

Superior Portland Cement, Inc.  
1954

54

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*Annual Report* **PACIFIC**

*for*

1954

STACK



~~SUPERIOR~~ PORTLAND CEMENT, INC.

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The entire annual report, including financial statements, is presented for the information of stockholders and nothing herein contained is submitted or shall be taken as an inducement to buy, hold or sell any shares or other securities of the Company.

1954 ANNUAL REPORT  
SUPERIOR PORTLAND CEMENT, INC.

BOARD OF DIRECTORS

LAWRENCE M. ARNOLD	HAROLD A. MILLER
THOMAS BALMER	N. H. NELSON
JACK H. MCGOLDRICK	J. A. SWALWELL
C. N. REITZE	

OFFICERS

C. N. REITZE, *President*  
N. H. NELSON, *Vice-President and General Manager*  
JACK H. MCGOLDRICK, *Secretary*  
H. E. THOMPSON, *Treasurer and Assistant Secretary*  
F. W. BAILEY, *Assistant Treasurer*  
P. R. BARRETT, *Assistant Secretary*  
SEATTLE-FIRST NATIONAL BANK, SEATTLE 14  
*Stock Transfer Agent — Stock Registrar — Bond Trustee*

GENERAL COUNSEL

LITTLE, LESOURD, PALMER, SCOTT & SLEMMONS

PUBLIC ACCOUNTANTS

PEAT, MARWICK, MITCHELL & CO.

ANNUAL STOCKHOLDER'S MEETING  
Third Monday in January of each year

## SUPERIOR PORTLAND CEMENT, INC. PROPERTIES



### *SUPERIOR PLANT*

Cement Plant, limerock and clay quarries, located at Concrete, Washington.

Annual standard cement production capacity 1,700,000 barrels.



### *DIAMOND PLANT*

Cement Plant and clay quarry, located at tidewater in the metropolitan business area of Seattle, Washington.

Limerock Quarry, located on Dall Island, Alaska.

Annual standard cement production capacity 1,000,000 barrels.



### *ALASKA FACILITIES*

At Seward, Superior has machinery, buildings, dock and railroad spur on the city's deep-water, all year around port. These facilities receive bulk cement from ocean going scows and transfer it direct to railroad cars, or to a 35,000 barrel storage.

At Anchorage, Superior has machinery and a nominal storage transfer plant. This facility receives bulk cement from railroad cars and reloads it into bulk trucks for final delivery.

The real estate and building facilities in Alaska are leased properties. Operations there are carried out for Superior by established and responsible Alaskan firms. It was possible in 1954 to serve Alaska customers with cement in bulk or packed in paper bags at Seward.



### *SUBSIDIARY*

Baker River Power, Light & Water Co.  
Concrete, Washington

## REPORT OF THE PRESIDENT

TO THE STOCKHOLDERS OF  
SUPERIOR PORTLAND CEMENT, INC.

Presented herewith is the Annual Report for the year 1954. This concludes the forty-sixth year of operation of the Company.

On February 25, 1954, two shares of new common stock of the Corporation were issued in exchange for each share of common stock to the holders thereof, as registered on the books of the Company. Superior has 271,708 shares outstanding, with 350,000 shares authorized.

### *EARNINGS*

For your convenience, in all the following comparisons between 1954 and 1953 figures, amounts per share shown for both years are on the basis of the 271,708 shares now outstanding.

Net operating profit for 1954, after provision for Federal Income Taxes, was \$914,370, or \$3.37 per share on 271,708 shares of outstanding Common Stock. This result compared with 1953 net operating profit of \$639,078, or \$2.35 per share.

The estimated Federal Income Taxes on the 1954 operations are \$714,760, as compared with 1953 Federal Income Taxes of \$636,770. The Federal Income Taxes per share of the outstanding Common Stock in 1954 were \$2.63, as compared with \$2.345 per share in 1953.

Common Stock dividends were paid in 1954 at the rate of \$1.00 per share, totaling \$271,708, as compared with 1953 dividends of \$0.75 per share, totaling \$203,781.



During the year 1954, your Company purchased and called Superior 5% Debenture Bonds, due December 31, 1969, in a total amount for the year of \$150,600, equivalent to \$0.55 per share of outstanding Common Stock. This leaves a balance of Debenture Bonds outstanding as of December 31, 1954, \$2,117,500, or equivalent to \$7.79 per share of Common Stock.

Interest on Debenture Bonds, in amount of \$113,400 was paid during the year 1954. The sinking fund requirements in 1955, based on 1954 operations will be \$182,400.

The outstanding Debenture Bonds in the amount of \$2,117,500 are owned by 803 individuals and corporations, with an average holding of \$2,637. The ownership of the Bonds is largely held by our Common Stockholders. Of the 803 separate owners of these Bonds, 428 names appear on our Common Stockholders list, owning bonds in amount \$1,081,900 or \$2,481 per individual.

The 271,708 shares of common stock outstanding are owned by 1183 shareholders, as of December 31, 1954, with an average holding of 230 shares per shareholder.

### *OPERATIONS*

The Concrete and Seattle Plants did not operate at capacity in 1954.

A steady repair and maintenance program was continued at each Plant in 1954, resulting in both cement plants being thoroughly repaired mechanically and ready for continuous operation.

Few changes were made in our Alaska, Concrete and Seattle operations in 1954.

Our costs of manufacturing and selling cement in 1954 were satisfactory in view of the continually rising cost of labor, supplies and transportation in and out of the plants. The 10 cent price increase per barrel on January 1, 1954, was most helpful.

Our labor relations have been very satisfactory for the year and the turnover in personnel has been at a minimum.

Group Life Insurance and Group Disability Insurance was continued on all employees for the year 1954.

Superior's Employee Pension Plan was continued in 1954, providing the maximum pensions of \$60.00 per month after 30 years of service.

We did not operate our Dall Island, Alaska, Quarry in 1954, although the property is available and ready as a source of supply of limerock for the Seattle Plant. Cement Rock has been supplied to the Seattle Plant from our regular, operating Concrete quarry by rail. This source of limerock has been supplemented by purchasing suitable limerock from local quarries.

Superior has no litigation of any kind pending at this time.

#### *SUPERIOR - IDEAL MERGER*

For some time the officers of Superior Portland Cement, Inc. and Ideal Cement Company have been discussing the matter of merging the two companies with the thought that it would be to the advantage of all the shareholders of both companies.

On Friday, December 24, 1954, authorized committees of both Boards reached a tentative agreement whereby Superior Portland Cement, Inc.

would be merged into Ideal Cement Company under the following terms:

- (a) Each shareholder of Superior would receive one share of stock of Ideal Cement for each share of stock held by him upon the effective date of the merger.
- (b) The Board of Directors of Superior would be permitted, in its discretion, to pay to its shareholders prior to the effective date of the merger \$3.00 per share in cash in addition to the regular quarterly dividend.

On January 31, 1955, the Superior Board unanimously approved the Merger Agreement. Approval by the holders of two-thirds of the shares of Superior stock is required before this merger can become effective, and a Special meeting of Stockholders will be held on March 28, 1955 for this purpose. Assuming similar approval by stockholders of Ideal and the appropriate governmental agency, the merger will become effective March 31, 1955.

The merging of Superior into Ideal will give the Superior stockholders the benefit of Ideal's diversification in its widespread operations, and of its demonstrated production, research and management techniques.

New construction activity in 1955 is expected to reach an all-time high in the United States according to outlook estimates prepared jointly by the United States Department of Commerce, Building Materials and Construction Division, and the United States Department of Labor's Bureau of Labor Statistics.

Our plants at Seattle and at Concrete will participate in the increased



demand for cement as it may develop through this increased activity in the market which they serve.

The able counsel of your Board of Directors given your management throughout the year has been of great value and is acknowledged with gratitude.

The continued loyal support of our customers, stockholders, directors, officers and employees of the Company has materially contributed to the achievements of the Company during the past year and this is deeply appreciated by the management.

Respectfully submitted,

A handwritten signature in cursive script, reading "C. N. Reitz". The signature is written in dark ink and is positioned above the printed name "President".

*President*

Seattle, Washington

January 31, 1955

# FIVE YEAR FINANCIAL SUMMARY

	1954	1953	1952	1951	1950
Net Sales . . . . .	\$6,370,511	\$7,280,959	\$6,709,476	\$6,372,637	\$5,513,515
Amount Per Share . . . . .	23.45	53.59	48.65	46.90	40.58
Net Income . . . . .	914,370	639,078	552,092	557,959	446,240
Amount Per Share . . . . .	3.37	4.70	4.06	4.11	3.28
Total Income Before Federal Taxes . . . . .	1,629,130	1,275,848	1,334,038	1,427,847	862,691
Amount Per Share . . . . .	6.00	9.39	9.82	10.51	6.35
Provision for Federal Taxes . . . . .	714,760	636,770	781,946	869,888	416,451
Amount Per Share . . . . .	2.63	4.69	5.76	6.40	3.07
5% Deb. Bonds Due Dec. 31, 1969—Outstanding . . . . .	2,117,500	2,268,100	2,505,700	2,891,200	3,095,600
Amount Per Share . . . . .	7.79	16.70	18.44	21.28	22.78
Total Current Assets . . . . .	4,941,377	4,275,225	4,052,810	3,858,360	3,389,793
Amount Per Share . . . . .	18.19	31.47	29.83	28.40	24.21
Total Assets . . . . .	9,752,179	9,288,166	8,920,228	8,865,339	8,519,117
Amount Per Share . . . . .	35.89	68.37	65.85	65.26	62.70
Paid-In Surplus . . . . .	154,766	154,766	154,816	154,816	154,816
Amount Per Share . . . . .	0.57	1.14	1.14	1.14	1.14
Earned Surplus . . . . .	5,572,654	4,929,992	4,186,470	3,804,196	3,416,055
Amount Per Share . . . . .	20.51	36.29	30.81	28.00	25.14
Number Common Shares Outstanding . . . . .	271,708	135,854	135,854	135,854	135,854
Approximate Number of Employees . . . . .	335	400	400	320	350
Approximate Number of Stockholders . . . . .	1183	1173	1220	1231	1375
Approximate Number Deb. Bondholders . . . . .	803	883	953	987	1052
Dividends Paid . . . . .	271,708	203,781	169,818	169,818	135,854
Amount Per Share . . . . .	1.00	1.50	1.25	1.25	1.00



PEAT, MARWICK, MITCHELL & Co.

CERTIFIED PUBLIC ACCOUNTANTS

STUART BUILDING

SEATTLE 1, WASHINGTON

NEW YORK  
ATLANTA  
BALTIMORE  
BILLINGS  
BOSTON  
BUFFALO  
CHICAGO  
CINCINNATI  
CLEVELAND  
COLUMBUS  
DALLAS  
DENVER  
DETROIT  
GREENSBORO  
HOUSTON  
INDIANAPOLIS  
KANSAS CITY  
LINCOLN  
LOS ANGELES  
MEMPHIS  
MILWAUKEE  
MINNEAPOLIS  
NEWARK  
NEW ORLEANS  
OKLAHOMA CITY  
OMAHA  
PHILADELPHIA  
PITTSBURGH  
PORTLAND  
ST. LOUIS  
SAN FRANCISCO  
SAN JOSE  
SEATTLE  
SHREVEPORT  
TERRE HAUTE  
TULSA  
WASHINGTON  
WATERBURY

AFRICA  
AUSTRALIA  
CANADA  
CONTINENTAL EUROPE  
CUBA  
GREAT BRITAIN  
HONG KONG  
INDIA  
JAPAN  
MEXICO  
SOUTH AMERICA

ACCOUNTANTS' REPORT

The Board of Directors,

Superior Portland Cement, Inc.,

Seattle, Washington

We have examined the consolidated balance sheet of Superior Portland Cement, Inc. and its subsidiary as of December 31, 1954 and the related statements of consolidated income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated income and surplus present fairly the financial position of Superior Portland Cement, Inc. and its subsidiary at December 31, 1954 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Peat Marwick Mitchell & Co.*

Seattle, Washington

January 14, 1955



# SUPERIOR PORTLAND CEMENT, INC. AND SUBSIDIARY

## CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1954 WITH COMPARATIVE FIGURES FOR 1953

<u>ASSETS</u>	December 31 1954	December 31 1953
<b>CURRENT ASSETS:</b>		
Cash . . . . .	\$ 1,311,617	504,734
U. S. Government securities—at cost . . . . .	621,742	824,059
Customers' accounts receivable, less reserve of \$37,354 for 1954 and \$26,856 for 1953 . . . . .	522,922	435,166
Refundable Federal taxes on income . . . . .	123,705	123,705
Other claims receivable . . . . .	-----	176,939
Prepaid expenses . . . . .	67,430	79,395
Inventories, at cost, not in excess of replacement market:		
Cement—finished and in process . . . . .	999,433	753,665
Raw materials . . . . .	497,323	514,734
Manufacturing supplies . . . . .	797,205	862,828
	<u>2,293,961</u>	<u>2,131,227</u>
<b>TOTAL CURRENT ASSETS</b> . . . . .	<u>4,941,377</u>	<u>4,275,225</u>
Investments in sundry stocks . . . . .	32,155	32,155
<b>Fixed Assets:</b>		
Lime rock quarries at values as determined by management in 1935, plus subsequent addi- tions at cost, less allowance for depletion . . . . .	1,255,872	1,311,018
Real estate and properties . . . . .	217,630	218,929
Plant and equipment, at cost:		
Buildings and structures . . . . .	1,666,825	1,676,421
Machinery and equipment . . . . .	3,196,999	3,222,370
	<u>4,863,824</u>	<u>4,898,791</u>
Less allowance for depreciation . . . . .	2,817,225	2,709,726
	<u>2,046,599</u>	<u>2,189,065</u>
<b>Total Fixed Assets (net)</b> . . . . .	<u>3,520,101</u>	<u>3,719,012</u>
Potential water rights and franchise, as valued by Board of Directors in 1926 . . . . .	1,210,000	1,210,000
Deferred charges—debenture expense, less amortization . . . . .	48,546	51,774
	<u>\$ 9,752,179</u>	<u>9,288,166</u>

1. On December 24, 1954 the Board of Directors approved in principle a proposed plan of merger with Ideal Cement Company subject to further approval by its stockholders. Under the proposed plan stockholders of Superior would receive one share of common stock of Ideal for each share of Superior stock held by them. It is also proposed that prior to the effective date of the merger, tentatively set as March 31, 1955, Superior shall have the right to pay a cash dividend not to exceed \$3.00 per share on its outstanding common stock.

<u>LIABILITIES</u>	December 31 1954	December 31 1953
<b>CURRENT LIABILITIES:</b>		
Accounts payable . . . . .	\$ 123,476	251,216
Accrued expenses . . . . .	145,673	155,341
Provision for Federal taxes on income . . . . .	746,129	636,770
<b>TOTAL CURRENT LIABILITIES</b> . . . . .	<u>1,015,278</u>	<u>1,043,327</u>
5% Debenture bonds (subordinated)—due De- cember 31, 1969 (sinking fund requirements in 1955 \$182,400, in 1954 \$189,000) . . . . .	2,241,200	2,580,250
Less in treasury . . . . .	123,700	312,150
	<u>2,117,500</u>	<u>2,268,100</u>
<b>Stockholders' equity:</b>		
Common stock, no par value (note 2):		
Authorized, 350,000 shares		
Outstanding, 1954, 271,708 shares; 1953, 135,854 shares . . . . .	891,981	891,981
Paid-in surplus . . . . .	154,766	154,766
Earned surplus . . . . .	<u>5,572,654</u>	<u>4,929,992</u>
	<u>6,619,401</u>	<u>5,976,739</u>
	<u>\$ 9,752,179</u>	<u>9,288,166</u>

2. On January 18, 1954 the stockholders authorized the increase of its capital stock to 350,000 shares of common stock of no par value, and a stock split-up of two shares for one to the registered holders of its capital stock on February 25, 1954.

SUPERIOR PORTLAND CEMENT, INC. AND SUBSIDIARY

STATEMENT OF CONSOLIDATED INCOME

Year Ended December 31, 1954, with Comparative Figures for 1953

	1954	1953
Net Sales . . . . .	\$ 6,370,511	7,280,959
Cost of sales, selling, administrative and general expenses . . . . .	4,430,777	5,761,469
Depreciation and depletion . . . . .	215,034	220,011
	<u>4,645,811</u>	<u>5,981,480</u>
Operating profit . . . . .	1,724,700	1,299,479
Other income:		
Recovery on insurance claim . . . . .	-----	75,647
Interest, rents, etc. . . . .	22,558	28,304
	<u>1,747,258</u>	<u>1,403,430</u>
Income deductions:		
Interest on 5% debentures . . . . .	113,394	121,990
Debenture expense amortized and premiums . .	4,734	5,592
	<u>118,128</u>	<u>127,582</u>
Income before Federal taxes on income .	1,629,130	1,275,848
Provision for Federal taxes on income (including excess profits taxes of \$47,119 for 1953) . . .	714,760	636,770
Net income . . . . .	<u><u>914,370</u></u>	<u><u>639,078</u></u>

SUPERIOR PORTLAND CEMENT, INC. AND SUBSIDIARY

STATEMENT OF CONSOLIDATED EARNED SURPLUS

Years Ended December 31, 1954 and December 31, 1953

	1954	1953
Balance at beginning of year . . . . .	\$ 4,929,992	4,186,470
Net income for the year . . . . .	914,370	639,078
Refunds and adjustments of Federal taxes on income of prior years . . . . .	-----	132,152
Adjustment of cost basis of Diamond plant properties acquired in 1949 under Court Decree to agree with determination by Internal Revenue Service	-----	176,182
	5,844,362	5,133,882
Deduct dividends paid:		
Dividends paid (\$1.00 per share for 1954 on 271,708 shares; \$1.50 per share for 1953 on 135,854 shares) . . . . .	271,708	203,781
Dividends paid on preferred stock called for redemption . . . . .	-----	109
Balance at end of year . . . . .	<u>\$ 5,572,654</u>	<u>4,929,992</u>

PAID-IN SURPLUS

Balance at beginning of year . . . . .	\$ 154,766	154,816
Deduct premium on 5 shares preferred stock called for redemption . . . . .	-----	50
Balance at end of year . . . . .	<u>\$ 154,766</u>	<u>154,766</u>

## SUPERIOR PORTLAND CEMENT, INC.

1506 Westlake Avenue, Seattle 1, Washington  
1003 Seaboard Building

### *MANUFACTURING PLANTS*

Concrete, Washington  
Seattle, Washington, 3801 East Marginal Way

### *WAREHOUSE AND PACKING STATIONS*

Concrete, Washington  
Seattle, Washington, 3801 East Marginal Way  
Seward, Alaska  
Anchorage, Alaska

### *SALES OFFICE*

1506 Westlake Avenue, Seattle 1, Washington  
1003 Seaboard Building

### *PRODUCTS*

Standard Portland Cement	(Type I)
Moderate Heat Portland Cement	(Type II)
Hyurly Strength Portland Cement	(Type III)
Low Heat Portland Cement	(Type IV)
Masonry Portland Cement	



