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Kennecott

COPPER CORPORATION

ANNUAL REPORT

1960

President's Letter

To the Stockholders:

Net income of Kennecott and wholly-owned subsidiaries in 1960 was $7.00 a share, as compared with $5.19 in 1959, when our business was adversely affected by strikes. The amount distributed to stockholders was $5.00 a share, as against $6.00 the year previous. The reduction in the amount distributed to stockholders from $6.00 to $5.00 a share in 1960 was made principally with a more realistic view of the company's operations, bearing in mind that in 1959 we distributed more than we earned.

Copper Demand

1960 opened with a strong demand for copper following termination of the strikes of the previous year. However, as customers' stocks were replenished and the U. S. general business recession developed, the demand fell off.

Throughout the year, we operated our properties at full capacity. The demand for copper from Europe, where we sell the output of our Chilean division, remained strong and we were able to sell a portion of our domestic production there as well. However, by the year's end it was evident that a reduction in the operating schedules at our domestic mining divisions from 7 days a week to 6 days would be necessary. This change was made effective February 1, 1961.

Shipments and Prices

Total shipments to U. S. and foreign customers in 1960 were 540,600 tons, as compared with 434,600 tons in 1959.

The average price received for our copper (from domestic and foreign customers) was 31.0 cents a pound, which compares with 30.0 cents in the previous year. Today our domestic price is 29 cents and the foreign price 28.8 cents.

Labor

Once the strikes at our western mining divisions had been settled there was no significant work stoppage in 1960. In addition to the agreements at our western properties, new agreements were reached during the year at other divisions, all without work interruption.

Cost Reduction and Improved Operating Efficiency

Our cost control programs, inaugurated in 1958, were designed to provide continuing improvement in operations to offset declines in the grade of ore and rising costs of labor,

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General Offices: 161 East 42nd Street, New York 17, N. Y.

FORTY-SIXTH ANNUAL REPORT *for the year ended December 31,* **1960**

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Cost Reduction and Improved Operating Efficiency

Our cost control programs, inaugurated in 1958, were designed to provide continuing improvement in operations to offset declines in the grade of ore and rising costs of labor, materials and services. All divisions focused their attention on securing the most effective return from each unit of time, labor, materials and facilities used. New plant investments and purchases of additional capital equipment also contributed toward production cost savings.

Quebec Iron and Titanium Corporation

A development of importance to stockholders was the record made by our two-thirds owned subsidiary, Quebec Iron and Titanium Corporation. Markets for the company's products, titanium slag and iron, were expanded and productive capacity is being increased to meet the new demand. All time high marks were established in tons of ore treated, and slag and iron produced.

* * *

As the domestic demand for copper improves, Kennecott will be in a better position to take advantage of the situation because of the completion of our integration program.

By order of the Board of Directors,

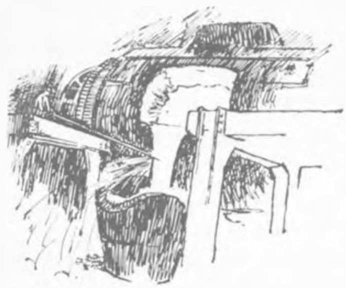
President

February 27, 1961

The annual meeting of stockholders of Kennecott Copper Corporation will be held at 11:00 a. m. (Eastern Daylight Time), Tuesday, May 2, 1961 in the Terrace Ballroom of The Statler Hilton Hotel, 7th Avenue and 33rd Street, New York City. A formal notice of the meeting and proxy statement, together with a form of proxy, will be mailed to stockholders on or about April 3, 1961, at which time proxies will be solicited by the management.

Results at a Glance

	1960	1959
Sales and Other Income	**$503,341,000**	$444,903,000
Costs and Expenses (except Taxes)	**$319,052,000**	$302,090,000
Taxes of All Types	**$106,927,000**	$ 85,473,000
Dollars per Share	**$9.67**	$7.73
Net Income	**$ 77,362,000**	$ 57,340,000
Dollars per Share	**$7.00**	$5.19
Distributions to Stockholders	**$ 55,265,000**	$ 66,318,000
Dollars per Share	**$5.00**	$6.00
Depreciation and Retirements	**$ 17,177,000**	$ 12,429,000
Capital Expenditures	**$ 25,342,000**	$ 85,254,000
Net Worth—Book Value	**$741,821,000**	$755,931,000
Dollars per Share	**$67.11**	$68.39
Average Number of Employees	**27,205**	27,231
Number of Stockholders	**91,675**	88,723



Review of Operations

MINING DIVISIONS

Operations at the domestic divisions were resumed early in 1960 following termination of the long strikes of 1959. The strikes at three divisions had been settled by the first of January and at the Utah division by the beginning of February. Full production at all divisions was not reached until March.

The table below shows the amounts of ore mined and milled, and copper produced at all divisions in 1960 and in 1959.

The increases in 1960 resulted from full operation seven days per week following termination of the strikes. An additional factor in the case of Ray was the completion in July of the expansion program begun in 1958.

Production of the important by-products molybdenite, gold and silver was as follows:

	Molybdenite (000 Pounds)	*Gold (Fine Ounces)*	*Silver (Fine Ounces)*
1960 . .	27,426	396,839	3,700,784
1959 . .	20,967	240,179	2,167,469

Divisions	Total Copper Produced From All Sources (Net Tons)		Ore Mined and Milled (Net Tons)	
	1960	**1959**	**1960**	**1959**
Chino Mines	**62,725**	37,535	**7,274,700**	4,453,520
Nevada Mines	**47,439**	26,257	**7,354,606**	4,399,042
Ray Mines	**58,799**	29,084	**6,526,814**	2,998,888
Utah Copper	**215,125**	142,352	**28,060,300**	19,673,217
Total Domestic	**384,088**	235,228	**49,216,420**	31,524,667
Chilean	**187,221**	182,017	**11,518,005**	11,052,428
Grand Total	**571,309**	417,245	**60,734,425**	42,577,095

Domestic Divisions

The copper content of the ore mined in 1960 declined slightly from that of 1959. The grade at each of the domestic divisions was as follows.

Division	*Pounds of Copper Per Ton of Ore Mined*	
	1960	*1959*
Chino Mines	14.8	16.0
Nevada Mines	15.8	15.3
Ray Mines	18.0	18.6
Utah Copper	16.2	16.3
Average	16.2	16.3

Because of the rising costs of labor, goods, and services, the quest for improved operating methods and procedures was continued at an accelerated pace. Numerous cost reduction improvements were made during the year at all divisions. Specific examples of some of the more important steps taken, either to reduce production costs or to increase metal recovery, are given below.

At the Chino division work was begun on the installation of a skip hoist, similar to that at the Nevada division, which will permit removal of ore from the lower levels of the pit with the aid of trucks more economically than by rail; the skip is expected to be in operation by October 1961. The precipitation system by which copper is recovered from the waste material on the mine dumps is being enlarged and improved, and in 1960 nearly 19,000 tons of this low cost copper were produced; this was 20 per cent more than was produced in the previous 12 months when, as in 1960, the system was operated continuously. An important stripping operation was carried on during the year to extend the mining area of the pit.

At the Nevada division all ore requirements were supplied from the Liberty Pit. This concentration of operations (previously operations had been carried on simultaneously at this and two other pits), together with the successful use of the new skip hoist, permitted greater flexibility in mining and better utilization of manpower. Automatic equipment was introduced for various applications, including operation of the car dumper with closed circuit television.

Expansion of productive capacity at the Ray division was completed by the middle of the year. The $35,000,000 program involved (1) enlarging the pit, which necessitated the relocation of certain surface facilities, to permit the mining of additional ore reserves, and (2) increasing mine equipment and mill capacity to make possible the mining and milling of 22,500 tons of ore a day as compared with 15,000 tons formerly. The expansion enables the division to produce 20,000 additional tons of copper a year, an increase of nearly 40 per cent.

At the Utah division modification of the smelter, acquired in 1959 as a step in our integration program, to adapt it to our requirements has been started. This was formerly a custom smelter and treated the ores of other western mines, in addition to those of the Utah division. Modification plans provide for improvement of methods and facilities, the most important being the installation of a new materials handling system which will convey incoming products directly to the reverberatory furnaces, eliminating the present roasting process and reducing the time required to process concentrates into copper anodes. The 75,000 kilowatt addition to the power plant came on line successfully during the year, increasing capacity from 100,000 to 175,000 kilowatts, sufficient for all present and foreseeable future needs.

At the adjoining plant which produces sulphuric acid from smelter gas, jointly owned by Kennecott and the American Smelting and Refining Company, a scrubber system has been installed to recover previously lost sulphur dioxide, thereby increasing sulphuric acid production by 50 tons a day.

At all divisions emphasis is being placed on the development of automatic process control. Because the concept is so new, the work is being done in close cooperation with the company's Research Department.

Operation of Kennecott's new electrolytic refinery in Maryland was begun in September 1959. Each month during 1960 difficulties normal to the commissioning of a new refinery were overcome, and the ability to produce the rated capacity of 16,500 tons a month was demonstrated. The plant's input was made up of blister copper cakes and anodes from all of Kennecott's domestic and Chilean smelters, which had previously been electrolyzed by custom refiners. Total production of refined shapes, most of which was in the form of wire bars, was 116,000 tons. The method of producing billets by continuous casting announced last year was further developed, and billets of superior surface quality and internal structure were being produced at the end of the year.

We are continuing to have a small amount of copper refined at the Baltimore refinery of American Smelting and Refining Co., under the terms of a contract running until 1965.

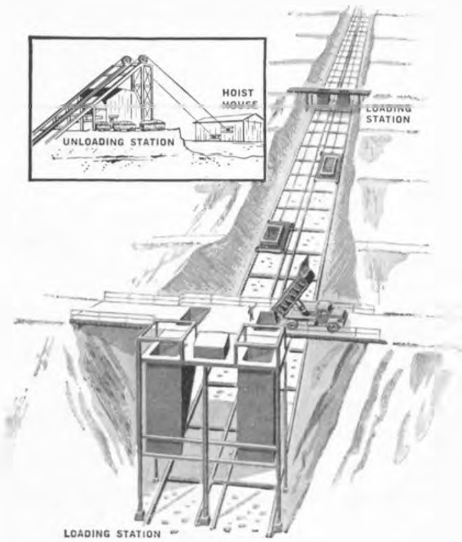
Chilean Division (Braden Copper Company)

The European market absorbed virtually the entire output of Braden's copper for the year 1960. Fire refined (3-Star) orders accounted for 41%, electrolytic 40%, and the remaining 19% was sold as blister.

Atmospheric precipitation, a major factor in Braden's production, was lower in 1960 than in any year during the last fourteen. However, improved utilization of equipment and electric power, and carefully applied maintenance and production schedules made possible the attainment of a mine-mill tonnage in excess of that of any previous year.

The copper content per ton of ore mined increased from 38.8 pounds in 1959 to 39.9 pounds in 1960, a trend opposite to the average of Kennecott's U.S. mines.

In May a series of devastating earthquakes



How a Skip Hoist Works. The hoist being installed at Chino consists of two 40-ton cars, or "skips," working in counterbalance, traveling up and down the sides of the pit on a 1400-foot track. The bins at the bottom are loaded by trucks, and the skips, in turn, are loaded from the bins. As a loaded skip is hoisted to the unloading station at the top of the pit, an empty skip rolls down for loading. Ore from the unloading stations is carried to the mill by electric trains as in the past. As pits become deeper the combination of handling ore by truck, skip and train is the most economical method.

wrought havoc to southern Chile, affecting at least a third of the area and nearly that much of the nation's population. Thousands of lives were lost, hundreds of thousands were left homeless, and property damage was estimated at more than $200,000,000. Braden's properties are located some 200 miles north of the afflicted area and were not damaged.

A special reconstruction bill to provide for financing and other needs resulting from the earthquakes was adopted by the legislature. Under the new law the Braden Copper Company, along with the other large copper mining companies, is required for 5 years beginning in 1961 to purchase obligations issued by the Government of Chile, in an amount equivalent to 20 per cent of the net profits of the company for each such year. These purchases are in addition to the regular taxes imposed on the copper companies. The obligations will not bear interest, and in addition, no repayment is scheduled until 1966, to be completed by 1971. The amount of any new investment which Braden actually makes in Chile each year from 1961 through 1965 to increase capacity for the production or refining of copper will represent a deduction from the amount of obligations required to be subscribed for that year by Braden.

The present Administration's fight to curb the inflation which has long plagued Chile has produced impressive results. The annual increase in the cost of living, which was 32 per cent in 1958 and 33 per cent in 1959, was held to 5 per cent in 1960.

During the year negotiations were carried on with the Chilean Government regarding the protection of a proposed $200,000.000 investment for expanding Braden's productive capacity from 180,000 tons to 280,000 tons of copper annually. However, no final action in the matter has been taken by the Government. The project is of such nature that it would be six years after construction was started before the new facilities would be in operation.

EXPLORATION AND DEVELOPMENT

During 1960 the silver, lead and zinc property at Tintic, Utah entered the development stage, and development work was continued at the copper property located at Safford, Arizona. Both of these properties have been mentioned in previous Annual Reports.

The discovery of mineralization in the East Tintic district was first discussed in the 1958 Annual Report, which was written after the completion of an exploration shaft. This shaft opened up a previously uninvestigated area which, from geologic and other evidence, appeared to be of potential importance. During 1960, underground work disclosed new ore possibilities that were encouraging enough to warrant development. During this last year a 400-foot incline-shaft was started with the object of opening up lower levels of the ore body to development and sampling. This incline will be completed in 1961 along with accompanying sub-level development, the installation of a pumping plant, and the conducting of beneficiation tests at our Salt Lake City Research Center.

The year marked completion of surface development drilling at Safford, Arizona. A development shaft adjacent to the ore body was started in September and by year's end a headframe had been constructed, hoisting machinery had been installed, and the sinking of a shaft had begun. It should be completed to the scheduled depth of 800 feet in the spring of 1961. Horizontal development work will then be started from the bottom of the shaft. This will permit opening the ore body to bulk sampling for pilot plant tests. The ore extracted will be crushed and passed through a small sampling plant constructed for this purpose on the property adjacent to the shaft.

The increased use of geochemical along with geophysical prospecting by the company's geologists in Canada and throughout the western states, continues to disclose areas that would probably be missed by use of ordinary geological prospecting techniques. Many thousands of samples of rock, soils, water, and stream sediments are tested, some directly in the field and some in geochemical laboratories established by the Exploration Department for detecting minute traces of copper or other metals.

The Exploration Department during 1960 stepped up its work of applying statistical methods to ore finding. Within the last few years electronic computers have made it possible to analyze in a few hours a tremendous mass of geologic and other data pertaining to mineral deposits that formerly required many weeks, or even months, to evaluate with any degree of confidence. Also, it is anticipated that statistical analysis procedures will become an important control for drilling operations as well as a guide to Kennecott's exploration ventures.

RESEARCH

In order to test information developed in the laboratory on the leaching of mine waste, an experimental dump containing 168,000 tons was made available at the Utah mine site. During the leaching of this experimental dump it was noted that by controlling the acidity of the leaching water the pipeline and the pond on the dump were freed of the iron and aluminum salts that currently constrict the pipelines and seal the ponds. When the acidity was controlled on a test run on the regular operating dumps at the Utah division, it was found that the amount of water that could be circulated could be increased which resulted in a material improvement in the quantity of copper leached. This procedure is now in full scale operation on a trial basis.

Research and development work at the Research Center in the field of automation and instrumentation is progressing. Close liaison between the Center and personnel at the operating properties has been maintained in planning, specifying, and installing control equipment. Sections of the plants have been set aside for automation studies. Rod mills are being automated by the use of special controls and sensing devices that utilize various levels and intensity of sound within the mill. Also, to control pulp density within these mills, the use of radioactive isotopes is an effective new procedure. Grinding and flotation processes, that formerly were controlled by the density of the pulp, are now being subjected to pilot plant investigation involving control through pulp viscosity. It is important to obtain instantane-

EXPANSION OF PRODUCTIVE CAPACITY OF RAY MINES DIVISION

The pit was enlarged to permit expansion of mining. Additional ore storage capacity, new 100-ton ore cars, and greater belt-conveyor capacity were added.

New ore crushing plants, and shops were built. The capacity of the mill was increased 50 per cent to permit handling the larger amount of ore that can be mined.

Some of the new twin-engined diesel trucks, which haul 60 tons of ore up grades as steep as 7 per cent. These trucks operate 24 hours a day. Note relative size of men.

ous and continuous assays of mill products and we are experimenting with instrumentation, especially of the X-ray fluorescent type, for this purpose.

FABRICATING SUBSIDIARIES

Chase Brass & Copper Co. Incorporated

Business of this Kennecott subsidiary in 1960, in terms of pounds of brass mill products shipped, was 17 per cent less than in the previous year. The anticipated recovery in general business did not materialize in the majority of industries using Chase products. Housing starts dropped sharply and there was a steady reduction of metal inventories by Chase customers. The competition for the reduced volume of business available, and the continued importation of foreign brass mill products, resulted in price reductions which naturally affected profits.

Continued emphasis has been placed on reducing manufacturing costs and improving product quality. New equipment of unusual design was installed, including high-speed twin-tube reducing mills for the production of copper and brass tubing under 2 inches in diameter.

The Product Development Department has introduced a brass with improved tensile and fatigue properties, particularly suited for components of automobile radiators. Also, an improved method has been found for joining copper to copper, and to copper alloys. Joints made by this method retain virtually all of the high electrical and thermal conductivity of copper, which is especially advantageous for many electrical and electronic applications. Cost savings, easier production methods, and improved products are among the many advantages expected to result from the new technique.

The development of protective coatings that will preserve the natural color and beauty of copper and brass when used for architectural purposes outdoors shows great promise. Test panels and actual service applications of the new coatings have shown marked improvement over those heretofore used. The work is being carried on in cooperation with the Copper Products Development Association.

The production and fabrication of the rare metal rhenium has progressed so far that a separate division has been established to handle it. This unique high temperature metal, both in pure form and alloyed with molybdenum and tungsten, is being fabricated into rod, wire and strip.

The Okonite Company

In 1960 the volume of business of this subsidiary, as measured by pounds of products shipped, was 3 per cent below that of 1959. There was less demand for cable and prices were lower because of keen domestic competition and aggressive invasion of U. S. markets by low-cost foreign-built cable.

Okonite received the order for cable for all of the 115,000 and 230,000-volt underground power circuits for the Niagara Power Project of the New York State Power Authority. The first of these has been installed and placed in operation. The company's 345,000-volt underground power cable is undergoing the cooperative testing program at Cornell University sponsored by a group of public utilities and three other cable manufacturers. Based on supplying the cable design used at Cornell, Okonite has furnished engineering data and price quotations to one of the country's largest utilities for a 17-mile underground circuit, the first of this voltage proposed in the U. S.

New products that gained acceptance in 1960 included high voltage plastic-insulated power cables for off-shore oil-drilling equipment, heavy duty portable mine cables of increased flexibility and greater durability, and a complete line of low-cost, all-plastic insulated and jacketed control cables.

New production equipment was added for impregnating with heavy oil the long lengths of super-tension power cables required by utilities. Other additions include pressure chambers for vulcanizing rubber-insulated cables and machines for producing unit-type telephone cable which will increase sales opportunities in several profitable markets.

Among the research developments of 1960 was a machine for making non-destructive cable tests which has much greater sensitivity than earlier models pioneered by Okonite. The new electronic Micro-Scanner probes the cable inch by inch and makes a complete record of its degree of perfection. The device assures the shipment of cable free of hidden flaws and has been instrumental in securing orders for many cables destined for critical uses.

ANTITRUST SUIT

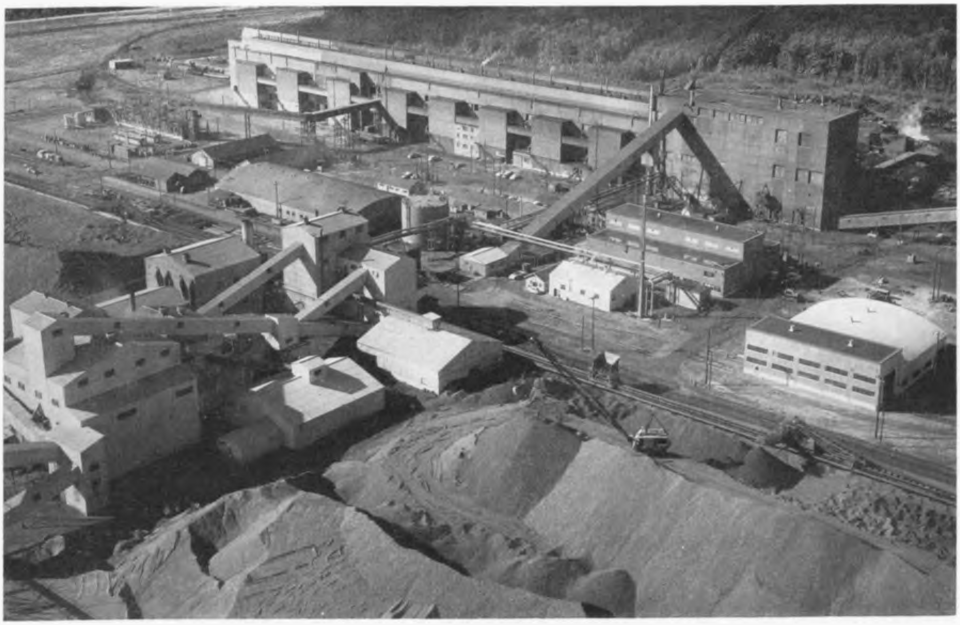
Stockholders were advised in the 1959 Annual Report that the Department of Justice had brought suit against Kennecott charging that the company in acquiring the assets of The Okonite Company, had violated Section 7 of the Clayton Act. During 1960 preparation for trial has proceeded. Kennecott has filed answers to lengthy interrogatories and produced a large number of documents for inspection by Government attorneys. A trial date has not yet been set.

INVESTMENTS

Quebec Iron and Titanium Corporation

Throughout 1960 this two-thirds owned Kennecott subsidiary operated at capacity. Production of titanium slag and iron increased 56 per cent and 52 per cent, respectively, over the previous year.

Ore Haulage from Mine to Mill. At the Utah division cars carry about 90 tons of ore each. Approximately 1,000 carloads are hauled to the mill daily.



Treatment Plant of Quebec Iron and Titanium Corporation at Sorel, Quebec. In the left foreground is the pre-treatment plant, where the ore is prepared for charging into the electric furnaces contained in the building in the background. Before the end of 1961 this plant will be treating ore at a rate of 1,000,000 tons annually.

The production figures in gross tons for the last five years are as follows:

Year	Titanium Slag Produced	Iron Produced	Ore Treated
1960 . .	345,213	221,945	863,726
1959 . .	217,589	145,990	559,205
1958 . .	144,029	105,248	375,832
1957 . .	231,179	167,437	560,049
1956 . .	195,156	142,745	464,651

Dollar sales were 56 per cent higher than in the year previous. The market for slag in Europe, opened in 1959, improved substantially. This was due to the growing demand for titanium pigments in the European economy, coupled with manufacturers' interest in a more concentrated raw material that provides operating benefits over other titanium compounds.

Demand for the various types of Sorelmetal, the company's iron, also increased. Sales of high carbon Sorelmetal were particularly encouraging; most of this material was consumed in the production of ductile iron. Ductile iron, developed about ten years ago, combines the best properties of iron and steel, and can be easily cast and shaped. It has nearly twice the tensile strength of gray cast iron which permits corresponding weight reduction in finished products. Its use is showing considerable growth in world markets including its adoption for automobile parts.

To meet the growing demand for both slag and iron, the production facilities are being expanded. Construction of a new kiln and a coal dryer, and the rebuilding of one of the original furnaces was undertaken. The expansion will be completed in 1961 and will mean that total capacity will be raised from 863,000 tons of ore a year to 1,050,000 tons.

British Titan Products (Canada) Limited, subsidiary of the major pigment manufacturer in England, has begun construction at Sorel of a 15 to 20 million dollar plant which will use Q. I. T. slag. The parent company became a customer in 1960.

While in 1959 Q. I. T. operations resulted in a minor loss, in 1960 the company made a profit.

Tin and Associated Minerals Limited

A record amount of 840,000 pounds of columbite concentrate, this Nigerian company's principal revenue producer, was shipped during 1960.

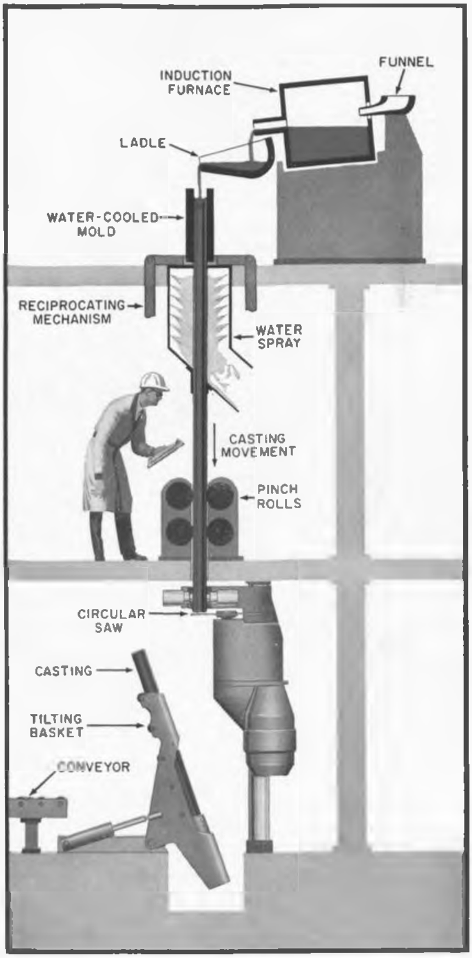
Additions to the concentrating and power plants were built to permit more efficient and economic concentration of the ore. The new facilities, which were placed in service early in 1961 will permit a more uniform monthly production rate and minimize the company's dependence upon the rainy season to meet production requirements.

INDUSTRIAL RELATIONS

Labor Relations

Effects of the 1959 strike at the western mining divisions carried over into the new year, inasmuch as settlements with unions at the Utah division were not completed until late in January and full operations were not resumed until March. Otherwise, there were no significant interruptions in production in 1960 at any of the company's mining or fabricating properties.

In June, agreement was reached with the union representing employees at the new Eastern Refinery in Maryland; this contract expires December 31, 1961. During the year



Continuous Casting of Copper Billets. Molten copper is poured from the furnace into the ladle and thence into the water-cooled mold at a controlled rate. After partial solidification, the billet is further cooled by a water spray. It is then passed through rolls which control the speed. The circular saw automatically cuts it to the pre-determined length, moving downward with the billet. The cut length drops into the tilting basket from where it is conveyed to the inspection line.

a number of new labor agreements at our fabricating subsidiaries were also concluded. Among these were contracts covering employees at the Cleveland division of Chase Brass and Copper Company and the four operating divisions of The Okonite Company.

Labor agreements at our Chilean division, Braden Copper Company, expired on December 31. New agreements, which run until March 31, 1962, provide for a 15 per cent increase in wages and salaries, certain fringe benefits, and a single bonus payment.

In 1961 the company faces major contract negotiations. Contracts at the four western mining divisions expire in June and July. Contracts covering employees at Chase's Cleveland division expire in the summer, and at the Waterbury division in the late fall.

As stockholders are aware, Kennecott has worked diligently throughout the last decade to build sound labor-management relationships. During the past year we have been heartened to note that these efforts are beginning to result in a better understanding of company objectives.

Special Programs

Our special programs designed to improve individual and company performance have been maintained vigorously.

The Tuition Aid Program, and the Suggestion System and Patent Plan have operated successfully. During the year over 700 employees participated in the Tuition Aid Program completing a total of 1,100 courses. This program reimburses the employee for two-thirds the cost of successfully completed courses of study taken in any approved educational institution provided such study is directly related to his present or possible future work.

Under the Suggestion System and Patent Plan there were 1,400 suggestions adopted and a total of $55,500 was distributed in awards. The highest award was paid to Lee Bateman, a bulldozer operator at the Chino division. He suggested the installation of a hydraulic lift on the rear of his tractor-dozer for moving sections of railroad track in the pit which permits doing the job with one dozer instead of two. He received $8,579, representing 25 per cent of the saving to the company during the first year resulting from the adoption of his idea.

Blasting at One of Kennecott's Open Pit Mines. Large electric shovels will scoop up the loosened material into railroad cars for hauling to the mill.

Safety

Our continuing accident prevention program has produced effective results during the year. Two of the western mining divisions attained the best safety records in their histories. Several of the plants will receive National Safety Council awards for their outstanding records.

Safety is emphasized not only on the job, but off the job as well. All possible means are used to promote this objective and the unions have cooperated with the company in this effort.

Employees

During 1960 the average number of employees at Kennecott and its wholly-owned subsidiaries was 27,205. This compares with 27,231 in 1959. These figures do not include employees of partially-owned subsidiaries.

PUBLIC RELATIONS

Public awareness of Kennecott's economic contribution to the areas where its mining operations are located and public acceptance of the company's efforts to improve its competitive position in the world's copper markets, are prime objectives of Kennecott's public relations programs in the United States and Chile.

All available media—press, radio, television, plant publications, plant tours, motion pictures, exhibits, donations—are utilized. The public relations departments endeavor to keep the plant communities informed of the company's active interest in civic affairs, its constant attention to improvement of plant operations and its dedication to the economic, social and cultural progress of the areas involved.

During the year efforts were expanded to acquaint company personnel and the respective communities with developments in the world's copper markets. This was done in order to point up the possible effects of such developments on Kennecott's operations as a means of improving understanding of the company's policies and actions.

ORGANIZATION CHANGES

On April 25, 1960, C. Harry Burgess was elected Vice President (Exploration) of Kennecott Copper Corporation, vice James Boyd, resigned. Mr. Burgess was formerly President of Kennecott's exploration subsidiary, Bear Creek Mining Company.

Appointment of Robert H. Lounsbury as General Counsel of Kennecott was announced April 26th. Previously Mr. Lounsbury had been associated with International Business Machines Corporation, and the law firm of Cravath, Swaine & Moore.

Effective May 26th Seymour S. Jackson, a long time member of the legal staffs of Kennecott and subsidiaries, was promoted to the newly created position of Vice President (Administration).

On August 1st after long and valued service Ellsworth S. Hann, Treasurer, retired. Mr. Hann had been associated with Kennecott and predecessor companies for more than 50 years. James R. Simpson, previously Assistant Treasurer, was appointed in his stead.

In view of the importance of industrial relations in the company's affairs, Arthur S. Cherouny has been appointed Industrial Relations Counsel and is now devoting his full time to such matters. He was formerly Director of Industrial and Public Relations.

In January 1961, Lester Ziffren was made Director of Public Relations of Kennecott. He formerly served in that same capacity with Braden Copper Company. Mr. Ziffren began his career as a newspaperman with United Press International and has had wide experience in the U. S., South America and Europe.

Robert L. Ward, formerly Manager, Tax Division, Comptroller's Department, has been named Assistant Comptroller.

John P. O'Keefe, formerly Division Comptroller of Utah Copper Division, was named General Manager, vice F. C. Green. Mr. Green was made Assistant to the General Manager, Western Mining Divisions.

At Chase Brass and Copper Company Herman H. Kremer was promoted to Vice President (Sales) in place of George B. Moseley, resigned. Mr. Kremer had previously held various sales executive positions with Chase.

Financial Review

Income and Dividends

Consolidated net income for the year 1960 was $77,362,412 or $7.00 per share of stock, with cash distributions to stockholders amounting to $5.00 per share. This compares with the consolidated net income for 1959 of $57,340,111 or $5.19 per share, and the cash distribution of $6.00 per share. Of the net income, the proportion derived from Chilean operations dropped to 30.5% in 1960 from 36.5% in 1959. This latter percentage was abnormally high because 1959 production at Kennecott's mines in the United States was severely reduced by prolonged strikes, while production in Chile was reasonably constant.

Sales and Inventories

Sales and other income in 1960 rose to $503,340,658, representing an increase of 13% over the $444,903,374 for the prior year. The copper industry benefited in 1960 from relatively stable copper prices, with Kennecott receiving an average of 31¢ per pound—up one cent over the prior year's average price.

With the resumption of full scale production in the United States early in 1960, Kennecott again was able to meet the requirements of its customers, both in this country and abroad. Tonnage of copper delivered in 1960 increased to 540,598 tons from the 434,566 tons delivered during the strike limited year of 1959. The greater portion of this increase was due to the continued strong demand in Europe.

In anticipation of possible Chilean production losses and to meet the pent-up demand created by the 1959 strikes, production was maintained at near capacity during most of 1960. Copper inventories toward the year end, however, were rising throughout the industry above the levels needed for current delivery requirements, with a resulting weakness in price. During the year, the industry began to curtail output so as to establish a better relationship between supply and demand. Effective February 1, 1961, therefore, the production schedules at Kennecott's domestic mining properties were reduced from seven to six days a week.

Earned Surplus Adjustment

Stockholders were advised by letter on January 13, 1961, that Kennecott had sold its South African gold mining interests to a company formed by a syndicate of five companies in the South African mining industry.

Under the terms of the sales agreement, Kennecott will receive 3,500,000 South African pounds (U.S. \$9,813,125) for its interest in Virginia Orange Free State Gold Mining Company, Limited and Merriespruit (Orange Free State) Gold Mining Company, Limited. This amount is to be paid in five equal annual installments, starting December 1, 1961. In addition, Kennecott has a 20% interest in the future income of the purchasing company, not to exceed 2,500,000 South African pounds (approximately U.S. \$7,000,000). Under the agreement with the members of the syndicate, Kennecott will have the right, after receiving the 3,500,000 South African pounds, to acquire, if then deemed advisable, 20% of the outstanding stock of the purchasing company upon cancellation of the above interest in its future profits.

Kennecott's total investment in the two gold mining companies amounted to \$46,020,706. The excess of this amount over the fixed payment of \$9,813,125 referred to above, namely \$36,207,581, has been charged to Earned Surplus.

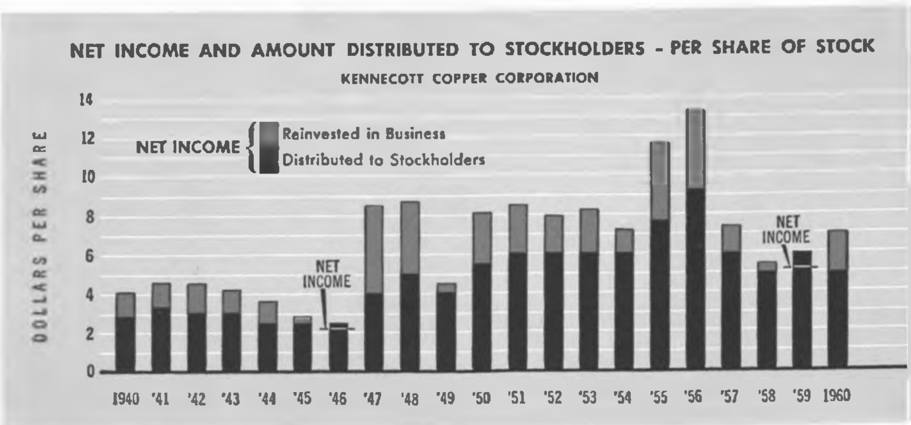
Taxes

United States and foreign taxes on income rose in proportion to the increase in taxable income. Total taxes per share increased to \$9.67 in 1960 from \$7.73 in 1959. In both instances, the amounts are significantly in excess of net income per share.

The provision for all taxes for the year 1960, and the comparable figures for 1959, are summarized as follows:

	1960	1959
United States and foreign taxes on income	\$ 85,632,636	\$63,262,977
Other taxes included in operating costs and other accounts	21,294,843	22,210,489
Total	\$106,927,479	\$85,473,466
Taxes—Per Share	\$9.67	\$7.73

During the period covered by the chart 74 per cent of net income was distributed to stockholders, and the other 26 per cent was retained in the business to cover increased costs of replacing machinery and equipment, and of finding new ore deposits.



The United States Internal Revenue Service has completed review of Kennecott's domestic tax returns through 1955 and is now in the process of auditing 1956. It is believed that amounts previously provided for taxes will prove adequate to cover any additional assessments for the years yet to be examined.

Property, Plant, and Equipment

Capital expenditures for 1960 totalled $25,341,799 as compared with the record high of $85,254,047 in 1959. Principal items in the 1960 total included:

At Chino Mines Division, expansion of the precipitation facilities and completion of the additional power facilities.

At Ray Mines Division, completion of the expansion program and construction of a lime burning and slaking plant.

At Utah Copper Division, commencement of smelter modifications and completion of the additional power facilities.

Capital expenditures authorized but unexpended at the year end totalled $43,176,400. This covers smelter modifications at the Utah Copper Division, replacement of the molybdenite plant and construction of a skip hoist system at the Chino Mines Division, and other items consistent with Kennecott's general program of replacement and improvement.

Depreciation and retirements increased to $17,176,787 in 1960 from $12,429,182 in 1959. This increase reflects the depreciation on new facilities and improvements.

Government and Other Short-Term Securities

At December 31, 1960, the company's holdings in government and other short-term securities amounted to $86,717,267. Of this amount, $60,070,663 represented obligations of the United States Government, with the balance comprising securities of various municipal governments and commercial paper. Approximate market value of the total portfolio at the year end was $86,907,000 with an average maturity of slightly less than one year.

Investments

The investments of the company are shown in the schedule on page 21 in which the percentage of ownership in unconsolidated subsidiaries is shown. Where applicable, market values at December 31, 1960 also are shown.

Investments totalled $83,866,003 at December 31, 1960, representing a net decrease

Lee Bateman points out to his daughter, Gloria, the device that he suggested for attaching to a bulldozer which earned him $8,579 under the Kennecott Suggestion System. Bateman will use the money to send Gloria and her two brothers to college.

Equity in Operations of Unconsolidated Subsidiaries

	Percentage of Ownership	*Kennecott's Equity in Profits or (Losses)*	
		1960	**1959**
Quebec Iron and Titanium Corporation . . .	66⅔%	$2,071,600	($ 53,735)
Tin and Associated Minerals Limited . . .	76	181,000	170,801
Quebec Columbium Limited	45.9	In Development Stage	
Garfield Chemical and Manufacturing Corporation	50	663,300	514,513
Kenranda Pesquisas Minerais	60	(46,600)	(19,119)
The Superior Wire Cloth Company . . .	68.1	56,200	51,897
Kenbestos Mining Company Limited . . .	95	In Development Stage	
		$2,925,500	$664,357

of $44,599,329 during the year. This decrease was due to the disposition of the company's investment in the two South African gold mining companies referred to previously in this report. The only significant increase represents the investment of $1,189,949 in the Kenbestos Mining Company Limited. This company was formed to hold the Greek asbestos properties referred to in previous Annual Reports. All Kennecott's rights in the project were transferred to Kenbestos (95% owned by Kennecott) when the company was formed in 1960.

Equity in Unconsolidated Subsidiaries

The financial statements presented in this report include the accounts of Kennecott Copper Corporation and wholly-owned subsidiaries. The securities of controlled corporations, less than 100% owned, are included in the balance sheet with certain other securities as "Investments". The amount so included at December 31, 1960 is $50,528,854 and compares with Kennecott's equity of $55,706,800 in the net worth of these subsidiaries at the same date.

Dividends of $564,384 from these subsidiaries are included in the statement of income. The accompanying tabulation, based on unaudited reports, summarizes Kennecott's $2,925,500 equity in the net profit of these subsidiaries in 1960, which amount compares with $664,357 for the prior year.

Executive Incentive-Compensation Awards

Awards were granted to thirty-two executive employees for noteworthy contributions to the success of the Kennecott enterprise. These awards aggregated $310,000.

The amount of 1960 earnings available

for this purpose was $323,166 based on the provisions of the plan. The remainder of $13,166 cannot be used for further awards.

Pension Programs

The company and its consolidated subsidiaries in the United States and Canada maintain several pension programs to afford future retirement benefits for employees. During 1960, $6,764,744 was provided for the maintenance of pension programs. At year end, there were 20,751 employees for whom funding of retirement or annuity benefits was being accomplished. In addition, there were 397 employees who were covered by other retirement arrangements, in the United States and Chile, for whom no funding of benefits is being provided.

Benefits of $2,807,683 were disbursed during the year, with $2,469,371 paid from trust funds and $338,312 paid by the Company. At year end, there were 2,469 retired employees receiving pensions through these programs.

Stockholders

The 11,053,051 outstanding shares of Kennecott were held by 91,675 stockholders on November 30, 1960, as compared with 88,723 stockholders a year earlier.

Working Capital

Summary of changes which accounted for the increase in working capital

Working Capital—December 31, 1959		$228,517,303
Additions:		
Net income for the year	$77,362,412	
Depreciation of plant and equipment	17,176,787	
	$94,539,199	
Deductions:		
Distributions to stockholders	$55,265,255	
Expenditures for plant and equipment	25,341,799	
Net change in investments affecting working capital	1,421,377	
Net change in other accounts	(6,734,468)	
	$75,293,963	
Net increase in working capital		19,245,236
Working Capital—December 31, 1960		$247,762,539

Schedule of Investments (Excluding Securities Carried as Current Assets)

	Market Value	
UNCONSOLIDATED SUBSIDIARIES:		
Quebec Iron and Titanium Corporation—stock and advances (66⅔%)		$46,000,000
Tin and Associated Minerals Limited—stock and advances (76%)		1,652,562
Quebec Columbium Limited—stock and advances (45.9%) (controlled through voting arrangement)		1,214,472
Garfield Chemical and Manufacturing Corporation—stock (50%) (controlled through operating arrangement)		240,000
Kenranda Pesquisas Minerais—stock (60%)		139,771
The Superior Wire Cloth Company—stock (68.1%)		92,100
Kenbestos Mining Company Limited—stock and advances (95%)		1,189,949
		$50,528,854
OTHER INVESTMENTS: (having market quotations)		
Kaiser Aluminum & Chemical Corporation—1,925,000 shares of common stock	$78,203,125	$18,800,000
Molybdenum Corporation of America—117,748 shares of common stock; 14,285 stock warrants	4,694,159	3,134,812
Compania de Acero del Pacifico—973,635 shares of Series "B" common stock; 40,000 shares of Series "D" preferred stock	407,301	350,000
	$83,304,585	$22,284,812
OTHER INVESTMENTS: (no market quotations)		
J. W. Galbreath & Company—notes receivable		$ 6,928,518
Western Phosphates, Inc.—stock and advances		1,655,000
Allied-Kennecott Titanium Corporation—stock		1,350,000
Miscellaneous investments		1,118,819
		$11,052,337
Balance—December 31, 1960		$83,866,003

CONSOLIDATED STATEMENTS OF

Income and Earned Surplus

For the years ended December 31, 1960 and 1959

CONSOLIDATED STATEMENTS OF INCOME	1960	1959
Sales and other income:		
Sales of metals and metal products	$496,483,102	$437,239,893
Dividends, interest and miscellaneous	6,857,556	7,663,481
	$503,340,658	$444,903,374
Costs and expenses:		
Cost of goods sold	$294,949,995	$269,285,824
Depreciation and retirements	17,176,787	12,429,182
Selling and general administrative expenses	20,278,209	20,149,341
Shut-down expenses during strikes	1,883,850	19,047,757
Research, general exploration and prospecting, and miscellaneous charges	7,158,298	5,455,953
Exploration expenses previously written off now capitalized	(1,101,529)	(2,067,771)
	$340,345,610	$324,300,286
	$162,995,048	$120,603,088
Provision for U. S. and foreign taxes on income	85,632,636	63,262,977
Net income	$ 77,362,412	$ 57,340,111

CONSOLIDATED EARNED SURPLUS		
Balance at beginning of year	$490,008,393	$498,986,588
Net income for year	77,362,412	57,340,111
	$567,370,805	$556,326,699
Deduct:		
Loss on disposal of South African investments	$ 36,207,581	$ —
Distributions to stockholders (1960, $5; 1959, $6 per share)	55,265,255	66,318,306
	$ 91,472,836	$ 66,318,306
Balance at end of year	$475,897,969	$490,008,393

See Notes to Financial Statements.

CONSOLIDATED

Balance Sheets

December 31, 1960 and 1959

ASSETS	1960	1959
Current assets:		
Cash	$ 29,584,667	$ 22,222,190
U. S. Government and other short-term securities, at cost	86,717,267	88,934,457
Accounts receivable, less reserves	34,759,666	27,952,900
Metals and metal products	101,810,791	76,878,587
Ores and concentrates, at cost	8,264,925	8,415,519
Materials and supplies, at or below cost	39,899,400	37,546,881
	$301,036,716	$261,950,534
Accounts receivable, noncurrent	7,850,500	—
Investments, at or below cost	83,866,003	128,465,332
Deferred charges, prepayments, etc.	10,026,728	11,811,841
Mining properties	156,157,475	154,824,839
Plants, equipment and other properties	486,414,471	469,054,409
Reserves for depreciation	(237,797,797)	(226,675,255)
	$807,554,096	$799,431,700
LIABILITIES		
Current liabilities:		
Accounts payable	$ 25,776,016	$ 20,138,365
Taxes accrued	27,498,161	13,294,866
	$ 53,274,177	$ 33,433,231
4½% promissory note of The Okonite Company due 1962 to 1976	7,000,000	7,000,000
Sundry reserves and deferred credits	5,459,398	3,067,524
CAPITAL		
Capital stock, no par value:		
Authorized 12,000,000, outstanding 11,053,051 shares		
Stated capital	74,806,424	74,806,424
Capital surplus	191,116,128	191,116,128
Earned surplus	475,897,969	490,008,393
	$807,554,096	$799,431,700

See Notes to Financial Statements.

Notes to Financial Statements

INVENTORIES:

Inventories of metals and metal products are carried at the lower of cost or market. In general, cost is computed on a "first-in, first-out" method, but a "last-in, first-out" method is used for certain inventories of the fabricating divisions.

MINING PROPERTIES:

Over the years the ore reserves have increased as a result of development work and improvements in methods of recovery of metals which make possible the treatment of lower grades of ore. Accordingly, no provisions for depletion have been considered necessary.

EQUITY IN UNCONSOLIDATED SUBSIDIARIES:

Refer to comments and tabulation on page 19.

EARNED SURPLUS ADJUSTMENT:

Refer to comments on pages 16-17.

FOREIGN CURRENCY AMOUNTS:

Foreign currency amounts have been included in the balance sheets at the U. S. dollar equivalents appropriate to the accounts translated: current assets and current liabilities at year-end exchange rates; property accounts and investments, etc., at the rates of exchange in effect at date of acquisition; related depreciation reserves are based on U. S. dollar costs. Foreign currency amounts have been included in the statements of income at the U. S. dollar equivalents determined at the exchange rates in effect at the time of the related transactions.

RECLASSIFICATIONS:

Certain of the 1959 amounts shown in the accompanying financial statements have been reclassified for purposes of comparison.

Auditors' Certificate

LYBRAND, ROSS BROS. & MONTGOMERY *Certified Public Accountants*

To the Directors and Stockholders of **KENNECOTT COPPER CORPORATION:**

We have examined the consolidated balance sheet of KENNECOTT COPPER CORPORATION and WHOLLY-OWNED SUBSIDIARIES as of December 31, 1960 and the related statements of 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. We previously made a similar examination for the year 1959.

In our opinion, the accompanying consolidated balance sheets and statements of income and earned surplus present fairly the consolidated financial position of Kennecott Copper Corporation and Wholly-Owned Subsidiaries at December 31, 1960 and 1959 and the results of their operations for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

LYBRAND, ROSS BROS. & MONTGOMERY

New York, February 7, 1961.

Board of Directors

**CHARLES R. COX, *President*, Kennecott Copper Corporation

**CHARLES D. DICKEY, *Chairman, Committee on Trust Matters*, Morgan Guaranty Trust Company of New York

LELAND B. FLINT, *President and General Manager*, Flint Distributing Company

J. PETER GRACE, *President*, W. R. Grace & Co.

**EDMOND A. GUGGENHEIM, *President*, The Murry and Leonie Guggenheim Foundation

M. M. HARDIN, *President*, American Gypsum Company

R. STUART KEEFER, *President*, The Okonite Company

CARL K. LENZ, *President*, Kennecott Sales Corporation

WILLIAM F. MACKLAIER, *Lawyer; Member of the Firm*, Macklaier, Chisholm, Smith, Davis, Anglin & Laing

**FRANK R. MILLIKEN, *Executive Vice President*, Kennecott Copper Corporation

WALTER H. PAGE, *Vice President*, Morgan Guaranty Trust Company of New York

CLIFTON W. PHALEN, *President*, New York Telephone Company

CHARLES SAWYER, *Partner*, Taft, Stettinius & Hollister

ROBERT G. STONE, *Trustee; Special Partner*, Hayden, Stone & Co.

ALBERT E. THIELE, *Partner*, Guggenheim Brothers

WM. THAYER TUTT, *President*, Broadmoor Hotel, Inc.

**MEDLEY G. B. WHELPLEY, *Business Consultant*

***Member of Executive Committee.*

TRANSFER AGENTS

MORGAN GUARANTY TRUST CO. OF N. Y., New York, N. Y.
BOSTON SAFE DEPOSIT AND TRUST COMPANY, Boston, Mass.

REGISTRARS

BANKERS TRUST COMPANY, New York, N. Y.
FIRST NATIONAL BANK OF BOSTON, Boston, Mass.

Historical Table 1941-1960

Operating Information

Year	Copper Ore Mined and Milled (000 Net Tons)	Material Removed to Dumps (000 Net Tons)	Copper Produced: In the U. S. (Net Tons)	Copper Produced: In Chile (Net Tons)	Copper Produced: Total (Net Tons)	Total Copper Sold (Net Tons)
1941	52,025	51,181	409,825	145,179	555,004	583,290
1942	56,458	49,261	470,581	161,800	632,381	649,475
1943	59,515	48,902	472,913	164,276	637,189	640,810
1944	51,023	40,865	406,107	174,688	580,795	601,721
1945	42,421	41,858	329,239	164,899	494,138	485,226
1946	27,502	30,137	203,489	93,725	297,214	280,330
1947	48,154	48,468	369,256	138,472	507,728	509,829
1948	46,971	58,467	350,330	164,252	514,582	538,345
1949	39,816	56,158	296,649	139,592	436,241	407,999
1950	55,018	78,612	418,123	157,910	576,033	589,694
1951	56,168	87,318	430,187	171,247	601,434	605,473
1952	59,015	81,673	444,582	184,813	629,395	634,360
1953	56,147	79,746	429,052	140,347	569,399	524,322
1954	44,611	66,715	338,749	108,330	447,079	509,754
1955	51,589	74,641	370,487	156,228	526,715	533,820
1956	61,203	98,955	402,309	179,896	582,205	495,219
1957	58,292	100,859	387,291	172,707	559,998	552,944
1958	50,628	72,419	318,732	191,578	510,310	543,845
1959	42,577	75,506	235,228	182,017	417,245	434,566
1960	60,734	107,340	384,088	187,221	571,309	540,598

Financial Information

Year	Total Revenue (000 Dollars)	Cost of Goods Sold Excl. Taxes (000 Dollars)	Depreciation and Retirements (000 Dollars)	U. S. and Foreign Income Taxes (000 Dollars)	Taxes Other Than U. S. and Foreign Inc. (000 Dollars)	Other Costs (000 Dollars)	Net Income (000 Dollars)
1941	$239,708	$135,855	$ 7,449	$ 34,268	$ 7,757	$ 5,127	$ 49,252
1942	261,043	151,591	6,680	43,071	7,669	3,211	48,821
1943	266,589	158,039	8,774	41,312	8,051	5,447	44,966
1944	253,651	157,569	8,513	35,481	7,712	5,512	38,864
1945	211,217	143,567	14,685	13,512	6,507	2,692	30,254
1946	157,025	104,503	4,132	11,163	5,586	8,594	23,047
1947	318,820	159,804	4,958	49,723	8,719	3,734	91,882
1948	351,100	185,181	5,230	52,344	10,346	4,192	93,807
1949	249,438	157,798	5,234	24,247	10,591	3,458	48,110
1950	400,153	231,206	6,815	58,726	12,825	2,420	88,161
1951	455,485	254,708	7,268	83,036	15,144	3,982	91,347
1952	476,740	287,957	8,509	73,580	14,716	5,827	86,151
1953	482,808	269,416	9,244	90,069	18,798	6,527	88,754
1954	429,131	261,429	8,734	54,323	16,976	9,763	77,906
1955	555,939	252,392	8,905	122,429	20,785	25,912	125,516
1956	578,067	250,435	8,120	138,072	22,900	15,386	143,154
1957	480,200	275,653	10,610	80,368	22,813	11,504	79,252
1958	404,998	250,961	10,351	55,286	21,073	7,206	60,121
1959	444,903	263,909	12,429	63,263	22,210	25,752	57,340
1960	503,341	273,655	17,177	85,633	21,294	28,220	77,362

Net Income figures are as reported annually to stockholders, without adjustment for surplus charges and credits.

Molybdenite Produced (000 Pounds)	Gold Produced (Fine Ounces)	Silver Produced (Fine Ounces)	Average Number of Employees	Grade of Copper Ore Mined: In the U. S. (Per Cent)	Grade of Copper Ore Mined: In Chile (Per Cent)	Capital Expenditures (000 Dollars)	Year
19,285	284,089	2,335,819	31,175	1.044	2.105	6,559	1941
23,818	333,158	2,650,206	28,797	1.042	2.179	8,164	1942
24,572	344,357	3,059,286	29,005	.996	2.079	9,768	1943
25,071	313,386	2,693,558	27,143	1.005	2.269	6,370	1944
21,437	258,556	2,183,964	24,526	.995	2.203	2,990	1945
12,335	155,749	1,305,283	23,483	.965	2.133	9,900	1946
25,777	391,497	3,128,766	25,887	.960	2.110	12,037	1947
22,253	338,228	2,823,068	26,210	.946	2.220	10,329	1948
19,895	296,818	2,384,043	24,807	.955	2.140	18,023	1949
29,407	450,174	3,586,763	26,152	.958	2.090	13,960	1950
30,837	430,515	3,441,549	26,594	.987	2.110	13,126	1951
34,480	430,139	3,679,035	26,898	.952	2.151	14,908	1952
35,224	487,335	3,911,928	28,024	.942	2.106	16,170	1953
28,200	387,039	2,852,744	25,474	.943	2.110	8,748	1954
31,960	414,444	3,445,762	27,158	.914	2.046	16,006	1955
32,538	403,381	3,213,559	27,886	.843	2.014	21,244	1956
28,756	377,367	3,295,170	26,752	.839	1.963	27,332	1957
23,626	313,380	2,821,364	23,041	.851	1.948	39,667	1958
20,967	240,179	2,167,469	27,231	.816	1.938	85,254	1959
27,426	396,839	3,700,784	27,205	.809	1.993	25,342	1960

Net Income Per Share: Total	By Quarters: 1st	2nd	3rd	4th	Distributed to Stockholders: (000 Dollars)	Per Share	Total Assets (000 Dollars)	Capital and Surplus (000 Dollars)	Book Value Per Share	Year
$ 4.55	$1.37	$ .83	$1.07	$1.28	$ 35,170	$3.25	$436,083	$369,288	34.12	1941
4.51	.94	1.09	1.14	1.34	32,465	3.00	469,550	385,644	35.64	1942
4.15	1.16	.90	.98	1.11	32,465	3.00	489,774	398,145	36.79	1943
3.59	1.02	.97	.90	.70	27,054	2.50	490,270	409,955	37.88	1944
2.79	.78	.73	.47	.81	27,054	2.50	464,800	412,875	38.15	1945
2.13	.26	.16	.59	1.12	27,054	2.50	459,670	408,868	37.78	1946
8.49	1.90	2.36	2.20	2.03	43,287	4.00	540,612	457,463	42.27	1947
8.67	2.14	2.32	2.33	1.88	54,108	5.00	575,420	497,683	45.99	1948
4.45	1.51	.64	.83	1.47	43,287	4.00	560,283	502,507	46.44	1949
8.15	1.55	1.94	2.20	2.46	59,519	5.50	631,487	551,667	50.98	1950
8.44	2.33	2.32	1.90	1.89	64,930	6.00	687,473	578,084	53.42	1951
7.96	2.03	1.73	2.03	2.17	64,930	6.00	703,532	600,567	55.50	1952
8.20	2.15	2.03	1.87	2.15	64,930	6.00	747,630	620,593	57.35	1953
7.20	1.70	2.19	1.47	1.84	64,930	6.00	730,867	637,893	58.95	1954
11.60	2.68	3.37	1.53	4.02	83,868	7.75	793,221	679,542	62.79	1955
13.23	4.08	4.16	2.48	2.51	100,100	9.25	833,998	723,200	66.83	1956
7.32	2.57	1.99	1.45	1.31	64,930	6.00	807,452	737,521	68.15	1957
5.44	1.05	1.02	1.34	2.03	54,340	5.00	825,678	764,909	69.20	1958
5.19	2.03	2.29	.99	(.12)	66,318	6.00	802,839	755,931	68.39	1959
7.00	1.65	2.21	1.82	1.32	55,265	5.00	807,554	741,821	67.11	1960

Net Income per Share and Book Value per Share are based on number of shares outstanding at December 31st of each year.

Officers and Executives

PARENT COMPANY

CHARLES R. COX, *President*
JOHN D. EAST, *Assistant to the President*

FRANK R. MILLIKEN, *Executive Vice President*

M. D. AYERS, *Director of Engineering*
C. HARRY BURGESS, *Vice President* (Exploration)
S. S. JACKSON, *Vice President* (Administration)
LESLIE G. JENNESS, *Vice President* (Research)
PAUL B. JESSUP, *Secretary*
ROBERT H. LOUNSBURY, *General Counsel*
E. M. HARRIS, JR., *Associate Counsel*

ARTHUR S. CHEROUNY, *Industrial Relations Counsel*

GORDON B. RUSSELL, *Comptroller*
W. R. KIMSEY, *Assistant Comptroller*
ROBERT L. WARD, *Assistant Comptroller*
L. W. SHELTON, *General Purchasing Agent*
JAMES R. SIMPSON, *Treasurer*
R. E. TAYLOR, *General Traffic Manager*
LESTER ZIFFREN, *Director of Public Relations*

C. D. MICHAELSON, *General Manager*, Western Mining Divisions

E. A. SLOVER, *General Manager*
Chino Mines Division

J. C. KINNEAR, JR., *General Manager*
Nevada Mines Division

A. P. MORRIS, *General Manager*
Ray Mines Division

J. P. O'KEEFE, *General Manager*
Utah Copper Division

I. G. PICKERING, *Manager*, Eastern Refinery

PRINCIPAL SUBSIDIARIES

KENNECOTT SALES CORPORATION

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J. H. BOYD, *Vice President*
J. M. KEENE, JR., *Vice President*
F. B. MCKOWN, *Vice President*
C. N. WHITAKER, *Vice President*

BRADEN COPPER COMPANY

CHARLES R. COX, *President*
FRANK R. MILLIKEN, *Vice President*
R. M. HALDEMAN, *Vice President* (In Chile)
B. E. GRANT, *General Manager* (In Chile)
CARLOS TOLOSA, *Business Manager* (In Chile)
PAUL B. JESSUP, *Secretary*
GORDON B. RUSSELL, *Comptroller*
JAMES R. SIMPSON, *Treasurer*

QUEBEC IRON AND TITANIUM CORP.

(Two-thirds owned by Kennecott Copper Corp. and one-third by The New Jersey Zinc Co.)

WILLIAM L. WALSH, *President*
LINDSAY F. JOHNSON, *Vice President*
J. M. HERNDON, *General Manager*

CHASE BRASS & COPPER CO., INCORPORATED

GLENN P. BAKKEN, *President*
WILLIAM H. PRESTON, *Executive Vice President*
GILBERT R. BOUTIN, *Vice President* (Operations)
HERMAN H. KREMER, *Vice President* (Sales)
PETER S. BARNO, *Vice President* (Public and Industrial Relations)
ROBERT C. SMITH, *Treasurer*
RICHARD R. QUAY, *Secretary*

THE OKONITE COMPANY

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CHARLES M. KIRKLAND, *Vice President* (Marketing)
DAVID W. NURSE, *Vice President* (Manufacturing)
RHEA P. LAPSLEY, *Vice President* (Research)
STEPHEN A. WILSON, *Vice President, Secretary and General Counsel*
HERBERT HORNBY, *Comptroller*
CHARLES P. KNIGHT, *Treasurer*

NEVADA NORTHERN RAILWAY COMPANY

S. S. JACKSON, *President*
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