







Chillicothe Paper Mill - Timeline

- Prior to 2001 – Mead Corporation – 110 years
- 2002 – Mead and Westvaco merge (MeadWestvaco)
- 2005 – May 2nd – 5 mills sold to Cerberus to form NewPage (Chillicothe, Escanaba, Rumford, Luke, Wickliffe)
- 2005 – June 2nd – announce “strategic alternatives”
- 2006 – April 3rd – sale to Glatfelter

Strategic Alternatives

- Alternative #1
 - Sale to a Strategic Buyer
- Alternative #2
 - Sale to Employees (ESOP)
- Alternative #3
 - Restructure and stay with NewPage

Buyout Activities

***Labor and Management working collaboratively towards
a self-owned vision***

- Ohio Employee Ownership Center (KSU) supporting Committee
 - Overview meetings with employees held explaining ESOP's
- ESOP Buyout Committee created
 - Grassroots employee effort out ahead of Cerberus/NewPage
- Mill-wide employee meetings
- ESOP newsletter – biweekly to all employees
- Refined Business Plan under ESOP model
- Pre-feasibility Consultant hired
- Counsel retained to assist in ESOP creation & negotiation of agreement with NewPage
- Investment bank engaged to identify sources of capital & to assist in structuring the deal
- Letter of Intent issued to NewPage
- December, 2005 – ESOP process put on hold



Community Involvement and Giving:

In the last five years, the Ohio Operations has contributed over \$1 million to support hundreds of charities, organizations, events, and educational causes that help to make our communities strong. In addition, many of our employees and their families are dedicated to volunteerism, committing well over 100,000 hours each year to support local charities and educational facilities.

Here's a list of just a few of the organizations we have supported in the communities where we operate and our employees live.

- United Way of Ross and Sandusky Counties
- Ohio 4-H Foundation — Youth Programs
- Ohio FFA Foundation — Forestry Career Development
- Ross County Historical Society
- YMCA of Ross County
- Big Brothers, Big Sisters
- Ross County Coalition Against Domestic Violence
- Camp Cattail — Ross Co. facility for the disabled
- Ross County Agricultural Society
- Ohio University — Chillicothe
- Jr. Achievement
- The Child Protection Center
- The Chillicothe-Ross Community Foundation
- The Ross County Community Improvement Corporation
- Hocking College
- Pump House Center for the Arts

OHIO OPERATIONS

If you have questions about our Ohio facility, contact:

OHIO OPERATIONS
401 S. Paint St. • Chillicothe, Ohio 45601 • 740-772-3111

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ECONOMIC IMPACT TODAY & TOMORROW

11/05

OHIO OPERATIONS

Our papermaking operation . . .

The mill in Chillicothe, Ohio has been an active and influential presence since 1890 and is equipped to perform virtually every step of the papermaking process. The Chillicothe operation operates a woodyard, pulp mill, four boilers, three paper machines, three coaters, and numerous finishing machines. We produce our own electricity and recycle materials to maximize efficiency.

An extension of our Chillicothe operation is a coating operation in Fremont, Ohio. This complex operates two coaters, six winders, and an automated roll wrap system.

Other important support operations include our log merchandising yard in Piketon, Ohio and wood supply yard in Washington, West Virginia. These operations process several thousand tons of wood annually.

Our products . . .

The primary product produced by our facility is carbonless paper, which is commonly used for business forms. We are the second largest producer of carbonless paper in the United States, with over 30% of the market share.

We also manufacture uncoated papers and other specialty grades to service the needs of our customers.



Employee information:

Several generations of papermakers can be found within the 1,677 people we employ in the carbonless system portion of the Ohio Operations.

Number of employees	1,677
Hourly	1,281
Salaried	396
Male	1,350
Female	327

Top 10 counties where our employees and their families reside:

Ross	1,156
Pike	131
Sandusky	61
Jackson	59
Vinton	52
Pickaway	30
Scioto	30
Fairfield	19
Franklin	16
Hocking	14

Average annual salary for our workforce \$50,150

Average annual salary for Ross County resident \$23,554

Total annual payroll (excluding benefits) \$86.7 million

Economic information:

Our Ohio Operation pays over \$100 million dollars each year to a variety of suppliers throughout Ohio. There are over 800 suppliers we do business with in the state and the top categories by dollars spent include:

- **\$30 million** to Ohio wood suppliers, including loggers and sawmills,
- **\$9 million** to Ohio coal suppliers,
- **\$4.3 million** for electric suppliers.

For every paper industry job, there are approximately 3.25 jobs created outside our industry.

Approximate taxes paid to the state of Ohio in 2004

- Property \$4.5 million
- Sales \$1.4 million
- Unemployment \$0.2 million
- Other taxes \$0.7 million

State income taxes withheld from our employees \$3.7 million

Production and sales in 2004

- Annual paper production 317,700 tons
- Average daily production 905 tons
- Annual pulp production
 - Softwood 81,943 tons
 - Hardwood 240,765 tons
- Annual shipments of finished product 33,860 shipments

(Source: Chillicothe-Ross Chamber of Commerce, American Forest & Products Association, Economic Policy Institute)

