MAJOR PRODUCT PROFITABILITY

Monsanto
COMPANY

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Issued April 15, 1970
Controller's Office - G.K.O.

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MAJOR PRODUCT PROFITABILITY

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PRODUCT PROFITABILITY

This report has been prepared to serve as a basic reference for volume, price, cost, profitability and potential of Monsanto's major products. Such products are listed alphabetically by division and product group. The products covered herein account for 89% of the total 1969 domestic investment. The report will be issued annually or otherwise updated for major product additions, etc.

All return figures are calculated on the investment and profit on product sales made to outside customers. Quantities of product indicated for "Internal Use" are transferred as intermediate materials to end products. Investment and cost of intermediates are rolled forward to the end product and included in the profitability of the sale of end products to customers.

World-wide data has been included on the divisional and product group reports, but individual major product sheets contain only sales of U.S. produced materials, including export sales to foreign customers, foreign subsidiaries and sales through Europe.

Data is not precisely comparative for all years because of the changes in handling excess SYD depreciation, central office expense, interest expense, bonus expense and the formation of the Electronic Products & Controls and New Enterprise Divisions. While these inconsistencies should be recognized, it is felt that they do not seriously distort the results and trends of the major products set forth in this report.

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Results are shown for the years 1966-69 and budget 1970. As a yardstick for reviewing product profitability, return on gross investment of the Company and each division is as follows:

	% Return on Investment				
	Actual				Budget
	1966	1967	1968	1969	1970
Based on U.S. Domestic and Export Net Income:					
Company	5.0	4.1	4.2	3.4	3.5
Agricultural	7.7	8.4	2.2	3.4	4.5
Electronics			.6	Loss	2.2
Hydrocarbons	3.0	2.7	2.3	2.8	2.4
Inorganic:					
Chemical Business	3.0	4.2	4.5	6.1	6.4
Enviro-Chem. Systems					Loss
Organic	7.1	6.3	5.6	4.2	3.3
Packaging	-------------Loss--------------				
Plastics	7.0	4.0	4.5	4.5	5.2
Textiles	6.2	4.5	7.1	5.0	4.8
New Enterprise			---------Loss--------		

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PRODUCT OR PRODUCT GROUP SUMMARIES

On pages 4 through 10 are summaries prepared from the major product data included in this report as follows:

Pages 4 & 5	-	A compilation of division returns for actual 1969 and budget 1970 grouped to show the amount of investment in major products or product groups having a rate of return which is (a) a loss, (b) 0 to 4%, (c) 4 to 6%, and (d) over 6%.
Page 6	-	A matrix which groups major product or product group by size of investment and % ROI for 1969.
Page 7	-	A matrix which groups major product or product group by size of investment and % ROI for budget 1970.
Page 8	-	A compilation of the change in investment and income between 1970 and 1966 for major products or product groups.
Pages 9 & 10	-	Matrixes which group major product or product group by change in investment and income between 1970 and 1966.

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DOMESTIC OPERATIONS
MAJOR PRODUCT OR PRODUCT GROUP INVESTMENT BY ROI
($ in Millions)

		Actual 1969		Budget 1970	
		Invest.	% of Total	Invest.	% of Total
Agricultural Division					
% Return at:	Loss	$ 85	46.2%	$ 78	43.8%
	0 to 4%	11	6.0	15	8.4
	4 to 6%	30	16.3	-	-
	Over 6%	58	31.5	85	47.8
Total		$ 184	100.0%	$ 178	100.0%
Electronics Division					
% Return at:	Loss	$ 14	15.6%	$ 20	17.7%
	4 to 6%	17	18.9	32	28.3
	Over 6%	59	65.5	61	54.0
Total		$ 90	100.0%	$ 113	100.0%
Hydrocarbons Division					
% Return at:	Loss	$ 71	14.5%	$ 59	11.7%
	0 to 4%	299	60.5	371	73.3
	4 to 6%	36	7.2	68	13.4
	Over 6%	88	17.8	8	1.6
Total		$ 494	100.0%	$ 506	100.0%
Inorganic Division					
Chemical Business:					
% Return at:	Loss	$ 10	4.5%	$ -	-
	0 to 4%	23	10.4	24	10.4
	4 to 6%	121	54.5	129	56.1
	Over 6%	68	30.6	77	33.5
Total		$ 222	100.0%	$ 230	100.0%
Enviro-Chem Systems, Inc.:					
% Return at:	Loss	-	-	$ 4	40.2%
	Over 6%	-	-	5	59.8
Total		-	-	$ 9	100.0%

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DOMESTIC OPERATIONS
MAJOR PRODUCT OR PRODUCT GROUP INVESTMENT BY ROI
($ in Millions)

		Actual 1969		Budget 1970	
		Invest.	% of Total	Invest.	% of Total
Organic Division					
% Return at:	Loss	$ 74	26.9%	$ 97	31.4%
	0 to 4%	44	16.0	72	23.3
	4 to 6%	55	20.0	55	17.8
	Over 6%	102	37.1	85	27.5
Total		$ 275	100.0%	$ 309	100.0%
Packaging Division					
% Return at:	Loss	$ 87	81.6%	$ 27	24.3%
	0 to 4%	19	18.4	85	75.7
Total		$ 106	100.0%	$ 112	100.0%
Plastics Division					
% Return at:	Loss	$ 43	24.6%	$ 46	24.0%
	0 to 4%	38	21.5	44	23.2
	4 to 6%	20	11.1	-	-
	Over 6%	75	42.8	102	52.8
Total		$ 176	100.0%	$ 192	100.0%
Textiles Division					
% Return at:	Loss	$ 59	8.0%	$ 77	9.9%
	0 to 4%	349	47.4	377	48.5
	4 to 6%	89	12.1	7	.9
	Over 6%	239	32.5	317	40.7
Total		$ 736	100.0%	$ 778	100.0%
New Enterprise Division					
% Return at:	Loss	$ 40	100.0%	$ 70	100.0%
Combined					
% Return at:	Loss	$ 483	20.8%	$ 478	19.1%
	0 to 4%	783	33.7	988	39.6
	4 to 6%	368	15.8	291	11.7
	Over 6%	689	29.7	740	29.6
Total		$2,323	100.0%	$2,497	100.0%
% of Total Domestic Investment		89.0%		88.7%	

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Investment For Sales	Gross	Loss or % ROI
$59	($113)	3.8%

MONSANTO COMPANY – DOMESTIC OPERATIONS

MAJOR PRODUCT OR PRODUCT GROUP ROI – ACTUAL 1969

($ in Millions)

← — — — — — — — — — — — ROI — — — — — — — — — — — →

...s Over $1	Loss to $1	0 to 2%	2 to 4%	4 to 6%	6 to 8%	8 to 10%	Over 10%	
			Nylon Tex. $268 3.6%	STP $100 5.1%			Nylon Tire $121 10.6%	
	Blowware $62 $ .6	Lustran $59 ($60) .5% Nylon Car. 81 .1%	Acrylo $ 59 ($113) 3.8% Lustrex 70 (82) 3.0% Ref. & Mkt. 54 2.4%	Acrilan Tex. $89 5.6%	P & E $82 7.1% Acrilan Car. 92 7.0%		Saflex $51 11.1%	
...orm $25 $1.2 ...Prod. 31 1.1 ...extile 36 3.2 40 12.0	Amm. Nitrate $31($39) $ .2 Ethylene 39(100) .1	LDPE $36 ($38) .8%	Phenoplasts $ 29 2.2%	Parathions $30 6.0% Styr. Mon. 36 ($69) 5.0%	Cont. Valves $41 6.5%			
...ents $10 $2.7 ...ires 11 1.5	ANFO $11 $ .2 Ammy. Amm. 21($59) 1.0 DAP 17 .8 HDPE 12(31) .5 Opalon 18(19) .7 Phenol 15(51) .4 Pth. Anhy. 18(32) .6 Gen Pur. Plast 16 1.0 Gelvatol 12 .1	Butadiene $11 ($13) 0% Maleic Anhy. 11 (18) 1.4%	ALL $ 11 3.6% Prg. Mat'l. 20 2.6%	Regulators $17 5.8% Aspirin 14 ($15) 4.3% Adipic Acid 15 (19) 4.7% Gelva 12 4.5%	Silicon $18 7.3% Alkylates 20 ($21) 7.9% ACL's 14 6.8% Benzyl Phths. 21 7.1% S'cure NS 11 (12) 7.2% Aminoplasts 13 7.7%	Santoflex 13 $12($13) 8.0% Acrilan Sano B.13 8.3%	Ramrod 20G $20 21.9% Male Mfg. 14 12.4%	
	NTA $10 $ .1 Saccharin 5 .1 Poly. Carpet 8 .1	Ultron $ 9 0% Fumaric Acid 7 ($8) 1.4% Avia & Aero Fluids 8 1.4% Bisphenol A 9 .8%	Phos Acid – Other $ 5 3.3% Sulfonamides 8 3.7% Formalin 9 ($13) 3.5%	Pot. Phos. $ 6 4.9% Sulf. Acid 9 ($14) 4.3% Silicas 5 4.8% Phos. Esters 6 4.8% Polymerics 6 4.3% Formvar 7 4.5%	SMP $ 7 6.7% Mersize 7 7.7% Lactic Acid 7 6.4%	Avadex BW $ 8 9.2% Styrenics 6 8.5%	Santoquin $ 6 ($7) 16.4% Lasso EC 10 22.1% Lasso 10G 6 20.0% Nylon Res. 6 10.3% Phos. Acid – Food 8 10.8% Vanillin 6 12.9% Dielectrics 8 12.6% Ind. Fluids 6 10.6% Aroclors 8 11.2%	
...arper $ 5 $1.1 .7	2,4-D Acid $ 5($ 8) $ .2 Components 2 1.0 Min. Resources 2 .3 Vinyl Chloride 1 .3 PCP 5 .1 P-Nitroanil 3(4) .1	MHA $ 4 0% Rogue 5 0% 2,4,5-T Acid 2 ($ 3) 0% Acetic Acid 2 0% Methanol 1 (12) 0% Vinyl Acetate 1 (15) 0% Santobrite 2 0% Ethavan 3 0% B.E.M. Phths. 3 .3% Decyl Phths. 2 0% Other Phths. 3 .3%	TSPP $ 4 3.0% Caustic Pot. 4 3.8%	S'phen #1 $ 3 5.9% Adipates 1 4.4% Phth. Glyco. 2 5.7%	Farmer's Hyb. $ 2 6.7% Conc. Nitric 3 ($ 4) 7.7% MCP 3 6.7%	DCP $ 4 9.5% Sterox 5 8.9% Phenacetin 3 8.8% S'white Cry. 2 9.2%	Avadex $ 3 16.7% Ramrod 65WP 2 43.8% TSP Crystal 3 10.7% Chlorosulf. 1 ($2) 18.5% Phos. Penta. 4 (5) 13.2% 3,4,4-TCC 4 29.1% Heat Trans. Fl 1 11.5% O-Nitroanil. 1 38.9% S'cure & Cy. 1 10.8%	S'flex AW $1 ($6) 21.7% S'flex DD 2 16.9% Butvar 5(20) 12.5%
$158	$313	$264	$541	$358	$341	$53	$298	
		Flectol H&DDP 2 0% S'cure MOR 1 0% S'flex 77 2 0%						

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Maj. Prod. or Prod. Gr.	Investment For Sales	Gross	Loss or $ ROI
Acrylo	$31	($73)	5.7%

MONSANTO COMPANY - DOMESTIC OPERATIONS

MAJOR PRODUCT OR PRODUCT GROUP ROI - BUDGET 1970

($ in Millions)

← — — — — — — — — — — ROI — — — — — — — — — — →

INVESTMENT	Loss Over $1	Loss to $1	0 to 2%	2 to 4%	4 to 6%	6 to 8%	8 to 10%	Over 10%
Over $100				Nylon Tex. $281 3.3%		Acrilan Car. $102 7.2%		Nylon Tire $120 10.9%
$50 to $100	NEU $70 $10.7		Blowware $62 .7% Nylon Car. 91 .4%	Lustran $61 ($64) 1.1% Lustrex 76 (90) 2.5% P & E 86 3.9% Ref. & Mat. 58 2.4%	STP $94 4.4%		Acrilan Tex. $80 8.3%	Saflex $61 11.8%
$25 to $50	Gen. Pur. Plast. $11 $ 2.1 Poly. Tire 11 4.6	Amm. Nitrate $30 ($37)$ .2 Opalon 29 (30) .5 Thermoform 27 .3 Plastic Prod. 33 .8 Poly. Tex. 37 .7	Ethylene $36 ($99) 1.0% LDPE 27 .1%	Phenoplasts $26 2.1%	Silicon $32 5.3% Acrylo 31 ($73) 5.7%	Parathions $ 30 6.1% Cont. Valves 44 7.1% Sty. Mon. 37($76)6.0%		
$10 to $25	Instruments $13 $2.0 HDPE 21 ($38) 1.3	Anhy. Amm. $20 ($56)$ .7 DAP 17 .4 Phenol 17 (53) .9 Phth. Anhy. 12 (13) .3 Gelvatol 12 .2	ANFO $11 0% Butadiene 12 ($14) 1.7% Ultron 11 0% Maleic Anhy. 13 (22) .1%	ALL $11 3.8% Adipic Acid 16 ($20) 2.2% Pkg. Mat'l. 23 3.1%	Benzyl Pht. $24 5.9% S'cure NS 15 5.2%	Aspirin $ 15 6.9% Santoflex 13 13($14)7.4% Aminoplasts 15 6.5% Gelva 13 6.7%	Regulators $17 8.3% ACL's 15 8.6%	Lasso EC $10 49.5% Ramrod 20G 20 22.4% Acrylates 22 ($21)13.5% Hale Mfg. 16 12.6%
$5 to $10		Components $ 6 $1.0 Acetic Acid 8 ($10) .4 PCP 5 .1 Saccharin 6 .1 P-Nitroanil. 5 (6) .2 Poly. Carpet 9 .3	NTA $10 .7% Avia & Aero Fluids 8 0% Bisphenol A 10 .6% Phos. Esters 10 1.8% Formalin 9 ($14) 1.4%	Fumaric Acid $ 9 ($10) 3.3% Polymerics 6 3.6% Formvar 6 3.5%	Phos. Acid - Other $ 8 5.2% Pot. Phos. 6 5.5% SMP 7 5.6% Silicas 6 5.2% Lactic Acid 8 5.2% Sulfenamides 6 4.6% Acrilan Sand B. 7 5.6%	Sulf. Acid $ 9($12)7.9% Mersize 7 7.1% Vanillin 6(9)7.9% Butvar 6(23)7.4%	Ind. Fluids $ 6 8.9%	Santoquin $ 6 ($ 7)11.3% Lasso 10G 6 26.2% Nylon Res. 8 15.4% Phos. Acid - Food 9 10.9% Chem. Process 6 20.0% Dielectrics 9 12.5% Aroclors 8 11.6% Styrenics 7 10.7%
Less Than $5	Enviro Sys. $ 4 $1.6 LOPAL 1 1.3	Rogue $ 4 $ .2 2,4-D Acid 5 ($ 9) .3 2,4,5-T Acid 2 (3) .2 Min. Resources 1 .3 Methanol 2 (14) .1 Vinyl Acetate 2 (20) .1 Ethavan 3 .1	Vinyl Chlor. $ 1 0% TSPP 4 1.4% Santobrite 3 0% B.E.M. Phths. 3 1.0% Decyl Phths. 1 0% Octyl Phths. 1 0% Flectol H&ODP 2 0% S'cure & Cy 1 .7% S'cure MOR 1 0%	MHA $ 4 2.1% Other Phths. 3 2.4% Helen Harper 5 2.2%	MCP $ 4 5.7% O-Nitroanil 3 4.7% Adipates 1 5.9%	TSP Crystal $ 3 7.0% Caustic Pot. 3 6.7% Phenacetin 3 7.2% Santophen #1 3 7.9%	Farmers' Hyd. $ 5 9.0% DCP 4 9.5% Sterox 5 8.7% Phth. Glyco. 2 8.7% Santoflex 77 2 ($3) 9.3% S'white Cryt. 3 8.2%	Avadex $ 1 16.7% Avadex BW 4 10.5% Ramrod 65WP 2 50.0% Conc. Nitric 3 ($ 4)16.0% Chlorosulf. 1 (2)25.6% Phos. Penta. 5 (6)15.6% 3,4,4-TCC 4 22.0% Heat Trans Fl. 1 14.0% S'flex AW 1 (6)20.4% S'flex DD 2 17.7%
TOTAL INVESTMENT	$173	$292	$329	$675	$256	$300	$139	$332

MONSANTO COMPANY - DOMESTIC OPERATIONS

MAJOR PRODUCT OR PRODUCT GROUP CHANGE IN INVESTMENT AND INCOME
1970 versus 1966
($ in Millions)

	Investment	Income
Where Investment Increased:		
49 Products	$+264.0	$-51.1
5 Products	+ 6.3	No Change
44 Products	+336.9	+50.1
Where Investment Decreased:		
18 Products	-112.3	-18.5
6 Products	- 16.0	No Change
6 Products	- 38.4	+ 3.3
Net Change - 128 Products/Groups	$+440.5	$-16.2

NOTE: Excludes New Enterprise Division

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CAPTION:

Maj. Prod. or Prod. Gp.	Change In Invest. For Sales	Change In Income After Tax
Nylon Carpet	$28.1	$3.3

MONSANTO COMPANY - DOMESTIC OPERATIONS

MAJOR PRODUCT OR PRODUCT GROUP CHANGE IN INVESTMENT & INCOME - 1970 vs. 1966

($ in Millions)

Investment Increases	Income Decreases: Over $2	Income Decreases: $1 to $2	Income Decreases: $0 to $1	No Change	Income Increases: $0 to $1	Income Increases: $1 to $2	Income Increases: Over $2
Over $10	Nylon Carpet $28.1 - $3.3 Polyester Tire 11.2 - 4.6	Instruments $12.8 - $2.0 AMPT 11.8 - 1.4 G.P. Plasticizers 18.2 - 2.0	Lustrex $18.5 - $ .7 Saflex 21.7 - .1		Ethylene $12.5 - $ .7 Thermoforming 11.1 - .4	Silicon $12.1 - $1.7 Regulators 16.8 - 1.4 Lustran 21.3 - 1.0	Lasso EC $10.1 - $[illegible] Ramrod 20G 14.[illegible] - 1.9 Control Valves 4[illegible].7 - [illegible] STP 2[illegible] - 4.8 Acrilan Tex. 24.6 - 6.2
$5 to $10	Nylon Tex. $ 7.8 - $14.9	DAP (18-46-0) $ 6.2 - $ 1.9 Components 6.[illegible] - 1.0 F & F 7.4 - 1.1 Functional Fluid 5.9 - 1.1 Phenol 7.4 - 1.5	Parathions $ 5.3 - $ .5 Acetic Acid 7.5 - .4 Maleic Anhy. 6.0 - .1 Benzyl Phthalates 5.3 - .3 Polyester Carpet 8.7 - .1		NTA $ 9.5 - $ .1 Santocure NS 9.1 - .1 Pkg. Material 8.9 - .8 Gelva 5.5 - .1 Acrilan S. Bags 7.2 - .4	Lasso 10G $ 6.1 - $ 1.6 Chemical Process 5.5 - 1.1 Nylon Resin 6.0 - 1.1 Blownware 9.5 - 1.9 Bale Mfg. 7.8 - 1.0	
$3 to $5		Enviro. Systems $ 3.7 - $ 1.6	Vanillin $ 3.5 - $ .4 Phosphate Esters 4.4 - .4 Formalin 3.5 - .1	Aroclors-Plast. $ 3.1 - $ -	Farmers' Hybrid $ 4.5 - $ .4 Avadex BW 3.8 - .4 Ref. & Mktg. 3.6 - .1 Fumaric 3.1 - .4 Santoflex 11 4.4 - .2 Aminoplasts 1.4 - .7		Acrylates $ 3.6 - $ 2.2 Polyester Tex. 3.6 - 4.3
$2 to $3			AN/FO $ 2.0 - $ .7 Aspirin 2.1 - .1 Phthalic Anhy. 2.8 - .2 Formvar 2.2 - .8		Ultron $ 2.4 - $ .2 ACL's 2.1 - .4 Lactic Acid 2.9 - .1 Helen Harper 2.5 - .5		
$1 to $2		Coral $ 1.4 - $ 1.[illegible]	Santoquin $ 1.8 - $ .2 Mersize 1.4 - .2 Pentachlorophenol 1.7 - .1 Orthonitroaniline 1.9 - .2 Paranitroaniline 1.2 - .5 Butvar 1.1 - .7 Gelvatol 1.9 - .3	Saccharin $ 1.5 - $ - Santowhite Crystals 1.2 - -	ALL $ 1.3 - $ .6 MCP 1.3 - .1 Phos. Pentasulfide 1.7 - .5 Polymeric 1.8 - .1 Bisphenol A 1.5 - .2		
Less than $1		Acrylic Acid $ [illegible] - $ 1.9	MIA $ .4 - $ .7 Mineral Resources .5 - .1 Methanol .7 - .2 TSP Crystal .6 - .1 Sulfuric .2 - .1 Ethavan .5 - .5 Phenacetin .9 - .2 Santophen #1 .6 - .1 3,4,4-Trichlorocar. .9 - .3 BBM Phthalates .4 - .1 Sulfonamides .3 - .2 Electrol H .8 - .1 Santoflex DD .1 - .3 Styrenes - - .2	Santowhite $ .1 - $ - Other Phthalates .4 - -	Avadex $ .6 - $ .1 Ramrod 65WP .1 - .6 Phos. Acid-Food .1 - .6 SMP .8 - .2 Sterox .4 - .3 C/S Acid .2 - .1 Silicas .2 - .2		
Change Invest.-Income	$67.1 - $22.8	$81.1 - $16.8	$113.8 - $11.5	$ 6.3 - $ -	$108.9 - $ 9.8	$105.1 - $10.8	$122.9 - $2[illegible]

NOTE: Excludes New Enterprise Division

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CAPTION:

Maj. Prod. or Prod. Gp.	Change In Invest. For Sales	Change In Income After Tax
Nylon Tire	$36.9	$2.4

MONSANTO COMPANY - DOMESTIC OPERATIONS

MAJOR PRODUCT OR PRODUCT GROUP CHANGE IN INVESTMENT & INCOME - 1970 vs. 1966

($ in Millions)

Investment Decreases	Income Decreases: Over $2	Income Decreases: $1 to $2	Income Decreases: $0 to $1	No Change	Income Increases: $0 to $1	Income Increases: $1 to $2	Income Increases: Over $2
Over $10	Nylon Tire $[illegible] - $2.4	Acrilan Carpet $[illegible] - $1.9			Phos. & Other $10.8 - $[illegible]		Acrylonitrile $[illegible] - $[illegible]
$5 to $10	Amm. Nitrate $[illegible] - $2.4 Anhy. Amm. [illegible] - 4.1 [illegible] [illegible] - [illegible]		Opalon $6.6 - $[illegible]	Vinyl Chloride $7.[illegible] - $[illegible] Octyl Phthalates 6.2 - [illegible]			
$3 to $5		Styrene Monomer $4.6 - $1.1	Adipates-Plast. $4.8 - $.3 Decyl Phthalates 3.7 - .1				
$2 to $3							
$1 to $2		[illegible] $[illegible] - $1.7	2,4,5-T Acid $1.1 - $.4 2,4-D Acid 1.9 - .6 Butadiene 1.5 - .2 Phenoplasts 1.9 - .1	Vinyl Acetate $1.4 - $[illegible]	TSPP $1.7 - $[illegible] Caustic Potash 1.0 - [illegible]		
Less than $1			[illegible] $.4 - $[illegible] Santocure & [illegible] [illegible] - [illegible] Santoflex AW [illegible] - .2 Santoflex 77 .3 - .1	[illegible] Acid $.7 - $[illegible] [illegible] [illegible] - [illegible] [illegible] [illegible] [illegible] - [illegible]	[illegible] $[illegible] - $[illegible] Plastic Products .4 - .4		
Change Invest.-Income	$[illegible] - $[illegible]	$[illegible] - $4.7	$[illegible] - $2.6	$16.0 - $[illegible]	$14.8 - $[illegible]		$[illegible] - $[illegible]

NOTE: Excludes New Enterprise Division.

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AGRICULTURAL DIVISION
Division Profitability
($ in Millions)

World-Wide	Actual 1966	1967	1968	1969	Budget 1970
Sales	167.0	182.6	157.9	171.7	186.4
Oper. Income-Div.	32.6	38.5	15.7	22.2	27.6
Income After Tax	16.2	20.1	5.0	7.8	11.8
Gross Investment	227.4	253.3	260.6	244.0	265.5
% ROI	7.1	7.9	1.9	3.2	4.4
U.S. Dom. & Export					
Sales	159.4	174.1	150.3	163.2	166.8
Oper. Income-Div.	33.4	39.0	16.5	22.0	26.5
Income After Tax	17.0	20.4	5.6	7.9	11.1
Inc. A.T. as % of Sales	10.7	11.7	3.7	4.8	6.7
$ Sales/$ Investment	.72	.72	.60	.70	.68
Gross Investment	221.9	242.9	250.4	232.4	246.7
% ROI					
Division	7.7	8.4	2.2	3.4	4.5
Product Group:					
Animal Nutrition	18.9	15.1	4.9	4.2	7.6
Blasting Agents	4.4	4.7	.6		
Pesticides	11.1	15.8	8.2	8.9	10.6
Plant Foods	4.8	2.0			

NOTE: Product group data for all years and major product data for 1968, 1969 and budget 1970, as shown in this report, fully includes activity of the retail stations. Major product data for the years 1966 and 1967 does not include the increments of income, expense and investment at the station level but does include sales at wholesale value for materials moved through the MAC's.

Investment in the division's major products earned the following rates of return for actual 1969 and budget 1970:

	% of Investment 1969	1970
Loss	46.2	43.8
0 to 4%	6.0	8.4
4 to 6%	16.3	
Over 6%	31.5	47.8

Product groups are reported on the following pages:

Major products reported comprise 79% of the division's investment in 1969 and 72% in 1970.

ANIMAL NUTRITION - PRODUCT GROUP
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
World-Wide					
Sales	12.0	11.6	10.7	14.0	15.1
Oper. Income-Div.	4.0	3.2	1.8	1.5	2.8
Income After Tax	2.2	1.7	.7	.6	1.3
Gross Investment	11.6	12.2	15.0	15.1	17.8
% ROI	19.0	13.9	4.7	4.0	7.3
U.S. Dom. & Export					
Sales	11.6	10.9	9.9	13.5	14.8
Gross Profit	5.8	5.3	3.9	4.6	5.8
SARE-Div.	1.9	2.0	2.1	3.1	3.0
Oper. Income-Div.	3.9	3.3	1.8	1.5	2.8
Income After Tax	2.1	1.8	.7	.6	1.3
% of Sales:					
Gross Profit	50.0	48.6	39.4	34.1	39.2
SARE-Div.	16.4	18.3	21.2	23.0	20.3
Income After Tax	18.1	16.5	7.1	4.4	8.8
$ Sales/$ Investment	1.05	.92	.69	.95	.87
Gross Investment	11.1	11.9	14.4	14.2	17.0
% ROI	18.9	15.1	4.9	4.2	7.6

NOTE: 1969 and 1970 include Farmers' Hybrid Company acquired June 30, 1969.

Major products reported for the Animal Nutrition product group are as follows:

0633546

FARMERS' HYBRID
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales				3.9	5.6
Gross Profit				1.6	2.5
SARE-Div.				1.3	1.6
Oper. Income-Div.				.3	.9
Income After Tax				.1	.4
Selling Price/lb.					
Cost of Sales/lb.					
% of Sales:					
Gross Profit				40.2	44.1
SARE-Div.				33.3	28.6
Net Income				2.6	7.1
$ Sales/$ Investment					
Gross Investment:					
Fixed Capital				1.6	3.6
Working Capital				.7	.9
Total				2.3	4.5
For Sales				2.3	4.5
% ROI - For Sales				6.7	9.0

Farmers' Hybrid was acquired July 1969. A major expansion of swine and seed corn activities is projected for 1970. Farmers' Hybrid will be a major growth area for the future.

0633547

MHA
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	4.9	4.1	2.9	3.7	3.5
Gross Profit	2.3	1.9	.4	.5	.7
SARE-Div.	.8	.8	.7	.4	.5
Oper. Income-Div.	1.4	1.0	(.3)	.1	.2
Income After Tax	.8	.6	(.2)		.1
Selling Price/lb.	.84	.73	.56	.47	.45
Cost of Sales/lb.	.45	.39	.48	.41	.36
% of Sales:					
Gross Profit	47.0	46.3	13.8	14.3	20.3
SARE-Div.	16.4	19.1	24.1	11.4	13.7
Net Income	16.3	14.6			3.6
$ Sales/$ Investment	1.32	1.05	.61	.95	.91
Gross Investment:					
Fixed Capital	2.2	2.6	3.8	3.5	3.5
Working Capital	1.5	1.3	.9	.4	.6
Total	3.7	3.9	4.7	3.9	4.1
For Sales	3.7	3.9	4.7	3.9	4.1
% ROI - For Sales	21.6	15.4			2.1
Total Capacity - MM lbs.	5.9	7.6	8.5	8.3	10.0
For Sales	5.8	5.6	5.2	7.9	7.8
Internal Use					
Excess	.1	2.0	3.3	.4	2.2

The downward profit trend of 1966-68 was reversed in 1969 due to higher volume, lower raw material costs and reduced SARE expense. An announced price increase in June 1969 did not hold due to competition.

At 1970 budget time there was no reason for higher price optimism, but a 22% increase announced in December held and the near-term outlook is greatly improved.

0633548

WATER_PCB-00039986

SANTOQUIN LIQUID
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	3.7	4.0	5.0	5.8	4.7
Gross Profit	2.3	2.4	2.7	2.6	2.1
SARE-Div.	.6	.8	1.0	.7	.7
Oper. Income-Div.	1.6	1.5	1.7	1.9	1.4
Income After Tax	.9	.8	.9	1.0	.7
Selling Price/lb.	1.03	1.03	1.05	.79	.73
Cost of Sales/lb.	.39	.41	.42	.42	.40
% of Sales:					
Gross Profit	64.1	60.0	54.0	44.8	44.7
SARE-Div.	16.4	19.1	20.0	12.1	14.9
Net Income	24.3	20.0	18.0	17.2	14.9
$ Sales/$ Investment	.84	.89	.86	.95	.76
Gross Investment:					
Fixed Capital	4.1	4.1	4.7	4.9	5.0
Working Capital	1.2	1.3	1.6	1.7	1.7
Total	5.3	5.4	6.3	6.6	6.7
For Sales	4.4	4.5	5.8	6.1	6.2
% ROI - For Sales	20.5	17.8	15.5	16.4	11.3
Total Capacity - MM lbs.	6.2	6.3	6.3	9.6	10.3
For Sales	3.6	3.9	5.4	6.1	6.4
Internal Use	1.2	1.2	.8	.8	.9
Excess	1.4	1.2	.1	2.7	3.0

Severe price deterioration caused by Japanese competition was offset by volume gains and SARE reduction in 1969. Price deterioration will continue during 1970 as Japanese become more active and a new U.S. producer comes on stream.

0633549

BLASTING AGENTS - PRODUCT GROUP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
World-Wide					
Sales	12.3	12.6	10.3	10.1	9.0
Oper. Income-Div.	1.5	1.3	.4	(.2)	.1
Income After Tax	.8	.7	.1	(.1)	
Gross Investment	18.0	14.8	15.7	13.4	11.7
% ROI	4.4	4.7	.6		
U.S. Dom. & Export					
Sales	12.3	12.6	10.3	10.1	9.0
Gross Profit	2.7	2.3	1.6	.9	1.0
SARE-Div.	1.0	1.0	1.1	1.1	.9
Oper. Income-Div.	1.5	1.3	.4	(.2)	.1
Income After Tax	.8	.7	.1	(.1)	
% of Sales:					
Gross Profit	22.0	18.3	15.5	8.9	11.1
SARE-Div.	8.1	7.9	10.7	10.9	10.0
Income After Tax	6.5	5.6	1.0		
$ Sales/$ Investment	.68	.85	.66	.75	.77
Gross Investment	18.0	14.8	15.7	13.4	11.7
% ROI	4.4	4.7	.6		

NOTE: 1969 gross investment drop reflects the retirement of El Dorado ammonia plant.

Major products reported for the Blasting Agents product group are as follows:

	Page
AN/FO	17

0633550

AN/FO
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	8.6	9.3	7.7	8.1	7.0
Gross Profit	2.1	1.7	.7	.8	.7
SARE-Div.	.7	.7	.9	.8	.7
Oper. Income-Div.	1.3	.9	(.2)		
Income After Tax	.7	.5	(.2)	(.2)	
Selling Price/Ton	102	93	91	76	84
Cost of Sales/Ton	77	76	83	69	75
% of Sales:					
Gross Profit	24.4	18.3	9.1	9.6	10.0
SARE-Div.	8.1	7.9	11.7	9.9	10.0
Net Income	8.1	5.4			
$ Sales/$ Investment	.96	.93	.79	.74	.64
Gross Investment:					
Fixed Capital	7.6	8.5	8.5	10.6	10.6
Working Capital	1.3	1.5	1.2	.3	.3
Total	8.9	10.0	9.7	10.9	10.9
For Sales	8.9	10.0	9.7	10.9	10.9
% ROI - For Sales	7.9	5.0			
Total Capacity - M Tons	104.9	128.7	130.0	130.0	120.0
For Sales	83.9	100.0	84.4	106.6	84.6
Internal Use					
Excess	21.0	28.7	45.6	23.4	35.4

1969 actual volume increase was result of agressive bidding in the coal market; however price was depressed resulting from oversupply of Ammonium Nitrate. 1970 budget anticipates loss of volume due to extreme low price which we have chosen not to meet; however selling price and margin will increase resulting from selling a more profitable mix and improved operating cost.

0633551

PESTICIDES - PRODUCT GROUP
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
World-Wide					
Sales	66.3	84.2	74.3	90.7	106.5
Oper. Income-Div.	15.6	28.2	16.7	23.1	28.0
Income After Tax	7.7	15.3	7.7	9.5	13.1
Gross Investment	81.7	108.0	111.4	119.0	136.0
% ROI	9.4	14.2	6.9	8.0	9.6
U.S. Dom. & Export					
Sales	59.3	76.6	67.5	82.7	87.2
Gross Profit	26.7	40.5	32.0	42.5	46.9
Station Distribution	1.3	1.4	1.5	.9	1.0
SARE-Div.	8.9	10.4	13.0	18.8	19.0
Oper. Income-Div.	16.5	28.6	17.6	22.8	26.9
Income After Tax	8.5	15.5	8.3	9.5	12.4
% of Sales:					
Gross Profit	45.0	52.9	47.4	51.4	53.8
SARE-Div.	15.0	13.6	19.3	22.7	21.8
Income After Tax	14.3	20.2	12.3	11.5	14.2
$ Sales/$ Investment	.77	.78	.66	.77	.74
Gross Investment	76.7	98.3	101.8	107.0	117.3
% ROI	11.1	15.8	8.2	8.9	10.6

NOTE: Product group data for all years and major product data for 1968, 1969 and budget 1970, as shown in this report, fully includes activity of the retail stations. Major product data for the years 1966 and 1967 does not include the increments of income, expense and investment at the station level but does include sales at wholesale value for materials moved through the MAC's.

Major products reported for the Pesticides product group are as follows:

0633552

AVADEX
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales			2.2	3.4	.6
Gross Profit			1.2	2.2	.4
SARE-Div.			.6	1.1	.2
Oper. Income-Div.			.6	1.1	.2
Income After Tax			.3	.5	.1
Selling Price/gal.			11.00	11.85	12.00
Cost of Sales/gal.			5.00	4.24	4.14
% of Sales:					
Gross Profit			54.5	64.7	66.7
SARE-Div.			27.3	32.4	33.3
Net Income			13.6	14.7	16.7
$ Sales/$ Investment			.92	1.13	.20
Gross Investment:					
Fixed Capital			1.2	1.4	.3
Working Capital			1.2	1.6	.3
Total			2.4	3.0	.6
For Sales			2.4	3.0	.6
% ROI - For Sales			12.5	16.7	16.7
Total Capacities - MM gal.			.3	.4	.4
For Sales			.2	.3	.2
Internal Use					
Excess			.1	.1	.2

U.S. and domestic export profits on Avadex diminish as emphasis switches to the Ex U.S.A. segment of the business. In prior years Avadex was formulated in the U.S., 1970 results present the effect of the raw material (DDTC) shipped to Ex U.S. markets for upgrade. On a world-wide basis, profits on the formulated end product show a slight increase.

0633553

AVADEX BW
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales			5.3	4.5	2.4
Gross Profit			2.9	2.6	1.4
SARE-Div.			1.4	1.2	.7
Oper. Income-Div.			1.5	1.4	.7
Income After Tax			.7	.7	.4
Selling Price/gal.			10.60	12.17	12.63
Cost of Sales/gal.			4.80	5.18	5.14
% of Sales:					
Gross Profit			54.7	57.8	58.3
SARE-Div.			26.4	26.7	29.2
Net Income			13.2	15.6	16.7
$ Sales/$ Investment			.90	.59	.71
Gross Investment:					
Fixed Capital			3.0	3.4	1.8
Working Capital			2.9	4.2	2.0
Total			5.9	7.6	3.8
For Sales			5.9	7.6	3.8
% ROI - For Sales			11.9	9.2	10.5
Total Capacity - MM gal.			.9	1.0	.6
For Sales			.5	.4	.2
Internal Use					
Excess			.4	.6	.4

U.S. and domestic export profits on Avadex BW diminish as emphasis switches to the Ex U.S.A. segment of the business. In prior years Avadex BW was formulated in the U.S., 1970 results present the effect of the raw material (TDTC) shipped to Ex U.S. markets for upgrade. On a world-wide basis, profits on the formulated end product show a slight increase.

0633554

LASSO EC
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales				11.3	18.0
Gross Profit				7.2	12.9
SARE-Div.				2.7	2.7
Oper. Income-Div.				4.5	10.2
Income After Tax				2.1	5.0
Selling Price/gal.				10.72	10.65
Cost of Sales/gal.				3.92	3.02
% of Sales:					
Gross Profit				63.7	71.7
SARE-Div.				23.9	15.0
Net Income				18.6	27.8
$ Sales/$ Investment				1.19	1.78
Gross Investment:					
Fixed Capital				3.4	3.4
Working Capital				6.1	6.7
Total				9.5	10.1
For Sales				9.5	10.1
% ROI - For Sales				22.1	49.5
Total Capacity - MM gal.				2.8	4.9
For Sales				1.1	1.7
Internal Use					
Excess				1.7	3.2

1969 was the introductory year for this herbicide which is a close relative of Ramrod. First year sales were the largest ever achieved for any herbicide in its introductory year. It is the bright star of the future.

0633555

LASSO 10G
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales				5.4	6.6
Gross Profit				3.8	4.5
SARE-Div.				1.2	1.2
Oper. Income-Div.				2.6	3.3
Income After Tax				1.2	1.6
Selling Price/lb.				.44	.40
Cost of Sales/lb.				.13	.13
% of Sales:					
Gross Profit				70.4	68.1
SARE-Div.				22.2	18.2
Net Income				22.2	24.2
$ Sales/$ Investment				.90	1.08
Gross Investment:					
Fixed Capital				4.6	4.6
Working Capital				1.4	1.5
Total				6.0	6.1
For Sales				6.0	6.1
% ROI - For Sales				20.0	26.2
Total Capacity - MM lb.				100.0	144.0
For Sales				12.4	16.5
Internal Use					
Excess				87.6	127.5

Lasso 10G is the granular form of Lasso and is used mainly in the midwest. It is used by farmers who prefer to handle a granular herbicide.

0633556

WATER_PCB-00039994

PARATHIONS
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	14.1	13.3	17.3	17.4	16.3
Gross Profit	6.8	4.1	6.4	6.1	6.1
Station Distribution			.1	.1	.1
SARE-Div.	2.2	1.8	2.7	2.0	2.1
Oper. Income-Div.	4.6	2.3	3.6	4.0	3.9
Income After Tax	2.4	1.3	1.7	1.8	1.9
Selling Price/lb.	.57	.46	.43	.48	.44
Cost of Sales/lb.	.29	.32	.27	.31	.28
% of Sales:					
Gross Profit	48.2	30.8	37.0	35.1	37.4
SARE-Div.	15.0	13.6	15.6	11.5	12.9
Net Income	17.0	9.8	9.8	10.3	11.7
$ Sales/$ Investment	.56	.55	.57	.58	.54
Gross Investment:					
Fixed Capital	18.2	18.3	21.2	21.2	21.2
Working Capital	7.6	7.1	9.3	8.9	9.1
Total	25.8	25.4	30.5	30.1	30.3
For Sales	25.0	24.2	30.5	30.1	30.3
% ROI - For Sales	9.6	5.4	5.6	6.0	6.3
Total Capacity - MM lbs.	42.0	46.5	46.5	46.0	46.0
For Sales	24.7	28.7	39.9	36.2	36.9
Internal Use	1.2	1.9			
Excess	16.1	15.9	6.6	9.8	9.1

Parathion volume was stable in line with the amount of cotton acreage. We have budgeted stable volume and some reduction in price for 1970 even though we are attempting to increase pricing. The current controversy over persistent pesticides, e.g., DDT, could have favorable impact on parathion demand, although parathion is also subject to attack because of its high toxicity.

0633557

RAMROD 20G
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	3.3	15.4	15.0	18.3	17.6
Gross Profit	1.3	9.9	8.7	12.7	12.1
Station Distribution			.8	.3	.3
SARE-Div.	.5	2.1	2.8	3.0	2.8
Oper. Income-Div.	.8	7.8	5.1	9.4	9.0
Income After Tax	.5	4.3	2.5	4.3	4.4
Selling Price/lb.	.38	.41	.43	.39	.38
Cost of Sales/lb.	.23	.15	.18	.12	.12
% of Sales:					
Gross Profit	39.4	64.3	58.0	69.4	68.8
SARE-Div.	15.0	13.6	18.7	16.4	15.9
Net Income	15.1	27.9	16.7	23.5	25.0
$ Sales/$ Investment	.59	1.41	.88	.93	.90
Gross Investment:					
Fixed Capital	3.8	4.2	8.9	9.5	9.5
Working Capital	1.8	6.7	8.1	10.1	10.1
Total	5.6	10.9	17.0	19.6	19.6
For Sales	5.6	10.9	17.0	19.6	19.6
% ROI - For Sales	8.9	3.9	14.7	21.9	22.4
Total Capacity - MM lbs.	11.0	37.3	100.0	57.6	57.6
For Sales	8.8	37.3	35.0	46.6	46.7
Internal Use					
Excess	2.2		65.0	11.0	10.9

Ramrod 20G is a leading economic grass killer in corn and soybeans. It is expected to continue as a major profit source for the next several years.

0633558

RAMROD 65 WP
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	1.1	6.1	3.0	4.0	3.6
Gross Profit	.5	3.8	1.8	2.5	2.3
Station Distribution			.1		
SARE-Div.	.2	.8	.5	1.0	.8
Oper. Income-Div.	.3	3.0	1.2	1.5	1.5
Income After Tax	.2	1.7	.5	.7	.8
Selling Price/lb.	1.11	1.39	1.30	1.13	1.13
Cost of Sales/lb.	.67	.52	.52	.42	.42
% of Sales:					
Gross Profit	45.5	62.3	60.0	62.5	63.9
SARE-Div.	15.0	13.6	16.6	25.0	22.2
Net Income	18.2	27.9	16.7	17.5	22.2
$ Sales/$ Investment	.73	1.91	1.07	2.50	2.25
Gross Investment:					
Fixed Capital	.9	1.0	1.2	.7	.7
Working Capital	.6	2.2	1.6	.9	.9
Total	1.5	3.2	2.8	1.6	1.6
For Sales	1.5	3.2	2.8	1.6	1.6
% ROI - For Sales	13.3	53.1	17.9	43.8	50.0
Total Capacity - MM lbs.	1.1	4.4	2.3	3.5	3.2
For Sales	.9	4.4	2.3	3.5	3.2
Internal Use					
Excess	.2				

Sales of this product are primarily to those customers who tank mix it with atrazine. Some of this will continue but our own pre-mix of Ramrod/Atrazine will fill the growth in demand.

0633559

ROGUE
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	5.1	5.1	3.6	2.9	3.6
Gross Profit	3.6	3.5	1.6	1.3	.8
Station Distribution			.1		
SARE-Div.	.8	.7	1.2	.9	.7
Oper. Income-Div.	2.8	2.8	.3	.4	.1
Income After Tax	1.5	1.5	.1		(.2)
Selling Price/gal.	10.20	10.20	4.50	5.01	5.01
Cost of Sales/gal.	3.00	3.20	2.50	2.73	3.95
% of Sales:					
Gross Profit	70.5	68.6	44.4	44.8	22.2
SARE-Div.	15.0	13.6	33.3	31.0	19.4
Net Income	29.4	29.4	2.8		
$ Sales/$ Investment	.94	.94	.62	.60	.84
Gross Investment:					
Fixed Capital	2.7	2.8	3.9	3.9	3.9
Working Capital	2.7	2.6	1.9	.9	.4
Total	5.4	5.4	5.8	4.8	4.3
For Sales	5.4	5.4	5.8	4.8	4.3
% ROI - For Sales	27.8	27.8	1.7		
Total Capacity - MM gal.	1.9	1.9	2.2	2.2	2.2
For Sales	.5	.5	.8	.6	.7
Internal Use					
Excess	1.4	1.4	1.4	1.6	1.5

At the present time there is no clear outlook for Monsanto to achieve a sale patent for this product. Until the matter is decided competition will continue to force prices down. Higher cost in 1970 reflects the start-up of a new DCA facility at Luling.

0633560

2, 4-D ACID
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	3.7	3.7	2.5	1.8	1.6
Gross Profit	1.1	1.1	.8	.1	(.1)
SARE-Div.	.6	.5	.5	.4	.4
Oper. Income-Div.	.5	.6	.3	(.3)	(.5)
Income After Tax	.3	.3	.1	(.2)	(.3)
Selling Price/lb.	.28	.29	.30	.27	.22
Cost of Sales/lb.	.20	.20	.20	.25	.24
% of Sales:					
Gross Profit	29.7	29.7	32.0	5.6	
SARE-Div.	15.0	13.6	20.0	22.2	25.0
Net Income	8.1	8.1	4.0		
$ Sales/$ Investment	.55	.69	.56	.39	.33
Gross Investment:					
Fixed Capital	6.9	6.9	7.9	6.7	6.7
Working Capital	2.1	2.1	1.4	1.6	2.0
Total	9.0	9.0	9.3	8.3	8.7
For Sales	6.7	5.4	4.5	4.6	4.8
% ROI - For Sales	4.5	5.6	2.2		
Total Capacity - MM lbs.	23.1	23.1	25.2	26.4	26.8
For Sales	13.0	12.8	8.2	6.5	7.3
Internal Use	7.0	9.6	15.0	4.7	5.4
Excess	3.1	.7	2.0	15.2	14.1

The market was depressed in 1969 due to cancellation of government contracts which caused severe industry over capacity. Profit margin is inadequate and we are evaluating our future in this business.

0633561

2, 4, 5-T ACID
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	1.5	.3	1.0	1.2	1.3
Gross Profit	.5	.1	.5	.1	(.2)
SARE-Div.	.2		.4	.1	.1
Oper. Income-Div.	.3	.1	.1		(.3)
Income After Tax	.2				(.2)
Selling Price/lb.	.83	.85	.91	.81	.69
Cost of Sales/lb.	.56	.65	.45	.74	.78
% of Sales:					
Gross Profit	33.3	24.5	50.0	8.3	
SARE-Div.	15.0	13.6	40.0	8.3	7.7
Net Income	13.3				
$ Sales/$ Investment	.44	.60	.83	.52	.57
Gross Investment:					
Fixed Capital	3.9	3.1	2.8	2.5	2.5
Working Capital	.9	.1	.6	.5	.5
Total	4.8	3.2	3.4	3.0	3.0
For Sales	3.4	.5	1.2	2.3	2.3
% ROI - For Sales	5.9				
Total Capacity - MM lbs.	4.9	5.7	7.1	7.4	7.4
For Sales	1.8	.3	1.1	1.4	1.7
Internal Use	1.8	5.4	6.0	2.1	1.9
Excess	1.3			3.9	3.8

Due to termination of government contracts industry capacity far exceeds demand. This has caused depressed prices which will continue into the near future. The future of this product will also be affected by pending government regulation of its use.

0633562

PLANT FOODS - PRODUCT GROUP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
World-Wide					
Sales	76.4	74.1	62.7	56.9	55.8
Oper. Income-Div.	11.4	5.8	(3.3)	(2.0)	(3.3)
Income After Tax	5.5	2.4	(3.6)	(2.2)	(2.6)
Gross Investment	116.1	118.1	118.5	105.7	100.0
% ROI	4.7	2.0			
U.S. Dom. & Export					
Sales	76.2	74.0	62.7	56.9	55.8
Gross Profit	26.0	21.9	12.2	13.5	11.3
Station Distribution	10.2	11.4	11.5	11.0	10.6
SARE-Div.	4.8	4.7	4.0	4.5	4.0
Oper. Income-Div.	11.5	5.8	(3.3)	(2.0)	(3.3)
Income After Tax	5.6	2.4	(3.5)	(2.2)	(2.6)
% of Sales:					
Gross Profit	34.1	29.6	19.5	23.7	20.3
SARE-Div.	6.3	6.4	6.4	7.9	7.2
Income After Tax	7.3	3.2			
$ Sales/$ Investment	.66	.63	.53	.59	.56
Gross Investment	116.1	117.9	118.5	96.5	100.0
% ROI	4.8	2.0			

NOTE: Gross investment drop in 1969 reflects retirement of El Dorado ammonia plant.

NOTE: Product group data for all years and major product data for 1968, 1969 and budget 1970, as shown in this report, fully includes activity of the retail stations. Major product data for the years 1966 and 1967 do not include the increments of income, expense and investment at the station level but do include sales at wholesale value for materials moved through the MAC's.

Major products reported for the Plant Foods product group are as follows:

AMMONIUM NITRATE
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	15.7	14.3	15.0	12.8	13.5
Gross Profit	5.3	3.8	3.4	2.8	2.5
Station Distribution			2.4	1.5	1.5
SARE-Div.	.9	.9	1.0	1.1	1.0
Oper. Income-Div.	4.4	2.9		.2	
Income After Tax	2.2	1.2	(.2)	(.2)	(.2)
Selling Price/ton	52	46	44	38	41
Cost of Sales/ton	35	34	34	31	32
% of Sales:					
Gross Profit	33.8	26.6	22.7	21.9	18.5
SARE-Div.	6.3	6.5	6.7	8.6	7.4
Net Income	14.0	8.4			
$ Sales/$ Investment	.45	.41	.43	.41	.45
Gross Investment:					
Fixed Capital	40.2	40.8	41.0	34.6	33.1
Working Capital	5.5	5.0	5.3	4.4	4.2
Total	45.7	45.8	46.3	39.0	37.3
For Sales	35.0	35.0	35.2	31.4	29.7
% ROI - For Sales	6.3	3.4			
Total Capacity - M tons	481	511	630	655	655
For Sales	298	309	339	334	330
Internal Use	113	116	93	113	100
Excess	70	86	198	208	225

This product will continue to grow in use on small grain and pastures while its use on corn will decline. Small grain (for grain) is basically the only portion of the market affected by government programs. The 1969-70 fertilizer year experienced a 12% reduction in wheat acres. With these trends 75% of the 2.4MM tons of the agriculturally consumed nitrate lies within a $10 freight zone of El Dorado and Luling Plants. This product has the potential to grow at the rate of 6 to 10% a year.

0633564

ANHYDROUS AMMONIA
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	16.3	13.4	10.5	9.4	8.2
Gross Profit	8.2	4.3	2.5	1.8	2.3
Station Distribution			2.5	2.4	2.4
SARE-Div.	1.0	.9	1.0	1.1	1.0
Oper. Income-Div.	7.2	3.4	(1.0)	(1.7)	(1.1)
Income After Tax	3.6	1.4	(.7)	(1.0)	(.7)
Selling Price/ton	61	53	52	42	50
Cost of Sales/ton	30	36	39	34	36
% of Sales:					
Gross Profit	50.3	32.1	23.8	19.1	28.0
SARE-Div.	6.3	6.5	9.5	11.7	12.2
Net Income	22.1	10.4			
$ Sales/$ Investment	.62	.54	.44	.45	.41
Gross Investment:					
Fixed Capital	62.6	63.0	65.9	55.6	53.2
Working Capital	5.7	4.7	3.7	3.1	3.0
Total	68.3	67.7	69.6	58.7	56.2
For Sales	26.1	24.8	23.7	21.1	20.0
% ROI - For Sales	13.8	5.6			
Total Capacity - M tons	874	874	874	644	565
For Sales	267	254	203	225	164
Internal Use	540	595	569	543	569
Excess & Resale	67	25	102	(124)	(168)

Industry capacity continues to exceed demand. Monsanto must purchase ammonia since its total requirements exceed production capacity. Drop in 1969 selling price came about by the decision to sell at low contract prices to co-producers. These co-producer contracts were not renewed for 1970 and prices on regular customer sales will be at 1969 levels.

0633565

CONCENTRATED NITRIC ACID
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	2.5	2.1	1.9	1.5	1.9
Gross Profit	1.0	.9	.8	.6	.8
SARE-Div.	.2	.1	.1	.1	.1
Oper. Income-Div.	.8	.8	.7	.5	.7
Income After Tax	.4	.4	.3	.2	.4
Selling Price/ton	61	57	65	59	54
Cost of Sales/ton	36	33	38	34	33
% of Sales:					
Gross Profit	40.0	42.8	42.1	40.0	42.1
SARE-Div.	8.0	4.8	5.3	6.7	5.3
Net Income	16.0	19.0	15.8	13.3	21.1
$ Sales/$ Investment	.78	.62	.63	.58	.76
Gross Investment:					
Fixed Capital	4.0	4.7	4.2	3.6	3.5
Working Capital	.8	.7	.7	.6	.5
Total	4.8	5.4	4.9	4.2	4.0
For Sales	3.2	3.4	3.0	2.6	2.5
% ROI - For Sales	12.5	11.8	10.0	7.7	16.0
Total Capacity - M tons	65	71	75	75	75
For Sales	41	37	29	25	36
Internal Use	21	21	29	22	29
Excess	3	13	17	28	10

The immediate outlook for this product depends upon government use for defense purposes and Monsanto's success at bidding for this business.

0633566

DAP (18-46-0)
($ in millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	14.8	12.1	12.5	10.5	12.6
Gross Profit	3.9	1.7	.5	1.9	2.5
Station Distribution			2.7	1.9	1.9
SARE-Div.	.9	.8	1.0	1.1	1.0
Oper. Income-Div.	3.0	.9	(3.2)	(1.1)	(.4)
Income After Tax	1.5	.4	(1.9)	(.8)	(.4)
Selling Price/ton	75	71	72	78	76
Cost of Sales/ton	55	61	69	64	61
% of Sales:					
Gross Profit	26.4	14.0	4.0	18.1	19.8
SARE-Div.	6.3	6.5	8.0	10.5	7.9
Net Income	10.1	3.3			
$ Sales/$ Investment	1.44	1.25	.65	.61	.77
Gross Investment:					
Fixed Capital	5.1	5.4	14.9	13.3	12.8
Working Capital	5.2	4.3	4.4	3.9	3.7
Total	10.3	9.7	19.3	17.2	16.5
For Sales	10.3	9.7	19.3	17.2	16.5
% ROI - For Sales	14.6	4.1			
Total Capacity - M tons	231	350	350	350	350
For Sales	197	171	175	135	165
Internal Use					
Excess	34	179	175	215	185

Excess inventories were brought under control and prices increased in 1969, especially at the retail level. The lower price for 1970 is due to greater percentage of wholesale business. Monsanto is in an uncompetitive situation since it must purchase wet process acid, the basic raw material for this product.

0633567

ELECTRONIC PRODUCTS AND CONTROLS DIVISION
Division Profitability
($ in Millions)

	Actual 1968	Actual 1969	Budget 1970
World-Wide			
Sales	90.8	104.7	137.9
Oper. Income-Div.	2.0	3.9	9.9
Income After Tax	1.1	.7	3.8
Gross Investment	92.6	102.9	135.3
% ROI	1.2	.7	2.8
U.S. Dom. & Export			
Sales	83.6	95.6	126.8
Oper. Income-Div.	.7	1.7	7.2
Income After Tax	.5	(.3)	2.6
Income A.T. as % of Sales	.6	(.3)	2.1
$ Sales/$ Investment	.99	1.02	1.05
Gross Investment	84.8	93.6	120.9
% ROI			
Division	.6		2.2
Business Group:			
Advanced Technology			
Components			
Instruments			
Process Controls	4.8	4.0	6.5
Materials	4.2	7.4	4.7

1968 does not include Investment Charge.
Investment in the division's major products earned the following rates of return for actual 1969 and budget 1970:

	% of Investment 1969	% of Investment 1970
Loss	15.6	17.7
4 to 6%	18.9	28.3
Over 6%	65.5	54.0

Business groups are reported on the following pages:

Major products reported comprise 96% of the division's investment in 1969 and 93% in 1970.

0633568

ADVANCED TECHNOLOGY - BUSINESS GROUP
($ in Millions)

	Actual 1968	Actual 1969	Budget 1970
World-Wide			
Sales	.1		
Oper. Income-Div.	(1.1)	(.6)	(.8)
Income After Tax	(.5)	(.4)	(.4)
Gross Investment	3.7	1.4	.6
% ROI			

This is the Research and Development arm of the division.

0633569

COMPONENTS - BUSINESS GROUP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
World-Wide					
Sales			.2	.8	2.8
Oper. Income-Div.			(1.5)	(1.9)	(2.0)
Income After Tax			(.7)	(1.0)	(1.0)
Gross Investment			1.0	2.2	6.3
% ROI					
U.S. Dom. & Export					
Sales			.2	.8	2.8
Gross Profit			(.7)	(.4)	.2
SARE-Div.			.8	1.5	2.2
Oper. Income-Div.			(1.5)	(1.9)	(2.0)
Income After Tax			(.7)	(1.0)	(1.0)
% of Sales:					
Gross Profit					7.1
SARE-Div.			400.0	187.5	78.6
Income After Tax					(35.7)
$ Sales/$ Investment			.20	.36	.44
Gross Investment			1.0	2.2	6.3
% ROI					

In 1970 the key to growth in special products sales will be Monsanto's ability to build devices at a price competitive with other light sources. Sales are projected to grow 203% annually to 1972.

In 1971-79 growth will probably occur in matrix displays, which could out-perform existing cathode ray tube displays. Advanced concepts visualize semiconductor light generating and detecting devices as essential building blocks in the electronic industry. Success of this venture will depend upon an extremely fast and flexible response to rapidly developing markets.

0633570

INSTRUMENTS - BUSINESS GROUP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
World-Wide					
Sales			2.7	5.8	9.4
Oper. Income-Div.			(3.6)	(5.0)	(3.6)
Income After Tax			(1.8)	(2.7)	(1.9)
Gross Investment			5.4	10.8	13.3
% ROI					
U.S. Dom. & Export					
Sales			2.6	5.5	9.2
Gross Profit			(.7)	.2	1.8
SARE-Div.			2.9	5.3	5.5
Oper. Income-Div.			(3.6)	(5.1)	(3.7)
Income After Tax			(1.8)	(2.7)	(2.0)
% of Sales:					
Gross Profit				3.6	19.6
SARE-Div.			111.5	96.4	60.0
Income After Tax					(21.7)
$ Sales/$ Investment			.55	.53	.72
Gross Investment			4.7	10.3	12.8
% ROI					

In 1970 a major in-house marketing effort will be completed which will more adequately define the major industry and company markets. This effort, coupled with cost controls, should enable this business to grow in a more orderly and profit-oriented fashion.

In 1971-79 progress will concentrate on smaller tolerances, finer measurements and more discriminating tests. The demand for precision and higher reliability in components and end products will be a major trend. ET&M instrument design will be in the direction of increased accuracy and sensitivity, ease of operation and faster response times.

0633571

MATERIALS - BUSINESS GROUP
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
World-Wide					
Sales			14.9	21.0	32.8
Oper. Income-Div.			1.4	3.7	5.3
Income After Tax			.7	1.5	1.8
Gross Investment			18.1	21.3	40.9
% ROI			3.9	7.0	4.4
U.S. Dom. & Export					
Sales			13.4	18.6	29.6
Gross Profit			3.3	5.6	7.7
SARE-Div.			1.8	2.2	2.9
Oper. Income-Div.			1.5	3.4	4.8
Income After Tax			.7	1.4	1.6
% of Sales:					
Gross Profit			24.6	30.1	26.0
SARE-Div.			13.4	11.8	9.8
Income After Tax			5.2	7.5	5.4
$ Sales/$ Investment			.80	.98	.87
Gross Investment			16.7	19.0	33.9
% ROI			4.2	7.4	4.7

Major product reported for the Materials business group is Silicon on page 39 .

0633572

SILICON
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales			12.3	17.6	23.3
Gross Profit			3.1	5.3	5.5
SARE-Div.			1.4	2.1	2.6
Oper. Income-Div.			1.7	3.2	4.9
Income After Tax			.8	1.3	1.7
% of Sales:					
Gross Profit			25.2	30.1	26.5
SARE-Div.			11.4	11.9	7.2
Net Income After Tax			6.5	7.4	6.0
$ Sales/$ Investment			.90	.99	.88
Gross Investment:					
Fixed Capital			11.1	13.0	28.5
Working Capital			2.6	4.7	3.6
Total			13.7	17.7	32.1
% ROI			5.8	7.3	5.3

1970 Sales will increase 60% as facilities made available in the latter part of the year will run at capacity levels. Heavy startup costs effect 1970 margins and ROI. Additional expansion is planned for 1971 as efforts continue on selling products with further value added to silicon.

The semiconductor device market is expected to more than double in value by 1979. The dependence upon silicon in this market should not diminish since there is no equivalent competitive product for transistors, diodes or microcircuits. Silicon is the only semiconductor material used in integrated circuits; this market is increasing 100% per year on a volume basis, 30% per year on a dollar basis.

0633573

PROCESS CONTROLS - BUSINESS GROUP
($ in Millions)

	Actual 1968	Actual 1969	Budget 1970
World-Wide			
Sales	72.9	77.1	92.9
Oper. Income-Div.	6.8	7.7	11.0
Income After Tax	3.4	3.3	5.3
Gross Investment	64.4	67.2	74.2
% ROI	5.3	4.9	7.2
U.S. Dom. & Export			
Sales	67.3	70.7	85.2
Gross Profit	27.4	28.8	35.3
SARE-Div.	22.0	22.9	26.4
Oper. Income-Div.	5.4	5.9	8.9
Income After Tax	2.8	2.4	4.4
% of Sales:			
Gross Profit	40.7	40.7	41.4
SARE-Div.	32.7	32.4	31.0
Income After Tax	4.2	3.4	5.2
$ Sales/$ Investment	1.15	1.16	1.27
Gross Investment	58.7	60.7	67.3
% ROI	4.8	4.0	6.5

Major products reported for the Process Controls business group are as follows:

0633574

CONTROL VALVES
($ in Millions)

	Actual 1968	Actual 1969	Budget 1970
World-Wide			
Sales	37.1	39.6	47.4
Gross Profit	16.4	17.3	19.4
SARE-Div.	11.1	11.8	13.1
Oper. Income-Div.	5.3	5.5	6.3
Income After Tax	2.6	2.7	3.1
% of Sales:			
Gross Profit	44.2	43.7	40.9
SARE-Div.	29.9	29.8	27.6
Net Income	7.0	6.8	6.5
$ Sales/$ Investment	.97	.96	1.08
Gross Investment:			
Fixed Capital	22.3	23.5	24.1
Working Capital	16.0	17.8	19.6
Total	38.3	41.3	43.7
For Sales	38.3	41.3	43.7
% ROI - For Sales	6.8	6.5	7.1

1970: Introduce the Type 5815 Boot Valve. Establish expertise in noise abatement. Market a large and powerful spring and diaphragm operator for power plant use. Introduce Teflon lined butterfly valves. Major problem is capacity for machining components in butterfly bodies.

1971-79: Further improvement on "fishtail" principle. Introduce an integrated line of ball valves for throttling. Complete research on "super valves" for low noise. Develop machining and assembly capabilities for broadened product lines.

0633575

REGULATORS
($ in Millions)

	Actual 1968	Actual 1969	Budget 1970
World-Wide			
Sales	18.1	18.4	19.7
Gross Profit	7.1	6.6	7.6
SARE-Div.	4.5	4.6	4.7
Oper. Income-Div.	2.6	2.0	2.9
Income After Tax	1.3	1.0	1.4
% of Sales:			
Gross Profit	39.2	35.9	38.6
SARE-Div.	24.9	25.0	23.9
Net Income	7.2	5.4	7.1
$ Sales/$ Investment	1.12	1.08	1.17
Gross Investment:			
Fixed Capital	9.4	9.8	9.3
Working Capital	6.7	7.3	7.5
Total	16.1	17.1	16.8
For Sales	16.1	17.1	16.8
% ROI - For Sales	8.1	5.8	8.3

1970: Establish a marketing base in Europe. Improve market position by making regulators available off the shelf nation-wide.

1971-79: Investigate potential of fluidics for pilot and main valves. Development of manufacturing in the ex-U.S.A. area is essential to the growth plan.

0633576

HYDROCARBONS AND POLYMERS DIVISION
Division Profitability
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
World-Wide					
Sales	314.0	313.6	333.4	364.3	391.9
Oper. Income-Div.	29.0	24.3	23.0	31.5	31.6
Income After Tax	14.6	12.3	10.4	16.5	15.5
Gross Investment	526.3	533.8	549.7	585.8	616.7
% ROI	2.8	2.3	1.9	2.8	2.5
U.S. Dom. & Export					
Sales	260.2	258.2	272.2	294.2	302.8
Oper. Income-Div.	27.0	23.5	23.6	27.8	25.8
Income After Tax	14.0	12.4	10.8	13.8	11.9
Inc. A.T. as % of Sales	5.4	4.8	4.0	4.7	3.9
$ Sales/$ Investment	.56	.56	.58	.60	.60
Gross Investment	466.0	458.8	467.2	493.7	505.8
% ROI					
Division	3.0	2.7	2.3	2.8	2.4
Product Group:					
Ethylene & Co-Products		5.3	1.8		1.0
Mineral Resources					
Monomers	2.7	2.8	3.7	3.4	4.1
Polymers	2.9	.6		1.6	1.5
Production & Explor.	5.6	6.7	6.9	7.1	3.9
Refinery & Marketing	2.4	3.0	2.3	2.4	2.4

Investment in the division's major products earned the following rates of return for actual 1969 and budget 1970:

	% of Investment	
	1969	1970
Loss	14.5	11.7
0 to 4%	60.5	73.3
4 to 6%	7.2	13.4
Over 6%	17.8	1.6

Product groups are reported on the following pages:

Major products reported comprise 100% of the division's investment in 1969 and 1970.

ETHYLENE & CO-PRODUCTS - PRODUCT GROUP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
World-Wide					
Sales	20.5	26.8	24.6	30.8	32.5
Oper. Income-Div.	(.4)	3.2	1.6		.8
Income After Tax	(.3)	1.6	.5	(.1)	.4
Gross Investment	25.8	30.4	27.4	39.2	38.3
% ROI		5.3	1.8		1.0
U.S. Dom. & Export					
Sales	20.5	26.8	24.6	30.8	32.5
Gross Profit	.7	4.3	2.8	1.2	2.1
SARE-Div.	1.1	1.1	1.2	1.2	1.3
Oper. Income-Div.	(.4)	3.2	1.6		.8
Income After Tax	(.3)	1.6	.5	(.1)	.4
Ethylene Sell. Price/lb.	.039	.039	.031	.030	.029
Ethylene Cost of Sales/lb.	.034	.029	.024	.027	.026
% of Sales:					
Gross Profit	3.4	16.0	11.4	3.9	6.5
SARE-Div.	5.4	4.1	4.9	3.9	4.0
Income After Tax		6.0	2.0		1.2
$ Sales/$ Investment	.79	.88	.90	.79	.85
Gross Investment:					
Fixed Capital		89.1	92.6	97.5	96.3
Working Capital		4.7	3.3	2.3	2.5
Total	86.2	93.8	95.9	99.8	98.8
For Sales	25.8	30.4	27.4	39.2	38.3
% ROI - For Sales		5.3	1.8		1.0
Total Capacity Ethylene-MM lbs.	610.0	707.0	690.0	762.0	741.0
For Sales - Ethylene	125.7	123.0	57.0	224.6	290.0
Internal Use	549.9	564.0	633.0	587.0	511.0
Excess	(65.6)	20.0		(49.6)	(60.0)

The major depressant on 1969 profits was a 20¢/bbl. increase in raw materials. Product prices were generally steady to firming. A major effect on future profits could result from actions on oil import rules with the outlook presently encouraging. Ways to improve pattern through greater co-production of fuels are also receiving emphasis.

0633578

MONOMERS - PRODUCT GROUP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
World-Wide					
Sales	59.4	54.0	57.1	61.0	64.7
Oper. Income-Div.	7.1	6.2	9.1	10.2	9.9
Income After Tax	3.6	3.1	3.9	3.9	4.4
Gross Investment	126.0	102.2	101.5	118.1	112.4
% ROI	2.9	3.0	3.8	3.3	3.9
U.S. Dom. & Export					
Sales	57.0	51.0	53.8	57.2	53.5
Gross Profit	10.1	9.0	11.4	13.0	12.6
SARE-Div.	3.5	3.4	2.9	3.5	3.9
Oper. Income-Div.	6.6	5.6	8.5	9.5	8.7
Income After Tax	3.3	2.7	3.6	3.7	3.7
% of Sales:					
Gross Profit	17.7	17.6	21.2	22.7	23.6
SARE-Div.	6.1	6.7	5.4	6.1	7.3
Income After Tax	5.8	5.3	6.7	6.5	6.9
$ Sales/$ Investment	.47	.53	.56	.53	.59
Gross Investment	121.1	97.0	96.7	107.5	90.9
% ROI	2.7	2.8	3.7	3.4	4.1

Major products reported for Monomers product group are as follows:

0633580

ACETIC ACID
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales					1.3
Gross Profit					(.1)
SARE-Div.					.4
Oper. Income-Div.					(.5)
Income After Tax					(.4)
Selling Price/lb.					.053
Cost of Sales/lb.					.057
% of Sales:					
Gross Profit					
SARE-Div.					30.8
Net Income					
$ Sales/$ Investment					.17
Gross Investment:					
Fixed Capital				2.2	8.8
Working Capital					.8
Total				2.2	9.6
For Sales					7.5
% ROI - For Sales					
Total Capacity - MM lbs.					125.0
For Sales					24.0
Internal Use					71.9
Excess					29.1

1970 will mark the entry into acetic acid manufacture by Monsanto. A new Monsanto-developed process will be used which is expected to be the low cost method of making acetic acid. 1970 budget reflects the startup expenses and low volume of production. Profitability is projected in 1971 with higher volume and lower costs after the 1970 startup period.

0633581

ACRYLONITRILE
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	16.8	11.6	21.6	25.8	17.4
Gross Profit	1.0	.6	4.5	6.8	5.6
SARE-Div.	1.4	1.2	1.1	1.1	1.3
Oper. Income-Div.	(.4)	(.6)	3.4	5.7	4.3
Income After Tax	(.5)	(.5)	1.3	2.2	1.8
Selling Price/lb.	.122	.121	.115	.120	.108
Cost of Sales/lb.	.116	.110	.091	.086	.076
% of Sales:					
Gross Profit	6.0	5.2	20.8	26.4	32.2
SARE-Div.	8.3	10.3	5.1	4.3	7.5
Net Income			6.0	8.5	10.3
$ Sales/$ Investment	.31	.32	.47	.44	.55
Gross Investment:					
Fixed Capital		83.1	91.6	100.6	60.5
Working Capital		8.5	6.5	12.4	12.3
Total	99.4	91.6	98.1	113.0	72.8
For Sales	55.0	36.5	45.7	58.5	31.4
% ROI - For Sales			2.8	3.8	5.7
Total Capacity - MM lbs.	357.5	429.6	429.6	509.6	445.9
For Sales	135.0	95.5	185.8	217.1	161.4
Internal Use	131.1	195.3	248.7	249.9	272.8
Excess	91.4	138.8	(4.9)	42.6	11.7

The 1970 shutdown of the high cost high capital Texas City plant and startup of the new Seal Sands, England, plant will increase the rate of profit improvement in AN. 1971 will see further profit improvement with all AN facilities at capacity operation. Programs are underway to improve onstream time and reduce cost at the Chocolate Bayou plant by reduction in the fouling of equipment caused by polymer. Additional capacity is needed and planned for 1972. Monsanto will be short of acrylonitrile until this new capacity is available.

0633582

BUTADIENE
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	8.3	9.0	8.3	7.3	8.3
Gross Profit	1.4	1.2	.8	.6	.8
SARE-Div.	.5	.5	.5	.5	.4
Oper. Income-Div.	.9	.7	.3	.1	.4
Income After Tax	.4	.3			.2
Selling Price/lb.	.086	.082	.078	.076	.075
Cost of Sales/lb.	.072	.071	.070	.070	.068
% of Sales:					
Gross Profit	16.9	13.3	9.6	8.2	9.6
SARE-Div.	6.0	5.6	6.0	6.8	4.8
Net Income	4.8	3.3			2.4
$ Sales/$ Investment	.62	.73	.67	.65	.70
Gross Investment:					
Fixed Capital		11.3	11.8	11.5	11.8
Working Capital		1.5	1.8	1.5	1.9
Total	13.9	12.8	13.6	13.0	13.7
For Sales	13.3	12.3	12.4	11.2	11.8
% ROI - For Sales	3.0	2.4			1.7
Total Capacity - MM lbs.	95.3	104.4	112.5	126.7	131.5
For Sales	95.6	111.8	108.3	96.2	111.0
Internal Use	6.2	6.6	13.4	22.3	20.4
Excess	(6.5)	(14.0)	(9.2)	8.2	.1

Butadiene will continue to be marginally profitable due to the total economic situation in our Primary Petrochemical Intermediates. Improved recovery of butadiene from the C4 feedstock at Chocolate Bayou is required to achieve better profitability. Continued erosion of price is probable due to imports from Japan and Europe, but at a slightly slower rate than in the past. Under foreseeable circumstances we do not expect butadiene to achieve an acceptable level of profitability.

0633583

METHANOL
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	.8	.1	.2	.1	.5
Gross Profit	.2				
SARE-Div.					.1
Oper. Income-Div.	.2				(.1)
Income After Tax	.1				(.1)
Selling Price/lb.	.034	.040	.027	.028	.018
Cost of Sales/lb.	.025	.022	.024	.018	.019
% of Sales:					
Gross Profit	25.0				
SARE-Div.					20.0
Net Income	12.5				
$ Sales/$ Investment	.89	.08	1.00	.17	.31
Gross Investment:					
Fixed Capital		8.3	7.4	11.0	13.6
Working Capital		1.0	.6	.5	.7
Total	5.9	9.3	8.0	11.5	14.3
For Sales	.9	1.3	.2	.6	1.6
% ROI - For Sales	11.1				
Total Capacity - MM lbs.	86.4	151.2	183.0	183.0	338.9
For Sales	22.6	1.4	3.4	2.3	30.0
Internal Use	192.3	187.1	220.0	245.5	324.4
Excess	(128.5)	(37.3)	(40.4)	(64.8)	(15.5)

1970 will see the shutdown of our old small methanol plant and the startup of our new large one. We should then be one of the low cost producers of methanol with a 100MM gallon plant based on new technology. 1970 budget reflects the startup expenses and low production output from the new unit. 1971 will show considerable improvement. Because of the major plans of the Inorganic Division in NTA, we are projecting that they will continue to be a large net buyer of methanol after startup of the new plant.

0633584

STYRENE MONOMER
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	26.6	26.1	22.4	22.5	23.4
Gross Profit	7.3	7.1	6.3	5.6	6.2
SARE-Div.	1.4	1.5	1.2	1.2	1.6
Oper. Income-Div.	5.9	5.6	5.1	4.4	4.6
Income After Tax	3.3	3.0	2.4	1.8	2.2
Selling Price/lb.	.076	.074	.064	.063	.064
Cost of Sales/lb.	.055	.053	.048	.048	.047
% of Sales:					
Gross Profit	27.4	27.2	28.1	24.9	26.5
SARE-Div.	5.3	5.7	5.4	5.3	6.8
Net Income	12.4	11.5	10.7	8.0	9.4
$ Sales/$ Investment	.65	.70	.63	.63	.64
Gross Investment:					
Fixed Capital		59.2	60.1	59.5	64.7
Working Capital		10.0	10.2	9.8	11.5
Total	70.9	69.2	70.3	69.3	76.2
For Sales	41.1	37.5	35.8	35.7	36.5
% ROI - For Sales	8.0	8.0	6.7	5.0	6.0
Total Capacity - MM lbs.	650.0	675.0	750.0	750.0	750.0
For Sales	316.0	323.3	364.1	395.0	377.5
Internal Use	348.1	380.4	421.5	460.6	526.0
Excess	(14.1)	(28.7)	(35.6)	(105.6)	(153.5)

Profitability declined in 1969 primarily due to price erosion even though the price decline was smallest in years. 1970 will be an improvement due to higher volume and better costs. Profitability of styrene will fluctuate until 1972 when a major capacity plant utilizing improved technology will be onstream. These facilities should produce styrene at the lowest cost of any facilities in the world. 1971 profits will suffer due to startup and writeoff expenses associated with shutdown of old facilities and startup of new facilities. We will maintain a position in the European market (to our captive outlets) via an exchange with BASF. With the increased capacity in 1972 plans are already being implemented to achieve a bigger share of the U.S. market.

0633585

VINYL ACETATE
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	1.4	.5	.1		.4
Gross Profit	.1	.1			
SARE-Div.		.1			
Oper. Income-Div.	.1				(.1)
Income After Tax					
Selling Price/lb.	.102	.111	.105	.092	.088
Cost of Sales/lb.	.093	.092	.092	.136	.086
% Sales:					
Gross Profit	7.1	20.0			
SARE-Div.		20.0			
Net Income					
$ Sales/$ Investment	.47	.71	.50		.25
Gross Investment:					
Fixed Capital		11.8	12.5	13.9	18.5
Working Capital		.8	1.0	1.1	1.7
Total	12.2	12.6	13.5	15.0	20.2
For Sales	3.0	.7	.2	1.1	1.6
% ROI - For Sales					
Total Capacity - MM lbs.	57.6	65.0	70.0	85.0	35.4
For Sales	14.0	4.1	.8	.1	4.0
Internal Use	55.4	100.7	105.1	105.6	116.0
Excess	(11.8)	(39.8)	(35.9)	(20.7)	(84.6)

We will shut down our VAM manufacturing facilities in mid-1970. Our requirements will be obtained by purchase and by having our acetic acid converted to vinyl acetate. A modest position in the market place will be reestablished after having withdrawn due to lack of capacity. 1970 budget reflects the cost of shut-down of existing facilities plus a share of the acetic acid startup costs. 1971 results will show improvement due to lower acid costs.

0633586

VINYL CHLORIDE
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	3.1	3.7	1.2	1.5	2.2
Gross Profit	.1		(.2)		.1
SARE-Div.	.2	.1	.1	.7	
Oper. Income-Div.	(.1)	(.1)	(.3)	(.7)	.1
Income After Tax		(.1)	(.1)	(.3)	
Selling Price/lb.	.065	.036	.052	.042	.041
Cost of Sales/lb.	.064	.056	.058	.043	.039
% of Sales:					
Gross Profit	3.2				4.5
SARE-Div.	6.5	2.7	8.3	46.7	
Net Income					
$ Sales/$ Investment	.40	.43	.50	3.75	4.40
Gross Investment:					
Fixed Capital		22.8	11.0	.1	.1
Working Capital		3.2	1.1	.3	.4
Total	25.4	26.0	12.1	.4	.5
For Sales	7.8	8.7	2.4	.4	.5
% ROI - For Sales					
Total Capacity - MM lbs.	138.0	145.0	159.6		
For Sales	35.8	48.8	23.6	36.5	52.6
Internal Use	130.5	111.0	129.0		
Excess	(28.3)	(14.8)	7.0	(36.5)	(52.6)

We remain in the merchant market to sell VCM in excess of captive requirements to assure our captive use of VCM in PVC being obtained at the lowest possible cost. Because of high technical costs associated with our work on the oxidative chlorination process, our profitability has been negative. A decline in technical expenses is expected this year.

Royalty income is expected in 1971 from the sale of technology which will recoup much of these technical expenses. Further licensing of our process will result in some profit accruing from this activity.

0633587

POLYMERS - PRODUCT GROUP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
World-Wide					
Sales	159.6	149.6	162.8	182.6	199.1
Oper. Income-Div.	12.2	2.4	.7	9.1	13.0
Income After Tax	5.7	.7	(.7)	5.9	6.3
Gross Investment	242.1	268.1	285.1	290.8	322.2
% ROI	2.4	.3		2.0	2.0
U.S. Dom. & Export					
Sales	106.4	95.2	103.1	114.3	118.7
Gross Profit	22.0	14.8	14.9	19.7	22.8
SARE-Div.	11.3	12.5	13.0	13.6	14.4
Oper. Income-Div.	10.7	2.3	1.9	6.1	8.4
Income After Tax	5.4	1.2		3.4	3.4
% of Sales:					
Gross Profit	20.7	15.5	14.5	17.2	19.2
SARE-Div.	10.6	13.1	12.6	11.9	12.1
Income After Tax	5.1	1.3		3.0	2.9
$ Sales/$ Investment	.57	.48	.50	.55	.51
Gross Investment	186.8	198.3	207.4	209.3	232.8
% ROI	2.9	.6		1.6	1.5

Major products reported for Polymers product group are as follows:

0633588

H.D.P.E.
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	3.9	2.9	4.0	4.1	9.2
Gross Profit	.7	.6	1.0	(.1)	.2
SARE-Div.	.5	.5	.6	.8	1.9
Oper. Income-Div.	.2	.1	.4	(.9)	(1.7)
Income After Tax	.1			(.5)	(1.3)
Selling Price/lb.	.139	.151	.137	.125	.113
Cost of Sales/lb.	.113	.120	.102	.129	.111
% of Sales:					
Gross Profit	17.9	20.7	25.0		2.2
SARE-Div.	12.8	17.2	15.0	19.5	20.7
Net Income	2.6				
$ Sales/$ Investment	.54	.44	.48	.35	.44
Gross Investment:					
Fixed Capital		17.2	19.5	28.6	34.9
Working Capital		2.2	1.6	2.4	3.1
Total	17.5	19.4	21.1	31.0	38.0
For Sales	7.2	6.6	8.3	11.7	21.0
% ROI - For Sales	1.4				
Total Capacity - MM lbs.	53.4	70.0	82.5	89.1	163.0
For Sales	28.1	19.5	29.3	31.8	81.8
Internal Use	36.0	42.0	48.5	43.3	54.5
Excess	(10.7)	8.5	4.7	14.0	26.7

Operating income was $0.5MM lower than budget in 1969. Sales were only $4.1MM vs. a budget of $7.6MM. Plant output was limited to 74.8MM lbs. by late completion of a 10MM lbs. debottlenecking project, interferences from Line 3 installation, mechanical problems in densification equipment, and product development work in the plant. Packaging Division was partially supplied in 1969 by use of purchased resin in order to develop new products in the plant and build markets prior to Line 3 startup.

Line 3 was mechanically complete in Dec., 1969, and 870M lbs. of resin were produced. In 1970, sales budget sharply increases to $9.2MM vs. $4.1MM actual sales in 1969 but startup charges and volume variance will result in a loss in operating income of $1.7MM.

0633589

L.D.P.E.
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	20.5	15.4	13.9	14.5	
Gross Profit	6.1	2.6	.4	1.3	(.3)
SARE-Div.	2.0	1.9	1.7	1.0	.2
Oper. Income-Div.	4.1	.7	(1.3)	.3	(.5)
Income After Tax	2.3	.4	(.7)	1.6	.2
Selling Price/lb.	.165	.135	.105	.110	
Cost of Sales/lb.	.116	.112	.102	.100	
% of Sales:					
Gross Profit	29.8	16.9	2.9	9.0	
SARE-Div.	9.8	12.3	12.2	6.9	
Net Income	11.2	2.6		11.0	
$ Sales/$ Investment	.55	.42	.37	.41	
Gross Investment:					
Fixed Capital		33.7	33.1	32.4	26.5
Working Capital		4.6	6.1	5.1	.8
Total	38.6	38.3	39.2	37.5	27.3
For Sales	37.1	36.6	37.7	35.8	27.3
% ROI - For Sales	6.2	1.1		.8	.1
Total Capacity - MM lbs.	120.4	134.6	140.3	139.5	
For Sales	124.0	114.2	132.2	132.9	
Internal Use	5.6	5.1	5.8	5.1	
Excess	(9.2)	15.3	2.3	1.5	

Slightly higher than budget sales prices were partially offset by over-budget COGS. Supply-demand balance tightened during 1969 and resulted in inventory reduction of 8MM lbs. Sale of our LDPE business to Northern Petrochemical Co. was completed in August, 1969. The LDPE plant will be operated by Monsanto for Northern Petrochemical Co. for 2 - 2-1/2 years under a conversion agreement beginning January 1, 1970. Sales price for the business was $4.75MM. Operating income (Div.) in 1969 was $.2MM over budget prior to income from sale of the business.

1970 operating income is budgeted at $.5MM loss due primarily to accelerated depreciation of the LDPE facilities.

0633590

LUSTRAN
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	18.2	16.3	22.1	28.6	34.6
Gross Profit	4.9	2.8	5.5	6.7	9.2
SARE-Div.	2.8	3.5	4.0	4.4	4.2
Oper. Income-Div.	2.1	(.7)	1.5	2.3	5.0
Income After Tax	.9	(.4)	.2	.3	1.9
Selling Price/lb.	.286	.269	.252	.233	.231
Cost of Sales/lb.	.209	.222	.189	.178	.169
% of Sales:					
Gross Profit	26.9	17.2	24.9	23.4	26.6
SARE-Div.	15.4	21.5	18.1	15.4	12.1
Net Income	4.9		.9	1.0	5.5
$ Sales/$ Investment	.46	.39	.43	.49	.57
Gross Investment:					
Fixed Capital		36.2	42.0	47.9	51.9
Working Capital		7.2	10.0	12.1	12.3
Total	39.8	43.4	52.0	60.0	64.2
For Sales	39.4	42.3	50.5	58.6	60.7
% ROI - For Sales	2.3		.4	.5	3.1
Total Capacity - MM lbs. (Incl. Technical Grade)	66.3	90.7	93.4	137.4	168.6
For Sales	63.5	60.7	87.8	122.6	150.0
Internal Use	2.8	4.5	6.7	5.7	10.5
Excess		25.5	(1.1)	9.1	8.1

The major Lustran sales growth which began in 1968 is expected to continue through 1970, as the newer Lustrans are qualifying broadly across major molding markets. Although the newer markets require more expensive formulations, cost improvements beyond those forecasted are expected as major technical resources are devoted to these problems. The industry supply-demand balance indicates overcapacity which will keep pressure on ABS prices throughout the year.

However, the growth rate continues at a 20-25% increase per year. Developing Monsanto expansions with low cost facilities in 1971-73 indicate a continuing improvement in Lustran returns over the next five years.

0633591

LUSTREX
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	39.4	39.0	40.2	43.4	46.3
Gross Profit	8.0	7.2	6.3	8.8	8.6
SARE-Div.	3.1	3.2	3.2	3.9	4.3
Oper. Income-Div.	4.9	4.0	3.1	4.9	4.3
Income After Tax	2.6	1.9	1.3	2.1	1.9
Selling Price/lb.	.144	.145	.137	.141	.137
Cost of Sales/lb.	.115	.119	.116	.113	.111
% of Sales:					
Gross Profit	20.3	18.5	15.7	20.3	18.6
SARE-Div.	7.9	8.2	8.0	9.0	9.3
Net Income	6.6	4.9	3.2	4.8	4.1
$ Sales/$ Investment	.69	.59	.57	.62	.61
Gross Investment:					
Fixed Capital		60.2	64.7	66.2	73.6
Working Capital		13.0	15.3	16.0	16.0
Total	61.6	73.3	80.0	82.2	89.6
For Sales	57.1	66.4	70.5	69.5	76.0
% ROI - For Sales	4.6	2.9	1.8	3.0	2.5
Total Capacity - MM lbs.	345.4	348.0	377.9	397.6	424.7
For Sales	273.7	268.0	293.2	307.5	338.6
Internal Use	31.7	40.5	47.9	54.9	66.0
Excess	40.0	39.5	36.8	35.2	20.1

Developing Monsanto expansions with the lowest cost facilities in 1972-74 continues to look very promising and indicates a bright future. The 10% growth of the polystyrene market in the U.S. is expected to continue into the 1970's. New markets in furniture, foam packaging, disposable food packing items, and bathroom fixtures are expanding rapidly and, barring a recession, could cause the growth rate to exceed 10%. The present balanced demand-supply situation should create an atmosphere for stable prices. Announced expansions will keep the supply-demand in balance.

0633592

NYLON RESINS
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	1.2	1.6	3.1	4.1	6.5
Gross Profit	.5	.8	1.3	1.8	3.1
SARE-Div.	.3	.5	.4	.4	.8
Oper. Income-Div.	.2	.3	.9	1.4	2.3
Income After Tax	.1	.2	.4	.6	1.2
Selling Price/lb.			.705	.693	.717
Cost of Sales/lb.			.409	.389	.375
% of Sales:					
Gross Profit	41.7	50.0	41.9	43.9	47.7
SARE-Div.	25.0	31.3	12.9	9.8	12.3
Net Income	8.3	12.5	12.9	14.6	18.5
$ Sales/$ Investment	.67	.47	.65	.71	.83
Gross Investment:					
Fixed Capital		2.8	4.1	4.8	6.1
Working Capital		.6	.7	1.0	1.7
Total	1.8	3.4	4.8	5.8	7.8
For Sales	1.8	3.4	4.8	5.8	7.8
% ROI - For Sales	5.6	5.9	8.3	10.3	15.4
Total Capacity - MM lbs.	*	*	*	*	*
For Sales		2.1	4.4	5.9	9.0
Internal Use					
Excess					

*Material produced in multipurpose equipment.

Nylon Resins continued its rapid growth pattern in both sales and income in 1969.

Nylon molding resin owes its good profitability due to its specialty position in the market. Monsanto's position is built on the Textile Division's large nylon fiber divisor. We anticipate continued steady growth in both sales and profit. However, leverage on the division's total performance is currently limited. Growth rate of the nylon resin market is relatively low and DuPont's long entrenched position makes sales penetration difficult. We have initiated technical efforts to develop improved products in order to increase our participation.

0633593

OPALON
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	18.8	15.9	15.9	14.8	17.0
Gross Profit	1.6	.7	.3	.8	1.4
SARE-Div.	2.2	2.5	2.7	2.8	2.6
Oper. Income-Div.	(.6)	(1.8)	(2.4)	(2.0)	(1.2)
Income After Tax	(.4)	(.7)	(1.0)	(.7)	(.5)
Selling Price/lb.	.165	.158	.158	.151	.155
Cost of Sales/lb.	.151	.151	.155	.142	.142
% of Sales:					
Gross Profit	8.5	4.4	1.9	5.4	8.2
SARE-Div.	11.7	15.7	17.0	18.9	15.3
Net Income					
$ Sales/$ Investment	.53	.47	.64	.80	.59
Gross Investment:					
Fixed Capital		27.3	20.3	12.6	23.8
Working Capital		7.0	5.9	6.7	6.4
Total	35.5	34.3	26.2	19.3	30.2
For Sales	35.3	33.6	25.0	18.5	28.7
% ROI - For Sales					
Total Capacity - MM lbs.	121.1	106.0	106.0	113.5	115.4
For Sales	113.7	100.7	100.5	98.3	109.8
Internal Use	1.8	2.4	3.1	3.1	6.6
Excess	5.6	2.9	2.4	12.1	(1.0)

Homopolymer resin supply-demand balance tightened significantly and prices firmed. Neither rigid compounds for bottles nor paste sales materialized as expected due to extended qualification testing for bottles and automotive turndown for paste.

SARE was over budget due to high CED and excess development charges from our new project activity.

Longer term plans include complete renovation of the PVC manufacturing facilities utilizing very large scale, low cost processes and equipment.

0633594

ULTRON
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	6.2	6.5	6.9	7.7	8.2
Gross Profit	.2	.1	.1	.4	.6
SARE-Div.	.4	.4	.4	.3	.4
Oper. Income-Div.	(.2)	(.3)	(.3)	.1	.2
Income After Tax	(.2)	(.2)	(.2)		
Selling Price/lb.	.281	.285	.285	.283	.288
Cost of Sales/lb.	.271	.281	.281	.267	.267
% of Sales:					
Gross Profit	3.2	1.5	1.4	5.2	7.3
SARE-Div.	6.5	6.2	5.8	3.9	4.9
Net Income				1.3	2.4
$ Sales/$ Investment	.70	.69	.65	.82	.73
Gross Investment:					
Fixed Capital		7.7	8.5	7.0	9.0
Working Capital		1.7	2.1	2.4	2.3
Total	8.9	9.4	10.6	9.4	11.3
For Sales	8.9	9.4	10.6	9.4	11.3
% ROI - For Sales					
Total Capacity - MM lbs.	22.0	23.5	21.6	24.0	26.5
For Sales	22.0	22.8	24.2	27.2	28.3
Internal Use					
Excess		.7	(2.6)	(3.2)	(1.8)

The film and sheeting market continued firm throughout 1969. Pricing was relatively firm except for one major downward re-negotiation.

Continued softness in the automotive and housing areas will hurt film-sheet volume in 1970.

Longer term plans include upgrading this operation with very large, low cost facilities.

0633595

PRODUCTION & EXPLORATION - PRODUCT GROUP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
World-Wide					
Sales	26.1	30.1	30.0	29.1	30.0
Oper. Income-Div.	6.8	8.5	8.9	9.3	5.2
Income After Tax	4.4	5.3	5.7	5.8	3.3
Gross Investment	78.3	79.2	82.7	82.0	85.7
% ROI	5.6	6.7	6.9	7.1	3.9
U.S. Dom. & Export					
Sales	26.1	30.1	30.0	29.1	30.0
Gross Profit	5.0	6.6	5.8	6.9	3.5
SARE-Div.	.7	.3	.2	.2	.2
Depletion Credit	2.5	2.2	3.3	2.6	2.0
Oper. Income-Div.	6.8	8.5	8.9	9.3	5.3
Income After Tax	4.4	5.3	5.7	5.8	3.3
% of Sales:					
Gross Profit	19.2	21.9	19.3	23.7	11.7
SARE-Div.	2.7	1.0	.7	.7	.7
Income After Tax	16.1	7.6	19.0	19.9	11.0
$ Sales/$ Investment	.33	.38	.36	.35	.35
Gross Investment:					
Fixed Capital		77.4	81.0	78.4	83.4
Working Capital		1.8	1.7	3.6	2.3
Total	78.3	79.2	82.7	82.0	85.7
% ROI - For Sales	5.6	6.7	6.9	7.1	3.9
Sales-Crude Oil - MM Bbls.	6.6	7.1	7.1	6.5	6.6
Natural Gas - MM MCF	44.7	53.4	55.2	57.6	60.6
L.P.G. - MM Bbls.	.8	.8	.8	.9	.9

1969 sales were substantially under 1968 but net income was substantially over budget in spite of the sales short-fall. Crude price increase and gas volume increase were insufficient to offset crude volume variance, resulting in the overall sales decrease. The reversal of a planned $1.5MM foreign exploration accrual had the most significant effect on income causing a reduction of cost of goods sold.

Net income for 1970 will be down substantially (43%), as a result of an expansion of foreign exploration activities and the 1969 roll forward ($1.5MM mentioned above) and the reduction in the percentage depletion area of 27-1/2% to 22%.

REFINERY & MARKETING - PRODUCT GROUP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
World-Wide					
Sales	60.0	64.7	69.2	72.6	73.2
Oper. Income-Div.	3.3	3.9	3.2	3.4	3.2
Income After Tax	1.3	1.6	1.2	1.3	1.4
Gross Investment	54.0	53.9	53.0	54.1	57.6
% ROI	2.4	3.0	2.3	2.4	2.4
U.S. Dom. & Export					
Sales	60.0	64.7	69.2	72.6	73.2
Gross Profit	10.9	12.6	12.2	13.7	13.6
Station Distribution	3.5	4.6	5.3	6.5	6.7
SARE-Div.	4.1	4.1	3.7	3.8	3.7
Oper. Income-Div.	3.3	3.9	3.2	3.4	3.2
Income After Tax	1.3	1.6	1.2	1.3	1.4
% of Sales:					
Gross Profit	18.2	19.5	17.6	18.9	18.5
SARE-Div.	6.8	6.3	5.3	5.2	5.1
Income After Tax	2.2	2.5	1.7	1.8	1.9
$ Sales/$ Investment	1.11	1.20	1.31	1.34	1.27
Gross Investment	54.0	53.9	53.0	54.1	57.6
% ROI	2.4	3.0	2.3	2.4	2.4

Major products reported for Refinery & Marketing product group are as follows:

0633597

MARKETING
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	28.7	28.1	30.4	35.4	37.6
Gross Profit	4.2	5.4	6.8	8.3	9.2
Station Distribution	3.5	4.6	5.3	6.5	6.7
SARE-Div.	2.6	2.7	2.3	2.4	2.4
Oper. Income-Div.	(1.9)	(1.9)	(.8)	(.6)	.1
Income After Tax	(1.3)	(1.2)	(.5)	(.3)	(.1)
Selling Price/Gal.	.145	.157	.159	.166	.170
Cost of Sales/Gal.	.124	.127	.124	.127	.128
% of Sales:					
Gross Profit	14.6	19.2	22.4	23.4	24.5
SARE-Div.	9.1	9.6	7.6	6.8	6.3
Net Income					.3
$ Sales/$ Investment	1.72	1.69	1.90	2.22	2.08
Gross Investment:					
Fixed Capital		12.9	12.4	12.7	14.0
Working Capital		3.7	3.6	3.2	4.1
Total	16.7	16.6	16.0	15.9	18.1
For Sales	16.7	16.6	16.0	15.9	18.1
% ROI - For Sales					
Sales - MM Gal.	197.3	178.4	190.8	212.9	220.7

The 1969 improvement was entirely attributable to a 12% increase in sales volume per dollar of investment, as selling prices rose almost enough to offset increased transfer prices from the refinery.

Total volume increase occurred at company-operated stations with a substantial portion resulting from meeting retail prices posted by independents in many areas.

Volume gains should level off to industry average in 1970, but improved prices are expected to bring about a slight increase in net income. No significant improvement is forecasted for the future.

0633598

REFINERY
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	54.2	57.6	60.7	62.5	61.7
Gross Profit	6.7	7.2	5.4	5.4	4.4
SARE-Div.	1.5	1.4	1.3	1.4	1.3
Oper. Income-Div.	5.2	5.8	4.1	4.0	3.1
Income After Tax	2.6	2.8	1.7	1.6	1.5
Selling Price/Bbl.	4.27	4.39	4.34	4.42	4.48
Cost of Sales/Bbl.	3.76	3.86	3.98	4.06	4.18
% of Sales:					
Gross Profit	12.4	12.5	8.9	8.6	7.1
SARE-Div.	2.8	2.4	2.1	2.2	2.1
Net Income	4.8	4.9	2.8	2.6	2.4
$ Sales/$ Investment	1.45	1.54	1.64	1.64	1.56
Gross Investment:					
Fixed Capital		31.4	31.4	31.2	32.1
Working Capital		5.9	5.6	7.0	7.4
Total	37.3	37.3	37.0	38.2	39.5
For Sales	37.3	37.3	37.0	38.2	39.5
% ROI - For Sales	7.0	7.5	4.6	4.2	3.8
Sales - Refined Oil MM Bbls.	12.6	13.1	14.0	14.1	13.8

After eliminating a non-recurring charge ($640,000) to sales revenue in 1968 and a non-recurring credit ($125,000) to sales in 1969, net income from operations actually declined by $500,000. This was due to increased crude costs which were only partially offset by a gain of 4.0¢ per barrel in average selling price.

Although some improvement (6.0¢/bbl.) in average selling price is forecasted for 1970, rising crude and manufacturing costs are estimated to be 12.0¢ higher. Current market conditions suggest price estimates are on high side, with future projections being clouded by possibility of eliminating use of tetraethyl lead.

0633599

INORGANIC CHEMICALS DIVISION
Division Profitability - Chemical Business
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
World-Wide					
Sales	170.6	182.2	193.0	206.7	224.1
Oper. Income-Div.	17.0	22.4	26.0	35.5	38.3
Income After Tax	7.8	11.0	12.1	17.5	19.0
Gross Investment	258.4	269.2	275.4	293.7	303.6
% ROI	3.0	4.1	4.4	6.0	6.3
U.S. Dom. & Export					
Sales	160.9	169.4	183.7	198.3	216.0
Oper. Income-Div.	16.3	22.2	26.0	35.3	37.9
Income After Tax	7.5	10.9	12.1	17.4	18.8
Inc. A.T. as % of Sales	4.6	6.4	6.6	8.8	8.7
$ Sales/$ Investment	.64	.65	.69	.69	.73
Gross Investment	252.4	261.1	267.4	285.6	295.0
% ROI					
Division (Chem. Business)	3.0	4.2	4.5	6.1	6.4
Business Groups:					
Detergents	1.8	3.7	3.9	6.0	5.8
Industrial Chemicals	6.2	7.5	8.2	5.8	9.6
Special Chem. Systems	9.5	4.4	6.7	7.7	8.2

Investment in the division's Chemical Business major products earned the following rates of return for actual 1969 and budget 1970:

	% of Investment 1969	1970
Loss	4.5	-
0 to 4%	10.4	10.4
4 to 6%	54.5	56.1
Over 6%	30.6	33.5

Business groups are reported on the following pages:

Major products reported comprise 78% of the division's Chemical Business investment in 1969 and 1970.

0633600

DETERGENT - BUSINESS GROUP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
World-Wide					
Sales	130.7	140.7	150.9	164.1	175.6
Oper. Income-Div.	9.7	16.0	17.8	27.5	27.9
Income After Tax	3.9	7.8	8.4	13.8	13.9
Gross Investment	207.7	214.9	222.1	236.2	243.7
% ROI	1.9	3.6	3.8	5.8	5.7
U.S. Dom. & Export					
Sales	124.7	133.6	144.4	158.3	170.9
Gross Profit	17.1	23.4	25.3	32.8	34.5
SARE-Div.	8.9	9.1	9.5	9.8	9.9
Oper. Income-Div.	9.3	16.1	18.0	27.6	28.1
Income After Tax	3.8	7.9	8.5	13.9	14.0
% of Sales:					
Gross Profit	13.7	17.5	17.5	20.7	20.2
SARE-Div.	7.1	6.8	6.6	6.2	5.8
Income After Tax	3.0	5.9	5.9	8.8	8.2
$ Sales/$ Investment	.61	.63	.66	.68	.71
Gross Investment	205.0	211.2	218.5	233.0	240.2
% ROI	1.8	3.7	3.9	6.0	5.8

Major products reported for the Detergent business group are as follows:

0633601

ALKYLATES
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	13.9	13.7	14.5	17.0	19.7
Gross Profit	3.0	3.0	3.5	4.2	6.6
SARE-Div.	1.1	1.0	1.0	.8	.9
By-Prod. Gross Profit	.4	.1	.1	.1	.5
Oper. Income-Div.	2.3	2.0	2.6	3.5	6.2
Income After Tax	.8	.9	1.1	1.6	3.0
Selling Price/lb.	.100	.098	.097	.103	.100
Cost of Sales/lb.	.078	.077	.073	.078	.067
% of Sales:					
Gross Profit	21.6	21.8	24.1	24.7	33.5
SARE-Div.	7.9	7.3	6.9	4.7	4.5
Net Income	5.8	6.6	7.6	9.4	15.2
$ Sales/$ Investment	.74	.70	.72	.81	.88
Gross Investment:					
Fixed Capital		16.5	15.3	15.6	17.0
Working Capital		4.2	4.8	5.3	6.0
Total	19.6	20.7	20.1	20.9	23.0
For Sales	18.7	19.7	19.2	20.2	22.3
% ROI - For Sales	4.3	4.6	5.7	7.9	13.5
Total Capacity - MM lbs.	150.0	165.0	185.0	197.0	250.0
For Sales	137.1	139.1	150.0	164.7	196.0
Internal Use	16.9	15.2	13.8	9.0	12.0
Excess	(4.0)	10.7	21.2	23.3	42.0

A price increase in April 1969 and increased volumes more than offset the effect of increased alkylate costs pushing this product's 1969 ROI to 7.9%. Significant cost reductions, resulting from consolidation of alkylate production at Alvin, Texas, are budgeted 1970. In combination, the increased volumes and margins will raise the 1970 ROI to 13.5%.

0633602

ALL - CONDENSED, FLUFFY AND COLD WATER
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	6.8	8.0	7.9	9.2	8.4
Gross Profit	.1	.8	.5	1.0	1.2
SARE-Div.	.1	.2	.2	.3	.3
Depletion Tax Credit		.1	.1	.1	.1
Oper. Income-Div.		.7	.4	.8	1.0
Income After Tax	(.2)	.3	.1	.4	.4
Selling Price/lb.	.065	.072	.073	.078	.080
Cost of Sales/lb.	.064	.065	.069	.070	.069
% of Sales:					
Gross Profit	1.5	10.0	5.7	10.9	14.3
SARE-Div.	1.5	2.5	2.5	3.3	3.6
Net Income		3.8	1.7	4.3	4.8
$ Sales/$ Investment	.74	.89	.89	.87	.80
Gross Investment:					
Fixed Capital		6.8	7.4	8.5	8.3
Working Capital		2.2	1.5	2.0	2.2
Total	9.2	9.0	8.9	10.5	10.5
For Sales	9.2	9.0	8.9	10.5	10.5
% ROI - For Sales		3.3	1.5	3.6	3.8
Total Capacity - MM lbs.	164.2	164.7	157.2	163.4	166.0
For Sales	105.5	110.8	109.1	117.4	105.0
Internal Use					
Excess	58.7	53.9	48.1	46.0	61.0

All is produced by Monsanto for Lever Brothers on a cost-plus basis.

0633603

DCP - ANHYDROUS AND DIHYDRATE
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	2.8	3.3	2.9	3.0	2.8
Gross Profit	.8	1.1	.9	.9	.8
SARE-Div.	.2	.3	.2	.2	.2
Oper. Income-Div.	.6	.8	.7	.8	.6
Income After Tax	.3	.5	.4	.4	.4
Selling Price/lb.	.076	.078	.078	.078	.079
Cost of Sales/lb.	.054	.051	.054	.055	.056
% of Sales:					
Gross Profit	28.6	33.3	31.6	30.0	28.6
SARE-Div.	7.1	9.1	6.9	6.7	7.1
Net Income	10.7	15.2	12.9	13.3	14.3
$ Sales/$ Investment	.55	.79	.76	.72	.65
Gross Investment:					
Fixed Capital		3.2	3.1	3.5	3.5
Working Capital		1.0	.7	.7	.7
Total	5.1	4.2	3.8	4.2	4.2
For Sales	5.1	4.2	3.8	4.2	4.2
% ROI - For Sales	5.9	11.9	9.9	9.5	9.5
Total Capacity - MM lbs.	81.4	79.8	78.7	89.2	80.8
For Sales	37.0	42.0	37.2	38.9	34.8
Internal Use	22.6	28.8	30.4	27.7	33.6
Excess	21.8	9.0	11.1	22.6	12.4

These products have historically been the key abrasives used in dentifrice compounds as is reflected in their relatively stable sales volumes. Sales volumes will decrease in 1970 as dentifrice manufacturers increase their use of TCPP and IMP as polishing agents. Nonetheless, income and ROI will remain constant because DCP is a raw material for TCPP.

0633604

NTA
($ in Millions)

	Actual 1968	Actual 1969	Budget 1970
U.S. Dom. & Export			
Sales	.1	4.4	5.6
Gross Profit	(.3)	.4	.9
SARE-Div.	.3	.4	.5
Oper. Income-Div.	(.6)		.4
Income After Tax	(.3)	(.1)	.1
Selling Price/lb.	.120	.121	.102
Cost of Sales/lb.	.692	.110	.085
% of Sales:			
Gross Profit		9.1	16.1
SARE-Div.		8.1	8.9
Net Income			1.8
$ Sales/$ Investment	.01	.46	.59
Gross Investment:			
Fixed Capital	6.3	8.7	8.8
Working Capital	.1	.8	.7
Total	6.4	9.5	9.5
For Sales	6.4	9.5	9.5
% ROI - For Sales			.7
Total Capacity - MM lbs.		75.0	75.0
For Sales	.5	36.2	55.0
Internal Use			
Excess		38.8	20.0

NTA, essentially a development product in 1969, is produced in a plant with a 75MM lb. capacity at Alvin, Texas. This product is used in detergent formulations as a non-phosphate substitute for STP. Volumes and profits are forecast to grow rapidly upon completion of the 230% expansion planned for 1970-71.

0633605

PHOS. ACID - FOOD
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	5.1	5.2	5.7	5.8	6.7
Gross Profit	1.3	1.7	1.8	2.0	2.0
SARE-Div.	.4	.4	.6	.4	.4
Depletion Tax Credit	.1	.1	.1	.3	.2
Oper. Income-Div.	1.0	1.4	1.3	1.9	1.8
Income After Tax	.4	.7	.7	.9	1.0
Selling Price/lb.	.096	.100	.099	.101	.100
Cost of Sales/lb.	.071	.067	.067	.068	.070
% of Sales:					
Gross Profit	25.5	32.7	31.7	34.5	29.9
SARE-Div.	7.8	7.6	10.5	6.9	6.0
Net Income	7.8	13.5	11.8	15.5	14.9
$ Sales/$ Investment	.57	.70	.77	.70	.73
Gross Investment:					
Fixed Capital		6.2	6.3	6.8	7.6
Working Capital		1.2	1.1	1.5	1.6
Total	8.9	7.4	7.4	8.3	9.2
For Sales	8.9	7.4	7.4	8.3	9.2
% ROI - For Sales	4.5	9.5	9.1	10.8	10.9
Total Capacity - MM lbs.	820.8	802.3	815.2	824.0	866.5
For Sales	52.7	51.8	57.9	57.9	67.1
Internal Use	609.7	733.3	743.8	749.9	787.2
Excess	157.8	17.2	13.5	16.2	12.2

Higher netback prices pushed Phos. Acid profits to a 10.8% ROI level in 1969. The raw material cost increases that are anticipated in 1970 will offset increased profit potential on significantly increased volumes. ROI will remain at the high levels of 1969.

0633606

PHOS. ACID - OTHER
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	9.0	6.5	5.1	2.9	4.2
Gross Profit	.7	.5	.2	.3	.7
SARE-Div.	.3	.6	.4	.2	.2
Depletion Tax Credit	.2	.3	.2	.2	.2
Oper. Income-Div.	.6	.2	.1	.3	.7
Income After Tax	.1	.1	.1	.2	.4
Selling Price/lb.	.069	.070	.068	.073	.077
Cost of Sales/lb.	.064	.064	.065	.065	.064
% of Sales:					
Gross Profit	7.8	7.7	4.1	10.3	16.7
SARE-Div.	3.3	9.2	7.8	6.9	4.8
Net Income	1.1	1.5	1.0	6.9	9.5
$ Sales/$ Investment	.49	.31	.52	.57	.55
Gross Investment:					
Fixed Capital		19.0	8.7	4.4	6.5
Working Capital		1.7	1.2	.7	1.2
Total	18.5	20.7	9.9	5.1	7.7
For Sales	18.5	20.7	9.9	5.1	7.7
% ROI - For Sales	.5	.5	1.0	3.3	5.2
Total Capacity - MM lbs.	337.5	348.6	318.1	280.9	256.1
For Sales	129.7	93.8	76.5	40.3	54.8
Internal Use					
Excess	207.8	254.8	241.6	240.6	201.3

Selective selling of this product in 1969 eliminated significant pieces of low-profit business and increased ROI three-fold. Additional volume at higher prices is budgeted for 1970 and will further increase ROI to 5.2%.

0633607

POTASSIUM PHOSPHATES
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	5.4	5.3	4.9	3.6	3.8
Gross Profit	1.4	1.3	1.2	.8	.9
SARE-Div.	.3	.3	.2	.2	.3
Oper. Income-Div.	1.1	1.0	1.0	.7	.6
Income After Tax	.5	.6	.6	.3	.4
Selling Price/lb.	.117	.109	.108	.107	.107
Cost of Sales/lb.	.086	.082	.081	.083	.082
% of Sales:					
Gross Profit	25.9	24.5	25.0	22.2	23.7
SARE-Div.	5.6	5.7	4.1	5.6	7.9
Net Income	9.3	11.3	11.8	8.2	10.5
$ Sales/$ Investment	.79	.69	.76	.62	.58
Gross Investment:					
Fixed Capital		6.4	5.5	4.8	5.2
Working Capital		1.3	.9	1.0	1.2
Total	6.8	7.7	6.4	5.8	6.4
For Sale	6.8	7.7	6.4	5.8	6.4
% ROI - For Sales	7.4	7.8	9.1	4.9	5.5
Total Capacity - MM lbs.	62.1	70.7	58.3	49.8	47.4
For Sales	46.0	48.9	45.4	34.1	35.2
Internal Use	21.6	.6	8.8		
Excess	(5.5)	21.2	4.1	15.7	12.2

Potassium phosphates are made at Carondelet and Kearny; their basic end-use is in liquid detergents with a large segment of the volume going into two heavy-duty liquids produced by Lever Brothers, i.e., Wisk and liquid "All".

Profits in 1969 continued an erosion dating back to 1965. Net price decreased in 1969 because of increased freight costs associated with serving a larger number of smaller customers, while unit cost-of-goods increased on lower volume. Despite increased raw material costs, profits in 1970 are budgeted upward on increased volumes and a consequent reduction in unit conversion costs.

0633608

MCP - ALL GRADES
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	1.6	1.7	1.7	1.9	2.0
Gross Profit	.3	.3	.4	.4	.4
SARE-Div.	.1	.2	.1	.1	.1
Oper. Income-Div.	.2	.2	.2	.3	.3
Income After Tax	.1	.1	.1	.2	.2
Selling Price/lb.	.075	.076	.076	.076	.076
Cost of Sales/lb.	.061	.062	.061	.059	.060
% of Sales:					
Gross Profit	18.8	17.7	20.4	21.1	20.0
SARE-Div.	6.3	11.8	5.9	5.3	5.0
Net Income	6.3	5.9	6.5	10.5	10.0
$ Sales/$ Investment	.73	.68	.63	.64	.56
Gross Investment:					
Fixed Capital		2.1	2.3	2.5	3.0
Working Capital		.4	.4	.5	.5
Total	2.2	2.5	2.7	3.0	3.5
For Sales	2.2	2.5	2.7	3.0	3.5
% ROI - For Sales	4.5	4.0	4.1	6.7	5.7
Total Capacity - MM lbs.	27.0	29.0	29.0	29.0	30.0
For Sales	21.1	22.2	22.7	24.9	25.6
Internal Use	.3		1.2	.4	.4
Excess	5.6	6.8	5.1	3.7	4.0

This product is an old line levening agent. Its ROI broke through the 4% level in 1969. 1970 ROI will decline from the 1969 level as cost and capital increases more than offset the effect of increased sales.

0633609

SMP
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	4.2	4.2	4.4	4.3	4.5
Gross Profit	.7	.9	.9	.9	.9
SARE-Div.	.2	.2	.2	.2	.1
Depletion Tax Credit	.1	.1	.1	.2	.1
Oper. Income-Div.	.6	.7	.8	.9	.9
Income After Tax	.2	.4	.4	.4	.4
Selling Price/lb.	.079	.081	.082	.082	.082
Cost of Sales/lb.	.065	.064	.065	.064	.065
% of Sales:					
Gross Profit	16.7	21.4	20.7	20.9	20.0
SARE-Div.	4.8	4.8	4.5	4.7	2.2
Net Income	4.8	9.5	9.6	9.3	8.9
$ Sales/$ Investment	.66	.67	.76	.64	.63
Gross Investment:					
Fixed Capital		5.3	4.9	5.6	6.0
Working Capital		1.0	.9	1.1	1.2
Total	6.4	6.3	5.8	6.7	7.2
For Sales	6.4	6.3	5.8	6.7	7.2
% ROI - For Sales	3.1	6.6	7.3	6.7	5.6
Total Capacity - MM lbs.	60.2	53.4	62.5	73.3	71.5
For Sales	52.9	52.1	53.7	52.8	55.5
Internal Use	1.2	1.3	2.1	1.1	1.4
Excess	6.4		6.7	19.4	14.6

SMP's ability to generate income has remained constant since 1967, and will continue at the same levels through 1970. ROI in 1969 and 1970 are off from 1968 levels because of increased investment. Capacity was added in early 1969 to handle the rapidly rising demand of the Miracle White Company. Since then, Miracle White's consumption has dipped sharply.

0633610

STP - ALL GRADES
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	40.5	47.9	53.1	58.9	65.1
Gross Profit	3.0	4.9	6.4	10.1	9.2
SARE-Div.	1.7	2.5	2.5	2.5	2.6
Depletion Tax Credit	.4	.7	.9	2.1	2.0
Oper. Income-Div.	1.8	2.7	4.6	9.7	8.6
Income After Tax	(.4)	1.3	2.5	5.1	4.4
Selling Price/lb.	.063	.065	.066	.067	.069
Cost of Sales/lb.	.059	.059	.058	.055	.059
% of Sales:					
Gross Profit	7.4	10.2	12.0	17.1	14.1
SARE-Div.	4.2	5.2	4.7	4.2	4.0
Net Income		2.7	4.7	8.7	6.8
$ Sales/$ Investment	.54	.62	.62	.59	.66
Gross Investment:					
Fixed Capital		65.7	74.9	84.9	83.1
Working Capital		12.1	11.1	15.2	15.3
Total	75.1	77.8	86.0	100.1	98.4
For Sales	75.1	77.8	86.0	100.1	98.4
% ROI - For Sales		1.7	2.9	5.1	4.4
Total Capacity - MM lbs.	953.5	970.0	1004.0	1035.0	1045.0
For Sales	638.2	733.0	806.0	866.2	948.8
Internal Use	42.0	42.6	36.1	47.6	43.2
Excess	273.3	194.4	161.9	121.2	53.0

STP's 1969 profitability was helped by a mid-year price increase, lower production costs, and an unusually high depletion tax credit. The net price per pound will increase in 1970 as the effect of last year's price increase will be felt for the full year; raw materials cost increases however will more than offset the price gain and result in lower profits overall. 1970 volumes should equal budgeted levels, provided no anti-phosphate legislation is pushed through Congress.

0633611

STEROX - PHENOL & ALCOHOL
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	5.2	4.1	3.1	4.2	4.4
Gross Profit	.9	.8	.5	1.1	1.0
SARE-Div.	.5	.5	.3	.2	.2
Oper. Income-Div.	.4	.3	.2	.9	.8
Income After Tax	.1	.1	.1	.4	.4
Selling Price/lb.	.132	.133	.120	.125	.119
Cost of Sales/lb.	.110	.107	.099	.093	.092
% of Sales:					
Gross Profit	17.3	19.5	16.1	26.2	22.7
SARE-Div.	9.6	12.2	9.7	4.8	4.5
Net Income	1.9	2.4	3.2	9.5	9.1
$ Sales/$ Investment	1.24	1.34	.78	.94	.96
Gross Investment:					
Fixed Capital		2.6	3.0	3.2	3.3
Working Capital		1.2	1.0	1.3	1.3
Total	4.2	3.8	4.0	4.5	4.6
For Sales	4.2	3.8	4.0	4.5	4.6
% ROI - For Sales	2.4	2.6	2.5	8.9	8.7
Total Capacity - MM lbs.	71.5	71.7	67.9	79.9	80.2
For Sales	39.3	30.7	34.7	33.7	36.9
Internal Use	10.1	8.2	.4	11.1	10.0
Excess	22.1	32.8	32.8	35.1	33.3

Lower cost raw materials and the full benefits of an October 1968 Alkylphenol price increase nearly quadrupled Sterox profits in 1969. Increased volumes will push prices and costs downward in 1970, but profits and ROI will remain stable at the high 1969 levels.

0633612

TSP CRYSTAL
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	2.7	2.6	2.8	2.2	2.5
Gross Profit	.7	.7	.8	.6	.6
SARE-Div.	.1	.1	.2	.1	.1
Depletion Tax Credit			.1		
Oper. Income-Div.	.6	.6	.7	.5	.5
Income After Tax	.3	.3	.4	.3	.2
Selling Price/lb.	.044	.043	.044	.044	.044
Cost of Sales/lb.	.033	.031	.032	.031	.035
% of Sales:					
Gross Profit	25.9	26.9	28.4	27.3	24.0
SARE-Div.	3.7	3.9	7.1	4.5	4.0
Net Income	11.1	11.5	13.1	13.6	8.0
$ Sales/$ Investment	1.08	.81	.90	.79	.80
Gross Investment:					
Fixed Capital	2.5	2.7	2.6	2.3	2.6
Working Capital		.5	.5	.5	.5
Total	2.5	3.2	3.1	2.8	3.1
For Sales	2.5	3.2	3.1	2.8	3.1
% ROI - For Sales	12.0	9.4	11.7	10.7	7.0
Total Capacity - MM lbs.	84.0	84.0	84.0	84.0	84.0
For Sales	61.1	61.0	62.4	49.5	56.5
Internal Use			7.1		
Excess	22.9	23.0	14.5	34.5	27.5

TSP Crystal volumes were off substantially in 1969 primarily because of the demand-depressing effect of the poor performance of the product "Climalene" in the retail market. During 1969, unit costs and unit prices were held constant, but the reduced turnover resulted in an overall reduction in profits. Higher raw material and production costs in 1970 are expected to further erode profits, even though a volume increase is anticipated.

0633613

TSPP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	4.1	4.4	4.1	2.5	2.8
Gross Profit	.3	.4	.4	.3	.2
SARE-Div.	.2	.2	.2	.1	.1
Depletion Tax Credit	.1	.1	.1	.1	.1
Oper. Income-Div.	.2	.2	.3	.3	.2
Income After Tax		.1	.2	.1	.1
Selling Price/lb.	.058	.061	.063	.065	.068
Cost of Sales/lb.	.053	.055	.057	.058	.063
% of Sales:					
Gross Profit	7.3	9.1	10.5	12.0	7.1
SARE-Div.	4.9	4.6	4.9	4.0	3.6
Net Income		2.3	4.0	4.0	3.6
$ Sales/$ Investment	.67	.72	.77	.61	.62
Gross Investment:					
Fixed Capital	6.1	5.0	4.5	3.4	3.7
Working Capital		1.1	.8	.7	.7
Total	6.1	6.1	5.3	4.1	4.4
For Sales	6.1	6.1	5.3	4.1	4.4
% ROI - For Sales		1.6	3.1	3.0	1.4
Total Capacity - MM lbs.	100.0	100.0	100.0	100.0	100.0
For Sales	71.0	72.7	64.2	38.7	40.6
Internal Use	4.8	3.3	2.8	5.1	4.1
Excess	24.2	24.0	33.0	56.2	55.3

The 1969 move by Lever Brothers to reformulate their heavy duty detergents from TSPP to STP reduced our TSPP sales by 40%. The price increase posted 1/1/69 partially offsets the increased unit manufacturing cost for remaining sales. Unit fixed costs are up because of lower volume and unit variable costs are up because the powdered product formerly sold to Lever Brothers must now be recycled for agglomeration before the material can be sold.

0633614

INDUSTRIAL CHEMICALS - BUSINESS GROUP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
World-Wide					
Sales	23.0	24.5	22.4	22.0	25.3
Oper. Income-Div.	3.3	4.1	4.2	3.2	5.4
Income After Tax	1.7	2.0	1.9	1.5	2.8
Gross Investment	27.2	27.6	25.7	29.2	30.4
% ROI	6.2	7.2	7.6	5.2	9.2
U.S. Dom. & Export					
Sales	20.6	20.8	21.6	21.2	24.0
Gross Profit	4.6	4.8	5.3	4.1	6.1
SARE-Div.	1.5	1.0	1.3	1.0	1.3
Oper. Income-Div.	3.1	3.9	4.2	3.2	5.1
Income After Tax	1.6	1.9	1.9	1.5	2.7
% of Sales:					
Gross Profit	22.4	23.0	24.7	19.3	25.5
SARE-Div.	7.5	4.7	6.0	5.0	5.5
Income After Tax	7.8	9.3	9.0	7.3	11.1
$ Sales/$ Investment	.80	.81	.91	.79	.86
Gross Investment	25.7	25.6	23.7	26.6	27.9
% ROI	6.2	7.5	8.2	5.8	9.6

Major products reported for the Industrial Chemicals business group are as follows:

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Phosphorus Pentasulfide	84
Sulfuric Acid	85

0633615

CAUSTIC POTASH
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	2.5	2.9	2.6	2.6	3.6
Gross Profit	.5	.7	.8	.5	.6
SARE-Div.	.1	.1	.1	.1	.2
Oper. Income-Div.	.4	.6	.7	.4	.4
Income After Tax	.1	.3	.3	.1	.2
Selling Price/lb.	.069	.068	.068	.063	.060
Cost of Sales/lb.	.057	.051	.046	.052	.050
% of Sales:					
Gross Profit	20.0	24.1	30.8	19.2	16.7
SARE-Div.	4.0	3.4	3.8	3.8	5.6
Net Income	4.0	10.3	11.5	3.8	5.6
$ Sales/$ Investment	.61	.97	.81	.75	1.16
Gross Investment:					
Fixed Capital		2.4	2.8	2.9	2.6
Working Capital		.6	.3	.6	.5
Total	4.1	3.0	3.1	3.5	3.1
For Sales	4.1	3.0	3.1	3.5	3.1
% ROI - For Sales	2.4	10.0	9.6	3.8	6.7
Total Capacity - MM lbs.	97.8	108.1	114.2	74.7	75.4
For Sales	35.8	43.0	37.7	41.8	59.8
Internal Use	28.2	19.7	31.8	28.7	16.0
Excess	33.8	45.4	44.7	4.2	(.4)

Caustic potash has been used internally to produce various potassium phosphates, such as TKPP, TKP, and MKP. Outside sales of KOH are to mud drilling companies, soap producers, petroleum refineries and to producers of potassium permanganate and styrene-butadiene rubber.

KOH is produced at WGK and on a conversion basis by Diamond Shamrock. During 1969, KOH operations at Anniston were shut-down.

The KOH price has been raised at the beginning of 1970 in response to market conditions, increased demand and raw material pricing.

0633616

CHLOROSULFONIC ACID
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	.8	1.0	1.3	1.4	1.5
Gross Profit	.4	.6	.5	.6	.7
SARE-Div.	.1		.1		.1
Oper. Income-Div.	.3	.4	.7	.6	.7
Income After Tax	.2	.3	.2	.2	.3
Selling Price/lb.	.034	.037	.039	.037	.038
Cost of Sales/lb.	.019	.017	.025	.021	.021
% of Sales:					
Gross Profit	50.0	60.0	38.5	42.9	46.7
SARE-Div.	12.5		7.7		6.7
Net Income	25.0	30.0	15.4	14.3	20.0
$ Sales/$ Investment	.80	1.25	.72	1.03	1.24
Gross Investment:					
Fixed Capital		1.5	1.5	1.5	1.7
Working Capital		.2	.3	.3	.2
Total	1.8	1.7	1.8	1.8	1.9
For Sales	1.0	.8	1.2	1.3	1.2
% ROI - For Sales	20.0	37.5	16.7	18.5	25.6
Total Capacity - MM lbs.	62.0	80.4	80.4	80.4	80.4
For Sales	24.4	28.5	33.1	37.4	39.4
Internal Use	37.3	30.9	38.6	36.8	42.0
Excess	.3	21.0	8.7	6.2	(1.0)

A significant portion of C/S Acid is used by the Organic Division in the manufacture of saccharin. The recent ban of cyclamates in food will have an effect on saccharin production, which is now expected to increase over the next several years.

Although not a large volume product, Monsanto's market share is expected to be maintained at 50% with continued high profitability.

0633617

PHOSPHORUS PENTASULFIDE
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	2.4	2.6	3.2	3.2	3.9
Gross Profit	.7	.6	1.0	1.0	1.5
SARE-Div.	.2	.2	.2	.2	.2
Oper. Income-Div.	.5	.4	.8	.9	1.4
Income After Tax	.2	.2	.3	.5	.7
Selling Price/lb.	10.3	10.8	11.2	11.1	11.3
Cost of Sales/lb.	7.2	8.3	7.9	7.7	7.1
% of Sales:					
Gross Profit	29.2	23.1	31.3	31.3	38.5
SARE-Div.	8.3	7.7	6.3	6.3	5.1
Net Income	8.3	7.7	9.4	15.6	17.9
$ Sales/$ Investment	.86	.76	.82	.84	.87
Gross Investment:					
Fixed Capital	3.3	4.0	4.4	4.5	5.0
Working Capital	.4	.5	.6	.6	.7
Total	3.7	4.5	5.0	5.1	5.7
For Sales	2.8	3.4	3.9	3.8	4.5
% ROI - For Sales	7.1	5.9	7.7	13.2	15.6
Total Capacity - MM lbs.	60.0	80.0	84.0	84.0	84.0
For Sales	23.7	24.1	28.3	28.7	34.7
Internal Use	25.9	16.9	20.7	26.0	27.2
Excess	10.4	39.0	35.0	29.3	22.1

Phosphorus pentasulfide is manufactured at Krummrich and Anniston. The Anniston production is used by the AG division to produce insecticides. The Krummrich plant produces P_2S_5 for outside sales to the oil additives and insecticides markets.

Facilities have been installed in early 1970 allowing P_2S_5 to be cast in 16 gallon drums. Ability to supply this lower-reactive material is expected to increase sales 4 million pounds a year.

0633618

SULFURIC ACID
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	5.8	6.0	7.3	6.5	7.5
Gross Profit	1.9	1.6	2.0	1.3	1.9
SARE-Div.	.3	.3	.4	.2	.3
Oper. Income-Div.	1.6	1.3	1.6	1.1	1.6
Income After Tax	.8	.7	.7	.5	.7
Selling Price/lb.	.009	.010	.012	.011	.011
Cost of Sales/lb.	.006	.007	.008	.009	.008
% of Sales:					
Gross Profit	32.8	26.7	27.4	20.7	25.3
SARE-Div.	5.2	5.0	5.5	3.4	4.0
Net Income	13.8	11.7	9.6	6.9	9.3
$ Sales/$ Investment	.64	.75	.97	.71	.81
Gross Investment:					
Fixed Capital		11.5	10.2	12.6	11.0
Working Capital		1.4	1.7	1.5	1.4
Total	12.1	12.9	11.9	14.1	12.4
For Sales	9.1	8.0	7.5	9.2	9.3
% ROI - For Sales	8.8	8.8	9.5	4.3	7.9
Total Capacity - MM lbs.	943.6	1134.0	1150.8	1120.8	1120.8
For Sales	609.0	592.2	759.5	583.0	712.1
Internal Use	417.6	559.7	545.4	455.0	431.4
Excess	(83.0)	(17.9)	(154.1)	82.8	(22.7)

A new sulfuric acid plant was successfully started-up in 1969 at Everett, Mass., replacing an old inefficient unit.

Sulfur prices took sharp declines during 1969 following the steady price escalations of 1967 and 1968. Despite the loosening of the market, acid prices were held relatively firm.

0633619

SPECIAL CHEMICAL SYSTEMS - BUSINESS GROUP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
World-Wide					
Sales	16.9	17.0	19.7	20.6	23.2
Oper. Income-Div.	4.0	2.3	4.0	4.8	5.0
Income After Tax	2.2	1.2	1.8	2.2	2.3
Gross Investment	23.5	26.7	27.6	28.3	29.5
% ROI	9.3	4.5	6.4	7.8	7.9
U.S. Dom. & Export					
Sales	15.6	15.0	17.7	18.8	21.1
Gross Profit	5.1	3.5	5.4	6.2	7.3
SARE-Div.	1.6	1.4	1.6	1.8	2.7
Oper. Income-Div.	3.9	2.2	3.8	4.5	4.7
Income After Tax	2.1	1.1	1.7	2.0	2.1
% of Sales:					
Gross Profit	32.5	23.2	30.6	33.2	34.8
SARE-Div.	9.9	9.1	9.2	9.4	12.8
Income After Tax	13.3	7.1	9.6	10.7	10.4
$ Sales/$ Investment	.72	.62	.70	.72	.79
Gross Investment	21.7	24.3	25.2	26.0	26.9
% ROI	9.5	4.4	6.7	7.7	8.2

Major products reported for the Special Chemical Systems business group are as follows:

0633620

ACL's
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	6.3	6.7	7.7	8.5	10.1
Gross Profit	2.4	1.5	2.5	2.8	3.6
SARE-Div.	.5	.5	.5	.6	.8
Oper. Income-Div.	1.9	1.0	2.0	2.1	2.8
Income After Tax	.9	.4	.9	.9	1.3
Selling Price/lb.	.498	.507	.506	.516	.518
Cost of Sales/lb.	.307	.395	.340	.338	.325
% of Sales:					
Gross Profit	38.1	22.4	32.5	32.9	35.6
SARE-Div.	7.9	7.5	6.5	7.1	7.9
Net Income	14.3	6.0	11.7	10.6	12.9
$ Sales/$ Investment	.48	.55	.58	.62	.71
Gross Investment:					
Fixed Capital		10.6	10.7	10.1	11.3
Working Capital		1.6	2.6	3.7	3.8
Total	13.0	12.2	13.3	13.8	15.1
For Sales	13.0	12.2	13.3	13.8	15.1
% ROI - For Sales	6.9	3.3	6.8	6.8	8.6
Total Capacity - MM lbs.	17.7	17.7	17.7	17.7	17.7
For Sales	12.6	13.3	15.2	15.1	18.3
Internal Use					
Excess	5.1	4.4	2.5	2.6	(.6)

ACL sales product mix has been shifting away from supplying Colgate for their dry bleach toward the rapidly expanding swimming pool sanitizing market. Special promotion program for pool use was initiated in 1969 and continues in 1970. This promotional program resulted in an increase to pool customers of 2500M lbs. in 1969 over 1968.

0633621

SILICAS
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	3.5	3.1	3.5	3.8	4.2
Gross Profit	.9	.5	1.0	1.1	1.3
SARE-Div.	.5	.4	.4	.5	.6
Oper. Income-Div.	.4	.1	.6	.6	.7
Income After Tax	.1		.3	.3	.3
Selling Price/lb.	.323	.566*	.622	.626	.607
Cost of Sales/lb.	.238	.476	.449	.434	.419
% of Sales:					
Gross Profit	25.7	16.1	28.6	28.9	30.9
SARE-Div.	14.3	12.9	11.4	13.1	14.3
Net Income	2.9		8.6	7.9	7.2
$ Sales/$ Investment	.64	.56	.65	.70	.69
Gross Investment:					
Fixed Capital		4.5	4.5	4.6	4.8
Working Capital		1.0	.8	.8	.9
Total	5.5	5.5	5.3	5.4	5.7
For Sales	5.5	5.5	5.3	5.4	5.7
% ROI - For Sales	1.8		4.8	4.8	5.2
Total Capacity - MM lbs.	19.5	8.5*	8.5	8.2	8.2
For Sales	10.9	5.6	5.7	5.9	6.9
Internal Use	.3		.3		
Excess	8.3	2.9	2.5	2.3	1.3

*Capacity on 100% SiO_2 basis after 1966.

In 1969 Santocel operations were good. Manufacture was at standard. Sales were at 88% at capacity. Prices were raised 5¢/lb. The main deficiency was Syton volume which was at 54% at capacity. Programs are underway for both products to move greater volumes into a wider variety of markets.

0633622

INORGANIC CHEMICALS DIVISION
Division Profitability - Enviro-Chem Systems, Inc.
($ in Millions)

	Budget 1970
World-Wide	
Sales	44.7
Oper. Income-Div.	(.9)
Income After Tax	(.5)
Gross Investment	9.7
% ROI	-
U.S. Dom. & Export	
Sales	43.8
Oper. Income-Div.	(.9)
Income After Tax	(.5)
Inc. A.T. as % of Sales	
$ Sales/$ Investment	4.76
Gross Investment	9.2
% ROI	
Division	-
Business Groups:	
Environmental Systems	-
Chemical Process	18.3

Investment in the division's Enviro-Chem Systems, Inc. major business groups earned the following rates of return for budget 1970:

	% of 1970 Investment
Loss	40.2
Over 6%	59.8

Business groups are reported on pages 90 and 91.

Major business groups reported comprise 100% of the division's investment in 1970.

0633623

CHEMICAL PROCESS - BUSINESS GROUP
($ in Millions)

	Budget 1970
World-Wide	
Sales	36.8
Oper. Income-Div.	2.2
Income After Tax	1.1
Gross Investment	6.0
% ROI	18.3
U.S. Dom. & Export	
Sales	35.9
Gross Profit	4.3
SARE-Div.	2.2
Oper. Income-Div.	2.1
Income After Tax	1.1
% of Sales:	
Gross Profit	12.0
SARE-Div.	6.1
Income After Tax	3.1
$ Sales/$ Investment	6.53
Gross Investment	5.5
% ROI	20.0

Business group is made up of Engineering Sales, part of Leonard Construction Company and part of Brink Mist Eliminators.

Income will arise chiefly from Sulfuric Acid and Chlorine construction contracts and lower Vanadium Catalyst manufacturing costs at the new Avon plant facility. Higher expenses to further expand Brink Mist Eliminator and Chlorine opportunities as well as the development of a technology licensing program will partially reduce profits.

0633624

ENVIRONMENTAL SYSTEMS - BUSINESS GROUP
($ in Millions)

	Budget 1970
World-Wide	
Sales	7.9
Oper. Income-Div.	(3.0)
Income After Tax	(1.6)
Gross Investment	3.7
% ROI	-
U.S. Dom. & Export	
Sales	7.9
Gross Profit	1.7
SARE-Div.	4.7
Oper. Income-Div.	(3.0)
Income After Tax	(1.6)
% of Sales:	
Gross Profit	21.5
SARE-Div.	59.5
Income After Tax	(20.3)
$ Sales/$ Investment	2.14
Gross Investment	3.7
% ROI	-

Business group is made up of Biodize, Air (Cat-Ox), a portion of Brinks and some new venture projects.

Biodize sales are projected to increase from $.4MM in 1969 to $7.2MM in 1970. The $1.2MM expense level for solid waste development will be maintained in 1970, but Cat-Ox development expenses will be reduced by $1.0MM.

0633625

ORGANIC CHEMICALS DIVISION
Division Profitability
($ in Millions)

	Actual				Budget
World-Wide	1966	1967	1968	1969	1970
Sales	304.7	312.0	342.1	345.1	347.7
Oper. Income-Div.	45.5	45.9	48.2	43.6	45.6
Income After Tax	23.4	23.8	22.1	22.4	19.2
Gross Investment	380.0	415.1	428.4	461.7	500.5
% ROI	6.2	5.7	5.2	4.9	3.8
U.S. Dom. & Export					
Sales	246.8	247.3	274.0	270.6	274.3
Oper. Income-Div.	42.0	40.8	42.2	33.8	34.3
Income After Tax	21.8	20.9	19.2	16.1	13.6
Inc. A.T. as % of Sales	8.8	8.5	7.0	5.9	5.0
$ Sales/$ Investment	.81	.75	.79	.71	.67
Gross Investment	306.5	330.9	345.9	378.8	409.9
% ROI					
Division	7.1	6.3	5.6	4.2	3.3
Business Group:					
Cellu-Chem	6.5	6.2	4.2	4.8	4.1
Food & Fine Chem.	8.5	8.5	7.3	5.3	4.7
Functional Fluids	14.2	14.3	12.9	10.7	6.5
General Chem.	5.6	3.4	2.5	2.9	1.8
Petroleum Additives	.3			*	*
Plasticizers	6.6	6.7	5.2	3.1	1.5
Rubber Chemicals	11.5	11.3	12.2	6.7	5.9

*Petroleum Additive business sold in 1969.

Investment in division's major products earned the following rates of return for actual 1969 and budget 1970:

	% of Investment	
	1969	1970
Loss	26.9	31.4
0 to 4%	16.0	23.3
4 to 6%	20.0	17.8
Over 6%	37.1	27.5

Business groups are reported on the following pages:

	Page		Page
Cellu-Chem	93	General Chem.	112
Food & Fine Chem.	97	Plasticizers	120
Functional Fluids	107	Rubber Chemicals	133

Major products reported comprise 73% of the division's investment in 1969 and 75% in 1970.

CELLU-CHEM - BUSINESS GROUP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
World-Wide					
Sales	23.2	23.6	25.6	27.6	29.0
Oper. Income-Div.	2.2	2.4	2.4	2.7	3.1
Income After Tax	1.2	1.1	1.1	1.3	1.4
Gross Investment	22.1	21.0	24.1	23.2	27.9
% ROI	5.5	5.2	4.6	5.7	5.0
U.S. Dom. & Export					
Sales	20.6	21.6	23.7	25.2	26.3
Gross Profit	5.1	5.2	5.2	5.6	6.1
SARE-Div.	2.8	2.9	3.1	3.4	3.6
Oper. Income-Div.	2.3	2.4	2.1	2.2	2.5
Income After Tax	1.2	1.2	.9	1.0	1.1
% of Sales:					
Gross Profit	24.6	24.3	21.8	22.2	23.1
SARE-Div.	13.6	13.4	13.1	13.4	13.7
Income After Tax	6.1	5.5	3.9	4.1	4.0
$ Sales/$ Investment	1.07	1.13	1.08	1.17	1.02
Gross Investment	19.3	19.2	21.9	21.6	25.7
% ROI	6.5	6.2	4.2	4.8	4.1

NOTE: Business group includes Wood Treating Chemicals Co. and FRP Company.

Major products reported for the Cellu-Chem Business Group are as follows:

	Page
Mersize RM, TFL & Resin Size KIP	94
Pentachlorophenol	95
Santobrite	96

0633627

MERSIZE RM, TFL & RESIN SIZE KIP (INCL. CD-2 & CD-2 DRY)
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	8.0	7.8	6.8	7.9	8.0
Gross Profit	2.4	2.3	2.2	2.4	2.4
SARE-Div.	1.0	1.0	1.0	1.2	1.3
Oper. Income-Div.	1.3	1.3	1.2	1.2	1.1
Income After Tax	.7	.7	.6	.5	.5
Selling Price/lb.	.141	.115	.111	.111	.113
Cost of Sales/lb.	.098	.081	.075	.078	.078
% of Sales:					
Gross Profit	30.3	30.0	32.5	30.1	30.3
SARE-Div.	12.5	13.4	15.1	15.6	16.0
Net Income	8.6	8.8	8.1	6.9	6.4
$ Sales/$ Investment	1.38	1.23	1.12	1.12	1.11
Gross Investment:					
Fixed Capital		4.9	5.3	5.6	6.0
Working Capital		1.4	.8	1.5	1.2
Total	5.8	6.3	6.1	7.1	7.2
For Sales	5.8	6.3	6.1	7.1	7.2
% ROI - For Sales	11.8	10.8	9.1	7.7	7.1
Total Capacity - MM lbs.	*	*	*	*	115.2
For Sales	56.4	67.5	61.5	71.3	70.7
Internal Use					
Excess					44.5

*Multipurpose equipment which causes a fluctuating capacity.

There are two major factors that are causing the profitability on this product line to decline: (1) excess capacity domestically of 40% is resulting in package offers to major consumers that are less than list prices, and (2) Monsanto's raw material cost position suffered in 1969 and 1970.

Our basic strength is the quality and performance of our products plus excellent marketing coverage.

Plans for improvement are to install new equipment and thus process more crude tall oil to reduce the resin costs from the Monsanto-Emery Joint Venture.

0633628

PENTACHLOROPHENOL
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	2.0	2.1	2.5	2.1	2.2
Gross Profit	.7	.5	.6	.1	.2
SARE-Div.	.3	.3	.4	.3	.3
Oper. Income-Div.	.4	.2	.2	(.2)	(.1)
Income After Tax	.2	.1	.1	(.1)	(.1)
Selling Price/lb.	.144	.146	.141	.133	.133
Cost of Sales/lb.	.096	.113	.108	.123	.120
% of Sales:					
Gross Profit	33.5	22.5	23.5	7.4	10.1
SARE-Div.	12.5	13.3	14.9	15.5	15.1
Net Income	7.8	3.1	3.6	(5.6)	(5.9)
$ Sales/$ Investment	.59	.48	.66	.47	.43
Gross Investment:					
Fixed Capital		4.0	3.4	3.9	4.0
Working Capital		.7	.4	.7	1.1
Total	4.2	4.7	3.8	4.6	5.1
For Sales	3.4	4.5	3.8	4.6	5.1
% ROI - For Sales	4.6	1.5	2.4		
Total Capacity - MM lbs.	*	*	*	*	27.0
For Sales	14.0	14.6	17.8	16.2	16.4
Internal Use	4.9	1.8			4.0
Excess					6.6

*Multipurpose equipment which causes a fluctuating capacity.

Major problem is abnormally high manufacturing cost and the low turnover of sales to gross investment. The manufacturing cost for prilled penta should be 8¢/lb.

The present source of the problem is the transfer cost of phenol and chlorine which is higher than market plus the allocated and flowed investment in these raw materials.

To achieve a 6.5% return on gross investment in 1971 we need to sell 20MM lbs. with a netback of 13.5¢/lb. and a manufacturing cost of 8.2¢/lb. All three goals are attainable.

0633629

SANTOBRITE
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	.9	.8	.9	.8	.9
Gross Profit	.2		.2	.1	.1
SARE-Div.	.1	.1	.1	.1	.1
Oper. Income-Div.	(.1)	(.1)			
Income After Tax		(.1)			
Selling Price/lb.	.224	.233	.244	.257	.226
Cost of Sales/lb.	.176	.224	.195	.231	.196
% of Sales:					
Gross Profit	21.1	3.7	19.8	9.8	13.0
SARE-Div.	12.5	13.7	15.8	15.7	16.4
Net Income	1.8		1.5	(4.4)	(3.5)
$ Sales/$ Investment	.37	.51	.38	.37	.36
Gross Investment:					
Fixed Capital		1.5	2.0	1.9	2.1
Working Capital		.2	.4	.4	.5
Total	2.5	1.7	2.4	2.3	2.6
For Sales	2.5	1.7	2.4	2.3	2.6
% ROI - For Sales	.7		.6		
Total Capacity - MM lbs.	7.2	7.4	7.6	7.6	7.6
For Sales	4.1	3.6	3.7	3.3	4.1
Internal Use					
Excess	3.1	3.8	3.9	4.3	3.5

The Santobrite expansion project installed in 1965 has never achieved the design premises as to capacity or costs. The total market for Santobrite has declined since 1966 as less toxic substitutes have been employed.

To achieve a 6.5% ROI on Santobrite in 1971 we need to sell 5MM lbs. at 24¢/lb. netback with a manufacturing cost of 13¢/lb. These are extremely difficult targets especially the higher volume without a reduction in price.

0633630

FOOD & FINE CHEMICALS - BUSINESS GROUP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
World-Wide					
Sales	45.2	46.7	50.4	52.3	55.5
Oper. Income-Div.	8.8	9.7	9.9	8.4	8.6
Income After Tax	4.9	5.0	4.5	3.9	3.8
Gross Investment	59.1	65.2	65.6	73.1	82.2
% ROI	8.3	7.7	6.9	5.3	4.6
U.S. Dom. & Export					
Sales	36.3	38.9	42.4	44.6	47.2
Gross Profit	10.2	13.1	13.3	12.2	13.3
SARE-Div.	2.7	4.2	4.3	4.9	5.6
Oper. Income-Div.	7.6	8.8	9.0	7.3	7.7
Income After Tax	4.1	4.6	4.0	3.3	3.3
% of Sales:					
Gross Profit	28.2	33.6	31.3	27.4	28.1
SARE-Div.	7.4	10.9	10.0	10.9	11.8
Income After Tax	11.3	11.8	9.5	7.5	7.0
$ Sales/$ Investment	.75	.73	.76	.71	.66
Gross Investment	48.6	53.6	55.6	62.6	71.4
% ROI	8.5	8.5	7.3	5.3	4.7

NOTE: Business group includes Lueders.

Major products reported for the Food & Fine Chemicals business group are as follows:

0633631

ASPIRIN
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	7.6	6.7	8.2	8.6	8.9
Gross Profit	2.7	2.2	2.6	2.2	3.0
SARE-Div.	.2	.4	.7	.8	.8
Oper. Income-Div.	2.3	1.7	1.8	1.4	2.2
Income After Tax	1.3	.9	.8	.6	1.0
Selling Price/lb.	.560	.544	.542	.539	.535
Cost of Sales/lb.	.360	.368	.372	.401	.355
% of Sales:					
Gross Profit	35.7	32.4	31.3	25.6	33.6
SARE-Div.	2.5	5.8	8.7	8.8	8.8
Net Income	16.6	13.1	10.4	7.2	11.6
$ Sales/$ Investment	.59	.49	.64	.59	.59
Gross Investment:					
Fixed Capital		11.0	10.4	12.3	11.6
Working Capital		2.7	2.3	3.1	3.4
Total	12.9	13.7	12.7	15.4	15.0
For Sales	12.9	13.7	12.7	14.5	15.0
% ROI - For Sales	9.8	6.4	6.7	4.3	6.9
Total Capacity - MM lbs.	13.2	16.6	20.4	20.0	20.2
For Sales	13.7	12.3	15.1	16.7	17.5
Internal Use				1.3	
Excess	(.5)	4.3	5.3	2.0	2.7

Record sales year in 1969 was offset by a 3¢/lb. increase in costs due to poor operating performance and the need to purchase salicylic acid to sustain aspirin production. Declining selling price trend has been reversed in 1970, though increases are not reflected in these budget figures. Increased SARE as percent of sales reflects cost of carrying flavor/fragrance growth program in Food & Fine business group, and not actual increased cost of selling aspirin.

0633632

ETHAVAN
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	2.3	2.1	1.8	1.6	1.8
Gross Profit	.9	.9	.5	.1	.1
SARE-Div.	.2	.3	.2	.1	.1
Oper. Income-Div.	.8	.5	.3		(.1)
Income After Tax	.4	.3	.1		(.1)
Selling Price/lb.	6.340	6.754	6.184	5.136	4.715
Cost of Sales/lb.	3.762	3.994	4.522	4.715	4.481
% of Sales:					
Gross Profit	40.7	40.9	26.9	8.2	5.0
SARE-Div.	9.2	13.6	8.7	8.8	10.1
Net Income	17.7	13.6	8.0	(2.3)	(5.6)
$ Sales/$ Investment	.82	.67	.56	.56	.52
Gross Investment:					
Fixed Capital		2.5	2.6	2.3	2.9
Working Capital		.7	.7	.7	.6
Total	2.9	3.2	3.3	3.0	3.5
For Sales	2.9	3.2	3.3	2.9	3.4
% ROI - For Sales	14.4	9.1	4.5		
Total Capacity - MM lbs.	*	*	*	*	.4
For Sales	.4	.3	.3	.3	.4
Internal Use					
Excess					

*Product is made in multipurpose equipment centers which causes fluctuating capacity.

Marked reductions in selling price in 1968 and 1969 caused loss of profitability when coupled with greatly increased costs. Tariff reductions have permitted increased importation of Ethavan, and caused decline in sales volume. Technical effort to develop process improvements leading to cost reductions have not been successful, and were terminated early in 1970. A $2.00/lb. price increase was announced in March, 1970 to attempt to restore short term profitability. It is anticipated that loss of volume will occur and may cause ultimate abandonment of the product. Short-term, however, we should exceed the 1970 budget figures easily.

FUMARIC ACID (INCL. CWS)
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	3.4	2.1	3.0	3.4	3.9
Gross Profit	.3	.4	.1	.6	1.1
SARE-Div.	.2	.3	.2	.2	.3
Oper. Income-Div.	.2	.1	(.1)	.4	.8
Income After Tax	(.1)		(.1)	.1	.3
Selling Price/lb.	.182	.228	.155	.179	.193
Cost of Sales/lb.	.165	.189	.150	.147	.139
% of Sales:					
Gross Profit	8.8	17.3	3.4	17.9	27.8
SARE-Div.	7.1	13.8	7.1	7.4	8.4
Net Income				4.0	7.8
$ Sales/$ Investment	.56	.49	.40	.48	.42
Gross Investment:					
Fixed Capital		7.4	7.2	6.8	9.1
Working Capital		.9	.8	.9	.9
Total	6.5	8.3	8.0	7.7	10.0
For Sales	6.1	8.0	7.5	7.2	9.2
% ROI - For Sales				1.4	3.3
Total Capacity - MM lbs.	21.8	22.9	22.7	25.7	27.4
For Sales	18.9	20.8	19.4	19.2	20.2
Internal Use	1.6	1.1	1.7	1.8	2.0
Excess	1.3	1.0	1.6	4.7	5.2

Excellent recovery in gross profit in 1969 reflects improved prices and lower costs, with only slight reduction in sales volume. Further price increases are budgeted in 1970 and will be achieved, but sales volume will be severely hurt by lack of production early in 1970 due to plant problems. The unit cost of .139¢ budgeted appears optimistic, as does the sales figure of 20 MM lbs., an all-time high figure. Continuing new conversions to cold water soluble fumaric acid (CWSFA) give optimism to the long term prospects for food grades of fumaric acid, at higher netback prices than the low of .155¢ in 1968.

0633634

LACTIC ACID
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	2.8	3.0	3.4	3.6	4.2
Gross Profit	.9	1.0	1.3	1.3	1.4
SARE-Div.	.3	.4	.3	.3	.4
Oper. Income-Div.	.6	.6	1.0	1.0	1.0
Income After Tax	.3	.3	.5	.5	.4
Selling Price/lb.	.303	.304	.297	.301	.315
Cost of Sales/lb.	.209	.201	.187	.193	.214
% of Sales:					
Gross Profit	31.1	33.7	36.9	36.0	32.2
SARE-Div.	11.2	13.8	8.7	8.8	10.0
Net Income	11.2	9.5	13.2	13.0	9.7
$ Sales/$ Investment	.55	.52	.57	.49	.53
Gross Investment:					
Fixed Capital	4.7	5.1	5.6	6.2	7.1
Working Capital	.3	.6	.5	1.1	.8
Total	5.0	5.7	6.1	7.3	7.9
For Sales	5.0	5.7	6.1	7.3	7.9
% ROI - For Sales	6.1	4.9	7.5	6.4	5.2
Total Capacity - MM lbs.	10.0	10.8	11.6	13.6	13.6
For Sales	9.1	9.9	11.5	15.2	13.4
Internal Use					
Excess	.9	.9	.1	(1.6)	.2

1969 was the sixth successive record sales year, but showed no growth in gross profit due to startup costs of the Phase I expansion of the plant to 13.6MM lbs./yr. A further expansion to 14.5MM lbs. (Phase II) is due on stream in the first quarter of 1970, and higher selling prices will result from a 3.5¢/lb. price increase executed when the C. J. Patterson contract was renewed for 3 years. Patterson continues to consume 55% of the plant output, but their historical growth rate now appears to be leveling off. Prospects for 1970 and 1971 will be affected by shutdown of AN-1 at Texas City, eliminating the by-product lactonitrile stream and forcing conversion to synthetic LN from high cost HCN and acetaldehyde. Longer term, however, lactic acid should continue as an acceptable profit producer.

0633635

PHENACETIN
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	2.0	1.5	1.8	1.8	2.0
Gross Profit	.8	.6	.7	.6	.6
SARE-Div.		.1	.2	.2	.2
Oper. Income-Div.	.7	.5	.5	.4	.4
Income After Tax	.4	.2	.3	.2	.2
Selling Price/lb.	.787	.872	.810	.829	.830
Cost of Sales/lb.	.459	.612	.504	.546	.569
% of Sales:					
Gross Profit	41.7	38.8	37.7	34.2	31.4
SARE-Div.	2.6	5.9	8.7	8.9	9.1
Net Income	22.5	16.9	14.4	12.5	10.7
$ Sales/$ Investment	.98	.50	.88	.70	.67
Gross Investment:					
Fixed Capital		2.2	1.6	1.9	2.1
Working Capital		.7	.4	.6	.8
Total	2.0	2.9	2.0	2.5	2.9
For Sales	2.0	2.9	2.0	2.5	2.9
% ROI - For Sales	22.0	8.5	12.6	8.8	7.2
Total Capacity - MM lbs.	3.5	3.5	3.5	3.5	3.5
For Sales	2.5	1.7	2.2	2.1	2.4
Internal Use					
Excess	1.0	1.8	1.3	1.4	1.1

A slight sales decline with higher costs reduced profitability in 1969. A new price increase of 5¢/lb. in 1970 will help restore some profitability, but long term prospects for market growth continue to be dim. Phenacetin remains under a cloud on safety at highly inflated use levels, and there is no reason to expect an upward reversal of the sales volume trend in the future. We will continue to maximize profitability as long as possible.

0633636

SACCHARIN
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	1.8	2.2	2.0	2.7	2.8
Gross Profit	.1			.2	.3
SARE-Div.	.2	.3	.2	.2	.3
Oper. Income-Div.	(.1)	(.3)	(.2)	(.1)	
Income After Tax	(.1)	(.2)	(.1)	(.1)	(.1)
Selling Price/lb.	1.492	1.278	1.311	1.262	1.288
Cost of Sales/lb.	1.386	1.278	1.316	1.181	1.162
% of Sales:					
Gross Profit	7.1			6.8	9.9
SARE-Div.	9.4	13.7	8.7	8.8	9.8
Net Income				(3.5)	(2.9)
$ Sales/$ Investment	.42	.40	.42	.53	.47
Gross Investment:					
Fixed Capital		4.8	4.1	4.2	5.1
Working Capital		1.0	.8	.9	.8
Total	4.5	5.8	4.9	5.1	5.9
For Sales	4.4	5.5	4.9	5.1	5.9
% ROI - For Sales					
Total Capacity - MM lbs.	2.2	2.2	2.2	2.2	2.2
For Sales	1.3	1.7	1.5	2.1	2.2
Internal Use		.3			
Excess	.9	.2	.7	.1	

With an all-time record sales year, we succeeded in generating gross profit on Saccharin in 1969, achieving cost reductions largely through added production and sales volumes. The budget for 1970 is overly optimistic, however, with plant problems restricting material availability. Longer term, saccharin's future is so clouded on safety at the FDA, that the technical efforts to develop a chrome regeneration process for major cost reduction has been shelved. Unless an unexpected reprieve occurs, saccharin production will probably have to be terminated in 2-3 years. We propose to operate as long as it generates a positive cash flow, however, and have raised the price in early 1970.

0633637

SANTOPHEN #1 (INCL. SOL.)
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	1.6	1.3	1.6	1.7	1.9
Gross Profit	.8	.5	.8	.5	.6
SARE-Div.	.1	.1	.1	.1	.2
Oper. Income-Div.	.7	.4	.7	.4	.4
Income After Tax	.3	.2	.3	.2	.2
Selling Price/lb.	.622	.622	.602	.549	.573
Cost of Sales/lb.	.323	.415	.294	.374	.389
% of Sales:					
Gross Profit	48.2	38.0	51.2	31.9	32.1
SARE-Div.	5.5	6.0	8.7	8.8	9.0
Net Income	21.2	14.5	21.0	10.9	10.8
$ Sales/$ Investment	.70	.66	.60	.55	.69
Gross Investment:					
Fixed Capital		1.7	2.1	2.5	2.2
Working Capital		.3	.5	.6	.6
Total	2.2	2.0	2.6	3.1	2.8
For Sales	2.2	2.0	2.6	3.1	2.8
% ROI - For Sales	14.8	9.6	12.5	5.9	7.5
Total Capacity - MM lbs.	3.0	3.9	4.2	4.3	5.4
For Sales	2.5	2.1	2.6	3.9	4.5
Internal Use					
Excess	.5	1.8	1.6	.4	.9

We experienced a good sales year in 1969, but a poor cost year due to higher cost intermediates. A sharp price drop occured as all major customers were signed to long term contracts and the Lehn and Fink account was regained from a competitor. Future for Santophen #1 is for continued growth in sales volume with costs coming under control. The 1970 budget should be attainable.

0633638

3,4,4-TRICHLOROCARBANILIDE
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	3.9	3.6	4.5	4.5	4.1
Gross Profit	2.2	2.0	2.5	2.4	2.0
SARE-Div.	.2	.2	.4	.4	.4
Oper. Income-Div.	2.0	1.8	2.2	2.0	1.6
Income After Tax	1.1	1.0	1.1	1.0	.8
Selling Price/lb.	1.911	1.885	1.885	1.887	1.748
Cost of Sales/lb.	.848	.848	.825	.880	.880
% of Sales:					
Gross Profit	55.6	55.0	56.3	53.3	49.7
SARE-Div.	5.9	6.4	8.7	8.9	9.2
Net Income	27.1	28.6	24.1	23.0	20.8
$ Sales/$ Investment	1.41	1.13	1.49	1.26	1.10
Gross Investment:					
Fixed Capital		2.2	2.0	2.2	2.1
Working Capital		1.0	1.0	1.4	1.6
Total	2.8	3.2	3.0	3.6	3.7
For Sales	2.8	3.2	3.0	3.6	3.7
% ROI - For Sales	38.2	32.3	36.0	29.1	22.8
Total Capacity - MM lbs.	3.1	3.1	3.1	3.3	3.3
For Sales	2.0	1.9	2.4	2.4	2.3
Internal Use	1.1				
Excess		1.2	.7	.9	1.0

There was no sales growth in TCC in 1969 due to loss of Borax and Purex business offsetting continued gains in foreign volume, largely in Europe. Selling price remained stable in 1969, but is threatened in 1970 and 1971 as foreign patents begin to expire. The domestic patent remains in force until Dec. 31, 1974, but with overseas volume reaching nearly 1MM lbs., profit declines are going to occur, if we expect to keep new producers from entering the manufacture of TCC. Japan represents a particular problem for the future, with three prospective producers gearing up for production for exportation. We hope to gain sales volume from TBS as our price becomes competitive, but it is not expected to offset the profit loss in future years from the traditional plateau of $1.0-$1.1MM in net income.

0633639

VANILLIN
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	3.7	3.1	4.3	4.3	4.8
Gross Profit	1.8	1.4	2.0	1.8	1.6
SARE-Div.	.3	.4	.4	.4	.5
Oper. Income-Div.	1.6	1.0	1.7	1.4	1.1
Income After Tax	.9	.6	.8	.7	.5
Selling Price/lb.	2.188	2.347	2.256	2.184	2.162
Cost of Sales/lb.	1.146	1.238	1.178	1.246	1.456
% of Sales:					
Gross Profit	47.7	47.2	47.8	42.9	32.7
SARE-Div.	9.8	14.1	8.7	8.9	10.7
Net Income	24.2	18.9	19.1	17.2	10.1
$ Sales/$ Investment	1.45	1.00	1.34	.75	.79
Gross Investment:					
Fixed Capital		2.2	2.5	4.5	8.0
Working Capital		.9	.7	1.2	1.3
Total	2.6	3.1	3.2	5.7	9.3
For Sales	2.6	3.1	3.2	5.7	6.1
% ROI - For Sales	35.1	18.9	25.5	12.9	7.9
Total Capacity - MM lbs.	1.4	1.9	1.9	1.9	1.9
For Sales	1.7	1.3	1.9	1.9	2.4
Internal Use					
Excess	(.3)	.6			(.5)

Gross profit declined in 1969 due to lower priced export volume, and increasing sales of technical vanillin for pharmaceutical uses. A world-wide shortage in 1970 will permit price increases ex-U.S.A., and with a major plant expansion to 3.5MM lbs. due on stream in August, 1970 Monsanto should benefit markedly in improving our competitive position. Costs, however, will be high in 1970 due to plant startup expenses. A major new use as an intermediate for L-DOPA, used to treat Parkinson's disease makes the 1970-72 period particularly promising. We have a 4-year contract to produce a vanillin derivative for Roche to make L-DOPA, and will take all steps necessary to keep L-DOPA on a vanillin route for as long a period as possible. Other vanillin derivatives will be explored.

0633640

FUNCTIONAL FLUIDS - BUSINESS GROUP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
World-Wide					
Sales	19.2	20.9	23.6	21.1	20.8
Oper. Income-Div.	5.3	5.4	6.5	4.8	4.4
Income After Tax	2.9	3.0	3.2	2.3	2.0
Gross Investment	21.8	21.9	27.1	27.3	29.3
% ROI	13.5	13.7	11.7	8.4	6.8
U.S. Dom. & Export					
Sales	17.7	19.3	21.9	19.1	18.5
Gross Profit	8.5	8.8	10.0	8.3	7.9
SARE-Div.	3.4	3.8	3.8	3.9	4.1
Oper. Income-Div.	5.1	5.1	6.2	4.3	3.8
Income After Tax	2.8	2.8	3.0	1.9	1.7
% of Sales:					
Gross Profit	47.8	45.7	45.7	43.2	42.4
SARE-Div.	19.2	19.5	17.5	20.7	22.0
Income After Tax	15.6	14.4	13.8	10.2	9.0
$ Sales/$ Investment	.91	.99	.94	.78	.73
Gross Investment	19.5	19.6	23.2	24.4	25.4
% ROI	14.2	14.3	12.9	10.7	6.5

Major products reported for the Functional Fluids business group are as follows:

0633641

AVIATIONAL AND AEROSPACE FLUIDS
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales				5.0	4.1
Gross Profit				1.9	1.5
SARE-Div.				1.5	1.4
Oper. Income-Div.				.4	.1
Income After Tax				.1	
Selling Price/lb.				1.275	1.001
Cost of Sales/lb.				.782	.638
% of Sales:					
Gross Profit				38.7	36.3
SARE-Div.				30.6	35.2
Net Income				2.4	
$ Sales/$ Investment				.61	.52
Gross Investment:					
Fixed Capital				5.7	5.5
Working Capital				2.5	2.4
Total				8.2	7.9
For Sales				8.2	7.9
% ROI - For Sales				1.4	

Approximately 90% of the aviation group's profits are derived from Skydrol. The year 1969 saw the first real onslaught of competition to Skydrol. The results have been a 50% reduction in selling price and a loss of 35% of the market to competition. Prices have not bottomed, but are approaching it. We have remained the market leader although having to adjust our strategies and expenses to a long-term competitive environment. Technology still remains the dominant factor, even with increasing evidence of far greater purchasing influence than before. We must 1) successfully introduce our new Skydrols (LD,500C) and maintain technological effort with advanced products and 2) re-negotiate the agreement with McDonnell-Douglas.

In the jet lubricant market, we have the highly advanced product (Skylube 600) with no significant market demand. We need to determine our technical value, market and profit position in the high volume Type I and II lubricant areas. Our efforts will be on proving the merits of Skylube 450 (Type II) and developing a marketing and profit strategy. If this can not be achieved, we will attempt to sell our technology to others.

0633642

DIELECTRICS
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales				6.9	7.4
Gross Profit				2.8	3.1
SARE-Div.				.6	.8
Oper. Income-Div.				2.2	2.3
Income After Tax				1.1	1.1
Selling Price/lb.				.144	.143
Cost of Sales/lb.				.085	.082
% of Sales:					
Gross Profit				41.4	42.5
SARE-Div.				9.2	11.5
Net Income				15.4	15.2
$ Sales/$ Investment				.82	.82
Gross Investment:					
Fixed Capital				6.3	7.2
Working Capital				2.1	1.7
Total				8.4	8.9
For Sales				8.4	8.9
% ROI - For Sales				12.6	12.5

Aroclors are utilized as dielectric fluids for capacitors and transformers. Monsanto holds 60% market share world-wide and is the sole supplier to the U.S.A. and the U.K. Dielectric aroclors are the key franchise of Functional Fluids and provide approximately 40% of the total gross profits of the Business Group. Our strong market/competitive position arises from several factors - biphenyl raw material cost, manufacturing costs, four producing locations in three countries (U.S., U.K., Japan) and excellent technical and marketing relationships with major customers.

In our major markets (U.S., U.K.) we are primarily dependent upon the state of economic health of the electrical industry for growth. Technological advances in the manufacture of capacitors and transformers have had major effects on our sales. The use of polypropylene film in power capacitors, initiated in 1968, reduced the demand for Aroclor by 6MM lbs./yr. in the U.S. alone. Most of the effects of this were felt in 1969 and 1970 should see a return to normal growth rate.

The ecological studies on PCB may have an effect on Dielectric Aroclor, but through containment and pollution and reclamation control, this essential industrial need should continue.

0633643

HEAT TRANSFER FLUIDS
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales				1.4	1.7
Gross Profit				.9	1.0
SARE-Div.				.6	.6
Oper. Income-Div.				.3	.4
Income After Tax				.1	.2
Selling Price/lb.				.293	.265
Cost of Sales/lb.				.102	.102
% of Sales:					
Gross Profit				65.2	61.6
SARE-Div.				42.2	35.7
Net Income				10.2	12.1
$ Sales/$ Investment				1.13	1.16
Gross Investment:					
Fixed Capital				.9	1.1
Working Capital				.4	.3
Total				1.3	1.4
For Sales				1.3	1.4
% ROI - For Sales				11.5	14.0

Our therminol heat transfer fluids consist of a broad line series with wide functional properties and price options. This franchise began with fire resistant fluids (presently 50% of our line) and has been recently expanded to include low-cost petroleum oil substitutes (Therminol 55 and fluids with high temperature capabilities - Therminol 66, 77 and 88).

The basic opportunity of this product area is to markedly increase its market, its penetration, its dollar sales and profit contribution, and to integrate it with an acquired hardware manufacturer to provide a systems business to provide maximum total profitability.

0633644

INDUSTRIAL FLUIDS
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales				6.0	5.4
Gross Profit				2.6	2.3
SARE-Div.				1.2	1.2
Oper. Income-Div.				1.4	1.1
Income After Tax				.6	.5
Selling Price/lb.				.278	.259
Cost of Sales/lb.				.145	.149
% of Sales:					
Gross Profit				43.1	42.5
SARE-Div.				19.8	22.1
Net Income				10.7	9.6
$ Sales/$ Investment				.99	.92
Gross Investment:					
Fixed Capital				4.0	3.7
Working Capital				2.1	2.1
Total				6.1	5.8
For Sales				6.1	5.8
% ROI - For Sales				10.6	8.9

Our industrial fire-resistant hydraulic fluids, "Pydrauls" are used in place of petroleum hydraulic fluids where sources of ignition could cause a fire with resulting loss of life and property. Our major customers are those who process hot or molten metal (diecast, steel, aluminum and foundry industries). Industrial fluids business will continue to grow faster than the total metal working industry growth since most new and replacement equipment is automated with hydraulic systems.

Our fire-resistant fluids have a heavy dependence on the chlorinated biphenyls. Some of these products are very persistent and not biodegradable. We are developing a high viscosity phosphate ester to reformulate the high viscosity, high chlorine-content biphenyls out of our product line. In addition, we will reformulate with chlorinated terphenyls to achieve the same end. These actions will somewhat reduce our gross profit percentage but enable us to maintain market share and growth.

The reformulated all phosphate ester fluids and currently developed water glycol fluids, will be introduced and marketed to maximize early penetration of unsold synthetic fluids potential, including government bid business. We expect to exceed 1970 budget.

GENERAL CHEMICALS - BUSINESS GROUP
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
World-Wide					
Sales	69.7	69.4	75.1	79.4	83.2
Oper. Income-Div.	8.6	6.4	6.9	8.4	8.1
Income After Tax	3.7	2.7	1.9	3.3	2.8
Gross Investment	107.4	126.2	124.1	124.4	135.7
% ROI	3.4	2.2	1.5	2.6	2.1
U.S. Dom. & Export					
Sales	58.9	57.8	64.4	66.9	69.1
Gross Profit	13.4	10.4	11.1	11.7	10.8
SARE-Div.	3.2	3.3	3.3	3.9	4.3
Oper. Income-Div.	10.1	7.2	7.8	7.9	6.4
Income After Tax	5.0	3.3	2.6	3.1	2.1
% of Sales:					
Gross Profit	22.7	18.0	17.2	17.5	15.6
SARE-Div.	5.5	5.6	5.1	5.8	6.3
Income After Tax	8.5	5.8	4.1	4.6	3.0
$ Sales/$ Investment	.67	.57	.62	.63	.60
Gross Investment	88.4	101.8	104.5	106.9	114.9
% ROI	5.6	3.4	2.5	2.9	1.8

Major products reported for the General Chemicals business group are as follows:

0633646

ADIPIC ACID
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	9.5	7.2	7.0	6.9	7.9
Gross Profit	4.7	2.7	2.2	1.9	1.6
SARE-Div.	.5	.4	.4	.4	.5
Oper. Income-Div.	3.6	2.3	1.7	1.5	1.1
Income After Tax	2.2	1.2	.8	.7	.3
Selling Price/lb.	.209	.182	.165	.158	.152
Cost of Sales/lb.	.104	.113	.114	.114	.120
% of Sales:					
Gross Profit	50.2	37.9	30.8	28.0	20.8
SARE-Div.	5.3	6.0	5.9	5.8	6.5
Net Income	23.0	17.0	10.9	10.4	4.4
$ Sales/$ Investment	.61	.52	.54	.45	.51
Gross Investment:					
Fixed Capital		17.0	15.1	16.8	17.6
Working Capital		2.1	1.7	2.4	2.4
Total	19.0	19.1	16.8	19.2	20.0
For Sales	15.5	15.4	12.9	15.4	15.5
% ROI - For Sales	14.0	8.9	5.9	4.7	2.2
Total Capacity - MM lbs.	54.0	54.0	56.4	56.4	55.2
For Sales	45.2	44.1	45.5	43.9	51.7
Internal Use	11.5	12.7	14.3	17.6	8.7
Excess	(2.7)	(2.8)	(.4)	(5.1)	(5.2)

An expansion of our Luling facility to 60MM lbs./yr. began operation in the first quarter of 1970. This unit plus new phenol economics which will be available in late 1970 will increase the adipic return on investment to the 7.5+% range for 1971.

0633647

BISPHENOL A
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	3.3	3.8	3.9	4.2	4.7
Gross Profit	.2	.6	.5	.5	.7
SARE-Div.	.1	.2	.2	.2	.3
Oper. Income-Div.	(.1)	.4	.2	.3	.4
Income After Tax	(.1)	.1	.1	.1	.1
Selling Price/lb.	.205	.200	.181	.172	.165
Cost of Sales/lb.	.192	.167	.158	.151	.140
% of Sales:					
Gross Profit	6.2	16.4	12.6	12.5	14.9
SARE-Div.	4.6	6.0	5.6	5.8	5.9
Net Income		3.4	1.8	1.8	1.3
$ Sales/$ Investment	.42	.36	.41	.45	.49
Gross Investment:					
Fixed Capital		9.5	8.5	8.3	8.5
Working Capital		1.3	.9	1.1	1.1
Total	8.4	10.8	9.4	9.4	9.6
For Sales	8.1	10.3	9.3	9.4	9.6
% ROI - For Sales		1.2	.7	.8	.6
Total Capacity - MM lbs.	21.0	23.0	23.0	24.0	28.1
For Sales	16.3	18.8	21.5	24.5	28.2
Internal Use	.7	.9	.1		
Excess	4.0	3.3	1.4	(.5)	(.1)

Pricing of Bisphenol A is expected to erode to the 14¢ level over the next few years. Under these conditions and with our best costs including new phenol economics, a maximum ROI of 4% can be expected. Present plans call for the retirement of this facility after 1971 and to have phenol converted to BPA for us by Shell. This conversion arrangement will generate a 7+% ROI.

0633648

MALEIC ANHYDRIDE
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	4.4	3.6	3.9	5.3	5.3
Gross Profit	.7	.1		.8	.7
SARE-Div.	.2	.2	.2	.3	.3
Oper. Income-Div.	.3	(.1)	(.2)	.5	.4
Income After Tax	.1	(.1)	(.2)	.2	
Selling Price/lb.	.128	.132	.122	.139	.142
Cost of Sales/lb.	.109	.127	.121	.119	.124
% of Sales:					
Gross Profit	14.9	3.9	.8	14.6	12.7
SARE-Div.	4.6	6.1	5.6	5.7	6.3
Net Income	2.5			3.1	.7
$ Sales/$ Investment	.62	.40	.48	.47	.41
Gross Investment:					
Fixed Capital		15.2	13.9	16.5	21.2
Working Capital		.8	.9	1.2	1.0
Total	11.4	16.0	14.8	17.7	22.2
For Sales	7.1	9.0	8.2	11.4	13.1
% ROI - For Sales	1.5			1.4	.3
Total Capacity - MM lbs.	55.8	50.4	67.9	65.7	68.7
For Sales	34.6	27.3	32.0	38.2	37.5
Internal Use	23.7	26.7	29.7	26.6	31.2
Excess	(2.5)	(3.6)	6.2	.9	

Results in 1969 and most of 1970 reflect the poor economics of our existing plant coupled with start-up expenses for the new 105MM lb. Scientific Design Institute unit late in 1970. This new, efficient facility and the establishment of more realistic prices for maleic anhydride will show a return on investment of 7+% in 1971.

0633649

ORTHONITROANILINE
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	1.0	1.1	1.1	1.2	1.2
Gross Profit	.6	.7	.8	.6	.4
SARE-Div.		.1		.1	.1
Oper. Income-Div.	.6	.6	.7	.5	.3
Income After Tax	.3	.3	.4	.3	.1
Selling Price/lb.	.427	.424	.424	.408	.385
Cost of Sales/lb.	.182	.168	.119	.208	.263
% of Sales:					
Gross Profit	57.5	60.5	72.1	49.1	31.7
SARE-Div.	3.0	5.2	4.4	5.4	5.9
Net Income	30.0	31.6	33.4	22.4	12.1
$ Sales/$ Investment	.98	1.26	1.43	1.74	.39
Gross Investment:					
Fixed Capital		.6	.5	.5	2.8
Working Capital		.3	.3	.2	.2
Total	1.1	.9	.8	.7	3.0
For Sales	1.1	.9	.8	.7	3.0
% ROI - For Sales	29.5	39.9	47.7	38.9	4.7
Total Capacity - MM lbs.	2.9	2.9	3.1	3.5	1.5
For Sales	2.5	2.6	2.6	2.8	2.3
Internal Use				.3	
Excess	.4	.3	.5	.4	(.8)

Results for 1969 and 1970 show the effect of the ONA department explosion which destroyed the unit. Material during the first half of 1970 is being obtained via a conversion arrangement at a 20¢ cost penalty. With the start-up of our new facility in mid-1970, a return of 7% can be expected.

0633650

PARANITROANILINE
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	2.4	1.9	2.0	2.6	1.3
Gross Profit	.6	.4	.7	.1	(.2)
SARE-Div.		.1	.1	.2	.1
Oper. Income-Div.	.5	.3	.6	(.1)	(.3)
Income After Tax	.3	.2	.3	(.1)	(.2)
Selling Price/lb.	.404	.415	.405	.379	.388
Cost of Sales/lb.	.300	.321	.268	.364	.445
% of Sales:					
Gross Profit	25.7	22.6	33.7	3.9	(14.8)
SARE-Div.	3.0	5.2	4.4	6.2	5.9
Net Income	10.6	8.0	13.9	(3.2)	(13.9)
$ Sales/$ Investment	.65	.49	.58	.79	.26
Gross Investment:					
Fixed Capital		4.3	4.1	3.0	5.4
Working Capital		.7	.9	.6	.8
Total	4.7	5.0	5.0	3.6	6.2
For Sales	3.8	3.9	3.4	3.2	5.0
% ROI - For Sales	6.9	3.9	8.0		
Total Capacity - MM lbs.	9.9	9.9	9.9	9.9	5.0
For Sales	6.0	4.6	4.9	6.7	3.3
Internal Use	1.6	1.5	2.2	1.2	1.7
Excess		3.8	2.8	2.0	

Results for 1969 and 1970 reflect the effect of the PNA department explosion which destroyed the unit. Interim facilities are being used during the first half of 1970 and generate a negative profit. Upon completion of the new permanent plant in mid-year, the PNA ROI should return to a 7% level.

0633651

PHENOL
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	4.6	3.5	5.1	5.1	6.3
Gross Profit	1.4	.2	(.6)	(.2)	(.9)
SARE-Div.	.1	.2	.2	.3	.4
Oper. Income-Div.	1.2		(.9)	(.5)	(1.3)
Income After Tax	.6	(.1)	(.5)	(.4)	(.9)
Selling Price/lb.	.096	.079	.064	.071	.065
Cost of Sales/lb.	.066	.074	.071	.075	.075
% of Sales:					
Gross Profit	31.7	5.7		(4.4)	(14.0)
SARE-Div.	3.2	12.3	4.8	5.9	6.1
Net Income	12.9			(7.5)	(13.6)
$ Sales/$ Investment	.46	.34	.34	.33	.36
Gross Investment:					
Fixed Capital		48.3	47.2	47.2	48.6
Working Capital		4.1	4.3	4.1	4.7
Total	46.5	52.4	51.5	51.3	53.3
For Sales	9.9	10.3	15.2	15.3	17.3
% ROI - For Sales	6.0				
Total Capacity - MM lbs.	246.3	254.2	258.3	260.1	313.7
For Sales	47.6	44.9	80.4	70.8	96.2
Internal Use	206.9	195.6	198.1	189.8	217.5
Excess	(8.2)	13.7	(20.2)	(.5)	

Results for 1969 and 1970 have been effected by accelerated depreciation for the WGK unit which will be retired by year-end. In addition, start-up expenses for the new 250MM lb. plant at the Chocolate Bayou location depress the financial results during the current year. In 1971, merchant sales of phenol should have manufacturing economics second to no one and should yield a 6+% ROI.

0633652

PHTHALIC ANHYDRIDE
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	3.6	7.1	9.3	4.0	5.4
Gross Profit	.4	1.8	.9	(.8)	(.2)
SARE-Div.	.2	.5	.5	.2	.3
Oper. Income-Div.	.1	1.3	.3	(1.0)	(.5)
Income After Tax	(.1)	.7		(.6)	(.3)
Selling Price/lb.	.092	.116	.120	.107	.107
Cost of Sales/lb.	.083	.088	.109	.129	.111
% of Sales:					
Gross Profit	10.3	24.8	9.8	(20.8)	(3.7)
SARE-Div.	5.2	6.4	5.6	5.4	5.8
Net Income		9.4	.4	(16.3)	(6.4)
$ Sales/$ Investment	.40	.47	.53	.23	.45
Gross Investment:					
Fixed Capital		29.7	31.5	28.1	29.8
Working Capital		2.6	2.0	3.9	3.3
Total	21.3	32.3	33.5	32.0	33.1
For Sales	9.1	15.0	17.5	17.6	11.9
% ROI - For Sales		4.4	.2		
Total Capacity - MM lbs.	108.8	193.3	192.1	109.1	93.0
For Sales	39.4	61.1	77.5	32.5	50.0
Internal Use	87.5	76.5	76.2	78.8	98.4
Excess	(18.1)	55.7	38.4	(7.2)	(55.4)

Operations and financial results in 1969 reflect the poor performance of the Chocolate Bayou unit which ceases operations in mid-year 1970. Results are depressed by the resale of imported phthalic at a 4¢/lb. cost penalty over the Delaware River plants economics.

A 130MM lb./year BASF phthalic plant is now under construction at Texas and due to come on-stream during early 1971. A satisfactory return on merchant sales can be expected at that time.

0633653

PLASTICIZERS - BUSINESS GROUP
($ in Millions)

	Actual 1966	Actual 1967	Actual 1968	Actual 1969	Budget 1970
World-Wide					
Sales	64.4	66.6	71.7	68.9	78.6
Oper. Income-Div.	8.2	9.4	8.5	6.4	6.5
Income After Tax	3.8	4.7	3.6	2.9	2.0
Gross Investment	76.2	82.9	81.7	89.4	117.1
% ROI	4.9	5.6	4.4	3.2	1.7
U.S. Dom. & Export					
Sales	57.7	57.1	61.3	58.7	67.4
Gross Profit	13.0	13.6	12.6	10.2	10.9
SARE-Div.	4.1	4.0	4.4	4.7	5.3
Oper. Income-Div.	8.9	9.6	8.2	5.5	5.6
Income After Tax	4.4	4.9	3.6	2.4	1.6
% of Sales:					
Gross Profit	22.5	23.9	20.5	17.4	16.2
SARE-Div.	7.1	7.1	7.2	8.0	7.8
Income After Tax	7.6	8.6	5.9	4.2	2.4
$ Sales/$ Investment	.87	.80	.87	.74	.63
Gross Investment	66.6	71.6	70.4	79.7	106.4
% ROI	6.6	6.7	5.2	3.1	1.5

Major products reported for Plasticizers business group are as follows:

0633654

ADIPATES - PLASTICIZERS
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales		4.9	.7	.7	.7
Gross Profit		1.0	.1	.1	.2
SARE-Div.		.3			.1
Oper. Income-Div.		.7	.1	.1	.1
Income After Tax		.3			
Selling Price/lb.		.237	.212	.205	.203
Cost of Sales/lb.		.190	.170	.162	.152
% of Sales:					
Gross Profit		19.6	19.9	20.9	25.1
SARE-Div.		6.5	6.8	7.6	7.3
Net Income		6.3	5.6	6.1	7.1
$ Sales/$ Investment		.89	.86	.73	.83
Gross Investment:					
Fixed Capital		4.2	.6	.7	.6
Working Capital		1.4	.2	.2	.2
Total		5.6	.8	.9	.8
For Sales		5.6	.8	.9	.8
% ROI - For Sales		5.6	4.9	4.4	5.9

Due to lower Adipate prices, we will be below our projected price in 1970.

0633655

AROCLORS - PLASTICIZERS
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales		4.6	5.4	5.9	6.5
Gross Profit		2.1	2.3	2.3	2.5
SARE-Div.		.3	.4	.5	.6
Oper. Income-Div.		1.8	1.9	1.8	1.9
Income After Tax		1.0	.9	.9	1.0
Selling Price/lb.		.160	.160	.157	.160
Cost of Sales/lb.		.087	.092	.097	.099
% of Sales:					
Gross Profit		45.6	42.6	38.0	38.0
SARE-Div.		7.3	7.3	8.2	8.0
Net Income		21.2	17.2	15.5	14.7
$ Sales/$ Investment		.90	.96	.72	.79
Gross Investment:					
Fixed Capital		3.9	4.6	6.6	6.6
Working Capital		1.2	.9	1.6	1.6
Total		5.1	5.5	8.2	8.2
For Sales		5.1	5.5	8.2	8.2
% ROI - For Sales		19.1	16.5	11.2	11.6

The PCB situation on "accused" environmental pollution came to light in 1969. This could affect performance on A-1254 and A-1260 in 1970.

The new solid Aroclor plant was added to the investment in 1969 with start-up in early 1970. The start-up costs in 1970 prevent better economics. This plant is timed ideally to meet the growing needs of hot melt adhesives and sales should exceed budget in 1970.

0633656

BUTYL, ETHYL, METHYL PHTHALATES
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales		1.9	1.9	2.0	1.8
Gross Profit		.4	.3	.2	.3
SARE-Div.		.1	.1	.2	.1
Oper. Income-Div.		.3	.2		.2
Income After Tax		.1			
Selling Price/lb.		.184	.190	.193	.185
Cost of Sales/lb.		.147	.158	.172	.157
% of Sales:					
Gross Profit		20.2	16.9	10.9	15.2
SARE-Div.		6.5	6.8	7.7	7.4
Net Income		6.6	4.1	.6	1.7
$ Sales/$ Investment		.72	.77	.59	.57
Gross Investment:					
Fixed Capital		2.0	2.1	2.6	2.2
Working Capital		.7	.4	.7	.9
Total		2.7	2.5	3.3	3.1
For Sales		2.7	2.5	3.3	3.1
% ROI - For Sales		4.5	3.1	.3	1.0

Higher selling prices in 1969 were more than offset by higher costs. Basically the increases were due to start-up variances on Chocolate Bayou phthalic plant and high cost import phthalic being used for production of these BEM's.

For 1970, selling price will decrease because of increasing competitive pressure. The cost of sales at .157 is probably realistic and the gross profit of 15.2% is realistic.

0633657

BENZYL PHTHALATES
($ in Millions)

	Actual 1966	Actual 1967	Actual 1968	Actual 1969	Budget 1970
U.S. Dom. & Export					
Sales		14.1	15.2	14.5	15.4
Gross Profit		4.4	4.3	4.1	4.3
SARE-Div.		1.0	1.1	1.1	1.2
Oper. Income-Div.		3.3	3.2	3.0	3.2
Income After Tax		1.7	1.4	1.5	1.4
Selling Price/lb.		.165	.164	.158	.151
Cost of Sales/lb.		.114	.117	.113	.108
% of Sales:					
Gross Profit		30.9	28.2	28.5	28.1
SARE-Div.		7.4	7.0	7.7	7.5
Net Income		12.3	9.5	10.3	9.1
$ Sales/$ Investment		.76	.80	.69	.64
Gross Investment:					
Fixed Capital		15.1	16.0	16.3	20.1
Working Capital		3.5	2.9	4.8	3.8
Total		18.6	18.9	21.1	23.9
For Sales		18.6	18.9	21.1	23.9
% ROI - For Sales		9.3	7.9	7.1	5.9

Due to the slowdown in building and our dependence on the flooring industry (65% of sales), 1970 sales budget will not be met.

We are also under price pressure due to lower Phthalate Ester prices. However, we hope to meet our selling price budget.

The Phthalic problems of 1969 will be partially alleviated in 1970.

0633658

DECYL PHTHALATES
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales		5.2	2.9	2.0	1.5
Gross Profit		.6	.4	.2	.1
SARE-Div.		.3	.2	.1	.1
Oper. Income-Div.		.3	.2		
Income After Tax		.1			
Selling Price/lb.		.168	.162	.147	.135
Cost of Sales/lb.		.149	.139	.135	.123
% of Sales:					
Gross Profit		11.6	14.1	7.7	9.2
SARE-Div.		6.5	6.8	7.6	6.9
Net Income		1.9	2.7	(1.2)	(1.7)
$ Sales/$ Investment		1.02	1.20	1.03	1.02
Gross Investment:					
Fixed Capital		3.7	1.9	1.3	1.1
Working Capital		1.4	.5	.6	.3
Total		5.1	2.4	1.9	1.4
For Sales		5.1	2.4	1.9	1.4
% ROI - For Sales		2.0	3.2		

Primarily S-215, the market and usage is under strong attack from DOP/chlorinated paraffin blends resulting in reduced selling price. Selling price is quite closely tied to the DOP/DIDP price level.

Conversion of customers to either straight HB-40 or preferably a S-711/HB-40 blend is our goal and should make this market profitable for us.

0633659

GENERAL PURPOSE PLASTICIZERS
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales			14.7	13.0	17.1
Gross Profit			.7	(.5)	(2.1)
SARE-Div.			1.0	1.0	1.3
Oper. Income-Div.			(.3)	(1.5)	(3.4)
Income After Tax			(.3)	(1.0)	(2.3)
Selling Price/lb.			.179	.164	.145
Cost of Sales/lb.			.170	.170	.163
% of Sales:					
Gross Profit			4.9	(4.1)	(12.2)
SARE-Div.			6.9	7.6	7.4
Net Income			(2.0)	(7.7)	(13.7)
$ Sales/$ Investment			.99	.81	.52
Gross Investment:					
Fixed Capital			11.5	11.4	28.9
Working Capital			3.3	4.5	4.1
Total			14.8	15.9	33.0
For Sales			14.8	15.9	33.0
% ROI - For Sales					

Price attrition during 1969 versus 1968 accounts substantially for decline in dollar sales and higher loss.

In 1970, predicted price weakness in both Phthalate and Adipate Esters along with strategized price reductions in Santicizer 711 swell the losses incurred. These deficits, however, are based on the approved Santicizer 711 plan. A major breakdown of the $2.3MM after tax loss for 1970 is as follows: Negative - S-711 - $1,175M; DOP - $541M; DNODP - $176M; DIDP - $159M; DNODA - $51M. Positive - DOA (JFQ) +$79M, All Others (Net Negative) -$336M. 1970 gross profit is adversely affected by Texas City Phthalate Ester start-up costs of $811M.

The forecast gross profit for 1971 is $1.7MM and for 1972 is $4.6MM due to greatly increased Santicizer 711 sales. Acceptance of S-711 in the trade to date is wider than forecast, and we have yet to lose a customer, in spite of concerted pressure by competitive alcohol suppliers, on the straight chain phthalate business.

0633660

OCTYL PHTHALATES
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales		6.3	.7	.7	.7
Gross Profit		.5			
SARE-Div.		.4			
Oper. Income-Div.					
Income After Tax					
Selling Price/lb.		.157	.163	.147	.141
Cost of Sales/lb.		.144	.146	.136	.137
% of Sales:					
Gross Profit		8.0	10.4	7.8	2.8
SARE-Div.		6.5	6.8	7.6	7.4
Net Income		(.4)	1.0	(1.2)	(5.4)
$ Sales/$ Investment		.88	1.13	1.10	.67
Gross Investment:					
Fixed Capital		5.4	.5	.5	.9
Working Capital		1.8	.1	.1	.1
Total		7.2	.6	.6	1.0
For Sales		7.2	.6	.6	1.0
% ROI - For Sales			1.1		

All budget data appears realistic for 1970. The average selling price might be lower than .141 in 1970, due to lower DOP prices.

0633661

OTHER PHTHALATES
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales		1.4	1.5	1.4	1.4
Gross Profit		.3	.3	.2	.3
SARE-Div.		.1	.1	.1	.1
Oper. Income-Div.		.2	.2	.1	.2
Income After Tax		.1	.1		.1
Selling Price/lb.		.379	.391	.382	.387
Cost of Sales/lb.		.308	.308	.340	.308
% of Sales:					
Gross Profit		18.6	21.3	10.9	20.4
SARE-Div.		6.4	6.9	7.6	7.4
Net Income		5.3	6.3	.6	4.6
$ Sales/$ Investment		.59	.50	.53	.52
Gross Investment:					
Fixed Capital		1.9	2.5	2.1	2.3
Working Capital		.5	.6	.6	.5
Total		2.4	3.1	2.7	2.8
For Sales		2.4	3.1	2.7	2.8
% ROI - For Sales		3.1	3.1	.3	2.4

For DCHP and DPP, 1969 selling prices decreased slightly due to higher off-take by Nashua Corp. Cost of sales increased significantly which can be traced to problems with Krummrich Phenol, start-up variances on the Chocolate Bayou phthalic plant and high cost import phthalic.

Nashua's 1970 DCHP price has been effectively increased, which increases our average selling price. A gross profit of 20% is realistic if manufacturing costs show budgeted decrease.

0633662

PHOSPHATE ESTERS
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales		4.6	4.7	4.8	7.1
Gross Profit		1.4	1.4	1.0	1.2
SARE-Div.		.3	.3	.4	.6
Oper. Income-Div.		1.1	1.1	.6	.6
Income After Tax		.6	.5	.3	.2
Selling Price/lb.		.325	.331	.322	.285
Cost of Sales/lb.		.226	.234	.256	.237
% of Sales:					
Gross Profit		30.3	29.1	20.5	16.5
SARE-Div.		7.2	7.2	8.1	8.2
Net Income		12.2	10.3	5.9	2.5
$ Sales/$ Investment		.81	.97	.82	.70
Gross Investment:					
Fixed Capital		4.3	3.8	4.1	8.4
Working Capital		1.4	1.0	1.7	1.7
Total		5.7	4.8	5.8	10.1
For Sales		5.7	4.8	5.8	10.1
% ROI - For Sales		9.8	10.0	4.8	1.8

1969 selling prices dropped late in year as planned to encourage more market interest in S-140 and S-148, which have much larger profit margins than TCP, the traditional flame retardant. Phenol write-off and inefficient process led to high COGS. New efficient plants will start up in mid-1970 with attendant startup charges. Government legislation anticipated for 1970 (autos) may now be delayed, which will make budget sales estimate optimistic.

0633663

PHTHALYL GLYCOLLATES
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales		1.3	1.3	1.0	1.2
Gross Profit		.5	.5	.3	.4
SARE-Div.		.1	.1	.1	.1
Oper. Income-Div.		.4	.4	.2	.3
Income After Tax		.2	.2	.1	.2
Selling Price/lb.		.461	.455	.458	.473
Cost of Sales/lb.		.301	.288	.336	.308
% of Sales:					
Gross Profit		34.7	36.8	26.7	34.9
SARE-Div.		7.4	7.3	8.4	8.1
Net Income		14.5	14.2	9.3	12.9
$ Sales/$ Investment		.76	.72	.61	.68
Gross Investment:					
Fixed Capital		1.4	1.5	1.3	1.4
Working Capital		.4	.3	.4	.3
Total		1.8	1.8	1.7	1.7
For Sales		1.8	1.8	1.7	1.7
% ROI - For Sales		11.0	10.2	5.7	8.7

The high cost of sales for 1969 reflects high phthalic costs and high costs of acetate ester raw materials. The 1970 COGS budget assumes solution of these problems. At present, it appears sales for the family may fall short of budget by 10%.

0633664

POLYMERICS
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales		2.5	3.1	4.1	4.4
Gross Profit		.5	.7	.9	.9
SARE-Div.		.2	.3	.4	.4
Oper. Income-Div.		.3	.4	.5	.5
Income After Tax		.1	.2	.2	.2
Selling Price/lb.		.329	.331	.321	.318
Cost of Sales/lb.		.263	.258	.251	.253
% of Sales:					
Gross Profit		20.0	21.9	22.0	20.6
SARE-Div.		8.3	8.0	9.1	8.6
Net Income		4.9	6.5	6.7	5.0
$ Sales/$ Investment		.59	.73	.65	.72
Gross Investment:					
Fixed Capital		3.3	3.5	4.7	4.4
Working Capital		.9	.7	1.6	1.6
Total		4.2	4.2	6.3	6.0
For Sales		4.2	4.2	6.3	6.0
% ROI - For Sales		2.9	4.8	4.3	3.6

New product introduction and intensified marketing effort will continue to result in increasing market participation accompanied by slight selling price decline.

Flowed cost variances from phenol thru adipic acid will adversely affect gross profit by about $0.2MM in 1970.

Competitive threat from trimellitates continues to exert pressure although so far trimellitates have had very limited success at replacing polymerics.

Strong and increasing competitive pressure from other polymeric producers make mandatory increased effort to reduce manufacturing costs thru improved manufacturing efficiency and/or lower cost raw materials.

0633665

SULFONAMIDES
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales		4.2	4.6	4.3	4.7
Gross Profit		1.2	1.1	1.0	1.1
SARE-Div.		.3	.3	.4	.4
Oper. Income-Div.		.9	.8	.6	.7
Income After Tax		.5	.4	.3	.3
Selling Price/lb.		.413	.409	.405	.397
Cost of Sales/lb.		.295	.308	.312	.308
% of Sales:					
Gross Profit		28.6	24.7	22.9	22.5
SARE-Div.		7.4	7.3	8.2	7.8
Net Income		10.8	8.1	7.2	6.0
$ Sales/$ Investment		.72	.69	.52	.76
Gross Investment:					
Fixed Capital		4.4	5.4	6.4	4.3
Working Capital		1.4	1.3	1.9	1.8
Total		5.8	6.7	8.3	6.1
For Sales		5.8	6.7	8.3	6.1
% ROI - For Sales		7.8	5.6	3.7	4.6

It appears we will make 1970 budget, although we are continually feeling the pressure of foreign competition.

Budgeted volume for the family in 1970 is putting heavy demands on plant capacity. Balancing the Ortho/Para isomer production into the existing end use markets remains a continuing challenge. Currently, saccharin production requirements are creating an excess inventory of para isomer product, resulting in increased working capital investment.

0633666

RUBBER CHEMICALS - BUSINESS GROUP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
World-Wide					
Sales	53.5	56.8	68.2	74.8	80.6
Oper. Income-Div.	11.3	12.4	15.6	13.1	14.8
Income After Tax	6.5	7.2	8.1	6.4	7.2
Gross Investment	56.1	61.9	69.4	83.4	108.3
% ROI	11.6	11.6	11.6	7.7	6.6
U.S. Dom. & Export					
Sales	32.3	32.3	39.4	42.4	45.7
Gross Profit	10.1	10.3	13.5	11.1	13.1
SARE-Div.	3.0	3.1	3.5	3.9	4.9
Oper. Income-Div.	7.1	7.2	10.0	7.2	8.2
Income After Tax	3.9	4.0	5.0	3.4	3.9
% of Sales:					
Gross Profit	31.3	31.8	34.2	26.1	28.6
SARE-Div.	9.4	9.5	8.8	9.1	10.6
Income After Tax	12.1	12.4	12.6	8.1	8.5
$ Sales/$ Investment	.95	.91	.97	.82	.69
Gross Investment	34.0	35.5	40.4	51.6	66.1
% ROI	11.5	11.3	12.2	6.7	5.9

NOTE: Includes Reliable Mfg. Co.

Major products reported for the Rubber Chemicals business group are as follows:

0633667

FLECTOL H & ODP
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	.9	.8	.9	.9	1.2
Gross Profit	.3	.3	.3		.1
SARE-Div.	.1	.1	.1	.1	.1
Oper. Income-Div.	.2	.2	.2	(.1)	
Income After Tax	.1	.1	.1		
Selling Price/lb.	.539	.531	.520	.514	.498
Cost of Sales/lb.	.337	.334	.378	.511	.432
% of Sales:					
Gross Profit	37.5	37.2	27.3	.6	13.2
SARE-Div.	8.0	9.6	9.0	8.9	9.8
Net Income	13.9	14.3	8.5	(6.6)	(1.1)
$ Sales/$ Investment	.72	.68	.53	.44	.58
Gross Investment:					
Fixed Capital		.9	1.5	1.5	1.7
Working Capital		.3	.3	.5	.3
Total	1.2	1.2	1.8	2.0	2.0
For Sales	1.2	1.2	1.8	2.0	2.0
% ROI - For Sales	10.0	9.7	4.5		
Total Capacity - MM lbs.	1.8	1.8	2.8	*	2.7
For Sales	1.6	1.6	1.8	1.7	2.3
Internal Use					
Excess	.2	.2	1.0		.4

*Multipurpose equipment which causes a fluctuating capacity.

A second unsuccessful attempt was made to produce Flectol ODP in late 1969 and early 1970 which adversely affects profitability in both years. Decision has been reached to discontinue further reports in this area and reserve the total plant for growth in Flectol H sales. Flectol ODP will be purchased for resale on an arrangement more favorable than self production which would require additional capital.

0633668

SANTOCURE AND CYCLEX
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	1.1	.9	1.0	.9	.6
Gross Profit	.5	.4	.4	.3	.1
SARE-Div.	.1	.3	.1	.1	.1
Oper. Income-Div.	.4	.3	.3	.2	
Income After Tax	.2	.2	.1	.1	
Selling Price/lb.	.636	.608	.570	.560	.540
Cost of Sales/lb.	.342	.336	.358	.376	.449
% of Sales:					
Gross Profit	46.2	44.7	37.1	32.8	16.8
SARE-Div.	8.1	9.7	9.1	8.9	9.7
Net Income	20.4	19.0	13.3	11.1	.9
$ Sales/$ Investment	1.15	.87	1.38	.97	.71
Gross Investment:					
Fixed Capital		.7	.4	.8	.6
Working Capital		.4	.3	.4	.3
Total	1.0	1.1	.7	1.2	.9
For Sales	1.0	1.1	.7	1.0	.9
% ROI - For Sales	23.4	16.6	18.3	10.8	.7
Total Capacity - MM lbs.	*	*	*	*	1.3
For Sales	1.8	1.5	1.7	1.7	1.2
Internal Use				.6	
Excess					.1

*Multipurpose equipment which causes fluctuating capacity.

The gradual replacement of this product with the more profitable Santocure NS continues. In spite of borderline profitability, this product will continue to be sold to hold customers until they can be influenced to change to the newer Santocure NS.

0633669

SANTOCURE MOR AND MOR 90
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	1.4	1.4	1.6	.6	.6
Gross Profit	.1	.3	.4		.1
SARE-Div.	.1	.1	.1		.1
Oper. Income-Div.		.1	.2		
Income After Tax		.1	.1		
Selling Price/lb.	.679	.678	.678	.647	.681
Cost of Sales/lb.	.623	.557	.528	.615	.578
% of Sales:					
Gross Profit	8.2	17.9	22.2	5.0	15.2
SARE-Div.	8.0	9.6	9.0	9.3	9.6
Net Income		3.5	6.0	(3.7)	
$ Sales/$ Investment	1.15	.87	1.18	.57	.66
Gross Investment:					
Fixed Capital		1.1	1.0	.7	.6
Working Capital		.6	.4	.4	.3
Total	1.2	1.7	1.4	1.1	.9
For Sales	1.2	1.6	1.4	1.1	.9
% ROI - For Sales		3.1	7.1		
Total Capacity - MM lbs.	*	*	*	*	1.6
For Sales	2.0	2.1	2.4	1.0	.9
Internal Use					
Excess					.7

*Multipurpose equipment which causes fluctuating capacity.

This product line is being sold in decreasing amounts primarily due to insufficient capacity in the Thiofide (intermediate for MOR) plant. However, sales are not expected to increase and costs will remain high at these low requirement levels. Efforts are being made to switch customers to our more profitable Santocure NS and to our new Santocure NS-50 (pre-vulcanization inhibitor blend).

0633670

SANTOCURE NS AND CYCLEX B
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	5.0	5.9	7.8	7.7	8.7
Gross Profit	1.8	2.2	2.9	2.4	2.6
SARE-Div.	.4	.6	.7	.7	.9
Oper. Income-Div.	1.3	1.7	2.2	1.7	1.7
Income After Tax	.7	.9	1.1	.8	.8
Selling Price/lb.	.416	.455	.435	.402	.424
Cost of Sales/lb.	.267	.285	.274	.278	.298
% of Sales:					
Gross Profit	35.7	37.3	36.9	30.7	29.7
SARE-Div.	8.1	9.4	8.8	9.3	10.8
Net Income	13.8	15.8	14.0	10.6	8.6
$ Sales/$ Investment	.92	1.10	1.02	.68	.60
Gross Investment:					
Fixed Capital		3.9	6.3	9.5	12.9
Working Capital		1.5	1.5	2.4	2.3
Total	5.4	5.4	7.8	11.9	15.2
For Sales	5.4	5.4	7.7	11.3	14.5
% ROI - For Sales	12.6	17.3	14.2	7.2	5.2
Total Capacity - MM lbs.	*	*	*	*	22.7
For Sales	12.0	13.0	17.9	19.1	20.5
Internal Use				1.9	1.3
Excess					.9

*Multipurpose equipment which causes fluctuating capacity.

Profitability will be adversely influenced in 1970 by (1) start-up expense on the major expansion project for Santocure NS and its intermediates and (2) increased cost of TBA due to unusual waste treatment expense and higher HCN costs after the AN plant shuts down at Texas City. Profitability will improve in subsequent years as TBA costs return to normal and the expanded NS facilities become more fully occupied.

0633671

SANTOFLEX AW AND AJONE E
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	1.7	1.1	1.0	.8	.8
Gross Profit	.9	.6	.5	.5	.5
SARE-Div.	.1	.1	.1	.1	.1
Oper. Income-Div.	.8	.5	.4	.4	.4
Income After Tax	.4	.3	.2	.2	.2
Selling Price/lb.	.554	.571	.530	.622	.637
Cost of Sales/lb.	.253	.264	.280	.286	.287
% of Sales:					
Gross Profit	54.3	53.8	47.1	54.0	54.8
SARE-Div.	8.0	9.5	8.7	8.9	9.8
Net Income	24.8	24.4	19.3	23.1	22.5
$ Sales/$ Investment	.94	.76	.96	.94	.91
Gross Investment:					
Fixed Capital		5.7	4.3	5.6	5.6
Working Capital		.8	.5	.7	.6
Total	5.0	6.5	4.8	6.3	6.2
For Sales	1.8	1.5	1.1	.9	.9
% ROI - For Sales	23.4	18.5	18.5	21.7	20.4
Total Capacity - MM lbs.	*	*	*	*	14.4
For Sales	3.1	2.0	2.0	1.3	10.6
Internal Use	7.0	7.7	9.0	11.1	.8
Excess					3.0

*Multipurpose equipment which causes fluctuating capacity.

As previously reported sales will continue to drop due to product obsolescence. Profitability will remain high and thus no reason to discontinue this product from our line.

0633672

SANTOFLEX DD AND AJONE DD
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	3.1	2.5	2.7	2.0	2.1
Gross Profit	1.5	1.1	1.2	.8	.9
SARE-Div.	.3	.2	.2	.2	.2
Oper. Income-Div.	1.2	.9	.9	.6	.7
Income After Tax	.7	.5	.5	.3	.4
Selling Price/lb.	.379	.370	.361	.345	.333
Cost of Sales/lb.	.200	.208	.206	.205	.186
% of Sales:					
Gross Profit	47.2	43.6	42.9	40.8	43.9
SARE-Div.	8.2	9.3	8.6	9.3	10.7
Net Income	21.7	19.9	17.5	16.1	16.7
$ Sales/$ Investment	1.54	1.02	1.16	1.05	1.06
Gross Investment:					
Fixed Capital		1.7	1.7	1.2	1.5
Working Capital		.8	.7	.7	.6
Total	2.0	2.5	2.4	1.9	2.1
For Sales	2.0	2.5	2.3	1.9	2.1
% ROI - For Sales	33.5	20.3	20.3	16.9	17.7
Total Capacity - MM lbs.	*	*	*	*	5.3
For Sales	8.2	6.8	7.5	5.8	6.4
Internal Use		.1	.4		.1
Excess					(1.2)

*Multipurpose equipment which causes fluctuating capacity.

Sales are expected to decrease substantially over the next several years due to product obsolescence. However, profitability will remain good.

0633673

SANTOFLEX 13 AND AJONE HP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	7.6	8.1	9.7	10.4	9.3
Gross Profit	2.3	2.5	4.0	3.1	3.1
SARE-Div.	.6	.8	.9	.9	.9
Oper. Income-Div.	1.8	1.7	3.1	2.2	2.2
Income After Tax	.8	.9	1.5	1.0	1.0
Selling Price/lb.	.830	.829	.773	.698	.750
Cost of Sales/lb.	.576	.574	.456	.492	.498
% of Sales:					
Gross Profit	30.6	30.7	41.0	29.6	33.6
SARE-Div.	8.2	9.4	8.9	8.9	10.1
Net Income	10.6	11.6	15.9	9.5	10.4
$ Sales/$ Investment	.86	.85	1.01	.84	.70
Gross Investment:					
Fixed Capital		7.5	7.7	9.8	12.5
Working Capital		2.2	2.3	2.8	1.6
Total	9.3	9.7	10.0	12.6	14.1
For Sales	8.8	9.6	9.6	12.4	13.2
% ROI - For Sales	9.2	9.8	16.0	8.0	7.4
Total Capacity - MM lbs.	*	*	*	*	11.8
For Sales	9.2	9.8	12.5	14.7	12.6
Internal Use	.6	1.0	.7	.4	1.5
Excess					(2.3)

*Multipurpose equipment which causes fluctuating capacity.

The lower than expected profits in 1969 and forecasted for 1970 are due to major process problems affecting rate and quality of the 4NDPA intermediate. Costs are adversely affected by these process difficulties as well as start-up expense on the expansion and the use of high cost imported 4NDPA and purchased Santoflex 13 to supplement our below capacity operations. A return to normal operations can be expected in the second quarter of 1970 and profitability should be reaching the 10% ROI level before year end. The future for this product remains good. Goodyear's improved capability for fulfilling their own requirements in 1970 accounts for our lower forecasted sales volume.

0633674

SANTOFLEX 77 AND AJONE H
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	2.4	2.3	2.2	1.8	1.6
Gross Profit	.7	.7	.8	.1	.3
SARE-Div.	.2	.2	.2	.2	.2
Oper. Income-Div.	.5	.5	.6	(.1)	.1
Income After Tax	.3	.3	.3		.2
Selling Price/lb.	.626	.681	.644	.639	.647
Cost of Sales/lb.	.435	.474	.415	.597	.538
% of Sales:					
Gross Profit	30.6	30.4	35.5	6.6	16.9
SARE-Div.	8.2	9.3	8.6	9.5	10.4
Net Income	10.8	11.8	13.7	(2.6)	12.7
$ Sales/$ Investment	.93	.95	.82	.98	.73
Gross Investment:					
Fixed Capital		1.7	2.3	1.4	2.6
Working Capital		.8	1.1	.6	.5
Total	2.5	2.5	3.4	2.0	3.1
For Sales	2.5	2.4	2.7	1.9	2.2
% ROI - For Sales	10.0	11.2	11.2		9.3
Total Capacity - MM lbs.	*	*	*	*	1.0
For Sales	3.8	3.4	3.4	2.8	2.5
Internal Use				.4	1.2
Excess					(2.7)

*Multipurpose equipment which causes fluctuating capacity.

Costs were substantially increased by the explosion in the department supplying the basic raw material, PNA. The use of off-grade PNA, the lower volume production to conserve product for critical uses and the write off of expenses for facilities to provide interim quantities of PNA were responsible for the heavy costs experienced. A return to normal profit levels can be expected starting mid-1970. This product is not expected to show major sales growth in the next several years.

0633675

SANTOWHITE CRYSTALS AND SANTONOX
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	1.9	1.9	2.1	2.3	2.6
Gross Profit	.5	.7	.6	.6	.7
SARE-Div.	.1	.2	.2	.2	.2
Oper. Income-Div.	.1	.6	.5	.4	.5
Income After Tax	.2	.3	.2	.2	.2
Selling Price/lb.	1.533	1.525	1.394	1.419	1.399
Cost of Sales/lb.	1.087	.933	.976	1.026	1.015
% of Sales:					
Gross Profit	29.1	38.8	30.0	27.7	27.5
SARE-Div.	7.6	9.3	8.6	9.3	9.5
Net Income	10.7	17.7	10.8	9.6	8.7
$ Sales/$ Investment	1.26	.91	1.27	.95	.94
Gross Investment:					
Fixed Capital		1.3	1.2	1.4	1.5
Working Capital		.8	.6	1.0	1.2
Total	1.6	2.1	1.8	2.4	2.7
For Sales	1.5	2.1	1.7	2.4	2.7
% ROI - For Sales	13.6	10.4	13.7	9.2	8.2
Total Capacity - MM lbs.	*	*	*	*	2.1
For Sales	1.2	1.2	1.5	1.7	1.9
Internal Use		.1	.1		
Excess					.2

*Multipurpose equipment which causes fluctuating capacity.

Higher costs more than offset the increase in the selling prices and volume, however this product will continue to earn a good return at present volumes.

A cheaper replacement product through research has not materialized and continuation of the program is not resolved at this time.

0633676

PACKAGING DIVISION
Division Profitability
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
World-Wide					
Sales	47.4	55.4	64.0	69.0	81.6
Oper. Income-Div.	(1.9)	(1.8)	1.0	(.1)	5.0
LOPAC Project Exp.				1.5	2.5
Income After Tax	(2.5)	(2.0)	(1.0)	(2.0)	(.3)
Gross Investment	81.1	92.1	97.6	110.0	114.0
% ROI					
U.S. Dom. & Export					
Sales	46.9	54.0	62.2	67.0	79.2
Oper. Income-Div.	(1.6)	(1.7)	.7	(.2)	4.6
LOPAC Project Exp.				1.5	2.5
Income After Tax	(2.3)	(1.7)	(1.0)	(2.0)	(.5)
Inc. AT as % of Sales	(4.9)	(3.1)	(1.6)	(3.0)	(.6)
$ Sales/$ Investment	.59	.60	.65	.63	.71
Gross Investment	80.1	90.3	95.7	106.4	111.8
% ROI					
Division					
Product Group/Business:					
Blownware		.2	.5		.7
Packaging Materials			2.7	2.6	3.1
Thermoforming					

Investment in the division's major products earned the following rates of return for actual 1969 and budget 1970:

	% of Investment	
	1969	1970
Loss	81.6	24.3
0 to 4%	18.4	75.7

Product groups are reported on the following pages:

Major products reported comprise 100% of the division's investment in 1969 and 1970.

BLOWNWARE - PRODUCT GROUP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
World-Wide					
Sales	31.2	37.3	39.9	43.3	49.1
Oper. Income-Div.	(1.0)	1.3	1.9	(.2)	2.5
Income After Tax	(1.5)	.1	.3	(.6)	.5
Gross Investment	52.0	57.1	58.5	61.8	62.3
% ROI		.2	.5		.8
U.S. Dom. & Export					
Sales	31.2	37.3	39.9	43.0	48.1
Gross Profit	3.4	5.6	6.2	4.2	6.4
SARE-Div.	4.4	4.3	4.3	4.4	4.1
Oper. Income-Div.	(1.0)	1.3	1.9	(.2)	2.3
Income After Tax	(1.5)	.1	.3	(.6)	.4
Selling Price/M Units	52.79	53.36	55.22	57.75	58.15
Cost of Sales/M Units	48.04	46.21	38.70	52.11	50.38
% of Sales:					
Gross Profit	10.9	15.0	15.5	9.8	13.3
SARE-Div.	14.1	11.5	10.8	10.2	8.5
Income After Tax	(4.8)	.3	.8	(1.4)	.8
$ Sales/$ Investment	.60	.65	.68	.70	.78
Gross Investment:					
Fixed Capital	44.2	48.3	46.7	51.1	49.8
Working Capital	7.8	8.8	11.8	10.5	11.7
Total	52.0	57.1	58.5	61.6	61.5
For Sales	52.0	57.1	58.5	61.6	61.5
$ ROI - For Sales		.2	.5		.7
Total Capacity - MM Units	650	840	920	950	975
For Sales	591	699	719	743	825
Internal Use					
Excess	59	141	201	207	150

Blownware-1969 results were grossly distorted by the effect of the H&P Division expansion of HDPE facilities at Texas City ($1MM after tax). Prices were increased in 1969 for the second consecutive year; but were almost fully offset by poor performance and excessive costs at the Yardville and Deep River plants.

Achievement of 1970 budget will be largely dependent on the transfer cost of HDPE. Blownware prices are budgeted to increase and these increases, combined with tight overhead cost control, will be required to offset the rising costs of plant labor and other operating costs.

Major profit leverage points lie in raw material costs, our ability to hold prices, and increased sales volume. We have installed capacity to carry us through the next two years and its utilization will be a major contributor. Present strengths lie in our leadership position in the market and technical know-how. We are hopeful that our resin cost position will be improved after the completion of H&P's expansion.

PACKAGING MATERIALS - PRODUCT GROUP
($ in Millions)

World-Wide	Actual 1966	1967	1968	1969	Budget 1970
Sales	11.2	10.8	13.9	13.5	16.1
Oper. Income-Div.		.1	1.5	1.3	2.1
Income After Tax	(.2)	(.1)	.6	.6	.8
Gross Investment	14.8	17.2	20.1	21.6	24.5
% ROI			3.0	2.8	3.3
U.S. Dom. & Export					
Sales	10.8	10.1	12.9	12.3	14.9
Gross Profit	1.7	1.4	2.7	2.7	3.4
SARE-Div.	1.4	1.4	1.5	1.6	1.5
Oper. Income-Div.	.3		1.2	1.1	1.9
Income After Tax	(.1)		.5	.5	.7
Selling Price/lb. (Polyflex)	.37	.36	.36	.36	.36
Cost of Sales/lb. (Polyflex)	.31	.29	.25	.27	.27
% of Sales:					
Gross Profit	15.7	13.9	20.9	22.0	22.8
SARE-Div.	13.0	13.9	11.6	13.0	10.1
Income After Tax	(.9)		3.9	4.1	4.7
$ Sales/$ Investment	.76	.62	.69	.63	.65
Gross Investment:					
Fixed Capital	12.1	13.8	14.8	13.8	16.8
Working Capital	2.1	2.5	3.8	5.8	6.3
Total	14.2	16.3	18.6	19.6	23.1
For Sales	14.2	16.3	18.6	19.6	23.1
% ROI - For Sales			2.7	2.6	3.1
Total Cap. - MM lbs. (Polyflex)	30.4	30.4	32.0	36.0	44.0
For Sales	15.5	17.2	18.4	15.8	18.0
Internal Use	3.4	5.9	10.9	15.0	21.0
Excess	11.5	7.3	2.7	5.2	5.0

Packaging Materials-Earnings plateaued in 1969 largely due to declining profits in the Vuepak operation combined with some price softening in the highly profitable Polyflex sheet and film business. Meat tray prices stabilized during the year, volume continued to increase and the outlook for this product segment was bright at year-end. Vuepak business will be phased out on a no-loss basis unless profits improve in 1970.

Achievement of 1970 budget depends largely upon our ability to hold prices in the face of increasing competition in the Polyflex area, and our success in expanding volume in meat trays. Polyflex sheet continues to be the lowest cost transparent plastic available and this advantage is expected to open new markets for such packages as meat trays, produce trays, cookie trays, etc. The meat tray market has stabilized, consumer preferences for clear trays remains strong and legislation in a number of areas is forcing conversion to clear packaging.

0633679

Our strengths lie in our Polyflex technology and costs and leadership position in the clear meat tray industry.

THERMOFORMING - PRODUCT GROUP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
World-Wide					
Sales	5.0	7.3	10.2	12.2	16.4
Oper. Income-Div.	(.9)	(3.2)	(2.4)	(1.2)	.4
Income After Tax	(.8)	(2.0)	(1.9)	(1.3)	(.3)
Gross Investment	14.3	17.8	19.0	26.6	27.2
% ROI					
U.S. Dom. & Export					
Sales	4.9	6.6	9.4	11.7	16.2
Gross Profit	.3	(1.2)	(.2)	.6	2.2
SARE-Div.	1.2	1.8	2.2	1.7	1.8
Oper. Income - Div.	(.9)	(3.0)	(2.4)	(1.1)	.4
Income After Tax	(.7)	(1.8)	(1.8)	(1.2)	(.3)
Selling Price/M Units	8.15	7.75	7.36	7.93	9.24
Cost of Sales/M Units	7.46	9.54	7.55	7.54	7.97
% of Sales:					
Gross Profit	6.1	(18.2)	(.2)	5.1	13.6
SARE-Div.	24.5	27.3	23.4	14.5	11.1
Income After Tax	(1.4)	(27.3)	(19.1)	(10.3)	(1.9)
$ Sales/$ Investment	.35	.39	.51	.46	.60
Gross Investment:					
Fixed Capital	11.8	14.3	14.9	20.5	21.7
Working Capital	2.1	2.6	3.7	4.7	5.5
Total	13.9	16.9	18.6	25.2	27.2
For Sales	13.9	16.9	18.6	25.2	27.2
% ROI - For Sales					
Total Capacity - MM Units	720	1900	2100	1810	1900
For Sales	598	842	1242	1463	1755
Internal Use					
Excess	122	1058	858	347	145

Thermoforming-1969 was significantly improved from the previous year but remained in a loss position. However, a number of key leverage factors were accomplished during the year with the most significant being the stability of operations and costs at the Bridgeview plant. Also, price increases were announced late in 1969 in practically all product segments.

The 1970 budget depends largely upon our ability to sell the budgeted volume which represents a 34% increase over 1969. In addition, the process stability in Bridgeview will ~~may~~ now permit a concentrated effort to reduce the overall level of costs through automation, etc. and significant steps in this direction will be achieved this year.

Our strengths in vending cups and food containers lie principally in our innovative abilities and thermoforming technology. These strengths will be employed to expand our product line into new packages and improve our volume levels to a point where this product group will achieve returns in the range of 5% to 6%.

0633680

PLASTIC PRODUCTS & RESINS DIVISION
Division Profitability
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
World-Wide					
Sales	167.2	157.3	169.7	170.0	187.8
Oper. Income-Div.	24.3	16.5	20.2	21.0	27.5
Income After Tax	12.8	7.3	8.2	10.4	12.8
Extra. Expense-Before Tax[(B)]		.8	1.9	2.5	3.2
Gross Investment	195.5	209.6	211.7	224.5	246.9
% ROI	6.5	3.5	3.8[(A)]	4.6	5.2
U.S. Dom. & Export					
Sales	124.5	109.4	121.0	117.6	131.5
Oper. Income-Div.	21.2	14.9	17.8	16.3	22.0
Income After Tax	10.9	6.7	7.4	7.9	9.9
Inc. A.T. as % of Sales	8.8	6.1	6.1	6.7	7.5
$ Sales/$ Investment	.80	.66	.74	.67	.68
Gross Investment	154.8	165.7	161.6	176.0	192.2
% ROI					
Division	7.0	4.0	4.5[(A)]	4.5	5.2
Product Group:					
Plastic Products					
Resins	4.4	1.9	3.8	4.2	4.1
Saflex	19.8	15.0	15.5	11.1	11.8
Vinyl Acetates	10.4	7.1	5.3	3.7	3.5

(A) Reflects investment in Compounds & Colorants retired in 1968 ($3.6MM).

(B) Methanol expansion and acetic acid/VAM programs at Texas City.

Investment in the division's major products earned the following rates of return for Actual 1969 and Budget 1970:

	% of Total Investment 1969	1970
Loss	24.6	24.0
0 to 4%	21.5	23.2
4 to 6%	11.1	
Over 6%	42.8	52.8

Product groups are reported on the following pages:

	Page		Page
Plastic Products	148	Saflex	154
Resins	149	Vinyl Acetate	155

Major products reported comprise 99% of the division's investment in 1969 and 1970.

0633681

PLASTIC PRODUCTS - PRODUCT GROUP
($ in Millions)

	Actual				Budget
World-Wide	1966	1967	1968	1969	1970
Sales	58.4	53.7	55.8	56.3	64.6
Oper. Income-Div.	.1	(2.2)	(1.9)	(.2)	3.5
Income After Tax	(.5)	(2.4)	(2.3)	.3	1.0
Gross Investment	57.4	56.6	55.7	59.5	61.4
% ROI				.5	1.6
U.S. Dom. & Export					
Sales (Grossed in 1966)	33.6	25.4	28.0	25.4	30.6
Gross Profit	3.6	.9	1.0	2.3	5.2
SARE-Div.	4.4	3.8	4.4	4.9	5.2
Oper. Income-Div.	(.8)	(2.9)	(3.4)	(2.6)	
Income After Tax	(1.2)	(2.5)	(3.0)	(1.1)	(.8)
% of Sales:					
Gross Profit	10.7	3.5	3.6	9.1	17.0
SARE-Div.	13.1	15.0	15.7	19.3	17.0
Income After Tax					
$ Sales/$ Investment	.99	.80 (A)	1.00 (B)	.82	.91
Gross Investment:					
Fixed Capital	19.9	20.4	18.5	21.2	25.2
Working Capital	13.8	11.5	9.4	9.7	8.1
Total	33.7	31.9	27.9	30.9	33.3
For Sales	33.7	31.9	27.9	30.9	33.3
% ROI - For Sales					

(A) Four (4) months Kenilworth Plant strike in 1967.
(B) Turnover rate includes Compounds & Colorants retirement at year-end 1968.

In 1969 Plastic Products had net income for the first time in its four-year history due to Ex U.S.A. income doubling and unanticipated benefits resulting from retirement of Compounds & Colorants in 1968. All member companies showed improvement over 1968 in sales and/or manufacturing and this should continue in 1970. Ex U.S.A. net income improvement was featured by the turn-around position, from loss to gain, at MCL, MOCAN and MMSA. CIPSA's net income decrease was due to a tax credit in 1968 rather than 1969 operations. Domestic and Export improvement was due to various incomes occuring from the sale of Compounds & Colorants assets.

In 1970 increased sales and a better gross profit position in the Domestic area coupled with Ex U.S.A. will improve World-Wide Income. Domestic sales increases are mainly in Film, Foam and the Building Service Centers, with Gross Profit up because of volume, enriched product mix and improved manufacturing performance. Selling expense is geared to the higher sales in the above three products. Ex U.S.A. contribution reflects increases in Coated Fabrics and Foam at MOCAN and Proprietary Extrusions at MMSA, while the other overseas products are approximating 1969 net income level.

0633682

RESINS - PRODUCT GROUP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
World-Wide					
Sales	49.6	46.0	48.9	49.1	52.7
Oper. Income-Div.	5.1	2.5	3.7	5.4	6.2
Income After Tax	2.6	.7	1.2	2.6	2.8
Gross Investment	67.5	73.6	72.5	73.3	75.6
% ROI	3.8	1.0	1.6	3.5	3.8
U.S. Dom. & Export					
Sales	37.3	32.9	35.7	35.8	39.2
Gross Profit	9.0	7.3	9.0	9.3	9.9
SARE-Div.	4.2	4.3	4.1	4.3	4.4
Oper. Income-Div.	4.8	3.0	4.9	5.0	5.5
Income After Tax	2.4	1.1	2.1	2.4	2.4
% of Sales:					
Gross Profit	24.1	22.2	25.2	26.0	25.3
SARE-Div.	11.3	13.1	11.5	12.0	11.2
Income After Tax	6.4	3.3	5.9	6.7	6.1
$ Sales/$ Investment	.68	.56	.63	.63	.67
Gross Investment	54.4	58.7	55.8	57.0	58.4
% ROI	4.4	1.9	3.8	4.2	4.1

Major products reported for the Resins product group are as follows:

0633683

AMINOPLASTS
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	9.5	8.7	11.3	11.4	12.4
Gross Profit	1.7	1.8	2.6	3.1	3.2
SARE-Div.	1.0	1.0	1.2	1.2	1.3
Oper. Income-Div.	.7	.8	1.4	1.9	1.9
Income After Tax	.3	.4	.7	1.0	1.0
Selling Price/lb.	.136	.117	.122	.122	.112
Cost of Sales/lb.	.111	.095	.094	.089	.083
% of Sales:					
Gross Profit	17.9	20.7	23.0	27.2	25.8
SARE-Div.	10.5	11.5	10.6	10.5	10.5
Net Income	3.2	4.6	6.2	8.8	8.1
$ Sales/$ Investment	.85	.70	.88	.89	.84
Gross Investment:					
Fixed Capital	8.1	9.8	9.9	10.2	11.7
Working Capital	3.1	2.6	3.0	2.5	3.0
Total	11.2	12.4	12.9	12.7	14.7
For Sales	11.2	12.4	12.9	12.7	14.6
% ROI - For Sales	3.1	2.9	5.2	7.7	6.5
Total Capacity - MM lbs.	82.5	101.9	129.4	129.8	132.3
For Sales	69.1	72.5	92.9	94.0	110.3
Internal Use				2.8	
Excess	13.4	29.4	36.5	33.0	22.0

1969 sales were at the same level as 1968's with Gross Profit much improved due to lower manufacturing costs. This increased Gross Profit resulted in the higher net income as SARE was held at the same level as 1968. 1970 sales will increase in the Wood Products and Coatings market area. Gross Profit does not increase proportionately as half of sales increase will be Wood Products, low sales price and small profit, and the impact of start-up costs at Springfield's 81 Bldg. and Hydro's Texas City Methanol Plant will be felt. However, 1970 net income will hold at the 1969 level.

0633684

FORMALIN
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	3.7	3.5	4.0	4.0	4.6
Gross Profit	.9	1.0	1.2	1.2	1.0
SARE-Div.	.2	.3	.3	.5	.4
Oper. Income-Div.	.6	.7	.9	.7	.6
Income After Tax	.4	.3	.4	.3	.1
Selling Price/lb.	.025	.024	.022	.022	.019
Cost of Sales/lb.	.019	.017	.015	.015	.015
% of Sales:					
Gross Profit	24.3	28.6	30.0	30.0	21.7
SARE-Div.	5.4	8.6	7.5	12.5	8.7
Net Income	10.8	8.6	10.0	7.5	2.2
$ Sales/$ Investment	.69	.53	.51	.44	.51
Gross Investment:					
Fixed Capital	7.2	10.5	13.2	10.7	12.2
Working Capital	1.4	2.4	2.4	2.5	1.8
Total	8.6	12.9	15.6	13.2	14.0
For Sales	5.4	6.4	7.9	8.9	8.9
% ROI - For Sales	7.0	5.3	5.1	3.5	1.4
Total Capacity - MM lbs.	233.5	294.5	371.1	358.3	387.2
For Sales	146.0	142.2	182.4	185.0	236.0
Internal Use	87.5	113.3	188.7	123.7	132.6
Excess		39.0		49.6	18.6

1969 Sales and Gross Profit maintained 1968 levels while higher engineering costs, relating to the new Texas City Methanol Plant, affected the net income. 1970 Sales dollars will increase despite slightly lower sales price. Gross Profit will decrease mostly from start-up costs at Hydrocarbon's Texas City Methanol Plant, excess cost of purchased methanol, and start-up costs from a Springfield expansion. These factors, plus Excess SYD costs, will effect total 1970 Net Income, but dramatic improvement will be noted in the fourth quarter as low-cost methanol becomes available from the new plant.

0633685

PHENOPLASTS
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	16.9	14.7	14.1	14.2	15.5
Gross Profit	4.1	3.0	3.2	3.2	3.3
SARE-Div.	2.0	2.0	1.8	1.7	1.7
Oper. Income-Div.	2.1	1.0	1.4	1.5	1.6
Income After Tax	.9	.1	.4	.6	.6
Selling Price/lb.	.085	.081	.081	.084	.084
Cost of Sales/lb.	.065	.065	.063	.065	.066
% of Sales:					
Gross Profit	24.3	20.4	22.7	22.5	21.3
SARE-Div.	11.8	13.6	12.8	12.0	11.0
Net Income	5.3	.7	2.8	4.2	3.9
$ Sales/$ Investment	.57	.44	.51	.49	.55
Gross Investment:					
Fixed Capital	25.6	29.0	23.5	24.2	23.2
Working Capital	4.2	4.5	4.1	4.6	4.7
Total	29.8	33.5	27.6	28.9	27.9
For Sales	29.8	33.5	27.6	28.9	27.9
% ROI - For Sales	3.0	.3	1.6	2.2	2.1
Total Capacity - MM lbs.	298.0	351.3	331.0	285.3	268.7
For Sales	197.8	180.6	173.0	168.7	185.4
Internal Use			1.0	.7	
Excess	100.2	170.7	157.0	115.9	83.3

1969 Sales, Gross Profit and SARE were at the same level as 1968 but 1969 net income improved because of tax credit resulting from gift of land at Seattle Plant. (Majority of PP&R production formerly at Seattle has been transferred to Eugene, Oregon.) 1970 Sales are up as the Bonding market area continues on the upward trend. Gross Profit increases slightly despite high Machinery Obsolescence and the last year of write-off at Organic's Krummrich Phenol Plant and start-ups of the new phenol unit at Alvin and methanol unit at Texas City.

0633686

STYRENES
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	6.0	5.5	6.1	6.1	6.6
Gross Profit	2.3	1.6	2.0	1.9	2.4
SARE-Div.	.8	.9	.8	.9	1.0
Oper. Income-Div.	1.5	.7	1.2	1.0	1.4
Income After Tax	.9	.4	.6	.5	.7
Selling Price/lb.	.161	.177	.205	.196	.189
Cost of Sales/lb.	.099	.128	.138	.135	.120
% of Sales:					
Gross Profit	38.3	30.9	32.8	31.1	36.4
SARE-Div.	13.3	16.4	13.1	14.8	15.2
Net Income	15.0	7.3	9.8	8.2	10.6
$ Sales/$ Investment	.88	.89	.86	.96	.97
Gross Investment:					
Fixed Capital	4.9	4.1	5.0	4.5	4.1
Working Capital	1.9	2.1	2.1	1.8	2.7
Total	6.8	6.2	7.1	6.3	6.8
For Sales	6.8	6.2	7.1	6.3	6.8
% ROI - For Sales	12.8	7.1	8.9	8.5	10.7
Total Capacity - MM lbs.	53.9	52.5	48.2	57.1	57.9
For Sales	37.3	29.8	29.8	31.1	35.0
Internal Use					
Excess	16.6	22.7	18.4	26.0	22.9

1969 Sales were approximately at the 1968 level. Higher technical costs for RJ-100 and operational difficulties at Everett's maleic anhydride plant detracted from Gross Profit. With 1970 Sales increasing, especially RJ-100, and manufacturing improvements resulting from 1969 programs, this product group will attain its highest net income since 1966.

0633687

SAFLEX - PRODUCT GROUP
($ in Millions)

	Actual				Budget
World-Wide	1966	1967	1968	1969	1970
Sales	35.2	34.6	40.4	40.2	44.9
Oper. Income-Div.	14.8	12.3	15.4	13.4	14.9
Income After Tax	8.5	7.1	8.0	6.6	7.9
Gross Investment	41.4	45.3	50.8	55.0	70.6
% ROI	20.5	15.7	15.8	12.0	11.1
U.S. Dom. & Export					
Sales (Grossed)	31.6	29.1	35.7	35.0	39.2
Gross Profit	14.4	13.1	16.1	14.6	16.6
SARE-Div.	1.6	2.3	2.7	3.1	3.0
Oper. Income-Div.	12.9	10.9	13.3	11.5	13.6
Income After Tax	7.5	6.2	7.0	5.7	7.2
Selling Price/sq. ft.	.227	.223	.221	.225	.232
Cost of Sales/sq. ft.	.112	.116	.112	.122	.125
% of Sales:					
Gross Profit	45.6	45.0	45.1	41.7	42.3
SARE-Div.	5.1	7.9	7.6	8.9	7.7
Income After Tax	23.7	21.3	19.6	16.3	18.4
$ Sales/$ Investment	.84	.71	.79	.68	.64
Gross Investment:					
Fixed Capital	25.1	27.7	32.3	39.3	48.2
Working Capital	12.4	13.3	12.9	14.1	13.0
Total	37.5	41.0	45.2	51.4	61.2
For Sales	37.5	41.0	45.2	51.4	61.2
% ROI - For Sales	19.8	15.0	15.5	11.1	11.8
Total Capacity-MM sq. ft.	161.9	214.6	197.2	208.1	234.3
For Sales	130.6	121.8	147.9	141.9	155.3
Internal Use					
Excess	31.3	92.8	49.3	66.2	81.0

1969 W-W Sales were at 1968 levels despite drop in U.S.A. auto production of 600M units. Lower domestic sales were offset by higher sales in Europe as that market continued the trend towards laminated safety glass. Domestic Gross Profit was under 1968's due to start-ups at Springfield and Trenton and a strike at Trenton.

1970 W-W Sales are budgeted up (12%). Major contributing factors are increasing use of LSG in Europe and a change in the styling of the 1971 domestic automobiles involving use of larger windshields. Profits will not fully reflect these increased sales due to heavy costs involved in 1) Start-Ups, 2) Expenses connected with the Texas City Plant (Acetic Acid/VAM) and 3) Saflex-Butvar expansion at MESA. Despite these heavy costs the W-W Income will increase over 1969 (contingent upon U.S. Economy). Future years will benefit from this added capacity at reduced costs.

0633688

VINYL ACETATES - PRODUCT GROUP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
World-Wide					
Sales	23.8	22.9	24.1	24.1	25.0
Oper. Income-Div.	5.6	4.6	3.6	3.2	3.4
Income After Tax	2.9	2.3	1.6	1.3	1.4
Gross Investment	28.3	32.8	31.8	36.2	39.0
% ROI	10.4	7.1	5.3	3.7	3.5
U.S. Dom. & Export					
Sales	23.8	22.9	24.1	24.1	25.0
Gross Profit	7.8	7.7	6.9	6.5	6.4
SARE-Div.	2.2	3.1	3.3	3.3	3.0
Oper. Income-Div.	5.6	4.6	3.6	3.2	3.4
Income After Tax	2.9	2.3	1.6	1.3	1.4
% of Sales:					
Gross Profit	32.8	33.6	28.6	27.0	25.6
SARE-Div.	9.2	13.5	13.7	13.7	12.0
Income After Tax	12.2	10.0	6.6	5.4	5.6
$ Sales/$ Investment	.84	.70	.76	.66	.64
Gross Investment	28.3	32.8	31.8	36.2	39.0
% ROI	10.4	7.1	5.3	3.7	3.5

Major products reported for the Vinyl Acetates product group are as follows:

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BUTVAR
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	4.6	4.1	4.3	3.8	3.7
Gross Profit	2.4	1.9	1.9	1.8	1.5
SARE-Div.	.4	.5	.5	.5	.6
Oper. Income-Div.	1.9	1.4	1.4	1.3	.9
Income After Tax	1.1	.8	.7	.6	.4
Selling Price/lb.	.969	.879	.860	.905	.881
Cost of Sales/lb.	.518	.478	.480	.476	.524
% of Sales:					
Gross Profit	52.2	46.3	44.2	47.4	40.5
SARE-Div.	8.7	12.2	11.6	13.2	16.2
Net Income	23.9	19.5	16.3	15.8	10.8
$ Sales/$ Investment	1.02	.85	1.02	.77	.66
Gross Investment:					
Fixed Capital	16.0	18.6	19.0	16.2	18.9
Working Capital	3.6	4.1	4.2	4.2	4.0
Total	19.6	22.7	23.2	20.4	22.9
For Sales	4.5	4.8	4.2	4.9	5.6
% ROI - For Sales	24.1	15.8	17.7	12.5	7.4
Total Capacity - MM lbs.	26.1	27.5	29.4	30.5	36.1
For Sales	4.7	4.6	5.0	4.2	4.2
Internal Use	15.3	16.2	20.0	24.5	25.8
Excess	6.1	6.7	4.4	1.8	6.1

1969 Domestic sales were at the 1968 level, but export sales were down as Russia began producing its own PVB requirements. The decrease in export sales accounts for the slight reduction from the 1968 Net Income as other costs, overall, remained the same.

The markets for PVB resin are mature and the 1970 sales budget does not anticipate any growth over 1969. Beyond 1970, there are prospects of growth in the new field of "reprographics".

0633690

FORMVAR
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	5.0	4.7	3.6	3.3	3.4
Gross Profit	2.3	2.2	1.4	1.3	1.2
SARE-Div.	.4	.6	.5	.5	.5
Oper. Income-Div.	1.9	1.6	.9	.8	.7
Income After Tax	1.1	.9	.4	.3	.3
Selling Price/lb.	.758	.743	.750	.733	.708
Cost of Sales/lb.	.409	.403	.458	.444	.458
% of Sales:					
Gross Profit	46.0	46.8	38.9	39.4	35.3
SARE-Div.	8.0	12.8	13.9	15.2	14.7
Net Income	22.0	19.1	11.1	9.1	8.8
$ Sales/$ Investment	.89	.77	.62	.46	.43
Gross Investment:					
Fixed Capital	3.7	4.4	4.3	5.4	5.7
Working Capital	1.9	1.7	1.5	1.8	2.1
Total	5.6	6.1	5.8	7.2	7.8
For Sales	5.6	6.1	5.8	7.2	7.8
% ROI - For Sales	19.2	14.2	7.5	4.5	3.5
Total Capacity - MM lbs.	6.9	6.9	7.3	5.3	6.3
For Sales	6.6	6.2	4.8	4.5	4.8
Internal Use					
Excess	.3	.7	2.5	.8	1.5

Formvar is a high priced specialty whose 1969 sales and net income suffered from the increasing use of new resin systems in electrical insulation.

1970 Domestic Sales are at 1969 level while a small increase is expected in the overseas market. Net Income will be at the 1969 level. Beyond 1970, further decline of sales and income appear inevitable, since the newer resin systems exhibit thermal properties which Formvar does not possess.

0633691

GELVA
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	7.6	8.4	9.8	9.6	10.7
Gross Profit	2.0	2.4	3.0	2.8	3.2
SARE-Div.	.8	1.3	1.5	1.5	1.3
Oper. Income-Div.	1.3	1.2	1.5	1.3	1.9
Income After Tax	.6	.5	.7	.5	.9
Selling Price/lb.	.205	.216	.219	.230	.250
Cost of Sales/lb.	.152	.157	.152	.163	.175
% of Sales:					
Gross Profit	26.3	28.6	30.6	29.2	29.9
SARE-Div.	10.4	15.3	15.3	15.6	12.1
Net Income	7.9	6.0	7.1	5.2	8.4
$ Sales/$ Investment	.96	.88	.88	.77	.79
Gross Investment:					
Fixed Capital	5.2	6.5	9.6	8.4	9.4
Working Capital	2.7	3.1	3.5	4.0	4.0
Total	7.9	9.6	11.1	12.4	13.4
For Sales	7.9	9.6	11.1	12.4	13.4
% ROI - For Sales	7.7	5.7	6.5	4.5	6.7
Total Capacity - MM lbs.	47.0	51.0	72.7	68.2	79.3
For Sales	37.5	38.2	44.7	41.7	42.8
Internal Use	1.6	3.4	5.0	4.2	4.6
Excess	7.9	9.4	23.0	22.3	31.9

1969 Sales and net income were down from 1968. The sales results reflect a slow year in housing construction, reduced sales to the coatings industry, and price attrition across the product line. Earnings were held down by the cost of the Texas City acetic/VAM program.

1970 Sales are expected to improve with the new Gelva Multipolymer Solutions leading the way. Sales emphasis will be heavy on the growing specialty markets in photocopy and pressure sensitive adhesives.

0633692

GELVATOL
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	4.4	3.8	4.1	5.0	4.4
Gross Profit	1.0	1.2	.6	.6	.5
SARE-Div.	.6	.7	.8	.8	.6
Oper. Income-Div.	.4	.4	(.2)	(.2)	(.1)
Income After Tax	.1	.1	(.2)	(.1)	(.2)
Selling Price/lb.	.515	.482	.418	.397	.352
Cost of Sales/lb.	.351	.333	.357	.349	.311
% of Sales:					
Gross Profit	22.7	31.6	14.6	12.0	11.4
SARE-Div.	13.6	18.4	19.5	16.0	13.6
Net Income	2.3	2.6			
$ Sales/$ Investment	.43	.31	.38	.42	.36
Gross Investment:					
Fixed Capital	8.5	9.0	8.1	9.4	9.7
Working Capital	1.8	3.3	2.6	2.3	2.5
Total	10.3	12.3	10.7	11.7	12.2
For Sales	10.3	12.3	10.7	11.7	12.2
% ROI - For Sales	1.0	1.2			
Total Capacity - MM lbs.	10.8	11.0	11.9	14.1	17.5
For Sales	9.7	7.8	9.8	12.6	12.5
Internal Use	.6	.7	1.0	.6	.6
Excess	.5	2.5	1.1	.9	4.4

1969 Sales were up from previous years, but the effect on income was offset by continuing price attrition (due to Japanese imports) and SOI charges from Texas City.

1970 Sales and Income are budgeted at a lower level than 1969 due to the factors mentioned above. The program is aimed at upgrading profit through a change in sales mix toward the specialty grades, which coupled with the prospect of cheaper VAM will put this product line in the black in 1971. No further capital investment in this product line is planned.

0633693

TEXTILES DIVISION
Division Profitability
($ in Millions)

World-Wide	Actual 1966	1967	1968	1969	Budget 1970
Sales	436.6	439.6	525.3	511.1	547.0
Oper. Income-Div.	97.2	87.8	148.3	117.8	120.3
Income After Tax	44.0[1]	37.5	71.2[2]	55.4	55.9
Gross Investment	878.7	895.9	903.2	976.7	1039.2
% ROI	5.0[1]	4.2	7.3[2]	5.7	5.4
U.S. Dom. & Export					
Sales	374.3	371.7	436.4	412.0	430.3
Oper. Income-Div.	82.3	71.8	133.1	94.8	94.7
Income After Tax	46.0[1]	33.8	59.5[2]	40.2	41.2
Inc. A.T. as % of Sales	12.3[1]	9.1	12.4[2]	9.8	9.6
$ Sales/$ Investment	.50	.49	.57	.51	.50
Gross Investment	742.4	753.0	762.3	804.2	853.0
% ROI					
Division	6.2	4.5	7.1	5.0	4.8
Product Group:					
Acrilan	5.0[1]	5.4	7.3[2]	6.7	7.8
Hale Mfg.	12.8	9.2	13.4	12.4	12.6
Helen Harper					2.2
Nylon	10.6	6.9	9.3[2]	5.9	5.3
Polyester					

(1) 1966 income is net of the $6.1MM Polythane goodwill writeoff and the $6.0MM profit on the sale of Vonnel and ACSA. Acrilan ROI and product group data on page 161 excludes profit on sale of Vonnel and ACSA.

(2) 1968 income includes COSA tax credit $4.3MM and gain from sale of Fabric Services $1.0MM. ROI excludes this income.

Investment in the division's major products earned the following rates of return for actual 1968 and budget 1969:

	% of Investment 1969	1970
Loss	8.0	9.9
0 to 4%	47.4	48.5
4 to 6%	12.1	.9
Over 6%	32.5	40.7

Product groups are reported on the following pages:

Major products reported comprise 92% of the division's investment in 1969 and 91% in 1970.

0633694

ACRILAN - PRODUCT GROUP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
World-Wide					
Sales	118.0	123.0	141.0	148.6	158.1
Oper. Income-Div.	27.4	25.1	40.1	40.6	42.8
Income After Tax	13.0 (1)	12.9	20.8	18.3	19.7
Gross Investment	235.1	232.7	238.5	248.8	251.1
% ROI	5.5	5.5	7.8 (2)	7.4	7.8
U.S. Dom. & Export					
Sales	86.2	95.6	109.5	111.2	114.4
Gross Profit	39.1	42.3	55.7	55.2	54.9
SARE-Div.	19.1	22.6	22.0	24.1	21.8
Oper. Income-Div.	20.0	19.7	33.7	31.1	33.1
Income After Tax	9.1	10.1	16.0	13.4	15.4
% of Sales:					
Gross Profit	45.4	44.2	50.9	49.6	48.0
SARE-Div.	22.2	23.6	20.1	21.7	19.1
Income After Tax	10.6	10.6	14.6	12.1	13.5
$ Sales/$ Investment	.47	.51	.57	.55	.58
Gross Investment	183.1	185.9	191.0	200.5	195.9
% ROI	5.0	5.4	7.3 (2)	6.7	7.8

(1) Excludes $6.0MM profit on sale of Vonnel and ACSA.
(2) Net Income includes COSA tax credit of $2.1MM. ROI percentages exclude these amounts.

Major products reported for Acrilan product group are as follows:

	Page
Acrilan - Carpet	162
Acrilan - Textile	163
Acrilan - Sand Bags	164

0633695

ACRILAN - CARPET
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	54.1	47.9	56.8	51.8	57.7
Gross Profit	27.1	21.6	30.9	26.5	26.6
SARE- Div.	8.2	9.3	10.0	11.4	10.5
Oper. Income-Div.	18.9	12.3	20.9	15.1	16.1
Income After Tax	9.2	6.3	10.0	6.4	7.3
Selling Price/lb.	.73	.62	.63	.61	.56
Cost of Sales/lb.	.36	.34	.29	.30	.30
% of Sales:					
Gross Profit	50.1	45.1	54.4	51.2	46.1
SARE-Div.	15.2	19.4	17.6	22.0	18.2
Net Income	17.0	13.2	17.6	12.4	12.7
$ Sales/$ Investment	.42	.47	.58	.57	.57
Gross Investment:					
Fixed Capital		88.3	82.7	78.1	90.1
Working Capital		13.4	15.3	13.0	11.9
Total	127.3	101.7	98.0	91.1	102.0
For Sales	127.3	101.7	98.0	91.1	102.0
% ROI - For Sales	7.2	6.2	10.2	7.0	7.2
Total Capacity - MM lbs.	147.1	120.0	112.5	100.6	122.5
For Sales	74.4	76.9	89.7	85.4	102.8
Internal Use					
Excess	72.7	43.1	22.8	15.2	19.7

1969 results showed decreases in both sales and net income, the result of decreased shipments, lower selling prices and higher costs. Indoor/outdoor carpet continued to show strength as shipments were up 12% and selling prices increased 1¢/lb. Natural carpet results, however, were disappointing as shipments were down 16% and selling prices decreased 4¢/lb.

1970 budgeted sales revenue is up 11% as an increase of 20% in shipments more than offsets an average selling price decrease of 8%. Net income is budgeted to increase 14% because of the higher volume. Budget accomplishment will depend on attaining the optimistic volume increases.

0633696

ACRILAN - TEXTILE
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	28.9	42.4	41.5	50.2	50.9
Gross Profit	13.1	18.5	18.7	23.2	24.5
SARE-Div.	10.9	13.3	10.7	11.1	10.4
Oper. Income-Div.	2.2	5.2	8.0	12.1	14.1
Income After Tax	.4	2.6	3.4	5.0	6.6
Selling Price/lb.	.83	.74	.68	.67	.67
Cost of Sales/lb.	.45	.45	.37	.36	.35
% of Sales:					
Gross Profit	45.3	43.6	45.1	46.2	48.1
SARE-Div.	37.7	31.4	25.8	22.1	20.4
Net Income	1.4	6.1	8.2	10.0	13.0
$ Sales/$ Investment	.52	.51	.57	.57	.64
Gross Investment:					
Fixed Capital		69.3	58.8	74.2	65.4
Working Capital		13.7	13.7	14.6	14.3
Total	55.1	83.0	72.5	88.8	79.7
For Sales	55.1	83.0	72.5	88.8	79.7
% ROI - For Sales	.7	3.1	4.7	5.6	8.3
Total Capacity - MM lbs.	48.3	80.0	69.9	88.4	90.0
For Sales	34.9	52.2	60.8	75.1	75.5
Internal Use					
Excess	13.4	27.8	9.1	13.3	14.5

1969 sales revenue showed a 21% increase as a result of a 23% increase in shipments. Selling prices dropped 1¢/lb. making the fourth consecutive year in which prices decreased. Net Income increased 47%, the result of increased volume and lower costs.

1970 budgeted income is up 32%, principally because of lower costs and SARE expense. Selling prices are to remain at the 1969 level and shipments show only a modest increase. Budget net income appears attainable, particularly if selling prices can be maintained.

0633697

ACRILAN - SAND BAGS
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales			7.9	6.5	3.3
Gross Profit			3.7	3.0	1.4
SARE-Div.			.6	.5	.4
Oper. Income-Div.			3.1	2.5	1.0
Income After Tax			1.5	1.1	.4
Selling Price/lb.			.61	.51	.44
Cost of Sales/lb.			.32	.28	.25
% of Sales:					
Gross Profit			46.8	46.2	42.4
SARE-Div.			7.6	7.7	12.1
Net Income			19.0	16.9	12.1
$ Sales/$ Investment			.42	.49	.46
Gross Investment:					
Fixed Capital			16.6	11.8	6.0
Working Capital			2.1	1.5	1.2
Total			18.7	13.3	7.2
For Sales			18.7	13.3	7.2
% ROI - For Sales			8.0	8.3	5.6
Total Capacity - MM lbs.			17.6	11.0	7.5
For Sales			13.0	11.0	7.5
Internal Use					
Excess			4.6		

Sales and net income for sand bag fiber did not live up to expectations in 1969 as increased competition resulted in reduced selling prices and shipments.

1970 budgeted net income is less than 50% of the 1969 income as this business will tend to phase out. Based on early 1970 actual results budgeted sales and net income appear to be optimistic.

0633698

HALE MFG. CO. - PRODUCT GROUP
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	31.1	30.7	37.3	46.1	50.1
Gross Profit	2.9	2.5	4.9	5.3	6.0
SARE-Div.	1.4	1.4	1.7	1.9	1.8
Oper. Income-Div.	1.5	1.1	3.2	3.4	4.2
Income After Tax	1.0	.8	1.5	1.7	2.0
Selling Price/lb.		Not			
Cost of Sales/lb.		Applicable			
% of Sales:					
Gross Profit	9.3	8.1	13.1	11.5	12.0
SARE-Div.	4.5	4.6	4.6	4.1	3.6
Net Income	3.2	2.6	4.0	3.7	4.0
$ Sales/$ Investment	3.99	3.53	3.33	3.39	3.21
Gross Investment:					
Fixed Capital	6.2	6.7	8.3	9.4	9.9
Working Capital	1.6	2.0	2.9	4.2	5.7
Total	7.8	8.7	11.2	13.6	15.6
For Sales	7.8	8.7	11.2	13.6	15.6
% ROI - For Sales	12.8	9.2	13.4	12.4	12.6

1969 sales showed a 24% increase over 1968 as shipments of nylon staple and industrial fabrics increased sharply for the second straight year. Although sales increased 24%, net income increased only 11% mainly because of higher costs.

1970 budgeted sales are to increase 9% while net income increases 18%. Early 1970 results indicate that the budget will be difficult to attain.

0633699

HELEN HARPER - PRODUCT GROUP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	3.5	7.1	7.0	7.3	8.2
Gross Profit	.5	1.0	.1	(.4)	1.4
SARE-Div.	1.1	1.4	1.2	1.7	1.2
Oper. Income-Div.	(.6)	(.4)	(1.1)	(2.1)	.2
Income After Tax	(.4)	(.2)	(1.4)	(1.1)	.1
Selling Price/lb.		Not			
Cost of Sales/lb.		Applicable			
% of Sales:					
Gross Profit	14.3	14.1	1.4	(5.5)	17.1
SARE-Div.	31.4	19.7	17.1	23.3	14.6
Net Income	(11.4)	(2.8)	(20.0)	(15.1)	1.2
$ Sales/$ Investment	1.59	1.92	1.27	1.49	1.74
Gross Investment:					
Fixed Capital		.5	.8	.5	.3
Working Capital		3.2	4.7	4.4	4.4
Total	2.2	3.7	5.5	4.9	4.7
For Sales	2.2	3.7	5.5	4.9	4.7
% ROI - For Sales					2.2

1969 sales showed a 4% increase, while the net loss was 21% less than the 1968 loss. The improvement in income was due to the absence in 1969 of goodwill writeoff of $1.2MM charged against income in 1968. Higher costs to a great extent resulted from adjusting inventories to realistic values.

1970 budgeted sales revenue is to increase 12%. The increased sales coupled with the absence of extraordinary costs and SARE expense experienced in 1969 results in a budgeted income of $.1MM as compared with the loss of $1.1MM in 1969.

0633700

NYLON - PRODUCT GROUP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
World-Wide					
Sales	273.2	258.9	319.0	294.0	307.2
Oper. Income-Div.	107.8	71.2	114.3	82.3	77.5
Income After Tax	43.2	32.2	54.3	40.5	38.4
Gross Investment	560.2	560.3	572.1	611.8	650.1
% ROI	7.7	5.7	9.1(1)	6.6	5.9
U.S. Dom. & Export					
Sales	260.9	240.9	275.3	246.4	253.0
Gross Profit	126.9	97.2	131.8	98.1	90.7
SARE-Div.	24.0	28.0	24.9	27.9	26.8
Oper. Income-Div.	102.9	69.2	106.9	70.2	63.9
Income After Tax	50.0	34.3	48.2	30.9	29.2
% of Sales:					
Gross Profit	48.6	40.3	47.9	39.8	35.8
SARE-Div.	9.2	11.6	9.0	11.3	10.6
Income After Tax	19.2	14.2	17.5	12.5	11.5
$ Sales/$ Investment	.55	.49	.56	.48	.46
Gross Investment	470.8	494.3	494.7	517.2	550.9
% ROI	10.6	6.9	9.3(1)	5.9	5.3

(1) Net income includes COSA tax credit of $2.2MM. ROI percentages exclude these amounts.

Major products reported for Nylon product group are as follows:

0633701

NYLON - CARPET
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	26.8	26.5	47.0	30.3	39.9
Gross Profit	13.5	7.6	21.3	9.6	10.9
SARE-Div.	5.2	6.1	4.8	7.0	7.0
Oper. Income-Div.	8.3	1.5	16.5	2.6	3.9
Income After Tax	3.7	.3	7.1	.1	.4
Selling Price/lb.	1.09	.86	1.02	.91	.85
Cost of Sales/lb.	.54	.61	.56	.62	.62
% of Sales:					
Gross Profit	50.4	28.7	45.3	31.7	27.3
SARE-Div.	19.4	23.0	10.2	23.1	17.5
Net Income	13.8	1.1	15.1	.3	1.0
$ Sales/$ Investment	.42	.46	.64	.37	.44
Gross Investment:					
Fixed Capital		52.3	63.1	70.2	78.9
Working Capital		5.5	10.5	11.1	12.3
Total	63.1	57.8	73.6	81.3	91.2
For Sales	63.1	57.8	73.6	81.3	91.2
% ROI - For Sales	5.9	.5	9.6	.1	.4
Total Capacity - MM lbs.	33.9	32.0	53.2	61.3	74.8
For Sales	24.5	31.1	46.2	33.4	47.2
Internal Use					
Excess	9.4	.9	7.0	27.9	27.6

1969 was a disappointing year for nylon carpet as sales revenue dropped 36% and net income was a fraction of the record high set in 1968. Shipments fell 28% and were only slightly higher than the 1967 level. Selling prices dropped 11% while costs increased 11%. In addition SARE expense increased 46% mainly because of increased advertising and selling expenses.

It is doubtful if the budgeted 1970 sales and net income levels can be attained as the 41% increase in shipments appears optimistic.

0633702

NYLON - TEXTILE
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales	133.6	121.4	138.2	119.1	125.1
Gross Profit	64.5	47.1	61.2	41.4	38.0
SARE-Div.	13.9	17.3	15.3	16.1	15.3
Oper. Income-Div.	50.6	29.8	45.9	25.3	22.7
Income After Tax	24.1	14.8	19.7	9.5	9.2
Selling Price/lb.	1.33	1.20	1.16	1.11	1.09
Cost of Sales/lb.	.69	.74	.65	.72	.76
% of Sales:					
Gross Profit	48.3	38.8	44.3	34.8	30.4
SARE-Div.	10.4	14.3	11.1	13.5	12.2
Net Income	18.0	12.2	14.3	8.0	7.4
$ Sales/$ Investment	.49	.45	.48	.45	.45
Gross Investment:					
Fixed Capital		239.5	254.1	231.2	240.2
Working Capital		28.7	33.7	36.4	40.6
Total	273.0	268.2	287.8	267.6	280.8
For Sales	273.0	268.2	287.8	267.6	280.8
% ROI - For Sales	8.8	5.5	6.8	3.6	3.3
Total Capacity - MM lbs.	114.9	116.0	121.3	122.0	120.3
For Sales	100.3	100.8	119.3	107.4	115.2
Internal Use					
Excess	14.6	15.2	2.0	14.6	5.1

1969 net income was less than 50% of that for 1968 as shipments dropped 10%, selling prices decreased 4% and costs increased 11%. Unbudgeted selling price reductions were made to meet competition, while higher costs resulted from wage increases for production workers.

1970 budgeted net income shows a small decrease although shipments are to increase 7%. Selling prices are again to be reduced and costs are again to increase. It will be difficult to attain budget based on early 1970 results as shipments to date are not up to expectations.

0633703

NYLON - TIRE
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	75.3	71.5	70.0	63.7	60.0
Gross Profit	37.3	35.7	38.1	32.2	29.9
SARE-Div.	5.3	4.5	4.0	4.1	4.0
Oper. Income-Div.	32.0	31.2	34.1	28.1	25.9
Income After Tax	15.4	15.5	15.3	12.9	13.0
Selling Price/lb.	.81	.80	.78	.78	.75
Cost of Sales/lb.	.41	.40	.36	.39	.37
% of Sales:					
Gross Profit	49.5	49.9	54.4	50.5	49.8
SARE-Div.	7.0	6.3	5.7	6.4	6.7
Net Income	20.5	21.7	21.9	20.3	21.7
$ Sales/$ Investment	.48	.51	.55	.53	.50
Gross Investment:					
Fixed Capital		129.6	113.2	106.7	109.6
Working Capital		11.6	15.0	14.6	10.2
Total	156.7	141.2	128.2	121.3	119.8
For Sales	156.7	141.2	128.2	121.3	119.8
% ROI - For Sales	9.8	11.0	11.9	10.6	10.9
Total Capacity - MM lbs.	95.2	109.0	105.5	101.6	104.0
For Sales	93.2	90.0	89.2	81.4	80.0
Internal Use					
Excess	2.0	19.0	16.3	20.2	24.0

In spite of the 16% drop in net income in 1969, tire yarn continues to be the most consistent performer in the nylon product group. Selling prices have shown only minor decreases during the past four years while shipments have decreased gradually, the result of increased competition from other types of tire yarn.

The 1970 budgeted net income shows a modest increase as a result of improved costs. Shipments and selling prices are budgeted to decrease. The budget appears to be realistic.

0633704

POLYESTER - PRODUCT GROUP
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
World-Wide					
Sales	6.0	10.4	18.9	25.6	27.7
Oper. Income-Div.	(8.1)	(15.4)	(8.2)	(7.2)	(6.7)
Income After Tax	(5.0)	(9.2)	(4.8)	(4.7)	(5.7)
Gross Investment	33.4	43.9	48.1	56.0	80.4
% ROI					
U.S. Dom. & Export					
Sales	6.0	10.4	18.9	25.6	27.7
Gross Profit	(2.2)	(7.2)	.8	2.1	2.0
SARE-Div.	5.9	8.2	9.0	9.3	8.7
Oper. Income-Div.	(8.1)	(15.4)	(8.2)	(7.2)	(6.7)
Income After Tax	(5.0)	(9.2)	(4.8)	(4.7)	(5.7)
% of Sales:					
Gross Profit	(36.7)	(69.2)	4.2	8.2	7.2
SARE-Div.	98.3	78.8	47.6	36.3	31.4
Income After Tax	(83.3)	(88.5)	(25.4)	(18.4)	(20.6)
$ Sales/$ Investment	.18	.24	.39	.46	.34
Gross Investment	33.4	43.9	48.1	56.0	80.4
% ROI					

Major products reported for the Polyester product group are as follows:

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Polyester - Carpet	172
Polyester - Textile	173
Polyester - Tire	174

0633705

POLYESTER - CARPET
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
U.S. Dom. & Export					
Sales			1.0	4.0	5.6
Gross Profit			.2	.9	.9
SARE-Div.			.4	.8	1.2
Oper. Income-Div.			(.2)	.1	(.3)
Income After Tax			(.2)	(.1)	(.3)
Selling Price/lb.			.54	.43	.38
Cost of Sales/lb.			.45	.34	.32
% of Sales:					
Gross Profit			20.0	22.5	16.1
SARE-Div.			40.0	20.0	21.4
Net Income			(20.0)	(2.5)	(5.4)
$ Sales/$ Investment			.50	.53	.64
Gross Investment:					
Fixed Capital			1.7	6.6	7.7
Working Capital			.3	.9	1.0
Total			2.0	7.5	8.7
For Sales			2.0	7.5	8.7
% ROI - For Sales					
Total Capacity - MM lbs.			3.8	12.0	11.3
For Sales			1.8	9.2	11.3
Internal Use					
Excess			2.0	2.8	

The Textiles Division entered the polyester carpet fiber market in 1968. 1969 shipments did not meet expectations but were significantly ahead of 1968. Selling prices dropped 11¢/lb. as was expected, but as manufacturing costs also improved 11¢, gross profit increased in proportion to the sales increase.

1970 budgeted shipments are to increase 23%, but sales revenue increases only 40% as unit selling prices are to decrease 5¢/lb. Budgeted sales revenue and net.income appear realistic, particularly if the new 08P fiber becomes available.

0633706

POLYESTER - TEXTILE
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales	6.0	10.4	17.0	21.0	20.7
Gross Profit	(2.2)	(7.2)	.5	2.1	4.8
SARE-Div.	5.9	8.2	8.5	6.8	4.5
Oper. Income-Div.	(8.1)	(15.4)	(8.0)	(4.7)	.3
Income After Tax	(5.0)	(9.2)	(4.8)	(3.2)	(.7)
Selling Price/lb.	.60	.42	.46	.39	.46
Cost of Sales/lb.	.79	.62	.44	.35	.36
% of Sales:					
Gross Profit	(36.7)	(69.2)	2.9	10.0	23.2
SARE-Div.	98.3	78.8	50.0	32.4	21.7
Net Income	(83.3)	(88.5)	(28.2)	(15.2)	(3.4)
$ Sales/$ Investment	.18	.24	.37	.59	.56
Gross Investment:					
Fixed Capital		38.7	39.9	31.6	33.0
Working Capital		4.3	6.2	4.1	4.0
Total	33.4	43.0	46.1	35.7	37.0
For Sales	33.4	43.0	46.1	35.7	37.0
% ROI - For Sales					
Total Capacity - MM lbs.	13.5	33.0	42.6	48.9	51.7
For Sales	10.2	22.7	37.2	48.9	44.5
Internal Use					
Excess	3.3	10.3	5.4		7.2

Significant improvements in operating results were shown in both 1968 and 1969. Shipments have increased in each of the past four years. Selling prices decreased 7¢/lb. in 1969, but this was more than offset by a 9¢/lb. improvement in costs. As a result gross profit as a percent of sales showed a marked improvement.

The 1970 improvement in budgeted net loss depends to a large degree on realizing the improvement in selling prices. This appears doubtful. The SARE reduction, another major contributor to improved net income, will be accomplished.

0633707

POLYESTER - TIRE
($ in Millions)

	Actual 1966	1967	1968	1969	Budget 1970
U.S. Dom. & Export					
Sales					1.5
Gross Profit				(1.0)	(3.7)
SARE-Div.				1.8	3.0
Oper. Income-Div.				(2.8)	(6.7)
Income After Tax				(1.5)	(4.6)
Selling Price/lb.					.58
Cost of Sales/lb.					2.06
% of Sales:					
Gross Profit					(2.47)
SARE-Div.					2.00
Net Income					(3.07)
$ Sales/$ Investment					.05
Gross Investment:					
Fixed Capital				11.3	28.2
Working Capital					3.0
Total				11.3	31.2
For Sales				11.3	31.2
% ROI - For Sales					
Total Capacity - MM lbs.					20.0
For Sales					2.5
Internal Use					
Excess					17.5

The Textiles Division is scheduled to enter the polyester tire yarn business about mid-year 1970. Start-up expenses and other higher costs associated with low sales volume coupled with relatively high research expense will result in a budgeted net loss of $4.6MM. The budgeted loss is realistic.

0633708

NEW ENTERPRISE DIVISION
Division Profitability
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
World-Wide					
Sales			3.3	9.4	17.0
Oper. Income-Div.			(20.5)	(22.6)	(17.0)
Income After Tax			(10.4)	(12.1)	(10.8)
Gross Investment			27.0	40.6	69.5
% ROI					
U.S. Dom. & Export					
Sales			3.2	9.3	17.0
Oper. Income-Div.			(20.4)	(22.4)	(16.9)
Income After Tax			(10.1)	(12.0)	(10.7)
Inc. A.T. as % of Sales					
$ Sales/$ Investment			.12	.23	.24
Gross Investment			26.4	40.3	69.5
% ROI					

Investment in the division's enterprises earned the following rates of return for Actual 1969 and Budget 1970:

	% of Investment	
	1969	1970
Loss	100.0	100.0

Enterprises are reported on the following pages:

Major enterprises reported comprise 78% of the division's investment in 1969 and 72% in 1970.

0633709

ADVANCED MATERIALS ENTERPRISE
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
World-Wide					
Sales			1.1	2.2	6.0
Income After Tax			(2.7)	(3.0)	(3.1)
Gross Investment			5.1	8.5	18.3
U.S. Dom. & Export					
Sales			1.1	2.2	6.0
Income After Tax			(2.7)	(3.0)	(3.1)
$ Sales/$ Investment			.22	.26	.33
Gross Investment			5.1	8.5	18.3

0633710

ENGINEERED COMPOSITES ENTERPRISE
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
World-Wide					
Sales			.2	.8	2.5
Income After Tax			(2.6)	(2.9)	(2.8)
Gross Investment			7.7	11.7	19.0
U.S. Dom. & Export					
Sales			.2	.8	2.5
Income After Tax			(2.6)	(2.9)	(2.8)
$ Sales/$ Investment			.03	.07	.13
Gross Investment			7.7	11.7	19.0

0633711

RECREATION ENTERPRISE
($ in Millions)

	Actual				Budget
	1966	1967	1968	1969	1970
World-Wide					
Sales			1.9	5.4	8.5
Income After Tax			(2.1)	(1.8)	(1.4)
Gross Investment			5.8	11.1	13.0
U.S. Dom. & Export					
Sales			1.9	5.4	8.5
Income After Tax			(2.1)	(1.8)	(1.4)
$ Sales/$ Investment			.33	.49	.65
Gross Investment			5.8	11.1	13.0

0633712