

And The Winner Is...

Brown is pleased to report that one of our clients, *Foreign Policy*, was awarded the 2007 National Magazine Award for General Excellence. It's the industry's highest honor.

Robin Mattson, Senior Sales Representative for Brown, explained the significance of this award. "Our quality, on the printing side, has helped play into the look and feel of the magazine."

Brown has been printing *Foreign Policy* for three years. "We acquired their business through a combination of service, price and technology," said Mattson.

"*Foreign Policy* is a high-quality publisher, and they have entrusted their business to Brown," she added. "We're proud

to say we're their printers, and we use them as an example of our work."

The mission of the magazine, which has grown from a quarterly academic journal to a bimonthly, full-color, general interest magazine, is to explain how the world

works – particularly, how the process of global integration is reshaping nations, institutions, cultures and our daily lives.

In addition to receiving the General Excellence award in the 100,000-250,000 circulation category, *Foreign Policy* also

received an award for Thomas Friedman's essay, *The First Law of Petropolitics*. Congratulations!



Waseca Expansion On Target

Jack Denz, Waseca Technical Director, is happy to report that the expansion in the Minnesota plant is right on schedule.

The first of two new 2x8 single web presses began production in September 2006. This press features short cutoff capabilities, while the second will have long cut-off capabilities.

"We believe that offering our customers the option of both sizes allows them to make marketing decisions that will better their performance," said Denz.

The \$54 million expansion project continues this summer when Waseca begins installation of the second press. Start-up is expected to take place in September.

Finally, the Automated Storage and Retrieval System (ASRS), put in place last fall, has greatly improved the way product flows throughout the plant. We are moving product robotically from press to storage to the bindery. The 26 wired Automated Guided Vehicles (AGVs) store the finished product in our newly constructed, 60-foot high warehouse.

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SPRING 2007
VOLUME 18
NUMBER 1

Advantage

Published by Brown Printing Company

Moving Forward

A Change In Leadership

On July 1, 2007, Tom Engdahl, President and Chief Executive Officer of Brown Printing, will pass the torch to a new

leader. Volker Petersen, current Vice President of Strategy and Chief Integration Officer of Prinovis, a Bertelsmann joint venture, will become the new Brown President and CEO. Engdahl plans to retire in January 2008, and will devote his remaining months to ensuring a smooth business transition.

"Volker has an excellent and well-rounded set of skills – leadership, management, technical, and communication," said Engdahl. "He

understands the U.S. printing and publishing industries and has a great deal of sales and service experience with both publishers and catalogers.

"His familiarity with Brown is very high," continued Engdahl. "It's not just because he worked within the company for so many years, but also because I've reported to him since 2002. He's participated with us in all

the major strategic decisions over this time period and has taken the lead in securing funding approval from G+J and Bertelsmann for the many capital

expenditures that have been crucial for Brown to stay highly competitive."

Petersen is looking forward to returning to Brown:

"I know the company very well," he said. "In my 19 years with G+J, I spent twelve years in various positions at Brown and seven years in a couple positions in Germany. That allowed me to get to know a lot of the people and the spirit of both companies.

"As for the transition, there will be no massive shift in strategy," explained

Petersen. "We will continue to focus on our core strengths: providing top-notch service to our customers, investing in our employees, and further building a modern, cost-efficient manufacturing platform."

Engdahl believes assigning Petersen to lead Brown sends a strong message. "The succession is a vote of confidence by G+J that Brown will continue to have attractive strategic value and sustain strong business results," said Engdahl.



Tom Engdahl



Volker Petersen

"The men and women at Brown continue to deliver for our customers, and our parent company supports our investment strategy to employ the latest technologies and capabilities. They are displaying their support once again by assigning Volker to lead the company."

For Petersen, the most significant signs of commitment from the parent company are the continued investments in the business, as is evident by the \$54 million two-phase expansion of the Waseca facility that is currently under way.

"Last year, Brown added a new automated storage and retrieval system, as well as a press and a binder. This year, we're adding another press and perfect binder," said Petersen.

These investments are essential to advancing the business. "Brown is one of the few mid-size printers left, competing against three very large printing companies," explained Engdahl. "We provide levels of service and flexibility that keep our customers coming back. In addition, we are attracting new customers who are looking for personalized service."

Petersen believes that he and Engdahl are well-prepared for the transition.

"I am absolutely convinced that Tom and I will do everything to make this successful and ensure the continued success of the company."

Going Digital

The Digital Edition.
An important part of the
Brown equation.



Imagine your day without a Smart Phone, iPod or e-mail. We live in a digital world and rely on the Internet for everything, from corresponding to gathering news and information, to purchasing products and services.

Brown has incorporated digital technologies into many areas of the company. Clients are reaping the benefits of B.Direct, Virtual Proofing, and Data Asset Management (DAM). These services have made us more effective, more competitive and more valued by our clients.

Now, we're taking our digital expertise to another level, with Digital Editions, or e-books.

"Publishers who are developing digital strategies are using tactics such as Digital Editions to enhance their service offerings and revenue stream," explained Stephen Zdanowicz, Brown's Senior PreMedia Specialist. "Some have found that they can move existing customers from print to digital and still retain the same subscription revenue. Others are utilizing a digital facsimile to enhance the print subscription. And the advertising growth curve for the digital environment today is much steeper than print."

Why choose Brown? It makes sense for publishers to utilize a printer as they develop their digital strategy that expands their brand offering. And Brown has all the automated PreMedia steps in place to ensure a seamless transition to the online edition.

"Brown offers one-stop shopping," said Zdanowicz.

"For years we've been moving our clients in a digital direction by offering them PreMedia technologies like soft and remote proofing and collaborative online workflows. Offering solutions such as contract color Virtual Proofing and Digital Editions differentiate us to new clients while retaining existing ones."

The challenges are always to provide products and services that enhance our customers' business. By diversifying the product portfolio and offering clients more options, Brown is better equipped to meet those challenges.

"One of our key strategies is to focus on Customer Relationship Management (CRM) tactics," said Zdanowicz.

"We're developing unique strategies and tools that will support variable data, personalization software and, now, the New Media Network."

Diversifying with joint ventures

Brown has entered into an exclusive partnership with iMirus™, a company that provides a network of tools and services (consulting, websites, digital store, blogs, podcasts, e-newsletters, news) whereby publishers can develop and implement a digital strategy to generate revenue and connect with their customers in the "digital world."

"Print has its own readership experience that is unique to itself," explained Zdanowicz. "The key is to develop a digital edition that has its own unique experience."

Customers want more interactivity within their digital strategy. There are four categories of digital tactics that allow publishers to have more interactivity with their readership community:

- Digital Newsstand – where the customer can purchase the print edition or Digital Edition
- Publisher's Blog Network – or "editor's soapbox" for driving in reader content
- News and RSS Feeds (Real Simple Syndication) – featuring news blurbs that are personalized to the user
- Publisher Podcast – Where audio and video can be uploaded or downloaded

Digital Editions can be BPA- and ABC- approved circulations. As the technology for digital media evolves, so do the options. Some editions are enhanced with rich content such as video, blogs, audio and animation, all within the original magazine facsimile. Within the Digital Edition is tracking and customer reporting, which enables publishers and advertisers to capture more reader data and better profile their readers for personalization.

The interest in Digital Editions is definitely growing. Brown recently signed two titles for the digital network – *Pharmacy Today* and *Student Pharmacist*. *Golf Connoisseur*, *e-Week*, *Sporting News*, *Mac World*, *PC World*, *Travel Weekly* and *Justine* are some of the publications already offered online. Other titles are currently being considered for Digital Editions.

As for the future of digital media, Zdanowicz predicts interactive platforms utilizing Flash and Flex technology will change the online publishing industry. And Brown will be part of it.



Up and Running

Co-Mailing – A Logical Solution

Last year, Brown Logistics embarked on expanding a service for our customers, called co-mailing. This process allows publishers to combine two or more periodicals into the same mailstream.

While co-mailing has been around for years, it's really taken off across the industry in the last 18 months.

"Our expansion into co-mailing was driven out of market and customer interest, in response to rising postal rates," explained Rob Helms, Director of Brown Logistics Services. "Rates are increasing again this summer, and customers are continuing to look for ways to mitigate the level of the increase.

"We offer tools like co-mailing to help our clients keep price increases in check," Helms continued. "It demonstrates our ongoing commitment to being a full-service logistics provider."

Late last fall, Brown's co-mailing operation was established at a brand-new facility in Crystal Lake, IL. Although the manufacturing, operation and administrative services are based in the new facility, some of the support services are located in other areas, including Alliance List Services in Waseca.

Getting the operation up and running was a team effort that involved distribution specialists within Brown Logistics, product managers, and technical and production people from across the company, all coming together. Production began in early January without incident.

"We hit the ground running," said Helms. "It's going really well. We couldn't be more pleased with the facility. And the reaction from clients has been very positive. Existing clients as well as prospective clients are very excited about the process."

"The 'co' part in co-mailing is about many clients coming together, to create synergies by combining distributions to common locations," Helms continued.

The benefits of co-mailing include greater savings on postage rates, improved presort discounts, and optimal delivery time. Co-mailing allows products to be

transported on pallets, resulting in an improved physical condition upon delivery.

"It's all about meeting the needs of our clients," said Helms. "We see this as a great step toward that continuing

commitment. And our new facility in Crystal Lake is ideally situated for growth."

For more information about co-mailing, please contact your Sales Representative or Brown Logistics Representative.



"It's all about meeting the needs of our clients."

Countdown to 50

From "Bumps" Brown's family-run newspaper printing business in Waseca, MN to one of the top ten publication and catalog printing companies in the United States, Brown Printing Company has come a long way! Today we have approximately 2,600 employees, coast-to-coast sales offices, and three state-of-the-art manufacturing facilities.

Throughout the years, we've continued our commitment to quality, service and technology. This year, we will hit a milestone: 50 years in business. And we have quite a lot to celebrate. Look for the Summer issue of the Brown Advantage newsletter for highlights of the fun and festivities.

Brown Sales Offices

Please contact one of our knowledgeable sales teams to discuss your printing needs.

East Coast Offices

| | |
|------------------|--------------|
| Fairfax, VA | 703-385-3385 |
| Tampa, FL | 813-643-3615 |
| New England | 603-886-4891 |
| New York, NY | 212-782-7800 |
| Shavertown, PA | 570-696-3195 |
| Philadelphia, PA | 215-635-6261 |

Midwest Offices

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|----------------|--------------|
| Burnsville, MN | 952-898-7500 |
| Columbus, OH | 614-777-0303 |
| Dallas, TX | 972-478-4312 |
| Woodstock, IL | 815-338-6750 |
| Waseca, MN | 507-835-2410 |

West Coast Offices

| | |
|------------------|--------------|
| Santa Monica, CA | 310-392-3705 |
| Walnut Creek, CA | 925-295-1640 |