CYANAMID — *American Cyanamid Company and Subsidiaries*

PRINCIPAL SALES OFFICES IN THE U.S.

Akron, Ohio	Dallas, Tex.	Jacksonville, Fla.	Nashville, Tenn.	St. Louis, Mo.
Atlanta, Ga.	Danbury, Conn.	Kalamazoo, Mich.	New Orleans, La.	San Lake City, Utah
Baltimore, Md.	Davenport, Iowa	Kansas City, Mo.	New York, N.Y.	San Francisco, Calif.
Bluefield, W. Va.	Denver, Colo.	Knoxville, Tenn.	Oakland, Calif.	Seattle, Wash.
Boston, Mass.	Detroit, Mich.	Latrobe, Pa.	Peoria, Ill.	South Bend, Ind.
Bound Brook, N.J.	Gary, Grande, N.J.	Lincoln, Neb.	Portsmouth, Ohio	Springfield, Mass.
Bucyrus, Fla.	Grand Rapids, Mich.	Los Angeles, Calif.	Philadelphia, Pa.	Springfield, Ohio
Buffalo, N.Y.	Greensboro, N.C.	Louisville, Ky.	Pittsburgh, Pa.	Tampa, Fla.
Cambridge, Mass.	Havre de Grace, Md.	Memphis, Tenn.	Richmond, Va.	Tulsa, Okla.
Charlotte, N.C.	Honolulu, Hawaii	Miami, Fla.	Rockford, Ill.	Wallingford, Conn.
Chicago, Ill.	Houston, Tex.	Milwaukee, Wis.	Sparrows Pt., Md.	Washington, D.C.
Cincinnati, Ohio	Huntington Station, N.Y.	Minneapolis, Minn.	Princeton, N.J.	Wayne, N.J.
Cleveland, Ohio	Indianapolis, Ind.	Mobile, Ala.	Richmond, Va.	West Hartford, Conn.
Columbus, Ohio	Jackson, Miss.	Montgomery, Ala.	Rochester, N.Y.	

PRINCIPAL SALES OFFICES OUTSIDE THE U.S.

Bogotá, Colombia	Hong Kong	London, England	Munich, Germany	Tokyo, Japan
Bombay, India	Hurstville, Australia	Madrid, Spain	Naples, Italy	Toronto, Canada
Brussels, Belgium	Isando, S. Africa	Manila, Philippines	Rio de Janeiro, Brazil	Vancouver, Canada
Buenos Aires, Argentina	Johannesburg, S. Africa	Melbourne, Australia	Rome, Italy	Zürich, Switzerland
Caracas, Venezuela	Karachi, Pakistan	Mexico D.F., Mexico	San Juan, Puerto Rico	
Catania, Italy	Leopoldville, Congo	Milan, Italy	Sao Paulo, Brazil	
Guatemala City, Guatemala	Lima, Peru	Montreal, Canada	Taipei, Taiwan	

PLANTS IN THE U.S.

Aberdeen, Md.	Cincinnati, Ohio	Hamilton, Ohio	New Castle, Pa.	Springfield, Ohio
Adairsville, Ga.	Cloquet, Minn.	Havre de Grace, Md.	Pearl River, N.Y.	Springhill, La.
Addieville, Ill.	Damascus, Va.	Illiopolis, Ill.	Pensacola, Fla.	Talboro, N.C.
Azusa, Calif.	Danbury, Conn.	Jackson, Miss.	Perrysburg, Ohio	Valdosta, Ga.
Benton, Ark.	Edgewood, Md.	Joliet, Ill.	Piney River, Va.	Vancouver, Wash.
Bound Brook, N.J.	Evendale, Ohio	Kalamazoo, Mich.	Plymouth, N.C.	Wallingford, Conn.
Brewster, Fla.	Farmville, N.C.	Latrobe, Pa.	Princeton, N.J.	Warners, N.J.
Cambridge, Mass.	Forney, La.	Marietta, Ohio	Sanford, Me.	Willow Island, W. Va.
Charlotte, N.C.	Fort Worth, Tex.	Michigan City, Ind.	Savannah, Ga.	Woodbridge, N.J.
Chattanooga, Tenn.	Georgetown, S.C.	Mobile, Ala.	Springfield, Mass.	

PLANTS OUTSIDE THE U.S.

Algeciras, Spain	Bidsar, India	Hsin Chu, Taiwan	Melbourne, Australia	Rezende, Brazil
Beachville, Canada	Caracas, Venezuela	Hurstville, Australia	Mexico D.F., Mexico	Rio de Janeiro, Brazil
Bogotá, Colombia	Catania, Italy	Johannesburg, S. Africa	Milan, Italy	St. Jean, Canada
Brussels, Belgium	Gosport, England	Karachi, Pakistan	Montreal, Canada	Sao Paulo, Brazil
Buckingham, Canada	Guadalajara, Mexico	Madrid, Spain	Munich, Germany	Toronto, Canada
Buenos Aires, Argentina	Hamilton, Canada	Manila, Philippines	Niagara Falls, Canada	Witbank, S. Africa

RESEARCH LABORATORIES

Bound Brook, N.J.	Pearl River, N.Y.	Springfield, Mass.	Wallingford, Conn.	Geneva, Switzerland
Evendale, Ohio	Princeton, N.J.	Stamford, Conn.		

PRINCIPAL ASSOCIATED COMPANIES

Arabian American Oil Company	Jefferson Chemical Company, Inc.	Southern Petroleum Corporation	
Compañía Química Agrícola, S.A.	Lederle (Japan), Ltd.	Southern Pipe Line Corporation	
Compañía Química Agrícola Kalvator N.V.	Southern Minerals Corporation		
Nordan International Limited			

CYANAMID — AMERICAN CYANAMID COMPANY
WAYNE, NEW JERSEY

Registrar and Transfer Agent: Manufacturers Hanover Trust Company, New York
Registrar: Morgan Guaranty Trust Company of New York

General Counsel: Cravath, Swaine & Moore
Independent Public Accountants: Peat, Marwick, Mitchell & Co.

BOARD OF DIRECTORS

J. ALLEGAERT
A. B. CLOW
J. B. FISK
R. R. IRVINE
K. H. KLIPSTEIN
R. S. KYLE
W. G. MALCOLM
T. L. PERKINS
E. D. POWERS
R. C. SWAIN
G. C. WALKER
G. W. WATTLES
A. M. WHITE

OFFICERS

W. G. MALCOLM, *Chairman of the Board and Chief Executive Officer*

K. H. KLIPSTEIN, *President*

J. ALLEGAERT, *Vice President*
W. H. BOWMAN, *Vice President*
A. B. CLOW, *Vice President*
L. C. DUNCAN, *Vice President*
R. S. KYLE, *Vice President*
D. J. O'CONOR, Jr., *Vice President*
E. D. POWERS, *Vice President*
R. O. ROBLIN, *Vice President*
G. W. RUSSELL, *Vice President*
R. C. SWAIN, *Vice President*
G. C. WALKER, *Vice President*

D. M. BENJAMIN, *Controller*
W. G. TAYLOR, *Treasurer*

R. S. KYLE, *Secretary*

EXECUTIVE COMMITTEE

W. G. MALCOLM *(ex officio), Chairman*
J. B. FISK
R. R. IRVINE
K. H. KLIPSTEIN
T. L. PERKINS
G. C. WALKER
G. W. WATTLES
A. M. WHITE

FINANCE COMMITTEE

G. C. WALKER, *Chairman*
K. H. KLIPSTEIN, *Vice Chairman*
J. ALLEGAERT
A. B. CLOW
W. G. MALCOLM *(ex officio)*
E. D. POWERS
R. C. SWAIN

AMERICAN CYANAMID COMPANY

Report of the Board of Directors for the Year Ended December 31, 1963

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HIGHLIGHTS

For the Years Ended December 31, 1963 and 1962

	1963	1962
Sales	$710,528,896	$649,211,240
Earnings before income taxes	128,839,355	115,320,702
Income taxes	62,500,000	56,000,000
Net earnings	66,339,355	59,320,702
Dividends on Common Stock paid in cash	39,390,604	36,365,198
Earnings per share Common Stock	3.02	2.77
Dividends per share Common Stock	1.80	1.70
Depreciation, amortization and depletion	37,785,391	44,811,369
Expenditures for capital additions	45,041,907	36,235,261
Funded debt	88,064,613	89,649,401
Shareholders' equity	506,915,158	473,878,163
Shares outstanding at end of year:		
Preferred Stock	—	30
Common Stock (excluding treasury shares)	21,933,829	21,379,136
Number of shareholders	101,541	107,434
Number of employees	31,600	29,800

TO THE SHAREHOLDERS:

Company sales and earnings set new highs in 1963. Sales were up 9 per cent over 1962; earnings were up 12 per cent.

SALES VOLUME

Consolidated sales in 1963 were $710,528,896, compared with $649,211,240 in 1962. Comparative quarterly sales for the two years were:

Quarter	1963	1962
First	$179,538,000	$170,268,000
Second	176,729,000	167,849,000
Third	171,008,000	151,915,000
Fourth	183,254,000	159,179,000
	$710,529,000	$649,211,000

The major part of the increase in sales volume came from greater sales of consumer products to which recent acquisitions made an important contribution. The above tabulation for 1963 includes the 12 months sales, by quarters, of John H. Breck, Inc., and the business of the former Dumas Milner Corporation, both acquired during the year. Increases were achieved in the sales of Creslan® acrylic fiber, Formica® laminated plastics, pharmaceuticals and pigments. For the sixth consecutive year, sales outside the United States and Canada set a record, amounting to $131,356,000, approximately 18 per cent of the Company's total volume.

EARNINGS

Pre-tax earnings for 1963 were $128,839,355 compared with $115,320,702 in the previous year. After provision for Federal and foreign income taxes of $62,500,000, consolidated net earnings for 1963 were $66,339,355 compared with $59,320,702 in 1962. Per-share earnings were $3.02 on the 21,933,829 common shares (excluding treasury shares) outstanding on December 31. In 1962, earnings per share were $2.77 on 21,379,136 shares.

Earnings benefited from larger sales volume, greater use of production capacities, other cost improvements throughout the Company, elimination of low profit margin products, and lower amortization and depreciation charges on facilities subject to accelerated depreciation rates in prior years. These factors more than offset the effects of lower selling prices of some products and increases in salary and wage rates.

The large increase in selling and advertising expenses in 1963 was principally related to consumer products, which normally require a high advertising-to-sales ratio. The Company's increasing activity in the mass marketing of consumer products is expected to keep promotion expenses at a high level.

CAPITAL STOCK

At the close of 1963 there were 22,276,888 shares of common stock outstanding as compared with 21,586,832 at the end of 1962. These totals include treasury stock of 343,059 shares and 207,696 shares respectively.

During the year, the Company purchased 150,400 shares of its common stock on the open market to fulfill contingent obligations under the incentive compensation plan and for other corporate purposes; 7,813 shares were used for the purchase of the assets and business of Springfield Gravure Corporation.

Under stock purchase contracts, 62,240 shares of common stock were issued to employees in 1963.

In May, 335,153 shares of stock were issued for the acquisition of the business and assets of John H. Breck, Inc., and Breck Realty Corporation. Another 243,280 shares were issued earlier in the year for the acquisition of the business and assets of Dumas Milner Corporation. Subject to future determination, up to an additional 46,800 shares may be issued in connection with these two acquisitions.

As part of the acquisition, Cyanamid assumed $1,988,800 of Dumas Milner Corporation convertible debentures. Prior to their redemption on June 1, $1,976,710 of these debentures were converted into 49,283 shares of Cyanamid stock.

Dividends paid by Cyanamid in 1963 amounted to $39,391,000, or $1.80 per share at the quarterly

rate of 45 cents, compared to 1962 payments of $36,365,000 at $1.70 per share.

ASSOCIATED COMPANIES

Total 1963 earnings of companies jointly owned (40%-50%) by Cyanamid were better than 1962. Cyanamid's equity in these earnings amounted to $5,754,000, as compared with $5,045,000 last year. Dividends from these associated companies totalled $4,415,819 as against $3,622,051 in 1962.

Jefferson Chemical Company, Inc., jointly owned with Texaco Inc., has constructed one of the world's largest direct oxidation units for the production of ethylene oxide at its Port Neches, Texas, plant. This replacement unit was completed in December, 1963.

In Canada, a new method of fertilizer marketing was introduced during the year with the creation of a network of bulk blending facilities jointly owned with local businessmen. At year end, Cyanamid of Canada Limited had established 15 such local enterprises in Ontario, Quebec and the Atlantic provinces.

Overseas, construction was completed on the previously announced pharmaceutical formulating and packaging plant at Shiki, Japan, near Tokyo. It is being operated by Lederle (Japan), Ltd., equally owned by Cyanamid and Takeda Chemical Industries, Ltd.

SIGNIFICANT NEW DEVELOPMENTS

NEW CONSUMER PRODUCTS—The acquisitions of the businesses and assets of John H. Breck, Inc., and Dumas Milner Corporation were completed in 1963. John H. Breck, Inc., which produces the well-known Breck® shampoos, hair sprays and professional beauty shop hair preparations, is being operated as a wholly-owned subsidiary. The Dumas Milner line of household cleaning and laundering products is now being handled by the newly created Household Products Department.

In July, Cyanamid formed a Consumer Products Division to coordinate the operations of these two acquisitions as well as the Company's Acco Laboratories Department, a new venture in the field of proprietary drugs.

INTERNATIONAL—A commercial development group was established and the technical department was expanded by Cyanamid International to better coordinate worldwide planning. The former will concentrate on a search for new products and markets abroad. The technical staff will work with the domestic divisions to accelerate the development of new product lines on a global basis.

At the end of 1963, Cyanamid subsidiaries had plants in operation or under construction at 23 different locations outside the United States and Canada with a work force of approximately 6,500 people. Overseas plant expansions during the year included the completion of a malathion insecticide facility at Bulsar, India, and synthetic resins plants at Manila, Philippines, and Bogota, Colombia. A new pharmaceutical plant also was completed at Bogota. Near Guadalajara, Mexico, work began on a plant to manufacture Formica® laminated plastic, and in Hurstville, Australia, facilities are being expanded for the production of surgical sutures.

ETHICAL DRUGS—Lederle Laboratories Division was licensed by the United States Public Health Service in June as the nation's only producer of live oral polio virus vaccine combining all three Sabin virus strains in a single dosage form. The development of the new vaccine was largely attributable to Lederle's many years of research for a combined live virus polio vaccine. Marketed under the registered trademark Orimune, the new trivalent vaccine provides immunization with two doses of the same product rather than three doses of the monovalent vaccines each containing a different strain. Orimune is rapidly becoming the product of choice for oral polio immunization.

Early in 1963 Lederle introduced an improved form of Varidase® streptokinase-streptodornase in oral tablets for the treatment of inflammation and swelling associated with infection and trauma. In the oral form, the product is more easily administered and has improved Lederle's market share of systemically active enzymes.

Two new Lederle drugs have been submitted to the Food and Drug Administration for clearances. One, a new analgesic, has undergone more than two years of clinical research. Tests indicate that the product, Levoprome® methotrimeprazine, is as potent a pain killer as morphine but is not habit forming. The other, Amicar® epsilon aminocaproic acid, is a unique hemostatic agent. The lifesaving capability of this drug in stopping certain types of hemorrhage should attract interest and acceptance by the physician.

New research facilities for the organic chemical drug group are under construction at Lederle Laboratories in Pearl River, New York.

SYNTHETIC FIBERS—Increasing acceptance of Cyanamid's Creslan® acrylic fiber, particularly in the carpet and apparel markets, made necessary the initiation of a major expansion in production facilities for staple and tow. It is expected that this expansion now under way at Pensacola, Florida, will be completed in early 1965. At the same location, a new unit was completed for the production of a continuous filament yarn. Fabrics woven or knitted from this yarn have a silk-like texture and appearance and also the advantages of durability and ease of care. Reports on continuing tests made with this filament yarn by several of the nation's leading textile mills are encouraging. Development work also continues on new and improved acrylic fibers, several of which are under test, to meet the exacting demands of the textile industry.

PLASTICS—Cyanamid's interest continues to grow in the field of methyl methacrylate plastic, which in finished form has properties of unusual toughness and optical clarity. At the Fortier plant near New Orleans a new methyl methacrylate monomer facility is under construction. Part of its production will supply raw materials for the manufacture of Acrylite® methyl methacrylate cast sheet at the two Sanford, Maine, plants, the newer of which was put into operation in late 1963. The Sanford and Fortier projects follow the completion, in 1962, of a plant at Wallingford, Connecticut, for the production of Acrylite* methyl methacrylate molding compound for sale to other manufacturers.

New facilities for the production of amino and polyester resins are being built at Wallingford to replace those formerly operated at the Bridgeville, Pennsylvania, plant.

In May, Cyanamid purchased for cash the business and assets of Bloomingdale Rubber Company, a Maryland manufacturer of industrial adhesives with wide applications in the aircraft and aerospace industries. The acquisition has added specialized adhesive technology to Cyanamid's broad polymer background.

FORMICA—Wider applications of Formica® laminated plastic, mainly in furniture surfaces and kitchen cabinets, resulted in increased sales for 1963. Formica's new V.I.P.* vertical interior panelling succeeded in favorably impressing architects and designers to the extent that the product will be marketed on a full-scale national basis in 1964. To meet the over-all increase in product demand for laminated plastics, Formica is expanding its production facilities at Evendale, Ohio. Additions include new high speed equipment for treating and printing paper and a new 7,000-ton laminating press. In Canada, the plant at St. Jean, Quebec, is expanding its production of Formica® laminated plastics.

Formica will lead Cyanamid's participation in the 1964-65 New York World's Fair by building the "World's Fair House," which will be a showcase for the Company's consumer and building products. In addition, Formica is conducting a nationwide program with home builders for the construction and display of at least two World's Fair Houses in each of the 50 states.

AGRICULTURE—In the latter part of 1963, the Ag-

*Trademark

ricultural Division introduced a new combination antibiotic for swine feed, Aureo S-P* 250. The product has received a high degree of acceptance in the animal feed trade and prospects for 1964 are good. Sales continued at a high level for Cygon* insecticide, an effective fly killer introduced in 1962.

For the first time the Brewster, Florida, plant in 1963 began producing diammonium phosphate for the farm trade. In order to provide better local service for fertilizer products in the Midwest, three small fertilizer units were acquired in 1963.

CAPITAL EXPENDITURES—In 1963, a total of $45,041,907 was spent for new and expanded plants, improvements and related capital projects. In addition to the expansions already mentioned, the following principal projects were started or completed in 1963:

At Bound Brook, New Jersey, work began on a new catalytic aniline manufacturing unit, replacing a less efficient plant. Start-up is scheduled for early in the second quarter of 1964. Aniline is an intermediate chemical for use in the manufacture of dyes, pigments, rubber chemicals and many other products.

New facilities are under construction at the Warners plant in Linden, New Jersey, for surfactants and an insecticide intermediate now produced elsewhere. Operations are due to begin in mid-1964.

In June, the Company acquired the business and assets of Springfield Gravure Corporation, a printing and plate-making business in Ohio which is being operated as a wholly-owned subsidiary. Springfield's knowledge and craftsmanship in the skilled process of gravure printing are being applied to appropriate Cyanamid operations. (Springfield Gravure printed the inside color section of this Report.)

DISPOSITION OF FACILITIES—In the latter part of the year, Cyanamid sold its Springville, Utah, explosives facility to allow for centralized production at the larger New Castle, Pennsylvania, plant.

*Trademark

Production facilities at Bridgeville, Pennsylvania, were sold in April. With the exception of phthalic and maleic anhydrides and certain resins, product manufacture is being shifted to other locations.

Under previously established practices, the cost of the above facilities less the sales proceeds was charged to the accumulated depreciation account.

LITIGATION

In July, 1958, the Federal Trade Commission issued a complaint charging six pharmaceutical companies, including Cyanamid, with price fixing and monopoly in the broad-spectrum antibiotics industry. After a lengthy trial, the hearing examiner held that the complaint was not supported by substantial evidence and ordered its dismissal. In August, 1963, the Federal Trade Commission voted to reverse the hearing examiner in some respects. As of December 17, 1963, the Commission issued an order which would relate to pricing practices in regard to tetracycline and would require the limited licensing of certain patents and know-how of Cyanamid to permit the manufacture of tetracycline, allowing the collection of a royalty. Cyanamid's position remains that the charges are unfounded and the Company intends to appeal the decision to the appropriate Federal Court. The Commission's order will be stayed pending the appeal.

Still pending is the Federal Grand Jury indictment of Cyanamid and two other companies, as well as the chief executive officer of each, on charges of an unlawful conspiracy to restrain and monopolize trade in the manufacture, distribution and sale of broad-spectrum antibiotics. These charges are substantially the same as those in the Federal Trade Commission complaint mentioned above. The charges have been vigorously denied.

Also pending is the Department of Justice civil complaint charging Cyanamid with conspiring to restrain and monopolize trade in melamine and melamine products through certain agreements with six other chemical companies and through the acquisition of Formica Corporation, and requesting the court to enjoin certain practices alleged to be restrictive and monopolistic, and to order the Company to divest itself of Formica Corporation. The Company continues to believe that its operations are lawful. This case is at the stage of pretrial interrogatories, and no date as yet has been set for trial.

In January, 1964, a decision in Cyanamid's favor was rendered in the long and involved international drug piracy suit against a former employee. The New York Supreme Court ruled that Cyanamid had proved its charges that he had stolen antibiotic secrets and cultures and sold them to drug firms in Italy. The court enjoined use or sale of the material by him and held that Cyanamid was entitled to an accounting and damages.

EMPLOYEE RELATIONS

In 1963, labor negotiations were satisfactorily concluded with 44 local unions without any interruption of operations. In April, the five-month strike at the Fortier plant was settled on terms substantially similar to those originally offered by the Company.

Cyanamid's safety record for the year showed a disabling injury frequency of 1.51 per million man-hours worked compared to an over-all frequency of 2.98 for all membership of the Manufacturing Chemists' Association in 1963.

The Company continued its cooperation with the government's voluntary Plan for Progress Program. Cyanamid's policy is that recruitment, selection and placement of new employees and the advancement of regular personnel shall be without regard to age, race, color, creed or national origin.

AID TO EDUCATION

In 1963 the Company's grants to education totalled approximately $950,000 and were awarded to more than 170 of the nation's institutions of higher learning. Primarily these unrestricted grants were devoted to such critical departmental needs as faculty compensation, faculty research and the purchase of laboratory equipment.

Medical education continued to receive a major share of the Company's aid program. More than $500,000 of the total was devoted to the Lederle Faculty Awards program, the Medical Fellowship grants, and other medical educational needs.

The national shortage of qualified secondary school science teachers prompted Cyanamid to strengthen its program in this area. Substantial support was given to the nationally prominent teacher training program being developed by the University of California's Lawrence Hall of Science.

DIRECTORS AND OFFICERS

In July, upon reaching the mandatory retirement age, General Anthony C. McAuliffe retired as vice president and director. Gurdon W. Wattles was elected a director to fill the vacancy. Mr. Wattles previously served as a director from 1952 to 1961.

Once again the officers and directors of the Company wish to thank stockholders, employees, customers and suppliers for their continued support and interest in the Company's activities. With the current outlook for business generally favorable, opportunities for Cyanamid's continuing growth in 1964 are good.

For the Board of Directors



CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Wayne, New Jersey
February 10, 1964

CYANAMID *American Cyanamid Company and Subsidiaries*

OPERATING DIVISIONS AND PRINCIPAL SUBSIDIARIES

AGRICULTURAL, *C. D. Siverd, General Manager*—Animal Feed and Veterinary Products, Defoliants, Food Chemicals, Fumigants, Fungicides, Herbicides, Insecticides, Nitrogen and Phosphate Fertilizer Products, Plant Growth Regulators

BUILDING PRODUCTS, *R. T. MacAllister, General Manager*—Acrylite® Cast Acrylic Sheet in Clear, Colored, and Decorative effects; Acrylite* Skydomes; Wasco® Thru-Wall and Spandrel Flashing products

CONSUMER PRODUCTS, *B. F. Bowman, General Manager*—Breck® Preparations for Care of the Hair, Household Cleaning and Laundering Aids, Acco Laboratories Proprietary Drugs, Cinderella® Cosmetics and Toiletries

CYANAMID OF CANADA LIMITED, *S. R. Stovel, President*—Produces and markets Agricultural, Industrial, and Heavy Chemicals, Formica® Laminated Plastics, Pharmaceutical and Consumer Products. Imports and markets other Cyanamid products in Canada

CYANAMID INTERNATIONAL, *E. G. Hesse, Managing Director*—Produces and markets the Company's products through subsidiaries and distributors outside the United States and Canada

DAVIS & GECK, *J. R. Brown, Jr., General Manager*—Germicides, Sutures, and Surgical Specialties

FIBERS, *A. R. Loosli, General Manager*—Acrylic Fibers and Acrylic Continuous Filament Yarn sold under the Creslan® trademark

FORMICA CORPORATION, *W. A. Smith, President*—Decorative Laminated Plastics, Industrial Laminated and Molded Plastics, Supercore* Flakeboard, Adhesives, Formica® V-32* Laminated Plastic Cabinet Surfacing, Lifeseal® Doors, Formica® V.I.P.* Laminated Plastic Surfaced Vertical Interior Panelling, and other Laminated Panel Products

INDUSTRIAL CHEMICALS, *J. H. Ruskin, General Manager*—Process Chemicals, Paper Chemicals, Heavy Chemicals, Metal Chemicals, Surface Active Chemicals, Water Treatment Chemicals, Film Chemicals, Explosives, High Energy Compounds, Mining Chemicals, Chemicals for Erosion and Seepage Control

LEDERLE LABORATORIES, *R. P. Parker, General Manager*—Antibiotics, Biologicals, Pharmaceuticals, Sulfonamides, Hematinics, Vitamins, Viral Vaccines, Diagnostic Agents

ORGANIC CHEMICALS, *T. P. Turchan, General Manager*—Catalysts, Dyes, Elastomers, Intermediates, Plastic Additives, Refinery Chemicals, Rubber Chemicals, Textile Chemicals, Textile Resins

PIGMENTS, *P. G. Connell, Jr., General Manager*—Inorganic and Organic Chemical Colors, Unitane® Titanium Dioxide

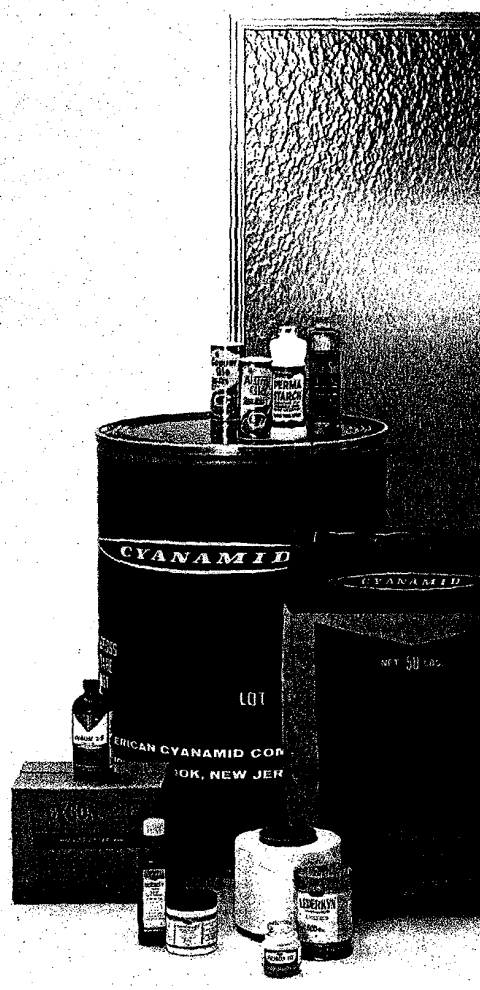
PLASTICS AND RESINS, *L. J. Francisco, General Manager*—Adhesives, Bonding and Coating Resins, Laminating Resins, Melamine, Resins for Reinforced Plastics, Thermosetting Molding Compounds, Thermoplastic Molding Compounds

STAFF DIVISIONS AND GENERAL MANAGERS

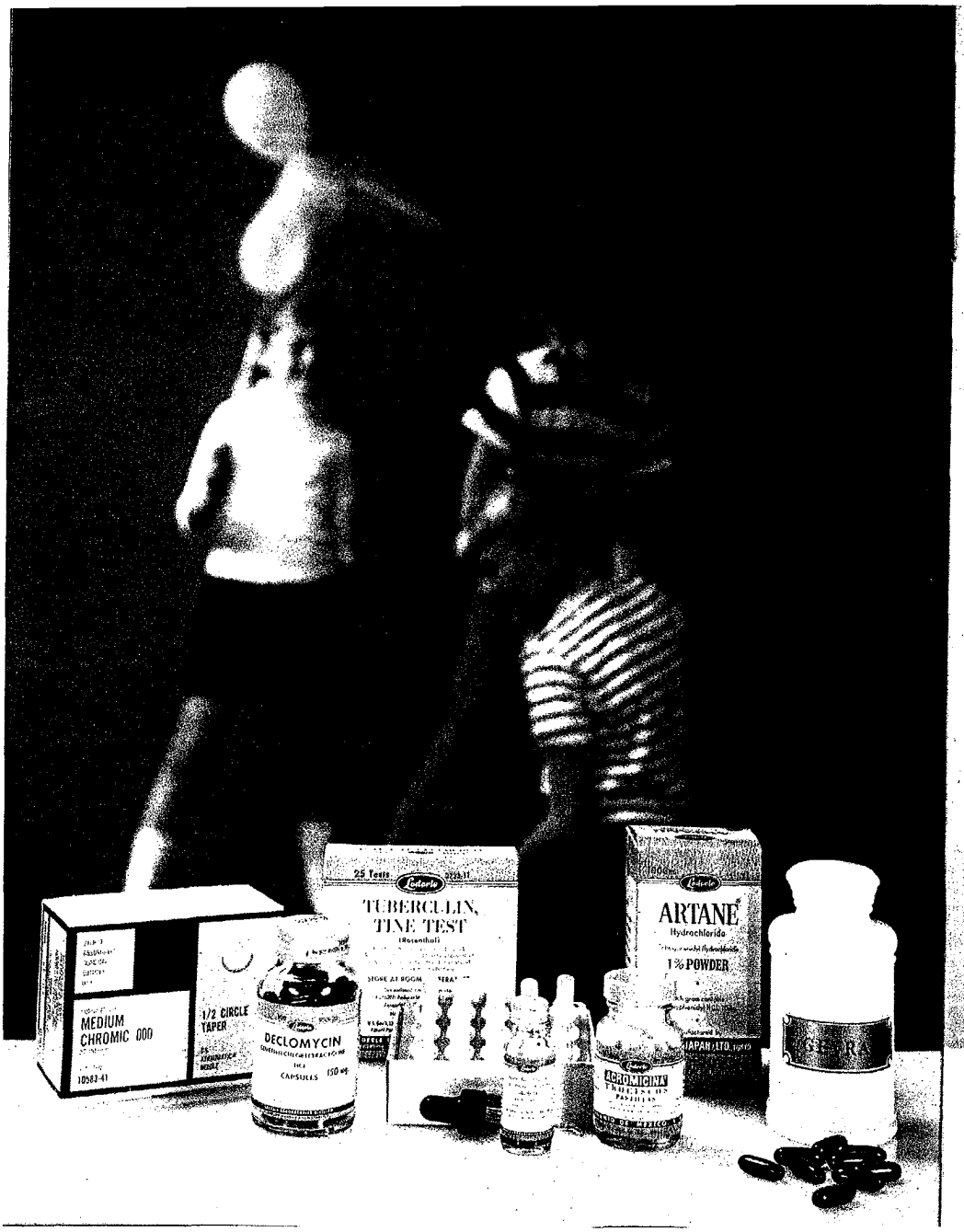
CENTRAL RESEARCH, *N. B. Sommer*
COMMERCIAL DEVELOPMENT, *T. P. Forbath*
CONTROLLER'S, *D. M. Benjamin*
ENGINEERING & CONSTRUCTION, *R. M. Nee*
LAW, *H. B. Gross*
PERSONNEL, *H. C. Little*
PUBLIC RELATIONS, *J. M. Fasoli*
PURCHASING, *R. E. Noble*
TRANSPORTATION & DISTRIBUTION, *G. W. Van Schaick*
TREASURY, *W. G. Taylor*

*Trademark

CYANAMID SEEN A

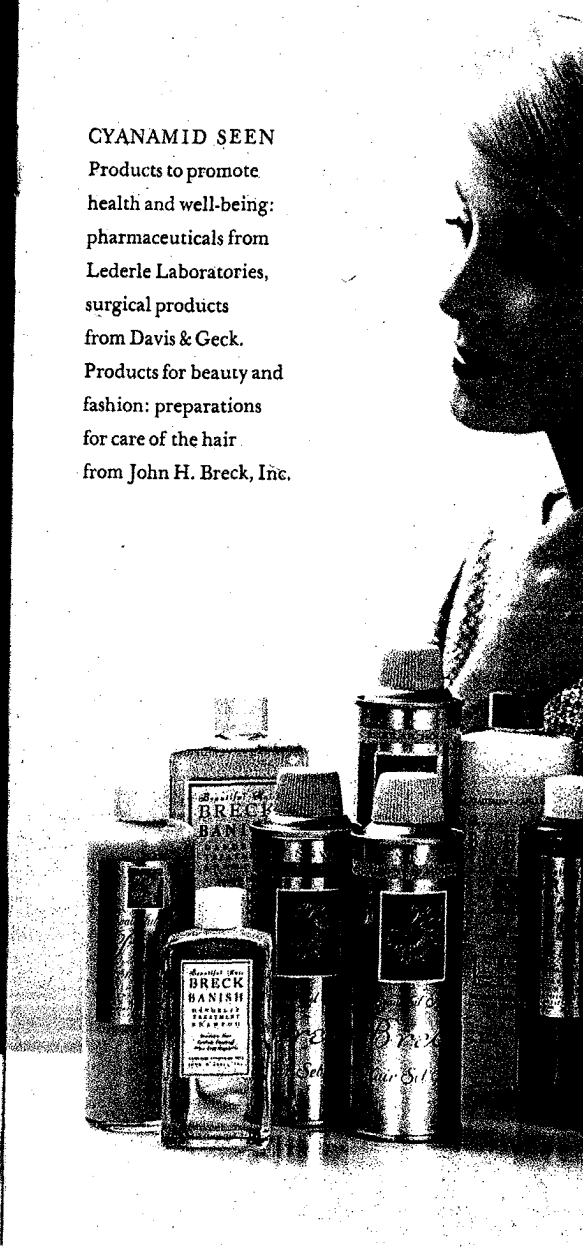


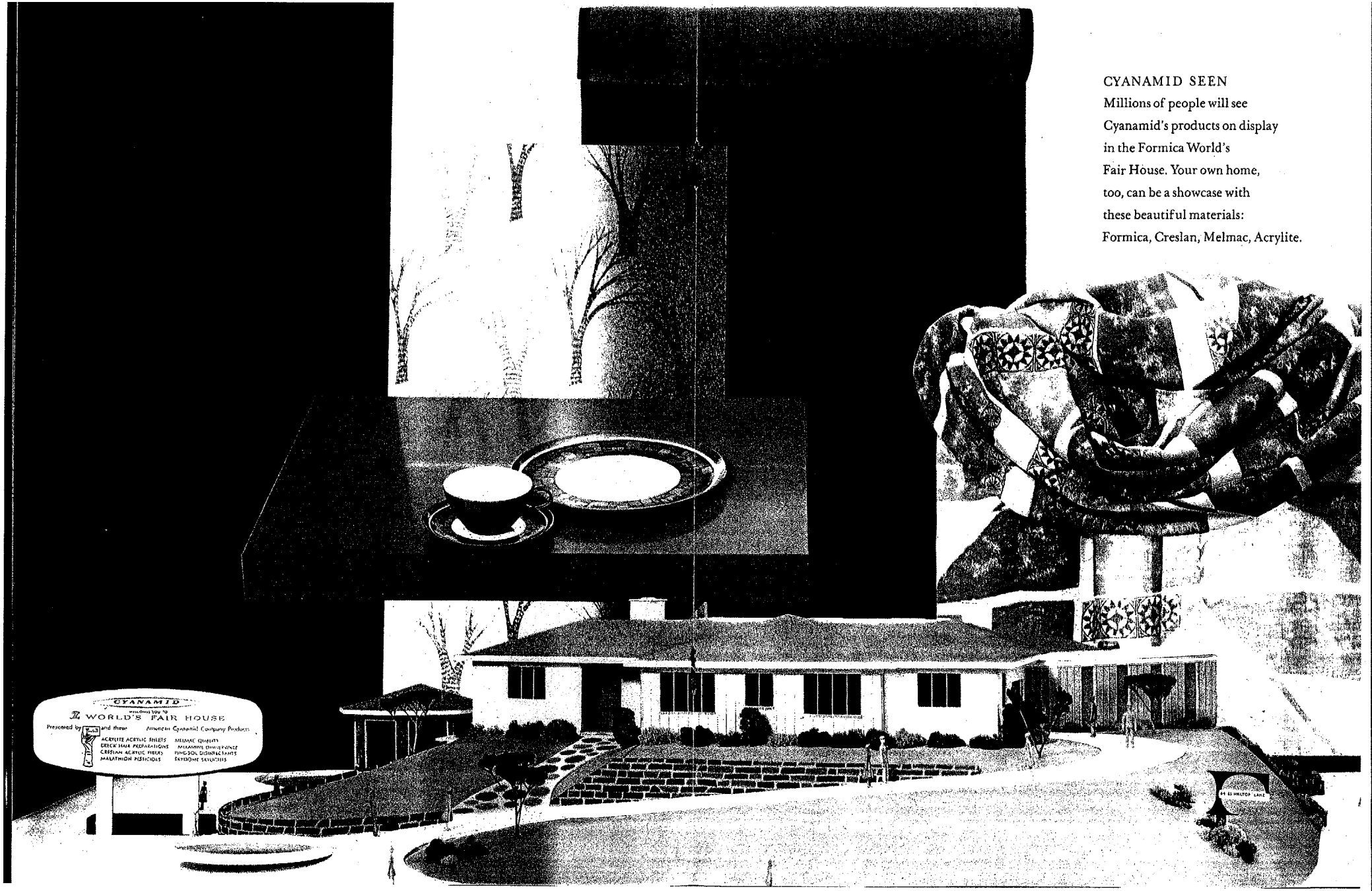
Here and on the following pages is a pictori
subsidiaries make and sell. There are produ
of consumer goods. And there are things you
chemicals which help make the products of o



CYANAMID SEEN

Products to promote health and well-being: pharmaceuticals from Lederle Laboratories, surgical products from Davis & Geck. Products for beauty and fashion: preparations for care of the hair from John H. Breck, Inc.



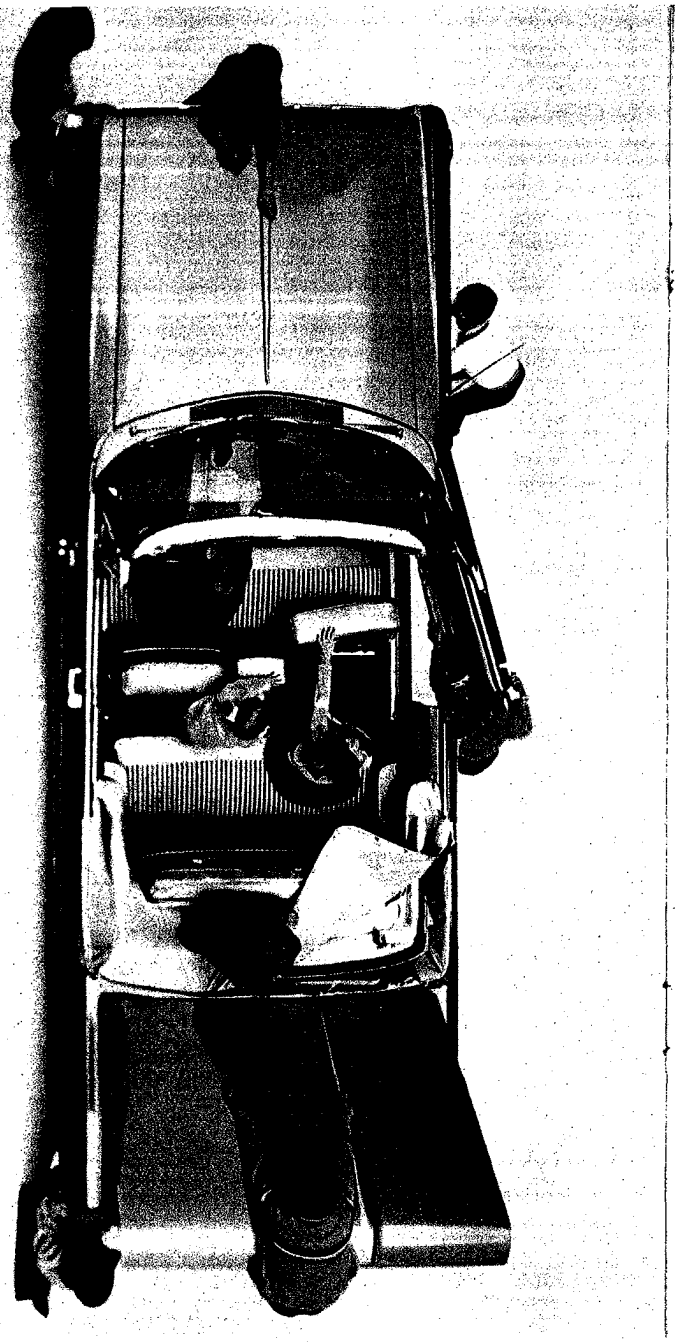


CYANAMID SEEN

Millions of people will see Cyanamid's products on display in the Formica World's Fair House. Your own home, too, can be a showcase with these beautiful materials: Formica, Creslan, Melmac, Acrylite.


CYANAMID UNSEEN
Everything here is enhanced by chemicals from Cyanamid—abundant food for the table and good things for modern living, from paint to paper cups.
Manchester
Guardian Post

CYANAMID UNSEEN
Bumper to bumper,
Cyanamid chemical
products are at
work in your car.
They help make it go;
they help make it last;
they help make it stylish.
The notes on the next
page tell you how.



NOTES ON THE PICTURES

COVER The flags are of countries in which Cyanamid has a subsidiary or affiliated company. They are embedded in clear Acrylite® methyl methacrylate polymer, a plastic made by Cyanamid.

CYANAMID SEEN AND UNSEEN This picture shows a variety of Cyanamid products: those for the consumer and the bulk and specialty chemicals sold to other manufacturers. On the large drum is a selection of Cyanamid household products. In the foreground from left are agricultural products sold to the farmer, pharmaceuticals from Lederle Laboratories, a cone of Creslan® continuous filament acrylic yarn, and Breck® preparations for care of the hair. In the background are an Acrylite® decorative panel and an Acrylite* Skydome.

HEALTH Only a few of the pharmaceutical and biological products from the worldwide distribution of Lederle Laboratories are shown here. The package at left is a box of surgical sutures made by the Davis & Geck Division.

BEAUTY This is a selection of preparations made by Cyanamid's subsidiary, John H. Breck, Inc. The growing scope of Breck operations is indicated by a package in French and one in Spanish. The model's blouse is of Cyanamid's Creslan® continuous filament acrylic yarn.

FOR THE HOME A model of the Formica World's Fair House, Cyanamid's exhibit at the New York World's Fair, is in the foreground. Products for the home will be on display here; some of them are shown in this picture. At left, in a wood grain pattern, is Formica® V.I.P.* interior panelling, a material designed for vertical surfaces. The table top in the center is Formica® laminated plastic, the famous material for horizontal surfaces, doors and furniture. The dishes are one pattern from among many in Melmac® quality melamine dinnerware. An Acrylite® decorative panel for a room divider or a tub enclosure is shown in the new Sherwood pattern. The rug and drapery fabric are of Creslan® acrylic fiber.

CYANAMID UNSEEN Everything in the picture is produced with the help of Cyanamid chemicals: *Agricultural Products*—fertilizers, pesticides, animal feed products, veterinary products—for the meat, grain, fruit, vegetables, canned foods, flowers and poultry; *Dyes* for the color in fabrics, leather, paper, plastics; *Pigments* for the color in paints, inks, paper, plastics, floor coverings and appliance finishes; *Paper Chemicals* help produce the towels, cups, packaging and other paper products; *Plastics and Resins* are used in the electric shaver, television set, phonograph and telephone; *Alum* is used to purify the drinking water; *Rubber Chemicals* for the raft, ball, dish drainer; *Explosives, Mining Chemicals* and *Metal Treatment Chemicals* for all the metals and jewelry; *Textile Chemicals* for the wash and wear and other fabric finishes; *Plastic Additives* for many uses such as the outdoor chair; *Leather Chemicals* for the luggage; *Intermediates* and *Process Chemicals* for paint, soap, wood stain and finishes, and for the hi-fi record. All the clothes are of Creslan® acrylic fiber. These are only a few of the applications in the product areas mentioned.

AUTOMOBILE Cyanamid products used in an automobile include: *Plastics* and *Plastic Additives* for dashboard, taillight lenses, molded plastic parts; *Petroleum Catalysts* and *Oil Production Chemicals* for the gasoline and oil; *Rubber Chemicals* for the tires and rubber parts; *Specialty Elastomers* for ring seals and transmission parts; *Acids* and *Intermediates* for battery and engine parts; *Metal Treatment Chemicals* for the body and metal parts; *Pigments* for exterior finish and white wall tires; *Leather Chemicals* for seats; *Textile Chemicals* for fabrics and upholstery; *Dyes* for fabrics, leather and plastic parts.

Photographs by Ben Somoroff

*Trademark

CONSOLIDATED STATEMENT OF EARNINGS

Year Ended December 31, 1963 in Comparison with the Year Ended December 31, 1962

	1963	1962
NET SALES	$710,528,896	$649,211,240
Dividends from associated companies, 40% to 50% owned	4,415,819	3,622,051
Interest	3,915,397	2,529,459
Royalties and licenses	7,080,539	7,140,968
Other income—net	247,065	2,178,434
	726,187,716	664,682,152
Deduct:		
Cost of sales	336,952,631	310,733,173
Selling and advertising expenses	124,782,047	99,984,192
Administrative and general expenses	43,498,953	43,548,736
Depreciation, amortization and depletion (including amortization of certified facilities $740,402; 1962, $2,578,068)	37,785,391	44,811,369
Research and process development expenses	37,255,242	32,795,968
Interest charges on funded and other debt	3,883,090	4,078,132
Employees' pension and group insurance plans	13,191,007	13,409,885
	597,348,361	549,361,450
EARNINGS BEFORE TAXES ON INCOME	128,839,355	115,320,702
Provision for Federal and foreign taxes on income	62,500,000	56,000,000
NET EARNINGS	$ 66,339,355	$ 59,320,702
Net Earnings per share of Common Stock (based on the shares outstanding at the end of each year)	$3.02	$2.77

CONSOLIDATED STATEMENTS OF CAPITAL SURPLUS AND EARNINGS EMPLOYED IN THE BUSINESS

Year Ended December 31, 1963 in Comparison with the Year Ended December 31, 1962

CAPITAL SURPLUS	1963	1962
Balance at beginning of year	$ 14,813,692	$ 12,406,506
Excess of par value of shares of Cumulative Preferred Stock converted over par value of shares of Common Stock issued upon conversion	1,500	1,500
Premium ($39.50 per share) on shares of Common Stock issued under employees' stock purchase contracts, less related expenses	2,450,319	2,351,736
Excess over par value of value ascribed to 1,605 additional shares of Common Stock issued on November 30, 1962 for the net assets acquired as of January 31, 1961 from the Wasco Chemical Co., Inc.	—	53,950
Excess of value ascribed to the net assets acquired May 1, 1963 from Springfield Gravure Corporation over the average cost of 7,813 shares of Common Stock issued therefor	24,917	—
Excess of principal amount of 6% convertible debentures of Dumas Milner Corporation over the par value of shares of Common Stock issued upon conversion, less related expenses	1,307,786	—
Balance at end of year	$ 18,598,214	$ 14,813,692
EARNINGS EMPLOYED IN THE BUSINESS		
Balance at beginning of year	$252,071,666	$229,116,311
Net earnings for the year	66,339,355	59,320,702
Excess of the amount of net assets acquired May 15, 1963 from John H. Breck, Inc. and Breck Realty Corporation over the par value of 335,153 shares of Common Stock issued therefor	3,292,969	—
	321,703,990	288,437,013
Deduct:		
Premium on redemption and dividends on Cumulative Preferred Stock	80	149
Dividends on Common Stock—$1.80 per share (1962, $1.70 per share)	39,390,604	36,365,198
	39,390,684	36,365,347
Balance at end of year (Notes 1 and 8)	$282,313,306	$252,071,666

CYANAMID *American Cyanamid Company and Subsidiaries*

CONSOLIDATED BALANCE SHEET

December 31, 1963 in Comparison with December 31, 1962

ASSETS	1963	1962
CURRENT ASSETS:		
Cash in banks and on hand	$ 55,543,903	$ 56,347,598
Marketable securities—U.S. Government and other short term notes, at cost and accrued interest	96,442,124	81,755,775
Accounts receivable, less provision for doubtful accounts	107,343,331	88,191,328
Inventories, at lower of cost or market	120,417,630	111,557,757
TOTAL CURRENT ASSETS	379,746,988	337,852,458
EMPLOYEES' STOCK PURCHASE CONTRACTS, DUE 1964	1,415,257	4,522,749
INVESTMENTS AND ADVANCES:		
Associated companies, 40% to 50% owned—at cost (equity in net assets $37,400,000; 1962, $32,000,000)	23,875,907	19,621,450
Other investments and advances	7,610,107	4,882,086
TOTAL INVESTMENTS AND ADVANCES	31,486,014	24,503,536
PLANTS, EQUIPMENT AND FACILITIES, at cost (Note 4)	728,636,110	716,529,874
Less accumulated depreciation, amortization and depletion	413,251,035	403,662,110
NET PLANT INVESTMENT	315,385,075	312,867,764
PREPAID EXPENSES AND DEFERRED CHARGES	10,549,556	8,544,546
	$738,582,890	$688,291,053

LIABILITIES AND SHAREHOLDERS' EQUITY	
CURRENT LIABILITIES:	
Accounts payable and accrued expenses	
Bank obligations in foreign currencies	
Funded debt installments due within one year	
Provision for Federal and foreign taxes on income	
TOTAL CURRENT LIABILITIES	
FUNDED DEBT NOT DUE WITHIN ONE YEAR (Note 5)	
INCENTIVE COMPENSATION CONTINGENTLY PAYABLE—NET (N	
INCOME TAXES PAYABLE IN THE FUTURE (Note 4)	
MINORITY SHAREHOLDERS' EQUITY IN FOREIGN SUBSIDIARIES	
COMMON STOCK ISSUABLE TO EMPLOYEES UNDER PURCHASE CO (Note 7)	
SHAREHOLDERS' EQUITY:	
Cumulative Preferred Stock—par value $100 per share— 650,000 shares authorized—none outstanding	
Common Stock—par value $10 per share (Note 7)	
Authorized—30,000,000 shares	
Outstanding—22,276,888 shares (1962, 21,586,832 sha	
Capital surplus	
Earnings employed in the business (Notes 1 and 8)	
Less cost of 343,059 shares of Common Stock held in tr (1962, 207,696 shares) (Note 3)	
TOTAL SHAREHOLDERS' EQUITY	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF 1963

1. Assets, other than plants and facilities, and liabilities of the foreign subsidiaries are included in the consolidated balance sheet on the basis of official or other appropriate exchange rates at December 31, 1963; foreign plants and facilities are included on the basis of exchange rates prevailing at time of acquisition. The amounts so included comprise net current assets of $40,900,000 and other assets, principally plants and facilities, less depreciation, of $54,700,000. The consolidated earnings employed in the business include the Company's equity in undistributed earnings of foreign subsidiaries amounting to $40,000,000.

2. During 1963, the Company acquired the net assets of John H. Breck, Inc., Breck Realty Corporation and Dumas Milner Corporation in exchange for 578,433 shares of Common Stock, (plus up to 46,800 more subject to adjustments). For accounting purposes these acquisitions have been treated as poolings of interests and accordingly the consolidated statement of earnings includes the earnings of these companies for the entire year. The operations of such companies are not material within the accounts of the Company and no adjustment of the 1962 figures has been made to reflect these poolings of interests.

3. At December 31, 1963 the Company owned and held in its treasury 343,059 shares of Common Stock, which are available at the election of the Company to fulfill contingent obligations under the incentive compensation plan and for other corporate purposes.

4. Prior to filing its Federal income tax return for the year 1962 the Company adopted the Depreciation Guidelines as a method of determining depreciation for tax purposes. The more liberal depreciation provided under such method results in a deferral of the payment of Federal income taxes to those future years in which depreciation on the book basis will exceed that allowable on the tax basis. The amount of such deferral less certain other prepayments of income taxes not previously shown separately has been reclassified for comparison in the accompanying balance sheet.

5. Funded debt not due within one year is comprised of 3% purchase money obligations due 1965 to 1968 ($252,000), 2¾% sinking fund debentures due 1965 ($10,625,000), 3¾% promissory notes due 1977 to 1987 ($75,000,000) and sundry obligations of foreign subsidiaries ($2,187,613).

6. The accounts for 1963 include provision of $4,068,314 for incentive compensation available for allotment to officers and other employees under Section 52 of the Company's By-Laws. A portion of such amount is not payable currently in cash but is contingently payable in Common Stock of the Company after employment ceases; pending allotment of the amount available for 1963 the portion so contingently payable in Common Stock is not determinable. The amount contingently payable in respect of allotments for prior years, less estimated future tax benefits computed at 52%, is $4,111,988.

7. At December 31, 1963 employees' stock purchase contracts were in effect covering 38,365 shares of Common Stock. A total of 85,165 shares of the authorized Common Stock has been reserved for issuance in connection with these stock purchase contracts and for possible issuance under the terms of agreements entered into upon the Breck and Dumas Milner acquisitions.

8. The debenture indenture and the promissory notes contain certain restrictions including restrictions on the payment of dividends. As a result of such restrictions, the amount of earnings employed in the business at December 31, 1963 which may be applied to the payment of cash dividends is limited to $144,800,000.

9. As of December 31, 1963 the Company was contingently liable as guarantor on loans outstanding of an associated company in the amount of $15,500,000.

10. Reference is made to the remarks under the heading "Litigation" on page 6 of the foregoing report of the Board of Directors.

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year Ended December 31, 1963 in Comparison with the Year Ended December 31, 1962

	1963	1962
SOURCE OF FUNDS:		
Net earnings	$ 66,339,355	$ 59,320,702
Charges to earnings not requiring current cash outlays:		
Depreciation, amortization and depletion	37,785,391	44,811,369
Income taxes payable in the future	7,584,260	3,997,000
Common Stock issued in connection with acquisitions and for cash	14,325,658	3,019,486
	126,034,664	111,148,557
APPLICATION OF FUNDS:		
Dividends on Common Stock paid in cash	39,390,604	36,365,198
Additions to plants, equipment and facilities—net	40,302,702	35,294,037
Additions to investments and advances—net	6,982,478	714,102
Cost of treasury stock acquired	8,572,353	3,067,161
Decrease (increase) in funded debt not due within one year	1,584,788	(1,146,401)
Increase in cash and marketable securities	13,882,654	23,919,507
Increase in accounts receivable and inventories	28,011,876	11,424,513
Decrease (increase) in current liabilities	(12,670,572)	2,518,407
All other—net	(22,219)	(1,007,967)
	$126,034,664	$111,148,557

Accountants' Report

THE BOARD OF DIRECTORS
AMERICAN CYANAMID COMPANY:

We have examined the consolidated balance sheet of American Cyanamid Company and subsidiaries as of December 31, 1963 and the related statements of earnings, capital surplus and earnings employed in the business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements present fairly the financial position of American Cyanamid Company and subsidiaries at December 31, 1963 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Also in our opinion, the accompanying consolidated statement of source and application of funds presents fairly the information shown therein.

PEAT, MARWICK, MITCHELL & CO.

New York, N.Y.
February 10, 1964

TEN YEAR COMPARATIVE SUMMARY OF FINANCIAL STATISTICS

(Amounts are expressed in thousands)

	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954
Net Sales	$710,529	$649,211	$603,959	$578,390	$583,575	$525,076	$532,479	$500,651	$451,088	$397,592
Earnings before Taxes on Income	128,839	115,321	95,853	92,321	103,484	82,341	102,348	85,247	74,714	51,050
Provision for Taxes on Income	62,500	56,000	46,500	45,500	51,200	38,500	51,000	41,000	36,000	24,000
Net Earnings	66,339	59,321	49,353	46,821	52,284	43,841	51,348	44,247*	38,714	27,050
Dividends on Preferred Stocks	***	***	***	2	4	4	12	886	2,144	1,310
Earnings available for Common Stock	66,339	59,321	49,353	46,819	52,280	43,837	51,336	43,361*	36,570	25,740
Dividends on Common Stock	39,391	36,365	34,156	34,028	33,939	33,916	33,823	27,373	22,096	17,401
Number of Common Shares at Dec. 31 (excl. treasury shares)	21,934	21,379	21,382	21,297	21,244	21,202	21,225	10,288	8,994	8,723
Earnings per share of Common Stock**	3.02	2.77	2.31	2.20	2.46	2.07	2.42	2.11*	2.03	1.48
Dividends per share of Common Stock**	1.80	1.70	1.60	1.60	1.60	1.60	1.60	1.37½	1.25	1.00
Provision for depreciation, amortization and depletion	37,785	44,811	43,825	42,296	43,981	36,991	32,182	30,094	30,241	23,686
Gross additions to plant facilities (incl. acquisitions)	48,988	36,235	49,464	48,288	35,496	85,567	87,932	58,715	21,739	39,473
Current Assets	379,747	337,852	302,508	269,617	262,067	219,520	270,928	300,542	284,869	262,173
Current Liabilities	121,910	109,240	111,758	98,518	100,489	88,950	102,378	97,689	89,673	77,506
Working Capital	257,837	228,612	190,750	171,099	161,578	130,570	168,550	202,853	195,196	184,667
Investment in Associated Companies	23,876	19,621	20,251	21,819	20,537	20,052	19,173	16,311	16,581	16,851
Plants, Equipment and Facilities	728,636	716,530	689,589	651,908	614,083	591,865	512,652	432,737	384,391	368,241
Less accumulated depreciation, amortization and depletion	413,251	403,662	367,204	330,151	296,602	262,934	231,903	205,460	180,555	155,080
Net Amount	315,385	312,868	322,385	321,757	317,481	328,931	280,749	227,277	203,836	213,161
Funded Debt not due within one year	88,065	89,649	88,503	89,966	91,554	93,017	92,750	93,750	94,750	108,250
Shareholders' Equity:										
Preferred Stocks	—	3	6	14	106	186	164	13,340	48,418	61,363
Common Stock	222,769	215,868	215,253	214,275	213,526	212,984	212,879	103,030	89,941	87,229
Capital Surplus	18,598	14,814	12,407	8,778	5,995	4,188	4,005	85,681	50,982	40,410
Earnings employed in the business	282,313	252,072	229,116	213,919	201,128	182,787	172,866	164,633	138,461	123,987
Total (before deduction of cost of treasury shares)	$523,680	$482,757	$456,782	$436,986	$420,755	$400,145	$389,914	$366,684	$327,802	$312,989

*Exclusive of extraordinary gains (less related Federal taxes).

**Based on the shares outstanding at the end of each year after giving effect to the issuance on July 12, 1957 of one additional share for each share outstanding.

***Nominal.

Printed in U.S.A.