PRESIDENT'S ANNUAL REPORT

TO THE STOCKHOLDERS OF THE

St. Joseph Lead Company

FISCAL YEAR ENDING

DECEMBER 31, 1922

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President's Annual Report to the Stockholders

of the

ST. JOSEPH LEAD COMPANY

FISCAL YEAR ENDING DECEMBER 31, 1922

In the year 1922 dividends to the amount of $1,936,715.25 in cash have been paid to stockholders and to minority stockholders in subsidiary companies $70,491.

There was an earned surplus of $3,994,325.09 after all charges for depreciation, depletion and reserve for Federal Taxes resulting from the operation for the fiscal year.

Your mines produced 2,437,459 tons of ore.

Your mills produced 146,431 tons of concentrates.

Your smelter produced 105,028 tons of pig lead.

The sales of pig lead for the year amounted to 121,655 tons. (This does not include sales of lead purchased from the Bunker Hill & Sullivan Mining & Concentrating Company.)

FINANCIAL

During the year your company invested reserve funds in Liberty Bonds, certificates of indebtedness and other short time securities. Its holdings of such securities on December 31, 1922, were as follows:

$1,800,000	Third U. S. Liberty Loan 4¼%
500,000	Fifth U. S. Victory Loan 4¾%
1,575,000	U. S. Treasury Certificates
500,000	State of Missouri Bonds
500,000	Municipal Bonds
50,000	New York Central Bonds
200,000	Bank Acceptances
$5,125,000	

Federal Income and Excess Profits Taxes amounting to $542,785.49 were paid in 1922 on account of adjustments for years 1916 to 1920 inclusive. Final audit and approval by the Bureau of Internal Revenue of this payment has not yet been received.

BUNKER HILL CONTRACT

In June last your company contracted to purchase a part of the pig lead output of the Bunker Hill Smelter.

The Bunker Hill Brand being suitable for various purposes for which St. Joe lead is not desirable, your company can now more efficiently meet the requirements of its customers.

BALANCE SHEETS

In addition to the "Consolidated General Balance Sheet, St. Joseph Lead Company and Subsidiary Companies," this year's report contains the balance sheet of the St. Joseph Lead Company, in which the stocks of the subsidiary companies owned by the parent company are carried as investments, as they appear on the books of the St. Joseph Lead Company, instead of the assets and liabilities being merged as they are in the consolidated balance sheet. While the consolidated balance sheet is a truer picture of the property as a whole, the parent company's balance sheet may be of some interest.

PROSPECTING AND EXPLORATION

From time to time your President has called attention to the fact that part of your company's cash receipts represent sale of capital assets (the ore reserves of the company). This fact has been taken into account on the company's books and a reserve established which has been added to year by year ratably with the ore mined. This reserve, if your company is to live beyond the exhaustion of its present holdings, must be invested in new mining property. With this thought in mind your Trustees authorized the formation of an Exploration Department, which has devoted itself to the search for new mining property outside the county where your company's main properties are located. During the past two years an extensive drilling campaign has been carried on by this department in the Tri-State district with most promising results.

In the vicinity of its own mines your company has continued to option and acquire additional reserves.

The drilling on its own properties in the past several years has continued to indicate a longer life than originally estimated.

This longer life is, however, partly due to improvements in mining and metallurgical methods that make available lower grade ore than could have been handled profitably ten years ago.

GENERAL

The company's business for the year 1922 justified the hopeful prediction in your President's last report.

The sales of pig lead were nearly double those made in 1921, all the current production being sold in addition to the stocks accumulated in the previous year. The prices realized were substantially higher than in 1921.

Wages were raised in June and again in November.

Stockholders should realize that profits are based on sales and not on production; therefore, a part of the 1922 profits were made on metal produced in the year 1921.

CLINTON H. CRANE,
President.

CONSOLIDATED GENERAL BAL

ASSETS

CAPITAL ASSETS:			
Ore reserves and mineral rights	$22,060,696.29		
Less reserve for depletion	9,600,117.35	$12,460,578.94	
Buildings and equipment at mines and smelter.	$ 8,119,938 86		
Less reserve for depreciation	1,397,390 71	6,722,548.15	
Real estate		95,749.78	
Farm lands, buildings, and equipment	$ 565,476.74		
Less reserve for depreciation	23,661.60	541,815.14	
Railroad property and equipment	$ 4,211,647.98		
Less reserve for depreciation	532,856 78	3,678,791.20	$23,499,483.21
INVESTMENT—MISSOURI—ILLINOIS RAILROAD COMPANY			362,172.99
SINKING FUND AND RESERVE FUND ASSETS—CASH AND ACCRUED INTEREST			23,944.01
CURRENT ASSETS:			
Cash		$ 1,078,032.83	
Cash in transit		179,946.00	
Marketable securities (par value, $5,125,000.00; market value, $5,148,016.38)		5,162,770.40	
Accounts and notes receivable		1,664,364.31	
Lead on hand and in process		390,867,59	
Materials and supplies		1,448,616.03	
Store accounts (net)		45,036 87	9,969,634.03
DEFERRED DEBIT ITEMS:			
By-product (matte)		$ 89,616.72	
Real estate sold on long term contracts		54,566.54	
Advances to Bonne Terre Hospital Association		54,000.00	
Insurance premiums—Unexpired portion		41,876.46	
Taxes paid in advance		13,382.60	
Mine La Motte prospecting		33,088.18	
Mine shovel development		21,011.59	
Miscellaneous		21,475.47	329,017.56

CERTIFICATE OF AUDIT

We have audited the books and accounts of the St. Joseph Lead Company and its subsidiary companies for the year ended December 31, 1922, and

WE HEREBY CERTIFY that, in our opinion, the above consolidated general balance sheet correctly sets forth the financial condition of the companies at that date.

HASKINS & SELLS.

New York, February 20, 1923.

TOTAL	$34,184,251.80

AD COMPANY

MPANIES

ET, DECEMBER 31, 1922

LIABILITIES

Capital Stock:				
St. Joseph Lead Company:				
Authorized—2,000,000 shares of $10 00 each, of which there have been issued 1,605,744.6 shares			$16,057,446.00	
Less held in treasury, 56,332 shares			563,320.00	$15,494,126.00
Subsidiary companies, minority stock held by public				236,150.00
Funded Debt:				
Mississippi River & Bonne Terre Railway first mortgage, 5% bonds, due 1931			$ 2,500,000.00	
Less:				
Held in sinking fund		$ 612,000.00		
Held in treasury		528,000.00	1,140,000.00	1,360,000.00
Current Liabilities:				
Accounts and wages payable			$ 1,047,744.90	
Traffic and car service balances			*74,254.05*	
Dividend declared December 11, 1922, payable March 20, 1923			774,687.50	
Accrued taxes			53,605.90	
Accrued interest			31,328 13	1,981,620 48
Deferred Credit Items				129,562.78
Reserves:				
Profit on lease agreements			$ 23,223.19	
Premium on bonds to be purchased for sinking fund			23,726.32	
Contingencies (includes provision for Federal taxes)			1,305,244.41	1,352,193.92
Surplus:				
Balance, March 1, 1913			$ 3,925,000.00	
Less amortization distributions therefrom			*3,523,665.00*	
Remainder			$ 401,335.00	
Undistributed profits and increase due to revaluation of properties, March 1, 1913, to December 31, 1921			12,016,832.28	
Balance, January 1, 1922			$12,418,167.28	
Net income for the year ended December 31, 1922, after providing for depreciation of plant and equipment		$ 5,972,333.33		
Less:				
Provision for depletion of ore reserves and mineral rights	$ 1,378,394.49			
Provision for Federal taxes (company's estimate)	*500,000.00*			
Miscellaneous charges	99,613.75	1,978,008.24		
Profit & loss surplus for the year ended December 31, 1922			3,994,325.09	
Total			$16,412,492.37	
Less:				
Dividends declared and paid in 1922		$ 2,007,206.25		
Dividend declared December 11, 1922, payable March 20, 1923		774,687.50	2,781,893.75	13,630,598 62
Total				$34,184,251.80

ST. JOSE[P]

GENERAL BALANCE SH[EET]

ASSETS

Capital Assets:			
Ore reserves and mineral rights	$10,183,987.88		
Less reserve for depletion	5,010,483.94	$ 5,173,503.94	
Buildings and equipment at mines and smelter	$ 5,459,331.86		
Less reserve for depreciation	898,148.85	4,561,183.01	
Real estate		55,734.28	$ 9,790,421.23
Securities Owned:			
Affiliated companies		$ 8,460,063 57	
Other		239,969 24	8,700,032 81
Sinking Fund and Reserve Fund Assets—Cash and Accrued Interest			23,944 01
Current Assets:			
Cash		$ 715,219.27	
Cash in transit		179,946.00	
Marketable securities (par value $2,275,000.00; market value $2,279,423.88)		2,298,275.84	
Accounts and notes receivable		1,549,169.87	
Due from affiliated companies		19,001.73	
Lead on hand and in process		300,819.60	
Material and supplies		884,715.11	5,947,147.42
Deferred Debit Items:			
By-product (matte)		$ 89,616 72	
Real estate sold on long term contracts		53,332.57	
Advances to Bonne Terre Hospital Association		36,000.00	
Insurance premiums—Unexpired portion		24,219.65	
Taxes paid in advance		10,163.02	
Mine La Motte prospecting		33,088.18	
Mine shovel development		21,011.59	
Miscellaneous		16,852.40	284,284.13

CERTIFICATE OF AUDIT

We have audited the books and accounts of the St. Joseph Lead Company for the year ended December 31, 1922, and

We hereby certify that, in our opinion, the above general balance sheet correctly sets forth the financial condition of the company at that date.

HASKINS & SELLS.

New York, February 20, 1923.

Total	$24,745,829.60

AD COMPANY

CEMBER 31, 1922

LIABILITIES

Capital Stock:				
Authorized—2,000,000 shares of $10.00 each, of which there have been issued 1,605,744.6 shares			$16,057,446.00	
Less held in treasury, 56,332 shares			563,320.00	$15,494,126.00
Notes Payable:				
Mississippi River & Bonne Terre Railway			$ 2,500,000.00	
Less bonds of Mississippi River & Bonne Terre Railway:				
Held in sinking fund		$ 612,000.00		
Held in treasury		528,000.00	1,140,000 00	1,360,000.00
Current Liabilities:				
Accounts and wages payable			$ 395,165.00	
Due to Bunker Hill & Sullivan Mining & Concentrating Company for lead purchased			526,242.33	
Dividend declared December 11, 1922, payable March 20, 1923			774,687.50	
Taxes accrued			50,323.90	
Interest accrued			31,328.13	
Due to affiliated companies			75,693.47	1,853,440.33
Reserves:				
Profit on lease agreements			$ 23,223.19	
Premium on bonds to be purchased for sinking fund			23,726.32	
Contingencies (includes provision for Federal taxes)			875,661.71	922,611.22
Surplus:				
Profit & loss surplus, January 1, 1922		$ 5,197,471.80		
Amortization distributions received		2,853,045.00		
Total		$ 8,050,516.80		
Less amortization distributions paid		3,523,665.00		
Net surplus, January 1, 1922			$ 4,526,851.80	
Net income for the year ended ended December 31, 1922, after providing for depreciation of plant and equipment		$ 4,237,411.43		
Add miscellaneous profit & loss credits		40,837.33		
Total		$ 4,278,248.76		
Deduct:				
Provision for depletion of ore reserves and mineral rights	$ 746,306.30			
Provision for Federal taxes.	200,000.00			
Miscellaneous charges	31,739.46	978,045.76	3,300,203.00	
Total			$ 7,827,054 80	
Less:				
Dividends declared and paid in 1922		$ 1,936,715.25		
Dividend declared December 11, 1922, payable March 20, 1923		774,687.50	2,711,402.75	5,115,652.05
Total				$24,745,829.60