

NORTH AMERICA

International Paper to Buy SCA's Packaging Business in Asia



International Paper has signed a definitive agreement to purchase SCA's packaging business in Asia for \$200 million in cash.

IP expects to complete the purchase in the second quarter of 2010, subject to

regulatory approval of the transaction in China.

"We're buying good facilities at a good price as well as gaining an excellent team of 4,500 employees," said Paul Brown, president, IP Asia.

"SCA's facilities complement our existing converting system of 12 corrugated box plants, which are principally in China. The combination strengthens our packaging business in Asia and will make it more competitive, more profitable and better able to serve customers," Brown said.

SCA said the sale is in line with its strategy in Asia to focus on hygiene products in that region.

The SCA packaging business in Asia, which is primarily in China, consists of 13 corrugated box plants and two specialty packaging facilities.

The Newark Group to File Prepackaged Bankruptcy

The Newark Group Inc. in early May reached a deal with its major creditors to restructure debt in exchange for equity, and plans to file a prepackaged Chapter 11 bankruptcy.

The company said that holders of its 9.75 unsecured senior debt would receive about 96.5 percent of its equity in exchange for canceling about \$200 million of unsecured debt.

Votes on the plan must be received by June 1, and the company would begin Chapter 11 proceedings within 45 days. None of the company's non-U.S. subsidiaries or affiliates would be included in the bankruptcy filing, the company said in a statement.

The Newark Group said it has arranged for a new \$110 million term loan facility with ORIX Finance to pay off its existing term loan.

"We are pleased to have the support of our note holders and lenders as we move forward to strengthen our balance sheet and position the company for profitability," said president and CEO Robert Mullen, in a statement.

The company said that a majority of the members of each impaired creditor class had already agreed to vote in favor of the prepackaged plan and that its debt reduction would cut annual cash interest costs by about \$13 million.

Domtar to Move Ahead on Energy Projects at Kamloops Mill

Domtar said that it will move forward with two projects to improve energy conservation, increase renewable power generation and reduce particulate emissions at its Kamloops, British Columbia, Canada pulp mill. The capital investment of C\$57.6 million will be entirely funded by credits received

from the Government of Canada's Pulp and Paper Green Transformation Program.

"We welcome and appreciate the support we have received from Natural Resources Canada under this program," said Eric Ashby, general manager of the Domtar Kamloops mill.

"The funding for these projects, together with support from BC Hydro's "Integrated Power Offer" for industrial customers, were instrumental for Domtar in moving forward with these important improvements," Ashby said.

Domtar said the first phase of work related to these projects is expected to begin in late May 2010, during the mill's annual maintenance shutdown.

Domtar said that it was allocated credits totaling C\$143 million dollars for investments aimed at improving energy efficiency and environmental performance under the Pulp and Paper Green Transformation Program. The company owns and operates a total of four pulp and paper mills in Canada, all eligible for this program.

Domtar is a participant in BC Hydro's Integrated Power Offer which promotes investment in energy efficiency and renewable energy generation.

Fraser Papers Completes Sale of Thurso Pulp Mill

Fraser Papers Inc. has completed the sale of its pulp mill located in Thurso, Quebec to Fortress Specialty Cellulose Inc.

Terms of the deal were not disclosed.

The Thurso mill has an annual production capacity of 245,000 tons of high quality northern bleached hardwood kraft market pulp.

Fraser Papers remains under creditor protection pursuant to the provisions of the Companies' Creditors Arrangement Act, with its stay of proceedings having been extended by the court to July 9, 2010.

Graphic Packaging to Expand Biomass Energy Generation at Macon Mill



Graphic Packaging International announced plans to expand utilization of biomass energy in its paperboard mill located in Macon, Georgia.

Presently, biomass energy generates over 90% of the mill's process steam and 60% of its electric power.

Detailed engineering studies and permitting are in progress, the company said.

According to Graphic Packaging, the project will take several years to complete, making the Macon mill self-sufficient from an electrical power and steam generation standpoint.

SWEDEN

Swedish Paper Workers Union Get New Labor Deal

A 10-day strike in April by some 3,000 paper mill workers in Sweden resulted in a new agreement on pay rates, but during the process cost the industry millions of dollars and thousands of tons of production.

Workers from six different mills went on strike in Sweden on April 16, and the union had warned that 2,800 other workers in six more mills would join the strike late on April 26 if last-minute talks failed to secure a new labor agreement.

Swedish Forest Industries Federation (SFIF) spokeswoman Lotta Larson said the new collective agreement is good for 22 months and provides industry workers with a 3.3 percent pay increase.

The Swedish Paper Workers Union the day before the strike was settled had turned down a mediators' proposal of average wage increases of 3.2 percent over 22 months.

SFIF said that the strike cost Sweden's paper industry more than 510 million kronor (about 53 million euros, USD \$70 million).

Sonoco to Install New Boilers at Holyoke Paper Mill

Sonoco said that it will invest \$2.8 million at its 100 percent uncoated recycled paper mill, located in Holyoke, Mass. The investment includes the installation of two high-efficiency, natural gas-fired boilers that will supply steam to the mill's papermaking process.

Construction of a new building and installation of the boilers is expected to be completed in August 2010.

The Holyoke mill has been making paper for 136 years.

According to Sonoco, the mill houses the last running paper machine in "Paper City" with an annual output of 66,000 tons of uncoated recycled paperboard.

Holyoke Gas and Electric (HG&E) announced in mid-2009 that it would cease steam production operations by late third quarter 2010, citing a major decrease in industrial demand as the key driver for its decision. Sonoco said that it worked closely with HG&E to develop a mutually acceptable exit strategy and it will continue to purchase electricity and natural gas for the new boilers from HG&E.

FINLAND/MALAYSIA

Stora Enso to Sell Kotka Mills to Private Equity Firm



Stora Enso has signed an agreement to sell its integrated mills at Kotka in Finland and its laminating paper operations in Malaysia to private equity firm OpenGate Capital.

The value of the deal, including earn-out, is about EUR 24 million, Stora Enso said.

As part of the deal, Stora Enso will divest its laminating paper, special coated magazine paper and sawmill businesses at Kotka, including the fully-owned laminating paper subsidiary in Malaysia and the business operations of the Tainionkoski paper machine 7, which will remain in Stora Enso's ownership, but will be leased to the new owner.

The Kotka mill site and its buildings are included in the sale, the company said.

As a result of the sale, Stora Enso's annual production capacity will be reduced by 180,000 tons of machine-finished coated paper (MFC), 200,000 tons of laminating paper and 40,000 tons of Imprex products and 230,000 m3 of sawnwood.

Stora Enso expects to close the deal in the second quarter of 2010.

News stories and photos should be submitted to John O'Brien by email: jobrien@paperage.com

EUROPE

Stora Enso Slates EUR 165 Million Loan Towards R&D

Stora Enso recently signed an agreement with the European Investment Bank (EIB) for a EUR 165 million loan to be used for research and development. The loan agreement is part of the commitment by EIB to lend altogether EUR 230 million to Stora Enso, including the EUR 65 million loan announced on February 10, 2010.

“Stora Enso invested EUR 71.1 million in research and development in 2009,” said Jukka Kilpeläinen, senior vice president, Group R&D. “Research and development concentrates on steering of networked strategic research as well as operations and product development in three research centers: Imatra in Finland, Karlstad in Sweden and Monchengladbach in Germany.”

Mondi to Sell Europapier to Heinzl Group

Europapier AG said that its parent company, Mondi, has signed an agreement to sell Europapier to Heinzl Group.

The selling price was not disclosed.

Under the terms of the deal, Heinzl Group would take over 100% of Europapier's shares.

“Heinzl Group's strategy is to expand their key role in pulp, paperboard and paper trading in Western Europe, emerging Eastern European markets, North Africa, Middle East and Asia. Europapier's good market position makes a good fit with Heinzl Group,” said Alfred H. Heinzl, president and CEO of Heinzl Group

Europapier is one of the leading paper suppliers in Europe with annual shipments of over 470,000 tons of paper. The company offers a wide range of graphical, standard and creative papers, office papers and packaging solutions.

Global Trade of Wood Chips Decreased in 2009

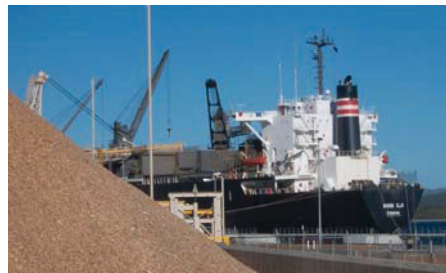
As with most commodities, global trade of wood chips fell in 2009 because of the international financial crises, according to Wood Resources International's (WRI) report, Wood Resource Quarterly.

Wood chip trade had increased on average five percent per year annually between 2002 and 2008, reaching an all-time high of 31 million oven-dry metric tons (odmt) in 2008. This upward trend was broken last year when trade fell 14% from the previous year, noted Hakan Ekstrom of WRI.

“International trade of wood chips has historically been driven by pulp manufacturers need for either unique wood fiber properties not available locally, for fiber competitively priced or for strategic reasons. Despite the recent decline, global trade of wood chips has more than doubled in 20 years,” Ekstrom said.

The report said that the trade reduction in 2009 was equal for both softwood and hardwood chips, and most countries cut back fiber imports. The only major exceptions were Turkey, which increased its imports by 50% last year and China, which almost tripled its imports.

“China has evolved from having been a net exporter of chips five years ago, to being a major chip consumer,” Ekstrom said. “The country now imports almost 20% of all chips



Global shipments of wood chips fell 14% in 2009, although China bucked the trend, tripling its imports to become the world's second largest chip importer.

traded in the Pacific Rim and is now the world's second largest importer of woodchips after Japan.”

Trade of wood chips is still the highest in the Pacific Rim, accounting for about 55% of the total global trade and over 95% of water-born trade. The major exporting countries in 2009 were Australia, Chile, the US, Vietnam and South Africa, which together exported just over 16 million odmt. A majority of the shipments were Eucalyptus wood chips destined for pulp mills in Japan and China, WRI's report said.

The most dramatic reductions in export volumes last year occurred in Australia (-22%), the US (-25%, a majority bound for Canada) and South Africa (-45%), according to the WRQ. In contrast, Vietnam and Russia both increased their shipments last year. Outside of the top five it is worth noting that shipments from Uruguay declined by almost 50% last year.

The report predicts trade of wood raw-material, including logs and wood chips, is likely to increase in 2010 as the global economy slowly recovers and as a consequence, the demand for most forest products will improve. In addition, many energy companies in Europe are searching for new sources of biomass, which will further expand the overseas trade of wood chips.

RUSSIA

Ilim Group Joint Venture to Build Kraft Pulp Mill in Bratsk

Ilim Group said that its Board of Directors has approved an investment of approximately US\$700 million to build a new kraft pulp mill in Bratsk (Irkutsk Oblast), Russia. Financing for the project is being arranged by Ilim's joint venture with International Paper.

"One of our key goals and main reasons to create the JV with International Paper, was investment program implementation," said Zakhar Smushkin, chairman of Ilim Group.

According to Ilim, the project includes the construction of a modern cooking, washing and bleaching line, a new pulp drying machine, a new recovery boiler, a new bark boiler, a new woodyard and other infrastructure projects.

The new pulp line will have an annual capacity to produce 720,000 tons of bleached softwood market pulp, which will



bring the overall pulp production at Bratsk to over one million tpy.

The mill's production will be oriented toward the Chinese market, Ilim added.

Engineering and construction will begin immediately.

"We have already finished building the world's largest neutral sulphite semi-chemical pulp mill in Koryazhma and invest-

ed in large-scale forest equipment in Siberia. We are now ready to start this new project at Bratsk, which will be the first new kraft pulp mill in Russia for thirty years," Smushkin said.

Maximo Pacheco, president of IP Europe, Middle East and Africa, and Ilim Group Board member, said, "This strategic investment at Bratsk reinforces IP's commitment to Russia and will further strengthen our position as a supplier to China."

Start up is expected in the second half of 2012.

AUSTRALIA

Gunns Seeking Investors for New Tasmanian Pulp, Forest Management Company

Gunns Limited has released an Information Memorandum (IM) to a number of pre-qualified international parties. The IM provides details on the proposed creation of a new corporate group to be known as Southern Star Corporation.

Gunns said the IM begins a formal process whereby potential investors are being offered an opportunity to partner with Gunns in the creation of an integrated pulp manufacturing and plantation based forest management company — Southern Star Corp.

Southern Star's principal assets will be a 1.1 million tons per year bleached hardwood Kraft pulp mill in the Bell Bay Industrial Zone of Northern Tasmania (Australia) and the Tasmanian land and eucalyptus plantation resource currently owned by Gunns Limited.

Gunns' said that it intends to hold a minimum of 51% of the equity of Southern Star, which will be a standalone operation with a separate board of directors who will represent respective stakeholders.

John Gay, currently director and chairman of Gunns Limited, is the chairman of Southern Star. Gay said that he will retire from his position with Gunns, effective prior to the Gunns' AGM in November of this year.

In addition, Timo Piilonen has been named Pulp Mill Project Director for Southern Star. Piilonen has extensive experience with pulp mill projects whereby from 2004 - 2008 he was

responsible for the construction and operation of what is now UPM's 1.1 million tpy eucalyptus pulp mill in Fray Bentos, Uruguay.

Paperlinx to Close Burnie Mill in Tasmania

After exhausting efforts to find a buyer for its Burnie Mill in Tasmania, Australia, PaperlinX said that it will close the plant, which houses two paper machines with a combined capacity of 140,000 tpy of uncoated paper.

The closure of the remaining operations at the Burnie Mill marks the final stage of PaperlinX's exit from the paper manufacturing business. Going forward, PaperlinX will be solely a merchanting company

In December 2009, PaperlinX announced that it would close its Wesley Vale Mill (Tasmania) and seek a buyer for the Burnie Mill, but a buyer never materialized.

"This has been a long and complex process, and while it is disappointing that we have not been able to find a sustainable outcome for the Burnie operations we do believe that we have reached an outcome that is in the best interests of PaperlinX and its shareholders," said Tom Parks, Managing Director, PaperlinX.

SOUTH AMERICA

Poyry Awarded Engineering Contract for New Pulp Mill in Brazil

Finnish engineering firm Poyry said that Suzano Pulp and Paper has awarded it a contract for pre-engineering and preparatory work for mill infrastructure for a 1.3 million tons per year bleached eucalyptus market pulp mill to be built in the state of Maranhao, Brazil.

The value of the contract is about EUR 7.3 million, Poyry said.

The new pulp mill is part of an expansion plan that Suzano announced in July 2008, which includes the construction of two 1.3 million tpy pulp mills — one in Maranhao and the other in Piaui, Brazil — with start up expected in 2013 and 2014, respectively.

INDIA

West Coast Paper Mills Completes Mill Expansion Program

India's West Coast Paper Mills Ltd. said that it has completed an Rs.1375 crores (approx. USD 306.2 million) expansion program at its existing pulp and paper mill at Dandeli in Karnataka, India.

Primarily, the program includes the replacement of an existing pulp line with a new pulp line, which produces 725 tons per day of Elemental Chlorine Free (ECF) pulp, the installation of a new paper machine for the production of printing & writing grade papers, and ancillary equipment in the mill's chemical recovery and utility areas.

The new paper machine boosts the company's paper capacity from 180,000 tpy to 320,000 tpy.

SUPPLIER

Thiele Kaolin Earns Safety Award

Thiele Kaolin Company recently received the Award of Excellence in recognition of exceptional workplace safety from the Georgia Department of Labor.

The annual awards program is sponsored by the Safety Engineering Division of the Georgia Department of Labor and seeks to promote safe, healthy work environments in Georgia.

The Award of Excellence is given to an employer that has experienced at least 250 workdays during the previous calendar year without a lost time injury. A lost time injury is defined as an injury that is so severe that the employee cannot return to work on the next regularly scheduled shift.

As of May 12, 2010, Thiele employees have worked 619 days without a lost time accident.

FOEX: PIX BENCHMARK INDEXES (per metric ton)

DATE	NBSK in the U.S. (U.S. dollars)	Std. Newsprint 30 lb. in the U.S. (U.S. dollars)	LWC 60 gr. offset reels EUR	Coated WF 100 gr. reels EUR	A4 B-Copy 80 gr. sheets EUR
04-May-10	952.31	562.54	626.27	660.15	782.51
06-Apr-10	921.40	551.42	626.35	646.99	769.93
02-Mar-10	875.23	540.76	637.66	656.47	769.61
09-Feb-10	870.36	533.56	637.98	658.45	770.76
12-Jan-10	840.00	509.02	665.53	669.32	771.23
08-Dec-09	826.19	509.82	665.87	671.94	773.55
11-Nov-09	818.14	488.14	672.48	674.64	772.18
13-Oct-09	779.77	467.58	671.48	676.27	779.90
15-Sep-09	759.77	455.77	679.33	681.37	793.61
18-Aug-09	719.52	457.56	684.71	686.63	799.44
14-Jul-09	684.23	492.91	694.04	693.60	807.46
16-Jun-09	654.87	550.19	697.87	695.71	810.00

NBSK: long-fiber northern bleached softwood kraft pulp.

LWC: Light-weight coated magazine paper (60-gram offset reels).

Coated WF: Coated woodfree paper (100-gram reels).

A4 B-copy paper: A4-sized sheeted standard-grade copy paper (80 grams per sheet).

ABOUT PIX PRICES: FOEX (www.foex.fi) PIX indexes are benchmark price indexes for various qualities of pulp and paper. They measure weekly the market price of the pulp or paper in question. FOEX receives real trade information from parties in the pulp and paper industry, from buyers, sellers as well as from agents. The highest 10% and the lowest 10% of the prices are eliminated, and the PIX value is calculated as an average price from the remaining prices.