Annual Report

NATIONAL LEAD COMPANY

for Fiscal Year Ending

December 31, 1915

Principal Office:
1 Exchange Place, Jersey City, New Jersey

Executive Offices:
111 Broadway, New York City

National Lead Company

1 Exchange Place, Jersey City, N. J.

Report to be Presented to the Stockholders at their Twenty-Fourth Annual Meeting, April 20, 1916, for the Fiscal Year Ending December 31, 1915.

To the Stockholders of National Lead Company—

The following Balance Sheet shows the condition of the Company on December 31, 1915:

ASSETS

Plant Investment			$23,785,821.91
Other Investments:			
Stocks and Bonds of Insurance Fund		$1,000,000.00	
Stocks of Companies not entirely owned by National Lead Company		1,046,950.00	
Stocks and Bonds of Subsidiary Companies		15,473,965.75	17,520,915.75
Current Assets:			
Stock on hand, manufactured, in process and raw		$6,267,771.96	
Cash		1,635,324.10	
Customers' Accounts		2,854,136.09	
Advances to Subsidiary Companies		545,000.00	
Other Notes Receivable		850,000.00	12,152,232.15
			$53,458,969.81

LIABILITIES

Capital Stock:			
Common		$20,655,400.00	
Preferred		24,367,600.00	
Insurance Fund		1,100,000.00	
Metal Reserve		200,000.00	
Plant Depreciation Reserve		100,000.00	
Accounts Payable:			
Audited but not due	$250,322.68		
Subsidiary Companies	1,048,285.19	1,298,607.87	
Surplus, December 31, 1915		5,737,361.94	$53,458,969.81

STATEMENT OF NET EARNINGS AND DISPOSITION OF SAME

Surplus, December 31, 1914		$5,352,230.27
Net Earnings after deductions for Maintenance, Repairs, etc.		2,710,525.67
		$8,062,755.94
Less Dividends:		
Dividends on Preferred Stock, 7%	$1,705,732.00	
Dividends on Common Stock, 3%	619,662.00	2,325,394.00
Surplus, December 31, 1915		$5,737,361.94

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

ASSETS

	Dec. 31, 1914	Dec. 31, 1915	Increase	Decrease
Plant Investment	$23,768,788.95	$23,785,821.91	$17,032.96	....
Other Investments	16,963,717.62	17,250,915.75	557,198.13	....
Stock on hand	7,164,475.22	6,267,771.96	....	$896,703.26
Cash	1,387,754.76	1,635,324.10	247,569.34	....
Customers' Accts.	2,084,328.70	2,854,136.09	769,807.39	....
Subsidiary Cos.	845,000.00	545,000.00	....	300,000.00
Other Notes Receivable	150,000.00	850,000.00	700,000.00	....
	$52,364,065.25	$53,458,969.81	$2,291,607.82	$1,196,703.26

LIABILITIES

	Dec. 31, 1914	Dec. 31, 1915	Increase	Decrease
Common Stock	$20,655,400.00	$20,655,400.00	....	....
Preferred Stock	24,367,600.00	24,367,600.00	....	....
Insurance Fund	1,000,000.00	1,100,000.00	$100,000.00	....
Metal Reserve	....	200,000.00	200,000.00	....
Plant Reserve	....	100,000.00	100,000.00	....
Accounts Payable	319,806.21	250,322.68	....	$69,483.53
Subsidiary Cos.	669,028.77	1,048,285.19	379,256.42	....
Surplus	5,352,230.27	5,737,361.94	385,131.67	....
	$52,364,065.25	$53,458,969.81	$1,164,388.09	$69,483.53

Before the results shown in the foregoing statements have been reached, there has been deducted for maintenance and repairs the sum of $438,072.34.

It has been thought wise by the Directors to extend the operations of our Insurance Department, the Company carrying a greater proportion of our insurance than in the past, and with this in view there has been added to the insurance fund $100,000.

We have also appropriated for a Metal Reserve, $200,000, a fuller explanation of which is given later on in this report. Likewise, we have appropriated $100,000 as a Plant Reserve for depreciations.

The increase in the item of Other Investments is accounted for by the purchase of certain securities for the account of the Insurance Fund and the redemption of certain bonds of a subsidiary company in fulfilment of a contract connected with its purchase. To the Surplus Fund has been added $385,131.67.

The Company has no floating indebtedness and closed the year with no borrowed money and without indebtedness except as indicated under Accounts Payable in connection with current business.

The usual dividends of 7% on the preferred stock and 3% on the common stock have been paid, amounting to $2,325,394.

Financial Policy

In former reports, detailed statements as to the Company's financial policy have been made and are here repeated.

The maintenance of our plants at the highest point of efficiency is our first duty. All reconstruction, repairs, maintenance and improvements, both ordinary and extraordinary, are paid for out of earnings and charged to maintenance and repairs, and nothing is added to the Plant Account unless it is the cost of absolutely new plants. Further, when this is done, it is not capitalized, but such cost is paid out of earnings.

Your Directors think proper to explain to stockholders that the annual statements shown in this and preceding reports only represent the operations of the National Lead Company itself, with the addition of such dividends as may be declared and paid to it by those other companies in which the National Lead Company is interested. This applies to companies in which we own all of the stock as well as to those in which we own only part of the stock.

In the report for the year 1914 it has been explained in detail that those subsidiary companies which came to us not sufficiently provided with working capital have retained their earnings to repair such deficiency, and dividends are not paid the parent company until they have passed the required point in this particular.

The statement shows the advances to subsidiary companies to be $545,000. When it becomes necessary for a subsidiary company, in which we own all the capital stock, to make large improvements or to erect a new plant, these operations are conducted and paid for by the funds of that company, and sometimes, pending such improvements, dividends are not paid until the cost of these improvements has been paid for out of earnings.

Volume of Business

In common with other manufacturing corporations, our year opened with business in diminished volume: in some departments there were serious losses in the volume transacted. This continued through the early months of the year, but later on an improvement took place and an increase in volume began, which has steadily continued to the end of the year.

The improvement in volume is marked in all departments, so that the total volume transacted during the year has, in most departments, exceeded that of other years.

Conditions Affecting Profits

The expenses of conducting business continue to increase, which we recognize to be inevitable with changed conditions affecting all costs, and consequently larger margins are required to meet the situation.

Competition

We have vigorous competition in all fields, but generally speaking an improved tone prevails throughout the various trades in which we have a place, and although practices still exist which are uncommercial and unprofitable, yet we feel that our competitors are slowly but surely realizing that successful business demands their abandonment.

Subsidiary Companies

The National Lead Company owns all the capital stock of the following companies:

Carter White Lead Company,
Heath & Milligan Manufacturing Company,
The Magnus Company, Incorporated,
Matheson Lead Company,
St. Louis Smelting & Refining Company,
United Lead Company.

Each of these companies has had a successful year of business. There has been paid to the National Lead Company from their earnings, dividends amounting to $662,550. This amount is reflected in the statement of Net Earnings shown on page 3, the remainder not shown in the statement being retained as surplus and working capital in the respective treasuries of the above named companies.

Carter White Lead Company

The plant of this Company at West Pullman, Illinois, has been gradually rebuilt, or, more properly speaking, replaced by a new plant of steel and concrete construction. When finished and in operation to its full capacity it will be the largest and most complete of its kind in existence.

Without serious interruption to business this work has been carried on for several years, building one unit at a time. It is expected that the plant will be entirely finished this year.

This construction has been paid for entirely out of the earnings of the Carter Company.

Heath & Milligan Manufacturing Company

With the revival of business this Company has increased its sales and made substantial net earnings.

The Magnus Company, Incorporated

The improvement in conditions affecting railroads has been promptly reflected both in the volume of business and the earnings of this Company. For the year on which we have now entered the prospects are bright for a large share of the business which necessarily follows the prosperity of the railroads.

Matheson Lead Company

This Company has made satisfactory returns on the investment made a few years ago, and is enjoying its share of the going business.

St. Louis Smelting & Refining Company

In the report for the year ending December 31, 1911, a statement is quoted from the report for the year 1905 and supplemented with other statements in regard to the policy of operation of this Company. It is proper to say that this property has been operated to advantage. Its capacity has been increased and its profits have been satisfactory. As long as the present high prices for pig lead prevail, a large profit may be confidently expected.

It has not been thought wise to declare any dividends from the earnings of this Company, but to apply all its earnings to a sinking fund until the cost of the property shall have been paid off.

United Lead Company

This Company has closed an unusually successful year, both in volume and profits; in fact, by far the most successful year in its history. The various metal products manufactured by this branch of our business have been in unusual demand and its plants have, in many cases, been running both day and night. The prospects for conditions of this business during the coming year are very good.

Other Interests

In a preceding paragraph reference has been made to those subsidiary companies, all the stock of which is owned by the National Lead Company. Your Company has certain investments in other corporations where it only appears as a stockholder along with other stockholders. These companies are the following:

United States Cartridge Company,
Baker Castor Oil Company,
River Smelting & Refining Company.

The operations of the United States Cartridge Company during the past year have been so successful that a considerable deficit from preceding years has been entirely wiped out and a satisfactory amount placed to Surplus Account. Pending important improvements and the completion of contracts it has not been thought wise by the Directors of the Cartridge Company to declare any dividends up to the present time. The prospects for the current year are entirely satisfactory to the Directors of the Company.

The Baker Castor Oil Company, in which the National Lead Company has, for many years, been a stockholder, has had a prosperous year and regular dividends as usual are paid to this Company by the Baker Company.

The River Smelting & Refining Company is a new corporation recently organized jointly by Messrs. Stone & Webster of Boston, and the National Lead Company, for the purpose of manufacturing spelter by electrolytic process from certain low-grade zinc-bearing ores. The plants of this Company are completed and at the time this report is written they are about to be put in operation. It is confidently expected that in the future this investment will prove valuable and profitable.

Metal Reserve

In the statement on page 2, and also on page 3, reference has been made to an appropriation made by the Directors, of $200,000, to create a Metal Reserve. It is intended, as circumstances permit, to add to this reserve fund.

The purpose of this Metal Reserve is to guard against great losses which might come to us, particularly in our operations in tin and antimony. It may not be generally known to our stockholders that we are probably the second largest consumer of tin in the United States, if not in the world. Likewise our consumption of antimony is very heavy.

Before the outbreak of the European War, antimony was selling in the New York market at from 6c to 7c per pound. Today the price ranges between 43c and 45c. Tin, which sold in June, 1914, at about 30c, is today worth about 40c per pound. Therefore, it is clearly evident that a day of reckoning will surely come when values will begin to decline and, in all probability, decline heavily. When this occurs your Directors do not wish to have the Company suffer heavy losses on the large stocks of these metals which our business compels us to carry. Therefore we have thought it prudent to create this Metal Reserve, set aside from our profits, for the purpose of protection against a condition which sooner or later seems to be inevitable.

Plant Depreciation Reserve

As has been explained in preceding Annual Reports, the policy of the Company is to maintain its plants at the highest standard of efficiency and all charges incurred under this head are paid for out of earnings, and are not charged to Plant Account. In this way, in the past ten years most of the important plants of the Company have been entirely rebuilt and those at present in existence are for the most part of steel and concrete construction, and fully up-to-date. There remain, however, one or two plants where this replacement has not taken place. It happens that these plants are very large and very important and when the time comes that it is decided wise to replace them, very large amounts will be required—larger, proportionately, than has been expended similarly on the replacement of other plants in the past.

In order to continue the policy of paying for such extraordinary replacements out of earnings your Directors have thought wise to inaugurate this Plant Depreciation Reserve to which has been appropriated $100,000, with the intention, as our circumstances permit in the future, to add to it, so that when the time comes for the extraordinary replacements alluded to above, ample funds will be on hand to carry out such replacement without interfering with the payment of dividends or resorting to any extraordinary financing. Pending such operations, these funds are carried liquid and used as part of the Company's working capital.

Dividend Policy

The 7% dividend on the Company's Preferred Stock has been paid regularly since the Company's formation, twenty-four years ago.

At the February meeting of the Directors, the dividend rate on the Common Stock was increased from three to four per cent.

Although at the present time the prospects are good for ample earnings, your Directors believe that a conservative policy in regard to dividends is best for the interests of stockholders and accordingly have fixed a rate, which, in normal times, we trust, may be easily maintained.

Your Directors feel that in the event of unusual earnings in any period, then, and not until then, should consideration be given to the proper distribution of the same.

Officers and Employees

In the last Annual Report, stockholders were advised of the arrangement made with the Equitable Life Assurance Society under which each man and woman employed in our managerial, advertising, selling, clerical and supervising force has been presented with a policy in the Equitable Life Assurance Society, under the terms of which in the event of the death of such employee while in our service, there is paid to his or her beneficiary a sum equal to a year's salary.

During the year past the Company has lost an unusual number of valued and faithful officers and employees. Under the arrangement above mentioned those dependent upon them have been the beneficiaries of this provision. While we regret these losses from our official family, we have a feeling of satisfaction that pending the adjustment of affairs provision is made for those who were dependent upon them.

Our pension system, which is for the benefit of those whose age compels their retirement from active duties, continues to be administered and, we are sure, receives the appreciation of those whose long and faithful service has earned honorable retirement.

Stockholders

The total number of stockholders as shown by the Company's records on December 31, 1915, was 6,788. Of this number, over 48% are women, being 3,296 in number.

With the exception of stock held as investments by philanthropic and charitable corporations there are no stockholders who have exceptionally large holdings.

Respectfully submitted,

William W. Lawrence,

President.

Directors

EDWARD F. BEALE,	Philadelphia
GEO. O. CARPENTER,	St. Louis, Mo.
FRED M. CARTER,	Chicago, Ill.
R. R. COLGATE,	New York City
E. J. CORNISH,	New York City
G. D. DORSEY,	Montclair, N. J.
CHAS. E. FIELD,	Chicago, Ill.
GEO. W. FORTMEYER,	E. Orange, N. J.
E. C. GOSHORN,	Cincinnati, O.
WILLIAM W. LAWRENCE,	New York City
R. P. ROWE,	Brooklyn, N. Y.
W. N. TAYLOR,	Pittsburgh, Pa.
WALTER TUFTS,	Boston, Mass.
J. R. WETTSTEIN,	Mt. Vernon, N. Y.

Executive Committee

WILLIAM W. LAWRENCE, Chairman

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

Executive Officers

President
WILLIAM W. LAWRENCE

Vice-Presidents
GEO. O. CARPENTER
R. P. ROWE
E. J. CORNISH

Assistant to the President
M. D. COLE

Secretary
CHARLES DAVISON

Treasurer
FRED R. FORTMEYER

Assistant Treasurer
CHARLES SIMON

General Counsel
ALEXANDER & GREEN
165 Broadway, New York City

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

Departments

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

Supervisor of Manufacturing
CHARLES W. FERGUSON

Laboratory
G. W. THOMPSON, Chief Chemist
A. H. SABIN, Consulting Chemist

Advertising Department
O. C. HARN, Manager

Departments (Continued)

Metal Department
A. B. HALL, Manager

Flaxseed Department
CHAS. T. NOLAN, Manager

Insurance Department
I. M. STETTENHEIM, Manager
W. VAN DERHOEF, Insurance Officer

Traffic Department
GEORGE A. MUIR, Manager

Branches

National Lead Company

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

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

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

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

NATIONAL LEAD & OIL CO., OF PENNSYLVANIA, Pittsburgh, Pa.
W. N. TAYLOR, President Commonwealth Building, 316 Fourth Avenue

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, Merchants Exchange Building

ST. LOUIS SMELTING & REFINING CO., St. Louis, Mo.
J. W. CASTLETON, 2d Vice-President & Gen. Mgr., 722 Chestnut Street

Local Offices

National Lead Company

DETROIT, MICH.,	Corner Howard and Tenth Streets
MILWAUKEE, WIS.,	52 Second Street
ST. PAUL, MINN.,	354-360 East Sixth Street
OMAHA, NEB.,	1404 Woodmen Building
KANSAS CITY, MO.,	1406-1408 West Thirteenth Street
LOUISVILLE, KY.,	202 Equitable Bldg., Fourth and Jefferson Sts.
NASHVILLE, TENN.,	225 Tenth Avenue, South
NEW ORLEANS, LA.,	513 South Peters Street

John T. Lewis & Bros. Company

BALTIMORE, MD.,	1015 East Fayette Street

Corporations in Which This Company is Interested

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

HEATH & MILLIGAN MANUFACTURING CO., Chicago
NORRIS B. GREGG, President.

THE MAGNUS COMPANY, INCORPORATED, New York
H. H. HEWITT, President.

MATHESON LEAD CO., Long Island City
W. J. MATHESON, President.

RIVER SMELTING AND REFINING CO., St. Louis
WILLIAM W. LAWRENCE, President.

ST. LOUIS SMELTING AND REFINING CO., St. Louis
WILLIAM W. LAWRENCE, President.

UNITED LEAD COMPANY, New York
J. R. WETTSTEIN, President.

UNITED STATES CARTRIDGE COMPANY, Lowell, Mass.
PAUL BUTLER, Treasurer.

BAKER CASTOR OIL CO., New York
F. C. MARSH, President.

Products Manufactured by National Lead Company

Painters' Materials

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

Bearing Metals

Phœnix Metal
Babbitt Metals
Pressure Die Castings

Plumbers' Materials

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

Printers' Metals

Linotype Metal
Monotype Metal
Stereotype Metal
Electrotype Metal

Canners' Materials

Bar Solder
Wire Solder
Ribbon Solder
Triangular Solder
Soldering Flux

Lead Oxides

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

Miscellaneous Lead Products

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

General Products

Brown Sugar of Lead
White Sugar of Lead
Linseed Oil Cake and Meal
Castor Oil

National Lead Company Brands
Pure White Lead

(Dutch Boy Painter Trade-Mark)

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