Semi-Annual Report

National Lead Company

for Period Ending

June 30, 1934

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NATIONAL LEAD COMPANY

For Period Ending

June 30, 1934

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 consolidated Balance Sheet shows the condition of the Company on June 30, 1934:

ASSETS

Plant Investment		$69,356,635.69	
Less—Depreciation and Depletion Reserves		29,714,234.58	
			$ 39,642,401.11
Other Investments:			
Domestic Investments			
U. S. Government Securities	$ 2,058,279.67		
Bonds	886,828.84		
Stocks of Companies not entirely owned	7,974,492.05		
*Stocks of National Lead Co.	10,707,074.80		
Due from Employees on Stock Purchase Contracts	1,058,240.96		
Total Domestic Investments		$22,684,916.32	
Foreign Investments:			
Bonds	$ 597,815.30		
Stocks (including Foreign Subsidiaries)	11,248,419.20		
Total Foreign Investments		$11,846,234.50	
Total			34,531,150.82
†Inventories			16,818,828.03
Accounts Receivable		$10,340,600.55	
Less Bad Debt Reserve		466,592.15	
			9,874,008.40
Notes Receivable			962,278.72
Cash			4,015,932.33
Total Assets			$105,844,599.41

LIABILITIES

	Authorized	Issued	
Capital Stock:			
Preferred—Class "A"	$25,000,000	$24,367,600	
Preferred—Class "B"	25,000,000	10,327,700	
Common	50,000,000	30,983,100	
Total			$ 65,678,400.00
Employees Life Insurance Reserve			3,000,000.00
Fire Insurance Reserve			4,797,284.02
Employer's Liability Reserve			426,664.30
Plant Reserve			2,500,000.00
Promotion Reserve			1,500,000.00
Tax Reserve			1,223,056.60
Dividend Payable on Class "B" Preferred Stock, August 1, 1934		$154,915.50	
Less: Payable on shares owned by the Company		38,722.50	
			116,193.00
Accounts Payable, audited but not due			3,680,799.55
Notes Payable			1,000,000.00
Earned Surplus, June 30, 1934			21,922,201.94
Total Liabilities			$105,844,599.41

* See next page. † See next page.

CONSOLIDATED EARNINGS STATEMENT

For the Six Months Ended June 30, 1934

Net Sales		$29,380,628.08
Cost of Goods Sold		22,724,956.27
Gross Profit on Sales		$ 6,655,671.81
Other Income		598,856.41
Total Gross Income		$ 7,254,528.22
Administrative, selling and other expenses, including taxes	$4,532,259.72	
Depreciation and Depletion	655,513.17	
		5,187,772.89
Net Profit (not including Dividends on National Lead Company Stocks owned by the Company)		$ 2,066,755.33

*This figure represents 34,893 shares Class A Preferred Stock, 25,815 shares Class B Preferred Stock and 38,346 shares Common Stock owned by the Company.

†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 these normals are valued at cost or market whichever is lower.

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ANALYSIS OF CONSOLIDATED SURPLUS

Earned Surplus, December 31, 1933			$21,497,258.61
Net Earnings for the six months ended June 30, 1934 after deducting all Expenses, Reserves, etc.			2,066,755.33
			$23,564,013.94
Less Dividends Paid:			
Class "A" Preferred Stock at rate of 7% per annum	$852,866.00		
Less Paid on Stock owned by the Company	122,123.75		
		$ 730,742.25	
Class "B" Preferred Stock at rate of 6% per annum	$154,915.50		
Less Paid on Stock owned by the Company	38,722.50		
		116,193.00	
Common Stock at rate of 5% per annum	$774,577.50		
Less Paid on Stock owned by the Company	95,893.75		
		678,683.75	
		$1,525,619.00	
Class "B" Preferred Dividend Payable Aug. 1, 1934 at rate of 6%	$154,915.50		
Less Payable on shares owned by the Company	38,722.50	116,193.00	
			1,641,812.00
Earned Surplus, June 30, 1934			$21,922,201.94

A comparison with December 31, 1933 is given in the following statement:

ASSETS

	June 30, 1934	Dec. 31, 1933	Increase	Decrease
*Plant Investment	$ 39,642,401.11	$ 39,430,140.45	$ 212,260.66	....
Other Investments	34,531,150.82	35,183,406.83	....	$ 652,256.01
Inventories	16,818,828.03	16,224,641.34	594,186.69	....
Accts. Receivable	9,874,008.40	7,122,656.89	2,751,351.51	....
Notes Receivable	962,278.72	1,238,847.79	....	276,569.07
Cash	4,015,932.33	5,410,964.22	....	1,395,031.89
Total Assets	$105,844,599.41	$104,610,657.52	$3,557,798.86	$2,323,856.97

* Net

LIABILITIES

	June 30, 1934	Dec. 31, 1933	Increase	Decrease
Preferred Stock:				
Class "A"	$ 24,367,600.00	$ 24,367,600.00	....	....
Class "B"	10,327,700.00	10,327,700.00	....	....
Common Stock	30,983,100.00	30,983,100.00	....	....
Employees Life Ins. Reserve	3,000,000.00	3,000,000.00	....	....
Fire Ins. Reserve	4,797,284.02	4,797,284.02	....	....
Emp. Lia. Reserve	426,664.30	426,664.30	....	....
Plant Reserve	2,500,000.00	2,500,000.00	....	....
Promotion Reserve	1,500,000.00	1,500,000.00	....	....
Tax Reserve	1,223,056.60	1,307,562.32	....	$ 84,505.72
Dividends Payable (Net)	116,193.00	116,193.00	....	....
Accounts Payable	3,680,799.55	3,787,295.27	....	106,495.72
Notes Payable	1,000,000.00	....	$1,000,000.00	....
Earned Surplus	21,922,201.94	21,497,258.61	424,943.33	....
Total Liabilities	$105,844,599.41	$104,610,657.52	$1,424,943.33	$ 191,001.44

DETAILS OF PLANT INVESTMENT

	June 30, 1934	Dec. 31, 1933	Increase	Decrease
Gross Property	$ 69,356,635.69	$ 68,488,636.86	$ 867,998.83	....
Less Depr. & Depl. Res.	29,714,234.58	29,058,496.41	655,738.17	....
Net Property	$ 39,642,401.11	$ 39,430,140.45	$ 212,260.66	....

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Semi-Annual Report of National Lead Company
June 30, 1934

The foregoing is a consolidated statement of the National Lead Company and all its domestic subsidiary companies in which it owns all of the capital stock, for the six months ended June 30, 1934, following the form of and based upon the consolidated report for 1917 and subsequent years.

Sales

During the first four months of the current year sales showed substantial gains over the corresponding period of the preceding year but the rate of increase fell off during the next two months. For the six months, the comparison is favorable both as to tonnage and value.

Due to rising costs, profit margins tend to narrow but it is hoped that aggressive sales and promotion activities will continue to produce volume in sufficient amount to compensate for reduced margins.

Inventories

The customary practice of valuing stocks in excess of Normal at cost or market, whichever is lower, has been continued. No change has been made in respect to Normal Stocks, either in quantities or unit values.

Reserves

The usual charges have been made for Depreciation, and reserves for Bad Debts and Unforeseen Losses have been set up on a basis considered adequate to cover all contingencies.

Outlook

In practically all lines in which your company is engaged, either direct or through a subsidiary, the business appears to be in a reasonably healthy condition, although attended by its share of the general uncertainty which is the portion of the world's business today. In such a time, the Management obtains much encouragement and satisfaction from the unremitting attention accorded the company's interests by the Employee body.

Respectfully submitted,

F. M. CARTER,
President.

EDWARD J. CORNISH,
Chairman of the Board of Directors.