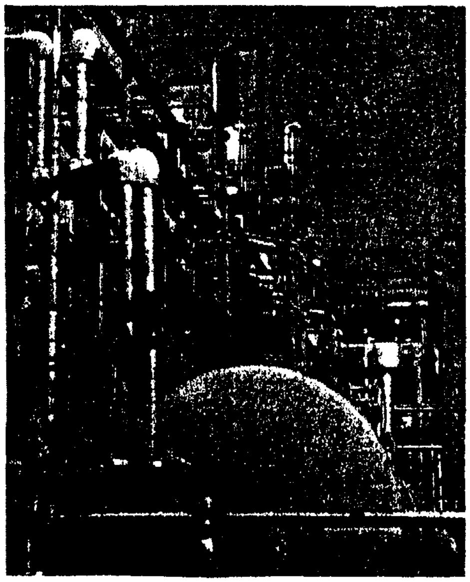
1979 Annual Report

CYANAMID



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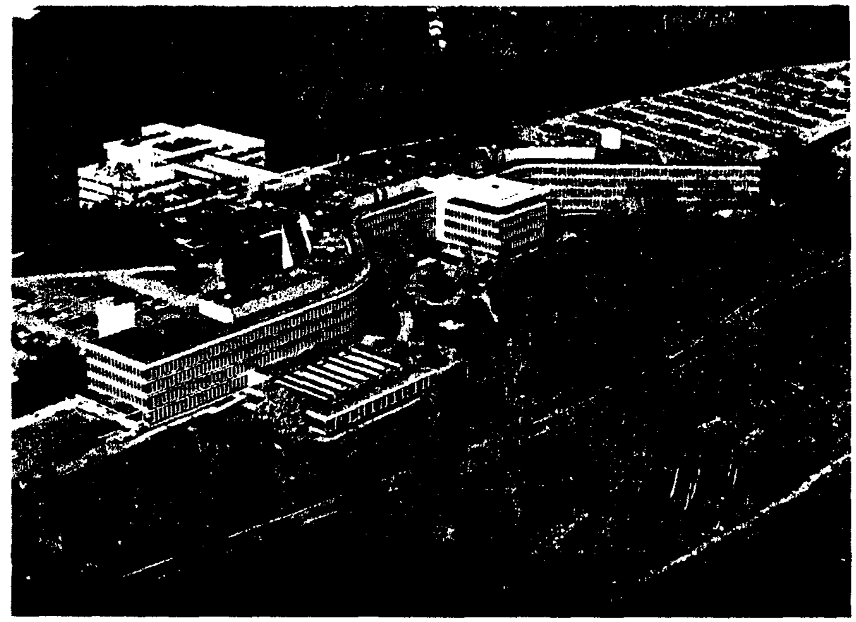
Report of the Board of Directors for the Year Ended December 31, 1979, of American Cyanamid Company, Wayne, New Jersey 07470

Contents

On the cover—Photographs typifying Cyanamid's five major businesses are shown (top, left to right) representing the agricultural and medical businesses, and (below, left to right) the specialty chemical, consumer products, and Formica® brand products businesses.

Above right—This aerial view of Cyanamid's world headquarters in Wayne, New Jersey, shows the Main Building (center) and the recently-completed West Building (upper left).



Form 10-K available to stockholders

A copy of the company's 1979 annual report on Form 10-K, including financial statements and schedules, as filed with the Securities and Exchange Commission, will be made available free of charge to Cyanamid stockholders. Copies of exhibits attached to the Form 10-K will also be made available at a charge. Requests should be addressed to the Director of Investor Relations of the company.

Financial Highlights

American Cyanamid Company and Subsidiaries

Financial Highlights

(Dollars in thousands except per share amounts)

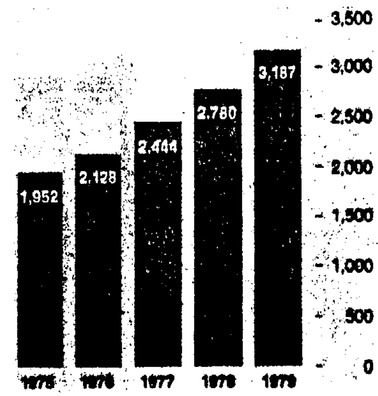
Operating Results	1979	1978
Net sales	**$3,186,998**	$2,780,170
Earnings of consolidated companies before taxes on income	**249,323**	239,075
Taxes on income	**91,600**	90,000
Equity in net earnings of associated companies	**10,772**	6,868
Net earnings	**168,495**	155,943
Dividends	**76,244**	71,422
Per share of common stock		
Net earnings	**3.52**	3.26
Dividends	**1.60**	1.50
Depreciation and depletion	**140,594**	120,150
Additions to plants, equipment and facilities	**235,416**	251,034

Year-end Position		
Total assets	**$2,826,762**	$2,526,149
Funded debt	**522,572**	520,184
Stockholders' equity	**1,347,167**	1,254,507
Per share of common stock	**28.17**	26.24
Shares outstanding at end of year	**47,816,154**	47,814,582
Number of stockholders	**86,867**	92,733
Number of employees	**44,187**	43,968

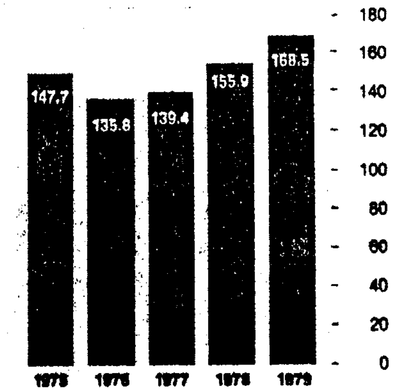
Annual Meeting of Stockholders

The 1980 annual meeting of stockholders of American Cyanamid Company will be held at 11 a.m. on Monday, April 21, in the Phoenix Room of the Canal National Bank Building, 1 Canal Plaza, Portland, Maine.

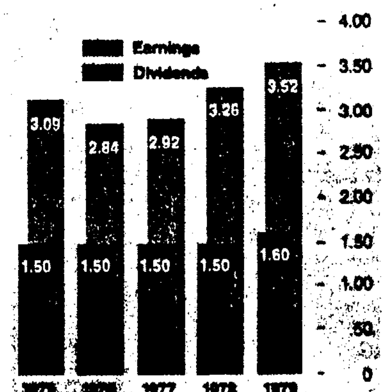
Net Sales
(in millions of dollars)



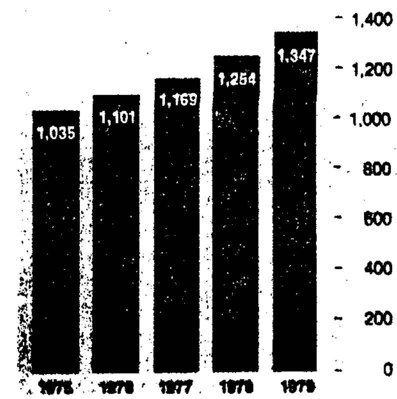
Net Earnings
(in millions of dollars)



Earnings & Dividends Per Share
(in dollars)



Stockholders' Equity
(in millions of dollars)



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To Our Stockholders

Cyanamid achieved record sales and earnings in 1979, aided by a strong performance in our agricultural business—proving once again the advantages of the company's diversity.

Good sales growth was achieved in all five of our businesses, but only our agricultural and medical earnings were above those of 1978. Increased competition in some consumer lines, a reduced level of construction activity in the United States, and an across-the-board cost-price squeeze adversely affected earnings of our consumer, Formica® brand products and chemical businesses.

The most serious problem was the reduction in margins caused by escalating costs of materials and energy. Raw material prices paid by Cyanamid in the United States during 1979 increased approximately 20%. Fuel prices increased about 40%. The prices of our products, on the other hand, increased by only 12%.

We responded to this situation with an intensified cost reduction effort. In the program year ended June 30, we identified opportunities to improve efficiency and eliminate waste, which should provide savings of approximately $80 million on an annualized basis.

We intensified our reviews of each product line to assure acceptable levels of profitability and to shift the resources of the company to the more promising product areas. A decision was made late in the year to withdraw from the lead chromate pigments business and to dispose of Formica Corporation's melamine component panel business in the United States.

In the fourth quarter, we also provided for the consolidation of certain manufacturing operations and revised downward our investments in some assets in our chemical and Formica brand products businesses. The negative impact of these actions was partially offset by nonrecurring net income of about $8.1 million or 17¢ per share from the sale of a phosphate rock deposit in Florida.

These moves are part of an ongoing program. Our strategy calls for continued reviews of all operations, strengthening those that will help us achieve our profit objectives and eliminating those which cannot.

For 1979, our worldwide sales were $3.19 billion, 14.6% above those of 1978, and net earnings were $168.5 million, or $3.52 per share. This was 8.1% above our earnings of the previous year.

Even without the sale of the phosphate land our agricultural segment performed exceptionally well. U.S. farmers, who received favorable prices for livestock and poultry, increased swine and broiler output and thus increased the demand for our animal feed and health products. At the same time, Japanese and European fertilizer manufacturers were closing some of their high-cost plants, creating a greater demand and higher prices for our upgraded phosphate fertilizers.

Our chemicals business was severely impacted by soaring energy and raw material costs which outpaced the prices we could charge for our products, especially in the third quarter, and profit margins were reduced.

Earnings from our Formica brand products business were affected by the reduced level of activity in the construction and furniture industries in the United States. Our performance improved in several international markets, including Latin America, Canada, Australia and New Zealand, but not enough to overcome the U.S. downturn.

Earnings of our medical business were up only moderately while earnings of consumer products declined slightly because of the need for increased spending to meet intensified competition, and the funding of new programs designed to expand the businesses. These included new product development of men's toiletries and women's fragrances here and abroad, and enlarged research programs in both the medical and consumer products areas.

We spent $124 million on research and development in 1979, 15% more than the previous year. About half of these funds was devoted to medical research, which continues to show excellent progress. Seven major medical discoveries are now moving through clinical testing. We are nearing the end of clinical trials on our semi-synthetic penicillin, piperacillin, and we expect to launch this product in Europe late in 1980 under the trademark Pipril.

We are field-testing two new pesticides. Amdro*, an insecticide to control the imported fire ant, has received the approval of the U.S. Environmental Protection Agency for a major test in the southern United States in the spring of 1980. A pyrethroid insecticide has shown excellent results in initial tests on cotton, fruits and vegetables.

To facilitate the development of new Cyanamid products, we completed construction of a new $21 million medical toxicology laboratory at our Lederle Laboratories research complex in Pearl River, New York. The new facility was a part of our $235 million capital construction program for 1979.

*Trademark

Also included in our 1979 capital program was $17 million for new pollution control facilities and additional funds to conserve energy. Our energy conservation efforts produced a saving of about $28 million in 1979 as the company consumed 19% less energy per pound of finished product than in 1972.

During the year several management changes were announced by our board of directors. George J. Sella, Jr., was elected president of the company. Formerly one of two vice chairmen, Mr. Sella will continue as a member of the three-man Office of the Chairman. The third member of the group, vice chairman William A. Liffers, will be concerned primarily with finance, administration and international activities, and Mr. Sella will have responsibility for operations, business planning and research.

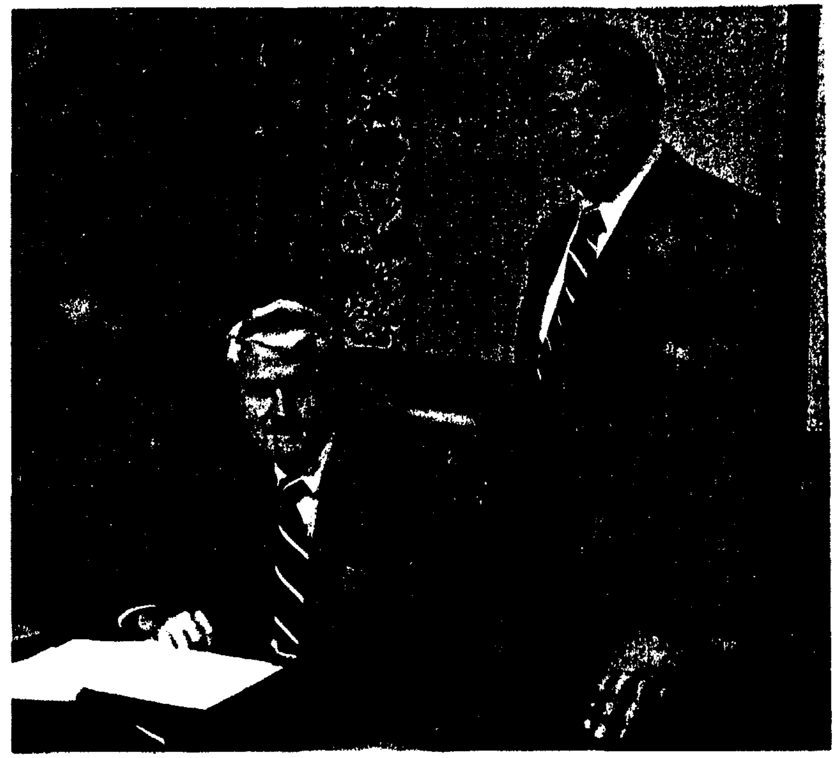
Two new directors were added to the board. They are J. Clifford Blauvelt, a Cyanamid senior vice president, and Dr. Alexander M. Schmidt, who is vice chancellor for health services at the University of Illinois and a former Commissioner of the Food and Drug Administration.

The board elected Paul C. Baker a group vice president with responsibility for consumer products; Richard L. Martino, vice president—finance; and George A. Midwood, treasurer, succeeding Mr. Martino in that position.

Thomas P. Forbath, a senior vice president and member of the board, retired in September after 36 years of distinguished service. He will remain chairman of the committee of named fiduciaries, which supervises the management of our pension funds. Our board also lost the services of Lloyd N. Cutler, who resigned in September following his appointment as Counsel to the President of the United States.

We deeply regret the death in December of Wilbur G. Malcolm. Dr. Malcolm served Cyanamid with distinction for more than 32 years, from 1934 to 1966. He was a member of the board for 22 years and chief executive for his last nine years with the company. Dr. Malcolm was in large measure responsible for the worldwide development of our pharmaceutical business and our entry into the consumer products business.

On behalf of the board, we would like to thank our employees for their fine cooperation and performance during the year. The end of 1979 brings to a close a prosperous decade for Cyanamid. We look forward to the 1980's with great eagerness, confident that our company will make significant contributions to the people we serve.



For the Board of Directors

Wayne, New Jersey
February 5, 1980

JAMES G. AFFLECK
Chairman and Chief Executive Officer

GEORGE J. SELLA, JR.
President

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Agricultural

Agricultural ($ in millions)

	Worldwide Sales	% Total Sales	Operating Earnings	% Total Operating Earnings
1979	$725	23	$130	39
1978	$611	22	$ 83	27
1977	$555	23	$ 79	29
1976	$492	23	$ 83	34
1975	$524	27	$162	61

Agricultural sales advanced 19% and operating earnings increased 58% in 1979.

Our agricultural business was exceptionally strong in 1979 with animal products leading the way. Cyanamid is the pioneer and world leader in antibiotic feed supplements and other products for animal growth and health, and an important factor in pesticides. The company also participates in fertilizers, where we enjoy favorable raw materials positions for phosphate and nitrogen products.

The year 1979 was an exceptional one for our feed supplements containing the antibiotic Aureomycin® chlortetracycline and for levamisole, a dewormer used for swine, cattle and sheep. The mid-70's had been a period of declining demand for our animal products, both in U.S. and international markets, as livestock raisers, responding to low profits, allowed herds to decline. Our performance began to improve in 1978, and gains accelerated in 1979 as demand overtook supply, prices began to rise, and herds were rebuilt.

Animal feed products containing Aureomycin have been widely used in the United States for almost 30 years. We believe the long-term evidence supports the safety and efficacy of these products. However, the Food and Drug Administration has proposed restricting the use of feed antibiotics, claiming they pose a theoretical risk to human health.

In 1979, Congress, at the urging of the livestock and poultry associations, appropriated money for a study to determine if, in fact, there is an adverse effect on humans from the continuous use of these products. The National Academy of Sciences will recommend in the spring of 1980 what the study should encompass and how it should be performed. A study of such magnitude could take two to three years. In the meantime, Congress also placed a moratorium on FDA action until the study is completed.

In Europe, our new product, Avotan® avoparcin, has become the leading growth promoter for swine and poultry. We are currently developing another innovative feed supplement for global introduction in 1982 or 1983.

Sales of Cyanamid's pesticides increased in 1979. Malathion insecticide gained in sales as it played a leading role in combating the worst grasshopper infestation of the western United States in the past 20 years. Prowl® herbicide (also sold as Stomp® or Herbadox® abroad), which is used on cotton, corn, soybeans, sugar beets and barley, and Avenge® herbicide, which protects cereal crops from wild oat weeds, also had higher sales. The company held its market position for soil insecticides, which include Counter® and Thimet®.

Amdro*, our experimental insecticide for the control of imported fire ants, was approved for testing by the U.S. Environmental Protection Agency. It will be used on some 100,000 acres in nine southern states in 1980. This compound is a substitute for other products which regulators believe cause adverse environmental effects. If approved by the EPA, our product could be ready for wide-scale use in the United States in 1981. We are also working to develop several other agricultural products, including a pyrethroid insecticide. Over the past two growing seasons, this compound has shown excellent results on cotton, fruits and vegetables.

Sales and operating earnings of our fertilizers were well ahead of the previous year. World demand has been particularly heavy for upgraded phosphates, including diammonium phosphate and phosphoric acid. With limited worldwide capacities reduced further by the closing of inefficient plants overseas, prices were higher than in previous years. We increased our capacity for diammonium phosphate in October through transactions with Kerr-McGee Corporation, which will further improve the profitability of our fertilizer operations. Our agricultural earnings were also aided by the November sale of phosphate rock land in Florida. These reserves did not fit into our mining plans.

*Trademark

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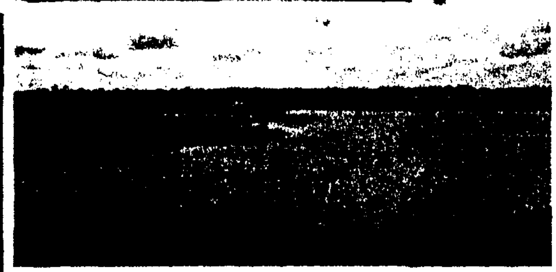

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Medical

Medical ($ in millions)

	Worldwide Sales	% Total Sales	Operating Earnings	% Total Operating Earnings
1979	$627	20	$ 88	27
1978	$560	20	$ 85	27
1977	$484	20	$ 70	25
1976	$426	20	$ 54	22
1975	$400	20	$ 46	17

Medical sales rose 12% while operating earnings were 3% higher than in 1978.

The objective of our medical business is to improve current operations while continuing clinical testing of our promising new research leads.

Concentrating on our major mature products and expanding our lines of generics and multivitamins, we achieved good sales gains in 1979. These were made in both domestic and international markets, with our European subsidiaries leading the way. However, increased promotion expenses for over-the-counter products and higher levels of research funding to support the clinical testing of our new products had a leveling effect on operating earnings.

Davis & Geck surgical sutures continued to show excellent gains in 1979. The gains were led by Dexon® synthetic absorbable sutures, a revolutionary research development of the early '70's, which is now achieving wide acceptance from surgeons around the world. Sales are expanding with a new version, the Dexon S suture, which is smoother and facilitates handling.

Our major antibiotic, Minocin® minocycline, and our major anticancer agent, methotrexate, also did well. Minocin is being used in treating the venereal disease, non-gonococcal urethritis, which has reached epidemic proportions in the United States. Methotrexate is a major drug in the treatment of solid tumors.

Lederle's Orimune® polio vaccine is the most widely used product in the United States for the prevention of this dread disease. Emergency shipments were made to Pennsylvania in the summer of 1979 to prevent the disease among children of the Amish community.

The importance of Cyanamid's role in modern medicine was also underscored in Hong Kong when the Lederle Tuberculin Tine Test® was used to diagnose tuberculosis among the Vietnamese boat people who found refuge in the British crown colony.

Lederle's multivitamins, Centrum® and Stresstabs®, responded to the new emphasis on fitness in the United States. Centrum was supplied to the athletes competing in the Winter Olympics at Lake Placid, New York, and both lines of products are being promoted with expanded sales promotion and advertising campaigns.

We introduced a polyvalent vaccine in the United States late in 1979 for protection against the most prevalent forms of bacterial pneumonia. Called Pnu-Imune®, it is effective against the 14 strains of pneumococcus which cause more than 80% of all pneumococcal infections in this country.

We have also recently received approval by the U.S. Food and Drug Administration to market Cyclocort® amcinonide, a highly potent topical steroid. We have already introduced this product in Brazil, Canada and parts of Europe.

Proud as we are of Cyanamid's current contributions to medical science and to the improving health of the peoples of the world, we look to even more important advances from our research laboratories.

The first of these potential products is expected to reach the European market in 1980 as Pipril* piperacillin.

*Trademark

Above: a Vietnamese refugee in Hong Kong is one of many boat people to receive a TB Tine Test donated by Cyanamid.

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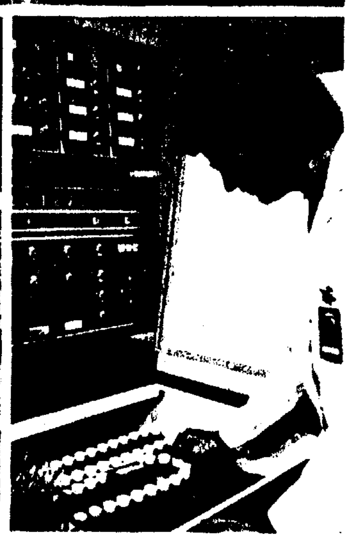

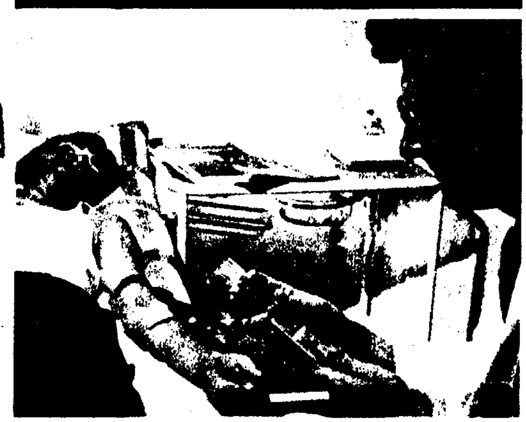

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reached the stage of demonstrating efficacy in humans.

An anti-cancer agent we have developed has demonstrated excellent activity against solid tumors and leukemias in laboratory animals. The compound, an anthraquinone derivative, is now in safety and efficacy testing in humans. Indications from earlier animal tests are that it will be highly effective without causing the damage to heart muscles associated with other products in its class.

A second anti-cancer compound developed in our laboratories also reached the clinical testing stage late in 1979.

Other products now being tested in humans include: an analgesic believed to be non-addictive but with the strength of codeine; an anti-arthritis product, the only one we know of that appears to halt the progress of the disease in animal testing; and an anxiolytic that, in animals, appears to curb anxiety without producing drowsiness or causing adverse reactions when used with alcohol or barbiturates.

Not all promising new drug candidates make it to the market and, therefore, it can be expected that some of our compounds will be eliminated as time progresses. However, we are confident that several will reach the market, not only to make important contributions to medicine, but also to assure a bright future for the company in the medical area.

A U.S. Lederle representative explains our Pnu-Search* program to a physician. It helps identify the most likely candidates for pneumococcal pneumonia, who can then be vaccinated with our new Pnu-Imune polyvalent vaccine.

*Trademark

Specialty Chemical

Specialty Chemicals ($ in millions)

	Worldwide Sales	% Total Sales	Operating Earnings	% Total Operating Earnings
1979	$960	30	$ 56	17
1978	$822	30	$ 80	26
1977	$735	30	$ 66	24
1976	$686	32	$ 69	28
1975	$586	30	$ 42	16

Sales of specialty chemicals advanced 17%, but operating earnings declined 30%.

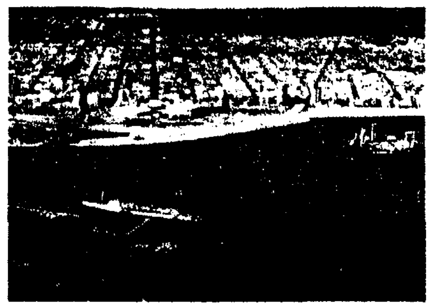
The precipitous OPEC oil price increases of 1979, together with significant boosts in the purchase prices of other basic feedstocks, were reflected in higher costs for energy and materials. These added costs adversely affected our chemical operations, particularly in our major market, the United States. The most serious effect was felt in the third quarter when selling price increases for our chemical and fiber products lagged well behind soaring energy and raw material costs. The result was significantly lower profit margins and d clining operating earnings. Our c reduction programs, combined wi price increases, helped our perfo ance late in the year, but not eno to compensate fully for the cost ir creases. Earnings also were redu by provisions for consolidating ce tain manufacturing operations anc downward revision in our investm in some assets.

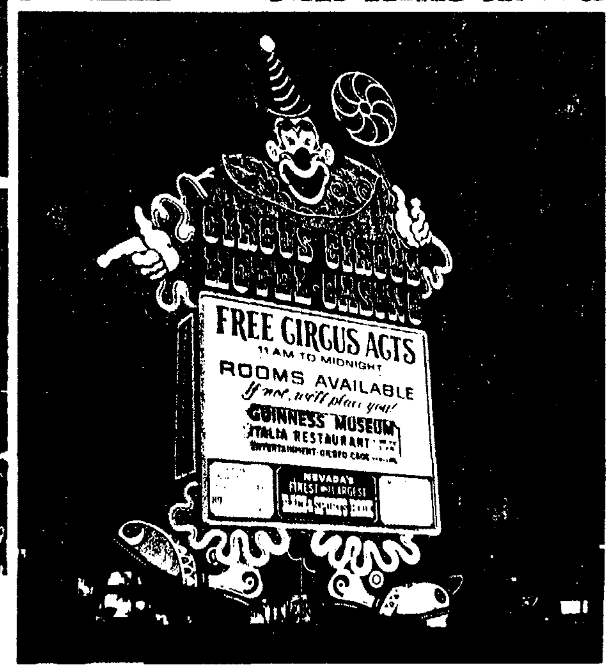
Among the bright spots in the y was the increasing use of our ad hesives and honeycomb core in a plane construction. To keep up v demand, we plan to add about 5 to our honeycomb core capacity a our aerospace products plant in Havre de Grace, Maryland, durin 1980.

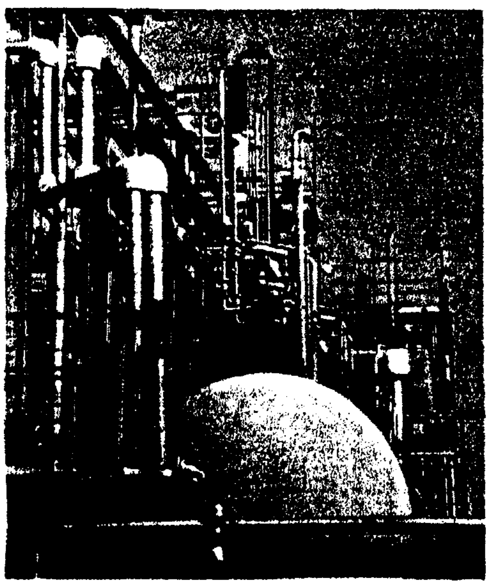
Worldwide demand for titaniurr dioxide increased in 1979, making a profitable year for this white pig ment. Sales of plastics additives, mining, paper and water treating chemicals and acrylic fibers also were higher; but other products, su as dyes, textile and rubber chemic suffered because of downturns in k segments of U.S. industry.

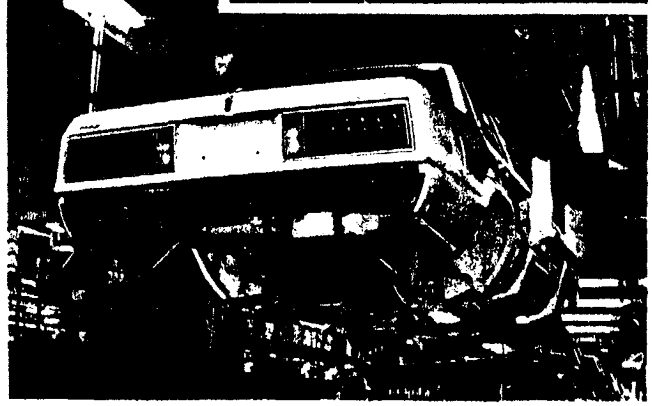
Lower automotive production in the United States reduced polyest fiber sales to the tire industry, but long-term contracts protected sal of our auto exhaust catalysts. We stand to gain from a new manufact

Clockwise from top left: Creslan® acrylic fiber for knitted apparel; our desulfurizing reagents increase blast furnace capacity and efficiency for a Canadian mill producing low sulfur steel; Cyanamid's honeycomb core (insert) used in Boeing's new 767; an attention-getting sign made from CY/RO's Acrylite® acrylic sheet; Cyanamid resins are widely used in automotive topcoats; our new MNB (mononitrobenzene) plant at Bound Brook, N.J. Center: at Long Beach, Cal., our Cyanatrol polymers are being used to enhance oil recovery.









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ing facility located in Azusa, California, which manufactures our new substrate material developed in cooperation with Japan Catalytic Chemical, Inc. This product permits catalytic converters to meet the more stringent U.S. emission standards for the 1980's. Our catalyst operations should also be aided by new facilities recently completed by Cyanamid at Michigan City, Indiana. These units increase our capacity for alumina powder, which is basic to the production of auto exhaust catalysts and to other catalysts for the oil refining and chemical industries.

We are building capacity for products to serve the steel industry. One of the interesting new products used in steel production is a carbide-based desulfurization reagent. Growing use of this product requires increased capacity, and we are now doubling our calcium carbide capacity at Niagara Falls, Ontario, to 100,000 tons per year. This location is ideal for serving the steel industry in Canada and the United States. The new facility is expected to be in production in 1981.

Benefits of our water treating chemicals are explained to a customer at a Texas oil refinery's waste-treatment facility by Cyanamid representative Angie Knappenberger.

Operating under inflationary conditions, our concentration in the chemicals business this year has been to improve profitability through cost reduction programs. We also are working to weed out those operations that report unsatisfactory profits today and declining markets for tomorrow. One such operation was our lead chromate pigments plant at Willow Island, West Virginia, which ceased production in January, 1980. This move will have no material impact on sales or earnings.

For long-term progress, we are stressing the development of promising new products from our research laboratories. One candidate, a polyacrylamide, is undergoing tests by potential customers in "enhanced oil recovery" operations. Enhanced oil recovery is a new technique that uses fluids, usually water thickened with polymers, to drive oil from underground reservoirs. As a leading producer of such polymers, Cyanamid was selected as the supplier to a major project at Long Beach, California, funded by the U.S. Department of Energy. The company developed specialized products marketed under the Cyanatrol® trademark for use in oil field production and this could become an important part of our chemicals business.

Consume

Consumer Products ($ in millions

	Worldwide Sales	% Total Sales	Operating Earnings	% Total Operating Earnings
1979	$444	14	$ 29	9
1978	$391	14	$ 30	10
1977	$353	14	$ 33	12
1976	$335	16	$ 30	12
1975	$290	15	$ 21	8

Sales of consumer products increased 14% while operating earnings were off 5% from 1978.

Our consumer products business consists of eight major brands competing in the fragrance, hair care and liquid household cleaner fields — most of them on a world scale. Sales of all major brands increased in 1979, except for the Breck® shampoos and conditioners which continued to lose market share in the United States. Total operating earnings declined slightly because of the effects of intense competition and because we have increased our expenditures for ing facility located in Azusa, California, which manufactures our new substrate material developed in cooperation with Japan Catalytic Chemical, Inc. This product permits catalytic converters to meet the more stringent U.S. emission standards for the 1980's. Our catalyst operations should also be aided by new facilities recently completed by Cyanamid at Michigan City, Indiana. These units increase our capacity for alumina powder, which is basic to the production of auto exhaust catalysts and to other catalysts for the oil refining and chemical industries.

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Products

the introduction of new products as part of a long-range business-building program.

Our major lines in the United States include four market leaders and one brand in second place and moving up. Old Spice® men's toiletries are first in their field, as are Nina Ricci's L'Air du Temps® — the top selling French fragrance in U.S. department stores — Miss Breck® aerosol hair spray, and Pine-Sol® liquid cleaner. All showed good sales gains, although the marketplace for Pine-Sol, Cyanamid's largest selling consumer product in the United States, has become more competitive.

The Pierre Cardin* men's fragrance is the number two brand among men's prestige fragrances and vying for leadership. It did very well in 1979.

An important product with a smaller market share, Old Spice® stick deodorant and anti-perspirant, made rapid sales and market share strides.

In 1980, we expect to complete the steps to add two lines to our consumer products business. These are the Grey Flannel® and Red* toiletries and fragrances marketed under the name of the noted American designer, Geoffrey Beene.

In international markets, our business is not as mature as in the United

*Trademark

Clockwise from top left: Cyanamid's consumer products include L'Air du Temps by Nina Ricci, Pierre Cardin men's fragrance, the line of Old Spice men's toiletries, Cardin de Pierre Cardin* for women, Mandate fragrances for men, Breck® preparations for care of the hair, Blue Stratos men's fragrances, and CIE, our new contemporary women's fragrance.

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States and we have been concentrating on introducing our various brands into appropriate markets.

Our principal men's fragrance lines outside the United States begin with Old Spice in the mass-merchandising class, and move upward in price and sophistication to the Blue Stratos®, Mandate* and Pierre Cardin* fragrances. This wide variety allows the successful positioning of these products in all the various demand segments of the market.

Pine-Sol liquid cleaner-disinfectant, the best-selling liquid cleaner in the U.S., increased sales in 1979 despite heavier competition.

Our consumer strength in the United Kingdom, Australia, Argentina, Venezuela and Mexico is based on the Old Spice and Pierre Cardin lines, which are leaders in their segments. Blue Stratos has been successfully introduced into these markets since 1975, and we are now launching Mandate in the United Kingdom, Australia, Puerto Rico, Japan and the Middle East.

Our new contemporary women's fragrance, CIE®, which was very successfully launched in the United States in 1978, also has been introduced with excellent results in the United Kingdom, Puerto Rico and Australia, and will be brought to Canada in 1980.

Our principal overseas markets for Pine-Sol are in Latin America and the product is the leading household liquid cleaner in Brazil.

As a result of the widening overseas market distribution of our products, international sales were well ahead of last year and are expected to do even better in the future.

*Trademark

Formica® Products
BRAND

Formica Products ($ in millions)

	Worldwide Sales	% Total Sales	Operating Earnings	% Total Operating Earnings
1979	$431	13	$ 26	8
1978	$396	14	$ 32	10
1977	$317	13	$ 28	10
1976	$189	9	$ 9	4
1975	$152	8	$ (5)	(2)

Sales of Formica brand products increased 9%, but operating earnings were down 19% from last year.

Formica brand products are very closely tied to the economy. Their sale depends upon the availability of mortgage money, interest rates and, in general, how the ultimate customer feels about the future of the economy. These factors influence the rise or fall of home decorating activity, of new or remodeled commercial interiors, of the furniture market, and, of course, of new home construction.

This was demonstrated in 1979 as householders, store, hotel and commercial builders responded to their individual economic pressures. For instance, in the United States, our laminate performance changed markedly as the year progressed. After a good first half, the adverse effects of higher interest rates, declining mortgage funds and rising energy and raw material costs sent operating profits into a sharp decline.

Worldwide profits were further depressed by provisions for consolidating certain manufacturing operations and by a downward revision in our investments in some assets.

In Canada, economic conditions put a damper on residential construction, but commercial building markets were strong and exports of office furniture to the United States led to added demand for our laminates. A resurgence in home renovation in certain prospering areas also aided our Canadian laminates operations.

Mexicans, riding the crest of a new oil prosperity, increased their purchases of Formica® brand decorative laminates at an unprecedented rate. Capitalizing on new home construction, commercial building and the rising demand for furniture, we are now tripling the capacity of our plant in Guadalajara.

Home and furniture buyers were also more active in Australia and New Zealand in 1979, rebounding from a

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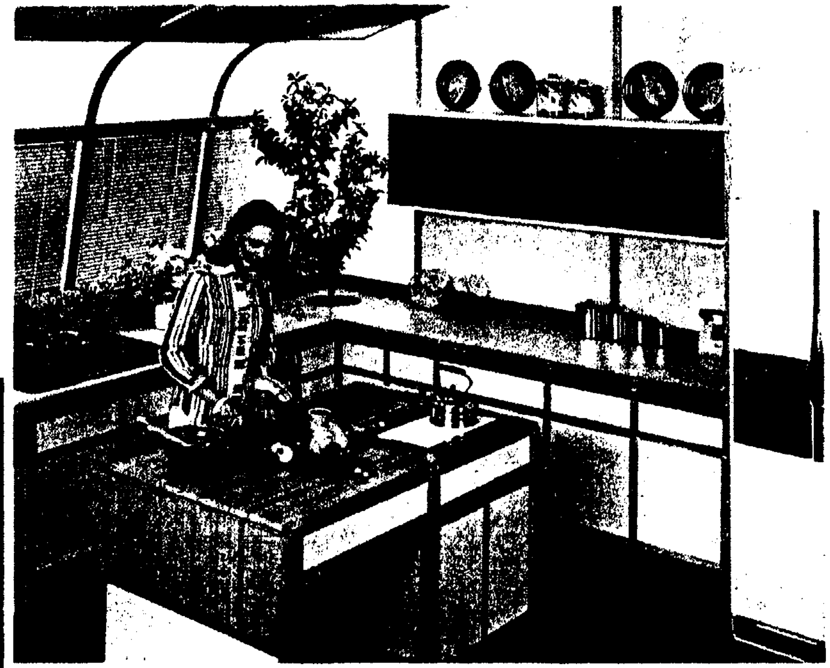
two-year recession that had curtailed such discretionary spending.

During 1979, reviewing our Formica brand products business, we decided to concentrate our efforts in the decorative laminate field, and at year's end, we disposed of our U.S. low-pressure melamine component panel operations. This is part of our overall strategy of focusing our resources on the areas of our greatest strength — in this case, the decorative laminate field which we pioneered.

Clockwise from top right: Two of Formica Corporation's new 1979 designs, Almond Butcherblock and Papyrus, are used in this modern kitchen; innovative applications developed from the European-designed Natural Collection show Striped Cork in the dining room setting and Basket Cane in the young girl's bedroom; Formica Corporation's earthtone and neutral solid colors, introduced in 1979, help make this office more attractive.



Financial Review

Operating Results — Cyanamid's consolidated sales in 1979 were $3.19 billion, up 14.6 percent from $2.78 billion in 1978. Net earnings of $168.5 million in 1979 were 8.1 percent above 1978. Net earnings per share for 1979 were $3.52 compared to $3.26 in 1978 based on the average number of shares of common stock (excluding treasury shares) outstanding for each year. The 1979 sales, net earnings and net earnings per share results are the highest in the history of Cyanamid.

Common Stock Prices and Dividends Paid — Reported comparative high and low market prices on the New York Stock Exchange Composite Tape and dividends paid per share of the common stock by quarter for 1979 and 1978 were:

	1979 Market price			1978 Market price		
Quarter	High	Low	Dividends paid	High	Low	Dividends paid
First	$26⅝	$24⅜	$ .40	$26¾	$22⅝	$ .37½
Second	27½	25⅛	.40	32	24⅞	.37½
Third	32⅛	24½	.40	32⅞	28½	.37½
Fourth	36⅛	23¾	.40	30⅜	23¾	.37½
			$1.60			$1.50

Quarterly Results — Quarterly net sales, gross profits, net earnings and net earnings per share for 1979 and 1978 were as follows:

Amounts in thousands

1979 Quarter	Net sales	Gross profit	Net earnings	Net earnings per share
First	$ 753,338	$ 302,814	$ 40,677	$ .85
Second	794,616	319,869	43,193	.90
Third	782,079	316,616	39,145	.82
Fourth	856,965	339,525	45,480	.95
	$3,186,998	$1,278,824	$168,495	$3.52

1978 Quarter	Net sales	Gross profit	Net earnings	Net earnings per share
First	$ 660,035	$ 265,607	$ 36,409	$ .76
Second	698,294	282,635	39,583	.83
Third	681,352	279,754	35,975	.75
Fourth	740,489	304,954	43,976	.92
	$2,780,170	$1,132,950	$155,943	$3.26

Gross profit is derived by subtracting manufacturing cost of sales from net sales.

See also Notes 8 and 12 to the Consolidated Financial Statements regarding non-recurring charges and credits arising in certain of the 1979 quarters.

Report of Management • Accountants' Opinion

Report of Management

Your management has prepared and is responsible for the accompanying consolidated financial statements for the years ended December 31, 1979 and 1978. These statements have been prepared in conformity with generally accepted accounting principles appropriate in the circumstances and necessarily include some amounts based on management's best estimates and judgments. All other financial information in this annual report is consistent with that in the consolidated financial statements.

The company maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, transactions are executed in accordance with management's authorization, and accounting records may be relied upon for the preparation of financial statements. The concept of reasonable assurance is based upon the premise that the costs of controls should not exceed the benefits derived from them. The system is monitored by a corporate staff of traveling internal auditors.

The consolidated financial statements have been examined by our independent certified public accountants, Peat, Marwick, Mitchell & Co. Their examination was conducted in accordance with generally accepted auditing standards and included a review of the system of internal accounting controls to the extent necessary to support their report, which appears on this page, as to the fair presentation, in the consolidated financial statements, of the company's financial position, results of operations, and changes in financial position.

The Audit Committee of the Board of Directors, composed solely of non-management directors, meets periodically with management, the internal auditors and the independent certified public accountants to review internal accounting control, auditing and financial reporting matters. Both the internal auditors and the independent certified public accountants have full and free access to the Audit Committee.

Opinion of Independent Certified Public Accountants

The Board of Directors and Stockholders
American Cyanamid Company:

We have examined the consolidated balance sheets of American Cyanamid Company and subsidiaries as of December 31, 1979 and 1978 and the related consolidated statements of earnings and earnings employed in the business and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of American Cyanamid Company and subsidiaries at December 31, 1979 and 1978, and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

PEAT, MARWICK, MITCHELL & CO.

New York, N.Y.
February 5, 1980

Earnings Statements

American Cyanamid Company and Subsidiaries

Consolidated Statements of Earnings and Earnings Employed in the Business

Years Ended December 31, 1979 and 1978

	1979	1978
	(Thousands of dollars except per share amounts)	
NET SALES	**$3,186,998**	$2,780,170
Expenses:		
Manufacturing cost of sales less depreciation and depletion	**1,908,174**	1,647,220
Selling and advertising	**582,954**	509,837
Administrative and general	**162,256**	134,821
Depreciation and depletion	**140,594**	120,150
Research and process development	**124,135**	108,148
	2,918,113	2,520,176
EARNINGS FROM OPERATIONS	**268,885**	259,994
Interest, royalties and other income, net	**43,294**	29,579
	312,179	289,573
Interest expense	**62,856**	50,498
EARNINGS OF CONSOLIDATED COMPANIES BEFORE TAXES ON INCOME	**249,323**	239,075
Taxes on income (Note 8)	**91,600**	90,000
EARNINGS OF CONSOLIDATED COMPANIES	**157,723**	149,075
Equity in net earnings of associated companies	**10,772**	6,868
NET EARNINGS	**168,495**	155,943
EARNINGS EMPLOYED IN THE BUSINESS AT BEGINNING OF YEAR	**1,001,347**	916,826
Deduct dividends of $1.60 per share ($1.50 in 1978)	**(76,244)**	(71,422)
EARNINGS EMPLOYED IN THE BUSINESS AT END OF YEAR	**$1,093,598**	$1,001,347
NET EARNINGS PER SHARE OF COMMON STOCK	**$3.52**	$3.26

See accompanying Notes to Consolidated Financial Statements

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Changes in Financial Position

American Cyanamid Company and Subsidiaries

Consolidated Statements of Changes in Financial Position

Years Ended December 31, 1979 and 1978

	1979	1978
	(Thousands of dollars)	
SOURCES OF WORKING CAPITAL		
Net earnings	**$168,495**	$155,943
Items not requiring the use of funds:		
Depreciation and depletion	**140,594**	120,150
Deferred income taxes	**4,200**	10,500
Equity in undistributed net earnings of associated companies	**(1,988)**	(2,215)
Funds derived from operations	**311,301**	284,378
Issuance of funded debt not due within one year	**15,865**	160,040
Decrease (increase) in investments and advances - net	**5,575**	(25,929)
Increase (decrease) in other non-current liabilities	**12,487**	(688)
Equity arising from common stock transactions - net	**409**	1,095
All others - net	**4,395**	762
	350,032	419,658
USES OF WORKING CAPITAL		
Additions to plants, equipment and facilities	**235,416**	251,034
Cash dividends on stock	**76,244**	71,422
Reduction in funded debt not due within one year	**13,477**	82,276
Increase in prepaid expenses and deferred charges	**20,555**	73
	345,692	404,805
INCREASE IN WORKING CAPITAL	**$ 4,340**	$ 14,853
INCREASE (DECREASE) IN THE COMPONENTS OF WORKING CAPITAL		
Cash, marketable securities and time deposits	**$ 48,485**	$ (13,021)
Accounts receivable	**119,082**	108,329
Inventories	**25,651**	50,251
Accounts payable and accrued expenses	**(109,112)**	(75,827)
Short-term borrowings	**(72,811)**	(36,717)
Funded debt installments due within one year	**12,026**	(13,171)
Income taxes	**(18,981)**	(4,991)
INCREASE IN WORKING CAPITAL	**$ 4,340**	$ 14,853

See accompanying Notes to Consolidated Financial Statements

Balance Sheets

American Cyanamid Company and Subsidiaries

Consolidated Balance Sheets

December 31, 1979 and 1978

	1979	1978
	(Thousands of dollars)	
ASSETS		
CURRENT ASSETS		
Cash	**$ 78,612**	$ 46,392
Marketable securities and time deposits, at cost (approximates market)	**67,550**	51,285
Accounts receivable, less allowance for doubtful accounts of $13,649 ($13,030 in 1978)	**689,948**	570,866
Inventories (Note 3)	**515,379**	489,728
TOTAL CURRENT ASSETS	**1,351,489**	1,158,271
INVESTMENTS AND ADVANCES		
Equity in net assets of and advances to associated companies	**57,740**	58,010
Other investments and advances	**43,644**	46,961
TOTAL INVESTMENTS AND ADVANCES	**101,384**	104,971
PLANTS, EQUIPMENT AND FACILITIES, at cost (Note 4)	**2,310,485**	2,123,420
Less accumulated depreciation and depletion	**1,007,177**	910,613
NET PLANT INVESTMENT	**1,303,308**	1,212,807
INTANGIBLES RESULTING FROM BUSINESS ACQUISITIONS	**16,037**	16,111
PREPAID EXPENSES AND DEFERRED CHARGES	**54,544**	33,989
	$2,826,762	$2,526,149

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LIABILITIES AND STOCKHOLDERS' EQUITY	1979	1978
	(Thousands of dollars)	
CURRENT LIABILITIES		
Accounts payable and accrued expenses	**$ 569,739**	$ 460,627
Short-term borrowings, including commercial paper of $114,614 ($62,895 in 1978) (Note 9)	**183,269**	110,458
Funded debt installments due within one year	**17,446**	29,472
Income taxes	**57,380**	38,399
TOTAL CURRENT LIABILITIES	**827,834**	638,956
FUNDED DEBT NOT DUE WITHIN ONE YEAR (Note 5)	**522,572**	520,184
DEFERRED INCOME TAXES	**85,500**	81,300
OTHER NON-CURRENT LIABILITIES (Note 9)	**43,689**	31,202
STOCKHOLDERS' EQUITY (Notes 5 and 6)		
Common stock — par value $5 per share		
Authorized — 60,000,000 shares		
Issued — 48,905,338 shares	**244,527**	244,527
Additional paid-in capital	**39,139**	39,015
Earnings employed in the business	**1,093,598**	1,001,347
	1,377,264	1,284,889
Less cost of 1,089,184 shares of common stock held in treasury (1,090,756 shares in 1978)	**30,097**	30,382
TOTAL STOCKHOLDERS' EQUITY	**1,347,167**	1,254,507
	$2,826,762	$2,526,149
CONTINGENT LIABILITIES AND COMMITMENTS (Note 7)		

See accompanying Notes to Consolidated Financial Statements

Notes

American Cyanamid Company and Subsidiaries

Notes to Consolidated Financial Statements of 1979 and 1978

(Thousands of dollars)

1. Summary of Accounting Policies

Consolidation — The consolidated financial statements include the accounts of American Cyanamid Company and all subsidiaries, except real estate subsidiaries whose operations were discontinued in 1974. All significant intercompany transactions and balances have been eliminated. Subsidiaries operating outside the United States and Canada are included on a fiscal-year basis ending November 30.

The equity method of accounting is used for investments in associated companies (20% to 50% owned). Aggregate cost of these investments was $23,580 at December 31, 1979 ($25,544 at December 31, 1978). Dividends of $8,784 were received from these companies in 1979 ($4,653 in 1978). At December 31, 1979, principal associated companies are comprised of the following (% owned):

- Arizona Chemical Company (50%)
- B. Braun-Dexon G.m.b.H. (50%)
- Cyanamid-Ketjen Katalysator B.V. (50%)
- Cyanenka S.A. (40%)
- CY/RO Industries (50%)
- Lederle (Japan) Ltd. (50%)
- Mitsui-Cyanamid, Ltd. (50%)
- Sherkat Sahami Cyanamid-KBC (50%)
- Societe des Sutures Chirurgicales Robert & Carriere-Lederle (47%)
- TDF Tiofine B.V. (50%)

Currency translation — Foreign currency financial statements and transactions are translated into U.S. dollars in accordance with Statement of Financial Accounting Standards No. 8. Exchange adjustments before tax effect ($22,800 loss in 1979; $600 loss in 1978) are included in earnings of the respective years. Manufacturing cost of sales included foreign exchange losses of $3,400 in 1979 ($7,500 gain in 1978) and administrative and general expenses included exchange losses of $19,400 in 1979 ($8,100 in 1978). Approximately $6,000 of exchange loss resulting from the December, 1979, Brazilian devaluation will be recorded in 1980.

Depreciation and amortization — Depreciation is provided on a straight-line composite method over the estimated remaining useful lives of various classes of assets. In view of the variety of plants, equipment and facilities, it is not considered practicable to list the rates used in making the computations. However, the aggregate charge for depreciation was equivalent to 7.2% in 1979, and 7.1% in 1978 of the average amount of depreciable plants, equipment and facilities. When depreciable assets are sold or otherwise retired from service, their cost, less amounts realized on sale or salvage, is charged or credited to the accumulated depreciation account. Expenditures for maintenance and repairs are charged to current operating expenses. Acquisitions, additions and betterments for increasing productive capacity or prolonging service lives of the plant, equipment and facilities are capitalized. Intangibles resulting from business acquisitions are carried at cost and amortized over a period of forty years unless, in the opinion of management, their lives are limited, or they have sustained a permanent diminution in value, in which case they are amortized over appropriate periods.

Inventories — Inventories are carried at the lower of cost or market. Cost is determined on the last-in, first-out (LIFO) method for substantially all inventories in the United States with the remainder determined on the first-in, first-out or average method.

Taxes on Income — The provision for Federal taxes on income is reduced by the investment tax credit using the flow-through method. Deferred income taxes are provided to recognize the effect of timing differences between financial statement and income tax accounting, principally differences in depreciation methods and rates.

Earnings per share — Earnings per share of common stock is based on the average number of shares outstanding during the year, 47,813,260 in 1979 (47,792,323 in 1978). The stock options described in Note 6 do not result in a material dilution of earnings per share.

2. Foreign Operations included in the consolidated financial statements are as follows:

	1979	1978
Net current assets	$273,700	$205,000
Net other assets (principally plants, equipment and facilities)	320,300	323,000
Net earnings of foreign subsidiaries	118,300	78,700
Equity in undistributed earnings of foreign subsidiaries	393,000	332,300

The company provides for taxes on the undistributed earnings of subsidiaries and associated companies where the remittance of such earnings is not considered to be indefinitely postponed. At December 31, 1979, the company has no present intention of remitting undistributed earnings of subsidiaries and associated companies aggregating $440,800 ($350,500 in 1978).

Notes

3. Inventories — At December 31, 1979 estimated current cost exceeded the LIFO value of the inventories by approximately $137,500 (1978 — $101,000). It is not practicable to determine the major components of inventory under the dollar value LIFO inventory method.

4. Plants, Equipment and Facilities are comprised of the following:

	1979	1978
Land, including mining land	$ 49,018	$ 52,292
Buildings	395,902	371,680
Machinery and equipment	1,715,296	1,560,681
Construction in progress	150,269	138,767
	$2,310,485	$2,123,420

5. Funded Debt, excluding the current portion, is as follows:

	1979	1978
Sinking fund debentures		
5¾% due 1980	$ —	$ 2,500
7⅜% due 2001	100,000	100,000
8⅜% due 2006	99,585	99,562
Promissory notes, 3¾% due 1981 to 1987	57,000	61,500
Promissory notes, 8¾% due 1988 to 1998	150,000	150,000
Pollution control bonds		
6.8% due 2000	21,000	21,000
6.5% due 2006	22,400	22,400
5.5% to 7% due at various dates through 2009	44,690	37,412
Sundry obligations	27,897	25,810
	$522,572	$520,184

Annual maturities of funded debt and sinking fund requirements for the four years subsequent to December 31, 1980, are as follows: 1981 — $16,351; 1982 — $16,107; 1983 — $9,269; and 1984 — $12,224.

The principal ($23,500 at December 31, 1979 and $23,400 at December 31, 1978) and interest ($1,520 in 1979 and $1,488 in 1978) on certain parallel loans have been netted against the corresponding assets and income items in the consolidated financial statements, reflecting the financial consequences in the event of a default by any obligor. Interest rates on these loan arrangements vary according to agreement and are subject to adjustment under certain conditions. Maturity dates of the loans range from 1985 through 1987.

The 3¾% and 8¾% promissory notes contain certain restrictions, including limitations on the payment of dividends. Under the most restrictive of such limitations, the amount of earnings employed in the business at December 31, 1979 which may be applied to the payment of such cash dividends, is limited to $152,900.

6. Stockholders' Equity

Authorized Capital includes 650,000 shares of preferred stock with a par value of $1 per share, none of which is outstanding.

Stock Options — Under the company's stock option plan key employees may be granted ten-year non-qualified options to purchase common stock at not less than 100% of market value on the date of grant; 2,300,000 shares were reserved for stock options under the plan. All options are exercisable in cumulative installments of one-third of the number of shares commencing one year after date of grant and annually thereafter.

Details of stock option activity with respect to the present plan and predecessor plan (under which no further options can be granted) for 1979 and 1978 follow:

	Number of shares	Option price		Market value	
		Per share	Total	Per share	Total
Options granted:				(at dates of grant)	
1979	341,525	$26.75-31.50	$ 9,143	$26.75-31.50	$ 9,143
1978	309,425	$26.25-29.75	$ 8,128	$26.25-29.75	$ 8,128
Options which became exercisable:				(at dates exercisable)	
1979	263,398	$24.75-29.75	$ 6,926	$25.00-27.00	$ 7,111
1978	222,640	$24.75-27.75	$ 5,927	$26.00-29.125	$ 5,852
Options exercised:				(at dates exercised)	
1979	72,499	$24.00-31.25	$ 1,915	$24.875-35.375	$ 2,228
1978	118,682	$24.00-28.50	$ 3,024	$25.125-32.50	$ 3,584
Options outstanding:				(at dates of grant)	
Dec. 31, 1979	1,636,111	$24.00-37.25	$45,417	$24.00-37.25	$45,417
Dec. 31, 1978	1,421,422	$24.00-37.25	$39,716	$24.00-37.25	$39,716

At December 31, 1979, options to purchase 1,021,561 shares (870,815 shares at December 31, 1978) were exercisable and 1,649,969 shares (1,976,518 shares at December 31, 1978) were available for option.

Upon exercise of options, the difference between the proceeds and the par value of shares issued or cost of treasury stock, $124 in 1979 and $117 in 1978, is recorded in additional paid-in capital.

Of the options exercised, 40,635 shares in 1979 (77,948 shares in 1978) were surrendered under the plan pursuant to stock option appreciation rights.

Additional Paid-in Capital changes during 1979 and 1978 were attributable solely to the issuance of shares under stock options.

Treasury Stock is acquired from time to time and used to fulfill obligations under the company's incentive compensation and stock option plans. During 1979, 33,121 shares were acquired (none in 1978). In 1979, 31,864 shares were issued pursuant to the above stock options (40,734 in 1978) and 2,829 shares were issued to retired participants under the incentive compensation plan (2,254 in 1978).

7. Contingent Liabilities and Commitments — Rental expense under property and equipment leases in 1979 was $39,300 ($35,200 in 1978). Estimated future minimum rental expenses under property and equipment leases that have initial or remaining noncancellable lease terms in excess of one year as of December 31, 1979 are: 1980 — $10,800; 1981 — $7,400; 1982 — $5,200; 1983 — $4,000; 1984 — $3,100; later years — $12,500 in the aggregate. The company accounts for leases as operating leases, which in all material respects complies with Statement of Financial Accounting Standard No. 13.

The present status of significant litigation is disclosed in the section entitled "Antibiotics Litigation" elsewhere in this report.

8. Taxes on Income — The components of the provision are:

	1979	1978
Current:		
Federal	$22,900	$13,300
Foreign	59,300	62,400
Other	5,200	3,800
	87,400	79,500
Deferred:		
Federal	4,900	11,200
Foreign and other	(700)	(700)
	4,200	10,500
Total taxes on income	$91,600	$90,000

The principal components of the 1979 deferred tax provision are the excess of tax over book depreciation ($9,100) partially offset in the third quarter of 1979 by the reversal of deferred income tax liabilities ($3,400, approximately 7 cents per share) in the United Kingdom, occasioned by a change in U.K. tax laws. In 1978, the principal components of the deferred tax provision are the excess of tax over book depreciation ($20,000) partially offset by investment tax credit ($8,500) carried forward to subsequent years.

A reconciliation between the company's effective tax rate and the U.S. Federal income tax rate is as follows:

	1979		1978	
	Amount	% of pretax income	Amount	% of pretax income
Computed expected tax expense	$114,700	46.0%	$114,800	48.0%
Investment tax credit on assets purchased during the year	(14,000)	(5.6)	(20,000)	(8.4)
Foreign income subject to foreign income tax at less than U.S. rates, and not expected to be subject to U.S. tax in the foreseeable future	(10,800)	(4.3)	(4,600)	(1.9)
Reversal of U.K. deferred taxes	(3,400)	(1.4)	—	—
Other, net	5,100	2.0	(200)	(0.1)
Total	$ 91,600	36.7%	$ 90,000	37.6%

9. Other financial statement information

Details of short-term borrowings are as follows:

1979	Domestic	Foreign	Total
Average borrowings during the year	$ 82,800	$62,000	$144,800
Weighted average interest rate during the year	11%	16%	14%
Highest level of borrowings at any month-end during the year	$114,600	$68,700	$183,300
Weighted average interest rate at December 31	14%	16%	15%
Balance, December 31	$114,600	$68,700	$183,300
1978	**Domestic**	**Foreign**	**Total**
Average borrowings during the year	$53,700	$49,700	$103,400
Weighted average interest rate during the year	8%	15%	11%
Highest level of borrowings at any month-end during the year	$78,800	$56,100	$134,900
Weighted average interest rate at December 31	10%	15%	13%
Balance, December 31	$62,900	$47,600	$110,500

At December 31, 1979 the company had $145,000 of domestic short-term lines of credit, of which $130,000 was available without restriction as to use.

Included in accounts payable and accrued expenses are checks outstanding of $29,300 in 1979 in excess of certain domestic cash balances.

Other non-current liabilities at December 31, 1979 include incentive compensation to officers and other employees of $7,400 ($9,300 at December 31, 1978). A portion of such amount is not payable currently in cash but is contingently payable in common stock of the company after employment terminates; pending allotment of the amount available for 1979, the portion so contingently payable in common stock is not determinable. Another portion of such amount is similarly contingently payable based on the performance of the company over a four-year period.

Maintenance and repairs in 1979 were $155,100 ($138,000 in 1978). Social security taxes for 1979 were $66,700 ($54,300 in 1978). Taxes other than income taxes for 1979 were $33,800 ($31,700 in 1978). Advertising in 1979 was $198,000 ($178,900 in 1978).

The company and its consolidated subsidiaries have various pension plans covering substantially all their employees including certain employees in foreign countries. The company's policy generally is to accrue and fund pension costs over the service lives of the covered employees. The total pension expense was $40,400 for 1979 and $33,600 for 1978. The actuarially computed value of vested benefits at the most recent valuation date under the principal pension plans of the company exceeds the current market value of fund assets and balance sheet accruals by approximately $26,000.

10. Quarterly Results (Unaudited) — Net sales, gross profits, net earnings and net earnings per share for the quarters of 1979 and 1978, which are unaudited, are included in the "Financial Review" section.

11. Supplemental Information on Replacement Cost and Effects of Changing Prices (Unaudited)

The United States has experienced rapid inflation in the last decade as contrasted to the relatively low level of inflation existing earlier. This experience has led to the general belief that the historical cost measurements used for the financial statements and other financial information included in annual reports to stockholders fail to reflect fully the economic reality of a business' financial condition and operating results. The Financial Accounting Standards Board (FASB), in an effort to produce financial information that discloses the effects of inflation, issued Statement No. 33, Financial Reporting and Changing Prices, which requires that certain supplemental financial data be provided to readers of financial statements.

The Statement attempts to deal with the measurement of the effects of general price level changes (purchasing power) and of changes in specific prices (current costs) of the resources used in manufacturing products. Net earnings adjusted for the effects of inflation illustrate the overstatement of earnings and resulting overpayment of income taxes, whereas historical dollar accounting does not reflect the cumulative effects of increasing prices and changes in the purchasing power of the dollar during times of significant and continued inflation.

The effects of inflation are particularly important to the investment in plants, equipment and facilities, made over an extended period of time, and the related depreciation and depletion expense. Since the purchasing power of the dollar has declined significantly from the time these investments were made, their value on the balance sheet is at a lesser amount than would be required to acquire such investments today. This differential may be considered the estimated effect of inflation on the financial statements.

Statement No. 33 requires that the effect of general inflation on our operations be measured by the U.S. Consumer Price Index for All Urban Consumers (CPI-U). This measure of inflation includes many items and, therefore, is not necessarily representative of changes in our worldwide manufacturing costs. The company believes that while it is important for financial statement users to develop an understanding of the more significant impacts of inflation, the dominant focus should continue to be on the financial statements based upon historical costs. The required supplemental inflation data must be viewed with caution since it is not certain whether it is a fair representation of the impact of inflation upon the company.

The consolidated statement of earnings has been adjusted for the general effects of the change in purchasing power using the CPI-U index as required by FASB. Cost of goods sold and depreciation and depletion expense reflect a higher present cost of plant, equipment and facilities. The impact on inventories affects cost of goods sold to a lesser extent since the company uses the LIFO method of costing for a substantial portion of such inventories and therefore reflects to a large extent present costs in the historical financial statements. It should be recognized that the resultant amounts do not purport to represent appraised values or any other measure of current value. No other items of income and expense have been restated.

This statement and the five year summary of selected data were prepared to reflect only the effects of general inflation. Disclosure of current cost supplementary information prescribed by Statement No. 33 need first be included in our 1980 annual report to stockholders. However, as in past years, the company's annual report on Form 10-K contains specific information with respect to year-end 1979 and 1978 replacement cost of inventories and productive capacity as well as the approximate effect which replacement cost would have had on the computation of cost of sales and depreciation and depletion expense for these years.

Condensed Consolidated Statement of Earnings
Adjusted for General Inflation for the Year Ended December 31, 1979 (Unaudited)
($ In millions except for per share amounts)

	As Reported in Consolidated Statement of Earnings	Adjusted (Constant Dollars)
Net sales	$3,187	$3,187
Expenses:		
Manufacturing cost of sales	1,908	1,946
Selling, administrative and research	869	869
Depreciation and depletion	141	214
	2,918	3,029
Earnings from operations	269	158
Other expenses, net	20	20
Earnings before taxes on income	249	138
Taxes on income	91	91
Earnings of consolidated companies	158	47
Equity in net earnings of associated companies	11	11
Net earnings	$ 169	$ 58
Net earnings per share of common stock	$ 3.52	$ 1.19
Gain from decline in purchasing power of net amounts owed		$ 66

Five Year Comparison of Selected Financial Data
Adjusted for General Inflation in Average 1979 Dollars (Unaudited)
($ In millions except for per share amounts)

	Years Ended December 31				
	1979	1978	1977	1976	1975
Net sales	$3,187	$3,094	$2,928	$2,715	$2,633
Stockholders' equity at year end	$2,130				
Per share of common stock					
Cash dividends	$1.60	$1.67	$1.80	$1.91	$2.02
Market price at year end	$34.00	$28.25	$32.00	$35.50	$33.50
Average consumer price index	217.4	195.4	181.5	170.5	161.2

The supplementary condensed consolidated statement of earnings above is based upon the historical consolidated financial statements adjusted for general inflationary factors relating to plants, equipment, and facilities and inventories.

Depreciation expense was calculated using the same methods and rates of depreciation as used in the historical consolidated financial statements.

Income tax expense has not been modified for the effects of changes in purchasing power, since the company is not permitted deductions for tax purposes of adjustments for general inflation in cost of goods sold, depreciation and depletion. Because income taxes are not levied solely on economic gain, the effective tax rate is greater than indicated by statutory rates.

No attempt has been made to calculate the benefit derived from additional realization of selling price increases necessitated by a higher level of cost of operations resulting from the application of the CPI-U to the historical cost of plants, equipment and facilities and inventories.

Certain information relating to years prior to December 31, 1979 is omitted, as it is impractical to obtain such information.

As may be noted above, the inflation-adjusted data reflects a lower trend of revenue growth due to the erosion of the purchasing power of the dollar compared to historical cost reporting. The decline from historical 1979 net earnings to adjusted (constant dollar) net earnings is partially offset by an increase in purchasing power gains on net amounts owed. In constant dollars, dividend payments deteriorated from 1975 and the market price at year-end 1979 is only modestly higher than at year-end 1975.

12. Information about Operations by Businesses and Geographic Areas for the years ended December 31, 1979 and 1978 and condensed for 1977 are summarized below:

Businesses:	Agricultural	Medical	Specialty Chemicals	Consumer Products	Formica® Brand Products	Corporate	Consolidated
1979							
Net sales	$724,854	$626,656	$960,196	$444,513	$430,779		$3,186,998
Operating earnings	130,523	87,680	55,875	28,820	26,485		329,383
General corporate expenses						$ (31,972)	(31,972)
Interest expense, net						(48,088)	(48,088)
Earnings of consolidated companies before taxes on income							249,323
Equity in net earnings of associated companies	416	4,315	5,769		272		10,772
Identifiable assets	598,888	386,526	792,281	189,375	315,377		2,282,447
Equity in net assets of and advances to associated companies	2,098	12,011	41,650		1,981		57,740
Corporate assets						486,575	486,575
Total assets at December 31, 1979							2,826,762
Depreciation and depletion	21,331	18,405	75,287	4,298	15,110	6,163	140,594
Capital additions	59,623	50,413	80,520	9,158	23,337	12,365	235,416
1978							
Net sales	$611,613	$559,880	$821,628	$391,254	$395,795		$2,780,170
Operating earnings	82,523	85,405	79,656	30,276	32,498		310,358
General corporate expenses						$ (32,062)	(32,062)
Interest expense, net						(39,221)	(39,221)
Earnings of consolidated companies before taxes on income							239,075
Equity in net earnings of associated companies	421	5,857	661		(71)		6,868
Identifiable assets	535,577	344,299	758,085	135,183	304,537		2,077,681
Equity in net assets of and advances to associated companies	2,159	14,406	39,653		1,792		58,010
Corporate assets						390,458	390,458
Total assets at December 31, 1978							2,526,149
Depreciation and depletion	20,271	16,338	61,378	3,772	13,526	4,865	120,150
Capital additions	41,598	32,204	134,636	6,165	23,037	13,394	251,034
1977 (Condensed)							
Net sales	$555,068	$484,044	$735,322	$352,882	$317,145		$2,444,461
Operating earnings	79,067	70,242	65,890	33,513	27,595		276,307
Equity in net earnings of associated companies	437	3,254	4,524		(1,086)		7,129
Identifiable assets	422,294	324,373	627,612	124,560	266,913		1,765,752
Equity in net assets of and advances to associated companies	1,994	12,036	40,216				54,246

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Geographic areas:	United States	Other Western Hemisphere	Eastern Hemisphere	Adjustments and Eliminations	Consolidated
1979					
Net sales to unaffiliated customers	$2,061,617	$422,139	$703,242		$3,186,998
Intergeographic sales	116,319	26,605	19,039	$(161,963)	
Total net sales	2,177,936	448,744	722,281	(161,963)	3,186,998
Operating earnings	158,911	52,679	117,793		329,383
General corporate expenses					(31,972)
Interest expense, net					(48,088)
Earnings of consolidated companies before taxes on income					249,323
Equity in net earnings of associated companies	5,290	361	5,121		10,772
Identifiable assets	1,515,450	295,157	471,840		2,282,447
Equity in net assets of and advances to associated companies	26,082	1,952	29,706		57,740
Corporate assets					486,575
Total assets at December 31, 1979					2,826,762
1978					
Net sales to unaffiliated customers	$1,821,246	$355,861	$603,063		$2,780,170
Intergeographic sales	111,244	32,041	9,428	$(152,713)	
Total net sales	1,932,490	387,902	612,491	(152,713)	2,780,170
Operating earnings	151,412	43,404	115,542		310,358
General corporate expenses					(32,062)
Interest expense, net					(39,221)
Earnings of consolidated companies before taxes on income					239,075
Equity in net earnings of associated companies	4,035	358	2,475		6,868
Identifiable assets	1,429,005	262,500	386,176		2,077,681
Equity in net assets of and advances to associated companies	22,397	1,916	33,697		58,010
Corporate assets					390,458
Total assets at December 31, 1978					2,526,149
1977 (Condensed)					
Net sales to unaffiliated customers	$1,640,748	$336,228	$467,485		$2,444,461
Intergeographic sales	93,464	27,345	7,501	$(128,310)	
Total net sales	1,734,212	363,573	474,986	(128,310)	2,444,461
Operating earnings	155,917	44,892	75,498		276,307
Equity in net earnings of associated companies	4,078	437	2,614		7,129
Identifiable assets	1,247,454	188,728	329,570		1,765,752
Equity in net assets of and advances to associated companies	19,321	1,994	32,931		54,246

The company is engaged primarily in the manufacture and sale of a highly diversified line of agricultural, medical, specialty chemicals, consumer and Formica® brand products.

Total sales between businesses were approximately $100,700 in 1979 ($87,400 in 1978 and 1977). These intersegment sales, which are made at cost, were not significant for any of the businesses except medical ($31,900 for 1979, $23,900 for 1978 and $27,800 for 1977) and specialty chemicals ($67,500 for 1979, $62,100 for 1978 and $58,900 for 1977).

Operating earnings consist of total net sales less operating expenses. In computing operating earnings, none of the following items has been added or deducted: general corporate expenses, interest expense, interest income, equity in net earnings of associated companies, and income taxes.

Identifiable assets are those assets that are used in the company's operations in each business or geographic area. Corporate assets are primarily cash, marketable securities and construction in progress.

Intergeographic sales are made at prices which provide reasonable and appropriate returns based upon the respective properties employed and the businesses conducted, and applicable eliminations have been applied to the intergeographic transactions.

The agricultural business reflects the non-recurring gain of $11,800 in operating earnings realized from the sale of a Florida phosphate rock deposit in the fourth quarter of 1979. Fourth-quarter 1979 operating earnings were reduced in the specialty chemicals and Formica brand products businesses, $10,400 and $7,700 respectively, by several non-recurring provisions for consolidating certain manufacturing operations and a downward revision in the company's investments in some assets.

Litigation

Antibiotics Litigation — The United States government's suit against the company and four other drug manufacturers for damages based upon the government's purchases of broad-spectrum antibiotics and its reimbursing and financing of purchases by others remains pending in trial status before the United States District Court in Philadelphia. It appears likely that proceedings in the trial will continue well into 1980.

The separate suit against the company alone asking for cancellation of four of the company's patents covering antibiotics on the basis of alleged fraud on the Patent Office also remains pending. Three of the patents are expired and the fourth had previously been made available for license. Early in 1979, the Court dismissed the count claiming damages for alleged fraud based on purchases made or paid for by the government over a period going back 25 years, as well as the cancellation claims against two of the patents.

In addition to the United States government suits, there are suits pending by an individual consumer who declined to participate in earlier settlements and by the governments of Iran, the Philippines, West Germany, India and Colombia. The suit by Kuwait was voluntarily discontinued in April. No trial dates have been set and the alleged amounts of damages have not been specified for these suits.

The company's share of the claims asserted in the eight remaining suits would be approximately $100 million, but the company believes the claims are grossly exaggerated.

Due to the uncertainties necessarily inherent in litigated matters of this sort, the eventual cost of this litigation to the company, and its disposition, cannot be accurately predicted. During 1977, the company made a provision in the amount of $17 million, which has been charged to earnings of appropriate years prior to 1967, after giving effect to related tax reductions, based upon the prediction that the cost to the company of achieving an ultimate final disposition of the remaining antibiotics litigation would be at least that amount. Expenses incurred during 1979 were charged against this provision. Upon a reappraisal of the situation existing at the end of 1979 (principally the fact that the trial of the government's case was still pending and appeared to be far from a conclusion) the company determined that it would be appropriate to provide an additional amount from current earnings to take account of defense costs incurred in 1979. This amount was not material. While the possibility exists that large amounts may eventually be paid, the company believes, on the basis of information and advice presently available, that any additional liability with regard to this litigation above and beyond the amount of the reserve will be substantially less than the amounts claimed and would not have a material adverse effect upon the financial position of the company and its subsidiaries. Under present accounting standards, any such additional amounts would be charged against current earnings.

The company denies that it has violated the anti-trust laws or engaged in any wrongdoing before the Patent Office.

Formica® Trademark Litigation — In 1978, the Federal Trade Commission commenced a proceeding before the Trademark Trial and Appeal Board to cancel the registration of the Formica® trademark of the company's subsidiary, Formica Corporation, on the ground that the word "Formica" has allegedly become the generic name for all decorative laminate products. Formica Corporation believes that the case is unjustified and is contesting it vigorously.

Discussion and Analysis

American Cyanamid Company and Subsidiaries

Discussion and Analysis of the Summary of Earnings

Net Sales and Earnings — Consolidated net sales in 1979 of $3.19 billion were the highest in the history of the company, exceeding sales of $2.78 billion in 1978 by 14.6%. Sales in 1978 represented a 13.7% increase over the $2.44 billion of sales in 1977. Sales gains in both years were achieved in each of the five businesses.

Net earnings for 1979 were a record $168.5 million or $3.52 per share, 8.1% above the $155.9 million or $3.26 per share in 1978.

Agricultural sales rose 19% and operating earnings were 58% higher than in 1978. Animal feed and health products led the way in 1979 as the rebuilding of livestock herds increased the demand for our products. Increased demand and limited global capacity for fertilizers resulted in higher prices than in previous years and contributed to the sales and operating earnings gains. 1979 operating earnings reflect the non-recurring gain of $11.8 million realized from the sale of a Florida phosphate rock deposit.

Medical sales increased 12% and operating earnings were 3% higher than in 1978. The sales gains in 1979 were achieved by concentrating on the major mature products and expanding the lines of generics and multivitamins. Increased promotion expense for over-the-counter products and higher levels of research funding to support the clinical testing of new products had a leveling effect on operating earnings.

Sales of specialty chemicals, which include fibers, rose 17%, but operating earnings declined 30%. The precipitous oil price increases of 1979 together with significant boosts in the purchase prices of other basic feed stocks were reflected in higher costs for energy and materials. Selling price increases for our chemical and fiber products lagged behind soaring energy and raw material costs resulting in significantly lower profit margins and declining operating earnings. Earnings also were reduced $10.4 million by provisions for consolidating certain manufacturing operations and a downward revision in our investments in some assets.

Consumer product sales increased 14% while operating earnings were 5% below 1978, reflecting the effects of intense competition and because of increased expenditures for the introduction of new products as part of a long-range business building program. Sales of all major brands increased in 1979, except for the Breck® shampoos and conditioners.

Sales of Formica® brand products were 9% higher, but operating earnings were down 19% from last year. In the U.S. the adverse effects of higher interest rates, declining mortgage funds and rising energy and raw material costs caused operating earnings to decline. Worldwide operating earnings were further depressed $7.7 million by provisions for consolidating certain manufacturing operations and by a downward revision in our investments in some assets.

Sales and operating earnings for the past five years for each of the company's businesses are shown in the individual sections of the annual report.

Manufacturing Cost of Sales reflects added volume and the continuing higher raw material, payroll and energy costs as the primary reasons for the 16% increase in 1979 and 13% increase in 1978. In addition, foreign exchange fluctuations related to inventories resulted in a loss of $3.4 million in 1979 compared to a gain of $7.5 million in 1978.

Depreciation and Depletion increased 17% in 1979 as compared to 15% in 1978. The increases in both years continue to reflect the high level of capital investment to provide necessary capacity, improve efficiency of production units, modernize or replace older facilities, and install equipment required for protection of the environment.

Selling, Administrative and Research Expenses increased by 15% in 1979 and 1978. Much of these increases resulted from higher payroll costs. Foreign exchange losses not related to inventories are included in administrative expenses and amounted to $19.4 million in 1979 and $8.1 million in 1978. Advertising and sales promotion expenses were at increased levels in the consumer and medical businesses in a continuing effort to improve and strengthen our market positions. Research and process development expenditures increased 15% to $124 million in 1979 following a 12% increase in 1978, reflecting our long-range program to ensure the flow of new products and processes.

Interest Expense increased 24% in 1979 reflecting an increase in both short-term and long-term borrowings as well as significantly higher interest rates on both domestic and foreign short-term borrowings. Interest expense increased 15% in 1978, reflecting an increase in borrowings.

Taxes on Income for 1979 were $91.6 million as compared to $90 million in 1978. Higher pretax earnings in 1979 were offset by a lower U.S. tax rate (46% vs. 48%) and a lower effective tax rate on foreign earnings. Other factors affecting the tax provision were lower investment tax credits in 1979 partially offset by the reversal of deferred income tax liabilities ($3.4 million) in the United Kingdom, occasioned by a change in United Kingdom tax laws.

Five-Year Summary

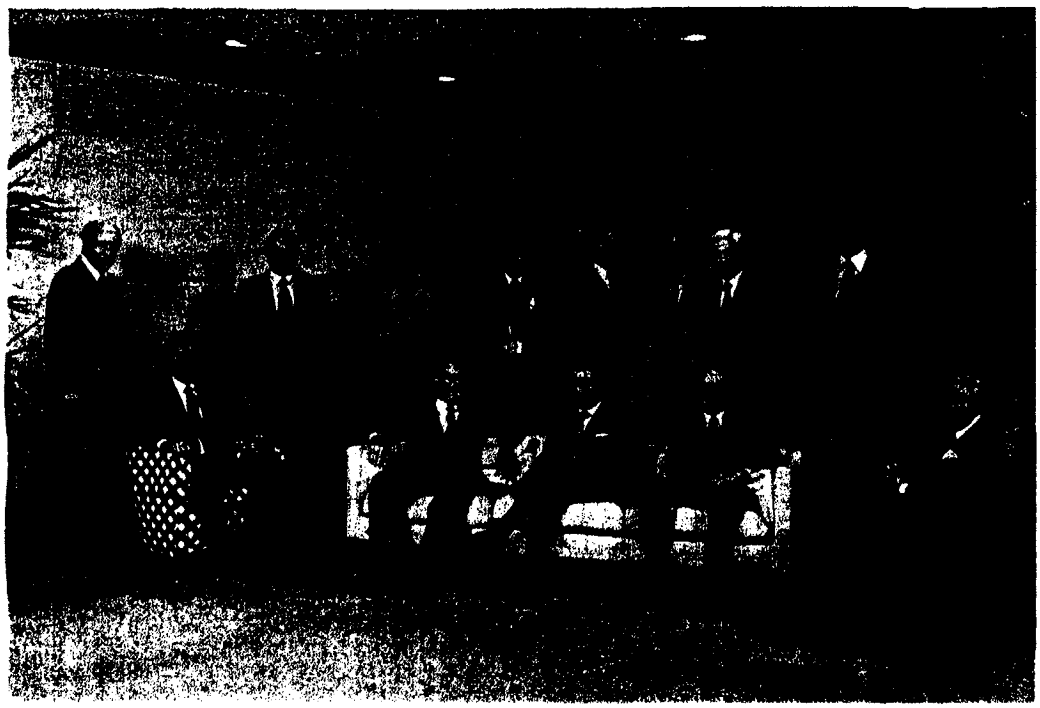
Five-Year Summary

(Amounts in millions except per share data)

	1979	1978	1977	1976	1975
Earnings					
Net sales	**$3,187**	$2,780	$2,444	$2,128	$1,952
Manufacturing cost of sales less depreciation and depletion	**1,908**	1,647	1,461	1,257	1,102
Depreciation and depletion	**141**	120	104	89	78
Selling, administrative and research expenses	**869**	753	653	580	536
Interest expense	**63**	51	44	34	21
Taxes on income	**92**	90	84	81	101
Earnings of consolidated companies	**157**	149	132	125	143
Equity in net earnings of associated companies	**11**	7	7	11	5
Net earnings	**168**	156	139	136	148
Per share of common stock					
Net earnings	**3.52**	3.26	2.92	2.84	3.09
Dividends	**1.60**	1.50	1.50	1.50	1.50
Average number of shares of common stock outstanding (used in calculating earnings per share)	**47.8**	47.8	47.8	47.8	47.7
Other Data					
Additions to plants, equipment and facilities	**235**	251	235	232	204
Current assets	**1,351**	1,158	1,013	923	797
Current liabilities	**828**	639	508	417	344
Working capital	**523**	519	505	506	453
Plants, equipment and facilities — at cost	**2,310**	2,123	1,908	1,676	1,488
Net depreciated cost	**1,303**	1,213	1,082	917	785
Funded debt not due within one year	**523**	520	442	418	282
Stockholders' equity:					
Common stock	**244**	244	244	244	244
Additional paid-in capital	**39**	39	39	39	39
Earnings employed in the business	**1,094**	1,001	917	849	784
Less treasury stock	**(30)**	(30)	(31)	(31)	(32)
Total stockholders' equity	**1,347**	1,254	1,169	1,101	1,035

Implementation of Statement of Financial Accounting Standards No. 8 in 1976 had the effect of increasing net earnings by $5.1 or $.11 per share, including $3.9 or $.08 per share recorded as of January 1, 1976 applicable to prior years which have not been restated since the effect is not material. In addition, reclassifications for comparative purposes, not affecting earnings, have been made in the years 1975-1978, to conform with the 1979 presentation.

Directors



The members of Cyanamid's Board of Directors are shown prior to their December meeting. Standing (left to right) are Alexander M. Schmidt, George J. Sella, Jr., L. Emery Katzenbach, James G. Affleck, Paul W. MacAvoy, J. Clifford Blauvelt and William A. Liffers. Seated (left to right) are Borden R. Putnam, William L. Wearly, George L. Schultz, James B. Fisk and Clifford D. Siverd. Ian K. MacGregor was not present when the photograph was taken.

Board of Directors

James G. Affleck	*Chairman o Chief Exe American C*
J. Clifford Blauvelt	*Senior Vice American C*
James B. Fisk	*Retired Cha Bell Teleph*
L. Emery Katzenbach	*Director and Merrill Lync Incorpora Investment broker/d*
William A. Liffers	*Vice Chairm American C*
Paul W. MacAvoy	*Milton Stein and Mana Yale Univer*
Ian K. MacGregor	*Honorary C Chairmar AMAX Inc. Mining, pro metals ar*
Borden R. Putnam	*Senior Vice American C*
Alexander M. Schmidt	*Vice Chanc University c*
George L. Schultz	*Private Inve*
George J. Sella, Jr.	*President American C*
Clifford D. Siverd	*Retired Cha Chief Exe American C*
William L. Wearly	*Chairman o Chief Exe Ingersoll-R Diversified machiner*

Officers • Committees

Officers

James G. Affleck	*Chairman of the Board and Chief Executive Officer*
George J. Sella, Jr.	*President*
William A. Liffers	*Vice Chairman*
J. Clifford Blauvelt	*Senior Vice President*
Borden R. Putnam	*Senior Vice President*
Charles E. Austin	*Group Vice President*
Paul C. Baker	*Group Vice President*
George P. Bywater	*Group Vice President*
James I. Wyer	*Vice President and General Counsel*
W. Perry Brown	*Vice President*
Richard L. Martino	*Vice President*
George A. Midwood	*Treasurer*
Robert D. Reisman	*Controller*
John K. Bangs	*Secretary*

Office of the Chairman

James G. Affleck *Chairman*
George J. Sella, Jr.
William A. Liffers

Finance Committee

Clifford D. Siverd *Chairman*
James G. Affleck
L. Emery Katzenbach
William A. Liffers
Ian K. MacGregor
George L. Schultz
George J. Sella, Jr.

Audit Committee

Ian K. MacGregor *Chairman*
James B. Fisk
L. Emery Katzenbach
William L. Wearly

Compensation Committee

L. Emery Katzenbach *Chairman*
James B. Fisk
Ian K. MacGregor
Clifford D. Siverd
William L. Wearly

Nominating Committee

William L. Wearly *Chairman*
George L. Schultz
Clifford D. Siverd
James G. Affleck *ex officio*

Public Responsibility Committee

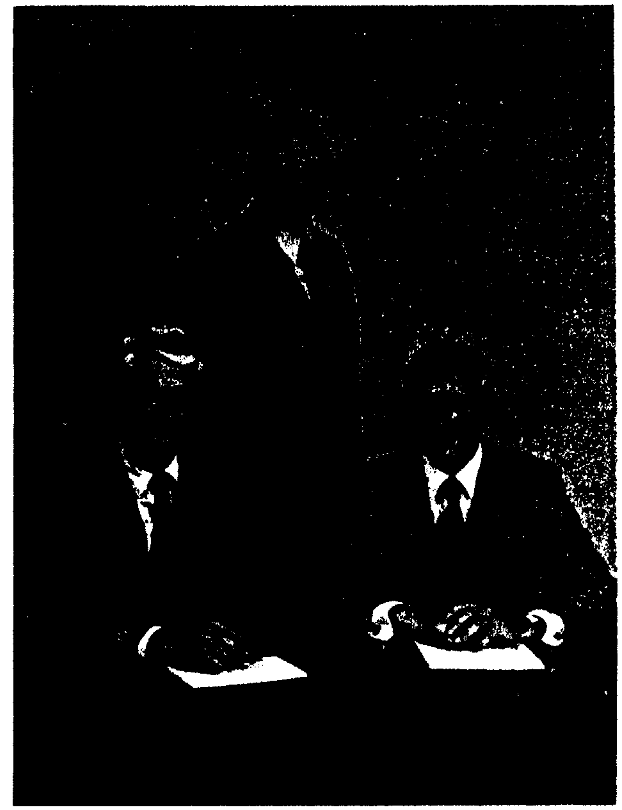
George L. Schultz *Chairman*
Paul W. MacAvoy
Alexander M. Schmidt

Transfer Agent and Registrar

The Chase Manhattan Bank, N.A.
New York, N.Y. 10015

Stock Exchanges

Cyanamid's common stock is listed on the New York Stock Exchange as well as on stock exchanges in Amsterdam, Basle, Frankfurt, Geneva, Lausanne and Zurich.



The three members of the Office of the Chairman are (left to right) James G. Affleck, Chairman and Chief Executive Officer; George J. Sella, Jr., President; and William A. Liffers, Vice Chairman.

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Operations

Agricultural Division
Joseph J. Garbarino, *President*
Animal feed, health and veterinary products, insecticides, fungicides and herbicides.

Cyanamid Americas/Far East
John H. Schriever, *President*
Manufactures or imports and markets Cyanamid's products, except for Household, Shulton and Jacqueline Cochran products, and fertilizers, fibers and catalysts, through subsidiaries and distributors in Canada, Latin America, Asia and the Pacific.

Cyanamid Europe/Mideast/Africa
Ben H. Loper, *President*
Manufactures or imports and markets Cyanamid's products, except for Household, Shulton and Jacqueline Cochran products, and fertilizers, fibers and catalysts, through subsidiaries and distributors in Europe (including the Comecon countries), Africa and the Middle East.

Fibers Division
Philip G. Connell, Jr., *President*
Creslan® acrylic fibers for apparel, home furnishings and industrial applications; filament polyester for tire cord and industrial applications.

Formica Corporation
Martin B. Friedman, *President*
Formica® brand decorative laminates for residential and commercial construction and furniture; adhesives; Sanitas® and Wallclad® coated wall fabrics from Standard Coated Products.

Household Products Division
Gordon M. Garrett, *President*
Household maintenance and cleaning aids, including Pine-Sol® cleaner-disinfectant-deodorizer.

Industrial Chemicals Division
Fredric E. Detoro, *President*
Basic chemicals and intermediates for the chemical processing industries; polymers and specialty chemicals for papermaking, mineral ore processing, water treating and oil production; catalysts for petroleum refining and automotive emissions; molding compounds and resins for coatings, laminates and adhesives. Structural adhesives and aluminum honeycomb for aircraft and industrial applications. Unitane® titanium dioxide.

Jacqueline Cochran, Inc.
Carlo F. Bilotti, *President*
Men's and women's prestige fragrances including Parfums Nina Ricci® Paris; Parfums Carven®; Parfums Pierre Cardin*; CIE® and Tabac Original® fragrances.

Lederle Laboratories Division
David Carroll, *President*
Antibiotics, steroids, vitamins, hematinics and other pharmaceuticals; vaccines; Davis & Geck surgical sutures and hospital products; fine chemicals and bulk pharmaceuticals.

Organic Chemicals Division
Gordon D. Sterling, *President*
Dyes, elastomers, intermediates, plastics additives, phosphine chemicals, rubber chemicals, textile chemicals, textile resins, Cyalume® chemical light, inorganic and organic pigments; and industrial safety equipment from Glendale Optical Co., Inc.

Plant Food Division
T. Dean Smith, *President*
Produces in the U.S. and Canada, and markets worldwide, phosphate rock, upgraded phosphates, anhydrous ammonia and upgraded nitrogen products. In Canada, markets a full line of blended fertilizers through a network of Farm Service Centers.

Shulton, Inc., International Division
William H. Lash, *President*
Manufactures and markets household maintenance and cleaning aids, personal care and grooming products and fine and contemporary fragrances through subsidiaries, distributors and licensees in countries outside of the United States.

Shulton, Inc., Toiletries Division
Personal care and grooming products, including Old Spice® men's toiletries and Breck® hair care preparations.

* Trademark

CY0005708

Services

Agricultural Research Division
Robert H. Becker, *Director*

Chemical Research Division
Jason M. Salsbury, *Director*

Consumer Products Research Division
D. Dennis Heard, *Director*

Controller's Division
Robert D. Reisman, *Controller*

Corporate Development and Planning Division
Frederick W. Armstrong, *Director*

Engineering and Construction Division
Herbert H. Hofmaier, *Director*

Environmental Services Division
Edward W. Cantrall, *Director*

Federal Government Relations
Don A. Goodall, *Director*

Formica Products Research Division
Leo A. Landers, *Director*

Investor Relations
Wallace G. Taylor, *Director*

Law Division
Donald C. Droste, *Director*

Materials Planning and Procurement Division
Theodore E. Hazell, *Director*

Medical Research Division
George L. Sutherland, *Director*

Personnel Division
W. Perry Brown, *Director*

Public Affairs Division
Joseph C. Calitri, *Director*

Tax Division
Alan M. Breitman, *Director*

Transportation and Distribution Division
Arthur C. Fennimore, *Director*

Treasury Division
George A. Midwood, *Treasurer*

Facilities and Affiliates

Plants in the U.S.

Alden, IA
Andersonville, GA
Azusa, CA
Benton, AR
Bound Brook, NJ
Bradley, FL
Carolina, PR
Charlotte, NC
Chattanooga, TN
Chicago, IL
Childersburg, AL
Clifton, NJ
Cloquet, MN
Damascus, VA
Danbury, CT
Demopolis, AL
DeRidder, LA
Escanaba, MI
Evendale, OH
Fort Madison, IA
Fort Worth, TX
Fortier, LA
Georgetown, SC
Hamilton, OH
Hannibal, MO
Havre de Grace, MD
Hazleton, PA
Jackson, MS
Joliet, IL
Kalamazoo, MI
Linden, NJ
Longview, WA
Manati, PR (2)
Marietta, OH
Mays Landing, NJ
Memphis, TN
Michigan City, IN
Milton, FL
Mobile, AL
Monticello, MS
Painesville, OH
Pearl River, NY
Perrysburg, OH
Plymouth, NC
Savannah, GA
Shippan, CT
Sierra, CA
Springhill, LA
Wallingford, CT
Weeping Water, NB
West Springfield, MA
Willow Island, WV
Woodbridge, NJ
Woodbury, NY

Plants Outside the U.S.

Baie d'Urfe, Canada
Baulkham Hills, Australia
Bilbao, Spain
Bogota, Colombia
Bradford, England
Buenos Aires, Argentina (3)
Bulsar, India
Caracas, Venezuela (2)
Cartagena, Colombia
Catania, Italy
Gosport, England
Guadalajara, Mexico
Guarenas, Venezuela
Hsinchu, Taiwan
Hsinfeng, Taiwan
Hurstville, Australia
Isando, South Africa
Karachi, Pakistan
Leiden, Netherlands
Madrid, Spain
Managua, Nicaragua
Mexico City, Mexico (2)
Niagara Falls, Canada (2)
North Shields, England
Oullins, France
Papakura, New Zealand
Quillan, France
Resende, Brazil
Rio de Janeiro, Brazil
Rotterdam, Netherlands
Sao Paulo, Brazil
St. Jean, Canada
St. Mary's, Australia
Seaton Delaval, England
Thornleigh, Australia
Witbank, South Africa
Wolfratshausen, West Germany

Research and Development Laboratories

Bound Brook, NJ
Bradford, England
Catania, Italy
Clifton, NJ
Danbury, CT
Evendale, OH
Gosport, England
Hsinchu, Taiwan
Los Baños, Philippines
Maidenhead, England
Milton, FL
Painesville, OH
Pearl River, NY
Porto Alegre, Brazil
Princeton, NJ
Rotterdam, Netherlands
Stamford, CT
Welland, Canada
Zarzoura, Egypt

Principal Associated Companies
(% Owned)

Arizona Chemical Company (50%)
B. Braun-Dexon G.m.b.H. (50%)
Cyanamid-Ketjen Katalysator B. V. (50%)
Cyanenka S. A. (40%)
CY/RO Industries (50%)
Lederle (Japan) Ltd. (50%)
Mitsui-Cyanamid, Ltd. (50%)
Sherkat Sahami Cyanamid-KBC (50%)
Societe des Sutures Chirurgicales Robert & Carriere-Lederle (47%)
TDF Tiofine B. V. (50%)

Other Affiliates

Brewster Phosphates
The Catalyst Company
Titanium Enterprises

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1979 Annual Report

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