PRESIDENT'S ANNUAL REPORT

TO THE STOCKHOLDERS OF THE

St. Joseph Lead Company

FISCAL YEAR ENDING

DECEMBER 31, 1918

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ST. JOSEPH LEAD COMPANY

FISCAL YEAR ENDING DECEMBER 31, 1918

In the year 1918 dividends to the amount of $2,818,992. have been paid to shareholders.

Your smelter produced for the year 79,620 tons of pig lead.

Your mills produced 133,099 tons of lead concentrates, 125,320 tons of which were shipped to your smelter and 7,779 tons sold to other smelters.

Your mines produced 2,299,490 tons of ore.

FINANCIAL

During the year your company purchased and now holds in its treasury or in the sinking fund $25,000. additional bonds of the Mississippi River & Bonne Terre Railway.

In order to pay taxes in June it sold $1,250,000. par value U. S. Government Liberty 3½s. It purchased $200,000. of the Third Liberty Loan and $503,500. of the Fourth Liberty Loan and in addition $179,300. of the Third and $184,700. of the Fourth for the account of its employees, the employees being allowed to pay for these bonds on a weekly installment plan with the privilege of selling them back to the company at par. Employees have sold back to the company $142,200. par value of these bonds.

AMORTIZATION

In my annual report for the fiscal year ending December 31, 1916, I described the plan adopted by your Trustees for setting up a reserve to amortize the Company's ore reserves. This plan recognized the fact that the value of the ore fluctuated with the market price of lead. It resulted, owing to the high prices which prevailed during the war period, in setting aside from earnings an amount considerably greater than was allowed by Treasury Department rulings. It has seemed wise to the Trustees to revise the Company's plan to agree with the plan put in force by the Treasury Department in allowing depletion as a deduction from income in assessing income and excess profits taxes, and to revise the Company's books in accordance with this change of plan. Stockholders will notice in the balance sheet, that this has resulted in decreasing the reserve for amortization and correspondingly increasing the Company's surplus.

SUBSCRIPTIONS

Your Company subscribed $25,000 in May, 1918, to the American Red Cross and $60,000 in November, 1918, to the United War Work Campaign.

CURTAILMENT OF PRODUCTION

With the signing of the armistice in November and the subsequent cancellation of Government munition contracts, the purchase of nearly 25,000 tons of lead per month which had been going into direct or indirect Government war uses, was discontinued in the month of December. So that from the position of being entirely unable to meet the demand, the lead industry faced the prospect of a serious over-supply. No one expected that the full 25,000 tons a month could quickly be diverted to peace uses, this amount representing more than half the normal production. Most of the companies saw the necessity of at once curtailing output but none of them desired to make the curtailment sufficiently drastic to throw out of employment large numbers of their employees at the beginning of the winter. The companies in St. Francois County, Missouri, where your mines are situated, in early December, went to a five-day week, but as lead continued to pile up, a still further cut in production was made. The company is now operating at about 60% of normal. Lead on February 10, 1919, was selling at $4.65 per 100 lbs. East St. Louis as compared to $7.75 in November, 1918.

TAXES

Federal Income and Excess Profit Taxes amounting to $2,597,001.46 were paid in June, 1918, on account of 1917 income. Your company is reserving $2,000,000 of its 1918 earnings for the payment of 1918 Federal Income and Excess Profit Taxes.

CLINTON H. CRANE,
President.

BALANCE SHEET

CONSOLIDATED GENERAL BALANCE SHEET

ASSETS

Capital Assets:			
Ore Reserves and Mineral Rights		$16,437,902.80	
Less Reserve for Depletion:			
Amount of Reserve at December 31, 1917	$8,540,635.97		
Less Correction in Accordance with Treasury Decision, No. 2446	$5,072,899.10		
Remainder	$3,467,736 87		
Add Depletion for Year 1918	1,297,909 30	4,765,646.17	$11,672,256.63
Buildings and Equipment at Mines		$7,375,978.66	
Less Reserve for Depreciation		282,182.05	
			7,093,796.61
Real Estate			51,939.08
Farm Lands, Buildings, and Equipment		$1,060,207.58	
Less Reserve for Depreciation		67,440.21	
			992,767 37
Railroad Property and Equipment		$4,205,094.06	
Less Reserve for Depreciation		286,148.40	3,918,945.66
Total Capital Assets			$23,729,705.35
Sinking Fund—Cash and Accrued Interest			7,636.06
Current Assets:			
Cash		$1,333,257.74	
United States Government Certificates of Indebtedness		1,000,000.00	
United States Government Liberty Loan Bonds		2,241,850.25	
Accounts and Notes Receivable		918,083.20	
Lead on Hand and in Process		481,945.75	
Materials and Supplies		1,651,038.31	
Store Accounts (Net)		26,620 74	
			7,652,795.99
Deferred Debit Items:			
By-Product (Matte)		$293,652.09	
Real Estate Sold on Long Term Contracts		152,201.41	
Advances to Bonne Terre Hospital Association		54,000.00	
Insurance Premiums, Unexpired Portion		17,565.67	
Miscellaneous Items in Suspense		127,991 71	
			645,410.88
Total			$32,035,548.28

EAD COMPANY

OMPANIES

DECEMBER 31, 1918

LIABILITIES

Capital Stock:				
St. Joseph Lead Company:				
Authorized—2,000,000 shares of $10.00 each, of which there have been issued 1,464,798 shares			$14,647,980.00	
Less Held in Treasury, 55,332 shares			553,320 00	$14,094,660.00
Subsidiary Companies, Minority Stock Held by Public				2,090.00
Funded Debt:				
Mississippi River & Bonne Terre Railway First Mortgage 5% Bonds, Due 1931			$2,500,000.00	
Less Bonds in Sinking Fund and in Treasury			694,000 00	
				1,806,000.00
Current Liabilities:				
Accounts and Wages Payable			$511,945.10	
Traffic and Car Service Balances			63,461.34	
Accrued Taxes			166,743.22	
Accrued Interest			29,562.50	
				771,712.16
Deferred Credit Items				5,510.73
Reserves:				
For Profit on Lease Agreements			$68,209.82	
For Premiums on Bonds to be Purchased for Sinking Fund			5,888.82	
For Contingencies			22,937.69	
For Federal Taxes			2,000,000.00	
				2,097,036.33
Profit and Loss Surplus:				
Balance March 1, 1913			$3,925,000.00	
Less Distributions therefrom			3,523,665.00	
Remainder			$401,335.00	
Undistributed Profits Accumulated March 1, 1913, to December 31, 1917			$11,268,009.00	
Adjustment of Reserve for Depletion as of December 31, 1917, in Accordance with Treasury Decision No. 2446		$5,072,899.10		
Less Federal Taxes for the Year 1917, etc		2,487,883.75		
			2,585,015.35	
Income for Year Ended December 31, 1918, after Providing for Depreciation of Plant and Equipment		$5,121,164.39		
Less Provision for:				
Depletion, etc	$1,297,980.68			
Federal Taxes, Year 1918	2,000,000.00	3,297,980 68	1,823,183 71	
Total			$15,676,208.06	
Less Dividends Paid in 1918			2,819,004.00	
Remainder			$12,857,204.06	13,258,539.06
Total				$32,035,548.28

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, 1918, and

WE HEREBY CERTIFY that, in our opinion, the above Consolidated General Balance Sheet correctly sets forth the financial position of the Companies at the date shown.

NEW YORK, February 10, 1919.

HASKINS & SELLS.