

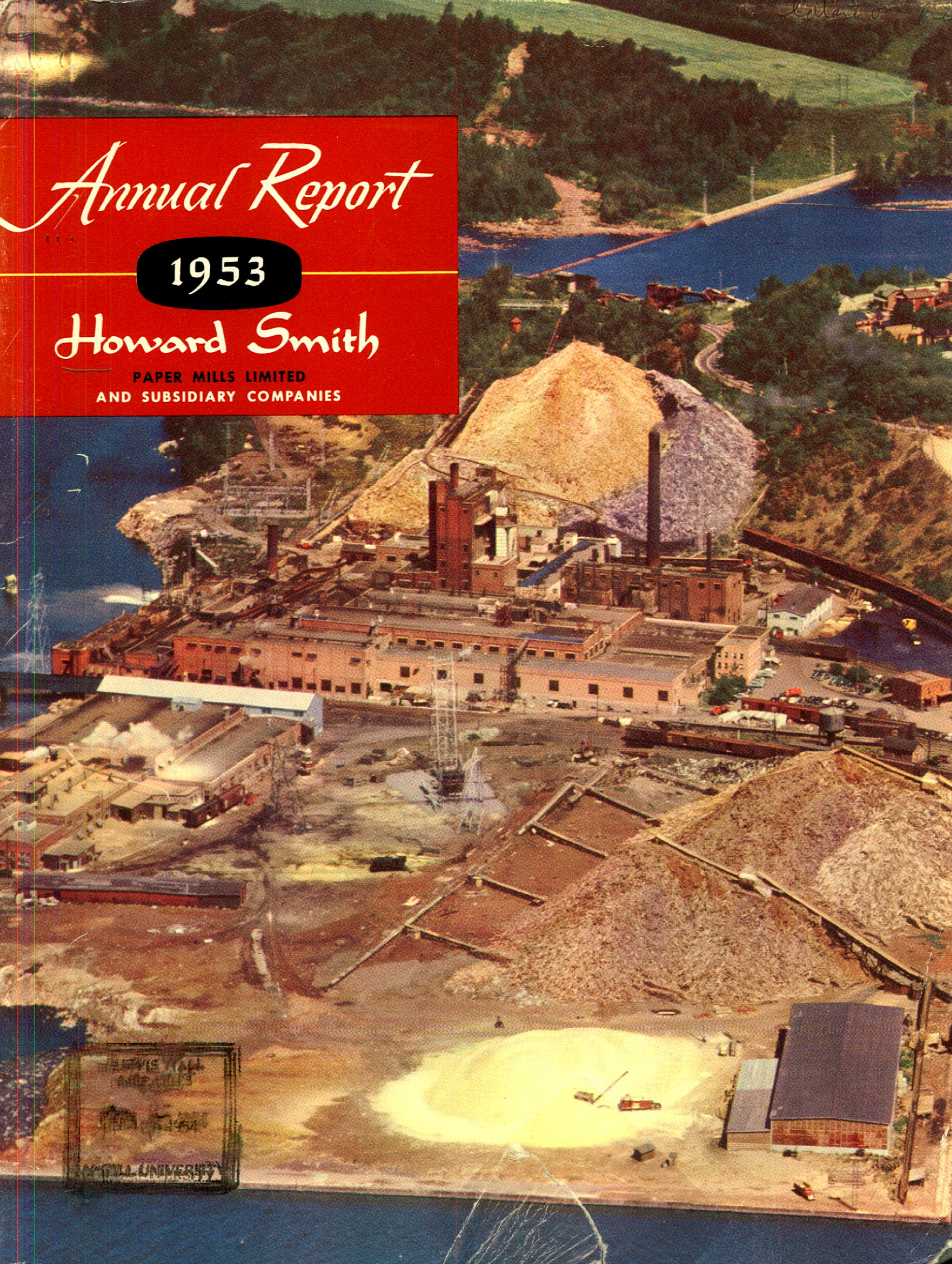
114

Annual Report

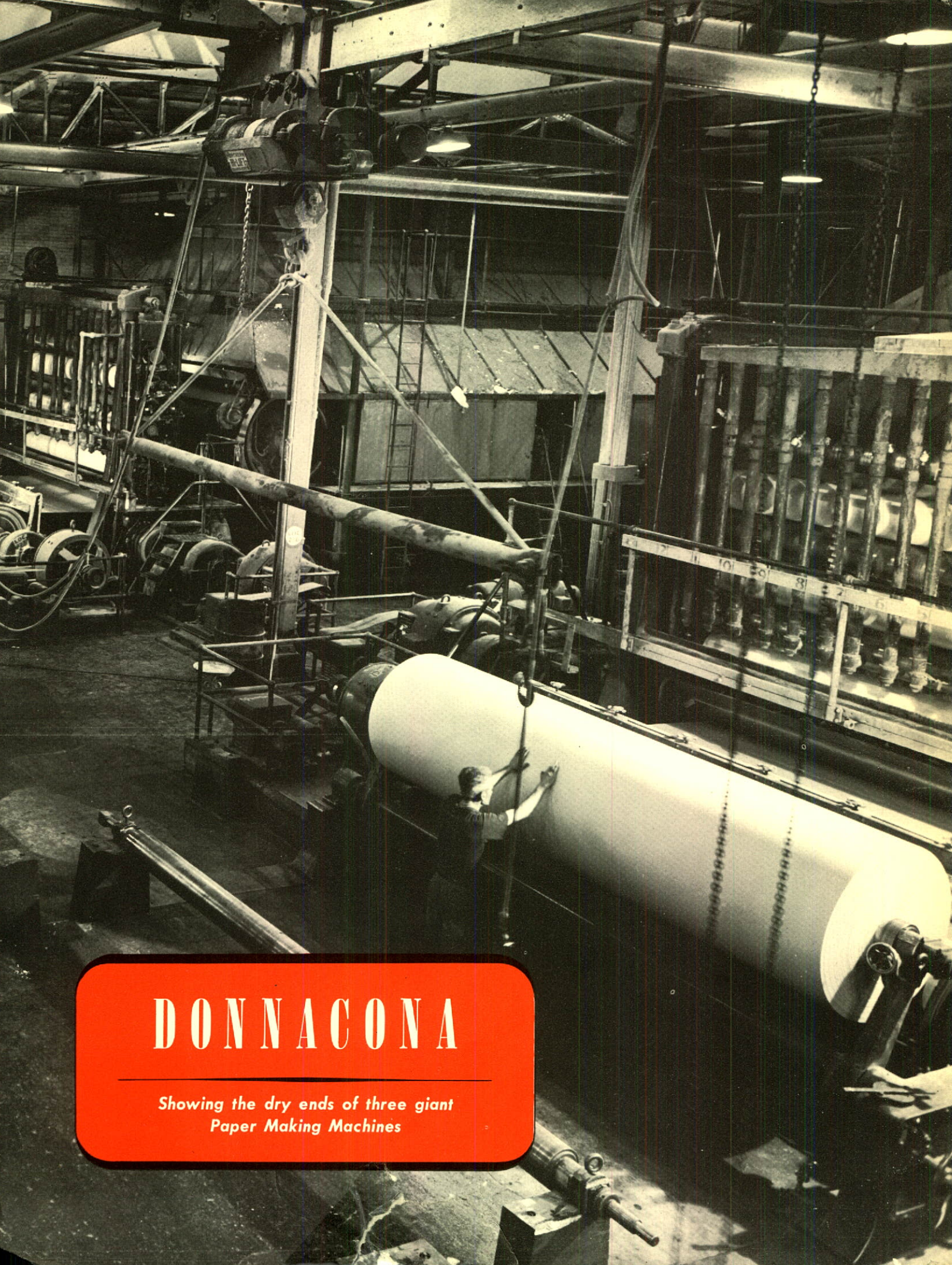
1953

Howard Smith

PAPER MILLS LIMITED
AND SUBSIDIARY COMPANIES

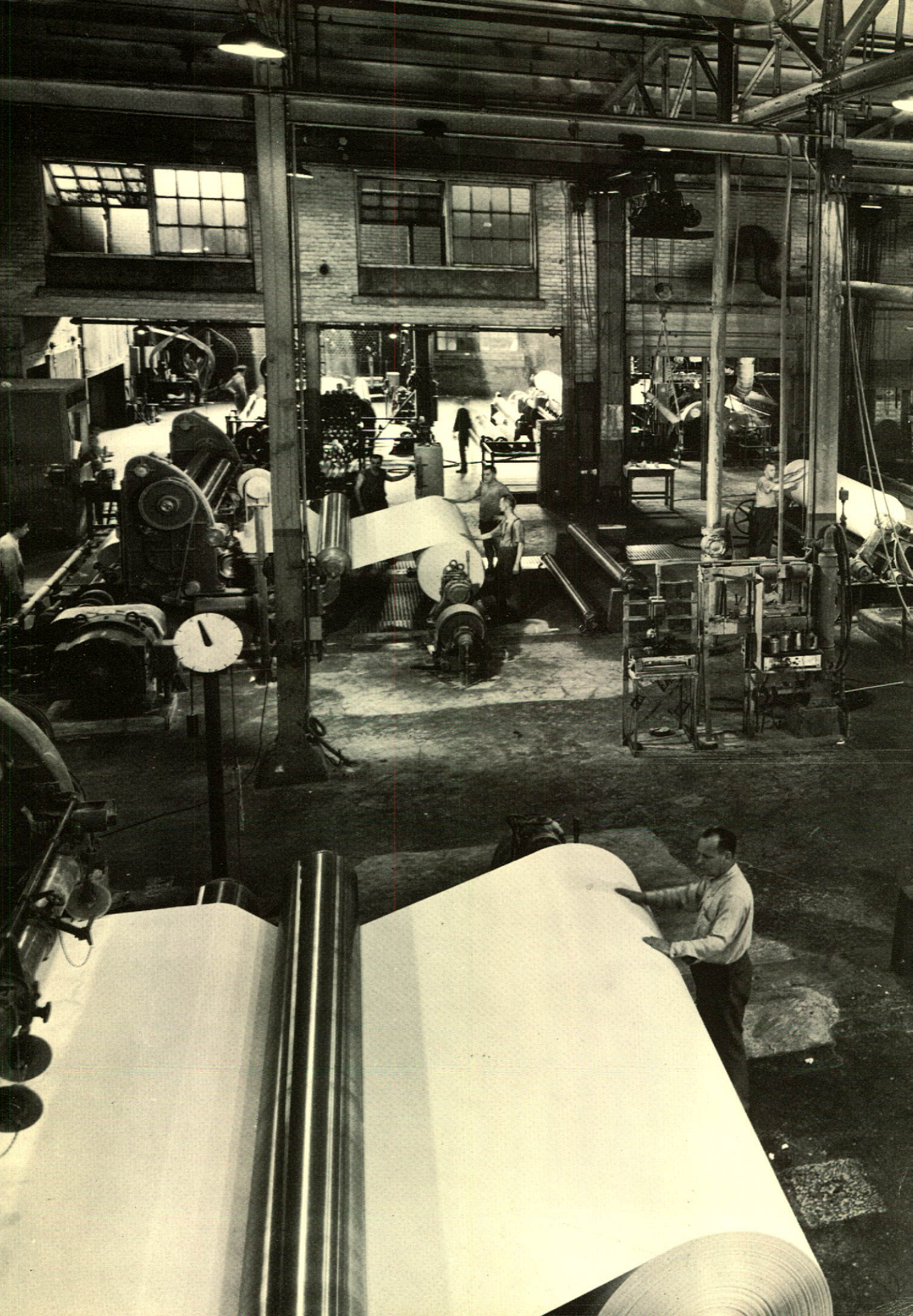


HEAVIS WALL
AND SONS
153454
KAPPA LUNIVERSITY



DONNACONA

*Showing the dry ends of three giant
Paper Making Machines*





Annual Report

111
1953

Howard Smith

PAPER MILLS LIMITED
AND SUBSIDIARY COMPANIES

Officers

Harold Crabtree, C.B.E., *Chairman of the Board*
E. Howard Smith, *President*
E. K. Robinson, *Executive Vice-President*
Geo. H. Tomlinson, *Vice-President*
Kenneth G. Pendock, *Secretary and Treasurer*
J. R. Leslie, M.B.E., *Controller*

Directors

W. A. Arbuckle
De Gaspé Beaubien, C.B.E.
George W. Bourke
Edgar G. Burton, C.B.E.
Harold Crabtree, C.B.E.
H. Roy Crabtree
A. E. H. Fair
Col. R. D. Harkness, D.S.O., M.C.
W. H. Howard, Q.C., C.B.E.
J. D. Johnson
Howard Murray, O.B.E.
E. K. Robinson
E. Howard Smith
Geo. H. Tomlinson

Auditors

Messrs. P. S. Ross & Sons
*The Shares of the Company are dealt in
on the following exchanges*
MONTREAL STOCK EXCHANGE
TORONTO STOCK EXCHANGE
AMERICAN STOCK EXCHANGE



*A collection of logs in a back eddy
of the Jacques Cartier River.*

The
DONNACONA
Paper Company
Limited

A SUBSIDIARY OF

Howard Smith

PAPER MILLS LIMITED

CONTROL OF THE DONNACONA PAPER COMPANY LIMITED by Howard Smith Paper Mills Limited, through stock purchase, occurred in 1949. By the end of 1951, the Company had acquired 65% of the outstanding stock, and, by means of an exchange of shares, had increased this proportion to 96.5% at the end of 1953. This acquisition consisted of a Paper Mill with an annual capacity of 105,000 tons of Newsprint, a Sulphite Pulp Mill making 50,000 tons of Unbleached Sulphite Pulp, a Board Mill making 100,000,000 square feet of Insulating and Sheathing Board, and a well-developed woodlands of some 1721 square miles.

The origin of the Company dates back to 1912, when it was organized to acquire and develop the water power and timberlands then owned by the late George M. McKee. The site was cleared that year and construction of the mill and power dam began in the spring of 1913, with the first paper being made on February 13, 1914. It is perhaps interesting to note here briefly the factors which influenced the organization of this company. Firstly, many newsprint manufacturers in the United States realized in the early 1900's that their expanding use of pulpwood would eventually deplete their resources. They thus began to import increasing amounts of wood from Canada. This soon reached alarming proportions, and the Quebec Provincial Government, then under the leadership of Sir Lomer Gouin, prohibited the export of pulpwood. Secondly, newsprint could enter the United States duty free. Other factors also played their part, but these two are chiefly responsible for the large expansion of the newsprint industry from 1911 onwards.

Donnacona was no stranger to paper making. As early as 1817, a Mr. Jackson had built a small mill for making hand-made paper for the seigneur, Mr. George Allsopp. It was known as the Jacartier

Mill, but was shut down in 1827. Five years later, the firm of Miller, McDonald & Logan leased it for a period of four years, and the lease seems to have been extended into the 1850's, when a new lessee, Peter Ford, took over. He installed a small machine for the manufacture of strawboard and coarse writing paper, but in 1857, the mill burned and Peter Ford moved to Trenton, Ontario.

In the meantime, other members of the large Ford family had built or acquired mills at Portneuf, some 8 miles west of Jacques Cartier. After several failures and sales, the firm of J. Ford & Co. Ltd., was formed in 1886 and Peter, a brother of Joseph, came back from Trenton and built a new mill called the Portneuf Paper Company. The old McDonald and Logan Mill, where the Fords had got their start had passed into the hands of a Louis Dupont, who, in 1890, purchased a mill on the Jacques Cartier River at Pont Rouge, which had been built in 1871. Dupont ran the mill until 1894, then a James Reid took over, to be followed in 1897 by the formation of the Jacques Cartier Pulp and Paper Company. Both this mill and its riparian rights were purchased by Donnacona in 1916.

The locale of all these mills with their family inter-connections, is at the point where the mighty St. Lawrence, in its north-eastern flow, begins to cut through the Laurentian shield. Sparkling rivers, fed by springs and lakes nestling among the rolling and forested mountains, carry the logs and drive the turbines for direct or electric power. In years past, the Jacques Cartier River carved its way through the high escarpment on the shores of the St. Lawrence and formed a flat delta at its mouth. Here the early trappers and traders were wont to gather or stop over on their journeys in the early 1600's. Nearby, in 1759, the French built a stockade fort to which their army retired

after Wolfe's victory at Quebec, and here they wintered preparing for their ill-fated attempt to recapture Quebec the following Spring. They nearly succeeded, but the arrival of a relief fleet caused them to retire to Fort Jacques Cartier, where they left a small garrison. This garrison was later overwhelmed, but had put up such a good fight, they were accorded the honours of war and allowed to march forth with their arms and baggage. This was the last stronghold to be captured by force, the rest of the country deciding to bow to the inevitable.

The Donnacona Mills

The difficulty of bridging and of maintaining bridges against the rushing spring torrents of the Jacques Cartier River caused the main Quebec-Montreal highway to be located several miles inland. This left the Jacques Cartier settlement in an outpost position except for river transport. For many years, then, it served as a very local centre for the ever-present grist and saw mills usually owned by the seigneur. When in the late 1770's George Allsopp, who had held various government posts, purchased the fiefs of Jacques Cartier and d'Auteuil, his enthusiasm and industry soon brought more activity to this backward settlement. Saw mills were erected to exploit the large pine, then abounding along the Jacques Cartier River, new grist and flour mills were set up. His son, Robert, took over his properties after his death, and it was during Robert's regime that the first paper mill was built. Others were attracted to the site and a rock salt grinding mill and a bake shop for sailors' biscuits installed. About 1866, Mr. Arthur Sewell bought the property which had become known as the "Fonds Jacques Cartier." Fires and disasters took their toll and eventually, Charles Sewell, who had inherited the property, sold it to Mr. John Foreman, in 1902. But the old place was tired. The prime saw lumber had been cut off, more modern mills could grind better and cheaper, and the character of the district was no longer one of self-containment. The old days were over, and it was time for modern industry to move in. This it did in 1912, when Mr. Geo. McKee purchased the property and water power rights from Mr. Foreman. It was the dawning of a new era, and the pioneers whose graves dotted the



Looking down the Jacques Cartier River, the Donnacona Mill being situated at its junction with the St. Lawrence.

countryside could well approve how their beloved Jacques Cartier would again provide the power and the means to a bigger and more useful purpose in the development of our country.

Industrial History

When completed in 1914, the original mill containing one 160" machine had a daily capacity of 50 tons of newsprint, all of which was shipped under contract to the *New York Times*. Since newsprint is made from a mixture of groundwood and sulphite pulps, facilities for their manufacture were provided, and the pulp mills had a daily capacity of seventy-five tons of groundwood and thirty tons of sulphite. A large dam was constructed a half-mile up the Jacques Cartier River, the water from which generated 6,000 horsepower. Part of this was used for electricity for power and lighting in the mill and to supply the town. The balance was used directly to drive the wood grinders.

The proximity of the dam enabled it to be used as a log storage pond for river-driven wood, and, because of elevation, logs could be cut and barked at the pond and fed by gravity-flume direct to the woodroom, or to the large pulpwood piles which supplied the mill in winter.

In February of 1916, a second paper machine of the same width was added, which doubled the capacity. This came into operation in November of that year. At this same time, additional equipment was installed in the groundwood mill and other additions planned. Since power requirements were fast outgrowing the capacity of the original installation, the Company purchased the plant and power rights of the Jacques Cartier Pulp and Paper Company some 10 miles up river at Pont Rouge. The output of three small grinders was

used for some 10 years, but it is now known as the MacDougall Falls Power Plant and produces about 3,600 horsepower, from its two generators, which is fed to the main mills on the Company's own transmission line.

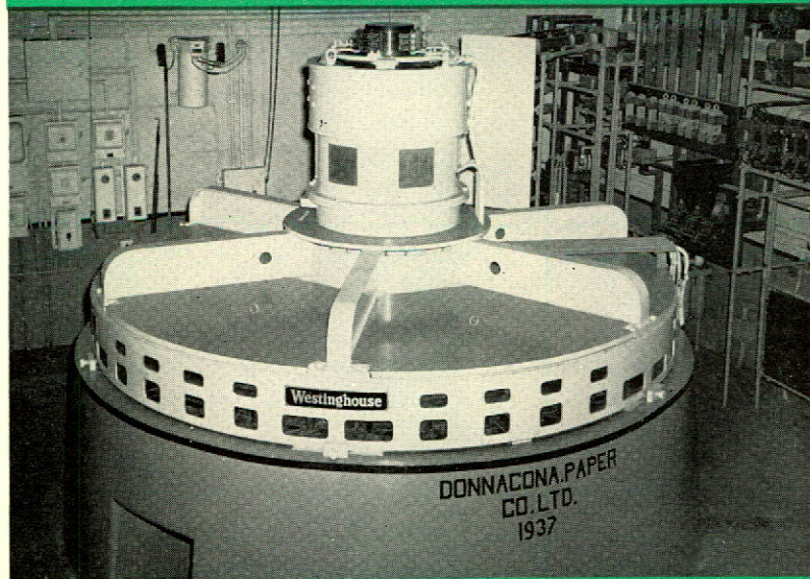
The Early Years

During the 1914 to 1926 period the market for newsprint continued to expand with but few minor setbacks. Conditions looked so favourable for the future that expansion seemed inevitable, thus the management were continuously undertaking new projects. By 1926, another large Paper Machine had been installed, bringing paper capacity up to 68,000 tons from the original 15,000. Sulphite pulp capacity had been increased from 9,500 tons to 19,000 tons, and Groundwood pulp from 18,000 tons to 64,000 tons. To supply the increased demand for pulpwood, the Company expanded its Jacques Cartier limits from the original 282 square miles to 748 square miles, and made a further purchase of 205 square miles from the Iberville Lumber Company. Some 93 square miles were later returned to the Department of Lands and Forests for colonization purposes, thus the total in 1926 stood at 860 square miles.

Major Changes 1926 to 1936

This ten-year period saw many changes, both in the organization of the Company and its operations. Price Brothers and Company acquired control of the Company in 1927, and early in 1928, the old Ontario charter was superseded by a Province of Quebec charter co-incident with a re-organization of the Company's securities. Soon after the new owners had taken over, they were faced with the 1929 depression, and in an effort to consolidate their own position, relinquished their control in 1932, and Donnacona was once more an independent entity.

Some time prior to the 1929 crash, the Company had been planning the installation of equipment for the manufacture of the insulating board which was then becoming popular in many types of construction. These plans came to fruition in 1930 when the new Board Mill came into operation with a capacity of 45,000,000 square feet annually, but the market was anything but good, and it was



TOP: Weir dam on the Jacques Cartier River which forces water to enter the natural tunnel which feeds the penstock of the No. 1 powerhouse.

CENTRE: View of the Donnacona wharves at low tide. They handle incoming pulpwood and outgoing rolls of newsprint. The pulpwood comes up the St. Lawrence from the Bersimis River and other lower St. Lawrence River timber limits.

BOTTOM: Generator at the upper power house near Pont Rouge on the Jacques Cartier River.

a struggle to keep it operating profitably. One of the adverse factors was the need for an entirely different marketing and merchandising set-up, with a sales force which could cover the wholesale and retail building supply dealers. This problem was finally solved in 1932 by appointing the Alexander Murray Company Limited of Montreal, exclusive agents for the domestic sale of Donnacona Insulating Board products. This agreement is still in effect, thus the company management can concentrate on the problems of manufacture and development, leaving the sales and merchandising in the hands of an experienced and well-constituted organization.

Other production changes of note from 1926 to 1936 included a modest 4,000 tons increase in the Paper Mill, a twofold increase in Sulphite pulp production, bringing it to 40,000 tons and the completion of the second generator at MacDougall Falls.

Soon after the purchase of the Sault-au-Mouton limits, the problem of economical river transport of pulpwood led to the design and construction of three special pulpwood motor vessels with a capacity of 250 cords each. Numbers Two and Three are still in service, but Number One went down with all hands in October, 1942, during a fierce storm on the lower St. Lawrence on its way back from Sault-au-Mouton where some of the Company's timber limits are located. To this fleet were added two special motor vessels in 1935 and 1936 which were designed to carry a maximum cargo of 225 tons each of finished newsprint from the Mill direct to the New York City area via the relatively shallow Lake Champlain and Hudson River routes.

The Past Seventeen Years

From 1936 to the present, Donnacona has shown considerable expansion in all phases of its activities. Successive modifications and improvements to the Paper Machines increased capacity from 72,000 tons up to the present 105,000 tons. Sulphite pulp capacities were raised to 50,000 tons, while the Groundwood Pulp Mill, with much new equipment, has more than doubled its output which now stands at 140,000 tons, compared to 64,000 tons in 1936.

In 1940, the Board Mill was given a complete overhaul and the many improvements and modifications increased its capacity from 45,000,000

square feet up to 55,000,000 square feet. Again in 1946, a major change was made in the technique of forming the Board which resulted in an increase to 75,000,000 square feet. Since then, refiners have been added and equipment speeded up, giving the present total of 100,000,000 square feet annually.

To insure an adequate and continuous supply of pulpwood, the Company acquired the Bersimis limits of 749 square miles from the Brown Corporation and the 112-square-mile Madeleine River limits in the Gaspé early in 1952. The total of all limits is 1721 square miles of which some 256 miles are freehold.

The last hydro-electric development was the acquisition of the Bird and Son mill site on the Jacques Cartier River where, in 1937, a 2250-horsepower generator was installed. Current from this plant joins up with that from MacDougall Falls, the total amounting to 5,850 horsepower.

In the transportation field, a third newsprint carrier was added in 1937, and two more pulpwood vessels in 1946 and 1948. The fleet now consists of four pulpwood vessels with a combined capacity of 1,225 cords, and three newsprint carriers holding 225 tons each. In addition, three newsprint carriers are leased from the Guy Tombs Marine Service.

Apart from the physical growth of Donnacona, there has been a parallel growth in the human element. At the start of construction, the town of Donnacona was but a small village catering to the wants of a restricted countryside. As the mills grew and prospered, many new homes were erected, some by company financing. The newcomers brought new skills which were gradually taught to the native sons, and now some of the second and even third generation are among the 1000 regular employees in the mills. And there are some whose service spans the entire period. Mr. L. W. Michael, now president, came on the site as a young accountant when the first clearings were being made in the scrub bush which had overrun the delta, and he remained to see the dreams of its first general manager, the late George McKee, far exceeded. This acquisition by Howard Smith Paper Mills has a long and interesting history, and, in company with the other mills of the group, it can look forward to an even brighter future as our country expands its industrial capacities.

DONNACONA OPERATIONS

THE MILLS of the Donnacona Paper Company Limited are located on the relatively small, flat delta formed by the Jacques Cartier River as it joins the St. Lawrence some 28 miles west of Quebec City. The main Montreal-Quebec highway is just to the north of the mill, the Jacques Cartier River runs along its western edge and, in front, to the south, is the broad St. Lawrence. A branch of the Canadian National Railways almost bisects the mills, thus they are well provided with highway, rail and water transport. Completely integrated, the Company operates its own woodlands, drives or transports its pulpwood in its own vessels, makes all its own pulp, and even owns a fleet of three motorized canal boats to ship newsprint direct to New York City via Lake Champlain and the Hudson River.

Woodlands Operations

The Company's timberlands now comprise some 1721 square miles located in four separate areas. Closest to the mills are the Jacques Cartier limits of 748 square miles, all the wood from which is driven down the river in the spring of each year. The Sault-au-Mouton limits of 112 square miles and the Bersimis limits of 749 square

Making up a sling of pulpwood logs in the hold of a Donnacona pulpwood boat.



Branching a felled tree in a Laurentide Park woodlands of the Donnacona Paper Company.

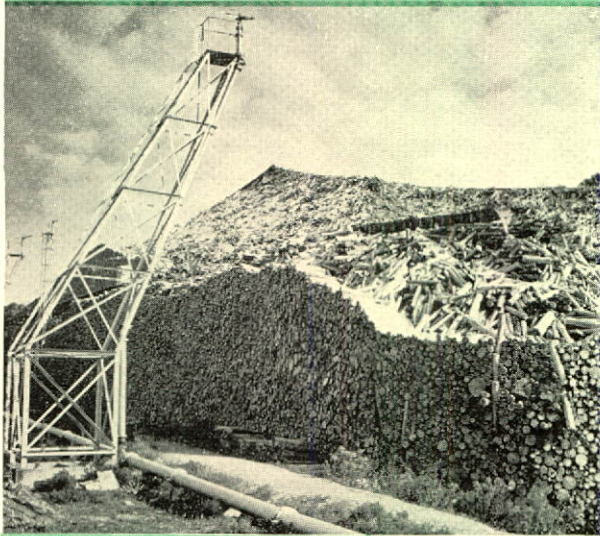


- ▲ When a jam begins to move it takes quick footwork to get back into the boat and avoid a ducking.
- ▼ Logs being guided into the jackladder from the lower holding boom.



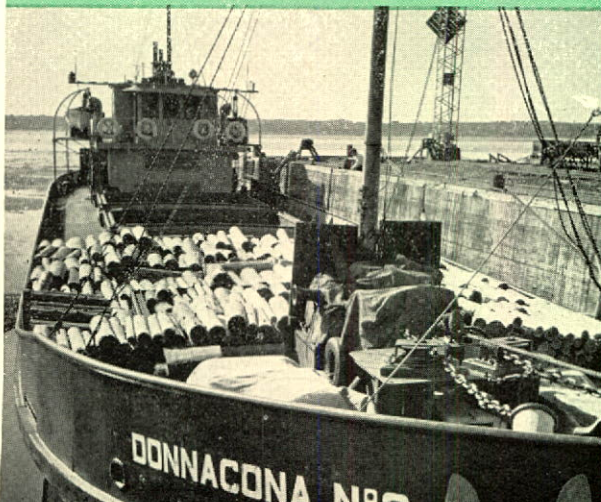


Today's lumberjacks often use the power chain saw to reduce labour and increase their piece work production.



A fire protection tower is vital when so much wood is in one pile.

Below: The Donnacona No. 3, a specially designed pulpwood boat.

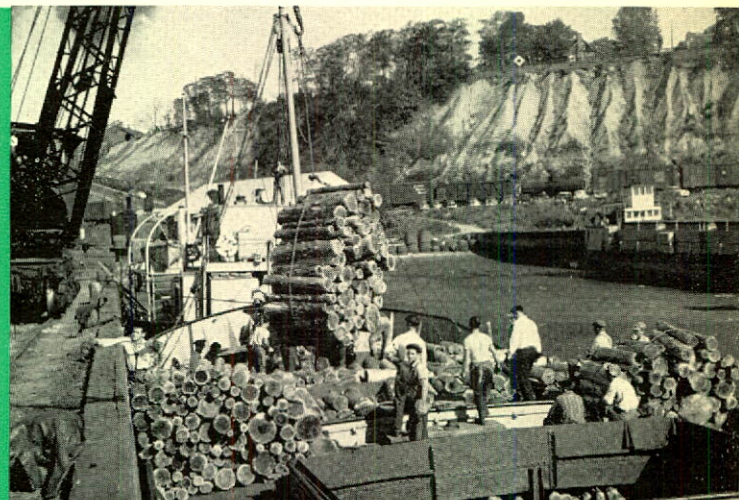


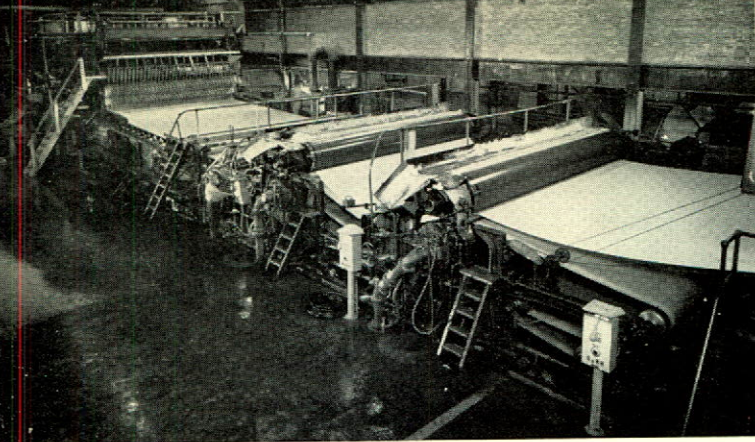
miles are located on the north shore of the St. Lawrence River, east of Quebec City, and the cut wood is transported to the mills by river boat. The fourth area lies on the Gaspé Peninsula and consists of 112 square miles, and this wood will also be brought to the mills in boats. Altogether, some 200,000 cords have to be provided each year, of this about 150,000 are cut on company limits and the balance is purchased.

Cutting operations are so scheduled that the woodlands are on a sustained yield basis. In other words, in each area a little less than the annual growth is cut. Unless some disastrous fire or pestilence occurs, there should be just as much wood available twenty years from now as there is today. In fact, it is quite possible that the yield can be increased through modern methods of woodlands care. To this end, the Company has a 45 square mile freehold limit at the southern end of the Laurentide National Park, some 60 miles north of Quebec City, which has been developed as a Tree Farm. By a process of selective cutting and constant growth surveys, ideal methods of cutting, and of fostering new and quicker growth are being worked out. Information gleaned from this experimental plot will gradually be used in the other areas, thus in addition to sustained yield, it will be possible to increase the allowable annual cut.

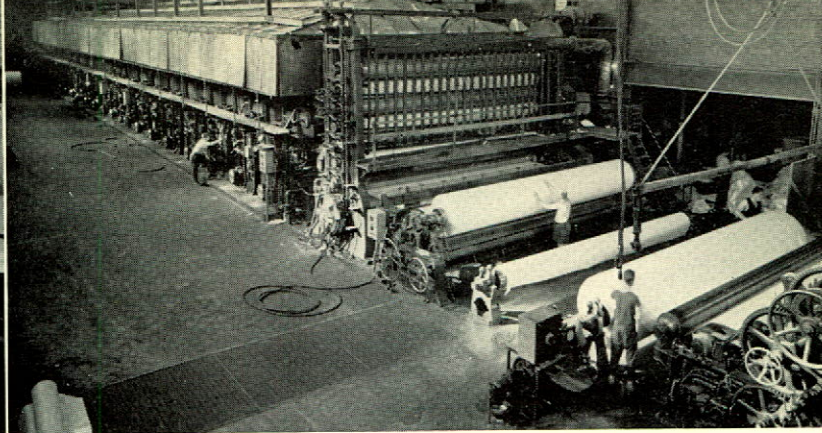
The logs which are driven down the Jacques Cartier River eventually reach the holding booms immediately above the mill dam. Here, they are taken out of the river on the jack ladder and passed through a drum barker. The logs are conveyed to the mill proper by a water flume, while the bark is used to build up a small island below the dam. As the logs enter the mill, they can be

Unloading a deck load of pulpwood.





The wet end of No. 3 Paper Machine, Donnacona Paper Company Limited newsprint mill.



The dry end of No. 3 Paper Machine, Donnacona Paper Company Limited, Donnacona.

directed either to the Woodroom or to the log stacker, where some 50,000 cords are piled for winter operations.

Pulpwood from the North Shore and Gaspé areas is unloaded from the river boats and piled to the south of the mills. This, too, is a summer operation, because in winter, ice floes, and even solid ice, usually closes navigation from November 15th until May 1st.

The Pulp Mills

The four digesters in the Sulphite Mill have a yearly capacity of 50,000 tons of Unbleached Sulphite. In this process, the logs are cut into small chips and then cooked in digesters with a solution of Calcium Bisulphite under heat and pressure. This breaks the chips down to individual fibres by dissolving the Lignin which binds them together. The pulp is washed and screened and is then ready for use. A special process is used to precipitate the Lignin from the spent cooking liquor and the Lignin is then used as a binder in the Insulating Board Mill.

Groundwood pulp is made by pressing logs against a large grindstone. The abrasive surface of

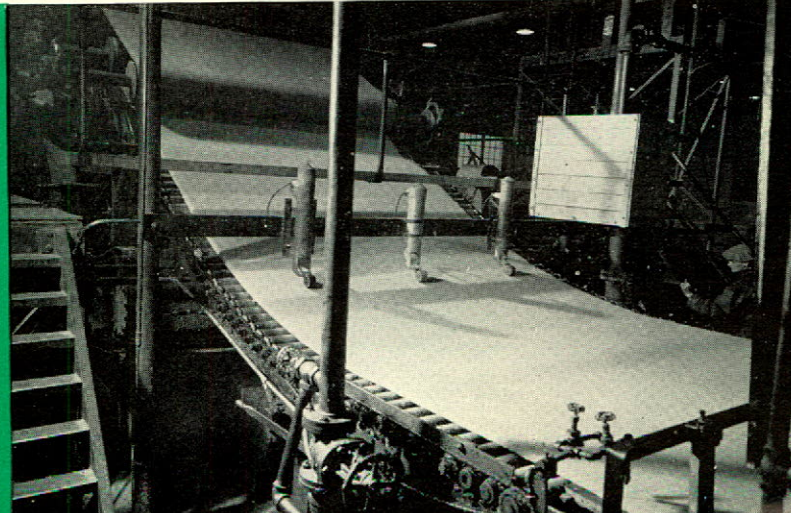
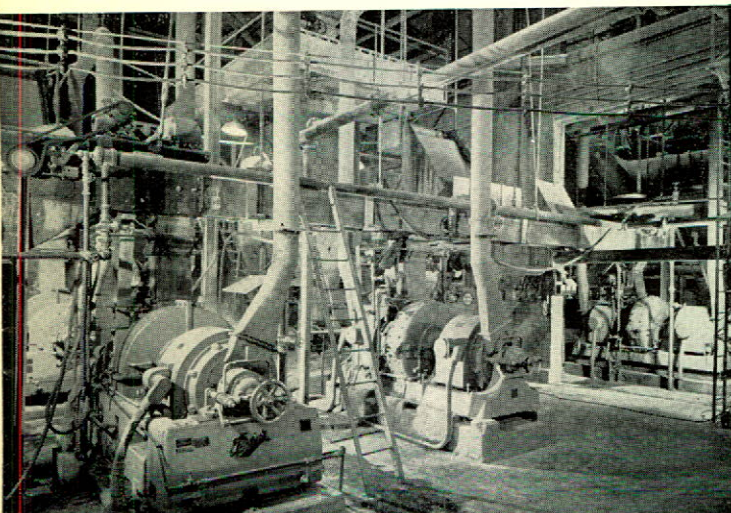
the stone removes successive layers of fibres which are collected as a slurry. These are washed and screened and form the major constituent of newsprint. The 39 grinders in the Groundwood Mill, have a yearly capacity of 140,000 tons. All of the groundwood is used in the paper or board mill, but there is a 30,000 ton surplus annually of Unbleached Sulphite which is sold to other paper manufacturers in Canada or the United States.

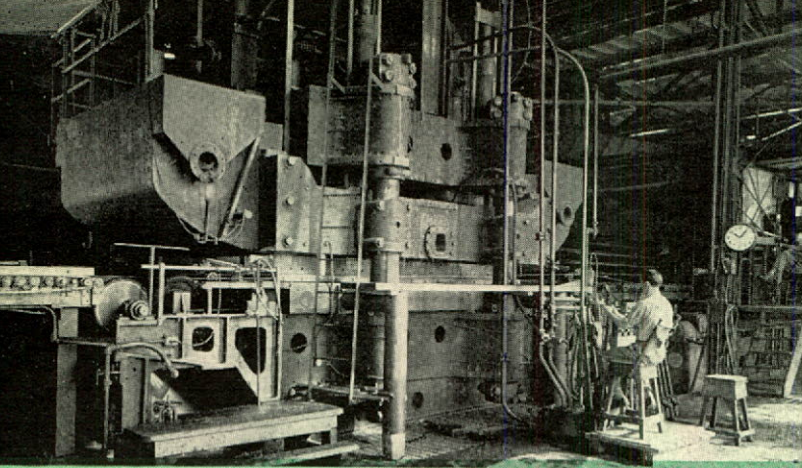
The Paper Mill

The three machines in the Paper Mill are parallel to one another. Number One and Two are 160 inches wide and Number Three is 234 inches or 19½ feet wide. Prepared fibres are diluted with 99% water and flow onto a moving wire screen which allows the water to drain through, but traps the fibres on its surface. From the wire, the web of paper is fed to rolls which smooth and press it, and then, on to a series of heated rolls, to dry it. At the dry end of the Paper Machine, it is first wound in huge machine rolls, and then slit and rewound to desired widths. These narrower rolls are wrapped and loaded directly to freight cars at the side of the mill, or sent down to the dock area to be loaded into one of the carriers.

Bauer refiners break the bundles of fibres into useable size.

The forming machine transforms the pulp into a thick blanket. The three rolls automatically register variations in thickness.

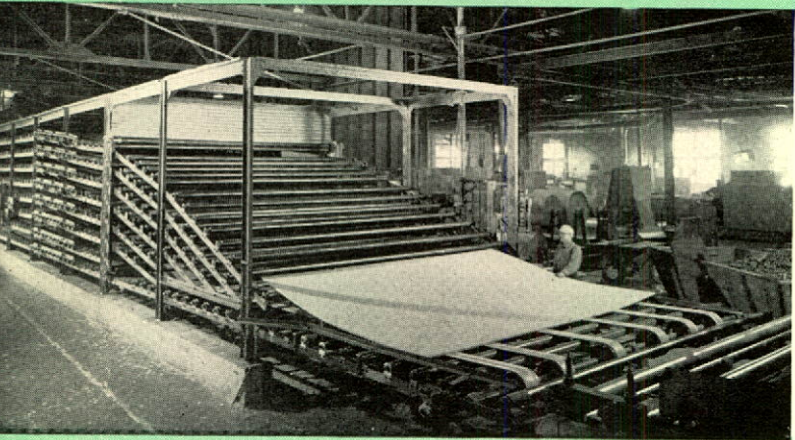




A large hydraulic press compacts the wet Donnacona Insulating Board and squeezes out excess water.

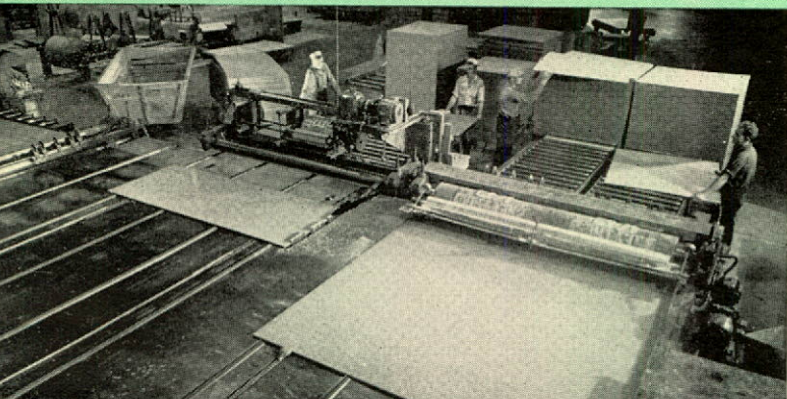


The tunnel dryer which extracts the moisture from the wet Insulating Board.



▲ Donnacona Insulating Board emerging from the tunnel dryer.

▼ The trimmer saw cuts the large sheets of Donnacona Insulating Board to desired size.



The Board Mill

The Board Mill makes two main products, Donnacona Insulating Board and Donnacona Sheathing Board. The Insulating Board is designed for inside construction and may be of the characteristic buff, rough cast finish, in one-half inch thickness, or one of the many decorative or acoustical types, finished on specialized machinery. Sheathing Board is a water resistant board used as the outside sheathing in place of the conventional tongue and groove lumber. Both types are made by the same equipment, and both are made from a rather coarse wood pulp to which suitable binders have been added. In the case of Sheathing Board, a bituminous additive gives it its water and weather resisting properties.

The prepared pulp is brought to the desired consistency and then piped to a large tank in which a wire-cloth covered roll revolves. The water drains through the wire mesh depositing a thick layer of pulp on the surface. The wet mass is continuously stripped off the roll and an ingenious saw cuts the strip into sheets 8' x 13'. These travel down a roller conveyor to a large hydraulic press which squeezes out excess water and delivers the sheets to the Tunnel Dryer. In this, the sheets are carried along slowly, all the while being subjected to heated air which absorbs the moisture.

After drying, the sheets descend to the cutting saws which trim them four sides and cut them to the desired dimensions. They are then wrapped and shipped. Other sheets may be given a smooth surface, cut into 12-inch squares, bevelled, painted on a spraying machine, and then drilled with numerous holes to form the well-known acoustical tile for noiseless ceilings. If thicker sections are required, two or more sheets may be laminated. A number of different types can be produced on special machinery which sands it to a smooth surface, shapes it into various mouldings, and decorates it with cut-in patterns.

The widespread operations of Donnacona call into play a host of skills from forestry to transportation. To keep all this in balance requires much thought and planning. Highly integrated, controlling all processes from start to finish, Donnacona is an organization of which anyone might well be proud.

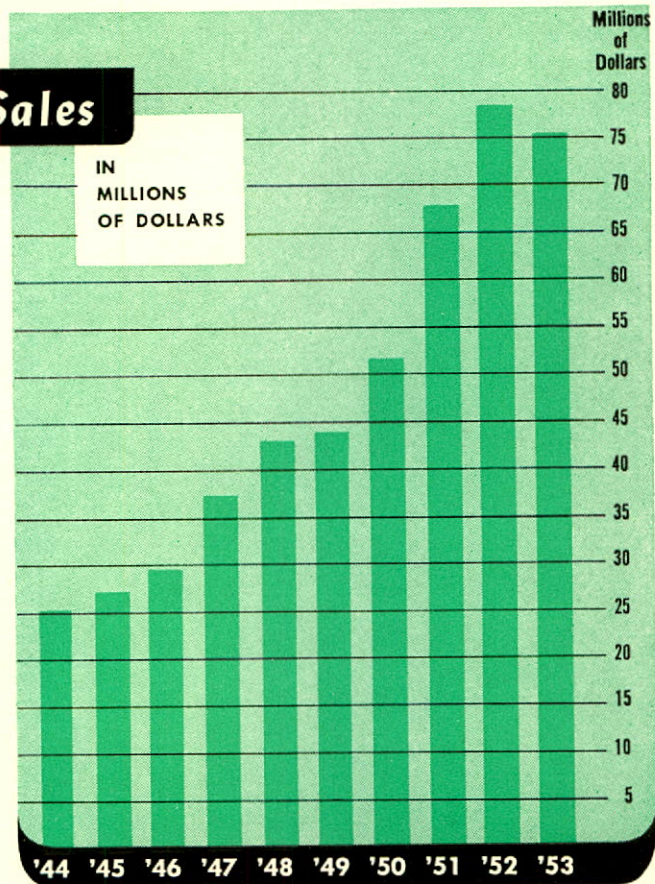
PRODUCTION and SALES

Howard Smith Paper Mills Limited

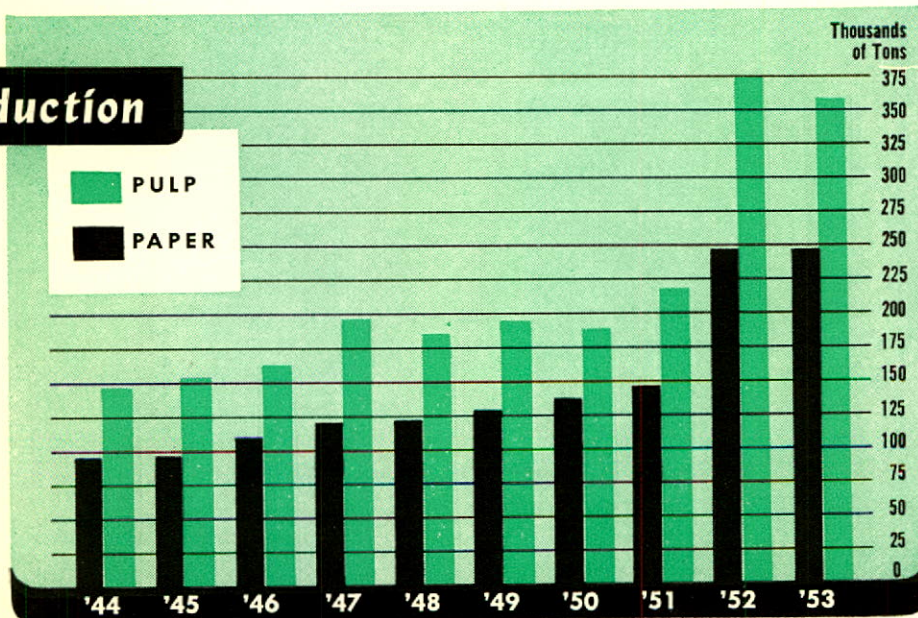
AND SUBSIDIARY COMPANIES

Considering the relatively soft pulp market and work stoppages at two mills, sales for the year, at \$75,145,827, held up remarkably well. The year closed with a substantial backlog of unfilled orders in a considerable number of lines. Prior to 1952 figures for Donnacona are not included.

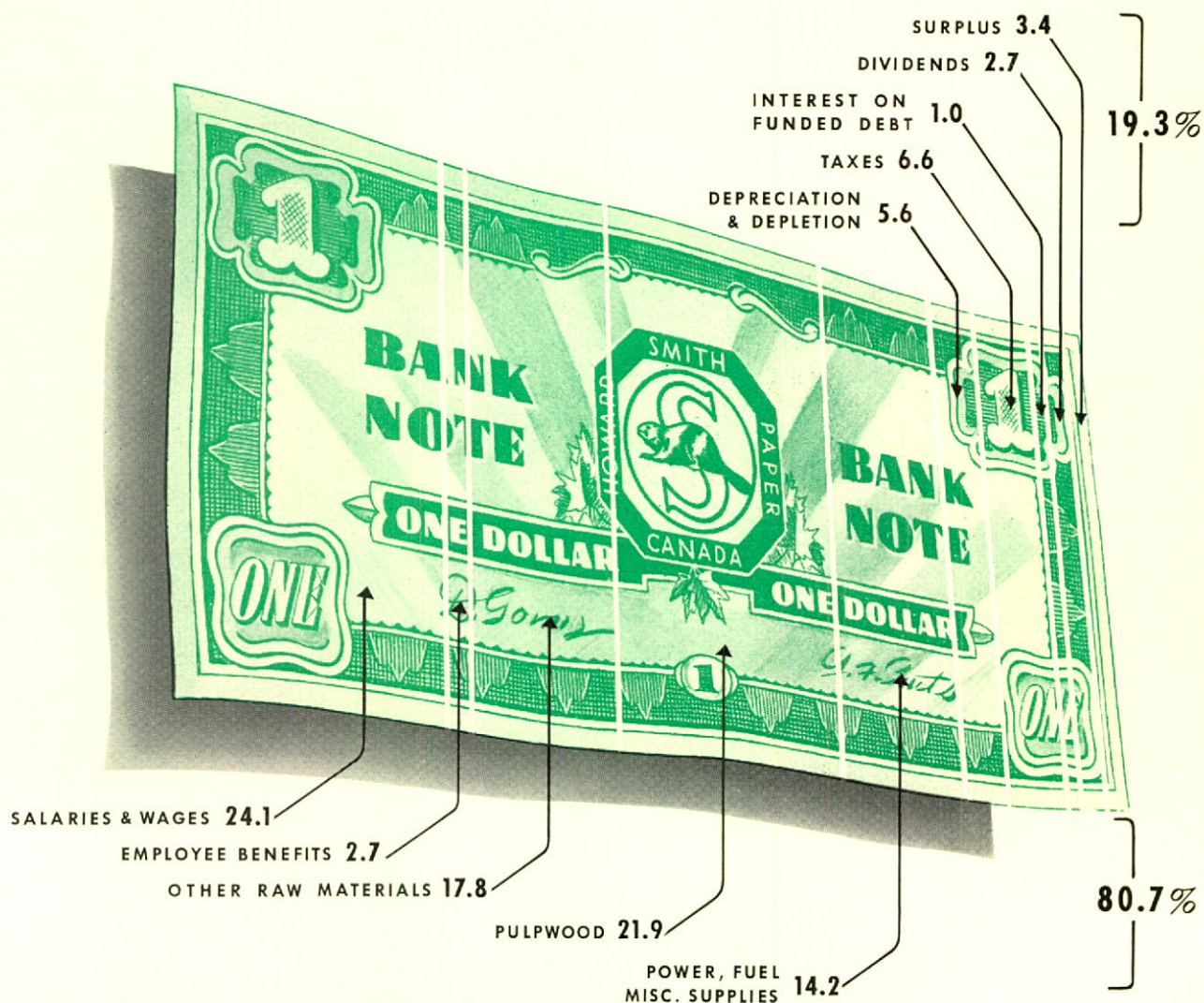
Sales



Production



In spite of labour disturbances at two mills, the production of paper was slightly in excess of 1952. On the other hand, the pulp market in the United States was seriously affected by European exports offered at distress price levels, hence pulp production was under the corresponding figure for 1952. Prior to 1952 figures for Donnacona are not included.



Distributing the Income Dollar

DIRECT operating expenses accounted for 80.7% of the income dollar leaving 19.3% for the financial functions of the business. The detailed figures above indicate that Salaries, Wages and Employee Benefits take 26.8% of each dollar of income. Pulpwood, our major raw material purchase, accounts for 21.9%, other Raw Materials took 17.8% or a total of 39.7% for these two items. Power, Fuel and Miscellaneous Supplies and Expenses amounted to 14.2%.

To provide for Depreciation and Depletion of buildings, machinery and forest preserves, it was necessary to use 5.6% of each income dollar. Taxes of all kinds took another 6.6% and Interest on Funded Debt a further 1.0%. This left some 6.1% profit of which 2.7% was paid out in Dividends and 3.4% transferred to Surplus and was re-invested in the business.

CONSOLIDATED
ANNUAL
REPORT
DECEMBER THIRTY-FIRST

1953



Howard Smith
PAPER MILLS LIMITED
AND SUBSIDIARY COMPANIES

The twenty-sixth Annual Report

of the Directors of

HOWARD SMITH PAPER MILLS, LIMITED

TO THE SHAREHOLDERS:

Your Directors have pleasure in presenting herewith the Twenty-sixth Consolidated Annual Report of your Company and Subsidiary Companies for the year ended December 31st, 1953, comprising Balance Sheet, Profit and Loss and Surplus Accounts and Auditors' Report.

While earnings from operations were somewhat lower in 1953 than in 1952 this decrease was more than offset by moderate increases in Income from Investments and Royalties.

Earnings from all sources were \$9,983,225 after making provision for depreciation and depletion of \$4,223,890 and for other items as set forth in the Profit and Loss statement.

Net Profits, after all charges, including an amount of \$4,431,000 for Income Taxes and \$43,484 for dividends paid by Donnacona Paper Company Limited to its minority shareholders and for the equity of those shareholders in the undistributed profits of Donnacona in 1953, amounted to \$4,703,018, which has been transferred to Earned Surplus Account.

During the year 28,148 shares of your Company's Common Stock were issued in exchange for shares of Donnacona. The acquisition of an additional 22,576 shares of Donnacona during the year brought the total owned by your Company to 366,721 shares, equal to 96.62% of the outstanding shares.

DIVIDENDS

Regular quarterly dividends of 50¢ per share on the Preferred Stock and 25¢ per share on the Common Stock were paid for the year, a total for both classes of \$2,054,334.

CAPITAL EXPENDITURES

The amount spent during the year on extensions and improvements was \$3,975,878, being somewhat less than the amount that was set up in the year for depreciation and depletion.

FUTURE PROGRAMME

Late in the year a programme of extension to the mills of Canada Paper Company was started. This programme provides for increasing the capacity of the St. Francis Division by the installation of a third paper machine, a new steam plant that will serve both St. Francis and Watapeka mills, and an addition to the converting plant. This programme is estimated to cost about \$5,000,000 and is expected to be completed in 1955.

A programme of improvements is also being undertaken to the Cornwall mills, which will extend over the next three or four years and is generally designed to further modernize these mills to bring the different units into balance with the increased capacities that have now become available in some departments and with the further general increases that this programme contemplates.

At the Crabtree Division the second stage of converting No. 2 paper machine will be completed in 1954, permitting of a much higher speed range than is now possible.

At Donnacona changes in the 234" newsprint machine have been completed permitting of higher operating speeds. Similar changes are to be made in 1954 in the two 160" machines. An extension of the finishing room, presently under way, forms part of this programme.

PAYMENTS AND TRANSFERS FROM AND TO WORKING CAPITAL

To provide funds for these capital expenditures, an amount of \$1,503,438 was transferred from Working Capital and set aside for Capital Expenditures and other Corporate Purposes under "Other Assets" on the Balance Sheet. This reserve amounted, at the end of the year, to \$6,467,188, which is invested in high grade securities.

The outstanding First Mortgage Bonds of your Company and of Donnacona Paper Company Limited were reduced to the extent of \$795,000.

The outstanding Debentures of your Company were reduced during the year to the extent of \$768,000, making a total reduction to date of \$1,418,000.

Your attention is drawn to a change in classification this year on the balance sheet. Under the heading "Current Assets" there is included Prepaid Insurance, Taxes, etc., amounting to \$546,783. In previous years these items were shown on the balance sheet as Deferred Charges below "Other Assets."

Working Capital at December 31st amounted to \$22,094,295.

Your Directors regret to report that two of your mills, Beauharnois and Crabtree, were closed by strikes for the entire fourth quarter of the year, resulting in considerable losses in wages to the employees, losses in earnings to your Company and much inconvenience to its customers. It is pleasing to report that a settlement of these disputes was reached shortly after the new year and that both mills are again operating.

The demand for paper was generally good for the greater part of the year, permitting paper mill operations at a reasonable rate of capacity.

The pulp situation, however, showed little change over 1952, the demand being considerably short of the fair productive capacity of the pulp mills. Towards the close of the year a slight improvement was noted, but it is not likely that any material improvement will take place in the near future.

The Arborite Company had a very satisfactory year, its product continuing to meet with a favourable reception.

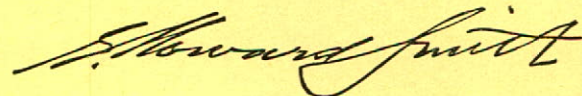
The demand for Donnacona Insulating Board also held up well throughout most of the year.

COMBINES INVESTIGATION

Following the report of the Combines Commissioner which we referred to last year, the Minister of Justice authorized the institution of proceedings against twenty-nine mills and merchants, including this Company and some of its subsidiaries, which are engaged in the manufacture and distribution in Ontario and Quebec of fine papers, for an alleged conspiracy to unduly prevent or lessen competition. The trial of these proceedings, which commenced in January, is now going forward before the Supreme Court of Ontario at Toronto. On the advice of counsel, the case is being contested by all the defendants. As the matter is *sub judice* further comment is inappropriate at this time.

Your Directors record their appreciation of the services rendered by the officers and employees of your Company and its subsidiaries through the year.

Submitted on behalf of the Board:



President.

Montreal, March 19, 1954.

HOWARD SMITH PA

AND SUBSIDIA

Consolidated Balance Sheet

ASSETS

Current Assets:

Cash in Banks and on Hand	\$ 2,897,492	
Accounts Receivable, less Allowance for Doubtful Accounts	8,378,612	
Inventories of Finished Products, Work in Process, Raw Materials and Operating Supplies valued at lower of cost or market, and Advances on Woods Operations — less reserve	17,286,288	
Prepaid Insurance, Taxes, etc.	546,783	
	<hr/>	\$ 29,109,175

Other Assets:

Amounts set aside for Capital Expenditures and other Corporate Purposes — Government of Canada Bonds (par value \$6,000,000)	\$ 5,967,188	
Cash on Deposit	500,000	
	<hr/>	6,467,188
Cash Surrender Value of Life Insurance Policies	113,311	
Investment Securities	626,743	
Deferred Accounts Receivable and Guarantee Deposits	150,578	
	<hr/>	7,357,820
Patent and Research Expenditures — less amounts written off		43,569

Fixed Assets at or below cost:

Land, Buildings, Plant, Equipment, Timber Limits and Water Powers	85,170,215	
Deduct: Accumulated Depreciation and Depletion	47,063,199	
	<hr/>	38,107,016

\$ 74,617,580

Signed on behalf of the Board:
HAROLD CRABTREE, Director
E. HOWARD SMITH, Director.

PAPER MILLS, LIMITED

AND SUBSIDIARY COMPANIES

as at 31st December 1953

LIABILITIES

Current Liabilities:

Accounts Payable and Accrued Liabilities	\$ 3,267,373	
Dividends Payable	518,890	
First Mortgage Bonds maturing within one year	795,000	
Provision for Income and Other Taxes	2,433,617	
	<hr/>	\$ 7,014,880

Funded Debt not maturing within one year:

Howard Smith Paper Mills, Limited —		
First Mortgage Bonds, 1950 Series		
2¾% Bonds due 1st December 1955-1960	\$ 3,600,000	
3% Bonds due 1st December 1961-1970	6,000,000	
	<hr/>	9,600,000
4½% Debentures — Series "A" due 1st June 1961		5,082,000
Donnacona Paper Company, Limited —		
First Mortgage 3½% Bonds Series "B" and "C" maturing 1st July 1962		
(\$4,345,000 payable in U.S. Funds)		5,135,000
	<hr/>	19,817,000

Reserves:

Inventories	1,500,000	
Contingencies	478,300	
	<hr/>	1,978,300
Minority Interest in Donnacona Paper Company, Limited		360,572

Capital:

\$2 Cumulative Preferred Stock (redeemable on thirty days' notice at \$52.50 plus accrued dividends) —		
Authorized — 200,000 shares of \$50 each		
Issued — 160,000 shares		8,000,000
Common Stock —		
Authorized — 2,500,000 shares of no par value		
Issued as at 31st December 1952 — 1,714,602 shares	\$ 9,168,944	
Issued in 1953 in exchange for common shares of Donnacona Paper Company, Limited	28,148 shares	586,130
	<hr/>	
Total shares issued	1,742,750 shares	9,755,074
	<hr/>	17,755,074
Capital Surplus		787,077
Earned Surplus		26,904,677
		<hr/>
		\$ 74,617,580
		<hr/>

This is the Balance Sheet referred to in our report of even date.

P. S. ROSS & SONS, Chartered Accountants.

Montreal, 26th February 1954.

HOWARD SMITH PAPER MILLS, LIMITED

AND SUBSIDIARY COMPANIES

69

CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT

For the Year ended 31st December 1953

Profit from operations for the year ended 31st December, 1953 after deducting Depreciation and Depletion \$4,223,890, Salaries of Executive Officers \$174,680, Payments under Contributory Pension Plan \$731,041, Legal Fees \$34,178 and Directors' Fees \$10,530	\$ 9,512,166
Income from Investments	157,784
Royalties	313,275
	9,983,225
DEDUCT:	
Interest on Funded Debt	\$ 758,484
Amount written off Patent and Research Expenditures	47,239
Provision for Income Taxes	4,431,000
	5,236,723
Net Profit	4,746,502
DEDUCT in respect of Minority Shareholders of Donnacona Paper Company, Limited:	
Dividends	19,578
Equity in 1953 undistributed profits	23,906
	43,484
Balance for the year ended 31st December 1953 transferred to Earned Surplus	\$ 4,703,018

CONSOLIDATED STATEMENT OF EARNED SURPLUS ACCOUNT

For the Year ended 31st December 1953

Earned Surplus, being income retained in the business as at 31st December 1952	\$ 24,157,647
Balance of Reserves provided in previous years not now required	98,346
Balance from Profit and Loss Account for the year ended 31st December 1953	4,703,018
	28,959,011
DEDUCT:	
Dividends on —	
Preferred Shares	\$ 320,000
Common Shares	1,734,334
	2,054,334
Earned Surplus, being income retained in the business as at 31st December 1953	\$ 26,904,677

HOWARD SMITH PAPER MILLS, LIMITED

AND SUBSIDIARY COMPANIES

62

CONSOLIDATED STATEMENT OF CAPITAL SURPLUS ACCOUNT

For the Year ended 31st December 1953

Balance as at 31st December 1952.....	\$ 738,584
Profit from Sale of Assets less Miscellaneous charges.....	48,493
	<hr/>
Balance as at 31st December 1953.....	\$ 787,077
	<hr/> <hr/>

AUDITORS' REPORT TO THE SHAREHOLDERS

Montreal 1, Que., 26th February, 1954.

HOWARD SMITH PAPER MILLS, LIMITED
Montreal.

We have examined the consolidated balance sheet of Howard Smith Paper Mills, Limited and Subsidiary Companies as at 31st December 1953 and the related statements of profit and loss and surpluses for the year ended on that date and have obtained all the information and explanations we have required. In connection therewith we have examined or tested accounting records and other supporting evidence of Howard Smith Paper Mills, Limited and two of its subsidiary companies but we did not make a detailed audit. We have been furnished with audited financial statements as of the same date, certified by other accountants, for all other subsidiaries whose records were not examined by us.

The surplus of Donnacona Paper Company, Limited, a subsidiary included in the consolidation, is subject as to distribution to the restriction imposed by the trust deed as amended securing the first mortgage bonds issued by that subsidiary.

On the above basis we report that the accompanying consolidated balance sheet and related statements of profit and loss and surpluses are, in our opinion, properly drawn up so as to exhibit a true and correct view of the combined state of affairs of Howard Smith Paper Mills, Limited and Subsidiary Companies as at 31st December 1953 and the results of their operations for the year ended on that date according to the best of our information and the explanations given to us and as shown by the books of the companies examined by us and the financial statements furnished to us.

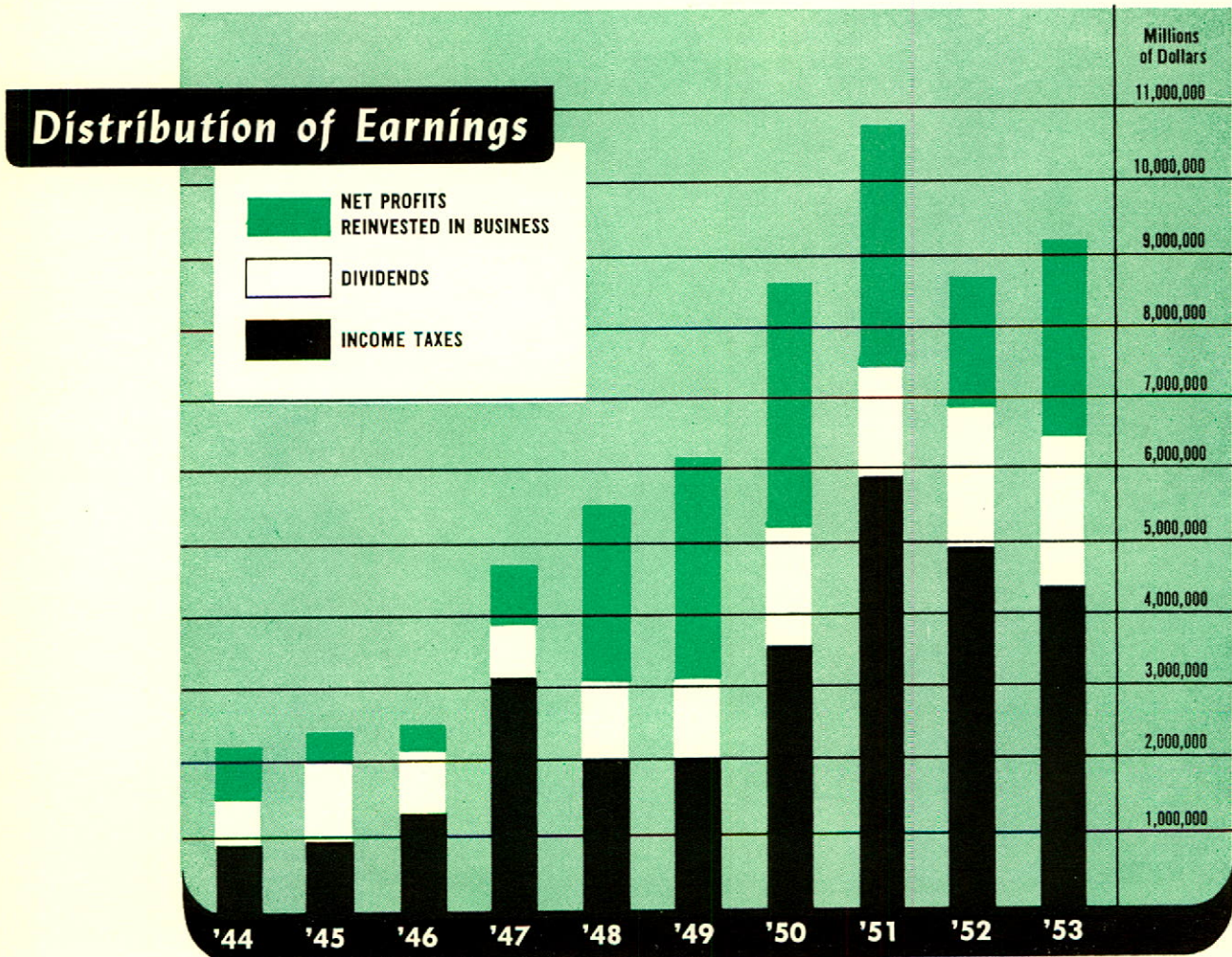
P. S. ROSS & SONS,
Chartered Accountants.

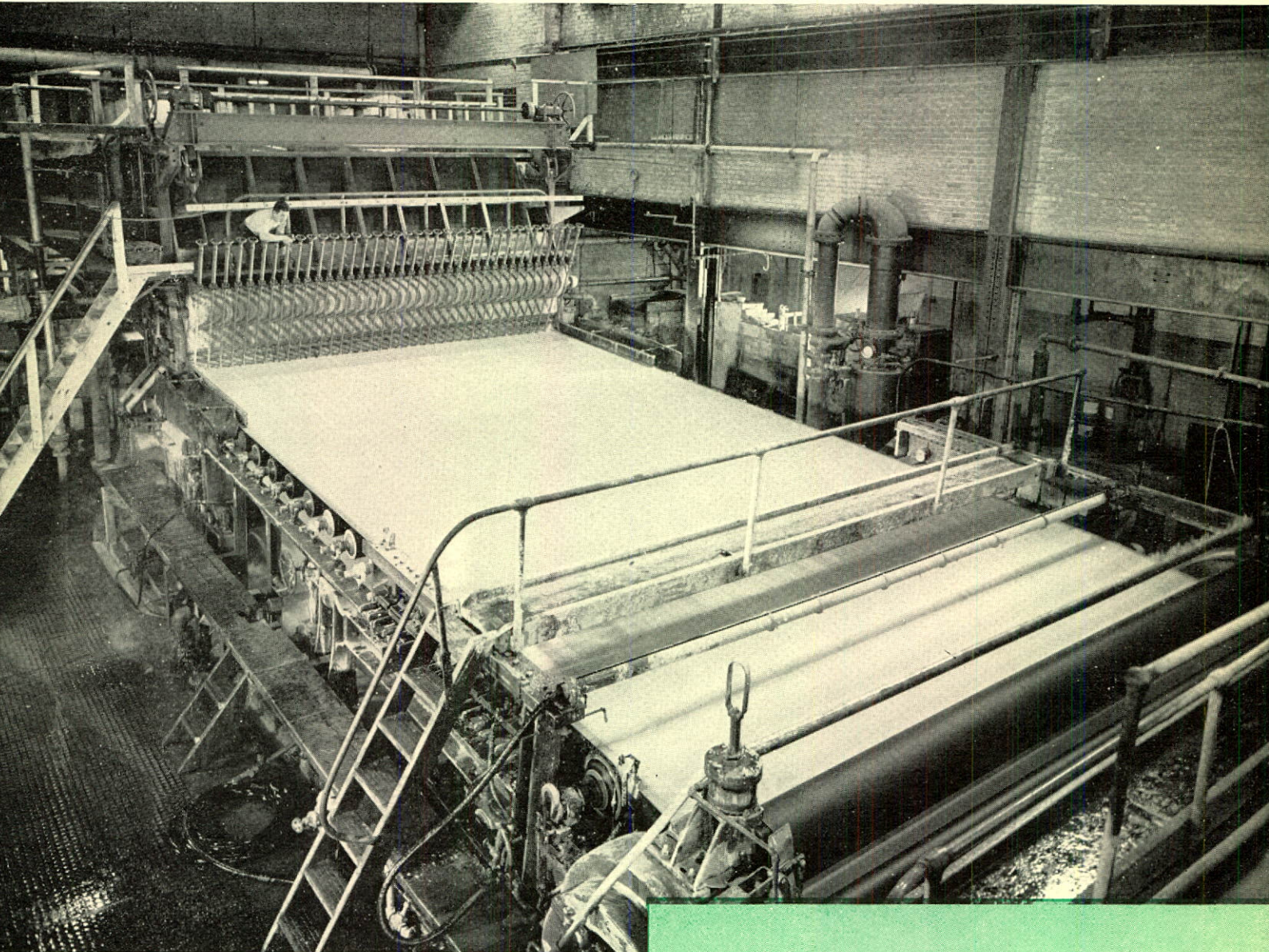


10 YEAR DISTRIBUTION OF EARNINGS

WHILE EARNINGS from operations were somewhat lower in 1953 than in 1952, this decrease was more than offset by moderate increases in Income from Investments and Royalties. At the same time, the slightly lower corporation tax rate resulted in a decrease in the tax bill of just over a half million dollars. In the main, these extra funds were re-invested in the business along with other

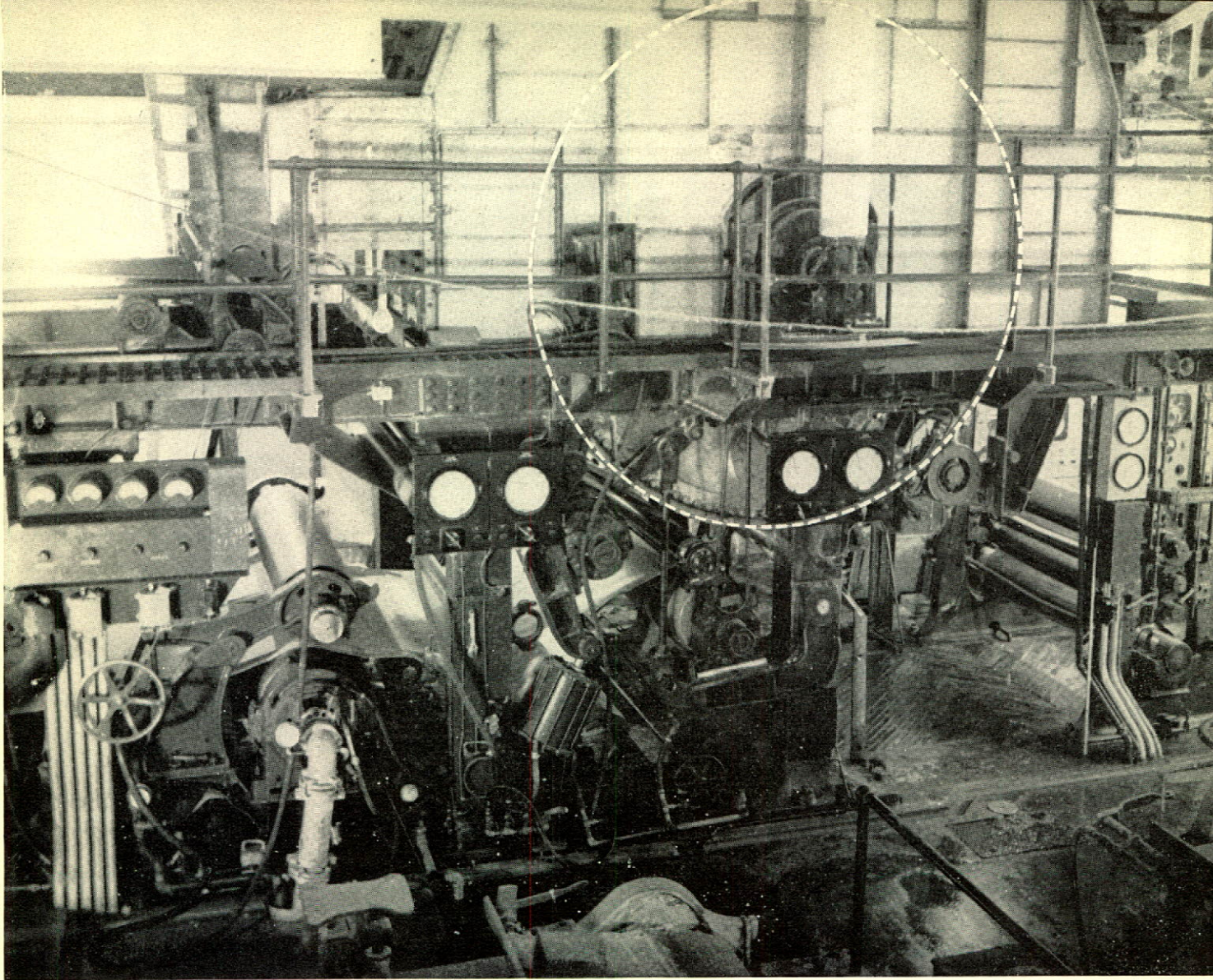
expenditures which we are continually making to maintain our mills at top operating efficiencies and to keep pace with the normal expansion of business. The dividend rate on the common stock remained the same, but dividend payments were increased due to the issue of additional common shares in exchange for Donnacona shares. Prior to 1952 figures for Donnacona are not included.





The new slice on No. 3 Paper Machine at Donnacona Paper Company Limited which makes newsprint 234" wide at speeds up to 1,400 feet a minute.

MODERNIZATION
and
EXPANSION



The complicated Yankee cylinder drying mechanism recently installed at Crabtree Mills, and positioned behind the Hood, as indicated by perforated circle in photo.

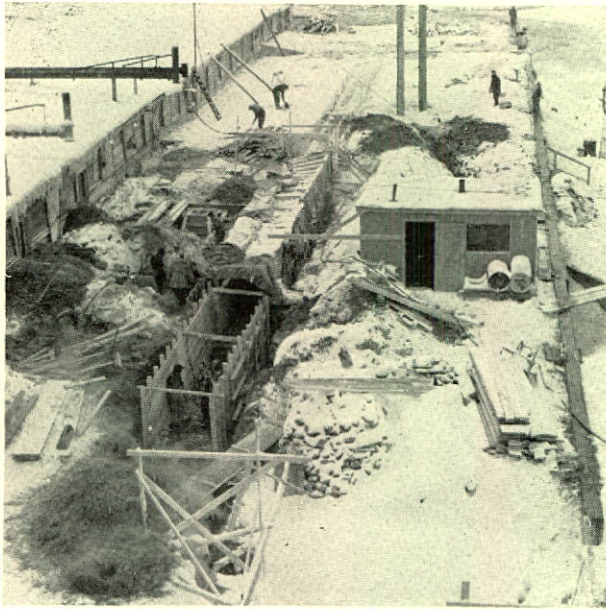
THE 1953 BUILDING PROGRAMME comprised many relatively small projects designed to relieve bottlenecks, to improve efficiency and to lay the foundations for future expansion. Some of the projects were undertaken to increase production or improve quality for the immediate future, but in other cases, they were replacements of existing buildings or equipment. It is here that good planning is necessary to ensure that the replacements will be adequate to provide for future demands. The following is a partial record of the more important items:

Howard Smith Paper Mills Limited

At the Cornwall Division, the finishing touches were given to the expanded Soda Pulp Mill which

has been in process of construction for several years. All obsolete equipment was removed and the new pump, pulp storage tanks, and specialized chemical processes are now in full operation. In the Paper Mill, work has been started on an addition to the Stock Preparation Room which will house additional pulp equipment necessitated by expanding production, and improvements were made to the Drives of three paper machines.

During the summer months, No. 2 machine at Crabtree Mills Division was equipped with a Yankee Dryer for the manufacture of dry crepe toilet tissue, napkin stock, and other lightweight specialty papers. This is but the first step in converting this machine into a modern, high-speed Yankee machine which consists of one large drying cylinder instead of a series of ordinary dryers as seen on the conventional paper machine.



No. 6 Paper Machine foundations, looking towards river.

Canada Paper Company

Plans to increase the capacity of the St. Francis Mill were completed and the work of construction started towards the close of the year. This programme involves the construction of a new machine room, the installation of a 190" paper machine and a new Steam Plant that will serve both St. Francis and Windsor Mills. Also, an extension to the Bag and Converting Plant of 44,000 square feet is under way, and is expected to be completed early in 1954.

Alliance Paper Mills Limited

The new Boiler Plant at Merritton came into full operation during the year and steam requirements have now been fully satisfied. To improve stock preparation at the Lybster Mill, a new Pulper was installed. Work on the change-over from 25-cycle to 60-cycle current was started and is expected to be completed in 1954. At the

Addition to the Converted Products Division, Windsor Mills.



Coated Paper Division, Georgetown, the new equipment for the manufacture of high gloss papers came into operation during the year, and gives promise of considerable development.

Donnacona Paper Company Limited

A number of projects were either completed or well advanced by the end of the year. A plant for obtaining Sulphur Gas from the burning of Iron Pyrites was installed, which will replace imported raw sulphur used in the Sulphite process. Centri-cleaners were installed to improve the cleanliness of the unbleached sulphite pulp. A modernization programme is now being carried out on Nos. 1 and 2 machines, which, when completed, will permit of higher operating speeds. To diversify the products from this Division, No. 2 machine is being re-vamped to manufacture roto-gravure paper, and as this grade requires supercalendering and other off-the-machine processing, a new Finishing Room is under construction to house a 14-roll supercalender stack and auxiliary equipment.

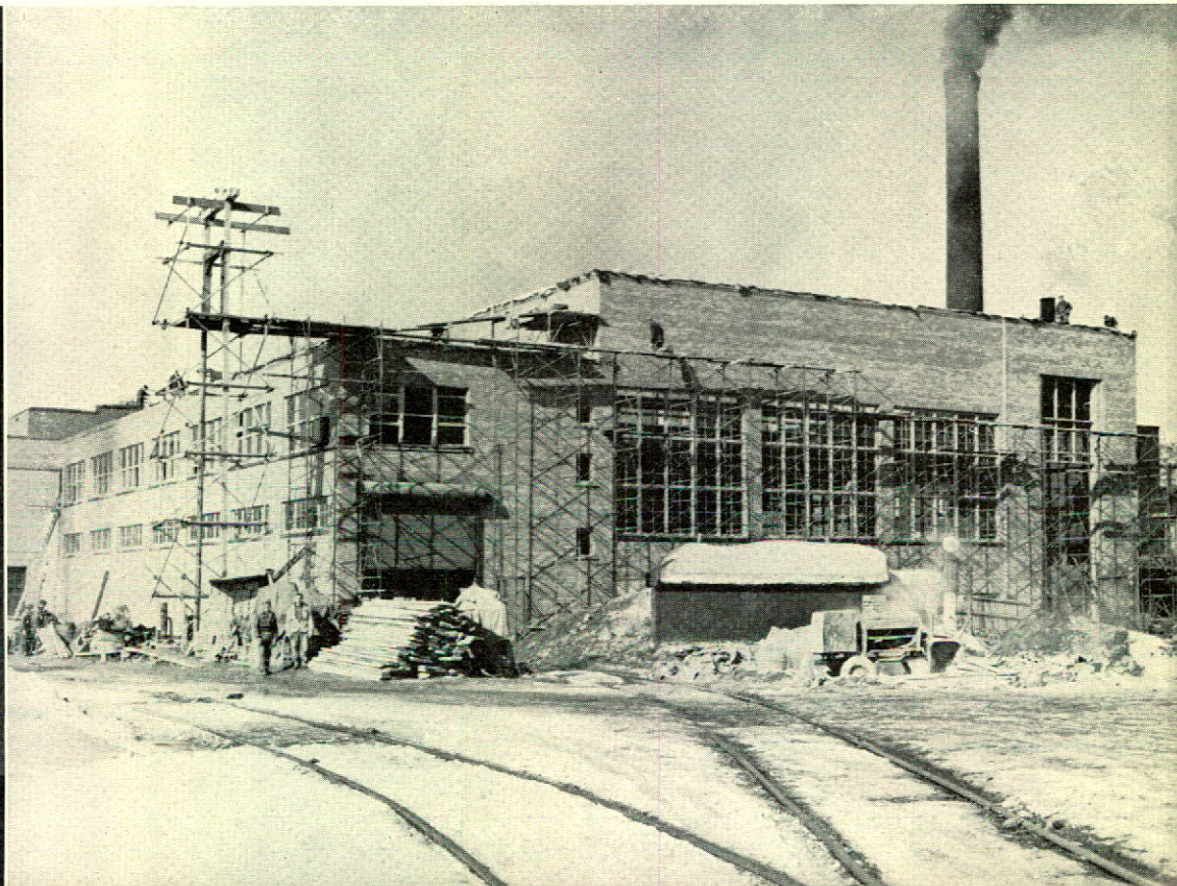
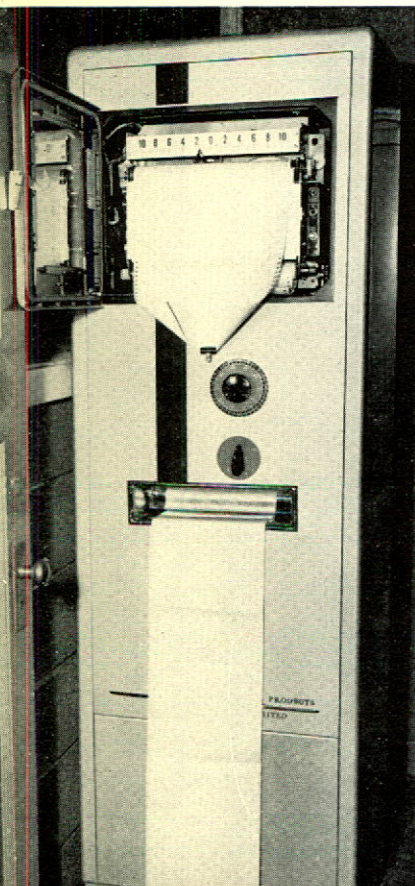


Addition to the Stock Preparation Room under construction at the Cornwall Division. Engineer J. E. Pescod adjusts his level, while Chief Draughtsman R. W. Boland and Field Engineer H. De Wolfe examine the blueprints.

The Arborite Company Limited

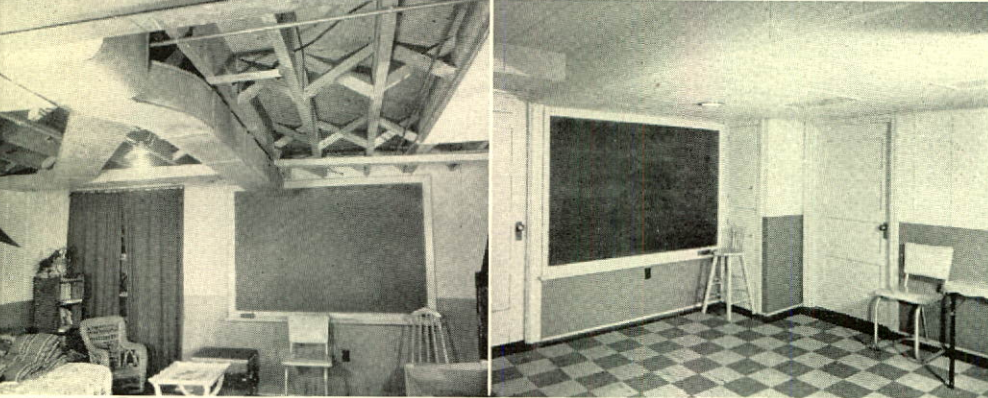
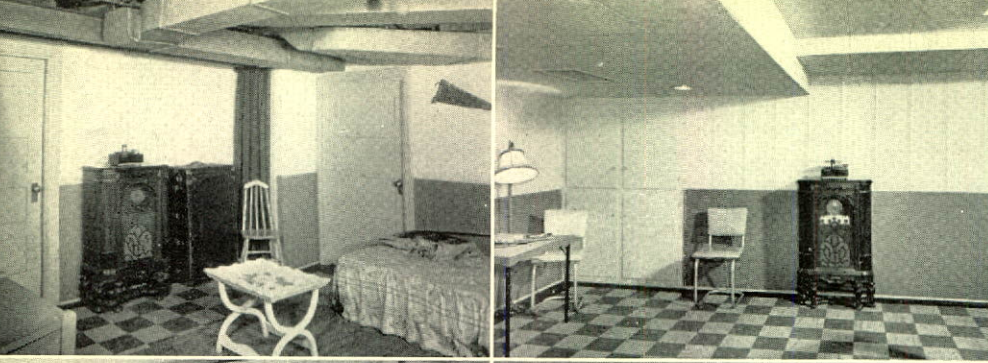
A new automatic dust feeding and burning system was installed during late summer which provides for the economical burning of all plant scrap and waste. Additional press capacity was installed in the Laminating Department, and an additional high-speed automatic cutter was included in one of the lay-up rooms. This latter machine was added to facilitate the flow of sized core materials to the Press Room.

Below: the Beta Profiler at the Lybster Mill which gives an accurate profile of the variations in thickness of paper across the web. At right, the extension to the Finishing Room and new Supercalender Building at Donnacona.



DONNACONA Products in use

At left: before and after views of construction showing use of Donnacona decorative insulating board and ceiling panels to hide new duct work.

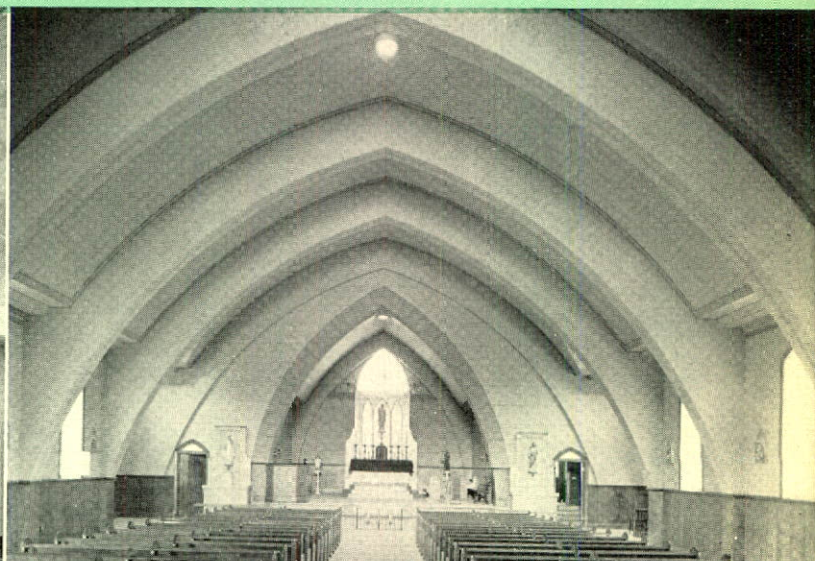


▲ Playroom bar with walls of slatted Vee-joint Donnacona Insulating Board.

▼ Church interior with decorative inlays of Donnacona ceiling panels.

▲ Acoustical tile in the R.C.A.F. Officers' Mess, Halifax, N.S.

▼ Modern church architecture using Donnacona Insulating Board for special decorative effects.



Applications of Donnacona Insulating Board

WALLBOARDS made from pulp have long been an accepted and conventional building material. Their usual form is a sheet four feet by eight feet and a thickness of one-half inch or more. They are easy to cut, can be applied quickly, and have excellent insulating properties. Since they are applied dry, they are much used for renovation and decoration where their lightness eliminates the need for heavy supporting members, and where expensive conventional plaster and its associated muss is not desirable.

Insulating Properties

The insulating properties of one-half inch Donnacona Board are equal to $1\frac{1}{2}$ to 2 inches of solid wood, but in actual practice, are considerably better because the much fewer joints and cracks prevent air movement. At the same time the millions of small entrapped air spaces in the centres of the fibres and in the spaces between them, effectively retard heat transmission. A conventional outside wall with batt insulation between the studding, properly overlaid with an effective vapour barrier paper, and then faced with Donnacona Board will be both efficient and inexpensive, with low material and labour costs. This Board is later painted to the desired colour, resulting in a surface with a pleasing, light stipple effect.

New Construction

In new construction, Donnacona Insulating Board is used for both inside walls and outside walls, partitions and linings for attic spaces where its insulating properties are most welcome. Industrial uses are much the same and it is employed extensively in temporary construction of all kinds.

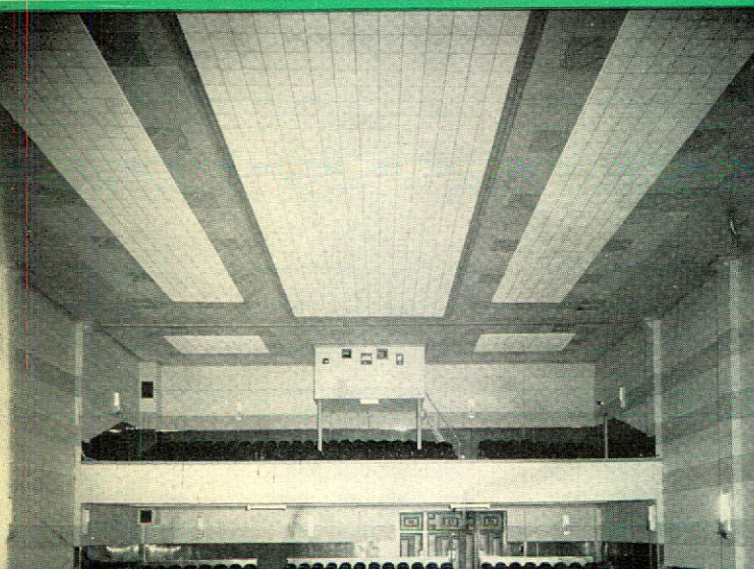
Old Construction

Because of the ease with which it can be worked and applied, it is a favourite material for renovations in residential and industrial projects. It can be applied over old cracked plaster or used in place of plaster and it is most useful for false ceilings or partitions to cover or hide new duct work or other alterations.

Special Decorative Effects

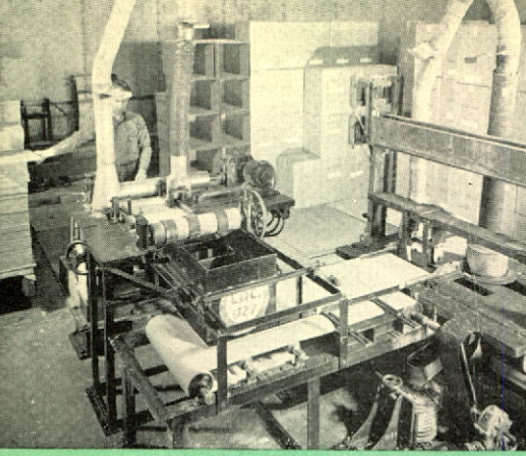
To aid in achieving special decorative effects, Donnacona Board can be given many after-treatments. A trip through a sanding machine imparts a velvet-smooth "burled" finish, while specialized machines shape it into many different styles of decorative mouldings. Other machines incise bevels and flutes in its surface which result in parallel, vertical or horizontal lines. This process may be carried out further and the whole sheet

Theatre interior showing use of Donnacona Insulating Board on walls, and ceiling of acoustical tile.

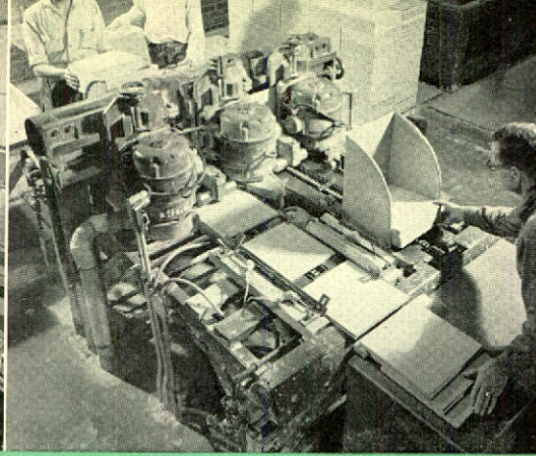


Outdoor display using background and cut-outs of Donnacona Insulating Board.

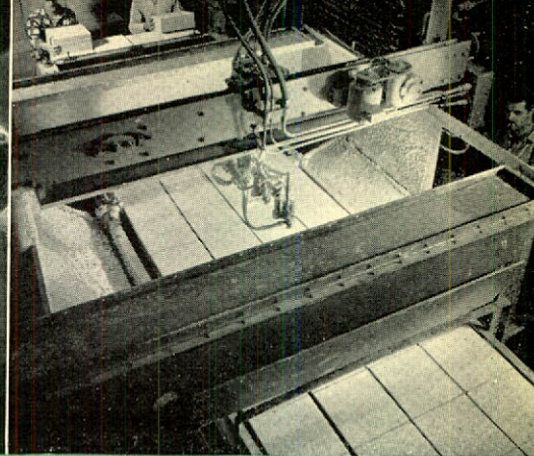




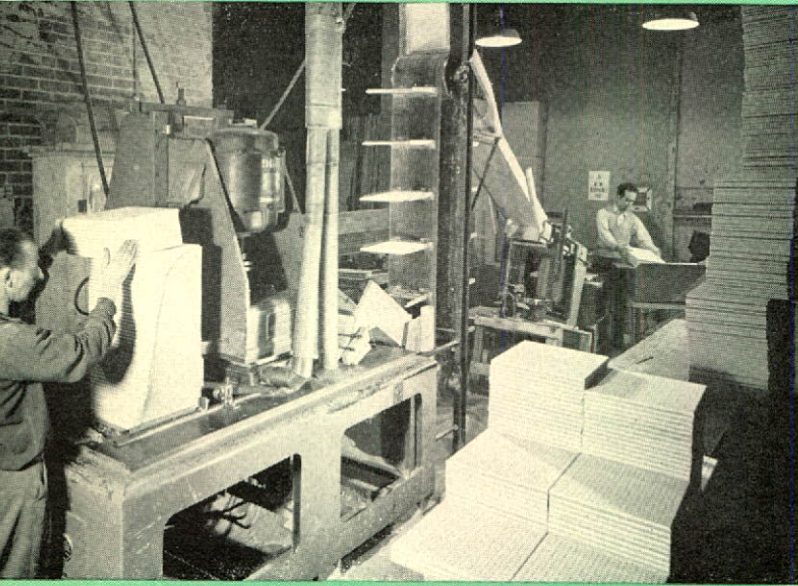
Ship-lapping machine for Donnacona Insulating Board decorative tiles and panels.



The rapidly revolving knives of these rotary shapers apply a bevel to the acoustical tile blanks.

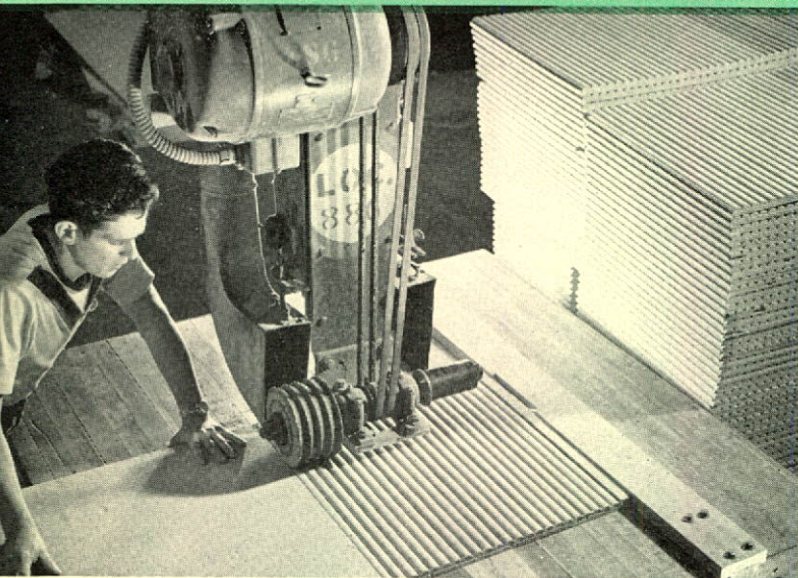


Paint Sprayer applies a special paint to the surface of the acoustical tile blanks.



▲ A multiple spindle drill bores the holes in the acoustical tile blanks.

▼ Specially shaped carborundum grinding wheels are used to make mouldings and beadings.



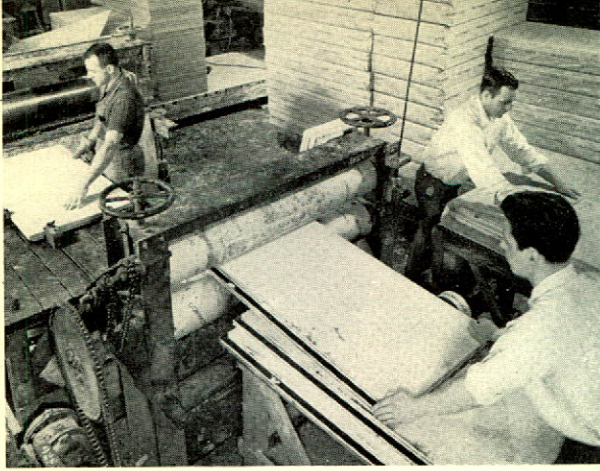
given the appearance of a series of diamond squares. These, plus the application of two or more layers in panels, enables the architect or builder to achieve many different decorative effects. Some of the best examples are to be found in churches, theatres, hotels, restaurants and other public buildings where the size of the room gives more scope for decorative treatments.

Acoustical Ceilings

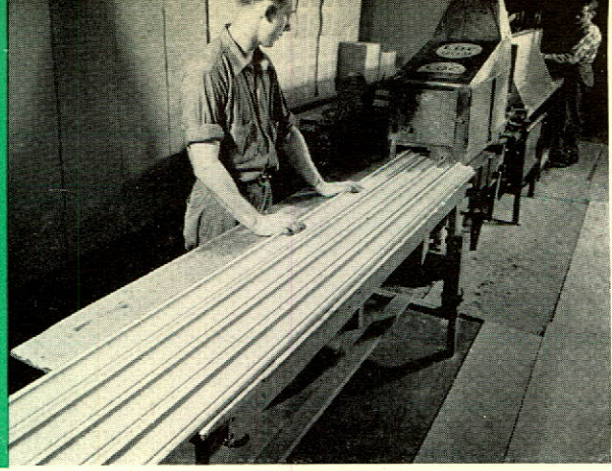
One field of application which has assumed considerable importance is the acoustic tile. This consists of 12-inch squares of board, sanded smooth, and given a bevelled edge. These are then given a coat of base paint and drilled with 441 holes. When applied to a ceiling, particularly in noisy offices, they not only give a pleasing appearance, but reduce noise reflections from the ceiling by entrapping the sound waves in the drilled holes. Where noise levels are not serious, undrilled, but bevelled squares are available which also make a pleasing ceiling effect.

Special Applications

One of the disadvantages of plaster walls is their relatively poor insulating properties. As an improvement over conventional methods, a special Plaster Base board is made which increases the thermal efficiency of outside walls. It is easy to apply and makes an excellent base for regular plaster. Another specialized product is made by laminating two sheets together with edges and ends slightly overlapped so they will interlock. This finds considerable use for insulating flat roofs, particularly those of poured or concrete slab construction.



Laminating several sheets of Donnacona Insulating Board with asphalt for special roof insulation panels.



Routers and other special equipment create many different forms of Donnacona mouldings.

Donnacona K-B Sheathing Board

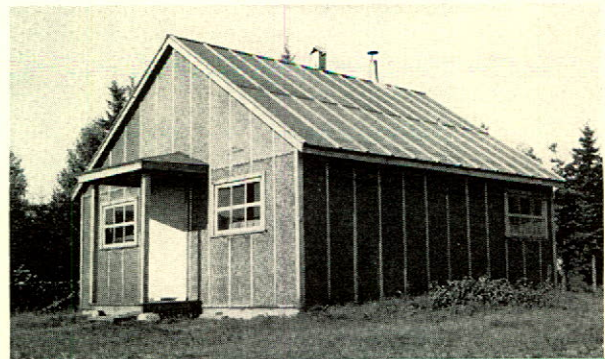
This is a special type of board which has been treated with bituminous material to give special strength and to make it highly resistant to water penetration and the fungi associated with moisture. Its primary purpose is for use as a sheathing material on the outside walls of buildings under the exterior veneer of brick, stucco or stone. For this purpose it has many advantages. Tongue and groove wood sheathing has become very expensive in late years, and the labour cost of applying it is quite high. Donnacona K-B Board, on the other hand, is less expensive than tongue and groove wood and its application in large sheets requires much less labour. At the same time, a wall of K-B Board is more rigid, has fewer cracks and there is no shrinkage problem which so often causes wide spaces in tongue and groove sheathing. A sheathing of K-B Board is much more satisfactory as a barrier to outside air infiltration on windy days and it is not as subject to rot in the continued presence of moisture. When combined with an efficient sheathing paper of the breather type, it makes an air-tight, weather-tight and dimensionally stable sheathed wall.

Recent modifications and improvements to Donnacona K-B Board have given it such weather-resistant properties that it is being used increasingly as the sole outside veneer on temporary storage and camps. Methods have been worked out whereby frames and outside walls can be put together in sections and later knocked down for transport to another site with no loss of material. In some cases, two overlapping thicknesses of K-B Board, supported on rafters, have been used as a roof deck and because of its water-shedding properties, no other roofing material has been necessary. In its present state of development, it is not considered that such a roof could be termed permanent, but it

is ideal for the more temporary uses where decoration is not a requirement. Donnacona K-B Sheathing Board is increasing in popularity and as more and more experience is gained in its use, it apparently has much to offer the builder in the future.

The marketing of Donnacona Insulating Board products is effected through the Alexander Murray Company Limited of Montreal who are specialists in building materials. Their sales force covers the lumber and building supply dealers, hence Donnacona products are widely sold throughout Canada. Backed by years of experience in the building supply field, with extensive sales and advertising effort, Donnacona Insulating Board is meeting with increased demand from year to year.

Below: small camp at Le Grand Remous. Both outside sheathing and roofing are Donnacona K-B Sheathing Board.



Donnacona K-B Sheathing Board is popular for the external sheathing of the modern mass-produced bungalow shown below.



DONNACONA Advertising

is designed to move
Merchandise to Markets



Displays, signs and direct mail material are positive aids to the dealers' sales promotion problems.



A long list of magazines and space ads in newspapers carry the Donnacona story to the general public.

There's a place in your plans for ...

DONNAQUOSTI
SOUND-ABSORBING
tile

...planning calls for noise-free offices, libraries, restaurants and hotels.

Donnaquosti Sound-Absorbing Tile for hearing walls. This modern tile is recommended by noise control experts for superior efficiency. Fully descriptive folder on request.

MURRAY & Company
LIMITED
SANTO JUAN • MONTREAL • TORONTO • WINNIPEG • VANCOUVER
Divisions of JOHNSON & JOHNSON COMPANY LIMITED

We made a room for Janet ... in just 3 week-ends!

DONNAQUOSTI INSULATING BOARD
MAKES IT EASY TO "Do it Yourself"

MURRAY & Company
LIMITED
SANTO JUAN • MONTREAL • TORONTO • WINNIPEG • VANCOUVER
Divisions of JOHNSON & JOHNSON COMPANY LIMITED

BUILD YOURSELF A REAL "Family room" WITH **DONNAQUOSTI** Hardboard

AND FREE MURRAY PLANS

MURRAY & Company
LIMITED
SANTO JUAN • MONTREAL • TORONTO • WINNIPEG • VANCOUVER
Divisions of JOHNSON & JOHNSON COMPANY LIMITED

ROOM FOR IMPROVEMENT!

There's a place in your plans for **DONNAQUOSTI** SOUND-ABSORBING TILE

MURRAY & Company
LIMITED
SANTO JUAN • MONTREAL • TORONTO • WINNIPEG • VANCOUVER
Divisions of JOHNSON & JOHNSON COMPANY LIMITED

NEW Varieties... NEW Uses... NEW Advantages

in **DONNAQUOSTI** INSULATING BOARD

...insulation, soundproofing, and the thousands of other building materials have never so good, so easy and so economical for the building contractor, the architect and the general public. This is Donnaquosti Insulating Board. It is the most important building material in the world today. It is the most important building material in the world today. It is the most important building material in the world today.

MURRAY & Company
LIMITED
SANTO JUAN • MONTREAL • TORONTO • WINNIPEG • VANCOUVER
Divisions of JOHNSON & JOHNSON COMPANY LIMITED

THERE'S A PLACE IN YOUR PLANS For **DONNAQUOSTI** Plaster Base

...planning calls for noise-free offices, libraries, restaurants and hotels. Donnaquosti Plaster Base is the most important building material in the world today. It is the most important building material in the world today. It is the most important building material in the world today.

MURRAY & Company
LIMITED
SANTO JUAN • MONTREAL • TORONTO • WINNIPEG • VANCOUVER
Divisions of JOHNSON & JOHNSON COMPANY LIMITED

Above are some of the current ads which assure future sales.

Main Offices and Properties

Howard Smith Paper Mills Limited AND SUBSIDIARY COMPANIES

Administration and Sales Offices

MONTREAL, Quebec (15)

Alliance Paper Mills Limited
Sales Office
The Arborite Company Limited
Head Office
Canada Paper Company
Head Office
Don Valley Paper Co. Limited
Sales Office
Donnacona Paper Company Limited
Export Board Sales Office
Howard Smith Paper Mills Limited
Head Office

QUEBEC CITY, Quebec (9)

Donnacona Paper Company Limited
Head Office

TORONTO, Ontario (23)

Alliance Paper Mills Limited
Sales Office
The Arborite Company Limited
Sales Office
Canada Paper Company
Sales Office
Don Valley Paper Co. Limited
Head Office
Howard Smith Paper Mills Limited
Sales Office

MERRITTON, Ontario (25)

Alliance Paper Mills Limited
Head Office

WINNIPEG, Manitoba (31)

Alliance Paper Mills Limited
Sales Office
Canada Paper Company
Sales Office
Don Valley Paper Co. Limited
Sales Office
Howard Smith Paper Mills Limited
Sales Office

Pulp and Paper Mills; Converting Plants

HOWARD SMITH

Beauharnois, Quebec (14)
Cornwall, Ontario (21)
Crabtree Mills, Quebec (16)
Winnipeg Flax Division (31)

CANADA PAPER COMPANY

Windsor Mills, Quebec (13)

ALLIANCE PAPER MILLS

Georgetown, Ontario (27)
Merritton, Ontario (25)

DON VALLEY PAPER COMPANY

Toronto, Ontario (23)

DONNACONA PAPER COMPANY

Donnacona, Quebec (12)

ARBORITE COMPANY

Ville LaSalle, Montreal (15)

Wholesale Trading Branches

BUNTIN, GILLIES & CO. LIMITED

Hamilton (24) and Ottawa (22)

CANADA PAPER "WHOLESALE" LIMITED

Toronto (23) and Montreal (15)

FEDERAL PAPER COMPANY LIMITED

Montreal (15) and Ottawa (22)

THE FRED W. HALLS PAPER CO., LIMITED

Toronto (23) and London (26)

KILGOUR'S LIMITED

Toronto (23), Montreal (15),
Ottawa (22), Hamilton (24),
London (26), Winnipeg (31)

SCHOFIELD PAPER CO., LIMITED

Halifax (1) and Saint John (2)

Pulpwood Buying Offices Woodlands Offices and Timber Limits

PROVINCE OF QUEBEC

Amos (19), Cedar Rapids (18),
Gaspé (4), Jacques Cartier River (10),
Lyster (8), New Carlisle (3), Oskelaneo (17),
Bersimis (6), Sault au Mouton (7),
Windsor Mills (13), Madeleine River (5)

PROVINCE OF ONTARIO

Cochrane (20), Mattawa (28),
North Bay (29), Sudbury (30)

Power Development

Jacques Cartier River (11)

Cover

Lithographed from 4-colour process plates, and 2 extra colours, on Glosskote Cover, White, 20 x 26 — 160 (M).
Types used for outside back, and inside front and back covers are 20th Century Bold and Medium, Onyx and Deepdene.

Inside pages

Printed letterpress in 2 colours on Alliance Luxafold Enamel, White, 25 x 38 — 140 (M).
Types used are Deepdene No. 315, 12 pt. solid with Caslon Bold for headings.
Sub-headings in Lining Gothic and Franklin Gothic with 20th Century Bold for occasional headings. 20th Century Bold, Condensed Gothic and Lydian Bold on Charts.

Main Products

Howard Smith

PAPER MILLS LIMITED
AND SUBSIDIARY COMPANIES

Alliance and Don Valley

Glassine; Greaseproof; Onionskin; Waxing, Carbonizing; Coated Book; Coated Litho; Coated Bristol; Tag; Cover; Blotting; Bristol; Flour Sack; Potato and Flour Bags; Bleached Sulphite Pulp; Specialties.

Arborite Company

Decorative Paperbase Laminates for Decorative Wallboard and Table or Countertop Application. Complete range of Paper and Cloth Laminates for electrical and other industrial uses.

Canada Paper Company

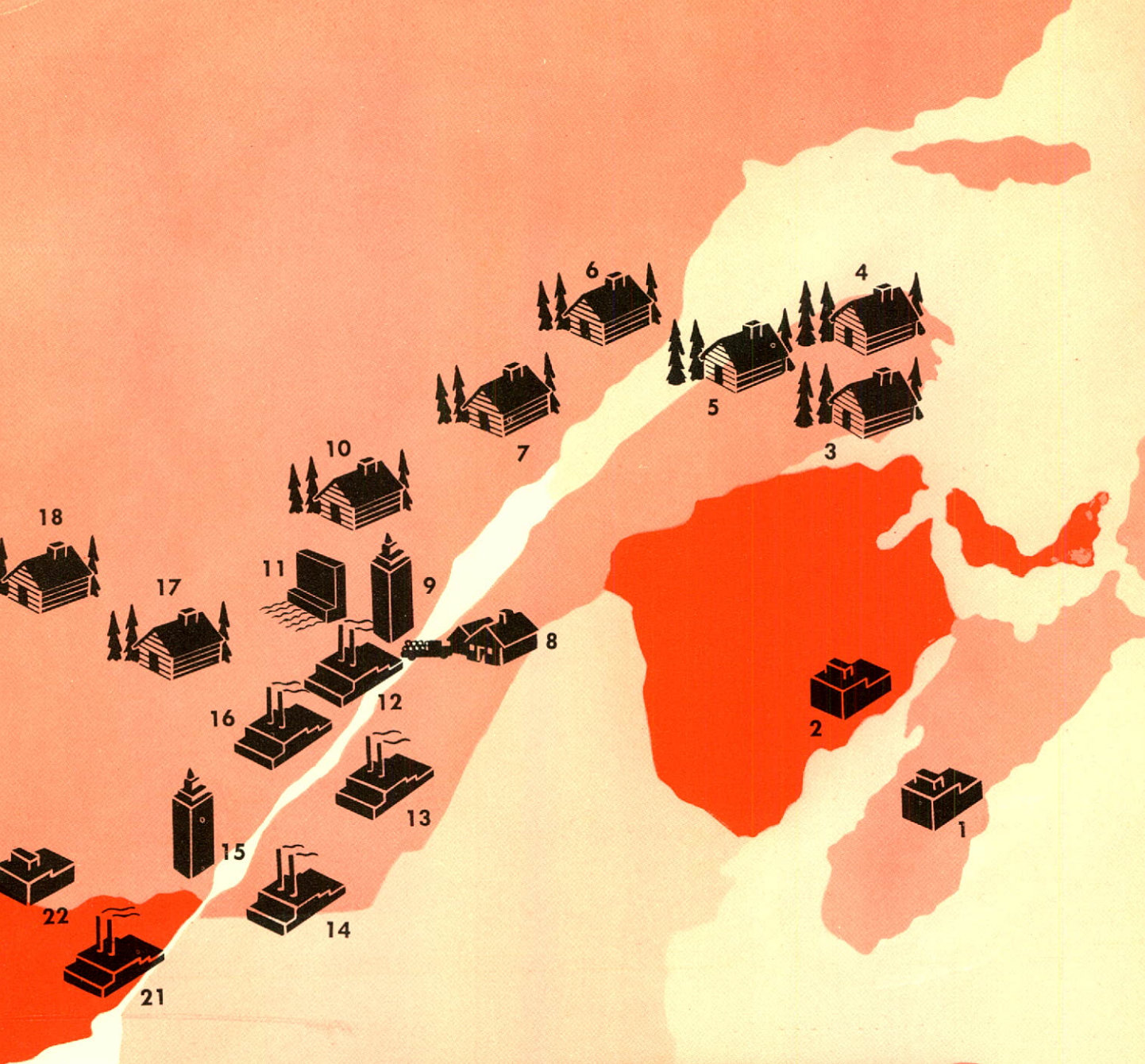
Wrapping and Converting Krafts, Manilla Envelope; Rotogravure and Catalogue Papers; Tag; Wrapping and Toilet Tissues; Paper Towels; Krinkled and Infused Kraft; Grocery, Multiwall and Specialty Bags; Bleached and Unbleached Sulphite Pulp; Groundwood Pulp.

Donnacona




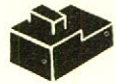


Newsprint; Insulating Board; Sheathing Board; Acoustical Board; Plaster Base; Unbleached Sulphite Pulp and Specialties.

Howard Smith

Rag and Sulphite Bond and Ledger, Papeterie, Writing, Duplicating, Envelope, Exercise, Book, Litho, Offset, Text, Cover, Blotting, Drawing, Tissue, and Cigarette Paper; Base stock for Blue Print and Black Line Papers; Index and Printing Bristols, Boxboard, Blanks and other Specialties; Bleached Sulphite and Soda Pulps; Groundwood Pulp; Vanillin and Lignin.

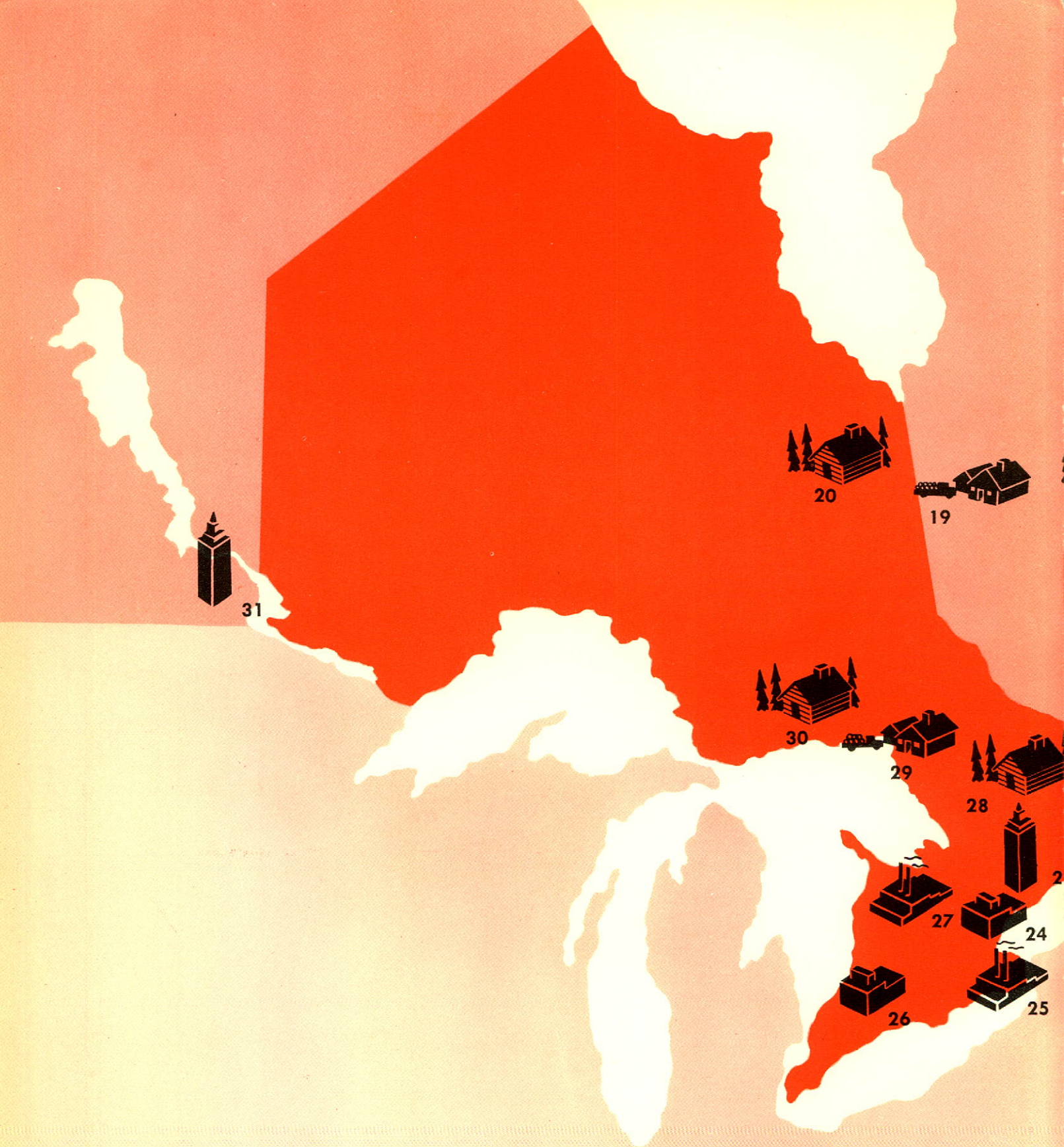


LEGEND

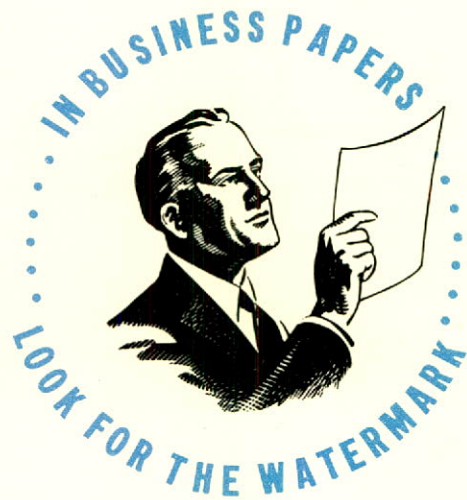
- | | | | |
|---|--|--|----------------------------|
|  | Timber limits and woods operations offices |  | Mills |
|  | Pulpwood buying offices |  | Wholesale trading branches |
|  | Powerhouse and dam |  | Offices |

NOTE—In cases where more than one type of operation is carried on we have only shown the major one. Refer to list on page 24 for full details

ERTIES



LOCATION OF *Howard Smith* PROP
MILLS, OFFICES and WOODLANDS



Howard Smith

IS YOUR GUARANTEE OF QUALITY

