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BROWN COMPANY REPORT TO SHAREHOLDERS 1968

Brown Company papers used in this report:
Cover: Linweave L'Aiglon, Tawny (cover weight sub. 80).
Text: Linweave Velvetsheen, Bright White Satin (text weight sub. 80).

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BROWN COMPANY HIGHLIGHTS OF THE REPORT

Year ended November 30

	1968	1967*
For the Year		
Net Sales	$197,526,000	$189,484,000
Net Income (Loss) before Extraordinary Charges	(3,068,000)	800,000
Extraordinary Charges	(20,368,000)	
Net Income (Loss)	(23,436,000)	800,000
Depreciation and Depletion	9,826,000	8,579,000
Capital Expenditures	5,000,000	12,048,000
End of Year		
Working Capital	$42,701,000	$ 51,978,000
Total Assets	186,693,000	196,102,000
Funded Debt	67,500,000	71,250,000
Stockholder's Equity	61,702,000	87,602,000
Book Value Per Common Share	9.41	19.08
Common Shares Outstanding	2,701,594	2,689,595
Preferred Shares Outstanding	1,098,993	1,099,633
Number of Common Stockholders	4,267	7,918
Number of Preferred Stockholders	3,641	6,694
Average Number of Employees	9,500	10,717

*Reclassified to conform with presentation adopted in 1968.

President's Message to Shareholders

As indicated by the highlights on the opposite page, 1968 was not a good year for Brown Company. We had severe operational losses and also incurred additional losses as a result of actions taken to prevent such situations arising in the future.

Losses from operations were \$3,068,000, a major portion of which was related to operations which we discontinued, sold or are about to sell. This compares with a profit of \$800,000 from operations in 1967. In addition, there were non-recurring and extraordinary charges of \$20,368,000 from the discontinuance and/or disposal of certain of our operations and the pending disposal of our Canadian subsidiary, Brown Forest Industries Limited. Though these losses are substantial, they reflect necessary management action to return your company to a position of profitability.

Three major operations of the Company were responsible for poor results in 1968:

Our Berlin Mill continued to be plagued by problems which produced results far below the capability of this mill. There were costs related to expansion; a severe winter that hindered full operations and increased costs; and price declines in several of its major product lines.

Our Kalamazoo operation was troubled by price and product mix problems and by obsolete equipment in the board mill. These factors caused a decline in profitability from last year.

The Espanola Mill of Brown Forest Industries Limited in Canada experienced severe start-up problems in its pulp making operations, thereby contributing a substantial percentage of the decline in the Company's operating results compared to fiscal year 1967.

In addition to these problems, the Linden Mill at Holyoke, and our European subsidiary contributed to the Company's overall negative results.

We have undertaken a complete re-evaluation of our operations and have taken positive steps that should reduce our most pressing problems. These steps include: the disposal, by sale or abandonment, of segments of our business which were causing financial drain; a rechanneling of assets and resources for maximum utilization; the elimination of unprofitable product lines; and an intensive program to reduce expenses, improve efficiency and increase production.

Our specific major actions have been these:

- We have an agreement in principle to sell Brown Forest Industries Limited, the Company's Canadian subsidiary. This operation had a significant operating loss in 1968 and it does not fit into the Company's future growth plans. It will be necessary to take a substantial loss on this sale in order to eliminate its adverse effect on corporate resources.
- The Bermico assets, three plants producing bituminous pipe and fittings, have been turned into capital that will be used to greater advantage in other parts of Brown.
- We have sold the unprofitable European fibreboard facility of our International operations.
- Obsolete cylinder board production units in Kalamazoo, the losses from which could not be corrected, were shut down and written off.
- The Linden Mill, a small part of our Holyoke operations, which was out-of-date and no longer competitive, was shut down.

Results from these actions will not make themselves felt immediately, but we do expect a positive performance by the second half of the present fiscal year. The continuing businesses of Brown are under careful evaluation, piece by piece, Division by Division, to assure a satisfactory return in the future.

There are some signs of progress which are worth noting:

Despite heavy winter snows, some 240 inches, production at Berlin, New Hampshire, is moving upward toward planned objectives established at the time expansion was undertaken. Prospects are good for price improvement. When the benefits of better volume and price can be combined effectively with further cost controls, performance of Berlin will be better.

Our paper business in Kalamazoo is in sound condition. With our board machine losses out of the way and our paper machines running well with full backlog, performance will gradually improve in 1969.

Our Holyoke management is able to concentrate on building profits from other operations now that the Linden Mill is no longer a burden.

Results from our Packaging Division are encouraging. Costs are better, prices and product mix are becoming healthier. As volume improves, so will profits.

Our Absorbent Products business is beginning to respond to intensive efforts to up-grade manufacturing techniques. As this occurs, production will increase and we will be able to capitalize on expanding market opportunities.

Good results attained in 1968 from our Service Products, Match and Woodlands Divisions should be maintained and improved.

During 1968, Gulf+Western Industries acquired a majority interest in Brown Company. The assistance and counsel of Gulf+Western management has helped to make possible the constructive changes now underway within Brown.

The past year has been a trying one. The patience of our employees and shareholders and their confidence in our future gives your management added motivation to accomplish a distinct turnaround in 1969 and a profitable growth in the years following.

Frank Peterson

Frank T. Peterson
President and Chief Executive Officer

March 20, 1969

BROWN COMPANY CONSOLIDATED STATEMENT OF INCOME (LOSS)

Year ended November 30

	1968	1967*
NET SALES	$197,526,000	$189,484,000
Costs and operating expenses (Notes 5 and 9):		
Cost of goods sold	175,847,000	164,456,000
Selling, general and administrative expenses	21,391,000	20,198,000
	197,238,000	184,654,000
	288,000	4,830,000
Other income (charges):		
Interest on long-term debt	(4,850,000)	(4,760,000)
Other interest (net)	1,139,000	1,064,000
Amortization of deferred credit arising from merger	360,000	325,000
Miscellaneous	5,000	27,000
	(3,346,000)	(3,344,000)
Income (loss) from continuing operations before provision for taxes	(3,058,000)	1,486,000
Provision for taxes on income and related charges (credits) (Note 7)	(1,320,000)	120,000
Income (loss) from continuing operations	(1,738,000)	1,366,000
Loss from operations discontinued or to be discontinued (less related income tax benefits of $1,365,000 in 1968 and $174,000 in 1967) (Notes 2 and 3)	(1,330,000)	(566,000)
Income (loss) before extraordinary charges	(3,068,000)	800,000
Estimated extraordinary losses on disposal of investments, plant abandonments and sale of assets related to operations discontinued or to be discontinued (less related income tax benefits of $2,325,000) (Notes 2 and 3)	(20,368,000)	
Net income (loss)	(23,436,000)	800,000
Preferred dividend requirement (Note 6)	(1,649,000)	(1,650,000)
Net loss attributable to common stockholders	$ (25,085,000)	$ (850,000)
Per share of common stock (Note 10):		
Loss from continuing operations	($1.25)	($.11)
Loss from operations to be discontinued (less related income tax benefits)	(.50)	(.22)
Loss before extraordinary charges	(1.75)	(.33)
Extraordinary charges (less related income tax benefits)	(7.55)	
Net loss per share	($9.30)	($.33)

STATEMENT OF CHANGES IN RETAINED EARNINGS

	1968	1967*
Retained earnings at beginning of year	$ 37,186,000	$ 39,613,000
Net income (loss)	(23,436,000)	800,000
Cash dividends (Note 6):		
Preferred stock—$1.125 per share in 1968 and $1.50 per share in 1967	(1,237,000)	(1,650,000)
Common stock—$.15 per share in 1968 and $.60 per share in 1967	(403,000)	(1,577,000)
Retained earnings at end of year	$ 12,110,000	$ 37,186,000

*Reclassified to conform with presentation adopted in 1968.

BROWN COMPANY CONSOLIDATED BALANCE SHEET

November 30

Assets

	1968	1967
Current Assets:		
Cash	$ 5,860,000	$ 7,109,000
Accounts receivable, less allowance for doubtful accounts ($298,000 in 1968, $292,000 in 1967) (Note 6)	25,971,000	25,057,000
Proceeds receivable from the disposal of Bermico plants and related inventories (Note 3)	2,315,000	
Inventories (Notes 4 and 6)	41,415,000	43,167,000
Prepaid expenses	2,020,000	2,213,000
Total current assets	77,581,000	77,546,000
Property, plant and equipment (Notes 5 and 6):		
Land and land improvements	3,220,000	3,202,000
Roads, buildings, machinery and equipment	235,714,000	241,894,000
Construction in progress	2,412,000	2,677,000
	241,346,000	247,773,000
Less—Depreciation	137,373,000	135,530,000
	103,973,000	112,243,000
Timberlands	8,650,000	8,650,000
Less—Depletion	6,623,000	6,525,000
	2,027,000	2,125,000
	106,000,000	114,368,000
Investments, at cost less reserve (Note 2) and noncurrent receivables (Note 6)	1,550,000	1,879,000
Deferred charges and other assets (Note 8)	1,562,000	2,309,000
	$186,693,000	$196,102,000

Liabilities

Current Liabilities:	1968	1967
Notes payable	$ 3,000,000	
Accounts payable and accrued expenses	23,187,000	$ 20,425,000
Funded debt payable within one year (Note 6)	3,750,000	4,327,000
Estimated amount payable on guarantee of subsidiary's indebtedness (Note 2)	4,000,000	
Anticipated expenses related to extraordinary plant abandonments (Note 3)	943,000	
Dividends payable		816,000
Total current liabilities	34,880,000	25,568,000
Funded debt (Notes 6 and 8)	67,500,000	71,250,000
Deferred United States and Canadian taxes on income (Note 7)	4,134,000	8,632,000
Estimated amount required for write down of net assets of Canadian subsidiary to net realizable value based on proposed sale (Note 3)	15,740,000	
Other deferred credits and noncurrent liabilities	2,737,000	3,050,000
Stockholders' equity (Notes 6 and 8):		
Preferred stock, par value $1 per share:		
$1.50 cumulative convertible, at stated value of $33 per share—authorized and issued—1,098,993 shares in 1968 and 1,099,633 shares in 1967	36,267,000	36,288,000
Undesignated series—authorized 1,401,007 shares, none issued		
Common stock, par value $1 per share:		
Authorized—10,000,000 shares		
Issued—2,712,246 shares in 1968 and 2,700,247 shares in 1967	2,712,000	2,700,000
Other capital	10,769,000	11,584,000
Retained earnings	12,110,000	37,186,000
	61,858,000	87,758,000
Less—Cost of 10,652 shares of common stock held in treasury	156,000	156,000
	61,702,000	87,602,000
Commitments (Note 11)		
	$186,693,000	$196,102,000

Notes to Financial Statements

Note 1—Basis of Consolidation

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

Note 2—Unconsolidated Subsidiaries and Losses on Foreign Investments

Accounts of subsidiaries operating in Europe have not been consolidated. These unconsolidated subsidiaries include one subsidiary which has $4,000,000 of borrowings guaranteed by Brown in connection with the acquisition in late 1966 of a company in Europe. This European company was sold in September, 1968. As a result an extraordinary charge was made in 1968 income to provide for $4,300,000 estimated to be payable by Brown with respect to the guarantee of indebtedness referred to above (together with related costs and expenses) less related income tax benefits (Note 7) of approximately $1,250,000 and less the $50,000 excess of the remaining assets of the unconsolidated subsidiaries over Brown's investment therein.

Note 3—Proposed Sale of Investment in Brown Forest Industries Limited, Disposition of Bermico Plants and Extraordinary Plant Abandonments

In February, 1969 the Company announced an agreement in principle to sell Brown Forest Industries Limited (BFI) its principal Canadian subsidiary. The agreed upon arrangements, which are subject to the completion of definitive agreements currently under negotiation, contemplate that upon consummation thereof the Company will receive approximately $29,000,000 (Canadian) principal amount of 7% obligations of BFI due in 1989, payable in annual installments of approximately $1,700,000 (Canadian) commencing in 1975 and guaranteed by the purchaser. Concurrently with the negotiations for this proposed sale, the Company is carrying on negotiations to sell at a discount the 7% obligations to be received. In accordance with an amendment to the agreements with its institutional lenders (Note 6), the Company intends to apply the discounted proceeds if and when such discounting is accomplished, to the payment of an amount of its outstanding debt (and interest thereon). The amendment to the loan agreements provides for the application of $7,750,000 of such proceeds and from the proceeds from the disposal of the Bermico plants described in the following paragraph to the current portion of funded debt and certain other indebtedness included in current liabilities in the accompanying balance sheet and for the application of the remaining proceeds from the sale of BFI to the payment of interest on the senior notes and to the non-current portion of funded debt. Net assets of BFI included in the consolidated balance sheet at November 30, 1968 were as follows:

Current assets	$11,520,000
Current liabilities	4,950,000
	6,570,000
Property, plant and equipment, less accumulated depreciation of $30,660,000	$29,510,000
Other assets	910,000
	$36,990,000

The results of operations of BFI have been segregated and included in Loss From Operations Discontinued or To Be Discontinued in the accompanying consolidated statement of income. BFI sustained losses of $1,123,000 in 1968 and $234,000 in 1967 on sales of $33,001,000 and $27,492,000 in the respective years.

In January, 1969, the Company disposed of its Bermico plants (which manufacture and sell bituminous pipe and fittings) and the related inventories for a cash consideration of approximately $2,300,000.

In addition to the charge described in Note 2, an extraordinary charge of $17,369,000 (including the estimated cost of discounting the 7% obligations referred to above) after related federal income tax benefits (Note 7) of $1,075,000 has been made against 1968 income for the estimated losses from these sales and for anticipated losses from the closing of certain unprofitable North American plant facilities.

Note 4—Inventories

Inventories are stated on the basis of cost or market, whichever lower, cost representing current average or current standard cost, except for inventories of pulpwood amounting to about $710,000 at November 30, 1968 and $860,000 at November 30, 1967 which are stated at cost determined by the last-in, first-out method of valuation. The inventories comprise:

	November 30	
	1968	1967
Pulpwood, logs and logging operations in progress	$ 3,642,000	$ 4,982,000
Other materials and supplies	15,330,000	14,847,000
Paper and other manufactured products	22,443,000	23,338,000
	$41,415,000	$43,167,000

Note 5—Property, Plant and Equipment

Properties are carried at cost less provisions for depreciation and depletion.

Depreciation and depletion charged to income amounted to $9,826,000 in 1968 and $8,579,000 in 1967.

Note 6—Funded Debt

Funded debt at November 30, 1968 is as follows:

6¼% Senior Notes due January 26, 1972 (annual prepayments of $3,750,000 required to 1972)	$15,000,000
6½% Senior Notes due November 30, 1986 (annual prepayments of $3,750,000 required from 1973 to 1986)	56,250,000
	71,250,000
Less—Amount payable within one year	3,750,000
	$67,500,000

The Senior Note agreements were amended as of March 14, 1969 to provide for among other things (a) the mortgage or pledge of substantially all fixed assets and investments of the Company as security for the senior notes and (b) the application of the proceeds from substantially all sales of fixed assets or investments in reduction of the indebtedness. In addition, subject to the consummation of the sale of BFI and the application of the proceeds from such sale on the basis described in Note 3, the Company is required to maintain working capital of not less than $37,500,000 through November 30, 1969 and thereafter to maintain working capital of the greater of $40,000,000 or 65% of senior funded debt. Until such sale and the application of the proceeds on the basis described are consummated, the amended agreements further provide for the assignment of all accounts receivable and inventories as additional security for the senior notes upon 20 days written notice from the lenders and for the maintenance of working capital of not less than $40,000,000 through April 30, 1969 and working capital of the greater of $45,000,000 or 65% of senior funded debt thereafter. Working capital and 65% of senior funded debt (both as defined in the agreements) amounted to $46,701,000 and $46,312,000 respectively at November 30, 1968. It may become necessary for the Company to obtain additional financing or further amendments to the loan agreements to enable it to meet its obligations under such agreements after April 30, 1969. The terms and conditions under which such additional financing or amendments might be obtained, if needed, are not presently determinable.

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 (which were in arrears $.375 per share, an aggregate of $412,000, at November 30, 1968) to consolidated net income subsequent to November 30, 1968 to the extent that such net income for the preceding fiscal year exceeds the required prepayments on the senior notes.

Note 7—United States and Canadian Income Taxes

The United States and Canadian income tax benefits attributable to both the loss before extraordinary charges and to the extraordinary charges to income during the year ended November 30, 1968 have been included in income (with an offsetting charge to Deferred United States and Canadian Taxes on Income) inasmuch as realization of such tax benefits for financial accounting purposes is assured either by the carryback of these losses in reduction of prior years' taxes or by the amortization of deferred tax credits which will occur during the carry-forward period.

Note 8—Capital Stock

At November 30, 1968 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	1,295,248
Issuance upon exercise of Stock Purchase Warrants issued to holders of the 6½% Senior Notes (Note 6)	56,250
Issuance upon exercise of stock options	101,260
Issuance under the Executive Stock Incentive Plan	47,000
	1,499,758

The Stock Purchase Warrants may be exercised at a price of $28 per share to January, 1972 and at a price of $33 per share through January, 1977.

At November 30, 1968 options were held by certain officers and employees to purchase 6,260 shares of the Company's common stock at prices ranging from $11.48 to $17.75 per share, an aggregate of $103,428. Options were then exercisable for 1,260 shares at prices ranging from $11.48 to $12.30 per share, an aggregate of $14,678. The remaining options become exercisable in 1969. Under the Company's present plans, options for an additional 95,000 shares may be granted prior to April 19, 1975 at not less than the fair market value of the shares on the date the options are granted. Outstanding loans to optionees under the Loan Program for Optionees approved by the stockholders in 1966 aggregated $361,000 at November 30, 1968. Loans may be granted in amounts up to the exercise price of the shares purchased less a down payment of not less than the par value of such shares, are to be repaid within five years and are to bear interest at a rate not less than 4% per year.

The excess of the market value of the 53,000 shares of common stock of the Company outstanding under the provisions of the Executive Stock Incentive Plan over the par value thereof (charged to deferred compensation and included in Deferred Charges and Other Assets at the date of issuance of the shares) has been charged to other capital inasmuch as it is expected that such shares will not be earned under the terms of the plan.

Other capital decreased $815,000 during the year ended November 30, 1968 by (a) the $1,039,000 excess of the market value over the par value of 57,000 shares (including the 53,000 shares referred to in the preceding paragraph) of common stock purchased from participants or subject to provisions of the Executive Stock Incentive Plan, with an offsetting credit to deferred compensation, less (b) the $204,000 excess of the proceeds over the par value of 15,250 shares of common stock issued to fulfill stock options and (c) the $20,000 excess of the stated value of 640 shares of preferred stock converted over the par value of 749 shares of common stock issued therefor.

Note 9—Retirement Plan for Employees

The Company and its subsidiaries have retirement plans covering substantially all employees. Charges to income for expenses relating to these plans amounted to $2,407,000 in 1968 and $1,835,000 in 1967 which includes current service cost and interest on past service costs. The companies' policy is to fund pension cost accrued. The actuarially computed value of vested benefits under these plans exceeded the total of fund assets and amounts accrued by the companies by approximately $6,300,000 at November 30, 1968 and $7,200,000 at November 30, 1967.

Note 10—Net Loss per Share of Common Stock

Per share data are based on the average number of common shares outstanding each period, after recognition of the dividend requirements on the $1.50 cumulative convertible preferred stock.

Note 11—Lease Commitments

Annual rental commitments under various leases, the unexpired terms of which are in excess of three years, aggregated $880,000 at November 30, 1968.

Report of Independent Accountants

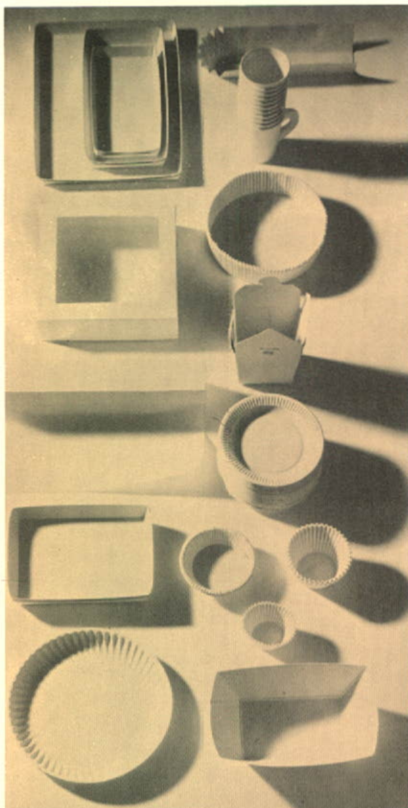
To the Board of Directors and Stockholders of
Brown Company

In our opinion, subject to the consummation of the proposed sale of the investment in Brown Forest Industries Limited described in Note 3 to the financial statements on a basis which does not affect significantly the estimated amount required for write down of the net assets of this subsidiary to net realizable value, the accompanying balance sheet and the related statement of income (loss) present fairly the consolidated financial position of Brown Company and consolidated subsidiaries at November 30, 1968 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.

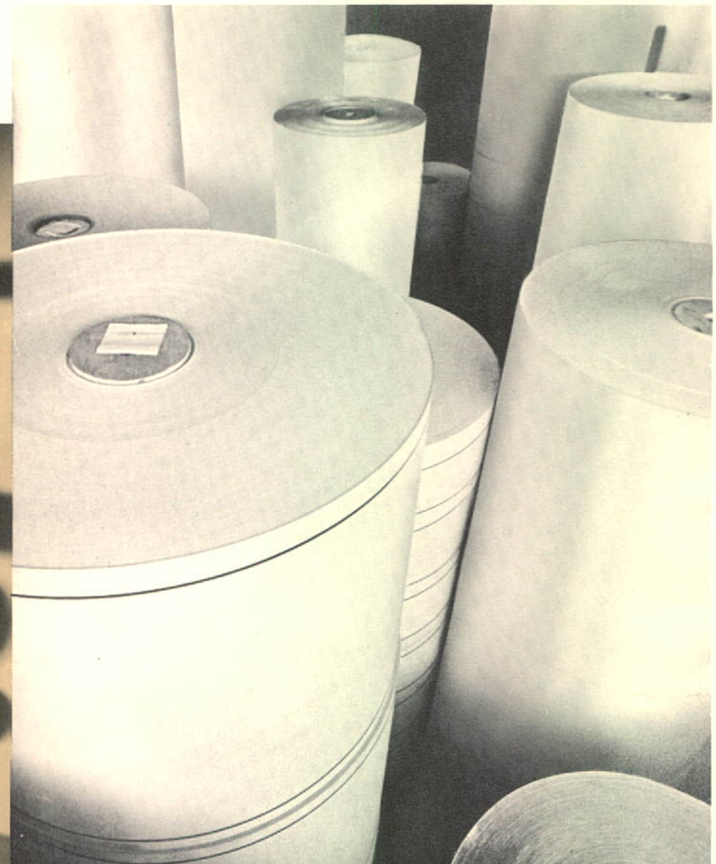
PRICE WATERHOUSE & CO.

Boston, Massachusetts
February 28, 1969 except for
the first paragraph of Note 3
and for Note 6 as to which
the date is March 18, 1969.

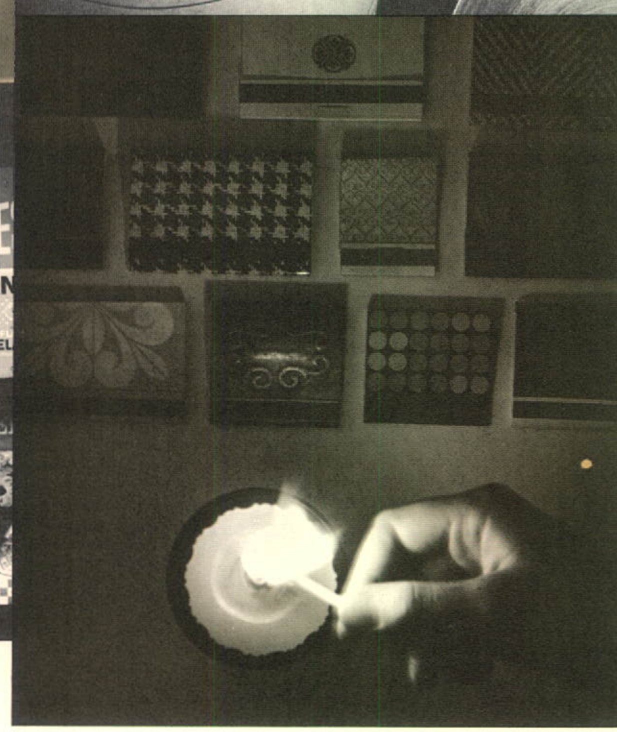
While the era of disposables encompasses a myriad of products, among the most popular are the food service products produced by the Service Products Division.



Brown Company produces a host of papers including printing, business, industrial/technical, converting and specialty grades.



The Packaging Division creates and manufactures a highly diversified line of packages for food and other consumer products.



The Superior and Monarch Match Companies are components of the Match Division, a leading producer of advertising and resale book matches.

BROWN COMPANY TEN-YEAR FINANCIAL REVIEW

Years ending November 30

FOR THE YEAR (000 omitted)	1968	1967	1966(b)
Net Sales	$ 197,526(a)	$ 189,484(a)	$ 185,640(a)
Net Income (Loss) before Extraordinary Charges	(3,068)	800	3,734
Extraordinary (Charges) Credits	(20,368)		100
Net Income (Loss)	(23,436)	800	3,834
Depreciation and Depletion	9,826	8,579	7,944
Capital Expenditures	5,000	12,048	26,808
End of Year (000 omitted)			
Working Capital	$ 42,701	$ 51,978	$ 50,801
Property, Plant and Equipment, net	106,000	114,368	110,899
Total Assets	186,693	196,102	191,066
Funded Debt	67,500	71,250	65,781
Common Stockholders' Equity	25,435	51,314	52,379
Preferred Stock	36,267	36,288	36,301
Common Stock			
Common Shares Outstanding-end of year	2,701,594	2,689,595	2,585,363
Number of Stockholders	4,267	7,918	6,228
Net income (Loss) Per Share:			
Before Extraordinary Charges	$ (1.75)	$ (.33)	$ .98
From Extraordinary (Charges) Credits	(7.55)		.04
Dividends Declared Per Share	.15	.60	.60
Book Value Per Share	9.41	19.08	20.26

1965	1964	1963	1962	1961	1960	1959
$ 67,418	$ 68,134	$ 67,888	$ 57,455	$ 56,272	$ 59,173	$ 58,888
1,108	1,720	1,472	731	1,471	1,347	714
650	(2,087)	900	(6,697)			
1,758	(367)	2,372	(5,966)	1,471	1,347	714
3,131	3,050	3,550	3,851	3,892	3,699	3,460
4,320	2,191	3,209	5,012	2,660	2,565	3,600
$ 18,920	$ 20,060	$ 19,319	$ 17,291	$ 18,811	$ 16,890	$ 14,696
34,328	33,211	35,260	36,014	43,714	45,065	46,354
61,923	60,354	63,186	61,480	69,350	68,877	70,070
3,174	3,305	3,612	3,822	4,028	4,229	4,377
50,323	49,358	51,211	50,128	58,020	57,632	56,546
2,533,961	2,471,400	2,469,400	2,481,000	2,562,681	2,621,981	2,638,981
6,069	6,350	7,001	7,895	7,929	8,593	8,173
$ .44	$ .70	$ .60	$ .29	$ .57	$ .51	$ .27
.26	(.85)	.36	(2.65)			
.60	.60	.47½	.40			.30(c)
19.86	19.97	20.74	20.20	22.64	21.98	21.43

(a) Excludes sales relating to operations sold, to be sold or discontinued. (b) Includes results of KVP from date of acquisition in 1966. (c) In addition, a stock dividend of 2% was paid on March 1, 1959.

DIRECTORS

Roy T. Abbott, Jr., Senior Vice President
Gulf + Western Industries, Inc.

*Charles G. Bluhdorn, Chairman of the Board
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

*David N. Judelson, President
Gulf + Western Industries, Inc.

*George D. Kennedy, Executive Vice President
Brown Company

Frank J. Manheim
Frank J. Manheim Investments

Harold Meitus, President
Match Division, Brown Company

*Frank T. Peterson, President
Brown Company

John L. Sullivan, Partner
Sullivan & Wynot and Sullivan, Shea & Kenney

Gene Tunney, Chairman
The McCandless Corporation

*Executive Committee

OFFICERS

Frank T. Peterson,
President and Chief Executive Officer

George D. Kennedy,
Executive Vice President and Chief Operating Officer

John W. V. O'Brien,
Senior Vice President and Vice President—Finance

James J. Baechle,
Vice President, Secretary and General Counsel

Rhondal H. Nunnery,
Controller

Vice Presidents

Ralph G. Brevik
Robert E. Bringman
Robert D. Caine
William T. Creson
Gordon Dilno
Gerald S. Gilligan
Eugene O. Hanson
Clarence S. Herr
Robert W. Hisey
Michael A. Hoffmann
Charles L. Kirkpatrick
Ernest R. Loewy
John J. McDonald
Duncan I. MacCalman
Harold Meitus
Paul Meitus
Malcolm T. Murray
Richard A. Reeves
Robert J. Sherry
Charles S. Sweitzer

Assistant Treasurer

Joseph N. Rozek

Assistant Controllers

Alexander W. Busby
Frederick G. Dilger, Jr.

Assistant Secretaries

Joseph A. Barbosa
John W. Jordan

SALES OFFICES AND PLANTS

UNITED STATES

Atlanta, Georgia
Berlin-Gorham, New Hampshire
Boston, Massachusetts
Castleton-on-Hudson, New York
Chicago, Illinois
Cincinnati, Ohio
Cleveland, Ohio
Des Plaines, Illinois
Detroit, Michigan
Frankfort, Illinois
Glendale, California
Griffin, Georgia
Holyoke, Massachusetts
Kalamazoo, Michigan
Louisville, Kentucky
Minneapolis, Minnesota
Narberth, Pennsylvania
New York, New York
North Stratford, New Hampshire
Parchment, Michigan
Portage, Michigan
Santa Clara, California
San Jose, California
Sturgis, Michigan

EUROPE

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

The Corporation Trust Company (until May 1969)
277 Park Avenue, New York, New York 10017

First National City Bank (after May 1969)
111 Wall Street, New York, New York 10015

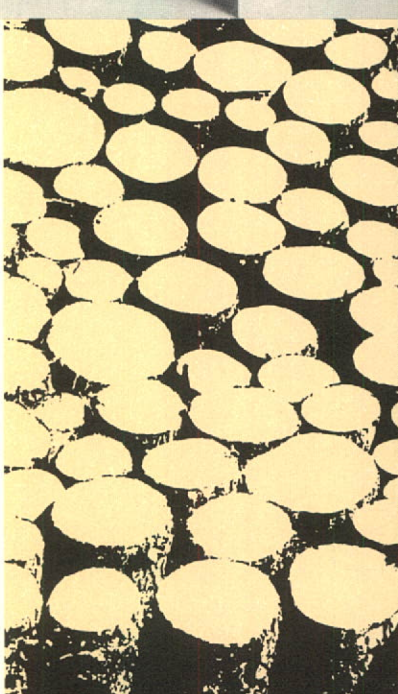
The Corporation Trust Company
15 Exchange Place, Jersey City, New Jersey 07302

REGISTRAR

Registrar and Transfer Company
New York, New York

Nurturing our renewable natural resource is an important function of the Woodlands Division.

The Absorbent Products Division manufactures Nibroc Towels, tissue, windshield wipes and industrial wipers, a leading brand among industrial and commercial users.



Typical of the battery of printing presses in Kalamazoo is this high speed, four color press used by the Packaging Division.

Trees too, are products of Brown Company, harvested as sawlogs, bolt wood, veneer logs and pulpwood.

DIVERSIFIED FOREST PRODUCTS

Astra Converting Papers
Linweave® Creative Papers
Eagle-A® Business Papers & Stationery
Reproduction Papers
Light Sensitive Papers
Book Publishing Papers
Solka-Floc®
Flexible Packaging
Folding Cartons
Overwraps
Packaging Systems
Industrial/Technical Papers
Superior® & Monarch® Book Matches
Paper Maid® Paper Plates & Cups
Paper Maid® Freezer Wrap
Paper Maid® Shelf and Dusting Papers
Nibroc® Towels, Tissues, & Wipers
Food Service Products
Grocery Supply Products
Bakery Supply Products
Corrugating Medium
Market Pulp
Herculean® Board
Cellulose Specialties

BROWN COMPANY

Lithographed in U.S.A.