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FIBRE BOARD

1978

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FIBREBOARD CORPORATION

(Merged into Louisiana Pacific Corp. in June, 1978)

CAPITAL STRUCTURE

LONG TERM DEBT

Issue	Rating	Amount Outstanding	Times Charges Earned 1977	Times Charges Earned 1976	Interest Dates	Call Price	Price Range 1977	Price Range 1976
1. 6.65% notes, 1987	[1]	$23,764,000					[1]	[1]
2. Secured first 5½s, 1985	[1]	2,745,000					[1]	[1]
3. Conv. subord. deb. 4¾s, 1993	B	3,553,000	1.28	0.81	A & O 15	[4]102.50	56½ - 52	61 - 51⅛
4. Conv. subord. deb. 6¾s, 1998	B	11,619,000			A & O 15	[4]105.74	83 - 72	94 - 62¼
5. Long term lease—ind. rev.	....	4,300,000			....	....	[1]	[1]
6. Long term lease—pollution contr.	....	13,300,000			....	....	[1]	[1]
7. Other notes	....	16,939,000			....	....	....	....

CAPITAL STOCK Issue	Par Value	Amount Outstanding	Earned per Sh. 1977	Earned per Sh. 1976	Divs per Sh. 1977	Divs per Sh. 1976	Call Price	Price Range 1977	Price Range 1976
1. Ser. A, $2.50 cum. conv. preferred	$1	120,000 shs.	$53.76	....	$2.50	$2.50	[6]	....	....
2. Common	No par	[2]3,274,642 shs.	[2]0.28	[2]d$0.43	....	....	....	12⅞ - 7	17¼ - 8⅛

[1]Privately held. [2]Based on average shares as reported by Co. on continuing oper. (1976 earnings reclassified for comparative purposes). For other earn. per share computations (incl. fully diluted basis), see Statistical Record, below. [4]Subject to change; see text. [6]See text.

Merger Into Louisiana Pacific Corp.: In June 1978, Co. and Louisiana Pacific Corp. reached agreement allowing the $60,000,000 merger of Co. with a unit of Louisiana Pacific Corp.

The merger was effective immediately. A condition of the agreement with the FTC is that Louisiana Pacific Corp. divest itself of all interest in Co.'s Rocklin, Cal., medium density fiberboard plant within two years and that it refrain for a 10-year period from acquiring, without FTC consent, particleboard or medium-density fiberboard production facilities. According to the agreement reached last Mar., Co.'s assets include a pulp and paperboard mill, West Coast sawmills, plywood plants and a medium density fiberboard plant supported by 145,000 acres of timberlands in northern Cal. Additional properties include corrugated shipping container plants and an industrial insulation division.

HISTORY

Incorporated Nov. 20, 1917, in Delaware, as The Paraffine Companies, Inc. a consolidation of the following companies: Economy Paper Co., Northern Board & Paper Mills, Coast Waste Products Co., Crescent Boxboard Co., Southern Board & Paper Mills, R.W.Pridham Co., California Paper & Board Mills and the Paraffine Paint Co.

On Nov. 1, 1950, name changed to Pabco Products Inc. and to Fibreboard Paper Products Corp. May 1, 1956. Present name adopted June 29, 1966.

In Nov., 1927, properties used in the manufacture of paperboard were merged with similar properties owned by National Paper Products Co. of California into a 50% owned affiliate. Fibreboard Products Inc. (remaining stock-acquired from Crown Zellerbach Corp. in Jan., 1956 for $37,800,000 and company merged Dec. 31, 1956).

During 1927 sold to the California Ink Co. machinery used in the manufacture of printing ink in exchange for certain stock of that company. In Sept., 1928, purchased entire capital stock of Plant Rubber & Asbestos Works, which was dissolved and liquidated June 30, 1947. In 1929 acquired entire stock of Cott-a-lap Co.

On Apr. 1, 1946, company merged Schumacher Wall Board Corp., an affiliate, issuing 15,000 shares of common stock in exchange for Schumacher's 45,000 shares.

On Apr. 1, 1951, company acquired entire stock of Pacific Roofing Co. Company dissolved June 30, 1953.

In 1957, company sold floor covering plant at Metuchen, N.J., and Philadelphia and Baltimore carton and container plants of Fibreboard Products (Eastern Division) Inc.

In 1961 company discontinued floor covering operations at Emeryville, Cal.

In 1965 company acquired Lorenz Lumber Co., Burney, Cal.; Cloverdale Plywood Co., Cloverdale, Cal.; certain assets of Clear Fir Sales Co., a national distribution of plywood and lumber products and 50% interest in Pickering Lumber Corp., Standard, Cal.

In 1967 company acquired mill facilities of Douglas Lumber Co., Truckee, Calif. on a long-term lease arrangement.

In Dec. 1967 company sold three of its four gypsum plants and quarries.

On Oct. 23, 1968, company purchased 1,823,056 of its common shares from Tenneco Inc. for $41,018,760 cash ($22.50 per share) plus warrants (for which, see below).

In Apr., 1969, acquired Green Valley Lumber, Inc. by issuance of 88,930 com. shs. Co. also issued 150,000 com. shs. and 120,000 series A $2.50 cum. conv. pfd. shs. for remaining 50,000 outstg. com. shs. of Pickering Lumber Corp.

In Apr., 1969 acquired Sequoia Pine Mills, Inc. for 61,750 common shares.

On May 22, 1969 acquired Bate Plywood Co., Inc., Merlin Forest Products Co., Inc. and S.H.&W. Lumber Co. all in Oregon.

In Apr. 1971 acquired Round Prairie Lumber Co., Dillard, Ore. for 30,000 com. shs.

In June 1971 acquired Clear Fir Products Co., Oreg., Ltd., Springfield, Ore.

In May 1972 sold remaining of gypsum plant.

In June 1972 acquired assets of CorBan Industries of Tampa, Fla., a pipe manufacturer.

In Oct. 1973, acquired Whitworth Lumber Co., Pulaski, Tenn. for cash.

Also during 1973, acquired Progressive Marking Products Co.; W&B Printing Ink Co. and MMF Wood Products Co. and a folding carton plant at Newark, N.Y.

In 1974, acquired assets of T&H Metals Co., Saunders Lumber Co., and Whittier Container Co. and acquired the net assets and business of Circle Design & Mfg. Co., Glen Rock, N.J. for 45,000 shares of common stock.

In Feb. 1976 sold Merlin Oregon Plywood Plant.

In June 1976 sold wood-panel door manufacturing plant in Springfield, Ore.

In Oct. 1976, sold machinery & equipment of Grants Pass, Ore. lumber mill (remaining assets sold in Mar. 1977). Sold insulation plant in Emeryville, Calif. (This facility is being replaced by a new plant near Grand Junction, Colo.).

In Aug. 1977, Co. sold its carton plants at Newark, N.J. and Vernon, Cal.

In Oct. 1977 Co. sold its paperboard mill and carton plant at Stockton, Cal., its carton plant at Portland, Ore., and its waste-paper collections operations.

Discontinued Operations—Carton Group:

In Nov. 1976, Co.'s Board of Directors adopted a formal plan of disposal effective Dec. 31, 1976, to discontinue operations of its Carton Group and related businesses and certain relatively minor assets in its Forest Products Group and Industrial Products Group. This action was taken in furtherance of an overall program to dispose of or discontinue certain marginally profitable operations, including facilities constituting parts of Co.'s continuing business, in an effort to streamline total operations and enable Co. to make more productive use of its available resources. The selection of assets for divestment was based primarily upon their relative contribution to profit and cash flow of Co. Net cash proceeds from the sale of assets was used for debt reduction and for support and improvement of the continuing business.

SUBSIDIARIES

Company owns 100% of voting securities in Trimont Land Co.

Note: On Jan. 24, 1975 Directors adopted a plan of disposal under which the assets of Trimont would be sold by Mar. 31, 1976. Co. has since revised estimated date of disposal to Mar. 31, 1979.

BUSINESS & PRODUCTS

The principal business of the Company is the manufacture and sale of paperboard, forest and industrial products.

Paperboard Products:

Co. manufactures paperboard at its two paperboard mills and converts paperboard into various packaging products at its six container plants. Approximately three-quarters of Cos. production of paperboard is used to supply its own container plants. Co.'s packaging products include corrugated shipping containers, packaging for fresh produce, and folding cartons for such products as ice cream, frozen foods, dried fruits, cereals, soap, detergents and many others. Co. sells its paperboard and packaging products primarily through its own sales force. No single customer accounts for more than 5% of total sales of this class of products.

Co.'s major paperboard facility is its San Joaquin pulp and paperboard mill, located near Antioch, Cal., which manufactures its paperboard principally from virgin fibers. The San Joaquin mill has two paperboard machines, having an aggregate annual capacity of 270,000 tons and 1977 production of 245,000 tons, which produce corrugating medium and kraft linerboard, respectively, types of paperboard used in the manufacture of corrugated containers.

A third machine, which produced bleached kraft was shut down in 1977 in conjunction with sale of the carton operations.

Co.'s other paperboard mill, located in Sumner, Wash., manufacture paperboard from recycled fibers. Recycled paperboard in used primarily in manufacture of folding cartons.

The Co.'s six container plants are located at Antioch, South Gate, San Jose, and Buena Park, Cal.; Sumner, Wash.; and Phoenix, Arix. These plants have an annual capacity of 3,500 million square feet and produced 2,885 million square feet in 1977.

All of the foregoing facilities are owned in fee.

Forest Products:

Co.'s principal forest products are lumber and plywood. In 1975, Co. ranked twenty-first in the U.S. in volume of lumber produced.

Co. markets its lumber primarily to wholesale outlets through its own sales personnel. Co. markets its plywood products primarily to wholesale outlets. No single customer accounts for more than 5% of total sales on either of these products.

Co. has five lumber mills, having an annual capacity of 280 million board feet, located at Standard, Jamestown, Burney and Truckee, Cal. and Dillard, Ore. Co.'s lumber mills produced over 238 million board feet of lumber in 1977.

Mills at Myrtle Creek, Ore., and Pulaski, Centerville and Fayetteville, Tenn. were divested during 1977.

Co.'s two plywood plants, having an annual capacity of 123 million sq. ft., ⅜ inch basis are located at Standard and Burney, Cal. These plants produced over 134 million square feet ⅜ inch basis of plywood in 1977. The Cloverdale, Calif. plywood plant shut down in Dec. 1976 and sold in 1977. Co. sold its Merlin, Oregon plywood plant in February 1976.

All of the foregoing plants and mills were acquired since 1965 and are owned in fee, except the Truckee mill which is held under a lease with a two-year remaining term and an option to extend for an additional ten years.

Fibre Pine Products:

In May 1975, Co. commenced operation of a $13 million plant for manufacture of medium density fiberboard, a new product for Co., chief raw materials for which are wood shavings, sawdust, other wood wastes and resins. Plant has an annual capacity of approx. 60 million square feet (¾" basis) and 1977 production of 51 million square feet. FibrePine products are used primarily in furniture industry where they replace more expensive or less effective lumber and wood products. Other potential uses for product include kitchen and electronic cabinets, mouldings, door jambs, thin paneling and stiles and rails for hollow core doors. Start up problems, including poor product quality, substantially lower operating efficiency than expected and lower than expected prices for product, caused plant to incur losses during each month of its operation in 1975. Company closed plant during Dec. 1975 and Jan. 1976 to modify production equipment. Plant recommenced operations in Feb. 1976, and quality and production problems were corrected. However, further difficulties were encountered in fully developing the available market for medium density fiberboard and plant did not operate at a profit for year 1976 or 1977 although the operation became profitable for the first time in the fourth quarter of 1977.

Industrial Products:

Co. manufactures at Mesa, Col. and Lincoln Parish, La., its Pabco line of asbestos-free, high temperature calcium silicate insulation products, which are sold for use in power generating, chemical and petroleum facilities. The Lincoln Parish plant commenced operations in late 1973 and was financed by industrial revenue bonds. A new high-temperature industrial insulation plant in Mesa County, Col. began operations in 1977. The two plants have a combined annual capacity of 1,900,000 cubic feet, calculated by projecting each plant's average product mix over three shifts, seven days per week, and produced 2,463,000 cubic feet in 1977. A third plant at Emeryville, Col. was sold in Oct. 1976.

Co.'s backlog of orders for its Pabco insulation products was 306,000 cubic feet at end of 1977 compared to 316,000 cubic feet at the end of 1976.

Co. also manufactures metal jacketing used in conjunction with its insulation products and with insulation products of other manufacturers at its Palestine, Texas plant, purchased in 1974. The sales of this plant are not a significant factor in total sales.

Co. has three ink plants with an annual capacity of 3.6 million pounds and four printing plate plants, all on the West Coast. Co. also fabricates packaging machinery at Glen Rock,

N.J. and Hayward, Cal. The sales by these facilities are not a material factor of total sales. The cos. three ink plants, are among those relatively minor assets to be divested.

The Cos. CorBan facilities at Benicia, Cal. and Tampa, Fla. were disposed in 1977.

Net Sales By Products (in thousands):

	1977	1976
Container prod.	$83,435	$74,652
Forest prod.	111,578	101,493
Industrial prod.	32,946	28,814
Total	$227,959	$204,959

PRINCIPAL PLANTS & PROPERTIES

Company owns plants and properties located as follows:

Paperboard Mills—San Joaquin (East Antioch), Cal.; Sumner, Wash.

Packaging—Containers—Antioch, Cal.; Buena Park, Cal.; South Gate, Cal.; Phoenix, Ariz.; Sumner, Wash.; San Jose, Cal.

Industrial Insulation and Jacketing—Mesa County, Colo. Lincoln Parish, La.; Palestine, Tex.

Ink—Antioch and Los Angeles; Portland, Ore.

Medium Density Fiberboard—Rocklin, Calif.

Lumber and plywood—Dillard, Ore.; Truckee, Burney, Jamestown and Standard, Cal.

Timber Reserves—Calif.

Packaging Die Boards—San Fran., Cal.

Printing Plates—Emeryville, Los Angeles, and South Gate, Cal.; Seattle, Wash.

Trucking—Antioch, South Gate, and Standard Cal.; Sumner, Wash.

Research & Development—Hayward, Cal.

Packaging Machinery—Glen Rock, N.J.; and Hayward, Cal.

Company has sales offices located in Ariz., Cal., Col., Ga., Ill., N.J., Ore., La., Ohio, Tex., and Wash.

MANAGEMENT

Officers

D.E. Ogle, Pres. & Chief Exec. Off.
R.G. Anderson, Senior Vice-Pres.—Opers.
G.J. Lorenz, Group Vice-Pres.
Melvin Shulman, Vice-Pres.
P.T. Kaufmann, Group Vice-Pres.
G.F. Ryles, Group Vice-Pres.
J.S. Mitchell, Vice-Pres. & Sec.
R.S. Verhey, Vice-Pres.—Fin. & Treas.
H.J. Herkenhoff, Controller
V.H. Talcott, Asst. Sec.

Directors

H.C. Cornuelle	S. Leiken
T.F. Cass	D.E. Ogle
J.A. Moore, Jr.	Brooks Walker, Jr.
E.G. Solomon	E.B. McConkey
S.F. Hinchliffe, Jr.	S.B. Roman

Purchasing Agent: J.G. Gonot.

Gen. Counsel: Brobeck, Phleger & Harrison.

Auditors: Price Waterhouse & Co.

Annual Meeting: 3rd Wednesday in April.

No. of Stockholders: Dec. 31, 1977 Preferred, 1; common, 4,686; warrants, 766.

No. of Employees: Dec. 31, 1977, 3,391.

General Office: 55 Francisco St., San Francisco, CA 94133. **Tel.:** (415)362-6900.

INCOME ACCOUNTS

COMPARATIVE CONSOLIDATED INCOME ACCOUNTS, YEARS ENDED DEC. 31.
(Taken from reports filed with Securities and Exchange Commission)
(in thousands)

	1977	[6]1976	[6]1975	[6]1974	[6]1973	[6]1972
Net sales	$227,959	$204,959	$166,099	$181,853	$181,077	$141,895
Other revenues (net)	734	524	2,224	1,857	1,341	1,024
[1]Cost of goods sold	204,400	184,092	153,893	152,621	144,518	119,060
[1]Selling, general and admin. expenses	16,016	16,826	16,001	14,277	12,257	10,119
Interest and debt expense	6,871	6,957	7,010	6,126	4,051	4,013
Costs of new plant	.....	317	3,266	.....	.....	.....
Nonrecurring gains, (net)	524	1,576	.....	.....	.....	.....
Federal and state income taxes (benefit)	200	.....	(5,570)	3,148	8,907	3,592
Income (loss) from continuing oper.	1,230	(1,115)	(6,277)	7,538	12,685	6,135
Discontinued operations:						
[5]Inc. (loss) from operations of Carton Group	.....	(1,641)	263	2,992	557	873
[7]Provision for est. loss on disposal of Carton Group	3,721	(31,300)	.....	.....	.....	.....
[2]Loss from operations of Trimont Land Co.	.....	.....	.....	(2,035)	(1,558)	(868)
[7]Provision for loss on disposal of Trimont Land Co.	.....	.....	.....	(7,200)	.....	.....
Total discontinued operations	3,721	(32,941)	263	(6,243)	(1,001)	5
Income (loss) before extraordinary gains	4,951	(34,056)	(6,014)	1,295	11,684	6,140
[4]Extraordinary gains	1,500	.....	.....	5,979	3,316	1,669
Net income (loss)	$6,451	($34,056)	($6,014)	$7,274	$15,000	$7,809
Retained earnings beg. year	47,105	81,461	88,757	84,463	72,272	27,104
Accum. earn. of pooled Co.	.....	.....	.....	175	.....	.....
Cash dividend:						
Preferred stock	300	300	300	300	300	300
Common stock	.....	.....	982	2,855	2,509	2,341
Retained earnings end of yr.	53,256	47,105	81,461	88,757	84,463	72,272
SUPPLEMENTARY P. & L. DATA						
Maintenance & repairs	$12,120	$11,986	$13,077	$13,566	$11,505	$10,574
Deprec., depl., etc.	10,180	10,426	12,560	11,720	11,190	9,056
Taxes other than inc.	10,756	10,176	11,635	10,893	9,880	8,694
Rents	3,150	3,280	3,960	3,750	3,370	2,670

[1]Includes related portions of items shown "Supplementary P. & L. Data" below statement.
[2]Less income tax reductions: 1974, $2,270; 1973, $1,438; 1972, $910
[4]1977: Benefit from utilization of loss carryfoward for financial reporting purposes and benefit from realization of loss carry-back for tax purposes.
1974: Gain on Tahoe land sale, less income taxes of $3,279.
1973: Gain resulting from exchange of debentures.
1972: Gain resulting from sales of surplus, non-operating properties, and loss incident to the abandonment of certain obsolete paperboard and carton facilities.
[5]Less income taxes (benefit): 1976, none; 1975 $(217); 1974, $3,184; 1973, $456; 1972, $608.
[6]Reclassified for comparative purposes.
[7]Less estimated income tax benefit: 1977, $800; 1976, $3,900; 1974, $3,821.

Statement of Changes in Financial Position (in thousands):

Sources of Funds:	1977	[1]1976
From continuing operations:		
Inc. (loss) fr. cont. oper.	$1,230	$(1,115)
Deprec., depl. & amort.	10,180	10,426
Def. inc. taxes	.....	(2,358)
Net gains fr. sale of prop., plant & equip., & invests.	(1,125)	(4,202)
Est. loss on certain plt. facil.	677	2,000
Total	10,962	4,751
From discontinued operations:		
Loss from opers. of Carton Gr.	.....	(1,641)
Adjust. to (prov. for) est. loss on disp. of Carton Gr.	3,721	(31,300)
Deprec. & amort.	.....	2,673
Deferred inc. taxes	.....	(3,900)
Decr. in assets applic. to discont. opers.	6,965	16,198
Decr. in invest. in & adv. to Trimont Land Co.	2,282	1,449
Pension oblig. related to discont. opers.	5,664	.....
Total	18,632	(16,521)
Tax ben. result. from realiz. of a port. of a net oper. loss	1,500	.....
Proc. from disp. of prop., plant & equip., & invests.	3,970	9,685
Incr. in lg.-tm. debt	1,298	1,065
Decr. (incr.) in other noncurr. assets	(2,123)	95
Total	34,239	(925)
Uses of Funds:		
Addit. to prop., plant & equip.	11,331	12,076
Cash dividends	300	300
Reduct. in lg.-tm. debt	18,052	10,441
Total	29,683	22,817
Net incr. in work. cap.	$4,556	d$23,742

BALANCE SHEETS

COMPARATIVE CONSOLIDATED BALANCE SHEET, AS OF DEC. 31
(Taken from reports filed with Securities and Exchange Commission)
(in thousands)

ASSETS:	1977	1976	[1]1975
Cash	$3,150	$2,711	$2,765
Certificates of deposit, restricted	1,708	.....	.....
Notes & accts receivable	22,033	16,145	16,948
[2]Inventories	40,377	39,383	34,168
Prepaid expenses	6,969	7,243	12,956
Refundable inc. taxes	.....	.....	6,857
Assets applic. to disc. oper.	.....	8,500	23,021
Total current assets	$74,237	$73,982	$96,715
Invest. in uncons. subs.	3,274	5,556	8,762
Misc. securities & long term receiv.	2,854	2,519	2,194

BALANCE SHEETS (Cont'd):	1977	1976	[1]1975
[2]Property, plant & equipment	191,902	179,176	183,534
[3]Less: Depr. depl. & amort. res.	85,704	74,374	74,588
Net property account	106,198	104,802	108,946
Refundable fed. income taxes	1,800	.....	.....
Def. chgs. & intangible assets	1,276	1,288	1,640
Assets appli. to disc. oper.	.....	10,732	29,603
Total	$189,639	$198,879	$247,860
LIABILITIES:			
Long term debt due currently	$8,125	$7,294	$1,671
Notes payable to banks	13,000	14,500	20,000
Accounts payable	17,859	19,659	19,800
Accrued interest, wages, etc.	8,437	10,269	9,242
Dividend pay. on prfd.	75	75	75
Total current liabilities	$47,496	$51,797	$50,788
Long term debt	68,095	84,849	94,225
Pensions oblig. related to discont. opers.	5,664	.....	.....
[4]Deferred Federal income taxes	8,395	8,395	14,653
Series A $2.50 cum. pfd.	120	120	120
[5]Common stock	31,968	31,968	31,968
Other capital	7,787	7,787	7,787
Earned surplus	53,256	47,105	81,461
Total stockholders' equity	93,131	86,980	121,336
[7]Less: Treasury shares	33,142	33,142	33,142
Net stockholders equity	59,989	53,838	88,194
Total	$189,639	$198,879	$247,860
Net current assets	$26,741	$22,185	$45,927
PROPERTY ACCT.—ANALYSIS			
Additions at cost	$11,331	$12,076	$20,765
Retirement or sales	9,343	13,998	2,796
Other reduction	.....	2,436	7,934
Other additions	10,738	.....	.....
DEPREC. DEPL. ETC. RES.—ANALYSIS			
Additions chgd. to income	$9,931	$10,058	$9,026
Retire. renewals chgd. to res.	6,498	10,272	2,409
Other additions	7,897	.....	.....

[1]Reclassified for comparative purposes.

[2]At lower of cost or market, 1977, comprised: Finished products, $9,385,000; in process $7,746,000; raw materials, $23,246,000.

[3]1977:	Book Value	Reserves
Building	$28,343,000	$11,185,000
Mach. & equip.	148,959,000	74,519,000
Construction	1,428,000	.....
Timber hold, etc.		
Less depl.	10,564,000	.....
Land	2,608,000	.....
Total	$191,902,000	$85,704,000

[4]Related to increased depreciation claimed for tax purposes, etc.

[5]No par shares: 1977-1975, 3,275,000.

[7]Shares at cost 1977-75, 1,234.

Depreciation, Depletion and Amortization: Provision for depreciation is made on a straight-line basis at rates based on estimated useful lives of various classes of property. Annual depreciation rates used for continuing operations were as follows: Buildings and land improvements, 2½ to 5%; leasehold improvements, life of lease; machinery and equipment 5 to 12½%; furniture and fixtures, 10%; automotive equipment, 12½% to 33⅓%.

Provision for depletion of timber holdings is made on the unit of production basis.

Deferred long-term debt expense is amortized over the period of the related borrowing on the basis of the annual balance outstanding.

Maintenance, repairs and renewals of minor items are charged to income. Major renewals and betterments are charged to the appropriate property accounts. The asset and accumulated depreciation accounts are relieved when properties are retired or otherwise disposed of, and the net gain or loss is credited or charged to current year's operations.

General Note

The financial statements include primarily the accounts of Fibreboard Corp.'s continuing operations. Financial data for discontinued operations are so indicated. Investment in Trimont Land Co. a wholly-owned unconsolidated subsidiary, is included on the equity method of accounting.

FINANCIAL & OPERATING DATA

Statistical Record, Fiscal Years	1977	[6]1976	[5]1975	[5]1974	[5]1973	[5]1972
Earned per share—$2.50 preferred	$53.76	.....	.....	$10.79	$97.37	$51.16
Earned per share—common:						
On year end shares:						
Income from cont. oper.	$0.28	*d*$0.43	*d*$2.01	$2.22	$3.83	$1.82
Income from discont. oper.	$1.14	*d*$10.06	$0.08	*d*$1.92	*d*$0.31	.....
Extraordinary items	$0.46	.....	.....	*cr*$1.84	*cr*$1.03	*cr*$0.52
Net income	$1.88	*d*10.49	*d*$1.93	$2.14	$4.58	$2.34
On average shares:						
Income from con't. oper.	$0.28	*d*$0.43	*d*$2.01	$2.22	$3.85	$1.82
Income from discont. oper.	$1.14	*d*$10.06	$0.08	*d*$1.92	*d*$0.31	.....
Extraordinary items	$0.46	.....	.....	*cr*$1.84	*cr*$1.03	*cr*$0.52
Net income	$1.88	*d*$10.49	*d*$1.93	$2.14	$4.57	$2.34
On avg. shs. fully diluted:						
Income from con't. oper.	$0.35	*d*$0.43	*d*$2.01	$1.94	$3.23	$1.63
Income from discont. oper.	$0.93	*d*$10.06	$0.08	*d*$1.48	*d*$0.24	.....
Extraordinary items	$0.37	.....	.....	*cr*$1.42	*cr*$0.81	*cr*$0.42
Net Income	$1.65	*d*$10.49	*d*$1.93	$1.88	$3.80	$2.05
Dividends per share—$2.50 preferred	$2.50	$2.50	$2.50	$2.50	$2.50	$2.50
—common	.....	.....	[2]$0.30	$0.875	[2]$3.53	[2]$1.82
Price range—common	12⅞-7	17¼-8⅛	14¼-7¼	19-9¼	22¾ 13½	28⅞-15
—warrants	1½-⅛	3½-1¼	3½-1⅛	7-1⅝	9¼-3⅞	14½-5⅞
Net tangible assets per sh.—common	$16.49	14.51	$24.93	$27.13	$26.29	$22.56
Times charges earned:						
Before income taxes	1.28	0.84	.....	2.74	6.33	3.42
After income taxes	1.18	0.84	0.10	2.23	4.13	2.53
Price range—deb. 4¾s, 1993	56½-52	61-51⅛	54-50	76-51¼	84-58½	100½-71
—deb. 6¾s, 1998	83-72	94-62¼	80-60	104-67½	118½-84	.....
Net tang. assets per $1,000 l.t. debt	$1,881	$1,631	$1,930	$2,172	$2,372	$2,137
Net curr. assets per $1,000 l.t. debt	$393	$261	$487	$542	$678	$573
Number of shares—$2.50 preferred	120,000	120,000	120,000	120,000	120,000	120,000
—com. (yr.-end)	3,274,642	3,274,642	3,274,642	3,274,642	3,228,292	3,212,594
Financial and Operating Ratios:						
Current assets ÷ current liabilities	1.56	1.43	1.90	1.83	2.23	2.63
% cash & securities to current assets	4.24	3.66	2.86	3.38	4.76	3.31
% inventory to curr. assets	54.39	53.23	35.33	42.20	33.52	.....
% net current assets to net worth	44.58	41.21	52.07	45.87	49.13	50.32
% property depreciated	44.66	47.52	44.73	49.02	46.85	.....
% annual deprec. to gross property	5.30	5.82	5.18	5.30	.....	.....
Capitalization:						
% long term debt	53.16	61.18	51.65	45.86	42.07	46.74
% preferred stock	0.09	0.09	0.07	0.07	0.08	0.08
% common stock and surplus	37.84	38.73	48.28	54.07	57.85	53.18
[1]Sales ÷ inventory	5.65	5.20	4.86	4.46	6.65	.....
[1]Sales ÷ receivables	10.35	12.69	9.80	11.86	10.50	.....
[1]% sales to net property	214.98	195.57	152.46	172.33	216.88	.....
[1]% sales to total assets	120.21	103.06	67.01	74.74	88.67	77.82
[3]% net income to total assets	1.96	.....	.....	3.10	6.21	3.36
[3]% net income to net worth	6.20	.....	.....	7.89	13.92	7.80
Analysis of Operations	%	%	%	%	%	%
Net sales	100.00	100.00	100.00	100.00	100.00	100.00
Cost of goods sold	89.67	89.82	94.62	83.93	79.81	83.91
Selling, general and adm. expenses	7.03	8.21	9.63	7.85	6.77	7.13
Balance	3.30	1.97	*d*4.25	8.22	13.42	8.96
Other income	0.55	1.03	1.34	1.02	0.74	0.72
Total income	3.85	3.00	*d*2.91	9.24	14.16	9.68
Interest paid, etc.	3.01	3.55	4.22	3.37	2.24	2.83
Total	0.84	*d*0.55	*d*7.13	5.87	11.92	6.85

FINANCIAL & OPERATING DATA (Cont'd):	1977	[5]1976	[5]1975	[5]1974	[5]1973	[5]1972
Income taxes etc.	0.31	.....	*cr*3.35	1.73	4.92	2.53
Income from cont. oper.	0.53	*d*0.55	*d*3.78	4.14	7.00	4.32
[4]Income from discont. oper.	1.63	*d*16.07	0.16	*d*3.43	*d*0.55	.....
Net income	2.83	*d*16.62	*d*3.62	0.71	6.45	4.32

[1]Excludes selling commissions. [2]Before special credit, after: 1974, $2.14; 1973, $4 55; 1972, $2.34 [3]Net income before discontinued operations and extraordinary gains. [4]Includes Trimont losses of: 1974, *d*5.08; 1973, *d*0.86; 1972, *d*0.61. [5]Restated for comparative purposes.

LONG TERM DEBT

1. 6.65% Notes: Outstanding, Dec. 31, 1977, $23,764,000 6.65% notes payable $3,000,000 annually from 1978 to 1984 and $2,764,000 in 1985. Proceeds used to refund long term debt of Fibreboard Products, Inc. (merged in 1956) and of company, and to acquire Crown Zellerbach's stock interest in Fibreboard Products, Inc.

2. Secured first 5⅛s, due 1986: Outstanding, Dec. 31, 1977, $2,745,000. Payable $504,000 annually 1978-82 and $225,000 in 1983.

3. Fibreboard Corp. convertible subordinated debenture 4¾s, due 1993:

Rating—B

AUTH.—$30,000,000; outstg., Dec. 31, 1977, $3,553,000.

Note: See Issued under conv. subord. deb. 6¾s, due 1998 below.

DATED—Oct. 15, 1968. DUE—Oct. 15, 1993.

INTEREST—A&O15 to holders registered on 15th day prior to interest date.

TRUSTEE—Bank of California, San Francisco.

AUTHENTICATING AGENT—Bankers Trust Co., NYC.

DENOMINATION—Fully registered, $1,000 and authorized multiples thereof.

CALLABLE—As a whole or in part on at least 30 days' notice to each Oct. 14, incl., as follows:

1978	102.50	1979	102.25	1980	102.00
1981	101.75	1982	101.50	1983	101.25
1984	101.00	1985	100.75	1986	100.50
1987	100.25	1988	100.00		

Also callable for sinking fund (which see) at par.

SINKING FUND—Annually, each Oct. 15, 1979-92, to retire debs., cash (or debs.) equal to $1,500,000; plus similar optional payments.

SECURITY—Not secured; subordinated to all senior debt.

CONVERTIBLE—Into com. at any time (if called, on 15th day prior to redemption date) at $31¼ a sh. No adjustment for interest or divs. Cash paid in lieu of fractional shs. Conversion privilege protected against dilution.

DIVIDEND RESTRICTION—See Lending Agreement Provisions, below.

INDENTURE MODIFICATION—Indenture may be modified, except as provided, with consent of 66⅔% of debs. outstg.

LISTED—On New York and Pacific Stock Exchanges.

PURPOSE—Proceeds to repurchase shs. of Co. com. from Tenneco Corp.

OFFERED—($30,000,000) at 100 (proceeds to Co. 98⅝) on Oct. 15, 1968 thru Lehman Brothers and J. Barth & Co. and associates.

4. Fibreboard Corp. convertible subordinated debenture 6¾s due 1998:

Rating—B

OUTSTG.—Dec. 31, 1977, $11,619,000.

DATED—Aug. 15, 1973. DUE—Oct. 15, 1998.

INTEREST—A&O15 to holders registered A&O 1.

TRUSTEE—Bank of California, N.A., San Francisco.

PAYING, TRANSFER & CONVERSION AGENT—Trustee, and Bankers Trust Co., NYC.

DENOMINATION—Fully registered, $50, $100, $500, $1,000 and integral multiples of $1,000.

CALLABLE—As a whole or in part on at least 30 days' notice, to each Oct. 14, incl. as follows:

1976	106.41	1977	106.08	1978	105.74
1979	105.40	1980	105.06	1981	104.73
1982	104.39	1983	104.05	1984	103.71
1985	103.38	1986	103.04	1987	102.70
1988	102.36	1989	102.03	1990	101.69
1991	101.35	1992	101.01	1993	100.68
1994	100.34				

and thereafter at 100. Also callable on like notice for sinking fund (which see) at 100.

SINKING FUND—Annually, each Oct. 15, 1984-97, cash (or debs.) to redeem 5% of debs. outstg. on Oct. 15, 1984, plus similar optional payments.

SECURITY—INDENTURE MODIFICATION—Same as conv. subord. deb. 4¾s, due 1993.

CONVERTIBLE—Into com. at any time (if called, on 15th day prior to redemption date) at $18½ a sh. No adjustment for interest or divs. Cash paid in lieu of fractional shs. Conversion privilege protected against dilution.

DIVIDEND RESTRICTIONS—See Lending Agreement Provisions, below.

LISTED—On New York and Pacific Stock Exchanges.

ISSUED—In 1973 in connection with an exchange offer to holders of deb. 4¾s, due 1993 at rate of $750 prin. amt. deb. 6¾s for each $1,000 prin. amt. 4¾s.

5. Long-Term Lease Obligations Relating To Industrial Revenue Bonds:

Bonds consist of $500,000 of serial bonds maturing $100,000 annually 1978-1982 and $3,800,000 of term bonds due Sept. 1, 1992 at interest rates ranging from 3¾%-6⅛%. Bonds provided financing for construction of industrial insulation plant in Louisiana. The related lease obligation was capitalized and facilities are being depreciated over their estimated useful lives. Co. has an option to purchase facilities for a nominal amount upon expiration of lease term in 1992.

6. Long-Term Obligations Relating To Pollution Control Revenue Bonds:

In May, 1974, the California Pollution Control Financing Authority issued $13,300,000 pollution control revenue bonds, with an interest rate of 6⅝% to provide for expansion of air and water pollution control facilities at Fibreboard's San Joaquin paperboard mill. The bonds are subject to redemption annually at face value, beginning Apr. 1, 1985 in principal amounts of $545,000 and increasing amounts to Apr. 1, 1999, when the remaining $1,335,000 is to be redeemed.

7. Other Debt: Outstanding Dec. 31, 1977, $16,939,000 comprising:

(a) $11,049,000 secured bank loans payable $750,000 quarterly from 1978 to 1980 and $2,049,000 in 1981. Interest is payable at lending banks prime rate plus ¾ of 1%. In lieu of compensating balances, Co. pays a fee of 20% of interest rate multiplied by outstanding loan.

(b) $5,890,000 various other notes payable.

Lending Agreement Provisions: In an agreement completed in Apr. 1977, Company arranged for amendment of its short-term bank lines of credit, and long-term debt agreements under its 6.65% promissory notes, 5⅛% first mortgage bond indenture and bank term loans. In this connection, Co. and its lenders have agreed to the following:

1. Company has granted to its short-term and long-term lenders a security interest in substantially all of Company's fee timber holdings. In addition, annual timber harvests on secured acreage, in excess of certain allowable amounts, will trigger certain debt prepayments.

2. Net proceeds from disposal of assets designated under program will be divided between Fibreboard and its lenders in accordance with a formula for such distribution.

3. Availability of Co.'s short-term lines of credit of $25,000,000 has been extended to April 30, 1978. Interest is payable at lending banks' prime interest rate. Existing compensating balance and commitment fee arrangements will not change significantly.

4. Company must maintain working capital of $15,000,000, and a minimum current ratio of 1.20 to 1, increasing gradually to 1.45 to 1 at Dec. 31, 1979.

5. Company must maintain minimum tangible net worth, as defined, of $52,000,000 at Dec. 31, 1977, increasing gradually to $71,000,000 at Dec. 31, 1981.

6. Company's long-term debt shall at no time exceed 135% of tangible net worth, and unsubordinated debt shall at no time exceed 170% of sum of subordinated debt and tangible net worth. These ratios will decrease to 115% and 135%, respectively, at Dec. 31, 1978.

7. Company may incur net additional indebtedness not exceeding $7,000,000 for purchase of additional timberlands (which would immediately become subject to the security interest mentioned above) and for certain other purposes, which indebtedness when added to outstanding short-term borrowings shall at no time exceed $25,000,000.

8. Beginning Jan. 1, 1978, the Co. must fully repay its short-term bank loans for a period of thirty consecutive days during first eight months of each calendar year.

9. For years 1976 to 1978, cumulative capital expenditures (excluding a maximum of $5 million of costs for the plant under construction in Grand Junction, Colorado) shall be limited to cumulative sum of 100% of deprec., plus 20% of net income from continuing operations. This same formula will be in effect for years 1979 to 1981.

In addition, Co. is also bound by previously agreed upon restrictive provision that cash dividends may not be paid to holders of common stock until Co. accumulates earnings, defined to include net losses, to be measured from Jan. 1, 1976, in excess of a $3,500,000 base.

CAPITAL STOCK

1. Fibreboard Corp. series A $2.50 cumulative convertible preferred par $1: Authorized, all series, 1,500,000 shares; outstanding Dec. 31, 1977, series A 120,000 shares; par $1.

Has preference as to assets and dividends. In liquidation entitled to $50 a share. Entitled to cumulative annual dividends of $2.50 and one vote per share. Callable beginning Jan. 20, 1974 at $51.25 a share, decreasing premiums thereafter. Prior to redemption, each share is convertible into 50/42 shares of common. Issued in Jan., 1969, in connection with acquisition of Pickering Lumber Corp.

Transfer Agent and Registrar: Company's office, San Francisco.

2. Fibreboard Corp. common; no par:

AUTHORIZED—10,000,000 shares; issued 4,508,768 shares; outstanding, Dec. 31, 1977, 3,274,642 shares; in treasury, 1,234,126 shares; reserved for conversion of debentures, 741,764 shares; reserved for conversion of preferred, 142,857 shares; reserved for options, 66,000 shares; reserved for warrants, 729,222 shares; reserved for contribution to savings plan, 100,000 shares; no par.

No par shares split 3-for-1 Feb. 2, 1948 and 2-for-1 Nov. 1, 1968.

Dividend Record

(Calendar years)

(On old no par shares):

1923	$2.00	1924	$4.00	1925	$5.00
1926	6.00	1927	1.50		

(On no par shares after 2-for-1 split):

1927	[1]$2.75	1928	$4.25	1929-30	[1]$4.00
1931	3.75	1932-33	0.50	1934-35	2.00
1936	2.75	1937	4.00	1938	2.00
1939-40	2.25	1941-43	2.00	1944-45	2.50
1946	2.25	1947	3.00		

(On no par shares after 3-for-1 split):

1948-49	1.20	1950-51	0.60	1952	0.45
1953-55	0.25	1956	1.05	[1]1957-58	1.20
[1]1959	1.25	1960	1.30	1961-62	1.00
1963	1.05	1964	1.20	1965-67	1.40
1968	1.05				

(On no par shares after 2-for-1 split):

1968	0.17½	1969-71	0.70	1972	0.73
1973	0.78	1974	0.87½	1975	0.30
1976-77	Nil				

[1]Stock dividends paid: 1929, 20%; 1930, 2%; 1957, 4%; 1958 and 1959, 2%.

Dividends payable quarterly Mar., June, Sept. and Dec. to stock of record about 16 days before.

DIVIDEND LIMITATIONS—See Lending Agreement Provision, above.

VOTING RIGHTS—One vote per share on common and series A $2.50 cum. conv. pfd.

PREEMPTIVE RIGHTS—None.

OFFERED—(500,000 shs.) at $30 a sh. on Apr. 12, 1971 thru Lehman Brothers Inc. and Dean Witter & Co. and associates. Proceeds to repay short term debt and to increase working capital.

Warrants: Outstanding Dec. 31, 1977, warrants to purchase 729,222 common shares at $22.50 a sh. Warrants expire Dec. 1, 1978. Fully registered in form.

Issued originally Oct. 23, 1968 in connection with Company's purchase of 1,823,056 shares of its common from Tenneco Corp.

Warrant Agents: Bankers Trust Co. New York and Crocker National Bank, San Francisco.

Offered (729,222 com. purchase warrants) June 10, 1969 at $20 a warrant thru Lehman Brothers and J. Barth & Co. and associates.