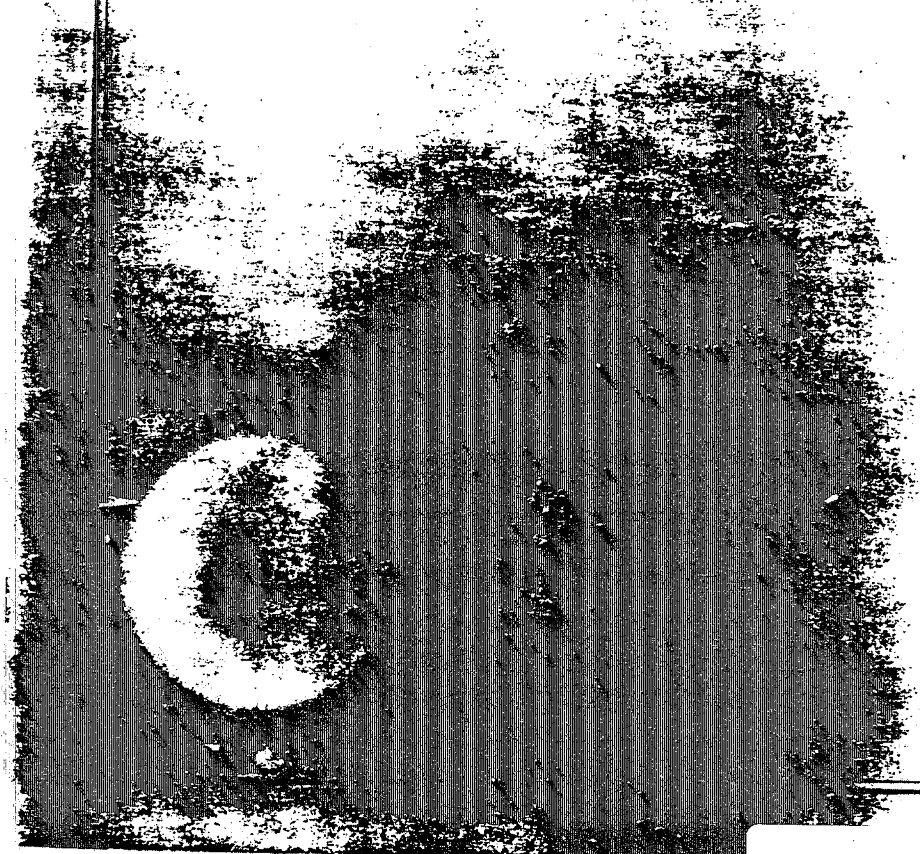
ANNUAL REPORT

ANACONDA COPPER MINING COMPANY

1944



ANACONDA COPPER MINING COMPANY

Annual Meeting of Stockholders

PROXY STATEMENT

This Proxy Statement sets forth certain information with respect to the enclosed Proxy, which is solicited by the management of Anaconda Copper Mining Company (hereinafter referred to as the Company), and the matters to be voted upon pursuant thereto at the Annual Meeting of Stockholders of the Company, to be held May 16, 1945. Any stockholder giving a Proxy in the form accompanying this Statement has the power to revoke the same at any time before the exercise thereof.

As set forth in the accompanying notice, the matters to be considered at the meeting are the election of three Directors of the Company and the transaction of such other business as may properly come before the meeting. The By-Laws of the Company provide for a Board of nine Directors divided into three classes each consisting of three Directors, who are elected for a term of three years, the term of each class expiring in different years. At each annual meeting the successors to the class whose term of office expires in that year, are elected for a three year term.

NOMINEES FOR ELECTION AS DIRECTORS

The persons designated in the accompanying Proxy have been selected by the Board of Directors and have indicated that they intend to vote for the election as Directors of Messrs. William C. Potter, James R. Hobbins and Gordon S. Rentschler, whose terms of office expire at the coming annual meeting.

CUMULATIVE VOTING FOR ELECTION OF DIRECTORS

Under the laws of Montana and the By-Laws of the Company, each stockholder of record has the right to vote, in person or by proxy, the number of shares of stock standing in his name on the record date fixed for the meeting for as many persons as there are directors to be elected, or to cumulate said shares and give one candidate as many votes as shall equal the number of directors to be elected multiplied by the number of his shares of stock, or to distribute the votes so cumulated among as many candidates as he may desire.

INFORMATION AS TO DIRECTORS AND NOMINEES

The principal occupation of each Director and nominee, the year in which he first became a Director of the Company, and the approximate amount of securities of the Company beneficially owned by each Director and nominee, directly or indirectly, at February 28, 1945, were as follows:

Name	Principal Occupation or Employment	Year in Which First Elected Director	Number of Shares of Common Stock Beneficially Owned at Feb. 28, 1945
John A. Coe	Chairman of the Board of The American Brass Company, a subsidiary	1926	700
Robert E. Dwyer	Executive Vice President of the Company	1933	1,000
E. Roland Harriman	Member of the firm of Brown Brothers Harriman & Co.	1937	412*
James R. Hobbins	President of the Company	1930	814
Cornelius F. Kelley	Chairman of the Board of the Company	1911	14,409
Maurice Newton	Member of the firm of Hallgarten & Co.	1941	1,100**
William C. Potter	Chairman of the Executive Committee of Guaranty Trust Company of New York	1936	4,000
Gordon S. Rentschler	Chairman of the Boards of Directors of The National City Bank of New York and City Bank Farmers Trust Company	1940	100
William D. Thornton	President of Greene Cananea Copper Company and Inspiration Consolidated Copper Company	1935	2,186

* Mr. Harriman is also the owner of 50% of the outstanding stock of two corporations which own in the aggregate 5,015 shares of common stock of the Company.

** Mr. Newton also has a contingent beneficial interest in a trust which owns 1,500 shares of common stock of the Company.

Information as to Remuneration and Indebtedness of Directors and Officers

The aggregate amounts of remuneration received from the Company and its subsidiaries by each person who has acted as a Director during the fiscal year ended December 31, 1944, by each person nominated for election as a Director, and by each person who has acted as an officer but not as a Director and who has received payments of remuneration totaling more than $20,000 during such fiscal year, are as follows (the amount stated being before payment of Federal and State income taxes by the respective recipients):

Name	Capacities in Which Remuneration Was Received	Aggregate Remuneration Paid by Company and Subsidiaries During Fiscal Year 1944	Excess Over Total Amount of Remuneration During Fiscal Year 1943
John A. Coe	As a Director and Chairman of the Board of The American Brass Company, and Director of Anaconda Wire and Cable Company	$ 66,560.00	$ 300.00
Robert E. Dwyer	As Executive Vice President of the Company, as a Director and Vice President of Chile Exploration Company, as a Director of Chile Copper Company, Andes Copper Mining Company, Greene Cananea Copper Company, International Smelting and Refining Company, The American Brass Company, Butte Water Company, Butte Anaconda & Pacific Railway Company, Anaconda Wire and Cable Company, National Tunnel & Mines Company, and Chile Steamship Company, Inc., and as an employee of Anaconda Sales Company	97,015.00	249.00
E. Roland Harriman	Director	1,300.00	200.00
James R. Hobbins	As President of the Company, as President and a Director of Chile Exploration Company, Andes Copper Mining Company and Butte Water Company, and as a Director of Chile Copper Company, Greene Cananea Copper Company, The American Brass Company, Butte, Anaconda & Pacific Railway Company, International Smelting and Refining Company, Chile Steamship Company, Inc., Anaconda Wire and Cable Company and Basic Magnesium, Incorporated	152,789.00	1,123.00
W. H. Hoover	As Vice President and General Counsel of the Company and as General Counsel of Butte Water Company and Basic Magnesium, Incorporated, and as Director of Anaconda Wire and Cable Company	62,390.00	140.00
Cornelius F. Kelley	As Chairman of the Board of the Company and as a Director and Chairman of the Boards of Chile Exploration Company and Andes Copper Mining Company, and as a Director and President of International Smelting and Refining Company and Butte, Anaconda & Pacific Railway Company, as President of Anaconda Sales Company, and as a Director of Chile Copper Company, Greene Cananea Copper Company, The American Brass Company, Butte Water Company, Basic Magnesium, Incorporated and Anaconda Wire and Cable Company	202,061.00	875.00
Maurice Newton	Director	1,500.00	500.00
William C. Potter	Director	500.00	200.00*
Gordon S. Rentschler	Director	1,300.00	300.00
William D. Thornton	As a Director and President of Greene Cananea Copper Company, and as a Director of Chile Exploration Company, Chile Copper Company, and Raritan Terminal and Transportation Company	39,180.00	20.00*

* Indicates decrease.

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Name	Capacities in Which Remuneration Was Received	Aggregate Remuneration Paid by Company and Subsidiaries During Fiscal Year 1944	Excess Over Total Amount of Remuneration During Fiscal Year 1943
Daniel M. Kelly	As Vice President of the Company and Butte, Anaconda & Pacific Railway Company	$ 55,000.00	$ —
Frederick Laist	As Vice President of the Company in Charge of Metallurgical Operations, as a Director and Vice President of International Smelting and Refining Company and as a Director of National Tunnel & Mines Company and Basic Magnesium, Incorporated	67,460.00	980.00
Clyde E. Weed	As Vice President of the Company in Charge of Mining Operations, and as a Director of Chile Exploration Company, Chile Copper Company, Andes Copper Mining Company, Greene Cananea Copper Company, International Smelting and Refining Company and National Tunnel & Mines Company	66,800.00	120.00
James Dickson†	As Secretary and Treasurer of the Company, as Director, Secretary and Treasurer of Butte Water Company, and as Director of Andes Copper Mining Company, Butte, Anaconda & Pacific Railway Company and Anaconda Wire and Cable Company	44,805.00	75.00
W. Kenneth Daly	As Comptroller of the Company and Chile Exploration Company, Andes Copper Mining Company, International Smelting and Refining Company, The American Brass Company and Basic Magnesium, Incorporated	41,000.00	220.00*

† Deceased, March 20, 1945.
* Indicates decrease.

No Director, officer or nominee was indebted to the Company and its subsidiaries during such fiscal year.

The aggregate amount of remuneration paid during the fiscal year ended December 31, 1944, by the Company and its subsidiaries, directly or indirectly, to the Directors and officers of the Company considered as a group, was $899,660.00.

Remuneration of Employees

Set forth below is a table showing the number of employees of the Company and of its subsidiaries, other than officers and Directors of the Company, who, on an accrual basis, received from the Company and its subsidiaries during the last fiscal year remuneration in excess of $20,000:

Number of Employees	Received: In Excess of	Received: But not More Than	Aggregate Remuneration Received
30	$ 20,000	$ 50,000	$840,873.98
6	50,000	100,000	369,678.33
None	100,000	——	None

Remuneration of Other Persons

The following named persons (other than Directors, officers or employees of the Company) received aggregate remuneration from the Company during the last fiscal year in excess of $20,000 for services in the capacities described:

Name	Amount	Capacity
Chadbourne, Wallace, Parke & Whiteside	$45,000.00*	Attorneys
Pogson, Peloubet & Co.	40,845.00**	Auditors

* Also received from subsidiaries for legal services during the year $103,500.00.
** Also received from subsidiaries for auditing services during the year $76,347.46.

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Number of Shares Outstanding

The Company has issued and outstanding 8,674,338 shares (excluding shares held in treasury). The Company has no knowledge of any stockholder owning beneficially more than 10% of the outstanding common stock of the Company.

Interest of Directors, Nominees for Election as Directors and Associates in Material Transactions with the Company and Subsidiaries

William D. Thornton, a Director of the Company, is also President and a Director of Inspiration Consolidated Copper Company. The Company and one of its wholly owned subsidiaries are the owners of a total of 333,000 shares, or 28.17%, of the outstanding stock of the Inspiration Company. The Inspiration Company has no smelting and refining facilities and its entire production consisting of copper concentrates, cement copper, mine precipitates and electrolytic copper cathodes is delivered to International Smelting and Refining Company, a wholly owned subsidiary of the Company, pursuant to agreements (which are subject to cancellation upon 90 days' notice) under the terms of which the Smelting Company is required to return to the Inspiration Company either blister copper in the form of anodes or electrolytic refined copper in commercial shapes, subject to the charges provided for in said agreements.

Other Matters

The Company has no knowledge of any matters other than the election of Directors which will be presented at the meeting. The persons named in the Proxy will use their own discretion in voting with respect to matters which are not determined or known at the date hereof.

Annual Report to Stockholders

The Annual Report to Stockholders, containing a Consolidated Balance Sheet at December 31, 1944, and a Consolidated Income and Surplus Account for 1944, together with other information respecting operations of the Company, accompanies this Proxy Statement and related documents, but is not to be considered as a part of the soliciting material.

Expenses of Solicitation

The cost of preparing, assembling and mailing of the Proxy Statements, Notice of Meeting, form of Proxy and accompanying documents, will be paid by the Company. The Company will pay brokerage firms and other persons holding stock in their names or in the names of nominees for their expenses in distributing proxy material to the beneficial owners of such stock. All solicitations of proxies in the form accompanying this Statement by or on behalf of the Company will be by mail, but the officials of the Company may personally solicit proxies from brokerage firms and a few of the larger stockholders, for the doing of which they will not receive any compensation in addition to their regular compensation. The cost, if any, of such personal solicitation will be nominal.

By Order of the Board of Directors of

ANACONDA COPPER MINING COMPANY

CORNELIUS F. KELLEY,
Chairman of the Board.

April 14, 1945.

THE AMERICAN BRASS COMPANY

(a wholly owned subsidiary)

ANACONDA

The American Brass Company's production facilities continue in fullest possible operation to supply materials necessary for prosecution of the war.

Because of the extensive and diversified character of its equipment, the Company has been able to meet many emergency requirements involving regular and special products. Close cooperation has been maintained directly with the Services and Government departments, and with our customers, to assist in meeting all vital needs.

In Canada the facilities of the Company's subsidiaries and Government owned plants operated by the Company have continued in full operation, producing war materials for Canada and our Allies.

Following a temporary decrease, the demands upon the brass industry for small arms and artillery ammunition have been greatly increased and the facilities of the Company will be fully utilized in meeting these and other requirements of the Armed Forces as rapidly as manpower can be recruited.

All available information points to a continued and accumulated demand for The American Brass Company's peacetime products. As war requirements decrease, the Company will be ready, through country-wide manufacturing plants, warehouses and offices, to serve customers' needs for its commercial products.

SOME OF THE INDUSTRIES SERVED

Air-Conditioning	Chemical	Jewelry	Petroleum	Refrigeration
Automotive	Electrical Equipment	Light and Power	Plumbing	Shipbuilding
Aviation	Hardware	Machinery	Pulp and Paper	Textile
Building	Heating	Mining	Railroad	Welding

PRINCIPAL PRODUCTS

COPPER, BRASS, BRONZE AND COPPER-NICKEL ALLOYS—SHEETS, WIRE, RODS, TUBES

Airplane Gas, Oil and Pressure Lines	Copper-Nickel Alloys	Pressure Die Castings
Ammunition Metal	Copper Tubes and Fittings	Hot Pressed Parts
Brass and Copper Pipe	Drawn Sections	Shell Rotating Bands
Brazing Solder	Everdur* and Super-Nickel Tank Plates	Tobin* Bronze Shafting
Bronze Screen Wire	Extruded Shapes	Turbine Blading
Bus Bars and Shapes	Eyelets, Grommets, etc.	Welding Rods
Cartridge Discs and Cups	Flexible Metal Hose and Tubing	
Condenser Head Plates	Free Cutting Brass Rods	
Condenser and Heater Tubes	Phosphor Bronze	

*Reg. U. S. Pat. Off.

LOCATION OF MANUFACTURING PLANTS

Ansonia, Conn.	Detroit, Mich.	Torrington, Conn.
Buffalo, N. Y.	Kenosha, Wis.	Waterbury, Conn.

Anaconda American Brass Limited, New Toronto, Ontario, Canada

OFFICES ARE LOCATED IN THE FOLLOWING CITIES

Atlanta, Ga.	Denver, Colo.	Montreal, Canada	St. Louis, Mo.
Boston, Mass.	Detroit, Mich.	Newark, N. J.	San Francisco, Calif.
Buffalo, N. Y.	Houston, Texas	New York, N. Y.	Seattle, Wash.
Chicago, Ill.	Kenosha, Wis.	Philadelphia, Pa.	Syracuse, N. Y.
Cincinnati, Ohio	Los Angeles, Calif.	Pittsburgh, Pa.	Toronto, Canada
Cleveland, Ohio	Milwaukee, Wis.	Providence, R. I.	Washington, D. C.
	Minneapolis, Minn.	Rochester, N. Y.	

General Offices: Waterbury 88, Connecticut

ANACONDA COPPER MINING COMPANY

CAPITAL STOCK

December 31, 1944

Authorized,	12,000,000 shares, $50 each	$600,000,000
Outstanding,	8,674,338 shares, $50 each	433,716,900

OFFICERS

Chairman of the Board	CORNELIUS F. KELLEY
President	JAMES R. HOBBINS
Executive Vice-President	ROBERT E. DWYER
Vice-President	DANIEL M. KELLY
Vice-President in Charge of Mining Operations	CLYDE E. WEED
Vice-President in Charge of Metallurgical Operations	FREDERICK LAIST
Vice-President and General Counsel	W. H. HOOVER
Assistant to the President	ELBERT O. SOWERWINE
Secretary and Treasurer	JAMES DICKSON*
Comptroller	W. KENNETH DALY
Assistant Secretary and Assistant Treasurer	KENNETH B. FRAZER
Assistant Secretary and Assistant Treasurer	THOMAS E. CONRAD
Assistant Secretary and Assistant Treasurer	C. EARLE MORAN
Assistant Secretary	JEREMIAH D. MURPHY

*Deceased March 20, 1945.

DIRECTORS

JOHN A. COE
ROBERT E. DWYER
E. ROLAND HARRIMAN
JAMES R. HOBBINS
CORNELIUS F. KELLEY
MAURICE NEWTON
WILLIAM C. POTTER
GORDON S. RENTSCHLER
WILLIAM D. THORNTON

OFFICES

ANACONDA, MONTANA
BUTTE, MONTANA
25 BROADWAY, NEW YORK 4, N. Y.

ANNUAL REPORT

OF

ANACONDA COPPER MINING COMPANY

For the Year Ended December 31, 1944

To the Shareholders of

Anaconda Copper Mining Company:

The operations of your Company and its subsidiary organizations during the year were devoted to production in aid of the war effort.

The gross sales and earnings of the Company upon a consolidated basis (after elimination of inter-company items) totalled		$397,039,035.46
Other income, including dividends from non-consolidated subsidiaries, was		1,418,069.49
making total gross income		$398,457,104.95
The cost of sales, including all operating expenses, development and maintenance charges, repairs, administrative, selling and general expenses and all taxes, except income taxes, amounted to	$324,125,614.70	
Provision for depreciation and obsolescence and for depletion of timber lands, and phosphate deposits amounted to	13,409,453.87	
making total deductions from gross income		337,535,068.57
		$ 60,922,036.38
United States and foreign income and excess profits taxes amounted to	$ 27,339,069.45	
Provision for contingencies was	2,000,000.00	
making a total of		29,339,069.45
Net income, without deduction for depletion of metal mines, was		$ 31,582,966.93
Of which minority share amounted to		159,837.86
Leaving consolidated net income of		$ 31,423,129.07

Gross income decreased $47,452,134.12 or 10.64% from 1943. Net income decreased $2,337,671.95 or 6.92%. Profit per share without deduction for Capital Depletion of

Metal Mines was $3.62, compared with $3.89 in 1943. Continued wage increases and the shortage of labor were the principal factors causing decrease of production and income.

Dividends on the capital stock of your Company amounted to $21,685,845.00 or $2.50 per share, continuing the same rate paid in 1941, 1942 and 1943.

Current assets as of December 31, 1944, amounted to $212,640,110.82 of which $125,960,048.91 was in cash and Government securities. There was no indebtedness except for current accounts and wages $14,001,101.36 and accrued taxes $34,755,786.50, a total of $48,756,887.86, leaving net current assets of $163,883,222.96 equivalent to $18.89 per share, an increase of $21,240,285.65 or $2.45 per share for the year.

Net income as heretofore is based upon invoices to customers. Materials sold but not delivered are inventoried on basis of "last in—first out" at the cost of various metals on hand and in process, such values being below market prices for the various metals and products at December 31, 1944.

Renegotiation of Government contracts with The American Brass Company for the year 1943 resulted in the determination that there was no amount payable as a result of such renegotiation. It is anticipated that there will be no payment resulting from renegotiation of such contracts for the year 1944. Established reserves are considered adequate for contingencies, if any, resulting from renegotiation of other Government contracts, which are deemed relatively unimportant.

The Company and its subsidiaries had on hand at the end of the year United States Government Securities of a par value of $69,945,000. During the year purchases amounted to $45,415,000 par value. Of the Government securities purchased during 1944 and those on hand at the beginning of the year, $15,631,000 par value matured or were applied to the payment of Federal income taxes.

The Company's Canadian subsidiary purchased $1,700,000 par value Canadian Government bonds during the year, with a total on hand at December 31, 1944, at cost in Canadian currency $4,145,375.

CAPITAL EXPENDITURES less sales of capital assets in 1944 amounted to..	$5,844,110.24
as follows:	
Mines, Mining Claims and Lands..........................	$ 363,692.24
Buildings, Machinery and Equipment at the Mines, Smelting, Refining and Manufacturing Plants of the Company and its subsidiaries.......................................	4,905,454.48
	$5,269,146.72
Less Sales (Book Value)..................................	243,786.48
A net increase of.......................................	$5,025,360.24
Miscellaneous—Including acquisition of shares of stock of subsidiary companies..................................	818,750.00

Corporate Transactions

During the year the Company increased its holdings in shares of subsidiary companies by purchase of 28,000 shares of stock of Chile Copper Company, 6 shares of Butte Water Company and 200 shares of Anaconda Wire and Cable Company. These transactions increased Company holdings to 4,377,336 shares (99.14%), 119,656 shares (99.88%), and 289,722 shares (68.66%) respectively, of the issued capital stock of those companies. As a result of the issuance of additional shares of National Tunnel & Mines Company in exchange for the stock of Utah Metal and Tunnel Company, your Company's participation in National Tunnel & Mines Company was reduced from 57.41% to approximately 47%.

Operations

The Company's operations in the United States in the production, reduction and processing of metals were materially curtailed by a critical shortage of manpower in practically all of the Departments of the Company engaged in the above activities.

This situation was common to all non-ferrous metal producers, with the result that production of copper, lead and zinc in the United States was less than in 1943. During 1944 the number of employees in the mines, mills, smelters and refineries of all companies engaged in the production of copper in the United States decreased by more than 10,000, or 20%.

Importations of copper, lead and zinc (including metal in concentrates) from foreign sources continued at high levels and as a consequence there was at all times an adequate supply of metal available for war purposes. In the production of munitions and other items in the United States practically the same tonnage of primary copper was utilized as in 1943. More than one-third of the total tonnage used was imported. Due to a substantial increase in imports, the reserve stock of copper held by the Government increased notwithstanding the decrease of production in the United States.

The additional facilities for copper production at Chuquicamata, Chile, were practically completed and were in full operation during the major portion of the year. The development of the low-grade copper ore project at Cananea, Sonora, Mexico, was practically completed and the new plant started operating before the end of the year.

Shipments of The American Brass Company's plants decreased from those of the prior year, due to a lessened demand during the summer and early fall and also to labor shortage. However, the demand for munition purposes was increased materially in the last quarter and these plants have been operating to the capacity for which necessary labor has been available.

Additional equipment required to meet war production requirements was installed in various manufacturing plants of the Company during the year. No important construction program was undertaken at any of the plants.

Experience having demonstrated the inability of the United States to produce a sufficient quantity of strategic and critical metals, including copper, lead and zinc, to meet its requirements in the existing emergency, the Congress passed, and the President approved, October 3, 1944 the Surplus Property Act of 1944. This Act provides that all government owned accumulations of copper and other strategic minerals and metals, except an amount estimated by the War Production Board as the deficiency in industry requirements for a period of six (6) months, shall be frozen for the period of one (1) year from the submission of the recommendations by the Army and Navy Munitions Board to Congress respecting the maximum and minimum amounts of each strategic mineral or metal to be permanently stockpiled and held pursuant to the Act of June 7, 1939. The Army and Navy Munitions Board has submitted such recommendations to Congress. The creation of the permanent stockpiles and the amounts thereof await the further action of Congress. The Act of June 7, 1939, in effect, provides that materials stockpiled thereunder are to be used only upon the order of the President in time of war or when he shall find that a national emergency exists with respect to National Defense as a consequence of the threat of war.

Reconversion

Inasmuch as, with but comparatively few specialty items, the products of your Company for peacetime industry will be the same as are now required of it, no serious reconversion problem exists.

Production

The following is a summary of the comparative output of the principal products of the Company for 1943 and 1944:

		1943	*1944*
Copper			
	Total Output—Pounds	1,296,807,140	1,195,223,947
	By-product materials sold to others:		
	From Company mines	219,973	9,447
	From other sources	205,724	101,735
	Finished Copper	1,296,381,443	1,195,112,765
	From Toll	249,425,970	226,250,803
	From Purchased ores, concentrates and secondary metals	22,548,932	21,680,512
	From Company mines	1,024,406,541	947,181,450
Zinc			
	Total Production—Pounds	514,624,263	473,978,086
	From Toll	331,240,556	305,365,098
	From Purchased materials	172,738,773	168,069,948
	From Company mines	10,644,934	543,040
	Contained in by-products sold to other companies	15,222,585	15,679,704
	Zinc Dross	5,612,380	8,232,002
	Produced on toll for the Company by others	14,702,883	145,119
	Secondary Metals	3,914,534	1,139,522
	Electrolytic Zinc at Company Plants	475,171,881	448,781,739

	1943	1944
Lead		
Total Production—Pounds	76,951,157	68,970,626
From Toll	1,876,676	....
From Purchased ores, concentrates and other materials	73,409,662	68,635,434
From Company mines	1,664,819	335,192
Contained in by-products sold to other companies	23,115,618	19,140,918
Produced in metallic form	53,835,539	49,829,708
Silver		
Total Production—Ounces	13,869,220	11,105,295
From Toll	23,895	....
From Purchased materials	6,009,689	5,105,112
From Company mines	7,835,636	6,000,183
Contained in by-products sold to other companies	2,267,816	1,797,481
Produced in metallic form	11,601,404	9,307,814
Gold		
Total Production—Ounces	137,852	105,333
From Toll	2,793	....
From Purchased materials	82,125	63,364
From Company mines	52,934	41,969
Contained in by-products sold to other companies	11,233	11,046
Produced in metallic form	126,619	94,287
Manganese		
Nodule Production—Long Tons	114,327	117,781
Assay—Mn	61.12%	60.62%
Arsenic—Short Tons	10,212	9,745
Cadmium—Total Production—Pounds	2,262,332	2,036,612
Molybdenite—Pounds	3,674,990	2,986,396
Treble—superphosphate and phosphoric acid—Tons	59,421	65,133
Lumber—Feet	106,833,090	103,508,146

There was no important change in the production of miscellaneous products such as bismuth, gallium, indium, nickel sulphate, palladium, platinum, selenium, tin, vanadium red cake precipitates, white lead and zinc oxide.

Fabricating Plants:

The shipments of manufactured products from the plants of The American Brass Company (including Toronto Plant) and Anaconda Wire and Cable Company amounted to 1,244,582,971 pounds, a decrease of 14.82% from the record established in 1943. In addition, shipments from the fabricating plants operating for Government account in excess of shipments of manufactured products from Company departments to those plants amounted to 300,224,696 pounds, making combined total of 1,544,807,667 pounds or 16.09% less than during the prior year.

ARMY-NAVY "E"

The number of plants of Anaconda Copper Mining Company and subsidiary companies honored with the "E" award for war services increased to fourteen in 1944. Renewals, valid for six months or one year, have brought total awards to fifty-two up to December 31, 1944. Awards to the various plants have been as follows:

THE AMERICAN BRASS COMPANY

Ansonia Branch	Navy "E" awarded April 7, 1942 Army-Navy "E" with One Star, October 6, 1942 Second Star, April 16, 1943 Third Star, November 1, 1943 Fourth Star, May 9, 1944*
Torrington Branch	Navy "E" awarded April 7, 1942 Army-Navy "E" with One Star, October 6, 1942 Second Star, April 16, 1943 Third Star, November 1, 1943 Fourth Star, May 9, 1944*
Waterbury Branch	Navy "E" awarded April 7, 1942 Army-Navy "E" with One Star, October 6, 1942 Second Star, April 16, 1943 Third Star, November 1, 1943 Fourth Star, May 9, 1944*
Detroit Branch	Navy "E" awarded May 20, 1942 Army-Navy "E" with One Star, December 16, 1942 Second Star, June 10, 1943 Third Star, December 21, 1943 Fourth Star, June 14, 1944*
Buffalo Branch	Army-Navy "E" awarded November 14, 1942 Renewal Star, May 20, 1943 Second Star, December 9, 1943 Third Star, May 11, 1944 Fourth Star, November 16, 1944*
Kenosha Branch and Kenosha Brass Co.	Army-Navy "E" awarded May 8, 1943 Renewal Star, December 4, 1943

ANACONDA WIRE AND CABLE COMPANY

Hastings Plant	Navy "E" awarded May 20, 1942 Army-Navy "E" with One Star, November 15, 1942 Second Star, October 23, 1943 Third Star, June 7, 1944 Fourth Star, December 23, 1944*
Marion Plant	Navy "E" awarded May 20, 1942 Army-Navy "E" with One Star, November 15, 1942 Second Star, October 23, 1943 Third Star, May 11, 1944
Muskegon Plant	Army-Navy "E" awarded March 2, 1944 Renewal Star, September 5, 1944

Shelby Plant	Army-Navy "E" awarded March 2, 1944 Renewal Star, September 5, 1944
Sycamore Plant	Army-Navy "E" awarded September 23, 1944

INTERNATIONAL SMELTING AND REFINING COMPANY

Miami Plant	Army-Navy "E" awarded September 5, 1942 Renewal Star, June 19, 1943 Second Star, May 27, 1944

ANACONDA COPPER MINING COMPANY

Anaconda Reduction Works	Army-Navy "E" awarded December 26, 1942 Renewal Star, July 24, 1943 Second Star, March 11, 1944 Third Star, September 15, 1944
Great Falls Reduction Works and East Helena Slag Plant	Army-Navy "E" awarded December 26, 1942 Renewal Star, July 24, 1943 Second Star, March 11, 1944 Third Star, September 15, 1944

*Renewal for one year.

Employees

The relations of the Company with its employees were maintained upon a satisfactory basis throughout the year, with the exception of strikes of short duration at the Andes property in South America and the Cananea property in Mexico. Within the United States there was no cessation of production. The management wishes to express its appreciation for the cooperation of its employees and the assistance rendered by the Labor-Management Committees which had been established in all of the principal departments and branches of the Company.

During the year 1944 the average number of employees of the Company and its consolidated subsidiary companies was 51,060. Of these 32,779 were within the United States, compared with 38,064 in 1943. Purchases of War Savings Bonds with par value of $16,505,600 were made in 1944 by approximately 90% of the employees in the United States.

As of December 31, 1944, total employees of the Company including its non-consolidated subsidiary companies numbered 54,607, in addition to which employees in Government properties operated by subsidiary companies numbered 3,331, making a total of 57,938.

Up to the end of the year 13,356 employees of the Company and its subsidiary companies had entered the military service of our Country or our Allies. We record with regret that 258 of these have made the supreme sacrifice or have been reported as missing in action.

Group Insurance

The Group Insurance at the close of the year amounted to $77,153,966, covering 38,422 employees. The amount of insurance paid to beneficiaries during the year was $888,500.

NUMBER OF SHAREHOLDERS

The number of registered shareholders appearing on the transfer books of the Company at December 31, 1944 was 117,240 compared with 116,400 at the beginning of the year.

GOVERNMENT PROJECTS

Magnesium:

During the year, due to the accumulation of adequate supplies of magnesium metal, the various Governmental plants were instructed to make successive cutbacks in production, and finally operations in practically all of them were suspended.

After successive steps in curtailment the metal production at the Las Vegas plant, operated under a management contract with Defense Plant Corporation by Basic Magnesium, Incorporated, was suspended on November 15th and the plant has since been in "stand by" condition. This the world's largest magnesium plant operated continuously for 807 days, during which time it produced 166,322,685 pounds of marketable refined or alloyed magnesium metal in commercial shapes.

The plant had attained a production in excess of rated capacity. Many changes in the original process and in mechanization had been made which were successful in greatly improving the efficiency of the operation and in substantially reducing production costs.

The chlorine and caustic soda plants, heretofore operated in connection with the magnesium plant, have continued to operate at full capacity for the account of the Government, the chemicals produced going into other uses.

Brass and Wire Mills:

The American Brass Company continued to operate the Ammunition Brass Mill at Kenosha, Wisconsin (owned by Defense Plant Corporation) as well as the Ammunition Brass Mills located at Toronto and Montreal (owned by the Canadian Government). Anaconda Wire and Cable Company likewise operated special Wire Plants (owned by Defense Plant Corporation) at Marion, Indiana and Sycamore, Illinois. These five plants ran continuously throughout the year, meeting all emergencies as reflected in the changing requirements of our Armed Forces and those of our Canadian Allies.

FINANCIAL STATEMENTS

There is attached hereto as a part of this report a Consolidated Balance Sheet showing the financial condition of the Company and consolidated subsidiary companies at the close of business December 31, 1944, together with a Consolidated Income Account and a Consolidated Surplus Account for the year, certified by Messrs. Pogson, Peloubet & Co., Certified Public Accountants.

By Order of the Board of Directors.

CORNELIUS F. KELLEY,
Chairman of the Board.

JAMES R. HOBBINS,
President.

New York, N. Y., April 14, 1945.

ANACONDA COPPER MINING COMPANY
and Subsidiary Companies

Consolidated Balance Sheet—December 31, 1944

ASSETS

FIXED ASSETS:		
Mines and mining claims, water rights and lands for metal producing and manufacturing plants—see note D		$259,980,094.22
Timber lands and phosphate deposits—see note D	$ 6,295,076.32	
Less reserve for depletion	2,691,810.77	3,603,265.55
Buildings and machinery at mines, reduction works, refineries, manufacturing plants, sawmills, foundries, waterworks and railroads (including railroad concessions to the extent of $644,179.15)—see note D	$314,338,168.02	
Less reserve for depreciation	210,720,730.23	103,617,437.79
Patents		1,001.00
Investments:		
Securities of subsidiaries not consolidated—see notes C and D	$ 15,161,819.96	
Other investments—see note D	16,179,575.48	
Indebtedness of subsidiaries not consolidated—not current	310,837.29	31,652,232.73
		$398,854,031.29
FUNDS PROVIDED BY GOVERNMENT AGENCIES:		
For extension and operation of metal producing and manufacturing facilities—per contra		7,288,643.37
The assets shown in this Balance Sheet do not include funds in the amount of $17,650,340.84 provided by government agencies for the construction and development of metal producing facilities—see note E.		
DEFERRED CHARGES:		
Mine development, including expenditures on leased properties	$ 7,816,408.19	
Prepaid expenses	669,190.53	
Deferred expenses	201,119.09	8,686,717.81
CURRENT AND OTHER ASSETS:		
Current Assets:		
Supplies, including operating and replacement parts—at cost	$ 23,982,241.27	
Metals and manufactured products:		
In process—at cost	6,366,318.60	
Finished—generally at cost, on last-in, first-out basis; silver, gold and molybdenite at market or less	27,910,965.87	
Accounts and notes receivable—trade, less reserve	27,365,742.10	
Indebtedness of subsidiaries not consolidated—current	854,794.07	
United States and Canadian Government securities	73,713,518.96	
Cash	52,246,529.95	212,640,110.82
Other Assets:		
Installment land sales and other accounts receivable, less reserve	$ 1,540,869.16	
Advances to sundry mining companies, including advances on ores, less reserve	216,874.82	
Postwar refund—United States and Canadian excess profits taxes—estimated	2,645,249.20	4,402,993.18
		$631,873,396.47

See explanatory notes, pages 13 and 14.

ANACONDA COPPER MINING COMPANY
and Subsidiary Companies

Consolidated Balance Sheet—December 31, 1944

LIABILITIES

CAPITAL STOCK of Anaconda Copper Mining Company:			
Authorized—12,000,000 shares of the par value of $50 each			
Issued	8,919,086 shares		$445,954,300.00
Held in treasury	244,748 shares		12,237,400.00
Outstanding	8,674,338 shares		$433,716,900.00
CAPITAL STOCK AND SURPLUS of consolidated subsidiaries owned by minority interest			3,900,256.59
ADVANCES BY GOVERNMENT AGENCIES for extension and operation of metal producing and manufacturing facilities, less repayments—per contra			7,288,643.37
RESERVES:			
For workmen's compensation insurance		$ 1,815,197.83	
For contingencies		6,400,000.00	8,215,197.83
CURRENT LIABILITIES:			
Accounts and wages payable		$ 14,001,101.36	
Accrued taxes—see note G		34,755,786.50	48,756,887.86
DEFERRED CREDITS TO INCOME			728,573.39
SURPLUS—see note F			129,266,937.43
			$631,873,396.47

See explanatory notes, pages 13 and 14.

Anaconda Copper Mining Company
and Subsidiary Companies

Consolidated Income Account—Year Ended December 31, 1944

Gross sales and earnings—see note H		$397,039,035.46
Other income:		
Dividends from subsidiary not consolidated	$ 289,622.30	
Other dividends, interest and miscellaneous income	1,128,447.19	1,418,069.49
		$398,457,104.95
Cost of sales—on last-in, first-out basis—operating expenses, development, maintenance and repairs, administrative, selling and general expenses and taxes, except income and profits taxes	$324,125,614.70	
Provision for depreciation and obsolescence	13,287,632.84	
Provision for depletion of timber lands and phosphate deposits (not including depletion of metal mines)	121,821.03	337,535,068.57
		$ 60,922,036.38
United States and foreign income and profits taxes—estimated, no United States excess profits tax is deemed payable	$ 27,339,069.43	
Provision for contingencies	2,000,000.00	29,339,069.43
Net Income, without deduction for depletion of metal mines		$ 31,582,966.95
Minority share of income		159,837.88
Consolidated Net Income, without deduction for depletion of metal mines		$ 31,423,129.07

Consolidated Surplus Account—Year Ended December 31, 1944

Surplus at beginning of year	$120,069,100.77	
Minority interest	539,447.01	$119,529,653.76
Consolidated Net Income, without deduction for depletion of metal mines		31,423,129.07
		$150,952,782.83
Dividends Nos. 143, 144, 145 and 146		21,685,845.00
Surplus at end of year	$129,705,464.97	
Minority interest	438,527.14	
Consolidated Surplus at end of year		$129,266,937.83

See explanatory notes—pages 13 and 14.

NOTES TO FINANCIAL STATEMENTS—DECEMBER 31, 1944

NOTE A—BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of all significant subsidiaries in which the stock interest of the company is 75% or more.

NOTE B—ASSETS AND INCOME IN FOREIGN COUNTRIES

Assets in foreign countries, principally those of subsidiaries operating in South America, Mexico and Canada, are approximately fifty-five per cent. of the net amount of fixed assets, investments and deferred charges, less reserves, and approximately five per cent. of amount of net current assets (including cash balances in such countries of $2,392,300.52) shown on the Consolidated Balance Sheet.

The greater part of the assets in South America and Mexico were acquired for United States dollars (see note D as to basis for fixed assets), those acquired for foreign currency, not significant in amount, being converted at rates of exchange current at the dates of acquisition. Assets in Canada have been converted at rates of exchange current at dates of acquisition adjusted in the case of net current assets to the exchange rate at December 31, 1944.

Consolidated income includes $16,536,301.37 as Anaconda Copper Mining Company's proportion of the income of subsidiaries operating in South America and Mexico, all of which has been received in United States funds, and $1,139,369.11, the equivalent in United States dollars of the net income of the Canadian subsidiary which paid no dividends during the year.

NOTE C—EQUITY IN ASSETS AND INCOME OF UNCONSOLIDATED SUBSIDIARIES

The investment of the parent company in its principal unconsolidated subsidiaries (Anaconda Wire and Cable Company and Mountain City Copper Company) is included in the Consolidated Balance Sheet at $4,251,947.16 less than the company's equity in the net assets of these subsidiaries as shown by their books.

The company's proportion of the net earnings of such subsidiaries (without, in the case of mining companies, making any provision for depletion of metal mines) exceeded dividends received in the year by $476,236.63. Of such dividends amounting to $435,915.40, $289,622.00 is included in the Consolidated Income Account and $146,293.40 has been credited to investments in unconsolidated subsidiaries.

NOTE D—FIXED ASSETS—BASIS OF VALUATION

(a) Property, plant and equipment is included in the Consolidated Balance Sheet on the basis of cost to the consolidated group either in cash or in stock of the parent company at par value. Investments in securities of subsidiaries not consolidated and other investments are included at cost or less.

Other investments include 330,000 shares of Inspiration Consolidated Copper Company, carried at $9,582,107.51. Securities and notes of National Tunnel & Mines Company previously included with securities and indebtedness of subsidiaries not consolidated are now carried as other investments, the ownership having been reduced below 50% by reason of its merger with Utah Metal and Tunnel Company.

(b) Pursuant to the requirements of the United States Treasury Department, valuations as of March 1, 1913 of mining properties then owned have been recorded on the books for the purpose of computing the amount allowable as a deduction for depletion in arriving at taxable income under the Federal income tax laws, but these values have not been reflected in the published accounts of the Company.

The Company has consistently followed the practice of not deducting in any of its published accounts any amount for depletion on account of metals mined, and no such deduction is included in any of the financial statements submitted herewith.

Depletion based on cost has, in the case of timber and phosphate lands, been deducted from income in the financial statements submitted herewith and also from the cost basis shown in the Consolidated Balance Sheet.

(c) The values of fixed assets are shown on the bases above set forth and do not indicate current values which could be established only by current appraisals.

NOTE E—FUNDS PROVIDED BY GOVERNMENT AGENCIES

Under the contract pursuant to which the $17,650,340.84 was expended certain options were granted to the subsidiary with which the contract was entered into with respect to discharge of obligations in connection therewith. There is no basis at the present time for determining whether any of these options will be exercised. Under the construction contract the subsidiary is obligated to operate the property at cost, one of the principal considerations for the expenditures and advances above referred to. If none of the options are exercised, the facilities are to be disposed of and contractual accounting made.

NOTE F—SURPLUS

Included in Consolidated Surplus are (a) a credit of $40,816,158.49, being the excess of the proceeds of the issue of 3,109,598.54 shares of stock of Company over the par value thereof and (b) a charge of $11,907,498.50, being discount and expense on issuance, and premium on redemption of bonds, redeemed through funds obtained by issuance of stock above referred to. See paragraph (b) of note D as to practice regarding depletion.

NOTE G—FEDERAL INCOME AND EXCESS PROFITS TAXES

United States income and excess profits taxes for the taxable years up to and including December 31, 1939 have been determined by the United States Treasury Department and any amounts due thereunder have been paid. Audits of returns for subsequent years have not been completed by the United States Treasury Department. It has been determined that no liability to the United States Government existed in connection with renegotiation of 1943 sales contracts of The American Brass Company. It is believed that no liability exists with regard to renegotiation of 1944 contracts and Federal taxes for the year have been accrued on this basis.

NOTE H—GROSS SALES AND EARNINGS

Sales of metals and manufactured products are included in income as billed and delivered to customers. Undelivered sales contracts and purchase commitments are not given effect to in the Consolidated Income Account. Included in sales is the excess over the current prices of metals received in pursuance of certain contracts and agreements with agencies of the United States Government

POGSON, PELOUBET & CO.

CERTIFIED PUBLIC ACCOUNTANTS

NEW YORK
MAURICE E. PELOUBET
LEWIS M. NORTON
SIDNEY W. PELOUBET
HOWARD L. JUYETT
CRAWFORD C. HALSEY
FRANK E. SMALL

EL PASO
PERCY W. POGSON
PERCY W. POGSON, JR.

CABLE ADDRESS CERTIFIED NEW YORK
AGENT
EUROPE KEMP CHATTERIS & CO
LONDON

25 BROADWAY NEW YORK 4 N. Y.

To the Board of Directors,

Anaconda Copper Mining Company,
25 Broadway, New York 4, N. Y.

We have examined the Consolidated Balance Sheet as of December 31, 1944 of Anaconda Copper Mining Company and the other corporations whose accounts are consolidated with its accounts as stated in note A to the financial statements and their Consolidated Income and Surplus Accounts for the calendar year 1944; have reviewed the system of internal control and the accounting procedures of the Company and its subsidiaries and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and its subsidiaries and other supporting evidence, by methods and to the extent we deemed appropriate. It was not practicable to obtain direct confirmation of balances owing by departments and agencies of the United States Government, as to which we have satisfied ourselves by other auditing procedures. At the request of the United States War Department certain of the usual physical inventories were omitted by The American Brass Company at December 31, 1944, but we have satisfied ourselves by means other than physical observation of the substantial fairness of the amounts representing these inventories in the financial statements. In all other respects our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

The practice of the Company and its subsidiaries in computing their net income or net loss without deduction for depletion of metal mines is in accordance with accepted accounting procedures in industries engaged in the mining of copper, zinc, lead, silver and gold, and is in agreement with long established and consistently maintained accounting practices and procedures of this Company and its subsidiaries and others similarly situated, and the Company is advised by counsel that such procedure is in accordance with legal requirements.

In our opinion, the accompanying Balance Sheet and related Income and Surplus Accounts, together with the notes attached thereto or appearing thereon, present fairly the consolidated position of the Company and its consolidated subsidiaries at December 31, 1944 and the combined results of their operations for the calendar year 1944, in conformity with generally accepted accounting principles which have been applied on a basis consistent in all material respects with that of the preceding year.

POGSON, PELOUBET & CO.,
Certified Public Accountants

New York, March 22, 1945.

ANACONDA WIRE AND CABLE COMPANY

(A Subsidiary Company)

ANACONDA

The year 1944 brought to this company even greater responsibilities for producing military requirements. The continuance of war has emphasized the part played by our products. Increased demand has been placed on our facilities for manufacture of field telephone wire for the U. S. Signal Corps. During the year some revisions in Navy schedules occurred, but production facilities thus made available have been taken up by other products essential to the war effort such as those used in the rocket and radar programs.

The company has also carried on development of confidential items for the Armed Services and production of those approved continues unabated. In such activities our Research and Development Departments are acting in close cooperation with the Army and Navy.

In common with American industry, the Company's facilities are fully devoted to helping to win the war. When commercial production is again possible the facilities of the Company can be easily converted to supply demands accumulating during the war years.

That this company is continuing to merit the responsibility placed upon it by our Armed Forces is demonstrated by three new Army-Navy "E" awards, plus five renewal stars at these and other plants previously cited.

SOME OF THE INDUSTRIES SERVED

Automotive	Construction (Heavy)	Metal Fabrication	Rural Electrification
Aviation	Electric Utilities	Mining	Shipbuilding
Building	Electrical Manufacturing	Petroleum	Textile
Chemical	Food	Radio	Telephone and Telegraph
Communication	Marine	Railroad	

PRODUCTS

ELECTRICAL WIRE AND CABLES OF EVERY DESCRIPTION

Bare Wire and Cable	Hollow Conductor Cable	Rubber Covered Building Wires
Cable Accessories	Magnet Wire and Coils	Shipboard Cables
Communication Cable	Non-Metallic Conduit	Slow Burning Wires and Cables
Copper Rods	Power Cable: Rubber, Paper, Varnished Cambric	Synthetic Insulated Wire and Cable
Cords	Parkway Cable	Weatherproof Wire and Cable

LOCATION OF MANUFACTURING PLANTS

Anderson, Ind.	Marion, Ind.	Orange, Calif.
Great Falls, Mont.	Muskegon, Mich.	Pawtucket, R. I.
Hastings-on-Hudson, N. Y.		Sycamore, Ill.

OFFICES ARE LOCATED IN THE FOLLOWING CITIES:

Atlanta, Ga.	Dallas, Texas	Milwaukee, Wis.	Rochester, N. Y.
Boston, Mass.	Denver, Colo.	Minneapolis, Minn.	St. Louis, Mo.
Charlotte, N. C.	Detroit, Mich.	New Orleans, La.	San Francisco, Calif.
Cincinnati, Ohio	Kansas City, Mo.	Philadelphia, Pa.	Seattle, Wash.
Cleveland, Ohio	Los Angeles, Calif.	Pittsburgh, Pa.	Washington, D. C.

General Offices: 25 Broadway, New York 4, N. Y.

Chicago Sales Offices: 20 North Wacker Drive