Reason for Optimism:
John Williams, President, MPPA
3/5/09
Domtar to idle pulp mill in May
300 employees to lose jobs in eastern Maine

2/16/09
Millworkers at Fraser face furloughs

4/2/09
Katahdin mill to close for month
Three-quarters of employees to be furloughed for the month of April

3/13/09
Lincoln plant plans temporary layoffs, pay cuts

Wausau will sell and mothball Otis Mill machines
By Donna M. Perry, Staff Writer
Wednesday, April 1, 2009

Maine paper mill to cut 130 jobs
By The Associated Press 1/27/09
RUMFORD, Maine — The NewPage Corp. paper mill in Rumford says 130 employees will lose their jobs during the next few weeks.

Verso Paper machines take down time at Jay
By Donna M. Perry, Staff Writer
Thursday, April 2, 2009

SKOWHEGAN: WALKING PAPERS AT SAPPI
March 11, 2009

More Downtime At Verso Paper Mill
BUCKSPORT — Verso Paper workers face more time off as the mill prepares to close for two weeks.
Several Maine paper mills have closed... layoffs and down time have become more commonplace... So one might find it easy to conclude that pulp and paper in Maine is a dying industry.
Recent Pulp Mill Closures

<table>
<thead>
<tr>
<th>Company</th>
<th>Country</th>
<th>Type</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Botnia</td>
<td>Finland</td>
<td>BHK/NBSK</td>
<td>450,000 tons</td>
</tr>
<tr>
<td>Buchana Forest</td>
<td>Ontario</td>
<td>BHK</td>
<td>125,000 tons</td>
</tr>
<tr>
<td>Catalyst Paper</td>
<td>BC, Canada</td>
<td>BSK</td>
<td>200,000 tons</td>
</tr>
<tr>
<td>Borregaard</td>
<td>Switzerland</td>
<td>Dissolved</td>
<td>120,000 tons</td>
</tr>
<tr>
<td>Stora Enso</td>
<td>Sweden</td>
<td>NBSK</td>
<td>250,000 tons</td>
</tr>
<tr>
<td>IP</td>
<td>Bastrop, LA</td>
<td>BSK</td>
<td>410,000 tons</td>
</tr>
<tr>
<td>SCCC</td>
<td>Quebec</td>
<td>BHK</td>
<td>230,000 tons</td>
</tr>
<tr>
<td>UPM</td>
<td>Finland</td>
<td>NBSK</td>
<td>210,000 tons</td>
</tr>
<tr>
<td>Pope Talbot</td>
<td>BC, Canada</td>
<td>NBSK</td>
<td>200,000 tons</td>
</tr>
<tr>
<td>Stora Enso</td>
<td>Finland</td>
<td>NBSK</td>
<td>250,000 tons</td>
</tr>
</tbody>
</table>

Source: January 29 2009 Paper News Blog
(http://psvallely.blogspot.com/2009/01/recent-pulp-mill-closures.html)
41 Machines Permanently Shut in 2008
18 Mills Permanently Closed in 2008
Capacity Down 7.3% 2000-2007
Printing Paper Capacity to Drop 5.2% in 2009
CFS Down 2.1% 2008; 6.4% 2009
Coated Mechanical to Drop 7.0% in 2009

Source: AF&PA 49th Annual Survey, March 23, 2009
What Goes Down...
Thursday, March 26, 2009

...in terms of wages, taxes and support for the local economy, there is nothing in Maine today to rival pulp and paper.
Maine Companies

• Madison (Myllykowsky N.A.) 59%
• Sappi N.A. 61%
• Verso Paper 67%
• Fraser Papers 80%*
• Katahdin Paper 100%
• Lincoln P & T 100%
• Old Town Fuel & Fiber 100%

(% of company capacity in Maine)
Top 5 Paper Producing States 2003

- Wisconsin
- Maine
- Alabama
- Washington
- Louisiana
EMPLOYMENT, MAINE PAPER MANUFACTURING
Peak Employment in 1967

Employees: Maine Paper Manufacturing

Year

0 2000 4000 6000 8000 10000 12000 14000 16000 18000 20000

Maine Paper Production

Maine Paper Production 1900-2007

Source: MPPA 1998-2007, AFPA and various 1900-1997 (Provided by Lloyd Irland)
Productivity of Maine Paper Workers

Productivity (Paper Tons Per Year/Worker)

Productivity
Skilled Workforce

- 2007 Annual Salary = $60,000
- Excellent Benefits
- 2X Maine Per Capita Income
- 2007 Wages = $511,416,786
- Highly Trained (UM, KVCC)
Maine Advantages

- Established Industry
- Most Forested State
  - Sustainably Harvested
  - 42% Certified
  - Fiber Makes Quality Printing Papers

Forbes Magazine: Portland Most Livable
Maine Tax Structure

- BETR, BETE
- TIF
- Tax Credits: Technology, R & D
- Sales Tax Exemptions
  - Machinery & Equipment
  - Pollution Control Equipment
  - Fuel (95%)
  - Electricity (95%)
Innovation

Atlantica Bioenergy Study

Four Recommendations

1. Biomass Refineries
2. Chemical Pretreatment of Pulpwood chips
3. VPP-Biorefinery
4. Torrefaction
VPP Biorefinery—Old Town
ORONO, Maine — Workers laid off last November from the former Red Shield plant in Old Town got good news on Tuesday when Gov. John Baldacci helped announce that the pulp processing mill has reopened under a new name and is hiring.
Innovation—Sappi Release Papers

Compiled by the Maine Pulp & Paper Association
March 31, 2009
Recommendations

- Tax Policy (Stability)
- Environmental Policy (Salmon Listing, Federal Consistency)
- Forest Resources (Certification, Biomass)
- Energy Policy (RGGI, New Energy Sources)