



Interstate Resources, Inc.
1800 N. Kent Street,
Suite 1200
Arlington, VA 22209

Interstate News

Spring 2006

The Year in Review – 2005

By Charles Feghali

2005 will be remembered as the year of safety at Interstate Resources. Our safety performance was the best in our history and nothing short of remarkable. Never before has the company had so few injuries (24), a lower OSHA incident rate (2.5), or fewer lost days to injuries (383). Four affiliates had no injuries at all (ICL, ICM, IPP, and NPT) and all but one were better than or equal to 2004, which until now, was our best year. In the summer season, the most dangerous months for our entire industry, we set a new record of only five injuries. Our challenge is to improve upon these remarkable safety records of 2005 with even fewer incidents in 2006. Congratulations to all who made this achievement possible.

2005 was also a year of challenges: boiler problems at both mills, two hurricanes, a fire, two annual outages in one mill, and the delayed performance of a new doublebacker. Interstate employees once again proved themselves up to the task.

Although sales were maintained at over \$300 million, our consolidated profits before taxes were lower than 2004. Six of our affiliates as well as our joint ownership of sheet feeders PhilCorr and SouthCorr were profitable. These results were achieved during a year when many competitors incurred losses.

The early results for 2006 reinforce the wisdom of rebuilding the Riceboro mill at the end of 2005. Phase One was completed with the coordinated team efforts of IPC, Indevco's Phoenix engineering, and IRI. The scope included our first shoe press, new drives, replacement of the recovery boiler bottom section, new washers, and substantial upgrades to the secondary fiber plant, which increased production to the four-digit figure, reaching 1,090 tons in one day. Due to the very aggressive schedule, everyone involved, including employees and contractors, worked harder and longer than imagined. Our equipment suppliers consider it one of the most successful restarts ever.

NPT not only increased purchases to keep up with IPC demand, but also acquired land and negotiated tax abatements that contributed to the bottom line. UCI meanwhile set new all time production records and was responsible for the profits in the Mill Division.

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Interstate News is the quarterly newsletter of Interstate Resources, Inc., and its affiliates.

Dedicated to Enhancing the Effectiveness of the Company Through Open Communication

Editor -
Katherine Hansen

(703) 243-3355 x1001
KHansen@iripaper.com
<http://www.iripaper.com>

*Celebrate National
Arbor Day on April 28 -
Plant a Tree!*



Don't be afraid to take a big step when one is indicated. You can't cross a chasm in two small steps.

David Lloyd George

From Cover Page ...

In the Container Division, four affiliates (ICR, ICL, IPP, and ICB) were profitable while three (ICR, ICL, and IPP) showed improved profit over 2004. ICM suffered serious blows; however, new export orders hold promise to help both ICI and ICM. ICI was also able to regain Mountaire, which added a major infusion of volume. These two affiliates remain our biggest challenge. We are pursuing several avenues to bring their profitability to the expected levels.

As in the past, the company has weathered difficult times from which we hope to re-emerge stronger and improved. Major investments continue to be made at every affiliate. Emphasis remains on safety and cost containment. Our culture, which sets us apart from other companies, continues to be strong. I know I can count on you to make 2006 a better year than 2005.

With appreciation and warmest wishes,

Charles

Happy Anniversary

Congratulations to **Charles Feghali** on reaching 25 years with Interstate, and to **Samir Meouchy**, who reached his 10-year anniversary.



Above: Dan Sassi presents Charles Feghali, with his years of service award



Above: Charles Feghali presents Samir Meouchy with his years of service award

Getting To Know Each Other ...



Ann Patton

Ann Patton, Payroll Manager / HRIS Administrator, has been a member of the Interstate family for 2½ years. Ann manages the HRIS system, maintains the 401k and pension data, and processes the salaried payrolls. She has been doing payrolls for 15 years, originally for herself as an independent restaurant owner. For the past six years Ann has been using Ultipro, our current payroll system, to process payroll.

Ann says her major challenges are staying current with technology and making sure that everyone's paychecks are correct every payroll. What does Ann like the most about Interstate? *'I like the independent work atmosphere that Interstate offers. I am able to do my job to the best of my ability because of this attitude.'*

In the next three to five years, Ann looks forward to an expansion of her duties, adding both more challenge and excitement.

Safety Records - 2005

Charles Feghali presented the following safety awards for 2005:

Interstate Container - Lowell
"Best Safety Record in the Company"

Injury-Free for the Year

Interstate Container - Reading
"Most Improved Safety Record in the Company"

From 12 injuries to 4, from OSHA rate of 5.9 to 2.0,

From 3 lost days injuries to 1, and

From 117 lost days to 90

Interstate Container - Miami
"Safety Achievement Award"

Injury-Free for the Year

Interstate Container - Fitchburg
"Safety Achievement Award"

Second Consecutive Year Injury-Free

United Corrstack
"Safety Achievement Award"

Continuous Improvement for Two Years

Interstate Container Division
"Safety Recognition Award"

Best Safety Results in the
History of the Division



Above (L to R): Charles Feghali presents safety awards to senior managers on behalf of their affiliate(s) - (top row) Mark Mathews, Jeff Coleman, Tom Seagraves, (bottom row) Gary Potvin, David Stauffer, and Jeff Corke.

Interstate Resources Scholarship Program

Reminder: All materials for application under the Interstate Resources Scholarship Program (IRSP) are to be sent directly to Côté, our program administrator, and should be **postmarked no later than May 15**.

The IRSP was established to reward the academic excellence of the sons and daughters of our salaried, non-represented employees. To be eligible for a scholarship, the parent employee must have five or more years of service with the Interstate group.

You can fill out your application on-line, but the forms need to be printed, signed and mailed to Côté. A link to the application forms can be found on Uweb (<http://uweb.iripaper.com>) – scroll down on HR News on the welcome page. Consult your local HR representative if you need access to this site.

Scholarships are available each year, however prior year recipients must reapply in subsequent years to continue to be eligible to receive program awards.



Interstate Container - Fitchburg

Safety Excellence

On March 24, 2006 Interstate Container - Fitchburg celebrated 1000 days of being accident free.

A plant-wide luncheon was held to commemorate the occasion. All employees were recognized individually for this achievement.



Fulfillment Packaging

What goes into completing a fulfillment order at Fitchburg? Here's an example from one of our customers, Stanley/Bostich.

Fitchburg employees took a 48-quart cooler and placed within each an air-driven staple gun (five different models in all), a diecut insert, tool box instructions, a manual and a labeled sleeve. The completed boxes were then returned to the customer.



Welcome Aboard

Please join us in welcoming **Steven Thompson**, **Michael Hacket** and **Evalina Wright** to the Fitchburg team.

Anniversary Celebration

Congratulations to **Tracey Demont** and **Daniel Zuniga** on reaching their five-year anniversaries at Fitchburg.

IT Trivia: True or False?

Email is as personal as a confidential fax? **False.** For audit and maintenance purposes, a limited number of employees have the authority to access your email accounts and files. You should not put anything in email that you would not want to see on the front page of a newspaper.

Any electronic correspondence between users on employer-owned systems belongs to the company. **True.** Any electronic correspondence created on a company computer, software, or network is considered the property of the company.

Chatting on-line with co-workers and other email recipients during non-work hours does not classify the messages as corporate documents. **False.** Any document created on Interstate owned applications or equipment, regardless of the time of day, is considered to be a corporate document – even informal email messages.

Interstate Container - Lowell

Some men see things as they are and ask "Why?"; I dare to dream of things that never were and ask "Why not?".

George Bernard Shaw

ICL Receives Safety Award

Mark Mathews, ICL General Manager, presented to all employees at a Plant Meeting, the 2005 safety award received at the February GM Meeting. Present at the presentation were all manufacturing employees from both first and second shifts, the office staff and the Lowell sales team.



Health and Wellness

Interstate Container's Lowell and Fitchburg plants, with the assistance of Fallon Health, recently conducted blood pressure and cholesterol screenings at no charge to the employees. These screenings are a helpful aid in informing employees what their current levels are and where they should be for optimal health.

Both plants also recently conducted annual Hearing Tests for all employees interested in participating.

Getting To Know Each Other ...

Richard "Dick" Beaudoin, Technical Customer Service Representative, recently reached his 40th year of service at ICL.



Richard Beaudoin

Over the years, Dick has served in just about every department at the plant, holding positions such as General Helper, Production Control, Production Control Manager, Corrugator Supervisor, Press Department, Specialty Department, Shipping, Assistant Plant Manager, Corrugator Planner, and Supervisor of all Third Shift Departments. Dick says he enjoys his current position the most as it allows him to bring his vast and diversified knowledge of this industry to help the other Customer Service Representatives understand more about the job they are performing.

When asked about the changes he's witnessed over the past 40 years, Dick remembers when he first was employed with Lowell, it was strictly a brown box company. Says Dick, *"When the first white box with black and red print was done, it was a big event. Now we run high-graphic, four-color, laminated items for point-of-purchase displays! We've certainly come a long way!"* Dick also remembers meeting **Mr. Tony Frem** and **Mr. Charles Feghali** when they first became involved with Interstate many years ago.

Dick predicts that, in the future, Interstate will play a big part in providing industries with higher graphic containers and POP displays because the equipment in both Lowell and Fitchburg, the Design Departments, and the Management Team are geared toward providing high-graphic, value-added, highly profitable items to our customers.

Welcome Aboard

Please join us in welcoming the newest members to the Lowell family: **Srouch Lam, Edwin Montalvo, Bill Kelley, Ray Lagace, Jeff Arnold, and Luis Rodriguez.**

Difficulty is not an obstacle, it is merely an attribute.

Wal Sakaluk

Interstate Container - Lowell

Boston Seafood Show

On March 12-14, Interstate's Lowell and Cambridge facilities shared a booth at the Boston Seafood Show. Featured items shown were wax and wax replacement products, along with displays. The Seafood Show is truly an international show and Interstate representatives met people from Iceland, the United Kingdom, and from the West Coast. The interest in wax replacement was high. Thank you **Dick Geyer** and **Jeff Cormier** for managing the booth, as well as all the other Sales Representatives who assisted.

The Lowell Family Grows

Congratulations to ICL Design Manager, **Keith Gray**, and wife Holly on the arrival of their triplets in November 2005. After a short hospital stay, everyone returned home and is doing well.

Welcome to the extended Interstate family, James, Shealyn, and Connor Gray.



Interstate Container - Miami

Selling in the Caribbean

Contributed by **Jerry Waltermire**, General Manager, Corporate Sales - Caribbean

There are many advantages for the Interstate Group in selling to the Central, South American and the Caribbean markets. There are many types of boxes used in these regions mostly focusing on the vegetable, fruit, meat and poultry industries. We are currently doing business in the Dominican Republic, Peru, Panama, Jamaica and Puerto Rico. On the horizon we have Costa Rica and Chile business to pursue as well. This gives us great opportunity because of the wide range of products we offer and the accessibility we have from many ports in the US.

Being in a position to service these markets from ICL, ICI, ICR and ICM is an added advantage due to our freight rates from these locations to the customer's door. Most of our customers have to pick up their cargo at the designated ports. However, we have found a way to deliver directly to their door without sacrificing price. This type of service, combined with Interstate quality, provides our customers with a product that easily exceeds that of our competitors', which keeps our customers happy and our plants full.

Most of these countries depend on the import and export trades from the US. Being involved with markets such as these makes a name for Interstate that people in these countries come to respect. We are seeing the results already and look forward to continued business success in the Caribbean.

Interstate Container - Cambridge

New Wax In-Line Start-Up

The installation of a new wax in-line was completed on February 28. This line supports the additional volume that will come to ICI with the new Mountaire contract. This project was a cooperative effort between the IRI project group and the ICI team. Many hours of hard work and the investment by the ownership into ICI will pave the way for future success.



*The In-Line Crew with Mr. Tony Frem:
Front (L to R) - Wanda Banks, Antonio Nieto,
Mr. Tony Frem, Mike Elliott, Lazarus Jones
Back (L to R) - Ronald Johnson, Joe Gray, Bill Berg*

Recognizing Excellence

During ICI's holiday party, the second annual Ted Whitten Memorial Award was presented to **Paul Schulze**. Ted was a member of the ICI sales team; he passed away in 2005.

The award is engraved as follows:

"This award is presented to the individual who most personified our friend and colleague, Ted Whitten. Ted represented so many of the quality characteristics we look for at Interstate, and in life. This honor is bestowed to the person who possesses:

- A strong work ethic*
- A deep care for co-workers and customers*
- A quick smile and every-day humor*
- A profound respect for oneself and others*
- A positive and can-do attitude*
- A very reliable and dependable character*
- An unselfish personality"*

Happy Anniversary

Congratulations to **McKinley Potter** on reaching his five-year anniversary at ICI. Congratulations also to the following employees on reaching their one-year anniversaries: **Craig Cassett, Rodney Jones, Kenny Larimer, and Jerome Ennels.**

Learning is not attained by chance, it must be sought for with ardour and attended to with diligence.

Abigail Adams

Welcome Aboard

Please join us in welcoming **Drew Wachter**, Logistics/Shipping Manager and **Kelly Hurley**, Senior Staff Accountant to the ICI family. Welcome also to the following members of the manufacturing team: **Vanessa Banks, William Blackwell, Bobby Brake, Michael "Ice" Elliott, Mike Elliot, Carl Harris, Fleetwood Henry, and Lazarus Jones.**

Getting To Know Each Other ...

John Slaughter, Hycorr Leader/Operator, has been with Cambridge for nearly three years. He started in shipping on the wrapper, and then spent about one year on the forklift. John then moved to the Flexo as prefeeder operator, and finally to his current position.



John Slaughter

John says overcoming the language barrier with Hispanic workers is a challenge - but it is one he relishes. Says John, *"I love it here. I like everything, the people, the atmosphere, the job."*

Looking back, John believes Cambridge has come a long way in the past couple of years. He looks forward to seeing more growth and improvements.

The winner is the chef who takes the same ingredients as everyone else and produces the best results.

Edward de Bono

Interstate Container - Brunswick

Happy Anniversary

Congratulations to **Nydia Paz** on reaching her 20-year anniversary at ICB ... and to **Bruce Rothman** on his 10-year anniversary.



Above: Nydia Paz (L) receives her anniversary award from Jack Featherson (R)



Left: Dave McQuade (L) presents Bruce Rothman (R) with his anniversary award

Getting To Know Each Other ...

Val Sergejeff, Maintenance Manager, is approaching his seventh year at ICB, during which Val says he has experienced the positive direction of the operation. Val's main responsibility is to have all the machines running safely and efficiently, thus reducing the overall operating cost while boosting the productivity of the plant. When buying the supplies for the company, Val strives to obtain the best value, which is sometimes a challenge, but worth the effort.

Val says the most satisfying aspect of his job is to learn something new, adding, *"I'm glad to be a contributing force in Interstate's operation and hope that the company will maintain its competitive edge and prosperity in years to come."*

Interstate Container - Reading

Getting To Know Each Other ...

David Lausch, Plant Superintendent, has been with ICR for 28 years. Dave feels that his role at the Plant is more than a title: it is to be the leader of the manufacturing group, which includes all of the plant employees and each of the supervisors that report to him; he must be a support beam, and must be able to lead ICR to higher standards/goals. Dave's strengths are graphics, die cutting and design problem solving, and planning of orders.

When we asked Dave about the challenges he deals with, he replied, *"I feel the challenges have not changed greatly over the past few years, but that some have been harder to overcome. I feel that if we believe we are all on the same team, we can remain a very good company."* Dave feels that Interstate believes in their employees, allows them to grow, and wants them to bring fresh ideas to the forefront so the company can become a better corrugated supplier.

In the next few years, Dave's vision for the company is to find a niche in our market that our customers do not currently receive from just one supplier, thereby enabling ICR to gain more market share.

Interstate Container - Reading

Case Study: Hallmark Inc., Binney & Smith Inc. Division

From its earliest beginnings, Binney & Smith has been a color company. They came into being when cousins Edwin Binney and C. Harold Smith took over Edwin's father's pigment business in 1885. More than 120 years later, color – along with creativity, learning and most of all, fun – is the hallmark of the company. Major brand names include Crayola®, Portfolio Series®, Silly Putty®, Model Magic®, Big Yellow Box®.

Bringing innovative, safe, high-quality, colorful and fun products to consumers across the U.S. is the central role of Binney & Smith's Marketing & Sales Division. This division is responsible for all domestic marketing and sales activities. Activities within this group include product category marketing, marketing services, sales, research & development, licensing & co-branding and Internet services.

The Challenge

Binney & Smith wanted to package several items of their product (crayons, coloring books, markers, etc.) into one package and sell it as a "Treasure" to the Club Store Retail Market.

Binney's challenge to enter the Club Store market, including BJ's, Sam's, and Costco, was being hindered by the high cost of litho labeled corrugated cartons for the retail environment. The margins required were not attainable.

Our Solution

ICR provided a compact package, with full color process printing, including one match color. This package needed to be easily assembled at the fulfillment center at a low cost and in a short time frame. Deliveries to the fulfillment center are made on a regular basis in less than three weeks from approved structure and art.

A Message to the Container Division Sales Team ...

From Jeff Coleman, ICR General Manager

Club stores continue to gain share of retail dollar spend. Part of their mantra is a minimum \$\$ spend per consumer transaction. With this shift in Consumer spending practice, we see folding cartons unable to provide the strength characteristics required for the product to arrive undamaged and for the package to look presentable on the pallet or the shelf.

Additionally, traditional flute profiles, such as B-flute, C-flute, or even E-flute, are problematic both on customers automated equipment designed for folding carton and in graphic appearance.

In 2005, ICR invested in F-flute corrugating rolls and has seen good market growth thus far. While F-flute is undoubtedly quite challenging both in the corrugating and converting process, the sales and manufacturing teams have done a stellar job in transitioning business to this new market.

Let's take advantage of this niche, value-added capability and lead our customers to prosperity!!



A leader has the vision
and conviction that a
dream can be achieved.
He inspires the power
and energy to get it
done.

Ralph Nader

The successful person makes a habit of doing what the failing person doesn't like to do.

Thomas Edison

Interstate Container - Reading

Case Study: Cosmic Pet

Cosmic Pet Products was originally established in 1975 as Cosmic Cat Corporation. It was developed out of the experience of Leon Seidman who was merely trying to make his cat happy. When he repeatedly brought home store bought catnip to treat his cat, it repeatedly shook its head and walked away from it. Leon decided to get back to nature, go into the country, and get some good stuff.

So he did and brought it back for his friends. He also continued to save the seeds. He planted the seeds in the garden and they germinated and flourished. He kept going out to the country and cutting wild catnip to give to his cat and his friends. His garden grew lush with catnip and his cat and his friend's cats were very happy.

Twenty-five years later, Cosmic Catnip is the worlds leading brand of catnip. Cosmic Pet Products produces more packages of catnip than any other company anywhere. Cosmic Pet also is the world's leading manufacturer of corrugated cat scratchers, catnip, and catnip treats. They are also the largest manufacturer of catnip toys in the United States.

The Challenge

Cosmic Pet's highest profile product is an Alpine Cat Scratcher box. The item is a large wedge which sits

on the floor and contains a corrugated build up that the cat scratches. The unit also has two large holes, one in each side and a carpet mouse which hangs from the back of the corrugated build up. The unit dimensions are roughly 19½ inches front to back, 7½ from left to right and 7 inches top to bottom. The item displays are shipped for set up to stores. The fact that the item needs to be set up during shipping and while on the store shelves creates problems for both Cosmic Pet and their retailers. For Cosmic Pet it is very expensive to ship and for the retailers it takes up a lot of shelf space. Our challenge was to design a Alpine Cat Scratcher which could ship flat but be sturdy enough to support the weight of a large cat when set up.

Our Solution

Our solution for our customer was to develop a cat scratcher box, which will fold along the base of the scratching block. This allows the unit to ship knocked down while still have top to bottom strength when set up. Most of the other companies tried to collapse the box by placing a score in the body of the unit. This worked for shipping but did not give the box the strength it needed when set up. The president of Cosmic Pet has presented our samples to PETCO and they have committed to buying them. At this point we are in the final stages of developing the art.

United Way in 2005

At the annual banquet for the United Way of Berks County, Interstate Container Reading and United Corrstack both received awards for their fundraising efforts during 2005:

Gold Award, presented to employee groups achieving a per capita contribution of \$95 - \$124.99: Interstate Container Reading and United Corrstack

Outstanding Employee Campaign Award, presented to the organizations that best exemplify the spirit of United Way and voluntary giving, and that have put forth the best effort in organizing employee campaigns to educate employees and increase giving: Interstate Container Reading

Our thanks to all employees for their support of United Way, and a special thank you to **Lottie Fortson** at ICR who served as our United Way Campaign Specialist in 2005.



Jeff Coleman and Lottie Fortson at the United Way award banquet

Interstate Paper

Rebuild Update

Contributed by **Al Cantrell**, Mill Manager

Since the start-up of the new press section in December 2005, we have seen continuous improvements on the paper machine. IPC's monthly production averages have risen steadily: January 2006 average production was 805 TPD, February was 851 TPD, and March maintained that level, holding at 850 TPD. The goal is to exceed a monthly average over 900 TPD.

The Metso Shoe Press along with a suction pickup and suction transfer, and the new Siemens electrical drive have allowed machine speeds well above previous levels. To feed the machine at these higher production levels, IPC also modified the secondary fiber system to produce up to 200 tons per day. The mill is currently consuming 140 tons per day with some days at 175 tons, double the pre-rebuild levels. Quality of the new sheet is outstanding. Mullen testing is much easier to achieve thanks to the shoe press loading and sheet draw reductions allowed by the new suction pickup.

IPC's performance has been focused on meeting or improving on the paper machine learning curve with an unwavering resolve to address and correct any unforeseen bottlenecks.

Happy Anniversary

Congratulations to the following employees on reaching their employment anniversaries at IPC:

30 Years **Isaac E. Austin, Jr., Thomas E. Edwards, Joe N. Roberts, Jr., William H. Slade, and Willie T. Tyson**

20 Years **Chi-Loon Chang**

15 Years **Grady M. Marchant, Jr.**

10 Years **Michael S. Hardy and Michael J. Wingate**

5 Years **James R. Weil, II**

Refiner Upgrade at Riceboro

Contributed by **Ramki Ramakrishnan**,
IRI Project Manager

IPC completed Phase I of the plant upgrade, taking a shutdown for 22 days during November 2005, during which the following was accomplished: installation of a Metso shoe press, Siemens sectional drives, and Safematic central lubrication system; replacement of all the felt rolls of the paper machine, replacement of all three brown stock washers including washer vats, broke and OCC system upgrades; replacement of the bottom hearth of recovery boiler; and upgrading the GE turbine to get an additional 2 MW of power.

To continue with the upgrades, IPC is poised to replace four of the existing base sheet refiners, which are approximately 35 years old. The new refiners will be adequately sized to give the required net horsepower per day ton for fiber development. The installation of the new refiners with all its piping is complete and the electrical installation is in progress. These refiners are scheduled to be operational in April and are just another step towards ongoing quality improvements at IPC.

Everyone is thankful to the Fremms for their determination to continuously upgrade the assets and manufacturing facilities to keep abreast with latest technological development.

Retirees

The following employees recently retired after more than 30 years of service each: **Howard Reddish** (38 years), **Ronald Parker** (37 years), **Leonard Hughes** (36 years), and **Thomas Grant** (33 years).

Best wishes to y'all. You will be missed.

Condolences

Our prayers go out to the following employees who recently lost loved ones: **Harry Pierce, Willie Ash,** and **Willie Tyson.**

It is your attitude, not your aptitude, that determines your altitude.

Zig Ziglar

The entrepreneur in us sees opportunities everywhere we look, but many people see only problems everywhere they look. The entrepreneur in us is more concerned with discriminating between opportunities than he or she is with failing to see the opportunities.

Michael Gerber

Interstate Paper

Making 2006 Our Safest Year Ever

Contributed by Mike McGowan, HR Manager

In order to get back on track and make 2006 the safest year in mill history, IPC has embarked on making significant changes to our safety program emphasizing manager commitment and "departmentalizing" efforts. Our goal for 2006 is an incident rate of zero, with at least a minimum of 2.5.

Following are highlights from the revised IPC safety program:

Safety Focus From Top Down

- Each manager will refocus and set personal safety objectives to attain during the year.
- Safety/housekeeping audits will be conducted every quarter in every mill department.
- All managers will provide weekly reports on their safety efforts.
- Managers will ensure no safety issue is overlooked, no matter how minor.

Safety Concept

- The mill-wide Safety Committee will be eliminated.
- All departments within the mill will have a safety sponsor who is OSHA trained, as well as trained on how to organize and run effective safety meetings. Their responsibilities include:
 - Make sure safety-related work orders are processed in a timely manner.
 - Facilitate department safety meetings.
 - Ensure that accident investigations are completed, documented and routed to the appropriate managers.
 - Keep all appropriate records for their area or department.
 - Encourage and monitor general housekeeping.
 - Monitor and audit employees to confirm they have the required personal protective equipment.
 - Ensure safety equipment and systems are maintained to appropriate standards.
 - Ensure that safe practices are being followed in the department.

Safety Meetings

- Meetings will be facilitated by a trained safety sponsor.
- Attendance at all safety meetings will be recorded. Mandatory attendance will be required for OSHA training.
- Examples of topics to be covered at meetings:
 - Work order backlog and review.
 - Accident investigations.
 - Suggestions from employees to improve safety.
 - Review of department performance.
 - Viewing of a safety film, if appropriate.

Training

- At least one person from each department will attend 30 hours of OSHA training.
- At least one person from each department will be trained on how to organize and facilitate an effective safety meeting.

Interstate Paper

I like to tell people that all of our products and business will go through three phases. There's vision, patience, and execution.

Steve Ballmer

Use of Accident Investigation Forms

- Investigation forms will be used for all recordable cases and lost time accidents. There will be no exceptions.
- It is the safety sponsors' responsibility to complete and forward the investigation forms to management.

Safety Work Order System Fully Utilized

- On a monthly basis, discuss safety-related work orders; post information on notice boards.
- Managers will be provided with a status report on work orders at least once per month.

Safety Incentive Program

- Safety incentives still in place:
 - Crews going six months without a recordable case get a safety dinner. As additional incentive, the dinner can replace one of the regularly scheduled [mandatory] safety meetings.
 - Employees will be encouraged to submit safety slogans on a monthly basis. Winners will receive a safety award and the winning slogan will be posted throughout the mill.
- Incentives that have changed:
 - All employees in each mill department accrue credit toward a gift card (to be paid at year end) for no recordable cases. Should a recordable occur, every person in the department loses the monthly credit and they must start again. If a lost time accident occurs, employees lose three months of their credit.
- New components to the safety incentive program:
 - Every employee has the potential to receive additional credits based on the percentage improvement in their department first aid cases from 2005 actual. The target throughout the mill is a 35% reduction from 2005 actual results, with a minimum expectation of equalling 2005.
 - The area with the best housekeeping will be recognized each quarter. The winning department will be acknowledged on the mill "information" sign, and employees will receive t-shirts to celebrate the occasion. Evaluations on housekeeping standards will be done during each safety audit.
 - A "Call Home" program has been introduced to encourage employees to take safety information home to share with their family. Each month employees will be given information about a specific safety topic to take home. An employee's name will be picked at random and a call made to their home. If someone at the residence knows the answer to the safety question, the employee wins a prize.

Counseling/Progressive Discipline

- Counseling will be available for employees with an excessive number of first aid cases.
- Disciplinary action will be taken if unsafe behavior continues over the long term.

These changes will raise awareness at all levels and for the first time, will include the employee's family. By working together at all levels, we will achieve our goal of having the safest mill in the industry!

Successful people ask better questions, and as a result, they get better answers.

Anthony Robbins

United Corrstack

The First Quarter: A Recap

Contributed by **Art McLaughlin**, Mill Manager

UCI has much to be grateful for during the 1st quarter of 2006: a mild winter, new safety milestones, satisfied customers, strong sales matched with strong productivity, continued process and product development, and new equipment to improve the paper making process, keeping us strong as a business.

UCI's team continued to work "injury free." Their last injury occurred on August 24, 2005. On February 24 the mill reached two years without a lost time injury.

Equipment upgrades and installations on the paper machine will include a new style vacuum box foil blade that will not de-bond, a new refiner installation to support the dramatic shift to 23# grade and higher refining loads, and a dryer felt cleaning brush that will improve cross-machine profile and productivity, by improving felt cleanliness.

During a recent visit to the mill, company leadership pledged their support for the UCI powerhouse expansion project. This project will improve our cost structure by addressing the dependency on fossil boiler fuels, positioning UCI to be very competitive in the industry as a low cost producer.

Lastly, congratulations to the UCI Team for establishing a new daily production record of 488 tons on February 24, 2006.

Keep up the good work!

Newport Timber

Welcome Aboard

Please join us in welcoming **Nick Wells** to the NPT family. Nick is one of two Scalers at Newport, and he is responsible for weighing in all wood, secondary fiber and chemical trucks. The biggest challenge that Nick faces everyday is working both the inbound and outbound scales at the same time and keeping the trucks moving at a steady pace so they do not back up. Nick looks forward to continuing growth and expansion.



John Strunk

Getting To Know Each Other ...

John Strunk, Process Engineer, has been with United Corrstack for almost 1½ years. John is responsible for running chemical trials, managing the chemical inventory, productivity, quality improvements, and cost savings initiatives. He is also the relief foreman. John came to UCI after successfully completing several co-ops with other paper mills, while earning his undergraduate degree in Engineering Management from Miami University.

In his free time, John enjoys spending time with his wife, Olga and son, Peyton. He also likes to travel and attend sporting events.

What John likes most about working at United Corrstack are *"the constant team efforts put towards reducing cost, while maintaining a quality product and a safe working environment."*



Nick Wells

IT's All About Information

With spring comes a reviving of life, a renewing and reinvigorating of what is old. This year, it is occurring in the IT systems each of us use – we are “juicing up” our networks and email applications, bringing them new life.

Our messaging systems have reached their end-of-life. No longer does the technology provide or meet the demands of current applications or users. Additionally, independent networks at each affiliate are not conducive to supporting seamless sharing of information between and among our various sites or access to applications from anywhere within our network. After a thorough analysis of the situation, we are moving forward with an upgrade and consolidation of our Exchange messaging applications in conjunction with revamping our networks to provide seamless movement of information and system access throughout.

What does this mean to each of us? Primarily, it means our work life around system access, information exchange, collaboration, and the whole Outlook/email experience is going to get better. While many of the improvements will be at the server level and esoteric to the user – such as enhanced security, protocol/routing support, improved server management utilities, and increased server availability – others will be more apparent. The upgraded technology provides greater assurances on delivery, that your email will get to the intended recipient in the most expeditious manner possible, and that it will not be rejected due to incompatible protocols.

The user will now have better ways to access email. Although, in some cases, we will continue to access email through the same Outlook client we use today, the new systems support a much improved browser based application called Outlook Web Access or OWA. Users needing email access via the Internet will be switched to this method and the myriad of functions it provides, e.g., email, contacts, calendars, task list, etc., in addition to numerous enhancements in the Outlook and OWA applications.

The networks among Interstate's affiliates have been physically connected for several years now through the wide area network (WAN). However, although physically connected, they all function entirely independent of each other – like separate countries with interconnecting highways but totally different laws and rules of governing. The network portion of this project combines and standardizes the “laws and rules” by which these networks operate.

Continued next page ...

IT Steering Committee

Contributed by **Mark Mathews**, ICL General Manager

IT is everywhere ... at our business, home and in our everyday life. Whether we are at home on the Internet, entering production information at the machine, scanning bar codes for shipments or even using our credit card at the mall, IT makes our life easier and has sped up even further an already fast-paced world.

Interstate Resources has established a new IT Steering Committee, with representatives from the box plants, the mills and Corporate. One of the committee's jobs is to identify key opportunities in the IT area to help support our internal and external customers. The committee will review operating systems (both current and future), IT support (internal and external), along with aligning the IT strategy to our business strategy. The Committee includes **Mark Mathews** (Chair), **Jerry Clark**, **Pierre Khattar**, **Roger Malone**, and **Samir Meouchy**.

Do you have ideas about IT? The committee would like to hear from you.

Making good decisions is a crucial skill at every level.

Peter Drucker

What matters is where you want to go. Focus in the right direction!

Donald Trump

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They will become truly united and function as one when appropriate and separately when not, which makes it easier to share information and applications. Upon completion of this project, when users log in, they will be able to access any system within the Interstate group of companies for which they have been granted authority to access. Setting up access will also become much easier and can be done in minutes. Access to common resources, such as file and print servers, comes with a user's login so files/documents may be more easily shared with other affiliates without faxing, emailing, or scanning.

Of course these functional enhancements to our networks do not come without requiring some changes on the part of users. With the tighter integration and visibility of our systems come greater opportunities for access to multiple applications if usernames/passwords are compromised.

Project completion is scheduled for the end of August.

Change does not occur without some pain – no pain, no gain. Everything possible, however, is being done to minimize this for all users, IT's customers; some adaptation required – yes; much greater functionality – you bet!

When it comes to our computing resources, think CLEAR: Careful, Legal, Ethical, And Responsible.

IT is all about information - collecting it, massaging it, reporting it, analyzing it ... to increase efficiency, improve decision-making, and enhance performance.

Living the Interstate Culture

I just wanted to let everyone know that I had the esteemed pleasure to present a sizable hardship contribution check to a Fitchburg employee who had fallen on hard times. The company match to an unbelievable amount of employee donations (from both the Fitchburg and Lowell plants) will mean everything to this employee as she starts her life anew. Along with the health of her two children and a washer and dryer in the basement, all of her worldly possessions were lost with no insurance to assist.

We place our employees in high regard, as mentioned in the "Care For and Development of People" tenet of Interstate's Culture. To see this concept in practice has been one of the proudest moments of my career. To know that we've truly made a major difference in someone's life and to see her fellow employees and the company respond in such a way has been truly rewarding.

My thanks to everyone for their contributions and their strong belief in our culture.

Gary Potvin

Operations General Manager
Interstate Container - Fitchburg