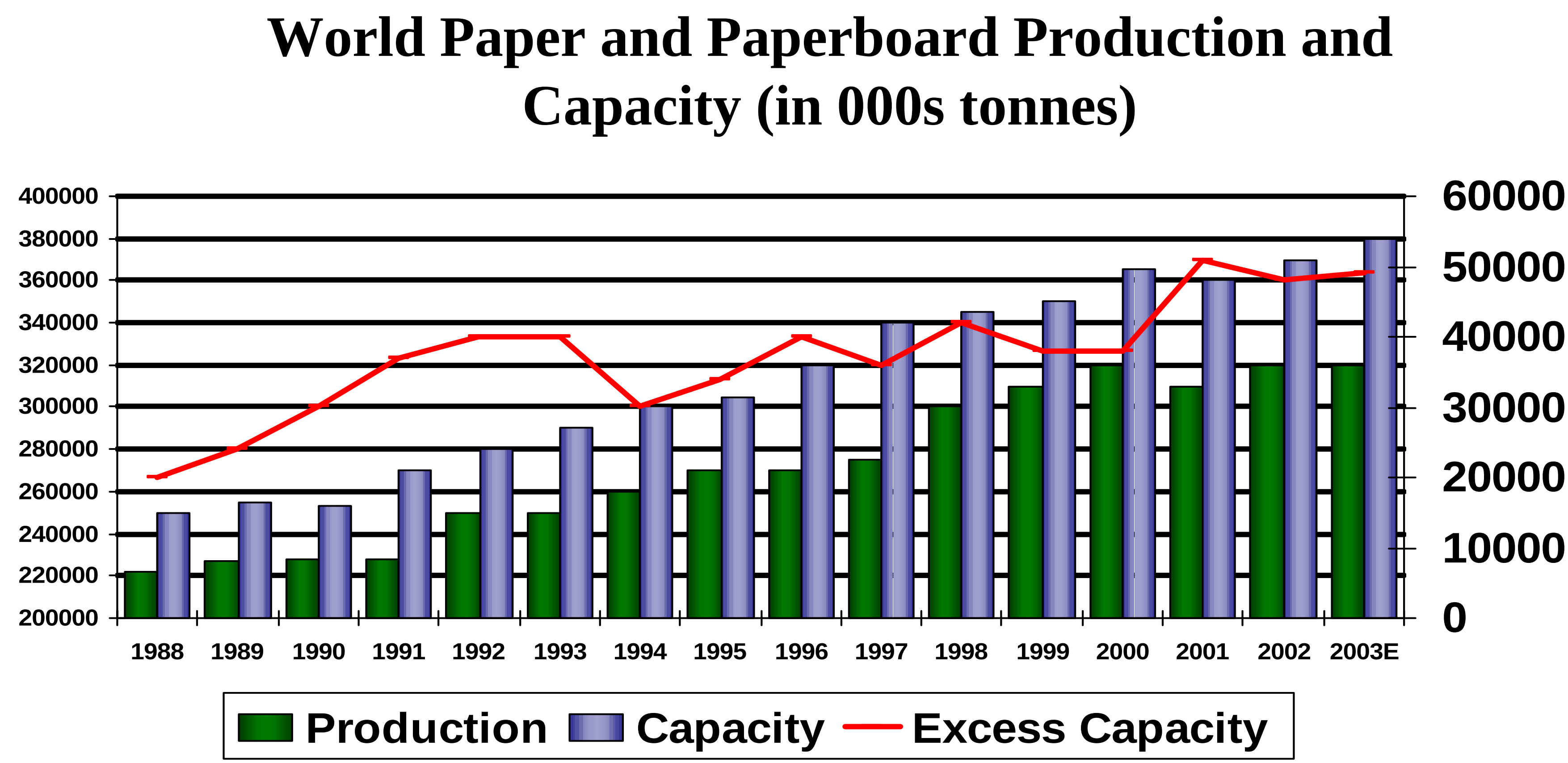
# Paper Industry Management Association Conference

**Dr. William H. Joyce**

**Chairman and Chief Executive Officer**

*June 28, 2004*

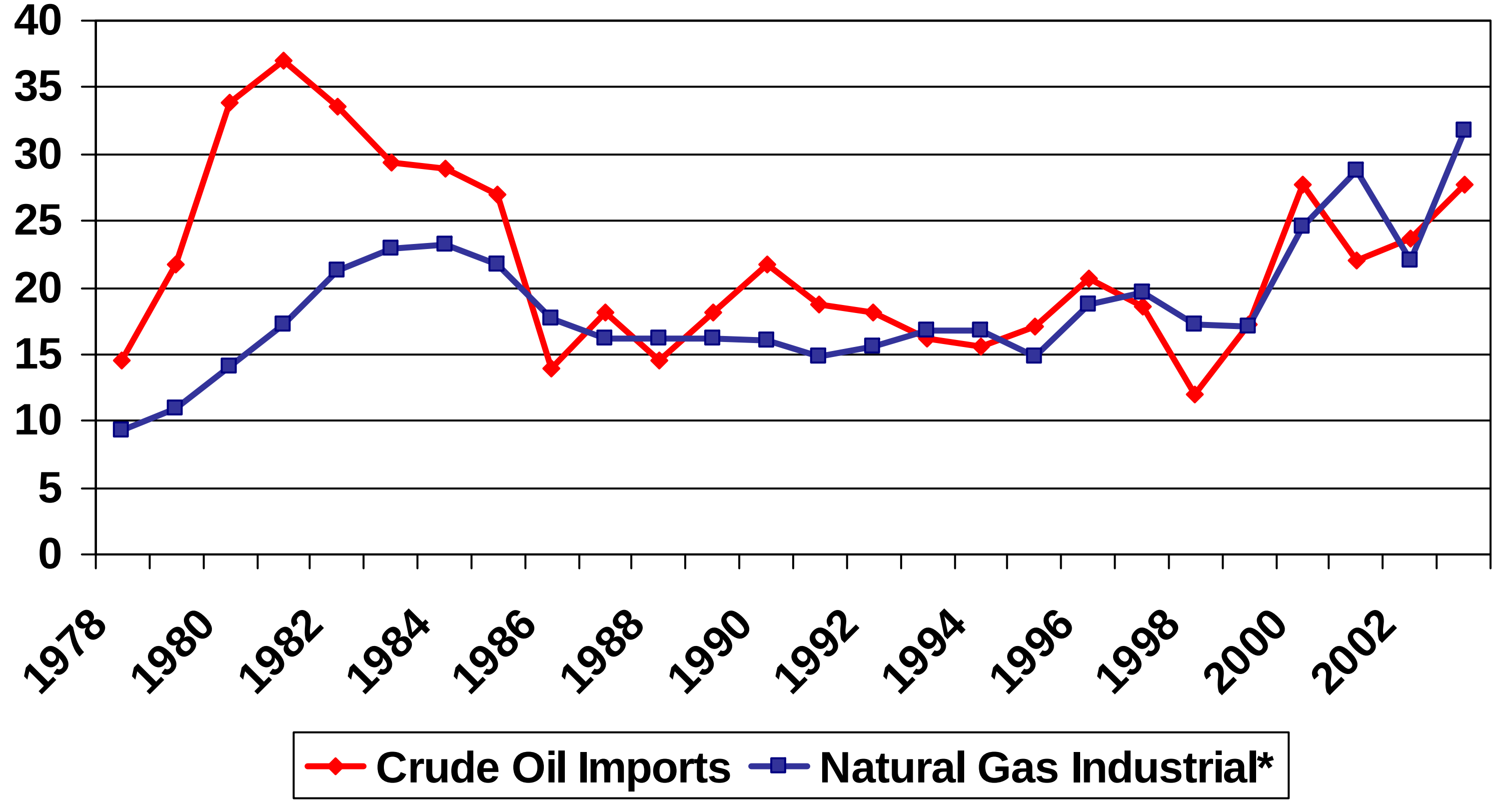
# Global Capacity Levels Remain High




Source UBS Investment Research, Global Supply & Demand Update, 2003-2005E,
RISI, AF&PPPC, CEPI, CepiPrint, Paperloop, industry sources, company reports, and UBS estimates

## Natural Gas Lost Advantage over Crude

Natural gas had slight price advantage in only 2 of last 7 years; versus 15 of the prior 19

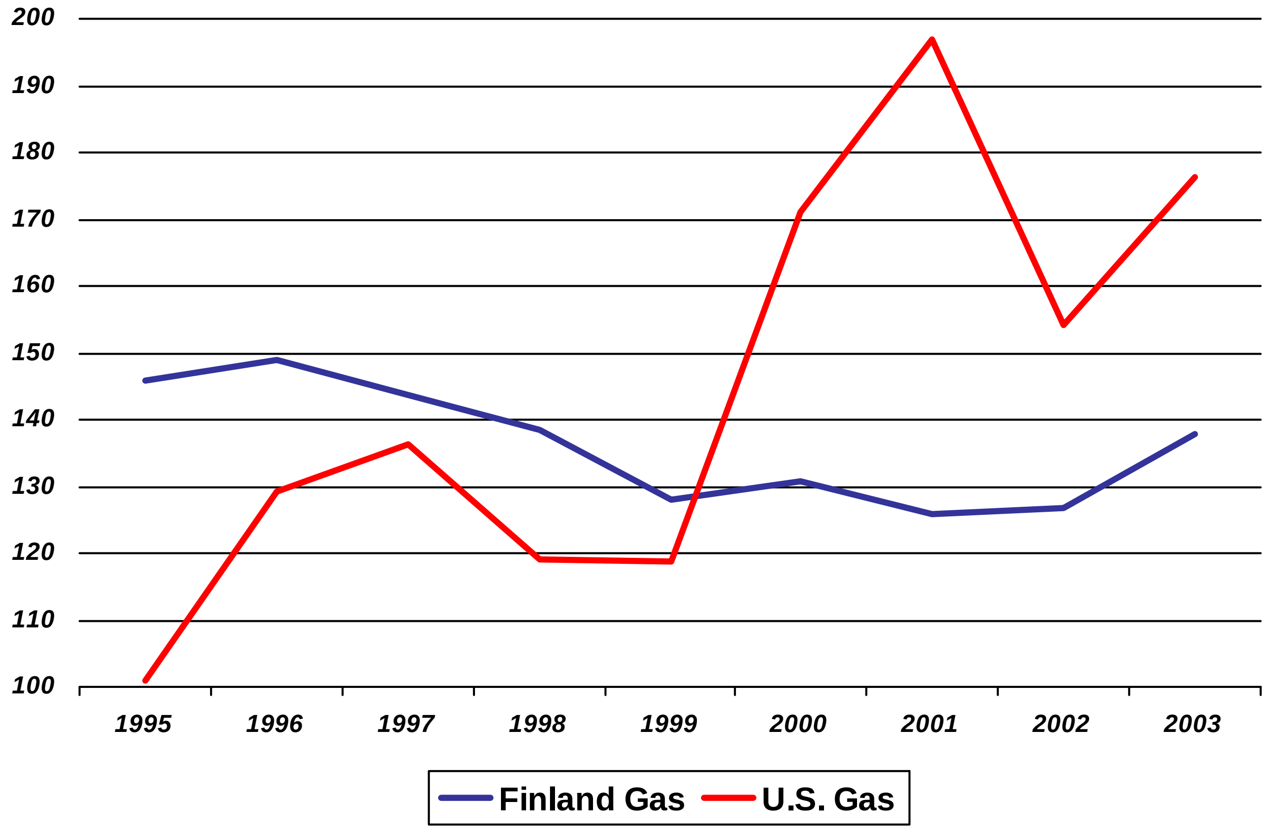



Source: U.S. Energy Information Administration data.

Natural Gas (industrial delivered price) converted to Crude barrel energy equivalents. Crude price set at average refiner price for imported oil.

# U.S. Has Lost Natural Gas Price Advantage

## Some key competitors now buying natural gas more cheaply

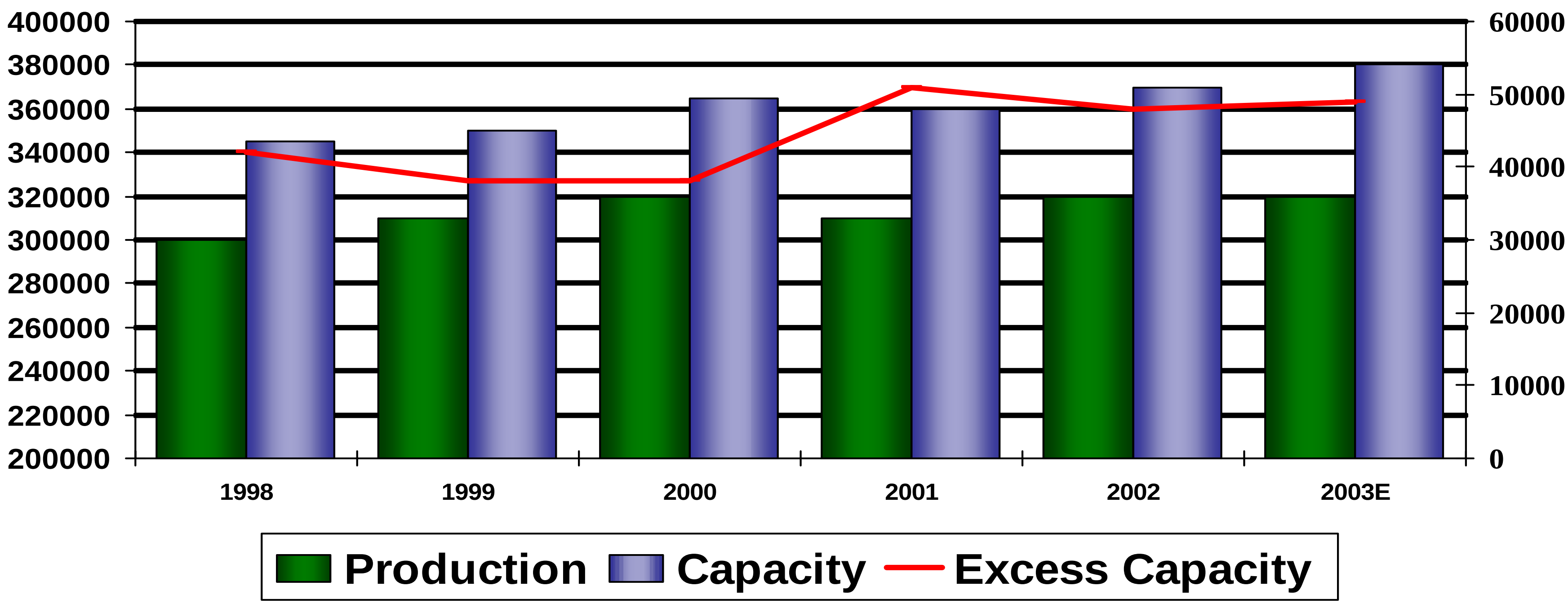



Source: International Energy Agency 2003 data

US Dollar per $10^7$ Kilocalories – Gross Calorific Value

# Global Capacity Has Continued to Grow

## World Paper and Paperboard Production and Capacity (in 000s tonnes)

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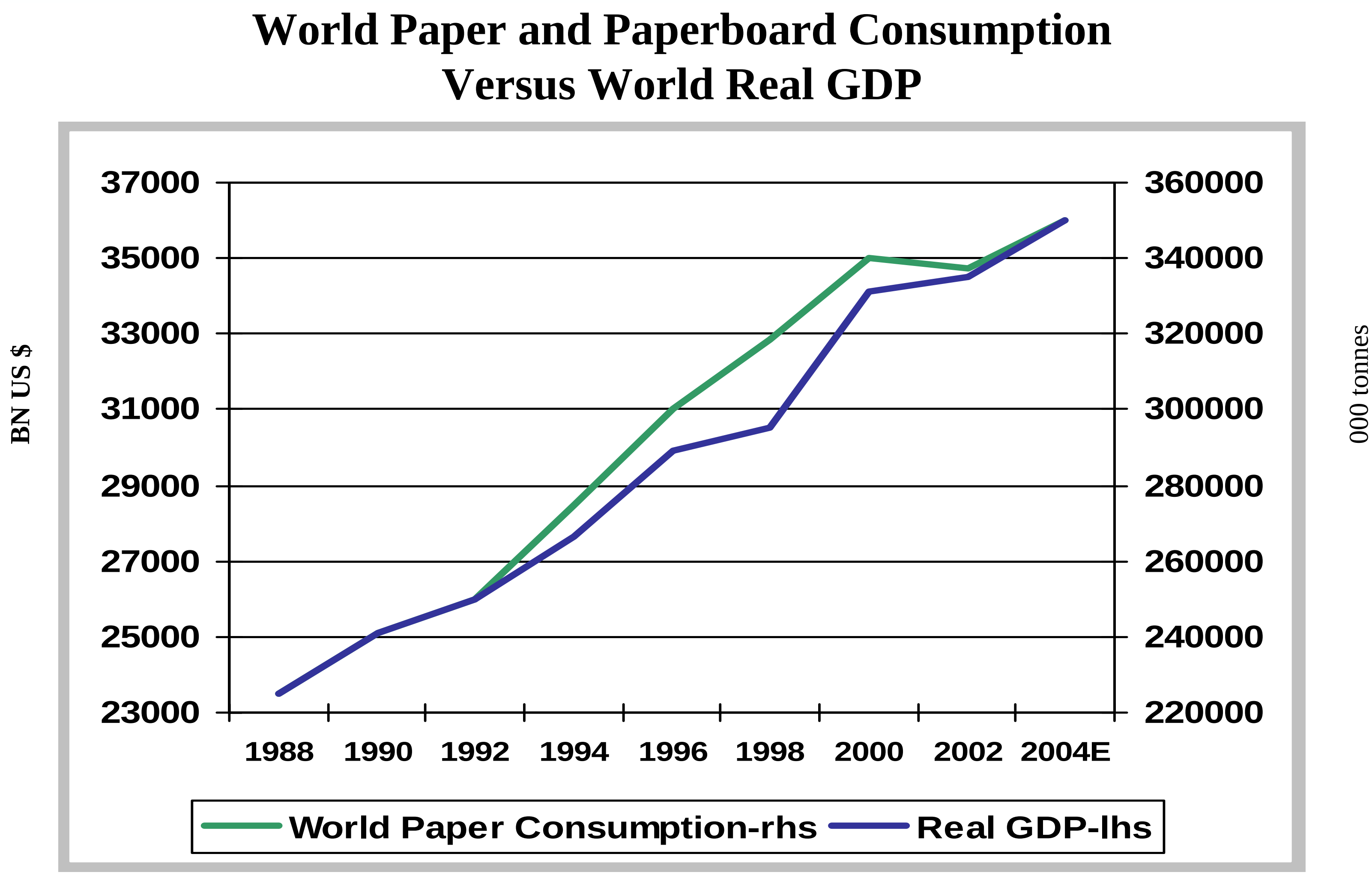
# Paper Consumption Continues to Grow with Economy

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# Next Steps

- Last through the cycle
- Focus on areas of competitive advantage
- Continue to emphasize cost control
  - Work process redesign
  - Design across total process
  - Set aggressive targets
- Invest in innovation