MAGMA COPPER COMPANY

ANNUAL REPORT

For Year Ended December 31, 1937
MAGMA COPPER COMPANY

INCORPORATED UNDER THE LAWS OF THE
STATE OF MAINE IN 1910

President's Office

14 Wall Street . . . . New York, N. Y.

Mine Office

Superior . . . . Arizona

CAPITALIZATION

Authorized . . . . . . 410,000 shares of $10 par value
Outstanding . . . . . . 408,000 shares of $10 par value

Officers, Directors, Transfer Agent and Registrar on March 16, 1938

OFFICERS

CHARLES F. AYER . . . . . . President
A. J. McNAB
HENRY E. DODGE : : : : : : Secretary and Treasurer
GUS A. MRKVICKA . . . . . . Asst. Secretary and Asst. Treasurer

DIRECTORS

CHARLES F. AYER WILLIAM KOERNER
R. H. CHANNING HENRY KRUMB
HENRY E. DODGE A. J. McNAB
FRANCIS J. OAKES, JR.

OPERATING OFFICIALS

WILLIAM KOERNER . . . . . . General Manager
E. G. DENTZER . . . . . . Asst. General Manager
JAMES H. ROSE . . . . . . Mill and Smelter Superintendent
FRANK SARVER . . . . . . Purchasing Agent
JOHN R. MAYS . . . . . . . Auditor

TRANSFER AGENT

GUARANTY TRUST COMPANY OF NEW YORK, 140 Broadway, New York, N. Y.

REGISTRAR

BANKERS TRUST COMPANY, 16 Wall Street, New York, N. Y.

ANNUAL MEETING

Second Monday in May each year at Augusta, Maine
PRESIDENT’S REPORT

To the Stockholders of
MAGMA COPPER COMPANY:

New York, N. Y., March 16, 1938.

The accompanying report from Mr. William Koerner, General Manager, shows the operations of your Company and of Magma Arizona Railroad Company for the calendar year 1937.

The accompanying report from Mr. H. E. Dodge, Treasurer, shows the consolidated income and expenses of Magma Copper Company and Magma Arizona Railroad Company for the calendar year 1937 and the consolidated financial position of these companies as at December 31, 1937, as certified by the auditors.

No change was made in the capital structure of your company during the year.

The following dividends were declared and paid during the year:

<table>
<thead>
<tr>
<th>Number</th>
<th>Date Paid</th>
<th>Per Share</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>58</td>
<td>March 15, 1937</td>
<td>.50</td>
<td>$204,000.00</td>
</tr>
<tr>
<td>59</td>
<td>June 15, 1937</td>
<td>.50</td>
<td>204,000.00</td>
</tr>
<tr>
<td>60</td>
<td>September 15, 1937</td>
<td>.50</td>
<td>204,000.00</td>
</tr>
<tr>
<td>61</td>
<td>December 15, 1937</td>
<td>1.25</td>
<td>510,000.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$1,122,000.00</td>
</tr>
</tbody>
</table>

The average net cost of producing copper after deducting gold and silver values was 7.67 cents a pound. This cost includes all operating costs including Arizona taxes, Federal Social Security Taxes, depreciation and administrative expenses, but does not include any allowance for mine depletion, Capital Stock Tax or Federal Income Taxes. The comparable cost for the year 1936 is 5.69 cents a pound.

The average selling price received by the company in excess of all commissions and delivery charges on all the copper produced during the year was 12.04 cents a pound. The comparable price for the year 1936 is 9.24 cents a pound.

In accord with its usual practice your company has sold copper for future delivery. At the end of the year sales aggregating 5,961,928 pounds against 1938 production had been made at prices averaging about 10 cents a pound net.

Direct taxes paid or accrued in the year show an increase of more than 28 per cent above the corresponding taxes applicable to the year 1936.

It is with deep regret we record the death last July of Director and Vice President David E. Thomas.

Mr. R. H. Channing has been elected a Director to fill the vacancy caused by the death of Mr. Thomas.

Respectfully submitted,

CHARLES F. AYER, President,
Superior, Arizona,
January 16, 1938.

Mr. Charles F. Ayer, President,
Magma Copper Company,
14 Wall Street,
New York, N. Y.

Dear Sir:

I submit the following report on operations of the Magma Copper Company for the year ending December 31, 1937:

PROPERTY

The Company owns 2,326.788 acres of lode mining claims, of which 662.38 acres have been patented; 208.457 acres of mill sites, of which 181.037 acres have been patented; 346.15 acres of patented desert land; 324.620 acres of patented farm lands, and 21 town lots in the First Addition to the Townsite of Superior.

MINE

The following is a resume in linear feet of the development work done in 1937 and since the Company started operations:

<table>
<thead>
<tr>
<th></th>
<th>Drifting</th>
<th>Raising</th>
<th>Sin king</th>
<th>Cross-cutting</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1937</td>
<td>9,436</td>
<td>4,493</td>
<td>2,461</td>
<td>3,156</td>
<td>19,546</td>
</tr>
<tr>
<td>Total</td>
<td>119,838</td>
<td>62,568</td>
<td>24,112</td>
<td>58,457</td>
<td>264,975</td>
</tr>
</tbody>
</table>

During the year 3,025 cubic yards of rock were excavated in the cutting of stations and pockets. There was also completed during the year 4,514 feet of diamond drilling.

The mine operated continuously on normal production from January 1st to July 24th. During the period from July 24th to August 23rd maintenance work, development work, and some stoping was carried on. Normal production was resumed on August 23rd and continued to the end of the year.

A crosscut was driven south from 14 winze on the 4000 level to connect with No. 8 shaft. Approximately 250 feet south of 14 winze this crosscut intersected the vein. The assay results from sampling are as follows:

<table>
<thead>
<tr>
<th>Width Feet</th>
<th>Copper %</th>
<th>Silver Ozs.</th>
<th>Gold Ozs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.85</td>
<td>7.01</td>
<td>0.90</td>
<td>0.052</td>
</tr>
</tbody>
</table>

The predominating mineral in the vein was chalcopyrite and some bornite.
The footwall drift on the 3600 level was driven east a distance of 1,939 feet to the location of the main crosscut between No. 2 and No. 3 shafts. From the footwall drift crosscuts were driven south across the vein at points shown on the cross section map accompanying this report. The assay results on the crosscuts sampled from wall to wall are as follows:

<table>
<thead>
<tr>
<th>Width Feet</th>
<th>Copper %</th>
<th>Silver Osz.</th>
<th>Gold Osz.</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. 26 Crosscut South.</td>
<td>24.6</td>
<td>7.91</td>
<td>1.58</td>
</tr>
<tr>
<td>No. 22 Crosscut South.</td>
<td>30.8</td>
<td>2.85</td>
<td>0.44</td>
</tr>
<tr>
<td>No. 18 Crosscut South.</td>
<td>39.4</td>
<td>3.85</td>
<td>0.39</td>
</tr>
<tr>
<td>No. 16-3/5 Crosscut South.</td>
<td>23.5</td>
<td>2.60</td>
<td>0.56</td>
</tr>
</tbody>
</table>

The full width of the vein will not be mined, and the grade of ore mined will be higher than the average of the four crosscuts as shown above. Drifting of 1,294 feet on the vein connecting the crosscuts was also completed and the vein silled out preparatory to stoping on this level. The vein on the 3600 level showed more bornite than occurred on any level for 800 feet above it. The length of the ore shoot as drifted on is approximately 1,540 feet.

On the 3400 level the drift in the vein was driven both to the east and west of the main crosscut north of No. 5 shaft a total of 1,498 feet. The ore extended west of the main crosscut approximately 290 feet and to the east approximately 1,125 feet. Crosscuts from the drift were driven across the vein in several places as shown on the cross section map accompanying this report. The assay results on the crosscuts from wall to wall are as follows:

<table>
<thead>
<tr>
<th>Width Feet</th>
<th>Copper %</th>
<th>Silver Osz.</th>
<th>Gold Osz.</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. 25 Crosscut.</td>
<td>30.8</td>
<td>6.47</td>
<td>1.24</td>
</tr>
<tr>
<td>No. 22-3/5 Crosscut.</td>
<td>33.5</td>
<td>1.87</td>
<td>0.14</td>
</tr>
<tr>
<td>No. 21 Crosscut.</td>
<td>29.9</td>
<td>1.87</td>
<td>0.30</td>
</tr>
<tr>
<td>No. 18 Crosscut.</td>
<td>37.6</td>
<td>3.47</td>
<td>0.80</td>
</tr>
</tbody>
</table>

The full width of the vein will not be mined, and the grade of the ore mined will be higher than the average of the four crosscuts as shown above.

The 14 winze was sunk 468 feet and is now down to the 4099 level of the mine. Crosscuts were driven south from this winze to connect with No. 8 shaft on the 3200 level, the 3600 level, and the 4000 level. Each of these crosscuts is approximately 430 feet long.

No. 8 shaft was sunk 1,571 feet during the year and was completed to the 4000 level of the mine.

Sinking was also resumed in No. 2 shaft from the 3200 level and the shaft was sunk 174 feet. Sinking will be continued to the 3600 level.

In that section of the mine east of the main crosscut joining No. 2 and No. 3 shafts development work was carried on on the East 2250 level where 901 feet of drifting was completed. Of this amount 825 feet were on the vein and showed the vein to be low grade and narrow for most of the distance advanced. East 34-3/5 crosscut was driven at the location shown on the cross section map accompanying this report. The assay results on the crosscut from wall to wall are as follows:

<table>
<thead>
<tr>
<th>Width Feet</th>
<th>Copper %</th>
<th>Silver Osz.</th>
<th>Gold Osz.</th>
<th>Lead %</th>
<th>Zinc %</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. 34-3/5 Crosscut.</td>
<td>26</td>
<td>0.48</td>
<td>0.15</td>
<td>Nil</td>
<td>0.17</td>
</tr>
</tbody>
</table>
On the East 3200 level the footwall drift was advanced 1,314 feet. This drift is being driven to reach a point below the ore found on the 3000 level. The drift has yet a considerable distance to go to reach its objective. A diamond drill hole was drilled through the vein at the location of East No. 4 crosscut and also at the location of East No. 14 crosscut. Neither hole showed any values in the vein.

From the East 3000 level East 22 winze was sunk to the 3200 level, a distance of 215 feet. This winze will aid ventilation on the East 3200 level as soon as the level reaches the location of the winze. From the East 22 winze a diamond drill hole was drilled to the north a distance of 120 feet. From 110 feet to 114 feet a vein was cut, and this four feet averaged 4.99% copper, 4.30 ozs. silver, and 0.005 ozs. gold. This vein is, most likely, the vein encountered north of the Magma Vein in this section of the mine on the East 2800 level. A crosscut was also driven to the south of the winze a distance of 39 feet. This crosscut cut the Magma Vein 25 feet south of the winze. The vein was 2.75 feet wide and assayed 0.48% copper, no silver, no gold, no lead, and 1.04% zinc. The East 22 winze is several hundred feet west of the ore shoot found in the Magma Vein on the East 3000 level. Three raises were completed from the East 3000 level to the East 2800 level, two raises from the East 2800 level to the East 2550 level, one raise from the East 2550 level to the East 2250 level, and one raise from the East 2250 level to the East 2000 level. The completion of these raises has improved working conditions in the East section of the mine.

An air conditioning plant was installed on the 3600 level and placed in operation on the 19th day of July. A station for this plant was excavated off the main crosscut north of No. 5 shaft and south of the vein. In this station two Carrier Centrifugal Refrigerating Machines together with all necessary auxiliary equipment were installed. Each of these units has a capacity of approximately 142 tons of refrigeration. The units have operated very satisfactorily since they were placed in operation. One unit conditions the air for the 3600 level and the other for the 3400 level. The cooling effect from these machines is very apparent in the entire active stoping area in the western section of the mine.

Two pump stations were excavated on the 3600 level off the crosscut south of 14 winze to No. 8 shaft. In these stations will be installed two Prescott Horizontal Duplex Pumps with a capacity of 600 gallons of water per minute against 1500 pounds pressure. These pumps will handle the mine water in one lift from the 3600 level to the surface. These pumps have been purchased and delivered here and will be installed this year. A pump column will also be installed in No. 8 shaft to handle this water.

Stoping operations were carried on satisfactorily during the year. On the West side of the mine ore was stoped from the 3600 level to the 2250 level. On the East side of the mine a small amount of copper ore was mined on the East 3000 level, the East 2800 level, and the East 2550 level. A small amount of copper-zinc ore was also mined on the East 2550, the East 2250, and the East 2000 levels. A larger tonnage of copper ore was mined than in the previous year but it was of a somewhat lower grade.

CONCENTRATOR

The mill operated continuously on full production from January 1st to July 24th. After July 24th to August 27th milling operations were curtailed to a one-shift basis to mill ore pro-
duced from the development and other production from the mine. After August 27th the mill operated continuously to the end of the year. The mill heads averaged 5.07% copper. The tailings averaged 0.28% copper. The average recovery was 96.55%.

A new unit was added to our mill during the year. This unit is an all flotation plant. It was placed in operation in September, milling copper ore, and it was run as a copper unit until the end of November. As a copper unit it operated very satisfactorily. It produced a somewhat cleaner concentrate and a tailing and recovery comparable to the older mill when operating at the same capacity, which is approximately 250 tons for twenty-four hours. The capacity of the grinding unit is considerably higher than that of the older units. From results of tests made the grinding units will handle 500 tons of copper ore per day, and on this product the flotation unit of the section will give a recovery better than 90% on the copper.

This unit was built primarily to mill copper-zinc ore from the Magma Mine. The mill was started on this ore at the end of November and ran for a period of twenty-four days. During this period of operation we were not successful in making a satisfactory copper-zinc separation. This separation has been made in laboratory tests and with further work should be successfully made in mill operations.

SMELTER

Smelter production was continuous during the year except for three short periods in January, April, and November, when minor furnace repairs were made, and from July 18th to August 16th, when the smelter was down for major repairs.

PRODUCTION

The Magma Mine produced during the year a total of 302,360 tons of all classes of ore. This ore averaged 5.92% copper, 1.83 ozs. silver, and 0.030 ozs. gold. Leasers mined during the year from the Company's Superior Mine 10,703 tons of siliceous gold ore, assaying 0.41% copper, 1.08 ozs. silver, and 0.420 ozs. gold. There was purchased from shippers and treated at the smelter 50,005 tons of ore and concentrates. The smelter metal production for the year, after deducting all losses, including refinery, was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Lbs. Copper</th>
<th>Ozs. Silver</th>
<th>Ozs. Gold</th>
</tr>
</thead>
<tbody>
<tr>
<td>From Magma Mine</td>
<td>31,043,725</td>
<td>507,593.08</td>
<td>9,141.583</td>
</tr>
<tr>
<td>From Superior Mine</td>
<td>81,326</td>
<td>11,090.41</td>
<td>4,496.149</td>
</tr>
<tr>
<td>From Other Sources</td>
<td>875,172</td>
<td>585,268.39</td>
<td>15,927.868</td>
</tr>
<tr>
<td>Total</td>
<td>32,000,223</td>
<td>1,103,951.88</td>
<td>29,565.600</td>
</tr>
</tbody>
</table>

MAGMA ARIZONA RAILROAD

During the year the Magma Arizona Railroad operated a mixed passenger and freight train twice weekly between Superior and Magma. On the other four days of the week a gasoline car handled the mail, express, and passengers.

The railroad handled 55,687 tons of inbound freight and 16,476 tons of outbound freight during the year.
GENERAL

A new transmission line from the smelter to the mine was completed during the year. A new substation was also constructed at the mill.

A new compressor was purchased and is now being installed at the smelter power house. This new compressor is a Chicago Pneumatic Machine with a displacement of 5,540 cubic feet of air a minute. It has a capacity slightly larger than the present compressor equipment, which was just sufficient for operation requirements. With the new compressor a spare unit is available.

The precipitation for the year was 16.82 inches, which is below the normal rainfall.

I wish to express my appreciation and thanks to all employees of the Company who have assisted in operations during the past year.

Respectfully submitted,

WM. KOERNER,
General Manager.

TREASURER'S REPORT

New York, N. Y., March 16, 1938.

To the Stockholders of

MAGMA COPPER COMPANY:

For my report as Treasurer, I submit consolidated statements of Magma Copper Company and Magma Arizona Railroad Company, as follows:

Consolidated Balance Sheet as at December 31, 1937
Consolidated Income and Expense Statement and
Consolidated Earned Surplus Statement for the year ended December 31, 1937.

Included in income is an amount of $25,635.77, which is profit on sale of shares of marketable securities purchased by your company in 1929.

Respectfully submitted,

H. E. DODGE, Treasurer.
GENERAL

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Respectfully submitted,

WM. KOERNER,
General Manager.

TREASURER’S REPORT

New York, N. Y., March 16, 1938.

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Consolidated Earned Surplus Statement for the year ended December 31, 1937.

Included in income is an amount of $25,635.77, which is profit on sale of shares of marketable securities purchased by your company in 1929.

Respectfully submitted,

H. E. DODGE, Treasurer.
TREASURER'S
Magma Copper Company and
CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT ASSETS :

Cash ........................................ $ 620,449.27
Marketable Securities-at Cost :
   Bonds and Stocks of Domestic Corporations (value based on Market
   Quotations December 31, 1937—$2,418,426.25) .................. 2,518,135.47
Accounts Receivable and Accrued Interest :
   Copper—Proceeds received in 1938. ......................... $1,259,824.12
   Other .................................. 9,703.18 1,269,527.30
Inventories :
   Copper, Gold and Silver-at Contract Sales Prices ............. $ 646,907.08
   Ores and Metals in Process-at Cost. .......................... 127,475.79
   Materials and Supplies-at Cost. ......................... 396,003.22 1,170,386.09

Total Current Assets ........................................ $5,578,498.13

(Total Current Assets including Marketable Securities at value based on Market Quotations December 31, 1937—$5,478,788.91)

INVESTMENTS—at COST—APACHE POWDER COMPANY, etc. ........ 10,200.00

PROPERTY ACCOUNTS :

   Mining Claims and Land .................................. $1,006,214.16
   Mine, Mill and Smelter Buildings, Machinery and Equipment ........ 4,006,296.67
   Standard Gauge Railroad .................................. 685,296.97

$4,691,593.64

   Less—Reserve for Depreciation. ......................... 3,414,429.96 1,277,163.68 2,283,377.84

DEFERRED CHARGES :

   Prepaid Development—less Amortization. .................... $ 833,452.35
   Unexpired Insurance, etc. ............................... 47,770.29 881,222.64

$8,753,298.61

CERTIFICATE

To the Board of Directors:

Magma Copper Company,
14 Wall Street, New York, N. Y.

We have made an examination of the Consolidated Balance Sheet of Magma Copper Company and Magma and Earned Surplus for the year ended that date. In connection therewith, we have examined the accounting and operating methods and of the employees of the companies; we also made a general review of the accounting methods and of the

In our opinion, based upon such examination, the accompanying Balance Sheet and the related Statements consistently maintained by the companies during the year under review, the consolidated position at December 31,

New York, N. Y., March 16, 1938.
REPORT

Magma Arizona Railroad Company

AS AT DECEMBER 31, 1937

LIABILITIES

Current Liabilities:

Accounts Payable and Unpaid Wages ........................................... $ 298,945.43
Accrued Taxes ............................................................................. 99,671.22

Provision for Federal Income and Undistributed Profits

Normal Tax ................................................................. $ 111,233.17
Undistributed Profits Tax-Magma Arizona Railroad Company ............. 692.91

Total Current Liabilities .................................................. $ 510,542.73

Capital Stock and Surplus:

Capital Stock-Par Value $10.00 per share

Authorized - 410,000 shares .................................................. $4,100,000.00
Issued - 408,155 shares ..................................................... $4,081,550.00
Less - 155 shares held in Treasury (cost $1,149.13) ..................... 1,550.00

Outstanding- 408,000 shares .............................................. $4,080,000.00

Capital Surplus ................................................................. 2,922,600.87

Earned Surplus-without provision for Depletion based on book value of Mining Claims and Land ............................. 1,240,155.01 8,242,755.88

$8,753,298.61

OF AUDITORS

Barrow, Wade, Guthrie & Co.,

Accountants and Auditors.

Arizona Railroad Company as at December 31, 1937 and of the Consolidated Statements of Income and Expense records of the companies and other supporting evidence and obtained information and explanations from officers and income accounts for the year, but we did not make a detailed audit of the transactions. Income and Expense and Earned Surplus fairly present, in accordance with accepted principles of accounting and the consolidated results of operations for the year ended that date.
MAGMA COPPER COMPANY AND MAGMA ARIZONA RAILROAD COMPANY

CONSOLIDATED INCOME AND EXPENSE STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 1937

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of Copper</td>
<td>$4,224,485.04</td>
</tr>
<tr>
<td>Cost of Sales:</td>
<td></td>
</tr>
<tr>
<td>Inventories of Metals and Ores-January 1, 1937.</td>
<td>$1,114,715.79</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$3,657,081.37</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>$1,314,664.35</td>
</tr>
<tr>
<td>Taxes-State, County and Other</td>
<td>$294,153.19</td>
</tr>
<tr>
<td>Less-Gold and Silver Sales</td>
<td></td>
</tr>
<tr>
<td>Inventories of Metals and Ores-December 31, 1937.</td>
<td>$3,530,782.48</td>
</tr>
<tr>
<td>Copper Company-Net Operating Income</td>
<td></td>
</tr>
<tr>
<td>General, Administrative and Engineering Expenses:</td>
<td></td>
</tr>
<tr>
<td>Administrative and Engineering Expenses</td>
<td>$42,166.18</td>
</tr>
<tr>
<td>Directors' Fees</td>
<td>$1,000.00</td>
</tr>
<tr>
<td>Professional Services (Legal and Other)</td>
<td>$3,181.66</td>
</tr>
<tr>
<td>Rent, Clerical Services, etc.</td>
<td>$25,680.00</td>
</tr>
<tr>
<td>Transfer, Registrar and Dividend Disbursement Expenses</td>
<td>$8,612.12</td>
</tr>
<tr>
<td>Other General Expenses</td>
<td>$5,066.66</td>
</tr>
<tr>
<td>Other Income:</td>
<td></td>
</tr>
<tr>
<td>Cash Dividends</td>
<td>$147,226.00</td>
</tr>
<tr>
<td>Net Profit on Sale of Securities</td>
<td>$25,635.77</td>
</tr>
<tr>
<td>Interest Received and Accrued</td>
<td>$012.68</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$506.22</td>
</tr>
<tr>
<td>Copper Company-Net Profit before Provision for Federal Income Tax</td>
<td>$1,468,085.43</td>
</tr>
<tr>
<td>Railroad Operating Income</td>
<td>$109,043.65</td>
</tr>
<tr>
<td>Railroad Expenses:</td>
<td></td>
</tr>
<tr>
<td>Operating Expense</td>
<td>$84,946.77</td>
</tr>
<tr>
<td>Depreciation</td>
<td>$14,347.04</td>
</tr>
<tr>
<td>Taxes-State, County and Other</td>
<td>$9,917.07</td>
</tr>
<tr>
<td>Railroad-Net Operating Loss</td>
<td>$167.23</td>
</tr>
<tr>
<td>Other Income:</td>
<td></td>
</tr>
<tr>
<td>Interest Received and Accrued</td>
<td>$11,072.13</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$588.48</td>
</tr>
<tr>
<td>Other Deductions:</td>
<td></td>
</tr>
<tr>
<td>Net Loss on Sale of Securities</td>
<td>$1,787.89</td>
</tr>
<tr>
<td>Interest Receivable, written off.</td>
<td>$1,666.67</td>
</tr>
<tr>
<td>Railroad-Net Profit before Provision for Federal Income and Undistributed Profits Taxes</td>
<td>8,038.82</td>
</tr>
<tr>
<td>Provision for Federal Income and Undistributed Profits Taxes:</td>
<td></td>
</tr>
<tr>
<td>Normal Tax</td>
<td>$111,233.17</td>
</tr>
<tr>
<td>Undistributed Profits Tax-Railroad</td>
<td>$692.91</td>
</tr>
<tr>
<td>Net Profit for year without Provision for Depletion</td>
<td>$1,456,332.22</td>
</tr>
<tr>
<td>Description</td>
<td>Amount</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>BALANCE-January 1, 1937</td>
<td>$905,822.79</td>
</tr>
<tr>
<td><strong>Add-Net</strong> Profit for year without Provision for Depletion.</td>
<td>1,456,332.22</td>
</tr>
<tr>
<td><strong>Deduct:</strong></td>
<td></td>
</tr>
<tr>
<td>Dividends declared during year-$2.75 per share.</td>
<td>1,122,000.00</td>
</tr>
<tr>
<td>BALANCE-December 31, 1937</td>
<td>$1,240,155.01</td>
</tr>
</tbody>
</table>