

Originally Processed With FOIA(s):
2005-0336-F

FOIA Number:
2005-0336-F

FOIA MARKER

**This is not a textual record. This is used as an
administrative marker by the George Bush Presidential
Library Staff.**

Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Science and Technology Policy, Office of (OSTP)
Series: Bromley, D. Allan, Files
Subseries: Correspondence Files

OA/ID Number: 62011
Folder ID Number: 62011-004

Folder Title:
Invitations: General (4) [12 of 12] [1991]

Stack:

Row:

Section:

Shelf:

Position:

0

0

0

0

"Document Control"

TYPE: ACTION DOCUMENT NUMBER: 9200158
ORIGINATOR: 02 STATUS I DIRECTORATE STATUS

FROM: KATONA, Peter G.: THE WHITAKER FOUNDATION

TO: DR. D.A. BROMLEY

DATE OF
CORRESPONDENCE: 01/10/92

SUBJECT: HE IS REQUESTING A SHORT BIOGRAPHY OF DR. BROMLEY
FOR HIS INTRODUCTION AT THE 02/25/92 INAUGURAL EVENT
OF THE AMERICAN INSTITUTE OF MEDICAL AND BIOLOGICAL
ENGINEERING.

DIRECTORATE STAFF
ASSIGNED: DIRECTOR'S OFFICE ASSIGNED:

ACTION STAFF
REQUIRED: DIRECT REPLY ACTION:

SENDER'S DUE DATE:
OSTP DUE DATE: 01/30/92 STAFF DUE DATE
DATE COMPLETED: DATE COMPLETED/DEPT:

COPIES TO: D. Allan Bromley

WHITE HOUSE TRACKING #: CONTACT PERSON:
REMARKS: PHONE: EXT:

OSTP RECEIVED: 01/16/92
FILE: P-INVITATION

DEPT RECEIVED:

CENTRAL FILES:

CLOSED

0158 A

THE WHITAKER FOUNDATION

1133 CONNECTICUT AVENUE, N.W.

SUITE 1010

WASHINGTON, DC 20036

(202) 833-6920

RECEIVED

92 JAN 16 P 3:31

January 10, 1992

OSTP
MAIL ROOM

CB →
Please
close -
Thks - JAT

Dr. D. Allan Bromley
Assistant to the President
for Science and Technology
Room 360
Old Executive Office Building
Washington, DC 20500

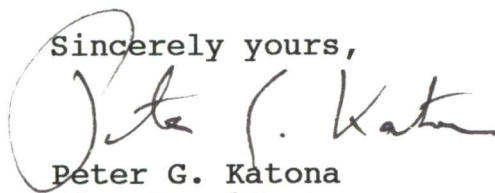
Dear Dr. Bromley:

I was given the honor to introduce you at the February 25, 1992, inaugural event of the American Institute of Medical and Biological Engineering.

To facilitate this task, would you send me a short biographical sketch? This would ensure the accuracy and timeliness of the introduction.

With much appreciation, and looking forward to meeting you,

Sincerely yours,



Peter G. Katona
Vice President
Biomedical Engineering Programs

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF SCIENCE AND TECHNOLOGY POLICY
WASHINGTON, D.C. 20506

DATE: 1-17-92

TO: Mr. Peter G. Katona

ADDRESS: Biomed. Eng. Programs
@ The Whitaker Foundation

TELEPHONE NUMBER: 833-6920

FAX NUMBER: 833 6928

FROM: Joydyn A. Tussey

TELEPHONE NUMBER: 456-6272

FAX NUMBER: (202)395-3261

NUMBER OF PAGES, INCLUDING COVER SHEET 3

"INVITATION FOR DR. BROMLEY"

TYPE: INVITATION

DOCUMENT NUMBER: 9120116

SPEECH: YES NO

FROM: GARN, JAKE

DATE OF EVENT: 01/25/91

LOCATION OF EVENT: SD-538

TIME OF EVENT: 12:00PM

SUBJECT: 5TH ANNIVERSARY OF THE CHALLENGER CENTER FOR SPACE
SCIENCE EDUCATION

RSVP:

CONTACT PERSON: CINDY DAUT

CONTACT NUMBER: 703/683-9740

INVITATION ACCEPTED?

YES

NO

COPIES TO:

REMARKS:

DATE OF LETTER: 01/08/91

DATE RECEIVED: 01/19/91

FILE: ~~SPACE - CHALLENGER~~

P- Invitation



Challenger Center
for Space Science
Education

Suite 190, 1101 King Street
Alexandria, Virginia 22314
703-683-9740
Fax: 703-683-7546

January 8, 1991

Dr. Allen Bromley
Science Advisor to the President
Old Executive Office Building, Room 358
17th & Pennsylvania Avenue, NW
Washington, DC 20506

Dear Dr. Bromley:

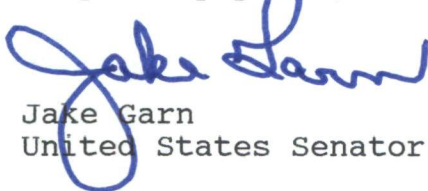
Please join us in honoring the congressional, education and corporate partners of the Challenger Center for Space Science Education as it marks its fifth anniversary in 1991.

Founded by the seven families of the Challenger astronauts to continue the crew's educational mission, Challenger Center strives, through innovative teaching and learning experiences, to inspire and prepare students for the technological demands of the future.

John Glenn and I flew down to Florida after the accident in 1986 to comfort the families of the Challenger crew with then Vice President George Bush. When Challenger Center was created as a living memorial to the crew, we agreed to serve on the Board of Directors. As a Board Member, I have watched this young organization grow from a dream to a reality. Its' innovative programs now reach hundreds of students and teachers across the country every day. Challenger Center offers an important solution to improving science and math education in this country.

Please join me in saluting Challenger Center and its supporters.

Very truly yours,



Jake Garn
United States Senator

DATE: Friday, January 25, 1991
TIME: 12:00 noon - 1:00 pm
PLACE: SD-538
R.S.V.P. Cindy Daut
Challenger Center for Space Science Education
(703) 683-9740

"INVITATION FOR DR. BROMLEY"

TYPE: INVITATION

DOCUMENT NUMBER: 9200051

ORIGINATOR: 02

SPEECH: YES NO

FROM: WIMPRESS, Duncan: SOUTHWEST FOUNDATION FOR
BIOMEDICAL RESEARCH

DATE OF EVENT: 02/02/92 THRU: 02/04/92
TENTATIVE DATES:

LOCATION OF EVENT: SAN ANTONIO, TEXAS

TIME OF EVENT:

SUBJECT: AN INVITATION TO ATTEND THEIR CONFERENCE, "TODAY'S
OPPORTUNITIES, TOMORROWS HEALTH", AS AN OBSERVER.

RSVP: 01/21/92

CONTACT PERSON: COOPER, Melody

CONTACT NUMBER:

INVITATION ACCEPTED?

YES

NO

COPIES TO: LIFE SCIENCES

REMARKS:

DATE OF LETTER: 01/07/91

DATE RECEIVED: 01/07/92

FILE: P-INVITATION

THE WHITE HOUSE
WASHINGTON

January 22, 1992

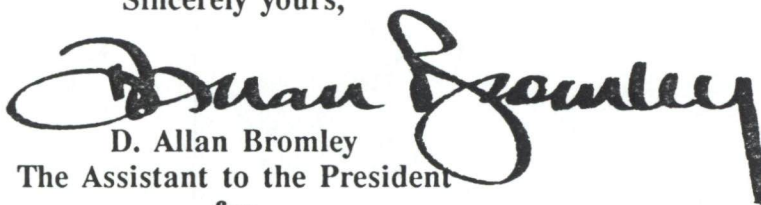
Dear Dr. Wimpres:

Thank you for your letter of January 6 inviting me to be an observer at your national symposium entitled **Today's Opportunities, Tomorrow's Health: The Future of Biomedical Research in America**, scheduled for February 2-4, in San Antonio, Texas. I apologize for the much belated response.

Because we are very much interested in biomedical matters, I would have liked to join you and your colleagues for this occasion. Unfortunately the period in question is not a good one for me to be away from Washington so I must regretfully decline.

I appreciate your thinking of me and wish you a successful and productive symposium.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "D. Allan Bromley". The signature is fluid and cursive, with the first name "D. Allan" and last name "Bromley" clearly distinguishable.

D. Allan Bromley
The Assistant to the President
for
Science and Technology

Dr. Duncan Wimpres, President
Symposium General Chairman
Southwest Foundation for Biomedical Research
United States Department of Health and Human Services
West Loop 410 at Military Drive
Post Office Box 28147
San Antonio, Texas 78228

**SOUTHWEST FOUNDATION
FOR BIOMEDICAL RESEARCH**

West Loop 410 at Military Drive
P.O. Box 28147
San Antonio, Texas 78228-0147
(512) 674-1410 ext. 219
President's Office

RECEIVED

FACSIMILE TRANSMITTAL SHEET 2:15

FAX NO.: (202) 395-3261

OSTP
MAIL ROOM DATE: 1/7/92

ORGANIZATION: _____
ATTENTION: D. Allan Bromley, Ph.D., Assistant to the President for
Science and Technology Policy
SUBJECT: Scientific Symposium Registration
MESSAGE: (see attached)

*Invitation
into system
to DAB
CC: DAB*

FROM: Esther San Miguel

NUMBER OF PAGES (including this one): 13

FAX: (512) 675-0864

TODAY'S OPPORTUNITIES TOMORROW'S HEALTH

The Future of Biomedical Research in America

January 6, 1992

D. Allan Bromley, Ph.D.
Assistant to the President for Science
and Technology Policy
Room 358, Old Executive Bldg.
17th St. & Pennsylvania Ave., N.W.
Washington, DC 20506

Dear Dr. Bromley:

I'm writing to invite you to attend as an observer at a significant national symposium being co-sponsored by the U. S. Department of Health and Human Services, the National Institutes of Health, and the Southwest Foundation for Biomedical Research. The symposium, "Today's Opportunities, Tomorrow's Health: The Future of Biomedical Research in America," will be held February 2-4, 1992, in San Antonio, Texas.

The meeting will focus on strategic issues facing the National Institutes of Health (NIH) and the U.S. biomedical research enterprise.

The goal of the symposium will be to assess the Nation's present status in the world of biomedical research and propose strategies which will advance the field nationally and globally through the next several decades. To this end, the symposium will afford the scientific community its first opportunity to provide input into the NIH Strategic Plan.

Participants and observers will be invited to review and comment on a draft of the Plan which will be sent in advance of the meeting. Arthur Kornberg, Ph.D., Professor Emeritus, Stanford University, and Henry McGill, M.D., Scientific Director of the Southwest Foundation, will serve as scientific co-chairs of the symposium.

The symposium will be structured around five broad topical panels - Basic and Clinical Research; Resource Balance; Research Partnerships; Research Applications and Technology Transfer; and Life Sciences Education and Public Literacy. The panels will address critical issues currently facing the American biomedical research enterprise and develop strategies for its advancement.

D. Allan Bromley, Ph.D.

-2-

January 6, 1992

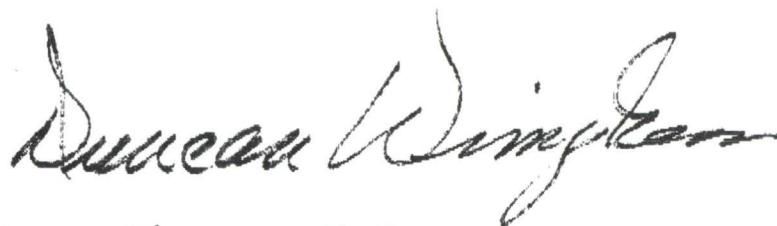
Approximately sixty leading scientists from around the country have been invited to participate as panel members. To underscore the importance of life sciences education and public literacy to the future of biomedical research, an outstanding high school student and teacher from each of the fifty states will be attending as observers. A draft symposium agenda is enclosed for your information.

We hope you'll confirm your interest in attending the symposium by completing the enclosed registration form and sending it to Mrs. Melody Cooper at the Southwest Foundation for Biomedical Research by mail (P.O. Box 28147, San Antonio, Texas 78228-0147) or facsimile (512-675-0864) by January 10, 1992.

For your convenience, we're also enclosing a copy of "Logistical Arrangements for Symposium Observers." We hope you find it useful.

We sincerely hope you'll be able to attend what we feel will be a landmark event in the history of American biomedical research. If you have any questions about the symposium or if we can serve you in any way, please feel free to contact me. We'll look forward to hearing from you.

Cordially yours,



Duncan Wimpers, Ph.D.
President
Symposium General Chairman

TODAY's OPPORTUNITIES
TOMORROW's HEALTH

The Future of Biomedical Research in America

January 6, 1992

D. Allan Bromley, Ph.D.
Assistant to the President for Science
and Technology Policy
Room 358, Old Executive Bldg.
17th St. & Pennsylvania Ave., N.W.
Washington, DC 20506

Dear Dr. Bromley:

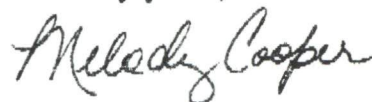
We have enclosed a registration form for you and a guest if you plan to bring one. Would you please fill it out and return it to us as soon as possible?

We'd be grateful if you would also complete the "Event Attendance" form which we're enclosing and return it.

Finally, for your information, we're including a description of arrangements for travel, lodging, meals, registration fee, etc., for the symposium

Please return the appropriate forms to me by January 10, 1992. We're delighted that you'll be with us in February and we look forward to welcoming you to the symposium. Thanks in advance for your help. If you have any questions, please don't hesitate in contacting me.

Sincerely yours,



Melody Cooper
Symposium Assistant Coordinator

Enclosures

**TODAY's OPPORTUNITIES
TOMORROW's HEALTH
THE FUTURE OF BIOMEDICAL RESEARCH IN AMERICA**
San Antonio, Texas
February 2-4, 1992

**REGISTRATION FORM
FOR OBSERVERS AND GUESTS**

NAME OF OBSERVER _____

TITLE _____

INSTITUTION _____

ADDRESS _____

TELEPHONE NO. () _____ FAX NO. () _____

*DATE OF BIRTH _____ *SOCIAL SECURITY NO. _____

NAME OF GUEST _____

*DATE OF BIRTH _____ *SOCIAL SECURITY NO. _____

Registration Fee for Observer, \$250 \$250.00

Registration Fee for Guest, \$200 _____

TOTAL \$ _____

Please mail completed, this form, the Event Attendance form and your check, payable to Southwest Foundation for Biomedical Research, to

Southwest Foundation for Biomedical Research
ATTN: Mrs. Melody Cooper
P.O. Box 28147
San Antonio, TX 78228-0147

REGISTRATION DEADLINE: January 15, 1992

REFUND POLICY: Full refund of registration fee will be made if cancellation is received by January 20, 1992

***Required for security clearance**

EVENT ATTENDANCE FORM

Please indicate the number of people who will attend the following events:

Sunday, February 2

Dinner, Hilton Palacio del Rio, Salon del Rey Room

Monday, February 3

Breakfast, Hilton Palacio del Rio, Corte Real Room

Lunch, Henry B. Gonzalez Convention Center

Dinner

Gala, Dress attire: Business

Tuesday, February 4

Breakfast, Hilton Palacio del Rio, Corte Real Room

Lunch, Henry B. Gonzalez Convention Center

Name

**TODAY'S OPPORTUNITIES, TOMORROW'S HEALTH:
THE FUTURE OF BIOMEDICAL RESEARCH
IN AMERICA**

**A SYMPOSIUM
JOINTLY SPONSORED BY THE
SOUTHWEST FOUNDATION FOR BIOMEDICAL RESEARCH
and the
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES
National Institutes of Health**

**February 2-4, 1992
Henry B. Gonzalez Convention Center
San Antonio, Texas**

PRELIMINARY AGENDA FOR SCIENTIFIC SESSIONS

SUNDAY, FEBRUARY 2, 1992

- 7:00pm - 9:00pm Buffet dinner for participants and observers
Hilton Palacio del Rio, Salon del Rey Room
- 9:00pm - 10:00pm Pre-symposium orientation for panel chairs,
co-chairs, and rapporteurs
Hilton Palacio del Rio, La Vista Room

MONDAY, FEBRUARY 3, 1992**Monday Morning**

- 6:30am - 8:30am Buffet Breakfast
Hilton Palacio del Rio, Corte Real Room

First Plenary Session
Lila Cockrell Theatre

- | | | |
|---------|---|--|
| 8:30am | Get acquainted with scientists at Lila Cockrell Theatre | |
| 9:00am | Opening of Symposium and
Welcome to Participants | Mayor Wolff
Dr. Healy
Dr. Wimpress |
| 9:20am | Invocation | |
| 9:25am | Posting of the Colors and National Anthem | U.S.A.F. |
| 9:40am | Introduction of Senator Phil Gramm | Dr. Wimpress |
| 9:45am | Introduction of the President of the United
States and/or Secretary of Health and
Human Services, Dr. Louis W. Sullivan | Senator Gramm |
| 10:00am | President's Address | President Bush* |
| 10:30am | BREAK | |

*Tentative

Draft, December 31, 1991

Second Plenary Session
Lila Cockrell Theatre

11:00am	Keynote: "Biomedical Research, Entering the Next Dimension"***	Dr. Healy
11:40am	"Basic Research, the Lifeline of Medicine"	Dr. Kornberg
12:05pm	Symposium goals, procedures, and charge to participants	Dr. Moskowitz Dr. McGill

Monday Afternoon

12:15pm - 1:15pm	Lunch for panels and observers Convention Center, Fiesta Rooms, A,B,C	
1:15pm - 1:30pm	Guest Speaker, Assistant Secretary, DHHS Convention Center, Fiesta Rooms, A,B,C,	Dr. Mason
1:30pm - 3:00pm	Panels meet concurrently, South Meeting Rooms Basic and Clinical Research, Centro A Life Sciences Education and Public Literacy, Centro B Resource Balance, Centro C Research Partnerships, Plaza D Research Applications and Technology Transfer, Centro D	
3:00pm - 3:15pm	Break	
3:15pm - 5:30pm	Panels meet concurrently, South Meeting Rooms	

Monday Evening

6:30pm - 10:30pm	Dinner and Special Event honoring Secretary Sullivan San Antonio Marriott Rivercenter
------------------	--

***Tentative Title

Draft, December 31, 1991

TUESDAY, FEBRUARY 4, 1992**Tuesday Morning**

6:30am - 8:00am Buffet Breakfast
Hilton Palacio del Rio, Corte Real Room

8:30am - 12:00pm Panels meet concurrently

Basic and Clinical Research, Centro A
Life Sciences Education and Public Literacy, Centro B
Resource Balance, Centro C
Research Partnerships, Plaza D
Research Applications and Technology Transfer, Centro D

12:00pm Lunch for panels and observers
Convention Center, Fiesta Rooms, A,B,C

Third Plenary Session

South Meeting Rooms, Plaza A,B,C,D

Tuesday Afternoon

1:00pm - 1:30pm Reporting by student representatives

1:30pm - 3:00pm Panel chairs present summary reports of panel deliberations

Basic and Clinical Research
Life Sciences Education and Public Literacy
Resource Balance
Research Partnerships
Research Applications and Technology Transfer

3:00 pm ADJOURN

3:00pm - 5:00pm Panel chairs, co-chairs, and rapporteurs meet to discuss
final report preparation, South Meeting Room 207

Draft, December 31, 1991

**TODAY's OPPORTUNITIES
TOMORROW's HEALTH
THE FUTURE OF BIOMEDICAL RESEARCH IN AMERICA**
San Antonio, Texas
February 2-4, 1992

LOGISTICAL ARRANGEMENTS FOR SYMPOSIUM OBSERVERS

TRAVEL AGENT

Air transportation and lodging should be made through the following agency to obtain special airfare and convention rates:

Rennert World Travel
ATTN: Southwest Foundation Symposium
8103 Broadway
San Antonio, Texas 78209
Tel: (800) 584-1100, 8:00 a.m. - 5:00 p.m. CST, Monday - Friday
Fax: (512) 829-7223

When you telephone or fax Rennert, please identify yourself as an OBSERVER in the "Southwest Foundation Symposium."

Blocks of hotel rooms will be held at the Symposium headquarters,

Hilton Palacio del Rio
200 South Alamo
San Antonio, TX 78205
Tel: (512) 222-1400
Fax: (512) 270-0761
Rates: \$125/day, single or double occupancy

and at a hotel adjacent to the Convention Center.

San Antonio Marriott Rivercenter Hotel
Bowie & Commerce St.
San Antonio, TX 78205
Tel: (512) 223-1000
Fax: (512) 223-6239
Rates: \$125/day, single occupancy; \$135/day, double occupancy

A deposit or credit card number will be necessary to hold a hotel room for late arrival (after 6:00 p.m.).

REGISTRATION AND BADGING

The registration fee of \$250 will entitle the observer to attend the Symposium plenary sessions, scientific panels, meals, and the Monday evening Gala. The Symposium Registration Office for the Symposium will be located in the Business Center at the north end of the 1st floor of the Hilton Palacio del Rio Hotel, and will be open from 8:00 a.m. to 9 p.m. on Sunday, February 2, and from 7:00 a.m. to 12:00 noon on Monday, February 3. The Registration Office will register you for your hotel room and issue your room key. The registration staff will prepare an identification badge which will be required for admission to Symposium meetings and meals.

GUESTS

For a registration fee of \$200, your guest will be issued a badge for admission to Symposium meetings, meals, and the Monday evening Special Event. Attached is a registration form for your guest.

MEALS AND SPECIAL EVENTS

Meals and special events included in the registration fee are as follows:

Sunday, February 2

Dinner, Hilton Palacio del Rio, Salon del Rey Room

Monday, February 3

Breakfast, Hilton Palacio del Rio, Corte Real Room

Lunch, Convention Center Fiesta Rooms A,B,C,

Dinner and Special Event, San Antonio Marriott Rivercenter Hotel

Dress attire: Business

Tuesday, February 4

Breakfast, Hilton Palacio del Rio, Corte Real Room

Lunch, Convention Center Fiesta Rooms A,B,C

QUESTIONS

For any information not provided above, and to resolve any questions or problems call or write

Southwest Foundation for Biomedical Research
ATTN: Mrs. Melody Cooper
P.O. Box 28147
San Antonio, TX 78228-0147
Tel: (512) 670-3201
Fax: (512) 675-0864

MISCELLANEOUS

Enclosed is an informational brochure showing the location of the San Antonio International Airport, the Hilton Palacio del Rio Hotel, the Convention Center, and other points of interest in San Antonio.

"INVITATION FOR DR. BROMLEY"

TYPE: INVITATION

DOCUMENT NUMBER: 9120084

SPEECH: YES NO

FROM: PROF. J.P. GUPTA

DATE OF EVENT: 01/26/91

LOCATION OF EVENT:

TIME OF EVENT: 06:30AM

SUBJECT: RECEPTION - INDIA'S REPUBLIC DAY

RSVP:

CONTACT PERSON: SOCIAL SECRETARY

CONTACT NUMBER: 202 939-9800

INVITATION ACCEPTED? ~~YES~~ NO

COPIES TO: D. Allan Bromley

REMARKS:

DATE OF LETTER: 01/04/91

DATE RECEIVED: 01/09/91

FILE: P INVITATION



On the occasion of India's Republic Day
the Ambassador of India and Mrs. Abid Hussain
request the pleasure of the company of

Dr D. Allen Bromley

at a Reception on

Saturday, January 26, 1991

from 6:30 p.m. to 8:30 p.m.

at 2700 Macomb Street, N.W.

Washington, DC

RSVP

Social Secretary

(202) 939-9800

(202) 939-7011

Please present the
card at the entrance

Dress: National or Lounge Suit

9120085

Prof. (Dr.) J.P. Gupta
Counsellor (Science)
Embassy of India
2107 Mass. Avenue, N.W.
Washington, D.C. 20008

X-RAYED

Dr. Allen Bromley
Assistant to the President for Science
and Technology, and Director of the
Office of Science & Technology Policy,
Old Executive Office Building, Room 360
~~Room No. 236~~
WASHINGTON DC 20500

OFFICIALS ONLY

91 JAN 9 11:08



"INVITATION FOR DR. BROMLEY"

TYPE: INVITATION

DOCUMENT NUMBER: 9120056

SPEECH: YES NO

FROM: Kohli

DATE OF EVENT: 01/18/91

LOCATION OF EVENT: 3 COMMONWEALTH, MADAM CAMA ROAD

TIME OF EVENT: 06:00PM

SUBJECT: WEDDING - DRS KOSHU & SUSHIL MUNSI DAUGHTER

RSVP:

CONTACT PERSON:

CONTACT NUMBER:

INVITATION ACCEPTED?

~~YES~~

NO

COPIES TO:

REMARKS:

DAB
Suggest a nice
hand written note
on wtt stationery.

Good
handwritten

Have sent
this off
Jan 20/91

DATE OF LETTER: 01/02/91

DATE RECEIVED: 01/10/91

FILE: P- ININVITATION

9120056

RECEIVED

91 JAN 10 P4:56

OFFICE OF THE
DIRECTOR





*Our son Anirudh's wedding
to Malavika*

*daughter of Drs. Koshu and Sushil Munsi
will be solemnised at 7.00 p.m.*

on Friday, January 18, 1991

at P. V. M. Gymkhana, Cooperage, Maharshi Karve Road.

*The barat will leave our residence 3, Commonwealth,
Madam Cama Road at 6.00 p.m.*

*It will be a pleasure to have you with us at the barat,
wedding ceremony and dinner thereafter.*

Suman & Jaggi Kohli

Compliments

*Madhur & Meenu
Sanjai & Gayatri*

RSVP

*3, Commonwealth,
Madam Cama Road,
Bombay 400 020
Tel. 202 00 68*



Dr. + Mrs Allan Bromley
(Asst. to the President for
Science + Technology)
The White House
Washington. D.C.

USA .

॥ शुभ विवाह ॥

55

"INVITATION FOR DR. BROMLEY"

TYPE: INVITATION

DOCUMENT NUMBER: 9120019

SPEECH: YES NO

FROM: KENNETH E. DAVIS

DATE OF EVENT: 02/04/91

LOCATION OF EVENT: HAY ADAMS - WASHINGTON, DC

TIME OF EVENT: 06:00PM

SUBJECT: ROHM AND HAAS COMPANY - INFORMAL MTG

RSVP:

CONTACT PERSON: BETTY DEPPE

CONTACT NUMBER: 202 872-0660

INVITATION ACCEPTED? YES NO

COPIES TO: D. Allan Bromley
Ken Yale

REMARKS:

DATE OF LETTER: 12/27/90

DATE RECEIVED: 01/04/91

FILE: P- INVITATION



December 27, 1990

The Honorable D. Allan Bromley
Assistant to The President
for Science and Technology
Office of Science and Technology Policy
Room 348
Old Executive Office Building
17th Street & Pennsylvania Avenue, NW
Washington, DC 20506

Dear Dr. Bromley:

On behalf of our Chairman, Larry Wilson, and our Board of Directors, I would like to extend their invitation to attend a reception at the Hay-Adams Hotel on February 4, 1991 from 6:00 PM to 7:30 PM. The Rohm and Haas Company's Board will be meeting in Washington earlier that day and would enjoy the opportunity to meet you later in an informal setting to talk about some issues of mutual interest.

Rohm and Haas Company is a Philadelphia-based, multinational manufacturer of specialty chemicals and plastics. It is a Fortune 200 company with annual sales approaching \$3 billion, and a worldwide work force of 13,000.

We have fifteen members on our Board, only four of whom are inside the Company. In the back of our enclosed Annual Report you will see that our eleven outside Directors are people from various walks of business and academic life who have distinguished careers in their own right. I hope you can drop by briefly to meet with them and to learn more about us and our interests.

Please have someone reply on your behalf to Mrs. Betty Deppe, in our Washington office, at (202) 872-0660. We look forward to seeing you.

Sincerely,

Kenneth E. Davis
Director of Government Relations

KED/lfw
Enclosures

9120019

"INVITATION FOR DR. BROMLEY"

DOCUMENT NUMBER: 9125081

TYPE: INVITATION

ORIGINATOR: 02

SPEECH: YES NO

FROM: THE DIRECTOR, THE PEACE CORPS OF THE UNITED STATES

DATE OF EVENT: 12/20/91

THRU:

TENTATIVE DATES:

LOCATION OF EVENT: 1990 K STREET NW, SUITE 8100

TIME OF EVENT: 3:00 P.M.-5:00 P.M.

SUBJECT: AN INVITATION TO A HOLIDAY CELEBRATION.

RSVP: 12/16/91

CONTACT PERSON: LIEDER, Jesse

CONTACT NUMBER: 202-606-3970

INVITATION ACCEPTED?

YES

NO

COPIES TO: INTERNATIONAL/POL

REMARKS:

DATE OF LETTER: 12/11/91

DATE RECEIVED: 12/12/91

FILE: P-INVITATION



Celebrate a Season of Peace

*The Director of
The Peace Corps of the United States
Cordially invites you to a Holiday Celebration
Friday, December 20th, 1991
from three o'clock until five o'clock p.m.
at our offices
1990 K Street, NW, Suite 8100
Washington, D.C.*



*RSVP
Jessie Lieder
202-606-3970*

RECEIVED

DEC 21 11:24 AM '91

*The Honorable D. Allan Bromley
Assistant to the President
for Science and Technology
The White House
Washington, D.C. 20500*

SD81

2/4

"INVITATION FOR DR. BROMLEY"

TYPE: INVITATION

DOCUMENT NUMBER: 9120019

SPEECH: YES NO

FROM: KENNETH E. DAVIS

DATE OF EVENT: 02/04/91

LOCATION OF EVENT: HAY ADAMS - WASHINGTON, DC

TIME OF EVENT: 06:00PM

SUBJECT: ROHM AND HAAS COMPANY - INFORMAL MTG

RSVP:

CONTACT PERSON: BETTY DEPPE

CONTACT NUMBER: 202 872-0660

INVITATION ACCEPTED?

YES

1/24 accepted via Betty Deppe

COPIES TO: D. Allan Bromley
Ken Yale

REMARKS:

DATE OF LETTER: 12/27/90

DATE RECEIVED: 01/04/91

FILE: INVITATION



**ROHM
AND
HAAS
COMPANY**

December 27, 1990

The Honorable D. Allan Bromley
Assistant to The President
for Science and Technology
Office of Science and Technology Policy
Room 348
Old Executive Office Building
17th Street & Pennsylvania Avenue, NW
Washington, DC 20506

Dear Dr. Bromley:

On behalf of our Chairman, Larry Wilson, and our Board of Directors, I would like to extend their invitation to attend a reception at the Hay-Adams Hotel on February 4, 1991 from 6:00 PM to 7:30 PM. The Rohm and Haas Company's Board will be meeting in Washington earlier that day and would enjoy the opportunity to meet you later in an informal setting to talk about some issues of mutual interest.

Rohm and Haas Company is a Philadelphia-based, multinational manufacturer of specialty chemicals and plastics. It is a Fortune 200 company with annual sales approaching \$3 billion, and a worldwide work force of 13,000.

We have fifteen members on our Board, only four of whom are inside the Company. In the back of our enclosed Annual Report you will see that our eleven outside Directors are people from various walks of business and academic life who have distinguished careers in their own right. I hope you can drop by briefly to meet with them and to learn more about us and our interests.

Please have someone reply on your behalf to Mrs. Betty Deppe, in our Washington office, at (202) 872-0660. We look forward to seeing you.

Sincerely,

Kenneth E. Davis
Director of Government Relations

KED/lfw
Enclosures

6190819

KENNETH E. DAVIS

DIRECTOR OF GOVERNMENT RELATIONS

ROHM AND HAAS COMPANY

INDEPENDENCE MALL WEST
PHILADELPHIA, PENNSYLVANIA 19105
(215) 592-3068



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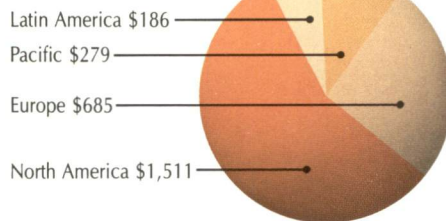
Rohm and Haas Company is a manufacturer of specialty chemicals and plastics. Not many people are familiar with our name, but Rohm and Haas products quietly improve the quality of life in every part of the world. Our technology is integral to products such as laundry detergents, house paints, food packaging, automobile taillights, window frames, diapers, motor oils, refined sugar, construction materials, magazines, leather shoes, agricultural products and laboratory testing equipment.

During its 80-year history, Rohm and Haas has grown from a small maker of leather tanning goods to a multi-billion dollar supplier of products based on innovative polymer design and small-molecule chemistry. Today's Rohm and Haas is headquartered in Philadelphia and employs more than 13,000 people at research, manufacturing and sales sites around the world.

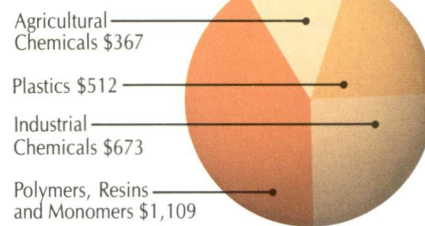
As this annual report shows, Rohm and Haas is a company building for its future. Construction is under way around the world to expand capacity for new and existing products, to improve the efficiency and quality of manufacturing sites and to ensure that all of our operations respect the environment, today and in the future.

**SALES
BY REGION
AND INDUSTRY
SEGMENT (\$MM)**

SALES BY REGION



**SALES BY INDUSTRY
SEGMENT**



FINANCIAL HIGHLIGHTS

Dollars in millions (except per-share amounts)

1989 **1988** **Change**

For the year:

Net sales	\$2,661	\$2,535	5%
Net earnings	176	230	(23)%
Research and development expense	175	156	
Cash dividends	77	67	
Capital additions	385	338	
Depreciation	150	128	

At year end:

Total assets	\$2,455	\$2,242
Total debt	531	454
Stockholders' equity	1,311	1,207

Ratios:

Total debt-to-equity	40.5%	37.6%
Return on net assets	8.3	11.2
Return on stockholders' equity	14.0	20.4

Per share:

Net earnings	\$2.65	\$3.46	(23)%
Dividends	1.16	1.02	
Stockholders' equity	19.69	18.13	

TO THE
STOCKHOLDERS OF
ROHM AND HAAS
COMPANY:

J. Lawrence Wilson,
Chairman

John P. Mulroney,
President



The Year in Review

Nineteen eighty-nine was a tough year for Rohm and Haas. Sales were 5 percent higher than our record year of 1988; unit volume was up by 4 percent. Yet earnings declined by 23 percent. The primary cause for the earnings drop can be summed up in two words—capacity constraints—though our performance also was affected by higher startup and depreciation charges, higher raw material costs and a stronger U.S. dollar.

From the end of 1986 through 1988, Rohm and Haas Company enjoyed robust demand for its products worldwide. On the manufacturing scene and elsewhere, nearly everything went right. Our plants ran at high, efficient rates. They ran smoothly, shutting down only for scheduled maintenance. The U.S. dollar was weaker, making American-based companies more competitive overseas and providing favorable currency translations. Raw material prices were higher, but we were able to institute price increases to mitigate their impact. We boosted our volume by 20 percent, making the company one-fifth larger than it had been just two years before.

In 1989, Rohm and Haas ran out of room to grow. We hit capacity ceilings in many of our major manufacturing operations. Acrylic acid and methyl methacrylate were the two most notable, since they provide the basic feedstocks for more than 60 percent of our product portfolio.

We pushed some plants past the "red line," doing everything possible to eke out more product to meet demand. While we ran our plants safely, we operated less efficiently and incurred extra costs for overtime labor, maintenance, shipping and delivery.

More important, because we were already running many of our key plants 24 hours a day, seven days a week, there was no way to recover from unexpected "hiccups" in production. The first blow came in February when an explosion in the acrylic acid facility caused a 10-day shutdown in the operation. The final interruption came in December, when unusually cold weather caused freezing problems for operations throughout the southern United States.

In addition, external trends were not in our favor:

- Raw material prices remained high for most of the year, compared with 1988.
- The economy grew, but key construction and automotive markets softened. This reduced sales in several product lines.

- The strength of the U.S. dollar cost us more than \$11 million when we translated European and Pacific region results into U.S. dollar-denominated currency.

In short, the factors that were with us in 1987 and 1988 turned against us in 1989.

Since 1988, we have spent \$268 million for capacity expansions and new processes. In 1990, we're slated to spend \$145 million more. However, the growth in demand for acrylic acid derivatives and acrylic molding resins has simply outstripped the pace of our planned expansions.

The end of this manufacturing pinch is within sight. In 1989, we started up six new major operations, including a new high-purity Kelthane miticide plant in Mozzanica, Italy; expansions of the acrylic acid separations unit in Houston, Texas; a state-of-the-art emulsions facility in Knoxville, Tennessee; a new research pilot plant in Bristol, Pennsylvania, and a new technology for making imidized acrylic resins in Louisville, Kentucky.

In 1990, we have 10 major startups scheduled, more than any year in our history. The long-awaited expansions of the acrylic acid and methyl methacrylate monomer processes in Houston will occur during the second half of the year, to be followed by ripples of relief through the product lines they support.

Other significant startups for the year include a specialty monomer consolidation in Bayport, Texas; a new acrylic coagulation technology and modifiers expansion in Grangemouth, Scotland; an automated reactor for emulsions in Lauterbourg, France; a molding resin capacity increase in Bristol, Pennsylvania, and an emulsion modernization program in Hayward, California.

These projects vary in their complexity and their sophistication. We hope they all evolve smoothly. Yet there is no doubt that our manufacturing startup and depreciation charges will be even higher in 1990 than they were in 1989. That is part of the price we pay willingly to increase the size and the profitability of Rohm and Haas Company.

It is entirely possible that all of this new capacity will become available just as the economy slumps and demand slackens. That will be unfortunate timing, but the expansions are essential if we are to reap the rewards of all the time and money we have put into product development for future growth.

While manufacturing problems grabbed most of the attention during the year, there were many noteworthy achievements among the business groups.

Polymers, Resins and Monomers led the company in volume growth due, in part, to an excellent year for Ropaque polymer. This product was introduced in 1982 as a paint additive designed to increase opacity, but its unique microvoid technology has been adapted into a useful product for paper and paperboard coatings. Sales of water-based industrial coatings also did well.

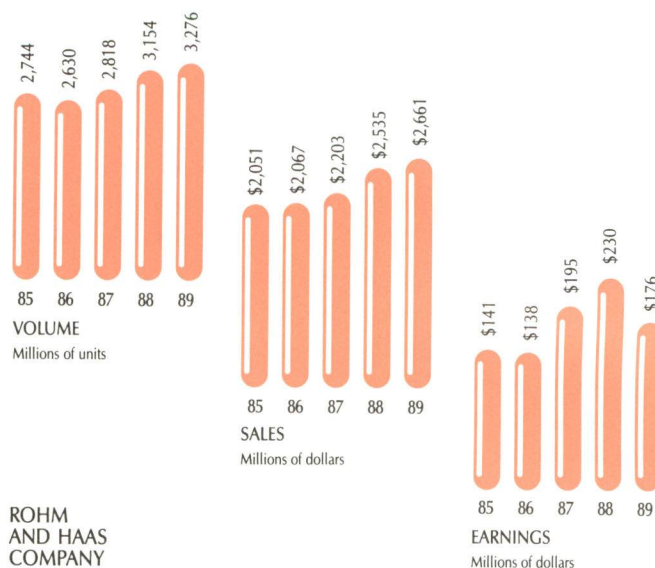
There was a resurgence in business for Agricultural Chemicals in North America, led by strong first-year sales of Rally/Nova fungicide, which received its U.S. registration in time for the 1989 growing season.

In September, Rohm and Haas and other producers of ethylene bisdithiocarbamate (EBDC) fungicides took the initiative and voluntarily suspended certain registrations for EBDC fungicides, including Dithane fungicide, beginning in 1990. This was done in order to prevent undue concern about the safety of the American food supply. Based on 40 years of use and analysis of more than 100 scientific studies, we remain confident that foods treated with Dithane are safe for everyone to eat. The Environmental Protection Agency has been conducting a review of these fungicides for several years and will make its final ruling on the product registrations in 1991. The company remains optimistic that it will retain its remaining Dithane registrations.

In January 1990, the U.S. Appeals Court ruled against Rhone-Poulenc S.A. in a long-standing dispute over the Blazer herbicide patents. A hearing expected in 1990 will determine the amount of monetary damages due to Rohm and Haas.

Industrial Chemicals reported good sales growth for water-soluble polymers used as detergent additives. Lower sales for oil additives and ion exchange resins, along with write-downs associated with the electronic chemicals business, hurt overall performance.

In Plastics, flat demand for plastic additives, capacity constraints on molding resins and higher startup costs hurt sales and earnings. However, earnings were helped by a gain from the sale of a portion of a manufacturing operation in Grangemouth, Scotland, part of a joint venture with Kureha Chemical Company.



We are ever aware that future growth in the worldwide specialty chemical industry will depend upon well-matched strategic alliances among industry leaders. In previous years we have chosen to form ventures with Tosoh Company (TosoHaas) for high-value separations, Sumitomo Chemical (SumikaHaas) for acrylic resins, Fujikura Kasei for toner resins (Polytribo), and Beijing Eastern Chemical of the Peoples Republic of China (Eastern Rohm and Haas Development Center) for acrylic emulsions.

In 1989, two more ventures were formed. Norsolor S.A. of France and Rohm and Haas joined forces in June to manufacture and market water-soluble polymers throughout Europe and the Middle East. NorsoHaas, headquartered outside Paris, is expected to make significant inroads in the detergent additives and household/industrial cleaning markets in that region. Another European-based venture, this one with Kureha Chemical Company of Japan, was formed late in the year. Called Rohm and Haas Scotland, this operation will produce both acrylic impact and methyl methacrylate-butadiene-styrene modifiers for markets in both Western and Eastern Europe.

We remain steadfast in our commitment to improve continually our impact on the environment. In 1989, \$50 million of our total capital budget was devoted to environmental expenditures. Over the next few years, we expect that number to grow faster than any other element in our capital program. This spending will be used to help us meet the ambitious goals we have set. We also are a full participant in the Responsible Care program outlined by the Chemical Manufacturers Association.

Actions speak louder than goals and promises. Rohm and Haas is taking action now to eliminate odors and emissions at its facili-

ties worldwide. In Bristol, Pennsylvania, for example, we are building an enclosed state-of-the-art wastewater treatment plant. We are developing more efficient processes and recycling waste materials. We are working to give the community a voice in how we run our operations. At our plant in Jarrow, England, a community advisory council acts as a conduit for communication between Rohm and Haas and its neighbors. This group, formed in 1989, is the first community advisory council outside the United States. Details of just a few of our programs can be found in the Citizenship section of this report.

On February 15, 1990, the company established an Employee Stock Ownership Plan. The ESOP acquired 6.3 million shares of Rohm and Haas common stock from the company, which had been held originally by the William Penn Foundation. This transaction provides a very cost-effective method of funding the company's match for employee savings, and further aligns employee interests with those of shareholders.

Board of Directors and Management

Two members of the Board of Directors did not stand for reelection in May. Dr. N. Bruce Hannay, former vice president of Research at Bell Laboratories, Inc., and Mr. William L. Mobraaten, retired chairman, Bell Atlantic Enterprises Corporation, had a tremendous influence on the company. We thank them both for their service.

Three new directors were elected in May: Mr. James A. Henderson, president and chief operating officer of Cummins Engine Company, Inc.; Dr. Alan Schriesheim, director and chief executive officer of the Argonne National Laboratory, and Dr. Marna C. Whittington, senior vice president for the University of Pennsylvania.

Samuel J. Talucci, vice president and director of the North American Region, retired in November after 33 years of service. We are grateful for Sam's leadership and the visionary role he played in focusing attention to quality and excellence in all aspects of our business.

Outlook for 1990

The year 1990 will look a lot like 1989. The factors which affected our performance last year will not change dramatically:

- Our monomer plants will continue to run at extreme rates until new capacity begins to come on-stream in the latter part of the year.

- We will incur high charges for startup and depreciation as we bring on new manufacturing facilities.
- The outlook for the economy remains cloudy. It is unclear whether the U.S. economy will continue to grow slowly or slide into a recession. We will be watching our key industrial markets for any indicators of change.

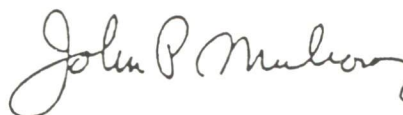
Given this outlook, we anticipate that our 1990 earnings will be equivalent, roughly, to those reported for 1989. Our short-term strategies will revolve around ways of maintaining our hard-earned market share in key worldwide markets. Growth in sales, administrative and marketing costs will be limited. Productivity will increase. We remain confident in the soundness of our longer term goal to expand our manufacturing capacity and to upgrade our product lines across the board.

In April 1989, we made internal adjustments to the company's organizational structure, aligning ourselves more clearly along business lines. The regions continue to play important oversight roles in managing the company's human and physical resources. But we believe that we will be quicker to bring new products to market and more responsive to worldwide opportunities if we focus along business lines and encourage fast, independent action.

We ask that our shareholders, customers and employees bear with us through this period of capacity constraints. We are certain of our direction and enthusiastic that the building we are doing today will lead us to a stronger, larger Rohm and Haas in the future.



J. Lawrence Wilson,
Chairman



John P. Mulroney,
President

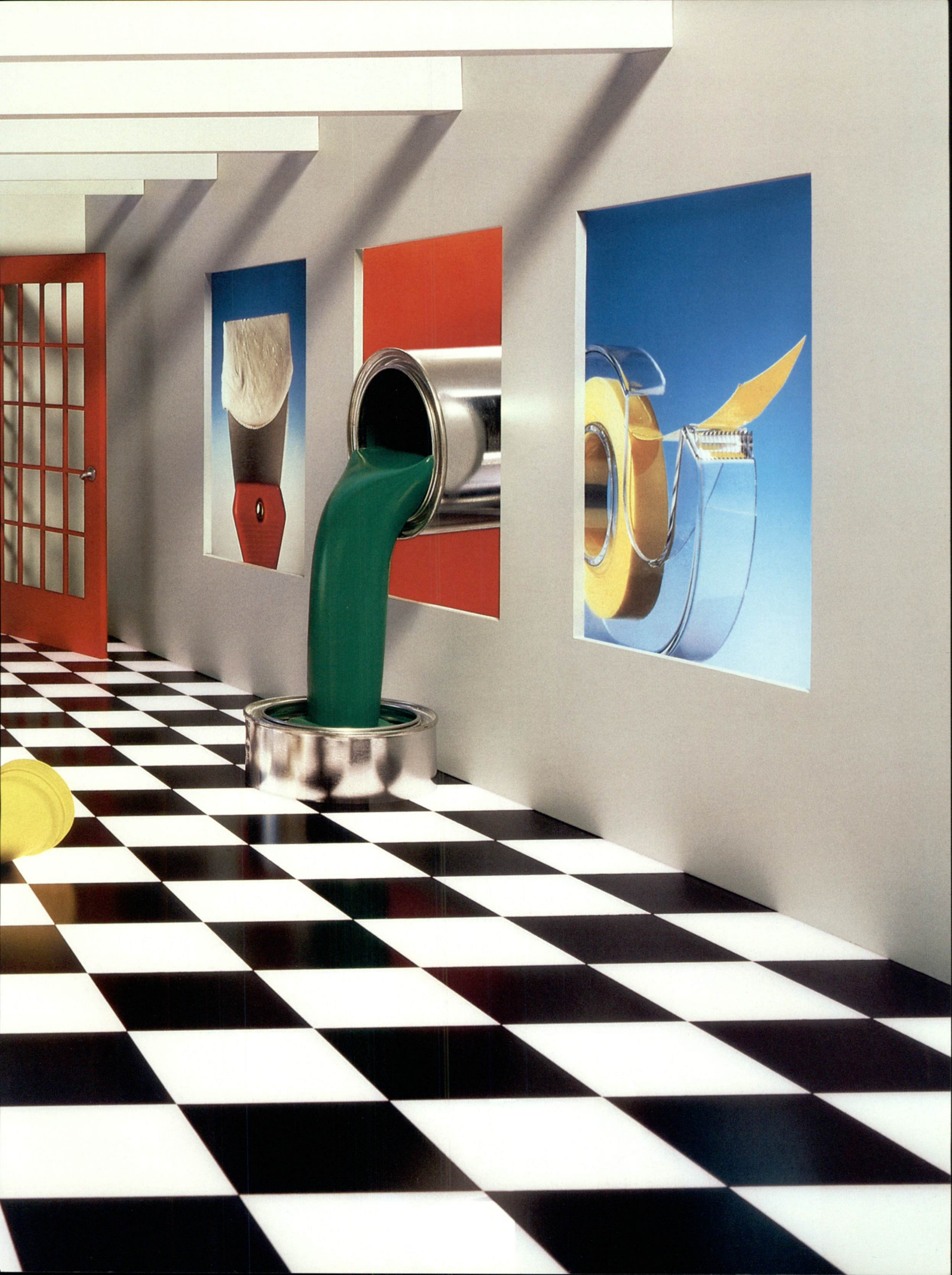
March 26, 1990

Polymers, Resins and Monomers

6

Acrylic acid is one of two key building blocks for Rohm and Haas products. This monomer and its derivatives are used to make laundry detergents, diapers, plastic pipe, spackling compounds, paints, adhesives, and many other products. A 50 percent expansion in the capacity of the acrylic acid plant in Houston, Texas, will be completed later this year.





Polymers, Resins and Monomers (PRM) consists of two business groupings. Polymers and Resins manufactures products for use in house paints, industrial coatings, textile coatings and finishes, adhesives, nonwoven materials, paper and paperboard coatings, construction products, floor polishes and leather chemicals. Monomers consists primarily of acrylate and methyl methacrylate monomers, materials which find their way into more than 60 percent of Rohm and Haas's products. These monomers also are sold directly to customers.

Business Discussion

In 1989, PRM reported real volume growth of 6 percent. Sales for the year totaled \$1,109 million, an increase of 9 percent. However, higher operating costs and capacity constraints limited earnings to \$108 million, a 17 percent decline from the record reported in 1988.

PRM's greatest difficulty in 1989 was coping with high demand for its monomers, particularly acrylic acid. The acrylic acid facility in Houston, Texas, ran at maximum rates throughout the year, due to demand from internal sources and from customers who use acrylic acid in superabsorbent and other polymers.

Operating problems in February caused a 10-day shutdown in production, forcing the company to control monomer and polymer sales to customers and to limit internal use throughout most of 1989. Supplies of acrylate monomer tightened even more in December, when a spell of unusually cold weather halted operation. Production will continue to run at high rates and the company will purchase acrylate monomers to try to meet needs. Supply will remain tight until August 1990, when a 200-million pound expansion of the acrylic acid facility is slated to come on line.

The methyl methacrylate process, also at the Houston plant, is expanding by 125 million pounds. The capacity increase will become available in the third quarter of 1990. Most of the expansion is marked for use in a variety of products made by the Plastics and PRM businesses, but there also will be capacity available for purchase by customers.

Ropaque polymer sales were excellent again in 1989. This product, which has a well-earned reputation as a paint additive, continued its growth. Ropaque also has found expanded use in paper and paperboard coatings. Ropaque improves the gloss, printability and opacity of paper. The editorial section of this year's Annual Report is printed on paper stock coated with Ropaque polymer.

Sales of Rhoplex and Primal emulsions also were strong in 1989. These materials are used to make paints, construction products, textile coatings, adhesives and industrial finishes. Sales were good in all regions, with the most rapid gains occurring in Europe and the Pacific. A joint venture in the Peoples Republic of China also did well.

Rohm and Haas has expanded emulsion capacity in the last several years at plants in the United States, Australia, France, Sweden, the United Kingdom and Mexico. The company now operates 22 emulsion plants worldwide, with plans for capacity expansions in all four geographic regions to support expected growth.

Multilobe 200, an improved version of the successful 100 series for use in house paints, was introduced late in 1989. This new

Multilobe provides an improved base for color development in paints and should do well in 1990. The architectural coatings group in North America also is launching a "Paint Quality Institute" campaign to demonstrate the benefits of acrylic-based exterior paints to both customers and final consumers in time for the spring painting season.

Environmental concerns continued to increase demand for the company's water-based industrial coatings and adhesives. Sales of water-based coatings used to paint traffic lines on roads did well. Another industrial coatings product, Primid XL-552, was introduced for use in powder coatings where durable exterior finishes are needed. End uses for this coating include lawnmowers and automobile parts. There was also significant growth worldwide in water-based emulsions used for making pressure-sensitive adhesives. New products for packaging tapes, film and paper labels will be introduced in 1990.

The development of products based on vinyl acetate is on track. Late in 1989, a new coatings binder was introduced for use in interior house paints. Additional products for use in adhesives, paper and caulk applications will be forthcoming in 1990.

Outlook for 1990

The ceiling on manufacturing capacity will continue to affect most of the PRM business until acrylic acid and methyl methacrylate monomer expansions bring relief in the third quarter. The business also will bear the high costs associated with running existing facilities at high rates, including inefficient scheduling, overtime labor charges, and above-average maintenance costs.

Demand for the products that did well in 1989 should continue into 1990. Development continues on new generations of Ropaque polymer and on new applications, including paper used in facsimile machines.

Environmental pressures will continue to work in favor of the company's water-based systems for industrial coatings, adhesives, and leather products. A new family of floor polish vehicles will offer significantly improved application and performance properties, and will have the added attraction of being metal free. Lubritan WP, a new acrylic waterproofing and retanning agent used to prepare leather hides, also will be introduced in 1990.

As long as adequate monomer supply can be attained and the economy doesn't slide into a recession, the PRM business should be able to report modest volume growth and slightly improved sales and earnings in 1990.



Plastics

10

Grangemouth, Scotland, is expanding its capability for making plastic modifiers and processing aids. These additives find their way into window frames, house siding, and myriad plastic packaging applications, including plastic bottles for mineral water and household cleaners. When completed, the plant will have the ability to make 45,000 metric tons of plastic additives per year.





PLASTICS

Plastics offers products that range from the most traditional to the most specialized. This business is home for acrylic sheet, polycarbonate sheet, acrylic molding resins, new heat-resistant imides, as well as a full range of acrylic and MBS plastic additives for polyvinyl chloride (PVC) and engineering resins.

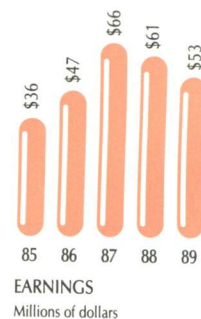
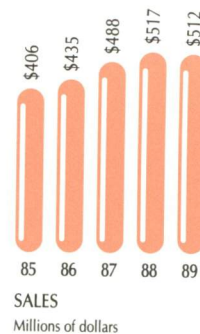
Business Discussion

Sales for the Plastics group were \$512 million, nearly even with 1988 sales. Earnings dropped 13 percent to \$53 million. Flat demand for plastic additives, higher manufacturing costs and startup costs for new manufacturing facilities all contributed to the decline. Earnings were helped by a gain from the sale of a portion of the Grangemouth, Scotland, manufacturing operation.

Plexiglas (known as Oroglas in Europe) molding resins are sold primarily to the auto industry for taillights, and to manufacturers of lights, lenses and lighting diffusers. Plexiglas acrylic sheet, Rohm and Haas's most familiar product, is popular for use in signs, glazing, and skylights. Demand remained high for acrylic molding resins and acrylic sheet in 1989, but capacity constraints resulted in supply shortages.

The company is providing for future growth through the construction of a new Plexiglas molding resin plant in Bristol, Pennsylvania, which will be finished late in 1990. During 1989, it also announced an expansion of the Plexiglas MC sheet facility in Kensington, Connecticut, to be completed in 1991. These projects, along with additional capacity from the Houston methyl methacrylate plant, will alleviate capacity shortages.

A new line of acrylic resins, Kamax imidized plastics, are now available in commercial quantities. The manufacturing process for the breakthrough technology needed to make the resins went through a complicated startup process in Louisville, Kentucky, during most of 1989. Startup costs were higher than expected, but the company is optimistic about future sales for Kamax. These resins are clear, durable and resistant to heat and solvents. Kamax resins will be used in high-intensity street lamps and automotive lighting. They also can be used in applications such as baby food jars, where extremely hot materials must be packaged without damage or distortion to the container.



PLASTICS

Late in the year, the company temporarily suspended construction on a specialty plastics facility in Jarrow, England, to allow for further development of its novel process technology.

Demand was flat for plastic additives products in 1989 due to weakness in the construction and automotive markets and an increase in competitive pressures.

One bright spot for the Plastics business in 1989 was the formation of a joint venture with Kureha Chemical Company of Japan. The new venture, called Rohm and Haas Scotland, produces plastic additives for sale to customers throughout Western and Eastern Europe.

As part of the venture, Rohm and Haas sold 25 percent of its manufacturing operation in Grangemouth, Scotland, to Kureha. That plant currently is adding 15,000 metric tons of manufacturing capacity and installing a new coagulation technology for making acrylic impact modifiers. When the plant is completed in the fourth quarter of 1990, it will be capable of producing acrylic impact modifiers (AIMs), as well as the more traditional methyl-methacrylate-butadiene-styrene (MBS) modifiers.

The company also has made a commitment to invest in Kureha's plastic additives plant now under construction in Singapore. This is Plastics' second venture in the important Pacific Rim market. SumikaHaas, a joint venture with Sumitomo Chemicals to sell plastic resins, including the new Kamax imidized resin line, continues to do well.

A new additive aimed at improving the service temperature of PVC was introduced during the year. Paraloid HT510, a heat distortion improver, can be used to make hot-filled, clear packaging, window profiles and house siding. This additive also does well as an aid for injection-molded PVC processes.

Outlook for 1990

These are truly transition years for the Plastics business. After several years of strong growth, the business is faced with slow-downs in the automotive and construction markets, significant expenditures for increased plant capacity and the startup of state-of-the-art technologies. This will continue to put a tremendous strain on both human and financial resources.

By the end of the year, Plastics will have new capacity for acrylic molding resins, production for Kamax imidized resins will be under way and Rohm and Haas Scotland will be producing a full array of plastic additives. If the economy cooperates and the slow-down in the automotive and construction markets abates, then the Plastics group can expect to return to higher levels of profitability.



Supelco, the world's leading producer of chromatographic equipment and supplies, recently doubled the production capacity of its Bellefonte, Pennsylvania, site. Supelco's equipment allows analytical and quality control laboratories to identify and quantify the composition of chemical mixtures.

Industrial Chemicals



Industrial Chemicals encompasses technologies that lead to a wide range of products, including water-soluble polymers, biocides, ion exchange resins, petroleum chemicals, surfactants, chromatographic columns and media, membranes and electronic chemicals.

Business Discussion

Industrial Chemicals sales of \$673 million were slightly ahead of the year before. A strong performance by water-soluble polymers was offset by lower sales for petroleum chemicals and ion exchange resins. Earnings of \$16 million slid 64 percent below the \$44 million reported in 1988, due in large part to write-offs involving the electronic chemicals business.

Sales of Acrysol water-soluble polymers increased dramatically in 1989. The major growth has come from the use of these products in household laundry detergents, where they help remove soil and keep it from redepositing on the clothing being cleaned. Acrysol polymers also are used to control mineral deposits in cooling towers and boilers, as mining dispersants, and in hard-surface cleaners.

In June, Rohm and Haas and Norsolor S.A. formed NorsoHaas S.A. to manufacture and market water-soluble polymers throughout Europe and the Middle East. The venture is expected to make significant inroads in the detergent additives and household/industrial cleaner markets in that region. A 40,000-metric-ton manufacturing facility under construction in Villers St. Paul, France, is expected to be completed late in 1990.

Kathon biocides continued to increase market share in a number of areas. In 1989, sales were particularly strong for use in drilling operations in the North Sea oil fields. Researchers continue to find new applications for this adaptable family of biocides which control bacteria, molds, fungi and algae. For example, Kathon 930 for wood and marine antifoulant paints was registered for use in Japan late in the year. Registration applications have been submitted both in Europe and the United States. The company is funding a substantial research program to develop patents for new biocide products and applications.

Petroleum Chemicals continues to deal with the challenges posed by fierce competition and keen market dynamics in the global lubricant market. Volume increased in Europe and was up significantly in Canada. There was some volume lost in the U.S. crankcase market, due to market share shifts among major customers, changes in oil formulation techniques and changes in end-user grade preference. Petroleum Chemicals continues to focus its resources on the growth segments of the industry, including heavy-duty diesel oils and multigrade hydraulic fluids.



The company's various businesses aligned under Separation Technologies made substantial progress during the year. Supelco, Inc. doubled its production capacity for making analytical chromatographic columns and supplies in Bellefonte, Pennsylvania. The company also created an international division to focus on growth opportunities outside the United States, particularly in Europe and in Asia.

Romicon focuses on cross-flow filtration products for the water, waste, food and beverage, pharmaceutical and electrocoat paint markets. The Winefilter, a new product which clarifies wines, increased sales substantially during the year.

Sales for TosoHaas doubled in 1989. This joint venture between Tosoh Corporation of Japan and Rohm and Haas provides high-performance liquid chromatography (HPLC) columns, media and equipment for purification of genetically engineered products.

Ion exchange resins sales declined slightly, due to softening in traditional industrial markets. During the past few years, the ion exchange segment has been increasing business aimed at specialty applications. Today, approximately one-third of resin sales are made to the pharmaceutical, catalysis and food processing industries. These resins are used to make everything from gasoline octane enhancers to corn-syrup sweeteners.

The company's electronic chemicals businesses did not do well in 1989. Plaskon Electronic Materials, Inc. consolidated its manufacturing efforts for the important semiconductor encapsulating business at its new plant in Singapore. However, a write-off of the passive molding compound business and manufacturing facility in Toledo, Ohio, led to a \$13 million charge against earnings in the fourth quarter. The company also incurred a \$4 million charge for the discontinuance of a business operated by its Shipley Company affiliate. Both of these changes should improve business prospects in future years.



Outlook for 1990

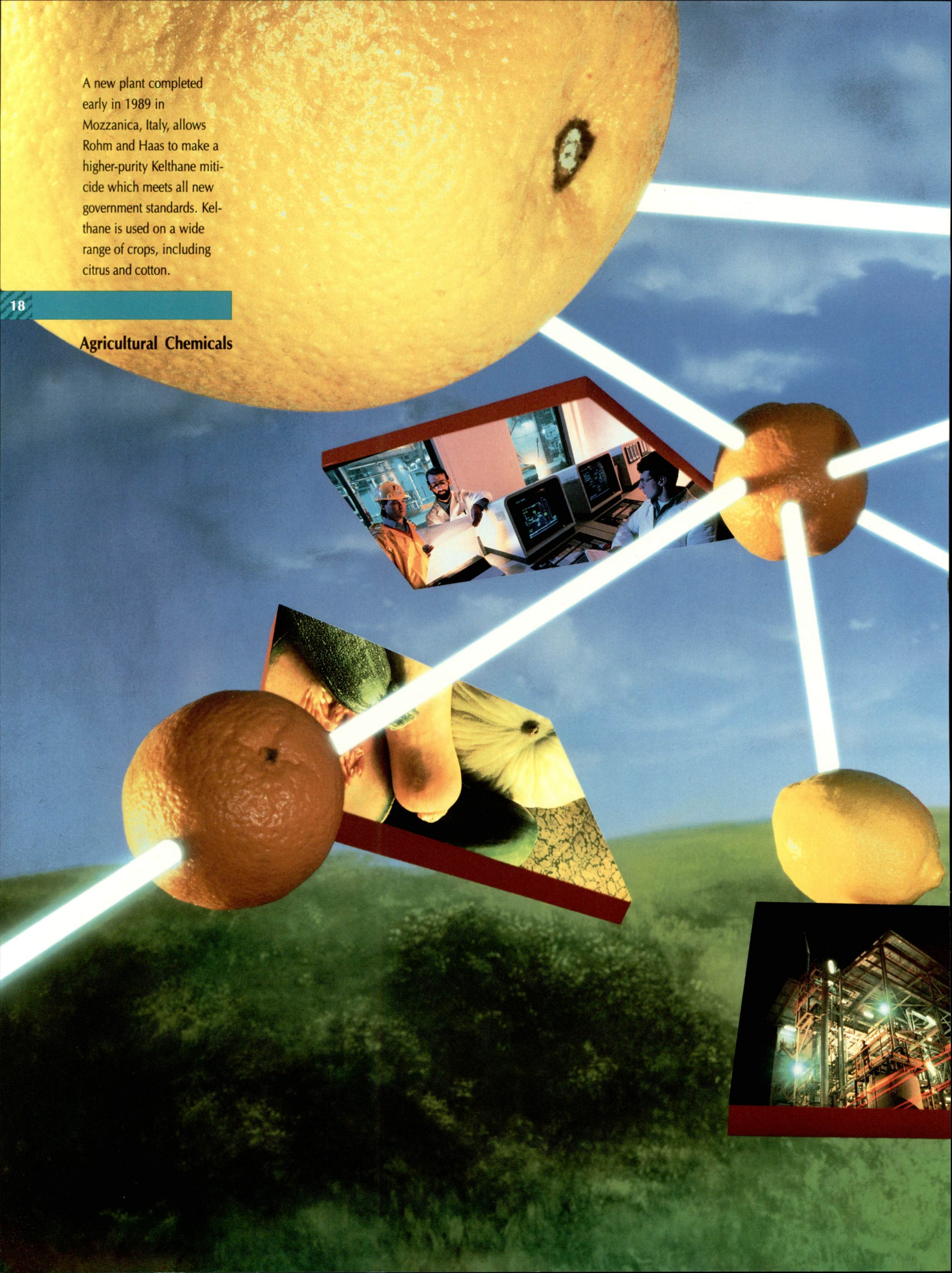
The demand for Acrysol water-soluble polymers is expected to continue through 1990. Sales will be limited only by availability of its key raw material, acrylic acid, from Houston.

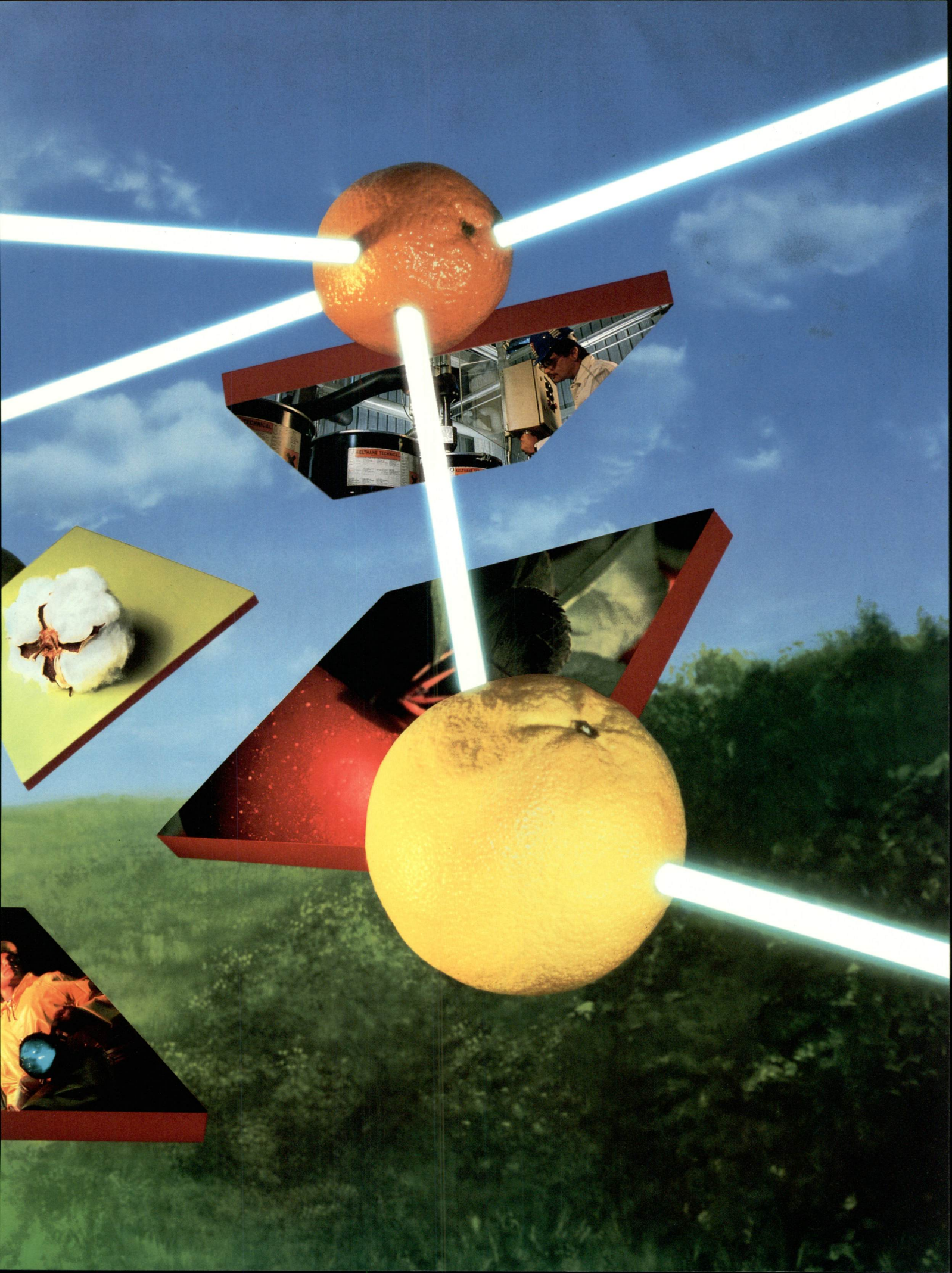
Biocides also should do well, especially if registrations to sell the new wood and marine antifoulant biocides are received in the United States before the end of the year and market introductions proceed well in Japan and Europe.

Separation Technologies should continue to grow as its products find additional uses in the food and beverage, pharmaceutical, catalysis and waste-treatment markets.

A new plant completed early in 1989 in Mozzanica, Italy, allows Rohm and Haas to make a higher-purity Kelthane miticide which meets all new government standards. Kelthane is used on a wide range of crops, including citrus and cotton.

Agricultural Chemicals





AGRICULTURAL CHEMICALS



Agricultural Chemicals provides specialty products for the worldwide crop protection industry, including herbicides and fungicides for use on fruits, vegetables, cereals, nuts and vines.

Business Discussion

Profitability continued to improve for this business in 1989. Sales of \$367 million were up 8 percent from the year before. Earnings of \$12 million represented a 33 percent increase over 1988.

The greatest improvement occurred in sales of a systemic fungicide which received U.S. registration early in 1989 after several

successful years in Europe. Worldwide sales of the fungicide, known as Rally and Nova in the United States, and as Systhane elsewhere, nearly doubled in 1989. Used on apples, grapes, roses, and grain crops, this product is well on its way to becoming a mainstay in the Agricultural Chemicals portfolio.

The most notable event in Agricultural Chemicals occurred in September when Rohm and Haas and three other producers of ethylene bisdithiocarbamate (EBDC) fungicides announced they would voluntarily suspend 42 U.S. registrations for these products, beginning in 1990. The company's largest selling agricultural product, Dithane, belongs to this class of fungicides. Rohm and Haas took this action in order to prevent undue concern about the safety of fruits and vegetables purchased by the American consumer. The voluntary suspension is expected to reduce U.S. Dithane sales in 1990 by one-third, or by approximately \$5 million.

In December, the Environmental Protection Agency (EPA) said it would recommend the suspension of three additional crop registrations in 1991. However, the EPA, which has been conducting a special review of EBDC fungicides for several years, will postpone any final decision pending the outcome of a study which will measure the amount of product residue on fruits or vegetables purchased in the grocery store. This study should be completed by the end of 1990. The company continues to be confident in the safety of the fungicide and remains committed to doing whatever is necessary to assure government agencies and the public that Dithane fungicide poses no threat to human health.

Worldwide, Dithane performed well in 1989. A new, non-dusting formulation of the product was well received. Volume sales of the traditional wettable powder formulation also increased.

A high-purity version of Kelthane miticide was introduced early in the year, after construction of a sophisticated manufacturing process was completed in Mozzanica, Italy. This Kelthane meets all

new standards required by the EPA and other regulatory agencies. The company now is in the process of obtaining registrations for the high-purity version throughout the world.

Goal herbicide continued to establish itself in niche markets around the world. In 1989, Goal made strides on rice crops in the Peoples Republic of China. Further inroads in the Southeast Asian market are expected in 1990.

Compete herbicide was introduced for use on cereals in mixtures with other herbicides. The future for this product looks promising, particularly in Europe.

In January 1990, a long-standing patent dispute with Rhone-Poulenc S.A. involving the Blazer herbicide patents was settled. Even though the company sold the Blazer business to BASF in 1987, it has remained responsible for the patent litigation. The U.S. Appeals Court ruled in the company's favor, saying that Rohm and Haas's patents are valid and have been infringed by Rhone-Poulenc. A hearing expected in 1990 will determine the amount of monetary damages due to Rohm and Haas.

Outlook for 1990

During the coming year, the Agricultural Chemicals group will focus on ways to reduce costs. Early in 1990, steps were announced which will reduce research costs by 25 percent. To reduce reregistration costs, the company may decide to let certain registrations lapse, rather than burden the product with expenses that preclude profitability. This was the case with Karathane fungicide in 1989.

While no new products are expected to be offered for sale in 1990, development work continues on a new fungicide and a new insecticide which show promise. Work also continues on a higher-purity version of Goal herbicide.

Systhane fungicide and Goal herbicide should continue to grow rapidly. The full effect of the voluntary suspension for certain uses of Dithane fungicide will not be known until the 1990 growing season is completed. However, the company continues to believe the results of the market-basket study will provide a rational basis for future decisions about the safety of the EBDC family of fungicides.





Citizenship

23

The new facility being built at the Bristol, Pennsylvania, plant will have the capacity to treat 1.4 million gallons of chemical wastewater each day. The three vessels at the facility will be contained in concrete dikes to prevent groundwater contamination and will be sealed to eliminate odors.

In recent years, Rohm and Haas has spent an increasing percentage of its resources—both human and capital—on improving its performance with respect to the environment.

It always has been company practice to meet or exceed government requirements in countries where products are made or sold, but meeting standards is no longer sufficient. Today, Rohm and Haas must improve continually to match the increasingly stringent expectations of a public concerned about the future of the planet. Rohm and Haas recognizes the power of public opinion and is making a concerted effort to incorporate it into day-to-day operating decisions.

Most often, progress is not dramatic. It is measured in the incremental steps taken at plant after plant to reduce the size of the footprints the company makes on the environment. In 1989, Rohm and Haas took steps to reduce odors associated with its manufacturing processes, to improve water quality and to reduce the amount of wastes being sent to landfills.

Odors

At one time, odors emanating from a chemical facility were considered a nuisance, but a necessary by-product of doing business. Today, communities regard odors as unwarranted intrusions. Rohm and Haas is eliminating them.

When residents of Jarrow, England, began to complain about objectionable odors coming from the plant, it was investigated. Part of the problem stemmed from fumes released into the air when

chemicals were unloaded from barges and trucks. In 1989, the plant installed a venting system which captures the offending odors. Jarrow also has instituted an ongoing program to improve its air emissions monitoring.

Odors have been a source of irritation for people living near the Bristol, Pennsylvania, plant for a number of years. When conditions are right, the wind carries a harmless, but distinct, odor from the plant's wastewater facility into the surrounding community. In 1989, Rohm and Haas broke ground on a \$22 million fully enclosed facility for treating Bristol wastewater. Odor control is one of the primary considerations in the new facility, which will be completed in 1991.

Water Quality

Water quality is an ongoing concern to a public that has seen pollution in its streams, lakes and rivers. Rohm and Haas is working to make certain that it preserves or improves the quality of water near its manufacturing sites around the world.

The Lauterbourg, France, plant is in the middle of a five-year, \$10 million project to improve the quality of water released into the Rhine River. The project, which is being completed with the support of French water authorities, includes manufacturing process changes. In addition, plants throughout Europe have built retention systems to keep firewater runoff and accidental chemical spills from reaching nearby rivers and streams.

Minimizing Waste

A few decades ago, waste landfills were considered a safe and efficient long-term solution to hazardous waste disposal. Times have changed.

In 1984, the company set a goal to eliminate landfills as its primary disposal method for hazardous wastes. In the following years, engineering and process changes were made in manufacturing operations to reduce wastes or to recycle them back into production processes. New methods were developed to carefully burn wastes in on-site powerhouses, generating energy for other uses.

By the end of 1989, the company had virtually eliminated the landfilling of its hazardous process wastes worldwide. Ninety-five

One of the company's proudest achievements in recent years has been the development of Community Advisory Councils as a means of incorporating public opinion into the operating practices of its manufacturing sites.

These councils are composed of leaders who represent a wide range of community interests. Government officials, homeowners, small business executives and local environmental activists meet regularly to hear what a site has planned for its operations and to offer feedback about how the community will react to those plans. Quite often, council members are among the first to receive information about the results of employee health studies, data about air and water emissions, or plans for a new manufacturing process.

Seven Community Advisory Councils have been formed during the past five years. In 1989, Rohm and Haas created its first council outside the United States in Jarrow, England. The company believes that its long-term survival depends, in part, on its ability to listen to community concerns and to accommodate its business practices to the needs of each community. The value of the councils continues to lie in the enhanced communication between Rohm and Haas and its neighbors.

It is no secret that a lot of people are unhappy with chemical companies. That sentiment is one of the reasons why the company fully supports the Chemical Manufacturers Association "Responsible Care" program in the United States. Like other CMA members, Rohm and Haas has pledged its commitment to improve its performance in the safe management of chemical products. The Responsible Care initiative has been designed to give the public an opportunity to become more involved with our industry as we look for new ways to improve our performance. One aspect of the Responsible Care program—CMA Public Advisory Panels—is fashioned after the Rohm and Haas Community Advisory Councils.

Finally, Rohm and Haas launched an outreach program in 1989 designed to improve the performance of firefighters, emergency units and company personnel who may be called upon to respond to transportation emergencies. The "Safety Train," a rail tank car and two accompanying truck trailers, serves as a traveling classroom for hands-on experience in dealing with the valves and devices found on equipment that hauls chemicals on the railways and highways of North America. The Rohm and Haas Safety Train made its first stop in Philadelphia at the end of 1989 and will make nine more, from California to Tennessee, in 1990.

All of these programs require a financial commitment. In 1989 Rohm and Haas spent nearly \$50 million for environmental improvements around the world. In 1990, that figure will increase to more than \$60 million. In fact, over the next three years, spending on environmental improvements will represent the fastest-growing segment of the company's capital spending budget.

Around the world, Rohm and Haas will continue to invest the people, time and money needed to improve its performance and diminish its impact on the environment. Compliance is not enough. Environmental excellence is sought. It's the right thing to do; it's good business, and the public demands it.

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ACCOUNTING AND REPORTING CHANGE

Depreciation Effective January 1, 1989, the company changed to the straight-line method of depreciation for newly acquired buildings and equipment. Buildings and equipment acquired before that date continue to be depreciated principally by accelerated methods. The company believes that straight-line depreciation provides better matching of costs and revenues over the lives of the new assets and is consistent with the method used by most other chemical companies. This change has no cumulative effect on prior years' earnings, but did increase net earnings by \$9 million, or 14 cents per share, in the current year.

1989 RESULTS OF OPERATIONS

Net earnings were \$176 million, or \$2.65 per share, down 23% from the 1988 record results. Factors contributing to the earnings decline included high costs of operating monomer plants at or above design capacity, increased depreciation and startup costs associated with the company's capital expenditure program, higher raw material costs, production outages at the Houston, Texas, monomer production facility and unfavorable currency movements. Increased selling, administrative and research expenses also reduced earnings. On a positive note, higher volume of shipments and selling price increases helped earnings. Additional factors affecting earnings are discussed below, and are summarized on page 32 on a per-share basis.

Summary by Industry Segment

(Refer to table at right)

The company's industry segments are consistent with its worldwide business group organization. A description of each chemical segment's operations can be found in the business review section of this report.

The Polymers, Resins and Monomers (PRM) segment posted 9% higher sales during the year, but could not match the record earnings reported in 1988. Products contributing to the sales growth included Ropaque polymers for paint and paper coatings, as well as Rhoplex and Primal emulsions for architectural coatings and industrial finishes. Acrylic acid and methyl methacrylate, key intermediates for the PRM segment, remain in tight supply. This restricted volume growth in 1989 and will continue to limit growth until the third quarter of 1990. Increased production and distribution costs associated with operating these monomer facilities at capacity, as well as higher selling, administrative and research expenses, were responsible for a 17% earnings decline. Two 10-day production outages at the Houston, Texas, plant during the year also reduced earnings.

Plastics segment sales were down slightly for the year, and earnings dropped \$8 million, or 13%. Flat demand for plastic additives, and capacity constraints for molding resins were responsible for the lower sales. Startup costs at the Louisville, Kentucky, plant to produce imidized methyl methacrylate, a new molding resin, as well as the stronger U.S. dollar and higher manufacturing costs, combined to reduce earnings. The 1989 results included a \$15 million gain on the sale of a 25% interest in the plastic additives manufacturing operation located in Grangemouth, Scotland. The UK subsidiary sold this interest to Kureha Chemical Company of Japan as part of the formation of a joint venture. The capacity expansion which is currently underway at the Grangemouth location is expected to be completed during 1990. After the expansion, the plant will be capable of producing acrylic impact modifiers, as well as methyl-methacrylate-butadiene-styrene modifiers.

Industrial Chemicals sales were up slightly from last year's record, while earnings declined 64%. Good sales growth in the specialty polymers business offset lower sales of petroleum chemicals and ion exchange resins. Operating losses in the electronic chemicals portion of this business, including charges associated with the

planned shut-down of the company's production facilities in Toledo, Ohio, reduced earnings in 1989. The provision for the shut-down totaled \$13 million, or 20 cents per share. This year's results also included a charge of \$4 million, or 6 cents per share, for the discontinuance of a business located in Switzerland and owned by Shipley Company, an electronic chemicals affiliate.

Agricultural Chemicals earnings grew \$3 million on 8% higher sales. The sales and earnings growth reflects market acceptance of a new systemic fungicide for both U.S. and European applications. Registration was received in the United States during the first quarter of 1989. The voluntary suspension of U.S. registrations for EBDC fungicides (see business discussion for the Agricultural Chemicals segment on page 20) is not expected to have a material effect on future earnings. Rohm and Haas EBDC fungicide sales in the U.S. totaled approximately \$14 million in 1989. Products included as part of the voluntary suspension represent approximately one-third of the company's U.S. EBDC business.

Summary of 1985-1989 Results by Industry Segment

(Millions of dollars)	1989	1988	1987	1986	1985
Net Sales					
Polymers, Resins and Monomers	\$1,109	\$1,016	\$ 834	\$ 768	\$ 760
Plastics	512	517	488	435	406
Industrial Chemicals	673	663	579	517	460
Agricultural Chemicals	367	339	302	347	340
Corporate	—	—	—	—	85
Total	\$2,661	\$2,535	\$2,203	\$2,067	\$2,051
Net Earnings					
Polymers, Resins and Monomers	\$ 108	\$ 130	\$ 99	\$ 89	\$ 77
Plastics	53	61	66	47	36
Industrial Chemicals	16	44	35	36	21
Agricultural Chemicals	12	9	4	(17)	8
Corporate	(13)	(14)	(9)	(17)	(1)
Total	\$ 176	\$ 230	\$ 195	\$ 138	\$ 141
RONA					
Polymers, Resins and Monomers	13.6%	20.1%	18.8%	20.1%	17.9%
Plastics	10.4	14.9	18.4	15.0	12.0
Industrial Chemicals	2.6	7.3	6.6	7.4	5.4
Agricultural Chemicals	4.3	3.0	1.6	(6.0)	2.3
Corporate	(5.4)	(4.4)	(2.9)	(3.4)	(0.2)
Total	8.3%	11.2%	11.0%	8.7%	10.0%

The company's industry segments are consistent with its worldwide business group organization. Corporate includes interest income and expense, charges in 1986 from litigation settlement, and results of discontinued non-specialty chemical businesses in 1985.

See page 32 for definition of RONA.

Sales by Region and Industry Segment

	North America			Europe			Pacific			Latin America			Total		
(Millions of dollars)	1989	1988	1987	1989	1988	1987	1989	1988	1987	1989	1988	1987	1989	1988	1987
Polymers, Resins and Monomers	\$ 760	\$ 700	\$ 595	\$179	\$167	\$127	\$105	\$ 93	\$ 68	\$ 65	\$ 56	\$ 44	\$1,109	\$1,016	\$ 834
Plastics	303	294	297	171	188	160	21	21	18	17	14	13	512	517	488
Industrial Chemicals	343	340	303	213	212	185	89	89	75	28	22	16	673	663	579
Agricultural Chemicals	105	81	66	122	124	108	64	63	56	76	71	72	367	339	302
Total	\$1,511	\$1,415	\$1,261	\$685	\$691	\$580	\$279	\$266	\$217	\$186	\$163	\$145	\$2,661	\$2,535	\$2,203

Summary by Customer Location

(Refer to table at right)

Sales, net earnings and return on net assets (RONA) are shown relative to shipments to customers located in each of four marketing regions, North America (including Canada), Europe (including the Middle East and Africa), Latin America (including Mexico) and Pacific.

North American region earnings declined 36% to \$81 million on record sales of \$1.5 billion. All industry segments contributed to the sales growth. The favorable effect of higher selling prices was overwhelmed by increased raw material prices, plant operating costs, startup costs and depreciation expense. The higher operating costs resulted from running plants above design capacity in order to meet market demand for some products. This resulted in less than optimal production plans, causing higher operating, maintenance and transportation costs. Two production outages at the Houston, Texas, plant during the year also reduced earnings. The charges associated with the planned shut-down of the company's Toledo, Ohio, plant and the discontinuance of a business by Shipley Company also reduced earnings.

European region earnings were flat on slightly lower sales. Though volume was up in the region, particularly in the PRM segment, the strengthening of the U.S. dollar against European currencies had a negative effect on sales and earnings. Currency movements reduced earnings by approximately \$8 million, or 12 cents per share. Higher selling, administrative and research expenses also reduced earnings. The 1989 results included a gain of \$15 million, or 23 cents per share, on the sale of a 25% interest in the plastic additives manufacturing operation located in Grangemouth, Scotland.

The Pacific region posted 5% higher sales, while earnings declined \$9 million, or 39%. The earnings decline was the result of higher manufacturing costs, including imports from the United States, and the strengthening of the U.S. dollar. Strong volume gains in the PRM segment helped earnings.

Latin American earnings were down slightly on 14% higher sales. Strong gains in the PRM segment contributed to the sales and volume growth. However, increased manufacturing costs, both locally and on products imported from North America, combined

with higher selling, administrative and research expenses, negated the effect of higher sales. Though consumer price level increases reached hyper-inflationary levels in Brazil and Argentina, the company reported favorable overall after-tax currency and financial related income in the region, when compared to the prior-year period.

Summary of 1985-1989 Results by Customer Location

(Millions of dollars)	1989	1988	1987	1986	1985
Net Sales					
North America	\$1,511	\$1,415	\$1,261	\$1,273	\$1,321
Europe	685	691	580	467	366
Pacific	279	266	217	180	149
Latin America	186	163	145	147	130
Corporate	—	—	—	—	85
Total	\$2,661	\$2,535	\$2,203	\$2,067	\$2,051
Net Earnings					
North America	\$ 81	\$ 127	\$ 79	\$ 65	\$ 91
Europe	82	81	88	57	23
Pacific	14	23	19	14	8
Latin America	12	13	18	19	20
Corporate	(13)	(14)	(9)	(17)	(1)
Total	\$ 176	\$ 230	\$ 195	\$ 138	\$ 141
RONA					
North America	6.5%	11.2%	8.1%	6.9%	10.0%
Europe	13.9	17.5	21.9	16.4	7.2
Pacific	6.4	10.6	13.1	12.3	7.7
Latin America	8.5	10.0	14.5	16.8	17.5
Corporate	(5.4)	(4.4)	(2.9)	(3.4)	(0.2)
Total	8.3%	11.2%	11.0%	8.7%	10.0%

The four geographic regions reflect the company's major marketing profit centers relative to customer location. Corporate includes interest income and expense, charges in 1986 from litigation settlement, and results of discontinued non-specialty chemical businesses in 1985.

See page 32 for definition of RONA.

Summary of Consolidated Results

Physical volume of shipments increased by 4% in 1989 over 1988:

Industry segment	Percent change
Polymers, Resins and Monomers	6%
Plastics	(1)
Industrial Chemicals	3
Agricultural Chemicals	—
Worldwide	4%
Customer location	Percent change
North America	1%
Europe	7
Pacific	10
Latin America	16
Worldwide	4%

Net sales were up 5% in 1989 to a record \$2,661 million. The increase resulted from 4% volume growth and 1% higher selling prices. North American selling prices rose 5%. The weakening of European currencies and the Japanese yen against the U.S. dollar caused selling price declines, when expressed in dollar terms, at those locations. The graph on page 31 shows the historical trend of gross profit, selling, administrative and research (SAR) expenses and operating earnings as a percent of sales.

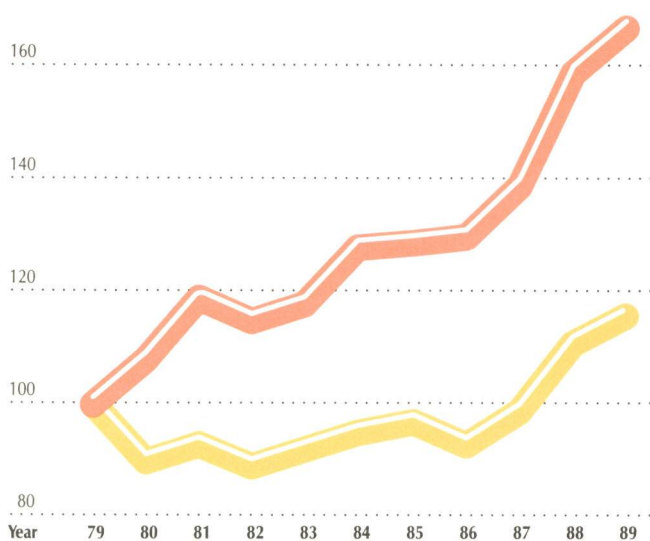
Raw material purchase prices rose for the third year in a row, up 3% in 1989, compared with a 13% increase in 1988. Purchase prices in North America were up 7%. The charts on pages 30 and 31 identify year-to-year changes for average unit raw material costs and average unit selling prices based on the company's actual product mix each year. The company's experience is consistent with trends in the chemical industry, where tight supplies of commodity chemicals have led to rapid increases in prices since the first quarter of 1987. Raw material prices leveled off in mid-1989 and declined slightly in the latter half of the year.

Gross profit was \$841 million, down 5% from 1988. The impact of higher selling prices exceeded that of higher raw material costs, but was not enough to overcome the impact of higher deprecia-

SALES AND VOLUME INDICES

1979 = 100

180



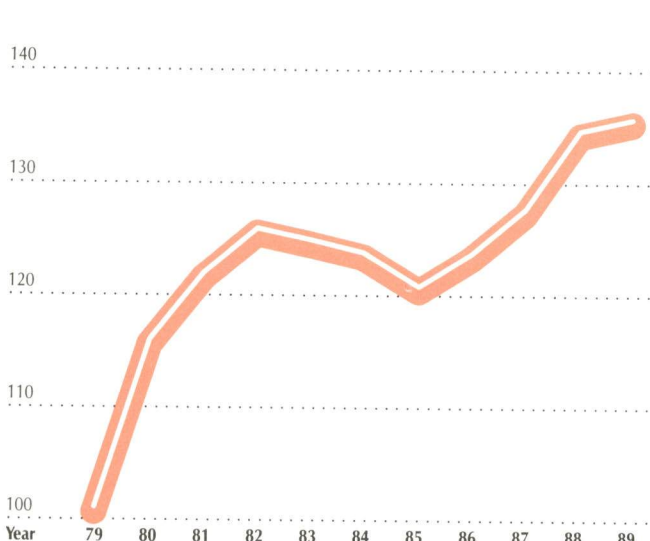
● SALES DOLLARS

● VOLUME

SELLING PRICE INDEX

1979 = 100

150



● INDEX

PERCENT CHANGE

% 9 15 6 2 (1) (1) (2) 3 3 5 1

tion expense and startup costs, the weakening of local currencies in Europe and Japan and the high incremental cost of operating key monomer plants above design capacity. The gross profit margin was 31.6% in 1989, down from 35.1% reported in the prior year. An analysis of gross profit changes is summarized on a per-share basis on page 32.

Selling, administrative and research (SAR) expenses were up \$39 million, or 7% in 1989. The higher costs reflect growth to support business expansion, new product development facilities, and inflationary pressures.

Interest expense rose to \$39 million in 1989 from \$32 million a year earlier. The increase reflects higher financing costs in Argentina and Brazil, partially offset by currency gains, which are reported as other income in the Latin American region.

Equity in net earnings of affiliates was \$1 million, down from the strong results reported in 1988. The lower earnings reflect the weakening of the Japanese yen and a loss for Shipley Company, the electronic chemicals affiliate. This year's results included a \$4 million charge for the discontinuance of a business located in Switzerland and owned by Shipley Company.

Gain on sale of an interest in a subsidiary in 1989 is the \$15 million gain on the sale of a 25% interest in the Grangemouth, Scotland, plastic additives manufacturing operation. The interest was sold to Kureha Chemical Company of Japan. See Note 1 for additional detail.

Other income, net was \$9 million in 1989, compared to \$16 million in the prior year. The decline is the result of charges associated with the planned shut-down of the company's production facilities in Toledo, Ohio, offset by the impact of foreign exchange gains recorded during the year.

The effective tax rate was 29.9% in 1989, compared with 33.5% in 1988. The decline in the consolidated tax rate is the result of lower taxes on non-U.S. earnings, including the effect of the non-taxable gain on the sale of an interest in the manufacturing operation in Grangemouth, Scotland. The lower rate also reflects higher non-taxable translation gains in 1989. See Note 5 in the consolidated financial statements for more detail. New rules for income tax accounting were published by the Financial Accounting Standards Board in 1987. These rules, which must be adopted beginning in 1992, are not expected to have a material effect on the company's results.

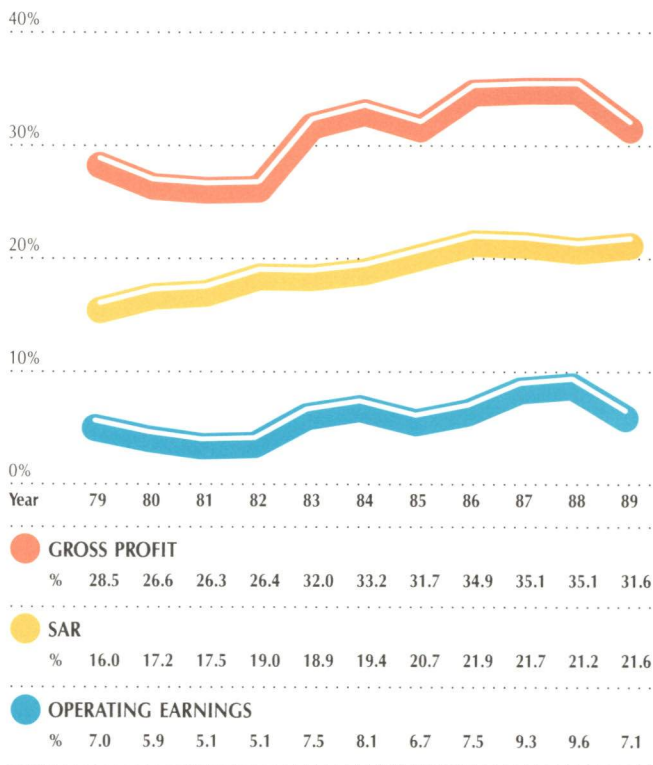
RAW MATERIAL COST INDEX

1979 = 100



GROSS PROFIT, SAR, OPERATING EARNINGS

Percent of sales



Analysis of Change in Per-Share Earnings Current Year Relative to Year Earlier

	\$/Share (after tax)	
	1989	1988
Gross Profit		
Selling prices*	\$.40	\$1.11
Physical volume and product mix	.26	.66
Raw material costs*	(.24)	(.74)
Startup and depreciation	(.35)	(.21)
Other manufacturing costs*	(.55)	.20
Increase (decrease) in gross profit	(.48)	1.02

Other Causes

Selling, administrative and research expenses*	(.39)	(.52)
Asset dispositions	(.02)	(.06)
Change in average shares outstanding	—	.10
Other	.08	.07
Decrease from other causes	(.33)	(.41)
Increase (decrease) in per-share earnings	\$(.81)	\$.61

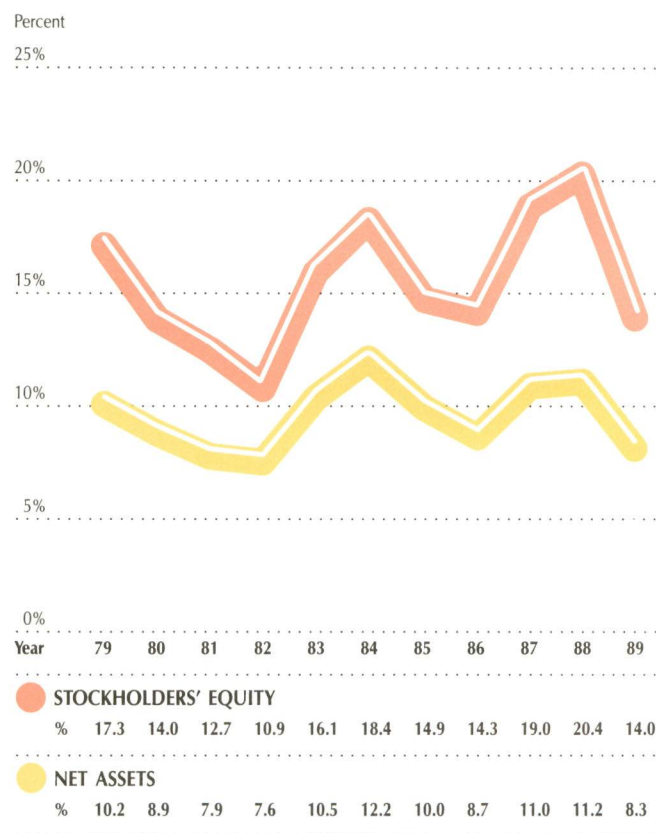
*The amounts shown are on a U.S. dollar basis and include the impact of currency movements as compared to the prior period.

Return on net assets (RONA) equals net earnings plus after-tax interest expense, divided by year-end total assets. For 1989, RONA was 8.3%, compared with 11.2% in 1988.

Return on stockholders' equity (ROE) is obtained by dividing net earnings by average year-end stockholders' equity. For 1989, ROE was 14.0%, compared with 20.4% for 1988.

The following graph shows these measures of return on investment for the past 11 years.

RETURN ON INVESTMENT



1988 RESULTS OF OPERATIONS

Net earnings were a record \$230 million, an increase of 18% over 1987 on a 15% sales increase. Earnings per share of \$3.46 were up 21% over the \$2.85 per share reported in 1987. The higher per-share percentage increase reflects the impact of shares purchased during the fourth quarter of 1987. Strong sales growth and good economic conditions worldwide were responsible for the company's record-setting performance in 1988.

Summary by Industry Segment

(Refer to table on page 28)

The Polymers, Resins and Monomers (PRM) segment recorded exceptional sales and earnings growth in 1988. Sales were 22% and earnings were 31% higher than the records set in 1987. Products which showed continued strong growth include: Ropaque polymers for paint and paper coatings; Rhoplex and Primal emulsions for construction materials, textiles and industrial finishes; Robond polymers for adhesives, and acrylate monomers. Also contributing to the 1988 sales gain was a full year of the vinyl acetate emulsion business purchased in mid-1987.

Plastics sales rose 6% during the year, reflecting strong demand for Paraloid plastic modifiers and additives in Europe, as well as for Plexiglas acrylic molding resins in the United States. Plastics earnings dropped 8% in 1988. The 1987 results included a profit from the sale of the Kydex plastic sheet product line. Also contributing to the earnings decline was the effect of raw material price increases in Europe, which reduced gross profit margins. Selling and administrative expenses for the Plastics segment were up in all regions in 1988.

The Industrial Chemicals segment reported record sales and earnings for the year. Earnings grew 26% on 15% higher sales. The substantial growth in sales and earnings resulted from continued worldwide growth for Amberlite and Duolite ion exchange resins, Kathon biocides and Acrysol polymers. Earnings also improved due to the absence of losses associated with the Hydranautics business, which was sold in 1987. Earnings for 1988 include the cost of starting up new facilities in Singapore and Pennsylvania for electronic chemicals product lines.

Agricultural Chemicals posted sharply higher earnings on 12% higher sales. During 1987, the segment's results were hurt by a temporary suspension of Kelthane registration in the United States. The registration was reinstated in the third quarter of 1987, and the product line returned to normal levels of profitability for the full-year 1988. Increased demand for Goal herbicide also contributed to the earnings gain.

Summary by Customer Location

(Refer to table on page 29)

All regions posted double-digit sales growth in 1988. North American region earnings increased 61% to \$127 million on record sales of \$1.4 billion, a 12% gain over the prior year. Volume increased 11% in the region, with 80% of the growth occurring in the PRM segment. The combined effect of the higher shipping volumes, higher selling prices and lower tax rates overrode the impact of higher raw material, selling and administrative costs.

The European region achieved record sales of \$691 million during the year, an increase of 19% above the prior record set in 1987. The sales growth was spread across all industry segments. The European PRM segment led the way with a 32% improvement over the prior year. Earnings were down 8% as the impact of the strong volume gains was negated by rising raw material and manufacturing costs. Higher selling and administrative costs in support of the volume gains also contributed to the reduced earnings.

The Pacific region posted sales and earnings increases of 23% and 21%, respectively. Most of the gain was attributable to strong results in the PRM segment. Strong volume growth, partially offset by higher selling, administrative and research expenses, contributed to the gain.

Although sales increased 12% in Latin America, earnings were off 28%. Dollar costs rose rapidly as inflation in local currencies exceeded devaluation rates in some countries. A higher effective tax rate in Latin America reduced earnings. Volume gains in the PRM segment had a favorable impact on earnings.

The higher loss for the Corporate segment reflects the absence of the gain in 1987 on the sale of ICN stock.

Summary of Consolidated Results

Physical volume of shipments increased by 12% in 1988 over 1987:

Industry segment	Percent change
Polymers, Resins and Monomers	17%
Plastics	3
Industrial Chemicals	9
Agricultural Chemicals	2
Worldwide	12%
Customer location	Percent change
North America	11%
Europe	16
Pacific	19
Latin America	4
Worldwide	12%

Net sales were up 15% in 1988 to a record \$2,535 million. The increase represents 12% volume growth and 5% higher selling prices, offset by a 2% reduction due to sales mix (higher than average growth of lower-priced products).

Gross profit was up \$116 million, or 15%, over 1987. The substantial increase in gross profit was the result of the large sales growth. The impact of higher selling prices overcame that of higher raw material costs. The gross profit margin for 1988 was 35.1%, unchanged from the prior year. Raw material purchase prices rose for the second year in a row, up 13% in 1988, after a 5% increase in 1987.

Selling, administrative and research (SAR) expenses were up 13% over 1987. The increased level of spending was due to higher costs to support business expansion and new product introductions, increased costs in dollar terms at non-U.S. locations, and inflationary pressures.

Interest expense rose from \$31 million in 1987 to \$32 million in 1988. This reflects the net impact of increased borrowings, offset by higher capitalizations of interest as part of construction cost.

Equity in net earnings of affiliates was up \$1 million when compared with the strong results of a year ago. Shipley Company, the electronic chemicals affiliate, posted strong results for the third year in a row. The company's Japanese affiliates' 1987 earnings included large currency gains not repeated in 1988.

Other income, net was \$16 million in 1988, compared with \$29 million in the prior year. The decline is the result of 1988 foreign exchange losses in the Latin American region and the absence of 1987 favorable asset dispositions.

The effective tax rate was 33.5% in 1988, compared with 35.6% in 1987. The lower 1988 rate reflects the lower U.S. statutory tax rate, partially offset by higher U.S. taxes on foreign earnings.

Funds Flow At the end of 1989, the company's debt-to-equity ratio was 41%, compared with 38% and 35% at the end of 1988 and 1987, respectively. The company's long-term targeted debt-to-equity ratio is 50%. See the following paragraph for details of the company's financings during 1989 which were responsible for the increase in the debt-to-equity ratio. Cash and cash equivalents plus marketable securities at the end of 1989 totaled \$150 million, compared with \$223 million at the end of 1988.

Financing In March 1989, the company issued \$75 million of debt with an 18-month maturity and a 10.3% interest rate. This interest rate was subsequently swapped into a floating rate with a lower overall effective financing cost. This debt has been called for payment as of March 15, 1990. In November 1989, \$100 million of debt with a 9.375% interest rate and a 30-year maturity was issued. The proceeds of both debt issues were used for general corporate purposes, including funding of the company's capital spending program and debt refinancing. Further detail about long-term and short-term borrowings can be found in the notes to the consolidated financial statements. Total borrowings at the end of 1989 were \$531 million, compared to \$454 million and \$365 million at the end of 1988 and 1987, respectively.

The company has adequate financial resources to provide cash required for future operations. In addition, the 50% debt-to-equity target was established to insure strong financial ratios and access to additional external financing as required in both the United States and abroad.

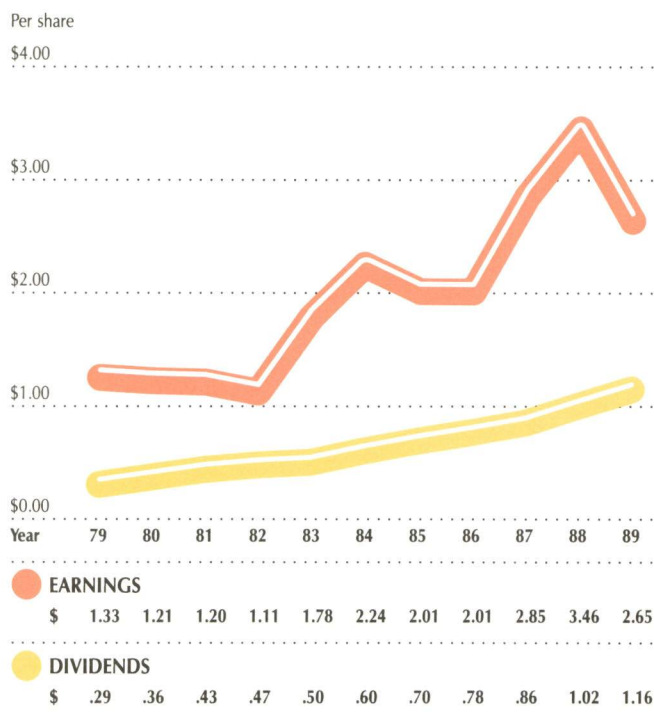
Environmental The company believes that its current environmental policies are in accordance with laws and regulations and are adequate to prevent significant environmental and other damage. Some risk of environmental and other damage is inherent in the company's operations, as it is with other companies engaged in similar operations. Therefore, it is possible that future developments or stricter environmental regulations will require additional, unforeseen expenditures by the company.

The company is a named party in several government enforcement and private actions associated with alleged chemical contamination and old waste disposal sites, some of which are on the U.S. Environmental Protection Agency's Superfund priority list. These actions seek cleanup costs and, in some cases, damages for alleged personal injury or property damage. In addition, the company has been identified as potentially responsible for cleanup costs at other waste disposal sites. The company has accrued the net present value of the anticipated future costs for remediation of waste disposal sites. The accruals were \$12 million, \$5 million and \$12 million, respectively, in 1989, 1988 and 1987. In 1990 the accrual is expected to be within the range of prior amounts. Costs of operating and maintaining environmental facilities were \$87 million in 1989, \$73 million in 1988 and \$61 million in 1987.

Capital spending for new environmental protection equipment was \$50 million in 1989, and is expected to be in the range of \$67 million and \$79 million in 1990 and 1991, respectively. This includes expenditures for projects whose primary purpose is pollution control and safety, as well as portions of projects in other categories shown on page 37. These expenditures and other actions taken to comply with laws and regulations relating to the discharge of materials into the environment are not expected to have a material adverse effect upon the earnings or consolidated financial position of the company or upon the company's competitive position.

Dividends In the third quarter of 1989, the quarterly dividend rate was increased by 7% to \$.30 per share. Nineteen eighty-nine is the twelfth consecutive year that the company has increased its dividend payout. Total dividends paid in 1989 were \$1.16 per share, compared with \$1.02 per share in 1988, and \$.86 per share in 1987. The company's dividend payout is targeted at 35% of earnings. Dividends have been paid each year since 1927.

EARNINGS AND DIVIDENDS



Stock Repurchases The company purchased 0.3 million of its shares in 1988. In 1985 the company acquired 4 million of its shares from the William Penn Foundation. The total payment for these shares, which is being made over a five-year period, is based on the average of market prices for the company's shares over the payment period. In 1989 the company and the William Penn Foundation amended the terms of the prior agreement covering the purchase of shares from the foundation. Under the terms of the revised agreement, the company will purchase approximately 2.2 million shares from the foundation on April 1, 1991. The price to be paid for the shares will be based on the average market price of Rohm and Haas shares during the period from August 1989 through March 1995, with a minimum purchase price of approximately \$70 million. The company retains the right of first refusal on the remaining shares held by the foundation.

On February 15, 1990, the company established a leveraged Employee Stock Ownership Plan (ESOP). The ESOP was formed with 6.3 million shares of company stock purchased from the company. On the same date, the company purchased 6.3 million shares from the William Penn Foundation. The ESOP was financed with approximately \$185 million of debt. This additional financing would have increased the year-end debt to 55% of year-end equity. The transaction provides a cost-effective method of funding the company's match for employee savings and further aligns employee interests with those of shareholders. See Note 19 to the consolidated financial statements for more detail.

It is expected that after the above transactions, the aggregate holdings of the foundation, the Haas family, and Haas trusts will be approximately 39% of all outstanding Rohm and Haas stock, while the ESOP and the original company savings plan will hold 13%. The remaining 48% will continue to be held by others.

Additions to Land, Buildings and Equipment Fixed asset additions in 1989 totaled \$385 million, marking the fifth consecutive year of increased capital expenditures. Spending for the year included projects to expand production capacity of certain lines that are operating at capacity. Capacity expansion projects in 1989 included acrylic acid and methyl methacrylate monomer in Houston, Texas; acrylic molding resins in Bristol, Pennsylvania, and plastic modifiers in Lauterbourg, France. Projects to add new products and modernize production facilities include new grades of plastic modifiers in Grangemouth, Scotland, and a new molding resin, imidized methyl methacrylate, in Louisville, Kentucky. The company has budgeted \$1 billion for additions over the next three years, with a \$380 million budget for 1990.

Expenditures for the past three years, categorized by primary purpose of project, were:

(Millions of dollars)	1989	1988	1987
Capacity additions and new products	\$140	\$128	\$56
Pollution control and safety	27	23	24
Cost savings, maintenance of existing businesses and support facilities	176	141	93
Research facilities and equipment	22	30	38
Capitalized interest cost	20	16	11
Total	\$385	\$338	\$222

Working Capital Total working capital, the excess of current assets over current liabilities, was \$434 million at year-end 1989, compared with \$485 million at the end of 1988. The ratio of current assets to current liabilities was 1.8:1 at year-end 1989, compared with 1.9:1 at the end of the prior year. The acid test ratio was 1.0:1 and 1.1:1 at the end of 1989 and 1988, respectively. Details about two major components of working capital at

the end of 1989 and 1988 are as follows:

(Millions of dollars)	1989	1988
Inventories		
Year-end balance	\$347	\$340
Annual turnover	5.2x	4.8x
Customer receivables		
Year-end balance	\$368	\$349
Annual turnover	7.2x	7.3x

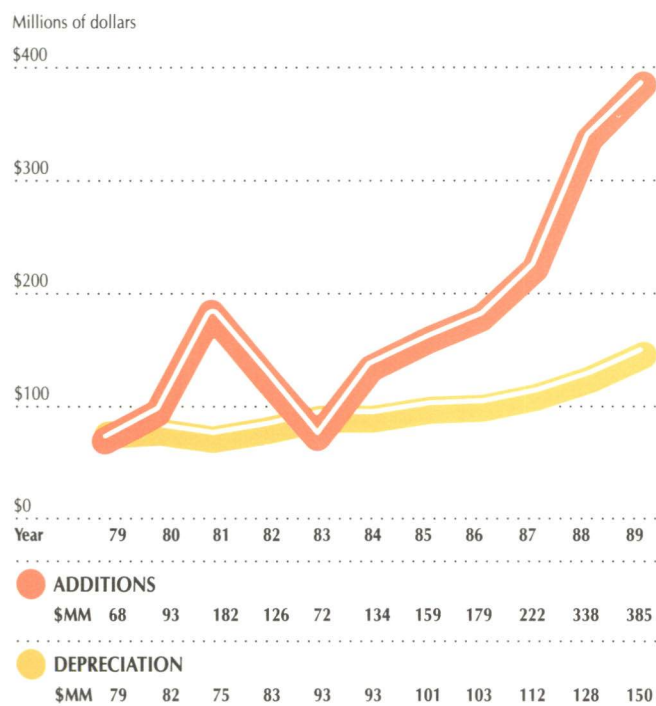
Net Fixed Assets Investment in net fixed assets is summarized below:

(Millions of dollars)	1989	1988
Year-end balance	\$1,148	\$935
Annual turnover	2.3x	2.7x

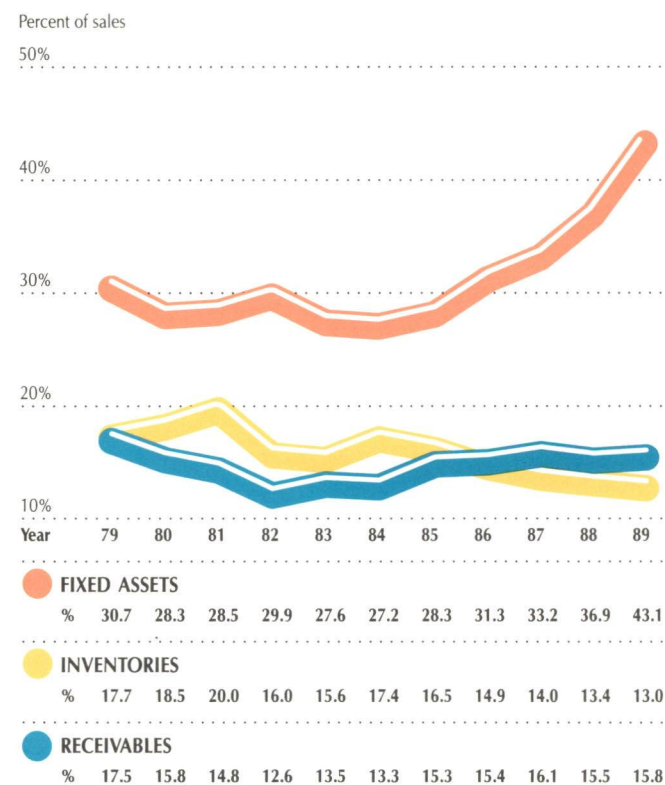
These annual turnover figures were calculated by dividing annual sales (for customer receivables and net fixed assets) or cost of goods sold (for inventories) by the year-end balance.

The graph below presents the trend of receivables, inventories, and net fixed assets as a percent of sales.

CAPITAL ADDITIONS AND DEPRECIATION



ASSETS



QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

Though sales gains were reported in each quarter, the robust quarterly growth in earnings that the company experienced in 1988 was not repeated in 1989. High costs associated with the company's capital expenditure program, high manufacturing costs and a stronger dollar had a negative impact on results in each 1989 period.

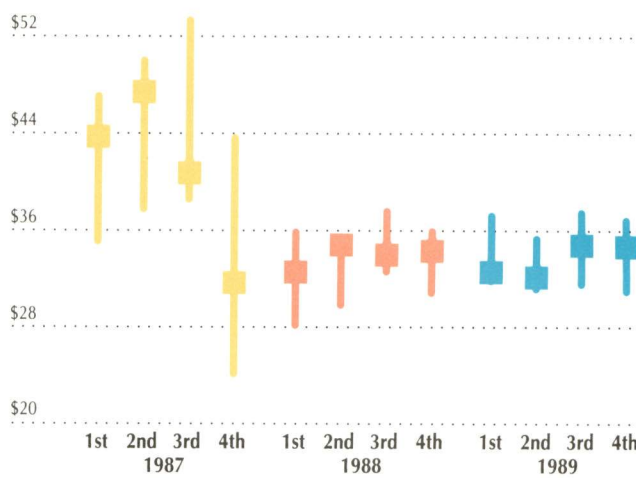
First quarter 1989 earnings declined 15% from the prior-year period on record sales of \$680 million. In addition to the negatives mentioned above, first quarter earnings were hurt by a 10-day outage at the company's Houston plant which manufactures acrylic acid, a key intermediate product which was already in tight supply. Most of the earnings decline was reported in the North American region.

Sales of \$735 million reported in the second quarter were an all-time record, but the impact of higher manufacturing costs and weaker currencies reduced earnings to \$69 million, off 9% from the 1988 period. The second quarter marked the first time since 1985 that the Plastics segment reported a decline in quarterly volume, as segments of the European and U.S. economies showed signs of weakness.

In the third quarter, earnings of \$33 million, down 35% from the 1988 period, were reported on sales of \$623 million. A slowing in the U.S. economy, capacity limitations for key product lines and high costs associated with the company's capital expenditure program reduced earnings.

Fourth quarter 1989 earnings were \$21 million on sales of \$623 million. Earnings were off 50% in the quarter as a result of higher costs associated with the company's capital expenditure program and increased manufacturing costs. Earnings were hurt by a 10-day outage at the company's Houston, Texas, plant resulting from freeze damage in December. Fourth quarter earnings included a gain of \$15 million, or 23 cents per share, on the sale of a 25% interest in the plastic additives production facility located in Grangemouth, Scotland. The fourth quarter also included write-offs totaling \$13 million associated with the planned shut-down of the company's production facilities in Toledo, Ohio, as well as a \$4 million charge for the discontinuance of a business in Switzerland by Shipley Company, an electronic chemicals affiliate.

QUARTERLY STOCK PRICES



	First Qtr.	Second Qtr.	Third Qtr.	Fourth Qtr.
1987				
High	47	49 ⁷ / ₈	53 ¹ / ₄	43 ¹ / ₂
Low	35	37 ³ / ₄	38 ¹ / ₂	24
Close	43 ¹ / ₂	47 ³ / ₈	40 ⁵ / ₈	31 ⁵ / ₈
1988				
High	35 ³ / ₄	34 ⁷ / ₈	37 ¹ / ₂	35 ⁷ / ₈
Low	28	29 ³ / ₄	32 ⁵ / ₈	30 ³ / ₄
Close	32 ¹ / ₂	34 ³ / ₄	34	34 ³ / ₈
1989				
High	37 ¹ / ₄	35 ³ / ₈	37 ¹ / ₂	36 ⁷ / ₈
Low	32 ⁵ / ₈	31 ¹ / ₄	31 ⁵ / ₈	31
Close	32 ⁵ / ₈	32 ¹ / ₄	34 ⁷ / ₈	34 ³ / ₄

■ = Quarterly Stock Price Close

1989 Quarterly Results

(Millions of dollars)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year 1989
Net sales	\$680	\$ 735	\$623	\$623	\$2,661
Gross profit	218	248	197	178	841
Net earnings	53	69	33	21	176
Net earnings per share, <i>in dollars</i>	\$.80	\$1.04	\$.49	\$.32	\$ 2.65
Cash dividends per share, <i>in dollars</i>	\$.28	\$.28	\$.30	\$.30	\$ 1.16
Percentage change from prior year					
Net sales	10%	5%	—%	5%	5%
Physical volume	8	3	—	5	4
Net earnings	(15)%	(9)%	(35)%	(50)%	(23)%
Net earnings per share	(15)%	(9)%	(35)%	(50)%	(23)%

1988 Quarterly Results

(Millions of dollars)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year 1988
Net sales	\$620	\$ 700	\$620	\$595	\$2,535
Gross profit	227	255	208	199	889
Net earnings	62	76	50	42	230
Net earnings per share, <i>in dollars</i>	\$.93	\$1.14	\$.75	\$.64	\$ 3.46
Cash dividends per share, <i>in dollars</i>	\$.23	\$.23	\$.28	\$.28	\$ 1.02
Percentage change from prior year					
Net sales	16%	17%	15%	12%	15%
Physical volume	11	14	12	11	12
Net earnings	9%	23%	28%	14%	18%
Net earnings per share	12%	27%	32%	16%	21%

1987 Quarterly Results

(Millions of dollars)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year 1987
Net sales	\$533	\$597	\$541	\$532	\$2,203
Gross profit	198	218	179	178	773
Net earnings	57	62	39	37	195
Net earnings per share, <i>in dollars</i>	\$.83	\$.90	\$.57	\$.55	\$ 2.85
Cash dividends per share, <i>in dollars</i>	\$.20	\$.20	\$.23	\$.23	\$.86
Percentage change from prior year					
Net sales	(1)%	5%	11%	13%	7%
Physical volume	2	4	10	13	7
Net earnings	50%	88%	5%	23%	41%
Net earnings per share	48%	88%	5%	28%	42%

Principles of Consolidation The consolidated financial statements include the accounts of the company and all significant majority-owned subsidiaries engaged in manufacturing operations. Intercompany accounts, transactions and unrealized profits and losses on transactions within the consolidated group and with affiliates are eliminated in consolidation. Investments in unconsolidated subsidiaries, which are engaged in selling operations outside of the United States, are carried at cost and are insignificant in total. Investments in affiliates (20-50% owned) are recorded at cost plus equity in their undistributed earnings since acquisition, unless the cost method is considered appropriate.

Translation Procedures Foreign currency accounts are translated into U.S. dollars under the provisions of SFAS No. 52, with the U.S. dollar as the functional currency. Under this standard: (1) land, buildings and equipment and related depreciation, inventories and cost of goods sold, goodwill and intangibles are translated at historical rates of exchange; (2) all other assets and liabilities are translated at current rates of exchange; and (3) monthly income, costs and expenses other than depreciation and cost of goods sold are translated at current rates of exchange. Foreign exchange adjustments, including recognition of unperformed foreign exchange contracts other than those which are intended to hedge an identifiable foreign currency commitment, are charged or credited to current income.

Marketable Securities are stated at cost, which approximates market value.

Inventories are stated at the lower of cost or market. Cost is primarily determined under the last-in, first-out (LIFO) method.

Land, Buildings and Equipment and Related Depreciation Land, buildings and equipment are carried at cost. Assets are depreciated over their estimated useful lives. Effective January 1, 1989, the company changed its method of depreciation for newly acquired buildings and equipment to the straight-line method. Buildings and equipment acquired before that date continue to be depreciated principally by accelerated methods. Maintenance and repairs are charged to earnings; replacements and betterments are capitalized.

The cost and related accumulated depreciation of buildings and equipment are removed from the accounts upon retirement or other disposition; any resulting profit or loss is reflected in earnings.

Intangible Assets The company amortizes identifiable intangible assets such as patents and trademarks on the straight-line basis over their estimated useful lives. Goodwill is amortized on the straight-line basis over periods not greater than 40 years.

Income Taxes are provided in the period in which the related transactions enter into the determination of net income. Provision has been made for deferred income taxes where differences exist between the period in which transactions affect taxable income and the period in which they enter into the determination of net income.

STATEMENTS OF CONSOLIDATED EARNINGS

Years ended December 31, 1989, 1988 and 1987

(Millions of dollars, except per-share amounts)		1989	1988	1987
Current Earnings				
	Net sales	\$2,661	\$2,535	\$2,203
Note 10	Cost of goods sold	1,820	1,646	1,430
	Gross profit	841	889	773
	Selling and administrative expense	401	381	335
	Research and development expense	175	156	142
Note 12	Interest expense	39	32	31
Note 2	Equity in net earnings of affiliates	1	10	9
Note 1	Gain on sale of an interest in a subsidiary	15	—	—
Note 3	Other income, net	9	16	29
	Earnings before income taxes	251	346	303
Note 5	Income taxes	75	116	108
	Net earnings	\$ 176	\$ 230	\$ 195
	Net earnings per share	\$ 2.65	\$ 3.46	\$ 2.85
Retained Earnings				
	Retained earnings at beginning of year	\$1,221	\$1,058	\$ 922
	Net earnings for the year	176	230	195
		1,397	1,288	1,117
	Cash dividends paid (\$1.16, \$1.02 and \$.86 per share in 1989, 1988 and 1987, respectively)	77	67	59
	Retained earnings at end of year	\$1,320	\$1,221	\$1,058

See accompanying summary of significant accounting policies (page 40) and notes to consolidated financial statements (pages 44-52).

STATEMENTS OF CONSOLIDATED CASH FLOWS

Years ended December 31, 1989, 1988 and 1987

(Millions of dollars)	1989	1988	1987
Cash Flows from Operating Activities			
Net earnings	\$ 176	\$ 230	\$ 195
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	150	128	112
Deferred income taxes	13	17	9
Accounts receivable	(26)	(38)	(42)
Inventories	(7)	(31)	(21)
Accounts payable	16	17	28
Other working capital changes, net	(12)	(10)	—
Other, net	(1)	1	10
Net cash provided by operating activities	309	314	291
Cash Flows from Investing Activities			
Additions to land, buildings and equipment	(385)	(338)	(222)
Proceeds from sale of facilities and investments	7	59	96
Acquisitions and long-term investments	(2)	—	(40)
Net cash used by investing activities	(380)	(279)	(166)
Cash Flows from Financing Activities			
Purchase of treasury shares	—	(10)	(72)
Proceeds from issuance of long-term debt	179	93	5
Repayments of long-term debt	(71)	(32)	(49)
Net change in short-term borrowings	(30)	22	4
Payment of dividends	(77)	(67)	(59)
Other, net	(3)	(1)	1
Net cash provided (used) by financing activities	(2)	5	(170)
Effect of exchange rate changes on cash	(1)	(2)	5
Net increase (decrease) in cash and cash equivalents	\$ (74)	\$ 38	\$ (40)

See accompanying summary of significant accounting policies (page 40) and notes to consolidated financial statements (pages 44-52).

CONSOLIDATED BALANCE SHEETS

December 31, 1989 and 1988

(Millions of dollars)		1989	1988
Assets			
Current assets			
Note 8	Cash and cash equivalents	\$ 148	\$ 222
	Marketable securities	2	1
Note 9	Accounts receivable, net	420	394
Note 10	Inventories	347	340
Note 11	Prepaid expenses and other assets	94	75
	Total current assets	1,011	1,032
Note 2	Investments in and advances to unconsolidated subsidiaries and affiliates	107	100
Note 12	Land, buildings and equipment, net	1,148	935
Note 13	Other assets, net	189	175
		\$2,455	\$2,242
Liabilities and Stockholders' Equity			
Current liabilities			
Note 14	Notes payable	\$ 172	\$ 166
Note 16	Accounts payable and accrued liabilities	398	367
	Federal, foreign and other income taxes	7	14
	Total current liabilities	577	547
Note 15	Long-term debt	359	288
Note 5	Deferred income taxes and other liabilities	208	200
Stockholders' equity			
Note 17	Common stock; par value—\$2.50; authorized— 100,000,000 shares; issued—78,652,380 shares	197	197
Note 17	Additional paid-in capital	93	94
Note 15	Retained earnings	1,320	1,221
		1,610	1,512
Note 17	Treasury stock (1989—12,034,654 shares; 1988—12,111,434 shares)	299	305
	Total stockholders' equity	1,311	1,207
		\$2,455	\$2,242

See accompanying summary of significant accounting policies (page 40) and notes to consolidated financial statements (pages 44-52).

Note 1: Disposition of Assets

In December of 1989, the UK subsidiary sold a 25% interest in its plastic additives manufacturing operation located in Grangemouth, Scotland, to Kureha Chemical Company of Japan. The company recognized a gain of \$15 million, or \$.23 per share. These plastic additives facilities became part of a new jointly owned company. No income taxes are currently payable on the gain nor are any taxes expected to be payable in the future; therefore, no current or deferred tax provision is required. In the fourth quarter of 1989, the company wrote off assets associated with production facilities of its electronic chemicals business. The shut-down of these facilities in Toledo, Ohio, was announced in January 1990. These charges reduced earnings before tax by \$20 million and net earnings by \$13 million, or \$.20 per share. Also in the fourth quarter, the company recorded, in equity in net earnings of affiliates, a charge of \$4 million, or \$.06 per share, for the discontinuance of a business located in Switzerland and owned by Shipley Company, an electronic chemicals affiliate.

During 1987 the company completed the sale of three businesses—Blazer herbicide, Kydex plastic sheet, and Hydranautics membranes—and sold shares of ICN Pharmaceuticals, Inc. stock received in the 1985 divestiture of Micromedex Systems, Inc. In total, these asset sales increased 1987 earnings before tax by \$12 million and net earnings by \$5 million, or \$.07 per share.

Note 2: Investments

The company's investments in its affiliates (20-50% owned) totaled \$86 million at December 31, 1989, and 1988. These amounts exceed the company's equity in the net assets of the affiliates by about \$16 million, principally representing goodwill arising from the acquisition in 1982 of a 30% equity interest in Shipley Company. Consolidated retained earnings include \$47 million and \$49 million of undistributed earnings of affiliates at December 31, 1989, and 1988, respectively.

Note 3: Other Income, Net

(Millions of dollars)	1989	1988	1987
Interest income	\$17	\$21	\$21
Foreign exchange gains (losses), net	6	(8)	5
Asset dispositions (Note 1)	(20)	—	12
Other, net	6	3	(9)
Total	\$ 9	\$16	\$29

Note 4: Supplementary Income Statement Information

The following amounts were charged to costs and expenses:

(Millions of dollars)	1989	1988	1987
Taxes other than income taxes			
Payroll	\$ 38	\$ 35	\$ 31
Sales and use	22	17	13
Other	23	22	19
	\$ 83	\$ 74	\$ 63
Maintenance and repairs	\$146	\$128	\$114

Note 5: Income Taxes

The components of earnings before income taxes presented as either domestic or foreign (i.e., generated by operations within or outside the United States) are shown below:

(Millions of dollars)	1989	1988	1987
Domestic			
Parent and subsidiaries	\$ 40	\$134	\$ 95
Affiliates	(1)	4	3
Foreign			
Subsidiaries	210	202	199
Affiliates	2	6	6
Earnings before income taxes	\$251	\$346	\$303

The provision for income taxes is composed of the following:

(Millions of dollars)	1989	1988	1987
Taxes on domestic earnings			
Federal			
Current	\$ 8	\$ 30	\$ 25
Deferred	—	15	9
	8	45	34
State and other			
Current	1	2	2
Deferred	—	1	—
	1	3	2
Total taxes on domestic earnings	9	48	36
Taxes on foreign earnings			
Current	63	67	72
Deferred	3	1	—
Total taxes on foreign earnings	66	68	72
Total income taxes	\$75	\$116	\$108

Total cash used for the payment of income taxes was \$80 million, \$115 million and \$94 million in 1989, 1988 and 1987, respectively.

Deferred income taxes are provided on the difference in earnings as determined for tax and financial reporting purposes. The significant components of the deferred tax portion of the total income tax provision are as follows:

(Millions of dollars)	1989	1988	1987
Tax over book depreciation	\$ 6	\$11	\$ 7
Pension	—	6	5
Other, net	(3)	—	(3)
Deferred income taxes	\$ 3	\$17	\$ 9

The effective tax rate on income differs from the U.S. statutory tax rate due to the following:

	1989	1988	1987
Statutory tax rate	34.0%	34.0%	40.0%
Research and other			
U.S. tax credits	(1.7)	(1.5)	(1.7)
Asset dispositions	(1.4)	1.4	1.6
Effect of non-taxable currency items	(6.8)	(3.4)	(2.8)
Taxes on foreign earnings and tax adjustments of foreign subsidiaries	4.8	3.3	(2.1)
Other, net	1.0	(0.3)	0.6
Effective tax rate	29.9%	33.5%	35.6%

A provision for U.S. income taxes, after applying statutory tax credits, has been made on the unremitted earnings of foreign subsidiaries and affiliates when dividend remittances are anticipated in the near future. All other unremitted earnings have been indefinitely reinvested abroad. Such unremitted earnings after provision for applicable foreign income taxes were approximately \$266 million at December 31, 1989. If the foreign subsidiary and affiliate earnings were remitted as dividends, the amount of additional U.S. income taxes, after applying statutory tax adjustments, would not be material. New rules for income tax accounting were published by the Financial Accounting Standards Board in 1987. These rules, which must be adopted beginning in 1992, are not expected to have a material effect on the company's financial statements.

Note 6: Industry Segment Reporting and Information about Foreign Operations

In accordance with the provisions of SFAS No. 14, the tables below present information for the years 1987-1989 related to the company's results in four industry segments—Polymers, Resins and Monomers; Plastics; Industrial Chemicals, and Agricultural Chemicals. The company defines the industry segment for each product shipment (including intermediates) by the customer's use of the product shipped. Therefore, no inter-segment sales or eliminations are shown. In computing each segment's identifiable assets, production facilities that are shared by more than one segment are allocated to each segment on an annual utilization basis.

(Millions of dollars)	1989	1988	1987
Sales to customers			
Polymers, Resins and Monomers	\$1,109	\$1,016	\$ 834
Plastics	512	517	488
Industrial Chemicals	673	663	579
Agricultural Chemicals	367	339	302
Total	\$2,661	\$2,535	\$2,203
Operating profit (loss)			
Polymers, Resins and Monomers	\$ 172	\$ 208	\$ 167
Plastics	61	95	107
Industrial Chemicals	28	58	52
Agricultural Chemicals	26	16	(3)
Total	\$ 287	\$ 377	\$ 323
Equity in earnings of affiliates			
Polymers, Resins and Monomers	\$ —	\$ 1	\$ 1
Industrial Chemicals	—	6	5
Agricultural Chemicals	1	3	3
Total	\$ 1	\$ 10	\$ 9

(Millions of dollars)	1989	1988	1987
Identifiable assets at year end			
Polymers, Resins and Monomers	\$ 787	\$ 647	\$ 530
Plastics	515	408	357
Industrial Chemicals	562	533	468
Agricultural Chemicals	264	269	232
Total	\$2,128	\$1,857	\$1,587
Investment in affiliates			
Polymers, Resins and Monomers	\$ 6	\$ 5	\$ 4
Industrial Chemicals	60	61	56
Agricultural Chemicals	9	9	8
Corporate	11	11	11
Total	\$ 86	\$ 86	\$ 79
Depreciation expense			
Polymers, Resins and Monomers	\$ 51	\$ 47	\$ 39
Plastics	36	30	28
Industrial Chemicals	37	30	25
Agricultural Chemicals	18	14	15
Corporate	8	7	5
Total	\$ 150	\$ 128	\$ 112
Capital additions			
Polymers, Resins and Monomers	\$ 160	\$ 121	\$ 84
Plastics	116	84	44
Industrial Chemicals	62	75	57
Agricultural Chemicals	27	42	26
Corporate	20	16	11
Total	\$ 385	\$ 338	\$ 222

In addition, the tables on the following page provide information pertaining to the company's operations in different geographic areas, in accordance with SFAS No. 14. Transfers between geographic areas are accounted for at market prices.

(Millions of dollars)	1989	1988	1987
Sales to customers			
United States	\$1,541	\$1,451	\$1,289
Canada	113	109	91
Europe	669	671	579
Pacific	183	169	128
Latin America	155	135	116
Total	\$2,661	\$2,535	\$2,203
Transfers between geographic areas			
United States	\$ 229	\$ 218	\$ 146
Canada	16	16	7
Europe	126	88	72
Pacific	3	2	1
Latin America	2	2	3
Adjustments and eliminations	(376)	(326)	(229)
Total	\$ —	\$ —	\$ —
Total sales			
United States	\$1,770	\$1,669	\$1,435
Canada	129	125	98
Europe	795	759	651
Pacific	186	171	129
Latin America	157	137	119
Adjustments and eliminations	(376)	(326)	(229)
Total	\$2,661	\$2,535	\$2,203
Operating profit (loss)			
United States	\$ 109	\$ 198	\$ 136
Canada	16	21	17
Europe	155	158	164
Pacific	(5)	(9)	(4)
Latin America	12	13	8
Adjustments and eliminations	—	(4)	2
Total	\$ 287	\$ 377	\$ 323
Identifiable assets at year end			
United States	\$1,422	\$1,331	\$1,053
Canada	38	34	30
Europe	551	465	406
Pacific	93	84	66
Latin America	107	94	85
Adjustments and eliminations	(83)	(151)	(53)
Total	\$2,128	\$1,857	\$1,587

United States export sales to customers were \$145 million, \$134 million and \$115 million in 1989, 1988 and 1987, respectively.

Total operating profit and total identifiable assets for both the segment and geographic results are reconciled below to consolidated earnings before income taxes and consolidated total assets. General corporate income (expense) represents interest income earned by general corporate assets, offset by the portion of total expenses incurred at corporate headquarters that do not relate directly to the operations of any geographic area or industry segment. General corporate assets primarily include cash and cash equivalents and marketable securities, advances to unconsolidated subsidiaries and affiliates and a portion of the net fixed assets located at corporate headquarters. Corporate capital additions include capitalized interest cost. The reconciliation of operating profits and identifiable assets to consolidated totals is as follows:

(Millions of dollars)	1989	1988	1987
Total operating profit	\$ 287	\$ 377	\$ 323
Interest expense	(39)	(32)	(31)
General corporate income (expense)	2	(9)	2
Equity in net earnings of affiliates	1	10	9
Earnings before income taxes	\$ 251	\$ 346	\$ 303
Identifiable assets at year end	\$2,128	\$1,857	\$1,587
General corporate assets	241	299	288
Investment in affiliates	86	86	79
Total assets at year end	\$2,455	\$2,242	\$1,954

The data presented above differ in certain ways from the company's results by industry segment/business team and customer location presented on pages 28 and 29. The customer location data on page 29 reflect the company's major marketing profit centers relative to customer location, while the above data are categorized by the geographic location from which the goods were shipped. The gain on the sale of the 25% interest in the UK subsidiary's plastic additives manufacturing operation is included in the European region Plastics segment for management reporting purposes, but is included in general corporate income for purposes of this footnote. Except for these differences, industry segmentation is generally the same for management reporting purposes and SFAS No. 14 requirements. Other differences include the manner of directly assigning or allocating certain parts of administrative expense, interest income and expense, other income and expense and equity in affiliates. In addition, the earnings data on pages 28 and 29 are on an after-tax basis.

Note 7: Pension Plans and Other Post-Retirement Benefits

The company maintains noncontributory pension plans which provide defined benefits to substantially all domestic employees meeting age and length of service requirements. Pension cost determined in accordance with plan provisions is presented below:

(Millions of dollars)	1989	1988	1987
Pension cost	\$(21)	\$(20)	\$(13)
Pension benefit payments	35	35	37

The negative cost in 1989, 1988 and 1987 primarily reflects more rapid recognition of favorable investment experience as stipulated by SFAS No. 87.

Pension cost includes the following components:

(Millions of dollars)	1989	1988	1987
Service cost—benefits earned during the year	\$ 21	\$ 20	\$ 20
Interest cost on projected benefit obligation	41	41	38
Return on plan assets			
—actual	\$(144)	\$(90)	\$(56)
—less deferred	76	24	(2)
	(68)	(66)	(58)
Other amortization, net	(2)	(2)	—
Amortization of net gain existing at adoption of SFAS No. 87	(13)	(13)	(13)
Net pension cost	\$(21)	\$(20)	\$(13)

The funded status of these plans at year end was as follows:

(Millions of dollars)	1989	1988
Actuarial present value of plan benefits		
Vested	\$ 411	\$ 386
Nonvested	2	2
Accumulated benefit obligation	413	388
Effect of projected future compensation increase	121	123
Projected benefit obligation	534	511
Plan assets at market value	899	793
Plan assets in excess of projected benefit obligation	365	282
Unrecognized net gain existing at adoption of SFAS No. 87	(148)	(161)
Other unrecognized net gain	(145)	(70)
Prepaid pension cost	\$ 72	\$ 51

Net assets of the pension trusts, which primarily consist of common stocks and debt securities, were measured at market value. The assumed long-term rate of return on trust assets is 8.5%. Pension benefit obligations were determined from actuarial valuations using an assumed discount rate of 8.5% and an assumed long-term rate of compensation increase of 6%.

Certain of the company's non-U.S. subsidiaries maintain pension plans which are not material in total. As of their latest valuation dates, the assets of these plans exceeded the present value of vested benefits.

The company provides health care and life insurance benefits for substantially all of its domestic retired employees. These benefits and similar benefits for active employees are provided primarily through insurance companies whose premiums are based on the benefits paid during the year. The company charges these annual premiums for both active and retired employees against current period income. Total premiums for 1989 were about \$32 million. The cost of providing these benefits for approximately 3,500 retirees is not separable from the cost of providing benefits for approximately 8,500 active domestic employees. Post-retirement benefit plans of the company's non-U.S. subsidiaries are not significant.

Note 8: Cash and Cash Equivalents

(Millions of dollars)	1989	1988
Cash	\$ 31	\$ 34
Time deposits	92	23
Certificates of deposit	25	155
Commercial paper	—	10
Total	\$148	\$222

Note 9: Accounts Receivable, Net

(Millions of dollars)	1989	1988
Customers	\$368	\$349
Unconsolidated subsidiaries and affiliates	14	15
Employees	5	6
Other	39	29
	426	399
Less allowance for losses	6	5
Total	\$420	\$394

Note 10: Inventories

(Millions of dollars)	1989	1988
Finished products and work in process	\$247	\$245
Raw materials	60	65
Supplies	40	30
Total	\$347	\$340

Beginning inventories used in determining the 1989 and the 1988 cost of goods sold were \$340 million and \$309 million, respectively. The excess of current cost over the stated amount for inventories valued under the LIFO method approximated \$77 million and \$74 million at December 31, 1989, and 1988, respectively. Liquidation of prior years' LIFO inventory layers in 1989 and 1988 did not materially affect cost of goods sold in either year.

Note 11: Prepaid Expenses and Other Assets

(Millions of dollars)	1989	1988
Prepaid expenses	\$ 18	\$ 17
Deferred tax benefits	61	47
Other current assets	15	11
Total	\$ 94	\$ 75

Note 12: Land, Buildings and Equipment, Net

(Millions of dollars)	1989	1988
Land	\$ 16	\$ 19
Buildings and improvements	403	365
Machinery and equipment	1,640	1,407
Capitalized interest cost	88	68
Construction	249	203
	2,396	2,062
Less accumulated depreciation	1,248	1,127
Total	\$1,148	\$ 935

The principal lives (in years) used in determining depreciation rates of various assets are: buildings and improvements (10-50); machinery and equipment (5-20); automobiles, trucks and tank cars (3-10); furniture and fixtures, laboratory equipment and other assets (5-10).

Effective January 1, 1989, the company changed its method of depreciation for newly acquired buildings and equipment to the straight-line method. The change had no cumulative effect on prior years' earnings but did increase net earnings by \$9 million, or \$.14 per share in 1989.

At December 31, 1989, the gross book values of assets depreciated by accelerated methods totaled \$1,449 million and assets depreciated by the straight-line method totaled \$682 million.

In 1989, 1988 and 1987, respectively, interest costs of \$20 million, \$16 million and \$11 million were capitalized and added to the gross book value of land, buildings and equipment. Amortization of such capitalized costs included in depreciation expense was \$8 million in 1989, \$7 million in 1988 and \$5 million in 1987.

Note 13: Other Assets, Net

(Millions of dollars)	1989	1988
Notes receivable	\$ 3	\$ 3
Contract advances	27	28
Patents, trademarks, etc.	70	70
Goodwill	24	24
Prepaid pension cost	76	55
Other noncurrent assets	27	27
	227	207
Less accumulated amortization of intangibles	38	32
Total	\$189	\$175

Note 14: Notes Payable

(Millions of dollars)	1989	1988
Short-term borrowings	\$ 65	\$ 95
Current portion of long-term debt	107	71
Total	\$172	\$166

Information for 1989 and 1988 as to short-term borrowings is as follows:

(Millions of dollars)	1989	1988
Average year-end interest rate	34%	13%
Average interest rate for year	21%	18%
Average annual amount outstanding	\$ 76	\$65
Maximum month-end amount outstanding	\$116	\$95

Short-term borrowings represent bank debt owed by foreign subsidiaries. The high interest rates are due to borrowings in certain Latin American countries with high inflation rates.

Note 15: Long-Term Debt

(Millions of dollars)	1989	1988
Borrowings from foreign banks due 1991 to 1995 at average year-end interest rate of 43% in 1989, 39% in 1988	\$ 2	\$ 3
Note payable to the William Penn Foundation due annually to 1990 at variable interest rate, 10.4% at year-end 1988	—	16
11.75% note (Sterling denominated) due annually to 1997	11	14
8.875% environmental improvement revenue bonds due 1993	16	16
9.875% notes due annually to 1995	17	20
8.125% notes due 1996	50	50
9.625% notes due 1998	75	75
9.375% debentures due 2019	100	—
8.00% notes due annually to 1999	24	27
9.875% debentures due 1991 to 2000	33	33
6.25% environmental improvement revenue bonds due 1993 to 2002	24	24
Other	7	10
Total	\$359	\$288

The company has revolving credit agreements totaling \$150 million, which expire in 1994. These agreements, which carry various interest rates and fees, are available to support commercial paper borrowings. Several permit foreign subsidiaries to borrow local currencies and Eurocurrencies. At December 31, 1989, \$4 million was outstanding under these agreements.

The various loan agreements contain certain restrictions with respect to tangible net worth, maintenance of working capital, payment of dividends and repurchase of the company's stock.

Retained earnings free of dividend restrictions at December 31, 1989, amounted to \$513 million.

Total cash used for the payment of interest expense was \$35 million, \$27 million and \$32 million in 1989, 1988 and 1987, respectively.

Long-term debt maturing in the next five years is:

(Millions of dollars)				
1990	\$107	1993	\$27	
1991	11	1994	11	
1992	11			

Note 16: Accounts Payable and Accrued Liabilities

(Millions of dollars)	1989	1988
Trade payables	\$194	\$174
Salaries and wages	56	57
Social Security and other taxes	19	16
Interest	17	13
Other	112	107
Total	\$398	\$367

Note 17: Stockholders' Equity

The changes in additional paid-in capital and treasury stock are summarized as follows:

(Millions of dollars)	Additional Paid-in Capital	Treasury Stock, at Cost
Balance at January 1, 1987	\$98	\$215
Purchases of treasury stock	—	89
Shares issued to employees under bonus plans	(3)	(7)
Balance at December 31, 1987	95	297
Purchases of treasury stock	—	12
Shares issued to employees under bonus plan	(1)	(4)
Balance at December 31, 1988	94	305
Adjustment to cost of previously acquired shares	—	(6)
Purchase of treasury stock	—	2
Shares issued to employees under bonus plan	(1)	(2)
Balance at December 31, 1989	\$93	\$299

Purchases of treasury stock in 1989 totaled 7,544 shares, compared with 310,231 and 2,420,702 shares in 1988 and 1987, respectively. The cost of the treasury stock acquired from the William Penn Foundation and the related note payable were increased by \$2 million in 1989, \$2 million in 1988, and \$18 million in 1987, according to terms of the agreement (see Note 19 for additional information on the William Penn Foundation agreement). At year-end 1989 and 1988 there were 12,034,654 and 12,111,434, respectively, reacquired shares in treasury.

The \$6 million credit to treasury stock in 1989 represents an adjustment to the previously recorded cost of the shares acquired under the William Penn Foundation agreement.

The company is authorized to issue up to 25 million shares of preferred stock. No such shares have been issued.

Note 18: Lease and Rental Commitments

The company leases certain properties and equipment used in its operations primarily under operating leases. Under most operating lease agreements, the company pays a minimum rental, plus contingent rental, based on equipment usage and escalation factors. The net rental expense for such property was \$34 million in 1989, \$31 million in 1988 and \$26 million in 1987.

The company is committed under the terms of non-cancellable operating leases for future rentals as follows:

(Millions of dollars)			
1990	\$21	1994	\$3
1991	18	1995-1999	8
1992	10	2000-2004	3
1993	6	After 2004	3

Leases that meet the criteria for capitalization set forth in SFAS No. 13 have been classified and accounted for as capital leases. Land, buildings and equipment, net includes \$12 million and \$15 million at the end of 1989 and 1988, respectively, for assets recorded under capitalized leases. The related obligations for these leases, which totaled \$6 million at the end of 1989 and \$7 million at the end of 1988, are included in notes payable and long-term debt.

Note 19: Contingent Liabilities, Guarantees and Commitments

The company is a named party in several government enforcement and private actions associated with old waste disposal sites, some of which are on the U.S. Environmental Protection Agency's Superfund priority list. These actions seek cleanup costs and, in some cases, damages for alleged personal injury or property damage. In addition, the company has been identified by government authorities as potentially responsible for cleanup costs at other waste disposal sites. The company has accrued the net present value of the anticipated future costs for remediation of waste disposal sites. The accruals were \$12 million, \$5 million and \$12 million in 1989, 1988 and 1987, respectively. On March 21, 1989, Warner-Lambert Company brought suit against Rohm and Haas alleging damages from the delayed launch of a Warner-Lambert product as a result of contamination of a raw material furnished by Rohm and Haas. The complaint seeks \$55 million in damages, plus punitive and treble damages. Several class actions and individual claims resulting from the contamination of that raw material have also been filed. The company and its subsidiaries are parties to other litigation arising out of the ordinary conduct of its business. Although the ultimate outcome is not determinable at this time, it is the company's opinion that the resolution of all pending lawsuits and claims will not have a material adverse effect, individually or in the aggregate, upon the consolidated financial position of the company.

In 1985 the company acquired 4 million of its shares from the William Penn Foundation pursuant to a prior agreement. The total payment for these shares, which is being made over a five-year period, is based on the average of market prices for the company's shares over the payment period. In 1989 the company and the William Penn Foundation amended the terms of the prior agreement covering the purchase of shares from the foundation. Under the terms of the revised agreement, the company will purchase approximately 2.2 million shares from the foundation on April 1, 1991. The price to be paid for the shares will be based on the average market price of Rohm and Haas shares during the period August 1989 through March 1995, with a minimum purchase price of approximately \$70 million. The company retains the right of first refusal on the remaining shares held by the foundation.

On February 15, 1990, the company established a leveraged Employee Stock Ownership Plan (ESOP). The ESOP purchased 6.3 million shares of company stock from the company at the February 14, 1990, composite closing stock price. These shares were previously held by Rohm and Haas as treasury shares. The ESOP initially financed the transaction with \$185 million in debt at a rate of LIBOR + 1/8%, guaranteed by the company. The company intends to refinance this debt at long-term rates.

On February 15, 1990, the company replaced the treasury shares with 6.3 million shares of company stock purchased from the William Penn Foundation at a price equal to the average composite closing stock price of Rohm and Haas stock during the six-month period beginning in February 1990 and ending in August 1990.

The sale of 6.3 million treasury shares to the ESOP and the replacement purchase of 6.3 million shares from the William Penn Foundation will result in an approximate \$185 million increase in long-term debt on the consolidated balance sheet, with an offsetting reduction to stockholders' equity, as follows:

CONDENSED CONSOLIDATED BALANCE SHEETS DECEMBER 31, 1989

	AS REPORTED	PRO FORMA (UNAUDITED)
Assets	\$2,455	\$2,455
		
Debt (notes payable plus long-term debt)	531	716
Other liabilities	613	613
Stockholders' equity	1,311	1,126
		
Liabilities and Stock- holders' Equity	\$2,455	\$2,455
		

In the ordinary course of business, the company has entered into certain purchase commitments and has guaranteed certain loans, primarily for the benefit of unconsolidated subsidiaries and affiliates. It is believed that these commitments and any liabilities which may result from these guarantees will not have a material adverse effect upon the consolidated financial position of the company.

Additions to land, buildings and equipment are scheduled at \$380 million for 1990. At December 31, 1989, construction commitments totaled approximately \$142 million.

REPORT ON FINANCIAL STATEMENTS

The financial statements of Rohm and Haas Company and subsidiaries were prepared by the company in accordance with generally accepted accounting principles. The financial statements necessarily include some amounts that are based on the best estimates and judgments of the company. The financial information in this annual report is consistent with that in the financial statements.

The company maintains accounting systems and internal accounting controls designed to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with the company's authorization and transactions are properly recorded. The accounting systems and internal accounting controls are supported by written policies and procedures, by the selection and training of qualified personnel and by an internal audit program. In addition, the company's code of business conduct requires employees to discharge their responsibilities in conformity with the law and with a high standard of business conduct.

The company's financial statements have been audited by KPMG Peat Marwick, independent certified public accountants, as stated in their report below. Their audit was conducted in accordance with generally accepted auditing standards and included a review of internal accounting controls to the extent considered necessary to determine the audit procedures required to support their opinion.

The audit committee of the board of directors, composed entirely of non-employee directors, recommends to the board of directors the selection of the company's independent auditors, approves their fees and considers the scope of their audits, audit results, the adequacy of the company's internal accounting control systems and compliance with the company's code of business conduct.



J. Lawrence Wilson
Chairman of the Board and
Chief Executive Officer



Fred W. Shaffer
Vice President and
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

KPMG Peat Marwick
1600 Market Street
Philadelphia, Pennsylvania 19103

The Board of Directors and Stockholders
Rohm and Haas Company:

We have audited the accompanying consolidated balance sheets of Rohm and Haas Company and subsidiaries as of December 31, 1989 and 1988, and the related consolidated statements of earnings and cash flows for each of the years in the three-year period ended December 31, 1989. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rohm and Haas Company and subsidiaries at December 31, 1989 and 1988, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1989, in conformity with generally accepted accounting principles.

As described in Note 12 to the consolidated financial statements, effective January 1, 1989, the company changed its method of computing depreciation for newly acquired buildings and equipment.



February 23, 1990

ELEVEN-YEAR SUMMARY OF SELECTED FINANCIAL DATA

(Millions of dollars, except per-share amounts)

	1989	1988	1987	1986
Summary of Operations				
Net sales	\$ 2,661	\$ 2,535	\$ 2,203	\$ 2,067
Cost of goods sold	1,820	1,646	1,430	1,346
Gross profit	841	889	773	721
Selling and administrative expense	401	381	335	320
Research and development expense	175	156	142	133
Interest expense	39	32	31	36
Other income (expense), net	25	26	38	(13)
Earnings before income taxes	251	346	303	219
Income taxes	75	116	108	81
Net earnings	\$ 176	\$ 230	\$ 195	\$ 138
Net earnings per share	\$ 2.65	\$ 3.46	\$ 2.85	\$ 2.01
Cash dividends per share	\$ 1.16	\$ 1.02	\$.86	\$.78
Financial Position — Year End				
Working capital	\$ 434	\$ 485	\$ 486	\$ 507
Gross fixed assets	2,396	2,062	1,754	1,627
Total assets	2,455	2,242	1,954	1,842
Long-term debt	359	288	258	278
Stockholders' equity	1,311	1,207	1,053	1,002
Financial Ratios				
As a percent of sales				
Gross profit	31.6%	35.1%	35.1%	34.9%
Selling, administrative and research expense	21.6	21.2	21.7	21.9
Net earnings	6.6	9.1	8.9	6.7
Debt-to-equity ratio at year end	40.5%	37.6%	34.7%	38.7%
Return on stockholders' equity	14.0%	20.4%	19.0%	14.3%
Ten-year compound growth rate				
Sales	4.8%	6.6%	6.3%	6.7%
Earnings per share	6.5	15.3	17.1	12.1
Cash dividends per share	13.4	14.5	13.7	12.7
General				
For the year				
Volume of shipments, millions of units	3,276	3,154	2,818	2,630
Additions to land, buildings and equipment	\$ 385	\$ 338	\$ 222	\$ 179
Depreciation	150	128	112	103
Cash dividends	77	67	59	54
Wages and salaries	\$ 481	\$ 457	\$ 420	\$ 390
Common stock price				
High	\$ 37½	\$ 37½	\$ 53¼	\$ 38¾
Low	31	28	24	23⅞
Year-end close	34¾	34⅜	31⅝	34⅞
Average number of shares outstanding in thousands	66,593	66,561	68,578	68,963
At year end				
Number of registered stockholders	5,816	5,695	5,864	5,540
Number of employees	13,040	12,444	12,021	11,972

See accompanying notes on page 56.

See 1989, 1988 and 1987 results in Management Discussion and Analysis on pages 28 to 39.

1985	1984	1983	1982	1981	1980	1979
\$ 2,051	\$ 2,042	\$ 1,876	\$ 1,828	\$ 1,885	\$ 1,725	\$ 1,590
1,400	1,365	1,276	1,345	1,388	1,266	1,137
651	677	600	483	497	459	453
300	285	255	256	254	229	201
124	109	100	92	77	67	54
51	44	37	28	24	27	34
51	47	38	22	16	13	3
227	286	246	129	158	149	167
86	114	108	43	65	55	64
\$ 141	\$ 172	\$ 138	\$ 86	\$ 93	\$ 94	\$ 103
\$ 2.01	\$ 2.24	\$ 1.78	\$ 1.11	\$ 1.20	\$ 1.21	\$ 1.33
\$.70	\$.60	\$.50	\$.47	\$.43	\$.36	\$.29
\$ 480	\$ 427	\$ 533	\$ 465	\$ 450	\$ 440	\$ 369
1,503	1,446	1,344	1,300	1,242	1,185	1,121
1,734	1,633	1,511	1,365	1,349	1,243	1,194
245	172	228	240	251	233	243
936	965	904	808	760	700	635
31.7%	33.2%	32.0%	26.4%	26.3%	26.6%	28.5%
20.7	19.4	18.9	19.0	17.5	17.2	16.0
6.9	8.4	7.3	4.7	4.9	5.4	6.4
44.3%	31.8%	30.6%	37.1%	40.4%	38.0%	44.4%
14.9%	18.4%	16.1%	10.9%	12.7%	14.0%	17.3%
7.9%	8.1%	10.1%	11.7%	13.5%	13.4%	12.5%
15.8	7.9	8.0	4.8	8.4	9.8	9.3
11.4	10.8	10.5	11.9	11.5	10.0	8.4
2,744	2,705	2,602	2,510	2,648	2,559	2,833
\$ 159	\$ 134	\$ 72	\$ 126	\$ 182	\$ 93	\$ 68
101	93	93	83	75	82	79
49	46	39	36	33	28	23
\$ 367	\$ 350	\$ 316	\$ 330	\$ 323	\$ 286	\$ 255
\$ 26½	\$ 23	\$ 27	\$ 13⅞	\$ 11⅞	\$ 9⅞	\$ 8
18½	16	12½	7½	7¾	5⅜	5¼
25½	21¼	20¼	13	10⅞	7⅝	8
70,416	76,806	77,472	77,472	77,496	77,442	77,538
5,492	5,681	5,444	5,825	6,515	6,922	7,498
11,840	11,911	11,379	11,541	13,458	13,218	13,294

NOTES

A. The cost of settling a number of lawsuits relating to chemical exposure of certain employees reduced 1986 net earnings by \$13.5 million, or \$.20 per share.

B. Write-offs associated with the seeds business, which was discontinued at year-end 1986, reduced 1986 net earnings by \$17.2 million, or \$.25 per share.

C. In 1986, the company adopted SFAS No. 87, "Employers' Accounting for Pensions," which reduced 1986 pension cost by \$11 million. Pension cost was reduced about \$20 million in 1985 due to changes in actuarial cost method and certain actuarial funding assumptions.

D. In 1989, the company changed its method of depreciation for newly acquired buildings and equipment to the straight-line method. This change, which had no cumulative effect on prior years' earnings, resulted in an increase in net earnings of \$9 million, or \$.14 per share in 1989.

E. In 1989, the UK subsidiary sold a 25% interest in its plastic additives manufacturing operation located in Grangemouth, Scotland, to Kureha Chemical Company. The company recognized a gain of \$15 million, or \$.23 per share.

F. Provisions for write-offs associated with the company's planned shut-down of its production facilities in Toledo, Ohio, totaled \$13 million, or \$.20 per share in 1989.

G. In 1989, the company recorded a charge of \$4 million, or \$.06 per share, for the discontinuance of a business located in Switzerland and owned by Shipley Company, an electronic chemicals affiliate.

● OFFICERS

J. LAWRENCE WILSON
Chairman of the Board
and Chief Executive Officer

JOHN P. MULRONEY
President and Chief
Operating Officer

JOHN J. DOYLE, JR.
Vice President

DONALD C. GARAVENTI
Vice President

WILLIAM A. KULIK
Vice President

ALLEN M. LEVANTIN
Vice President

ENRIQUE F. MARTINEZ
Vice President

ROBERT E. NAYLOR, JR.
Group Vice President

RICHARD G. PETERSON
Vice President

FRED W. SHAFFER
Vice President and Chief
Financial Officer

JOHN T. SUBAK
Group Vice President
and General Counsel

JOHN F. TALUCCI
Vice President

BASIL A. VASSILIOU
Vice President

JOHN A. WEAVER
Vice President

GAIL P. GRANOFF
Secretary

ANGUS F. SMITH
Treasurer

DAVID A. STITELY
Controller

STANLEY J. HARMER
Assistant Secretary

WILLIAM E. LAMBERT III
Assistant Secretary

LESLIE A. SHEARMAN
Assistant Controller

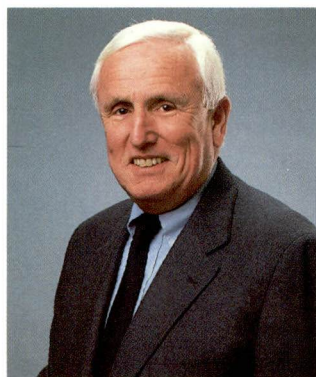
THEODORE J. SUESS III
Assistant Treasurer

BOARD OF DIRECTORS AND COMMITTEES

GEORGE B. BEITZEL

Retired Senior Vice President and Director, International Business Machines Corporation

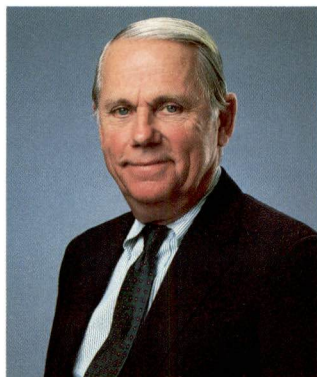
Audit
Finance (Chairman)
Nominating
Strategic Planning



DANIEL B. BURKE

President, Chief Operating Officer and Director, Capital Cities/ABC, Inc.

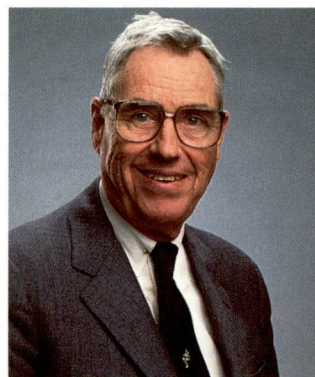
Corporate Responsibility
Executive
Executive Compensation
Nominating
Strategic Planning



G. MORRIS DORRANCE, JR.

Chairman of the Executive Committee and Director, CoreStates Financial Corporation

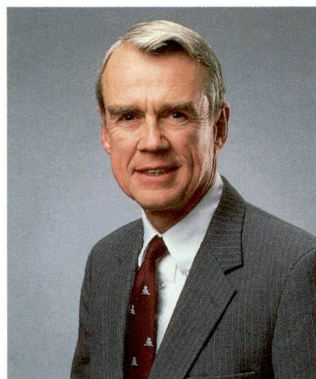
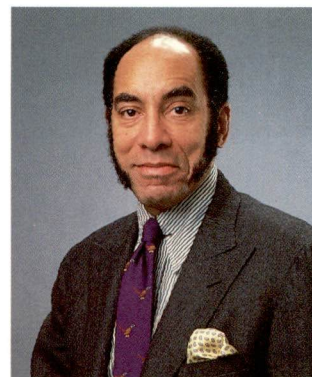
Corporate Responsibility
Executive
Executive Compensation (Chairman)
Nominating
Strategic Planning



EARL G. GRAVES

President, Earl G. Graves Ltd. and Publisher, Black Enterprise Magazine

Corporate Responsibility
Executive Compensation
Nominating
Strategic Planning (Chairman)



JAMES A. HENDERSON

President, Chief Operating Officer and Director, Cummins Engine Company, Inc.

Corporate Responsibility
Executive Compensation
Nominating
Strategic Planning



JOHN H. McARTHUR

Dean, Harvard Business School

Audit (Chairman)
Finance
Nominating
Strategic Planning



PAUL F. MILLER, JR.

Partner in Miller, Anderson & Sherrerd, investment managers

Audit
Executive
Finance
Nominating (Chairman)
Strategic Planning

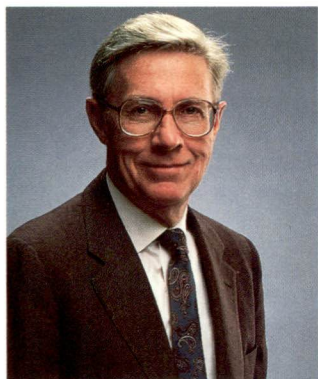


SANDRA O. MOOSE

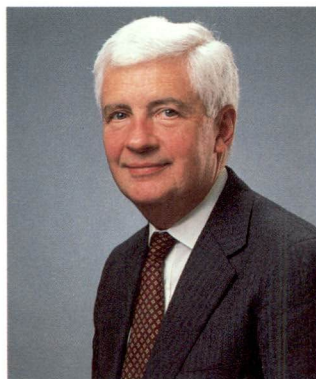
Senior Vice President and Director, The Boston Consulting Group, Inc.

Corporate Responsibility (Chairman)
Executive Compensation
Nominating
Strategic Planning

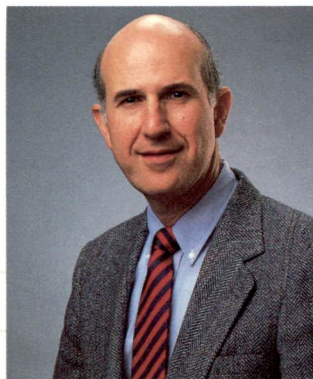
JOHN P. MULRONEY
*President and Chief Operating
 Officer, Rohm and Haas
 Company*
 Corporate Responsibility
 Executive
 Strategic Planning



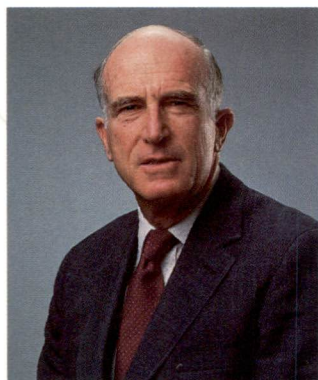
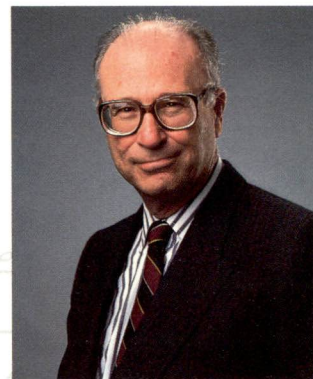
ROBERT E. NAYLOR, JR.
*Group Vice President and
 Regional Director for North
 America, Rohm and Haas
 Company*
 Finance
 Strategic Planning



GILBERT S. OMENN
*Dean, School of Public Health
 and Community Medicine,
 University of Washington, Seattle*
 Audit
 Finance
 Nominating
 Strategic Planning



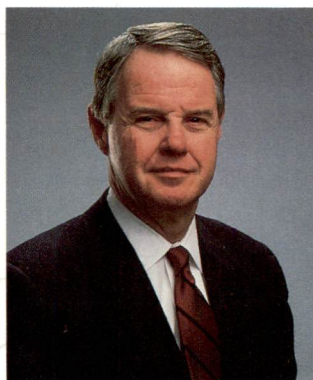
ALAN SCHRIESHEIM
*Chief Executive Officer and
 Director, Argonne National
 Laboratory*
 Corporate Responsibility
 Executive Compensation
 Nominating
 Strategic Planning



JOHN T. SUBAK
*Group Vice President and
 General Counsel, Rohm and
 Haas Company*
 Finance
 Strategic Planning



MARNA C. WHITTINGTON
*Senior Vice President, the
 University of Pennsylvania*
 Audit
 Finance
 Nominating
 Strategic Planning



J. LAWRENCE WILSON
*Chairman and Chief Executive
 Officer, Rohm and Haas
 Company*
 Executive (Chairman)
 Strategic Planning

ROHM AND HAAS COMPANY LOCATIONS

CORPORATE HEADQUARTERS

Rohm and Haas Company
Independence Mall West
Philadelphia,
Pennsylvania 19105
Tel: (215) 592-3000
(Delaware Corporation)

UNITED STATES SUBSIDIARIES

Plaskon Electronic Materials, Inc.
Philadelphia,
Pennsylvania

Polytribo, Inc.
Philadelphia,
Pennsylvania
(60%-owned)

Rohm and Haas Bayport Inc.
Bayport,
Texas

Rohm and Haas California Incorporated
Hayward,
California

Rohm and Haas Capital Corporation
Wilmington,
Delaware

Rohm and Haas Connecticut Incorporated
Kensington,
Connecticut

Rohm and Haas Credit Corporation
Wilmington,
Delaware

Rohm and Haas Delaware Inc.
Wilmington,
Delaware

Rohm and Haas Delaware Valley Inc.
Bristol,
Pennsylvania

Rohm and Haas Equity Corporation
Wilmington,
Delaware

Rohm and Haas Finance Company
Wilmington,
Delaware

Rohm and Haas Illinois Inc.
Illinois,
Illinois

Rohm and Haas Kentucky Incorporated
Louisville,
Kentucky

Rohm and Haas Latin America, Inc.
Wilmington,
Delaware

Rohm and Haas Science Inc.
Wilmington,
Delaware

Rohm and Haas Southern California Inc.
Carson,
California

Rohm and Haas Technology Holdings, Inc.
Wilmington,
Delaware

Rohm and Haas Tennessee Incorporated
Knoxville,
Tennessee

Rohm and Haas Texas Incorporated
Houston,
Texas

Romicon, Inc.
Woburn,
Massachusetts

The Southern Resin and Chemical Company
Glen St. Mary,
Florida

Supelco, Inc.
Bellefonte,
Pennsylvania

SUBSIDIARIES OUTSIDE THE UNITED STATES

Laboratorios Quimicos Industriales, S.A.
San Jose,
Costa Rica

Maquiladora General de Matamoros, S.A. de C.V.
Matamoros,
Mexico

Plaskon Electronic Materials, Ltd.
Hamilton,
Bermuda

Rohm and Haas Australia Pty. Ltd.
Melbourne,
Australia

Rohm and Haas (Bermuda), Ltd.
Hamilton,
Bermuda

Rohm and Haas Brasil Ltda.
Sao Paulo,
Brazil

Rohm and Haas Canada Inc.
West Hill,
Canada

Rohm and Haas Centro America S.A.
San Jose,
Costa Rica

Rohm and Haas Colombia S.A.
Bogota,
Colombia

Rohm and Haas Deutschland GmbH
Frankfurt,
Germany

Rohm and Haas Espana S.A.
Barcelona,
Spain

Rohm and Haas Foreign Sales Corporation
St. Croix,
U.S. Virgin Islands

Rohm and Haas France S.A.
Paris,
France

Rohm and Haas Holdings Ltd.
Hamilton,
Bermuda

Rohm and Haas Italia S.r.l.
Milan,
Italy

Rohm and Haas Japan K.K.
Tokyo,
Japan

Rohm and Haas Mexico S.A. de C.V.
Mexico City,
Mexico

Rohm and Haas New Zealand Limited
Auckland,
New Zealand

Rohm and Haas Nordiska AB
Stockholm,
Sweden

Rohm and Haas Philippines, Inc.
Manila,
Philippines

Rohm and Haas Scotland
Grangemouth,
Scotland
(75%-owned)

Rohm and Haas (UK) Limited
Croydon,
England

Romicon, B.V.
Oosterhout,
Holland

AFFILIATES

Akrl
Istanbul,
Turkey
(48.5%-owned)

Eastern Rohm and Haas Development Center
Beijing, China
(50%-owned)

Japan Acrylic Chemical Co., Ltd.
Tokyo,
Japan
(47.5%-owned)

Modipon Limited
Modinagar,
India
(37%-owned)

NorsoHaas, S.A.
Villers St. Paul,
France
(50%-owned)

Quimica Trepic, S.A. de C.V.
Mexico City,
Mexico
(40%-owned)

Shipley Company
Newton,
Massachusetts
(30%-owned)

SumikaHaas
Tokyo,
Japan
(50%-owned)

Tokyo Organic Chemical Industries, Ltd.
Tokyo,
Japan
(50%-owned)

TosoHaas
Philadelphia,
Pennsylvania
(50%-owned)

Yugocryl
Ljubljana,
Yugoslavia
(49%-owned)

MANUFACTURING LOCATIONS

Argentina: Buenos Aires
Australia: Geelong
Brazil: Jacarei
Canada: Morrisburg; West Hill
Colombia: Barranquilla
Costa Rica: San Jose
England: Binley; Cambridge; Jarrow
France: Chauny; Lauterbourg; Villers St. Paul
India: Modinagar; Thana
Italy: Mozzanica
Japan: Nagoya; Oji; Sasagami
Mexico: Apizaco; Matamoros
New Zealand: Auckland
Philippines: Las Pinas
Scotland: Grangemouth
Singapore: Singapore
Spain: Tudela
Sweden: Landskrona
Turkey: Istanbul
United States:
California—Carson; Hayward; Irvine
Connecticut—Kensington
Florida—Glen St. Mary
Illinois—Illinois
Kentucky—Louisville
Massachusetts—Marlborough; Woburn
Pennsylvania—Bellefonte; Bristol; Philadelphia
Tennessee—Knoxville
Texas—Bayport; Houston
Yugoslavia: Ljubljana

RESEARCH LABORATORIES

Corporate Research Headquarters
Spring House,
Pennsylvania

Other Research Facilities
Bristol, Pennsylvania
Philadelphia, Pennsylvania
Valbonne, France

SALES OFFICES

In major cities of the world

The company owns a number of other domestic and foreign subsidiaries which are involved primarily in sales activities. These subsidiaries, either singly or in the aggregate, are not significant. These accounts are not included in the consolidated financial statements.

1990 ANNUAL MEETING

The 1990 annual meeting of stockholders will be held at the studios of WHYY, Independence Mall West, 150 N. Sixth Street, Philadelphia, Pennsylvania 19106, at 10:30 a.m. on Monday, May 7th. Formal notice of the meeting, the proxy statement and form of proxy will be mailed on March 30, 1990.

FORM 10-K REPORT

A copy of the company's annual report to the Securities and Exchange Commission on Form 10-K will be provided upon written request to the Public Relations Department, Rohm and Haas Company, Independence Mall West, Philadelphia, Pennsylvania 19105.

TRADEMARKS

Acrysol, Amberlite, Compete, Dithane, Duolite, Goal, Kamax, Karathane, Kathon, Kelthane, Multilobe, Nova, Orogas, Paraloid, Plexiglas, Primal, Primid, Rally, Rhoplex, Robond, Ropaque and Systhane are trademarks of Rohm and Haas Company.

**ROHM
AND
HAAS** 
PHILADELPHIA, PA. 19105