PRESIDENT'S ANNUAL REPORT

TO THE STOCKHOLDERS OF THE

St. Joseph Lead Company

FISCAL YEAR ENDING

DECEMBER 31, 1925

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OF THE

ST. JOSEPH LEAD COMPANY

FISCAL YEAR ENDING DECEMBER 31, 1925

In the year 1925 dividends to the amount of $5,745,098.00 in cash and a 25% stock dividend of 391,096-5/20 shares have been paid to stockholders, and to minority stockholders in subsidiary companies $164,213.00.

The earnings for the year, after deducting all charges for depreciation, depletion and reserve for Federal Taxes, resulting from the operation for the fiscal year were $9,573,146.32.

Your mines and mills in St. Francois County produced 4,628,746 tons of ore and 247,106 tons of concentrates.

There was produced by Kansas Explorations, Inc., a subsidiary of this company, from its properties in the Tri-State District in Southwest Missouri, Kansas and Oklahoma, 264,702 tons of ore; 1898 tons of lead concentrates and 15,855 tons of zinc concentrates.

The smelter production was 154,627 tons of pig lead.

The sales of pig lead for the year amounted to 154,654 tons. (This does not include sales of lead purchased from the Bunker Hill & Sullivan Mining and Concentrating Company.)

FINANCIAL

In December the Mississippi River & Bonne Terre Railway, one of your subsidiary companies, disposed of all of the stock of the St. Francois County Railroad Company at a net loss of $266,951.60.

This little interurban electric road, connecting the towns of Flat River and Farmington, has been unable for some time past to earn its operating expenses.

Your company in April last paid off the fifth serial note which was incurred in the purchase of the mines of the Federal Lead Company. It likewise retired the

$748,000 par value of bonds due on account of the Mississippi River & Bonne Terre Railway mortgage. So, that at the present time, your company has no funded debt of any kind and owes no money other than current liabilities as set forth in the balance sheet.

Your company's holdings of Liberty Bonds, certificates of indebtedness and other short time securities on December 31, 1925, were as follows:

$ 5,000	City of Indianapolis 5½%	due	Jan.	1, 1926
250,000	Washington Water Power Co. 4¼%	"	Feb.	2, 1926
150,000	Federal Intermediate Credit Bank 4½%	"	Mch.	14, 1926
210,000	Federal Intermediate Credit Bank 4½%	"	Mch.	15, 1926
250,000	Federal Intermediate Credit Bank 4½%	"	May	15, 1926
1,000,000	New York City 4%	"	Mch.	19, 1926
250,000	New York City 4%	"	Mch.	22, 1926
500,000	Camden County, N. J. 4½%	"	Apr.	15, 1926
500,000	Dominion of Canada 4%	"	Sept.	1, 1926
1,000,000	U. S. Treasury Certificates 4¼%	"	Sept.	15, 1926
1,300,000	U. S. Treasury Certificates 4¾%	"	Mch.	15, 1927
500,000	U. S. Treasury Certificates 4½%	"	Dec.	15, 1927
300,000	State of Missouri 5%	"	Mch.	1, 1928–36
1,025,000	Third U. S. Liberty Loan 4¼%	"	Sept.	15, 1928

Federal Income Taxes, amounting to $990,115.50 were paid in 1925.

Final audit and approval by the Bureau of Internal Revenue on account of the year 1917 and subsequent years, has not yet been received.

GENERAL

The year 1925 has been a record year in the history of the company. The largest production, the largest sales coincident with the highest price ever received for its product, have resulted in a record of earnings.

Stockholders will be unwise to regard a year like 1925 as anything but exceptional. The market price of lead has been out of line with other basic commodities and history teaches us that such conditions cure themselves and a wise man does not count on their continuance.

Clinton H. Crane,
President.

BALANCE SHEETS

ST. JOSEP[illegible]

AND SUBSID[illegible]

CONSOLIDATED BALAN[illegible]

ASSETS

Capital Assets:		
Ore reserves and mineral rights, including appreciation arising from revaluation	$30,370,196.93	
Less—Reserve for depletion	16,107,250.50	$14,262,946.43
Buildings, plant and equipment	$14,791,958.91	
Less—Reserve for depreciation	3,160,669.05	11,631,289.86
Railroad property and equipment	$ 3,753,679.85	
Less—Reserve for depreciation	619,206.64	3,134,473.21
		$29,028,709.50
Investments:		
Sundry securities and loans	$ 733,883.71	
Mine La Motte (prospecting expenses)	231,182.09	965,065.80
Current and Working Assets:		
Inventories:		
Lead and zinc on hand and in process	$ 932,392.04	
Materials and supplies	1,822,875.46	
	$ 2,755,267.50	
Notes and accounts receivable	2,527,109.58	
Marketable securities	7,297,894.07	
Cash in banks, on hand and in transit	2,696,663.26	15,276,934.41
Deferred Charges:		
Prepaid insurance, taxes, etc		248,940.43
		$45,519,650.14

We have examined the books and accounts of the St. Joseph Lead Company and its subsidiary companies for the year ending December 31, 1925 and we certify that, in our opinion, the above balance sheet at that date fairly sets forth the financial position of the company and that the relative surplus account is correct.

56 Pine Street,
New York,
February 15, 1926.

Price, Waterhouse & Co.

EAD COMPANY

MPANIES

EET, DECEMBER 31, 1925

LIABILITIES

CAPITAL STOCK:		
Authorized—2,000,000 shares of $10 each	$20,000,000.00	
Issued—1,996,722 shares of $10 each	$19,967,220.00	
Less—In treasury—46,332 shares of $10 each	463,320.00	
	$19,503,900.00	
Scrip outstanding	1,188.50	$19,505,088.50
MINORITY INTEREST IN SUBSIDIARY COMPANIES:		
Capital stock, par value	$ 235,950.00	
Proportion of surplus applicable thereto	105,815.37	341,765.37
FUNDED DEBT	....	....
CURRENT LIABILITIES:		
Accounts payable	$ 1,983,784.18	
Wages accrued	127,836.14	
Interest and property taxes accrued	54,650.49	
Provision for 1925 Federal income tax	1,926,695.97	
	$ 4,092,966.78	
Dividends declared, payable quarterly in 1926	5,851,170.00	9,944,136.78
RESERVE FOR CONTINGENCIES, ETC.:		
(Including Federal taxes of prior years)		1,415,917.79
SURPLUS, per statement attached		14,312,741.70
		$45,519,650.14

ST. JOSEPH LEAD COMPANY
AND SUBSIDIARY COMPANIES

CONSOLIDATED SURPLUS ACCOUNT, DECEMBER 31, 1925

SURPLUS at December 31, 1924, including surplus arising from revaluation of ore reserves and mineral rights			$17,543,091.25
Less—Adjustments of surplus at December 31, 1924:			
Proportion of surplus applicable to minority interests		$ 123,255.49	
Difference between par value of capital stock of St. Francois County Railroad Company and value carried on books of holding company		124,999.00	248,254.49
Adjusted surplus at December 31, 1924			$17,294,836.76
Add—Profit for the year ending December 31, 1925, after providing for depreciation of plant and equipment		$14,355,306.79	
Less:			
Provision for depletion of ore reserves and mineral rights	$ 2,588,512.90		
Loss on sale of St. Francois County Railroad Company	266,951.60	2,855,464.50	
		$11,499,842.29	
Less—Provision for 1925 Federal income tax		1,926,695.97	
		$ 9,573,146.32	
Deduct—Proportion of profit applicable to minority interests		146,772.88	9,426,373.44
			$26,721,210.20
Deduct:			
Dividends paid and accrued—			
Cash		$ 8,497,506.00	
Stock		3,910,962.50	12,408,468.50
SURPLUS at December 31, 1925			$14,312,741.70

NOTE:

The above surplus comprises:

Surplus as shown by balance sheet of parent company at December 31, 1925	$9,099,435.18
Accumulated surplus of subsidiary companies, including that arising from revaluation of ore reserves and mineral rights, in excess of surplus reflected on books of parent company	5,213,306.52
	$14,312,741.70

ST. JOSEPH LEAD COMPANY

(PARENT COMPANY)

INVESTMENTS IN SUBSIDIARY COMPANIES
DECEMBER 31, 1925

	No. of shares outstanding	Par value per share	Percentage of outstanding shares owned
The Doe Run Lead Company	65,749	$100.00	96.43%
Kansas Explorations, Inc.	8,000	100.00	100.00%
Bonne Terre Farming and Cattle Company	50,000	10.00	99.89%
Federal Realty Company	500	100.00	100.00%
Mississippi River and Bonne Terre Railway	30,000	100.00	99.97%
Lead Belt Railway Company	70	100.00	100.00%

ST. JOSEP

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BALANCE SHE

ASSETS

Capital Assets:		
Ore reserves and mineral rights	$16,596,201.52	
Less—Reserve for depletion	9,205,783.65	$ 7,390,417.87
Buildings, plant and equipment	$10,759,851.61	
Less—Reserve for depreciation	2,215,109.04	8,544,742.57
		$15,935,160.44
Investments in and Advances to Subsidiary Companies:		
Investments	$ 8,227,314.57	
Advances	1,876,089.63	10,103,404.20
Other Investments:		
Sundry securities and loans	$ 525,024.25	
Mine La Motte (Prospecting expenses)	231,182.09	756,206.34
Current and Working Assets:		
Inventories:		
Lead on hand and in process	$ 654,366.12	
Materials and supplies	1,487,269.95	
	$ 2,141,636.07	
Notes and accounts receivable	2,423,505.85	
Marketable securities	5,314,166.09	
Cash in banks, on hand and in transit	1,969,440.15	11,848,748.16
Deferred Charges:		
Prepaid insurance, taxes, etc.		144,388.69
		$38,787,907.83

We have examined the books and accounts of the St. Joseph Lead Company for the year ending December 31, 1925, and we certify that, in our opinion, the above balance sheet at that date fairly sets forth the financial position of the company and that the relative surplus account is correct.

Price, Waterhouse & Co.

56 Pine Street,
New York.
February 15, 1926.

EAD COMPANY
ANY)

CEMBER 31, 1925

LIABILITIES

Capital Stock:		
Authorized—2,000,000 shares of $10 each	$20,000,000.00	
Issued—1,996,722 shares of $10 each	$19,967,220.00	
Less—In treasury—46,332 shares of $10 each	463,320.00	
	$19,503,900.00	
Scrip outstanding	1,188.50	$19,505,088.50
Due to Subsidiary Companies		149,660.47
Current Liabilities:		
Accounts payable	$ 1,802,963.17	
Wages accrued	69,499.94	
Interest and property taxes accrued	52,771.62	
Provision for 1925 Federal income tax	1,100,000.00	
	$ 3,025,234.73	
Dividends declared, payable quarterly in 1926	5,851,170.00	8,876,404.73
Reserve for Contingencies, Etc.		
(Including Federal taxes of prior years)		1,157,318.95
Surplus, per statement attached		9,099,435.18
		$38,787,907.83

ST. JOSEPH LEAD COMPANY

(PARENT COMPANY)

SURPLUS ACCOUNT, DECEMBER 31, 1925

SURPLUS at December 31, 1924		$11,013,096.23
Add—Profit for year ending December 31, 1925, including dividends received from subsidiary companies, and after providing for depreciation of plant and equipment	$13,218,485.83	
Less—Provision for depletion of ore reserves and mineral rights	1,623,678.38	
	$11,594,807.45	
Less—Provision for 1925 Federal income tax	1,100,000.00	10,494,807.45
		$21,507,903.68
Deduct—Dividends paid and accrued:		
Cash	$ 8,497,506.00	
Stock	3,910,962.50	12,408,468.50
SURPLUS at December 31, 1925		$ 9,099,435.18