



IN|TOUCH

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News, Ideas and Growing
Knowledge from Temple-Inland
Forest Products Corporation



A group like this can really heap the punishment onto schoolhouse walls. But Temple's new Damage Guard™ products are fast becoming a first line of defense in protecting walls from damage and abuse.

Temple's Damage Guard™ *The protective gypsum wallboard*

Introduced in the first quarter of 2002, Temple's Damage Guard AR (abuse-resistant) and Damage Guard IR (impact-resistant) gypsum wallboard products are helping schools, hospitals, and commercial facilities put up a wall of protection in high traffic areas. Even jails, security and detention facilities are finding these products are a good, economical way to help thwart surface abuse and resist cavity penetration.

According to Product Development Marketing Manager Richard Kenley, "Development of Damage Guard was driven by a customer need for an economic alternative to masonry." Gypsum Operations Technical Service Manager Mike Moore added, "These

products fill that requirement and offer a bigger bang for the buck for customers needing help in protecting wall areas that get a lot of use."

Third-party testing of Temple's Damage Guard line revealed that the product out-performs competing products available in the marketplace. Gypsum Operations Manager Jim McNeer, Jr. said, "We're excited about the potential this value-added product brings to Gypsum Operations and the opportunity to provide the customer with a product that is consistent in quality and equal to or better than the competitors'."

Besides the economical price, the good news is that these products are installed using the same equipment as traditional gypsum wallboard.

"Installer friendly, this is a product that goes up easy," explained Gypsum Product Manager Stephen Raley.

Currently produced in the company's Fletcher and West Memphis Wallboard Operations, these new products continue to make Temple a full-line gypsum wallboard producer. They are also bringing greater opportunities in commercial and institutional markets.

Raley said, "This niche product is growing in popularity and use with demand rising each month. This puts Temple in an excellent position to capitalize on this market."

"One area of growth," he said, "is in the increasing demand for buildings in which low maintenance and ease of repair are a concern. As a result, architects are expanding their specification of impact and abuse resistant products."

Both products come as a 5/8-inch, fire-rated panel with a specially formulated high-strength core that gives the board abuse-resistant performance characteristics needed in high traffic public spaces.

The impact-resistant IR product, which is used in heavy-duty applications, adds another feature. With a specially designed three-layer laminate

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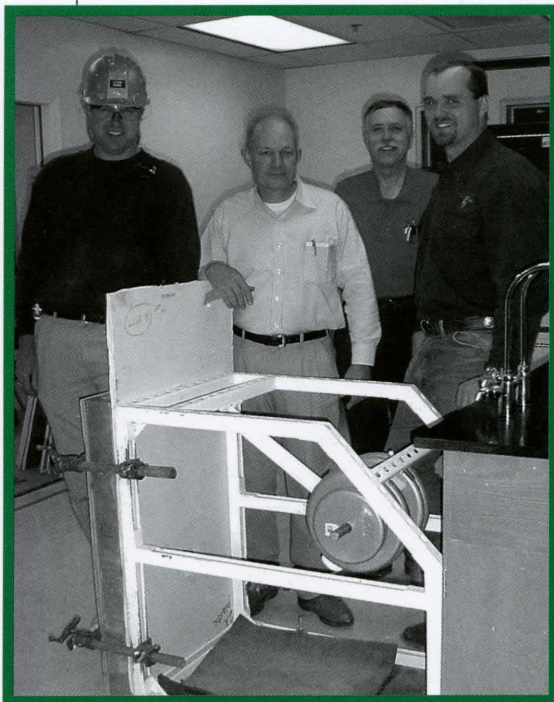
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on the back, this product resists wall cavity penetration from items like chairs, carts and furniture.

Moore said, "The thing that really helped get this project off the ground quickly was that our management turned me loose and committed the necessary resources so that we could find the right solution to producing this new product line." Moore was the product champion responsible for bringing Temple into the abuse resistant wallboard market.

Damage Guard is made using 100 percent recycled paper and is also available with an SCS certified core.



Helping Gypsum Operations Technical Service Manager Mike Moore (center, left), by providing invaluable support at the plants during the development phase of Damage Guard™ products were Fletcher Wallboard team members (from left), Leroy Rowe, general foreman, Dexter Stockstill, plant manager and Cameron Bratten, quality manager. They are pictured with a hard body impact tester. This machine measures impact force and performs one of several tests required for these products.

Tonkawa Naconiche Bog

Owned by Temple since 1949, the Naconiche Bog, which is part of the 10,500-acre Tonkawa Area in Nacogdoches County, Texas, is being nominated as a Distinctive Site. This company program is meant to protect areas in the forest that have unique biological, geological, archeological or historical significance. With a number of unique species of flowers, ferns, vines and woody shrubs, the Naconiche Bog is one of the most extensive forested seeps found in the state.



VanKley said, "I like to bring my students here because it is the largest and best developed example of the forest seep habitat. It's also one of my favorite places." His class is a mix of biology, forestry and environmental science students training for careers in forestry, education and research.

The Tonkawa tract is a mix of several habitat types. From deep-sandy dry uplands with blue stem grasses, bluejack oak, prickly pear cactus and short-leaf pine, the landscape quickly slopes to a hybrid transition zone of dry-mesic uplands and mesic lower slopes and terraces. This area is home to a community of red maple, black hickory, loblolly pine, sweet gum and bracken fern.

Further down the slope where the ground is constantly wet – shin deep in spots – the students find one of the major ground cover plants of this habitat type. It is the chain fern with its leathery, wide leaves. Laurel leaf green briar, a vegetation type found only in the forest seep, is found wrapped around trees and shares its forest home with habitat specialists like the sweet briar, red bay and wax myrtle. Doctor VanKley finds

Each semester, James VanKley, Ph.D., an assistant professor at Stephen F. Austin State University in Nacogdoches, Texas leads his plant taxonomy students to a unique Temple forest site known as the Naconiche Bog. A world apart, it is here near a productive Temple forest in the Tonkawa Area that his students come to identify the plant life unique to a forest seep. The Naconiche Bog is fed by groundwater seepage from the Carrizo Sands Aquifer, an important and desirable supply of drinking water for many cities and towns in parts of Texas and Louisiana.

In the center of the Bog is the spring-fed Naconiche Creek. It runs cold and clear, unlike the more typical muddy waterways that glide through East Texas that are fed by runoff. Elderberry shrubs hug the banks of the creek, while redbay, sweet bay magnolia, black gum, red maple and black swamp tupelo hover and sway gently nearby.

another rare species; it is the primrose violet, with its tiny, white pansy-like bloom that finds sanctuary in this constantly moist environment.

Other rare plant populations include the only recorded site in Texas of the kidney-leaf grass of Parnassus. The bog is also one of only five sites sheltering the Texas Trillium, a threatened species. The flameflower, found in the droughty sand around the Bog, is the only known population of its kind in Texas.

Because this forest treasure is close to production and conservation forests, Temple's foresters follow the company's Forestry Principles in taking special care to safeguard the health of this exceptional place. According to Conservation Team Leader Stan Cook, "Temple considers the impact of everything we do on the health of the Bog.

"With deep sand in upland areas that can reach depths of up to 60 feet, regeneration methods that have met the most success have included using drought hardy, containerized loblolly pine planted after mulching woody fiber available at the site. This is followed with frugal, limited use of banded herbicide treatments that control the vegetative competition for these young trees while also being sensitive to the environmental health of the adjacent wetlands.



Professor James VanKley of Stephen F. Austin State University and his plant taxonomy students identify the unique and rare plants found in the Naconiche Bog.

These banded treatments produce a diverse habitat of bare ground and native vegetation, which many wildlife species prefer, while increasing the survival of the planted pine seedlings," Cook explained.

Customer Profile

American Wal-Board L.L.C.

Memphis wallboard supplier builds opportunity



Jimmy Smith, is president and owner of American Wal-Board L. L. C., located in Memphis, TN, which sells drywall, insulation, metal studs and ceiling tiles; and American Material L. L. C., located in Cordova, TN, which sells fireplaces, brick and mortar, roofing and slab material.

Long involved in the building materials industry, Jimmy Smith had an important decision to make in 1993. His two choices were to take a transfer his company wanted and move back to Arizona, his home state, or build a new opportunity for himself in Tennessee, the state his family had come to call home. He chose the latter and began building his company, American Wal-Board L. L. C.

One of the first building blocks Smith set in place in starting up the young enterprise was to establish a relationship with Temple. It has been a lasting connection. Smith buys 99 percent of his wallboard from Temple, with about 90 percent coming from the company's West Memphis Wallboard plant. Additional product is shipped from the Cumberland City and Fletcher Wallboard Operations.

Since its opening, American Wal-Board has gone from a small, six-person operation to one of the leading suppliers of drywall in the Memphis market. Today the company employs 20 people and has revenues that have grown four times since opening. Along with supplying a full line of

gypsum wallboard products, Smith's company sells insulation, metal studs and ceiling tiles.

Residential and multi-family projects comprise 75 percent of Smith's business with hospitality, retail

and office projects taking up the balance.

The key to his success? Smith said that one of his guiding business principals is to keep the bureaucracy to a minimum. "Too much red tape or too many layers just slows things down," he said.

Smith is so hands-on that on a recent rainy spring morning, he traveled muddy roads to a customer's building site to make sure his truck would be able to come in and make its delivery.

Home building in Memphis was one of the high-flying markets in the late 90s, hitting a high in 2000. The following year was slightly slower, but 2002 is expected to repeat the earlier record.

One unique feature of the market in the area for wallboard products Smith said is the preference for 14-16 foot panels. "This makes installation more efficient and less costly," he said.

According to Temple Account Manager Bennie Lenox, Temple supplies the whole range of wallboard products for Smith's business including the company's

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specialty products like Stretch 54®, gypsum sheathing and fire-rated wallboard.

Smith said, "I appreciate the job Temple's people do for me.

"As a company that stresses service," he continued, "our greatest challenge is to maintain the high level of service we promise our customers. We work hard to get our loads to a site when we say they will be there. If Temple doesn't get it right on their end, we can't do it on our end."

Smith rates his relationship with Temple as excellent. He appreciates the good job of many and especially the Shipping Department at West Memphis. "They work hard to get me the product I need when I need it. It is important to keep that up," he said.

Temple-Inland Inc. reports first quarter results

Temple-Inland Inc. reported first quarter earnings of \$19 million, or 38 cents a share, excluding a one-time charge related to cost reduction initiatives and 22 cents related to the adoption of FASB No. 142. This compares with first quarter 2001 income from of \$12 million, or 24 cents per share, and fourth quarter 2001 income of \$26 million or 54 cents per share.

The building products group reported operating income of \$10 million in the quarter, compared with an operating loss of \$9 million in first quarter 2001 and an operating loss of \$4 million in fourth quarter 2001. Operating income in first quarter 2002 included \$8 million from ongoing initiatives to sell smaller tracts of high-value timberland,

compared with \$2 million in first quarter 2001 and fourth quarter 2001.

Average lumber prices in first quarter 2002 were flat compared with first quarter 2001, but up 9 percent compared with fourth quarter 2001. Average prices for particleboard were down 12 percent and down 6 percent compared with fourth quarter 2001. Medium density fiberboard average prices were up 5 percent compared with the year ago quarter, but down 3 percent compared with fourth quarter 2001. A price increase for gypsum was implemented in March and first quarter 2002 prices were up 24 percent compared with first quarter 2001 and flat compared with fourth quarter 2001. Although demand for most products improved throughout the quarter, the company continued to curtail production in all products to match customer demand.

PEOPLE ON THE MOVE

New Hires

Temple-Inland Investment:

Jerry W. Goodman, IT senior auditor; Roger N. Marietti, manager, employee benefits

Temple-Inland Forest Products:

Corporate:

Crown Colony: Danny L. McCoy, COO & general manager

Temple-Inland Forest:

Travis G. Haygood, woodyard operator; Kimberly M. Stanfield, data specialists

Temple:

Pineland: Christopher J. Standley, production spv.-sawmill/green

Promotions

Temple-Inland Forest Products Corporation:

Corporate: Shirley L. Brant, secretary; James D. Clevenger, application prog./analyst - senior.; Michael E. Mylan, application sys. analyst - lead; Amy R. Sangster, procurement system analyst; Edward A. Shelton, systems admin - web inter.

Temple:

Mktg, Credit & Transportation: Jennifer K. Evans, inventory coordinator; Mary T. Russell, inventory coordinator

Retirees

Temple-Inland Forest Products Corporation:

Bobbie J. Taylor, supervisor computer operations; Crown Colony: James L. Williams, COO & general manager

Temple:

Clarion: Terence M. Barnes, plant manager
Diboll Lumber/Fingerjointing: Armando T. Sepulveda, stacker
West Memphis: Peggy L. Kelsey, knife operator

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