53rd ANNUAL REPORT

NATIONAL LEAD COMPANY

FOR FISCAL YEAR ENDED
DECEMBER 31, 1944

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

Executive Offices:
111 BROADWAY, NEW YORK CITY 6

53rd ANNUAL REPORT

This report for the fiscal year ended December 31, 1944 will be presented to the Stockholders at their Fifty-third Annual Meeting, April 19, 1945.

On the following pages the Consolidated Balance Sheet and Statement of Income are set forth.

NET INCOME Net Income for the year, after deduction of depreciation, provision for taxes, all ordinary expenses incurred in the operation of the business and Other Charges, amounted to $7,563,754.26. After payment of dividends on both classes of Preferred Stock outstanding, amounting to $2,031,323.00, there remained a balance of Net Income applicable to the Common Stock of $5,532,431.26 equivalent to $1.79 per share on 3,090,664 shares outstanding during the year. Dividends on National Lead Company Preferred and Common Stock owned by the Company itself are not included in this statement, either as disbursements or as income.

TAXES The charge for Federal Income and Excess Profits Taxes for the year amounted to $11,570,381.93. The total charge to profits for all taxes amounted to $13,475,169.56 for the year 1944, equivalent to $4.36 per share of Common Stock outstanding.

RENEGOTIATION As the result of the renegotiation of the Company's war contracts for the year 1943, it was determined that there was no liability for refund to the U. S. Government with respect to that year.

The accounts of one of the Company's subsidiaries, now wholly owned, which is engaged exclusively in war work, were also renegotiated for the year 1943. As the result, it was determined that a refund of $900,000.00 was due to the U. S. Government, of which amount $720,000.00 will be offset by Excess Profits Taxes previously paid. The net cash refund of $180,000.00 has been charged against the Reserve for Contingencies created for that purpose on the books of the National Lead Company, the liability therefor being included in the Consolidated Balance Sheet as a current payable. Provision for renegotiation and other items which may arise has been made by the addition of $300,000.00 out of earnings during 1944 to the Reserve for Contingencies.

OTHER CHARGES The item of Other Charges appearing on the Consolidated Earnings Statement, amounting to $649,530.56, includes additions out of earnings to the existing Pension Reserve and Reserve for Contingencies, in the amounts of $122,928.00 and $300,000.00 respectively, also net losses realized as the result of sales of various properties of the Company.

FOREIGN INVESTMENTS In 1944 the Company disposed of its entire holdings of shares of Patino Mines & Enterprises, Consolidated. The restoration to Income of the amount carried in the Reserve for Foreign Investments against these shares, representing dividends received and set aside in previous years, resulted in the addition of $1,936,816.80 to non-recurring Other Income.

The Company has also sold the 191,040 shares of General Tin Investments, Ltd. which it received, as indicated in the Annual Report for the year 1939, as a distribution in connection with its holdings of Patino Mines & Enterprises Consolidated, Inc. shares. The non-recurring profit on the disposal of the Investment in General Tin shares, $304,470.96, is also reflected in the item Other Income.

The reserve carried against Foreign Investments seemed adequate to insure against any contingency, and therefore the procedure of crediting to the existing Reserve all dividends received from foreign corporations, which was followed in previous years, was not continued in 1944. Foreign dividends received during the entire year, amounting to $359,705.18 (including as heretofore, those received from Patino Mines & Enterprises, Consolidated (Incorporated) which, although a domestic corporation, has all of its assets and operations outside of the United States) are reflected in Other Income on the Consolidated Income Statement.

During the year there was acquired, at a cost of $365,000.00, the remaining minority interest in the shares of Titan Company, Inc.

EQUITY IN CONTROLLED COMPANIES Equity in net undivided profits of foreign subsidiaries located in North and South America, and of domestic companies controlled but not wholly owned, is estimated for 1944 to be 21 cents per share on the Common Stock. The decrease in this figure from that shown in the annual report for 1943 is attributable principally to the consolidation in 1944 of the operating results of the American Bearing Corporation with those of the parent company. In the previous year they were included under this caption.

Earnings of companies located outside of North and South America are not included in this estimate, and no specific provision has been made for such taxes as may become payable if and when accumulated earnings of subsidiaries are distributed to the parent company.

NET WORKING CAPITAL Net Working Capital, excluding assets segregated to the Fund for Deferred Expenditures discussed below, amounted to $43,340,168.12 as of December 31, 1944, with a ratio of Current Assets to Current Liabilities of 3 to 1.

PLANT EXPANSION During the year the Gross Property Account (after adjustments resulting from sales and retirements) showed an increase of $3,826,785.00, reflecting principally the consolidation of the accounts of the American Bearing Corporation, already referred to, and the acquisition of the assets of the William A. Hardy & Sons Company of Fitchburg, Mass., manufacturers of railroad bearings and paper mill screen plates.

The net decrease in the Property Account results, as in 1943, from the fact that the amortization of those of the Company's properties classified as war facilities makes the annual charge for depreciation and depletion exceed materially the additions to the account.

Examination of the Company's Federal Income Tax Returns for the years 1941 and 1942 resulted in the reduction of a portion of the depreciation and amortization charged to expense in those periods. The amounts of these adjustments, together with those necessary to put the year 1943 on the same basis, aggregating in total, $761,087.58, were applied to the creation of a reserve for depletion against the Company's investment in Mining Properties and Development Costs at its MacIntyre Development.

FUND FOR DEFERRED EXPENDITURES To meet any unusual future requirements for cash, growing out of the deferment of expansion and development to the post-war period, when labor and materials will again be available, the Management has decided that some segregation of assets might reasonably be made on the Consolidated Balance Sheet. There has therefore been established a

Fund for Deferred Expenditures in the amount of $10,000,000, comprised of U. S. Government Securities and the post-war refunds due to the Company in connection with excess profits taxes paid.

MINING The Company during 1944 continued to increase the output of those of its properties which are producing materials essential to the prosecution of the war. The tonnage of barytes ore, which is used in the production of oil well drilling muds, was substantially increased. Operations at the MacIntyre Development were on an accelerated basis, resulting in lower costs and materially increased production. At the Tri-State properties tonnages of lead and zinc ores mined and milled were greater than in 1943, and in addition, the newly developed Madison County, Missouri, area, which yields lead, copper, nickel and cobalt concentrates, was brought into production during the early part of the year.

RESEARCH Recognizing the importance of this phase of its activities to continued progress, the Company is aggressively carrying on a broad program of investigation, embracing all aspects of its present lines of business and the manifold possibilities for the future.

ANTI-TRUST CASE In the Annual Report for the year 1943 reference was made to an indictment of the Company and others under the anti-trust laws. In June, 1944, a civil action by the United States, based upon substantially the same charges set out in the indictment, was commenced in the United States District Court, Southern District of New York. This action was brought to trial in December last before the Court without a jury and the trial was concluded February 5th. It is expected that it will be several months before a decision will be rendered. The trial of the indictment has been deferred pending the determination of the civil case.

PATENTS & LICENSES During the last half of the year, the Company acquired by purchase, rights under a certain group of patents, licenses and trademarks which it had formerly exercised through the payment of royalties. The purchase price involved, $420,000, represented a smaller amount than would have been payable over the period to the expiration of the patents, and it was, therefore, deemed advisable to take advantage of the opportunity offered to make the acquisition. The additional investment is included under the heading Patents and Licenses on the Consolidated Balance Sheet.

PROFIT-SHARING PLAN There is included on pages 17 to 23 of this report a complete transcript of a trust agreement between the Company and the Chase National Bank of the City of New York. The plan provided for therein has been submitted to and approved by the Department of Internal Revenue and the Salary Stabilization Unit of the United States Treasury Department, is at present in process of approval by the War Labor Board, and has been passed upon by the Board of Directors, with its ultimate adoption contingent upon its approval by the Stockholders of the Company at the Annual Meeting in April. Under the terms of the agreement, a trust will be created for the benefit of the salaried employees of the Company into which there will be paid an indicated portion of the earnings of the Company, if available under the provisions of the plan. As permitted by present laws and governmental regulations, this program is recommended by the Management as an effective and equitable method of rewarding the efforts of the employees.

IN SERVICE There are now over 1,700 employees of the Company serving our country in its Armed Services. It is with deep regret that we record here the increase to 29 in number of those who have given their lives in its service, and mindful of their sacrifices, we pledge ourselves to the perpetuation of the ideals for which they have given so much.

WAR SAVINGS BONDS The Company and its Employees are lending their full support to the financing of the war effort, both by acquisitions made under the Payroll Deduction Plan and by additional subscriptions during the War Bond Drives held during the year.

OUTLOOK FOR POST-WAR BUSINESS Wherever it is possible to do so without interference with its contributions to the war effort, the Company is looking forward and preparing itself for the position which it must assume in the post-war era. As was indicated in the Annual Report for 1943, reconversion will not be a major problem for the Company when hostilities cease, and so the emphasis in peacetime planning will be laid upon the questions revolving around the development of new products and the expansion of the fields in which its present products have found their uses. The welfare of the nation requires that the management be ever

mindful of its responsibilities in connection with the reinstatement of employees returning from service in the Armed Forces.

CONCLUSION It is fitting that the management extend, not only for itself, but on behalf of the Stockholders, an expression of appreciation to the body of loyal employees who have made the accomplishments of the year possible. In those subsidiaries engaged exclusively in war work recognition has been granted for continued production achievement by the addition of stars to the Army-Navy "E" flags previously awarded. The management can look forward confidently to the problems which the years ahead may bring, knowing that the bulwark of a loyal and faithful body of employees will be the most effective single factor in dealing with whatever the future may hold.

Respectfully submitted,

FLETCHER W. ROCKWELL, *President.*

NATIONAL LEAD COMPANY

and its Wholly Owned Domestic Subsidiaries

CONSOLIDATED BALANCE SHEET

December 31, 1944

ASSETS

Current Assets:		
Cash		$ 10,313,701.91
United States Government securities at cost (approximately equivalent to amount at market quotations)		15,599,489.98
Other Marketable Securities (at market quotations $1,927,247.70) (Note 1)		532,116.70
Accounts and Notes Receivable	$16,019,922.61	
Less, Reserve for losses	1,204,211.29	14,815,711.32
Notes Receivable from Employees		43,818.66
Inventories (Note 2)		23,601,398.25
Total Current Assets		64,906,236.77
Fund for deferred expenditures on expansion and development:		
United States Government Securities, at cost (appproximately equivalent to amount at market quotations)	$ 8,174,000.00	
Post-war Refund of Excess Profits Taxes	1,826,000.00	10,000,000.00
Investments in and Advances to Affiliated Companies, less Reserves (Note 3)		4,053,682.71
Miscellaneous Investments, less Reserves (Note 4)		1,197,672.45
Plant Property and Equipment (including intangibles) (Notes 5 and 6)	$98,025,024.37	
Less, Reserves for Depreciation, Depletion and Amortization	46,250,242.74	51,774,781.63
Patents and Licenses, less amortization		509,203.93
Prepaid expenses, deferred charges, etc.		587,610.56
		$133,029,188.05

The accompanying notes to financial statements are integral parts of this statement.

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NATIONAL LEAD COMPANY

and its Wholly Owned Domestic Subsidiaries

CONSOLIDATED BALANCE SHEET

December 31, 1944

LIABILITIES

Current Liabilities:		
Accounts Payable and Accrued Liabilities		$ 6,513,396.96
Payable to Affiliated Companies (Note 3)		490,836.78
Provisions for Taxes, including Federal Income and Excess Profits Taxes		14,445,641.91
Dividend Payable February 1, 1945 on Class B Preferred Stock		116,193.00
Total Current Liabilities		21,566,068.65
Reserves:		
Fire Insurance	$ 4,797,284.02	
Employer's Liability	426,664.30	
Pension	2,024,500.32	
Contingencies (Note 7)	6,835,000.00	
General Inventory	700,339.71	
Reserve for Post-war Contingencies	1,826,000.00	16,609,788.35

CAPITAL

	Authorized	Issued	
Capital Stock:			
Preferred Class A, 7 pct. cumulative, noncallable, $100 par value	$ 25,000,000.00	$24,367,600.00	
Preferred Class B, 6 pct. cumulative, noncallable, $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		33,737,883.76	
		99,901,578.94	
Less, Reacquired Capital Stock (Note 8)		5,048,247.89	94,853,331.05
			$133,029,188.05

The accompanying notes to financial statements are integral parts of this statement.

NATIONAL LEAD COMPANY

and its Wholly Owned Domestic Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

For the year ended December 31, 1944

Sales, less returns and allowances		$166,168,714.98
Cost of goods sold, exclusive of depreciation, depletion and taxes (Note 9)		128,833,942.73
Gross profit, before depreciation, depletion and taxes		37,334,772.25
Other income (Note 10)		3,418,695.40
		40,753,467.65
Administrative, selling and general expenses	$14,154,954.76	
Depreciation and depletion (Note 13)	4,910,058.51	
Taxes, other than federal income and excess profits taxes	1,904,787.63	
Other charges and additions to reserves (Notes 11 and 12)	649,530.56	21,619,331.46
Net income before provisions for federal income and excess profits taxes		19,134,136.19
Provisions for federal income and excess profits taxes (including $8,300,000 excess profits taxes)	11,570,381.93	
Less, post-war refund of excess profits taxes	830,000.00	10,740,381.93
Net Income		8,393,754.26
Reserve for post-war contingencies		830,000.00
Balance transferred to earned surplus		$ 7,563,754.26
Balance of net income transferred to earned surplus, as above		$ 7,563,754.26
Dividends on preferred stocks:		
Class A	$ 1,566,551.00	
Class B	464,772.00	2,031,323.00
Remainder equivalent to $1.790 per share of common stock outstanding		$ 5,532,431.26

CONSOLIDATED STATEMENTS OF SURPLUS

For the year ended December 31, 1944

EARNED SURPLUS

Balance, December 31, 1943		$ 31,594,349.43
Balance of net income for 1944		7,563,754.26
		39,158,103.69
Deduct, Adjustment (Note 14)		298,232.93
		38,859,870.76
Dividends:		
On Class A preferred stock, $7 per share	$ 1,566,551.00	
On Class B preferred stock, $6 per share	464,772.00	
	2,031,323.00	
On common stock, $1 per share	3,090,664.00	5,121,987.00
Balance, December 31, 1944		$ 33,737,883.76

CAPITAL SURPLUS

Balance, December 31, 1943	$ 336,672.92
Add, Adjustment (Note 15)	148,622.26
Balance, December 31, 1944	$ 485,295.18

The accompanying notes to financial statements are integral parts of these statements.

NATIONAL LEAD COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The other marketable securities are as follows:

	Amounts at Market Quotations	Book Amounts: Costs	Reserves	Net
Companies operating principally in the United States	$1,461,176.26	$ 460,462.50	$..........	$ 460,462.50
Companies operating in foreign countries	466,071.45	594,545.77	522,891.57	71,654.20
	$1,927,247.70	$1,055,008.27	$ 522,891.57	$ 532,116.70

2. The inventories are as follows:

Metals, flaxseed and other raw materials on hand and in process, finished stocks, etc.	$20,967,279.27

The above inventories are priced at the lower of cost or market with the exception that the "normal stock" method is applied with respect to quantities shown below:

	Normal Quantities (Short Tons)	Fixed Inventory Price per Pound
Lead	49,687½	$.03
Tin	1,124½	.21
Antimony	259	.05
Linseed oil	3,125	.06
Flaxseed	5,600	.0348

Materials and supplies, priced generally at first-in, first-out costs	2,634,118.98
	$23,601,398.25

Intercompany profits in inventories are not considered to be material in amounts.

3. The investments in, advances to, and accounts payable to affiliated companies are as follows:

	Investments and Advances: Gross	Reserves	Net	Accounts Payable
Subsidiaries operating in the United States:				
Capital stocks	$ 488,691.00	$ 1.00	$ 488,690.00	
Advances	199,645.73	81,496.36	118,149.37	
Subsidiaries operating in foreign countries:				
Capital stocks	5,002,509.66	2,758,096.55	2,244,413.11	
Advances	1,727,975.35	987,967.14	740,008.21	
Accounts payable				$ 490,836.78
Domestic affiliate of which exactly fifty per cent of the outstanding capital stock having voting power is owned by National Lead Company:				
Capital stock	462,422.02		462,422.02	
	$7,881,243.76	$3,827,561.05	$4,053,682.71	$ 490,836.78

The gross amounts of investments shown in the foregoing summary represent cost in cash less, *in some instances, write-downs in prior years.*

Financial statements of subsidiaries, other than those in Continental Europe and England, are included in the accompanying statements of unconsolidated subsidiaries.

4. The miscellaneous investments are as follows:

	Gross	Reserves	Net
Companies operating in the United States	$1,226,486.15	$ 102,282.46	$1,124,203.69
Companies operating in foreign countries	1,001,747.75	928,278.99	73,468.76
	$2,228,233.90	$1,030,561.45	$1,197,672.45

The gross amounts of investments shown above represent cost in cash less, in some instances, *write-downs in prior years.*

5. Good will:

The plant property and equipment account includes "trade-marks and good will" of $20,692,310.66 representing substantially the excess of book amounts of fixed assets in 1915 over the amounts thereof as shown by appraisals made in that year. No reserves for amortization of such intangibles have been provided. As explained in several previous annual reports of the company, no attempt was made prior to 1915 to determine the amounts of such intangibles since, in most cases, going concerns (including tangible assets, business, good will and trade-marks) were acquired through the issuance of shares of capital stock of National Lead Company. The properties so acquired, including intangibles, were recorded on the books of the company at an aggregate amount equal to the par value of the shares so issued.

Fixed asset additions subsequent to 1915, now remaining in the plant property and equipment account, were entered on the books at costs and depreciated at rates approved by the Bureau of Internal Revenue.

6. The fixed assets include approximately $18,800,000 of war facilities which are being depreciated over a period of five years or less.

7. Following Treasury examinations of prior years' tax returns concluded in 1944, $3,000,000 was transferred from the provision for federal income and excess profits taxes to the reserve for contingencies.

8. Reacquired capital shares are carried at costs determined on the basis of applying first costs against first sales:

	No. of Shares	Costs
Preferred Class A	15,883	$2,006,315.38
Preferred Class B	25,815	2,925,066.27
Common	7,646	116,866.24
		$5,048,247.89

9. Cost of goods sold has been computed on the basis of inventories valued as described in Note 2.

10. Other income is as follows:

Dividends received (including $157,287.50 from unconsolidated subsidiaries)	$ 739,696.37
Net profits on sales of securities	530,986.91
Reserve for investment in Patino Mines & Enterprises Consolidated, no longer required (restoration to income not subject to federal taxes on income)	1,936,816.80
Group life insurance dividend	122,928.00
Miscellaneous income	88,267.32
	$3,418,695.40

11. The company has been informed by the United States Government that no refunds under the Renegotiation Act are payable by the company for 1943. In 1945 a subsidiary, unconsolidated in 1943 but becoming wholly owned in 1944, modified its profits for 1943 by $900,000 which, after reduction for excess profits taxes, resulted in a refund of $180,000 to the government. In the accompanying consolidated balance sheet such refund has been charged to contingent reserve and included in current liabilities. To provide for renegotiation refunds, if any, for 1944 and other contingencies, a $300,000 addition to the contingency reserve has been charged to income account.

12. Other charges and additions to reserves are as follows:

Net loss on sales of fixed assets		$ 206,197.54
Interest (net) and miscellaneous		20,405.02
Additions to reserves:		
Pension	$122,928.00	
Contingencies (see Note 11)	300,000.00	422,928.00
		$ 649,530.56

13. During 1944, the company agreed with the Bureau of Internal Revenue to reduce depreciation on certain of its war facilities and other properties. Such reductions together with minor adjustments of expenses of prior years were used to create a reserve of $761,087.58 for amortization of the costs of investment in mining properties and development of its MacIntyre Development.

Depreciation charged to income in 1944 is $286,000 less than it would have been if computed upon the bases used in 1943.

14. The adjustment to earned surplus represents the excess of cost to National Lead Company of investment in a subsidiary company previously unconsolidated over the amount of net assets of such subsidiary company upon becoming wholly owned in 1944.

15. The adjustment to capital surplus represents the excess of the amount of net assets acquired in December, 1944 over the cost of 4,000 shares of Class A preferred treasury stock issued therefor.

GENERAL:

The company is operating as agent for Defense Plant Corporation, a magnesium plant constructed with funds supplied by that corporation. Neither the assets, liabilities nor results of operations of such plant are included in the accompanying financial statements.

The company and a subsidiary have been named in an indictment alleging violation of the Antitrust Laws in connection with its Titanium business. The maximum amount of the fines which might be imposed is $10,000 as to each company. There is also pending a decision in a civil suit against National Lead Company, et al. in which the Government made similar allegations and requested injunctions, etc. The company and others have been named in a complaint by the Federal Trade Commission alleging violation of the Clayton Act with respect to white lead sales.

The company is contesting a suit claiming damages from fire in the amount of $870,500 said to have resulted from negligence on the part of company employees.

No provision has been made for such taxes as may be paid if and when accumulated earnings of subsidiaries are distributed to the parent company since such taxes may never accrue.

Subject to the approval of the Stockholders at the Annual Meeting in April, the Board of Directors has approved the creation of a profit-sharing trust for the benefit of salaried employees. Provision has been made in the accompanying statements for the contribution to such trust applicable to the year 1944.

The consolidated financial statements include the financial statements of all wholly owned domestic subsidiaries operating in the United States. Financial statements of all foreign subsidiaries (other than those in Continental Europe and England) and domestic subsidiaries more than 50, but less than 100 per cent owned, are included in the accompanying statements of unconsolidated subsidiaries. As indicated in such statements of unconsolidated subsidiaries, the company's equity in earnings of such subsidiaries for 1944 was approximately $886,225 more than the dividends of $96,950 received therefrom. During 1944, dividends of $60,388 were received from the English subsidiary. During 1944 no dividends were received from the fifty per cent owned affiliate. On the basis of statements received from the fifty per cent owned affiliate, National Lead Company's equity in the net assets thereof decreased $23,400 during 1944 and, at December 31, 1944, amounted to $591,600.

Intercompany transactions between consolidated companies have been eliminated from sales and cost of sales.

NATIONAL LEAD COMPANY

Domestic Subsidiaries More than 50, but Less than 100 Per Cent Owned and Foreign Subsidiaries (Other than Continental European and English)

COMBINED STATEMENT OF INCOME
For the year ended December 31, 1944

Sales, less returns and allowances		$20,350,214.50
Cost of goods sold, exclusive of depreciation		17,425,805.88
Gross profit, before depreciation		2,924,408.62
Other income		112,602.30
		3,037,010.92
Administrative, selling and general expenses	$1,201,345.87	
Depreciation	120,721.59	
Other charges	185,805.31	
Additions to reserves	144,204.21	1,652,076.98
Net income before provision for income and excess profits taxes		1,384,933.94
Provision for United States and foreign income and excess profits taxes (including $383,970.38 United States excess profits taxes)	708,330.15	
Less, post-war refund of United States excess profits taxes ($14,120.65) and debt reduction credit	38,397.04	669,933.11
Net income for the year		715,000.83
Reserve for post-war contingencies		14,120.65
Balance transferred to equities		$ 700,880.18
Minority interests' portion	$ 48,809.80	
National Lead Company's portion	652,070.38	$ 700,880.18

Net income of foreign subsidiaries included above amounts to $546,500.

COMBINED STATEMENT OF EQUITIES
For the year ended December 31, 1944

	Minority Interests	National Lead Company Interests
Balances, December 31, 1943	$ 811,754.73	$6,582,092.69
Deduct, Adjustments relating to domestic company which became wholly owned by National Lead Company in 1944:		
Refund by such company under the Renegotiation Act for 1942	48,000.00	72,000.00
Equities eliminated	303,746.83	530,620.24
	$ 351,746.83	$ 602,620.24
	$ 460,007.90	$5,979,472.45
Adjustments during 1944 through acquisition by National Lead Company of additional shares from minorities	17,755.31	17,755.31
	442,252.59	5,997,227.76
Balance of net income for 1944	48,809.80	652,070.38
	$ 491,062.39	$6,649,298.14
Deduct:		
Cash dividends	$ 34,300.00	$ 96,950.00
Surplus transferred to statutory reserve	......	8,020.48
	$ 34,300.00	$ 104,970.48
Balances, December 31, 1944	$ 456,762.39	$6,544,327.66

The accompanying notes to combined financial statements are integral parts of these statements.

NATIONAL LEAD COMPANY

Domestic Subsidiaries More than 50, but Less than 100 Per Cent Owned and Foreign Subsidiaries (Other than Continental European and English)

COMBINED STATEMENT OF ASSETS AND LIABILITIES

December 31, 1944

ASSETS

Current Assets:		
Cash		$ 995,064.31
Marketable Securities, at cost (at market quotations, $1,687,706)		1,686,430.43
Receivable from National Lead Company		490,836.78
Accounts and Notes Receivable, less reserve for losses		1,840,205.01
Inventories priced generally at the lower of cost or market		2,988,069.41
Total Current Assets		8,000,605.94
Miscellaneous Investments, at costs or written-down amounts		428,830.00
Plant Property and Equipment	$3,435,567.23	
Reserves for Depreciation	1,890,715.16	1,544,852.07
Intangible Assets		66,619.12
Prepaid Expenses, Deferred Receivables, Charges, etc.		180,994.11
Post-war Refund of Excess Profits Taxes		68,153.81
		$10,290,055.05

NATIONAL LEAD COMPANY

Domestic Subsidiaries More than 50, but Less than 100 Per Cent Owned and Foreign Subsidiaries (Other than Continental European and English)

COMBINED STATEMENT OF ASSETS AND LIABILITIES

December 31, 1944

LIABILITIES

Current Liabilities:		
Accounts and Notes Payable and Accrued Liabilities		$ 1,416,500.46
Provisions for Taxes including United States and Foreign Income and Excess Profits Taxes		574,437.71
Total Current Liabilities other than advances from National Lead Company		1,990,938.17
Advances from National Lead Company		773,503.38
Reserves:		
Contingencies	$ 332,946.14	
General Inventory	72,643.86	
Statutory	50,779.64	
Reserve for Post-war Contingencies	68,153.81	524,523.45
		3,288,965.00

EQUITIES

Minority interests	456,762.39	
National Lead Company interest	6,544,327.66	7,001,090.05
		$10,290,055.05

NOTES TO COMBINED FINANCIAL STATEMENTS:

The above statement includes the assets and liabilities at October 31, 1944, and the accompanying statements of income and equities include the statements of income and equities for the year then ended of the Argentine subsidiary.

Included above are the following foreign assets and liabilities: Receivable from, $490,887, and advances from, $573,858, National Lead Company (carried at the dollar amounts reflected on the books of the parent company), other current assets, $5,492,140, and current liabilities, $1,012,865 (translated into United States dollars at exchange rates at the balance sheet date), plant property and equipment, plus other noncurrent assets, $3,300,717, reserves for contingencies, etc., $456,870 (translated generally at exchange rates effective at dates of acquisition of control of the subsidiary by National Lead Company and subsequent additions substantially at average exchange rates during year of addition), reserves for depreciation and depletion, $1,556,497 (based generally on dollar costs of fixed assets).

No refunds under the Renegotiation Act have been made by companies included above and no provisions for such refunds are considered necessary. Because of the uncertainties involved, it is impracticable to estimate what refund, if any, may be made to the Canadian Government.

The combined statements of unconsolidated subsidiaries are stated on approximately the basis that would have been used had such statements been prepared for consolidation with financial statements of the parent company.

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF
NATIONAL LEAD COMPANY,
New York, N. Y.

We have examined the consolidated and individual balance sheets of NATIONAL LEAD COMPANY and its subsidiaries (other than those incorporated in Europe, Argentina and Canada) as of December 31, 1944 and the related consolidated and individual statements of income and surplus for the fiscal year then ended and have received reports of chartered accountants upon their examinations of the balance sheets of the Argentine subsidiary as of October 31, 1944, and the Canadian subsidiaries as of December 31, 1944, and the related statements of income and surplus for the fiscal years ended those dates. We have reviewed the systems of internal control and the accounting procedures of National Lead Company and its subsidiaries (other than as mentioned above) and, without making detailed audits of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examinations were made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, based upon the above outlined examinations and the above mentioned reports of chartered accountants, the accompanying consolidated balance sheet and related consolidated statements of income and surplus present fairly the consolidated position of National Lead Company and its wholly owned domestic subsidiaries at December 31, 1944 and the consolidated results of their operations for the fiscal year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

LYBRAND, ROSS BROS. & MONTGOMERY.

New York, March 6, 1945.

TRUST AGREEMENT

AGREEMENT made this 28th day of December, 1944, by and between NATIONAL LEAD COMPANY, a corporation organized and existing under the laws of the State of New Jersey (hereinafter called the "Company"), party of the first part, and THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK, a banking corporation organized and existing under the laws of the United States of America, as trustee of the trust hereby created (hereinafter called the "Trustee"), party of the second part.

WHEREAS the Board of Directors of the Company has heretofore formulated the profit-sharing plan embodied herein for the benefit of its eligible employees; passed a resolution declaring that in its opinion the adoption of the plan is advisable and directing the submission thereof to the stockholders of the Company for their action thereon at the Annual Meeting of stockholders to be held April 19, 1945; and, subject to the approval of the stockholders and upon the terms and conditions hereinafter set forth, has authorized the adoption of such plan and the execution of this agreement; and

WHEREAS such plan provides for the establishment of a trust into which contributions by the Company are to be made for the purpose of distributing to such employees, their beneficiaries, or their estates, the corpus and income of the fund accumulated in the trust in accordance with such plan; and

WHEREAS such plan and such trust are designated by the Company as constituting parts of a plan intended to qualify under Section 165 (a) of the Internal Revenue Code;

NOW, THEREFORE, THIS AGREEMENT WITNESSETH:

That in order to carry such plan into effect, the parties hereto agree as follows:

ARTICLE I

Administrative Committee

1. The Company shall appoint a committee of three to be known as the "Administrative Committee" (hereinafter referred to as the "Committee"), who shall serve at the pleasure of the Company. Vacancies in the Committee arising by resignation, death, removal or otherwise, shall be filled by the Company.

2. The Committee shall function by unanimous action of its members at the time in office and such action may be taken either by a vote at a meeting or in writing without a meeting. The Committee may by such unanimous action authorize any one or more of its members to execute any document or documents on behalf of the Committee, in which event the Committee shall notify the Trustee in writing of such action and the name or names of its members so designated and the Trustee thereafter shall accept and rely upon any document executed by such member or members as representing action by the Committee until the Committee shall file with the Trustee a written revocation of such designation.

3. A member of the Committee who is also a participant hereunder shall not vote or act upon any matter relating solely to himself. Action by two members upon any such matter shall be deemed unanimous action of the Committee.

4. The Committee shall make available to each participant hereunder a copy of this Agreement and such of its records as may pertain to the assets held by the Trustee for the benefit of such participant who shall have the right to examine the same during business hours.

5. The members of the Committee shall serve without compensation for services as such but all expenses of the Committee shall be paid by the Company.

ARTICLE II

Employees Entitled to Participate

1. Every salaried employee of the Company or any of its wholly owned domestic subsidiaries who on December 31, 1944 shall be actively employed by the Company or any of said subsidiaries and who shall then have been in such employ for a continuous period of three years or more, shall be entitled to participate in the plan as of December 31, 1944 and each December 31 thereafter so long as he shall continue to be so employed. Subsequent to December 31, 1944, every salaried employee of the Company or any of said subsidiaries on that date who shall not then be entitled to participate in the plan, and every salaried employee of the Company or any of said subsidiaries entering such employ subsequent to December 31, 1944, shall be entitled to participate in the plan as of the December 31st coincidental with or next following the date when he shall have been in the continuous employ of the Company or any of said subsidiaries for a continuous period of three years or more, provided that he shall be in the active employ of the Company or any of said subsidiaries on such December 31st and each December 31st thereafter so long as he shall continue to be so employed. A person shall be deemed to be actively employed and in the continuous employ of the Company or of said subsidiaries even though he has been granted a leave of absence with or without pay. "Salaried employee" means any employee of the Company or of any of its wholly owned domestic subsidiaries who renders personal services to the Company or any of said subsidiaries and receives a salary or salary payments therefor. The terms "salary" and "salary payments" mean all forms of direct or indirect compensation computed on a weekly, monthly, annual

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or other comparable basis for personal services and exclude compensation computed on an hourly or daily basis, piecework basis, or other comparable basis.

2. As soon as practicable after December 31, 1944 and each December 31st thereafter, the Company shall transmit to the Committee a certified list of all employees entitled to participate in the plan as of the December 31st next preceding the date of transmittal. Such certified list shall be in such form and contain such information as the Committee may request, and such certified list need not be questioned by the Committee.

3. Every employee entitled to participate in the plan under the provisions of this Agreement shall be known as a "participant", and shall be informed in writing of that status by the Committee as soon as practicable after the establishment thereof.

ARTICLE III

Contributions to the Trustee

1. Simultaneously with the execution hereof, the Company has paid to the Trustee the sum of $500,000 as its initial contribution into the trust and in furtherance of the plan herein described. Said initial contribution shall be applied against the Company's contribution in respect of the Company's taxable year ending December 31, 1944 and, if said initial contribution shall exceed the amount of the Company's contribution in respect of such year, the excess shall be returned to the Company. The Trustee acknowledges receipt of said contribution and agrees to hold and administer the same in trust pursuant to the terms of this Agreement.

2. Subject to the Company's rights under Article VII of this Agreement, the Company shall make, in respect of the taxable year ending December 31, 1944 and each taxable year thereafter, within sixty days next following the close of its taxable year, a contribution into the trust equal to 5% of the consolidated net income of the Company and its wholly owned domestic subsidiaries for such taxable year before such contribution and before provision for federal income and excess profits taxes, *provided* that, if the amount of such income which would remain after deducting therefrom

(1) provision for federal income and excess profits taxes for such taxable year,

(2) an amount equal to $7.00 per share on the Class A preferred stock and $6.00 per share on the Class B preferred stock of the Company outstanding at the end of such taxable year and

(3) an amount in dollars equal to the number of shares of common stock of the Company outstanding at the end of such taxable year

be less than 5% of such income, the contribution shall, except as hereinafter provided in this paragraph, be equal to the highest full percentage of such income, if any, remaining after such deductions; and *provided further* that the contribution shall in no case exceed 15% of the aggregate basic compensation otherwise paid or payable by the Company and its wholly owned domestic subsidiaries to all the participants in the plan. The figures used in computing the contribution for each taxable year shall be those used as the basis for the Company's Consolidated Statement of Income in its Annual Report to Stockholders for such year and all such figures shall be final for the purposes of this paragraph.

3. Notwithstanding anything to the contrary contained in this Agreement as now expressed or hereafter amended, excepting only Article III, paragraphs 4 and 5, it shall be impossible at any time prior to the satisfaction of all liabilities in respect of participants or their beneficiaries or estates under the trust, for any part of the corpus or income of the trust to revert to the Company or to be used for or diverted to any purpose other than the exclusive benefit of participants or their beneficiaries or estates.

4. Notwithstanding anything herein to the contrary, all contributions which the Company may make to the trust, including its initial contribution shall be subject to the condition that if in respect of the year for which the contribution is made or any year to which any part thereof may be carried forward as a tax deduction, the trust is held by the Bureau of Internal Revenue or other competent authority not to qualify under Section 165 (a) of the Internal Revenue Code as amended or not to comply with the requirements of any other applicable laws or regulations, such contribution or any part so carried forward shall be repaid to the Company in cash or in kind or partly in cash and partly in kind, by the Trustee upon written demand therefor, to the extent that the trust fund is sufficient to permit such payment to be made at the time of such demand.

5. Notwithstanding anything herein to the contrary, all contributions which the Company may make to the Trust, including its initial contribution, shall be subject to the condition that in the event that the adoption of this agreement and the establishment of the Trust hereunder is not approved by the stockholders of the Company at their Annual Meeting in 1945, all of the assets shall be repaid to the Company in cash or in kind or partly in cash and partly in kind, by the Trustee, upon notification to the Trustee by the Company to that effect.

ARTICLE IV

Participation

1. Any assets contributed by the Company to the trust and any profits, dividends, or other income thereon shall be allocated as hereinafter set forth as of December 31, 1944, and as of each December 31st thereafter, and until allocated shall be held in an account to be known as the "Suspense Account."

The Trustee shall have concerning the "Suspense Account" all the rights and powers conferred upon it by this Agreement in respect of the trust fund proper.

2. As of December 31, 1944 and as of each December 31st thereafter, the Committee shall allocate the assets in the Suspense Account to the participants in the proportion that the amount of the basic compensation of each participant for the period of one year ending on such December 31st bears to the aggregate amount for such period of the basic compensation of all participants.

Amounts allocated to participants who individually hold, directly or indirectly (for instance, through a spouse or minor child), more than 10% of the voting stock of the Company shall not exceed, in the aggregate, 5% of the total contributions for all participants. Where amounts allocated under the Profit Sharing Plan would exceed this limit, the Committee shall reduce the stockholder-participants' allocation proportionately and equitably and notify the Trustee thereof in writing. This decision, particularly in allocating the reduction among various stockholder-participants, shall be conclusive. The aggregate reduction shall be proportionately allocated to the other participants.

3. The basic compensation of a participant shall include only regular salary or salary payments but exclude commissions, bonuses, overtime pay and other contingent compensation paid or payable by the Company or any of its wholly owned domestic subsidiaries and also shall exclude credits on benefits under this Trust or under any retirement or life insurance or other plan.

4. As soon as the Committee has made the allocation among the participants as hereinbefore set forth, such allocated amounts shall be credited to an account in the name of each such participant upon the books of the Committee, and the Committee shall notify the participant accordingly. But the fact of such allocation, credit and notification shall not vest any right, title or interest in the assets in such participant except at the time or times and upon the terms and conditions herein provided. (See Art. VI).

ARTICLE V

Rights and Duties of Trustee

1. The Trustee hereby accepts the Trust created hereunder and agrees to perform the provisions of this Agreement on its part to be performed.

2. The Trustee shall control, manage, and hold the trust fund and with the advice and consent of the Committee shall invest and reinvest the same together with the income thereof. All contributions from time to time paid to the Trustee by or on behalf of the Company and the income thereof, without distinction between principal and income, shall after allocation constitute and shall be held and administered by the Trustee as a single trust fund, and the Trustee shall not be required to segregate or invest separately any share of any participant in the trust fund.

3. In the investment of funds the Trustee and the Committee shall not be restricted to securities commonly known as "legal investments for trust funds" but may invest in such bonds, common or preferred stock, or other securities as in the joint discretion of the Trustee and the Committee may be deemed advisable. Trustee may hold such investments in its own name or in the name of nominee or nominees with or without a disclosure of the trust. The Trustee may retain in cash and keep unproductive of income such amount of the fund as it may deem advisable or such amount as may be directed by the Committee, having regard for the cash requirements of the trust. The Trustee with the advice and consent of the Committee may sell any such securities at such times and at such prices as in its discretion it deems advisable. The Trustee may vote upon the stocks, bonds or other securities of any corporation or other issuer at any time held in trust, or otherwise consent to or request any action on the part of such corporation or other issuer, and may give general or special proxies or powers of attorney with or without power of substitution, and may participate in reorganizations, recapitalizations, consolidations, mergers and similar transactions with respect to such securities, and may deposit such stocks or other securities in any voting trust, or with any protective or like committee, or with a trustee, or with depositaries designated thereby, and may exercise any subscription rights and conversion privileges, and generally may exercise any of the powers of an owner with respect to stocks or other securities or property comprising the trust.

4. The Trustee shall keep accurate and detailed records of its administration of the trust, which records shall be open to inspection or audit at all reasonable times by any person designated in writing by the Committee or the Company. Within sixty (60) days following the close of each calendar year, or such other date as may be agreed upon between the Trustee and the Company, the Trustee shall file with the Company and with the Committee a written statement and report setting forth all investments, receipts and disbursements, and other transactions effected by it during such calendar year or other period, and containing an exact description of all securities purchased and sold, and the cost or net proceeds of sale, and showing the securities and investments held at the end of such calendar year or other period. Upon the expiration of one hundred and twenty (120) days from the date of filing such written statement and report, the Trustee shall be forever released and discharged from any liability or accountability to anyone as respects the propriety of its acts or transactions shown in such statement and report except with respect to any such acts or transactions as to which the Company or the Committee shall within such one hundred and twenty (120) day period file its written disapproval, and neither the Company nor the Committee nor any participant nor any other person shall have the right to demand or be entitled to any further or different accounting by the Trustee.

5. The Trustee shall be permitted to withdraw from the Trust such reasonable compensation for services rendered by it hereunder as may from time to time be agreed upon between

the Company and the Trustee, together with all reasonable expenses incurred by the Trustee in and about the execution of its duties hereunder, including counsel fees and disbursements. Such compensation and expenses of the Trustee shall be charged against and paid out of the trust fund and the segregated accounts and a lien for the payment thereof shall be impressed upon any cash, securities or other property held by the Trustee hereunder, the same to be charged pro rata against the credit of each participant, provided, however, that the Company may pay any such charges.

6. The Trustee may consult with counsel who may, but need not, be counsel for the Company, in respect of any of its duties or obligations hereunder and shall be fully protected in acting or refraining from acting in accordance with the advice of such counsel.

7. Any determination or action of the Company pursuant to the provisions of this Agreement shall be evidenced by a resolution of the Board of Directors of the Company certified to the Trustee by the Secretary or an Assistant Secretary under the corporate seal of the Company. The Trustee shall be fully protected in acting in accordance with such certified resolution. All notices, advices, directions and instructions to be given by the Committee to the Trustee as provided in this Agreement shall be in writing and signed in the name of the Committee by all of the members of the Committee or by such member or representative of the Committee as all of its members shall specify in writing, and the Trustee shall be fully protected in acting in accordance with the provisions thereof.

8. The Trustee shall not be responsible for the collection of any sum required to be paid by the Company or for the adequacy of the Trust Estate to meet and discharge any and all payments and liabilities under the Plan. All persons dealing with the Trustee are released from inquiry into the decision or authority of the Trustee to act, and from responsibility for the application of any moneys, securities or other property paid or delivered to the Trustee. The Trustee shall not be obligated to pay interest on uninvested cash balances.

9. The Trustee shall not be required to determine, or to make any investigation to determine, the identity or mailing address of any person entitled to benefits under this Agreement, and shall have discharged its obligation in that respect when it shall have sent checks and other papers by ordinary mail to such persons and addresses as may be certified to it by the Committee.

10. The Trustee shall not be liable for any loss or damage or depreciation which may result in connection with the execution of its duties or the exercise of its discretion hereunder except when due to its own negligence or wilful misconduct, unless such loss or damage be occasioned by violation by it of any express provision hereof.

11. In any application to or proceeding or action in the courts, only the Company, the Committee and the Trustee shall be necessary parties, and no participant or other person having an interest in the fund shall be entitled to any notice or service of process. Any judgment entered in such a proceeding or action shall be conclusive upon all persons claiming under this trust.

12. If at any time the Company or the Committee shall be incapable, for any reason, of giving directions, instructions or authorizations to the Trustee as herein provided for, the Trustee may act, and shall be completely protected and without liability in so acting without such directions, instructions or authorizations, as it in its sole discretion deems appropriate and advisable in the circumstances for the carrying out of the provisions of this Agreement.

13. The Trustee may be removed by the Company by the delivery to such Trustee of a certified copy of a resolution of the Board of Directors of the Company to that effect. The Trustee may resign as Trustee hereunder upon written notice to that effect delivered to the Company. Such removal or resignation shall become effective sixty days from the date of the delivery of such copy of resolution or such written notice, as the case may be, unless an earlier or later date is mutually agreed upon by the Company and the Trustee.

In the event of such removal or resignation, a Successor Trustee shall be appointed by the Company through the action of its Board of Directors and such Successor Trustee, upon accepting such appointment by an instrument in writing delivered to the Company, shall become vested with all the rights, powers, duties, privileges and immunities as Trustee hereunder as if it originally had been designated as Trustee in this Agreement. Upon such appointment and acceptance the replaced Trustee shall endorse, transfer, assign, convey and deliver to the Successor Trustee all of the funds, securities, and other property then held by it under the trust and such records as may reasonably be required by the Company, in order that the Successor Trustee may properly administer the trust hereunder. In the event of such removal or resignation of any Trustee hereunder it shall, within sixty (60) days from the date of such removal or resignation, file with the Company and with the Committee a statement and report of its accounts and proceedings covering the period from and containing the items of its last annual statement and report in this respect to the date of such removal or resignation. Upon the expiration of one hundred and twenty (120) days from the date of filing such written statement and report, the Trustee shall be forever released and discharged from any liability or accountability to anyone as respects the propriety of its acts or transactions shown in such statement and report except with respect to any such acts or transactions as to which the Company or the Committee shall within such one hundred and twenty (120) day period file its written disapproval, and neither the Company nor the Committee nor any participant nor any other person shall have the right to demand or be entitled to any further or different accounting by the Trustee.

ARTICLE VI

Benefits

1. *Amounts of Benefits.* Except as otherwise provided herein and subject to the conditions hereof an employee who is a participant in the fund shall be entitled to the entire amount standing to the credit of his account.

The trust fund shall be valued by the Trustee at market values annually at the close of business at the end of the year and any contribution in respect of that year shall be considered as being made immediately after such valuation. A similar valuation shall be made as of the end of each quarter annual period. On the basis of the valuation as of the end of the year and also on the basis of the quarter annual valuation (if there have been deaths or other severances of employment among the members during such period or if the Committee shall so decide), the participants' accounts maintained by the Committee shall be adjusted to reflect the effect of income realized and unrealized profits and losses, expenses and all other transactions of the preceding period. Such valuations and such adjustments of the participants' accounts shall be made so as to preserve for each participant's account its beneficial interest in the trust fund.

2. *Distribution of benefits.* The amounts to which a participant is entitled shall be distributed by the Trustee upon the written direction of the Committee, as follows:

(a) *Distribution during participant's continued employment.* As of the end of his tenth year of participation and as of the end of each subsequent year of his participation prior to but not coincidental with his death, severance or retirement, each participant shall be paid 10% of the amount standing to the credit of his account prior to the crediting of any allocation for such year.

(b) *Distribution upon severance of employment.* In the event that the participant's employment is terminated by his resignation (except for retirement) or by the Company, the amount to which the participant is then entitled shall be paid to him over a period of 5 consecutive years in installments of 20% of the total sum due. The first installment shall be due within 180 days next following the severance of his employment.

(c) *Distribution upon retirement.* In the case of any participant who is retired from service at any time after attaining the age of 60 years and after 30 days notice thereof in writing to the Committee and the Trustee, the Trustee shall pay to him as follows: (1) If the amount standing to the credit of the participant and not distributed to him is less than $5,000 the entire sum shall be paid to him within 30 days after such retirement, or (2) If the amount standing to his credit is more than $5,000 and less than $20,000, then $5,000 shall be paid to him as a lump sum within 30 days after such retirement and the balance shall be paid to him in equal annual installments over a period of five years or (3) If the amount standing to his credit is more than $20,000, then $20,000 thereof shall be paid to him as provided in (2) hereof and the balance shall be paid to him in equal annual installments over a period of 10 years; or (4) In any case within (2) or (3) hereof at the option of the participant, the whole or any part of the amount standing to his credit may be used to purchase a commercial annuity contract providing payments during not less than the life of the participant. The first of such annual installments provided for in (2) and (3) immediately above shall be paid within 30 days after the valuation date next subsequent to such retirement.

(d) *Distribution upon death before the happening of any of the events in the foregoing sub-divisions (a) (b) and (c).* In the event of the death of a participant prior to completion of the tenth year of his participation, or severance of employment, or retirement, the Committee shall evaluate the fund standing to his credit as of the last day of the month of March, June, September or December following his death and payment thereof shall be made by the Trustee within 30 days thereafter to any beneficiary designated by him in writing and filed with the Committee except that should such designation also include a direction that such amount shall be paid to the beneficiary in installments, then the account shall thereupon be segregated to the individual credit of such beneficiary and shall no longer constitute a part of the trust fund and the remaining installments shall be paid over to such beneficiary in the manner provided in the preceding sub-division (c) hereof. The name of the beneficiary filed with the Committee shall be subject to change from time to time as the participant may desire.

In the event no beneficiary has been designated by such deceased participant, the whole of the account as so evaluated shall be paid by the Trustee to the estate of such participant.

In the event of distribution upon severance of employment, or in the event of distribution upon retirement, if payment is not made in one lump sum, the Committee in any of such situations shall direct that the amount standing to the credit of such participant as of the valuation date next subsequent to the happening of such event shall be segregated to the individual credit of such participant and shall no longer constitute a part of the trust fund. The Trustee and the Committee may, in their discretion, exercise with regard to any segregated account the same rights and powers of investment and reinvestment which they have under this Agreement with regard to the trust fund. Any income of such segregated account shall be paid to such participant by the Trustee at the time of payment of the next succeeding annual installment. In the event of the death of such participant prior to the payment of the final installment due him, the remaining installments shall be paid by the Trustee as they fall due to any beneficiary designated in writing by the participant and filed with the Committee, subject to change from time to time as the participant may desire, and if no such beneficiary has been so named, the whole of the unpaid balance remaining in his segregated account shall be paid by the Trustee to the estate of such deceased participant. Should the payment to any retired participant be made in one lump sum, the Trustee shall in like manner evaluate the fund standing to his credit as of the valuation date next subsequent to his retirement.

3. *Termination of participation.* Termination of active service shall constitute termination of participation hereunder, except that if the active service of any participant is suspended on account of leave of absence, military service, sickness, or accident, his participancy shall not be deemed to have terminated, unless and until the Company has notified the participant in writing to the contrary.

ARTICLE VII

Amendment and Termination

1. The Company reserves the right at any time and from time to time by action of its Board of Directors or stockholders to modify or amend this agreement or the plan in whole or in part by delivering to the Trustee a certified copy of a resolution of the Board of Directors or stockholders of the Company authorizing such modification or amendment, provided, however, that the Company shall have no power to amend this Agreement or the plan in such manner as would cause or permit any part of the corpus of the trust to be diverted to purposes other than the exclusive benefit of participants or their beneficiaries or estates, or as would cause or permit any portion of the assets of the trust to revert to or to become the property of the Company, and provided further that the duties or liabilities of the Trustee hereunder shall not be increased without its written consent.

2. Discontinuance on the part of the Company of further contributions to the trust shall not terminate the trust as to the funds then held by the Trustee hereunder or operate to accelerate any payments or distributions to or for the benefit of participants or their beneficiaries or estates, and the Trustee shall continue to administer the trust and perform such other acts as may be in accordance with the provisions hereof until all obligations hereunder shall have been discharged and satisfied.

3. Unless this trust be sooner terminated, a successor to the business of the Company, by whatever form or manner resulting, may continue this plan and trust by appropriate supplemental agreement, provided, however, that in such event or in the event the Company becomes a subsidiary of another company by reason of ownership of more than 50% of the voting stock of the Company, the Committee shall direct the Trustee to make distribution as provided herein of the assets allocated to any participant who is not continued in the employ of the Company or the successor company.

4. This plan is voluntary on the part of the Company which reserves the right to modify or amend the plan from time to time or terminate such contributions permanently.

5. Upon the termination of the trust, any and all assets remaining in the Suspense Account shall be allocated to the accounts of the participants who were actively employed by the Company on the last day of the month preceding termination, in the proportion that the amount of the compensation of each such participant, for the year preceding the year of termination bears to the amount of the compensation of all such participants for such period. The Committee shall transmit to the Trustee a certified list of the names and addresses of all participants entitled to participate in such allocation, together with the amounts to be allocated to each participant.

ARTICLE VIII

Miscellaneous

1. Neither the establishment of the trust hereby created, nor any modification thereof, nor the creation of any fund, or account, nor the payment of any benefits, shall be construed as giving to any participant or other person any legal or equitable right against the Company, or any officer or director of the Company, or the Trustee, or the Committee, except as herein provided. Neither this agreement nor the plan shall in any manner affect the control of the Company or any of its wholly owned domestic subsidiaries over the terms and conditions of employment of any employee.

2. Except as otherwise provided in this Agreement, none of the benefits, payments, proceeds, claims or rights of any participant hereunder shall be subject to any claim of any creditor of any participant, and in particular the same shall not be subject to attachment or garnishment or other legal process by any creditor of any participant, nor shall any such participant have any right to alienate, anticipate, commute, pledge, encumber, or assign any of the benefits or payments or proceeds which he may expect to receive, contingently or otherwise, under this Agreement.

3. Whenever the Company under the terms of this Agreement is permitted or required to do or perform any act or matter or thing it shall be done and performed by the Board of Directors of the Company and shall be evidenced by proper resolution certified by the Secretary or an Assistant Secretary of the Company with the seal of the Company attached, except that, where the laws of the State of incorporation of the Company or any other applicable laws require action by the stockholders, such act or matter or thing shall be done and performed only upon or consistent with such action by the stockholders.

4. The word "Trustee" as herein used means the original Trustee and any Successor Trustee. Any Company into which the Trustee may be merged, or with which it may be consolidated, or any company resulting from any merger or consolidation to which the Trustee may be a party, or any company succeeding to the business of the Trustee, shall be the

successor of the Trustee hereunder without the execution of any paper or any further action on the part of the parties hereto.

5. The word "assets" as herein used shall be deemed to refer to the money and other property received hereunder by the Trustee.

6. The provisions of this Agreement shall be construed, administered and enforced according to the laws of the State of New York, and the Trustee shall be liable to account only in the courts of that state. All contributions to the Trustee shall be deemed to take place in the State of New York. The Trustee may at any time initiate any legal action or proceeding for the settlement of its accounts or for the determination of any question of construction which may arise, or for instructions, and the only necessary parties defendant to such action or proceeding shall be the Company and the Committee, except that the Trustee may if it so elects, include as parties defendant any other person or persons.

7. Wherever any words are used herein in the masculine gender they shall be construed as though they were also used in the feminine gender in all cases where they would so apply, and wherever any words are used herein in the singular form they shall be construed as though they were also used in the plural form in all cases where they would so apply.

IN WITNESS WHEREOF the Company and the Trustee have caused this Agreement to be executed in duplicate original copies by their duly authorized officers and their respective corporate seals to be hereunto affixed and duly attested as of the day and year first above written.

NATIONAL LEAD COMPANY

By FLETCHER W. ROCKWELL
President

(Seal)

Attest:
H. O. BATES
Secretary

THE CHASE NATIONAL BANK of the CITY of NEW YORK
By V. L. BANKER
Vice-President

(Seal)

Attest:
J. F. HONOLD
Assistant Cashier

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss:

On this 28th day of December, 1944, before me personally came FLETCHER W. ROCKWELL to me known, who, being by me duly sworn, did depose and say that he resides at 277 Park Ave., New York City; that he is President of National Lead Company, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

MARGARET A. CANNELLA,
Notary Public
(Seal)

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss:

On this 28th day of December, 1944, before me personally came V. L. BANKER to me known, who, being by me duly sworn, did depose and say that he resides at 129 Grandview Ave., Rye, N. Y.; that he is a Vice-President of the Chase National Bank, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

MARGARET A. CANNELLA,
Notary Public
(Seal)

STOCK HOLDINGS IN NATIONAL LEAD COMPANY

	*Number of Holders December 31 1944	1943	Increase	Decrease
Common	12,231	12,298	....	67
Preferred Class "B"	2,070	2,047	23	....
Preferred Class "A"	3,792	3,778	14	....
Total	18,093	18,123	....	30

The number of women owning Stock is as follows:

	*Number of Holders	Number of Shares	Average Holdings
Common	5,227	846,067	162
Preferred Class "B"	1,050	28,925	28
Preferred Class "A"	2,178	74,811	34
Total	8,455	949,803	
Per Cent of Total Stockholders			46.73
Per Cent of Outstanding Par Stock			30.66

The number of accounts closed and opened during 1944 was as follows:

	Total	Common	Class "B" Pfd.	Class "A" Pfd.
Closed	2,848	2,188	209	451
Opened	2,818	2,121	232	465

* Where the same person owns more than one Class of Stock, there is a duplication in the number of Stockholders.

DIRECTORS

EDWARD F. BEALE
Philadelphia, Pa.
LEONARD T. BEALE
Philadelphia, Pa.
WILLIAM V. BURLEY
St. Louis, Mo.
WALTER P. CARROLL
Chicago, Ill.
WILLIAM H. CROFT
Chicago, Ill.
CLAUDE F. GARESCHE
Short Hills, N. J.
CHARLES A. GEATTY
Red Bank, N. J.
KENDALL MARSH
New York, N. Y.
JOSEPH A. MARTINO
Jamaica, N. Y.
JOSEPH J. MORSMAN
Chicago, Ill.
FLETCHER W. ROCKWELL
Greenwich, Conn.
HAROLD ROWE
Englewood, N. J.
CHARLES SIMON
Jamaica, N. Y.
JAMES A. TAYLOR
Toronto, Ont.
HERMAN T. WARSHOW
New York, N. Y.

EXECUTIVE COMMITTEE

FLETCHER W. ROCKWELL, Chairman
WILLIAM H. CROFT
C. F. GARESCHE
CHARLES A. GEATTY
J. A. MARTINO
HAROLD ROWE
CHARLES SIMON
H. T. WARSHOW

EXECUTIVE OFFICERS

President
FLETCHER W. ROCKWELL

Vice Presidents
WILLIAM V. BURLEY
WILLIAM H. CROFT
HAROLD ROWE
H. T. WARSHOW

Secretary
HENRY O. BATES

Assistant Secretary
JOHN B. HENRICH

Treasurer
CHARLES SIMON

Comptroller
H. T. WARSHOW

Assistant Treasurer
J. J. MORSMAN, JR.

Assistant Comptrollers
J. A. MARTINO
H. C. WILDNER

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

Stock Transfer Agent
THE CHASE NATIONAL BANK
11 Broad St., New York, N. Y.

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

DEPARTMENTS

ADVERTISING	WM. KNUST, Manager
ENGINEERING	ANDREW MAYER, Chief Engineer
FLAXSEED	J. A. JOHANSEN, Manager
INSURANCE	HAMLIN & CO., Managers
MANUFACTURING	F. J. SHIRLEY, Production Manager
METAL	C. A. GEATTY, Manager
PURCHASES	E. R. DONDORF, Manager
SALES	H. J. IRVIN, Manager
PATENTS	C. F. KAEGEBEHN, Manager
RESEARCH LABORATORIES	ALEX STEWART, Director
TRAFFIC	D. R. NORRIS, Manager

COMMITTEES

FLAXSEED AND LINSEED OIL COMMITTEE

H. T. WARSHOW, Chairman

J. A. JOHANSEN, J. G. C. MCNAIR, J. L. REQUE, J. J. MORSMAN, JR., K. VETTEWINKEL, A. M. WILSON

MANUFACTURING COMMITTEE

F. J. SHIRLEY, Chairman

C. A. GEATTY, ANDREW MAYER, H. J. IRVIN, J. F. DAVIS, Secretary, E. R. ROWLEY, J. A. MARTINO

METAL SALES COMMITTEE

H. J. IRVIN, Chairman

G. E. BEHR, W. P. CARROLL, C. A. GEATTY, C. W. GESREGAN, T. C. HOELZER, H. W. HUNDLEY, J. PAUL KIRK, J. A. MARTINO, Secretary, JAMES A. TAYLOR, W. I. WENTZ, G. H. WORRALL, G. A. WATTS

NEW PRODUCTS COMMITTEE

C. F. GARESCHE, Chairman

D. W. ROBERTSON, C. A. GEATTY, GUSTAV JEBSEN, HAROLD ROWE, H. T. WARSHOW

OXIDE SALES COMMITTEE

D. A. MERSON, Chairman

W. P. CARROLL, R. M. EVANS, J. W. GARDINER, JR., A. B. TIBBETS, Secretary, J. P. KIRK, H. J. WHITSON

RESEARCH AND DEVELOPMENT COMMITTEE

C. A. GEATTY, Chairman

R. L. HALLETT, Chief Chemist

GUSTAV JEBSEN, D. A. MERSON, ALEX STEWART, J. L. TURNER

WHITE LEAD SALES COMMITTEE

F. K. MCCARTHY, Chairman

E. E. BUSSE, J. L. CARUTH, J. H. GAERTNER, J. W. GARDINER, JR., R. L. HALLETT, R. J. FERREE, W. H. LESSMAN, J. G. C. MCNAIR, W. R. MELVILLE, A. B. TIBBETS, Secretary, R. J. PETERS, J. L. REQUE, HAROLD ROWE, K. VETTEWINKEL, H. C. WILDNER

PENSION AND LIFE INSURANCE BOARD

H. T. WARSHOW, Chairman

W. V. BURLEY, C. A. GEATTY, CHARLES SIMON

H. O. BATES, Secretary

BRANCHES

NATIONAL LEAD COMPANY

ATLANTIC BRANCH, 111 Broadway, New York
J. G. C. MCNAIR, C. W. GESREGAN, Managers

BALTIMORE BRANCH, 214 West Henrietta Street, Baltimore
H. F. FREIHERR, Manager

BUFFALO BRANCH, 116 Oak Street, Buffalo
W. R. MELVILLE, Manager

CHICAGO BRANCH, 900 West Eighteenth Street, Chicago
W. P. CARROLL, Manager
MILWAUKEE, WIS., 744 No. Fourth Street
DETROIT, MICH., 1627 W. Fort Street

CINCINNATI BRANCH, 659 Freeman Avenue, Cincinnati
H. W. HUNDLEY, Manager
LOUISVILLE, KY., 1320 Heyburn Building
ATLANTA, GA., Bishop Street

CLEVELAND BRANCH, 1213 W. Third Street, Cleveland
E. E. BUSSE, Manager

PACIFIC COAST BRANCH, 2240 Twenty-fourth Street, San Francisco
J. L. CARUTH, Manager
LOS ANGELES, CAL., 932 Wilson Street
SEATTLE, WASH., 973 John Street

ST. LOUIS BRANCH, 722 Chestnut Street, St. Louis
W. V. BURLEY, Manager
DALLAS, TEX., 959 Terminal Street
KANSAS CITY, MO., 1406-1408 W. Thirteenth Street
NEW ORLEANS, LA., 516 Tchoupitoulas Street
OMAHA, NEB., 2810 A Street
ST. PAUL, MINN., 102 W. Fairfield Avenue

ST. LOUIS SMELTING & REFINING WORKS, 722 Chestnut St., St. Louis
JEAN McCALLUM, Manager

E. W. BLATCHFORD CO., BRANCH, 63 Park Row, New York
R. F. KIELICH, Manager

EVANS LEAD DIVISION, Charleston, W. Va.
R. M. EVANS, Manager
Manufacturers of Lead Oxides

JOHN T. LEWIS & BROS. CO., Widener Bldg., So. Penn Sq., Philadelphia
J. W. GARDINER, Jr., President

MAGNUS METAL DIVISION, Chicago
W. H. CROFT, General Manager
Brass Founders

NATIONAL LEAD & OIL CO. OF PENNA., 1376 River Ave., N.S., Pittsburgh
J. H. GAERTNER, 2nd Vice President

NATIONAL-BOSTON LEAD CO., 800 Albany Street, Boston
R. J. PETERS, President

NATIONAL LEAD CO. S. A. (ARGENTINA), Avenida Presidente Roque Saenz Pena 567, Buenos Aires
M. L. SHOEMAKER, President

BAROID SALES DIVISION, 830 Ducommun St., Los Angeles
GEO. L. RATCLIFFE, General Manager
Oil Well Drilling Mud Service

TITANIUM DIVISION, 111 Broadway, New York
C. F. GARESCHE, Manager
Manufacturers of Titanium Oxide Pigments
Miners of Ilmenite and Magnetite Iron Ore

DE LORE DIVISION, Carondelet, St. Louis
C. P. De LORE, Manager
Barium Sulphate and Calcium Sulphate Pigments

0000-NLI-000018303

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

AMERICAN BEARING CORPORATION, Indianapolis
PETER LAMBERTUS, President
Manufacturers of Precision Bearings

AMERICAN LEAD CORPORATION, Indianapolis
C. HAAN, Manager
Smelters of Secondary Metals

BAKER CASTOR OIL COMPANY, New York
KENDALL MARSH, President
Manufacturers of Castor Oil

CANADIAN TITANIUM PIGMENTS LIMITED, Montreal
L. W. Haslett, President
Manufacturers of Titanium Oxide Pigments

EVANS LEAD CORPORATION, Charleston, W. Va.
R. M. EVANS, President
Distributors of Lead Oxides

HOYT METAL COMPANY OF GREAT BRITAIN, LTD., London
C. J. KNIGHT, Managing Director
Manufacturers of Anti-Friction Metals

MORRIS P. KIRK & SON, INC., Los Angeles
MORRIS P. KIRK, President
Manufacturers of Lead Alloys and Oxides

MAGNESIUM REDUCTION COMPANY, Luckey, Ohio
FLETCHER W. ROCKWELL, President
Producers of Metallic Magnesium

MAGNUS METAL CORPORATION, Chicago
W. H. CROFT, President
Brass Founders

MASTER METALS, INC., Cleveland
T. C. HOELZER, Manager
Smelters of Secondary Metals

ST. LOUIS SMELTING & REFINING COMPANY, St. Louis
FLETCHER W. ROCKWELL, President
Miners, Smelters and Refiners of Lead

THE CANADA METAL COMPANY, LTD., Toronto
JAMES A. TAYLOR, President
Toronto, Montreal, Winnipeg, Vancouver
Manufacturers of Lead Products, Brass and Bronze, Dross Smelters

THE EDNA BRASS MFG. CO., Cincinnati
Manufacturers of Locomotive Specialties

TITAN CO. A/S., Fredriksstad, Norway
DR. G. JEBSEN, Managing Director
Manufacturers of Titanium Oxide Pigments

TITAN COMPANY, INC., Wilmington, Del.
DR. G. JEBSEN, Vice President, New York
TITANGESELLSCHAFT, m. b. H., Leverkusen, Germany
SOCIETE INDUSTRIELLE DU TITANE, Paris, France
BRITISH TITAN PRODUCTS CO., LTD., London, England
Manufacturers and Distributors of Titanium Oxide Pigments

TITANIUM PIGMENT CORPORATION, New York
C. F. GARESCHE, President
Distributors of Titanium Oxide Pigments

Products Manufactured by National Lead Company and Affiliated Companies

PAINT MATERIALS

White Lead, Dry and in Oil
Colors, Dry and in Oil
Flatting and Lead Mixing Oils
Wall Primer
Liquid Drier
Red Lead, Dry and in Oil
Linseed Oil, American and Calcutta, Raw, Boiled, Refined, Varnishmakers'
Titanium Pigments

TITANIUM PIGMENTS

Titanium Dioxide (Rutile)
Titanium Dioxide (Anatase)
Titanium Barium Pigments
Titanium Calcium Pigments
Lead Titanate

Titanium Pigments are used to opacify Paint, Inks, Paper, Rubber, Linoleum and Floor Coverings, to deluster Rayon, and in Welding Rod Coatings as an arc stabilizer.

ARCHITECTURAL MATERIALS

Lead Pipe
Glaziers' Lead
Solder
Antimonial Lead Products
Sheet Lead
Lead Sash Weights
Lead Traps and Bends
Cinch Expansion Bolts

ACID MANUFACTURING EQUIPMENT

Acid Pumps
Antimonial Lead Lined Valves
Antimonial Sheet Lead and Pipe
Tin Lined Valves and Fittings
Acid Concentrators
Antimonial Lead Lined Fittings
Chemical Lead Pipe
Chemical Sheet Lead
Special Tellurium Lead Lined Fittings

BEARING METALS

Babbitt Metals
Precision Bearings
Pressure Die Castings
Satco Metal

PRINTERS' METALS

Linotype Metal
Monotype Metal
Impression Lead
Stereotype Metal
Electrotype Metal
Blatchford Sectional Base

LEAD OXIDES

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

MISCELLANEOUS METAL PRODUCTS

Kirksite "A" Die Metal
Bar Lead
Antimonial Lead Products
Special Tellurium Lead Products and Castings
Block Tin Pipe
Tin Lined Pipe
Lead Wool
Lead Wire
Pewter and Britannia Metal
Tellurium Sheet Lead and Pipe

GENERAL PRODUCTS

Brown Sugar of Lead
White Sugar of Lead
Copperas—Iron Sulphate
Zinc Sulphate
Zinc Chloride
Magnetite—Iron Ore
Magnetite Sinter
Linseed Oil Cake and Meal
Castor Oil
Copper Sulphate
Sodium Sulphide
Oil Well Drilling Muds
Pyrites Iron Cinder