

ASPI NEWS

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NewPage Customer Alignment Meeting Agenda Set

NewPage has been selected as the host for the ASPI 2009 Fall Customer Alignment Meeting set for *September 23-24, 2009* in Dayton, Ohio. NewPage is providing the same high-level executive team as attendees experienced with MWV at the Fall 2008 Customer Alignment Meeting (see insert for NewPage Executives on the agenda). NewPage has also included a *Mill Managers Roundtable*, where all available NewPage Mill Managers will be encouraged to participate. This should be the largest concentration of customers and decision makers ever assembled.

If you were in Richmond for the Fall Customer Alignment Meeting with MeadWestvaco, you know the value of the new ASPI Customer Alignment Initiative. If you missed this meeting, you can read about it in the November 2008 Paper360 article “Aligning Customer and Supplier Needs” or in the December 2008 issue of the ASPI Newsletter (available at www.aspinet.org



You do not want to miss this chance to get to know NewPage better this Fall. Space is limited, and ASPI expects a robust turnout given the popularity of last year’s meeting with MWV.

Registration is Now Open!

Register online for the ASPI Spring 2009 meeting at www.aspinet.org. You can register for the meeting, and make your hotel reservations in one simple step. Register prior to September 1, 2009 to secure your spot at this informative meeting.

Registration Rates

Executives from ASPI Member Companies can register at the standard \$835 rate. Executives from non-member companies can register at the rate of \$1200. These registration rates are valid until September 1, 2009. Rates will increase to \$935 for members and \$1300 for nonmembers after September 1st.

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Customer Alignment Meeting

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NewPage Executives on the ASPI 2009 Fall Program

Tuesday – September 22, 2009

Mark Suwyn, Executive Chairman of the Board – Dinner Speaker

Wednesday – September 23, 2009

Rick Willett, President and CEO

Mike Marziale, Sr VP, Marketing, Strategy and General Management

Dave Prystash, Sr VP and CFO

Dan Clark, Sr VP, Business Excellence and CIO

David Oliver, VP Corporate Engineering and Maintenance

Wayne Howard, VP, Sourcing and Logistics

Mark Lukacs, VP, Paper Operations

George Martin, Sr VP, Operations – Dinner Speaker

New to the program:

NewPage will host a mill manager roundtable, facilitated by Mark Lukacs, VP Paper Operations. All NewPage mill managers will be encouraged to participate. For full program details, visit the ASPI Website www.aspinet.org. ♦

Mike Jackson Honored with ASPI Customer Executive of the Year Award

The Customer Executive of the Year Award is the highest honor that ASPI can bestow on an individual. It is granted to a paper industry executive who has demonstrated extraordinary effectiveness in working with a range of suppliers to enhance productivity, efficiency, and effectiveness of his or her company using a wide spectrum of supplied products and services.

Late in 2008, ASPI named Verso Paper Corp.'s Mike Jackson as its 2009 ASPI Customer Executive of the Year. Jackson serves as President and CEO of Verso Paper Corp.

ASPI President David Withers commented "We are pleased to honor this long-time industry veteran. Mike has a reputation for fairness and integrity in his dealings with suppliers." Jackson responded, "I would like to thank ASPI for this award. Never in our industries' history has it been more important for suppliers and customers to work more closely to

improve our respective results. We at Verso pride ourselves not only on collaborating with our suppliers, but also making quick decisions to execute good ideas."

Based in Memphis, Tennessee, Verso Paper Corp. is a leading North American producer of coated papers, including coated groundwood and coated freesheet, and supercalendered and specialty products. Prior to joining Verso, Jackson held various leadership roles in his 29-year career with Weyerhaeuser. Additional information about Verso is available at www.versopaper.com. ♦



Left to right: ASPI Vice President Bob Gallo (President – Voith Paper North America); Customer Executive of the Year recipient Mike Jackson, President and CEO of Verso Paper Corp.; ASPI President David Withers (President – Coldwater Group), and ASPI Board of Director Member Rod Fisher (President – Fisher International).

Supplier Sustainability: A Priority at Verso

A key element in Verso's Manufacturing Excellence Model

By Kathi Rowzie

The concept of sustainability is most often associated with environmental performance and certainly, continuous environmental performance improvement is an important part of Verso Paper Corp.'s business strategy. But going far beyond that, Verso incorporates sustainability, including supplier sustainability, as a primary component of its manufacturing excellence (ME) model – a model that is leading the company to its fullest manufacturing potential according to Lyle Fellows, Verso's senior vice president for manufacturing.

“The guiding principles of our ME model focus our efforts in three key areas,” Fellows explains. “Virtually everything we do is targeted to help us build a team of highly skilled, fully committed people, to develop the lowest-cost, simplest technical and organizational design possible and to build sustainability into every aspect of our business. Simply put, we want best practice to be common practice in all that we do,” he says. “This means supporting and enabling our mill managers to lead effective performance improvement with a fully integrated set of tools, templates, metrics and nomenclature.”

Verso uses extensive benchmarking data to identify realizable gaps in operating performance and then incorporates into its ME model both current internal best practices and external approaches that can provide clear improvement benefits. Suppliers play an important role in the company's efforts.

Manufacturing excellence is the premise on which all of Verso's supplier relationships are built, according to Fellows. “When we apply our ME model to our suppliers, they become value-added strategic

resources, not just purchasing mechanisms,” he explains. “The old days of three quotes and a cloud of dust are gone. In today's market, it's more important than ever that we work together to optimize the value of every dollar spent.”



To make every dollar count, Verso puts more than the usual emphasis on building sustainable supplier relationships. “True partnerships are built on mutual benefit and economic viability for both partners,” Fellows says. “There is no one-size-fits-all supplier relationship and there's no ‘silver bullet’ to meet every challenge we face. Solid, two-way communication with our suppliers enables us to work together to find adaptable solutions suited to an ever-evolving marketplace.”

By leveraging supplier innova-

tion, subject matter expertise and capabilities, Verso has been able to establish aggressive targets for reducing process variability and removing cost across the manufacturing platform.

“It's imperative that we work with suppliers toward a total cost solution to meet mill needs,” Fellows says. “Yes, predictable pricing is always an important factor, but we must also consider quality, service and responsiveness. At Verso, we're looking for suppliers who are invested in our success... partners who have a true desire to help make our business better. In real terms, this means suppliers who are proactive in leading the effort to reduce overall cost, who diligently look for ways to eliminate waste in time, materials and non-value-added work, and who help us identify and respond to trends and changes in a timely fashion.”

Verso's approach to supply chain sustainability is already producing results. In areas ranging from improved energy efficiency and reduced greenhouse gas emissions to enhanced benchmarking capability, reductions in non-value-

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Supplier Sustainability

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added work and product enhancement, measurable improvement is evident. “We exceeded our target for reducing realizable operating gaps by 20 percent in 2008,” Fellows says with enthusiasm. “And as we grow our relationships with engaged suppliers who are willing to step out a little bit further on the risk curve, all of us will reap the benefits.”

Kathi Rowzie is a sustainability communications consultant in Memphis, Tennessee. ♦

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09 Spring Meeting Wrap Up

David Withers, ASPI President

The recent economic turmoil made it difficult for some of our members to travel to Phoenix for the ASPI Spring Meeting, but there was representation from a large portion of the ASPI membership. We had great customer presentations. Lyle Fellows and Glen Sanders from Verso gave an excellent talk, as well as John McKee from Catalyst. We also enjoyed Stephen Atkinson from Bank of Montreal, Klaus-Guenther Strack from Voith and David Madsen from Prime Resource Group. All presentations are now available to members. If you need the member-only link, please contact Colleen Walker, ASPI Director of Member Relations at cwalker@aspinet.org or 770-209-7349.

One of the most popular portions of the Spring Program turned out to be an impromptu kick-off session where every single attendee shared comments on their recent experiences and thoughts about the current business and economic situation. Members thought this was such a valuable addition to the program, that some form of it will be carried forward as an addition to future meetings.

ASPI Program Formats Continue

At the ASPI Board Meeting in Phoenix, your Board openly discussed the format of the tradi-

tional Spring resort-style meeting versus the new Alignment style meeting. There was very strong agreement on the Board and from the membership in our business meeting that we should maintain the current mix of more informal programming in the Spring, with the more intense Alignment meetings in the Fall. The peer group activities and stories that we shared in Phoenix were a great reminder of the added value these Spring meetings bring in addition to having a few customers with us. Phoenix was a hike for many of us so, for

a February/Spring meeting in 2010, it will most likely be in Florida. ♦



Winning Golf Scramble Team in Phoenix: Kevin Frank (Voith), Susan and David Withers (Coldwater Group), and Jukka Tiitinen (Metso).

ASPI Welcomes New Members

Two new members have joined ASPI this year: Honeywell and Timco. Read their corporate profiles to become more familiar with these new ASPI Members, and extend their representatives a warm welcome at the September meeting.



Timco

TIMCO Products is a family owned company with its main office and manufacturing facility located in Marysville, Ohio. The company was founded in 1996 as a supplier of doctor blades and accessories for the North American paper industry. Since inception, Timco has been extremely fortunate to be aligned with Joh. Clouth of Huckeswagen, Germany who has been Timco's sole supplier of composite material used in the manufacture of Timco doctor blades. This partnership has been exemplified by the creation of the new joint logo unveiled with creation of the Timco-Clouth website. Joh. Clouth has become the industry leader selling their products worldwide in 72 different countries. Joh. Clouth has shared their unique and efficient production methods and state of the art manufacturing technologies with Timco which has placed Timco at the forefront of the industry in quality, reliability and product performance. Timco has reinvested heavily in new equipment and technologies to position itself for growth in the future. The expansion of our manufacturing facility in recent

years has demonstrated our commitment to meet our customers demanding and changing needs.

Tim Combs, President, is Timco's primary contact for ASPI and participated at the Spring Meeting in Phoenix.

Honeywell

Honeywell International

Honeywell Process Solutions is part of Honeywell International; a \$35 billion diversified technology and manufacturing leader, serving customers worldwide. Partnering with Honeywell Process Solutions lets you leverage our 30 years of experience as well as our entire suite of solutions designed specifically for the pulp and paper industry to enhance safety, quality, reliability and efficiency; improve profitability and competitiveness; and help you achieve your business objectives. Honeywell provides automation and advanced solutions to individual pulp and paper process areas, as well as coordinated process optimization, enabling you to take advantage of enterprise-wide decision making to drive overall mill efficiency.

Whether you have an aging pulp mill, world-class or aging paper machines, an integrated operation or are looking to build a

new facility, Honeywell understands the pulping and papermaking process, and your business objectives. You have strategic goals around increasing operating margins, capital efficiency, and improving health, safety, and environmental performance. You are concentrating on core business activities like market rationalization, managing global growth and industry consolidation.

Production, quality and process control, machine logic and drive control are all integrated and work cooperatively to maximize performance. In addition, our solutions enhance safety, environmental compliance, energy efficiency, cyber and physical security, as well as asset and lifecycle management. Integrating these mill-wide systems ensures that better and more focused information gets to key decision makers. By having these systems integrated and provided by one supplier you are assuring more efficient process design and execution, better system operation and higher quality service.

Andrew Hird, Global Director – Pulp and Paper, will be Honeywell's primary ASPI contact. *Jack Ross*, Americas Business Leader – Pulp & Paper, and *Scott Schwinnen*, Global Business Manager/Corporate Accounts – Pulp and Paper will be alternate contacts for Honeywell. ♦

Biofuels Update – Market Projections and U.S. Funding

An excerpt from TAPPI's upcoming Spring Issue of Bioenergy Technology Quarterly

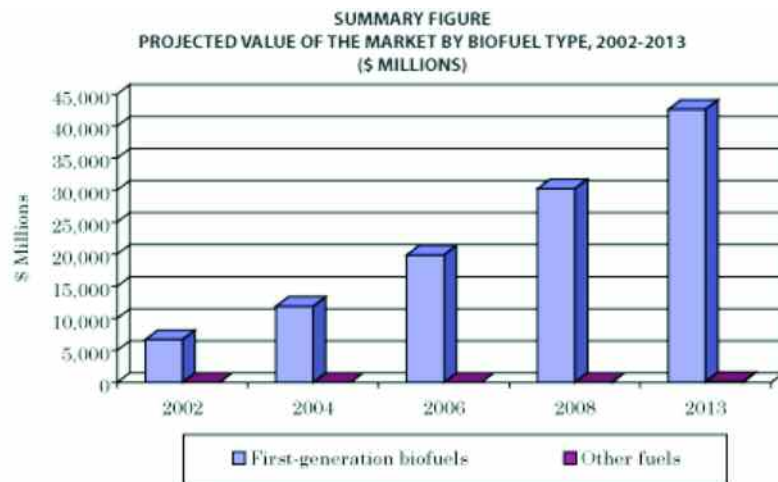
Liquid Biofuels Market to Reach \$42.8 Billion by 2013

The global liquid biofuels market could increase in value from \$30.3 billion in 2008 to \$42.8 billion in 2013, according to a new report from BCC Research, Wellesley, Mass., USA, titled *Liquid Biofuels: The Global Market*.

The report breaks down the market into first generation biofuels and other fuels. First generation biofuels currently dominate the market and generated \$30.3 billion in 2008. This is expected to increase to \$42.6 billion in 2013, for a compound annual growth rate (CAGR) of 7.1%. Other fuels were worth \$17.1 billion in 2008, and this segment is expected to increase to \$138.0 billion in 2013, for a CAGR of 51.8%.

The report provides an overview of the biofuels market outside of North America by fuel type including ethanol, second-generation ethanol, biodiesel, biobutanol, biomethanol, algal fuel, dimethylfuran, Fischer Tropsch, green gasoline, designer hydrocarbons and others. It makes global market forecasts for the biofuels industry through 2013, detailing manufacturing processes, including pretreatment, conversion and separations.

In addition, the report analyzes manufacturing capacity by fuel type, feedstock, and manufacturer, and includes a patent analysis that categorizes 910 patents by application and assignee. Finally, the report profiles leading companies.



More information is available at <http://www.bccresearch.com>.

President Obama Announces Biofuels Interagency Working Group, More Biofuel Funds, RFS Strategy

U.S. President Barack Obama this month signed a Presidential Directive establishing a new Biofuels Interagency Working Group. The president also announced additional Recovery Act funds for renewable fuel projects, and announced his Administration's notice of a Proposed Rulemaking on the Renewable Fuel Standard.

The Biofuels Interagency Working Group, to be co-chaired by secretaries of the Department of Energy (DOE) and the Department of Agriculture (USDA), together with the administrator of the Environmental Protection Agency (EPA), will work with the National Science and Technology Council's Biomass Research and Development Board to:

- Develop the nation's first comprehensive biofuel market development program, which shall use existing authorities and identify new policies to support the development of

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Biofuels Update

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next-generation biofuels, increase flexible fuel vehicle use, and assist in retail marketing efforts

- Coordinate infrastructure policies impacting the supply, secure transport, and distribution of biofuels
- Identify new policy options to promote the environmental sustainability of biofuels feedstock production, taking into consideration land use, habitat conservation, crop management practices, water efficiency and water quality, as well as lifecycle assessments of greenhouse gas emissions.

In his directive, the President called on Secretary of Agriculture Tom Vilsack to:

- Immediately begin restructuring existing investments in renewable fuels as needed to preserve industry employment
- Develop a comprehensive approach to accelerating the investment in and production of U.S. biofuels and reducing our dependence on fossil fuels.

Recovery Act Funds

The President also announced that \$786.5 million from the American Recovery and Reinvestment Act will be provided to accelerate advanced biofuels research and development and expand commercialization by providing additional funding for commercial biorefineries. These efforts will be overseen by the DOE.

The DOE biomass program will leverage DOE's national laboratories, universities, and the private sector to help improve biofuels reliability and overcome key technical challenges, with the goal of create advanced biofuels such as green gasoline, diesel, and jet fuels.

The \$786.5 million in Recovery Act funding is a mix of new funding opportunities and additional funding for existing projects. It will be allocated across four main areas:

- \$480 million solicitation for integrated pilot- and demonstration-scale biorefineries
- \$176.5 million for commercial-scale biorefinery projects
- \$110 million for fundamental research in key program areas
- \$20 million for ethanol research

Rulemaking for Renewable Fuel Standard

The President also announced the Environmental Protection Agency's (EPA) Notice of Proposed Rulemaking on the Renewable Fuel Standard. This proposal outlines the EPA's strategy for increasing the supply of renewable fuels, poised to reach 36 billion gallons by 2022, as mandated by the Energy Independence and Security Act of 2007.

Increasing renewable fuels will reduce dependence of foreign oil by more than 297 million barrels a year and reduce greenhouse gas emissions by an average of 160 million tons a year when fully phased in by 2022. EISA will

establish four categories of renewable fuels:

- Cellulosic biofuels
- Biomass-based diesel
- Advanced biofuels
- Total renewable fuel

In 2022, the proposal would require 36 billion gallons annually of renewable fuels, of which 16 billion gallons must be cellulosic biofuels; and 1 billion gallons must be of biomass-based diesel. At most, 15 billion gallons of the renewable fuel mandate can be met with conventional biofuels, including corn-based ethanol.

For the first time, some renewable fuels must achieve greenhouse gas emission reductions compared with the gasoline and diesel fuels they displace. Refiners must meet the requirements to receive credit toward meeting the new standards.

EPA also will conduct peer reviews on the lifecycle-analysis methodology and the results for various fuels and feed-source combinations. Lifecycle refers to the greenhouse gas emissions over the life of the fuels.

The 60-day public comment period on this proposal will begin upon pending publication in the Federal Register.

The EPA's Notice of a Proposed Rulemaking on the Renewable Fuel Standard is available at <http://www.epa.gov/otaq/renewablefuels/rfs2-nprm-preamble-regs.pdf> ♦

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