

QUALITY



PAUL RABUT

ANNUAL REPORT • 1950

**BROWN** *Company*



BERLIN, New Hampshire

PURVIS HALL  
LIBRARIES  
JUN 29 1954  
MCGILL UNIVERSITY



## Voting Trustees

CHARLES FRANCIS ADAMS . . . . . Boston, Massachusetts  
*Honorary Chairman, State Street Trust Company*

T. JEFFERSON COOLIDGE . . . . . Boston, Massachusetts  
*Chairman, United Fruit Company*

ERNEST M. HOPKINS . . . . . Montpelier, Vermont  
*Chairman, National Life Insurance Company*

## Directors

ORTON B. BROWN . . . . . Berlin, New Hampshire  
*Director, New Hampshire Fire Insurance Company*

ERNEST M. HOPKINS . . . . . Montpelier, Vermont  
*Chairman, National Life Insurance Company*

JOHN B. CHALLIES . . . . . Montreal, P. Q.  
*Senior Vice President, The Shawingan Water & Power Company*

WILLIAM B. JOYCE . . . . . New York, New York  
*President, Wm. B. Joyce & Company, Inc.*

ARTHUR D. EMORY . . . . . Montreal, P. Q.  
*President, United Corporations, Limited*

CHARLES P. McTAGUE, K.C. . . . . Toronto, Ontario  
*President, Eastern Canadian Greyhound Lines, Limited*

G. BLAIR GORDON . . . . . Montreal, P. Q.  
*President, Dominion Textile Company, Limited*

JOHN L. SULLIVAN . . . . . Washington, D. C.  
*Lawyer — Sullivan, Bernard, Shea and Kenney*

LAURENCE F. WHITTEMORE . . . . . Pembroke, New Hampshire  
*President, Brown Company*

## Officers

LAURENCE F. WHITTEMORE . . . . . *President*

WENTWORTH BROWN . . . . . *Vice President — Assistant to President*

ERNEST H. MALING . . . . . *Vice President — Finance*

WILLIAM J. OLESON, JR. . . . . *Controller*

HOWARD G. BRUSH . . . . . *Vice President and Treasurer*

JOHN W. JORDAN . . . . . *Secretary*

DOWNING P. BROWN . . . . . *Vice President — Sales*

CHARLES G. RAEBURN . . . . .  
*Assistant Treasurer and Assistant Secretary*

HERMAN G. SCHANCHE . . . . . *Vice President — Woods Operations*

LEONARD A. PIERCE . . . . . *Clerk*

## Registrars and Transfer Agents

### Preferred Stock and Voting Trust Certificates for Preferred Stock:

*Principal Transfer Agent* . . . . . OLD COLONY TRUST COMPANY  
*Montreal Transfer Agent* . . . . . GUARDIAN TRUST COMPANY  
*New York Transfer Agent*  
THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK  
*Toronto Transfer Agent* . . . . . THE ROYAL TRUST COMPANY

*Principal Registrar* . . . . . STATE STREET TRUST COMPANY, BOSTON  
*Montreal Registrar* . . . . . MONTREAL TRUST COMPANY  
*New York Registrar*  
THE NATIONAL CITY BANK OF NEW YORK  
*Toronto Registrar* . . . . . MONTREAL TRUST COMPANY

### Common Stock and Voting Trust Certificates for Common Stock:

*Principal Transfer Agent* . . . . . STATE STREET TRUST COMPANY  
*Montreal Transfer Agent* . . . . . GUARDIAN TRUST COMPANY  
*New York Transfer Agent*  
THE CHEMICAL BANK AND TRUST COMPANY  
*Toronto Transfer Agent* . . . . . THE ROYAL TRUST COMPANY

*Principal Registrar* . . . . . THE SECOND NATIONAL BANK OF BOSTON  
*Montreal Registrar* . . . . . MONTREAL TRUST COMPANY  
*New York Registrar* . . . . . THE NEW YORK TRUST COMPANY  
*Toronto Registrar* . . . . . MONTREAL TRUST COMPANY

*Executive Offices:* BERLIN, NEW HAMPSHIRE      *General Sales Offices:* 500 FIFTH AVENUE, NEW YORK 18, N. Y.  
*Mills:* BERLIN, NEW HAMPSHIRE — LA TUQUE, P. Q., CANADA



C  
stock

BROWN COMPANY  
ANNUAL REPORT

# THE PRESIDENT'S LETTER



Berlin, New Hampshire

February 1, 1951

TO THE STOCKHOLDERS OF BROWN COMPANY:

The following report on the progress of Brown Company for the fiscal year which closed on November 30, 1950, summarizes the more important developments during the year and constitutes a report of stewardship by directors and officers.

#### YEAR'S OPERATIONS

Consolidated net sales for the year, after eliminating inter-company sales, amounted to \$53,102,470, an increase of \$9,838,975 over 1949. This represented the largest dollar volume in the Company's history. Although the trend of prices was upward during the year, the average prices realized during the year for the Company's products were below those of 1949, and substantially lower than the 1948 level of prices. Tonnage of products sold in 1950 increased 25.7% over 1949 while the increase in dollar sales amounted to 22.7%. Consolidated profit for the year 1950, stated in U. S. currency, amounted to \$4,021,940 compared to \$1,091,710 for the previous year. This improvement is after absorbing as a charge against the year's profit the \$601,829 cost of refinancing the funded debt, and also after absorbing two general wage increases granted during the year and numerous other increases such as income and excess profits taxes, freight rates, cost of purchased chemicals, etc.

The improved earnings are due to improvement in demand for pulp and paper products, effect of past expenditures for plant modernization, and efforts of the entire organization toward attaining the objectives set forth in last year's annual report, namely:

#### "1. Lower raw material costs"

Item 1 refers to those raw materials over which the Company can exercise some direct control (principally pulpwood). Cost of operated wood was reduced during the year by increased efficiency in our own woods operations and by a partial reorganization of the Woods Department. While purchased pulpwood, both in the

United States and Canada, was at favorable price levels in the early part of the year, a seller's market developed as a result of increased demand on the part of the entire industry. Our substantial timber holdings in both countries permitted us to expand our own operations and thereby reduce the effect of this adverse trend in the pulpwood market on our own profits.

#### "2. Higher production from plants and equipment at lower cost brought about by continuing development of expense consciousness and greater efficiency"

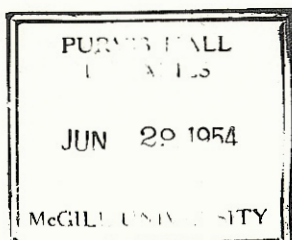
Higher production at lower cost resulted from improved cooperation and effort on the part of the personnel. Several improvements in operating efficiency of recently installed equipment have been effected which has brought our production to levels not previously obtainable.

#### "3. A continuing selling effort concentrated on the sale in greater volume of those products which Brown Company can manufacture and sell at a profit"

Concentrated efforts by the Sales and Research Departments resulted in the development of new uses and more profitable outlets for some of the products in which our natural advantages are the greatest. The full effect of these efforts is not reflected in the year's results and should be of relatively long-range benefit to the Company.

#### FINANCIAL POSITION

Consolidated working capital increased \$1,769,614 during the year to a total of \$17,846,289. In addition to this amount the Company carried special deposits for plant rehabilitation which amounted at the year's close to \$2,666,730 compared to \$2,585,463 at the close of the previous year. At November 30, 1950, the consolidated balance sheet shows under current assets, cash and government securities amounting to \$11,477,848 as compared with \$4,419,620 at the close of the preceding year. The improvement in cash position is extremely important at this time due to the substantial increase





in the current liability for the U. S. and Canadian income and excess profits taxes, possible further increases in customers' accounts receivables and inventories due to expanding dollar volume and higher inventory replacement costs. It also enables us to continue our program of plant modernization despite the aforementioned increasing need for funds. During the year ended November 30, 1950, the Company and its subsidiary spent a total of \$3,021,598 for plant and equipment which amount exceeded the annual provision for depreciation and depletion by \$598,175.

#### REFINANCING

On October 19, 1950, the Company completed the refinancing of its funded debt. A sale to institutions was consummated for \$16,000,000 of Collateral Trust Bonds consisting of \$13,600,000 3½% series due serially 1954-1970, and \$2,400,000 2½% Notes due serially 1951-1953. The new debt replaced \$12,620,100 of 5% General Mortgage Bonds due December 1, 1959, \$3,353,000 of 3¾% First Mortgage Collateral Trust Bonds, and \$600,000 of 2½% Serial Notes. The refunding extends the maturities of our funded debt, conserves cash over the next few years by elimination of the former earnings sinking funds, and reduces fixed charges for interest over the life of the debt.

#### PREFERRED DIVIDENDS

During the year the Company paid dividends aggregating \$864,906, representing \$6 a share on the 144,151 shares of \$6 Preferred Stock outstanding.

#### RECAPITALIZATION

With the refunding of the Company's debt completed, definite steps have been taken to settle the arrears which had accumulated on the Company's \$6 Preferred Stock prior to 1949. These arrears amount to \$54 a share, aggregating \$7,784,154. As a result of many conferences with preferred and common stockholders and final negotiations between informal committees representing each class of stock, a plan of recapitalization was decided upon and presented to the stockholders on January 24, 1951. No detailed explanation of the plan of recapitalization is necessary here since each stockholder has received full details prior to the receipt of this report. The stockholders' meeting at which the plan will be voted on is called for February 20, and if the plan is approved by 75% of the preferred and 66⅔% of the common stock, the preferred stockholders will then be asked to deposit their shares for exchange. If a sufficiently high percentage of stock is presented for exchange to make the plan effective

in the judgment of the Directors the new stock will be issued.

#### CHANGES IN DIRECTORS

Mr. F. G. Coburn, a Director since 1943, resigned from the Board in April 1950 and Mr. Ernest M. Hopkins of Hanover, New Hampshire, was elected in his place.

Mr. John H. Fahey, a Director since 1941, died in November 1950. Mr. Fahey's wise counsel and sound judgment were of great value to the Company and he will be greatly missed by the Directors. Honorable John L. Sullivan of Manchester, N. H. and Washington, D. C. was elected in his place.

Mr. Henry P. Kendall submitted his resignation some months ago, but was prevailed upon to continue as a Director until the end of December 1950. Mr. Kendall, a member of the Board since 1941, had rendered most valuable service to the Company and served as Chairman of the Board and Chief Executive for a year. This vacancy was filled by the election of Mr. William B. Joyce of New York.

Mr. R. Howard Webster was elected a Director in April 1949 and served until the end of December 1950. He asked to be relieved of membership on the Board in the summer, but was prevailed upon to serve until the end of 1950. This vacancy was filled by the election of Honorable Charles P. McTague of Toronto.

#### OUTLOOK FOR THE FUTURE

The future will be substantially affected by many uncertainties arising out of the present national and international emergency. We will, undoubtedly, be affected by numerous controls, shortages, and still further increases in corporation income and excess profits taxes. However, it is our opinion that the present high demand for Brown Company's products will continue through 1951 and that the final result will be reasonably satisfactory.

The enthusiasm and loyalty of officers and employees alike have made 1950 a year to be remembered in the history of Brown Company and we look forward to continued success in the perplexing economic situation ahead of us. Such success will be brought about by vigorous, courageous and enthusiastic pursuit of our objective.

*Respectfully,*

  
L. F. WHITTEMORE  
President



# BROWN COMPANY *and* BROWN CORPORATION

## *Consolidated Statement of Profit and Loss*

YEARS ENDED NOVEMBER 30, 1950 AND 1949

	<i>Year ended November 30</i>	
	1950	1949
Net sales . . . . .	\$53,102,469	\$43,263,495
Materials, services and other manufacturing costs, selling, general, administrative and research expenses, and other charges against operations (including depreciation and depletion of \$2,423,423 in 1950 and \$2,290,728 in 1949) . . . . .	44,497,062	40,060,867
Operating profit . . . . .	<u>\$ 8,605,407</u>	<u>\$ 3,202,628</u>
Other charges (credits):		
Interest on funded debt . . . . .	\$ 751,311	\$ 807,509
Interest and dividend income, including \$90,909 in 1950 and \$97,727 in 1949 of dividends from St. Maurice Power Corporation ( <i>Note D</i> ) . . . . .	(162,925)	(127,252)
Retirement allowances . . . . .	159,081	111,419
Canadian tax withholdings on intercompany interest and dividends . . . . .	127,767	141,761
Reduction in value of Canadian pulpwood inventories to estimated replacement cost . . . . .		546,199
Cost of refinancing funded debt . . . . .	601,829	
Other charges and credits, net . . . . .	131,404	(5,155)
	<u>\$ 1,608,467</u>	<u>\$ 1,474,481</u>
Profit before income taxes . . . . .	\$ 6,996,940	\$ 1,728,147
Provision for United States and Canadian income and excess profits taxes . . . . .	2,975,000	636,437
Profit for the year ( <i>Note E</i> ) . . . . .	<u>\$ 4,021,940</u>	<u>\$ 1,091,710</u>

## *Consolidated Statement of Earned Surplus*

YEAR ENDED NOVEMBER 30, 1950

BALANCE, NOVEMBER 30, 1949 . . . . .	\$11,083,262
Profit for the year ended November 30, 1950, per accompanying statement . . . . .	4,021,940
Adjustment for unrealized exchange gain on conversion of assets and liabilities of Brown Corporation . . . . .	413,696
Excess provisions made in prior years for Canadian income taxes . . . . .	400,000
	<u>\$15,918,898</u>
Dividends declared on convertible preferred stock — \$6 per share . . . . .	864,906
BALANCE, NOVEMBER 30, 1950 . . . . .	<u>\$15,053,992</u>

*{See accompanying notes to financial statements}*



# BROWN COMPANY *and* *Consolidated*

NOVEMBER 30,

ASSETS	November 30	
	1950	1949
<b>CURRENT ASSETS:</b>		
Cash in banks and on hand . . . . .	\$ 5,673,687	\$ 4,189,620
United States and Canadian government obligations, at cost and approximate value based on market quotations . . . . .	5,804,161	230,000
Accounts receivable, trade, less allowance for bad debts . . . . .	4,573,839	3,625,583
Accounts receivable, other . . . . .	257,000	153,903
Inventories ( <i>Note C</i> ):		
Pulp and other products . . . . .	\$ 1,242,864	\$ 1,943,565
Pulpwood . . . . .	2,545,680	4,743,085
Pulpwood operations in progress . . . . .	2,163,808	2,193,381
Other materials and supplies . . . . .	2,972,026	2,684,970
	\$ 8,924,378	\$ 11,565,001
<b>TOTAL CURRENT ASSETS . . . . .</b>	<b>\$25,233,065</b>	<b>\$19,764,107</b>
<b>INVESTMENTS AND OTHER ASSETS:</b>		
Investments in affiliated and associated companies ( <i>Note D</i> ) . . . . .	\$ 302,767	\$ 286,879
Cash held by bond trustees not presently available for general purposes . . . . .	107,005	264,643
Special deposits — cash and United States and Canadian government obligations (at cost and approximate value based on market quotations) reserved by the management for plant improvement program ( <i>Note H</i> ) . . . . .	2,559,725	2,320,820
Other assets . . . . .	117,099	111,050
	\$ 3,086,596	\$ 2,983,392
<b>TOTAL INVESTMENTS AND OTHER ASSETS . . . . .</b>	<b>\$ 3,086,596</b>	<b>\$ 2,983,392</b>
<b>FIXED ASSETS (<i>Note E</i>):</b>		
Plants and equipment . . . . .	\$58,986,242	\$57,523,319
Less — Depreciation . . . . .	34,928,961	33,925,800
	\$24,057,281	\$23,597,519
Timberlands . . . . .	\$12,342,305	\$12,343,113
Less — Depletion . . . . .	7,058,038	6,920,587
	\$ 5,284,267	\$ 5,422,526
<b>TOTAL FIXED ASSETS . . . . .</b>	<b>\$29,341,548</b>	<b>\$29,020,045</b>
<b>DEFERRED CHARGES:</b>		
Prepaid insurance and taxes . . . . .	\$ 813,760	\$ 693,871
Other deferred charges . . . . .	150,732	71,612
	\$ 964,492	\$ 765,483
<b>TOTAL DEFERRED CHARGES . . . . .</b>	<b>\$ 964,492</b>	<b>\$ 765,483</b>
	<b>\$58,625,701</b>	<b>\$52,533,027</b>

(See accompanying notes



# BROWN CORPORATION

## Balance Sheet

1950 AND 1949

### LIABILITIES AND CAPITAL

November 30  
1950 1949

#### CURRENT LIABILITIES:

Accounts payable.....	\$ 2,619,751	\$ 1,240,036
Accrued payrolls, interest and other expenses.....	1,072,756	1,068,073
Funded debt payable within one year:		
Serial note, 2½%.....	800,000	
Serial notes and first mortgage and collateral trust bonds (redeemed in 1950).....		524,000
Dividends payable on preferred stock.....	216,227	216,227
United States and Canadian income and excess profits taxes for current and prior years.....	2,678,042	639,096
<b>TOTAL CURRENT LIABILITIES.....</b>	<b>\$ 7,386,776</b>	<b>\$ 3,687,432</b>

#### FUNDED DEBT OF BROWN COMPANY (Note B):

Serial notes, 2½%, portion maturing after one year to October 1, 1953.....	\$ 1,600,000	
Collateral trust bonds, 3½%, payable serially October 1, 1954 to 1970.....	13,600,000	
Serial notes, first mortgage and collateral trust bonds and general mortgage bonds (redeemed in 1950).....		\$16,777,400
<b>TOTAL FUNDED DEBT.....</b>	<b>\$15,200,000</b>	<b>\$16,777,400</b>

#### RESERVES FOR POSSIBLE FUTURE INVENTORY PRICE DECLINES AND OTHER CONTINGENCIES.....

	\$ 2,000,000	\$ 2,000,000
--	--------------	--------------

#### CAPITAL STOCK OF BROWN COMPANY AND SURPLUS:

Convertible preferred stock, \$6 cumulative (Note F):		
Authorized — 144,483 shares, par value \$100		
Issued — 144,151 shares.....	\$14,415,100	\$14,415,100
(Cumulative dividends to November 30, 1950 not paid or declared — \$7,784,154)		
Common stock:		
Authorized — 4,011,040 shares, par value \$1		
Issued — 1,992,817 shares.....	1,992,817	1,992,817
(1,009,057 unissued shares reserved for conversion of preferred stock)		
Capital surplus.....	2,577,016	2,577,016
Earned surplus (Note G), per accompanying statement.....	15,053,992	11,083,262
<b>TOTAL CAPITAL STOCK AND SURPLUS.....</b>	<b>\$34,038,925</b>	<b>\$30,068,195</b>

	<u>\$58,625,701</u>	<u>\$52,533,027</u>
--	---------------------	---------------------

to financial statements}



# NOTES TO FINANCIAL STATEMENTS

## *Note A — Basis of Consolidation and Conversion*

The accompanying consolidated financial statements include the accounts of Brown Company, a Maine corporation, and its wholly-owned Canadian subsidiary, Brown Corporation. The statements are expressed in United States currency. The assets and liabilities of Brown Corporation at November 30, 1950, other than fixed assets, have been converted to United States currency at the quoted "free" rate of exchange prevailing at that date. Fixed assets acquired before the official Canadian currency devaluation which occurred in September 1949 have been converted dollar for dollar, and those acquired subsequently, at the average of exchange rates in effect at or about the time of acquisition. The profit and loss accounts for the year ended November 30, 1950 have been converted (except for depreciation and depletion to which averages of rates used for fixed assets have been applied) at average rates prevailing during the respective accounting periods.

The consolidated balance sheet as at November 30, 1950 includes the following amounts of Canadian assets, liabilities and surplus of Brown Corporation, expressed in United States dollars — current assets \$11,784,752, other assets \$10,835,465, current liabilities \$2,698,530 and unremitted surplus earnings of \$3,271,687 the distribution of which is subject to foreign exchange control regulations. The Canadian earnings for the fiscal year 1950 amounted to \$2,506,651 as compared with \$1,839,545 of dividend remittances received by the parent company from Brown Corporation during the year.

## *Note B — Pledge of Certain Assets*

The entire capital stock and \$5,000,000 issue of first mortgage bonds of Brown Corporation, owned by Brown Company and eliminated in consolidation, were pledged to secure Brown Company's funded debt outstanding at November 30, 1950. Brown Corporation's mortgage bonds were secured by its plants and equipment and timberlands, by its investment in the capital stock of St. Maurice Power Corporation (Note D) and by a so-called "floating charge" on all its other assets which permits free use and disposition of the assets subject thereto unless and until the Trust Deed of mortgage itself becomes enforceable.

## *Note C — Inventories*

Brown Company's inventories of pulpwood and pulpwood content of pulp, carried at \$394,110 as at November 30, 1950, are stated at cost determined by the "last-in, first-out" method of valuation adopted as of November 30, 1941. Otherwise the inventories are stated on the basis of cost or market, whichever lower, cost representing actual, current average or current standard cost.

## *Note D — Investments in Affiliated and Associated Companies*

Certain of the investments in affiliated and associated companies are carried at cost, and others, at underlying book value or nominal amounts of \$1 each. Investments carried at nominal amounts of \$1 include a 50% interest of Brown Corporation in the capital stock of St. Maurice Power Corporation, which furnishes power to the mills of Brown Corporation at La Tuque, Quebec, under a long-term contract which is considered favorable to the latter company. Brown Corporation's proportionate share in the average yearly earnings of St. Maurice Power Corporation for the past three years amounts to approximately \$80,000. From these and other factors it would appear that the investment is currently of significant value to the business.

## *Note E — Fixed Assets*

Plants and equipment are carried substantially at cost, less depreciation provided. Timberlands of Brown Company are carried at \$1 per cord of estimated standing softwood at November 30, 1904, plus subsequent additions at cost, and those of Brown Corporation, at cost plus carrying charges to March 15, 1915, less, in each case, depletion based on timber cut.

For the year ended November 30, 1950 Brown Corporation adopted the diminishing balance method of computing depreciation, in accordance with regulations issued by the Government of Canada Income Tax Department. This change in method has had the effect of reducing the consolidated profit for the year by approximately \$50,000.

## *Note F — Convertible Preferred Stock*

The convertible preferred stock is callable at any time (under certain conditions) at, and entitled in liquidation (in preference to common stock) to, \$102.50 per share plus accrued dividends.

## *Note G — Earned Surplus*

The consolidated earned surplus represents undistributed earnings of Brown Company since November 30, 1941 and of Brown Corporation since November 30, 1940. The earned surplus of Brown Company at November 30, 1950, \$11,901,305, is subject to cumulative dividends on preferred stock (referred to in the balance sheet) and to restrictions on the payment of dividends, under provisions of the indenture covering funded debt, which would currently, and so long as the outstanding funded debt is \$10,000,000 or more, prevent the payment of dividends to the extent that "consolidated working capital" would thereby be reduced below \$10,000,000, and, after September 30, 1952, would prevent the payment of dividends to the extent that such payment, together with previous dividend payments and expenditures for the acquisition of shares of the company's capital stock since November 30, 1949, would exceed 70% of the "consolidated net earnings" since November 30, 1949.

## *Note H — Commitments*

At November 30, 1950 the consolidated companies had unexpended balances totaling approximately \$3,500,000 under approved authorizations for plant extension and improvement projects. A substantial portion of this amount was under firm commitment.



PRICE, WATERHOUSE & CO.

75 FEDERAL STREET

BOSTON 10

January 19, 1951

To the Board of Directors  
of Brown Company:

In our opinion, the accompanying consolidated balance sheet and related statements of profit and loss and earned surplus, with the notes thereto, present fairly the consolidated financial position of Brown Company and its wholly-owned Canadian subsidiary, Brown Corporation, at November 30, 1950 and the results of their operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent in all material respects with that of the preceding year. Our examination of such statements was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

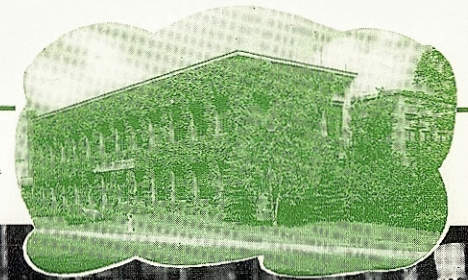
*Price Waterhouse & Co.*



# THE CONTINUING

The Age of Cellulose is a continuing one. Where minerals have been abundantly available, constantly increasing human requirements deplete the earth's store of these basic materials.

Cellulose, from both wood and cotton, has been and always will be fundamental in clothing, housing and comforting people. Unlike basic min-



*Research and Development  
Laboratory*

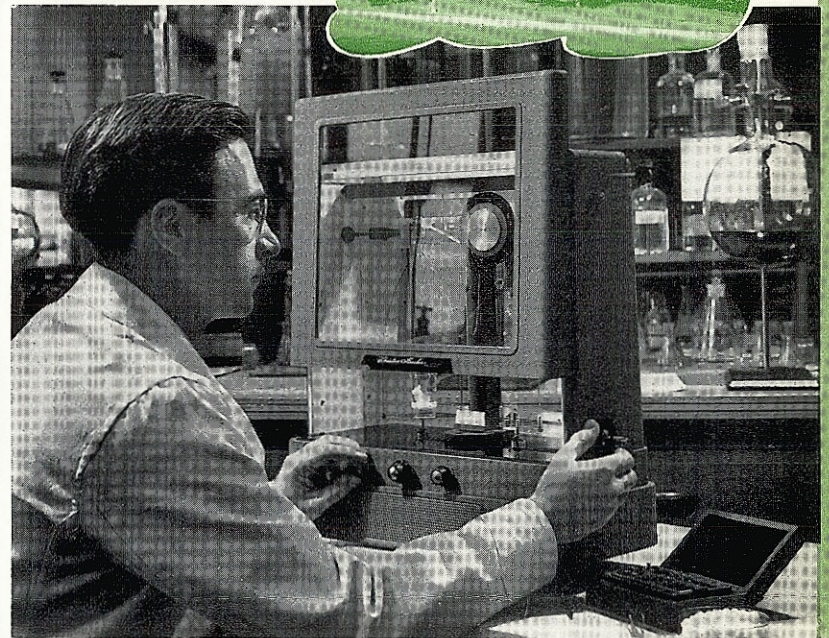
## RESEARCH *and Development*

That the Age of Cellulose is a continuing and expanding one is in great measure the result of the efforts of those working in research and development groups such as our own, and their colleagues in the industry. In our research, ideas are germinated, nurtured, subjected to critical investigation and are either discarded or accepted for development at appropriate times.

Research enters every phase of our business. Our raw materials, and how we can best utilize them, take research to the forests. Our products, and how we can better produce them, take research to the plants. Our products, and how our customers can best use them, take our technical research men to the field.

Thus Research runs the gamut of our activities, from the trees to the finished products, touching on all phases of our integrated operations. Research looks to the future with new products, new uses, and new production methods.

A strong and well coordinated Research program is a vital part of the overall planning for Brown Company's future in "The Continuing Age of Cellulose."



*Precision measurement,  
an essential in Research*



# AGE of CELLULOSE

erals it is a natural resource that can be replenished at the will of man. There are needed soil, air, water, sunlight and human foresight.

Brown Company has pioneered in developing wood cellulose products of maximum utility to man. These contribute more and more to both necessities and comforts, and currently serve almost every field of human endeavor.



*Felling Trees with Power Chain Saw*

*A portable logging camp*

## WOODS

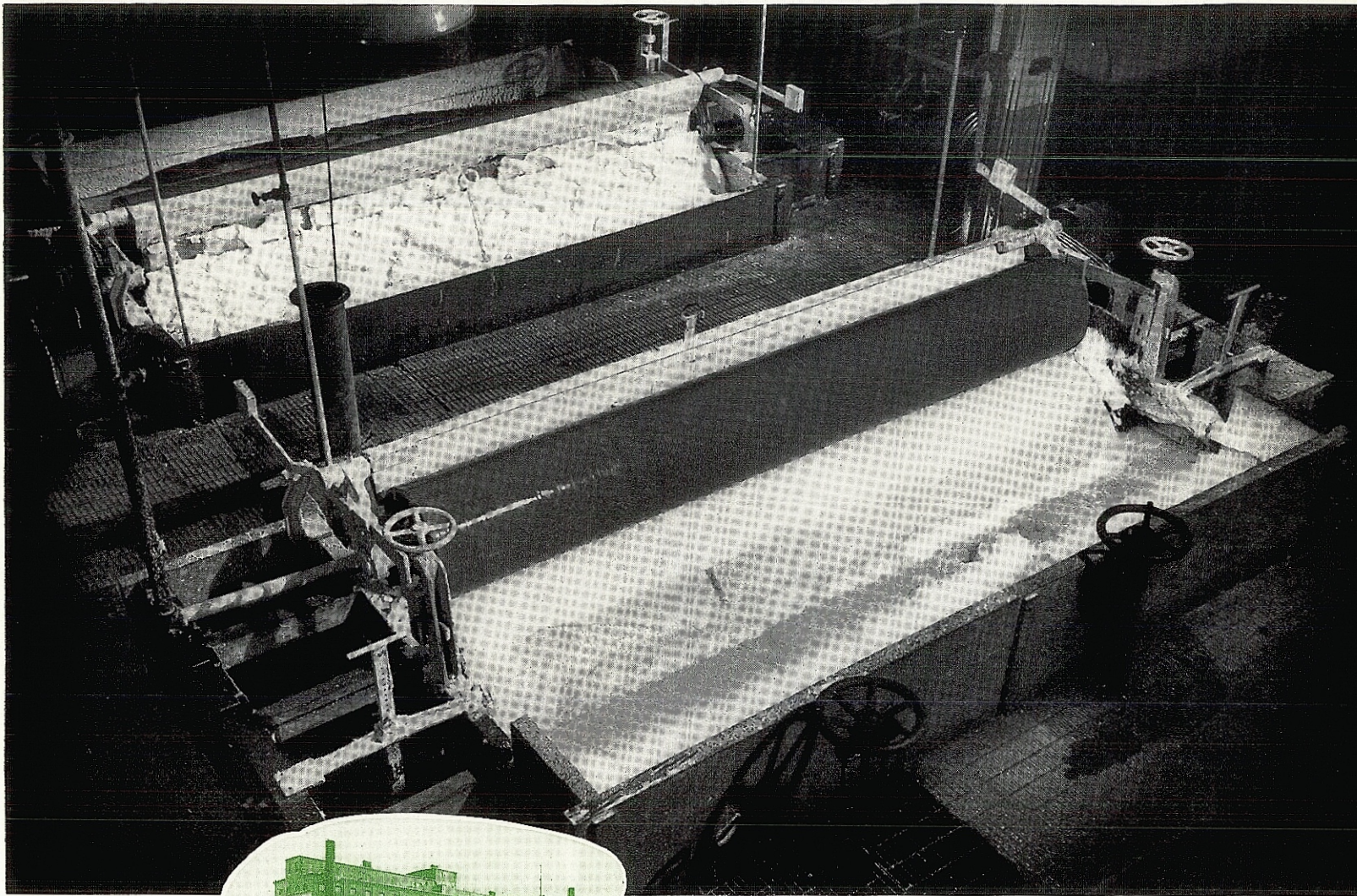
“The Continuing Age of Cellulose” is dependent upon a steady source of raw material. Cellulose, the chief component of trees, has become one of the world’s most important raw materials. Brown Company’s Woods De-

partment, in charge of professional foresters since 1905, is responsible for the annual procurement of 750,000 cords of pulpwood, the Company’s and Corporation’s chief raw material.

In recent years the procurement of pulpwood from the forests has become more of a mechanized operation than in the old days, when labor was inexpensive and other costs were low. The task of Brown Company’s Woods Department is rendered more complex by the necessities of building and maintaining highways through the forests, of selective cutting and intensified care in relation to reforestation. Many of the cuttings on Brown Company’s lands in the United States are now being carried on in areas covered with second growth as the result of wise forest practices in former years. The value to the Company of its forest lands is demonstrated in years when Company operations can produce wood more cheaply than it can be purchased in the market.

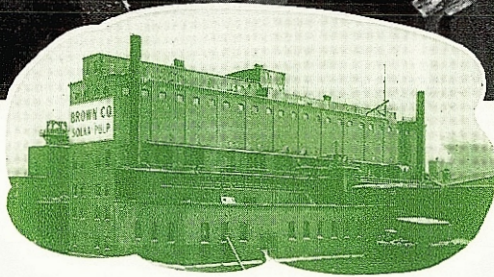
The use of heavy bulldozers, graders, chain saws and other improved implements is serving to make such operations more efficient, and offset in some measure the great increase in the cost of manual labor. The Woods Department of Brown Company and Corporation is currently operating 52 camps and employing thousands of men varying in numbers according to cutting, hauling and driving requirements.





*Bleached Pulp Thickeners*

*Solka  
Pulp Mill*



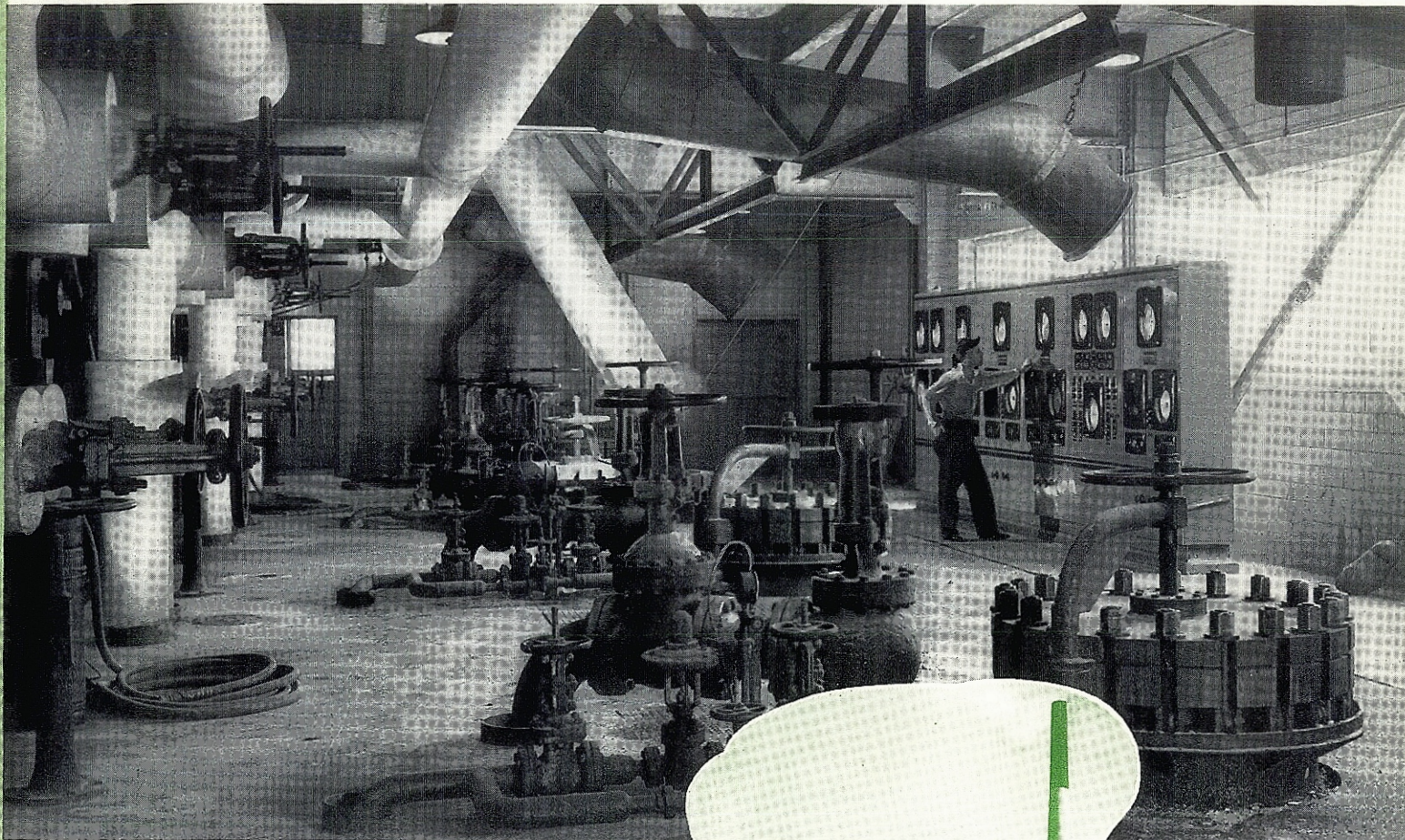
## *SOLKA Pulps*

The Solka Pulp Mill produces wood pulp for sale to the paper industry, as well as to the manufacturers of cellophane and many other non-paper users. The fibres produced here by the alpha sulphite process are specialty fibres for particular uses.

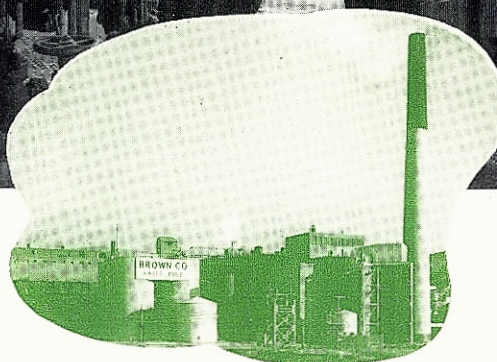
The writing paper you use may contain Solka pulps. Your playing cards, calling cards, wedding invitations, your Bible, the pictures that hold so many memories, the cellophane that serves you in a myriad of ways, the cleansing tissue, the records you keep in your offices and the many other papers closely allied to these, all may have had their beginnings in the Solka Mill at Berlin.

To be without some of these products would change our way of life. The continued serving of the industries which produce these products from Solka Pulps is part of "The Continuing Age of Cellulose."





*Charging Floor, Kraft Pulp Mill*



*Kraft Pulp Mill,  
Berlin, N. H.*

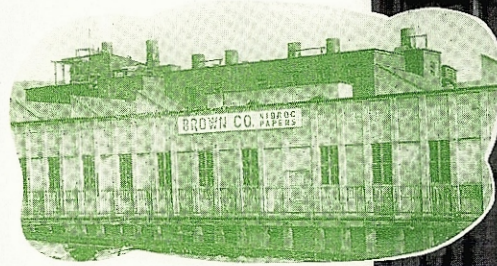
## **KRAFT** *Pulps*

The newest plant in the Brown Company family of production units is the Kraft Pulp Mill. It makes unbleached pulp from both hardwood and softwood. Its value in Brown Company's contribution to "The Continuing Age of Cellulose" is twofold. First, Brown Company can and does carefully control the basic paper making qualities of the raw material, pulp. Second, it is economically sound; it enables Brown Company to process all desirable wood species grown in the area. It enables Brown Company to use types of softwood readily obtainable in the area, but not practical for use in the Sulphite process. These species thus made available open up large, new sources of pulpwood supply and relieve Brown Company's own timberlands of a demand for spruce and fir beyond their sustained yield. The pulp is piped to the Company's own paper mills in slush form — eliminating almost entirely drying, baling and handling. In this process of fibre making, the waste materials are greatly reduced, thus helping considerably in minimizing stream pollution problems.

The products made from this pulp, and the part it plays in our lives, will be shown in the section on paper products.



## Converting PAPERS



*Riverside  
Paper Mill*

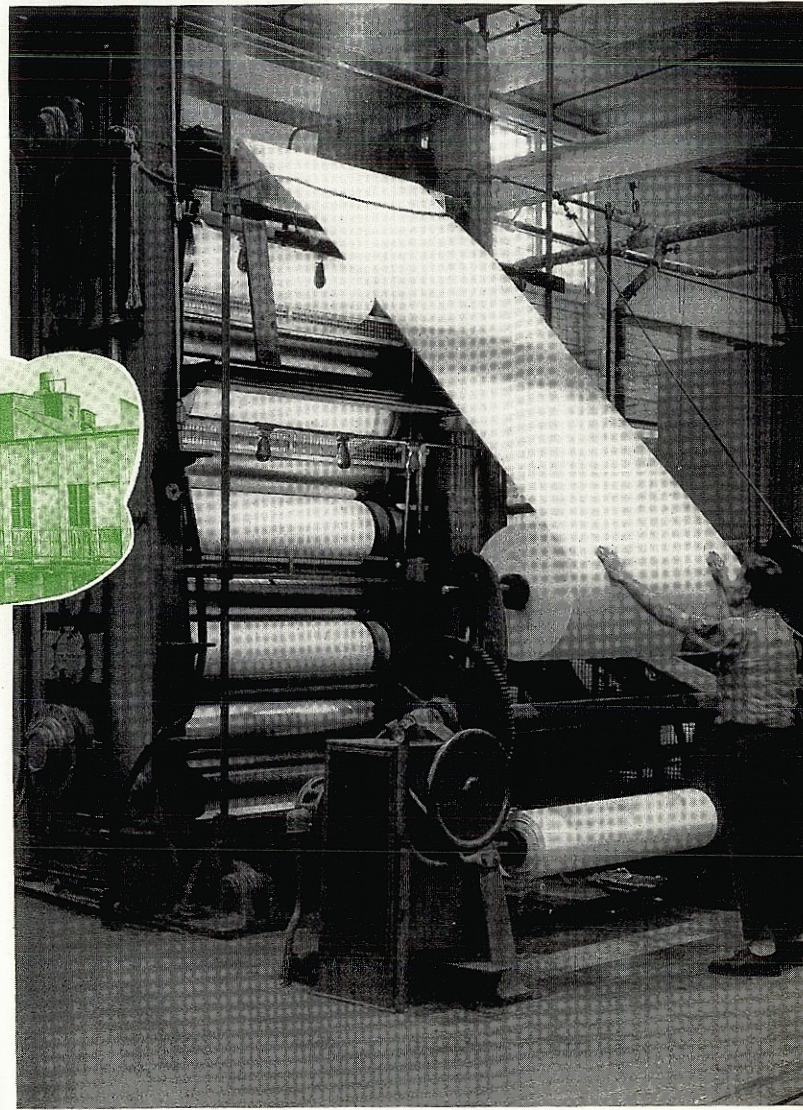
The Nibroc Converting Papers are produced at Cascade Mill and Riverside Mill. These engineered papers are made to specifications of customers, who further process them into products which many know, but few associate with Brown Company.

In "The Continuing Age of Cellulose" the instantaneous receipt of wires, teletypes and other high speed transmissions seems a far cry from Brown Company — yet communications papers are made at Berlin to exacting specifications and are used by the Armed Forces and Government agencies, as well as the civilian communications industry.

Wet strength sacks for packaging potatoes and other farm products — bags for coffee, tea, sugar and flour — such products as gummed tape, sandpaper and masking tape — all may have originated in Brown Company's mills.

Converting Papers produced in Berlin, New Hampshire, have been combined with sisal fibre, glass fibre, burlap and other materials, and used for building insulation and protective coverings. Nibrocel, our newest specialty paper is processed and used for decorative wall panels, table and kitchen counter tops.

The production of these engineered papers requires years of background, as well as the deep sense of pride in accomplishment which is part of Brown Company's way of doing business.

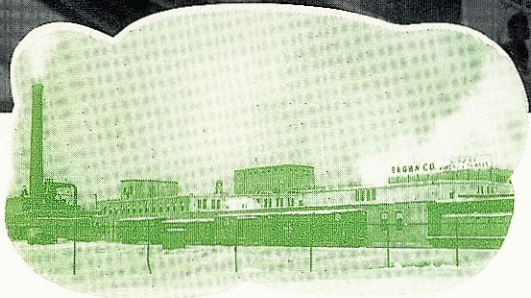


*Calendering Specification Paper at Cascade Mill*





*Towel converting and packaging*



*Cascade Paper Mill*

## **NIBROC** *Towels*

The Cascade Mill produces the well-known Nibroc Paper Towel. In "The Continuing Age of Cellulose" this product has a huge role in the health protection of American workers. About one of every four paper towels used in offices, factories, hospitals, schools, restaurants, etc., is a Nibroc Towel. The sale of Nibroc Towels has grown over the last ten years at a rate which has exceeded the growth of the industry as a whole.

New uses for paper towels have been found, one of which is an aid in the production of cleaner milk, certainly of vital interest to all of us. Other special towels, each engineered for its particular use, will increase the utility of Nibroc Towels to America.

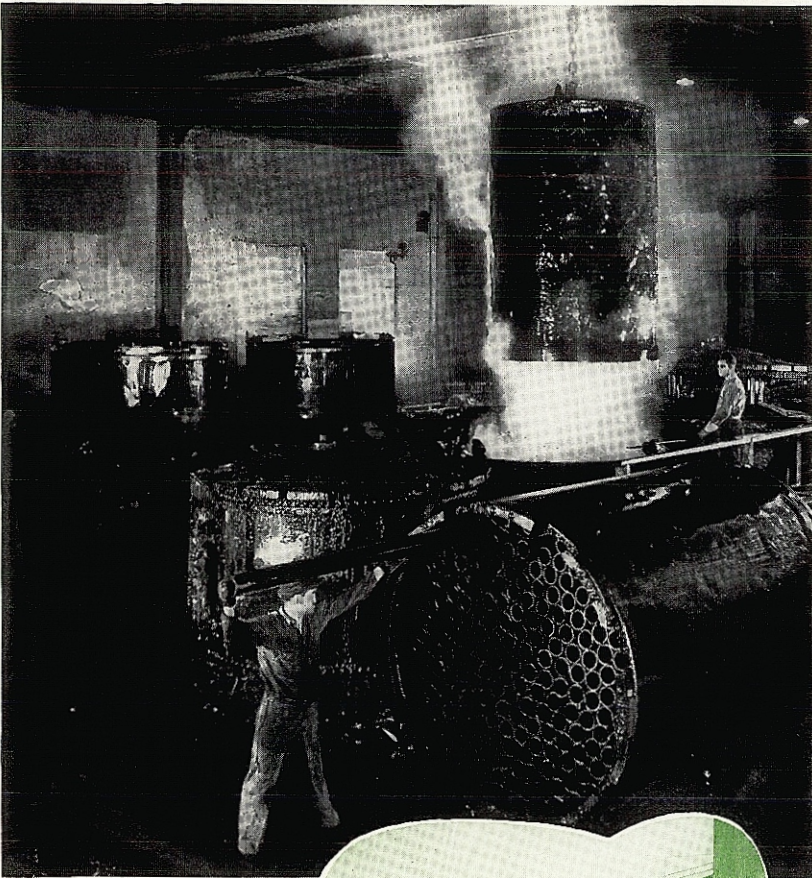


# BERMICO

Many of Brown Company's fibres are combined by other manufacturers to make products wholly unlike cellulose products as we generally think of them. Brown Company combines cellulose fibres with pitch, which results in a bituminized fibre pipe.

One of these unusual products is Conduit, used for underground electrical raceways. Another, Bermico Sewer Pipe, has long length, strength and tight joints, which make it ideal for house-to-sewer connections. It is easily handled — requires less work and is root-proof.

Bermico Sewer Pipe, although tested by time, is relatively new on the list of Brown Company products. The present high demand for Bermico indicates expanding sales in the future. Another unusual product is the Bermico Core, used in the paper and textile industries. These are other examples of "The Continuing Age of Cellulose" — constantly increasing the uses of cellulose in new fields of endeavor.



*Impregnating of Tubular products*



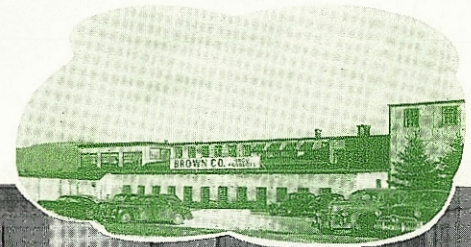
*Bermico Tubular Products Mill*

# ONCO

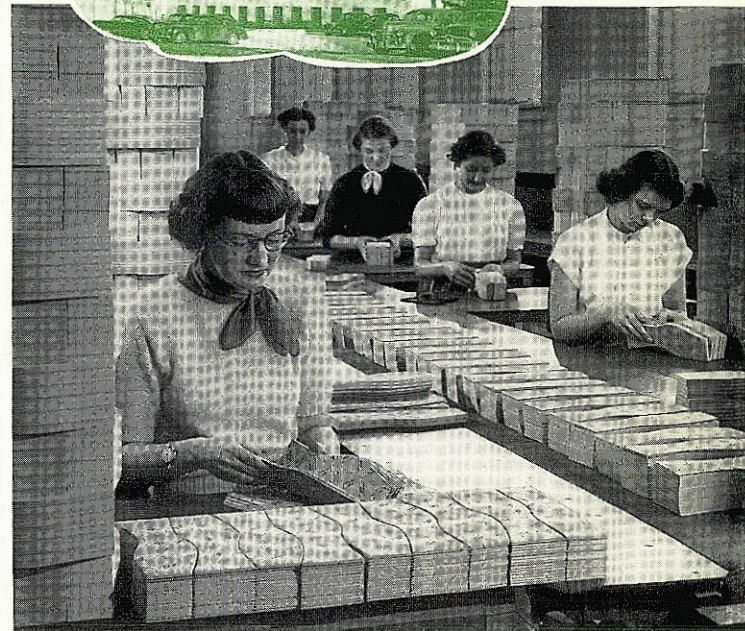
Onco is a name well known in the shoe industry. It is a strong fibrous material, carrying many of the physical qualities of leather. It is used primarily in insoles, in the manufacture of shoes. Onco is a part of "The Continuing Age of Cellulose" because the base web of Onco insoles is Solka cellulose. The innersole is an important component in the manufacture of shoes, since the entire shoe is built around it.

Onco is the leader in the cellulose insole field. The chances are excellent that many of the shoes purchased by your household contain Onco insoles. By lifting the sockliner which covers the insole, shoe buyers are able to see the familiar trademark, Onco Insole-ated, which they specify in their purchase of shoes.

A versatile product, Onco has been used widely in the handbag industry and in the novelty field for wallets, belts, key cases and other similar items.



*Onco Mill*



*Inspecting Onco Insole-ated insoles*

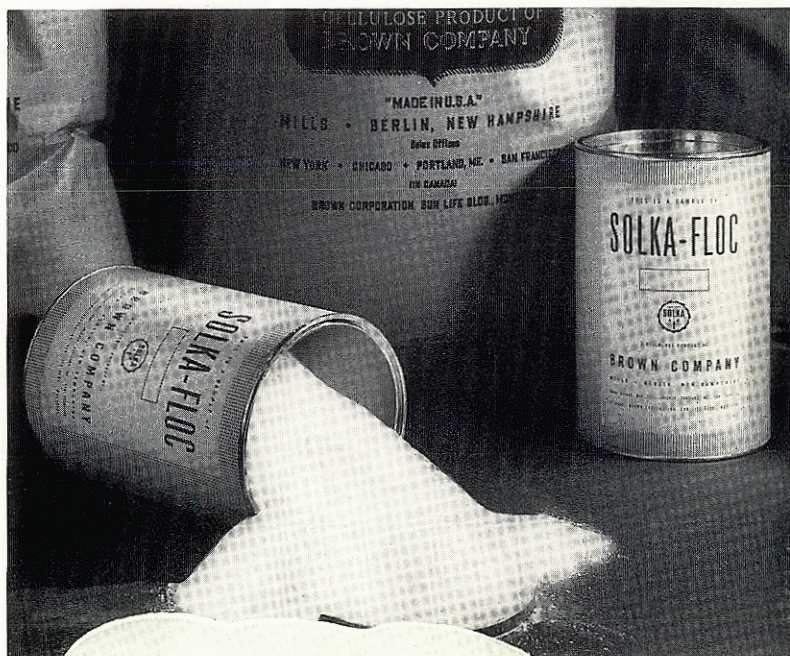


# SOLKA-FLOC

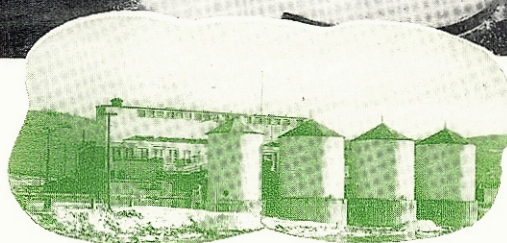
Solka-Floc is a finely divided form of Solka Pulp—a highly purified wood cellulose. It looks very much like talcum powder, but its uses in the home in chemicals, rubber or plastics combinations are indeed broader. Solka-Floc is an important raw material for new cellulose products which are soluble in water. These have many uses, including the manufacture of “soapless soaps”, which clean well without rinsing.

Solka-Floc is used for compounding in the rubber industry, and as a filler in the plastics industry. It appears as part of many rubber and plastics articles you purchase for your home or business although it is not identifiable.

In addition to many other uses, this versatile product of “The Continuing Age of Cellulose” has gone to war. One example is its use in the coating on top-quality welding rods.

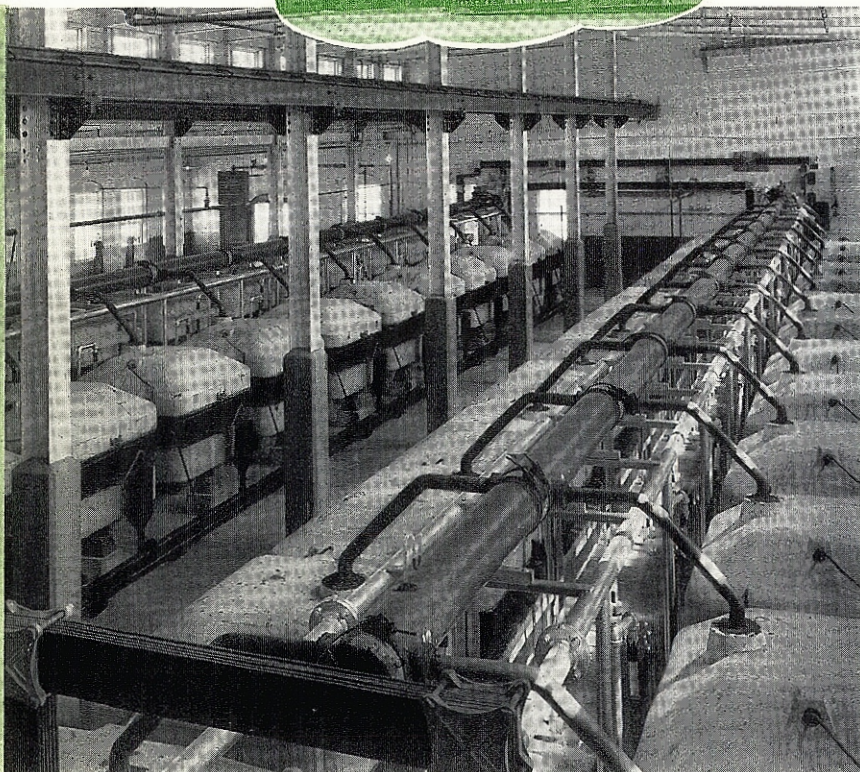


*Purified Cellulose in free flowing form*



*Solka-Floc Mill*

*Chemical Plant*



*Electrolytic Cells for production of Caustic and Chlorine*

## CHEMICALS

The products manufactured by the Chemical Division are unique in Brown Company in that they are the only ones not basically cellulose. Most of the chemicals manufactured go directly into making other Brown Company products. They can rightfully claim a part in “The Continuing Age of Cellulose” by virtue of their use in the production of cellulose products. This is part of the Brown Company plan of integration from raw material to finished product.

Excess chlorine and soda bleach are sold to municipalities for water purification and to the paper and textile fields for bleaching. Caustic Soda is sold to soap manufacturers, and chloroform is sold to pharmaceutical organizations.



# BROWN CORPORATION

Brown Corporation is a wholly owned subsidiary of Brown Company. The mill is located at La Tuque, P. Q., Canada. This mill produces a series of specification pulps by the sulphate or Kraft process largely for the papermaking industry.

Solka, highly purified pulps, are designed for the production of unusually strong specification papers. Some of these pulps produce such paper products as sandpaper, tag, cable winding and absorbent base, while others are adaptable for the manufacture of high-grade writing and technical papers.

Cellate, a bleached sulphate pulp, is an outstanding utility pulp for the manufacture of all papers in which strength and appearance are of paramount importance.

There are also included in the pulps at La Tuque some grades that play an important part in the electrical industry. These pulps are basic necessities for the production of condenser tissues and other electrical papers.

The La Tuque mill supplies all of the pulps required by our own papermaking facilities, with the exception of the unbleached sulphate pulps manufactured in the Kraft mill at Berlin, New Hampshire.

Brown Corporation has sales offices in Montreal. The Corporation sells pulp, Nibroco towels produced from La Tuque pulps, Solka-Floc, Bermico, Onco, spiral wound cores and turpentine.

*Brown Corporation Kraft Pulp Mill, La Tuque, P. Q.*

