

1912 - 221

*Mines, Belden, Washins & Salt
Chemical Dept etc.*

AGENTS' ANNUAL REPORTS AND

STATISTICS

YEAR ENDING DEC. 31,

1912

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221

AGENTS ANNUAL REPORTS AND STATISTICS

FOR YEAR ENDING DEC. 31, 1912.

I N D E X

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THE CLEVELAND-CLIFFS IRON CO.

CLEVELAND IRON MINING CO.
IRON CLIFFS CO.
PIONEER IRON CO.

OFFICES: PENINSULA BANK BUILDING

WILLIAM P. BELDEN, SOLICITOR
FRED H. BERG, ASSISTANT SOLICITOR

ISHPEMING, MICH.,

Apr. 9, 1913.

Mr. Wm. G. Mather, President,
Rockefeller Bldg.,
Cleveland, Ohio.

RECEIVED
APR 11 1913
4/11 Ans.

Dear Sir:-

Enclosed please find my annual report for the year 1912 which contains a summary of the work done through this office and a comparison of the results obtained and the expense involved with that of previous years.

Very truly yours,

Wm. P. Belden

noted 4/11/13

Annual Report of William P. Belden, Solicitor,
for the year 1912.

The following is a general summary of matters appearing in my monthly reports rendered during the year above mentioned.

I.

Cases Disposed of by Litigation or Settlement.

1. Marquette National Bank vs. Northern Lumber Co., The Cleveland-Cliffs Iron Co., et al.

This suit was begun in the Circuit Court for the County of Marquette to protect the claim of the bank on its second mortgage against the property of the Northern Lumber Co. The claim was paid and the case was settled and dismissed in January 1912.

2. The Cleveland-Cliffs Iron Co. vs. Elmer Johnson, et al.

This was a suit brought in the Circuit Court for the County of Marquette to foreclose a land contract covering a village lot in Gwinn. It was brought to a conclusion by decree in our favor February 20, 1912, from which no appeal has been taken.

3. State Bank of Chicago vs. U.P.L. Co., et al., Chippewa Circuit Court in Chancery.

This case was brought to remove the cloud from title on U.P.L. Co. lands in Chippewa County, caused by the use of the words "and others" in the contract of purchase reciting that Wm. G. Mather

took this title in trust for himself, The Cleveland-Cliffs Iron Co. and others. A final decree was entered in our favor September 6, 1912, and the time has elapsed for taking an appeal.

4. U. P. L. Co., Ltd., vs. E. H. Bauch, Chippewa Circuit Court, In Chancery.

This was a suit to quiet title against apparent claims relating to certain descriptions of U. P. L. Co. lands in that county. Final decree was entered in our favor September 6, 1912, and the time for appeal has elapsed.

5. U. P. L. Co., Ltd., vs. Francis O. Davenport, et al., Chippewa Circuit Court, In Chancery.

This case was of a similar nature to the Bauch case though involving different descriptions of land and different claimants. Final decree was entered in our favor September 6th and the time for appeal has elapsed.

6. State Bank of Chicago vs. U. P. L. Co., Ltd., et al., Schoolcraft Circuit Court, In Chancery.

This case was similar to that described in paragraph three, except that it related to lands in Schoolcraft County. Final decree was entered in our favor September 26th and the time for appeal has expired.

7. U. P. L. Co., Ltd., vs. Joseph J. Wertz, Schoolcraft Circuit Court, In Chancery.

This case was brought to quiet title against apparent clouds affecting certain descriptions of its lands in Schoolcraft County. Final decree was entered in our favor September 26th and the time for appeal has elapsed.

8. U. P. L. Co., Ltd., vs. Blake B. Babcock, et al.,
Schoolcraft Circuit Court, In Chancery.

This suit was brought to quiet the title of complainant against apparent clouds upon its title to certain descriptions of land in Schoolcraft County. Final decree was rendered in our favor September 26, 1912, and the time for appeal has expired.

9. U. P. L. Co., Ltd., vs. Ebenezer James, et al., Schoolcraft
Circuit Court, In Chancery.

Suit brought to quiet title against apparent clouds affecting certain descriptions of complainant's land in Schoolcraft County. Final decree entered in our favor September 26th and the time for appeal has expired.

10. State Bank of Chicago vs. U.P.L. Co., Ltd., et al.,
Mackinac Circuit Court, in Chancery.

This case is similar to that described in paragraph three. Final decree was entered in our favor September 30th and the time for appeal has expired.

11. U. P. L. Co., Ltd., vs. John N. Wiklsell, Mackinac Circuit
Court, in Chancery.

Suit brought to quiet title against apparent clouds affecting certain of complainant's lands in Mackinac County. Final decree entered May 30th and the time for appeal has expired.

12. State Bank of Chicago vs. U. P. L. Co., Ltd., et al.,
Luce County Circuit Court, in Chancery.

This suit is similar to that described in paragraph three. Final decree was entered in our favor October 21st and the time for appeal has expired.

13. U. P. L. Co., Ltd., vs. Mary A. Clendenen, et al., Luce County Circuit Court, in Chancery.

This was a suit to quiet title to certain descriptions of complainant's land in Luce County. Final decree was entered October 21st and the time for appeal has expired.

14. State Bank of Chicago vs. U.P.L. Co., Ltd., et al., Alger County Circuit Court, in Chancery.

This suit is similar to that described in paragraph three. Final decree was entered in our favor October 7th and the time for appeal has expired.

15. John Johnson vs. The Cleveland-Cliffs Iron Co.

Personal injury case which was brought at Duluth in the St. Louis County Circuit Court. Plaintiff claimed damages for personal injuries received at the Crosby Mine. We settled this case in October by paying the sum of \$1,000.00.

16. Lonstorf vs. Maas and The Cleveland-Cliffs Iron Co.

This case involved complainant's claim of title to an interest in the Maas Mine. The Court of Appeals affirmed the decision of the Circuit Court in favor of complainant, thereby terminating this litigation.

II.

Cases Pending January 1st, 1913.

A. Cases tried but not finally disposed of.

1. Gamble vs. The Cleveland-Cliffs Iron Co.

This case was argued in the Circuit Court of Appeals

at Cincinnati in November and in December the court rendered a decision reversing the judgment obtained by Mr. Gamble eliminating a portion of his claim and making it more difficult for him to recover at all.

2. The Cleveland-Cliffs Iron Co. vs. Mathew Maloney.

This is an ejectment suit brought in the Circuit Court for the County of Marquette involving the title to a forty in Section 33-48-26, near Eagle Mills. On May 27th Judge Flannigan decided this case in our favor and no appeal has been taken, but in ejectment cases the defeated party has the right to secure a new trial at any time within two years merely upon payment of the costs and this right has not expired. There is nothing to do but to wait until that period has expired before taking any action in this matter.

3. Abilene Demerse, et al., vs. Mitchell heirs and Athens Mining Co., Marquette Circuit Court, in Chancery.

This is the suit brought by the Blais heirs to establish their claim of title to the mineral estate in Harvey lots 8, 9 and 11, and to set aside the deeds made by Jean Blais and wife to George and Samuel Mitchell in 1887. This case was tried in June before Judge Flannigan at Marquette. We were a long time in getting counsel for complainant to file his briefs in the case and it was not decided during 1912.

4. Abilene Demerse, et al., vs. Maria Corbit, George J. Maas and wife, and The Cleveland-Cliffs Iron Co., Marquette Circuit Court, in Chancery.

This is a suit brought by the heirs of Jean Blais claiming title to the mineral estate of Harvey Lot 13. The basis of

this claim was that Lewis Corbit obtained his deed from Jean Blais in 1899 by fraud. This case was tried at the same time and in the same manner as the preceding case and the statement there made is equally applicable to this.

B. Cases in which nothing important was done.

1. Arctic Iron Co. vs. The Cleveland-Cliffs Iron Co.

This is the accounting case pending in the United States Circuit Court. Some progress was made in the preparation of the accounting and there were some negotiations looking to a settlement but it was not completed.

2. Pioneer Iron Co. vs. Muck.

This involves a small strip of land in the City of Negaunee. Nothing of importance was done in this case.

3. Henry McKenna vs. Steamer Andaste.

This is a libel proceeding pending in the United States Circuit Court. Nothing has been done in this case.

4. Elizabeth Hallett, Admx., vs. Munising Ry. Co.

Personal injury case pending at Munising to recover damages for death of Wesley Eaket who was killed in falling from the snow plough on the east branch of the Munising Railway March 25, 1908. Nothing was done in this case during 1912.

5. L. S. & I. Ry. Co. vs. Mathew A. Maloney.

Suit brought in the Circuit Court for Marquette County to recover the sum of \$300.00 paid by the Railway Co. to Maloney for a

right of way across the S.E. $\frac{1}{4}$ of the N.E. $\frac{1}{4}$ of Section 33-48-26. Maloney warranted the title when in fact he had no title. Nothing was done in this case, but we are simply awaiting the expiration of the time in which Maloney can move for a new trial in the ejectment case brought by The Cleveland-Cliffs Iron Co. before bringing this case to trial. The decision in that case makes it quite certain that we will win in this case.

6. Susan Foard, et al., vs. The Cleveland-Cliffs Iron Co.

Suit begun in the Marquette Circuit Court to recover the value of mine timber cut from land owned or claimed by the plaintiffs. The Cleveland-Cliffs Iron Co. purchased this timber from Thomas Connors of Negaunee who bought it from the contractor who cut it. Mr. Connors has assumed all responsibility for the claim. Plaintiffs attorney has placed this case on the calendar for trial once or twice but has never let the case come to trial.

7. Susan Foard vs. Central Land & Timber Co., Ltd.

This case was Number 10 in my 1910 report. Nothing of importance was done in this case during 1912.

8. Arthur Hannula vs. The Cleveland-Cliffs Iron Co.

Personal injury case in Marquette Circuit Court. Plaintiff claims to have been injured at the Hard Ore Mine April 21st, 1909, by the breaking of a bridge over which he was pushing a car of ore. This case was placed on the calendar but was not tried.

9. John Beckman vs. The Cleveland-Cliffs Iron Co.

Personal injury suit in Marquette Circuit Court.

Plaintiff was injured at same time and under same circumstances as Arthur Hannula, and the statement made with reference to the Hannula case is applicable to this case.

10. Edward Angman vs. The Cleveland-Cliffs Iron Co.

Personal injury case in Marquette Circuit Court.

Plaintiff claims to have been injured at the Maas Mine May 16, 1910. This case was placed on the calendar but was not tried.

11. Munising, Marquette & Southeastern Ry. Co. vs. Lake Independence Lumber Co.

Suit brought in Marquette Circuit Court to collect charges due on lumber shipped out from Big Bay by water. Owing to negotiations between the parties the case was not pressed.

12. Matti Heikkila vs. The Cleveland-Cliffs Iron Co.

Personal injury suit brought in the Marquette Circuit Court. Plaintiff was injured at the Cleveland Lake Mine October 13, 1910. This case was placed on the calendar but was not tried.

13. William Hemmila vs. The Cleveland-Cliffs Iron Co.

Personal injury case brought in the Marquette Circuit Court. Plaintiff claims to have been injured while working on the Ishpeming-Princeton transmission line February 5, 1910. This case was placed on the calendar but was not tried.

14. Sivert Hemmila vs. The Cleveland-Cliffs Iron Co.

Suit begun in the Marquette Circuit Court to recover for loss of services of his son, William Hemmila, on account of injuries complained of in suit described in preceding paragraph. This

case was incorrectly reported in my September report as being a suit for personal injuries on account of damages received from a chunk of ore which struck Sivert Hemmila on the back and head while working in the Cleveland Lake Mine. It appeared from the accident reports sent us from the Mining Department that Hemmila was in fact injured at that mine but when the declaration was filed damages were claimed on account of the other case instead of his own injuries.

15. Fred C. Gross, Complainant, vs. Great Lakes Veneer Co. and Munising Veneer Co.

Suit brought in Alger County Circuit Court, in Chancery, to enforce a lien for the balance due on the sprinkling system.

16. John Penttila vs. Lake Superior & Ishpeming Ry. Co.

Personal injury case brought in the Marquette Circuit Court to recover damages for an injury received April 14, 1911, while working on the trestle building the Negaunee Mine tracks. This case was placed on the calendar but was not brought to trial.

17. Frederick E. Driggs, et al., vs. D.M. & M. Ry. Co., The Cleveland-Cliffs Iron Co., et al.,

This is a foreclosure case brought by the trustees of the D.M. & M. Ry. Co. in the United States District Court at Detroit. No substantial claim is made against our Company, it having been joined in the suit as a party simply on account of the fact that it holds a mining lease.

18. Albin Laukkari vs. The Cleveland-Cliffs Iron Co.

Personal injury case brought in the Marquette Circuit Court to recover for injuries received at the Lloyd Mine. This case

was placed on the calendar for the December term but was not brought on for trial.

19. U. P. L. Co., Ltd., vs. Adam Murray, Trustee, et al.

Suit commenced in Alger Circuit Court, in Chancery to clear the title to five forties in Section 15, Township 46 North, Range 17 West.

III.

The following is a summary of the written opinions and reports rendered during the year.

	M.D.	L.D.	F.D.	R.R.	Mr.M.& Mr. M.	Lbr. Dept.	Mr.Andrews & H.D. & K.	Gwinn Bank.
Jan.	7	17	2	1	24	0	4	
Feb.	12	8	2	1	19	0	1	
Mar.	12	11	1	3	20	2	3	
Apr.	18	8	1	1	7	1	0	
May	15	5	1	3	14	0	1	
June	15	2	1	1	4	0	0	
July	18	19	2	3	24	1	6	
Aug.	19	14	5	6	12	0	0	
Sept.	10	7	1	4	16	0	0	1
Oct.	16	9	2	4	11	1	1	
Nov.	9	6	3	2	13	1	0	
Dec.	14	14	4	1	20	4	0	
	165	120	25	30	184	10	16	1

Total, 551.

For the purpose of comparison, I call attention to the relative number of opinions and reports rendered in previous years.

1904,	248	1907,	486	1910,	495
1905,	340	1908,	515	1911,	413
1906,	420	1909,	545	1912,	551.

IV.

The list of deeds, agreements, leases, etc., prepared by this office is as follows:-

Jan.	8	July,	6
Feb.	15	Aug.	8
Mar.	4	Sept.	3
Apr.	7	Oct.	7
May	5	Nov.	6
June	<u>13</u>	Dec.	<u>11</u>
	52		41

Total, 93.

For the purpose of comparison, I call attention to the similar number of instruments drafted in previous years.

1904,	72	1907,	61	1910,	102
1905,	65	1908,	83	1911,	103
1906,	100	1909,	109	1912,	93.

V.

Traveling.

During the year we made at the request and the expense of the different departments of The Cleveland-Cliffs Iron Co., 49 trips to Marquette, 5 to Chicago, 1 to Lansing, 1 to Bay City, 4 to Cleveland, 1 to Grand Rapids, 2 to Champion, 1 to Houghton, 4 to Munising, 2 to Duluth, 1 to the Soo, and 2 to Detroit. This does not include trips made in behalf of the Upper Peninsula Land Co., Ltd., or the Munising Paper Co., Ltd. The number of trips to Marquette, namely, 49, is small by comparison with 89, the number made in 1911, but this does not include the numerous trips made during the open season by automobile when no expenses were incurred and with reference to which no charge was made.

VI.

Expenses.

My expenses during the year 1912, including the amount of money which we expended in traveling and for the Company's proportion of my office expenses and for other expenses paid through this office, were as follows:-

Jan.	\$ 268.96	July,	\$ 226.50
Feb.	222.31	Aug.	340.96
Mar.	396.69	Sept.	255.16
Apr.	297.36	Oct.	220.83
May	257.66	Nov.	232.51
June	290.29	Dec.	232.20
	<u>\$ 1733.27</u>		<u>\$ 1508.16</u>

Total, \$3,241.43.

The items of these months appear in detail attached to each monthly report. For the purpose of comparison I give below my total expenditures for the same purposes during previous years, as follows:-

1904,	\$ 1156.11
1905,	1755.64
1906,	1856.37
1907,	2967.03
1908,	3439.65
1909,	3440.36
1910,	2897.05
1911,	4060.43
1912,	3241.43

VII.

Local Attorneys.

During the year 1912 we employed Mr. H. J. Grannis at Duluth, Mr. H. M. Norris at Ironwood, Mr. M. H. Moriarty at Crystal Falls, and Mr. G. R. Empson at Gladstone. We had no litigation, however, at any of these places except at Duluth, but had a number

of business matters which required the attention of these attorneys. Mr. Moriarty's retainer was discontinued July 1st, and Mr. Norris' retainer was discontinued about December 1st, at the time we surrendered the lease of the Ashland Mine.

VIII.

Counsel.

Mr. Horace Andrews of Hoyt, Dustin, Kelley, McKeehan & Andrews, participated in the argument of Gamble vs. The Cleveland-Cliffs Iron Co., had charge of the Arctic Iron Co. case, and participated in the preparation and trial of the Blais cases. He also prepared the contracts and took charge of the organization of the Cliffs Chemical Co. and numerous other business matters of that kind.

IX.

Upper Peninsula Land Company, Ltd., Work.

As appears by the list of cases disposed of and the list of cases pending we have had a large amount of work during 1912 in connection with perfecting the title of lands included in the contract of sale to the Upper Michigan Land Co.

My expenditures incurred during the year in behalf of the Upper Peninsula Land Co., Ltd., and the dates on which bills were rendered, were as follows:-

Feb. 6,	\$ 66.13	Nov. 4,	\$ 78.54
Apr. 2,	139.30	Dec. 4,	52.00
June 1,	35.49	Jan. 2,	35.00
Oct. 1,	133.79		<u>\$165.54</u>
	<u>\$ 374.71</u>		

Total, \$540.25.

These expenditures are not included in my Cleveland-Cliffs Iron Co. monthly statements. For the purpose of comparison I give below the total of similar expenses for previous years:-

1906,	\$ 545.65
1907,	281.17
1908,	395.25
1909,	80.65
1910,	229.95
1911,	438.83
1912,	540.25

X.

Office Help.

I made no change in my office force during 1912 except to employ Mr. Alfred A. Dustin of Cleveland in addition to Mr. Berg and Mr. Clancey.

XI.

Important Work.

I will mention briefly the more important work done during the year, all of which is covered in detail by the monthly reports.

1. Blais Cases.

These cases required a large amount of time and work extending over a period of six or eight months. It was necessary to secure a prompt trial and the complainants having begun their suit were not anxious for trial but sought all the delay possible and we had to force them at every point, and in fact assist their attorney in getting the cases into proper shape for trial. After the trial we had another long period of urging in order to get them to file their briefs.

2. Gamble Case.

The most important work done in the Appellate Court was the preparation of the briefs and the argument of this case in the Circuit Court of Appeals at Cincinnati.

3. Oliver Iron Mining Co. Negotiations.

In order to complete the general arrangement entered into in 1911 with reference to the mining of the ore underneath the old D.S.S. & A. right of way at Negaunee and the other matters connected therewith, it was found necessary to negotiate an escrow contract with the Illinois Trust & Savings Bank, which was done as set forth in my January and February reports.

4. Breitung-Kaufman Negotiations.

There were a considerable number of undisposed of matters in connection with these negotiations which were closed up during 1912.

5. Lake Independence Lumber Co. Negotiations.

These matters involved a large amount of work. Early in the year we made an extensive examination of the law with reference to the enforceability of the traffic contract made with the Big Bay Lumber Co. and advised that the amount due on the charges for lumber shipped out by water could be collected, and began suit to enforce collection. This led to negotiations which included conferences at Cleveland and the preparation of contracts and extensive correspondence with reference to them. These negotiations were not concluded during 1912.

6. Taxation Matters.

These matters continued to be an important subject during the year 1912. Among the more notable things done was the discussion with the Attorney General by which the law relative to the assessment of mineral reservations was held not to apply to platted additions adjacent to working mines as at the Cleveland Shaft. Also the discussion with local assessing authorities by which mining assessments were reduced ten per cent and a large amount of general discussion of the Finlay assessment and the revision made by the tax commission.

7. Great Lakes Veneer Co. Works.

The difficulties with the Great Lakes Veneer Co. over the timber contract with the Cleveland-Cliffs Iron Co. and the claim for damages growing out of this latter led to negotiations with the Soo people which resulted in an adjustment of this claim through the organization of the Munising Veneer Co. which took over the property of the old Company. This involved a considerable amount of correspondence, time and effort.

8. Stephenson Mine Tracks.

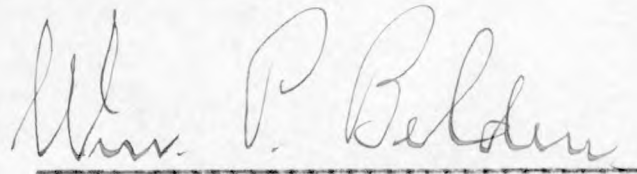
The complicated situation with reference to the tracks at the Stephenson Mine involved a large amount of work in which I was assisted by Mr. Andrews. After a careful examination of the contracts we reached the conclusion that the Railway Co. could not safely continue its present course and outlined a plan to be followed as set forth in my August report and drew an extensive set of contracts in accordance therewith.

9. Political Matters.

Political affairs occupied a great deal more time and attention than usual in 1912. This included attendance at the Republican State Convention in Bay City in April, also the annual spring elections during that month; the Republican State Convention at Detroit in October and several weeks of work during the campaign which seriously interfered with the work of my office, and which included much of my time and that of Mr. Clancey's. This work was, however, done at the request of Mr. Duncan.

10. Compensation Law.

The passage of the Workmen's Compensation Law presented a great many new questions for consideration and these matters required considerable attention during the year.



Solicitor.



HASKINS & SELLS

CERTIFIED PUBLIC ACCOUNTANTS

30 BROAD STREET

NEW YORK

CHICAGO

ST. LOUIS

CLEVELAND

PITTSBURGH

BALTIMORE

SAN FRANCISCO

HARRIS TRUST BUILDING

THIRD NATIONAL BANK BUILDING

WILLIAMSON BUILDING

FARMERS BANK BUILDING

EQUITABLE BUILDING

CROCKER BUILDING

LONDON, E.C.

30 COLEMAN STREET

CABLE ADDRESS "HASKSELLS"

CLEVELAND, June 12, 1913.

Mr. Wm. G. Mather,
President, The Cleveland-Cliffs Iron Company,
Cleveland, Ohio.

RECEIVED

JUN 12 1913

Ack. *6/12* Ans. _____

Dear Sir:

We enclose herewith the original and one copy of our report on the audit of the books and accounts of the following companies for the year ended December 31, 1912, viz.:

The Cleveland-Cliffs Iron Company
and Subsidiaries

- ✓ Negaunee Mine
- ✓ Michigamme Company
- ✓ American Iron Mining Company
- ✓ Arctic Iron Company
- ✓ Upper Peninsula Land Company, Limited.
- ✓ Presque Isle Transportation Company
- ✓ Hopkins Steamship Company
- ✓ Lake Superior & Ishpeming Railway Company
and United Dock Company
- ✓ Munising, Marquette & Southeastern Railway Company
- ✓ Athens Mining Company
- ✓ Bunker Hill Mining Company

Yours very truly,

Haskins & Sells

Enclosure.

HASKINS & SELLS

CERTIFIED PUBLIC ACCOUNTANTS

30 BROAD STREET
NEW YORK

CHICAGO ST. LOUIS CLEVELAND PITTSBURGH BALTIMORE SAN FRANCISCO
HARRIS TRUST BUILDING THIRD NATIONAL BANK BUILDING WILLIAMSON BUILDING FARMERS BANK BUILDING EQUITABLE BUILDING CROCKER BUILDING

LONDON, E.C.
30 COLEMAN STREET

CABLE ADDRESS "HASKSELLS"

CLEVELAND, June 5, 1913.

Mr. Wm. G. Mather,
President, The Cleveland-Cliffs Iron Company,
Cleveland, Ohio.

RECEIVED

JUN 12 1913

Ask. Ans.

Dear Sir:

Pursuant to engagement, we have audited the books and accounts
of

The Cleveland-Cliffs Iron Company,
Cleveland Iron Mining Company,
Iron Cliffs Company,
Pioneer Iron Company,
Jackson Iron Company,
The Munising Company,
The Central Land & Timber Company, Limited,
Grand Island Steamship Company, and
Bay Mills Land & Lumber Company

for the year ended December 31, 1912, and submit herewith the following
described exhibits and schedules, viz.:

EXHIBIT

"A" - CONSOLIDATED GENERAL BALANCE SHEET -
DECEMBER 31, 1912 AND 1911 - AND COMPARISON.

"B" - SUMMARY OF CONSOLIDATED INCOME AND PROFIT
& LOSS FOR THE YEARS ENDED DECEMBER 31,
1912 AND 1911, AND COMPARISON.

- "C" -- GENERAL BALANCE SHEETS - DECEMBER 31,
1912 -- AND CONSOLIDATION.
Schedule
#1 - Detail of Eliminations in Con-
solidation of General Balance
Sheets.
2 - Summary of Property.
3 - Investments in Stocks, Bonds,
Notes, etc.
4 - Deferred Assets.
5 - Deferred Liabilities.
- "D" -- SUMMARY OF INCOME AND PROFIT & LOSS FOR
THE YEAR ENDED DECEMBER 31, 1912, AND
CONSOLIDATION.
- "E" -- THE CLEVELAND-CLIFFS IRON COMPANY - SUM-
MARY OF NET PROFIT FROM OPERATIONS FOR
THE YEAR ENDED DECEMBER 31, 1912, NOT
INCLUDING GENERAL EXPENSES OF CLEVELAND
OFFICE.
Schedule
#1 - Mine Department Operations.
2 - Chemical Department Operations.
3 - Miscellaneous Operations.
4 -- Furnace Department Operations.
5 - Lumbering Department Operations.
6 - Land Department Operations.
- "F" -- CLEVELAND IRON MINING COMPANY - OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1912.
- "G" -- IRON CLIFFS COMPANY - OPERATIONS FOR THE
YEAR ENDED DECEMBER 31, 1912.
- "H" -- PIONEER IRON COMPANY - OPERATIONS FOR THE
YEAR ENDED DECEMBER 31, 1912.
- "I" -- JACKSON IRON COMPANY - OPERATIONS FOR THE
YEAR ENDED DECEMBER 31, 1912.
- "J" -- THE MUNISING COMPANY - OPERATIONS FOR THE
YEAR ENDED DECEMBER DECEMBER 31, 1912.
- "K" -- THE CENTRAL LAND & TIMBER COMPANY, LTD. -
OPERATIONS FOR THE YEAR ENDED DECEMBER 31,
1912.

"L" - GRAND ISLAND STEAMSHIP COMPANY - OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1912.

"M" - BAY MILLS LAND & LUMBER COMPANY - OPERA-
TIONS FOR THE YEAR ENDED DECEMBER 31,
1912.

Our comments on this audit and these exhibits and supporting
schedules are submitted separately, as desired.

Yours truly,

Haskins & Wells

Certified Public Accountants.

THE CLEVELAND-CLIFFS IRON COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED GENERAL BALANCE SHEET - DECEMBER 31, 1912 AND 1911 - AND COMPARISON, SHOWING INCREASES (Black) AND DECREASES (Red)
(After Eliminations as between Companies)

-- A S S E T S --	INCREASE OR DECREASE			-- L I A B I L I T I E S --	INCREASE OR DECREASE		
	.....DECEMBER 31,..... 1912	.....DECEMBER 31,..... 1911			.....DECEMBER 31,..... 1912	.....DECEMBER 31,..... 1911	
PROPERTY,.....	\$14,822,370.75	\$15,107,330.33	\$ 284,959.58	FUNDED DEBT:			
EXPLORATORY WORK,.....	\$ 329,601.77	\$ 294,929.59	\$ 34,672.18	First Collateral Trust, 6% Gold Bonds, The Cleveland- Cliffs Iron Company,.....	\$ 2,500,000.00	\$ 2,500,000.00	
INVESTMENTS IN STOCKS, BONDS, NOTES, ETC.,.....	\$ 3,327,712.44	\$ 2,587,473.61	\$ 740,238.83	First Mortgage, 5% Bonds, Grand Island Steamship Company, ..	329,000.00	372,000.00	\$ 43,000.00
WORKING AND TRADING ASSETS:				Total Funded Debt,.....	\$ 2,829,000.00	\$ 2,872,000.00	\$ 43,000.00
Ore Inventories,.....	\$ 3,647,741.88	\$ 3,063,922.04	\$ 583,919.84	MORTGAGE NOTES PAYABLE,.....	\$ 352,500.00		\$ 352,500.00
Furnace Products - Inventories,.....	1,443,179.64	2,166,041.12	722,861.48	CURRENT LIABILITIES:			
Saw Mill Products - Inventories,.....	40,017.39	99,279.17	59,261.78	Notes Payable,.....	\$ 223,654.20	\$ 202,213.06	\$ 21,441.14
Lumbering Department Products - Inventories,.....	153,083.75	296,957.42	143,873.67	Vouchers Payable,.....	218,453.27	357,664.57	139,211.30
Chemical Products on Consignment,.....	25,556.80	3,431.29	22,125.51	Salaries and Wages Payable,.....	180,524.86	161,213.17	19,311.69
Materials and Supplies,.....	535,300.75	621,628.42	86,327.67	Royalties Payable,.....	55,976.14	90,533.43	34,557.29
Uncompleted Shop Orders,.....	2,115.08	2,500.58	385.50	Sundry Creditors,.....	28,830.90	77,623.42	48,792.52
Royalties Paid in Advance,.....	481,517.73	444,957.25	36,660.48	Subscriptions to Capital Stock of Affiliated Companies,....	53,643.22		53,643.22
Insurance Premiums - Unexpired Portion,.....	10,101.17	14,962.42	4,861.25	Brass Identification Checks,.....	3,093.50	2,787.95	305.55
Taxes Paid in Advance,.....	2,985.50		2,985.50	Interest Accrued,.....	34,730.81	26,308.80	8,422.01
Miscellaneous,.....	330.13	11,689.36	11,359.23	Taxes Accrued,.....	423,103.46	405,986.30	17,117.16
Total Working and Trading Assets,.....	\$ 6,341,929.82	\$ 6,725,169.07	\$ 383,239.25	Subscription to Bonds of the Lake Superior & Ishpeming Railway Company,.....		95,330.00	95,330.00
CURRENT ASSETS:				Total Current Liabilities,.....	\$ 1,222,010.36	\$ 1,419,660.70	\$ 197,650.34
Cash in Hand and on Deposit,.....	\$ 927,678.15	\$ 1,235,146.01	\$ 307,467.86	ADVANCE RECEIPTS ON ORE SALES CONTRACTS,.....	\$ 534,985.80	\$ 1,340,804.55	\$ 805,818.75
Notes Receivable,.....	344,680.10	758,948.92	414,268.82	DUE TO AFFILIATED COMPANIES,.....	\$ 646.03	\$ 34,752.61	\$ 34,106.58
Accounts Receivable - Ore,.....	1,271,878.47	557,952.06	713,926.41	DEFERRED LIABILITIES,.....	\$ 123,243.85	\$ 115,436.57	\$ 7,907.28
Accounts Receivable - Other,.....	576,370.25	837,066.16	260,695.91	CONTINGENT LIABILITIES (See Contra),.....		\$ 179,000.00	\$ 179,000.00
Accrued Interest,.....	4,852.84	11,004.16	6,151.32	RESERVES:			
Subscribers to Bonds of the Lake Superior & Ishpeming Railway Company,.....		93,730.00	93,730.00	For Extension of Gladstone Dock,.....	\$ 3,237.23	\$ 3,237.23	
Total Current Assets,.....	\$ 3,175,458.81	\$ 3,493,847.31	\$ 368,387.50	For Insurance - Lake Superior Iron Company,.....	10,126.82	9,088.64	\$ 1,038.18
DUE FROM AFFILIATED COMPANIES,.....	\$ 1,104,190.52	\$ 1,267,115.77	\$ 162,925.25	For Insurance - Regent Iron Company,.....	3,404.39	3,137.46	266.93
DEFERRED ASSETS,.....	\$ 18,633.93	\$ 35,210.63	\$ 16,576.70	For Insurance on Chemical Plants,.....	85,447.25	76,422.29	9,024.96
CONTINGENT ASSETS (See Contra),.....		\$ 179,000.00	\$ 179,000.00	For Relinings and Renewals - Furnace Department,.....	33,357.41	26,636.81	6,720.60
				For Doctors' Fees - Mine Department,.....	880.08	716.49	163.59
				For Stumpage,.....		14,178.52	14,178.52
				For Sidewalk and Landscape Work - Land Department,.....	189.32	810.00	620.68
				For Interest - Princeton Mine,.....		29,187.59	29,187.59
				Total Reserves,.....	\$ 136,642.50	\$ 163,415.03	\$ 26,772.53
				STOCKHOLDERS' EQUITY IN ASSETS:			
				Represented by book value of 5 Shares of Capital Stock of The Munising Company of \$100 each,.....	\$ 183.96		\$ 183.96
				Represented by book value of 3 Shares of Capital Stock of Bay Mills Land & Lumber Company of \$100 each,.....	157.25		157.25
				Represented by par value of 49,100 Shares of Capital Stock of The Cleveland-Cliffs Iron Company,.....	4,910,000.00	\$ 4,910,000.00	
				* Represented by Invested and Undistributed Surplus applica- ble to The Cleveland-Cliffs Iron Company,.....	18,960,429.29	18,655,006.85	305,422.44
				Total Stockholders' Equity in Assets,.....	\$23,870,770.50	\$23,565,006.85	\$ 305,763.65
TOTAL,.....	\$29,069,899.04	\$29,690,076.31	\$ 620,177.27	TOTAL,.....	\$29,069,899.04	\$29,690,076.31	\$ 620,177.27

* Includes \$687,397.43 at December 31, 1912, and \$616,939.03 at December 31, 1911, excess of Par Value over Book Value of Stocks owned in Subsidiary Companies; also \$459.79 at December 31, 1912, for proportion of deficit of Munising Company and of Bay Mills Land & Lumber Company applicable to shares not owned by The Cleveland-Cliffs Iron Company.

THE CLEVELAND-CLIFFS IRON COMPANY AND SUBSIDIARY COMPANIES

SUMMARY OF CONSOLIDATED INCOME AND PROFIT & LOSS FOR THE YEARS ENDED DECEMBER 31, 1912 AND 1911, AND COMPARISON
(After Eliminations as Between Companies)

	..... DECEMBER 31,		INCREASE	DECREASE
	1912	1911		
NET PROFIT FROM OPERATIONS,.....	\$ 1,446,370.47	\$ 1,004,768.08	\$441,602.39	
GENERAL EXPENSES,.....	199,154.19	181,212.76	17,941.43	
NET OPERATING INCOME,.....	\$ 1,247,216.28	\$ 823,555.32	\$423,660.96	
OTHER INCOME:				
Interest on Bank Balances, Interest on Notes and Accounts Receivable, and Discounts on Purchases - Cleveland Office,.....	\$ 38,594.34	\$ 103,110.94		\$ 64,516.60
Interest and Discounts - Operating Departments,.....	6,871.07	7,986.66		1,115.59
Interest and Dividends on Investments in Stocks, Bonds, Notes, etc.	120,094.62	131,213.75		11,119.13
Sales of Equipment - Profit,.....	19,918.74	3,634.00	\$ 16,284.74	
Royalties,.....	5,343.76	5,343.75	.01	
Commissions on Ore Sales,.....	3,466.30		3,466.30	
Total,.....	\$ 194,288.83	\$ 251,289.10		\$ 57,000.27
GROSS INCOME,.....	\$ 1,441,505.11	\$ 1,074,844.42	\$366,660.69	
INCOME CHARGES:				
Interest on Bonds,.....	\$ 168,587.50	\$ 47,066.68	\$121,520.82	
Interest on Notes and Accounts Payable, Exchange, etc.,.....	25,266.35	30,744.94		\$ 5,478.59
Interest on Advance Payments on Ore Sales Contracts,.....	25,977.75	20,554.79	5,422.96	
Discounts on Sales,.....	5,991.46	4,753.70	1,237.76	
Accounts Written Off as Uncollectible,.....	4,303.28	409.83	3,893.45	
Depreciation of Property and Plants in Addition to Charges included in Operating Expenses,.....	13,641.34	3,510.76	10,130.58	
Depreciation of Vessels,.....	114,500.00	110,000.00	4,500.00	
Investment Stocks and Bonds Written Down,.....	5,726.27	8,031.87		2,305.60
Investment in Capital Stocks of Subsidiary Companies Written Down,.....	171,237.40	158,018.80	13,218.60	
Unsuccessful Explorations,.....	5,499.75	49,311.82		43,812.07
Sundry Items,.....	37,412.19	894.45	36,517.74	
Total,.....	\$ 578,143.29	\$ 433,297.64	\$144,845.65	
NET INCOME,.....	\$ 863,361.82	\$ 641,546.78	\$221,815.04	
PROFIT & LOSS CREDITS:				
Profit & Loss Surplus at Beginning of Year,.....	\$17,923,973.51	\$18,272,014.54		\$348,041.03
Sundry Items,.....	22,063.09		\$ 22,063.09	
Total,.....	\$17,946,036.60	\$18,272,014.54		\$325,977.94
PROFIT & LOSS GROSS SURPLUS,.....	\$18,809,398.42	\$18,913,561.32		\$104,162.90
PROFIT & LOSS CHARGES:				
Sundry Items,.....	\$ 45,825.35	\$ 16,243.50	\$ 29,581.85	
Dividends,.....	491,000.00	859,250.00		\$368,250.00
Total,.....	\$ 536,825.35	\$ 875,493.50		\$338,668.15
PROFIT & LOSS SURPLUS AT END OF YEAR,.....	\$18,272,573.07	\$18,038,067.82	\$234,505.25	

* Surplus of Companies included in consolidation at Dec. 31, 1911, as stated, \$18,038,067.82
Less - Surplus of Excelsior Iron Co., Dec. 31, 1911, not in consolidation at Dec. 31, 1912, \$13,323.44
Deficit of Bay Mills Land & Lumber Co., December 31, 1911, not included in consolidation at that date but included in consolidation at Dec. 31, 1912, \$100,770.87
Surplus, Dec. 31, 1911, of Companies included in consolidation at Dec. 31, 1912, \$17,923,973.51

THE CLEVELAND-CLIFFS IRON COMPANY AND SUBSIDIARY COMPANIES

GENERAL BALANCE SHEETS - DECEMBER 31, 1912 - AND CONSOLIDATION

-- A S S E T S --	.....CONSOLIDATION.....	THE CLEVELAND-CLIFFS IRON COMPANY	CLEVELAND IRON MINING COMPANY	IRON CLIFFS COMPANY	PIONEER IRON COMPANY	JACKSON IRON COMPANY	THE MUNIS-ING COMPANY	THE CENTRAL LAND & TIM-BER COMPANY, LTD.	GRAND ISLAND STEAMSHIP COMPANY	BAY MILLS LAND & LUM-BER COMPANY		
	TOTAL	ELIMINATIONS (Schedule #1)	COMBINED TOTAL									
PROPERTY - Schedule #2,.....	\$14,822,370.75		\$14,822,370.75	\$ 8,818,382.11	\$2,590,760.86	\$ 529,962.96	\$ 877,352.59	\$440,547.58	\$134,572.91	\$ 32,368.88	\$1,200,500.00	\$197,922.86
EXPLORATORY WORK,.....	\$ 329,601.77		\$ 329,601.77	\$ 304,539.30		\$ 7,405.70		\$17,656.77				
INVESTMENT IN STOCKS, BONDS, NOTES, ETC. - Schedule #3,.....	\$ 3,327,712.44		\$ 3,327,712.44	\$ 3,302,500.72			\$ 1.00				\$ 25,210.72	
STOCKS OWNED IN SUBSIDIARY COMPANIES,.....	\$3,952,702.57		\$ 3,952,702.57	\$ 3,929,452.57		\$ 123,250.00						
WORKING AND TRADING ASSETS:												
Ore Inventories,.....	\$ 3,647,741.88		\$ 3,647,741.88	\$ 1,468,895.92	\$ 421,000.26	\$ 465,488.24	\$1,223,673.20	\$ 48,684.26				
Furnace Products - Inventories,.....	1,443,179.64		1,443,179.64	1,443,179.64								
Saw Mill Products - Inventories,.....	40,017.39		40,017.39	40,017.39								
Lumbering Department Products - Inventories	153,083.75		153,083.75	153,083.75								
Chemical Products on Consignment,.....	25,556.80		25,556.80				25,556.80					
Materials and Supplies,.....	535,300.75		535,300.75	327,951.37	42,565.11	37,615.48	125,548.78	1,512.09			\$ 107.92	
Uncompleted Shop Orders,.....	2,115.08		2,115.08		2,115.08							
Royalties Paid in Advance,.....	481,517.73		481,517.73	481,517.73								
Insurance Premiums - Unexpired Portion,....	10,101.17		10,101.17	5,575.27	703.31	920.04	676.68	738.54			1,487.33	
Taxes - Paid in Advance,.....	2,985.50		2,985.50								2,985.50	
Miscellaneous,.....	330.13		330.13	189.24								
Total Working and Trading Assets,..	\$ 6,341,929.82		\$ 6,341,929.82	\$ 3,940,410.31	\$ 466,383.76	\$ 504,023.76	\$1,375,455.46	\$ 50,934.89	\$ 140.89		\$ 4,580.75	
CURRENT ASSETS:												
Cash in Hand and on Deposit,.....	\$ 927,678.15		\$ 927,678.15	\$ 285,238.15	\$ 188,317.12	\$ 244,379.31	\$ 111,337.15	\$ 78,889.26	\$ 4,371.04	\$ 309.36	\$ 13,884.95	\$ 951.81
Notes Receivable,.....	344,680.10		344,680.10	270,715.29	22,697.22	51,267.59						
Accounts Receivable - Ore,.....	1,271,878.47		1,271,878.47	602,295.97	414,505.18	255,077.32						
Accounts Receivable - Other,.....	576,370.25		576,370.25	292,521.68	11,019.11	16,681.24	150,785.02	5,025.23	6,252.86		86,993.73	7,091.38
Accrued Interest,.....	4,852.84		4,852.84	4,745.66	106.18							
Total Current Assets,.....	\$ 3,125,459.81		\$ 3,125,459.81	\$ 1,455,517.75	\$ 636,644.81	\$ 567,405.46	\$ 262,122.17	\$ 83,914.49	\$ 10,623.90	\$ 309.36	\$ 100,878.68	\$ 8,043.19
DUE FROM SUBSIDIARY COMPANIES,.....	\$3,317,953.29		\$ 3,317,953.29	\$ 2,008,315.67	\$1,101,510.55	\$ 196,998.84		\$ 7,778.41	\$ 3,349.81			
DUE FROM AFFILIATED COMPANIES,.....	\$ 1,104,190.52		\$ 1,104,190.52	\$ 1,028,875.11	\$ 17,830.47	\$ 170.46		\$ 37,165.12	\$ 20,149.36			
DEFERRED ASSETS - Schedule #4,.....	\$ 18,633.93		\$ 18,633.93	\$ 7,952.15			\$ 3,734.19	\$ 3,344.99		\$ 3,602.60		
CONTINGENT ASSETS (see Contra),.....	\$ 329,000.00		\$ 329,000.00	\$ 329,000.00								
TOTAL,.....	\$29,069,899.04	\$7,599,655.86	\$36,669,554.90	\$25,024,945.69	\$4,813,130.46	\$1,929,217.18	\$2,518,664.41	\$641,343.25	\$168,836.87	\$ 36,280.84	\$1,331,170.15	\$205,966.05

THE CLEVELAND-CLIFFS IRON COMPANY AND SUBSIDIARY COMPANIES.
GENERAL BALANCE SHEETS, ETC.

-- LIABILITIES --	.....CONSOLIDATION..... ELIMINATIONS (Schedule #1)		COMBINED TOTAL	THE CLEVELAND-	CLEVELAND	IRON CLIFFS	PIONEER IRON	JACKSON	THE MUNIS-	THE CENTRAL	GRAND ISLAND	BAY MILLS
	TOTAL	(Schedule #1)		CLIFFS IRON	IRON MINING	COMPANY	COMPANY	IRON COMPANY	IRON COMPANY	ING COMPANY	LAND & TIM-	STEAMSHIP	LAND & LUM-
				COMPANY	COMPANY	COMPANY	COMPANY	COMPANY	COMPANY	BER COMPANY, LTD.	COMPANY	BER COMPANY
CAPITAL STOCK,.....	\$ 4,910,800.00	\$4,640,100.00	\$ 9,550,900.00	\$ 4,910,000.00	\$2,500,000.00	\$1,000,000.00	\$ 125,000.00	\$300,000.00	\$415,900.00	\$ 25,000.00	\$ 25,000.00	\$250,000.00
FUNDED DEBT:												
First Collateral Trust, 6%, Gold Bonds,....	\$ 2,500,000.00		\$ 2,500,000.00	\$ 2,500,000.00								
First Mortgage, 5% Bonds,.....	329,000.00		329,000.00								\$ 329,000.00	
Total Funded Debt,.....	\$ 2,829,000.00		\$ 2,829,000.00	\$ 2,500,000.00							\$ 329,000.00	
MORTGAGE NOTES PAYABLE,.....	\$ 352,500.00		\$ 352,500.00	\$ 352,500.00								
CURRENT LIABILITIES:												
Notes Payable,.....	\$ 223,654.20		\$ 223,654.20	\$ 218,154.20	\$ 5,500.00							
Vouchers Payable,.....	218,453.27		218,453.27	163,790.86	14,801.60	\$ 5,712.32	\$ 26,132.12	\$ 61.45			\$ 7,950.17	\$ 4.75
Salaries and Wages Payable,.....	180,524.86		180,524.86	109,997.07	26,042.11	27,219.63	16,619.95	646.10				
Royalties Payable,.....	55,976.14		55,976.14	55,976.14								
Sundry Creditors,.....	28,830.90		28,830.90	20,050.64	1,809.37	4,720.89	2,250.00					
Brass Identification Checks,.....	3,093.50		3,093.50	1,930.25	564.75	576.50		22.00				
Capital Stock Subscriptions,.....	53,643.22		53,643.22	53,643.22								
Accrued Accounts:												
Interest,.....	34,730.81		34,730.81	33,743.31							987.50	
Taxes,.....	423,103.46		423,103.46	264,274.38	61,178.55	56,751.02	5,411.55	5,994.22	\$ 15,820.83	\$ 435.25		13,387.55
Total Current Liabilities,.....	\$ 1,222,010.26		\$ 1,222,010.26	\$ 921,410.07	\$ 109,896.28	\$ 94,980.27	\$ 50,413.62	\$ 6,723.87	\$ 15,820.83	\$ 435.25	\$ 8,937.67	\$ 13,387.30
ADVANCE RECEIPTS ON ORE SALES CONTRACTS,.....	\$ 534,985.80		\$ 534,985.80	\$ 252,528.21	\$ 69,943.11	\$ 187,665.99			\$ 24,828.48			
DUE TO SUBSIDIARY COMPANIES,.....		\$3,317,953.29	\$ 3,317,953.29	\$ 3,349.81		\$ 7,778.41	\$2,230,773.01	\$ 874.88		\$ 20,664.23	\$ 993,129.33	\$ 61,383.62
DUE TO AFFILIATED COMPANIES,.....	\$ 646.02		\$ 646.02	\$ 646.02								
DEFERRED LIABILITIES - Schedule #5,.....	\$ 123,243.85		\$ 123,243.85	\$ 50,666.15	\$ 37,103.11	\$ 22,964.65	\$ 15,109.15	\$ 2,500.79				
RESERVES:												
For Extension of Gladstone Dock,.....	\$ 3,237.23		\$ 3,237.23	\$ 3,237.23								
For Insurance - Lake Superior Iron Company,.....	10,126.82		10,126.82	10,126.82								
For Insurance - Regent Iron Company,.....	3,404.39		3,404.39	3,404.39								
For Insurance - Chemical Plants,.....	85,447.25		85,447.25	37,202.48			\$ 48,244.77					
For Relinings and Renewals - Furnace Department,.....	33,357.41		33,357.41	19,697.50			13,659.91					
For Doctors' Fees - Mine Department,.....	880.08		880.08	880.08								
For Sidewalk and Landscape Work - Land Department,.....	189.32		189.32	189.32								
Total Reserves,.....	\$ 136,642.50		\$ 136,642.50	\$ 74,727.82			\$ 61,904.68					
CONTINGENT LIABILITIES (See Contra),.....		\$ 329,000.00	\$ 329,000.00	\$ 329,000.00								
SURPLUS:												
Applicable to The Cleveland-Cliffs Iron Company,.....	\$18,960,429.29	\$ 687,397.43	\$18,273,031.86	\$15,630,097.60	\$2,101,187.86	\$ 615,827.76	\$ 35,463.95	\$306,405.22	\$262,567.92	\$ 9,818.64	\$ 24,896.85	\$118,667.12
Applicable to Minority Stockholders in Subsidiary Companies,.....	458.79		458.79						316.04			142.75
Total Surplus,.....	\$18,959,970.50	\$ 687,397.43	\$18,272,573.07	\$15,630,097.60	\$2,101,187.86	\$ 615,827.76	\$ 35,463.95	\$306,405.22	\$262,883.96	\$ 9,818.64	\$ 24,896.85	\$118,809.87
TOTAL,.....	\$29,069,889.04	\$7,599,655.86	\$36,669,554.90	\$25,024,945.69	\$4,813,130.46	\$1,929,217.18	\$2,518,664.41	\$641,343.25	\$168,836.87	\$ 36,280.84	\$1,331,170.15	\$205,966.05

EXHIBIT "C"

(Concluded) -- 2.

THE CLEVELAND-CLIFFS IRON COMPANY AND SUBSIDIARY COMPANIES

DETAIL ELIMINATIONS IN CONSOLIDATION OF GENERAL BALANCE SHEETS - DECEMBER 31, 1912

	STOCKS OWNED IN SUBSIDIARY COMPANIES	CAPITAL STOCK	DUE FROM SUBSIDIARY COMPANIES	DUE TO SUBSIDIARY COMPANIES	CONTINGENT ASSETS	CONTINGENT LIABILITIES
CAPITAL STOCKS OF SUBSIDIARY COMPANIES:						
Owned by The Cleveland-Cliffs Iron Company:						
Cleveland Iron Mining Company,.....	\$ 852,916.60	\$2,500,000.00				
Iron Cliffs Company,.....	1,423,092.40	1,000,000.00				
Jackson Iron Company,.....	1,091,487.60	300,000.00				
Grand Island Steamship Company,.....	1.00	25,000.00				
The Munising Company,.....	186,969.97	415,400.00				
The Central Land & Timber Company, Limited,...	25,000.00	25,000.00				
Bay Mills Land & Lumber Company,.....	249,985.00	249,700.00				
Owned by Iron Cliffs Company:						
Pioneer Iron Company,.....	123,250.00	125,000.00				
DUE FROM AND TO SUBSIDIARY COMPANIES:						
To The Cleveland-Cliffs Iron Company:						
By Pioneer Iron Company,.....			\$1,108,017.22	\$1,108,017.22		
By Grand Island Steamship Company,.....			817,503.87	817,503.87		
By Jackson Iron Company,.....			746.73	746.73		
By The Central Land & Timber Company, Limited,			20,664.23	20,664.23		
By Bay Mills Land & Lumber Company,.....			61,383.62	61,383.62		
To Cleveland Iron Mining Company:						
By Pioneer Iron Company,.....			926,382.41	926,382.41		
By Jackson Iron Company,.....			128.15	128.15		
By Grand Island Steamship Company,.....			175,000.00	175,000.00		
To Iron Cliffs Company:						
By Pioneer Iron Company,.....			196,373.38	196,373.38		
By Grand Island Steamship Company,.....			625.46	625.46		
To Jackson Iron Company:						
By Iron Cliffs Company,.....			7,778.41	7,778.41		
To The Munising Company:						
By The Cleveland-Cliffs Iron Company,.....			3,349.81	3,349.81		
CONTINGENT ASSETS AND CONTINGENT LIABILITIES:						
The Cleveland-Cliffs Iron Company as Endorser on Bonds of Grand Island Steamship Company,.....					\$329,000.00	\$329,000.00
TOTAL,.....	\$3,952,702.57	\$4,640,100.00	\$3,317,953.29	\$3,317,953.29	\$329,000.00	\$329,000.00

NOTE: The difference of \$687,397.43 between the book value of "Stocks Owned in Subsidiary Companies" and the par value thereof, has been applied as an increase to Surplus Account (See Exhibit "C").

THE CLEVELAND-CLIFFS IRON COMPANY AND SUBSIDIARY COMPANIES

SUMMARY OF PROPERTY - DECEMBER 31, 1912

	TOTAL	THE CLEVELAND- CLIFFS IRON COMPANY	CLEVELAND IRON MINING COMPANY	IRON CLIFFS COMPANY	PIONEER IRON COMPANY	JACKSON IRON COMPANY	THE MUNISING COMPANY	THE CENTRAL LAND & TIM- BER COMPANY, LIMITED	GRAND ISLAND STEAMSHIP COMPANY	BAY MILLS LAND & LUMBER COMPANY
Real Estate and Timber Lands,....	\$ 3,235,357.98	\$2,827,894.49			\$ 68,907.60	\$ 6,060.12	\$134,572.91			\$197,922.86
Mining Lands, Leases, and Options,.....	5,053,449.36	1,653,723.11	\$2,528,003.60	\$442,052.87		398,746.50	\$30,923.28			
Tax Certificates,.....	5,648.35	2,697.61	357.50	1,115.92	21.71	10.01	1,445.60			
Plant Equipment, Construction, and Mine Development Accounts,	5,308,259.35	4,316,166.90	61,746.94	86,191.28	808,423.28	35,730.95				
Vessels,.....	1,200,500.00							\$1,200,500.00		
Hospital Lands - Ishpeming,.....	1,255.71		652.82	602.89						
Queen Mine Tracks,.....	2,900.00	2,900.00								
Private Car,.....	14,000.00	14,000.00								
Office Furniture and Fixtures,..	1,000.00	1,000.00								
TOTAL,.....	\$14,822,370.75	\$8,818,382.11	\$2,590,760.86	\$529,962.96	\$877,352.59	\$440,547.58	\$134,572.91	\$32,368.88	\$1,200,500.00	\$197,922.86

THE CLEVELAND-CLIFFS IRON COMPANY
AND SUBSIDIARY COMPANIES

INVESTMENTS IN STOCKS, BONDS, NOTES, ETC. - DECEMBER 31, 1912
(Not Including Capital Stocks of Subsidiary Companies)

	NUMBER OF SHARES OR	PAR VALUE	BOOK VALUE
	BONDS		

THE CLEVELAND-CLIFFS IRON COMPANY

STOCKS OWNED AND SUBSCRIBED FOR:

Stocks Owned:

Arctic Iron Company,.....	9,997	\$ 249,925.00	\$ 34,536.81
Athens Mining Company,.....	7,433-1/3	185,833.33	87,132.55
Bunker Hill Mining Company,....	4,097.5888	102,439.72	64,753.87
Carp River Furnace Company,....	3,037	75,925.00	1.00
Lake Superior & Ishpeming Ry. Company,.....	6,567	656,700.00	1,000.00
Lake Superior Iron Company,....	21,000	525,000.00	10,000.00
Lucky Star Mining Company,.....	4,753	118,825.00	18,825.00
Munising Paper Co. Ltd.,.....	3,591 Pfd.	359,100.00)	
Munising Paper Co. Ltd.,.....	860 Com.	86,000.00)	386,600.00
Munising Woodenware Company,...	3,100	31,000.00	31,000.00
Munising, Marquette & South- eastern Railway Company,.....	18,272-1/2	1,827,250.00	13,899.30
Michigan Mineral Land Company, ..	2,500	25,000.00	95,000.00
Negaunee Mine,.....	10,000	250,000.00	10,000.00
The Regent Iron Company,.....	1,125	112,500.00	10,000.00
Upper Peninsula Land Co. Ltd.,..	3,125	312,500.00	1.00
Total,.....		<u>\$4,917,998.05</u>	<u>\$ 762,749.53</u>

Stocks Subscribed For:

Athens Mining Company,.....	3,716-2/3	\$ 92,916.67	\$ 92,916.67
Bunker Hill Mining Company,....	272.2652	6,806.63	6,806.63
Cliffs Chemical Company,.....	900	90,000.00	90,000.00
Total,.....		<u>\$ 189,723.30</u>	<u>\$ 189,723.30</u>

Total Stocks Owned and

Subscribed For,..... \$5,107,721.35 \$ 952,472.83

BONDS OWNED:

Carp River Furnace Company,.....	35	\$ 35,000.00)	
	6	3,000.00)	1.00
Cleveland Central Armory - Deben- ture Certificate,.....	1	500.00	1.00
Forsythe Township School District	12	6,000.00	6,000.00
Gladstone Company,.....	22	11,000.00	1.00
Lake Superior & Ishpeming Railway Company,.....	3	1,500.00	1,500.00
Marquette & Southeastern Railway Company,.....	985	985,000.00	985,000.00
Upper Peninsula Land Co. Ltd.,...	16	16,000.00	13,992.07
Total Bonds,.....		<u>\$1,058,000.00</u>	<u>\$1,006,495.07</u>

FORWARD,..... \$6,165,721.35 \$1,958,967.90

THE CLEVELAND-CLIFFS IRON COMPANY, ETC.
 INVESTMENTS IN STOCKS, BONDS, NOTES, ETC.

	NUMBER OF SHARES OR BONDS	PAR VALUE	BOOK VALUE
FORWARD,.....		\$6,165,721.35	\$1,958,967.90
MISCELLANEOUS:			
Equity in Coal Lands in Pennsyl- vania,.....		\$ 966,804.47	\$ 966,804.47
Note - Munising Railway Company,.....		376,728.35	376,728.35
Total Miscellaneous,.....		\$1,343,532.82	\$1,343,532.82
Total - The Cleveland-Cliffs Iron Company,.....		\$7,509,254.17	\$3,302,500.72

JACKSON IRON COMPANY

STOCKS OWNED:

Republic Iron & Steel Company - Preferred,.....	52	\$ 5,200.00)	
Republic Iron & Steel Company - Common,.....	52	5,200.00)	\$ 1.00
Total - Jackson Iron Company,.....		\$ 10,400.00	\$ 1.00

GRAND ISLAND STEAMSHIP COMPANY

STOCK OWNED IN LAKE CARRIERS'

ASSOCIATION,.....	376.94	\$ 376.94	\$ 210.72
CONSTRUCTION CONTRACT - STEAMER			
"WM. G. MATHER",.....		25,000.00	25,000.00
Total - Grand Island Steamship Com- pany,.....		\$ 25,376.94	\$ 25,210.72
TOTAL - THE CLEVELAND-CLIFFS IRON COM- PANY AND SUBSIDIARY COMPANIES,.....		\$7,545,031.11	\$3,327,712.44

THE CLEVELAND-CLIFFS IRON COMPANY AND SUBSIDIARY COMPANIES

DEFERRED ASSETS - DECEMBER 31, 1912

	TOTAL	THE CLEVELAND- CLIFFS IRON COMPANY	PIONEER IRON COMPANY	JACKSON IRON COMPANY	THE CENTRAL LAND & TIM- BER COMPANY, LIMITED
Wm. G. Mather (Trustee, Grand Rapids Special Fund),.....	\$ 3,750.00	\$3,750.00			
Cash on Deposit in Bank of D. Hammel & Sons, Gladstone, Michigan - Bank Failed,.....	1,324.01	1,324.01			
Cash on Deposit with First National Bank, Ironwood, Michigan - Now in Receivers' Hands,.....	569.90	569.90			
Dismantling Plant #2 - Furnace Department,.....	674.89	674.89			
Addition to Launch Dock - Munising,.....	179.79	179.79			
Eagle Mills Site,.....	493.02	493.02			
Grand Island Row Boats,.....	71.70	71.70			
Hauling Cord Wood,.....	268.28	268.28			
House Repairs - Clifford Addition,.....	175.00	175.00			
Surveys,.....	193.69	193.69			
Investigation of Hermansville Plant,.....	78.57	78.57			
Timber Deeds,.....	166.05	166.05			
Legal Expenses - Peterson Lands,.....	7.25	7.25			
Filtration Plant,.....	1,646.81		\$1,646.81		
Cost of Handling Pig Iron for Vessel Shipment,.....	1,138.60		1,138.60		
Claims - Chemical Accounts,.....	898.78		898.78		
Analysis Expenses - Professor Veasey,.....	50.00		50.00		
Repairs to Buildings - Fayette,.....	2,407.35			\$2,407.35	
Duluth, South Shore & Atlantic Railway Company - Right of Way,....	937.64			937.64	
Forest Reserve Scrip - California Lands,.....	2,640.00				\$2,640.00
Soldiers Scrip - Michigan Lands,.....	540.80				540.80
Samuel P. Snider - Taxes,.....	421.80				421.80
TOTAL,.....	\$18,633.93	\$7,952.15	\$3,734.19	\$3,344.99	\$3,602.60

THE CLEVELAND-CLIFFS IRON COMPANY AND SUBSIDIARY COMPANIES

DEFERRED LIABILITIES - DECEMBER 31, 1912

	TOTAL	THE CLEVELAND- CLIFFS IRON COMPANY	CLEVELAND IRON MINING COMPANY	IRON CLIFFS COMPANY	PIONEER IRON COMPANY	JACKSON IRON COMPANY
Benefit and Suspense Funds,.....	\$105,857.07	\$48,758.50	\$32,103.11	\$22,494.67		\$ 2,500.79
Fire Loss,.....	675.47	675.47				
Interest on Notes Receivable - Unearned,...	1,702.16	1,232.18		469.98		
Drum Redemption Account,.....	4,801.70				\$ 4,801.70	
Package Redemption Account,.....	10,307.45				10,307.45	
TOTAL,.....	\$123,343.85	\$50,666.15	\$32,103.11	\$22,964.65	\$15,109.15	\$ 2,500.79

THE CLEVELAND-CLIFFS IRON COMPANY AND SUBSIDIARY COMPANIES

SUMMARY OF INCOME AND PROFIT & LOSS FOR THE YEAR ENDED DECEMBER 31, 1912, AND CONSOLIDATION

..... CONSOLIDATION	THE CLEVELAND-CLIFFS IRON COMPANY	CLEVELAND IRON MINING COMPANY	IRON CLIFFS COMPANY	PIONEER IRON COMPANY	JACKSON IRON COMPANY	THE MUNISING COMPANY	THE CENTRAL LAND & TIMBER COMPANY, LTD.	GRAND ISLAND STEAMSHIP COMPANY	RAY MILLS LAND & LUMBER COMPANY			
TOTAL	ELIMINATIONS	COMBINED TOTAL										
NET PROFIT FROM OPERATIONS, PER EXHIBITS,.....	\$ 1,446,370.47	\$ 1,446,370.47	\$ 177,842.74	\$ 646,110.85	\$ 580,772.61	\$ 105,903.65	\$ 7,997.76	\$ 19,658.52	\$ 890.79	\$ 178,283.15	\$ 18,183.68	
GENERAL EXPENSES,.....	199,154.19	199,154.19	123,186.89	26,679.83	25,781.16	13,811.59	1,331.99	50.50		8,286.73	25.50	
NET OPERATING INCOME,.....	\$ 1,247,216.28	\$ 1,247,216.28	\$ 54,655.85	\$ 619,431.02	\$ 554,991.45	\$ 119,715.24	\$ 6,665.77	\$ 19,709.02	\$ 890.79	\$ 169,996.42	\$ 18,209.18	
OTHER INCOME:												
Interest on Bank Balances, Interest on Notes and Accounts Receivable, and Discounts on Purchases - Cleveland Office,.....	\$ 38,594.34	\$ 38,594.34	\$ 19,414.85	\$ 5,042.35	\$ 4,542.35	\$ 283.93	\$ 679.49	\$ 7,467.72		\$ 1,163.65		
Interest and Discounts - Operating Departments,.....	6,871.07	6,871.07	4,850.60	437.65	587.05	634.10	39.59				\$ 322.08	
Interest and Dividends on Investments in Stocks, Bonds, Notes, etc.,.....	120,094.62	120,094.62	119,951.62				143.00					
Dividends on stocks of Subsidiary Companies,.....		\$ 680,887.54	680,887.54	680,887.54								
Interest on Construction Advances to Subsidiary Companies,.....		24,450.00	24,450.00	24,450.00								
Sales of Equipment - Profit,.....	19,918.74	19,918.74	1,753.36	900.87	184.51					17,000.00		
Royalties,.....	5,343.76	5,343.76	2,343.76		3,000.00							
Commissions on Ore Sales,.....	3,466.30	3,466.30	3,466.30									
Total,.....	\$ 194,288.83	\$ 705,337.54	\$ 899,626.37	\$ 857,118.03	\$ 6,460.87	\$ 8,313.91	\$ 918.03	\$ 862.08	\$ 7,467.72	\$ 18,163.65	\$ 322.08	
GROSS INCOME,.....	\$ 1,441,505.11	\$ 705,337.54	\$ 2,146,842.65	\$ 911,773.88	\$ 625,891.89	\$ 563,305.36	\$ 118,797.21	\$ 7,527.85	\$ 12,241.30	\$ 890.79	\$ 188,160.07	\$ 17,887.10
INCOME CHARGES:												
Interest on Bonds,.....	\$ 168,587.50	\$ 168,587.50	\$ 150,000.00							\$ 18,587.50		
Interest on Notes and Accounts Payable, Exchange, etc.,.....	25,266.35	25,266.35	24,434.57	53.73	710.56	67.49						
Interest on Advance Payments on Ore Sales Contracts,.....	25,977.75	25,977.75	11,385.24	2,615.15	11,977.36							
Interest on Construction Advances,.....		\$ 24,450.00	24,450.00							24,450.00		
Discount on Sales,.....	5,991.46	5,991.46				5,991.46						
Accounts Written Off as Uncollectible - Cleveland Office,.....	1.00	1.00			1.00							
Accounts Written Off as Uncollectible - Operating Departments	4,302.28	4,302.28	4,150.38								\$ 151.90	
Depreciation of Property and Plants in Addition to Charges Included in Operating Expenses,.....	13,641.34	13,641.34	13,641.34									
Depreciation of Vessels,.....	114,500.00	114,500.00								114,500.00		
Investment Stocks and Bonds, Written Down,.....	5,726.27	5,726.27	5,726.27									
Investment in Capital Stocks of Subsidiary Companies, Written Down,.....	171,237.40	171,237.40	171,237.40									
Unsuccessful Explorations,.....	5,499.75	5,499.75	5,499.75									
Receivership Expenses - Dunbar Furnace Company,.....	35,672.96	35,672.96	35,672.96									
Expenses account of Purchase of Real Estate and Mining Lands, Investigating Ore Properties and Water Power Lands,.....	1,043.25	1,043.25	1,041.25		2.00							
Expenses (Net) - Toledo Property,.....	463.67	463.67	463.67									
Maintenance - Queen Mine Tracks,.....	232.31	232.31	232.31									
Total,.....	\$ 578,143.29	\$ 24,450.00	\$ 602,593.29	\$ 423,485.14	\$ 2,668.88	\$ 12,690.92	\$ 6,058.95			\$ 157,537.50	\$ 151.90	
NET INCOME,.....	\$ 863,361.82	\$ 680,887.54	\$ 1,544,249.36	\$ 488,288.74	\$ 623,223.01	\$ 550,614.44	\$ 124,856.16	\$ 7,527.85	\$ 12,241.30	\$ 890.79	\$ 30,622.57	\$ 18,039.00
PROFIT & LOSS CREDITS:												
Profit & Loss Surplus at Beginning of Year,.....	\$ 17,923,973.51	\$ 17,923,973.51	\$ 15,667,799.30	\$ 1,805,258.25	\$ 407,898.72	\$ 160,000.67	\$ 298,877.37	\$ 250,642.66	\$ 8,927.85	\$ 55,519.42	\$ 100,770.87	
Accounts Receivable of Excelsior Iron Company taken over,.....	10,908.74	10,908.74			10,908.74							
Adjustment of Account - L. & R. Wister & Company,.....	2,329.36	2,329.36	2,329.36									
Refund of Expenses account of Sturgeon River Water Power Lands,.....	8,505.55	8,505.55	8,505.55									
Benefit and Suspense Fund - Written Off,.....	319.44	319.44				319.44						
Total,.....	\$ 17,946,036.60	\$ 17,946,036.60	\$ 15,678,634.21	\$ 1,805,258.25	\$ 418,807.46	\$ 160,320.11	\$ 298,877.37	\$ 250,642.66	\$ 8,927.85	\$ 55,519.42	\$ 100,770.87	
PROFIT & LOSS GROSS SURPLUS,.....	\$ 18,809,398.42	\$ 680,887.54	\$ 19,490,285.96	\$ 16,166,922.95	\$ 2,428,481.26	\$ 969,421.90	\$ 35,463.95	\$ 306,405.22	\$ 262,883.96	\$ 9,818.64	\$ 24,896.85	\$ 118,809.87
PROFIT & LOSS CHARGES:												
Interest Accrued on R. H. Munson Account - Written Off,.....	\$ 35,221.84	\$ 35,221.84	\$ 35,221.84									
Interest Accrued on Tindle and Jackson Account - Written Off,.....	283.93	283.93										
Interest Accrued on Account with The Athens Mining Company - Written Off,.....	10,319.58	10,319.58	10,319.58									
Dividends,.....	491,000.00	\$ 680,887.54	1,171,887.54	491,000.00	\$ 327,293.40	\$ 353,594.14						
Total,.....	\$ 536,825.35	\$ 680,887.54	\$ 1,217,712.89	\$ 536,825.35	\$ 327,293.40	\$ 353,594.14						
PROFIT & LOSS SURPLUS AT END OF THE YEAR,.....	\$ 18,272,573.07	\$ 18,272,573.07	\$ 15,630,997.60	\$ 2,101,187.86	\$ 615,827.76	\$ 35,463.95	\$ 306,405.22	\$ 262,883.96	\$ 9,818.64	\$ 24,896.85	\$ 118,809.87	

THE CLEVELAND-CLIFFS IRON COMPANY

SUMMARY OF NET PROFIT FROM OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1912,
NOT INCLUDING GENERAL EXPENSES OF CLEVELAND OFFICE

MINE DEPARTMENT - Schedule #1,.....	\$220,105.58
CHEMICAL DEPARTMENT - Schedule #2,.....	106,536.17
MISCELLANEOUS OPERATIONS - Schedule #3,.....	47,186.29
FURNACE DEPARTMENT - Schedule #4,.....	64,002.35
LUMBERING DEPARTMENT - Schedule #5,.....	15,394.29
LAND DEPARTMENT - Schedule #6,.....	<u>116,588.66</u>
TOTAL,.....	<u>\$177,842.74</u>

Exhibit "E"

THE CLEVELAND-CLIFFS IRON COMPANY

MINE DEPARTMENT OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1912

PROFITS:

Ore Sales:

Tons of Ore Sold,.....	1,474,985	
Sales of Ore,.....		\$3,912,036.74
Less Penalties and Bonuses - Net,.....		<u>74,266.06</u>
Net Sales of Ore,.....		\$3,837,770.68

Cost of Sales:

Operating Mines,.....	\$1,933,328.23	
Rail Freight,.....	380,040.13	
Lake Freight,.....	262,971.30	
Cargo Insurance,.....	947.58	
Analyses,.....	4,116.51	
Royalties,.....	362,557.27	
7 Ore Purchased,.....	466,694.06	
Unloading,.....	951.42	
Trackage,.....	454.90	
Taxes on Ore at Lake Erie Ports	1,329.67	
Decrease in Inventory,.....	<u>225,636.46</u>	
Total Cost of Sales,.....		<u>3,639,027.53</u>
Profit from Sales of Ore,.....		\$ 198,743.15

Rented Buildings:

Earnings,.....	\$ 33,071.08	
Expenses,.....	<u>31,698.47</u>	1,372.61

Electric Service Earnings - Au Train:

Earnings,.....	\$ 14,675.00	
Expenses,.....	<u>10,184.73</u>	4,490.27

Electric Service Earnings - Steam Plant,.....

18,166.86

Lot and Land Rents,.....

1,239.10

Shop Earnings,.....

45.59

Laboratory Earnings,.....

74.69

Collection Fees,.....

88.76

Miscellaneous,.....

521.49

Total,..... \$ 224,742.52

LESS:

Loss on Gwinn Townsite Sales:

Cost of Lots Sold and Expenses,.....	\$5,630.85	
Sales,.....	<u>3,460.37</u>	\$ 2,170.48
Taxes and Expenses - East New York Mine,.....	<u>219.57</u>	
FORWARD,.....	\$ 2,390.05	\$ 224,742.52

THE CLEVELAND-CLIFFS IRON COMPANY.
MINE DEPARTMENT OPERATIONS, ETC.

PROFITS - (Forward),.....		\$ 224,742.52
LESS - (Forward),.....	\$ 2,390.05	
Taxes - Non-operating Properties, ..	236.27	
Webster Mine Expenses - Net,.....	255.48	
Geological Survey,.....	<u>1,755.14</u>	
Total,.....		<u>4,636.94</u>
NET PROFIT - MINE DEPARTMENT OPERATIONS,.....		<u>\$ 220,105.58</u>

Exhibit E
Schedule #1

(Concluded) -2.

THE CLEVELAND-CLIFFS IRON COMPANY

CHEMICAL DEPARTMENT OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1912

WOOD ALCOHOL - PLANTS #1 AND #2:

Sales,.....			\$136,976.16	
Cost of Sales:				
Operating Plants,.....	\$72,760.19			
Rail Frieght,.....	1,794.55			
Commissions,.....	1,391.13			
Alcohol Purchased,.....	11,795.48			
Decrease in Inventory,.....	<u>8,382.88</u>	<u>96,124.23</u>		
Profit - Wood Alcohol,.....				\$ 40,851.93

ACETATE OF LIME:

Sales,.....			\$113,476.97	
Cost of Sales:				
Operating Plant,.....	\$57,340.58			
Decrease in Inventory,.....	<u>2,164.03</u>	<u>59,504.61</u>		
Profit - Acetate of Lime,.....				53,972.36

SPECIAL CHEMICAL PRODUCTS:

Sales,.....			\$ 49,958.56	
Cost of Sales:				
Operating Plant,.....	\$42,811.27			
Rail Freight,.....	885.84			
Commissions,.....	<u>1,241.19</u>	<u>44,938.30</u>		
Profit - Special Products,.....				5,020.26

WOOD ALCOHOL - ANTRIM IRON COMPANY:

Sales,.....			\$ 62,914.13	
Cost of Sales:				
Alcohol Purchased,.....	\$55,703.69			
Rail Freight,.....	2,336.96			
Barrelling Expense,.....	1,759.85			
Distributing Expense,.....	354.24			
Commissions,.....	<u>2,759.39</u>	<u>62,914.13</u>		

METHOL ACETONE - ANTRIM IRON COMPANY:

Sales,.....			\$ 3,934.08	
Cost of Sales:				
Methol Acetone Purchased,.....	\$ 3,540.74			
Rail Freight,.....	157.72			
Barrelling Expense,.....	49.82			
Commissions,.....	<u>185.80</u>	<u>3,934.08</u>		

SELLING DEPARTMENT:

Commissions earned on Sales of Chemical Products of The Cleveland-Cliffs Iron Company and Pioneer Iron Company and apportioned to the Cost of the various Products sold,.....			\$ 29,486.15	
Expenses - Selling Department,.....			<u>22,794.53</u>	
Profit - Selling Department,.....				<u>6,691.62</u>

NET PROFIT - CHEMICAL DEPARTMENT OPERATIONS,..... \$106,536.17

THE CLEVELAND-CLIFFS IRON COMPANY

MISCELLANEOUS OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1912

PROFITS:

Profit on Regent Iron Company's Ores:

Tons Sold,.....	<u>127,053</u>	
Sales,.....		\$254,436.60
Cost of Sales,.....		<u>192,203.42</u>
Profit,.....		\$ 62,233.18

PROFIT ON DUNBAR PIG IRON:

Tons Sold,.....	<u>552</u>	
Sales,.....		\$ 8,422.67
Cost of Sales:		
Decrease in Inventory,.....	\$7,805.69	
Commissions,.....	<u>11.25</u>	<u>7,816.94</u>
Profit,.....		<u>605.73</u>
Total Profits,.....		\$ 62,838.91

LOSS ON LAKE SUPERIOR IRON COMPANY ORES:

Tons Sold,.....	<u>51,702</u>	
Sales,.....		\$146,776.39
Cost of Sales:		
Decrease in Inventory (Clean up),.....	\$137,405.02	
Rail Freight,.....	8,857.01	
Lake Freight,.....	15,783.75	
Cargo Insurance,.....	50.49	
Analysis,.....	184.50	
Taxes,.....	<u>148.24</u>	<u>162,429.01</u>
Total,.....		<u>15,652.62</u>

NET PROFIT FROM MISCELLANEOUS OPERATIONS,..... \$ 47,186.29

Exhibit E
Schedule #3.

THE CLEVELAND-CLIFFS IRON COMPANY

FURNACE DEPARTMENT OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1912

PIG IRON:

Tons Sold,.....	21,496	
Sales of Pig Iron,.....		\$304,066.85
Cost of Sales:		
Cost of Production,.....	\$523,534.31	
Less:		
Increase in Inventory,..	\$151,076.00	
Proportion of Profits of Superior Charcoal Iron Co. account of Pig Iron Sales,.....	4,636.13	155,712.13
		<u>367,822.18</u>
Loss,.....		\$ 63,755.33
TAXES - GLADSTONE CITY LOTS,.....		<u>247.02</u>
LOSS FROM FURNACE DEPARTMENT OPERATIONS,.....		<u>\$ 64,002.35</u>

Exhibit "E"
Schedule #4

THE CLEVELAND-CLIFFS IRON COMPANY

LUMBERING DEPARTMENT OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1912

LOSS FROM FOREST PRODUCT OPERATIONS:

Sales,.....		\$65,715.84	
Cost of Sales:			
Cost of Operations,.....	\$60,788.81		
Decrease in Inventory,.....	<u>23,654.86</u>	<u>84,443.67</u>	
Loss,.....			\$18,727.83

PROFITS:

Mining Timber:			
Sales,.....	\$23,754.57		
Cost of Sales - Purchases,.....	<u>21,727.12</u>		
Profit,.....		\$ 2,027.45	
Rentals - Wood Jobs,.....		1,111.56	
Unclaimed Wages,.....		<u>194.53</u>	
Total Profits,.....			<u>3,333.54</u>

NET LOSS FROM LUMBERING DEPARTMENT OPERATIONS,.....			<u>\$15,394.29</u>
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Exhibit 'E'
Schedule #5

THE CLEVELAND-CLIFFS IRON COMPANY

LAND DEPARTMENT OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1912

LOSSES:

Grand Island:		
Expenses,.....	\$ 21,612.92	
Earnings,.....	<u>6,663.17</u>	\$ 14,949.75
Hotel Williams:		
Expenses,.....	\$ 12,827.87	
Earnings,.....	<u>6,936.81</u>	5,891.06
Alger County Farm:		
Expenses,.....	\$ 9,896.30	
Earnings,.....	<u>5,203.30</u>	4,693.00
Fish Hatchery:		
Expenses,.....	\$ 776.07	
Earnings,.....	<u>528.01</u>	248.06
Green House and Nursery:		
Expenses,.....	\$ 9,416.61	
Earnings,.....	<u>7,663.74</u>	1,752.87
Limestone Job,.....		197.46
Taxes,.....		101,188.44
General Expenses,.....		<u>25,579.59</u>
Total Losses,.....		\$154,500.23

PROFITS:

Munising Saw Mill:		
Sales,.....	\$205,339.08	
Cost of Sales,.....	<u>196,333.18</u>	\$ 9,005.90
Stumpage:		
Sales,.....	\$ 26,325.60	
Cost of Sales,.....	<u>16,295.38</u>	10,030.22
Lands and Timber:		
Sales,.....	\$ 32,984.85	
Cost of Sales,.....	<u>17,497.08</u>	15,487.77
Profit on Sales of Tax Cer-		
tificates,.....		481.19
Farm and Pasture Rentals,.....		211.67
Lot Rentals,.....		823.50
Cottage Rentals,.....		688.84
Trespass Cases,.....		12.25
Unclaimed Wages,.....		93.07
Miscellaneous,.....		<u>1,077.16</u>
Total Profits,.....		<u>37,911.57</u>
NET LOSS - LAND DEPARTMENT OPERATIONS,.....		<u>\$116,588.66</u>

Exhibit 'E'
Schedule #6.

CLEVELAND IRON MINING COMPANY

OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1912

MINE DEPARTMENT OPERATIONS

PROFIT FROM SALES OF ORE:

Tons Sold,.....	<u>703,689</u>	
Sales of Ore,.....		\$2,010,762.35
Deduct Penalties,.....		<u>53,743.78</u>
Net Sales of Ore,.....		\$1,957,018.57
Cost of Sales:		
Operating Mines - Production Cost,.....	\$380,664.48	
Ore Purchased,.....	415,521.40	
Decrease in Inventory,.....	206,274.12	
Rail Freight,.....	139,332.45	
Lake Freight,.....	137,584.35	
Cargo Insurance,.....	948.85	
Analysis,.....	1,798.22	
Taxes on Ore at Lake Erie Ports,.....	<u>390.56</u>	
Total Cost of Sales,.....		<u>1,282,514.43</u>
Profit from Sales of Ore,.....		\$ 674,504.14
SHOP EARNINGS - MORO MINE,.....		557.64
RENTALS OF EQUIPMENT,.....		81.20
COLLECTION FEES,.....		41.70
MISCELLANEOUS,.....		<u>35.45</u>
Total,.....		\$ 675,220.13
LESS:		
Operating Rented Houses:		
Expenses,.....	\$11,288.96	
Earnings,.....	<u>4,875.61</u>	\$ 6,413.35
Expenses of Hard Ore Location,.....		23,480.14
Land Improvements - Hard Ore Location,.....		2,893.56
Expenses - Hematite Mine,.....		260.57
Taxes - Lot #49 - Second Addition,.....		<u>3.58</u>
Total,.....		<u>33,051.20</u>
NET PROFIT - MINE DEPARTMENT OPERATIONS,.....		<u>\$ 642,168.93</u>

Exhibit F (Continued)-1.

CLEVELAND IRON MINING COMPANY.
OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1912.

LAND DEPARTMENT OPERATIONS

FARM RENTALS,.....		\$	505.50
LOT RENTALS:			
Cleveland Location,.....	\$	2,809.02	
Bancroft Location,.....		478.74	
Hard Ore Location,.....		902.00	
Marquette Location,.....		1,746.00	
Nebraska Location,.....		2,322.00	
Hematite Location,.....		28.00	
Third Addition,.....		3,928.13	
Fourth Addition,.....		29.00	
Miscellaneous,.....		923.57	
Total,.....	\$	13,166.46	
Less Donated Rentals,.....		2,999.00	10,167.46
✓ SALES OF LAND - PROFIT,.....			2,225.00
MISCELLANEOUS EARNINGS,.....			236.48
Total,.....	\$		13,134.44
LESS:			
Land Department General Expenses,.....	\$	2,919.63	
Taxes,.....		1,961.68	
Ishpeming Improvements - Written Off,.....		3,599.62	
Construction - Davis Street Sewer,.....		711.59	
Total,.....			9,192.52
NET PROFIT - LAND DEPARTMENT OPERATIONS,.....	\$		<u>3,941.92</u>

SUMMARY

Net Profit - Mine Department Operations	\$642,168.93
Net Profit - Land Department Operations	<u>3,941.92</u>
Total Net Profit,.....	<u>\$646,110.85</u>

IRON CLIFFS COMPANY

OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1912

MINE DEPARTMENT OPERATIONS

PROFIT FROM SALES OF ORE:

Tons Sold,.....	666,223	
Sales of Ore,.....		\$2,076,577.09
Deduct Penalties,.....		<u>15,175.98</u>
Net Sales of Ore,.....		\$2,061,401.11

Cost of Sales:

Operating Mines - Production Cost,....	\$536,165.53	
Ore Purchased,.....	333,652.88	
Decrease in Inventory,.....	194,160.14	
Rail Freight,.....	155,031.50	
Lake Freight,.....	250,662.55	
Cargo Insurance,.....	1,044.67	
Analysis,.....	3,211.90	
Commissions,.....	846.09	
Taxes on Ore at Lake Erie Ports,.....	<u>673.38</u>	
Total Cost of Sales,.....		<u>1,475,448.64</u>
Profit from Sales of Ore,.....		\$ 585,952.47

OPERATING RENTED HOUSES:

Earnings,.....	\$ 3,348.57	
Expenses,.....	<u>1,667.89</u>	1,680.68

LABORATORY EARNINGS,..... 11.52

COLLECTION FEES,..... 46.00

MISCELLANEOUS EARNINGS,..... 548.75

Total,..... \$ 588,239.42

LESS:

Expenses Non-operating Mines:

✓ Foster Mine,.....	\$143.69	
✓ Ogden Mine,.....	127.59	
✓ Tilden Mine,.....	<u>48.70</u>	\$ 319.98
Land Improvement - Cliffs Shaft,.....	<u>70.29</u>	<u>390.27</u>

NET PROFIT - MINE DEPARTMENT OPERATIONS,..... \$ 587,849.15

Exhibit 9

(Continued) -1

IRON CLIFFS COMPANY.
OPERATIONS, ETC.

LAND DEPARTMENT OPERATIONS

EXPENSES:

General,.....		\$	4,277.74
Taxes,.....			<u>6,048.51</u>
Total Expenses,.....		\$	10,326.25

LESS PROFITS:

Farm Rentals,.....		\$	2,754.61
Operation of Rented Houses:			
Earnings,.....	\$785.00		
Less Expenses,.....	<u>693.97</u>	91.03	
Lot Rentals:			
Junction,.....	\$398.00		
Barnum,.....	5.00		
Salisbury,.....	84.00		
Winthrop,.....	163.00		
Sundry Lots,.....	<u>127.32</u>		
	\$777.32		
Less Donated Rentals,.....	<u>418.00</u>	359.32	
Profit on Sale of Tax Certificates,.....		2.26	
Miscellaneous Profits,.....		<u>42.49</u>	
Total Profits,.....			<u>3,249.71</u>

NET LOSS - LAND DEPARTMENT OPERATIONS,..... \$ 7,076.54

SUMMARY

NET PROFIT - MINE DEPARTMENT OPERATIONS,.....	\$	587,849.15
NET LOSS - LAND DEPARTMENT OPERATIONS,.....		<u>7,076.54</u>
NET PROFIT FROM DEPARTMENT OPERATIONS,.....	\$	<u>580,772.61</u>

*Consider this with
M M & CTR J.
espy taxes*

Exhibit 'G' (Concluded)-2

PIONEER IRON COMPANY

OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1912

FURNACE DEPARTMENT OPERATIONS

LOSSES:

Pig Iron:

Tons Sold,.....	25,977		
Sales,.....		\$371,283.46	
Proportion of Profits of Superior Charcoal Iron Co., account of Pig Iron Sales,.....		13,111.98	
Total Proceeds,.....		\$384,395.44	
Cost of Sales:			
Cost of Production,.....	\$609,979.04		
Less Increase in Inventory,....	119,472.00	490,507.04	
Loss on Pig Iron Sales,.....			\$106,111.60

Operating Rented Buildings:

Expenses,.....	\$ 3,448.75		
Earnings,.....	3,194.35		254.40

Miscellaneous:

Expenses - Carp River Furnace Plant,.....	\$ 1,120.30		
Taxes,.....	461.72	1,582.02	

Total Losses,..... \$107,948.02

PROFITS:

Lot Rents,.....	\$ 30.00		
Unclaimed Wages,.....	24.70		
Miscellaneous,.....	503.93		

Total,..... 558.63

NET LOSS - FURNACE DEPARTMENT OPERATIONS,..... \$107,389.39

LAND DEPARTMENT OPERATIONS

EXPENSES:

General Expenses - Land Department,.....	\$ 144.26		
Taxes,.....	624.08		
Tax Certificates Sold,.....	20.90	\$ 789.24	

EARNINGS:

Lot Rentals,.....	\$ 71.50		
Farm Rentals,.....	17.50		
Miscellaneous,.....	45.95	134.95	

NET LOSS - LAND DEPARTMENT OPERATIONS,..... \$ 654.29

Exhibit #

(Continued) 1-1

PIONEER IRON COMPANY.
OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1912.

CHEMICAL DEPARTMENT OPERATIONS

SALES OF CHEMICALS,.....		\$990,967.37
COST OF SALES:		
Cost of Production,.....	\$ 884,314.96	
Purchases,.....	90,986.35	
Rail Freight,.....	27,556.32	
Marine Freight,.....	596.31	
Commissions,.....	23,908.64	
Warehouse and Barrelling Expenses,.....	3,989.72	
Insurance,.....	87.30	
	<u>\$1,031,439.60</u>	
Less Increase in Inventory,.....	<u>42,612.26</u>	<u>988,827.34</u>
NET PROFIT - CHEMICAL DEPARTMENT,.....		<u>\$ 2,140.03</u>

SUMMARY

NET LOSS - FURNACE DEPARTMENT OPERATIONS,.....		\$107,389.39
NET LOSS - LAND DEPARTMENT OPERATIONS,.....		<u>654.29</u>
Total,.....		\$108,043.68
LESS NET PROFIT - CHEMICAL DEPARTMENT,.....		<u>2,140.03</u>
NET LOSS FROM OPERATIONS,.....		<u>\$105,903.65</u>

*Why not analyzed as in
 Gladstone plant*

Exhibit H'

(Concluded)-2

JACKSON IRON COMPANY

OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1912

MINE DEPARTMENT

PROFITS:

Ore Sales:

Tons of Ore Sold,.....	53,559	
Sales,.....		\$87,884.91
Add Bonus,.....		<u>2,286.51</u>
Total Sales,.....		\$90,171.42

Cost of Sales:

Operating South Jackson Mine -		
Production Cost,.....	\$32,387.02	
Decrease in Inventory,.....	10,383.84	
Rail Freight,.....	12,541.39	
Lake Freight,.....	22,349.70	
Cargo Insurance,.....	38.08	
Analysis,.....	296.83	
Taxes on Ore at Lake Erie Ports,.....	<u>128.32</u>	78,125.18
Profit on Ore Sales,.....		\$12,046.24
Collection Fees,.....		2.60
Miscellaneous Earnings,.....		<u>86.10</u>
Total,.....		\$12,134.94

LESS:

Expenses of Jackson Location,.....	\$ 880.68	
Expenses - North Jackson Mine, Not in Operation,.....	1,553.29	
Taxes - Mineral Reservations,.....	<u>17.33</u>	2,451.30
NET PROFIT - MINE DEPARTMENT OPERATIONS,.....		<u>\$ 9,683.64</u>

LAND DEPARTMENT

EXPENSES:

General Expenses,.....	\$ 3,620.62	
Taxes,.....	<u>2,896.75</u>	
Total,.....		\$ 6,517.37

LESS:

Profit from Operating Rented Buildings,....	\$ 1,255.76	
Lot Rentals,.....	\$4,327.20	
Less Donated Rentals,.....	<u>977.00</u>	3,350.20
Farm Rentals,.....	55.00	
Miscellaneous,.....	<u>170.53</u>	4,831.49
NET LOSS - LAND DEPARTMENT OPERATIONS,.....		<u>\$ 1,685.88</u>

SUMMARY

PROFIT FROM MINE DEPARTMENT OPERATIONS,.....	\$ 9,683.64
LOSS FROM LAND DEPARTMENT OPERATIONS,.....	<u>1,685.88</u>
NET PROFIT FROM OPERATIONS,.....	<u>\$ 7,997.76</u>

THE MUNISING COMPANY

OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1912

EARNINGS:

Sales of Stumpage,.....	\$18,884.31	
Sales of Bark,.....	1,617.42	
Sales of Lots,.....	100.00	
Sales of Farm Lands,.....	2,415.00	
Sales of Land and Timber,.....	800.00	
Sales of Houses - East Munising,.....	100.00	
Trespass Cases,.....	29.72	
Sales of Coalwood Nursery,.....	553.00	
Rentals,.....	55.50	
Miscellaneous,.....	<u>180.38</u>	
Total,.....		\$24,735.33

EXPENSES:

Cost of Stumpage Sold,.....	\$18,884.31	
Cost of Bark Sold,.....	1,617.42	
Cost of Lots Sold,.....	100.00	
Cost of Farm Lands Sold,.....	2,415.00	
Cost of Land and Timber Sold,.....	800.00	
Cost of Houses Sold - East Munising,.....	100.00	
Trespass Cases,.....	29.72	
Operating Coalwood Nursery,.....	437.29	
General Expenses - Land Department,.....	4,045.11	
Taxes,.....	<u>15,965.00</u>	
Total,.....		<u>44,393.85</u>

NET LOSS FROM OPERATIONS,.....		<u>\$19,658.52</u>
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Exhibit J

THE CENTRAL LAND & TIMBER COMPANY, LTD.

OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1912

EXPENSES:

Taxes:

Michigan Lands,.....	\$ 78.19
Minnesota Lands,.....	283.60
General Expenses,.....	<u>529.00</u>

NET LOSS FROM OPERATIONS,..... \$890.79

GRAND ISLAND STEAMSHIP COMPANY

OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1912

PROFIT FROM VESSELS:

Steamer "Wm. G. Mather":		
Receipts,.....	\$ 98,988.30	
Operating Expenses, Taxes, and Insurance,.....	<u>67,914.68</u>	\$ 31,073.62
Steamer "J. H. Sheadle":		
Receipts,.....	\$103,362.42	
Operating Expenses, Taxes, and Insurance,.....	<u>66,917.40</u>	36,445.02
Steamer "Michigan":		
Receipts,.....	\$ 99,792.49	
Operating Expenses, Taxes, and Insurance,.....	<u>65,140.60</u>	34,651.89
Steamer "Ishpeming":		
Receipts,.....	\$101,970.28	
Operating Expenses, Taxes, and Insurance,.....	<u>66,204.26</u>	35,766.02
Steamer "Pontiac":		
Receipts,.....	\$ 43,683.72	
Operating Expenses, Taxes, and Insurance,.....	<u>39,818.43</u>	3,865.29
Steamer "Frontenac":		
Receipts,.....	\$ 38,583.11	
Operating Expenses, Taxes, and Insurance,.....	<u>31,440.25</u>	7,142.86
Steamer "Cadillac":		
Receipts,.....	\$ 29,041.45	
Operating Expenses, Taxes, and Insurance,.....	<u>22,947.88</u>	6,093.57
Steamer "Choctaw":		
Receipts,.....	\$ 35,634.57	
Operating Expenses, Taxes, and Insurance,.....	<u>32,846.72</u>	2,787.85
Steamer "Andaste":		
Receipts,.....	\$ 33,938.20	
Operating Expenses, Taxes, and Insurance,.....	<u>29,917.70</u>	4,020.50
Steamer "Pioneer":		
Receipts,.....	\$ 28,139.31	
Operating Expenses, Taxes, and Insurance,.....	<u>21,672.82</u>	6,466.49
Schooner "Chattanooga":		
Receipts,.....	\$ 27,881.05	
Operating Expenses, Taxes, and Insurance,.....	<u>17,931.91</u>	9,949.14
Total,.....		<u>\$178,262.25</u>
Miscellaneous - Excess of Insurance Recoveries over Personal Injury Settlements,.....		<u>20.90</u>
NET PROFIT FROM OPERATIONS,.....		<u>\$178,283.15</u>

BAY MILLS LAND & LUMBER COMPANY

OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1912

EARNINGS:

Sales of Land and Timber,.....	\$ 17,933.75	
Trespass Cases,.....	183.30	
Rentals:		
Houses,.....	224.75	
Farm,.....	33.33	
Other,.....	53.00	
Miscellaneous,.....	<u>59.50</u>	
Total,.....		\$ 18,487.63

EXPENSES:

Cost of Land and Timber Sold,.....	\$ 17,933.75	
Trespass Cases,.....	183.30	
Operating Land Department:		
Expenses,.....	5,092.74	
Taxes,.....	13,377.23	
Taxes Other Than Land Department,.....	<u>84.29</u>	
Total,.....		<u>36,671.31</u>

NET LOSS FROM OPERATIONS,..... \$ 18,183.68

Exhibit M

THE CLEVELAND-CLIFFS IRON COMPANY

REPORT
ON AUDIT OF BOOKS AND ACCOUNTS
FOR THE YEAR 1912

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS
30 BROAD STREET
NEW YORK

LONDON, E. C.
30 COLEMAN STREET

CHICAGO ST. LOUIS SAN FRANCISCO
CLEVELAND PITTSBURGH BALTIMORE

HASKINS & SELLS

CERTIFIED PUBLIC ACCOUNTANTS

30 BROAD STREET

NEW YORK

CHICAGO
HARRIS TRUST BUILDING

ST. LOUIS
THIRD NATIONAL BANK BUILDING

CLEVELAND
WILLIAMSON BUILDING

PITTSBURGH
FARMERS BANK BUILDING

BALTIMORE
EQUITABLE BUILDING

SAN FRANCISCO
CROCKER BUILDING

LONDON, E.C.
30 COLEMAN STREET

CABLE ADDRESS "HASKSELLS"

RECEIVED

JUN 12 1913

CLEVELAND, June 5, 1913.

Ack. _____ Ans. _____

Mr. Wm. G. Mather,

President, The Cleveland-Cliffs Iron Company,
Cleveland, Ohio.

Dear Sir:

As a part of our report on the audit of the books and accounts
of

The Cleveland-Cliffs Iron Company,
Cleveland Iron Mining Company,
Iron Cliffs Company,
Pioneer Iron Company,
Jackson Iron Company,
The Munising Company,
The Central Land & Timber Company, Limited,
Grand Island Steamship Company, and
Bay Mills Land & Lumber Company

for the year ended December 31, 1912, we submit our comments as follows:

PROPERTY ACCOUNTS

The usual conservative policy with respect to charging expenditures against the Property accounts and allowances for Depreciation were followed during the year 1912.

INVESTMENTS IN STOCKS, BONDS, NOTES, ETC.

The investments in Stocks, Bonds, Notes, etc., at December 31, 1912, other than in capital stocks of subsidiary companies, are shown in detail in Schedule #3 of Exhibit "C". The capital stocks of the Cleveland Iron Mining Company and the Iron Cliffs Company are deposited

with The Citizens Savings & Trust Company, as security to the First Collateral Trust, 6%, Gold Bonds of The Cleveland-Cliffs Iron Company as evidenced by their certification to us under date of May 22, 1913. All other securities owned are in the custody of officials of the Company and were verified by count.

During the year under review the Arctic Iron Company sold certain of its lands, received in payment therefor capital shares of the Lucky Star Mining Company and the Bunker Hill Mining Company, and distributed said shares to its stockholders as a dividend. As a result of this distribution The Cleveland-Cliffs Iron Company received capital shares of the Lucky Star Mining Company of the par value of \$100,000.00, and capital shares of the Bunker Hill Mining Company of the par value of \$37,685.85. In the respective securities accounts on the books of the Company a record was made of the receipt of these capital shares, but no debits were made to those accounts with contra credit to the Company's Profit & Loss account.

CASH ACCOUNTS

Cash in Banks was verified by certifications obtained from the various depositaries and reconciled with the records of each Company.

We counted the petty cash funds in the hands of the various cashiers located at Ishpeming, Negaunee, and Marquette, Michigan, and at Maas Mine. The composition of the funds counted is shown hereunder.

THE CLEVELAND-CLIFFS IRON COMPANY

R. H. McCartney, Cashier, Mine Department, Ishpeming -		
Counted March 24, 1913:		
Cash in Hand,.....	\$	90.46
Brass Checks Redeemed,.....		53.00
Checks:		
J. M. Fitzpatrick,.....	\$	5.00
The Pullman Company,.....	8.10	13.10
Advances on Account of Salary:		
S. J. Krogdall,.....	\$	10.00
Peter Nido,.....		5.00
C. W. Lincoln,.....	10.00	
	(Forward),.....	\$ 25.00
Forward,.....	\$	156.56

Forward,.....		\$ 156.56
Advances on Account of Salary - (Forward),.....	\$ 25.00	
C. J. Shaddock,.....	10.00	
Carl E. Thompson,.....	7.00	
J. F. Van Brocklin,.....	3.60	
T. L. Christian,.....	30.00	
T. J. Richards,.....	40.00	
Bert Rock,.....	5.00	
A. Aas,.....	25.00	
R. J. Chenneour,.....	10.00	
Tom Dyer,.....	<u>2.80</u>	158.40
Advances to Employes on Mine Pay Rolls,.....		307.85
Sundry Expenses Paid, as per Receipts on File,.....		140.52
Cash in Miner's National Bank,.....	\$649.22	
Less Checks Outstanding,.....	<u>412.55</u>	<u>236.67</u>
Amount of Fund,.....		<u>\$1,000.00</u>

E. A. Doty, Clerk, Maas Mine, Negaunee - Counted

April 3, 1913:

Cash in Hand,.....		\$ 35.00
Advance Payments on Mine Pay Roll, as per Receipts on File,.....		533.91
Brass Checks Redeemed,.....		<u>8.00</u>
Total,.....		\$ 576.91
Cash in The First National Bank of Negaunee,....	\$ 94.31	
Less Outstanding Checks,.....	<u>133.22</u>	
Overdraft,.....		<u>38.91</u>
Remainder,.....		\$ 538.00
Less Collections account Rent not remitted to Ishpeming at April 3, 1913,.....		<u>26.50</u>
Fund Remainder,.....		\$ 511.50
Amount of Fund,.....		<u>500.00</u>
Overage,.....		\$ <u>11.50</u>

Chas. Steele, Cashier, Land Department, Negaunee -
Counted March 24, 1913:

Cash,.....		\$ 60.69
Advances on Account of Salaries:		
Edward Dobbs,.....	\$ 15.00	
W. H. DeHaas,.....	<u>10.00</u>	25.00
Advances on Account of Expenses:		
R. A. Brotherton,.....	\$ 40.00	
C. V. R. Townsend,.....	<u>40.00</u>	80.00
Sundry Advances account of Personal Expenses:		
W. A. Garner,.....	\$ 10.02	
C. V. R. Townsend,.....	1.31	
Mr. Nightingale,.....	<u>1.25</u>	12.58
Wages account Discharged Employes,.....		32.61
Expenses Paid, per Receipts on File,.....		156.79
Cash on Deposit with First National Bank, Negaunee,.....		<u>132.33</u>
Amount of Fund,.....		<u>\$ 500.00</u>

G. W. Ackerman, Assistant Auditor and Cashier, Lumbering Department, Marquette - Counted April 4, 1913:		
Cash,.....		\$.11
Advance on account of Salary - G. W. Ackerman,.....		67.71
Wages account of Discharged Employes,.....		13.34
Expenses Paid, per Receipts on File,.....		55.99
Cash on Deposit with Marquette National Bank,.....		<u>162.85</u>
Amount of Fund,.....		<u>\$ 300.00</u>
C. J. Heer, Assistant Treasurer, Cleveland Office - Counted April 14, 1913:		
Cash,.....		\$ 214.40
Advances on account of Salaries:		
H. E. French,.....	\$ 10.00	
A. E. R. Schneider,.....	<u>25.00</u>	35.00
Checks Cashied:		
V. P. Geffine,.....	\$ 8.00	
F. L. Childs,.....	<u>10.00</u>	18.00
Advance on account of Expenses - C. J. Heer,.....		20.00
Expenses Paid, per Receipts on File,.....		<u>12.60</u>
Amount of Fund,.....		<u>\$ 300.00</u>
PIONEER IRON COMPANY:		
A. J. Pearce, Cashier, Furnace Department, Marquette - Counted April 9, 1913:		
Cash,.....		\$ 32.92
Advances account of Expenses:		
Austin Farrell,.....	\$ 72.20	
E. J. Hudson,.....	<u>25.00</u>	97.20
Expenses Paid, per Receipts on File,.....		5.05
Cash on Deposit with Marquette National Bank,.....		<u>364.83</u>
Amount of Fund,.....		<u>\$ 500.00</u>

The cash receipts, as shown by the books of each Company, were found to have been properly accounted for. Checks and vouchers in support of cash disbursements were examined, and with the exception of a few cases all canceled checks were in the files of the Company. It was noted in some instances that checks paid by banks do not bear the endorsement of the payee. The checks not bearing endorsement of the payee were drawn by the Mining Department and the Land Department of The Cleveland-Cliffs Iron Company. We suggest that hereafter such checks be returned to the banks immediately with request that the endorsements be obtained.

NOTES RECEIVABLE

The notes on hand were verified by inspection. Those out

for collection at the date of our examination have since been collected, the receipt of the cash therefor having been checked against the records subsequent to December 31, 1912.

PAYMASTERS' ACCOUNTS

Paymasters' accounts at the various operating points in Northern Michigan were examined and found to be correct, and the cash issued to the Paymaster on account of Pay Rolls was in agreement therewith.

The usual care and precaution is exercised to make the disbursement of Pay Roll Funds to the persons entitled thereto, and all Pay Rolls are certified as to correctness by the various clerks and by the superintendents in charge.

We have not audited the Company's private Pay Rolls. ✓

CAPITAL STOCKS

We audited the Capital Stock accounts of the respective companies against the Stock Certificate records and the Stock Ledger and found them in agreement.

EQUITY IN COAL LANDS IN PENNSYLVANIA

The book value of this investment, as shown in Schedule #3 of Exhibit "C", is \$966,804.47 as compared with \$962,643.00 shown by the books of The Cleveland-Cliffs Iron Company. The difference is an amount of \$4,161.47 which is charged to Profit & Loss on the books of the Company for interest accrued from October 4, 1912, to December 31, 1912, on the balance of \$352,500.00 due on account of the purchase of this property, contrary to our understanding of the purpose to have the account represent the entire cost.

The liability for the unpaid balance, as mentioned in our report rendered under date of May 29, 1912, has been set up on the books.

BRASS IDENTIFICATION CHECKS

The comments in our report dated May 29, 1912, regarding the Company's liability on account of Brass Checks still applies. In the absence of detailed records we did not undertake to verify the balances in the General Ledger, and until such time as an inventory of this account is prepared, it is doubtful if the present balances can be verified.

PAR VALUE OF CAPITAL STOCK OF SUBSIDIARY COMPANIES
IN EXCESS OF THE VALUE AT WHICH CARRIED ON THE BOOKS
OF THE CLEVELAND-CLIFFS IRON COMPANY

We direct attention to our comments on the audit of your accounts for the year 1911 regarding the excess in par value of capital stock of subsidiary companies over the book value. At December 31, 1912, this par value in excess of book value amounts to \$687,397.43, as compared with \$616,939.03 at December 31, 1911.

GENERAL

The suggestion contained in our report of May 29, 1912, regarding the desirability of relieving the General Ledger of individual accounts receivable by carrying them in a separate ledger under the control of an account in the General Ledger has been adopted.

The practice regarding cash transactions, prevailing with the Furnace Department of The Cleveland-Cliffs Iron Company and the Furnace Department of the Pioneer Iron Company, continued to a certain extent during the year 1912, but has since been rectified.

Extra care and caution is being maintained by the various departments for the preservation of canceled checks. These checks are now placed in the custody of one person in each department and only that person has access thereto.

Meetings of representative employes of your accounting department are held from time to time, where accounting methods and practices are discussed, and the beneficial results are reflected in the efficiency and esprit de corps of the organization.

Yours truly,

Hastings & Kelly

Certified Public Accountants.