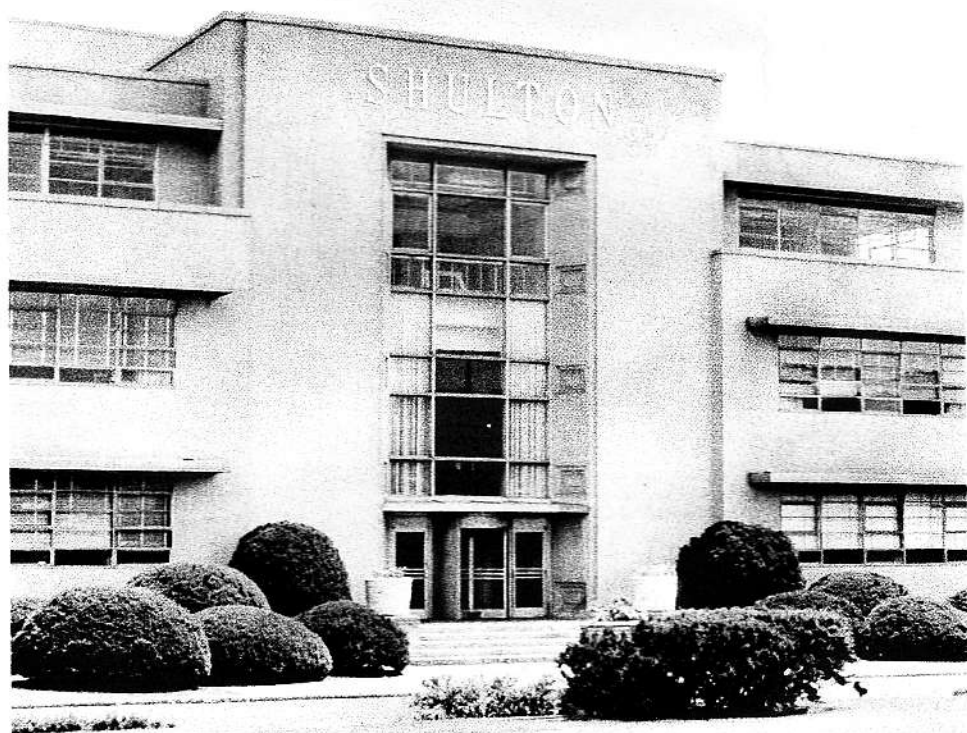
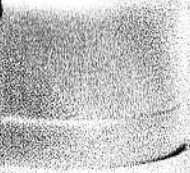


THE STORY OF SHULTON





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A diversified international manufacturer, Shulton manufactures and markets products in a variety of fields. Major consumer lines hold strong positions in:

- men's grooming aids (*Old Spice for Men, Man-Power, Series 3, Teak*)
- fine perfumes (*Nina Ricci's Capricci, Coeur Joie, Carven's Ma Griffe, Robe d'un Soir*)
- prestige grooming aids for men (*Vetiver, Signoricci*)
- cosmetics (*Flowing Velvet, Corn Silk, Desert Flower Aloe Vera*)
- ladies' toiletries (*Desert Flower, Friendship Garden, Early American Old Spice, Escapade; Taji*)
- treatment items (*Endocreme, Ice-O-Derm*)
- hair care (*Tecnique*)
- sunscreen preparations (*Bronz-tan*)
- Eco hospital supplies (clinical thermometers, glass hypodermic syringes, stainless steel hypodermic needles)

FINANCIAL HIGHLIGHTS

(Dollars in thousands except net earnings per common share)

	1967	1966
Net sales	\$103,194	\$96,934
Earnings before taxes	13,257†	12,135
Net earnings	7,497†	6,855
Net earnings per common share*.	2.50	2.25
Net earnings as a % of net sales	7.3%	7.1%
Cash dividends declared per common share.	\$.80	\$.78
Stock dividends declared	2%	2%
Stockholders' equity	\$ 51,694	\$46,507
Net earnings as a % of stockholders' average equity	15.3%	15.2%
Depreciation	\$ 1,303	\$ 1,129
Capital expenditures	3,219	2,441
Number of employees	3,600	3,400
Number of stockholders	4,493	4,013

In addition, fine industrial chemicals (flavors, fragrances and plating additives) are sold to industry.

Sales, which passed \$96 million in 1966, doubled from 1952 to 1956, and again from 1956 to 1961. Common stock was split 2-for-1 in 1961 and was listed on the New York Stock Exchange in 1966; the cash dividend increased three times between 1961 and 1965.

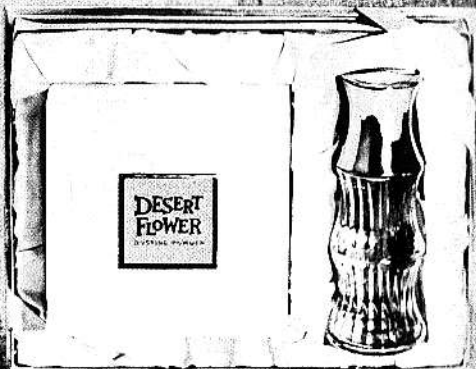
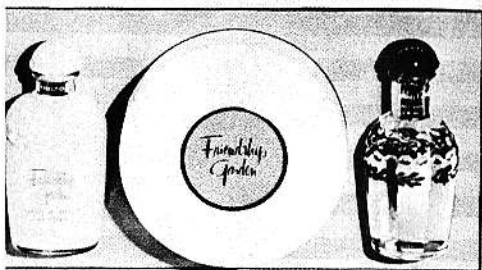
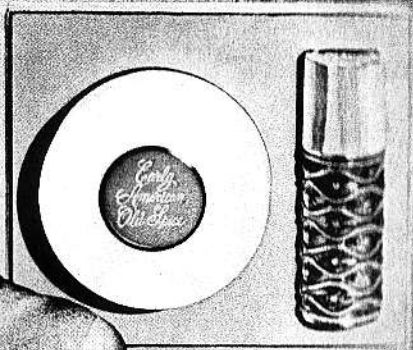
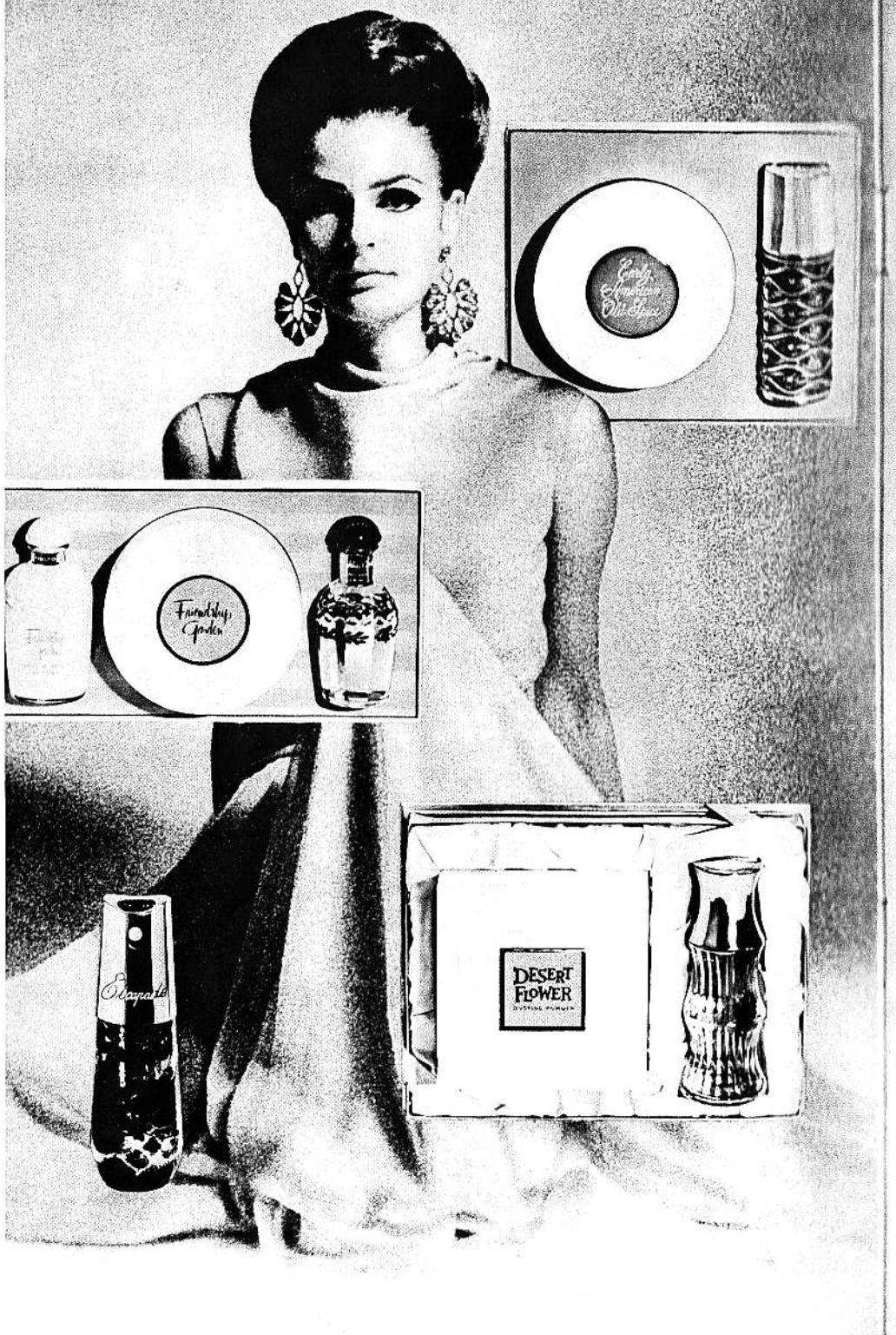
Corporate headquarters and the principal manufacturing center are located at Clifton, N. J.; a branch plant manufactures in Memphis, Tenn. and warehouses are strategic-

ally located for rapid customer service. Art and design, marketing and International Division headquarters are located in New York City's Rockefeller Center.

Total employment exceeds 3,600, of whom 1,500 work at Clifton—another 1,000 at other American locations—and over 1,000 with our international subsidiaries.

Behind this growth, achieved since the firm's incorporation in 1934, lies the basic premise on which Shulton was founded during the depression, and which continues to guide the firm today: the convic-





tion that a quality product, imaginatively packaged and soundly priced, can always be sold by aggressive, creative merchandising.

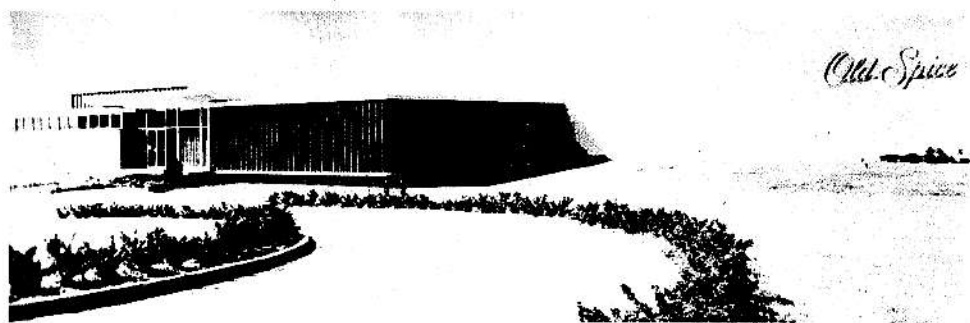
With just three assets (a handful of package designs, a reputation for selling quality soaps and a determination to build his own organization) Shulton's founder, William Lightfoot Schultz, converted this idea into a going concern. Selling "futures" since he had no products, no organization and little capital, he persuaded department stores in leading cities to write orders for the items he intended to make. With these orders as collateral, he secured funds, rented space and went into business.

For his fragrance, he turned

away from dependence on European-style scents to American history, seeking a new identity for his lines. *Early American Old Spice* for women came first—the design based on an old colonial carpet, the fragrance reminiscent of his grandmother's spice jar, the packages re-useable around the home. Then came *Old Spice for Men*, taking its inspiration from the rugged days of sail, and *Friendship Garden* continued Shulton's identification with the colonial theme.

Quite another aspect of American life is reflected in our *Desert Flower* line. Created by Shulton perfumers in the mid-forties, it built a distinguished following at once. Surrealist Salvador Dali was com-

Manufacturing and distributing facility — Memphis, Tennessee





The same year Shulton acquired Aerosol Corporation of America, Wellesley Hills, Mass., thus adding important household spray products to the line. A.C.A. has itself expanded rapidly, and with notable success, into the field of children's soap products.

By 1967 the problems and the risks involved in building strong, successful product lines in over-the-counter drugs and household items were steadily increasing, and the company decided to concentrate its resources in other fields. Colfax Laboratories was merged into the



Cosmetic & Toiletries Division, and the Aerosol Corp. of America business was sold.

Entrance into the cosmetic market was speeded by the 1964 acquisition of E. Wright Company with rights to *Corn Silk*, a unique face powder derived from corn cobs. In 1965, Jacqueline Cochran, Inc. became part of Shulton, and in 1966 we acquired distribution rights to Carven perfumes for the United States and many foreign countries. Both Cochran and Carven lines are marketed by subsidiary Jacqueline Cochran, Inc.

Expansion in foreign markets moved just as rapidly. In 1956 the

International Division added subsidiaries in Canada and Great Britain to those already existing in Mexico and The Netherlands; Shulton-Venezuela and Shulton-Argentina soon followed. Today 15 subsidiaries are marketing *Old Spice*, *Desert Flower* and certain other products, with five of them manufacturing in Shulton-owned plants. Today, Shulton merchandise is available almost everywhere in the free world.

Within the United States, cosmetics, toiletries and perfumes are marketed through three major trade channels:

- prestige lines are restricted in distribution to fine fashion stores.



JACQUELINE COCHRAN, INC.— *Endocrine, Flowing Velvet cosmetics, Signor Ricci for Men, and famed Nina Ricci perfumes.*

missioned by Mr. Schultz to interpret the *Desert Flower* fragrance, and his trilogy of paintings inspired by our perfume has been widely exhibited at home and abroad. In 1967 a group of skin care items formulated with moisturizing agent aloe vera were added to the *Desert Flower* line.

Through introduction of additional product lines and acquisition of other companies, Shulton continued to expand.

Paralleling the development of new items was the necessary growth in production facilities. Those early days saw Mr. Schultz design his packages and formulate his products but both packages and products were manufactured by sup-

pliers; Shulton merely filled and distributed each item.

As quickly as funds were built up, the firm began its own product manufacture, first in New York, then in rented space in Hoboken, N.J. and in 1946, in our own plant located on 43 acres in Clifton. By 1967 the manufacturing complex and corporate offices covered 656,500 sq. ft. in 15 buildings.

From the start, Shulton has upheld the highest quality standards, aided in great measure by direct control over product and package alike. Not only products are manufactured at Clifton; almost all the company's domestic requirements for gift boxes, plastic bottles and plastic components are produced



CARVEN-PARFUMS— *Distinctive French lines Ma Griffe, Robe d'un Soir, Vetiver for Men, Mis-s-s-t-i-fier* Colognes.

and assembled there also.

Unlike competitors who must turn to outsiders for help, Shulton calls on its own artists, design specialists (able to create prototypes in any medium), design engineers and skilled machinists. Thus, to a far greater extent than any other firm in the industry, Shulton controls key phases of its packaging and production operations.

It was the need for close quality control over chemical intermediates which led to the formation of the Fine Chemicals Division in 1950. Sales of industrial chemicals to other manufacturers soon followed, so that today only 10% of its output is used for Shulton manufacture, while the balance is sold outside.

(Shulton does no private label business—manufacture for other firms.)

In 1958, purchase of the Aer-A-Sol Division of Bridgeport Brass Co. provided the basis for expansion into household chemical products such as insecticides.

Then in 1959 Shulton acquired *Technique*—a wholly new approach to hair coloring and conditioning. *Technique* Color-Tone and Silver-Tone are being rapidly supplemented by products designed for all major phases of hair care.

Two years later, the Colfax Laboratories Division was formed to handle the few existing proprietary pharmaceuticals (packaged products for over-the-counter selling), and introduce new items.



**"The Evolution of Perfume Through the Centuries"
one section of the mural by Louis Bouché**

A magnificent mural by Louis Bouché dominates the reception lounge at Clifton. Requiring two years to complete, the mural is 114 feet long and 11 feet high — portrays 40 women of all eras paying tribute to Venus, the goddess of Love.

The gifts being offered to Venus in the mural — garlands, bouquets, flowers, citrus fruits, bergamot, ambergris, sandalwood and balsam — were each used at some time by women for their fragrance value

- toiletries, grooming aids and pharmaceuticals are sold directly to major retailers, the larger independent drug stores and drug chains, and through drug wholesalers to smaller retail units. Both retailers and wholesalers must be franchised — that is, selected by Shulton for their reputation and ability.
- high-volume items such as shaving creams and deodorants are sold through major food chains as

well as drug and other retail stores.

In 1967 Shulton acquired Eisele & Company, Inc., Nashville, Tenn., a quality manufacturer and national distributor of such hospital supplies as *Eco* clinical thermometers, syringes and hypodermic needles.

Diversification and expansion continue as integral parts of Shulton's long-range planning. Over 80 professionals and technicians are engaged in research and development at Clifton, and to augment



Brown in another part of the mural is the clipper ship, Grand Turk. She was among the first American vessels to reach China and bring back oriental spices; today the Grand Turk is a symbol of the Shulton Old Spice men's line.

Costumes in the panel above range from ancient Greece and Egypt to modern times. Fourth from the left is a colonial figure which appeared on original Early American Old Spice packages.

their work on new products, further acquisitions are continuously under study.

During its early years, the story of Shulton was the story of William L. Schultz. In 1940 George Schultz joined his father, and today as president, George Schultz guides Shulton in its quest for further growth. Under his leadership, Shulton has expanded abroad, widened its product lines and developed the closely-controlled manufacturing opera-

tions which insure high quality at reasonable cost.

Its first 30 years have seen Shulton grow from the manufacture of specialty soaps to a diversified product line superbly packaged, widely distributed, aggressively merchandised. Shulton management fully intends to carry this growth pattern on into the future.

THE SHULTON INTERNATIONAL DIVISION

1943. *Old Spice* was becoming known wherever American military men were stationed during World War II, and foreign distributors began asking for merchandise. Founder W. L. Schultz established the Foreign Department and hired the company's first international sales manager to plan for post-war sales. Consolidated corporate volume reached a record \$5 million.

1944-45. By plane and even on occasion, sailing vessel, the sales manager travelled Latin America and the Caribbean selecting agents for the Shulton franchise.

1946. The war over, Shulton-Mexico became our first international subsidiary, and the first to start foreign manufacture.

1948. An agent began production in Canada as we began to form our own sales organization there.

1952-53. Franchised agents were selected for Switzerland, Sweden and South Africa.

1955. Shulton-Holland was established as manufacturing and distribution center for continental Europe.

1956. The Foreign Department became the International Division. Shulton-Great Britain took shape and began contract manufacture, while Shulton-Canada was established to build our first wholly owned production plant outside the U.S.A.

1957-58. Subsidiaries were formed in Venezuela and Argentina.

1959. Shulton-France was the next subsidiary, while in Canada increasing sales required expansion of the new plant.

1960. Shulton-Germany came into existence.

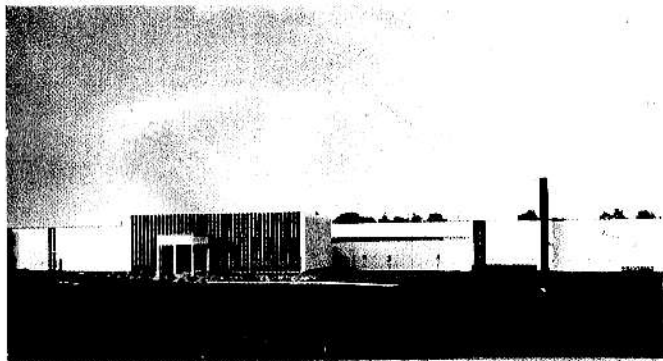
1963. Our first non-operating subsidiary, Shulton-Europa, was formed to coordinate the activities of European subsidiaries. Holland began construction of its own plant (more than double the size of previously rented facilities), and Canada began construction of a new and larger plant. Shulton-Brazil was incorporated.

1964. Great Britain began to build its first manufacturing center. Shulton-Guatemala became the next subsidiary, and we entered a far eastern market—Japan—for the first time with our own organization.

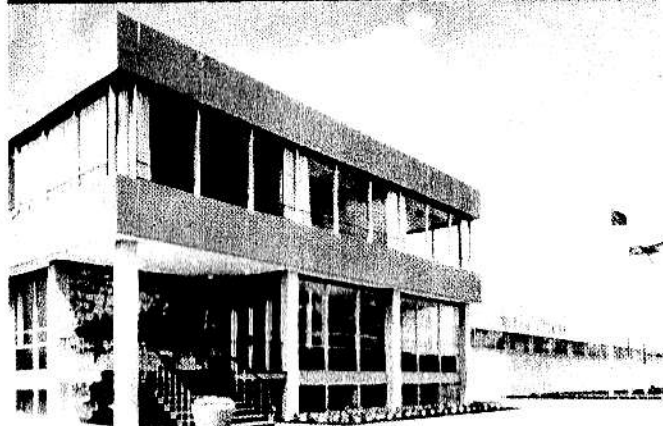
1965-67. Mexico began work on its own manufacturing plant, substantially larger than previously leased facilities. Subsidiaries were formed in Australia and South Africa with our former agents as managing directors, and Shulton-Italy became the company's 15th international subsidiary.

Setting new records year after year, the International Division contributes more than 30% of total corporate sales and earnings.

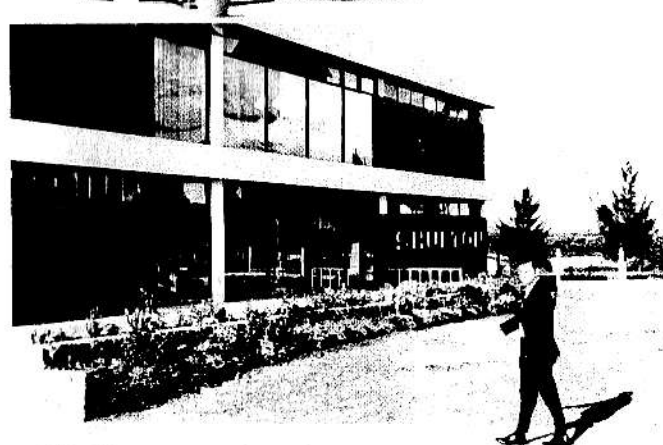
CANADA



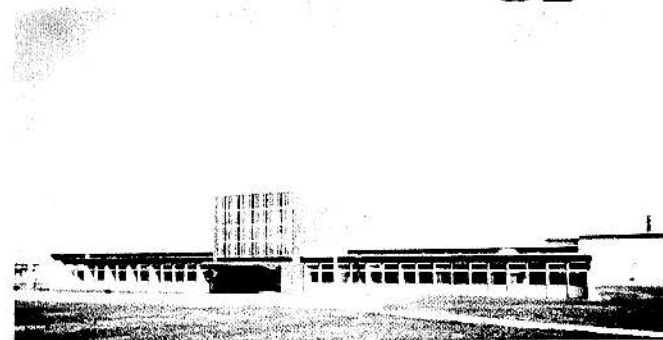
HOLLAND



GUATEMALA



ENGLAND



SHULTON

CLIFTON, NEW JERSEY

Corporate Headquarters

Administrative Staff
Legal Staff
Finance Division

Cosmetic & Toiletries Division

Distribution Division

Fine Chemicals Division

Industrial Relations Department

**Research and Development
for all divisions**

Manufacturing Division

Purchasing
Engineering
Package Development
Production
Quality Control

**630 FIFTH AVENUE
New York, N. Y.**

**Art and Design
International Division**

**Cosmetic & Toiletries Division
Marketing**

MEMPHIS, TENNESSEE

Branch manufacturing and warehousing operations

WAREHOUSES

Clifton • Memphis • Chicago • Los Angeles • Reno

SALES OFFICES

Clifton • Memphis • Atlanta • Chicago • Kansas City • Los Angeles

DOMESTIC SUBSIDIARIES

JACQUELINE COCHRAN, INC.

630 Fifth Avenue
New York, N.Y.

Manufacturing:
Scranton, Pa.

EISELE & COMPANY, INC.

Nashville, Tenn.