

DUKE UNIVERSITY

MASTERS PROJECT

Creating a Sustainable Business Model for the North American Pulp and Paper Industry

Submitted to

The Faculty of the Nicholas School of the Environment

In Candidacy for the Degree of

Master of Environmental Management

By

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Durham, North Carolina

March 23, 2009

Abstract

Creating a Sustainable Business Model for the North American Pulp and Paper Industry

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MRMP Holdings, LLC intends to establish non-integrated paper manufacturing and converting operations on the west coast of the United States and market high-quality eucalyptus pulp-based products directly to its targeted customer base. MRMP Holdings, LLC will manufacture uncoated freesheet papers, such as offset, premium opaque, reprographic, and certain converting grades, on an efficient, state-of-the-art paper machine capable of producing 535,000 tons per year. The Company's strategy is to capitalize on changing industry dynamics and market opportunities not exploited by others.

The Company's business plan reflects the growing recognition among uncoated freesheet manufacturers and their customers that the highest quality and most environmentally sustainable pulp is derived from tropical hardwoods, such as eucalyptus, and that pulp can be produced most efficiently in regions such as South America and Asia, far from the largest markets for uncoated freesheet paper. Paper manufacturers have also recognized that fiber supplies they no longer need to own fiber supplies; manufacturer can likely control adequate supplies of pulpwood through contractual arrangements, thus avoiding the capital investment, costs and potential liabilities associated with timber ownership and harvesting. Management believes that the Company's strategy of separating paper manufacturing from the pulping process is a logical extension of these current industry trends. The manufacture of pulp should remain near timberlands in regions where production costs are lowest, but the conversion of pulp into paper should occur closer to the marketplace.

The Company's long-term strategic objectives include: 1) be the market share leader in its selected primary markets; 2) be recognized by its customers as the most trustworthy and dependable supplier of the highest-quality and most environmentally sustainable products; and 3) achieve 25%+ returns for its shareholders.



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Dr. Daniel Richter, Faculty Advisor



**Private Placement of a Minimum of**  
**██████████**  
**Series A Convertible Preferred Stock**

**Confidential Private Placement Memorandum**

**October 2008**

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## MRMP HOLDINGS LLC

### Private Placement of Series A Convertible Preferred Stock

#### CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

This Confidential Private Placement Memorandum (the “Memorandum”) was prepared at the request of MRMP Holdings LLC (together with its affiliates, “MRMP” or the “Company”) and sets forth certain information regarding the business strategy and operations of the Company. The Memorandum is designed to provide a basis for discussion with selected investors regarding a possible investment in the Company in the form of Series A Convertible Preferred Stock (the “Securities” or the “Series A Preferred”). This Memorandum does not purport to be all-inclusive or to contain all of the information that a prospective interested person may require in investigating the Company.

By receipt of this Memorandum, the recipient acknowledges that the information contained herein or made available in connection with any further investigation of the Company is confidential and subject to the terms of the Confidentiality Agreement (the “Confidentiality Agreement”) entered into between the Company and the recipient prior to the receipt of the Memorandum. The recipient should become familiar with the obligations that the recipient is subject to pursuant to the Confidentiality Agreement and all other obligations relating to disclosure of confidential or non-public information. This Memorandum may not be photocopied, reproduced or distributed to any other persons at any time without the prior written consent of the Company. The recipient will comply with the terms of the Confidentiality Agreement as it relates to the retention of this Memorandum and other Evaluation Material (as such term is defined in the Confidentiality Agreement) made available by the Company. Neither the Company nor the Placement Agent makes any representation or warranty as to the accuracy or completeness of either the material contained herein or any other written or oral statement provided in connection with the proposed investment. The Placement Agent has not independently verified any of the information contained herein.

Prospective investors are not to construe the contents of this Memorandum or any subsequent communications, whether written or oral, as legal, business or tax advice. Each prospective investor should consult its own professional advisors as to such matters. Neither the Placement Agent nor the Company is making any representation to any purchaser of these Securities regarding the legality of an investment therein by such purchaser under applicable legal investment or similar laws.

This Memorandum contains forward-looking statements and projections that are based on current expectations, estimates, forecasts and projections about the Company’s business and the industry in which it operates, management’s beliefs and assumptions made by management. Such statements include, in particular, statements about the Company’s plans, strategies and prospects and statements about the industry groups and industry sectors it serves. Words such as “may,” “will,” “should,” “could,” “expects,” “anticipates,” “intends,” “plans,” “believes,” “projects,” “seeks,” and “estimates,” variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance or development and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. The

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Company does not have any intention or obligation to update any forward-looking statements after it distributes this Memorandum or any other Evaluation Material, whether as a result of new information, future events or otherwise.

The Securities offered hereby have not been registered under the Securities Act of 1933, as amended (the "Act"), or under the securities laws of any state and are being offered and sold in reliance on exemptions from the registration and qualification requirements of the Act and such laws. Neither the SEC nor any securities regulatory authority of any state has passed upon or endorsed the merits of the Securities. Any representation to the contrary is unlawful. This Memorandum is not an offer to sell to or a solicitation to buy from, nor shall any Securities be offered or sold to, any person in any jurisdiction in which such offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction. In addition, the Company does not currently intend to and has no obligation to register the Securities under the Act.

Purchasers of the Securities will be required to represent that the Securities are being acquired for investment purposes and not with a view to sale or distribution, and purchasers will not be able to resell the Securities unless the Securities are registered under the Act and qualified under the applicable state statutes (unless an exemption from such registration and qualification is available). Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE PRIVATE PLACEMENT, INCLUDING THE MERITS AND RISKS INVOLVED. THE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS MEMORANDUM IS SUBMITTED ON A CONFIDENTIAL BASIS FOR USE BY A LIMITED NUMBER OF INVESTORS WHO MEET THE DEFINITION OF ACCREDITED INVESTOR UNDER REGULATION D OF THE ACT SOLELY IN CONNECTION WITH THE CONSIDERATION OF THE PURCHASE OF THE SECURITIES. THIS MEMORANDUM SHALL NOT CONSTITUTE AN OFFER TO SELL TO ANY PERSON WHO DOES NOT MEET SUCH DEFINITION. THIS MEMORANDUM MAY NOT BE REPRODUCED IN WHOLE OR IN PART AND ITS USE FOR ANY PURPOSE OTHER THAN TO EVALUATE AN INVESTMENT IN THE SECURITIES IS PROHIBITED.

THIS MEMORANDUM DOES NOT UNDERTAKE TO PROVIDE THE DETAILED DISCLOSURES THAT WOULD BE REQUIRED IF THE SECURITIES WERE BEING REGISTERED UNDER THE ACT, AND IS NOT INTENDED AS A COMPREHENSIVE DESCRIPTION OF THE COMPANY OR ALL MATTERS REQUIRED TO EVALUATE AN INVESTMENT IN THE SECURITIES. IT IS EXPECTED THAT ANY PROSPECTIVE INVESTOR WILL CONDUCT AN INDEPENDENT INVESTIGATION AND ANALYSIS IN THE EXERCISE OF ITS OWN DUE DILIGENCE. THE COMPANY AND THE PLACEMENT AGENT WILL PROVIDE QUALIFIED PROSPECTIVE INVESTORS WITH ADDITIONAL INFORMATION AS MAY BE REASONABLY REQUESTED RELATING TO THE PLACEMENT OF THE SECURITIES. REQUESTS FOR ANY SUCH INFORMATION SHOULD BE DIRECTED TO SRP.

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All inquiries relating to the Company, the Memorandum and the financing contemplated herein should be directed to the Company.

<b><u>MRMP Holdings, LLC</u></b> 1058 Saye Creek Drive Madison, Georgia 30650 USA Phone: 706-955-1833 Fax: 706-243-4634	
<b>Mark B. Prior</b> President Phone: (706) 318-1129 mprior@mrmpllc.com	<b>Matthew B. Rank</b> Chief Executive Office Phone: (212) 596-3396 mrank@mrmpllc.com

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## I. EXECUTIVE SUMMARY

The Company intends to establish non-integrated paper manufacturing and converting operations on the [REDACTED] and market high-quality eucalyptus pulp-based products directly to its targeted customer base. The Company will manufacture uncoated freesheet papers, such as offset, premium opaque, reprographic, and certain converting grades, on an efficient, state-of-the-art paper machine capable of producing [REDACTED]. The Company's strategy is to capitalize on changing industry dynamics and market opportunities that have not been exploited by others.

The Company's business plan reflects the growing recognition among uncoated freesheet manufacturers and their customers that the highest quality pulp is derived from tropical hardwoods, such as eucalyptus, and that pulp can be produced most efficiently in regions such as South America and Asia, far from the largest markets for uncoated freesheet paper. Paper manufacturers have also recognized that fiber supplies need not be owned; adequate supplies of pulpwood may be controlled through contractual arrangements, and the capital investment, costs and potential liabilities associated with timber ownership and harvesting may be avoided. Management believes that the Company's strategy of separating paper manufacturing from the pulping process is a logical extension of these current industry trends. The manufacture of pulp should remain near timberlands in regions where production costs are lowest, but the "conversion" of pulp into paper can and should be undertaken closer to the marketplace.

The Company's long-term strategic objectives are to:

- Be the market share leader in its selected primary markets
- Be recognized by its customers as the most trustworthy and dependable supplier of the highest-quality products

[REDACTED]

The following are the key competitive strengths that will enable the Company to achieve its objectives.

**Efficient, State-of-the-Art Manufacturing Facilities.** The Company intends to capitalize on recent technological advances in papermaking by installing and operating a state-of-the-art paper machine. [REDACTED]

[REDACTED] These facilities will convert rolls of uncoated freesheet into cut size copier paper and sheet fed printing folios.

[REDACTED]



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**Strong, Experienced Management Team.** The founders of the Company have more than 30 years of combined executive experience with some of the largest manufacturers of uncoated freesheet in North America, including Boise Cascade and Georgia-Pacific.



**Non-Integrated Manufacturing.** The Company's strategy establishes paper manufacturing operations near several of the most attractive United States markets for its products without tying the Company to a remote location in a fiber basket far from its potential customers. Management believes that this will (i) enhance the Company's direct sales efforts; (ii) allow for the sale of high-quality eucalyptus pulp-based products; and (iii) eliminate the high capital costs, lengthy permitting process and potential liabilities associated with a pulp manufacturing facility.

**Utilization of High-Quality Eucalyptus Fiber.** Bleached eucalyptus pulp has become the dominant hardwood pulp in world markets due to lower production costs and attractive performance features. Eucalyptus fibers are slender but have thick walls, resulting in low coarseness, good ink-carrying characteristics, high opacity and superior smoothness. This makes eucalyptus pulp-based papers ideal for the printing applications used by customers in the Company's targeted markets. The Company will be one of the only manufacturers of eucalyptus pulp-based products in North America, providing it with significant advantages versus its primary competitors.

## Projected Consolidated Financial Results

The following table presents projected financial results for the Company as prepared by the Company's management. More detailed financial projections and the key assumptions used in the projections are provided in Appendices A, B and C. Please note, "A Warning about Forward Looking Statements" is presented in Section IV, Risk Factors.

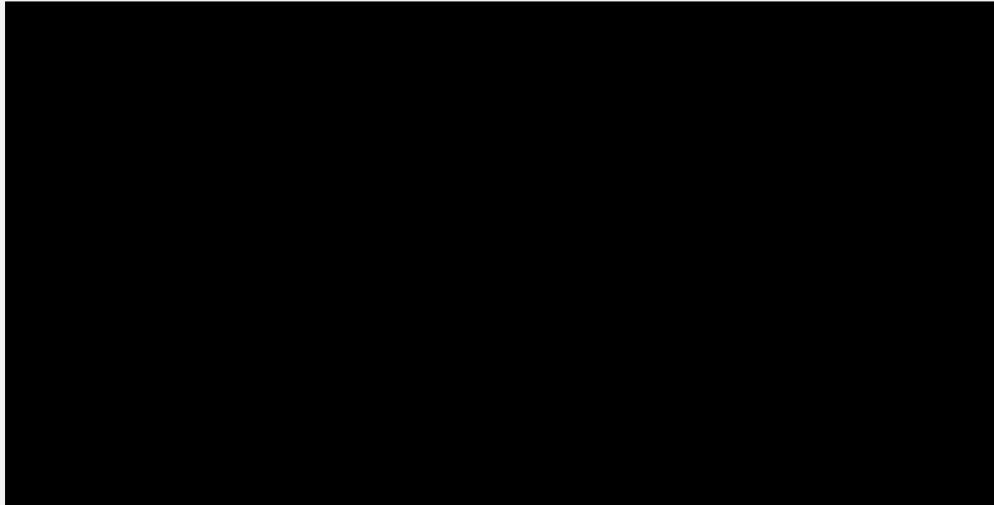
### *Selected Consolidated Financial Data*



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## II. THE OFFERING

The Company intends to use the proceeds from this offering to finance the pre-construction costs for its planned paper manufacturing and converting facilities and to pay the expenses incurred in connection with this offering. The pre-construction phase of the project is expected to take approximately one year from the closing of this offering. The table below outlines the Company's expense estimates related to this offering and the pre-construction phase of its operations.



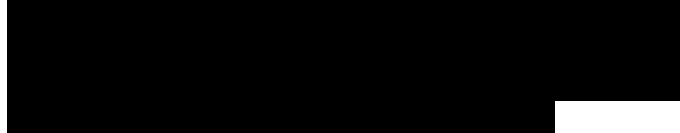
The amounts and timing of these expenditures will depend on numerous factors, including the federal, state and local licensing and permitting processes, the Company's outside engineers, architects, consultants and advisors and various other considerations typically associated with the planning of large-scale construction projects. A portion of the proceeds may also be used for general corporate purposes in connection with establishing its paper manufacturing and converting operations. Pending any use as described above, the Company plans to invest the net proceeds in investment-grade, short-term, interest-bearing securities.

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**Summary of Proposed Terms**  
**Series A Convertible Preferred Stock**

**Issuer:** A to-be-formed affiliate of MRMP. Corporate structure to be determined, but it is assumed for the purposes of this term sheet and the Company's financial projections that the Company will be a C corporation.

**Amount:**



**Dividends:**

The holders of the Series A Preferred (the "Investors") shall be entitled to receive cumulative dividends in preference to any dividend on the Common Stock at the rate of eight (8) percent of the Original Purchase Price per annum, when and as declared by the Board of Directors.

**Conversion:**



**Redemption:**

The Company shall redeem all outstanding shares of Series A Preferred on the seventh anniversary of the Closing. Such redemption shall be at a purchase price equal to the Original Purchase Price plus declared and unpaid dividends.

**Voting Rights:**

The Series A Preferred will vote together with the Common Stock and not as a separate class except as specifically provided herein or as otherwise required by law. Each share of Series A Preferred shall have a number of votes equal to the number of shares of Common Stock then issuable upon conversion of such share of Series A Preferred.

**Protective Provisions:**

The consent of the holders of at least two-thirds of the Series A Preferred shall be required for any action that (i) alters or changes the rights, preferences or privileges of the Series A Preferred; (ii) increases or decreases the authorized number of

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shares of Series A Preferred; (iii) creates (by reclassification or otherwise) any new class or series of shares having rights, preferences or privileges senior or *pari passu* to those of the Series A Preferred; (iv) results in the redemption of any shares of Common Stock (other than pursuant to employment agreements); (v) results in any merger, other corporate reorganization, sale of control, or any transaction in which all or substantially all of the assets of the Company are sold or exclusively licensed; (vi) amends or waives any provision of the Company's Certificate of Incorporation or Bylaws; (vii) increases or decreases the size of the Company's Board of Directors; or (viii) results in the payment or declaration of any dividend on any shares of Common or Preferred Stock.

**Liquidation Preference:**

In the event of any liquidation or winding up of the Company, the holders of the Series A Preferred shall be entitled to receive in preference to the holders of Common Stock an amount equal to the Original Purchase Price plus any accrued, or declared, but unpaid dividends (the "Liquidation Preference"). After the payment of the Liquidation Preference to the holders of the Series A Preferred, the remaining assets shall be distributed ratably to the holders of the Common Stock and the Series A Preferred on a common equivalent basis. A merger, acquisition or sale of substantially all of the assets of the Company in which the shareholders of the Company do not own a majority of the surviving corporation shall be deemed to be a liquidation.

**Anti-Dilution Provisions:**

The conversion price of the Series A Preferred will be then subject to a weighted average adjustment (based on all outstanding shares of Preferred and Common Stock) to reduce dilution in the event that the Company issues additional equity securities (other than securities reserved for issuance to employees under the Company's incentive plans) at a purchase price less than the applicable conversion price. The conversion price will also be subject to proportional adjustment for stock splits, stock dividends, recapitalizations and the like.

**Right of First Refusal:**

Investors shall have the right, in the event the Company proposes to offer equity securities to any person (other than securities issued pursuant to employee benefit plans or acquisitions, in each case as approved by the Board of Directors), to purchase

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on a pro rata basis all or any portion of such shares. Such right of first refusal will terminate upon the Company's IPO.

**Registration Rights:**

If Investors holding more than 50% of the outstanding shares of Series A Preferred, including Common Stock issued upon conversion of Series A Preferred ("Registrable Securities"), request that the Company file a registration statement having an aggregate offering price to the public of not less than \$25,000,000, the Company will use its best efforts to cause such shares to be registered; provided, however, that the Company shall not be obligated to effect any such registration prior to the third anniversary of the Closing. The Company shall have the right to delay such registration under certain circumstances for one period not in excess of 90 days in any twelve-month period. The Company shall not be obligated to effect more than two registrations under these demand right provisions, and shall not be obligated to effect a registration (i) during the 180-day period commencing with the date of the Company's IPO, or (ii) if it delivers notice to the holders of Registrable Securities within 30 days of any registration request of its intent to file a registration statement for such IPO within 90 days.

The Investors shall be entitled to "piggyback" registration rights on all registrations of the Company or on any demand registrations of any other investor subject to the right, however, of the Company and its underwriters to reduce the number of shares proposed to be registered pro rata in view of market conditions. If the Investors are so limited, however, no party shall sell shares in such registration other than the Company or the Investor, if any, invoking the demand registration. No shareholder of the Company shall be granted piggyback registration rights that would reduce the number of shares includable by the holders of the Registrable Securities in such registration without the consent of the holders of at least two-thirds of the Registrable Securities.

The Company shall bear registration expenses (exclusive of underwriting discounts and commissions) of all such demand and piggyback registration rights (including the reasonable expenses of one special counsel to the selling shareholders).

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If requested by the Company and its underwriters, no Investor will sell shares of the Company's stock for up to 180 days following the effective date of a public offering by the Company of its stock; provided that all officers, directors and other one (1) percent shareholders are similarly bound.

**Information Rights:**

So long as an Investor continues to hold shares of Series A Preferred or Common Stock issued upon conversion of the Series A Preferred, the Company shall deliver to the Investor audited annual financial statements and unaudited quarterly financial statements. Each Investor shall be entitled to standard inspection and visitation rights. These provisions shall terminate upon the Company's IPO.

**Board Representation:**

The Board of Directors shall initially consist of seven (7) members. Holders of the Series A Preferred shall be entitled to elect four (4) members (commensurate with their voting power on a common equivalent basis). The holders of the Common Stock shall be entitled to elect three (3) members, including the seats held by Messrs. Rank and Prior. Board of Directors meetings will be held at least four (4) times per year; until the Company is profitable or the Board otherwise agrees, Board meetings will be held twelve (12) times per year.

The approval of the Board of Directors will be required for (i) hiring of all officers of the Company; (ii) any employment agreements (approval by a majority of disinterested Directors); (iii) compensation programs, including base salaries and bonus programs for all officers and key employees (approval by a majority of disinterested Directors); (iv) all stock option programs as well as issuance of all stock and stock options (approval by a majority of disinterested Directors); (v) annual budgets, business plans and financial plans; (vi) all real estate leases or purchases; and (vii) the execution of entrance obligations or commitments, including capital equipment leases or purchases, with total value greater than \$250,000 and which are outside the most recent business plan or budget approved by the Board of Directors.

**Employee Stock Incentive Plan:**

An employee stock incentive plan shall be established, and an amount of Common Stock equal to ten (10) percent of the issued and outstanding

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Common Stock shall be reserved for issuance under the plan.

**Purchase Agreement:**

The investment shall be made pursuant to a Stock Purchase Agreement reasonably acceptable to the Company and the Investors, which agreement shall contain, among other things, appropriate representations and warranties of the Company, covenants of the Company reflecting the provisions set forth herein, and appropriate conditions of closing, including an opinion of counsel for the Company.



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### III. INVESTMENT HIGHLIGHTS

#### **Efficient, State-of-the-Art Manufacturing Capabilities**

Since the last uncoated freesheet machine was built in the United States in 2002, numerous advances in drying technology, gap-formation, speed and machine size have been realized, permitting increased paper manufacturing productivity. [REDACTED]

[REDACTED]

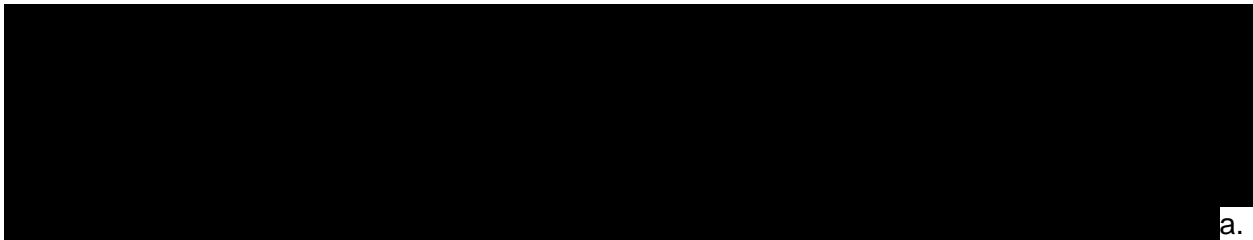
[REDACTED]

#### **Strong, Experienced Management Team**

The founders of the Company, Messrs. Rank and Prior, have more than 30 years of combined executive experience with some of the largest manufacturers of uncoated freesheet in North [REDACTED]

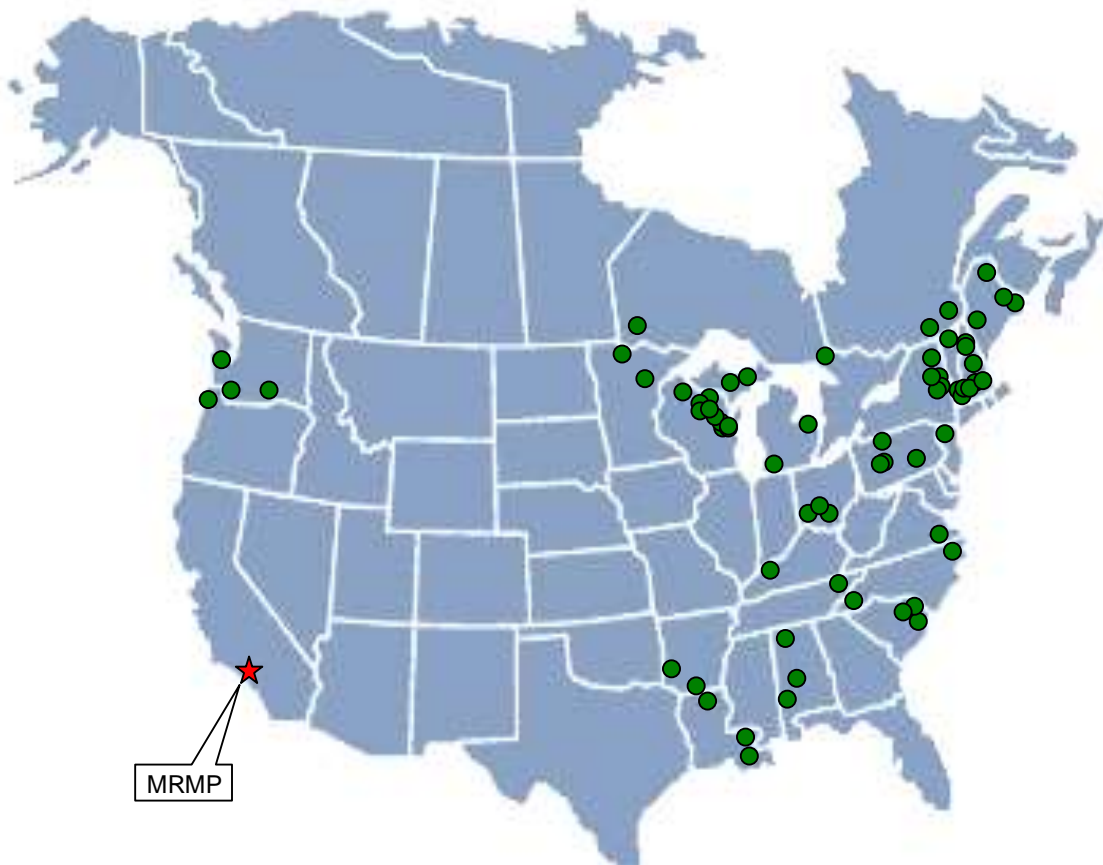
[REDACTED]

[REDACTED]



a.

### Uncoated Freesheet Facilities in North America



Sources: Lockwood-Post Directory; Google Map.

### **Non-Integrated Manufacturing**

The Company's management believes that the adoption of a non-integrated manufacturing platform will equip the Company with several critical competitive advantages and result in enhanced financial returns and lower risks to the Company and its shareholders. The Company's strategy establishes paper manufacturing operations in the second largest print market in the United States with the ability to serve additional markets in the Pacific and Mountain regions, instead of tying the Company to a remote location in a fiber basket far from its customers. This strategy should enhance the Company's direct sales efforts; customers will

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gain comfort from being supplied locally; and inventories and order lead times will be minimized. Additionally, the Company will be able to utilize eucalyptus pulp and, as a result, produce a consistently higher-quality product at competitive prices. Finally, the Company will be able to avoid the high capital costs, lengthy permitting process and potential environmental liabilities associated with a pulp manufacturing facility.

### **Utilization of High-Quality Eucalyptus Fiber**

Bleached eucalyptus pulp has become the dominant hardwood pulp in world markets. Eucalyptus pulp shipments increased from about 478,000 tons in 1976 to 6,614,000 tons in 1998, and by 2005 they had grown another 50% to 9,921,000 tons worldwide. The usage of eucalyptus pulp has increased rapidly due to lower production costs in Latin America and attractive performance features. Eucalyptus fibers are slender but have thick walls, resulting in low coarseness, good ink-carrying characteristics, high opacity and superior smoothness. This makes eucalyptus pulp-based papers ideal for the printing applications used by customers in the Company's targeted markets. Additionally, eucalyptus pulp offers environmental advantages; because of the seven-year harvest cycle for eucalyptus trees (versus up to 70 years for other hardwood species) and the dense growth on eucalyptus plantations, the yield per acre is much higher, and land requirements are much lower, resulting in resource conservation and the preservation of wildlife habitat. The Company will be one of the only manufacturers of eucalyptus pulp-based products in North America, providing it with significant advantages versus its primary competitors.

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## **IV. RISK FACTORS**

The purchase of shares of Series A Preferred involves a high degree of risk and is only suitable for Investors of adequate means. In addition to the factors set forth elsewhere in this Memorandum, prospective Investors should specifically consider the following risk factors before making an investment decision. The risks described below are not the only ones facing the Company. The Company's business, financial condition or results of operations could be materially adversely affected by any of these risks. The value of an investment in the Company could decline due to any of these risks, and an investor could lose all or part of such investment.

### **A WARNING ABOUT FORWARD LOOKING STATEMENTS**

The Company makes forward-looking statements in this Memorandum that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of the business and its financial condition, liquidity, results of operations, plans and objectives. Statements regarding the following subjects are forward-looking by their nature: (i) the Company's business strategy; (ii) the Company's projected operating results; (iii) the construction of, and the commencement of operations at, the Company's proposed manufacturing facilities; (iv) the Company's understanding of its competitors; (v) industry and market trends; and (vi) the use of the proceeds of this offering and the Company's plans for subsequent financing.

The forward-looking statements included in this Memorandum are based on management and independent third-party sources. The projections and other forward-looking information are based on assumptions and inherently subject to significant business, economic and competitive uncertainties beyond the Company's control. Further, projections are necessarily speculative in nature. Actual industry results and trends will vary from the projections and the variations will likely be material and are likely to increase over time. Consequently, the inclusion of pro forma financial information and projections in this Memorandum should not be regarded as a representation by the the Company or its directors and officers or any other person that the outcomes contemplated by such pro forma financial information and projections will actually be achieved. The Company does not intend to update or otherwise revise the pro forma financial information and projections included in this Memorandum to reflect events or circumstances after the date of this Memorandum or to reflect the occurrence of unanticipated events. Furthermore, the Company's business and results of operations may deviate from industry trends, and any such deviation could be material. Prospective Investors are cautioned not to place undue reliance on this information.

When words such as "may," "will," "should," "could," "expects," "anticipates," "intends," "plans," "believes," "projects," "seeks," and "estimates," variations of such words or similar expressions are used, they are intended to identify forward-looking statements. You should not place undue reliance on these forward looking statements.

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## **RISKS RELATED TO THE BUSINESS**

### ***No Operating History***

The Company is newly-formed, has conducted no operations and has no assets other than the initial capital contributions of Matthew B. Rank and Mark B. Prior. Therefore, the Company has no operating history upon which an evaluation of the Company and its prospects can be based. The Company's prospects must be evaluated with a view to the risks encountered by a company in an early stage of development, particularly in light of the uncertainties relating to the markets in which the Company intends to operate and to the acceptance of its business model. The Company must develop and increase its sales entirely from scratch in order to achieve profitability. While the Company believes that it will generate earnings once the Mill and the Company's conversion and distribution facilities and their related infrastructures have been fully developed, there can be no assurance that the Company will be able to execute its business plan successfully or that its efforts will result in revenues sufficient to cover the Company's projected costs and expenses. If the Company is unable to develop and increase its revenues, or if the actual costs of doing business exceed what is currently projected, then the Company may not achieve profitability, which could result in the reduction or cessation of operations. To the extent the Company cannot execute its business plan, the value of the Company and the value of an investment in the Company will decline.

### ***Project Cost Overruns and Construction Risk***

The Company's success in the paper products manufacturing industry, and in particular its ability to generate a positive return on invested capital, will depend on the efficient and uninterrupted development, construction and operation of the Mill. There are many variables involved in the development and construction of the Mill, and the Company may incur costs in excess of its projections. Unanticipated costs and overruns may occur as a result of changes in the Company's site development and engineering plans, unforeseen soil or subterranean conditions, governmental regulation and interference, labor unrest, insurrection, bad weather, fire, natural disaster, power loss and other similar events beyond the Company's control. Project cost overruns may extend the time required to complete the construction of the Mill and increase the costs and expenditures the Company currently plans to incur in the development and startup of the Mill. If the Company's actual costs exceed its projections, the time the Company anticipates needing to reach profitability will be increased, and the Company may need to seek additional sources of capital to complete the project and execute its business plan. If the Company is unable to secure such additional capital on reasonable terms or at all, and consequently the project is delayed or abandoned, the value of the Company and the value of an investment in the Company will decline.

### ***Dependence on a Single Paper Manufacturing Facility***

All of the Company's sales will be derived, directly or indirectly, from the operation of the Mill. Once constructed, the Mill and its related infrastructure will be vulnerable to unexpected curtailments of operations due to a number of events, including equipment failure, operational problems, labor difficulties, hazardous material spills or discharges, governmental interference, insurrection, terrorism, weather, fire, natural disasters, power loss and similar events that may be beyond the Company's control. The Mill and its related infrastructure may be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct. The Company does not have a formal security and monitoring or disaster recovery plan or any alternative service providers. Despite any precautions the Company may take, the occurrence of a natural disaster

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or other unanticipated problems at the Mill could result in a cessation of manufacturing activities and interrupt the execution of the Company's business plan. Any cessation of the Company's manufacturing activities could materially and adversely affect the Company's business and results of operations, unless the Company can secure alternative sources for the manufacture of the Company's paper products. However, no assurance can be given that the Company will be able to secure such alternative manufacturing capacity if such events occur, or that such alternative manufacturing capacity, if available, can be obtained at a price that allows the Company to achieve or maintain profitability.

### ***Dependence on Supply of Pulp and Other Raw Materials***

The Company has no timber holdings, and the Mill will not have the capability to produce pulp, its primary raw material, from wood fiber. Consequently, the Company's operations are dependent on the supply of pulp from third party suppliers, and the Company may rely on a small number of suppliers to fulfill its pulp needs. Any increase in the cost of pulp will adversely affect projected profit margins if the Company cannot pass along such increased cost to its customers. Further, the quantity of pulp that the Company purchases could be reduced due to events beyond the Company's control, such as industrial disputes, material curtailments or shutdowns of operations by the Company or its suppliers for market or other reasons, weather, natural disasters such as forest fires and hurricanes, and government orders and legislation. In addition, future domestic or international legislation and litigation concerning the use of timberlands, the protection of endangered species, the promotion of forest health, and the response to, and prevention of, catastrophic wildfires could also affect pulp supplies. If there is widespread curtailment in timber harvesting operations in South America or elsewhere, due to economic or other reasons, it could have a significant negative impact upon the Company. The price of pulp could increase materially and the volume of such available pulp could decrease materially. Export duties and tariffs on pulp may also affect supplies. If any of the Company's major suppliers of pulp were to reduce production, shut down for an extended period of time or cease operations for any reason, this may decrease the quantity of pulp available to the Company and may result in higher prices for the pulp that is available. If the Company is unable to obtain pulp from its suppliers, it may not be able to find alternative sources of pulp at acceptable prices. In such a situation, the Company's cost of pulp may increase, and the Company may have to reduce its production of paper, perhaps substantially.

Energy will be one of the Company's most significant manufacturing inputs. Prices for energy, especially electricity, natural gas and fuel oil, have been volatile in recent years and currently exceed historical averages. Changes in the prices and terms of the Company's energy supply to the Mill or the Company's conversion and distribution facilities could have a significant impact on its earnings. Further, interruptions in the supply of power to the Mill or the Company's conversion and distribution facilities, if sustained, could have a material adverse effect on the Company's results of operations and financial condition.

In addition to the supply of pulp and energy, the Company will be dependent on the supply of certain chemicals and other inputs used in its production facilities. Any disruption in the supply of these chemicals or other inputs could affect the Company's ability to meet customer demand in a timely manner and could harm the Company's reputation. The costs of many of these chemicals and other inputs have been volatile historically and can be influenced by capacity utilization, energy prices and other factors beyond the control of the Company. Any material increase in the cost of these chemicals or other inputs could have a material adverse effect on the Company's results of operations and financial condition.

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### ***Reliance upon a Narrow Offering of Products and Potential Product Substitution***

The Company's operations are completely dependent on the production and sale of a narrow offering of paper grades. Demand for, and sale prices of, such paper will depend, among other things, on global paper demand, the level of industry supply and general economic conditions, all of which are factors over which the Company has no influence or control. In addition, the Company's principal products compete with electronic transmission and document storage alternatives, as well as with grades of paper not produced by the Company. If the use of these alternatives grows, demand for some paper products may shift from one grade of paper to another or be eliminated altogether. For example, uncoated freesheet for use in preprinted forms has declined and may continue to decline as the use of desktop publishing and on-demand printing continues to displace traditional forms. Any material shift in demand from the Company's products to other materials or competing technologies could result in a material decrease in sales and could adversely affect the Company's financial condition and results of operations.

### ***Cyclical Industry***

The paper industry is highly cyclical. Fluctuations in the prices of, and the demand for, the Company's products could result in lower sales volumes and profits. Historically, economic and market fluctuations, changes in capacity, and changes in foreign currency exchange rates have created cyclical changes in prices, sales volumes and profit margins. The length and magnitude of industry cycles have varied over time but generally reflect changes in macroeconomic conditions and levels of industry capacity. All of the Company's pulp-based products will be globally-traded commodity products and will be subject to competition from manufacturers worldwide. Because commodity products have few distinguishing qualities from manufacturer to manufacturer, competition for these products is based primarily on price, which is determined by supply relative to demand.

Demand for the Company's commodity products, and consequently, the Company's sales and profitability, reflect fluctuations in end-user demand, which depends, to a large degree, on general macroeconomic conditions in North America and regional economics in the Company's targeted markets, as well as on foreign currency exchange rates. Demand fluctuates with levels of employment, the state of durable and non-durable goods industries and prevailing levels of advertising and print circulation. In recent years domestic paper demand has also decreased as electronic transmission and document storage alternatives have become more readily available.

Industry supply of paper is also influenced by overseas manufacturing capacity, which has grown in recent years and is expected to continue to grow. While the weakness of the United States dollar has mitigated the levels of imports in recent years, a strengthening of the United States dollar would likely increase imports of commodity papers from overseas, creating downward pressure on prices.

Prices for the Company's products are driven by many factors outside of the Company's control, and the Company is likely to have little influence over the timing and magnitude of price changes, which may be volatile. Because market conditions beyond the Company's control determine the prices for the Company's products, the prices for the Company's products may fall below the Company's cash costs of production, resulting in losses or curtailments of production. As a result, the Company's profitability depends largely on its cost structure, especially the costs of raw materials and energy, which can fluctuate due to factors beyond the Company's control. If the prices of the Company's products decline, or if the Company's costs

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increase, the Company's financial condition and results of operations could be materially adversely affected.

### ***Dependence on Capital Investment***

The operation of paper manufacturing, conversion and distribution facilities is necessarily capital intensive. Capital expenditures for repair and replacement of existing equipment and infrastructure or to comply with environmental and other laws may be substantial. The Company may be required to obtain additional financing to fund such capital expenditures. If the Company requires additional financing, it may not be able to secure the necessary financing on terms favorable to the Company and its investors, or at all. If any such financing is not available when required or is not available on acceptable terms, the Company may not be able to fund necessary capital expenditures, and that may have a material adverse effect on the Company's business, financial condition and results of operations.

### ***Labor Disruptions***

Once fully operational, the Company plans to employ approximately 323 full time employees at the Mill, the Company's conversion and distribution facilities and other Company offices, some of whom may be unionized. As a result, there may be a risk of work stoppage due to strikes or walkouts. Any significant work stoppage as a result of failure to negotiate collective bargaining agreements with the Company's unionized employees or for any other reason could have a material adverse effect on its business, financial condition and results of operations.

### ***Third Party Transportation Services***

The Company will rely primarily on third parties for transportation of its raw materials and finished products. If any of the Company's third-party transportation providers fail to deliver the Company's products in a timely manner, the Company may be unable to sell them at full value. Similarly, if any of the Company's transportation providers fail to deliver raw materials in a timely manner, the Company may be unable to manufacture products on a timely basis. Shipments of products and raw materials may be delayed due to weather conditions, strikes or other events. Any failure of a third-party transportation provider to deliver raw materials or products in a timely manner could harm the Company's reputation, negatively impact its customer relationships and have a material adverse effect on the Company's business, financial condition and results of operations. Furthermore, increases in the cost of transportation services could have a material adverse effect on the Company's business, financial condition and results of operations.

### ***Competition***

The markets for the Company's uncoated freesheet products are large and highly competitive, with no single manufacturer having a dominant position. Commodity grades of uncoated freesheet are traded globally by manufacturers located worldwide, and as a result, price is the principal factor influencing competition, although product quality and service may also play a role. The Company's competitors for sales of paper include a number of large, diversified paper manufacturing companies, national merchant distributors, and regional and local distributors. While the Company competes largely in the North American marketplace, it may face competition from foreign manufacturers in domestic and export markets, depending upon domestic and international demand and currency exchange rates. Many of the Company's competitors are substantially larger and may have greater financial and other resources, including greater economies of scale in manufacturing, greater energy self-sufficiency and/or



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lower operating costs. Some of the Company's competitors own timberlands and pulp manufacturing facilities that may provide cost advantages and offer protection from shortages of wood fiber and pulp during periods of tight supply conditions. In addition, some of the Company's competitors may not carry the debt load of the Company, and as a result, they may have more cash available for strategic purposes other than debt service. These additional financial and other resources may offer competitive advantages for such companies by providing better opportunities for expansion and diversification as well as greater clout in the market with potential customers. The intensity of competition, together with the commodity nature of paper products, may lead to lower prices. Paper price decreases or discounts by one or more major paper producers may result in material changes in the market price for paper and negatively affect the paper market in general.

### ***Dependence on Key Personnel***

The success of the Company is highly dependent on the skills, experience and efforts of the Company's founders, Matthew B. Rank, the Chief Executive Officer, and Mark B. Prior, the President. The loss of services of either or both of these individuals could have a material adverse effect on the Company.

In addition, as the Company's business develops and expands, the Company's success will depend on its continued ability to attract and retain highly skilled and qualified personnel. The Company cannot be assured that it will be able to continue to employ key personnel or that it will be able to attract and retain qualified personnel in the future. Failure to attract or retain key personnel could have a material adverse effect on the Company's business, financial condition and results of operations.

### ***Laws and Regulations***

The Company's operations will be subject to various environmental, health and safety laws and regulations promulgated by federal, state and local governments. These laws and regulations impose stringent standards on the Company regarding, among other things, air emissions, water discharges, use and handling of hazardous materials, use, handling and disposal of waste, and remediation of environmental contamination. Any failure to comply with applicable environmental laws, regulations or permit requirements may result in civil or criminal fines or penalties or enforcement actions. These may include regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures, installing pollution control equipment or remedial actions, any of which could involve significant expenditures. Future development of such laws and regulations may require capital expenditures to ensure compliance. The Company may discover currently unknown environmental problems or conditions in relation to its operations, or it may face unforeseen environmental liabilities in the future. These conditions and liabilities may require site remediation or other costs to maintain compliance or correct violations of environmental laws and regulations or result in governmental or private claims for damage to persons, property or the environment, any of which could have a material adverse effect on the Company's financial condition and results of operations. In addition, the Company may be subject to strict liability and, under specific circumstances, joint and several liability for the investigation and remediation of the contamination of soil, surface and ground water, including contamination caused by other parties, at properties that the Company owns or operates and at properties used by the Company for the disposal of waste materials.

The Company could be subject to a variety of foreign, federal, state and local laws and regulations dealing with trade, employees, transportation, currency controls, taxes and the

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environment. Changes in, or more stringent enforcement of, these laws or regulations could require substantial expenditures by the Company and adversely affect its results of operations and financial condition.

### ***Insurance and Potential Liability***

The Company intends to maintain general liability and property insurance, but the Company's coverage may be limited. A partially or completely uninsured claim against the Company, if successful and of sufficient magnitude, could have a material adverse effect on the Company, its financial condition and results of operations.

### ***Terrorist Attacks***

Terrorist attacks or other acts of violence or war may negatively affect the Company's operations and an investment therein. These attacks may, directly or indirectly, affect the Company's operations or those of its suppliers or customers. Furthermore, these attacks may make the transportation of the Company's raw materials and products more difficult and more expensive and ultimately affect the Company's operating results and financial condition. The United States has entered into, and may enter into additional, armed conflicts which could have a further impact on the Company's sales and its ability to deliver product to its customers in the United States and elsewhere. Political and economic instability in some regions of the world may also negatively affect the Company's business. The consequences of any of these armed conflicts are unpredictable, and management may not be able to foresee events that could have an adverse effect on the Company's business, financial condition and results of operations. More generally, any of these events could cause consumer confidence and spending to decrease or result in increased volatility in the United States and worldwide financial markets and economies. These events could also result in economic recession in the United States or abroad. Any of these occurrences could have a significant impact on the Company's financial condition and results of operations.

### ***Seismically and Volcanically Active Area***

Since the west coast of the United States is located in a seismically active area, the Company is susceptible to the risk of damage to, or total destruction of, the Mill, its conversion and distribution facilities and related Company infrastructure, including the surrounding local infrastructure, caused by earthquakes and volcanic activity. The Company cannot assure prospective Investors that the Company is adequately insured to cover the total amount of any losses caused by an earthquake or volcanic eruption.

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## **RISKS RELATED TO AN INVESTMENT IN THE SECURITIES**

### ***Additional Capital Required and Potential Dilution***

The Company will require additional financing in order to fund the construction of the Mill, execute its business plan and provide for working capital. Such required additional financing, if available, may be obtained through the issuance of debt, equity or equity-linked securities. These securities may have rights, preferences or privileges senior to those of the rights of any existing securities, including the Series A Preferred, and the Company's then-existing stockholders and holders of securities that are convertible into the Company's Common Stock, including the Series A Preferred, may experience substantial dilution to their equity ownership. There can be no assurance that the Company will be able to secure the required additional financing on favorable terms, or at all. In addition, the Company intends to establish an employee stock incentive plan, and an amount of Common Stock equal to 10.0% of the issued and outstanding Common Stock shall be reserved for issuance under the plan. The vesting of the shares issued pursuant to this incentive plan will further dilute the equity ownership interests of the Company's stockholders and holders of the Series A Preferred.

### ***Substantial Indebtedness***

In connection with its plans for growth, the Company plans to incur substantial indebtedness, which may be secured by the assets of the Company. The indebtedness expected to be incurred by the Company may have several important consequences to Investors in the Series A Preferred, including, but not limited to, the following: (i) a substantial portion of the Company's cash flow from operations must be dedicated to service such indebtedness, and the failure of the Company to generate sufficient cash flow to service such indebtedness could result in a default under such indebtedness; (ii) the Company's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or for other purposes may be impaired; (iii) the Company's flexibility to expand, make capital expenditures and respond to changes in the industry, competitive pressures and economic conditions generally may be limited; (iv) the terms of the Company's indebtedness may contain numerous financial and other restrictive covenants, including, among other things, limitations on the ability of the Company to incur additional indebtedness, to create liens and other encumbrances, to make certain payments and investments, to sell or otherwise dispose of assets, or to merge or consolidate with another entity, the failure to comply with which may result in a default under such indebtedness, which, if not cured or waived, could have a material adverse effect on the Company; and (v) the ability of the Company to satisfy its obligations pursuant to such indebtedness will be dependent upon the Company's future performance which, in turn, will be subject to management, financial, business, regulatory and other factors affecting the business and operations of the Company, some of which are not in the Company's control. Additionally, some or all of the Company's competitors may operate on a less leveraged basis and may have significantly greater operating and financial flexibility than the Company. In the event of a bankruptcy, liquidation, reorganization or similar proceeding, holders of the Series A Preferred or Common Stock into which the Series A Preferred has been converted will receive assets only after the Company has satisfied its indebtedness.

### ***Indemnification of the Board of Directors and Officers of the Company***

The Board of Directors and the officers of the Company will be indemnified by the Company. Under certain circumstances, the Board and officers are indemnified against attorneys' fees and other expenses incurred by them and judgments rendered against them in any litigation to which

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they become parties arising from their association with or activities on behalf of the Company. The Company may also bear the expenses of such litigation for its Board and officers. This indemnification policy could result in substantial expenditures by the Company that it may be unable to recoup even if it is entitled to do so.

### ***Possibility of No Distributions***

To date, the Company has not made any distributions. Whether or not distributions may be made in the future depends on the ability of the Company to generate free cash flow after meeting its financial obligations. Even if the Company generates profits, some or all of these profits may be reinvested in the Company for the expansion of its business operations, acquisition of new facilities and operations, retirement of its debt or working capital purposes. As a result, there can be no assurance that the Company will ever make a distribution.

### ***Arbitrary Determination of Company Valuation and Offering Price***

The valuation of the Company and its assets and the determination of the offering price of the Series A Preferred described in this Memorandum have been made arbitrarily by the Company and do not bear any relationship to the Company's assets, book value, potential earnings or other recognized objective criteria of value.

### ***No Public Market***

No public market exists for the Company's Series A Preferred or Common Stock issued upon conversion. There can be no assurance that a public market for such securities will ever be developed or sustained. Prospective Investors should be aware that an investment in the Company is designed for long-term investors who can accept the risks associated with investing in a newly-formed entity. No guaranty or representation is made that Investors' returns will not vary, that Investors will not lose money or that Investors will not lose their entire investment in the Company.

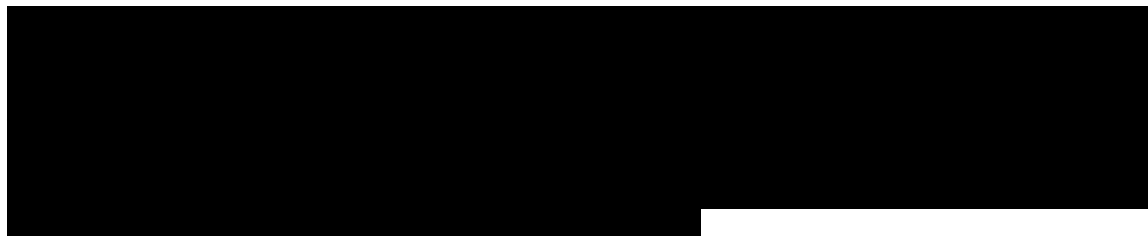
### ***Restrictions on Transfer***

Each Prospective Investor will be required to represent that the Series A Preferred is being acquired for investment and not with a view to distribution or resale as the shares of Series A Preferred, and the Common Stock into which it is convertible, are not freely transferable. Neither the Series A Preferred nor the Company's Common Stock have been registered under the Securities Act of 1933, as amended, or under applicable state securities laws, and therefore, they cannot be resold unless they are subsequently registered or an exemption from such registration is available. There is no present market for the Series A Preferred or the Company's Common Stock, and no market is likely to develop. Accordingly, Investors will probably not be able to liquidate their investment in the event of an emergency or for any other reason, and the Securities may not be readily acceptable as collateral for loans. The Series A Preferred should be purchased only by prospective Investors who can bear the economic risk of their investment, who can afford to have their funds committed to an illiquid investment for an indefinite period of time and who, if necessary, can afford a loss of their entire investment.

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## V. THE PROJECT

### A. Overview



The Company's management estimates that it will require approximately one year from the closing of the sale of the Series A Preferred to complete the pre-construction phase of its operations. Key elements of the pre-construction phase include architecture, engineering and feasibility analysis, site selection and permitting and licensing. The permitting and licensing process will include complying with local (city and county), state and federal rules and regulations concerning construction, zoning, environmental and employment issues, among others. Upon completion of these pre-construction activities, the construction phase of the project, including the establishment of its three converting facilities, is expected to require an additional 20 months. As a result the Company expects to begin papermaking and converting operations approximately 32 months following the closing of the sale of the Series A Preferred.

### B. Paper Machine

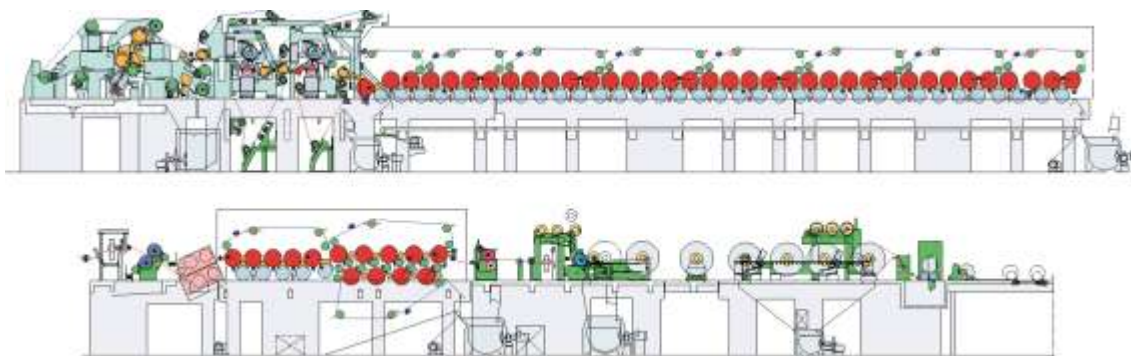
#### General

Simply described, papermaking involves hydrating pulp fibers to a consistency of approximately 99% water, orienting these fibers randomly to form a sheet and then draining and drying the sheet to a consistency of 5% water and 95% fiber (including about 20% fillers and chemicals). The papermaking process may be broken down into six sub-sections: the headbox and forming sections, which comprise what is known as the wet-end of the machine; and the press, drying, calendaring/sizing, and winding sections, which form the dry-end.

Advances in papermaking technology have come with improvements in the ability to remove water rapidly as early as possible in the process without sacrificing the quality characteristics necessary to meet grade specifications. The original fourdrinier (a very fine screen that begins the process of removing water) was a single screen with water being removed from underneath. In the early 1970s top wires were added to speed the removal of water by draining it from both sides. Next, gap forming technology with twin wires added more speed and pushed the need for faster water removal at the press section where nip presses (point-to-point pressure) were replaced with shoe presses (even pressure applied over an extended area). Since the last uncoated freesheet machine was built in the United States in 2002, additional advances have been made in drying technology, gap-formation, speed and machine size, resulting in increased manufacturing productivity.

The Company intends to capitalize on these technological advances and has held preliminary discussions with Metso Paper (“Metso”) of Finland, a global leader in papermaking technology, regarding the installation of its uncoated freesheet paper machine. The paper machine specifications discussed in this Memorandum are estimates reflecting management’s discussions with Metso, and the final machine specifications will not be determined until engineering is completed in the pre-construction phase of operations. The proposed paper machine is depicted in the schematic below, and the general performance characteristics of the machine are outlined in the following table.

### **Uncoated Freesheet Production Line**

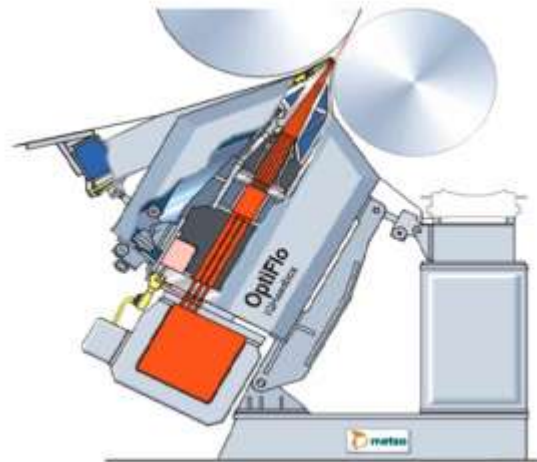


Paper Grade:	Copy and Offset 0.20 - 0.39 oz/ft <sup>2</sup>
Wire Width:	410 inches
Trim at Reel:	383 inches
Design Speed:	6,562 ft/min
Drive Speed:	5,905 ft/min

### **Headbox**

The headbox is the receptacle on the wet end of the paper machine in which the pulp, or stock, is distributed onto the wire. The headbox on the Company’s machine is expected to be a state-of-the-art gap former with an improved hydraulic design turbulence generator with enhanced turbulence scale and intensity. This headbox is designed so different layers of stock may be placed on the wire at the same time. Using tapered flukes and baffles, it is possible to lay down separate layers of fibers of different lengths and strengths, creating a sheet that, for example, has an outer layer that is smooth for printing yet and an inner layer that is stronger for better paper strength. Three layers could be formed so that the outer layers (top and bottom layer) are made from hardwood fibers (shorter and more uniform), and the inner layer is made from softwood fibers (stronger). The following schematic depicts the headbox.

## Gap Forming Headbox



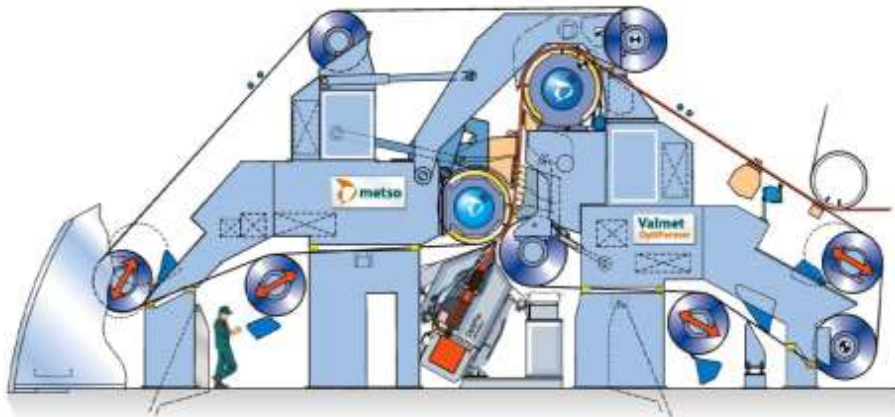
## Twin-Wire Former

In the twin-wire former pulp flows downward from the headbox through a slit between two vertically moving wires. These two wires form a nip. At the nip, suction is applied to one wire so that the web adheres to that wire. That wire then moves forward to the press section of the paper machine.

The machine is expected to have the latest generation twin wire forming technology with:

- Loadable blades for better formation and dewatering capacity
- Third generation design (new blade geometry with radius, one lead roll less, lifting arms instead of cantilever beams)
- Good formation simultaneously with low tensile ratio

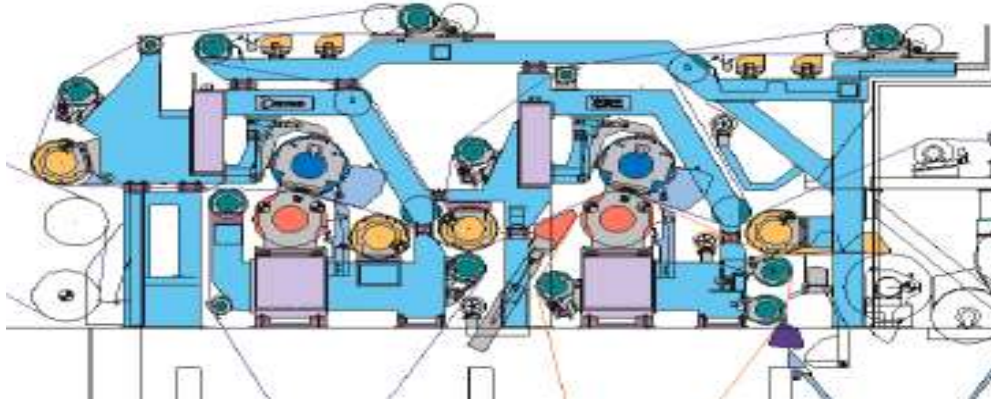
## Former



## Press Section

The press section removes the most water via a system of nips formed by rolls pressing against each other aided by press felts. This is the most efficient method of dewatering the sheet as only mechanical pressing is required. The press section for the Company's machine is expected to have two shoe nips. The first nip has a short shoe for high bulk and straight sheet run with a straight outlet to the second nip.

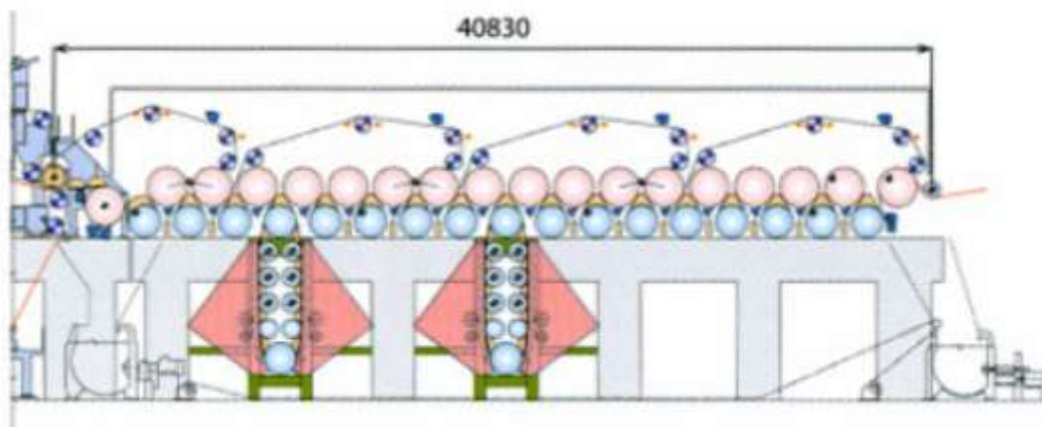
### Press Section



## Dryer Section

The dryer section of the machine dries the pulp by way of a series of steam-heated rollers that stretch the web somewhat, removing the moisture. The dryer section for this machine is expected to be a fully supported web run with the entire web contained by the fabric loop.

### Dryer Section



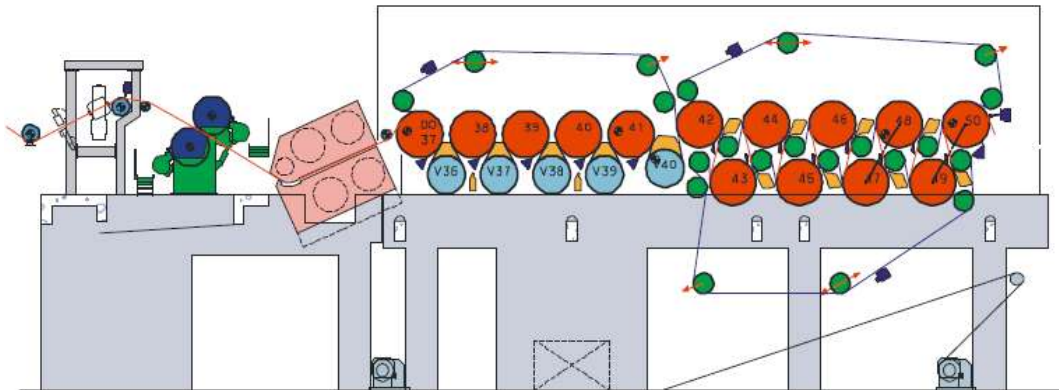
## Calendering/Sizing Section

The calendaring/sizing section consists of a series of rollers through which the web is run. This smooths the paper, creates a more uniform thickness and adds sizing to



stiffen the paper. The pressure placed on the paper in this section determines the finish of the paper. The calendaring/sizing section of the machine will have surface sizing with grooved rods, with the first group single-tiered for runnability and the second group double-felted for curl control.

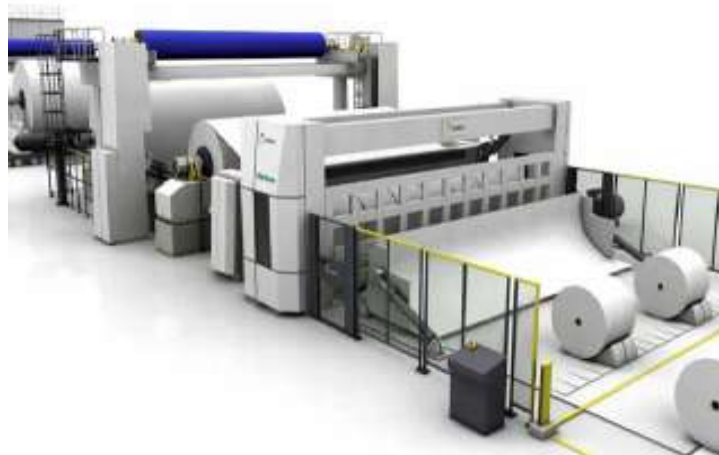
### Calendaring/Sizing Section



### Winders

A paper machine winder refers to the roll onto which the paper is wound when it comes off the last dryer of the paper machine. The winders for the Company's machine will have a drive speed 8,200 feet per minute, a drum face width of 394 inches, a maximum paper width of 383 inches and a maximum winding roll width of 126 inches.

### Winder



## C. Financing Plan

The Company estimates that the proceeds from this offering will be sufficient to fund the pre-construction phase of its operations. The Company will need to secure additional

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funding for the construction and start-up of its planned paper manufacturing and converting facilities. The Company's estimates of the hard costs of its planned facilities are outlined in the following table.

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Additional details regarding the Company's projected financial results can be found in Appendices A, B and C.

## VI. THE COMPANY

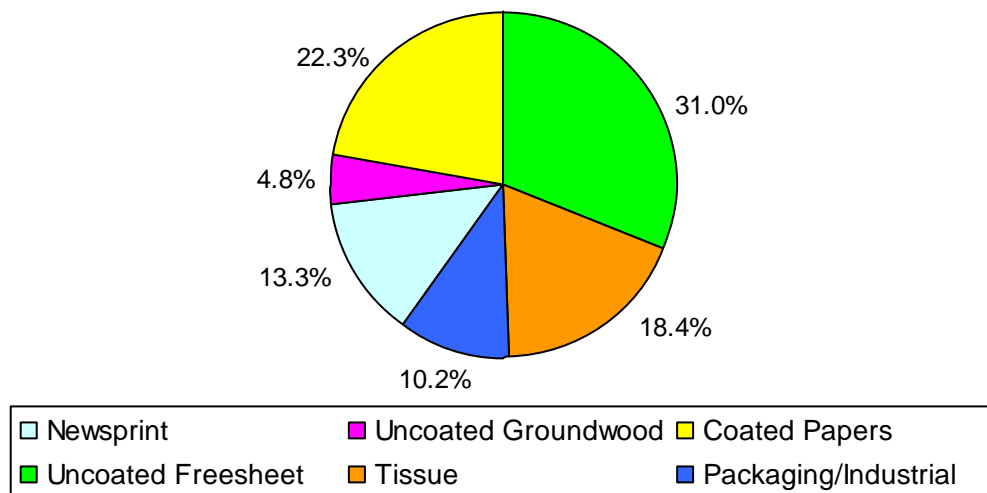
### A. Background

The Company was founded in 2006 by Matthew B. Rank and Mark B. Prior, two paper industry executives with a combined 30+ years of operating and leadership experience with several of the largest manufacturers of uncoated freesheet papers in North America. Messrs. Rank and Prior established the Company to capitalize on changing industry dynamics and market opportunities that have not been exploited by current manufacturers and suppliers. Their vision is to create substantial value by establishing efficient, non-integrated paper manufacturing and converting operations on the west coast of the United States, offering high-quality eucalyptus pulp-based products, and selling directly to customers in local, regional and to a lesser extent, national and export markets.

### B. Industry Overview

The paper manufacturing industry may be divided into four broad, but distinct segments: printing and writing papers, newsprint, packaging/industrial grades and tissue. On a combined basis, these segments represented approximately 39,867,000 tons of production in 2006 in the United States. Printing and writing papers include coated papers, uncoated freesheet and uncoated groundwood and account for approximately 23,148,000 of these tons. Uncoated freesheet is the largest single grade and accounts for approximately 12,346,000 tons, or 31.0% of the total paper produced in the United States.

United States Paper Production 2006\*



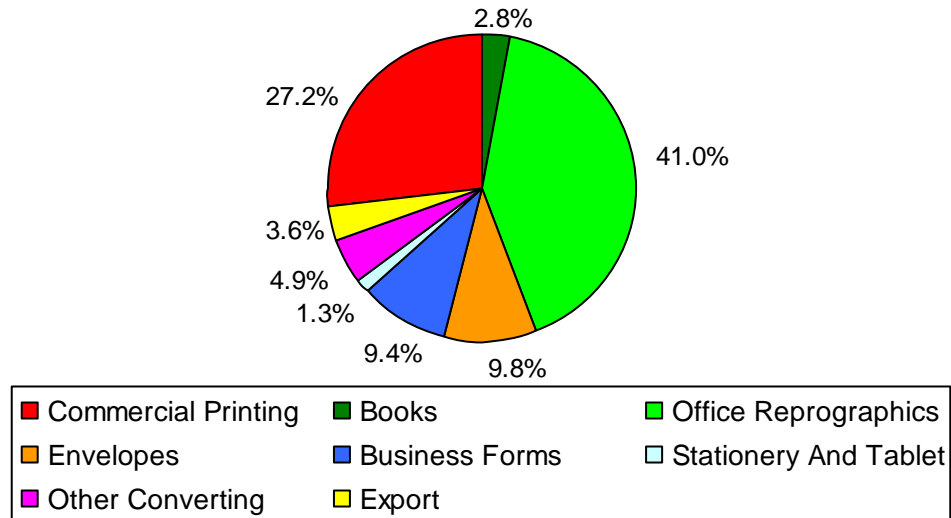
\* Estimated based on annualized production rate through May 2006.

Sources: American Forest & Paper Association, RISI.

Uncoated freesheet papers are commonly used in a variety of applications: reprographic (cut-size paper for copiers, computer printers, etc.); printing and converting (offset, envelope, forms bond and tablet); and value-added grades (text and cover for publishing of text and trade books). The relative importance of these various applications is

summarized in the following chart. Reprographic and printing/converting grades are generally manufactured at larger, more efficient mills, while the value-added grades are produced on smaller, older machines.

**United States Uncoated Freesheet Shipments by End Use 2006**



Source: American Forest & Paper Association.

Worldwide demand for uncoated freesheet remains strong, and global consumption of uncoated freesheet is expected to continue to grow as standards of living and per capita consumption increase in developing economies. However, demand in the United States and in other developed countries has recently been affected by electronic data transmission and document storage alternatives. United States shipments in 2006 were approximately 12.3% below the industry's peak shipments in 1999.

To deal with these changes in demand, North American manufacturers have been shutting down older, higher cost paper machines. As a result, United States manufacturing capacity has declined 12.2% since its peak in 2000. Examples include Domtar's closures of 317,000 tons since 2002, Georgia-Pacific's closures of 335,000 tons since 2000, International Paper's closures of 1,463,000 tons since 2000 and Weyerhaeuser's closures of 911,000 tons since 1999. In July 2008 Domtar announced plans for additional closures that eliminate another 284,000 tons of paper production.

United States manufacturing capacity has declined 12.2% since its peak in 2000, reflecting changes in demand as well as an increased threat of high-quality, low-cost paper from areas such as Asia. Manufacturers in these areas typically utilize pulp made from tropical hardwoods, especially eucalyptus trees, which offer both quality and cost advantages. These cost advantages may be offset, to a degree, by the cost of transportation to United States markets. Additionally, foreign currency exchange rates may make imported products more or less attractive to United States customers. As a result of these changes,

These supply and demand dynamics have caused United States operating rates to fluctuate between 87.8% and 92.5% during the 2000-2006 period. As a general rule, the Company's management believes that operating rates of 90% - 92% provide for stable to

positive uncoated freesheet pricing, while operating rates below 90% tend to promote discounting among manufacturers.

**United States Uncoated Freesheet  
Production, Capacity and Operating Rates  
1986-2006**

<b>Year</b>	<b>Production (000s Tons)</b>	<b>Capacity (000s Tons)</b>	<b>Operating Rate</b>
1986	10,480	11,023	95.1%
1987	10,906	11,493	94.9%
1988	11,246	11,853	94.9%
1989	11,260	12,092	93.1%
1990	11,505	12,335	93.3%
1991	11,689	12,948	90.3%
1992	12,185	13,363	91.2%
1993	12,488	13,437	92.9%
1994	13,143	13,801	95.2%
1995	13,447	14,114	95.3%
1996	13,104	14,488	90.4%
1997	13,778	14,701	93.7%
1998	13,654	14,915	91.5%
1999	14,160	15,222	93.0%
2000	13,986	15,226	91.9%
2001	12,487	14,230	87.8%
2002	12,310	13,620	90.4%
2003	12,240	13,875	88.2%
2004	12,522	13,682	91.5%
2005	11,990	13,558	88.4%
2006	12,359	13,366	92.5%

Source: American Forest & Paper Association Capacity Survey.

The uncoated freesheet segment of the paper industry continues to evolve in response to changing patterns in paper usage, the growing importance of fiber from tropical hardwoods such as eucalyptus, the increasingly global nature of paper markets and demands by investors for higher returns. As a result, consolidation among major industry participants has intensified. Examples include International Paper's acquisitions of Union Camp in 1999 and Champion International in 2000, Weyerhaeuser's acquisition of Willamette in 2002 and the March 2008 combination of Weyerhaeuser's uncoated freesheet business with Domtar. The following table illustrates market share changes due to consolidation during the 1980-2005 time period.

### North American Uncoated Freesheet Industry Consolidation

	1980	1990	2000	2005
<i>Market Share (%) of:</i>				
Top Five Producers	39.5	49.5	65.7	73.3
Top Ten Producers	67.4	70.8	89.7	85.8

Sources: American Forest & Paper Association, RISI, Pulp and Paper Products Council.

The table below outlines the top 10 producers of uncoated freesheet in North America in 2006, as adjusted for the March 2008 combination of Weyerhaeuser's uncoated freesheet business with Domtar. The top five producers now control almost 80% of North American capacity. Based on the table below, the Company would be the sixth largest uncoated freesheet manufacturer in North America.

### Major North American Uncoated Freesheet Producers 2006

Rank	Company	Annual Capacity (000s Tons)	Market Share	Cumulative Market Share*
1	Domtar	4,840	33.8%	33.8%
2	International Paper	3,435	24.0%	57.8%
3	Boise Cascade	1,554	10.8%	68.6%
4	Georgia-Pacific	962	6.7%	75.3%
5	Glatfelter	626	4.4%	79.7%
6	Wausau Paper	526	3.7%	83.4%
7	Fraser Papers	337	2.3%	85.7%
8	Blue Ridge Paper	273	1.9%	87.6%
9	Finch, Pruyne & Co.	218	1.5%	89.1%
10	Appleton	202	1.4%	90.5%

\* Total North American Capacity estimated at 14.34 million tons.

Sources: Lockwood-Post Directory, RISI.

In addition to the consolidation trend, several large paper producers have announced or completed major restructuring initiatives resulting in much greater specialization in manufacturing. Formerly, many manufacturers emphasized owning timberland and diversifying across a number of often unrelated lines of business. As a result, any price increases or capacity discipline in a single grade had little impact on a large, diversified manufacturer's overall financial results. In recent years, however, several companies have (i) sold substantial timber holdings and secured their fiber needs through long-term supply agreements and (ii) focused on fewer lines of business, in the process freeing up substantial capital for debt repayment and reinvestment in core businesses. Boise Cascade, Georgia-Pacific and International Paper have each sold timberlands, and other major strategic shifts include International Paper's ongoing initiatives to divest over \$11 billion in assets and focus on two platform businesses, uncoated freesheet and packaging, and MeadWestvaco's divestiture of its coated paper operations in 2005. As these trends accelerate and more uncoated freesheet capacity is concentrated among fewer, but stronger, producers, the Company's management believes that pricing volatility will

decrease and operating rates for efficient manufacturers will increase, resulting in a healthier industry environment and more attractive returns for investors. With its exclusive focus on the markets for uncoated freesheet, access to high-quality eucalyptus fiber and one of the most efficient manufacturing operations in the industry, the Company's management believes that MRMP will be well-positioned to capitalize on these emerging trends.

**C. Business Strategy and Competitive Strengths**

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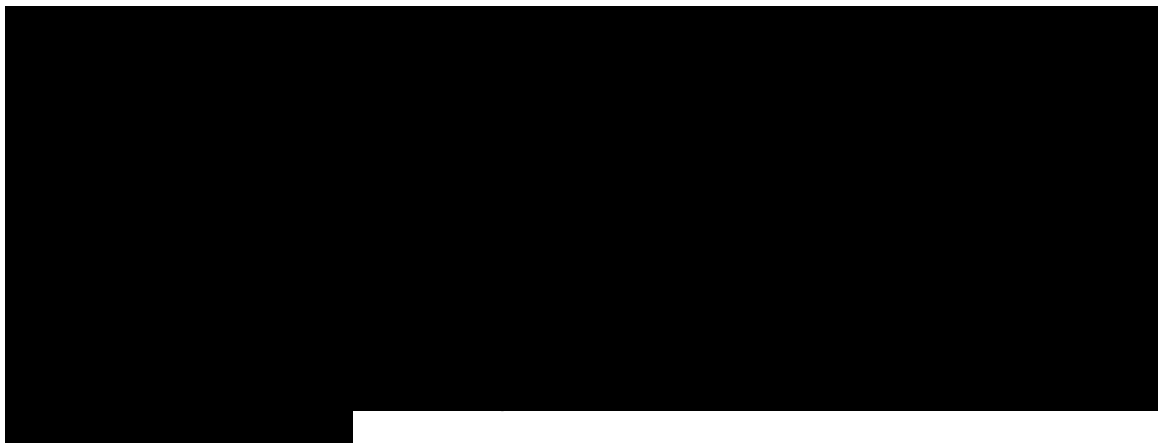
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**Uncoated Freesheet Facilities in North America**



Sources: Lockwood-Post Directory; Google Map.

***Non-Integrated Manufacturing***



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### ***Utilization of High-Quality Eucalyptus Fiber***

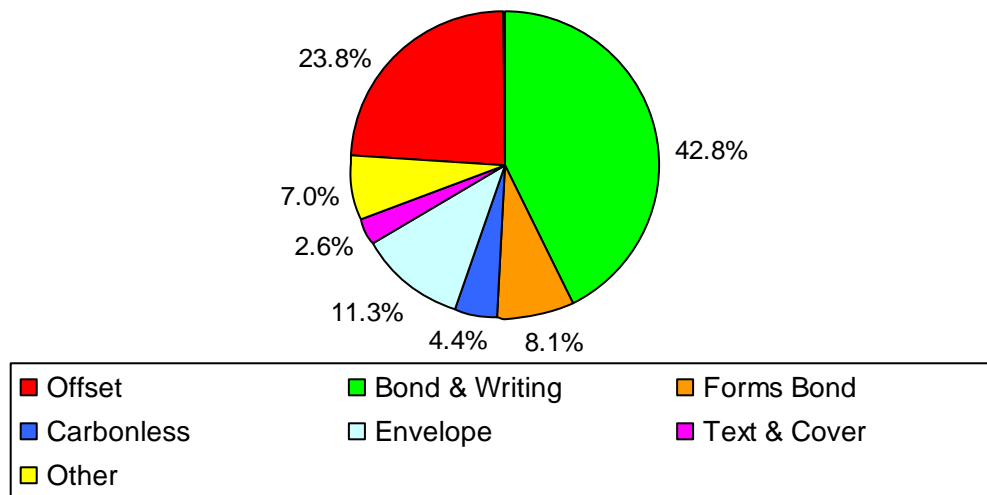
Bleached eucalyptus pulp has become the dominant hardwood pulp in world markets. Eucalyptus pulp shipments increased from about 478,000 tons in 1976 to 6,614,000 tons in 1998, and by 2005 they had grown another 50% to 9,921,000 tons worldwide. The usage of eucalyptus pulp has increased rapidly due to lower production costs in Latin America and attractive performance features. Eucalyptus fibers are slender but have thick walls, resulting in low coarseness, good ink-carrying characteristics, high opacity and superior smoothness. This makes eucalyptus pulp-based papers ideal for the printing applications used by customers in the Company's targeted markets. Additionally, eucalyptus pulp offers environmental advantages; because of the seven-year harvest cycle for eucalyptus trees (versus up to 70 years for other species) and the dense growth on eucalyptus plantations, the yield per acre is much higher, and land requirements are much lower, resulting in resource conservation and the preservation of wildlife habitat. The Company will be one of the only manufacturers of eucalyptus pulp-based products in North America, providing it with significant advantages versus its primary competitors.

### **D. Products and Markets**

Uncoated freesheet papers are produced in a variety of grades for numerous customers and applications, and as a result, each individual grade segment, or end-use application, may have requirements for different physical properties and paper qualities. Product specifications may refer to basis weight (the weight of 500 standard size sheets), size, count, caliper (thickness, as measured in thousandths of an inch), color, brightness (the percentage of light the paper reflects), finish (smoothness or surface quality), opacity (the ability of paper to obstruct light transmission) and moisture content, among others. Frequently, manufacturers make guarantees as to certain product specifications. With eucalyptus pulp as the primary fiber source, the Company's management believes that printability, opacity, brightness, formation and finish will all be achieved with greater consistency than most competitors' sheets.

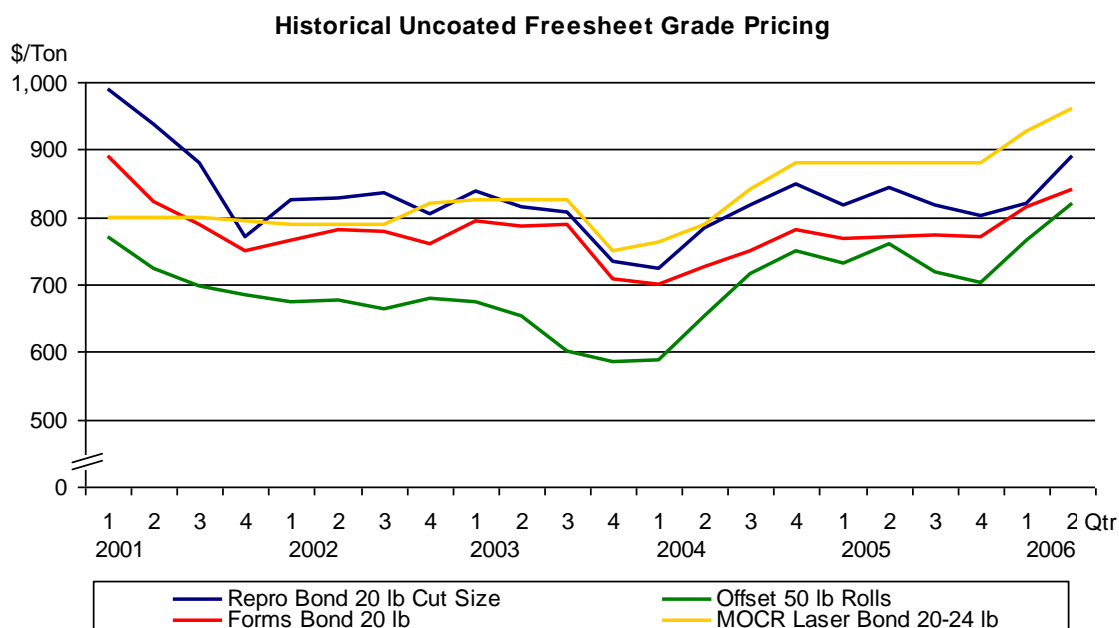
Individual producers may emphasize one or more grade segments depending upon their manufacturing capabilities, fiber sources and proximity to targeted markets. In general, smaller producers with older equipment tend to target niche markets, while the most efficient manufacturers have focused on those grades that are manufactured and shipped in higher volumes. The following chart illustrates the breakdown of the major uncoated freesheet grade segments in 2006.

### United States Uncoated Freesheet Shipments 2006

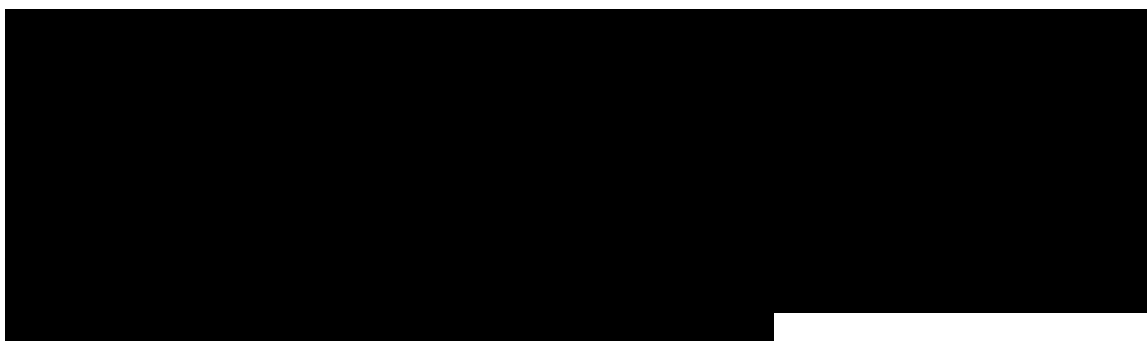


Source: American Forest & Paper Association.

Each grade segment also has its own pricing characteristics. Brightness, opacity, finish and whether the paper has been cut, or sheeted, are but a few of the variations in specifications that may result in a pricing premium in the marketplace. Below is a chart that illustrates historical pricing of commodity uncoated freesheet (offset) versus certain premium grades. In general, premium opaques command a pricing premium of approximately \$120 per ton, forms bond a premium of \$120 per ton, and envelope a premium of \$80 per ton. Folio-sheeted commodity and premium offset for the commercial printing market typically receives an additional \$200 per ton over commodity and premium rolls, respectively, and cut-sheet for the office and retail markets receives a premium of \$110 per ton, but both require additional handling and conversion after manufacture.



Sources: Pulp & Paper Week, RISI.



	Average Sales Price/ Short Ton	Projected Tons Sold	% of Total Capacity	Total Revenue
Roll Commodity Offset	\$855	64,200	12.0%	\$54,875,592
Roll Premium Offset	\$977	80,250	15.0%	\$78,417,090
Sheeted Commodity Offset	\$1,030	26,750	5.0%	\$27,557,850
Sheeted Premium Offset	\$1,153	53,500	10.0%	\$61,664,100
Cut-Sheet	\$920	160,500	30.0%	\$147,660,000
Envelope	\$918	90,950	17.0%	\$83,492,100
Forms Bond	\$972	37,450	7.0%	\$36,401,400
Export	\$770	21,400	4.0%	\$16,478,000
<b>Total</b>	<b>\$947</b>	<b>535,000</b>	<b>100.0%</b>	<b>\$506,546,132</b>

**Commercial Printing Grades – Commodity and Premium Offset**

Commercial printing grades of uncoated freesheet may be divided into two sub-categories: commodity offset and premium offset. Combined, these sub-categories made up 23.8% of all uncoated freesheet sold, or approximately 2,933,000 tons in 2006.

Commodity offset grades represent the majority at around 64.2%, or 1,882,000 tons, while premium opaques constitute approximately 35.8%, or 1,051,000 tons. Both product categories are sold in sheet and roll form. Approximately 73.3% of total offset volume was sold in roll form and 26.7% in sheets in 2006. Both commodity and premium grades are sold in two finishes: smooth (approximately 70% of the volume) and Vellum. Commercial printers offer products such as brochures, calendars, books, posters, flyers, manuals, direct mail inserts and labels for businesses of all sizes.

Typical product specifications for both commodity and premium offset are provided in the tables below.

#### Commodity Offset Specifications

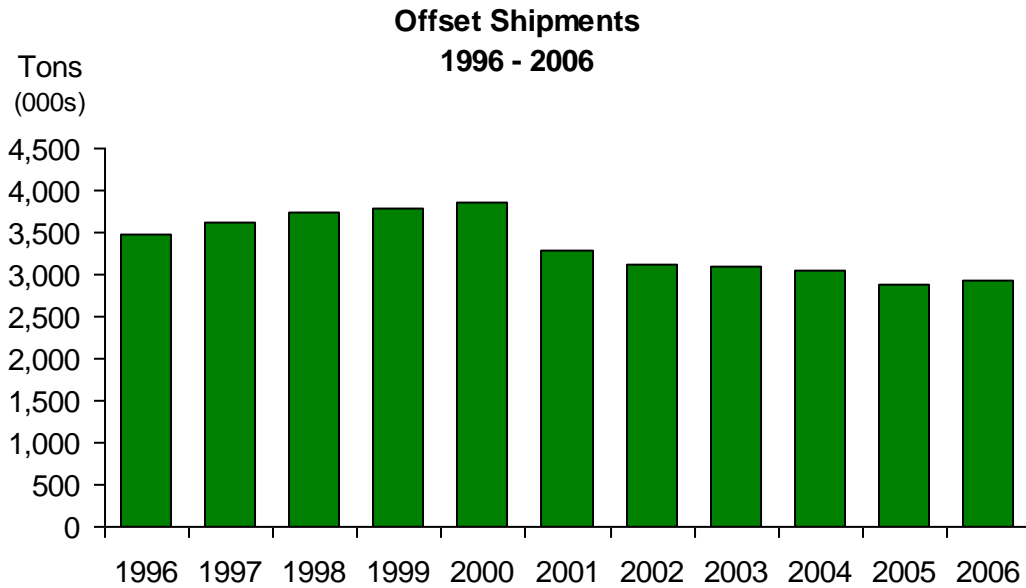
Weight	Brightness	Finish	Opacity	Caliper	PPI*	Moisture	Color
50	92	150	90	4.00	500	5.5%	White
60	92	150	91	4.60	436	5.5%	White
70	92	150	92	5.20	386	5.5%	White
80	92	150	95	6.10	328	5.5%	White
100	92	150	97	7.60	264	5.5%	White

#### Premium Offset (Opaque) Specifications

Weight	Brightness	Finish	Opacity	Caliper	PPI*	Moisture	Color
50	96	105	92	4.00	500	4.8%	White
60	96	105	94	4.75	422	4.8%	White
70	96	105	96	5.50	364	4.8%	White
80	96	130	97	6.00	334	5.5%	White
100	96	130	97	7.00	286	5.8%	White

\* Pages per inch.

Shipments of offset papers have declined somewhat in recent years from the peak in 2000, initially due to the economic downturn in 2001, but also due to competition from substitute grades of paper, such as groundwood. According to RISI, there is also a trend away from rolls to sheeted papers, which feed many kinds of digital presses; there are predictions that on-demand printing – short print runs that use digital data so they require no film, plates, or proofs – will account for significant growth from commercial printers during the next 20 years. Below is a chart depicting annual offset shipments between 1996 and 2006.



Source: American Forest & Paper Association.

Historically, roll offset has been one of the more volatile grades in terms of price; however, pricing for sheets has been relatively stable and has consistently provided a comfortable margin over rolls that more than offsets typical conversion costs. Sheet orders are typically shipped in smaller quantities and require a higher level of service and greater customization, making sheets less desirable for manufacturers seeking to fill temporary production gaps. Rolls, by contrast, are typically sold in larger quantities and standard sizes and can be stored more easily, making them a more efficient alternative for filling production gaps.

Commercial printers typically purchase paper from merchant distributors. The Company will employ a dual channel marketing strategy to serve the commercial printing segment, utilizing its own sales force as well as merchant distributors, depending on the circumstances.

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**General Commercial Printing**

<b>Region: State</b>	<b>Establishments</b>	<b>Shipments (\$ Millions)</b>
Pacific:		
California	2,113	4,921.2
Oregon	204	738.2
Washington	306	702.1
Nevada	69	323.1
Total Pacific Region	2,692	6,684.6
Mountain:		
Colorado	267	551.5
Utah	111	415.8
Arizona	215	411.7
New Mexico	88	113.4
Idaho	62	83.9
Montana	43	55.0
Wyoming	30	47.5
Total Mountain Region	816	1,678.8
Total Pacific and Mountain Regions	3,508	8,363.4
Total United States	17,527	50,615.8

Source: 2006 Print Market Atlas.

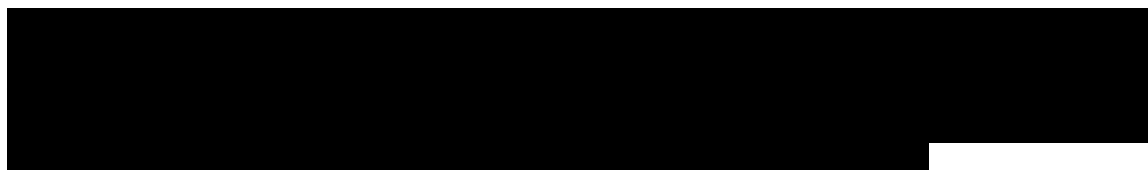




**Large Pacific and Mountain Region  
Metropolitan Commercial Printing Markets**

Metropolitan Market	Establishments	Shipments (\$ Millions)
Los Angeles, CA	1,165	2,994.7
San Francisco, CA	432	912.2
Seattle, WA	311	803.4
Portland, OR	123	535.7
Denver, CO	162	433.5
Sacramento, CA	75	328.8
<b>Total</b>	<b>2,268</b>	<b>6,008.3</b>

Source: 2006 Print Market Atlas.



***Cut-Sheet***

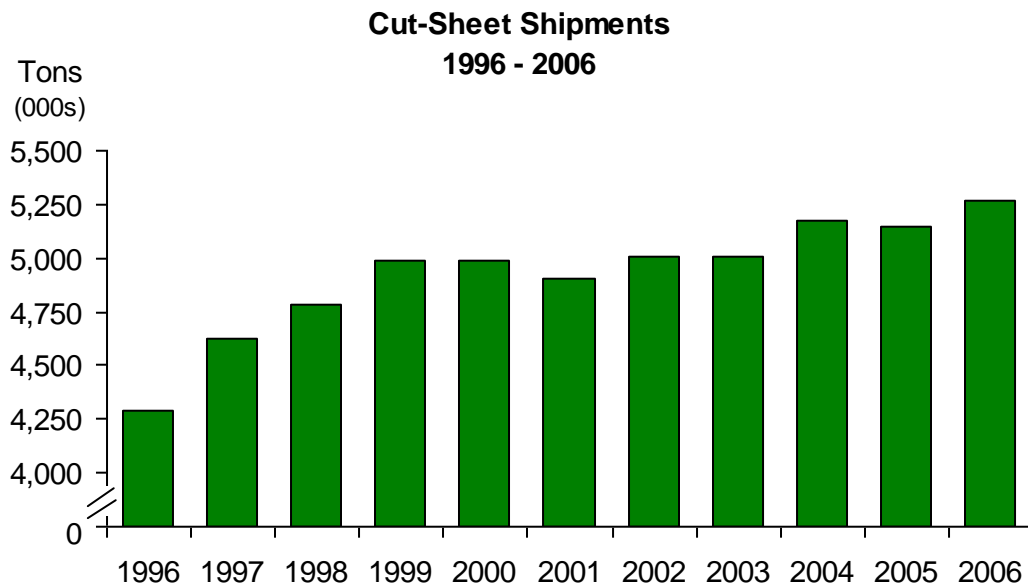
The cut-sheet market (also referred to as cut-size, copy-paper and repro-bond) was the largest uncoated freesheet category in the United States in 2006 at approximately 5,265,000 tons. Cut-sheet users are typically supplied through a variety of distribution channels. The small-office home-office (“SOHO”) market is supplied primarily by retailers such as Costco, Office Depot, OfficeMax and Staples, while medium to large corporate offices are served by contract stationers such as IKON and Corporate Express. The quick printing industry is also a large user of cut-sheet, but it is highly fragmented and (with the exception of large companies such as Kinko’s and UPS) typically supplied by merchants and brokers. Institutional users, such as schools and governments, tend to purchase through brokers and merchants, and original equipment manufacturers (“OEMs”), such as Xerox, Hewlett Packard and IBM, often direct their purchases through a designated distributor.

Products are sold in multiple sheet sizes ranging from 8 ½” x 11” to 14” x 17”. They are packed in reams of 500 sheets and sold individually or in various sized boxes—usually 50 lb. (10 reams) or 25 lb. boxes. Nearly 100% of cut-sheet products are converted by paper mill manufacturers on their own equipment. The following table illustrates typical cut-sheet paper specifications.

### Cut-sheet Specifications

Weight	Brightness	Finish	Caliper	Color
16	92	160	3.50	White
20	92	170	4.15	White
24	92	150	4.80	White

In recent years cut-sheet has been the principal driver of demand for uncoated freesheet. According to RISI, office use of copy paper peaked at 4.6 million tons in 1999. Office usage per office worker rose from 55 lbs. per year in 1970 to a peak of 142 lbs. per year in 1999 but has since dropped by more than 6% due to the 2001 recession, stagnant growth in white-collar employment and changing usage patterns. However, copy paper use in the small office / home office (SOHO) market has been growing rapidly. The home use of copy paper has soared from virtually nothing in 1970 to 950,000 tons in the United States. Usage increased from almost zero to about 5 lbs. per household in 1995 and accelerated to more than 17 lbs. per household in 2005. Annual United States cut-sheet shipments between 1996 and 2006 are depicted in the chart below.



Source: American Forest & Paper Association.



## **Envelope**

Envelope paper, also called wove, represented about 11.3% of the total United States uncoated freesheet market in 2006 at approximately 1,389,000 tons. Envelope paper is purchased in rolls for conversion into envelopes, usually in truckload quantities. Most envelope converters specialize in the production of envelopes; however, some also have commercial printing and direct mail operations. A few large distributors also own envelope converting facilities. Most envelope converters are national, but there are a few large independent and regional companies. Orders are usually taken with sufficient lead time to allow for manufacturing and shipment with minimal inventory required to support service.

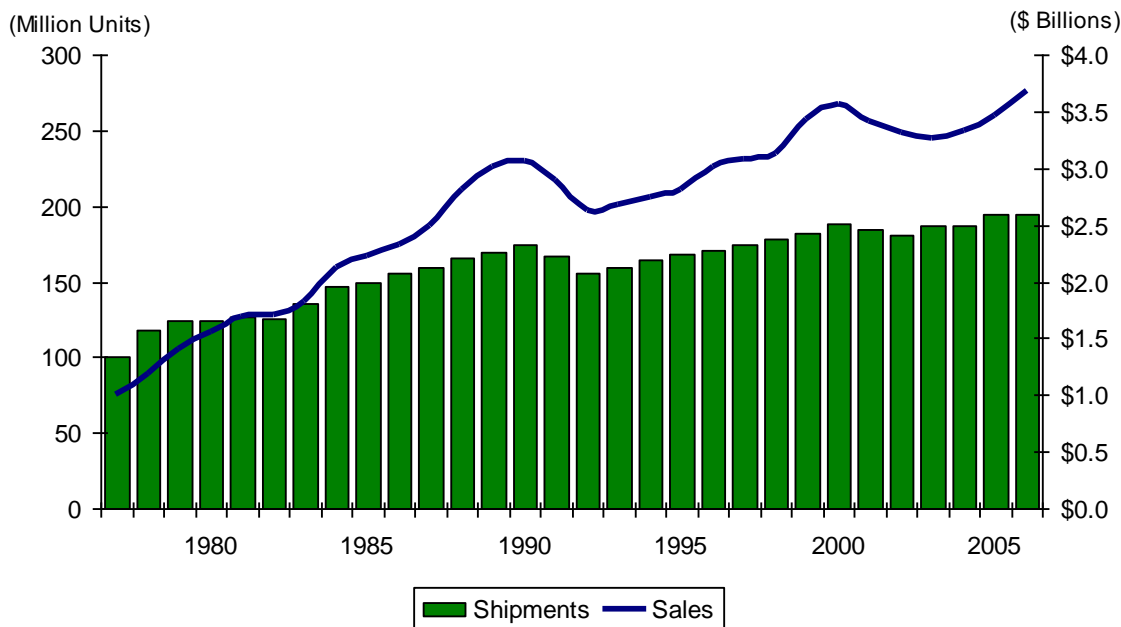
Envelope paper manufactured at uncoated freesheet mills consists primarily of white wove paper (91.5% of the total) for business envelopes and a small quantity of bleached, semi-bleached and unbleached paper for use in other types of envelopes. The basis size for determining envelope paper weight is 17" x 22". Typical wove specifications are outlined below.

### **Envelope (Wove) Specifications**

<b>Weight</b>	<b>Brightness</b>	<b>Finish</b>	<b>Caliper</b>	<b>Color</b>
20	92	160	4.2	White
24	92	210	5.2	White
28	92	210	5.9	White

Shipment volumes have grown fairly consistently with the exception of a decline in the early 2000s as email began to displace traditional mail; however, the growth of direct mail has had a mitigating effect. Unit volumes increased at a compound annual rate of 2.3% between 1977 and 2006, while dollar volume grew at a higher 4.6% rate. The following chart depicts this 30-year history of United States envelope shipments and sales.

### United States Envelope Shipments and Sales



Source: Envelope Manufacturers Association.



### **Forms Bond**

The forms bond market accounted for approximately 8.1% of United States uncoated freesheet shipments in 2006, or 1,002,000 tons. The forms bond market includes papers used in pre-printed forms, security papers and other pre-printed papers that may have special characteristics, such as optical character recognition (“OCR”) and magnetic ink character recognition (“MICR”) papers. OCR is a scanner-based technology to digitize and read printed characters and symbols such as bar codes. MICR is a character recognition technology adopted primarily by the banking industry to facilitate the processing of checks. Both OCR and MICR require that the paper be free of any reflective or other materials that could interfere with the particular scanning technology. Products range in weight from 12 lb. for use in multi-part forms to 28 lb. for use in roll to sheet laser applications. Typical forms bond specifications are illustrated in the following tables.

### Forms Bond Specifications: OCR/MICR

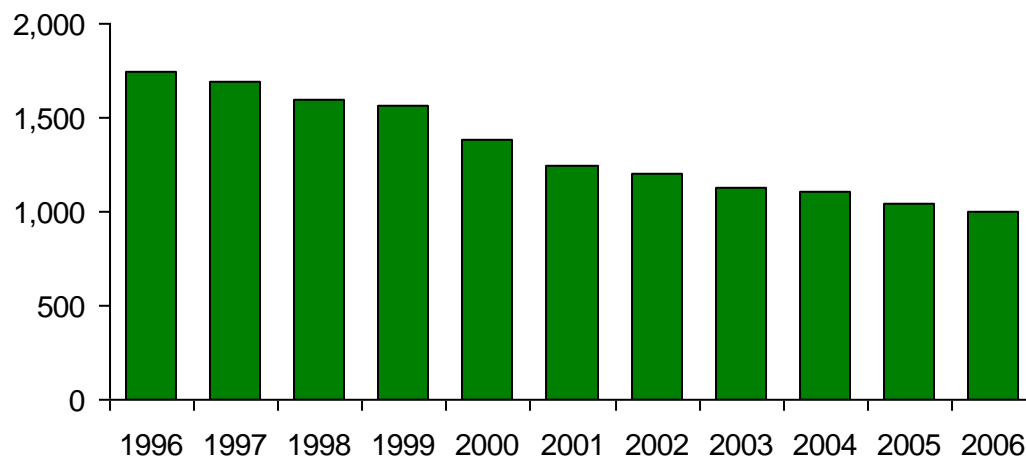
Weight	Brightness	Finish	Caliper
20	92	150	4.20
24	92	150	4.80
28	92	150	5.35

### Forms Bond Specifications: Lightweight

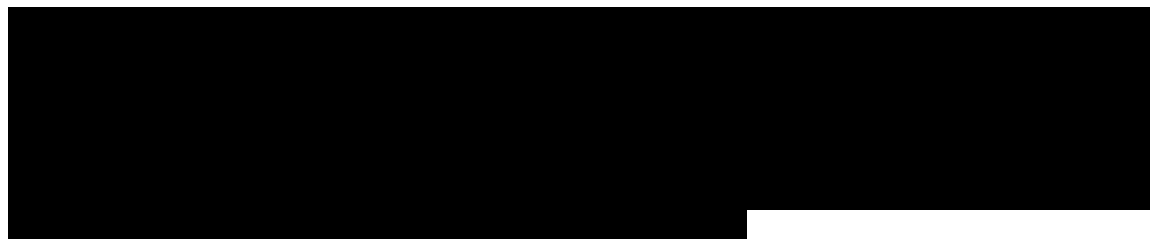
Weight	Brightness	Finish	Caliper
12	92	120	2.30
15	92	160	3.10

Of all the uncoated freesheet grades, forms bond has endured the most significant change. Demand for pre-printed forms has declined as desktop publishing has permitted many businesses to create and store forms electronically. The following chart illustrates the decline in forms bond shipments between 1996 and 2006.

**Forms Bond Shipments  
1996 - 2006**



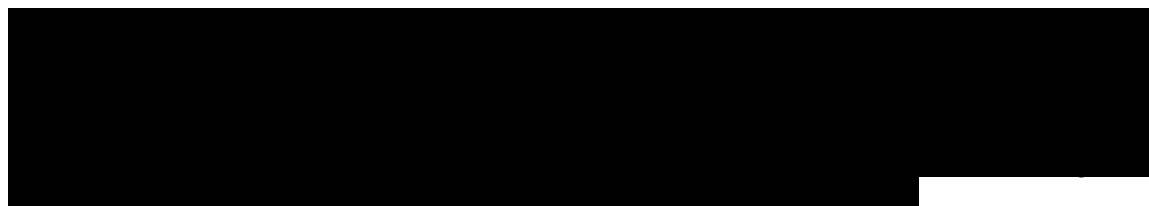
Source: American Forest & Paper Association.



### Business Forms Printing

Region: State	Establishments	Shipments (\$ Millions)
Pacific:		
California	65	384.6
Oregon	11	118.4
Washington	9	79.5
Nevada	3	10.6
Total Pacific Region	88	593.1
Mountain:		
Arizona	15	87.8
Utah	3	35.8
Colorado	6	16.7
Montana	1	4.9
New Mexico	1	4.9
Idaho	-	-
Wyoming	-	-
Total Mountain Region	26	150.1
Total Pacific and Mountain Regions	114	743.2
Total United States	558	4,629.4

Source: 2006 Print Market Atlas.



### **Export**

Approximately 309,000 tons of United States uncoated freesheet production was exported in 2006. Typically, the export market is priced lower than the domestic market. However, during periods of soft demand, strong business relationships in international markets may provide an attractive outlet for the Company's production and allow the Company to maintain high operating rates at the Mill. The Mill's location on the west coast of the United States, its use of high-quality eucalyptus pulp, and its efficient operations will enable the Company to maintain a small, but profitable, presence in the export market. United States exports of uncoated freesheet have fluctuated in recent years and are depicted in the following chart.



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**F. Operations**

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## **G. Competition**

The markets for the Company's uncoated freesheet products are large and highly competitive, with no single manufacturer having a dominant position. Paper is often a very large component of the cost structure (perhaps 70% or more) of customers with relatively thin net margins (often 3% - 5%), and as a result, price is a principal factor in the purchasing decision, provided, however, that suppliers have met minimum quality, availability and reliability standards. Additionally, commodity grades of uncoated freesheet are traded globally by manufacturers located worldwide. While the Company competes largely in the North American marketplace, it may face competition from foreign manufacturers in domestic and export markets, depending upon domestic and international demand and currency exchange rates. The Company's competitors for sales of paper include a number of large, diversified paper manufacturers, national merchant distributors and regional and local distributors.

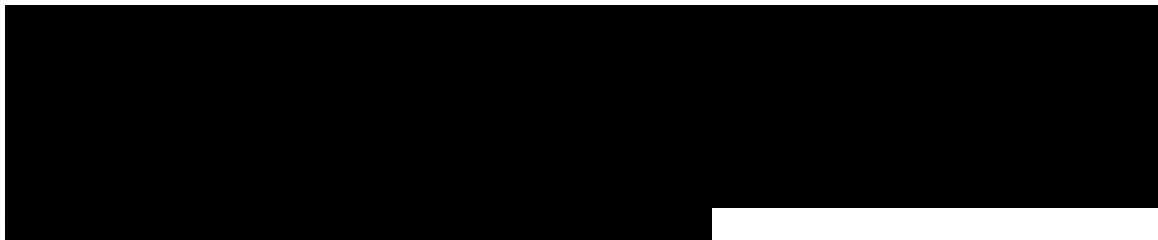
Management believes that the Company's primary competition for sales of its uncoated freesheet products will come from certain paper mills owned by the following North American companies: Boise Cascade, Domtar, Georgia-Pacific, Grays Harbor Paper,

and International Paper. The following map shows the locations of the 26 mills that are owned by the Company's primary competitors.

**Primary Competitors Mill Locations**



Sources: Lockwood-Post Directory; Google Map.



Management also believes that the Mill will be the most efficient manufacturer of uncoated freesheet in North America and perhaps the world, providing additional cost and quality advantages. The following table outlines the basic specifications of the

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Company's proposed paper machine and compares it to those at the 26 mills of its primary competitors. Appendix E contains similar tables outlining the basic specifications of every uncoated freesheet machine in North America.

### Primary Competitors Mill Specifications

Company	City	State	Integrated	Year Installed	Machine Capacity <sup>1</sup>	Trim Width <sup>2</sup>	Max Speed <sup>3</sup>	Distance to Los Angeles <sup>4</sup>
<b>MRMP</b>	TBD	CA	No	2010	535,000	383	6,562	< 100
<b>Boise Cascade</b>	International Falls	MN	Yes	1910	76,000	143	2,050	2,093
				1910	92,000	168	2,000	
				1910	33,000	168	1,700	
				1990	343,000	350	4,000	
	Jackson	AL	Yes	1966	120,000	216	2,500	2,033
	Saint Helens	OR	Yes	1997	400,000	352	3,850	991
				1926	92,000	152	1,550	
				1928	58,000	180	2,300	
	Wallula	WA	Yes	1967	100,000	180	2,500	1,061
				1980	240,000	245	3,000	
<b>Domtar</b>	Ashdown	AR	Yes	1968	N/A	220	2,000	1,602
				1975	N/A	280	2,600	
				1979	N/A	238	3,100	
				1991	N/A	354	3,550	
	Port Edwards	WI	Yes	1893	45,700	96	1,600	2,042
				1906	31,400	96	1,200	
				1906	32,100	106	1,200	
				1910	37,000	106	1,500	
				1910	68,000	159	1,650	
				1960	57,000	175	1,250	
	Port Huron	MI	No	1966	71,400	144	1,950	2,338
				1929	N/A	127	1,500	
				1956	N/A	156	1,800	
				1962	N/A	186	2,000	
	Windsor	QC	Yes	1969	N/A	116	1,200	2,945
1987				303,131	299	3,494		
1989				303,131	299	3,494		
Bennettsville	SC	Yes	1990	370,000	333	3,500	2,489	
Dryden	ON	Yes	1989	347,222	285	3,937	2,266	
Hawesville	KY	Yes	1981	190,000	274	3,000	2,047	
			1998	385,000	315	3,000		
Johnsonburg	PA	Yes	1994	N/A	232	3,500	2,543	
			N/A	N/A	180	1,600		
Kingsport	TN	Yes	2002	410,000	346	4,500	2,281	
Plymouth	NC	Yes	1965	200,000	222	3,100	2,664	
			1976	270,000	305	3,350		
			1976	140,000	215	2,000		
<b>Georgia-Pacific</b>	Rothschild	WI	Yes	1968	140,000	215	2,000	2,107
	Camas	WA	Yes	1984	225,000	295	3,500	984
	Crossett	AR	Yes	1985	102,000	196	2,500	1,721
	Zachary	LA	Yes	1986	307,000	349	6,000	1,829
<b>Grays Harbor Paper</b>	Hoquiam	WA	No	1989	328,000	349	3,500	1,108
				1929	76,000	180	1,800	
<b>International Paper</b>	Bastrop	LA	Yes	1962	78,500	160	1,700	1,741
				1927	N/A	142	1,400	
				1947	N/A	172	1,250	
	Courtland	AL	Yes	1963	N/A	142	1,200	1,961
				1980	228,000	241	3,000	
				1983	207,000	258	3,000	
	Eastover	SC	Yes	1993	275,000	352	3,500	2,415
				1985	300,000	346	3,300	
				1991	330,000	346	4,400	
	Franklin	VA	Yes	1938	27,000	190	1,500	2,660
				1950	146,000	205	2,500	
				1958	173,000	215	2,000	
1966				143,000	200	2,500		
1970				223,000	300	2,500		
Georgetown	SC	Yes	1960	163,000	190	3,000	2,535	
Selma	AL	Yes	1986	230,000	322	2,500	2,028	
			1995	410,000	362	2,500		
Ticonderoga	NY	Yes	1968	101,500	212	1,500	2,851	
			1970	178,500	280	2,100		

**Notes:**

(1) Machine Capacity: Short Tons/Year.

(2) Trim Width: Inches.

(3) Max Speed: Feet/Minute.

(4) Distance to Los Angeles: Miles.

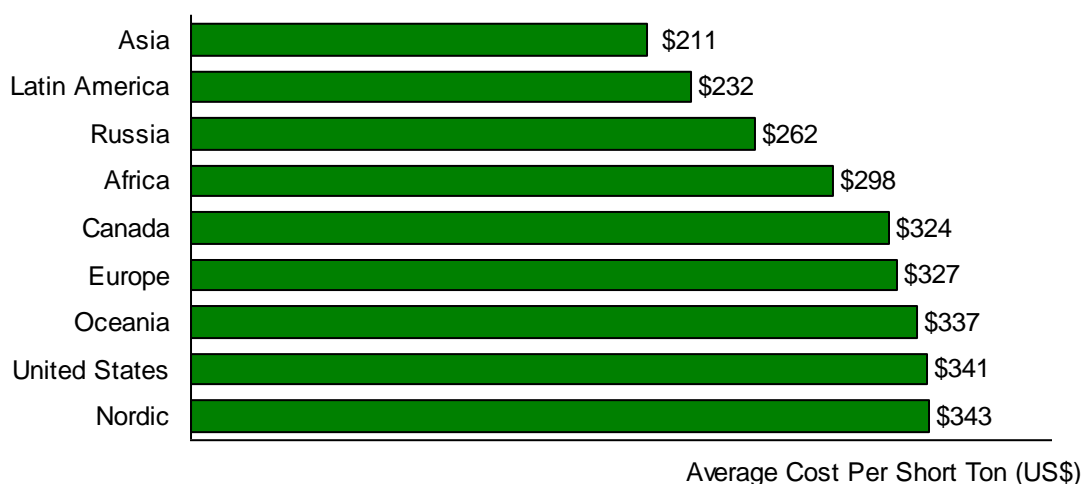
Sources: Lockwood-Post Directory; Google Map.

## H. Raw Materials

Wood fiber, or pulp, is the single largest cost in the manufacture of uncoated freesheet papers. Uncoated freesheet and other printing and writing grades of paper utilize hardwood pulp, which comes from deciduous trees, as opposed to softwood pulp, which comes from coniferous trees. Hardwood pulp is composed of shorter fibers than softwood pulp, and the fibers from eucalyptus trees are the shortest of all hardwoods. Eucalyptus fibers are slender but have thick walls, resulting in low coarseness, good ink-carrying characteristics, high opacity and superior smoothness. This makes eucalyptus pulp-based papers ideal for the printing applications used by customers in the Company's targeted markets.

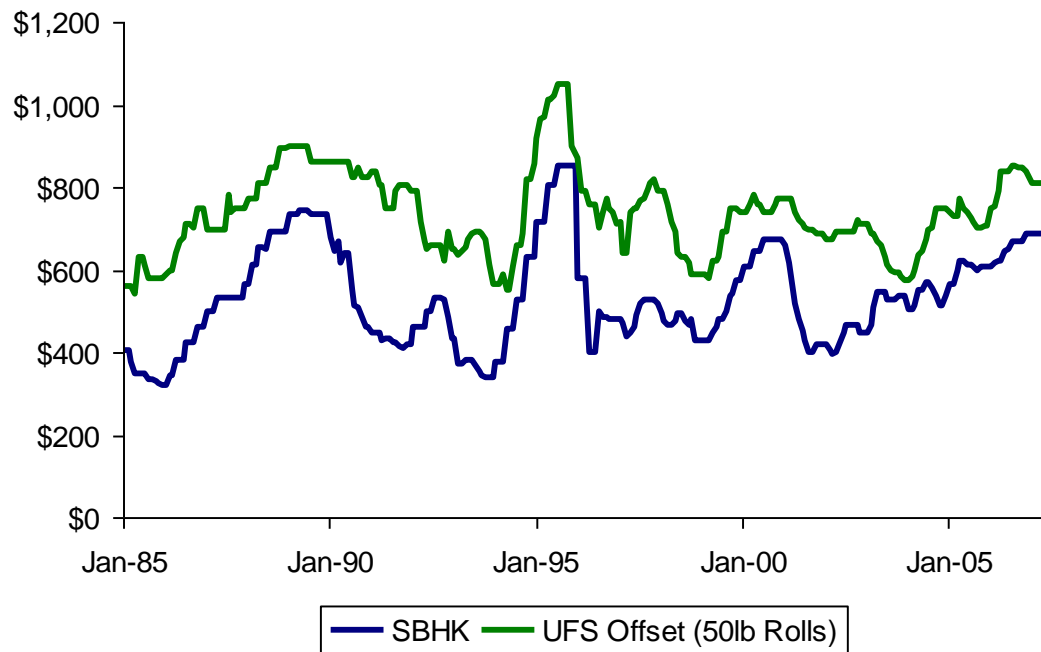
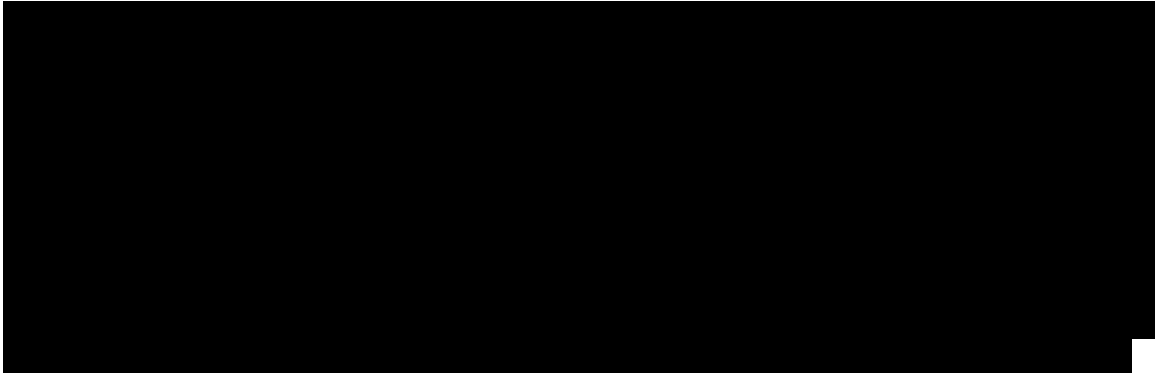
Besides being a high-quality fiber, eucalyptus pulp is relatively inexpensive to produce for several reasons. Eucalyptus trees grow year-round in hot climates such as South America and Asia; harvest cycles are about seven years in Brazil versus up to 70 years for hardwoods raised in the United States, Canada and Scandinavia. Also, eucalyptus trees grow back from the stump after being cut; each tree is capable of regenerating twice. The trees tend to grow straight and have few branches, allowing for dense growth, easy harvesting and less pruning. Because eucalyptus trees are grown in emerging markets, labor and other costs may also be advantageous.

### Hardwood Kraft Pulp Regional Cash Manufacturing Cost



Sources: Paperloop Benchmarking (2Q/2005), RISI





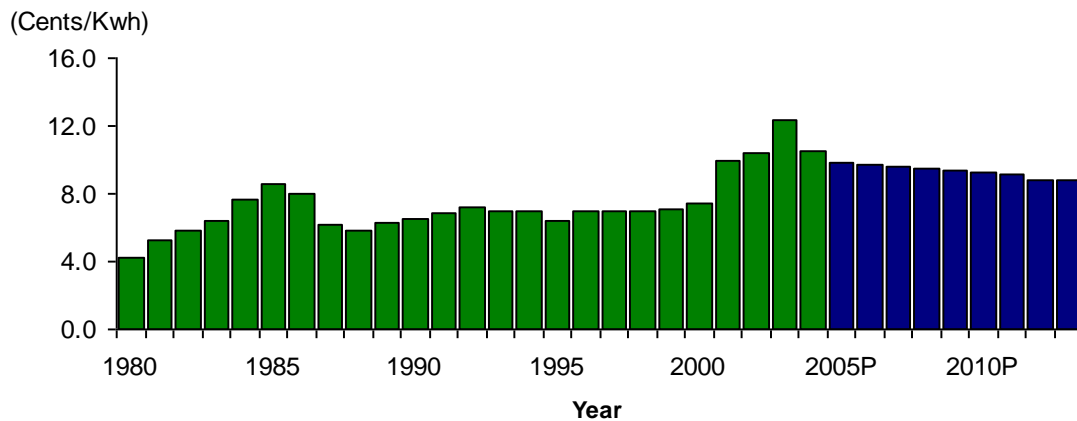
Source: Pulp and Paper Week.



Energy will be another significant manufacturing input, and prices for energy, especially electricity, natural gas and fuel oil, have been volatile in recent years and currently exceed historical averages. Based on consultation with the likely supplier of the paper machine, management believes that the Mill will require approximately 0.4 megawatt

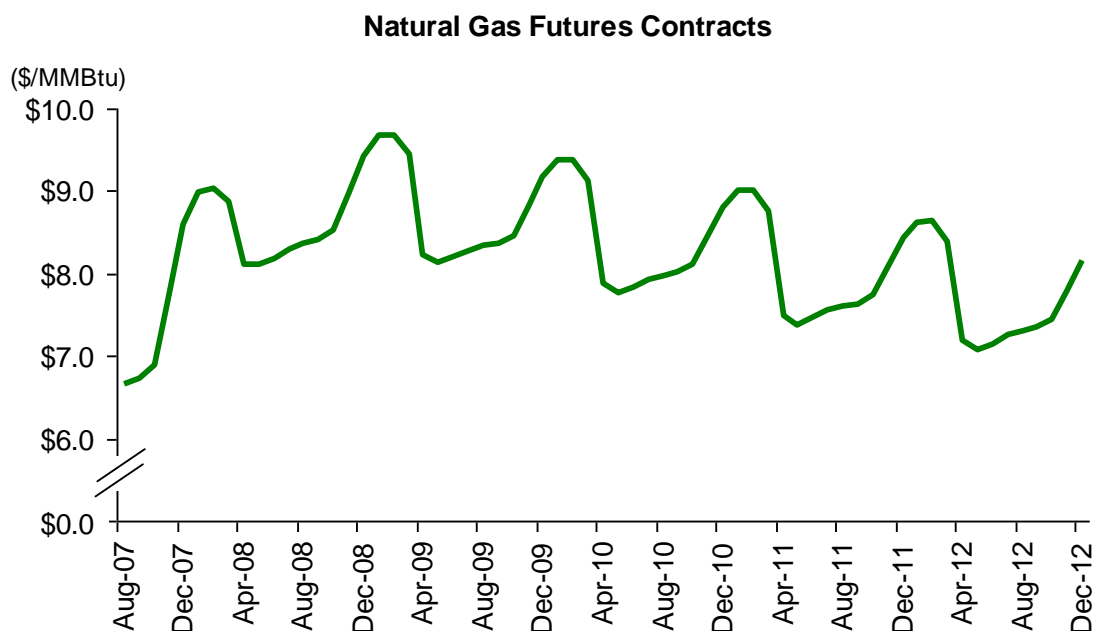
hours of electricity, 1.6 tons of steam and 291.5 cubic feet of natural gas per ton of paper produced. Based on these estimates, the Company's management believes that the Mill's energy costs will be \$74.07 per ton of paper produced. Electricity and gas prices have been estimated by the Company's management based on information available from the California Energy Commission and NYMEX, respectively. The cost of steam was estimated by management after consultation with the likely provider of the paper machine for the Mill. The Company will continue to evaluate other potential energy sources, including a co-generation facility at the Mill site and environmentally friendly forms of power such as wind and solar, and select the most efficient alternative for the Mill project. The tables below outline (i) both historical and projected pricing for electricity from investor-owned utilities in California and (ii) projected natural gas prices based on gas futures contracts as of July 2008.

### California Industrial Electricity Prices - Investor Owned Utilities\*



\* Investor Owned Utilities are Pacific Gas & Electric, Southern California Edison, San Diego Gas & Electric.

Source: California Energy Commission



Sources: NYMEX.

In addition to the supply of pulp and energy, the Company will be dependent on the supply of certain chemicals and other inputs used in its production facilities. These chemicals and other inputs include calcium carbonate, starches and brighteners, among others. The costs of many of these chemicals and other inputs have been volatile historically and can be influenced by capacity utilization, energy prices and other factors beyond the control of the Company. The Company estimates the cost of these chemicals to be approximately \$53 per ton of paper produced based on information received from a nationally recognized supplier. The table below presents a detailed cost analysis of the Company's anticipated chemical requirements.

<b>Application</b>	<b>Estimated Cost Per Ton of Paper</b>
Internal Sizing (ASA)	\$2.00
Retention & Drainage Aids	3.00
Biocide(s)	2.00
Defoamer (wet end & size press)	0.50
Felt Conditioner	1.00
Boilout	0.25
Calcium Carbonate	15.00
Wet End Starch	2.50
Size Press Starch	10.00
Tinting Dyes	1.50
Optical Brightener	15.00
Alum	0.04
Salt	0.08
Fresh Water Treatment (inlet)	0.05
Boiler Treatment	0.10
Effluent Treatment	0.05
<b>Total</b>	<b>\$53.07</b>

## I. Employees



The Company intends to offer employee benefits that are consistent with industry and regional practices. It is anticipated that these benefits will include healthcare (medical, dental, prescription and vision) for the Company's employees and their dependents as well as a 401K plan. In addition, the Company intends to establish an employee stock incentive plan for key employees, primarily senior and executive level management. The Company intends to reserve an amount of Common Stock equal to 10.0% of the issued and outstanding Common Stock for issuance under the plan.

## J. Government Regulation

The Company will be subject to federal, state and local environmental laws and regulations, including the Federal Water Pollution Control Act of 1972, the Federal Clean Air Act, the Cluster Rule regulations, the Federal Resource Conservation and Recovery Act and the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"). Specifically, the Company will be affected by laws and regulations covering air emissions, wastewater and storm water discharges, solid and hazardous waste management, site remediation, including soil, surface water and groundwater contamination, and liability for damages to natural resources. Many

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environmental laws and regulations provide for substantial fines or penalties and criminal sanctions for failure to comply. Certain of these environmental laws, such as CERCLA and analogous state laws, provide for strict, and under certain circumstances, joint and several liability for investigation and remediation of releases of hazardous substances into the environment, including soil and ground water. In addition, the Company will be required to obtain and maintain environmental permits in connection with its operations.

According to the United States Environmental Protection Agency, over 97% of the paper industry's environmental concerns occur in the fiber basket (timberlands) and the pulping process. Management believes that the Company will be an industry leader in environmental compliance because it will (i) own no timberland, (ii) produce no pulp, and (iii) operate a state-of-the-art non-integrated paper manufacturing facility with a semi-closed water system and negligible air discharges. As a result, the Company will be able to avoid many of the substantial environmental risks and costs incurred by most of its United States competitors.

The Company's operations are also subject to a variety of worker safety laws. The Occupational Safety and Health Act, United States Department of Labor Occupational Safety and Health Administration regulations and analogous state laws and regulations mandate general requirements for safe workplaces for all employees.

## **K. Legal Proceedings**

The Company knows of no current, pending or threatened litigation.

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## VII. MANAGEMENT AND BOARD OF DIRECTORS

The names, ages and positions of the persons who are the executive officers and directors of the Company are provided below:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Matthew B. Rank	48	Chief Executive Officer and Director
Mark B. Prior	40	President and Director
Steve Kester	43	Director
Sergio Larrain	66	Director
Marshall Walker	74	Director



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## VIII. APPENDICES



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**A. Selected Consolidated Financial Data**



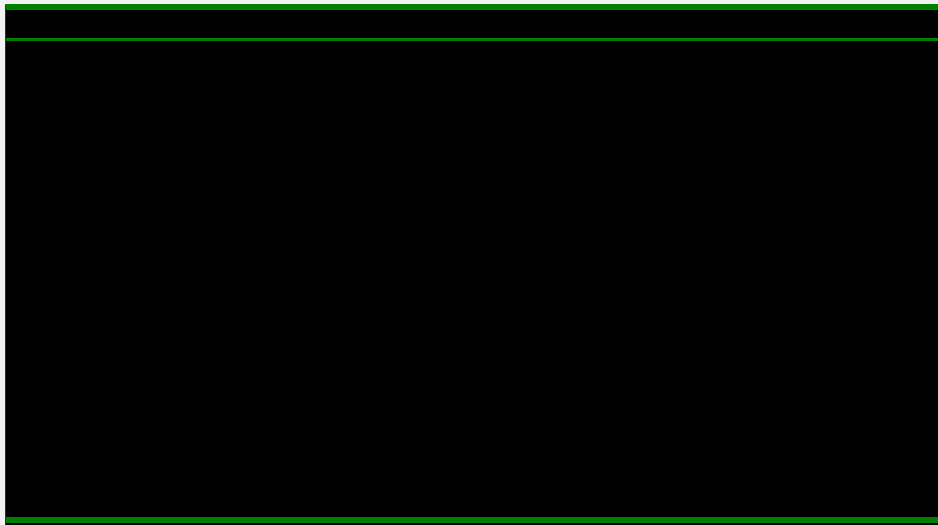
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## **Key Assumptions – Consolidated Financial Statements**

The Company's principal operations, the manufacture and conversion of uncoated freesheet paper, will be undertaken by its subsidiaries. Accordingly, the revenue and expense assumptions used by the Company in these operations are discussed in detail in the following two Appendices. What follows is a table illustrating the Company's corporate overhead and a brief discussion of the Company's projections and assumptions for its corporate functions, all of which are classified as operating expenses. For modeling purposes the Company's management has assumed that the Company will be a C corporation.



**Salaries/Benefits** – Includes salaries, benefits and payroll taxes of salaried employees of corporate personnel. Salaries and benefits are projected to increase at a rate of 3.5% per year. Base year salaries and benefits for the Company's corporate personnel are outlined in the following table.



**Marketing and Promotion** – Estimated by management. With the exception of modest website development and maintenance expenses (estimated to increase at 2.0% per year), all marketing and promotion expenses have been allocated between the Mill and Converting Operations based on tons sold by each entity to third parties.

**Travel and Entertainment** – Estimated by management based on prior industry experience. Excluding travel by the Company's senior management, amounts have been allocated between

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the Mill and Converting Operations based on tons sold by each entity to third parties. Cost increases of 2.0% per year have been applied.

**Rent and Office Expense** – Estimated by management. Includes separate leased corporate office for first two years, after which the corporate offices will be adjacent to the Mill and Los Angeles Converting Operations, and the only corporate expenses will be for office supplies and services. Cost increases of 2.0% per year have been applied.

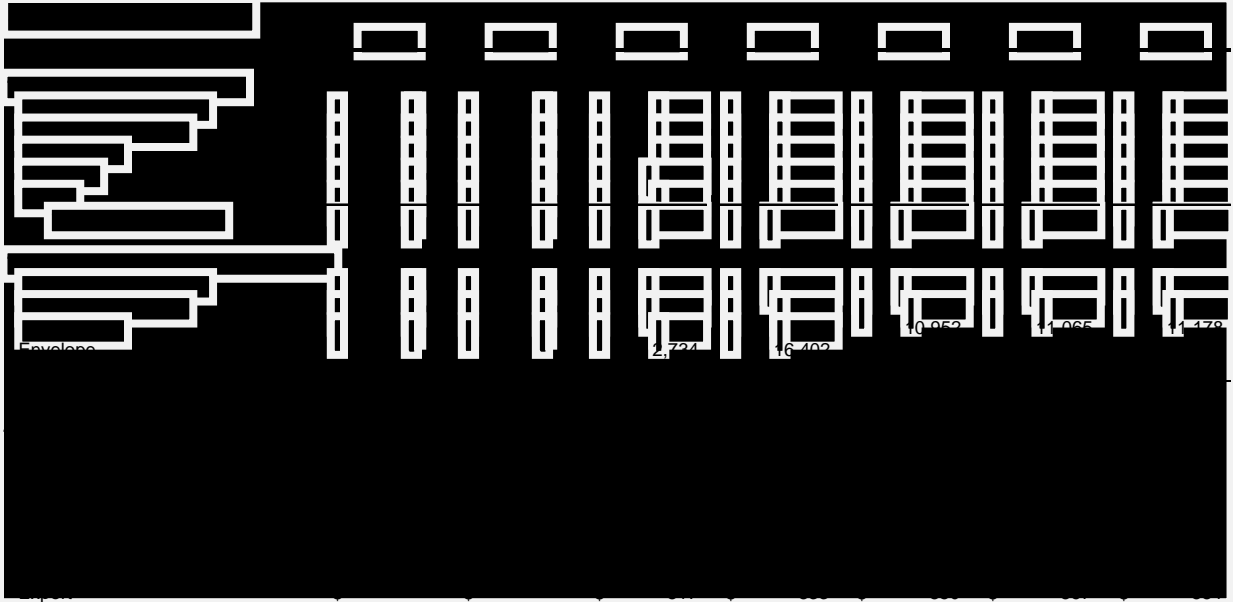
**Utilities** – Estimated by management for costs associated with leased offices for first two years.

**Insurance** – Estimated by management after consultation with an insurance industry expert. Amounts include: (i) directors and officers liability insurance for all years; (ii) builders' risk for years two and three during construction; and (iii) property and equipment, boiler and machinery, earthquake, business interruption and environmental beginning late in year three. Cost increases of 2.0% per year have been applied.

**Consultants** – Estimated by management after consultation with certain service providers. Year one includes engineering, architectural, environmental, energy, financial and legal services. Auditing and legal services will be the principal costs beginning in year two. Cost increases of 2.0% per year have been applied.

**Miscellaneous** – Estimated by management. Includes initial permitting and licensing costs and a cash deposit for land acquisition.





**Key Revenue Assumptions – Mill Operations**

**Volume –** [Redacted]

**Selling Price per Ton –** [Redacted]

**Product Mix** – Based on management’s assessment of target market potential.

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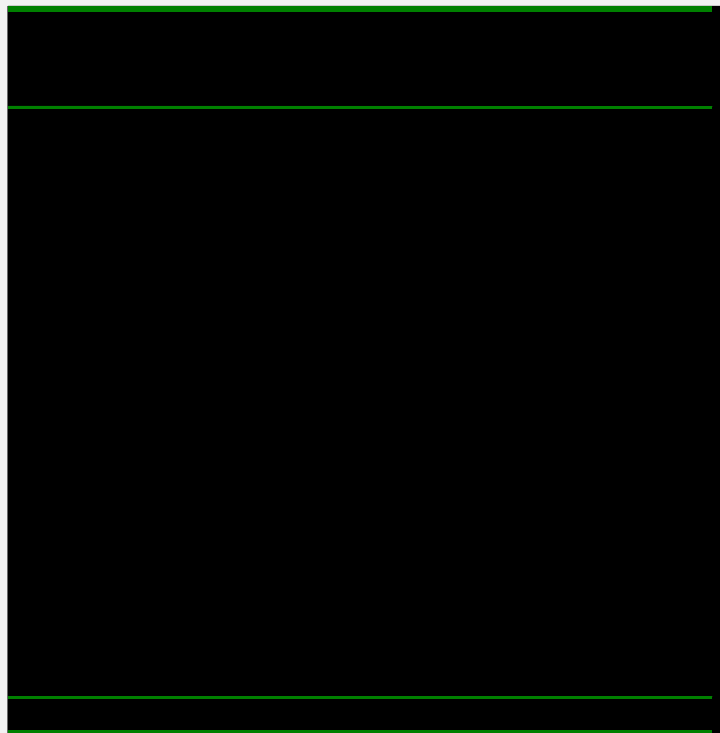
**Key Cost of Goods Sold Assumptions – Mill Operations**

**Fiber –** [Redacted]

**Direct Labor –** [Redacted]

**Energy –** [Redacted]

**Chemicals –** [Redacted]



**Transportation –** [Redacted]

[REDACTED]

[REDACTED]

**Shipping and Finishing Materials** – [REDACTED]

**Depreciation** – The following table outlines the depreciable lives of the principal categories of the Mill’s assets on both a book basis and tax basis.

Asset Class	Depreciable Life (Years)	
	Tax	Book
Trucks, Office Equipment	5	8
Manufacturing Assets	7	20
Buildings	39	40

**Key Operating Expense Assumptions – Mill Operations**

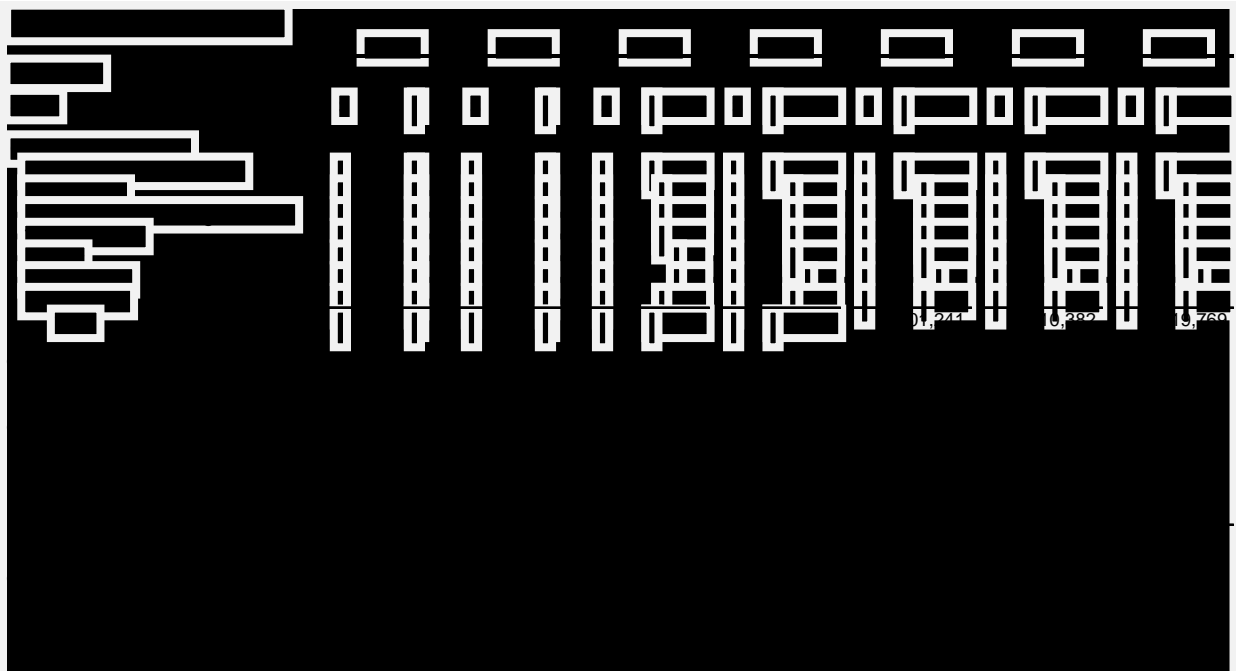
**Salaries/Benefits** – Includes salaries, benefits and payroll taxes of salaried employees of the Mill. Salaries and benefits are projected to increase at a rate of 3.5% per year. Base year salaries and benefits for the Mill’s personnel are outlined in the following table.

[REDACTED]

**Marketing and Promotion** [REDACTED]

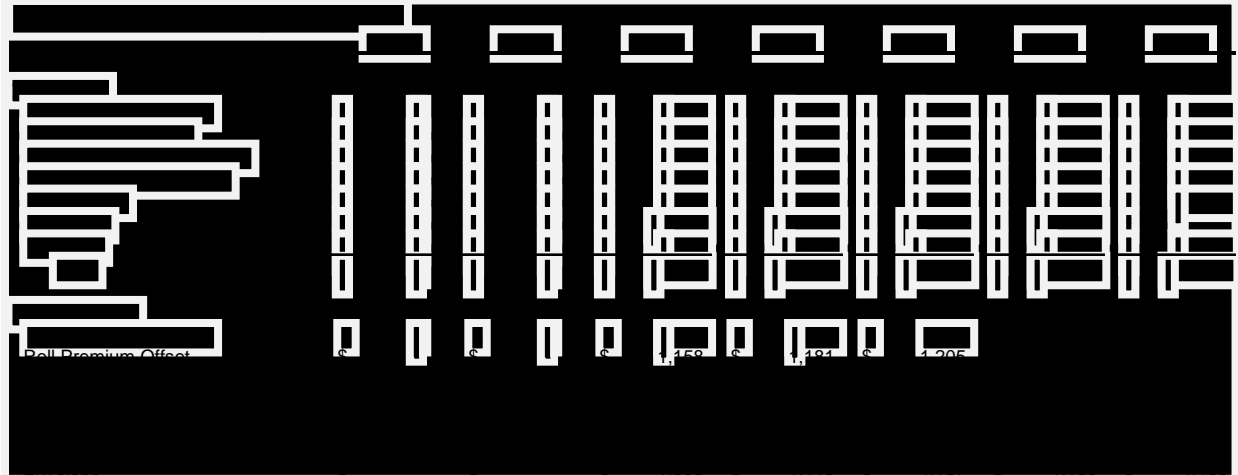
**Travel and Entertainment** [REDACTED]

C. Converting Operations Financial Data



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**Key Revenue Assumptions – Converting Operations**

**Volume –** [Redacted]

**Selling Price per Ton –** [Redacted]

**Product Mix** – Based on management’s assessment of target market potential.

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**Key Cost of Goods Sold Assumptions – Converting Operations**

[Redacted]

[Redacted]

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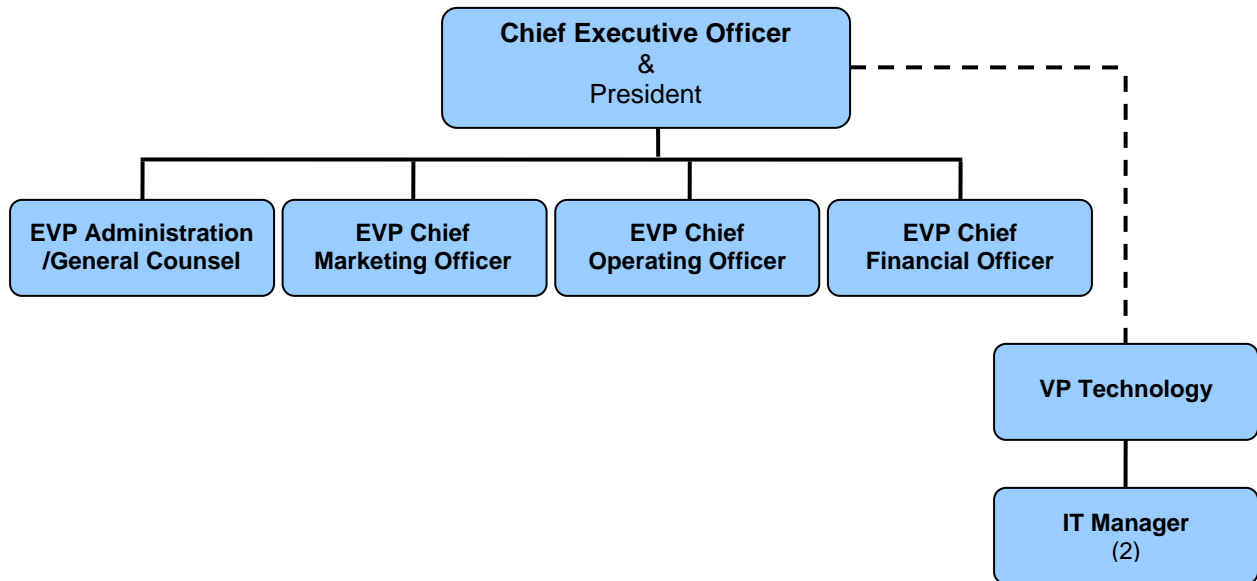
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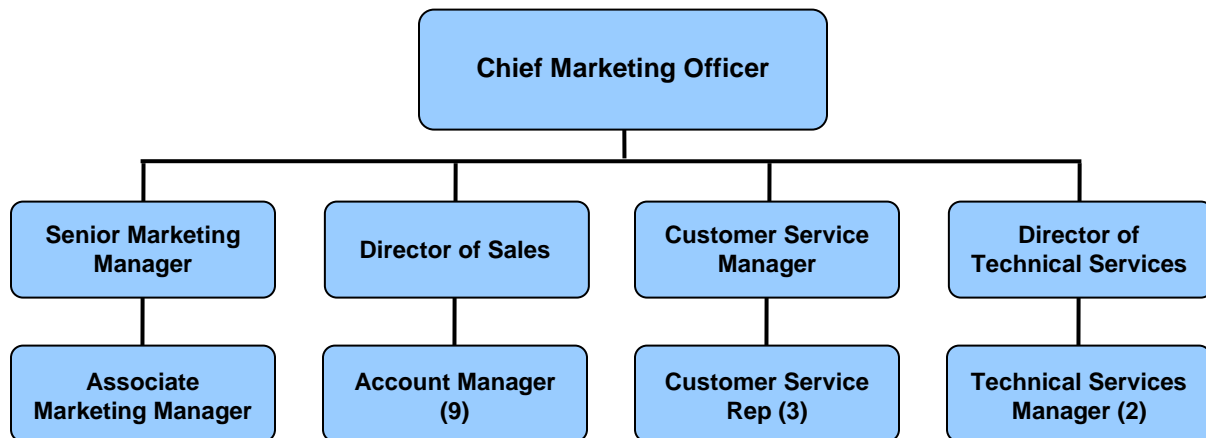
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D. Organizational Charts

Executive Management

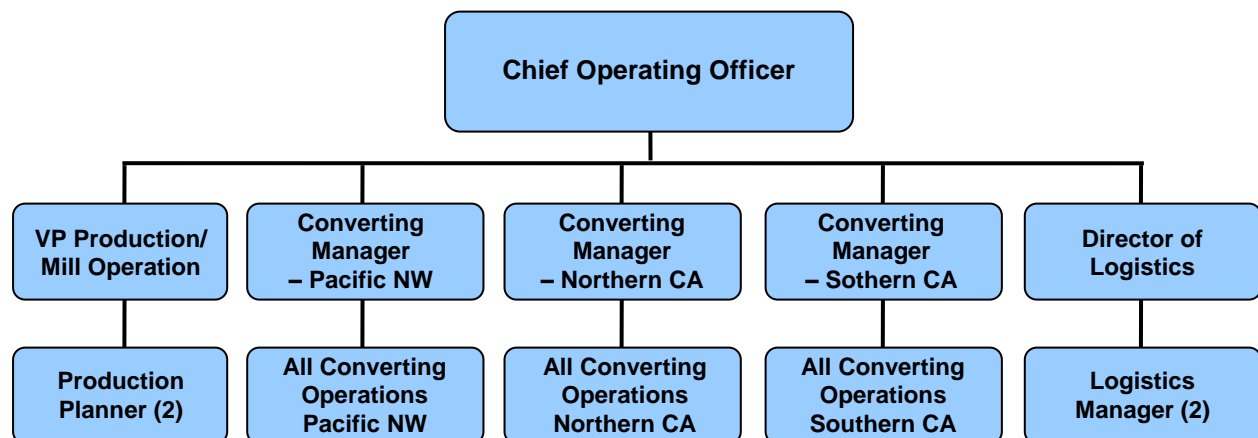


**Sales and Marketing**

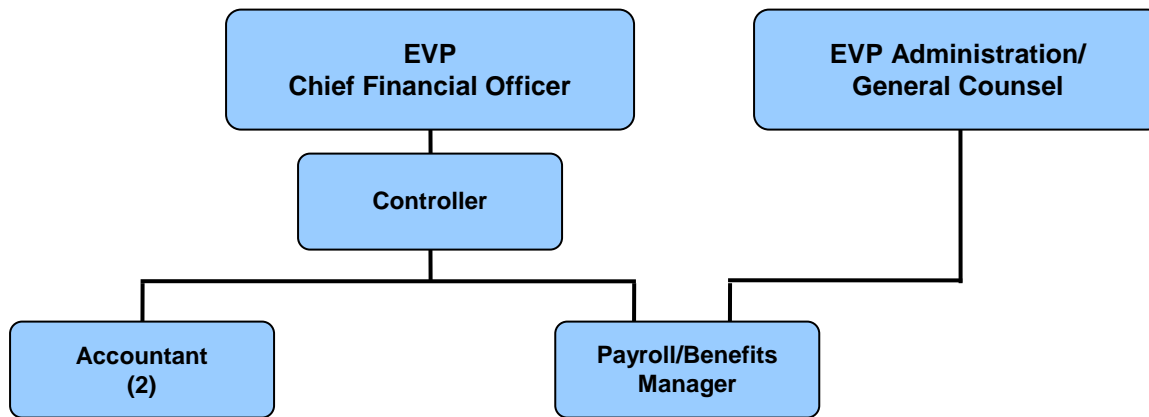


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## Operations



**Finance and Administration**



**E. North America Uncoated Freesheet Competition – Maps and Specifications**

**American Eagle Paper Mills**



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
MRMP	TBD	CA	No	2010	535,000	383	6,562	< 100
American Eagle Paper Mills	Tyrone	PA	No	1950 N/A	62,000	142	1,000	2,539
					27,000		950	
					<u>89,000</u>			

Sources: Lockwood-Post Directory; Google Map.



## Appleton



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
<b>MRMP</b>	TBD	CA	No	2010	535,000	383	6,562	< 100
<b>Appleton</b>	Roaring Spring	PA	Yes	1968	N/A	115	1,500	2,539
				N/A	N/A	123	1,400	
				N/A	N/A	72	1,400	
					79,000			
	West Carrollton	OH	No	N/A	N/A	120	1,050	2,192
				N/A	N/A	170	2,300	
				N/A	N/A	140	2,050	
					122,500			
					201,500			

Sources: Lockwood-Post Directory; Google Map.

### Appleton Coated (Arjo Wiggins)



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
<b>MRMP</b>	TBD	CA	No	2010	535,000	383	6,562	< 100
<b>Appleton Coated (Arjo Wiggins)</b>	Combined Locks	WI	Yes	1967	N/A	230	2,300	2,091
				1994	N/A	226	4,000	
				<u>70,000</u>				

Sources: Lockwood-Post Directory; Google Map.

## Blue Ridge Paper Products



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
<b>MRMP</b>	TBD	CA	No	2010	535,000	383	6,562	< 100
<b>Blue Ridge Paper Products</b>	Canton	NC	Yes	1945	71,000	218	1,050	2,280
				1947	71,000	218	1,050	
				1958	131,000	225	2,000	
					<u>273,000</u>			

Sources: Lockwood-Post Directory; Google Map.

## Boise Cascade



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)	
<b>MRMP</b>	TBD	CA	No	2010	535,000	383	6,562	< 100	
<b>Boise Cascade</b>	Int'l Falls	MN	Yes	1910	76,000	143	2,050	2,093	
				1910	92,000	168	2,000		
				1910	33,000	168	1,700		
				1990	343,000	350	4,000		
						544,000			
	Jackson	AL	Yes	1966	120,000	216	2,500	2,033	
				1997	400,000	352	3,850		
						520,000			
	Saint Helens	OR	Yes	1926	92,000	152	1,550	991	
				1928	58,000	180	2,300		
1967				100,000	180	2,500			
					250,000				
Wallula	WA	Yes	1980	240,000	245	3,000	1,061		
					<u>1,554,000</u>				

Sources: Lockwood-Post Directory; Google Map.

## Burrows Paper



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
<b>MRMP</b>	TBD	CA	No	2010	535,000	383	6,562	< 100
<b>Burrows Paper</b>	Little Falls	NY	No	1919	N/A	84	N/A	2,746
				1919	N/A	124	N/A	
				1952	N/A	90	N/A	
				1952	N/A	84	N/A	
					32,500			

Sources: Lockwood-Post Directory; Google Map.

### Cascades Fine Papers



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
MRMP	TBD	CA	No	2010	535,000	383	6,562	< 100
Cascades Fine Papers	Saint-Jerome	QC	No	N/A	N/A	94	N/A	2,867
				N/A	N/A	142	1,444	
				N/A	N/A	173	2,297	
					<u>147,707</u>			

Sources: Lockwood-Post Directory; Google Map.

**Crane & Co.**



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
MRMP	TBD	CA	No	2010	535,000	383	6,562	< 100
Crane & Co.	Dalton	MA	No	N/A	N/A	92	N/A	2,857
					N/A	96	N/A	
					25,000			
	Dalton	MA	No	N/A	10,500	80	N/A	6,400
					35,500			

Sources: Lockwood-Post Directory; Google Map.

### Crocker Technical Papers



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
MRMP	TBD	CA	No	2010	535,000	383	6,562	< 100
Crocker Technical Papers	Fitchburg	MA	No	N/A	<u>14,000</u>	94	N/A	2,971

Sources: Lockwood-Post Directory; Google Map.



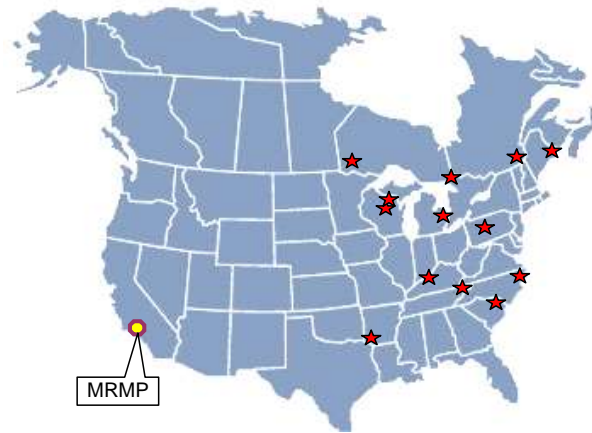
## Dirigo Paper



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
MRMP	TBD	CA	No	2010	535,000	383	6,562	< 100
Dirigo Paper	Gilman	VT	No	1901	<u>70,000</u>	N/A	N/A	3,002

Sources: Lockwood-Post Directory; Google Map.

## Domtar



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)	
<b>MRMP</b>	TBD	CA	No	2010	535,000	383	6,562	< 100	
<b>Domtar</b>	Ashdown	AR	Yes	1968	N/A	220	2,000	1,602	
				1975	N/A	280	2,600		
				1979	N/A	238	3,100		
				1991	N/A	354	3,550		
						909,000			
	Port Edwards	WI	Yes	1893	45,700	96	1,600	2,042	
				1906	32,100	106	1,200		
				1906	31,400	96	1,200		
				1910	37,000	106	1,500		
				1910	68,000	159	1,650		
				1960	57,000	175	1,250		
				1966	71,400	144	1,950		
						342,600			
	Port Huron	MI	No	1929	N/A	127	1,500	2,338	
				1956	N/A	156	1,800		
1962				N/A	186	2,000			
1969				N/A	116	1,200			
					102,000				
Baileyville	ME	Yes	1975	128,000	190	2,600	3,305		
Espanola	ON	Yes	1951	33,069	118	1,804	2,543		
			1960	46,958	157	2,001			
					80,026				
Windsor	QC	Yes	1987	303,131	299	3,494	2,945		
			1989	303,131	299	3,494			
					606,261				
					2,167,887				

**Domtar (Cont'd)**

<b>Company</b>	<b>City</b>	<b>State</b>	<b>Integrated</b>	<b>Year Installed</b>	<b>Machine Capacity (Short Tons/Yr)</b>	<b>Trim Width (Inches)</b>	<b>Max Speed (Ft/Min)</b>	<b>Distance to L.A. (Miles)</b>
	Bennettsville	SC	Yes	1990	370,000	333	3,500	2,489
	Dryden	ON	Yes	1989	347,222	285	3,937	2,266
	Hawesville	KY	Yes	1981	190,000	274	3,000	2,047
				1998	385,000	315	3,000	
					575,000			
	Johnsonburg	PA	Yes	1994	N/A	232	3,500	2,543
				N/A	N/A	180	1,600	
					360,000			
	Kingsport	TN	Yes	2002	410,000	346	4,500	2,281
	Plymouth	NC	Yes	1965	200,000	222	3,100	2,664
				1976	270,000	305	3,350	
					470,000			
	Rothschild	WI	Yes	1968	140,000	215	2,000	2,107
					<u>2,672,222</u>			
					<u>4,840,110</u>			

Sources: Lockwood-Post Directory; Google Map.

### FiberMark North America



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
MRMP	TBD	CA	No	2010	535,000	383	6,562	< 100
FiberMark North America	Bloomsbury	NJ	No	N/A	<u>47,000</u>	124	1,200	2,716

Sources: Lockwood-Post Directory; Google Map.

**Finch, Pruyn & Co.**



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
<b>MRMP</b>	TBD	CA	No	2010	535,000	383	6,562	< 100
<b>Finch, Pruyn &amp; Co.</b>	Glens Falls	NY	No	1950	39,270	108	1,500	2,831
				N/A	35,700	106	1,150	
				1968	41,055	136	1,500	
				1967	101,745	175	2,200	
					<u>217,770</u>			

Sources: Lockwood-Post Directory; Google Map.

## Flambeau River Papers



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
MRMP	TBD	CA	No	2010	535,000	383	6,562	< 100
Flambeau River Papers	Park Falls	WI	Yes	1955	25,000	96	1,100	2,141
				1955	25,000	120	1,100	
				1968	84,000	156	2,000	
					<u>134,000</u>			

Sources: Lockwood-Post Directory; Google Map.

## Fox River Paper



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
<b>MRMP</b>	TBD	CA	No	2010	535,000	383	6,562	< 100
<b>Fox River Paper</b>	Appleton	WI	No	1980	22,000	100	N/A	2,084
				1967	14,000	80	1,000	
					36,000			
	Housatonic	MA	No	N/A	17,500	80	500	2,857
					53,500			

Sources: Lockwood-Post Directory; Google Map.

## Fraser Papers



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
<b>MRMP</b>	TBD	CA	No	2010	535,000	383	6,562	< 100
<b>Fraser Papers</b>	Berlin	NH	No	N/A	50,000	150	1,800	3,022
					38,000	150	1,000	
					38,000	150	1,100	
					41,000	150	1,500	
						167,000		
	Madawaska	ME	No	1926	32,100	148	1,350	3,219
1940				33,900	148	1,350		
1989				42,800	180	1,800		
N/A				60,700	215	2,000		
					169,500			
					336,500			

Sources: Lockwood-Post Directory; Google Map.



## French Paper



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
<b>MRMP</b>	TBD	CA	No	2010	535,000	383	6,562	< 100
<b>French Paper</b>	Niles	MI	No	N/A	<u>19,000</u>	107	500	2,100

Sources: Lockwood-Post Directory; Google Map.

### George A. Whiting Paper



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
MRMP	TBD	CA	No	2010	535,000	383	6,562	< 100
George A. Whiting Paper	Menasha	WI	No	N/A	<u>6,000</u>	75	380	2,079

Sources: Lockwood-Post Directory; Google Map.

## Georgia-Pacific



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
<b>MRMP</b>	TBD	CA	No	2010	535,000	383	6,562	< 100
<b>Georgia-Pacific</b>	Camas	WA	Yes	1984	225,000	295	3,500	984
	Crossett	AR	Yes	1985	102,000	196	2,500	1,721
	Zachary	LA	Yes	1986	307,000	349	6,000	1,829
				1989	328,000	349	3,500	
					635,000			
					962,000			

Sources: Lockwood-Post Directory; Google Map.

## Glatfelter



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
<b>MRMP</b>	TBD	CA	No	2010	535,000	383	6,562	< 100
<b>Glatfelter</b>	Chillicothe	OH	Yes	1952	N/A	200	1,700	2,263
				1981	N/A	300	3,000	
				N/A	N/A	163	1,000	
					315,000			
<b>Glatfelter</b>	Spring Grove	PA	Yes	N/A	N/A	62	N/A	2,638
				N/A	N/A	78	N/A	
				N/A	N/A	150	N/A	
				N/A	N/A	170	N/A	
				N/A	N/A	172	N/A	
				N/A	N/A	192	N/A	
					311,000			
					626,000			

Sources: Lockwood-Post Directory; Google Map.

## Grays Harbor Paper



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
<b>MRMP</b>	TBD	CA	No	2010	535,000	383	6,562	< 100
<b>Grays Harbor Paper</b>	Hoquiam	WA	No	1929	76,000	180	1,800	1,108
				1962	78,500	160	1,700	
					<u>154,500</u>			

Sources: Lockwood-Post Directory; Google Map.

## International Paper



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)	
<b>MRMP</b>	TBD	CA	No	2010	535,000	383	6,562	< 100	
<b>International Paper</b>	Bastrop	LA	Yes	1927	N/A	142	1,400	1,741	
				1947	N/A	172	1,250		
				1963	N/A	142	1,200		
						300,000			
	Courtland	AL	Yes	1980	1983	228,000	241	3,000	1,961
					1993	207,000	258	3,000	
						275,000	352	3,500	
						710,000			
	Eastover	SC	Yes	1985	1991	300,000	346	3,300	2,415
						330,000	346	4,400	
						630,000			
	Franklin	VA	Yes	1938	1950	27,000	190	1,500	2,660
					1958	146,000	205	2,500	
					1966	173,000	215	2,000	
					1970	143,000	200	2,500	
					223,000	300	2,500		
					712,000				
Georgetown	SC	Yes	1960		163,000	190	3,000	2,535	
Selma	AL	Yes	1986	1995	230,000	322	2,500	2,028	
					410,000	362	2,500		
					640,000				
Ticonderoga	NY	Yes	1968	1970	101,500	212	1,500	2,851	
					178,500	280	2,100		
					280,000				
					3,435,000				

Sources: Lockwood-Post Directory; Google Map.

## Lincoln Paper and Tissue



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
<b>MRMP</b>	TBD	CA	No	2010	535,000	383	6,562	< 100
<b>Lincoln Paper and Tissue</b>	Lincoln	ME	Yes	N/A	39,000	98	1,100	3,260
				N/A	29,000	96	1,300	
					<u>68,000</u>			

Sources: Lockwood-Post Directory; Google Map.

## Mohawk Fine Papers



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
<b>MRMP</b>	TBD	CA	No	2010	535,000	383	6,562	< 100
<b>Mohawk Fine Papers</b>	Hamilton	OH	No	N/A	N/A	125	N/A	2,172
				N/A	N/A	107	N/A	
				N/A	N/A	81	N/A	
					65,000			
	Cohoes	NY	No	N/A	50,000	100	N/A	2,819
	Waterford	NY	No	N/A	N/A	64	N/A	2,825
1940				N/A	77	N/A		
					48,000			
					163,000			

Sources: Lockwood-Post Directory; Google Map.



### Monadnock Paper Mills



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
MRMP	TBD	CA	No	2010	535,000	383	6,562	< 100
Monadnock Paper Mills	Bennington	NH	No	N/A	N/A	88	550	2,935
				N/A	N/A	101	650	
				<u>24,000</u>				

Sources: Lockwood-Post Directory; Google Map.

## Neenah Paper



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
<b>MRMP</b>	TBD	CA	No	2010	535,000	383	6,562	< 100
<b>Neenah Paper</b>	Munising	MI	No	N/A	N/A	120	N/A	2,283
				N/A	N/A	120	N/A	
					29,000			
	Neenah	WI	No	1950	11,000	80	N/A	2,077
1950				16,000	108	N/A		
N/A				16,000	110	N/A		
					43,000			
	Stevens Point	WI	No	N/A	19,000	105	1,500	2,076
				N/A	18,000	129	1,500	
				1989	25,000	140	1,500	
				1992	26,000	139	1,500	
					88,000			
					160,000			

Sources: Lockwood-Post Directory; Google Map.

**NewPage**



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
MRMP	TBD	CA	No	2010	535,000	383	6,562	< 100
NewPage	Escanaba	MI	Yes	1919	N/A	155	2,550	2,221
				1969	N/A	N/A	3,500	
				1962	N/A	308	3,500	

Sources: Lockwood-Post Directory; Google Map.

**Parsons Paper**



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
MRMP	TBD	CA	No	2010	535,000	383	6,562	< 100
Parsons Paper	Holyoke	MA	No	N/A	N/A	72	350	2,898
				N/A	N/A	85	400	
				<u>4,000</u>				

Sources: Lockwood-Post Directory; Google Map.

### Schweitzer-Mauduit International



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
MRMP	TBD	CA	No	2010	535,000	383	6,562	< 100
Schweitzer-Mauduit International	Lee	MA	Yes	N/A	N/A	85	N/A	2,859
				N/A	N/A	122	N/A	
				N/A	N/A	130	N/A	
				N/A	N/A	183	N/A	
					7,000			

Sources: Lockwood-Post Directory; Google Map.

## Southworth



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
MRMP	TBD	CA	No	2010	535,000	383	6,562	< 100
Southworth	Turners Falls	MA	Yes	N/A	<u>9,000</u>	112	N/A	2,932

Sources: Lockwood-Post Directory; Google Map.

## Valentine Paper



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)
<b>MRMP</b>	TBD	CA	No	2010	535,000	383	6,562	< 100
<b>Valentine Paper</b>	Lockport	LA	No	1954	37,800	131	1,400	1,876
				1966	22,200	99	1,100	
					<u>60,000</u>			

Sources: Lockwood-Post Directory; Google Map.

## Wausau Paper



Company	City	State	Integrated	Year Installed	Machine Capacity (Short Tons/Yr)	Trim Width (Inches)	Max Speed (Ft/Min)	Distance to L.A. (Miles)			
<b>MRMP</b>	TBD	CA	No	2010	535,000	383	6,562	< 100			
<b>Wausau Paper</b>	Brainerd	MN	No	N/A	100,000	181	2,000	1,984			
				Brokaw	WI	Yes	1956	65,000	100	1,400	2,106
							1961	47,000	108	1,700	
							1973	50,000	98	2,000	
		1902	15,000	78	600						
					177,000						
	Groveton	NH	No	1940	62,000	141	1,230	2,997			
				1972	52,000	106	1,800				
					114,000						
	Jay	ME	No	1965	8,000	141	2,000	3,145			
1955				22,000	141	2,000					
				30,000							
Rhineland	WI	No	N/A	N/A	N/A	162	N/A	2,159			
			1940	N/A	160	1,500					
			N/A	N/A	111	N/A					
			N/A	N/A	187	1,100					
				105,000							
				526,000							

Sources: Lockwood-Post Directory; Google Map.