

## **NEWS ANNOUNCEMENT**

## FutureMark Paper Group Pioneers Innovative Way to Protect Against Volatility in Globalized Waste Paper Markets

## **News Summary**

- FutureMark Paper Group pioneers a new practice for buying recovered waste paper through multiyear purchase agreements with stable cost
- Using such agreements, the company now secures more than 50% of the recovered paper needed to operate its two recycled paper-making facilities.
- Waste Management is latest firm with whom FutureMark has signed long-term purchase agreements; provides Waste Management with a stable outlet for its clients' recovered fiber, as well as a predictable revenue stream.
- FutureMark's long-term, cost-stabilized purchase agreements for waste paper provide the company with supply assurance and cost predictability; insulates the company from extreme volatility in waste paper cost, which in the past has fluctuated by more than 300% over a two-year stretch.
- FutureMark asserts long-term waste paper purchase agreements such as the ones it is pioneering will prove instrumental in helping U.S. recycled paper companies protect their long-term financial health.

Westport, CT— June 25, 2013—FutureMark® Paper Group, North America's leading provider of responsibly made recycled paper, revealed it is now securing approximately 50% of the recovered paper needed to run its business through long-term purchase agreements. The agreements, collectively worth more than \$20 million per year, help FutureMark manage its costs for buying waste paper, which is the company's single largest operational expense. The long-term agreements also greatly reduce FutureMark's exposure to wild swings in waste paper costs, which have fluctuated by more than 300% within two-year cycles, and provide the same benefits to its suppliers when markets tumble.

FutureMark has signed 10 long-term agreements for buying the recovered paper needed to make the company's 90% to 100% recycled paper. Each agreement lasts for two or three years and establishes a stable cost, regardless of how dramatically recovered paper markets rise or fall over the life of the agreement.

"These types of agreements are highly unusual—maybe even unheard of—in recovered paper markets, but we believe they're going to be instrumental in ensuring the long-term health of U.S. recycled paper companies," said Steve Silver, President and CEO of FutureMark Paper Group. "Until FutureMark pioneered these long-term waste paper sourcing agreements for our two manufacturing facilities, no recycled paper company could gain

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Alsip, IL 60803 Tel. 708-272-8700 or 866-580-8325 453 South Mackinac Avenue Manistique, MI 49854 Tel. 906-341-2175 FutureMark Pioneers Innovative Way to Protect Against Volatility in Globalized Waste Paper Markets Page 2

this level of supply assurance or cost predictability. These agreements are an insurance policy against the extreme volatility of globalized waste paper markets—for both us and our suppliers."

"We're very pleased with the agreements we have reached with FutureMark, as it provides a stable outlet for our clients' recovered fiber, as well as a predictable revenue stream for our company," stated Don Majka, Vice President of Sales and Marketing for Waste Management — one of the firms with whom FutureMark has signed long-term purchase agreements. "Beyond protecting our business against market fluctuations, it also frees our team from the typical monthly negotiations and administration. It's a win-win all around."

Volatile waste paper costs—and the financial uncertainty that comes with it—have contributed to the bankruptcies of several recycled paper mills over the past few years. High waste paper prices also played a role in the bankruptcy of Manistique Papers in 2011. Manistique Papers was purchased from bankruptcy and integrated into FutureMark Paper Group in 2012.

As part of FutureMark Paper Group, the Manistique mill is now experiencing a revival. It has hired 24 people since joining the Group. It has also made significant strides in product quality and manufacturing efficiency, boosting productivity on its paper machine by 11%.

Stabilizing the Manistique facility's recovered paper costs was a strategic priority for FutureMark to ensure the mill's long-term health. FutureMark has negotiated several multiyear, cost-stabilized recovered paper purchase agreements for its Manistique production center.

"These long-term sourcing agreements will insulate us from inevitable swings in the waste paper market," said Jon Johnson, Executive VP & General Manager, FutureMark Manistique. "By locking down a predictable cost for our waste paper through these agreements, we gain far greater accuracy in forecasting our operating costs. Knowing what our costs will be six months or two years from now is critical for business planning and for ensuring the continued financial strength of our business."

By establishing multiyear, stable cost agreements for recovered paper, FutureMark and its suppliers can reduce the time spent negotiating monthly transactions for recovered paper and can allocate their time instead to other value-added business activities.

FutureMark's Manistique production center fulfills more than 40% of its recovered paper needs though cost-stabilized long-term agreements. FutureMark's production center for coated paper in Alsip, Ill., just outside Chicago, secures about 60% of its annual recovered paper needs through similar agreements.

## **About FutureMark Paper Group**

FutureMark Paper Group is North America's leading provider of responsibly made, high-recycled paper. Through continuous green innovation, the group produces high-quality, high-performance printing and packaging papers with unmatched levels of recycled content. FutureMark's recycled paper solutions help sustainability leaders uphold their environmental commitments while advancing their business goals. FutureMark Paper Group's production centers are located in Michigan's Upper Peninsula and in the Chicago metropolitan area. For more information, please visit www.FutureMarkPaper.com.

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