PRESIDENT'S ANNUAL REPORT

TO THE STOCKHOLDERS OF THE

St. Joseph Lead Company

FISCAL YEAR ENDING

DECEMBER 31, 1926

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OF THE

ST. JOSEPH LEAD COMPANY

FISCAL YEAR ENDING DECEMBER 31, 1926

In the year 1926 cash dividends to the amount of $5,851,252.50 have been paid to stockholders, and to minority stockholders in subsidiary companies $187,663.

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 $8,216,825.02.

Your mines and mills in St. Francois County, Missouri, produced 4,629,065 tons of ore, 231,381 tons of lead concentrates and 2,301 tons of zinc concentrates. The lead content of the lead concentrates produced was 160,907 tons.

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, 448,955 tons of ore; 4,004 tons of lead concentrates and 25,252 tons of zinc concentrates.

The smelter production available for sale from the company's own ores was 152,766 tons. The sales of pig lead for the year, including lead purchased from the Bunker Hill & Sullivan Mining & Concentrating Company, amounted to 204,089 tons.

Your company's holdings of Liberty Bonds, certificates of indebtedness and other short time securities on December 31, 1926, were as follows:

$1,000,000	City of Birmingham, Ala. 4¼%	due	Jan. 8, 1927
500,000	City of Chicago, Ill. 4½%	"	Jan. 12, 1927
100,000	Government of Argentine 7%	"	Feb. 1, 1927
75,000	City of Columbus, Ohio 4½%	"	Feb. 1, 1927
100,000	City of Yonkers, N. Y. 3.91%	"	Mar. 14, 1927
1,805,500	Standard Oil of New Jersey, pfd. stock 7%	"	Mar. 15, 1927
250,000	Edison Electric Illuminating Co., Boston 4.50%	"	Mar. 30, 1927
260,000	City of Cincinnati, Ohio, 4.60%	"	Apr. 14, 1927
500,000	City of Chicago, Ill. 4½%	"	Apr. 15, 1927
100,000	Federal Intermediate Credit Bank 4½%	"	Apr. 15, 1927
250,000	City of Perth Amboy, N. J. 5%	"	Apr. 15, 1927
250,000	Province of Ontario, Canada 3½%	"	Apr. 22, 1927
302,000	City of Atlantic City, N. J. 4½%	"	May 1, 1927
700,000	Province of Ontario, Canada 4%	"	May 26, 1927
1,000,000	Federal Intermediate Credit Bank 4½%	"	June 15, 1927
388,000	City of Atlantic City, N. J. 4¾%	"	Sept. 15, 1927
415,000	" " " " " 4.90%	"	Sept. 15, 1927
1,850,000	Second U. S. Liberty Loan 4¼%	"	Nov. 15, 1927–42
255,000	City of Columbus, Ohio, 4¼%	"	Feb. 15, 1928
300,000	State of Missouri 5%	"	Mar. 1, 1928–36
25,000	Third U. S. Liberty Loan 4¼%	"	Sept. 15, 1928
$10,425,500			

Federal Income Taxes, amounting to $1,447,220.85 were paid in 1926.

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

During the year the company has increased its investments in mining property in Bolivia, in New York State and in Oklahoma and has made an unsuccessful reconnaissance in the Zacatecas District in Mexico.

The earnings, while less than 1925, cannot but be regarded as satisfactory.

CLINTON H. CRANE

President.

BALANCE SHEETS

ST. JOSEPH

AND SUBSIDIARY

CONSOLIDATED BALANCE

ASSETS

CAPITAL ASSETS:		
Ore reserves and mineral rights, including appreciation arising from revaluation	$31,540,896.88	
Less—Reserve for depletion	19,151,441.69	$12,389,455.19
Buildings, plant and equipment	$16,402,988.36	
Less—Reserve for depreciation	4,072,562.88	12,330,425.48
Railroad property and equipment	$ 3,725,627.84	
Less—Reserve for depreciation	683,088.51	3,042,539.33
		$27,762,420.00
INVESTMENTS:		
Sundry securities and loans	$ 1,307,679.34	
Mine La Motte (prospecting expenses)	417,951.24	
		1,725,630.58
CURRENT AND WORKING ASSETS:		
Inventories at cost:		
Lead and zinc	$ 1,090,761.46	
Materials and supplies	1,933,491.08	
	$ 3,024,252.54	
Accounts receivable	1,728,321.25	
Marketable securities	10,471,981.60	
Cash in banks, on hand and in transit	2,569,747.52	17,794,302.91
DEFERRED CHARGES:		
Prepaid insurance, taxes, etc.		268,526.86
		$47,550,880.35

We have examined the books and accounts of the St. Joseph Lead Company and its subsidiary companies for the year ending December 31, 1926 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,
March 3, 1927.

PRICE, WATERHOUSE & CO.

[illegible]EAD COMPANY
[illegible]OMPANIES
[illegible]EET, DECEMBER 31, 1926

LIABILITIES

CAPITAL STOCK:		
Authorized—2,000,000 shares of $10 each	$20,000,000.00	
Issued—1,996,761 shares of $10 each	$19,967,610.00	
Less—In treasury—46,332 shares of $10 each	463,320 00	
	$19,504,290.00	
Scrip outstanding	798.50	$19,505,088.50
MINORITY INTEREST IN SUBSIDIARY COMPANIES:		
Capital stock, par value	$ 235,860.00	
Proportion of surplus applicable thereto	53,130.89	288,990 89
CURRENT LIABILITIES:		
Accounts payable	$ 1,613,969.16	
Wages accrued	137,387.10	
Interest and property taxes accrued	1,353.62	
Provision for 1926 Federal income tax	1,552,666.51	
	$ 3,305,376 39	
Dividends declared, payable quarterly in 1927	5,851,287.00	9,156,663.39
RESERVE FOR CONTINGENCIES, ETC.:		
(Including Federal taxes of prior years)		1,921,940.35
SURPLUS, per statement attached		16,678,197.22
		$47,550,880.35

ST. JOSEPH LEAD COMPANY

AND SUBSIDIARY COMPANIES

CONSOLIDATED SURPLUS ACCOUNT, DECEMBER 31, 1926

Surplus at December 31, 1925, including surplus arising from revaluation of ore reserves and mineral rights..		$14,312,741.70
Add—Profit for the year ending December 31, 1926, after providing for depreciation of plant and equipment..	$12,971,944.21	
Less—Provision for depletion of ore reserves and mineral rights	3,067,434.16	
	$ 9,904,510.05	
Less—Provision for 1926 Federal income tax............	1,552,666.51	
	$ 8,351,843.54	
Deduct—Proportion of profit applicable to minority interests	135,018.52	8,216,825.02
		$22,529,566.72
Deduct—Dividends paid and accrued................		5,851,369.50
Surplus at December 31, 1926.................................		$16,678,197.22

NOTE—The above surplus comprises:

Surplus as shown by balance sheet of parent company at December 31, 1926	$13,654,151 52
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.............	3,024,045.70
	$16,678,197.22

ST. JOSEPH LEAD COMPANY

(PARENT COMPANY)

INVESTMENTS IN SUBSIDIARY COMPANIES
DECEMBER 31, 1926

	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	99.91%
Mississippi River and Bonne Terre Railway	30,000	100 00	99 97%

ST. JOSEP[H]

(PA[R...]

BALANCE SHEE[T...]

ASSETS

Capital Assets:		
Ore reserves and mineral rights	$17,711,695.99	
Less—Reserve for depletion	10,871,878.81	$6,839,817.18
Buildings, plant and equipment	$11,854,337.33	
Less—Reserve for depreciation	2,759,927.09	9,094,410.24
		$15,934,227.42
Investments in and Advances to Subsidiary Companies:		
Investments	$ 8,210,444.57	
Advances	2,222,584.90	10,433,029.47
Other Investments:		
Sundry securities and loans	$ 1,096,621.73	
Mine La Motte (prospecting expenses)	417,951.24	1,514,572.97
Current and Working Assets:		
Inventories at cost:		
Lead and zinc	$ 822,324 52	
Materials and supplies	1,594,067.47	
	$ 2,416,391.99	
Accounts receivable	1,603,566.99	
Marketable securities	8,849,194.37	
Cash in banks, on hand and in transit	1,950,107.39	14,819,260.74
Deferred Charges:		
Prepaid insurance, taxes, etc.		161,101.29
		$42,862,191.89

We have examined the books and accounts of the St. Joseph Lead Company for the year ending December 31, 1926, 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,
March 3, 1927.

Price, Waterhouse & Co.

[illegible]EAD COMPANY

[illegible]ANY)

E[illegible]CEMBER 31, 1926

LIABILITIES

CAPITAL STOCK:		
Authorized—2,000,000 shares of $10 each	$20,000,000.00	
Issued—1,996,761 shares of $10 each	$19,967,610.00	
Less—In treasury—46,332 shares of $10 each	463,320.00	
	$19,504,290.00	
Scrip outstanding	798.50	$19,505,088.50
DUE TO SUBSIDIARY COMPANIES		166,051.77
CURRENT LIABILITIES:		
Accounts payable	$ 1,317,671.25	
Wages accrued	86,357.47	
Provision for 1926 Federal income tax	786,893.45	
	$ 2,190,922.17	
Dividends declared, payable quarterly in 1927	5,851,287.00	8,042,209.17
RESERVE FOR CONTINGENCIES, ETC.:		
(Including Federal taxes of prior years)		1,494,690 93
SURPLUS, per statement attached		13,654,151.52
		$42,862,191.89

ST. JOSEPH LEAD COMPANY

(PARENT COMPANY)

SURPLUS ACCOUNT, DECEMBER 31, 1926

SURPLUS at December 31, 1925		$ 9,099,435.18
Add—Profit for year ending December 31, 1926, including dividends received from subsidiary companies, and after providing for depreciation of plant and equipment	$12,864,355.85	
Less—Provision for depletion of ore reserves and mineral rights	1,671,376.56	
	$11,192,979.29	
Less—Provision for 1926 Federal income tax	786,893.45	10,406,085.84
		$19,505,521.02
Deduct—Dividends paid and accrued		5,851,369.50
SURPLUS at December 31, 1926		$13,654,151.52