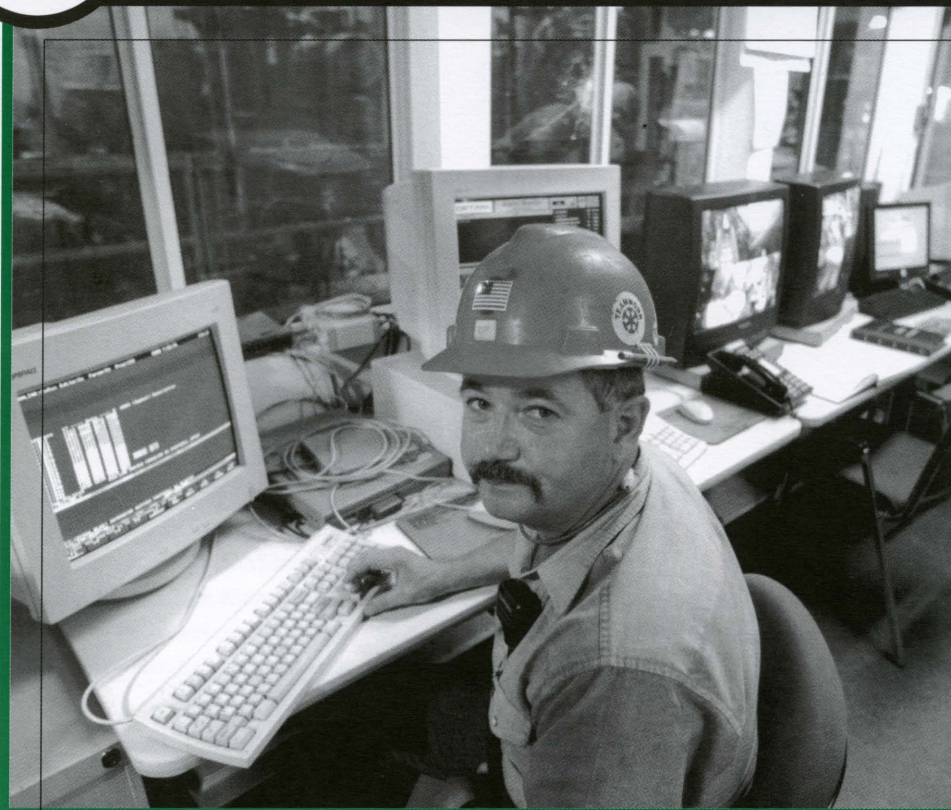




INTOUCH

september 2002

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



Control System Technician Bobby Beaty monitors process control parameters for the chip-n-saw at Diboll Lumber Operations. Just twenty years ago the majority of Temple's workforce was unskilled. But in the last 10 years, the technology has affected virtually every function and process in the company.

The changing face of the Temple workforce

Technology has completely reshaped the Labor Day 2002 workplace. In fact, changes in just the last decade have far exceeded the rate of change in the preceding 25 years. Through the years, the face of Temple has mirrored these trends.

Human Resources Vice President Herb George, a veteran HR manager for thirty years, said, "The biggest change over the course of my career has been that processes in the plants have gone from manual systems to more highly automated processes, making work today less physically demanding, safer and much more interesting."

Just twenty years ago the majority of Temple's workforce was unskilled, which is defined by the Bureau of Labor Statistics, as having at least a high school diploma. But in

the last 10 years, the technology has affected virtually every function and process in the company. This requires a different skill set including a wide assortment of degreed professionals and skilled technicians and the personal skills of being able to adapt and to commit to continuously learn and grow as jobs change. "These attributes allow teams to take existing knowledge, pass it on, and create new knowledge," said George.

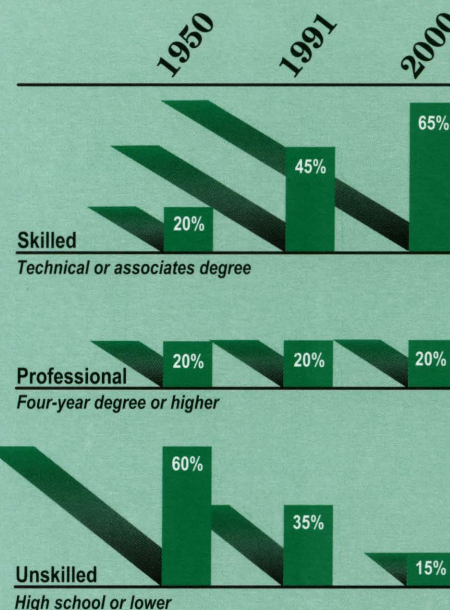
He added, "It is a tribute to our workforce how well they have made this transition."

Basic skills are not so basic anymore. For the future, jobs requiring four-year and advanced degrees are expected to grow the most, followed by positions requiring technical and associates degrees.

It is no surprise that skill requirements have increased as the technological content of work has risen. Even "nontech" workers are finding that their jobs require some computer knowledge. The manual laborer and the office worker have been replaced by the "knowledge" worker equipped with a laser scanner and other fully automated manufacturing equipment to produce its products, a Global Positioning System to map its forests, and a real time connection to its customers through the Internet.

Job Skill Level Changes

1950 - 2000



Source: Bureau of Labor Statistics, U.S. Department of Labor

Snapshots of a changed company

Sales and Marketing: Open 24/7

Perhaps the best illustration of the difference technology has made in the sales and marketing function at Temple is found in the following comparison:

In use until the late 1980s was a large chalkboard in the Sales and Marketing area that displayed product availability. Sales people phoned this information to their customers, took their orders, and then, before 1988, filled in the details manually on an order pad, adjusted the chalkboard, walked it through credit approval, and had a typist type up a duplicate order form. Plants were notified of the order by mail.

Now customers can click a mouse and get information directly about their orders on the Internet and the plants are notified immediately about new orders through the company's Order to Cash System.

Recognized as an innovative industry tool, Temple launched its *Update* system in 1999. Available day or night, and weekends and holidays, customers can check, via Internet, product availability, their order status, shipping dates and even invoice services. Customer Service Manager/Training Director Glenn Price said, "This initiative has added an important new channel of service to our customers."

Another big difference brought on by technological change is in the function and role of staff. "Computer order entry, introduced in 1988, streamlined the process and changed the very nature of the work," Price said. Customer service representatives came



Part of the Temple customer service and inside sales team that keep in constant touch with customers are, from left, Solid Wood Team Leader Julie Baker; Customer Service Manager/Training Director Glenn Price; Account Representatives Leslie Stubblefield, David Ray, Robert Ramsey, Stephen Cloyd, and Robert Conn.

into existence in the early 1970s. Price said, "Until then, outside sales staff were the front lines in the day-to-day process of selling. The inside sales force and customer service teams now handle that job, which allows the outside force to focus on maintaining relationships, promote new products and develop new markets and new customers. They also pursue "pull through" sales at the architect and builder level."

Another big step in applying the technology came in the 1993 when the Order to Cash program examined the entire operations' procedures from the viewpoint of the customer's best interest. Price said, "By integrating systems, this effort effectively tied together the company's manufacturing, transportation and financial functions to improve the value we were giving to customers."

"Back in the 70s and 80s the right fit for new hires was "people skills." Today that means much more. Now, in addition to people skills, in-depth product and industry knowledge is vastly important – on both the local and global levels. Computer literacy, good communications skills and the ability to adapt to a fast changing environment are also important assets.

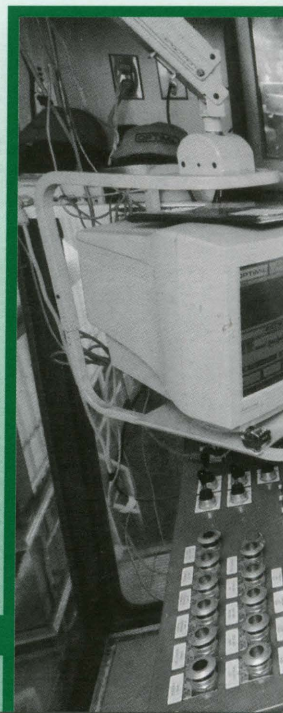
High tech manufacturing: From hands on to hands off

Technology has changed everything about the way products are produced at Temple.

Before the turn towards tech, manual labor was required to produce the wide range of building and industrial products made by Temple. At Diboll Lumber Operations, for example, this meant hands on for every piece of lumber produced.

Now at all the company's lumber operations, laser scanning and optimization equipment is making the decision at every step of the process from the bucking saw, chip-n-saw, to the edger and the trimmer. More sophisticated equipment with touch screens are also at work at the planer.

Skills have gotten a boost too. Now production workers have a greater awareness of how all this automation works together. "It means that we



are all working smarter, not harder," said Bobby Beaty, a control system technician at Diboll Lumber Operations. Everybody in the plant is in contact with a computer now; even scheduling is done by computer.

Since first joining Temple in 1977, Beaty has witnessed three major renovations at the plant, the last in 1999. On the job training in programmable logic control (PLC) technologies - used to control and operate manufacturing equipment -- and apprenticeship training have helped team members like Beaty move from forklift driver to electrician and welder to control system technician. "All this helped us ease into the changes that were occurring on the plant floor," Beaty said.

It is a similar story at West Memphis Gypsum Operations, a facility that first opened in 1972. Gypsum Operations Engineer Edwin Bone has worked at the plant in various roles since 1974.

Bone said, "Back then everything was controlled by the operators. There were no automated speed controls, everything was done manually through large electrical control panels with analog panel meters and switches. There were no computers at all."

The plant took its first step in automation in 1980 when it installed a PLC to control the stacker, which

bundles board before it is placed in the warehouse prior to shipping. Soon, they were adding PLC's to all the other equipment in the plant. Today, West Memphis Gypsum is fully automated with overall monitoring of real time process information from a central location.

"Temple has continued to invest in the best of the new technology. The result has been higher throughput on product along with higher levels of quality," said Bone.

Technology meets forest

Foresters have evolved from woodsmen to professional resource managers that use science and technology to sustain productive forests and produce a wide variety of products.

Mapping, an important task in managing 2.1 million acres of land used to be done by hand with the forester jotting down notes about features and landmarks of the tract being mapped. For years, information about timber was recorded in the field by hand on a tally sheet. Foresters then had to spend hours in the office manually calculating the results of their inventory. Besides being tedious and time consuming, both methods were vulnerable to error.

Surrounded by computers and monitors in an operator cab at Diboll Lumber Operations is chip-n-saw Operator Dustin Smith. The technology allows him to view the process in real time while also viewing a graphical interface of the entire chip-n-saw operation. Not pictured, but also in the cab, are the station's scanning technology monitors that show the rotation and cutting solutions that achieve the most value for every log processed.

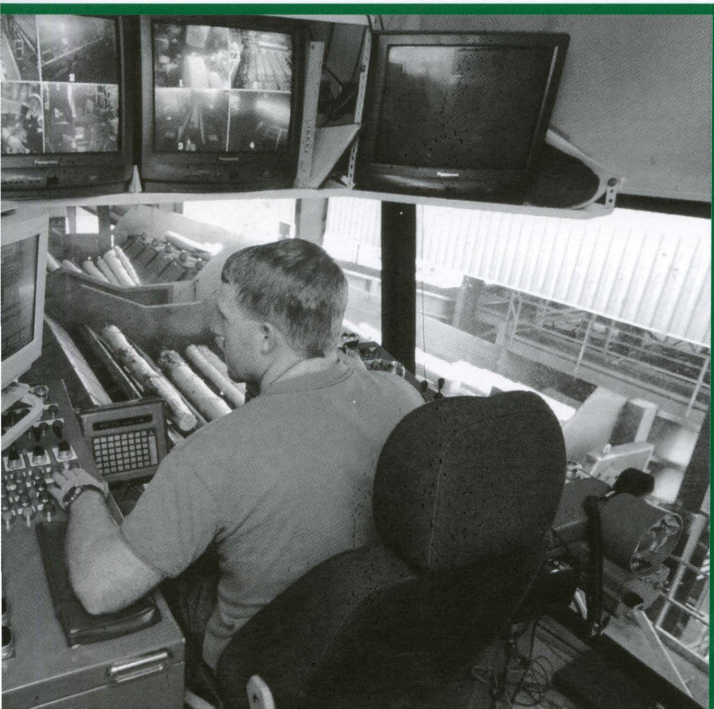
Now mapping is using technologies like satellite imagery and aerial photography and inventory foresters are using electronic data recorders that can update the company's database in minutes.



Foresters today have a wealth of technology to help in their work. At left is Data Specialist Scott Cockrum, with a GPS rover unit used to mark locations and features of forest tracts. Harvest Team Leader Trevor Terry (at right), is able to take his entire toolbox of information into the field including GIS, GPS and FIMS data which is available through the company's Intranet and on CDs.

Integrated Planning Manager Joe Rodgers said, "Within the context of the old technology, management decisions about the forest were done one stand at a time. Now, given the computing power and the decision support models we use in managing Temple's forestlands, analyses and decisions are all done within the context of the entire forest.

Supplying the forest team with much of this new technology and information required for making strategic and tactical decisions is the Integrated Technology Group. Computerized forest information management systems (FIMS), geographic information management systems (GIS), global positioning systems (GPS), electronic data recorders, and sophisticated optimization models, all introduced in



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just the last 10-15 years, have replaced much of the work once done using pencil, paper and hand-held calculators.

Tools like soil maps, GIS and computer models that show how trees grow and which species are best suited for a particular site are providing better information than the company has ever had before. Rodgers said, "Integrating our knowledge about forest growth and converting technologies creates the basis for adding value to the products produced for our customers and for improving the value of our forest."

He added, "Our emphasis on value rather than volume in the forest today means growing trees that the market is demanding today, tomorrow and into the future."

PEOPLE ON THE MOVE

Promotions

Temple-Inland Investment:

Grant Adamson, assistant general counsel, Legal; Leslie K. O'Neal, secretary/assistant general counsel/vice president benefits, Legal

Temple:

Diboll: Jimmy D. Hufstetter, division safety manager – Panel Products

New Hires

Temple-Inland Investment:

Danny Cervantes, systems programmer - senior; Information Technology – Austin; Michael R. Kelly, director, H.R. corporate; Corporate Human Resources - Austin



SPEC SHEET: Southwest Louisiana Lumber Operation

Located in DeQuincy, LA, the Southwest Louisiana Lumber Operation utilizes Temple-Inland Forest Products Corporation's maturing timber in the area.

The primary product produced in the mill, which opened in 1990, is 2-inch dimension lumber in lengths of 8 to 20 feet and in widths of 4 to 12

Pictured are the management team members at Southwest Louisiana Lumber Operation (from left), Scott Stubblefield, safety manager; Jim Sluss, sawmill superintendent; Gary Frost, operations manager; Paul Williams, plant manager; Peter Eisen, technical director; Steve Felts, dry end superintendent; Dan Heard, plant services/woodyard supervisor; and Marty Rector, plant engineer. Not pictured are Bill Townson, area head sawfiler; Diana Shea, HR manager; and Tommy McAdams, area environmental contact.

inches. The plant is capable of producing 140 million board feet of lumber per year. In an average day, this plant consumes 2,660 tons of logs, while producing 625,000 board feet of finished lumber.

Temple Inland Forest:

James O. Tule III, team leader, tree improvement, Tree Improvement, West, Central Area - Jasper

Temple:

Clarion: Franklin W. Peek, plant manager

Diboll: Scott F. Griffin, project manager

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