

LOCALNEWS

PCA reports third quarter earnings

JOURNAL STAFF REPORT

Packaging Corporation of America, which owns Boise Paper mill in International Falls, recently released its third quarter 2014 results.

The company reported third quarter net income of \$104 million, or \$1.06 per share. Third quarter net income included after-tax charges for the Boise integration, debt refinancing and DeRidder mill restructuring of \$20 million, or \$0.20 per share, including cash charges of \$6 million, or \$0.06 per share, and non-cash charges of \$14 million, or \$0.14 per share.

Excluding special items, third quarter 2014 net income was \$124 million, or \$1.26 per share, compared to third quarter 2013 net income of \$89 million, or \$0.92 per share, and second quarter 2014 net income of \$114 million, or \$1.16 per share. Third quarter net sales were \$1,519 million compared to third quarter 2013 net sales of \$845 million and second quarter 2014 net sales of \$1,468 million.

Excluding special items, the \$0.10 per share increase in third quarter 2014 earnings, compared to second quarter 2014 earnings, was

driven by increased sales volume and improved mix, lower fuel costs and lower chemical and recycled fiber costs. These items were partially offset by higher annual outage costs, higher electricity costs and higher medical and worker's compensation costs.

In the packaging segment, earnings before interest, taxes, depreciation, and amortization, known as EBITDA, excluding special items, was \$262 million on sales of \$1,176 million. With the acquisition of Boise, corrugated products shipments were up 33 percent compared to the third quarter of 2013.

Excluding Boise, PCA shipments were up 6.2 percent in total and 4.5 percent per workday compared to the third quarter of last year. With strong internal demand, PCA reduced its outside sales of containerboard by 19,000 tons compared to last year's third quarter. Containerboard production was 858,000 tons, up 12,000 tons compared to the second quarter



Mark Kowlzan

of this year.

In the paper segment, EBITDA, excluding special items, was \$56 million on sales of \$313 million. Office paper shipments were up 7.3 percent compared with this year's second quarter, and down 5.4 percent compared to last year's third quarter.

Printing and converting and pressure sensitive paper shipments were up 3,000 tons compared to the second quarter, and decreased by 22,000 tons compared to last year's third quarter, as a result of the fourth quarter 2013 paper machine closures at the International Falls mill.

"This was our eighth consecutive quarter of record earnings driven by strong sales volume, record mill productivity, and mill cost reductions," said Mark Kowlzan, CEO of PCA, on the report "The integration of Boise packaging continues to generate significant synergies, and operational improvements in white papers have resulted in lower costs and higher margins. The conversion of the No. 3 newsprint machine to containerboard at DeRidder was completed on Oct. 17, two weeks ahead of schedule. The start-up of the machine is progressing as planned with no major

production or quality issues so far."

Kowlzan continued by outlining the company's plans and expected earnings for the fourth quarter.

"Looking ahead to the fourth quarter, with the Deridder machine conversion, we expect higher mill production which will allow us to reduce our outside purchases of containerboard," Kowlzan said in a release. "Corrugated products shipments are expected to be lower than in the third quarter with three less shipping days, and we also expect seasonally lower white paper shipments. Amortization of annual outage repair costs will be about \$0.07 per share higher than the third quarter, and we expect seasonal increases in fuel and transportation costs. Considering these items, we expect fourth quarter earnings of \$1.16 per share."

PCA is the fourth largest producer of containerboard and corrugated packaging products in the U.S. and the third largest producer of uncoated freesheet paper in North America. PCA operates eight mills and 100 corrugated products plants and related facilities.

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8th Annual

Holiday Vendor Blender

Saturday, November 8th - 10 a.m. - 3 p.m.

Union HaLL - 509 3rd St., Int'l Falls
Come see all your favorite Home Party Reps!

Avon Jane Silvers	lia sophia Laura Zika	Relax on Rainy Massage Therapy & It Works! Kasi Joyce
Cater For You Jennifer Gustafson	Northwood Candle Nancy Bahr	Swarovski Crystal Jewelry, Pattygee's Creations Pat Gray
North Country Farm Elizabeth Pendergast	Pampered Chef Desiree Arnold	Tasteful Treasures by Tracy Tracy Nuthak
Mary Kay Jenna DeBenedet	Cocofeet Julie Godfroy	Jamerry Nails Jessica Crosby
Lemon Droppers, Young Living Essential Oils Becky Olson & Candy Ginter	Pressed 4 Fun, Warm Wishes, J&K Embroidery Hilary & Kerry Krause	Usborne Books & Origami Owl Jewelry Emily Koch
Scentsy Kim Nugent		

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Cash & Carry • Lunch available by Cater For You

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STATE OF MINNESOTA

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NOVEMBER 4, 2014

STATE GENERAL ELECTION BALLOT

INSTRUCTIONS TO VOTERS:
To vote, completely fill in the oval(s) next to your choice(s) like this: .

FEDERAL OFFICES	STATE OFFICES	COUNTY OFFICES
U.S. SENATOR VOTE FOR ONE	SECRETARY OF STATE VOTE FOR ONE	COUNTY COMMISSIONER DISTRICT 4 VOTE FOR ONE
<input type="radio"/> STEVE CARLSON Independence	<input type="radio"/> BOB HELLAND Independence	<input type="radio"/> ROB ECKLUND
<input type="radio"/> MIKE MCFADDEN Republican	<input type="radio"/> DAN SEVERSON Republican	<input type="radio"/> DEBBIE BOWMAN
<input type="radio"/> AL FRANKEN Democratic-Farmer-Labor	<input type="radio"/> STEVE SIMON Democratic-Farmer-Labor	<input type="radio"/> write-in, if any
<input type="radio"/> HEATHER JOHNSON Libertarian Party	<input type="radio"/> BOB ODDEN Libertarian Party	COUNTY AUDITOR - TREASURER VOTE FOR ONE
<input type="radio"/> write-in, if any	<input type="radio"/> write-in, if any	<input type="radio"/> ROBERT (BOB) PETERSON
U.S. REPRESENTATIVE DISTRICT 8 VOTE FOR ONE	STATE AUDITOR VOTE FOR ONE	<input type="radio"/> write-in, if any
<input type="radio"/> STEWART MILLS Republican	<input type="radio"/> PATRICK DEAN Independence	COUNTY RECORDER VOTE FOR ONE
<input type="radio"/> RICK NOLAN Democratic-Farmer-Labor	<input type="radio"/> RANDY GILBERT Republican	<input type="radio"/> PAMELA ROONEY
<input type="radio"/> RAY SKIP SANDMAN Green Party	<input type="radio"/> REBECCA OTTO Democratic-Farmer-Labor	<input type="radio"/> write-in, if any
<input type="radio"/> write-in, if any	<input type="radio"/> KEEGAN IVERSEN Libertarian Party	COUNTY SHERIFF VOTE FOR ONE
STATE OFFICES	<input type="radio"/> JUDITH SCHWARTZBACKER Grassroots - Legalize Cannabis	<input type="radio"/> PERRYNN HEDLUND
STATE REPRESENTATIVE DISTRICT 3A VOTE FOR ONE	<input type="radio"/> write-in, if any	<input type="radio"/> BRIAN JESPERSEN
<input type="radio"/> ERIC JOHNSON Republican	ATTORNEY GENERAL VOTE FOR ONE	<input type="radio"/> write-in, if any
<input type="radio"/> DAVID DILL Democratic-Farmer-Labor	<input type="radio"/> BRANDAN BORGOS Independence	COUNTY ATTORNEY VOTE FOR ONE
<input type="radio"/> write-in, if any	<input type="radio"/> SCOTT NEWMAN Republican	<input type="radio"/> JEFFREY SCOTT NAGLOSKY
GOVERNOR AND LIEUTENANT GOVERNOR VOTE FOR ONE TEAM	<input type="radio"/> LORI SWANSON Democratic-Farmer-Labor	<input type="radio"/> write-in, if any
<input type="radio"/> HANNAH NICOLLET AND TIM GIESEKE Independence	<input type="radio"/> ANDY DAWKINS Green Party	SOIL AND WATER CONSERVATION DISTRICT SUPERVISOR DISTRICT 1 VOTE FOR ONE
<input type="radio"/> JEFF JOHNSON AND BILL KUISLE Republican	<input type="radio"/> MARY O'CONNOR Libertarian Party	<input type="radio"/> RALPH LEWIS
<input type="radio"/> MARK DAYTON AND TINA SMITH Democratic-Farmer-Labor	<input type="radio"/> DAN R. VACEK Legal Marijuana Now	<input type="radio"/> write-in, if any
<input type="radio"/> CHRIS HOLBROOK AND CHRIS DOCK Libertarian Party	<input type="radio"/> write-in, if any	SOIL AND WATER CONSERVATION DISTRICT SUPERVISOR DISTRICT 4 VOTE FOR ONE
<input type="radio"/> CHRIS WRIGHT AND DAVID DANIELS Grassroots - Legalize Cannabis	COUNTY COMMISSIONER DISTRICT 1 VOTE FOR ONE	<input type="radio"/> RICHARD J. DREHER
<input type="radio"/> write-in, if any	<input type="radio"/> WADE PAVLECK	<input type="radio"/> write-in, if any
	<input type="radio"/> BARRY "WOODY" WOODS	SOIL AND WATER CONSERVATION DISTRICT SUPERVISOR DISTRICT 5 VOTE FOR ONE
	<input type="radio"/> write-in, if any	<input type="radio"/> AL LINDER
	COUNTY COMMISSIONER DISTRICT 2 VOTE FOR ONE	<input type="radio"/> write-in, if any
	<input type="radio"/> KEVIN ADEE	<input type="radio"/> write-in, if any
	<input type="radio"/> write-in, if any	

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VOTE FRONT AND BACK OF BALLOT

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NOVEMBER 4, 2014

STATE GENERAL ELECTION BALLOT

INSTRUCTIONS TO VOTERS:
To vote, completely fill in the oval(s) next to your choice(s) like this: .

JUDICIAL OFFICES	9TH DISTRICT COURT	9TH DISTRICT COURT
SUPREME COURT	JUDGE 3 VOTE FOR ONE	JUDGE 22 VOTE FOR ONE
ASSOCIATE JUSTICE 2 VOTE FOR ONE	<input type="radio"/> JOHN R SOLIEN Incumbent	<input type="radio"/> KURT J. MARBEN Incumbent
<input type="radio"/> JOHN HANCOCK	<input type="radio"/> write-in, if any	<input type="radio"/> write-in, if any
<input type="radio"/> WILHELMINA (MIMI) WRIGHT Incumbent	JUDGE 4 VOTE FOR ONE	
<input type="radio"/> write-in, if any	<input type="radio"/> DAVID F. HARRINGTON Incumbent	
ASSOCIATE JUSTICE 3 VOTE FOR ONE	<input type="radio"/> write-in, if any	
<input type="radio"/> MICHELLE L. MACDONALD	JUDGE 5 VOTE FOR ONE	
<input type="radio"/> DAVID LILLEHAUG Incumbent	<input type="radio"/> D. KOREY WAHWASSUCK Incumbent	
<input type="radio"/> write-in, if any	<input type="radio"/> write-in, if any	
COURT OF APPEALS	JUDGE 6 VOTE FOR ONE	
JUDGE 1 VOTE FOR ONE	<input type="radio"/> CHARLES "CHAD" LEDUC Incumbent	
<input type="radio"/> JOHN R. RODENBERG Incumbent	<input type="radio"/> write-in, if any	
<input type="radio"/> write-in, if any	JUDGE 11 VOTE FOR ONE	
JUDGE 3 VOTE FOR ONE	<input type="radio"/> ANNE M. RASMUSSEN Incumbent	
<input type="radio"/> CAROL A. HOOTEN Incumbent	<input type="radio"/> write-in, if any	
<input type="radio"/> write-in, if any	JUDGE 12 VOTE FOR ONE	
JUDGE 4 VOTE FOR ONE	<input type="radio"/> LOIS J. LANG Incumbent	
<input type="radio"/> JOHN P. SMITH Incumbent	<input type="radio"/> write-in, if any	
<input type="radio"/> write-in, if any	JUDGE 14 VOTE FOR ONE	
JUDGE 9 VOTE FOR ONE	<input type="radio"/> ROBERT D. TIFFANY Incumbent	
<input type="radio"/> MICHAEL KIRK Incumbent	<input type="radio"/> write-in, if any	
<input type="radio"/> write-in, if any	JUDGE 15 VOTE FOR ONE	
JUDGE 10 VOTE FOR ONE	<input type="radio"/> TAMARA L. YON Incumbent	
<input type="radio"/> EDWARD J. CLEARY Incumbent	<input type="radio"/> write-in, if any	
<input type="radio"/> write-in, if any	JUDGE 18 VOTE FOR ONE	
JUDGE 12 VOTE FOR ONE	<input type="radio"/> JEFFREY S. REMICK Incumbent	
<input type="radio"/> MARGARET CHUTICH Incumbent	<input type="radio"/> write-in, if any	
<input type="radio"/> write-in, if any	JUDGE 19 VOTE FOR ONE	
JUDGE 15 VOTE FOR ONE	<input type="radio"/> JANA AUSTAD Incumbent	
<input type="radio"/> KEVIN G. ROSS Incumbent	<input type="radio"/> write-in, if any	
<input type="radio"/> write-in, if any	JUDGE 21 VOTE FOR ONE	
	<input type="radio"/> DAVID J. TEN EYCK Incumbent	
	<input type="radio"/> write-in, if any	

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