Annual Re

NATIONAL LEAD

for Fiscal Yea

December 31

Principal Offi

15 Exchange Place, Je

Executive Offi

111 Broadway, New

National Lead Company

15 Exchange Place, Jersey City, N. J.

Report to be Presented to the Stockholders at their Thirtieth Annual Meeting, April 20, 1922 for the Fiscal Year Ending December 31, 1921

To the Stockholders of National Lead Company—

The following consolidated Balance Sheet shows the condition of the Company on December 31, 1921:

ASSETS

Plant Investment		$53,494,486.96	
Less Depreciation & Depletion Reserves		10,562,252.29	$42,932,234.67
Other Investments			
U. S. Liberty Bonds		$1,628,087.50	
Stocks & Bonds of Insurance Fund		2,333,245.00	
Stocks & Bonds of Companies not entirely owned by National Lead Co.		4,925,059.83	8,886,392.33
Current Assets			
Inventories		$20,583,102.19	
Cash		2,757,264.34	
Accounts Receivable	$12,316,293.07		
Less Bad Debt Reserve	301,497.48	12,014,795.59	
Notes Receivable		1,532,001.00	36,887,163.12
Total Assets			$88,705,790.12

LIABILITIES

Capital Stock			
Preferred	$24,367,600.00		
Common	20,655,400.00	$45,023,000.00	
Bonds of Subsidiary Companies		8,595,000.00	
Insurance Reserve		2,333,689.35	
Employers' Liability Reserve		205,920.13	6,539,609.48
Plant Reserve		2,500,000.00	
Promotion Reserve		1,500,000.00	
Tax Reserve		4,200,000.00	
Accounts Payable, audited but not due		2,878,922.73	
Notes Payable		588,383.06	
Surplus, December 31, 1921		20,880,874.85	
Total Liabilities			$88,705,790.12

STATEMENT OF NET EARNINGS AND DISPOSITION OF SAME

Surplus, December 31, 1920		$20,344,417.94
Net Earnings for 1921, after deducting all Expenses, Reserves, etc.		3,481,512.91
		$23,825,930.85
Less Dividends:		
Dividends on Preferred Stock, 7%	$1,705,732.00	
Dividends on Common Stock, 6%	1,239,324.00	2,945,056.00
Surplus, December 31, 1921		$20,880,874.85

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

ASSETS

	Dec. 31, 1921	Dec. 31, 1920	Increase	Decrease
*Plant Investment	$42,932,234.67	$43,283,693.02		$ 351,458.35
Other Investments	8,886,392.33	7,685,312.62	$1,201,079.71	
Inventories	20,583,102.19	19,602,194.78	980,907.41	
Cash	2,757,264.34	3,719,880.63		962,616.29
Accts. Receivable	12,014,795.59	17,293,846.67		5,279,051.08
Notes Receivable	1,532,001.00	1,752,100.75		220,099.75
Total Assets	$88,705,790.12	$93,337,028.47	$2,181,987.12	$6,813,225.47

*Net.

LIABILITIES

	Dec. 31, 1921	Dec. 31, 1920	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. Co.'s.	8,595,000.00	9,030,000.00		$ 435,000.00
Insurance Reserve	2,333,689.35	2,013,094.54	$ 320,594.81	
Employ's' Liab. Res.	205,920.13		205,920.13	
Plant Reserve	2,500,000.00	2,500,000.00		
Promotion Reserve	1,500,000.00	1,500,000.00		
Tax Reserve	4,200,000.00	4,000,000.00	200,000.00	
Accounts Payable	2,878,922.73	4,494,432.93		1,615,510.20
Notes Payable	588,383.06	4,432,083.06		3,843,700.00
Surplus	20,880,874.85	20,344,417.94	536,456.91	
Total Liabilities	$88,705,790.12	$93,337,028.47	$1,262,971.85	$5,894,210.20

DETAIL OF PLANT INVESTMENT

	Dec. 31, 1921	Dec. 31, 1920	Increase	Decrease
Gross Property	$53,494,486.96	$52,523,280.95	$ 971,206.01	
Less Depreciation & Depletion Res.	10,562,252.29	9,239,587.93	1,322,664.36	
Net Property	$42,932,234.67	$43,283,693.02		$351,458.35

The foregoing is a consolidated statement of the National Lead Company, and all its subsidiary companies in which it owns all of the capital stock, for the year ending December 31, 1921, following the form of, and based upon the reports for the years 1917, 1918, 1919 and 1920. In the main it is self-explanatory.

The increase in *Plant Investment* is occasioned by new construction in San Francisco, Philadelphia, Perth Amboy and New York.

The increase in *Other Investments* was occasioned by the acquisition of one-half the outstanding capital stock of the Titanium Pigment Company described in last year's report, and additions to investment in the Insurance Fund.

The safe and conservative *Normal Stock* system of taking inventories, described in last year's report, has been continued.

The decrease in *Accounts Receivable* and *Notes Payable* reflects more satisfactory credit conditions.

The *Notes Payable* consist of longtime notes given for equipment purchased by a subsidiary company.

The increase in the *Insurance Fund* is the increase in that fund in the absence of serious fires.

Statutes fixing Employers' Liability for accidents make it profitable—and at times necessary—that this risk should be carried by the Company, instead of being insured against in Employers' Liability insurance companies. The *Employers' Liability Reserve* (like the Insurance Fund) is a proper reserve to guard against unexpected losses in any particular year.

Trade Conditions

The *Net Earnings*, as shown, are very satisfactory in this most trying year. The price of Pig Lead, which was $4.75, New York, on January 1, 1921, dropped to $4.00 on February 25th, reacted to $5.00 on May 10th, fell off again to $4.40 on June 22nd, and closed the year at $4.70, New York. There has at yet been little reduction in the price of coal, coke, tan-bark, lumber, acetic acid and other supplies entering into the cost of our products. Drayage, lighterage and freight rates continue from eighty to one hundred per cent. higher than before the war. As yet there has been little reduction in administrative and selling expenses. Manufacturing costs are being reduced, but with painful slowness. Taxes continue high and seem to be increasing. Stable conditions, upon which we can rely with reasonable certainty in determining business policies, have not yet returned.

Dividends

The present dividend rate of six per cent. upon the common stock is less than three per cent. upon the common stock and surplus. The Company, therefore, should be able to maintain the present dividend rate. On the other hand, in view of the disturbed and uncertain conditions there should be no increase in dividend rate on the common stock at this time.

National Lead Company of Argentina

This Company suffered by reason of the decline in Argentine exchange. On the goods they are manufacturing in Buenos Aires they are doing quite well. In goods shipped from the United States they are encountering increasingly lower competitive prices from Europe. During the year, this Company bought a controlling interest in the *Compania Minera y Metalurgica Sud-Americana*, a mining and smelting company having its smelting works in Buenos Aires. We look upon the National Lead Company of Argentina as a promising long-time investment. The climate of Argentina is not dissimilar to our own. Its people are energetic and progressive. As transportation facilities improve, the mountains will probably be found rich in mineral deposits that will naturally be smelted in Buenos Aires, and should be manufactured there into products suitable for home consumption. Our investment to date has been small; but the plans made are susceptible of enlargement and development, so as to make this company self-contained and independent and capable of supplying the growing needs of the people of Argentina.

Employees' Stock Purchases

During the year, 1,121 employees purchased 21,102 shares of the common stock of the Company, bought on the market, at the price of $75.00 per share. The Company advanced the purchase money to the employees—the same to be repaid to the Company in monthly instalments to be retained out of wages or salaries, with interest at the rate of six per cent. per annum. The amount owing on such advances appears in the statement under the item of *Accounts Receivable*. Attached to this report is a form of the contract made with employees.

Number of Stockholders

December 31, 1921

	1921	1920	Increase
Common Only*	2,210	2,126	84
Preferred Only	5,095	5,040	55
Both (Com. & Pfd.)	500	470	30
TOTAL	7,805	7,636	169

Average Holdings Common Stock...........64 Shares
Average Holdings Preferred Stock..........44 Shares
Average Holdings All Stock................54 Shares

* Does not include 1,121 employees purchasing stock under Employees Stock Purchase arrangement, which stock stands in name of Trustees.

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The number of women owning stock is as follows:—

		SHARES Common	SHARES Preferred
Common Only	857	28,789	
Preferred Only	2,991		100,373
Both (Com. & Pfd.)	217	16,749	9,698
TOTAL	4,065	45,538	110,071

Total Shares, Common and Preferred	155,609
Per Cent. of Total Stockholders	52.07%
Per Cent. of Outstanding Stock	34.56%
Average Holdings Common Stock	42 Shares
Average Holdings Preferred Stock	34 Shares
Average Holdings All Stock	38 Shares

The number of accounts closed and opened during the year 1921 were as follows:—

Closed	869
Opened	1,040

WALTER H. BAKER
FREDERICK BENJAMIN PIERSON

WALTER H. BAKER, Assistant Manager in charge of metals at the St. Louis branch, died on September 26, 1921. Mr. Baker was sixty-seven years old, and had been connected with the Company since its organization in 1891.

FREDERICK BENJAMIN PIERSON, Manager at Detroit, died on December 23, 1921. He was fifty-eight years old, and for twenty-three years had been in charge of the Detroit warehouse and business of the Company.

A company's reputation and good will is largely made by its representatives who come into personal contact with its customers. Every one who knew Mr. Baker and Mr. Pierson had complete confidence in their integrity, loved them because of their geniality and intrinsic worth, and had a better opinion of the National Lead Company and its products because of their esteem for its representatives.

Conclusion

As deflation takes place, the management is endeavoring to reduce expenses and costs so as to keep the Company strong to meet competition and do its part in readjustment to normal peace conditions. It is the purchasing power, and not the nominal amount of compensation that matters. Throughout the readjustment the management will endeavor to be just; to discourage as little as possible the young and growing; to recognize the debt of the Company to those who have spent their lives in its service; and to preserve the morale—the pride in being a part of the Company—which we look upon as one of the Company's greatest assets.

It is with great pleasure that I again commend the loyalty and sympathetic co-operation of all in the Company's service.

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
R. P. ROWE
N. B. GREGG
J. R. WETTSTEIN
G. D. DORSEY

Executive Officers

President
EDWARD J. CORNISH

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

Secretary
M. DOUGLAS COLE

Assistant-Secretary
HENRY O. BATES

Treasurer
FREDERICK R. FORTMEYER

Assistant Treasurer
CHARLES SIMON

Comptroller
H. T. WARSHOW

Assistant Comptrollers
HARRY W. DICKERSON
HENRY O. BATES

Committees

Metal Committee

J. R. WETTSTEIN, Chairman
L. T. BEALE
W. C. BESCHORMAN
E. J. CORNISH
A. F. CURTIS
E. A. de CAMPI
N. B. GREGG
C. E. LINDSLEY
H. J. McBIRNEY
E. A. MUELLER
SHELDON THOMPSON
C. F. WELLS, Jr.
M. D. COLE, Secretary

Manufacturing Committee

C. P. TOLMAN, Chairman
L. T. BEALE
H. P. CAVARLY
EVANS McCARTY
G. W. THOMPSON

Pension Board

G. W. THOMPSON, Chairman
M. D. COLE, Secretary
F. M. CARTER
N. B. GREGG
R. P. ROWE

Sales Committee

O. C. HARN, Chairman
L. T. BEALE
W. G. BISBEE
C. C. FOERSTNER
O. H. GREENE
W. N. TAYLOR

Foreign Exchange Committee

H. T. WARSHOW, Chairman
F. R. FORTMEYER
A. B. HALL
EVANS McCARTY
C. T. NOLAN
G. W. THOMPSON

Departments

Laboratory
G. W. THOMPSON
Chief Chemist

A. H. SABIN
Consulting Chemist

Metal Department
A. B. HALL, Manager
J. P. WILSON, Asst. Manager

Advertising Department
O. C. HARN, Manager

Flaxseed Department
CHAS. T. NOLAN, Manager

Insurance Department
I. M. STETTENHEIM, Manager

Traffic Department
W. S. MELLEN, Manager

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

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

Branches

National Lead Company

ATLANTIC BRANCH, New York, N. Y.
R. P. ROWE, Manager, 111 Broadway

BUFFALO BRANCH, Buffalo, N. Y.
SHELDON THOMPSON, Manager, Cor. Clinton and Oak Sts.

CLEVELAND BRANCH, Cleveland, Ohio
C. C. FOERSTNER, Manager, Champlain Avenue and Canal Road

CINCINNATI BRANCH, Cincinnati, Ohio
E. C. GOSHORN, Manager, Freeman Avenue, cor. Seventh Street

CHICAGO BRANCH, Chicago, Ill.
CHAS. E. FIELD, Manager, 900 West Eighteenth Street

ST. LOUIS BRANCH, St. Louis, Mo.
GEO. O. CARPENTER, Manager 722 Chestnut Street

HIRST & BEGLEY LINSEED WORKS, Chicago, Ill.
JOHN W. HIRST, Manager, 2013 Mendel Street

ST. LOUIS SMELTING & REFINING WORKS, St. Louis, Mo.
J. A. CASELTON, Asst. Manager, 722 Chestnut Street

JOHN T. LEWIS & BROS. CO., Philadelphia, Pa.
EDWARD F. BEALE, Pres., Lafayette Bldg., cor. Fifth and Chestnut Sts.

NATIONAL LEAD & OIL CO., OF PENNA., Pittsburgh, Pa.
W. N. TAYLOR, Pres., Commonwealth Bldg., 316 4th Ave.

NATIONAL LEAD CO., OF MASSACHUSETTS, Boston, Mass.
WALTER TUFTS, Treasurer, Board of Trade Building, 131 State Street

NATIONAL LEAD CO., OF CALIFORNIA, San Francisco, Cal.
JAS. B. KEISTER, Vice-President, 485 California Street

NATIONAL LEAD CO., OF ARGENTINA, Buenos Aires
G. D. DORSEY, President, 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. C. MARSH, President.
Manufacturers of Castor Oil.

BASS-HUETER PAINT COMPANY, San Francisco, Cal.
NORRIS B. GREGG, President.
Manufacturers of Mixed Paint, 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.

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.

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

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

UNITED STATES CARTRIDGE COMPANY, Lowell, Mass.
EDWARD J. CORNISH, President.
Manufacturers of Metallic and Sporting Ammunition.

WILLIAMS HARVEY & COMPANY, LIMITED, Liverpool, Eng.
EDWARD J. CORNISH, President.
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
Flatting Oil
Colors, Dry and in Oil
Linseed Oil, American and Calcutta, Raw, Boiled, Refined, Varnishmakers'

Bearing Metals

Babbitt Metals
Frary Metal
Pressure Die Castings

Plumbers' Materials

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

Printers' Metals

Linotype Metal
Monotype Metal
Stereotype Metal
Electrotype Metal

Canners' Materials

Bar Solder
Wire Solder
Soldering Flux
Ribbon Solder
Triangular Solder

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
Cinch Expansion Bolts
Lead Wool
Lead Wire
Lead Sash Weights
Piano Key Leads

General Products

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

NATIONAL LEAD COMPANY
EMPLOYEE'S STOCK PURCHASE CONTRACT
(1921 OFFERING)

______________________, 1921

To NATIONAL LEAD COMPANY,
111 Broadway, New York.

Effective
July, 1, 1921
October 1, 1921
January 1, 1922
February, 1, 1922
(Strike out all but selected date.)

I, ______________________ an employee of ______________________, hereby subscribe for so many shares, not to exceed ______ shares, of the COMMON STOCK of NATIONAL LEAD COMPANY as may be allotted me on this subscription by the Executive Committee of said Company as hereinbelow noted, at the price of Seventy-five Dollars ($75.00) per share payable in sixty (60) consecutive equal monthly installments beginning on the last day of the month in which this subscription becomes effective, upon the terms and conditions set forth on the reverse side of this subscription.

Unless and until you shall receive other instructions from me in writing, I direct that in the event of my death all benefits under this subscription shall accrue and be paid to______________________

____
(Name and Address of Beneficiary)

Signature of Subscriber______________________

Department ______________ Address______________________

ACCEPTED for______________shares

NATIONAL LEAD COMPANY

By______________________Secretary.

TO Paymaster

Beginning______________________, 192 , (insert last day of month in which subscription is effective), you are hereby authorized and directed to deduct each pay day from my salary a sum at the rate of $1.25 per month for each share of the COMMON STOCK of NATIONAL LEAD COMPANY allotted me by the Executive Committee of said Company under my subscription therefor, 1921 offering, and to pay the same to the Treasurer of NATIONAL LEAD COMPANY on account of the purchase price of the shares so subscribed for and allotted. This order shall continue in force until said stock shall have been paid for in full.

Monthly Payment
(Do not fill in)
$______________ Subscriber's signature______________________

1. GENERAL TERMS

In accepting the within subscription, National Lead Company makes no representation as to the present or future value of its Common Stock, nor does it enter into any obligations as to the payment of dividends thereon or as to the rate of such dividends if paid.

The within subscription is made with the express understanding that the decision of the Board of Directors or Executive Committee of National Lead Company shall be final with respect to the rights or interest of the subscriber or with respect to any question relating thereto.

2. TRUSTEES

Subject to the powers herein reserved to the Board of Directors or Executive Committee of National Lead Company the obligations of the Company under the within subscription shall be performed on its behalf by a Trustee or Trustees of its nomination, in whose name the stock covered by the within subscription shall be registered and who shall hold the certificate therefor as collateral security for the payment in full of the within subscription.

3. PRICE

Seventy-five dollars ($75) per share.

4. PAYMENT BY REGULAR INSTALLMENTS

Payable in sixty consecutive equal monthly installments beginning July 31, 1921, October 31, 1921, January 31, 1922, or February 28, 1922, at the subscriber's option.

5. PAYMENT OTHER THAN BY REGULAR INSTALLMENTS

The subscriber shall have the right, by means either of lump sum payment or of installment payments larger than those regularly prescribed, to complete payment of the total amount due under the within subscription at any time before the expiration of the maximum period prescribed for installment payments, and thus stop interest charges. In order to prevent speculation, however, and to continue the subscriber's relationship of stockholder for at least three years, it is expressly understood and agreed that in no case shall the stock covered by the within subscription be transferred into the subscriber's name or for his account, nor certificate therefor be delivered him, until the expiration of three years from the effective date of the within subscription.

6. INTEREST AND DIVIDENDS

Interest at the rate of 6% per annum shall be charged on all deferred installments of the subscription purchase price from the effective date of the within subscription, and shall be paid at the end of each calendar quarter, in the amount then accrued, out of the dividend, if any, then payable on the stock covered by the within subscription so far as such dividend shall be sufficient for that purpose, any deficiency to be forthwith paid by the subscriber in cash on demand. The amount of all dividends, when paid, on stock covered by the within subscription, reckoned from the effective date of said subscription, shall first be credited in full to the subscriber's account and after deduction therefrom of accrued interest as herein provided the balance thereof then remaining shall be remitted to the subscriber by check to his order.

7. DESIGNATION OF BENEFICIARY

In the event of the death of the subscriber during the continuance of the within subscription, and upon submission to the Company of satisfactory proof thereof, the beneficiary last designated by the subscriber, either in the within subscription or by subsequent designation delivered the Company in writing, if then living, and not the subscriber's estate, shall be entitled to all benefits under the within subscription. In case the person last so designated as beneficiary shall have died before the subscriber, then the estate of the subscriber shall be entitled to all benefits under the within subscription. A change of beneficiary shall not be effective until the receipt by the Company, at 111 Broadway, New York City, of written notice thereof signed by the subscriber.

8. OPTIONS IN CASE OF DEATH OR PERMANENT DISABILITY

In case the subscriber dies or becomes permanently disabled during the continuance of the within subscription, the Company will, at the option of the subscriber or in case of his death at the option of his designated beneficiary, either:

(1) Return to the subscriber, or in case of his death to his designated beneficiary, all installments of the subscription purchase price theretofore paid by him on account of the within subscription, without interest; or

(2) Deliver a certificate for such number of full shares covered by the within subscription as shall have been paid for in full at the subscription price by payments theretofore made on account thereof by the subscriber, without interest, refunding the balance of such payments, if any, in cash; or

(3) Deliver a certificate for the total number of shares covered by the within subscription upon payment by the subscriber, or in case of his death by his designated beneficiary, within thirty days of such death or disability, of the balance of the total subscription purchase price and accrued interest remaining due and unpaid at the date of such death or disability; or

(4) Sell the stock covered by the within subscription on the New York Stock Exchange and remit to the subscriber, or in case of his death to his designated beneficiary, the proceeds of such sale remaining, if any, after deducting therefrom (a) the expenses of such sale, (b) any unpaid portion of the total subscription purchase price of the stock so sold and (c) accrued interest.

9. OPTIONS IN CASE OF TERMINATION OF EMPLOYMENT

If during the continuance of the within subscription the subscriber's employment should be terminated for any reason other than those mentioned in the paragraph last preceding, or should he default for a period of thirty days in the payment of any installment of the subscription purchase price or of interest due thereunder, all payments theretofore made by him on account of said subscription purchase price, without interest, shall, at the option of the Company, either:

(1) Be refunded to him in cash and his subscription contract cancelled, or

(2) Be applied to the purchase of full shares for his account at the subscription price and the balance, if any, refunded to him in cash.

10. DELIVERY OF STOCK CERTIFICATES

Subject always to the condition that no stock shall be transferred nor certificate therefor delivered for the subscriber's account within three years from the effective date of the within subscription, the stock covered by the within subscription shall be transferred into the name of the subscriber or of his nominee, and a certificate or certificates therefor delivered, upon payment in full of the subscription purchase price thereof and of accrued interest thereon.