OF MASSACHUSETTS, WALTER TUFTS, Treasurer,	Boston, Mass. Board of Trade Building, 131 State Street
NATIONAL LEAD CO., OF CALIFORNIA, JAS. B. KEISTER, Vice-President,	San Francisco, Cal. 485 California Street
NATIONAL LEAD CO. OF ARGENTINA, G. D. DORSEY, President,	Buenos Aires 25 de Mayo, No. 158

Local Offices

National Lead Company

DETROIT, MICH.,	Corner Howard and Tenth Streets
KANSAS CITY, MO.,	1406-1408 West Thirteenth Street
LOUISVILLE, KY.,	Stark Building
MILWAUKEE, WIS.	52 Second Street
NASHVILLE, TENN.,	303-305 Tenth Avenue, South
NEW ORLEANS, LA.,	513 South Peters Street
OMAHA, NEB.,	1104 Woodmen Building
ST. PAUL, MINN.,	40 Willius Street

John T. Lewis & Bros. Company

BALTIMORE, MD.,	1015 East Fayette Street

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

BAKER CASTOR OIL COMPANY, New York
F. O. MARSH, President.
Manufacturers of Castor Oil.

BASS-HUETER PAINT COMPANY, San Francisco, Cal.
NORRIS B. GREGG, President.
Manufacturers of *Mixed Paints, Varnishes and Paint Specialties.*

CARTER WHITE LEAD COMPANY, Chicago and Omaha
FRED. M. CARTER, President.
White Lead Corroders.

CINCH EXPANSION BOLT & ENGINEERING COMPANY, New York
GRAFTON D. DORSEY, President.
Manufacturers of Expansion Bolts.

HEATH & MILLIGAN MANUFACTURING COMPANY, Chicago
NORRIS B. GREGG, President.
Manufacturers of Paints and Colors.

MAGNUS COMPANY, INCORPORATED, New York
H. H. HEWITT, President.
Brass Founders.

MATHESON LEAD COMPANY, Long Island City
W. J. MATHESON, President.
White Lead Corroders and Manufacturers of Oxides of Lead.

RIVER SMELTING AND REFINING COMPANY, St. Louis
EDWARD J. CORNISH, President.
Smelters and Refiners of Zinc.

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

UNITED LEAD COMPANY, New York
J. B. WETTSTEIN, President.
Manufacturers of all Products of Lead, Smelters of Drosses and Residues.

UNITED STATES CARTRIDGE COMPANY, Lowell, Mass.
GENERAL BUTLER AMES, Treasurer.
Manufacturers of Metallic and Sporting Ammunition.

WILLIAMS HARVEY & COMPANY, LIMITED, Liverpool, Eng.
RICHARD F. PEARCE, Managing Director.
Smelters and Refiners of Tin.

WILLIAMS HARVEY CORPORATION, New York
EDWARD J. CORNISH, President.
Smelters and Refiners of Tin.

Products Manufactured by National Lead Company

Painters' Materials

White Lead, Dry
White Lead in Oil
Red Lead, Dry
Red Lead in Oil
Colors, Dry and in Oil
Linseed Oil, American and Calcutta, Raw, Boiled, Refined, Varnishmakers'
Flatting Oil

Bearing Metals

Babbitt Metals
Pressure Die Castings
Ulco Hard Metal

Plumbers' Materials

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

Printers' Metals

Linotype Metal
Monotype Metal
Stereotype Metal
Electrotype Metal

Canners' Materials

Bar Solder
Wire Solder
Ribbon Solder
Triangular Solder
Soldering Flux

Lead Oxides

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

Miscellaneous Lead Products

Sheet Lead
Glaziers' Lead
Bar Lead
Antimonial Lead Products
Lead Wool
Lead Wire
Lead Sash Weights
Piano Key Leads
Cinch Expansion Bolts

General Products

Brown Sugar of Lead
White Sugar of Lead
Linseed Oil Cake and Meal
Castor Oil
Plastic Moulding Materials