PRESIDENT'S ANNUAL REPORT

TO THE STOCKHOLDERS OF THE

St. Joseph Lead Company

FISCAL YEAR ENDING

DECEMBER 31, 1928

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BOARD OF TRUSTEES

PRESIDENT'S ANNUAL REPORT TO THE STOCKHOLDERS

OF THE

ST. JOSEPH LEAD COMPANY

FISCAL YEAR ENDING DECEMBER 31, 1928

In the year 1928 cash dividends to the amount of $5,851,335.00 have been paid to stockholders, and to minority stockholders in subsidiary companies, $76,253.00.

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 $4,490,973.42.

Your mines and mills in St. Francois County, Missouri, produced 4,382,183 tons of ore, 202,801 tons of lead concentrates and 6,584 tons of zinc concentrates. The lead content of the lead concentrates produced was 147,591 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, 422,210 tons of ore, 947 tons of lead concentrates and 17,119 tons of zinc concentrates.

Your Edwards Mine produced 22,054 tons of zinc concentrates.

The smelter production available for sale from the company's own ores was 137,152 tons. The sales of pig lead for the year, including lead purchased from the Bunker Hill & Sullivan Mining & Concentrating Company, amounted to 187,022 tons.

Federal Income Taxes amounting to $810,837.77 were paid in 1928, of which $215,068.39 applies on years prior to 1927. The final payments on account of back taxes for the years 1917, 1918, 1919, and 1920, have not yet been made, but it is hoped that these back taxes will be assessed and paid during 1929.

Your mine at Hughesville, Montana, referred to in my last report, was equipped with a mill and started operations in November, concentrates being shipped—the lead to East Helena, and the zinc to Great Falls. It should produce about 9,000 tons of lead concentrates and about 6,000 tons of zinc concentrates annually.

The Mine La Motte property in Madison County, Missouri, was acquired jointly by the National Lead Company and the St. Joseph Lead Company, and a new company called MINE LA MOTTE CORPORATION was formed to operate the property. A mill has just been completed and concentrates will be shipped—half to the National Lead Company at Collinsville, and half to the St. Joseph Lead Company smelter at Herculaneum. The probable production from this property should be about 20,000 tons of lead concentrates annually.

Your Exploration Department was singularly successful the past year in finding promising ore-bodies which should develop into mines.

Negotiations for the sale to the Missouri Pacific Railway of the Mississippi River & Bonne Terre Railway owned by your company, and of the Missouri-Illinois Railroad Company owned by your company and by three other interests, were completed in the latter part of the year. This sale if approved of by the Interstate Commerce Commission will relieve your company of its railroad business. It would be accompanied by the sale to the Union Electric Light & Power Company of your company's power plant in St. Francois County and would provide for your company buying its power from the Union Electric Light & Power Company. These transactions, if completed, will not increase your company's income, but will transfer fixed assets into cash, which should be available for investment in other mining properties.

The average price received for the company's product at East St. Louis for the year 1928 was 6.133 cents per pound of lead, as compared with 6.548 cents per pound for the year 1927.

CLINTON H. CRANE,
President.

BALANCE SHEETS

ST. JOSEPH
AND SUBSIDIARY C
CONSOLIDATED BALANCE S

ASSETS

Capital Assets:		
Ore reserves and mineral rights, including appreciation arising from revaluation	$33,525,610.34	
Less—Reserve for depletion	23,327,099.35	$10,198,510.99
Buildings, plant and equipment	$17,692,828.10	
Less—Reserve for depreciation	5,892,891.55	11,799,936.55
Railroad property and equipment	$ 3,743,905.38	
Less—Reserve for depreciation	726,291.32	3,017,614.06
Exploration expenditures on properties held under option		299,991.94
		$25,316,053.54
Investments:		
Investment in and advances to Mine La Motte Corporation (50% owned)	$ 972,791.61	
Sundry securities and loans	709,958.78	1,682,750.39
Current and Working Assets:		
Inventories at cost:		
Lead and zinc	$ 1,363,989.23	
Materials and supplies	2,111,630.27	
	$ 3,475,619.50	
Accounts receivable	1,758,731.61	
Marketable securities and call loans	8,043,374.51	
Cash in banks and on hand	2,586,393.81	15,864,119.43
Deferred Charges:		
Prepaid insurance, taxes, etc		252,474 22
		$43,115,397.58

We have examined the books and accounts of the St. Joseph Lead Company and its subsidiary companies for the year ending December 31, 1928, and we certify that the above balance sheet and relative surplus account have been correctly prepared therefrom and, in our opinion, fairly set forth the financial position of the company and the result of operations for the year.

56 Pine Street,
New York.
March 6, 1929.

PRICE, WATERHOUSE & CO.

LEAD COMPANY

COMPANIES

SHEET, DECEMBER 31, 1928

LIABILITIES

CAPITAL STOCK:		
Authorized—2,000,000 shares of $10 each	$20,000,000.00	
Issued —1,996,784 shares	$19,967,840.00	
Less—In treasury—46,332 shares	463,320.00	
	$19,504,520.00	
Scrip outstanding	568.50	$19,505,088.50
MINORITY INTEREST IN SUBSIDIARY COMPANIES:		
Capital stock, and proportion of surplus applicable thereto		228,964.25
PURCHASE MONEY OBLIGATIONS, payable in annual amounts to September 30, 1930		368,750.00
CURRENT LIABILITIES:		
Accounts payable	$ 1,500,570.61	
Wages accrued	108,611.69	
Provision for 1928 Federal Income tax	596,967.63	
	$ 2,206,149.93	
Dividends declared, payable quarterly in 1929	5,851,356.00	8,057,505.93
RESERVE FOR CONTINGENCIES, ETC. (Including Federal taxes of prior years)		1,461,502.59
SURPLUS, per statement attached		13,493,586.31
		$43,115,397.58

ST. JOSEPH LEAD COMPANY

AND SUBSIDIARY COMPANIES

SURPLUS ACCOUNT, DECEMBER 31, 1928

Surplus at December 31, 1927, including surplus arising from revaluation of ore reserves and mineral rights			$14,853,989.89
Profit from operations for the year ending December 31, 1928, after writing off development and exploration expenses on properties abandoned, but before providing for depreciation, depletion and Federal income tax		$ 7,064,526.33	
Add—Interest, dividends and miscellaneous income		750,512.65	
		$ 7,815,038.98	
Deduct—Provision for:			
Depreciation	$ 1,050,348.88		
Depletion	1,775,803.27		
Federal income tax	455,623.88	3,281,776.03	
		$ 4,533,262.95	
Deduct—Proportion of profit applicable to minority interests		42,289.53	4,490,973.42
			$19,344,963.31
Deduct—Dividends declared, payable quarterly during 1929			5,851,377.00
Surplus at December 31, 1928			$13,493,586.31

NOTE.—The above surplus comprises:

Surplus as shown by balance sheet of parent company at December 31, 1928	$12,997,192.69
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	496,393.62
	$13,493,586.31

ST. JOSEPH LEAD COMPANY

(PARENT COMPANY)

INVESTMENTS IN SUBSIDIARY COMPANIES
DECEMBER 31, 1928

	No. of shares outstanding	Par value per share	Percentage of outstanding shares owned
The Doe Run Lead Company......................	6,574$\frac{9}{10}$	No par	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. JOSEPH LEAD COMPANY

AND SUBSIDIARY COMPANIES

STATEMENT OF ESTIMATED AND ACTUAL NET INCOME
FOR THE YEAR ENDING DECEMBER 31, 1928

	Estimated	Actual
Net income, before providing for depreciation, depletion and Federal income tax....................................	$7,900,000 00	$7,772,749.45
Deduct—Provision for:		
Depreciation	$1,050,000.00	$1,050,348 88
Depletion	1,890.000 00	1,775,803 27
Federal income tax................................	460,000.00	455,623 88
	$3,400,000 00	$3,281,776.03
Net income for the year ending December 31, 1928....	$4,500,000 00	$4,490,973.42

ST. JOSEPH LE

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BALANCE SHEET DEC

ASSETS

CAPITAL ASSETS:		
Ore reserves and mineral rights	$19,739,584.17	
Less—Reserve for depletion	13,237,651.20	$ 6,501,932.97
Buildings, plant and equipment	$13,092,675.38	
Less—Reserve for depreciation	4,081,276.32	9,011,399.06
Exploration expenditures on properties held under option		299,991.94
		$15,813,323.97
INVESTMENTS IN AND ADVANCES TO SUBSIDIARY COMPANIES:		
Investments	$ 8,210,957.57	
Advances	2,589,384.31	10,800,341.88
OTHER INVESTMENTS:		
Investment in and advances to Mine La Motte Corporation (50% owned)	$ 972,791.61	
Sundry securities and loans	499,110.42	1,471,902.03
CURRENT AND WORKING ASSETS:		
Inventories at cost:		
Lead and zinc	$ 1,011,333.84	
Materials and supplies	1,813,764.46	
	$ 2,825,098.30	
Accounts receivable	1,660,870.08	
Marketable securities and call loans	6,542,246.61	
Cash in banks and on hand	2,191,737.43	13,219,952.42
DEFERRED CHARGES:		
Prepaid insurance, taxes, etc.		156,350.00
		$41,461,870.30

We have examined the books and accounts of the St. Joseph Lead Company for the year ending December 31, 1928, and we certify that the above balance sheet and relative surplus account have been correctly prepared therefrom and, in our opinion, fairly set forth the financial position of the company and the result of operations for the year.

56 Pine Street,
New York.
March 6, 1929.

PRICE, WATERHOUSE & CO.

LEAD COMPANY

COMPANY)

DECEMBER 31, 1928

LIABILITIES

CAPITAL STOCK:		
Authorized—2,000,000 shares of $10 each	$20,000,000.00	
Issued— 1,996,784 shares	$19,967,840.00	
Less—In treasury—46,332 shares	463,320.00	
	$19,504,520.00	
Scrip outstanding	568.50	$19,505,088.50
PURCHASE MONEY OBLIGATIONS, payable in annual amounts to September 30, 1930		368,750.00
DUE TO SUBSIDIARY COMPANIES		30,144.03
CURRENT LIABILITIES:		
Accounts payable	$ 1,363,537.66	
Wages accrued	68,253.85	
Provision for 1928 Federal income tax	304,120.95	
	$ 1,735,912.46	
Dividends declared, payable quarterly in 1929	5,851,356.00	7,587,268.46
RESERVE FOR CONTINGENCIES, ETC. (Including Federal taxes of prior years)		973,426.62
SURPLUS, per statement attached		12,997,192 69
		$41,461,870.30

ST. JOSEPH LEAD COMPANY

(PARENT COMPANY)

SURPLUS ACCOUNT, DECEMBER 31, 1928

Surplus at December 31, 1927			$13,080,430.14
Profit from operations for the year ending December 31, 1928 after writing off exploration expenses on properties abandoned, but before providing for depreciation, depletion and Federal income tax		$ 4,611,181.77	
Add—Interest, dividends and miscellaneous income, including dividends received from subsidiary companies		3,036,294.88	
		$ 7,647,476.65	
Deduct—Provision for:			
Depreciation	$ 745,988.95		
Depletion	971,300 45		
Federal income tax	162,047.70	1,879,337.10	5,768,139.55
			$18,848,569.69
Deduct—Dividends declared, payable quarterly during 1929			5,851,377.00
Surplus at December 31, 1928			$12,997,192.69