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# BROWN COMPANY



# 1956 ANNUAL REPORT

ELLIOTT WALKER  
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 JUL 3 1957  
 MCGILL UNIVERSITY

## Directors

ORTON B. BROWN.....Berlin, New Hampshire  
Director, New Hampshire Fire Insurance Co.

JOHN B. CHALLIES.....Montreal, Quebec  
Consulting Engineer—Retired Senior Vice President,  
Shawinigan Water & Power Company

ARTHUR D. EMORY.....Montreal, Quebec  
Chairman, United Corporation Limited

A. E. HAROLD FAIR.....Brookline, Massachusetts  
President

MAURICE FORGET, Q. C.....Montreal, Quebec  
Partner, Forget & Forget

ERNEST M. HOPKINS.....Hanover, New Hampshire  
Chairman, National Life Insurance Company

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

ERNEST H. MALING.....Kennebunkport, Maine  
Vice Chairman of the Board

CHARLES P. McTAGUE, Q. C.....Toronto, Ontario  
Lawyer—White, Bristol, Beck & Phipps

G. A. MORRIS.....Montreal, Quebec  
Director, Consolidated Bakeries of Canada Limited

JOHN L. SULLIVAN.....Manchester, New Hampshire  
Lawyer—Sullivan and Wynot (Manchester, N. H.)  
—Sullivan, Bernard, Shea & Kenney (Washington, D. C.)

GENE TUNNEY.....New York City  
Chairman of the Board, The McCandless Corporation

ARTHUR G. WALWYN.....Toronto, Ontario  
President, Corporate Consultants Limited

R. HOWARD WEBSTER\*.....Montreal, Quebec  
Managing Director, The Imperial Trust Company

LAURENCE F. WHITTEMORE  
Pembroke, New Hampshire  
Chairman of the Board

\*Resigned September 12, 1956; resignation laid on the table by the Board of Directors.

## Officers and Staff

LAURENCE F. WHITTEMORE *Chairman of the Board*

A. E. HAROLD FAIR.....*President*

STUART W. SKOWBO  
*Senior Vice President and Treasurer*

ROBERT W. ANDREWS.....*Vice President*

CLARENCE S. HERR.....*Vice President*

JOHN W. JORDAN.....*Vice President and Secretary*

NEWTON L. NOURSE.....*Vice President*

JAMES ROGERS II.....*Asst. to the President*

DR. GEORGE A. DAY.....*Technical Director*

DR. PAUL M. GOODLOE.....*Asst. Technical Director*

DOUGLAS H. McMURTRIE.....*Research Director*

MILTON W. HAYES.....*Manager, Quality Control*

VAN R. WOOLSEY.....*General Purchasing Agent*

HUGH D. JORDAN.....*Asst. Treasurer*

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

ARTHUR R. TAYLOR.....*General Mgr.—Bermico Division*

FRANCOIS X. GUIMOND.....*Manager—Pulp Mfg.*

CARL A. VON ENDE.....*Manager—Paper Mfg.*

ALEXANDER B. WALKER.....*Budget Director*

ROLAND E. FICKETT.....*Executive Assistant*

GILFORD F. HENDERSON  
*General Sales Manager, Paper Products*

JOHN J. McDONALD.....*Manager, Pulp and Floc Sales*

HAROLD E. MOLEY.....*Manager, Paper Sales*

WILLIAM T. LAROSE.....*Manager, Towel & Tissue Sales*

URBAN J. DACIER.....*Manager, Onco Sales*

FREDERICK L. GRAHAM  
*European Sales Representative*

STANLEY H. WENTZELL.....*General Logging Supt.*

EDWARD J. REICHERT.....*Asst. Secretary*

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

## Registrars and Transfer Agents for Common Stock

*Principal Transfer Agent*  
Second Bank—State Street Trust Company, Boston

*Montreal Transfer Agent*.....Guardian Trust Company

*New York Transfer Agent*  
Chemical Corn Exchange Bank

*Toronto Transfer Agent*.....The Royal Trust Company

*Principal Registrar*.....The First National Bank of Boston

*Montreal Registrar*.....Montreal Trust Company

*New York Registrar*.....The New York Trust Company

*Toronto Registrar*.....Montreal Trust Company

## Registrar for the Company's 4½% Debentures

Old Colony Trust Company.....Boston

General Office: Berlin, New Hampshire

Executive and General Sales Offices: 150 Causeway Street, Boston 14, Mass.

Mills: Berlin, Gorham and North Stratford, New Hampshire; Corvallis, Oregon

# HIGHLIGHTS OF THE REPORT

	<i>Year ended November 30</i>	
	1956	1955
Tons of pulp, paper, and towels sold . . . . .	214,610	205,383
Net sales . . . . .	\$59,682,935	\$53,820,733
Net income before income taxes . . . . .	\$ 4,571,504	\$ 3,380,199
Net income . . . . .	\$ 2,611,504	\$ 2,030,199
Average number of common shares . . . . .	2,591,976	2,295,315
Earnings per share . . . . .	\$1.01	\$.81
Net working capital at end of year . . . . .	\$19,126,674	\$27,069,483
Ratio of current assets to current liabilities . . . . .	3.1 to 1	3.7 to 1
Expenditures for plant and equipment . . . . .	\$10,655,132	\$ 5,797,353
Acres of timberlands owned at end of year, including Brown Company share of jointly owned lands . . . . .	632,192	623,121
Common shareholders' ownership in net assets at end of year:		
Total . . . . .	\$56,586,815	\$55,374,120
Per share . . . . .	\$21.83	\$21.24
Number of common shareholders at end of year . . . . .	7,114	5,852
Average number of employees (not including seasonal woods labor) . . . . .	4,044*	3,857
Payrolls and employee benefits . . . . .	\$20,309,832*	\$17,990,667

\* Includes North Stratford last half of year.

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COVER—The cover photo shows part of Brown Company's concentration of plants at Berlin, N. H. At left, the Kraft pulp mill; at right, the new Kraft pulp bleachery; center, the Pyrrhotite plant. Obscured by these structures are plants producing sulphite pulp, paper, Bermico tubing, Solka-Floc, Onco products, and chemicals.

## REPORT TO THE STOCKHOLDERS

Consolidated net income for the year ended November 30, 1956 was \$2,611,504, or \$1.01 per share of common stock. In addition, the Company realized a further gain on the sale of Canadian assets of \$1,441,596 (representing primarily the excess provision made in a prior year for income taxes based on the liquidation of the Canadian subsidiary) as the result of a final settlement with the U. S. Treasury; further details are given later in this report as well as in the notes to financial statements.

In the previous fiscal year, Brown Company had consolidated net income of \$2,030,199; this was equivalent to 81¢ per share on the smaller number of common shares outstanding during that year, which in 1955 averaged 2,295,315 as compared to an average of 2,591,976 shares for 1956. Thus, consolidated net income shows an increase of \$581,305, or 29%, over the preceding year.

The Company's net income in 1956 includes six months' earnings from its recently acquired veneer and plywood manufacturing subsidiaries located at North Stratford, New Hampshire. These companies, whose sales for the six months' period totaled \$2,245,421, are expected to contribute a further increase to consolidated net earnings of Brown Company in 1957 when a full year's income of the subsidiaries will be reflected in our statements.

Consolidated net sales for the year ended November 30, 1956 were \$59,682,935, an increase of 11% over the figure of \$53,820,733 for the preceding fiscal year. Excluding sales of the North Stratford subsidiaries, the Company shows an increase of 7% in net sales as compared to the preceding year.

Probably the most important accomplishments of the past year have been the completion of major plant additions and improvements, and the near completion of others; a separate section is devoted to these matters in the latter portion of this report.



In this Research and Development Laboratory, more than 100 persons are constantly exploring new forms and applications of our basic raw material, wood cellulose. Brown Company research has always been in the forefront of the field, and now offers opportunities to young scientists seeking to push back the frontiers of knowledge.

Forest conservation by Brown Company is designed to ensure the company a perpetual supply of pulpwood. The woodlands shown here were cut over in 1925-26 for softwood. Mature stands of both soft and hardwood were harvested from this area in 1942-43. Since then, regrowth has continued, and partial cuts will be taken from the same lands in the next 12 to 15 years. Area shown is along a main highway north of Berlin, N. H.



## DIVIDENDS ON COMMON STOCK

Regular quarterly dividends of 25¢ per share were paid throughout the year, continuing the rate adopted in mid-1955. Total dividends paid since the sale of Canadian assets on December 1, 1954 have amounted to 88% of net income earned since that date. Although this is an unusually high percentage, it was realized at the time the dividend rate was adopted that there would not be a normal relationship between earnings and dividends for a period of at least three years (1955-1956-1957) following the sale of the Canadian subsidiary's assets. We have made substantial progress toward achieving the objective which was stated in our 1954 Annual Report: ". . . by 1957 there is a possibility that Brown Company's earnings should at least equal those of both the parent company and its subsidiary in 1954."

On January 28, 1957 the Board of Directors declared a regular quarterly dividend of 25¢ per share, payable March 1 to common stockholders of record at the close of business February 11, 1957.

## DISPOSITION OF CASH DURING THE YEAR

Cash and marketable securities as of November 30, 1956 totaled \$7,659,004, a reduction of \$13,886,908 from the figure of a year earlier. The plant improvement program at Berlin and the acquisition of manufacturing facilities at North Stratford, New Hampshire, and Corvallis, Oregon, account for 61% of this reduction; the remainder is accounted for principally by conversion of cash to other forms of working capital, including increases in pulpwood inventories, receivables, veneer log inventories and other working capital of the North Stratford companies, as well as by a reduction in payables, and miscellaneous items. Details are given in the following tabulation:

1. Additions to plant and equipment, principally at Berlin, but including facilities acquired during the year at North Stratford, N. H., and Corvallis, Oregon	\$10,655,132	
Less depreciation recovery	2,237,394	
		\$ 8,417,738
2. Additions to raw material, parts, and supplies inventories, principally pulpwood and veneer logs		4,220,311
3. Increase in accounts receivable, including those of newly acquired subsidiaries		831,445
4. Reduction in payables		695,778
5. All other factors affecting cash (net)		(278,364)
Total		<u>\$13,886,908</u>



Twenty-four financial analysts from various sections of the United States and Canada spent two days touring Brown Company's mills in New Hampshire and woodlands in both New Hampshire and Maine. They are shown on arrival at Berlin by chartered plane.

## FINANCIAL POSITION AND CAPITAL STRUCTURE

Consolidated working capital at November 30, 1956 (current assets less current liabilities) amounted to \$19,126,674; the current ratio was 3.1. A year earlier working capital was \$27,069,483, and the current ratio was 3.7. The reduction in working capital during 1956 is attributable primarily to investment of cash reserves in productive facilities at Berlin and other locations.

The Company's capital structure at November 30, 1956 consisted of 2,592,451 shares of common stock (excluding 52,414 shares held by the Company as Treasury Stock) which represented a total investment of \$56,586,815, and long term debt of \$5,059,100 consisting of Brown Company's 4½% Debentures due June 15, 1975. There was no short term debt, and no preference stock.

During the year, the stockholders approved management's recommendation that the authorized capital stock be increased to 3,500,000 common shares, and that authority be granted to purchase up to 300,000 shares of the Company's own stock, under certain conditions. The purpose of these authorizations was to provide general flexibility in the capital structure, and in particular to be prepared for situations in which the Company might need additional shares of its stock to exchange for desirable plants or properties. During 1956, all of the Company's acquisitions were for cash. Therefore, it has not issued any additional shares or purchased any of its stock except for 16,200 shares which were purchased in December, 1955 and held as Treasury Stock.

## GROWTH IN COMMON STOCKHOLDERS' OWNERSHIP

The Company's postwar financial history is shown in two tabulated summaries at the end of this report. The first of these summaries includes a chart showing the increase in net book value of each share of common stock. At November 30, 1956, book value per share had risen to a new high of \$21.83. Five years earlier it was \$10.25; ten years earlier it was \$2.88.

The growth in the common stockholders' total investment is also shown in the tabulated summary at the end of this report. A few of the significant figures, showing common stockholders' total ownership in net assets, are shown below:

November 30, 1946 . . . . .	\$ 5,743,461
November 30, 1951 . . . . .	20,421,867
November 30, 1956 . . . . .	56,586,815

Some of the more important factors bringing about this growth are: (1) reinvestment over the last 10 years of substantial amounts of earnings, some of which were used to reduce debt, (2) elimination of preferred stockholders' ownership in net assets through sinking fund retirements, calls, and conversion, (3) capital gain realized upon sale of Canadian assets, and (4) increase in number of shares of outstanding common stock (approximately 1/3) by conversion from preference stock to common.

## TAX SETTLEMENT

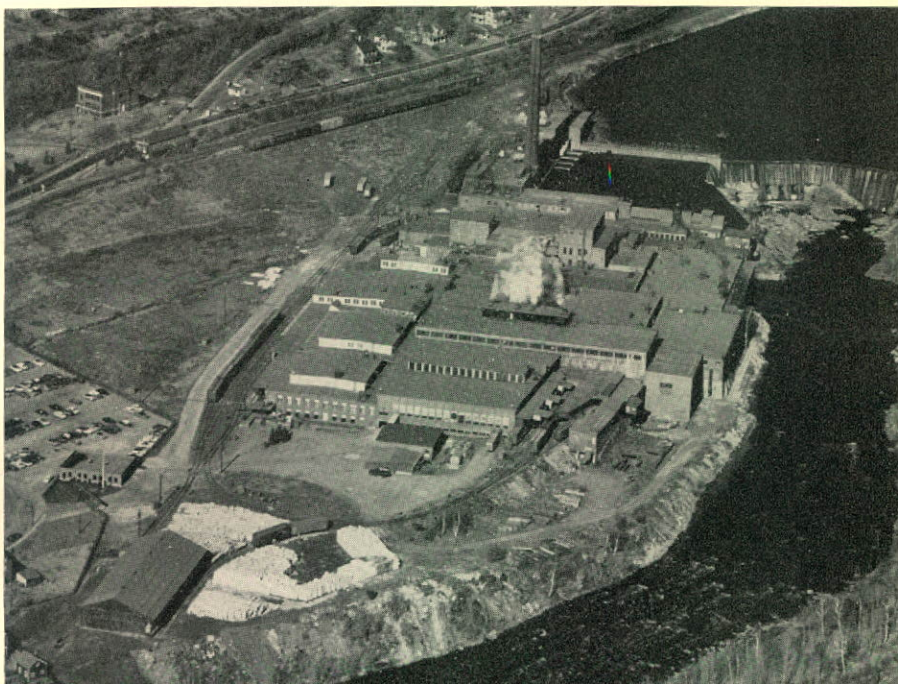
The sale of the Canadian subsidiary's assets took place on December 1, 1954, the first day of our 1955 fiscal year. Shortly thereafter, the Company obtained a tax ruling from the U. S. Treasury Department and proceeded to liquidate the subsidiary. The ruling fixed certain upper and lower limits as to the amount of tax which would apply, and the Company therefore deducted from the gain reported to shareholders for 1955 the maximum tax liability of \$2,930,000. Meanwhile the Company's tax counsel and advisors have worked on the problem of determining the proper amount of the tax within the limits referred to in the ruling. In late 1956 a final determination was reached on this matter as well as on certain other matters pertaining to the Company's United States income taxes for 1953, 1954 and 1955. After deducting applicable expenses, the result of this settlement is a net credit of \$1,441,596, reducing our liability for taxes and other costs, and increasing our net worth, by that amount.

## ACQUISITION PROGRAM

A comprehensive program of review and investigation of facilities or operations which might be of interest to Brown Company was followed in 1956 and is continuing in 1957. Our objective is to replace the earning power which was given up when the Canadian assets were sold on December 1, 1954 for a very substantial amount of cash, and then to proceed to grow from that point. The purpose of the improvement program at Berlin described in a separate section of this report is to replace much of this earning power. It is planned to replace the balance by acquisition of other locations. This program we hope to continue through 1957. However, comparatively few of the available properties meet the requirements which we consider essential.

On March 27, 1956, we acquired a 50% interest in the Resichem Corporation of Swanton, Ohio. This comparatively small, but young and fast-growing, company is a producer of wet strength resins used in paper making, adhesives used in the plywood industry and other fields, general purpose glues, water wash compounds and other products. Shortly after we purchased our interest in this company, it opened an additional plant in Gorham, New Hampshire, in order to be in a better position to fill Brown Company's needs for its resins and adhesives, as well as to supply other customers in the Northeastern United States.

Aerial view of Cascade paper mill, where five complete paper production lines are in operation, with a combined capacity approaching 400 tons per day. Strategically located on the Androscoggin River at Gorham, N. H., this mill produces fine specialty papers, bleached and unbleached, as well as the famous Ni-broc towels.

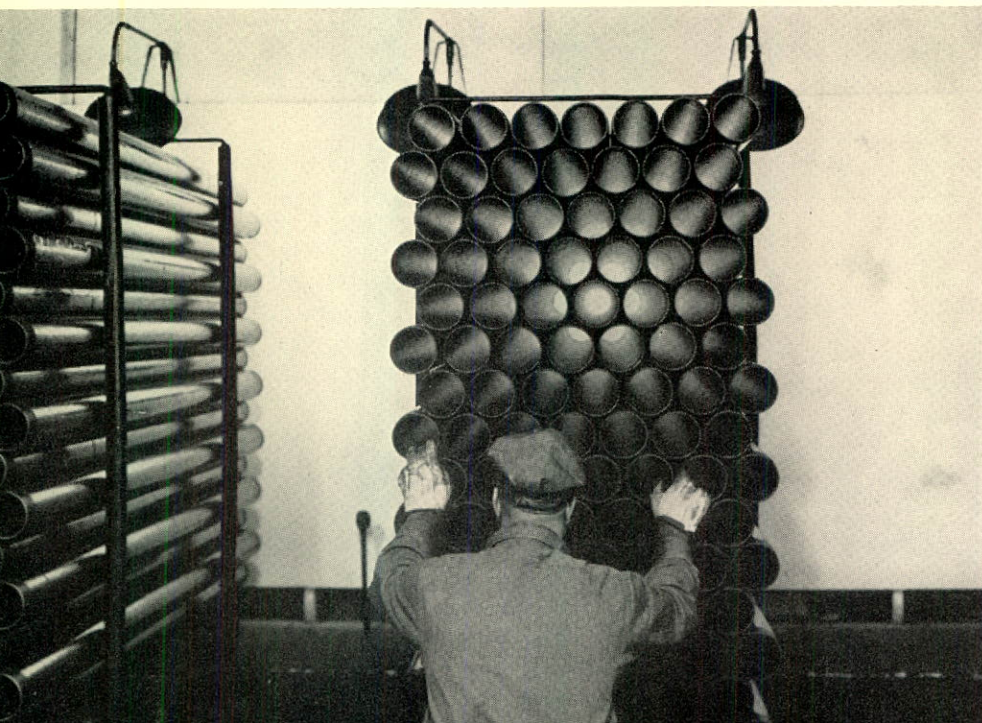


On June 18, 1956, we purchased the physical assets of the Blacfiber Pipe Company of Corvallis, Oregon. This plant, now a division of Brown Company, makes Bermico pipe for our West Coast customers. In August, 1956, we began an expansion at Corvallis, designed to double its present capacity; when this expansion is completed in the first half of 1957, the output at Corvallis will represent an addition amounting to about 20% of the capacity of the Bermico plant in Berlin. Substantial freight savings will be effected, in addition to improved service to customers on the West Coast.

Our largest acquisition in 1956 was the purchase, as of June 1st, of all of the capital stock of three closely integrated companies at North Stratford, New Hampshire (about 40 miles from Berlin), which constitute one of the principal producers of high quality hardwood veneer and plywood in the Northeast. These companies are Granite State Veneer, Inc., Plywood Products, Inc., and Stratford Realty Corporation. They are operated as subsidiaries of Brown Company. They employ about 320 people and have an annual sales volume of approximately \$4,500,000. We had been considering the possible construction of a new veneer and plywood mill in Berlin, in order to obtain maximum utilization of our own high grade yellow birch logs. It was finally decided to purchase the facilities at North Stratford rather than to build a mill in Berlin, because the supply of high grade veneer logs in this area is estimated to be sufficient for only one major operation. Furthermore, through acquiring the North Stratford properties we have the benefit of experienced personnel in management and operation.

## PLANT AND PROCESS IMPROVEMENT

During the past year the Company has been engaged in a very substantial program of replacement, improvement, and expansion of plant facilities. The difficulty of carrying out such projects while full production is going on is recognized generally. Nevertheless our output exceeded that of 1955, despite unavoidable interference with production. Comparatively little benefit was received from this program insofar as our 1956 profits are concerned; however, a great deal was accomplished which will be of benefit in 1957 and future years.



Bermico pipe is one of the special groups of products developed by Brown Company, using wood fibers as the basic material. Impregnated with pitch and cured, a batch of pipe here is inspected for uniformity before shipment. Connection fittings are also made of the same corrosion-proof material.



The plant and process improvement program has a number of objectives, among which are the following: to lower costs and bring the Company into a better competitive position; to increase output; to improve quality; to conserve raw materials and obtain maximum utilization of our extensive forest resources; to diversify our products. The expenditures also represent in part the catching-up of a backlog of replacement and improvement projects which the Company did not undertake in prior years because of a lack of funds.

As previously mentioned, the Company used \$8,417,738 of its cash reserves, plus its depreciation recovery of \$2,237,394, or a total of \$10,655,132 for additions to plant and equipment during 1956; most of these expenditures represent improvements and replacements at Berlin, but the figures also include facilities acquired at North Stratford, New Hampshire, and Corvallis, Oregon, which are described in the preceding section covering our acquisition program. We estimate that it will cost approximately \$5,500,000 to complete the projects which are presently approved and under way. Most of these projects are expected to be completed by the end of our third quarter in 1957.

A list of some of the larger projects, separated according to their status, is given below:

*1. Projects Completed or Substantially Completed in 1956 and Early 1957:*

- Kraft Pulp Bleachery
- Chlorine Dioxide Plant
- Sulphite Pulp Indirect Cooking Systems
- Sulphite Pulp Blow Tanks and Raw Stock Handling System
- Additional Chipping and Chip Handling Capacity
- Additional Pulping Capacity
- Kraft Pulp Raw Stock Screening System
- Additional Raw Stock Storage Capacity at Paper Mill
- Suction Press Equipment for No. 2 and No. 3 Paper Machines

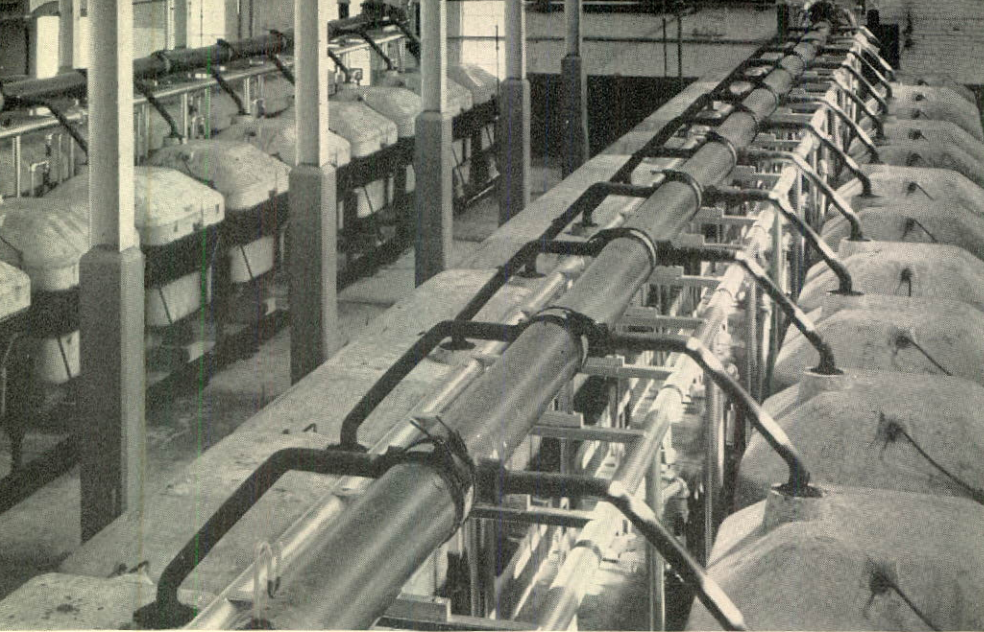
*2. Projects Approved and Under Way:*

- Sulphite Waste Liquor Recovery Plant
- 7500 K W Turbine Generator
- Raw Stock Washer for Sulphite Pulp
- Suction Press for No. 4 Paper Machine
- Calender Stack for No. 2 Paper Machine

*3. Projects Being Planned or Considered:*

- New Wood Handling System
- Furfural Plant
- Sulphite Bleachery Expansion and Modernization
- Refuse Burning and Steam Generating Equipment

An important milestone was the completion of our chlorine dioxide plant, which began operation in October, 1956, generating  $\text{ClO}_2$  by the new Day-Kesting process, for use in our recently completed Kraft pulp bleachery. These two new plants, which operate as a unit, are performing very well. They are now contributing important cost reductions, and are producing high brightness, strong Kraft pulps of superior quality for use in our Nibroc paper and towel lines. The chlorine dioxide plant is the first of its kind on the North American continent. The American inventor of the process is Dr. George A. Day, Technical Director of Brown Company; the process was invented in Germany at about the same time by Dr. Edelbert Kesting. Consideration is being given to the licensing of the process to other companies which have expressed interest.



In the Chemical Mill, these banks of Hooker cells produce approximately 40 tons of chlorine gas per day, for use in our own operations as well as for sale. Other chemicals produced by the company for commercial use are chloroform, soda bleach, and caustic soda.

Our new chipper and chip conveying system will go into operation in February 1957. Besides giving us additional chip capacity for increased output, this installation will give us chips of more uniform quality for still further improvement in our high quality pulps. The chip conveying system also will reduce maintenance costs by substantially shortening the distance over which pulpwood is conveyed from piles and unloading points to our chippers.

Further details are given in the series of pictures covering some of the principal 1956 plant and process improvements which is included at the end of this report.

## NEW PRODUCTS

Since last year we have completed a new bleachery in accordance with plans to utilize our natural wood resources better by developing new white paper grades. Very important improvements have been made in quality, production and uniformity of our high grade pulps for both dissolving and paper uses. We are now putting new pulps with special properties on the market.

The superior brightness and strength properties of our base pulps have enabled us to introduce several new specialty grades of paper, which will expand in volume in the future. New papers include White Wove envelope, an important addition to the already well-accepted line of envelope papers, notably White Kraft, Amberglo and Nibroc Kraft. A new high strength white Nibroc Coating Base Stock, made by Brown Company, and coated by Champion International Paper Co., is used for the inside pages of this Annual Report.

During 1956 the quality of the complete line of Nibroc towels was further improved. Special qualities were obtained from pulp produced in the new bleachery and newly developed fibers have also been used to impart unusual characteristics. Stocks of the improved lines are now in the hands of all Nibroc distributors. The "2220" and the "2020" grades are the purest, whitest towels on the market. Their pleasant softness conforms to the natural contours of the hands and makes them ideal as face towels. Our "5000" line of unbleached towels, already the finest in their field, have been further improved and are recognized as the most economical general utility towel now obtainable.

## FUTURE PROSPECTS

A long range cutting program was started by our Woodlands Department in 1956 and is proceeding satisfactorily. As mentioned elsewhere in this report, the woods supplies are being integrated into operations to gain the best advantage, not only in furnishing chips for the pulp mills but in furnishing pine, spruce, and hardwood logs for the sawmills and yellow birch logs for the plywood plant. The production of clean chips from waste formerly burned bids fair to make a substantial contribution to the lowering of our raw material costs. This is particularly important in the face of generally rising costs elsewhere. Our integration of the operations in the mills with emphasis on uniformity and quality of pulp and paper is becoming recognized throughout the industry, and combined with increased production will, we are confident, assure a sound competitive position for Brown Company.

During 1956 substantial progress has been made in both sales analyses and long range planning of sales policies. This program, which is essential to the future of the Company, will be continued and will be integrated so as to establish and maintain maximum earnings through utilizing the basic economic advantages of the Company.

Research and development in pulp, paper, and other products are proceeding satisfactorily. Many promising projects are nearing completion. Emphasis is being placed on the utilization of a vast fund of technical background which is one of the Company's important assets.

## OFFICERS — EMPLOYEES

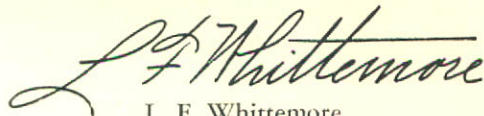
In a growing organization there are always changes in management personnel. We particularly welcome Francois Guimond, Manager of Pulp Manufacturing, and James Rogers II, Assistant to the President, who have joined us during the past year. Among those who received promotions in 1956 are Stuart W. Skowbo, George A. Day, Paul M. Goodloe, Douglas H. McMurtrie, Van R. Woolsey, Hugh D. Jordan, and Roland E. Fickett.

We are especially pleased to announce that Dr. George A. Richter, for many years Research Director of Brown Company and more recently Superintendent of the Wood Cellulose Division of Eastman Kodak Company, has upon his retirement from Eastman come back to us as a consultant. Colonel Richter, when he was previously with Brown Company, was responsible for many developments which made our pulps outstanding in their field. We are proud that he has chosen to devote a portion of his time to Brown Company.

In keeping with the other companies in our area Brown Company increased wages 6% and gave certain fringe benefits as of June 15, 1956. Management's policy has always been to pay the highest possible wages consistent with increased productivity and efficiency. New installations and better maintenance are essential to cost reduction, but credit for most of our accomplishments goes to those officers and employees whose efforts have been effective in bringing about greater productivity. Their cooperation is greatly appreciated, as is the loyalty of our many valued customers and suppliers.

January 31, 1957

*Sincerely,*



L. F. Whittemore  
*Chairman of the Board*



A. E. H. Fair  
*President*

## THE DIVERSIFIED FOREST PRODUCTS OF BROWN COMPANY

### **SOLKA PULPS**

consisting of various grades of pure wood fibers of soft, silklike, yet strong properties, for conversion into cellophane, photographic papers, letterheads, boxed stationery, invitations, facial tissues, butter wrappers, etc.

### **SOLKA-FLOC**

a pure, fine cellulose powder. It is widely used in the manufacture of cigaret filters, welding rod coating, rubber soles and heels, and molded plastics. Another use is in filter presses for filtering oils, alumina, caustic soda and many chemicals.

### **NIBROC PAPERS**

a renowned line of engineered papers, both bleached and unbleached, made to customer specifications for conversion into bags for flour, sugar, coffee and potatoes, and into gummed tapes, sandpaper, carpet yarns, resin-treated table tops, pressure sensitive tapes, etc.

### **NIBROC INDUSTRIAL TOWELS AND TISSUES**

Nibroc Towels are the world's largest selling industrial paper towels. Together with Nibroc Sofwite and Softan Tissue, they provide highest grade washroom service in offices, factories, and institutions.

### **NIBROC KOWTOWLS**

are large, economical paper towels used on dairy farms for washing cows prior to milking, and for keeping equipment sanitary.

### **BERMICO SEWER PIPE**

and connection fittings, made of tough wood fiber impregnated with special coal-tar pitch, are used as house connections to sewer or septic tank, for drains and downspouts, and for non-pressure irrigation systems.

### **BERMISEPTIC, BERMIDRAIN, BERMIROAD**

A complete line of perforated Bermico pipe for land drainage on farms, golf courses, marshlands, industrial areas, highways and airports. Also for septic tank disposal beds and foundation drains.

### **BERMICO CONDUIT**

also made of pitch impregnated cellulose fibers, is engineered specifically for encasing electrical wires beneath the ground. Widely used by electrical contractors and by public utilities.

### **ONCO**

is a strong, durable, leatherlike material made of Solka Pulp impregnated with compounds which give lasting resilience. It is used in making hat bands and cap fronts, handbags, wallets, belts, and imitation leathers. It is a leader in the field of inner-soles for shoes.

### **CHEMICALS**

include Chlorine for bleaching pulps, paper, and textiles, and for water purification by municipalities and schools; Chloroform for use as a solvent by pharmaceutical houses; and Soda Bleach for use by textile plants and laundries.

### **BROWN COMPANY HIGH GRADE LUMBER**

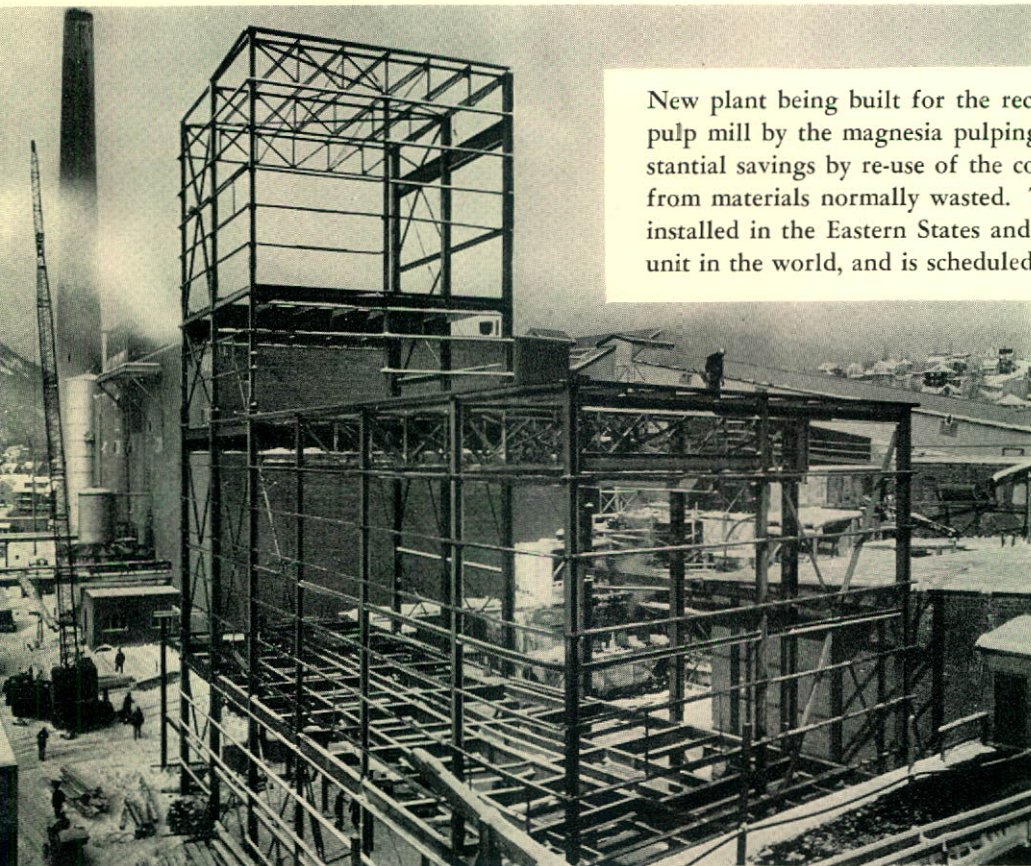
principally yellow birch and hard maple, for general use. The hard woods are sold through Atlantic Lumber Company of Boston, Mass. Brown Company is supplying spruce dimension lumber and graded white pine lumber in ever-growing amounts.

### **PLYWOOD AND VENEER**

from the mills of Brown Company's subsidiaries in North Stratford, New Hampshire, for fine paneling, doors and high quality furniture.

# Plant and Process Improvement

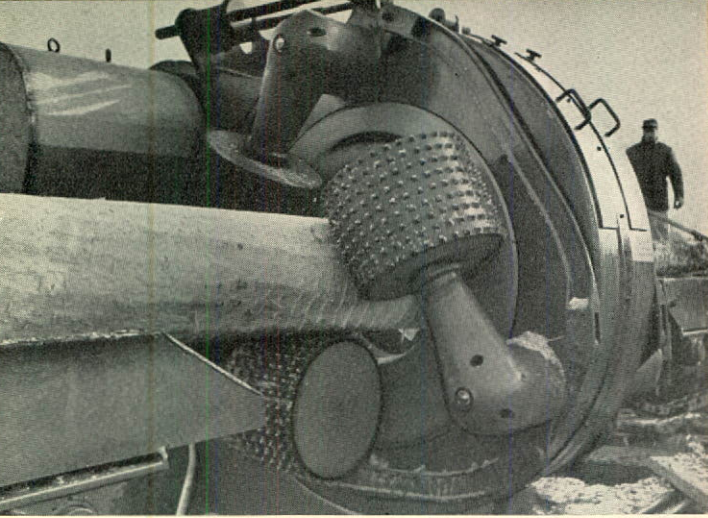
Major strides were taken during the past year in the Company's continuing program of rebuilding, improving, and expanding its plant facilities. In addition to the objective of improving Brown's competitive position in the industry, this program embraced other objectives as well. Among these are the reassertion of Brown's traditional leadership in the development of new and superior products, improvement of quality, and application of ways to obtain maximum utilization of the products of the forest. Expenditures made during 1956 to advance this program reached a record high. Some of the more important projects involved are shown and described on these pages.



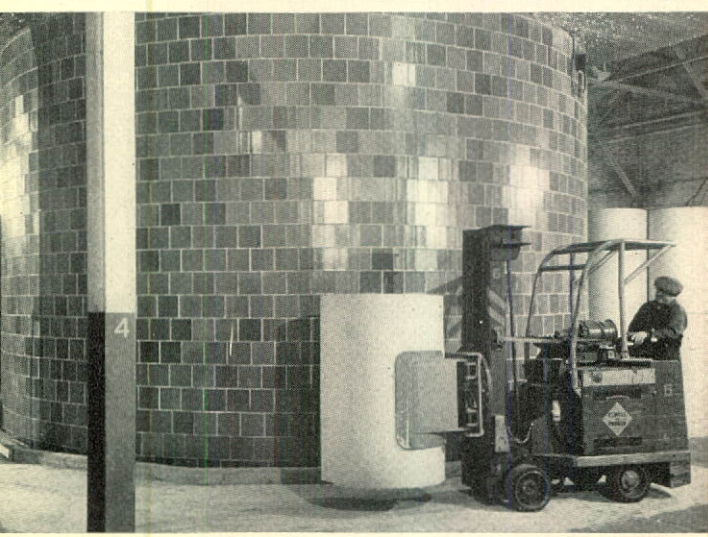
New plant being built for the recovery of waste liquors from the sulphite pulp mill by the magnesia pulping process. This process will provide substantial savings by re-use of the cooking chemicals and by producing steam from materials normally wasted. The new plant, the first of its type to be installed in the Eastern States and Canada, is the fourth magnesia recovery unit in the world, and is scheduled to be operating this summer.

This new chip conveyor delivers chips from the modern wood room, now equipped with 110-inch disc, multi-knife chippers and vibrating chip screens, to the chip loft over the digester room. The new equipment replaces less efficient chippers and hundreds of feet of chain log conveyors, thus reducing handling of pulpwood and maintenance costs of the chain conveyors.





This big Cambio barker strips the bark off hardwood logs as the first mill operation in producing both lumber and chips for pulp.



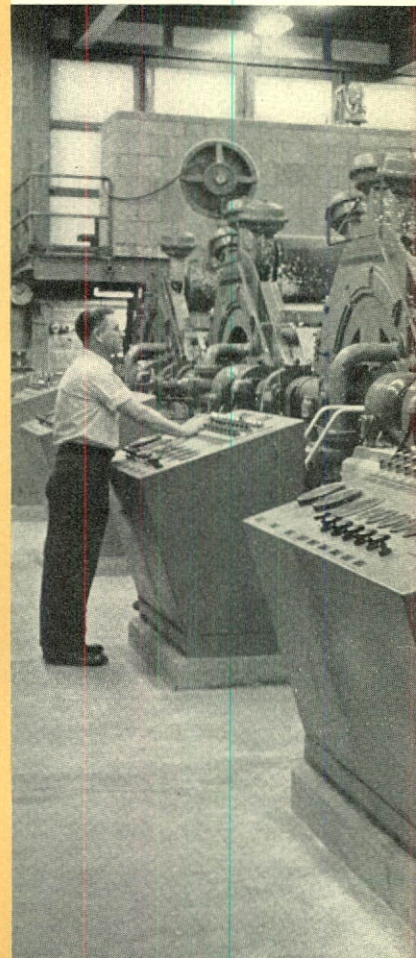
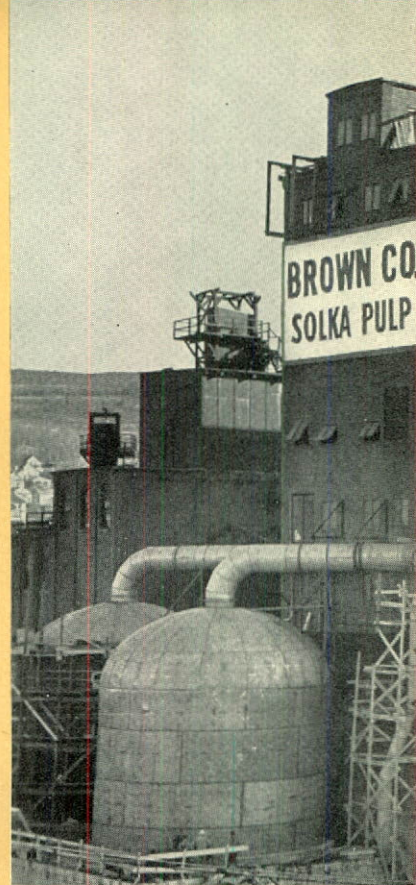
This tile tank for raw stock provides increased storage capacity for bleached Kraft pulp from the new bleachery, installed at Cascade as part of the new slush pulp system. Only the top section of this three-story tank is visible. It holds approximately 195,000 gallons.

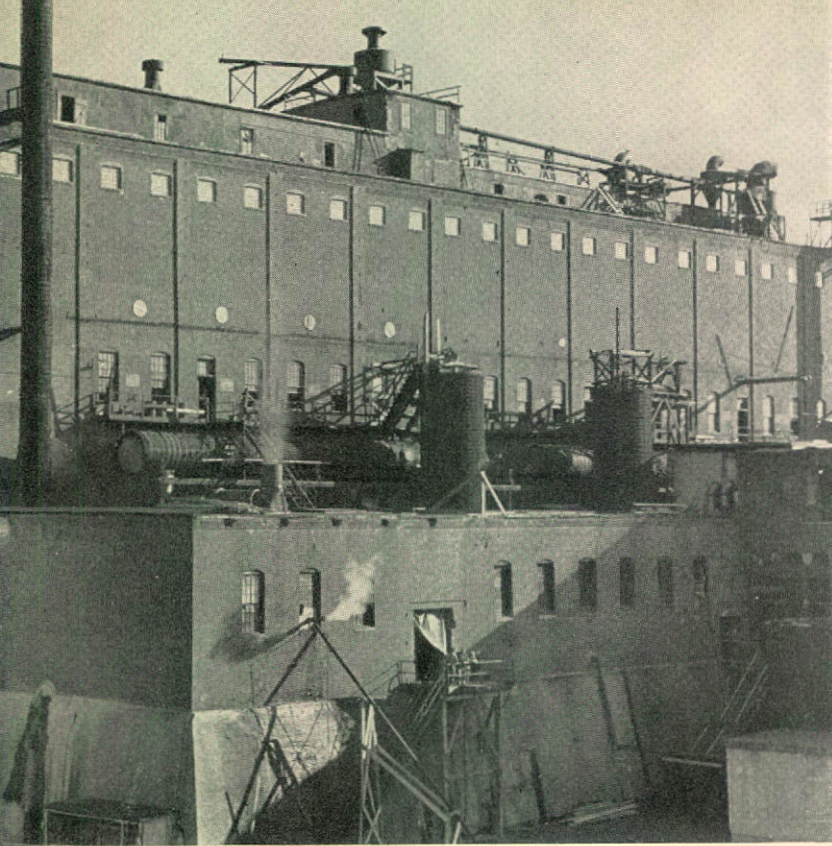


Chlorine dioxide reactors, installed in the new  $\text{ClO}_2$  plant, are part of the equipment necessary for the chain of chemical reactions required.

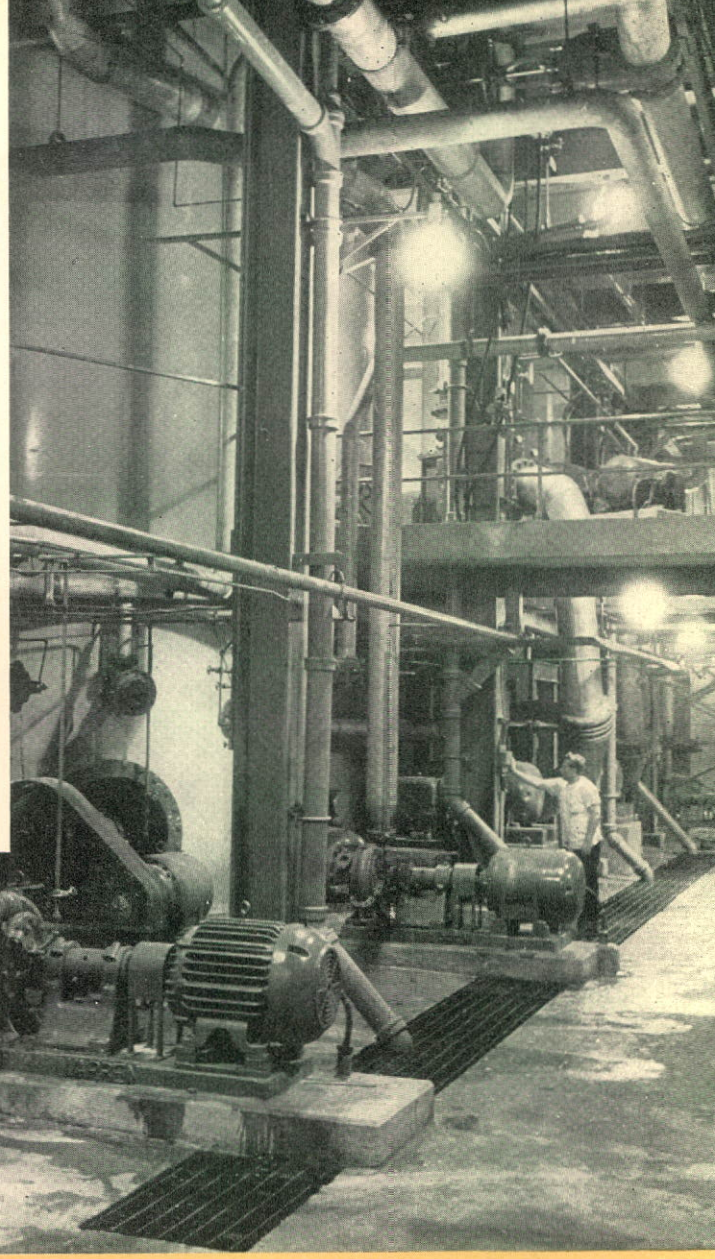


Visitors are dwarfed by these sulphite pulp dryers, which turn out high-quality pulps for use in cellophane, writing papers, photographic papers, and many other items.

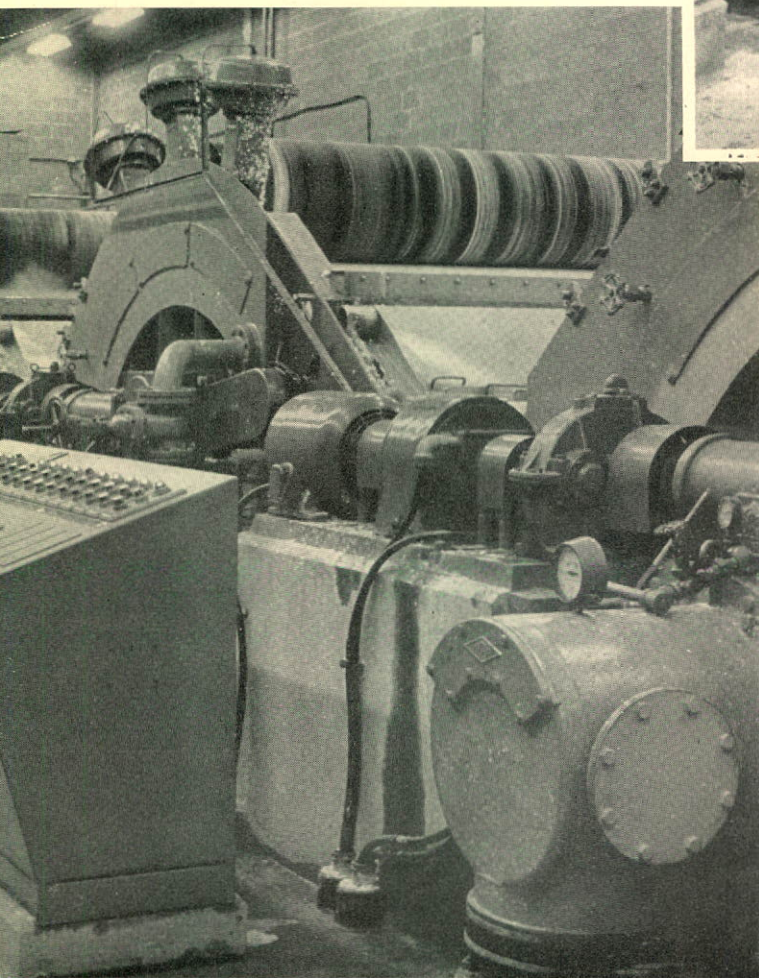




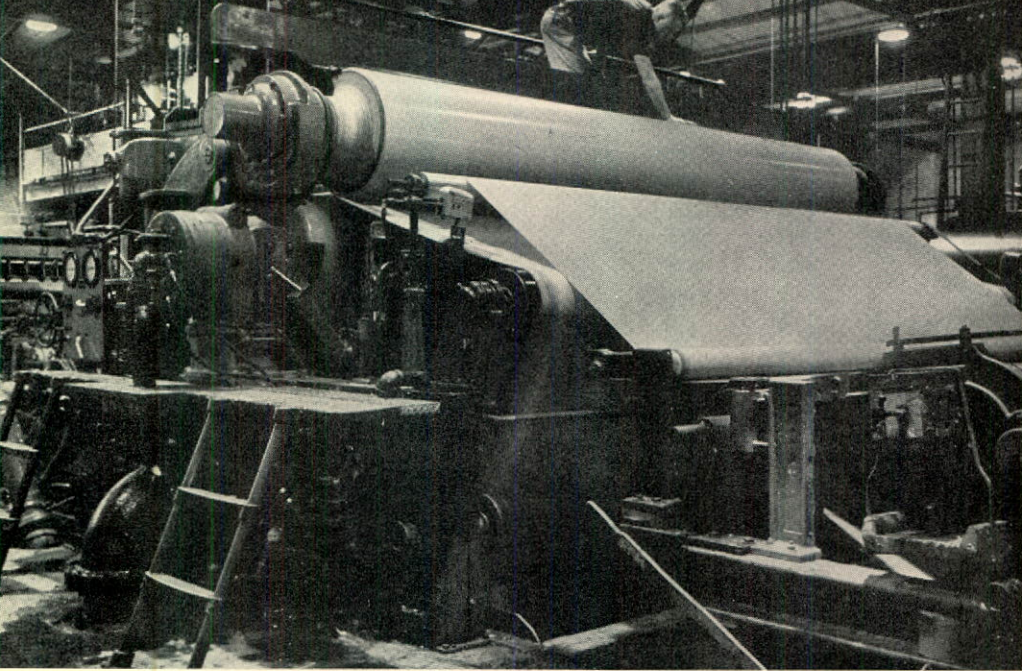
The two new stainless steel blow tanks being installed in the left foreground replace the old blow pits and provide additional storage. They receive cooked pulp from sulphite digesters in the large building in the background.



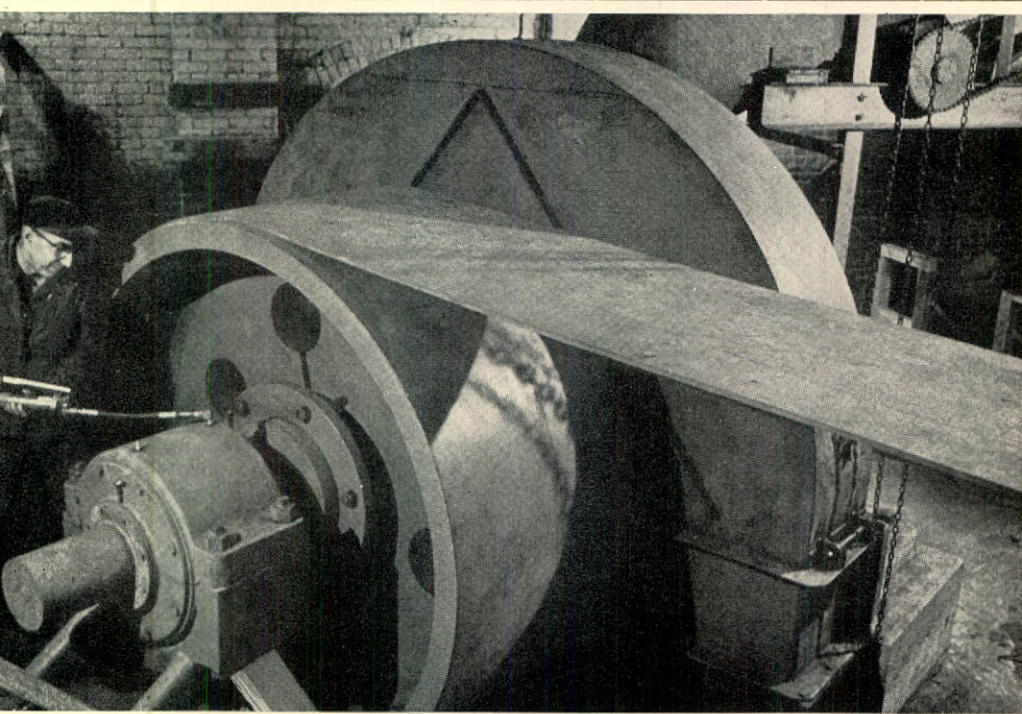
These retention towers form an essential part of the continuous Kraft bleaching system installed during the year. Chemicals are added as the pulp passes into these towers, where the reaction conditions are controlled.



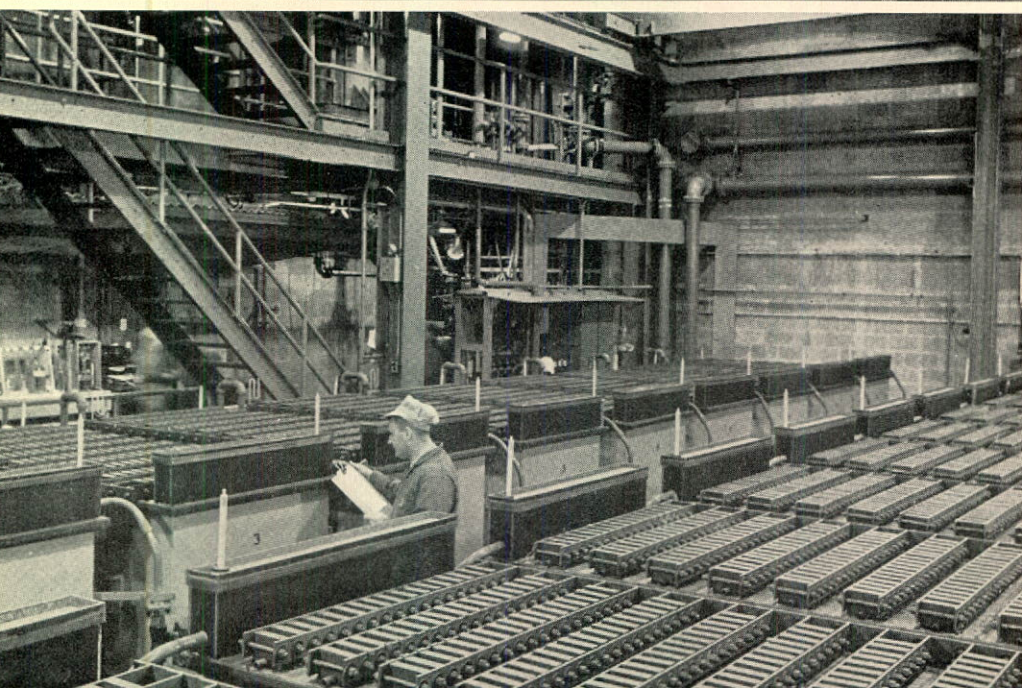
The electronic panels in the foreground control the operation of the new Kraft bleaching system. Only two operators per shift are required for this entire plant. Once standards are established, push-button controls are used to adjust the washers for removal, from the pulp, of the chemicals and various products produced by the bleaching reaction.



More uniform quality of paper and increased production are insured by this modern suction press roll for improved water removal at the wet end of the paper machine. This roll is one of three being installed at Cascade. The other two are scheduled to be in operation before the end of the second quarter.



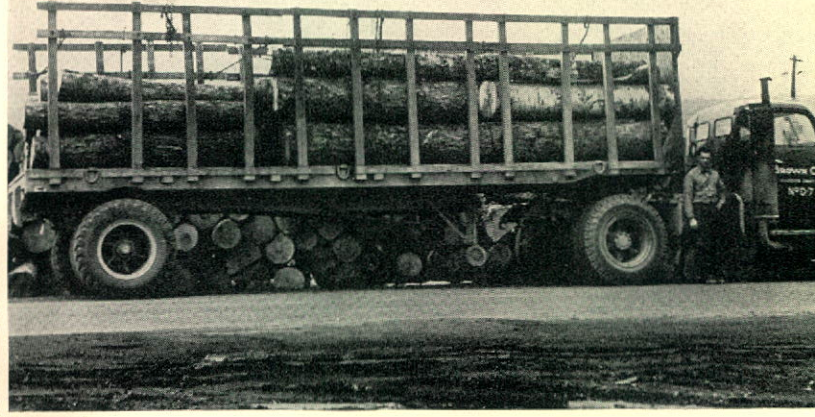
This new 110-inch, multi-knife chipper, recently installed in the wood room at Berlin, is part of an extensive program of improving the company's wood handling and processing.



Electrolytic cell room in the new chlorine dioxide plant where bleaching chemical is made by a revolutionary process developed by Brown Company's research division. The sodium component is recirculated indefinitely, and is never consumed. The process opens up new concepts in bleaching wood fibers.



Yellow birch veneer logs from Brown Company's stands of high-quality hardwoods are shown here ready for delivery to the veneer and plywood producing subsidiaries at North Stratford, N. H. This illustrates the company's policy of using its forest resources to best possible advantage.



Top quality yellow birch veneer for fine wall paneling, door surfaces and other uses is shown here being processed at the newly acquired plants in North Stratford.

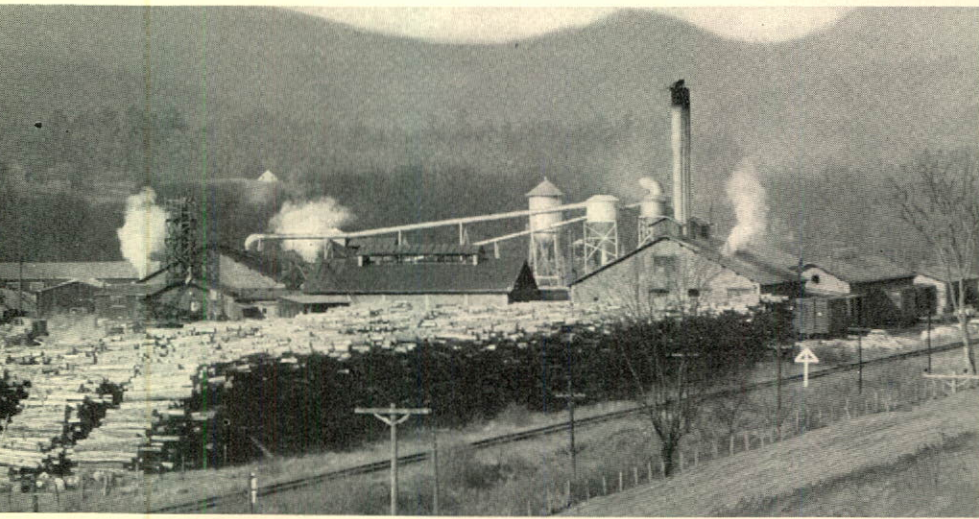
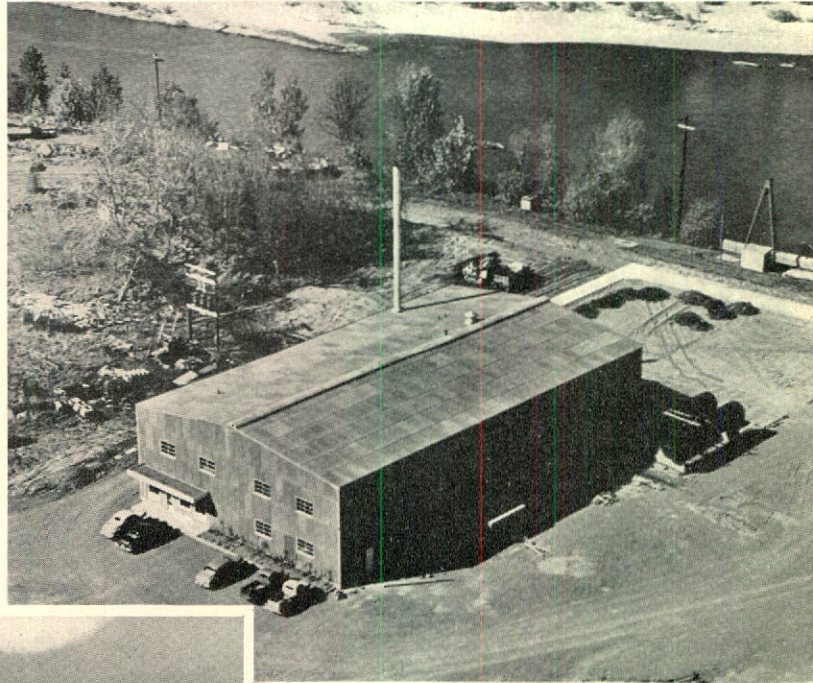
After veneer has been stripped from yellow birch logs, these cores are delivered to Brown Company's wood piles to be made into high-quality hardwood pulps. This is another example of maximum utilization of our principal raw material.



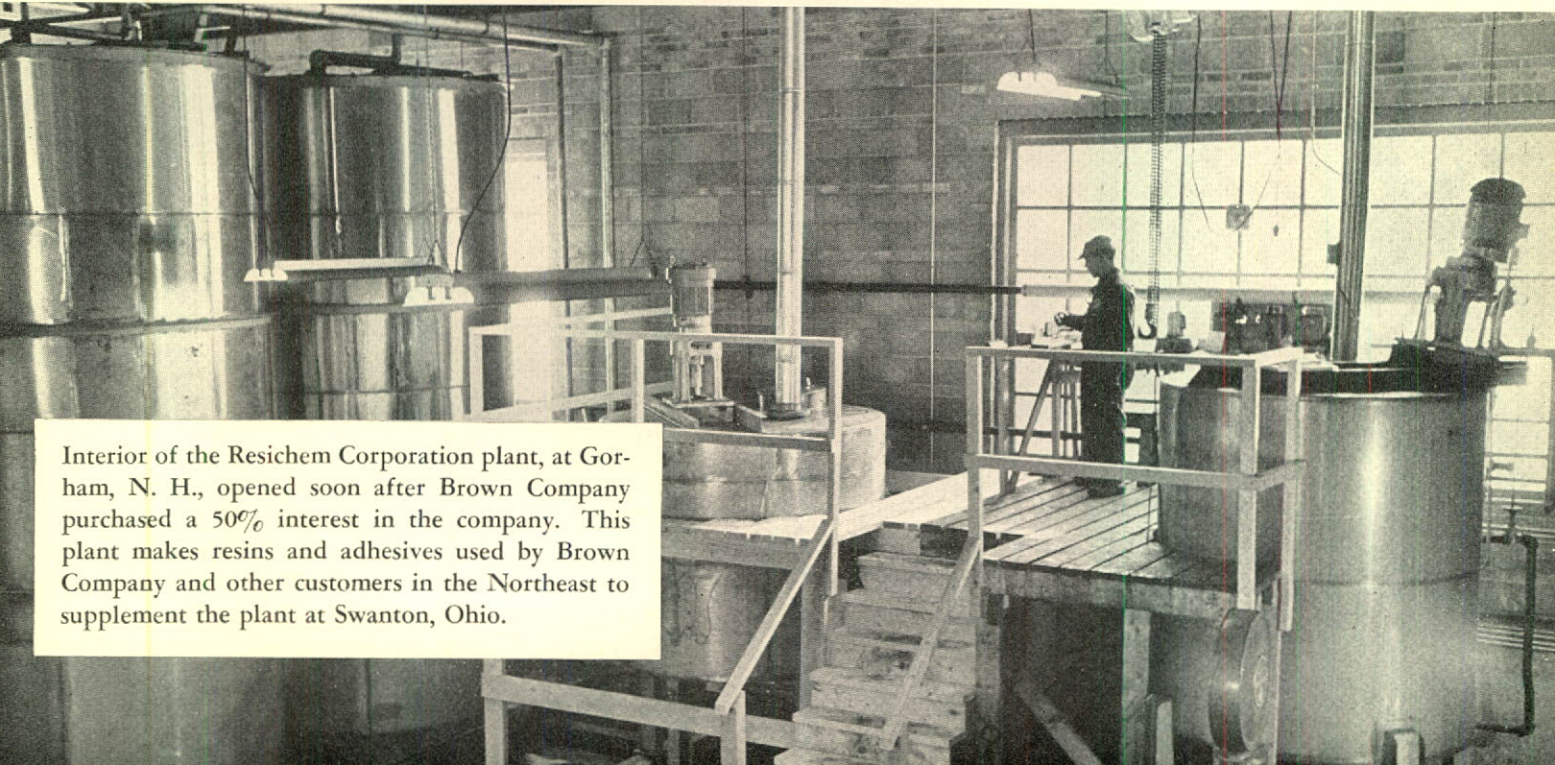
Waste slabs and edgings from sawmill operations are salvaged and converted into chips for pulp-making. Here a trailer-load of such chips is unloaded at Brown Company mills.

## Acquisition and Diversification

An aerial view of the plant at Corvallis, Oregon, which was acquired during the year from the Blacfiber Pipe Company. Now a division of Brown Company, it makes Bermico pipe for our West Coast customers. Its capacity is being doubled.



During the year Brown Company acquired these properties at North Stratford, N. H. They are one of the principal producers of high-quality hardwood veneer and plywood in the Northeast.



Interior of the Resichem Corporation plant, at Gorham, N. H., opened soon after Brown Company purchased a 50% interest in the company. This plant makes resins and adhesives used by Brown Company and other customers in the Northeast to supplement the plant at Swanton, Ohio.

# BROWN



# COMPANY

AND CONSOLIDATED SUBSIDIARIES

## Statement of Income

	Year ended November 30	
	1956	1955
Sales, less discounts, returns and allowances . . . . .	\$59,682,935	\$53,820,733
Materials, services and other manufacturing costs, selling, general, administrative and research expenses—including depreciation and depletion of \$2,433,571 in 1956 and \$2,115,822 in 1955 . . . . .	55,072,130	50,478,084
Net operating income . . . . .	<u>\$ 4,610,805</u>	<u>\$ 3,342,649</u>
Other charges (income):		
Interest on funded debt . . . . .	\$ 228,825	\$ 204,224
Interest income . . . . .	(303,191)	(216,647)
Retirement allowances to former employees not covered by retirement plan . . . . .	82,713	94,711
Miscellaneous other charges (income), net . . . . .	30,954	(119,838)
	<u>\$ 39,301</u>	<u>(\$ 37,550)</u>
Net income before income taxes . . . . .	\$ 4,571,504	\$ 3,380,199
Provision for federal taxes on income . . . . .	1,960,000	1,350,000
Net income (Note 8) . . . . .	<u>\$ 2,611,504</u>	<u>\$ 2,030,199</u>
Gain on sale of Canadian assets and liquidation of Brown Corporation (Note 2) . . . . .	1,441,596	17,839,735
Net income and gain on sale and liquidation . . . . .	<u>\$ 4,053,100</u>	<u>\$19,869,934</u>

## Statement of Retained Earnings

YEAR ENDED NOVEMBER 30, 1956

Balance, November 30, 1955 . . . . .	\$42,590,880
Net income, per accompanying statement . . . . .	2,611,504
Gain on sale of Canadian assets and liquidation of Brown Corporation (Note 2) . . . . .	1,441,596
Cash dividends on common stock—\$1 per share (deduct) . . . . .	<u>(2,591,020)</u>
Balance, November 30, 1956 . . . . .	<u>\$44,052,960</u>

(See notes to financial statements)

# BROWN



AND CONSOLIDATED

## BALANCE

### ASSETS

	November 30	
	<u>1956</u>	<u>1955</u>
<b>CURRENT ASSETS:</b>		
Cash . . . . .	\$ 2,118,353	\$ 2,528,731
U. S. Government and other short-term marketable securities, at cost and accrued interest (approximate market) . . . . .	5,540,651	19,017,181
Accounts receivable, trade, less allowance for doubtful accounts . . . . .	5,256,684	4,050,881
Accounts receivable, other . . . . .	170,571	570,986
Inventories (Note 3) . . . . .	14,655,924	10,225,114
Prepaid insurance, taxes and other expenses . . . . .	640,268	761,848
Total current assets . . . . .	<u>\$28,382,451</u>	<u>\$37,154,741</u>
<b>FIXED ASSETS (Note 4):</b>		
Plants and equipment . . . . .	\$69,241,960	\$58,910,988
Less—Depreciation . . . . .	30,429,329	28,513,005
	<u>\$38,812,631</u>	<u>\$30,397,983</u>
Timberlands . . . . .	\$ 8,710,372	\$ 8,590,283
Less—Depletion . . . . .	5,656,933	5,460,756
	<u>\$ 3,053,439</u>	<u>\$ 3,129,527</u>
Total fixed assets . . . . .	<u>\$41,866,070</u>	<u>\$33,527,510</u>
<b>INVESTMENTS AND OTHER ASSETS:</b>		
Investments in unconsolidated subsidiaries and associated companies, at cost or less . . . . .	\$ 358,007	\$ 257,007
Other assets and deferred charges . . . . .	1,260,164	450,720
	<u>\$ 1,618,171</u>	<u>\$ 707,727</u>
	<u>\$71,866,692</u>	<u>\$71,389,978</u>

(See notes to financial statements)

# COMPANY

## SUBSIDIARIES

## SHEET

### LIABILITIES AND CAPITAL

	November 30	
	<u>1956</u>	<u>1955</u>
<b>CURRENT LIABILITIES:</b>		
Accounts payable . . . . .	\$ 5,392,129	\$ 4,478,744
Accrued payrolls, interest and other expenses . . . . .	563,826	781,433
Dividend payable . . . . .	648,113	654,741
Federal taxes on income (Note 2) . . . . .	2,651,709	4,170,340
Total current liabilities . . . . .	<u>\$ 9,255,777</u>	<u>\$10,085,258</u>
 <b>FUNDED DEBT OF BROWN COMPANY:</b>		
4½% Debentures due June 15, 1975 (less \$256,500 at Nov. 30, 1956, and \$135,000 at Nov. 30, 1955, purchased in anticipation of sinking fund requirements—\$213,000 annually beginning in 1957)	<u>\$ 5,059,100</u>	<u>\$ 5,180,600</u>
 <b>DEFERRED INCOME TAXES</b>	<u>\$ 965,000</u>	<u>\$ 750,000</u>
 <b>CAPITAL AND RETAINED EARNINGS:</b>		
Common stock, par value \$1 per share:		
Authorized—3,500,000 shares in 1956, 2,997,009 in 1955		
Issued—2,644,865 shares (Note 7) . . . . .	\$ 2,644,865	\$ 2,644,865
Other capital—in excess of par value of common stock	10,781,845	10,786,148
Retained earnings (Note 5), per accompanying statement . . . . .	<u>44,052,960</u>	<u>42,590,880</u>
	\$57,479,670	\$56,021,893
Less—Cost of issued common stock held in treasury—52,414 shares in 1956, 38,100 in 1955 . . . . .	<u>892,855</u>	<u>647,773</u>
Total capital and retained earnings . . . . .	<u>\$56,586,815</u>	<u>\$55,374,120</u>
	<u>\$71,866,692</u>	<u>\$71,389,978</u>

(See notes to financial statements)

# Notes to Financial Statements

## NOTE 1 — BASIS OF CONSOLIDATION:

The accompanying balance sheet as of November 30, 1956 includes the accounts of Brown Company and its newly-acquired, wholly-owned subsidiaries, Granite State Veneer, Inc., Plywood Products, Inc. and Stratford Realty Corporation. The income statement for the year ended November 30, 1956 includes the operations of these subsidiaries since May 31, 1956, the date of acquisition. The income statement for the year ended November 30, 1955 represents income and expenses of Brown Company only, except for \$222,045 of miscellaneous income (net) attributable to Brown Corporation, Brown Company's former Canadian subsidiary. The accounts of unconsolidated subsidiaries are not significant.

## NOTE 2 — LIQUIDATION OF BROWN CORPORATION AND SETTLEMENT OF UNITED STATES INCOME TAXES:

The liquidation of Brown Corporation (Brown Company's former Canadian subsidiary) was completed in 1956 and its remaining assets distributed to the parent company. The gain reported in 1955 on the sale of the subsidiary's assets and its liquidation, \$17,839,735, was after deducting a provision of \$2,930,000 for United States income tax on distributions in liquidation to Brown Company, the maximum foreseeable liability under a ruling obtained from the Commissioner of Internal Revenue regarding the method of computing the tax. In 1956 agreement was reached with the Internal Revenue Service on certain other considerations affecting the tax, including the establishment of March 1, 1913 values, resulting in a tax which will amount to approximately \$1,300,000. The excess of the amount provided in 1955, less related expenses and other adjustments of \$188,404, is shown at the foot of the 1956 statement of income as additional gain on sale of Canadian assets and liquidation of Brown Corporation.

On the basis of agreements reached with the appellate staff of the Internal Revenue Service, Brown Company expects to receive refunds of approximately \$280,000 of federal taxes paid on income for the fiscal years 1950, 1951 and 1952 which, pending final settlement, have not been reflected in the accompanying financial statements.

## NOTE 3 — INVENTORIES:

The inventories at November 30, 1956 and November 30, 1955 consisted of the following:

	<u>1956</u>	<u>1955</u>
Pulpwood and logs . . . . .	\$ 3,942,961	\$ 2,139,536
Pulpwood and logging operations in progress . . . . .	3,002,340	1,912,796
	<u>\$ 6,945,301</u>	<u>\$ 4,052,332</u>
Other materials and supplies . . . . .	4,171,474	2,844,131
Pulp, paper and other manufactured products . . . . .	3,539,149	3,328,651
	<u>\$14,655,924</u>	<u>\$10,225,114</u>

Brown Company's inventories of pulpwood and pulpwood content of pulp, carried at \$3,959,843 as at November 30, 1956, are stated at cost determined by the last-in first-out method of valuation. Otherwise the inventories are stated on the basis of cost or market, whichever is lower, cost representing actual, current average or current standard cost.

## NOTE 4 — FIXED ASSETS:

Plants and equipment are carried substantially at cost, less depreciation provided. Timberlands are carried at \$1 per cord of estimated standing softwood at November 30, 1904 plus subsequent purchase acquisitions at cost, less depletion based on timber cut. The carrying values of timberlands do not reflect regrowth in areas which have been cut or current market values for stumpage which are believed to be substantially higher than carrying values.

## NOTE 5 — DIVIDEND AND OTHER RESTRICTIONS:

In the indenture covering the 4½% debentures of Brown Company there are restrictions on the payment of cash dividends on the company's common stock and on the application of

any property or assets to the purchase or retirement of its common stock. As of November 30, 1956 such payments and applications were restricted to approximately \$3,700,000.

**NOTE 6 — RETIREMENT PLAN FOR EMPLOYEES:**

The accompanying statement of income includes charges of \$620,912 in 1956 and \$500,000 in 1955 for contributions of Brown Company to its retirement plan fund, such contributions representing in each case approximately the cost of current service benefits for the year plus 2½% of the past service cost. The currently estimated amount required to complete the funding of past service cost is approximately \$4,980,000.

**NOTE 7 — STOCK OPTIONS:**

During 1955 options were granted to certain officers and employees to purchase 20,000 shares of the common stock of Brown Company at \$13.39 per share and 47,000 shares at \$14.77 per share. In 1956 additional options were granted for 4,000 shares at \$18.07 per share and 4,000 shares at \$14.99 per share. All options are exercisable during a nine-year period beginning one year from the date granted. Options for 1,900 shares at \$14.77 per share were exercised during the year ended November 30, 1956 and options for 1,000 shares at \$14.77 per share expired as a result of termination of employment, leaving outstanding balances of unexercised options at the close of the year of 20,000 shares at \$13.39 per share, 44,100 shares at \$14.77 per share, 4,000 shares at \$18.07 per share and 4,000 shares at \$14.99 per share. Under the company's present option plan additional options may be granted in the aggregate up to 5% of the then outstanding shares of common stock, at a price not less than 85% of the fair market value of the stock at the time the option is granted.

The \$4,303 excess of the cost of treasury shares (used to fulfill options exercised in 1956) over the amounts received on the exercise of options has been charged to the "other capital" account.

**NOTE 8 — CHANGES IN CERTAIN ACCOUNTING POLICIES:**

In 1955 and 1956 the company changed its accounting policies with respect to the year of charge-off of the cost of woods roads and camps and certain other types of expenditures. Prior thereto these costs and expenditures were charged to income in the year when incurred. They are now being amortized and charged to income over the years which are expected to benefit therefrom. Roads and camps constructed in recent years are of types which are generally expected to have a useful life longer than those previously constructed. As a result of these changes in accounting policies the reported net income for the 1956 fiscal year is approximately \$150,000 more than it otherwise would have been. The effect on 1955 net income was not material.

**NOTE 9 — COMMITMENTS:**

At November 30, 1956 the consolidated companies had unexpended balances totaling approximately \$5,500,000 under approved authorizations for plant extension and improvement projects.

## **REPORT OF INDEPENDENT ACCOUNTANTS**

To the Board of Directors and Stockholders of  
Brown Company:

In our opinion, the accompanying balance sheet and related statements of income and retained earnings, with the notes thereto, present fairly the financial position of Brown Company and consolidated subsidiaries at November 30, 1956 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent (except for the change in policies referred to in Note 8, which we approve) with that of the preceding year. Our examination of these 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.

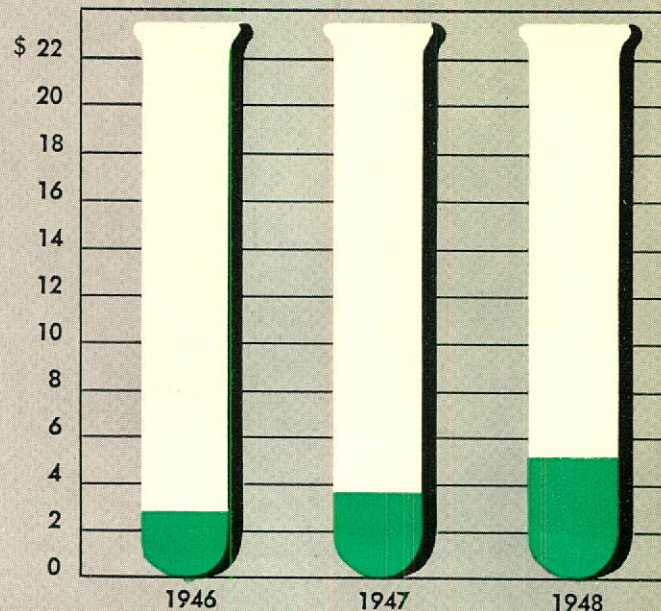
PRICE WATERHOUSE & CO.

Boston, Massachusetts  
January 18, 1957

# Condensed Statement of Consolidated

	1946	1947	1948
Current assets and (in 1951 and prior years) special deposits for plant improvements . . . . .	\$24,289,336	\$25,242,322	\$26,270,900
Current liabilities and deferred income taxes . . . . .	3,108,701	4,601,845	4,927,121
Net current assets and special deposits, less deferred income taxes	\$21,180,635	\$20,640,477	\$21,343,779
Plants and equipment, less depreciation . . . . .	15,270,514	20,590,627	23,095,916
Timberlands, less depletion . . . . .	8,189,654	5,587,576	5,498,140
Investments and other assets . . . . .	1,031,778	1,299,357	568,340
Total assets, less liabilities except funded debt . . . . .	\$45,672,581	\$48,118,037	\$50,506,175
Funded debt (except portion in current liabilities) . . . . .	19,099,300	18,799,300	17,300,400
Net assets . . . . .	\$26,573,281	\$29,318,737	\$33,205,775
Stockholders' ownership in net assets shown above:			
Convertible preferred stock, \$6 . . . . .	\$20,829,820	\$21,694,726	\$22,559,632
Convertible first preference stock, \$5 . . . . .			
Second preference stock, \$3 . . . . .			
Total preferred stocks . . . . .	\$20,829,820	\$21,694,726	\$22,559,632
Common stock . . . . .	5,743,461	7,624,011	10,646,143
	\$26,573,281	\$29,318,737	\$33,205,775
Number of common shares outstanding at end of year . . . . .	1,992,817	1,992,817	1,992,817
Common stock book value per share . . . . .	\$2.88	\$3.83	\$5.34

## Common Stock Book Value Per Share

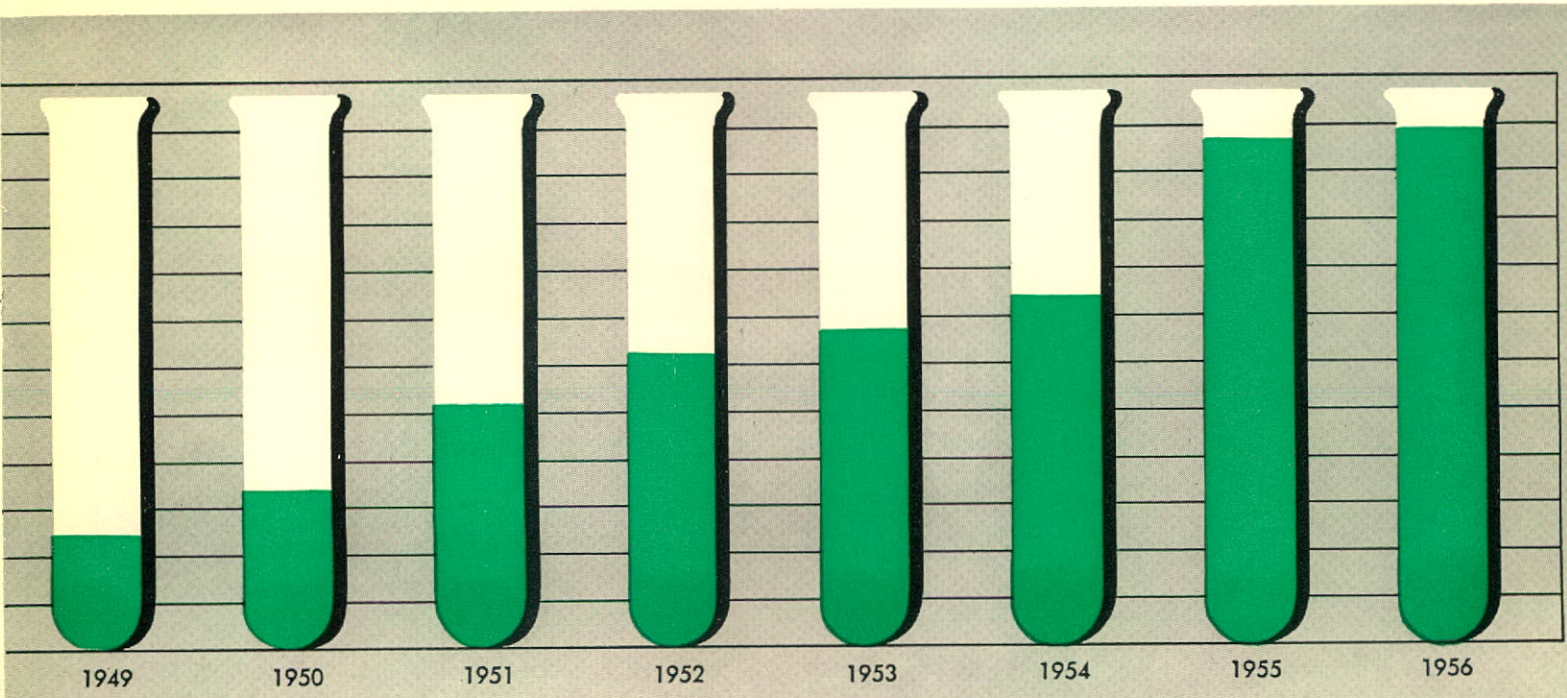




# Financial Position and Stockholders' Ownership

AS OF NOVEMBER 30

1949	1950	1951	1952	1953	1954	1955	1956
\$22,813,441	\$28,713,555	\$34,525,111	\$28,161,884	\$28,155,501	\$28,722,498	\$37,154,741	\$28,382,451
3,057,431	7,386,776	14,115,495	9,674,703	9,015,977	11,758,863	10,835,258	10,220,777
\$19,756,010	\$21,326,779	\$20,409,616	\$18,487,181	\$19,139,524	\$16,963,635	\$26,319,483	\$18,161,674
23,597,519	24,057,281	28,588,040	32,879,106	33,172,774	34,993,629	30,397,983	38,812,631
5,422,526	5,284,267	5,293,502	5,437,643	5,295,365	5,315,299	3,129,527	3,053,439
469,540	570,598	665,487	871,835	513,198	1,041,424	707,727	1,618,171
\$49,245,595	\$51,238,925	\$54,956,645	\$57,675,765	\$58,120,861	\$58,313,987	\$60,554,720	\$61,645,915
16,777,400	15,200,000	14,400,000	13,600,000	12,800,000	12,000,000	5,180,600	5,059,100
\$32,468,195	\$36,038,925	\$40,556,645	\$44,075,765	\$45,320,861	\$46,313,987	\$55,374,120	\$56,586,815
\$22,559,632	\$22,559,632	\$14,345,600	\$14,345,600	\$14,345,600	\$14,232,600		
		5,789,178	5,171,688	4,296,672	2,818,314		
\$22,559,632	\$22,559,632	\$20,134,778	\$19,517,288	\$18,642,272	\$17,050,914		
9,908,563	13,479,293	20,421,867	24,558,477	26,678,589	29,263,073	55,374,120	56,586,815
\$32,468,195	\$36,038,925	\$40,556,645	\$44,075,765	\$45,320,861	\$46,313,987	\$55,374,120	\$56,586,815
1,992,817	1,992,817	1,992,817	1,992,817	1,992,817	2,000,727	2,606,765	2,592,451
\$4.97	\$6.76	\$10.25	\$12.32	\$13.39	\$14.63	\$21.24	\$21.83



# Summary of Consolidated Income and Certain Expenditures

YEAR ENDED NOVEMBER 30

	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956
Net sales . . . . .	\$42,630,468	\$48,070,000	\$43,263,495	\$53,102,469	\$72,729,617	\$65,638,483	\$67,197,203	\$66,969,748	\$53,820,733	\$59,682,935
Net income before depreciation and depletion, interest on funded debt and income taxes	\$ 7,139,766	\$ 8,859,673	\$ 4,826,372	\$10,171,674	\$20,121,977	\$11,008,183	\$ 9,287,370	\$ 9,493,454	\$ 5,700,245	\$ 7,233,900
Charges for:										
Depreciation and depletion . . . . .	\$ 1,527,158	\$ 1,907,875	\$ 2,290,716	\$ 2,423,423	\$ 2,574,647	\$ 2,818,558	\$ 3,134,016	\$ 3,080,958	\$ 2,115,822	\$ 2,433,571
Interest on funded debt . . . . .	842,152	838,292	807,509	751,311	532,290	512,658	492,658	471,321	204,224	228,825
Provision for United States and Canadian taxes on income . . . . .	2,025,000	2,250,000	711,437	2,975,000	9,585,000	3,280,000	2,610,000	2,530,000	1,350,000	1,960,000
Total of above charges . . . . .	\$ 4,394,310	\$ 4,996,167	\$ 3,809,662	\$ 6,149,734	\$12,691,937	\$ 6,611,216	\$ 6,236,674	\$ 6,082,279	\$ 3,670,046	\$ 4,622,396
Net income . . . . .	\$ 2,745,456	\$ 3,863,506	\$ 1,016,710	\$ 4,021,940	\$ 7,430,040	\$ 4,396,967	\$ 3,050,696	\$ 3,411,175	\$ 2,030,199	\$ 2,611,504
Dividends paid or accrued on preferred stocks . . . . .	864,906	864,906	864,906	864,906	1,105,970	1,027,940	981,678	931,295	177,714	
Balance of net income applicable to common stock . . . . .	\$ 1,880,550	\$ 2,998,600	\$ 151,804	\$ 3,157,034	\$ 6,324,070	\$ 3,369,027	\$ 2,069,018	\$ 2,479,880	\$ 1,852,485	\$ 2,611,504
Average number of common shares outstanding during the year . . . . .	1,992,817	1,992,817	1,992,817	1,992,817	1,992,817	1,992,817	1,992,817	1,996,772	2,295,315	2,591,976
Earnings per share of common stock . . . . .	\$ .94	\$1.50	\$ .08	\$1.58	\$3.17	\$1.69	\$1.04	\$1.24	\$ .81	\$1.01

Note—Amounts for 1947 through 1954 include the operations of Brown Corporation, Brown Company's wholly-owned Canadian subsidiary, which sold its assets on December 1, 1954.

Expenditures made during the year for:

Plant improvements and additions to timberlands, less proceeds of disposal\*

\* Including the following amounts for improvements and additions to Canadian properties which were sold on December 1, 1954. . . . .

Reduction in funded debt Purchase and retirement of preferred stocks . . . . .

\$ 3,864,243	\$ 4,188,887	\$ 2,733,657	\$ 2,973,319	\$ 7,052,855	\$ 7,260,477	\$ 3,270,579	\$ 4,987,420	\$ 5,892,510	\$10,774,760	
(2,099,245)	1,787,812	1,534,724	832,521	1,958,875	2,469,681	918,448	988,407			
	300,000	1,473,000	1,301,400	800,000	800,000	800,000	800,000	12,935,000	119,610	
				1,904,977	579,143	823,922	1,486,754	3,494,907		

# NIBROC® white

Sweeps 4 of 5 Top Awards!



## THE WINNING PACKAGES in the 1956 National Flexible Packaging Competition (Paper Bags)

**First Award:** Purina Dog Chow, by Continental Can Co.: "Beautifully reproduced dog illustrations and colorful layout insure effective display in any position."

**Second Award:** Nescafe Vending Machine Instant Coffee, by American Bag & Paper Corp.: "Letterpress printed, heat sealed bag gives effective protection . . . at economical cost."

**Honorable Mention:** Pillsbury Pancake Mix, by Arkell & Smiths: "Realistic illustration by letterpress process printing and adequate protection distinguish this package."

**Honorable Mention:** Motion Sickness Bag, by American Bag & Paper Corp.: "Water-proof bag . . . is much more compact and more convenient in handling and disposal."

These outstanding paper bags made with Nibroc White not only won first and second awards, but took two out of three honorable mentions, in the Paper Bag Division of the 1956 National Flexible Packaging Competition.

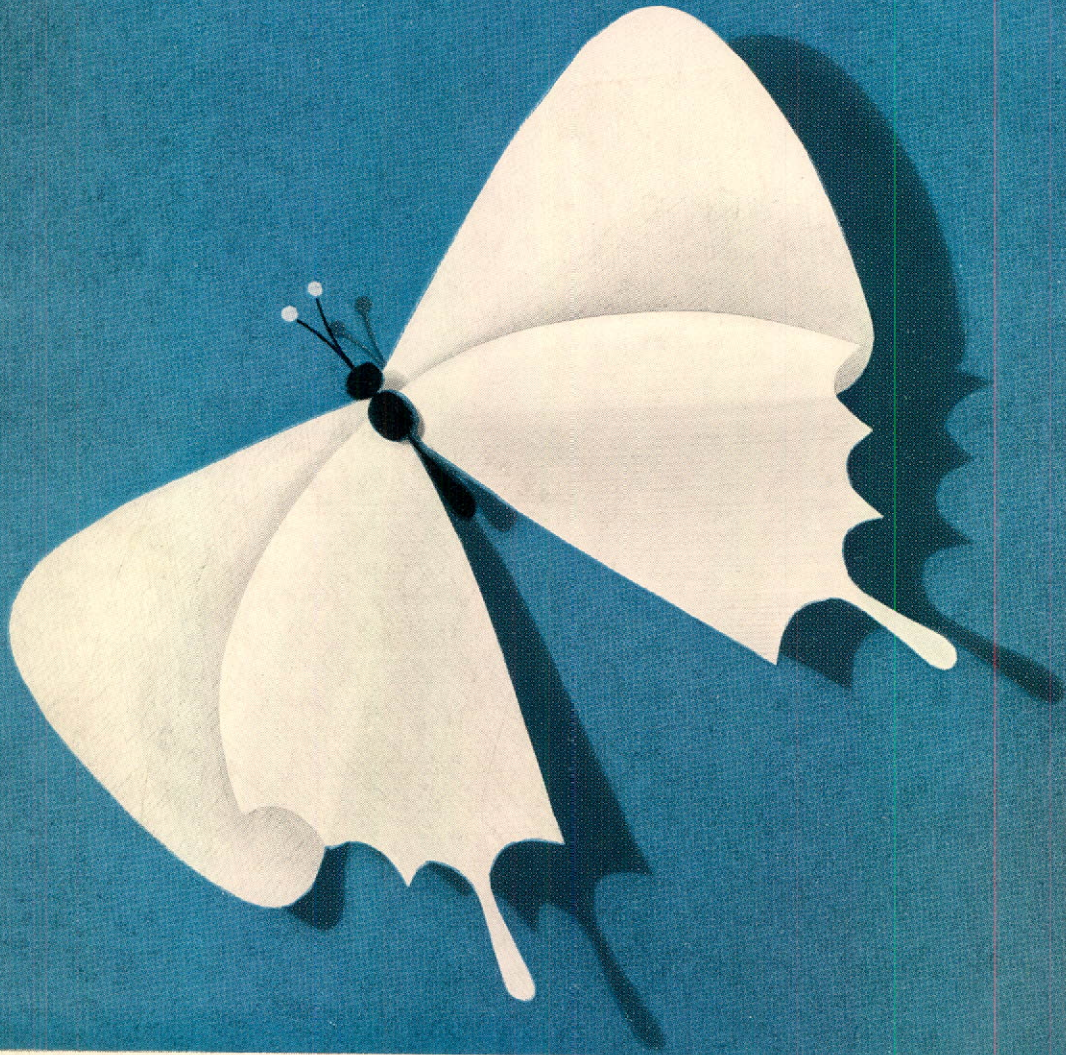
## MAKE YOUR PACKAGE A WINNER!

If you want colorful, economical, sales-winning packages that protect your flour, rice, tea, coffee, cake mix, dog food or other products . . . and catch and hold attention at point of sale, do as the prize-winners do. Use Nibroc White paper for your bags. It sells faster! For samples and more information, write or phone our Paper Sales Division, Dept. XX-00, in Boston.

**BROWN COMPANY**  
BERLIN, N. H.

General Sales Offices: 150 Causeway Street, Boston 14, Mass.

Consistent advertising in more than sixty publications helps to stimulate greater sales of Brown Company products. Above is a typical advertisement aimed toward packagers and converters. On the back cover is one of a new series telling the story of our progress to present and potential customers and to the general public. It will appear in the March 2 issue of The Saturday Evening Post.



## WHITE MAGIC... MAKES IT PUREST WHITE!

### ...this new Nibroc® Towel with the touch of velvet

It's the new Nibroc Towel . . . such pure, dazzling white, it makes others look drab by comparison!

The velvet touch of this new towel leaves a pleasant sensation . . . so smooth and soft the instant it absorbs water from your face or hands. And there's no lint. Made from virgin fibres, it is purest white, yet the perfect combination of strength, softness, absorbency.

It's the latest achievement of Brown Company's exclusive "white magic" bleaching process . . . a process developed by the Company's Research Division head. Now, more than ever, Nibroc Towels, both white and natural, merit their acclaim as "first and still the finest wet-strength towel."

The research and skills of Brown Company scientists have produced other Nibroc paper products of highest quality—windshield wipers, industrial wipers, Kowtows, Sofwite and Softan tissue—which are winning new users everywhere.



### FACE TO FACE WITH THE NEW NIBROC TOWELS

So white, so soft, so pure, it's a pleasure to use, even on your face! You'll be finding these *new* Nibroc Towels in industrial plants, office buildings, institutions and public buildings, where Nibroc Towels have long been used more than any other paper towel.

MEMO TO PURCHASING AGENTS: Look in the Yellow Pages for your Nibroc distributor, or write us at Boston for samples.

# BROWN COMPANY



General Sales Office: 150 Causeway Street, Boston 14, Mass. Mills: Berlin, Gorham, North Stratford, N. H.; Corvallis, Ore.