



Stauffer  
Chemical  
Company  
1974  
Annual  
Report

# Industrial Chemicals

Unprecedented demand for industrial chemicals resulted in sales of \$298 million in 1974, representing a 31 percent increase over 1973. Earnings advanced more than proportionately as the Company moved to consolidate its position in established product areas, with a view to product mix improvement. The sales and earnings growth reflected both changing marketing strategy and the ability to raise prices to levels which offset cost increases and provided an appropriate return on investments. In most product groups, sales were limited only by capacity or raw material supplies.

All major business areas participated in the strength of commodity markets and attained record sales levels. The following developments are of note:

In sulfuric acid, a downturn in requirements of petroleum refineries early in the year provided capacity to supply a dramatically expanded fertilizer industry. Further, a program to double the capacity of proprietary sulfur chemicals at Hammond, Ind. was begun in 1974.

Phosphate manufacturing remained at capacity levels in nearly all major product areas. Despite the rapidly rising cost of electric power used in the production of elemental phosphorus, phosphates continued to be sold in profitable, expanding markets. Stauffer concentrated on

maximizing the efficient use of its captive source of phosphorus by emphasizing specialized applications. For example, capacity of dentifrice grade phosphates was expanded during the year by 15,000 tons.

Chlorine/caustic markets experienced the most serious shortages of any product area in which Stauffer participates. During 1974, all three chlorine/caustic facilities posted record production levels and a modest expansion at LeMoyne, Ala. will be completed by the end of 1975. Also, work will begin on a major modernization program for the Henderson, Nev. chlorine/caustic complex.

Carbon bisulfide, which participated in the buoyant commodity market throughout most of 1974, suffered from weakened textile demand by year-end. A significant proportion of carbon bisulfide sales supports the production of rayon. However, an upturn in rayon demand is anticipated during 1975.

During the fourth quarter, 1974, Stauffer withdrew from the borax and salt cake markets with the sale of its Westend, Calif. plant to the Kerr-McGee Corporation. Also, production of metal chlorides at Niagara Falls, N.Y. was terminated late in the year. These moves will allow greater attention to be placed on product areas offering better growth prospects.

Despite uncertain business conditions and the likelihood of further raw material price increases, continued growth in sales and

earnings for industrial chemicals in 1975 is anticipated.

## Stauffer Chemical Company of Wyoming

For the third consecutive year, the demand for soda ash exceeded production capacity. Limited availability of natural gas for the Green River, Wyo. facility restricted production during the first quarter, but the use of intra-state gas from the Company's own pipeline and gas collection system later in the year helped in achieving a record production level in 1974. It is anticipated that the development of these intra-state gas reserves will be of continuing importance to the Company. Future capacity increases are now being studied, based on incremental expansions of existing facilities. Stauffer Chemical Company of Wyoming is jointly owned, 51 percent by Stauffer Chemical Company and 49 percent by Rocky Mountain Energy Company, a subsidiary of Union Pacific Corporation.