James River Corporation Annual Report 1982/83

JAMES
RIVER

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JAMES RIVER CORPORATION

OF VIRGINIA

Notice of Annual Meeting of Stockholders

TO THE STOCKHOLDERS OF
JAMES RIVER CORPORATION OF VIRGINIA

Notice is hereby given that the 1983 Annual Meeting of Stockholders of James River Corporation of Virginia (the "Company") will be held at the Science Museum of Virginia, 2500 West Broad Street, Richmond, Virginia, on August 11, 1983, starting at 4:00 p.m.

The purposes for which the meeting is being held are:

1. To elect a Board of Directors consisting of eleven (11) persons to serve for the ensuing year;
2. To consider and vote upon a proposed amendment to the Articles of Incorporation increasing the authorized Common Stock from 50,000,000 to 75,000,000 shares;
3. To approve the designation by the Board of Directors of Coopers & Lybrand as the Company's independent certified public accountants for the fiscal year ending April 29, 1984; and
4. To transact such other business as may properly come before the meeting.

It is important that your shares be represented and voted. Stockholders, whether or not they expect to attend the meeting in person, are requested to date, sign and return the enclosed proxy card in the envelope provided, on which no postage is needed if mailed in the United States.

A copy of the Annual Report of the Company for the fiscal year ended April 24, 1983 is being mailed to you with this Notice and the Proxy Statement.

You are cordially invited to attend the meeting. Refreshments will be served immediately afterward.

By order of the Board of Directors,

RICHARD H. CATLETT, JR.
Secretary

July 15, 1983

JAMES RIVER CORPORATION

OF VIRGINIA

P. O. Box 2218

Richmond, Virginia 23217

Proxy Statement

GENERAL INFORMATION

This Proxy Statement is being mailed on July 15, 1983 in connection with the solicitation by the Board of Directors of James River Corporation of Virginia (the "Company") of proxies in the form accompanying this Proxy Statement for use at the Annual Meeting of Stockholders to be held at 4:00 p.m. on August 11, 1983 at the Science Museum of Virginia, 2500 West Broad Street, Richmond, Virginia, and any adjournment thereof.

The cost of solicitation of proxies will be borne by the Company. Solicitation will be made initially by mail. However, the directors, officers and employees of the Company and its subsidiaries may, without compensation other than regular compensation, solicit proxies by telephone, telegraph or personal interview.

On July 5, 1983 the Company had 24,622,659 shares of Common Stock, par value $.10 per share ("Common Stock"), outstanding. Each share of Common Stock is entitled to one vote on each matter presented to the stockholders. Only holders of Common Stock of record at the close of business on July 5, 1983 will be entitled to receive notice of, and to vote at, the meeting and any adjournment thereof. Any person giving a proxy may revoke it at any time before it is voted. A proxy, when executed and not revoked, will be voted for the election of the directors nominated and for the two proposals, except that if the proxy contains any specific instructions, it will be voted in accordance with such instructions.

ELECTION OF DIRECTORS

The Board of Directors consists of eleven members, each of whom is to be elected at the meeting for a term which will run until the next annual meeting of stockholders and until his successor has been elected. Each of the nominees listed below is presently a director and has been nominated by management for re-election.

Although the Company anticipates that all of the nominees will be able to serve, if at the time of the meeting any nominees are unable or unwilling to serve, such shares will be voted at the discretion of the proxies for a substitute nominee.

Name	Age	Principal Occupation	Director Since	Business Experience and Directorships in Other Public Companies
FitzGerald Bemiss (1)	60	President, FitzGerald & Co., Richmond, Virginia (private investment company)	1972	Has held present position for more than five years. In addition, he serves as a consultant to ARA Services, Inc.
William T. Burgin	39	General Partner of Deer & Co., the sole general partner of Bessemer Venture Partners L.P., New York, New York	1978	Has held present position since 1981; prior to that time he served as special general partner of BSC Private Investment Partners for the period 1979-1980 and for more than five years prior to 1979 he was associated with Bessemer Securities Corporation, a private investment company. Director of Compu-Scan, Inc., Marline Oil Corp., Midway Airlines, Inc., Numerax, Inc. and Galileo Electro-Optics Corp.
Richard H. Catlett, Jr. (2)(4)	62	Partner, McGuire, Woods & Battle, Richmond, Virginia (attorneys-at-law)	1969	Has held present position for more than five years.
William T. Comfort, Jr.	45	Chairman, Citicorp Venture Capital, Ltd. and Citicorp Capital Investors, New York, New York (subsidiaries of Citicorp, N.A.)	1978	Has held present position since 1979. He also served as President of Citicorp Venture Capital, Ltd. for the period 1978-1983. Prior to that date he served as Executive Director of Citibank-London for the period 1976-1978. Director of Penn Virginia Company and Safeguard Business Systems.

Name	Age	Principal Occupation	Director Since	Business Experience and Directorships in Other Public Companies
William V. Daniel (2)	54	Managing Director, WFS Financial Corporation, Richmond, Virginia (holding company for Wheat, First Securities, Inc. and other subsidiaries)	1969	Has held present position since 1983. Since 1979 he has served as Senior Vice President, Wheat, First Securities, Inc. Prior to that date he served as President of Southern Bank, Richmond, Virginia, for the period 1977-1979.
Bruce C. Gottwald	49	President, Ethyl Corporation, Richmond, Virginia (chemicals, plastics and aluminum manufacturing)	1973	Has held present position for more than five years. Director of Ethyl Corporation and Dominion Resources, Inc.
Brenton S. Halsey (1)	56	Chairman and Chief Executive Officer of the Company	1969	Has held present position for more than five years. Director of Dominion Bankshares, Inc. and Westmoreland Coal Company.
Joseph T. Piemont	60	Management consultant, Charlotte, North Carolina	1975	Has held present position for more than five years. Director of Clopay Corporation and W. A. Krueger Corp.
Patrick J. Welsh	39	Partner, Welsh, Carson, Anderson & Stowe, New York, New York (venture capital partnership)	1972	Has held present position since 1978. Prior to that date he served as Vice President and President of Citicorp Venture Capital Ltd. for the periods 1973-1978 and 1978, respectively. Director of LTX Corporation and Autotote Systems, Incorporated.

Name	Age	Principal Occupation	Director Since	Business Experience and Directorships in Other Public Companies
Robert C. Williams (1)	53	President and Chief Operating Officer of the Company	1969	Has held present position for more than five years. Director of First & Merchants Corporation.
William S. Woodside (3)	61	Chairman and Chief Executive Officer, American Can Company, Greenwich, Connecticut (worldwide packaging, distribution and specialty retailing, financial services and resource recovery and chemicals)	1982	Has held present position since 1980. From 1975 until 1980 he served as President of American Can Company. Director of American Can Company, Mellon National Corporation and Nabisco Brands, Inc.

(1) Member of the Executive Committee.

(2) Mr. Daniel's wife is Mr. Catlett's first cousin.

(3) The Company has agreed with American Can Company ("American Can"), to use its best efforts, so long as American Can shall own (or have the right to own upon exchange of the outstanding preferred stock of James River-Dixie/Northern, Inc. ("Dixie/Northern"), a subsidiary of the Company) at least ten percent of the Common Stock at the time outstanding plus the Common Stock issuable in exchange for such preferred stock, to nominate one person (or two persons if the Board consists of twenty-one or more members) designated by American Can for election to the Board of Directors of the Company. Mr. Woodside is the designee of American Can.

(4) The Company paid approximately $1,580,000 in legal fees to the law firm of McGuire, Woods & Battle during fiscal 1983.

Each director, other than Messrs. Halsey and Williams, receives for services as a director an annual fee of $12,000 and reimbursement of expenses incurred in connection with attending meetings. In addition, each director, other than Messrs. Halsey and Williams, receives fees of $1,000 and $400 for attending Board meetings and committee meetings, respectively.

Messrs. Bemiss, Burgin and Gottwald serve on the Audit Committee of which Mr. Bemiss is Chairman. There were three meetings of the Audit Committee during fiscal 1983 and, in addition, the Chairman of the Committee held discussions with management on several occasions with respect to the business of the Committee. The Audit Committee has responsibility for recommending to the Board of Directors the firm of independent auditors to be retained by the Company; reviewing with the Company's independent auditors the scope and results of their audits and their independence with respect thereto; reviewing with the independent auditors and management the Company's accounting and reporting principles, policies and practices; and reviewing the adequacy of the Company's accounting and financial controls.

Messrs. Bemiss, Daniel and Gottwald are members of the Compensation Committee of which Mr. Daniel is Chairman. The Compensation Committee, which met on five occasions in fiscal 1983, has responsibility for reviewing the compensation of the directors, the Chairman and the President; reviewing the salaries of the officers of the Company and certain other positions; administering the Company's incentive compensation plan for salaried employees; and administering the Stock Option Plan, the Stock Appreciation Rights Plan and the Stock Purchase Plan.

The Company has no nominating committee.

In fiscal 1983 the Board of Directors of the Company met on eleven occasions. During fiscal 1983 all members of the Board except Messrs. Gottwald and Woodside attended at least seventy-five percent of the aggregate of the meetings of the Board and the meetings of all the committees thereof on which they serve.

Stock Ownership of Directors

The table below gives the indicated information as to the Common Stock of the Company beneficially owned by all directors and by all directors and principal officers as a group as of July 5, 1983.

Name	Amount and Nature of Beneficial Ownership (1)	Percent of Class (11)
FitzGerald Bemiss	30,000(2)	*
William T. Burgin	711,652(3)	2.9%
Richard H. Catlett, Jr.	20,554	*
William T. Comfort, Jr.	—(4)	—
William V. Daniel	552(5)	*
Bruce C. Gottwald	98,842(6)	*
Brenton S. Halsey	515,793(7)	2.1%
Joseph T. Piemont	150	*
Patrick J. Welsh	1,050	*
Robert C. Williams	368,868(8)	1.5%
William S. Woodside	—(9)	—
All directors and principal officers as a group (52 persons)	2,401,974(10)	9.7%

*Less than 1% of Class.

(1) Each person individually has sole voting and investment power over all of the shares disclosed except as set forth below.

(2) Includes 24,750 shares owned by FitzGerald & Co. Mr. Bemiss is the President and 90% owner of FitzGerald & Co., and as such, shares voting and investment power as to all such shares.

(3) Includes 710,302 shares owned by Bessemer Venture Partners L.P. Mr. Burgin is a general partner of Deer & Co., which is the sole general partner of Bessemer Venture Partners L.P., and as such, shares voting and investment power as to all such shares. Does not include 1,686 shares held by Mr. Burgin's wife as custodian for two of their children as to which shares Mr. Burgin disclaims beneficial ownership.

(4) Mr. Comfort disclaims any beneficial interest in 1,839,840 shares owned by Citicorp Venture Capital, Ltd.

(5) Mr. Daniel disclaims any beneficial interest in any shares which may be owned directly or indirectly by WFS Financial Corporation.

(6) Mr. Gottwald disclaims any beneficial interest in 2,475 shares owned by his children.

(7) Includes 60,750 shares that may be acquired within 60 days by exercise of stock options and 17,070 shares held by his wife and children, for which voting and/or investment power is shared.

(8) Includes 40,500 shares that may be acquired within 60 days by exercise of stock options and 15,156 shares held by his wife and children, for which voting and/or investment power is shared.

(9) Mr. Woodside disclaims any beneficial interest in 4,605,714 shares owned by American Can and in 1,300,000 shares which may be acquired by American Can upon exchange of the outstanding preferred stock of Dixie/Northern.

(10) Includes 121,154 shares that may be acquired within 60 days by exercise of stock options and 77,923 shares held by wives and children for which voting and/or investment power is shared. Does not include 15,810 shares held by wives and children as to which beneficial ownership is disclaimed.

(11) Any securities not outstanding but which can be acquired through the exercise of options or conversion or exchange privileges exercisable within 60 days by a person named in the table are deemed outstanding for the purpose of computing the percentage of outstanding securities of the class owned by such person shown in this column but are not deemed outstanding for the purpose of computing the percentage of the class owned by any other person.

PRINCIPAL STOCKHOLDERS

The following table lists the only persons known by the Company to be the beneficial owners of more than five percent of the Common Stock as of July 5, 1983.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Outstanding Shares Assuming Owner Dilution (6)	Percent of Outstanding Shares Assuming Full Dilution (7)
Common	American Can Company American Lane Greenwich, Ct. 06830	5,905,714(2)	22.8%	17.4%
Common	Metropolitan Life Insurance Company One Madison Ave. New York, N.Y. 10010	3,848,250(3)	13.6%	11.3%
Common	Citicorp Venture Capital, Ltd. 399 Park Ave. New York, N.Y. 10022	1,839,840	7.5%	5.4%
Common	The Prudential Insurance Company of America Prudential Plaza Newark, N.J. 07101	1,966,350(3)(4)	7.4%	5.8%
Common	Officers and Directors as a Group (52 persons)	2,401,974(5)	9.7%	7.1%

(1) Each stockholder has sole voting and investment power over all of the shares disclosed except as set forth below.

(2) Includes 1,300,000 shares that may be acquired upon exchange of the outstanding preferred stock of Dixie/Northern.

(3) Includes shares that may be acquired within 60 days upon exchange of certain notes of Dixie/Northern. See "Transactions with Management."

(4) Includes 40,501 shares for which Prudential shares voting power with a third party.

(5) Includes 710,302 shares owned by Bessemer Venture Partners L.P., 121,154 shares that may be acquired within 60 days by exercise of stock options and 77,923 shares held by wives and children for which voting and/or investment power is shared. Does not include 15,810 shares held by wives and children as to which beneficial ownership is disclaimed.

(6) Any securities not outstanding but which can be acquired through the exercise of options or conversion or exchange privileges exercisable within 60 days by a person named in the table are deemed

outstanding for the purpose of computing the percentage of outstanding securities of the class owned by such person shown in this column but are not deemed outstanding for the purpose of computing the percentage of the class owned by any other person.

(7) Assumes the issuance of all shares reserved for stock options and exchange of the outstanding preferred stock and certain notes of Dixie/Northern.

TRANSACTIONS WITH PRINCIPAL STOCKHOLDERS

At the time of the acquisition of the Dixie/Northern assets from American Can, American Can and James River entered into numerous lease, service and supply agreements, the majority of which agreements specify the use of fair market prices of the services or commodities exchanged. These agreements involve the supply of services between facilities acquired by Dixie/Northern and those retained by American Can, the purchase of computer services, wood, pulp and packaging from American Can, the supply of certain pulp by-products and engineering and technical services to American Can, and the lease to Dixie/Northern of temporary office facilities and certain fixed assets at a papermaking and converting mill in Oregon. Pursuant to the terms of these agreements with American Can, the Company received \$9.7 million and paid \$66.7 million during fiscal 1983. Included in the amount paid to American Can are \$33.1 million for the purchase of pulp, \$13.5 million for flexible packaging, \$4.3 million in rentals, and \$4.7 million in dividends.

Metropolitan Life Insurance Company ("Metropolitan") and The Prudential Insurance Company of America ("Prudential") hold \$50 million and \$25 million, respectively, in 16¼% senior notes of Dixie/Northern (the "Senior Notes") due June 30, 1995 and \$50 million and \$25 million, respectively, in 17¼% convertible subordinated notes (the "Subordinated Notes") of Dixie/Northern due June 30, 1997. The Subordinated Notes are exchangeable, at the option of the holder, for shares of Common Stock at the rate of 75 shares of the Common Stock for each \$1,000 principal amount thereof (an exchange price of \$13.33 per share). If the exchange of the Subordinated Notes were to take place as of July 5, 1983, Metropolitan would receive 3,750,000 shares of Common Stock and Prudential would receive 1,875,000 shares of Common Stock. During fiscal 1983, Dixie/Northern made interest payments under the Note Purchase Agreements of approximately \$12,470,000 to Metropolitan and \$6,235,000 to Prudential. In addition, the Company has been extended a line of credit of up to \$30 million by PruFunding, Inc., a subsidiary of Prudential. The Company had not utilized this line of credit as of July 5, 1983. On February 3, 1983, Dixie/Northern entered into a ten year lease agreement with Prudential for office facilities in Connecticut. Annual rentals for these facilities will be approximately \$2.8 million.

REMUNERATION OF OFFICERS AND DIRECTORS

General

The following table sets forth information regarding remuneration for the fiscal year ended April 24, 1983 for services in all capacities to the Company and its subsidiaries by each of the five most highly compensated executive officers or directors and by all officers and directors of the Company, as a group.

Name of individual or Identity of group	Capacities in which served	Cash and Cash-Equivalent Forms of Remuneration: Salaries, fees, directors' fees, commissions, bonuses (1)	Cash and Cash-Equivalent Forms of Remuneration: Securities or property, insurance benefits or reimbursements, personal benefits (2)	Aggregate of contingent forms of remuneration (3) (4) (5)
Brenton S. Halsey (6)	Chairman, Chief Executive Officer and Director	$ 421,750	$ —	$ 5,401
Robert C. Williams (6)	President, Chief Operating Officer and Director	358,250	—	3,879
Judd H. Alexander	Executive Vice President	219,382	—	1,732
Ronald B. Estridge	Executive Vice President	189,461	—	3,059
Ronald L. Singer	Group Vice President	168,303	—	1,348
Officers and Directors as a group (52 persons)		5,042,162(7)	—	69,765

(1) Includes bonuses paid pursuant to the Company's incentive compensation plan which provides that eight percent of annual pre-tax profits will be paid to salaried employees, based upon their individual contributions to the business of the Company and its subsidiaries, in a manner approved by the Board of Directors. Messrs. Halsey, Williams, Alexander and Estridge do not participate in payments made from this plan but were granted year-end bonuses by the Board of Directors.

(2) The cost of personal benefits, if any, for the above individuals has been omitted from the table, because the aggregate cost did not exceed $10,000 for any individual and the specific amounts cannot be determined without unreasonable effort and expense.

(3) The Company provides a pension plan for salaried employees to which participating employees contribute ¾ of 1% of their base salary subject to Social Security tax and up to 1.3% of their salary in excess of that amount. Annual benefits payable under the plan are currently equal to 220% of the aggregate lifetime contributions by the participant. The Company's cost to fund the benefits is actuarially determined and cannot be individually calculated. The expense to the Company during fiscal 1983 was approximately 8.3% of the aggregate salaries of the participants. Contributions made to the plan by each of the officers named in the above remuneration table as of April 24, 1983, were: Brenton S. Halsey $29,913; Robert C. Williams $20,630; Judd H. Alexander $878; Ronald B. Estridge

$8,978; and Ronald L. Singer $909. Expected annual benefits at age 65 based on 1982 contribution levels for Messrs. Halsey, Williams, Alexander, Estridge and Singer are $90,000, $90,000, $28,958, $80,788 and $90,000, respectively.

(4) The Company provides a Stock Purchase Plan for substantially all employees. Participants may contribute 1%, 2%, 3%, 4% or 5% of their total compensation, excluding incentive compensation, to the Plan. The Company contributes to the Plan 60% of the amount contributed by the participant at the 1% level, 40% at the 2% level and 33% at the 3%, 4% and 5% levels. Participants may also elect to borrow from the Company, interest free, a portion of the amount of their contribution which is equal to 40% at the 1% participation level, 60% at the 2% level and 67% at the 3%, 4% and 5% levels.

(5) The Company has adopted a noncontributory Tax Reduction Act Stock Ownership Plan for all eligible salaried employees. Because it has adopted the plan, the Company is allowed an additional 1% federal investment tax credit provided that the dollar amount of the tax benefit is returned to eligible employees in the form of Common Stock. All full time salaried employees are eligible to participate in the plan following two and one-half years of continuous service.

(6) Messrs. Halsey and Williams have employment contracts with the Company expiring in 1987. These contracts contain clauses prohibiting them from competing, directly or indirectly, with the Company or its subsidiaries during the terms of the contracts and provide that Mr. Halsey will receive an annual salary of not less than $300,000 and Mr. Williams an annual salary of not less than $255,000, which salaries will continue to be paid for one year in the event of their death or disability. The contracts further provide that Messrs. Halsey and Williams will each receive, in addition to his benefits under the Company's pension plan, $12,000 a year for ten years, or an annuity of the equivalent actuarial value, upon his retirement at or after age 65. In the event of the death of either prior to the receipt of all benefits to which he is entitled, the remaining benefits will be paid to his wife, if living, or to his estate.

(7) During fiscal 1983, the Company had a deferred compensation plan whereby non-employee directors could defer any or all of the fees payable for services rendered as a director. The fees are deferrable until death, retirement as a director, or termination of the election to defer such fees. The deferred amounts will be paid with interest at the end of the deferral period in a lump sum or in installments at the election of the committee which administers the plan. Fees deferred during fiscal 1983 totalled $27,400.

Stock Options and Stock Appreciation Rights

The Company has a stock option plan pursuant to which options to purchase Common Stock have been granted to officers and key employees. The Company also has a stock appreciation rights (SAR's) plan which provides that certain officers and key employees will be paid cash based on the increases in value of the Common Stock from the time their SAR's are granted until they are exercised. SAR's may be exercised only during the period commencing four years, and ending ten years, after they are granted. The table set forth below shows, as to certain directors and officers of the Company and as to all directors and officers of the Company as a group, certain information with respect to stock options and SAR's.

	Brenton S. Halsey	Robert C. Williams	Judd H. Alexander	Ronald B. Estridge	Ronald L. Singer	All officers and directors as a group (52 persons)
Granted—April 25, 1982 to April 24, 1983:						
Number of options (1)	10,800	9,000	13,500	6,000	10,500	124,800
Average per share option price	$9.25	$9.25	$9.25	$9.25	$9.25	$9.25
Number of SAR's (1)	11,700	9,000	13,500	6,000	10,500	137,850
Average per share base price	$9.25	$9.25	$9.25	$9.25	$9.25	$9.25
Exercised—April 25, 1982 to April 24, 1983:						
Options: Net value realized in shares (market value less any exercise price) or cash	—	—	—	—	—	$ 493,536
SAR's	—	—	—	—	—	—
Sales—April 25, 1982 to April 24, 1983: (2)						
Number of shares ...	—	—	—	—	—	—
Outstanding at April 24, 1983:						
Number of options (3)	82,800	58,500	13,500	18,657	10,500	371,421
Potential (unrealized) option value (market value less exercise price)	$2,085,693	$1,454,700	$268,875	$414,310	$209,125	$8,423,842
Number of SAR's ...	22,950	18,000	13,500	17,250	10,500	251,700
Potential (unrealized) SAR value (market value less base price)	$ 445,536	$ 349,320	$268,875	$347,760	$209,125	$5,021,815

(1) During the period all employees including officers and directors were granted options to purchase 230,175 shares of Common Stock and 285,675 SAR's at an average option price of $9.46 per share and an average base price of $9.42 per share, respectively.

(2) Reflects sales by officers and directors who exercised options during the period April 25, 1982 to April 24, 1983.

(3) Includes options held by Messrs. Halsey and Williams to purchase 60,750 and 40,500 shares, respectively, at a price of $1.87 per share, which options were granted to them by contract in 1974 and expire in 1984. All of the remaining outstanding options were granted pursuant to the Stock Option Plan.

PROPOSED AMENDMENT TO THE ARTICLES OF INCORPORATION

Management and the Board of Directors are of the opinion that the best interests of the Company will be served by amending the Articles of Incorporation to increase the number of shares of Common Stock the Company is authorized to issue from 50,000,000 shares to 75,000,000 shares. A copy of the proposed amendment (the "Amendment") is attached hereto as "Exhibit A". *No change in the number of authorized shares of preferred stock (2,500,000 shares, par value $10 per share) is being made.*

On July 5, 1983 the Company had 24,622,659 shares of Common Stock issued and outstanding. In addition to these shares, the Company has reserved the following shares of Common Stock for issuance: 886,612 shares for issuance pursuant to contracts or a stock option plan; 1,300,000 shares for issuance upon exchange of the outstanding preferred stock of Dixie/Northern; and 7,181,250 shares for issuance upon exchange of the Subordinated Notes.

By increasing the number of shares of Common Stock the Company is authorized to issue, the Company retains the flexibility necessary for acquisitions and other corporate purposes, including stock splits and stock dividends. The increased number of shares of Common Stock could generally be issued without further stockholder approval, except to the extent otherwise required by the rules and requirements of the New York Stock Exchange. No holder of Common Stock or preferred stock has any preemptive right which would entitle him to subscribe to such additional shares.

The Company is currently in the process of acquiring the Pulp and Paper Division of Diamond International Corporation. In connection with the acquisition, the Company expects to issue approximately $20 million of Common Stock and $76 million of a new preferred stock, which may be converted in certain circumstances into Common Stock if called by the Company. However, the issuance of such shares is in no way dependent upon the adoption of the Amendment and the acquisition does not require stockholder approval.

The Company has no other plans, agreements, contracts, arrangements or understandings with respect to issuing additional shares of Common Stock which have been authorized but not issued, except as provided above.

Pursuant to Virginia corporation law, the approval of the Amendment will require the affirmative vote of more than two-thirds of the outstanding shares of Common Stock.

Management and the Board of Directors recommend that you vote FOR the Amendment.

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Upon the recommendation of the Audit Committee, the Board of Directors has designated Coopers & Lybrand to serve as the independent certified public accountants of the Company for its fiscal year ending April 29, 1984, and has directed a vote of stockholders be taken to ascertain their approval or disapproval of that designation. In the event the stockholders do not ratify the appointment of Coopers & Lybrand, the selection of other independent auditors will be considered by the Board of Directors.

A representative of Coopers & Lybrand is expected to be present at the Annual Meeting of Stockholders. He will have an opportunity to make a statement if he so desires and will be available for appropriate questions from stockholders.

ANNUAL REPORT

A copy of the Annual Report of the Company for the fiscal year ended April 24, 1983 is being mailed to you with this Notice and Proxy Statement. No part of the Annual Report shall be regarded as proxy soliciting material.

OTHER MATTERS THAT MAY COME BEFORE THE MEETING

The Company has no present knowledge of any other matters to be presented at the Annual Meeting of Stockholders. If any other matters should properly come before the meeting, and any adjournment thereof, it is the intention of the persons named in the accompanying Proxy to vote such Proxy in the manner they deem best.

PROPOSALS FOR 1984 ANNUAL MEETING

Any Stockholder desiring to make a proposal to be acted upon at the 1984 Annual Meeting of Stockholders must present such proposal to the Company at its principal office in Richmond, Virginia, not later than April 8, 1984 in order for the proposal to be considered for inclusion in the Company's proxy statement.

BRENTON S. HALSEY
Chairman

A copy of the Company's Form 10-K Annual Report for the year ended April 24, 1983 filed with the Securities and Exchange Commission may be obtained by any stockholder after August 1, 1983, free of charge, upon request to David J. McKittrick, Senior Vice-President and Chief Financial Officer, P. O. Box 2218, Richmond, Virginia 23217.

EXHIBIT A

The Articles of Incorporation of James River Corporation of Virginia are hereby amended by deleting Article III, Paragraph A, and inserting in lieu thereof a new Article III, Paragraph A, reading as follows:

ARTICLE III

A. *Authorized Stock.* The aggregate number of shares which the Corporation shall have the authority to issue and the par value per share are as follows:

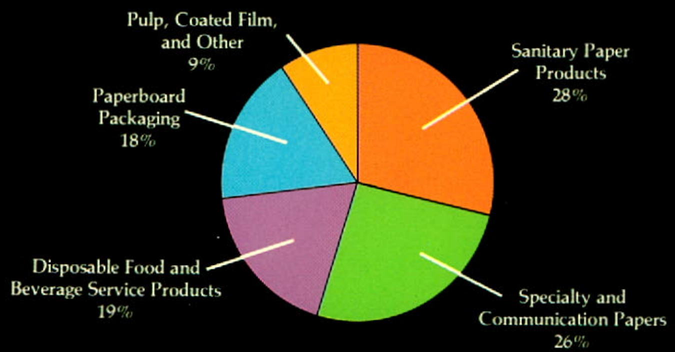
Class	No. of Shares	Par Value
Common	75,000,000	$ .10
Preferred	2,500,000	10.00

Financial Highlights

(Dollar amounts in thousands, except per share data)

	1983	1982	Increase
Net sales	**$1,656,112**	$772,682	114.3%
Net income	**55,148**	22,353	146.7%
Earnings per share (fully diluted)	**2.21**	1.28	72.7%
Cash dividends per common share	**.27**	.27	—
Working capital from operations	**111,600**	44,337	151.7%
Working capital at year end	**362,642**	119,189	204.3%
Capital expenditures	**77,043**	42,103	83.0%

DISTRIBUTION OF SALES BY PRODUCT LINES



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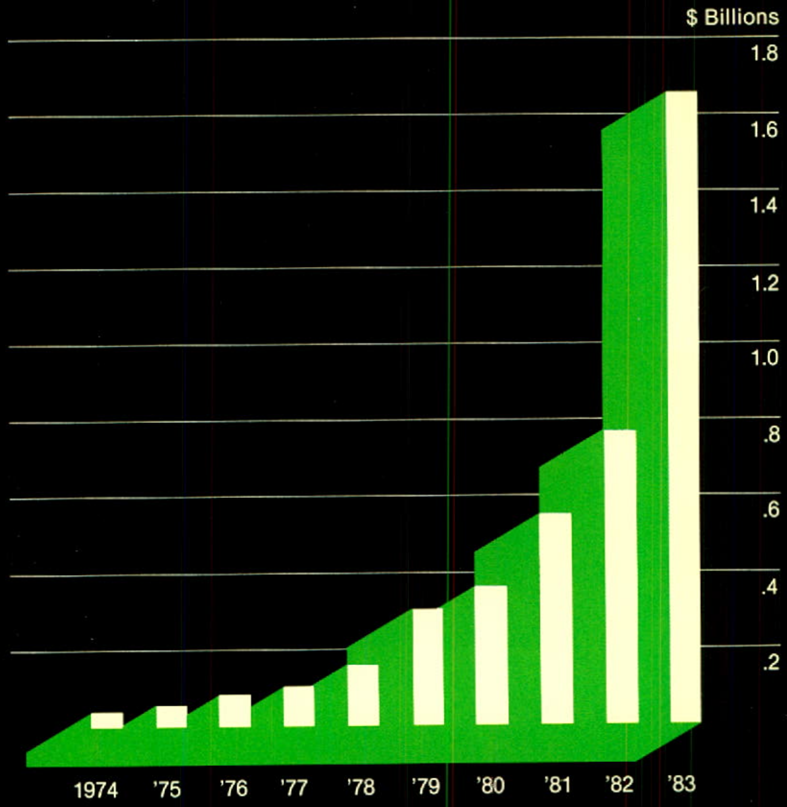
About The Company

James River is an integrated manufacturer and converter of paper and related products with 59 manufacturing facilities located in 19 states and in Canada.

The Company processes basic raw materials—wood, woodpulp, synthetic fibres, and plastic resins—into final products which include towel and tissue products, folding cartons, disposable food service items and a wide array of decorative or functional specialty and communication papers.

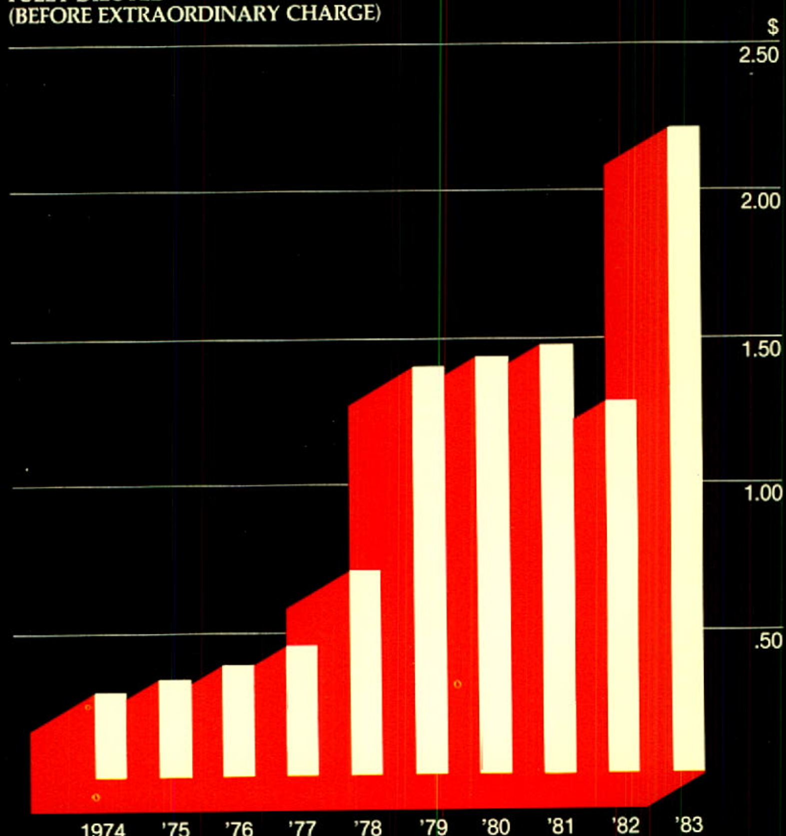
As of June 20, 1983, there were approximately 6,400 common shareholders of record.

NET SALES



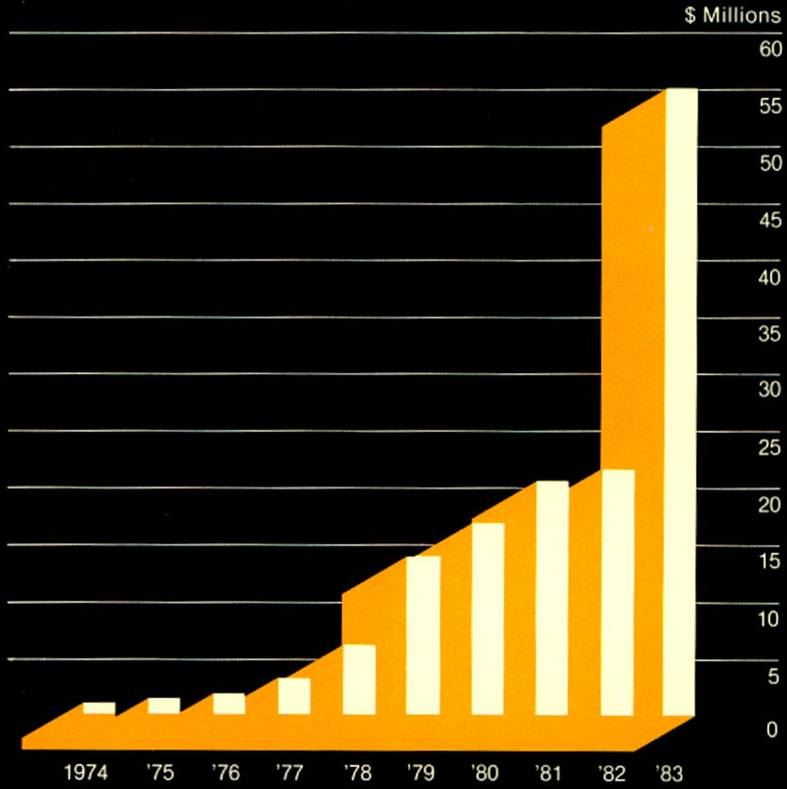
TEN YEAR COMPOUND GROWTH RATE 52.4%

EARNINGS PER SHARE
FULLY DILUTED
(BEFORE EXTRAORDINARY CHARGE)



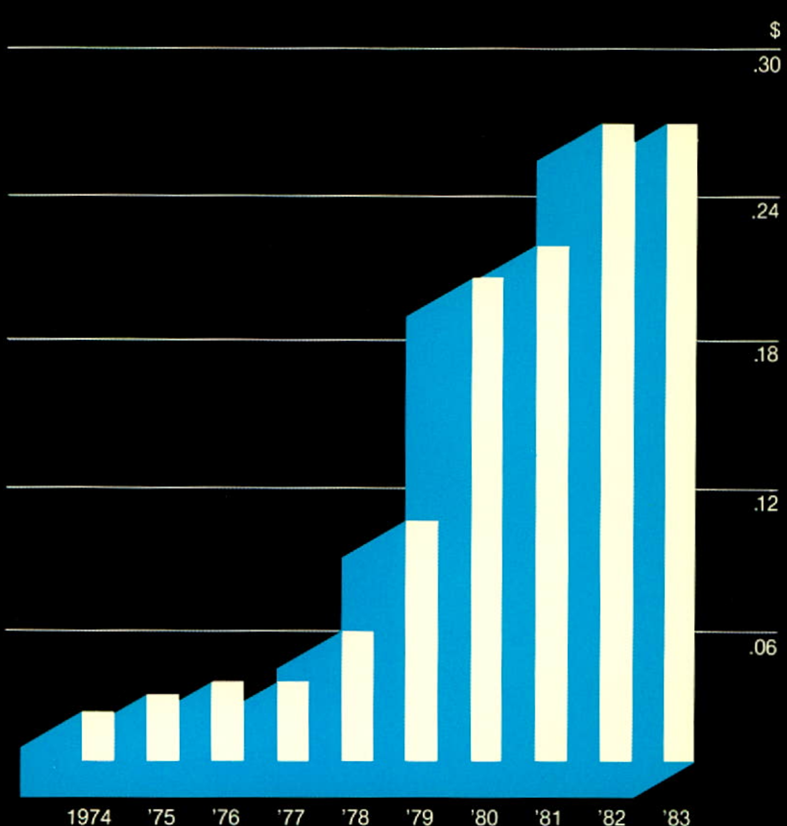
TEN YEAR COMPOUND GROWTH RATE 26.5%

INCOME



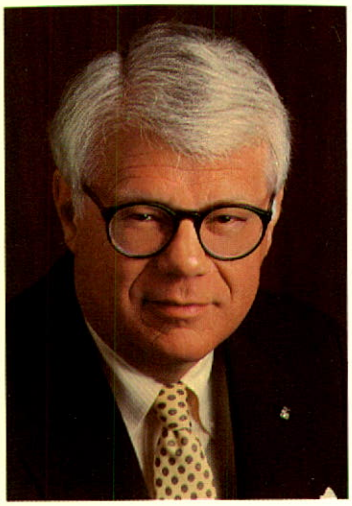
TEN YEAR COMPOUND GROWTH RATE 51.7%

COMMON STOCK CASH DIVIDENDS PER SHARE



NINE YEAR COMPOUND GROWTH RATE 33.5%

To Our Shareholders:



Brenton S. Halsey
Chairman, Chief Executive Officer

James River's fourteenth fiscal year, which ended April 24, 1983, brought the Company to the ranks of the nation's five largest producers of paper products, marked the completion of its long planned program to integrate into pulp manufacture, and solidly established the product base upon which the Company expects to build its future growth. Net earnings for the year more than doubled to $55,148,000 despite the drag of the recessionary economy on the Company's industrial products. Sales and primary earnings per share also more than doubled to $1.6 billion and $2.69 per share, respectively. Fully diluted earnings per share increased more than 70% to $2.21.

The substantial sales and earnings increases were attributable to the July 2 acquisition and successful assimilation of the Dixie / Northern businesses. The continuing decline in the U. S. economy during the year adversely affected demand for the Company's specialty industrial and packaging products and created substantial price erosion in many of the Company's communication paper lines, thereby lowering earnings for both of these product groups.

Dixie / Northern Products.

The integration of the Dixie / Northern people and product lines into James River was the highlight of the 1983 fiscal year. The towel and tissue businesses were consolidated into one national organization serving both the consumer and away-from-home markets, headquartered in a new Norwalk, Connecticut office facility. Similarly the paperboard packaging businesses were consolidated into a single national organization, with headquarters in Kalamazoo, Michigan. The Dixie® products group was reorganized and a comprehensive product improvement program initiated. The combination of Dixie and KVP Service Products, including Papermaid® brands, represents the nation's largest marketer of disposable food and beverage service products. The Dixie Group is also headquartered in the new Norwalk facility. The specialty and communication paper groups, headquartered in Richmond, were reorganized as a separate sector. Focus of the Corporate Research & Development and Operations Technology groups was redirected to serve the total Company's product performance goals.

The broad product base of the Company now includes a high percentage of products which are tied to non-discretionary consumer demand related to food and household items which have proven to be largely resistant to recession.

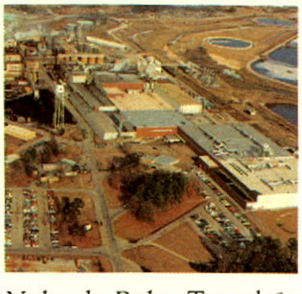
The enthusiasm generated by the James River-Dixie/Northern consolidation, and the teamwork which has resulted in coming together as a focused pulp and paper manufacturer, has provided a rewarding management experience. The James River shareholders are the ultimate beneficiaries of this enthusiasm.

On April 22nd, James River, through a newly formed 80% owned subsidiary, completed the acquisition of the Marathon, Ontario pulp mill of American Can Company. This acquisition, which included a Crown Timber Grant on 1.6 million acres of Ontario timberlands, completes James River's acquisition program to establish internal sources of northern and southern softwood and northern hardwood through its pulp mills at Naheola, Alabama; Berlin, New Hampshire; Green Bay, Wisconsin; and Marathon.

Fiscal 1983 was also a year of heavy financing activity. The favorable performance of the stock market provided an earlier than planned opportunity to restructure the consolidated balance sheet and to

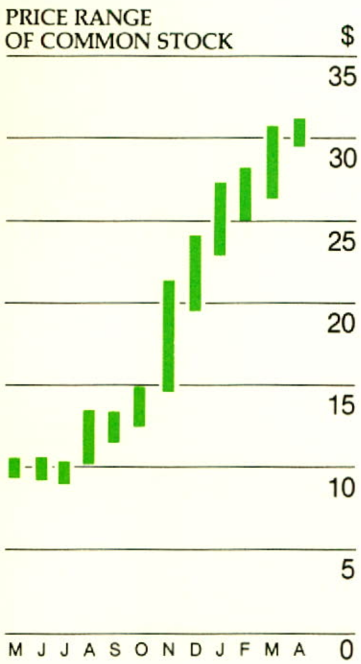
Robert C. Williams
President, Chief Operating Officer

Marathon Pulp Mill.



Naheola Pulp, Towel & Tissue, & Bleached Board Mill.

Ontario Timberlands.



substantially reduce the debt leverage that was necessary to complete the Dixie/Northern acquisition. Shareholders converted substantially all of their Series G convertible preferred stock into common stock in December, and in January the Company completed the public sale of a new issue of common stock which provided net proceeds to the Company of $73 million. These activities resulted in reducing debt to capital (as defined by the Company's senior loan agreements on a consolidated basis) to less than 50% at year end while providing a year end cash balance of $97 million and a current ratio of 2.8.

During the year James River initiated a five year capital program totaling $800 million. This program, to be funded by internal cash flow, is geared to increasing profit margins with primary emphasis on reinforcing and expanding the Company's four main businesses and increasing internal capacity to supply pulp and bleached board. Capital expenditures for the year totaled $77 million compared with $42 million last year. Major projects included a restructuring of the Dixie products manufacturing facilities which involved the shutdown of an obsolete facility at Easton, Pennsylvania and the consolidation of this capacity into an expanded Forks Township, Pennsylvania plant and into other locations. A program of paper machine rebuilds was initiated which includes tissue machines, bleached and recycled board machines, and communication and specialty paper machines. These rebuilds are all aimed at both upgrading quality as well as expanding capacity to meet future demand.

Forks Township, Dixie Products Plant.

On May 10th, James River announced that it had executed a letter of intent providing for the purchase of Diamond International Corporation's primary pulp and papermaking assets. The acquisition, the completion of which is subject to final negotiation of a definitive agreement, will broaden the geographic area in which James River is able to market and manufacture consumer towel and tissue products and will expand James River's diverse lines of communication papers. Sales in 1982 from these operations totaled $210 million. James River will purchase fixed assets for an estimated price of $125 million and inventories currently valued at approximately $45 million. To finance the acquisition James River plans to issue a combination of common and preferred stock having an anticipated value of $96 million, with the balance provided by cash and long-term debt. The acquisition is expected to be non-dilutive as to earnings per share.

Diamond Pulp, Towel & Tissue Mill, Old Town, Maine.

On June 9, 1983, the Board of Directors voted to split the common stock three for two, effected in the form of a 50% stock dividend, simultaneously increasing the cash dividend by 50%. This is the fourth such split since the end of fiscal 1978. All per share numbers used in this report have been adjusted to reflect the split.

The following pages depict the Company's product strategy and the product base from which continued aggressive earnings growth is planned.

Sincerely,

Brenton S. Halsey
Chairman, Chief Executive Officer

Robert C. Williams
President, Chief Operating Officer

Sanitary Paper Products

Specialty and Communication Papers

Disposable Food and Beverage Service Products

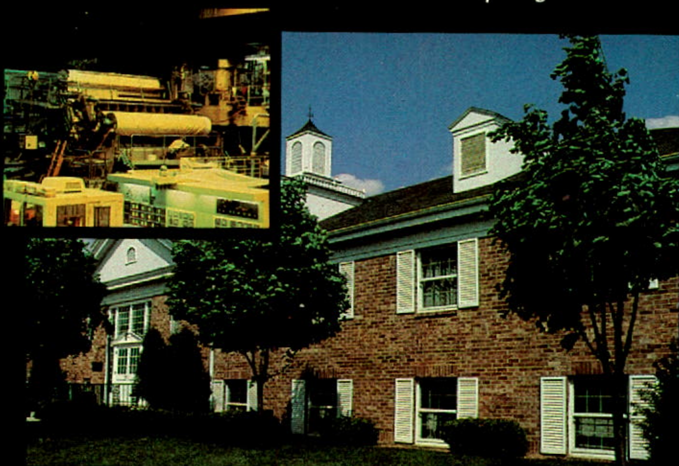
Paperboard Packaging

Performance Products Through People And Technology

Since its founding 14 years ago, James River has developed a competitive edge by providing performance products and service programs which permit its customers to achieve higher profits by using or reselling James River products. As the Company has evolved from a small producer of specialty industrial papers to a position among the nation's five largest producers of paper products, this philosophy has been a continuous thread which is now rigorously applied across its four major product lines: Sanitary Paper Products, Specialty and Communication Papers, Disposable Food and Beverage Service Products, and Paperboard Packaging. This product performance objective is instilled throughout the organization by a dedication to "finding a better way" and is implemented by the focused attention of highly skilled marketers, manufacturers, scientists, and technicians who are unmatched in paper industry experience; and by the application of scientific principles and newest control technology to the Company's manufacturing processes and to its intensive product development program.

As the Company has grown, its organization has evolved to reflect this dedication to product performance. A Corporate Operations Technology group provides to decentralized business managers specialized expertise in achieving participative application of the unique skills of the Company's 18,500 employees. This group also provides a corps of manufacturing technology specialists to assist managers in keeping abreast of advanced process control and productivity techniques. Achieving product performance through product development is reflected by the Corporation's support of major technical centers in Neenah, Wisconsin; South Hadley, Massachusetts; and Richmond, Virginia; which undertake long-range product development programs and provide technology backup to the many decentralized mill product development groups. A Human Resources group is charged with providing the training and management development necessary to continuously replenish the Corporation's people skills. The Corporate Transportation and Distribution group is dedicated to providing James River customers with innovative services at lowest possible cost.

James River's four major product lines, described in greater depth in the following pages, have evolved from an acquisition and operating strategy that has resulted in compound growth rates in both sales and earnings in excess of 50% and the highest return on equity in the industry. These products and associated manufacturing facilities reflect, in common, the Company's objective of achieving a low investment per unit or dollar of sales, a high degree of value added, and balanced cyclicality. Together with wood pulp and high growth coated industrial film, these product lines represent the areas where James River will concentrate its internal growth and acquisition programs in the foreseeable future.

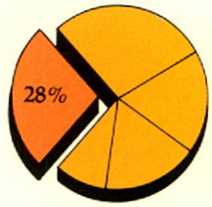


Operations Technology Center, Green Bay, Wisconsin. (Inset) Tissue Machine Rebuild.

Neenah Technical Center. (Inset) Filter Lab Technician.

Gala
120
BRAWNY
DESIGNER
EXTRA ABSORBENT & STRONG
Bolt
NORTHERN
Quilted
NORTHERN
Quilted
NORTHERN
NORTHERN
NORTHERN
140
NORTHERN
NORTHERN
250
NORTHERN
Aurora
Soft Prints
...the decorator's touch
Aurora
the decorator's touch

Sanitary Paper Products



As the marketer of the second most popular bathroom tissue brand in the United States, James River ranks fourth overall in sales of towel and tissue products. These products are sold both to the consumer and institutional (away-from-home) markets. The consumer segment consists of branded products for home use (Northern® bathroom tissue, towel and napkins; Aurora® bathroom tissue; Gala® napkins; and Gala,® Brawny,® and Bolt® towels). The institutional segment consists of sales to away-from-home users, such as offices, factories, and hospitals, including the Marathon,® Nibroc® and Dorsett® brands of bathroom tissue, towels, and napkins.

Consumer towel and tissue brands are marketed in a geographical area which covers all but the northeastern U. S. and contains 78% of U. S. households. Institutional grades are sold throughout the United States. The towel and tissue business is served from five mills strategically located across the U. S. at Naheola, Alabama; Berlin, New Hampshire; Green Bay, and Ashland, Wisconsin; and Halsey, Oregon.

Competitive strengths include experienced, effective and well established marketing and sales groups in both the consumer and away-from-home markets, a strong brand franchise, integrated or semi-integrated manufacturing facilities, high quality products and superior air-laid technology.

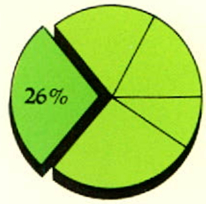
(Left) Consumer Towel, Tissue & Napkins.
(Right) Away-From-Home Sanitary Paper Products.
(Far Right) Product Manager Checks New Package Design.


NEW
EXTRA CRISPY
Original Blend
Gaines
All the appeal of a Homemade Meal
FLOUR
Chips Deluxe
SWEET'N LOW
CLARK
LUCERNE BUTTER
KitKat
French Fries
PRINGLES


Riegel Jersey
KIVAR
King James Cast Coat
Curtis Linen
Curtis Tweedweave
F&M
BLOTTINGS
by
James River

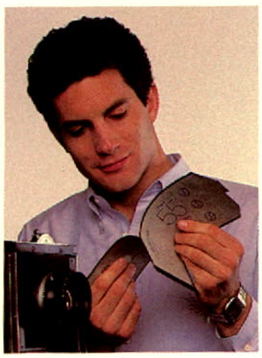

FRAM
PH13A
NAPA
OIL FILTER
1515
SOLKA FLOC ®
CALCIBIND™

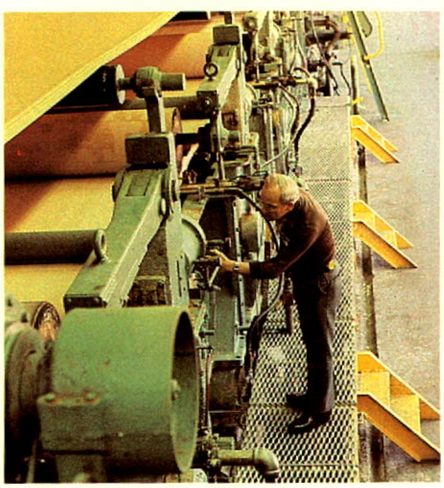
Specialty and Communication Papers



James River is the largest U. S. producer of specialty papers. These products fall into three general categories: packaging papers, communication papers, and industrial papers. Industrial papers are generally custom designed to user specifications and are sold to customers in virtually every major segment of the U. S. economy. They include papers used in the manufacture of automotive oil and air filters and other types of industrial filters, release papers, masking tape, hardback book covers, sanding belts, engine gaskets, electrical insulators and in dozens of other industrial applications. Specialty packaging papers usually are grease or water repellent, have smooth, glossy or high friction surfaces, or possess special strength and toughness characteristics. Representative end uses include pet food packaging, cereal and other food packaging requiring a high moisture or vapor barrier, and industrial packaging. Communication papers include cast coated papers; colored, textured, or embossed text and cover papers; carbonless papers; coated copy papers; dielectric papers for computer output printer plotters and facsimile transmission; and register bond, offset, and envelope papers.

Competitive strengths include a high degree of integration, (both backwards into pulp and forward into coating and laminating), paper machine flexibility as represented by 37 specialty machines, and an experienced, innovative technical and product development organization.



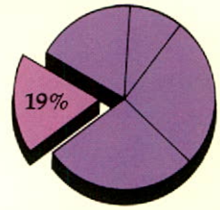


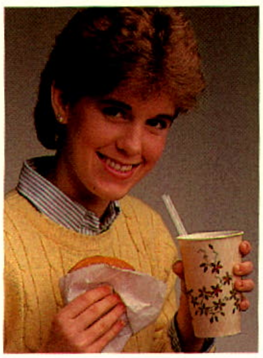
(Left) Specialty Packaging Papers, Communication Papers, and Specialty Industrial Papers. (Right) Specialty Paper Cylinder Machine. (Far Right) Research Technician.


PLASTIC CUPS
freezer wrap
freezer
SPORTS SERIES
by GARY PATTERSON
DIXIE
DIXIE
LIVINGWARE PLATES
EXTRA STRONG
CHINA-GLAZE
SOAK-PROOF COATING


Long John Silver's
GET CARRIED AWAY BY OUR
CUSTOM-MADE
BASKIN-ROBBINS ICE CREAM
31
LIFT TO OPEN
25¢
Long John Silver's
PEPSI-COLA
Coke
7UP
genuine greaseproof delicatessen
500 Sheets
Auto-Pak
the genuine greaseproof delicatessen

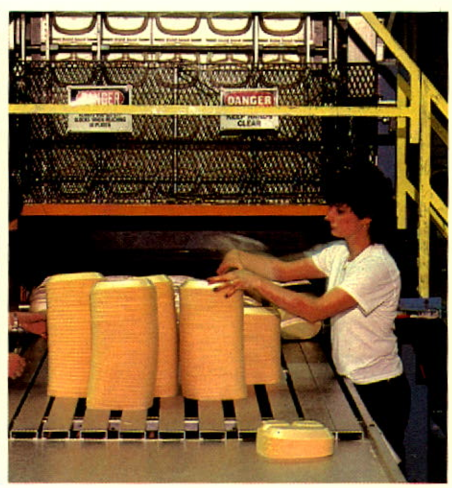
Disposable Food and Beverage Service Products





James River is the nation's largest producer of disposable food and beverage service products. This product group includes cups and lids, plates, trays, napkins, cartons, hamburger patty wrap, sandwich wrap, waxed paper, freezer wrap, parchment pan liners, baking cups, coffee filters and grease filters. In addition to paper products, this product line includes plastic cups, lids and covers, and laminated foam plastic plates and bowls. Food and Beverage Service Products are sold to the consumer market under the Dixie® and Papermaid® trade names. Dixie® products are estimated to occupy shelf space in 31,000 of the approximately 33,000 U. S. supermarkets. The away- from-home foodservice market (fast food chains, restaurants, vending machines, etc.) is served under the Company's Dixie-Marathon flag from strategically located distribution centers across the country.

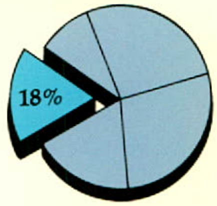
Competitive strengths include the broadest product line in the industry; integrated bleached board, napkin, packaging paper, waxed paper and filter paper operations; an experienced and well established national sales and marketing organization; and Dixie® brand recognition.



(Left) Disposable Food and Beverage Service Products: (Top) Consumer Products. (Bottom) Away-From-Home Products. (Right) Paper Cup Manufacturing. (Far Right) Plastic Plate Manufacturing.

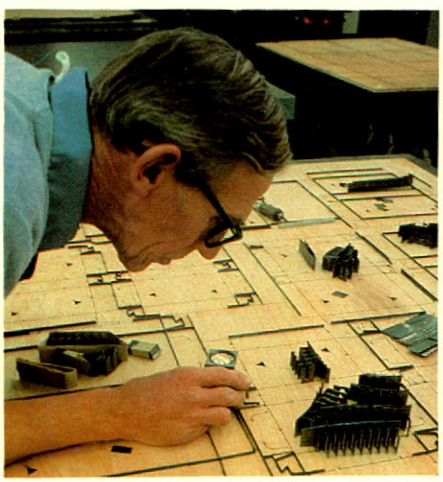

BLEACH
Red Baron
CHEESE & CANADIAN STYLE BACON PIZZA
NEWBORN up to 14 lbs.
Kleenex
HUGGIES
DISPOSABLE DIAPERS
...with elastic at legs to help STOP LEAKING!
Sealtest
Strawberry Ice Cream
Kellogg's
CORN FLAKES
America's Favorite Cereal
total
Lipton
COUNTRY STYLE
Hearty Chicken
DELUXE FUDGE
Sunkist
Fruit Rolls
Crest
ADVANCED FORMULA
with Fluoristat
Lipton
SPICY APPLE TEA
Prestige
DANO'S
Gourmet
Nestlé
Rich'n Creamy
HOT COCOA MIX
RAIN DANCE
CAR WAX
REGULAR MAX

Paperboard Packaging



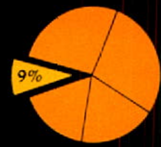
James River is the No. 1 ranking producer of paperboard packaging products. This product group consists principally of folding cartons, but also includes external sales of bleached paperboard and recycled paperboard. Folding carton sales are concentrated in the cereal, ice cream, meat, and other food packaging markets. Folding carton operations are focused on service, innovation and graphic design, serving both regional and national markets through a network of six plants in the South, Northeast, Lake States, and West Coast. These operations are backed by polyethylene extrusion coating operations in the Midwest and South. Bleached paperboard and recycled paperboard for use in folding cartons are supplied from the Company's Naheola, Alabama and Kalamazoo, Michigan mills, respectively. These board products are also sold to other producers of folding cartons and food service products.

Competitive strengths include a high degree of integration, superior graphics capability, a strong position in the non-cyclical food packaging industry and a nationwide plant complex.



(Left) Example of Folding Carton Products Produced by James River. (Right) Laser Die used for Die-Cutting Folding Cartons. (Far Right) Multi-Color Lithography Press used for Printing Folding Cartons.

Pulp, Coated Film, and Other



(Above) Loading Bleached Pulp for Export at James River—Marathon, Ltd. (Right) New Film Coater at James River Graphics, Inc. (Far Right) Examples of Coated Film Products.

In support of its integration strategy, James River manufactures pulp principally for internal consumption but also sells a portion of its output. The Company sells both hardwood and softwood from mills in Berlin, New Hampshire and Marathon, Ontario, and occasionally sells market softwood pulp from its mill in Naheola, Alabama.

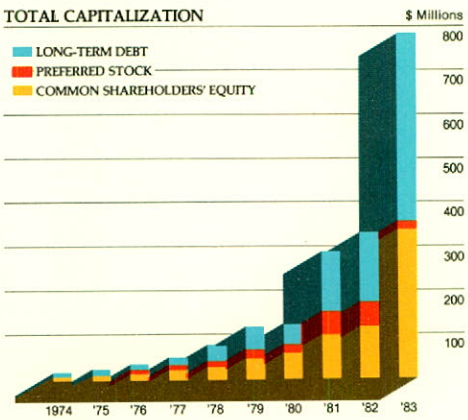
A highly purified, finely divided wood cellulose product is manufactured and sold under the Solka Floc® brand name from the Berlin, New Hampshire pulp mill.

James River produces imaging and custom coated film products at its facility in South Hadley, Massachusetts. Imaging products serve such diverse markets as microfilm, engineering graphics, graphic arts, printed circuit manufacturing, and overhead projection. Custom coated products include intermediate coated film for photographic film manufacturers, photo resist film used in etching copper plates for electronic circuit board, and battery components for instant cameras. These product lines have been experiencing growth rates in excess of 10%.

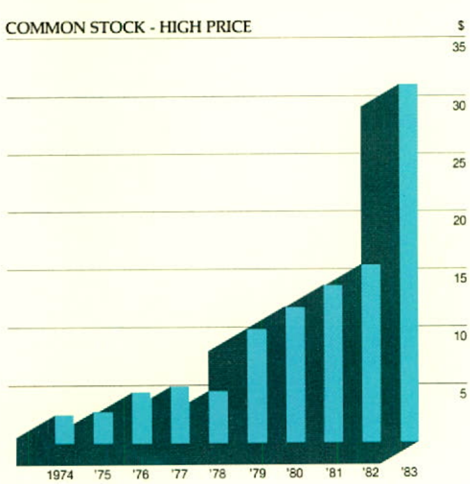
Specialty book matches are produced by James River's Superior Match Company division in Chicago.

Financial Condition

During the fiscal year, the Company entered into several transactions which enhanced its overall operations and significantly altered its capital structure. Among these were the acquisition of Dixie/Northern, a major public issuance of common stock, and the conversion resulting from the redemption call of the Series G preferred stock.

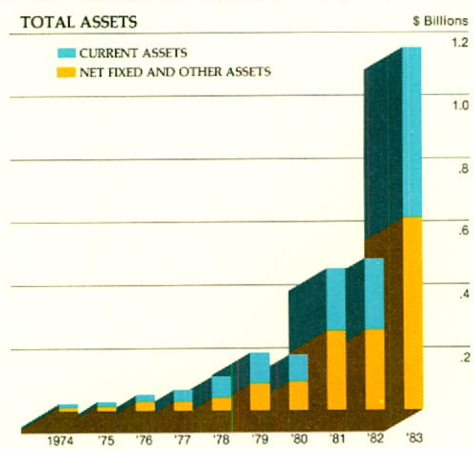


In order to finance the acquisition of the assets of Dixie/Northern in July 1982, the Company incurred new debt of approximately $335.0 million; that new debt, when combined with equity issued in the transaction, increased the Company's ratio of long-term debt to total capitalization (assuming consolidation pursuant to its senior note agreements) to approximately 65.4%. That ratio on a consolidated basis, which has consistently decreased on a quarterly basis since the acquisition date, was as follows: July 25, 1982— 62.0%; October 24, 1982—58.4%; January 23, 1983—48.1%. At April 24, 1983, it stood at 49.6%; however, cash balances at year-end of $97.0 million were considerably in excess of targeted operating levels. If such excess funds were used to reduce debt balances, the ratio of long-term debt to total capitalization would have been further reduced on a pro forma basis to approximately 44.4%. The decrease in the ratio of debt to total capitalization was due to the retention of funds provided from operations as well as additional capitalization from equity issues in December 1982 and January 1983 totaling approximately $76.0 million.

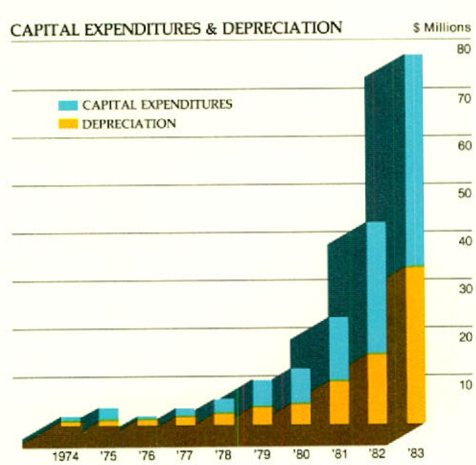


The capital structure was also improved as a result of the redemption call of the Series G $5.40 Preferred Stock in December, 1982. Approximately 99% of outstanding shares were converted into common stock with the remainder being redeemed. This action had a positive impact on the Company because of the reduction in preferred dividend requirements.

Funds provided from operations are the Company's primary source of funds for investment in its business, excluding acquisition-related expansion projects which typically require outside financing. Operations provided $111.6 million, or 197.6% of the financial resources used for investment in fixed assets and working capital other than cash. During fiscal 1982, operations funded $44.3 million, or 135% of the resources used for internal investment.

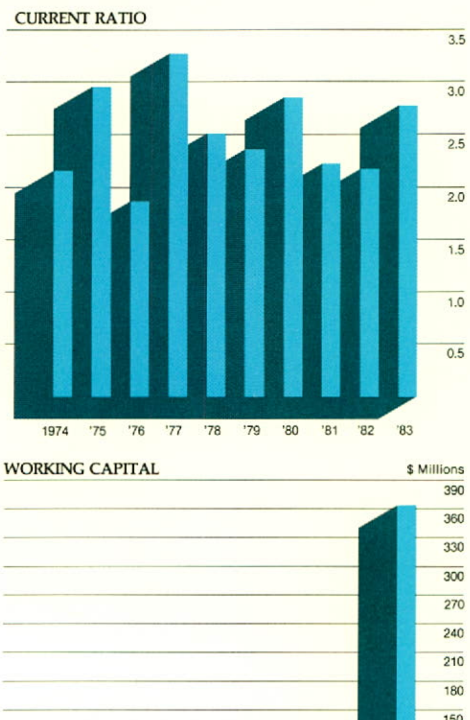


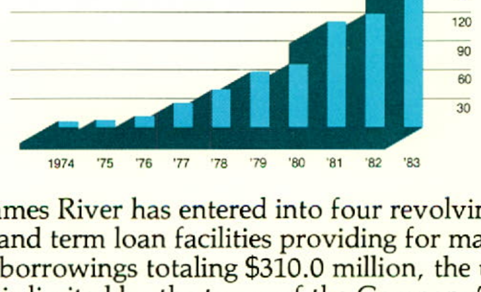
James River continuously maintains the competitive condition of its productive capacity through rebuilds and modernization as well as expansion of operations. Capital expenditures, excluding acquisitions, increased from $42.1 million in fiscal 1982 to $77.0 million in fiscal 1983, primarily reflecting the



addition of the Dixie/Northern operations. The general level of capital expenditures is planned to increase significantly in future years pursuant to an aggressive long-range capital improvement program announced in 1983. At April 24, 1983 there are no material noncancellable commitments for capital expenditures.

Liquidity continues to be strong with a current ratio of 2.77:1 at April 24, 1983, up from 2.17:1 at the end of the previous year. At year-end the Company had no short-term borrowings and the current portion of long-term debt was $3.9 million. Tight management controls of working capital in response to the recessionary climate experienced during the year caused non-cash working capital to decrease. After including the increase in cash balances, working capital during the year increased by $50.1 million, excluding that purchased in acquisitions.

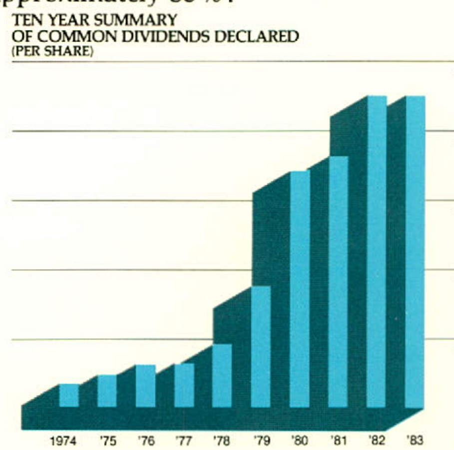




James River has entered into four revolving credit and term loan facilities providing for maximum borrowings totaling $310.0 million, the use of which is limited by the terms of the Company's senior note agreements (see Note 5 of Notes to Consolidated Financial Statements). At April 24, 1983 James River has agreements with several banks providing for maximum short-term borrowings totaling $60.0 million at below prime rates and an unused line of credit of $5.0 million at the prime rate. Under the provisions of the Company's senior note agreements, James River has no restrictions on the incurrence of short-term borrowing in fiscal 1984, but the use of the proceeds may be partially limited to working capital investment. The existence and provisions of the above agreements provide James River with substantial financial flexibility in the environment of a recovering economy.

In general, the cash needed to meet the Company's ongoing internal needs has been generated by its operating cash flow. The Company is in a capital intensive business, however, and will incur long-term debt or issue equity to fund major internal or acquisition-related expansion projects, as it has in the past. While financial arrangements are not yet finalized with respect to the pending acquisition of the pulp and paper operations of Diamond International, the Company plans to use some excess cash in the purchase and will finance the balance with a combination of debt and equity that would not adversely impact the ratio of debt to total capitalization nor cause dilution of earnings per share. The Company does not normally require short-term borrowings to support its business, although the timing of cash requirements may require the utilization of existing revolving credit facilities or bank lines of credit.

In June 1983, the Company increased its common stock dividend by 50% in connection with a three for two stock split. The new dividend is the equivalent of $.60 per share on a pre-split basis. This action represents the twelfth dividend increase and the fourth stock split since the Company became publicly held in 1973. Over this ten year period the compound rate of increase in the cash dividend has been approximately 35%.



Although the Company believes it is in the best interest of its shareholders to retain most of its earnings for reinvestment, it is the present intention to continue to increase common dividends commensurate with the Company's growth in earnings and the strength of its financial position.

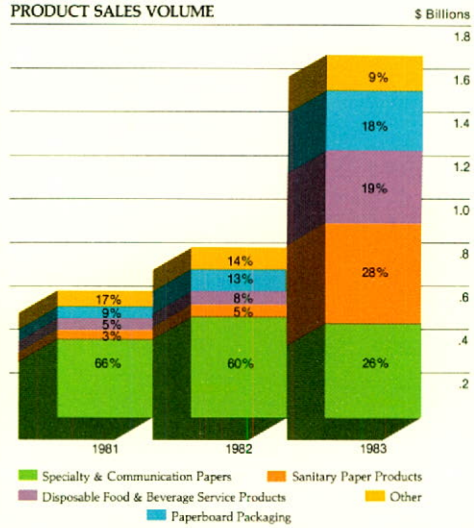
Results of Operations

Overview:

James River experienced substantial increases in net sales and income before minority interest during each of the last two fiscal years. These increases were primarily the result of the acquisition of the Dixie/Northern operations during fiscal 1983 and the relative profitability of certain of the acquired Brown operations in fiscal 1982. During these two years, however, operations of the Company, other than those which are consumer-oriented, were significantly and adversely impacted by the slowdown in the U.S. economy.

Acquired operations had a major effect on the year-to-year increases in net sales and items of costs and expenses. Both net sales and cost of goods sold attributable to acquired operations are affected by sales and transfers of products among operations of the Company. Therefore, it is not possible to measure accurately the contribution to consolidated gross margin attributable to incremental operations. In addition, acquisitions directly and indirectly resulted in significant increases in consolidated selling and administrative and interest expenses. The allocation of these items among James River's operating divisions for internal financial reporting purposes is based on various methods which do not necessarily indicate the portion of such items actually attributable to each acquisition. Accordingly, it is not possible to determine accurately the contribution to consolidated net income which resulted from acquisitions.

The table below sets forth for the years indicated (i) the percentage which the items in the Consolidated Statement of Income bear to net sales and (ii) the percentage increases of such items as compared to the indicated prior year.



James River produces a broad line of products which serve, directly and indirectly, almost every major segment of the U.S. economy. A variety of products is manufactured at each operating division and the mix of products within a division, as well as for the Company as a whole, is constantly changing in response to varying customer needs or as a result of shifting levels of economic activity in the segments of the U.S. economy. The Company also has highly decentralized operating and marketing managements for its operating divisions, which are responsible for their own pricing and product mix strategies as part of the overall divisional profit responsibility. As a result of the dynamics of the Company's product mix and the large number of its decentralized operations, it is not practical or meaningful to quantify separately for the Company as a whole the impact of changes in price, sales volume and product mix.

Fiscal Year Ended April	Percentage of Net Sales 1983	1982	1981	Year-to-Year Percent Increase 1983 vs. 1982	1982 vs. 1981
Revenues:					
Net sales	**100.0%**	100.0%	100.0%	**114.3%**	37.7%
Other income	**.5**	.3	.4	**168.7**	31.8
Total revenues	**100.5**	100.3	100.4	**114.5**	37.6
Costs and expenses:					
Cost of goods sold	**75.7**	85.2	85.1	**90.4**	37.8
Selling and administrative expenses	**16.0**	8.6	7.8	**298.7**	51.7
Interest	**3.1**	2.1	1.8	**206.3**	68.4
Total costs and expenses	**94.8**	95.9	94.7	**111.7**	39.5
Income before income tax expense, extraordinary charge and minority interest	**5.7**	4.4	5.7	**176.2**	7.1
Income tax expense	**2.1**	1.5	1.9	**196.7**	11.8
Income before extraordinary charge and minority interest	**3.6%**	2.9%	3.8%	**165.2%**	4.7%

Fiscal 1983 as Compared to Fiscal 1982:

James River's significant increases in net sales and earnings during fiscal 1983 are attributable to the acquisition of Dixie/Northern on July 2, 1982. During the year, demand for the Company's sanitary products, food packaging and food service products remained relatively steady; however, toward the end of the year the Company began to experience an adverse impact from competitive pricing in these products. Demand for industrial and printing products continued at depressed levels throughout the year, although order backlogs in these areas had improved significantly by the end of the year.

Gross margin as a percentage of sales increased significantly due to increased vertical integration through the addition of the Dixie/Northern operations; at the same time James River's movement into the consumer market has caused selling and administrative expenses to nearly double their previous relation to sales. Although interest expense is more than triple the fiscal 1982 level due to acquisition financing, it was positively impacted by the reduction in prime lending rates on variable-rate borrowings and by the overall reduction in debt balances since July 1982. The Company's effective tax rate has increased from 34.8% to its current 37.4% primarily because of the reduced relative size of permanent differences between taxable income and financial income which arose from prior years' acquisitions.

Fully diluted earnings per share did not increase proportionately with income due to significant increases in weighted average common shares and common share equivalents outstanding during the year, resulting primarily from the July acquisition and the public issue in January.

Fiscal 1982 as Compared to Fiscal 1981:

James River attained record sales and earnings levels during fiscal 1982, although the results were below the expectation at the beginning of the year when the outlook for the economy was for stability and growth. Operations throughout the year were adversely affected by reduced demand for many industrial and packaging papers and, during the latter half of the year, the Company experienced some price erosion caused by the sharp downturn in the U.S. economy. However, the Company's folding carton, towel and tissue, and food and beverage service operations were generally not adversely affected by the recession.

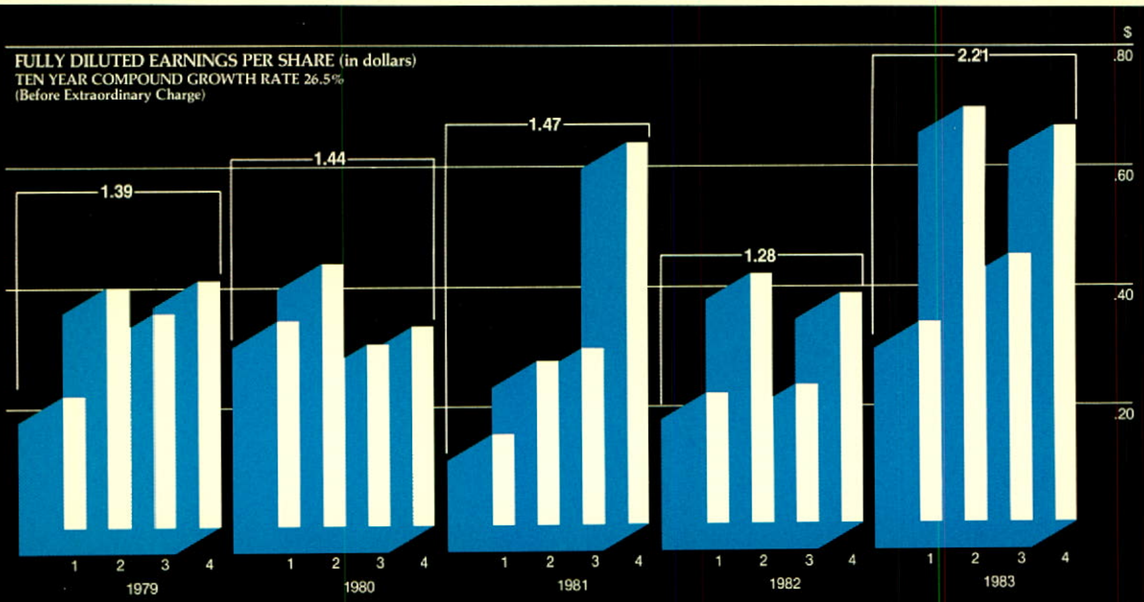
Primary and fully diluted earnings per share for fiscal 1982 were lower than per share earnings before the extraordinary charge in fiscal 1981. Comparisons of earnings per share between the two years reflect the weighted average difference in shares related to the Brown acquisition, the addition of earnings from that acquisition, the economy-related decrease in demand between the two years, and an estimated charge to fiscal 1982 earnings of approximately $.17 per share attributable to the strike at Riegel Products Corporation which ended on June 7, 1981.

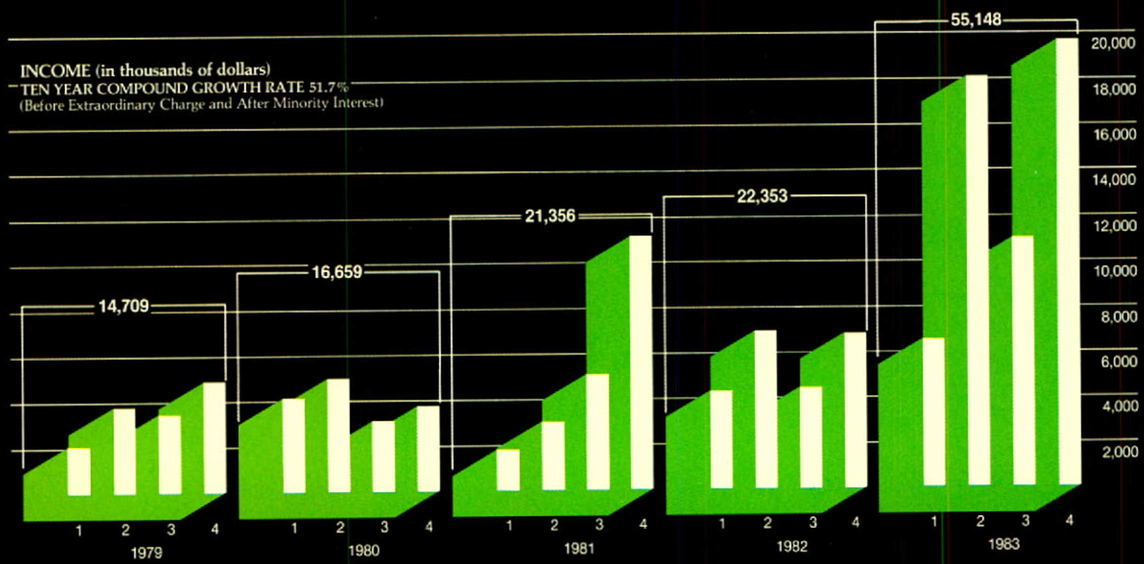
Interest expense increased significantly, commensurate with the increase in debt issued and assumed in conjunction with the Brown acquisition. Additionally, James River incurred average outstanding borrowings of approximately $9.7 million under revolving credit or sub-prime borrowing facilities during the year.

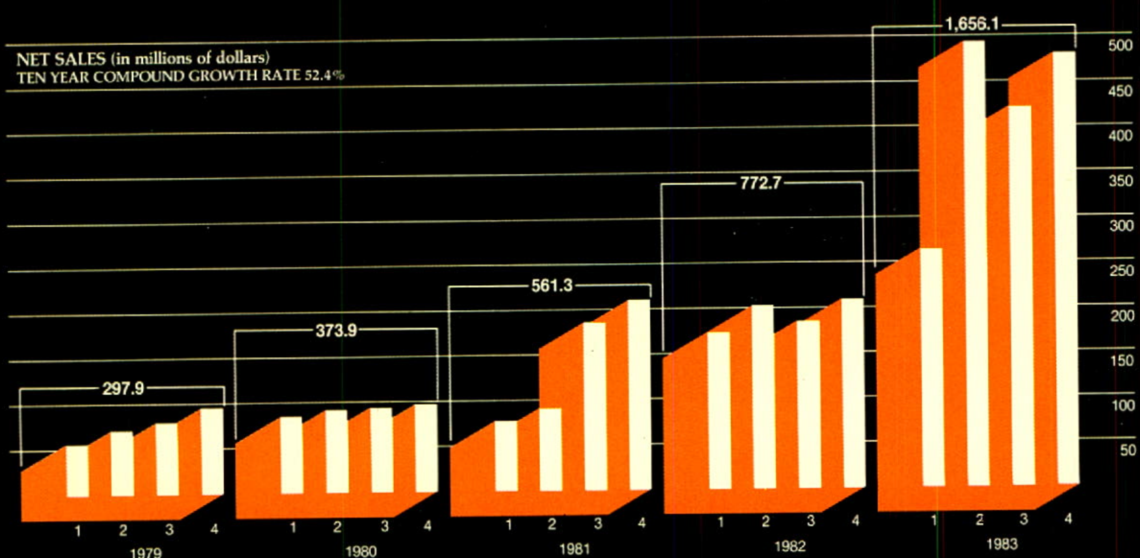
Although income tax expense decreased as a percentage of total revenues, the Company's effective tax rate increased from 33.3% in fiscal 1981 to 34.8% in fiscal 1982. The increase reflected significantly lower investment and energy tax credits, resulting from the nature and timing of capital projects placed in service during the respective years. In addition, state income taxes increased in 1982 primarily due to generally higher effective rates in those states where the Brown operations are located.

Supplementary Data:

In accordance with the provision of Financial Accounting Standards Board Statement No. 33 "Financial Reporting and Changing Prices," James River is required to present certain supplementary financial information in an attempt to demonstrate the impact of inflation on inventories, operating assets and the results of operations. This information, which follows the Notes to Consolidated Financial Statements, is based upon broad assumptions, estimates and prescribed procedures which may not be relevant in light of the nature of the Company's assets or operations. As a result, the data should not be viewed as a precise measure of the effect of inflation on James River, and caution should be used in making comparisons with other companies.


FULLY DILUTED EARNINGS PER SHARE (in dollars)
TEN YEAR COMPOUND GROWTH RATE 26.5%
(Before Extraordinary Charge)
1.39
1.44
1.47
1.28
2.21
$
.80
.60
.40
.20
1 2 3 4
1979
1980
1981
1982
1983


INCOME (in thousands of dollars)
TEN YEAR COMPOUND GROWTH RATE 51.7%
(Before Extraordinary Charge and After Minority Interest)
14,709
16,659
21,356
22,353
55,148
20,000
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
1 2 3 4
1979
1980
1981
1982
1983


NET SALES (in millions of dollars)
TEN YEAR COMPOUND GROWTH RATE 52.4%
297.9
373.9
561.3
772.7
1,656.1
500
450
400
350
300
250
200
150
100
50
1 2 3 4
1979
1980
1981
1982
1983

Board of Directors

Executive Committee

FitzGerald Bemiss (left)
President, FitzGerald & Company
Richmond, Virginia
(private investment company)

Brenton S. Halsey (center)
Chairman, Chief Executive Officer
James River Corporation
Richmond, Virginia

Robert C. Williams (right)
President, Chief Operating Officer
James River Corporation
Richmond, Virginia

Patrick J. Welsh (left)
Partner, Welsh, Carson, Anderson & Stowe
New York, New York
(venture capital partnership)

William T. Comfort, Jr. (center)
Chairman, Citicorp Venture Capital, Ltd.
and Citicorp Capital Investors
New York, New York
(subsidiaries of Citicorp, N.A.)

William T. Burgin (right)
Partner, Bessemer Venture Partners L.P.
New York, New York

William V. Daniel (left)
Managing Director,
WFS Financial Corporation
Richmond, Virginia
(investment bankers)

Bruce C. Gottwald (center)
President, Ethyl Corporation
Richmond, Virginia
(chemicals, plastics, and aluminum manufacturing)

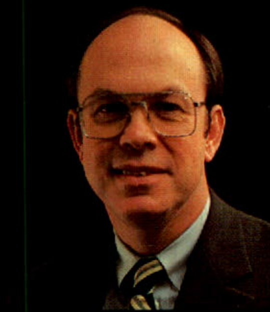
William S. Woodside (right)
Chairman, Chief Executive Officer
American Can Company
Greenwich, Connecticut
(primarily packaging, specialty retailing, and financial services)

Richard H. Catlett, Jr. (left)
Partner, McGuire, Woods & Battle
Richmond, Virginia
(attorneys-at-law)

Joseph T. Piemont (right)
Management Consultant
Charlotte, North Carolina

Corporate Senior Officers

Judd H. Alexander
Executive Vice President



Ronald B. Estridge
Executive Vice President

Edgar T. Dean
Group Vice President

Richard C. Erickson
Group Vice President

Charles M. Foster
Group Vice President

John E. Griffith
Group Vice President

Karl V. Kraske
Group Vice President

Richard S. Longnecker
Group Vice President

Ronald L. Singer
Group Vice President

Francis A. Somers
Group Vice President

Andrew F. Zephir
Group Vice President

Leon Katz
Senior Vice President

David J. McKittrick
Senior Vice President

Lawrence S. Morrow
Senior Vice President

Robert J. Sherry
Senior Vice President

E. Lee Showalter
Senior Vice President

Officers

Corporate Staff Officers

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Chairman, Chief Executive Officer

Robert C. Williams
President, Chief Operating Officer

Leon Katz
Senior Vice President, Corporate Research and Development

David J. McKittrick
Senior Vice President, Chief Financial Officer and Treasurer

Lawrence S. Morrow
Senior Vice President, Corporate Services and Operations Technology

Robert J. Sherry
Senior Vice President, Human Resource Development

E. Lee Showalter
Senior Vice President, Corporate Development

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Vice President, Absorbent Technology

William C. Bean
Vice President, Board Products Technology

Terry L. Brubaker
Vice President, Strategic Planning

Thomas M. Costello
Vice President, Productivity Programs

Theodore R. Edwards
Vice President, Productivity

Stephen H. Garnett
Vice President, Public Affairs

Phillip S. Henss
Vice President, Converting Engineering

Leonard E. Hickey
Vice President, Management Information Systems

Robert G. Murphy
Vice President, Pulp and Paper Engineering

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Vice President, Corporate Planning

Warren L. Spiller
Vice President, Corporate Controller

Bruce D. Wagner
Vice President, Corporate Purchasing

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Vice President, Environment and Energy

Frank M. Wood, Jr.
Vice President, Transportation and Risk Management

Richard H. Catlett, Jr.
Secretary

Operations Officers

SPECIALTY SECTOR

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Executive Vice President

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Vice President, Marketing and Strategy

James M. Harper*
Vice President, Facility Planning

Robert L. Jones*
Vice President, Technology and Control

JAMES RIVER-MARATHON, LTD.

Gervase A. Byrne*
President

FILTRATION PRODUCTS GROUP

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Group Vice President

Frank J. Krasofski*
Vice President, Commercial Development

JAMES RIVER-FITCHBURG, INC.

Patrick J. Sullivan
Vice President, General Manager

Samuel Doak
Vice President, General Sales Manager

JAMES RIVER PAPER COMPANY, PAPERMAKING DIVISION

Charles F. Miller
Vice President, General Manager

JAMES RIVER-ROCHESTER, INC.

J. T. Webb
Vice President, General Manager

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Group Vice President

Peter K. Sacksen*
Vice President, Commercial Development

Francis E. Driscoll
Vice President, National Accounts Manager

JAMES RIVER-MASSACHUSETTS, INC., CONVERTING DIVISION

Andrew F. Zephir*
Group Vice President and General Manager

JAMES RIVER-MASSACHUSETTS, INC., PAPERMAKING DIVISION

Robert S. Morgan
Vice President, General Manager

John P. Birtwell
Vice President, Sales

Neal L. Martin
Vice President, Technical Director

JAMES RIVER-OTIS, INC.

James O. Eubanks
Vice President, General Manager

Jon A. Lanford
Vice President, Sales

JAMES RIVER-PEPPERELL, INC.

Paul R. Roussel
Vice President, General Manager

Charles C. Robbins*
Vice President, General Sales Manager

*James River Corporate Officers

PRINTING/PACKAGING GROUP

John E. Griffith*
Group Vice President

CURTIS DIVISION

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President

Edward G. Gremban
Vice President, General Manager, Curtis Mills

William J. Walker
Vice President, Administration and Distribution

Frank L. Wright
Vice President, Midwest Regional Sales Manager

Burton P. Bailey
Vice President, Technical Sales

Alfred L. Saindon
Vice President, Resident Manager, Newark

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Vice President, Manufacturing

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Orrin B. Clifford
Vice President, Sales, Milford Products

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Vice President, General Manager, Custom Products

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Vice President, Purchasing and Administration

KVP GROUP

Francis A. Somers*
Group Vice President

PAPER DIVISION

Andrew T. Muha
Vice President, General Manager

PARCHMENT DIVISION

Keith N. Bartlam
Vice President, General Manager

SERVICE PRODUCTS DIVISION

Joseph Erving
Vice President, General Manager

BERLIN/GORHAM GROUP

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Randolph E. Moores
Vice President, Operations

Anthony F. Santucci
Vice President, Sales and Marketing, Paper/Pulp/Solka Floc

PAPER DIVISION

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Vice President, Sales

PULP DIVISION

James L. Sanborn
Vice President, Pulp Manufacturing

Arthur B. McCormick
Vice President, Pulp Sales

SOLKA FLOC DIVISION

John Chubb
Vice President, General Manager

WOODLANDS DIVISION

John H. Bork
Vice President

GRAPHICS GROUP

Karl V. Kraske*
Group Vice President

COATED PAPER DIVISION

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Vice President, General Manager

Francis E. Driscoll
Vice President, Office Copy Paper Marketing

Gerard W. Jepson
Vice President, Director Decorative Products

Denzel G. Hankinson
Vice President, Reprographic Sales

CUSTOM & IMAGING DIVISION

E. Bradley Moynahan
Vice President, General Manager

Robert L. Smith
Vice President, Imaging Sales

Cary S. Giles
Vice President, Custom Product Sales

DIXIE/NORTHERN SECTOR

Judd H. Alexander*
Executive Vice President

Stephen L. Kessler*
Vice President, Administration, Planning and Control

Louis F. Heeb
Vice President, Counsel

TOWEL & TISSUE GROUP

Ronald L. Singer*
Group Vice President

Clifford L. Lueck
Vice President, Manufacturing Services and Product Development

Thomas W. Orr
Vice President, Southern Operations

James W. Malone
Vice President, Naheola Mill Operations

George J. Wagner
Vice President, Lake States Operations

E. A. Stafford
Vice President, Western Operations

Richard H. Schacht
Vice President, Marketing

David L. Albright
Vice President, Consumer Marketing

Paul P. Bova
Vice President, Sales and Logistics

Thomas J. McGrail
Vice President, Sales

DIXIE PRODUCTS GROUP

Charles M. Foster*
Group Vice President

William J. Hughes
Vice President, Manufacturing

Robert E. Slotter
Vice President, Dixie/Marathon Sales Operations

William R. Coad
Vice President, Marketing and Sales, Consumer Products

Lawrence A. Walker
Vice President, Marketing, Foodservice Products

PAPERBOARD PACKAGING GROUP

Richard S. Longnecker*
Group Vice President

Norman K. Ryan
Vice President, Operations

Donald H. Wedin
Vice President, Sales/Marketing

Donald G. Coslett
Vice President, Meat Packaging

GILCO DIVISION

Roy Gilbert
President

SUPERIOR MATCH DIVISION

Harold Meitus
President

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* *James River Corporate Officers*

Financials

Report of Independent Certified Public Accountants

The Board of Directors and Shareholders
James River Corporation of Virginia:

We have examined the consolidated balance sheet of James River Corporation of Virginia and Subsidiaries as of April 24, 1983 and April 25, 1982, and the related consolidated statements of income, changes in capital accounts and changes in financial position for each of the three years (fifty-two weeks each) in the period ended April 24, 1983. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of James River Corporation of Virginia and Subsidiaries as of April 24, 1983 and April 25, 1982, and the results of their operations and the changes in their financial position for each of the three years in the period ended April 24, 1983, in conformity with generally accepted accounting principles applied on a consistent basis.

Coopers & Lybrand

Suite 1000
Seventh and Franklin Building
Richmond, Virginia 23219
May 18, 1983, except for Note 17B
which is dated June 20, 1983

Consolidated Statement of Income

James River Corporation of Virginia and Subsidiaries
For the Years Ended April 24, 1983, April 25, 1982 and April 26, 1981

	1983	1982	1981
Revenues:			
Net sales	**$1,656,112,107**	$772,681,636	$561,318,444
Other income	**7,499,408**	2,791,045	2,118,281
Total revenues	**1,663,611,515**	775,472,681	563,436,725
Costs and expenses:			
Cost of goods sold	**1,253,364,988**	658,198,876	477,786,909
Selling and administrative expenses	**264,807,111**	66,418,329	43,784,391
Interest	**50,760,417**	16,573,871	9,842,389
Total costs and expenses	**1,568,932,516**	741,191,076	531,413,689
Income before income tax expense, extraordinary charge and minority interest	**94,678,999**	34,281,605	32,023,036
Income tax expense	**35,394,433**	11,928,800	10,667,131
Income before extraordinary charge and minority interest	**59,284,566**	22,352,805	21,355,905
Extraordinary charge, net of $1,099,374 tax benefit			3,474,905
Minority interest (dividend requirement on preferred stock of a subsidiary, James River-Dixie/Northern, Inc.)	**4,136,786**		
Net income	**$ 55,147,780**	$ 22,352,805	$ 17,881,000
Net income per common share and common share equivalent:			
Primary:			
Income before extraordinary charge	**$2.69**	$1.30	$1.53
Extraordinary charge			(.29)
Net income	**$2.69**	$1.30	$1.24
Fully diluted:			
Income before extraordinary charge	**$2.21**	$1.28	$1.47
Extraordinary charge			(.24)
Net income	**$2.21**	$1.28	$1.23
Weighted average number of common shares and common share equivalents:			
Primary	**19,076,069**	13,126,707	11,957,966
Fully diluted	**27,730,847**	16,872,899	13,930,752

The accompanying notes are an integral part of the financial statements.

Consolidated Balance Sheet

James River Corporation of Virginia and Subsidiaries
April 24, 1983 and April 25, 1982

Assets	1983	1982
Current assets:		
Cash and short-term securities	$ 96,625,382	$ 25,923,824
Accounts receivable	153,599,934	84,221,701
Inventories	302,912,220	103,163,392
Prepaid expenses	12,013,673	2,465,069
Recoverable income taxes	2,051,975	5,457,217
Total current assets	567,203,184	221,231,203
Property, plant and equipment:		
Land	13,255,638	4,284,745
Buildings	73,014,067	36,153,493
Machinery and equipment	483,304,968	190,451,335
Construction in progress	31,140,747	18,772,332
	600,715,420	249,661,905
Less accumulated depreciation	65,613,632	34,815,811
	535,101,788	214,846,094
Timber and timberlands, net of accumulated cost of timber harvested	38,770,927	38,506,100
Net property, plant and equipment	573,872,715	253,352,194
Deferred charges and other assets	11,040,972	3,532,483
	$1,152,116,871	$478,115,880
Liabilities and Capital		
Current liabilities:		
Accounts payable and accrued liabilities	$ 200,639,267	$ 86,484,158
Long-term debt, current portion	3,921,768	15,557,739
Total current liabilities	204,561,035	102,041,897
Long-term debt	427,449,877	147,363,282
Deferred retirement and other liabilities	81,356,824	38,790,464
Deferred income taxes	43,217,112	19,944,277
Minority interests	41,334,286	
Preferred stock, $10 par value; 2,500,000 shares authorized:		
Redeemable preferred shares, stated at liquidation value of $100 per share; shares issued, 1983—99,040 and 1982—100,240	9,904,000	10,024,000
Series G convertible preferred shares, stated at assigned value of $55 per share; shares issued, 832,482		45,786,510
Common stock, $.10 par value; 50,000,000 shares authorized; shares issued, 1983—24,615,097 and 1982—8,443,408	2,461,510	844,341
Additional paid-in capital	228,666,125	46,988,104
Retained earnings	113,166,102	66,333,005
	$1,152,116,871	$478,115,880

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Changes in Financial Position

James River Corporation of Virginia and Subsidiaries
For the Years Ended April 24, 1983, April 25, 1982 and April 26, 1981

	1983	1982*	1981*
Sources of working capital:			
Operations:			
Income before extraordinary charge	**$ 55,147,780**	$ 22,352,805	$ 21,355,905
Charges to income not affecting working capital:			
Depreciation and cost of timber harvested	**32,095,947**	14,305,038	9,286,190
Deferred income taxes	**23,272,835**	7,457,825	5,221,454
Amortization and other	**1,083,154**	221,293	155,828
Working capital from operations excluding extraordinary charge	**111,599,716**	44,336,961	36,019,377
Extraordinary charge			(3,474,905)
Issued or assumed in connection with acquisitions:			
Common stock	**57,766,400**		21,437,012
Preferred stock of a subsidiary	**39,000,000**		
Preferred stock			45,790,140
Long-term debt and other long-term liabilities	**366,866,457**		134,348,288
Common stock of a subsidiary	**2,000,000**		
Working capital acquired	**193,312,501**		47,582,134
Increase in long-term debt		25,000,000	10,800,000
Common stock issued:			
Public offerings, net of expenses	**76,039,612**		
Conversion of preferred stock	**45,420,925**	3,165	4,925,357
Conversion of convertible subordinated notes	**4,250,000**		
Exercise of stock options	**584,330**	155,900	336,810
Other, net	**1,928,625**	7,533,995	3,478,904
Total sources	**$898,768,566**	$ 77,030,021	$301,243,117
Applications of working capital:			
Additions to property, plant and equipment	**$ 77,042,800**	$ 42,103,198	$ 21,279,830
Reduction of long-term debt	**62,652,796**	15,376,435	14,915,099
Assets acquired from acquisitions	**476,540,706**		206,975,440
Excess of fair value over cost of assets acquired	**(15,907,849)**		
Common and preferred stock cash dividends	**8,314,683**	8,663,176	6,106,976
Conversion and redemption of preferred stock	**46,672,587**	3,245	5,000,385
Increase in working capital	**243,452,843**	10,883,967	46,965,387
Total applications	**$898,768,566**	$ 77,030,021	$301,243,117
Analysis of changes in working capital:			
Increase (decrease) in current assets:			
Cash and short-term securities	**$70,701,558**	$ 20,221,317	$ (706,686)
Accounts receivable	**69,378,233**	3,696,895	41,058,453
Inventories	**199,748,828**	(4,324,840)	61,478,669
Prepaid expenses	**9,548,604**	(774,008)	506,879
Recoverable income taxes	**(3,405,242)**	5,457,217	
Total	**345,971,981**	24,276,581	102,337,315
Increase (decrease) in current liabilities:			
Accounts payable and accrued liabilities	**114,155,109**	1,119,364	54,075,121
Long-term debt, current portion	**(11,635,971)**	12,273,250	1,296,807
Total	**102,519,138**	13,392,614	55,371,928
Increase in working capital	**243,452,843**	10,883,967	46,965,387
Working capital, beginning of year	**119,189,306**	108,305,339	61,339,952
Working capital, end of year	**$362,642,149**	$119,189,306	$108,305,339

*Certain amounts have been reclassified to conform with the 1983 presentation.
The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Changes in Capital Accounts

James River Corporation of Virginia and Subsidiaries
For the Years Ended April 24, 1983, April 25, 1982 and April 26, 1981

	Redeemable Preferred Stock	Series G Convertible Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings
Balance, April 27, 1980	$15,024,000		$ 430,352	$ 20,543,849	$ 40,869,352
Issuance of shares in connection with acquisition:					
832,548 Series G Preferred Stock		$45,790,140			
932,044 common shares			93,204	21,343,808	
Conversion of Series F and Series G Preferred Stock	(5,000,000)	(385)	31,664	4,893,693	
Exercise of stock options			5,564	331,246	
Three for two stock split effected as a 50% stock dividend on June 22, 1981			280,392	(280,392)	
Common stock cash dividends ($.21 per share)					(2,344,068)
Preferred stock cash dividends					(3,762,908)
Net income					17,881,000
Balance, April 26, 1981	10,024,000	45,789,755	841,176	46,832,204	52,643,376
Conversion of Series G Preferred Stock		(3,245)	18	3,227	
Exercise of stock options			3,147	152,673	
Common stock cash dividends ($.27 per share)					(3,371,701)
Preferred stock cash dividends					(5,291,475)
Net income					22,352,805
Balance, April 25, 1982	10,024,000	45,786,510	844,341	46,988,104	66,333,005
Issuances of common stock in connection with:					
Acquisitions–3,070,476 shares			**307,048**	**57,459,352**	
Public offerings–2,100,000 shares			**210,000**	**75,829,612**	
Conversion of convertible subordinated notes–212,500 shares			**21,250**	**4,228,750**	
Conversion of Series G Preferred Stock		**(45,786,510)**	**247,750**	**44,407,098**	
Exercise of stock options			**10,618**	**573,712**	
Series D Preferred Stock sinking fund requirements	**(120,000)**				
Three for two stock split effected as a 50% stock dividend on June 20, 1983			**820,503**	**(820,503)**	
Common stock cash dividends ($.27 per share)					**(5,288,611)**
Preferred stock cash dividends					**(3,026,072)**
Net income					**55,147,780**
Balance, April 24, 1983	**$ 9,904,000**	**—**	**$2,461,510**	**$228,666,125**	**$113,166,102**

The accompanying notes are an integral part of the financial statements.

Notes to Consolidated Financial Statements
James River Corporation of Virginia and Subsidiaries

1. Summary of Significant Accounting Policies:

A) Consolidation and Segment Reporting:
The accompanying financial statements include the accounts of James River Corporation of Virginia ("James River") and its subsidiaries (collectively, the "Company"). The voting stock of all subsidiaries is wholly-owned except that of James River-Pepperell, Inc. and James River-Marathon, Ltd., which in each case is 80% owned. All material intercompany accounts and transactions are eliminated in consolidation.

The Company is predominantly engaged in one business segment: the manufacturing, converting, and marketing of paper and related products.

B) Inventories:
Inventories are valued at the lower of cost or market as described in Note 4.

C) Property, Plant and Equipment:
Property, plant and equipment is stated at cost. Depreciation is computed using the straight-line method for financial reporting purposes based on management's estimate of remaining useful lives at acquisition (generally 20 to 45 years for buildings and 12 to 20 years for machinery and equipment). Cost of timber harvested is recorded as timber is cut and at rates which are determined annually based on the relationship of unamortized timber costs to the estimated volume of recoverable timber.

D) Income Taxes:
Timing differences exist in the computation of income for financial and tax reporting purposes which give rise to deferred taxes. The principal reason for these differences is the use of alternative methods for computing depreciation. The Company accounts for investment tax credits as a reduction of current taxes in the year realized.

E) Net Income Per Common Share and Common Share Equivalent:
For the primary computation, net income is reduced by preferred dividend requirements, except for dividends on the Series F Preferred Stock which, prior to its conversion on March 16, 1981, was a common share equivalent. Common shares and common share equivalents are computed using the weighted average number of common shares outstanding during the period, including common share equivalents arising from the assumed conversion of any outstanding Series F Preferred Stock and dilutive stock options. Proceeds from the exercise of such stock options are assumed to be used to repurchase outstanding shares of James River's common stock at the average price during the period.

The fully diluted computation is performed using the same method as for the primary computation, except that (i) proceeds from exercise of stock options are assumed to be used to repurchase outstanding shares of James River's common stock at the higher of the average or period-end price, (ii) until its conversion on December 23, 1982, the Series G Preferred Stock was assumed to be converted, if dilutive, and net income was not reduced for the dividend requirements thereon, (iii) if dilutive, the Series AA Exchangeable Preferred Stock issued by James River-Dixie/Northern, Inc. ("Dixie/Northern") is assumed to be converted and the minority interest in the earnings of that subsidiary is restored to net income, and (iv) if dilutive, the 17¼% Convertible Subordinated Notes of Dixie/Northern are assumed to be converted and the interest thereon, net of income tax benefit, is restored to income. During fiscal 1983, the Series AA was not dilutive.

Per share earnings and the accompanying Notes to Consolidated Financial Statements reflect stock splits effected through June 20, 1983.

F) Pension Plans:
The Company has pension plans covering substantially all employees. Annual pension costs are actuarially determined and include amortization of unfunded liabilities over a maximum of 30 years. The funding policy is to pay at least the minimum amounts required by the Employee Retirement Income Security Act of 1974.

G) Research and Development:
In addition to long-range product development opportunities which are pursued at major research facilities, machine time in the mills is used for experiments and trial runs on new products. Direct and readily identifiable indirect costs of all such activities charged to expense amounted to approximately $18,288,000, $7,624,000 and $5,045,000 in fiscal 1983, 1982 and 1981, respectively. The increase in 1983 is due to the acquisition of Dixie/Northern.

H) Capitalized Interest:
The cost of properties includes interest on funds borrowed to finance the acquisition or construction of major equipment or facilities. The capitalization rate, in the absence of identifiable debt financing, is

the weighted average interest rate applicable to borrowings outstanding during the year. The amount capitalized is determined by applying the capitalization rate to cumulative expenditures during the period of construction or installation. The Company incurred gross interest of $54,968,957 in fiscal 1983, $18,584,158 in fiscal 1982 and $11,737,192 in fiscal 1981, of which $4,208,540, $2,010,287 and $1,894,803, respectively, were capitalized.

2. Acquisitions:

James River-Dixie/Northern, Inc.:
On July 2, 1982, James River and American Can Company ("American Can") consummated transactions in which James River, through a subsidiary, Dixie/Northern, acquired certain assets of American Can's paper and forest based businesses. The Company's consolidated results of operations include those of Dixie/Northern from July 2, 1982, the effective date of the purchase transaction. The allocation of the purchase price to the assets acquired and the liabilities assumed is subject to adjustment resulting from refinements in the application of purchase method accounting and resolution of certain contingencies.

James River acquired approximately $171,882,556 in working capital and $283,228,205 of property, plant, equipment and other operating assets. The total consideration of approximately $455,110,761 was financed by the issuance of $334,489,000 of debt ($100,000,000 of which was subordinated debt exchangeable for 7,500,000 shares of James River common stock), the assumption of $31,855,361 of long-term debt and other long-term liabilities, cash of $49,766,400 from the sale by James River of 2,880,000 shares of its common stock (4,320,000 shares after giving effect to the three for two stock split on June 20, 1983) to American Can, and the issuance to the seller of preferred stock of Dixie/Northern having a liquidation value of $39,000,000 (exchangeable for 1,300,000 shares of James River common stock).

Included in the purchase were the domestic operations of American Can's Dixie® consumer and institutional food service operations as well as the company's towel and tissue and folding carton operations. James River also received long-term contractual rights to pulpwood from American Can's timberlands in the southern and Great Lakes regions of the United States. Under the agreement, James River entered into a long-term lease of American Can's towel and tissue operations in Halsey, Oregon and has an eleven-year option to purchase the facility for a cash price of $16,700,000. James River and American Can also entered into numerous other lease, service and supply agreements.

If the Dixie/Northern acquisition is assumed to have been made as of April 27, 1981, unaudited pro forma consolidated net sales, net income and earnings per share (computed by adjusting historical operations for acquisition financing and purchase method accounting) would approximate the following for the fiscal years 1983 and 1982, respectively (dollar amounts in millions, except per share data): Net sales—$1,880.0 and $1,881.1; Net income—$57.7 and $42.6; Net income per common share and common share equivalent: Primary—$2.71 and $2.14, Fully diluted—$2.19 and $1.75.

James River-Marathon, Ltd.:
On April 22, 1983, James River, Buchanan Forest Products, Ltd. ("Buchanan") and American Can Canada, Inc. consummated transactions in which a new company, owned 80% by James River and 20% by Buchanan, acquired American Can Canada, Inc.'s pulp mill located in Marathon, Ontario. The pro forma effect on the Company's operations for fiscal years 1983 and 1982 is not material. The purchase price and related allocations are subject to adjustment resulting from refinements in the application of purchase method accounting and resolution of certain contingencies.

In the purchase transaction, James River-Marathon, Ltd. ("Marathon") acquired working capital which has an assigned value of $21,429,945. In connection with the financing of the purchase, James River sold 190,476 shares of its common stock for $8,000,000 to American Can Company (285,714 shares after giving effect to the three for two stock split on June 20, 1983). Such amount represents the capital investment of James River in Marathon, which purchased the net assets from American Can Canada, Inc. for $5,000,000 in cash.

The excess of the fair value of the acquired net assets over cost is included in deferred liabilities and will be amortized evenly over a two year period.

Brown Company:
Through merger transactions consummated on October 26, 1980 and December 8, 1980, James River acquired the pulp, paper and timber assets and businesses of the former Brown Company ("Brown").

The Company's consolidated results of operations include those of Brown from October 26, 1980, the effective date of the purchase transaction for accounting purposes.

As reported at April 26, 1981, James River acquired approximately $47,582,000 in working capital and $159,393,000 of property, plant and equipment, timber and other operating assets, for a total consideration of approximately $206,975,000, which included the assumption of $112,348,000 of long-term debt and other long-term liabilities. The financial statements of the subsequent year reflect refinements in the application of purchase method accounting to the assets acquired and the liabilities assumed.

3. Supplemental Balance Sheet Information:

A) Short-term Securities:
Short-term securities with a cost, which approximates market, of $84,720,000 at April 24, 1983 and $21,350,000 at April 25, 1982, consist primarily of Treasury bill repurchase agreements with a bank.

B) Accounts Payable and Accrued Liabilities:

	1983	1982
Accounts payable	**$ 81,819,573**	$ 38,818,470
Accrued liabilities:		
Payroll and incentive compensation	**49,301,519**	15,582,157
Pension	**20,556,217**	12,118,441
Advertising	**13,854,972**	9,227
Other	**35,106,986**	19,955,863
	$200,639,267	$ 86,484,158

4. Inventories:

Inventory components and their valuation methods are as follows:

	1983	1982
Components:		
Raw materials	**$ 81,292,330**	$ 32,231,857
Finished goods and work in process	**176,534,518**	50,016,496
Stores and supplies	**45,085,372**	20,915,039
	$302,912,220	$103,163,392
Valued at lower of cost or market:		
First-in, first-out	**$125,306,494**	$ 46,043,596
Last-in, first-out	**2,740,360**	990,095
Average	**174,865,366**	56,129,701
	$302,912,220	$103,163,392

Cost elements included in substantially all work in process and finished goods inventories are raw materials, direct labor and manufacturing overhead. Raw materials and stores and supplies include purchase and delivery costs. Last-in, first-out inventories are valued below replacement cost by approximately $1,062,825 in fiscal 1983 and $1,312,747 in fiscal 1982.

5. Long-Term Debt and Additional Credit Facilities:

Long-term debt due after one year consists of:

	1983	1982
Senior:		
Bank revolving credit facilities	**$110,000,000**	$ 30,000,000
Unsecured notes:		
Payable annually from 1988 to 1995, in varying amounts, at 16.25% interest	**100,000,000**	
Payable quarterly to 1999 at interest rates ranging from 8.75% to 10.25%	**36,593,000**	38,429,000
Payable quarterly from 1985 to 1999 at 13% interest	**31,700,000**	31,700,000
Industrial revenue bonds:		
Payable annually or semi-annually to 2006 at imputed interest of 11%	**33,613,952**	34,350,445
Payable through 2002 at approximately 6.25% interest	**4,612,000**	4,834,000
Other senior debt	**9,656,092**	2,311,110
Total senior debt	**326,175,044**	141,624,555
Subordinated notes:		
Convertible, payable annually from 1991 to 1997, in varying amounts, at 17.25% interest. Convertible into 7,181,250 shares of James River common stock at $13.33 per share	**95,750,000**	
Other	**5,524,833**	5,738,727
Total subordinated debt	**101,274,833**	5,738,727
Total long-term debt	**$427,449,877**	$147,363,282

Minimum principal payments on all long-term debt (excluding revolving credit facilities) for the five years subsequent to April 24, 1983 are as follows: 1984—$3,921,768; 1985—$5,424,997; 1986—$7,038,501; 1987—$7,026,546; and 1988—$8,254,259. Required payments, assuming the revolvers at current levels were converted into term loans, would be as follows: 1984—$3,921,768; 1985—$13,924,997; 1986—$21,638,501; 1987—$23,626,546; and 1988—$27,104,259.

A) Outstanding Notes and Industrial Revenue Bonds:
Under the most restrictive outstanding debt agreements, the Company is required to maintain minimum consolidated working capital of $220,000,000. The senior note agreements require the Company to meet certain financial ratios related to funded debt before it incurs additional funded debt or long-term lease obligations, encumbers its assets or makes certain investments. In addition, there are limitations on the amount of restricted payments (as defined), including the payment of dividends, and restrictions on cash transfers between James River and certain of its subsidiaries. Under the most restrictive of these provisions at April 24, 1983, the Company has additional long-term borrowing capacity of approximately $153,431,000 and has $64,753,000 of retained earnings available for the payment of dividends.

Debt assumed in conjunction with the Brown acquisition is stated in accordance with purchase method accounting requirements at a present value utilizing imputed interest rates ranging from 11% to 15%. At April 24, 1983, $47,022,717 face amount of such debt, consisting principally of industrial revenue bonds, has a present value of $37,590,455.

Certain assets, primarily those funded by industrial revenue bonds and having a net book value of approximately $41,998,000 at April 24, 1983, are pledged as collateral under various loan agreements.

B) Revolving Credit Facilities:
James River or its subsidiaries have entered into four revolving credit and term loan facilities providing for maximum borrowings totaling $310,000,000, the use of which from time to time may be limited by the terms of the Company's senior note agreements. One facility provides for maximum borrowings of $60,000,000 at the prime rate (10.5% at April 24, 1983) until October 1983. Any balance then outstanding may, at James River's option, be converted into a six-year term loan, payable quarterly, with interest at 104% of the prime rate until October 1985 and thereafter at 108% of such rate. At April 24, 1983, $30,000,000 outstanding under this agreement was classified as long-term debt.

A second revolving credit and term loan agreement with certain banks provides that James River may borrow, at the prime rate, up to $20,000,000 until October 1983. Any borrowings then outstanding may, at James River's option, be converted into a four-year term loan, payable quarterly, with interest at rates ranging from ¼% to ½% over prime. At April 24, 1983, $15,000,000 outstanding under this agreement was classified as long-term debt.

A third revolving credit and term loan facility with an institution provides for maximum borrowings of $30,000,000, with interest at a variable rate (10.20% at April 24, 1983) related to the lender's commercial paper rate. In January 1984, at the option of James River, the facility may be extended, or any balance then outstanding may be converted into a four-year term loan, twenty percent of which would be payable annually for three years, with the final forty percent payable in January 1988. Interest on the term loan would be payable for the first three years at a rate of ¼% above the variable rate and thereafter at ⅜% above such rate. This credit facility has not been used.

In June 1982, in connection with the Dixie/Northern acquisition, that subsidiary entered into a credit agreement with several banks providing for maximum borrowings of $200,000,000 at 103% of prime on a revolving basis until June 30, 1985. Any balance then outstanding may, at the borrower's option, be converted into a five-year term loan, part of which would be payable quarterly, with interest at 102%-104% of prime for three years and 102%-106% of prime thereafter. A remaining balance approximating 41% of the term loan would be due June 30, 1990. At April 24, 1983, $65,000,000 outstanding under this agreement was classified as long-term debt.

C) Short-term Borrowing Agreements:
At April 24, 1983, James River has agreements with several banks providing for maximum short-term borrowings totaling $60,000,000, of which $20,000,000 may be alternatively borrowed under one of the revolving credit facilities. Any borrowings under these agreements are dependent upon bank availability and bear interest based on money market rates (approximately 1¼% below prime at April 24, 1983). In addition, the Company has an unused line of credit with a bank of $5,000,000 which would bear interest at the prime rate.

In January 1983, proceeds of $65,000,000 from a public offering of common stock were used to repay borrowings under several bank credit facilities. Primary earnings per common share for fiscal 1983, assuming the retirements occurred at the beginning of the year or dates of issuance of the retired securities, if later, would have been $2.57.

6. Minority Interests:

In the Dixie/Northern acquisition, that subsidiary issued 866,667 shares of cumulative exchangeable preferred stock, having a liquidation and redemption value of $39,000,000, to American Can Company. The liquidation value of these securities is reflected as a minority interest in the consolidated balance sheet, and the related dividend requirement represents the minority interest in Dixie/Northern's earnings.

Cumulative annual dividends of $5.85 per share are payable quarterly, and the shares are subject to mandatory redemption in equal amounts from 1988 to 1995. The shares are exchangeable for 1,300,000 shares of James River common stock, subject to adjustment under certain antidilution provisions. Unless converted, these securities have no claim on common shareholders' equity and generally have no voting rights.

The 20% minority interest in James River-Marathon, Ltd. is $2,000,000 at April 24, 1983.

7. Redeemable Preferred Stocks:

Redeemable preferred stock outstanding at April 24, 1983, April 25, 1982 and April 26, 1981 consists of the following:

	1983	1982	1981
Series C Participating	**$1,724,000**	$ 1,724,000	$ 1,724,000
Series D $8.75 Cumulative	**3,880,000**	4,000,000	4,000,000
Series E $8.75 Cumulative	**4,300,000**	4,300,000	4,300,000
	$9,904,000	$10,024,000	$10,024,000

Minimum redemption payments on the preferred stock for the five years subsequent to April 24, 1983 are as follows: 1984—$240,000; 1985—$240,000; 1986—$547,175; 1987—$1,980,175; and 1988—$1,980,175.

A) Series C Participating:
Mandatory dividends of $4.00 per share per annum are payable semiannually on the Series C Participating Preferred Stock ("Series C"). In addition, participating dividends up to a maximum of $6.00 per share are payable annually at a rate computed on the pre-tax, pre-interest earnings (as defined in the Articles of Serial Designation) of Riegel Products Corporation ("Riegel"), a wholly-owned subsidiary of James River, in excess of $3,600,000 per year. All dividends on the Series C are cumulative. In fiscal years 1983, 1982 and 1981, only mandatory dividend payments were required. The Series C may be redeemed in whole or in amounts of not less than $100,000 at $100 per share plus dividends earned but unpaid to the date of redemption. Participating sinking fund payments related to the defined earnings of Riegel up to a maximum of $245,740 annually may be required. Mandatory annual sinking fund payments of $307,175 commence in July 1985 and continue until the Series C is fully redeemed.

B) Series D $8.75 Cumulative:
The annual dividend rate on the Series D $8.75 Cumulative Preferred Stock ("Series D") is $8.75 per share payable quarterly. The Series D may be redeemed, in whole or in part, at a per share price declining from $106.45 at April 24, 1983 to $100 in December 1996 and thereafter, plus dividends earned but unpaid to the date of redemption. No redemption, however, may be effected prior to December 1987 from proceeds having an effective interest or dividend rate of less than 8¾% per annum. Quarterly sinking fund payments of $60,000 each commenced in December 1982 and continue until December 1997 when a final payment of $400,000 is due.

C) Series E $8.75 Cumulative:
The Series E $8.75 Cumulative Preferred Stock ("Series E") has an annual dividend rate of $8.75 per share payable quarterly. The Series E is redeemable, in whole or in part, at a per share price declining from $104.86 at April 24, 1983 to $100 in December 1987 and thereafter, plus dividends earned but unpaid to the date of redemption. No redemption, however, may be effected prior to December 1983 from proceeds having an effective interest or dividend rate of less than 8¾% per annum. Annual sinking fund payments of $1,433,300 will be required from December 1986 through December 1988.

D) Series F $6.00 Convertible:
In March, 1981 all of the 50,000 outstanding shares of the Series F Cumulative Preferred Stock ("Series F") were converted into shares of James River common stock.

8. Series G Convertible Preferred Stock:

In November 1982, the Company called for redemption on December 23, 1982 all of the outstanding shares of its Series G $5.40 Cumulative Convertible

Preferred Stock ("Series G") at a redemption price of $64.32 per share. Alternatively, the holders were entitled to convert each share of Series G held into three shares of the Company's common stock. Accordingly, 825,835 shares of the Series G were converted into 2,477,505 shares of common stock (before adjustment for the three for two stock split on June 20, 1983), and 6,647 shares of Series G were redeemed. Primary earnings per common share for fiscal 1983, assuming the conversion had occurred at the beginning of the year, would have been $2.53. In fiscal 1983, dividends of $3,358,518 were paid to holders of Series G.

9. Stock Options and Stock Appreciation Rights:

Under the James River Corporation Stock Option Plan (the "Plan") and a contractual agreement, 1,256,762 and 966,024 shares of unissued common stock were reserved for future issuance at April 24, 1983 and April 25, 1982, respectively. At April 24, 1983, a total of 315 officers and other key employees hold such options. Options available for granting under the Plan were 354,210, 129,364 and 139,806 at April 24, 1983, April 25, 1982 and April 26, 1981, respectively.

Stock option activity for each of the last three fiscal years is summarized as follows:

		Option Price	
	Number of Shares	Per Share Range	Total
Outstanding options at April 27, 1980	841,590	$ 1.87-$10.11	$3,141,899
Granted	188,157	7.97- 13.19	1,686,821
Cancelled	31,162	2.71- 8.89	173,161
Exercised	125,159	2.37- 3.41	330,966
Outstanding options at April 26, 1981	873,426	1.87- 13.19	4,324,593
Granted	24,413	11.17- 14.59	315,104
Cancelled	13,973	2.71- 7.19	69,921
Exercised	47,206	2.71- 3.80	155,820
Outstanding options at April 25, 1982	836,660	1.87- 14.59	4,413,956
Granted	230,175	9.25- 30.17	2,176,780
Cancelled	5,019	2.71- 9.25	52,831
Exercised	159,264	2.71- 7.41	584,064
Outstanding options at April 24, 1983	902,552	1.87- 30.17	5,953,841
Options exercisable at April 24, 1983	154,568	1.87- 8.52	410,625

Nonqualified options for 101,250 shares granted pursuant to contract became exercisable in 1975, expire in December 1984 and remain outstanding at April 24, 1983. Additional nonqualified or incentive stock options granted from April 25, 1977 have a term of ten years and become exercisable in four equal cumulative annual amounts beginning four years after the date of grant, subject to acceleration in certain circumstances. Outstanding options under this plan totaled 801,302, 735,410 and 757,944 at April 24, 1983, April 25, 1982 and April 26, 1981, respectively, and will expire from fiscal 1987 to 1993.

The Company's Plan provides that the option price be at least 100% of the market value of the stock at the date of grant.

On December 31, 1979, the Company adopted a plan pursuant to which the Board of Directors may, at its discretion, authorize and grant stock appreciation rights to officers and other key employees. Rights granted under the plan have a term of ten years and become exercisable in four equal cumulative annual amounts beginning four years after the date of grant, subject to acceleration in certain circumstances. Upon exercise of a right, an optionee is entitled to receive, without payment to the Company, cash equal to the excess of the market value (as defined) of James River common stock at the date of exercise over the grant value. Rights granted and outstanding at April 24, 1983, April 25, 1982 and April 26, 1981 were 597,002, 320,327 and 282,038, respectively. These rights range in grant value from $7.97 to $30.17 per share.

10. Stock Purchase Plan for Employees:

The James River Corporation Stock Purchase Plan, approved by shareholders, is available to substantially all employees. Participants may contribute a maximum of 5% of their earnings and the Company will contribute 60% of such amount at the 1% participation level, 40% for participation at the 2% level and 33% of an employee's contribution for participation at the 3%, 4% and 5% levels. Participants may also elect to borrow from the Company, interest free, 40% of their contribution at the 1% participation level, 60% at the 2% participation level and 67% of their contribution at the 3%, 4% and 5% levels. All funds are paid to a trustee which is required to invest them in common stock of James River. At April 24, 1983, 8,600 of the approximately 18,500 eligible employees were participants in the plan. The plan held 1,243,478 shares of common stock at April 24, 1983.

11. Income Taxes:

Income tax expense is comprised of:

	1983	1982	1981
Current:			
Federal	**$18,399,541**	$ 4,929,171	$ 6,839,745
Less investment tax credits	**(10,368,337)**	(3,670,302)	(4,757,620)
	8,031,204	1,258,869	2,082,125
State	**6,650,102**	2,562,185	1,504,512
Total current provision	**14,681,306**	3,821,054	3,586,637
Deferred:			
Federal	**17,147,539**	7,285,518	6,195,074
State	**3,565,588**	822,228	885,420
Total deferred provision	**20,713,127**	8,107,746	7,080,494
Total taxes on income	**$35,394,433**	$11,928,800	$10,667,131

Income tax expense varies from the amount computed by applying the statutory federal income tax rate to income before income taxes. The reasons for this difference are as follows:

	Percent of Pre-Tax Income		
	1983	1982	1981
Federal statutory tax rate	**46.0%**	46.0%	46.0%
Increases (decreases) in taxes resulting from:			
Tax credits	**(11.0)**	(10.7)	(14.9)
State income taxes, net of federal income tax benefit	**5.8**	5.3	4.1
Purchase method accounting for deferred retirement and other liabilities	**(1.3)**	(3.5)	(1.8)
Other items, net	**(2.1)**	(2.3)	(.1)
Actual income tax rate	**37.4%**	34.8%	33.3%

Deferred income tax expense results from timing differences in the recognition of revenue and expense for tax and financial statement purposes. The sources of these differences and the tax effect of each are as follows:

	1983	1982	1981
Depreciation expense	**$22,945,523**	$8,214,370	$4,876,109
Inventory valuation	**(2,559,708)**	649,921	1,859,039
Other items, net	**327,312**	(756,545)	345,346
Total deferred provision	**$20,713,127**	$8,107,746	$7,080,494

12. Pension Plans:

Annual pension costs and liabilities under various defined benefit pension plans are determined by actuaries using various methods and assumptions. For purposes of determining annual expenses and funding contributions, the actuarial assumed rate of return used was 6%. Pension expense was $20,246,796, $10,213,652 and $7,136,057 in fiscal 1983, 1982 and 1981, respectively. The increases in pension expense are due principally to acquisitions.

A comparison of accumulated plan benefits and plan net assets as of the latest valuation dates is presented below:

	January 1	
	1982*	1981
Actuarial present value of accumulated plan benefits:		
Vested	**$188,377,774**	$129,254,156
Nonvested	**14,897,313**	10,473,518
Rate of return assumed	**7½%**	7½%
Net assets available to pay benefits:		
Assets held by trust fund	**$122,684,871**	$ 94,073,000
Amounts recorded pursuant to purchase method accounting principles as being due to the trust fund	**47,425,950**	22,047,283

*Amounts related to Dixie/Northern are valued as of July 2, 1982.

13. Extraordinary Charge:

The extraordinary charge in fiscal 1981 arose from the settlement of alleged violations of the Sherman Antitrust Act by Riegel Products Corporation, a wholly-owned subsidiary of James River. These alleged violations arose prior to the acquisition of Riegel by James River in November 1977. Without acknowledging their validity, Riegel agreed to settle eight class action suits and elected not to contest charges of price conspiracy as litigation would have resulted in extensive and protracted legal expense and management attention. The class action settlement has been approved by the appropriate U. S. District Court.

14. Commitments and Contingent Liabilities:

A) Leases:
The Company leases certain facilities, vehicles and equipment over varying periods. None of the agreements contain unusual renewal or purchase options. Certain leases for machine controls and warehouse and other facilities, having an initial or remaining noncancellable term in excess of one year as of April 24, 1983, require the following minimum rental payments:

Fiscal Year	Minimum Rental
1984	$10,812,426
1985	10,347,525
1986	9,315,086
1987	8,902,508
1988	8,324,932
Later years	25,024,427
	$72,726,904

Rent expense on all lease obligations amounted to $26,747,165 in fiscal 1983, $6,517,121 in fiscal 1982 and $4,396,071 in fiscal 1981. Leases which may be considered capital leases are immaterial. The fiscal 1983 increases in rent expense and in commitments are due to the Dixie/Northern acquisition.

B) Legal Proceedings:
Two class action suits were filed in late 1980 alleging that the transaction by which James River acquired the pulp, paper and timber assets and businesses of Brown was unfair to the minority shareholders of the former Brown Company. These actions involved James River and Brown, as well as Gulf & Western Industries, Inc. ("G & W") and various directors and officers of Brown and G & W as defendants. James River management believes the class action suits to be without merit. The Company is also involved in various other litigation and governmental administrative proceedings. In the opinion of management, the Company's liability, if any, in all pending litigation or other proceedings will not have a material effect on its financial position.

C) Environmental Matters:
Capital expenditures for pollution control to date have not been material, primarily because the relatively small size of many of the Company's mills makes it possible to utilize municipal treatment systems and because, in the case of several facilities, the necessary capital expenditures were made before James River acquired the operations. The cost of compliance with future regulations could be material and cannot be practically anticipated or determined.

Many of James River's plants are affected by volatile organic compound (VOC) regulations. Compliance schedules relating to VOC's are either in effect or being discussed with environmental authorities. In some instances expenditures will be required for development of new technology. The level of such expenditures will depend on the ease of application.

15. Related Party Transactions:

American Can owns 4,605,714 shares, or approximately 18.7%, of the Company's outstanding common stock, as well as shares of a subsidiary's preferred stock which may be exchanged for 1,300,000 shares of the Company's common stock.

At the time of the acquisition of the Dixie/Northern assets from American Can, American Can and James River entered into numerous lease, service and supply agreements, the majority of which agreements specify the use of fair market prices of the services or commodities exchanged. These agreements involve the supply of services between facilities acquired by Dixie/Northern and those retained by American Can, the purchase of computer services, wood, pulp and packaging from American Can, the supply of certain pulp by-products and engineering and technical services to American Can, and the lease to Dixie/Northern of temporary office facilities and certain fixed assets at a papermaking and converting mill in Oregon. No significant transactions occurred prior to fiscal 1983.

Pursuant to the terms of these agreements with American Can, the Company received $9.7 million and paid $66.7 million during fiscal 1983. Included in the amount paid to American Can are $33.1 million for the purchase of pulp, $13.5 million for flexible packaging, $4.3 million in rentals, and $4.7 million in dividends.

Several insurance companies hold subordinated debt of a subsidiary which is exchangeable into 7,181,250 shares of the Company's common stock. Only one of these companies is considered to be a related party, and James River has had no material financial and business dealings with that company.

16. Quarterly Highlights (Unaudited):

($ in thousands, except per share amounts)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Fiscal 1983				
Net sales	$262,363	$492,087	$421,854	$479,808
Gross profit	50,214	120,681	108,333	123,519
Net income	6,466	18,023	11,064	19,595
Per common share:				
Net income:				
Primary	$.36	$.95	$.52	$.77
Fully diluted	.34	.69	.45	.67
Dividends	.06	.07	.07	.07
Quoted market price:				
High	$10 5/8	$15	$27 3/8	$31 1/8
Low	9	10 1/4	14 5/8	25
Series G quoted market price:				
High	$55	$69 1/2	$108	—
Low	51	53	68	—
Fiscal 1982				
Net sales	$178,022	$203,321	$184,250	$207,089
Gross profit	25,649	32,953	25,559	30,321
Net income	4,217	7,037	4,391	6,708
Per common share:				
Net income:				
Primary	$.22	$.43	$.23	$.41
Fully diluted	.22	.42	.23	.39
Dividends	.06	.07	.07	.07
Quoted market price:				
High	$15 1/2	$14 1/4	$14 1/8	$11 3/8
Low	11 1/8	10 7/8	11	8 7/8
Series G quoted market price:				
High	$70 1/2	$65	$63 7/8	$56 1/2
Low	60	54 1/2	57	50

17. Subsequent Events:

A) Diamond Acquisition (Unaudited):
On May 10, 1983, the Company executed a letter of intent with Diamond International Corporation ("Diamond") providing for the purchase of the pulp and papermaking assets of Diamond. These assets include a printing paper converting plant, a pulp mill, and paper mills which produce towel and tissue products, communication paper, and absorbent grade paper. Sales from the operations of these assets were approximately $210 million in calendar 1982.

Consideration for the assets to be acquired is estimated at approximately $125 million for the fixed assets and $45 million for pulp and paper inventories. The total consideration of approximately $170 million is planned to be provided from cash balances, new borrowings, and the issuance of James River common and preferred stock with an anticipated value of $96 million. Sinking fund requirements for the preferred stock will be payable in cash or James River common stock, at the Company's option. The terms of the preferred stock will contain early redemption call provisions which will give the holder the right to convert called shares into James River common stock at varying prices.

The consummation of the purchase transaction, scheduled for mid-summer, is contingent upon negotiation and execution of a definitive agreement, approval by the Boards of Directors of both companies, and the approval by the Company's lenders.

B) Stock Split:
Per share earnings for fiscal years 1983, 1982 and 1981, common stock issued at April 24, 1983, and the accompanying footnotes reflect a three for two common stock split effected in the form of a 50% stock dividend on June 20, 1983.

Supplementary Information on the Effects of Changing Prices

James River Corporation of Virginia and Subsidiaries

As required by the Financial Accounting Standards Board ("FASB") Statement No. 33, "Financial Reporting and Changing Prices," the Company must provide supplementary information to enable the public to better assess the impact of inflation on operations. The Statement requirements are experimental and specify that the supplementary data should portray the effects of changes in the purchasing power of the dollar (constant dollar measurement) and the effects of specific price changes for individual resources used by the Company (current cost measurement). The information presented as part of that FASB experiment is subject to various interpretations and future revisions as concepts become more refined.

The data as presented in compliance with Statement 33 does not reflect comprehensive application of either inflation measurement. The focus of this experiment is on those historical items which would be most affected by inflation: costs associated with inventories and property, plant and equipment and the effect of general inflation on monetary assets and liabilities. No adjustments are made to historical income tax expense.

Statement 33 requires the comparison of historical income and other selected financial data with the same information using two different methods of restatement, as follows:

Constant Dollar Method

The constant dollar method attempts to show the effect of general inflation on certain elements of cost. Accounting under this method begins with historical dollar amounts as they are recorded under generally accepted accounting principles; the historical amounts of certain assets and liabilities are then restated in dollars having equal purchasing power. For example, if the inflation rate is 10% per year, it would cost $110 to purchase the same items that cost $100 one year earlier. Conversely, amounts due to others are satisfied with dollars of lesser value in succeeding years. The restatement is based upon the Consumer Price Index for all Urban Consumers ("CPI-U") as required by Statement 33.

The restatement of income from continuing operations has been prepared by adjusting cost of goods sold and depreciation to reflect the effect of CPI-U factors on inventory and property, plant and equipment as though these assets had been purchased using average current year dollars.

The constant dollar restatement of income under Statement 33 does not include gain or loss arising from the impact of inflation on amounts due to or from others—"monetary liabilities" or "monetary assets." This gain or loss is calculated using the CPI-U applied to the Company's net monetary position. By having net monetary liabilities outstanding during periods of inflation, the Company benefits since repayment is made in dollars of less purchasing power. The resulting gain should be viewed in conjunction with constant dollar adjusted income from operations.

Current Cost Method

Prices of specific goods and services do not change at the same rate. The measure of this specific inflation is unique to a company and the goods and services it uses. Measurement of the effect of this inflation is referred to as current cost accounting.

The restatement of income from continuing operations using the current cost method has been calculated using various techniques. Inventories are restated using actual price and internally generated indices. Adjustment is also made for the excess of current cost depreciation over historical cost included in inventory. Current cost of goods sold is based upon LIFO inventory calculations.

Restatement of property, plant and equipment is based upon various indexing techniques depending upon the Company's historical and expected future methods of replacing the assets currently owned. Current cost of timber and timberlands is presented at the constant dollar amount. Depreciation expense is calculated based upon the average current cost of properties for a year. The depreciation methods and assumptions are substantially the same as those used in the historical cost financial statements except that useful life categories are established as follows:

Buildings	30-40 years
Machinery and equipment	15-20 years

Since the general price level in fiscal 1983 increased more than the specific prices applied under the current cost method in valuing the Company's inventories, this method reflects a lower inflationary impact relative to general inflation on the results for the year, as presented below. This difference is not included in inflation-adjusted income.

Adjustment for Changing Prices to Income from Continuing Operations
For the Year Ended April 24, 1983
(in 000's of average fiscal year 1983 dollars)

	1983
Constant Dollar Method:	
Income from continuing operations (historical cost)	$ 55,148
Constant dollar adjustments:	
Cost of goods sold, excluding depreciation and cost of timber harvested	(6,551)
Depreciation and cost of timber harvested	(1,214)
Constant dollar income	$ 47,383
Gain from decline in purchasing power of net amounts owed	$ 8,227
Current Cost Method:	
Income from continuing operations (historical cost)	$ 55,148
Current cost adjustments:	
Cost of goods sold, excluding depreciation and cost of timber harvested	6,078
Depreciation and cost of timber harvested	(1,042)
Current cost income	$ 60,184
Increase in specific prices (current cost) of inventories and property, plant and equipment held during the year*	$ 722
Effect of increase in the general price level	14,184
Excess of increase in the general price level over increase in specific prices	$ 13,462

*At April 24, 1983 the current cost of inventories was $294,648 and the current cost of property, plant and equipment, net of accumulated depreciation and cost of timber harvested, was $656,943.

Inflation has had a significant impact on the U.S. economy, and these experimental accounting efforts are a step toward assessing that impact on historical financial statements.

The paper industry is capital intensive, and when general price level increases are applied to a large proportion of total assets, a significant adjustment to historical income would normally be expected through increasing associated depreciation costs. James River's adjustment to depreciation and cost of timber harvested for such price level increases is small on both constant dollar and current cost bases due to the recent expansions of plant and equipment through acquisitions.

The adjustment to cost of goods sold for restatement of inventory prices is more significant on both constant dollar and current cost bases primarily because the Company reports most of its inventories on FIFO or average cost basis. The adjustment for current cost increases historical income, indicating that James River experienced deflation on a specific basis. Lower costs are primarily due to the continued decrease in the cost of pulp during the year.

The following summary of financial data provides comparative data stated on the two aforementioned measurement bases. The best use for this information is considered to be trend analysis which shows growth after the effect of inflation has been eliminated.

The summary includes a measurement of inflation-adjusted net assets which is not based on comprehensive application of new measurement bases. Inflation-adjusted net assets reflect only restated income from continuing operations as well as the increases in specific and general price levels for inventories and properties and the purchasing power gain.

Selected Supplementary Financial Data
($ in 000's except per share amounts)

	Fiscal Year Ended (52 wks.)				
	April 24, 1983*	April 25, 1982	April 26, 1981	April 27, 1980	April 29, 1979
Historical Data:					
Net sales	**$1,656,112**	$772,682	$561,318	$373,946	$297,940
Income from continuing operations	**55,148**	22,353	21,356	16,659	14,709
Total assets	**1,152,117**	478,116	438,788	168,590	169,738
Long-term obligations and redeemable preferred stock	**437,354**	157,387	147,764	64,963	71,406
Per common share:**					
Income from continuing operations (fully diluted)	**$ 2.21**	$1.28	$ 1.47	$1.44	$1.39
Cash dividends declared	**$ .27**	$ .27	$ .21	$ .20	$ .10
Market price at year end	**$29.50**	$9.67	$12.56	$7.05	$9.77
Constant Dollar Data (in 1967 dollars):					
Net sales and other revenues	**$ 568,951**	$276,947	$220,463	$165,632	$148,348
Income from continuing operations	**16,204**	4,677	5,349	4,690	
Net assets at year end	**140,814**	80,990	71,247	36,252	
Purchasing power gain	**2,814**	4,738	4,558	3,513	
Per common share:**					
Income from continuing operations (fully diluted)	**$ .66**	$ .21	$ .35	$ .39	
Cash dividends declared	**$ .09**	$ .09	$ .09	$ .09	$ .05
Market price at year end	**$10.05**	$3.39	$4.69	$2.91	$4.62
Current Cost Data (in 1967 dollars):					
Income from continuing operations	**$ 20,583**	$ 6,509	$ 6,321	$ 4,522	
Excess of increase in the general price level over increase in specific prices	**4,605**	970	3,083	(26)	
Net assets at year end	**142,774**	80,744	72,062	37,486	
Income from continuing operations per common share (fully diluted)**	**$ .82**	$ .35	$ .43	$ .38	
Average Consumer Price Index (1967 = 100)	**292.4**	279.0	255.6	227.4	201.7

* Includes operations of James River-Dixie/Northern, Inc. since July 2, 1982.

** Reflects three for two stock splits on June 20, 1983, June 22, 1981, May 25, 1979 and July 21, 1978.

Summary of Financial Operations*

James River Corporation of Virginia and Subsidiaries
(in thousands of dollars except per share data)

	1983	1982	1981	1980
Net sales	**$1,656,112**	$772,682	$561,318	$373,946
Other income	**7,500**	2,791	2,118	2,701
Total revenues	**1,663,612**	775,473	563,436	376,647
Cost of goods sold	**1,253,365**	658,199	477,787	312,961
Selling and administrative expenses	**264,807**	66,418	43,784	28,116
Interest	**50,761**	16,574	9,842	4,680
	1,568,933	741,191	531,413	345,757
Income before income tax expense, extraordinary charge and minority interest	**94,679**	34,282	32,023	30,890
Income tax expense	**35,394**	11,929	10,667	14,231
Income before extraordinary charge and minority interest	**59,285**	22,353	21,356	16,659
Charges (credits) to income not affecting working capital:				
Depreciation and cost of timber harvested	**32,096**	14,305	9,286	4,289
Deferred income taxes	**23,273**	7,458	5,221	2,119
Amortization and other	**1,083**	221	156	176
Working capital provided from operations before minority interest	**$ 115,737**	$ 44,337	$ 36,019	$ 23,243
Income before extraordinary charge applicable to common shares	**$ 51,264**	$ 17,061	$ 18,006	$ 15,415
Income before extraordinary charge per common share and common share equivalent:				
Primary	**$2.69**	$1.30	$1.53	$1.44
Fully diluted	**$2.21**	$1.28	$1.47	$1.44
Cash dividends declared per common share	**$ .27**	$ .27	$ .21	$ .20
Weighted average number of common shares and common share equivalents:				
Primary	**19,076,069**	13,126,707	11,957,966	10,895,202
Fully diluted	**27,730,847**	16,872,899	13,930,752	10,901,514

Summary of Financial Statistics*

James River Corporation of Virginia and Subsidiaries

	1983	1982	1981	1980
Return on net sales	**3.3%**	2.9%	3.8%	4.5%
Return on average common equity	**22.9%**	16.6%	22.3%	28.0%
Return on average investment (total assets)	**6.8%**	4.9%	5.9%	9.8%
Current assets to current liabilities	**2.77**	2.17	2.22	2.84
Capital expenditures, excluding acquisitions (in thousands)	**$77,043**	$42,103	$21,280	$11,113
Equity per common share outstanding	**$13.99**	$ 8.69	$ 7.62	$6.39
Common shares outstanding	**24,615,097**	12,665,112	12,617,640	9,682,914
Price range of common stock	**9-31 1/8**	8 7/8-15 1/2	7 1/8-13 5/8	6 3/8-11 3/4
Average weekly trading volume, shares	**194,510**	50,775	82,931	88,547

*Reflects three for two stock splits on June 20, 1983, June 22, 1981, May 25, 1979, July 21, 1978 and October 29, 1972.

1979	1978	1977	1976	1975	1974	1973
$297,940	$181,922	$ 98,607	$ 70,576	$ 41,848	$ 34,279	$24,454
1,278	452	601	265	314	256	87
299,218	182,374	99,208	70,841	42,162	34,535	24,541
245,198	155,732	84,524	60,666	35,717	28,906	20,947
21,247	11,742	5,874	4,015	2,711	2,172	1,614
4,131	2,831	2,125	1,431	543	401	366
270,576	170,305	92,523	66,112	38,971	31,479	22,927
28,642	12,069	6,685	4,729	3,191	3,056	1,614
13,933	5,850	3,208	2,341	1,431	1,521	760
14,709	6,219	3,477	2,388	1,760	1,535	854
3,300	1,911	1,343	997	530	409	425
1,279	1,090	1,222	937	240	171	40
242	182	118	48	140	164	(25)
$ 19,530	$ 9,402	$ 6,160	$ 4,370	$ 2,670	$ 2,279	$ 1,294
$ 12,903	$ 5,718	$ 3,350	$ 2,318	$ 1,760	$ 1,535	$ 854
$1.45	$ .77	$ .49	$ .43	$ .34	$ .31	$ .21
$1.39	$ .71	$ .45	$ .41	$ .34	$ .30	$ .21
$ .10	$ .05	$ .03	$ .03	$ .03	$ .02	
9,006,138	7,430,175	6,919,770	5,373,350	5,150,357	5,028,821	4,095,827
9,346,815	8,229,909	7,557,807	5,929,010	5,160,704	5,046,042	4,107,506

1979	1978	1977	1976	1975	1974	1973
4.9%	3.4%	3.5%	3.4%	4.2%	4.5%	3.5%
35.0%	25.5%	21.9%	23.8%	23.2%	26.2%	24.6%
10.7%	7.4%	6.3%	6.9%	8.7%	9.7%	9.5%
2.34	2.50	3.25	1.86	2.95	2.15	2.57
$9,377	$4,714	$2,627	$1,350	$3,697	$1,581	$1,501
$5.02	$3.51	$2.78	$2.10	$1.71	$1.37	$1.07
9,573,929	7,162,037	7,104,536	5,192,055	5,016,639	4,825,061	4,804,937
$4\frac{3}{8}$-$9\frac{7}{8}$	$2\frac{5}{8}$-$4\frac{1}{2}$	$2\frac{5}{8}$-$4\frac{5}{8}$	$2\frac{1}{8}$-$4\frac{1}{4}$	$1\frac{5}{8}$-$2\frac{5}{8}$	$1\frac{5}{8}$-$2\frac{3}{8}$	$2\frac{1}{8}$-$2\frac{3}{8}$
75,236	43,529	43,185	13,239	9,113	12,657	38,982

Operating Locations

SPECIALTY SECTOR

Sector Headquarters
P.O. Box 2218
Tredegar Street
Richmond, VA 23217
(804) 644-5411

James River-Marathon, Ltd.
Marathon, Ontario, Canada POT 2E0
(807) 229-1200

FILTRATION PRODUCTS GROUP

James River-Fitchburg, Inc.
Fitchburg, MA 01420 (617) 345-2161

James River Paper Company
Papermaking Division
Richmond, VA 23217 (804) 644-5411

James River-Rochester, Inc.
Rochester, MI 48063 (313) 651-8121

INDUSTRIAL GROUP

James River-Massachusetts, Inc.
Converting Division
Fitchburg, MA 01420 (617) 343-3051

James River-Massachusetts, Inc.
Papermaking Division
Fitchburg, MA 01420 (617) 343-3051

James River-Otis, Inc.
Jay, ME 04239 (207) 897-6761

James River-Pepperell, Inc.
East Pepperell, MA 01437
(617) 433-6951

PRINTING/PACKAGING GROUP

Curtis Division
Newark, DE Mill
Newark, DE 19711 (302) 738-7851
Adams, MA Mill
Adams, MA 01220 (413) 743-0290
Ypsilanti, MI Mill
Ypsilanti, MI 48197 (313) 482-2600

James River Paper Company
Converting Division
Richmond, VA 23217 (804) 644-5411

Riegel Division
Milford, NJ 08848 (201) 995-2411

KVP GROUP

Paper Division
Parchment, MI 49004 (616) 383-5000

Parchment Division
Parchment, MI 49004 (616) 383-5000

Service Products Division
Parchment, MI Plant
Parchment, MI 49004 (616) 383-5000
Minerva Plant
Minerva, OH 44657 (216) 868-4126
Canal Plant
Neenah, WI 54952 (414) 729-8000

BERLIN/GORHAM GROUP

Paper Division
Berlin, NH 03570 (603) 752-4600

Pulp Division
Berlin, NH 03570 (603) 752-4600

Solka Floc Division
Berlin, NH 03570 (603) 752-4600

Woodlands Division
Berlin, NH 03570 (603) 752-4600

GRAPHICS GROUP

James River Graphics, Inc.
Coated Paper Division
South Hadley, MA 01075
(413) 536-7800

James River Graphics, Inc.
Custom & Imaging Division
South Hadley, MA 01075
(413) 536-7800

DIXIE/NORTHERN SECTOR

Sector Headquarters
P.O. Box 6000, River Park
800 Connecticut Ave.
Norwalk, CT 06856-6000
(203) 854-2000

TOWEL & TISSUE GROUP

Group Headquarters
P.O. Box 6000, River Park
Norwalk, CT 06856-6000
(203) 854-2000

Ashland Mill
Ashland, WI 54806 (715) 682-4561

Gorham Absorbent Products
Berlin, NH 03570 (603) 752-4600

Green Bay Mill
Green Bay, WI 54305 (414) 433-6200

Halsey Mill
Halsey, OR 97348 (503) 369-2293

Naheola Mill
Pennington, AL 36916
(205) 654-2421

DIXIE PRODUCTS GROUP

Group Headquarters
P.O. Box 6000, River Park
Norwalk, CT 06856-6000
(203) 854-2000

Darlington Plant
Darlington, SC 29532
(803) 393-2811

Forks Township Plant
Easton, PA 18042 (215) 258-5371

Fort Smith Plant
Fort Smith, AR 72901
(501) 782-4001

Lexington Plant
Lexington, KY 40577 (606) 252-1481

PAPERBOARD PACKAGING GROUP

Group Headquarters
243 East Paterson Street
Kalamazoo, MI 49007
(616) 383-5000

Chambersburg Plant
Chambersburg, PA 17201
(717) 263-8431

Gilco Division
Perrysburg, OH 43551
(419) 666-0830

Kalamazoo Plant
Kalamazoo, MI 49007
(616) 383-5000

Modesto Plant
Modesto, CA 95352 (209) 524-3141

Newnan Plant
Newnan, GA 30264 (404) 253-4771

St. Mary's Plant
St. Mary's, GA 31558
(912) 882-4305

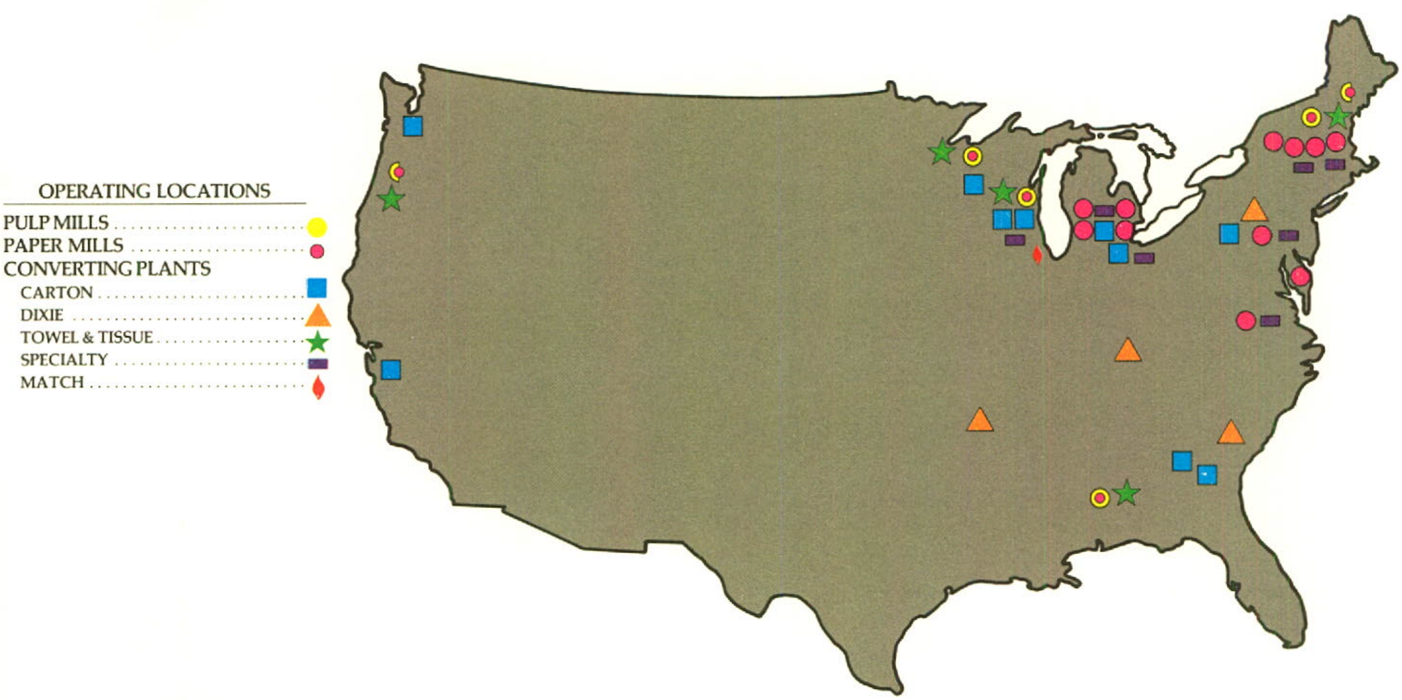
Sunnyside Plant
Sunnyside, WA 98944
(509) 837-6501

Superior Match Division
Chicago, IL 60619 (312) 723-2800

Washington Street Plant
Neenah, WI 54956 (414) 729-8000

Wausau Plant
Wausau, WI 54401 (715) 842-2081

Wisconsin Preparatory Center
Neenah, WI 54956 (414) 729-8000



Annual Meeting:
Annual stockholders meeting, Thursday, August 11 at 4:00 p.m., The Planetarium at The Science Museum of Virginia, 2500 West Broad Street, Richmond, Virginia 23220

Executive Office:
James River Corporation of Virginia,
P.O. Box 2218, Tredegar Street,
Richmond, Virginia 23217
Tel: (804) 644-5411

An equal opportunity employer

General Counsel:
McGuire, Woods and Battle,
Ross Building,
Richmond, Virginia 23219

Auditors:
Coopers & Lybrand,
Suite 1000,
Seventh and Franklin Building,
Richmond, Virginia 23219

Common Stock Listing:
New York Stock Exchange
Ticker symbol: JR
Newspaper stock listing: JRiver

Transfer Agent and Registrar:
First & Merchants National Bank,
Twelfth and Main Streets, Richmond,
Virginia 23219

Form 10-K Available:
A copy of the Annual Report on Form 10-K filed with the Securities and Exchange Commission for fiscal 1983 will be available without charge after August 1, 1983 by writing to the Treasurer at the Executive Office.

JAMES
RIVER
CORPORATION
Richmond, Virginia 23217