NINETY-SECOND ANNUAL REPORT TO THE STOCKHOLDERS

1955

St. Joseph Lead Co.

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Transfer Office
ST. JOSEPH LEAD COMPANY
250 Park Avenue, New York 17, N. Y.

Registrar
CITY BANK FARMERS TRUST COMPANY
22 William Street, New York 5, N. Y.

ST. JOSEPH LEAD COMPANY

INCORPORATED MARCH 25, 1864, UNDER THE LAWS OF THE STATE OF NEW YORK

EXECUTIVE OFFICES . 250 PARK AVENUE . NEW YORK, 17, N. Y.

Board of Trustees

		Year Elected
CLINTON H. CRANE	*Chairman*	1911
IRWIN H. CORNELL	*Vice President, Cornell Iron Works, New York, N. Y.*	1913
ANDREW FLETCHER	*President*	1921
HENDON CHUBB	*Chubb & Son, New York, N. Y.*	1928
C. MERRILL CHAPIN, JR.	*Vice President*	1933
ARTHUR M. ANDERSON	*Member Board of Directors and Executive Committee, J. P. Morgan & Co. Incorporated*	1944
GEORGE I. BRIGDEN	*Vice President and Treasurer*	1945
H. DEWITT SMITH	*Consulting Engineer, New York, N. Y.*	1948
JOHN R. SHEPLEY	*Vice President, St. Louis Union Trust Company*	1950
FRANCIS CAMERON	*Vice President*	1953
BERNARD F. DESLOGE	*St. Louis, Missouri*	1953
ELI WHITNEY DEBEVOISE	*Debevoise, Plimpton & McLean, New York, N. Y.*	1954
JAMES W. MCAFEE	*President, Union Electric Company of Missouri, St. Louis, Missouri*	1954

Executive Officers

CLINTON H. CRANE	*Chairman*
ANDREW FLETCHER	*President*
C. MERRILL CHAPIN, JR.	*Vice President*
FRANCIS CAMERON	*Vice President*
GEORGE I. BRIGDEN	*Vice President and Treasurer*
CHARLES R. INCE	*Vice President*
R. J. MECHIN	*Vice President*
ROBERT H. RAMSEY	*Secretary*
JAMES G. COLVIN	*Comptroller and Asst. Treasurer*
WILLIAM J. ELLIOTT	*Asst. Secretary*
EDWARD P. MERRELL	*Asst. Treasurer*

United States Division Managers

MINES	SMELTERS
ELMER A. JONES Southeast Missouri	JOHN G. WEHN Josephtown, Pennsylvania
MARSHALL G. JONES Edwards-Balmat, N. Y.	WILLIAM T. ISBELL Herculaneum, Missouri

Consultant

GEORGE F. WEATON

Cia. Minera Aguilar, S. A.

Argentina

DONALD B. MCGILVRA . . . . *Vice President*

HIGHLIGHTS

	1955	1954
Sales of metals, etc.	$121,497,456	$95,003,072
Taxes on income	$6,478,177	$4,628,764
Net income (after taxes)	$12,729,820	$7,523,503
Dividends paid	$8,148,666	$5,432,076
Shares of capital stock outstanding	2,716,222	2,716,222
Per share on capital stock:		
Taxes on income	$2.38	$1.70
Net income	$4.68	$2.77
Dividends	$3.00	$2.00
Current assets	$47,421,282	$39,868,612
Current liabilities	$13,805,252	$10,354,058
Net current assets	$33,616,030	$29,514,554
Cash	$7,210,350	$4,129,371
Short term marketable securities	$20,000,000	$10,000,000
Capital expenditures	$2,230,305	$1,125,743
Number of employees	5,101	5,010
Number of stockholders	11,263	10,497

ST. JOSEPH LEAD COMPANY

To the Stockholders:

We take pleasure in submitting a report of operations for the year, 1955. Consolidated Balance Sheets as of December 31, 1955 and 1954 together with Summaries of Consolidated Net Income and Earned Surplus for each year for St. Joseph Lead Company and Subsidiaries, are submitted herewith. Similar statements for Compania Minera Aguilar, S. A., are included in this report. The accounts for these companies were audited by Haskins & Sells, Certified Public Accountants, and their certificates are appended.

World Markets for Lead and Zinc

Domestic and foreign demand for lead and zinc was excellent throughout 1955. In the United States, increasing industrial activity pushed the Federal Reserve Board's Index from 132 early in the year to an all-time high of 144 by December 1955. U. S. zinc consumption climbed to the record height of 1,084,000 tons, 21% higher than in 1954 and 10% higher than in any previous year. U. S. lead consumption registered a 10% gain over 1954 and reached 1,200,000 tons, the second highest year in the history of the lead industry.

During the first half of the year, Government stockpiling took off the market the surplus stocks that had been built up owing to unneeded imports of metals. It will be recalled that in 1954, in lieu of tariff protection sought by producers, the Government instituted a special stockpiling program in order to maintain a domestic mining industry sufficient to provide "an adequate mobilization base". As the figures in the following table show, this special stockpile program has not resulted in any appreciable increase in domestic production while imports continue high. Although it did succeed in raising the prices of lead and zinc, it is hoped that a more effective and permanent solution will be devised.

In the last half of the year, shipments to consumers of lead and zinc were in balance or slightly in excess of supply and only token offerings were made to the stockpile.

Because of the effect of Government stockpiling on world metal markets and because of higher wage and supply costs, lead and zinc prices rose during the year. At the beginning of the year the price of lead was 15¢ per pound, was increased to 15½¢ on September 23rd, and to 16¢ on December 29, 1955. Zinc was 11½¢ per pound at the beginning of the year, was increased to 12¢ in April, 12½¢ in June, 13¢ in September and 13½¢ on October 17th, fell back to 13¢ on October 21st, where it remained to the end of the year.

The following figures show, for the year 1955, the source of supply of lead and zinc in the United States and their consumption by industries, as compared with 1954:

LEAD

	1955 (Est.)	1954 (Final)
Available Supply:		
U. S. Mine Production	333,000	325,000
From scrap	490,000	481,000
Imports of concentrates and bullion (Pb content)	166,000	162,000
Imports of pig lead	264,000	276,000
Total	1,253,000	1,244,000
Add Decrease in Stocks at Smelters and Refineries	50,000	*(5,500)
Total Lead Metal Available	1,303,000	1,238,500
Consumption:		
Batteries	373,000	337,000
Ethyl gasoline	166,000	160,000
Cables	121,000	128,000
Construction (pipe, etc.)	117,000	103,000
Paint	133,000	116,000
Other uses	290,000	251,000
Total Consumption	1,200,000	1,095,000
Surplus	103,000	143,500

ZINC

	1955 (Est.)	1954 (Final)
Available Supply:		
Recoverable U. S. Mine Production	504,000	467,000
Less—used to make pigments	110,000	97,000
Recoverable domestic zinc available to Metal Smelters	394,000	370,000
Scrap zinc	80,000	68,000
Imports of concentrates (Recoverable zinc content)	413,000	381,000
Imports of slab zinc	198,000	157,000
Total	1,085,000	976,000
Add Decrease in Stocks at Smelters	118,000	41,000
Total Zinc Metal Available	1,203,000	1,017,000
Consumption:		
Galvanizing	442,000	404,000
Zinc Base Alloys	404,000	291,000
Brass	143,000	108,000
Rolled Zinc	50,000	47,000
Other	45,000	42,000
Total Consumption	1,084,000	892,000
Exports	18,000	17,000
Total zinc metal consumed and exported	1,102,000	909,000
Surplus	101,000	108,000

* Represents increase.

Earnings and Taxes

The 1955 consolidated net income after all charges of St. Joseph Lead Company and Subsidiaries was $12,729,820, an increase of 69% over the $7,523,503 for the previous year. On the basis of 2,716,222 shares of capital stock outstanding, earnings were $4.68 per share as compared with $2.77 per share in 1954. The substantial increase stems from a number of factors, the most important of which is the increase in metal prices. The higher earnings also reflect reduction of inventories during the year by 17,007 tons of lead and 1,436 tons of zinc, as well as a dividend of $754,188 received in December from the Company's Argentine subsidiary, Compania Minera Aguilar, S.A. This dividend after deducting U. S. income tax is equivalent to 26¢ per share on the capital stock.

The provision for Federal and State taxes on income was $6,478,177 which is equivalent to $2.38 per share as against $4,628,764 or $1.70 per share for the previous year. The net earnings per share for each quarter in 1955 as compared with 1954 were as follows:

	1955	*1954*
First Quarter	$1.24	$ .40
Second Quarter	1.24	.61
Third Quarter	.89	.82
Fourth Quarter	1.31	.94
	$4.68	$2.77

The table below gives a record of the Company's earnings for the ten-year period ended December 31, 1955.

TEN-YEAR EARNINGS 1946-1955

Year	*Consolidated Net Income*	*After Income Taxes of*
1946	$ 5,807,131	$ 1,923,373
1947	12,537,761	4,479,659
1948	9,636,737	3,776,836
1949	8,564,436	2,889,925
1950	12,211,615	7,976,468
1951	13,577,237	13,819,817
1952	9,638,455	5,667,894
1953	6,300,342	4,344,733
1954	7,523,503	4,628,764
1955	12,729,820	6,478,177

The above earnings do not include the earnings of Compania Minera Aguilar, S.A. which are shown separately in this report except to the extent of dividends in the amount of $294,340 received in 1947, $69,574 in 1951, $69,874 in 1952 and $754,188 in 1955.

Sales

Total sales in 1955 amounted to $121,497,456, which is 28% higher than the comparable figure of $95,003,072 for 1954. Lead sales from St. Joe's production were 155,755 tons, as compared with 123,273 tons in 1954. Sales of zinc content in slab zinc and zinc oxide showed an increase from 117,611 tons to 136,723 tons in 1955.

The table on the following page shows the tonnage of lead and zinc production, purchases and sales for each of the last ten years.

Dividends

Quarterly dividends at the rate of 75 cents per share were paid during 1955 aggregating $3.00 a share for the year compared with $2.00 paid in 1954. The following is a record of cash dividend payments for the ten-year period through 1955:

DIVIDENDS 1946-1955

Year	*Outstanding Shares*	*Per Share*	*Amount*
1946	1,975,456	$2.00	$3,950,912
1947	1,975,456	3.00	5,926,368
1948	1,975,456	3.25	6,420,232
1949	1,975,456	3.25	6,420,232
1950	1,975,456	3.25	6,420,232
1951	*2,468,846	3.25	8,023,749
1952	2,592,124	3.00	7,776,373
1953	**2,715,742	2.75	7,468,290
1954	2,716,222	2.00	5,432,076
1955	2,716,222	3.00	8,148,666

* After 25% stock dividend.
** After 10% stock dividend.

LEAD STATISTICS

Year	Lead Concentrates Produced from Company's Mines	Lead Concentrates Purchased	Pig Lead Equivalent of Produced and Purchased Concentrates	Pig Lead Production	Lead Sales St. Joe Smelter Production	Purchased Lead Sales
1946	172,020	26,265	133,775	137,745	148,510	17,026
1947	164,867	34,573	132,561	130,935	129,621	32,257
1948	126,589	25,453	98,566	93,838	92,536	32,963
1949	156,301	49,580	136,219	131,802	121,333	32,596
1950	169,354	38,951	137,058	141,595	153,933	58,217
1951	158,579	27,792	121,431	112,754	115,873	32,032
1952	157,037	39,726	128,141	128,691	125,718	34,907
1953	160,625	38,294	129,281	130,430	122,062	45,130
1954	164,171	39,373	133,932	129,766	123,273	59,806
1955	162,552	42,100	136,668	138,796	155,755	56,345

ZINC STATISTICS

Year	Zinc Concentrates Produced from Company's Mines	Zinc Concentrates Purchased	Slab Zinc Equivalent of Produced and Purchased Concentrates	Slab Zinc Production Including Toll	Zinc Content of Oxide and Metal Sales from Smelter Production	Purchased Zinc Sales	Sulphuric Acid Sales
1946	65,988	56,387	61,207	50,874	52,082	36,848	83,809
1947	71,595	53,737	65,124	60,982	60,616	44,152	106,306
1948	66,697	78,170	71,781	76,051	75,977	40,755	129,068
1949	70,952	81,946	79,769	86,314	71,116	41,702	124,621
1950	75,290	72,444	75,238	98,443	94,028	59,198	157,036
1951	82,217	47,659	71,077	99,602	89,047	54,540	156,861
1952	69,173	103,769	98,680	108,959	89,414	45,528	162,712
1953	104,744	112,991	126,968	121,592	103,009	49,513	174,715
1954	109,547	61,640	105,610	111,021	117,611	49,931	147,076
1955	109,303	111,868	134,012	138,201	136,723	65,822	183,609

Working Capital

Reflecting the reduction in inventory and accounts receivable, the net working capital (cash resources, receivables and inventories, minus current liabilities) increased during the year from $29,514,554 at December 31, 1954 to $33,616,030 at the end of 1955. During this period the cash and short term securities position rose from $14,129,371 to $27,210,350. A summary of the principal items during the year which accounted for the improvement in working capital is as follows:

Net working capital at January 1, 1955		$29,514,554
Additions:		
Net income after all charges		12,729,820
Charges to income for depreciation, depletion, other reserves and other items which did not affect working capital		3,008,725
		$45,253,099
Deductions:		
Dividends paid	$8,148,666	
Capital expenditures	2,230,305	
Investment in Brunswick Mining and Smelting Corporation Limited 5% Income Bonds due 1968	1,625,000	
Other Investments and Advances	(366,902)	11,637,069
Net working capital at December 31, 1955		$33,616,030

Capital Expenditures

Expenditures during the year for property, plant and equipment were $2,230,305 as compared with $1,125,743 in 1954. The major portion of the 1955 expenditures was for additional land and increased production facilities at Josephtown, totaling $1,769,847. Satisfactory progress is being made in increasing the refined zinc production capacity at this plant from 10,000 tons to 12,000 tons per month, the additional cost of which is estimated to be approximately $4,000,000. It is believed that the additional plant facilities will be completed early in 1957.

At a meeting of the Board of Trustees on February 6, 1956, authorization was given to construct a 100,000 kw. coal-fired steam power plant on property owned by the Company adjacent to the Josephtown, Pennsylvania, smelter, consisting of two 50,000 kw. turbine generators, at a cost of approximately $17,000,000. It is estimated that about 10% of this amount will be expended in 1956. Capital expenditures at the other divisions in 1956 are estimated at $1,450,000. Therefore, from present indications, it is believed that the total capital expenditures for the year 1956 will be about $7,150,000. Capital expenditures since 1946 are shown in the following table:

COMPARATIVE CAPITAL EXPENDITURES

Year	*Lead Belt*	*Josephtown*	*Edwards-Balmat*	*Total*
1946	$ 66,195	$ 699,645	$ 54,374	$ 820,214
1947	830,993	5,316,460	151,968	6,299,421
1948	469,093	1,776,183	81,590	2,326,866
1949	774,658	147,536	160,553	1,082,747
1950	903,776	177,071	929,617	*2,010,464
1951	2,549,327	564,768	685,128	*3,799,223
1952	3,793,396	1,768,048	90,896	*5,652,340
1953	3,972,871	720,665	94,475	4,788,011
1954	817,306	208,499	99,938	*1,125,743
1955	459,013	1,769,847	1,445	2,230,305

* Includes items capitalized by agreement with the Internal Revenue Service applicable to prior years amounting to $635,491 in 1950, $559,920 in 1951, $151,784 in 1952 and $92,938 in 1954.

Aluminum Project

Your Company has had under consideration during last year a proposal to join with Pittsburgh Consolidation Coal Company in building an aluminum reduction plant adjoining the Josephtown smelter. This plant would have had a capacity of 66,000 tons of aluminum annually at an investment of about $86,000,000. During 1955, engineering studies were made by Kaiser Engineers of the power plant, the aluminum reduction plant and of the economic phases of the project. Application was made to the Office of Defense Mobilization for a certificate of necessity for rapid amortization of the planned facilities. Shortly thereafter, the O.D.M. decided against granting such certificates for any further aluminum plant expansion. The aluminum project has been held in abeyance pending further study.

Southeast Missouri

The mines and mills in the Lead Belt again operated without interruption during 1955. Ore and chat milled was slightly less than in the previous year and totaled 7,090,797 tons as compared with 7,182,035 tons in 1954. Lead content, 90% basis, also showed a slight decrease from 97,599 tons to 95,232 tons.

The average grade of ore mined remained about the same as in the previous year, but mill recoveries showed significant improvement. Zinc recovered in 1955 was 2,568 tons as compared with 2,700 tons the previous year.

Throughout 1955, production at the Indian Creek property in Washington County, now in its second year of operation, continued to increase and at the end of the year was operating on a basis of approximately 1,200 tons of ore per day. It is expected that continued improvement in production will be made until the 2,000-ton per day capacity is reached.

New ore developed at the Southeast Missouri properties in 1955 approximated the tonnage mined during the year.

Pig lead production at the Herculaneum smelter rose from 91,736 tons in 1954 to 99,286 tons in 1955. The rebuilding of the zinc furnace at Herculaneum was completed in the third quarter and 1,846 tons of slab zinc was produced during the remaining months of the year.

Edwards-Balmat

The mines and mills in this area operated throughout the year without interruption. The combined production at this division was 101,796 tons of zinc concentrates and 1,679 tons of lead concentrates. The comparable figures for 1954 were 103,479 tons and 1,981 tons respectively. The entire production of zinc concentrates was shipped to our Josephtown, Pennsylvania, smelter. The lead concentrates went to our Herculaneum, Missouri, smelter.

Josephtown

Due to the increased demand for zinc, production at this smelter was on a full-time basis throughout 1955, and totaled 136,355 tons of slab zinc equivalent of oxide and metal. Production the previous year, which was on a curtailed basis during the first quarter, totaled 111,021 tons of slab zinc equivalent.

Employee Relations

Employee relations at all divisions were again satisfactory and no work stoppages were experienced. The number of employees at the end of 1955 was 5,101 compared with 5,010 at the end of 1954.

It is interesting to note that more than 18% of our employees or 936 have over 25 years of service with the Company.

The Company continues to place particular emphasis on safety at our mines, mills and smelters with the result that lost-time accidents are kept to a minimum.

Wages and salaries kept pace with the national trend and employees therefore, maintained or improved their relative earning power. Employees in the United States received $23,818,308 in wages and salaries during the year as compared with $21,975,110 in 1954. These earnings are supplemented by fringe benefits including retirement and disability income, group life insurance and hospitalization.

Oil Exploration

The net amount expended for oil exploration in 1955 was $49,701 as compared with $331,982 in 1954, after deducting income from the sale of oil amounting to $136,955 and $113,329 for these years respectively.

During the year one additional well was drilled on the Harris Ranch Block, Crockett County, Texas, known as the C-8, jointly owned with Continental Oil Company, which was completed as a commercial well.

With the completion of the C-8 well, there are now six producing wells and one shut-in well on the Harris Ranch Block.

The Harris C-9 well, located approximately one-half mile west of the Harris C-8, authorized in 1955, was being drilled at the end of the year and has since been completed as a producing well.

A wild-cat well known as the Weynandt #1 well, jointly owned with Cerro de Pasco, on the Heard Ranch block in Wharton and Jackson Counties, Texas, was abandoned at 7,543 feet as no significant show of oil or gas was obtained.

Compania Minera Aguilar, S.A.

Net income of Compania Minera Aguilar, S.A., for the year 1955 amounted to 46,785,490 pesos and was 1,027,915 pesos under the previous year when the earnings reached an all-time high of 47,813,405 pesos. These earnings were after the following deductions:

	1955 Pesos	*1954 Pesos*
Depreciation and Special Reserves	26,618,551	20,242,001
Income and Excess Profits Taxes	49,066,725	45,935,919
Total	75,685,276	66,177,920

Cash and marketable securities at December 31, 1955 were 202,472,501 pesos, an increase of 26,625,459 pesos over the previous year. Relaxation of certain exchange restrictions by the new Argentine Government on dividends declared after June 30, 1955, made it possible to convert 27,322,596 pesos into US $754,188 in December at an average rate of 36.23 pesos to the U. S. dollar. St. Joseph Lead Company and Cia. Minera Aguilar have 225,895,750 pesos invested in Argentine securities and in cash deposits.

Lead and zinc concentrate production for 1955 in metric tons as compared with 1954, is shown below:

	1955 Tons	*1954 Tons*
Lead Concentrates	27,879	22,581
Zinc Concentrates	42,204	36,240

The rehabilitation program for the mine and mill which began in 1954, has been practically completed and dollar remittances for this equipment continue to be received with reasonable promptness.

Development work continues encouraging. Very good ore was exposed in the first level below the collar of the interior shaft. Most cordial labor relations were maintained, in spite of some rather unsettled times experienced by the country. Costs and mill recoveries were satisfactory.

A more active campaign of geological reconnaissance in various parts of Argentina was carried on during the year. Two copper prospects are being drilled and negotiations for an option on a third are under way. Difficulties have been encountered in clearing the titles to an attractive sulphur deposit.

Sulfacid, S.A., had its best year to date, with sulphuric acid sales 50% above 1954. The outlook for 1956 is encouraging.

Operating conditions and metallurgical results at Austral were much improved and a nominal profit was earned in 1955.

While Argentina will undoubtedly experience an immediate period of difficult economic adjustment, we are optimistic for the long range future.

Brunswick Mining and Smelting Corporation Limited

The expenditures on exploration, development and research by Brunswick Mining and Smelting Corporation Limited during the past year were approximately $1,575,000. The Company has advanced to December 31, 1955 on their 5% income bonds due in 1968, a total of $1,925,000. Brunswick's budget for 1956 contemplates expenditures of approximately $2,000,000, all of which will be advanced by the Company under its loan agreement.

Development of a satisfactory milling process for Brunswick ores has proven more difficult than had been expected from the initial experimental work. The pilot mill which was placed in operation in February, 1955, was shut down June 1st because results were unsatisfactory, and an extensive research program was initiated with the assistance of Battelle Memorial Institute. Procedures which we are hopeful will result in a solution of the milling problems, are being developed and will be tested in the pilot mill this spring. Dependent upon the outcome of this work, a decision will be made with regard to construction of production facilities.

North African Exploration

Societe de Developpement Minier, 35% owned by St. Joseph Lead Company and 65% by Newmont Mining Corporation, was formed as a holding company for the shares of Societe des Mines de Zellidja, owned by these two companies. Societe de Developpement Minier subsequently acquired the interest of St. Joseph Lead Company and Newmont Mining Corporation in Societe Nord Africaine du Plomb.

On the basis of the last sale in 1955, the Company's equity in Zellidja shares held by Societe de Developpement Minier had a market value of approximately $640,000. The dividends received on Zellidja shares in 1955 amount to 8,008,000 francs. The Company owns, through Minier, 17.15% of the issued shares of Nord Africaine du Plomb. These shares are not listed. It is estimated that the earnings of Nord Africaine du Plomb in 1955 will approximate $1,000,000. The cost of our equity in Societe de Developpement Minier is $290,497.

In addition to the foregoing equity interest, the Company receives a consulting fee from Zellidja of 35% of 1% of the gross production of the Zellidja mine. This fee is paid in kind and amounted to $29,759.02 in 1954.

Anti-Trust Suit

In the last two Annual Reports, the stockholders were advised that the United States had commenced a civil action against St. Joseph

Lead Company and American Smelting & Refining Company in the United States District Court for the Southern District of New York, alleging violations of the Sherman Anti-trust Act in connection with the lead business of each of the defendants. The stockholders were also advised that the Company vigorously denies that it has in any way violated the anti-trust laws and that the Company stated this position in an answer filed to the Government's complaint.

There have been no major developments within the past year. Although the case will appear on the Court Calendar in April, 1956, it is not anticipated that the trial will be held before 1957.

President's Report to Employees

A copy of the President's Report to Employees for the year 1955 will be found under the flap of the rear cover of this report.

Mine La Motte Corporation

The net income for 1955 of Mine La Motte (50% owned) was $408,188 but no dividend was declared as the available cash is needed for the 1956 development program which involves the sinking of a new shaft.

Staff Changes

On May 9, 1955, Mr. Robert H. Ramsey was elected Secretary of the Company, succeeding Mr. Robert Bennett who retired after 49 years of service; Mr. James G. Colvin, Assistant Secretary and Assistant Treasurer was elected Comptroller and Assistant Treasurer; Mr. William J. Elliott was elected Assistant Secretary and Mr. Edward P. Merrell, Assistant Treasurer.

Stockholders

The number of St. Joseph Lead Company stockholders of record on December 31, of each year since 1946 and a classification of their holdings are as follows:

A TEN-YEAR RECORD OF STOCKHOLDER CLASSIFICATION

Year	*Total*	*19 or less*	*20-99*	*100-199*	*200-Over*
1946	7,581	1,778	2,865	1,641	1,297
1947	7,885	1,834	3,021	1,735	1,295
1948	7,823	1,834	3,135	1,611	1,243
1949	7,993	1,847	3,123	1,747	1,276
1950	8,435	1,794	3,443	1,943	1,255
1951	9,023	1,907	3,705	2,076	1,335
1952	10,182	2,146	4,235	2,346	1,455
1953	10,657	2,257	4,424	2,485	1,491
1954	10,497	2,165	4,305	2,511	1,516
1955	11,263	2,105	4,830	2,740	1,588

The following from the data submitted to the New York Stock Exchange as of December 14, 1955 for its requested census of stockholders, may be of interest:

DISTRIBUTION OF MAJOR CLASSIFICATIONS

	Number of Holders of Record	*Number of Shares Held*
Men	3,934	622,141
Women	4,573	581,276
Joint Accounts	1,208	72,921
Fiduciaries		
Individuals	505	281,720
Institutions	211	117,770
Stock Brokers and Securities Dealers	219	360,426
Nominees	170	309,734
Other	335	364,664
Foreign Stockholders	34	5,570
Total	11,189	2,716,222

Conclusion

We wish again to express our sincere appreciation to all employees for their loyal and efficient efforts during the past year, and for the continued support of our stockholders.

CLINTON H. CRANE
Chairman

ANDREW FLETCHER
President

New York, March 19, 1956.

Summaries of Consolidated Income

For the Years Ended December 31, 1955 and 1954

		1955		1954
NET SALES OF METALS, METAL PRODUCTS, ETC.		$121,497,456		$95,003,072
COST THEREOF (exclusive of depreciation and depletion)		99,042,562		78,854,619
GROSS PROFIT FROM OPERATIONS BEFORE DEPRECIATION AND DEPLETION		$ 22,454,894		$16,148,453
DEDUCT:				
Selling, general and administrative expenses	$1,749,589		$1,499,717	
Exploration:				
New mine examination and development expenses	75,107		344,756	
Oil and natural gas expenses, net	49,701		331,982	
Past service annuities (Note 5)	195,550	2,069,947	195,550	2,372,005
NET PROFIT FROM OPERATIONS BEFORE DEPRECIATION AND DEPLETION		$ 20,384,947		$13,776,448
OTHER INCOME:				
Dividends:				
Compania Minera Aguilar, S. A. (Note 2)	$ 754,188		—	
The New Jersey Zinc Company	243,750		$ 243,750	
Mine La Motte Corporation (Note 3)	—		100,000	
Other dividends, interest, etc. less charges	433,865	1,431,803	498,780	842,530
		$ 21,816,750		$14,618,978
DEDUCT:				
Depreciation of plant and equipment	$2,328,105		$2,218,945	
Depletion of mines	280,648	2,608,753	247,766	2,466,711
		$ 19,207,997		$12,152,267
PROVISION FOR TAXES ON INCOME:				
Federal normal tax and surtax (1954, net of Federal excess profits tax refund, $35,690)	$6,096,210		$4,233,441	
Federal income taxes—deferred—related to accelerated amortization of emergency facilities	289,033		311,749	
State income taxes	92,934	6,478,177	83,574	4,628,764
NET INCOME FOR THE YEAR		$ 12,729,820		$ 7,523,503
EARNED PER SHARE ON THE 2,716,222 SHARES OUTSTANDING		$4.68		$2.77

Summaries of Consolidated Earned Surplus

For the Years Ended December 31, 1955 and 1954

	1955	1954
EARNED SURPLUS AT BEGINNING OF THE YEAR	$ 19,610,334	$17,518,907
NET INCOME FOR THE YEAR	12,729,820	7,523,503
	$ 32,340,154	$25,042,410
CASH DIVIDENDS PAID DURING THE YEAR (1955, $3 per share; 1954, $2 per share)	8,148,666	5,432,076
EARNED SURPLUS AT END OF THE YEAR	$ 24,191,488	$19,610,334

The accompanying notes to financial statements are an integral part of the above summaries.

ST. JOSEPH LEAD COMPANY AND SUBSIDIARIES

Consolidated Balance Sheets, December 31, 1955 and 1954

ASSETS

	December 31, 1955		*December 31, 1954*	
CURRENT ASSETS:				
Cash	$ 7,210,350		$ 4,129,371	
State, Municipal, and U. S. Government short term securities	20,000,000		10,000,000	
Accounts receivable—trade	8,411,916		10,109,075	
U. S. Government—claims for income tax refunds	376,533		406,504	
Other accounts receivable	374,804		226,638	
Inventories (valuation not in excess of market)—(Note 1):				
Finished lead, zinc, etc.	2,120,778		5,712,455	
Lead, zinc, etc., in process and concentrates	3,551,083		4,016,935	
Materials and supplies (less reserve for slow-moving items—1955, $21,837; 1954, $21,637)	5,375,818	$47,421,282	5,267,634	$39,868,612
ADVANCES:				
Compania Minera Aguilar, S. A.	$ 95,034		$ 126,880	
Sulfacid, S. A. Industrial	1,175		357	
Compania Metalurgica Austral-Argentina, S. A. Comercial	24,670	120,879	25,028	152,265
INVESTMENTS:				
Compania Minera Aguilar, S. A. (at nominal valuation—99.9% owned, not consolidated)—(Note 2)	$ 1		$ 1	
Mine La Motte Corporation (at nominal valuation—50% owned)—(Note 3)	1		1	
The New Jersey Zinc Company (195,000 shares at cost, less non-taxable dividends—9.9% owned)	11,161,854		11,161,854	
Brunswick Mining and Smelting Corporation Limited (at cost)—(Note 7):				
1,600,000 shares—40% owned	2,339,758		2,339,758	
5% income bonds, due July 1, 1968	1,925,000		300,000	
Sundry securities, loans, etc. (at cost, less reserve, $200,000)	437,000	15,863,614	673,718	14,475,332
CAPITAL ASSETS (Note 4):				
Mining properties and mineral rights:				
Appraised value as of March 1, 1913	$13,500,000		$13,500,000	
Less allowance for depletion	13,500,000	—	13,500,000	—
Appreciation arising from revaluation subsequent to March 1, 1913	$ 3,500,000		$ 3,500,000	
Less allowance for depletion	3,500,000	—	3,500,000	—
Additions subsequent to March 1, 1913 (at cost)	$21,877,896		$21,726,677	
Less allowance for depletion	19,497,366	2,380,530	19,216,718	2,509,959
Land, buildings, plant and equipment (at cost)	$47,556,345		$46,113,811	
Less allowance for depreciation	30,876,597	16,679,748	29,067,078	17,046,733
Total capital assets, net		$19,060,278		$19,556,692
MISCELLANEOUS ASSETS:				
State, Municipal and U. S. Government securities on deposit with State departments (at amortized cost)	$ 798,771		$ 799,780	
Cash and marketable securities (at amortized cost)—Fire insurance fund (see contra)	214,653	1,013,424	194,475	994,255
DEFERRED CHARGES:				
Oil and natural gas expenditures in suspense	$ 156,009		$ 74,153	
Deferred past service annuities (Note 5)	650,935		846,486	
Deferred exploration expenses	687,542		621,838	
Other deferred charges	247,704	1,742,190	261,923	1,804,400
TOTAL		$85,221,667		$76,851,556

The accompanying notes to financial statements are an integral part of the above balance sheets.

ST. JOSEPH LEAD COMPANY AND SUBSIDIARIES

Consolidated Balance Sheets, December 31, 1955 and 1954

LIABILITIES

		December 31, 1955		*December 31, 1954*	
CURRENT LIABILITIES:					
Accounts payable		$ 7,215,612		$ 5,158,181	
Wages payable		384,252		321,017	
Accrued taxes:					
Federal income (Note 6)		5,820,233		4,577,711	
Other		385,155	$13,805,252	297,149	$10,354,058
DEFERRED CREDIT—Deferred Federal income taxes—related to accelerated amortization of emergency facilities			738,985		449,953
RESERVES:					
Injury claims and workmen's liability insurance		$ 568,142		$ 533,271	
Employees' life insurance and retirement (Note 5)		384,431		390,749	
Fire insurance (see contra)		214,653	1,167,226	194,475	1,118,495
STOCKHOLDERS' EQUITY:					
CAPITAL STOCK:					
Authorized, 5,000,000 shares of $10.00 each.	*Shares*				
Issued	2,737,636.85	$27,376,369		$27,376,369	
In Treasury	21,414.35	214,144		214,144	
Outstanding	2,716,222.50		27,162,225		27,162,225
SURPLUS:					
Earned		$24,191,488		$19,610,334	
Capital		18,156,491	42,347,979	18,156,491	37,766,825
Total Stockholders' Equity			$69,510,204		$64,929,050
TOTAL			$85,221,667		$76,851,556

The accompanying notes to financial statements are an integral part of the above balance sheets.

Notes to Financial Statements

1. Inventories of lead, zinc, etc. (finished, in process, and concentrates) are valued at cost determined on last-in, first-out (LIFO) method, exclusive of depreciation and depletion. Materials and supplies are valued at average cost.

2. The remittances of past profits from Argentina are subject to certain restrictions. It is the practice of the Company to record dividends received or receivable from Compania Minera Aguilar, S. A. as they are converted into U. S. dollars. Accordingly, the financial statements of St. Joseph Lead Company and subsidiaries do not include dividends of Compania Minera Aguilar, S. A. not so converted as follows:

	Argentine paper pesos	
	December 31	
	1955	*1954*
In bank in Argentina	5,463,249	2,983,749
Invested:		
Compania Metalurgica Austral-Argentina, S. A. Comercial:		
Capital stock (40.5% owned)	9,720,000	9,720,000
Bonds	—	1,000,000
Sulfacid, S. A. Industrial—Capital stock (28.6% owned)	8,240,000	8,240,000
Due from Compania Minera Aguilar, S. A.—Dividends declared not paid, less Argentine income tax withheld—1955, 4,754,070 pesos; 1954, 4,609,093 pesos	51,104,212	48,832,905
Total	74,527,461	70,776,654

St. Joseph Lead Company together with Compania Minera Aguilar, S. A. own 43.3% of Compania Metalurgica Austral-Argentina, S. A. Comercial and 50% of Sulfacid, S. A. Industrial.

Financial statements of Compania Minera Aguilar, S. A. are included herein on pages 15-17.

3. The Company's equity in the net assets of Mine La Motte Corporation, as shown by audited financial statements, was $511,881 and $307,787 at December 31, 1955 and 1954, respectively, and its equity in the net income for the years then ended was $204,094 and $111,656 respectively.

4. The net value of the capital assets as shown in the consolidated balance sheets does not indicate the present value of the companies' property, plant and equipment, as such value could be arrived at only by current estimates which would vary from time to time depending on the price of metals, rate of production, cost of labor, and other factors.

5. The Company has a Retirement Plan for Salaried Employees and a Pension Plan for Payroll Employees, covered either by a contract with an insurance company or by funds deposited with a Trustee, no part of which is reflected in the accompanying consolidated balance sheets. Both plans are non-contributory and all past service costs have been funded. Current annual costs of both plans aggregated approximately $390,000 and $411,000 in 1955 and 1954, respectively. It is the practice of the Company to defer past service annuity cost payments made in the past in amounts equivalent to the estimated future tax reductions resulting therefrom.

6. The Federal income and excess profits tax returns of St. Joseph Lead Company and subsidiaries have been examined by the Internal Revenue Service through the year ended December 31, 1952 and all assessments and adjustments have been settled.

7. Leadridge Mining Company Limited, a wholly-owned subsidiary, is committed to loan Brunswick Mining and Smelting Corporation Limited, a 40% owned company, up to $7,500,000 (Canadian funds) as needed for development and equipment. St. Joseph Lead Company has agreed to make $7,500,000 (U. S. funds) available to Leadridge for this purpose. The loan may be subordinated to other indebtedness of Brunswick not to exceed $17,500,000 (Canadian funds) on terms and conditions satisfactory to Leadridge. At December 31, 1955 Leadridge held $1,925,000 of Brunswick's 5% income bonds purchased under the commitment.

8. Reference is made to the text of this report relative to the companies' capital expenditures and Anti-Trust suit.

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

67 BROAD STREET
NEW YORK

ACCOUNTANTS' CERTIFICATE

To the Stockholders of St. Joseph Lead Company:

We have examined the consolidated balance sheet of St. Joseph Lead Company and its subsidiaries as of December 31, 1955 and the related summaries of consolidated income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and summaries of consolidated income and earned surplus, with the notes to financial statements, present fairly the financial position of St. Joseph Lead Company and its subsidiaries at December 31, 1955 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

HASKINS & SELLS

February 27, 1956

COMPANIA MINERA AGUILAR, S. A.

Balance Sheets, December 31, 1955 and 1954

ASSETS

	December 31, 1955 Argentine paper pesos (Note 1)		*December 31, 1954 Argentine paper pesos (Note 1)*	
CURRENT ASSETS:				
Cash	32,480,363		39,617,633	
Marketable securities:				
Argentine Government (at cost)	78,885,277		79,121,213	
Other (at cost, less reserve—1955 and 1954, 3,213,871)	91,106,861		57,108,196	
Accounts receivable—trade (less reserve—1955 and 1954, 4,111,400)	7,883,121		11,288,116	
Due from partly-owned company—trade	5,127,790		—	
Other accounts receivable, etc.	4,818,324		3,380,077	
Inventories:				
Lead and zinc concentrates (at average cost, or less, exclusive of depreciation and depletion —valuation not in excess of market)	40,853,150		32,509,438	
Materials and supplies (at average cost or less)	32,829,036	293,983,922	21,882,315	244,906,988
INVESTMENTS (Note 2):				
Sulfacid, S. A. Industrial (at cost—21.4% owned)	6,155,000		6,155,000	
Compania Metalurgica Austral-Argentina, S. A. Comercial (at cost—2.8% owned)	673,000	6,828,000	674,000	6,829,000
CAPITAL ASSETS (Notes 3 and 4):				
Mining properties and mineral rights:				
Cost, including exploration and development prior to the commencement of operations	4,384,038		4,384,038	
Less allowance for depletion	3,502,941	881,097	3,502,941	881,097
Appreciation arising from valuation in 1935	49,446,736		49,446,736	
Less allowance for depletion	39,700,779	9,745,957	39,700,779	9,745,957
Total mining properties and mineral rights, net		10,627,054		10,627,054
Land, buildings, plant and equipment (at cost)	49,346,332		35,550,293	
Less allowance for depreciation	18,006,737	31,339,595	15,036,169	20,514,124
Total capital assets, net		41,966,649		31,141,178
DEFERRED CHARGES		499,276		3,651,228
TOTAL		343,277,847		286,528,394

NOTES:

(1) At December 31, 1955 and 1954, the quoted free rate of exchange for a peso was approximately 2.7 and 7 cents, respectively.

(2) The Company together with St. Joseph Lead Company own 50% of Sulfacid, S. A. Industrial and 43.3% of Compania Metalurgica Austral-Argentina, S. A. Comercial.

The Company was contingently liable at December 31, 1955 and 1954 for subscriptions to additional shares of capital stocks amounting to pesos 900,000.

(3) The net value of the capital assets as shown in the above balance sheets does not indicate the present value of the Company's property, plant and equipment, as such value could be arrived at only by current estimates which would vary from time to time depending on the price of metals, rate of production, cost of labor, and other factors.

Balance Sheets, December 31, 1955 and 1954

LIABILITIES

	December 31, 1955 Argentine paper pesos (Note 1)		December 31, 1954 Argentine paper pesos (Note 1)	
Current Liabilities:				
Accounts payable—trade	7,055,249		1,586,284	
Due to St. Joseph Lead Company (including dividends payable — 1955, 51,104,212; 1954, 48,832,905)	54,549,200		50,582,971	
Due to partly-owned company	2,210,780		1,457,224	
Wages payable	2,937,869		2,319,351	
Accrued Argentine income and other taxes	38,471,537		38,213,838	
Other accounts payable	1,686,771	106,911,406	2,204,705	96,364,373
Deferred Credits—Unearned interest, etc.		17,720		30,578
Reserves:				
Replacement and rehabilitation of capital assets (Note 4)	80,280,300		56,691,863	
Employees' compensation under Argentine social laws	12,490,142		11,563,445	
Accidents	6,078,784		3,223,225	
Other	13,753,717	112,602,943	11,934,622	83,413,155
Stockholders' Equity:				
Capital Stock:				
Authorized and issued—500,000 shares of a nominal value of 80 Argentine paper pesos each	40,000,000		40,000,000	
Less in treasury, 35,000 shares	2,800,000		2,800,000	
Outstanding 465,000 shares		37,200,000		37,200,000
Surplus:				
Capital surplus arising from 1935 valuation of ore reserves (remainder after transfer of pesos 48,000,000 to stated value of capital stock)		1,446,736		1,446,736
Earned surplus:				
Appropriated:				
For acquisition of capital stock held in treasury	2,800,000		2,800,000	
Statutory reserve	2,964,005		2,005,787	
Unappropriated (after charging deficits aggregating pesos 6,395,000 against capital surplus arising from reduction in stated value of capital stock—Note 5)	79,335,037	85,099,042	63,267,765	68,073,552
Total Stockholders' Equity		123,745,778		106,720,288
Total		343,277,847		286,528,394

Notes Continued:

(4) Ore reserves have been estimated by the directors to exceed appreciably those indicated by former surveys. Had depletion been provided for units sold in each of the years 1955 and 1954 based on the average book values of ore reserves and the quantities of ores on hand and remaining in the properties as so estimated the amounts would have been approximately Argentine paper pesos 320,000 and 275,000, respectively, and net income for both years would have been correspondingly less. However, no depletion has been provided since 1950, as the amounts thereof were not considered to be material. A special appropriation of 23,588,438 Argentine paper pesos for replacement and rehabilitation of capital assets has been made out of income for the year 1955. Similar special appropriations were made out of income in the preceding four years aggregating 56,691,863 Argentine paper pesos.

(5) The net profit since beginning of operations, pesos 187,095,542 (earned surplus at December 31, 1955 pesos 85,099,042 plus dividends declared pesos 108,391,500 and less aggregate deficits transferred to capital surplus pesos 6,395,000) represents aggregate net profit pesos 307,076,622 (after deducting depletion computed on cost) against which has been charged depletion computed on appreciation aggregating pesos 39,700,779, and special appropriations for replacement and rehabilitation of capital assets aggregating pesos 80,280,300.

Summaries of Income

For the Years Ended December 31, 1955 and 1954

		1955 Argentine paper pesos (Note 1)		1954 Argentine paper pesos (Note 1)
NET SALES OF LEAD AND ZINC CONCENTRATES, ETC.		177,340,943		169,445,333
COST THEREOF (exclusive of depreciation and depletion)		54,922,293		51,617,348
GROSS PROFIT FROM OPERATIONS BEFORE DEPRECIATION AND DEPLETION		122,418,650		117,827,985
DEDUCT:				
Selling, general and administrative expenses	5,875,415		3,000,114	
Taxes, other than taxes on income	1,913,115	7,788,530	4,172,503	7,172,617
NET PROFIT FROM OPERATIONS BEFORE DEPRECIATION AND DEPLETION		114,630,120		110,655,368
INCOME CREDITS:				
Dividends	4,957,801		1,156,467	
Interest (including interest from partly-owned companies—1955, 173,596; 1954, 691,920)	2,180,413		1,924,738	
Other, less charges	702,432	7,840,646	254,752	3,335,957
		122,470,766		113,991,325
DEPRECIATION OF PLANT AND EQUIPMENT (Note 2)		3,030,113		1,853,149
		119,440,653		112,138,176
PROVISION FOR ARGENTINE INCOME AND EXCESS PROFITS TAXES		49,066,725		45,935,919
NET INCOME FOR THE YEAR BEFORE SPECIAL APPROPRIATION FOR REPLACEMENT AND REHABILITATION OF CAPITAL ASSETS		70,373,928		66,202,257
SPECIAL APPROPRIATION FOR REPLACEMENT AND REHABILITATION OF CAPITAL ASSETS (Note 2)		23,588,438		18,388,852
NET INCOME FOR THE YEAR, LESS SPECIAL APPROPRIATION		46,785,490		47,813,405

Summaries of Unappropriated Earned Surplus

For the Years Ended December 31, 1955 and 1954

		1955 Argentine paper pesos (Note 1)		1954 Argentine paper pesos (Note 1)
SURPLUS AT BEGINNING OF THE YEAR		63,267,765		34,714,125
ADD—NET INCOME FOR THE YEAR, LESS SPECIAL APPROPRIATION		46,785,490		47,813,405
TOTAL		110,053,255		82,527,530
DEDUCT:				
Dividends declared or paid during the year	29,760,000		18,600,000	
Appropriation to statutory reserve	958,218	30,718,218	659,765	19,259,765
SURPLUS AT END OF THE YEAR (after charging deficits aggregating pesos 6,395,000 against capital surplus)		79,335,037		63,267,765

NOTES:

(1) Reference is made to Note 1 to the accompanying balance sheets.

(2) Reference is made to Note 4 to the accompanying balance sheets.

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

67 BROAD STREET
NEW YORK

ACCOUNTANTS' CERTIFICATE

ST. JOSEPH LEAD COMPANY:

We have examined the balance sheet of Compania Minera Aguilar, S. A. (incorporated and doing business in Argentina) as of December 31, 1955 and the related summaries of income and unappropriated earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

A special appropriation of 23,588,438 Argentine paper pesos for replacement and rehabilitation of capital assets has been made out of income for the year. Officers of the Company explain that lack of dollar exchange has prevented acquisition of necessary equipment and supplies for adequate replacement and maintenance, with the result that related expense accounts and net income have not been burdened with amounts which otherwise would have been charged thereagainst. In our opinion accepted accounting principles require that charges for maintenance be made against income only in the year of expenditure or other definite determination, and that charges for major replacements be capitalized. Similar special appropriations were made out of income in the preceding four years aggregating 56,691,863 Argentine paper pesos.

In our opinion, except as described in the preceding paragraph the accompanying balance sheet and summaries of income and unappropriated earned surplus, with the footnotes thereon, present fairly the financial position of Compania Minera Aguilar, S. A. at December 31, 1955 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

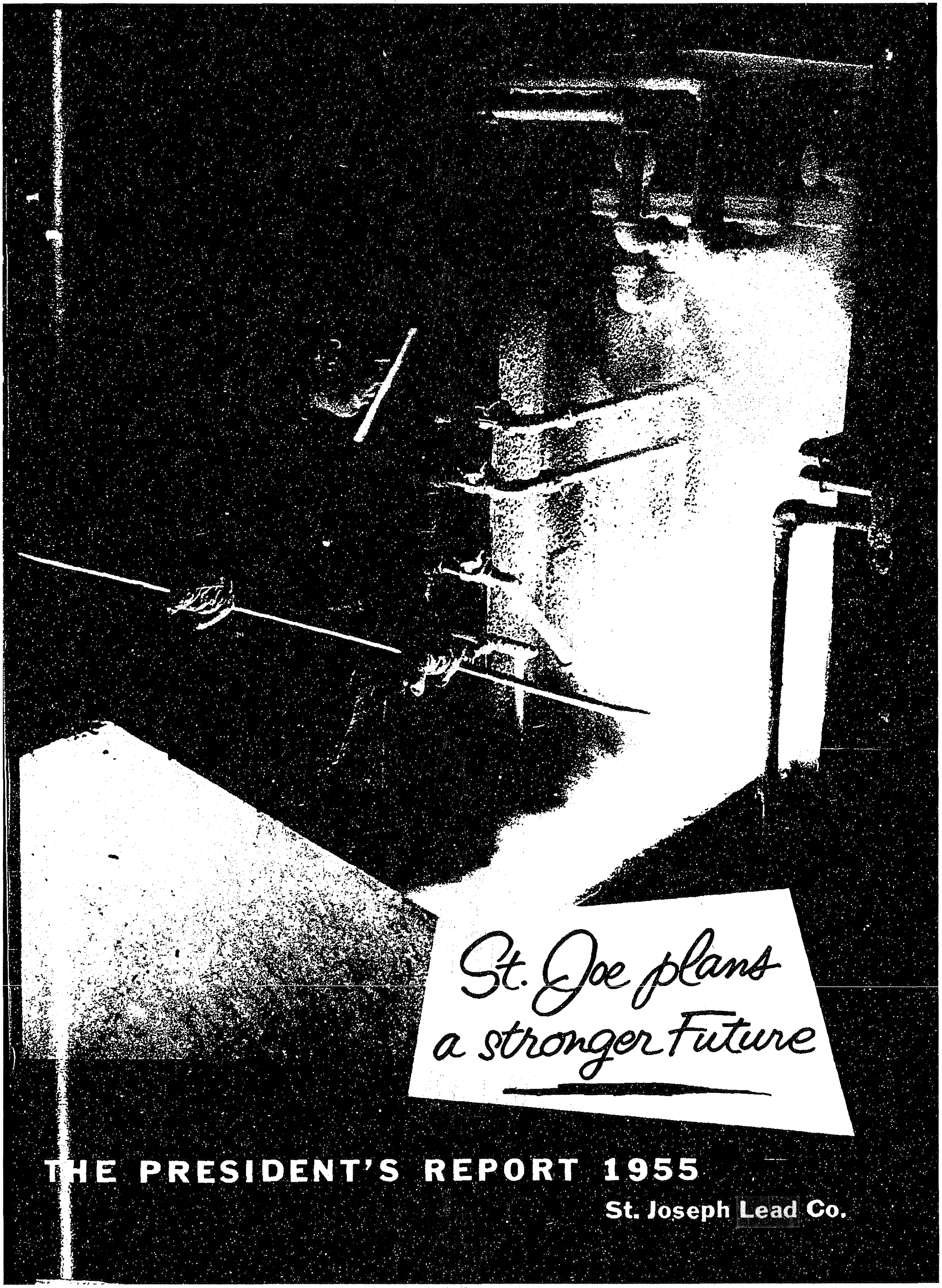
HASKINS & SELLS

February 9, 1956

PROXIES FOR ANNUAL MEETING

This Report is sent to Stockholders of the Company in advance of the solicitation by the Board of Trustees of proxies for the Annual Meeting of Stockholders to be held on May 14, 1956 at 11 A.M.

Proxies will be solicited commencing on April 13, 1956.


St. Joe plans a stronger Future
THE PRESIDENT'S REPORT 1955
St. Joseph Lead Co.

Cover: Tapping iron matte from new electric zinc furnace, Herculaneum, Missouri

St. Joe plans a stronger Future

THE PRESIDENT'S REPORT TO ALL ST. JOE EMPLOYEES AND THEIR FAMILIES:

CONDENSED REPORT OF OPERATIONS:

We Sold:

Pig lead, tons . . . .
Slab zinc equivalent, tons . . . . . .
Sulphuric acid, tons . . . .

We Received:

From sales . . . .
From our investments . . . .
From other sources . . . .
Our gross income totalled . . . . . .

We Paid in Taxes:

Federal and State . . . .

We Earned as Net Income: . . . . . .

Of which, we paid as dividends . . . .
And kept for use in the business . . .

We Earned Per Share of Stock: . . . .

We paid taxes per share of: . . . .
We paid dividends per share of: . . .

Our Current Assets (at year's end) . . . .

Our Current Liabilities (at year's end) . . .

Number of Our Employees . . . . . .

Number of Our Stockholders . . . . .

Shares of Our Stock Outstanding . . .

1955	1954
212,100	183,079
202,545	167,542
183,609	147,076
$121,497,456	$95,003,072
$1,343,606	$680,983
$225,151	$274,877
$123,066,213	$95,958,932
$6,478,177	$4,628,764
$12,729,820	$7,523,503
$8,148,666	$5,432,076
$4,581,153	$2,091,427
$4.68	$2.77
$2.38	$1.70
$3.00	$2.00
$47,421,282	$39,868,612
$13,805,252	$10,354,058
5,101	5,010
11,263	10,497
2,716,222	2,716,222

AS A GLANCE AT THE SUMMARY on this page will show you, our company's 1955 earnings were higher than in 1954. Part of this increase in earnings was due to higher metal prices; part of it from a dividend we received late last year on our stock in the Compania Minera Aguilar, S.A. in Argentina; and part of it was due to selling much of the stocks of lead and zinc we had built up during previous years.

Although this excellent showing must be gratifying to us all, it must not blind us to the fact that certain conditions we must face in the future will be troublesome for our company unless we act now to prepare to meet them. In this report, I should like to outline these conditions and tell you what we plan to do about them, both in strengthening our company and in helping to maintain the domestic industry of which it is a part.

GROWTH IS REQUIRED

First, with respect to our company, the mere fact that we have been in business steadily for 92 years is no guarantee of continuing profits and of stability of operations. St. Joe has survived for 92 years, and it has prospered in that time because its management never relaxed in seeking new opportunities for growth, not only in size and scope of operations but in efficiency as well. In common with other mining companies, we must recognize these facts: 1, our customers, the consumers of metals, are continually changing their requirements for metals, both as to kind and as to quantity; 2, the ores from which we recover these metals year by year have become lower in grade and more costly to mine and treat. Our course under these conditions is clear. On the one hand we must help consumers find new uses for our products and convince them that St. Joe's products will be the best for the job required. On the other hand, we must constantly study every phase of our operations with the objective of increasing their efficiency. Our present level of efficiency, high as it is, is not good enough to handle tomorrow's problems.

HOW WE CAN HELP THE MINING INDUSTRY

Although St. Joe is one of the largest and lowest-cost domestic producers of lead and zinc, and also has substantial interests in mining operations outside the United States, it is your company's belief that it is in the best interests of the United States and of domestic consumers of metals, and also of ourselves, to maintain a healthy domestic lead and zinc mining industry, made up of many active companies.

In past years, this report has pointed out that the most serious threat to the maintenance of a healthy domestic mining industry is a flood of unneeded imported metals that force U.S. metal prices down to levels that are unprofitable for nearly all producers of lead and zinc. As you recall, this happened four years ago, and only after the most strenuous efforts, was the domestic lead-zinc industry able to convince the Administration in Washington that something had to be done. Rather than the tariff relief that was recommended by the Tariff Commission, the Administration in mid-1954 set up a special stockpiling program for lead and zinc to take surplus metal off domestic markets. By now, we are in a better position than we were a year ago to evaluate the results of this program.

COMPARISON OF DOMESTIC LEAD AND ZINC SITUATION IN SHORT TONS, 1954-1955

		1955 (Est.)	1954 (Final)
LEAD	From domestic mines	333,000	325,000
	Scrap	490,000	481,000
	Imports	430,000	438,000
	From producers' metal stocks	50,000	(5,500)*
	Available supply	1,303,000	1,238,500
	Consumption	1,200,000	1,095,000
	Surplus	103,000	143,500
ZINC	From domestic mines	394,000	370,000
	Secondary sources	80,000	68,000
	Imports	611,000	538,000
	From producers' metal stocks	118,000	41,000
	Available supply	1,203,000	1,017,000
	Consumed and exported	1,102,000	909,000
	Surplus	101,000	108,000

* Denotes increase in stocks

Right: Headframe at new mine (No. 25) near Doe Run Junction, Lead Belt.

Unquestionably, stockpiling did increase prices for lead and zinc, and thereby benefited U.S. mines. However, foreign mines, selling to the United States, received equal benefit. Imports of zinc, after declining somewhat in 1954, climbed back in 1955 nearly to their 1953 level of 669,000 tons. Domestic mine output at 507,000 tons for 1955 was only about 10% over the 1954 level. In lead, domestic mine output for 1955 rose 2.5% over the 1954 level, and imports were lower by 1.8% for the year. In other words, domestic mining of lead and zinc has not been greatly stimulated and is considerably below the 1951 level, even though strong demands for both metals during 1955 pushed zinc consumption in the United States to an all-time high of 1,060,000 tons, and lead consumption to the very high level of 1,200,000 tons.

Furthermore, no provision has been made for controlling imports of unneeded metal in the future if demand should again slacken. Therefore, it is evident that the Administration in its announced intention to aid domestic mining in order to "maintain an adequate mobilization base", must turn to measures that offer a permanent solution to the problem rather than the temporary aid of stockpiling.

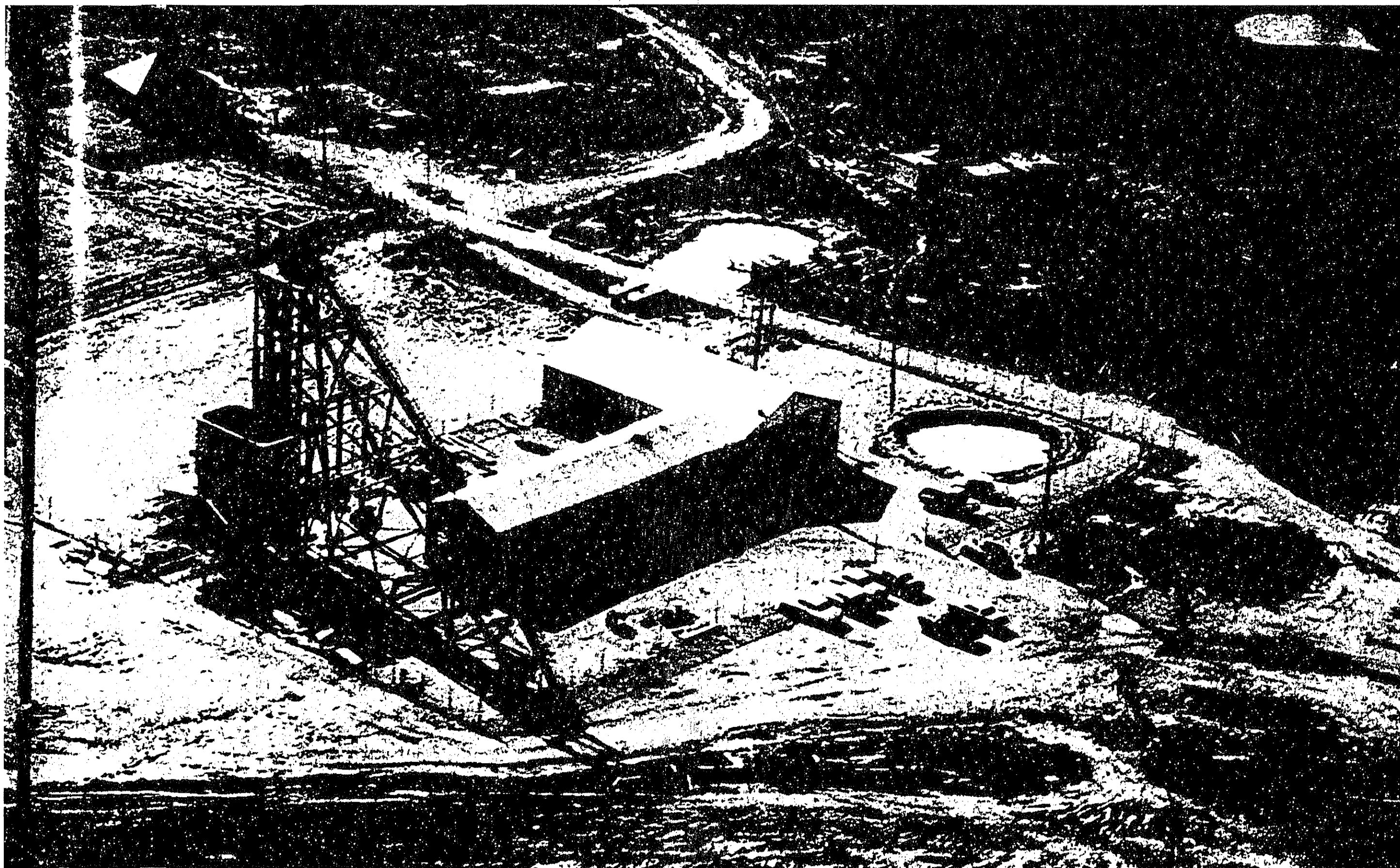
We, in St. Joe, approve the suggestion of an import tax of 2c per lb. of metal to be applied to imports of lead and zinc whenever the domestic prices of these metals fall below a specified base level. This level would be determined by some Governmental agency or Congress after consultation with producers and consumers. It would be fixed with the underlying thought of maintaining a domestic mine production at approximately the 1951 rate. When domestic prices of lead and zinc rose above the base price levels, imports would again come in free of the import tax.

It is believed that such a tax would tend to stabilize metal markets at a reasonable level, would control imports without cutting off needed metal from abroad, and would benefit consumers of metals by avoiding the expense and uncertainty of widely fluctuating metal markets. We intend this year to do what we can to convince other producers, the Administration, and consumers of metals that this measure is in the best interests of each of them. However, further study by the Administration, producers, and consumers may develop some other method than the suggested import tax—if it is practicable and fair we will work toward its adoption. We know from our foreign investments that lead and zinc can be produced more cheaply outside the United States, but we are convinced that it is to the best interests of the free world to maintain a profitable mining industry in the United States.

I have explained these matters in some detail because, as an employee of St. Joe, it is in your interest to aid the management and the stockholders to solve the problem of the control of unneeded imports.

ST. JOE'S PROGRESS IN 1955—By Divisions

The following table gives a comparison of our production and sales figures for 1955 with those for 1954. Note that sales of all products were substantially



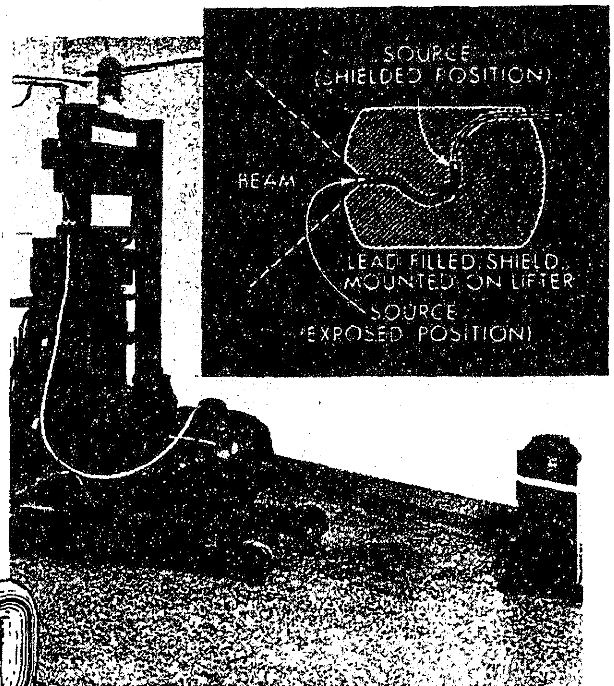
COMPARISON OF ST. JOE PRODUCTION AND SALES IN SHORT TONS:

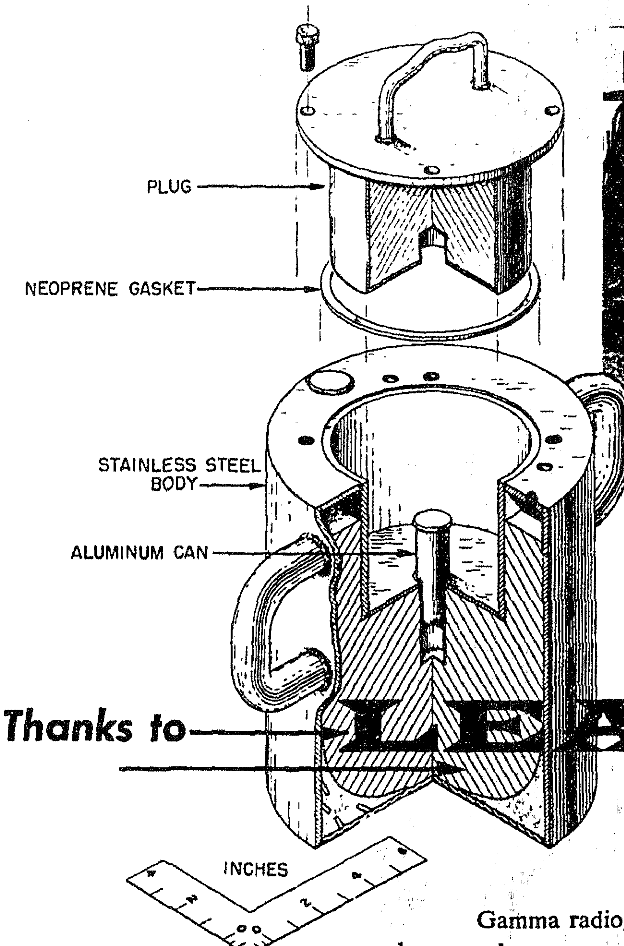
		1955 Tons	1954 Tons
LEAD	Lead concentrates:		
	Produced from Company's mines	162,552	164,171
	Purchased concentrates (for smelting at Herculaneum)	42,100	39,373
	Pig lead equivalent of produced and purchased concentrates	136,668	133,932
	Pig lead produced	138,796	129,766
	Pig lead sales:		
	From smelter production	155,755	123,273
	Purchased pig lead	56,345	59,806
ZINC	Zinc concentrates:		
	Produced from Company's mines	109,303	109,547
	Purchased concentrates (for smelting at Josephtown)	111,868	61,640
	Slab zinc equivalent of:		
	Produced and purchased concentrates	134,012	105,610
	Smelter production (including toll zinc)	138,201	111,021
	Sales of oxide and metal	136,723	117,611
	Sulfuric Acid Sales	183,609	147,076

higher. This, coupled with higher metal prices, resulted in the increased earnings already referred to. The table on the first page of this report provides a brief picture of our income and our payments for wages and salaries, taxes, and dividends. Additional financial and other information is given in the 92nd Annual Report to our stockholders. You are again urged to ask your Division Manager for a copy of the Annual Report if you are interested and have not already received one as a stockholder.

OUR ADVERTISEMENTS

To supplement the efforts of the individual members of our sales staff, we regularly take advertising space to inform consumers of new developments in our products. The advertisements included in this report show: 1, how improved galvanizing techniques greatly increase the usefulness of zinc coatings; 2, how St. Joe zinc is now "tailor-made" to suit the needs of our galvanizer customers; 3, how lead has proved useful in the atomic energy field.





Above: Directional gamma radiography equipment is shown in the photograph. The drawing shows how the lead container serves both to direct the rays and to shield personnel from dangerous radiation exposure. *Courtesy: Technical Operations, Inc.*

Left: Returnable container for Cobalt 60. *Courtesy: Oak Ridge Nat'l. Laboratory*

Thanks to LEAD — Co^{60} is becoming industry's "seeing-eye" in non-destructive testing!

Gamma radiography, utilizing Cobalt 60 as the self-generating "light" source, has now become a practical and low-cost industrial tool in the vital field of quality control. This has been made possible by (a) the availability of Cobalt 60 from the nation's nuclear reactors and (b) by taking advantage of the inherent and incomparable density of the metal lead as a material of construction for portable "safes" containing Cobalt 60 or other high-energy radioisotopes. As a shielding material, lead prevents off-target penetration of the dangerous gamma rays. The thickness of the lead shield is, of course, governed by the penetrating power of the rays emitted. Oak Ridge National Laboratory specifications for a Cobalt 60 container read as follows:

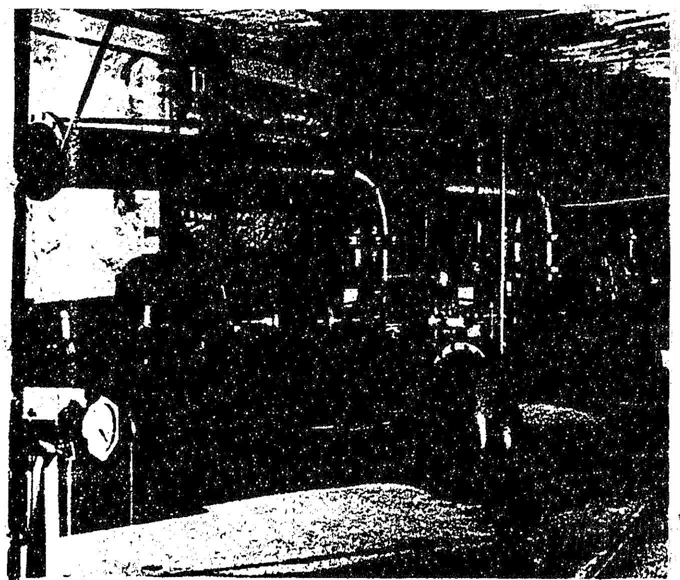
TYPE OF CONTAINER	TYPE OF MATERIAL SHIPPED	MAXIMUM ACTIVITY		THICKNESS OF LEAD SHIELD (in.)	TOTAL WEIGHT OF ASSEMBLED CONTAINER (lb)
		Radioisotope	Amount		
Returnable	Unseparated solids, gamma emitters	Co^{60}	1 curie	4	450
			5 curies	5	650
			25 curies	6	810
			180 curies	7 1/2	1320

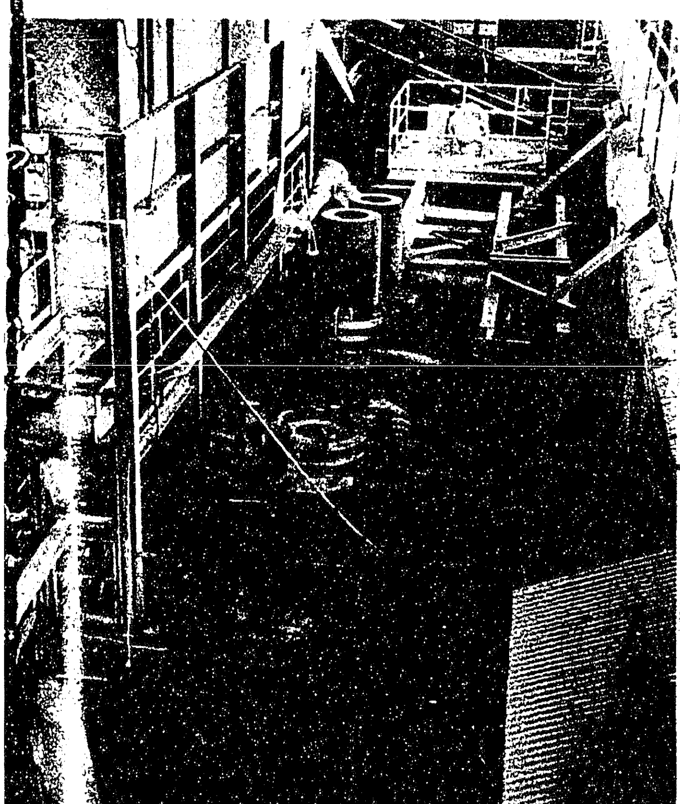
The property of density has made lead, one of the first metals utilized by man, an important factor in a new and rapidly expanding industry with unlimited potentials... the harnessing of nuclear energy.

ST. JOSEPH LEAD COMPANY

The Largest Producer of Lead in the United States

250 PARK AVENUE, NEW YORK 17, NEW YORK





Lead Belt, MISSOURI

With the average tonnage of ore and chat milled per operating day only slightly below that of the record output of last year, it is gratifying to note that operating costs increased only in proportion to increases in wages. Efficiency in general has been improved, and it is hoped that still further improvement will be made. The establishment in July 1955 of a mine research department, which is now studying problems of rock breaking and ground support, should be of benefit. The work of the milling staff and metallurgical research department has resulted in better recovery in the Lead Belt mills. For the district as a whole, lead content of mill tailing has been reduced from 0.14% lead to an average of 0.11%. The No. 25 shaft was completed Southeast of Flat River. Equipment was installed, and development work begun. This is the completion of the first step in a five-year program for opening a new mining area. The new Pim pump station was completed, replacing two less efficient installations. The Indian Creek mine and plant at the end of 1955 was nearing its goal of full production. Mill metallurgy was being steadily improved and efficiency in costs of mining showed similar improvement during the year. The Leadwood mill staff is to be congratulated on a year without a lost-time accident.

Herculaneum, MISSOURI

Operation of the new baghouse and surrounding units during 1955 increased lead output to about 100,000 tons, one of the best years Herculaneum has ever had. All units are operating satisfactorily. The new zinc slag furnace was started during the year and as familiarity with it is gained, it is proving easier to control and to work with than the original smaller unit. About one-half of Herculaneum's output is now shipped in the one-ton ingots, resulting in easier handling both for ourselves and our customers.

Balmat-Edwards, NORTH'N N.Y. STATE

The Balmat-Edwards Division operated continuously throughout the year, and over-all costs and mining efficiencies were well-maintained in the face of higher wage and supply costs. The countershaft at the Edwards mine was completed during the year to the 3100-ft. level.

Top: New Pim mine pump station replaces two less efficient units in Lead Belt.

Center: Herculaneum smelter, where new units and improved methods are increasing output.

Bottom: New electric zinc furnace at Herculaneum began operating in mid-1955. This shows electrodes at top of furnace.

Josephtown, PENNSYLVANIA

Production at Josephtown increased during the year and although plans were not announced until February 1956, they were formulated in 1955 with the objective of increasing Josephtown's production to 12,000 tons per month of slab zinc in early 1957 from the present 10,000 tons. In order to insure steady operation and for possible further expansion to 15,000 tons, we have started to build a coal-fired power plant at Josephtown with a capacity of 100,000 kw. In all, this planned expansion will require a total capital expenditure of about $20,000,000 including the power plant and additions to the roaster, the sinter, the furance, and the acid plants and subsidiary facilities. This work is now underway and will be carried on over the next two years. Research in all phases of our zinc smelting operation continues intensively at Josephtown with the objective of still further improvement in what is regarded as one of the most efficient zinc smelting processes. In addition to the slab zinc production, ample facilities will of course be available to take care of requirements of our lead-free zinc oxide customers.

OIL

With the completion of the C-9 well on the Harris Ranch Property in Crockett County, Texas, our company now has a one-half interest in seven producing oil wells. Continental Oil Company is our partner in this venture. Total net cost to St. Joe, after tax savings, of this oil exploration through 1955 is $952,120. Income from these wells for the year 1955 amounted to $136,954.66. This figure would have been higher except that production from all wells is regulated by the State of Texas and this figure represents our maximum allowable. Exploration on this property of about 4,500 acres is continuing. A joint wildcat well drilled with Cerro de Pasco in Wharton County, East Texas, resulted in a dry hole, as did a farm-out drilled by other companies on acreage in Roosevelt County, Montana, jointly owned with Continental Oil Company.

FOREIGN OPERATIONS

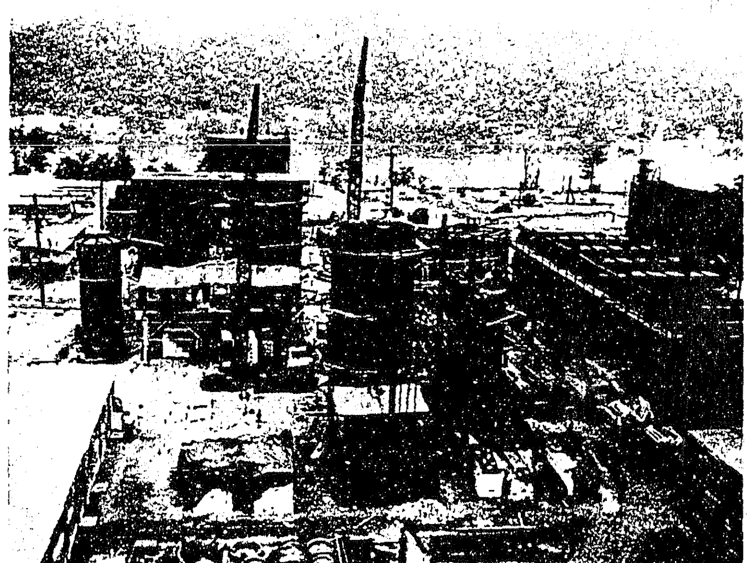
Argentina The Aguilar mine and mill located in Northern Argentina produced 27,879 metric tons of lead concentrate and 42,204 metric tons of zinc concentrate in 1955. A substantial increase over the 22,581 metric tons of lead concentrate and 36,240 metric tons of zinc concentrate produced in 1954. Excellent progress has been made in improving the production facilities at Aguilar, owing to the granting of foreign exchange with which to purchase new equipment. Development work in the mine continues encouraging, and labor relations are excellent. Late in 1955, a dividend of $754,188 was received by St. Joe on its Aguilar stock, the first of any consequence in many years.

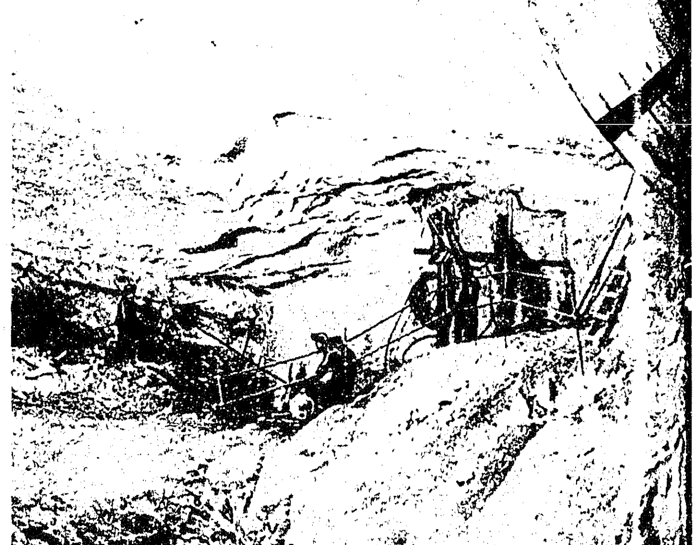
Elsewhere in Argentina, the 50% Aguilar-owned sulfuric acid and fertilizer plant at Borghi increased its sales of sulfuric acid by 50% over 1954. The outlook for improved sales to Argentine industry is good. The Austral zinc smelter at Comodoro Rivadavia in South-

Center: Steel sets line new water drift, driven with jumbo, at Balmat-Edwards Division.

Bottom left: New acid plant under construction at Josephtown zinc smelter.

Bottom right: Long-hole drilling in Balmat mine, New York, proves effective in increasing efficiency.





ern Argentina showed further improvement in operating technique and in staff performance. Although profits for the year were only nominal at Austral, the outlook is encouraging.

We believe that if the new government of Argentina receives the whole-hearted cooperation of the Argentine people, the difficult economic problems the country faces will be solved in the next few years. The long-range future for Argentina and Aguilar can be quite bright.

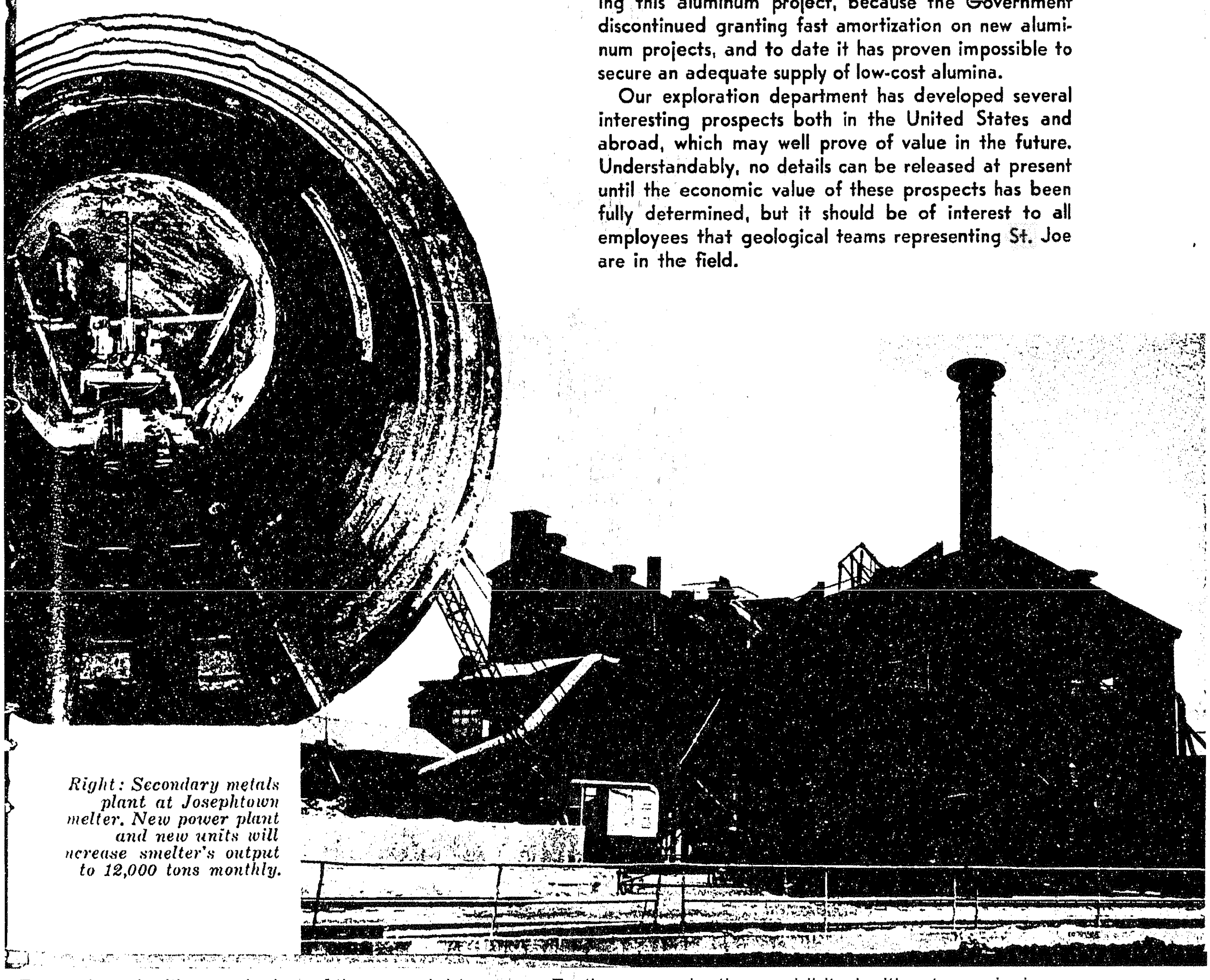
North Africa The operating results, the discovery of new ore, and the earnings of the lead-zinc operations in North Africa, in which St. Joe has an interest, continue satisfactory. Although the political unrest prevalent in North Africa is troublesome, it has not yet interfered seriously with mining and milling operations.

Canada The project of the Brunswick Mining & Smelting Corporation Ltd., in which St. Joe has a 40% ownership and the responsibility of management, devoted 1955 to intensive study of the metallurgical problems presented by the two major orebodies it is developing near Bathurst, New Brunswick. The extremely complex nature of the ores has required establishment of a research staff at Bathurst and literally hundreds of samples have been subjected to flotation test work last year. This work will continue in 1956, and it is hoped that a feasible treatment technique will be worked out. Mine development both underground at the No. 12 orebody and on the surface at the No. 6 orebody continues according to plan. The orebody in general has thus far turned out to be higher in grade in lead, zinc, and copper than had been expected.

NEW PROJECTS

During 1955, the Company had under study a proposal to join Pittsburgh Consolidation Coal Company in construction and operation of an alumina reduction plant to be located at Josephtown, Pennsylvania. This plant would have had a capacity of 66,000 tons of aluminum annually. Power could be supplied by an addition to the coal-fired steam power plant recently authorized for the Josephtown zinc smelter. It has been impossible as yet to come to a decision concerning this aluminum project, because the Government discontinued granting fast amortization on new aluminum projects, and to date it has proven impossible to secure an adequate supply of low-cost alumina.

Our exploration department has developed several interesting prospects both in the United States and abroad, which may well prove of value in the future. Understandably, no details can be released at present until the economic value of these prospects has been fully determined, but it should be of interest to all employees that geological teams representing St. Joe are in the field.



Right: Secondary metals plant at Josephtown melter. New power plant and new units will ncrease smelter's output to 12,000 tons monthly.

ST. JOE *electrothermic* ZINC...

continuous-line galvanizing

Zinc slabs being fed by conveyor into the melting pot of a continuous galvanizing line.

As more and more lines come into production, it becomes increasingly evident that the compositions of the various zincs required for continuous galvanizing are more exacting than those established by A.S.T.M. specifications. In fact, the grades are almost as numerous as the lines in operation, since each company's metallurgists feel that the composition of the metal they specify is best suited for their particular product. Depending on operating variables, a line might require a controlled lead content with low cadmium either with or without the addition of aluminum by the smelter. Another line might specify a different lead content and a fixed amount of aluminum with rigid limits on other ingredients.

St. Joe's patented electrothermic smelting process, coupled with a highly flexible roasting, sintering and blending operation, permits a degree of control in the metal's composition which cannot readily be achieved by any other method. As a result, the St. Joseph Lead Company is in the unique position of being able to supply zinc to virtually any specification which operators of continuous galvanizing lines consider most desirable for their individual requirements.

ST. JOSEPH LEAD COMPANY
250 PARK AVENUE, NEW YORK 17, N.Y.

Throughout this report you will have noted evidence of the management's belief: first, that there exists an opportunity for growth for St. Joe in the production of lead and zinc; and second, that the company is seeking new opportunities for growth outside our accustomed field. This report has indicated how our production facilities, both above and below ground, are being expanded, and our organization is being strengthened in order to take full advantage of both these opportunities.

Thus we can be confident of St. Joe's ability to meet the problems that the future will bring. It is pleasant to observe that for 1956 at least the outlook is excellent.

I hope this report has made clear to you why each St. Joe employee still faces the obligation to do all he can to help strengthen our company through more intensive sales effort, through keener research in mines, mills, and smelters, through steady improvement of day-to-day operations, and through constant search for new and sound avenues for growth. If each of us feels, and acts upon, that obligation, our company's future is indeed secure.

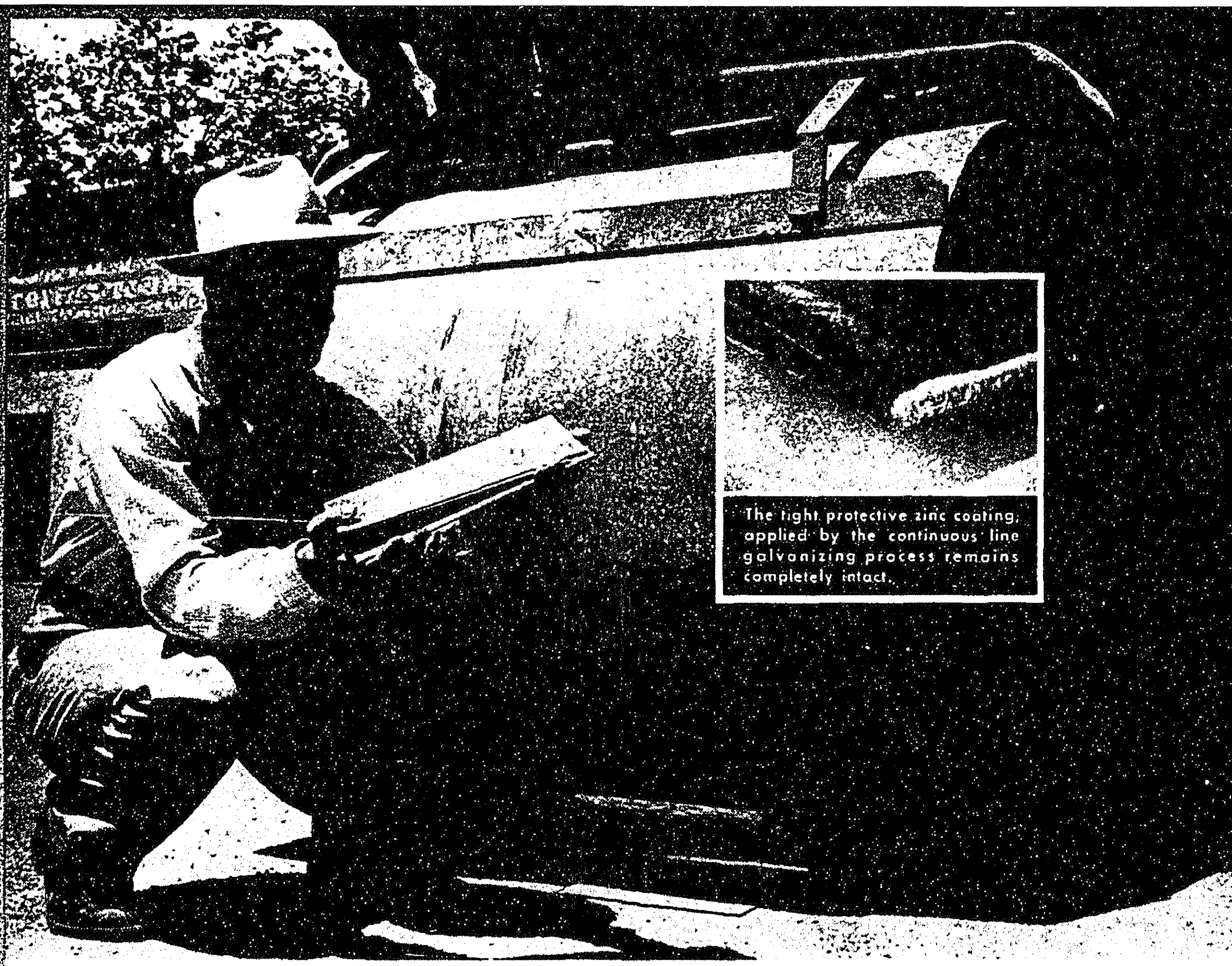
Andrew Fletcher

President.

New York, March 19, 1956

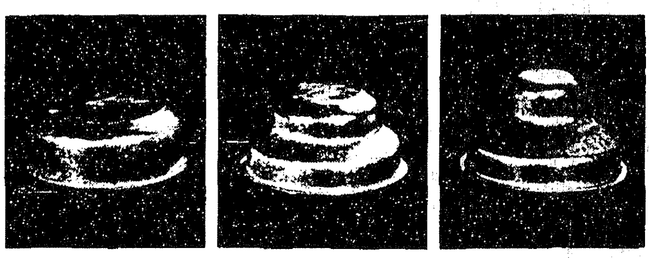
Above: Exploration by diamond drilling tests new prospects in Argentina.

Right: Drilling in cut-and-fill stopes at Aguilar, Argentina. Outlook here is encouraging.



The tight protective zinc coating, applied by the continuous line galvanizing process remains completely intact.

THE SHAPE OF THINGS TO COME



AN EXAMPLE: This sprinkling can rosette was formerly made of black plate and then electroplated to provide the necessary rust-proofing; it is now produced from flat, galvanized stock in six operations without chipping, cracking, peeling or flaking of the protective zinc coating.

Photos of rosette, courtesy WHEELING STEEL CORP.

The progress that has been made in the United States to take full advantage of the unexcelled qualities of zinc as a protective metal is dramatically illustrated here. Many products made of galvanized sheet steel are pressed into shape by terrific force. But if a galvanized sheet can be flattened into a *double fold* under the crushing weight of a road roller without failure of the protective zinc coating, it is obvious that it will withstand equally well the severest drawing and forming operation.

The improved properties of today's continuous line products has led to an enormous increase in their consumption. The zinc coating being as ductile as the base metal, anything that can be made of steel sheets, can now be made of galvanized sheet.

ST. JOSEPH LEAD COMPANY
250 PARK AVENUE, NEW YORK 17, N. Y.

HIGH GRADE
INTERMEDIATE
PRIME WESTERN

ST. JOE *electrothermic* **ZINC**