SEMI-ANNUAL REPORT

NATIONAL LEAD COMPANY

FOR PERIOD ENDING
JUNE 30, 1944

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

Executive Offices:
111 BROADWAY, NEW YORK 6, N. Y.

To the Stockholders of National Lead Company:

The following is a Consolidated Balance Sheet of National Lead Company as of June 30, 1944 and a Statement of Consolidated Income and Surplus for the first six months of 1944. 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". During the period the company received foreign dividends amounting to $227,108.38, which amount was added to the existing Reserve for Foreign Investments. Additions out of earnings were made in the amount of $122,928.00 and $300,000.00 respectively to the existing Pension Reserve and Reserve for Contingencies. 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.

Included in this consolidation for the first time are the accounts of the American Bearing Corporation of Indianapolis, Indiana, manufacturers of precision bearings, of which the outstanding capital stock is now wholly owned by National Lead Company as the result of the acquisition of the holdings of minority interests early this year.

FLETCHER W. ROCKWELL, *President.*

ASSETS

Current Assets:		
Cash		$ 10,140,633.97
United States Government Securities at cost (at market quotations $23,719,730.01)		23,682,489.30
Other Marketable Securities (at market quotations $4,064,720.43)		519,435.48
Accounts and Notes Receivable	$16,121,135.67	
Less, Reserve for losses	1,151,527.26	14,969,608.41
Notes Receivable from Employees		37,036.06
Inventories		21,117,698.36
Total Current Assets		$ 70,466,901.58
Investments in and Advances to Affiliated Companies less Reserves		3,808,626.89
Miscellaneous Investments less Reserves		1,242,754.34
Plant Property and Equipment (including intangibles)	$96,377,209.27	
Less, Reserves for Depreciation and Depletion	43,813,677.40	52,563,531.87
Patents and Licenses, less amortization		63,824.53
Prepaid expenses, deferred charges, etc.		1,157,067.43
Post-war Refund of Excess Profits Taxes		996,000.00
		$130,298,706.64

LIABILITIES

Current Liabilities:		
Accounts Payable and Accrued Liabilities		$ 5,928,470.31
Payable to Affiliated Companies		276,359.65
Provisions for Taxes, including Federal Income and Excess Profits Taxes		18,032,227.72
Dividend Payable August 1, 1944 on Class B Preferred Stock		116,193.00
Total Current Liabilities		$ 24,353,250.68
Reserves:		
Fire Insurance	$ 4,797,284.02	
Employer's Liability	426,664.30	
Pension	2,137,268.65	
Contingencies	4,015,000.00	
General Inventory	700,339.71	
Amount Equal to Post-war refund of excess profits taxes	996,000.00	
Miscellaneous	81,634.37	13,154,191.05

CAPITAL

	Authorized	Issued	
Capital Stock:			
Preferred Class A, 7 pct. cumulative, non-callable, $100 Par Value	$ 25,000,000.00	$24,367,600.00	
Preferred Class B, 6 pct. cumulative, non-callable, $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		336,672.92	
Earned Surplus		32,388,817.62	
		$98,403,890.54	
Less, Reacquired Capital Stock		5,612,625.63	92,791,264.91
			$130,298,706.64

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		Six Months Ended June 30th 1944		1943
Sales		$80,450,640.55		$70,371,271.28
Cost of Goods Sold, Taxes (except Federal Income and Excess Profits Taxes) and Other Expenses		69,236,740.43		61,045,498.64
		$11,213,900.12		$ 9,325,772.64
Depreciation and Depletion		2,379,528.16		2,550,885.65
		$ 8,834,371.96		$ 6,774,886.99
Other Income		1,005,699.49		499,260.11
		$ 9,840,071.45		$ 7,274,147.10
Other Charges		58,100.71		—
		$ 9,781,970.74		$ 7,274,147.10
Federal Income and Excess Profits Taxes		6,250,905.74		4,754,916.57
		$ 3,531,065.00		$ 2,519,230.53
Additions to Reserves:				
Foreign Investments	$227,108.38		$270,276.62	
Pension	122,928.00		—	
Contingencies	300,000.00	650,036.38	—	270,276.62
Total Net Income		$ 2,881,028.62		$ 2,248,953.91
Dividends on Preferred Stock Outstanding:				
Class A	$783,275.50		$783,275.50	
Class B	232,386.00	1,015,661.50	232,386.00	1,015,661.50
Amount Earned on Common Stock		$ 1,865,367.12		$ 1,233,292.41
Amount Earned per share of Common Stock Outstanding		$.604		$.399

ANALYSIS OF CONSOLIDATED SURPLUS

		Six Months Ended June 30th 1944		1943
Earned Surplus—At beginning of year		$31,594,349.43		$30,742,793.50
Add: Net Income for Six Months		2,881,028.62		2,248,953.91
		$34,475,378.05		$32,991,747.41
Deduct: Adjustment *		298,232.93		—
		$34,177,145.12		$32,991,747.41
Deduct: Dividends Paid During Period—				
Preferred Stock Outstanding:				
Class A	$783,275.50		$783,275.50	
Class B	232,386.00	$ 1,015,661.50	232,386.00	$ 1,015,661.50
Common Stock Outstanding		772,666.00		772,666.00
Total Dividends Paid		$ 1,788,327.50		$ 1,788,327.50
Earned Surplus—June 30th		$32,388,817.62		$31,203,419.91
Capital Surplus—June 30th		336,672.92		336,672.92
Total Surplus—June 30, 1944		$32,725,490.54		$31,540,092.83

*This adjustment reflects payment made in excess of the book value of [illegible] net assets acquired in [illegible]ction with the purchase of the outstanding minority interest in the Am[illegible] Bearing Corporation.

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