

WALTER STERN

Interview 161a

May 3, 2001, in the Temple-Inland Corporate Dining Room, Diboll, Texas

Jonathan Gerland, Interviewer

Courtney Lawrence, Transcriber

ABSTRACT: In this 2001 interview with Jonathan Gerland, longtime Temple-Inland Inc. board member Walter Stern reflects on his relationship with Arthur Temple Jr. and Temple Industries, beginning in the early 1960s. He traces business dealings leading up to Time Inc.'s acquisition of Temple Industries in 1973 and the eventual spinoff of Temple-Inland Inc. in 1983. He also comments briefly on the corporate structure of Temple-Inland as it existed in 2001. Persons mentioned include Bob Weston, Mike Dingman, John and Edward Hinman, Leonard Dalsemer, Carl Bendetsen, Jim Beré, Jim Shepley, Clifford Grum and Mike Buckley. Other business names mentioned include Burnham and Company, International Paper, Louisiana Land, and Champion Paper.

Jonathan Gerland (hereafter JG): Ok, today is May 3, 2001 and this is Jonathan Gerland. And I'm with Mr. Walter Stern, and we are in the Corporate Dining Room. And we're going to do an oral history interview today. And...Mr. Stern if we could just begin, just maybe start off by telling us how you first came to meet Mr. Temple and got involved with Temple Industries.

Walter Stern (hereafter WS): Be happy to try. The association with Temple, the old Temple Industries, started somewhere in the early '60's. If my memory is correct it was either '63 or '64. The way it came about is, I was investment banker in New York with a firm called Burnham and Company. We had just hired a young investment banker there who...by the name if Mike Dingman. And Mike was trying to develop his business contacts. One of the first things he did was to go as a panelist on an AMA seminar on marketing, and also on this panel was a young man by the name of Bob Weston, who was then sales manager for Temple Industries. The two of them hit it off and Bob told Mike that the company was run by a very strong individual, somewhat of a...some people felt always interesting, somewhat unpredictable...but, that he would try and introduce Mike to that individual, who of course was Arthur Temple. Mike took Bob Weston up on his offer, came, flew down to Dallas, rented a car, drove over to Diboll and met with Arthur in his old, and I guess original office, near where the railroad car is.

JG: Yes sir.

WS: Bob said he couldn't guarantee whether Arthur would see Mike for ten minutes, twenty minutes, or an hour, but he'd do his best to introduce him. He did introduce him; Mike and Arthur hit it off. It was the beginning of a long friendship. And Mike allowed as how he didn't know a lot about the forest products industry, but he had a colleague up in New York with whom he worked, that was me, who he'd like to bring back down and the two of us meet again with Arthur. Mike came back to New York, we arranged a date

to come down and see Arthur, the two of us again flew down to Dallas and rented a car and drove out here. And, well, I guess a four-hour ride...and went in to see Arthur and spent a good couple of hours talking about the forest products industry and what was going on and where Temple Industries fitted in. That was the start of a long and...long friendship and association both with Arthur and with the company. Bob Weston left the company shortly there after, Bob was...made his mark on the company by deciding, or coming up with the idea of trying to distinguish Temple Industries products, namely lumber, from other lumber on the market. And to do that, he came up with the idea of painting the ends of the 2 by 4's magenta. Did that, and it was rather a success, and I believe the company still uses that magenta color on the end of their wood products. That was one of Bob Weston's contributions. And any of that...the meetings between Mike Dingman, myself, and Arthur, went on periodically for a period of years. During that period we spent a good deal of time trying to figure out what made sense for Temple Industries in the financial markets and in the business community. And we scouted out, initiated, a series of discussions...all of which were interesting, none of which reached a successful conclusion.

JG: Does any...I'm sorry for interrupting.

WS: Some that come to mind, they're some of the more interesting discussions...one was an effort to try and merge Temple Industries with Louisiana Land. They were a large, offshore driller that owned land and assets in Louisiana. Those discussions went on for quite a while. We thought that they probably reached a successful conclusion, we more or less agreed on a buy and sell price. Louisiana Land would have acquired Temple Industries, but Arthur Temple and the Temple family would indeed have been the largest shareholder of Louisiana Land so, in fact, they would take over that company. We reached in the negotiation a 96 million dollar bid, a 100 million dollar offer and couldn't bridge that 4 million dollar gap and the deal never closed. Arthur did come up to New York to meet with the Louisiana Land board. For whatever reason couldn't close the gap, and those discussions ended.

JG: Now, was this before the company went public in '69?

WS: Right, this was all while the company was a private company.

JG: Okay.

WS: There were some other very interesting discussions. Arthur always wanted to, sort of, even out the cyclical nature of the building products business, he felt that a logical way to go would be to build a paper mill. And he had a retainer for years, an engineer by the name of Charlie Carpenter. Charlie Carpenter did come up with the design for a paper mill. Would at that time, to have an efficient mill, it would cost something in the low hundreds of millions of dollars, which was a lot of money for a company the size and assets of Temple Industries. But, we thought that if we could find an assured outlet for some or all of the output of the mill, it would take some of the risk out and facilitate financing of the paper mill. As I gathered for all the paper industry, I had...we were

looking for major users of containerboard that might be interested in a take or pay contract on a new paper mill. I spent a lot of time looking at the industry and came up with the idea of United Fruit, at least as a partner, you know. The reason United Fruit made sense is that the packaging of bananas had just shifted over from polyethylene bags to linerboard, and opened up a very large market for linerboard. With this in mind, we approached United Fruit on behalf of Temple Industries and after a lengthy negotiation with the then CEO, a fellow by the name of John Fox, who Arthur hit it off very well with, came up with a deal to build a paper mill in which United Fruit would take half the output on the take or pay contract. This would facilitate the financing, Temple Industries would have a paper mill, and it was like a deal made in Heaven. This deal moved right along to what we thought was a successful conclusion, but, unfortunately, when John Fox brought the idea to his board for what we thought would be final approval, one of the Directors of United Fruit, a fellow by the name of Stanley Dijon Osborne, who was a partner of Les R. Frair, saw immediately a deal to be done by Les. R. Frair. Shorten a long story; he introduced McMillan and Blowdell as a potential partner. Instead of building a mill in Texas, he came up with the idea of United Fruit of building a mill with McMillan and Blowdell in Tennessee. This financially made more sense to United Fruit, since at that time Tennessee had tax-free industrial bonds. Texas did not, so they could borrow it at a tax-free rate of say, 4 ½ or 5 percent as opposed to a straight bond rate here in Texas of say 8 or 9 percent. And one of the, to me, less ethical moves that I've seen in my corporate life, the deal was taken away from Temple Industries and given to the one in Blowdell for them to go ahead and build a very, a mill on a very similar proposal in Tennessee, that would take 80 and 90 proof using the same formula that we'd come up with, only, using tax free bonds for those taxable bonds to finance the deal. So that was another big deal that came along that we tried to do but never worked out.

There were a lot of other efforts along the way, one of the ones that comes to mind was a number of us up in New York had felt that International Paper was the poorly managed company that could benefit from better management. It wasn't controlled, it was run by the Hinman family, father and son, who were living very high off the company and not doing particularly good jobs for the I. P. [International Paper] shareholders. We thought it might make sense to merge Temple Industries into I. P. This would make Arthur Temple, Temple family far and away the largest shareholders of I. P. We were encouraged and aided in this by an unhappy Executive Vice-President of I. P. and a large shareholder himself, by the name of Leonard Dalsemer. Leonard had put his family company called Baltimore Press into International Paper, took a job as E. V. P. [Executive Vice President] and a large shareholder – was not at all happy the way the company was being run. He himself, as Leonard Dalsemer, was very friendly with the folks at Bessemer Corp. Bessemer Corp was set up by the Phipps family. They were the original founders or founding families of I. P. and had a lot of stock. Between stock that we had accumulated at Burnham and Company, and the Bessemer holdings, and the Dalsemer family holdings, represented quite a bit of stock, tried to push through the merger of I. P. and Temple Industries. I. P. had no interest in it, they thought, probably correctly, that if that merger took place that Arthur would end running the company and the Hinman family would be thrown out. So that deal didn't go through, it did lead to a series of happenings at I. P., which Mike Dingman orchestrated. The Hinman family was finally pushed out by a series of mergers. Its telephone executives came into the I. P.

picture. First was Fred Campbell, retired chairman of AT&T, who was brought in by Mike Dingman, came in as chairman and was followed by various other telephone executives all relating to contacts that Mike Dingman had.

JG: How was Arthur during this time...was he getting frustrated, or, I mean how did he react to some of these deals getting close to going through and then...?

WS: Oh...Arthur was at heart, and I guess still is, a deal maker. He enjoyed the chase, if you will. (laughter) Must have been frustrated as well. There was one other large, several other large possibilities that come to mind. One was...lost the name of the company...but, another was Champion Paper where Arthur was, Carl Bendetsen was then CEO of Champion. Arthur and Carl got together and I think worked on a possibility of putting together Champion with Temple Industries. But after doing a fair amount of due diligence on the deal Arthur backed off with him. Champion had certain amount of un-disposed liabilities that made it less attractive. It looked a casualty going in, so those deals...well those are some of the major discussions that took place.

JG: Would this have been after Temple had gone in with, jointly with U. S. Plywood, for the plywood mill here in Diboll? I think that was in '64.

WS: U. S. Plywood's company, I was trying to think if U. S. Plywood had been acquired by Champion...

JG: Okay.

WS: ...which was one of the, yes, it was after that. And it was part of the reason that...Arthur knew when Bendetsen was there. None of these worked out. And in 1969 I believe, we had Burnham Company, Roth, Temple Industries Public...on the New York Stock Exchange my successful issue was independent boards put together...

JG: In layman's terms could you define what that means when you say that Burnham and Company brought, forgot your exact words.

WS: Brought the company public.

JG: Public, yes sir.

WS: Temple Industries prior to its public issue had been a fairly tightly held company, essentially owned by the Temple family, which is an interesting story of itself. There were some of the more colorful characters in that family; some of them are involved in the company, some of which were not. That's for someone else who knows the Temple family better than I do to share with you. There were relatively small holdings outside of the Temple family and by a public issue the company issued new shares, which were sold to the public and distributed by a syndicate of investment banks, headed by Burrham and Company. I can't remember, it's easily ascertainable by looking at the prospectus as to whether all the shares were new shares issued by the company or whether some family

members also sold some of their shares to the public. I think they were all new shares but my memory is cloudy on that. But, went from a privately held company essentially by the Temple family and a few close associates to a company with shares held by, I suppose, several thousand shareholders that had distributed through a syndicate of investment banks and traded on the New York Stock Exchange.

JG: I think it opened at \$22.75 a share.

WS: (laughter) Your memory's better than mine.

JG: Well I just recently read up on some of this.

WS: Well you can look at the prospectus...

JG: Okay.

WS: ...and see that. At that time, Arthur also invited in some Munz family members, or some non-Diboll people if you will, as directors. Outside directors, pennant directors, family directors...Mike Dingman who we'd mentioned before was the first to go on, also brought on Doc Holliday who was the ex-senior officer of Boise Cascade through the paper industry. I think Leonard Dalsener was an original director. Something you want to check and see the prospectus. You can see the list; it was a small but interesting group.

JG: When did Clifford Grum come in?

WS: Clifford came in just at about the time or just before the company went public in '69. Clifford had been the banking officer at Republic Bank. Arthur had lost his chief financial officer then, decided he needed a chief financial officer and knew Clifford as a banking officer and the company invited him in as chief financial officer. And I believe he was part of the public record issue. Not sure on that.

JG: So, if he was brought in before he would have been involved with the going public.

WS: Yeah, yeah, and that's easy to ascertain.

JG: Yeah, you probably...

WS: Look at the prospectus and see what it says. There were some interesting folks that were involved with the company then. Some of them still are, some of them have passed away, some of the people that we worked closely with, Julian Zimmerman, I think, headed LIC [Lumberman's Investment Corporation] the finance company, I think has passed away in recent months some time. Joe Denman who's very much alive and active, Jack Beane – I'm running ahead of myself, Jack Beane came in through the end of the acquisition. It was Joe Denman, Julian Zimmerman who was with the company then. Some of the other relatives around that board were Bob Keeler, whose name is a large block of stock. They have a law firm in Cincinnati. We had a Tom Keeler around, but I

don't think he was a director. Temple Webber was senior member of the...Temple family. And he came on, he was on the board. Small group nominated by the Temple family but had a handful of outside directors. I'd say it was a rather successful company through that period. But then, picked up others after purely long-friendship between Mike Buckley, who was an Eastex from Time, Inc. and Arthur being around him, led to some discussions between Eastex and Time, Inc. I think in 1970, '71, somewhere in there, and that's easy to find out, Time, Inc. decided that it wanted to buy the company and Arthur felt that he could substantially expand the company with a parent, such as Time, Inc. behind them. Like Mike Buckley from Eastex operations, good operations. Probably wasn't at the time, turned out in hindsight, some years later, that some had been run into the ground over the years. But the public issue and the board of directors and all of those went away with the merger into Time, Inc...became Temple-Eastex, a subsidiary of Time, Inc. It was run rather independently with Arthur taking a major role for a while in the Time, Inc. management. At that point I went off the board. A few of the Temple directors did go on the Time board. Arthur did, Mike Dingman did. I'm not sure whether anyone else from Time, Inc. went on or not. When Temple went on the Time board, one of the interesting interchanges in that was with Clifford Grum, Chief Financial Officer, was swapped with Dave Dolben. Cliff Grum went up to Time, Inc. management group, became publisher of *Fortune*. And Dave Dolben came down from Time, Inc. where I'm not sure exactly what his role in becoming key financial officer of Temple, the Temple Eastex division. Clifford eventually came back and stayed, just retired last year, it was a long loyal employment, that was when Time, Inc. had an acquisition. As you know, others...Time went on to acquire Inland Container up in Indianapolis, being run by Edward Henry Goodrich.

JG: Were you on the board then?

WS: No. This was all done while Time...I went off the board right at the acquisition. So what went on during Time and Time's ownership of Temple Industries, I heard about, I knew about, but, was not involved.

JG: I'm, you know, a foreigner, an outsider to the whole process of, you know, some of this corporate structuring but, was your going off the board, how much, was choice an issue...did you have a choice or...?

WS: No, I didn't think I had a choice.

JG: How was all that worked out?

WS: I think that, I can only guess at it. I think that Time offered the Temple folks a certain amount of seats on the board, two, three, whatever it was. Arthur clearly should have gone on the board and Mike was the guy that engineered most of these deals and he went on with Arthur. I don't remember whether there was a third Temple Industries director on the Time board or not, I think they were offered two seats.

JG: So really, I mean, it was really a non-issue...

WS: It was a non-issue; I wasn't into running to become a director.

JG: Okay.

WS: 'Cause Time limited the number of seats that they would give to the Temple folks. So time passed and Time got disenchanted with some of the capital that was being chewed up in the pulp and paper industry. And...I know somewhere like 1973 decided to spin off the...what had been Temple Industries was now Temple-Inland since they had a part in Inland Container into a separately traded company in which they retained an interest. At that time in 1973 I went back on the reconstituted Temple Industries.

JG: That would have been '83?

WS: What I do, drop a...

JG: I'm not sure when that time was...

WS: Yeah, I think I'm ten years off. Yeah, I think it's '83, not '73.

JG: I'm not sure of the date but, I know it wasn't '73. But...

WS: Yeah...you're absolutely right. It's 1983 I guess. Anyway, that's easy to find out about.

JG: Yeah. Yes sir.

WS: I've got those...you're right it's 1980...I took a couple of notes and I'll read them. Time acquired Temple in 1973.

JG: Yes sir.

WS: Time distributed Temple-Inland stock in 1983. And Time acquired Inland in 1978, about halfway through the year.

JG: Okay.

WS: In June 1983, when it was spun off into a separately traded company I went back on the board and along with a handful of Time, Inc. directors. Time, Inc. still kept a position in the company. Wanted to have some directors, did have some directors. And we picked up some, not we, the company picked up some marvelous people who came in through Time, Inc.: Henry Goodrich, who had been running Inland Container, who when Time acquired Inland, became a director of the new company. Jim Beré who was long time director of Time, Inc. and CEO... (unintelligible...) of Chicago came on. Warren Batts, who was Dart and Kraft CEO came on, stayed on for a short while, then went off because there was a conflict of interest. He was on the Sears board and somebody said there was a

conflict between the Sears board and I'm not sure exactly what it was...probably Arthur's point of view, the closest friend he had who came on was Jim Shepley who had been President of Time, Inc. Jim Shepley and Arthur became very fast friends when Arthur was the Director of Time, Inc. and Shepley came on board. So, Shepley, Beré, Goodrich, Bob Cizik I think came on, there was Clifford and myself who were constant on the board. I had been on it from whenever they went public which I guess was sixty...

JG: '69.

WS: '69 to '73 they went off in '83. Back down again '88. And the history since '83 has been probably a lot of other people remember better than I do about that. That's sort of my association with the company. And through that it's been both association, first regarding the Temples, secondly with the Temple family, thirdly with the company, and fourthly with the officers, senior officers and other directors with Temple had all become close friends of mine at one period of time (unintelligible). This slice of life in East Texas is very remote to people like myself who grew up in the investment business...wonderful slice of life.

JG: May I ask you a few more questions?

WS: Go ahead.

JG: This is actually backing up a little bit, but, since you came back on the board in '83 I just wanted you to comment and if you had no involvement with that or...?

WS: That's fine.

JG: But, the clear cutting issue it's my understanding that that became a practice through the Time merger. That Temple Industry did not clear cut prior to the merger and by the mid '70's, by 1975 some of the, I guess the first clear cutting, you know, on Temple lands was performed. And I had heard that it was pretty much stock market driven as a result of the Time merger. Did you receive any word of that...was that an issue that got back to New York, that you were aware of when you were off the board? And then, when you came back on the board in '83, was there any...was that an issue then?

WS: Let me separate two things.

JG: Okay.

WS: I have absolutely no inclination on that relative to...

JG: Okay, okay. I didn't know if that ever came up in like a directors meeting or anything.

WS: ...Time or Temple Industries. And I know it is an issue with some environmentalists. Having said that, I have strong feelings, having talked about it to

various people running forest management here at Temple-Inland, I don't think I...clear cutting per se as something driven by financial considerations or something that should be opposed by environmentalists or proposed by environmentalists. In some cases clear cutting is awful for the environment and may be good for the income statement of the company. For example, when you clear-cut on a hillside it brings erosion about and whatever destroys the ecological balance of it probably isn't good. In other cases clear cutting is not only a good financial deal, it's probably appropriate and, if not a preferred, forest management practice...where you clear cut for some reason that makes both economic sense and ecological sense. I'm sure that Temple Industries, Temple-Inland, probably uses a mix of both, but, I think the decision is driven by the forest management people, not the financial people.

JG: So it was, never came up as far as...?

WS: It never came up. The reason it's come up for me is I've been curious since I read all this. I read occasionally about it and I question whoever was running forest management on their views on it. They played a part that got mixed views. In some cases it makes sense, in some cases it doesn't. It isn't the great ecological disaster that many of the environmentalists would have it. Maybe in some cases when poorly done it's quite the hit. In some cases...fire preventative or an efficient way to get new growth. Get a true plantation in, makes it a lot of sense. But, to answer your questions I have never heard it discussed in a Time Inc board.

JG: Okay.

WS: Maybe it was...whatever.

JG: Ok. This is really more a current assessment of the conditions of corporate structuring, you know, with all the, especially in the forest products industries, with all these mergers and buyouts and things. Especially here locally, the paper mill in Lufkin, for instance, has changed hands a few times. The mill, or the mill itself, the timber has stayed in one company, and now that company is trying to sell its lands, or some of its lands etc. Just maybe your, do you have an assessment of that? And then maybe how has, maybe the Temple board has addressed some of those issues? Or...what are your thoughts, as you leave the board do you have any thoughts along those lines?

WS: You know there's nothing brilliant to say. I would say with the current move toward consolidation driven by economics and it is probably part way through and still a long way to go. By and large its been very difficult for smaller companies to survive...it's not at all clear, on the other hand it's size alone is a formula for success. The main argument used in the industry and among financial minds on Wall Street is that pricing has been very chaotic. Many, many participants without getting fixed policies, if you have a consolidation of grades, smaller hands then pricing would be more stable. It would enable the industry as a whole to be much better. My guess is that the consolidation wave is still going on. (unintelligible) Some are driven by owners wanting to cash in at a higher price, might call that greed. Some are driven by the fact that there's a sense in the industry that

if, that if it's given into fewer hands the price you'd have would be more stable, more profitable industry. And partly by the industries generally going to sum up inefficient industry and there's many ways to get economies of scale since that acquisition is together. Starting in the last seven or eight years ago, it's still going on, which I.P. [International Paper] has been the biggest acquirer. The wisdom of their acquisition is still being questioned by lots of people. Fortunately despite the movement of some brave fewer hands, pricing is still a lot more chaotic than people thought it would be. It's driven by different forces at different times, but, it's going to go on so it doesn't see the end of it. I don't know the local situation well enough to comment on that.

JG: Where does Temple stand in the context of all that, having financial services side to its mix? And I really, to be honest, I don't know these other companies you can think of is that something unique in Temple-Inland or...? And is that a plus or a minus as far as any type of merger? I may be asking more of these from a local standpoint.

WS: That's an easy question, not an easy answer though. There's no other, essentially, forest products company that has roughly a third of the business coming out of financial services. There have been other forest products companies that had financial services and I'm afraid are partly disposed of, such as Weyerhaeuser. Temple Industries went into financial services for very logical reasons in a small way. And that's the old LIC, Lumberman's Investment Company. One it was a, it's actually a building products company. They set up LIC to facilitate loaners being able to borrow money so they could buy their products, which was a logical easy step. Probably the financing of building products, had nothing else come along, could not be a major part of Temple Inland. But the main reason it's now a major part of the business is the...I can't think of the name...there in the S & L [Savings and Loan] fallout. (unintelligible) There's a special lottery that applied to Texas S & L's that made it feasible for Temple Industries to buy a, not more or less, a bankrupt S & L on very favorable terms from the government. It was such a sweetheart of a financial deal it was very hard to say no. It happened (unintelligible) because we already had financial services through the LIC. In fact we made a couple of (unintelligible) moves in the insurance business and after that which we subsequently sold, but we did the major acquisition guarantee largely because it was a financial deal that was too good to say no to. There was some opposition with the accountants and management. Some people felt that there was an implication of the Temple name, which is a great name, used recklessly in supporting financial interest. It didn't turn out that way. It's really been a rock of stability in the growth of total Temple Industries. Did other companies in forest products move that way? No. There are other Texas based companies I think the opportunity would be biased...(unintelligible). What does it do for the company now? I think it's probably...there's two or three different opinions, and in my view it's a very nice stable and growing earnings source that's offsetting a very cyclical business, paper and forest products. Basically there's three businesses: building products which is a very cyclical, paper, which is somewhat cyclical, and financial services which is very stable and growing. I think it's a good combination of what its ability to... for a company that has two cyclical components. There are clearly some drawbacks in the minds of some of the analysts on Wall Street looking at it. They look at it and say, "Well, I don't understand...the forest products and paper

interests, the companies that don't understand where the financial services fits...so I'm just passing on it."

JG: And you have the finance people saying the same thing about the forest products.

WS: That's right, they don't understand the paper and forest products, but by and large I think it's been a positive company. There's always a conversation, "Well, do they really fit and could you do better if you spun the financial services off into a separate company?" It's not quite that simple. The tax implications, there's financing implications, financial services have a low capital base, which they're able to run the bank some, and there's regulatory regulations.

SIDE TWO

JG: This continues with side B.

WS: If the parent company would separate it they'd check more capital into the financial services and it wouldn't be as profitable of a business to run. I don't think the two will be split up...because obviously some of the drawbacks in terms of people looking at it don't understand one side or the other.

JG: From the standpoint of like, the local economy, would that be a plus, I mean, you know, like I said, the word around here is, all these mergers and changes, and "you work for somebody one day and then you work for somebody different the next," you know, like when International had bought, supposedly had bought, some of the properties here and then the deal didn't go through. And, you know, that's a hot topic now, especially locally. Is this mix, from what you said I would guess that would be some protection there, for lack of a better term, of any type of a buyout? Say an Arthur Temple of today's time looking to do something, to grow and branch out, someone wanting to come in and merge.

WS: Well, I...it's a very good question, I think it does provide stability to the company and makes the survival of the company, nails it down in more than it might be without it. Probably makes it less likely to be acquired by somebody else, although it's absolutely conceivable that an outside buyer, we'll say Weyerhaeuser or International Paper bought it they'd probably be predisposed or sell off the financial services. There's a zealous, general sense in American industry today that you got to concentrate on what you're good at. Get out of businesses which don't appear to have a whole lot of symmetry between them. But, I would guess with the particular question, it's kind of irrelevant in the word, that the company would be bought or split up, I think likely it will not be split up, it certainly might present the attention on the part of directors to put the company up for sale. If I tell you what will happen twenty years from now, nobody knows. If I tell you what will happen next month, I'll be out the door. (laughter) I think it will continue pretty much as it is. It also, you know, remember you've got a CEO now who grew up on the financial side of the business...

JG: Yes sir. I appreciate your time very much, I know you've got other things to do, but, I just wanted to ask one more general question and, just to ask you to comment a little bit more on Mr. Temple, maybe the Temple family. I was talking with him a little bit, 'course he had nothing but good things to say about you and he honors you greatly, but, one of the things that struck me was that he said you really understood "the soul of the company." And 'course, you know Arthur, the company and the family are really tied together and he said that you understood enough that you took the work home, you took the company home with you and you always had Diboll's interest that you looked after.

WS: Well, I'm flattered that he thinks that. I hope it's so. I think in this world, this is not an attempt to put down any of our outside directors, I think we've got some wonderful outside directors, but, my guess is that none of the outside, present outside directors, anyway, have been as interested in even the company as a company...or had the opportunity to know the Temple family as well as I have. Now that's easy 'cause I started in 1964 or 5 as opposed to somebody who comes in, in 1995. So it's been a mutually supported thing. I was lucky enough to be in the earlier stages of the development, which got me interested in the town of Diboll, the success of the company and the Temple family. I got very friendly with Arthur and Lottie when she was in good health. Only Arthur has done things with a number of directors but, probably more often with me as others because I've been here longer. I'm sure that he used to invite many directors to his wonderful home he used to have in Acapulco for the week. He said he would get rum from someone up in New Hampshire; he had a summer home that he'd use. So to me it hasn't just been a kind of job by going to once each quarter, listen to board meetings, get reactions and go home and put it aside. It's been a much deeper involvement with the family, the community, and the company for a long period of time. Also helped by the fact that I started late as a forest products and paper analyst. I spent a lot of years fiddling in the industry going to law school for twenty years. I was growing perhaps more interested than somebody who comes in as an executive, or whatever. I appreciate what he says, I hope it's true, I've tried to be interested in the company and the family and the surrounding area. I hope it's worth it.

JG: Ok. Well, I appreciate you very much...your visiting with me.

WS: Ok. I'm sorry my memory isn't more precise or better...

END OF INTERVIEW