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BROWN COMPANY REPORT TO SHAREHOLDERS 1969

GAWAM AIRPOST BOND ALUMALOID
STREAM CONQUEST CONTRACT COU
URA-SHEEN DURACEL EAGLE-A FLAV
ALE LINWEAVE LINWEAVE TAROTEXT
H-WHITE KOWTOWL HERCULEAN LIN
T NIBROC NIBROC DURACEL PAPER M
RAY RESISTO RODEO SAF-EG SAF-T
N SOLKA-FLOC SOLKACEL SPARKLE
SURFACE-GARD LUNCHPAK ROYAL WH
TROJAN TYPE-ERASE TWS CRYSTAL
HIDE TORREDECA ZIPAROUND TRAYT

MARDI GRAS ACCEPTANCE BOND A

CAST-TEX CELLATE CHATEAU COLD

CATER-CUP KVP D.O.K. DREXEL D

GOLD STANDARD GLENDALE GLENV

K-SEAL KALAFILM KALASEAL KLOT

DELTA K-45 K-50 MONARCH MARKE

PROSPERITY PURITY RAINBO RED

SELECTACEL SOLAREUM PLANISHEE

STRATFORD STRIPPER SUPERIOR

SHASTA BURGESS TECHNI-KRAFT

VU-MORE WEATHER-MASTER WHALE

Map shows location of Brown Company's resource: producing Woodlands in New England— the source of pulpwood, saw logs and veneer logs, the basic raw materials for our business.

	1969	1968
FOR THE YEAR		
Net Sales	$195,675,000	$197,526,000
Income (Loss) from Continuing Operations	1,832,000	(1,738,000)
Net Income (Loss)	1,693,000	(23,436,000)
Per Common Share	.02	(9.30)
END OF YEAR		
Working Capital	$ 42,788,000	$ 42,701,000
Funded Debt	54,881,000	67,500,000
Stockholders' Equity	63,479,000	61,702,000
Number of Employees	7,600	7,700

To Our Shareholders:

As you can see from the results shown in the Financial Highlights on the facing page, your Company made encouraging progress in 1969, returning to profitability after the severe losses suffered in 1968.

The accumulated problems of several years cannot be solved in a single year. But the management of your Company took action in 1969 to begin. To that end we:

—Pared both manufacturing and overhead costs.

—Eliminated unprofitable product lines and uneconomical operations.

—Strengthened management to increase production at key facilities.

At the same time that these steps were being taken internally, conditions in the paper industry were improving. Markets and prices firmed.

Certainly a large contribution to the improvement in 1969 was the work and effort shown by the 7,600 employees of the Company.

During the year, 12 labor agreements were successfully negotiated without any interruption of work. Agreements were reached providing two years of contract commitments between the Company and the unions representing employees.

Brown Company has a solid asset base on which to build. This is complemented and enhanced by excellent products, improved production and growing demand. With disciplines now in force to ensure better use of the Company's resources, attention can be turned to maintaining the quality of our traditional product lines, and expanding and developing goods and services with high growth potential.

The financial results of 1969 were encouraging. The outlook for 1970 is good. Management is determined to get on with the exciting tasks of building what is good and sound within the Company. At the same time we will be adding new capabilities and actively exploring new profit opportunities.

Given these facts, we believe that 1970 will be a year of continuing growth — operationally and financially — for your Company.

M L Nash

M.L. Nash
President and Chief Executive Officer

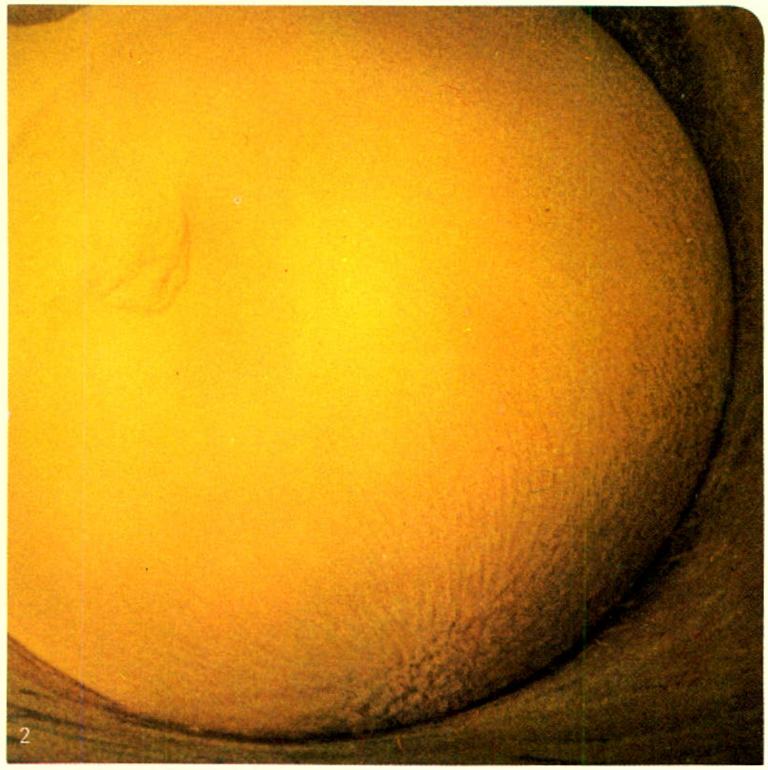
An aerial view of Brown's New England Woodlands.

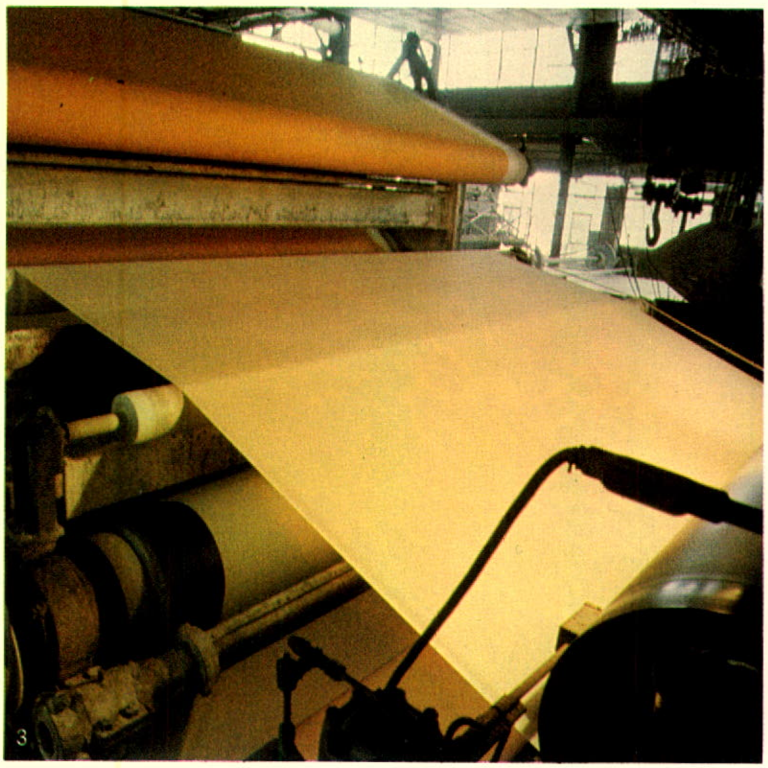
WOODLANDS DIVISION

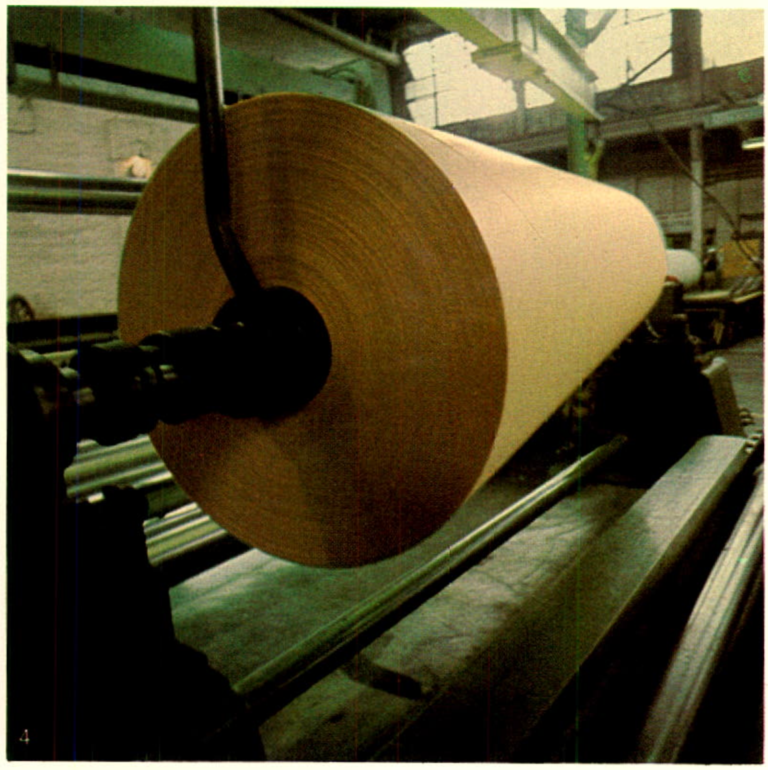
One of Brown Company's most valuable assets is its New England Woodlands. They contain over 600,000 acres of forests in Maine, Vermont and New Hampshire, which are operated on a sustained-yield basis, with continuing reforestation, fire protection and disease prevention programs.

In spite of an unusually heavy snowfall in 1969, our pulp wood production kept pace with the expanding demand of our pulp mills. We anticipate even greater profits in 1970 from the Woodlands operation.

In addition to providing a major source of the Company's raw materials, the Woodlands have great potential for development of certain areas into recreational and second-home sites. During the next year we will be actively exploring this potential; the outlook is good for an early start on one or more projects.







1. Dyes used to produce colored papers. 2. A beater preparing tinted pulp for the paper machine. 3. A web of paper on a paper machine. 4. A log roll of paper ready for converting.

Sample folders showing papers made at the Holyoke mills.

BERLIN-GORHAM DIVISION

This division consists of manufacturing complexes in Berlin and Gorham, New Hampshire. These mills produce kraft pulps, corrugating medium and printing, packaging, converting and sanitary papers.

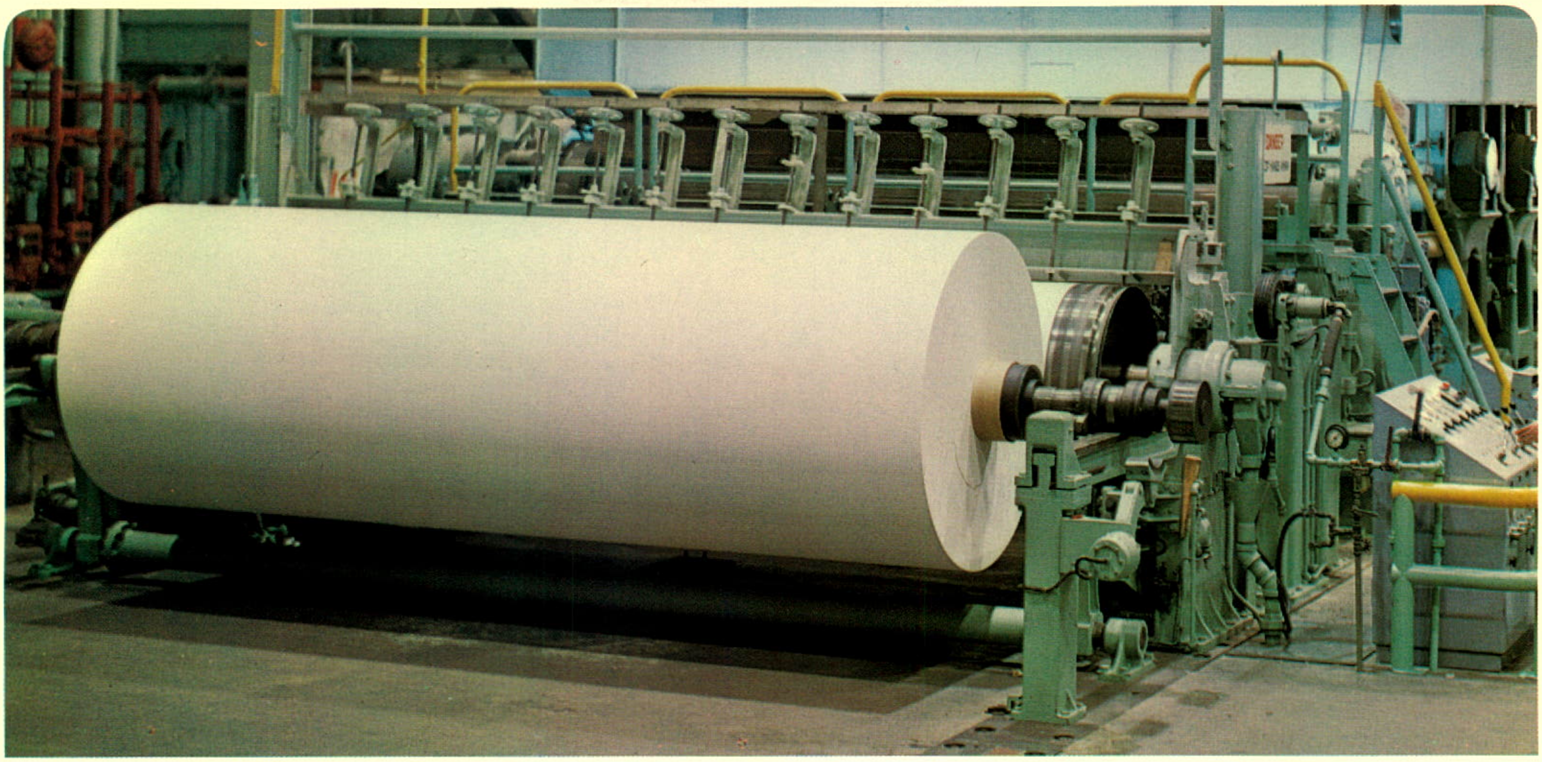
Nothing in the Company's progress in 1969 surpasses the accomplishment of the management at the Berlin-Gorham complex. The operation of the pulp and paper mills there went from a substantial loss in 1968 to a healthy profit. Higher prices for some products (notably pulp and corrugating medium) and increased demand played their parts, but record production and sales told the story. Brown Company made more fiber for less cost and sold it promptly for better prices.

At year's end productivity of the pulp mill was still increasing and the corrugating medium mill was exceeding its designed capacity. The Berlin-Gorham complex is only beginning to move toward an acceptable level of profitability. We intend that it will continue this progress in 1970.

HOLYOKE DIVISION

The mills at Holyoke, Massachusetts, specialize in fine papers for the office and printing industries. Both sales and profits faltered in 1969. Management was strengthened at midyear, and we anticipate a favorable turnaround during the current fiscal year. Holyoke has a good nucleus of products and customers on which to build.

Folders showing the wide variety of towel and tissue products produced by the Absorbent Products Division.

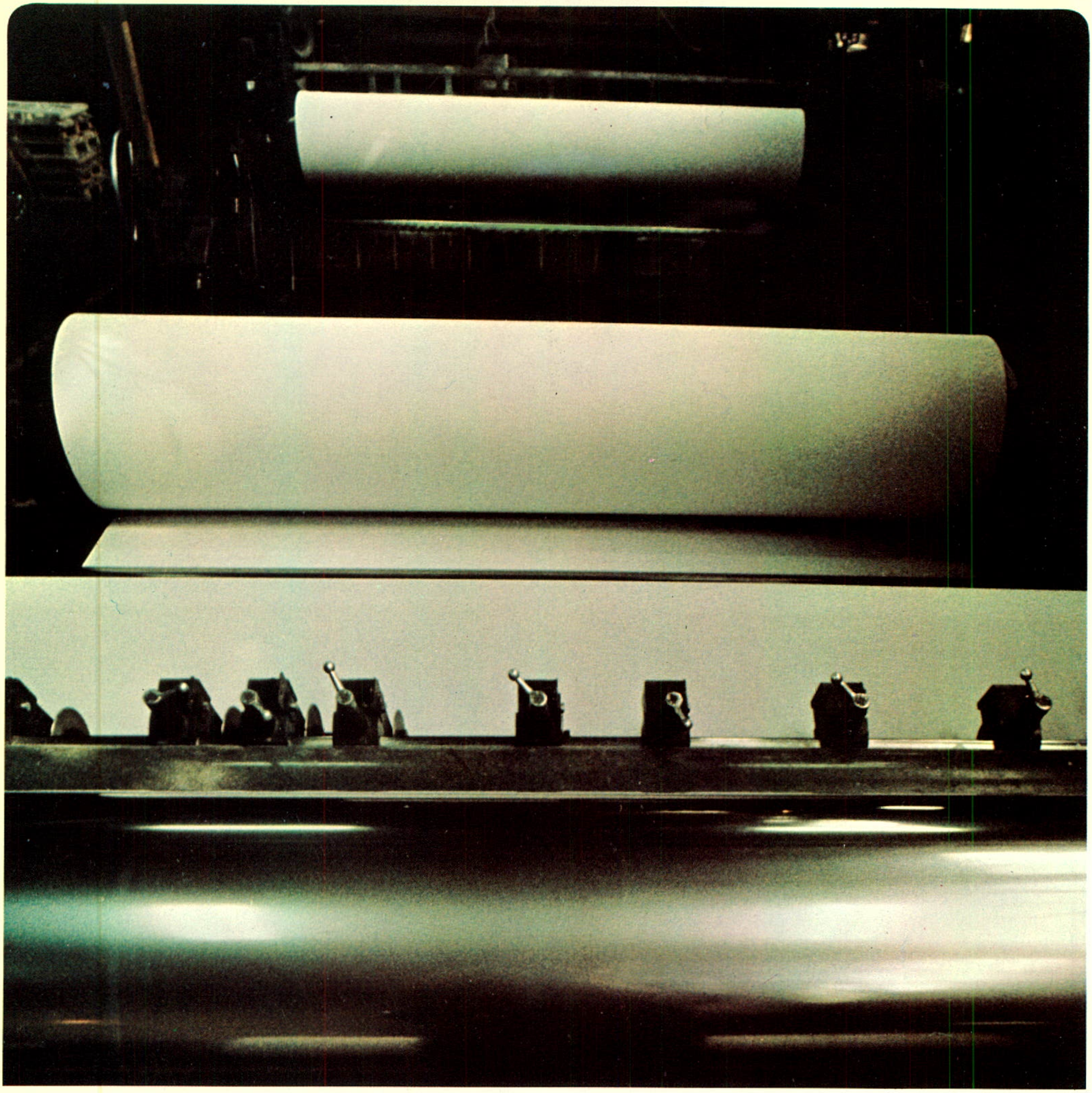


"Mr. Nibroc," one of Brown's paper machines serving the Absorbent Products Division.

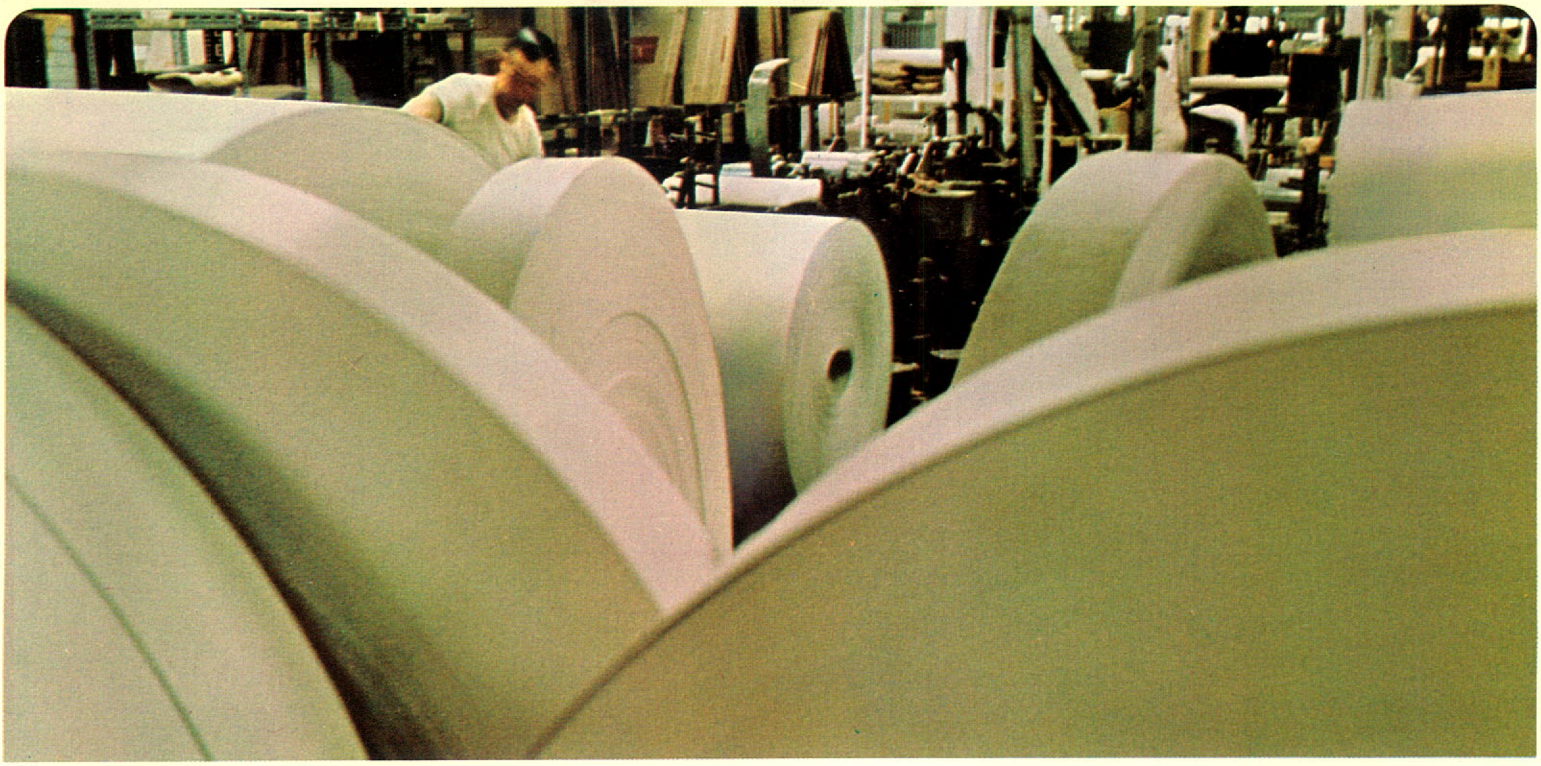
ABSORBENT PRODUCTS DIVISION

The division produces paper towels and tissues under the well-known Nibroc label, which was first introduced in the 1930's. These products are sold primarily in the commercial and industrial market and are distributed throughout the United States. Production facilities of the division are in Berlin, New Hampshire.

With a goal of reasserting Brown Company's leadership position in the area of paper towels and tissues, the Absorbent Products Division was restructured as a profit center under its own management at the beginning of fiscal 1969. The result was a dramatic profit improvement last year and an excellent outlook for the current year.



A finished roll of paper on one of the six paper machines in Kalamazoo.



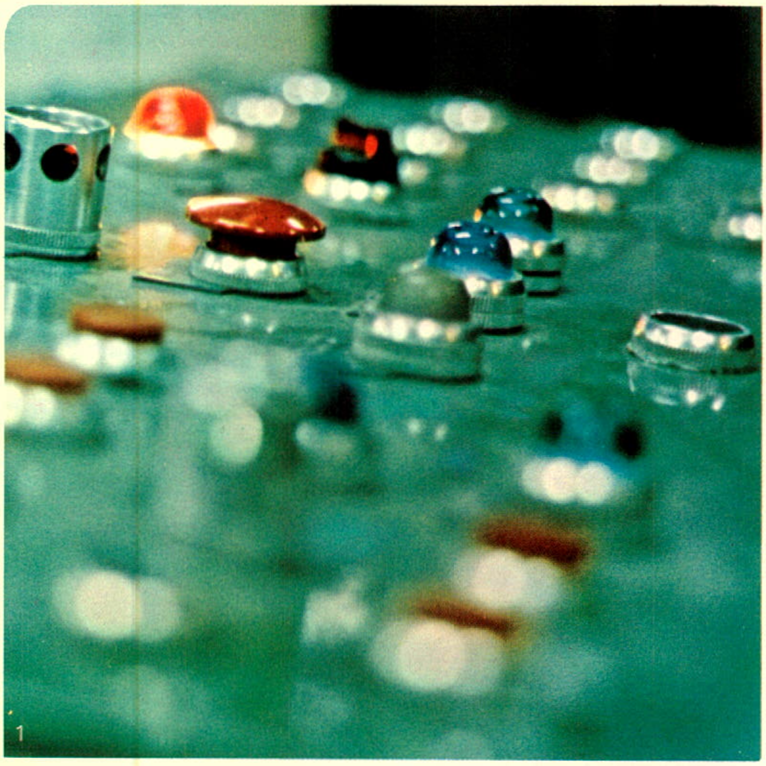
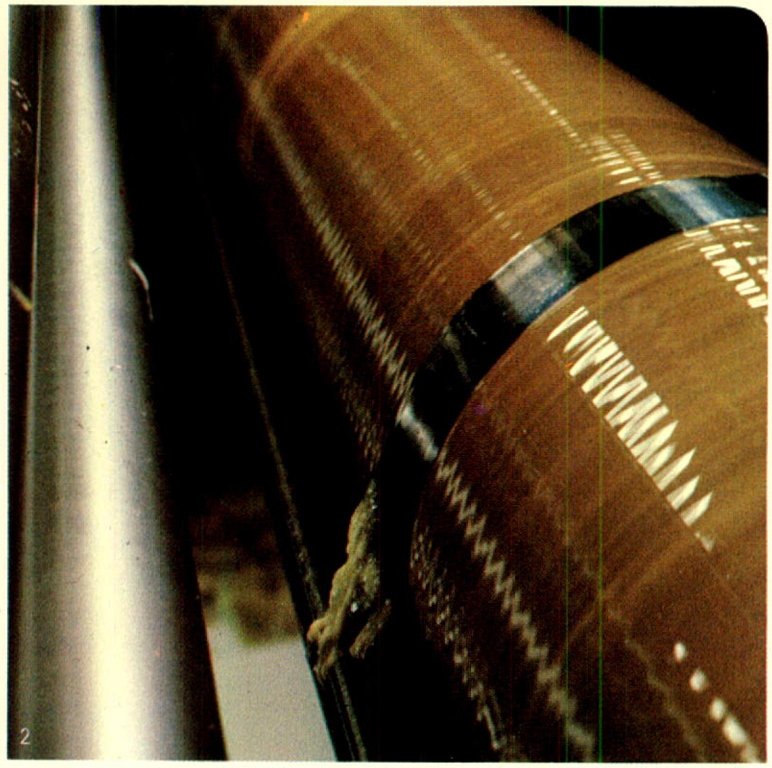
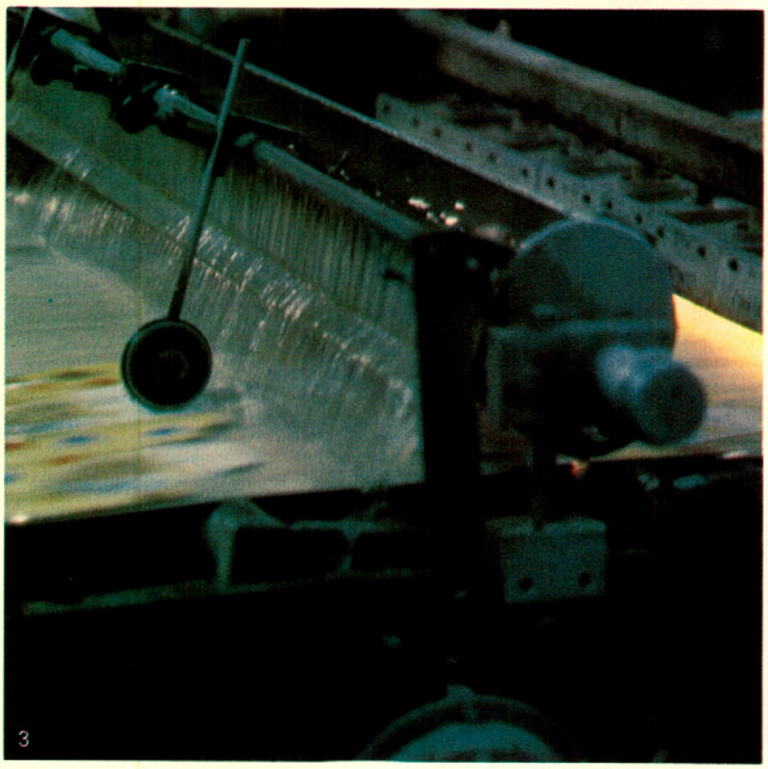
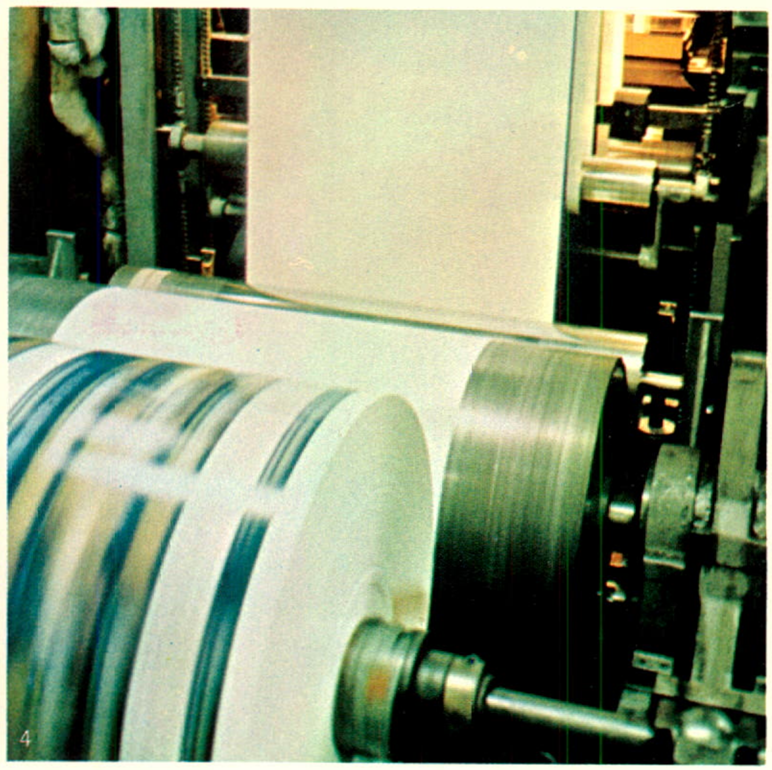
Brown Company produces paper and paperboard for a variety of uses.

BOARD AND SPECIALTY PAPERS DIVISION

Concentrated in Kalamazoo, Michigan, this division produces specialty papers for book publishing, business forms, printing, packaging and technical applications, as well as cylinder board, which is used in packaging and related products.

Demand for specialty papers exceeded our production capacity in 1969, permitting us to upgrade our product mix and use our machines more efficiently. This fact, together with production efficiencies, enabled us to improve our profit by about 10% over 1968.

Progress was made in our cylinder board operations in two areas: we shut down three obsolete board machines (one in late 1968), and we operated our remaining two machines more efficiently. The improvement over 1968 was significant, but operating results have not reached an acceptable level.

1. The control panel of a computerized litho printing press. 2. Wax laminator used to combine paper and paperboard. 3. A hot melt coating applied to printed cartons for high gloss. 4. Multi-color overwraps on a gravure printing press.

A montage showing packages produced by the Converting Division.

CONVERTING DIVISION

During 1969 two of the Company's divisions — Packaging and Service Products — with major facilities that could be combined to achieve higher efficiency at lower cost were joined to form the new Converting Division. Operating results of the new unit were up nearly 40% over 1968 due to higher production and sales volume coupled with discontinuation of unprofitable product lines.

Brown's reputation as a leader in the packaging field is well established. The company offers a total packaging concept from point-of-sales analysis to finished products in the form of paper cartons, wrappers and pouches. These are supplied to leading makers and distributors of such diverse items as food products, detergents, toys and pharmaceuticals.

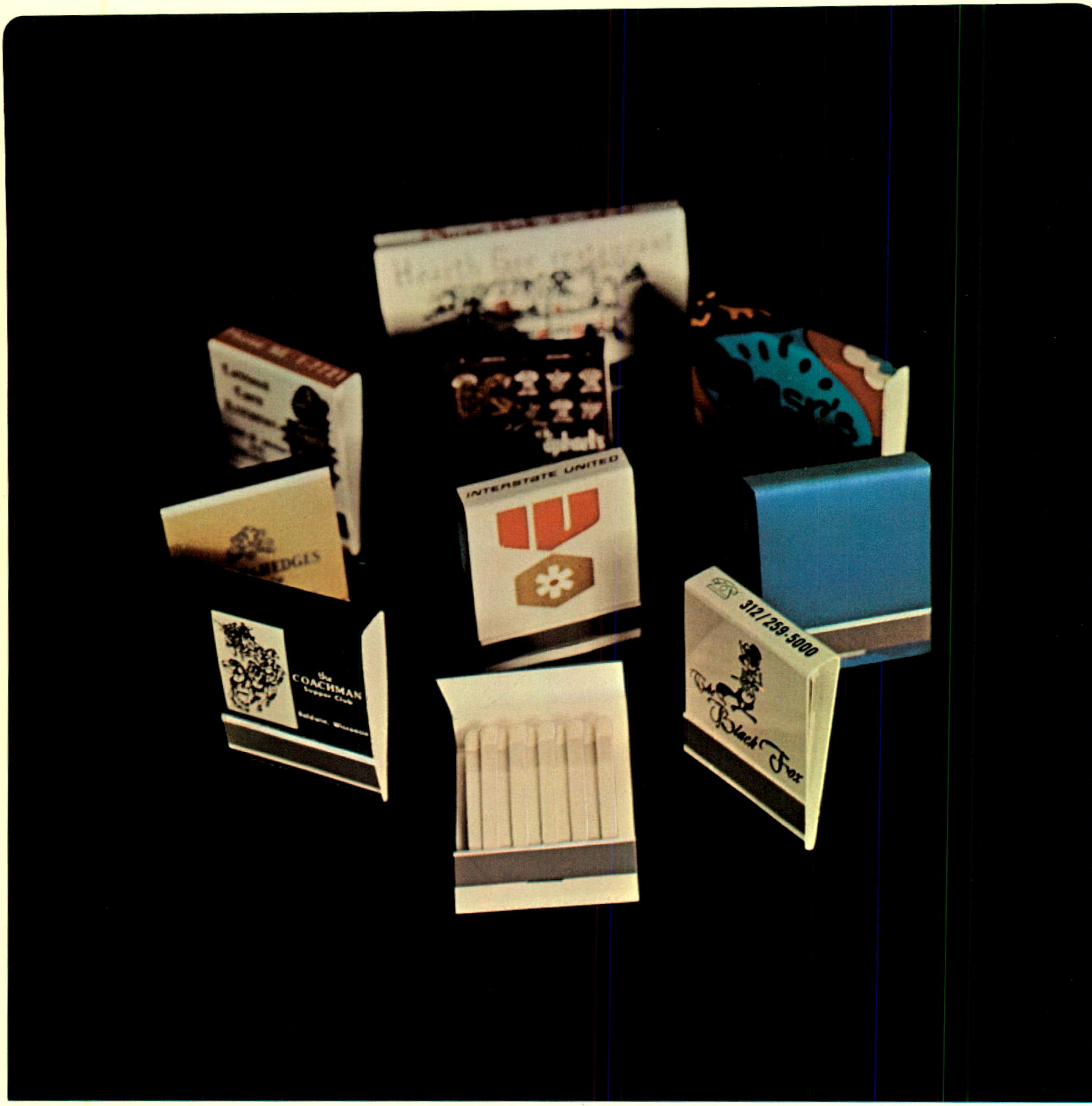
Flexographic printing plates for special design paperware.

In the Service Products area the Converting Division makes and markets a broad line of disposable paper and plastic products — plates, cups, trays, pails — under the Paper Maid and other labels. Products of this type are in unprecedented demand in homes, drive-in restaurants and hospitals.

During 1969 we initiated a program to broaden this line by the addition of manufacturing capability in a more complete line of plastic drinking cups and related plastic items. We are now able to serve more completely the full needs of our customers in this area.

In 1970 we will continue refining and consolidating our Converting facilities to best employ their resources for the development of high-potential businesses.

An assortment of consumer and institutional products marketed by Service Products.



An assortment of advertising book matches produced under our Superior and Monarch brands.

MATCH DIVISION

One of America's oldest and most successful producers of book matches, the division owns the famous Superior and Monarch trade names. Superior Match Company, with headquarters in Chicago, markets in Eastern and Midwestern sections of the country. Monarch Match Company, with headquarters in San Jose, California, markets in the Western states. Under the same efficient management for many years, both steadily grow and prosper.

The division produces custom-printed book matches, offering high quality art and production services for cover designs. Sales are handled through dealers serving thousands of customers.

Book matches are a highly effective advertising medium, especially for political campaigns. Consequently, sales and profit patterns correspond with political activity: up in election years, down in off years. Volume in 1969, therefore, was less than in 1968, but the division nevertheless contributed soundly to overall corporate profits. A rise in profits can be expected in 1970, a year of elections for thousands of national, state, county and city offices.

CHEVERTON & LAIDLER, LTD.

Brown Company owns a majority interest in this British firm, which makes paper plates, food trays, bakery boxes and waxed paper at plants in England and Wales.

Cheverton & Laidler profits were up 40% last year, the fourth consecutive year of profit improvement.

The Company's investment in this firm is sound and will be enhanced even further as Cheverton & Laidler begins to benefit from an expansion program started in 1969.

CONSOLIDATED STATEMENT OF INCOME (LOSS)

Year ended November 30

	1969	1968
Revenues:		
Net sales	$195,675,000	$197,526,000
Other	1,615,000	1,144,000
	197,290,000	198,670,000
Costs and expenses:		
Cost of goods sold	169,802,000	175,487,000
Selling, general and administrative expenses	20,399,000	21,391,000
Interest on funded debt	4,717,000	4,850,000
Provision for taxes on income and related charges (credits)	540,000	(1,320,000)
	195,458,000	200,408,000
Income (loss) from continuing operations	1,832,000	(1,738,000)
Loss from discontinued operations (less related income tax benefits of $163,000 in 1969 and $1,365,000 in 1968)	(139,000)	(1,330,000)
Income (loss) before extraordinary charges	1,693,000	(3,068,000)
Provision for extraordinary losses on disposal of investments, plant abandonments and discontinued operations (less related income tax benefits of $2,325,000)	—	(20,368,000)
Net income (loss)	$ 1,693,000	$(23,436,000)
Per share of common stock (based on the average number of shares outstanding and after deducting preferred dividend requirements of $1,648,000)		
Income (loss) from continuing operations	$ .07	$ (1.25)
Loss from discontinued operations (less related income tax benefits)	(.05)	(.50)
Income (loss) before extraordinary charges	.02	(1.75)
Extraordinary charges (less related income tax benefits)	—	(7.55)
Net income (loss)	$ .02	$ (9.30)

CONSOLIDATED STATEMENT OF CHANGES IN RETAINED EARNINGS

	1969	1968
Balance beginning of year	$ 12,110,000	$ 37,186,000
Net income (loss)	1,693,000	(23,436,000)
Cash dividends declared:		
Preferred stock — $1.125 per share	—	(1,237,000)
Common stock — $ .15 per share	—	(403,000)
Balance end of year	$ 13,803,000	$ 12,110,000

The Financial Review on pages 22 through 24 should be read with these statements.

STATEMENT OF CHANGES IN CONSOLIDATED WORKING CAPITAL

Year ended November 30

	1969	1968
Sources of Working Capital		
From operations:		
Net income (loss)	$ 1,693,000	$(23,436,000)
Depreciation and depletion	6,872,000	9,826,000
Deferred income taxes and related (credits)	377,000	(5,070,000)
Portion of extraordinary abandonment losses not requiring the use of working capital	—	17,772,000
	8,942,000	(908,000)
Proceeds from sale of Canadian subsidiary (net of discounts and expenses of sale, and of Canadian subsidiary's working capital sold)	13,682,000	—
Proceeds from sale of plant assets	329,000	1,902,000
Other	5,000	656,000
	22,958,000	1,650,000
Applications of Working Capital		
Current maturity and prepayment of funded debt	12,619,000	3,750,000
Investment in bonds of Brown Forest Industries, Ltd.	5,500,000	—
Additions to plant assets	4,408,000	4,971,000
Cash dividends:		
Preferred stock	—	1,237,000
Common stock	—	403,000
Other	344,000	566,000
	22,871,000	10,927,000
Working Capital		
Increase (decrease) during year	87,000	(9,277,000)
Beginning of year	42,701,000	51,978,000
End of year	$ 42,788,000	$ 42,701,000

	1969	1968
Assets		
Current assets:		
Cash	$ 3,800,000	$ 5,860,000
Short-term investments, at cost which approximates market	12,520,000	—
Accounts receivable, less allowance for doubtful accounts ($287,000 in 1969, $298,000 in 1968)	21,586,000	28,286,000
Inventories at cost (principally average cost) or market, whichever is lower:		
Pulpwood, logs, paper and other manufactured products	20,171,000	26,085,000
Materials and supplies	11,181,000	15,330,000
Prepaid expenses	1,850,000	2,020,000
Total current assets	71,108,000	77,581,000
Property, plant and equipment, at cost:		
Land and land improvements	2,942,000	3,220,000
Roads, buildings, machinery and equipment	177,129,000	235,714,000
Construction in progress	4,152,000	2,412,000
	184,223,000	241,346,000
Less — Depreciation	112,311,000	137,373,000
	71,912,000	103,973,000
Timberlands	8,649,000	8,650,000
Less — Depletion	6,714,000	6,623,000
	1,935,000	2,027,000
	73,847,000	106,000,000
Investments and noncurrent receivables	6,557,000	1,550,000
Deferred charges and other assets	1,645,000	1,562,000
	$153,157,000	$186,693,000

The Financial Review on pages 22 through 24 should be read with these statements.

	1969	1968
Liabilities		
Current liabilities:		
Notes payable	$ 1,800,000	$ 7,000,000
Accounts payable and accrued expenses	19,570,000	24,130,000
Funded debt payable within one year	6,950,000	3,750,000
Total current liabilities	28,320,000	34,880,000
Funded debt	54,881,000	67,500,000
Deferred income taxes	3,874,000	4,134,000
Provision for loss on Canadian operations sold	—	15,740,000
Other liabilities	2,603,000	2,737,000
Stockholders' equity:		
Preferred stock, par value $1 per share:		
$1.50 cumulative convertible, at stated value of $33 per share — authorized and issued — 1,098,783 shares in 1969 and 1,098,993 shares in 1968	36,260,000	36,267,000
Undesignated series — authorized 1,401,217 shares, none issued		
Common stock, par value $1 per share:		
Authorized — 10,000,000 shares		
Issued — 2,701,491 shares in 1969 and 2,712,246 shares in 1968	2,701,000	2,712,000
Other capital	10,871,000	10,769,000
Retained earnings	13,803,000	12,110,000
	63,635,000	61,858,000
Less — Cost of 10,652 shares of common stock held in treasury	156,000	156,000
	63,479,000	61,702,000
	$153,157,000	$186,693,000

Earnings Profitable operations resulted in net income of $1,693,000 in 1969 following the net loss of $23,436,000 reported in 1968. Income from continuing operations improved to $1,832,000 in 1969 compared with a $1,738,000 loss in 1968. The $139,000 loss from discontinued operations reported in 1969 relates to the operations of the Canadian subsidiary sold in early 1969.

The financial statements include the accounts of the Company and its wholly-owned subsidiaries operating in the United States and Canada.

Income Taxes The Company has available at November 30, 1969, for future reduction of tax payments, net operating loss carryovers, capital loss carryovers and investment credit carryovers of approximately $4,700,000, $2,200,000 and $3,200,000, respectively. The investment credit carryover is also available for future reductions of tax provisions for financial accounting purposes.

Subsidiary Sale In April 1969, the Company sold its Canadian subsidiary, Brown Forest Industries Limited (BFI), in a transaction in which it received $27,000,000 principal amount of 7% first mortgage sinking fund bonds of BFI due in 1989. In August 1969, the Company sold $15,850,000 principal amount of the bonds for $12,600,000 net of expenses of sale, and arranged to sell an additional $4,000,000 principal amount of such bonds in early 1970 for approximately $3,200,000. In accordance with agreements with the institutional lenders, $9,419,000 of the proceeds from the August sale were applied to the prepayment of the Senior Notes and the proceeds from the 1970 sale are expected to be applied to the further prepayment of such notes. Provision for the loss (including the estimated cost of discounting the notes) from the sale of BFI was included in extraordinary charges to 1968 income.

Properties Expenditures for property and equipment were $4,408,000 in 1969 and $4,971,000 in 1968. Expenditures to maintain the properties were $12,881,000 in 1969 compared to $16,043,000 in 1968. Depreciation and depletion, determined largely on the straight-line method, was $6,872,000 in 1969 and $9,826,000 in 1968. In 1968, $4,174,000 and $2,291,000 of such maintenance and depreciation related to the Canadian subsidiary sold.

Retirement Plans The Company and its subsidiaries have retirement plans covering substantially all employees. Charges to income for expenses relating to these plans amounted to $2,218,000 in the year ended November 30, 1969 and $2,407,000 (including $210,000 applicable to Canadian subsidiary sold) in the year ended November 30, 1968. The Company adopted certain changes in actuarial assumptions in 1969 which had the effect of reducing such charges to income by $430,000 in the year ended November 30, 1969. The companies' policy is to provide for current service costs and interest on past service costs and to fund pension cost accrued. The Company's actuaries estimated that pension trust assets and amounts accrued by the Company for contributions to the plans were sufficient at November

30, 1969 to pay all vested pension benefits except $8,000,000.

Funded Debt The funded debt at November 30, 1969 comprised:

6¼% Senior Notes due January 26, 1972 (annual prepayments of $3,750,000 required to 1972)	$ 10,305,000
6½% Senior Notes due November 30, 1986 (annual prepayments of $3,750,000 required from 1973 to 1986)	51,526,000
Total	61,831,000
Amount payable within one year (including $3,200,000 estimated proceeds from 1970 sale of BFI bonds)	6,950,000
Noncurrent portion	$ 54,881,000

The noncurrent portion of funded debt decreased $12,619,000 during the year.

The Senior Note Agreements as amended to November 30, 1969 provide for the mortgage or pledge of substantially all fixed assets and investments of the Company as security for the Senior Notes and restrict the use of the proceeds from substantially all sales of fixed assets or investments subject to the attainment of specified earnings levels. The agreements also provide, among other things, for the maintenance of minimum working capital. The agreements, as amended, effectively preclude the payment of cash dividends on the Company's common stock without permission of the lenders and limit the payment of dividends on the Series A preferred stock (declaration of which were in arrears five quarters or $1.875 per share, an aggregate of $2,160,000 at November 30, 1969) to consolidated net income subsequent to November 30, 1968 to the extent that such net income for the preceding fiscal year exceeds the required prepayment of $3,750,000 on the Senior Notes.

Capital Stock At November 30, 1969, unissued shares of common stock, par value $1 per share, were reserved for the following purposes:

	Number of Shares
Conversion of Series A $1.50 cumulative convertible preferred stock at the conversion rate of approximately 1.179 shares of common stock for each share of preferred stock	1,295,003
Issuance upon exercise of Stock Purchase Warrants issued or to be issued to holders of the 6½% Senior Notes	256,250
Issuance upon exercise of stock options	226,000
Issuance under the Executive Stock Incentive Plan	58,000
	1,835,253

In accordance with amendments to the Senior Note Agreements, warrants to purchase 56,250 shares of common stock of the Company at a price of $15 per share exercisable to January 1977 were issued in August 1969 to the holders of the 6½% Senior Notes in exchange for warrants previously outstanding to purchase 56,250 shares of common stock of the Company at a price of $28 per share to January 1972 and at a price of $33 per share through January 1977. The amendments further provide for the issuance to these noteholders of additional warrants to purchase 200,000 shares of common stock of the Company at a price of $15 per share exercisable to January 1977, or, in the event that such additional warrants are not issued prior to September 30, 1970, of payment, at the election of the holders of the 6½% Senior Notes, of an amount equal to an additional ¾% interest on such notes outstanding from September 1, 1969. The conversion rate applicable to the convertible preferred stock increases from approximately 1.179 shares to approximately 1.228 shares of common stock for each share of preferred stock in connection with these additional warrants.

In November 1969, the Board of Directors approved a stock option plan, subject to the approval of the stockholders, reserving an additional 125,000 shares of common stock for the granting of stock options to qualified employees. At November 30, 1969, options were held under this and predecessor plans by certain officers and employees to purchase 111,000 shares of the Company's common stock, of which 6,000 shares were exercisable, at prices ranging from $11.44 to $17.75 per share, a total purchase price of $1,558,000. Options not then exercisable become exercisable in varying installments through 1973. Options for an additional 115,000 shares may be granted to qualified employees at not less than the fair market value of the shares on the date of grant. Options for substantially all of such shares may be granted prior to November 4, 1979 under the plan approved by the Board of Directors in November, 1969.

The $102,000 increase in other capital in 1969 is attributable to (a) the excess ($18,000) of the stated value of 210 shares of preferred stock converted over the par value of 245 shares of common stock issued therefor and of the par value over the purchase price of 11,000 shares of common stock reacquired from participants in the Executive Stock Incentive Plan and (b) the amount ($84,000) assigned to the 56,250 warrants described above.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of
Brown Company

In our opinion, the accompanying consolidated balance sheet and consolidated statements of income (loss), changes in retained earnings and changes in working capital present fairly the financial position of Brown Company and its consolidated subsidiaries at November 30, 1969, the results of their operations and the supplementary information on changes in working capital 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.

PRICE WATERHOUSE & CO.

Battle Creek, Michigan
January 9, 1970

	1969	1968	1967
For The Year (000 omitted)			
Net Sales	$ 195,675(a)	$ 197,526(a)	$ 189,484(a)
Income (Loss) Before Extraordinary Charges	1,693	(3,068)	800
Extraordinary (Charges) Credits	—	(20,368)	—
Net Income (Loss)	1,693	(23,436)	800
Depreciation and Depletion	6,872	9,826	8,579
Capital Expenditures	4,408	4,971	12,048
End of Year (000 omitted)			
Working Capital	$ 42,788	$ 42,701	$ 51,978
Property, Plant and Equipment, net	73,847	106,000	114,368
Total Assets	153,157	186,693	196,102
Funded Debt	54,881	67,500	71,250
Common Stockholders' Equity	27,219	25,435	51,314
Preferred Stock	36,260	36,267	36,288
Preferred Stockholders	3,407	3,641	6,694
Common Stock			
Common Shares Outstanding end of Year	2,690,839	2,701,594	2,689,595
Number of Stockholders	4,193	4,267	7,918
Net Income (Loss) Per Share:			
Before Extraordinary Charges	$ .02	$(1.75)	$ (.33)
From Extraordinary (Charges) Credits	—	(7.55)	—
Dividends Declared Per Share	—	.15	.60
Book Value Per Share	9.30	9.28	19.08

1966(b)	1965	1964	1963	1962	1961	1960
$ 185,640(a)	$ 67,418	$ 68,134	$ 67,888	$ 57,455	$ 56,272	$ 59,173
3,734	1,108	1,720	1,472	731	1,471	1,347
100	650	(2,087)	900	(6,697)	—	—
3,834	1,758	(367)	2,372	(5,966)	1,471	1,347
7,944	3,131	3,050	3,550	3,851	3,892	3,699
26,808	4,320	2,191	3,209	5,012	2,660	2,565
$ 50,801	$ 18,920	$ 20,060	$ 19,319	$ 17,291	$ 18,811	$ 16,890
110,899	34,328	33,211	35,260	36,014	43,714	45,065
191,066	61,923	60,354	63,186	61,480	69,350	68,877
65,781	3,174	3,305	3,612	3,822	4,028	4,229
52,379	50,323	49,358	51,211	50,128	58,020	57,632
36,301						
6,896						
2,585,363	2,533,961	2,471,400	2,469,400	2,481,000	2,562,681	2,621,981
6,228	6,069	6,350	7,001	7,895	7,929	8,593
$ .98	$ .44	$ .70	$ .60	$ .29	$ .57	$ .51
.04	.26	(.85)	.36	(2.65)	—	—
.60	.60	.60	.47½	.40	—	—
20.26	19.86	19.97	20.74	20.20	22.64	21.98

(a) Excludes sales relating to operations sold, to be sold or discontinued. (b) Includes results of KVP from date of acquisition in 1966.

DIRECTORS

ROY T. ABBOTT, JR
Senior Vice President
Gulf + Western Industries, Inc.

JOEL DOLKART
Senior Partner
Simpson Thacher & Bartlett

*DON F. GASTON
Executive Vice President
Gulf + Western Industries, Inc.

HARRY E. GOULD, SR.
Chairman of the Board
Universal American Corporation

ARNOLD S. GREENHUT
Executive Vice President
Transcontinental Investing Corp.

*DAVID N. JUDELSON
President
Gulf + Western Industries, Inc.

*GEORGE D. KENNEDY
Executive Vice President & President
Paper Division
Brown Company

HAROLD MEITUS
President
Match Division, Brown Company

*MERRILL L. NASH
President & Chief Executive Officer
Brown Company

*FRANK T. PETERSON
Chairman of the Board
Brown Company

JOHN L. SULLIVAN
Partner
Sullivan & Wynot and Sullivan, Shea & Kenney

GENE TUNNEY
Chairman
The McCandless Corporation

*Executive Committee

OFFICERS

FRANK T. PETERSON
Chairman of the Board

MERRILL L. NASH
President
and Chief Executive Officer

GEORGE D. KENNEDY
Executive Viçe President and
President — Paper Division

CHARLES S. LOCKE
Vice President — Finance

JAMES J. BAECHLE
Vice President, Secretary and
General Counsel

JOHN E. CHERRIX
Treasurer

RHONDAL H. NUNNERY
Controller

Group Vice Presidents

WILLIAM T. CRESON
MICHAEL A. HOFFMANN

Vice Presidents

RALPH G. BREVIK
ROBERT E. BRINGMAN
ROBERT D. CAINE
GORDON DILNO
HAROLD ELLSWORTH
JEROME L. GOODMAN
EUGENE O. HANSON
J. WILFRED HILL
CHARLES L. KIRKPATRICK
ERNEST R. LOEWY
DUNCAN I. MacCALMAN
JOHN J. McDONALD
HAROLD MEITUS
PAUL MEITUS
ROBERT J. SHERRY
CHARLES S. SWEITZER
C. ALLEN WAGNER

Assistant Secretaries

JOSEPH A. BARBOSA
JOHN W. JORDAN

Assistant Treasurers

JOSEPH N. ROZEK
DANIEL D. STEARNS

Assistant Controller

ALEXANDER W. BUSBY

SALES OFFICES AND PLANTS

UNITED STATES

Atlanta, Georgia
Berlin-Gorham, New Hampshire
Castleton-on-Hudson, New York
Chicago, Illinois
Cincinnati, Ohio
Cleveland, Ohio
Des Plaines, Illinois
Englewood Cliffs, New Jersey
Glendale, California
Holyoke, Massachusetts
Kalamazoo, Michigan
Louisville, Kentucky
Milton Village, Massachusetts
Minneapolis, Minnesota
Narbeth, Pennsylvania
New York, New York
North Stratford, New Hampshire
Parchment, Michigan
Portage, Michigan
Santa Clara, California
San Jose, California

UNITED KINGDOM

Cheverton & Laidler, Ltd.
Princes Risborough
Buckinghamshire, England
Hengoed, Glamorgan, Wales

EXECUTIVE OFFICES

277 Park Avenue,
New York, New York 10017

INDEPENDENT ACCOUNTANTS

Price Waterhouse & Co.

TRANSFER AGENTS

First National City Bank
111 Wall Street,
New York, New York 10015
The Corporation Trust Company
15 Exchange Place,
Jersey City, New Jersey 07302

REGISTRAR

Registrar and Transfer Company
140 Cedar Street
New York, New York 10006

ARCHIVE BAK-O-MATIC BEST MAID
PON CRYSTAL-COTE CUT-PAK I-PAK
OR GUARD FLEETLOK FOREST FRESH
LINWEAVE TEXTRA IMPACT KALAFOIL
WEAVE SPECTRA LUSTERCOTE SOLKA
AID PARCHKRAFT PIK-A-STIK PRINT-O
-CELL SAF-T-PAK SAF-T-POST TEXT
MOST STA-FRESH STAYN-LES ASTRA
HITE JETSEAL TITELOK TOWN CRIER
SEAL ULTRA-COTE 80 ULTRA-SEAL
ALKER TECHNI-PEEL No. 101 No. 202