

NEWS ANNOUNCEMENT

FutureMark Alsip to Idle Mill

News Summary

- FutureMark Alsip announces plan to indefinitely idle its mill in early September.
 - Decision driven by insurmountable market conditions in the North American coated paper market including historic low pricing in coated papers and unprecedented energy costs.
 - Two week notice given to customers to run out critical orders.
 - Company is currently working with an investment bank with extensive background in the paper industry to assist in maximizing the value of Alsip in a sale, with the ultimate goal of finding the best value for this facility for the creditors and recalling the workforce.
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Alsip, IL— August 21, 2014 —FutureMark Alsip (Alsip Acquisition, LLC) today announced that, due to increasingly challenging market conditions in the North American coated paper market, it will indefinitely idle its mill in early September. Alsip is the only facility in North America making coated publication and printing papers predominantly from recycled materials.

“This is an extremely difficult decision for us given the exceptional achievements of the Alsip mill in producing coated papers with unmatched levels of recycled content and the dedicated work of all of our employees,” said Stephen L. Silver, CEO of Alsip. “We explored many options to avoid this action, but the brutal reality for all coated paper manufacturers today is that falling demand and pricing pressure from lower-quality uncoated substitutes has driven prices to near historic lows. Combined with massive increases in energy costs over the winter, this pricing pressure has made it impossible for us to continue our Alsip operations at this time.”

The coated paper market is under increasing pressure as coated mechanical paper prices continue to decline and energy prices remain high following a winter with record cold weather. Aggravating an already weak market, the Canadian government’s estimated \$200 million subsidy of the previously bankrupt Port Hawkesbury paper mill in Nova Scotia in 2012 enabled that mill to reopen and flood the market with 40,000 tons per month of low-cost supercalendered paper, creating an overcapacity that has most U.S. coated players operating at a loss.

Alsip will remain open for up to two weeks to fulfill orders and support customer efforts to transition to new suppliers. The mill presently employs 170 workers, and the announcement will affect all positions at the mill. After running out customer orders, a closure team will remain on site for a period of time to shut down the machine, maintain the facility and infrastructure, and support customers in the smooth transition of products and services.

FutureMark Alsip participates in joint marketing activities with a separate and independent company, FutureMark Manistique (MPI-Acquisition, LLC) under the FutureMark Paper Group brand. FutureMark Manistique, will continue to operate.

Alsip explored all alternatives for avoiding this shutdown, including expanded debt facilities, attempts to locate new investment and possible sale of the company. Alsip also received cooperation from its union and salaried employees in the form of wage concessions, however, some recent operational issues on top of continued poor market conditions led to a severe liquidity crisis.

“We appreciate the tireless efforts of all of our Alsip employees and the warm support the community and local government has extended to us throughout our many years of operation in this region,” said Silver. “We deeply regret the impact this will have on all involved. We fought as long and hard as we could.”

The company is currently working with an investment bank with an extensive background in the paper industry to assist in evaluating alternatives for maximizing the value of Alsip in a sale – including converting the facility to a stand-alone de-ink pulp mill for the sale of recycled fiber; using the site to manufacture tissue; converting the mill for the manufacture of packaging papers, or continuing its current line of coated papers. The company is actively engaged in a number of conversations with interested parties to explore these options with the ultimate goal of finding the best value for this facility for the creditors and recalling the workforce as soon as possible. At this time, the company has received expressions of interest from several potential buyers.

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