

InTouch

By and for Employees of Temple-Inland Forest Products Corporation



SPRING '91

Managing Our Forests

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Ray Meleton, Forest district supervisor,
and a timber stand located on the
San Augustine district, east Texas.

"Managing Our Forest" Photo
South Boggy Slough in Trinity County, Texas.
photos by Ken Childress

After four years of record earnings, it is highly improbable that 1991 will be another record year. However, we fully expect to out-perform our industry again this year. Although we will not be setting any financial records, we have begun building the base allowing us to reach even higher levels in the future.

The media is full of information about our competitors cutting back on capital expenditure projects, curtailing employment and other such drastic actions. We like to think we are managing our business on a different plateau, and, in fact, anticipate a record level of capital expenditures in 1991.

We always are more cautious in approving capital expenditures, allowing only those that meet all criteria for approval. These expenditures will make sense in both good years and bad. Fundamentally, we believe that all of our business units try to manage employment for maximum productivity on an ongoing basis. Therefore, employment cuts are not necessary.

1991 started as a difficult year for many of our operations. We had more rain in the first two months than we normally expect in six months. As a result, we experienced difficulty in getting logs out of the forest and had to make certain adjustments in production hours at some wood converting facilities while poor markets have certainly affected production at other operations like our gypsum facility.

I am "cautiously optimistic" that the current reductions in mortgage lending rates and the availability of funds will create a sharp improvement in residential construction as soon as consumer confidence begins to build -- probably in the second half of the year. This should create a nice increase in demand for wood building materials and hopefully in the second half we will be looking to run these mills on an extended basis to make up for production lost in the first quarter.

Paperboard markets have remained relatively stable but the sales of open market pulp continue to decline. Profitability of the bleached paperboard mill continues to be constrained. It is encouraging that we are continuing to see strong demand in those paper product items which are used by the fast food industry, thereby confirming our beliefs that paper products are recovering the market share lost to plastic. It is ironic that the environmental problems that sometimes have created obstacles in the manufacture of paper is our major ally in having a final product more acceptable to today's market.

The Financial Services group should post a record year, even with considerable growth expected through acquisitions in our savings bank. We are now one of the 10 largest financial institutions in the state of Texas, and by the end of the year, we may move up a place or two on the ladder.

It is certainly easy to describe our accomplishments, but none would be possible without cooperation, the competitive spirit and the hard work of our employees. It is your effort that makes this corporation unique and in the fourth quarter 1991, we will be completing another project illustrating how we leverage our assets to maximum success.

Last year, we completed the rail link that created the Buna, Evadale and Orange triangle. In some respects the sawmill in DeQuincy is a satellite to this triangle. Substantial savings have already been achieved, but we have only begun to understand the capability this rail link has brought to us.

Inland Container's basic business is manufacturing shipping containers (corrugated boxes) for distribution of the majority of products grown or manufactured in this country. Traditionally, these containers were designed as a basic shipping container to allow the goods to arrive undamaged with a minimum of weight in the container. Today, our distribution chain is also requiring these boxes, in many cases, to serve another function -- displaying the product for retail sale. The traditional brown box is not as attractive as one whose color is white.

At Evadale for years, we have manufactured solid white paperboard which is the Cadillac product of the shipping container business. However, similar to automobiles, not everyone can afford the Cadillac price.

Therefore, we are attempting to manufacture a product that is a cost effective alternative for other users who desire a white colored box. The solution is to make one of our paper machines at Orange capable of producing a two-layered sheet -- the bottom portion the conventional linerboard material and the top portion a bleached product. This product, called whitetop, demonstrates the unique capability of our two Texas paper mills connected by our own railroad.

1991 started slowly and wet. However, the sun will shine. I am optimistic that economic recovery is not far behind. We are positioned to take full advantage of this opportunity. ■

--Clifford Grum



Clifford Grum
President and CEO of
Temple-Inland Inc.

"It is certainly easy to describe our accomplishments, but none would be possible without cooperation, the competitive spirit and the hard work of our employees."

Managing C

When people think of Texas, they think of vast plains dotted with pumping oil wells. They think of characters rich in Old West legend surviving a rugged country filled with rattlesnakes and scorpions, or bigger-than-life heroes leading dusty cattle drives. Few people, if any, think of Texas's eastern half -- its piney woods with its hundreds of meandering creeks and streams.

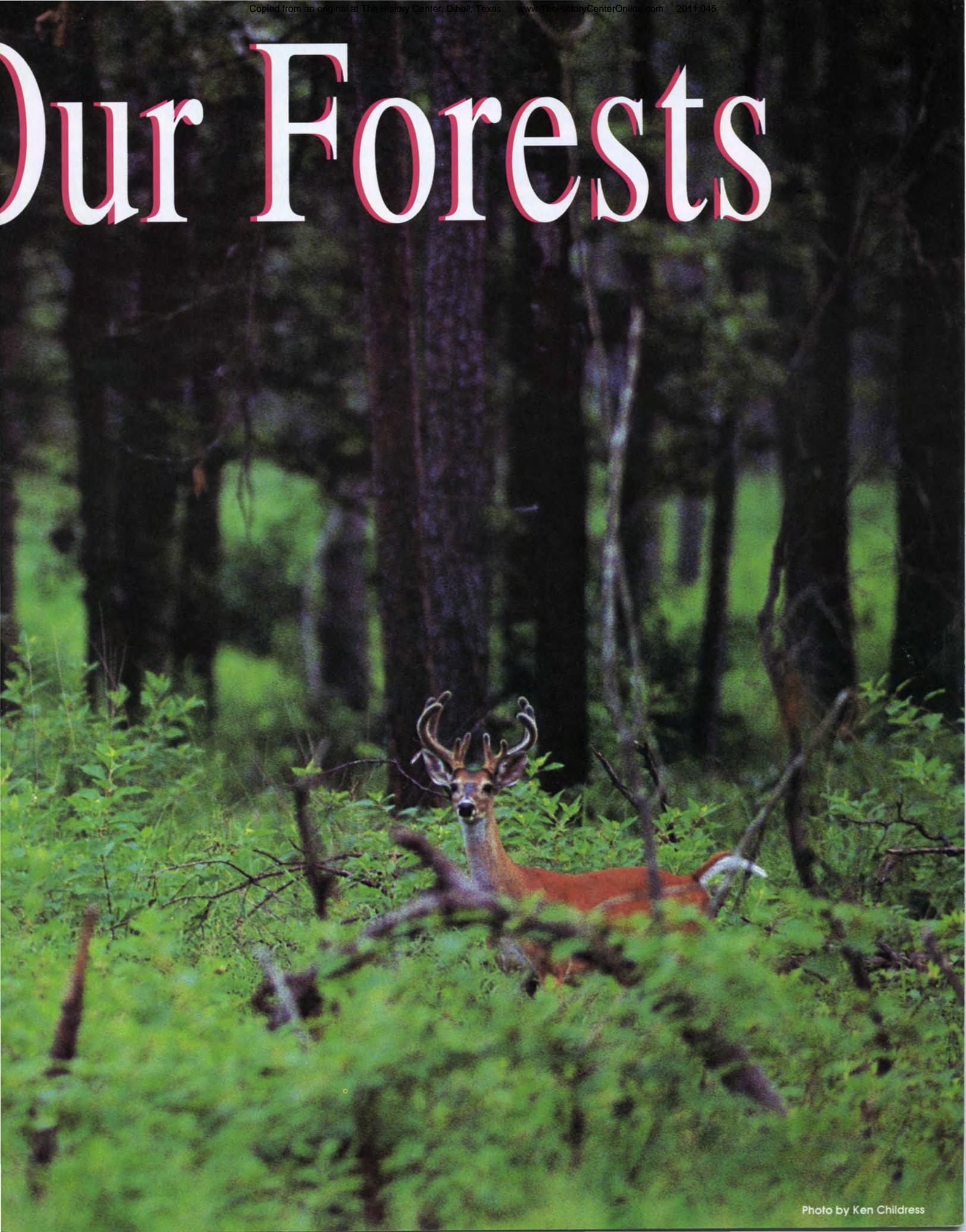
Ironically, it's this side of Texas that is quietly making its mark on the Texas economy by providing thousands of jobs for Texans and supporting rural communities with its 22 million acres of timberland in 43 counties.

Forests cover almost 14 percent of the land area in Texas, or roughly an area equivalent in size to the state of Indiana. Over half of these forests are in the piney woods region with over 12 million prospective acres considered productive timberland. Timber is the most valuable agricultural crop in the South. In Texas, timber consistently ranks among the top four cash crops. The wood-based industry provides more than one-fourth of the manufacturing employment opportunities in rural east Texas - over 60,000 forest industry related jobs.

This emerging prosperity is not without criticism. In recent years, vocal preservationists have publicly questioned forest management practices. Others, who have generally been supportive of the industry, are questioning our practices as well. Why do these Texans and others throughout the country, oppose proven forest management practices? Maybe it's because they don't understand why we do what we do.

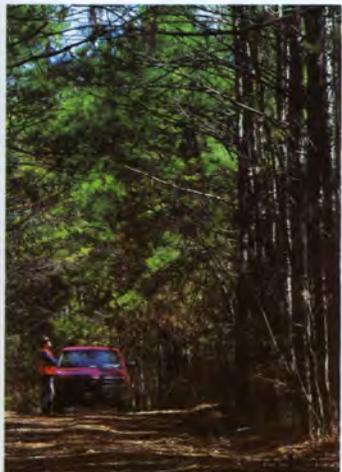
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Our Forests





"If we hadn't developed forest management to the state it is now, we would have run out of forest products to meet the demand years ago."



Ken Childress

Surrounded by a Temple-Inland pine plantation on the San Augustine district is Ray Meleton, district supervisor.

"...clearcutting destroys the forest..."

Temple-Inland Forest Products Corporation's General Manager of Forests, John Monk, thinks today's criticism of clearcutting comes partially from turn-of-the-century logging practices that devastated the forests of the South.

"Clearcutting got a bad name, and justifiably so, after the turn of the century until the 1930's. Companies, mostly moving down from the North and East, clearcut vast areas of the forest strictly to harvest the timber. It was exploitation in every sense of the word. The know-how to replace the harvested trees did not exist.

"The difference between that practice and today's forest management is that now the purpose of clearcutting is to regenerate the forest. What our industry's predecessors did had nothing to do with replanting trees."

The science of forest management was not established when the virgin forests of the South were cut. Forest management and forestry were new and radical ideas.

"There were a few pioneers who had the foresight and common sense to recognize that forests could be perpetuated," said Monk. "Some left seed trees and made partial cuts and these practices established many of the tracts of timber we are harvesting today. After years of research and development, a better understanding of how the Southern pine species could be regenerated was established."

"...out to make a buck..."

No person, or company, can own vast acres of timberland and not do something to make a return on that investment. Those whose careers are in forest management spend a lifetime balancing the growth characteristics of the species and the real world economics of the system in which we live. The capital system in the United States requires that the timber owner make a return on the investment. Fortunately, good forest management allows the timber owner to do that and retain the other things about the forest people expect, such as wildlife, aesthetics and recreation.

"...creating a monoculture..."

Most forest products companies like Temple-Inland are in the tree-growing business. It is in the best interests of the company and its employees to make sure the consumer demands for paper and wood products are met. Wood fiber is needed to ensure it. "Tree farms" are distasteful to some who predict a sterile monoculture susceptible to disease and insect infestation.

What is overlooked in this argument are two points. First, genetics research is providing trees with superior disease resistance and growth characteristics. Proven forest management can contain insect infestations. Secondly, the forest industry is owner to the smallest portion of commercial forestland in the nation -- 70 million acres or 14 percent. Private individuals are the largest commercial forestland owners with 270 million acres or 58 percent, and federal, state and local governments are next, owning 136 million acres.

"...it looks bad..."

Undeniably, a freshly harvested site looks bad. But Monk points out that the timber harvesting process is a public activity.

"The unsightly part of our job is on view to the public every day. Unlike processing beef whose distasteful aspects are rarely witnessed by the public, forest management is a public activity on display to anyone who drives by. They should remember that the unsightly time only lasts a year or two -- it will be 35 years before it occurs again."

The picture most people have of the forest is of the mature, natural forest. The mature forest cannot be uninterrupted forever.

"Like all other living things, forests exist only for a period of time," explained Monk. "At some point, the trees in a natural forest reach full maturity and die. Then the process starts over with new trees. What is hard for people to remember is this process takes a long time, and they may not witness the replacement of a particular forest. But it will occur at some point."

To help improve aesthetics, Temple-Inland foresters leave buffer or green strips alongside major thoroughfares to help shield a harvest's unsightliness until seedlings begin to grow. Staggering clearcuts so they are not adjacent and leaving green strips along streambanks are other ways of addressing aesthetics.

"...set aside land for wilderness..."

"Our present practices are needed to meet the total fiber requirements of a growing population," said Monk. "If we hadn't developed forest management to the state it is now, we would have run out of forest products to meet the demand years ago. That demand is only going to intensify in the future."

As more public lands are taken out of production, especially in the West, due to wilderness preservation or endangered species protection, the burden of production is on the Southern forests. The national forests in the West have essentially been shut down as reliable providers of wood fiber.

"...I want someone to take control..."

The key to responsible forest management is the commitment of forest users to balance America's need for wood and paper products with its need to perpetuate the country's majestic forests. Literally thousands of foresters across the nation perform this balancing act every day. It is their job. And as long as there is someone to hear the tree fall in the woods, this balance will be maintained.



Joy Britton

Eastman Kodak Company's Gordon Winghart (center), buyer for Materials Flow Planning, presents David Ashcraft with Kodak's "Quality First" Silver award, presented to Temple-Inland's Bleached Paperboard Group. Temple-Inland supplies Kodak with bleached paperboard used for photographic slide mounts.

Kodak's "Quality First" Silver Award

Eastman Kodak Company has recognized the Bleached Paperboard Group as a "Quality First" supplier. The group received the special award from Kodak by making significant contributions to Kodak's "Quality First" Supplier Program objectives and meeting established criteria for this award based on 1990 performance.

Temple-Inland was presented the "Quality First" Silver Award for achieving product control for its bleached paperboard used in the production of Kodak photographic slide mounts. Kodak's "Quality First" program was introduced in 1982 and currently lists over 150 major suppliers enrolled.

The "Quality First" program is operated on a worldwide basis and is in place at 12 Kodak locations around the world including Kodak Canada, Kodak Brazil, Kodak Ltd. (England), Kodak Pathe (France), as well as numerous Kodak sites in the United States. ■

Jim Smith honored in rechipper donation to Auburn University

The Bleached Paperboard Group has donated a wood rechipper to Auburn University in honor of James M. (Jim) Smith, retired director of Machine Operations. Smith is a 1947 graduate of Auburn University.

A second rechipper will be donated to the University of Florida.



Jim Smith

Both rechippers are being replaced as a result of the installation of a complete new replacement chipping facility at Evadale. ■



Joy Britton

The Building Products Group Sales Department honored three of their own during the annual banquet held in Lufkin in February. Receiving the Customer Service Award was Telemarketing Representative Martha Grissom. The Marketing Achievement Award was presented to Kathi Jordan, Product coordinator for gypsum products. Pat Patranella, General Sales manager presented the awards. Gary Keeling, a field sales representative, was named Salesman of the Year.

Arthur Temple decides to decline chairmanship

"We hope in the future, we can emulate the giant footsteps he created."

The Temple-Inland Inc. Board of Directors announced February 4 company Chairman Arthur Temple has chosen not to seek re-election as chairman at the company's annual meeting on May 5 but will continue as a director.

The Board regretfully accepted his decision at its February 1 meeting and intends to elect him Chairman Emeritus in May.

Temple-Inland President and Chief Executive Officer Clifford J. Grum called Temple "a giant of the forest products industry who built a very successful company."

Temple began his career with the company in 1938 as bookkeeper of the Lufkin, Texas, retail lumber yard. He established Temple Associates, a building construction firm in 1941, and in 1948, while also manager of the retail operation, was elected executive vice-president of Southern Pine Lumber Company, the predecessor of Temple Industries.

During the 1950s, Temple implemented a company-wide mill modernization program and expanded the company's product line to include panel products and consumer items and furniture.

He also joined a consortium of lumber manufacturers to form Lumbermen's Investment Corporation (LIC) to provide capital for home mortgages. LIC became the linchpin of the company's highly successful financial services division under Temple's stewardship.

By the 1960s, the company was pioneering the manufacture of Southern pine plywood, going public on the New York Stock Exchange and financing a multi-million dollar program to expand panel production.

The culmination of a Temple dream to "totally integrate" the company's resources was accomplished through the merger of Temple Industries and Time, Inc. in 1973, and the subsequent combination of Temple with Time's East Texas Pulp and Paper Company.



The new company, Temple-Eastex, now owned more than a million acres of timberland in Texas and Louisiana and manufacturing plants throughout the South.

Temple was elected to Time's Board of Directors and served as vice-chairman from 1973 to 1978. During his tenure, Time acquired Inland Container Corporation in 1978.

During his more than 50 year career, Temple has chaired major industry trade associations, headed civic organizations and served on collegiate boards, as well as many of the largest financial and industrial corporations.

He was awarded an Honorary Doctor of Laws degree from Pepperdine University in 1982; named East Texan of the Year 1990 by the Texas Chamber of Commerce; and was an initial inductee into the Texas Business Hall of Fame in 1983.

Thousands of people in East Texas have benefited directly and seen the quality of their lives improved since the company's beginnings in 1893.

Today, Temple-Inland is the only Fortune 500 company headquartered in East Texas and the largest industrial employer in the region.

"This spectacular growth," said Grum, "would not have been possible without the leadership and guidance of Mr. Temple. Although no longer chairman of Temple-Inland, we look forward to his continued advice and counsel. We hope in the future, we can emulate the giant footsteps he created."

The Board of Directors announced that after the Annual Meeting in May, it intended to elect Clifford J. Grum Chairman and Chief Executive Officer. ☀

Capitol View

Now that American soldiers are coming home from the Persian Gulf, you can look for a resumption of debate on critical government issues which will impact Temple-Inland operations.

Heading the list will be the environment. A long list of legislative subjects ranging from air quality to wetlands is pending before Congress. Some will be resolved this year; others will be postponed until 1992, maybe beyond.

Here are some of the principal issues of concern to the forest products industry:

* **Endangered Species.** While much of the public and media attention has been focused on the western spotted owl, you can look for preservationists to broaden the debate to other regions, including the South, where some scientists claim the red-cockaded woodpecker faces a diminishing habitat.

* **Clearcutting.** The U.S. Forest Service's decision to end or restrict clearcutting on some National Forest lands in the South has implications that bother many professional foresters who have used clearcutting as a viable forest management tool for decades without damage to the environment or wildlife.

* **Air quality.** Even with the new Clean Air Act, federal and state air quality standards will continue to get tougher as Congress and the states react to growing pressures from environmental groups in metropolitan and fringe areas.

* **Wetlands.** A new federal wetlands manual has expanded the interpretation of the wetlands definition by 30 to 50 percent, which will affect millions of acres of private forestlands.

Example: the new manual says a site is jurisdictional wetlands if it has a water table 12 to 18 inches below the surface for only seven consecutive days during the growing season of February to October.

* **Recycling.** Congress and a number of state legislators are determined to mandate higher recycling rates, mostly on the assumption that if 25 percent recycling is good, then 50 percent must be twice as good. What's wrong with this is that going much above 25 percent will require tremendous infusions of capital and technology that might be better spent on other societal problems. At the same time, aiming for unrealistic rates will only discourage the public from continuing recycling at a reasonable level.

Faced with strong public opinions that more should be done about the environment, American industry -- including the forest products industry -- has an interesting decade ahead of it. Our challenge is to show the public that we, too, have an ongoing interest in an improved environment and can be trusted to deal with the problems in a professional, responsible manner. ■

—Tony Bennett

THE FOUNDATION

The Temple-Inland Foundation awarded more than \$80,000 in special grants during the fourth quarter, 1990.

Among the organizations receiving major contributions were the United Way of Austin, Beaumont and Angelina County; the Cenikor Foundation for "Texas War on Drugs"; the Texas Forestry Museum; the Sheriff's Association of Texas building fund; Angelina College for the Paul Durham Scholarship Fund; Stephen F. Austin State University for Daedalus Image Evaluation; and to Miami University Pulp & Paper Foundation.

For the fourth quarter, 1990, a total of 242 Matching Gifts were granted. Employee gifts totalled \$51,358. Full-time, permanent employees of Inland Container Corporation, Temple-Inland Forest Products Corporation, Temple-Inland Inc., Temple-Inland Financial Services and outside directors are eligible to participate in the Matching Gifts program. ■

Temple-Inland reports 12% increase

Temple-Inland Inc. announced February 1 that earnings per share for 1990 were a record \$4.20, up 12 percent from \$3.75 per share earned in 1989. Net income for the year was \$232.5 million on revenues of \$2.4 billion.

In announcing 1990 results, Clifford J. Grum, Temple-Inland president and chief executive officer, said, "Our manufacturing groups are suffering through the cyclical nature of high industry capacity and a weakening economy. Lower selling prices for most of our building products and some grades of paper are squeezing profits for these groups." ■

TEMPLE-INLA

Big Tin Barn/West Houston's living deck display features redwood, cedar and treated yellow pine decking, live goldfish in a lily pond, fountains and trees and shrubs. The deck display allows do-it-yourselfers a first hand look at what can be done.



Ken Childress

Big Tin Barn displays deck in indoor living display

In the middle of Big Tin Barn/ West Houston's showroom is 5,000 board feet of redwood, cedar and treated yellow pine decking composing what is probably the only indoor, live deck display in Houston, Texas.

The deck is accessorized with all the amenities the discerning customer might want -- a lily

pond with spouting fountain and live goldfish; decorative shrubs and trees several gazebos and fencing.

This transformation from a hardware showroom concept to a retail showcase for decking customers has been a success, according to manager Del Westmoreland.

"Treated lumber sales are up approximately 50 percent due to the change," he said.

The showroom's grand opening last summer was well attended with more than 750 people crowded into a series of three deck clinics staged in a circus tent erected in the parking lot.

Additional deck clinics are planned for this spring.

The store concentrates on decking, especially pressure treated southern pine. Its do-it-yourself trade has increased with the store's deck specialist image. Professional deck builders have also found the store a good place to shop, often using the computer design service for their more exotic plans. One stop shopping for decking, deck hardware and finishes is also an advantage.

The West Houston retail yard was featured in "Building Products Digest" in its January issue. Other Big Tin Barns are located in Diboll and Pineland, Texas, and Alexandria, Louisiana. ■

ND INSIDERS

PINELAND OIR's

Pineland Operation recognized eleven employees through the Operation Improvement Report awards given for suggestions for improvements to the operation. Some suggestions are implemented immediately while others take long-term study and implementation.



Carolyn Chambless

John Zenkner, OIR program facilitator; Melinda Booker; and Sherrel Fears, OIR program coordinator.



Carolyn Chambless

Joe Ezernack, Linda Stalcup, Bill Whittington, Murphy Ross and Randy Greer.



Carolyn Chambless

Jeff McBride, Hugh Walker, Mike Jerge, David Poindexter and Dora Roberts.

West Memphis sets record

The West Memphis Gypsum Operation set records for both shipments and production in 1990. West Memphis employees produced 382,500 MSF of gypsum wallboard, exceeding the old record of 1988 by over 1,300 MSF while working nine fewer days. Shipments of 386,500 MSF exceeded the 1987 record by 600 MSF.

Plant Manager Jim McNeer attributed the success of the West Memphis plant to the dedicated staff and employees who have operated the plant with less than 1 percent downtime for the past three years.

"While it was nice to set new records in 1990, 1991 will be an even greater challenge in the face of the current recession. Only low cost, innovative, quality-conscious operators will survive in the business climate that the gypsum industry faces in 1991. Our people are prepared and working to offset the current downturn."

"While it was nice to set new records in 1990, 1991 will be an even greater challenge in the face of the current recession."



This is a contest to test our readers' knowledge of company trivia.

If you know the correct answer to the following question, call (409) 829-1326. The first caller with the correct answer will win a gift certificate from the company store. Here goes...

Who was the first professional forester hired by Southern Pine Lumber Company?

TEMPLE-INLA

Recycled products announced

The Bleached Paperboard Group has announced a new series of recycled paperboard products.

These include manila file folder, white and manila tag,

CIS cover stock and index.

The recycled products contain as much as 40 percent pre-consumer waste paper and 10 percent post-consumer waste paper.

Its post-consumer waste comes from de-inked pulp and from Evadale's own office waste paper. ■



Recycling paper products is an issue

which has and continues to be given a great deal of emphasis by the company. Temple-Inland made a major commitment to recycling in 1975 when our Newport mill went on stream as the first corrugating medium mill built in the U.S. to use 100 percent recycled fiber as raw material. Our Ontario, California mill, built in 1985, is designed to use 100 percent recycled fiber. With the completion of the Maysville, Kentucky, mill and renovations to the Orange linerboard mill, Temple-Inland will be using about one million tons of old corrugated boxes for raw material, boxes which would otherwise find their way into the country's waste stream, to be disposed of in landfills and incinerators.



Fiber Products Operation ships first truck load of TrimCraft™

Fiber Products Operation shipped the first truck load of TrimCraft™ in February to Sunbelt Wholesale in Pearl, Mississippi. TrimCraft™ is an engineered wood trim product used as a fascia, window, door or corner trim. TrimCraft™ offers a defect free, factory primed trim product for use in most places solid wood trim is used. ■



On hand for the maiden truck load shipment are (from left) Gary Martz, product manager; Michael Dorman, Customer Service representative; Johnnie Maxey, Dry End/Finishing/Shipping superintendent; Urbano Sarmiento, forklift driver; and Judy Reisner, Shipping supervisor.

Joy Britton

IND INSIDERS



Joy Brittain

A new debarking drum is being set in place at Evadale's new longlog chip mill, currently under construction. Start-up of the new chip mill is expected mid-year, 1991.

New longlog chip mill approved for Evadale

\$8.5 million has been approved for construction of a new longlog chip mill at Evadale. Start-up is expected mid-year, 1991.

Richard Mayes, project coordinator, reported the new equipment line will be installed just west of No.1 flume and will include the following major equipment:

- Infeed log deck- for loading from the portal crane or logstacker
- Drum infeed log conveyor- 120 feet long
- Debarking drum- 12 feet x 100 feet rubber tire supported
- Chipper infeed conveyors- 125 feet long
- Chipper- 116 feet horizontal feed, bottom discharge
- Bark system- scalper, hog, and conveyors to bark pile
- Chip conveyors- discharging onto the existing No.2 line conveyor

Existing equipment to be modified includes the following:

- 20 foot cantilever extension for portal crane, east end
- Increase capacity of No. 2 line conveyors

Normal capacity of the new system will be 80 to 100 cords per hour. The existing No. 1 and 2 woodyard systems, including cranes, slashers, and some conveyors will be obsolete. The existing bark pile and chip pile systems will remain intact.

Major work has already been accomplished, including the relocation of a switchroom and site preparation work where the main chip mill line is to be located.

Senior Electrical Engineer Dennis Dace is performing electrical design work, and Construction Coordinator Marlen Bierhalter is inspecting and supervising construction. ■



Joy Brittain

Marlen Bierhalter, construction coordinator, and Richard Mayes, project coordinator, are dwarfed by the new debarking drum being set at Evadale's new chip mill.

Somebody's dumping on us



"All of us feel like someone is dumping their trash in our yard"

The cow carcass was decomposed to the point of mere bones, but the smell of rotting flesh remained strong enough to fill the air. Placed beside a company road within a fenced and posted area, the carcass is only one example of the kind of dumping that is occurring on Temple-Inland forests.

"Temple-Inland forests have been a target for illegal trash dumping for many, many years," said Paul Hugon, Forest Management coordinator. "Our problems are not isolated in to any one particular area. They're dumping on us all over."

Hugon said the costs dedicated to cleaning up illegal trash dumping sites are significant.

Typically, the operation of a three-man crew and a bulldozer cost about \$400 for a six-hour period, the time period required to clean severe sites. He estimates some 15 sites in Angelina County, Texas, alone, with hundreds of sites on the company's 11 forest districts in the state.

At the Angelina County location, several dumping sites were located along the road.

Some spots were used to dump appliance parts and tires, among other things.

Dumpers are hard to keep out, said Tom Bell, district supervisor. One cable across the road's entrance had been severed in four places with a blowtorch. One particularly nasty site was the repository for dead chickens, the owner of which apparently operates a large chicken breeding operation.

Foresters take the dumping personally.

"All of us feel like someone is dumping their trash in our yard," said Bell.

And, there is no end in sight to the problem. In fact, Temple-Inland foresters look for the problem to escalate. As landfills are closed, more people will be looking for places to dispose of their trash. ■



Loy Biffman



Joy Brittain

John Dichard, Sanreaches Tolbert, and Ken Koford

Texas Use Tax The unscheduled cost

What was once considered a "nickel and dime" tax has become a significant cost of doing business as the result of expanding the base for taxable services in the state of Texas.

John Dichard, manager, Sales and Use Tax, is heading a new corporate department whose mission is to oversee all sale and use taxes for Temple-Inland Forest Products Corporation. Ken Koford and Sanreaches Tolbert are other department employees.

"In order for the company to administer the many changes in the state tax rules, a separate Sales and Use Tax Department has been staffed," said Dichard. "We will work with all plants and Groups in all sales and use tax matters, administer the phased-in exemption, prepare refund requests to the state and actively participate in the preparation of services contracts for all maintenance and capital improvement projects."

The need for the formation of the department is the result of "the need to observe new and more complex guidelines" according to Dichard. Though the state of Texas has had the most use tax increase in recent years, use tax bases are expanding throughout the corporation's operating areas "at a tremendous rate."

Dichard explained the difference in sales tax and use tax.

"Individuals pay sales taxes each time services are rendered or items are purchased," he said. "However, corporations with direct pay authorizations don't pay sales tax; they pay use taxes instead. The same rate and the same rules apply for each, but the use tax is paid directly to the state rather than to the vendor."

Because of the 1987 expansion of the Texas Use Tax, Temple-Inland Forest Products Corporation has seen increases in taxable purchases from \$54 million in 1987 to \$123 million in 1990, an increase of 125 percent. Taxes paid on these purchases increased from about \$2 million to \$8 million, an increase of 177 percent.

Newly added to the expanded base are items such as advertising, data processing, security guard service, canned and custom computer programs as well as labor costs.

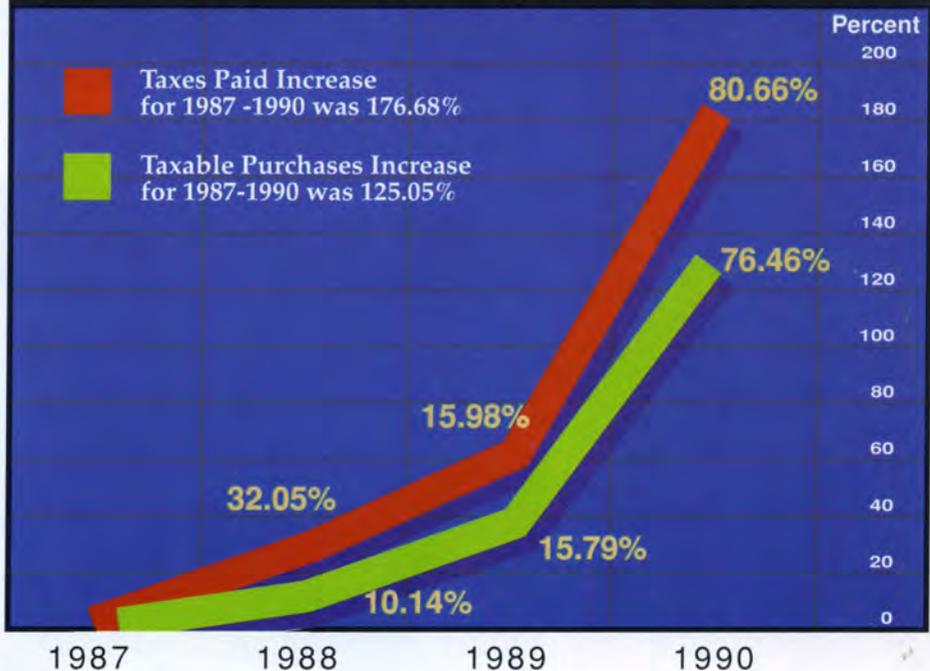
"Labor to repair and remodel real property had not been previously taxed," said Dichard.

The good news is that the Texas State Legislature approved in 1989 a phased-in exemption of sales and use taxes beginning in 1990 (with full exemption in 1995) on all manufacturing machinery and equipment purchases and replacement parts, including environmental pollution and control equipment.

The exemption will result in considerable dollar savings to all manufacturing industries within the state of Texas.

"As employees and shareholders of Temple-Inland, we should all do our share to ensure that in our daily transactions, especially in the areas of repair and maintenance of the company's assets, that we pay tax only on taxable purchases, take advantage of available exemptions and only pay the tax once," said Dichard. ■

Comparison of Increase Between Taxes Paid and Taxable Purchases 1987 - 1990



First-rate center open for business

A state-of-the-art facility for current and future training efforts for the corporation opened on January 25 in Diboll.

Ron Sorensen, formerly Management Control coordinator in the Forests Division, has been named Employee Development coordinator. He will be assisted by Ruth Oates who will continue her responsibilities as Employee Health and Fitness Center activities.

The Employee Development Center occupies one side of a commercial building in the Village in downtown Diboll. The 5280 square foot facility offers two training meeting rooms, two self study rooms and a library. A kitchen is also provided.

Two 4 1/2 x 3 1/2 feet projection televisions capable of videotape or computer generated displays are available. In addition, the center provides VCR's with wireless remote, slide projectors with wireless remote and overhead projectors.

In Training Room A, 50 people can be accommodated, or the room can be divided into two smaller training areas. Fifteen mainframe terminal units are dedicated to the room and can be installed upon request.

Training Room B is equipped with 10 networked IBM Model 55SX computers. The room is ideally suited for micro-computer based software and applications training. Also provided are Hewlett-Packard Lazer-Jet printers,



Joy Britton

Ron Sorensen (right) is the coordinator for the new Employee Development Center in Diboll. Ruth Oates will assist Sorensen, but maintain her Health and Fitness Center duties.

Epson Dot-Matrix printers, and a HP Pen Plotter.

The library provides references to available training materials, programs and sources. Each study room provides seating for four and is available for independent study or small group work.

Sorenson noted that in addition to on-going programs conducted through the facility, all operations are encouraged to utilize the Center to assist them in meeting specific training needs. For further information regarding the Center, call 409/829-1900. ■

Training Room B can serve as a micro-computer based software and applications training area. It is equipped with 10 networked IBM computers, laser printers, dot-matrix printers, and a pen plotter.



Joy Britton

A "Family Status Change" -- It can affect your benefit coverage!

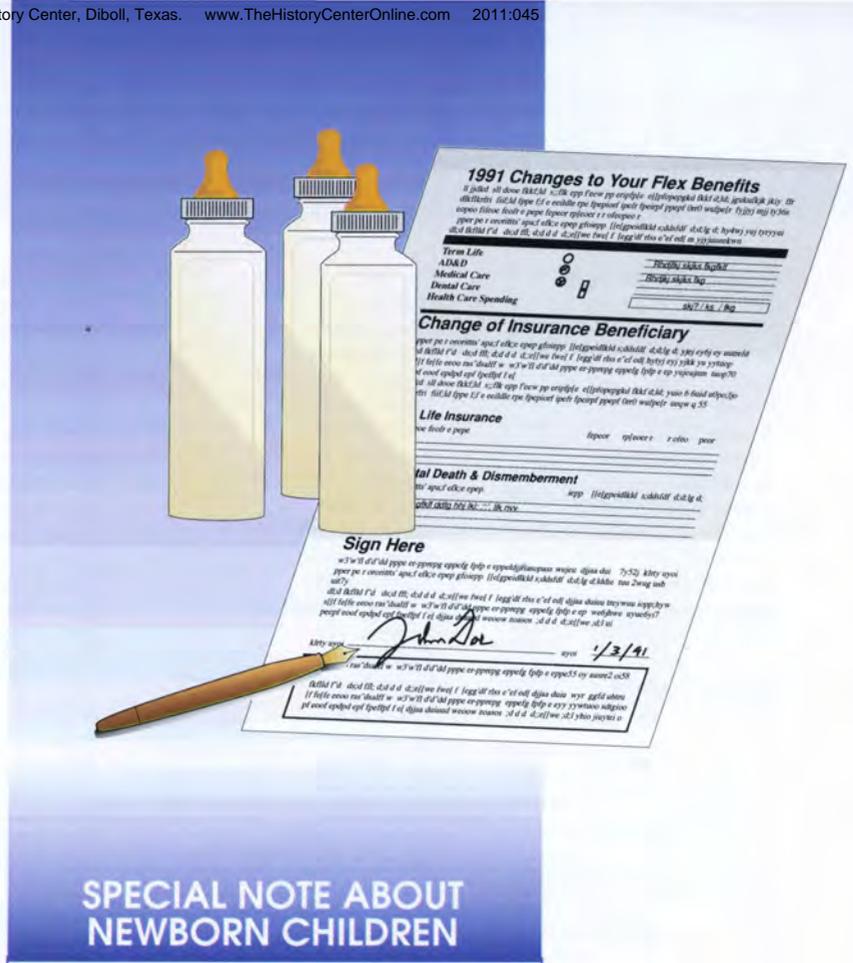
Temple-Inland's Flexible Benefits Plan is designed to allow each employee to tailor a benefits package which meets his individual needs. However, there are specific rules that must be followed when a FAMILY STATUS CHANGE, such as the birth of a child, occurs during the year.

A family status change occurs when:

- you get married or divorced
- you gain a dependent by birth or adoption
- you lose a dependent due to death
- your spouse gets a job or loses a job
- you change from part-time to full-time status
- your spouse changes from part-time to full-time status, or vice versa
- your spouse takes an unpaid leave of absence
- or you or your spouse return from an unpaid leave of absence
- you or one of your dependents has a significant change in health coverage due to a change in your spouse's employment
- you transfer out of your HMO's service area
- your child is no longer an eligible dependent under the plan.

In order to report a family status change you must submit the change on your Flex Confirmation Statement to the Personnel or Human Resources representative at your location. You have a maximum of two months to report your family status change. If you wait longer than one month to report your change, you must provide Evidence of Insurability in order to obtain coverage. If you do not report your change within the two month maximum, then the coverage cannot be changed until the next Flex annual enrollment.

The family status change limitations, as well as a full discussion of family status changes, can be found in your Temple-Inland Benefits Plan Summary Plan Description under the Flex and Medical sections. Please refer to these sections for more detailed information. ■



SPECIAL NOTE ABOUT NEWBORN CHILDREN

If you are covered and have a newborn child, your child will be automatically covered from birth for only the first 31 days. In order to have continued coverage for your child, you must report the family status change to your Personnel or Human Resources representative within one month of the child's birth. If reported between one month and two months, Evidence of Insurability is required. If you don't report the change within this time period, you will have to wait until the next Flex annual enrollment to add your child for coverage under the medical plan. REMEMBER, each new child must be reported separately, whether or not you already have child or family dependent coverage.

S E R V I C E M E N

THIRD QUARTER, 1990

Corporate

10 years

Betty Burchfield
Leslie O'Neal
5 years
Randall Doyle
Theresa Risenhoover
Ken Smith
Norma Sonsel

Free Press

5 years

James Wigley

Sabine Investment

5 years

Jack Powell

Building Products

Diboll

35 years

Roosevelt Hulet

25 years

Maurine Bray
Horace Goodley
Vernon Kenner
Mamie Watson

20 years

Connie McClure
Lora Oliver
Rodolfo Salazar
Rodolfo Tamez

15 years

Arturo Alvarez
Jerry Bounds
Marvin Butler
Frances Cowart
Guillermo Gonzalez

Robert Hook

Elbert Johnson

Billy Lee

Marshall Lee

Green Scott Jr.

A.D. Whittington

James Williams

10 years

Francisco Garcia

Raul Garcia

Anival Jasso

Catarino Perez

Richard Toig

Abelardo Silguero

Villa Spurlock

Melva Williford

5 years

Julia Baker

William Cain

Jose Chavez

Jody Cook

Felix Galan

Robert Grissom

Jerry Loftin

Pedro Nava

Johnny Perry

Frank Ybarra Jr.

Pineland

25 years

Albert Barnes
Billy Williams

20 years

Dollie Ezernack
Levon Morris
Roy White

15 years

Ronald Fuller
Darrell Holmes

10 years

Thomas Clark
Carrolyn Featherston

5 years

Tina Bobbitt

James Bolt

Randy Greer

Joe Hanks

Maylon Hardy

Gary Jackson

Glenn Phillips

David Poindexter

Bobby Scott

Randall Smith

Randall VanWickle

Rocky White

West Memphis

25 years

Earnest Kelsy

Thomson

15 years

Roger Chalker Sr.

James Grissom

Linda Murray

5 years

Johnny Roberts

Monroeville

15 years

Glenn Bayles

Fletcher

5 years

Linda Lowe

Jimmy Rankin

Kenneth Snider

Bleached Paperboard

35 years

Billy Black

Dewey Johnson

Jack King

Raymond McDonald

George McGilbery

30 years

Glenn Conner

Rex Fling

Donald Kendrick

Gary Richarson

Lester Tucker Jr.

25 years

Jack Darden

Preston Davis

Roy Herrington

John Hostetler Jr.

Billy Lamb

Ronnie Lounsberry

Willie Martin

Donald Martinez

Bobby Peck

Hollis Slaughter Jr.

20 years

David Brooks

Dee Champion

Henry Curry

David Herrington

Luther Jones Jr.

James Kyle

Robert McElvain

James McMillan

Danny Morgan

Rohde Morgan

Ronald Nichols

George Scott

Daniel Smith III

Edwin Wells

Kent Willis

William Williams

15 years

Douglas Baker

Thomas Bertrand

Tony Biggs

Gale Brammer

Russell Champagne

Jim Collier Jr.

Lucian Hilderbrand

William Hoke

Dustin Jones

Barbara Smith

Joe Williams

Vernon Williford

10 years

Earl Gordon

Rodney Horn

Per Klykken

John Maxwell

David McMillan

Michael Psensik

5 years

Jeffrey Burris

Scott Garvie

Thomas Whalen

Temple Associates, Inc.

10 years

Gerald Campbell

Bobby Stanbery

5 years

Dan H. McClelland

Universal Electric Construction

25 years

Van Alsbrook Jr.

15 years

Gene Cunningham

10 years

Larry Brunkenhoster

5 years

Noah Bacon Jr.

FOURTH QUARTER, 1990

Corporate

5 years

Bill Gerland
Dee Dee Groom
Sheila Leifeste

Building Products

Diboll

30 years

Leroy Lazarine
James McGuire

25 years

Jack Beaty
Don Hendrick

20 years

Juan Diaz
Ignacio Morales
Martin Perez
Rogelio Reyes
Bobbie Strain
Jack C. Sweeny
William Weatherford

15 years

Billy Miller

10 years

Spencer Brewer
Leo Wright

5 years

Tommie Colwell
Judy Greenville
Martin Ocon
Rix Samford
James Snarr

Pineland

25 years

Virgie Jones
James McNaughten

15 years

James Hoyle

5 years

Gregory Audrey
Mearlene Davis
Timothy Ezernack
Robert Garrett
Darrel Holloway
Lee Hunt Jr.

Gladys Johnson

Robert Ladner

Jimmy Parnell

Clyde Shields Jr.

Hugh Walker

Carla Williams

Mennie Williams

Barry Wright

West Memphis

15 years

James Sanders

5 years

Terry Whittier

Thomson

15 years

William Ansley

10 years

Edward Dove

L.C. Shorty Jr.

N I V E R S A R I E S

Monroeville
 10 years
 John Russell
Fletcher
 5 years
 David Broberg
 Bobby Perkins
 Charles Smith
Bleached Paperboard
 35 years
 Charles Caraway
 30 years
 Dorothy Jones
 Peggy Stone
 25 years
 Robert Alumbaugh
 Doug Ener
 Dee Hall
 John Hollis
 David Smith
 Hugh Smith
 Mack Smith
 Elwood Spurlock
 20 years
 Charles Kellum
 15 years
 Joyce Barnett
 Arvetta Booker
 Doris Cravy
 Virgle Fancher
 Kenneth Ferguson
 Angel Jones
 Emma Kyles
 Freddie Lewis
 Kathryn Lewis
 Curtis Lynn
 Kenneth McLemore
 Hazel Nichols
 Charles Prewitt Jr.
 Mary Robinson
 Rogers Thomas
 Larry Willette
 Tim Wray
 10 years
 Charles Adams
 Jimmy Balla
 Joseph Broussard
 Hubert Cooper
 Wade Davis
 Randall Hebert
 Michael Hillin
 Craig Howard
 Robert Johnson
 Ellen McKinley
 Vickie Miller
 Greg Morgan
 Chris Murphy
 Marvin Willis
 Tony Wilson
 5 years
 Emershel Pate
Forests
 25 years
 Alvey Witmer
 10 years
 Rayburn Hooks

5 years
 Lester Samuel Jr.
Temple Associates, Inc.
 25 years
 Freddie W. Poteet
 20 years
 Hickey E. Capps
 15 years
 Lynn Glover
 5 years
 Verble Moorehead
 Glenda Richardson
Universal Electric Construction
 10 years
 Larry Wagnone

FIRST QUARTER, 1991
Corporate
 15 years
 Marva Rhone
 10 years
 Ron Cone
 Carolyn Whitten
 5 years
 Michael Boyett
 Melva Cauley
 Steven Dowd
 Susan Stutts
Building Products
 30 years
 Gene Beck
 Bennie Mayo
 Howard Mullins
 Melvin Thompson
 Marvin Wright
 25 years
 Sam Coleman
 John McClain
 20 years
 Raymundo DeJesus Jr.
 Albino De Le Cruz
 Robert Holt
 Clifford Preddy
 Jesus Reyna
 Bobby Ryan
 James Welch
 15 years
 Roy McCloud
 Arturo Morado
 Ramiro Perez
 Kenneth Ricks
 Marshall Rogers
 James Stephens
 Felix Tamez
 Martin Tamez
 Glen Weathersby
 10 years
 Gerald Bamburg
 Lisa Crager
 Alfonso DeJesus
 Pablo Pena
 Lazaro Robles
 Guillermina Sanchez
 Urbano Sarmiento
 Walter Sawyer

5 years
 Sandra Brandon
 Phillip Burnett
 Carol Chalfant
 William Cheney
 Bill Clifford
 Fran Eck
 Henry King
 John Lyons
 Glenn Miller
 Mark Raspotnik
 Doug Robertson
 Jim Rush
 Louy Thompson
 Bobby Wood
Pineland
 30 years
 Billy McCary
 25 years
 Howard Johns
 Harry Rash
 J.B. Simmons
 20 years
 Danny Crustner
 Ruby Dickerson
 James Driver
 Alfred Stewart III
 Curtis White
 Michael Wood
 L. Q. Wright
 15 years
 Elzie Ward Jr.
 Otis Watts
 Kenzie Williams Jr.
 10 years
 Joe Napier
 Marvin Parks
 Christine Williams
 5 years
 Fredrick Davis
 Jimmy Dickerson
 Gary Fore
 Cynthia Glover
 Robert Hamilton
 Darryle Henson
 Mary Joy
 Jimmy Smith
 Esther Thomas
West Memphis
 15 years
 John McKinley
 Donald Sithson
 5 years
 Alice Eads
Thomson
 15 years
 Earl Collins
 5 years
 Timothy Evans
 Solomon Grier
 Ricky Hill
 Mark Shelton Jr.
 Steven Turner

Monroeville
 10 years
 Deborah Carroll
Fletcher
 5 years
 Larry Brookman
Buna
 5 years
 Phillip Pate
Bleached Paperboard
 35 years
 Eddie Hall
 30 years
 Jerry Flowers
 Hazel Townsen
 25 years
 Charles Gilbert
 Floyd Hargrove
 Jimmy Jeffcoat
 James McDonald
 Willie Monson
 Charles Powell
 Nathaniel Scott Jr.
 20 years
 Tommy McAdams
 Wayne Miller
 Kenneth Newbold
 Jerry Paul
 15 years
 Wilmer Adams
 Tommy Blakley
 Henry Burns
 Bill Cecka
 Linda Fincher
 Jessie Hoke
 Luvenia McDonald
 Wayne McFee
 David Olds
 10 years
 Larry Boykin
 Carlton Drake
 John Grass
 John Lamey
 Richard Mayes
 Frank McDonald
 Harold Rawls
 Chris West
 William Whitehead
Forests
 20 years
 Charles Poindexter
 10 years
 Anthony Collier
 5 years
 John Haas
Temple Associates, Inc.
 10 years
 Jim Hornbuckle
Universal Electric Construction
 15 years
 Marvin E. Dees Jr.
 10 years
 Gary Weinheimer
 5 years
 Roy M. Taylor



Ken Childress

A common wildflower in the south is this Virginia Dayflower (*Commelina virginica*) which can be seen in the woods and thickets. The flower grows throughout Temple-Inland's forests, but this one was spotted in the Jasper, Texas area.



TEMPLE-INLAND

FOREST PRODUCTS CORPORATION

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