

# ASPI NEWS

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### Association of Suppliers to the Paper Industry Headquarters

15 Technology Parkway South,  
Atlanta, GA 30092

Phone: +1 770-209-7521  
Fax: +1 770-209-7581

Email: [info@aspinet.org](mailto:info@aspinet.org)  
Web site: [www.aspinet.org](http://www.aspinet.org)

## ASPI Fall Customer Alignment Meeting NewPage Mill Manager Roundtable

As the host of this fall's ASPI Customer Alignment Meeting, NewPage realizes the value of this unique opportunity. When planning the meeting program, NewPage requested that a Mill Manager Roundtable be added to enhance this year's program and the overall value of the meeting. NewPage has confirmed that 10-11 mill managers will participate in this interactive panel. Mark Lukacs, VP, Coated Operations for NewPage will facilitate this session. Panel members will also participate in the reception and dinner that evening, to be held at the Dayton Racquet Club. You won't want to miss this excellent opportunity.



Graham Moore

### The Future of Printed Papers

Graham Moore, Strategic Consultant for Pira International in the UK has been added to the ASPI Fall program. Graham will speak on Thursday morning about the future of printed papers, presenting insights on the evolution of paper end use based on input from suppliers, merchants, users, and the general public. Graham has prepared a brief overview of his study which appears in this newsletter. ♦



Mike Lukacs

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## NewPage: A Closer Look

With approximately 7,800 employees at 10 mills and two converting locations throughout North America, NewPage Corporation has found itself in a leadership position in the coated papers market after only four years of operation. For the year ending December 31, 2008, the company realized \$4.4 billion in net sales and boasts 4.4 million tons of capacity, including 3.2 million tons of coated paper, 1.0 million tons of uncoated paper, and 200,000 tons of specialty paper. In September, NewPage will host ASPI's Fall 2009 Customer Alignment meeting near its corporate headquarters in Dayton, Ohio.



### History and development

NewPage began operating as an independent company on May 2, 2005, when the Printing and Writing Papers Business of MeadWestvaco Corporation was acquired by Cerberus Capital Management L.P., a private, New York-based investment firm. At that time, NewPage had five fully integrated pulp and paper mills in the eastern United States, supported by 6,300 employees. The facilities had produced approximately 2.5 million tons of paper during the previous year, generating about \$2.3 billion in annual sales. The company had a solid foundation in its chosen markets and was able to hit the ground running, showing improved financial results by the third quarter of 2005.

In late December 2007, the company expanded with the completion of the acquisition of Stora Enso Oyj's North American paper manufacturing operations. The US\$2.556 billion financing arrangement was completed even more quickly than management had anticipated, and created a

combined product portfolio that is the broadest in North America.

NewPage Corporation ranked among the top five companies in 2008 in the Forest and Paper Products sector of Fortune magazine's annual report, "America's Most Admired Companies." NewPage also was noted among the top eleven most admired companies in Ohio. Companies are selected for the Fortune list based on categories including innovation, people management, use of corporate assets, social responsibility, quality of management, and quality of products/services.



*Wickliffe, KY Operations*

Today, NewPage operates mills in Kentucky, Maine, Maryland, Michigan, Minnesota, Wisconsin (four mills), and Canada, plus converting operations in Luke, Maryland and Wisconsin Rapids. The company also operates an

R&D Center in Biron, Wisconsin. NewPage produces the following grades:

- No. 1 – No. 3 coated freesheet sheets and web grades for higher-end uses such as corporate collateral and commercial printing, including digital
- No. 4 – No. 5 coated groundwood web grades, including ultra-lightweight and lightweight coated, for use in magazines, catalogs, books and inserts
- Supercalendered paper primarily used for magazines, catalogs, advertisements, inserts and flyers
- Newsprint for newspapers
- Specialty papers for the flexible packaging, converting, labeling and pressure-sensitive markets

### Current financials

During its first four years, NewPage has experienced an amazing amount of growth and change, evolving with an eye toward cost-effective management and response to market demand. The company reports 2009 second quarter net sales of US\$736 million, compared to \$1,063 million in the second

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## New Page, A Closer Look

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quarter of 2008. It's a decrease of \$327 million, or 31%, which NewPage attributes to lower sales volumes and lower average coated paper prices caused by a significant decline in advertising spending and reductions in customer inventory levels on hand.

Net loss attributable to NewPage during 2009 Q2 was US\$6 million, compared to US\$21 million in the second quarter of 2008. Debt covenant EBITDA (earnings before interest, taxes, depreciation and amortization) was \$134 million for the second quarter of 2009 compared to \$137 million for the second quarter of 2008.

During 2009 Q2, the company reports that its mills took 161,000 tons of market-related downtime; this is in addition to the 149,000 tons of market-related downtime NewPage took during the first quarter of this year and the 1.1 million tons of capacity shut down during 2008.

The company's coated paper volume was down 30% in 2009

Q2, compared to 2008 Q2, with total volume down 24% over the same period. However, NewPage did show improvements in both total volume and coated paper volume in the second quarter of 2009 compared to the first quarter of 2009, with increases of 10% in total volume and 2% in coated paper volume on a quarter-over-quarter basis. Volume has stabilized somewhat throughout the quarter, but at very depressed levels.

Market conditions attributable to the current economic slowdown have curtailed coated paper consumption, which is down approximately 15% to 20%. NewPage is optimistic that flat consumption will lead to some growth in the second half of 2009, as de-stocking ceases.

### Leadership team

The NewPage story has been one of vision and accomplishment. Here are the executive leaders who work to keep NewPage on its path to success. All are scheduled to participate in the ASPI 2009 Fall Customer Alignment Meeting.

#### Mark Suwyn – Executive Chairman

- Significant public company leadership experience
- Broad DuPont, IP, LP experiences with significant accomplishments in organization transformation

#### Rick Willett – President & CEO

- Public company experience as CFO and COO of Teleglobe
- 12 years at GE, including participation in executive development program
- Experience with over 10 acquisition integrations

#### David Prystash – SVP & CFO

- Prior to NewPage, held various finance positions at Ford Motor Company, including CFO for Ford's global product development and purchasing
- Was previously a member of the board of directors of NewPage Corporation, NewPage Holding Corporation and NewPage Group Inc.

#### Dan Clark – SVP of Business Excellence & CIO

- 20+ years of IT and operational background across multiple industries
- Several successful acquisition integration, SAP integration and implementation projects



## Dates and Venue for ASPI 2010 Spring Meeting Announced

### The Inn on 5th in Old Naples, Florida – February 19-20, 2010

Perfectly located in the heart of Old Naples, the Mediterranean-inspired Inn on 5th lies amid a scenic downtown area alive with arts, entertainment, shops and restaurants making it Naples' best hotel choice. At the Inn on Fifth you get the best of both worlds: the intimacy of a boutique inn with all the luxurious details of a major-brand resort. The Inn provides all the elements of a truly memorable experience - a stylish, intimate atmosphere, spacious rooms and suites, a generous array of amenities and an unsurpassed level of service, all just blocks from the beautiful Naples beaches.

Your stay at the Inn on 5th will be like no other. You'll be surrounded in total comfort when you experience the Inn's spacious and elegantly decorated rooms and suites. New to all the rooms are totally renovated bathrooms with Italian marble and tile and shower seats. Each room and suite also

comes with sliding French doors that lead to a balcony or terrace. All balconies feature cushioned rattan rocking chairs, and many also offer comfortable matching love seats.

During their stay, guests will enjoy the hotel accommodations, unique dining experiences, golf-

ing, a full-service relaxing spa, a newly renovated pool and hot tub, and a state-of-the-art fitness center featuring Nike weightlifting equipment.

Program and meeting details will be available soon. You may wish to check the ASPI website regularly for updates. ♦



## ASPI Welcomes New Members

**A** SPI is please to announce two new members: EagleBurgmann and Western Polymer. Both firms will be sending representatives to the ASPI Fall Meeting.

### EagleBurgmann

EagleBurgmann U.S, part of worldwide sealing company EagleBurgmann, with headquarters in Houston, Texas and nine Service Centers strategically located throughout the United States, is pleased to announce that Marcus Pillion has been named President. Pillion will be responsible for the strategic and operational performance of this key subsidiary, part of EagleBurgmann's extensive operations throughout the globe providing world class sealing solutions and world class service. Furthermore, Pillion will be representing EagleBurgmann in the local Houston community where it is focused on continuing to build strong ties developed over its 23 years presence in the nation's fourth largest city.

EagleBurgmann, a member of the Freudenberg and EKK Groups, is a world leader in the manufacture of mechanical seals, systems, packing and expansion joints. In addition to offering a full range of products from standard, off the shelf products to highly sophisticated engineered systems, EagleBurgmann supplies a full range of cost effective services to users of rotating equipment including enhanced reliability services, MRO inventory management, repair and training.

The company maintains manufacturing, engineering and testing facilities at its Houston facilities. Service Centers are located in Freeport and Pasadena, Texas; Baton Rouge, Louisiana; Cincinnati, Ohio; Benicia, California; Bridgeport, New Jersey; Charlotte, North Carolina; Denver, Colorado, and Midland, Michigan.

*Marcus Pillion*, President, will be EagleBurgmann primary ASPI contact.

# EagleBurgmann®

### Western Polymer Corporation

Western Polymer Corporation (WPC) headquartered in Moses Lake, WA, is a manufacturer of cationic wet-end and specialty starches for the paper industry. WPC is a family owned business with customers throughout the United States and South America and sales representation in the Northwest, Midwest, Northeast and Colombia to meet our customers' needs. Western Polymer's primary facility has been in Moses Lake since 1952 and has been family owned since 1982. For over thirty years, WPC has been supplying consistently high quality products to the paper industry with service and technical support an integral part of our business model.

WPC also has a manufacturing facility in Grand Forks, ND. Both facilities are ISO 9001:2000 certified.

*Lynn Townsend-White*, CEO/Co-Owner will be Western Polymer's primary ASPI contact. ♦



## ASPI Welcomes New Board Member

ASPI is pleased to announce that *Ray Edmondson*, Business Development Manager for BE&K has joined the ASPI Board of Directors. Ray will join the ASPI BoD Class of 2012. A list of the current ASPI Board of Directors appears on page 10.

# Paper Use in a New Media World

## What is the future for printed paper products?

**M**uch has been written on the future of paper in recent times. New technologies, electronic communication, the internet, changes in lifestyle and many other factors (Figure 1) are all contributing to a changing world, which in turn is influencing people's use and consumption of paper products.

### Figure 1: A Changing World

The global economic situation has dominated much of the thinking on future trends and caused dramatic declines in the demand for printing and writing papers. However, prior to the economic turmoil, the printing and writing sector was already experiencing declines in demand as an evolving print media landscape unfurled. This new landscape is changing the relevance of print as a media platform for consumers.

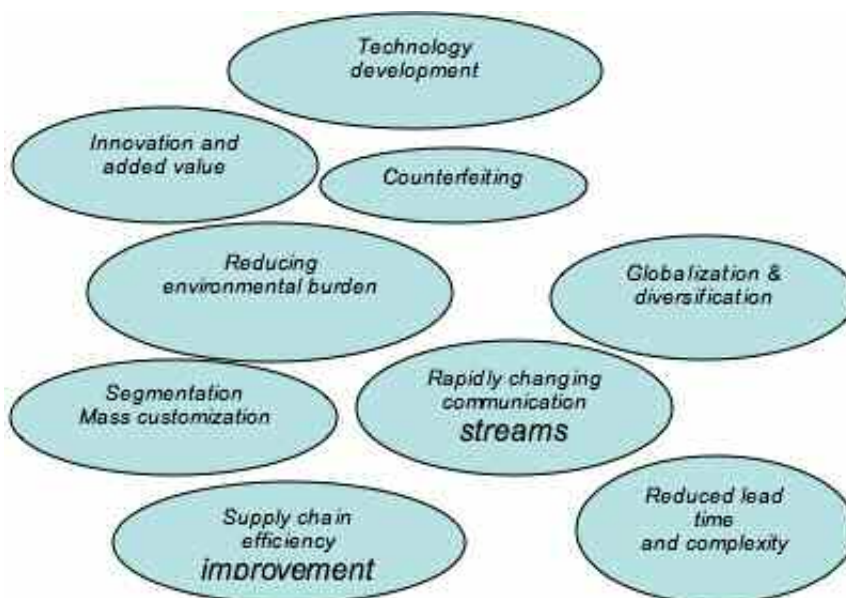
For example:

- Integrated multi-platform media solutions are increasing – publishers and catalogers select different kinds of strategies to interface with customers – i.e. print is now just one of many.
- Magazines, like newspapers, have become media brands – content is increasingly being delivered under one brand name by use of different platforms, of which the printed form is just one.

- Barriers of entry to media publishing have been lowered – the internet has been an enabler that has resulted in fragmentation of the media spectrum, which in turn has affected advertising spending.

Another key factor is the rise in mobile communications. By 2002, mobile subscriptions had overtaken fixed line subscriptions and exceeded the latter by just over a factor of 3 by 2008. Mobile phones reached an estimated 49.5% penetration rate by 2008. However, mobile internet has much lower figures from 1.8% in India to 15.6% in the US. Russia has seen strong growth in mobile internet penetration over the last 2-3 years, rising to the fourth highest % overall. The Russian mobile content market is expected to grow rapidly in response to this. The most popular type of content is entertainment-themed websites and this applies to all the BRIC (Brazil, Russia, India and China) countries.

Over the last 10 years, there has been steady growth in internet access, from under 200 million in 1998 to around 1,600 million in 2008. Likewise, mobile phone use



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## Paper Use

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has grown steadily to around 4 billion users. During the same period, both newsprint and graphic paper have been in slow decline since 2004, having enjoyed a peak in 2000, followed by a rapid drop in 2001 and then recovery up to 2004. Mobile computing has also grown with the development of Wi-Fi and laptops. A recent survey by Orange, the mobile network provider, indicates that mobile computing has helped support the increase in flexible working practices.

All these factors are affecting many of the traditional end uses of the graphic paper sector. End users and consumers are also becoming more environmentally aware and although cost is the dominant criterion, green considerations are also influencing purchasing decisions.

**Office papers:** There will be further reductions in demand as businesses become more efficient and green and adopt more digital based systems, and the demographics of the workforce change. Technological factors will dominate as digital based systems continually replace paper based systems. In the current to near term, green procurement policies will influence paper purchasing decisions.

**Direct mail:** Despite a continuing overall decrease in demand, the view of the direct marketing industry is that the paper based product has a long term future. Feedback shows that paper is an effective medium and elicits a higher response rate than other marketing streams. An overriding issue that may overturn such future demand

projections is whether legislation is introduced that effectively restricts the quantity of direct mail sent to households.

**Magazines:** Advertising budgets and consumer disposable incomes are being squeezed as a result of the current economic conditions and this is having an adverse effect on demand. The concern is that if economic conditions do not improve in the short term, the magazine sector will not recover. Titles will disappear and consumers will “lose the habit” of purchasing magazines. Current conditions aside, magazines as a paper product is likely to continue because of their familiarity, user friendliness and, importantly that the advertisers still see them as a useful vehicle.

**Books:** The book as a product serves many needs – education; information; leisure. Paper books have provided an easy to use, cost-effective transportable medium that fulfills these end user needs. However, increasingly electronic based alternatives are finding market acceptability and taking market share.

Sony bought out the first e-book, the Bookman, in 1991 which was based on CD-ROMs. It then launched the Librié, the first eReader to use digital paper technology that mimics reading text on paper and is much less tiring on the eyes than normal CRT/LCD computer screens. The Sony Reader came two years later in 2006. Then the Kindle was launched in 2007 in the U.S., enabling readers to buy e-books, magazines and newspapers from

Amazon. The Kindle is the best selling electronic reading device to date. The cost of e-books is falling and this, with increased market acceptance, will drive the growth of such devices at the expense of paper versions.

It is now rumoured by the IT industry that Apple has been developing a lightweight ‘iPad’ which will be very lightweight and sized between an iPhone and a laptop. The iPad will accommodate a range of functions such as web browsing, playing of video and audio (media), e-book and e-mail tool, but it will not be a laptop computer capable of word processing and other functions.

With developments such as this and other improved and new technology, (e.g. lighter and more compact laptops, enhanced mobility for instant communication, and accessing the internet, etc.), there will be a continual, increasing shift in the market away from paper based systems. While everyone expects paper demand to continue to decline, nobody has yet predicted a future without printing and writing papers. The questions for those operating in the sector is how rapid will be technology substitution; what role will paper have in the new media world; and how will the future paper market look.

**Graham Moore** is Strategic Consultant for Pira International in the UK and will speak on at the ASPI Fall Customer Alignment meeting on Thursday, September 24th.

# Paper Boats

## The (not so short) history of paper boats

*By Ken Cupery*

In the mid-19th century, few towns across the United States matched Troy, New York, in prosperity. Several miles north of Albany, the town faces the eastern terminus of the then active Erie Canal on the farther bank of the Hudson. In addition steel and precision industries, Troy had acquired a special fame as the originator and nationwide supplier of detachable paper collars and cuffs, and eventually sold millions per year.

A teenaged Elisha Waters moved with his parents and family from Bennington, Vermont to Troy in 1831. He apprenticed with several retail druggists and eventually opened a drug business of his own; but he saw another business opportunity in box manufacturing. By 1862 he had abandoned the drug business and his primary enterprise was a prosperous factory that made boxes for local industries and retailers.

One early March day in 1867, the box baron's teenage son, George, received an invitation to a masquerade party and decided to attend as a giant. He designed a costume and found a giant-sized face mask in a local store. But the eight-dollar price exceeded his budget. Undaunted, he arranged to borrow the mask and layered paper and paste over it at his father's factory to create a copy.

This new kind of paper work prompted George to reexamine a used rowing shell he often took out on the Hudson. The boat leaked badly and required patching, and he lit upon the idea of gluing pieces of thick paper to the hull and then coating them with varnish. With this success in hand, he wondered if an entire boat made of paper and varnish might work.

In June, George and his father set to work, using the hull of another wooden rowing shell as a mold, to create an altogether new type of craft whose skin was formed from a single sheets of paper extending unbroken from stem to stern, leaving no joints, laps, or seams on the surface. The hull proved to be light and strong. The father-son team had created the first practical paper boat that could successfully carry a human being and christened it the "Experiment".

During the remainder of 1867, George and Elisha built three more hulls and refined the process. The family team patented the process and shortly thereafter formed the firm of Waters and Balch, (later to become Waters & Sons). Their invention marked a turning point for the family business. The 1868 Troy city directory no longer listed Waters as a box manufacturer but as a boat maker.

At the peak of their popularity, the paper armada eventually ranged from simple single-person rowing shells to a 45-foot "pleasure barge," which could comfortably seat 17, not counting six toiling oarsmen. In 1875 the New York Daily Graphic could confidently assert that this family,

which eight years earlier had only built the likes of hatboxes, now operated the "largest boat factory in the United States."

The use of paper meshed with shifts in technology at the time. More than a few historians have dubbed the latter half of the 19th century as the "Age of Paper." The Fourdrinier brothers' new and phenomenally productive "Fourdrinier Machine" was for the first time providing paper in long, continuous rolls. Another shift in technology was the increased use of wood pulp for paper, instead of linen or cotton rags. The price of paper pulp and paper fell drastically.

In an age without plastic or composite materials, this new inexpensive paper, which could be molded, formed, and otherwise manipulated, became the high-tech construction substance of its day. Inventions ranged from clothing to boats, observatory domes, flowerpots, and even coffins.

The fabrication technique followed by Waters & Sons throughout these years differed little from that presented in the original patent. A full-size convex wooden model was prepared to the exact desired dimensions. The mold was

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## Paper Boats

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solid, but it had grooves cut into it so that a keel could be inserted along the keel line and similar strips along the gunwales. Below the gunwales, “tacking strips” were attached that enabled the paper to be stretched over and tightly fastened to the mold.

For lightweight boats such as racing shells, Waters & Sons used the best grade of manila paper, which in the 19th century was made from manila hemp. Several layers were applied, each sheet running the full length and breadth of the molding hull. The first sheet was applied slightly damp, then tacked down and coated with an adhesive to accept the next sheet. After time in a heated drying room, the paper shell — keel and gunwales attached — was removed from the mold for finishing. The boat builders completed a proprietary waterproofing process, added sealed air chambers for flotation, installed a paper deck, and fitted the hull with the proper hardware, ribs, and other woodwork. When finished, one observer noted, the racing shells were like “polished steel, 12 inches wide and finished as beautifully as a piano body.”

For a rowboat or canoe, the basic hull manufacturing technique was nearly identical, except that only one sheet of thick linen paper from the Crane Mill in Dalton, Massachusetts, was used, still damp and in roll form. When dried, the hull still measured no more than 1/8 to 1/10 inch thick.

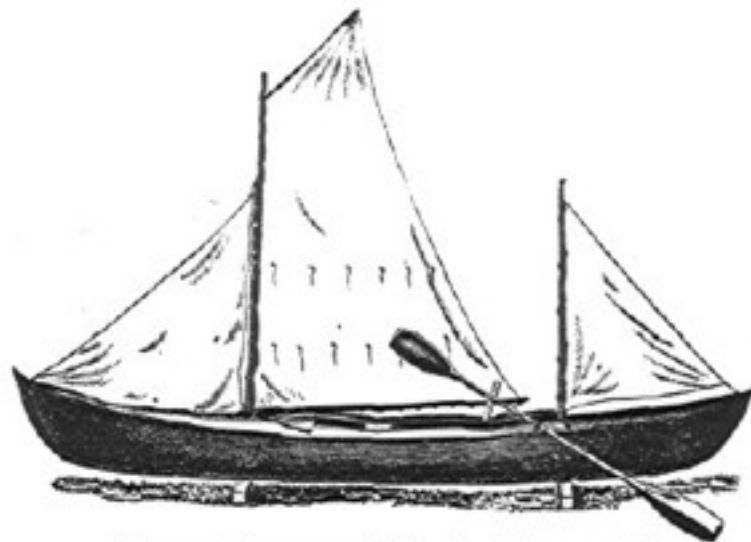
The paper rowing shells acquired early acceptance by major professional and collegiate rowers.

Equal fame was brought to Waters products by two canoe adventurers of the day. A young reporter for the New York Herald, Julius J. Chambers, used a Waters canoe to explore the Mississippi headwaters. Two years later, Nathaniel Holmes Bishop and an assistant pressed south from Quebec in an 18-foot, decked wooden canoe; arriving in Troy, Bishop learned about paper canoes, fired his assistant, procured a paper canoe and continued alone aboard his new canoe the “Maria Therese,” eventually arriving at Cedar Key on the Gulf Coast of Florida. He chronicled his trip in a book, *The Voyage of the Paper Canoe*, which sold well both in the United States and Europe.

While the Waters were initially (and exclusively) known for boat

manufacture, their minds apparently remained at work on other projects and other opportunities. In 1878, they built a paper observatory dome for the newly erected Proudfit Observatory at Rensselaer Polytechnic Institute in Troy. The construction method was almost identical to that used for paper canoes; thick linen paper was formed over a mold of a dome segment that already contained a wooden framework which was removed from the mold with the paper. Finished sections were bolted together and the joints were weatherproofed with cotton cloth saturated with white lead.

Waters built a several domes thereafter. In 1881 the largest of their domes was placed on a new observatory at the U.S. Military



Paper Canoe, “Maria Theresa,”

—MANUFACTURED BY—

E. WATERS & SONS, PAPER BOAT BUILDERS, TROY, N. Y.

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## Paper Boats

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Academy at West Point. It was 30 feet 8 inches in diameter and contained over 2,000 pounds of paper. In 1883 Beloit College in Beloit, Wisconsin, erected an observatory using a smaller Waters dome, and in 1885 a new high school in Taunton, Mass. was graced with a Waters dome. Other domes credited to Waters were at Columbia College in New York City and Brooklyn Polytechnic Institute.

Waters & Sons apparently remained an active business through the end of the century. In addition to their traditional products they experimented with a steam launch hull built for Westinghouse (to try with one of

their steam engines) as well as a whaleboat for evaluation by the US Navy, but clearly the business was winding down as they relocated to smaller quarters in 1898.

The end came suddenly in 1901, when George Waters accidentally started a fire while applying finishing touches with a blowtorch to a shell destined for Syracuse University. The factory and all its contents were declared a total loss. George and his father, Elisha, died shortly thereafter (in 1902 and 1904, respectively). We can thus credit George with both the birth and death of the paper boat era.

### *About the author:*

*Ken Cupery, Rochester, NY, is a retired systems engineer for aerospace imaging systems, as well as an amateur canoe-builder. He maintains a website devoted to paper boats and would be glad to hear from anyone with further information about their history or development. Visit [www.kcupery.home.isp-direct.com](http://www.kcupery.home.isp-direct.com) to learn more. This article was adapted from "When Paper Boats were King" which first appeared in *American Heritage of Invention and Technology*, Spring, 2009.*

Thank you to Tom Vaughn for bringing this article to ASPI's attention. ♦



**ASPI Staff Key Contacts**

**Eric Fletty**  
ASPI Executive Director  
+1 770-209-7535  
[efletty@aspinet.org](mailto:efletty@aspinet.org)

**Colleen Walker**  
Director of Member Relations  
+1 770 209-7349  
[cwalker@aspinet.org](mailto:cwalker@aspinet.org)

**Main Number**  
+1 770-209-7521

**Fax**  
+1 770-209-7581

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**Bob Gallo**

ASPI Vice President  
President  
Voith Paper North America  
Bob.Gallo@Voith.com

**Peter Collins**

Vice President  
Andritz Inc.  
Peter.Collins@andritz.com

**David Withers**

ASPI President  
President  
Coldwater Group Inc.  
d.withers@coldwatergroup.com

**Ray Edmondson**

Business Development Manager  
BE&K  
Ray.edmondson@kbr.com

### *Class of 2011 - expires 2011 Spring Meeting*

**Rodney Fisher**

President  
Fisher International, Inc.  
rifsher@fisheri.com

**Marcus Pillion**

Director - Heavy Industry  
SKF/Vogel  
mpillion@vogel-lube.com

**Thomas E. Vaughn - Past ASPI President**

Vice President, Sales and Marketing  
Kadant AES  
tom\_vaughn@kadantaes.com

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Vice President Sales, North America  
Eka Chemicals Inc.  
greg.bengtson@akzonobel.com

**Jukka Tiitinen**

President, North America  
Metso Paper USA, Inc.  
jukka.tiitinen@metso.com

**Carl Howe - ASPI Treasurer**

Vice President, Corporate Sales  
Kadant Johnson Inc.  
carl.howe@kadantjohnson.com

**Laurie Wicks**

President  
Paperchine Inc.  
lwicks@paperchine.com

**Robert Harrison - ASPI Emeritus Director**

Principal, RHarrison, Inc.  
rharrison@aol.com

