ANNUAL REPORT

1941

To the stockholders for the year ended December 31, 1941
Annual Report

of the

Island Creek Coal Company

for the year ended

December 31, 1941
ISLAND CREEK COAL COMPANY

DIRECTORS

Thomas B. Davis ........................................ New York, N. Y.
James D. Francis ........................................ Huntington, W. Va.
I. F. Freiberger ........................................... Cleveland, Ohio
E. W. Garbisch ........................................... New York, N. Y.
George Gund ............................................... Cleveland, Ohio
Clarence A. Hight ........................................ Brookline, Mass.
Sidney W. Winslow, Jr. .................................. Brookline, Mass.

EXECUTIVE COMMITTEE

Thomas B. Davis    I. F. Freiberger
James D. Francis   George Gund
Neil W. Rice

CLERK

H. P. Sweetser, Portland, Maine

TRANSFER AGENTS

Island Creek Coal Company ................................ Boston, Mass.
The New York Trust Company ................................ New York, N. Y.

REGISTRARS OF STOCK

The National Shawmut Bank ................................ Boston, Mass.
The Chase National Bank .................................... New York, N. Y.
OFFICERS OF
ISLAND CREEK COAL COMPANY AND SUBSIDIARIES

Chairman, Board of Directors,
T. B. Davis,

President,
JAMES D. FRANCIS,

Vice-President and General Manager,
C. A. HIGHT,

Vice-President,
R. E. SALVATI,

Vice-President and Comptroller,
P. E. COYLE,

Secretary and Treasurer,
H. L. SMITH,

General Counsel,
M. L. BRENNAN,

Assistant Treasurer,
ROLLA D. CAMPBELL,

Assistant Secretary,
R. G. HELFRICH,

Assistant to Vice-President,
C. A. ROUSE,

General Superintendent,
J. J. FOBTER,

Director of Purchases,
E. R. COOPER,

General Manager of Stores,
IV. T. SMYTHE,

Real Estate Agent,
J. B. JANSING,

General Auditor,
E. I'. RICE,

Auditor, West Virginia Properties,
W. G. GIDDINGS,

Vice-President, Island Creek Coal Sales Co.,
E. F. CLEVENER,

Manager of Sales,
H. A. GLOVER,

Manager of Sales,
L. C. PERCIVAL,

Manager of Sales,
VENABLE JOHNSON,

Manager of Sales,
J. R. EVANS,

Manager of Sales,
H. A. DAMCKE,

Manager of Sales,
A. E. CALL,

Manager of Sales,
A. J. CHOUINARD,

Manager of Sales,
I. D. COOKE,

Manager of Sales,
A. L. LYNCH,

Manager of Sales,
J. A. REILLY,

Vice-President, Queen City Coal Co.,
G. V. HITE,

General Superintendent, Island Creek
Fuel and Transportation Company,
Huntington, W. Va.

CORPORATE OFFICE
85 Exchange Street, Portland, Maine

OFFICE OF CHAIRMAN, BOARD OF DIRECTORS
20 Exchange Place, New York, N. Y.

PRESIDENT'S, GENERAL SALES, AND COMPTROLLER'S
OFFICES
700 Guaranty Bank Building, Huntington, W. Va.

HOME OFFICE
Holden, West Virginia

GENERAL OFFICE
75 Federal Street, Boston, Mass.

SALES OFFICES
ISLAND CREEK COAL SALES COMPANY

700 Guaranty Bank Building
Huntington, W. Va.

930 Dixie Terminal Building
Cincinnati, Ohio

1914 Book Building
Detroit, Mich.

75 Federal Street
Boston, Mass.

20 Exchange Place
New York, N. Y.

1418 Central National Bank Building
Richmond, Va.

507 Utilities Building
Chicago, Ill.

1141 Terminal Tower Building
Cleveland, Ohio

402 Washington Building
Washington, D. C.
It is with a deep sense of loss that the Directors of Island Creek Coal Company enter upon their records the death of their fellow Director,

BEN P. BOLE

which occurred on November 27, 1941, after a short illness.

Upon the death of Mr. Albert F. Holden in 1913, Mr. Bole became a member of the Board of Directors, and in June, 1915, was elected to membership on the Executive Committee.

Trained in the profession of law, Mr. Bole engaged in active practice until 1913, when his business interests were of such scope as to absorb completely his dynamic activities. He later became the head of an outstanding newspaper, and was deeply interested in national and community affairs. In all his undertakings there was the same whole-hearted devotion that was shown to his country, which he actively served in two wars. His ability to see the shadows of coming events long before they were apparent to most men and his keenness in judging character were of great assistance to the Board and to the management. Constant in his attendance at meetings and with no personal ends to gain, his every action was governed by what he believed to be to the best interests of the company.

The Officers and Directors are deeply indebted to him for his service to the company, and the Directors desire hereby to record their personal loss as well as the great loss to the company in the death of Mr. Bole.
ANNUAL REPORT
ISLAND CREEK COAL COMPANY

To the Stockholders:

Your Directors present herewith their report for the year ended December 31, 1941.

The consolidated balance sheet as of December 31, 1941, the consolidated statement of income and earned surplus for the year then ended, together with the report of the Independent Auditors, appear on pages 11 to 14, inclusive.

Consolidated net profits after all charges for 1941 were $1,996,878.85. After deducting Preferred dividends of $151,614.00, there remained $1,845,264.85 for the Common stock, which is equal to $3.11 per share. In 1940, net profits from ordinary operations (excluding profits from sales of government securities) amounted to $2,012,716.36 which, after deduction of Preferred dividends, represented earnings for the Common stock of $3.14 per share.

The consolidated earnings for 1941 and 1940 are summarized below:

<table>
<thead>
<tr>
<th>Year</th>
<th>1941</th>
<th>1940</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings before provision for depletion, depreciation, obsolescence and taxes:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From operations</td>
<td>$5,911,190.04</td>
<td>$4,321,822.28</td>
</tr>
<tr>
<td>From sales of Government Securities</td>
<td>—</td>
<td>389,437.50</td>
</tr>
<tr>
<td>Total</td>
<td>$5,911,190.04</td>
<td>$4,611,259.78</td>
</tr>
<tr>
<td>Provision for depletion, depreciation and obsolescence</td>
<td>1,022,476.74</td>
<td>939,263.80</td>
</tr>
<tr>
<td>Earnings before taxes of all kinds</td>
<td>$4,888,713.30</td>
<td>$3,671,995.98</td>
</tr>
<tr>
<td>Taxes of all kinds:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Applicable to operations</td>
<td>$2,891,834.45</td>
<td>$1,260,842.12</td>
</tr>
<tr>
<td>Applicable to profit on sale of Government Securities</td>
<td>—</td>
<td>84,391.87</td>
</tr>
<tr>
<td>Total</td>
<td>$2,891,834.45</td>
<td>$1,354,233.99</td>
</tr>
<tr>
<td>Net Profit for year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From operations</td>
<td>$1,996,878.85</td>
<td>$2,012,716.36</td>
</tr>
<tr>
<td>From sales of Government Securities</td>
<td>—</td>
<td>305,045.63</td>
</tr>
<tr>
<td>Total</td>
<td>$1,996,878.85</td>
<td>$2,317,761.99</td>
</tr>
</tbody>
</table>

1941 earnings from operations, before provision for taxes of all kinds, increased $1,606,154.82 over similar earnings for 1940, but this increase was slightly more than offset by the increase in provision for taxes, which in 1941 amounted to $1,621,992.33 more than provision for corresponding taxes in 1940.
As shown above, the 1941 provision for taxes of all kinds amounted to $2,891,834.45, which is equal to $4.87 per share of Common stock.

Dividends totaling $6.00 per share on the Preferred stock and $2.50 per share on the Common stock were paid during the year 1941.

The production of the Island Creek mines during 1941 was 6,377,876 tons. A table of production since the beginning of operations in 1905 appears on page 15.

The 1941 production of bituminous coal for the country as a whole amounted to 502,860,000 tons. Stocks of coal above ground as of February 1, 1942, were equivalent to 34 days' supply as compared with 42 days' supply on December 1, 1941, and 40 days' supply on the first day of January, 1942. This is a decrease in stocks above ground of 4,700,000 tons in the month of January.

Your management is of the opinion that there is no more critical material for the prosecution of the war and defense of civilian population than bituminous coal. Without an adequate supply of coal available at the ordinary points of consumption, railroads cannot run, factories cannot operate, nor homes be heated. It is, therefore, desirable that a further increase be made in the stocks of coal above ground in the spring and early summer of 1942, and to this end railroads, public utilities, factories, and individual users should increase their stocks to meet their needs by buying coal this year whenever it is available and in as large quantities as they can reasonably buy and store.

During 1941 the Chesapeake and Ohio Railway Company, upon whose railroad your mines are situated, as well as the American railroads as a whole, furnished excellent transportation service. But for this fact there would have been considerable shortages of coal during a period when it was most vital to the national welfare. The railroads are still furnishing splendid service but the calls that are being made on them are so great that unless the shipping and consuming public use these facilities to the highest degree when they are available, it is questionable if the railroads can again during this war period furnish the country with as good transportation service as they did in 1941.

Your mines are almost entirely mechanically operated. That is, they are ventilated by electrically driven fans that place fresh air in the underground working places, and coal is drilled, cut, loaded and transported by electrically driven machinery. This requires an adequate supply of machinery and repair parts made of steel, nickel, copper, lead, and other metals. Being essential to the war program, the coal industry has so far been able to obtain such materials in sufficient quantities, but the time required for deliveries is increasing. Your management is doing everything reasonably possible to keep its machinery in good condition and to make it last as long as possible. In addition, for several months a drive has been in progress at your mines to recover and send back to the factories for reprocessing all scrap steel, copper, lead, and other metals available in and around the mines even though the amount received for them does not always pay for the expense of recovering them and loading them into railroad cars. If an adequate supply of materials can be had and sufficient trained, competent labor is available,
it is believed that production of your mines can be increased somewhat over 1941.

At the time your last report was written, your management did not expect a strike at the end of the wage scale which expired March 31, 1941. This strike was the result of and demand for increased wages and changed working conditions in the Appalachian area. As a result of the strike or suspension of work, a new wage scale was entered into as of May 1, 1941, expiring March 31, 1943. Under this wage scale, mines in the Northern Appalachian Fields had a basic wage advance of $1.00 per day, while mines in the Southern Fields had a basic wage advance of $1.40 per day, with corresponding increases in other mining rates. The increase in the South is 25 per cent over the previous scale. The agreement was made under pressure from the National Defense Mediation Board. The operators of the mines of the Southern Fields generally feel that this wage scale is uneconomical and unfair and with the present freight rates cannot be successfully borne by the Southern Fields under any period of normal or subnormal demand for coal.

During the past year your properties have been maintained at a high rate of efficiency, despite the supply and personnel problems which have arisen in connection with the war. To date, a large number of your employees have entered military service. A number of these were Reserve Officers who were employed as superintendents, engineers, or in other technical positions where years of training are required. Your operating management and personnel department are using every effort to train men for replacement in this highly specialized work. It is a problem that will grow more serious and will require most careful and painstaking effort, but it is gratifying that responsible government officials are more and more recognizing the essential nature of coal and the necessity for adequate skilled labor and supplies in order to furnish this essential material to the nation. Your organization feels that the greatest contribution it can make toward winning the war is to furnish coal as needed in ample quantities and to this end your Company and your employees are devoting their best efforts.

In the past 7 years your mines have been transformed from the conventional method of mining coal by hand, cleaning and loading it into mine cars with shovels, to completely mechanized mines where the coal is drilled, cut, loaded, cleaned, and prepared by machinery. This is practically a complete change both in the underground mining and in the outside preparation, cleaning, and sizing of your coals. It has made your coals suitable for a wider market.

To accomplish these results it was necessary for your management to transform your operating organization from the conventional handling type to the highly skilled mechanized machine mining and to create a force capable of handling mechanical and assembly line procedure. It is to the credit of the organization that this transformation took place with little change in personnel and while it required time and effective training to bring it about, we have today a highly efficient production organization directed by a splendid staff of competent managers, engineers, and operating men.
As a result of the different preparation, sizing, and cleaning of your coals, it was essential that they be sold in new and different markets, in many cases in smaller quantities to a larger number of customers. This placed a new responsibility upon your sales department. They have met this responsibility in a creditable manner and at no time have the consumers of your coal evidenced a greater goodwill toward your Company and its products than they do today.

The basic policy of your Company during this war period is to furnish your customers, whether engaged in war production or other work, with the best and most suitable quality of coal your mines can produce, and, insofar as possible, to help each consumer select the coal most suitable for his individual plant or furnace.

In addition to the service rendered to your large industrial consumers, a special service has been performed for the retail dealers furnishing coal to homes, apartment houses, schools, and small plants. This selective plan has increased the popularity of your specially trademarked coals like “Scarlet Flame”, “Scarlet Glo”, “Black Onyx”, and “Pioneer Island Creek”.

The use of the same plan has enabled the Island Creek Coal Sales Company to successfully sell the coals produced by the Pond Creek Pocahontas Company and its subsidiary, which coals are sold under the trade names of “Indian Maid Pocahontas”, “4-Point Pocahontas”, and “Marianna Smokeless”. The selling of these low volatile or so-called smokeless coals by the Island Creek Coal Sales Company has not only reduced the combined selling expense but has given the sales company a complete line of coals and aided in the distribution of the coals produced by both companies.

The Carnegie Coal Corporation, a subsidiary, has continued to good advantage the liquidation of some of its personal properties and leaseholds during the past year. This property is being handled with care and has justified the investment made in it by your Company.

It was noted in your 1940 annual report that the minimum prices under the National Bituminous Coal Act, which became effective April 26, 1937, were not legally established and put into effect until October 1, 1940. Following the establishment of minimum prices, there was recession in demand for coal for three or four months. In the early part of 1941, the demand increased due to the growth of the defense program, expansion of business, and to a fear of a suspension of work at the end of the Miners’ contract on April 1.

The National Bituminous Coal Act requires a change in minimum prices whenever there is a change up or down of two cents a ton in the cost of coal. These substantial wage increases became effective May 1, 1941, but new minimum prices have not yet been established. Long, involved and expensive hearings have been held to establish the amount of this wage increase, but the indications are that it will be several months more before the minimum prices reflecting May 1, 1941, wage advances have been established; but, when they are established, they will not reflect the cost of production as of that date. In the opinion of your management, that administrative procedure is not adapted to
the fixing of minimum prices and to the making of speedy changes to meet changed market conditions. It required almost three and one-half years to establish lawful minimum prices. It appears that it will require more than a year to make a change in minimum prices to reflect changes in cost. This delay is not so harmful to the industry in this period of increasing demand and advancing prices as it would be in a period of declining demand and falling prices. It is generally recognized that the adverse effect of this law cannot adequately be measured when the demand for coal is increasing, as has been the case the greater part of the time since minimum prices became effective. Your management is of the opinion that a better form of regulation of the coal industry would be legislative sanction for regional marketing agencies operating on a voluntary basis, but subject to supervision by a government agency for the protection of the public interest.

Since the coal act was enacted in 1937, your Company has paid in taxes and in district board assessments for the administration of this law approximately $280,000. The bituminous coal industry is the only industry which is taxed to meet the expense of its regulation by the Government. In addition to the amount spent directly on taxes and assessments, your Company has incurred a substantial indirect expense in the time and attention required of your officers, counsel and employees.

Taxes based upon payrolls, such as Social Security taxes, are exceedingly burdensome to the bituminous coal industry. In this industry, wages constitute from 60 to 65 per cent of the unit cost of production, whereas in competing industries, such as hydro-electric power, fuel oil, and natural gas, wages constitute a much less per cent of the unit cost of production. The effect has been to increase the production cost of bituminous coal out of proportion to the increase of production cost of its chief competitors. In effect, this excess tax burden is a penalty laid upon the coal industry for furnishing a large amount of employment at high wages.

The excess profits tax and the normal tax on corporate income also operate unfairly upon the bituminous coal industry and other extractive industries. The essential fact about these industries is that they are wasting industries with limited supplies of raw material which, once produced, is gone forever. They are engaged in a sale of their capital assets. Production increases made to meet the war demand will, in most cases, increase net annual income before income taxes, but this increased production is at the expense of a shorter operating life. Many extractive industries have increased their production but find that their net revenue, after income and excess profits taxes, is less than was the case with a smaller annual production. The present system of corporate income taxation is unfair as it applies to extractive industries and should, in the opinion of your management, be revised by Congress.

Your Auditing and Accounting Department is doing good work. Its efforts to simplify internal reports and accounting procedure have continued. Progress is being made, but because of increased demands for additional reports and statistics by various governmental bureaus,
it has been necessary to increase accounting offices, equipment, personnel and expenses materially during the past 12 months.

Acting under authority granted by your Directors at the December, 1941 meeting, your Officers purchased substantially all the capital stock of the United Thacker Coal Company, a Maine corporation, owners of approximately 22,000 acres of coal lands in Mingo County, West Virginia. This property lies in your general district, parts of it immediately adjoining some of your present operating properties. A substantial part of the property contains seams of coal now being worked by Island Creek mines. Your engineers estimate it contains more than 110,000,000 tons of mineable and recoverable coal, of a quality suitable to the needs of present customers. At the present time there are three mining plants operating under lease on this property. These mines are all relatively small producers and some of the mining plants belong to the United Thacker Coal Company. On the date purchased, the net current assets of the United Thacker Coal Company amounted to $94,827.36. To date there has been acquired and paid for 98.3 per cent of the stock and 1.6 per cent is in the process of acquisition, delivery having been delayed due to the necessity for court action to clear title. The present purpose is not to develop active mines on this property in the immediate future, but to hold the property as reserve tonnage for future development as some of your present mines approach exhaustion.

Additions to property during 1941 amounted to $1,731,534.67, the principal addition being the value of the properties of the United Thacker Coal Company, which are included at the value representing the cash cost of the stock to Island Creek Coal Company. Other additions were the cost of a dry cleaning plant for Mine 20, crushers for Mines 1, 14, 20, and 22, reconstruction of Mine 16 tipple, air shaft for Mine 7, addition to mine supply warehouse, and a number of items of plant and equipment for the mines and river departments. Credits to property account amounted to $127,825.95 and represented the cost of property sold, worn out in service and abandoned, or otherwise disposed of. The net addition in property account during the year amounted to $1,603,708.72.

No Preferred Stock of your Company was purchased for retirement during the year 1941, the shares outstanding in the hands of the public at December 31, 1941, remaining at 25,269⁵/₁₈.

At December 31, 1941, there were 545 Preferred stockholders and 4,411 Common stockholders of your Company.

At December 31, 1941, the employees of your Company and its subsidiaries totaled 3,316 as compared with 2,872 at December 31, 1940.

Acknowledgment is made of the continued loyal and efficient service of the employees of your Company in each and every department.

By order of the Board of Directors.

JAMES D. FRANCIS,
President.

March 10, 1942
REPORT OF INDEPENDENT AUDITORS

To the Directors of
Island Creek Coal Company,
Boston, Massachusetts.

We have examined the consolidated balance sheet of Island Creek Coal Company and subsidiary companies as at December 31, 1941, and the consolidated statement of income and earned surplus for the year 1941. We have reviewed the system of internal control and the accounting procedures of the companies, and without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

Inventories have been priced at cost, which was lower than market value. The basis of cost or market, whichever lower, has been used consistently by the companies. Cost has been based in part upon the first-in first-out method and in part upon the average cost method.

The policy of the companies in respect to depreciation and depletion has been, in general, to charge against earnings such amounts, based upon rates applied to tonnage sold, as will provide, in the opinion of the management, for retirement of fixed assets at the end of their expected useful lives.

In our opinion, the accompanying consolidated balance sheet and related consolidated statement of income and earned surplus present fairly the position of Island Creek Coal Company and subsidiary companies at December 31, 1941, 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.

Barrow, Wade, Guthrie & Co.,
Accountants and Auditors.

Boston, Mass.
March 7, 1942.
ISLAND CREEK COAL COMPANY
CONSOLIDATED BALANCE SHEET—DECEMBER 31, 1941

### ASSETS

**Property (Appraised Value June 30, 1915, and Subsequent Additions at Cost):**

<table>
<thead>
<tr>
<th>Description</th>
<th>Gross Value</th>
<th>Less Reserves</th>
<th>Net Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal, timber and surface lands</td>
<td>$11,391,652.21</td>
<td>$4,919,314.56</td>
<td>$6,472,337.65</td>
</tr>
<tr>
<td>Mines development, plant construction and equipment</td>
<td>16,692,034.99</td>
<td>9,051,420.83</td>
<td>7,640,614.16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$28,083,687.20</strong></td>
<td><strong>$14,459,735.39</strong></td>
<td><strong>$13,623,951.81</strong></td>
</tr>
</tbody>
</table>

**Current Assets:**

- **Cash:** $2,138,631.22
- **United States Treasury notes—tax series B—1943, at December 31, 1941 value (Cost $2,401,920.00)**: $2,403,840.00
- **Accounts and notes receivable, less reserve for doubtful accounts**: $2,573,417.30
- **Inventories at cost or market, whichever lower:**
  - Coal: $120,059.26
  - Operating supplies and store merchandise: $1,285,000.10

**Carnegie Dock & Fuel Company:**

- **Investment and advances** (including $140,367.64 on preferred stock): $2,263,824.66
- **Accounts receivable** (including $91,114.29 on preferred stock): $1,041,548.19

**Other Assets:**

- Cash and United States Savings Bonds (at December 31, 1941 redemption value) deposited with trustee to guarantee payment of workers' compensation claims: $30,790.66
- **Miscellaneous investments** (including $16,736.00 on preferred stock): $67,316.66

**Deferred Charges:**

- Prepaid insurance, taxes, etc.: $123,464.48
- Short-life equipment at depreciated value: $83,323.79

**Deferred Income:** $23,161,546.89

### LIABILITIES

**Capital Stock and Paid-In Surplus of Island Creek Coal Company:**

- **Capital Stock:** $4.00 cumulative preferred stock, par value $1.00 (entitled to $120.00 per share and accrued dividends on liquidation)
- **Common stock, par value $1.00:**
  - Shares authorized: 100,000
  - Shares issued: 650,000
  - Shares issued and outstanding: 650,000

**Preferred**

- Shares issued: 504,000
- Shares in treasury and purchased for retirement: 144,550
- Preferred dividend payable January 2, 1942: 37,903.50

**Common**

- Shares issued: 146,850
- Shares in treasury and purchased for retirement: 101,600

**Deferred Income:** $11,247,410.03

**Deferred Income Reserve:**

- Contingencies: $411,347.00
- Workers' compensation awards and claims: $30,790.66
- Minority interest in subsidiaries: $40,074.29

**Earnings Reserve:**

- 1942: $30,900.30
- 1941: $4,480,710.00
- 1940: $5,386,710.00

**Earnings Reserve as Per Annexed Statement:** $50,000.00

### Current Liabilities:

- Accounts and drafts payable: $738,537.37
- Reserve for Federal income and excess profits taxes: $2,860,430.36
- Preferred dividend payable January 2, 1942: 37,903.50

**Deferred Income Reserve:**

- 1942: $30,900.30
- 1941: $4,480,710.00
- 1940: $5,386,710.00

**Earnings Reserve:**

- 1942: $50,000.00
- 1941: $38,316,546.89

**Earnings Reserve as Per Annexed Statement:** $7,378,180.28

**Deferred Income Reserve:** $502,800.55

**Earnings Reserve:** $383,161,546.89
## Consolidated Statement of Income and Earned Surplus

**For the Year Ended December 31, 1941**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Sales</strong></td>
<td>$16,579,345.09</td>
</tr>
<tr>
<td>Less: Cost of sales</td>
<td>10,459,524.10</td>
</tr>
<tr>
<td><strong>Income from Operations</strong></td>
<td>$6,119,820.99</td>
</tr>
<tr>
<td><strong>Interest Revenue, Royalties and Miscellaneous Income</strong></td>
<td>79,927.70</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>$6,199,048.69</td>
</tr>
</tbody>
</table>

**Deduct:**

- Administrative and general expenses: $369,427.68
- Gross sales, Federal capital stock, Federal and State social security and sundry corporate taxes: 503,126.67
- Interest charges: 7,138.75

**Profit Before Depreciation and Depletion Charges and Federal Taxes on Income**: $5,319,355.59

**Profit Before Federal Taxes on Income**: $4,296,878.85

**Deduct:**

- Reserved for Federal income and excess profits taxes: 2,300,000.00

**Net Profit for the Year Ended December 31, 1941**: $1,996,878.85

**Earned Surplus, January 1, 1941**: $7,017,578.76

**Dividends:**

- Preferred: $151,014.00
- Common: 1,484,663.33

**Earned Surplus, December 31, 1941**: $7,378,180.28
<table>
<thead>
<tr>
<th>Year</th>
<th>Own Mines</th>
<th>Lessees</th>
<th>Total</th>
<th>Carnegie Properties</th>
<th>TOTAL PRODUCED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1905</td>
<td>147,703</td>
<td>—</td>
<td>147,703</td>
<td>147,703</td>
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<tr>
<td>1906</td>
<td>351,541</td>
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</tr>
<tr>
<td>1908</td>
<td>941,036</td>
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<td>1909</td>
<td>1,220,326</td>
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<td>1,220,326</td>
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</tr>
<tr>
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* From date of acquisition of control by Island Creek Coal Company.