OFFICERS

Chairman of the Board . . .	JOHN D. RYAN*
President	CORNELIUS F. KELLEY
Vice-President	BENJAMIN B. THAYER†
Vice-President	JAMES R. HOBBINS
Vice-President and Treasurer .	ROBERT E. DWYER
Secretary and Assistant Treasurer	DAVID B. HENNESSY
General Auditor	JAMES DICKSON
Assistant Secretary	KENNETH B. FRAZER

DIRECTORS

Percy A. Rockefeller	John D. Ryan*
Benjamin B. Thayer†	Cornelius F. Kelley
Charles E. Mitchell	Charles T. Fisher
James R. Hobbins	Andrew J. Miller

John A. Coe

Deceased
* February 11, 1933
† February 22, 1933

OFFICES

ANACONDA, MONTANA
25 BROADWAY, NEW YORK

PNYC00005908

It is eminently fitting that there should be recorded in the Minutes of this Company a testimonial to his character as a man and his worth as an officer of this Company.

For many years the name of Anaconda and that of his own were regarded as practically synonymous.

Mr. Ryan was elected a Trustee of the Anaconda Copper Mining Company on June 28, 1904. He was elected President of the Company on June 9, 1905, serving in that capacity until June 10, 1909. From that date until 1915 he served as President of the Amalgamated Copper Company. Upon the dissolution of the latter Company, Mr. Ryan was re-elected President of this Company, on May 25, 1915. He served in that capacity until his appointment as Assistant Secretary of War, on September 3, 1918, necessitated his resignation. He returned after the Armistice and was elected Chairman of the Board on December 3, 1918.

This brief statement records chronologically the years of his service to the Company; but the result of that service is in a large part the history of the growth, development and progress of the Company under his leadership.

When Mr. Ryan assumed the direction of the Company it was a comparatively small enterprise. Under his direction it grew through the years to its present proportions.

It was not alone in the expansion of the Company that Mr. Ryan displayed his gifts for organization and finance, but also in the inspirational quality of his leadership. In the soundness and the future of the Company he had supreme confidence: a faith that was demonstrated throughout the past three difficult years, during all of which time and at his death he was by far its largest individual stockholder.

Be it Resolved by the Board of Directors:

That its late Chairman, John D. Ryan, served the Company faithfully and well; that in his death the Company has sustained an irreparable loss; and the Directors of this Board and his business associates have been deprived of a wise counsellor, a loyal friend, and a helpful associate.

Be it Further Resolved:

That the Board of Directors tender their sympathy to the bereaved family of the deceased; that this Testimonial and Resolution be ordered spread upon the Minutes of this Meeting, and that a copy thereof, suitably engrossed, be sent to the family of the deceased.

[*Adopted by the Board of Directors, March 23, 1933.*]

Benjamin Bowditch Thayer, senior Vice-President of this Company, died on the 22nd day of February, 1933. The greater part of his active and useful life was spent in its service.

Mr. Thayer first entered the employ of the Company as a miner, in 1885, shortly after his graduation as a mining engineer. Later he left the employment of the Company, re-entering its service as a Director on June 10, 1909. On the same day he was elected President of the Company, a position which he filled until May 25, 1915, whereupon, the Amalgamated Copper Company having been dissolved, Mr. John D. Ryan was re-elected President of this Company, and Mr. Thayer was elected Vice-President, a position which he filled to the date of his death.

During his long and active connection with the mining industry, Mr. Thayer witnessed and participated in its growth and development. Keenly interested in every detail of the operation, his active mind, indefatigable industry and untiring effort were exerted toward the progressive improvement and perfection of the methods and processes of the Company in its manifold activities. Endowed with qualities that commanded respect, and a personality that evoked a warm and genial comradeship, Mr. Thayer was universally admired and esteemed by all with whom he came in contact.

Be it Resolved by the Board of Directors:

That in the death of Mr. Thayer this Company has lost a faithful, valued and loyal officer; that the members of the Board have been deprived of a helpful and esteemed associate.

Be it Further Resolved:

That the Board of Directors tender their sympathy to the bereaved family of the deceased, and that this Testimonial and Resolution be ordered spread upon the Minutes of this Meeting, and that a copy thereof, suitably engrossed, be sent to the family of the deceased.

[*Adopted by the Board of Directors, March 23, 1933.*]

IN MEMORIAM

ALBERT HUBBARD MELIN

July 6, 1857
September 28, 1932

Albert Hubbard Melin, Secretary and Treasurer of the Company, died September 28, 1932, after a continuous service of thirty-nine years with the Anaconda Copper Mining Company and some of its subsidiary companies. During that period he held the following positions:

From November 1, 1893, to June 5, 1894, Auditor of the Butte, Anaconda and Pacific Railway Company, subsequently elected Secretary and Treasurer. He was an Officer and Director of that Company at his death.

From December 21, 1899, to November 28, 1911, Assistant Secretary and from January 31, 1905, to November 28, 1911, Assistant Treasurer of this Company.

From November 28, 1911, to his death, Secretary and Treasurer.

In addition to which he held other offices of trust and responsibility in various subsidiaries of the parent organization.

During this long record of service the deceased brought to the faithful discharge of his duties a never-failing loyalty, an unimpeachable honesty and the highest integrity.

The Board of Directors of the Company, by the adoption of this Testimonial, records the high appreciation of the Company for the services rendered by the deceased during his long incumbency in office and the deep regret and sense of loss of his associates in this Company that has been occasioned by his death.

It is Resolved:

That this expression of the Board be spread upon the records of the Company, and that a copy be sent to the immediate relatives of the deceased.

[*Adopted by the Board of Directors, October 27, 1932.*]

To the Shareholders of

Anaconda Copper Mining Company:

In submitting the report of the operations and business of your Company for the calendar year 1932, it is pertinent to briefly review the general conditions which prevailed in the non-ferrous metal industry during the period.

Production of copper continued to exceed consumption during the first seven months. Subsequently stocks of copper have decreased about four thousand tons per month. World production was approximately 1,000,000 tons, of which the preliminary report of the U. S. Bureau of Mines credits 264,000 tons to the United States, leaving a balance of 736,000 tons from foreign sources.

World consumption of primary copper was about 950,000 tons. Using the formula of stocks plus production and imports minus exports, a consumption of approximately 250,000 tons is indicated for the domestic market, and 700,000 tons in foreign markets. As compared with previous years, world consumption was the lowest since 1921 (788,609 tons). It was 48.44% of the year 1929 (1,965,393 tons), and 70.78% of the average for the twenty years ended 1930 (1,342,165 tons). Domestic consumption during 1932 was the lowest since that of 1908 (222,255 tons); was 29.15% of 1929 (857,640 tons), and 44.01% of the average for the twenty years ended 1930 (568,094 tons). Foreign consumption was relatively well maintained at 63.19% of 1929 and 90.43% of the average for the twenty years 1911-1930. Domestic consumption per capita declined to 3.95 pounds compared with 5.02 pounds in 1908, 5.68 pounds in 1921, 14.18 pounds in 1929, and 10.61 pounds for the twenty years 1911-1930.

All non-ferrous metals established new low record prices. The price of copper, as reported by the Engineering and Mining Journal, was 7.025¢ on January 2, advanced to 7.275¢ on January 12, and declined to 4.775¢ on December 8, which level was maintained to the end of the year, averaging over the period 5.555¢. The price of lead was 3.75¢ at the beginning of the year, declined to 2.65c on July 18, and closed at 3¢, with an average price of 3.18¢. Opening at 3.1c a pound, zinc declined to a low of 2.312¢ on May 17, advanced to 3.475c on September 8, closing at 3.125¢, with an average for the year of 2.876¢. Silver opened at 30.375c per ounce, advanced to 31¢ on February 23, declined to 24.25¢ on December 29, and closed at 24.375¢, with the year's average of 27.892¢.

During the year Congress, as part of the revenue legislation enacted, imposed a tax of 4c a pound on copper imported into the United States. Owing to the accumulation of stocks prior to the effective date, the tax has had no appreciable effect upon domestic price.

Financial

The gross sales and earnings of the Company upon a consolidated basis totalled $52,295,610.84. The cost of sales, including all operating expenses, current development, maintenance charges, repairs, selling and general expenses and taxes, amounted to $57,240,906.30, resulting in an operating loss of $4,945,295.46.

Other income amounted to $610,063.60. Deductions from income for depreciation and obsolescence, interest on current obligations, interest and discount on bonds, and the expense of carrying non-operating units, totalled $12,558,008.40, resulting in a loss for the year of $16,893,240.26.

The current liabilities totalled $79,731,792.22 as compared with $71,338,989.05 in the prior year. The increase of $8,392,803.17 was all in the item of Notes Payable. Of this amount $4,515,000 was advanced to the Inspiration Consolidated Copper Company on its promissory notes, secured by the First Mortgage 7% Gold Bonds of that Company of like principal amount. The balance, $3,877,803.17, represents the total additional amount of money borrowed for the requirements of the Company. No money was borrowed from July 1st to the close of the year, during which period the Company maintained itself upon a cash basis.

This Company owns approximately 28% of the shares of the issued stock of the Inspiration Consolidated Copper Company. The International Smelting Company, a wholly-owned subsidiary of Anaconda, owns the copper smelter at Miami at which all sulphide concentrates from the Inspiration mine have been treated during the life of the property, and through another subsidiary, the Raritan Copper Works, provision for the refining of the Inspiration product has been made. Under conditions approaching normal, the Inspiration property itself is and will continue to be a large and valuable copper producer for many years.

There were retired during the year $1,614,000 of debentures of the Chile Copper Company and $105,000 of mortgage bonds of the Butte, Anaconda & Pacific Railway Company, a total of $1,719,000. Capital expenditures amounted to $2,148,985.35.

Inventory Adjustments

The low prices of metals at the close of the year again adversely affected the value of the inventory of metals on hand carried over from the prior year and, notwithstanding that such prices were at practically the low point of which there is any record, it was decided, for balance sheet purposes, to value unsold metals on hand at such prices. Metals sold on firm contracts were valued at sales prices. This adjustment necessitated an inventory write-down amounting to $9,914,440.23, which was charged to surplus.

Decline of Business and Reduction of Expenditures

The demand for copper depends upon the relative activity or depression of other lines of industry which utilize the metal and its products. The most important of these are electrical manufactures and equipment, telephone, telegraph, power and light lines, automobiles and building. The decline in these activities was of necessity reflected in the copper industry. The following table shows the extent to which gross sales and earnings of the Company have declined, upon a dollar basis, during the past three years and the extent to which the cost of sales has been reduced:

	Gross Sales and Earnings	% of 1929	Cost of Sales	% of 1929
Year 1929	$305,751,876.46	100.00	$223,972,464.43	100.00
Year 1930	179,332,797.51	58.65	150,903,305.39	67.37
Year 1931	96,387,705.50	31.52	89,978,278.14	40.17
Year 1932	52,295,610.84	17.10	57,240,906.30	25.56

As the decline in business from 1929 progressed, constant effort was made to adjust expenditures to diminished income. During the period of expansion the organization had been developed for a scale of maximum operations. Some of the largest units of the Company are located at remote outposts in foreign countries, where long-time contracts of necessity had been entered into with staff officials. Because of the distance from markets for supplies, accessories and spare parts, large stocks were carried and maintained, and while reductions had been made in expenditures; mines, plants, factories and equipment had been maintained with key organizations capable of resuming operations whenever conditions warranted so doing. This policy, justified at the time, proved in error as the depression continued and deepened, and in the Spring of 1932 was changed.

A further curtailment to the present scale of operations was effected in April. The organization was further reduced as rapidly as was consistent and equitable. A greater division of part-time labor was enforced. Additional drastic reductions in salaries and wages, particularly in the higher brackets, were made, and mines and plants for which there was no immediate operating prospect were put upon a complete shutdown basis.

The result was, that notwithstanding large items of fixed expense over which control cannot be exercised, the cash expenditures were brought within balance with the receipts of the Company during the last half of the year.

OPERATIONS

Copper

The production of Anaconda and its subsidiary companies from operations for the year 1932 was as follows:

	Copper lbs.	Silver ozs.	Gold ozs.
Anaconda Copper Mining Company	97,573,887	2,027,675.17	18,551.497
Andes Copper Mining Company	23,237,111	23,650.94	1,991.425
Chile Copper Company	81,370,608	....	....
Greene Cananea Copper Company	36,820,166	259,619.62	9,596.421
International Smelting Company	39,676,660	426,974.31	16,128.540
Total	278,678,432	2,737,920.04	46,267.883

Of the above, 40,042,332 pounds copper, 479,108.89 ounces silver and 29,331.396 ounces gold were produced from custom ores and ores treated on toll.

Zinc

Prior to suspension of operations on May 6, 1932, production of electrolytic zinc amounted to 33,904,565 pounds.

In addition, metals in residue produced amounted to 1,335,510 pounds lead, 295,433 pounds copper, 119,985.89 ounces silver, and 1,532.291 ounces gold. Of this amount 143,143 pounds copper, 5,497.00 ounces silver and 19.528 ounces gold were treated through operations of the Copper Plant.

Lead

The Lead Plant of the International Smelting Company, Tooele, Utah, produced from custom ores 45,738,773 pounds lead, 2,294,649.41 ounces silver, and 8,665.222 ounces gold.

Miscellaneous Products

Miscellaneous production consisted of:

27,784,851	feet	lumber.
11,523	tons	treble superphosphate and phosphoric acid.
6,548	"	arsenic.
38,786,286	pounds	zinc oxide.
8,607,787	"	white lead.
68,365	"	cadmium.
200,600	"	nickel sulphate.
1,313,673	"	copper sulphate.

Fabricating Plants

The output of manufactured products of the plants of The American Brass Company amounted to 191,263,427 pounds, and of the Anaconda Wire and Cable Company to 99,878,974 pounds, or a combined output of 291,142,401 pounds.

Silesian-American Corporation

The principal amount of bonds outstanding at the end of the year was reduced to $8,608,500.

The London price of zinc averaged 2.14¢ per pound, as compared with an average of 2.52¢ in 1931. At the end of the year the average price for spot and future was 2.22¢ per pound.

The sale of coal in export markets was adversely affected by England's going off the gold standard, the Polish zloty remaining practically at par throughout the year.

Principal production for the year was as follows:

Zinc	70,661,198	pounds
Lead	18,506,364	"
Coal	1,622,664	metric tons
Sulphuric Acid	35,027	" "
Superphosphate	13,532	" "

Employment and Relief

Many of the Company's operations are conducted in towns, cities and districts in which almost the entire population is dependent upon its activities for their maintenance and support. The increasing decline in the demand for the products of the Company limited output and employment. At the outset of the depression the policy of spreading work was adopted, and with further slackening in demand, has been extended throughout the entire organization. In co-operation with the Red Cross, Salvation Army and local charitable organizations, provision has been made for housing, food, fuel, clothing and necessary hospitalization and medical supplies. The relief extended by the Reconstruction Finance Corporation in the communities to which its services were extended, has been of material and necessary assistance in caring for the greatly increased requirements. As a result, there has been no real destitution. Everywhere the employees have recognized the fact that the present depression affects not only their locality and this Company, but the whole allied industry. The morale has been excellent.

Number of Stockholders

The number of registered stockholders appearing on the books at December 31, 1932, was 126,944.

There is attached hereto a Consolidated Balance Sheet showing the financial condition of the Company and its subsidiary companies at the close of business December 31, 1932, together with an Income Statement for the year, prepared and certified to by Messrs. Pogson, Peloubet & Company, Certified Public Accountants.

By Order of the Board of Directors.

CORNELIUS F. KELLEY,
President.

New York, N. Y., April 27, 1933.

ANACONDA COPPER MINING COMPANY

and Subsidiary Companies

Consolidated Balance Sheet—31st December, 1932

ASSETS

FIXED:		
Mines and Mining Claims, Coal Mines, Timber Lands, Phosphate Deposits, Water Rights and Lands for Metal Producing and Manufacturing Plants	$297,665,164.45	
Buildings and Machinery at Mines, Reduction Works, Refineries, Manufacturing Plants, Sawmills, Foundries, Waterworks, Steamships and Railroads	264,069,346.93	
Investments in Sundry Companies	27,547,968.48	$589,282,479.86
DEFERRED CHARGES:		
Stripping and Development	$7,993,417.55	
Discount on bonds	3,788,444.17	11,781,861.72
CURRENT:		
Supplies on hand, advances on Ores and Expenses prepaid	$25,152,551.03	
Inventories:		
In process—at cost	10,016,444.94	
Metals and manufactured products—sold at sales price; unsold at market	37,513,241.65	
Notes Receivable of Inspiration Consolidated Copper Company—secured	4,515,000.00	
Accounts Receivable	7,287,338.23	
Marketable Securities—at cost (market value $941,998.32)	2,461,026.60	
Cash	6,070,759.07	93,016,361.52
		$694,080,703.10

We have examined into the affairs of Anaconda Copper Mining Company and of its Subsidiary Companies and have verified the Assets and Liabilities shown above and the relative Surplus and Income Accounts. The Net Loss is after deducting Development expenditure of the year, Depletion of Coal and Timber Lands and Depreciation of Plants and Equipment. We hereby certify that this Balance Sheet shows the financial condition at 31st December, 1932 of the companies as an aggregate whole and that the accompanying Surplus and Income Accounts for the year ended that date are correct as stated.

POGSON, PELOUBET & CO.,
Certified Public Accountants.

New York and Butte, 6th April, 1933.

ANACONDA COPPER MINING COMPANY
and Subsidiary Companies
Consolidated Balance Sheet—31st December, 1932

LIABILITIES

CAPITAL STOCK of Anaconda Copper Mining Company:		
Authorized, 12,000,000 shares of $50.00 each		
Issued, 8,919,086 shares		$445,954,300.00
Held through Subsidiaries, 246,416 shares		12,320,800.00
		$433,633,500.00
CAPITAL STOCK AND SURPLUS of Subsidiary Companies owned by Minority Interest		4,724,964.82
BONDS OUTSTANDING:		
Chile Copper Company Twenty Year 5% Gold Debentures, due 1947	$33,386,000.00	
Butte, Anaconda & Pacific Railway Company First Mortgage 5% Sinking Fund Gold Bonds, due 1944	1,929,000.00	35,315,000.00
RESERVES:		
For Depreciation	$96,972,742.15	
For Insurance, Renewals and Contingencies	1,641,157.54	98,613,899.69
CURRENT:		
Notes Payable	$70,500,000.00	
Taxes and Interest Accrued	2,164,604.28	
Accounts and Wages Payable	7,067,187.94	79,731,792.22
SURPLUS		42,061,546.37
		$694,080,703.10

NOTE—In order to comply with the Government Income Tax requirements for the purpose of computing depletion, additional valuations of the mining properties have been recorded upon the books of the companies; but, for the sake of uniformity, the result of those entries has been omitted from the current statements.

ANACONDA COPPER MINING COMPANY
and Subsidiary Companies

Consolidated Surplus Account—Year Ended 31st December, 1932

Surplus 31st December, 1931		$69,613,562.38
Add, Minority Interest:		
Balance 31st December, 1931	$179,117.71	
Less acquired during year and adjustments	160,372.47	18,745.24
		$69,632,307.62
Net Loss of the year 1932, per Income Account:		
Anaconda Copper Mining Company	$16,855,870.58	
Minority Interest	37,369.68	16,893,240.26
		$52,739,067.36
Deduct, dividends paid by Subsidiary Companies to Minority Interest		$851.00
		$52,738,216.36
Inventory adjustment to reduce all unsold metals to market	$9,914,440.23	
Sundry adjustments applicable to prior years	785,489.94	10,699,930.17
		$42,038,286.19
Minority Interest (deficit)		23,260.18
Surplus 31st December, 1932, per Balance Sheet		$42,061,546.37

ANACONDA COPPER MINING COMPANY

and Subsidiary Companies

Consolidated Income Account—Year Ended 31st December, 1932

Gross Sales and Earnings		$52,295,610.84
Cost of Sales—operating expenses, development, maintenance and repairs, administrative, selling and general expenses and all taxes—after applying beginning and ending inventories at cost		57,240,906.30
Operating Loss		$4,945,295.46
Other Income—interest, dividends and miscellaneous income		610,063.60
		$4,335,231.86
Deductions from Income:		
Amount charged off this year for depreciation and obsolescence	$4,359,648.42	
Interest, including discount on bonds	5,571,708.89	
Expense pertaining to non-operating units	2,626,651.09	12,558,008.40
Net Loss, carried to Surplus Account		$16,893,240.26

To the Board of Directors,
ANACONDA COPPER MINING COMPANY,
25 BROADWAY, NEW YORK.

We have made a general audit of the books and records of ANACONDA COPPER MINING COMPANY and its forty-four subsidiary corporations (companies 75% or more owned and directly or indirectly operated under Anaconda Copper Mining Company management) for the calendar year 1932, and in accordance therewith submit herewith a Consolidated Balance Sheet, Surplus Account and Income Account, duly certified.

Mines and Mining Claims are valued at cost, no effect being given to increased valuations recorded for income tax purposes on the books, this cost in the case of property acquired for capital stock being the par value of such stock.

Buildings and Machinery are stated either at original cost or depreciated book value when acquired. Total original cost of existing plants is approximately $19,400,000 greater than the figure shown on the Balance Sheet. The company's policy is conservative in respect of capital expenditure and we are satisfied that the capital charges made represent distinct additions to the plant. The Reserve for Depreciation has increased by the amount charged Income less that portion of dismantlements and disposals which are chargeable to the reserve.

Investments in Sundry Companies are shown at cost less reductions made for known permanent losses.

Expenditure for Stripping and Development is stated at cost and the credits to that account are taken at rates fixed by the Government for income tax purposes, which credits determine the development expenditure of the year except in the case of the Butte mines where all development is charged off currently.

Operating Supplies, constituting the greater part of the item of $25,152,551.03, are taken at cost as are metals in process. Advances on ores, which are of considerable amount in the aforesaid figure, presumably will not be liquidated until volume of operation warrants. Finished metals and products are valued in the Balance Sheet on a market basis.

Accounts Receivable were examined in detail and those considered doubtful have been reserved for. Of those shown on the Balance Sheet as good and collectible some, due to present conditions, may be slower than usual.

Assets and liabilities have been verified by inspection, certificate or correspondence (investments, marketable securities, collateral, cash, notes receivable and payable, bonds and capital stock) and found in order and all known liabilities, contingent or other, are provided for in the Balance Sheet.

No significant or material change has been made in the companies' accounting methods and procedure from that of past years and consequently the Balance Sheets at the beginning and end of the year 1932 reflect as closely as may be determined the actual changes occurring during the year, including the drop in metal prices. The Income Account is stated as in previous years on a cost basis, the cost of metals sold representing the cost of those earliest produced. In the Income Account of the year no advantage has been taken of prior writing down of inventories made for Balance Sheet purposes.

The usual depreciation has been charged, that of metal producing plants being calculated on a unit of production basis. No proportion of general and administrative expense is included in the charge of $2,626,651.09 pertaining to non-operating units. No depletion on metals, either on a cost or on the Treasury Department valuation basis, has been charged in the Accounts.

We have also audited the books and records of your principal affiliated companies (Anaconda Wire and Cable Company, Silesian-American Corporation and Walker Mining Company—not consolidated in these Accounts) and all their Subsidiaries upon which we report separately.

Respectfully submitted,

POGSON, PELOUBET & CO.,
Certified Public Accountants.

New York, 6th April, 1933.