SEMI-ANNUAL REPORT

NATIONAL LEAD COMPANY

FOR PERIOD ENDING
JUNE 30, 1941

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, 1941 and a Statement of Consolidated Income and Surplus for the first six months of 1941. 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 $178,175.15. The precedent established last year of setting aside all foreign dividends as additions to our existing Reserve for Foreign Investments has been followed. In view of the European situation, a further addition to our Reserve for Foreign Investments, amounting to $450,000.00, was set aside to provide against possible losses. This amount has been credited to the Reserve for Foreign Investments and included in "Other Charges" in the Consolidated Earnings Statement. 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			$ 8,660,963.78	
U. S. Government Securities	(Market Value $ 550,058.30)		508,677.51	
Other Marketable Securities, Domestic	(Market Value $ 764,367.19)	$ 516,928.53		
Other Marketable Securities, Foreign	(Approximate Market Value $1,604,934.27)	1,176,608.65	1,693,537.18	
Accounts and Notes Receivable		$14,001,267.05		
Less Bad Debt Reserve		918,590.80	13,082,676.25	
Notes Receivable from Employees			303,041.65	
*Inventories (at Normal Prices, Excess at Cost or Market)			21,695,438.19	
Total Current Assets				$ 45,939,334.56
Investments and Advances:				
Affiliated Companies (at book value in no case exceeding cost):				
Domestic		$ 6,472,936.43		
Foreign		4,397,442.71	$10,870,379.14	
National Lead Company Capital Stock (29,883 shares Preferred A; 25,815 shares Preferred B; 7,638 shares Common) (Market Value $8,960,367.94)			7,027,232.69	
Miscellaneous Investments (not listed on any exchange):				
Domestic		$ 361,247.84		
Foreign		77,840.00	439,087.84	
Total Investments and Advances				18,336,699.67
Fixed Assets:				
Plant Properties and Equipment—Gross Property			$82,698,739.80	
Less: Depreciation and Depletion Reserves			33,489,258.80	49,209,481.00
Patents and Licenses				484,871.97
Deferred Charges				680,954.77
				$114,651,341.97

LIABILITIES

Current Liabilities:			
Accounts Payable, audited but not due		$ 4,410,485.26	
Tax Reserve		4,884,749.74	
Dividend Payable August 1, 1941 on Class B Preferred Stock		116,193.00	
Total Current Liabilities			$ 9,411,428.00
Reserves:			
Fire Insurance Reserve		$ 4,797,284.02	
Employers Liability Reserve		426,664.30	
Pension Reserve		2,306,663.20	
Reserve for Contingencies		1,550,000.00	
Foreign Exchange and Miscellaneous		166,542.67	9,247,154.19
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		30,193,640.58	
Capital Surplus		120,719.20	95,992,759.78
			$114,651,341.97

DETAILS OF PLANT INVESTMENT

	June 30, 1941	Dec. 31, 1940	Increase
Gross Property	$82,698,739.80	$79,504,810.75	$3,193,929.05
Less Depreciation and Depletion Reserves	33,489,258.80	32,436,827.15	1,052,431.65
Net Property	$49,209,481.00	$47,067,983.60	$2,141,497.40

* 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 are valued at cost or market, whichever is lower.

Contingent Liabilities: Guarantee Norwegian Bank Loan 800,000 Kroner.

CONSOLIDATED EARNINGS STATEMENT

	Six Months Ended June 30th			
		1941		1940
Sales		$61,690,089.50		$41,455,769.36
Cost of Goods Sold, Taxes (except Federal Income and Excess Profits taxes), Depreciation and Other Expenses		55,218,842.95		37,491,266.77
		$ 6,471,246.55		$ 3,964,502.59
Other Income		371,707.37		355,103.27
		$ 6,842,953.92		$ 4,319,605.86
Other Charges		628,175.15		192,518.10
		$ 6,214,778.77		$ 4,127,087.76
*Provision for Federal Taxes (Not included above):				
Normal Income Tax	$2,194,334.11		$1,007,277.27	
Excess Profits Tax	731,444.70	2,925,778.81	——	1,007,277.27
Total Net Income		$ 3,288,999.96		$ 3,119,810.49
Dividends on Preferred Stock Outstanding:				
Class A	$ 748,275.50		$ 748,275.50	
Class B	232,386.00	980,661.50	232,386.00	980,661.50
Amount Earned on Common Stock		$ 2,308,338.46		$ 2,139,148.99
Amount Earned per share of Common Stock Outstanding		$.747		$.691

ANALYSIS OF CONSOLIDATED SURPLUS

		1941		1940
Earned Surplus—At beginning of year		$28,657,970.12		$27,224,804.02
Add: Net Income for Six Months		3,288,999.96		3,119,810.49
		$31,946,970.08		$30,344,614.51
Deduct: Dividends Paid During Period—				
Preferred Stock Outstanding:				
Class A	$748,275.50		$748,275.50	
Class B	232,386.00	$ 980,661.50	232,386.00	$ 980,661.50
Common Stock Outstanding		772,668.00		773,775.00
Total Dividends Paid		$ 1,753,329.50		$ 1,754,436.50
Earned Surplus—June 30th		$30,193,640.58		$28,590,178.01
Capital Surplus—June 30th		120,719.20		120,719.20
Total Surplus—June 30th		$30,314,359.78		$28,710,897.21

* Provision for Federal Taxes is our best estimate at this time (July 24, 1941) of the expected liability of the Company for Federal Income and Excess Profits Taxes under the proposed law for the year 1941.