



Stack

# 1959 ANNUAL REPORT

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MCGILL UNIVERSITY

BROWN  COMPANY



## Highlights of the report

	<i>Year ended November 30</i>	
	<u>1959</u>	<u>1958</u>
Tons of pulp, paper, and towels sold . . . . .	189,113	190,586
Net sales . . . . .	\$58,888,381	\$55,407,620
Net income before income taxes . . . . .	\$ 944,203	\$ 1,389,980
Net income . . . . .	\$ 714,203	\$ 1,295,631**
Average number of common shares . . . . .	2,623,495	2,588,651
Earnings per share . . . . .	\$ .27	\$ .50**
Net working capital at end of year . . . . .	\$14,695,871	\$14,917,525
Ratio of current assets to current liabilities . . . . .	2.9 to 1	3.2 to 1
Expenditures for plant and equipment . . . . .	\$ 3,528,847	\$ 2,280,693
Depreciation and depletion charges . . . . .	\$ 3,459,929	\$ 3,185,265
Acres of timberlands owned at end of year, including Brown Company share of jointly owned lands . . . . .	636,549	635,271
Common stockholders' ownership in net assets at end of year:		
Total . . . . .	\$56,546,334	\$56,644,429
Per share . . . . .	\$21.43	\$21.88
Number of common stockholders at end of year . . . . .	8,173	7,622
Cash dividends paid:		
Total . . . . .	\$ 791,694*	\$ 776,595
Per share of common stock . . . . .	\$ .30*	\$ .30
Average number of employees (not including seasonal woods labor) . . . . .	3,792	3,842
Payrolls and employee benefits . . . . .	\$20,343,822	\$19,238,659

\*In addition, a stock dividend of 2% was paid on March 1, 1959.

\*\*Net income for 1958 included \$315,651 or 12¢ per share for refunds received of prior years' Federal income taxes.

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## About the Cover

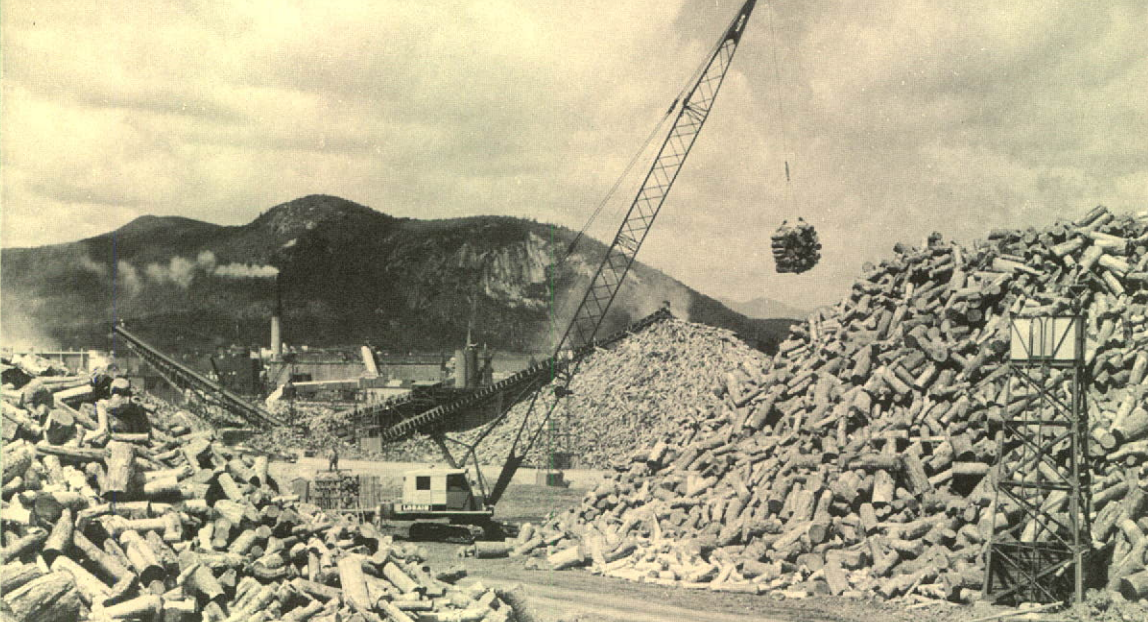


Choice hardwood veneers are made into plywood in this huge press (front cover) at Brown Company's North Stratford subsidiary. A hydraulic lift raises both men and materials to the proper height to feed each of the 20 openings of the twenty foot press. Pressure and steam work with special adhesives to bond the layers of veneer firmly together.

*The paper used for the cover of this Report is Nibroc Cover Offset, Basis 120, and the text is printed on Nibroc White Offset, Basis 80. Both are products of Brown Company. The Report is offset-printed throughout.*

(Photograph by Victor Beaudoin)





This 60-ton long-boom crane, newest in Brown Company woodyard, mechanizes the unloading of trucks through the use of a steel cable sling. Up to 1400 cords of pulp wood must be handled each day to meet mill requirements.

## REPORT TO THE STOCKHOLDERS

Consolidated net income for the year ended November 30, 1959 was \$714,203, or 27¢ per share of common stock. In the previous year net income was 50¢ per share, including 12¢ per share represented by refunds received of prior years' Federal income taxes.

Sales totaled \$58,888,381 in 1959, as compared with \$55,407,620 in 1958, an increase of 6.3%. The figures for 1959 include sales made by Resi-Chem Corporation, in which Brown Company acquired a controlling interest during the latter part of 1959; if such sales are excluded, the increase in net sales over the previous year becomes 5.2%. The principal increases were in paper and plywood, both of which showed important gains over the previous year. On the other hand, sales of sulphite pulp were down substantially, and the selling price on one of the principal grades was lower than the year before, with the result that losses were incurred on this line of product. Most lines of product showed reduced profit margins as labor rates were increased without corresponding increases in selling prices.

The sulphite pulp problem is under intensive study, not only by Company personnel, but also by outside consultants. In addition, studies are being made to determine the best solution to the Company's shortage of kraft pulping capacity, which forces it to purchase substantial quantities of kraft pulp from other suppliers to meet the needs of its paper machines.

Effective October 1, 1959, Brown Company acquired an additional 30% interest in Resi-Chem Corporation, raising its ownership to 80%. The principal products of this new subsidiary are wet strength resins for the paper industry and adhesives for the plywood and furniture industries. Its operations have been profitable. Other products will be added in the coming year, and it is expected that Resi-Chem Corporation will show an increase in 1960 over its 1959 sales volume of \$1,352,573.

We also expect increased sales and earnings from the other segments of our business in 1960, despite continuance of depressed sales and prices in the case of the sulphite pulp operation. The extent to which earnings increase will be determined in part by whether the industry finds itself able to advance selling prices to compensate for cost increases.



Dividend payments were temporarily suspended in 1959, after payment of a 2% stock dividend and cash dividends totaling 30¢ per share. We expect to resume payments upon achievement of increased earnings.

### **Financial Position**

Working capital at November 30, 1959 (current assets minus current liabilities) amounted to \$14,695,871, as compared to \$14,917,525 at the previous year-end. The current ratio was 2.9 as against 3.2 a year earlier. Short term bank borrowing amounted to \$2,000,000 at November 30, 1959, as compared to \$1,200,000 a year earlier, the increase being attributable to higher inventories.

During the year, long term debt was reduced by \$409,900, leaving only \$4,377,200 at the year-end. This reduction was accomplished despite the fact that the Company invested more than \$1,000,000 in new manufacturing facilities at Birmingham, Alabama, North Stratford, New Hampshire, and Gorham, New Hampshire in 1959.

### **Plant and Process Improvement**

There were three principal projects in 1959, all of which are now nearing completion. The first of these projects was the construction of a plant at Birmingham, Alabama, for manufacture of Bermico sewer pipe, drainage pipe, and conduit. The location of this plant is such that it will have important advantages with respect to service to customers, cost of raw material, and freight on finished products.

Another project was the construction of additional building space and installation of new equipment at our Cascade paper mill in Gorham, New Hampshire, to take care of the Company's rapidly growing business in sheeted papers, including offset printing papers and register bond. Coincident with this expansion, additional storage space was created for Nibroc towels and wipers, to reduce handling and outside warehousing costs and permit improvements in service to customers.

At North Stratford, New Hampshire, additional building space was constructed and equipment will be installed in the near future to permit our plywood mill to manufacture its own crossbanding, rather than purchase it from outside sources. (Crossbanding is the center portion of the plywood "sandwich.") This will not only reduce costs in the plywood manufacturing operation but will also permit improved utilization of our forest resources, since the crossbanding will be made from logs which are too good for pulpwood but which do not quite meet the exacting standards for veneer faces and backs.

In addition, our Woods Department purchased thirteen Bombardier tractors in 1959, which will assist in reducing costs of pulpwood and logs. These units eliminate some road-building which would otherwise be necessary, since they are light and maneuverable through relatively small clearances. They also minimize damage to young trees, and they involve lower capital investment than for heavier units.

## New Products

The Bermico Division introduced a package type "Driwell" unit which consists of nineteen sections of 4-inch perforated pipe bundled so that it will receive water from roof drainage and disperse it into the ground, thus relieving overloads of storm drains and sewers. Total use of Bermico sewer pipe and Bermidrain around the home has been extended substantially — landscape drainage, driveway drainage, slab and foundation drainage, etc.

A new Onco product was introduced in 1959 — "Wul-Tex," which employs a blend of Solka Pulp with selected wool fibres to produce the highest quality shoe insoling material.

In the Solka-Floc Division, "Press Aid L" was introduced and sold as a process aid in the production of various fruit and berry juices, a higher whiteness and flame-resistant "Solka-Snow" (for decorative use) was introduced, several new filter aid applications for standard Solka-Floc were developed, and new types of "Selectacel" ion-exchange cellulose were made. The latter products are widely used in medical research and biological chemistry by many hundreds of workers.

Pre-finishing equipment was installed at the North Stratford, New Hampshire, plywood plant. Thus, the customer is relieved of the job of applying lacquers or other finishes to the wood. This diversification also provides both natural and color-tone finished panels for offices, homes, and mobile homes, and has opened additional markets.

A "Grobark" mulch for general garden and horticultural use was added to the line of earlier Grobark products for the growing of orchids. These products are derived from bark.

Embossed towels were added to the Brown Company line of Nibroce industrial towels, a companion product to the bleached C-fold towel was offered in natural brown, and a new two-ply windshield wiper was introduced — all with good acceptance.

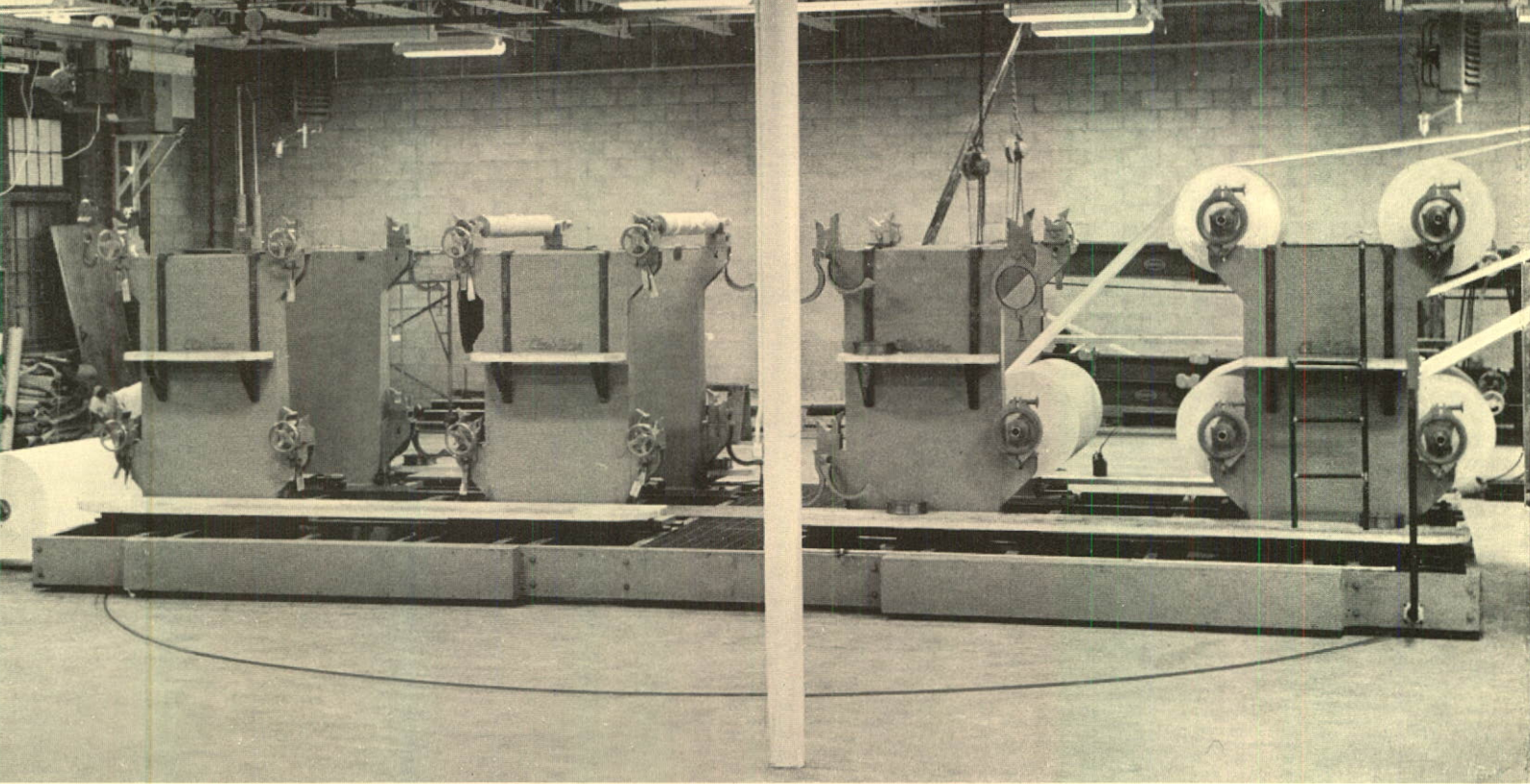
A new type of pulp, possessing higher strength characteristics for paper making purposes than ordinary hardwood sulphite, was made successfully on mill scale and continues under active development.

On September 16, 1959, the Board of Directors accepted the resignation of Mr. A. E. H. Fair as President and a Director of the Company, following expiration of his five-year employment contract. His successor has not yet been chosen, but interviews have been conducted with capable candidates by a Committee of the Board of Directors, and it is expected that a new president will be named shortly.

Two new directors were elected at the Annual Meeting of Stockholders on April 21, 1959 — Mr. Henry F. Scheetz, Jr. of Pittsburgh, and Mr. H. Greville Smith of Montreal. The Board has elected Dr. Ernest Martin Hopkins and Mr. G. Alfred Morris, the two directors who retired in 1959, to the position of Director Emeritus of Brown Company, in recognition of their years of service and their contribution to the Company's welfare.

Directors  
Officers  
Employees





**Directors**  
**Officers**  
**Employees**

Following the Annual Meeting of Stockholders, the Board of Directors appointed an Executive Committee, consisting of Messrs. John L. Sullivan (Chairman), Gene Tunney, and C. P. McTague.

Changes were made in the organization structure recently to obtain the advantages of management along divisional or decentralized department lines. Edward H. Petrick was appointed Vice President and General Manager of the Paper Division; Hugh D. Jordan was appointed General Manager of the Sulphite Pulp, Floe and Chemical Divisions; and Conrad T. Waldie, Jr. was appointed General Manager of the Towel Division.

We sincerely appreciate the loyalty of our customers and suppliers as well as the work of our directors, officers and employees.

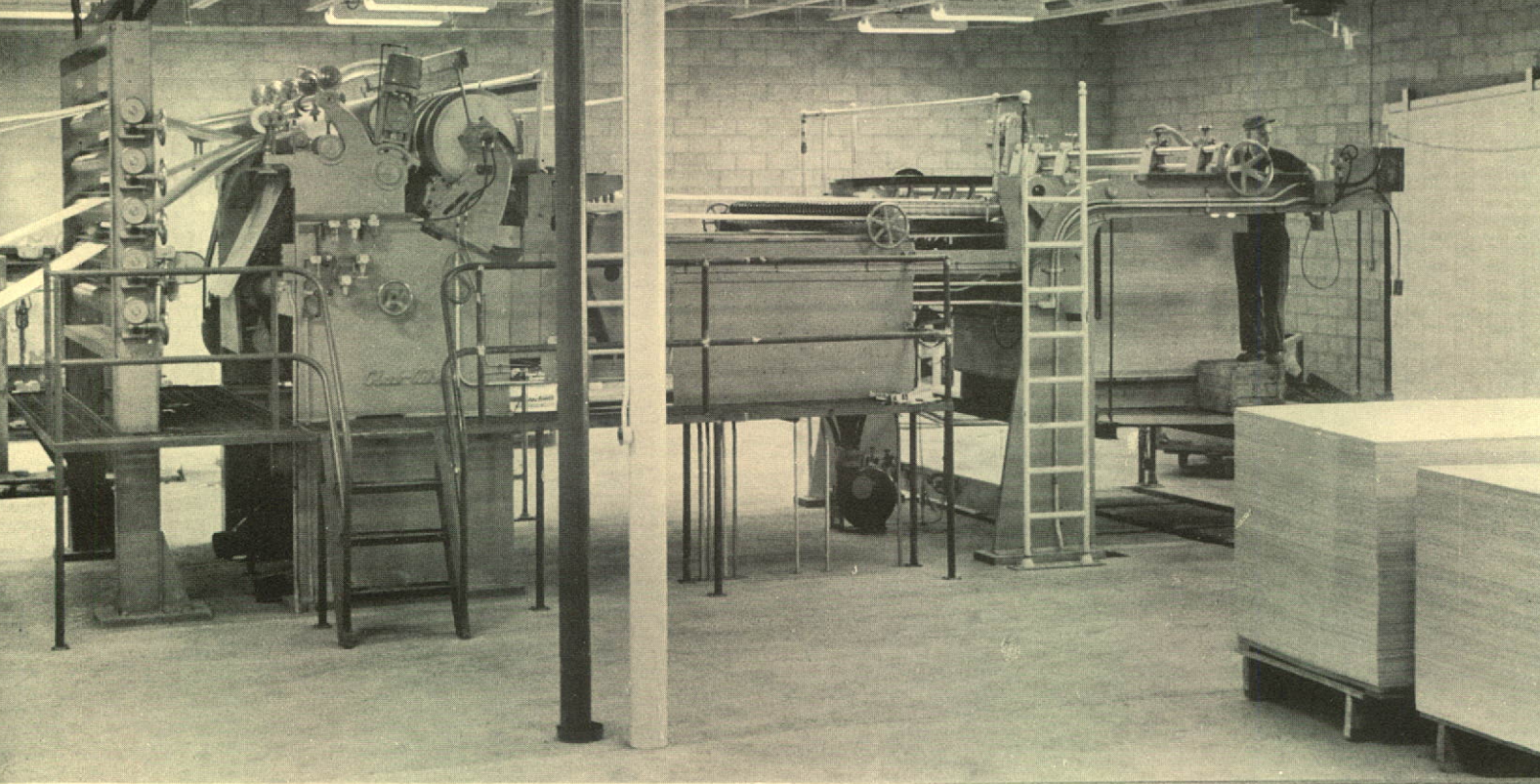
Sincerely,

L. F. Whittemore

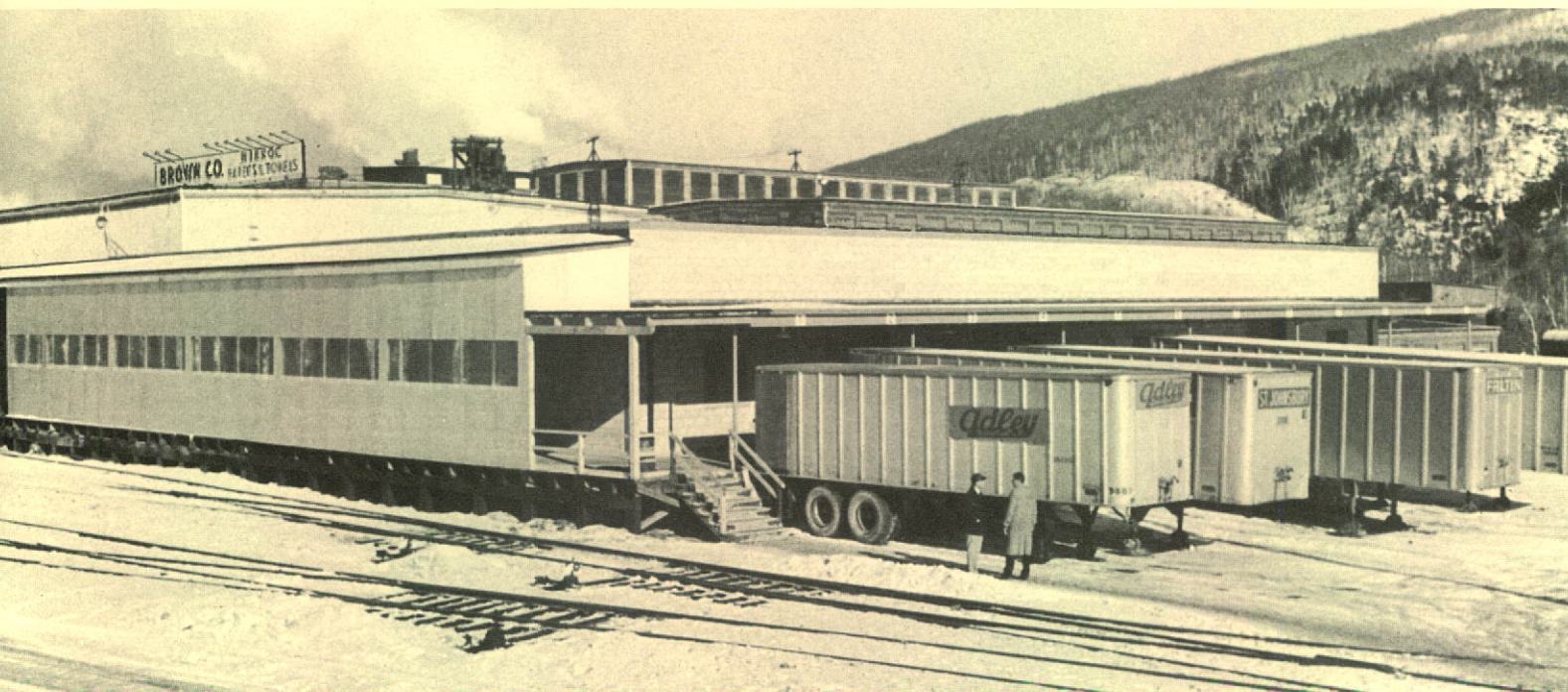
*Chairman of the Board*

February 10, 1960





A fully automatic Clark-Aiken sheeter, just installed as part of expansion program at Cascade Mill, can convert eight giant rolls of fine printing paper up to 112 inches wide into sheets simultaneously. The rotary roll stand (left of photograph) speeds production enormously by permitting new rolls to be loaded while others are being fed. As soon as one group of rolls has been sheeted, stand rotates on turntable to bring eight more quickly into position. High-speed machine slits and cuts to size, counts sheets, and inserts ream markers in each lift.



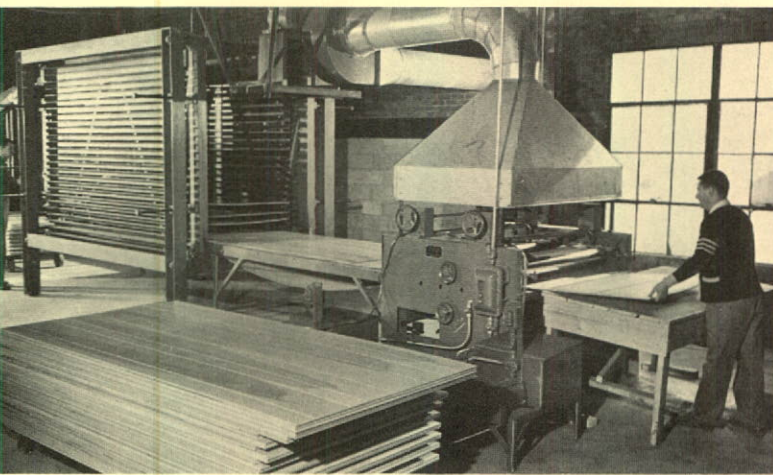
New addition at Cascade Mill, containing 12,000 square feet of space on each of two floors, can accommodate up to 12 large semi-trailers at one time for shipments of Brown Company's paper products. The ground level area of this building contains new sheeting and packing facilities for printing papers—including Clark-Aiken unit pictured at top of page. Basement area provides additional storage space for Nibroc towels, packed in cartons and palletized for speedy shipment.



The new Bermico plant (right) at Birmingham, Alabama, is strategically located to be near key material sources and conveniently to serve customers for pipe and conduit in the Southern states from Texas to Florida. Office building for plant is pictured below.



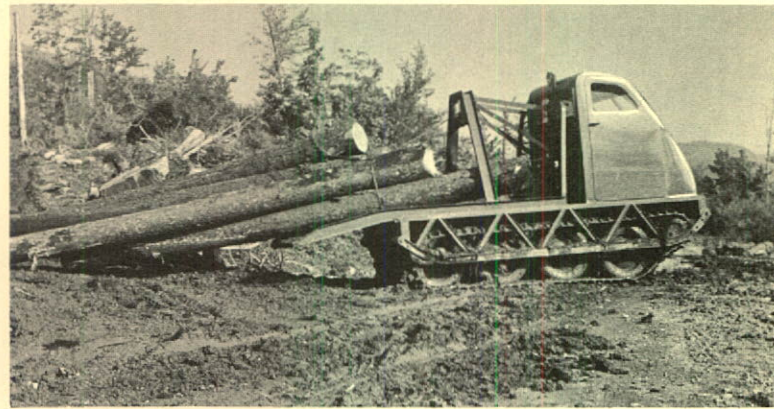
This new pre-finishing and pre-sealing machine, installed at the veneer plant at North Stratford, permits the production of plywood without the requirement for additional finishing by the customer.



New addition at North Stratford (right) will permit the mill to produce its own crossbanding (the center portion of the plywood "sandwich"). This will reduce costs by eliminating the use of purchased crossbanding and will improve utilization of the company's forest resources.



Newest logging aids are crawler-type Bombadiers that can pick up and deliver tree-length logs. Because these versatile, 200-horsepower machines can travel through the woods, fewer miles of new logging roads will be required annually.





**BROWN  COMPANY**  
**AND CONSOLIDATED SUBSIDIARIES**  
**STATEMENT OF INCOME**

	Year ended November 30	
	1959	1958
Sales, less discounts, returns and allowances . . . . .	\$58,888,381	\$55,407,620
Materials, services and other manufacturing costs, selling, general, administrative and research expenses — including depreciation and depletion of \$3,459,929 in 1959 and \$3,185,265 in 1958 . . . . .	57,560,532	53,631,279
Net operating income . . . . .	\$ 1,327,849	\$ 1,776,341
Other charges:		
Interest on funded debt . . . . .	\$ 205,302	\$ 217,341
Other interest expense (net) . . . . .	87,924	161,585
Miscellaneous other charges (net) . . . . .	90,420	7,435
	\$ 383,646	\$ 386,361
Net income before federal income taxes . . . . .	\$ 944,203	\$ 1,389,980
Provision for federal income taxes . . . . .	230,000	410,000
Net income before tax refunds . . . . .	\$ 714,203	\$ 979,980
Refunds received of federal income taxes for prior years with interest . . . . .		315,651
Net income . . . . .	\$ 714,203	\$ 1,295,631

**STATEMENT OF OTHER CAPITAL  
AND RETAINED EARNINGS**

**Year Ended November 30, 1959**

	Other capital	Retained earnings
Balance, November 30, 1958 . . . . .	\$10,717,287	\$44,175,725
Net income . . . . .		714,203
Dividends on common stock:		
Paid in cash — \$.30 per share . . . . .		(791,694)
Paid in common stock, 2% — 50,330 shares at approximate market value (\$20,604 paid in cash in lieu of fractional shares) . . . . .		(739,065)
Excess over par value of value assigned to common stock issued as a stock dividend . . . . .	668,131	
Balance, November 30, 1959 . . . . .	\$11,385,418	\$43,359,169



### ASSETS

	November 30	
	<u>1959</u>	<u>1958</u>
<b>Current assets:</b>		
Cash . . . . .	\$ 1,378,220	\$ 1,608,739
Accounts receivable, trade, less allowance for doubtful accounts . . . . .	5,500,809	5,774,214
Accounts receivable, other . . . . .	197,808	142,659
Inventories (Note 2):		
Pulpwood, logs and logging operations in progress	\$ 4,606,046	\$ 4,801,513
Other materials and supplies . . . . .	4,310,100	3,668,190
Pulp, paper and other manufactured products . . . . .	5,493,132	4,808,902
Total inventories . . . . .	<u>\$14,409,278</u>	<u>\$13,278,605</u>
Prepaid insurance, taxes and other expenses . . . . .	946,220	786,320
Total current assets . . . . .	<u>\$22,432,335</u>	<u>\$21,590,537</u>
 <b>Fixed assets (Note 3):</b>		
Land and buildings . . . . .	\$19,995,389	\$19,698,148
Machinery and equipment . . . . .	60,309,099	58,040,341
Construction in progress . . . . .	1,174,637	681,583
	<u>\$81,479,125</u>	<u>\$78,420,072</u>
Less — Depreciation . . . . .	37,937,069	35,176,890
	<u>\$43,542,056</u>	<u>\$43,243,182</u>
Timberlands . . . . .	\$ 8,732,610	\$ 8,734,282
Less— Depletion . . . . .	5,920,039	5,820,299
	<u>\$ 2,812,571</u>	<u>\$ 2,913,983</u>
Total fixed assets . . . . .	<u>\$46,354,627</u>	<u>\$46,157,165</u>
 <b>Investments and other assets:</b>		
Investments in unconsolidated subsidiaries and associated companies, at cost or less . . . . .	\$ 272,297	\$ 333,007
Other assets and deferred charges . . . . .	1,010,739	1,178,332
	<u>\$ 1,283,036</u>	<u>\$ 1,511,339</u>
	<u>\$70,069,998</u>	<u>\$69,259,041</u>



# COMPANY

## SUBSIDIARIES

## SHEET

### LIABILITIES AND CAPITAL

	November 30	
	1959	1958
<b>Current liabilities:</b>		
Notes payable to banks . . . . .	\$ 2,000,000	\$ 1,200,000
Funded debt payable within one year . . . . .	—	110,500
Accounts payable . . . . .	5,065,418	4,182,147
Accrued payrolls, interest and other expenses . . . . .	602,474	526,869
Federal income taxes . . . . .	68,572	653,496
Total current liabilities . . . . .	<u>\$ 7,736,464</u>	<u>\$ 6,673,012</u>
<b>Funded debt:</b>		
4½% Debentures due June 15, 1975 (less \$299,400 at November 30, 1959 and \$102,500 at November 30, 1958 purchased in anticipation of \$213,000 annual sinking fund requirement) . . . . .	<u>\$ 4,377,200</u>	<u>\$ 4,676,600</u>
<b>Deferred income taxes:</b> (relating to amortization of assets acquired under Certificates of Necessity) . . . . .		
	<u>\$ 1,410,000</u>	<u>\$ 1,265,000</u>
<b>Capital and retained earnings:</b>		
Common stock, par value \$1 per share:		
Authorized — 3,500,000 shares		
Issued — 2,691,195 shares in 1959;		
2,640,865 in 1958 (Note 5) . . . . .	\$ 2,691,195	\$ 2,640,865
Other capital in excess of par value of common stock . . . . .	11,385,418	10,717,287
Retained earnings (Note 6) . . . . .	43,359,169	44,175,725
	<u>\$57,435,782</u>	<u>\$57,533,877</u>
Less — Cost of 52,214 shares of issued common stock held in treasury . . . . .	889,448	889,448
Total capital and retained earnings . . . . .	<u>\$56,546,334</u>	<u>\$56,644,429</u>
	<u>\$70,069,998</u>	<u>\$69,259,041</u>



# BROWN COMPANY AND CONSOLIDATED INDUSTRIES

## NOTES TO FINANCIAL STATEMENTS

### Note 1 — Basis of consolidation

The accompanying financial statements include the accounts of Brown Company, its three wholly-owned subsidiaries, Granite State Veneer, Inc., Plywood Products, Inc. and Stratford Realty Corporation, and its 80% owned subsidiary, Resi-Chem Corporation. The accounts of Resi-Chem Corporation have been consolidated for the first time in 1959, a controlling interest having been acquired during the year. The accounts of unconsolidated subsidiaries are not significant.

### Note 2 — Inventories

Inventories of pulpwood and pulpwood content of pulp, carried at \$2,356,084 as at November 30, 1959, 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 3 — Fixed assets

Land, buildings, machinery 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.

### Note 4 — Retirement plan for employees

The currently estimated amount required to complete the funding of past service cost under Brown Company's retirement plan for employees is approximately \$5,000,000.

### Note 5 — Stock options

At November 30, 1958 options to purchase 83,400 shares of the common stock of Brown Company were held by certain officers and employees under the company's restricted stock option plan. During the year ended November 30, 1959 these options were increased by 1,608 shares as the result of the company's 2% stock dividend, 3,816 shares expired due to termination of employment, and additional options were granted for 30,070 shares at prices of \$11.69 and \$12.30 (as adjusted for the stock dividend). No options were exercised. At November 30, 1959 officers and employees held options to purchase 111,262 shares at prices ranging from \$8.76 to \$17.72 or an aggregate of \$1,497,238. The options, granted from 1955 to 1959, are exercisable during a nine year period beginning one year from the date granted. Under the option plan additional options may be granted which, together with options previously exercised and options then outstanding, will aggregate not more than 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. At November 30, 1959 there was a balance of 18,545 shares available for possible future options under the plan.

### Note 6 — Dividend and other restrictions

In the indenture covering 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, 1959 such payments and applications were restricted to approximately \$3,600,000.

## REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and  
Stockholders of Brown Company

In our opinion, the accompanying balance sheet and statements of income and of other capital and retained earnings present fairly the financial position of Brown Company and consolidated subsidiaries at November 30, 1959 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. 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.

Boston, Massachusetts  
January 19, 1960

PRICE WATERHOUSE & CO.



## SUMMARY OF CONSOLIDATED INCOME AND CERTAIN EXPENDITURES

(in thousands of dollars)

YEAR ENDED NOVEMBER 30

	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
Net sales . . . . .	\$43,263	\$53,102	\$72,730	\$65,638	\$67,197	\$66,970	\$53,821	\$59,683	\$61,158	\$55,408	\$58,888
Net income before depreciation and depletion, interest on funded debt and income taxes . . . . .	\$ 4,826	\$10,172	\$20,122	\$11,008	\$ 9,287	\$ 9,493	\$ 5,700	\$ 7,234	\$ 6,259	\$ 4,793	\$ 4,609
Charges for:											
Depreciation and depletion . . . . .	\$ 2,291	\$ 2,424	\$ 2,575	\$ 2,818	\$ 3,134	\$ 3,081	\$ 2,116	\$ 2,433	\$ 2,856	\$ 3,185	\$ 3,460
Interest on funded debt . . . . .	807	751	532	513	492	471	204	229	223	217	205
Provision for United States and Canadian taxes on income . . . . .	711	2,975	9,585	3,280	2,610	2,530	1,350	1,960	1,100	410	230
Refunds of prior years' Federal income taxes . . . . .										(315)	
Total of above charges . . . . .	\$ 3,809	\$ 6,150	\$12,692	\$ 6,611	\$ 6,236	\$ 6,082	\$ 3,670	\$ 4,622	\$ 4,179	\$ 3,497	\$ 3,895
Net income . . . . .	\$ 1,017	\$ 4,022	\$ 7,430	\$ 4,397	\$ 3,051	\$ 3,411	\$ 2,030	\$ 2,612	\$ 2,080	\$ 1,296	\$ 714
Dividends paid or accrued on preferred stocks . . . . .	865	865	1,106	1,028	982	931	178				
Balance of net income applicable to common stock . . . . .	\$ 152	\$ 3,157	\$ 6,324	\$ 3,369	\$ 2,069	\$ 2,480	\$ 1,852	\$ 2,612	\$ 2,080	\$ 1,296	\$ 714
Average number of common shares outstanding during the year . . . . .	1,992,817	1,992,817	1,992,817	1,992,817	1,992,817	1,996,772	2,295,315	2,591,976	2,589,836	2,588,651	2,623,495
Earnings per share of common stock . . . . .	\$ .08	\$1.58	\$3.17	\$1.69	\$1.04	\$1.24	\$ .81	\$1.01	\$ .80	\$ .50*	\$ .27

Note — Amounts for 1949 through 1954 include the operations of Brown Corporation, Brown Company's wholly-owned Canadian subsidiary, which sold its assets on December 1, 1954.

\*Including 12¢ per share attributable to refunds received of prior years' Federal income taxes.

### Cash Expenditures For:

Reduction of funded debt . . . . .	\$ 1,473	\$ 1,301	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 12,935	\$ 120	\$ 179	\$ 76	\$ 410
Purchase and retirement of preferred stocks . . . . .			1,905	579	824	1,487	3,495					
Plant improvements, additions, and acquisitions, and additions to timberlands, less proceeds of disposal:												
Properties in the United States . . . . .	1,199	2,140	5,094	4,790	2,353	3,999	5,893	10,775	7,961	2,280	3,529	
Properties in Canada which were sold on December 1, 1954 . . . . .	1,535	833	1,959	2,470	918	988						



**CONDENSED STATEMENT OF CONSOLIDATED FINANCIAL POSITION AND STOCKHOLDERS' OWNERSHIP**

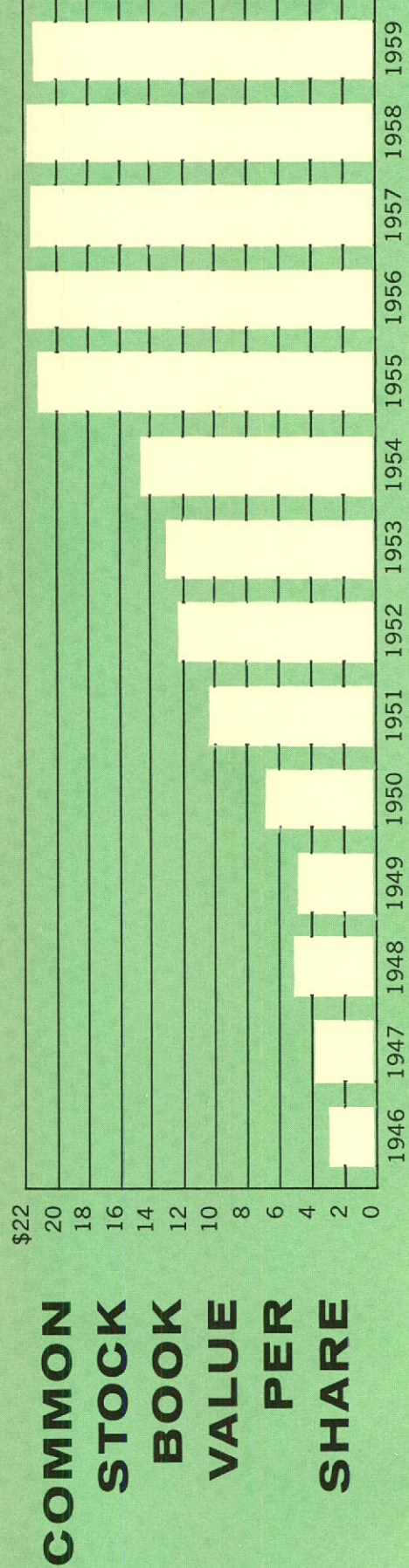
(in thousands of dollars)

AS OF NOVEMBER 30

	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
Current assets . . . . .	\$26,271	\$22,813	\$28,714	\$34,525	\$28,162	\$28,156	\$28,722	\$37,155	\$28,382	\$22,600	\$21,591	\$22,432
Current liabilities . . . . .	4,927	3,057	7,387	14,102	9,584	8,718	11,238	10,085	9,256	9,250	6,673	7,736
Net working capital . . . . .	\$21,344	\$19,756	\$21,327	\$20,423	\$18,578	\$19,438	\$17,484	\$27,070	\$19,126	\$13,350	\$14,918	\$14,696
Plants and equipment,												
less depreciation . . . . .	23,096	23,597	24,057	28,588	32,879	33,173	34,994	30,398	38,913	44,065	43,243	43,542
Timberlands, less depletion . . . . .	5,498	5,422	5,284	5,294	5,438	5,295	5,315	3,129	3,054	2,909	2,914	2,812
Investments and other assets . . . . .	568	470	571	666	872	513	1,041	708	1,618	1,816	1,511	1,283
Less—												
Funded debt (except portion in												
current liabilities) . . . . .	17,300	16,777	15,200	14,400	13,600	12,800	12,000	5,181	5,059	4,863	4,677	4,377
Deferred income taxes . . . . .	—	—	—	14	91	298	520	750	965	1,265	1,265	1,410
Net assets . . . . .	\$33,206	\$32,468	\$36,039	\$40,557	\$44,076	\$45,321	\$46,314	\$55,374	\$56,587	\$56,012	\$56,644	\$56,546
Stockholders' ownership in net assets												
shown above:												
Convertible preferred stock, \$6	\$22,560	\$22,560	22,560	—	—	—	—	—	—	—	—	—
Convertible first preference	—	—	—	\$14,346	\$14,346	\$14,346	\$14,233	—	—	—	—	—
stock, \$5 . . . . .	—	—	—	5,789	5,172	4,297	2,818	—	—	—	—	—
Second preference stock, \$3 . . . . .	—	—	—	—	—	—	—	—	—	—	—	—
Total preferred stocks . . . . .	\$22,560	\$22,560	\$22,560	\$20,135	\$19,518	\$18,643	\$17,051	—	—	—	—	—
Common stock . . . . .	10,646	9,908	13,479	20,422	24,558	26,678	29,263	\$55,374	\$56,587	\$56,012	\$56,644	\$56,546
Common stock . . . . .	\$33,206	\$32,468	\$36,039	\$40,557	\$44,076	\$45,321	\$46,314	\$55,374	\$56,587	\$56,012	\$56,644	\$56,546

Number of common shares

outstanding at end of year . . . . .	1,992,817	1,992,817	1,992,817	1,992,817	1,992,817	1,992,817	2,000,727	2,606,765	2,592,451	2,588,651	2,588,651	2,638,981
Common stock book value per share	\$5.34	\$4.97	\$6.76	\$10.25	\$12.32	\$13.39	\$14.63	\$21.24	\$21.83	\$21.64	\$21.88	\$21.43



**COMMON  
STOCK  
BOOK  
VALUE  
PER  
SHARE**



## DIRECTORS

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

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

THOMAS L. DUNBAR ..... Montreal, Quebec  
*Industrial Consultant*

ARTHUR D. EMORY ..... Montreal, Quebec  
*Investment Consultant to United Corporations  
Limited and Investment Bond and Share Corpora-  
tion*

MAURICE FORGET, Q. C. .... Montreal, Quebec  
*President, Forget & Forget, Limited*

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

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

\*Indicates Member of Executive Committee

HENRY F. SCHEETZ, JR. .... New York City  
*Assistant to the Chairman*

STUART W. SKOWBO ..... Berlin, New Hampshire  
*Senior Vice President and Treasurer*

H. GREVILLE SMITH, C. B. E. .... Montreal, Quebec  
*Chairman, British Newfoundland Corporation*

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

\*GENE TUNNEY ..... Stamford, Connecticut  
*Chairman of the Board, The McCandless Corpora-  
tion*

ARTHUR G. WALWYN ..... Toronto, Ontario  
*Vice President of Corporate Investors Limited  
and Chairman of the Investment Committee*

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

## DIRECTORS EMERITUS

ERNEST MARTIN HOPKINS, Hanover, New Hampshire • ERNEST H. MALING, Kennebunkport, Maine  
G. ALFRED MORRIS, Toronto, Ontario

## OFFICERS AND STAFF

Laurence F. Whittemore, *Chairman of the Board* • Stuart W. Skowbo, *Senior Vice President & Treasurer*  
Henry F. Scheetz, Jr., *Assistant to the Chairman* • Clarence S. Herr, *Vice President—Woodlands & Lumber Division*  
Edward H. Petrick, *Vice President & General Manager—Paper Division*  
Hugh D. Jordan, *General Manager—Sulphite Pulp, Floc & Chemical Divisions*  
Conrad T. Waldie, Jr., *General Manager—Towel Division* • John W. Jordan, *Vice President, Secretary & General Counsel*  
Malcolm T. Murray, *Vice President* • Robert W. Andrews, *Vice President* • Newton L. Nourse, *Vice President*  
Allie E. Salls, *President—Granite State Veneer, Inc.; Plywood Products, Inc.* • H. A. Raymond, Jr., *President—Resi-Chem Corporation*  
William J. Oleson, Jr., *Controller* • Alexander B. Walker, *Assistant Treasurer*  
George Craig, *Chief Engineer* • George A. Day, *Technical Director* • Paul M. Goodloe, *Director of Research*  
Van R. Woolsey, *General Purchasing Agent* • Roland E. Fickett, *Manager of Coordination & Special Services*  
Edward J. Reichert, *Assistant Secretary* • Leonard A. Pierce, *Clerk*

## Registrars and Transfer Agents for Common Stock

*Principal Transfer Agent*  
State Street Bank and Trust Company, Boston

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

*New York Transfer Agent*  
Chemical Bank New York Trust Company

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

*Principal Registrar* The First National Bank of Boston

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

*New York Registrar*  
The First National City Bank of New York

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

## Registrars for the Company's 4½% Debentures

Old Colony Trust Company ..... Boston

## Auditors

Price Waterhouse & Co. .... Boston

*General Office:* Berlin, New Hampshire

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

*Plants:* Berlin, Gorham, and North Stratford, New Hampshire;  
Corvallis, Oregon; Birmingham, Alabama; Swanton, Ohio



# BROWN COMPANY FOREST PRODUCTS

**NIBROC PAPERS** are manufactured from Brown Company bleached and unbleached pulps and are technically controlled for use by the converting industry and by the printing industry and allied fields. In the converting industry, Brown Company paper is sold for such end uses as food packaging, masking tape, decorative and electrical laminated plastics, abrasive backing papers, and battery separators. Offset paper, register bond, salesbook bond, tablet, and a complete line of envelope papers are supplied to the printing and allied fields.

**NIBROC INDUSTRIAL TOWELS and TISSUES** — Nibroc towels, both plain and embossed, continue to be the leading brand in the industrial and institutional market. Nibroc tissues are supplied for economical, efficient, quality washroom service. A special size and grade of Nibroc towel is sold to dairies as Kowtowl.

## **NIBROC WINDSHIELD and INDUSTRIAL WIPERS**

Rugged, efficient and economical disposable paper wipers are being supplied to the service station trade and for industrial cleaning applications. These are the finest products of their kind. Nibroc industrial wipers are engineered to provide an economical means of wiping machinery and equipment.

**SOLKA PULPS** are highly purified wood cellulose fibres especially designed to meet the requirements of modern papermaking and chemical industries. They are converted into cellophane, photographic papers, letterheads, boxed stationery, invitations, printing papers (including offset), laminated plastics, parchment, facial tissue, glassine, greaseproof papers, etc.

**SOLKA-FLOC** is a purified wood cellulose powder used in the manufacture of cigarette filters, welding rod coatings, rubber soles and heels, floor tiling, and in the processing of pharmaceuticals and foods. It is also used as an aid in the filtering of oils, caustic soda, chemicals, for extraction of fruit juices, and for purification by ion exchange.

**BERMICO SEWER PIPE** and connection fittings, made of tough cellulose fibre impregnated with special pitch, are used as house connections to sewers and septic tanks and for downspout leaders.

**BERMISEPTIC and BERMIDRAIN PIPE** and fittings form a complete line of perforated pipe for septic tank disposal fields, land drainage on farms, golf courses, marshlands, industrial areas, highways, airports, railroads, foundations, and slab drains.

**BERMICO CONDUIT** also made of pitch impregnated fibres, is engineered specifically for encasing electrical wires beneath the ground. It is widely used by electrical contractors and by public utilities.

**ONCO** is a strong, durable, leatherlike material made of Solka Pulp impregnated with elastomeric compounds which give lasting resilience. It is used in making hat brims and cap fronts, handbags, belts, and imitation leathers. Onco, and the newer Solkaf and Wul-Tex, continue to be leaders in the field of innersoles as well as other shoe components for all types of footwear.

**CHEMICALS** include chlorine and soda bleach for bleaching pulps, paper, and textiles, and for water purification by municipalities and schools; chloroform for use as a solvent by pharmaceutical houses; muriatic acid for general chemical processing.

**BROWN COMPANY HIGH GRADE LUMBER**, principally yellow birch and hard maple is produced for fine furniture, pianos, and panelling, as well as for general use. The hard woods are sold through Atlantic Lumber Company of Boston. Brown Company also supplies spruce dimension lumber and graded white pine lumber to the building industry and to users of crating and boxing materials.

**PLYWOOD** made from carefully selected hardwood veneers, principally yellow birch and oak, is produced at the mills of Brown Company's subsidiaries in North Stratford, New Hampshire, for high grade panelling in houses and offices and for doors, counter tops and cupboards, as well as interiors for house trailers.

**RESI-CHEM WET STRENGTH RESINS** are used extensively by leading manufacturers throughout the country to improve the characteristics of towels, wipers, and other papers and paper products. The resins include both alkaline and standard-curing types.

**RESI-CHEM ADHESIVES** are bonding agents used principally by plywood and furniture manufacturers. Like the wet strength resins, these adhesives are readily available to customers in all parts of the country from Resi-Chem's five widely-separated manufacturing plants.

**GROBARK** products are derived from bark, to further utilize Brown Company's forest resources, for general horticultural and garden mulch, as well as for the growing of orchids.

## **SALES AND PRODUCTION PERSONNEL**

Gilford F. Henderson, *General Sales Manager—Paper Products* • Harold E. Moley, *Manager—Paper Sales*

John J. McDonald, *Manager—Pulp & Floc Sales* • William T. LaRose, *Manager—Towel & Wiper Sales*

Robert J. Van Nostrand, *Assistant Manager—Pulp & Floc Sales* • Frederick L. Graham, *European Sales Representative*

Robert E. Cross, *Manager—Bermico Sales* • Urban J. Dacier, *Manager—Onco Sales*

Victor P. Bruno—*Vice President, Granite State Veneer, Inc. and Plywood Products, Inc.*

Francois X. Guimond, *Manager—Sulphite Pulp, Chemical & Floc Manufacturing* • Karl M. Guest, *Manager—Kraft Pulp & Paper Manufacturing*

Thomas J. Stiles, *Manager—Paper Manufacturing* • Frederick B. Wardwell, *Manager—Towel Manufacturing*

Arthur R. Taylor, *Manager—Bermico Manufacturing* • Henry A. Eaton, *Manager—Chemical & Floc Manufacturing*

C. E. Christiansen, *Manager—Onco Manufacturing* • Webster Evans, *Manager—Lumber Manufacturing*

Edward J. Romay—*Vice President, Resi-Chem Corporation*