SEMI-ANNUAL REPORT

NATIONAL LEAD COMPANY

FOR PERIOD ENDING
JUNE 30, 1942

Principal Office:
15 EXCHANGE PLACE - - JERSEY CITY, N. J.

Executive Offices:
111 BROADWAY, NEW YORK CITY

To the Stockholders of National Lead Company:

The following is a Consolidated Balance Sheet of National Lead Company as of June 30, 1942 and a Statement of Consolidated Income and Surplus for the first six months of 1942. The consolidation includes only domestic subsidiaries in which National Lead Company owns all of the outstanding capital stock. Dividends received from foreign corporations owned in part or in whole, domestic corporations not wholly owned, as well as interest on bonds and miscellaneous items not directly connected with current operations, are included in the item of "Other Income." The item of "Other Charges" appearing on the Consolidated Earnings Statement represents a foreign exchange loss resulting from the liquidation of cash remittances from foreign subsidiary companies. During the period the company received foreign dividends amounting to $265,473.89. This amount was added to the existing Reserve for Foreign Investments. In view of uncertain conditions, an amount of $625,000.00 was set aside out of earnings for the period and added to the Contingency Reserve. Dividends on National Lead Company Preferred and Common Stocks owned by the Company itself are not included in this statement, either as disbursements or as income.

FLETCHER W. ROCKWELL, *President.*

ASSETS

Current Assets:			
Cash		$ 8,997,355.34	
U. S. Government Securities (Market Value $ 778,289.85)		743,677.51	
Other Marketable Securities, Domestic (Market Value $ 919,007.50)	$ 580,678.53		
Other Marketable Securities, Foreign (Market Value $2,732,260.90)	741,546.96	1,322,225.49	
Accounts and Notes Receivable	$12,313,374.89		
Less Bad Debt Reserve	977,720.14	11,335,654.75	
Notes Receivable from Employees		249,114.93	
*Inventories (at Normal Prices, Excess at Cost or Market)		26,989,304.64	
Total Current Assets			$ 49,637,332.66
Investments and Advances:			
Affiliated Companies (at book value, in no case exceeding cost):			
Domestic	$ 6,163,876.02		
Foreign	2,950,841.97	$ 9,114,717.99	
National Lead Company Capital Stock (19,883 shares Preferred A; 25,815 shares Preferred B; 7,646 shares Common) (Market Value $6,645,479.38)		5,407,371.91	
Miscellaneous Investments (not listed on any exchange):			
Domestic	$ 340,411.58		
Foreign	77,840.00	418,251.58	
Total Investments and Advances			14,940,341.48
Fixed Assets:			
Plant Properties and Equipment—Gross Property		$94,923,683.56	
Less: Depreciation and Depletion Reserves		35,766,085.32	59,157,598.24
Patents and Licenses			239,936.42
Deferred Charges			833,768.08
			$124,808,976.88

LIABILITIES

Current Liabilities:			
Accounts Payable, audited but not due		$ 4,536,327.46	
Tax Reserve		12,793,534.69	
Dividend Payable August 1, 1942 on Class B Preferred Stock		116,193.00	
Total Current Liabilities			$ 17,446,055.15
Reserves:			
Fire Insurance Reserve		$ 4,797,284.02	
Employers Liability Reserve		426,664.30	
Pension Reserve		2,238,610.22	
Reserve for Contingencies		3,425,000.00	
Foreign Exchange and Miscellaneous		166,542.67	11,054,101.21
Capital Stock and Surplus:			
Capital Stock:	Authorized	Issued	
Preferred Class A—Par Value $100	$ 25,000,000.00	$24,367,600.00	
Preferred Class B—Par Value $100	25,000,000.00	10,327,700.00	
Common —Par Value $ 10	50,000,000.00	30,983,100.00	
	$100,000,000.00	$65,678,400.00	
Earned Surplus		30,509,701.32	
Capital Surplus		120,719.20	96,308,820.52
			$124,808,976.88

DETAILS OF PLANT INVESTMENT

	June 30, 1942	Dec. 31, 1941	Increase
Gross Property	$94,923,683.56	$89,545,627.04	$5,378,056.52
Less Depreciation and Depletion Reserves	35,766,085.32	34,348,003.88	1,418,081.44
Net Property	$59,157,598.24	$55,197,623.16	$3,959,975.08

* The present normal stocks of the Company are as follows:

Lead	49,687½ short tons valued at	$0.03 per pound
Tin	1,124½ short tons valued at	.21 per pound
Antimony	259 short tons valued at	.05 per pound

Stocks in excess of normals at cost or market, whichever is lower.

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CONSOLIDATED EARNINGS STATEMENT

		Six Months Ended June 30th 1942		1941
Sales		$66,892,971.07		$61,690,089.50
Cost of Goods Sold, Taxes (except Federal Income and Excess Profits taxes), Depreciation and Depletion and Other Expenses		58,623,786.42		55,218,842.95
		$ 8,269,184.65		$ 6,471,246.55
Other Income		446,254.22		371,707.37
		$ 8,715,438.87		$ 6,842,953.92
Other Charges		228,587.62		
		$ 8,486,851.25		$ 6,842,953.92
Federal Income and Excess Profits Taxes		5,618,549.78		2,925,778.81
		$ 2,868,301.47		$ 3,917,175.11
Additions to Reserves:				
Reserve for Foreign Investments	$265,473.89		$628,175.15	
Reserve for Contingencies	625,000.00	890,473.89		628,175.15
Total Net Income		$ 1,977,827.58		$ 3,288,999.96
Dividends on Preferred Stock Outstanding:				
Class A	$783,275.50		$748,275.50	
Class B	232,386.00	1,015,661.50	232,386.00	980,661.50
Amount Earned on Common Stock		$ 962,166.08		$ 2,308,338.46
Amount Earned per share of Common Stock Outstanding		$.311		$.747

ANALYSIS OF CONSOLIDATED SURPLUS

		1942		1941
Earned Surplus—At beginning of year		$30,320,201.24		$28,657,970.12
Add: Net Income for Six Months		1,977,827.58		3,288,999.96
		$32,298,028.82		$31,946,970.08
Deduct: Dividends Paid During Period—				
Preferred Stock Outstanding:				
Class A	$783,275.50		$748,275.50	
Class B	232,386.00	$ 1,015,661.50	232,386.00	$ 980,661.50
Common Stock Outstanding		772,666.00		772,668.00
Total Dividends Paid		$ 1,788,327.50		$ 1,753,329.50
Earned Surplus—June 30th		$30,509,701.32		$30,193,640.58
Capital Surplus—June 30th		120,719.20		120,719.20
Total Surplus—June 30th		$30,630,420.52		$30,314,359.78

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