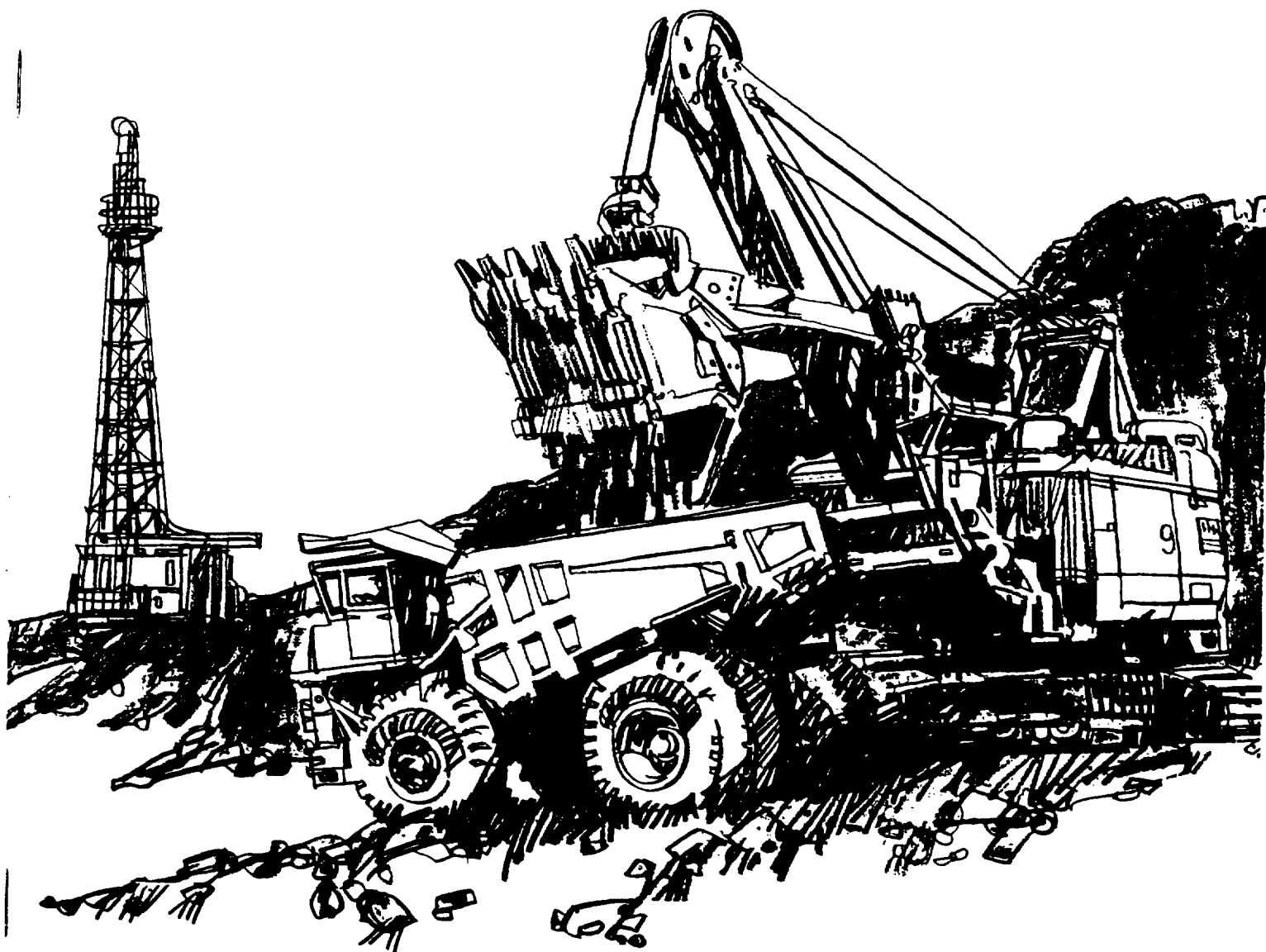


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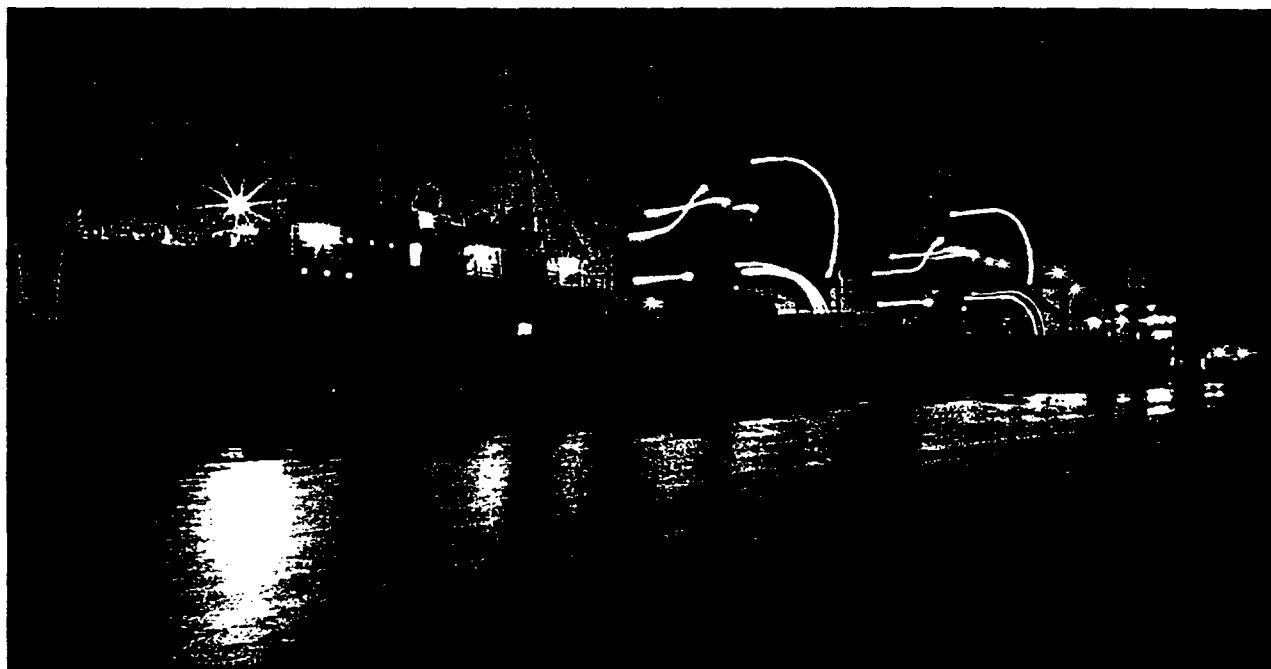


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OGLEBAY NORTON COMPANY • ANNUAL REPORT • 1970

Oglebay Norton Company • Annual Report 1970

Time exposure shows light patterns traced by Hulett's unloading the Steamer Middletown, a 25,500 G.T. bulk vessel, one of 15 diversified vessels in the fleet.



CONTENTS

Financial Highlights	1	Notes to Consolidated Financial Statements	14
Letter to Stockholders	2	Accountants' Report	15
Review of Operations	4	Ten Year Summary	16
Consolidated Statements of Income	11	Directors and Officers	18
Consolidated Balance Sheets	12	Executive Office—Branch Offices—Subsidiaries ...	19
Statements of Source and Disposition of Funds	14	Facilities—Services—Products	20

FINANCIAL HIGHLIGHTS

	1970	1969
Gross operating income	\$68,172,362	\$66,833,755
Net income	4,401,795	5,355,350
Cash dividends paid	2,468,164	2,445,386
Per common share(1)		
Net income	3.97	4.83
Cash dividends paid	2.00	2.10(2)
Book value per common share	58.57	56.06
Working capital	23,594,510	27,212,954
Total assets	83,491,567	84,072,272
Long-term liabilities	—	427,000
Stockholders' equity	66,265,121	65,177,215
Depreciation, amortization and depletion charged to costs and expenses	3,885,355	3,471,337
Expenditures for properties and equipment, including investment in the Eveleth taconite project	7,647,569	4,150,812

(1) Per share figures, based on the average number of common shares outstanding during each year, have been computed after provision for annual preferred dividends.

(2) Includes dividends paid by subsidiaries prior to acquisition by the company.

TO OUR STOCKHOLDERS

At the beginning of 1970, we looked forward with confidence to another excellent year. Instead, the year included many frustrating adverse elements that affected the normal conduct of business, and, like most companies, we did not achieve levels of sales and earnings which we had expected.

Unstable labor conditions, mostly outside of our operations, had a very significant impact. The lengthy strikes in the automobile and trucking industries, the unreliable labor conditions in coal mining and the inherent problems of a generally sluggish economy combined to reduce consolidated net income by 18%. Under the existing economic conditions, we consider the results relatively good. However, the performance in certain segments of the business did not attain a satisfactory level, and appropriate steps have been taken through cost reduction programs and operational changes to effect improvement.

A comparative summary of earnings and other financial data is included in the "Financial Highlights" on the preceding page.

During the year, we raised prices of several products and services to try to recover part of the increases in labor rates and other costs that have outstripped productivity and price increases in recent years. Already, most of the benefits from those price adjustments have been offset by a further bulge in costs of employment, supplies and services. This inflationary impact on profit margins is a matter of great concern to us.

Our Ferro Engineering Division, whose operations are almost wholly dependent on the steel industry, suffered the greatest reduction in profitability. Sales were down sharply, reflecting a decline in steel production generally and an even greater reduction in the output of higher quality steels which are the major market for our hot-top services. We anticipate an improvement in sales this year and expect higher profit margins as we receive the benefits of more efficient manufacturing processes and a better cost control program.

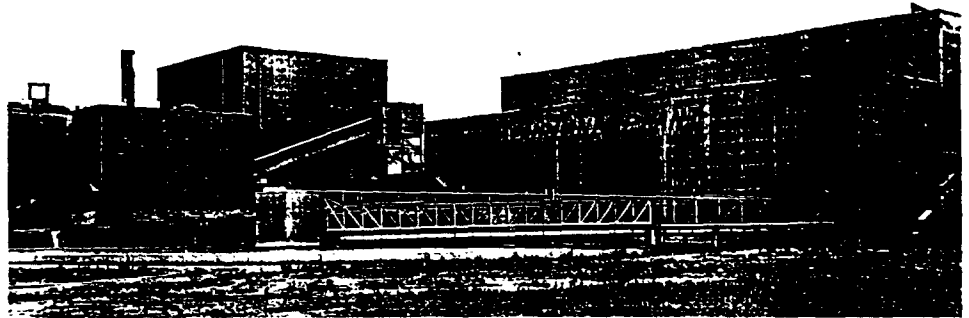
The Columbia Transportation Division enjoyed another good year, aided by the newest member of the fleet — the self-unloader S/S Frank Purnell — acquired in January 1970. Like some of our other operations, Columbia was affected by reduced volume during the last half of the year. Also, inclement weather and unusual loading delays in the fourth quarter impeded the normal movement of cargoes.

Our coal operations showed significant improvement last year, despite the loss of tonnage because of numerous wild-cat strikes in the first half. We expect continued gains in 1971. However, the labor contract with the United Mine Workers of America expires this fall, and the industry is faced with negotiating a new agreement which is likely to be costly.

The demand for coal is at record levels and reflects the tremendous growth in the use of electric energy and the increasing shortage of quality fossil fuels. This situation will continue for the foreseeable future. Prices for coal in the open market have increased and we have also received price adjustments under the escalation provisions of our long-term contracts. However, the loss of productivity resulting from compliance with the Federal Coal Mine Health and Safety Act is a major cost that has not been adequately reflected in the price structure of coal.

Although hampered by the slower pace of business in the glass, ceramic and steel foundry industries which it serves, Central Silica Company nevertheless had another good year in 1970, with results falling just short of the peak performance of 1969. This subsidiary, acquired in 1968, has a very promising future, with a management team capable of taking full advantage of the opportunities for growth which we are seeking. Central Silica would substantially benefit from any improvement in residential and commercial construction this year.

Eveleth Taconite Company, owned jointly with Ford Motor Company and managed by our Company, had its best year since operations began in 1965. Production amounted



Expansion of Eveleth's Fairlane Plant in 1971 will increase its annual capacity to over two million tons of taconite pellets.

to 1,986,000 tons of high quality iron ore pellets, up 5% from 1969. An increase of 5.5% in the price of pellets, the first in eight years, was an important factor in Eveleth's fine performance. It should also be noted that new technological developments, improved operating procedures and strict cost control programs have been a trademark of this operation. A further increase of about 5.3% in the price of taconite pellets has been announced and will be reflected in this year's results.

The decline in steel production and a ninety-day strike against one of its major customers hurt the profitability of T & B Foundry Company, our most recent acquisition. The loss of revenue was tempered by the institution of an effective cost reduction program. With the completion of labor negotiations in the automobile industry and at T & B, earnings should improve in 1971.

Although not a large contributor to earnings, dock operations of the Company suffered from reduced business in 1970. Increasing competition from Eastern Seaboard ports, which are aided by discriminatorily favorable treatment from the railroads, and a reduced rate of Seaway growth are not promising developments for Great Lakes terminal operations.

Our financial position continues to be excellent, with net working capital of \$23,595,000 at year end, including cash and marketable securities of approximately \$15,000,000.

In May, John J. Dwyer was elected President of the Company to succeed Edward W. Sloan, Jr., who elected to take early retirement. Mr. Dwyer, who joined Oglebay Norton in 1946, was formerly Executive Vice President.

Cowdrey Burton

Chairman

March 31, 1971

Mr. Sloan retired after thirty-five years of service with the Company. He will continue as a consultant and a director. The Board of Directors and management acknowledge with grateful appreciation his able and constructive leadership over the years.

Renold D. Thompson was elected Vice President-Vessel and Mining Operations, and Walter R. Herron was elected to succeed Mr. Thompson as Vice President and General Manager of the Ferro Engineering Division. D. Kelly Campbell, formerly General Manager of Eveleth Taconite Company, was elected Assistant Vice President-Iron Ore Operations. Other newly elected officers were John Limbocker, Jr., as Assistant to the President, and David A. Kuhn, as an Assistant Secretary.

The outlook for 1971 is uncertain at this time because of forthcoming labor negotiations in the iron ore, steel, lake vessel and coal industries. The outcome of these negotiations will play an important role in our results. Strikes in any one of those industries could have serious repercussions in all of them, and agreements without strikes could have adverse effects unless something is done to improve productivity. Up to now, labor costs have increased at a much faster rate than the gains in productivity.

The Company has the financial resources and the dedicated, capable people to take advantage of any improvement in the markets we serve and to expand both internally and externally. We expect our businesses generally to be strong during the first half of 1971 and we hope that the results for the second half will be relatively good.

John J. Dwyer

President

OGLEBAY NORTON COMPANY • OPERATIONS

columbia transportation division

A strong demand for domestic iron ore at the opening of the navigation season deteriorated during the last half of the year under the influence of a generally weaker steel market. Reduced ore requirements, the critical railroad car shortages, severe weather delays and greatly increased operating costs combined to reduce bulk vessel earnings despite a 10¢ per ton increase in the iron ore rate effective in August.

Reflecting a strong market in coal and limestone and the addition of the S/S Frank Purnell to the fleet, the self-unloader vessels carried a record tonnage last season despite many disruptions in scheduling caused by a shortage of railroad equipment for coal deliveries to lake ports. The higher tonnage, coupled with rate increases, produced record gross revenues for this segment of the fleet, although escalating operating costs, especially labor and fuel, had a depressing effect on profits.

The crane vessel fleet also performed well. Operating income exceeded expectations.

Efforts to improve vessel capabilities and modernize the fleet to better serve our customers are continuing. In this connection, the S/S Ashland's hull is being strengthened to permit deeper load lines and increase iron ore capacity about 400 tons per cargo.

Fairport Machine Shop was closed at the end of last year. The phasing out of smaller vessels on the Great Lakes has eliminated the necessity for this type of small marine repair yard.

Inventories of materials at our customers' plants are expected to be at low levels at the opening of navigation and we anticipate an early start with strong demand for all segments of our fleet during the first half of the season. The last half will be influenced by labor negotiations in the steel industry and its resulting effect on our fleet. The unlicensed seamen in our fleet are represented by the United Steelworkers of America. Our labor contract with that Union expires August 1, 1971, as do the labor contracts in the steel industry.



Steamer Reserve loading taconite pellets at Silver Bay, Minnesota.

Self-unloader, Steamer Frank Purnell, discharging limestone at a customer's dock.



Ferro Engineering representatives inspecting use of C & D Hot Tops in a steel plant.



ferro engineering division

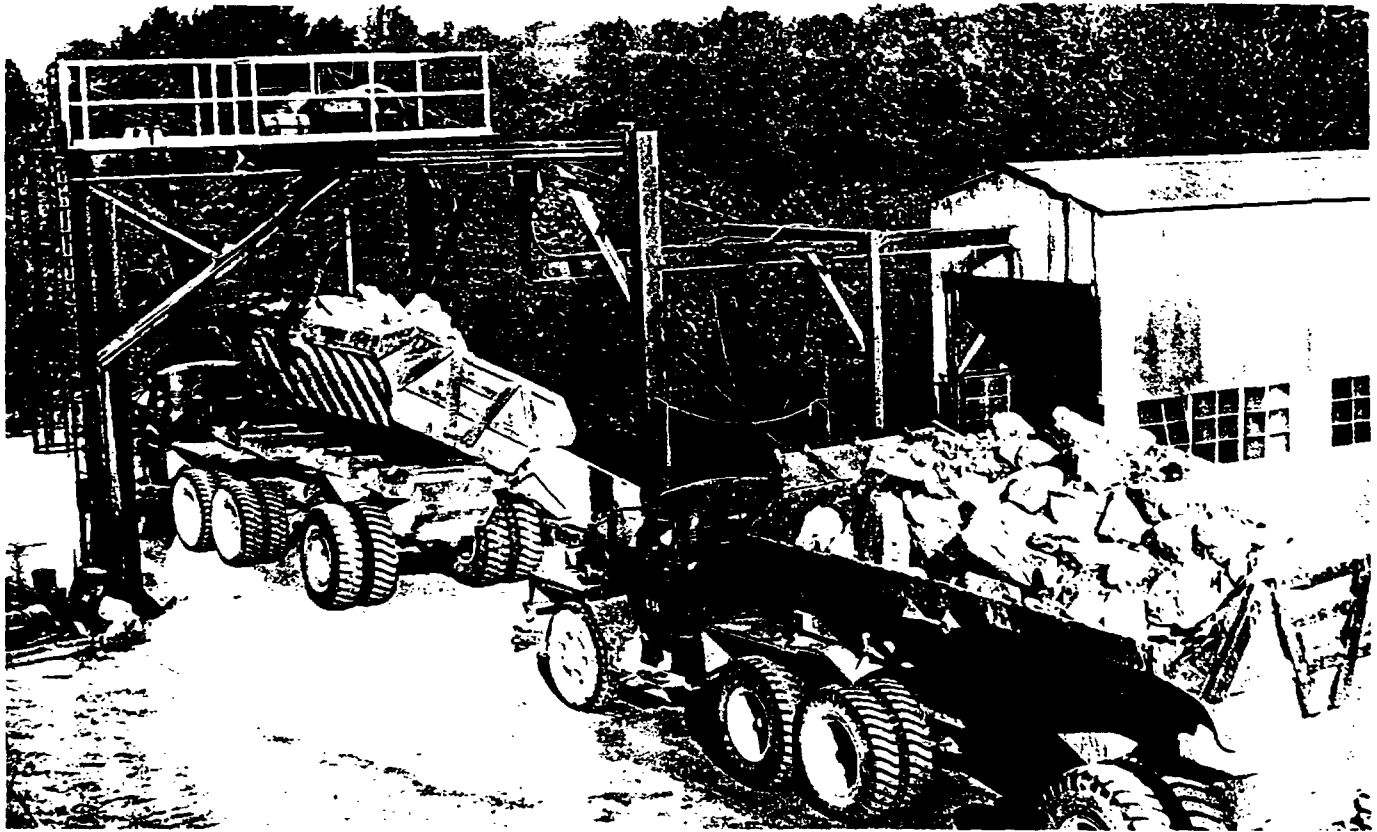
Two major strikes plus the lower level of steel production contributed largely to the decline in shipments of Ferro Engineering products during 1970. Early in the year, the nationwide truck strike caused an abrupt decline in deliveries and in many cases at significantly higher cost. Later in the fall, after a rather slow year in steel production, the strike in the automobile industry sharply reduced the demand for hot-topped steel. Raw material costs continue to rise and labor increases continue to exceed productivity. We are currently in the process of adjusting prices to cover these higher costs.

Major improvements have been made in manufacturing

techniques and performance, particularly in the newer "Ferroboard" process. Other changes are being developed to bring this product line to its full potential and to eliminate unprofitable products in this line. Our research and sales efforts are being directed toward substitute materials that we can produce and sell at a profit.

Several shifts in management and supervision have been made and an intensive cost reduction program will be continued in an effort to minimize the effect of lower sales volume on profits. We look forward to improved operating results in 1971, with high activity in the first half followed by a slackening demand in the last six months.

Crude silica sandstone being unloaded into primary crusher — Glass Rock Plant.



mining / quartzite and industrial quartz sands

Demand for industrial silica sand remained strong in 1970. Central Silica Company, one of the major suppliers in this field, retained its share of the market and operated at levels comparable to the record high of 1969.

Gross profit for the year was slightly below our expectations because of increased costs for labor, materials and supplies. Profits were further reduced during the last half of 1970 by the low level of operations in the steel foundry industry, a major user of Central Silica's products which also felt the effects of a prolonged strike in the automobile industry.

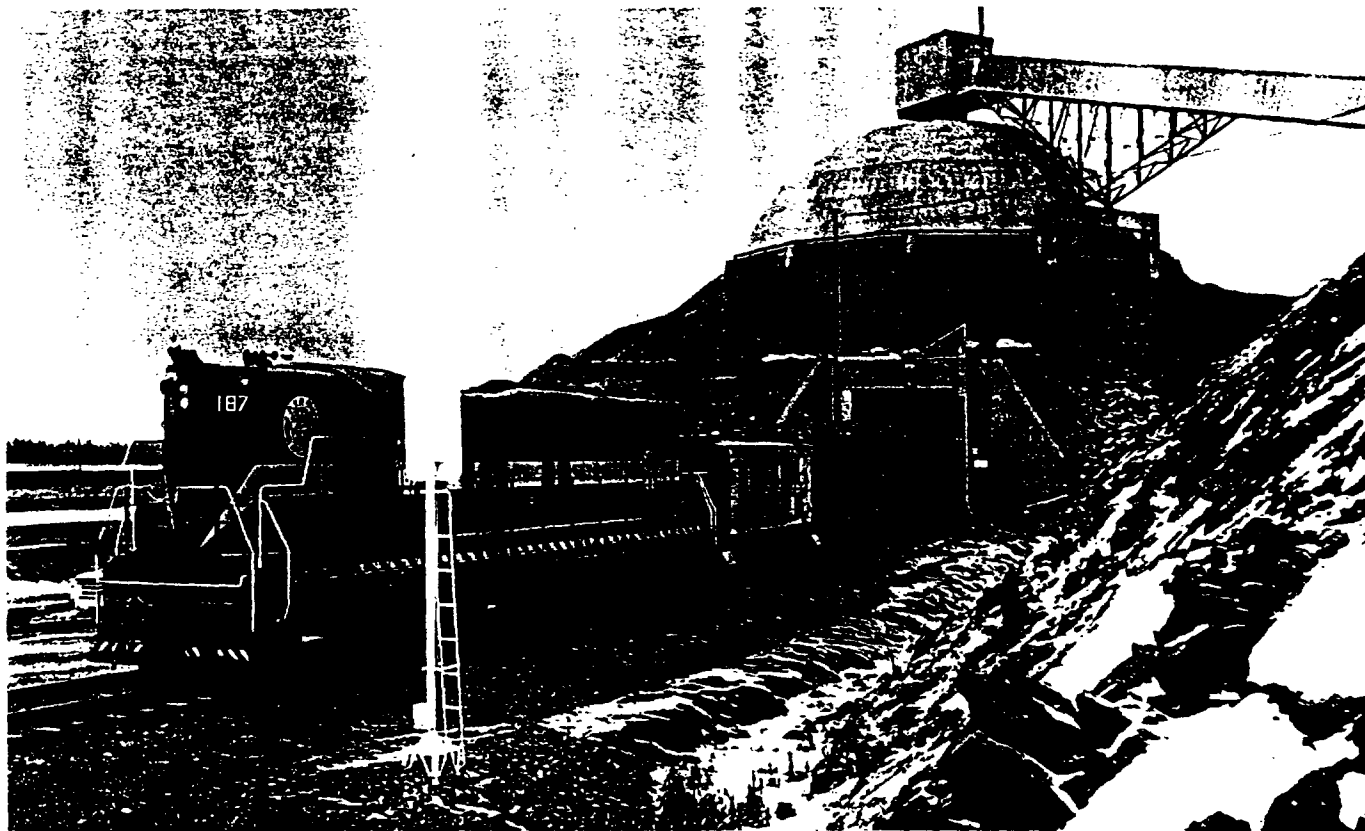
A new three-year labor contract with the Glass Bottle Blowers Association of United States and Canada was successfully negotiated by Central and Millwood effective

September 1, 1970. Modest price adjustments were made in our product line to partially offset higher labor and operating costs.

New storage and shipping facilities at Millwood were completed last year. These improvements were designed to improve our service to customers and increase efficiency. Additional grinding capacity is planned at Millwood this year to accommodate the increased requirements of the fiberglass and other industries.

We believe that operating results of Central Silica Company in 1971 will compare favorably with 1970 if housing and industrial construction starts equal the projected forecasts.

Eveleth Taconite Company — Unit train transporting crude taconite ore from Thunderbird Mine to Fairlane Plant.



mining / iron ore and other minerals

Eveleth Taconite Company, managed and partly owned by Oglebay Norton Company, produced a record 1,986,000 tons of iron ore pellets in 1970. This amount was achieved by maximum utilization of facilities, consistent with ample maintenance and product quality.

Since the start of operations in 1965, no significant capital additions have been made to the original facilities. Continued research and investigation have developed improved machinery and technology beneficial to Eveleth operations. Accordingly, expenditures were authorized and modification of certain facilities began during the latter part of 1970 which, when completed in mid-1971, will increase production about 10%.

In 1970, the price of taconite pellets was raised, the first adjustment since 1962. An additional increase was made applicable to 1971 sales. These will partly offset increased labor and supply costs.

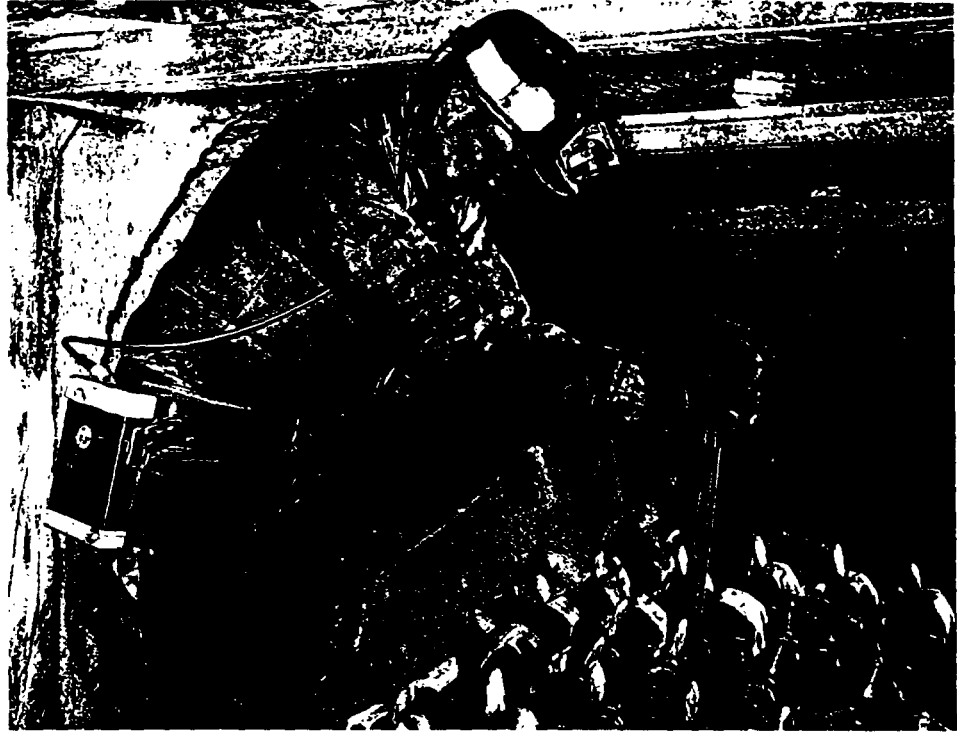
Efforts continued to interest new partners to join in a

major expansion of Eveleth Taconite Company, as well as to attract investors for development of the Oglebay Norton-controlled taconite reserve south of the City of Eveleth. We are confident a partner will be secured when economic and market conditions are more favorable.

Mineral exploration was conducted in Canada, Western United States and Mexico. Several encouraging prospects were drilled, but no economic mineralization was encountered. A number of attractive fluorspar outcrops were examined in Mexico; none warranted drilling.

Construction of the Brownsville, Texas, plant to produce briquettes from Mexican fluorspar concentrates was completed. Due to production difficulties experienced by the principal Mexican supplier throughout most of the year, the plant did not operate at capacity. However, a sufficient tonnage of high-grade product was produced and shipped to prove that the plant design is correct and efficient.

Our mines, located in Ohio, provide quality coals for the electric utility industry.



coal mining and sales

Although work stoppages resulting from wildcat strikes became less prevalent during the latter part of the year, their effects, together with the high rates of absenteeism and industry-wide shortages of skilled workers, continued to hamper coal production. Compliance with stringent Federal Coal Mine Health and Safety Laws also has been costly through the loss of productivity which is difficult to overcome.

Under our long-term sales contracts, we have succeeded in making price adjustments to cover labor cost increases and the direct costs of health and safety, but the expenses of labor-related problems and many of the inefficiencies created by the new legislation had to be absorbed.

In the current year, there will be further implementation of safety standards, and a new labor contract must be negotiated with the United Mine Workers of America. Their impact on prices and productivity is unpredictable at the present time. The situation is aggravated somewhat this year by the Union's internal problems. It is difficult to determine what effect this will have on negotiations.

Despite these problems, we expect that profits will improve through increasing recognition, on the part of our customers, of the economic factors involved. In view of the acute shortages of quality fossil fuels and expanding electric energy demands, we anticipate that the demand for coal will continue unabated at current peak levels.

During the year, market demand for brokerage coal remained exceptionally strong. Supply was restricted by labor unrest early in 1970 and by the effects of the new health and safety legislation, but we were able to develop additional coal sources which substantially increased our commissions.

Quality coals will continue in strong demand. There will be some inventory buildup as a result of the increased availability of marginal coal prior to the expiration of the mine workers' contract.

We are continuing our search for new sources of supply to replace tonnage from former sources that became captive and are no longer available in the market.



ore and mineral sales

Despite the decline in steel production during 1970, we were able to sell our share of the Eveleth taconite pellet production as well as tonnage for other producers for whom we act as agent. The slack in steel demand was offset by larger shipments to overseas markets where a shortage of iron ore was evident most of the year.

Although we have already sold nearly all of our share of Eveleth's output for 1971, delivery of the total tonnage will depend largely on the outcome of labor negotiations with the United Steelworkers of America. Sale of taconite pellets for other producers is dependent on the demand for steel and the effect of foreign steel on the domestic market. The world

market for iron ore pellets has softened and we do not anticipate foreign deliveries in 1971.

Sales of fluorspar were limited only by the available supply. Production of fluorspar briquettes in our new Brownsville plant was sharply curtailed by lack of raw material and minor start-up problems. However, late in the year, the supply of fluorspar concentrate was increased and the plant is currently operating at its rated capacity.

We expect a stronger market for fluorspar in 1971. If our source of supply for this raw material continues at its present level, results will be favorable.

foundry operations

Sales of T & B Foundry Company in 1970 decreased from the record 1969 levels under the influence of the economic slowdown and the decreased demand for durable goods. Several labor strikes at customers' plants and the truckers' strike also restricted our volume.

In spite of the present sluggish economy, T & B anticipates a much better year for sales and profits in 1971. This year the Company will become a producer of high quality ductile iron castings. This diversification, as well as further penetration of the gray iron market, should help both sales

and profits.

We continued our multiphase modernization and expansion program and completed a new shipping facility and sand system early last year. A more economical process for making molds was developed and is now used extensively to improve casting appearance and dimensional accuracy.

The next phase of our modernization and expansion program will add more air pollution equipment and improve the raw material storage facility.

Loading overseas cargo at our Bay City Seaway Terminal.
Other dock facilities at Toledo, Saginaw and South Chicago.



dock operations

Bay City Seaway Terminal enjoyed a very good year. Export tonnage of certain commodities increased substantially, and dock efficiency improved as a result of a sizable amount of cargo being handled on pallets and in containers.

While general cargo movement to overseas ports was down considerably at most Great Lakes ports in 1970, the Toledo dock experienced a sharp increase in the last two months of the season, enabling it to almost equal the tonnage handled in the previous year. It was not enough, however, to overcome operating losses incurred early in the season.

The Saginaw dock sustained a decline in tonnage and revenue primarily because of a seven-week strike by the

dock employees. The General Motors strike, which followed, eliminated the important inbound scrap iron and steel movement.

The railroads continue to discriminate against Great Lakes ports by granting preferential rail rates to and from the East and Gulf Coasts. We are hopeful that the recent decision by the Interstate Commerce Commission to review all railroad rate structures will eliminate or substantially reduce such preferential practices.

We anticipate some improvement at our Saginaw and Toledo facilities in 1971 and expect Bay City to maintain the level of business attained in 1970.

Oglebay Norton Company and Subsidiary Companies

CONSOLIDATED STATEMENTS OF INCOME

For the years ended December 31, 1970 and 1969

	1970	1969
INCOME		
Net sales and operating revenues	\$66,659,103	\$65,122,395
Sales commissions, royalties and management fees	1,513,259	1,711,360
Dividends, interest and miscellaneous	662,880	797,297
	<u>68,835,242</u>	<u>67,631,052</u>
COSTS		
Cost of goods sold and operating expenses	56,028,066	52,689,900
General, administrative and selling expenses	5,690,381	6,042,625
Interest expense	—	193,177
Federal income tax, including provision for deferred taxes:		
1970 — \$414,176 and 1969 — \$433,656	2,715,000	3,350,000
	<u>64,433,447</u>	<u>62,275,702</u>
NET INCOME	<u>\$ 4,401,795</u>	<u>\$ 5,355,350</u>
INCOME PER COMMON SHARE		
On average number of shares outstanding during each year, after provision for preferred dividends	\$ 3.97	\$ 4.83
Assuming conversion of preferred shares beginning of year	\$ 3.77	\$ 4.49

CONSOLIDATED STATEMENTS of RETAINED EARNINGS

For the years ended December 31, 1970 and 1969

BALANCE, January 1	\$56,281,645	\$53,371,661
NET INCOME	<u>4,401,795</u>	<u>5,355,350</u>
	<u>60,683,440</u>	<u>58,727,011</u>
CASH DIVIDENDS		
Common stock \$2.00 per share	1,958,552	2,002,902
Preferred stock		
Series A, \$2.75 and \$2.0625 per share, respectively	409,612	307,209
Series B, \$2.50 and \$.747 per share, respectively	100,000	29,880
Acquired companies prior to acquisition	—	105,375
	<u>2,468,164</u>	<u>2,445,366</u>
BALANCE, December 31	<u>\$58,215,276</u>	<u>\$56,281,645</u>

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEETS

December 31, 1970 and 1969

ASSETS	1970	1969
CURRENT ASSETS		
Cash	\$ 3,968,720	\$ 3,160,760
Marketable securities, at cost plus accrued interest (approximates market)	11,034,592	14,374,750
Notes and accounts receivable, less \$150,000 in 1970 and \$174,000 in 1969 for doubtful accounts	9,044,585	11,870,438
Inventories (Note 2)	3,833,964	3,616,769
Prepaid vessel rent, insurance and other expenses	1,186,124	1,319,499
Total current assets	29,067,985	34,342,216
INVESTMENTS, at cost, and noncurrent receivables (Note 3)	7,076,971	6,601,203
PROPERTIES AND EQUIPMENT, at cost		
Vessels, docks and related equipment	48,691,222	44,039,120
Mining properties and equipment	20,442,330	19,200,432
Manufacturing properties and equipment	9,552,786	8,805,626
	78,686,338	72,045,178
Accumulated depreciation, amortization and depletion	32,965,960	30,330,332
	45,720,378	41,714,846
DEFERRED CHARGES	1,626,233	1,414,007
	<u>\$83,491,567</u>	<u>\$84,072,272</u>

Oglebay Norton Company and Subsidiary Companies



LIABILITIES	1970	1969
CURRENT LIABILITIES		
Accounts payable, trade	\$ 2,410,861	\$ 3,552,096
Payrolls and other accrued compensation	1,759,959	2,486,984
Accrued taxes and other expenses	1,182,848	1,090,182
Federal income tax	119,807	—
Total current liabilities	5,473,475	7,129,262
LONG-TERM LIABILITIES in connection with closed mine ...	—	427,000
DEFERRED FEDERAL INCOME TAX including investment tax credit (Note 6)	11,752,971	11,338,795
STOCKHOLDERS' EQUITY		
PREFERRED STOCK , without par value, redemption value \$50 per share, authorized 400,000 shares; issued 188,950 shares at stated amount (Note 5)		
Series A, 5½% cumulative convertible, 148,950 shares ..	1,353,750	1,353,750
Series B, 5% cumulative convertible, 40,000 shares	407,350	407,350
COMMON STOCK , par value \$1 per share, authorized 3,000,000 shares; issued 1,019,951 shares	1,019,951	1,019,951
ADDITIONAL CAPITAL	7,034,569	7,034,569
RETAINED EARNINGS	58,215,276	56,281,645
	68,030,896	66,097,265
Less common shares in treasury, 49,850 in 1970 and 25,900 in 1969, at cost	1,765,775	920,050
	66,265,121	65,177,215
	<u>\$83,491,567</u>	<u>\$84,072,272</u>

The accompanying notes are an integral part of these financial statements.

Oglebay Norton Company and Subsidiary Companies

STATEMENTS OF SOURCE AND DISPOSITION OF FUNDS

For the years ended December 31, 1970 and 1969

	1970	1969
SOURCE OF FUNDS		
Operations		
Net income	\$ 4,401,795	\$ 5,355,350
Depreciation, amortization and depletion	3,885,355	3,471,337
Deferred income tax	414,176	433,656
Disposition of fixed assets	23,240	217,015
	<u>8,724,566</u>	<u>9,477,358</u>
DISPOSITION OF FUNDS		
Expenditures for properties and equipment	7,494,269	4,011,356
Payment of dividends	2,468,164	2,445,366
Purchase of treasury stock	845,725	454,250
Advances to affiliated companies	895,626	418,125
Reduction in long-term liabilities	427,000	18,493
Increase in deferred charges	212,226	29,476
	<u>12,343,010</u>	<u>7,377,066</u>
INCREASE OR (DECREASE) IN WORKING CAPITAL	<u><u>\$ (3,618,444)</u></u>	<u><u>\$ 2,100,292</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The consolidated financial statements include the accounts of the Company and all of its subsidiary companies. Certain of the 1969 amounts have been reclassified for comparative purposes.

2. Inventories are stated at the lower of average cost or market and consist of:

	1970	1969
Finished products and materials ...	\$2,428,953	\$2,244,771
Operating supplies and materials ..	1,405,011	1,371,998
	<u>\$3,833,964</u>	<u>\$3,616,769</u>

3. Investments include \$5,499,878 and \$5,870,042 at December 31, 1970 and 1969, respectively, representing a 15% interest in Eveleth Taconite Company which is 85% owned by another company. The investment is stated at cost which is the equity in underlying net assets. Eveleth has no income as the stockholders reimburse it for all costs incurred in proportion to their stock ownership, and the production of the mine is taken by the stockholders in like proportion.

4. The Company and its subsidiaries have several non-con-

tributory pension plans covering substantially all of their employees. The total pension expense for 1970 and 1969 amounted to \$818,000 and \$749,000, respectively, which includes, as to certain of the plans, amortization of prior service costs over periods not exceeding 25 years. Prepayments for past service on a plan for salaried employees in prior years resulted in payments in 1970 and 1969 being less than the amounts charged to expense. With respect to the other plans, current payments equal the amounts charged to expense. The actuarially computed values of vested benefits at December 31, 1970 exceeded the assets of the fund by approximately \$244,000.

The Company also pays into a union plan which provides pension and other benefits for hourly-rated employees at its coal mines. Payments are based upon a specified rate per ton of coal produced, and amounted to \$671,600 in 1970 and \$733,786 in 1969.

5. The preferred stock is issuable in series and the Board of Directors is authorized to fix the number of shares and designate the terms of each issue.

Series A and B shares are entitled to one vote per share and the shares at the option of the holder, at any time, may be converted into common stock at the conversion price in effect at the conversion date (currently share for share). These shares are redeemable at the option of the Company subsequent to December 31, 1976 at \$50 per share plus accrued dividends, and are entitled to a similar amount in the event of liquidation.

Dividends are cumulative and payable quarterly at an annual rate of \$2.75 per share for Series A and \$2.50 for Series B.

6. For federal income tax purposes, the Company's deductions for depreciation, pension expense and certain other costs are computed differently than the amounts charged in the accounts for such costs. Amounts equal to the resulting tax reductions are charged to income (as federal income tax) and credited to the reserve for deferred federal income taxes. The deferred taxes are credited to income (as federal income tax) in periods when depreciation, pension expense and cer-

tain other costs charged in the accounts exceed the amounts deductible for tax purposes.

The investment credit resulting from equipment acquisition was deferred and the balance at January 1, 1970 is being amortized over a five year period. Prior to 1970 the amortization was over a fifteen year period. The change had no significant effect on 1970 net income.

7. The Company has chartered a bulk cargo vessel at an annual charter rental of \$570,000 under a charter expiring in 1983.

Outstanding commitments for purchase of properties and equipment amounted to approximately \$2,809,000.

8. Depreciation, amortization and depletion charged to costs and expenses for the year 1970 and 1969 amounted to \$3,885,355 and \$3,471,337, respectively. The Company provides depreciation using the unit of production method for mining properties and equipment and the straight-line method for all other properties and equipment.

ACCOUNTANTS' REPORT

To the Board of Directors of
Oglebay Norton Company

We have examined the consolidated balance sheet of Oglebay Norton Company and its subsidiary companies as of December 31, 1970 and the related consolidated statements of income, retained earnings and source and disposition of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously examined and reported upon the financial statements of the company for the year 1969.

In our opinion, the aforementioned financial statements present fairly the consolidated financial position of Oglebay Norton Company and its subsidiary companies at December 31, 1970 and 1969 and the consolidated results of their operations and the source and disposition of funds for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Cleveland, Ohio
February 12, 1971

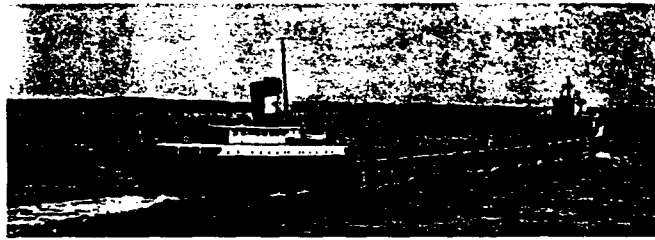
Lybrand, Ross Bros. & Montgomery

TEN YEAR SUMMARY

	1970	1969	1968
Gross operating income	\$68,172,362	\$66,833,755	\$64,990,563
Income before federal income tax and extraordinary items	7,116,795	8,705,350	8,403,704
Income before extraordinary items	4,401,795	5,355,350	5,065,581
Extraordinary items, less applicable taxes	—	—	—
Net income	4,401,795	5,355,350	5,065,581
Cash dividends paid	2,468,164	2,445,366	2,309,553
Net income invested in the business	1,933,631	2,909,984	2,756,028
Number of stockholders at year end	1,241	1,302	1,342
Preferred shares outstanding at year end	188,950	188,950	188,950
Common shares outstanding at year end	970,101	994,051	1,006,251
Per common share*			
Income before extraordinary items	3.97	4.83	4.53
Extraordinary items, less applicable taxes	—	—	—
Net income	3.97	4.83	4.53
Cash dividends paid	2.00	2.10(3)	2.30(3)
Book value per common share	58.57	58.06	52.94
Current ratio	5.31	4.82	3.06
Stockholders' equity to total liabilities ratio	12.11	8.63	4.97
Working capital	23,594,510	27,212,954	25,112,662
Total properties — net	45,720,378	41,714,846	41,006,228
Total assets	83,491,567	84,072,272	86,259,108
Long-term liabilities	—	427,000	445,493
Stockholders' equity	66,265,121	65,177,215	62,721,481
Depreciation, amortization and depletion charged to costs and expenses	3,885,355	3,471,337	3,462,557
Expenditures for properties and equipment, including investment in the Eveleth taconite project	7,647,569	4,150,812	5,032,228

*Per share figures, based on the average number of common shares outstanding during each year, have been computed after provision for annual preferred dividends and adjusted for a 2% stock dividend paid in 1962.

Acquisitions in 1968 and 1969 were treated as poolings of interest. In each case the year prior to the year of acquisition was restated. Figures for prior years are as reported in annual reports for the respective years.



1967	1966	1965	1964	1963	1962	1961
\$65,626,200	\$68,496,128	\$58,649,900	\$55,825,853	\$54,078,854	\$53,361,231	\$54,978,681
8,287,406	8,739,346	7,451,491	6,805,890	5,555,283	4,386,056	5,580,675
4,826,129	4,814,346	4,051,491	3,605,890	2,890,283	2,226,056	3,055,675
2,844,798	—	—	—	— (1)	— (1)	—
7,670,927	4,814,346	4,051,491	3,605,890	2,890,283	2,226,056	3,055,675
2,317,516	1,529,927	1,325,936(2)	1,223,941(2)	1,019,951	1,019,951	1,000,080
5,353,411	3,284,419	2,725,555	2,381,949	1,870,332	1,206,105	2,055,595
1,360	1,333	1,337	1,456	914	906	815
148,950	—	—	—	—	—	—
1,006,251	1,019,951	1,019,951	1,019,951	1,019,951	1,019,951	1,019,951
4.37	4.72	3.97	3.54	2.83	2.18	3.00
2.82	—	—	—	— (1)	— (1)	—
7.19	4.72	3.97	3.54	2.83	2.18	3.00
2.30(3)	1.50	1.30(2)	1.20(2)	1.00	1.00	1.00
51.20	49.88	46.66	43.79	41.46	40.31	41.09
3.67	2.15	2.33	2.20	2.42	3.29	2.24
6.81	3.96	3.95	4.92	4.22	3.02	4.06
21,887,784	11,888,284	9,917,392	9,510,807	9,441,162	11,591,516	10,410,252
39,541,675	43,180,893	42,276,316	39,261,082	39,243,272	40,791,330	38,271,411
77,887,617	74,361,552	69,092,991	61,331,238	58,574,777	60,258,918	59,068,923
477,518	2,515,536	4,586,856	1,151,928	3,367,059	8,551,743	1,928,597
58,970,817	50,878,263	47,593,844	44,664,298	42,282,349	41,118,236	41,911,209
3,580,864	3,670,312	2,440,106	2,702,402	2,693,262	2,967,614	2,813,038
3,450,002	4,547,849	10,324,015	5,329,993	2,324,436	8,736,193	3,082,230

(1) Excludes extraordinary deductions of \$502,229 in 1963 and \$1,999,078 in 1962 equal to \$.49 and \$1.96 per share, respectively. These amounts were charged to retained earnings in those years.

(2) Includes an extra dividend of \$.20 per share declared in each of the years 1964 and 1963, paid in January of the following years.

(3) Includes dividends paid by subsidiaries prior to acquisition by the company.



DIRECTORS

OFFICERS

SUBSIDIARY MANAGEMENT

		1	2	3	4	
		1975	1974	1973	1972	
1	Sales & Revenues.	99725	90546	72718	67406	1
2						2
3	Accounts Rec.	14365	49238	11760	9825	3
4	% of Sales	.144	.212	.162	.147	4
5						5
6	Inventory	6041	4879	4651	3451	6
7	% of Sales	.061	.054	.064	.052	7
8						8
9	Prepaid Exp.	1164	1150	1187	1261	9
10	% of Sales	.012	.013	.016	.019	10
11						11
12	Accounts Payable	5266	5311	2850	2332	12
13	% Sales	.053	.059	.039	.035	13
14						14
15						15
16	BACK out Commissions/Royalty & interest and					16
17						17
18	Sales & Revenue.	93747	83852	70988	65065	18
19						19
20	Accounts Rec.	14365	19238	11760	9825	20
21	% 16%	.153	.229	.166	.151	21
22						22
23	Inventory	6041	4879	4651	3451	23
24	% 6%	.064	.058	.066	.053	24
25						25
26	Prepaid Exp.	1164	1158	1187	1261	26
27		.012				27
28						28
29	Accounts Pay	5266	5311	2850	2332	29
30	% 6%	.056	.063	.040	.036	30
31						31
32						32
33						33
34						34
35						35
36						36
37						37

OGLEBAY NORTON COMPANY

EXECUTIVE OFFICE

1200 Hanna Building
Cleveland, Ohio 44115 Telephone (216) 861-3300
Cable Address: ONCO-CLEVE

BRANCH OFFICES

Southfield, Michigan 48075
205 Clausen Building South
16000 West Nine Mile Road Telephone (313) 444-5233
St. Clairsville, Ohio 43950
P.O. Box 156 Telephone (614) 695-1134
Virginia, Minnesota 55792
P.O. Box 1064 Telephone (218) 741-5222

SUBSIDIARIES

Canadian Ferro Hot Tops Limited
345 Arvin Avenue
Stoney Creek, Ont., Canada Telephone (416) 662-8381
Central Silica Company
806 Market Street
Zanesville, Ohio 43701 Telephone (614) 452-2775
Pochteca, S. A. de C. V.
Apartado Postal 41-586
Mexico 10, D.F. Telephone 570-26-47
Cable Address: POCHSA — Mexico, D. F.
Sillocc Limited
1200 Hanna Building
Cleveland, Ohio 44115 Telephone (216) 861-3300
T & B Foundry Company
2469 East 71st Street
Cleveland, Ohio 44104 Telephone (216) 391-4200
Toledo Overseas Terminals Co.
Box 306, Presque Isle, Station "A"
Toledo, Ohio 43605 Telephone (419) 726-2605

TRANSFER AGENT AND REGISTRAR

The Cleveland Trust Company Cleveland, Ohio

COUNSEL

Thompson, Hine and Flory Cleveland, Ohio

ACCOUNTANTS

Lybrand, Ross Bros. & Montgomery Cleveland, Ohio



OGLEBAY NORTON COMPANY

FACILITIES - SERVICES - PRODUCTS

VESSEL TRANSPORTATION

Fleet Unit Facilities:

- 6 Bulk Freighters
- 7 Self-Unloaders
- 1 Crane Vessel
- 1 Crane-Conveyor

C&D HOT TOPS

Manufacturing and Research Facilities:

- Plants 1 & 2 — Cleveland, Ohio
- Research — Cleveland, Ohio
- Plant 3 — Chicago, Illinois
- Plant 4 — Hamilton, Ontario

INDUSTRIAL SILICA SANDS

Operating Properties:

- Central Plant — Glass Rock, Ohio
- Millwood Plant — Howard, Ohio
- Ayers Plant — Lexington, Tennessee

COAL

Operating Properties:

- Norton #3 Mine — Belmont County, Ohio
- Saginaw Mine — Belmont County, Ohio
- Ceredo Coal Transfer Dock — Ceredo, W. Virginia

Sales Agents:

- For Other Coal Producers

IRON ORE

Operating Property:

- Eveleth Taconite Company — Eveleth, Minnesota
(Part Owner & Managing Agent)

Sales Agents:

- Silver Bay Pellets
- Tennessee Sinter

MINERALS

Manufacturing Facility:

- Fluorspar Briquette Plant — Brownsville, Texas

Sales Agents:

- Ceramic Fluorspar
- Metallurgical Fluorspar
- Celestite
- Rim-Blox
- Phosphate Rock

CASTINGS

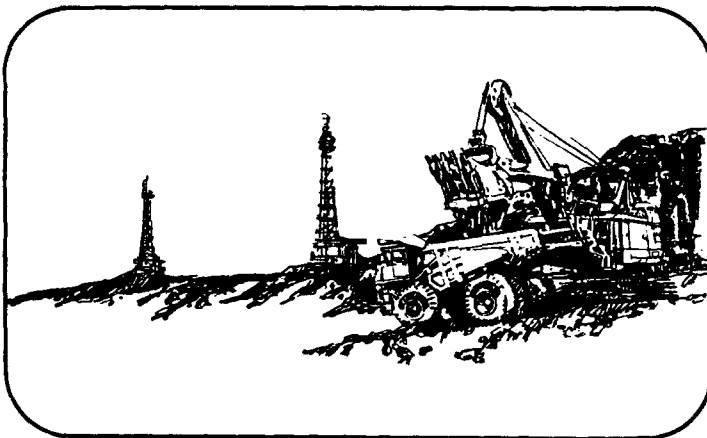
Manufacturing Facility:

- Cleveland, Ohio

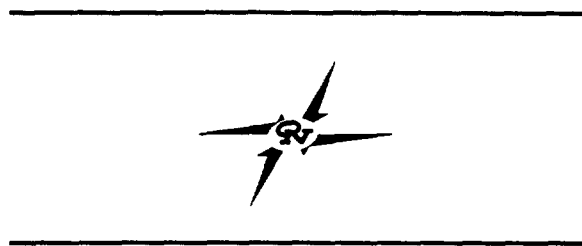
DOCKS

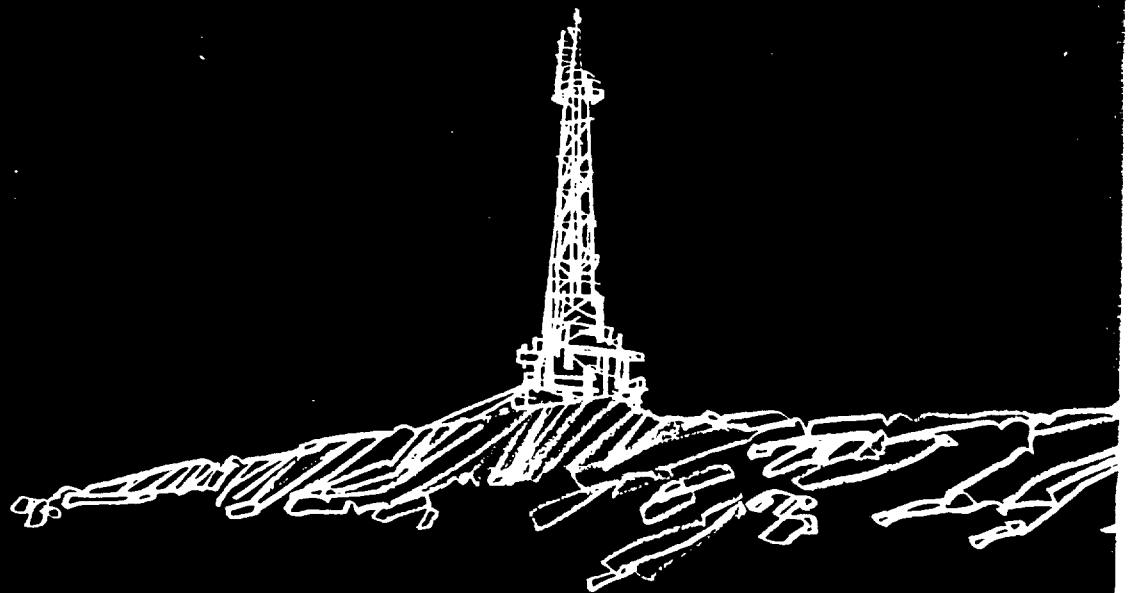
Dock Facilities:

- Bay City, Michigan
- Saginaw, Michigan
- Chicago, Illinois
- Toledo, Ohio



Cover illustration of mining operations —
Thunderbird Mine, Eveleth Taconite Company.





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