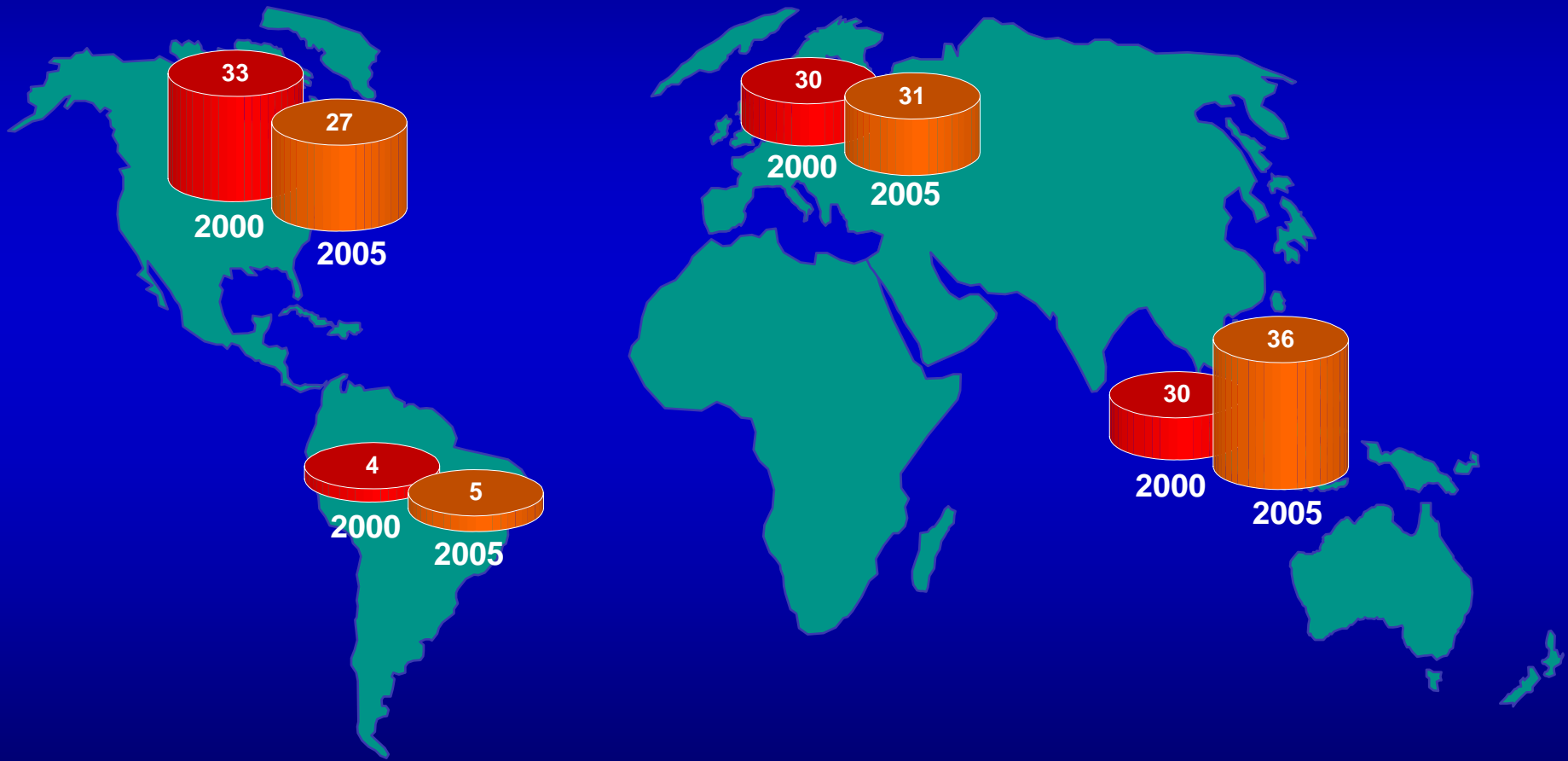


Transformation in Industry

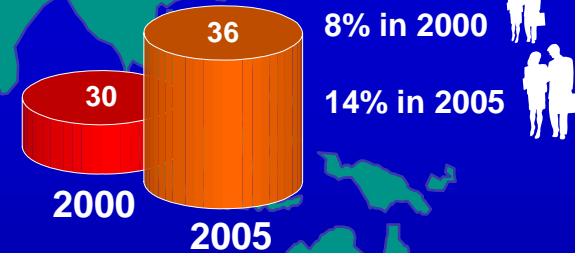
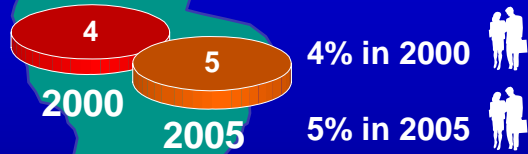
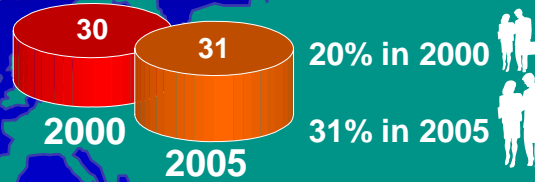
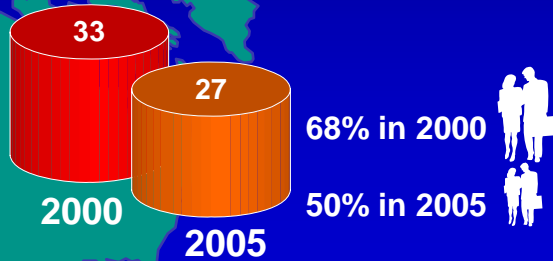
A Supplier's Perspective

 **HERCULES**

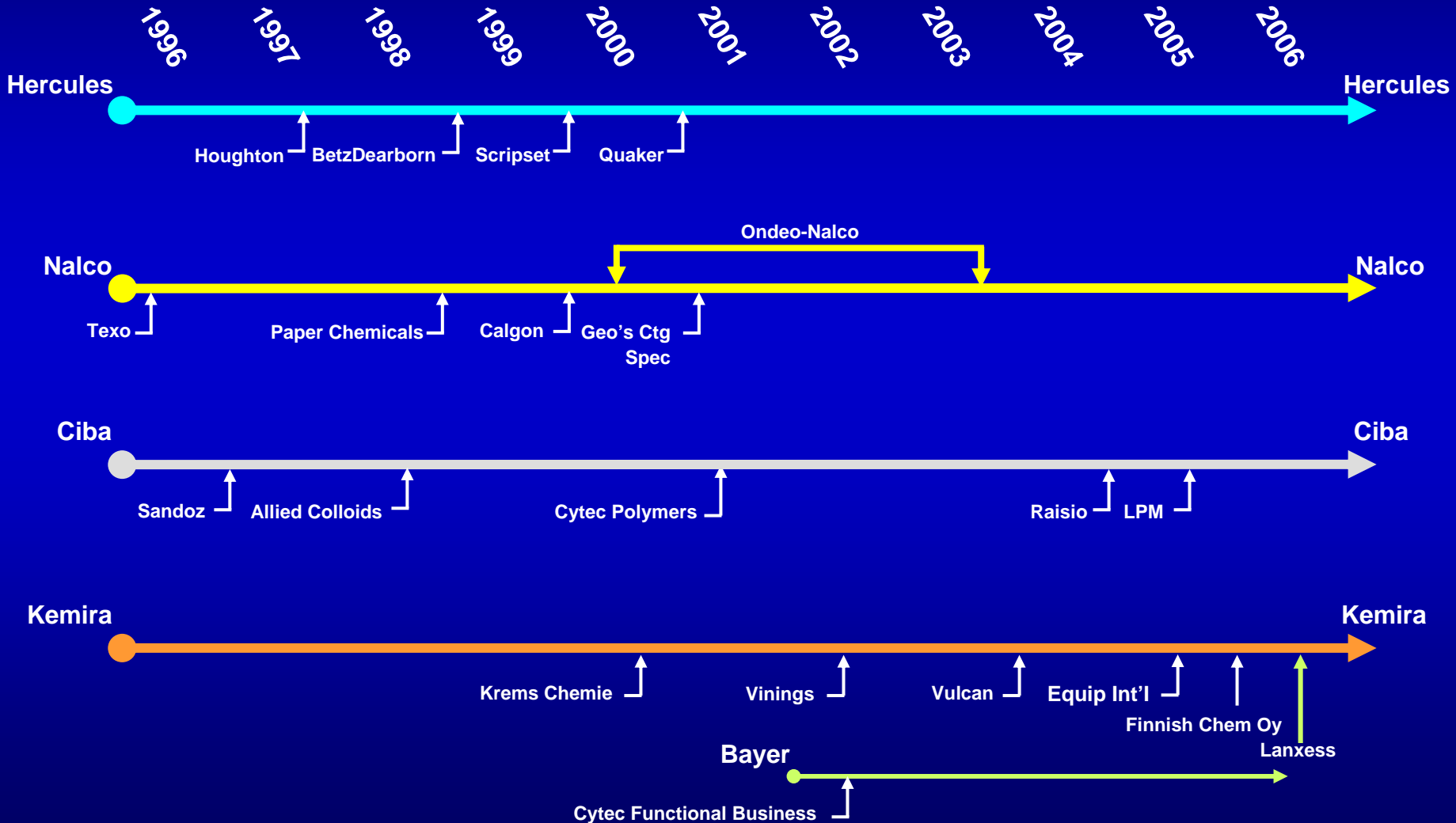
Global Shift in Paper Production



Employee Realignment



Industry Consolidation



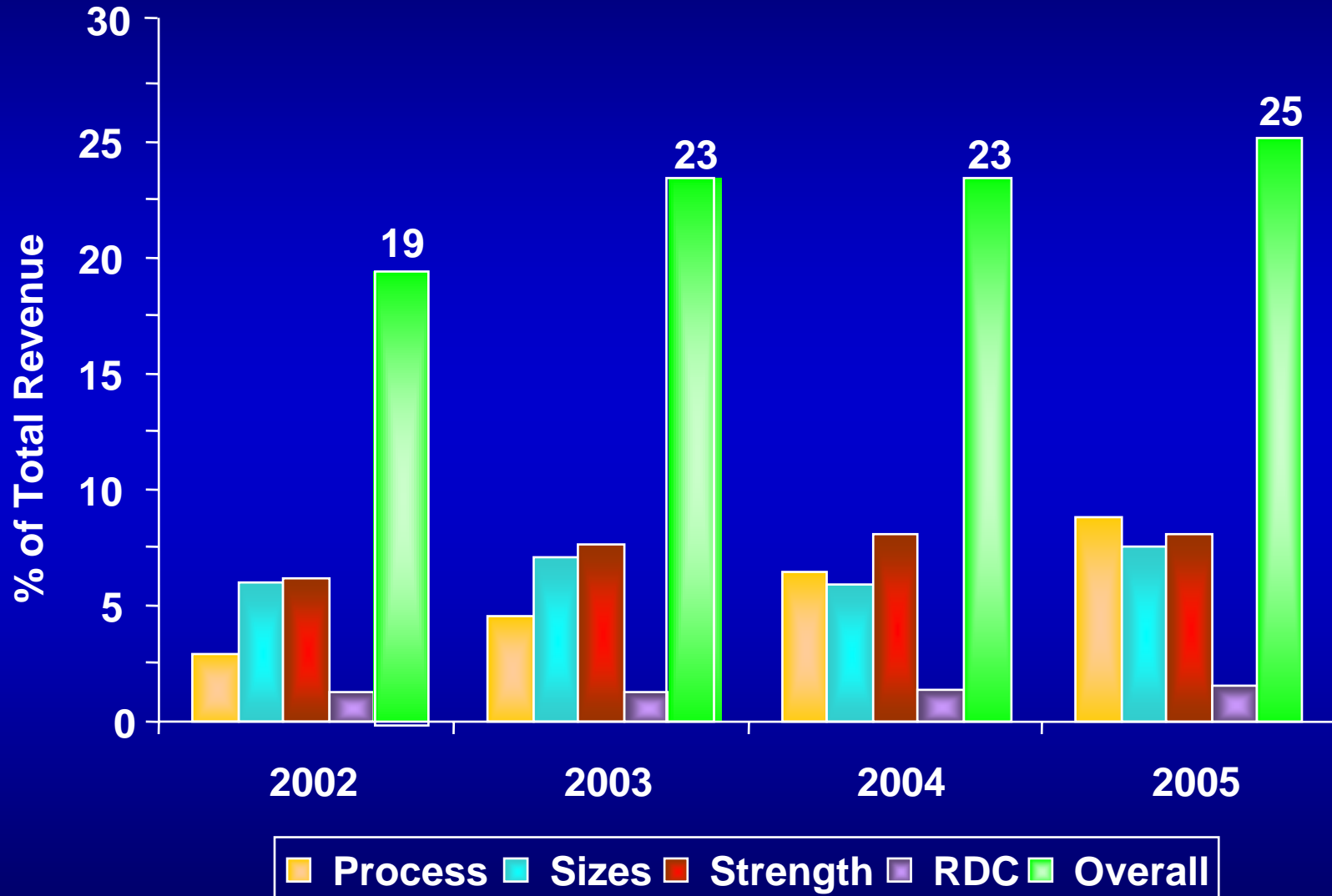
Hercules Transformation

- 1930's – 80's *Long History of Service and Innovation to Pulp and Paper Industry*
 - **Alkaline Papermaking**
- 1990s *Series of Acquisitions*
 - **Technology Expansions**
- 2000 – 2004 *Restructuring*
- 2005 *A New Path Forward*
 - **New Market Alignment - Paper Technologies and Ventures**

Driving Innovation

<p>> 3 Years 20%</p>	<p>Liquid Adsorption Fundamentals</p> <p>Yankee Coating Fundamentals</p>	<p>Barrier Additives</p>	<p>Fiber Replacement</p>	<p>Forest Biorefinery</p>
<p>1-3 Years 45%</p>	<p>Absorbency Aid</p> <p>New Wet Strength Resin Manufacturing Process</p> <p>Low AOX Strength Resins</p>	<p>Lower Cost Rosin Sizes</p> <p>Oil & Grease Resistant Products</p>	<p>Non-Chemical MB Control</p> <p>Improved Surface Treatments</p> <p>Preservatives</p> <p>Retention Aids for Mechanical Grades</p>	<p>Refiner Energy Reduction</p> <p>TMP Pitch Control</p> <p>New Detackifiers</p> <p>Biodefoamers</p>
<p>< 1 Year 35%</p>	<p>10 Programs</p> <p>Tissue & Towel</p>	<p>4 Programs</p> <p>Packaging</p>	<p>5 Programs</p> <p>Printing & Writing</p>	<p>5 Programs</p> <p>Pulping</p>

New Product Sales < 5 Years Old



Staying Ahead of the Curve

- **Mature Markets (North America, Europe)**
 - **Differentiation Through Innovation**
 - **Refining Service Model**
- **Emerging Markets (China, Brazil, Eastern Europe)**
 - **Expanding Infrastructure**
 - **Product Launch**

Designing a Culture of Transformation

- **Innovation is Key**
 - **Anticipate Change**
 - **Adapt Product Development Initiatives**
 - **Collaborate**
- **Focus on Customer & Market Needs**
 - **Continually Enhance Value of Product Offering**
 - **Continually Reduce Total Costs**