

ROCK TENN CO

FORM 10-K (Annual Report)

Filed 12/22/1999 For Period Ending 9/30/1999

Address	504 THRASHER ST NORCROSS, Georgia 30071
Telephone	770-448-2193
CIK	0000230498
Industry	Paper & Paper Products
Sector	Basic Materials
Fiscal Year	09/30

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K
FOR ANNUAL AND TRANSITION REPORTS
PURSUANT TO SECTIONS 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

(MARK ONE)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1999

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER 0-23340

ROCK-TENN COMPANY

(Exact name of registrant as specified in its charter)

GEORGIA
(state or other jurisdiction of
incorporation or organization)

62-0342590
(I.R.S. employer
identification no.)

504 THRASHER STREET, NORCROSS, GEORGIA
(Address of principal executive offices)

30071
(Zip code)

Registrant's telephone number, including area code: (770) 448-2193

Securities Registered Pursuant to Section 12(B) of the Act:
CLASS A COMMON STOCK, PAR VALUE \$.01 PER SHARE

Securities Registered Pursuant to Section 12(G) of the Act: NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value of the voting stock held by non-affiliates of the registrant as of December 3, 1999 (based on the last reported closing price per share of Class A Common Stock as reported on the New York Stock Exchange on such date) was approximately \$338 million.

As of December 3, 1999, the registrant had 23,517,652 and 11,549,090 shares of Class A Common Stock and Class B Common Stock outstanding, respectively.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Annual Report to Shareholders for the fiscal year ended September 30, 1999 are incorporated by reference in Part II. Portions of the Proxy Statement for the Annual Meeting of Shareholders to be held on January 28, 2000 are incorporated by reference in Parts III and IV.



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ROCK-TENN COMPANY

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PART I

ITEM 1. BUSINESS

Unless the context otherwise requires, "we", "us", "our" or "Rock-Tenn" refers to the business of Rock-Tenn Company and its subsidiaries, including RTS Packaging, LLC, which we refer to as RTS. RTS is a venture owned 65% by us. We conduct our partition products business through RTS.

GENERAL

Founded in 1936 as a folding carton manufacturer, we are a leading converter of recycled and virgin paperboard and a leading manufacturer of recycled clay-coated and uncoated paperboard. We also produce corrugating medium. We believe that we are the third largest manufacturer of folding cartons in North America, the largest U.S. producer of laminated paperboard products for the cover board and furniture markets and the largest producer of solid fiber partitions in North America. We operate 54 converting operations, 10 paperboard mills and 14 recycling centers. These facilities are located in 25 states, Canada, Mexico and Chile.

We have historically expanded our business through the acquisition of other related businesses. Recent acquisitions include the following:

- On January 21, 1997, we acquired the parent of Waldorf Corporation, a manufacturer of folding cartons, 100% recycled paperboard and corrugating medium.
- On June 9 1997, we acquired Rite Paper Products, Inc., a manufacturer of laminated paperboard components primarily for the ready-to-assemble furniture industry.
- On July 9, 1997, we acquired The Davey Company, a manufacturer of recycled cover board used by the book publishing industry.

PRODUCTS

We report our results of operations in three industry segments:

- packaging products,
- paperboard and
- laminated paperboard products, plastic packaging and recycled fiber.

These three segments consist of eight operating divisions.

PACKAGING PRODUCTS

We primarily manufacture three lines of packaging products:

- folding cartons,
- solid fiber partitions and
- corrugated packaging and display products.

Folding Cartons. We believe that we are the third largest producer of folding cartons in North America. Customers use our folding cartons to package frozen, dry and perishable food items, paper goods, hardware products, textile, automotive, apparel and other products. We manufacture folding cartons from recycled or virgin paperboard, which we print, coat, die-cut and glue in accordance with customer specifications. We then ship finished cartons to customers' plants for packaging and sealing. We operate 21 folding carton plants and one distribution facility. Sales of folding cartons to unaffiliated customers accounted for 42.9%, 45.3% and 49.1% of our net sales in fiscal 1999, 1998 and 1997, respectively.

Partition Products. We believe that we are the largest manufacturer of solid fiber partitions in North America, which we market principally to glass container manufacturers. We manufacture fiber partitions from 100% recycled uncoated paperboard. Our solid fiber partitions come in varying thicknesses to meet different structural requirements for high speed casing, uncasing and filling lines due to their precision die-cut construction. We focus on developing high quality, value-added partition products for specific applications to meet customers' packaging needs. We operate 13 solid fiber partition plants. Sales of fiber partition products to unaffiliated customers accounted for 10.2%, 10.6% and 9.3% of our net sales in fiscal 1999, 1998 and 1997, respectively.

Corrugated Packaging and Display Products. We manufacture corrugated packages, point-of-purchase displays and corrugated sheet stock in a range of flute configurations and structural designs. We market corrugated packages and corrugated sheet stock products primarily in the Southeastern U.S. To make corrugated products, we simultaneously feed linerboard and corrugating medium into a corrugator that flutes the medium to specified sizes, glues the linerboard and fluted medium together and slits and cuts the resulting corrugated paperboard into sheets in accordance with customer specifications. We market corrugated sheets to box manufacturers or convert it into corrugated products ranging from one-color protective cartons to graphically brilliant point-of-purchase containers and displays. We operate 11 corrugated packaging and display products plants. Sales of our corrugated packaging and display products to unaffiliated customers accounted for 13.5%, 10.3% and 10.4% of our net sales in fiscal 1999, 1998 and 1997, respectively.

PAPERBOARD

We produce three paperboard products:

- 100% recycled clay-coated paperboard,
- 100% recycled uncoated paperboard and
- 100% recycled corrugating medium.

We are the second largest U.S. manufacturer of 100% recycled paperboard (excluding linerboard, medium and paperboard used in the manufacture of gypsum wallboard). We market our recycled clay coated and uncoated paperboard to manufacturers of folding cartons, solid fiber partitions, laminated paperboard products and other paperboard products. We also manufacture recycled corrugating medium, which we market to corrugated sheet manufacturers. We operate ten paperboard mills, including one that produces both recycled clay-coated paperboard and corrugating medium. Sales of recycled paperboard (including corrugating medium) to unaffiliated customers accounted for 16.7%, 15.8% and 13.4% of our net sales in fiscal 1999, 1998 and 1997, respectively.

LAMINATED PAPERBOARD, PLASTIC PACKAGING AND RECYCLED FIBER

We manufacture laminated paperboard and plastic packaging products and collect recovered paper.

Laminated Paperboard Products. We believe we are the largest U.S. producer of laminated paperboard products for the book cover and furniture markets and that customers recognize our expertise in laminating recycled paperboard. We convert uncoated paperboard into specialty laminated paperboard products for use in book covers and binders, furniture, automotive components and other industrial products. We operate seven laminated paperboard products plants. Sales of laminated paperboard products to unaffiliated customers accounted for 11.1%, 12.5% and 11.6% of our net sales in fiscal 1999, 1998 and 1997, respectively.

Plastic Packaging Products. We manufacture thermoformed plastic converted products and extruded plastic roll stock for sale to the food service, industrial products, consumer products, healthcare and food processors markets. We use contact heat and radiant heat thermoforming equipment to manufacture thermoformed products from plastic roll stock in a wide range of thicknesses, expanding the range of product applications. We also operate extruders to manufacture plastic roll stock in a wide range of colors. We use virgin and recycled plastic resin purchased from third parties in the extrusion process, including high impact polystyrene, high density polyethylene, polypropylene, polyethylene terephthalate (PET) and K resin blends.

Recycled Fiber. We operate 14 paper recovery facilities that collect paper from a number of sources including factories, commercial printers, office buildings, retail stores and paper converters as well as from other wastepaper collectors. After sorting and baling, we transfer collected paper to our paperboard mills for processing or sell it principally to other U.S. manufacturers of recycled paperboard. Several of our paper recovery facilities are located near our paperboard mills. This helps minimize freight costs and provides an additional source of supply of high quality recovered paper for our operations, which is the principal raw material used to produce recycled paperboard.

SALES AND MARKETING

In fiscal 1999, we sold:

- packaging products to approximately 5,000 customers,
- paperboard to approximately 700 customers and
- laminated paperboard, plastic packaging and recycled fiber to approximately 2,400 customers.

None of our customers accounted for more than 5% of our net sales in fiscal 1999. We generally manufacture our products pursuant to customers' orders. Some of our products are marketed to key customers. The loss of any key customer could have an adverse effect on the net income attributable to the applicable segment and, depending on the significance of such product line to our operations, our results of operations. We believe that we have strong relationships with our customers.

Each of our product lines is marketed through its own sales force. Each sales force maintains direct sales relationships with customers. We also market several product lines, including folding cartons and book covers, through independent sales representatives and independent distributors, respectively. Sales personnel are supervised by regional sales managers, plant general managers or the general manager for the particular product line, who support and coordinate the sales activities within their designated area. We pay our paperboard and laminated paperboard products sales personnel a base salary, and we generally pay our packaging products sales personnel a base salary plus commission. We pay our independent sales representatives on a commission basis.

COMPETITION

The packaging products and paperboard industries are highly competitive, and no single company dominates either industry. Our competitors include large, vertically integrated packaging products and paperboard companies and numerous smaller companies. In the folding carton and corrugated container markets, we compete with a significant number of national and regional packaging suppliers. In the fiber partitions, corrugated displays, thermoformed plastic products and laminated paperboard products markets, we compete with a smaller number of national, regional and local companies offering highly specialized products. We also compete with foreign companies in the book cover market. In the paperboard segment, we compete with integrated and non-integrated national, regional and local companies manufacturing various grades of paperboard. Our paperboard also competes with virgin paperboard.

The primary competitive factors in the packaging products and paperboard industries are price, design, quality and service, with varying emphasis on these factors depending on the product line and customer preferences. We believe that we compete effectively with respect to each of these factors. However, to the extent any of our competitors becomes more successful with respect to any key competitive factor, our business could be materially adversely affected.

The packaging products and recycled paperboard industries have undergone significant consolidation in recent years. We believe that current trends within these industries will result in further consolidation. Within the packaging products industry, larger corporate customers with an expanded geographic presence have tended in recent years to seek suppliers who can, because of their broad geographic presence, efficiently and economically supply all of the customers' packaging needs. In addition, during recent years, purchasers of recycled paperboard and packaging products have demanded higher quality products meeting stricter quality

control requirements. These market trends could adversely affect our results of operations or, alternatively, favor our products depending on our competitive position in specific product lines.

GOVERNMENTAL REGULATION

HEALTH AND SAFETY REGULATIONS

Our operations are subject to Federal, state, local and foreign laws and regulations relating to workplace safety and worker health including the Occupational Safety and Health Act and regulations promulgated thereunder. This Act, among other things, establishes asbestos and noise standards and regulates the use of hazardous chemicals in the work place. Although we do not use asbestos in manufacturing our products, some of our facilities contain asbestos. For those facilities where asbestos is present we have properly contained this asbestos or we have implemented comprehensive operations and maintenance plans for those facilities. We do not believe that future compliance with health and safety laws and regulations will have a material adverse effect on our results of operations, financial condition or cash flows.

ENVIRONMENTAL REGULATION

We are subject to various Federal, state, local and foreign environmental laws and regulations, including those regulating the discharge, storage, handling and disposal of a variety of substances. These laws and regulations include, among others, the Comprehensive Environmental Response, Compensation and Liability Act, which we refer to as CERCLA, the Clean Air Act (as amended in 1990), the Clean Water Act, the Resource Conservation and Recovery Act (including amendments relating to underground tanks) and the Toxic Substances Control Act. These environmental regulatory programs are primarily administered by the U.S. Environmental Protection Agency. In addition, some states in which we operate have adopted equivalent or more stringent environmental laws and regulations, or have enacted their own parallel environmental programs, which are enforced through various state administrative agencies.

We do not believe that future compliance with these environmental laws and regulations will have a material adverse effect on our results of operations, financial condition or cash flows. However, environmental laws and regulations are becoming increasingly stringent. Consequently, our compliance and remediation costs could increase materially. In addition, we cannot currently assess with certainty the impact that the future emissions standards and enforcement practices under the 1990 amendments to the Clean Air Act will have on our operations or capital expenditure requirements. However, we believe that any such impact or capital expenditures will not have a material adverse effect on our results of operations, financial condition or cash flows.

We estimate that we will spend \$1.0 to \$3.0 million for capital expenditures during fiscal year 2000 in connection with matters relating to environmental compliance. In addition, we may choose to modify or replace the coal fired boilers at two of our facilities in order to operate cost effectively while complying with emissions regulations under the Clean Air Act. We estimate these improvements will cost approximately \$9.0 million.

We have been identified as a potentially responsible party, which we refer to as a PRP, at nine "superfund" sites pursuant to CERCLA or comparable state statutes. No remediation costs or allocations have been determined with respect to such sites other than costs that were not material to us. Based upon currently available information and the opinions of our environmental compliance managers and general counsel, although there can be no assurance, we believe that any liability we may have at any site will not have a material adverse effect on our results of operations, financial condition or cash flows.

On February 9, 1999, we received a letter from the Michigan Department of Environmental Quality, which we refer to as MDEQ, in which the MDEQ alleges that we are in violation of the Michigan Natural Resources and Environmental Protection Act, as well as the facility's wastewater discharge permit at one of our Michigan facilities. The letter alleges that we exceeded several numerical limitations for chemical parameters outlined in the wastewater permit and violated other wastewater discharge criteria. MDEQ further alleges that we are liable for contamination contained on the facility property as well as for contributing

contamination to the Kalamazoo River site. The letter requests that we commit, in the form of a binding agreement, to undertake the necessary and appropriate response activities and response actions to address contamination in both areas. We have agreed to enter into an administrative consent order pursuant to which improvements will be made to the facility's wastewater treatment system and we will pay a \$75,000 fine for the alleged violations. We have also agreed to pay an additional \$30,000 for past and future oversight costs incurred by the State of Michigan. We will pay this additional amount in three equal payments over the next three years. The cost of making upgrades to the process waste systems and wastewater treatment systems is estimated to be approximately \$1,000,000. Nothing contained in the order will constitute an admission of liability or any factual finding, allegation or legal conclusion on our part. The order is expected to be completed during the second quarter of fiscal 2000.

EMPLOYEES

At September 30, 1999, we had 8,330 employees. Of these employees, 6,384 were hourly and 1,946 were salaried. Approximately 3,331 of our hourly employees are covered by union collective bargaining agreements, which generally have three-year terms. We have not experienced any work stoppages in the past 10 years, and management believes that our relations with our employees are good.

ITEM 2. PROPERTIES

The following table shows information about our paperboard mills:

LOCATION OF MILL	FISCAL 1999 PRODUCTION CAPACITY (IN TONS)	PAPERBOARD PRODUCED
St. Paul, MN*	185,000	Recycled corrugating medium
Battle Creek, MI	130,000	Clay-coated recycled paperboard
Dallas, TX	160,000	Clay-coated and uncoated recycled paperboard
Lynchburg, VA	140,000	Uncoated recycled paperboard
St. Paul, MN*	165,000	Clay-coated recycled paperboard
Chattanooga, TN	120,000	Uncoated recycled paperboard
Otsego, MI	90,000	Uncoated recycled paperboard
Sheldon Springs, VT (Missisquoi Mill)	84,000	Clay-coated recycled paperboard
Eaton, IN	60,000	Uncoated recycled paperboard
Cincinnati, OH	53,000	Uncoated recycled paperboard
Stroudsburg, PA	51,000	Clay-coated recycled paperboard

* Comprises one paperboard mill.

In addition to our paperboard mills set forth above, we also operate 54 converting operations and 14 recycling centers in 25 states (mainly in the Southwestern, Southeastern, Midwestern and Northeastern U.S.), Canada, Mexico and Chile. Of our facilities, we own 69 and lease nine. Our principal executive offices, which we own, are located in Norcross, Georgia. We believe that our existing production capacity is adequate to service existing demand for our products. We consider our plants and equipment to be in good condition.

ITEM 3. LEGAL PROCEEDINGS

We are a party to litigation incidental to our business from time to time. We are not currently a party to any litigation that management believes, if determined adversely to us, would have a material adverse effect on our results of operations, financial condition or cash flows. For additional information regarding litigation to which we are a party, which is incorporated by reference into this item, see "Item 1 -- Business -- Environmental Regulation."

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITYHOLDERS

Not applicable.

ITEM X. EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of our company are as follows:

NAME	AGE	POSITION HELD
James A. Rubright.....	52	Vice-Chairman of the Board and Chief Executive Officer
Jay Shuster.....	45	President, Chief Operating Officer and Director
Edward E. Bowns.....	56	Executive Vice President and General Manager of Industrial Products Group*
David E. Dreibelbis.....	47	Executive Vice President and General Manager of the Mill Group*
David C. Nicholson.....	45	Senior Vice President, Chief Financial Officer and Secretary
Russell M. Currey.....	38	Senior Vice President of Marketing and Planning
Vincent D'Amelio.....	48	Executive Vice President and General Manager of the Plastic Packaging Division
Paul England.....	44	Executive Vice President and General Manager of the Uncoated Paperboard Division
Steve Flanagan.....	45	Executive Vice President and General Manager of the Recycled Fiber Division
Nicholas G. George.....	49	Executive Vice President and General Manager of the Folding Carton Division
James K. Hansen.....	61	Executive Vice President and General Manager of the Coated Paperboard Division
John H. Morrison.....	56	Executive Vice President and General Manager of the Corrugated Packaging and Display Division
John D. Skelton II.....	45	Executive Vice President and General Manager of Laminated Paperboard Products Division
Richard E. Steed.....	48	President and Chief Executive Officer of RTS

* The Mill Group consists of the Recycled Fiber, Uncoated Paperboard and Coated Paperboard Divisions and the Industrial Products Group consists of the Laminated Paperboard Products, Plastic Packaging and Corrugated Packaging and Display Divisions and RTS.

James A. Rubright, has served as chief executive officer since October 1999 and vice-chairman of the board since September 1999. Prior to joining our company, Mr. Rubright served as executive vice president of Sonat, Inc. with responsibility for Sonat's interstate natural gas pipeline group since May 1997 and energy service businesses since May 1998. Mr. Rubright joined Sonat, Inc. as general counsel in February 1994 and served as senior vice president, general counsel and chief accounting officer from May 1995 to May 1997.

Jay Shuster has served as president since October 1995, chief operating officer since June 1991 and as director since January 1992. Mr. Shuster served as an executive vice president from June 1991 to October 1995. From January 1989 until June 1991, Mr. Shuster was executive vice president and general manager of our consumer packaging group. Mr. Shuster served as executive vice president and general manager of our folding carton division from December 1986 until January 1989. Mr. Shuster joined our company in May 1979.

Edward E. Bowns has served as executive vice president and general manager of our industrial products group since November 1990. From February 1986 until November 1990, Mr. Bowns served as executive vice president and general manager of our partition division. Mr. Bowns joined our company in October 1980.

David E. Dreibelbis has served as executive vice president and general manager of our mill group since September 1992. From July 1985 until September 1992, Mr. Dreibelbis was executive vice president and general manager of our recycled fiber division. Mr. Dreibelbis joined our company in April 1979.

David C. Nicholson has served as senior vice president since September 1994 and as chief financial officer and secretary since December 1986. Mr. Nicholson served as vice president from December 1986 to September 1994. Mr. Nicholson joined our company in November 1983 and has served in various other capacities, including treasurer, from December 1986 until January 1988, controller and director of mergers and acquisitions.

Russell M. Currey has served as senior vice president of marketing and planning since December 1994. Mr. Currey served as executive vice president and general manager of our recycled fiber division from September 1992 until December 1994. From February 1990 until September 1992, Mr. Currey served as manager of strategic development for our mill group. From July 1986 until February 1990, he was general manager of one of our recycled fiber plants. Mr. Currey joined our company in July 1983. Mr. Currey is the son of Bradley Currey, Jr. and is the nephew of Robert B. Currey, both of whom are directors of our company.

Vincent D'Amelio has served as executive vice president and general manager of our plastic packaging division since July 1998. From 1994 until July 1998, he was vice president of manufacturing for our plastic packaging division. Mr. D'Amelio joined our company in 1994.

Paul England has served as executive vice president and general manager of our uncoated paperboard division since September 1997. Mr. England served as executive vice president and general manager of our recycled fiber division from September 1994 until September 1997. From September 1989 to September 1994, Mr. England served in various capacities, including general manager of one of our paperboard mills. Mr. England joined our company in September 1989.

Steve Flanagan has served as executive vice president and general manager of our recycled fiber division since July 1998. From 1983 until 1995, he was general manager of one of our recycled fiber plants. From 1995 until July 1998, Mr. Flanagan served as regional manager, southwest region, for our recycled fiber division. Mr. Flanagan joined our company in 1983.

Nicholas G. George has served as executive vice president and general manager of our folding carton division since June 1991. Mr. George was vice president and general sales manager of our folding carton division, from January 1991 until June 1991. Mr. George was vice president of folding sales, western area, from July 1986 until January 1991. Mr. George joined our company in May 1980.

James K. Hansen has served as executive vice president and general manager of our coated paperboard division since September 1997. Mr. Hansen served as executive vice president and general manager of our mill division from May 1990 until September 1997. From 1984 until May 1990, he was general manager of one of our paperboard mills. Mr. Hansen joined our company in April 1979.

John H. Morrison has served as executive vice president and general manager of our corrugated packaging and display division since March 1986. From 1967 until March 1986, Mr. Morrison was employed by Union Camp Corporation, serving in various capacities, including general manager of a corrugated manufacturing plant.

John D. Skelton, II has served as executive vice president and general manager of our laminated paperboard products division since July 1998. From December 1991 until July 1998, he served as executive vice president and general manager of our plastic packaging division. From January 1991 until December 1991, he served as vice president of folding carton sales, western area. From 1981 until 1991, Mr. Skelton served as general manager of several of our plants. Mr. Skelton joined our company in July 1976.

Richard E. Steed has served as the president and chief executive officer of RTS since September 1997. From December 1991 until September 1997, Mr. Steed served as executive vice president and general manager of our partition division. From December 1986 until December 1991, Mr. Steed served as executive vice president and general manager of our plastic packaging division. Mr. Steed joined our company in December 1975.

All our executive officers are elected annually by and serve at the discretion of either the board of directors, the chairman of the board or the president. Mr. Steed is elected annually and serves at the discretion of the managing board of RTS.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The dividend and market price information under the heading "Financial and Operating Highlights" on page 1, and the shareholder information under the heading "Shareholder Information -- Common Stock" on page 48 of the Annual Report to Shareholders for the year ended September 30, 1999 are incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

The information under the heading "Five Year Selected Financial and Operating Highlights" for the years ended September 30, 1995 through 1999 on page 18 of the Annual Report to Shareholders for the year ended September 30, 1999 is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information under the heading "Management Discussion and Analysis of Results of Operations and Financial Condition" on pages 19 through 29 of the Annual Report to Shareholders for the year ended September 30, 1999 is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information under the heading "Market Risk Sensitive Instruments and Positions" on pages 25 through 26 of the Annual Report to Shareholders for the year ended September 30, 1999 is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following financial statements of our company and our subsidiaries included in the Annual Report to Shareholders for the year ended September 30, 1999 are incorporated herein by reference:

Consolidated Statements of Income for the years ended September 30, 1999, 1998 and 1997.

Consolidated Balance Sheets as of September 30, 1999 and 1998.

Consolidated Statements of Shareholders' Equity for the years ended September 30, 1999, 1998 and 1997.

Consolidated Statements of Cash Flows for the years ended September 30, 1999, 1998 and 1997.

Notes to Consolidated Financial Statements.

The information in Note 12, "Financial Results by Quarter (Unaudited)" for the years ended September 30, 1999 and 1998 on page 45 of the Annual Report to Shareholders for the year ended September 30, 1999 is incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The sections under the heading "Election of Directors" entitled "Nominees for Election -- Term Expiring 2003," "Incumbent Directors -- Term Expiring 2002" and "Incumbent Directors -- Term Expiring 2001" in the Proxy Statement for the Annual Meeting of Shareholders to be held January 28, 2000 are incorporated herein by reference for information on the directors of the Registrant. See Item X in Part I hereof for information regarding the executive officers of the Registrant. The section under the heading "Other Matters" entitled "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement for the Annual Meeting of Shareholders to be held on January 28, 2000 is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The section under the heading "Election of Directors" entitled "Compensation of Directors" and the sections under the heading "Executive Compensation" entitled "Summary Compensation Table," "Option Grants Table," "Aggregated Options Table" and "Pension Plan Table" in the Proxy Statement for the Annual Meeting of Shareholders to be held January 28, 2000 are incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information under the heading "Common Stock Ownership by Management and Principal Shareholders" in the Proxy Statement for the Annual Meeting of Shareholders to be held on January 28, 2000 is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information under the heading "Certain Transactions" in the Proxy Statement for the Annual Meeting of Shareholders to be held January 28, 2000 is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(A) 1. FINANCIAL STATEMENTS.

The following Consolidated Financial Statements of our company and our consolidated subsidiaries and the Report of the Independent Auditors, included in our Annual Report to Shareholders for the year ended September 30, 1999 are incorporated by reference in Part II, Item 8:

Consolidated Statements of Income for the years ended September 30, 1999, 1998 and 1997.

Consolidated Balance Sheets as of September 30, 1999 and 1998.

Consolidated Statements of Shareholders' Equity for the years ended September 30, 1999, 1998 and 1997.

Consolidated Statements of Cash Flows for the years ended September 30, 1999, 1998 and 1997.

Notes to Consolidated Financial Statements.

Report of Independent Auditors.

No Current Reports on Form 8-K have been filed in the last quarter of the fiscal year ended September 30, 1999

2. FINANCIAL STATEMENT SCHEDULE OF ROCK-TENN COMPANY.

The following financial statement schedule is included in Part IV of this report:

Schedule II -- Valuation and Qualifying Accounts.

All other schedules are omitted because they are not applicable or not required.

3. EXHIBITS.

EXHIBIT
NUMBER

- | | | |
|-----|----|--|
| 2.1 | -- | Stock Purchase Agreement, dated January 21, 1997 between Rock-Tenn Company and the Shareholders of Wabash Corporation (incorporated by reference to the Registrant's Current Report on Form 8-K/A dated January 21, 1997). |
| 3.1 | -- | Restated and Amended Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-1, File No. 33-73312). |
| 3.2 | -- | Articles of Amendment to the Registrant's Restated and Amended Articles of Incorporation (incorporated by reference to Exhibit 2 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995, Commission File No. 0-23340). |
| 3.3 | -- | Bylaws of the Registrant (incorporated by reference to Exhibit 3.2 to the Registrant's Registration Statement on Form S-1, File No. 33-73312). |
| 4.1 | -- | Credit Agreement dated January 21, 1997 by and among Rock-Tenn Company, SunTrust Bank, Atlanta and the other banks and lending institutions party to such Credit Agreement from time to time (incorporated by reference to Exhibit 4.1 to the Registrant's Annual Report on Form 10-K for the year ended September 30, 1997, Commission File No. 0-23340). |
| 4.2 | -- | First Amendment to Credit Agreement dated February 20, 1997, by and among Rock-Tenn Company, SunTrust Bank, Atlanta, in its capacity as a Lender, and SunTrust Bank, Atlanta, in its capacity as agent for the Lenders (incorporated by reference to Exhibit 4.2 to the Registrant's Annual Report on Form 10-K for the year ended September 30, 1997, Commission File No. 0-23340). |

EXHIBIT
NUMBER

-
- 4.3 -- Second Amendment to Credit Agreement dated June 6, 1997 by and among Rock-Tenn Company, the Lenders under the Credit Agreement and SunTrust Bank, Atlanta (incorporated by reference to Exhibit 4.3 to the Registrant's Annual Report on Form 10-K for the year ended September 30, 1997, Commission File No. 0-23340).
 - 4.4 -- Agreement to Provide Other Debt Instruments.
 - 10.1 -- Rock-Tenn Company 1987 Stock Option Plan (incorporated by reference to Exhibit 10.11 to the Registrant's Registration Statement on Form S-1, File No. 33-73312).
 - 10.2 -- Rock-Tenn Company 1989 Stock Option Plan (incorporated by reference to Exhibit 10.12 to the Registrant's Registration Statement on Form S-1, File No. 33-73312).
 - 10.3 -- Rock-Tenn Company 1993 Employee Stock Option Plan (incorporated by reference to Exhibit 10.13 to the Registrant's Registration Statement on Form S-1, File No. 33-73312).
 - 10.4 -- Rock-Tenn Company Key Employee Incentive Bonus Plan as amended on October 27, 1994 (incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K for the year ended September 30, 1994, Commission File No. 0-23340).
 - 10.5 -- Rock-Tenn Company Supplemental Executive Retirement Plan Effective as of October 1, 1994 (incorporated by reference to Exhibit 10.17 to the Registrant's Annual Report on Form 10-K for the year ended September 30, 1994, Commission File No. 0-23340).
 - 10.6 -- Joint Venture Agreement, dated September 5, 1997 between Rock-Tenn Company, Rock-Tenn Partition Company, Sonoco Products Company and Sonoco Partitions, Inc. (incorporated by reference to Exhibit 10.8 to the Registrant's Annual Report on Form 10-K for the year ended September 30, 1997).
 - 10.7 -- Contribution Agreement, dated as of September 5, 1997 by and among Rock-Tenn Company, Rock-Tenn Partition Company and RTS Packaging, LLC (incorporated by reference to Exhibit 10.9 to the Registrant's Annual Report on Form 10-K for the year ended September 30, 1997).
 - 10.8 -- Amended and Restated Operating Agreement of RTS Packaging, LLC, dated as of September 5, 1997 between Rock-Tenn Partition Company and Sonoco Partitions, Inc. (incorporated by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K for the year ended September 30, 1997).
 - 10.9 -- Consulting Agreement, dated January 21, 1997, between Eugene U. Frey and the Company (incorporated by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-K for the year ended September 30, 1997).
 - 12 -- Statement re: Computation of Ratio of Earnings to Fixed Charges.
 - 13 -- Annual Report to Shareholders submitted herewith but not "filed," except for those portions expressly incorporated by reference herein.
 - 21 -- Subsidiaries of the Registrant.
 - 23 -- Report and Consent of Ernst & Young LLP.
 - 27 -- Financial Data Schedule.(for SEC use only)
 - 99.1 -- Audited Financial Statements for the Rock-Tenn Company 1993 Employee Stock Purchase Plan for the years ended September 30, 1999, 1998 and 1997.
 - 99.2 -- Cautionary Statement relative to Forward-Looking Statements.

(B) REPORTS ON FORM 8-K

Not applicable.

(C) SEE ITEM 14(A)(3) AND SEPARATE EXHIBIT INDEX ATTACHED HERETO.

(D) NOT APPLICABLE.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ROCK-TENN COMPANY

Dated: December 22, 1999

By: /s/ DAVID C. NICHOLSON

David C. Nicholson
Senior Vice President, Chief
Financial Officer and Secretary

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

SIGNATURE	TITLE	DATE
----- /s/ JAMES A. RUBRIGHT ----- James A. Rubright	Director, Vice-Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	December 22, 1999
----- /s/ DAVID C. NICHOLSON ----- David C. Nicholson	Senior Vice President, Chief Financial Officer and Secretary (Principal Financial and Accounting Officer)	December 22, 1999
----- /s/ STEPHEN G. ANDERSON ----- Stephen G. Anderson	Director	December 22, 1999
----- /s/ J. HYATT BROWN ----- J. Hyatt Brown	Director	December 22, 1999
----- /s/ MARY LOUISE BROWN JEWELL ----- Mary Louise Brown Jewell	Director	December 22, 1999
----- /s/ ROBERT B. CURREY ----- Robert B. Currey	Director	December 22, 1999
----- /s/ A.D. FRAZIER ----- A.D. Frazier	Director	December 22, 1999
----- /s/ EUGENE U. FREY ----- Eugene U. Frey	Director	December 22, 1999
----- /s/ LAWRENCE L. GELLERSTEDT, III ----- Lawrence L. Gellerstedt, III	Director	December 22, 1999
----- /s/ JOHN D. HOPKINS ----- John D. Hopkins	Director	December 22, 1999

SIGNATURE	TITLE	DATE
----- /s/ JAMES W. JOHNSON ----- James W. Johnson	Director	December 22, 1999
----- /s/ RANDOLPH SEXTON ----- Randolph Sexton	Director	December 22, 1999
----- /s/ JAY SHUSTER ----- Jay Shuster	Director	December 22, 1999
----- /s/ JOHN W. SPIEGEL ----- John W. Spiegel	Director	December 22, 1999
----- /s/ BRADLEY CURREY, JR. ----- Bradley Currey, Jr.	Director	December 22, 1999

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS	SEQUENTIAL PAGE NO.
2.1	-- Stock Purchase Agreement, dated January 21, 1997 between Rock-Tenn Company and the Shareholders of Wabash Corporation (incorporated by reference to the Registrant's Current Report on Form 8-K/A dated January 21, 1997)	
3.1	-- Restated and Amended Articles of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-1, File No. 33-73312)	
3.2	-- Articles of Amendment to the Registrant's Restated and Amended Articles of Incorporation (incorporated by reference to Exhibit 2 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995, Commission File No. 0-23340)	
3.3	-- Bylaws of the Registrant (incorporated by reference to Exhibit 3.2 to the Registrant's Registration Statement on Form S-1, File No. 33-73312)	
4.1	-- Credit Agreement dated January 21, 1997, by and among Rock-Tenn Company, SunTrust Bank, Atlanta and the other banks and lending institutions party to such Credit Agreement from time to time (incorporated by reference to Exhibit 4.1 to the Registrant's Annual Report on Form 10-K for the year ended September 30, 1997, Commission File No. 0-23340)	
4.2	-- First Amendment to Credit Agreement dated February 20, 1997, by and among Rock-Tenn Company, SunTrust Bank, Atlanta, in its capacity as a Lender, and SunTrust Bank, Atlanta, in its capacity as agent for the Lenders (incorporated by reference to Exhibit 4.2 to the Registrant's Annual Report on Form 10-K for the year ended September 30, 1997, Commission File No. 0-23340)	
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4.4	-- Agreement to Provide Other Debt Instruments	20
10.1	-- Rock-Tenn Company 1987 Stock Option Plan (incorporated by reference to Exhibit 10.11 to the Registrant's Registration Statement on Form S-1, File No. 33-73312)	
10.2	-- Rock-Tenn Company 1989 Stock Option Plan (incorporated by reference to Exhibit 10.12 to the Registrant's Registration Statement on Form S-1, File No. 33-73312)	
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10.8	-- Amended and Restated Operating Agreement of RTS Packaging, LLC, dated as of September 5, 1997 between Rock-Tenn Partition Company and Sonoco Partitions, Inc. (incorporated by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K for the year ended September 30, 1997)	
10.9	-- Consulting Agreement, dated January 21, 1997, between Eugene U. Frey and the Company (incorporated by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-K for the year ended September 30, 1997)	
12	-- Statements re: Computation of Ratio of Earnings to Fixed Charges	21
13	-- Annual Report to Shareholders submitted herewith but not "filed," except for those portions expressly incorporated by reference herein	
21	-- Subsidiaries of the Registrant	22
23	-- Report and Consent of Ernst & Young LLP	23
27	-- Financial Data Schedule, (for SEC use only)	
99.1	-- Financial Statements for the Rock-Tenn Company 1993 Employee Stock Purchase Plan for the years ended September 30, 1997, 1996 and 1995	24
99.2	-- Cautionary Statement relative to Forward-Looking Statements	30

SCHEDULE II

ROCK-TENN COMPANY

SEPTEMBER 30, 1999
(IN THOUSANDS)

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	OTHER	DEDUCTIONS	BALANCE AT END OF PERIOD

Year ended September 30, 1999					
Allowance for Doubtful Accounts, Returns.....	\$3,817	\$11,417	--	\$11,624	\$3,610
Reserve for Facility Closures and Consolidation.....	3,884	3,050(3)	--	4,220	2,714
Year ended September 30, 1998:					
Allowance for Doubtful Accounts, Returns.....	3,632	10,088	--	9,903	3,817
Reserve for Facility Closures and Consolidation.....	5,615	1,903(3)	--	3,634	3,884
Year ended September 30, 1997:					
Allowance for Doubtful Accounts, Returns.....	3,094	12,454	589(1)	12,505	3,632
Reserve for Facility Closures and Consolidation.....	1,176	1,090(3)	7,711(2)	4,362	5,615

(1) This reserve was recorded in connection with Waldorf acquisition.

(2) This reserve was recorded in connection with Waldorf and Davey acquisitions and the formation of RTS Packaging, LLC

(3) This reserve was recorded in connection with plant closings and employee terminations, net of reversals of \$377, \$247 and \$300 in fiscal 1997, fiscal 1998 and fiscal 1999, respectively.

The prior year amounts have been changed to conform to the current year presentation.

EXHIBIT 4.4

We are excluded from including in this filing instruments relating to (i) the \$3,850,000 Industrial Development Revenue Bonds (Rock-Tenn Converting Company Project), Series 1998, issued by the Waxahachie Industrial Development Authority; (ii) the \$6,750,000 Economic Development Revenue Bonds (Rock-Tenn Company, Mill Division Inc. Project), Series 1995, issued by the City of Columbus, Indiana; (iii) the \$3,300,000 Economic Development Revenue Bonds (Rock-Tenn Converting Company Facility), Series 1994, issued by the Maryland Industrial Development Financing Authority; (iv) the \$4,000,000 Industrial Development Revenue Bonds (Rock-Tenn Converting Company Project), Series 1995, issued by the Industrial Development Board of the City of Tullahoma, Tennessee; (v) the \$2,750,000 Industrial Development Revenue Bonds (Rock-Tenn Converting Company Project), Series 1995, issued by the Industrial Development Board of the County of Wilson; (vi) the \$2,500,000 Industrial Development Revenue Bonds (Rock-Tenn Converting Company Project), Series 1995, issued by the Development Authority of DeKalb County; (vii) the \$2,500,000 Industrial Development Revenue Bonds (Rock-Tenn Converting Company Project), Series 1993, issued by the City of Harrison, Arkansas; (viii) the \$1,500,000 Industrial Development Revenue Bonds (Rock-Tenn Company Mill Division, Inc.), Series 1996, issued by the Development Authority of DeKalb County; (ix) the \$1,500,000 Industrial Development Revenue Bonds (Rock-Tenn Converting Company Project), Series 1996, issued by the Hart County Industrial Development Authority; (x) the \$3,500,000 Industrial Development Revenue Bonds (Rock-Tenn Converting Company Project), Series 1997, issued by the Union County Industrial Facilities and Pollution Control Financing Authority; (xi) the \$2,500,000 Industrial Development Revenue Bonds (Rock-Tenn Converting Company Project), Series 1999, issued by the Development Authority of Richmond County; (x) the \$5,350,000 Industrial Development Revenue Bonds (Rock-Tenn Converting Company Project), Series 1999, issued by the Union County Industrial Facilities and Pollution Control Financing Authority; (xi) the \$100,000,000 Rock-Tenn Company 7.25% Medium-Term Notes due August 1, 2005 issued pursuant to the Trust Indenture dated July 31, 1995; (xii) the unsecured promissory note dated November 24, 1986 between Rock-Tenn Company and Richard F. Giersch and Marcus F. Snoddy, trustees for the benefit of Virginia M. Snoddy; (xiii) the unsecured promissory note dated December 8, 1986 between Rock-Tenn Company and Kathryn C. Morris, Robert B. Wright and Henry L. Conway, trustees for the benefit of Michael N. Morris; (xiv) the unsecured promissory note dated December 8, 1986 between Rock-Tenn Company and Ronald J. Fudge, trustee for the benefit of Arthur N. Morris, Jr.; (xv) the unsecured promissory note dated December 8, 1986 between Rock-Tenn Company and Kathryn C. Morris, Robert B. Wright and Henry L. Conway, Jr., trustees for the benefit of Kathryn Ann Uguet de Resayre; (xvi) the unsecured promissory note dated February 1, 1990 between Rock-Tenn Company and Joseph B. Brown and Lillian M. Brown; (xvii) the unsecured promissory note dated February 1, 1990 between Rock-Tenn Company and Joseph B. Brown; (xviii) the Equipment Lease Agreement dated December 10, 1998 between Rock-Tenn Converting Company and PACCAR Financial Corp.; (xix) the Equipment Lease Agreement dated December 10, 1998 between Rock-Tenn Company, Mill Division, Inc. and PACCAR Financial Corp.; and (xx) the promissory note dated December 1, 1995 between Waldorf Corporation and Martin L. Benskin. We agree to furnish a copy of the agreements relating to these instruments to the Securities and Exchange Commission upon request.

EXHIBIT 12

ROCK-TENN COMPANY

**STATEMENT REGARDING COMPUTATION OF RATIO OF EARNINGS
TO FIXED CHARGES**

(AMOUNTS IN THOUSANDS, EXCEPT RATIOS)

	YEAR ENDED SEPTEMBER 30,				
	1995	1996	1997	1998	1999
Fixed Charges:					
Interest expenses.....	\$ 8,122	\$10,772	\$26,466	\$ 34,664	\$ 30,813
Amortization of debt issuance costs.....	265	206	320	360	365
Interest capitalized during period.....	--	--	1,214	888	931
Portion of rent expenses representative of interest.....	1,443	2,316	2,584	3,034	3,169
Fixed charges.....	\$ 9,830	\$13,294	\$30,584	\$ 38,946	\$ 35,278
	=====	=====	=====	=====	=====
Earnings:					
Pretax income from continuing operations.....	\$67,922	\$82,469	\$37,756	\$ 74,613	\$ 70,253
Fixed charges.....	9,830	13,294	30,584	38,946	35,278
Earnings.....	\$77,752	\$95,763	\$68,340	\$113,560	\$105,531
	=====	=====	=====	=====	=====
Ratio of earnings to fixed charges.....	7.91	7.20	2.23	2.92	2.99
	=====	=====	=====	=====	=====

EXHIBIT 21

ROCK-TENN COMPANY

SUBSIDIARIES OF ROCK-TENN COMPANY

	NAME	JURISDICTION OF INCORPORATION
1.	Rock-Tenn Company, Mill Division, Inc.	Tennessee
2.	Dominion Paperboard Products, Ltd.	Quebec, Canada
3.	Rock-Tenn Company of Texas	Georgia
4.	Rock-Tenn Converting Company	Georgia
5.	Rock-Tenn Company of Arkansas	Georgia
6.	Ling Industries, Inc.	Quebec, Canada
7.	Rock-Tenn Company of California, Inc.	Delaware
8.	Rock-Tenn Company of Illinois, Inc.	Illinois
9.	Concord Industries, Inc.	Illinois
10.	Waldorf Corporation	Delaware
11.	Wabash Corporation	Delaware
12.	Wabash Development, Inc.	Delaware
13.	Waldorf Realty, Inc.	Delaware
14.	Best Recycling, Inc.	Iowa
15.	RTS Packaging, LLC	Delaware
16.	Rock-Tenn Recycling Company	Quebec, Canada
17.	Rock-Tenn Partition Company	Georgia
18.	RTS Empaques S. de R.L. de C.V.	Mexico
19.	Waldorf Corporation of Minnesota	Delaware
20.	RTS Embalajes de Chile Limitada	Santiago, Chile

EXHIBIT 23

REPORT AND CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Rock-Tenn Company of our report dated October 26, 1999 included in the 1999 Annual Report to Shareholders of Rock-Tenn Company.

Our audits also include the financial statement schedule of Rock-Tenn Company listed in Item 14(a). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent (a) to the incorporation by reference in (i) the Registration Statement (Form S-8 No. 333-77237) which pertains to the Rock-Tenn Company 1993 Employee Stock Option Plan, the Rock-Tenn Company 1993 Stock Purchase Plan, the Rock-Tenn Company 1989 Stock Option Plan and the Rock-Tenn Company 1987 Stock Option Plan, (ii) the Registration Statement (Form S-8 No. 33-83304) which pertains to the Rock-Tenn Company 1993 Employee Stock Option Plan, the Rock-Tenn Company 1993 Employee Stock Purchase Plan, the Rock-Tenn Company Incentive Stock Option Plan, the Rock-Tenn Company 1989 Stock Option Plan, and the Rock-Tenn Company 1987 Stock Option Plan, and (iii) the Registration Statement (Form S-3 No. 33-93934) of Rock-Tenn Company of our report dated October 26, 1998, with respect to the consolidated financial statements incorporated herein by reference; and (b) to the use of our report included in the preceding paragraph with respect to the financial statement schedule included in this Annual Report (Form 10-K) for the year ended September 30, 1999, and our report dated November 5, 1999, with respect to the financial statements of the Rock-Tenn Company 1993 Employee Stock Purchase Plan filed as an Exhibit to this Annual Report (Form 10-K) for the year ended September 30, 1999.

ERNST & YOUNG LLP

Atlanta, Georgia
December 21, 1999

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AND THE CONSOLIDATED STATEMENT OF INCOME FILED AS PART OF THE ANNUAL REPORT ON FORM 10-K AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH ANNUAL REPORT ON FORM 10-K.

MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END	SEP 30 1999
PERIOD START	OCT 01 1998
PERIOD END	SEP 30 1999
CASH	4,538
SECURITIES	0
RECEIVABLES	142,644
ALLOWANCES	3,610
INVENTORY	94,501
CURRENT ASSETS	243,381
PP&E	1,022,420
DEPRECIATION	429,681
TOTAL ASSETS	1,161,470
CURRENT LIABILITIES	168,910
BONDS	457,410
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	350
OTHER SE	431,814
TOTAL LIABILITY AND EQUITY	1,161,470
SALES	1,310,368
TOTAL REVENUES	1,310,368
CGS	950,855
TOTAL COSTS	950,855
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	31,179
INCOME PRETAX	70,253
INCOME TAX	30,555
INCOME CONTINUING	39,698
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	39,698
EPS BASIC	1.14
EPS DILUTED	1.13

EXHIBIT 99.1

ROCK-TENN COMPANY

**1993 EMPLOYEE STOCK PURCHASE PLAN
INDEX TO FINANCIAL STATEMENTS**

	PAGE

Report of Independent Auditors.....	25
Statements of Financial Condition as of September 30, 1999 and 1998.....	26
Statements of Changes in Plan Equity for the three years ended September 30, 1999.....	27
Notes to Financial Statements.....	28

REPORT OF INDEPENDENT AUDITORS

Compensation and Options Committee of the Board of Directors Rock-Tenn Company

We have audited the accompanying statements of financial condition of the Rock-Tenn Company 1993 Employee Stock Purchase Plan as of September 30, 1999 and 1998 and the related statements of changes in plan equity for each of the three years in the period ended September 30, 1999. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rock-Tenn Company 1993 Employee Stock Purchase Plan at September 30, 1999 and 1998 and the changes in Plan equity for each of the three years in the period ended September 30, 1999, in conformity with generally accepted accounting principles.

ERNST & YOUNG LLP

Atlanta, Georgia
November 5, 1999

ROCK-TENN COMPANY

1993 EMPLOYEE STOCK PURCHASE PLAN
STATEMENTS OF FINANCIAL CONDITION

	SEPTEMBER 30,	
	1999	1998
Assets:		
Receivable from Rock-Tenn Company -- Notes 1 and 2.....	\$519,821	\$465,301
	=====	=====
Liabilities and equity:		
Obligations to purchase Rock-Tenn Company common		
stock -- Notes 1 and 2.....	519,821	465,301
Plan equity.....	--	--
	-----	-----
Total liabilities and equity.....	\$519,821	\$465,301
	=====	=====

See notes to financial statements

ROCK-TENN COMPANY

**1993 EMPLOYEE STOCK PURCHASE PLAN
STATEMENTS OF CHANGES IN PLAN EQUITY**

	YEARS ENDED SEPTEMBER 30,		
	1999	1998	1997
Participant contributions.....	\$ 3,464,190	\$ 2,867,976	\$ 2,834,682
Purchases of Rock-Tenn Company common stock -- Note 1...	(3,381,882)	(2,809,359)	(2,789,931)
Amounts refunded to Plan participants.....	(82,308)	(58,617)	(44,751)
Plan equity at end of year.....	\$ --	\$ --	\$ --

See notes to financial statements

ROCK-TENN COMPANY

1993 EMPLOYEE STOCK PURCHASE PLAN NOTES TO FINANCIAL STATEMENTS

NOTE 1 -- DESCRIPTION OF THE PLAN:

In 1993, the Board of Directors of Rock-Tenn Company (the "Company") adopted the Rock-Tenn Company 1993 Employee Stock Purchase Plan (the "Plan"). The Plan was effective beginning on January 1, 1994. On October 23, 1997, the Company's Board of Directors voted to amend and restate the Plan, thereby increasing the number of shares reserved for purchase under the Plan to 1,320,000. The amended and restated Rock-Tenn Company 1993 Employee Stock Purchase Plan was approved by Rock-Tenn Company shareholders on January 22, 1998.

The Plan permits eligible employees to make regular, systematic purchases of the Company's Class A common stock directly from the Company through payroll deductions. Substantially all regular, full-time employees of the Company and its subsidiaries are eligible to participate in the Plan upon completion of at least two years of employment as defined by the Plan. Voluntary employee contributions are deducted from participants' compensation each pay period and are held for the participants' accounts. All funds held by the Company under the Plan are included in the general assets of the Company.

On the first day of each of the four purchase periods (November 1, February 1, May 1 and August 1), participants in the Plan are granted an option to purchase shares of the Company's Class A common stock. On the last day of each purchase period (January 31, April 30, July 31 and October 31), the Company uses participant contributions, net of refunds, to purchase shares of the Company's Class A common stock for the participant. Contributions that exceed the plan provisions or the Internal Revenue Code limits are refunded to participants. The purchase price per share to the participant is equal to 85% of the market value, as defined, of the Company's Class A common stock on the first or last day of the purchase period, whichever amount is lower. For the purchase periods ending October 31, 1998, January 31, 1999, April 30, 1999 and July 31, 1999 there was a total of 284,080 shares of the Company's Class A common stock purchased for participants under the Plan. For the purchase periods ending October 31, 1997, January 31, 1998, April 30, 1998 and July 31, 1998, there was a total of 206,984 shares of the Company's Class A common stock purchased for participants under the Plan. For the purchase periods ending October 31, 1996, January 31, 1997, April 30, 1997 and July 31, 1997, there was a total of 195,627 shares of the Company's Class A common stock purchased for participants under the Plan. Stock certificates for all shares of the Company's Class A Common Stock purchased under the Plan are issued to participants at the end of each purchase period.

Any participant may terminate contributions and withdraw from the Plan at any time. Even though there are no current intentions to do so, the Board of Directors can terminate the Plan at any time. Stock purchase transactions in process at the time of such termination cannot be modified or canceled without the written consent of the participants.

NOTE 2 -- SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires Plan management to make estimates and assumptions that affect the reported amounts of Plan assets and liabilities and disclosure of any contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in Plan equity during the reporting period. Actual results may differ from those estimates and the differences could be material.

ROCK-TENN COMPANY

**1993 EMPLOYEE STOCK PURCHASE PLAN
NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)**

Plan Administration

The Plan is administered by the Compensation and Options Committee of the Company's Board of Directors, which consists of three outside directors.

Plan Expenses

Administrative expenses of the Plan are paid by the Company.

NOTE 3 -- FEDERAL INCOME TAXES:

The Plan qualifies as an Employee Stock Purchase Plan under Section 423 of the Internal Revenue Code of 1986. Issuance of shares under this Plan are not intended to result in taxable income to participants in the Plan based on provisions in Section 423 of the Internal Revenue Code.

NOTE 4 -- YEAR 2000 ISSUE (UNAUDITED):

The Plan Sponsor has determined that it will be necessary to take certain steps in order to ensure that the Plan's information systems are prepared to handle year 2000 dates. The Plan Sponsor is taking a two-phase approach. The first phase addresses internal systems that must be modified or replaced to function properly. Both internal and external resources are being utilized to replace or modify existing software applications, and to test the software and equipment for the Year 2000 modifications. The Plan Sponsor has substantially completed this phase of the project. Costs associated with modifying software and equipment were not significant and were paid by the Plan Sponsor.

For the second phase of the Project, Plan management established formal communications with its third-party providers to determine that they have developed plans to address their own Year 2000 problems as they relate to the Plan's operations. All third-party service providers have indicated that they will be Year 2000 compliant during 1999. If modifications of data processing systems of either the Plan, the Plan Sponsor, or its service providers are not completed timely, the year 2000 problem could have a material impact on the operations of the Plan. Plan management has not developed a formal contingency plan. However, management would take the necessary steps to continue the operations of the Plan if a problem would result from the Year 2000 issue.

EXHIBIT 99.2

We, or our executive officers and directors on our behalf, may from time to time make "forward looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. These statements may be contained in reports and other documents that we file with the SEC or may be oral statements made by our executive officers and directors to the press, potential investors, securities analysts and others. These forward looking statements could involve, among other things, statements regarding the Company's intent, belief or expectation with respect to:

- our results of operations and financial condition,
- the consummation of acquisitions and financial transactions and their effect on our business, and
- our plans and objectives for future operations and expansion.

Any forward looking statements would be subject to risks and uncertainties that could cause actual results of operations, financial condition, acquisitions, financing transactions, operations, expansion and other events to differ materially from those expressed or implied in such forward looking statements. Any forward looking statements would be subject to a number of assumptions regarding, among other things, future economic, competitive and market conditions generally. These assumptions would be based on facts and conditions as they exist at the time the forward looking statements are made as well as predictions as to future facts and conditions. These future facts and conditions may be difficult for us to predict accurately and may involve the assessment of events beyond our control. Further, our business is subject to a number of risks that would affect any such forward looking statements. These risks include, among other things, the following:

- WE MAY FACE INCREASED COSTS AND REDUCED SUPPLY OF RAW MATERIALS

Historically, the cost of recovered paper, virgin paperboard and containerboard, our principal raw materials, have fluctuated significantly due to market and industry conditions. Increasing demand for products packaged in 100% recycled paper and the shift by virgin paperboard manufacturers to the production of paperboard with some recycled paper content may increase demand for recovered paper. The increasing demand may result in cost increases. There can be no assurance that we will be able to recoup any future increases in the cost of recovered paper or other raw materials through price increases for our products. Further, a reduction in supply of recovered paper, virgin paperboard and containerboard due to increased demand or other factors could have an adverse effect on our results of operations and financial condition.

- WE MAY EXPERIENCE PRICING VARIABILITY

The paperboard and converted products industries historically have experienced significant fluctuations in selling prices. Our inability to maintain the selling prices of products within these industries during periods of weak economic conditions may have a material adverse effect on our results of operations and financial condition. We are not able to predict with certainty market conditions or the selling prices for our products.

- WE FACE INTENSE COMPETITION

The packaging products and paperboard industries are highly competitive, and no single company dominates either industry. Our competitors include large, vertically integrated packaging products and paperboard companies and numerous smaller companies. In the folding carton and corrugated container markets, we compete with a significant number of national and regional packaging suppliers. In the fiber partitions, corrugated displays, thermoformed plastic products and laminated paperboard products markets, we compete with a smaller number of national, regional and local companies offering highly specialized products. We also compete with foreign companies in the book cover market. In the paperboard segment, we compete with integrated and non-integrated national, regional and local companies manufacturing various grades of paperboard. Our paperboard also competes with virgin paperboard.

The primary competitive factors in the packaging products and paperboard industries are price, design, quality and service, with varying emphasis on these factors depending on the product line and customer preferences. We believe that we compete effectively with respect to each of these factors. However, to the

extent any of our competitors becomes more successful with respect to any key competitive factor, our business could be materially adversely affected.

The packaging products and recycled paperboard industries have undergone significant consolidation in recent years. We believe that current trends within these industries will result in further consolidation. Within the packaging products industry, larger corporate customers with an expanded geographic presence have tended in recent years to seek suppliers who can, because of their broad geographic presence, efficiently and economically supply all of the customers' packaging needs. In addition, during recent years, purchasers of recycled paperboard and packaging products have demanded higher quality products meeting stricter quality control requirements. These market trends could adversely affect our results of operations or, alternatively, favor our products depending on our competitive position in specific product lines.

- WE MAY BE UNABLE TO COMPLETE AND FINANCE ACQUISITIONS

We have completed several acquisitions during the past five fiscal years and may seek additional acquisition opportunities. There can be no assurance that we will be able successfully to identify suitable acquisition candidates, complete acquisitions, integrate acquired operations into its existing operations or expand into new markets. There can also be no assurance that future acquisitions will not have an adverse effect upon our operating results. This is particularly true in the fiscal quarters immediately following the completion of such acquisitions while the operations of the acquired business are being integrated into our operations. Once integrated, acquired operations may not achieve levels of revenues, profitability or productivity comparable with those achieved by our existing operations, or otherwise perform as expected.

- WE ARE SUBJECT TO EXTENSIVE ENVIRONMENTAL AND GOVERNMENTAL REGULATION

We are subject to various Federal, state, local and foreign environmental laws and regulations, including those relating to the discharge, storage, handling and disposal of a variety of substances. We regularly make capital expenditures to maintain compliance with applicable environmental laws and regulations. However, environmental laws and regulations are becoming increasingly more stringent. Consequently, our compliance and remediation costs could increase materially. In addition, we cannot currently assess with certainty the impact that the future emissions standards and enforcement practices under the 1990 amendments to the Clean Air Act will have on our operations or capital expenditure requirements. Further, we have been identified as a potentially responsible party at various "superfund" sites pursuant to the Comprehensive Environmental Response, Compensation and Liability Act or comparable state statutes. There can be no assurance that any liability we may incur in connection with these superfund sites will not be material to our results of operations, financial condition or cash flows.

- WE HAVE BEEN DEPENDENT ON CERTAIN CUSTOMERS

Each of our divisions has certain key customers, the loss of which could have a material adverse effect on the division's sales and, depending on the significance of the division to our operations, our results of operations, financial condition or cash flows.

- CHANGES IN ACCOUNTING PRACTICES COULD REQUIRE US TO CHANGE PREVIOUSLY REPORTED RESULTS OF OPERATIONS

We understand that the SEC is evaluating existing practice regarding, among other things, accounting for restructuring charges, goodwill write-offs and other pro forma adjustments made in connection with recapitalizations and/or acquisition transactions and is concurrently developing guidance on how registrants should apply existing regulations. We believe that our previously reported financial information has been prepared in a manner that complies with published SEC regulations and is consistent with current practice. However, there can be no assurance that the SEC will not require modification or reformulation of our previously reported financial information. Any such modification or reformulation may be significant.