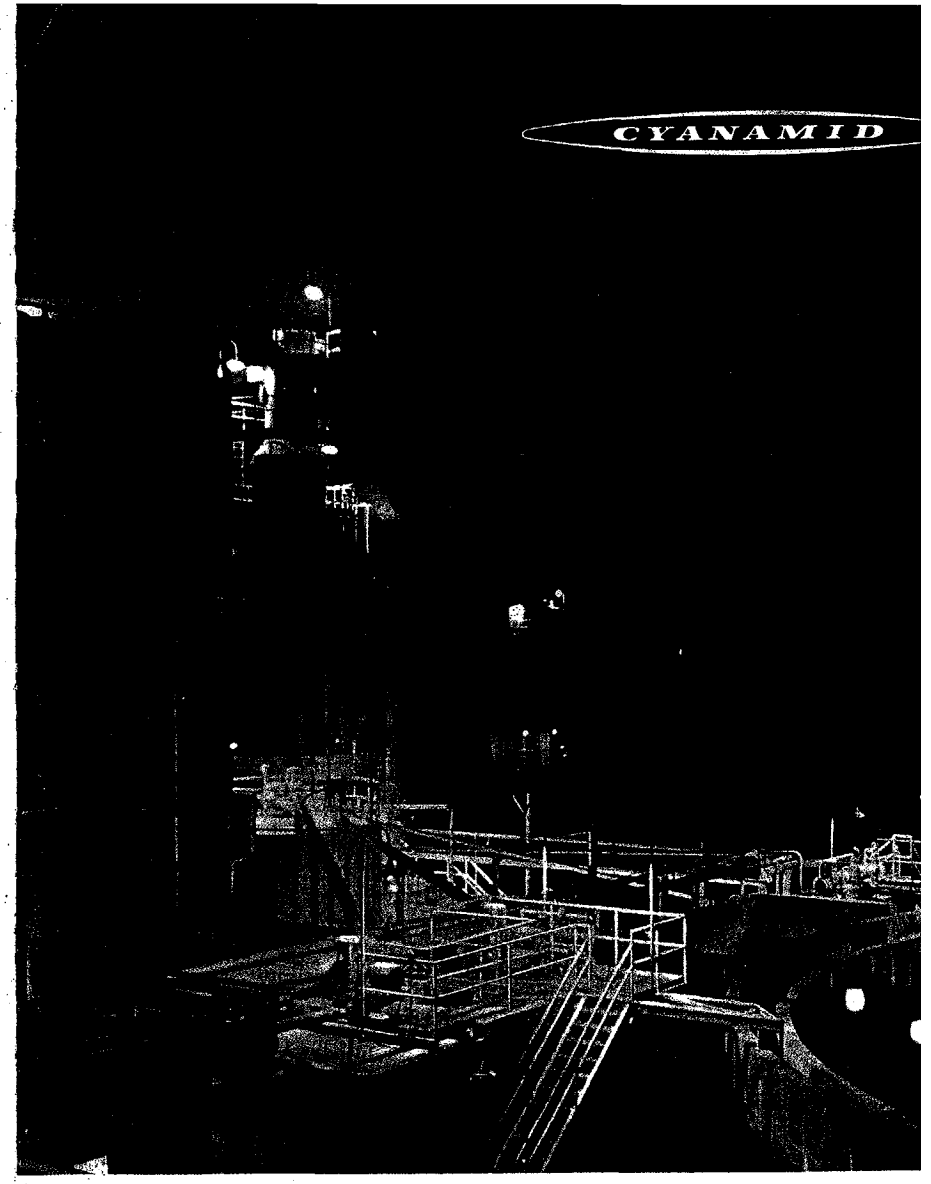
CYANAMID

TRANSFER AGENT, The Chase Manhattan Bank, New York

REGISTRAR, Guaranty Trust Company of New York

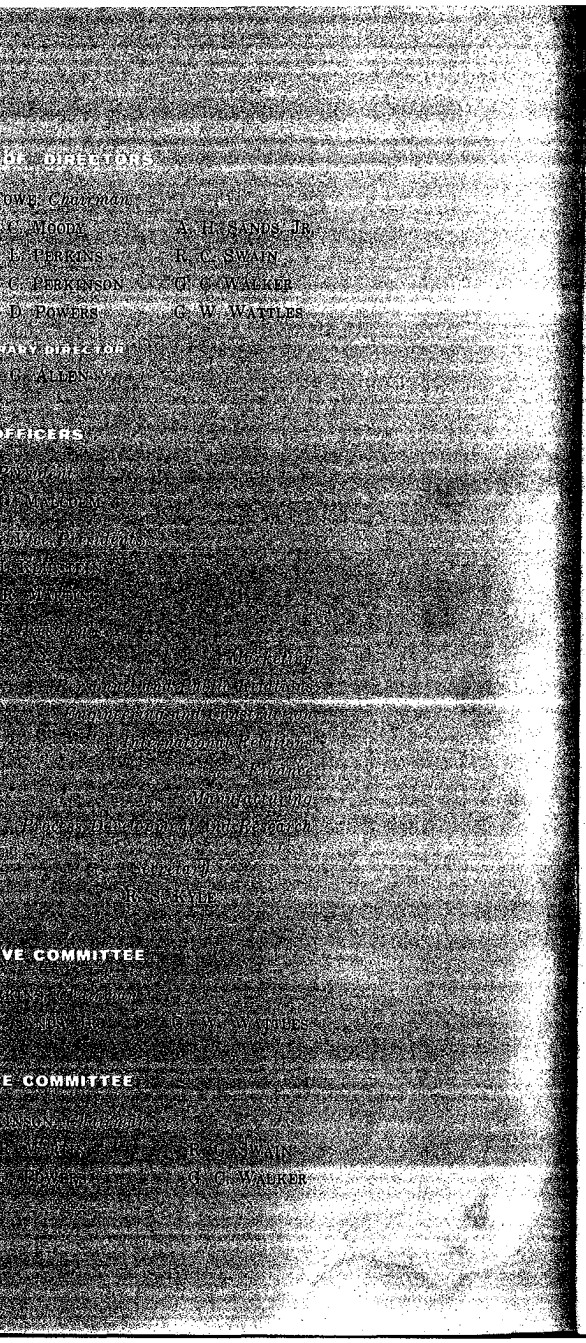
GENERAL COUNSEL, Perkins, Daniels, McCormack & Collins

CERTIFIED PUBLIC ACCOUNTANTS, Peat, Marwick, Mitchell & Co.



AMERICAN CYANAMID COMPANY 1957 ANNUAL RE

OF DIRECTORS
OWE, Chairman
C. MOODY A. H. SANDS, JR.
L. PERKINS R. C. SWAIN
C. PERKINSON G. C. WALKER
D. POWERS G. W. WATTLES
ARY DIRECTOR
G. ALLEN
OFFICERS
President
D. MALCOLM
Vice Presidents
Marketing
Personnel and Public Relations
Engineering and Construction
International Relations
Finance
Manufacturing
Process Development and Research
Secretary
R. S. KYLE
VE COMMITTEE
G. W. WATTLES
E COMMITTEE
R. C. SWAIN
G. C. WALKER



CYANAMID

AMERICAN CYANAMID COMPANY

Report of the Board of Directors

for the year ended December 31

1957

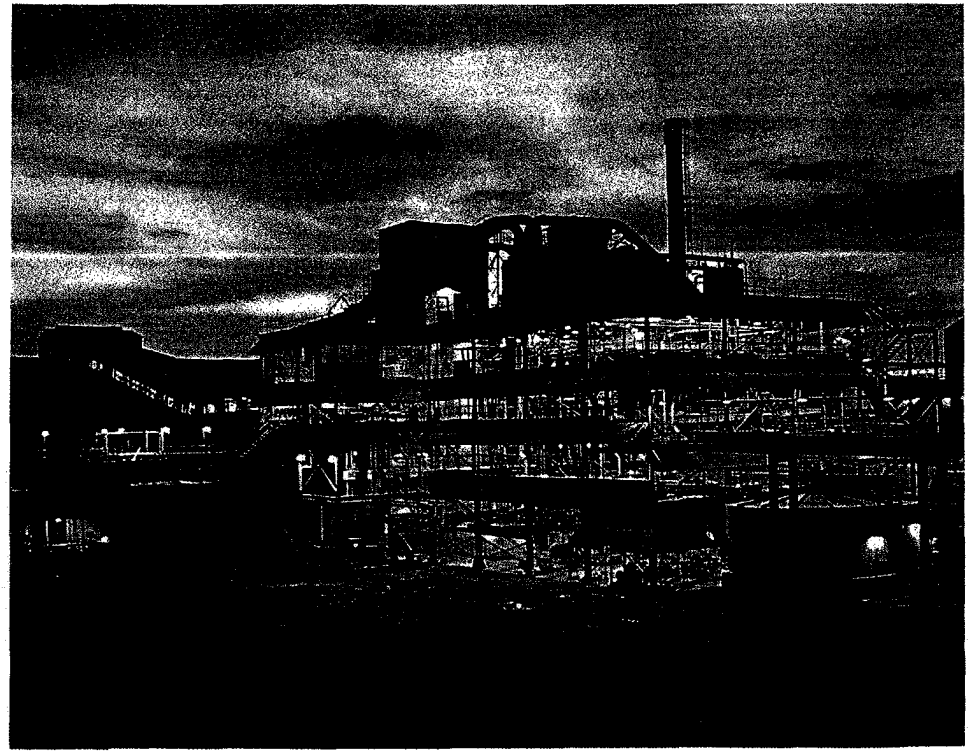
General offices—30 ROCKEFELLER PLAZA, NEW YORK CITY 1

HIGHLIGHTS

	1957	1956
Sales	$532,479,350	$500,651,279
Earnings before income taxes	102,347,870	85,247,158*
Income taxes	51,000,000	41,000,000
Net Earnings	51,347,870	44,247,158*
Cash Dividends	33,835,810	28,259,468
Earnings per share Common Stock**	2.42	2.11*
Dividends per share Common Stock**	1.60	1.37½
Depreciation, amortization and depletion	32,182,201	30,094,188
Expenditures for capital additions	84,491,652	49,369,604
Funded Debt	93,750,000	94,750,000
Shareholders' equity	389,913,672	366,683,857
Shares outstanding at end of year:		
Preferred Stocks	1,640	133,397
Common Stock (excluding treasury shares)	21,224,891	10,288,013
Number of shareholders:		
Preferred	168	4,984
Common	67,139	57,087
Total (excluding duplications)	67,252	58,160
Number of employees	29,500	27,500

*Exclusive of extraordinary gains
**After retroactive adjustments for the 100% stock dividend paid on July 12, 1957

COVER: A dramatic night view of the new triple superphosphate plant, Brewster, Florida.
BELOW: Completed during the summer of 1957, the Brewster plant has a production capacity of 200,000 tons annually.



TO THE SHAREHOLDERS

In 1957, Cyanamid's Fiftieth Anniversary Year, sales and net earnings were higher than those (exclusive of extraordinary gains) in any prior year; and, as a part of the Company's overall expansion program, capital expenditures for the year reached an all time high.

SALES

Consolidated sales for 1957 were $532,479,350, about 6% above the $500,651,279 volume for 1956. The improvement was related to moderate increases in sales of Diamox® acetazolamide, a non-mercurial diuretic; malathion, a versatile insecticide; Aurofac® animal feed supplement; molding compounds; and also to the sale of new agricultural chemicals and pharmaceutical products, including Asian influenza vaccine; but more significantly to the larger sales volume of antibiotics in both domestic and foreign markets — especially during the latter half of the year.

Sales to customers outside the United States and Canada approximated 15% of the overall volume, compared with 14% in the previous year.

Comparative quarterly sales for 1957 and 1956 are shown below:

QUARTER	1957	1956
First	$132,125,370	$127,792,935
Second	127,001,617	125,092,184
Third	133,033,645	122,067,857
Fourth	140,318,718	125,698,303
	$532,479,350	$500,651,279

EARNINGS

Earnings before Federal and foreign taxes on income were $102,347,870 compared with $85,247,158 (exclusive of extraordinary gains) in 1956. After providing for income taxes of $51,000,000 and $41,000,000, respectively, Consolidated Net Earnings were $51,347,870 for 1957, as against $44,247,158 for 1956. After deducting the requirements for dividends on the Preferred Stocks, Net Earnings available for the Common Stock were $2.42 per share on 21,224,891 shares outstanding (excluding treasury shares) at the close of 1957. Giving effect to the 100% stock dividend paid on July 12, 1957, the comparable per share earnings for 1956 were $2.11, exclusive of extraordinary gains of $.54 per share.

CASH DIVIDENDS

Regular quarterly dividends declared on the Preferred Stocks amounted to $12,396, as against $886,335 in 1956.

Cash dividends of $33,823,414 were paid to holders of the Common Stock, compared with $27,373,133 in 1956. Adjusted retroactively for the 100% stock dividend, cash payments on the Common Stock were equivalent to 37½¢ per share for three quarters and to 40¢ for the last quarter plus a special dividend of 7½¢—a total of $1.60 for the year, as against $1.37½ for 1956.

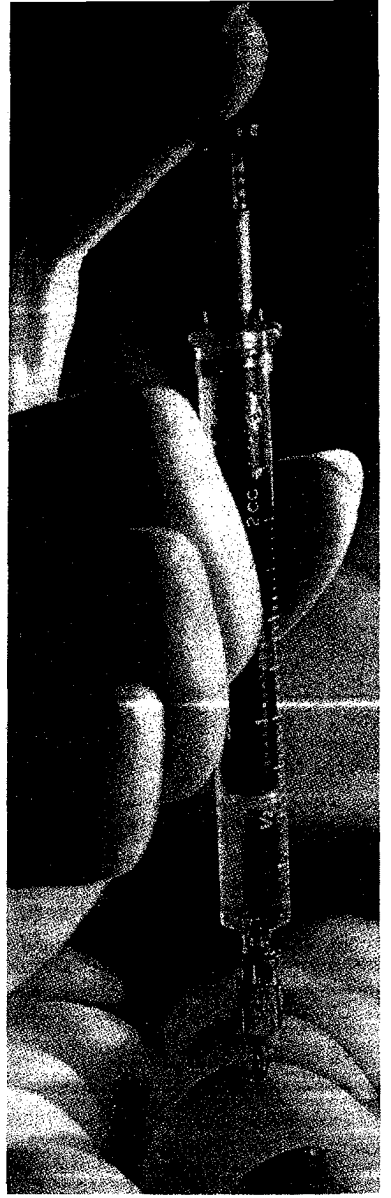
WORKING CAPITAL

Utilizing funds accumulated for the purpose, substantial amounts were converted into new plants and expanded facilities, so that working capital was reduced from $202,853,106 on December 31, 1956 to $168,549,990 at the close of 1957.

Cash and marketable securities declined from $159,456,768 to $116,998,867; accounts receivable rose from $59,534,255 to $60,990,702; and inventories were up from $81,551,371 to $92,938,914. Provision for Federal and foreign income taxes was down from $52,123,223 to $51,392,490 at the end of 1957.

CAPITAL STOCK

At their annual meeting on April 15, 1957, the holders of Common Stock voted favorably on a recommendation of the Board of Directors to increase the authorized Common Stock from 12,000,000 to 30,000,000 shares. The Board of Directors subsequently declared a distribution in the nature of a stock dividend of one share for each share outstanding on June 3,



At peak of Asian influenza vaccine production, Lederle Laboratories Division was using more than 200,000 fertile eggs per week to grow virus.

1957. In payment of this dividend, 10,571,328 shares of Common Stock were issued on July 12, 1957.

In addition to the payment of the stock dividend, 279,234 shares of Common Stock were issued through the conversion of 136,912 shares of the Preferred Stocks; 87,963 shares were issued for the business and assets of Illinois Powder Manufacturing Company, and 46,451 for the business and assets of MacGregor Instrument Company.

Common Stock outstanding at the end of the year totaled 21,287,891 shares (including treasury shares), compared with 10,303,013 shares at the close of 1956.

During the year 5,485 shares of Preferred Stock, Series D, were issued under stock purchase contracts with employees; 136,912 shares of Preferred Stocks (Series C and D) were converted into Common Stock; and 330 shares, Series C, were redeemed. As a result of these transactions, only 1,640 shares of Preferred Stock, Series D, were outstanding at the close of 1957.

ASSOCIATED COMPANIES (49% or 50% owned)

Cyanamid's equity in the earnings of Associated Companies for the year 1957 was $3,528,233 compared with $3,473,622 for 1956. Dividends received from these companies amounted to $2,341,957 as against $2,526,431 in 1956.

Jefferson Chemical Company, Inc., owned jointly with The Texas Company, started construction and installation of facilities under a major expansion program designed to increase capacity for its several petrochemical products, and to manufacture a substantial portion of its chlorine requirements.

Late in 1957 an agreement was entered into with Koninklijke Zwavelzuurfabrieken v/h Ketjen N. V. of Amsterdam which provides for the formation of a new Dutch company, Cyanamid-Ketjen N. V., to manufacture platinum reforming catalyst for sale to the petroleum industry, chiefly in Europe. Ownership of the new company will be shared equally by Cyanamid and the Ketjen company, and the initial investment of each will approximate $1,100,000.

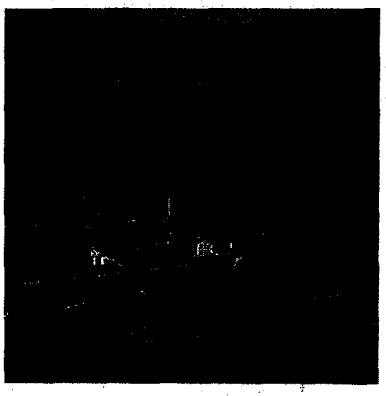
ACQUISITIONS

On August 28, the Company acquired the business and assets of MacGregor Instrument Company, Needham, Massachusetts, manufacturers of Vim® brand of hypodermic needles and syringes; and its operations have become a part of the Surgical Products Division. These products complement Cyanamid's line of surgical specialties and broaden the scope of services to customers in this field.

Effective September 30, arrangements between the Company and Thomas De La Rue & Company, Limited, of London,

TOP: Additional facilities for the manufacture and storage of explosives at Springville, Utah were acquired through the purchase of the Illinois Powder Manufacturing Company.

BOTTOM: The Needham, Massachusetts plant acquired from MacGregor Instrument Company manufactures the Vim brand of hypodermic needles and syringes.





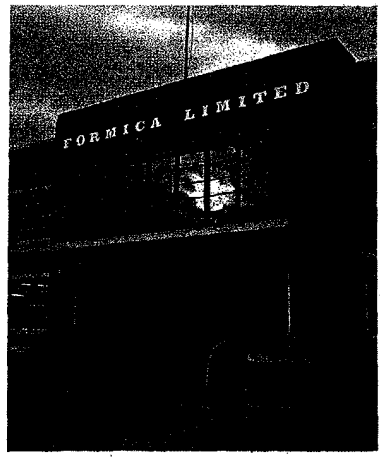
were concluded whereby a newly formed British company, Formica Limited, acquired De La Rue's plastics and resins business, including a factory at Tynemouth, England. For many years, De La Rue had been producing and marketing Formica® decorative plastic laminates abroad under a licensing agreement. This licensing agreement was terminated, and Cyanamid acquired 40% of the Capital Stock of Formica Limited in exchange for the transfer to Formica Limited of certain Formica trademarks plus a cash payment by Cyanamid to De La Rue amounting to approximately $2,900,000. De La Rue owns the remaining 60% interest in Formica Limited.

On October 1, the business and assets of Illinois Powder Manufacturing Company were acquired and made a part of the Explosives Department of Cyanamid's Organic Chemicals Division. With executive and sales offices located in St. Louis, Missouri and plants in Grafton, Illinois and Springville, Utah, Illinois Powder's sales were largely concentrated west of the Mississippi River. Supplementing Cyanamid's eastern area operations, the acquisition will provide national coverage in the important industrial explosives market.

OUTLAYS FOR MANUFACTURING FACILITIES

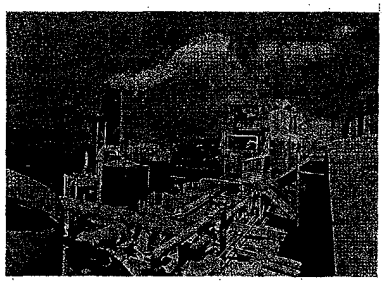
Expenditures for new plants and for expanding and improving existing facilities amounted to $84,491,652. The following summarizes the more significant projects:

- At the Fortier plant near New Orleans, Louisiana, production capacity for acrylonitrile is being doubled to 100,000,000 pounds annually, and completion of this program is scheduled for the summer of 1958.
- In May 1957, ground was broken at the Santa Rosa site, near Pensacola, Florida, for the construction of a plant to produce Cyanamid's new Creslan® acrylic fiber, with a designed capacity of 27,000,000 pounds per year. Partial start-up is expected by early 1959.
- The new triple superphosphate plant at Brewster, Florida, with an annual production capacity of 200,000 tons, was completed and initial operations got underway during the summer of 1957.
- At Savannah, Georgia, the capacity of the Unitane® titanium dioxide pigments plant is being doubled to 72,000 tons annually, with completion expected before the fall of 1958.
- Construction of the first urea plant to be built in Canada began at Hamilton Bay, Ontario in the latter part of 1957. This plant will have an annual capacity for producing 66,000 tons of urea, for captive use and for sale in solid form and as nitrogen solutions, and is scheduled for completion in the forepart of 1959.



The Formica Limited plant at Tynemouth, England. Cyanamid acquired 40% interest in new company.

At Savannah, Georgia production capacity of Unitane titanium dioxide is being doubled to 72,000 tons annually.





Steel framework rises at Santa Rosa, Florida, site of new Creslan acrylic fiber plant near Pensacola. Partial start-up is expected in early 1959.

■ At the plant at Willow Island, West Virginia, new facilities were installed by the end of 1957 to provide capacity, at the yearly rate of 24,000,000 pounds, for the production of aniline by a new catalytic process. This facility should provide greater flexibility in the operation of the Company's overall production of aniline.

■ The new flakeboard plant at Farmville, North Carolina will be completed about mid-1958 with an annual capacity of 40,000,000 square feet of board. Formica Corporation will market this product as an underlayment for laminated plastics and for various other uses. A program designed to improve and expand the facilities for the production of Formica products at Evendale, Ohio is also underway and should be completed during the summer of 1958.

■ By the end of 1957, construction was substantially completed on projects in Argentina, Brazil and Great Britain to provide additional plants for the production or refining of antibiotics, sulfa drugs and other pharmaceutical products.

■ Improvement of the power facilities at Bound Brook, New Jersey and construction of a new effluent plant to service the expanded requirements at that location were well advanced and are scheduled for completion by the middle of 1958.

MARKETING

Achromycin V, an improved form of Achromycin® tetracycline, was introduced to physicians in February, 1957. This product has been widely accepted and overall sales of antibiotics have increased significantly. Some of the added volume is attributable to the unusually large incidence of respiratory ailments during the early fall.

In the spring of 1957 Cyanamid, as did other pharmaceutical manufacturers, undertook the task of developing quickly a manufacturing process for Asian influenza virus vaccine. The vaccine is produced by growing a virus in eggs. Past experience enabled the Company to increase the yield five fold over initial results and this higher yielding strain was turned over to the National Institutes of Health and made available to other producers. Cyanamid's production began in late June and at its peak required over 200,000 eggs per week. The product was released to the medical profession beginning in August, according to priorities suggested by the U. S. Public Health Service.

Two other pharmaceutical products, Kynex® sulfamethoxypyridazine, a new sulfa drug for the treatment of bacterial infections, and Pathibamate® meprobamate with tridihexethyl iodide, a new agent for the treatment of gastro-intestinal ulcers, were released in the forepart of the year and have been well received by the medical profession. Later in the year, Filibon®, a new prenatal vitamin supplement, was added to the Lederle line of vitamin specialties.

In the field of agricultural chemicals, malathion gained increased acceptance by insecticide formulators, farmers and home owners and its already wide use was extended to the cotton boll weevil. Thimet® systemic insecticide and the weed-killer, Amino Triazole, which were introduced in late 1956, made moderate gains during the year. With the completion of the new plant at Brewster, Florida for the production of triple superphosphate, initial marketing of this product started during the latter part of the year.

The Fibers Division, created in 1956, is enlarging its organization in preparation for the production and marketing of Creslan® acrylic fiber upon starting up the plant near Pensacola, Florida in early 1959. Meanwhile limited quantities are being produced in a pilot plant at Stamford, Connecticut and a concentrated program of wear testing is being conducted in knit wear, men's and women's suitings, blankets, carpets, simulated fur fabrics and other applications.

Sales of molding compounds increased as the use of Melmac® quality melamine dinnerware continued its rising trend of consumer acceptance. Molders who fabricate stylized dinnerware patterns and meet established quality standards are permitted to utilize the Melmac trademark which the Company is promoting to the public through consumer advertising and merchandising.

CYANAMID INTERNATIONAL

At the close of the year, the Company announced the formation, effective January 1, 1958, of a new division, Cyanamid International, to integrate Company operations outside the United States and Canada.

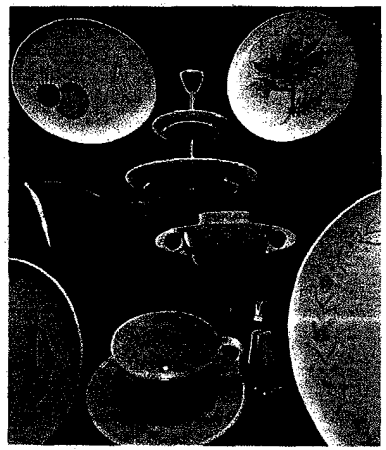
RESEARCH AND PROCESS DEVELOPMENT

After extensive studies the research project on Aristocort® triamcinolone was completed in 1957. This new steroid compound has shown greater effectiveness than other commercial products of this type in the treatment of rheumatoid arthritis, allergies, and certain skin disorders, with lesser undesirable side effects. Federal Food and Drug Administration clearance has been granted and the product was released to physicians in January 1958.

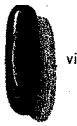
Laboratory research in animals and clinical studies in humans with the three types of modified live polio virus have progressed to the point where an oral vaccine will undergo large-scale clinical trials this year.



for bacterial infections



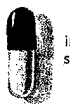
MELMAC quality melamine dinnerware



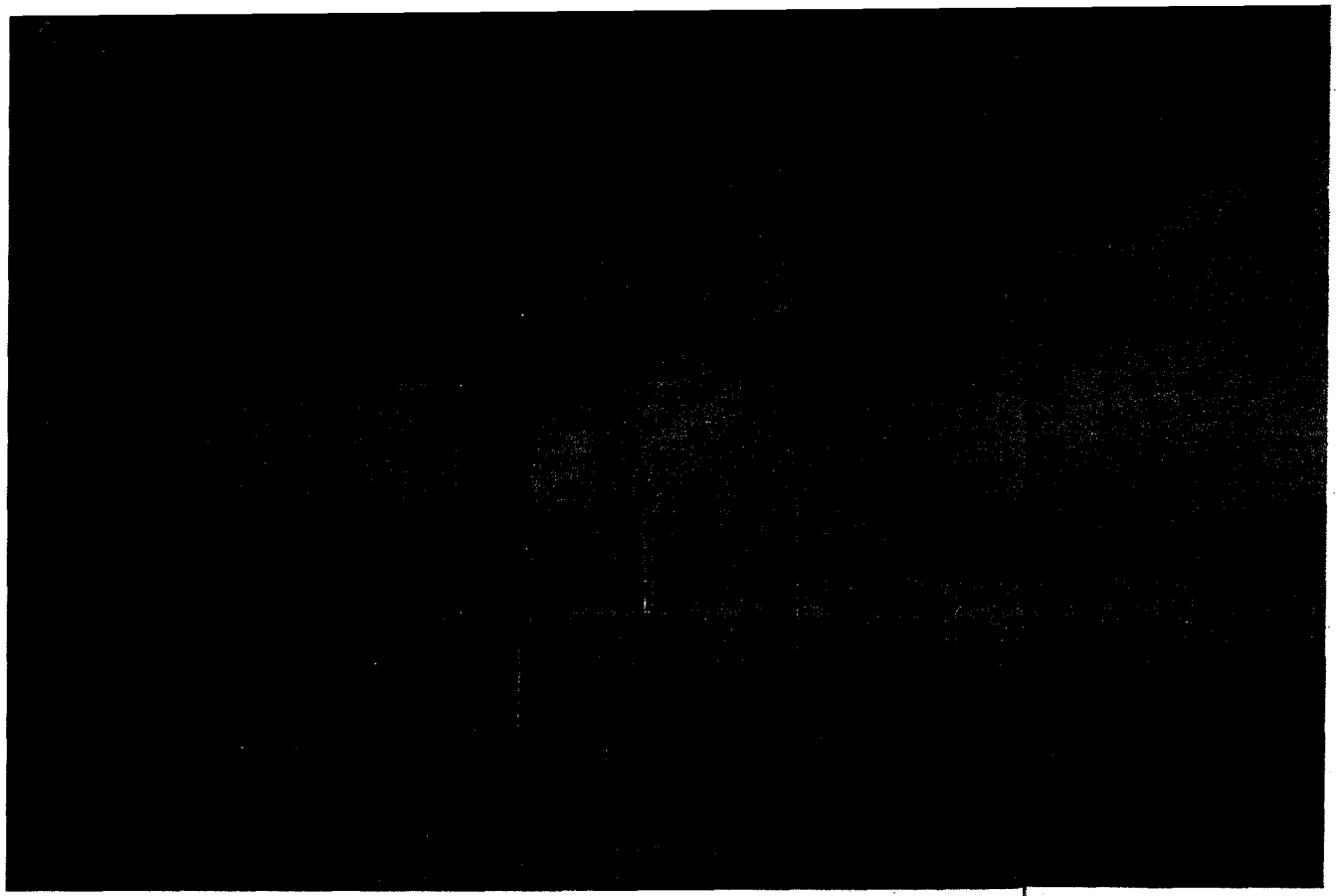
vitamin supplement



for gastro-intestinal ulcers



improved broad spectrum antibiotic





TOP: The Fortier plant near New Orleans, Louisiana where production capacity for acrylonitrile is being doubled to 100,000,000 pounds annually.

LEFT: An operator controls flow of pressurized gases and liquids in towers outside.

The Company's research has led to a class of colorless compounds which, by selectively absorbing ultraviolet light rays, minimize the damage caused by sunlight to plastics and other products into which these compounds are incorporated. One U. V. Absorber is now in commercial production and others are under evaluation.

A new chemical compound, Cyprex® dodecylguanidine acetate, has shown effectiveness in the control of certain plant fungus diseases. Additional field studies in progress this year will determine optimum conditions of application. Field tests are progressing on a new systemic insecticide which when given to cattle orally or by injection kills grubs that invade the tissues and cause destruction of the hides.

In October 1957, new research facilities were completed at Bound Brook, New Jersey where research and process development activities in the fields of rubber and textile chemicals, pigments and dyes will be centralized.

AID TO EDUCATION

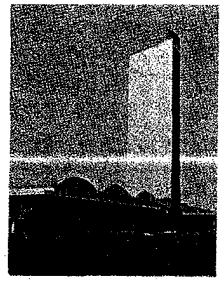
Although Cyanamid has for many years supported higher education, more recently its programs of aid to education and academic research (both fundamental and applied) have been significantly expanded in recognition of the nation's serious need for scientific manpower, and the Company's total contributions in this area approximated $1,400,000.

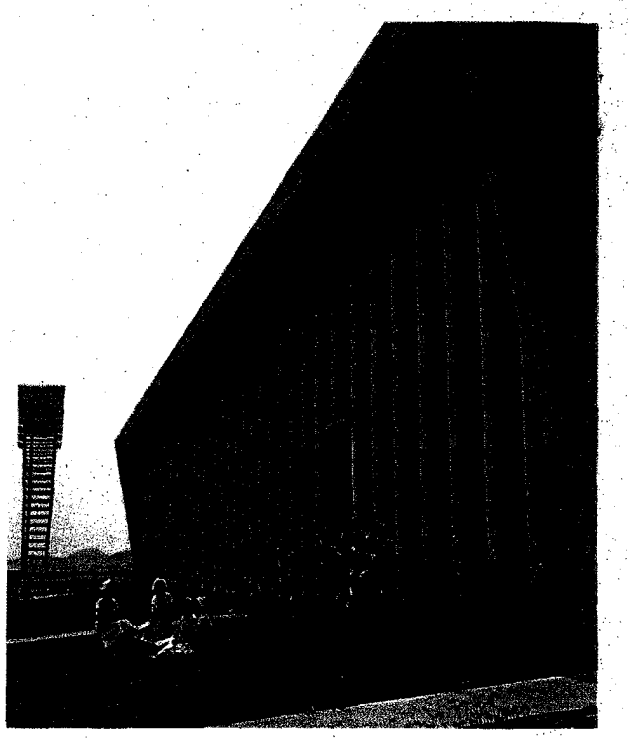
The Company's overall program includes scholarships and fellowships in the natural sciences and science teaching; foreign student fellowships; national merit scholarships; medical faculty awards; veterinary fellowships; research grants; and donations to the National Fund for Medical Education, among others. During the year, 163 colleges and universities in the United States and Canada benefited from these programs. Scholarships and fellowships carry supplemental grants-in-aid to defray costs to the educational institutions over and above the amount of the scholarship.

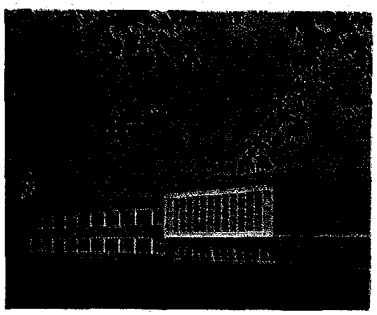
Both financially and through active participation, the Company is supporting the Manufacturing Chemists' Association's five year program directed toward improving science education, especially in the secondary schools. This program has developed science teaching aids now in use in more than 9,000 junior high schools and 6,000 senior high schools throughout the country.

The Company's own program of stimulating interest in science among students at the secondary school level provides several forms of assistance to both teachers and students, including access to special skills and experience of Cyanamid personnel and summer employment of high school teachers at several locations.

Three Cyanamid plants were substantially completed in 1957 for the production or refining of antibiotics, sulfa drugs and other pharmaceuticals. **RIGHT**, at Rezende, Estado de Rio, Brazil; **BELOW**, at Buenos Aires, Argentina; and **BOTTOM**, at Gosport, England.







EMPLOYEE RELATIONS

Group insurance programs were broadened during 1957 to provide greater protection for employees and their dependents against the expenses of hospital, medical and surgical care. Several changes were made in employee retirement plans, including provisions for additional options upon retirement and a new total and permanent disability benefit.

Under the Company's Suggestion Plan, employees are encouraged to submit suggestions relating to improvement of processes and products, waste and cost reductions, increased sales, and safer and better working conditions. A total of 24,342 suggestions were received during the year, an average of 110 per 100 eligible employees, which is substantially higher than the latest available average reported by the National Association of Suggestion Systems. Cash awards totaling $94,105 were paid for 5,089 suggestions adopted. Savings resulting from these suggestions are estimated at more than $500,000. Twenty-two locations reached the Company goal of 100 suggestions per 100 eligible employees.

The Company experienced one work stoppage during the year, which lasted fifteen weeks and involved approximately 160 maintenance and service employees at the research laboratories at Stamford, Connecticut.

SAFETY

Cyanamid employees in 1957 achieved the most significant safety performance in the Company's history. There were no fatalities and only 4,861 days were lost as a result of accidents out of 51,686,018 man-hours worked during the year. This record represents a frequency of less than one disabling injury per million man-hours, compared with the National Safety Council's ratios for 1956 of 3.38 for the chemical industry as a whole, and 6.38 for all industry.

Cyanamid's safety efforts have been recognized by civic, industrial and governmental organizations. Twenty-three plants were awarded Manufacturing Chemists' Association Certificates of Achievement for injury-free operation during 1957. The Company as a whole, and several of its plants, have received special honors from the National Safety Council, the United States Government and individual States.

Of the seventeen plants which earned a total of twenty-one Company safety awards during the year, Bound Brook, New Jersey; Pearl River, New York; and Piney River, Virginia won the Company's highest safety honor, the President's Safety Award. Piney River, which produces titanium dioxide, qualified for this award for the second time, having operated for more than seven years without a single disabling injury.



At Willow Island, West Virginia a new catalytic process was installed to produce aniline at the rate of 24,000,000 pounds yearly.

DIRECTORS AND OFFICERS

Several changes in the Directors and Officers were made during the year 1957.

In May, Alex H. Sands, Jr. was elected to the Board of Directors following the resignation from the Board of George G. Allen, who rendered outstanding service as a Director since 1923. Thomas L. Perkins succeeded Mr. Allen as Chairman of the Executive Committee. Kenneth H. Klipstein, who had been elected a Vice President in May, was elected to the Board in August.

On September 1, Kenneth C. Towe became Chairman of the

Board of Directors, a newly created post, and was succeeded as President and Chief Executive Officer by Wilbur G. Malcolm, formerly Vice President for Marketing.

In September, Allan B. Clow, formerly General Manager of the Farm and Home Division, and Anthony C. McAuliffe, formerly General Manager of the Engineering and Construction Division, were elected Vice Presidents.

On January 29, 1958, provision was made for two Executive Vice Presidents, followed by the election of Kenneth H. Klipstein and George R. Martin to fill those offices.

THE 50th ANNIVERSARY

The Company observed its 50th Anniversary Year in 1957 with projects designed to increase public understanding of the importance of the chemical industry to national welfare and of Cyanamid's contributions to almost every segment of American life.

A motion picture titled "The Man in the Doorway" was produced during the year to portray, through Cyanamid operations, the role of the chemical industry in conserving natural resources and improving health and living standards. After showings to Cyanamid employees and their families, the film was released to the public and by the end of the year had been viewed by an estimated nine million people, including television audiences. It is currently available, on request, to industrial and civic groups, schools, and other interested organizations.

In September, the Company cooperated with the Hayden Planetarium in New York City in sponsoring a symposium on "Earth, Air and Space" as a means of broadening the horizons of scientific information being accumulated for the International Geophysical Year.

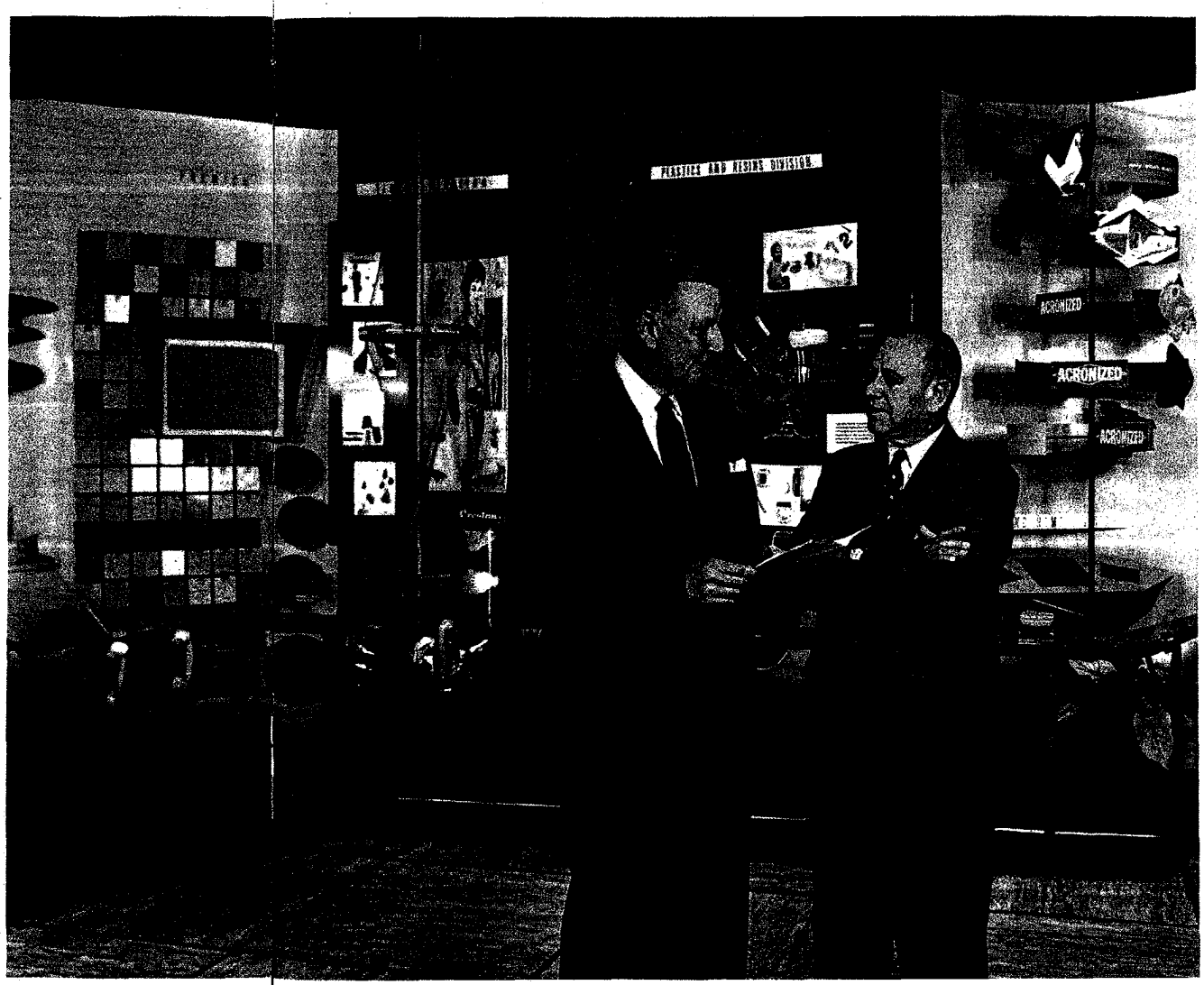
In October, a 50th Anniversary plaque was dedicated on the Company's first plant site at Niagara Falls, Ontario; and an exhibit center for the display of Cyanamid products was opened to the public in the RCA Building at Rockefeller Center.

For the Board of Directors

K. L. Towe — CHAIRMAN

W. G. Malcolm — PRESIDENT

New York, New York
February 18, 1958



President Malcolm, left, and Chairman Towe inspect Cyanamid's new Exhibit Center in Rockefeller Plaza, New York City. Shareholders are cordially invited to visit.

Consolidated Statement of Earnings

YEAR ENDED DECEMBER 31, 1957
IN COMPARISON WITH THE YEAR ENDED DECEMBER 31, 1956

	1957	1956
NET SALES	$532,479,350	$500,651,279
Dividends from associated companies, 49% or 50% owned	2,341,957	2,526,431
Interest and sundry dividends	2,955,573	3,180,869
Royalties and licenses	6,999,523	5,430,842
Other income – net	1,383,887	226,661
	546,160,290	512,016,082
Deduct:		
Cost of sales	267,662,252	269,540,827
Selling, administrative and general expenses	109,633,468	94,279,078
Depreciation, amortization and depletion (including amortization of certified facilities–1957, $9,104,705; 1956, $9,739,672)	32,182,201	30,094,188
Research and process development expenses	22,695,301	22,418,858
Patents and processes, etc. written off	548,437	449,263
Interest charges on funded and other debt	3,565,855	3,491,634
Employees' pension funds	7,524,906	6,495,076
	443,812,420	426,768,924
EARNINGS (exclusive of extraordinary gains) BEFORE TAXES ON INCOME	102,347,870	85,247,158
Provision for Federal and foreign taxes on income	51,000,000	41,000,000
NET EARNINGS EXCLUSIVE OF EXTRAORDINARY GAINS	51,347,870	44,247,158
Add:		
Gains arising from sale of the Gloucester City plant and the capital stock of Chemical Construction Corporation, less related Federal taxes ($2,000,000)	–	11,125,307
NET EARNINGS	51,347,870	55,372,465
Dividends on preferred stock	12,396	886,335
NET EARNINGS APPLICABLE TO COMMON STOCK	$ 51,335,474	$ 54,486,130
Net Earnings per share of Common Stock (based on the shares outstanding at the end of each year after giving effect to the issuance on July 12, 1957 of one additional share for each share outstanding):		
Net Earnings exclusive of extraordinary gains	$2.42	$2.11
Extraordinary Gains	–	.54
TOTAL	$2.42	$2.65

Consolidated Statements of Capital Surplus and Earnings Employed in the Business

YEAR ENDED DECEMBER 31, 1957
IN COMPARISON WITH THE YEAR ENDED DECEMBER 31, 1956

CAPITAL SURPLUS

	1957	1956
Balance at beginning of year	$ 85,680,672	$ 50,982,084
Excess of par value of shares of Cumulative Preferred Stock converted over par value of shares of Common Stock issued upon conversion	10,898,860	28,391,687
Excess of net assets acquired April 16, 1956 from The Formica Company over the par value of 573,692 shares of Common Stock issued therefor	–	6,246,106
Excess over par value of value ascribed to 134,414 shares of Common Stock issued for the net assets of MacGregor Instrument Company and Illinois Powder Manufacturing Company	3,810,043	–
Premium ($9.00 per share) on shares of Cumulative Preferred Stock, Series D, issued under employees' stock purchase contracts	49,365	60,795
Common Stock scrip certificates expired	1,978	–
	100,440,918	85,680,672
Deduct amount transferred to capital in connection with the distribution on July 12, 1957 of one additional share for each share outstanding on June 3, 1957 (Note 4)	96,436,402	–
Balance at end of year	$ 4,004,516	$ 85,680,672

EARNINGS EMPLOYED IN THE BUSINESS

Balance at beginning of year	$164,633,352	$138,460,714
Net earnings for the year per accompanying statement	51,347,870	55,372,465
Less net earnings of The Formica Company for the period January 1, 1956 to April 16, 1956	–	939,969
	51,347,870	54,432,496
	215,981,222	192,893,210
Deduct:		
Dividends:		
Cumulative Preferred Stock	12,396	886,335
Common Stock – $1.60 per share in 1957, and $1.37½ in 1956 (after giving effect to the issuance of additional shares on July 12, 1957)–(Note 4)	33,823,414	27,373,133
	33,835,810	28,259,468
Amount transferred to capital in connection with the distribution on July 12, 1957 of one additional share for each share outstanding on June 3, 1957 (Note 4)	9,277,871	–
Premium plus accrued dividends on 330 shares (1956, 102 shares) of Cumulative Preferred Stock called for redemption	1,292	390
	43,114,973	28,259,858
Balance at end of year (Notes 2 and 7)	$172,866,249	$164,633,352

Consolidated Balance Sheet

DECEMBER 31, 1957
IN COMPARISON WITH DECEMBER 31, 1956

ASSETS

	1957	1956
CURRENT ASSETS:		
Cash in banks and on hand	$ 50,271,692	$ 56,743,229
Marketable securities—U. S. Government and other short-term notes, at cost and accrued interest	66,727,175	102,713,539
Accounts receivable, less provision for doubtful accounts, $2,000,000	60,990,702	59,534,255
Inventories (Note 1):		
Finished stock	43,327,050	38,201,801
Work in process	20,936,074	18,425,112
Raw materials and supplies	28,675,790	24,924,458
TOTAL CURRENT ASSETS (Note 2)	270,928,483	300,542,394
EMPLOYEES' STOCK PURCHASE CONTRACTS, DUE 1958 TO 1960	616,835	1,201,499
INVESTMENTS AND ADVANCES:		
Associated companies, 49% or 50% owned – at cost (equity in net assets $29,685,397; 1956, $28,519,121)	16,291,428	16,311,428
Common stock in treasury (Note 8)	2,162,220	984,491
Other investments and advances	5,060,721	2,748,501
TOTAL INVESTMENTS AND ADVANCES	23,514,369	20,044,420
PLANTS, EQUIPMENT AND FACILITIES, *including mine properties*, at cost	506,435,129	427,968,475
Less depreciation, amortization and depletion	231,903,330	205,460,298
	274,531,799	222,508,177
LAND, other than mine properties	6,217,204	4,768,495
NET PLANT INVESTMENT	280,749,003	227,276,672
PREPAID EXPENSES AND DEFERRED CHARGES (Note 3)	10,986,716	10,827,317
	$586,795,406	$559,892,302

DECEMBER 31, 1957
IN COMPARISON WITH DECEMBER 31, 1956

LIABILITIES AND SHAREHOLDERS' EQUITY

	1957	1956
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 47,400,629	$ 41,593,455
Bank obligations in foreign currencies	2,584,293	2,842,764
Dividends payable	1,081	129,846
Funded debt installments due within one year	1,000,000	1,000,000
Provision for Federal and foreign taxes on income	51,392,490	52,123,223
TOTAL CURRENT LIABILITIES (Note 2)	102,378,493	97,689,288
FUNDED DEBT NOT DUE WITHIN ONE YEAR:		
2¾% Sinking Fund Debentures, due 1965	17,750,000	18,750,000
3¾% Promissory Notes, due 1977 to 1987	75,000,000	75,000,000
TOTAL FUNDED DEBT NOT DUE WITHIN ONE YEAR	92,750,000	93,750,000
INCENTIVE COMPENSATION CONTINGENTLY PAYABLE–NET (Note 8)	1,060,001	478,052
SUBSCRIPTIONS BY EMPLOYEES to Cumulative Preferred Stock, Series D–6,360 shares (1956, 11,845 shares)–(Note 5)	693,240	1,291,105
SHAREHOLDERS' EQUITY (Note 4):		
Cumulative Preferred Stock–par value $100 per share (Note 5):		
Authorized – 650,000 shares		
Outstanding–1,640 shares (1956, 133,397 shares)	164,000	13,339,700
Common Stock–par value $10 per share (Note 5):		
Authorized–30,000,000 shares (1956, 12,000,000 shares)		
Outstanding–21,287,891 shares including treasury shares (1956, 10,303,013 shares)	212,878,907	103,030,133
Capital surplus	4,004,516	85,680,672
Earnings employed in the business (Notes 2 and 7)	172,866,249	164,633,352
TOTAL SHAREHOLDERS' EQUITY	389,913,672	366,683,857
	$586,795,406	$559,892,302

Notes to Consolidated Financial Statements of 1957

1 The inventories are stated on the basis of the lower of cost or market. In general, cost is determined by either the "first-in first-out" or "average cost" method, apart from certain inventories aggregating approximately $6,700,000, the cost of which is computed in accordance with the "last-in first-out" method.

2 Assets, other than plants and facilities, and liabilities of the foreign subsidiaries (chiefly Canadian) are included in the consolidated balance sheet on the basis of par for Canadian dollars and official or other appropriate exchange rates at December 31, 1957 for other currencies; foreign plants and facilities are included on the basis of exchange rates prevailing at time of acquisition. The amounts so included comprise net current assets of $14,904,102 and other assets, principally plants and facilities, less depreciation, of $22,604,745. The consolidated earnings employed in the business include undistributed earnings of certain foreign subsidiaries (other than Canadian) amounting to $5,626,220, the distribution of which is subject to exchange regulations.

3 All past service credits under retirement plans for employees in the United States and Canada have been funded and the cost charged to prepaid expenses and deferred charges. The unamortized balance of $7,158,000 at December 31, 1957 is to be written off over approximately eight years.

4 On May 21, 1957 the Board of Directors authorized a distribution in the nature of a stock dividend payable July 12, 1957, on the basis of one additional share for each share of Common Stock outstanding of record June 3, 1957. In connection with such action, capital has been increased by $105,714,273 by transfer from capital surplus of $96,436,402 (the amount of capital surplus on June 3, 1957) and by transfer from earnings employed in the business of $9,277,871.

5 The Cumulative Preferred Stock outstanding December 31, 1957 consisted of 1,640 shares Series D, 3½%, Convertible Prior to July 1, 1965. Of the authorized Common Stock, 32,000 shares were reserved for issuance upon conversion of such outstanding shares of Cumulative Preferred Stock and 6,360 shares subscribed for at December 31, 1957.

6 The Company has agreed that in the event of a default in the payment of the principal or interest on certain notes issued or to be issued by an associated company under the terms of a bank credit agreement it will purchase such notes in amounts not to exceed $17,500,000 plus accrued interest. As of December 31, 1957, the notes outstanding subject to the purchase agreement aggregated $6,125,000.

7 The debenture indenture and the promissory notes contain certain restrictions including restrictions on the payment of dividends. As a result of such restrictions, the amount of earnings employed in the business at December 31, 1957 which may be applied to the payment of cash dividends is limited to $73,823,818.

8 The accounts for 1957 include provision of $4,000,301 for incentive compensation available for allotment to officers and other employees under Section 52 of the Company's By-Laws. A portion of such amount is not payable currently in cash but is contingently payable in Common Stock of the Company after employment ceases; pending allotment of the amount available for 1957 the portion so contingently payable in Common Stock is not determinable. The amount contingently payable in respect of allotments for prior years, less estimated future tax benefits computed at 52%, is $1,060,001. At December 31, 1957 the Company owned and held in its treasury 68,000 shares of Common Stock acquired at an average cost of $34.32 per share which are available at the election of the Company to fulfill the aforesaid contingent obligations.

Accountants' Report

THE BOARD OF DIRECTORS
AMERICAN CYANAMID COMPANY:

We have examined the consolidated balance sheet of American Cyanamid Company and subsidiaries as of December 31, 1957 and the related statements of earnings, capital surplus and earnings employed in the business for the year then ended. Our examination, which did not include the accounts of five minor foreign subsidiaries, was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. As to such minor foreign subsidiaries, we have reviewed the reports of the accountants who examined their accounts.

In our opinion, the accompanying consolidated financial statements present fairly the financial position of American Cyanamid Company and subsidiaries at December 31, 1957 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.

New York, N. Y.
February 7, 1958

Ten Year Comparative Summary of Financial Statistics *(Amounts are expressed in thousands)*

	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948
Net Sales	$532,479	$500,651	$451,088	$397,592	$380,393	$368,408	$388,717	$322,338	$287,731	$231,992
Earnings before Taxes on Income	$102,348	$ 85,247	$ 74,714	$ 51,050	$ 52,473	$ 46,612	$ 83,288	$ 69,739	$ 25,750	$ 17,775
Provision for Taxes on Income	51,000	41,000	36,000	24,000	25,000	20,000	48,500	36,000	9,600	5,900
Net Earnings	$ 51,348	$ 44,247*	$ 38,714	$ 27,050	$ 27,473	$ 26,612	$ 34,788*	$ 33,739	$ 16,150	$ 11,875
Dividends on Preferred Stocks	12	886	2,144	1,310	238	386	1,114	1,375	1,363	1,368
Earnings available for Common Stock	$ 51,336	$ 43,361*	$ 36,570	$ 25,740	$ 27,235	$ 26,226	$ 33,674*	$ 32,364	$ 14,787	$ 10,507
Dividends on Common Stock	$ 33,823	$ 27,373	$ 22,096	$ 17,401	$ 17,233	$ 16,940	$ 15,723	$ 12,140	$ 6,183	$ 4,449
Common Shares at end of year (excluding treasury shares)	21,225	10,288	8,994	8,723	8,646	8,538	4,168	3,597	2,799	2,738
Earnings per share of Common Stock**	$2.42	$2.11*	$2.03	$1.48	$1.57	$1.54	$2.02*	$2.25	$1.32	$ .96
Dividends per share of Common Stock**	1.60	1.37½	1.25	1.00	1.00	1.00	1.00	.87½	.56¼	.40⅝
Provision for depreciation, amortization and depletion	$ 32,182	$ 30,094	$ 30,241	$23,686	$ 21,313	$ 18,223	$ 13,886	$ 11,796	$ 10,796	$ 8,642
Gross additions to Plant Facilities (incl. acquisitions)	$ 87,932	$ 58,715	$ 21,739	$39,473	$ 67,347	$ 43,401	$ 44,728	$ 21,619	$ 13,111	$ 17,157
Current Assets	$270,928	$300,542	$284,869	$262,173	$222,726	$246,324	$221,097	$207,181	$112,429	$102,804
Current Liabilities	102,378	97,689	89,673	77,506	79,735	69,265	97,999	78,691	42,992	37,525
Working Capital	$168,550	$202,853	$195,196	$184,667	$142,991	$177,059	$123,098	$128,490	$ 69,437	$ 65,279
Investment in Associated Companies	$ 16,291	$ 16,311	$ 16,581	$ 16,851	$ 14,901	$ 13,704	$ 13,704	$ 10,964	$ 11,114	$ 11,014
Plants, Equipment and Facilities	$512,652	$432,737	$384,391	$368,241	$335,280	$273,867	$236,848	$195,090	$176,844	$169,239
Less depreciation, amortization and depletion	231,903	205,460	180,555	155,080	135,523	118,246	104,071	92,516	82,940	76,692
Net Amount	$280,749	$227,277	$203,836	$213,161	$199,757	$155,621	$132,777	$102,574	$ 93,904	$ 92,547
Funded Debt not due within one year	$ 92,750	$ 93,750	$ 94,750	$108,250	$114,341	$111,567	$ 46,398	$ 49,760	$ 53,848	$ 57,707
Shareholders' Equity:										
Preferred Stocks	$ 164	$ 13,340	$ 48,418	$ 61,363	$ 6,048	$ 8,853	$ 15,473	$ 53,593	$ 36,823	$ 39,101
Common Stock	212,879	103,030	89,941	87,229	86,463	85,380	41,680	35,973	27,986	27,377
Capital Surplus	4,005	85,681	50,982	40,410	38,442	36,648	73,599	39,697	13,639	11,670
Earnings employed in the business	172,866	164,633	138,461	123,987	116,832	106,831	97,545	66,184	45,984	37,380
Total Shareholders' Equity	$389,914	$366,684	$327,802	$312,989	$247,785	$237,712	$228,297	$195,447	$124,432	$115,528

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

**Based on the shares outstanding at the end of each year after giving effect to the issuance on July 16, 1952 and again on July 12, 1957 of one additional share for each share outstanding.

AMERICAN CYANAMID COMPANY AND SUBSIDIARIES

PRINCIPAL DOMESTIC SALES OFFICES

Atlanta, Ga.
Azusa, Calif.
Baltimore, Md.
Bluefield, W. Va.
Boston, Mass.
Bound Brook, N. J.
Brewster, Fla.
Charlotte, N. C.
Chicago, Ill.
Cincinnati, Ohio
Cleveland, Ohio
Dallas, Tex.
Danbury, Conn.
Denver, Colo.
Detroit, Mich.
East Orange, N. J.
Houston, Tex.
Indianapolis, Ind.
Jacksonville, Fla.
Kalamazoo, Mich.
Kansas City, Mo.
Knoxville, Tenn.
Latrobe, Pa.
Little Rock, Ark.
Los Angeles, Calif.
Maynard, Mass.
Miami, Fla.
Milwaukee, Wisc.
Minneapolis, Minn.
Mobile, Ala.
New Orleans, La.
New York, N. Y.
Oakland, Calif.
Pearl River, N. Y.
Philadelphia, Pa.
Pittsburgh, Pa.
Portland, Ore.
Pottsville, Pa.
Providence, R. I.
Rochester, N. Y.
St. Louis, Mo.
Salt Lake City, Utah
San Francisco, Calif.
Scranton, Pa.
Seattle, Wash.
Spokane, Wash.
Tulsa, Okla.
Washington, D. C.
Waterbury, Conn.

FOREIGN SALES OFFICES

Bombay, India
Brussels, Belgium
Buenos Aires, Argentina
Copenhagen, Denmark
Havana, Cuba
Hurstville, Australia
Johannesburg, South Africa
Karachi, Pakistan
London, England
Mexico D.F., Mexico
Montreal, Canada
Munich, Germany
Rio De Janeiro, Brazil
San Juan, Puerto Rico
Sao Paulo, Brazil
Toronto, Canada

DOMESTIC PLANTS

Adairsville, Ga.
Azusa, Calif.
Bauxite, Ark.
Bound Brook, N. J.
Brewster, Fla.
Bridgeville, Pa.
Charlotte, N. C.
Chattanooga, Tenn.
Cloquet, Minn.
Cincinnati, Ohio
Damascus, Va.
Danbury, Conn.
Evendale, Ohio
Fitzwilliam, N. H.
Fortier, La.
Fort Worth, Tex.
Georgetown, S. C.
Gratton, Ill.
Hamilton, Ohio
Joliet, Ill.
Kalamazoo, Mich.
Latrobe, Pa.
Marietta, Ohio
Michigan City, Ind.
Mobile, Ala.
Needham, Mass.
New Castle, Pa.
Pearl River, N. Y.
Piney River, Va.
Plymouth, N. C.
Princeton, N. J.
Savannah, Ga.
South St. Joseph, Mo.
Springville, Utah
Valdosta, Ga.
Wallingford, Conn.
Warners, N. J.
Willow Island, W. Va.
Woodbridge, N. J.

FOREIGN PLANTS

Buenos Aires, Argentina
Bulsar, India
Gosport, England
Hurstville, Australia
Ingersoll, Canada
Mexico D.F., Mexico
Montreal, Canada
Niagara Falls, Canada
Port Robinson, Canada
Rezende, Brazil
Witbank, South Africa

RESEARCH LABORATORIES

Bound Brook, N. J.
Pearl River, N. Y.
Stamford, Conn.

ASSOCIATED COMPANIES

(49% or 50% Owned)

Arizona Chemical Company
Cyanamid-Keljen N. V. (in formation)
Jefferson Chemical Company, Inc.
Lederle (Japan) Ltd.
Southern Minerals Corporation
Southern Petroleum Corporation
Southern Pipe Line Corporation

INTED IN U.S.A.

CYANAMID

OPERATING DIVISIONS

- FARM AND HOME
- FIBERS
- FINE CHEMICALS
- FORMICA CORPORATION
- INDUSTRIAL CHEMICALS
- LEDERLE LABORATORIES
- ORGANIC CHEMICALS
- PHOSPHATES & NITROGEN
- PIGMENTS
- PLASTICS & RESINS
- SURGICAL PRODUCTS
- CYANAMID INTERNATIONAL