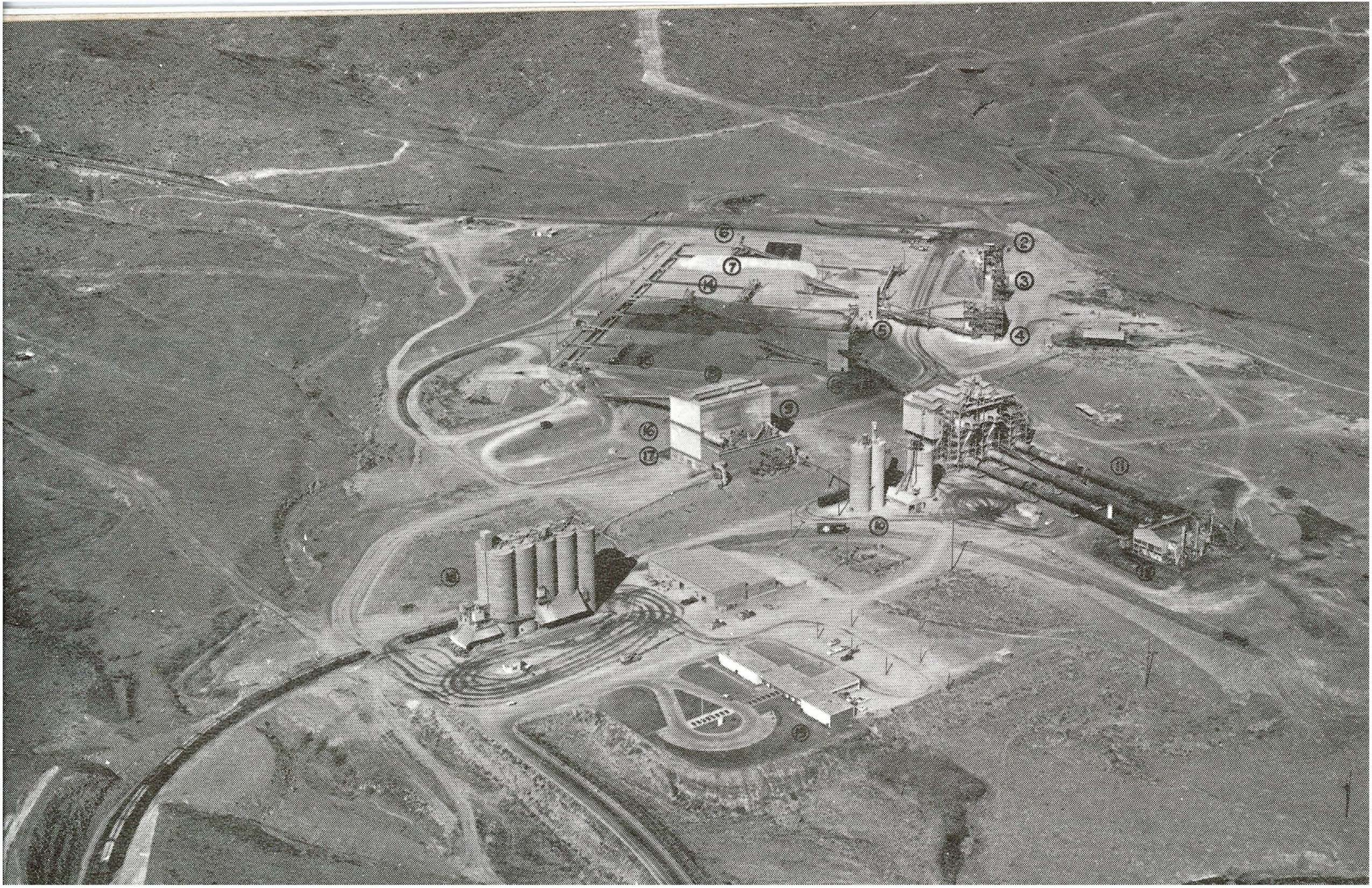
FILES


PHOENIX
CEMENT COMPANY
DIVISION OF
AMERICAN CEMENT CORPORATION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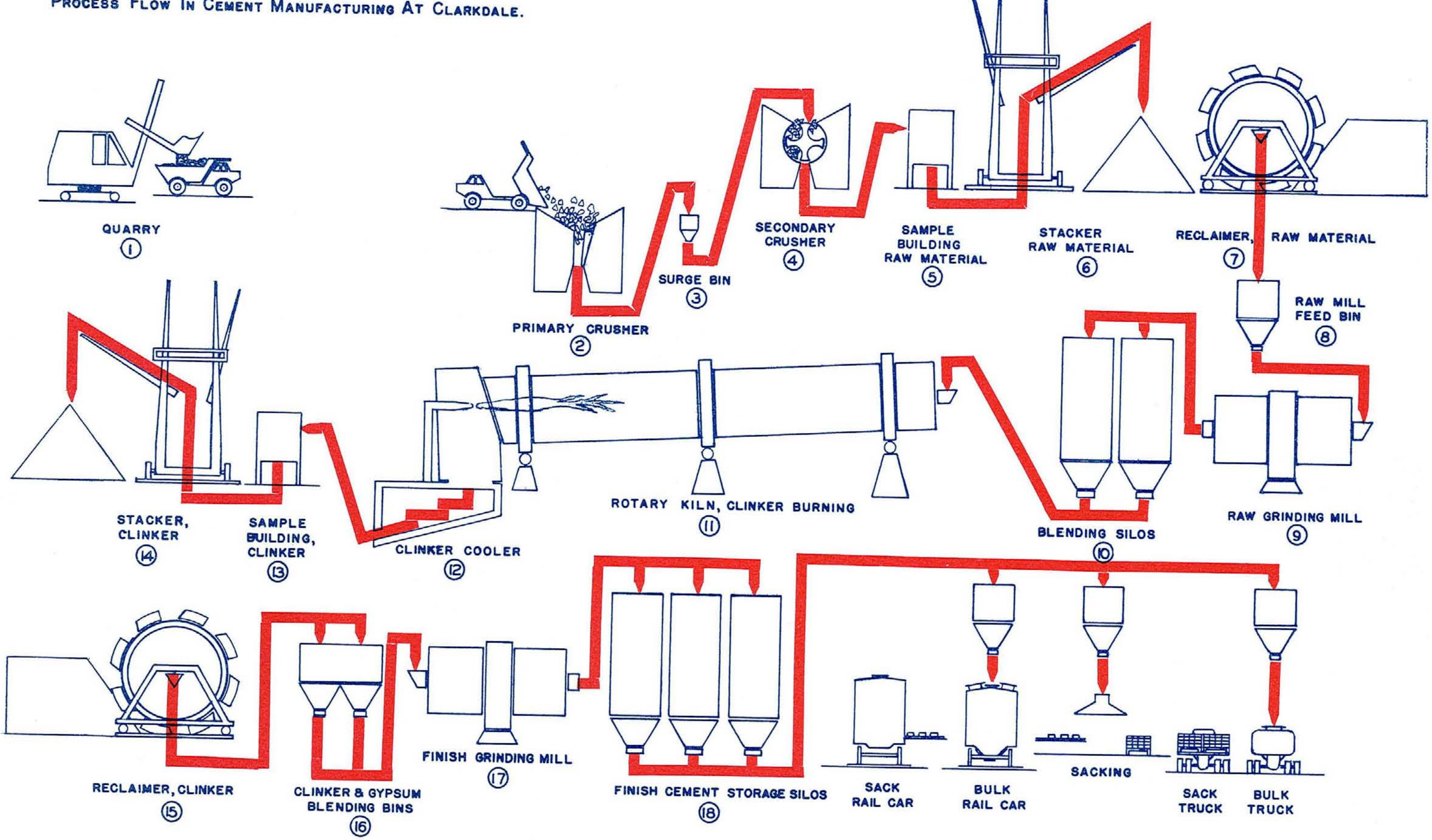
PROCESS FLOW IN CEMENT MANUFACTURING AT CLARKDALE.



Concrete is truly the universal building material of our civilization. Its durability, strength, and economy make possible modern industrial plants, office buildings, homes, sidewalks and freeways. Its flexibility enables engineers and contractors to translate into visual beauty the concepts of architects and designers, and it is portland cement that makes concrete possible.

The production of cement is not only one of the most interesting manufacturing processes, it is also one of the most important and useful to this country.

Few industries produce a material with such unique properties: the ability to hold with great strength and to harden under water. In few industries are such enormous amounts of raw materials, weighing in the hundreds of tons, handled with such delicate precision and such exact measurement.

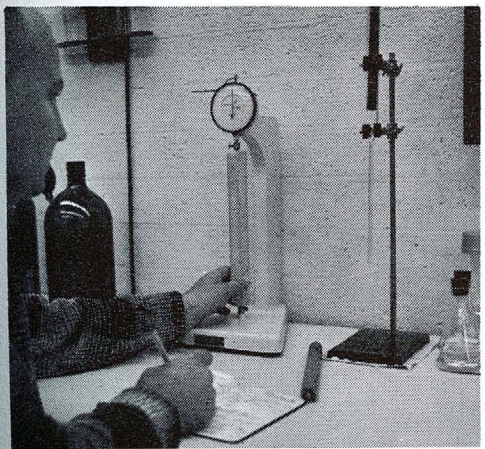
The Clarkdale plant of the Phoenix Division-American Cement Corporation is a 2,600,000 barrel (376 lb./bbl) capacity, dry process plant — meaning that raw materials are handled and ground in a dry condition before they are burned into portland cement clinker. The principal raw materials are limestone and volcanic deposits which are quarried and processed adjacent to the plant site.

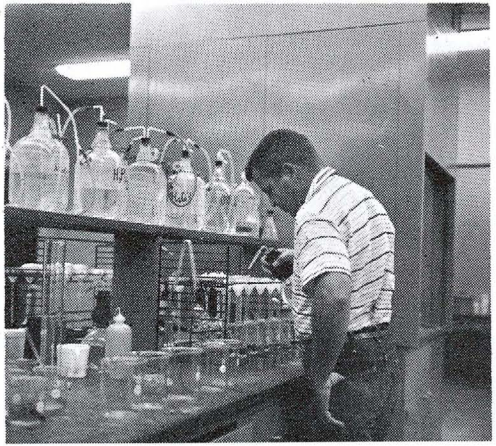
⑲ Quality Control

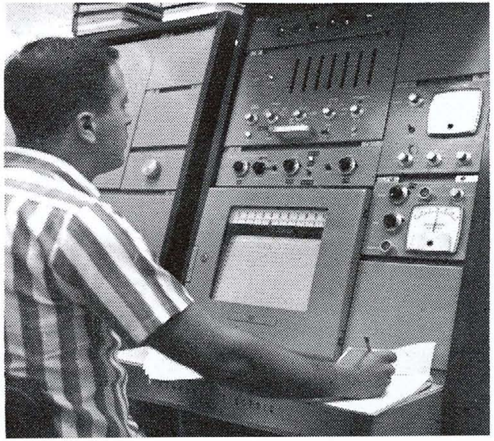
Quality control of the chemical and physical properties of cement is a prime consideration of all cement manufacturing plants. Assurance to customers of consistent standards of uniformity and quality, that is, laboratory testing, has long been a marketing prerequisite in the industry.

At Clarkdale, every step of the manufacturing process involves laboratory evaluation. From the analysis of diamond drill cores taken from the quarry to determine suitability of raw materials — to the continuous sampling of rock after crushing, kiln feed pulverized for burning, and the "clinker" produced after burning — exacting tests obtain maximum control of all these processes to ensure the objectives of uniformity and quality.

The finished cement is subjected to thorough chemical and physical analysis to establish its conformity to federal, state, and customer specifications. To accomplish this degree of quality control, we maintain the services of a modern, well-equipped laboratory and the necessary trained personnel to run it.



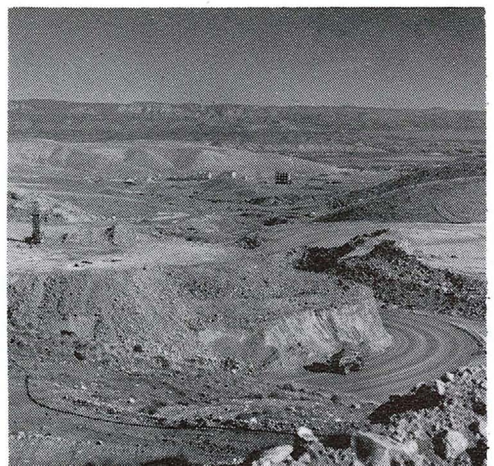




① Quarry

Cement manufacture at the Clarkdale plant starts in the quarry. Our limestone quarry contains, basically, two kinds of limestone: a low silica, high-lime content; and a high-silica bearing formation. In the same quarry area is located a deposit of volcanic material. From this material the necessary alumina, iron, and additional silica are obtained for mixing with the limestone to make a suitable raw mix. An additional quarry is located north of the crushing area, known as the Lakebed quarry. The material in the Lakebed quarry is of a high alumina content.

The rock in the quarries is drilled and blasted so that the material can be picked up with a large electric shovel and deposited in one of several 30-ton capacity, rear-dump trucks. The rock is then trucked to the primary crusher.



②Primary and Secondary Crushing

The primary crusher is a 200 horsepower, 48″x 60″ jaw-type crusher having a 600 ton per hour capacity. This crusher breaks the boulders into smaller (4″ to 6″) pieces. This rock is then deposited on a conveyor belt which moves the material to a surge bin that maintains an even flow to the secondary crusher.

The secondary crusher operations continue the pulverizing process until all material has been reduced to a size of ¾″ or less. A feeder at the surge bin regulates the flow of material to give an even input to the secondary crusher. Small particles—or fines—are screened from the incoming flow and diverted to a conveyor belt. The remaining rock is fed into a 600 H.P. Impactor (containing twelve, 400-pound hammers whirling at 720 rpm) which is equipped with a set of screens that returns any material larger than ¾″ in size to the impactor. This properly sized material is then conveyed through a sample building to stacking machines for storage on blending piles.

⑤⑬ Sampling

The sample building contains a station which, by means of an automatic sampler, takes a sample of the material being conveyed to the storage pile every few minutes. This sample is ground in a mill to an equivalent fineness of feed going into the kilns. At regular intervals a laboratory technician picks up this sample for analysis by the laboratory. These analyses control subsequent quarry operations to obtain the exact blend of materials needed to produce a uniform finished cement.

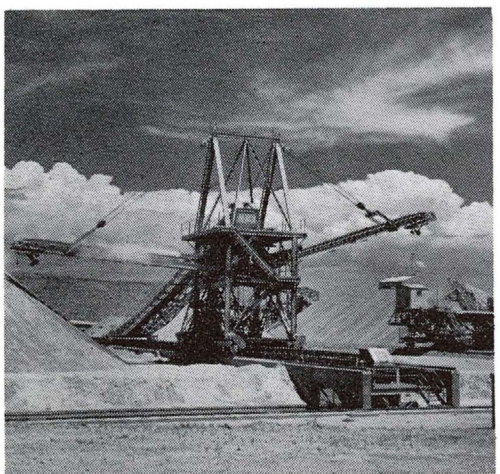
An identical procedure is followed in sampling the clinker from the kilns prior to stacking on clinker piles.

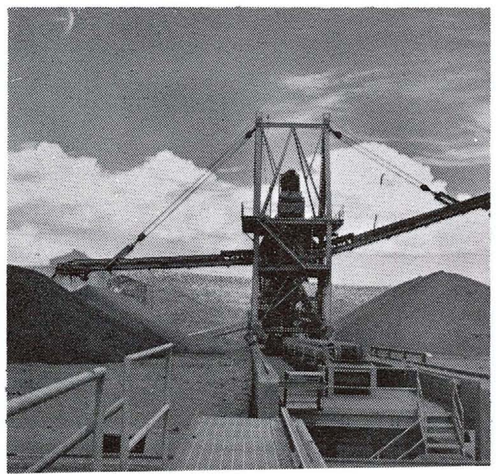
⑥⑭ Stacking

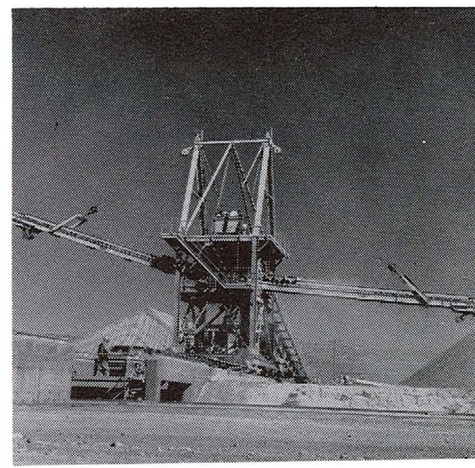
The pulverized rock from the secondary crusher is conveyed to a rail-mounted, traveling Stacker that deposits the crush rocked in thin horizontal layers along the entire 280 feet long storage piles. The stacker moves back and forth on rails, making one cycle in seven and one-half minutes. Completed piles are about 35 feet high at their apex and contain approximately 15,000 tons of blended raw materials. The height of the stacker boom can be regulated to discharge the flow of material as closely as possible to the top of the pile. The stacker can be moved to an adjacent storage area by means of a transfer car.

Clinker from the kilns is stacked in the same manner by another stacker in the clinker pile area.

When each pile is completed, the stacker is moved to another pile and a piece of equipment known as a reclaimer is moved into the face of the pile.



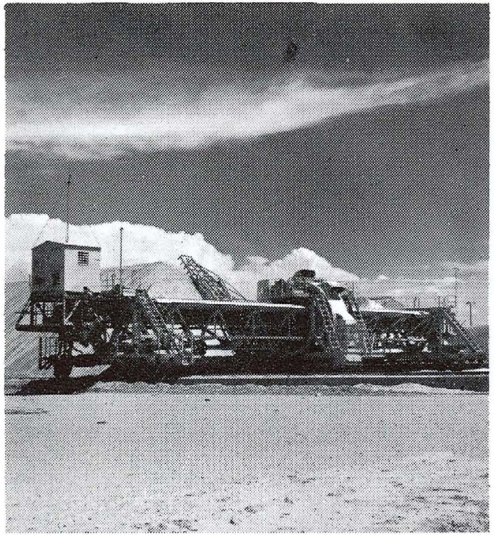


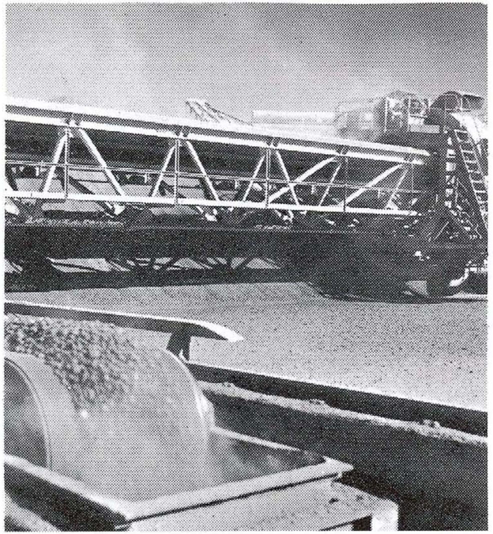


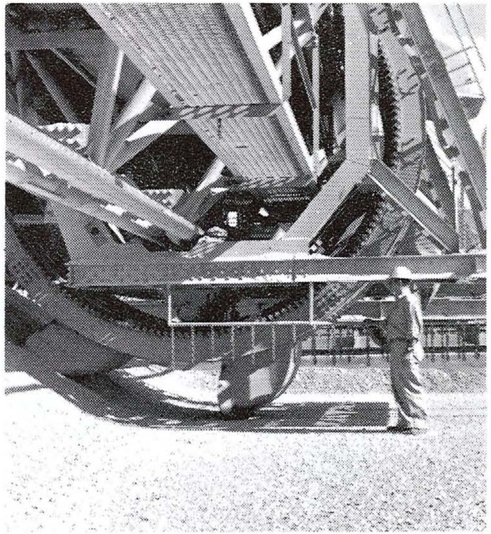
⑦⑮ Reclaiming

The reclaimer is a rail-mounted, traveling digger-wheel that removes the blended material from the piles. The reclaimer works across the face of the pile removing the crushed rock in a vertical fashion. Capable of removing more than 250 tons per hour, the reclaimer is actuated automatically when the feed bins reach a low level in the Mill room. One reclaimer feeds raw materials via conveyor belts to the raw grinding mills. The reclaimer is automatically turned off when the feed bins in the Mill Room are full.

Each stacking and reclaiming machine may be loaded on a transfer car and moved to other storage piles, providing a continuous operation of stacking, blending, and reclaiming.

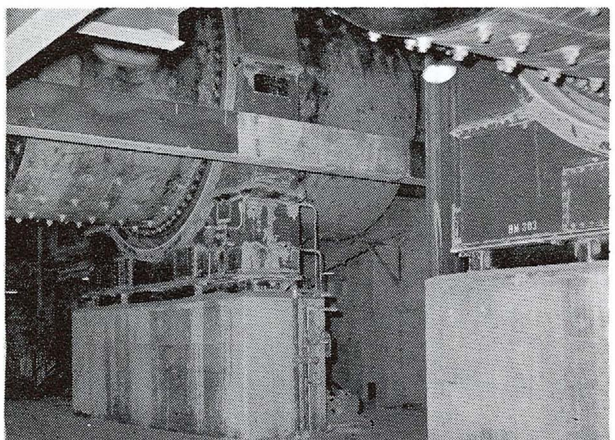


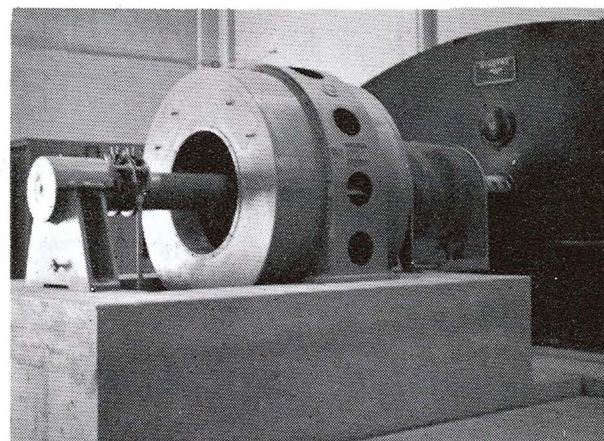




⑨Raw Grinding

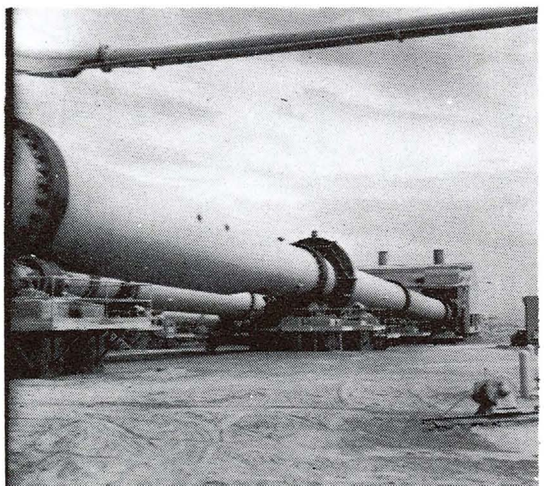
Raw grinding, final reduction of raw material to a fine powder, is done with a grinding mill capable of processing 80 to 90 tons per hour. Rock conveyed from the blending piles is stored in a feed bin. The material is conveyed from the bottom of the bin, continuously weighed, and dried by means of a large heater. This material is then delivered into the mill. The rotating grinding mill contains many spherical steel balls of various sizes, interacting between themselves, the feed, and the mill sides, to completely pulverize the crushed rock. Elevators carry the powdered material to air separators above the mill. The air separators separate the powdered material into a fine and coarse fraction. The fine fraction is conveyed to storage silos by the kiln. The coarse fraction returns to the mill via air conveyors and is further reduced in size. The mill is driven by a 1250 H.P. electric motor and is 12 feet in diameter by 19 feet long. The fine fraction (or Raw Mix) is sampled continuously for further chemical testing before being delivered to the kilns.

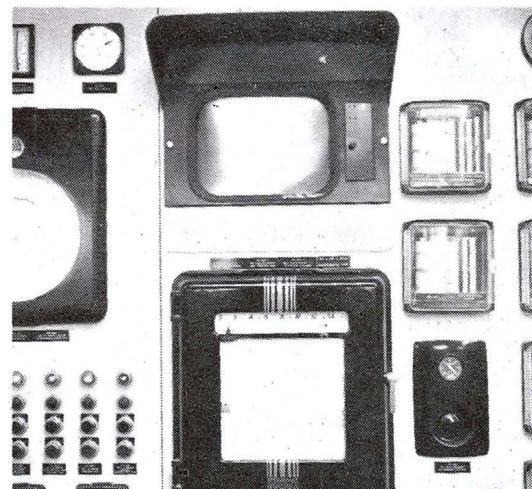




⑪ Clinker Burning

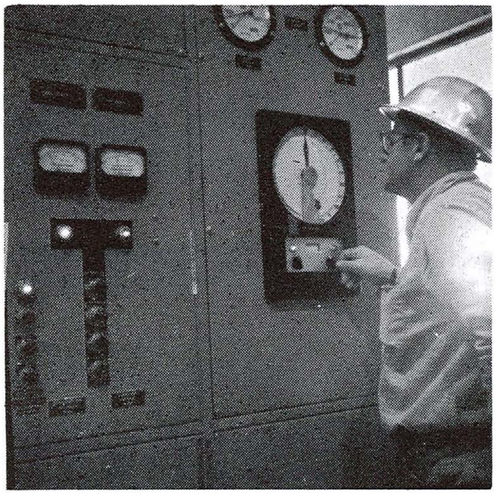
The powdered material after thorough blending is delivered continuously into the end of a rotary kiln. The kiln is mounted on a slope and rotates slowly. This causes the feed to gradually move to the "hot", or firing, end of the kiln. As it moves down the kiln the feed is slowly heated to temperatures as high as 2700 degrees Fahrenheit. At this temperature the lime, silica, alumina, and iron oxides form new compounds and a hard, round, black ball of "clinker" is formed. There are three rotary kilns at the Clarkdale plant. Each kiln is 350 feet long and varies from 12 to 10 feet in diameter. The kilns are fired by natural gas, each kiln consuming over 80,000 cubic feet of gas per hour. The hot "clinker" drops from the kiln into a cooler, which serves a twofold purpose: one, it cools the "clinker" to approximately 150 degrees F.; two, it recovers the heat evolved from the "clinker" so that it may be used to help fire the kiln. The cooled clinker is then conveyed through a sample station and is stacked on a storage pile in the same manner the crushed rock is handled.

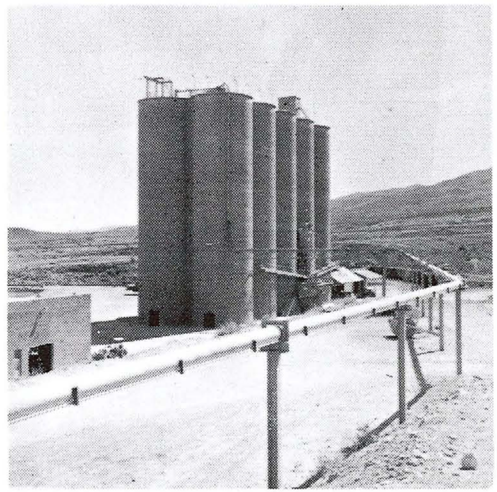




⑰ Finish Grinding

The clinker in the storage piles is reclaimed in the same manner as the raw materials—by a digger-wheel reclaimer. The clinker is conveyed to a feed bin in the mill building after first passing through a roll crusher to reduce its size. The clinker is continuously conveyed from the bottom of the feed bin, weighed, and then conveyed to a hammer mill that further reduces its size — and fed into the grinding mills. Gypsum, obtained from a mine near Camp Verde, is also weighed (4% to 5% of total weight) and delivered to the mill with the clinker. The gypsum, when interground with the clinker, establishes the setting time of cement in concrete. The clinker and gypsum are ground to a powder in the mill — the same way the crushed rock in the raw mill is processed. This powder is conveyed to air separators which separate the coarse and fine fractions. The fines (now Portland Cement) are conveyed, by means of air pressure, through a pipeline to a storage silo. The coarse fraction is returned to the mill for further grinding. At Clarkdale we have two finish grinding mills 12 feet in diameter by 19 feet long. The mills are capable of producing 32 tons of finished cement per hour.

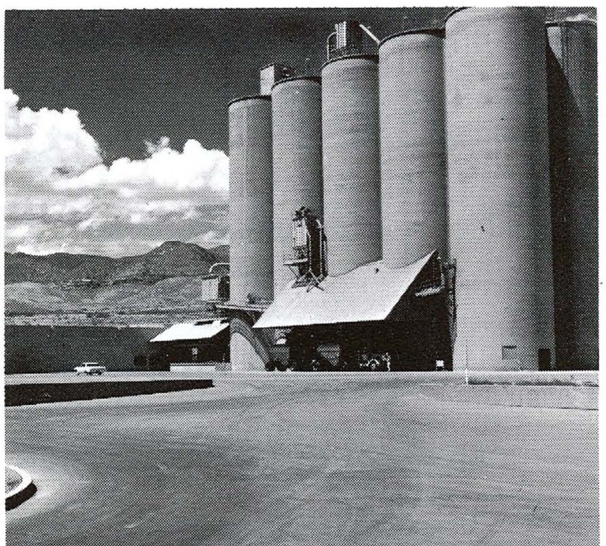


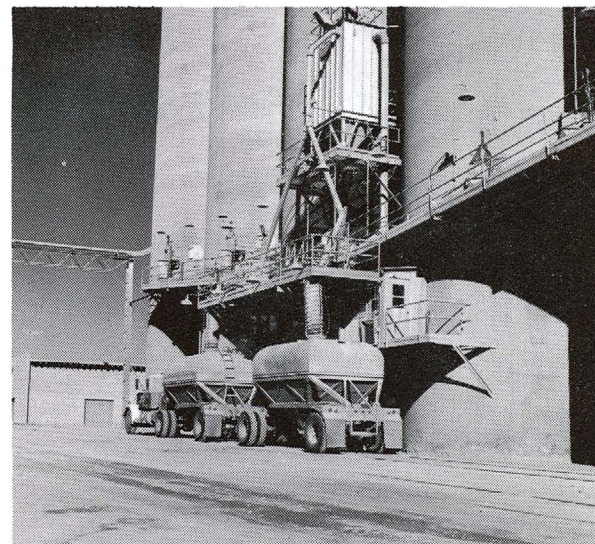


⑱ Cement Storage

Cement from the finish grinding mills is stored in one of fourteen concrete silos. The total storage capacity of these silos is 176,000 barrels of cement. A barrel of cement is 376 pounds, this unit of measurement referring to the time when cement was handled in wooden barrels. Four sacks of cement, each weighing 94 pounds, are equal to one barrel.

At Clarkdale, we manufacture three basic types of cement: Type I, II, and III. In addition, we manufacture a mortar-cement—SUPERMORTAR. Each one of these cements is kept in separate storage silos to prevent contamination.



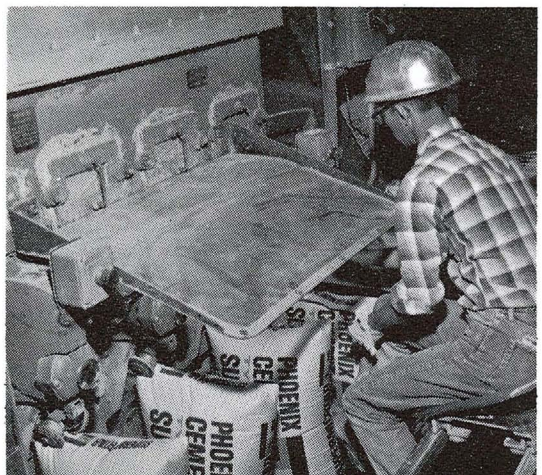


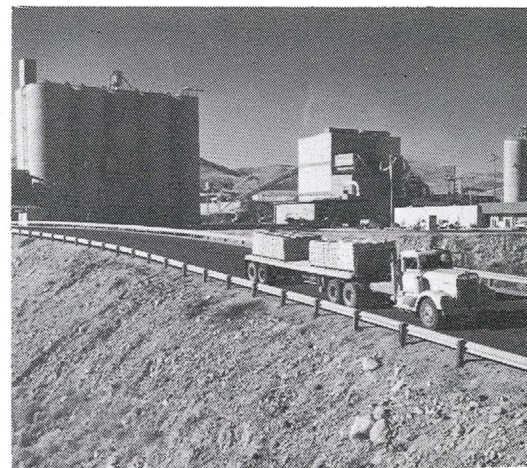
Packing and Shipping

Bulk-loading of cement is the major shipping operation in terms of volume. Bulk cement is loaded from the silos into railroad hopper cars or tandem units consisting of two trailers drawn by a tractor.

Bag shipments represent a smaller volume of the shipping operation — but of no less importance than the bulk shipments. Aside from substantial amounts of regular portland (Type II) shipped in bags, most special products such as mortar cement (SUPERMORTAR), high-early strength cement (Type III) and Air Entraining (Type IIA) Cement are shipped in bags.

Bags are filled automatically to the 94-pound mark on a sacking machine operated by one man. The bags can be stacked in our warehouse for future shipments or loaded directly onto a flatbed trailer or into a railroad car.



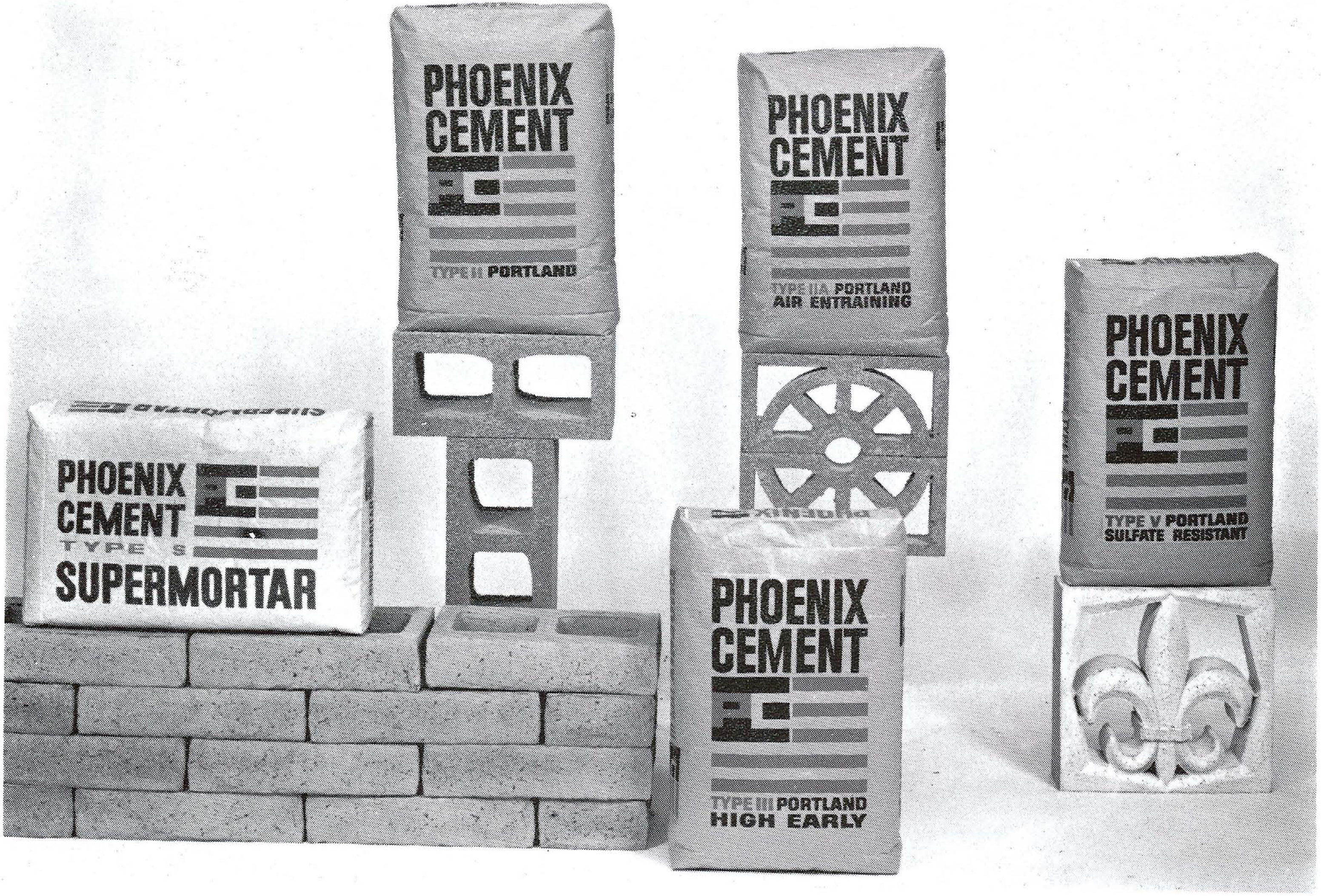


Quality products manufactured at Clarkdale are pictured on the right. In this era of expanding application of concrete and masonry, the Phoenix Division's and American Cement Corporation's technical personnel are constantly working on product development and improvement. Out of our research will come new products not presently in the scope of today's market.

The Clarkdale plant was completed in the summer of 1959, with a capacity of 1,800,000 barrels. In 1960 a third kiln was constructed bringing the plant to its present capacity of 2,600,000 barrels. The cement used in Glen Canyon Dam on the Colorado River was produced at the Clarkdale plant.

The marketing area for our products includes the entire state of Arizona, portions of Utah, New Mexico, and Mexico. With Sales Offices in Phoenix and the plant at Clarkdale, company personnel are dedicated to meet the challenge of any delivery requirements in order that our customers' needs are promptly satisfied.

With Corporate Offices in Los Angeles, the American Cement Corporation is comprised of the Phoenix Division, the Riverside Division in California, the Hercules Division in Pennsylvania and the Peerless Division in Michigan. The Hawaiian Cement Co. and a new cement company in Greece are also part of the American family.

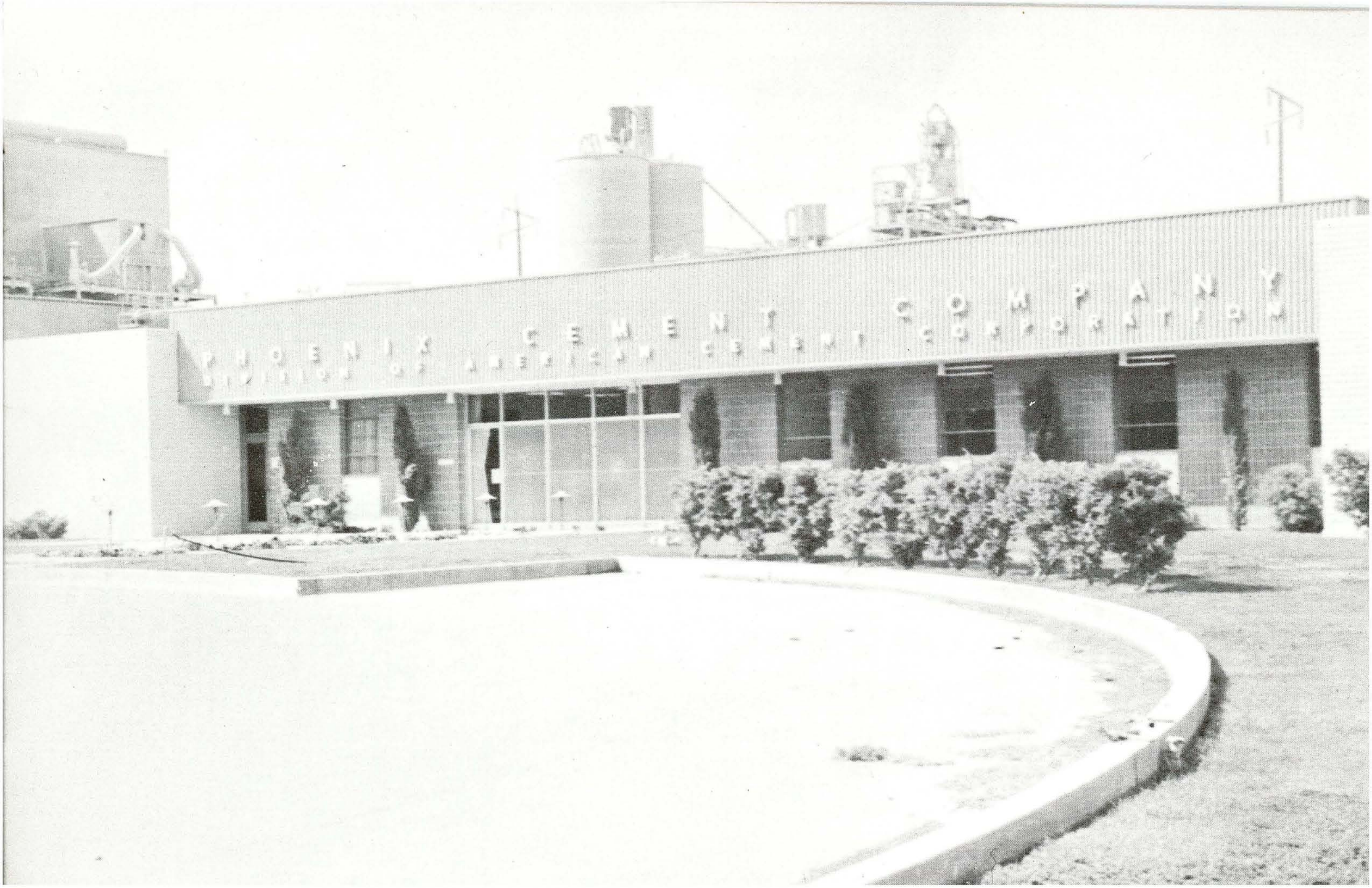

PHOENIX
CEMENT
TYPE II PORTLAND
PHOENIX
CEMENT
TYPE IIA PORTLAND
AIR ENTRAINING
PHOENIX
CEMENT
TYPE S
SUPERMORTAR
PHOENIX
CEMENT
TYPE III PORTLAND
HIGH EARLY
PHOENIX
CEMENT
TYPE V PORTLAND
SULFATE RESISTANT

The History of Cement

Tracing the story of cement reveals its verified origins long before the birth of Christ. Arches in the pyramids of Egypt and structures such as the Forum and the Colosseum, erected during the Roman Empire, stand as mute but manifest evidence that the "magic glue" binding properties of limes were known to man in his earliest days. The first stone building materials were a variety of mortars, a mixture of lime, sand, and water. Later, crushed brick and tile were added to the mortar, producing concrete.

In the centuries that followed, many craftsmen working independently, made the discovery that some limes are hydraulic, that is, when crushed they will harden under water. However, the Dark Ages produced a vacuum in the dissemination and use of this knowledge.

In the 18th and 19th Centuries, men such as John Smeaton in England, Canvass White in the United States, and Joseph Aspdin, an English bricklayer, made important discoveries pertaining to the hydraulic characteristics of burned limestone either blended with other materials such as gypsum and clay or containing amounts of lime, silica, and alumina. It was Aspdin's patented product, which to him resembled the stone quarried on the island of Portland, England, that provided the industry with the name, portland cement. Today, portland cement refers to certain hydraulic cements manufactured under the most exacting quality controls from carefully selected and proportioned raw materials.


PHOENIX CEMENT COMPANY
DIVISION OF AMERICAN CEMENT CORPORATION

PHOENIX DIVISION ≡ AMERICAN CEMENT CORP.
PLANT: P. O. BOX 428, CLARKDALE, ARIZONA
OFFICE: 3550 NORTH CENTRAL AVENUE, PHOENIX, ARIZONA

Amcord, Inc. Annual Report 1976

(Phoenix Cement - Clarkdale)

AMCORD

Amcord, Inc. 610 Newport Center Drive
PO Box 2540, Newport Beach Ca 92663

714 640-1900

AMCORD

May 18, 1977

Dear Amcord Shareholder:

We are pleased to send you the enclosed report on the 1977 Annual Meeting of Shareholders which was held in Newport Beach on May 4, 1977. Close to three hundred persons attended this year's meeting, making it the largest ever held.

We are similarly pleased to note that Amcord enjoyed an excellent year in 1976 and, as you will note in my message, we are optimistic that 1977 will be an even better year, building upon our record performance in the first quarter.

It is also pleasing to observe the growing recognition of Amcord and our industry on the part of leading brokerage houses. Two leading security analysts highly familiar with our industry, Carmine Muratore of Blyth Eastman Dillon and Thomas A. Elliott of Dean Witter, believe that the cement market for Amcord and other companies located in the Southwestern markets should remain quite strong, and that these companies should continue to report improved earnings as the year progresses. We concur wholeheartedly with this viewpoint and expect our other non-cement operations to show improvement as well.

Very truly yours,

William T. Pascoe, III
Chairman and
Chief Executive Officer

DEAN WITTER RESEARCH

WESTERN WEEKLY COMMENTS

May 24, 1977

THE CEMENT INDUSTRY

A recent Heard on the Street column of the WALL STREET JOURNAL contained a number of adverse comments on the cement industry to which we take exception:

1. The analysis of the cement industry on a national basis is meaningless. The business is very parochial, the markets are regional by and large, and as a result any analysis of the industry must be done on a local rather than a national basis.

2. The analysis of industry data indicates that 63% of the decline in volume between the peak levels of 1973 and 1976 has occurred on the Atlantic seaboard. Throw in Michigan and Ohio and you have roughly 75% of the decline. Obviously these markets are weak. However, in other markets we find shipments to be near, at, or above the record shipment levels of 1973. Generally, the farther west the stronger the market.

3. In recognizing the parochial nature of the cement business, we have concentrated our analysis over the past three years on identifying the markets that will be the strongest and on identifying the companies that will benefit. Accordingly, we have found "national" firms such as Ideal Basic Industries to be attractive, as well as several of the more regional firms. For firms that have a predominance of their capacity in California, the outlook is exceedingly bright. These include Amcord, California Portland and Kaiser Cement. 1977 will produce record earnings for all of these companies and with commercial building again beginning to gain momentum, the outlook for 1978 is even better. As a consequence any weakness in these shares caused by the WALL STREET JOURNAL article or for other reasons should be looked upon as a buying opportunity.

Thomas A. Elliott
May 24, 1977

Amcord, Inc. Summary of the 1977 Annual Meeting

AMCORD

To Our Shareholders:

The Annual Meeting of Shareholders of Amcord, Inc. was held in Newport Beach, California on May 4, 1977, with 82 percent of the shares eligible to vote represented either in person or by proxy. Continuing a trend of the past few years, the meeting was well attended, with approximately 200 persons present.

At the Annual Meeting, shareholders reelected six directors whose terms were expiring this year, and approved an amendment to the Company's Certificate of Incorporation to delete the provisions for Class A Cumulative Preferred Stock 6.25% Series. This stock had recently been retired. The shareholders also ratified the selection of Price Waterhouse & Co. as independent accountants for 1977.

The Company's Board of Directors, in a meeting after the conclusion of the Annual Meeting, declared a regular quarterly cash dividend of 15 cents per common share, payable July 1, 1977 to shareholders of record at the close of business on June 6. The Directors also declared regular quarterly dividends of $ .375 a share on the Cumulative Preferred Stock, and $1.0125 a share on the Preference Stock Series A. These are payable August 1, 1977 to shareholders of record on June 6.

As reported in our First Quarter Report to Shareholders, Amcord is strong and is growing stronger. Our results for the first quarter of this year were a record for your company. Assuming continued moderate improvement in the economy, we anticipate that our full-year earnings will show substantial improvement over the prior year's results. How we plan to continue this improvement based on our recognized strengths was discussed in greater detail in my report to shareholders at the Annual Meeting. A summary of that presentation follows.

William T. Pascoe, III
Chairman of the Board and
Chief Executive Officer

May 23, 1977

Report of the Chairman

As we all know, 1976 was a record year for Amcord in earnings per share. Although one might say that this is now history, perhaps it is worth pausing for a moment to analyze just what that record year means to all of us who participate in the ownership of Amcord. It means, above all, increased earnings. In 1971, Amcord earned 27 cents a share, and last year we reported fully diluted earnings of $1.37 a share.

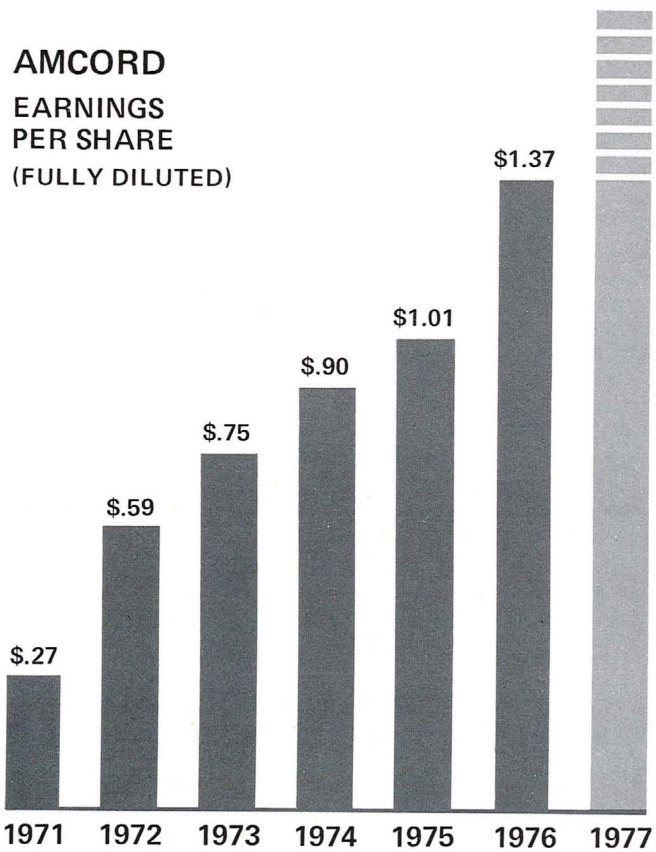


CHART 1

Not only was 1976 a record year in earnings per share, but it continued our five-year record of growth. Since 1971, your company has experienced a growth in earnings per share from operations of 38 percent compounded, as illustrated in Chart 1.

Record Earnings

Granted Amcord started from a low base of earnings, however, considering the tremendous financial difficulties the company experienced in 1969 through 1973, I think 38 percent compounded growth is remarkable. If we were to compare it to a family which invested $100 in a savings account, it would mean five years later that the $100 had grown to $500. When compared to seven of the larger cement companies over the same period, 38 percent appears to be even more remarkable.

Record earnings mean that Amcord shareholders now receive cash dividends at an annual rate that was last experienced in 1969—60 cents per share. It has been a long, long road back, but we are there.

It is a little early in the year to project a finite 1977 estimate of earnings per share. However, if the U.S. economy continues to improve moderately through the remainder of this year, Amcord will probably again report substantial gains. For example, in the first quarter of 1977, our earnings per share from operations were an all-time record for any first quarter since the founding of this company in 1957. Our first quarter 1977 earnings also represented the twenty-first consecutive quarter in which our quarterly earnings have exceeded or equaled the comparable prior year's quarter. That is quite a feat.

If we continue Amcord's dividend policy which was adopted several years ago, and we certainly intend to, and if earnings per share strengthen as 1977 moves along, further increases of return on investment to our shareholders should materialize. We believe Amcord's dividend policy is a correct posture, because we believe that 1977's small investor is looking not only for appreciation in his investment, but for a reasonable return on that investment, as well. Therefore, if the value of Amcord common stock is to grow, so must the annual yield to that small investor continue to increase.

Our 1976 record earnings have heightened interest in Amcord's stock. During 1975, the daily average volume of the number of common shares traded on the New York Stock Exchange was 2,500 shares per day. This increased to 6,000 shares per day during 1976, and to 8,200 shares traded per day thus far in 1977. And record earnings have materially assisted the price of the common stock to move from a low in 1975 of $3 a share to a high of $13⅛ thus far in 1977, as shown in Chart 2.

Amcord's 1976 record earnings also enabled your management to negotiate and complete a $20 million fixed interest rate 16-year loan. This long-term loan stabilizes our principal debt service at approximately $3.9 million per year over the next ten years. This major financial step assures a supply of cash funds for external expansion, for working capital needs for internal growth and, of course, to support our dividend policy.

AMCORD
AVG. COMMON SHARES TRADED PER DAY AND RANGE OF STOCK PRICES

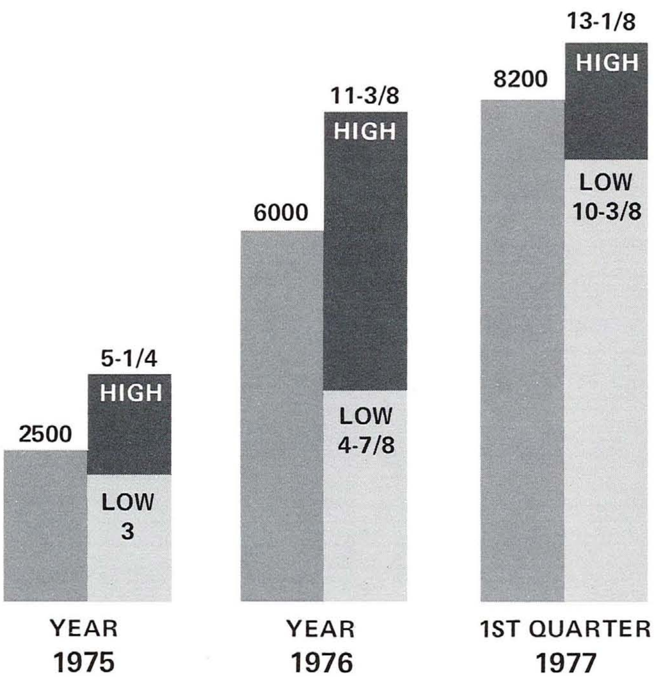


CHART 2

Balance Sheet Improvements

Our 1976 record earnings further contributed to improvements in Amcord's balance sheet. Year-end debt reflected a reduction of over $6 million from the previous year.

Perhaps the comparison of year-end balance sheet improvements over the past five years as depicted in Chart 3 would be meaningful to our shareholders.

AMCORD
FINANCIAL POSITION
$000

	1971	1976
REVENUE	$135,026	$200,592
TOTAL DEBT	103,751	76,992
SHORT-TERM DEBT*	20,080	-0-
WORKING CAPITAL	10,793	47,936
EQUITY	79,403	97,160
EQUITY PER COMMON SHARE	$11.23	$14.85
CASH DIVIDENDS PER SHARE	$ -0-	$ .35

*MINIMUM DURING YEAR

CHART 3

These are some highlights. In 1971 our total revenues were $135 million, increasing to $200 million in 1976. Back in 1971, our total year-end debt was almost $104 million, decreasing by the end of December, 1976 to $76,992,000. In 1971, we were never out of short-term debt. We called it short-term debt, but it was really long-term. At its lowest point throughout that year, our short-term borrowing was $20 million. This past year we were completely out of short-term debt from the month of July through the end of the year.

Working capital has increased from $10,800,000 at the end of 1971 to almost $48 million last year. Your equity in absolute dollars has increased from $79 million to $97 million. Translated to equity per common share, each share you own has increased from $11.23 in 1971 to almost $15 this past year. No dividends were paid in 1971. Dividends amounting to 35 cents were declared in 1976, and the present annualized rate is now 60 cents per common share.

Energy

How were 1976 record earnings generated? Our Riverside Cement Company, serving primarily the Southern California market, was the largest contributor to earnings, followed by Phoenix Cement Company, serving the Arizona market. Two major factors enabled these two divisions to improve profitability over 1975.

First, our decision in 1973 to convert the Western operations to coal as a primary source of energy was one of the major factors. Chart 4 depicts the change in sources of energy since 1972. At that time, only 28 percent of all of our energy consumption was coal, and all of that was consumed by our two Eastern cement plants, which have always been on coal. 72 percent of our energy requirements were oil and natural gas.

In 1973 we made a decision to convert to coal. With the help of Pascoe Steel, in less than a year we completely installed coal-handling facilities in our Western plants. The first full-year impact was recorded in 1975. With additional improvement in 1976, we have now reached the point where last year 80 percent of our energy needs were filled by low-cost, abundant coal, with only 14 percent supplied by natural gas or oil. Most of our oil and gas consumption is employed in producing white cement at Riverside Cement since that product is not compatible with coal as a source of energy.

AMCORD

CEMENT OPERATIONS FUEL CONSUMPTION

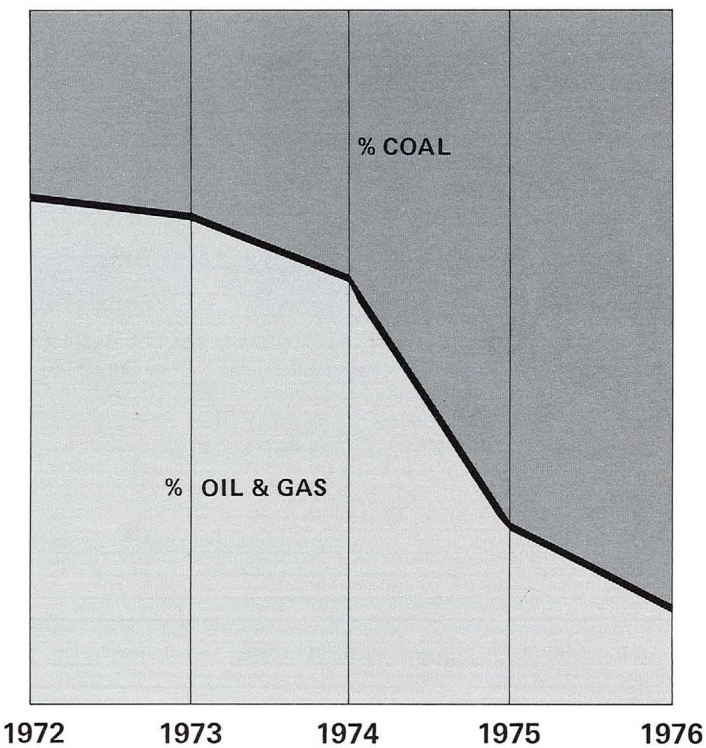


CHART 4

Now, I would like to give you a further picture of the impact of coal and why it helped the Western operations to contribute substantially to the improvement in our earnings in 1976.

RIVERSIDE CEMENT COMPANY

ENERGY COSTS

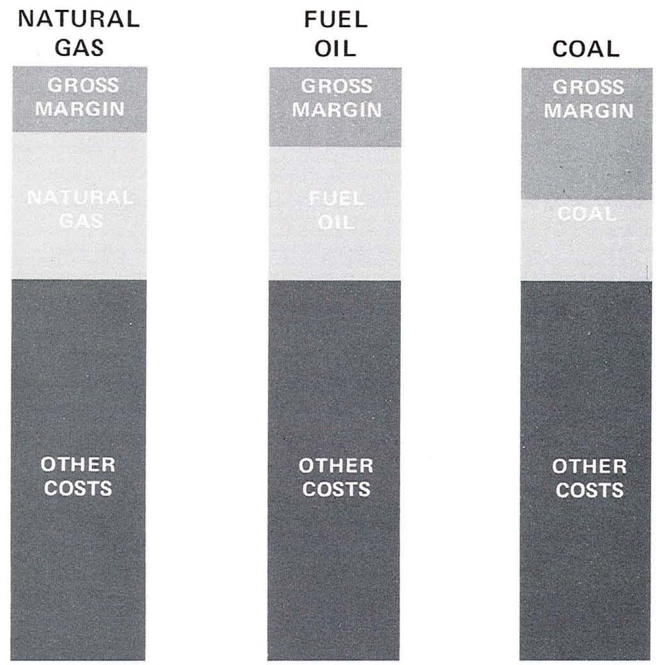


CHART 5

Chart 5 depicts the allocation of costs for Riverside Cement Company. The vertical bars represent a theoretical 100% which could be termed selling price. All other costs —raw material, labor and administrative charges—are held constant. The remainder of the vertical bar is the cost of fuel and the gross margin. If we were now using natural gas in the Riverside Division, it would represent 26 percent of the total sales price of cement. If we were using fuel oil, it would represent 23 percent of that price. But by having converted to coal, our energy costs are only 14 percent of selling price which creates an obvious substantial increase in our margins. That was the big contributor which assisted Riverside and Phoenix to produce such record earnings.

Review of Operations

The second factor behind our improved earnings in the Western operations was the strong increase in housing starts in 1976, thereby increasing substantially the demand for cement. And thus far in 1977, housing starts in Southern California and Arizona are even stronger than they were last year.

Pascoe Steel Corporation was also a strong contributor to earnings in 1976, showing remarkable strength in the sale of farm buildings produced in our relatively new Wathena, Kansas plant. This strength is also evident thus far in 1977. The recent acquisition of Hy-Mark, a manufacturer of circular grain storage buildings, may well assist in boosting Pascoe Steel earnings to a record level in 1977.

Little Lake Industries' earnings also increased last year, but even more importantly, it appears at this moment that Little Lake's 1977 results will be an all-time record for this division.

Hercules Cement's earnings were only moderate, due primarily to a depressed construction market in the Northeastern United States.

Peerless Cement passed a significant milestone in 1976. Since the construction of the new Detroit cement plant in 1969, 1976 was the first year that this division became profitable, a very important gain. Hopefully, in the years ahead Peerless will improve its operating results and will no longer be a drain on the earnings of our other operations.

Amcoal, our New Mexico coal venture, was profitable in its first year of operation, and that was only a partial year. We believe that in 1977 Amcoal will show a very good return on our investment.

Our newest acquisition, Lucas Coal Company in Grove City, Pennsylvania, operating under Amcord management since March 1 of this year, was moderately profitable in the first month of production. We expect Lucas to contribute substantially to earnings in 1978 and beyond.

Our record earnings permitted Amcord to write down its Snowmass holdings by $1.9 million in 1976 without affecting reported earnings. As you may know, the Pitkin County Commissioners late last year finally upgraded the Snowmass density to 2424 additional units. Since this is somewhat short of the 3500 units we had hoped to have for development, and because we did not attain the number of units we had sought, we thought it prudent to decrease the book value of Snowmass. Nevertheless, the 2424 units approved are a marked improvement over the 572 units originally permitted under the downzoning.

Even Snowmass, after the many years of difficulties due to downzoning, showed improvement, before the write-down.

At the beginning of 1976 we believed our Muskin subsidiary would be profitable. However, overall demands for pools and filters did not materialize as expected during the year, resulting in an operating loss in 1976. The bright side is that all divisions and subsidiaries other than Muskin and Snowmass did make a positive earnings contribution to the company.

Our 1976 record earnings—and, hopefully, good earnings in 1977, 1978 and 1979—will provide the cash base for our future growth.

But how do we wish to grow?

Future Growth

I believe we must keep our existing cement plants modern, but should not enter into major capital-intensive expansion. I believe that we must exploit the field of energy, particularly as it relates to coal production. We must find coal reserves for the Riverside Cement Division in order to fulfill our commitment and our goal to become self-sufficient in our fuel needs for our cement operations. We should develop additional coal capacity for commercial sales, because coal, in my opinion, will be America's major reliable source of energy in the decades ahead. By some estimates, coal can provide 200 years of energy needs for the United States.

I believe we should commit additional capital to our Little Lake Industries management, a team that knows how to generate a good return on investment. I believe we must find additional product lines which fit the expertise of our Pascoe Steel management. I believe we should consolidate the Muskin product line into a single plant, the Wilkes-Barre, Pennsylvania, facility, a program already well underway and a program which will reduce costs.

Yes, 1976 was a record year. But the real challenge to any aggressive management team is to continue improving all facets of their company's operations. If we were to adopt an Amcord theme song, and if I could sing as well as Frank Sinatra, I would suggest borrowing a line from one of his very popular songs: "It was a very good year." And if that phrase is true, then I believe 1977 will be a very, *very* good year. Thank you.

Subsidiaries/Divisions

Hercules Cement Company
Peerless Cement Company
Phoenix Cement Company
Riverside Cement Company
Amcoal
Little Lake Industries
Muskin Corporation
Pascoe Steel Corporation
Snowmass Corporation

Lucas Coal Company's surface mining operation in Western Pennsylvania.

Amcord, Inc.

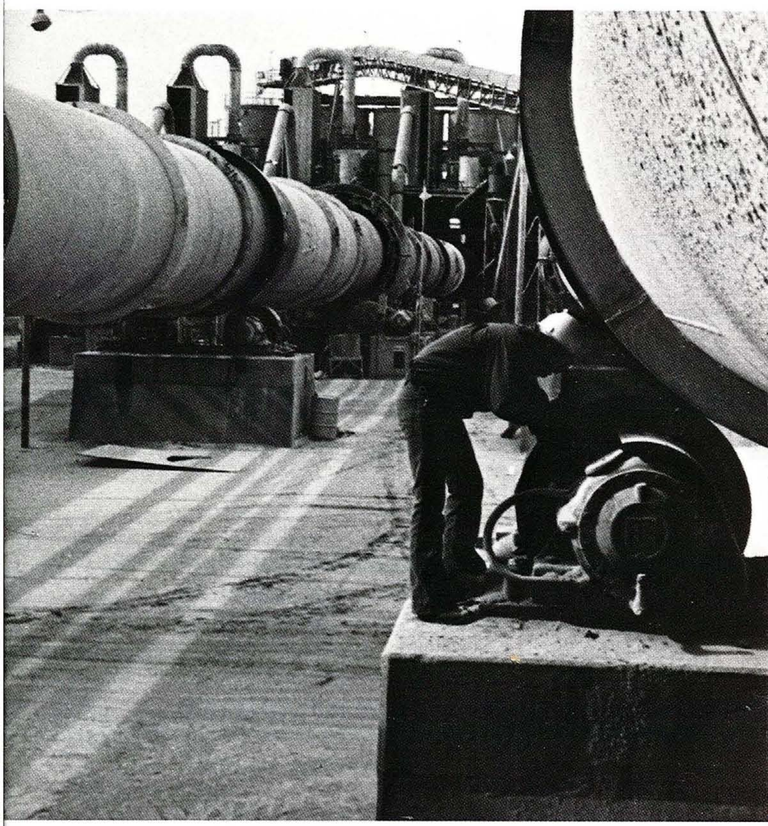
610 Newport Center Drive
PO Box 2540
Newport Beach, CA 92663

Subsidiaries/Divisions

Hercules Cement Company
Peerless Cement Company
Phoenix Cement Company
Riverside Cement Company
Amcoal
Little Lake Industries
Muskin Corporation
Pascoe Steel Corporation
Snowmass Corporation

Amcord, Inc.

Report to the Shareholders for the Three Months Ended March 31, 1977



Workman servicing motor which rotates one of the huge cement kilns.

Amcord, Inc.
610 Newport Center Drive
PO Box 2540
Newport Beach, CA 92663
(714) 640-1900

AMCORD, INC.

Consolidated Statement of Income
(in thousands of dollars)

	Three months ended March 31 1977	1976
Revenue		
Product sales	$50,872	$41,584
Realty sales and operations	249	613
Other income	410	346
	51,531	42,543
Costs and expenses		
Cost of products and real estate sold	39,189	32,534
Selling and administrative	6,592	5,439
Depreciation	2,047	1,923
Interest, less $23 capitalized in 1976	1,577	1,626
	49,405	41,522
Income before taxes	2,126	1,021
Provision for income taxes	829	235
Net income	$ 1,297	$ 786
Earnings per share		
Primary	$.17	$.08
Fully diluted	$.17	$.08

Management's Analysis of Quarterly Income Statements

Revenue increased $8,988,000 for the first quarter of 1977 as compared to 1976, and pretax income increased $1,105,000 for the same periods, due primarily to a continued strong market for the company's cement products in Southern California and Arizona, resulting from gains in housing starts, particularly in Southern California, an increase in commercial construction and favorable local weather conditions. An increase in total revenue for the first quarter of 1977 as compared to the fourth quarter of 1976 was due primarily to normal seasonal variations in the company's leisure products operations. The increases in cost of sales and pretax income for the first quarter of 1977 as compared to prior periods were also primarily attributable to the increase in revenue. Selling and administrative expenses increased because of increased levels of operations, but did not change significantly as a percent of revenue.

For the first quarter of 1977 the effective tax rate was 39%, compared to 23% in 1976; these rates are lower than the 48% statutory federal income tax rate due primarily to the excess of percentage depletion over cost depletion on limestone and other mineral deposits and, to the extent allowable and available, recognition of investment tax credit. The increase in rates results primarily from a reduction in the company's investment tax credit carryforward.

Primary earnings per share were computed, after recognizing preferred and preference dividend requirements, on the weighted average number of common shares outstanding in each period (5,999,000 in 1976, 6,092,000 in 1977). Since the computation of fully diluted earnings per share for 1976 would result in an anti-dilutive effect, the primary earnings per share amount is shown as the fully diluted amount. For 1977, fully diluted earnings per share is based upon income and shares used in the primary computation adjusted, respectively, for dividends on preference stock and interest and amortization of debt discount on subordinated convertible notes, less applicable income taxes, and for shares issuable upon conversion of such preference stock (707,972 shares) and notes (372,000 shares).

Amcord's sales and operating income are subject to recurring seasonal variations resulting from the delivery of a substantial portion of Muskin Corporation's above-ground pools and related equipment and Little Lake's furniture products during the first half of the year, and from higher demand for cement during the second and third quarters of the year.

Consolidated Balance Sheet
March 31, 1977 and 1976
(in thousands of dollars)

Assets	1977	1976
Current assets		
Cash	$ 7,418	$ 7,810
Accounts and notes receivable, net	34,423	30,260
Product inventories		
Raw materials and work in process	34,578	26,700
Finished products	16,877	16,304
Less contract advances	(463)	(360)
Other current assets	3,288	2,297
Total current assets	96,121	83,011
Realty receivables and land and improvements held for future development and sale, at cost	8,572	12,371
Production properties, at cost	234,644	225,097
Less accumulated depreciation	(114,413)	(108,035)
	120,231	117,062
Other assets	10,415	13,156
Total assets	$235,339	$225,600

Liabilities and shareholders' equity	1977	1976
Current liabilities		
Accounts and notes payable	$ 30,177	$ 33,178
Accrued liabilities	23,314	16,228
Total current liabilities	53,491	49,406
Long-term obligations	73,302	74,872
Other long-term liabilities	11,064	10,614 (1)
Shareholders' equity		
Capital stock	41,827	42,387
Capital in excess of par value	4,785	3,983
Retained earnings	57,061	50,095 (1)
Common stock in treasury, at cost	(1,868)	(3,897)
Notes receivable under Incentive Stock Purchase Plan	(4,323)	(1,860)
	97,482	90,708
Total liabilities and shareholders' equity	$235,339	$225,600

(1) Restated for $2 million prior period adjustment relating to income taxes which was recognized at December 31, 1976, resulting in an increase in retained earnings and a decrease in the liability for federal income taxes.

Consolidated Statement of Changes in Financial Position
For the three months ended March 31, 1977 and 1976
(in thousands of dollars)

	1977	1976
Sources of working capital		
Working capital provided by operations		
Net income	$ 1,297	$ 786
Depreciation	2,047	1,923
Collections in excess of notes received	1,131	26
Other	177	231
	4,652	2,966
Proceeds from sale of common stock held in the treasury	2,791	—
Other	179	138
	7,622	3,104
Uses of working capital		
Additions to production properties	1,159	398
Reductions in long-term obligations	1,255	1,780
Investment in purchased companies	6,658	—
Notes received under Incentive Stock Purchase Plan in excess of (less than) collections	2,659	(66)
Cash dividends	1,127	709
Other	70	60
	12,928	2,881
Increase (decrease) in working capital	$ (5,306)	$ 223

To Our Shareholders:

It gives me great pleasure to report that your company achieved record results for the first quarter of this year as net income increased to $1,297,000, or 17 cents per share, compared to $786,000, or 8 cents per share, during the first quarter of 1976. Revenues for the period were $51,531,000, a 21 percent increase over the $42,543,000 reported in the prior year. These increases were achieved in the first quarter, which has historically represented Amcord's seasonal low period for its cement and metal building operations.

The record sales and earnings are primarily attributable to a continued strong market for your company's cement products in Southern California and Arizona. Major gains in housing starts, particularly in Southern California, and an increase in commercial construction coupled with favorable local weather conditions placed a high demand on Amcord's cement products. On the other hand, Amcord's Eastern cement operations recorded lower sales during the period as adverse weather conditions early in the year contributed to an already slow rate of construction activity in these markets.

The company's second surface coal mining operation was acquired early in March and is presently expected to produce approximately 225,000 tons of coal annually. Located in Western Pennsylvania, production can be increased to provide sufficient coal for Amcord's Michigan and Pennsylvania cement plants, while maintaining service to present customers. It is worth noting that this newly acquired mining operation also made a modest contribution to your company's earnings this past quarter.

Pascoe Steel showed a moderate increase in sales and earnings during the first quarter over prior year levels. The farm building sector maintained continued strength. To further broaden and strengthen the company's penetration into the rapidly growing farm market, in February Pascoe Steel acquired Hy-Mark Industries, Inc., a Nebraska-based manufacturer of grain storage and handling equipment. Hy-Mark's grain bins, dryers, elevators and support equipment are sold under the York name and have earned an excellent reputation throughout the Midwest farm belt.

In our leisure products group, Little Lake Industries has completed a strong first quarter with increases in both sales and earnings, as demand for the company's primary line of redwood patio furniture continued to increase.

The advice and counsel provided the company's management by your Board of Directors has been a contributing factor to Amcord in achieving a position of leadership in the industries which it serves. Your company was pleased to announce in February the election of Paula Kent Meehan as a Director of your company. Amcord's first woman director, Mrs. Meehan is founder and Chairman of the Board of Redken Laboratories, Inc. of Los Angeles, a multimillion dollar corporation which is a leader in the development and manufacture of men's and women's beauty products.

In February, the Board of Directors voted to substantially increase the quarterly cash dividend on Amcord's common stock to 15 cents per share, an increase of 58 percent over the 9.5 cents per share paid in the previous quarter. This higher dividend rate is a direct reflection of the continuing favorable financial results which Amcord has reported in past quarters and has exceeded in this most recent quarter. This increase in the dividend was first received by our shareholders at the end of the quarter, the finest first quarter in the company's history.

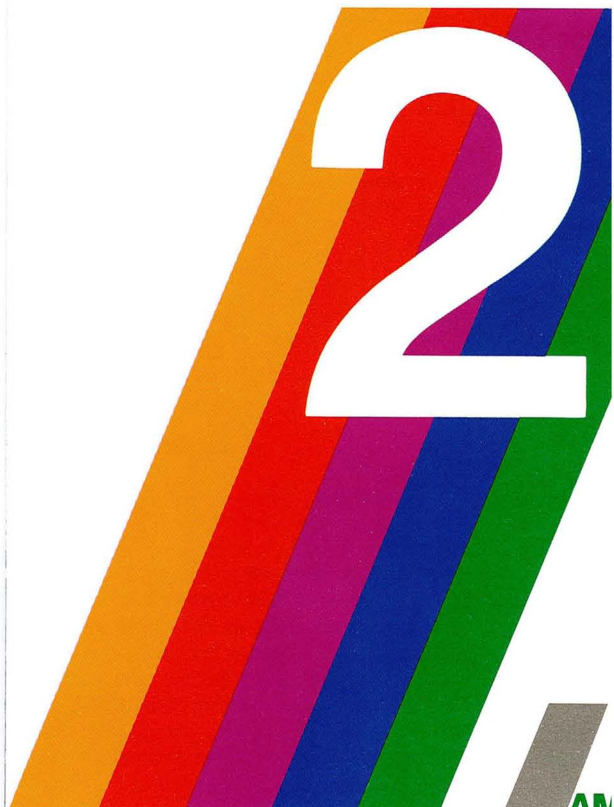
Principally through its cement operations, Amcord has been built on a strong foundation. On that foundation an even stronger company is being built today in our metal building and leisure products operations and through the protection of our fuel needs by our entry into coal production. Amcord is strong and growing stronger.

William T. Pascoe, III
Chairman of the Board and
Chief Executive Officer

April 25, 1977

Amcord, Inc.

Report to the Shareholders for the Six Months Ended June 30, 1977



AMCORD, INC.

Consolidated Statement of Income
(in thousands of dollars)

	Three months ended June 30 1977	1976	Six months ended June 30 1977	1976
Revenue				
Product sales	$80,228	$60,996	$131,100	$102,580
Realty sales and operations	228	263	477	876
Other income	402	259	812	605
	80,858	61,518	132,389	104,061
Costs and expenses				
Cost of products and real estate sold	57,595	44,228	96,784	76,762
Selling and administrative	8,539	8,173	15,131	13,612
Depreciation	2,178	1,954	4,225	3,877
Interest, less $23 capitalized in 1976	1,651	1,735	3,228	3,361
	69,963	56,090	119,368	97,612
Income before taxes	10,895	5,428	13,021	6,449
Provision for income taxes	4,249	1,248	5,078	1,483
Net income	$ 6,646	$ 4,180	$ 7,943	$ 4,966
Earnings per share				
Primary	$.94	$.62	$1.11	$.70
Fully diluted	$.90	$.60	$1.07	$.68

Management's Analysis of Quarterly Income Statements

Increases in total revenue for the first half and second quarter of 1977 as compared to 1976 were primarily attributable to continuing improved sales of the company's cement products in Southern California and Arizona. These increases were caused by favorable weather conditions, resulting in relatively uninterrupted construction activity during the first six months of 1977, and a continuing strong housing market. For 1977, increases in total revenue and earnings for the second quarter as compared to the first quarter were due primarily to normal seasonal variations in the company's cement and leisure product operations. The increases in cost of sales, selling and administrative expenses and pretax income for the first half and second quarter of 1977 as compared to prior periods were primarily due to increases in revenue and the level of operations.

For the first half of 1977 the effective tax rate was 39%, compared to 23% in 1976; these tax rates are lower than the 48% statutory federal income tax rate due primarily to the excess of percentage depletion over cost depletion on limestone and other mineral deposits and, to the extent allowable and available, recognition of investment tax credit. The increase in rate from 1976 to 1977 results primarily from a reduction in the company's investment tax credit carryforward.

Primary earnings per share is based upon net income, after recognition of dividend requirements on preferred stock, divided by the weighted average number of common and common equivalent shares outstanding in each period (6,942,000 in 1977 and 6,732,000 in 1976). Fully diluted earnings per share is based upon income and shares used in the primary computation adjusted, respectively, for interest and amortization of debt discount on the company's subordinated convertible notes, less applicable income taxes, and for shares issuable upon conversion of such notes (372,000 in 1977 and 496,000 in 1976).

Amcord's sales and operating income are subject to recurring seasonal variations resulting from the delivery of a substantial portion of Muskin Corporation's above-ground pools and related equipment and Little Lake's furniture products during the first half of the year, and from higher demand for cement during the second and third quarters of the year.

Consolidated Balance Sheet
June 30, 1977 and 1976
(in thousands of dollars)

Assets	1977	1976
Current assets		
Cash	$ 11,099	$ 8,309
Accounts and notes receivable, net	43,373	34,983
Product inventories		
Raw materials and work in process	33,492	25,381
Finished products	10,941	13,060
Less contract advances	(516)	(1,598)
Other current assets	3,328	2,129
Total current assets	101,717	82,264
Realty receivables and land and improvements held for future development and sale, at cost	8,228	11,521
Production properties, at cost	233,673	226,431
Less accumulated depreciation	(115,800)	(109,921)
	117,873	116,510
Other assets	10,548	11,676
Total assets	$238,366	$221,971

Liabilities and shareholders' equity	1977	1976
Current liabilities		
Accounts and notes payable	$ 21,688	$ 21,537
Accrued liabilities	29,984	20,152
Total current liabilities	51,672	41,689
Long-term obligations	72,215	75,917
Other long-term liabilities	11,389	10,369 (1)
Shareholders' equity		
Capital stock	41,827	42,387
Capital in excess of par value	5,211	3,968
Retained earnings	62,493	53,533 (1)
Common stock in treasury, at cost	(1,019)	(4,089)
Notes receivable under Incentive Stock Purchase Plan	(5,422)	(1,803)
	103,090	93,996
Total liabilities and shareholders' equity	$238,366	$221,971

(1) Restated for $2 million prior period adjustment relating to income taxes which was recognized at December 31, 1976, resulting in an increase in retained earnings and a decrease in the liability for federal income taxes.

Consolidated Statement of Changes in Financial Position
For the six months ended June 30, 1977 and 1976
(in thousands of dollars)

	1977	1976
Sources of working capital		
Working capital provided by operations		
Net income	$ 7,943	$ 4,966
Depreciation	4,225	3,877
Other	1,432	995
	13,600	9,838
Renewal of long-term debt obligations	—	2,025
Proceeds from sale of common stock held in the treasury	4,051	—
Other	1,489	1,132
	19,140	12,995
Uses of working capital		
Additions to production properties	1,857	1,714
Reductions in long-term obligations	2,342	2,760
Investment in purchased companies	6,733	—
Notes received under Incentive Stock Purchase Plan in excess of (less than) collections	3,758	(123)
Cash dividends	2,341	1,451
	17,031	5,802
Increase in working capital	$ 2,109	$ 7,193

To Our Shareholders:

Your company has achieved a 60 percent increase in earnings for the first six months ended June 30 compared with the same period last year.

Record revenues and earnings for the second quarter resulted in a rise in net income from operations of 59 percent to $6,646,000, or 90 cents per share, from $4,180,000, or 60 cents per share during the second quarter of 1976. Revenues for the period rose 31 percent to $80,858,000 from $61,518,000 during the second quarter of last year. Revenue and earnings for the six-month period ending June 30 also reached record levels. Revenue rose 27 percent to $132,389,000, compared to $104,061,000 during the first six months of 1976. Earnings for the six-month period reached a new high of $7,943,000, or $1.07 per share, compared to 1976 first-half earnings of $4,966,000, or 68 cents per share.

These record results continue to reflect favorable developments in our important Western cement markets. Riverside and Phoenix cement companies, among other factors, benefited from a very low rainfall, which resulted in relatively uninterrupted construction activity during the first six months of 1977. A continuing strong housing market has also contributed to a near record level demand for cement. Commercial and industrial construction appears to be increasing, which has added strength to this already strong market and may well continue into mid-1978. Overall, these factors have created one of the highest levels of building activity experienced in Amcord's Western cement markets, an area representing the major portion of our cement capacity.

Riverside and Phoenix cement companies operate modern plants. Conversion to coal as a primary source of fuel for the kilns has made them energy efficient as well. Both divisions are producing cement at near optimum capacity and the present outlook is for a continued level of high productivity. Amcord's Eastern cement operations, which had been affected by severe winter weather during the first quarter, have now experienced some improvement as a result of increasing construction activity. This moderate improvement, however, continued in a market area that has not shown the strength of price structure being experienced in the West.

Pascoe Steel has continued to record increases in order backlog compared to levels of a year ago. Sales and earnings for the first half have exceeded management's earlier expectations. The recently acquired Hy-Mark subsidiary, a Nebraska based manufacturer of grain storage and handling equipment, has provided Pascoe Steel an opportunity to take further advantage of the strong market for structures designed for farm use. Record Midwest harvests have created a growing surplus, resulting in a large backlog for Hy-Mark's products.

The company's leisure products group was strengthened during the first half with a consolidation of management and facilities. Miles F. Sullivan, President of Little Lake Industries, has also assumed the presidency of Muskin Corporation. Under his guidance, Little Lake Industries has grown dramatically to become the nation's largest manufacturer of redwood patio furniture. Little Lake is enjoying the best year in its history with very substantial gains in both sales and earnings. Muskin's California operations, as previously announced, are being consolidated into the modern Wilkes-Barre manufacturing facility, which move will be completed by year-end. However, Muskin's results will be flat as a result of the closing of the California production facility.

When announcing our preliminary first half results in an interview with the Wall Street Journal two weeks ago, we estimated year-end earnings to be a minimum of $1.90 per share versus the $1.37 earned in 1976, which if attained will represent another record for your company. Amcord has achieved a compounded annual growth rate of 38 percent for the past five years and if 1977 objectives are fulfilled, a sixth year will be added at approximately the same rate.

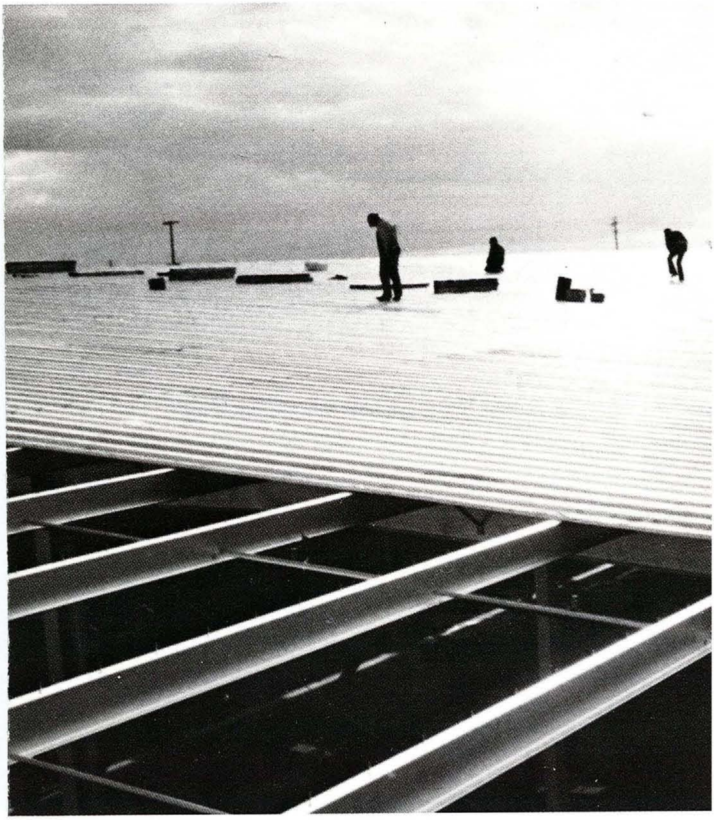
In closing, I would like to comment on the practice of double taxation on corporate dividends. As shareholders each of us is penalized by double taxation of corporate dividends and the time may be at hand for a change in this unfair practice. Secretary of the Treasury Blumenthal has indicated that the President's tax proposals will be sent to Congress in September. The time is right for each of us to voice our views both to the President and our elected representatives. The attached brochure outlines the damaging effect of the present dividend tax laws and is a guide for shareholder action. I ask each of you to join with me in demanding an end to the double taxation of our corporate dividends.

William T. Pascoe, III
Chairman of the Board and
Chief Executive Officer

July 25, 1977

Subsidiaries/Divisions

Hercules Cement Company
Peerless Cement Company
Phoenix Cement Company
Riverside Cement Company
Amcoal, Inc.
Little Lake Industries
Muskin Corporation
Pascoe Steel Corporation
Snowmass Corporation
Lucas Coal Company, Inc.



Workers installing roof panels on pre-engineered Pascoe Steel building.

Amcord, Inc.

610 Newport Center Drive
PO Box 2540
Newport Beach, CA 92663

AMCORD News Release

USBM-LIAISON OFFICE
77 APR 29 A10 : 49
PHOENIX, ARIZONA

FOR ADDITIONAL INFORMATION CONTACT:
J. C. Polley

NYSE/PSE SYMBOL: AAC

FOR IMMEDIATE RELEASE

Amcord, Inc. Reports

Record First Quarter Revenues and Earnings

Earnings Increase 65 Percent On 21 Percent Increase In Revenues

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NEWPORT BEACH, CALIFORNIA, APRIL 25, 1977--William T. Pascoe, III, Chairman and Chief Executive Officer of Amcord, Inc. today announced that net income from operations for the first quarter ended March 31, 1977 increased to a record $1,297,000, or 17 cents per share, compared to $786,000 or 8 cents per share, during the first quarter of 1976. Revenues for the first three months of 1977 were a record $51,531,000, compared to $42,543,000 for the year earlier period.

Mr. Pascoe said the increase in first quarter results was attributable primarily to the continued strength of the company's Southern California and Arizona cement operations. He said a strong residential and commercial construction market coupled with especially favorable weather conditions has benefited cement shipments in Amcord's two prime market areas. Mr. Pascoe reported that despite these gains, Amcord's two Eastern cement plants continued to experience soft demand as a result of extremely adverse weather conditions early in the year and a resulting slow rate of construction activity.

He noted that first quarter results included a modest first earnings contribution from the company's recently acquired surface coal mining operations in western Pennsylvania, the company's second entry into coal mining. Two years ago, Amcord became the first national cement company to convert all Western cement production facilities to the use of coal, eliminating a dependence upon fuel oil or natural gas for primary fuel needs. Last year the company announced its intention to become self-sufficient in the fuel needs of its cement plants by the end of 1978 through the acquisition of strategically-located coal properties.

Sales and earnings of the company's Pascoe Steel Corporation subsidiary also contributed to the quarter's improvement as orders for the company's metal building systems showed moderate gains during the period.

The nation's sixth largest cement producer, Amcord is also a manufacturer and marketer of metal building systems and leisure products.

* * *

SUMMARY OF CONSOLIDATED RESULTS

	First Quarter (Three Months Ended March 31)	
	1977	1976
Revenue	$51,531,000	$42,543,000
Net Income	$ 1,297,000	$ 786,000
Earnings per share:		
Primary	$.17	$.08
Fully Diluted	$.17	$.08

Amcord, Inc. Annual Report 1976

(Phoenix Cement - Clarkdale)

AMCORD

Business Profile

Amcord, Inc. is a diversified manufacturer and marketer of cement, metal buildings and leisure products.

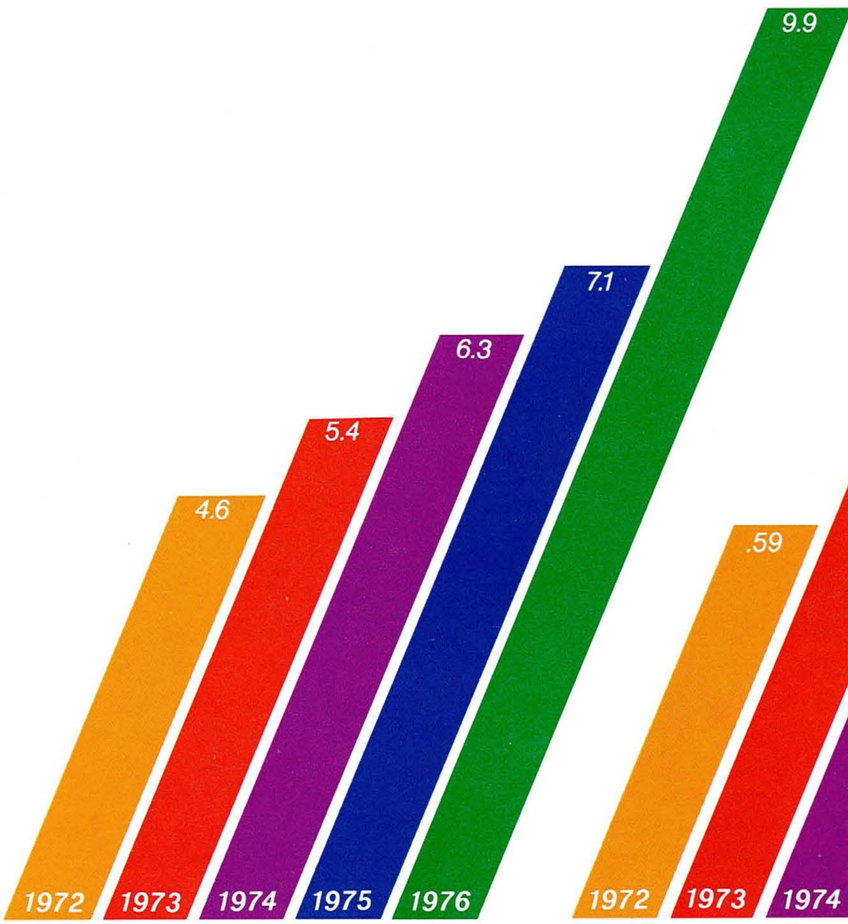
Its leisure products include above-ground swimming pools, pool filters and accessories, and outdoor and indoor leisure furniture.

Headquartered in Newport Beach, California, Amcord conducts its operations primarily in the United States.

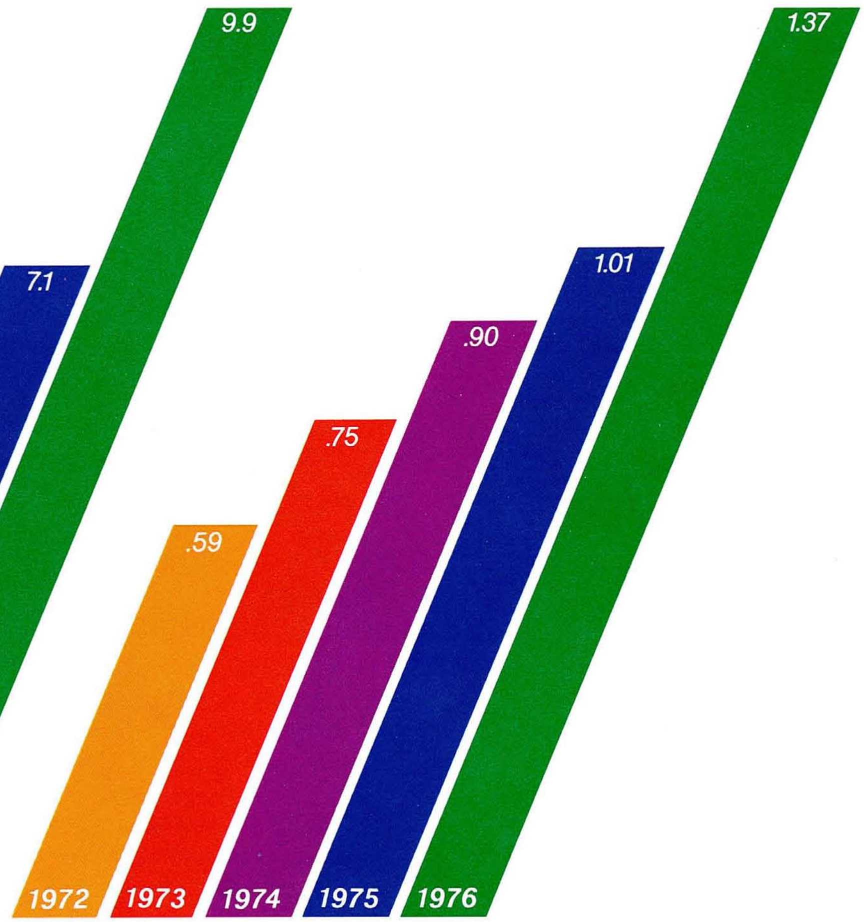
Amcord common stock is traded on the New York and Pacific Stock Exchanges under the symbol AAC.

AMCORD

Contents:



NET INCOME
In Millions of Dollars



EARNINGS PER SHARE
In Dollars

TWO-YEAR HIGHLIGHTS

OPERATING RESULTS	**1976**	**1975**	**% CHANGE**
Revenue	**$200,592,000**	$167,179,000	**+20**
Net Income	**$9,891,000**	$7,097,000	**+39**
Earnings Per Share			
Primary	**$1.41**	$1.04	**+36**
Fully Diluted	**$1.37**	$1.01	**+36**

To Our Shareholders:

In 1976 your company completed one of the most outstanding years in its history, further strengthening a foundation for what your management believes will be but a stepping stone for future long-term growth.

More than seven years have passed since your present management introduced effective long-range plans and controls which would chart the course of Amcord through the 70's.

provide an alternative and less costl fuel supply to our Phoenix Cement plant in Arizona. This marked the initiation of a long-range program to become self-sufficient in fuel requirements for our cement plants through the acquisition of provable coal reserves. In January of 1977, we entered into an agreement to

From left: Luis Barrenechea, Executive Vice President; William T. Pascoe, III, Chairman and Chief Executive Officer; Roland R. Speers, President.

named defendants in a number of class action lawsuits which seek unspecified damages as a result of alleged violations of antitrust laws. Because of the nature of these actions, it is too early to predict an outcome. Amcord has, however, vigorously denied the allegations. The company's outside antitrust counsel responsible for the defense of the legal actions will continue to energetically protect the company's interests.

Sales of pre-engineered metal buildings by our Pascoe Steel subsidiary began the year at a high level, and were given strong support by rapid growth in the farm building sector. As a result of intensified marketing, farm building sales nearly tripled those of 1975.

Reflecting the continued high unemployment and flat economy of the Northeast market, product sales were disappointing for Muskin Corporation, our subsidiary which manufactures above-ground swimming pools and related equipment. As discussed in greater detail in the Review of Operations, action has been taken to reverse the earnings downtrend of this subsidiary. Offsetting the Muskin results, however, was the performance of our Little Lake Industries division which manufactures redwood patio and indoor leisure furniture. Acquired by Amcord in 1974, Little Lake had record sales and earnings in 1976, and is expected to again achieve record results in 1977.

As those who follow our company know, heavy emphasis has been placed on strengthening the financial position of Amcord through strict financial policies designed to improve profitability and cash flow, and to increase the amount paid to shareholders in the form of dividends. A significant development this past year in helping to achieve these objectives was the successful placement with a group of institutional investors of a $20 million long-term loan. The proceeds from this loan were used to repay other indebtedness which had variable interest rates tied to the prime rate. The new loan provides for a sixteen year amortization, and carries a fixed rate of interest. This favorable refinancing assures your company of substantial additional cash being available during the next five years for capital expenditures and other investment opportunities having favorable paybacks. We will continue our policy of reducing debt until we reach a debt to equity ratio of .5 to 1.0, which should occur prior to 1980.

We believe Amcord has now attained a position of leadership within the industries it serves. This leadership can be attributed to a great degree to the advice and counsel provided the company's management by your Board of Directors. Mr. Marshall I. Wais, founder and Chairman of Marwais Steel Company, was elected a director this past year, and brings to the company a broad background in manufacturing and processing of metal products. Through Marwais International operations, Mr. Wais has successfully operated in overseas markets for many years and is therefore especially competent to assist the company in the achievement of future growth of export sales. Early in 1977, the Directors elected the company's first woman director, Mrs. Paula Kent Meehan. Mrs. Meehan is founder and Chairman of Redken Laboratories, Inc. Recently named one of *Business Week* magazine's "100 Top Corporate Women," Mrs. Meehan is known as an innovative businesswoman who has become one of the nation's foremost authorities on the scientific approach to the manufacture of beauty products.

On February 9, 1977, the Board of Directors voted to substantially increase the quarterly cash dividend on Amcord's common stock to 15 cents per share, an increase of 58 percent over the 9.5 cents per share for the previous quarter. The higher dividend rate is a direct result of the favorable financial results experienced in 1976, which have been briefly outlined earlier in this report.

This latest dividend increase truly reflects the action of the Board of Directors which was initiated two years ago when, in keeping with the decision to share Amcord's improved financial results with its shareholders, a dividend policy was established whereby the company would pay cash dividends to holders of the company's common stock representing a minimum of approximately 30 percent of established earnings per share. Under this guideline, cash dividends per share were subsequently increased by 20 percent in 1975, and were further increased by 30 percent in 1976. Your Board of Directors' recent action is indicative of its confidence in the outlook for the future growth of Amcord. As in the past, our dividend policy will continue to provide for dividend growth based on earnings achievement.

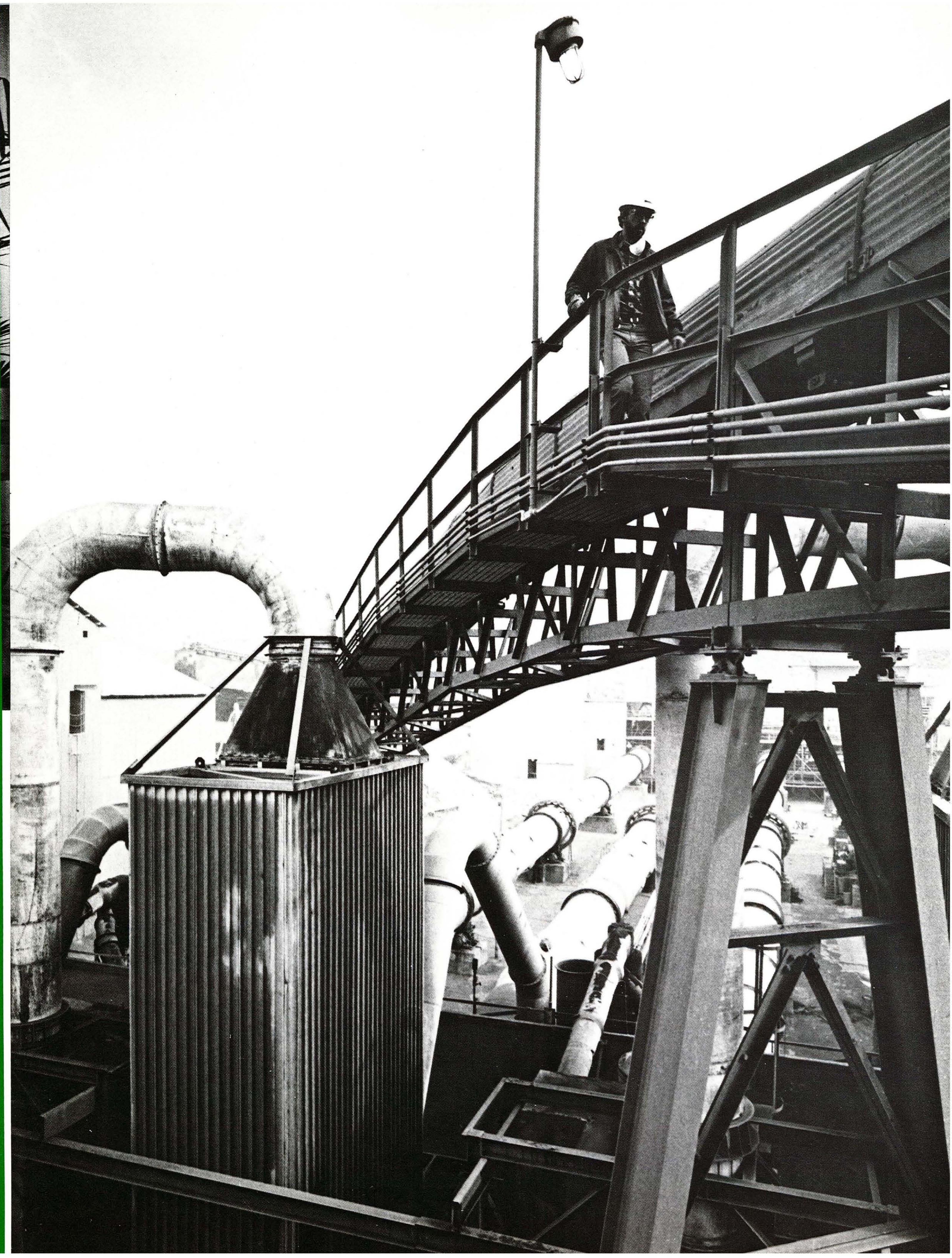
As we review the events of the past few years, and evaluate Amcord's achievements during 1976, one could say, "It is all coming together: people, products, a strong financial base and an aggressive position of leadership in the industries we serve." The past few years have been a period of severe testing both for American business in general and for Amcord in particular. While gratified with the results achieved during this period, we are nonetheless more fully committed than ever to continue to set high financial goals and to attempt to exceed our stated objectives in the coming months and years.

We appreciate the continued support of our shareholders, our employees and our customers. We also appreciate the growing recognition of Amcord by the investment community, which we believe to be a direct reflection of our improved results and future prospects.

Sincerely,

William T. Pascoe, III
Chairman of the Board and
Chief Executive Officer

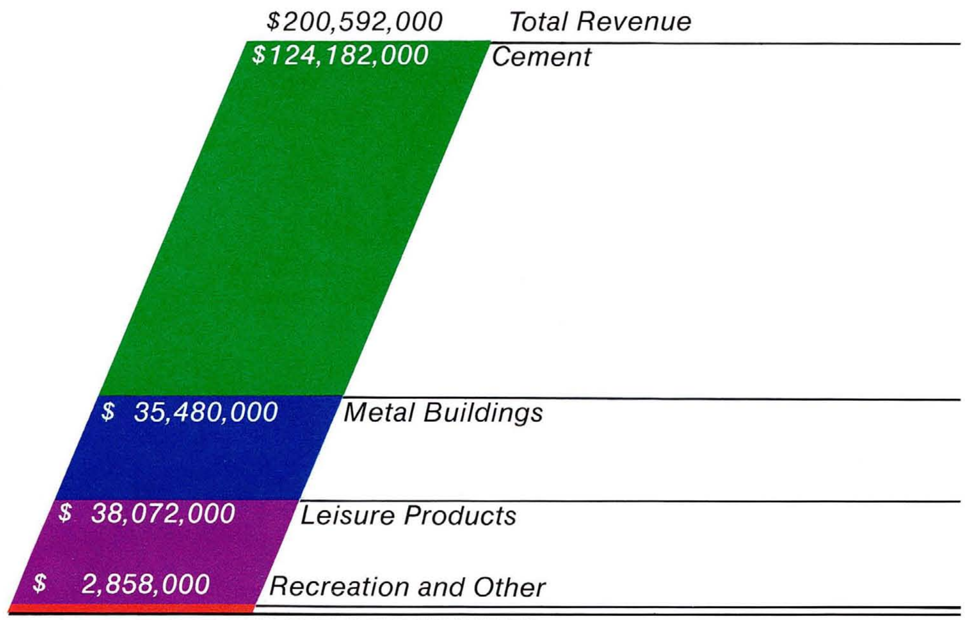
February 9, 1977



Technician checking coal feed system at Riverside Cement Company's Oro Grande, California facility.

REVIEW OF OPERATIONS
Cement Manufacturing:

In 1976 cement sales were $124,182,000 and accounted for 62% of Amcord's total revenues. Amcord's four cement manufacturing divisions are located in California, Arizona, Michigan and Pennsylvania and have a manufacturing capacity of over four million tons of cement annually, making Amcord the nation's sixth largest cement producer. Amcord manufactures several types of portland cement which are sold primarily to ready-mix concrete companies, building materials dealers and manufacturers of concrete products.



1976 REVENUE BY LINE OF BUSINESS

A modest improvement in construction activity this past year, particularly in the Western United States, benefited Amcord's Riverside and Phoenix Cement Company operations. Riverside Cement had a record year in sales and earnings, benefiting from a resurgence of growth in Southern California where building activity, led by new home construction, has registered increases since the beginning of 1976. Housing activity reached the highest over-all level of new construction since 1973. The area served by Phoenix Cement saw an improvement in new building starts and new housing is leading the commercial and industrial sectors.

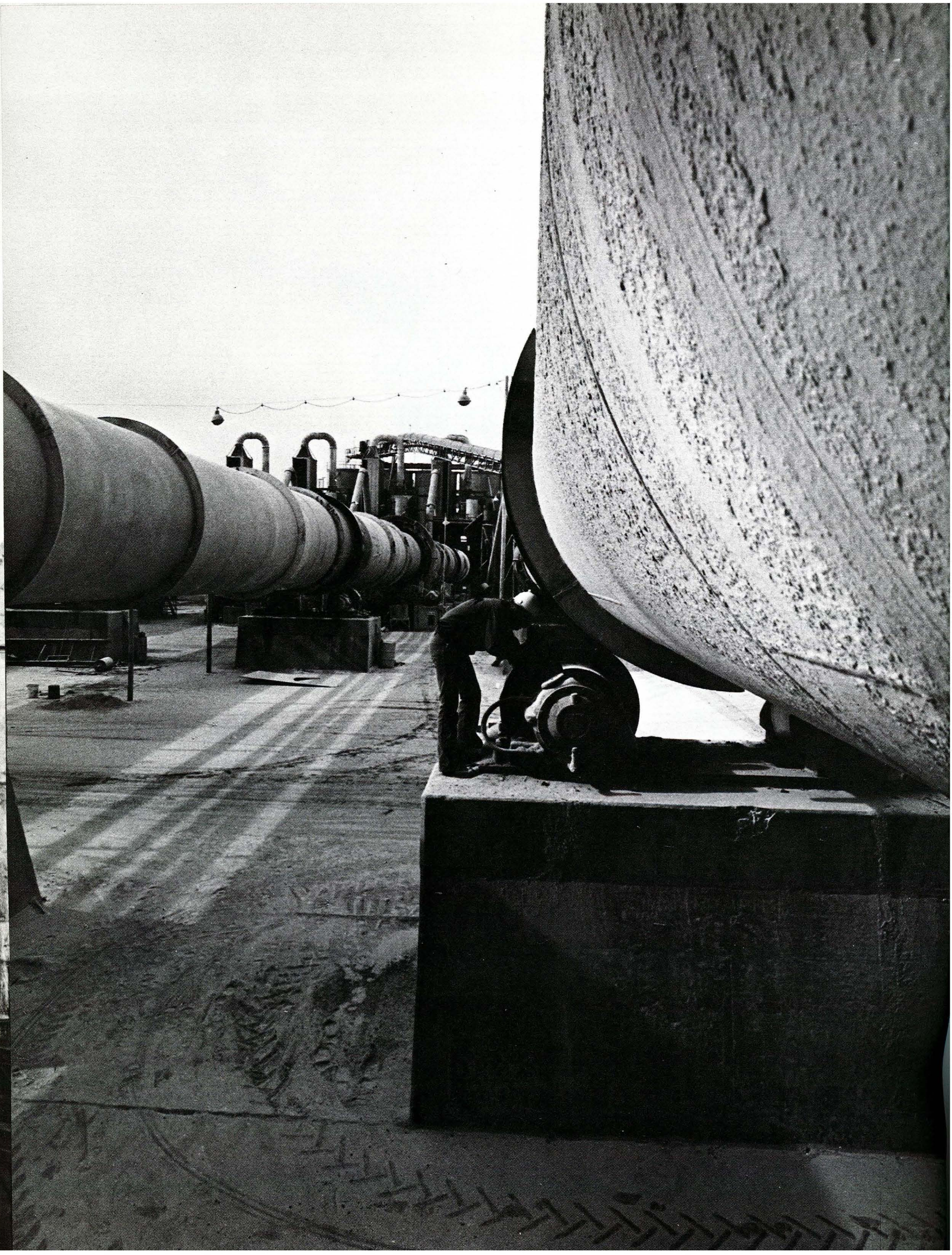
Demand for cement remained sluggish during most of the year in the Eastern United States, offering little opportunity for improvement to our Michigan and Pennsylvania plants. Toward year-end, however, some improvement was being felt in the housing and public works sectors, but with the severe cold weather of recent months it is difficult to predict whether this improvement will continue through 1977.

Both the Phoenix and Hercules cement plants received major long-term contracts this past year for shipments to new power generating plants scheduled for construction in their respective areas. The values of these contracts are $6 million at Hercules and $5.2 million at Phoenix. Phoenix Cement began shipments at year-end and Hercules expects shipments to begin in the early part of 1977. In order to improve customer service, Phoenix Cement is nearing completion of a significant expansion of its shipping, loading and storage facilities at its plant in Clarkdale, Arizona. This $600,000 expansion will improve the plant's capabilities during peak-load operations.

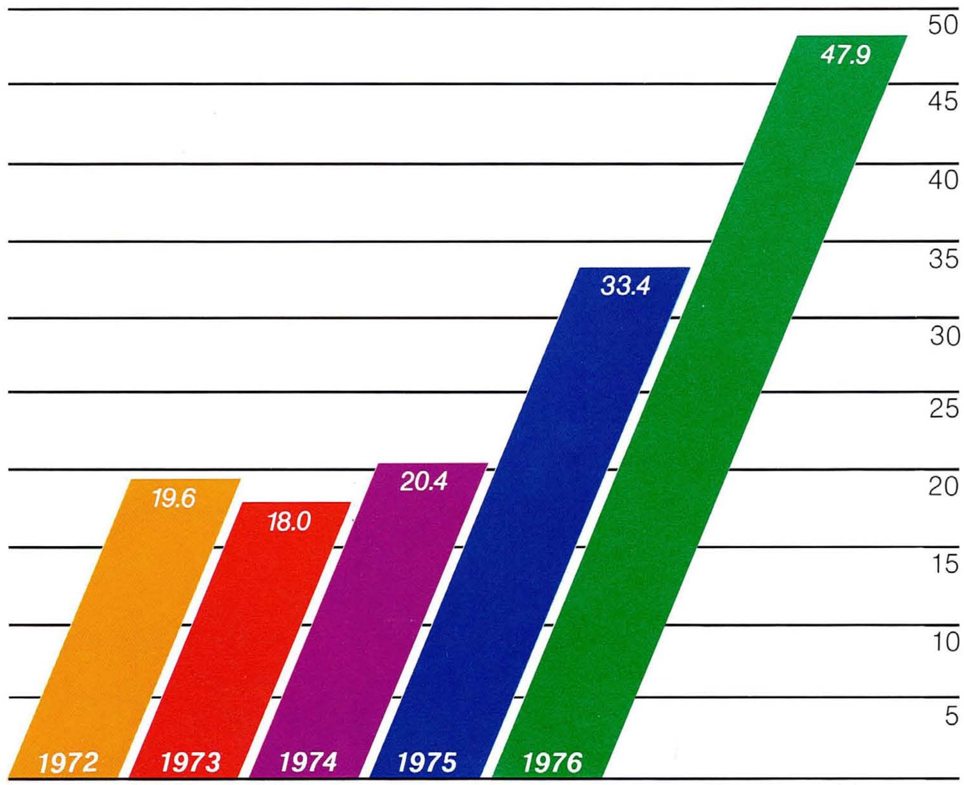
In February 1976 Amcord was honored by the Federal Energy Administration for the company's full conversion to the use of coal for the firing of its cement kilns. The agency's Energy Conservation "Excellence Award" cited Amcord for pioneering the use of coal in the West for the manufacture of cement.

This conversion program, completed early in 1975, has resulted in substantial savings as the cost of alternative sources of fuel has soared, and has also lessened the future threat to Amcord of petroleum price increases or shortages.

1976 marked the first year of Amcord's entry into coal mining. Amcoal, a subsidiary which oper-



Workman servicing motor which rotates one of the huge cement kilns.



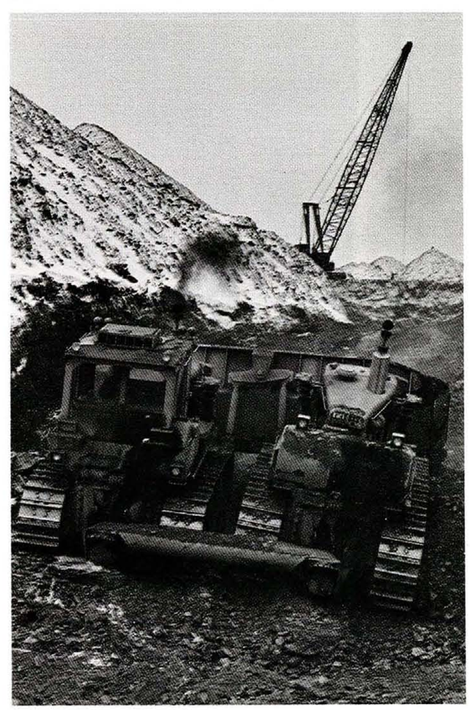
WORKING CAPITAL
In Millions of Dollars

ates a surface mining operation in Northern New Mexico, supplies coal to the company's Phoenix Cement plant.

In January 1977 Amcord announced that it had entered into an agreement to acquire its second coal operation, Lucas Coal Company, located in Western Pennsylvania. The purchase price of this surface mining operation is approximately $6.5 million. The mine currently supplies about 225,000 tons of coal annually to nearby utilities. Amcord plans to expand this operation in order to maintain service to present customers, as well as providing sufficient coal for the company's Michigan and Pennsylvania cement plants. This new coal acquisition is in accordance with the company's plan of becoming self-sufficient for the fuel needs of its cement operations by the end of 1978. These two surface mining operations are very similar in nature to the quarrying of limestone which the company undertakes at its cement operations.

The outlook for Amcord's cement operations remains bright for 1977 as construction activity in the Western area continues at last year's high levels. Amcord's cement plants are modern and efficient and cement operations are expected to continue to provide a solid foundation for the company's sales and earnings in the years ahead.

Lucas Coal Company's surface mining operation in Western Pennsylvania.



Workers installing roof panels on pre-engineered Pascoe Steel building.

Metal Building Systems:

Pascoe Steel Corporation, which manufactures pre-engineered metal building systems, reported excellent earnings in 1976 on an increase in revenue of 23% to $35,480,000. Since construction industry fortunes parallel the economy, the improvement which began last year is expected to continue through 1977 as principal metal building markets benefit from a resurging national economy.

During 1976 Pascoe Steel's greatest gain came from continued growth in agricultural buildings. Pascoe Steel introduced a line of steel buildings in 1974 which were especially suited toward the needs of the nation's farming industry. Designed for a wide range of farm uses, these buildings are manufactured primarily at the company's Midwest and Eastern plants. Continued aggressive marketing of farm building products has firmly established Pascoe Steel in the important farm market and further market penetration is expected this year in the nation's main agricultural centers.

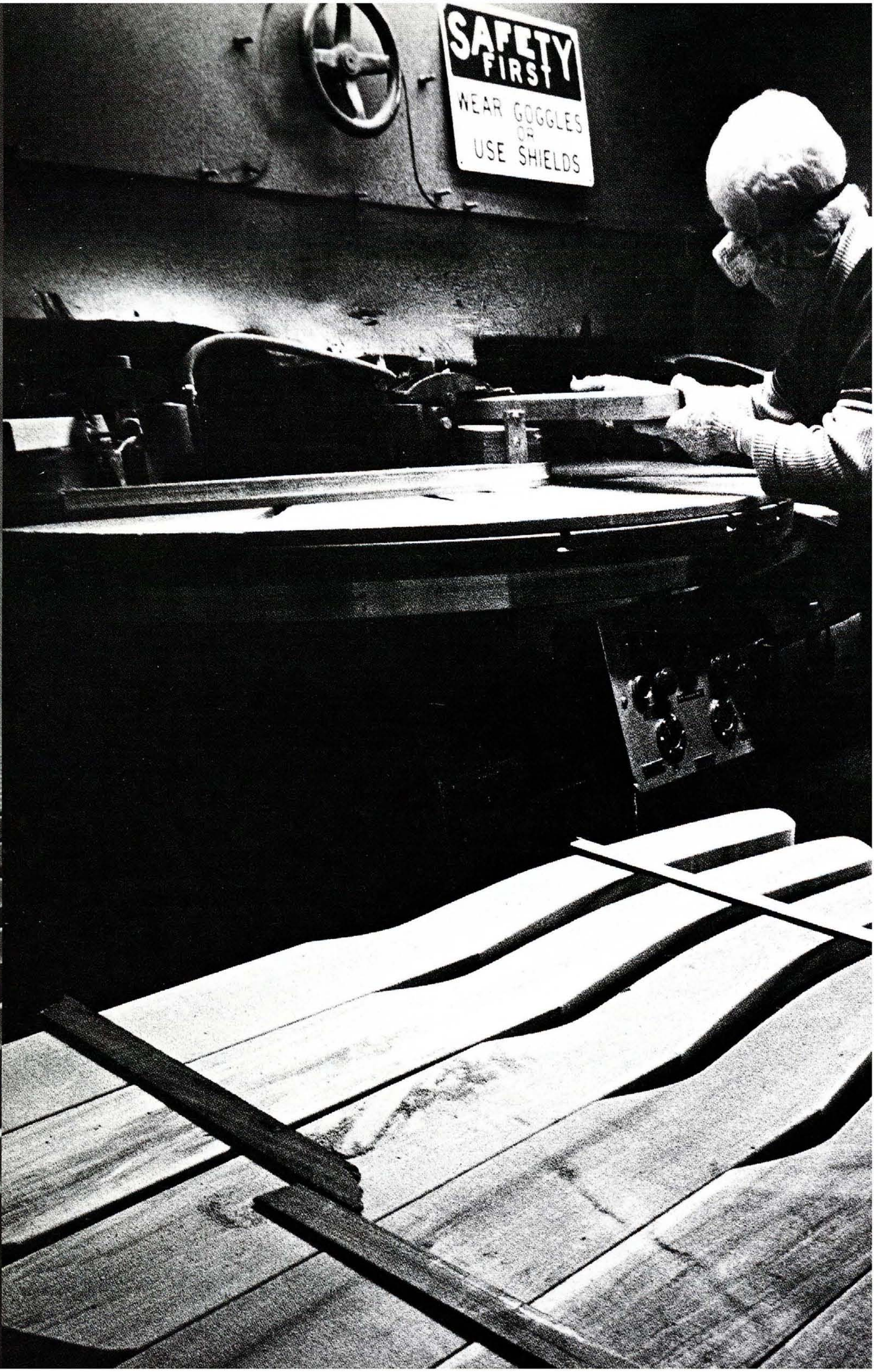
Late last year Pascoe Steel announced a new line of pre-engineered metal building systems which is expected to broaden the market for metal buildings. The new buildings, marketed under the name "Milestone," differ from the typical metal building in that they feature a more conventional appearance while still offering the advantage of the shorter construction time provided by manufactured components. This new product is being widely promoted, and Pascoe Steel anticipates a sizable increase in the number of distributors selling and erecting this new system.

Pascoe Steel, long a strong performer in the export field, has expanded its marketing efforts with the addition of a full-time Director of Export Marketing and added sales representation in both South America and the Middle East.

Following the successful engineering and construction of the coal handling systems for Amcord's coal conversion of its Western cement operations, Pascoe Steel has expanded its materials handling technology. It is expected that construction of materials handling equipment will broaden the appeal of Pascoe Steel's overall package of complete building systems in the future.

Continued development of new products and the aggressive marketing of present product lines is expected to maintain Pascoe Steel's position as a growth leader in the metal building industry.

Factory fabrication of Pascoe Steel building components.


SAFETY
FIRST
WEAR GOGGLES
OR
USE SHIELDS

Redwood chair arms being formed at Little Lake Industries.

Leisure Products:

Amcord is a leading factor in the manufacture of above-ground swimming pools and indoor and outdoor leisure furniture. Combined revenues of Amcord's Muskin Corporation and Little Lake Industries operations were $38,072,000 in 1976.

Muskin, a leading producer of above-ground pools and related equipment, again encountered some resistance to consumer spending this past year as prices of raw materials rose and the resulting increases in retail prices dampened consumer demand. While the basic backyard pool package will remain as Muskin's primary product, it has utilized its present manufacturing capability to introduce additional product lines serving the same basic marketplace, the nation's major mass retailers. The company has been licensed to use the ever-popular Walt Disney characters for a new moderately-priced line of children's small splasher pools, and this line will be introduced for the first time this season. Utilizing its technology in above-ground swimming pool design and fabrication, Muskin has developed a new home spa which will offer the do-it-yourselfer substantial savings on what is currently one of the nation's most popular home improvement products.

Early in 1977, Muskin will consolidate most of its pool and filter manufacturing at its three-year-old Wilkes-Barre, Pennsylvania plant in order to place these items closer to the heavily-populated Eastern market, long the strongest consumer area for above-ground pool products. Operational savings from this move, combined with the addition of new products and the expanded marketing of present product lines, are expected to improve Muskin's results in the years ahead.

Little Lake Industries, now the nation's largest manufacturer of redwood patio furniture, had its most successful year in 1976 as new marketing outlets created the highest demand ever for its products. Shipped in compact containers and assembled by the consumer, most Little Lake products are sold through the nation's leading mass merchandisers and home improvement retailers, similar to Muskin's products.

Little Lake improved its market penetration in 1976 as it increased

Couple enjoying their new Muskin spa.

shipments to one of the nation's largest retailers. The Little Lake sales organization has been expanded and a new distribution center was opened early in 1977 in Jefferson, Texas, in order to better serve the Southwest. Little Lake now has six such assembly and distribution centers located in key population areas throughout the nation.

Little Lake is now manufacturing the fabric covers used for chair and settee cushions which were previously purchased. Shipped to other assembly points for stuffing, the new cushion operation has resulted in sizable savings in freight and other costs.

Because of its continuing energy needs to fuel its lumber drying kilns, Little Lake is presently converting the fueling of its boilers from oil to the burning of waste wood and chips. This conversion is expected to provide large annual savings.

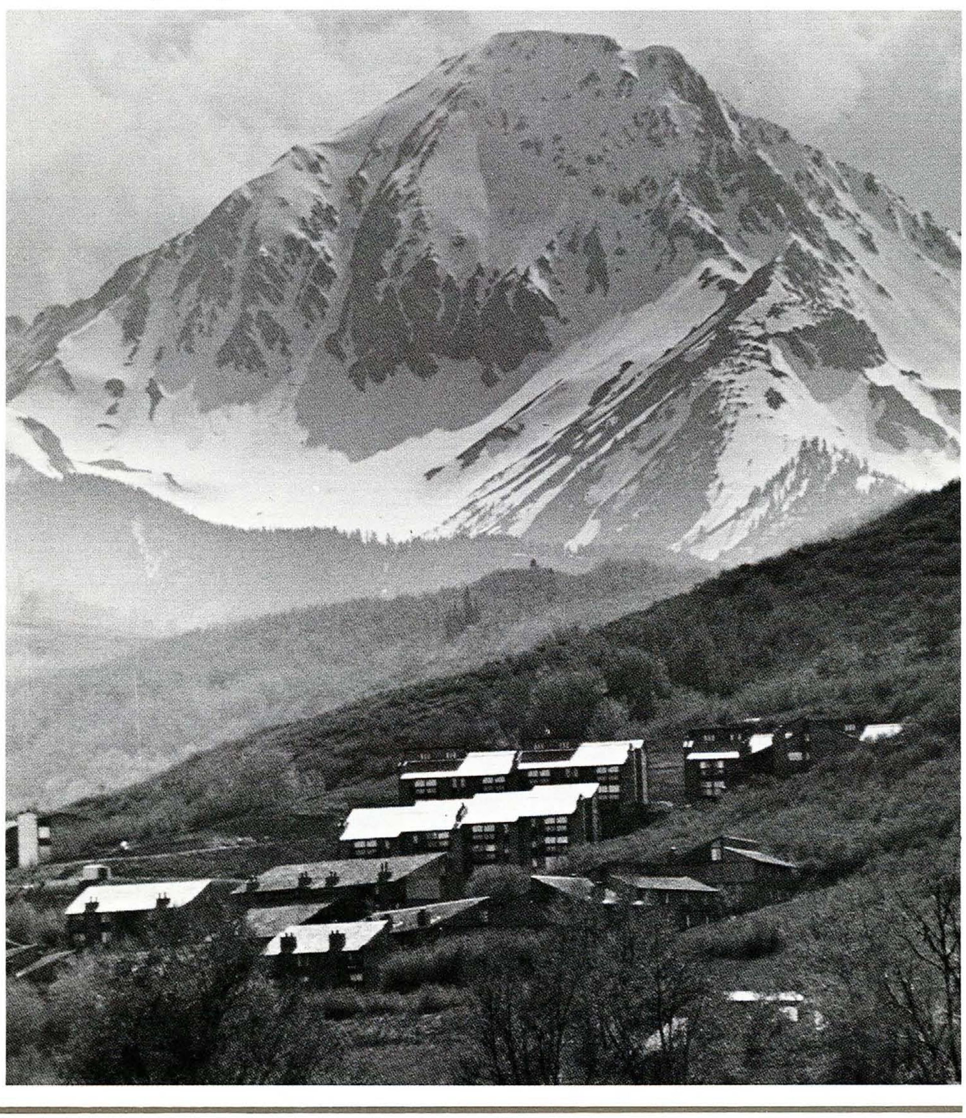
Little Lake is expected to further increase its sales and earnings this year, and is positioned to be a major contributor of future earnings to Amcord.

Recreation:

The company's Snowmass Corporation subsidiary is the developer of the Snowmass Resort Community near Aspen, Colorado. Continued development of this area has been in a holding pattern for the past three years pending resolution of litigation over zoning ordinances which downzoned the entire county in which Snowmass is located. Late in 1976 the company announced that Snowmass Corporation had obtained approval of the County for a fifteen-year development plan which allows 2,424 additional units or a doubling of the present size of Snowmass. Future detailed construction plans for major phases of the project must be submitted to the County for approval. While this new zoning is acceptable to the company, it offers substantially fewer units than originally planned and, as a result, in 1976 Snowmass Corporation wrote down its real estate held for future development and sale. This write-down includes the cost of areas which must be dedicated to public use or open space.

As a result of the three-year delay in new construction, there was a build-up in demand for new housing and Snowmass Corporation made the decision to join with its partner in the Stonebridge Inn hotel facility to convert it to condominiums for sale. The 86 units in the project were quickly committed for purchase and the sales are expected to be completed in the second quarter of 1977.

The panorama greeting visitors to Snowmass.

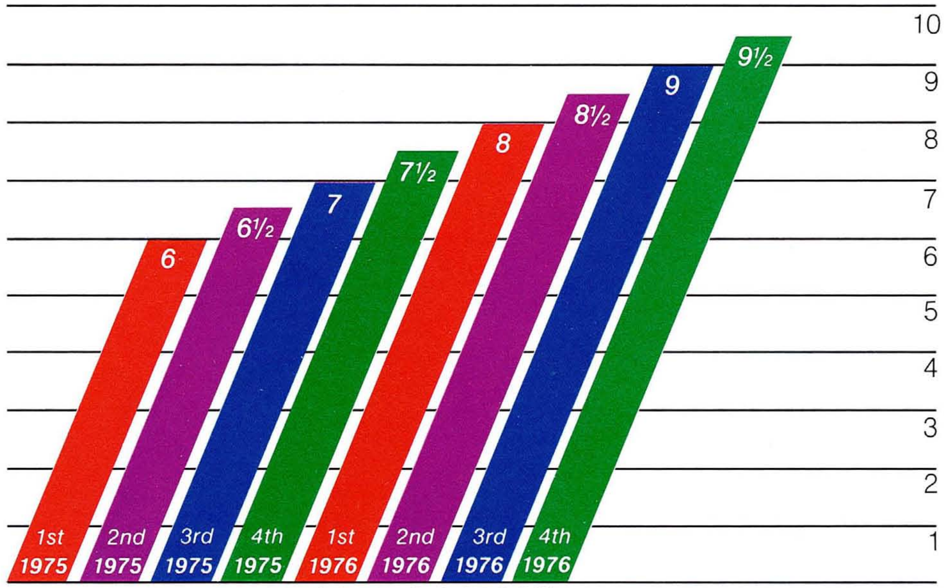


AMCORD

FINANCIAL REVIEW
REVENUE AND NET INCOME

Revenue in 1976 was $200,592,000, compared to $167,179,000 in 1975. Net income in 1976 amounted to $9,891,000, as compared with $7,097,000 in 1975. Earnings per share in 1976 reached $1.41 (primary) and $1.37 (fully diluted), compared to $1.04 and $1.01, respectively, in 1975. Selected quarterly financial data (unaudited) for the years 1976 and 1975 is summarized on page 21.

As a result of the new development plan and related rezoning for the company's Snowmass Resort Community which were approved in November 1976 (see Litigation and Contingent Liabilities), a net write-down of approximately $1,900,000, before related income tax benefits, has been provided in the fourth quarter of 1976 in the carrying value of real estate held for future development and sale. The write-down includes land and project costs incurred for properties which cannot now be developed, and recognition of $511,000 of revenue which had previously been deferred pending completion of projects not now developable.



CASH DIVIDENDS ON COMMON STOCK
In Cents by Quarter

DIVIDENDS

Cash dividends aggregating $2,097,000 in 1976 and $1,557,000 in 1975 were declared on the company's common stock. The amount of cash dividends per share for each quarter of 1975 and 1976 is presented in the chart above. Cash dividends per share totaled 35 cents in 1976 and 27 cents in 1975.

Cash dividends aggregating $921,000 and $963,000 were declared on the company's cumulative preferred and preference stocks in 1976 and 1975, respectively.

WORKING CAPITAL

Working capital totaled $47,936,000 at December 31, 1976, compared with $33,382,000 at the end of 1975. Changes in the components of working capital resulted in the following increases (decreases) in working capital in each year:

	1976	1975
Cash	**$ 1,342,000**	$ 3,233,000
Accounts receivable	**6,014,000**	707,000
Realty notes and contracts receivable	**(111,000)**	(254,000)
Product inventories	**8,267,000**	(7,882,000)
Land and improvements held for sale	**(759,000)**	(232,000)
Prepaid income taxes	**827,000**	19,000
Expenses paid in advance	**151,000**	15,000
Notes payable to banks	**—**	10,600,000
Current portion of long-term obligations	**3,667,000**	1,547,000
Accounts payable and accrued liabilities	**(4,089,000)**	4,711,000
Income taxes	**(755,000)**	567,000
Increase in working capital	**$14,554,000**	$13,031,000

PRODUCT INVENTORIES

Product inventories at the end of 1976 and 1975 are summarized as follows:

	1976	1975
Raw materials and work in process	**$32,991,000**	$26,457,000
Finished products	**17,681,000**	15,913,000
Less contract advances	**(543,000)**	(508,000)
	$50,129,000	$41,862,000

PRODUCTION PROPERTIES

Production properties at the end of 1976 and 1975 are summarized as follows:

	1976	1975
Land	**$ 9,440,000**	$ 8,794,000
Plant and equipment	**217,028,000**	215,868,000
	226,468,000	224,662,000
Less accumulated depreciation	**(112,021,000)**	(106,123,000)
	$114,447,000	$118,539,000

Machinery, equipment and buildings are depreciated generally over estimated useful lives ranging from six to thirty years. Automotive equipment, furniture, fixtures and other equipment are depreciated generally over estimated useful lives ranging from three to ten years.

INCOME TAXES

The provisions for taxes on income for the years 1976 and 1975 consist of the following components:

	1976	1975
Current	**$2,853,000**	$1,617,000
Deferred	**444,000**	408,000
	$3,297,000	$2,025,000

The provisions for 1976 and 1975 were reduced by $2,462,000 and $1,497,000, respectively, of investment tax credit, and approximately $450,000 of investment tax credit carryforwards are available at December 31, 1976 to reduce future income tax provisions. State and foreign taxes of $776,000 in 1976 and $442,000 in 1975 are included in the provisions. The provisions for deferred income taxes primarily include the tax effect of both accelerated methods of depreciation and realization of losses which were previously recognized for financial reporting purposes, offset by both expenses and investment tax credit recognized for financial reporting purposes in advance of utilization for tax purposes.

The provisions for taxes on income for the years 1976 and 1975 are less than the amounts which would be provided by applying the statutory federal income tax rate to income before taxes for the following reasons (expressed in amount and as a percentage of income before taxes):

	1976		1975	
	Amount	%	Amount	%
Statutory federal income tax	**$6,330,000**	**48.0%**	$4,379,000	48.0%
Increases (reductions) resulting from:				
Excess of percentage depletion over cost depletion on limestone and other mineral deposits	**(1,296,000)**	**(9.8)**	(1,248,000)	(13.7)
Investment tax credit	**(2,462,000)**	**(18.7)**	(1,497,000)	(16.4)
State taxes, net of federal income tax benefit	**426,000**	**3.2**	205,000	2.3
Other, net	**299,000**	**2.3**	186,000	2.0
	$3,297,000	**25.0%**	$2,025,000	22.2%

The company has reached an agreement with the Internal Revenue Service to settle previously unagreed adjustments relating to the company's federal income tax returns for the years 1967 through 1971. The agreement is subject to final approval by the Joint Committee on Internal Revenue Taxation; however, management and tax counsel have no information which would lead them to believe that the Joint Committee will object to the agreement reached with the Internal Revenue Service. The company's provisions for federal income taxes for the years involved included provisions for potential adjustments from examinations by the Internal Revenue Service. As a result of the agreement, a total of $2,000,000, comprising excess provisions for federal income taxes no longer needed and refunds not previously recognized, has been recorded in the accompanying consolidated financial statements as a prior period adjustment. Accordingly, retained earnings at the beginning of 1976 and 1975 have been restated from the amounts previously reported to reflect this adjustment. The federal income tax returns for the years 1972 through 1974 are currently being examined by the Internal Revenue Service. The company's management believes that adequate provisions for taxes have been made for all known or potential additional assessments with respect to the years 1972 through 1976.

LONG-TERM OBLIGATIONS

Long-term obligations at the end of 1976 and 1975 are summarized as follows:

	1976	1975
Industrial Development Revenue Bonds issued by the City of Detroit	**$34,250,000**	$34,900,000
Senior notes	**20,000,000**	—
Sinking fund debentures	**5,354,000**	7,832,000
Term notes under bank credit agreement, repaid in 1976	**—**	9,750,000
European bank loan	**1,000,000**	8,000,000
Subordinated convertible notes	**4,779,000**	5,868,000
Notes and mortgages payable secured by production properties	**9,278,000**	14,089,000
Others	**2,331,000**	2,829,000
	76,992,000	83,268,000
Less current portion	**(2,949,000)**	(6,616,000)
	$74,043,000	$76,652,000

Noncurrent obligations payable during the four years after 1977 are: 1978—$5,424,000; 1979—$3,276,000; 1980—$4,185,000; and 1981—$4,553,000.

Industrial Development Revenue Bonds, Series A, were issued in 1968 by the City of Detroit, Michigan, for the purpose of financing construction of a new cement plant for lease to the company. The lease has been accounted for as a purchase. As of December 31, 1976, $27,250,000 of the Series A bonds were outstanding with interest primarily at 5⅞%. These bonds mature as follows: $700,000 in 1977 and increasing $50,000 annually thereafter through 1979 on that portion which are serial bonds, and by mandatory annual sinking fund redemptions from 1980 through 1998 on $25,000,000 of term bonds. In 1975 the City issued $7,000,000 of Series B bonds to provide funds to reimburse the company for a portion of the cost of completing the plant in excess of the proceeds of the original issue. Series B serial bonds of $3,500,000 bear interest ranging from 8% to 9% and mature in approximately equal instalments from 1979 through 1985. Series B term bonds of $3,500,000 bear interest at 9½% and require mandatory annual sinking fund redemptions from 1986 through 1990.

During December 1976 the company entered into a Note Purchase Agreement under which senior notes aggregating $20,000,000 were issued to a group of insurance companies. The senior notes bear interest at 10% on the unpaid principal amount, are payable $1,650,000 annually on December 1 in each of the years 1981 through 1991 with the remainder payable on December 1, 1992, and may also be prepaid under certain specified conditions. The agreement limits the amount of short-term borrowings and requires that there shall be no such borrowings outstanding for a period of sixty consecutive days during each period of fourteen consecutive calendar months, except that through December 31, 1978, the short-term borrowings for any sixty-day periods as previously mentioned may not exceed $5,000,000. The proceeds of the senior notes were used to repay $16,000,000 of borrowings under the company's bank credit agreement, which is no longer in effect, and $3,987,000 of secured mortgage notes.

Sinking fund debentures in the amount of $2,370,000 as of December 31, 1976 bear interest at 5.5% and require semi-annual redemptions of $165,000 through 1980 with the balance due in January 1981. Debentures in the amount of $2,984,000 as of December 31, 1976 bear interest at 5.25% and, because of redemptions in excess of normal sinking fund requirements, only $167,000 is due in 1977 with the balance due in 1978.

Also during 1976 the company repaid $8,000,000 borrowed during 1975 under a loan agreement with European banking interests. This loan was repaid with $7,000,000 borrowed under the bank credit agreement referred to above and $1,000,000 borrowed from one of the same European banking interests. This new loan is due June 27, 1980, and bears interest at 1⅝% above an average of specified rates in the international currency market; the interest rate on the loan was 6¾% at December 31, 1976.

The company also has available short-term lines of bank credit, renewable annually, aggregating $40,000,000 with interest at the prime rate. At December 31, 1976, there were no outstanding short-term borrowings. The maximum amount of short-term borrowings outstanding at any month end during 1976 was $18,000,000 and the average daily amount outstanding during 1976 was $7,444,000.

Under informal agreements with certain of the banks participating in the short-term lines of bank credit, the company is expected to maintain cumulative average deposit balances of varying percentages of the outstanding loan balances or in some cases of the loan commitments; however, at any time all amounts on deposit with these banks are available for use by the company and may be increased or decreased in accordance with the needs of the company.

The subordinated convertible notes bear interest at 6½% and are due in four equal annual instalments from 1977 through 1980. The effective interest rate on the notes, considering the related debt discount of $181,000 as of December 31, 1976, is 9¾%. At each due date, the noteholders have the right to convert the portion of the notes then due into common stock at the rate of one share for each $10 of principal amount. With the exception of $30,000 principal amount, the noteholders have elected to receive cash for the payment due in 1977.

Notes and mortgages payable secured by production properties with an aggregate cost of $13,553,000 are payable in instalments of up to twenty years with interest ranging from ⅞ of 1% to 9½%.

The company's various debt and preferred stock agreements limit, among other things, the amount of borrowings, long-term debt and the payment of dividends, and require the company to maintain minimum levels of working capital and ratios of current assets to current liabilities (as defined). As of December 31, 1976, consolidated retained earnings in the approximate amount of $6,700,000 were unrestricted as to payment of cash dividends under the terms of these agreements.

EMPLOYEE BENEFITS

The charge to income for the company's various noncontributory retirement and pension plans was $1,752,000 in 1976 and $1,723,000 in 1975. The company intends to fund that portion of pension costs accrued for 1976 which is required to be funded under provisions of the plans. During 1976 certain plans were amended to provide increased retirement benefits, the effect of which was to increase pension expense approximately $270,000 annually and to increase by approximately $3,100,000 the estimated unfunded prior service costs, which amounted to $16,500,000 at December 31, 1976. The actuarially computed value of estimated vested benefits exceeded the total market value of the assets of the pension funds and related liability accruals in the Consolidated Balance Sheet by approximately $8,000,000 at December 31, 1976. The company's various plans became subject to the participation, funding and vesting requirements of the Pension Reform Act of 1974 beginning January 1, 1976.

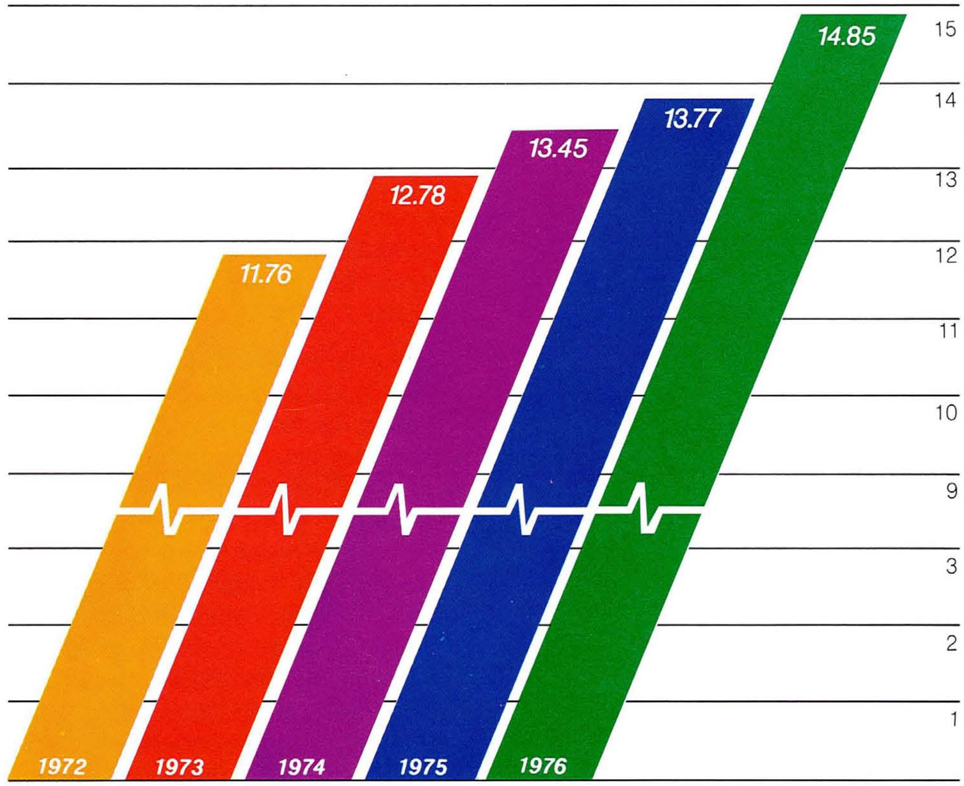
During 1975 the company instituted a new Stock Investment Profit Sharing Plan for full-time, salaried employees who have completed one year of employment. Under this plan, employees may contribute up to four percent of their compensation which, along with company contributions, is invested entirely in the company's common stock purchased on the open market. The company's contributions to the plan amounted to $253,000 in 1976 and $172,000 in 1975, and as of December 31, 1976 the plan's trustee held approximately 173,000 shares of the company's common stock.

INCENTIVE PLANS

The company's Incentive Stock Purchase Plan, as amended by the shareholders in 1976, authorizes the purchase of 870,000 shares of the company's common stock held in its treasury by officers and other key managerial employees at the market price of such stock on the date of purchase. The company has sold 470,000 of the shares currently available under the plan, of which 356,350 were sold in 1975; there were no such sales in 1976. Cash or the secured promissory notes of the purchasers have been accepted in payment for shares sold. The balance due on the promissory notes has been classified as a reduction of shareholders' equity in the Consolidated Balance Sheet.

The Share Unit Plan, as approved by the company's shareholders in 1973 and amended in 1975 by the Board of Directors, is structured to provide incentive compensation to officers and other key employees. As to share units awarded prior to 1975, the compensation which is payable in cash shall consist of the sum of (1) the excess of the highest average sales price of the company's common stock during any forty consecutive trading days in a three-year period over the market price at date of award and (2) the value, as calculated under terms of the plan, of dividend units which have accumulated over the three-year period. Grantees of these share units become 66⅔% vested at the end of two years and 100% vested after three years. As to share units awarded beginning in 1975, the compensation shall also be based in part on the increase in the average of the fully diluted earnings per share of the company for the three years subsequent to the year of award above the average fully diluted earnings per share for the year in which the award was made and the preceding two years. Grantees of share units awarded beginning in 1975 become 25% vested at the end of three years, 50% after four years and 100% after five years. The company expenses the cost of the plan over the periods during which such amounts are earned; such expense amounted to $420,000 in 1976 and $79,000 in 1975. At December 31, 1976, 89,000 units were outstanding at award prices ranging from $4.63 to $4.81 per unit, of which 14,000 units were vested. During 1976 a total of 51,000 share and dividend units became fully vested and payable.

Pursuant to the 1967 Employee Stock Option Plan, as amended by the shareholders in 1974, a total of 88,000 shares of common stock were reserved at December 31, 1976 for purchase by key employees under options granted or to be granted. Options granted under this qualified plan become exercisable not earlier than one year from date of grant and expire five years after date of grant. The option price is the market price of the common stock on the date options are granted. The right to grant options under the plan terminates on May 3, 1977. At the discretion of the company's Board of Directors, either previously unissued shares or treasury shares may be issued upon exercise of options. At the time of exercise, capital in excess of par value is charged or credited, as appropriate, for the difference between the proceeds and the par value of unissued shares or the cost of treasury shares. At December 31, 1976, options for 66,000 shares of common stock were outstanding at a total option price of $479,000, of which 26,000 were granted in 1975 at prices of $4.75 and $5.13 and 40,000 were granted in 1976 at $8.88. Options for 26,000 shares were exercisable and options for 22,000 shares were available for grant at December 31, 1976. Options for 61,000 shares were exercised during 1976 at prices of $4.75 and $5.13.



SHAREHOLDERS' EQUITY
Per Common Share in Dollars

CAPITAL STOCK

Capital stock at December 31, 1976 is summarized as follows:

	Par Value	Current Call Price	Shares Authorized	Shares Issued
Cumulative preferred	$25	$26	240,000	240,000
Preference	—	80	500,000	130,912
Common	5	—	12,000,000	6,506,837

Common stock issued includes 476,327 and 503,706 shares held in the treasury at December 31, 1976 and 1975, respectively. During 1975, 356,350 shares of the company's common stock held in the treasury were sold to officers and other key managerial employees under the provisions of the Incentive Stock Purchase Plan. The issuance of these shares resulted in a reduction of the carrying value of treasury stock of $2,793,000; the $1,100,000 difference between the cost of the previously acquired treasury stock and the proceeds from the sales at market value was charged to capital in excess of par value. Employees exercised 61,000 stock options in 1976, for which 4,000 previously unissued and 57,000 treasury shares were issued.

The cumulative preferred stock is preferred with regard to cumulative dividends at $1.25 per year and in liquidation at $25 per share. An additional noncumulative dividend of $.25 per share is payable to the holders of this stock in any calendar year in which a dividend is declared on the common stock.

The 6,000 shares of Class A cumulative preferred stock which were outstanding at December 31, 1975 were redeemed by the company during 1976.

The preference stock Series A shares receive preference of $80 per share in liquidation, are redeemable at $80 per share, and are convertible into common stock prior to January 1, 1978 at 5.4 shares of common stock for each share. The company has reserved 707,972 shares of common stock for the conversion of the preference stock Series A. These shares are entitled to cumulative dividends at the rate of $4.05 per share.

The company has reserved at December 31, 1976, 375,000 shares of common stock which would become issuable upon conversion of the 6½% subordinated convertible notes.

LITIGATION AND CONTINGENT LIABILITIES

On September 23, 1976, the Attorney General of the State of Arizona filed two civil antitrust complaints which named as defendants the company, along with four other cement producers, thirteen ready-mix concrete companies and two industry trade associations. One action, filed in Superior Court in Maricopa County, Arizona, alleges a conspiracy among the named cement producers and a cement trade association to fix, maintain and stabilize prices for cement in violation of the Arizona State Antitrust Act during a period beginning during or before 1958 and continuing to the date of the filing of the complaint. The action also alleges a conspiracy among the defendant ready-mix companies, two cement producers, including the company, and certain named individuals, to fix prices for ready-mix concrete and related products. An injunction is sought to prevent the defendants from engaging in the alleged unlawful conduct. In addition, civil penalties are sought in the amount of $50,000 for each alleged violation of the Arizona statute. A second lawsuit was filed against all of the same corporate defendants, including the company, in the United States District Court for the District of Arizona under the Clayton Act seeking an injunction and an unspecified amount of treble damages on behalf of a class purportedly consisting of governmental and other end users of cement and concrete products within the State of Arizona. The allegations contained in this complaint are similar to those contained in the state court action except that the defendants' conduct also is alleged to violate the Sherman Act. Actions based on the same or similar allegations have since been filed against up to forty-three cement producers, including the company, by the Attorneys General of California, Colorado and Oregon. These actions seek unspecified amounts of treble damages on behalf of classes purportedly consisting of governmental and other end users of cement in their respective states.

In addition, seventeen private antitrust treble damage actions have been filed in Arizona federal court against various of the defendants, including the company, named in the Attorneys General suits. These complaints are based substantially on the allegations contained in the Attorneys General complaints. These actions seek an unspecified amount of treble damages on behalf of private litigants, including various purported classes consisting of users of cement and concrete products throughout the United States.

The company has denied any violation of law and is vigorously contesting all of the actions noted above. However, since these actions are of recent origin, their ultimate outcome is not presently determinable.

The company has been engaged in the operation of Snowmass, a recreational land development project located near Aspen, Colorado, since commencement of the project in 1967. Operations have included sales of land for individual homesites and condominiums as well as the operation of commercial facilities. Early in 1974 the County in which Snowmass is located adopted zoning changes which restricted development of the company's property to an unacceptable level. As a result, the company filed a lawsuit against the County challenging the validity of this downzoning or, in the alternative, seeking monetary relief. In November 1976 the County approved a fifteen-year development plan and related rezoning for Snowmass which had been proposed by the company. Subsequent to this approval another landowner in the County filed a lawsuit seeking to have the development plan and zoning set aside; in the opinion of the company's management, it is improbable that the outcome of this lawsuit will be materially adverse to the company.

As with any manufacturer involved in operations similar to those of the company, claims may from time to time be asserted which allege liability on the part of the company connected with matters of environmental control, product liability and general liability, including claims involving the emissions from and the operations of the company's cement plants and claims arising from its former aircraft manufacturing operations. The company carries general and product liability insurance which, in the opinion of management, is adequate to cover any existing material liability claims. The company is involved in litigation considered to be routine to the nature of its business. In the opinion of the company's management, it is improbable that the outcome of such litigation will be materially adverse to the company.

Minimum rental commitments under all noncancelable leases existing at December 31, 1976 are approximately as follows: $1,272,000 for each of the five years to 1981; and, $2,690,000, $1,850,000 and $490,000 for each of the three succeeding five-year periods, respectively. Such rentals have been reduced by approximately $4,020,000 of sublease rentals, of which approximately $390,000 applies to each of the five years to 1981, and $1,190,000 and $880,000 apply to each of the two succeeding five-year periods, respectively. The total minimum rental commitments amount to $11,390,000, comprising $9,800,000 for office and production facilities and $1,590,000 for machinery and equipment. Rental expense for 1976 and 1975 amounted to approximately $2,680,000 in each year, after deducting sublease rentals of $630,000 and $530,000, respectively.

ACQUISITION SUBSEQUENT TO DECEMBER 31, 1976

In January 1977 the company entered into an agreement to purchase certain of the assets of Lucas Coal Company for approximately $6,500,000 in cash. Lucas, which is located in Grove City, Pennsylvania, is engaged in surface mining of leased coal deposits for sale to nearby utilities. The consummation of the purchase is expected to take place on March 1, 1977.

REPLACEMENT COST DATA (Unaudited)

The company's annual report on Form 10-K to be filed with the Securities and Exchange Commission will contain information with respect to the estimated replacement cost of inventories and productive capacity at December 31, 1976, and the approximate amount of cost of products sold and depreciation for 1976 based upon replacement cost. For the five years ended December 31, 1976, the company on a consolidated basis has been able to compensate for cost increases by adjusting sales prices in an amount sufficient to maintain an approximately constant percentage of gross profit on sales. Replacing items of productive capacity would require a substantially greater capital investment than originally required to acquire such assets. The additional capital investment results primarily from the cumulative impact of inflation on the long-lived nature of the company's cement plants.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The consolidated financial statements include the accounts of the company and all its subsidiaries. All material intercompany accounts and transactions have been eliminated.

Sales: Product sales are recognized when shipments are made. A manufacturing subsidiary of the company reports sales from construction contracts on the completed contract basis and provides currently for known or anticipated losses on such contracts. Sales of retail land are recognized on the accrual method at the close of escrow if at least 15% of the sales price has been received in cash. At the time a land sale is recorded, a portion of the sales price is deferred and recognized as the improvement costs are incurred. Additional interest is imputed so that an effective annual yield of 12% is earned on retail land receivables.

Income Taxes: The provision for taxes on income is based on income for financial reporting purposes and includes deferred income taxes applicable to timing differences between financial and taxable income. Investment tax credits are accounted for under the flow-through method and carryforwards are recognized, to the extent allowable, as a reduction of the provision for taxes on income.

Earnings Per Share: Primary earnings per share is based on net income, after recognition of dividend requirements on all classes of preferred stock, divided by the weighted average number of common and common equivalent shares outstanding during the year. Fully diluted earnings per share is based upon income and shares used in the primary computation adjusted, respectively, for interest and amortization of debt discount on the subordinated convertible notes, less applicable income taxes, and for shares issuable upon conversion of such notes.

Inventories: Product inventories are stated at cost not in excess of market, generally on the average or first-in first-out methods. Contract advances on uncompleted construction contracts are deducted from inventories. Land and improvements held for sale are stated at cost not in excess of market; land costs and other common project improvement costs are allocated to each project based on the relative sales value of a single project to the estimated sales value of all projects.

Production Properties: Plant and equipment are stated at cost and depreciated on the straight-line method. Expenditures for maintenance and repairs are charged against income; betterments and major renewals are capitalized. Costs and related allowances for depreciation of properties sold or otherwise retired are eliminated from the accounts and gains or losses on disposition are included in income. The company's policy is to capitalize interest during construction on funds specifically borrowed to finance new plant facilities as part of the depreciable cost of the assets constructed, in order to properly match such costs against revenues derived from use of the new facilities.

Excess Purchase Price: The excess of purchase price over net assets at dates of acquisition of two businesses is being amortized on the straight-line method over 20 and 40 years.

Employee Pension Benefits: The company has various noncontributory retirement and pension plans covering a portion of its employees. The charge to income for these plans generally includes the normal cost of such plans, interest on the unfunded prior service costs and amortization of prior service costs over forty years, adjusted by unrealized appreciation or depreciation of investments and net actuarial gains amortized over ten years.

AMCORD

CONSOLIDATED STATEMENT OF INCOME FOR THE YEARS ENDED DECEMBER 31, 1976 AND 1975

	1976	1975
Revenue		
Product sales	**$197,734,000**	$165,100,000
Realty sales and operations	**1,884,000**	1,072,000
Other income	**974,000**	1,007,000
	200,592,000	167,179,000
Costs and Expenses		
Cost of products and real estate sold	**148,385,000**	122,048,000
Selling and administrative	**24,893,000**	20,862,000
Depreciation	**7,876,000**	7,632,000
Interest, less amounts capitalized of $23,000 in 1976 and $259,000 in 1975	**6,250,000**	7,515,000
Provision for taxes on income	**3,297,000**	2,025,000
	190,701,000	160,082,000
Net Income	**$ 9,891,000**	$ 7,097,000
Earnings Per Share		
Primary	**$1.41**	$1.04
Fully diluted	**$1.37**	$1.01

The accompanying Financial Review on pages 14 through 20 is an integral part of this statement.

QUARTERLY FINANCIAL DATA (Unaudited)

Selected quarterly financial data for the years 1976 and 1975, which should be read in conjunction with comments related to an adjustment in the fourth quarter of 1976 included in the discussion of Revenue and Net Income on page 14, is summarized as follows:

	Quarter Ended				Year Ended
	March 31	**June 30**	**September 30**	**December 31**	**December 31**
Revenue					
1976	**$42,543,000**	**$61,518,000**	**$52,728,000**	**$43,803,000**	**$200,592,000**
1975	36,148,000	53,563,000	41,897,000	35,571,000	167,179,000
Gross profit					
1976	**$ 9,663,000**	**$17,031,000**	**$14,608,000**	**$ 9,931,000**	**$ 51,233,000**
1975	8,923,000	14,036,000	11,293,000	9,872,000	44,124,000
Net income					
1976	**$ 786,000**	**$ 4,180,000**	**$ 3,486,000**	**$ 1,439,000**	**$ 9,891,000**
1975	392,000	2,817,000	2,627,000	1,261,000	7,097,000
Earnings per share					
Primary					
1976	**$.08**	**$.62**	**$.51**	**$.20**	**$1.41**
1975	.02	.44	.40	.18	1.04
Fully diluted					
1976	**$.08**	**$.60**	**$.48**	**$.21**	**$1.37**
1975	.02	.43	.38	.18	1.01

The company's sales and operating income are subject to recurring seasonal variations and, as a consequence, the results of operations for any one quarter are not necessarily indicative of operating results for an entire year.

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 1976 AND 1975

ASSETS	1976	1975
Current Assets		
Cash	**$ 6,699,000**	$ 5,357,000
Accounts receivable, less allowance for discounts and doubtful items of $2,298,000 in 1976 and $2,631,000 in 1975	**21,941,000**	15,927,000
Realty mortgage notes and contracts receivable	**499,000**	610,000
Product inventories	**50,129,000**	41,862,000
Land and improvements held for sale, at cost	**65,000**	824,000
Prepaid income taxes	**2,249,000**	1,422,000
Expenses paid in advance	**2,204,000**	2,053,000
Total current assets	**83,786,000**	68,055,000
Realty Receivables and Land		
Secured mortgage notes and contracts receivable, less current portion	**4,938,000**	6,517,000
Land and improvements held for future development and sale, at cost	**4,222,000**	5,729,000
	9,160,000	12,246,000
Production Properties	**114,447,000**	118,539,000
Other Assets		
Notes receivable, less current portion	**980,000**	1,909,000
Excess of purchase price over net assets of businesses acquired	**5,551,000**	5,751,000
Other	**4,040,000**	5,562,000
	10,571,000	13,222,000
Total Assets	**$217,964,000**	$212,062,000

The accompanying Financial Review on pages 14 through 20 is an integral part of this statement.

LIABILITIES AND SHAREHOLDERS' EQUITY	1976	1975
Current Liabilities		
Current portion of long-term obligations	**$ 2,949,000**	$ 6,616,000
Accounts payable	**12,810,000**	10,898,000
Accrued payroll and employee benefits	**7,092,000**	5,638,000
Other accrued liabilities	**9,188,000**	8,465,000
Income taxes	**3,811,000**	3,056,000
Total current liabilities	**35,850,000**	34,673,000
Long-Term Obligations	**74,043,000**	76,652,000
Employee Benefits and Other Liabilities	**2,570,000**	3,102,000
Deferred Income Taxes	**8,341,000**	7,070,000
Shareholders' Equity		
Capital stock		
Cumulative preferred	**6,000,000**	6,000,000
Class A cumulative preferred	**—**	600,000
Preference stock Series A (Liquidation value—$10,473,000)	**3,273,000**	3,273,000
Common	**32,534,000**	32,514,000
Capital in excess of par value	**3,813,000**	3,983,000
Retained earnings	**56,891,000**	50,018,000
Common stock in treasury, at cost	**(3,687,000)**	(3,897,000)
Notes receivable under Incentive Stock Purchase Plan	**(1,664,000)**	(1,926,000)
	97,160,000	90,565,000
Total Liabilities and Shareholders' Equity	**$217,964,000**	$212,062,000

AMCORD

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEARS ENDED DECEMBER 31, 1976 AND 1975

	1976	1975
Sources of Working Capital		
Working capital provided by operations		
Net Income	**$ 9,891,000**	$ 7,097,000
Add items not involving working capital:		
Depreciation	**7,876,000**	7,632,000
Deferred income taxes	**1,271,000**	427,000
Collections in excess of notes received	**1,817,000**	53,000
Amortization of excess purchase price over net assets acquired	**202,000**	207,000
Loss on disposition of production properties and investments	**855,000**	38,000
Write-down of long-term land and improvements held for future development and sale	**1,259,000**	—
	23,171,000	15,454,000
Long-term obligations incurred	**3,788,000**	16,000,000
Proceeds from disposition of production properties and investments	**1,121,000**	223,000
Proceeds from sale of common stock held in the treasury	**291,000**	1,693,000
	28,371,000	33,370,000
Uses of Working Capital		
Additions to production properties	**4,259,000**	5,132,000
Reductions in long-term obligations	**6,397,000**	9,615,000
Cash dividends	**3,018,000**	2,520,000
Redemption of Class A cumulative preferred stock	**600,000**	600,000
Notes received under Incentive Stock Purchase Plan in excess of (less than) collections	**(262,000)**	1,595,000
Real estate development expenditures	**276,000**	261,000
Cost of common stock purchased for the treasury	**231,000**	251,000
Other, net	**(702,000)**	365,000
	13,817,000	20,339,000
Increase in Working Capital	**$14,554,000**	$13,031,000

The accompanying Financial Review on pages 14 through 20 is an integral part of this statement.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS AND CAPITAL IN EXCESS OF PAR VALUE FOR THE YEARS ENDED DECEMBER 31, 1976 AND 1975

	1976	1975
Retained Earnings		
Balance at beginning of year		
As previously reported	**$48,018,000**	$43,441,000
Prior period adjustment relating to income taxes	**2,000,000**	2,000,000
As restated	**50,018,000**	45,441,000
Net income	**9,891,000**	7,097,000
Cash dividends		
Cumulative preferred stock — $1.50 per share	**(360,000)**	(360,000)
Class A cumulative preferred stock — $5.17 and $6.25 per share	**(31,000)**	(73,000)
Preference stock Series A — $4.05 per share	**(530,000)**	(530,000)
Common stock — $.35 and $.27 per share	**(2,097,000)**	(1,557,000)
Balance at end of year	**$56,891,000**	$50,018,000
Capital in Excess of Par Value		
Balance at beginning of year	**$ 3,983,000**	$ 5,083,000
Excess of cost over proceeds from sales of treasury shares	**(170,000)**	(1,100,000)
Balance at end of year	**$ 3,813,000**	$ 3,983,000

The accompanying Financial Review on pages 14 through 20 is an integral part of these statements.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Amcord, Inc.

We have examined the consolidated balance sheet of Amcord, Inc. and its subsidiaries as of December 31, 1976 and 1975, and the related consolidated statements of income, retained earnings and capital in excess of par value and changes in financial position for the years then ended. Our examinations were 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.

As more fully described on page 19 of the accompanying Financial Review, Amcord, Inc. is a codefendant in a number of purported class action lawsuits seeking unspecified damages as a result of alleged violations of antitrust laws. Since these actions are of recent origin, their ultimate outcome is not presently determinable.

In our opinion, subject to the effects, if any, on the consolidated financial statements of the ultimate outcome of the litigation referred to in the preceding paragraph, the consolidated financial statements examined by us present fairly the financial position of Amcord, Inc. and its subsidiaries at December 31, 1976 and 1975, and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied.

Price Waterhouse & Co.

Newport Beach, California
February 9, 1977

AMCORD

FIVE-YEAR FINANCIAL HIGHLIGHTS

OPERATING RESULTS	**1976**	1975	1974	1973	1972
Revenue					
Cement	**$124,182,000**	$101,624,000	$100,537,000	$101,685,000	$105,735,000
Metal buildings	**35,480,000**	28,762,000	34,795,000	30,776,000	21,494,000
Leisure products	**38,072,000**	34,714,000	42,170,000	25,355,000	19,890,000
Recreation	**1,884,000**	1,072,000	1,076,000	2,410,000	1,574,000
Other	**974,000**	1,007,000	1,742,000	2,634,000	2,944,000
	200,592,000	167,179,000	180,320,000	162,860,000	151,637,000
Costs and expenses					
Cost of sales	**148,385,000**	122,048,000	135,164,000	123,431,000	114,134,000
Selling and administrative	**24,893,000**	20,862,000	20,639,000	17,759,000	17,256,000
Depreciation	**7,876,000**	7,632,000	7,362,000	7,204,000	7,537,000
Interest	**6,250,000**	7,515,000	8,812,000	5,882,000	5,274,000
Provision for taxes on income	**3,297,000**	2,025,000	2,020,000	3,150,000	2,980,000
	190,701,000	160,082,000	173,997,000	157,426,000	147,181,000
Income before extraordinary items	**9,891,000**	7,097,000	6,323,000	5,434,000	4,456,000
Extraordinary items					119,000
Net income	**$ 9,891,000**	$ 7,097,000	$ 6,323,000	$ 5,434,000	$ 4,575,000
Earnings per share					
Primary					
Income before extraordinary items	**$1.41**	$1.04	$.92	$.75	$.57
Extraordinary items					.02
Net income	**$1.41**	$1.04	$.92	$.75	$.59
Fully diluted	**$1.37**	$1.01	$.90	$.75	$.59
Income attributable to principal lines of business[5]					
Cement	**$ 26,294,000**	$ 18,841,000	$ 16,206,000	$ 17,314,000	$ 15,101,000
Metal buildings	**3,243,000**	3,393,000	3,270,000	2,441,000	1,725,000
Leisure products	**229,000**	1,068,000	2,621,000	(1,111,000)	(1,128,000)
Recreation	**(1,904,000)**	(49,000)	(69,000)	654,000	(28,000)
FINANCIAL DATA					
Working capital	**$ 47,936,000**	$ 33,382,000	$ 20,351,000	$ 17,968,000	$ 19,576,000
Net investment in production properties	**114,447,000**	118,539,000	121,379,000	113,805,000	113,135,000
Total assets	**217,964,000**	212,062,000	219,431,000	199,454,000	205,120,000
Shareholders' equity[6]	**97,160,000**	90,565,000	87,072,000	83,282,000	82,959,000
Net income applicable to common shares	**9,500,000**	6,664,000	5,869,000	4,401,000	3,536,000
Dividends declared	**3,018,000**	2,520,000	2,260,000	2,212,000	2,768,000[1]
Shareholders' equity per common share outstanding[6]	**$14.85**[2]	$13.77[2]	$13.45	$12.78	$11.76
Dividends declared per common share[3]	**$.35**	$.27	$.225	$.20	4%
Average number of common shares outstanding	**6,733,470**[4]	6,432,193[4]	6,381,793[4]	5,890,515	6,037,665

(1) Includes 4% stock dividend at market value.

(2) Excludes effect of reducing shareholders' equity for notes receivable under Incentive Stock Purchase Plan.

(3) Cash dividends per share on common stock represent the actual distribution per share at the time of the dividend.

(4) Includes common stock equivalents.

(5) Before taxes, extraordinary items and allocation of corporate overhead which includes interest.

(6) Restated for years 1972 through 1975 for prior period adjustment relating to settlement of income taxes recorded in 1976.

COMMENTS ON FIVE-YEAR OPERATING RESULTS

1976 Compared to 1975:

Total revenue increased $33,413,000 or 20% primarily because of increased shipments by the company's Western cement operations due to improved construction activity and increased prices in certain of the company's cement marketing areas. In addition, sales increased at the company's metal building subsidiary as a result of a significant increase in sales of farm buildings.

Cost of sales increased $26,337,000 because of the significant increase in sales. The overall gross profit margin decreased slightly because of the $1,900,000 write-down of the company's realty properties at Snowmass.

Although selling and administrative expenses as a percent of revenue remained constant, such expenses increased $4,031,000 because of increased levels of operations.

Interest expense was $1,265,000 lower than in 1975 because of a lower level of borrowings and a decrease in interest rates on short-term borrowings.

The provision for taxes on income increased $1,272,000 because of the $4,066,000 increase in income before taxes. The company's effective tax rate in 1976 remained relatively low because of statutory depletion allowances and recognition of investment tax credit. The company's investment tax credit carryforwards amounted to approximately $450,000 and $2,300,000, respectively, at December 31, 1976 and 1975.

1975 Compared to 1974:

Total revenue decreased $13,141,000 or 7% because of reduced demand for the company's leisure products and metal buildings caused by the sluggish economy during most of 1975. The effect of the economy on the construction industry was also evidenced by reduced shipments of cement; however, the lower shipments were somewhat offset by increased prices. Other revenue was higher in 1974 than in 1975 because of gains from dispositions of production properties and investments.

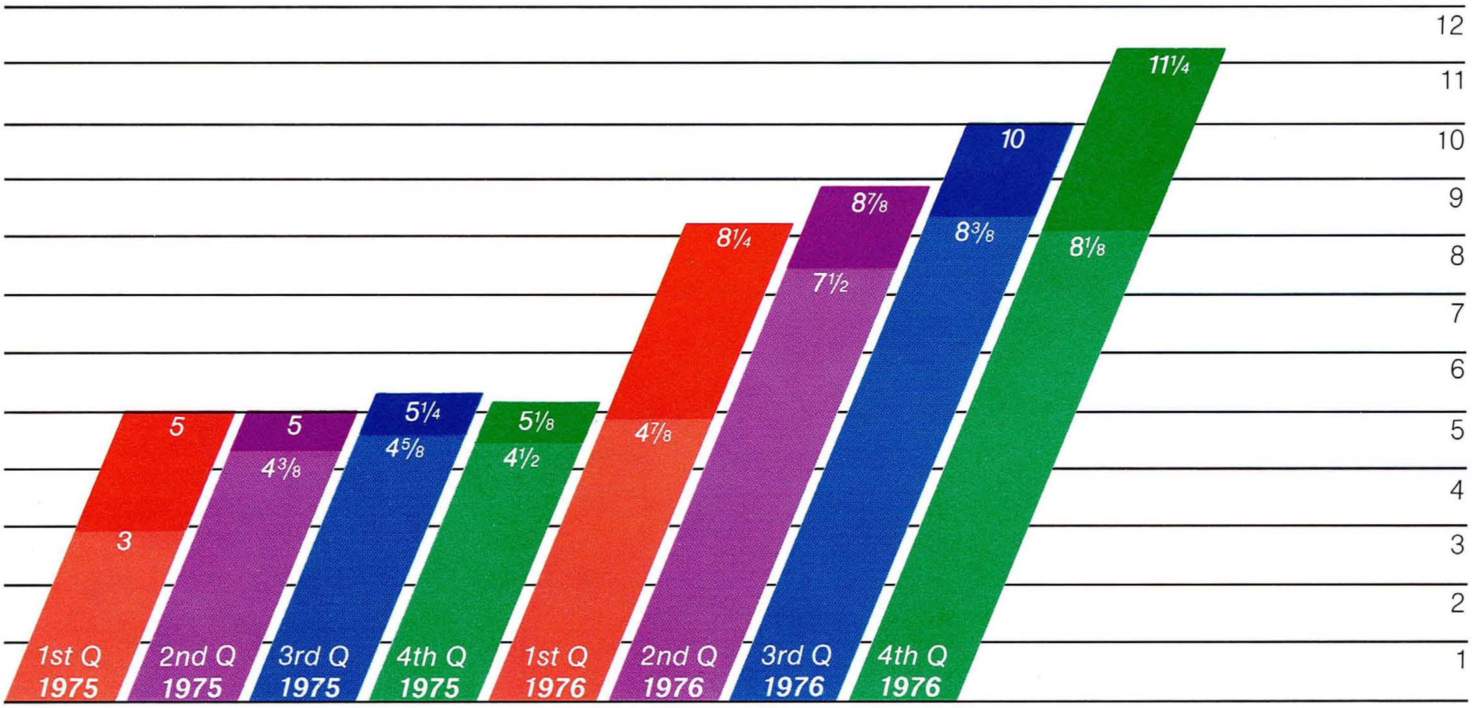
Cost of sales decreased $13,116,000 or 10% because of the decrease in sales and partly from lower fuel costs at the Western cement plants brought about by the conversion to the use of coal as the primary fuel. Gross profit margins increased for the metal building line of business because export shipments made in 1975 were at a higher level of gross profit than that for domestic sales. In addition, margins improved for the cement operations generally as a result of price increases. These increases were somewhat offset by lower margins for the company's other operations.

Interest expense was $1,297,000 lower than in 1974 because of a decrease in interest rates and a lower level of borrowings.

Prior Years:

Net income increased $889,000 or 16% in 1974 over that of 1973. The increase was due primarily to improved gross margins at Muskin Corporation which were attributable to price increases and a higher sales volume resulting from improved marketability of home-oriented leisure products, and recognition of approximately $1,200,000 of investment tax credit in 1974. These increases were partially offset by a decrease in recreation revenue and income resulting directly from the delays experienced in obtaining the necessary zoning for continued development of the Snowmass area at levels acceptable to the company, and greater interest expense resulting from increased interest rates and a higher level of borrowings.

Net income in 1973 increased $859,000 or 19% from that of 1972, primarily because of increased income of the cement operations which was attributable to certain of the company's plants operating at their effective capacity during 1973.



HIGH AND LOW CLOSING PRICES OF THE COMPANY'S COMMON STOCK
In Dollars by Quarter

The table above shows the high and low closing prices for the company's common stock in the New York Stock Exchange Composite Transactions listings, for the indicated periods, as reported by The Wall Street Journal.

SHARES TRADED

New York Stock Exchange
(Common)

Pacific Stock Exchange
(Common and $25 Preferred)

REGISTRARS AND TRANSFER AGENTS

Security Pacific National Bank
Post Office Box 30376, T.A.
Los Angeles, California 90030

Morgan Guaranty Trust Company
of New York
30 West Broadway
New York, New York 10015

INDEPENDENT ACCOUNTANTS

Price Waterhouse & Co.
660 Newport Center Drive
Newport Beach, California 92660

ANNUAL MEETING

The annual meeting of the shareholders of Amcord, Inc. will be held at the Newporter Inn, 1107 Jamboree Road, Newport Beach, California 92660, at 10:00 a.m. on Wednesday, May 4, 1977.

CORPORATE DIRECTORY

DIRECTORS

Luis Barrenechea
Executive Vice President, Amcord, Inc.

Richard L. Carr
Chairman of the Board, Carr Paper Company

Allen L. Chickering
Honorary Chairman of the Board, Amcord, Inc.; Partner, Chickering & Gregory, Attorneys

William L. Davis
Financial Consultant and investor; retired Director, President and Chairman of the Finance Committee, Emerson Electric Co., a diversified electrical products manufacturing company

Donald R. Gant
Partner, Goldman, Sachs & Co., Investment Bankers

William G. Henshaw
Chairman of the Executive Committee, Amcord, Inc.; President, Warner Resort Co., owner-operator of resort property in San Diego County, California

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Retired President and Consultant to ITT Higbie Manufacturing Co., a manufacturer of small diameter steel tubing

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Vice President, Amcord, Inc.; Lt. General, United States Air Force (Ret.); President, Snowmass Corporation, a subsidiary of Amcord, Inc.

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Chairman of the Board, Redken Laboratories, Inc., a manufacturer of professional hair care and skin products

William T. Pascoe, III
Chairman of the Board and Chief Executive Officer, Amcord, Inc.

Bernard A. Schriever
General, United States Air Force (Ret.); Chairman of the Board, Schriever & McKee, Inc., Management Consultants

Roland R. Speers
President, Amcord, Inc.

Marshall I. Wais
Chairman of the Board and Chief Executive Officer of Marwais Steel Company, a manufacturer and processor of metal products

Robert L. Whitley
Financial Consultant; retired Executive Vice President, Amcord, Inc.

Clarence Wolf, Jr.
Vice Chairman of the Board, Amcord, Inc.; Special Representative, Reynolds Securities, Inc., Stockbrokers

Robert B. Wolf
Partner, Wolf, Block, Schorr & Solis-Cohen, Attorneys

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Executive Vice President

Ralph E. Balfour
Vice President and General Counsel

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Vice President

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Senior Vice President and Treasurer

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Vice President

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Vice President and Controller

Garry W. Meeker
Secretary

Jack C. Polley
Vice President

William R. Trudgen
Vice President

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Bethlehem, Pennsylvania 18018

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Detroit, Michigan 48209

Phoenix Cement Company
Raymond A. Quadt, President
Phoenix, Arizona 85012

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Pascoe Steel Corporation
William H. Clarke, President
Pomona, California 91766

Snowmass Corporation
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