

The closures, which will impact about 1,600 employees, will result in permanent North American capacity reductions as follows:

- **Franklin, Virginia mill** (1,100 employees). Product/Capacity: Freesheet/600,000 tpy. No. of Machines: 3. Percentage of IP capacity: 19%. Estimated closure: Spring 2010. Also, at Franklin mill: Product/Capacity: Coated Paperboard/140,000 tpy on one machine - 7 percent of IP capacity. Estimated closure by year-end.
- **Albany, Oregon mill** (270 employees). 580,000 tpy (1) on two machines.
- **Pineville, Louisiana Mill** (230 employees). Product/Capacity: Containerboard/390,000 tpy on one machine. 12 percent of IP capacity. Est. closure: mid-December
- **Valliant, Oklahoma Mill** (no additional impact). 430,000 tpy (2) on one machine.

(1) Includes 250,000 tons of capacity previously idled in October 2008

(2) Capacity of No. 3 paper machine previously idled in November 2008

Following these permanent shutdowns, International Paper will have approximately 10 million tons of North American containerboard capacity, 2.6 million tons of North American uncoated freesheet production capacity, and 1.7 million tons of North American coated paperboard capacity. These capacity shutdowns will not impact the company's ability to serve its customers. International Paper is committed to helping employees through this transition. The company will work closely with union officials concerning severance benefits for hourly employees. Salaried employees impacted by these shutdowns will be offered severance packages and outplacement assistance consistent with company policy. Employee assistance providers will be available to support employee and family needs.

The company estimates that these closures will result in noncash asset write-off and accelerated depreciation charges of approximately \$1.1 billion and cash severance charges of approximately \$60 million to be recorded in the fourth quarter of 2009 and first quarter of 2010, plus additional closure costs to be determined and recorded as the facilities are closed.

SOURCE: International Paper

## **Pulp Market Continues Strong Rally**

Oct. 22, 2009 - The pulp market continues its roll, even stronger than Deutsche Bank (DB) analysts had expected.

According to DB, market pulp prices continue to rally driven by low mill inventories, strong Chinese demand and better than expected domestic demand.

A weaker USD is contributing to the rise in export prices, said Mark Wilde, senior analyst at Deutsche Bank covering the Paper & Forest Products sector. List prices on domestic NBSK rose for the fifth straight month, up \$30/mton to \$800/mton and SBSK +\$30/mton to \$750/mton.

On the hardwood side, relatively strong demand and tight supply conditions drove domestic prices +\$50/mton to \$700/mton for BEK, \$685-690/mton for NBHK and \$670/mton for SBHK.

In export markets like China, producers of NBSK, BEK and other key grades implemented the \$30-50/mton October price hike, Wilde said.

Trade sources report that pricing rebound is drawing high-cost Chinese pulp mills back into production — as current market prices are now well above cash-cost.

Canadian producers' net realization is hurt by the rise in the Canadian dollar against the USD, Wilde added.

SOURCE: Deutsche Bank

## Forests count in climate change

Daily Gleaner October 23rd, 2009 By DAVID SUZUKI with FAISAL MOOLA

In 1992, I attended an event that filled me with hope.

Canada and the rest of the world had just signed a climate change treaty at the United Nations Earth Summit in Rio de Janeiro.

I remember being optimistic that the world could come together to fight the greatest threat to our planet and our own survival. We had done it before in overcoming other threats, like defeating Nazism in Europe and beating back horrific diseases like polio.

When Canada signed the UN Framework Convention on Climate Change (UNFCCC) treaty, we had not yet begun to experience the full consequences of climate change. There were no news reports of starving polar bears in the Arctic, the mountain pine beetle had not yet turned British Columbia's forests crimson, and we weren't facing a rapid increase in infectious diseases, like Lyme disease, that are exacerbated by warming temperatures.

But climate change is now affecting people and places all over the planet, from the most remote tropical rainforest to the urban parks where many of our kids play.

And scientists tell us that some changes, like melting sea ice in the Arctic, are happening much faster than any computer model had predicted.