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Special Report

DB Paper & Packaging

Dr. Paper's Question Bank

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DB's Paper & Packaging Question Bank: Volume I
Our first ever Question Bank highlights approximately 200 questions that address key issues currently facing paper, packaging & timber company under our coverage universe.

Focus Themes for Paper Companies
Key issues include pressure from rising input costs, prospects for further consolidation moves and use of cashflow. Many paper companies have strong balance sheets and are poised to deliver strong cashflows. Can the industry prove itself more adept at using cash than it has in past cycles? Near term issues include (1) potential for a spring containerboard price hike and (2) implications of the EPA's Boiler MACT regulations.

Focus Themes for Packaging Companies
Rapidly rising input costs and the implications for margins are apt to be key themes in 2011. In addition, most companies are spending increasing amounts of capital expanding their businesses in Latin America and Asia. With strong and steady cashflows, packaging companies have long been popular targets for private equity. Over the past 12 months, P/E activity appears to be picking up.

Focus Themes for Timber REITs
Timberland earnings have been off sharply in recent years. As a result, questions have centered around dividend maintenance and timing/amplitude of a recovery. More recently, the sharp pick-up in Chinese purchases of logs & lumber from the Pacific Northwest has drawn attention. In Rayonier's case, the remarkable earnings of its performance fibers business is also drawing attention.

Valuation & Risk
Paper companies are trading around 1.8x book value and 6.5x on an EV/EBITDA basis on our '11 EBITDA estimates. Packaging companies are trading about 14.0x our '11 EPS estimates, and a 7.6x EV/EBITDA multiple using our '11 EBITDA estimates. We value paper companies using different metrics, including sum-of the-parts, and historical EV/EBITDA and P/E ratios. Our valuation of packaging companies is primarily based on historical EV/EBITDA patterns. EV/EBTIDA takes into account varying amounts of debt at each company. The primary risks involve momentum in the economy, the health of demand within key grades like containerboard and white paper, and additional energy, chemical, and freight cost inflation. For packaging companies volume appears to be the key risk. Companies under our coverage are also exposed to currency risk.

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DB Paper & Packaging Question Bank

Aptar Group

Current Price: $49.51 **52-week Range:** $37.34 – 49.82 **Market Cap:** $3,358m **DB Rating & Price Target:** Hold - $50.00 **Consensus Price Target:** $51.57

Aptar is a leading global supplier of dispensing systems for personal care, fragrance/cosmetic, pharmaceutical, household and food/beverage products. In a growing economy, Aptar's dispensing products typically grow at a faster rate than the overall packaging industry as its pumps, valves and closures offer attributes such as convenience and product differentiation. The global economic slowdown has pressured volumes, especially for Aptar's Beauty & Home segment (~50% or revenue). However, with evidence that vol's are improving, the company appears to be poised for continued recovery. Valuation isn't especially challenging at the moment. Thus, while we think Aptar is well-managed with attractive market positions, we have a Hold rating. More attractive entry points seem likely.

Questions for Aptar:

1) In 2011, Aptar begins a new reporting structure: Aptar Pharma, Aptar Beauty & Home, & Aptar Food & Beverage. What benefits does management expect to achieve from this realignment?

2) In each of the new segments, does ATR expect margins to grow in 2011? What are the key margin drivers? Will rising costs and pass-thru delays in resin/metals (1-3 mo's) be the biggest challenges in 2011?

3) Where are customers investing in growth and what are the subsequent opportunities for Aptar? What are the expected growth rates across each business segment? What type of operating leverage could Aptar gain from such growth?

4) Over the past 5 yrs, Aptar has repurchased over $300MM in stock. With 1.7MM shares left on its current repurchase authorization, what are management's expectations for returning cash to shareholders in 2011?

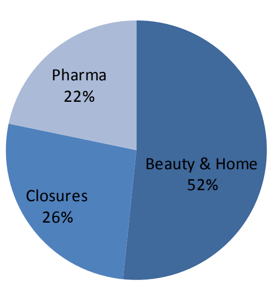
5) Discuss the current M&A pipe-line. What are criteria for acquisition targets? What has kept Aptar from seeking out larger acquisitions?

6) Discuss leadership succession plans. CEO Peter Pfeiffer is ~62 yrs. Will Aptar seek an internal/external candidate? With Aptar's strong European manufacturing & customer base, would Board be willing to bring in a non-European CEO?

7) We've seen weakness in personal care demand over the last few quarters. What are the current issues facing this market, and what gives management confidence that trends will improve? What impact will new product pipe-line for food & beverage closures have on growth & margins?

8) What new product opportunities are in the pipe-line for the Pharma segment? The business is typically stable, yet margins have fluctuated almost 400bps throughout 2010. Going forward, what does Aptar consider a target margin for the business?

Figure 1: Revenue By Segment (2010)



Source: Deutsche Bank, Company Filings & Capital IQ

Figure 2: Key Estimates – DB vs. Consensus

	2010	2011E	
	Actual	Dbe	Consensus
Revenue $(MM)	2,077	2,204	2,213
EBIT $(MM)	268	292	296
EBITDA $(MM)	401	432	432
Capex $(MM)	123	155	155
EPS $	2.49	2.74	2.77

Source: Deutsche Bank, Company Filings & Capital IQ

Ball Corp

Current Price: $37.00 **52-week Range: $24.13 – 37.06** **Market Cap: $6,439m** **DB Rating & Price Target: Buy - $40.00** **Consensus Price Target: $39.91**

Ball Corporation is a manufacturer of metal food & beverage packaging. Ball also develops aerospace and other technologies for commercial and governmental customers. We regard Ball as one of the steadiest & best-managed packaging companies. Business is performing well & trends are encouraging. With the Inbev acquisition, tighter capital spending, exit from plastics & lots of cash to shareholders, Ball is "back on track." Looking ahead, we think that Ball is well positioned to grow FCF and earnings as a result of recent acquisitions, investment in emerging markets, and cost savings initiatives. We currently rate the stock a Buy.

Questions for Ball:

1) Any differences in approach/emphasis between new CEO John Hayes vision and recently departed CEO David Hoover?

2) Discuss current bevcan capacity on a region-by-region basis as well as prospects for further capacity growth/contraction?

3) Ball is pointing to "at least" $400MM in FCF in 2011, which appears achievable even with a targeted $500MM in capital spending. Can investors assume that most of Ball's cash will be used for share-repurchases?

4) Looking beyond 2011, is $400-$500MM in annual FCF generation a reasonable number? Do they have a view on trend growth in FCF?

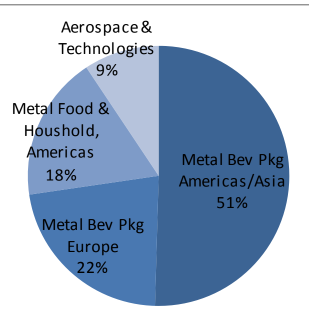
5) What lessens has Ball learned from acquisitions/divestitures made over the past 2-3 yrs? What does the current acquisition pipe-line look like for Ball?

6) Discuss potential growth in your Aerospace division given recent contract wins? Reasonable margin expectations on these new projects?

7) Discuss recent trends in the German bevcan market. Does Ball believe a 3-4B can market is possible over the next few years?

8) Ball recently announced it will build a new plant in Alogoinhas, Brazil, with one bevcan line expected to begin operating one line in early 2012. What is the target capacity for this new facility?

Figure 3: Revenue By Segment (2010)



Source: Deutsche Bank, Company Filings & Capital IQ

Figure 4: Key Estimates – DB vs. Consensus

	2010	2011E	
	Actual	Dbe	Consensus
Revenue $(MM)	8,506	8,611	8,627
EBIT $(MM)	900	942	894
EBITDA $(MM)	1,209	1,255	1,207
Capex $(MM)	487	500	560
EPS $	$2.28	$2.70	2.77

Source: Deutsche Bank, Company Filings & Capital IQ

Bemis

Current Price: $33.04 **52-week Range:** $26.72 – 33.90 **Market Cap:** $3,492m **DB Rating & Price Target:** Hold - $34.00 **Consensus Price Target:** $36.11

Valuation isn't challenging, but short term fundamentals do not appear favorable. Two key issues: (1) rising resin costs in FY11H1 will likely squeeze margins, and (2) organic growth trends in recent quarters have been disappointing. Longer term, the acquisition of the Food Americas (Alcan) business, in March 2010, will significantly increase Bemis's scale in the relatively stable Food & Beverage markets - from 57% to about 70%. However, given the short-term challenges, it's hard to argue that the stock needs to be purchased "now". Hold.

Questions for Bemis:

1) What time-frame is needed to get Alcan/Food Americas multi-year contracts synchronized with those of Bemis? With resin costs rising, Food Americas contracts could have negative impact on margins.

2) To what degree have Q1 price increases been implemented? With resin rising, is price/cost relationship neutral or negative at this moment?

3) How have volume trends been in January & February in your key regions? NA? Europe? Latin America?

4) How much in productivity/cost reduction benefits is Bemis targeting for 2011?

5) Review the $30MM synergy target from Alcan/FA for 2011. What else will it take to hit $60MM run-rate target? Is plant rationalization an option coming out of the deal, or is the focus simply plant optimization?

6) What are the key upside/downside risks to the 2011 guidance of $2.33-2.48? Volumes? Resins?

7) Why have the margins in the Pressure Sensitive business slipped over the past 3 years? What needs to happen to restore margins to high single digits?

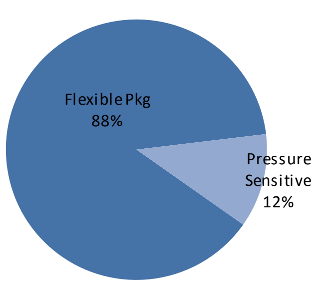
8) After DOJ rejected deal with UPM are there any other strategic options for Pressure Sensitive business?

9) What is a normalized capex run-rate for Bemis?

10) What do you define as an optimal leverage level for Bemis?

11) Which regions/technologies appear to offer the best growth opportunities for Bemis?

Figure 5: Revenue By Segment (2010)



Source: Deutsche Bank, Company Filings & Capital IQ

Figure 6: Key Estimates – DB vs. Consensus

	2010	2011E	
	Actual	Dbe	Consensus
Revenue $(MM)	7,630	8,506	8,640
EBIT $(MM)	637	900	892
EBITDA $(MM)	912	1,209	1,204
Capex $(MM)	487	550	548
EPS $	2.28	2.70	2.77

Source: Deutsche Bank, Company Filings & Capital IQ

Crown

Current Price: $37.98 **52-week Range: $22.66 – 38.18** **Market Cap: $6,312m** **DB Rating & Price Target: Buy - $40.00** **Consensus Price Target: $42.22**

For 2011, we see cyclically improving beverage & food can volumes in developed markets and secular growth in emerging markets. Cashflow from domestic operations provides a platform for investment in developing markets. More recently, management has begun rapid expansion in LatAm and China, which should help drive growth in 2011, 2012 and beyond. We maintain our Buy rating on Crown Holdings based on favorable valuation.

Questions for Crown:

1) Crown will see ~10B units of new capacity in FY11 & FY12H1 (7 new plants +lines @ existing plants). Discuss the decision making process behind new capacity and the accompanying customer agreements. What lessons has CCK learned from recent expansion projects?

2) What cost-pass thru arrangements does CCK have for labor & input costs? How does it vary by region? By customer?

3) Over the past 2-3yrs, Crown has been less aggressive in mature market M&A activity than its peers, and has instead focused on capacity expansion and acquiring JV partners in Asia. Has this been a strategic decision or simply a valuation call? Discuss the current M&A pipeline for Crown.

4) With "at least" $400MM in FCF expected in 2011, should we assume a significant portion will be used for share-repurchase? Looking beyond 2011, is $400-$500MM in annual FCF generation a sustainable number?

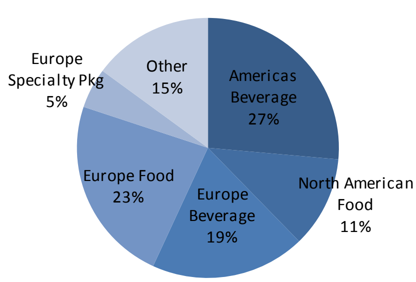
5) Discuss CCK’s current capital structure, uses of cash, and how that might change over time.

6) Assumptions underlying high/low end of your FY'11 guidance of $2.60 - $2.80? What could drive upside to your target?

7) Mmgt targets for 2011 suggest ~13% EBIT growth in 2011. Assuming current capacity expansion plans remain on track, what type of growth rate could we see in 2012? What is a normalized organic growth rate for each business segment?

8) Considering CCK's aggressive expansion plans in numerous emerging markets, what are the largest sovereign & execution risks?

Figure 7: Revenue By Segment (2010)



Source: Deutsche Bank, Company Filings & Capital IQ

Figure 8: Key Estimates – DB vs. Consensus

	2010	2011E	
	Actual	Dbe	Consensus
Revenue $(MM)	7,941	8,356	8,542
EBIT $(MM)	870	998	990
EBITDA $(MM)	1,042	1,170	1,179
Capex $(MM)	200	400	425
EPS $	2.24	2.75	2.74

Source: Deutsche Bank, Company Filings & Capital IQ

Glatfelter

Current Price: $11.92 **52-week Range:** $10.12 – 15.48 **Market Cap:** $535m **DB Rating & Price Target:** Buy - $18.00 **Consensus Price Target:** $15.50

Glatfelter is involved in a long-term strategic initiative to shift the business mix away from products under secular volume pressure. The recent Concert acquisition fits with this strategy and takes the proportion of revenues from businesses with secular growth to almost 50%. In the businesses under secular pressure, such as book papers and envelope & converting, the company has done a remarkable job in recent years of outperforming broad markets and maintaining volumes largely flat. To the extent that these businesses enjoy cyclical improvement with a strengthening economy, GLT would benefit. Our Buy rating is based on attractive valuation, an improving business mix, and impressive management execution.

Questions for Glatfelter:

1) 2011 accretion target for Airlaid division (Concert) was trimmed from the original $0.20-0.25 to $0.15 in 3Q10. Is GLT on-track to achieve this target? What are the potential upside/downside risks?

2) Balance Sheet is rapidly deleveraging. What is the top priority of the management in terms of utilizing cash? Is it acquisitions, dividends or share buyback?

3) Is GLT currently looking at acquisitions? If so, what regions and what businesses? What type of valuation metrics does GLT focus on?

4) What is the optimal leverage ratio for GLT?

5) What is the biggest risk for 2011?

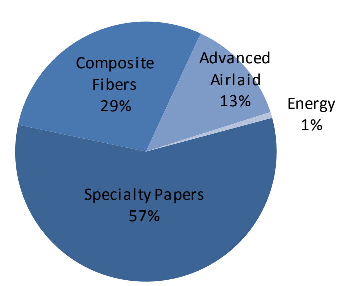
6) How are the demand trends in various end markets? Has GLT seen any uptick in demand in January & February?

7) 2011 Capex of $60-65MM is higher than normal. Where is the incremental capex being targeted? What sort of return is GLT expecting on incremental capex projects? When are they likely to reach the bottom-line?

8) Beyond 2011, what is the normalized capex run-rate for GLT?

9) Any timeline for monetizing 32K acres of existing landholdings? Are any sales possible/probable in 2011?

Figure 9: Revenue By Segment (2010)



Source: Deutsche Bank, Company Filings & Capital IQ

Figure 10: Key Estimates – DB vs. Consensus

	2010	2011E	
	Actual	Dbe	Consensus
Revenue $(MM)	1,466	1,569	1,559
EBIT $(MM)	75	91	86
EBITDA $(MM)	140	159	154
Capex $(MM)	65	65	NA
EPS $	0.88	1.00	0.98

Source: Deutsche Bank, Company Filings & Capital IQ

Graham Packaging

Current Price: $17.28 **52-week Range:** $10.25 – 17.99 **Market Cap:** $1,195m **DB Rating & Price Target:** Buy - $19.00 **Consensus Price Target:** $17.33

Graham is a leader & innovator in rigid plastic packaging. The majority of sales are in food & beverage containers, with the balance in household, automotive, and personal care. Graham does not produce any water or soda bottles. Graham is considered a technology & design leader. It enjoys some of the highest EBITDA margins in the packaging sector. We consider Graham's business to be fairly low-risk. Most products are consumer staples and Graham's margins tend to be quite stable. Disciplined cost pass-through arrangements limit raw material cost risks. However, the core domestic business offers limited volume growth. There are "puts" and "takes". There are conversion opportunities from other materials (primarily, glass), but in other categories there are secular challenges (e.g. one-quart motor oil, concentration of laundry detergents). Graham should benefit from the September 2010 acquisition of Liquid Container. We rate Graham a Buy, because of reasonable valuation and relatively low volatility model.

Questions for Graham Packaging:

1) Any uptick in demand in key markets since the start of the year? Growth expectations for NA, Europe & South America? 2011 guidance = +2-3%y/y.

2) Key issues behind the conservative 2011 EBITDA guidance of $583MM? Liquid Container 2010 ($88MM) + legacy 2010 ($484MM) + synergy ($12MM) = $584MM.

3) Can you identify any the major conversions into plastic during 2011 & 2012?

4) Your stated priority for cash in the next 2-3 years is debt repayment. Will any cash go to acquisitions?

5) What is the optimal leverage ratio for Graham?

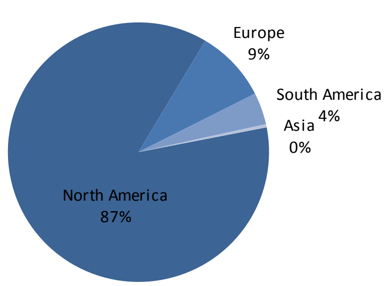
6) Any particular technology that Graham is keen to add to its portfolio?

7) What are the key productivity/cost reduction initiatives for 2011?

8) On a normalized basis, what is the run-rate for capex?

9) What is GRM’s 3-5 year target for revenues/profitability growth?

Figure 11: Revenue By Segment (2010)



Source: Deutsche Bank, Company Filings & Capital IQ

Figure 12: Key Estimates – DB vs. Consensus

	2010	2011E	
	Actual	Dbe	Consensus
Revenue $(MM)	2,513	2,896	2,934
EBIT $(MM)	333	390	395
EBITDA $(MM)	504	587	588
Capex $(MM)	175	175	175
EPS $	1.70	1.80	1.74

Source: Deutsche Bank, Company Filings & Capital IQ

Greif

Current Price: $65.34 **52-week Range:** $48.71 – 65.30 **Market Cap:** $1,508m **DB Rating & Price Target:** Buy - $65.00 **Consensus Price Target:** $71.40

Greif is the global leader in industrial packaging, as well as a modest-sized containerboard producer and timberland owner. The key driver for the company is industrial packaging, where the company enjoys a dominant position and a history of impressive cost cuts. After steep volume declines in 2009, the company is seeing significant volume recovery in 2010. Combined with the cost cuts of recent years, the cyclical recovery is positioning Greif for record earnings in 2011 and beyond. As the global economy continues to recover, growth in emerging markets and adjacencies, as well as tuck-in acquisitions, is returning GEF to more of a growth story than one might expect of a company involved in very mature markets. We rate the stock a Buy.

Questions for Greif:

1) Describe where your various businesses are in restoring volumes after 2008-9 recession? Which businesses have enjoyed the strongest rebound? The weakest rebound?

2) Are rising input costs a threat to 2011 performance targets? Which cost increases appear the most challenging?

3) Which businesses have the most effective pass-thru mechanisms? Which present the biggest challenges?

4) What are the critical steps in rolling out your consolidation & growth strategy for flexible bulk packaging?

5) Describe the structure and capital requirements of your new Saudi JV for the flexible bulk business. Why locate in Saudi Arabia? What steps are you taking to mitigate your exposure to volatile region of the world?

6) What is your current strategy in terms of managing/optimizing your 300K/acres of land? Do you think of yourself as a long-term owner on timberland? If so, why?

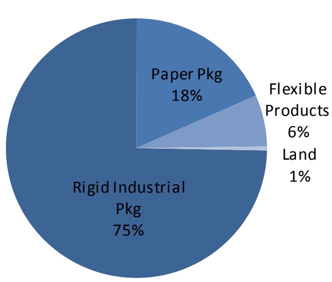
7) Do you have a 5yr target for both top-line growth as well as EBIT or EPS growth?

8) How does the containerboard/corrugated business fit within GEF's larger industrial packaging focus? Could you see selling the business?

9) Do you foresee the company's dual-class share structure changing within the next 10yrs? If so, what are the catalysts?

10) What are the critical elements that will allow you to reach your 11.5% corporate EBIT target?

Figure 13: Revenue By Segment (2010)



Source: Deutsche Bank, Company Filings & Capital IQ

Figure 14: Key Estimates – DB vs. Consensus

	2010	2011E	
	Actual	Dbe	Consensus
Revenue $(MM)	3,461	3,870	3,990
EBIT $(MM)	368	433	443
EBITDA $(MM)	484	548	578
Capex $(MM)	130	150	138
EPS $	4.35	4.90	4.92

Source: Deutsche Bank, Company Filings & Capital IQ

International Paper

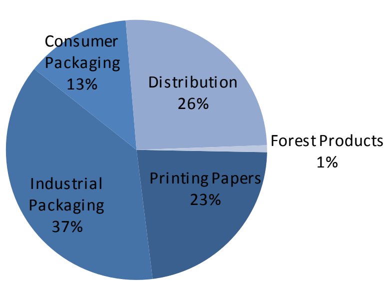
Current Price: $30.29 **52-week Range:** $19.88 - $30.29 **Market Cap:** $12,274m **DB Rating & Price Target:** Buy - $35.00 **Consensus Price Target:** $35.93

IP is the largest, most diversified, and most international paper company in North America. Its largest grade is containerboard, and its other major grade is uncoated free sheet. It also has significant positions in bleached paperboard and market pulp. IP is enjoying solid margins in most of its businesses and the company is generating significant free cash flow. Demand is recovering from the severe cyclical downturn of 2009. Industry consolidation and capacity closures have tightened markets enough that prices in most grades are attractive. NBSK prices have begun to show upward bias. Containerboard prices remain stable after rising $110/ton in 2010. Bleached Paperboard mkts are tight & prices are likely to move up again in 2011. Our Buy rating is based on improving demand trajectory, stable/higher prices in most grades and strong cashflows. The biggest risk in the near term is sharp rise in key input costs.

Questions for International Paper:

1) Is it possible that IP's Board will revisit the dividend level before yr-end?
2) If so, what are likely 2-3 most important issues for the Board in considering the dividend?
3) Could you foresee IP pursuing a significant share repurchase program over the next 2yrs?
4) Review the timeline and potential capital outlay for the second paper machine at Tres Lagos in Brazil.
5) Could you foresee IP making another large investment in Latin America over the next 3-5yrs? If so, what type of business?
6) Discuss capital plans at both Chinese and Russian joint-ventures? What are conditions under which IP might gain control of either JV?
7) Review supply/demand dynamics in IP's 2 largest NA businesses (containerboard and uncoated free sheet). Do you anticipate need to rationalize capacity is either segment over next 12-18 months?
8) What needs to be done to improve performance at Xpedx? Is Xpedx an "essential" part of IP's paper strategy?

Figure 15: Revenue By Segment (2010)



Source: Deutsche Bank, Company Filings & Capital IQ

Figure 16: Key Estimates – DB vs. Consensus

	2010	2011E	
	Actual	Dbe	Consensus
Revenue $(MM)	25,179	26,487	26,396
EBIT $(MM)	1,819	2,187	2,221
EBITDA $(MM)	3,275	3,627	3,741
Capex $(MM)	1,250	1,200	1,243
EPS $	2.05	2.75	2.76

Source: Deutsche Bank, Company Filings & Capital IQ

KapStone

Current Price: $17.20 **52-week Range: $8.73 – 17.80** **Market Cap: $791m** **DB Rating & Price Target: Hold - $18.00** **Consensus Price Target: $19.06**

KapStone is a mid-tier producer of containerboard & kraft paper with 2 mills and 1.3MM tpy of capacity. The key margin driver has been rising prices. KapStone's core strategy is to expand through acquisitions. The focus is apt to be on 1-2 mill operations. The senior management team has demonstrated an ability to acquire businesses and grow equity value. A strengthened balance sheet will aid this strategy. In the last 24 months, net debt has fallen to just 0.3x est. adj. '11 EBITDA. Industry fundamentals appear favorable and domestic prices are stable. But challenges remain, include balance sheet management and mitigating downside risk in future slowdowns. Hold.

Questions for KapStone:

1) Current containerboard export pricing environment? Reports suggest that export prices have stabilized in the last few weeks. Any update on what you are seeing at the marketplace?

2) Any update on the acquisition pipeline? Is the "Target pool" still focused mostly mill operations? What is the size of businesses that KapStone is considering? What multiples would KapStone be willing to pay?

3) Given that Balance Sheet is under-levered, what timeline has the management given itself before it turns its attention to other means of returning cash to shareholders (share buybacks, dividends)?

4) How is the domestic demand in January & February? Recent ISM/box data suggests that demand is picking-up. Have you seen any meaningful change/pick-up in activity since the start of the year?

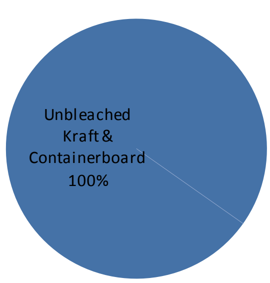
5) Do you view input costs (especially energy/energy related) as a significant challenge in 2011?

6) How do you read current containerboard market conditions? What do you focus on as the key drivers for containerboard pricing?

7) How confident do you feel about your ability to protect margins in the event of a sharp decline in demand?

8) What are the cost reduction/productivity opportunities at the mills? How much of it is likely to show in 2011?

Figure 17: Revenue By Segment (2010)



Source: Deutsche Bank, Company Filings & Capital IQ

Figure 18: Key Estimates – DB vs. Consensus

	2010	2011E	
	Actual	Dbe	Consensus
Revenue $(MM)	783	819	837
EBIT $(MM)	55	108	107
EBITDA $(MM)	101	154	156
Capex $(MM)	41	41	38
EPS $	0.78	1.40	1.44

Source: Deutsche Bank, Company Filings & Capital IQ

Louisiana Pacific

Current Price: $11.44 **52-week Range: $6.55 – 12.86** **Market Cap: $1,516m** **DB Rating & Price Target: Hold - $10.00** **Consensus Price Target: $10.29**

After a long and painful cyclical downturn, the worst appears to be over for LPX and wood products businesses. While the level of new housing starts remains very low by historical standards, they appear to be improving. Even with demand still weak, supply-side moves and modest demand improvement now have the market in reasonable balance, and recent prices have been surprisingly strong. At the same time, LPX has refinanced near-term maturities, and it has made internal cost cuts to improve cash flow. We expect the company's operations to be cash-flow-positive going forward. We now have the confidence to look forward to cyclical improvement toward normalized conditions, which should arrive within the next three years. Hold.

Questions for Louisiana Pacific:

1) What housing start level is necessary for LPX to deliver a Cost-of-Capital return in its core OSB operations? What type of C$ exchange rate does that assume?

2) Would it be helpful/beneficial for LPX to have larger share of NA OSB mkt? Do you think that LPX will likely have a much larger OSB share within the next 5yrs?

3) Will the OSB market consolidate further? What will it take to drive consolidation?

4) Can you describe the relative merits/strengths of your siding and engineered wood business? Which of the two offers the more interesting growth opportunities?

5) What do you think a realistic target is for your Latin American business over the next 5-10yrs?

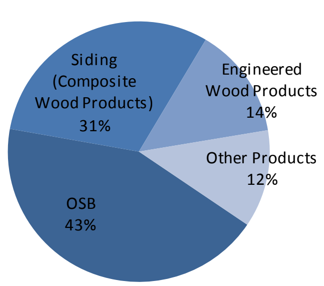
6) What managerial lessons have you taken from you take from the last 4-5yrs?

7) LPX has gone thru 2 financial "crisis" in the past decade? Will life be more stable in the future? Why or why not? What can you do to manage differently?

8) What are your current utilization rates across your various businesses? Does this include mothballed capacity?

9) Can Canada still be profitable location for investment in this sector with the C$ near parity?

Figure 19: Revenue By Segment (2010)



Source: Deutsche Bank, Company Filings & Capital IQ

Figure 20: Key Estimates – DB vs. Consensus

	2010	2011E	
	Actual	Dbe	Consensus
Revenue $(MM)	1,382	1,516	1,486
EBIT $(MM)	-5	60	49
EBITDA $(MM)	77	140	129
Capex $(MM)	50	50	57
EPS $	-0.20	0.10	0.01

Source: Deutsche Bank, Company Filings & Capital IQ

MeadWestvaco

Current Price: $30.76 **52-week Range: $21.17 – 30.41** **Market Cap: $5,200m** **DB Rating & Price Target: Buy - $34.00** **Consensus Price Target: $33.03**

The company's portfolio of businesses is relatively stable, the balance sheet is solid, the underlying assets are strong, and the pension is over-funded. Volume trends are improving and margins in the downstream packaging businesses are also improving. Exiting Media & Entertainment and Envelope businesses has boosted margins. Higher input costs could be the biggest issue. We note that our estimates include little benefit from some 730K/acres of landholdings around Charleston, SC and the surrounding low country. We rate the stock a Buy.

Questions for MeadWestvaco:

1) Update on $480MM capital program at Brazilian operations?

2) Likely areas for further acquisition activity in Consumer Packaging? MWV has signaled interested in expanding this business.

3) Other areas of potential acquisition activity? Specialty chemicals? Mill assets?

4) Likelihood of further restructuring in either consumer solutions (packaging) or consumer & office products segments? MWV has shed several underperforming packaging & office products businesses over the past 12-24 months.

5) Reasonable expectations for activity on Charleston landholdings over the next 3-5yrs?

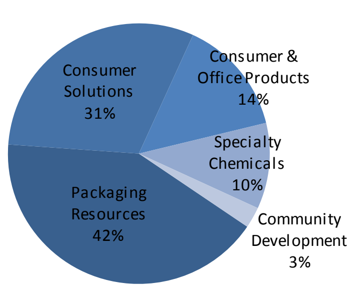
6) What do they regard as some of mostly likely eventual outcome for Charleston holdings? Retained as division of MWV? Spin-off? Creation of JV's?

7) What is their preference for returning portion of cashflow to shareholders? Further dividend hikes? Stock repurchase?

8) Outline current succession planning for CEO slot? Any view on likelihood of internal vs. external candidates? What are priority skills?

9) What is a reasonable expectation for reductions in SG&A over the next 24 months? MWV has noted that it needs to reduce SG&A as a % of sales.

Figure 21: Revenue By Segment (2010)



Source: Deutsche Bank, Company Filings & Capital IQ

Figure 22: Key Estimates – DB vs. Consensus

	2010	2011E	
	Actual	Dbe	Consensus
Revenue $(MM)	6,012	6,008	6,051
EBIT $(MM)	519	626	575
EBITDA $(MM)	908	998	989
Capex $(MM)	620	620	553
EPS $	1.54	1.80	1.81

Source: Deutsche Bank, Company Filings & Capital IQ

Owens-Illinois

Current Price: $31.35 **52-week Range:** $25.06 – 37.63 **Market Cap:** $5,075m **DB Rating & Price Target:** Buy - $32.00 **Consensus Price Target:** $34.36

O-I is the world's leading glass container producer. With volumes declining in mature markets, and a number of earnings/guidance "misses," the stock has traded at a discount to its rigid packaging peer group. News that the Venezuela government has expropriated O-I's operations in the country has put even further pressure on the stock. However, management has pointed to aggressive growth targets, which imply $4.50 - $5.00 in EPS within the next 3 years. While we are somewhat skeptical of O-I's ability to achieve these targets (mostly through growth in LatAm and Asia), we believe the stock is undervalued even assuming a more modest growth trajectory. Looking ahead, we see additional upside if O-I can generate further confidence in its long-term growth targets. We maintain a Buy rating based on valuation.

Questions for Owens-Illinois:

1) O-I is pointing to 5-10% volume growth in 2011? What is the breakdown by region? Organic vs. acquisitions?

2) How has the loss of significant AB Inbev business affected O-I's North America business? What lessons were learned during the contract re-negotiation process? What business does O-I aspire/expect to recover?

3) Discuss consumer preferences for glass vs. cans in the regions in which O-I competes. What are the opportunities for growth in emerging markets? What can be done to gain share vs. metal cans in domestic markets?

4) What are O-I's current utilization rates across each region? What type of incremental capacity gains might we expect from capital investment & de-bottlenecking projects?

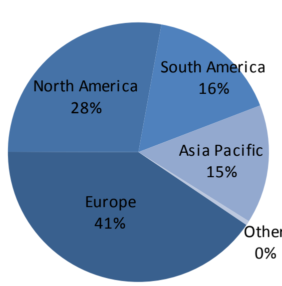
5) Discuss current raw material trends. Which input costs are tied to contract pricing pass-thrus? How do these contracts differ by region? By customer?

6) Discuss the M&A activity needed to reach O-I's $9-9.5B revenue target. What is the expected time-frame for these acquisitions and what would be a reasonable valuation range?

7) What type of market share growth does O-I hope to achieve from investing in product innovation? What has been the customer response to these initiatives? Competitor responses?

8) Discuss O-I's current capital structure, uses of cash and how that might change over time.

Figure 23: Revenue By Segment (2010)



Source: Deutsche Bank, Company Filings & Capital IQ

Figure 24: Key Estimates – DB vs. Consensus

	2010	2011E	
	Actual	Dbe	Consensus
Revenue $(MM)	6,779	7,116	7,158
EBIT $(MM)	920	913	950
EBITDA $(MM)	1,333	1,333	1,373
Capex $(MM)	440	360	389
EPS $	2.60	2.75	2.86

Source: Deutsche Bank, Company Filings & Capital IQ

Packaging Corp

Current Price: $30.19 **52-week Range:** $20.58 – 30.27 **Market Cap:** $3,057m **DB Rating & Price Target:** Buy - $34.00 **Consensus Price Target:** $31.83

PKG is arguably the best managed company in the containerboard space. The company has low-cost & well-invested assets and relatively low leverage. PKG has demonstrated a history of operating efficiently in all types of industry conditions. Financially, PKG is strong and well-hedged against most cost issues. The completion of energy projects at its two large mills will significantly boost earnings power from FY12. PKG is spending ~$225MM in net new capital. PKG is pointing to an after-tax return of 25%. Our Buy rating is based on attractive valuation and strong industry fundamentals.

Questions for Packaging Corp of America:

1) Once current energy-related capital projects at southern mills are completed, what is a reasonable level of capital spending over the next 3-5yrs?

2) Based on current view, what is a reasonable return target for recent capital projects? What portion of the capital are those returns based upon?

3) What's a reasonable way to think about PCA's use of cashflow over the next 3-5yrs? Growth capital versus cash to shareholders?

4) Thoughts on merits of stock repurchase versus dividends?

5) Could you envision PCA acquiring another mill asset(s)? If so, under what circumstances?

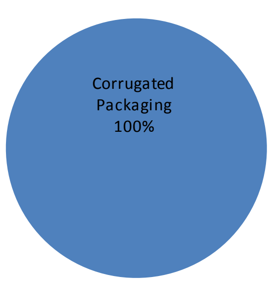
6) Are there meaningful high-return projects at any PCA mills? If so, what types of projects - capacity increases, cost reductions, etc?

7) Preferred approach to expanding PCA's converting business --- acquisitions vs. internal investment?

8) What has happened to PCA's EBITDA margins between 2000 and 2010? Published linerboard prices are ~$170/ton higher, yet adjusted EBITDA margins are lower.

9) Have large integrated producers "bid down" margins in the box business over the past decade?

Figure 25: Revenue By Segment (2010)



Source: Deutsche Bank, Company Filings & Capital IQ

Figure 26: Key Estimates – DB vs. Consensus

	2010	2011E	
	Actual	Dbe	Consensus
Revenue $(MM)	2,436	2,590	2,588
EBIT $(MM)	283	351	352
EBITDA $(MM)	439	511	531
Capex $(MM)	255	225	221
EPS $	1.62	2.00	2.14

Source: Deutsche Bank, Company Filings & Capital IQ

Plum Creek Timber

Current Price: $42.45 **52-week Range: $33.51 – 43.52** **Market Cap: $6,864m** **DB Rating & Price Target: Buy - $45.00** **Consensus Price Target: $41.91**

With over 7 million acres, Plum Creek is the largest & most diversified private timberland owner in the U.S. The company is a timber REIT and almost a "pure play" on timberland, as its only manufacturing operations consists of a modest wood products business. PCL has designated 1.3 million of its acres as having higher-and-better use than timberland, with 150K acres targeted for real estate development. We rate Plum Creek a Buy, because of resilient timberland values, a management team focused on shareholder value, hints of recovery in the housing market, and an attractive valuation. After enduring deep cyclical downturns, the core timber and real estate businesses appear to be in the early stages of recovery. Timberland valuations in the private market appear relatively resilient. Private market timberland investors tend to focus on valuation on a DCF basis, enabling them to "look through" the cycle more readily than investors focused on multiples based on current earnings.

Questions for Plum Creek:

1) Discuss philosophy on dividend and address ability to continue paying dividend at current level?

2) What is potential leverage to PCL's timberland earnings from a return to trend-line volumes & prices?

3) What's a reasonable 3-5yr outlook for various categories of land within PCL?

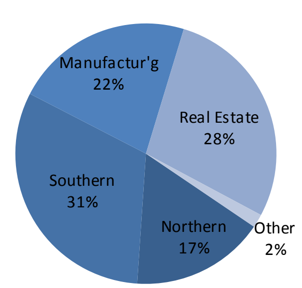
4) Provide an update on current real estate development activities?

5) How have PCL's harvest deferrals over the past 4-5yrs altered your view of future volumes over next 5-10yrs?

6) Discuss succession planning at Plum Creek. What are Rick Holley's retirement plans and how is PCL preparing?

7) Discuss scope and magnitude of non-timber revenues from PCL's landholdings (i.e., mineral rights, recreational leases, conservation easements, etc.). What's a reasonable trajectory from those revenues over next 5-10yrs?

Figure 27: Revenue By Segment (2010)



Source: Deutsche Bank, Company Filings & Capital IQ

Figure 28: Key Estimates – DB vs. Consensus

	2010	2011E	
	Actual	Dbe	Consensus
Revenue $(MM)	1,195	1,319	1,176
EBIT $(MM)	295	345	291
EBITDA $(MM)	391	445	462
Capex $(MM)	90	80	77
EPS $	1.38	1.50	1.37

Source: Deutsche Bank, Company Filings & Capital IQ

Rock-Tenn

Current Price: $72.47 **52-week Range: $38.72 – 72.80** **Market Cap: $2,606m** **DB Rating & Price Target: Buy - $80.00** **Consensus Price Target: $71.00**

Our Buy rating on RKT is based on a combination of attractive valuation, resilient earnings, and impressive execution over the past several years. Since 2008, RKT's earnings power has reached a new & higher plateau, aided by the acquisition of Southern Container, capacity rationalization in paperboard markets, internal cost cutting, and solid execution. With RKT's recent acquisition of Smurfit-Stone container, RKT will become the #2 player in the domestic containerboard & box market. We view the move positively and expect potential synergies could be above current mgmt targets. In the folding carton business, the merger of RKT's two leading competitors, Graphic Packaging and Altivity, may be yielding more rational industry behavior. Additionally, we are encouraged by potential synergy opportunities.

Questions for Rock-Tenn:

1) Can you provide best current estimate for closing on acquisition of Smurfit-Stone?

2) Please review what is included in synergy goals for SSCC acquisition? What other synergy opportunities might exist in the transaction?

3) Do you regard SSCC's capex targets of ~$220MM/yr as "reasonable" for both maintenance capital as well as "catch-up" at the mills? What discretionary moves could take that number higher? What type of returns is probable on such investments?

4) What is your best estimate of potential rationalization moves on both the mill & converting once the deal closes?

5) Are any asset sales possible/probable in the wake of the transaction? Are there pieces of SSCC that appear easily separable? Are there pieces of legacy RKT that now appear less strategic?

6) What is RKT's timeline for deleveraging after completion of the deal? What are your debt targets?

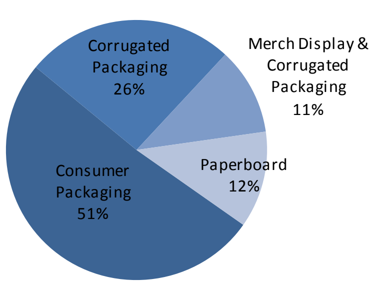
7) What do you regard as the biggest challenges in acquiring & integrating SSCC?

8) Any reaction to recent public letter by group of SSCC shareholders? Are there issues that you think they may be missing?

9) What has been customer feedback on the proposed transaction?

10) What lessons did you take-away from the earlier acquisitions of Gulf States Paper and Southern Container?

Figure 29: Revenue By Segment (2010)



Source: Deutsche Bank, Company Filings & Capital IQ

Figure 30: Key Estimates – DB vs. Consensus

	2010	2011E	
	Actual	Dbe	Consensus
Revenue $(MM)	3,001	4,911	5,529
EBIT $(MM)	351	539	810
EBITDA $(MM)	499	774	883
Capex $(MM)	140	NA	307
EPS $	4.43	6.03	6.11

Source: Deutsche Bank, Company Filings & Capital IQ

Rayonier

Current Price: $61.96 **52-week Range: $41.19 – 61.73** **Market Cap: $4,931m** **DB Rating & Price Target: Hold - $62.00** **Consensus Price Target: $61.33**

With over 2 million acres in the U.S., Rayonier is one of the largest private timberland owners in the U.S. and the second largest timber REIT. The company also has a large specialty pulp business and a small lumber business. RYN has targeted about 200K acres for real estate development, and has created a real estate subsidiary, TerraPointe LLC. Timber business is showing some signs of recovery. However, the development side of its Real Estate operations continues to face cyclical pressures. Specialty pulp business appears headed for another record year in 2011. The boom could continue, but we are reluctant to extrapolate 35-40% margins forward. While we think that long-term asset value remains intriguing, at current valuations, we rate the stock a Hold.

Questions for Rayonier:

1) Discuss factors driving strong yr/yr growth in specialty pulp prices in 2011? RYN has pointed to 12-14% y/y gains in price.

2) Walk through numbers on prospective pulp conversion project. Costs? Timing & Level of Program benefits?

3) Thoughts on growing specialty fiber business beyond current conversion project?

4) Discuss constraints/limitations of REIT structure on your ability to grow in specialty fibers?

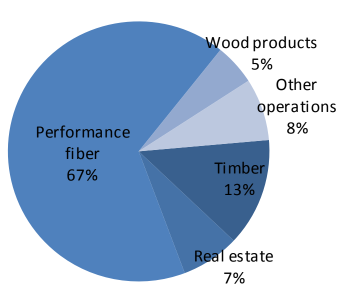
5) St Joe Corporation has hired a banker and is conducting review of corporate options (including sale). Are there elements of St Joe which might be of interest to RYN? How does St Joe land is relative to RYN's large FL holdings?

6) Is it possible to quantify the impact of increased Chinese log & lumber purchases on the West Coast to RYN?

7) Discuss any changes in RYN's harvest volumes & mix over the next 5-10yrs

8) What is potential leverage to RYN's timberland earnings from a return to trendline volumes & prices?

Figure 31: Revenue By Segment (2010)



Source: Deutsche Bank, Company Filings & Capital IQ

Figure 32: Key Estimates – DB vs. Consensus

	2010	2011E	
	Actual	Dbe	Consensus
Revenue $(MM)	1,315	1,383	1,401
EBIT $(MM)	269	323	332
EBITDA $(MM)	413	465	471
Capex $(MM)	143	145	144
EPS $	2.24	2.62	2.66

Source: Deutsche Bank, Company Filings & Capital IQ

Sealed Air

Current Price: $28.31 **52-week Range:** $19.49 – 28.52 **Market Cap:** $4,482m **DB Rating & Price Target:** Hold - $24.00 **Consensus Price Target:** $26.80

Sealed Air is a global market leader in flexible plastic packaging, widely recognized for its Bubble Wrap packaging. The company is built on a foundation of product innovation and prudent financial stewardship. Management continues to argue SEE's potential to drive earnings and cash flow to new levels through the combination of accelerating sales growth and improving margins. We see potential, but we are mindful of near-term headwinds (e.g. resin) and repeated disappointments in recent years. We maintain our Hold rating as shares appear fairly valued at current levels.

Questions for Sealed Air:

1) With Court approval of W.R. Graces's bankruptcy re-organization plan, SEE will remove a $788MM liability (related to the Cryovac Acquisition – an est'd $0.12 - $0.14 annual impact). What is a likely time frame for the approval process?

2) Once the Grace payment is eliminated from SEE's balance sheet, what type of opportunities, if any, will that enable in terms of capital structure and strategic planning?

3) What assumptions are you using to get to the high/low end of your FY'11 guidance of $1.75 - $1.90? What could drive upside to your target?

4) What impact will rising resin have on near-term margins? Discuss recent/potential pricing initiatives across each business segment.

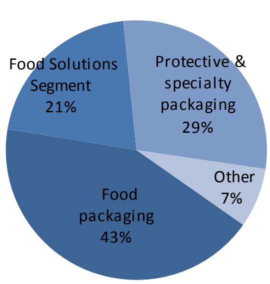
5) Mgmt is pointing to a 5-7% (constant $) sales growth (4-6% vol growth) target for FY'11. How does that trend across each business segment? What gives management confidence that it can achieve above average (relative to historical) growth this year? What are normalized expectations for sales growth?

6) Outline current succession planning for CEO slot? Any view on likelihood of internal vs. external candidates? What are priority skills?

7) In what segments could we see potential acquisitions? Is concept of "third leg" still an issue for Board/management? What is mgmt's acquisition criteria?

8) What steps are needed to permit SEE to reach its targeted 15% operating margin?

Figure 33: Revenue By Segment (2010)



Source: Deutsche Bank, Company Filings & Capital IQ

Figure 34: Key Estimates – DB vs. Consensus

	2010	2011E	
	Actual	Dbe	Consensus
Revenue $(MM)	4,490	4,780	4,763
EBIT $(MM)	543	587	591
EBITDA $(MM)	698	735	746
Capex $(MM)	88	160	136
EPS $	1.60	1.80	1.81

Source: Deutsche Bank, Company Filings & Capital IQ

Silgan

Current Price: $38.14 | **52-week Range: $27.53 – 38.07** | **Market Cap: $2,649m** | **DB Rating & Price Target: Hold - $37.00** | **Consensus Price Target: $41.20**

Silgan is the leading producer of metal food cans in North America and a major producer of plastic tubes & bottles as well as vacuum closures. Silgan has produced steady volumes & stable margins and been remarkably consistent in its strategy. Silgan offers steady growth & consistent value through niche product innovation. Overtime, cashflow from existing businesses has helped fuel acquisition-related growth. With limited FX exposure and ample liquidity, Silgan is considered a safe defensive stock in an uncertain economic environment. Recent acquisitions include Vogel & Noot - 12 food can manufacturing facilities in Central & Eastern Europe and IPEC - NA plastic closure manufacturer. Silgan could continue to unlock value through use of its strong Balance Sheet to pursue M&A opportunities. The key issue for 2011 is margin pressure from delay in pass-thru of higher raw material costs, especially resin. Based on our current estimates, we believe Silgan's equity is fairly valued. Hold.

Questions for Silgan:

1) Describe the cost pass thru mechanisms that Silgan has in place for labor & input costs? How does it vary by customer? By business segment?

2) As largely US-focused packaging company (with the exception of closures business) what challenges does mgmt expect with its recent acquisition of Vogel & Noot in Europe?

3) Silgan's b/s remains strong, should we expect additional near-term acquisitions? What business segments will mgmt seek to grow in the near-term via acquisitions?

4) Discuss Silgan's current capital structure, uses of cash and how that might change over time.

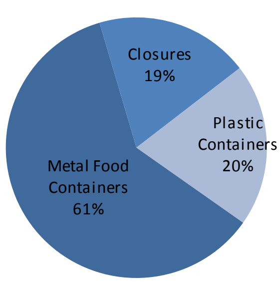
5) What assumptions are you using to get to the high/low end of your FY'11 guidance of $2.55 - $2.65? What could drive upside to your target?

6) Provide an update on Silgan's current restructuring process for its Plastics business?

7) Discuss current trends in the food packaging space? How does Silgan position itself against the threat of other forms of packaging (e.g. rigid plastics)?

8) Silgan's two largest shareholders (Silver & Horrigan) own ~30% of outstanding shares. Do these holders plan to retain their substantial equity position? What type of influence do they have within the company?

Figure 35: Revenue By Segment (2010)



Source: Deutsche Bank, Company Filings & Capital IQ

Figure 36: Key Estimates – DB vs. Consensus

	2010	2011E	
	Actual	Dbe	Consensus
Revenue $(MM)	3,072	3,601	3,487
EBIT $(MM)	309	353	351
EBITDA $(MM)	455	503	508
Capex $(MM)	104	130	135
EPS $	2.19	2.60	2.64

Source: Deutsche Bank, Company Filings & Capital IQ

Smurfit-Stone

Current Price: $39.78 **52-week Range: $16.67 – 40.01** **Market Cap: $4,001m** **DB Rating & Price Target: Hold - $36.00** **Consensus Price Target: $30.86**

January 23rd, Rock-Tenn announced the acquisition of Smurfit-Stone for $35/share. Total purchase consideration is ~$5B, including 3.5B of equity value, $0.7B of net debt and $0.7B of after-tax unfunded pension liability. The deal will be financed with 50% cash and 50% stock. We believe that SSCC has been "well-shopped" over the last several months and we see little likelihood of another bid. As shares currently appear fairly valued, we have a Hold rating on the stock.

Questions for Smurfit-Stone:

1) How do you think shareholders are reacting to the proposed deal with Rock-Tenn?

2) Some shareholders have stated publicly that they will vote against the deal. From your vantage point, what do you think they are missing?

3) There has been some public discussion of SSCC potentially having been sold in pieces. Are there any circumstance where that might have been realistic scenario?

4) What's a reasonable timeline going forward on the deal?

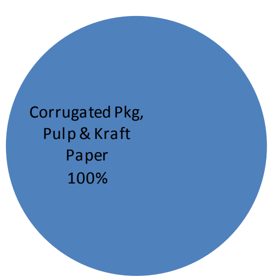
5) Can you explain how it will be possible to both maintain and upgrade ~7MM/tons of mill capacity and downstream converting capacity on ~$225MM/yr? Many observers assume that "maintenance capital alone is $20-30/ton/yr. This doesn't leave much room for "catch-up" capital.

6) Where would you focus capital in the Smurfit mills over the next 3-5yrs?

7) After $400-500MM of recent capital investment, what remains to be done to optimize performance in your box business?

8) In retrospect, are there 2-3 decisions that you would have made differently at SSCC over the past decade?

Figure 37: Revenue By Segment (2010)



Source: Deutsche Bank, Company Filings & Capital IQ

Figure 38: Key Estimates – DB vs. Consensus

	2010	2011E	
	Actual	Dbe	Consensus
Revenue $(MM)	6,286	6,801	6,926
EBIT $(MM)	257	428	516
EBITDA $(MM)	586	773	863
Capex $(MM)	158	210	213
EPS $	$1.17	2.15	2.76

Source: Deutsche Bank, Company Filings & Capital IQ

Sonoco

Current Price: $36.62 **52-week Range:** $28.85 – 36.61 **Market Cap:** $3,692m **DB Rating & Price Target:** Buy - $40.00 **Consensus Price Target:** $39.88

Sonoco has two primary businesses: (1) Consumer Packaging and (2) industrial Tubes & Cores. The Consumer Packaging business has been a strong and steady performer, largely unaffected by economic cycles. The Tubes & Cores business is more cyclical and has benefitted from the economic rebound over the past year. Looking ahead, we look for reasonably steady performance in consumer packaging and further cyclical recovery in Tubes & Cores. From a cost standpoint, Sonoco's recycling operations provide a partial hedge against escalating OCC costs. With net debt/EBITDA at only 0.8x, SON has one of the strongest balance sheets in the sector. The company also enjoys a strong & consistent management culture. We rate Sonoco a Buy, based on reasonable valuation and operating leverage in industrial packaging.

Questions for Sonoco:

1) Can you discuss SON's current acquisition pipeline? What are SON's preferences in terms of regions, Consumer vs Industrial packaging or specific technologies?

2) With the balance sheet under-levered, what timeline has the management given itself before it turns its attention to returning cash to shareholders? Can you compare your attitude toward share buybacks versus dividends?

3) What are the growth opportunities in the Recycling/Sustainability operations?

4) In last 2 years, Consumer Packaging operating margins have increased 200-250bps. What have been the key drivers for the increase? How confident is SON in its ability to sustain current margins on a long-term basis?

5) Does the volume recovery in Tubes & Cores business still have "legs"? Have volumes returned to pre-recession levels? Which markets/regions have been most sluggish?

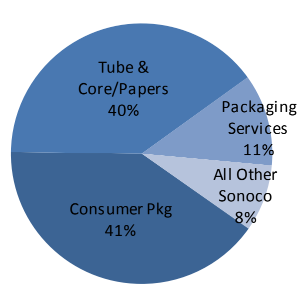
6) What are the major conversion opportunities to composite cans/rigid plastics, apart from coffee? What is the likelihood of other major conversions in 2011-12?

7) How strategic is Packaging Services business, given significant margin declines? What are the growth opportunities in this business?

8) What are the key factors behind keeping the 2011 EPS guidance unchanged at $2.52-2.62, given a $0.11-0.13/share boost from lower pension & FX, relative to the December guidance?

9) What is the biggest threat to 2011 guidance? How large is the threat from rising input costs like OCC, resin, and tinplate?

Figure 39: Revenue By Segment (2010)



Source: Deutsche Bank, Company Filings & Capital IQ

Figure 40: Key Estimates – DB vs. Consensus

	2010	2011E	
	Actual	Dbe	Consensus
Revenue $(MM)	4,124	4,451	4,409
EBIT $(MM)	362	401	403
EBITDA $(MM)	532	581	578
Capex $(MM)	146	140	167
EPS $	2.34	2.60	2.62

Source: Deutsche Bank, Company Filings & Capital IQ

Temple-Inland

Current Price: $26.01 **52-week Range:** $15.75 – 25.61 **Market Cap:** $2,763m **DB Rating & Price Target:** Buy - $28.00 **Consensus Price Target:** $26.30

Temple-Inland completed a strategic transformation plan at the end of 2007 that resulted in the sale of the timberlands and spin-off of the Real Estate and Financial Services businesses. The residual Temple-Inland now consists of two segments: (1) Corrugated Packaging and (2) Building Products. The Corrugated Packaging business is an integrated containerboard & corrugated box business. In containerboard, industry consolidation and capacity cuts have tightened markets, and prices and margins are healthy despite a tepid recovery in demand. Moreover, TIN has outperformed the industry in recent years through internal cost cuts. The Building Products business consists of gypsum wallboard, lumber, and some non-structural panel products. This business continues to face weak cyclical conditions due to the weak housing market. Our Buy rating is based on attractive valuation and strong containerboard fundamentals.

Questions for Temple-Inland:

1) Share thoughts on potential use of cashflow as we move through 2011? Assuming reasonable H1 cashflow, TIN's debt should be approaching target levels by mid-yr.

2) You have noted repeatedly that TIN's strategy in containerboard/corrugated is "scaleable"? What is your preferred way of scaling-up? Mills? Box plants? Integrated competitors?

3) What type of assets are most interesting to you? What situations would you tend to avoid?

4) How will you think about valuation as you look to grow on both sides of your business?

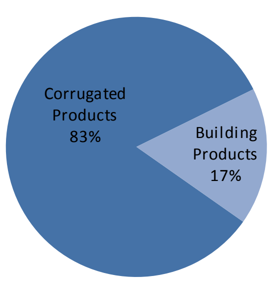
5) Would you be willing to buy building products businesses at bottom of cycle and assume better results on the recovery?

6) What has been Temple's best acquisition and what did you learn?

7) What has been Temple's worst acquisition and what did you learn?

8) What are your thoughts on the use of either special dividend or share repurchase as a means of returning cash to shareholders?

Figure 41: Revenue By Segment (2010)



Source: Deutsche Bank, Company Filings & Capital IQ

Figure 42: Key Estimates – DB vs. Consensus

	2010	2011E	
	Actual	Dbe	Consensus
Revenue $(MM)	3,799	4,104	4,078
EBIT $(MM)	217	335	354
EBITDA $(MM)	410	535	554
Capex $(MM)	205	205	225
EPS $	0.90	1.55	1.59

Source: Deutsche Bank, Company Filings & Capital IQ

Wausau Paper

Current Price: $8.18 **52-week Range: $6.12 – 10.06** **Market Cap: $403m** **DB Rating & Price Target: Buy - $13.00** **Consensus Price Target: $11.00**

We maintain Buy rating based on very modest valuation and continued impressive results in the Towel and Tissue business. Although it represents only 30% of sales, we believe the Towel & Tissue (Bay West) business represents most of the value in WPP. Bay West has produced solid growth, strong margins, and impressive returns on capital. Returns are aided by an "asset-light" strategy which relies on purchased parent rolls. The recent consolidation of the paper businesses could help improve margins. However, the segment has struggled for years with tepid demand & increasing competition. Wausau also has a modest cache of timberland.

Questions for Wausau Paper:

1) Considering many consecutive years of poor performance, why would one assume that Wausau can achieve the targeted 5% operating margin in the Paper business on a consistent basis? Why would a 5% margin business in a shrinking industry be worth keeping in the portfolio?

2) The value of BayWest business appears masked by a decade of under-performance (and lower valuations) in the Paper segment. Why not sell the paper business, monetize the landholdings and focus on your most successful & highest multiple business?

3) Is Wausau on target to achieve the 17% return on the $27MM Brainerd investment program?

4) What are the next steps to improve performance in Tissue? More mill capacity or further expansion on converting side?

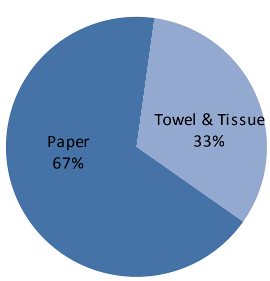
5) With market pulp prices set to rise again in March & wastepaper costs still high, are Wausau's margins at risk in 2011?

6) Demand trends in the key end-markets since the start of the year?

7) What is the optimal leverage ratio for Wausau?

8) What is the 3-5 year plan of Wausau in terms of revenues/profitability?

Figure 43: Revenue By Segment (2010)



Source: Deutsche Bank, Company Filings & Capital IQ

Figure 44: Key Estimates – DB vs. Consensus

	2010	2011E	
	Actual	Dbe	Consensus
Revenue $(MM)	1,056	1,066	1,050
EBIT $(MM)	51	45	52
EBITDA $(MM)	107	101	104
Capex $(MM)	43	40	NA
EPS $	0.48	0.50	0.55

Source: Deutsche Bank, Company Filings & Capital IQ

Weyerhaeuser

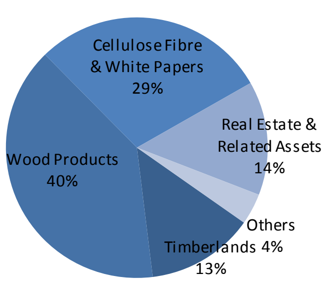
Current Price: $25.16 **52-week Range:** $12.60 – 25.20 **Market Cap:** $13,508m **DB Rating & Price Target:** Hold - $24.00 **Consensus Price Target:** $22.65

WY is the largest timber REIT by enterprise value, with valuable timberland holdings, as well as extensive operations under taxable REIT subsidiaries. Due to the deep housing slump, most of subsidiaries (including WY's wood products and real estate businesses) are under intense cyclical pressure. Even WY's timber business is at very depressed earnings level well below the level of a few years ago. The positive in the WY story is asset value. WY owns nearly 6 million acres of timberland, with much of that in the Pacific Northwest. Weyerhaeuser timberlands are among best-managed in the world. We rate WY shares a Hold, based on fair valuation, as well as a balancing of near-term challenges against the prospect of eventual cyclical recovery. With the stocks of other timber REITs and wood products producers also under cyclical pressure, we think WY is appropriately valued.

Questions for Weyerhaeuser:

1) Where is WY in the process of restructuring its wood products business?
2) Why have cash losses in WY's wood business been so large in recent yrs?
3) What level of housing activity would you need in order to be cash breakeven in wood products?
4) What pieces of WY's existing wood products portfolio would you define as strategic and why? Engineered wood? OSB?
5) Should shareholders assume additional sales of noncore assets over the next 2-3yrs? WY has shipping fleet, newsprint JV, large hardwood lumber operations, etc?
6) What is your strategy in cellulose specialties? Is it simply optimizing existing assets or could/would you grow the business?
7) Discuss cash tax situation of businesses within TRS?
8) What are the differences in owning domestic versus offshore timberland within the REIT structure?
9) Has the shift to REIT structure altered your thinking on further expansion into S. Hemisphere forestry? WY currently has large forestry plantations in Uruguay?
10) Discuss productivity of Uruguayan forests versus similar forests in the US?

Figure 45: Revenue By Segment (2010)



Source: Deutsche Bank, Company Filings & Capital IQ

Figure 46: Key Estimates – DB vs. Consensus

	2010	2011E	
	Actual	Dbe	Consensus
Revenue $(MM)	6,552	7,153	6,918
EBIT $(MM)	504	1,098	763
EBITDA $(MM)	994	1,588	1,242
Capex $(MM)	200	235	240
EPS $	0.48	1.10	0.70

Source: Deutsche Bank, Company Filings & Capital IQ

The author of this report wishes to acknowledge the contribution made by Ketan Mamtora, an employee of Irevna, a division of CRISIL Limited, a third-party provider to Deutsche Bank of offshore research support services.

Appendix 1

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Additional information available upon request

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Equity rating key	Equity rating dispersion and banking relationships

Buy: Based on a current 12- month view of total share-holder return (TSR = percentage change in share price from current price to projected target price plus projected dividend yield) , we recommend that investors buy the stock.
Sell: Based on a current 12-month view of total share-holder return, we recommend that investors sell the stock
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Notes:
1. Newly issued research recommendations and target prices always supersede previously published research.
2. Ratings definitions prior to 27 January, 2007 were:
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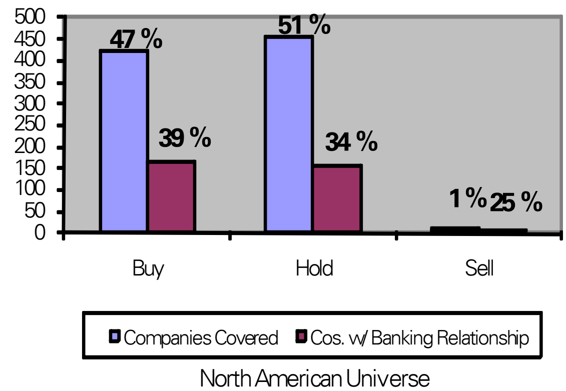
Hold: Expected total return (including dividends) between -10% and 10% over a 12-month period
Sell: Expected total return (including dividends) of -10% or worse over a 12-month period



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